Raubex Group Limited

SUMMARY AUDITED GROUP FINANCIAL RESULTS

for the year ended 28 February 2021

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

Financial highlights

- Revenue increased **1.3%** to **R8.85 billion** (2020: R8.73 billion)
- Operating profit decreased **24.1%** to **R364.5 million** (2020: R480.5 million)
- Headline earnings per share decreased **49.4%** to **81.9 cents per share** (2020: 161.7 cents per share)
- Earnings per share decreased **37.1%** to **87.4 cents per share** (2020: 139.0 cents per share)
- Cash generated from operations increased **68.2%** to **R1.33 billion** (2020: R790.2 million)
- Net asset value increased to **R4.67 billion** (2020: R4.51 billion)
- Capital expenditure decreased to **R417.2 million** (2020: R581.5 million)
- Order book increased to **R17.12 billion** (2020: R10.14 billion)
- Final dividend of **29 cents per share** declared

Rudolf Fourie,
CEO of Raubex Group, said:

"The group has shown its resilience over the past year and its ability to navigate through tough industry conditions and unforeseen challenges the likes of the Covid-19 pandemic.

"South Africa's Economic Reconstruction and Recovery Plan, which includes a substantial infrastructure build programme, is encouraging and we look forward to the roll out of this plan which will bring relief to the construction industry and create much needed jobs.

"We are further encouraged by the good recovery that was made by the group in the second half of the year, a significant increase in tender activity and some major construction contracts that were awarded to the group.

"With the secured order book now at a record level, the group's strong management team, supported by a healthy balance sheet, position Raubex well for future growth."

Commentary

Financial overview

Revenue increased by 1.3% to R8.85 billion while operating profit decreased by 24.1% to R364.5 million from the corresponding prior year, mainly as a result of the Covid-19 lockdowns which impacted operations in various jurisdictions during the first half of the financial year.

Profit before tax decreased by 23.4% to R341.6 million (2020: R446.2 million).

The taxation charge for the period amounted to R138.6 million (2020: R144.8 million), which resulted in the effective tax rate increasing to 40.6% (2020: 32.5%). The increase in the effective tax rate is mainly attributable to certain tax losses incurred for which deferred tax assets have not been recognised, as well as dividend withholding taxes payable on dividends declared by subsidiaries in Botswana and Namibia.

Group operating profit margin decreased to 4.1% (2020: 5.5%).

Earnings per share decreased by 37.1% to 87.4 cents (2020: 139.0 cents) with headline earnings per share decreasing by 49.4% to 81.9 cents (2020: 161.7 cents).

Net finance costs decreased to R22.0 million (2020: R34.3 million). Finance costs include R32.2 million (2020: R15.5 million) attributable to lease payments accounted for in terms of IFRS 16: *Leases*. The total non-cash finance costs amounted to R12.3 million (2020: R12.3 million).

Cash generated from operations increased by 68.2% to R1.33 billion (2020: R790.2 million) before finance charges and taxation, with the strong cash generation during the year attributable to a decrease in working capital.

Trade and other receivables decreased by 15.7% to R1.37 billion (2020: R1.63 billion), while contract assets increased by 0.4% to R324.8 million (2020: R323.7 million). The decrease in trade and other receivables is a result of a combination of healthy cash collection from a broad base of customers despite the financial pressure from the Covid-19 lockdowns, as well as the settlement of some key accounts related to the Renewable Energy Independent Power Producer Procurement Programme ("REIPPPP") projects.

Inventories increased by 16.4% to R747.1 million (2020: R641.7 million), mainly due to an increase in stock related to certain property development projects as well as an increase in bitumen stock.

Trade and other payables increased by 1.3% to R1.44 billion (2020: R1.42 billion), while contract liabilities increased by 193.9% to R666.6 million (2020: R226.8 million). The increase in contract liabilities is mainly due to an advance payment received as a loan for mobilisation on the Beitbridge Border Post Project in an amount of USD23.6 million, as well as an increase in progress billings in excess of costs incurred plus profits recognised on various other projects during the year.

Capital expenditure on property, plant and equipment decreased by 28.3% to R417.2 million (2020: R581.5 million) from the prior year, due mainly to the timing of replacements in the materials division and delayed expansion opportunities.

Borrowings decreased by 0.3% to R795.2 million (2020: R797.8 million) and consist mainly of instalment sale agreements relating to plant and equipment, which are repayable in monthly instalments.

The group had a net cash inflow for the year of R872.1 million and total cash and cash equivalents at the end of the year of R1.88 billion (2020: R1.01 billion).

