

# WG WEARNE

## Media Release

### **WG Wearne releases excellent interim results Growth surpasses expectations**

*Thursday, 18 October 2007:* AltX-listed WG Wearne, a supplier of ready mixed concrete and aggregates, today announced its interim results for the period ended 31 August 2007, reporting a 55.2% increase in revenue to R259.1 million.

Gross profit increased by 69% to R86.2 million. Gross profit margin increased to 31.9%, compared to 30.5% achieved for the comparative period last year. EBITDA grew significantly by 114.2% to R56.8 million (2006: R26.5 million). EBITDA margins increased to 21% (2006: 15.9%) due to improved recovery of administrative expenses. Headline earnings for the period almost doubled to R23.2 million (2006: R12.7 million).

John Wearne, CEO, says that the De Bruyn acquisition of three sand and stone quarries is now fully incorporated into Wearne's results for the period, with the acquisition of a quarry in Tzaneen becoming effective on 1 August 2007. The acquisition of the Willowsfontain Quarry in Pietermaritzburg has not yet been completed, due to the fact that one of the conditions has not yet been met. "We anticipate that this will be completed by the end of October," he says.

Wearne is confident that the company will maintain revenue levels for the remainder of the year, despite the traditional slow down due to the builders' break over the festive season.

"Prospects are promising, with the aggregate division winning additional contracts to the value of R20 million from Concor Roads, a division of Murray & Roberts. The ready mixed concrete division has also been named as preferred supplier for the Legend Golf and Safari Resort Estate in Naboomspruit, a development by Global Design and Build Solutions (GdbS). GdbS is a joint venture between JSE-listed IFA Hotels & Resorts (involved with the Boschendal and Zimbali Estates) and Legend Lodges, Hotels & Resorts. The value of the contract will be in excess of R130 million over a five years," he says.

The company invested heavily in additional plant and equipment during the period to meet growing demand, to the tune of R95 million (this amount includes assets of R10 million that form part of the Tzaneen quarry acquisition).

The Board approved additional capital expenditure of R50 million for the acquisition of plant and equipment. Wearne's vertical integration strategy

includes capital expenditure of R20 million for a pre-cast concrete manufacturing business in Polokwane. Other plans include the establishment of a brick manufacturing plant in Bethlehem in a joint venture. ENDS

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