

# Senwes records increase in profit despite tough macroeconomic conditions

The Senwes group reflected an increase of 7,1% in net profit, announcing a R167m net profit for the financial year ended 30 April 2017 - this while the GDP of agriculture narrowed during the 2016/17 season. "Although the group results are still under pressure due to the previous year's drought, the company managed to outperform the macroeconomic conditions," said Group CEO, Francois Strydom.



Image Source: [Senwes](#)

The financial results of the Senwes group for the 2016/2017 financial year reflect a turnover of R9,9b (an increase of 7,6%) and a profit after tax of R167m (an increase of 7,1% compared to R156m of the previous year). The normalised headline earnings increased by 36,7% from 79,3 cents/share to 108,4 cents/share for the financial year.

## Dividends

With the interim dividend of 20c/share (March 2017) and the proposed final dividend of 25c/share, declared by the board of directors, shareholders received a dividend yield of 4,3% on opening equity (2016 – 3,9%).

## Other key financial ratios:

- Revenue increased by 7,6% to R9,9b
- Earnings before interest and tax (EBIT) from continued operations increased by 14,9% from R377m to R433m.
- Earnings per share is 98,3 cents (2016 - 90,6 cents per share).
- Return on opening equity of 8,9%. (2016 – 8,6%)
- An increase in net asset value of 63,4 cents per share.

## The new season will have its own challenges

The agricultural industry is changing rapidly. In addition, the new season will probably have its own particular challenges. A late season, pressure at silos to finalise grain deliveries, large quantities of grain with a high moisture content and low prices are some of the challenges which will be faced by the largest part of the summer grain area in South Africa. Primary agriculture will probably outperform the larger economy as far as growth is concerned, but expectations are that the surplus cash will more than likely be used to normalise debt levels.

Despite the good crop, it is uncertain as to whether the estimated risk level will return to normal levels. The season following a drought cycle is usually characterised by extensive adjustment of customer issues and excursions of those who did not survive the cycle. Stakeholders, however, can be assured that Senwes will continue with its investment in innovation and integration and that it will increase its relevance in the future even more.

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