Mr Price says high risk caused by SA's port woes has subsided slightly

By Nqobile Dludla

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South Africa's Mr Price, a budget fashion and homeware retailer, said on Thursday, 25 January 2025, the high level of risk caused by the country's port congestion has subsided slightly but it will continue to take necessary action to prevent impact on trade.

South African state-owned logistics company Transnet has said backlogs at ports were due to factors including adverse weather and under-investment in equipment and maintenance.

Mr Price said the Durban port congestion was disruptive to festive season trade, and the situation is expected to continue until the core challenges are successfully remedied.

"Currently, the elevated level of risk has subsided slightly due to lower port demand post the festive season," the retailer said.

Meanwhile, the instability of the Red Sea shipping route is increasing transit times, which has resulted in increased shipping rates. However "the group's rates are contracted until June", it said.

The retailer said group retail sales in the three months to 31 December 2023 rose by 9.9% to R13.2bn from a year ago when it reported a 36.5% growth due to the inclusion of acquisitions.

Comparable store sales were up 4.1%, from a 3.9% decline in 2022.

"Our trading performance improved monthly, and was strong during the critical month of December, with retail sales up 15.5% and a market share gain of 180 basis points," group chief executive, Mark Blair said.

He added that the group's growth was led by the clothing division, which grew sales by 11.7%, and further supported by strong sales growth from acquisitions, which were fully in the base.

The group also achieved gross margin gains in eight out of the nine divisions as items were sold full-price, resulting in fewer markdowns.

Upmarket rivals TFG and Woolworths also reported a slowdown in Christmas quarter sales, with Woolworths saying shoppers spent less on clothing.

ABOUT THE AUTHOR

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