

Massmart targets R9.4bn sales boost after loss widens

By Nqobile Dlodla

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Game and Makro owner Massmart Holdings is eyeing R9.4bn in additional sales in the next five years through store expansion, the retailer said, after reporting a wider annual loss on Monday that sent its shares down more than 13%.



Source: Reuters/Siphiwe Sibeko

Massmart, majority-owned by Walmart Inc, is mostly done with a turnaround plan to stem losses in some businesses while shutting underperforming stores, reining in costs and integrating its supply chain network.

It had started last year to move beyond the turnaround to focus on investing in core businesses and those offering high returns.

The retailer has been struggling for a couple of years to lift sales and return to profit, hurt by constrained consumer demand and underperformance of its Game chain. Covid-19 restrictions, store looting and damage from civil unrest last year have compounded its problems.



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24 Feb 2022



Growing e-commerce and store footprint

Massmart CEO Mitch Sape told analysts the retailer was pursuing growth opportunities in its core general merchandise, home improvement, wholesale food and liquor businesses.

About 72% of the group's 2022 capital expenditure will be allocated to e-commerce – or online sales – and expanding the store footprint of its high return general merchandise operations, of food & liquor wholesaler Makro and home improvement Builders chains.

During the next five years, Massmart will boost the number of Builders' stores in South Africa by 50% from 112, generating sales of between R1.4bn and R2.4bn per annum, Slape said. The number of Makro stores will be increased by 25% from 22, generating sales of between R5bn and R7bn.



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Group sales fell by 1.9% to R84.9bn in the year ended 26 December, with comparable store sales up by 1.7%. Its 2021 headline loss from total operations was R1.5bn, compared with a loss of R924m in 2020.

By 11.21 GMT, shares were down 13.49% to R41.83, on track for their worst daily loss in over 2-1/2 years.

ABOUT THE AUTHOR

Reporting by Nqobile Dladla; editing by Uttaresh.V and Bernadette Baum

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