

ENLARGED BUILDMAX FORECASTS REVENUE OF R1,7 BILLION

Following the announcement of two major acquisitions, JSE-listed Buildmax has today announced revised forecast revenue of R1,7 billion, profit from operations of R373 million and profit after tax of R201 million to February 2009, making the group a leading competitor in its sector. Buildmax last month announced the acquisition of Diesel Power Open Cast Mining (Pty) Ltd, one of the largest opencast mining and earthmoving contractors in the country, which followed its earlier acquisition in December 2007 of the Buildco group of companies supplying equipment and services as well as construction materials to the mining and construction industries (“the acquisitions”).

The acquisitions have significantly extended the group’s scale and range of services, repositioning Buildmax as a leading diversified supplier to the mining and construction industries. Forecast growth in earnings is expected to translate into an increase of 108% in headline earnings per share to 22,5 cents.

Buildmax will operate through two key divisions - Equipment and Services and Construction Materials. Incoming CEO Paul de Klerk says Equipment and Services is set to be the major contributor to the group’s top and bottom line growth. “Equipment & Services is expected to generate roughly 57% of forecast revenue and 72% of EBITDA to February 2009. Through two recognised brands in Diesel Power and Vukuza Earth Works (a member of Buildco) and a fleet of more than 600 vehicles, the division provides opencast coal mining, civils and bulk earthworks to major mining and construction groups in South Africa.”

He explains that rampant demand for coal and other commodities worldwide is a growth opportunity for the division. “Locally Eskom’s demands are a key factor in securing long-term growth. Immediate high demand for coal is expected to escalate further in the medium term to fire re-commissioned power stations and in the longer term to fuel the new stations in planning. The operations in Equipment & Services are registered contractors with major mining and construction groups in South Africa which offers Buildmax a strong foothold in this market.”

He says though that the shortage of equipment is impeding growth at these clients. “In this respect Buildmax has a further competitive advantage as Diesel Power and Vukuza are large, established purchasers of construction and mining equipment for the past 20 years.”

Buildmax’s Construction Materials division houses sand quarry operations, aggregate distributors and cement brick and block manufacturers. The division comprises a number of well-established businesses with track records of consistent profitability for the past 20 to 70 years.

Partly to fund the Diesel Power acquisition Buildmax intends to raise between R270 million and R370 million new capital for the group. Shares will be issued to select investors at a price ranging between R1,80 and R2,20 on a forward price:earnings (PE) ratio to February 2009 of between 8 and 10. De Klerk adds that the balance of the new capital will be used to reduce group debt and fund further organic growth.

He is confident that the acquisitions have positioned the group for sustainable long-term growth, building on the strong brands, management and experience of the companies acquired. “The acquisitions have strengthened Buildmax’s value proposition and we are confident of delivering real growth to shareholders.”

The new shares are intended to be floated on the JSE on 2 April 2008, and revised listing particulars with further detail of the acquisitions and capital raising have been posted to shareholders today.

Buildmax shares closed trade yesterday at R3,80 a share.

Ends.

Issued by: Envisage Corporate & Investor Relations
Nicole Katz
(011) 325 5944/083 287 2771
Michèle Mackey
(011) 325 5944 / 082 497 9827

On behalf of: Buildmax Limited
Paul de Klerk
(011) 968 1166/083 460 7553

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