

MAZOR A STEEL ON ALT X

As the market leader in the supply of steel and aluminium products in the Western Cape, 26 year-old Mazor Group is well positioned to exploit unprecedented levels of growth in the R100 billion SA building and construction industry. Mazor today announced its intention to list on AltX in late November 2007 to pave the way for national expansion.

Mazor Steel designs, supplies and erects structural steel frames, while Mazor Aluminium designs, manufactures and installs aluminium structures such as doors, windows, shop fronts, facades and balustrades for major construction blue-chips such as Group 5, Murray & Roberts, Stocks Building Africa, WBHO Construction and NMC. Mazor Aluminium is South Africa's leading specialist in the technique of glass façade cladding.

Mazor has contributed to many of the Western Cape's most prestigious construction projects including the Arabella Sheraton Grand Hotel, which utilised Mazor's specialist capability for glass façade cladding, Grandwest Casino, Canal Walk Shopping Centre, V&A Waterfront, the South African Large Telescope (SALT) and Mandela Rhodes Place. Since the family business was founded by Shlomo and Judy Mazor in 1981 it has grown into a well recognised brand in the Western Cape and now employs over 300 people.

Revenue of R142,2 million for the year to February 2007 generated net profit of R34,0 million, up on net profit in 2006 of R20,7 million. The growth trend is set to continue into 2008 with revenue forecast to rise to R161,9 million and net profit to R41,9 million.

CEO Ronnie Mazor is confident of achieving these targets with an aggregate order book of R115,8 million already in hand, to which Mazor Aluminium will contribute R64,8 million and Mazor Steel R51 million. "Looking ahead to 2009 we currently have a probable project pipeline of R420 million made up of R240 million in Mazor Aluminium and R190 million in Mazor Steel," he says. "We are confident of Mazor Aluminium's market leadership in South Africa in glass façade cladding and ensure that we maintain sophisticated technology and equipment to remain at the forefront of this niche."

He adds that the owner-managed structure of the group differentiates Mazor from competitors. "Entrepreneurialism has enabled us to become a well respected leader in our industry in the Western Cape and remains a strong ethos of our current management." He says retention of this management and commitment to the company is incentivised. "Our founders and executive management will continue to hold a large stake in the company after listing - 39,2% will be held by executive directors and 26,2% by Mazor's founders."

On listing Mazor plans to introduce a staff incentive scheme to benefit black staff. Ronnie Mazor says he is mindful of the need to improve the company's BEE platform to support growth. "We have strict criteria for a BEE partner with regard to the ability to add value strategically for the group going forward. We will look to introduce a relevant partner when the timing is appropriate in light of the group's overall growth

strategy and are positive the listing will enhance Mazor's profile to attract such a partner at group level."

Mazor intends to raise a maximum of R90 million in a pre-listing private placement. Up to 22,5 million shares will be placed at R4 (on a forward price:earnings (PE) multiple to February 2008 of 10,1). A limited vendor placement of up to R80 million will complete the private placement.

Ronnie Mazor says the new capital will boost the company's working capital to meet increasing demand. "We intend to invest in new plant and equipment to enhance capacity and efficiency." He adds that the company will also focus on expanding its product offering through exposure to new complimentary niche markets. The new capital will further fund national expansion of Mazor's manufacturing and fabricating networks. "We will leverage our established brand to extend operations into other regions in South Africa and widen the group's exposure to the growth opportunities in the construction sector."

He concludes: "We believe the business offers a sound investment in a high-growth industry with strong prospects. Our manufacturing capability and specialised product range supported by engineering expertise, as well as our loyal client base and track record of delivery, position the group to continue our growth in profitability."

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Issue date: 1 November 2007