

Pick n Pay to bailout Zim retailer

Meikles Ltd CEO Brendan Beaumont has confirmed negotiations with South Africa's Pick n Pay over Zimbabwe TM Supermarkets, saying the supermarket chain requires US\$21 million, or R167 million at the ruling exchange rate, in fresh capital.

By [Dumisani Ndlela](#) 24 May 2010



Of that amount, US\$11 million is required for capital expenditure while US\$10 million is required for working capital.

Pick n Pay owns 25% of TM Supermarkets and has indicated interest in shoring up its stake in Zimbabwe's largest retailer which has 53 outlets countrywide.

All options on the table

But when pressed into revealing if the current negotiations, mainly focused on recapitalising the supermarket subsidiary, would result in any equity deals that would see Pick n Pay increase its shareholding in TM, Beaumont said: "All options are on the table at the moment but nothing definitive has been concluded."

He highlighted his group's desperation to recapitalise TM which he said had suffered a 2.4% shrinkage in 2009 and "for the year to date in 2010, shrinkage figures are approximately half of the figures of 2009 at 1.3% and show signs of improving

"TM only has point-of-sale technology in six of its (53) branches and this is a key issue in shrinkage and management of selling prices," said Beaumont, who added that TM had been "generally second or third by value purchased," in terms of market share, trailing either OK Zimbabwe or Spar supermarket chains although "current statistics show that TM is first in most cases and second in others."

ABOUT DUMISANI NDLELA

Dumisani Ndlela is a Zimbabwean journalist specialising in business and financial reporting, with experience reporting on commodities, stock and financial markets, advertising, marketing and the media. He has previously reported from a number of regional countries as well as from the UK and Germany on commodities and regional integration. He can be contacted on dndlela@yahoo.co.uk
View my profile and articles...

For more, visit: <https://www.bizcommunity.com>