

East African Cables profits re-bound ...as sales in the regional market grow and Tanzania subsidiary recovers



14/7...Regional operating cables and conductors manufacturer, East African Cables has announced a more than 946% growth on its profit before tax in its just released half year trading results.

In a classical validation of the firm's return to profitability strategy announced earlier in the year, East African Cables efforts to grow its distribution channels through accredited dealers throughout the region appears to be paying off.

The strategy which also focused on revitalizing the firm's operations at its Tanzanian subsidiary has also registered positive recovery for the Dar es Salaam based arm which had earlier registered a huge loss. The strategy has served to tremendously raise the firm's local and export sales affording the firm a turnover of more than Kshs 2.3 billion representing a 29% growth up from Kshs 1.8billion posted within the same period last year.

Speaking when he announced the results, East African Cables Group CEO Mr. George Mwangi, confirmed that the turnaround adopted by the firm is firmly on course, managing to earn Kshs 249million profit before tax up from Kshs 23million registered during the same period last year. We acknowledge that customers are seeking for more value and the winners of

tomorrow must be dynamic and responsive to market trends. Investing in customer relations and building strong partnerships with stakeholders with strong emphasis on a more environmentally and socially responsive business remains our priority,” Mwangi said.

With an operating profit jump of Kshs 317million up from Kshs 238million, Mwangi attributed the firm’s growth to increased sales in the regional markets and the recovery of the firm’s Tanzania operations. During the same period last year, East African Cables had suffered an after tax loss of Kshs 56Million which has now been turned around to a Kshs 172million profit. “Despite the prevailing economic challenges in the region, we expect to maintain the current positive business trend,” Mwangi said. Earlier in the year during the firm’s investor briefing, East African Cables had outlined plans to further increase its market with expanded capacity and a mix of new products and market forays within and beyond the East Africa region.

In a first for a sub-Saharan cables manufacturer, East African Cables has already commenced production of aerial bundled conductors (ABC) which are much safer and more environmentally friendly for power transmission. In addition, East African Cables has introduced crosslink polyethylene cables (XLPE) which have the ability to carry more current for the same size of cable compared to PVC cables and have better strength at high temperatures. The company has also commenced manufacture of Halogen Free Flame Retardant (HFFR) cables which is a first for any cable manufacturer in the region.

Besides the new products, East African Cables has moved to entrench its market footprint in key East, Central and horn of Africa countries including Burundi, Eastern DRC and Southern Sudan this year alongside its operations in Kenya, Tanzania, Uganda and Rwanda. The additional capacity commissioned positions the company to take advantage of demand in these markets.

Ends

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Note to Editors

East African Cables was incorporated in 1966 and is one of the more experienced cable manufacturers in Africa with close to four decades of experience in cable production. A public limited company listed on the Nairobi Stock Exchange with its head office in Nairobi's Industrial Area, East African Cables is the premier cables manufacturer in East and Central Africa. It comprises of two manufacturing facilities in Nairobi, Kenya and one facility in Dar es Salaam, Tanzania. While the Nairobi factory was commissioned in 1966, the Dar facility was commissioned in 1977 and joined the East African Cables family on October 27 2005. Products manufactured by East African Cables include copper electrical cables and conductors for domestic as well as industrial applications and the company has over the years continually supplied the construction industry with quality products. The next range of manufactured products is the aluminium conductors and cables used for power distribution transmission over national gridlines.

E. A. Cables supplies a range of other cables including; Telecommunication cables, data cables, LAN cables, fiber optic cables and related accessories.