

Spurt in retail sales boosts Truworths

CAPE TOWN - Shares in Truworths International ramped up strongly on the JSE yesterday after the fashion retailer posted sprightly sales growth figures for the first 18 weeks of trading in its new financial year.



Image credit: [BDive](#)

Truworths, which is under cautionary around a possible acquisition of the Office Retail Group in the UK, finished the day 8.81% higher at R105. This is close to the stock's all-time high of R114.91 set in early 2013.

Speaking to the shareholders at the annual general meeting yesterday, CEO Michael Mark disclosed that retail sales rose 19% to R4.4bn compared with the same period last year. Aside from the flagship Truworths brand, the company also owns the LTD and Daniel Hechter chains. Mark, who is shortly expected to make way for CEO designate (and former CEO of French retailer Kiabi) JeanChristophe Garbino, reported that cash sales grew 25% and credit sales increased 17%.

These figures included the noncomparable retail sales for the recently acquired Earthchild and Naartjie boutique businesses. If the retail sales notched up by the Earthchild and Naartjie lines were stripped out, then Truworths' retail sales were up 16% to R4.3bn.

Mark said that "like-for-like" store retail sales - which excluded Earthchild and Naartjie - increased 10% with product inflation averaging 7% over the trading period.

Truworths continues to improve its cash sale ratio. Mark said credit sales comprised 69% of retail sales, compared with 71% last year. But credit sales excluding sales attributable to Earthchild and Naartjie comprised 71% of total sales.

Truworths revealed gross trade receivables increased to R5.4bn - 15% higher than the corresponding period last year. Mark said the percentage of active account holders able to continue purchasing was slightly higher at 85%.

Responding to a shareholder query, Mark said bad debt provisions were about 13% of revenue. "We would aim to recoup

at least a third of that."

He stressed Truworths would manage credit risk through continuing to apply strategies that ensured the ongoing health of the debtors' book.

Truworths is due to publish interim results to end-December in mid-February next year.

Source: Business Day

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