SANYATI TREBLES Y-O-Y REVENUE GROWTH TO MARK R1 BILLION

AltX civil engineering and construction group Sanyati Holdings almost trebled turnover to R1 billion for the year to February 2008 from R379,6 million for the previous year, in record results that outstripped the group's revised projections. Sanyati's 20th year of operation saw the group successfully conclude three strategic acquisitions, restructure operations and attain the highest CIDB rating.

Profit attributable to shareholders more than doubled by 145,8% to R59,4 million from R24,2 million, which beat by 12% the revised forecasts (published in May 2007 on conclusion of two of the acquisitions). Headline earnings per share (HEPS) increased 89,4% to 22,31 cents from 11,78 cents, 22,4% ahead of the revised forecasts despite an increase in the number of shares in issue.

All Sanyati's operations experienced good organic growth, which accounted for 74% of the growth in turnover. Complemented by the acquisitions, this translated to a significant increase in profitability. Margins in the Building segment were impacted in the second half of the year by expansion into the Gauteng market through the piling and geotechnical operation and unusually high rainfall at the end of 2007, although the division nonetheless increased its contribution to group profitability year-on-year. In contrast the second half of the year saw both Civils Coastal and Civils Inland rev-up performances to post higher profitability, and Roads shone with a significantly improved contribution to the group's bottom line.

CEO Rick Jackson says the group is active in a number of major infrastructure projects including the King Shaka International Airport, The Bloemfontein stadium for 2010 and projects for Eskom, Gautrain and the South African National Roads Agency (SANRAL).

During the year Sanyati acquired Gauteng-based Ruthcon Civil Contractors ("Ruthcon") and GEM Earthworks ("GEM"), which also operates in Mpumulanga and the Eastern Cape, and the Meyker Group which operates in the Free State, Northern Cape, Northern Province and Botswana. Jackson says the Ruthcon and GEM acquisitions have integrated well and significantly contributed to growth, while the Meyker group, which exposes Sanyati to telecomms infrastructure spend and related niche markets, was concluded a month from year-end and offers good growth prospects for the future.

The acquisitions further extend Sanyati's geographical footprint beyond Kwa-Zulu Natal across South Africa and into Africa as well as boost BEE ownership. The group is strongly black empowered with black direct share ownership standing at 43%. Jackson says the acquisitions embody achievement of some of the group's goals on listing. "Through the acquisitions we have extended our geographical reach to maximise exposure to the infrastructure-led boom which continues unabated, and positioned the group to meet our target of majority black ownership by the end of 2009."

He explains that with the incorporation into the group of the new companies, opportunity was ripe to streamline the structure under a single brand. The consolidation of subsidiaries into clear divisions under the Sanyati brand led to the group's CIDB (Construction Industry Development Board) rating being ramped up to a level 9. "This is the highest possible rating and will pave the way for accelerated growth, allowing us to tender on any size contracts in South Africa which is a significant competitive advantage in seizing greater market share." Sanyati's strong empowerment credentials will further help position the group as candidate for large government tenders.

Jackson is upbeat about the coming year and says that the group is on track to set a new benchmark with budgeted turnover of approximately R1,8 billion. He is confident growth in the industry is sustainable, supported by projections of the South African Federation of Civil Engineering Contractors (SAFCEC) that current industry conditions should continue beyond 2014. "Sanyati is also involved in private and public sector building and civil engineering projects across Africa including in Botswana, Zambia and Rwanda, where growth prospects look strong."

He concludes that with 78%, or R1,4 billion of the order book to February 2009 already in hand, Sanyati is well-positioned to deliver real growth in revenue and earnings to stakeholders.

Sanyati's share closed yesterday at R2,53 putting the company on an historic PE of 11,34.

Ends.

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Issue date: **20 May 2008**