

Holdsport soars as sale of warehouse leads to special dividend

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Shares in Holdsport (HSP) rose 7.5% to R43 on Friday, 3 October 2014, after the group said the proceeds of its warehouse sale would be distributed as a special dividend.



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Holdsport sealed a deal last month to dispose of a 50% stake in its distribution centre in Philippi to Redefine Properties (RDF) for R42.5m.

Redefine will own 100% of the facility and Holdsport, which is the owner of the Sportsmans Warehouse and Outdoor Warehouse stores, will continue to use it under the existing lease terms, which remain unchanged. "The disposal proceeds will be received upon registration of transfer to Redefine, which is anticipated in the last quarter of this financial year. The special dividend will be about 99c per share, based on the number of shares currently in issue," the company said.

Holdsport's portfolio also includes Performance Brands - a wholesale business that houses the First Ascent and Capestorm brands. Also on Friday, Holdsport reported a 7.35% increase in total sales to R677.1m. The company, like its retail peers is plodding along as consumers' struggle to make ends meet as living costs increase, wage growth and job creation stalls, and debt continues to mount.

The Sportsmans Warehouse division, which generates more than two-thirds of its revenue and trades out of 35 stores, saw like-for-like sales growth of 8.1%.

At Outdoor Warehouse's 20 stores, like-for-like sales rose just 1%, as demand for outdoor gadgets and equipment waned. Competition in the category has however intensified, with privately owned and family-operated Cape Union Mart, and The

Foschini Group's Due South also operating in this space.

Sasha Naryshkine, a director at Vestact Asset Management said it had been tough out there for Joe Consumer. "The company expects subdued trading conditions through to Christmas; traditionally the second half of the year is much better than the first.

"Discretionary spending has not been as high as in years gone by, the rate at which consumers are borrowing has tapered off significantly over the last 18 months. You do not buy a new bicycle or a new set of running shoes, those are big-ticket purchases for many middle income people," Naryshkine said.

Performance Brands reported R28.6m of sales, a 7.3% decrease from the previous period.

The division accounted for 4.22% of Holdsport's total sales.

Core headline earnings, excluding the effect of foreign exchange adjustments, was 175.4c per share, an increase of 8.8% from the 161.2c per share in the first half of last year. A dividend of 85c per share was declared from 75c.

Source: BDpro via I-Net Bridge

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