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Santova posts earnings jump on weak rand

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SANTOVA, a logistics supplier with offices throughout SA, and in Hong Kong, Australia, the UK and the Netherlands, saw a big jump in profit in the six months to August.

Headline earnings per share rose 24%, despite a "noticeable downturn" in trading volumes, particularly in the third quarter, as consumers and importers reacted to the weak economy and outlook in SA.

The company said yesterday that growth was mainly due to the continued weakening of the rand, which boosted profits from its off-shore investments. This was seen in strong revenue growth from shipments into Africa, and from its Netherlands operation, which had matured.

South African operations, which comprise about 60% of revenues, would remain the core contributor to the group, Santova said. Domestic revenues rose 9.7% in the period, contributing to a 33% surge in domestic profit.

"The growth in revenue was driven primarily by a 454% growth in project revenue for the period as

SANTOVA

Half Year	2014	2013
Revenue (Rm)	116	102
Pretax (Rm)	22.5	17.6
Net income (Rm)	17.5	13.9
Diluted HEPS (c)	12.48	10.07
Dividend (c)	—	—

a result of a significant increase in the number of projects awarded to the group," Santova said. This relates mainly to shipments of agricultural products, wood and concrete into Africa, a strategic initiative which the group expects to expand in the future.

But revenue from continuing operations rose only 1.24% as a result of the downturn in shipping volumes "related to the state of the South African economy". But a further weakening of the rand over the period softened the blow.

Meanwhile, the Kagiso purchasing managers index rose for a third consecutive month to 51.8 last month from 50.8 in September. This marks the best level it has reached since November last year, and indicates that activity in the country's manufacturing sector has slightly improved after months of weakness.

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