

ACCELERATION

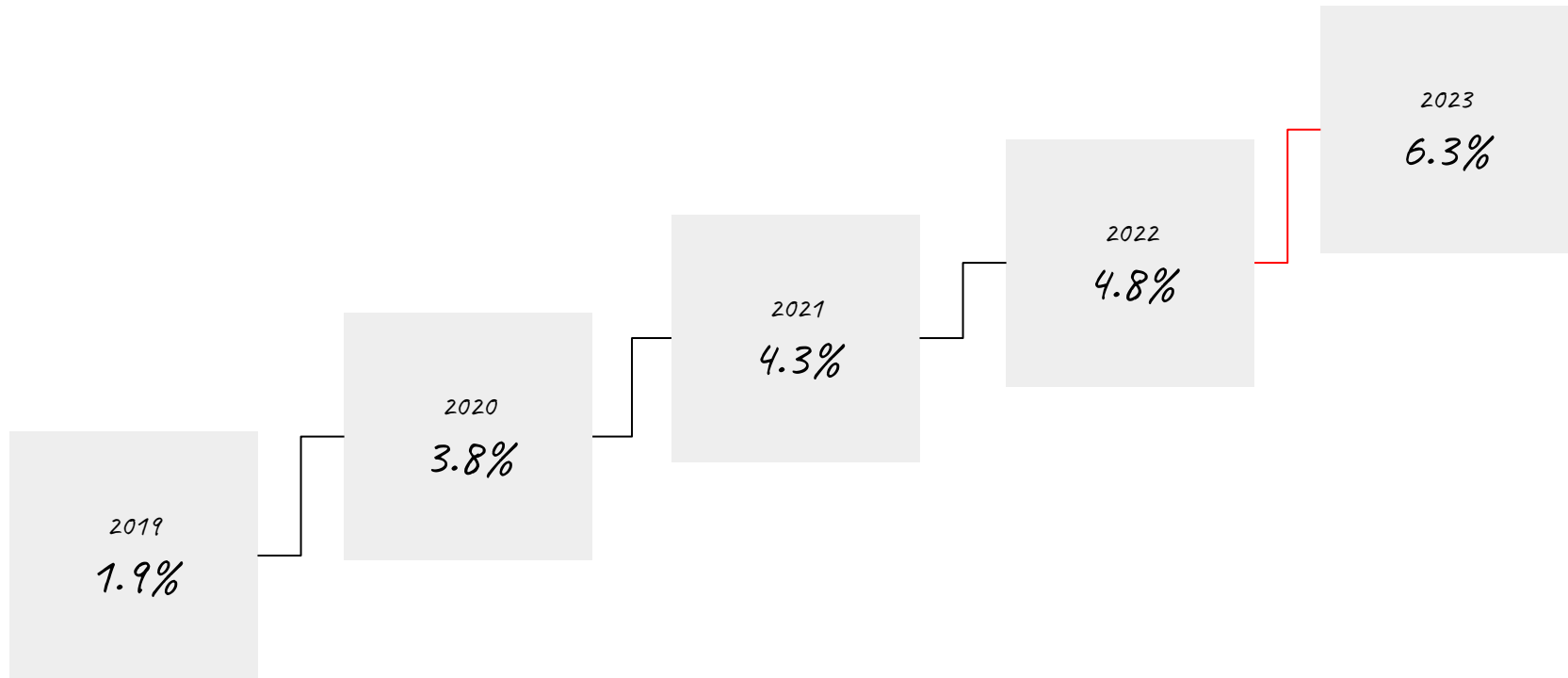
$$\bar{a} = \frac{v - v_0}{t} = \frac{\Delta v}{\Delta t}$$

@Ubsta_

02/24

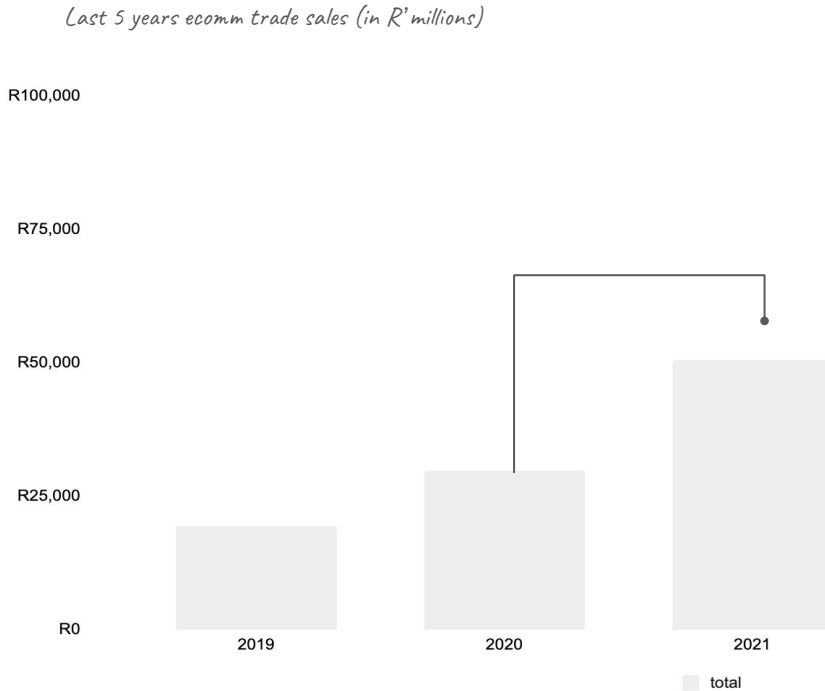
A NEW WORLD

Ecommerce is now 6.3% of SA retail trade sales.



THE BIG JUMP #1

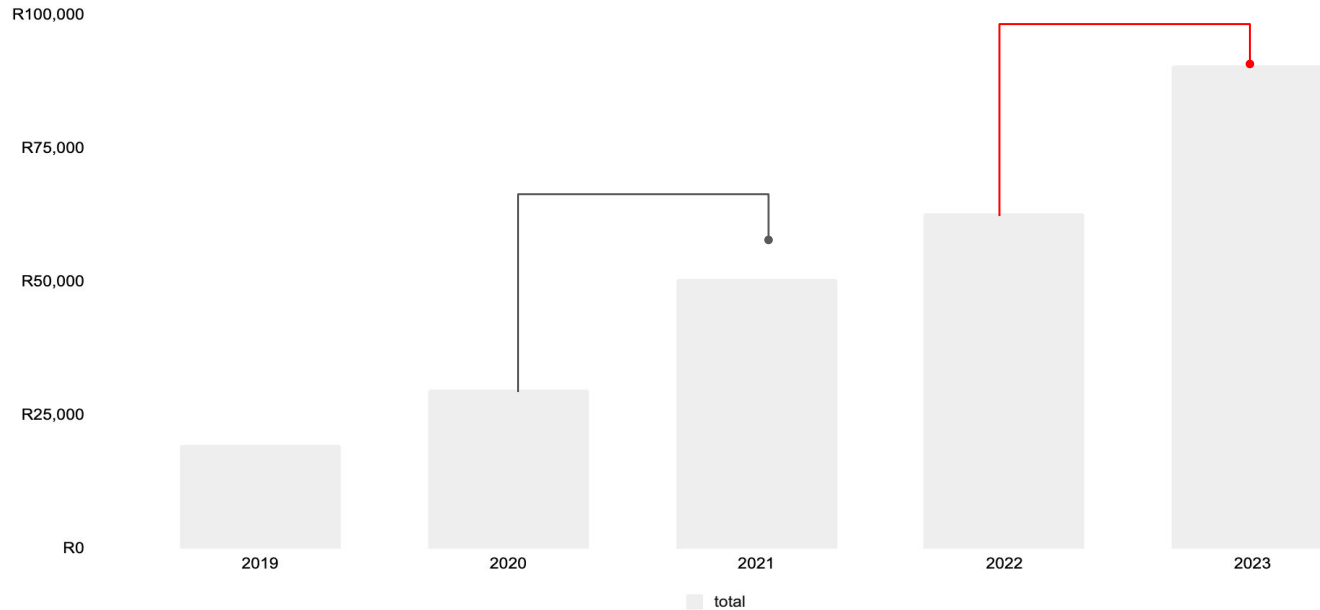
2020 to 2021 was a shift change due to COVID.



THE BIG JUMP #2

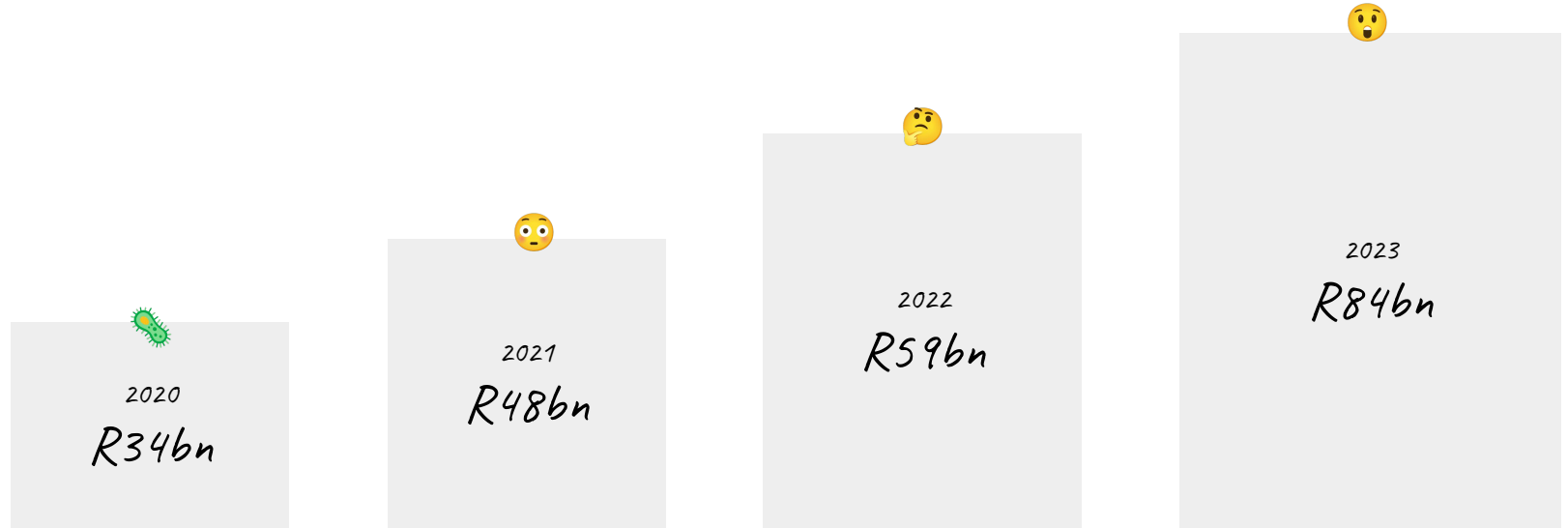
But 2022 to 2023 was a bigger year.

Last 5 years ecomm trade sales (in R' millions)



R84 BILLION

The size of South Africa's Ecommerce market for the year 2023 ACCELERATED to R84 billion



THE EMPIRE STRIKES BACK

"You said you wanted to be around when I made a mistake. Well, this could be it, sweetheart." - Han Solo.

