



AUDITED RESULTS

for the year ended 28 February 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 Year in Review
- Group Financial Highlights
- Divisional Review
- Order Book
- Major Projects Progress
- Conclusion

Notes:

The Year in Review



- Overall results are weak due to tough trading conditions in the South African market
- Materials division contributing most of Group operating profit
 - Stable conditions in the mining sector
 - Some volume growth in commercial quarries from a low base
- Challenging conditions persist in the road construction sector
 - Low public sector spend impacting results, particularly the volume dependent asphalt and bitumen supply operations
 - Zambia debtor charge and goodwill impairment on asphalt business further impacting results for the year
 - Rightsizing initiatives undertaken to adapt to current market conditions
- Good performance from the infrastructure division, strong second half results
 - Growth in affordable housing and commercial building activities
 - Renewable energy order book now secured and work commenced in the second half of the year
- International operations performed well
 - Stable operations in the materials division in Namibia and Botswana
 - Good progress made on commercial building projects in Cameroon
 - Acquisition of Westforce in Western Australia bedded down and performing in line with management expectations
- Looking for opportunities in Africa to secure medium term order book

Notes:

Group Financial Highlights



- Revenue down 0,3% to R8,52bn (2018: R8,54bn)
- Operating profit down 69,2% to R207,0m (2018: R671,9m)
- HEPS down 75,1% to 57,0 cps (2018: 228,6 cps)
- The following two items had a material impact on the results for the year
 - Zambia accounts receivable present value charge and work in progress adjustment of R116,7m before tax
 - Goodwill impairment on the asphalt cash generating unit of R51,5m before tax
 - Excluding the two items above operating profit down 44,2% to R375,3m and HEPS down 56,8% to 98,8 cps
- Cash flow from operations down 24,1% to R788,9m (2018: R1,04bn)
- Capital expenditure of R420,9m (2018: R441,3m)
- Order book of R8,01bn (2018: R8,19bn)
- Final dividend of 22 cents per share declared

Notes:

Income Statement



	Annual results 2019 (R'000)	Annual results 2019 before Zambia charge and asphalt goodwill impairment (R'000)	Annual results 2018 (R'000)
Revenue	8 519 142	8 519 142	8 542 247
% growth	(0,3%)	(0,3%)	(5,1%)
EBIT	207 045	375 263	671 913
% growth	(69,2%)	(44,2%)	(14,0%)
Operating margin	2,4%	4,4%	7,9%
Net finance costs	25 246	25 246	31 750
Profit before tax	180 684	348 902	640 640
Profit after tax	116 842	244 201	452 684
Effective tax rate	35,3%	30,0%	29,3%
EPS (cents)	31,9	102,0	233,5
% growth	(86,3%)	(56,3%)	(13,9%)
DPS (cents)	34	34	78
ROCE	3,8%	6,8%	12,2%
Shares in issue ('000)	181 750	181 750	181 750
Treasury shares ('000)	70	70	70
Number of staff	7 321	7 321	8 271

Notes:

Statement of Financial Position Assets



	Annual results 2019 (R'000)	Annual results 2018 (R'000)
Non-current assets	3 831 886	3 655 822
Property, plant and equipment	2 535 579	2 410 165
Intangible assets	1 037 605	947 806
Investment in associates and JV's	42 566	111 789
Deferred tax asset	94 684	39 614
Inventory	67 474	64 533
Trade and receivables	53 978	81 915
Current assets	3 433 716	3 483 849
Inventory	698 178	600 636
Contract assets	293 993	280 933
Trade and other receivables	1 478 934	1 518 192
Cash	962 611	1 084 088
Total assets	7 265 602	7 139 671

Notes:

Statement of Financial Position Equity and Liabilities



	Annual results 2019 (R'000)	Annual results 2018 (R'000)
Equity	4 327 124	4 197 968
Attributable to shareholders	4 064 852	4 040 728
Non-controlling interest	262 272	157 240
Non-current liabilities	880 871	923 080
Borrowings	362 989	411 284
Deferred tax liabilities	292 389	342 036
Other financial liabilities and provisions	225 493	169 760
Current liabilities	2 057 607	2 018 623
Borrowings	298 758	365 272
Trade and other payables	1 366 715	1 302 641
Contract liabilities	326 852	227 940
Current income tax liabilities	38 923	31 680
Other financial liabilities and provisions	26 359	91 090
Total equity and liabilities	7 265 602	7 139 671
Total borrowings	661 747	776 556
Gearing (Debt/Equity)	15,3%	18,5%
Net cash	300 864	307 532
Gearing (Net Debt/Equity)	(7,0%)	(7,3%)

Notes:

Statement of Cash Flows



	Annual results 2019 R'000	Annual results 2018 R'000
Cash flows from operating activities		
Cash generated from operations	788 924	1 039 786
Finance costs – net	(9 170)	(15 413)
Taxation paid	(163 926)	(177 950)
Net cash generated from operating activities	615 828	846 423
Cash flows from investing activities		
Purchases of property, plant and equipment	(420 865)	(441 286)
Proceeds from sale of property, plant and equipment	60 142	95 960
Acquisition of subsidiaries	(115 434)	(81 737)
Loans granted to associates and joint ventures	(36 919)	(37 698)
Net cash used in investing activities	(513 076)	(464 761)
Cash flows from financing activities		
Proceeds from borrowings	341 286	360 921
Repayment of borrowings	(481 625)	(542 815)
Dividends paid	(94 514)	(178 368)
Other	(1 700)	(36 748)
Net cash used in financing activities	(236 553)	(397 010)
Net decrease in cash and cash equivalents	(133 801)	(15 348)
Cash and cash equivalents at the beginning of the year	1 084 088	1 103 618
Effect of exchange rates on cash and cash equivalents	12 324	(4 182)
Cash and cash equivalents at the end of the year	962 611	1 084 088

Notes:

Segmental Analysis



Operating segments	Materials	Roads and Earthworks	Infrastructure	Consolidated
February 2019				
Revenue (R'000)	2 750 801	3 634 494	2 133 847	8 519 142
Operating profit (R'000)	358 543	(245 796)*	94 298	207 045
Operating margin	13,0%	(6,8%)	4,4%	2,4%
February 2018				
Revenue (R'000)	2 583 677	4 583 053	1 375 517	8 542 247
Operating profit (R'000)	366 428	289 462	16 023	671 913
Operating margin	14,2%	6,3%	1,2%	7,9%
Geographical segments	South Africa	% of Group	International	% of Group
February 2019				
Revenue (R'000)	6 990 062	82,0%	1 529 080	18,0%
Operating profit (R'000)	80 736	39,0%	126 309**	61,0%
Operating margin	1,2%		8,3%	
February 2018				
Revenue (R'000)	7 429 769	87,0%	1 112 478	13,0%
Operating profit (R'000)	483 463	72,0%	188 450	28,0%
Operating margin	6,5%		16,9%	

* Includes two material items:

i) a present value charge and work in progress adjustment of R116,7m on Zambian accounts receivable

ii) a goodwill impairment charge on asphalt cash generating unit of R51,5m.

** International includes a present value charge and work in progress adjustment of R116,7m on Zambian accounts receivable.

Notes:

Dividend Declaration



- Final cash dividend of 22 cents per share declared
 - Total dividend of 34 cents per share for the year
- The 3 times cover policy has been applied to earnings before taking into account the Zambia debtor charge and goodwill impairment due to their non cash nature
- Relevant dates
 - Last day to trade cum dividend - Tuesday, 28 May 2019
 - Commence trading ex dividend - Wednesday, 29 May 2019
 - Record date - Friday, 31 May 2019
 - Payment date - Monday, 3 June 2019

Notes:

Materials Division



- Revenue increased 6,5% to R2,75bn (2018: R2,58bn)
- Operating profit decreased 2,2% to R358,5m (2018: R366,4m)
- Operating margin decreased to 13,0% (2018: 14,2%)
- Capital expenditure of R260,6m (2018: R225,8m)
- Order book of R1,93bn (2018: R1,87bn)
- Stable conditions experienced in the mining sector during the year
 - Operations focused on a broad range of commodities including diamonds, gold, coal, copper, platinum and iron-ore
- Commercial aggregate volumes increased ~12% compared to prior year from a low base
- Contract crushing operations for construction projects remain depressed in line with the South African construction market

