

## **R1 BILLION ACQUISITION TO REPOSITION BUILDMAX AS LEADING CONSTRUCTION AND MINING SUPPLIER**

**The acquisition of companies comprising the Buildco Group (“Buildco”), for up to approximately R1 billion, is set to reposition JSE building materials supplier Buildmax as a leading diversified supplier of construction materials, equipment and services to the robust construction and mining industries,** the company announced today. The enlarged Buildmax group will boast turnover of approximately R1 billion.

Buildco comprises a number of well established businesses with track records between 20 and 70 years that quarry, manufacture and distribute a range of materials to the construction industry and provide open cast mining services, rehabilitation and equipment hire to the mining industry. Specifically these businesses include sand quarry operations, sand and aggregate distributors, cement brick and block manufacturers and contract mining and plant hire operations.

Paul de Klerk who heads Buildco, will be appointed the new CEO of Buildmax on completion of the acquisition. He points out that all executive management of Buildco’s businesses will stay onboard and continue to run their operations, adding that they will hold significant stakes in Buildmax.

He explains that the acquisition will see a restructuring of Buildmax into two key units – Construction Materials and Equipment & Services.

De Klerk says the group expects Equipment & Services, initially comprising Vukuza Earthworks (“Vukuza”), to grow by acquisition and contribute around 50% of turnover in time. “Driven by the global surge in demand for coal Vukuza will enable Buildmax to capitalise on opportunities in coal-related open cast mining.” Vukuza boasts a fleet of more than 120 earthmoving and mining vehicles.

The Construction Materials division will comprise three divisions. Through a fleet of over 130 trucks “Aggregates & Quarries” will distribute sand, aggregate and building supplies to private and public sector customers in Gauteng. Companies comprising this division include: Crushco – the largest river sand quarry in Gauteng – quarries Alfa Sand Works and Verlesha Investments and Mystic Blue which has prospecting rights in Gauteng, as well as aggregate distributors Wit Deep Sand and Stone (“Wit Deep”) and Benoni Sand and Buildware (“BSB”).

The “Bricks & Blocks” division will manufacture a range of cement bricks, blocks, paving products and kerbs in 15 factories with a total monthly output of 60 000 tonnes. De Klerk says the division will aim to increase its share of the cement products market in the Western Cape through the region’s largest manufacturer – Columbia DBL (“Columbia”) - and in Gauteng through Cast Industries (“Cast”), to increase its participation in infrastructure and road construction spend. He adds that the existing cement brick business in Buildmax – Watson Concrete – will benefit from the technical expertise and strong management teams of Columbia and Cast.

The original operations of Buildmax will form the third unit, “Building Materials”.

The Buildco acquisition remains conditional on shareholder and regulatory approval. Looking ahead de Klerk says Buildmax is involved in talks regarding further acquisitions to augment Vukuza's offering and bolster the Equipment & Services division. He says this will ideally position Buildmax to build aggressive market share in the high-growth mining sector.

He is upbeat about Buildmax's prospects. "We are confident that the new growth strategy will enhance the value proposition for Buildmax investors. Buildco's long-standing businesses with strong brands and experienced management have positioned the new Buildmax to take advantage of buoyant conditions in the industries in which it operates."

He concludes: "Increasing demand from both the construction industry, which stands to benefit from government's and the private sector's multi billion rand spend on infrastructure expansion, and the burgeoning mining and energy sectors, should cement the expanded group's positive prospects."

Buildmax shares closed trade yesterday at R3,40 a share.

Ends.

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