

TFG shows strong recovery in half-year results

PHILIPPA LARKIN

philippa.larkin@inl.co.za

AS THE FOSCHINI Group (TFG), which owns brands including Foschini, JET and TotalSports and has more than 26 million customers, gears up for a Black Friday and Christmas sales boost, the retailer in its half-year ended September results posted a whopping 641.2 percent increase in headline earnings to R1.3 billion and resumed paying dividends.

"The group delivered a strong performance, recovering from the unprecedented trading conditions in the six months ended September 30, 2020, caused by the Covid-19 pandemic.

"This performance was despite continued disruptions, including extended lockdowns in Australia and New Zealand, and the civil unrest and resumption of load shedding in South Africa," the retailer said.

It declared an interim dividend of 170 cents per share, saying strong trade, along with a continued focus on resetting costs, enabled headline earnings per share to increase 572.2 percent to 393.4c. Anthony Thunstrom, the chief executive, said he saw an upside once trading normalised.

Retail turnover grew 51.8 percent to R19bn, supported by continued market share gains, expansion of TFG's footprint and brand portfolio and further growth in online retail turnover.

The firm continued market share gains in men and women categories, according to the Retail Liaison Committee, with an "unprecedented" increase in market share of 4.8 percent in the half-year from the prior corresponding period.

Robust online retail turnover

growth of 12.5 percent on the high base of the prior period contributed 10.7 percent to total group retail turnover, while strong cash retail turnover growth of 56.8 percent contributed 79.1 percent to total group retail turnover.

Thunstrom said TFG had continued to invest in its brands and stores and was developing its omnichannel capabilities while digitally transforming. Digital adoption in South Africa had doubled in the past two years, he said.

The partnership with TymeBank would bring new fintech offerings to market faster.

Looking at operations in South Africa, trading conditions during the period were impacted by the civil unrest in July, continued record-high unemployment, which knocked consumer confidence and spend, as well as load shedding.

During this period, 198 South African stores were looted and damaged, but 167 of these stores would be reopened by December, with the remainder to reopen from 2022 onwards due to the extensive damage caused.

Retail turnover in excess of an estimated R400 million was lost as a result of the civil unrest.

The total Sasria claim for damages and asset losses was estimated at R613m, and TFG had so far received R460m.

Further insurance payments from the state-owned insurance firm were expected.

In TFG Australia, further lockdowns and restrictions impacted the business. Performance was strong in the first quarter of 2022, but during the

second quarter of 2022, an estimated 43.5 percent of its trade days were lost due to pandemic lockdowns.

The remaining lockdown restrictions in England were relaxed from July 19.

"The focus on cost control and the reduction of our cost base continued during the period, with tangible savings yielded from our ongoing business optimisation projects.

"While trading expenses increased by 39.9 percent compared to the prior period, this was in part due to the base impact of the Covid-19-related rental concessions and various government assistance received in the prior period, as well as the impact in the current period of the acquisition of JET and continued strategic investments in technology and local manufacturing," it said.

Looking ahead, TFG said trading conditions and consumer confidence were likely to remain under pressure but was well-positioned to benefit from the continued post-Covid-19 recovery in all territories in which it operated.

TFG shares closed 0.86 percent higher at R132 on the JSE yesterday.

Entity	Revenue (Rm)	Operating Profit (Rm)	Net Profit (Rm)	Dividend (Rm)
TFG Group	19,000	1,300	1,300	170
Foschini	10,000	700	700	170
JET	5,000	300	300	170
TotalSports	4,000	300	300	170