Pick n Pay shares rally on trading statement

By Zeenat Moorad

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Retailer Pick n Pay (PWK) on Monday, 6 October 2014, said it was steadily becoming a more effective and productive business.

Once SA's leading grocer, the group's high cost structure and failure to implement centralised distribution have led to years of weakening sales and losing market share to rivals Shoprite and Woolworths. The company is now implementing its turnaround strategy.

"Sustained improvement in financial control and operating efficiencies are driving the profit growth," the Cape Town-based group said.

Turnover growth of 6.8% over the 26 weeks ended 31 August reflects the increasing financial pressure faced by customers and the competitiveness of the market.

South African consumers are closely eyeing their personal balance sheets as ever-increasing living costs, escalating debt and poor job prospects constrain spending.

Like-for-like turnover growth has increased to 4% from 2.7% for the year ended February 2014.

"We continue to support our customers both by keeping our price increases below food CPI (consumer price index) and by investing to improve the shopping trip," Pick n Pay said.

For the period, diluted headline earnings per share are expected to increase between 25% and 35% to between 25.85c and 26.85c from 19.88c.

Pick n Pay said good expense control and improving operational efficiency were strengthening the capacity of the business to deliver on its strategic focus - customer-driven and sales-led growth.

"We are taking our positive momentum into the second half of the year, while acknowledging that a great deal of hard work remains to be done under increasingly challenging economic conditions," it added.

At 10:35, the group's shares were trading at R56.32, up 3.34% from it close on Friday of R54.50.

Pick n Pay will report its interim results on 16 October.

Source: BDpro via I-Net Bridge