

# Ellies set to benefit from switching its focus outside SA

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The sharp decline in the rand is likely to boost Ellies' manufacturing business, which is focusing on markets outside SA.



Ellies CEO Wayne Samson.  
Photographer: Russell Roberts

Image source: [BDive](#)

The manufacturer, importer, wholesaler and distributor of electronic goods including television aerials, said its infrastructure business, Megatron, has closed its local manufacturing plant following a disappointing performance.

The unit was now a "100% export-focused entity, with all future revenues denominated in foreign currency", said CEO Wayne Samson.

He said the domestic operating environment "is difficult and margins are low".

The manufacturing division, whose products include renewable energy solutions, has an order book of about R3bn.

Samson said the order book was split across public and private sector projects in Africa. He warned that while the collapse in commodity prices had not had an effect on the existing order book, "this poses a threat in the future, as most African

countries rely heavily on extractive industries to support their economic growth".

Group revenue decreased marginally by 2.3% to R989.1m for the six months to October. The headline loss per share reduced to 1.02c from a loss of 13.17c in the previous period.

"The priority remains improving our cash position," said Mr Samson.

The continuing operations of the infrastructure division returned a profit of R900,000 from a loss of R21.2m a year earlier. Revenue improved to R205.1m from R160.9m.

While trading conditions remain strained with the consumer under pressure, the consumer goods division, which sells products such as satellite dishes, has been trading positively. Contributing factors included the reduced overheads with a lower staff count, Ellies said.

Samson said: "The segment has had a hard look at reducing handling costs and making products more competitive, without compromising on quality, in an environment where the consumer is more price conscious."

Ellies is set to benefit from the multibillion-rand digital TV migration project as one of the companies selected to manufacture, supply and install satellite dishes and terrestrial antennas.

It has already received an order for more than 400,000 satellite dish kits, which it has started to manufacture.

Ellies is unbundling its consumer goods and Megatron infrastructure businesses. It believes the separate listing of the consumer business will provide greater investor flexibility and increased focus through the separation of the businesses.

It will also help the businesses access different sources of funding better suited to their needs and cash flow profiles.

\*This article was amended to indicate that only Ellies' infrastructure division Megatron is closing its manufacturing plants.

**Source:** Business Day

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