

Woolworths posts first jump in half-year profit since 2015

South African retailer Woolworths Holdings Ltd reported a 58.3% jump in first-half profit on Thursday, its first in five years, as sales recovered from the lows at the start of the Covid-19 pandemic.



A man walks past an outlet of retailer Woolworths in Cape Town, South Africa, 19 June 2017. Reuters/Mike Hutchings/File Photo

The apparel sector, worst-hit among retail sectors in South Africa and Australia at the start of the pandemic, recovered slightly from May as lockdowns lifted and retailers gave discounts to attract shoppers.

But lower store footfall, particularly in large shopping centres and airport locations, significant drop in demand for formal wear and a return of restrictions in Australia has put clothing sales back on shaky ground.

Woolworths, which sells clothes, food and homeware across 14 countries in Africa, Australia and New Zealand, said headline earnings per share (HEPS) – the main gauge of profit in South Africa – surged to 261.1 cents in the 26 weeks to 27 Dec from 164.9 cents a year earlier. Adjusted diluted HEPS, which strips out certain items, rose by 19.4%.

Woolworths last posted a half-year profit increase for its first half ended December 2015.

Earnings were also assisted by the renegotiation of leases for many stores under David Jones, its Australian upmarket

department chain, which resulted in lease modification and cancellation gains of about R667m, the retailer said.



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Woolworths booked a 5.3% increase in group turnover and concession sales in the first half, a recovery from the 4% decline in the second half of its financial year to 28 June.

The retailer, modelled on the style and products of Britain's Marks and Spencer, has suspended payouts to shareholders due the ongoing impact of Covid-19. It had last declared a dividend of 89 cents per share while announcing its earnings for the 26 weeks ended December 2019.

Source: Reuters

(Reporting by Nqobile Dlodla; Editing by Jacqueline Wong and Rashmi Aich)

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