

# Belaz trucks may boost ELB's earnings

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ELB Group's agreement to be the South African distributor for the global Belaz range of heavy trucks is expected to have a substantial effect on our earnings Chief Executive Stephen Meijers said.



ELB's Stephen Meijers says the agreement with Belaz Trucks will have significant implications for the company's future growth. Image: [SA Construction News](#)

ELB has signed the heads of agreement to form a 50:50 joint venture company for ELB to distribute Belaz vehicles mainly to the local mining sector. Major competitors include Caterpillar, Komatsu, Hitachi and Bell Equipment.

Meijers said Belarus-based Belaz had historically supplied the majority of Russia's heavy haulage vehicles, but in the past 10 years had improved the quality of its products to be in line with major global competitors such as Caterpillar.

"Because of the size of the vehicles, what's essential is the service centre - something that ELB has invested lots of money in over the past four or five years around SA.

"We will construct specific service centres for the trucks at each mine as and when required," Meijers said.

He said the initial focus was on the South African market, though ELB would have the option to supply neighbouring countries in the future.

## Timing is right

"It's a very significant deal for us - we believe it will definitely have a substantial effects on our earnings," he added.

There were only a few Belaz trucks in SA, mainly in the Northern Cape, and ELB would become an exclusive distributor of the range.

"We think the timing is perfect. We are in a depressed market. It's going to take a bit of time to introduce the new technology and vehicles into the market and by the time that introduction has taken place we believe the market will be taking off again," he said.

Meanwhile, Meijers said ELB's recently purchased B&W Instrumentation and Electrical business made a positive contribution to the company's profits in the last two months of ELB's year to June.

ELB last week reported that its sales for the full year were up 18% to R2.35bn, while headline earnings per share rose 2% to 382c.

"We have spent a lot of time and effort on converting the B&W debtors to cash, which has gone exceptionally well - so there are no risky debtors left on their balance sheet.

"We have introduced our business model into B&W and we see some really good contribution coming in the next 12 months," he said.



The Belaz range of trucks, such as this 75214 are used mainly in the mining sector and ELB says the time is right to bring these trucks into South Africa. Image: Wikipedia

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