One-off costs hit Stefanutti

By Alistair Anderson

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Construction group Stefanutti Stocks should return to profitability in the next financial year, after one-off costs in the year to February put its earnings under pressure.

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A one-off present value charge of R139m related to a settlement agreement concluded with the government for anti-competitive behaviour and an impairment of R155m attributable to the goodwill of its subsidiary, Cycad Pipelines, affected Stefanutti negatively.

It reported a loss per share of 72.88c from diluted earnings per share of 96.94c in the previous year.

"We have been through a very difficult period.

"However, our businesses, especially those in the building segment, are getting back on track and we should reach profitability overall as a group again in the next financial year," said CEO Willie Meyburgh.

Mish-al Emeran, an equity analyst at Electus, said the settlement agreement made by seven construction companies, including Stefanutti, to put R1.5bn towards transformation in the sector over the next 12 years had put pressure on a struggling construction sector.

Contract revenue from operations decreased R611m to R9.1bn and the operating profit of R392m in the previous year dropped to an operating loss of R106m this year.

Stefanutti reported headline earnings per share of 10.94c.

Had the one-off charge relating to the settlement agreement not been taken into account, the headline earnings per share would have been 89.86c, which is similar to that reported in the previous year of 89.62c.

The group's order book stood at R14bn, of which R4.4bn arose from work outside of SA.

Meyburgh said Stefanutti continued to experience delayed payments from clients on contracts.

However, an increase in excess billings resulted in cash generated from operations increasing to R616m.

The group's overall cash position increased to R1.158bn from R851m at the end of February 2017.

No dividend was declared for the year.

Source: Business Day