

Net1 assumes it will issue grants for another year

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Net1 UEPS Technologies expects to continue issuing the government's social grants until June 2018, it said in its financial results statement released on Friday, 25 August.



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This is despite a ruling from the Constitutional Court that Net1 was to relinquish its South African Social Security Agency (Sassa) contract by the end of March. But Sassa's mismanagement of the tender process for a new welfare grant distributor forced the court to extend the deadline indefinitely.

Although Net1 denied it was holding the government to ransom, the controversy resulted in the ousting of its founder Serge Belamant in May. Belamant was replaced as CEO by the group's chief financial officer Herman Kotz.

"Our guidance assumes that our contract with Sassa remains in effect for the full year on the existing terms and conditions," Kotz said in Friday's results statement.

Net1's overall revenue grew 3% to \$610m, but its aftertax profit declined 14.5% to \$72m.

The group segments itself into three divisions: South African transaction processing, which grew revenue by 17% to contribute 38% of the total; financial inclusion and applied technologies, whose revenue declined by 5% to 36% of the total;

and international transaction processing, whose revenue grew 4% to 27% of the total.

On 7 August, Net1 announced it had concluded its acquisition of 15% of Cell C for R2bn and 45% of DNI for R945m. DNI was described as the largest wholesaler of Cell C starter packs.

Source: BDpro

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