BIZCOMMUNITY

Mr Price's shares dip 7% on sales growth slide

By Nqobile Dludla

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Mr Price Group Ltd posted slower half-year sales growth on Thursday, 24 November, impacted by power cuts, the disruption of replacing a software system and a delay to the pandemic grant payments its low-income shoppers depend on.

Source: Reuters/Siphiwe Sibeko

By 1104 GMT, shares were down 7.46% to R13.85, close to a one-month low.

The budget clothing and homewares retailer said group revenue rose by 6.5% to R13.3bn in the 26 weeks ended 1 October. This compared to 35.2% sales growth delivered in the prior year as pent-up demand emerged following the end of lockdowns.

"The top-line performance did not meet our internal targets," group chief executive officer Mark Blair said. But he said keeping up with "market leading retail performance" of post Covid-19 sales growth of 37.8% was bound to be a challenge.

The first 13 weeks of trading was marred by rolling power cuts, when the budget retailer estimated that over 80,000 trading hours were lost. In addition, the replacement of the group's Merchandise Enterprise Resource Planning system disrupted retail sales in April and May.

Pepkor earnings jump as inflation-hit shoppers lean on discount stores

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Blair told investors that by November it had backup power in 54% of its stores and would extend this to 170 more stores by Christmas and a further 300 stores by the year-end.

Overall, shoppers looking for cheaper options in an inflationary environment, helped to grow sales, with the apparel division - the biggest revenue contributor - increasing by 8.5%. Homeware sales, however, declined by 1.6% as Covid pent-up demand subsided.

Headline earnings per share, the main profit measure in South Africa, rose by 10.8% to 496 cents.

Looking ahead, Mr Price said with the retail credit environment forecast to tighten as defaults rise, the group is positioned "positively as consumers seek merchandise that can fit their budgets".

ABOUT THE AUTHOR

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