



Audited annual results

for the year ended
29 February 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 Year 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 over 10 500 people

Notes:

Business segments



Notes:

Full road construction cycle



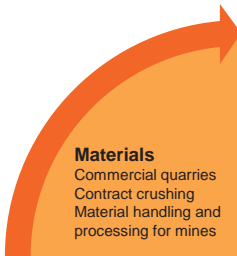
Road construction and earthworks

Road surfacing and rehab

Earthworks 1	Mobile crushing 2	Compaction 3	Structures 4	Milling 5
Asphalt production 6	Asphalt paving 7	Bitumen 8	Road marking 9	Final product 10

Notes:

Material handling and processing activities

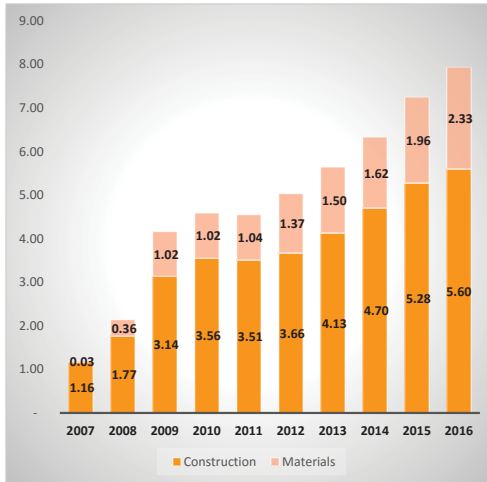


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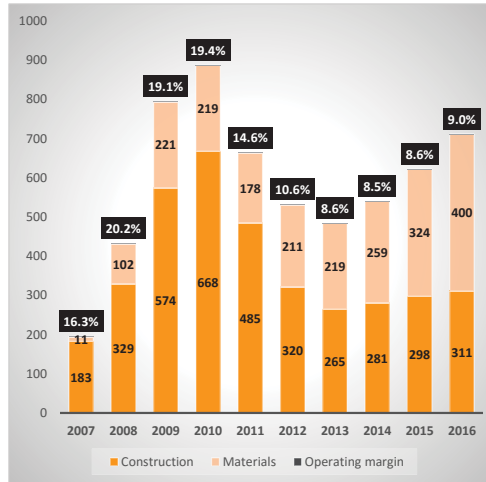
10 Year Financial Review



Revenue (Rbn)



Operating Profit (Rm)

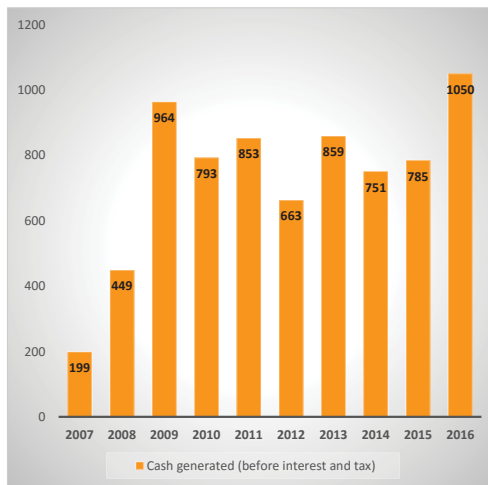


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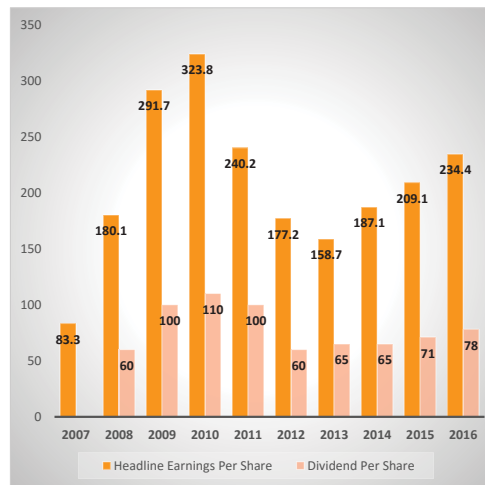
10 Year Financial Review



Cash Generated from Operations (Rm)



Headline Earnings Per Share (cents)



Notes:

