



Unaudited interim results

for the six months
ended 31 August 2016

Raubex Group Limited
(Incorporated in the Republic of South Africa)
Registration number 2006/023666/06
JSE share code: RBX
ISIN: ZAE000093183 ("Raubex" or the "Group")



www.raubex.com

Agenda



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

Notes:

Company Overview



- Raubex was founded in 1974
- Started as a road construction and bridge building company
- Listed on the JSE in March 2007 under Construction and Materials sector
- Substantial growth through strategic acquisitions post listing
- Operates a vertically integrated model through a number of subsidiaries
 - Specialist in all road construction disciplines
 - Full road construction cycle
- Growth in the materials supply and mining sector including;
 - Commercial quarries, contract crushing and material handling and processing for the mining industry
- Recently diversified into infrastructure disciplines including;
 - Electricity and renewable energy (solar and wind) , water, rail and housing infrastructure
- Operates throughout Southern Africa
 - Botswana, Mozambique, Namibia, South Africa and Zambia
- Raubex employs approximately 10 000 people

Notes:

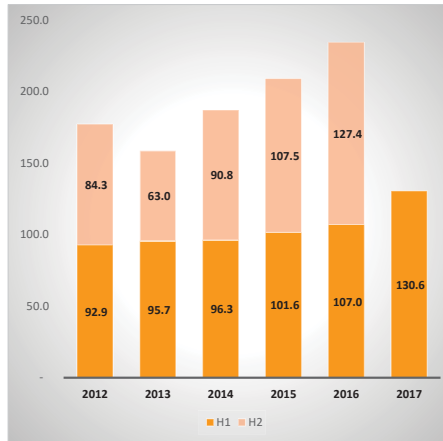
5 Year Financial Review



Revenue (Rbn)



Headline Earnings Per Share (cents)



Notes:

The Period in Review



- Strong results in a competitive market
- Good results from the Materials Division
 - 48,4% of Group operating profit
 - Commercial quarries performing well; OMV Kimberley acquired
- Roads Division executing well; good quality order book
 - Optimum operating conditions; bitumen supply and weather
 - No problem contracts
- Growing Infrastructure Division
 - Execution of solar projects and increase in affordable housing activities
- International (the rest of Africa)
 - Stable results; 13,5% of revenue and 26,8% of operating profit
 - Zambia link 8000 suspended due to non payment

Notes:

Group Financial Highlights



- Revenue up 22,5% to R4,76bn (H1 2016: R3,89bn)
- Operating profit up 19,9% to R394,7m (H1 2016: R329,3m)
- Group operating profit margin of 8,3% (H1 2016: 8,5%)
- HEPS up 22,1% to 130,6 cps (H1 2016: 107,0 cps)
- Cash flow from operations up 44,4% to R541,4m (H1 2016: R375,0m)
- Capital expenditure of R234,9m (H1 2016: R278,5m)
- Order book of R8,2bn (H1 2016: R8,2bn)
- Interim dividend of 45 cents per share declared

Notes:

Income Statement



	Interim results 2017 (R'000)	Interim results 2016 (R'000)	Annual results 2016 (R'000)
Revenue	4 763 620	3 887 747	7 925 754
% growth	22,5%	4,3%	9,4%
EBIT	394 726	329 251	710 563
% growth	19,9%	9,5%	14,2%
Operating margin	8,3%	8,5%	9,0%
Net finance costs	22 163	26 035	49 244
Profit before tax	373 565	303 216	661 643
Profit after tax	263 335	214 657	469 403
Effective tax rate	29,5%	29,2%	29,1%
EPS (cents)	132,7	108,0	236,9
% growth	22,9%	4,3%	11,0%
DPS (cents)	45	36	78
ROCE	14,7%	12,6%	13,3%
Shares in issue ('000)	181 750	189 250	189 250
Treasury shares ('000)	1 362	-	2 683
Number of Staff	9 926	9 369	10 516

Notes:

