



# Interim Results Presentation

for the six months ended 31 August 2008

10 November 2008



# Agenda

- The Period in Review
- Highlights
- Financial Review
- Divisional Review
- Corporate Information
- Current and Recently Awarded Projects
- Conclusion

*“We are very pleased to report yet another solid performance both operationally and financially for the first half of this financial year.*

*“The strategy that was presented to the market during our listing process continues to be delivered on and through our proactive and aggressive approach, we are confident that we will keep on delivering value for all stakeholders.*

*“We remain very positive about the company’s future prospects.”*

Koos Raubenheimer, CEO

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**Operating since 1974 and listed on the JSE Limited in March 2007, Raubex is firmly entrenched as a leader in road construction, rehabilitation and associated infrastructure developments across all nine South African provinces and throughout southern Africa.**

**Through its Raumix subsidiary, the company also produces and supplies crushed aggregate to the broader construction industry.**



# The Period in Review

- Results in-line with expectations
- Margin stabilisation
- Successful integration of five value enhancing acquisitions
- Solid performance by all three divisions; in line with expectations
- Business positioned for continued solid growth
- Good winter
- Government expenditure continues unabated



# Group Financial Highlights

- Revenue up 131.7% to R2,23bn (H1 2008: R963,5m)
- Operating profit up 108.1% to R398m (H1 2008: R191,2m)
- HEPS up 80.5% to 144,6 cps (H1 2008: 80,1 cps)
- Strong cash flow from operations up 88.3% to R333,3m (H1 2008: R177m)
- Capex spend of R232m
  - Full year capex likely to be higher than planned
- Interim cash dividend of 30 cps declared (H1 2008: 20 cps)

# Group Operational Highlights

- Operating margins stabilised
  - Roadmac 18.7 % (H1 2008: 20.2%)
  - Raubex Construction 12.3 % (H1 2008: 12%)
  - Raumix 21.2 % (H1 2008: 28.8%)
- All acquisitions fully integrated during the period
- Gauteng Freeway Improvement Project underway
- Diversification of client base accelerated
- Solid order book up 113% from R2,3bn to R4,9bn
- Head count of over 5000

# Financial Review – Income Statement

	Interim results 31 August 2008 (R'000)	Interim results 31 August 2007 (R'000)	Annual results 29 February 2008 (R'000)
<b>Revenue</b>	<b>2,232,676</b>	<b>963,498</b>	<b>2,135,778</b>
% growth	131.7%	21.5%**	79.4%
<b>EBIT (R'000)</b>	<b>397,968</b>	<b>191,224</b>	<b>431,282</b>
% growth	108.1%	66%**	121.7%
<b>Profit before tax (R'000)</b>	<b>384,933</b>	<b>183,600</b>	<b>416,771</b>
<b>Profit after tax ( R'000)</b>	<b>268,234</b>	<b>130,294</b>	<b>295,618</b>
Share incentive scheme expenses*	7,738	-	14,361
Operating margin	17.8%	19.8%	20,2%
Operating margin growth	(10.1%)	39.4%**	23.9%
Effective tax rate	30.3%	29.03%	29.1%
EPS (cents)	146.1	79.8	180.9
EPS growth	83.1%	74.2%**	112.1%
DPS (cents)	30	20	60
ROCE	17.3%	21.6%	28.7%
Weighted average shares in issue ('000)	182,624	162,130	162,641
Number of Staff	> 5000	3500	4200