The Year in Review



- Strong results in a competitive market
- Good results from the Materials Division; 56,3% of operating profit
 - Diversified revenue streams
 - Acquisitions bedded down well
- Roads Division executing very well; better quality order book
 - No problem contracts
 - H1 bitumen supply affected by unplanned refinery shutdowns
 - Cautious approach to execution in Zambia
- Stable results from the Infrastructure Division
 - Mine infrastructure slow down offset by activity in solar
 - Solar work; gained momentum in H2
- International (the rest of Africa)
 - Gaining traction; 15% of revenue and 31% of operating profit

Notes:

Group Financial Highlights



- Revenues up 9,4% to R7,93bn (2015: R7,25bn)
- Operating profit up 14,2% to R710,6m (2015: R622,2m)
- Group operating profit margin of 9,0% (2015: 8,6%)
- HEPS up 12,1% to 234,4 cps (2015: 209,1 cps)
- Cash flow from operations up 33,8% to R1,05bn (2015: R785,1m)
- Capital expenditure of R549,5m (2015: R510,6m)
- Order book of R8,27bn (2015: R8,68bn)
- Final dividend of 42 cents per share declared

Notes:

Income Statement



	Annual results 2016 (R'000)	Annual results 2015 (R'000)
Revenue	7 925 754	7 245 259
% growth	9,4%	14,5%
EBIT	710 563	622 171
% growth	14,2%	15,2%
Operating margin	9,0%	8,6%
Net finance costs	49 244	15 739
Profit before tax	661 643	606 637
Profit after tax	469 403	428 074
Effective tax rate	29,1%	29,4%
EPS (cents)	236,9	213,4
% growth	11,0%	11,6%
DPS (cents)	78	71
ROCE	13,3%	12,3%
Shares in issue ('000)	189 250	187 330
Treasury shares ('000)	2 683	-
Number of staff	10 516	9 598

Notes:

Statement of Financial Position – Assets



	Annual results 2016 (R'000)	Annual results 2015 (R'000)
Non-current assets	3 454 583	3 240 794
Property, plant and equipment	2 335 748	2 171 829
Intangible assets	829 283	795 098
Investment in associates and JV's	50 682	10 708
Deferred tax asset	42 478	43 136
Non-current inventory	81 954	90 668
Non-current trade and receivables	114 438	129 355
Current assets	3 272 046	3 032 588
Inventory	482 162	438 330
Construction contracts in progress	369 184	362 351
Trade and other receivables	1 450 964	1 294 632
Cash	969 736	937 275
Total assets	6 726 629	6 273 382

Notes:

Statement of Financial Position – Equity and Liabilities



	Annual results 2016 (R'000)	Annual results 2015 (R'000)
Equity	3 832 842	3 533 417
Attributable to shareholders	3 704 078	3 422 629
Non-controlling interest	128 764	110 788
Non-current liabilities	1 117 194	1 115 456
Borrowings	682 027	672 320
Deferred tax liabilities	310 041	311 621
Other	125 126	131 515
Current liabilities	1 776 593	1 624 509
Borrowings	411 411	427 620
Trade and other payables	1 346 716	1 170 248
Current income tax liabilities	18 466	26 641
Total equity and liabilities	6 726 629	6 273 382
Total borrowings	1 093 438	1 099 940
Gearing (Debt/Equity)	28,5%	31,1%
Net debt	123 702	162 665
Gearing (Net Debt/Equity)	3,2%	4,6%

Notes:

Statement of Cash Flows



	Annual results 2016 (R'000)	Annual results 2015 (R'000)
Cash flows from operating activities		
Cash generated from operations	1 050 461	785 053
Finance costs – net	(42 650)	(11 380)
Taxation paid	(190 449)	(188 848)
Net cash generated from operating activities	817 362	584 825
Cash flows from investing activities		
Purchases of property, plant and equipment	(549 535)	(510 599)
Proceeds from sale of property, plant and equipment	48 825	40 267
Acquisition of subsidiaries	(47 049)	(202 485)
Loans granted to associates and joint ventures	(39 650)	(10 500)
Net cash used in investing activities	(587 409)	(683 317)
Cash flows from financing activities		
Proceeds from borrowings	502 667	752 827
Repayment of borrowings	(509 725)	(411 642)
Dividends paid	(141 904)	(164 373)
Acquisition of treasury shares	(46 599)	-
Other	(5 381)	(12 280)
Net cash used in financing activities	(200 942)	164 532
Net increase in cash and cash equivalents	29 011	66 040
Cash and cash equivalents at the beginning of the year	937 275	871 260
Effect of exchange rates on cash and cash equivalents	3 450	(25)
Cash and cash equivalents at the end of the year	969 736	937 275