Statement of Financial Position – Assets



	Interim results 2017 (R'000)	Interim results 2016 (R'000)	Annual results 2016 (R'000)
Non-current assets	3 509 606	3 403 002	3 454 583
Property, plant and equipment	2 385 347	2 271 755	2 335 748
Intangible assets	845 403	829 814	829 283
Investment in associates and JV's	49 314	42 907	50 682
Deferred tax assets	46 017	49 993	42 478
Non-current inventory	77 434	86 355	81 954
Non-current trade and receivables	106 091	122 178	114 438
Current assets	3 495 043	3 096 581	3 272 046
Inventory	507 954	466 372	482 162
Construction contracts in progress	343 919	423 362	369 184
Trade and other receivables	1 747 211	1 417 363	1 450 964
Cash	895 959	789 484	969 736
Total assets	7 004 649	6 499 583	6 726 629

Notes:

Statement of Financial Position – Equity and Liabilities



	Interim results 2017 (R'000)	Interim results 2016 (R'000)	Annual results 2016 (R'000)
Equity	3 896 794	3 687 271	3 832 842
Attributable to shareholders	3 757 033	3 563 153	3 704 078
Non-controlling interest	139 761	124 118	128 764
Non-current liabilities	1 061 122	1 144 779	1 117 194
Borrowings	624 629	696 880	682 027
Deferred tax liabilities	301 138	308 233	310 041
Other	135 355	139 666	125 126
Current liabilities	2 046 733	1 667 533	1 776 593
Borrowings	411 453	377 194	411 411
Trade and other payables	1 585 953	1 242 967	1 346 716
Current income tax liabilities	49 327	47 372	18 466
Total equity and liabilities	7 004 649	6 499 583	6 726 629
Total borrowings	1 036 082	1 074 074	1 093 438
Gearing (Debt/Equity)	26,6%	29,1%	28,5%
Net debt	140 123	284 590	123 702
Gearing (Net Debt/Equity)	3,6%	7,7%	3,2%

Notes:

Statement of Cash Flows



	Interim results 2017	Interim results 2016	Annual results 2016
	R'000	R'000	R'000
Cash flows from operating activities			
Cash generated from operations	541 410	375 002	1 050 461
Finance costs – net	(20 576)	(21 316)	(42 650)
Taxation paid	(98 867)	(72 674)	(190 449)
Net cash generated from operating activities	421 967	281 012	817 362
Cash flows from investing activities			
Purchases of property, plant and equipment	(234 904)	(278 491)	(549 535)
Proceeds from sale of property, plant and equipment	45 205	26 586	48 825
Acquisition of subsidiaries	(18 233)	(46 638)	(47 049)
Loans to associates and joint ventures	2 370	(32 200)	(39 650)
Net cash used in investing activities	(205 562)	(330 743)	(587 409)
Cash flows from financing activities			
Proceeds from borrowings	190 488	247 872	502 667
Repayment of borrowings	(261 496)	(274 295)	(509 725)
Dividends paid	(85 741)	(71 340)	(141 904)
Issue /(acquisition) of treasury shares	13	-	(46 599)
Share buy-back transaction	(120 000)	-	-
Other	-	219	(5 381)
Net cash used in financing activities	(276 736)	(97 544)	(200 942)
Net (decrease)/increase in cash and cash equivalents	(60 331)	(147 275)	29 011
Cash and cash equivalents at the beginning of the year	969 736	937 275	937 275
Effect of exchange rates on cash and cash equivalents	(13 446)	(516)	3 450
Cash and cash equivalents at the end of the period	895 959	789 484	969 736

Notes:

Segmental analysis



Business segments	Materials	Road surfacing and rehab	Road construction	Infrastructure	Consolidated
August 2016					
Revenue (R'000)	1 284 154	1 913 560	792 441	773 465	4 763 620
Operating profit (R'000)	191 163	116 267	52 776	34 520	394 726
Operating margin	14,9%	6,1%	6,7%	4,5%	8,3%
August 2015					
Revenue (R'000)	1 197 363	1 350 888	778 507	560 989	3 887 747
Operating profit (R'000)	220 325	40 224	57 174	11 528	329 251
Operating margin	18,4%	3,0%	7,3%	2,1%	8,5%
Geographical segments		Local	% of Group	International	% of Group
August 2016					
Revenue (R'000)		4 119 930	86,5%	643 690	13,5%
Operating profit (R'000)		289 028	73,2%	105 698	26,8%
Operating margin		7,0%		16,4%	
August 2015					
Revenue (R'000)		3 273 497	84,2%	614 250	15,8%
Operating profit (R'000)		240 825	73,1%	88 426	26,9%
Operating margin		7,4%		14,4%	

