

# Edcon sales up 12.3% for quarter ended Dec 2011

Clothing, footwear and textiles retailer Edcon, on Thursday, 23 February 2012, said total retail sales grew by 12.3% for the quarter ended 31 December 2011. Same stores sales rose 10.5%.



"Retail sales in SA continue to be resilient. Pleasingly, sales growth in all our chains accelerated," said Jurgen Schreiber, CEO of Edcon.

The company's Edgars Department Stores division, which includes Edgars, Boardmans and Red Square, increased retail sales by 13%, mainly due to strong growth from cellular products, childrenswear and footwear.

CNA's retail sales improved by 11.1%, driven by sales of cellular, digital and confectionary.

Edcon's discount division, which includes Jet, Jet Mart, Legit and Discom, grew retail sales by 11.7% compared with the same quarter last year, primarily from a strong performance in cellular, footwear and ladieswear.

The retailer generated R2.684 billion cash flow from operating activities following the higher profit growth and a lower investment in working capital.

While working capital continued to be tightly managed across the group, inventory investments had been enhanced in order to ensure that stores remain in stock of key items, it said.

Credit sales contributed 51% to total retail sales for the third quarter, up from 49% in the matching quarter last year.

"This growth was achieved by continued credit marketing efforts rather than a relaxation of credit granting criteria," it added.

The number of active accounts for the third quarter is 3.9 million compared with 3.8 million in the year before.

The company said the quality of its book continued to improve and strong collection activity saw consolidated annualised bad debts as a percentage of average debtors decrease to 7.1% from 11.6% for the same period last year.

As stated in the previous quarter, Edcon said it continued to invest in various transitional projects driven by Schreiber.

"All strategic initiatives are progressing well and they are certainly contributing to Edcon's long term growth plan. We are positive about growth prospects in the months ahead and we are certain that our transitional projects will bear fruit next year," Schreiber said.

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