Operational overview

Operations during the first half of the year were impacted by the respective lockdowns declared in response to the Covid-19 pandemic, which has been well documented and set out in the group's interim results announcement released on SENS on 9 November 2020.

In South Africa, a national lockdown commenced on 26 March 2020 and all businesses other than those providing essential services as defined by legislation, were required to be closed for the duration of the lockdown. The majority of Raubex operations in South Africa were able to commence from 1 May 2020, with a gradual increase in efficiencies to near normal levels of operation towards the end of July 2020. In the rest of Africa, operations in Botswana were also impacted by lockdowns, while in Mozambique and Namibia, materials handling and crushing operations experienced cross-border logistical issues which impacted production efficiencies during the period. In Cameroon, operations were more severely impacted by Covid-19 challenges, including travel restrictions and quarantine periods that personnel were required to comply with both in South African and Cameroonian jurisdictions, which impacted the Douala Grand Mall project at a critical stage of completion. Operations in Western Australia performed well during the year and were not materially impacted by Covid-19.

The group is pleased to report that, following the lockdowns experienced in the first half of the year, a good recovery was made in the second half of the year with operations reverting to normal levels of efficiency. There was also a significant increase in tender activity during the second half of the year, with some major construction contracts awarded to the group. These awards have increased the secured order book to a record level of R17.1 billion and a number of recent bids are currently still under adjudication.

Materials Division

The materials division, which diversifies the group from the construction industry, comprises three main disciplines including (i) commercial quarries (ii) contract crushing and (iii) materials handling and processing services for the mining industry.

The first half of the year was affected by the Covid-19 lockdowns which impacted South African operations and gave rise to cross-border logistical issues which impacted operations in other southern African jurisdictions, including Botswana, Mozambique and Namibia throughout the lockdown periods. The division recovered well once restrictions in South Africa were eased and the demand for materials exceeded expectations, recovering rapidly to normal levels. The division's results were supported by its commercial quarry operations where there was a strong demand for aggregates in the second half of the year, while materials handling operations in the mining sector also made a good recovery. Contract crushing operations for the construction sector continued to experience weak demand throughout the year.

Revenue for the division decreased 10.8% to R2.45 billion (2020: R2.75 billion) while operating profit decreased 17.9% to R301.8 million (2020: R367.7 million).

The divisional operating profit margin decreased to 12.3% (2020: 13.4%).

The division incurred capital expenditure of R215.8 million during the year (2020: R431.7 million).

The division has a secured order book of R1.85 billion (2020: R1.81 billion).

Roads and Earthworks Division

This division specialises in road construction and earthworks as well as road surfacing and rehabilitation which includes the manufacturing and laying of asphalt, chip and spray, surface dressing, enrichments, slurry seals and the manufacture and distribution of value added bituminous products throughout southern Africa.

The first half of the year was severely impacted by the Covid-19 lockdowns. In South Africa, construction was not classified as an essential service during the initial lockdown and all construction works were suspended with only essential safety related, traffic control and security services ongoing to maintain and protect project sites. Although operations were permitted to recommence from 1 May 2020, a number of inefficiencies were experienced with conditions only normalising in the second half of the year.

Although there was an improvement in the second half performance, conditions in this division remained challenging throughout the year, particularly in the asphalt and bitumen supply operations which are volume driven. These operations suffered from extremely low levels of demand for their product and services, which are traditionally more at the back-end of the road construction process. The award of some major contracts during the second half of the year and a significant increase in tender activity have improved the outlook for this division.

The following contracts, *inter alia*, were awarded to the group from the South African National Roads Agency SOC Limited ("SANRAL") during the year:

- the upgrading of National Route 3, Section 2 from Dardanelles (Km 36.6) to Lynnfield Park (Km 30.6) in the amount of R1.48 billion (including VAT) for a contract period of 45 months;
- the upgrading of National Route 3, Section 2, from Cato Ridge (Km 20.2) to Dardanelles (Km 26.6) in the amount of R1.44 billion (including VAT) for a contract period of 51 months; and
- the upgrading of National Route 2 from Kwamashu Interchange, Section 25 (Km 28.6) to Umdloti River Bridge, Section 26 (Km 14.0) in the amount of R1.43 billion (including VAT) for a contract period of 40 months.

The above mentioned contracts will provide a good base load of work for the division over the medium term and enable it to look for higher margin opportunities to support the order book. The division will also jointly participate in the upgrading and expansion of the Beitbridge Border Post in Zimbabwe together with the infrastructure division.

