

Altron revenue up 14% as group successfully repositions for future growth

10 May 2018

Allied Electronics Corporation Limited (Altron) has delivered substantially on its double-digit growth targets with revenue rising by 14%* to R14,7 billion, EBITDA by 19%* to R1,1 billion, while headline earnings per share from continuing operations increased by 19%* to 135 cents for the year to end February 2018.

Altron Chief Executive Mteto Nyati attributes the positive results to the introduction of the new strategy, "We have successfully delivered on our goal for the past financial year to reposition Altron for growth. Key to this success has been the on-time execution of the One Altron strategy, which promotes cross-selling across our eight business units and ensures that the value proposition to the customer is an integrated and holistic end-to-end technology solution," he said.

The Group's overall net debt position of R1.9 billion remained constant compared to the previous year. Net finance expenses reduced from the prior year to R235 million. The Group spent R970 million in investment activities for the year, primarily funded out of internally generated cash.

The group's ICT core operations had a satisfactory performance despite difficult local economic conditions, a strengthening currency and the once-off costs associated with the restructuring processes.

Commenting on these operations Nyati said: "Bytes UK had another exceptional year growing revenue by 49% in local currency terms and EBITDA by 29%. Bytes Secure Transactions also performed well, growing EBITDA by 19% with its NuPay division being the star performer. Bytes Systems Integration, which earlier merged with Bytes Universal Systems, saw EBITDA increasing by 21% although revenue remained relatively flat."

The group continued to pursue partnerships and acquisitions in line with its intention to increase its international footprint and increase offshore revenue streams, one of its key drivers for future growth as it continues to successfully position itself as a global ICT company. Two notable acquisitions during the period were:

- Bytes UK acquired value added reseller Phoenix Software in the UK for £35.9 million. This acquisition bolsters Bytes UK's presence in the value-added reseller segment, making it a significant player in the UK software market..
- Altech Netstar acquired EZY2C, a vehicle tracking and fleet management firm in Australia for AUD15.9 million. This enabled Altech Netstar's strong performance during the period under review, with revenue rising 13% and EBITDA up 9%.

Nyati says the Altron Group has made considerable progress in the disposal of non-core assets, lowering debt levels and reducing exposure to the manufacturing sector. The disposal of its Powertech Transformers is expected to be completed by 31 May 2018, while it expects to complete the disposal of the remaining discontinued operations in the current financial year.



“We will also focus on deploying our local solutions into the African market and other emerging economies. We have a presence in over 25 countries through some of our operating companies, but our customers in those markets are not exposed to all that we can offer and how we can drive value for them. Our approach to the African market will be to ensure that our current customer base is exposed to our entire solutions offering while we explore acquisition opportunities which exist in our areas of focus,” he said. As part of its internal and external repositioning, the Altron Group underwent a realignment to streamline the organisation, with the leaders of business operations now forming part of the Altron Group Executive Committee. The Altron Group now has a leaner head office with a considerably tighter focus on the operations of businesses in the group.