\* Expenses included in EBIT number

\*\* Pro forma growth



# Financial Review – Balance Sheet

	Interim results 31 August 2008 R'000	Interim results 31 August 2007 R'000	Annual results 29 February 2008 R'000
<b>Non-current assets</b>	<b>1,971,169</b>	<b>719,856</b>	<b>882,132</b>
Property, plant and equipment	1,159,040	556,221	670,837
Intangible assets	771,535	161,466	198,939
Other	40,594	2,169	12,356
<b>Current assets</b>	<b>1,396,955</b>	<b>611,603</b>	<b>1,165,049</b>
Inventory	120,596	37,374	50,440
Receivables	794,739	340,194	380,732
Construction contracts in progress	115,283	69,599	73,644
Cash	366,337	164,436	660,233
<b>Total assets</b>	<b>3,368,124</b>	<b>1,331,459</b>	<b>2,047,181</b>
<b>Equity</b>	<b>1,676,719</b>	<b>587,310</b>	<b>1,136,529</b>
<b>Non-current liabilities</b>	<b>622,843</b>	<b>298,293</b>	<b>370,922</b>
<b>Current liabilities</b>	<b>1,068,562</b>	<b>445,856</b>	<b>539,730</b>
Trade and other payables	646,227	280,530	318,624
Other	422,335	165,326	221,106
<b>Total equity and liabilities</b>	<b>3,368,124</b>	<b>1,331,459</b>	<b>2,047,181</b>



# Financial Review – Cashflow

	Interim results 31 August 2008 R'000	Interim results 31 August 2007 R'000	Annual results 29 February 2008 R'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	333,287	177,045	448,814
Finance income	20,722	5,097	12,997
Finance costs	(33,807)	(13,108)	(27,986)
Taxation paid	(30,172)	(10,475)	(43,777)
<b>Net cash from operating activities</b>	<b>290,030</b>	<b>158,559</b>	<b>390,048</b>
<b>Cash flows from investing activities</b>			
Additions of property, plant & equipment	(231,990)	(130,073)	(244,584)
Proceeds from sale of property, plant & equipment	13,672	16,663	22,759
Acquisition of subsidiaries	(384,057)	5,994	(57,143)
Associates loans and dividends received	(5,400)	-	5,731
<b>Net cash from investing activities</b>	<b>(607,775)</b>	<b>(107,416)</b>	<b>(273,237)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from borrowings	90,240	49,522	119,169
Net proceeds from shares issued	(1,106)	(19,755)	379,531
Dividends paid to equity holders of company	(73,049)	-	(32,426)
Dividends paid to minority shareholders	-	-	(200)
<b>Net cash from financing activities</b>	<b>16,085</b>	<b>29,767</b>	<b>466,074</b>
<b>Total cash movement for the period</b>	<b>(301,660)</b>	<b>80,910</b>	<b>582,885</b>
Cash at the beginning of the period	660,213	77,329	77,329
<b>Total cash at end of the period</b>	<b>358,553</b>	<b>158,239</b>	<b>660,213</b>

# Dividend Declaration

➤ Interim cash dividend declared – 30 cps

➤ Relevant dates

- |                                  |                          |
|----------------------------------|--------------------------|
| ▪ Last day to trade cum dividend | Friday, 28 November 2008 |
| ▪ Commence trading ex dividend   | Monday, 01 December 2008 |
| ▪ Record date                    | Friday, 05 December 2008 |
| ▪ Payment date                   | Monday, 08 December 2008 |

# Financial Review – Segmental Analysis

Segmental Analysis	Raumix	Roadmac	Raubex Construction	Consolidated
<b>Aug 08</b>				
Revenue	544,446,842	1,177,227,346	511,001,764	2,232,675,952
Operating profit	115,469,355	219,854,748	62,643,916	397,968,019
Operating Margin	21.2%	18.7%	12.3%	17.8%
<b>Aug 07</b>				
Segmental Revenue	174,038,319	566,097,763	223,362,132	963,498,214
Operating profit	50,127,812	114,228,493	26,867,812	191,224,117
Operating Margin	28.8%	20.2%	12%	19.8%
Geographical segments	Local	% of Group	International	% of Group
<b>Aug 08</b>				
Segmental Revenue	2,083,192,430	93.3%	149,483,522	6.7%
Operating profit	374,664,357	94.1%	23,303,662	5.9%
Operating Margin	17.9%	-	15.5%	-
<b>Aug 07</b>				
Segmental Revenue	889,709,888	92.3%	73,788,326	7.7%
Operating profit	180,113,136	94.2%	11,110,981	5.8%
Operating Margin	20.2%	-	15%	-