Revenue for the division increased 9.7% to R3.55 billion (2020: R3.24 billion) and operating profit increased to R10.4 million (2020: R3.1 million).

The divisional operating profit margin increased to 0.3% (2020: 0.1%).

The division incurred capital expenditure of R108.1 million during the year (2020: R61.4 million).

The division has a secured order book of R11.06 billion (2020: R5.46 billion).

Infrastructure Division

The infrastructure division specialises in disciplines outside of the road construction sector, including energy (with a specific focus on renewable energy), rail, telecommunications, pipeline construction, housing infrastructure and commercial building projects.

The first half of the year was severely impacted by the Covid-19 lockdowns with all South African construction works suspended during the initial lockdown level and certain commercial building and housing projects only normalising toward the end of the half year. In Cameroon, cross-border logistical issues, as well as travel restrictions and quarantine periods that professional personnel and consultants were required to comply with, had a severe impact on the Douala Grand Mall project as the lockdowns came at a critical stage of completion of the project.

The division reported a strong recovery in the second half of the year from its commercial building and housing operations in South Africa, as well as from operations in the renewable energy sector where projects are nearing completion. Regretfully, the completion of the Douala Grand Mall in Cameroon continued to be problematic with further unforeseen disestablishment losses incurred in the second half of the year.

The division's results were supported by operations in Western Australia, which performed well throughout the year.

Revenue for the division increased 3.5% to R2.84 billion (2020: R2.75 billion) and operating profit decreased 70.7% to R52.2 million (2020: R178.2 million).

The divisional operating profit margin decreased to 1.8% (2020: 6.5%).

The division incurred capital expenditure of R93.3 million (2020: R88.5 million).

The division has a secured order book of R4.21 billion (2020: R2.87 billion).

International

The group's international operations consist of materials supply and mining services as well as construction activities. These operations are located in the African jurisdictions of Botswana, Cameroon, Mozambique, Namibia, Zambia and Zimbabwe ("rest of Africa") as well as in Western Australia.

The first half of the year saw the Covid-19 lockdowns give rise to various cross-border logistical issues which impacted the group's operations in neighbouring southern African states. In Botswana the lockdowns impacted commercial quarry and bitumen supply operations, while materials handling and crushing operations were impacted in Mozambique and Namibia.

The completion of the Douala Grand Mall in Cameroon, which was severely impacted by Covid-19 in the first half of the year, incurred further unforeseen disestablishment costs and regrettably reported an operating loss for the year of R95.4 million.

Materials handling operations in Namibia were reduced during the year due to feasibility studies being performed by the client. A cautious approach has been adopted with regards to operations in Mozambique where developments relating to the insurgency in the northern region are being closely monitored.

In November 2020, the group announced that the project for the expansion and upgrading of the Beitbridge Border Post in Zimbabwe had reached financial close and that the EPC Contract for the project has been awarded to Raubex in the amount of USD172.2 million (excluding VAT). Works on this contract got off to a swift start and are progressing well. The group, through its Zimbabwean subsidiary, was also awarded the contract to maintain the border post facilities over the 17.5 year concession period. The maintenance contract will commence on completion of the port works.

In Western Australia, all operations performed well as the group continues to establish itself in this market.

In the rest of Africa revenue decreased by 48.5% to R564.9 million (2020: R1.10 billion) while operating profit decreased by 111.7% to an operating loss of R12.8 million (2020: R109.7 million operating profit). Operating profit margin decreased to a loss margin of 2.3% (2020: 10.0% profit margin).

In Australia revenue increased 100.4% to R1.10 billion (2020: R548.0 million) while operating profit increased by 184.0% to R74.3 million (2020: R26.2 million). Operating profit margin increased to 6.8% (2020: 4.8%).

The order book for the rest of Africa increased to R4.36 billion (2020: R482.7 million) supported by the Beitbridge project in Zimbabwe. The order book for Australia increased to R848.3 million (2020: R452.1 million). The international order book is included in the individual divisional order books.

Prospects

The group has shown its resilience over the past year and its ability to navigate through tough industry conditions and unforeseen challenges the likes of the Covid-19 pandemic. The group's diversified business model, which is supported by a strong materials division, has again afforded protection from the negative cyclical conditions in the construction industry.

The group's secured order book has increased by 68.9% to R17.1 billion (2020: R10.1 billion) and the unsecured contract opportunities which have been tendered and are still pending adjudication are significant. The group will be looking to participate in these projects from both a construction and materials supply perspective.

