

UNAUDITED INTERIM RESULTS

for the six months ended
31 August 2019

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

www.raubex.com



Agenda



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

Notes:

The Period in Review



- Overall improvement in results off a low base
- Losses in the roads and earthworks division have been curtailed
 - Rightsizing initiatives undertaken in prior year have been effective
 - The division is now better positioned to manage the lower volume of construction work on hand
- Strong results reported from the infrastructure division
 - Growth is driven by activity in the renewable energy sector where contracts are being well executed
 - Stable conditions in the affordable housing sector have supported results
- Materials division contributing 67% of group operating profit
 - The materials division continues to diversify the group from the construction sector
 - The results for the period were softer due to a change in mix of mining work as well as community unrest
- International operations continue to diversify revenue streams at lower margins
 - Diamond mining operations in Namibia concluded and replaced with coal mining contracts in South Africa
 - Good progress was made on execution of commercial building projects in Cameroon
 - Consistent results reported from operations in Western Australia
- We are encouraged by a substantial increase in tender activity in the South African market

Notes:

Group Financial Highlights



- Revenue down 1,9% to R4,40bn (H1 2019: R4,48bn)
- Operating profit up 37,0% to R216,3m (H1 2019: R157,8m)
- Group operating profit margin of 4,9% (H1 2019: 3,5%)
- HEPS up 64,1% to 58,6 cps (H1 2019: 35,7 cps)
- Cash generated from operations up 41,4% to R414,8m (H1 2019: R293,3m)
- Capital expenditure of R145,0m (H1 2019: R197,5m)
- Order book of R9,08bn (H1 2019: R8,41bn)
- Interim dividend of 22 cents per share declared

Notes:

Income Statement



	Interim results 2020 (R'000)	Interim results 2019 (R'000)	Annual results 2019 (R'000)
Revenue	4 398 589	4 483 609	8 519 142
% growth	(1,9%)	(4,0%)	(0,3%)
EBIT	216 259	157 828	207 045
% growth	37,0%	(57,4%)	(69,2%)
Operating margin	4,9%	3,5%	2,4%
Net finance costs	16 257	14 048	25 246
Profit before tax	200 786	143 022	180 684
Profit after tax	140 253	95 837	116 842
Effective tax rate	30,1%	33,0%	35,3%
EPS (cents)	64,6	35,7	31,9
% growth	81,0%	(73,4%)	(86,3%)
DPS (cents)	22	12	34
ROCE	7,6%	5,7%	3,8%
Shares in issue ('000)	181 750	181 750	181 750
Treasury shares ('000)	797	70	70
Number of employees	7 280	7 722	7 321

Notes:

Statement of Financial Position – Assets



	Interim results 2020 (R'000)	Interim results 2019 (R'000)	Annual results 2019 (R'000)
Non-current assets	3 985 344	3 918 395	3 831 886
Property, plant and equipment	2 427 902	2 507 223	2 535 579
Right-of-use assets	263 202	-	-
Intangible assets	1 033 193	1 098 372	1 037 605
Investment in associates and JV's	44 656	129 850	42 566
Deferred tax assets	112 544	57 765	94 684
Inventory	62 667	59 314	67 474
Trade and other receivables	41 180	65 871	53 978
Current assets	3 480 844	3 537 323	3 433 716
Inventory	666 365	506 312	698 178
Contract assets	446 567	332 852	293 993
Trade and other receivables	1 323 951	1 803 605	1 478 934
Cash	1 043 961	894 554	962 611
Total assets	7 466 188	7 455 718	7 265 602

Notes:

Statement of Financial Position – Equity and Liabilities



	Interim results 2020 (R'000)	Interim results 2019 (R'000)	Annual results 2019 (R'000)
Equity	4 400 252	4 289 263	4 327 124
Attributable to shareholders	4 135 338	4 045 537	4 064 852
Non-controlling interest	264 914	243 726	262 272
Non-current liabilities	1 010 354	939 931	880 871
Borrowings	325 992	396 594	362 989
Lease liabilities	185 375	-	-
Deferred tax liabilities	279 526	326 017	292 389
Other liabilities and provisions	219 461	217 320	225 493
Current liabilities	2 055 582	2 226 524	2 057 607
Borrowings	264 149	334 263	298 758
Lease liabilities	83 415	-	-
Trade and other payables	1 356 804	1 492 977	1 366 715
Contract liabilities	278 818	247 102	326 852
Current income tax liabilities	51 409	65 382	38 923
Other liabilities and provisions	20 987	86 800	26 359
Total equity and liabilities	7 466 188	7 455 718	7 265 602
Total borrowings	590 141	730 857	661 747
Gearing (Debt/Equity)	13,4%	17,0%	15,3%
Net cash	453 820	163 697	300 864

Notes:

Statement of Cash Flows



	Interim results 2020	Interim results 2019	Annual results 2019
	(R'000)	(R'000)	(R'000)
Cash flows from operating activities			
Cash generated from operations	414 815	293 324	788 924
Finance costs – net	(11 030)	(7 248)	(9 170)
Taxation paid	(79 576)	(68 495)	(163 926)
Net cash generated from operating activities	324 209	217 581	615 828
Cash flows from investing activities			
Purchases of property, plant and equipment	(144 975)	(197 509)	(420 865)
Proceeds from sale of property, plant and equipment	87 205	23 064	60 142
Acquisition of subsidiaries	-	(99 270)	(115 434)
Loans to associates and joint ventures	(1 306)	(17 019)	(36 919)
Net cash used in investing activities	(59 076)	(290 734)	(513 076)
Cash flows from financing activities			
Proceeds from borrowings	148 120	204 272	341 286
Repayment of borrowings	(219 726)	(274 551)	(481 625)
Repayment of lease liabilities	(35 945)	-	-
Dividends paid	(56 398)	(64 765)	(94 514)
Acquisition of treasury shares and interest in subsidiaries	(25 989)	(1 700)	(1 700)
Net cash used in financing activities	(189 938)	(136 744)	(236 553)
Net increase in cash and cash equivalents	75 195	(209 897)	(133 801)
Cash and cash equivalents at the beginning of the period	962 611	1 084 088	1 084 088
Effect of exchange rates on cash and cash equivalents	6 155	20 363	12 324
Cash and cash equivalents at the end of the period	1 043 961	894 554	962 611

Notes:

Segmental analysis



Operating segments	Materials	Roads and Earthworks	Infrastructure	Consolidated
August 2019				
Revenue (R'000)	1 359 389	1 758 266	1 280 934	4 398 589
Operating profit (R'000)	144 103	(5 142)	77 298	216 259
Operating margin	10,6%	(0,3%)	6,0%	4,9%
August 2018				
Revenue (R'000)	1 523 750	1 904 610	1 055 249	4 483 609
Operating profit (R'000)	191 770	(60 803)	26 861	157 828
Operating margin	12,6%	(3,2%)	2,5%	3,5%
Geographical segments	Local	% of group	International	% of group
August 2019				
Revenue (R'000)	3 544 972	80,6%	853 617	19,4%
Operating profit (R'000)	128 637	59,5%	87 622	40,5%
Operating margin	3,6%		10,3%	
August 2018				
Revenue (R'000)	3 620 080	80,7%	863 529	19,3%
Operating profit (R'000)	35 976	22,8%	121 852	77,2%
Operating margin	1,0%		14,1%	

Notes:

Dividend Declaration



- Interim cash dividend declared of 22 cents per share
- 3 times cover policy maintained
- Relevant dates
 - Last day to trade cum dividend - Tuesday, 26 November 2019
 - Commence trading ex dividend - Wednesday, 27 November 2019
 - Record date - Friday, 29 November 2019
 - Payment date - Monday, 2 December 2019

Notes:

Materials Division



- Revenue decreased 10,8% to R1,36bn (H1 2019: R1,52bn)
- Operating profit decreased 24,9% to R144,1m (H1 2019: R191,8m)
- Operating margin decreased to 10,6% (H1 2019: 12,6%)
- Capital expenditure of R87,0m (H1 2019: R149,0m)
- Order book of R1,95bn (H1 2019: R1,76bn)
- Softer results due to a combination of factors
 - Community unrest affecting a number of commercial quarry operations across the country
 - Completion of materials handling contracts in the diamond mining sector in Namibia
 - Transition to new contracts in the coal sector in South Africa at lower margins
- Contract crushing for construction sector remained depressed
- Expecting an improvement in margins in the second half of the year as new materials handling contracts start to achieve efficiencies
- Community unrest remains a concern and needs to be managed

Notes:

Roads and Earthworks Division



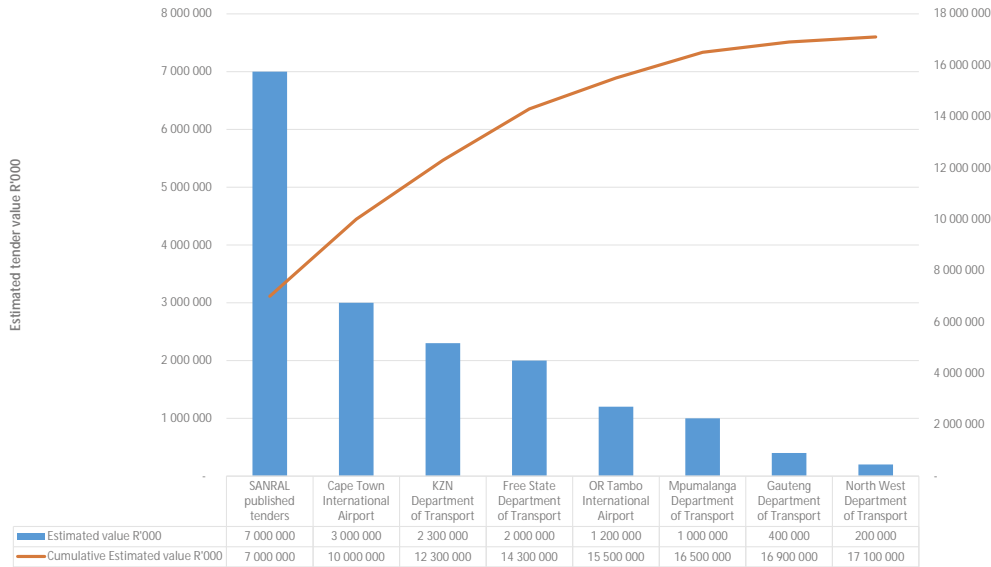
- Revenue decreased 7,7% to R1,76bn (H1 2019: R1,90bn)
- Operating loss decreased 91,5% to - R5,1m loss (H1 2019: - R60,8m loss)
- Operating margin of - 0,3% (H1 2019: - 3,2%)
- Capital expenditure of R7,7m (H1 2019: R31,5m)
- Order book of R4,06bn (H1 2019: R3,80bn)
- Rightsizing initiatives have curtailed losses, while sufficient capacity has been maintained to participate in an anticipated improvement in the sector
- Operations for the period mainly focused on road construction and maintenance work on roads managed by concessionaires as well as some provincial government work
- Recently appointed by SANRAL to complete the construction of the N1-29 Musina Ring Road for R420m which has improved the order book
- A substantial increase in tender activity is now being observed

Notes:

Roads and Earthworks Division continued



Current tender pipeline - November 2019



Notes:

Infrastructure Division



- Revenue increased 21,4% to R1,28bn (H1 2019: R1,06bn)
- Operating profit increased 187,8% to R77,3m (H1 2019: R26,9m)
- Operating margin increased to 6,0% (H1 2019: 2,5%)
- Capital expenditure of R50,3m (H1 2019: R17,1m)
- Order book of R3,07bn (H1 2019: R2,86bn)
- Strong growth as a result of REIPPPP projects which are being well executed
 - The order book includes four REIPPPP projects valued at R502m
 - Additional work to the value of R300m is being negotiated
 - The Integrated Resource Plan 2019 is supportive of growth in the renewable energy sector
- Consistent results reported from the affordable housing and commercial building operations
- Encouraging opportunities exist to expand private sector client base as a result of supply constraints due to failure of listed competitors

Notes:

Infrastructure Division continued



	Coal		Nuclear	Hydro	Storage	PV	Wind	CSP	Gas & Diesel	Other (Distributed Generation, CoGen, Biomass, Landfill)
	Coal	(Decommissioning)								
Current Base	37 149		1 860	2 100	2 912	1 474	1 980	300	3 830	499
2019	2 155	-2 373					244	300		Allocation to the extent of the short term capacity and energy gap.
2020	1 433	-557				114	300			
2021	1 433	-1 403				300	818			
2022	711	-844			513	400	1 000	1 600		
2023	750	-555				1 000	1 600	1 000	500	
2024			1 860				1 600		500	
2025						1 000	1 600		500	
2026		-1 219					1 600	2 000	500	
2027	750	-847					1 600		500	
2028		-475				1 000	1 600		500	
2029		-1 694			1 575	1 000	1 600		500	
2030		-1 050		2 500		1 000	1 600		500	
TOTAL INSTALLED CAPACITY by 2030 (MW)	33 364		1 860	4 600	5 000	8 288	17 742	600	6 380	
% Total Installed Capacity (% of MW)	43		2.36	5.84	6.35	10.52	22.53	0.76	8.1	
% Annual Energy contribution (% of MWh)	58.8		4.5	8.4	1.2*	6.3	17.8	0.6	1.3	

■ Installed capacity
 ■ Committed/Already Contracted Capacity
 ■ Capacity Decommissioned
 ■ New Additional Capacity
■ Extension of Koeberg Plant Design Life
 ■ Includes distributed Generation Capacity for own use

Source: IRP 2019 | Government Gazette 18 October 2019 | page 39 of 94

Notes:

International operations



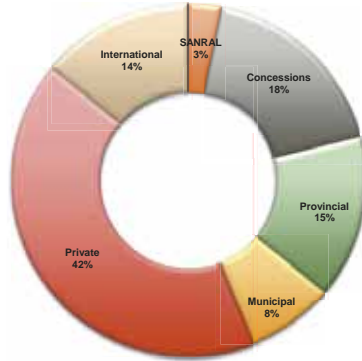
- Revenue decreased 1,1% to R853,6m (H1 2019: R863,5m)
- Operating profit decreased 28,1% to R87,6m (H1 2019: R121,9m)
- Operating margin decreased to 10,3% (H1 2019: 14,1%)
- Order book of R1,13bn (H1 2019: R2,0bn)
- The decrease in margin largely due to completion of diamond mining contracts in Namibia
- Activities in Cameroon are ongoing, the Onomo hotel was successfully completed while the Douala Grand Mall is estimated to be completed by 31 March 2020
- Consistently good results have been reported from operations in Botswana
 - Commercial aggregate as well as bitumen and asphalt supply
- Consistent results have been reported from operations in Western Australia
- The group has continued to look for higher margin contracts in Africa to support growth

Notes:

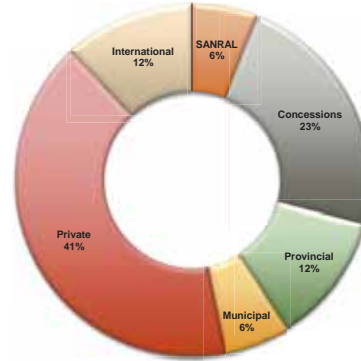
Order book



FY 2019



H1 2020

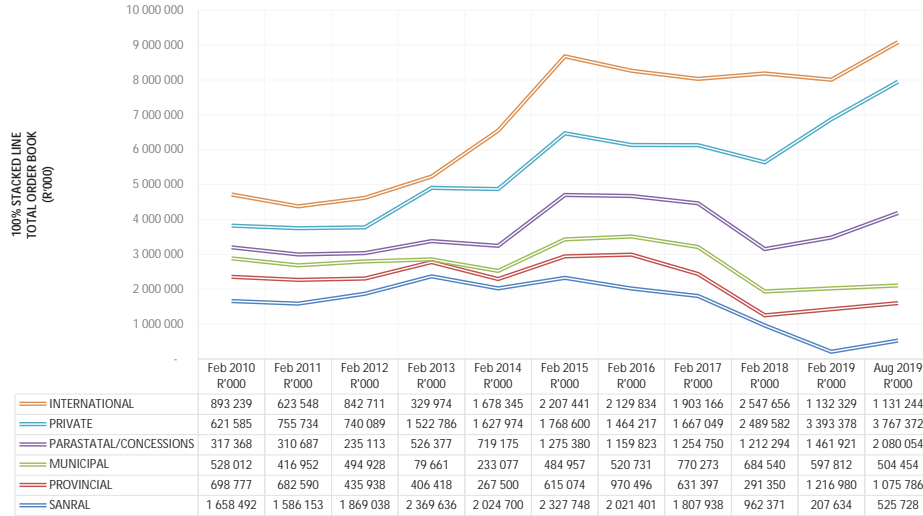


Timing	R8,010bn
FY 2020	R5,975bn
FY 2021	R1,580bn
FY 2022	R0,415bn
Beyond	R0,040bn

Timing	R9,084bn
FY 2020 (6mths)	R3,772bn
FY 2021 (12mths)	R3,848bn
FY 2022 (12mths)	R1,000bn
Beyond	R0,464bn

Notes:

Order Book History



Notes:

Major Projects Progress



Notes:

Raubex Infra: Droogfontein PV farm



Notes:



Notes:

Raudev: Woodwind Estates development



Notes:

Raubex Infra: Civil services and BNG housing units for Department of Human Settlements



Notes:

Raubex Building: FLISP units for Lufhereng



Notes:

Shisalanga Construction: Trials for new technology plastic asphalt



Notes:

Shisalanga Construction: Trials for new technology plastic asphalt



Notes:

Roadmac Surfacing: Rehabilitation of N3 between Cedara and Mooi River for N3TC



Notes:

Raubex KZN: Development of a new vehicle distribution service facility for Onelogix



Notes:

Burma Plant Hire: Operations at Rietvlei coal mine in Mpumalanga



Notes:



Notes:

Raubex Renovo: Onomo hotel in Douala, Cameroon



Notes:

Westforce Construction: Installation of a culvert on a BHP iron ore mine
in North Western Australia for Monadelphous



Notes:

Conclusion



- The materials division will continue to diversify the group from the construction sector
 - Margins are expected to improve in the second half of the year as new mining contracts achieve efficiencies
 - An increase in construction sector activity should also benefit materials supply operations
- The roads and earthworks division will remain under pressure in the second half of the year
 - Future prospects are encouraging with a substantial increase in tender activity observed
- Project opportunities are being explored in Africa including the Beitbridge border post upgrade in Zimbabwe
- The infrastructure division will be supported by a stable pipeline of work in the REIPPPP and activity in the affordable housing and commercial building sector
- The market in Western Australia has good growth prospects driven by the mining sector
- Strong balance sheet to be maintained which will ensure financial capability to participate in projects with large performance guarantee requirements

Notes:
