

Strong values and reliable products keep Afrimat loyal to local manufacturer



Andries van Heerden, Chief Executive Officer of Afrimat (left) and Clifton Roberts, Bell Sales Representative are reminisce about how the company's relationship with Bell started.

Plimsoll's most recent Global Quarrying Report ranks South Africa's Afrimat as the 20th largest quarrying business in the world and 10th in terms of profitability. With such glowing credentials it is hard to believe that the business almost didn't get off the ground.

Andries van Heerden, Chief Executive Officer of Afrimat Limited, recalls how Afrimat came to being and some of the obstacles along the way: "I started out in a relatively small quarrying company, Prima Klipbrekers, in Worcester in 2001 and became Managing Director in 2003. That was the time when the Mining Charter came about and we were the first in the quarrying industry to

conclude a Black Economic Empowerment deal. This brought me into contact with banks and other family quarry businesses and we saw a huge opportunity to consolidate given that at that time there were huge changes to the health and safety, labour and environmental legislation, as well as the Mining Charter with its implications. Some of the smaller operations just couldn't handle all of that."

And so the idea was formulated to develop what is today Afrimat. However, when the shareholders of Prima Klipbreker pulled out of the negotiations at an advanced stage the idea fell flat.

Andries left the company in 2005 and partnered with Dr Laurie Korsten, a highly knowledgeable businessman in his own right, to acquire the Lancaster Group in Vryheid, KwaZulu-Natal. Says Andries: "I sold my house in Worcester and moved to Vryheid to manage the operation when, about a year later, WG Wearne became a listed company with huge success and Prima Klipbrekers approached the Lancaster Group to merge."

The companies merged to form Afrimat, an abbreviation for African Materials, and listed on the JSE in November 2006. The shareholders of Prima Klipbrekers were at retirement age and looking to exit the business so the listing gave them tradability for their shares. More importantly, for the sustainability of the newly formed Afrimat, the listing gave the company stature and a means to increase the balance sheet.

The neutral name was also strong currency with which to take over other businesses, and in a relatively short time frame Afrimat acquired the Malan Quarries Group and Denver Quarry in Port Elizabeth. Smaller acquisitions including Scottburgh Quarry and Sunshine Crushers in KwaZulu-Natal and Blue Platinum in Gauteng were later followed in 2011 with the large metallurgical dolomite mine, Glen Douglas, in Gauteng and the Clinker Group in 2012 as well as the controlling stake in another JSE-listed company, Infrasons, in 2013.

Andries recalls: "It was the peak of the boom and an ideal time to list. Our net asset value at the time just before listing was R6 million and now it stands at about R837 million. We're incredibly grateful because we have been extremely blessed at a time when a number of other players in the industry saw difficulty."

Apart from expanding the company, Afrimat recovered well after the global recession in 2008/2009 and profits have been growing at an unprecedented rate with more than 40% growth in headline earnings per share (HEPS) for the year, reported for the last financial year.

Andries believes that a huge part of the Group's success can be attributed to the three lessons imparted by Dr Korsten, namely that business should be fun, that it should make money and that you should conduct business with integrity so that you can sleep easy.

The last lesson, in particular, resonates strongly with Andries who is uncompromising on values and ethics at the Afrimat Group. He sees the same strong value system at Bell Equipment, which is one of the attractions of partnering with the South African manufacturer as one of the company's equipment suppliers.

While the relationship with Bell Equipment dates back to his days at Prima Klipbrekers, it was definitely cemented in the short time afterwards when Andries was looking at business opportunities on the West Coast and then subsequently when he bought the Lancaster Group. "Bell was the company that offered the most support and

when we moved to Vryheid our Bell sales representative, Cliff Glenn, bent over backwards to give us excellent service. The support was just there and Bell has always been a good company to do business with."

Today Afrimat's seven divisions, with the exception of the clinker division, make use of Bell equipment and in total the company has a fleet in excess of 120 Bell machines and looks to grow the relationship wherever feasible. The Bell fleet comprises two Tractor Loader Backhoes, over 40 Wheeled Loaders and over 70 Articulated Dump Trucks, which in each instance range from the earlier B-series through to the E-series models, as well as five Finlay Screens.

Andries explains: "With acquiring businesses we have inherited a mixed bag of plant and equipment and we are looking to reduce the number of brands we have in our fleet. We try to support Bell where we can because of our experience with the company and the customer-driven culture of the organisation."

"In my experience, in the earthmoving field, Bell is one of the companies with the best backup and service around the country because of their wide footprint. I like the Bell



products; they have good products, especially the dumpers because they are reliable, reasonably economical machines and comfortable.”

Lastly, Andries supports Bell out of a sense of patriotism. “If I meet a German businessman he’ll drive a German car, a Mercedes or BMW, run MAN or Mercedes trucks and have fleet of Liebherr earthmoving machines. A Japanese businessman would drive a Lexus or Infinity, have Hino or Toyota trucks and use Komatsu earthmoving machines. When you go to a South African businessman you find a Smartie box. I believe that as South African businessmen we should be more loyal to one another.”

He continues: “I’ve always had a good relationship with Bell and I have a lot of respect for Gary Bell and the whole team. There’s a personal commitment there and

I’ve never had a problem that I couldn’t resolve with one phone call. I’ve never had to go to the top because it’s never been necessary.”

Going forward Andries is focused on positioning the business to sustain its current growth trajectory, which includes the turnaround of Infrasons to achieve the division’s potential, expansion of Glen Douglas and authorisation to introduce a kiln to add value to the operation as well as geographic expansion into Mozambique.

“I’m fortunate to have some of the best people in the industry working for me. The same management team is almost unchanged from since we listed and it’s a company that is moving and growing; a good story to be part of,” he says.

