New stores add to Cashbuild's revenue and customer base

Cashbuild's revenue jumped 9% in the fourth quarter to June from the previous financial year, with 20 new stores opening since the beginning of July 2014, contributing a 3% increase.

A Cashbuild outlet in Rustenburg, North West.

Picture: Martin Rhodes

During the quarter, the retailer of building materials in Southern Africa opened three new stores, 14 were refurbished and one closed at the termination of its lease term. The latest upsurge comes after it had reported a "strong set of results" for the six months to December 2015, excluding a once-off empowerment cost of R63m.

"Management expect trading conditions to be increasingly competitive into the first quarter of the new financial year. Store development activity is expected to continue at levels consistent with the past year," the group said on Wednesday.

"Transactions through our tills during the fourth quarter increased 2% compared with the fourth quarter of the prior financial year. New stores contributed an increase of 2%, while existing stores remained at similar levels when compared to the fourth quarter of the prior year," it said.

For the financial year to June, 11 stores were opened, 23 refurbished, one relocated and one closed, bringing the number of stores to 232, in SA, Namibia, Lesotho, Swaziland, Botswana and Malawi.

This figure excluded the 10 Cashbuild DIY pilot stores and the P&L Hardware stores recently acquired by the group. On a combined basis, Cashbuild traded from 283 sites at the end of June.

It said that with the R350m acquisition of P&L Hardware being effective from the beginning of June, only one month of its results would be included in Cashbuild’s annual results. P&L adds 39 building material and hardware retail outlets to the group, mainly in Limpopo and Mpumalanga.

Selling inflation was at 3% at the end of June compared with June 2015, despite the further collapse of the rand in December after it had already lost 25% of its value in the previous 12 months.

"The trend in gross profit percentage continued, ending higher for the full financial year when compared to the prior year. Operating expenses remained well controlled," the group said.

CEO Werner de Jager said in March, in reporting interim results, that Cashbuild had grown its pipeline of products, kept costs in check and gross margins intact.

He said at the time that the true value of the business lay in the group’s trading operations, which turned over 15-million customers a year. Many of these were in townships and rural areas.

Home renovations were a big contributor to growth.

Analysts have said that Cashbuild remained a resilient company in the face of tough markets.

Source: Business Day