



HD (SWPPK) Ferret's Stock Watch: PPK GROUP LIMITED

WC 850 words

PD 4 December 2014

SN Ralph Wragg Australian Business News

SC AAPRAW

LA English

CY Copyright 2014 RWE AUSTRALIAN BUSINESS NEWS PTY LTD. All Rights Reserved.

LP

A **COMPANY** CONTINUING TO EXPAND ITS **MINING** STRATEGIES

Sydney - Thursday - Dec 4: (RWE Australian Business News) - PPK GROUP (ASX:PPK) is a pretty diversified conglomerate, operating in countless activities relating to business projects and **mining** technology.

TD

At the moment, PPK has entered binding heads of agreement to acquire the business and assets of Firefly International for \$1.86 **million** (subject to the usual working capital adjustments).

Firefly supplies, services and hires a range of drilling, boring and other equipment plus markets consumables to the underground **mining** industry.

PPK executive chairman Robin Levison stated: "The **acquisition** of Firefly continues PPK's ongoing commitment to offer quality fit-for-purpose products and services to the underground high-gas coalmining industry.

"Firefly nicely complements PPK's current suite of products and services.

"In addition, Firefly has a quality customer base, particularly in the Hunter region.

"I am delighted to welcome the Firefly team to PPK."

The transaction is subject to the completion of due diligence.

It will be funded from cash reserves.

At the annual meeting last month, Mr Levison referred to the **company's** ongoing strategy about **mining** equipment and alternators, which it says is the focus on the manufacture, assembly, **sale**, service, hire and support of specialised underground **mining** equipment, with particular attention to "high-gas" underground coalmining.

The Australian **coal** industry is currently experiencing difficult conditions with many coalmines struggling financially.

Paradoxically, record tonnes are being mined.

PPK's plan in this climate is to focus on what it can control:

1. Creating (through **acquisition** and ongoing development) a suite of world-leading products that help its customers operate safely.
2. Supporting customers by providing and then maintaining and developing its products.
3. Expanding its markets (both domestically and internationally - with a particular focus on **China**) for the export of Australian products and the import of **Chinese** products.
4. Carefully managing its business to be both heavily 'customer centric' and as lean as possible.

In its bottom-line outlook, PPK Group's financial performance is driven by both the **Mining** Equipment, Alternators and Rambor businesses, and its portfolio of real estate and other investments.

* The latter earns both operating returns and capital returns upon **sale** of these investments. By their very nature any return (good or bad) generated from the **sale** of real estate and other investments is 'lumpy', difficult to forecast timing, and can have comparatively large impacts on the results for any financial year.

* PPK constantly reviews its investments. At any one time a number of its portfolio of investments may be under negotiation for disposal. This is the case at the moment.

* Thus, PPK is not in a position to provide guidance for the current half or financial year.

SHARE PRICE MOVEMENTS

Shares of PPK Group are on hold at 65c. Rolling high for the year is 90c and low 65c. Dividend is 3.5c to yield 5.38 per cent. Earnings per share are 4.89c while price earnings ratio is 13.54. The **company** has 72.6 **million** shares on issue with a market cap of \$47.2m.

Meanwhile, PPK Group reported a modest result for the year to June 30 2014 of \$2.52m, up 6pc compared with the previous period.

The **company** has raised \$4.88m to acquire the COALTRAM business while net assets increased by \$7m to \$37.4m.

It has also acquired MONEx (Engine Management Systems - now have complete OEM manufacture and service capacity) and Exlec (hazardous area electrical capability).

There has been a selective successful divestment of certain investment assets

* Arndell Park property (sold Oct, \$12.24m);

* Holdings in retirement villages (sold Nov, \$8.2n [PPK component 50pc]);

* Dandenong property (under negotiation, \$12.5m); abd

* Kiah Willoughby housing development close to completion.

PPK Group is looking to expand its markets (both domestically and internationally - with particular focus on **China**) for both:

a) the export of Australian products, and

b) the import of appropriate-specification **Chinese** products into Australia

BACKGROUND

PPK Group Ltd engages in investment in publicly listed and privately held businesses; property ownership and management; and design, manufacture and distribution of portable underground **mining** equipment.

The **company** operates in Australia and exports its **mining** equipment overseas.

PPK joined the ASX lists in December 1994.

Its **mining** equipment includes Rambor, a subsidiary of PPK, which is a designer and manufacturer of products for the underground coalmining industry.

Its products cover pneumatic and hydraulic roof bolters, rib drills, remote drilling rigs, grout mixers, pumps and water separators.

Rambor products are sold in Australia and exported around the world including Russia, Germany, USA and Japan.

In April 2014, the **company** acquired the COALTRAM Tomago manufacturing facility.

PPK property is the owner and manager of a portfolio of industrial properties located on the eastern seaboard of Australia.

Current properties are located at Arndell Park and Seven Hills in New South Wales and Dandenong South in Victoria.

The **company** invests in public and private entities.

It has made a number of strategic investments in several public companies including FRR Ltd, ISL Ltd, and Allied Brands Ltd.

NS ccat : Corporate/Industrial News
RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania
PUB RWE Australian Business News Pty Ltd
AN Document AAPRAW0020141203eac4003h3