

Cullinan gains from upswing in foreign visitors

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Cullinan Holdings enjoyed a resurgent performance from its core travel and tourism operations to post a 13% rise in interim profit before tax to R73m.



Image Source: [Cullinan Holdings](#)

In commentary accompanying results for the six months to March, CEO Michael Tollman said there was a good performance from Cullinan's inbound tourism businesses after a poor 2016 financial year. He said that the coach transport and touring business units - which were closely aligned with inbound tourism - also performed well.

Cullinan is controlled by international conglomerate the Travel Corporation and boasts services giant Bidvest as a significant minority shareholder.

The broader tourism division increased turnover 27% to R460m, while trading profit was lifted 24% to R92m.

Continued investment and improvements to coach fleet

Tollman said the company continued to reinvest in improvements to the business - including expanding the coach fleet and depots with R48m invested in the interim period. "A further R45m is planned to end-September 2017. This will assist in ensuring that the brand leadership position of our coach fleet is maintained."

Cullinan owns prominent coach and touring brands such as Hylton Ross, iKapa and Springbok Atlas.

Despite the improvement in profits, Cullinan's cash generated by operations more than halved to R49m. Tollman explained that the drop in cash generated was mainly because of an increase in debtors arising from increased sales in the inbound tourism business. Cullinan finished the interim period with R214m cash on hand and declared a dividend of 1c per share.

Tollman stressed that gearing remained "relatively low". The R100m loan facility concluded with the Travel Corporation in 2014 remained in place.

Looking forward

Tollman said Cullinan remained optimistic for the rest of the 2017 financial year. "Forward bookings are positive and the inbound tourism market is expected to remain upbeat for the balance of 2017."

He said that apart from investing in the core businesses to continue its organic growth, Cullinan would also look for opportunities and acquisitions in the tourism and financial services sectors.

Cullinan owns a fledgling financial services offering, which generated revenue of R21m and trading profit of R2m in the interim period.

Source: Business Day

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