



Stocks & Stocks

1992

Tom Hendry, MD of Stocks Rand, is appointed to the board

1994

Windhoek & Swakopmund hotels and casinos are opened

1995

Listing on the Namibian Stock Exchange

1996

50th anniversary

1997

Listing of Stocks Hotels & Resorts on the JSE

1998

50% equity acquisition in Zener Steward Electromechanical in the Gulf

1998

Establishment of Al Tayer Stocks in the Gulf

1999

Tom Hendry appointed CEO of Stocks Construction (Pty) Ltd

1999 – 2000

Stocks & Stocks assets are disposed of

THE NINETIES

The early nineties saw Bart Dorrestein promoted to managing director for the group with Reg Edwards taking on the position of executive chairman with the retirement of George Riche.

In the new decade conditions in the construction industry toughened substantially and Stocks sought to sustain turnover and profits by becoming heavily involved in property development. At the time the headline project for this division was Sandton Square, which was developed in conjunction with several pension funds and insurance companies.

The building division of the business continued to undertake work for the Bophuthatswana government and, in 1992, built The Lost City, a prestigious addition to the Sun City complex, which is still an iconic building in world terms today. They also became involved in design and build government projects such as the Namibian Goethe Street government offices. The housing division was once again concentrating on low-cost housing in order to grow in the recession.

Stocks Hotels & Resorts was launched following the successes of the company's time-share resorts across South Africa and the property development side of the business began building up a large property portfolio, focusing on leisure and tourism resorts, particularly hotel ownership and management. In 1994 Stocks entered into the casino market in Namibia by developing two casino/hotels - one in Swakopmund and one in Windhoek.

As the political environment, post the 1994 elections in South Africa began to settle, the group, in addition to moving into Namibia, targeted the new provinces for expansion.

The Gulf region was also identified as a strong growth region and in 1998 Stocks acquired 50% equity in the electromechanical business Zener Steward and established an interior fit-out company (Al Tayer Stocks) together with the Al Tayer family.

Tom forged strong partnerships with Salim Ahmad S.M. Sharif Al Olama (chairman) and Muneer Sharif (managing director) of Zener Steward, as well as with the Al Tayer family, Obaid Al Tayer (chairman) and Tariq H. Al Tayer (board member) - relationships which have become cemented over the years and are still in place today.

Back in South Africa, the predicted housing boom hadn't materialised, the international exchange rates dropped drastically and the interest rate started spiralling.

The growth in property development had resulted in Stocks increasing its bank borrowings substantially and rising interest rates and the downturn in the appetite for property investments by financial institutions in the mid to late 90s resulted in heavy interest costs to the group.

The USA venture – the Miracle Centre - which had been embarked on at a cost of \$18 million dollars escalated to a cost of \$37 million – and eventually a debt of R237.1 million had to be written off.

Sustained interest rates of 25% in 1998 proved to be the final straw when the 52-year-old construction giant could no longer fund its loans, the property portfolio and the casino hotels.

In 1999 a consortium of banks was appointed to dispose of all Stocks & Stocks assets. Reg Edwards was called out of retirement to manage the disposal of the assets and businesses within the group.

The building company, which had continued to be profitable throughout its 52 year existence, was ring-fenced in order to facilitate its sale as a single business unit.

Hotels & Resorts was sold off and renamed Legacy Hotels.

Both Stocks Civils and Stocks Housing were bought out by management and a few months later Stocks Civils was again sold on.

Stocks delisted from the JSE on 25 April 2000.

The building blocks of Stocks

The Building Division of the Stocks Group can truthfully claim to be fifty years old this year. From humble beginnings in Pretoria in 1946, the building operation defined the future culture of Stocks & Stocks and became the engine for the growth and diversification which has seen the company emerge as one of Southern Africa's leaders in business.

"Building is our business, not only with bricks and mortar, but building relationships, the most important being between the company, our people and customers. Our current stature has been achieved through hard work, a hands-on approach and total integrity in everything we do. Our commitment to these principles must never be abandoned as they are the cornerstones of our success," says Tom Hendry, Stocks Building Division Managing Director.

Although Pretoria is the birth place of the Building Division it has successfully spread its wings into all the major cities in South Africa and also into Botswana, Namibia and Lesotho, where business is thriving. "We are continuing our thrust into Africa, adopting our usual risk averse approach and hope to be operational in at least one other country early in 1997," comments Hendry.

"After fifty years in business, our successes are too numerous to mention in the space available. We could after all humbly claim that our largest project to date is the creation of the Pretoria skyline. Our achievements speak for themselves. They are visible for all to see in the cities and countrysides of Southern Africa."

There can be no denying that the building industry has been through some tough times in the last few years.

"However, we have survived these in the past and will succeed again. As profitable areas of our operation decline, we have been able to substitute these with new ventures. Cases in point are the disappearance of Bophuthatswana and the emergence of Namibia.

"We have also been helped along the way by the Group's in-house development operations, not only as colleagues but as valued customers. Our ability to pull together will help us greatly in our quest for continued success," says Hendry.

As far as the future is concerned, Hendry believes that positive trends exist in certain areas of the region and comments that major projects have been secured recently in Gauteng and Namibia. "We are working hard to ensure that our order book everywhere will be strengthened to a satisfactory level," he says.

"In our business, we are in the hands of a new realm of management. Our young people, whom we must commit continuously to develop and train to succeed in a world which is becoming ever more stressful and competitive, are of utmost importance. Given the guidance of those who have led us unflinchingly in the past, there is no reason why we cannot go from strength to strength." ♣



1. Tom Hendry, Stocks Building Division Managing Director.
2. Stocks has been integrally involved in the building of the Sun City Complex, including the Lost City.
3. The new Mercantile Bank Headquarters in West Street, Sandown.



Swakopmund Hotel.



Namibian government offices.



Windhoek Country Club.

This article was published in a special 50th anniversary edition of the company magazine, The Mixer.

*"We still have mountains to climb. But if any team can do it, this one can. The guts and determination it took to get us this far will build Stocks Building Africa into a major player in the building industry for a long time to come."
Tom Hendry, February 2000.*



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Initially large corporations were sceptical about awarding Stocks Building Africa large projects and required assurances that the company was financially secure.



MTN Phase 2.



SAA offices.

EXPANSION INTO THE GULF

In late 1998 Tom Hendry had investigated opportunities within the Gulf. As a result, Stocks Building Africa became equity partners in two established businesses in the region - Zener Steward, an electromechanical contractor and Al Tayer Stocks - an interior fit-out contractor. The relationships with both the Al Tayer family and Salim A. Shk. Mohd. Sharif Al Olama, chairman of Zener Steward, have gone from strength to strength and today both businesses are expanding their operations to take advantage of the significant growth opportunities within the region.

THE BIRTH OF STOCKS BUILDING AFRICA

In 2000, after exploring many possible scenarios, including selling the building division to competitors or overseas investors, an acceptable solution was brought to the table by Rand Merchant Bank - at a cost of R35 million.

The consortium activities were kept outside of the business while management and their teams were pivotal in keeping existing construction activities running smoothly. Lombard Insurance and other financial guarantors did not pull the plug and at no time did the business default on any payments to creditors, subcontractors or employees.

On the delisting and disposal of the Stocks group's assets, the building division was acquired as a going concern by a consortium comprising existing senior management, RMB Ventures, a company within the FirstRand Banking Group, and WIP Private Equity (Pty) Ltd, a private equity fund within the WIPHOLD stable.

The senior management team, nicknamed the "Nifty Nine", included Johan Brink, Willie Erasmus, Farid Hartnick, Luc Jacobs, Piet Postema, Casper Steenkamp, André van Zyl, Mark Vinjevold and Tom Hendry.

CEO Tom Hendry recognised that, in order for the company to survive, it had to focus on what it did best – building quality buildings and good relationships with clients – the principles that the original Stocks & Stocks had built its foundations on from 1946. The company was renamed Stocks Building Africa and it was launched on 7 February 2000 by a management team full of trepidation at the challenge that lay ahead but optimistic about their future.

2000 – 2003: Survival

A great deal of time and effort was spent on identifying the best way to re-establish the company. There were many challenges, including the loss of reputation and a loss of confidence with many sceptics expecting failure.

"We believe that the construction opportunities in this country are almost limitless and that the industry can truly benefit from the involvement of a strong black empowerment presence. The SBA management team is impressive and committed and the entrepreneurial culture within the company mirrors the values that we at Leswikeng uphold. A new era has dawned where black entrepreneurs take their rightful place and we are proud to be at the forefront of this initiative!"
Herman Mashaba, February 2004.

The strategy was to target a number of high-profile projects across South Africa to re-establish the company name and reputation in the building industry as quickly as possible. The company went on to successfully secure projects in Namibia, Botswana, Lesotho, across South Africa and in the Gulf. High-profile projects included work at the OR Tambo airport, Naspers, Telkom, Unilever, the Mpumalanga government offices, the Michelangelo Towers, MTN, uShaka Marine World (a joint venture with Stefanutti & Bressan), and the refurbishment of the Pretoria Station.

2003 saw the first public private partnership project (PPP) with the award of Maropeng, where Stocks Building Africa led a consortium of seven companies. More PPPs followed in Botswana with the award of the Ombudsman and Land Tribunal offices and later the SADC Headquarters in Gaborone in 2007.

2004 – 2006: Repositioned as a reliable building contractor

In 2004 a BEE deal was entered into with Leswikeng Minerals in a move to position the company as the leading building contractor in the region with a strong black economic empowerment profile. Herman Mashaba was appointed as non-executive chairman and was very upbeat about the 30% acquisition of Stocks Building Africa by Leswikeng.

By October 2006, following the award of projects at the Cape Town and Johannesburg airports, the order book was at a record high for the young business. The construction industry was booming and the company was reclaiming its rightful place in the building industry.



2000
Delisting of Stocks & Stocks

2000
Launch of Stocks Building Africa

2003
Award of first Public Private Partnership Project – Maropeng in the Cradle of Humankind World Heritage Site

2004
Memorandum of Understanding signed with BEE partner Leswikeng Minerals

2004
Herman Mashaba is appointed non-executive Chairman

2004 / 2005
Gulf region starts to show a profit

At the signing of the Leswikeng deal, pictured from left to right: Seated: Noel Machingamata, Tom Hendry, Herman Mashaba and Willie Erasmus. Standing: Johan Brink, James Pullinger, Luc Jacobs, Eutychus Mbutia, Farid Hartnick and Casper Steenkamp.





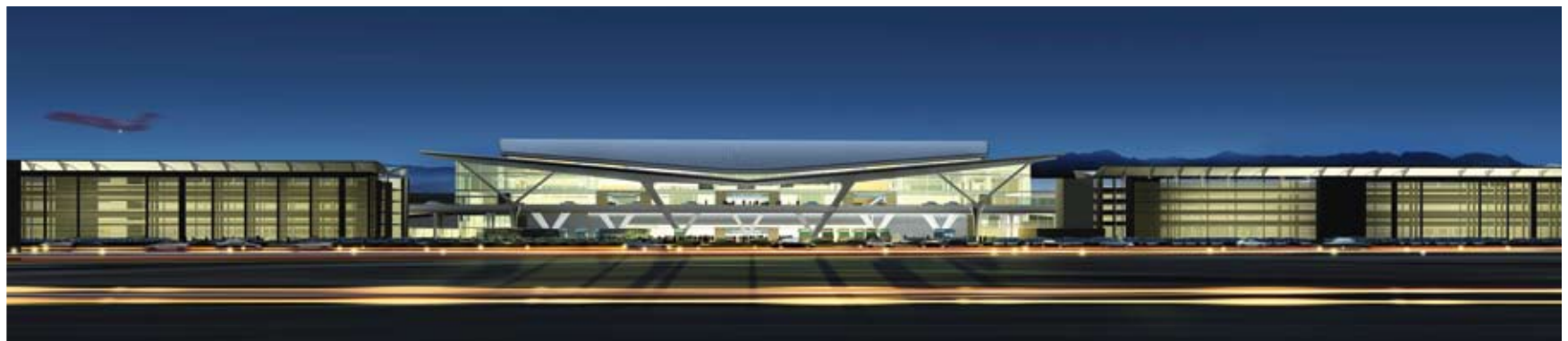
An artist's impression of the SADC headquarters in Gaborone, Botswana.



