



APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

Shoprite FY 2026 Results

Share Price
Date

R309.16
2 September 2026

RESULTS SUMMARY

Shoprite delivered a strong full-year 2026 result, with sales increasing 7.2% and diluted HEPS rising 12.2% to R15.27, comfortably ahead of expectations of R14.86. Checkers and Checkers Hyper led growth at 10%, while the more value-focused Shoprite and Usave brands grew 4.3%.

Sixty60 remained a key growth driver, with sales increasing 34.5% to R25.5bn and now accounting for 11.1% of Supermarkets RSA sales. Growth was largely volume-driven, with internal selling price inflation averaging just 0.8%, well below food inflation of 3.9%. Gross margin expanded 20bps to 24.5%, supported by supply chain efficiencies and disciplined cost management. A final dividend of 566cps was declared, up 14.1% year-on-year, taking full-year dividend growth to 11.8%.

Looking ahead, management expects selling price inflation to remain subdued, with a modest increase in the first half of 2027. Continued market share gains and store expansion should support growth, with 211 new stores planned for the year. In a constrained consumer environment, Shoprite remains well positioned to gain market share through its scale, strong brands and growing digital ecosystem. Trading on a forward P/E of around 18x, slightly below its long-term average, we believe the valuation remains attractive for a high-quality retailer.

OUR LONG-TERM INVESTMENT VIEW

- Shoprite is Africa's largest retailer, with over 3000 stores that span across South Africa and neighbouring countries. The company operates under different brands, store formats and market segments in the various regions which adds an element of defensiveness, which we expect to benefit the group's margins over time.
- Leveraging their scale, Shoprite generates some of the most attractive margins in their sector. This also serves to boost their cash generation ability, supporting balance sheet management and shareholder payments. Following a period of high capital expenditure, management are now focused on business optimisation, market share gains and balance sheet "right-sizing", which should improve free cash flow and unlock shareholder returns over the medium-term.
- After years of low-cost supremacy catering to lower LSM groups, Shoprite has effectively gained market share among relatively more affluent consumers. Products sold in this segment tend to be more premium but also carry more profitability. Combined with their new IT platform, we believe the group's continued penetration of this segment serves as an attractive growth area that will drive both sales volumes and economies of scale but will also enhance margins over time.

UNPACKING THE FY 2026 RESULTS

High level numbers

- **Group sales** increased 7.2% (2.7% like-for-like) to R270.8bn. Growth was driven by market share gains with volume growth of 5.6% as food inflation for the group remained at a multi-year low.
- **Gross margin** improved 20bps to 24.5%, reflecting supply chain efficiencies and cost management controls.
- **Trading profit** grew 8.4% to R16.2bn, with operating costs increasing 7.6%, resulting in a 6% trading margin, up 10bps from the prior
- **Sixty60** sales surged 34.5% to R25.5bn, now accounting for 11.1% of Supermarkets RSA sales. Sixty60 is live in 997 stores nationwide, including 99 Shoprite stores.
- **Shoprite and Usave** grew 4.3% to R121.6bn, with supermarkets growing at 3.6% and liquor at 10.6%. Growth was driven by volumes with selling prices declining 0.1% for Shoprite and 0.6% for Usave.
- **Adjacent businesses** including Petshop, LittleMe and UNIQ clothing grew 57.4% to R1.9bn.
- **Supermarkets Non-RSA** (9% of sales) sales grew

year.

- **Diluted headline earnings per share (DHEPS)** increased 12.2% to 1 527.4 cents.
- Final **dividend** of 566cps was declared, up 14.1% year on year, the full year dividend increased 11.8%.
- **Cash and cash equivalents** was R12.9bn, increasing R3.6bn compared to the prior year. Cash from operations increased 26%, benefitting from working capital movements.
- **Capex** of R6.8bn (2.5% of sales) was invested primarily into new stores, supply chain capacity, and technology, with 81% allocated to growth initiatives. In Supermarket RSA 262 net stores were added during the year with total stores at 2 839.

Strong growth in core business

- **Supermarkets RSA** (84% of group sales) grew sales 7.1% (2% like-for-like), driven primarily by higher volumes with growth of 5.1%. Internal selling price inflation remains low at 0.8%, well below official food inflation. Liquor sales growth was strong at 12.1%, now contributing R21.3bn. Trading margin improved 10bps to 6.5%.
- **Checkers and Checkers Hyper** grew sales by 10% to R105.2bn, with its supermarkets growing by 9.6% and liquor by 14.5%. Checkers remained the fastest-growing premium grocer, gaining market share as its value-and-convenience offering and fresh category strength drove customer visits 7.9% higher.

11% to R22.8bn, trading profit increased 13.4% with margin improvement of 10bps despite seeing a decline in gross margin.

- **Sales in other segments** (7% of sales) increased 3% to R19.2bn, with strong growth in Medirite (+12.3%) (with Medirite Plus retail pharmacies (+67%)). Trading profit declined 5.4% due to the exit of a large OK franchise and low inflation.

Looking ahead

Management expects selling price inflation to remain subdued, with a modest increase in the first half of 2027. Growth should continue to be driven by market share gains and store expansion, with 211 new stores planned for the year.

The bottom line

Shoprite remains well positioned to gain market share in a constrained consumer environment, supported by its scale and growing digital ecosystem. Trading on a forward P/E of around 18x, slightly below its long-term average, we believe the valuation remains attractive for a high-quality retail business.

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