

Company News

Stefanutti shrugs off Chinese 'threat'

THABANG MOKOPANELE
Property Editor

MULTIDISCIPLINARY engineering and construction group Stefanutti Stocks is forming working alliances with international companies to take advantage of their technology as it seeks to expand aggressively into mineral-rich countries in Africa.

Chinese construction companies are giving the group a run for its money and are dominating the

STEFANUTTI

Interim	2009	2008
Sales (Rbn)	3,936	2,536
Pretax (Rm)	285	199
Net Income (Rm)	196	131
Headline EPS	111,2	90,4
Dividend PS	25	—

continent's government infrastructure building projects but Stefanutti is more focused on the private sector, building infrastructure for mining companies in mineral-rich countries.

CEO Willie Meyburgh said yesterday he was not worried about the dominance of Chinese companies because there actually was no competition.

"You cannot compete with the Chinese, especially when it comes to government work of building roads, hospitals, schools and other infrastructure in Africa, because in exchange for money they get minerals," Meyburgh said.

He was speaking after the

release of the group's interim results to August, during which it posted a 56% rise in revenue to R4bn from R2,6bn in the year-earlier period, thanks to good organic growth and the successful integration of acquisitions including Stocks from last year.

Operating profit jumped 46% to R257,1m from R176,3m in the corresponding period last year, and net profit after tax increased 39% to R198,1m. Headline earnings of R195m translated into headline earnings per share of 111,2c, up from 90,4c a year earlier. But operating margins dropped from 7% to 6,5%.

On competition with the Chinese, he also said most well-established and "savvy" private companies operating in Africa preferred multidisciplinary construction companies such as Stefanutti in the mineral sector.

Meyburgh said the group had the advantage of forming alliances with international companies that had good reputations in Africa.

"We are also not scared to go into Africa because we have many years of experience ... and we are one of the few South African companies with several offices in these countries."

He said companies from Russia and other countries were taking a keen interest in southern Africa and in the group.

Stefanutti aimed to increase the Africa and the Middle East's contribution to group revenue to 30% from 19%.

mokopanelet@bdfm.co.za