

Transpaco posts drop in yearly sales

Packaging company Transpaco said yesterday, 16 August 2010, that although yearly operating profit to June was up on the year before, it was disappointed that little profit was generated from its retail packaging business during the Soccer World Cup.

By [Beth Shirley](#) 17 Aug 2010

"We thought the activities of the World Cup would have brought in greater revenue, but we found trade did not increase in our retail packaging business. Visitors did not consume as much as we anticipated," said CEO Phillip Abelheim.

Transpaco is a manufacturer and distributor of plastic and paper products, and is also SA's largest supplier of polyethylene recycled products.

Operating profit rose 3.3% to R83,5m from R80,8m in June last year. Annual turnover dropped to R786,3m from R803m the year before. Abelheim said Transpaco aimed to increase its profits through its acquisition of Disaki from competitor Nampak for about R30m. "The acquisition will allow us to benefit from growing demand in the cap and tube sector as well as increasing our market share in the Western Cape and KwaZulu-Natal," said Abelheim.

The acquisition is set to expand the group's product range with angle board, carton dividers, cones and void fillers now included in the offering. "This will further diversify our market and revenue streams as we expect R200m turnover from the added business," he said.

Transpaco bought Nampak's Cape Town factory in 2006 and jumped at the chance to buy Disaki, which Nampak deemed "noncore".

Abelheim said the slight decline in group turnover was attributable to challenging trading conditions. Cash generated from operations amounted to R99m, resulting in a decrease in net interest-bearing debt, which put the group in a net cash positive position. Transpaco said it would continue to maintain organic growth and to consider appropriate value-adding acquisitions.

Source: Business Day