

Altron heads for the cloud and rest of Africa

Altron is targeting double-digit profit growth as it accelerates its strategy of focusing on the information technology space.



Mteto Nyati, CEO, Altron. Photo: techcentral.co.za

The former conglomerate, which had more than 40 companies in its portfolio, is becoming a leaner entity that will create technology solutions for the healthcare, security and safety and financial services.

The company, under new CEO Mteto Nyati, has launched on a new growth path that will also intensify its expansion into the rest of Africa.

Nyati said as the group reduced costs, it expected to deliver better returns.

Altron has disposed of a number of noncore and nonperforming assets and aims to complete the sale of the remaining two businesses - Powertech and Altech UEC - by the end of February 2018. It is also merging two units within the Bytes subsidiary, which will result in the retrenchment of about 75 employees and annual savings of up to R30m.

"We have spent a lot of our time this year reorganising the business to make operations more cost-effective and to unify the different parts of the business so that we operate as one Altron," said Nyati. The group is eyeing growth in cloud computing where it plans to forge partnerships with companies such as Microsoft, which recently announced it would open two data centres in Johannesburg and Cape Town in 2018. Altron is also expanding into the rest of the continent.

Nyati, said through some of its subsidiaries and brands, the company had a presence in about eight countries.

It had reviewed its expansion approach and would have a dedicated person focusing on its Africa businesses. "If we say we have operations in Kenya, it should represent Altron as a group, not just one unit."

The company seems to be heading in the right direction, said Intellidex research analyst Phibion Makuwerere.

The new management and strategic partners, Value Capital Partners, were likely to remedy the poor capital allocations of the past. The company's focus on innovation, research and development and streamlining the cost base boded well for margins, he said.

"We rate this counter a speculative buy as its outlook is tied to the success of a new business model and specifically on significant margin improvement," Makuwerere said.

Altron's share price has gained 50% since January and trades at R12.99.

Source: *Business Day*

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