

Holdsport to expand distribution network

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Holdsport, which runs the Sportsmans Warehouse and Outdoor Warehouse stores, is set to develop two new distribution centres over the next 15 months to increase the capacity for its retail stores as it focuses on future growth.

"Both our existing facilities in Cape Town are fine for our business but from a growth perspective we think we need to invest in larger facilities," Cobus Loubser, the company's CFO told *I-Net Bridge/BusinessLIVE* on Friday, 18 May 2012.

Catering to outdoor and sports enthusiasts, Holdsport's history dates back to 1986, when the first Sportmans Warehouse was opened in Rondebosch in the Western Cape.

It has since grown to 51 stores in SA and one Sportmans Warehouse in Windhoek, Namibia.

The group also has an investment in Performance Brands, previously First Ascent SA, a wholesale business specialising in the development and distribution of sports and outdoor apparel and equipment.

On Friday, the retailer reported a strong set of results for the year ended February with core headline earnings per share rising 22.5% to 387.4 cents.

Holdsport was listed on the JSE in July last year and this was its maiden set of final results.

Total sales increased by 9.8% to R1.243 billion and retail sales rose by 8.7% to R1.196 billion.

Operating profit grew to R226.4 million from R188.9 million previously, and the group declared a final gross dividend of 115 cents per share.

The group said it recently purchased the CAPESTORM trademark, which Performance Brands will manage as part of its portfolio.

Looking ahead, Holdsport said the 2010 FIFA World Cup and the 2011 Rugby World Cup in the last two years created a high base from which to grow.

"Low selling price inflation, creeping cost inflation, increased competition and the risk of overtrading in the sporting goods sector are likely to present challenges in the year ahead," it warned.

Though the sporting and outdoor leisure market in SA is largely operated by non-listed independent players, the company's competitors take the form of The Foschini Group's (TFG) sportscene, Totalsports and DueSouth, as well as Mr Price's (MPC) sport apparel division, Mr Price Sport.

Holdsport's large-format stores are found primarily in value-type retail nodes.

The company has signed lease agreements for a further three new stores to be opened in the next financial year, and in addition, it will be increasing the size of its Fourways store and relocating a store in Polokwane.

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