



Raubex Group Limited Interim Results

for the six months ended 31 August 2010

8 November 2010



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

The Period in Review



- Satisfactory results despite challenging trading conditions
- Continued good performance by all three divisions
- Margins decreased in line with guidance
- Ongoing government expenditure evident; supported by strong tender volumes
- International drive moving ahead:
 - Namibia progressing well
 - Zambian operations scaled back
 - Malawi contract underway
 - MoU with India's UB Engineering
 - Other opportunities being investigated

Group Financial Highlights



- Revenues up 10,7% to R2,52bn (H1 2010: R2,27bn)
- Operating profit down 6,6% to R411,2m (H1 2010: R440,2m)
- Group operating margin of 16,3% (H1 2010: 19,4%)
- HEPS down 7,4% to 147,6 cents per share (H1 2010: 159,4 cents per share)
- Cash flow from operations down 13,5% to R403,8m (H1 2010: 466,6m)
- Capex spend of R119,7m (H1 2010: R164,6m)
- Interim dividend of 32 cents per share declared (H1 2010: 35 cents per share)
- Order book stable since year end at R4,7bn (H1 2010: R5,2bn)
- Head count of over 6275
- 50% of share options settled in bonuses

Income Statement



	Interim results 31 August 2010 (R'000)	Interim results 31 August 2009 (R'000)	Annual results 28 February 2010 (R'000)
Revenue	2,516,208	2,273,345	4,582,883
% growth	10,7%	1,8%	10,1%
EBIT	411,229	440,183	887,263
% growth	(6,6%)	10,6%	11,7%
Profit before tax	404,017	428,946	858,576
Profit after tax	275,856	295,263	592,307
Share incentive scheme expenses*	1,411	7,783	12,838
Operating margin	16,3%	19,4%	19,4%
Effective tax rate	31,7%	31,2%	31%
EPS (cents)	148	161,3	325,6
EPS growth	(8,2%)	10,4%	12,6%
DPS (cents)	32	35	110
ROCE	13,1%	15,2%	29,4%
Weighted average shares in issue ('000)	184,536	182,624	182,624
Number of staff	6275	6076	6109

* Expenses included in EBIT number

Statement of Financial Position



	Interim results 31 August 2010 (R'000)	Interim results 31 August 2009 (R'000)	Annual results 28 February 2010 (R'000)
Non-current assets	2,033,928	2,042,427	2,003,573
Property, plant and equipment	1,236,262	1,264,648	1,243,360
Intangible assets	762,626	727,464	723,824
Other	35,040	50,315	36,389
Current assets	1,893,883	1,711,955	1,822,837
Inventory	115,508	123,951	123,983
Receivables	1,059,455	781,790	984,087
Construction contracts in progress	244,994	222,564	220,098
Cash	473,926	583,650	494,669
Total assets	3,927,811	3,754,382	3,826,410
Equity	2,432,914	2,027,013	2,269,696
Non-current liabilities	451,775	546,394	482,798
Current liabilities	1,043,122	1,180,975	1,073,916
Trade and other payables	707,980	771,988	736,315
Other	335,142	408,987	337,601
Total equity and liabilities	3,927,811	3,754,382	3,826,410

Statement of Cash flows



	Interim results 31 August 2010 (R'000)	Interim results 31 August 2009 (R'000)	Annual results 28 February 2010 (R'000)
Cash flows from operating activities			
Cash generated from operations	403,840	466,573	793,099
Finance income	16,569	21,710	36,837
Finance cost	(23,781)	(32,947)	(65,544)
Dividend received	3,107	-	4,139
Taxation paid	(114,105)	(154,794)	(300,122)
Net cash generated from operating activities	285,630	300,542	468,409
Cash flows from investing activities			
Purchases of property, plant and equipment	(119,725)	(164,631)	(252,357)
Proceeds from sale of property, plant and equipment	15,949	41,078	49,693
Acquisition of subsidiaries	-	(40,438)	(49,887)
Associates loans repaid/(advanced)	-	6,500	6,550
Net cash used in investing activities	(103,776)	(157,491)	(246,001)
Cash flows from financing activities			
Proceeds from borrowings	102,049	142,748	186,060
Repayment of borrowings	(167,678)	(160,988)	(303,429)
Proceeds on disposal of investment	-	-	6,000
Dividends paid to equity holders of company	(136,968)	(127,837)	(191,755)
Dividends paid to non-controlling interest	-	-	(1,004)
Net cash used in financing activities	(202,597)	(146,077)	(304,128)
Total cash movement for the period	(20,743)	(3,026)	(81,720)
Cash at the beginning of the period	494,669	576,389	576,389
Total cash at end of the period	473,926	573,363	494,669



