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Raubex eyes further purchases this year

■ Order book up to R6.55bn

Roy Colkayne

RAUBEX has acquired majority stakes in two family-owned businesses and anticipates making further acquisitions in its current financial year. The listed road construction and rehabilitation company is also targeting expanding its presence in Africa.

Chief executive Rudolf Fourie said yesterday that Raubex had acquired a 70 percent stake in OMV Crushers, a commercial crushing business with operations in the Northern Cape, North West and northern Free State, and a 60 percent stake in Shisalanga Construction, a commercial asphalt operation with plants in Newcastle, Dundee and northern KwaZulu-Natal.

Fourie declined to comment on the value of the transactions because their finalisation was still subject to conditions precedent, including the approval of the Competition Commission.

He stressed that both transactions were important to Raubex because the Raumix division did not have a footprint in the Northern Cape, North West or northern Free State and Roadmac did not previously have any presence in northern KwaZulu-Natal. Roadmac is a specialist in the manufacturing and laying of asphalt and Raumix the materials division of the group.

Fourie said OMV had an annual turnover of between R120 million and R140m and the intention was for Raubex to acquire the remaining 30 percent in the company over the next five years.

Raubex



He said Shisalanga Construction had an annual turnover of about R165m.

Fourie said the acquisitions would enhance Raubex's earnings and confirmed the group was looking at a few further acquisitions. "That is why we are keeping our balance sheet strong. We believe there are good opportunities in the market at this time, provided you can get them for the right price," he said.

However, Fourie said the timing of further acquisitions was uncertain because transactions were taking longer to finalise because of all the regulatory requirements.

Fourie said good progress had been made in growing Raubex's international exposure and the group had secured significant contracts in Zambia and Namibia.

He confirmed that the group was seeking to expand its presence in Africa in the road construction, mining and material handling sectors, but would favour English-speaking countries and those where the legal



Raubex, which released its results for the year to February yesterday, has acquired control of two family-run businesses.

PHOTO: SUPPLIED

system would enable it to enforce its contracts.

In particular Raubex was looking at expanding into certain parts of the Democratic Republic of Congo and Nigeria.

The group in the year to February grew its secured order book to R6.55 billion from R5.23bn in the previous year, with 26 percent attributable to contracts in Africa.

Fourie said this was the highest level its African order book had reached and its ideal target was 30 percent, subject to the group obtaining the right margin on these contracts to take account of the increased risk in African countries.

For this reason, African contracts accounted for about 9 percent of Raubex's turnover this year, but this was forecast

to increase to 15 percent next year, he said.

Raubex reported yesterday that headline earnings a share increased almost 18 percent year on year to R1.871 in the year to February. Revenue climbed by 12.2 percent to R6.3bn and operating profit grew 11.6 percent to R539.9m.

Cash generated from operations before finance charges

and taxation fell 12.5 percent to R751.4m, which was largely attributable to the payment of the R58.8m Competition Commission penalty for collusion and bid rigging contraventions and an increase in the group's working capital.

A final dividend of 35c a share was declared.

The shares dipped 1c to close at R23.10 yesterday.