

B&W OUTSTRIPS FORECASTS WITH RECORD INTERIMS AND STRONG HARD CURRENCY ORDER BOOK

AltX electrical and instrumentation (“E&I”) construction company B&W Instrumentation & Electrical (“B&W”), today posted record interim results for the six months to February 2008 with all key performance indicators reflecting considerable growth. B&W more than doubled revenue from this time last year to R219 million, generating a 215% increase in profit after tax to R28,1 million in line with its March 2008 trading update. The period also saw the group bolster its Africa order book with a number of new cross-border contracts.

Earnings per share (EPS) was up 165% to 14,05 cents from the previous comparative period. The group’s strong performance and cash-flush position have prompted the declaration of an interim dividend of 2 cents per share.

Executive Chairman John Barrow says the group’s excellent performance is reflected in gross profit equating to 22% of revenue compared to 18% in the comparative period in 2007. Healthy cash flows of R34 million boosted income from interest to R3,3 million from R0,4 million.

He is confident the growth trend is sustainable. “While the completion of a number of large projects drove growth in the period, we also secured R214 million worth of new contracts and negotiated R83 million worth of additional work on existing contracts.”

CEO Brian Harley says that approximately 90% of the new contracts are cross-border contracts, which is in line with the group’s revised strategy. “An industry analysis has shown that the current electricity crisis should have no material impact on B&W’s confirmed contracts in 2008 and 2009. However, an anticipated impact on all projects industry-wide from 2010, whether through cancellation or postponement, has prompted us to intensify our focus on cross-border contracts.”

B&W for instance secured a R135 million contract during the period for the electrification of a nickel mine in Madagascar, in partnership with leading Canadian construction group SNC Lavalin. “These cross-border contracts mean that B&W has strengthened its hard currency income stream with a greater portion of revenue to be derived in US Dollars, which bodes well for long-term growth and sustainability.”

Looking ahead Barrow is optimistic about the group’s prospects. “In addition to intensified focus on Africa, we are also targeting increased penetration of high-growth industries such as oil and gas and nuclear power generation.” He adds that despite an anticipated impact of the electricity crisis on contracts from 2010 onwards, substitute contracts from other sources are expected to come on-stream. “As corporates start optimising their lesser allocation of electricity, the coal industry ramps up to accommodate Eskom’s demands and Eskom itself launches new projects, new contracts will replace those that may have fallen away.”

He says that B&W’s growth strategy has positioned the group to exceed its financial forecasts for the full year to August 2008. “HEPS and EPS for the full year are expected to be between 50% to 70% higher than forecast in the prelisting prospectus at between 24.8 cents and 28.1 cents.” He concludes that 2009 looks positive too,

with the new contracts secured during the period rolling over and estimated to contribute 30% of 2009 budgeted revenue.

B&W builds E&I infrastructure for plants in the industrial utilities, mining, chemical, oil and gas and food and beverage industries. Services include equipment procurement, project supervision and installation of the E&I system. Post-installation B&W further provides specialised calibration and commissioning to optimise the E&I system, as well as ongoing maintenance.

B&W's share closed yesterday at R2,23, putting the company on an annualised historic P:E of 7.9 for the period ended February 2008.

Ends.

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