

Choppies pursues targets in spite of opening delays

By [Fifi Peters](#)

24 Sep 2015

Delays in opening new outlets in Zambia and Tanzania this year will not hold back Botswana's largest grocer Choppies from achieving its 2016 growth target of operating 200 stores across sub-Saharan Africa...



Choppies, which acquired its secondary listing on the JSE in May, was due to expand in Zambia and Tanzania by the middle of this year but said this had been delayed by a few months.

"(Our) roll-out plans are progressing ... in line with targets to have 200 stores by the end of the 2016," Choppies said yesterday in its results statement for the year to the end of June.

The company will open 35 stores in the coming financial year, after rolling out 24 in next year. Choppies has 129 stores across Botswana, Zimbabwe and SA. The supermarket chain derives about 64% of its revenue in Botswana.

In May, the company entered Kenya, through the acquisition of 10 Ukwala Supermarkets, which it hopes will spread risk further away from the weakening consumer environment in its present markets.

Choppies reported a loss in SA where it operates 37 stores mainly in the North West where pressures facing the country's mining sector have hurt household finances.

The company said it used the proceeds of 448-million pula (42.85m) received from the JSE listing to lower its debt and increase its cash and cash equivalents more than two-fold to 344-million pula.

Alpha Wealth small caps analyst Keith Mclachlan said Choppies' strategy of acquisitive and organic growth was showing positive results, although it was early days yet.

"In each geography where they open more stores, they achieve greater scale and increased purchasing power," Mclachlan said.

But he found it difficult to justify the retailer's price to earnings ratio of about 48, which was more than double that of Shoprite, the largest grocer on the continent.

"Choppies's valuation does not stack up against bigger, safer peers like Shoprite that are more liquid, have larger scale and have even more purchasing power," he said.

Source: Business Day

For more, visit: <https://www.bizcommunity.com>