

Pick n Pay shares slip after it warns retrenchment costs will drag down HEPS

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31 Jul 2017

Pick n Pay's share price fell 3.4% to R59.26 on Monday morning after it warned shareholders retrenchment costs would drag down its interim headline earnings per share (HEPS) down by more than 20%.



Image credit: Kevin Sutherland via *Business Day*

The grocery chain said in a trading statement that its HEPS for the 26 weeks to August 27 would be at least 16c lower than the 82.43c reported in the matching period.

In April, Pick n Pay launched a voluntary severance programme offering employees one-and-a-half weeks of pay for each completed year of service, plus four weeks of notice pay, to remove "roles and functions no longer required due to improvements in organisation, planning and technology".

Pick n Pay said this affected about 10% of the roles in its head office, regional structure, store operations and supply chain.

CEO Richard Brasher said: "The voluntary severance programme is one of several steps we have taken to make our business more competitive in what is a tough trading environment. For reasons of timing, it will have a material impact on

our first-half result.

"But it has made us a leaner and more efficient business, and the reduction in our costs will give us more headroom to provide customers with even lower prices and better value. Our plan is on track and we are a stronger and more sustainable group as a result."

Source: BDpro

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