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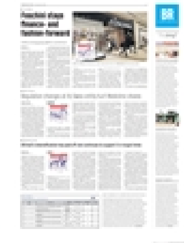
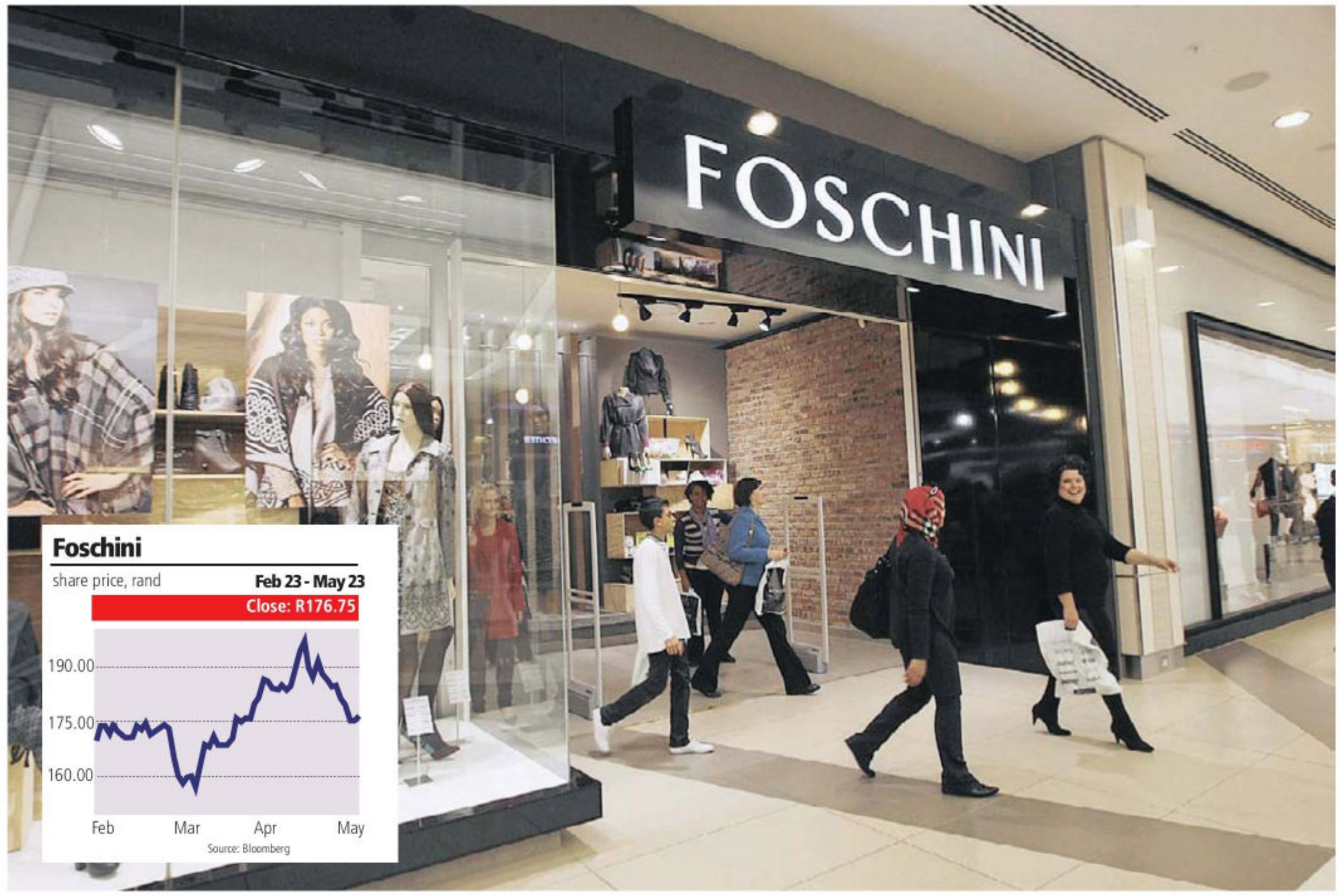


CLOTHING

Foschini stays finance- and fashion-forward



FASHION is still flying out of Foschini stores, despite a tough economic climate. | **LEON NICHOLAS** African News Agency (ANA)

Online strategy pays off here and abroad

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THE FOSCHINI Group (TFG), which operates in South Africa, Australia and the UK, is reaping the fruits of its aggressive online strategy saying yesterday that turnover had grown 57.2 percent in the year to March.

Group turnover soared by almost 20 percent to R34.1 billion, signalling that the retailer was defying the stubborn economic environment that has constrained consumers.

TFG chief executive Anthony Thunström said the company had navigated difficult trading conditions during the first half of the year across South Africa, UK and Australia, which had continued into the second half.

"Against this backdrop, and in an environment where the retail sector as a whole is facing significant disruption, all three business segments produced strong turnover growth in relation to their respective markets," Thunström said.

Retail group turnover grew by 19.6 percent with turnover growth of 8.9 percent in TFG Africa, 31.3 percent in TFG London and 58 percent for TFG Australia. The final dividend was hiked 7 percent to 450 cents a share, bringing the total dividend for the year to 780c a share.

The group's online presence has been boosted by the launch of the myTFGworld.com platform last November, which was expected to reposition the group's e-commerce strategy.

"The group continued to invest significantly in its online offering to customers… Online turnover, now contributing 8.8 percent of the group's turnover, grew by 57.2 percent with 23 of the group's 29 brands now available online," Thunström said.

Cash turnover now contributes 72 percent of the group's turnover after growing by 25.2 percent, while group credit turnover grew by 7.1 percent.

TFG, which sells clothes, jewellery, homewares and furniture, boasts a footprint of 4085 outlets across 32 countries.

The group's South African trading space had grown by 1.9 percent, Thuntröm said.

Keith McLachlan, a small- and mid-cap fund manager, said real estate investment trusts, which own or finance income-producing real estate, would feel the impact of TFG store closures.

"The results reveal property-related data pointing to the group's South African footprint shrunk by a net -21 stores, as space growth was only +1.9 percent.

"More importantly, they achieved rental reversions of -12.7 percent from -2.5 percent in 2018, and average increases of 5.8 percent from 7.1 percent in 2018," McLachlan said.

Thunström said he expected the trading outlook to remain tough.

"We expect trading conditions to remain subdued across our three business segments, with macro factors creating uncertainty in both South Africa and the UK," said Thunström.

"However, we are confident that the commitment to successful strategy execution, underpinned by the strategic focus on digital transformation, together with the range of desirable products and differentiated brands, will continue to grow the businesses and market positioning in each of our countries of operation," Thunström said.

TFG shares rose 0.82 percent to close at R176.75 on the JSE yesterday.