THE EMPIRE STRIKES BACK

The Generals are king. Sixty60 continues to dominate. The Takealot Group gathers its footing. While Shein & Bash shake up Textiles & Footwear.

Checkers Sixty60 sales surge 81% in a year

Checkers Sixty60 grew sales by 81% year on year in the 52 weeks ended 2 July, and now plans a R99/month subscription service.

By Nkosinathi Ndlovu – 5 September 2023

■ COMPANIES / RETAIL & CONSUMER

TFG's growing retail sites drive online sales

Bash website and app are SA's fourth-most-visited platforms after Takealot, Shein and Amazon

How mighty Shein is hurting local retailers

18 Jul 2023 | Moneyweb

Source: Mybroadband, Daily Maverick, Business Day

Takealot-owned Superbalist to cut staff

Jan Vermeulen | 17 August 2023

NOT BREAKING A SWEAT

South African clothing retailers losing lustre in face of Shein juggernaut

Naspers will “take the fight” to Amazon and pump more money into Takealot

Bradley Prior | 3 December 2023

Woolies online food sales surge over 40%

But the group still expects Heps to fall as much as 35%.

By Akhona Mashoba | 23 Jan 2024 | 14:26

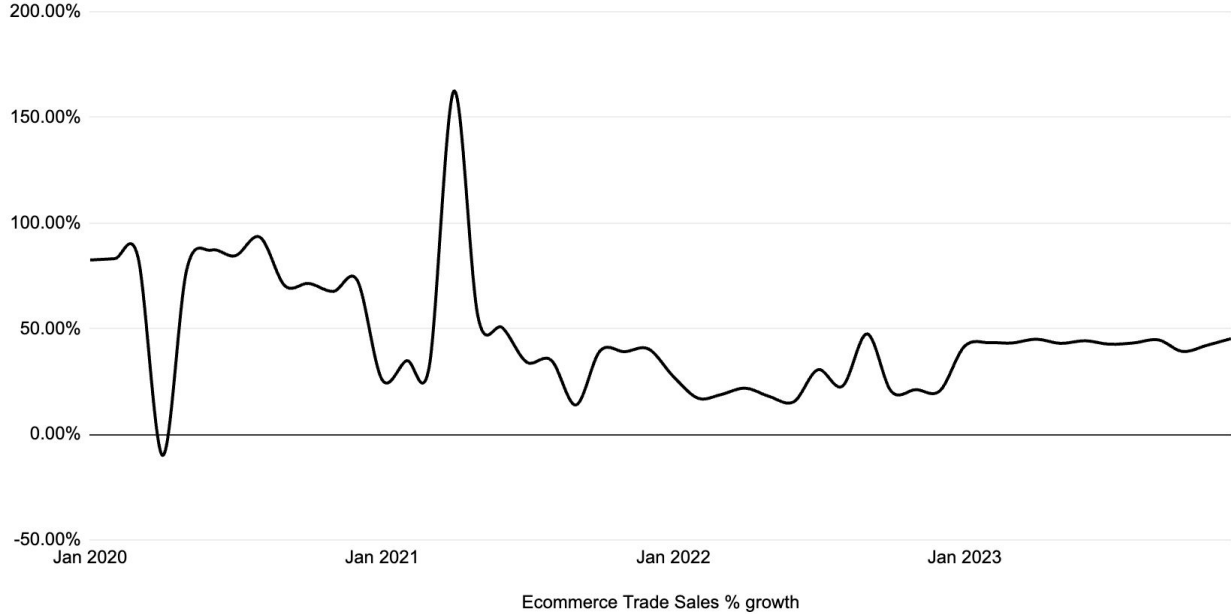
Why Walmart's total Massmart takeover could revive Makro and Game

Staff Writer | 4 September 2022

V-SHAPE RECOVERY

The V-shaped recovery from COVID was a shock in the system that has since normalised ... but at a sustained base.

Ecomm Y/Y growth 2020 - 2023

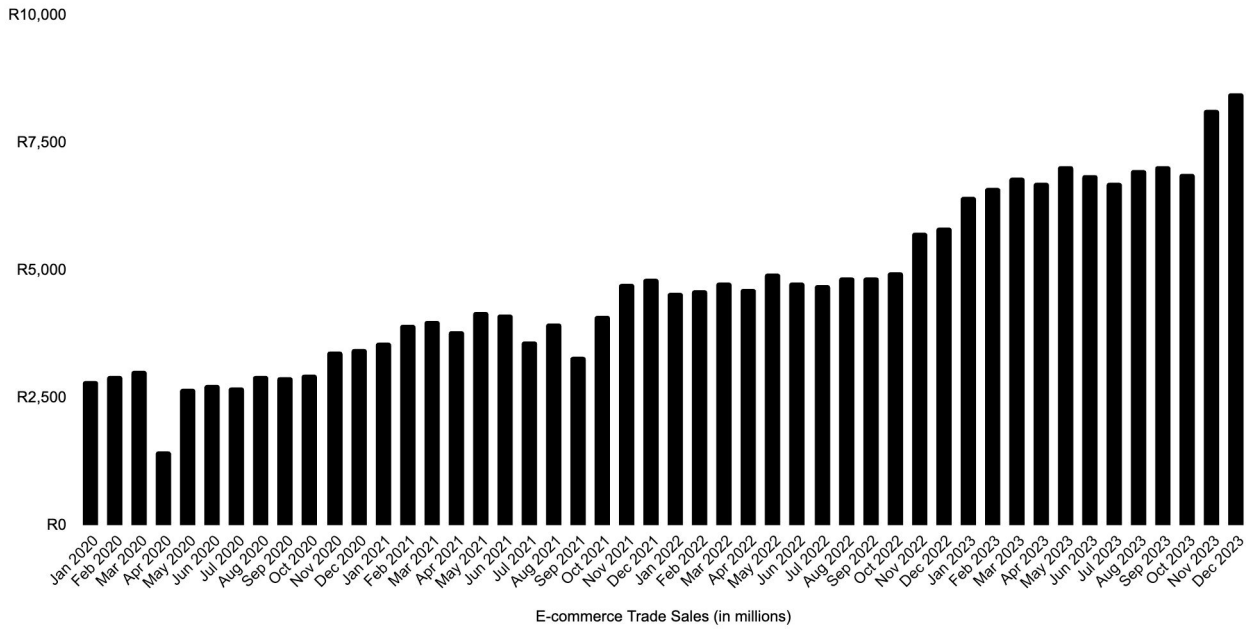


Source: Combo: Euromonitor, Stats Sa trade Sales data

CONSISTENCY

While rate changes fluctuate due to the macro environment, SA's Ecommerce market has consistently trended up.

Ecomm trade sales monthly 2020 - 2023 (in R' millions)

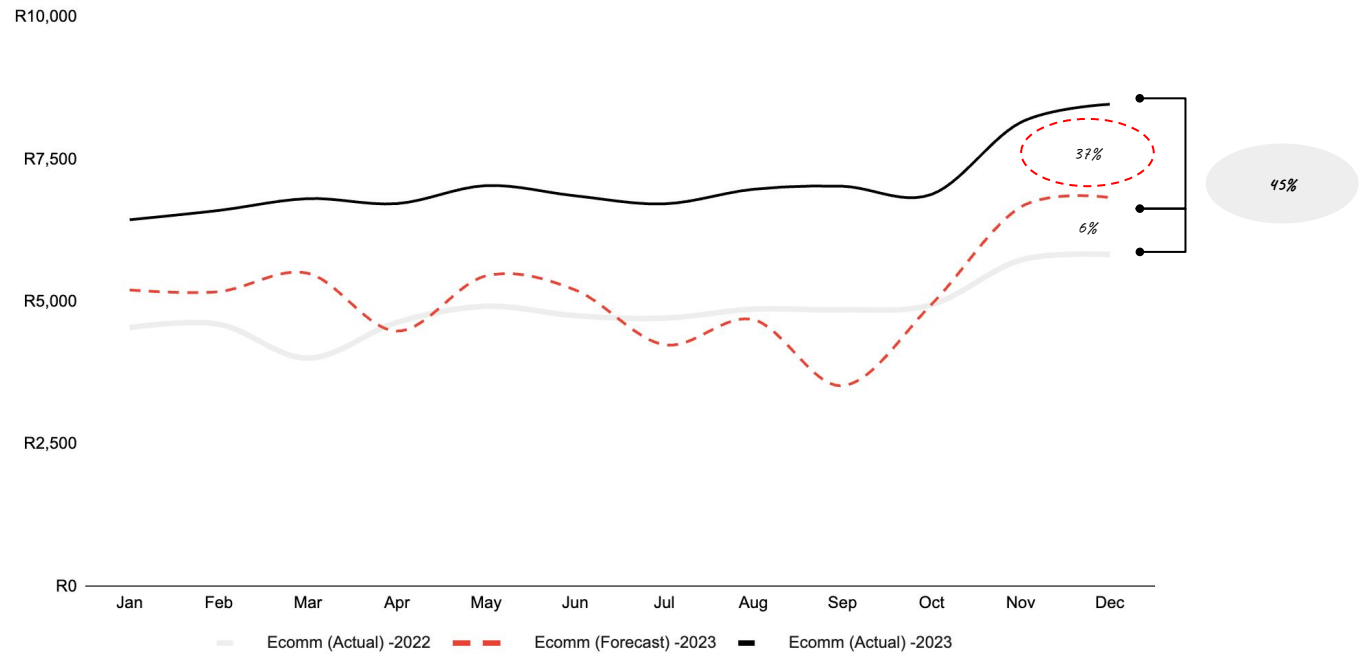


Source: Combo: Euromonitor, Stats Sa trade Sales data

45%

SA Ecommerce grew by 45% in 2023

Ecomm monthly 2023 Actual v 2023 Forecast vs 2022 Actual (in R' millions)



Source: Combo: Euromonitor, Stats Sa trade Sales data

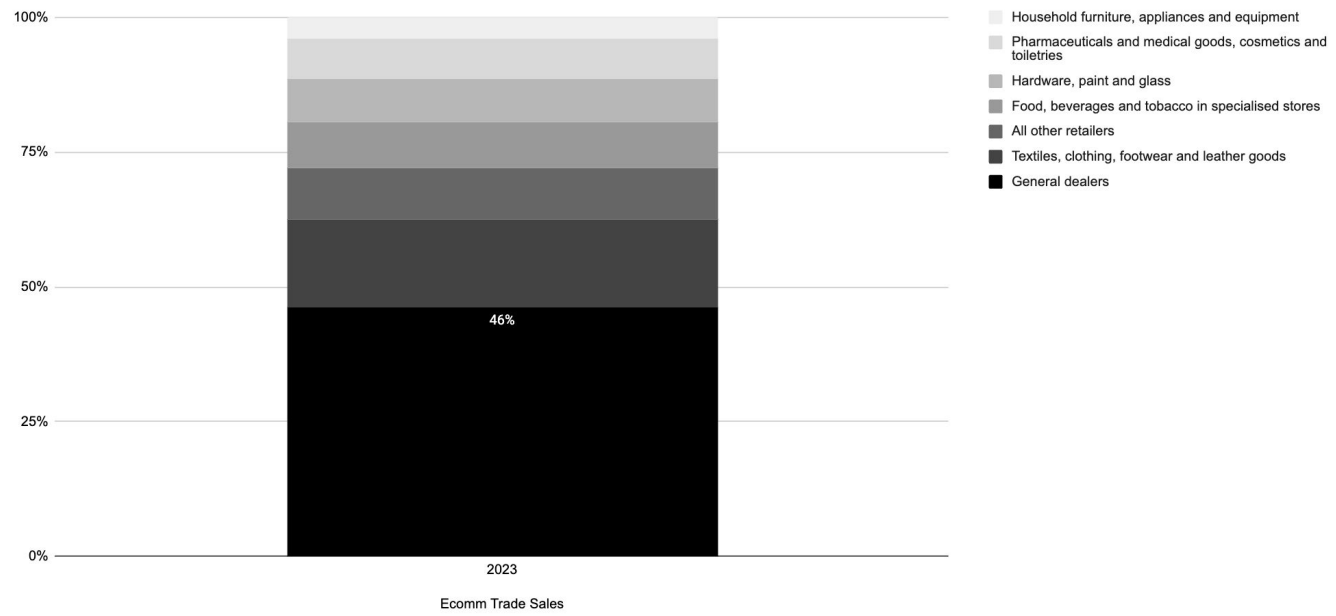
THE GENERALS

"I guess real merchants are like real fishermen: we have a special place in our memories for a few of the big ones." - Sam Walton.

