

TM Supermarkets to open more stores

Pick n Pay's 41%-owned Zimbabwean retailer, TM Supermarkets, will open more stores in the next financial year (2015), Meikles Limited group chairman John Moxon said late last week. Meikles owns 59% of TM Supermarkets.



The addition of four stores under the Meikles Mega Market stores portfolio will add to TM's chain of 53 supermarkets, which it runs nationwide, and will narrow the gap behind its main rival, OK Zimbabwe, which has 59 stores.

Moxon said the increase of supermarkets from 49 in March last year to 53 had increased trading space 10% to 55,000m².

"Their impact on turnover and profitability will be felt in the ensuing financial period. Post the end of the financial year, five additional new sites have been secured for development in the 2015 and 2016 financial years, with the potential of increasing the trading space by more than 18%," said Moxon.

Latest results

In its latest results, Meikles - a diversified group with interests in retail, hotel, agriculture and mining - posted an aftertax profit of \$37m for the year ended March, up from \$6,5m the prior year largely due to a leap in nontrading income.

Nontrading income for the period rose to \$48.8m during the period under review from \$9,7m last year. In terms of performance, TM Supermarket's turnover fell to \$334m from \$336m, while customer count throughout the store footprint increased 8% compared to the prior year.

The Meikles Mega Market stores, which began operations last December, contributed just more than \$2m in turnover during the period under review.

Moxon said progress had been made in restructuring its departmental stores. The number of such stores was reduced to five from 12 last year. As a result, turnover from department stores fell to \$12,5m from \$18,5m during the same period last year.

"Timetable is realistic"

Meanwhile, Moxon said the group would also expand its mining portfolio and acquire a 51% controlling stake in various gold mines dotted across Matabeleland province at a cost of \$3m.

The group also expects to recover \$89m owed to it by the Reserve Bank of Zimbabwe at the end of this month.

"Intense negotiations with the ministry of finance and economic planning are in progress with an intention to facilitate access to these funds by the end of July 2014," Moxon said.

"All parties to the discussions believe that this timetable is realistic," he added.

Source: Business Day via I-Net Bridge.

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