

Argent returns to black despite strike action

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ARGENT Industrial, which manufactures iconic brands such as Jetmaster, Xpanda Security, Excalibur Vehicle Accessories and Cedar Paint, said yesterday group operations were badly affected by a national metals industry strike in July last year, and the "labour induced closure" of its Giflo Engineering business, which faced margin pressures.

But the group returned to overall profitability — it also has metal trading and property investment

businesses — despite a drop in the demand for carbon steel, coupled with mill price decreases in April and May.

The national metals industry strike last year was estimated to have cost the group R22.7m. The results come as Statistics SA data yesterday indicated that a slowdown in economic growth had also hit domestic industry hard in the first quarter.

Argent said steel prices fell 17% from March. Along with strike action, this had cost the group an estimated R1.5m in profits.

Meanwhile, the automotive side

of its business made a loss of R65m, of which R50m was due to the closure of Giflo, and another R6m attributable to the strike action in the vehicle sector last July.

Argent said it had decided to close Giflo because of its history of "poor margins", and also due to a labour dispute with the National Union of Metalworkers of SA (Numsa), which started in January and was still continuing.

"The strike has been incredibly violent with a number of our working staff and staff of our suppliers and customers being hospitalised," the company said.

ARGENT INDUSTRIAL

Full Year	2015	2014
Revenue (Rbn)	1.79	1.88
Pretax (Rm)	35	(210)
Profit (Rm)	27	(193)
Diluted HEPS (c)	40.8	14.6
Dividend (c)	17	14

"Our trucks, as well as those of our suppliers, have been damaged, working staff houses have been set alight and the factory has been brought to a halt as a result of the strikers stoning all vehicles in the vicinity of the Giflo factory and cutting off the firm's water supply."

Argent said its manufacturing

business had been "severely hampered" by the July strike action, which cost an estimated R15.1m.

The group said it had prepared the best it could for the expected strike by building up inventory, but that strikers had prevented stock from being dispatched.

"This resulted in the sector still being stocked to capacity at the end of the strike action forcing it into post-strike short-time, and as a result, under-recoveries," it said.

"Numsa prevented all of our operations from opening up during the strike. The group is on track with its planned staff reductions via

its automation and product import plans," the group said.

Argent said that its Cedar Paint business remained a concern due to margin pressures. However, it had reduced an annual loss in the unit to R4m this year from R6m last year.

The group sold its Gammid properties in Johannesburg and Cape Town for R36m, and Phoenix Steel in Mpumalanga — that was not yet transferred — before and after the reporting period. Atomic Office Equipment in Cape Town was also disposed of for R16m.

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