THE GENERALS

General dealers (merchandise) command a 46% market share . This includes groceries.

General Dealers SA Ecomm Trade Sales % contribution

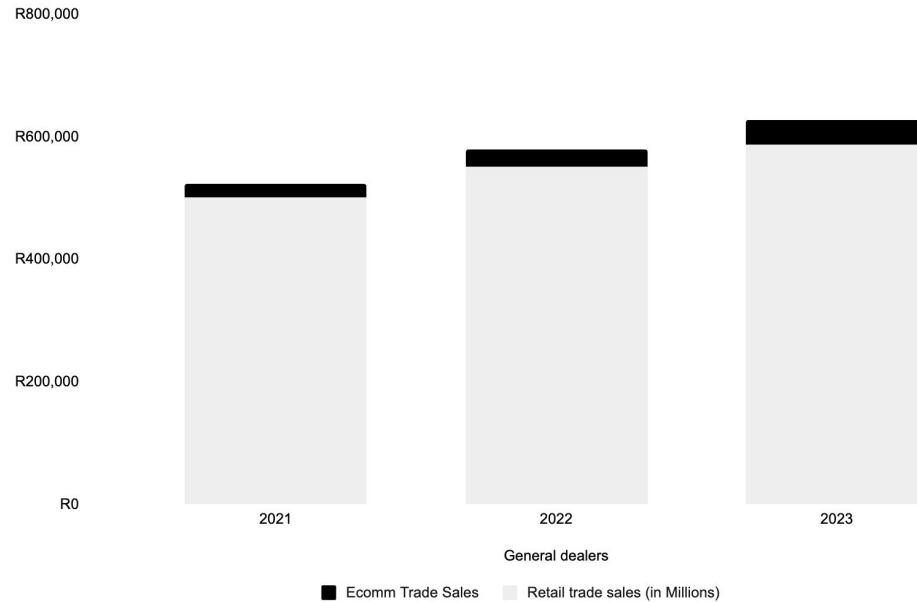


Source: Combo: Euromonitor, Stats Sa trade Sales data

R39 BILLION

Even though it's the largest Ecommerce market, General Dealers online contribute a small amount to the General dealer market.

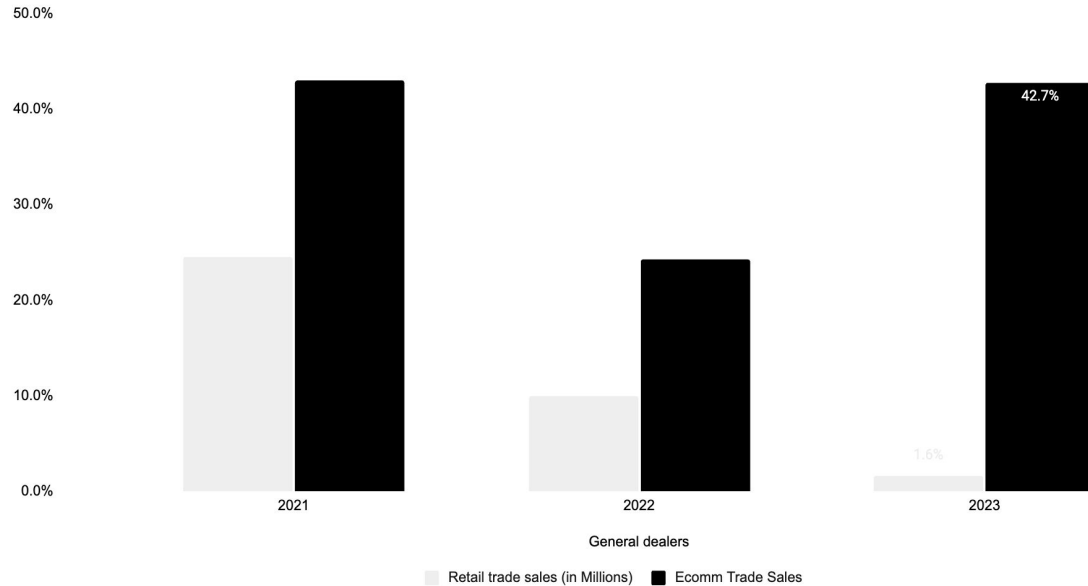
General Dealers Ecomm Trade Sales v Retail trade Sales (in R' millions) 2021 - 2023



FASTER THAN THE BRICKS

But, General Dealers' online market is growing faster than the Brick 'n Mortar market

Ecomm Trade Sales v Retail trade Sales % Growth 2021 -2023





*Walmart's R6.4bn
buyout of Massmart*

Massmart

Walmart acquired a majority stake in Massmart Holdings Ltd. in 2011. Massmart is an African retail group that owns brands such as Game, Makro, Builders, Cambridge Foods and more. We have leading market shares in the general merchandise, liquor, home improvement and wholesale food markets in the retail and wholesale stores we operate. The Group's key foundations of high volume, low cost, responsible business and operational excellence enable our price leadership.

goodbye public

~~Massmart~~

NEW SCHOOL COOL

"Those who are successful overcome their fears and take action. Those who aren't submit to their fears and live with regrets - Jay Z

NEW SCHOOL COOL

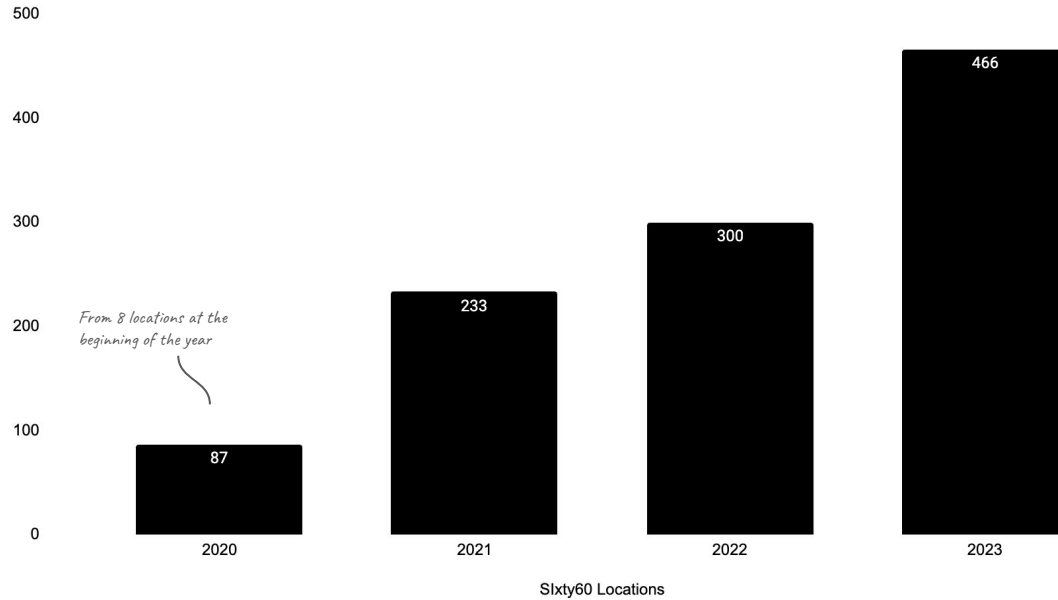


*Grocery delivery has
rocketed (rocked?)*

STORE FULFILMENT LOCATIONS

Sixty has grown its store fulfilment locations 5 fold since 2020.

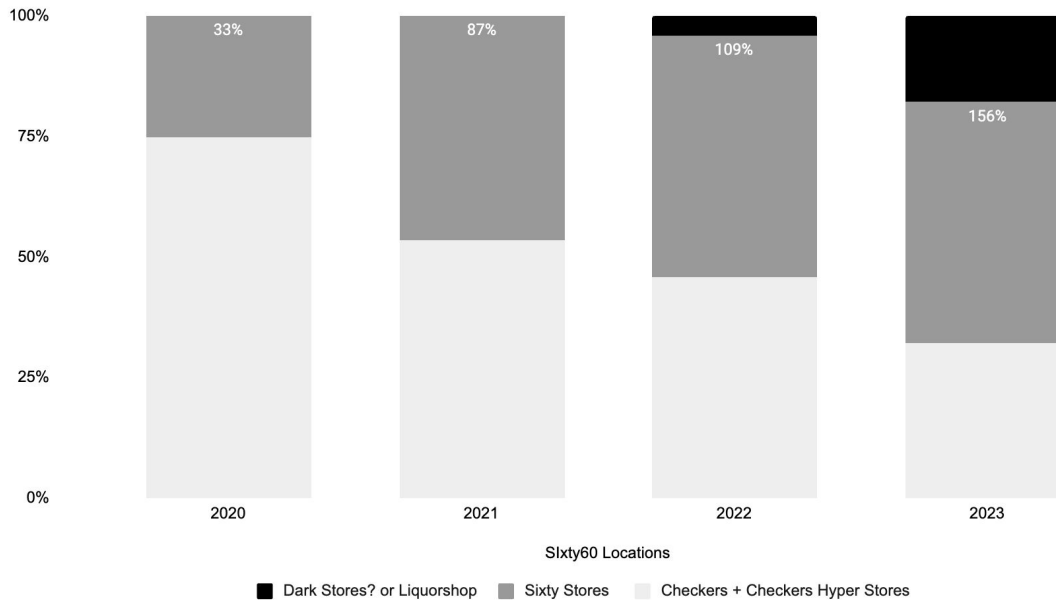
Sixty60 locations as at FY23



GOING DARK?

Sixty60 has surpassed the numbers of Checkers & Checkers Hyper stores available for them to fulfil from.