South Africa's Economic Reconstruction and Recovery Plan presented by President Cyril Ramaphosa to parliament on 15 October 2020 is encouraging. The announcement made by the Minister of Mineral Resources and Energy on 18 March 2021 of the Preferred Bidders for the Risk Mitigation IPP Procurement Programme and the release of the Request for Proposals for Bid Window 5 of the Renewable Energy IPP Procurement Programme, demonstrate progress towards delivery on the above mentioned plan.

The infrastructure division is well positioned to participate in the Risk Mitigation IPP Programme where preferred bidders are required to reach financial close by 31 July 2021. The closing date for submissions for Bid Window 5 of the Renewable Energy IPP is 4 August 2021 and offers encouraging prospects over the medium term.

The infrastructure division has also continued to establish itself in the affordable housing and commercial building sector. Participation in the Lufhereng Integrated Housing Development in Soweto is ongoing and a number of affordable housing development projects are being matured which will provide a pipeline of work to be executed over the medium term, dependent on market conditions in this sector.

The roads and earthworks division, having secured a significant base load of work, will now focus on the efficient execution of these contracts while looking for higher margin contract opportunities to supplement the order book. The execution of these contracts will not be without challenges, as community expectations are high. The mandatory allocation of works to Small, Medium and Micro-sized Enterprises (“SMMEs”) will need to be managed and local subcontractors will need to be developed and mentored.

Conditions in the materials division are expected to remain buoyant, with materials handling operations for the mining sector supported by high commodity prices and commercial quarries benefiting from the improvement in conditions in the construction sector. The group has also been exploring opportunities to form strategic partnerships with resource owners in the mining sector. On 29 March 2021, the group acquired a 23.08% stake in Bauba Resources Limited for R54.7 million in cash, which will afford the group the opportunity to participate in materials handling and processing opportunities for Bauba’s open cast mining operations in the future.

Opportunities to participate in Public Private Partnership (“PPP”) projects have started coming to the fore in the South African market and the group will review these opportunities and look to participate in these projects on a selective basis. These projects are often complex and entail lengthy development lifecycles before financial closure can be reached.

In the rest of Africa, construction work will be focused on the efficient execution of works relating to the upgrading and expansion of Beitbridge Border Post in Zimbabwe. Raubex is pleased to have secured this contract and proud to be associated with the project, which is a key national project and integral to Zimbabwe’s economic and social development goals. Notwithstanding this major project, the group will continue to adopt a more conservative strategy to working in the rest of Africa and will only consider projects with suitable risk and reward profiles.

In Western Australia, the construction sector in the country continues to be buoyant and a number of new projects have been secured to support the order book. The group will continue to explore this market and look for organic growth opportunities at a measured pace.

The group is encouraged by the good recovery that was made in the second half of the year as well as the significant contracts awarded. The increase in tender activity has also been significant and is now at levels not seen in a number of years. All indications are that the construction cycle may finally be turning in the South African market and the group is now more optimistic about its future prospects for the year ahead and over the medium term. The group's strong management team, supported by a healthy balance sheet, position Raubex well for future growth.

Dividend declaration

The board has declared a gross final cash dividend from income reserves of 29 cents per share on 10 May 2021 for the year ended 28 February 2021. The salient dates for the payment of the dividend are as follows:

Last day to trade *cum* dividend	Tuesday, 25 May 2021
Commence trading *ex* dividend	Wednesday, 26 May 2021
Record date	Friday, 28 May 2021
Payment date	Monday, 31 May 2021

No share certificates may be dematerialised or rematerialised between Wednesday, 26 May 2021 and Friday, 28 May 2021, both dates inclusive.

In terms of Dividends Tax ("DT"), the following additional information is disclosed:

- The local DT rate is 20%.
- The number of ordinary shares in issue at the date of this declaration is 181 750 036.
- The dividend to utilise for determining the DT due is 29 cents per share.
- The DT amounts to 5.8 cents per share.
- The net local dividend amount is 23.2 cents per share for shareholders liable to pay the DT.
- Raubex Group Limited's income tax reference number is 9370/905/151.

In terms of the DT legislation, the DT amount due will be withheld and paid over to the South African Revenue Service by a nominee company, stockbroker or Central Security Depository Participant (collectively "Regulated Intermediary") on behalf of shareholders. All shareholders should declare their status to their Regulated Intermediary, as they may qualify for a reduced DT rate or exemption.

Board changes

On 26 February 2021 shareholders were advised that James Gibson tendered his resignation as financial director of the group effective 31 May 2021. On 8 April 2021 shareholders were advised of the appointment of Samuel (Sam) Odendaal as financial director of the group with effect from 1 June 2021. Sam is an experienced chartered accountant who joined Raubex in July 2007 and has since grown through the financial ranks of the group. The board welcomes Sam as financial director of the group and look forward to working with him in his new role.

Summary group statement of financial position

	Audited 12 months 28 February 2021 R'000	Audited 12 months 29 February 2020 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	**2 384 052**	2 451 516
Right-of-use assets	**295 030**	376 379
Intangible assets	**1 025 282**	1 028 427
Investment in associates and joint ventures	**51 152**	56 425
Investment in service concessions	**22 755**	–
Deferred income tax assets	**155 756**	131 890
Inventories	**58 163**	55 057
Trade and other receivables	**13 555**	26 393
Other financial assets	**188 236**	122 471
Total non-current assets	**4 193 981**	4 248 558
Current assets		
Inventories	**688 944**	586 642
Contract assets	**324 838**	323 654
Trade and other receivables	**1 358 746**	1 602 045
Other financial assets	**6 875**	187 000
Current income tax receivable	**21 536**	20 586
Cash and cash equivalents (excluding bank overdrafts)	**1 891 636**	1 013 556
Total current assets	**4 292 575**	3 733 483
Total assets	**8 486 556**	7 982 041
EQUITY		
Share capital	**1 817**	1 817
Share premium	**2 059 688**	2 059 688
Treasury shares	**(16 002)**	(16 002)
Other reserves	**(1 120 424)**	(1 141 844)
Retained earnings	**3 478 306**	3 352 698
Equity attributable to owners of the parent	**4 403 385**	4 256 357
Non-controlling interest	**270 839**	257 417
Total equity	**4 674 224**	4 513 774
LIABILITIES		
Non-current liabilities		
Borrowings	**397 022**	491 614
Lease liabilities	**350 353**	402 147
Provisions for liabilities and charges	**109 532**	108 316
Deferred income tax liabilities	**268 380**	280 057
Other financial liabilities	**101 540**	107 352
Total non-current liabilities	**1 226 827**	1 389 486
Current liabilities		
Trade and other payables	**1 435 652**	1 417 392
Contract liabilities	**666 620**	226 825
Borrowings	**398 173**	306 199
Lease liabilities	**31 527**	52 951
Current income tax liabilities	**32 650**	43 759
Provisions for liabilities and charges	**5 883**	8 686
Other financial liabilities	**15 000**	22 969
Total current liabilities	**2 585 505**	2 078 781
Total liabilities	**3 812 332**	3 468 267
Total equity and liabilities	**8 486 556**	7 982 041

Summary group income statement

	Audited 12 months 28 February 2021 R'000	Audited 12 months 29 February 2020 R'000
Revenue	**8 846 454**	8 734 896
Cost of sales	**(7 835 914)**	(7 643 854)
Gross profit	**1 010 540**	1 091 042
Other income	**17 251**	26 901
Other gains/(losses) – net	**13 146**	(57 424)
Administrative expenses	**(627 945)**	(543 559)
Net impairment losses on financial and contract assets	**(48 536)**	(36 502)
Operating profit	**364 456**	480 458
Finance income	**68 041**	49 150
Finance costs	**(90 021)**	(83 410)
Share of loss of equity accounted investments	**(864)**	(34)
Profit before income tax	**341 612**	446 164
Income tax expense	**(138 599)**	(144 813)
Profit for the year	**203 013**	301 351
Profit for the year attributable to:		
Owners of the parent	**158 141**	251 904
Non-controlling interest	**44 872**	49 447
Basic earnings per share (cents)	**87.4**	139.0
Diluted earnings per share (cents)	**86.9**	138.2

Summary group statement of comprehensive income

	Audited 12 months 28 February 2021 R'000	Audited 12 months 29 February 2020 R'000
Profit for the year	**203 013**	301 351
Other comprehensive income for the year, net of tax		
Currency translation differences	**12 222**	27 823
Actuarial gain on post-employment benefit obligations	**1 320**	117
Total comprehensive income for the year	**216 555**	329 291
Comprehensive income for the year attributable to:		
Owners of the parent	**169 179**	279 170
Non-controlling interest	**47 376**	50 121
Total comprehensive income for the year	**216 555**	329 291