# Roadmac

- Revenue increased 108% to R1,18bn (H1 2008: R566,1m)
- Operating profit increased 92.5% to R219,9m (H1 2008: R114,2m)
- Operating margin stabilised to 18.7% (H1 2008: 20,2%)
- 52.7% of total group revenue
- Capex of R42m
- Order book – R1,9bn
- Positive weather and geographical mix during winter months
- Successful integration of Bonn Plant Hire & Akasia Road Surfacing

## Contribution of acquisition (3 months earnings)

	<b>Bonn Plant Hire &amp; Akasia Road Surfacing</b>
Profit after tax	R9,5m
Price paid	R117m



# Roadmac Strategic Outlook

- “Annuity” revenue stream continues to develop
- Work pipeline continues to grow in-line with road infrastructure spend
- Margins stabilised
- Asphalt production capacity in GP and KZN established through Akasia and National Asphalt acquisitions – seeking opportunities in other provinces

# Raubex Construction

- Revenue up 128.8% to R511m (H1 2008: R223,4m)
- Operating profit up 133.2% to R62,6m (H1 2008: R26,9m)
- Operating margin increased slightly to 12.3% (H1 2008: 12.0%)
- Awarding of a number of large contracts nationally
- Order book at R2,15bn
- Capex of R47,9m
- Additional capacity and skills successfully integrated

Contribution of acquisitions		
	Thaba Bosiu & Zamori Construction	Space Construction
Profit after tax	R13,4m	R7,9m
Price paid	R100m	R50m

# Raubex Construction Strategic Outlook

- Aggressively securing long-term workflow
- Margins stabilised
- Ongoing PPPs/concessions negotiations
- Infrastructure expenditure and associated tenders continue unabated

# Raumix

- Revenue increased 212.8% to R544,5m (H1 2008: R174,0m)
- Operating profit up 130.4% to R115,5m (H1 2008: R50,1m)
- Operating margin decrease to 21.2% (H1 2008: 28.8%)
- Capital expenditure of R142,1m (H1 2008: R64,8m)
- Acquisitions of B&E International and Queenstown & Aliwal Quarries bedded down
- Order book - R850m

