TFG halts new store openings as power woes bite

By Tannur Anders

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The Foschini Group (TFG) on Friday said it will slow the pace of new store openings, in part because power cuts forced it to spend R200m rand on alternative power sources.

Source: www.unsplash.com

The company, which is among the top three clothing retailers in the country, also spent more on ramping up its online presence and investing in high-growth stores, taking its capital expenditure to a record R3.1bn fiscal 2023.

Rolling blackouts

Africa's most developed economy is facing its worst rolling blackouts on record, leaving households and businesses without power for up to 10 hours daily.

This has eaten into retailers' margins, which are also being squeezed as inflation and high interest rates hobble discretionary spending.

TFG posts 4% fall in annual profit

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TFG said the additional spending on alternative power solutions to keep the lights on in the year to March 31 had been unplanned.

The company opened 318 stores in Africa in the fiscal year, around 90% of which were opened before rolling blackouts increased in frequency in December 2022, TFG CEO Anthony Thunström told *Reuters*.

Slower execution

The group has a pipeline of over 1,000 new stores that can be added, however, "rushing in to do them until load shedding kind of eases... doesn't make a lot of sense," he said, referring to the rolling blackouts.

"TFG's future brand and store roll-out pipeline remains as robust as ever, however, current market conditions require a slower execution timeline of this roll-out," the company said.

Thunström reiterated that rolling blackouts may have trimmed more than R1.5bn from the turnover of the company's Africa operations.

The company - which has stores in South Africa, the United Kingdom and Australia - posted a 4% fall in fiscal year profit on Friday.

Its shares traded at 292 cents in afternoon trade, up 3% from its previous close.