

# One acquisition at a time before its next target for Insimbi

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LISTED Insimbi Refractory and Alloy Supplies wants to bed recent acquisition, licensed scrap metal dealers, Amalgamated Metal Recycling Group (AMR) before moving on to the next target, chief executive Fred Botha said yesterday.

AMR's acquisition, for R284 million, was consistent with Insimbi's diversification plans. Insimbi provides the steel, aluminium, cement and foundry industries with resource-based commodities, such as ferrous and non-ferrous alloys, as well as refractory materials, and has recently started manufacturing plastic containers for the chemical, agricultural, home and food industries using blow and roto-moulding activities.

Following the release of the company's results, Botha said the company was considering a number of opportunities. But he said the company's priority was bedding AMR. "We have an acquisition model which works well. It is a good model," said Botha.

Insimbi said the acquisition of AMR brought many benefits, including the diversification of revenue and customers. "The acquisition is value accretive from a revenue, gross profit, EPS and Heps perspective. It will also allow us to access markets that are parallel to our

existing markets, including the scrap metal recycling market," the company said. AMR's results were consolidated into the Insimbi group results for the last two-and-a-half months of the financial year.

Botha said the steel industry had traditionally been Insimbi's anchor customer base. As a result the group was highly susceptible to the problems facing the steel industry. But, in addition to the steel industry, foundries have also battled.

The company described the year ended February 28 as a watershed year. In the past year Insimbi's broad-based black economic empowerment partnership with New Seasons Investment Holdings was completed, while two employee share option schemes were established and implemented.

Insimbi's revenue increased by 41 percent, from R955m to R1.3 billion, while gross profit soared 49 percent from R125m to R186m. The company's earnings before interest, taxes, depreciation, and amortisation increased 24 percent to R68m. Earnings per share fell 11 percent to 11.01 cents per share, while headline earnings per share dropped 12 percent to 10.87c per share, compared to 12.42c in the 2016 financial year. Insimbi listed in 2008.

Shares of Insimbi were yesterday up 7 percent to close at R1.07 on the JSE.