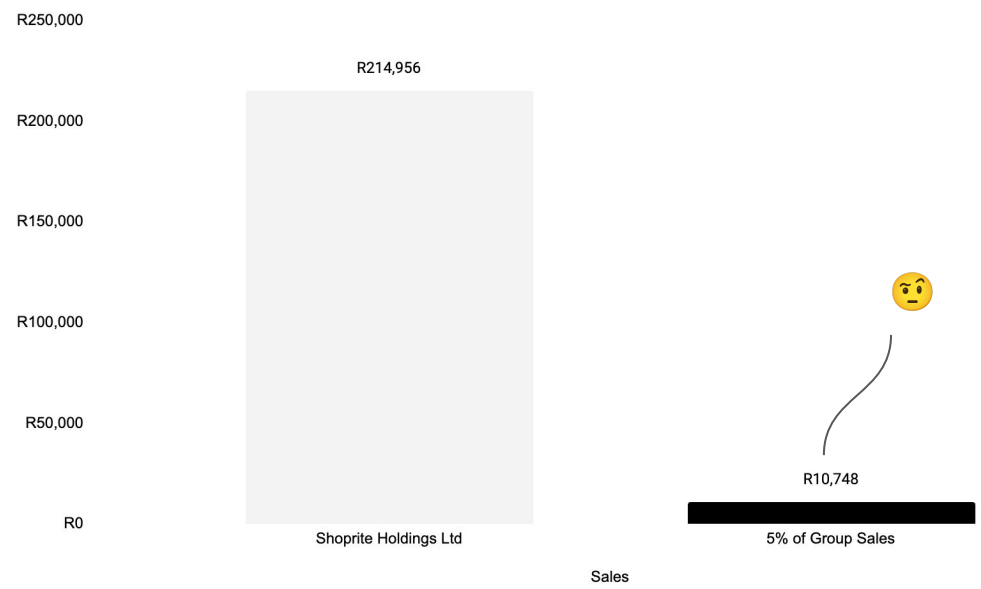
Sixty60 locations as a % of total Checkers & Hyper locations



"LESS THAN 5% OF THE GROUP'S CONSOLIDATED SALE OF MERCHANDISE"

Shoprite holdings hides Sixty60 Sales.

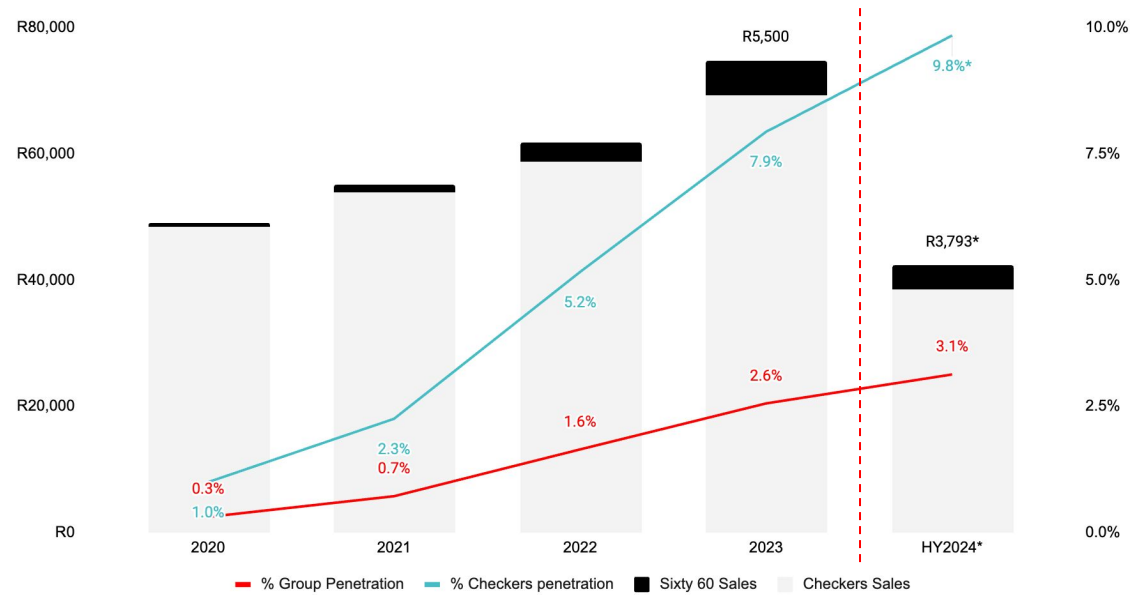
Shoprite Holdings Consolidated Sales as at end FY2023 (in R' millions)



HOW BIG? OVER R5 BILLION?

Sixty60 grew by 149.8 in FY22 and 81.9% in FY23.

Checkers Sales, Sixty 60 Sales (R' millions) and % penetration



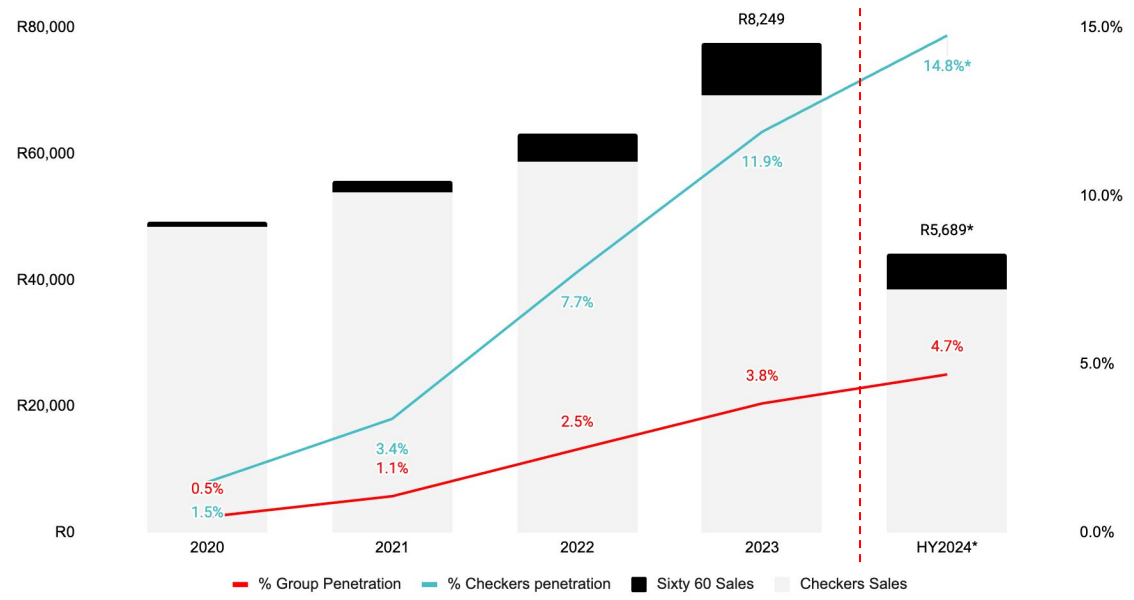
Source: Assumption based on 1% penetration base of checkers in 2020

The years are FYs. 2023 = June 22 to July 23

HOW BIG? OVER R8 BILLION?

Sixty60 grew by 149.8 in FY22 and 81.9% in FY23.

Checkers Sales, Sixty 60 Sales (R' millions) and % penetration



Source: Assumption based on 1.5% penetration base of checkers in 2020

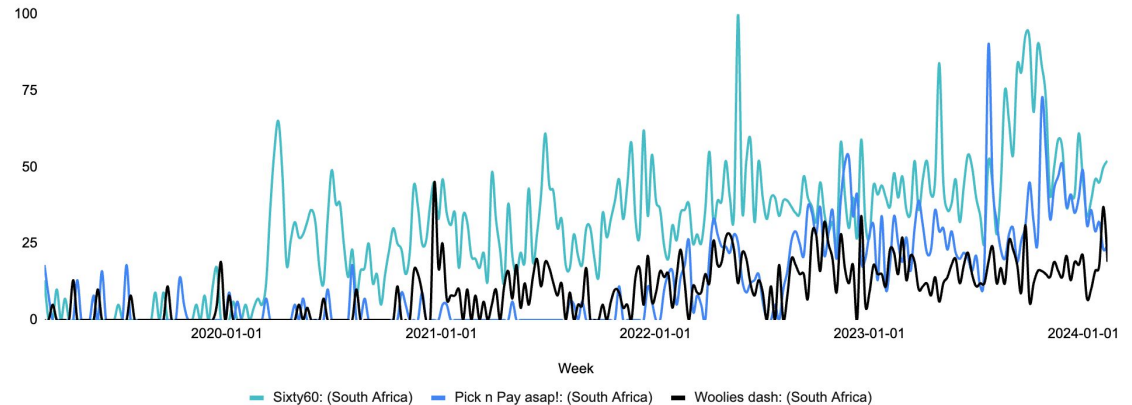
The years are FYs. 2023 = June 22 to July 23

MINDSHARE = MARKETSHARE

Sixty60 had a first mover advantage and has not let go of the pedal. Dominating their competitors.

*“Number 1 gets a trophy
Number 2 gets a wooden spoon
Number 3 gets killed”
- Reid Hoffman*

Google Trends

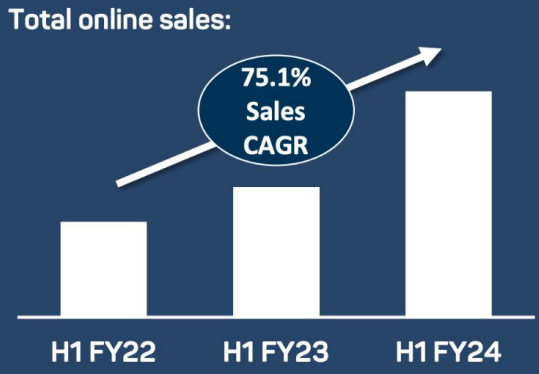


WOODEN SPOON

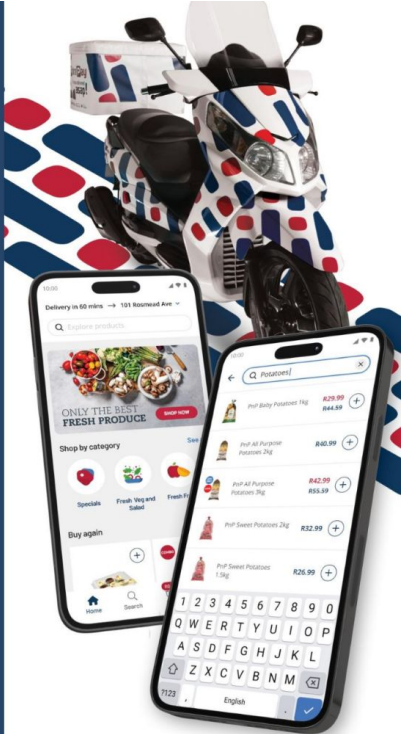
Second best

ONLINE DELIVERS

- Strong online sales growth +76.3%
- Driven by on-demand offers on asap! and PnP groceries on Mr D app
- World-class AI search engine continually improves customer experience
- Re-launch of asap! app in October with 25 000 products and improved search functionality



100% on-demand sales growth	500 delivery locations nationally
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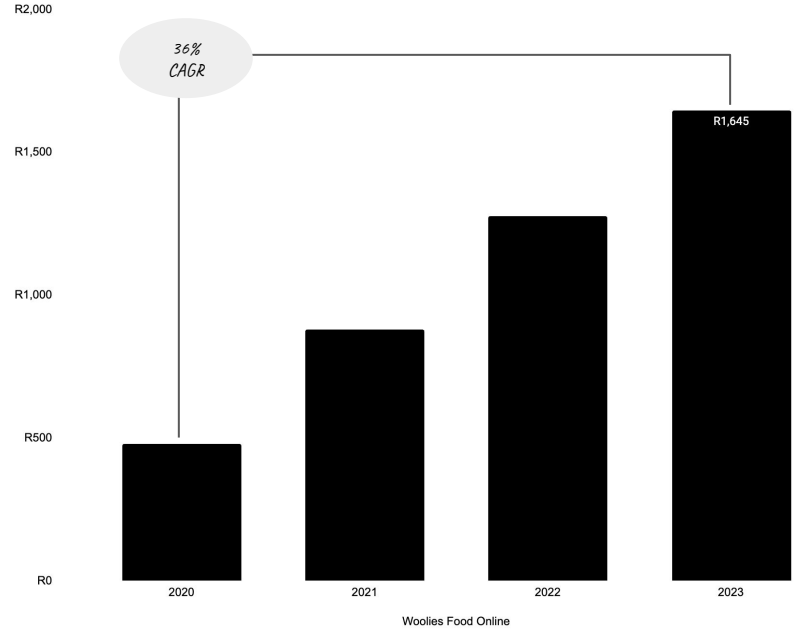


- Online on-demand sales doubling through asap! and PnP groceries on Mr D

Source: Pick n Pay HY24 interim presentation

??

