

Italtile cements 15% rise in net profit

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Italtile says it expects the second half of its financial year to be tougher than the first and will introduce a number of initiatives to cut costs.



But management said that would not mean it would stop investing in or opening new stores across SA.

Chief financial officer Brandon Wood said about five would be opened in the coming months, after 11 were opened in the six months to end-December 2016.

"Our primary focus will be on reducing operating costs and improving inefficiencies. There is a lot more we can do in scheduling manpower to make that happen. However, we will continue to optimise the business, but this is a big driver of costs," Wood said.

In the six months to December, the tile and sanitary-ware retailer and franchiser reported a 15% rise in net profit to R494m. The group, whose brands include Italtile Retail, CTM and TopT, grew its total turnover 14% to R3.5bn.

Headline earnings per share were up 7% to 46.6c and its dividend increased 14% to 16c per share.

Italtile said the group historically reported a stronger first half than second half, based primarily on consumers having access to additional funds from bonuses and stokvel payouts.

"Management believes this trend will continue, and furthermore, given the prevailing economic climate, that the growth in the second half of the forthcoming six months will be weaker than the strong growth of the second half of the prior year," the company said.

Wood said capital expenditure for the six months ahead could be anything up to R100m. He said Italtile would focus on enhancing customer service to retain and gain market share.

"Management has an optimistic long-term outlook for the future of business in SA and for the opportunities which exist for the group," Wood said.

In the past year, Italtile's share price has increased 23%. The share price was little moved by the results.

The company is valued at about R14.2bn.

Source: Business Day

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