

Metair's profits of R274.2m in six months

Automotive industry manufacturer and distributor Metair Investments has reported diluted headline earnings per share of 140c for the six months to June fractionally higher than the 139c a share in the same period last year.



Releasing its interim results on Thursday (29 August), the group reported a rise in revenue to R2.46bn from R2.22bn a year ago, and operating profits of R274.2m from R267.1m a year ago.

Earnings before interest, tax, depreciation and amortisation (Ebitda) of R375m were generated and cash and cash equivalents amounted to R166m at the end of the period.

The adoption of the new International Financial Reporting Standards (IFRS) did not affect the group's headline earnings but the reported revenue and operating profit were affected. IFRS has been adopted retrospectively and prior period results have been adjusted.

The increase in turnover was ascribed in part to the inclusion of the full half-year contribution from Rombat SA, purchased on 15 March last year, whereas the comparative period did not include Rombat.

During the period capital expenditure of R54m was incurred, tax payments of R68m were made and a dividend of R156m was paid.

Production and labour

The group said local vehicle production was not directly affected by any labour action and increased to 272,718 vehicles produced, from 235,557 a year earlier. The increase in production is due to increased exports of 147,007 vehicles.

After-market domestic and export turnover increased by 31% to R879m. Earnings from this segment grew by only 19% as a result of increases in commodity prices coupled with weakness in the rand and the Romanian lei, which had a negative effect on margins.

"The non-automotive segment, which is involved in the mining sector, experienced an extremely disappointing six months," Metair said, as demand from the mining and standby battery segment was significantly below expectations.

The company said development and marketing of its start/stop battery product range was proceeding according to plan. Discussions were still under way with Metair's other original equipment customers for both local and export contracts.

"These customers will in future be supplied by First National Battery and from the new Rombat production facility in Romania. We remain optimistic about the future of the start/stop battery market and our positioning in this market from 2016," it said.

Metair noted that as the automotive industry approached the end of its three-year wage agreement, it would enter a critical phase regarding labour relations, which would affect the company.

"The industry participants are currently engaged in negotiations and we hope that in the absence of prolonged industrial unrest, production levels could be maintained at the 2012 level," it said.

The group said it would continue to pursue buying opportunities in SA and abroad.

Metair's performance would depend on the successful execution of its strategy, original equipment volumes, a peaceful labour environment and the exchange rate, it said.

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