Woolies Food online sales growth in R' millions



Sustainable?
Profitable?

SHOUTOUT TO THE PIONEERS

Startups that played a massive role in pushing on-demand grocery market in SA



Founded in 2016 by Vutlharhi Valoyi (right) and Michael Netshipise (left)



Founded in 2016 by Lynton Peters (left) and Ariel Navarro (right)

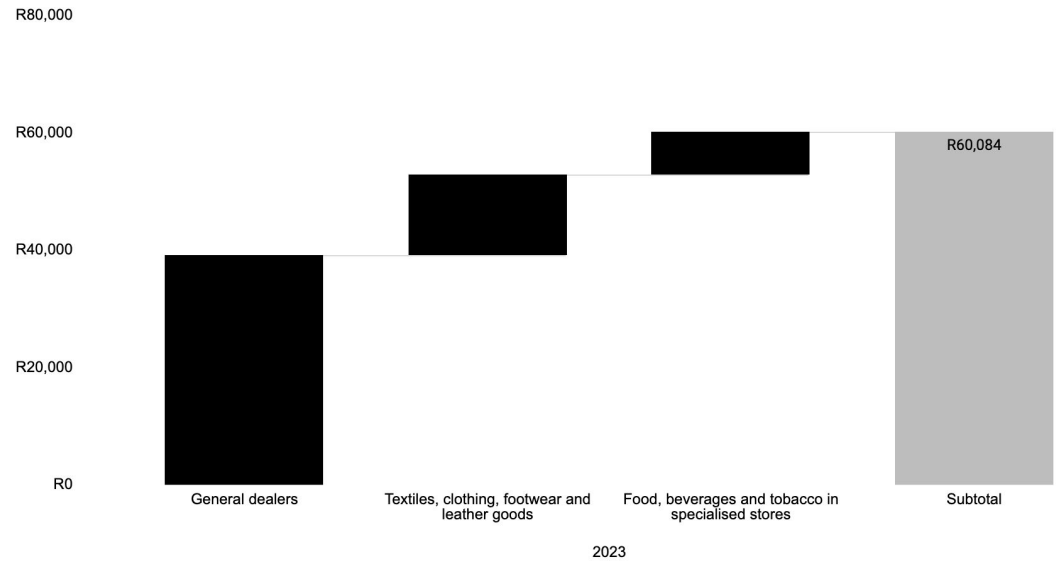
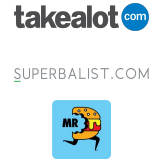


THE TAKELOT GROUP

“For the investor, a too-high purchase price for the stock of an excellent company can undo the effects of a subsequent decade of favorable business developments.” - Warren Buffett.

The Takealot Group of Companies play in the top 3 SA ecommerce categories.

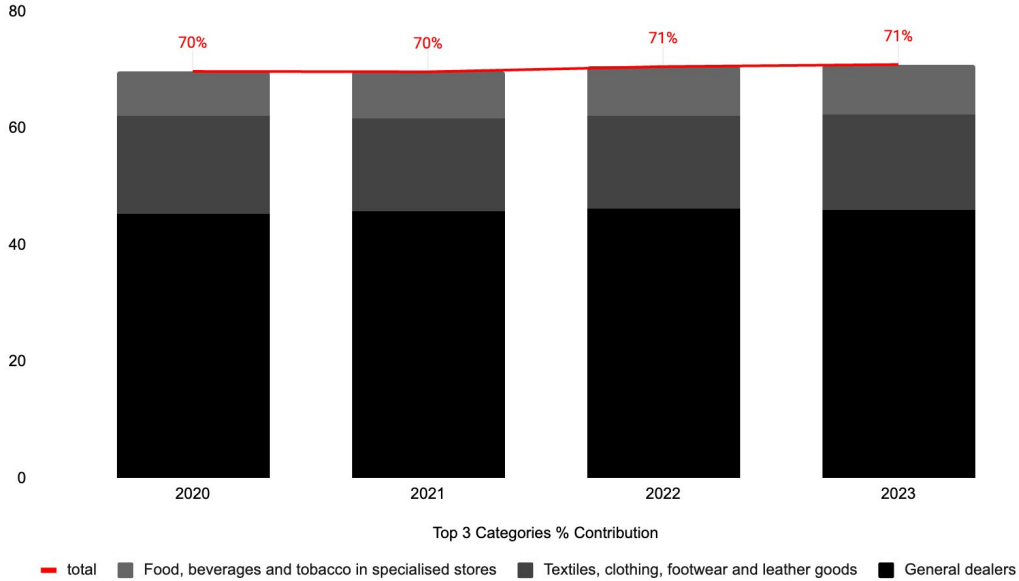
Top 3 SA ecommerce categories 2023x



71%

General dealers , Textiles etc and (Hot) Food, Beverages etc contributes 71% of the SA ecommerce market.

Top 3 ecommerce categories % contribution 2020 - 2023

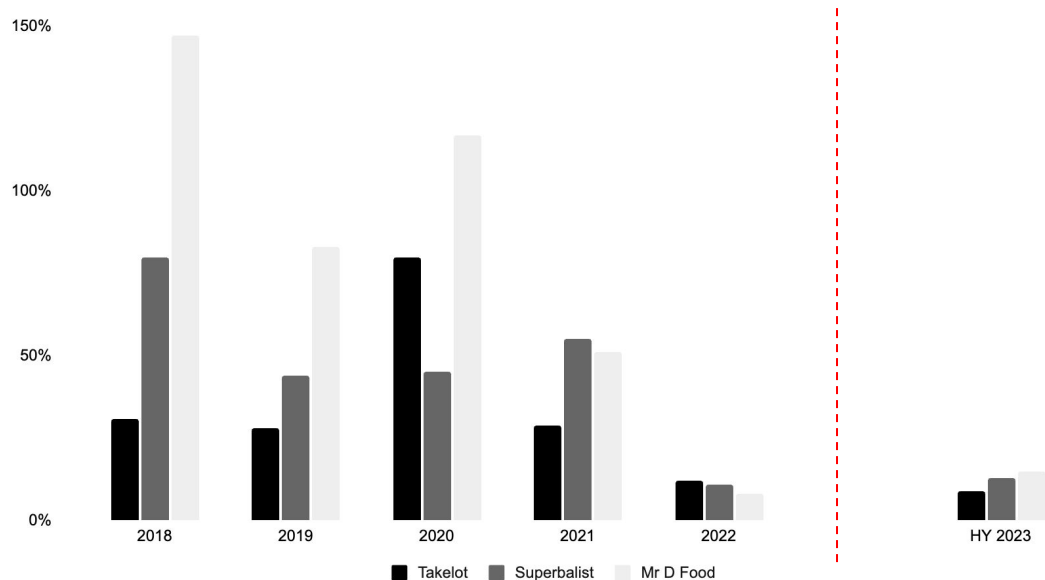


Source: Combo: Euromonitor, Stats Sa trade Sales data

STAGGERING?

But growth at the Ecomm giant has been staggering post COVID.

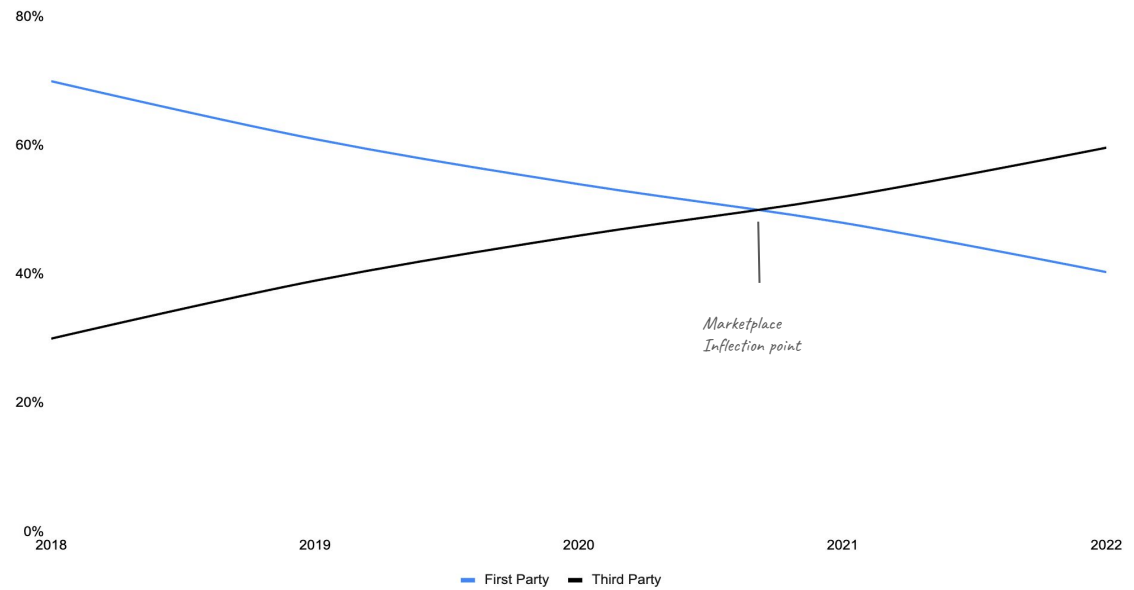
Takealot Group, Superbalist & Mr D Revenue Growth



FIRST PARTY VS THIRD PARTY?

The blue dot giant invested in building their Marketplace of third party sellers.

