Protracted SA economic weakness and Covid-19 ramifications impact OneLogix results

Highlights

- Revenue down by 4% to R2,62 billion
- EBITDA down by 12% to R349,6 million
- HEPS and diluted HEPS down by 46% to 17.1 cps
- Core HEPS and diluted core HEPS down by 42% to 22.2 cps
- NAV up 7% to 402.3 cps
- NTAV up 7% to 334.6 cps
- Final completion of Umlaas phase 3 nears
- 15.5 million shares repurchased during year
- No dividend declared

Johannesburg, 17 September 2020 – OneLogix Group Limited (JSE: OLG), the niche logistics provider, today reported results for the year ended 31 May 2020, which indicate that for the first time in 11 years OneLogix is reporting a decline in profit primarily due to the protracted listless economic environment, and in the latter two months, the ramifications of the worldwide Covid-19 societal lockdown.

According to Ian Lourens, Chief Executive Officer ("CEO"), "The lockdown severely restricted trading for most group businesses with one less affected exception, Jackson, which was deemed an essential service". Lourens went on to indicate that each of the group's 12 businesses has weathered the economic storm, with some achieving a profit improvement, while others remain inherently strong given the circumstances.

The lockdown affected the last two months of group trading and revenue was compromised to the approximate extent of R170 million and profit before tax (including property impairments of R5 million) by some R35 million.

"The group's decentralised management structure enabled a swift and effective response to the pandemic lockdown. Right-sizing interventions included freezing non-essential capital and operating expenditure, a re-evaluation of fleet utilisation, salary and wage cost reduction measures, relief measures from suppliers and accessing state financial support schemes," said Lourens.

Around 5% of staff, mainly in the abnormal logistics segment, were retrenched effective 1 June 2020 at a cost of R8,7 million. The Covid-19 infection rates for the group have been remarkably low and management continues its long-established priority focus on a safe and healthy work environment for all staff.

Lourens is excited about the final completion of phase 3 of the successful Umlaas Road logistics hub ("Umlaas Road Phase 3"), which is expected towards the calendar year end, at an estimated total cost of R310 million.

The group continued with its share repurchase programme during the year, acquiring 15,5 million OneLogix Group shares on the open market at a cost of R48,3 million.

Financial summary

Revenue decreased by 4% to R2,62 billion during the year (2019:R2,74 billion). Growth was constrained by ongoing difficult trading conditions, the lockdown in April and May, and depressed volumes and rates across the businesses, with a significant decline in cross-border volumes.

Trading profit was down 33% from R200,5 million to R135,1 million on the back of reduced EBITDA, the R5 million impairment charge and an increased depreciation charge from last year of 9%, which is in part due to a conservative assessment of the useful lives and residual values of depreciable assets in light of prevailing conditions.

Consistent with the comparative period, trading profit was further impacted by a R17,1 million charge (May 2019; R17,3 million) relating to the group's ongoing skills upliftment programme. Most of this charge will be recovered by learnership allowances afforded by SARS. This has contributed to the effective tax charge on profit of 3,5% for the year (May 2019: 16,5%).

Operating profit, excluding capital items, decreased by 34% in line with trading profit to R119,5 million, from R181 million in the previous year.

Earnings per share ("EPS") decreased by 55%, or 17,2 cents, to 14,3 cents, while headline earnings and diluted headline earnings per share ("HEPS") of 17.1 cents was 46% lower given a larger loss on sale of fleet compared to the prior year and the R5 million impairment charge on one of the group's properties.

Core HEPS and diluted core HEPS ("Core HEPS") decreased by 42% to 22.2 cents, as the combined share-based payment charge and amortisation of intangible assets related to business combinations was lower than the prior year.

Cash generated from operations before working capital changes, net finance costs, taxation and dividends, remained resilient, despite a 11% decrease to R354,6 million. The prior year's net working capital positive movements of R151,6 million were reversed at year end (May 2020: negative R156,3 million) as those operations that gave effect to the positive movement were severely affected by the lockdown conditions in May 2020.

The board has decided that no dividend will be declared as the prevailing economic circumstances demand particularly circumspect cash resource management. In addition, the group has capital commitments relating to the finalisation of the Umlaas 3 development.

Segmental review

Abnormal Logistics

The vehicle component of this segment, consisting of OneLogix VDS and OneLogix TruckLogix, performed as well as could be expected, while OneLogix Projex experienced tough trading conditions.

Primary Product Logistics
This segment produced mixed results. OneLogix Jackson and OneLogix Linehaul performed ahead of expectations, while OneLogix Buffelshoek performed well. OneLogix United Bulk continued to trade in enervated markets.

Other-Logistics Services
This smaller, non-reportable segment continues to produce good results. Atlas 360 produced pleasing results, while OneLogix Cranbourne Panelbeaters remains a solid business trading in a difficult environment. OneLogix Cargo Solutions, now a viable stand-alone clearing and forwarding operation, performed steadily in its evolving niche market, while OneLogix Warehousing continues to offer value to the group.

Outlook
Lourens said that trading conditions for all group companies are expected to remain particularly difficult for the foreseeable future. The group has implemented a well-conceived and executed right-sizing operation in response to the pandemic lockdown.

“Going forward, our strategy remains unaltered. We will continue to focus on extracting maximum efficiencies from existing businesses in order to protect and grow their individual market shares in their respective niche markets,” he added.

“The executive management team maintains full confidence in our experienced, stable management teams with their proven entrepreneurial skills, and fully expects them to continue guiding our businesses through the prevailing unprecedented and tough market conditions. Notwithstanding the difficult market conditions, our tested business models have ensured that each group business remains well-placed within its respective market and is well-equipped to both withstand economic headwinds and to exploit emerging opportunities.”

Lourens concluded by saying that there would be acquisitive opportunities given the severity of the economic difficulties. “We will continue to assess these appropriately, together with further start-up opportunities.”

-Ends-

Issued on behalf of:	OneLogix Group Limited
Contact:	Ian Lourens, CEO
Tel:	011 920 9150
Compiled and released by:	Keyter Rech Investor Solutions
Contact:	Reneé Botha
Tel:	087 351 3811
Email:	renee@kris.co.za
JSE code:	OLG
Website:	www.onelogix.co.za