

PSV Holdings buys APE Pumps



AltX-listed PSV Holdings has bought APE Pumps, South Africa's market leader in vertical turbine designs, and a major contributor to the country's premium pump engineering industry.

The acquisition brings an original equipment manufacturer into manufacturing, while adding to APE the financial capacity that the company needs to manage an order book expanding rapidly from a current level of R25million.

APE recently secured an export order for axial-flow pumps worth R12million from Iraq, and expects additional orders to be placed soon. Access to the financial resources of PSV Holdings will enable the company to responsibly increase its turnover while competently managing work-in-progress.

PSV Holdings' acquisition of APE Pumps will facilitate an expanded engineering capability within the group as a whole.

Group pump and valve manufacturing operations are to be moved and consolidated at APE's Wadeville works, which will undergo reorganisation and expansion to optimise workflow and increase capacity.

Six CNC machines will be added to the factory early in 2008, doubling the size of the machine shop and reducing reliance on out-sourced contractors.

"There has been a reassessment of what APE does in its factory and what it does not do," explained Alan Sternsdorf, technical and sales director at APE Pumps. "In addition to a consolidation and streamlining of the manufacturing processes, there has been a reorganisation of top management."

Industry experts see the acquisition adding substantial strength to APE Pumps' position in the industry as a whole, firstly through the market expansion that PSV Holdings' subsidiary companies will immediately add to APE's current focus, and secondly through the financial muscle that will now directly support APE's working capital.

"PSV has subsidiaries servicing customers in Zambia, Malawi, Zimbabwe, Mozambique and other countries, which will help us in the drive and sale of pumping plant into these countries," Sternsdorf explained. "The group is also very active in power generation, both on power station upgrades and in new generative capacity. So there is synergy in that area because of the many hundreds of pumps that APE has sold into power stations.

"We are likely to increase our share of this market, as well as provide our own cross-selling opportunities to other PSV subsidiaries through our own strengths and connections," Sternsdorf said.

APE Pumps has exported product to the UK and 20 countries across sub-Saharan Africa and the Middle East.

Sternsdorf emphasised that the acquisition was a positive development for South Africa's pump industry, adding to national manufacturing capacity by freeing up APE Pumps to take on bigger projects, instead of reducing competition by removing a competitor from the market.

"Customers will benefit by receiving a better service from a larger number of group representatives, and by having access to a supplier with the capability of competently taking on larger projects without compromising lead times.

"Customers who have been hesitant to include APE Pumps on their tender lists should now do so because of these improvements to this company as well as its newly acquired BEE credentials," he said.