



Sanyati aims to double revenue in current fin year

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Empowered civil engineering and construction group Sanyati Holdings, which released its maiden results for the year to February 2007 on Wednesday, is confident it could double its revenue to over R1-billion in the next financial year.

CEO **Rick Jackson** said that the company, which listed on the AltX in June, had almost 90% of its order book for the 2007/8 financial year secured, on the back of strong demand for construction services.

"We will continue to focus on strategically managing the order book by selectively pursuing projects that offer improved profit margins in respect of our remaining 10% of capacity," he said.

Underpinned by the buoyant market conditions, Sanyati beat its prelisting forecasts to post solid results for its maiden year to February 2007. The group recorded a net profit of R24,2-million in its first year of listing on the AltX, 6,1% higher than pre-listing forecasts.

Revenue increased 47% to R379,6-million from R259-million in the previous year.

Headline earnings a share of 11,78c exceeded forecasts by 6,2% and was up 34% over the previous year.

Jackson pointed 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 explained that the knock on revenue was owing 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 intergroup sales and services, which revenues were eliminated on consolidation, reduced group revenue.

African Construction remained the group's primary contributor to revenue and Sanyati reported that the subsidiary secured major contracts during the year. This included a R134-million upgrade of a tourist road linking Barberton to Bulembu for Mpumalanga's Department of Transport, and a R37-million Umgeni Water contract.

Sanyati said that it expected to release a revised earnings forecast by month end, which would also exceed the pre-listing forecast of 14,09c a share.

Shares in Sanyati rose 1,89% on Wednesday, to close at R2,70 a share.

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