

Sanyati extends reach with Meyker

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ALIX-listed civil engineering and construction group Sanyati Holdings said yesterday it planned to expand its geographic footprint and broaden its services offering after buying telecoms infrastructure company Meyker Group for R220m.

The group said the acquisition would help position it to benefit from major infrastructure projects in SA and elsewhere in Africa.

The amount would be settled in four payments over three years through a combination of cash and shares, subject to warranted net profit after tax for each year until February 2010.

An additional R30m may become payable in cash after the final instalment on the same basis.

The company said up to 43,8-

million new shares would be issued in total, at R3,23 each.

The cash portion of the purchase price would be funded from existing cash on hand. Initial pro forma numbers indicate the acquisition would boost Sanyati's earnings per share by 45% to 12,69c from 8,74c.

Meyker Group focuses on telecommunications infrastructure and has operations in Free State, Northern Cape, Limpopo and Botswana. It is a specialist supplier of optical fibre cable installation for MTN, Vodacom, Transtel and Neotel. Meyker also offers project management and road and bridge building for other clients, including Eskom and the government.

Sanyati CE Rick Jackson said the earnings-enhancing acquisition was a further initiative in line with the company's strategy to expand regionally beyond its traditional

KwaZulu-Natal base and maximise exposure to infrastructure expansion countrywide and elsewhere in Africa. Jackson said Meyker Group had an established record in the supply and maintenance of masts and stay foundations for the telecommunications industry, supported by an in-house fleet of specialised equipment.

"This has enabled the company to secure a database of leading corporate and public sector clients in this industry, which will further expose Sanyati to this high-growth market segment," he said.

Jackson said as a result of the increasing number of telecommunications operators and consequent industry expansion, demand for Meyker's niche skills was strong; accordingly it had a number of projects under way to expand the country's fibre-optic networks.