Notes:

Dividend Declaration



- Interim cash dividend declared of 45 cents per share
- 3 times cover policy maintained
- Relevant dates
 - Last day to trade cum dividend - Tuesday, 29 November 2016
 - Commence trading ex dividend - Wednesday, 30 November 2016
 - Record date - Friday, 2 December 2016
 - Payment date - Monday, 5 December 2016

Notes:

Materials



- Revenue increased 7,2% to R1,28bn (H1 2016: R1,20bn)
- Operating profit decreased 13,2% to R191,2m (H1 2016: R220,3m)
- Operating margin decreased to 14,9% (H1 2016: 18,4%)
- Capital expenditure of R136,7m (H1 2016: R171,6m)
- Order book of R1,75bn (H1 2016: R1,72bn)
- Strong performance from commercial quarries and material handling
 - Acquisition of OMV Kimberley bedded down; efficiencies still to be realised
 - Diversified revenue streams through good client and commodity mix
 - Crushing contract in Mozambique completed; foreign exchange loss incurred
 - Margin pressure in the iron ore material handling operations
- Further geographical expansion opportunities being explored

Notes:

Road Surfacing and Rehabilitation



- Revenue increased 41,7% to R1,91bn (H1 2016: R1,35bn)
- Operating profit increased 189,0% to R116,3m (H1 2016: R40,2m)
- Operating margin increased to 6,1% (H1 2016: 3,0%)
- Capital expenditure of R43,2m (H1 2016: R55,8m)
- Order book of R3,04bn (H1 2016: R2,83bn)
- Good turn around in the asphalt operations
 - Bitumen and aggregate supply issues resolved
 - Aggressive pricing from competitors persists
- Solid order book secured for the period ahead
 - SANRAL maintenance programme
 - 16 contracts awarded, total value R1,28bn

Asphalt Production	H1 2017	H1 2016	FY 2016
Utilised capacity (total capacity = 2 250 kts)	822kts	474kts	1 059kts
Revenue	R804,4m	R534,2m	R1, 136bn
Operating profit	R70,9m	(R5,6m)	R29,9m

Notes:

Road Construction and Earthworks



- Revenue increased 1,8% to R792,4m (H1 2016: R778,5m)
- Operating profit decreased 7,7% to R52,8m (H1 2016: R57,2m)
- Operating margin decreased to 6,7% (H1 2016: 7,3%)
- Capital expenditure of R35,7m (H1 2016: R29,4m)
- Order book of R2,0bn (H1 2016: R2,74bn)
 - Includes Zambia link 8000 of R865m; suspended
- Teams executing well operationally; no problem contracts
 - Good quality South African order book being realised
- Focus now on order book replacement to secure FY18 work flow
- Very competitive pricing conditions being experienced

Notes:

- Revenue increased 37,9% to R773,5m (H1 2016: R561,0m)
- Operating profit increased 199,4% to R34,5m (H1 2016: R11,5m)
- Operating margin increased to 4,5% (H1 2016: 2,1%)
- Capital expenditure of R19,3m (H1 2016: R21,7m)
- Order book of R1,40bn (H1 2016: R945,9m)
 - Growth in affordable housing and building work; low margin
- Good results; supported by execution of solar work
- Encouraging prospects for more renewable energy work in the medium term
 - 1 x wind farm awarded to Raubex Infra of R413m; subject to financial close of the project
 - 3 x wind farms tendered on
 - 3 x small PV projects tendered on
 - 8 x large PV projects tendered on
 - Total value tendered on - R2,7bn

Notes:

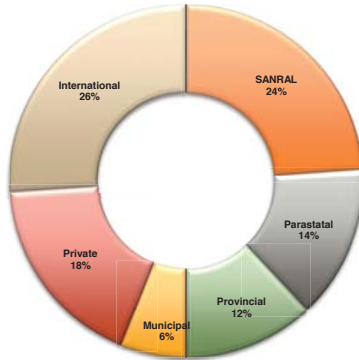
- Revenue increased 4,8% to R643,7m (H1 2016: R614,3m)
 - 13,5% of group total
- Operating profit increased 19,5% to R105,7m (H1 2016: R88,4m)
 - 26,8% of group total
- Operating margin increased to 16,4% (H1 2016: 14,4%)
- Order book of R2,15bn (H1 2016: R2,31bn); 26,2% of group total
 - Includes Zambia Link 8000 of R865m; suspended
- Revenue streams diversified geographically; all divisions operating cross border
 - Road construction in Namibia and Zambia
 - Material handling and processing operations in Namibia and Botswana
 - Crushing in Mozambique, contract completed, foreign currency loss incurred
 - Infrastructure activities in Zambia; fibre optic and concrete structures
- Zambia Link 8000 funding impasse to be resolved

Notes:

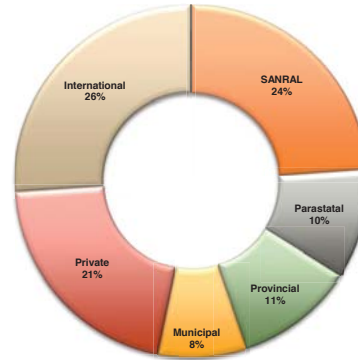
Order book



FY 2016



H1 2017



Timing	R8,266bn
FY 2017 (12mths)	R6,901bn
FY 2018 (12mths)	R1,238bn
FY 2019 (12mths)	R0,099bn
Beyond	R0,028bn

Timing	R8,189bn
FY 2017 (6mths)	R3,916bn
FY 2018 (12mths)	R3,361bn
FY 2019 (12mths)	R785,7m
Beyond	R126,1m

Notes:

OMV Kimberley Quarry

- Revenue (6 months) – R18,6m
- Net profit (6 months) – R2,1m
- Purchase price – R37,5m
- Percentage acquired – 100%
- Effective date - 9 March 2016



Notes:

Major Projects Progress



Notes:

SANRAL: N1 Bloemfontein Bypass – R614m



Notes:

SANRAL: N1 Bloemfontein Bypass – R614m



Notes:

SANRAL: N8 Bloemfontein to Sannaspos – R461m



Notes:

DOT Northern Cape: Hondeklipbaai – R90m



Notes:

KZN DOT Main Road P103 – R65m



Notes:

Mkuze Game Reserve Rehabilitation - R109m



Notes:

Namibia Roads Authority:
Rosh Pinah to Oranjemund – R559m



Notes:

Tschudi Copper Mine:
Material Handling and Processing Contract



Notes:

Stilfontein Mine Dump



Notes:

Stilfontein Mobile Asphalt Plant



Notes:

Prieska Solar Farm – R94m



Notes:

Kathu Solar Park: Earthworks and Foundations – R192m



Notes:

Riverside View: Diepsloot RDP houses – R76m



Notes:

Lufhereng Integrated Urban Development Project



Notes:

Woodwind Estates Development



Notes:

Conclusion



- Similar operating conditions are expected in the period ahead
- Focus is now on order book replacement
 - Current pricing in the road construction sector is very competitive
- SANRAL budget is encouraging; some large projects in the pipeline
 - N2 Wild Coast bridges
 - N3 Upgrade
 - R573 Moloto Road
 - Extensive reseal works programme
- Favourable conditions are expected to continue for the Materials Division
 - Acquisitions being pursued; geographical diversification
- Encouraging medium term prospects to secure more renewable energy work
- Continue to pursue long term work flow in Africa at high margin
 - Cautious approach to currency and payment risk
- Industry settlement agreement to ensure healthy working relationship with the South African Government and affirm commitment to transformation
- Strong balance sheet and positive cash generation to be maintained

Notes:

