

Cartrack delivers solid results with revenue increase

TNA REPORTER

CARTRACK Holdings delivered solid results for the six months ended August 31, with revenue increasing by 18% to R469.7m. Profit before tax was up 14% to R164.6m.

The company is a fleet manager specialising in stolen vehicle recovery and insurance telematics.

The group said all regions contributed to growth, apart from the new country start-ups in Asia and the Middle East that were initiated in the latter part of last year and which generally may take up to three years to become fully profitable.

The global active subscriber base grew by 20% or some 76 000 contracts year-on-year.

Commenting on the results, Zak Calisto, the global CEO of Cartrack, said the group was pleased with the robust performance across all its regions.

"Our considered pace of international expansion is supporting our margins despite weak economic conditions locally, while the strong subscriber growth is testament to our continuous emphasis on the Cartrack brand, effective distribution model and quality customer service," Calisto said.

Growth in subscription revenue, as well as generally higher contract pricing increased the profit contributions from operations outside South Africa and helped sustain the gross profit margin at 82%, despite downward price pressures in some regions.

Further, the results showed that the profit before tax contribution from these non-South African operations increased to

24%, from 14% in the prior period.

The company said the South African segment, which continues to account for 76% of total revenue, performed well, with revenue growing by 18% to R356.2m on the back of an equivalent increase in subscriber base.

In terms of stolen vehicle recovery, the segment remains a very important component of its services and is being supported by worsening vehicle theft statistics.

"Despite the increasing vehicle theft and hijack incidence rate being experienced, Cartrack has maintained its 93% recovery rate.

"Revenue in the rest of Africa increased by 18% to R62.6m, or 13% of group revenue.

"This segment has increased its contribution to group operating profit from 11% to 17%, through continuous improved performance and the benefits of increased scale," the company said.

Revenue in Europe grew by 6% to R39.1m, or 8% of group revenue. However, on the back of increased efficiencies, operating profits increased by 105%, lifting this segment's contribution to group operating profit from 5% to 8%.

Calisto said going forward the group anticipated further solid growth potential in all the regions it served during the remainder of this year and beyond.

"We expect a considerably higher rate of profit growth and cash flow despite the negative foreign exchange impact from imported product components and the operating losses still to be incurred in Asian and Middle Eastern countries given our recent expansion," he said.

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