Takealot 1P v 3P GMV



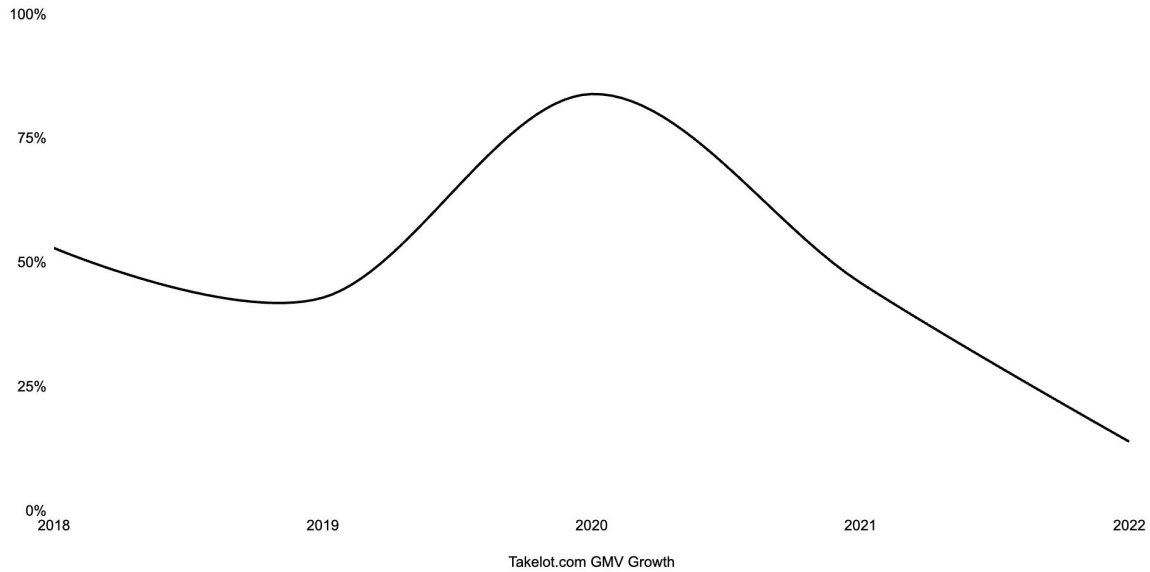
Source: Naspers Integrated Annual Reports FY2019-FY2023, HY24

The years are FYs. 2022 = FY2023. Prosus / Naspers YE is March 31st

PAST GROWTH AT ALL COST

grow, grow, grow...?

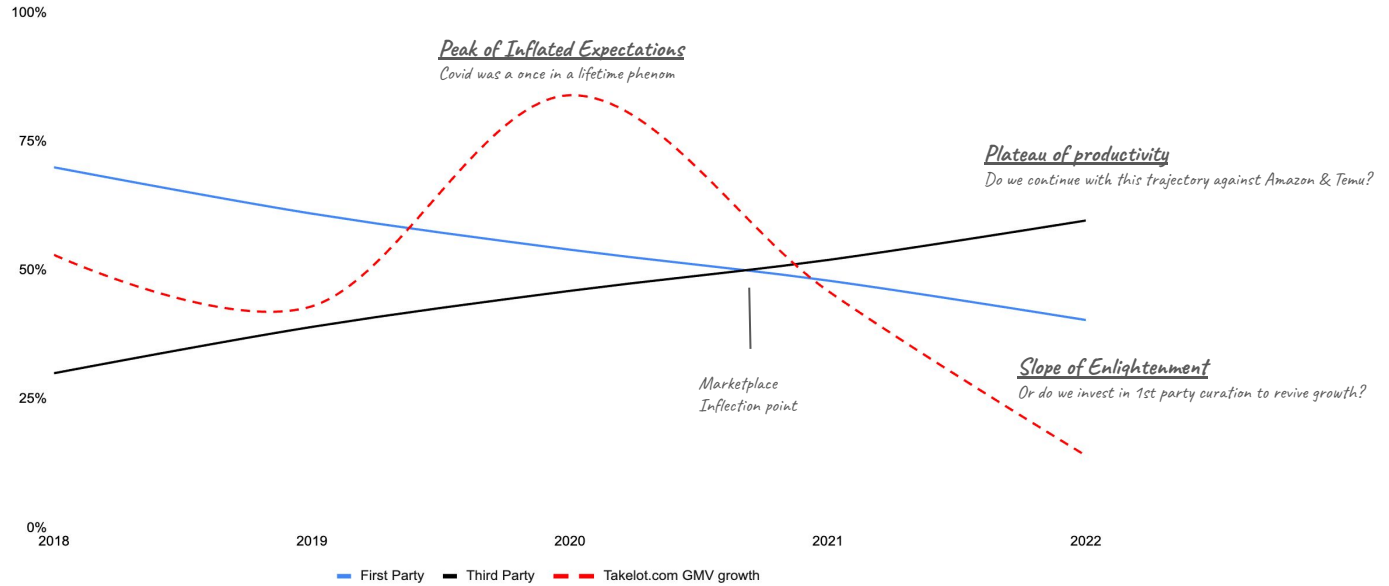
Takealot.com GMV Growth



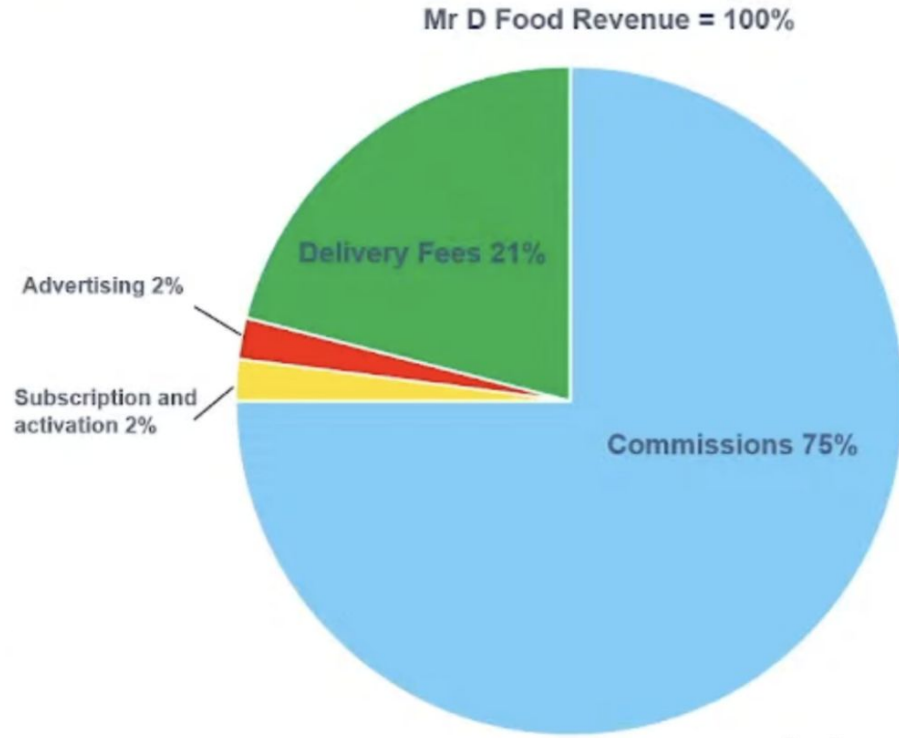
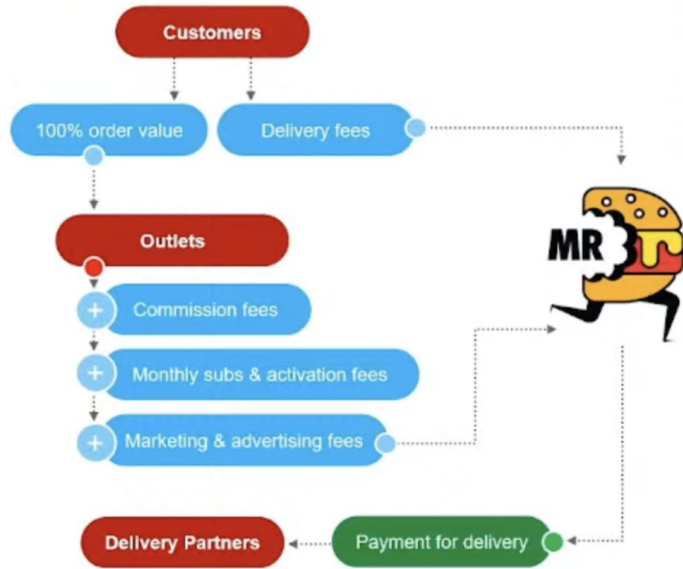
TAKEALOT'S HYPE CURVE

Takealot faces headwinds in the next few years against stiff competition in the market.

Takealot 1P v 3P GMV & GMV growth

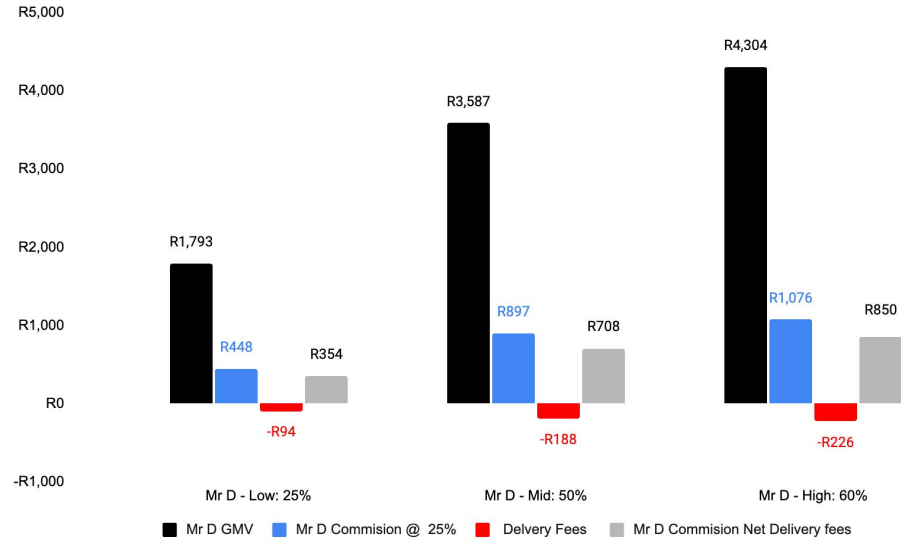


MR D's BUSINESS MODEL



HOW BIG IS MR D?

