

Massmart halves its interim dividend

By [Robert Laing](#)

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Massmart halved its interim dividend to 74.1c from the matching period's 146c.



Picture: [Sowetan / Antonio Muchave](#)

The South African subsidiary of US retailer Walmart cut its dividend despite reporting a 23% rise in aftertax profit to R377.4m for the 26 weeks ended June 26 from the matching period's R306.6m, its results statement released on Thursday morning showed.

The group's overall revenue for the first half of its financial year grew 8.9% to R42.5bn. Nine stores were opened, including one outside SA, during the 26 weeks. Excluding new stores, sales growth was 6.4%, with product inflation of 5.8%. Massmart has a total of 405 stores, of which 38 are outside of SA. Its rest of Africa operations contributed 9.3% of the group's sales.

"Competition remained intense within the South African wholesale and retail food environments. The severe economic pressure that consumers are experiencing is evident in the very heavy customer traffic experienced in-store around the few days of the month that customers have money following social grant payouts and salary and wage payments. Food inflation accelerated from April 2016 as drought-induced commodity prices escalated," the results statement said.

The group is structured into four divisions: Massdiscounters, Masswarehouse, Massbuild and Masscash.

Massdiscounters, which houses Game's 139 stores and DionWired's 24 stores, reported overall sales growth of 7.6%. Excluding new stores, sales growth was 2.4% with product inflation of 4.4%.

Two Game stores, including one in Zambia, and one DionWired store were opened and one DionWired store was closed, increasing trading space by 1.3% to 540,117m².

Masswarehouse, which houses wholesaler Makro's 20 stores, reported sales growth of 9.2%. Comparable sales grew by 7.2% with product inflation of 5.5%.

Massbuild's 102 stores which trade under the brands Builders Warehouse, Builders Express, Builders Trade Depot and Builders Superstore grew sales 5.8%. But excluding new stores, sales growth was just 0.8% with product inflation of 4%.

One Builders Warehouse store was closed in Mozambique; a Builders Express store and a Builders Superstore were opened; and one Builders Trade Depot store was closed. Net trading space decreased by 0.6% to 446,300m².

Masscash's 68 stores, whose brands include Cambridge, Rhino and Shield, grew sales 10.3%.

Two wholesale stores were closed, while three retail stores were opened and two were closed, resulting in net trading space decreasing by 7.1% to 346,069m².

The reduction in Masscash's trading space saw comparable sales outpace total sales at 10.9%, with product inflation of 7.9%.

"The recent rains however, may be an early indication that crops planted later this year will be harvested successfully, potentially resulting in lower prices across most commodity categories in early 2017," said the results statement.

Source: BDpro

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