

## Holdsport H1 core HEPS down 1.3% to 157.1c

The Holdsport Limited Group (HSP), which comprises the retail divisions Sportsmans Warehouse and Outdoor Warehouse and Performance Brands, a wholesale business that includes the First Ascent and Capestorm brands, on Tuesday reported a 1.3% decline in core headline earnings per share to 157.1 cents for the half-year ended August.

Operating profit however was up 1.2% to R90.8 million, on the back of a 9.9% improvement in sales to R601.2 million. Retail sales increased by 9.2% to R572.0 million.

Holdsport said when evaluating the performance, the following factors should be taken into account:

- The preceding two comparative reporting periods coincided with a football and rugby world cup respectively. This resulted in a strong performance from replica apparel during these periods, which was not repeated during the current period.
- The accounting treatment of foreign exchange denominated transactions coupled with the volatile Rand/Dollar exchange rate results in a non-cash income or expense at the end of every reporting period which is partly included in cost of sales and partly recognised as foreign exchange gains or losses within trading expenses. During the current period the aggregate adjustment was an expense of R2.5 million compared to an aggregate profit of R2.8 million during the prior period.

The majority of the adjustment is included in cost of sales.

An interim gross dividend of 70.0 cents per share has been declared in line with the dividend policy of the group which is to have dividends covered twice by core headline earnings.

Looking ahead, Holdsport said the group earns the greater part of its profits in the second half of the year. "As always, the second half is heavily dependent on Christmas trading, which will largely determine the performance of the group for the year," it added.

The group signed lease agreements for a further two new stores to be opened in the next financial year and are evaluating other opportunities.