

Massmart sales signal slump

Consumers spent less in Massmart's comparable stores in the first quarter of 2017, a trend that could continue into the rest of the year due to the constrained economic environment.



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In the 13 weeks to March 26 total sales growth was 0.5% compared with the year-earlier period, Massmart said in its integrated annual report. Like-for-like sales decreased 1.7%.

Massmart said that given its large wholesale businesses, the group's sales performance in the period was adversely affected by Easter falling in April 2017 compared with March of 2016.

The group noted that its integrated report was finalised a day after President Jacob Zuma reshuffled his cabinet.

"This development may increase policy uncertainty in SA, potentially with negative consequences for the economy, and thus it is extremely difficult currently to provide any useful short- to medium-term economic or performance outlook," the group said.

The picture was especially dismal outside SA.

Africa's second-largest distributor of consumer goods reported a 17.4% drop in sales in rand terms while comparable sales

fell 19.4%.

Even though the continent is facing challenges, the group said it remained optimistic about the long-term growth opportunities across selected African countries and expected to open 11 new stores in the region from 2017 to 2018.

"Despite 'economic headwinds facing sub-Saharan Africa' the major regions of south, west and east Africa are forecast to grow ahead of South African economic growth," Massmart said.

According to the World Bank, growth in the sub-Saharan Africa region slowed to 1.5% in 2016. The bank said the risk outlook weighed heavily to the downside due to heightened policy uncertainty in the US and Europe and continued weakness in commodity prices.

Other revelations from the integrated report included CEO Guy Hayward's pay.

In 2016, Hayward took home R13m through a guaranteed package, other benefits and short-term incentives.

Source: Business Day

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