Summary group statement of cash flows

	Audited 12 months 28 February 2021 R'000	Audited 12 months 29 February 2020 R'000
Cash flows from operating activities		
Cash generated from operations	**1 329 416**	790 205
Interest received	**59 254**	49 150
Interest paid	**(77 682)**	(71 062)
Income tax paid	**(190 615)**	(178 023)
Net cash generated from operating activities	**1 120 373**	590 270
Cash flows from investing activities		
Purchases of property, plant and equipment	**(417 155)**	(581 535)
Proceeds from sale of property, plant and equipment	**101 778**	116 140
Proceeds from sale and leaseback transaction	**180 125**	–
Disposal of subsidiaries	**280**	–
Loans granted to associates and joint ventures	**(1 091)**	(13 893)
Net cash used in investing activities	**(136 063)**	(479 288)
Cash flows from financing activities		
Proceeds from borrowings	**354 420**	583 165
Repayment of borrowings	**(363 165)**	(454 387)
Repayment of lease liabilities (capital repayments)	**(35 962)**	(51 646)
Dividends paid to owners of the parent	**(43 403)**	(79 755)
Dividends paid to non-controlling interests	**(24 096)**	(38 445)
Acquisition of non-controlling interests	**–**	(17 600)
Acquisition of treasury shares	**–**	(14 784)
Net cash used in financing activities	**(112 206)**	(73 452)
Net increase in cash and cash equivalents	**872 104**	37 530
Cash and cash equivalents at the beginning of the year	**1 006 268**	962 611
Effects of exchange rates on cash and cash equivalents	**5 319**	6 127
Cash and cash equivalents at the end of the year	**1 883 691**	1 006 268

Summary group statement of changes in equity

	Share capital R'000	Share premium R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Total attributable to owners of the parent company R'000	Non-controlling interest R'000	Total equity R'000
Balance at 28 February 2019	1 817	2 059 688	(1 218)	(1 177 135)	3 181 700	4 064 852	262 272	4 327 124
Share option reserve	–	–	–	8 142	–	8 142	–	8 142
Acquisition of treasury shares	–	–	(14 784)	–	–	(14 784)	–	(14 784)
Acquisition of non-controlling interest	–	–	–	–	(1 268)	(1 268)	(16 531)	(17 799)
Profit for the year	–	–	–	–	251 904	251 904	49 447	301 351
Other comprehensive income for the year	–	–	–	27 149	117	27 266	674	27 940
Dividends paid	–	–	–	–	(79 755)	(79 755)	(38 445)	(118 200)
Balance at 29 February 2020	1 817	2 059 688	(16 002)	(1 141 844)	3 352 698	4 256 357	257 417	4 513 774
Share option reserve	**–**	**–**	**–**	**11 702**	**–**	**11 702**	**–**	**11 702**
Disposal of shares to non-controlling interest	**–**	**–**	**–**	**–**	**9 550**	**9 550**	**(9 550)**	**–**
Disposal of subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**(308)**	**(308)**
Profit for the year	**–**	**–**	**–**	**–**	**158 141**	**158 141**	**44 872**	**203 013**
Other comprehensive income for the year	**–**	**–**	**–**	**9 718**	**1 320**	**11 038**	**2 504**	**13 542**
Dividends paid	**–**	**–**	**–**	**–**	**(43 403)**	**(43 403)**	**(24 096)**	**(67 499)**
Balance at 28 February 2021	**1 817**	**2 059 688**	**(16 002)**	**(1 120 424)**	**3 478 306**	**4 403 385**	**270 839**	**4 674 224**

Notes

Basis of preparation

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements ("Listings Requirements") for abridged reports and the requirements of the Companies Act (2008) applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and also, as a minimum, to contain the information required by IAS 34: I*nterim Financial Reporting*.

The principal accounting policies used in the preparation of the audited results for the year ended 28 February 2021 are consistent with those applied for the year ended 29 February 2020 in terms of IFRS.

These summary consolidated financial statements for the year ended 28 February 2021 have been prepared under the supervision of the Financial Director, Mr JF Gibson CA(SA) and audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements from which these summary consolidated financial statements were derived. A copy of the auditor's report on the summary consolidated financial statements and of the auditor's report on the annual consolidated financial statements are available for inspection at the company's registered office.

The auditor's report does not necessarily report on all of the information contained in this announcement. Any reference to *pro forma* or future financial information included in this announcement has not been reviewed or reported on by the auditor. Shareholders are advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of that report together with the accompanying financial information from the company's registered office.

Summary group segmental analysis

	Materials R'000	Roads and Earthworks R'000	Infrastructure R'000	Other* R'000	Consolidated R'000
Operating segments					
28 February 2021					
Segment revenue	**2 452 181**	**3 549 996**	**2 844 277**	**–**	**8 846 454**
Operating profit	**301 811**	**10 439**	**52 206**	**–**	**364 456**
Margin	**12.3%**	**0.3%**	**1.8%**	**–**	**4.1%**
29 February 2020					
Segment revenue	2 749 368	3 237 134	2 748 394	–	8 734 896
Operating profit/(loss)	367 676	3 110	178 197	(68 525)	480 458
Margin	13.4%	0.1%	6.5%	–	5.5%

	South Africa R'000	Rest of Africa R'000	Australia R'000	Other* R'000	Consolidated R'000
Geographical information					
28 February 2021					
Segment revenue	**7 183 346**	**564 871**	**1 098 237**	**–**	**8 846 454**
Operating profit/(loss)	**302 974**	**(12 794)**	**74 276**	**–**	**364 456**
Margin	**4.2%**	**(2.3%)**	**6.8%**	**–**	**4.1%**
29 February 2020					
Segment revenue	7 090 798	1 096 146	547 952	–	8 734 896
Operating profit/(loss)	413 126	109 702	26 155	(68 525)	480 458
Margin	5.8%	10.0%	4.8%	–	5.5%

* *The other operating loss in the prior year consists of amounts that cannot be allocated to specific segments and relates to the loss on sale and leaseback transaction.*

Calculation of diluted earnings per share

	Audited 12 months 28 February 2021 R'000	Audited 12 months 29 February 2020 R'000
Profit attributable to owners of the parent entity	**158 141**	251 904
Weighted average number of ordinary shares in issue ('000)	**180 844**	181 276
Adjustments for:		
Shares deemed issued for no consideration (share options) ('000)	**1 119**	1 030
Weighted average number of ordinary shares for diluted earnings per share ('000)	**181 963**	182 306
Diluted earnings per share (cents)	**86.9**	138.2

Calculation of headline earnings per share

	Audited 12 months 28 February 2021 R'000	Audited 12 months 29 February 2020 R'000
Profit attributable to owners of the parent entity	**158 141**	251 904
Adjustments for:		
Profit on sale of property, plant and equipment	**(14 537)**	(24 008)
Goodwill written off	**–**	1 659
Loss on sale and leaseback transaction	**–**	68 525
Loss on disposal of subsidiary	**15**	–
Add back: Non-controlling interests' portion of profit on sale of property, plant and equipment	**463**	4 710
Total tax effects of adjustments	**4 018**	(9 662)
Basic headline earnings	**148 100**	293 128
Weighted average number of shares ('000)	**180 844**	181 276
Headline earnings per share (cents)	**81.9**	161.7
Diluted headline earnings per share (cents)	**81.4**	160.8

Revenue disaggregation

The following disclosures are provided in terms of IAS 34.16A(l) and IFRS 15.114:

Disaggregation of revenue by activity and segment	Materials R'000	Roads and Earthworks R'000	Infrastructure R'000	Consolidated R'000
28 February 2021				
Contracting revenue	**992 853**	**2 930 578**	**2 741 607**	**6 665 038**
Commercial quarry aggregates and gypsum revenue	**1 107 148**	**–**	**–**	**1 107 148**
Bitumen and emulsion products	**–**	**296 156**	**–**	**296 156**
Asphalt supply revenue	**–**	**323 262**	**–**	**323 262**
Plant hire revenue	**352 180**	**–**	**–**	**352 180**
Property sales, property rentals and development fees	**–**	**–**	**102 670**	**102 670**
Total revenue	**2 452 181**	**3 549 996**	**2 844 277**	**8 846 454**
29 February 2020				
Contracting revenue	1 164 637	2 374 604	2 544 819	6 084 060
Commercial quarry aggregates and gypsum revenue	1 111 402	–	–	1 111 402
Bitumen and emulsion products	–	580 884	–	580 884
Asphalt supply revenue	–	281 646	–	281 646
Plant hire revenue	473 329	–	–	473 329
Property sales, property rentals and development fees	–	–	203 575	203 575
Total revenue	2 749 368	3 237 134	2 748 394	8 734 896

