



**Audited Annual Results**  
for the year ended 28 February 2013

13 May 2013



# Agenda

- The Year in Review
- Group Financial Highlights
- Financial Review
- Divisional Review
- Order Book
- BEE
- Strategic Outlook
- Major Projects Progress
- Conclusion



## The Year in Review

- Strong operational performance given market conditions
- Competition Commission; provision made for full settlement
- Competitive landscape stabilised; although still difficult
- Competitor attrition continues
- Government tender volumes maintained
- Bitumen supply problems addressed
- Free State provincial contracts; settlement reached
- New division established; diversified revenue streams
- Tolling update
- Quality of order book



## Group Financial Highlights

- Revenues up 12,0% to R5,64bn (2012: R5,03bn)
- Operating profit down 9,0% to R483,8m (2012: R531,5m)
- Competition Commission settlement provision of R58,8m
- Normalised operating profit up 2,1%
- Group operating margin of 8,6% (2012: 10,6%)
- Normalised Group operating margin of 9,6%
- HEPS down 10,5% to 158,7 cps (2012: 177,2 cps)
- Cash flow from operations up 29,5% to R859,0m (2012: 663,2m)
- Capex spend of R460,9m (2012: R286,6m)
- Order book of R5,2bn (2012: R4,6bn)
- Final dividend of 35 cents per share declared



# Income Statement

	Annual results 2013 (R'000)	Annual results 2012 (R'000)
<b>Revenue</b>	<b>5,635,519</b>	<b>5,032,625</b>
% growth	12,0%	
<b>EBIT</b>	<b>483,805</b>	<b>531,462</b>
% growth	(9,0%)	
<b>Profit before tax</b>	<b>477,139</b>	<b>519 427</b>
<b>Profit after tax</b>	<b>318,568</b>	<b>341 197</b>
Share incentive scheme expenses	26,071	13,488
Operating margin	8,6%	10,6%
Effective tax rate	33,2%	34,3%
EPS (cents)	163,2	179,5
EPS growth	(9,1%)	(25,7%)
DPS (cents)	65	60
ROCE	12,7%	15,4%
Weighted average shares in issue ('000)	184,536	184,536
Number of Staff	7 807	7 027

## Statement of Financial Position

	Annual results 2013 (R'000)	Annual results 2012 (R'000)
<b>Non-current assets</b>	<b>2,349,119</b>	<b>2,129,726</b>
Property, plant and equipment	1,561,232	1,353,753
Intangible assets	763,951	757,629
Other	23,936	18,344
<b>Current assets</b>	<b>2,508,862</b>	<b>2,256,828</b>
Inventory	245,546	153,157
Trade and other receivables	1,120,250	1,182,370
Construction contracts in progress	307,381	296,382
Cash	835,685	624,919
<b>Total assets</b>	<b>4,857,981</b>	<b>4,386,554</b>
<b>Equity</b>	<b>2,958,590</b>	<b>2,728,880</b>
<b>Non-current liabilities</b>	<b>621,078</b>	<b>515,790</b>
<b>Current liabilities</b>	<b>1,278,313</b>	<b>1,141,884</b>
Trade and other payables	978,350	899,807
Other	299,963	242,077
<b>Total equity and liabilities</b>	<b>4,857,981</b>	<b>4,386,554</b>



# Statement of Cash Flows

	Annual results 2013 (R'000)	Annual results 2012 (R'000)
<b>Cash flows from operating activities</b>		
Cash generated from operations	859,007	663,228
Finance income	33,518	29,353
Finance cost	(40,184)	(41,388)
Dividend received	1,037	4,264
Taxation paid	(173,269)	(154,701)
<b>Net cash generated from operating activities</b>	<b>680,109</b>	<b>500,756</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(460,939)	(286,594)
Proceeds from sale of property, plant and equipment	49,908	37,340
Acquisition of subsidiaries	(14,597)	(10,821)
<b>Net cash used in investing activities</b>	<b>(425,628)</b>	<b>(260,075)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	388,607	257,512
Repayment of borrowings	(311,100)	(294,180)
Dividends paid to owners of the parent	(119,948)	(171,618)
Dividends paid to non-controlling interests	(1,274)	(2,390)
<b>Net cash used in financing activities</b>	<b>(43,715)</b>	<b>(210,676)</b>
<b>Net increase in cash and cash equivalents</b>	<b>210,766</b>	<b>30,005</b>
Cash and cash equivalents at the beginning of the year	624,919	594,914
Cash and cash equivalents at the end of the year	835,685	624,919