Notes:

Segmental analysis



Operating segments	Materials	Road surfacing and rehab (incl Tosas)	Road construction	Infrastructure	Consolidated
February 2016					
Revenue (R'000)	2 332 083	3 048 219	1 400 823	1 144 629	7 925 754
Operating profit (R'000)	399 823	172 682	102 989	35 069	710 563
Operating margin	17,1%	5,7%	7,4%	3,1%	9,0%
February 2015					
Revenue (R'000)	1 961 342	2 957 304	1 463 953	862 660	7 245 259
Operating profit (R'000)	323 640	203 713	55 169	39 649	622 171
Operating margin	16,5%	6,9%	3,8%	4,6%	8,6%
Geographical segments	Local		% of Group	International	% of Group
February 2016					
Revenue (R'000)	6 725 552		84,9%	1 200 202	15,1%
Operating profit (R'000)	492 253		69,3%	218 310	30,7%
Operating margin	7,3%			18,2%	
February 2015					
Revenue (R'000)	6 606 290		91,2%	638 969	8,8%
Operating profit (R'000)	538 722		86,6%	83 449	13,4%
Operating margin	8,2%			13,1%	

Notes:

Dividend Declaration



- Final cash dividend declared of 42 cents per share
 - Total dividend of 78 cents per share for the year
- Consistent dividends paid since listing
- 3 X cover policy
- Relevant dates
 - Last day to trade cum dividend - Friday, 27 May 2016
 - Commence trading ex dividend - Monday, 30 May 2016
 - Record date - Friday, 3 June 2016
 - Payment date - Monday, 6 June 2016

Notes:

Materials



- Revenue increased 18,9% to R2,33bn (2015: R1,96bn)
- Operating profit increased 23,5% to R399,8m (2015: R323,6m)
- Operating margin increased to 17,1% (2015: 16,5%)
- Capital expenditure of R323,2m (2015: R358,3m)
- Order book of R1,76bn (2015: R1,86bn)
- Strong performance from commercial quarries and material handling
 - Established a footprint in Botswana through Belabela Quarries
 - Weaker commodity prices have not affected material handling and processing operations
 - Client and commodity mix; diamonds, gold and copper
 - Contract crushing still competitive; in line with construction sector
- Further geographical expansion opportunities being explored

Notes:

Road Surfacing and Rehabilitation



- Revenue increased 3,1% to R3,05bn (2015: R2,96bn*)
- Operating profit decreased 15,2% to R172,7m (2015: R203,7m*)
- Operating margin decreased to 5,7% (2015: 6,9%*)
- Capital expenditure of R128,4m (2015: R70m*); Tosas R57,3m
- Order book of R3,09bn (2015: R2,60bn*)
- Challenging conditions for the asphalt operations
 - Bitumen and aggregate supply issues experienced in H1
 - Aggressive pricing from new entrants
- Acquired an asphalt plant in the Western Cape; R22m
- Tosas returned to profitability
- Solid order book for the year ahead

* prior year figures restated to include Tosas

Asphalt Production	FY 2016	FY 2015
Utilised capacity (total capacity = 2 250 kts)	1 059kts	1 009kts
Revenue	R1 136bn	R1,120bn
Operating profit	R29,9m	R75,7m

Notes:

Road Construction and Earthworks



- Revenue decreased 4,3% to R1,40bn (2015: R1,46bn)
- Operating profit increased 86,7% to R103,0m (2015: R55,2m)
- Operating margin increased to 7,4% (2015: 3,8%)
- Capital expenditure of R48,1m (2015: R44,6m)
- Order book secured of R2,29bn (2015: R3,20bn)
 - Includes Zambia link 8000 of R890m
 - Better quality South African order book being realised
 - Focus on order book replacement to secure medium term work flow
- Teams executing well operationally; no problem contracts
- SANRAL civil claim

Notes:

- Revenue increased 32,7% to R1,14bn (2015: R862,7m)
- Operating profit decreased 11,6% to R35,1m (2015: R39,6m)
- Operating margin decreased to 3,1% (2015: 4,6%)
- Capital expenditure of R49,9m (2015: R37,7m)
- Order book of R1,12bn (2015: R1,01bn)
- Stable results
 - Mine infrastructure slow down offset by activity in solar
 - Solar work; gained momentum in H2
 - Water infrastructure; low activity
- Focus on improving margin
- Opportunities in the building space
- Encouraging prospects for more solar work in the medium term

