

Masonite (Africa)'s interim earnings down 55.7%

Hardboard products manufacturer Masonite (Africa) on Friday (16 August) reported a 55.7% decline in headline earnings from R16.736m to R7.428m for the six months to June because of lower profits from operations, increased costs and foreign exchange losses.



These factors contributed to diluted headline earnings per share of 104 cents compared with 234 cents for the same period last year.

Revenue declined by 1.7% to R327.9m from R333,6m last year, which the group said was mainly due to competitive pricing in the local market, weakness in the packaging sector and slowdown in the export markets. Timber revenue also declined because of lower timber availability from the plantations.

Masonite (Africa)'s profit from operations, (excluding the effect of adjustment to the fair value of biological assets), was 53.5% lower than last year because of increased costs, most notably distribution, energy, labour (exacerbated by the introduction of sectoral wage determination in the forestry sector) and foreign exchange losses on the back of a weaker rand.

The fair value adjustment for biological assets was lower than last year because of smaller timber volumes caused by snowfalls and fires as well as the fact that there were no timber price increases.

Masonite (Africa) says cash and cash equivalents improved by 4.4% thanks to a refund of a tax overpayment.

It says that continuous cost improvement initiatives, both at the mill and forestry divisions are on track and are expected to achieve positive results.