

# Botswana's Choppies to list on JSE

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The JSE will get another African boost when Botswana grocery retailer Choppies Enterprises lists on the main board at the end of this month.



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This will be the fourth inward listing from the rest of the continent, following in the footsteps of Namibia's Trustco, Botswana's Wilderness Safaris and Nigeria's Oando.

Choppies would use the secondary listing to raise about R600m by issuing new shares equal to 10% of issued stock, CEO Ramachandran Ottappath said on Tuesday, 5 May 2015.

Choppies commands a market capitalisation of 5.2-billion pula (about R6.3bn) on the Botswana Stock Exchange.

Three existing major investors will also offer for sale another 160-million of the issued shares, increasing the stock available in Johannesburg to 280-million shares.

"That will help us reach the JSE's (minimum) free float threshold of 20%," said Ottappath.

Botswana's biggest grocery retailer plans to open 31 new stores in Botswana, SA and Zimbabwe by the end of this year. The company already has 125 retail outlets in the three countries, including 35 stores in the northern provinces of SA.

"We have the infrastructure to take our store base in SA to 100 without having to increase the distribution capacity," said Ottappath.

The stores in North West, Limpopo, Mpumalanga and Free State are supported by two distribution centres in Rustenburg, which Ottappath said were functioning at 35% of capacity now.

Twelve new stores in Zimbabwe will take the total to 30 by December. Thirty more stores will be built in the country over the next few years.

In Botswana Choppies will add five more stores, taking the total to 77 retail outlets by December, followed by another 20 in the medium term.

"In Botswana we can also grow our stores to 100 without adding distribution infrastructure," said Ottappath.

"Growth is in the DNA of this company. In the years between 2002 and 2007, we grew Choppies seven times without negatively affecting profitability," he said, when asked if management could cope with that amount of growth.

"We'll double this business; we'll grow significantly without compromising profitability."

Four years ago the company operated only 57 stores in Botswana, and has been growing annual revenue at an average of 27%. Gross profit has increased at a compound annual growth rate of 34% since 2011, reaching 177-million pula in financial 2014. In the next two months Choppies will start operations in Namibia, Zambia and Tanzania, targeting lower-to middle-income consumers.

It will also enter Kenya before the end of the year.

Choppies entered Zimbabwe by buying 10 Spar Group stores in Harare and Bulawayo in 2013. "We easily entered Zimbabwe and converted the stores to the Choppies brand without doing too much marketing," Ottappath said.

Zimbabweans were familiar with the brand as they relied on its stores in Francistown, Botswana, during the hyperinflation of the past decade.

Source: BDpro via I-Net Bridge

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