Notes:



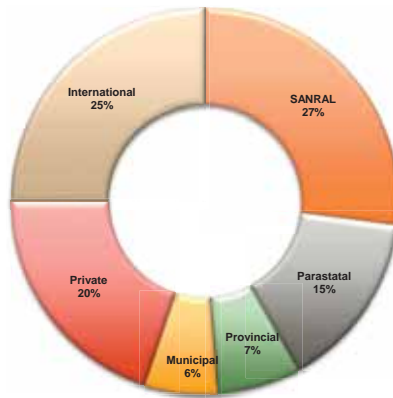
- Revenue increased 87,8% to R1,20bn (2015: R639,0m)
 - 15,1% of group total
- Operating profit increased 161,6% to R218,3m (2015: R83,4m)
 - 30,7% of group total
- Operating margin increased to 18,2% (2015: 13,1%)
- Order book of R2,13bn (2015: R2,20bn); 25,8% of group total
 - Includes Zambia Link 8000 of R890m
- Revenue streams more diversified geographically
 - Road construction in Botswana, Namibia and Zambia
 - Material handling and processing operations in Namibia and Botswana
 - Contract crushing in Mozambique
- Continue to pursue long term work flow in Africa at high margin
- Zambia Link 8000 update

Notes:

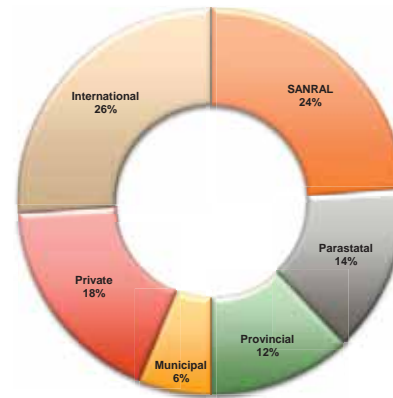
Order book



FY 2015



FY 2016



Timing	R8,679bn
FY 2016	R5,966bn
FY 2017	R2,190bn
FY 2018	R0,523bn
Beyond	-

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

Notes:

Belabela Quarries

- Annual revenue – R103,1m
- Annual profit after tax – R15,2m
- Purchase price – R43m
- Percentage acquired – 74%
- Effective – 18 March 2015



OMV Kimberley Quarry

- Average annual revenue – R44m
- Average annual profit after tax – R7m
- Purchase price – R37,5m
- Percentage acquired – 100%
- Effective – 9 March 2016



Notes:

Major Projects Progress



Notes:

Namibia Roads Authority:
Rosh Pinah to Oranjemund – R559m



Notes:

Zambia RDA: Mpika to Mfuwe – ZMW 541m



Notes:

Zambia RDA: Safwa to Chinsali – ZMW 265m



Notes:

DOT Northern Cape: Hondeklipbaai – R90m



Notes:

DOT Eastern Cape: Wild Coast Meander Phase 1 – R222m



Notes:

SANRAL: N2 Eteza Interchange – R324m



Notes:

SANRAL: N1 Bloemfontein bypass – R614m



Notes:

Ekurhuleni: Annual maintenance – R114m



Notes:

Tosas: Wadeville plant expansion – R21m



Notes:

Tschudi Copper Mine: Purpose built plant and crushing contract – R524m



Notes:

Namdeb: Seawall maintenance contract



Notes:

Ilanga Solar Farm earthworks – R75m



Notes:

Ilanga Solar Farm earthworks – R75m



Notes:

Ilanga Solar Farm earthworks – R75m



Notes:

Prieska Solar Farm – R94m



Notes:

Prieska Solar Farm – R94m



Notes:

Conclusion



- **Quality short term order book secured**
 - Focus now on order book replacement to secure medium term
- **SANRAL budget encouraging; some large projects in the pipeline**
 - N2 Wild Coast bridges
 - N3 Upgrade
 - Extensive reseal works programme
- **Provincial work flow increasing**
 - Move towards a performance measured budget allocation
- **Successful revenue stream diversification**
 - Materials Division; favourable conditions expected to continue
 - Infrastructure Division; solar prospects encouraging
- **Continue to pursue long term work flow in Africa at high margin**
 - Cautious approach; currency and payment risk to be managed
- **Strong balance sheet and positive cash generation to be maintained**

Notes:
