

Taste Holdings earnings jump 28%

By [Nick Hedley](#)

16 Oct 2013

Listed retail franchise group Taste Holdings on Tuesday (15 October) reported a 28% rise in diluted headline earnings per share to 5.5c for the six months ended August, driven by strong performances from its food and jewellery brands.



Taste, whose portfolio includes Scooters Pizza, The Fish & Chip Co. and NWJ Jewellery, reported revenue for the period of R263.5m, up 24% on the same period last year.

Taste's chief executive Carlo Gonzaga said the performance was driven by a solid performance from all divisions, with a great performance of the jewellery division, which achieved same-store sales growth of 12%.

In the previous year's interim period, same-store jewellery sales also grew 12%. Gonzaga said profits from the jewellery division were also boosted by the addition of eight corporate-owned stores. "The jewellery division's operating profit rose 24%," he said.

Gonzaga said although consumers were under pressure, they still wanted to buy jewellery and NWJ was well positioned in the market given its strong value proposition.

"NWJ is South Africa's third-largest jewellery brand with 74 outlets," he said. "Historically the division produces 70% to 75% of its annual operating profit in the second half of the year, boding well for the festive season sales," he added.

Meanwhile, operating profit from Taste's food franchise division increased 16%.

During the period, the group signed a tripartite funding arrangement with Nedbank and Brimstone Investment Corporation which gave preferential funding to 50 new and existing Fish & Chip Co. franchisees.

This forms part of Taste's intentions to open 100 new outlets across its food brands in the current financial year ending February. Mr Gonzaga said the group was well on its way to reaching this target.

Taste had also benefited from the relatively short time it had taken for the newly-established food distribution business, Buon Gusto Food Services, to reverse its start-up losses and become profitable.

I Gonzaga said in the short-term, the group was focused on improving same-store sales in the food franchise division, as well as assessing acquisition opportunities across the group and unlocking value for shareholders.

Taste also announced that Luigi Gonzaga would retire as an executive director, effective from the end of February. Luigi Gonzaga, with his son and current Taste chief executive Carlo Gonzaga, co-founded Scooters Pizza in September 2000, which was the founding entity of what is now the larger Taste group.

For more, visit: <https://www.bizcommunity.com>