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Ansys Limited now firmly on the recovery track

AltX-listed rail technology and engineering company, Ansys Limited, is continuing on its recovery path.

The company's financial results for the first half ended on the 31st August 2011, released to the Stock Exchange News Service today, show that Ansys recorded a R6m profit for the period on a turnover of R51m.

Headline Earnings Per Share came in at 3.96 a share – up from 0.14 cents a share at the year end in February. No dividend has been declared.

Last year the company was incurring losses. But Ansys' recovery was evident at the year end in February this year when turnover increased by 27% to R98m, resulting in a modest profit for the year.

CEO Alan Holloway says loss making subsidiaries, such as Optocon, have now been sold off and the business has been refocused on the market segments, in rail and mining in particular, that have a track record of delivering sustainable revenue.

"The recently revised strategy has begun to show results in improved profitability – albeit at the expense of somewhat reduced turnover," says Holloway.

The company's main focus going forward, he says, will be on its rail business, being trackside measurement systems; train communications systems; and yard automation, and the mining industry.

Ansys has developed the only Continuous Rope Monitoring System (CRMS) for measuring the condition of mine wire hoisting ropes in-situ in the world. It is

busy executing an order for 10 of these units for AngloGold Ashanti's Moab Khotsong and Mponeng mines in the North West Province and is expecting orders for several more to follow.

These CRMS units sell at several million Rand apiece and are confirmed as the only units capable of doing web-enabled continuous rope monitoring at operational speeds in the world.

Ansys is currently developing a portable rope tester using CRMS technology which is now in the final stages of development. Four of these units have already been pre-sold and the system will go into production at the company's Centurion-based manufacturing facility next year.

Holloway estimates the immediate market for the portable rope tester is around a few hundred units. Meanwhile, one of its major customers for the in-situ rope tester has indicated that it would like to install the units at each of its shafts.

"There is an estimated market in the mining industry in South Africa for many hundreds of units, although it is possible that not all mines in SA will be fitted with one. We have also received enquiries from Canada, Russia, Zimbabwe and Tanzania," says Holloway.

He says the company is currently sitting with a forward order book of R70m split between mine rope testers, yard automation, trackside measurement systems and defence contracts.

Last month Ansys' yard automation business received a boost with the award of a large subcontract for the automation of the Sishen yard in North West Province. This follows Ansys' successful completion of three other similar contracts at Saldana, Salkor and Bayhead.

Says Holloway:

"We have reason to be optimistic. We expect the recovery in performance to continue into the second half of the year through the execution of current orders and continued sales – particularly of the Continuous Rope Monitoring System."

Ends

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