

Company Report Update: Foschini Group Ltd

Company Fundamentals

Report Date: 21 Jun 2024

JSE Ticker: TFG

Price per share: R125.02

P/E Ratio: 13.29

EPS: 9.35

Dividend Yield: 2.68%

Market Cap: R40.06B

Shares in issue: 322M

Company Profile:

Industry: Specialty Retailers

Operating in segments in Africa, London and Australia, TFG runs independent chain stores offering a wide range of products including clothing, shoes, jewelry, beauty products and tech accessories. The company was established in 1924 and its headquarters are in Cape Town, South Africa.

www.tfglimited.co.za



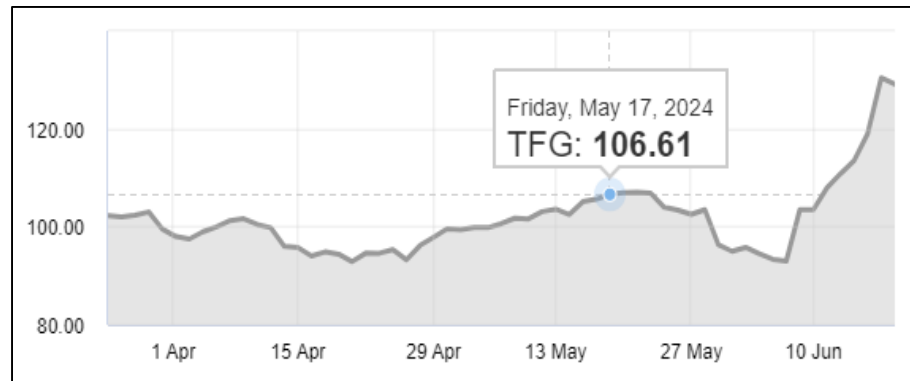
Company Performance:

For the fiscal year ended March 31, 2024, TFG reported robust financial results despite challenging macroeconomic conditions. The group achieved a record revenue of R60.1 billion, marking an 8.9% increase from R55.2 billion in FY2023. Headline earnings grew slightly by 0.8% to R3.14 billion. However, basic earnings per share saw a marginal decline of 0.4% to 934.7 cents, while headline earnings per share increased by 0.2% to 970.7 cents. TFG declared a final dividend of 200 cents per share, representing a 33.33% increase from the previous year.

Following the announcement of a strong final dividend payout and impressive financial results, TFG's share price surged by 11.3% on June 10, 2024, making it the biggest gainer on the Johannesburg Stock Exchange (JSE) for that day. Investor sentiment was buoyed by TFG's aggressive revenue growth strategy, tight cost management, and significant market share gains across its key segments.

Segment Analysis: The largest segment, **TFG Africa**, experienced a 10.4% growth in retail turnover driven by strong performances in clothing, sportswear, womens wear, and home ware. The segment achieved a record gross profit of R16.1 billion and an EBIT increase of 24.9% to R4.2 billion, demonstrating robust operational efficiency and market share gains across key categories. Despite inflation and interest rate pressures in the UK, **TFG London** managed to increase retail turnover by 10.4% to R7.6 billion. The segment maintained a record gross profit margin of 62.1% through effective inventory management and own-channel expansion, achieving a gross profit of R4.7 billion. Post-COVID-19 recovery challenges persisted in **TFG Australia**, with revenue growing modestly by 0.2% to R9.4 billion. The segment navigated higher inflation and interest rates, focusing on sustaining profitability amidst economic uncertainties.

Investment Recommendation: Given TFG's solid financial performance, strong market position, and strategic initiatives, the stock represents a compelling investment opportunity for investors looking to capitalize on the resilience and growth potential of the retail sector, particularly in Africa and internationally. We maintain our buy recommendation for TFG shares on the JSE.



Source: Lloyd Market's Research

Additional information:

- TGF's [audited annual results](#) for the year that ended 31 March 2024.
- According to [IOL](#), the retailer's share price rose sharply after the strong dividend was announced.
- [BusinessTech](#) suggests that TFG will continue to boom in SA.