



RAUBEX GROUP LIMITED

Interim Results for the period ended 31 August 2011

7 November 2011

Agenda

- The Period in Review
- Group Financial Highlights
- Financial Review
- Divisional Review
- Order Book
- Major Projects Progress
- Conclusion



The Period in Review

- Satisfactory results given an extremely difficult and highly competitive market
- Exceptional performance from the Materials division
- Disappointing performance from the Roads divisions
 - Competitive landscape and downward pressure on margins worse than anticipated
- Bitumen supply problems
- Free State contracts
- Government tender volumes maintained
- International drive moving ahead:
 - Continued progress in Namibia
 - Zambian operations scaled back
 - Malawi contract underway
 - MoU with India's UB Engineering
 - Other opportunities being investigated; awaiting outcome in Uganda
- Loss of N1N2 Winelands tender
 - Tolling stalemate
- Awaiting Competition Commission outcome

Group Financial Highlights

- Revenues up 3,7% to R2,61bn (H1 2011: R2,52bn)
- Operating profit down 31,4% to R282m (H1 2011: R411,2m)
- Group operating margin of 10,8% (H1 2011: 16,3%)
- HEPS down 37,1% to 92,9 cents per share (H1 2011: 147,6 cents per share)
- Cash flow from operations down 34,8% to R263,3m (H1 2011: R403,8m)
- Capex spend of R88,3m (H1 2011: R119,7m)
- Interim dividend of 25 cents per share (H1 2011: 32 cents per share)
- Order book stable at R4,6bn (H1 2011: R4,7bn)
- Head count of 7 079

Income Statement

	Interim results 2012 (R'000)	Interim results 2011 (R'000)	Annual results 2011 (R'000)
Revenue	2,609,998	2,516,208	4,545,974
% growth	3,7%	10,7%	(0,8%)
EBIT	282,052	411,229	662,558
% growth	(31,4%)	(6,6%)	(25,3%)
Profit before tax	277,391	404,017	649,105
Profit after tax	176,744	275,856	447,009
Share incentive scheme expenses*	8,799	1,411	(5,280)
Operating margin	10,8%	16,3%	14,6%
Effective tax rate	36,3%	31,7%	31,1%
EPS (cents)	94	148	241,5
EPS growth	(36,5%)	(8,2%)	(25,8%)
DPS (cents)	25	32	100
ROCE	8,5%	13,1%	20,2%
Weighted average shares in issue ('000)	184,536	184,536	183,572
Number of Staff	7079	6275	6770



* Expenses included in EBIT number

Statement of Financial Position

	Interim results 2012 (R'000)	Interim results 2011 (R'000)	Annual results 2011 (R'000)
Non-current assets	2,095,121	2,033,928	2,083,210
Property, plant and equipment	1,294,874	1,236,262	1,276,133
Intangible assets	760,046	762,626	761,445
Other	40,201	35,040	45,632
Current assets	2,076,518	1,893,883	1,927,922
Inventory	152,891	115,508	126,333
Trade and other receivables	1,134,387	1,059,455	962,559
Construction contracts in progress	310,212	244,994	244,116
Cash	479,028	473,926	594,914
Total assets	4,171,639	3,927,811	4,011,132
Equity	2,602,686	2,432,914	2,544,613
Non-current liabilities	491,956	451,775	486,001
Current liabilities	1,076,997	1,043,122	980,518
Trade and other payables	838,394	707,980	712,789
Other	238,603	335,142	267,729
Total equity and liabilities	4,171,639	3,927,811	4,011,132



Statement of Cash Flows

	Interim results 2012 (R'000)	Interim results 2011 (R'000)	Annual results 2011 (R'000)
Cash flows from operating activities			
Cash generated from operations	263,269	403,840	853,013
Finance income	13,986	16,569	30,422
Finance cost	(18,647)	(23,781)	(43,875)
Dividend received	2,552	3,107	5,476
Taxation paid	(87,013)	(114,105)	(241,159)
Net cash generated from operating activities	174,147	285,630	603,877
Cash flows from investing activities			
Purchases of property, plant and equipment	(88,274)	(119,725)	(292,490)
Proceeds from sale of property, plant and equipment	13,454	15,949	42,110
Acquisition of subsidiaries	(7,760)	-	141
Repayment of loan from associate	-	-	(750)
Net cash used in investing activities	(82,580)	(103,776)	(250,989)
Cash flows from financing activities			
Proceeds from borrowings	66,438	102,049	246,699
Repayment of borrowings	(146,095)	(167,678)	(302,722)
Dividends paid to owners of the parent	(125,484)	(136,968)	(196,019)
Dividends paid to non-controlling interests	(2,312)	-	(601)
Net cash used in financing activities	(207,453)	(202,597)	(252,643)
Total cash movement for the period	(115,886)	(20,743)	100,245
Cash at the beginning of the year	594,914	494,669	494,669
Total cash at end of the period	479,028	473,926	594,914



