

## **PRESS RELEASE**

### **RACEC Group Limited**

#### **Successful debut for RACEC on AltX**

**For immediate release**

**Release: Johannesburg**

Engineering infrastructure solutions company, RACEC today started trading on the JSE's AltX market, with trade opening at 146 cents and shares trading to a high of 170 cents. Approximately 28 million shares were placed, with several South African institutions and a broad base of private investors. The private placement attracted applications totalling more than R500 million, demonstrating strong interest in the Group's activities which are poised to benefit from the ongoing investments into domestic infrastructure, both from the private and public sectors.

With its forecast revenue of R326,0 million for the year ended 30 September 2008, translating into estimated headline earnings per share of 15,9 cents, RACEC opened trade on a forward price to earnings ratio of 9,2 times.

As regards the Group's growth prospects, Charles Harrod, Chief Executive Officer, RACEC explains that "we are well positioned to meet our growth targets, supported by strong annuity revenue flows on long term maintenance contracts. In addition, our positive outlook is underpinned by the South African government's extensive budgets to upgrade the domestic rail infrastructure and Eskom's substantial investment plans to increase capacity which span many years."

The Group, which was established in 1956, has two specialist operating divisions, RACEC Rail and RACEC Electrification, through which it provides all aspects of railway and electrical infrastructure to its clients across southern Africa. RACEC Rail focuses on construction and maintenance of railway

tracks throughout southern Africa while RACEC Electrification delivers the complementary rail electrification as well as electrical reticulation and distribution solutions to the construction industry.

The R28 million proceeds of the listing are earmarked to fund growth opportunities including the R8,4 million purchase consideration for JMB Electrical Contractors, a complementary overhead reticulation contractor, acquired on 1 June 2007.

“We will consider additional acquisitions of niche businesses which enhance our current rail and electrification service offering to enable us to better service our clients which are balanced between both the private and the public sector,” comments Charles Harrod, Chief Executive Officer, RACEC. “The remainder of the listing proceeds will also be applied to fund organic growth on specific opportunities while we will consider extending our national footprint into regions where we are currently not represented.”

By midday, 2,7 million RACEC shares had traded at an average price of 149 cents per share.

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