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**TFG raises dividend on the back of record gross profits**

8 November 2024

## Highlights

- Group gross profit up 2,5% to a record R12,8 billion
- Group gross margin improved across all territories, up 220 basis points to 49,5%
- Revenue up 0,6% in TFG Africa, but 8,2% lower in TFG London and 2,4% lower in TFG Australia
- Bash helped online sales in TFG Africa grow 47,9%, lifting the Group contribution to 10,7% of total retail sales
- Headline earnings per share (HEPS) was 5,6% lower at 371,6 cents
- Interim dividend raised to 160,0 cents per share, an increase of 6,7%

Earlier today, TFG announced its interim financial results for the six month period ended 30 September 2024, delivering markedly strengthened gross profits in the face of tough trading conditions in all territories.

Commenting on the results, TFG CEO Anthony Thunström said, “All three territories have faced extended periods of macro-economic headwinds coupled with a high clearance-driven sales base in TFG Africa last year. However, our focus on retail fundamentals and our strategic investments have contributed to a record gross profit performance and stronger margins in all of our businesses”.

## Segmental performances

TFG Africa’s revenue grew by 0,6%, driven largely by sales growth of 11,6% in cosmetics and 6,1% in homeware. The business has continued to realise benefits from its acquisition of the Tapestry businesses where growth has been supported by the introduction of credit and the benefits of leveraging off the TFG retail platform, now contributing 7,4% to sales. Through leveraging Tapestry’s vertically integrated furniture manufacture, TFG is now selling more than 50,000 sofas per annum at improved margins, as more than 80% can be locally manufactured. The South African business has also extended its beauty offering, which was previously concentrated in its Foschini business, across more of its 26 brands in South Africa. The Africa business unit reported gross profit increasing by 6,6% to a record R7,6 billion.

TFG’s London business was significantly impacted by inventory delays due to Red Sea disruptions, high inflation and elevated interest rates. The focus of TFG London's management has been on growing the direct-to-consumer channel and the protection of gross margin, which improved by 360 basis points compared to the prior period. However, this was insufficient to offset the lower sales activity, with gross profit 3,1% lower.

TFG Australia also suffered from the impact of persistently high inflation and elevated interest rates, with consumers continuing to remain under pressure, impacting demand. Despite a 2,4% contraction in sales, management's focus on inventory management ensured an improvement in gross margin of 120 basis points to 65,1%.

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**Favourable post-results trade**

Thunström pointed to recent post results trade as evidence that some positive economic signs may be bringing relief to consumers and buoying demand. In the 5 weeks since the reporting period ended, TFG Africa sales growth was up 8.3% compared to -0,1% for the interim period, whilst both London and Australia business posted stronger growths.

**Bash leads the field**

E-commerce has continued to surge in South Africa following the Group's investment in its Bash platform. The app has received more than 5 million downloads and has remained the number one South African fashion shopping app helping online sales to grow 47,9% in TFG Africa and now contributing 5,6% to sales.

**Acquisition of White Stuff**

As part of the results presentation, Thunström elaborated on the acquisition through its UK subsidiary of British fashion and lifestyle retailer, White Stuff, for £51.7m. White Stuff was founded in 1985 and specialises in unique, thoughtfully designed casual clothing and accessories for women, men and children. White Stuff has 113 stores and 46 concessions in the UK. The business also operates 6 stores and 25 concessions across Europe. The brand sells internationally via its website and has 606 wholesale stockists. White Stuff has a solid track record of financial performance and in the financial year to 30 April 2024, the business achieved revenue of £154,8m and EBITDA of £8,6m.

**Outlook**

The Group continues to invest in its key strategic initiatives to further strengthen its differentiated business model. Thunström said, "We will continue to focus on margin improvement, inventory management, cost control and ensure ongoing realisation benefits from key strategic projects".

Thunström added, "The group is very well positioned and prepared for what is hopefully a more positive business cycle and our strategic investments have positioned us favourably to benefit from any uptick in the economic conditions. With close to 500 million store visits expected in our SA business this year and close to as many social media followers as all the other major apparel retailers combined, one only has to look at the inherent strength of our
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