BIZCOMMUNITY

Cargo Carriers counts the cost after strikes

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Strikes in SA and Swaziland hurt haulage logistics group Cargo Carriers' (CRG) earnings in the half-year to August, the company's interim results released on Friday, 31 October, showed.

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Cargo Carriers' headline earnings per share nearly halved from 149.7c to 75.4c.

The significant depreciation of the Zambian kwacha against the US dollar also increased the unrealised foreign exchange losses within the group's Zambian subsidiary, which negatively affected profits from operating activities.

Revenue declined 8.2% to R440.6m, from R480.1m in the previous corresponding period.

The group said this was because of the effects of labour disruptions within the industrial and agriculture segments of its operations.

The industrial segment's revenue declined 3.5% as a result of a prolonged strike which occurred this year at mining and steel companies. The agriculture segment revenue declined 40.2%, with the disposal of its Malelane business accounting for 34.2% of this decrease.

While efforts were taken to reduce or contain costs during the period, the group recognised it still would have to bear certain fixed costs going forward.

Profit from operating activities decreased 44.6% primarily because of foreign exchange losses of R9.4m.

Looking forward, the company said the South African economy was volatile with continued uneasiness around labour relations.

"The group will continue with its strategy of seeking profitable organic growth, but will augment this by utilising its healthy balance sheet and favourable gearing should suitable acquisition opportunities present themselves," it said.

Source: BDpro