

PRESS RELEASE
RACEC Group Limited

RACEC embarks on AltX listing to fund future growth

For immediate release
Johannesburg

Release:

Engineering infrastructure solutions company, RACEC today announced its intention to list on the JSE's AltX market in the second half of October 2007. RACEC's listing presents an attractive investment opportunity in a well established asset which is poised to benefit from high capital flows into domestic infrastructure.

RACEC has forecast revenue of R211,9 million and R326,0 million for the years ended 30 September 2007 and 2008 respectively, translating into estimated headline earnings per share of 7,9 cents and 15,9 cents for these periods.

The Group has two specialist operating divisions, RACEC Rail and RACEC Electrification, through which it provides all aspects of railway and electrical infrastructure to its clients across southern Africa. RACEC Rail focuses on construction and maintenance of railway tracks throughout southern Africa while RACEC Electrification delivers the complementary rail electrification as well as electrical reticulation and distribution solutions to the construction industry. Established in 1956, the Group has a strong track record of delivery, with a leadership position in its target markets. It has enjoyed an average revenue growth rate of 30% in the past ten years. The Group now boasts an impressive client base which includes Metro Rail, the South African Rail Commuter Corporation (SARCC), Spoornet, Eskom, local municipalities and a number of South African and multi-national blue chip companies.

With significant infrastructure investments planned in South Africa in the medium term, including the government's budget of more than R46 billion to upgrade the domestic rail infrastructure, RACEC Rail is poised to maintain its growth track record going forward. Included in the government's expansion plans are Spoornet's infrastructure upgrades to meet increased throughput requirements at the Richard's Bay Coal Terminal, rail connections to the new Ngqura port at Coega and an investment of R450 million for a non-stop link between Cape Town City Centre and the Cape Town International Airport. In addition, a R1 billion upgrade of the Western Cape's rail infrastructure is planned.

RACEC Electrification is equally well positioned given Eskom's extensive plans to increase the supply of electricity in South Africa, with potential capital expenditure requirements of up to R1 trillion in the next 25 years. The Group's reticulation and infrastructure capability will benefit from Eskom's three-year budget of R17,7 billion to refurbish, strengthen and maintain its distribution networks as well as the government's low cost housing initiatives which have become a higher priority.

“Our order book, which includes a solid base of annuity maintenance contracts extending until at least 2011, has shown consistent growth in the past twelve months and supports more than 27% of our 2008 revenue. Long term maintenance contracts at the Richard's Bay Coal Terminal, as well as Sasol Synthetic Fuels and Highveld Steel provide us with a strong base of annuity revenues,” explains Charles Harrod, Chief Executive Officer, RACEC. “We are also currently involved a large number of contracts, most notably, expansion projects at the Sishen Saldanha Ore Line and the Richards Bay Coal Terminal as well as the national installation of universal sleepers for Spoornet and the electrical reticulation at the V&A Waterfront in Cape Town.

As regards the future strategy of RACEC, Harrod comments that, “the heightened levels of infrastructure investment activity bring with them a host of exciting prospects for RACEC. We recently acquired JMB Electrical Contractors (established in 1972) which extends our offering in overhead electrical reticulation. We have identified further opportunities to strengthen our positioning and will apply the capital raised with our listing to fund organic growth and potential acquisitions.”

Issued on behalf of RACEC Group by:

Stéphanie Leclercq

Tielle Communications

Tel: 011 884 9681 / 083 307 7587

email: stephaniel@tielle.co.za

For further information contact:

Charles Harrod

Chief Executive Officer

RACEC Group

Tel: 021 531 7540 / 083 655 4410

email: Charles.harrod@racec.co.za

No virus found in this outgoing message.

Checked by AVG Free Edition.

Version: 7.5.488 / Virus Database: 269.13.39/1045 - Release Date: 2007-10-02 06:43
PM