

Verimark bets on home run this Christmas

By [Giulietta Talevi](#)

16 Oct 2017

Verimark - the company behind Bauer pans and Shogun knivesets - is betting on its "best Christmas ever" after introducing a raft of new products.



Image credit: *Financial Mail*

Despite desperate times for South African consumers, CEO Mike van Straaten said he was "very excited" about Verimark's monthly sales after the results. "The growth we're showing in retail partners is substantially higher than those of our partners," he said.

The CEO, whose rapid-fire patter sounds part sales talk, part racehorse commentary, said: "I don't want to oversell it [but] I'm personally optimistic that it will be one of our best Christmases ever."

Releasing interim results on Thursday, Verimark grew revenue from continuing operations by 13.7% to R209.7m. A big jump in new products - almost 86% up on the previous period - meant a similarly large increase in advertising spend, which contributed to a slide of almost 44% in pretax profit to R2.2m.

"We had a lot more new products tested - so you load your costs - and sales kick in after two to three months, which will benefit the business in the months ahead," he said.

Among what Van Straaten hopes will be a "home run" - industry talk for a big winner - is an addition to the ubiquitous Bauer cookware range, whose prices shot up after the rand's collapse in 2015. Now the company has brought in a R199 pan, and Van Straaten said "we can't keep up with demand".

In the direct retail industry, a "big-hitter" is vital and can mean billions of sales for similar companies in massive markets such as the US. But in much smaller SA, Van Straaten said a company like Verimark needed "a home run every two to three months".

As for the rand, Verimark takes some forward cover. "We do hedge but it is a gamble either way: [for example] if you take all forward cover and the rand does improve".

"What we do is probably go halfway " but [we are] not totally unhedged because that would be too dangerous."

Part of Verimark's strategy to buffer itself against the rand's volatility is the local manufacture of some products, which Van Straaten said would be ready in "early 2018".

The company is also working on selling Verimark products abroad but still has little to show for its international expansion plans in the results. It says that sales will manifest only in about 18 months.

Van Straaten, who once tried to buy out minorities back in 2009 and who still owns 49.1% of the shares, said Verimark remained intent on being listed, despite the cost.

"I do believe it is still viable for us to be [on the JSE]. If I look at the net asset value against the share price, it is totally disproportionate. There's a lot more value in Verimark, but we need to show a consistent performance," he said.

Verimark's share price fell 3.53% on Thursday to close at 82c. In the year to date, however, it has gained 91%.

Source: Business Day

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