Disaggregation of revenue by activity and geography	South Africa R'000	Rest of Africa R'000	Australia R'000	Consolidated R'000
28 February 2021				
Contracting revenue	**5 325 125**	**241 676**	**1 098 237**	**6 665 038**
Commercial quarry aggregates and gypsum revenue	**910 101**	**197 047**	**–**	**1 107 148**
Bitumen and emulsion products	**198 086**	**98 070**	**–**	**296 156**
Asphalt supply revenue	**295 184**	**28 078**	**–**	**323 262**
Plant hire revenue	**352 180**	**–**	**–**	**352 180**
Property sales, property rentals and development fees	**102 670**	**–**	**–**	**102 670**
Total revenue	**7 183 346**	**564 871**	**1 098 237**	**8 846 454**
29 February 2020				
Contracting revenue	4 850 717	685 391	547 952	6 084 060
Commercial quarry aggregates and gypsum revenue	940 479	170 923	–	1 111 402
Bitumen and emulsion products	374 517	206 367	–	580 884
Asphalt supply revenue	248 181	33 465	–	281 646
Plant hire revenue	473 329	–	–	473 329
Property sales, property rentals and development fees	203 575	–	–	203 575
Total revenue	7 090 798	1 096 146	547 952	8 734 896

Disaggregation of revenue by customer sector and geography	South Africa R'000	Rest of Africa R'000	Australia R'000	Consolidated R'000
28 February 2021				
Public sector	**1 989 167**	**505**	**792 890**	**2 782 562**
Private sector	**5 194 179**	**564 366**	**305 347**	**6 063 892**
Total revenue	**7 183 346**	**564 871**	**1 098 237**	**8 846 454**
29 February 2020				
Public sector	1 502 522	43 827	180 813	1 727 162
Private sector	5 588 276	1 052 319	367 139	7 007 734
Total revenue	7 090 798	1 096 146	547 952	8 734 896

Finance income and costs

	Audited 12 months 28 February 2021 R'000	Audited 12 months 29 February 2020 R'000
Finance income:		
Cash finance income		
Interest income on cash resources	**51 867**	45 701
Other interest	**7 387**	3 449
Non-cash finance income		
Accrued interest	**8 787**	–
Total finance income	**68 041**	49 150
Finance costs:		
Cash finance costs		
Bank borrowings	**(44 163)**	(54 452)
Interest expense on lease liabilities	**(32 164)**	(15 510)
Other interest	**(1 355)**	(1 100)
Non-cash finance costs		
Unwinding of discount – contingent consideration	**–**	(2 759)
Unwinding of discount – rehabilitation provision	**(4 320)**	(4 096)
Unwinding of discount – retentions	**1 580**	2 201
Unwinding of discount – voluntary rebuilding programme	**(7 018)**	(7 694)
Significant financing component on advance payment	**(2 581)**	–
Total finance costs	**(90 021)**	(83 410)
Net finance costs	**(21 980)**	(34 260)

Cash and cash equivalents

	Audited 12 months 28 February 2021 R'000	Audited 12 months 29 February 2020 R'000
For purposes of the consolidated cash flow, cash and cash equivalents consists of:		
Cash on hand	**1 891 636**	1 013 556
Bank overdrafts	**(7 945)**	(7 288)
Total cash and cash equivalents as stated on the statement of cash flows	**1 883 691**	1 006 268

Capital expenditure and depreciation

	Audited 12 months 28 February 2021 R'000	Audited 12 months 29 February 2020 R'000
Capital expenditure for the year	**417 155**	581 535
Depreciation for the year on property, plant and equipment	**404 355**	394 028
Depreciation for the year on right-of-use assets	**47 291**	59 130
Amortisation of intangible assets for the year	**8 542**	8 543

Events after the reporting period

Acquisition of associate

Bauba Resources Limited ("Bauba")

On 29 March 2021, the group, through its subsidiary Raubex (Pty) Ltd, acquired 147 811 073 shares of Bauba Resources Limited for R54.7 million. This acquisition amounts to a 23.08% shareholding in Bauba and represents a significant influence in terms of IAS 28 and the group's interest in Bauba will therefore be accounted for using the equity method. Bauba is a mining company listed on the JSE, with various mineral reserves under licence. This acquisition will afford the group the opportunity to participate in materials handling and processing opportunities for Bauba's open cast mining operations in the future.

No other material events after the reporting period occurred up to the date of preparation of these group financial statements.

On behalf of the board:

F Kenney
Chairman

RJ Fourie
Chief Executive Officer

JF Gibson
Financial Director

10 May 2021

Notes

Company information

Directors

RJ Fourie

JF Gibson

NF Msiza

F Kenney#

LA Maxwell*

BH Kent*

SR Bogatsu*

Non-executive Chairman

* *Independent non-executive*

Company secretary

GM Chemaly

Registered office

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South Africa

Transfer secretaries

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Rosebank Towers

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