

# Jasco scours Africa for opportunities

By [Thabiso Mochiko](#)

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Electronics group Jasco (JSC) is aggressively looking for new business opportunities in the local telecommunications sector and in other parts of the continent.



The company, which on Thursday (7 February) reported a 27% fall in headline earnings per share to just 5c for the six months to December, said it was looking for new income to offset losses from non-performing assets.

It will roll out Wi-Fi in public areas including shopping malls, manage the roof-top telecommunications infrastructure on behalf of landlords of large buildings and expand its existing businesses to some parts of east Africa.

Chief executive Pete da Silva said the new businesses would complement its telecommunications infrastructure operations and provide new revenue. Wi-Fi offered a viable solution for mobile operators to overcome data overload on their networks, particularly in high traffic volume areas.

Jasco's revenue for the six months to December increased 12% to R552.1m. Operating profit decreased 8% to R19m, hit by the R4.4m loss on the disposal of subsidiary Lighting Structures.

Da Silva said most of the group's businesses, except for two subsidiaries, "presented good profitability". Jasco says its decision to cross-sell products and services had improved sales.

Orders on hand rose 16% to R159m at the end of December.

Bataung Capital's managing director Tota Tsotsotso said Jasco's overall performance was disappointing.

"The top line (grew) in the reporting period, but this wasn't mirrored by underlying earnings or cash generation. I think that the strength of the balance sheet will be tested in the next 12 months," Tsotsotso said.

Jasco is half way through its three-year turnaround programme that has, among other things, resulted in the disposal and merger of non-performing assets. It is targeting full-year revenues of up to R1.5bn.

Tsotsotso said Jasco's turnaround strategy was not meeting shareholders' expectations. It was operating in too many sectors and chasing too many potential avenues and this was having a "material effect on earnings visibility and the firm's cash generative abilities".

"Jasco should focus on key industries like information and communications technology where it seems to have a competitive advantage," he said.

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