

MAZOR SOLDIERS ON TO BRIGHTER FUTURE

JSE construction materials supplier, Mazor Group (“Mazor”), felt the first positive effects of a slowly recovering economy to post improved results for the year to February 2012 that saw key financial markers up. The group successfully diversified its geographic footprint and product range to build a solid order book and counter the still embattled construction market in the Western Cape, where Mazor is based.

Revenue increased 25% to R233,4 million from R186,8 million at the same time last year. Operating profit was up by 49% to R2,5 million.

CEO Ronnie Mazor says although he is satisfied with the improvement in performance, he is cognisant that results remain subdued. “Nonetheless we are confident that the foundation is laid for continued growth that should see us reach pre-2010 levels of activity in the foreseeable future.”

He explains that sales volumes were hampered during the year by April’s public holidays and industrial action in July 2011 that lasted longer than anticipated. He points out that expansion in the *Glass* division, both of its geographic footprint and product range, helped offset the negative influences to a degree to boost overall volumes.

Mazor Aluminium scooped a number of new projects reflecting the gradual upswing in the construction sector in most South African regions. Ronnie Mazor says he is positive the new projects will translate into a substantial turnaround for the division towards the end of the new financial year. To further support his growth forecast, the division will continue exploiting newcomer HBS’ client base and market access as well as introducing further new products.

The *Glass* operations maintained their upward growth curve, also through product diversification and geographic expansion in Compass Glass. “Revenue was up 33% despite a general slowdown in the sector, highlighting the success of our rationalisation programme last year as well as diversification into industries other than architecture,” explains Ronnie Mazor. Compass Glass in Johannesburg, which was historically a loss leader for the group, successfully repositioned to achieve profitability month-on-month in the second half of the year.

Steel scored more work over a greater geographical spread to efficiently counter the diminished work pool in the Western Cape. As a result revenue increased 21% to R80,2 million and operating profit was up 70% to R10 million. Ronnie Mazor says a consistent performance is expected in the short-term with a strengthening of volumes and margins in the second half of FY2013.

He is optimistic that the group’s growth will sustain as macro-economic conditions continue improving. “There are definite signs of recovery in the residential, commercial and industrial construction markets with the economy in the Western Cape starting on the mend”. He adds that project finance is now becoming more readily available, “a welcome relief after a year plagued by project delays due to funding constraints”.

Ronnie Mazor concludes that the group has emerged from the last tough two years “a little more weathered and a lot wiser”, watching costs, honing its market offering and streamlining operations. “We intend to capitalise on higher margin work as it becomes available and are well-positioned to achieve this objective through a broad presence across South Africa and a fast expanding product range that is helping the group penetrate previously untapped markets.” Mazor will also place a stronger emphasis on marketing and sales going forward to underpin growth.

Mazor’s share closed yesterday at R1,70.

Ends.

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