

Business & Technology

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Raubex seals R120m deal



the road ahead: Raubex has entered into a beneficial deal with Sasol Oil which sees the group spending R120m. Picture: Getty Images

Sibonelo Radebe

Construction group Raubex has sealed a R120m deal to acquire bituminous products operation Tosas from Sasol Oil in what could address the group's bitumen supply shortages that affect the industry.

An extract from Raubex's financial statement for the six months ended August 2012 highlights the importance of this transaction.

"A re-occurring short supply of bitumen is anticipated in the country during the summer months and the group has strategies in place, including importation and storage solutions, to mitigate potential supply disruptions from refineries."

Raubex announced yesterday on the JSE that it has reached an agreement with Sasol Oil to proceed with the deal.

It added that all necessary regulatory approvals, including that of the Competition Commission, had been received.

The acquisition will be effective from next Friday.

The group said the acquisition represented a strong strategic fit for Raubex's business.

Raubex is an integrated road construction and rehabilitation company across southern Africa. It described Tosas as a leading manufacturer and distributor of value-added bituminous products for roads.

"Tosas' footprint includes bitumen processing and storage facilities inland of South Africa as well as a significant presence in Namibia and Botswana."

The JSE-listed Raubex has over the past few years benefited hugely from South Africa's road network rehabilitation.

The country has in the past rolled out a massive rehabilitation programme. But competition has increased while contracts have shrunk.

Raubex has performed well, as can be seen from recent results. Figures for the six months ended August 2012 show revenue increase by 7.7% to R2.81bn while operating profits rose 3.1% to R290.8m.

Commenting, Raubex financial and commercial director Francois Diedrehsen was quoted as saying: "Although the operating environment remained challenging during the period, we have continued to grow revenue and maintained a stable order book.

"The roads division is beginning to show signs of stabilising, supported by a relative easing of competitive pressures.

"This positive development is being monitored against the impact of the tolling dispute on our client as well as the impact of the labour unrest.

"The group's healthy balance sheet and strong cash position maintained through difficult times allows us to take advantage of opportunities arising from a more stable competitive environment locally but also internationally as we grow our portfolio of African projects across all three divisions."