

Italtile's profits rise to R751m for the year

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Italtile has reported a 13% rise in full-year profit, bucking the broader retail malaise, as the group's higher-income customers and integrated supply chain supported growth.



36One Analyst Jean-Pierre Verster says that Italtile's success owes much to the experienced management team that is running the business.

Image: [World News](#)

In the construction sector, the renovations market was slightly more buoyant than the new-build segment, which remained subdued due to restrained public- and private-sector investment.

Turnover for the year to June 17% to R4.46bn. Trading profit rose 23% to R751m, hit by a change in accounting standards charges of R17m of which R11m was a one-off charge related to an equity-settled staff share incentive scheme. An impairment of R20m was recorded on the group's property portfolio in Australia.

Italtile's Chief Executive Nick Booth said while the middle-income market appeared less resilient than top and bottom-end earners, consumers across the spectrum were price-sensitive. "The renovations market has not relied on unsecured lending and therefore there's a good foundation to it," he said.

The lower end of the building material and hardware market, where Cashbuild operates, has been under pressure from constraints on unsecured lending, strikes, and rising debt and utility costs, all curbing spending.

Italtile's retail store network consists of CTM, Italtile Retail and TopT stores.

36One Asset Management Analyst Jean Pierre Verster said. "Italtile is doing better because of its very good and experienced management team. It controls its whole value chain with local manufacturing of tiles through Ceramic Industries. It also controls a lot of importing companies that import tiles, so it can really adjust relative to where the rand is sourcing between local and international product."

What also sets the group apart is that its larger competitors, such as Builders Warehouse, are general builder's merchants rather than specialists, and specialists such as Tile Africa and Ferreiras are smaller retailers.

Source: Business Day via I-Net Bridge

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