## Production schedule (Mts)

Contract Crushing	3,2
Commercial Crushing	1,3
Mining	24,7

## Contribution of acquisitions

	B&E	Queenstown & Aliwal
Profit after tax	R42,1m	R1,9m
Price paid	R513m	R34m



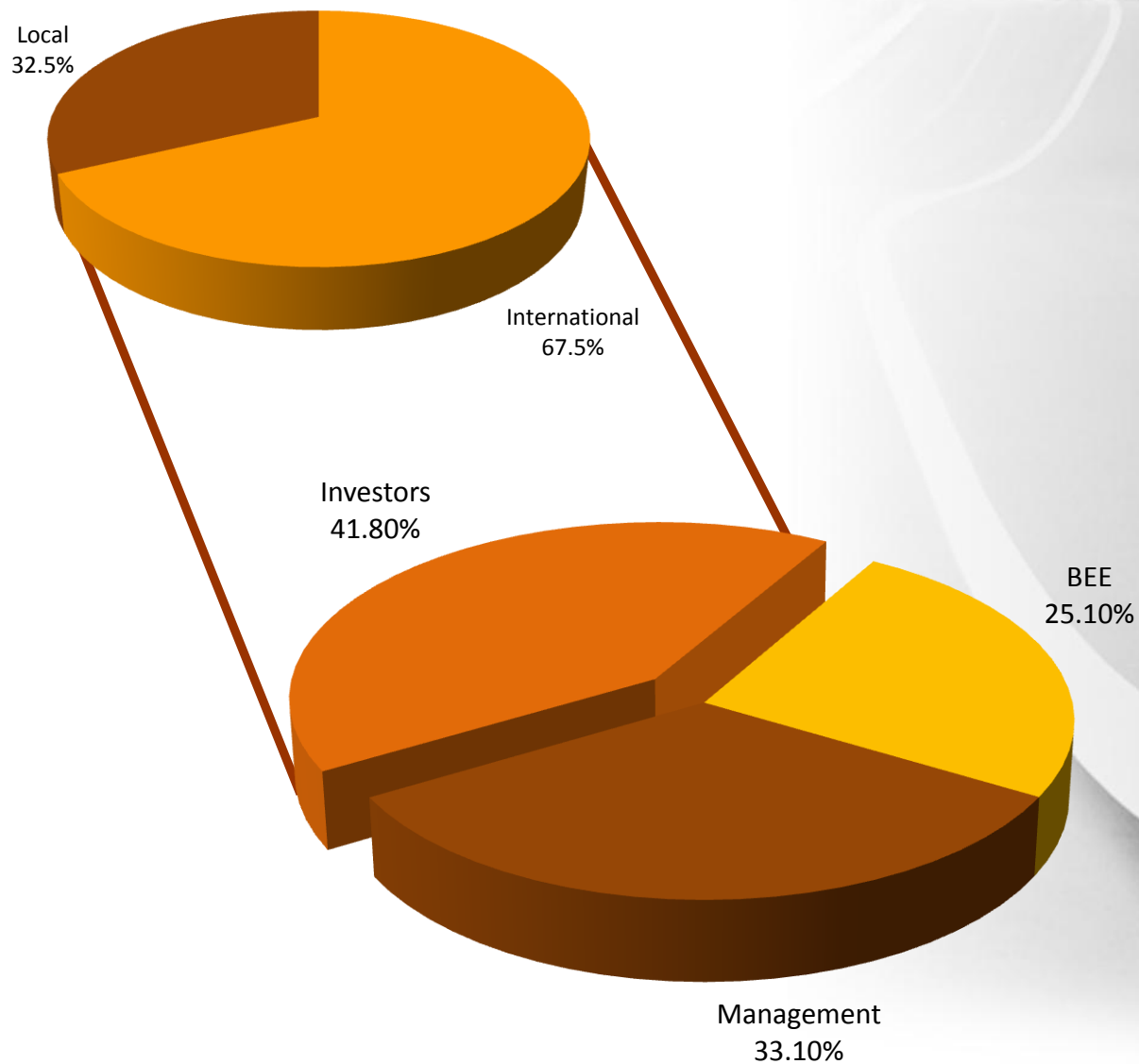
# Raumix Strategic Outlook

- Margins reduction due to acquisitions
  - Expected to stabilise at current levels
- Growing contract mining exposure
- Continued slowdown in demand from residential building market
- Continually seeking selective acquisition targets
- Management leadership realignment effected
  - Tobias Wiese (B&E) appointed Managing Director
  - Gert Coffee to continue managing all quarries and aggregates production

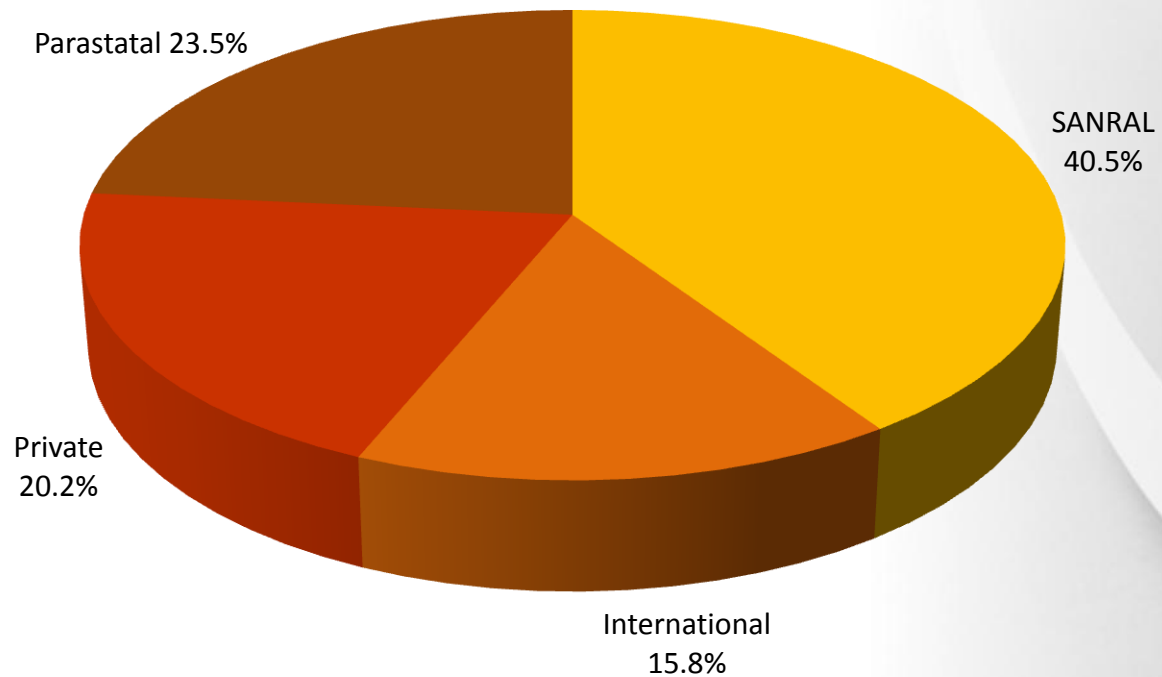
# Raubex Construction International

- Revenue increased 102.6% to R149,5m (H1 2008: R73,8m)
  - 6.7% of Group total
- Operating profit increase by 109.7% to R23,3m (H1 2008: R11,1m)
  - 5.9% of Group total
- Operating margin of 15.6%
- Additional resources dispatched to Zambia (8 contracts underway)
- First steps into the rest of Africa through Botswana and Namibia
- Continuously exploring other opportunities

# Shareholder Spread at 31 August 08



# Group Order Book Revenue Streams





# Current Projects Sample

## Raubex Construction

Location	Description	Duration	Value
Free State	Upgrading and rehabilitation of National Route 1 between Glen Lyon and Zandkraal	May 07 to December 09	R330m
Mpumalanga	Rehabilitation of National Route 11 between Amersfoort and Ermelo	June 07 to June 2010	R298m
Free State	Upgrading and rehabilitation of P45/2 between Springfontein and Bethulie	July 07 to April 09	R173m

## Roadmac

Location	Description	Duration	Value
Eastern Cape, Free State and Northern Cape	Port Elizabeth, Bloemfontein and Upington airports	January 08 to April 09	R246m
Eastern Cape	Rehabilitation of R61 around Queenstown to Ncgobo	January 08 to February 09	R140m

# Current Projects Sample

## Raubex Construction International

Location	Description	Duration	Value
Zambia	Reconstruction of approx 75 km between Chipata and Lundazi	July 08 to August 09	R160m
Zambia	Reconstruction of 200 km between Lusaka and Luangwa River Bridge	July 08 to October 09	R160m
Zambia	Reconstruction of 110 km between Kasama and Mbala	July 08 to October 09	R120m
Zambia	Reconstruction of 100 km between Kasama and Mpulungo via Mbala	July 08 to October 09	R120m

# Recently Awarded Projects Sample

## Raubex Construction

Location	Description	Duration	Value
Gauteng	Upgrading of National Route 21 between the Olifantsfontein and Hans Strydom interchanges	September 08 to March 2010	R719m
KwaZulu Natal	Rehabilitation and upgrading of National Route 2 between Piet Retief and Pongola	November 08 to April 2011	R243m

## Roadmac

Location	Description	Duration	Value
Western Cape	JV - Upgrading and improvement of the R300 link road between the N1 and N2 in Cape Town	September 08 to December 09	R550m
KwaZulu Natal	Rehabilitation and upgrading of National Route 11 between Ngogo Station and Kwaggasnek	September 08 to December 09	R246m
Western Cape	Rehabilitation of the N1 from Koelenhof interchange to the Huguenot Toll Plaza	September 08 to November 09	R225m



# Conclusion

- Strong financial performance
- Balance of acquisitive and organic growth paying off
- Careful approach to acquisitive growth in the short-term
- Continued demand for our line of work
- Capacity to grow order book
- Exploring new geographies more aggressively
- Securing medium-term pipeline of work





# Q & A

