

Shares in Massmart rise on higher sales, lower costs

By [Emma Rumney](#)

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Shares in Massmart rose just over 4.5% on Tuesday after the retailer reported higher nine-month comparable store sales and progress towards a cost savings target under its turnaround plan.



Source: Reuters/Siphiwe Sibeko

Massmart, majority-owned by Walmart, has struggled as currency volatilities and constrained consumer demand have hit its operations outside of South Africa, while its home market businesses have suffered amid Covid-19 restrictions and damage from recent civil unrest.

The company has put in place a turnaround plan including selling off stores in West and East Africa, improving others via refurbishment and a new e-commerce strategy, measures it said were starting to bear fruit even amid the continued impact of the pandemic.

"We fully expect this to gain momentum and continue in the medium to long term," Massmart said in its sales update, adding that cost savings had hit R1.3bn, well on the way to meeting a R1.9bn target.



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Total sales for the 39 weeks ended 26 Sept were flat, at 0.2%, but on a comparable basis, taking into account the impact of store openings and closures and the impact of the unrest, these were up 2.9%.

Comparable sales in South Africa were up 4.4% but its operations elsewhere on the continent were still a drag, with comparable sales down 9.9% due to currency fluctuations.

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Civil unrest impact

Civil unrest in South Africa in July caused widespread looting, with 43 Massmart stores and two distribution centres impacted, including one completely destroyed by arson. Of those, 34 have resumed trading or will have done by the end of the year, with the remainder opening in 2022, it said.

The expected loss for the group, taking into account insurance cover, was R650m.

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