

Mr Price up on sales surge

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Mr Price outperformed other retailers in the three months to December, recording 8.3% growth in sales.



Image credit: Freddy Mavunda

In 2017, the retailer bounced back from a disappointing performance in the 2016 financial year and continued this trend into the festive season. The company said it was expecting further momentum in sales growth for the two-week period from 31 December 2017 to 13 January 2018.

[TFG](#) recently reported a turnover growth of 6.6%, while [Woolworths](#) fashion, beauty and home delivered a disappointing 0.2% sales decline.

The latest [Statistics SA data](#) revealed on Wednesday that retail trade sales had increased by a significant 8.2% to R94.67bn year on year in November 2017 after a 3.2% rise in October to R82.43bn.

On Wednesday, the Mr Price group said retail sales and other income (RSOI) had exceeded R3bn for the first time in a single month in December 2017. It recorded RSOI growth of 8.3% to R6.9bn.

The firm said well-executed merchandise offers had resulted in lower markdowns and improved gross profit over the comparable period.

"It looks like they have isolated issues experienced in 2016 and pressed that reset button," said Casparus Treurnicht, equity analyst at Gryphon asset managers. "This, together with their momentum in sales growth for the two weeks to January 13, will add more fuel to the retail rally we have witnessed."

With a 12.2% sales growth, Mr Price online sales outperformed store sales, which grew 8.8%. Black Friday bolstered sales for many retailers, with cash-strapped consumers taking advantage of the frenzy.

Treurnicht said Mr Price's apparel and sports divisions were also bouncing back. The divisional growth in online sales in MRP Apparel, MRP Sport and MRP Home grew 27.7%, 19.8% and 1.6%, respectively. Mr Price reported that the continuing strained credit environment and consumers' preference to transact in cash resulted in a lag in credit sales growth, which meant a mere growth of 0.9%.

However, cash sales jumped 10.1%, constituting 84.4% of total sales.

Other income in the Mr Price stable grew 8.2% to R307.7m, supported by growth in its cellular division of 10.9% and insurance by 13.3%.

The retailer recorded a 6.4% lower growth, "as anticipated", in their interest derived from their credit portfolio. Non-South African sales increased by 4.8% to R447.7m.

The retail sector in SA was characterised by poor volumes in the first half of 2017, but it recovered slightly in the latter half of the year.

Listed retail stocks also received solid buying support for the second day running after some of them released trading updates that painted a mixed picture in the sector. Mr Price's share price gained 1.35% to close at R253.63.

Source: Business Day

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