

Sharp drop in Pick n Pay's earnings

Pick n Pay has reported a 21.7% drop in diluted headline earnings per share to 109.61c despite a 7.1% rise in turnover to R59.3bn. Dividends fell by 35.8% to just 84 cents a share.



The group said on Tuesday (23 April) that it had adopted a 52 week financial reporting calendar for all future annual financial periods. This extended the 2013 financial year by a week.

Pick n Pay's turnover increased by 6.3% if the impact of the change in reporting calendar is excluded.

Inflation was 5.9% and like-for-like turnover growth was 3.0% with the retailer's 107 new stores contributing 5.2% to the group's trading space and 3.3% to sales.

The company said it experienced a challenging trading environment against a backdrop of depressed economic growth, waning consumer confidence, high levels of household cost inflation and increasing competition in the marketplace, resulting in what it said was "unsatisfactory turnover growth of 7.1%".

Operating profits were just R808.9m, 30.9% less than in the previous financial year, reflecting the company's weak trading performance.

Pick n Pay's 107 new stores means that it now has 992 outlets comprising 570 company-owned stores and 422 franchise stores across multiple formats and in eight geographical regions.

There are 49 stores in Zimbabwe operated by TM Supermarkets.

Customers and transactions up

Pick n Pay's number of customers increased by 4.3% during the year and it conducted more than 750m transactions for customers over the 52 weeks.

Close on 60% of the company's turnover is through its 'smartshopper' loyalty programme, the largest loyalty programme in South Africa.

The group's South African division operates in various formats under the Pick n Pay and Boxer brands while the Africa division is responsible for the group's expansion into the rest of Africa where it operates in Namibia, Lesotho, Swaziland, Mozambique, Mauritius, Botswana, Zimbabwe and Zambia.

Capital commitments worth R1.8bn are planned for the next financial period and more than half of that money will be focused on an increase in the group's footprint and convenience offerings to customers.

"We will add trading space by opening another 100 stores and improve our existing stores to ensure an improved customer experience," the company said in a statement.

"Under the leadership of newly appointed chief executive Richard Brasher our immediate priority is to improve the shopping trip for our customers. We need to deliver on our promises and improve the range we offer, the quality of our products and the value we give back to customers through price and promotion.

"Pick n Pay is a great business, but as a team we know there is a lot of hard work ahead," the company said.

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