Dividend Declaration

- Interim cash dividend declared of 25 cents per share
- Relevant dates
 - Last day to trade cum dividend Friday, 25 November 2011
 - Commence trading ex dividend Monday, 28 November 2011
 - Record date Friday, 2 December 2011
 - Payment date Monday, 5 December 2011

Segmental Analysis

Business segments	Raumix	Roadmac	Raubex Construction	Consolidated
Aug 2011				
Revenue (R'000)	696,510	1,337,594	575,894	2,609,998
Operating profit (R'000)	126,076	130,938	25,038	282,052
Operating Margin	18,1%	9,8%	4,3%	10,8%
Aug 2010				
Revenue (R'000)	517,662	1,294,267	704,279	2,516,208
Operating profit (R'000)	102,745	202,125	106,359	411,229
Operating Margin	19,8%	15,6%	15,1%	16,3%
Geographical segments	Local	% of Group	International	% of Group
Aug 2011				
Revenue (R'000)	2,196,068	84,1%	413,930	15,9%
Operating profit (R'000)	245,630	87,1%	36,422	12,9%
Operating Margin	11,2%	-	8,8%	-
Aug 2010				
Revenue (R'000)	2,234,103	88,8%	282,105	11,2%
Operating profit (R'000)	392,512	95,5%	18,717	4,5%
Operating Margin	17,6%	-	6,6%	-



Roadmac

- Revenue increased 3,4% to R1,34bn (H1 2011: R1,29bn); 51,3% of total Group revenue
- Operating profit decreased 35,2% to R130,9m (H1 2011 : R202,1m)
- Operating margin decreased to 9,8% (H1 2011 : 15,6%)
- Capex of R22,6m (H1 2011: R29,7m)
- Order book of R2,362bn
- Margins decreased more than expected due to competition being more aggressive than expected
- Competitive landscape to remain extremely difficult

Asphalt Production

Utilised capacity (total capacity = 1 750 kts)	637kts
Revenue	R455,6m
Operating profit	R50,2m



Roadmac Strategic Outlook

- Short term (FY2012)
 - Contracting margins not expected to decrease substantially from current levels; subject to bitumen situation being resolved
 - Persisting bitumen supply problem to impact on margins significantly
- Long term
 - Expansion into SADC
 - Provincial and municipal expenditure needs to be expanded
 - General construction cycle needs to improve
 - Tolling stalemate to have limited impact on major clients

Raubex Construction

- Revenue decreased 18,2% to R575,9m (H1 2011: R704,3m)
- Operating profit decreased 76,5% to R25m (H1 2011 : R106,4m)
- Operating margin decreased to 4,3% (H1 2011 : 15,1%); higher decrease than anticipated due to competition and Free State contracts
- Capex of R16,2m (H1 2011 : R28m)
- Order book secured – R1,172bn
- Challenges with the Free State provincial work
- Losing N1N2 Winelands tender
- Other PPPs; tolling controversy



Raubex Construction Strategic Outlook

- Short term (FY2012)
 - Order book secured; aggressively seeking long-term workflow
 - Margins not expected to decrease substantially from the current levels dependent on bitumen supply and Free State projects controversy
 - Fast track application to the Competition Commission
- Long term
 - Provincial expenditure needed
 - Tolling stalemate to have limited impact on major clients

Raumix

- Revenue increased 34,6% to R696,5m (H1 2011: R517,7m)
- Operating profit increased by 22,7% to R126,1m (H1 2011: R102,7m)
- Operating margin decreased to 18,1% (H1 2011: 19,8%)
- Capital expenditure of R49,5m (H1 2011: R62m)
- General construction and residential building markets remain weak; appears to have bottomed
- Mining activity has recovered
- Contract crushing operations performing well; margins improving during the period
- Order book – R1,109bn

