



Iron Ore modular plant, Northern Cape

**E**LB Group's diversified business model has cushioned it from feeling the negative impacts of the mining sector's tail-end recession. In fact, 2014 represents a year of solid performance and satisfactory growth for the company.

"It is thanks to our widespread geographic footprint, industry knowledge, expertise and integrated solutions offering, covering all aspects of the mining value chain but primarily two main business areas – mining and construction equipment and a range of engineered services – that we are able to explore and provide services across multiple platforms and sectors," says ELB Group CE Dr Stephen Meijers.

**2014: Stable and satisfactory**

"The general construction and mining industries in South Africa have been under pressure and overall market size has subsequently reduced, quite substantially. This did impact on and result in a lower 2014 turnover for our equipment business

**ELB GROUP'S GROWTH AND DIVERSIFICATION STRATEGY**

# Preparing for the market's upturn

JSE-listed **ELB Group** is bedding down a business strategy over the next 12 months which will not only ensure its sustainability throughout the suppressed global economic climate but more importantly, position it for potential growth when the market sees an upturn in the next two or three years **WRITES LAURA CORNISH.**

ELB Equipment, but it is important to note that we did not lose any market share (compared to our competitors)," Meijers points out. "On the plus side, the past quarter has started showing signs of a turnaround and we are feeling optimistic for the future."

ELB Engineering Services contributed most significantly to the Group's overall positive year-end results having achieved close to 70% growth figures compared to the 2013 financial year (to June). "This is thanks predominantly to the vast number of contracts and projects we undertook in the iron ore and coal sectors."

### 2015: Preparing for significant long-term growth

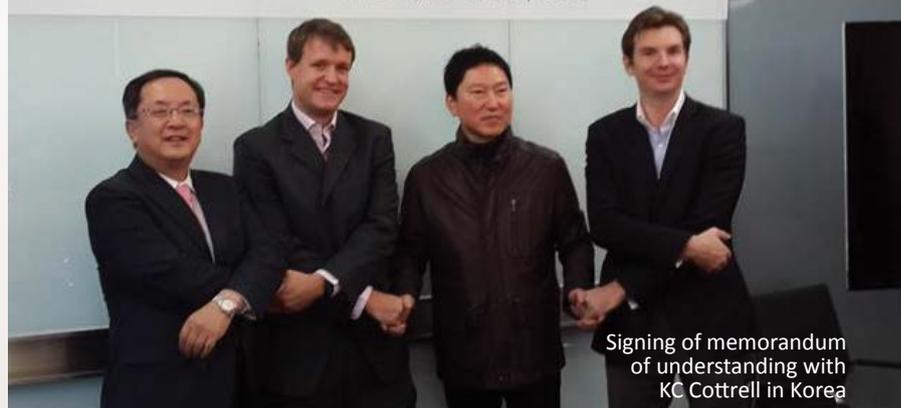
"Despite difficult trading conditions in South Africa, combined with global market pressure on new projects and expansions, we are remaining true to our diversification business model and expanding up on it to assist the company acquire new work in new project areas," Meijers outlines.

While 2015 marks the year in which ELB Group implements and cements a number of deals to secure its growth strategy, the results will only be realised in two to three years' time. "Preparing for a market upswing requires investment and strategic planning during the quieter periods. The next 12 months is therefore essential in securing our long-term objectives."

**“I am feeling optimistic about Zimbabwe as we see more projects come to fruition across the region and we want to be in a position to take on new project work there. We have in fact already tendered for gold plant and cement plant modifications in the country.”**

Medupi Power Station

Signing of Memorandum of Understanding for EPC Consortium  
November 12 ~ 14 2014, KC Cottrell, Korea



Signing of memorandum of understanding with KC Cottrell in Korea

### New joint ventures and acquisitions

The latter half of 2014 saw ELB Group establish and finalise a new joint venture company with European heavy-duty dump truck manufacturer Belaz. The new company's mandate entails distributing the full range of Belaz haulage vehicles into the South African market, to start. "We believe there is a need for another large-scale heavy-duty truck player in this market. In conjunction with ELB's wide service base and infrastructure, we can service a large client base very well in this new area."

Belaz holds a significant percentage of the heavy haulage trucks global market and to expand this base further has re-engineered itself to offer a product equivalent to the best in the world.

In April 2014, ELB Group concluded the acquisition of and welcomed B&W Instrumentation & Electrical into its company stable and in less than a year is al-

ready celebrating the success this merger has brought with it. The electrical and instrumentation specialist has experienced a major business and cash flow turnaround and is already adding real value to the ELB Group. "It is always difficult to bring different company cultures together and align procedures, philosophies and operating structure. The integration between the two companies has been a smooth-flowing process however and overall very successful and we are extremely excited and optimistic for the years ahead with our new business."

### Geographical and technology base diversification

ELB Group may already have a significant African footprint, having operated in 13 different African countries since its establishment, but will increase its focus on attaining more project work from around the continent. "Our focus on Africa has intensified but our move will be in a structured and controlled manner, although still opportunistic. Our initial and primary countries of attention are Zambia and Zimbabwe and as such we have already established an office in Ndola and will follow suit in Zimbabwe," Meijers notes.

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Belaz truck



B&W Instrumentation and Electrical installation for the Potgietersrus platinum concentrator

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Meijers has also enhanced and broadened the Group’s current business lines – renaming its Pneumatic Conveying and Fine Powder division, Industrial Projects. It is thanks to a plant re-commissioning project the company became involved in with Marley Pipe Systems in 2013. “On the back of this we have become more involved in numerous industrial projects.”

The new name better reflects this business line’s focus and capabilities which in addition to its traditional products now includes small package coal or biomass power stations. “And we expect our first project within the next few weeks. We are also working with our new partner and air pollution specialist KC Cottrell from Korea who brings with them a whole range of environmental cleaning technologies including large bag houses, large bag filters and electrostatic precipitators which we will introduce into the South African market over the next year.”

B&W’s renewable energy project, Lesedi, Postmastburg, Northern Cape

The new Industrial Projects business line has also taken ELB Engineering into new business sectors, which includes the

2014 and will be completed second quarter of 2015.

The past year has also been particularly successful for ELB’s Modular Plants business, having supplied gravity separation plants into the local iron and coal industries. “We see definite growth in our minerals and beneficiation business in the next 12 months and are subsequently bringing on board two large international partners (from Australia and China) with world leading experience in modular processing technologies to supplement and increase our capabilities and performance in this business area.”

“Overall, within this tough trading market, we want to continue building confidence with all of our stakeholders over the next few years; including our



**CORPORATE SOCIAL INITIATIVES** and responsibility has been and remains a significant element of ELB Group’s business. “We have always been focused on education through two main areas: the African Academy for computer assisted engineering which predominantly trains previously disadvantaged students to become CAD operators. We put a lot of time and effort into supporting the Academy from a management perspective. Further the ELB Education Trust offers scholarships to university students in the field of engineering.”

ELB Group also continues to provide annual financial support and assistance to St Vincent School for the Deaf. See the November 2014 edition of Mining Review Africa.

engineering, procurement and construction contract for the completion of the new Ricoffy line at its Estcourt factory in Kwa Zulu-Natal, which commenced in October

staff, partners, suppliers, banks and most importantly our clients. This in turn will build the ELB Brand name. The Group looks forward to support from our clients and good years ahead.” **MRA**

