

TFG delivers record growth and market share despite tough environment

10 November 2023

HIGHLIGHTS

- Record Group revenue up 12,9% to R28,4 billion.
- TFG Africa retail turnover up 17,3%.
- Group online retail turnover up 23,9%, contributing 9,8% to total Group retail turnover, the growth largely attributable to strong growth in South Africa.
- Strong cash retail turnover growth of 14,6%, contributing 82,0% to total Group retail turnover.
- Gross profit up 7,7% to R12,5 billion.
- Trading expenses as a percentage of Group retail turnover improved to 41,9% from 42,3% in the prior period.
- Headline earnings per share down 15,3% to 393,6 cents per share.
- Interim dividend declared of 150,0 cents per share.

TFG announced its interim financial results for the six months ended 30 September 2023, delivering a pleasing performance despite tough trading conditions and a high comparable base.

Commenting on the results, Anthony Thunström, TFG CEO said, “These results demonstrate the strength and resilience of our businesses, despite the challenging macro environment, and our leadership teams’ keen focus on managing our cost base. We saw healthy turnover growth, driven by the expansion of our footprint and brand portfolio, with particularly strong online sales growth in South Africa. We remain confident in the execution of our strategy and are well positioned to leverage the diversity of our Group to see us through the tough trading cycle.”

Strong trading performance and cost control across all territories

TFG Africa’s retail turnover grew by 17,3%, driven largely by the clothing and homeware merchandise categories, despite higher unemployment rates, reduced consumer confidence and ongoing loadshedding. Approximately 287 000 trading hours were lost during the first half due to loadshedding, which further impacted gross margins through inventory clearance.

Due to this continued consumer pressure, the Group strategically absorbed cost inflation and undertook additional promotional activity to successfully manage inventory and increase market share gains.

Cash retail turnover increased by 14,6% contributing 82,0% to total Group retail turnover. Credit retail turnover grew by 3,5%, with credit extension consciously curtailed in light of the difficult consumer environment.

TFG London and TFG Australia’s performance was up against an unsustainable prior period due to the buoyant sales experienced in the post COVID-19 trading period. TFG Australia’s retail turnover declined 7,2%, due to the impact of higher inflation and interest rates on customer demand. Retail turnover in TFG London declined by 10,5%, however gross margin was maintained.

Online sales continued growth

Online retail turnover increased by 23,9% and now contributes 9,8% to total Group retail turnover. TFG Africa’s online retail turnover growth increased a remarkable 56,5%, driven by our continued strategic focus on diversification of brands and omnichannel retailing.

“Our online shopping platform, Bash, has already begun to make a significant impact on our sales growth as well as broadening the total online offer for customers. The consolidation of all our Africa retail brands on this platform and app provides our more than 35 million customers with the number one local fashion retail app,” added Thunström.

Continued store growth



During the first six months of the year, TFG opened 199 new stores. Following the acquisition of Street Fever, an independent retailer of affordable branded footwear and apparel, the Group has integrated 91 Street Fever outlets into Sneaker Factory. This has allowed TFG to quickly scale the Sneaker Factory business to 219 stores.

Outlook

“This period has demonstrated the Group’s operating and financial strength and agility to navigate through the tough economic environment. While we expect trading conditions and consumer confidence to remain under pressure, we are clear on our strategy and focussed on execution, particularly as we enter the important Black Friday and Christmas festive season trade. We will continue to focus on the consolidation of our world class retail assets to further improve our balance sheet strength and position our business for sustained future growth,” concluded Thunström.

ENDS

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NOTES TO EDITORS

About TFG Limited

TFG holds a diversified portfolio of speciality retail assets across various product categories and consumer segments. The Group has a portfolio of 34 leading retail brands, with over 4600 outlets in 26 countries on five continents, offering customers a variety of speciality products including fashion apparel, jewellery, cosmetics, sporting apparel, electronics, homeware and furniture.

TFG has the largest speciality fashion and lifestyle retail footprint in South Africa and a growing presence in the UK and Australia.

With its vision to create the most remarkable omnichannel experiences for its customers, TFG has launched Bash, a lifestyle e-commerce offering, where the Group’s sought-after retail brands and loyal customers come together seamlessly in one virtual platform.

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