

Spar fears rising diesel spend amid blackouts

By [Tannur Anders](#)

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Rolling blackouts have cost Spar more than R700m in diesel for generators over a six month period, the retailer said, as it warned of much higher spending if the power situation deteriorates.



Rolling blackouts have cost Spar more than R700m in diesel for generators over a six month period. Source: Reuters.

Expensive

Crippling power cuts are leaving households and businesses in the dark for up to 10 hours a day, but with 97% of its stores in South Africa covered by generators, Spar's operations remain largely uninterrupted, interim CEO Mike Bosman told *Reuters*.

Spar's spending on fuel for its generators, which are ready to run 24 hours a day, makes doing business "unbelievably expensive", but the cost is not being pushed onto consumers.



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And with the power cuts show no sign of abating, Bosman said that at current levels Spar's diesel spend for its full financial year was going to be R1.4bn.

"If it (the power situation) doesn't improve and if it deteriorates, it's going to be much more," he said on Wednesday.

Inflation

In addition to its diesel costs, Spar - which has a chain of food, pharmaceutical and building material stores - has had to navigate an acceleration in food price inflation.

Inflationary pressures weighed on Spar's half-year headline earnings per share, which fell by 30.3% to 447.9 cents.

"We're doing our very best to supply groceries for the main part to consumers, who in any event are feeling the pinch," Bosman said.

South Africa's food and non-alcoholic beverages inflation for April was 13.9%, government data shows.

Spar's shares were up more than 4% in early trade at R107.69. This follows a fall of more than 19% two weeks ago when it released a trading statement indicating its interim earnings.

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