Edcon revenue up 9% in year to March

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7 Jun 2012

South African retailer Edcon, which delisted from the JSE in 2007, on Wednesday, 6 June 2012, reported a 9.0% rise in revenue to R27.3bn for the year to 31 March, as consumer demand remained resilient and the positive impact of various strategic initiatives gained momentum.

The group, whose portfolio includes 1,167 stores, said retail sales climbed by 8.6% to R24.6bn, while average trading space increased 1.4% to 1.3 million sqm. Same-store sales grew 7.4% during the period.

Also on Wednesday, Edcon announced its intention to sell its private-label store-card portfolio to Absa for about R10bn and enter into a long-term strategic relationship for the provision of retail credit.

"The transaction represents an important component of Edcon's strategic plan and will facilitate growth, both in SA and the rest of Africa, by allowing for a greater focus on core retail operations and providing a more efficient funding structure to grow credit sales," the company said.

For the period under review, adjusted earnings before interest, taxes, depreciation and amortisation increased 11.5% to R4.0bn.

Credit sales as a percentage of total retail sales grew to 51% from 49% in the prior year, and the ratio of bad debts to average debtors improved significantly, ending the year at 6.7%, from 10.9% the year before.

Edgars Department Stores, which includes Edgars, Boardmans and Red Square, increased retail sales by 8.7%, mainly due to the conversion of Discom outlets to Edgars Active stores.

Like-for-like retail sales in this division grew by 4.9%.

CNA's sales climbed by 8.5% - and 7.7% on a like-for-like basis - owing to growth in sales of mobile phones and digital products.

Retail sales in the Discount division, which includes Jet, Jet Mart and Legit, increased by 8.4% despite Discom stores, which previously included in the Discount division, being converted to Edgars Active stores.

Edcon's gross profit margin narrowed to 36.6%, from 36.9% in the previous year.

Edcon CEO Jurgen Schreiber said the group was cautiously optimistic about the year ahead and medium-term fundamentals in the economy.

"We expect the momentum from initiatives started in the past year and our strategic relationship with Absa to bolster growth in the future," he said.