## Dividend Declaration

- Final gross cash dividend declared of 35 cents per share
  - Interim cash dividend of 30 cents per share
- 3 X cover before provision
- Relevant dates
  - Last day to trade cum dividend Friday, 31 May 2013
  - Commence trading ex dividend Monday, 3 June 2013
  - Record date Friday, 7 June 2013
  - Payment date Monday, 10 June 2013





# Segmental Analysis

Business segments	Raumix	Roadmac	Raubex Const.	Raubex Infra	Consolidated
<b>February 2013</b>					
Revenue (R'000)	1,501,732	2,753,772	1,217,189	162,826	5,635,519
Operating profit (R'000)	218,935	199,545	61,656*	3,669	483,805
Operating margin	14,6%	7,2%	5,1%	2,3%	8,6%
<b>February 2012</b>					
Revenue (R'000)	1,372,282	2,523,708	1,136,635	-	5,032,625
Operating profit (R'000)	211,161	229,376	90,925	-	531,462
Operating margin	15,4%	9,1%	8,0%	-	10,6%
Geographical segments	Local	% of Group	International	% of Group	
<b>February 2013</b>					
Revenue (R'000)	5,173,823	91,8%	461,696	8,2%	
Operating profit (R'000)	399,591	82,6%	84,214	17,4%	
Operating margin	7,7%	-	18,2%	-	
<b>February 2012</b>					
Revenue (R'000)	4,142,221	82,3%	890,404	17,7%	
Operating profit (R'000)	415,357	78,2%	116,105	21,8%	
Operating margin	10,0%	-	13,0%	-	

\* Inclusive of Competition Commission provision (R58,8m)



## Roadmac

- Revenue up 9,1% to R2,75bn (2012: R2,52bn); 48,9% of total group revenue
- Operating profit decreased 13,0% to R199,5m (2012: R229,4m)
- Operating margin decreased to 7,2% (2012: 9,1%)
- Capex of R126,3m (2012: R71m)
- Order book of R2,171bn
- Margins decreased more than expected due to competition and lower margins achieved on asphalt production
- Competitive landscape remains difficult but tender margins stable

<b>Asphalt Production</b>	<b>2013</b>	<b>2012</b>
Utilised capacity (total capacity = 1 750 kts)	967kts	1 074 kts
Revenue	R864m	R815m
Operating profit	R50m	R68m



## Raubex Construction

- Revenue increased 7,1% to R1,22bn (2012: R1,14bn)
- Operating profit decreased 32,2% to R61,7m (2012: R90,9m)
- Operating margin decreased to 5,1% (2012: 8,0%)
- Competition Commission provision of R58,8m
- Normalised operating profit before provision increased 32,5% to R120,5m
- Normalised operating margin before provision increased to 9,9%
- Capex of R37,1m (2012: R27,6m)
- Order book secured of R1,196m
- Free State contracts settlement and payment plan

## Raumix

- Revenue increased 9,4% to R1,50bn (2012: R1,37bn)
- Operating profit increased 3,7% to R218,9m (2012: R211,2m)
- Operating margin decreased to 14,6% (2012: 15,4%)
- Improved performance from commercial quarries
- Margin pressure in contract crushing market
- Mining contracts on-going; exposed to commodity cycle and industrial action
- Capital expenditure of R283,8m (2012: R188m)
- Order book of R1,100bn

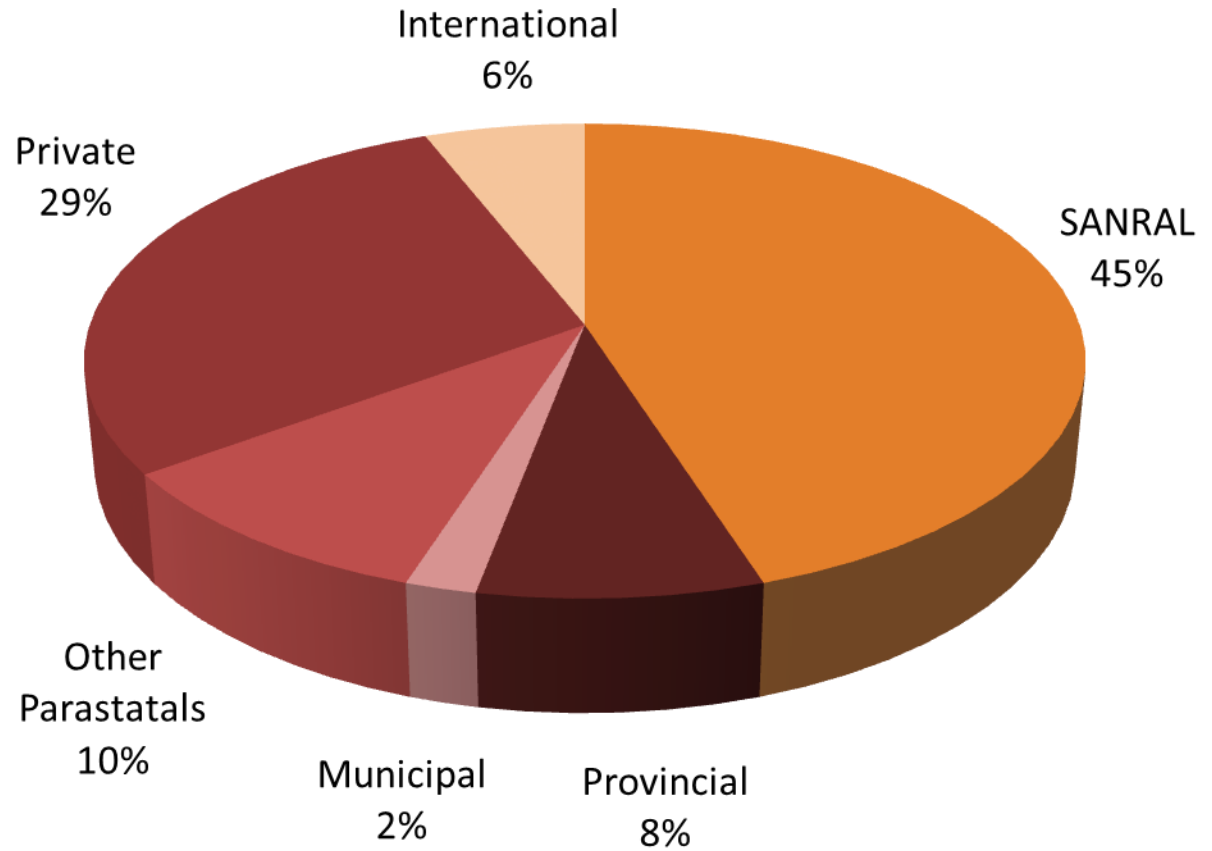
<b>Production schedule (Mts)</b>	<b>2013</b>	<b>2012</b>
Contract Crushing	5,35	5,79
Commercial Crushing	2,22	2,19
Mining	58,19	42,73



## Raubex International

- Revenue down 48,1% to R461,7m (2012: R890,4m)
  - 8,2% of group total
- Operating profit down 27,5% to R84,2m (2012: R116,1m)
  - 17,4% of group total
- Operating margin increased to 18,2% (2012: 13%)
- Namibia road contract completed; maintenance contracts on-going
- Malawi contract completed
- Tendering activity on Link Zambia 8000 project
- Positive currency impact
- Exploring other geographies