MR D Commission based on assumed market share (in R' millions) - 2023



Source: blunt assumption based on previous data. Excludes Pick n Pay

Mr D EXPANSION

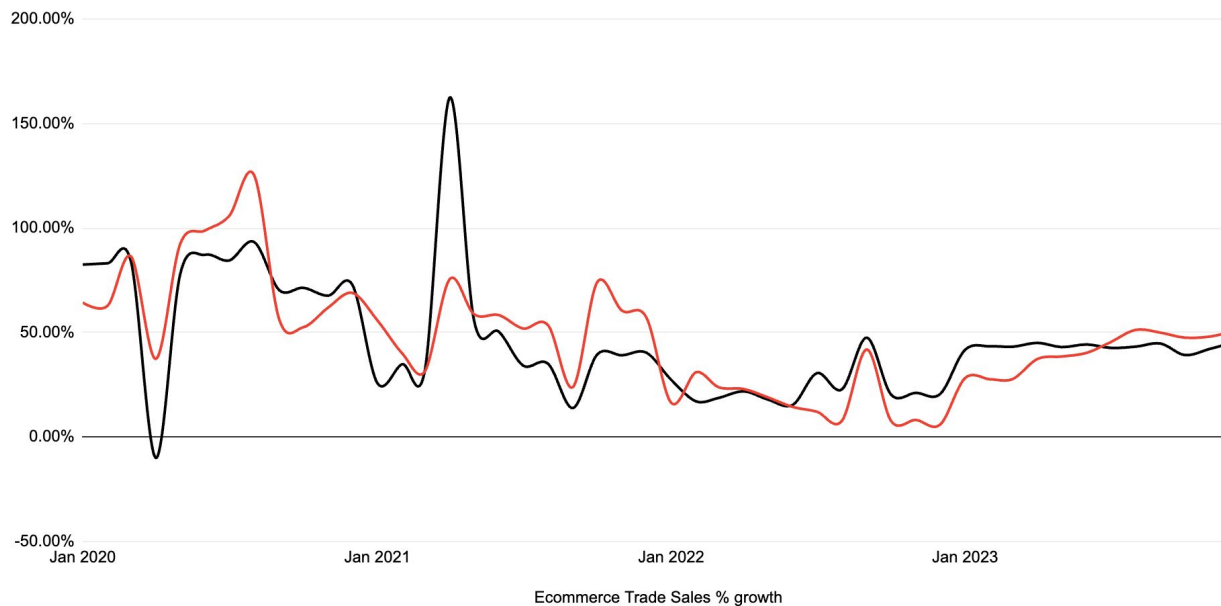
In 2022 Pick n Pay announced their partnership with Mr D



WHAT'S NEXT?

With the expansion of Mr D's marketplace, whats next? The Anti-COVID market?

Pharma, Medical goods, cosmetics etc ecomm vs total ecomm Y/Y growth 2020 - 2023



Dis-Chem +

CLICKS+

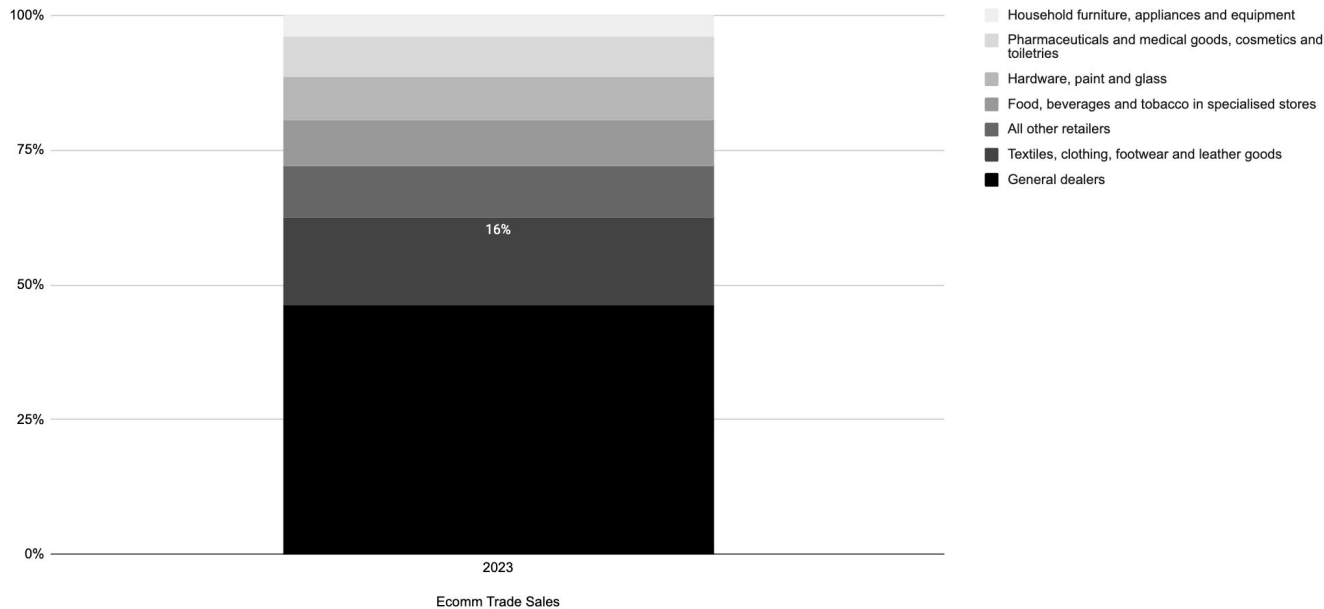
THE DEVIL WEARS PRADA

"Florals? For Spring? Groundbreaking"- Miranda Priestly.

THE DEVIL WEARS PRADA

Textiles, Clothing & footwear is the 2nd biggest ecommerce market with a 16% market share

Textiles SA Ecomm Trade Sales % contribution



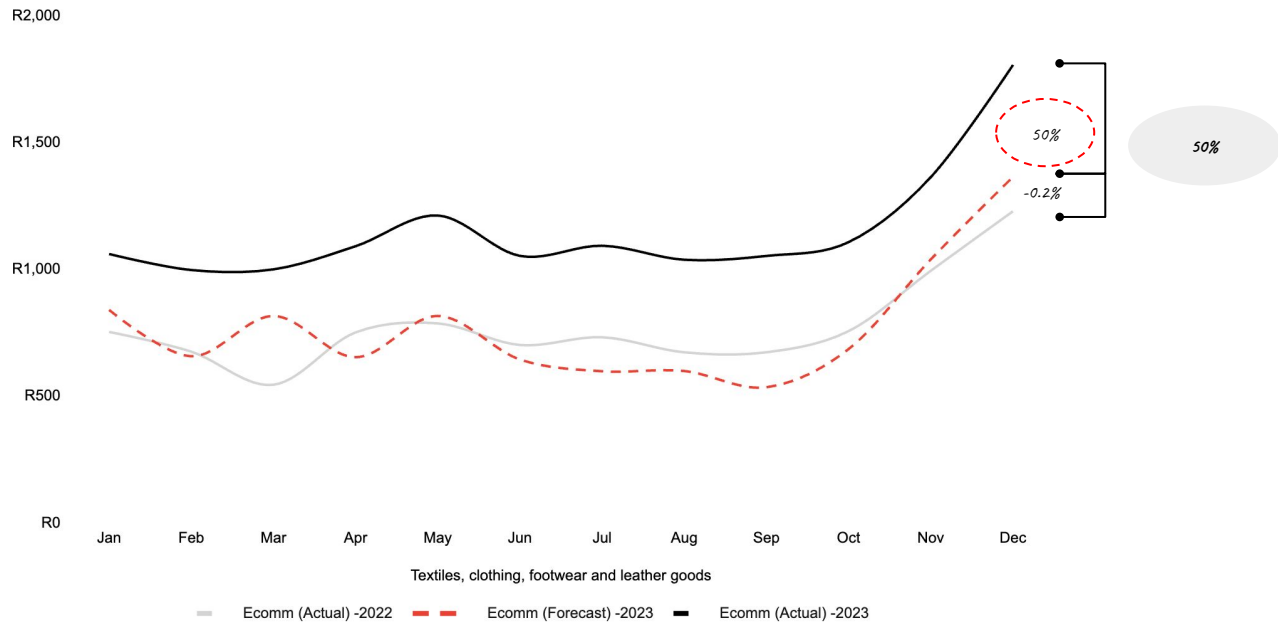
SUPERBALIST.COM

- bash
- SHEIN
- WOOLWORTHS
- mrp
- zando
- COTTON:ON
- ZARA

50%

Textiles outperformed in 2023. Bucking the forecasted trend despite the macro conditions in SA.

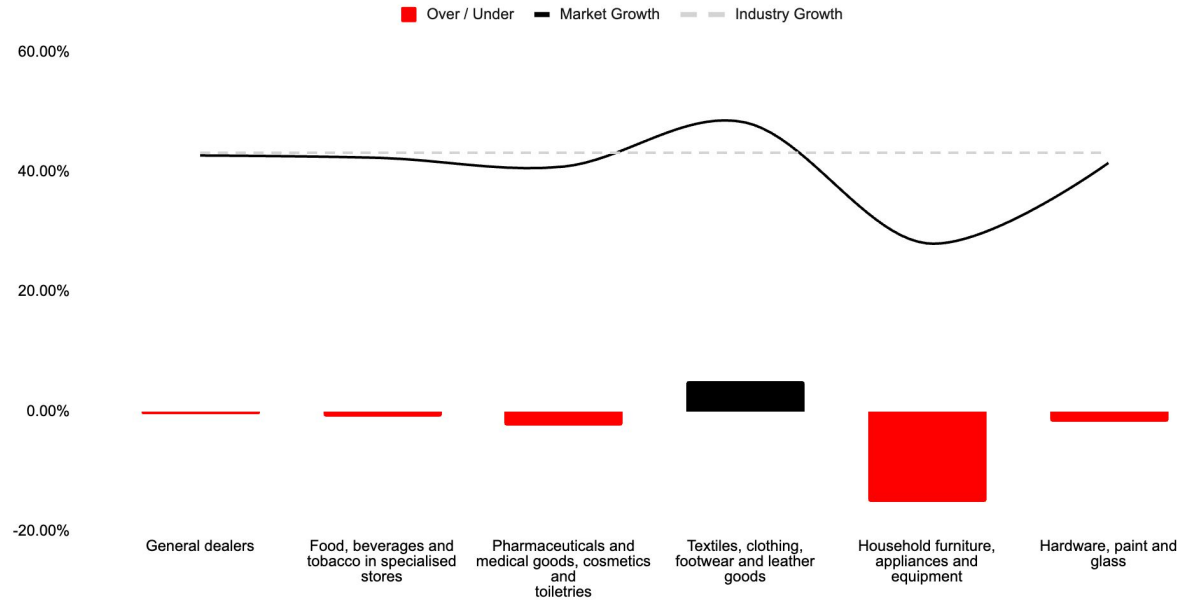
Textiles Ecomm monthly 2023 Actual v 2023 Forecast vs 2022 Actual (in R' millions)



Source: Combo: Euromonitor, Stats Sa trade Sales data

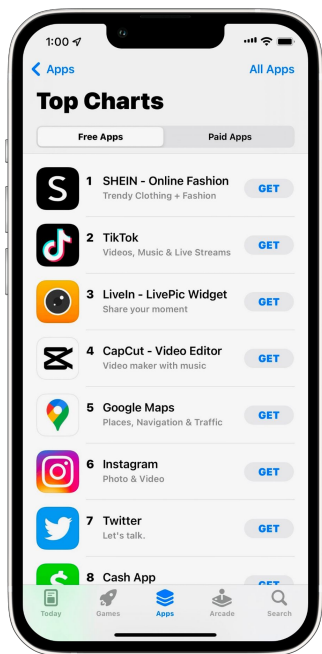
Textiles outperformed even the industry growth benchmark

