

Transpaco maintains positive growth

Packaging products manufacturer Transpaco (TPC) on Wednesday (14 September 2011) reported diluted headline earnings per share of 195.7 cents for the year ended June 2011, up 14% from the previous year's 171 cents. HEPS increased by 11% to 214 cents.



The board declared a final cash dividend of 43 cents per share, resulting in a total dividend for the year of 72 cents per share - up 14% from the previous year's 63 cents.

The company said it had maintained good growth and again delivered a solid performance. Improved operating efficiencies and stringent control of operating expenses, supported by a reduction in net interest paid, contributed to the group's performance.

As anticipated, the acquisition of Disaki Cores and Tubes with effect from November 2010 impacted positively on the group's results. Economic activity - defined as total turnover including inter-company turnover - reached the one billion rand mark for the year, a milestone for Transpaco.

Operating profit rose 14% to 95.2 million rand on a turnover of 954.0 million rand, notwithstanding that market conditions in the plastic division led to margin compression resulting in a decline in operating profits in that division.

The operating profit in the paper division increased as a result of the Disaki acquisition. Cash generated from operations rose 30% to 129.1 million rand.

Transpaco's net interest-bearing debt-to-equity position remains cash positive. Although the Disaki acquisition was funded out of existing cash resources, the group remains in a highly liquid position to take advantage of opportunities that may arise in the future, it said.

Looking ahead, the group said it would continue its proven strategy, endeavouring to achieve growth by maintaining a strict financial policy (including stringent management of working capital) and by organically expanding existing businesses. It would continue to identify and pursue appropriate acquisitions.