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Sanyati beats forecasts

16 May 2007

Off the back of buoyant market conditions, strongly empowered civil engineering and construction group Sanyati Holdings has beaten its pre-listing forecasts to post solid results for its maiden year to February 2007.

The group recorded net profit of 24.2 million rand in its first year listed on AltX, 6.1% higher than pre-listing forecasts. Sanyati listed on AltX in June 2006.

Post year-end Sanyati significantly boosted its BEE from 26.6% to 42% through a share issue to fund recent acquisitions, making it one of the leading empowered companies in its sector.

Revenue increased 47% to 379.6 million rand from 259 million rand in the previous year. Headline earnings per share of 11.78 cents exceeded forecasts by 6.2% and was up 34% on the previous year. The EBITDA margin increased to 10% from 9.6% while cash on hand increased 843% to 18.2 million rand.

CEO Rick Jackson points out that profitability leapt ahead of forecasts despite revenue dipping 11.2% lower than expected. "Higher than anticipated profit margins, particularly on commercial property developments in the Sanprop division, set off the lower than forecast revenue."

He explains that the knock on revenue was due to unusual weather conditions that saw projects delayed and the slow award of anticipated road surfacing contracts at the start of the year. In addition higher than forecast levels of inter-group sales and services, which revenues were eliminated on consolidation, reduced group revenue.

To help fund acquisitions the group has recently issued 48 million shares to BEE enterprises, pushing its BEE shareholding to the forefront of its industry at 42%.

Jackson is optimistic about more than doubling current revenue to meet forecasts of one billion rand for the year ahead, based on confidence that 90% of the order book is already secured two months into the new financial year.

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