

No Africa plans at Astrapak

By [Fifi Peters](#)

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Astrapak, a manufacturer of plastic packaging material, has no immediate plans to enter other African economies, despite tough operating conditions in SA.



Astrapak CEO Robin Moore.

Image credit: [BDive](#)

Instead, the company, which reported on Wednesday a return to profitability in the 2016 financial year, said it would leverage off expansion plans of major multinational clients who were pursuing growth on the continent.

Astrapak exports of its packaging products to Angola have declined in the 12 months to February, as the economy of Africa's second-largest oil producer deteriorated with the slump of Brent crude oil. The Angolan operation, however, contributed only marginally to the business.

"At this stage, we have no plans of expanding into Africa directly," Astrapak CEO Robin Moore said on Wednesday. "However, we are talking to some of our customers, who are global multinational companies moving into Africa and we would be willing to support their growth there," he said.

Astrapak has a number of multiyear contracts with domestic and international customers.

It invested a combined R136m in two new contracts in the personal care and fast-moving consumer goods sectors, which should have enhanced earnings further in the current financial year, but did not, due to delays in coming on-stream. The company said optimal volumes and profitability from these contracts would be achieved in the 2017 financial year.

Mr Moore said Astrapak had also been positioned on a more profitable path, following the completion of a "rationalisation process". In the year under review, Astrapak had exited the highly competitive flexible packaging and polyethylene terephthalate plastic bottle market, realising gains of R176.6m from the sale of those businesses.

Astrapak had shut its Bronkhorstspuit factory in Gauteng, relocating production to KwaZulu-Natal. It would soon also relocate its Johannesburg head office to Durban on the coast.

Ian Cruickshanks, chief economist of SA's Institute of Race Relations, raised doubts about whether Astrapak could realise significant gains in the future in the current economic environment.

"They operate in a highly competitive market, and there is no economic activity in SA to sustain an advance beyond the initial turnaround," he said on Wednesday.

Source: Business Day

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