# Group Order Book



Order Book	R5,235bn
FY 2014	R4,115bn
FY 2015	R1,103bn
FY 2016	R0,017bn



# Black Economic Empowerment

- Construction
  - Raubex Construction; broad based level 2 contributor
  - Competitive score amongst peer group for tender purposes
  - Focus on improving all elements of the scorecard
- Mining
  - Department of Mineral Resources requires 26% direct shareholding
  - Mining licenses held through empowered subsidiary entity
    - BEE employee and community trusts = 26%
    - Raumix Aggregates = 74%



# Roadmac Strategic Outlook

- Short term (FY2014)
  - Margins to remain in the current range
  - Competitive landscape to maintain pressure on margins
  - Asphalt margins
  - Asphalt new technology
  - Bitumen supply issues have been resolved
- Long term
  - Provincial and municipal expenditure needs to be expanded
  - General construction cycle needs to improve
  - Tolling stalemate needs to be resolved
  - Margins to improve as a result of competitors attrition





# Raubex Construction Strategic Outlook

- Short term (FY2014)
  - Order book secured; seeking long term workflow
  - Margins expected to remain under pressure
- Long term
  - Provincial and municipal expenditure needs to be expanded
  - General construction cycle needs to improve
  - Tolling stalemate needs to be resolved
  - Margins improvement dependent on competitors attrition



# Raumix Strategic Outlook

- Short term (FY2014)
  - Margins stabilising at around 14-16%
  - Credit risk management
  - Mining activity:
    - Strikes
    - Global demand for commodities
- Long term
  - Demand dependent on continuous recovery in the residential and commodity sectors
  - Demand from low-cost housing programmes
  - Africa expansion



## Raubex Infra

- New division specialising in solutions for:
  - Energy (including solar and wind)
  - Rail and related infrastructure
  - Telecommunications
  - Pipeline
  - Housing
- Diversified revenue stream
- Revenue of R162,8m with operating profit of R3,7m
- Margin of 2,3%; contracts in early stage of completion
- Capital expenditure of R13,7m
- Order book of R768m



# Raubex Infra Strategic Outlook

- Short term (FY2014)
  - Order book secured
  - Margins of 4% - 7%
- Long term
  - Grow order book and capacity
  - Large growth potential in new disciplines
  - Margins to improve



## Major Projects Progress



### Roadmac

National Asphalt  
N1 – Vaal River  
Recycled asphalt process





# Major Projects Progress



## Raubex Construction

OR Tambo International Airport  
Taxiway upgrades  
R77,4m  
Completion date: February 2013



## Raubex Construction

N12 - Tom Jones to Daveyton  
R583,3m  
Est. completion date: August 2013



## Major Projects Progress



### **Raumix**

Rossway - Midrand  
Canyon Rock Quarry



### **B&E International**

Belfast - Glisa  
Coal operations



## Major Projects Progress



### **L&R Civils**

Bloemfontein Naval Hill Pipeline  
R31,5m  
Est. completion date: May 2013



### **Raubex Infra**

Free State & Northern Cape  
Lesedi and Letsatsi solar farms  
R74m  
Est. completion date: Dec 2013





## Major Projects Progress



### **Raubex Infra**

Southern DRC  
Fibre Optic Installation  
R35m  
Est. completion date: August 2013



# Major Projects Progress



**Tosas**

Binder application



**Tosas**

Laboratories



## Conclusion

- Achieved strong operational results given challenging conditions
- Strong balance sheet and cash generation
- International expansion; new geographies being explored
- Short term order book stable; margins pressure easing slightly
- Upturn in the cycle dependent on:
  - Large projects materialising
  - Competitor attrition
- Financial Director succession
- TOSAS acquisition
- Operational and financial conditions to remain stable in the year ahead; cautiously optimistic