

# Vianet returns to profit amid upbeat view of growth potential

Internet of things provider Vianet has returned to profitability telling investors it was closing in on its pre-pandemic performance.

The AIM-listed Stockton business said that it had recovered strongly following the impact of Covid on its key markets and that it would return to pre-pandemic levels in 2023 before going on to achieve double digit growth in 2024.

Revenues during the period increased 58% to £13.22m, about 81.2% of pre-pandemic levels and up from £8.37m in 2021 as the the firm said its Smart Machines business was performing well spurred by a significant contract with coffee company Lavazza. It made an operating profit of £2.36m in year to the end of March

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Speaking to Business Live, Vianet's chairman, James Dickson, said that despite the pandemic's crippling effect on the hospitality industry he expected the firm to grow.

He said: "For a long time pre-pandemic we'd seen growth in operating profit and throughout the pandemic we maintained our operations and continued to invest – particularly in our sales force, which is nationwide but the majority of them are based out of Teesside.

"We've moved from managing the cash and continuing to invest to making it about top line growth. There's some great potential, in the main in the machines business but also in our hospitality-related business."

Vianet expects to retain its customer base at roughly 10,000 bars and pubs, with new business replacing some expected closures.

Mr Dickson added: "We're putting additional products and services into pubs and bars like data management and we're doing market research on brewers to sustain the profitability we get from there.

"We've been doing addition work on our technology to get the price of hardware down and make it more applicable and we've been doing work on developing stock management software for the beer industry and that will help us appeal to a wider range of publicans and pub operators outside the lease and tenanted sector."

Across Vianet's Smart Machines business – which provides telemetry to operators of coffee machines and food vending firms – adjusted operating profit was £1.82m, up from £1.1m in the year before, though the firm had added about £300,000 of overheads in the past year to successfully drive sales.

Mr Dickson said the division was very scalable and to add another 10,000 machines would not require significant new overheads.

He added: "We are delighted that, in our Smart Machines division, we reported a 6.9% increase of new connected devices compared to pre-pandemic levels.

"With the growing trend towards non-cash transactions and following our investment into the division, we have seen Smart Machines increasingly converting opportunities available to it.

"Having secured two significant recent contract wins and with the launch of SmartVend solution expected in H1 2023, we are confident that the division will continue to grow strongly."

Despite additional costs posed by global semiconductor shortages – Vianet expects a bill of £400,000 this year – the firm said it would continue to manufacturing in order to get more machines out to market.

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