



Santova invests in global 'grass roots' projects

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Johannesburg - Santova, the listed integrated logistics solutions provider, is investing in “grass roots” operations for the future in Germany, Ghana and Mauritius.

This diversification is in line with its offshore growth strategy to create a hedge against the depreciation in the value of the rand.

The group has 15 offshore offices, including seven in the UK, two each in the Netherlands and Germany and one each in Australia, Hong Kong, Mauritius and Ghana, plus six offices in South Africa.

New offices are also being established in the US, China, Italy and Kenya.

Glen Gerber, the chief executive of Santova, said yesterday that a total of R1.3 million was invested in Germany, Ghana and Mauritius in the six months to August compared with R300 000 in the previous corresponding period.

“Germany, in particular, is a region that the group expects to be a meaningful contributor in the future and a significant amount of time and resources have been dedicated to this region during the current period, with the expectation that the region will contribute positively to group profits in the coming financial year,” Gerber said.

Gerber said the group continued to benefit significantly from the contribution of key offshore operations as they delivered both organic growth in their regions and currency gains on translation into the group’s results.

In particular, the Netherlands increased profits for the period by 31 percent, Australia by 23 percent and Hong Kong, which was making a significant recovery from the loss of a major client in the prior period, by 625 percent, he said.

About 55 percent of group revenue was derived from Santova’s offshore operations in the six months to August.

Santova yesterday reported a 33 percent profit before tax to R40.49m in the six months to August from R30.45m in the prior period.

This translated into an almost 18 percent growth in normalised headline earnings a share of 18.40c from 15.63c.

Gross billings grew by almost 19 percent to R2 billion from R1.68bn. Operating profit improved by 44 percent to R45.3m from R31.5m.

Cash generated from operations rose by 15.6 percent to R36.3m from R31.4m. Other income increased by almost 132 percent to R10.8m from R4.7m.

Santova attributed this to the significant foreign currency gains achieved from a management decision to limit risk and to hedge certain British pound denominated foreign currency exposures following the significant strengthening of the rand.

A dividend was not declared for the period.

Gerber said Santova’s board was confident the group’s international diversification and its differentiated logistics strategy would hold it in good stead going forward.

Shares in Santova dropped 1.04 percent yesterday to close at R3.80.

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