

Sephaku grows profit despite a decline in revenue

By [Robert Laing](#)

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Sephaku, which owns 36% of the South African operations of Nigerian cement maker Dangote and 100% concrete supplier Metier, managed to grow its profit on lower revenue in the year to end-March.



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The group's revenue fell 4% to R840m while after-tax profit grew 13% to R68m.

Dangote Cement SA's revenue remained flat at R2.3bn, but its net profit jumped 37% to R68.9m.

The net profit included one-off income from the closure agreement with Sinoma on the final handover of the plants and reflected the increases in cost of sales, operating expenses and finance costs, Sephaku said in its results statement.

Dangote defended its position as one of the major producers in SA, by increasing its annual sales volumes by 4% in a fiercely competitive market, Sephaku CEO Lelau Mohuba said in the results statement.

"The cement market remained highly fragmented, with all manufacturers using price competition to defend their sales volumes.

"The Econometrix estimate of a 5.6% contraction in total sales volume demanded illustrates why intense price competition

characterised the market. Import volumes decreased further by 53% to 389,000 tonnes in 2016," Sephaku said.

Metier opened its 12th plant in March.

"The mixed concrete sector experienced intense price competition for supply contracts, resulting in downward pressure on prices.

"The competition was driven by the continued contraction in large-scale construction projects and new entrants into key markets," Sephaku said.

Source: BDpro

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