

# Warehouse profits reach R243,3m

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Holdsport, which owns the Sportsmans Warehouse and Outdoor Warehouse on Wednesday (15 May) said the current retail environment is challenging and the group does not envisage any improvement in its performance during the remainder of the year.



Trading for SA's retailers has come under increased pressure as consumers face elevated debt levels and rising utility costs.

"The fundamentals just don't appear to be pointing towards significant growth in our economy. We are quite wary about the outlook," Holdsport chief executive Kevin Hodgson said.

The company reported core headline earnings of 415.7c per share for the year to end February, a 7.3% increase on the previous year. The group's two previous comparable reporting periods coincided with the soccer and rugby world cups, which had resulted in a strong performance from replica apparel.

Total sales increased 10.5% to R1.37bn while operating profit grew by 7.4% to R243.3m.

Holdsport's portfolio includes Performance Brands, a wholesale business that houses the First Ascent and Capestorm brands.

Total sales in the company's Sportsmans Warehouse division increased 11.4% to R990m, while Outdoor Warehouse saw a sales increase of 7.4% to R322.3m.

During the year ended February, the group was weighed down by a foreign exchange aggregate adjustment, which was an expense of R1.8m compared with an aggregate profit R6.1m during the prior year.

During the year, the group entered into a 50/50 joint venture agreement with Redefine Properties to purchase land in Philippi, Cape Town and develop a new 11,000m<sup>2</sup> distribution centre for its retail operations. The group will invest about R51m in the new facility, of which R19.8m has already been spent this year. This project will be completed in July.

"What it will give us, is capacity for the future which is very important," Hodgson said.

A total gross dividend of 200c per share was declared, from 162c in 2012.

Holdsport will open one new Sportsmans Warehouse store in Seapoint towards the end of 2013, as well as a new Outdoor Warehouse in Rondebosch.

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