

Massmart H1 HEPS down 25.5%

Retailer Massmart's (MSM) first-half headline earnings per share (HEPS) for the 26 weeks ended June was down 25.5% to 167.8c from 225.2c, the group announced on Thursday, 28 August 2014.

Massmart described the trading environment as difficult, given South Africa's weak consumer environment. Total sales increased 10.2% from the year-earlier period to R35.7bn. Comparable stores sales growth was 7.1%, with product inflation of 4.8%.

With the exception of Game SA, the group achieved most of its objectives. Two divisions - Massbuild and Masscash - grew trading profit ahead of sales, while Makro's growth in trading profit was slightly below sales growth due to new stores in the year-earlier period.

Massdiscounters was compromised by continued soft sales in Game SA, resulting in significantly lower trading profit compared with the year-earlier period.

Higher net interest paid from funding several property acquisitions and an adverse movement in foreign exchange resulted in headline earnings decreasing by 25.5%, while headline earnings declined by 5.7%, excluding foreign-exchange movements, the group said.

Total operating expenses (excluding foreign-exchange movements) increased by 11.3%, with comparable operating expenses increasing by 7.7%. Employment costs, the group's largest cost category, increased by 12.9%.

Source: Business Day