Market % over / under the EComm industry growth in 2023

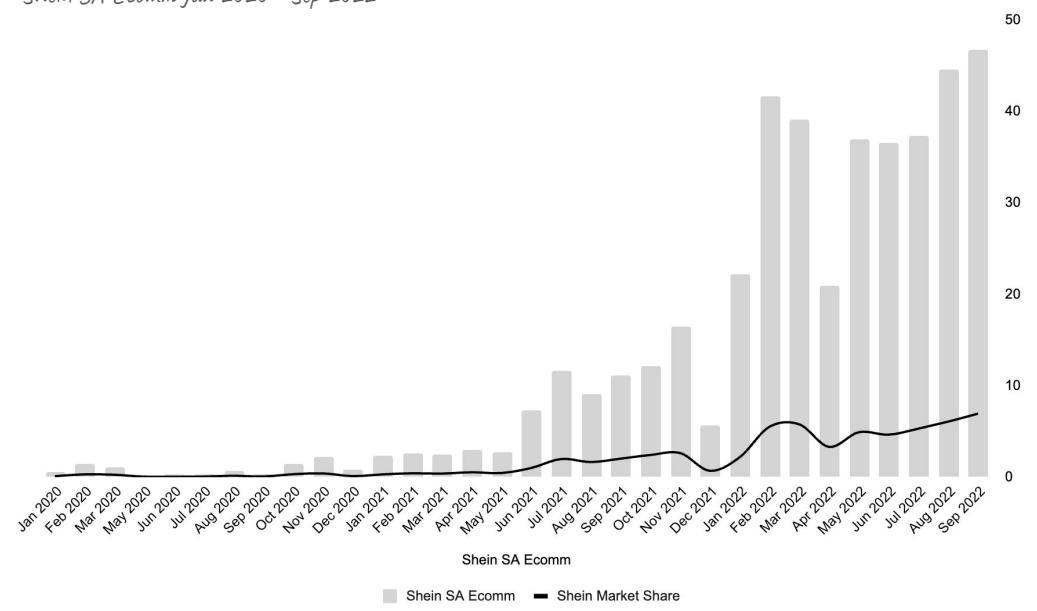


NUMBER 1? OR TOP 3?

The growth of Shein across the world has been astonishing over past couple of years. But is it really number 1? Or just top 3?



Shein SA Ecomm Jan 2020 - Sep 2022



Source: Combo: Euromonitor, Stats Sa trade Sales data and 22Seven markeshare data

*Tempered Assumption based on 22Seven data

THE POWER OF TOGETHER

bash

"Online turnover grew 44,8% in Q3 FY2024, now contributing 4,2% of total TFG Africa turnover (Q3 FY2023: 3,0%) and 40,2% (contributing 3,8%) in the nine months ended 30 December 2023, when compared to the nine-month period last year. Turnover growth has been driven by the consolidation of our TFG Africa retail brands on the Bash platform which was ranked as the number one South African fashion shopping App."

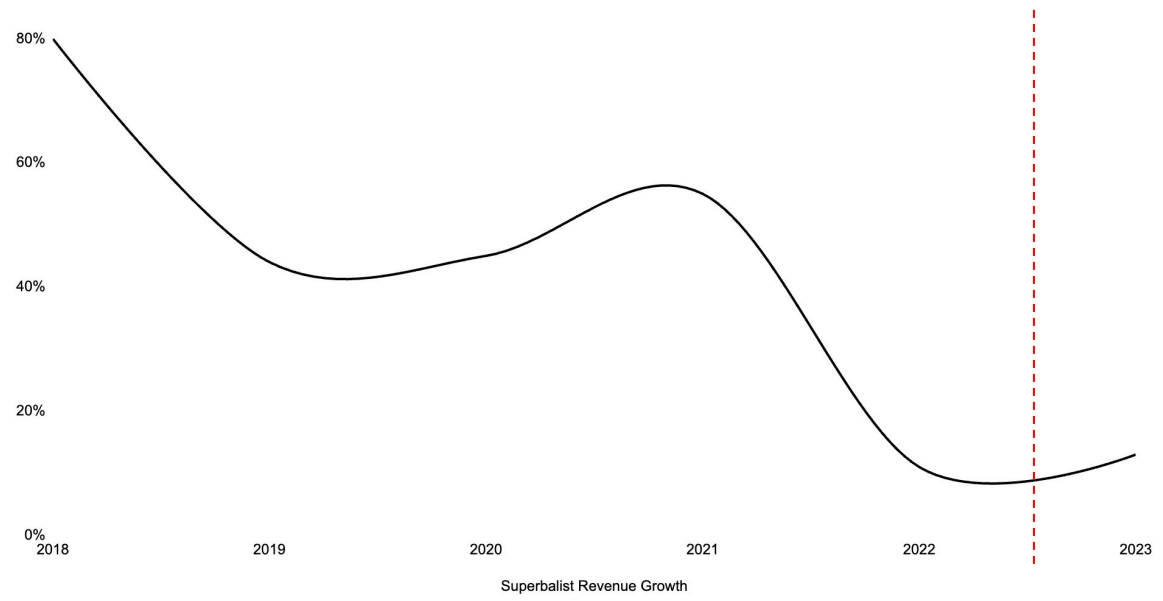
TFG Trading Update



FASHION UNITED SA PTY LTD

The Pinnacle of Online Fashion has seen its growth decelerate.

Superbalist Revenue Growth



Source: Naspers Integrated Annual Reports FY2019-FY2023, HY24

The years are FYs. 2022 = FY2023. Prosus / Naspers YE is March 31st

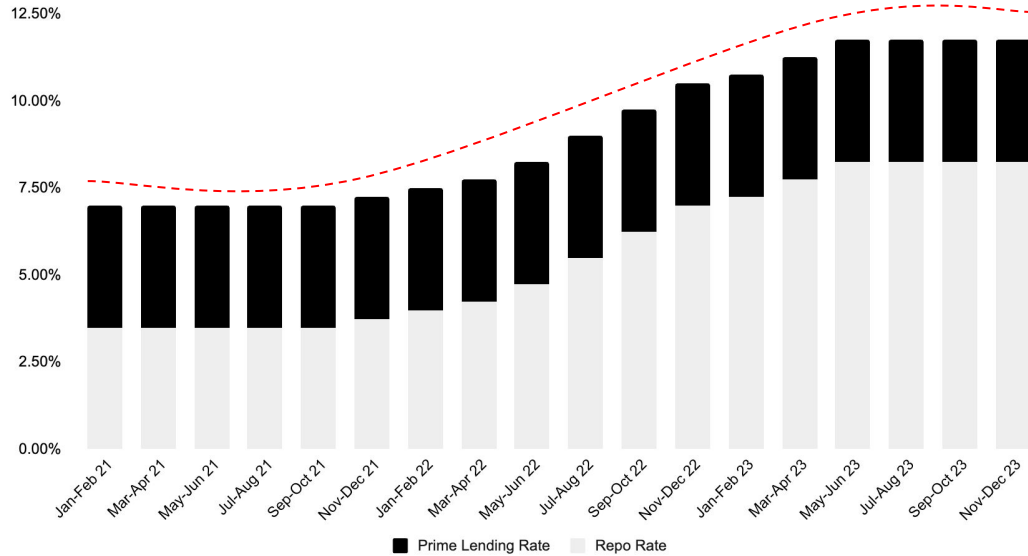
MACRO

*“Everyone sort of lives with their rulers in the past
and doesn't look at coming changes.” -Stanley
Druckenmiller*

RATES: END OF A CYCLE

With the SARB* increasing rates throughout 2022. Consumers were squeezed in 2023.

Lending Rates



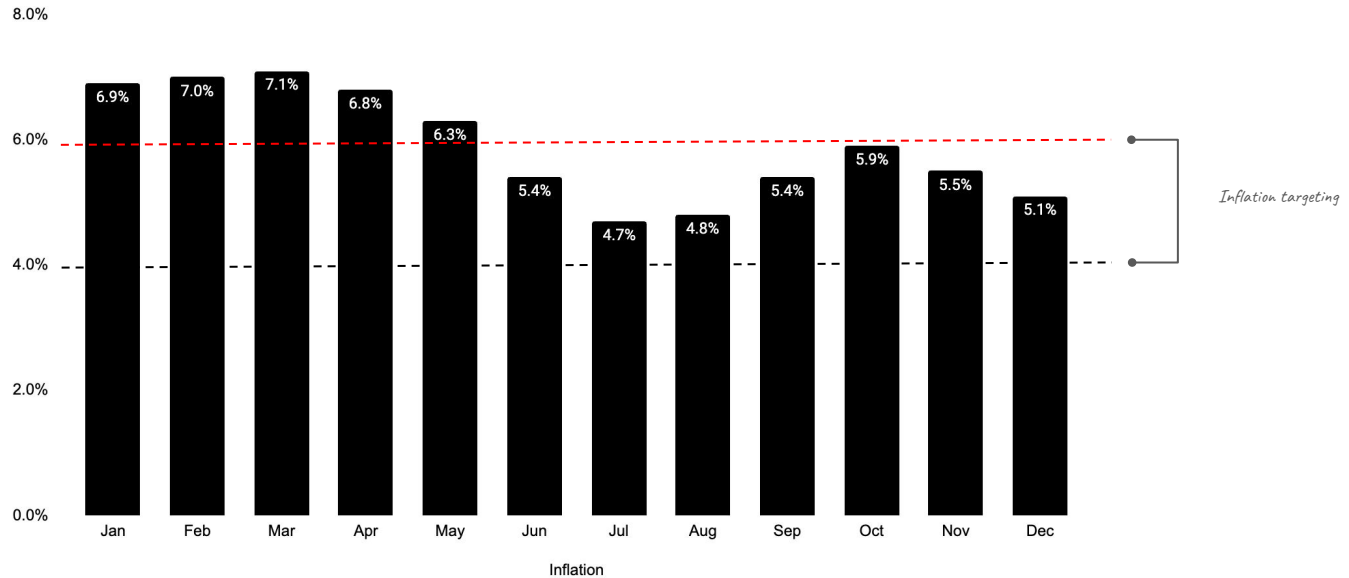
*South African Reserve Bank

Source: tradingeconomics.com

INFLATION TAPERING ?

Given the SARB's mandate on Inflation targeting. The last 6 months has seen inflation taper .. a bit.

Inflation 2023



Future Forecast?

2024?



GET IN TOUCH

25 June 2023

This release first appeared on techcentral.co.za on 22 June 2023

SA e-commerce to match developed world by 2026

Arun Varughese, Head of Technology, Media and Telecommunications at RMB, said e-commerce saw increased consumer adoption during Covid-19, resulting in a "step change in demand for online shopping, which we expect to continue for the foreseeable future".

"By next year, we expect 31.6 million South Africans to shop online."

Across Africa, there is a lot of runway for development of the digital landscape. In 2022, South Africans spent R59-billion online and they are expected to spend up to R225-billion by 2025, an increase of 300% in just three years.

Responding to rapid changes in buying behaviour, many South African retailers are investing in online platforms.

Varughese said: "Checkers Sixty60 has benefited from changes to how South Africans shop. Their sales growth continues with 86.8% increase in the first half (ended January 2023) on top of growth of more than 250% in the prior year, and remained the top South African grocery app with 3.1 million downloads."

Cheers
@ubsta_