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Earnings in Vunani Capital Partners plunge as coal price nose-dives



Earnings in investment holding company, Vunani Capital Partners (VCP), have fallen on the back of logistical and financial hurdles in its coal portfolio, prompting the company to skip a dividend for the interim period to the end of August.

VCP is an investment holding company comprising of a portfolio of private equity assets unbundled out of Vunani Limited, which is JSE-listed, on February 12, 2021.

Listed on the Equity Express Securities Exchange, an alternative South African exchange, VCP has been buffeted by the woes of rising costs and depressed metal prices that have seen the price of coal perform poorly in the period under review compared to the previous contrasting half year.

“Investors will be disappointed to hear that the triple whammy of a collapse in coal prices, logistics issues and mining challenges, resulted in earnings and cash receipts from coal bottoming out,” the company said yesterday.

Coal prices in the first 10 months of 2022 traded above \$300 (R5715) per ton, but have more than halved during the same period this year. As a consequence of this, Vunani has had to skip payment of an interim dividend for the period under review.

Mark Anderson, the CEO of Vunani Capital Partners said: “We have had a tough six months for our coal investments that in the prior year were standouts. This has had a negative impact on our earnings for the period overall.”

Earnings in the company across major indicators were lower, with generated revenue down from R10.2 million last year to R6.7m over the same interim period to end August this year.

The energy and resources segment had a heavy weighing down effect, sinking to a loss of R0.4m compared to a profit of R72.6m in its 2022 first half year period.

Operating expenses, however, fell from R17.2m to R8.3m for the six-month period.

According to VCP, given that junior coal miners are granted port access through the Quattro programme, which had heightened logistics issues, railing for the period significantly declined compared to the previous period.

“This has resulted in lower earnings from the resources and energy sector. On the positive side there are some green shoots at both coal mines invested by VCP and a better performance is expected from resources in the second half of the year,” the company said.

It has also disposed of its longer-standing investment in Workforce Holdings while funding for three on-balance sheet property developments has been arranged, with construction now set to commence.

The closing of the Ditikeni Vunani Transformation Fund Partnership has also been another positive for the company. The fund, to be managed through a subsidiary, focuses on mid-sized corporates that have the ability to have positive impact on the environment among other transformation objectives.

Two additional renewables deals have also been concluded for the fund, with just under R100m raised to date for more deals.

Vunani Limited

Meanwhile, JSE and A2X listed, black-owned financial services group Vunani Limited, reported a slight decline in performance for the six months ended August 31, 2023 due to prevailing weak economic and financial conditions throughout the reporting period.

Revenue from operations excluding insurance premiums decreased by 5% to R213.6m, while basic headline earnings per share were at 18.2 cents per share, down from 20.4 cents per share the corresponding reporting period.

Ethan Dube, the CEO of Vunani said: “Vunani has remained steadfast through a difficult operating period. Macro-economic conditions have once again proven to be detrimental to an already subdued domestic market, which as a consequence has affected Vunani’s performance negatively. Nonetheless, the group remains well positioned to grow its underlying businesses and to take advantage of new business opportunities as conditions improve.”

The board declared a dividend of 9 cents per share (2022: 9.0 cents per share).