- Interim cash dividend declared of 32 cents per share

- Relevant dates
 - Last day to trade cum dividend Friday, 26 November 2010
 - Commence trading ex dividend Monday, 29 November 2010
 - Record date Friday, 3 December 2010
 - Payment date Monday, 6 December 2010

Segmental Analysis



Business segments	Raumix	Roadmac	Raubex Construction	Consolidated
Aug 2010				
Revenue (R'000)	517,662	1,294,267	704,279	2,516,208
Operating profit (R'000)	102,745	202,125	106,359	411,229
Operating margin	19,8%	15,6%	15,1%	16,3%
Aug 2009				
Revenue (R'000)	581,431	943,593	748,321	2,273,345
Operating profit (R'000)	136,421	198,248	105,514	440,183
Operating margin	23,5%	21%	14,1%	19,4%
Geographical segments	Local	% of Group	International	% of Group
Aug 2010				
Revenue (R'000)	2,234,103	88,8%	282,105	11,2%
Operating profit (R'000)	392,512	95,5%	18,717	4,5%
Operating margin	17,6%	-	6,6%	-
Aug 2009				
Revenue (R'000)	2,067,554	91%	205,791	9%
Operating profit (R'000)	429,928	97,7%	10,255	2,3%
Operating margin	20,8%	-	5%	-

- Revenue increased 37,2% to R1,29bn (H1 2010: R943,6m); 51,4% of total Group revenue
- Operating profit increased 2% to R202,1m (H1 2010: R198,2m)
- Operating margin decreased to 15,6% (H1 2010: 21%)
- Capex of R29,7m (H1 2010: R42,7m)
- Order book of R2,043bn
- Increased competition requiring more aggressive tendering; margins have decreased as a result
- Asphalt production transferred to Raumix to improve efficiencies
- Competitive landscape remains difficult
- GFIP asphalt volumes in H1 disappointing

Asphalt Production (incl. Olifantsfontein)

Utilised capacity (total capacity = 1750kts)	665kts
Revenue	R454m
Operating Profit	R67,5m

● Short term (FY2011)

- Major asphalt work on GFIP to pick up in H2 2011
- Maintenance work to increase in-line with road infrastructure improvements
- Margins to remain under pressure (14-16%)

● Long term

- Economic growth necessary to sustain government spending
- Expansion into SADC
- Provincial and municipal expenditure needed

- Revenue decreased 5,9% to R704,3m (H1 2010: R748,3m)
- Operating profit increased to R106,4m (H1 2010: R105,5m)
- Operating margin increased to 15,1% (H1 2010: 14,1%)
- All contracts progressing well
- Capex of R28m (H1 2010: R67,8m)
- Order book secured – R1,712bn
- New Free State provincial work underway (funding changes)
- GFIP Phase 1 almost completed
- N1N2 Winelands bid submitted
- Other PPPs projects expected in the next 18 months



● Short (FY2011)

- Order book secured; aggressively seeking long-term workflow
- Margins to remain stable (13-15%)

● Long term

- Economic growth necessary to sustain government spending
- Ongoing PPPs/concessions negotiations
- N1N2 Winelands
- GFIP Phase 2
- Wild Coast
- Provincial expenditure needed

- Revenue decreased 11% to R517,7m (H1 2010: R581,4m)
- Operating profit decrease by 24,7% to R102,7m (H1 2010: R136,4m)
- Operating margin decreased to 19,8% (H1 2010: 23,5%)
- Capital expenditure of R62m (H1 2010: R54,2m)
- General construction and residential building markets remain weak
- B&E International performing well; management changes effected
- Mining activities showing signs of recovery
- Zimbabwe start-up (Mbada diamonds contract)
- Order book – R947m

Production schedule (Mts)

Contract Crushing	3,07
Commercial Crushing	1,1
Mining	17,5



● Short term (FY2011)

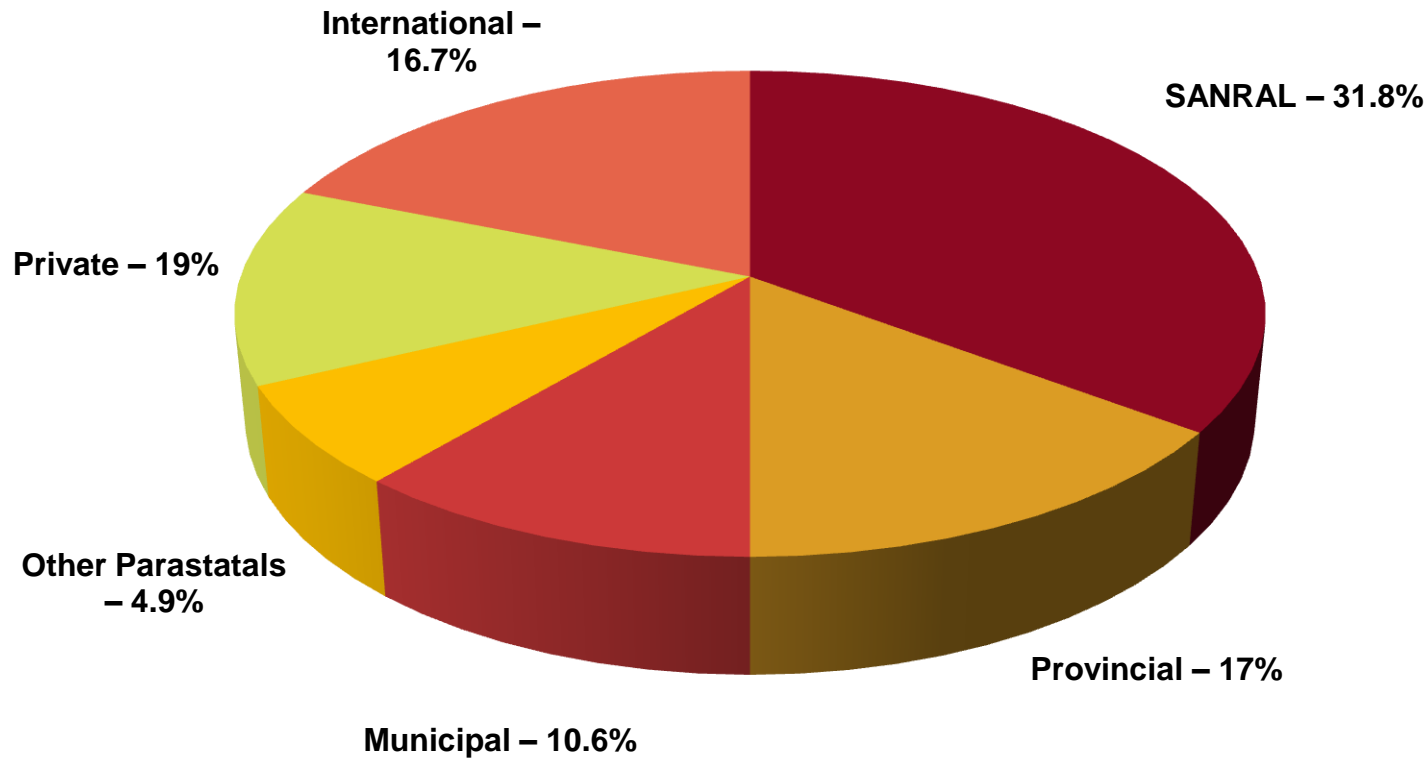
- Margins to decrease to around 15-18%
- Residential market bottoming out
- Increased activity in contract crushing
- Credit risk management
- Mining activities improving

● Long term

- Demand dependent on recovery in the residential and commodity sectors
- Demand from low-cost housing programmes
- SADC expansion

- Revenue up 37,1% to R282,1m (H1 2010: R205,8m)
 - 11,2% of Group total
- Operating profit up 82,5% to R18,7m (H1 2010 : R10,3m)
 - 4,5% of Group total
- Operating margin increased to 6,6% (H1 2010 : 5,0%)
- Underperformance in Zambia attributable to Kwacha/Rand exchange rate
- Namibian work progressing well
- Sites established in Malawi and Windhoek
- Continuously exploring further SADC opportunities
- MoU with India's UB Engineering

Group Order Book Revenue Streams



Order Book		R4,702bn
Time Distribution		
FY 2011		R2,103bn
FY 2012		R2,502bn
FY 2013		R0,097bn

Major Projects Progress



Cape Town - R300 Link Road
R525 000 000



GFIP - R21
R882 960 000



Major Projects Progress (cont.)



N1 – Winburg to Bloemfontein
R330 486 000



Namibia - Rundu to Elundu
R1 001 000 000



Conclusion



- Achieved satisfactory results given challenging market conditions
- Strong balance sheet
- Sustained strong cash generation
- International expansion continues; new geographies being explored
- Short term order book stable (all work guaranteed)
- SANRAL committed to planned expenditure; supported by government infrastructure drive
- N1N2 Winelands Project tender submitted; other PPPs expected
- Next 12 months to be challenging operationally