Herman Mashaba, Tom Hendry (with a trumpet) and members of the Field Band Foundation (Stocks' corporate social investment initiative) at the company's fifth birthday celebrations.



Since 1996 Stocks has continuously worked at the OR Tambo International Airport.



In 2005 Stocks began work at the Cape Town International Airport on the terminal upgrade and the new multi-storey car-park.

2007 – 2008: A PERIOD OF GROWTH

Tom had taken the business through the years of survival and re-establishment in the market. In 2006 Stephen Pell joined to assist with growing the business, as it had repositioned itself in the market as a reliable large building contractor. Together they restructured the building business in the SADC region, focusing on growing their existing operations, starting up new operations and looking at acquiring other complementary businesses. Due to ill health, Tom stood down as CEO in July 2007 and Stephen Pell was appointed as the new CEO.

In 2006 Major Projects was established to work on landmark developments across the country. The operation provided a catalyst for growth in all regions, without exhausting the region specific resources and is involved at OR Tambo International and Cape Town international airport.

In 2007 the concessions operation signed its second public private partnership with the Botswana government for the prestigious SADC Headquarters in Gaborone. Later in the same year a new business unit was opened in the Eastern Cape, followed shortly by the start-up of an industrial civils operation based in Johannesburg.

On the international front, the two businesses in the Gulf, Al Tayer Stocks and Zener Steward Electromechanical had expanded their operations from Dubai to Abu Dhabi in order to take advantage of the significant growth opportunities within the region.

At the beginning of 2008 the company name was changed from Stocks Building Africa to Stocks Limited – to reflect the fact that the company activities were no longer confined to building and that they operated further afield than Africa. A few months later Stocks Limited acquired 100% of Housing Africa Developments (previously Stocks Housing).

The company was preparing to enter the listed environment with a target date of April 2008, but had simultaneously been approached by listed civil engineering and construction company, Stefanutti & Bressan. On 11 March 2008 a merger between the two was announced, to be effected through an acquisition of Stocks by Stefanutti & Bressan.



- 2006**
Stephen Pell joins as director of construction
- 2006**
Establishment of Major Projects
- 2007**
Tom Hendry steps down as CEO
- 2007**
Stephen Pell appointed as CEO
- 2007**
Opens Eastern Cape office
- 2007**
Start-up of industrial civils operation
- 2007**
Signing of second PPP in Botswana
- 2008**
Rebranding to Stocks Limited
- 2008**
Acquisition of Housing Africa
- 2008**
Merger of Stocks with Stefanutti & Bressan



From left to right: Ernie Le Roux (Housing Africa), Willie Erasmus, Stephen Pell and Louis de Jager (Housing Africa).

Stocks Housing began operating as early as 1978 and has its origins in the old Stocks & Stocks Group. Stocks Housing (as it was known from 1978 to 2000), started building affordable housing for the provincial boards (the forerunner to low-cost RDP housing) on the East and West Rand. Initially they built mass housing projects, hostels for migrant workers and staff accommodation for resorts and major industrial clients.

In 1985 Stocks acquired Habitech – giving them entry into the contract home building sector, while Habitech benefited from a sound financial base for sustained growth. The company went on to become one of the most energetic and effective housing contractors and developers in Southern Africa, building the full spectrum of homes from low-cost through to luxury homes. The group had work in all major centres throughout the region and was doing work on behalf of individuals, industry and the public sector, and was building as many as 10 000 units per year.

In 1994 Homes for South Africa was formed and successfully engaged the state subsidy market with a number of projects. The many problems that beset the entire industry and market-place, such as the dip experienced in the bondable market due to increasing rates and the new Credit Act, resulted in the focus shifting towards mining houses, RDP and gap housing. The company went on to build successful relationships with a number of clients, including some of the big South African property developers as well as the major players in the mining sector dealing in volume housing. Its clients included Sasol, Goldfields, Gencor, South African Housing Trust, the Family Housing Association and many more.

After the delisting and subsequent management buy-out of the Stocks construction companies, the directors of the housing division left the group and formed an independent business in its own right. The company enjoyed a successful seven years, during which it built a broad range of not only affordable housing, but also more luxurious housing developments, apartments and estates. Stocks Limited acquired the company in April 2008, bringing it back into the Stocks fold once again and thereby broadening its operational offering to the market.