Production schedule (Mts)

Contract Crushing	3,21
Commercial Crushing	1,10
Mining	20,3



Raumix Strategic Outlook

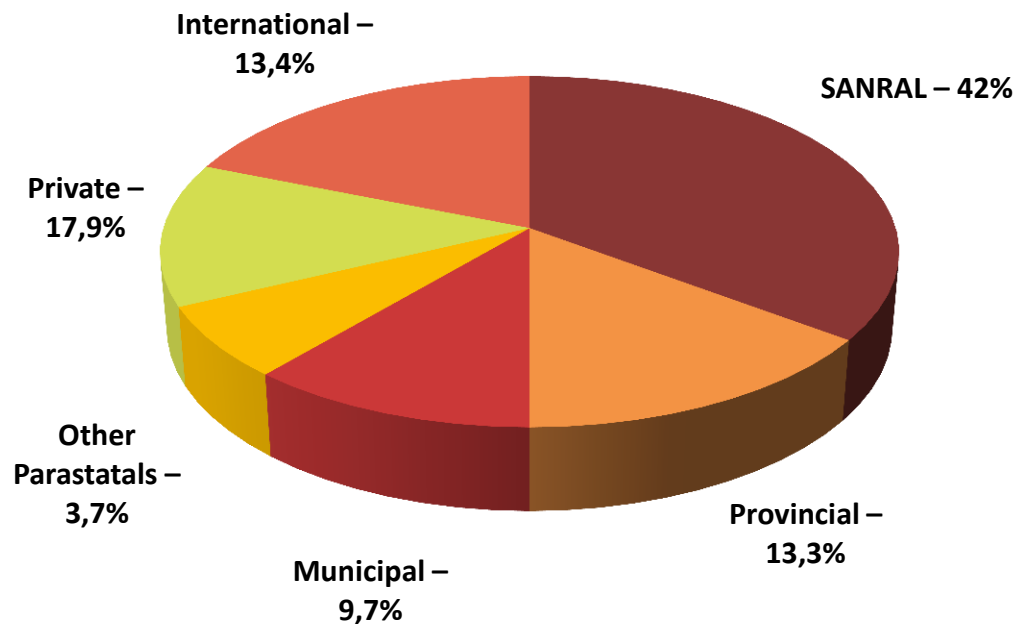
- Short term (FY2012)
 - Margins stabilising at around 15-18%
 - Increased activity in contract crushing and mining
 - Credit risk management
- Long term
 - Demand dependent on recovery in the residential and commodity sectors
 - Demand from low-cost housing programmes
 - SADC expansion

Raubex International

- Revenue up 46,7% to R413,9m (H1 2011: R282,1m)
 - 15,9% of Group total
- Operating profit up 94,6% to R36,4m (H1 2011 : R18,7m)
 - 12,9% of Group total
- Operating margin increased to 8,8% (H1 2011 : 6,6%)
- Major portions of Namibian contracts nearing completion
- Increased mining activity
- Malawi progressing well
- Operational improvements in Zambia post reorganization; debtors up to date
- Uganda JV pending award
- MoU with India's UB Engineering



Group Order Book



Higher percentage of lower margin work going forward

Order Book	R4,643bn
Time Distribution	
FY 2012	R2,571bn
FY 2013	R1,886bn
FY 2014	R0,116bn
Beyond	R0,070bn



Major Projects Progress



N12 - Tom Jones to Daveyton
R583 289 350
To be completed in Aug 2013

Major Projects Progress



Namibia – Rundu to Elundu
R1 001 000 000
To be completed Dec 2011



Namibia – Namdeb
R329 000 000
Length: 1 to 3 years

Conclusion

- Achieved satisfactory results given extremely challenging conditions
- Strong balance sheet
- International expansion continues; new geographies being explored
- Short term order book stable at lower margins
- Market dynamics have changed; tolling controversy potentially impacting on planned PPPs
- Upturn in the cycle remains dependent on large projects materialising
- Medium term budget speech supportive of continued roads backlog clearing
- Next six months to be challenging operationally and financially