

RNS Number : 6848X
Shaft Sinkers Holdings Plc
20 February 2012

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**Shaft Sinkers Holdings plc
("Shaft Sinkers"; "the Group" or the "Company")**

Trading Update

Shaft Sinkers Holdings plc (LSE:SHFT), the international shaft sinking and underground construction group, is pleased to provide the market with an update on trading for the year ended 31 December 2011. It expects to announce its results for the period ended 31 December 2011 on 20 April 2012.

Overview

The Board is pleased to report that it anticipates that results before exceptional items for the year ended 31 December 2011 will be ahead of market expectations, testament to the company's technical expertise and strong market position, despite the technical difficulties experienced at some of the Company's client sites.

Expected results

Unaudited group revenue has grown by some 20% from £183 million in 2010 to approximately £220 million in 2011 despite a slightly weaker exchange rate. However, in constant currency terms, revenue has grown by approximately 23%.

Exceptional items are expected to comprise a charge of £3.8 million for the IPO bonus as disclosed in the Prospectus, the second half of which was paid in early 2012.

The Group ended 2011 with net cash of approximately £6.0 million after deduction of interest bearing debt of around £16.4 million.

Operations

South African projects

Lonmin: margins from the Lonmin projects have been better than expected due to an extension in scope of the various operations the Company is conducting at the Hossy and Saffy shafts.

AngloGold Ashanti: the Moab project has performed well and in line with management's expectations.

Impala Platinum: operating performance at Impala 16 and 17 shafts has improved leading to improved margins overall, albeit short of management's expectations. Better margins than expected were achieved at Impala's Leeuwkop shaft due to the short duration of the awarded contract.

Anglo American Platinum and Royal Bafokeng Resources: the Styldrift project had a disappointing performance, largely due to skilled labour shortages and the implementation of a mechanical kibble handling system that was implemented to improve safety. The Company continues to review ways to improve production levels at

this project to meet target milestones.

Russian project

EuroChem: sinking operations at the Volgakaly potash mine remain suspended as announced in late December and negotiations on the future of the contract continue.

The Company is performing strictly in accordance with the contract and whilst the Company's ongoing role in this project remains a subject for ongoing negotiation, relations with EuroChem are cooperative and the Company is working with them to overcome the technical difficulties brought about as a result of the complex ground conditions.

As at 31 December 2011 the EuroChem contract represented approximately £93 million of our total committed order book of £296 million but had been expected to yield a significantly lower contribution margin in 2012 than in previous periods.

Indian project

Teesta Urja III: on 22 September 2011 the earthquake in the Sikkim province forced the Company to suspend sinking operations at the hydroelectric project. Operations remain on hold while the surrounding area for the hydroelectric project is being rehabilitated. As a result, margins are behind the Board's expectations.

Order book and tendering activity

At 31 December 2011 the order book stood at approximately £296 million of remaining revenues to be billed on committed contracts.

After completing the pre-sink phase of Impala's Leeuwkop main shaft which was awarded in March 2011, the main sink phase of the project is currently being prepared. This phase of the project remains subject to the final approval of the project by the Impala board. Management anticipates the approval and signing of this contract before the end of the first half of 2012.

Since the last reported results for the half year ended 30 June 2011, management has been actively pursuing a number of new tenders.

The Group has over £1.0 billion of outstanding tenders or price submissions on 9 projects as at the date of this trading update. While there can be no certainty as to the award of any of these contracts, management believes the Company remains well placed to secure several of these tenders when they are awarded. The current tender pipeline is at a very high level.

Dividend policy

The Board confirms its dividend policy as set out in the interim report and accounts for the 6 months ended 30 June 2010. The Group has adopted a progressive dividend policy with the intention of keeping dividends broadly in line with earnings over time. Dividends are expected to be paid semi-annually in respect of each year with an interim dividend paid in October and a final dividend paid in May of the following year. Interim dividends are expected to represent around one third and final dividends around two thirds of the full year dividend for each year. Annual dividends are expected to be covered some 2.5 to 3.0 times by earnings per share.

It is anticipated that dividends for the 2011 financial year will be calculated on earnings before the IPO Bonus.

Black economic empowerment

The Group has implemented a black economic empowerment shareholding arrangement in Shaft Sinkers Mining (Pty) Ltd, one of its South African subsidiaries, whereby 26% of the subsidiary's shares have been issued to historically disadvantaged South Africans. The Group is pleased to welcome three distinguished businessmen, Mr. Mikki Xayiya, Mr.

Jabu Mabuza and Mr. Aubrey Lekwane as minority shareholders into the Group. A portion of this shareholding is earmarked to provide a benefit for the Category 3 to 8 South African employees. The Board believes this step, which should not materially affect expected earnings from existing contracts, will be beneficial to the business in securing new contracts in South Africa and will assist the Group in meeting the requirements of some of its clients under the South African Mining Charter, enhancing the long-term sustainability of the business in South Africa.

Speaking today, Alon Davidov, Chief Executive, said:

"We are optimistic regarding the future prospects of the Group. We continue to seek growth in the CIS region and India and to pursue new opportunities that arise in South Africa. I am delighted to report that the current tender pipeline is at a very high level."

Enquiries

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