

# Massmart's shares fall after it reports sales growth did not keep up with inflation

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8 Nov 2016

The share price of Walmart's South African subsidiary Massmart fell 4.4% to R111 on Tuesday morning after it reported overall sales growth excluding new stores failed to keep pace with inflation.



A Game store, operated by Massmart, in Rosebank, Johannesburg.

Picture: [Sunday Times](#)

Massmart reported sales for the 44 weeks to October 30 excluding new stores was 5.3%, lagging behind product inflation of 6.4%.

Including new stores, sales grew 7.6% to R73.2bn from matching 44 weeks in 2015.

"Sales growth has declined, reflective of the tough trading conditions in SA and, more recently, in most African countries where we have stores," the company said in its sales update on Tuesday.

"Although slowing marginally food and liquor sales continued to perform well and Massbuild is showing signs of a sales recovery. General merchandise sales remain compromised by low consumer confidence, drought-affected food inflation and higher-priced imported products."

Massmart splits itself into four divisions.

Fastest sales growth of 10.7% was reported by Masswarehouse which houses the Makro and Fruitspot chains. Excluding new stores, sales growth was 7.5%.

Next was Masscash whose brands include Jumbo, Shield, CBW, Rhino Cash & Carry, Tridant, Saverite and Cambridge Food. It increased by 7.9%. It appears to have closed numerous outlets since same-store sales growth was 8.5%.

Massbuild — which houses Builders Warehouse, Builders Express, Builders Superstore and Builders Trade Depot — grew sales 5.7%. Excluding new stores, sales growth was a more muted 1.1%.

Game and DionWired division Massdiscounters increased sales by 4.6%, but only by 0.5% when excluding new stores.

**Source:** BDpro

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