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Altron Limited

FY26 results - slightly ahead of expectations with a 120c special dividend

Altron announced FY26 HEPS of 239c, +34%. This is ahead of our 231c estimate with the beat coming from FinTech, a stronger recovery in ADB in 2H and a better performance from Altron Document Solutions. The full year DPS is 120c, in line with its 50% payout target, however, due to its strong cash position a special dividend of 120c has also been declared. We anticipated a higher payout ratio and/or special dividend in the future given the strong cash generation, however, this was not expected in FY26, a positive surprise equating to a 5% yield.

The result is dominated by the Platform businesses with 86% of EBITDA pre central costs. FinTech had a very strong year with EBITDA up 31%, Netstar up 16%, dragged down a little by its Australian operation. The Netstar SA business performed well with subscriber numbers up 9% to 2.2m, with stronger growth in Enterprise clients that generate higher margin. HealthTech EBITDA rose 22%.

IT Services grew revenue and EBITDA ahead of expectation in 2H with ADB generating an operating profit despite a loss in 1H. The outlook remains cautious given enterprise IT spend remaining constrained in SA. As indicated ADS performed very well with EBITDA up 46%.

FY26E benefited from an ongoing low tax rate and the change in depreciation policy (a R136m benefit). The tax rate will normalise going forward. On an adjusted basis the results remain impressive – excluding the depreciation policy change and a once-off pension fund expense, the operating profit rose 19% to

sharp decline in IT Services profitability.

There is a results presentation this morning at 9:30am.

<https://78449.themediaframe.com/links/altron260525.html>

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