

Mustek to lift tablet distribution to increase revenue

By [Thabiso Mochiko](#)

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Personal computer distributor Mustek will ramp up the distribution of tablet products in a bid to grow revenue from that segment to offset the decline in personal computer sales.



The bulk of the company's business is in assembling and distributing personal computers. Mustek already distributes Asus, Mecer, Lenovo, Acer, Samsung and Toshiba tablets.

The company, which on Wednesday (28 August) reported a 3.9% increase in headline earnings per share to 72.85c for the year to June, believes that it will become a key distributor in the local tablet market for new brands. "Over the next few years, this (tablet distribution) is likely to be a positive revenue driver," it said.

The group said it had become "even more apparent that the use of tablets will play an increasing role in education in the future."

The tablet market is dominated by Apple and Mustek said it was excluded from this growth opportunity. "However, statistics indicate that the other brands are catching up and Apple is steadily losing its tablet dominance," Mustek said.

According to Mustek skeptics have argued that the personal computer will be replaced with newer devices such as the tablet.

"Our view, premised on our ongoing interactions with our customers and this rapidly changing industry, is that the desktop will continue to transition into different formats based on evolving market trends and customer requirements," said Mustek's chief executive David Kan.

Tablet sales set to rise

In a report released in June, global research firm Gartner said that worldwide shipments of traditional personal computers - desktops and notebooks - are forecast to total 305m units in 2013, a 10.6% decline from 2012. Tablet shipments are expected to grow 67.9%, with shipments reaching 202m units.

"The sharp decline in personal computers sales recorded in the first quarter was the result of a change in preferences among consumers and also represented an adjustment in the channel to make room for new products hitting the market in the second half of this year," it said.

Mustek's profit rose from R77.7m to R81.2m. Revenue from continuing operations rose 16.3% to just over R4bn.

"The revenue growth during this period was supported largely by the addition of the Acer and Lenovo ranges, while Mustek expanded its basket of products with the introduction of other products including the Huawei Enterprise Solutions, Asus, Miniflex's range of fibre cables, as well as solar panels," the company said.

It said the addition of Acer and Lenovo negatively affected its performance as these products were typically sold at lower margins.

Hein Engelbrecht, managing director of Mustek, said the group had an exceptional year, considering the turbulent times the broader information technology industry experienced.

In the coming financial year, Mustek plans to aggressively grow its presence in the education, health, security and solar energy sectors. "We will be looking to diversify our existing offerings - focusing on increasing volumes as it remains a driver of performance across our operations," said Engelbrecht.

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