Shopping for changes

New boardroom head for Chadstone joint owner

TURI CONDON
BOARDROOM

THE shopping centre landlord that owns a half stake in Australia's biggest retail complex has named the next head of its board.

Peter Hay will step down as chair of Vicinity Centres in August and be replaced in the role by former Gandel Group executive Peter Kahan.

Vicinity and Gandel Group, a private company owned by billionaire John Gandel, jointly own the sprawling Chadstone shopping centre in Melbourne's south east.

Other assets in the Vicinity portfolio include a half stake in flagship CBD shopping centre Emporium Melbourne, a majority stake in Sydney's Chatswood Chase, and Direct Factory Outlets centres across Australia.

Mr Kahan has been a director at Vicinity since June 2015, chairs its remuneration and human resources committee and is a member of the group's audit committee.

Mr Hay, a one-time partner and chief executive at law firm Freehills, will step down as Vicinity chair after the group publishes its full-year results on August 14.

Under chief executive Grant Kelley, Vicinity has focused on its bigger "fortress malls", selling its smaller centres.

Mr Kelley, Mr Hay and Mr Kahan flagged the cyclical and structural changes in retail as major challenges for the sector.

Mr Hay said Mr Kahan was a highly experienced and thoughtful company director and was the unanimous choice of the board. "His extensive and successful property funds management, financial and business background, complemented by his highly strategic approach and vision, position him to be an excellent chairman through Vicinity's next chapter," Mr Hay said.

Mr Hay, who also chairs Australia's biggest gold miner, Newcrest Mining, said he would continue in that role and was "not retiring from business life".

Mr Gandel has a 17 per cent stake in Vicinity and two representatives on the group's board, his son-in-law David Thurin and Clive Appleton.

Mr Kahan has also served as a non-executive director at property group Charter Hall, and is a director at Dexus Wholesale Property.

Vicinity shares climbed 2.4 per cent yesterday to $2.57.

THE AUSTRALIAN

Umbers game for Kaufland

APPOINTMENTS

FORMER Myer chief Richard Umbers has taken up a role with German supermarket titan Kaufland.

The grocery heavyweight, which is preparing to launch in Australia, said Mr Umbers had joined its international buying team.

"I can confirm that Richard Umbers is working for Kaufland, and is based at our headquarters in Germany," a company spokesperson said.

"He is responsible for part of the international buying and sourcing operations, and while not directly involved in our launch into Australia, we are grateful for his experience and knowledge of this market."

The appointment comes after Kaufland, led locally by Julia Kern, hired former Woolworths and Metcash executive Mark Hewlett as chief operating officer in Australia.

Mr Umbers, a former British Army officer, departed from Myer in February last year following a string of profit warnings.

Kaufland has more than 1230 stores in Europe and secured planning approval for its first three supermarkets and a new distribution centre in Victoria last month.

It is owned by Schwarz Group, the fourth biggest retailer in the world.

H&M will share garment production details with its customers.

H&M OPENS UP ON PRODUCTION

SAMANTHA BAILEY
RETAIL

SWEDISH "fast fashion" titan Hennes & Mauritz has moved to improve supply-chain transparency by sharing with consumers production details for individual garments.

H&M will now share details online for each item, including the country it was produced in, supplier names, factory names and addresses, and the number of workers in the factories.

"By sharing extended details on where our garments are made, we make it easier for customers to make more informed choices when shopping," the fashion chain said in a statement.

It said the move made it the first major fashion retailer to bring product transparency to scale.

In 2013, the company began publishing its supplier list and in 2017 it began trialling its "transparency layer" at a smaller scale on its Conscious Exclusive collections.

"By being open and transparent about where our products are made, we hope to set the bar for our industry and encourage customers to make more sustainable choices," said H&M sustainability head Isak Roth.

"We want to show the world that this is possible."

MARKET WRAP

ONWARD AND UPWARD

A WEAKER-than-expected inflation reading helped push Australia's benchmark share index to an 11-year high yesterday.

The ASX 200 finished up 62.7 points, or 1 per cent, at 6382.1 points, while the broader All Ordinaries rose 59.5 points, or 0.9 per cent, to 6470.6. But the Australian dollar slipped to its lowest level since early March after numbers from the Australian Bureau of Statistics showed inflation completely evaporated in the past quarter.

Biotechnology titan **CSL** gained 2.3 per cent to $195, helping lift the healthcare sector into the black, while technology stocks broadly had their best day since February.

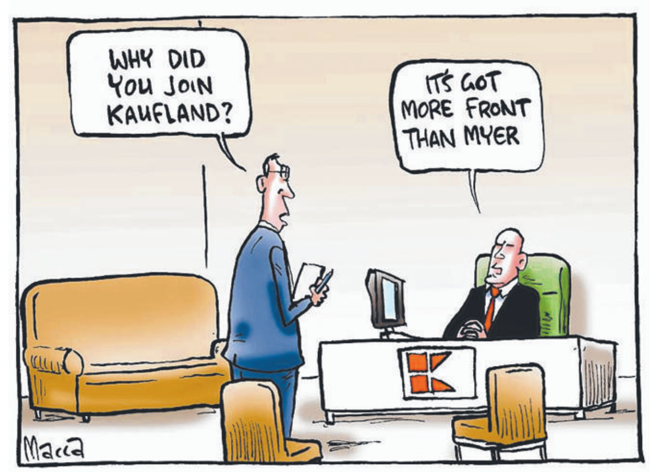
Financial stocks were also broadly higher, with **Westpac** the best performer of the big four banks, up 1.6 per cent to $27.58. The **Commonwealth Bank** added 1.3 per cent to $75.16, **ANZ** gained 1 per cent to $27.35 and **National Australia Bank** put on 1.2 per cent to $25.66.

Supermarket heavyweight **Woolworths** climbed 0.9 per cent to $31.94 and rival **Coles** was up 0.7 per cent at $12.54.

It followed the revelation Richard Umbers, the former chief executive of department store chain Myer, had joined German grocery titan Kaufland ahead of its launch in Australia. **Myer** shares ended the day 2.8 per cent lower at 70c.

In a subdued session for the mining sector, **Rio Tinto** fell 0.8 per cent to $98.39 and **BHP** gave up 0.3 per cent to $38.20.

The market is closed today for the Anzac Day public holiday and will reopen tomorrow.



DOLLARS & SENSE by MACCA

Big float unlikely to smooth Uber's bumpy future

ROGER MONTGOMERY

WOULD you invest in a business that is alleged to have a "toxic" and "discriminatory" culture?

What about a business that has been investigated for a software tool allegedly designed to evade and deceive authorities?

Or a company that lost hundreds of thousands of customers within days of a #delete campaign?

Would you invest in a business that potentially has rivals with equally deep — or deeper — pockets in almost every one of its business divisions?

Would you invest in a business in which all of the above is disclosed in a prospectus that also shows it has been operating for 10 years but has never made a profit?

What about one that warned investors it expected operating costs to increase and it might not achieve profitability, and has accumulated losses of almost $US8 billion ($11.4 billion)?

Welcome to Uber Technologies and what is likely to be one of the biggest floats of the decade.

Uber plans to sell about $US10 billion in stock at a price that values the company at about $US100 billion.

But rather than be distracted by any of the bad press, the fact the company is not profitable or that it's planning on starting an Uber drone/quadcopter hailing service, investors only need to understand a few things.

The first is that Uber is just an alternative to a taxi and taxi company economics aren't particularly attractive.

Secondly, companies like Uber and Lyft claim they are technology businesses rather than transportation motor carriers and therefore are not subject to regulation. But they arguably deliver the same services as their regulated rivals.

This increases the risk that the rest of the world will follow the European Court of Justice's lead and declare Uber a taxi company, increasing costs and further distancing it from any hope of a profit.

And finally, speaking of growth, yes, it's true that the company is rapidly growing the number of people who use its service.

But as it grows so do its losses, and given the company has failed to generate an economic return on the investment it has made in technology or on the operations of the business, it suggests the costs are too high or the price it charges is too low.

The fact that Uber hasn't ever made a profit in the decade it has been operating suggests its growing popularity is at least partly related to the price of its product being too cheap.

If it charged a price that generated an appropriate return to shareholders, it would be far less popular as it would be much more expensive than hailing a taxi.

Taxi companies have evolved to provide a useful service and a modest return for all parties. The only thing Uber has done is disrupt that model, but it won't replace it.

Nor does it look like it will make a profit. Investors be careful.

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