2017 a watershed year for Insimbi

Insimbi Refractory and Alloy Supplies is no longer the company it was a year ago, with significant changes undertaken in a year described as watershed for the Johannesburg-listed group.

During the year ended February 28, the **Fred Botha**-led company underwent significant changes in its market capitalisation, size and complexity, leaving the group on a more diversified, stable platform that is able to withstand the headwinds facing the foundry industry.

“We are starting to reach critical mass,” Botha said, telling *Engineering News Online* on Monday during a telephone interview of the acquisition that had lifted Insimbi into a strategic position and turned a R1-billion a year company into a R3-billion success.
This followed the R284-million transaction which saw Insimbi absorb licensed scrap metal dealers Amalgamated Metal Recycling Group (AMR) and embark on its first capital raising exercise since listing in March 2008, successfully raising R100-million from new and existing shareholders.

The offer was not only fully subscribed but saw support from institutional investors. Insimbi's market capitalisation had more than doubled as a result of this acquisition, the company said.

“This is a transaction that further diversifies the group’s geographic reach, customer base and solutions to customers,” he said, noting that it did bolster the group’s 2017 financial year performance.

“The improved results of the Insimbi group was not only the result of the AMR transaction, but also stemmed from growth in the relatively new plastics segment and some improvement in the aluminium business,” Botha added.

Insimbi achieved a 49% year-on-year jump in gross profit to R186-million and a 24% year-on-year increase in earnings before interest, taxes, depreciation and amortisation to R68-million during the 12 months to February.

The group also reported a 41% rise in revenue to R1.3-billion.

Net profit for the period remained flat at R29-million and operating profit ticked up 23% to R54-million.

“Overall, there has been a marginal decrease in profitability compared with the prior period as a result of extraordinary expenses associated with the AMR acquisition and foreign exchange volatility, and the write-off of R10-million bad debt during the period,” he explained.
This resulted in a 11% decrease in earnings a share to 11.01c and a 12% dip in headline earnings a share to 10.87c.

Further, the year under review also saw the conclusion of a deal that brought Insimbi’s broad-based black economic empowerment (BBBEE) ownership to over 28%.

In June last year, the four founding executive directors of Insimbi sold equal portions of their shareholding – representing 52-million shares and equivalent to 20% of the issued share capital – to black-owned and -managed investment holding company New Seasons Investment.
The sale was complemented by recent completion of Isimbi’s employee share participation EmployeeCo and ManCo transactions.

“The investment by our B-BBEE partner, New Seasons Investment Holdings has been completed and the two employee share option schemes, EmployeeCo and ManCo, have been established and implemented,” Botha concluded.
Insimbi’s share price on the Johannesburg Stock Exchange had moved up 7% by 16:00

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