

Massmart sales outlook gloomy

Sales for diversified retailer Massmart Holdings in the first five months of this year were disappointing and no noticeable improvement was expected in the local consumer sector for the rest of this year, CEO Guy Hayward told shareholders at the group's annual general meeting on Thursday.



Image credit: *Financial Mail*

Massmart's shares slid 6.75% to R110.75 by mid-afternoon on Thursday, back to levels last seen in November 2016.

Although Massmart was hopeful in February of a recovery in the sector in the second half of this year, based on positive early indicators, political developments in March and April changed the outlook.

Hayward said there was a notable downturn in discretionary purchases after these events, reflecting both weak consumer confidence and underlying economic issues.

Although sales growth was weak, Massmart grew its market share in all key categories.

For the first 21 weeks of this year, Massmart's total sales grew 0.3%, but comparable sales growth was -1.9%. Comparable sales from stores in SA were down 0.4% in this period, while outside SA, comparable sales were 15.7% lower.

Massdiscounters, the division that includes Game stores and DionWired, saw comparable sales fall 3.3%, but food and

liquor sales from Game outlets continued to perform strongly.

Masswarehouse, which includes Makro and The Fruitspot, grew comparable sales 0.7% and again food and liquor sales were stronger than general merchandise. Online sales grew 48% over the same period last year.

At Masscash, which includes wholesale brands such as Jumbo Cash & Carry and retail brands such as Cambridge Food, comparable sales dropped 3.7%.

Hayward said it was difficult to provide any useful trading expectations for the rest of the year in the current political and economic climate.

Source: Business Day

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