Notes:

Roads and Earthworks Division



- Revenue decreased 20,7% to R3,63bn (2018: R4,58bn)
- Operating profit decreased 184,9% to a loss of R245,8m (2018: R289,5m operating profit)
 - Items impacting results include the Zambia debtor charge of R116,7m, the goodwill impairment on the asphalt cash generating unit of R51,5m and a loss on the Moloto road contract of R36,3m
- Operating margin decreased to loss margin of 6,8% (2018: 6,3% operating profit)
- Capital expenditure of R61,0m (2018: R183,6m)
- Order book decreased to R3,19bn (2018: R3,69bn), current year excludes Zambia Link 8000
- Significant reduction in road surfacing and rehabilitation work
 - SANRAL non-toll budget adversely affected by a reallocation of funds to the toll budget in order to service GFIP bond commitments due to non payment of toll
 - Operations mainly focused on road construction and maintenance work on roads managed by concessionaires, i.e. Bakwena Platinum Corridor (N4), TRAC (N4), N3TC (N3) as well as work for the Western Cape Province DOT
- Rightsizing initiatives undertaken, 443 retrenchments, once off costs of R24,8m
- Division is now better positioned to manage the period ahead

Notes:

Infrastructure Division



- Revenue increased 55,1% to R2,13bn (2018: R1,38bn)
- Operating profit increased 488,5% to R94,3m (2018: R16,0m)
- Operating margin increased to 4,4% (2018: 1,2%)
- Capital expenditure of R99,3m (2018: R31,8m)
 - Includes the acquisition of new offices and workshop for Westforce in Perth for R44,1m
- Order book increased to R2,89bn (2018: R2,62bn)
- Strong second half performance from the division
- Secured 4 REIPPPP contracts to the value of R729,0m
 - Work commenced on these contracts during the second half of the year
 - Further contracts are being negotiated
- Favourable conditions in the affordable housing and commercial building sector
- Building projects in Cameroon progressing well

Notes:

International



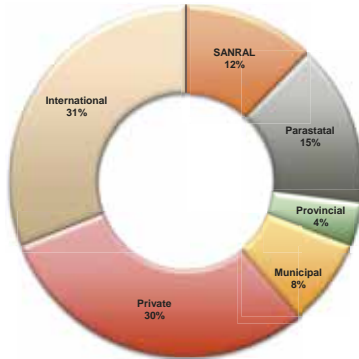
- Revenue increased 37,4% to R1,53bn (2018: R1,11bn)
- Operating profit decreased 33,0% to R126,3m (2018: R188,5m)
 - Excluding the R116,7m charge in Zambia, operating profit increased by 29,0% to R243,1m
- Operating margin decreased to 8,3% (2018: 16,9%)
 - Excluding the R116,7m charge in Zambia, operating profit margin decreased by 1,0% to 15,9%
- Order book decreased to R1,13bn (2018: R2,55bn)
 - The current order book excludes the Zambia Link 8000 contracts which have been suspended
- Stable conditions in the materials division operations in Namibia and Botswana
- Projects in Cameroon progressing well
 - Onomo Hotel estimated to be completed in June 2019, the Douala Grand Mall is ~50% complete
- Westforce acquisition bedded down and performing in line with management expectations
- Zambia Link 8000 contracts suspended, will aggressively pursue recovery of outstanding account

Notes:

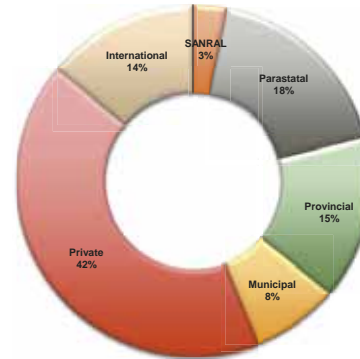
Order Book



FY 2018



FY 2019

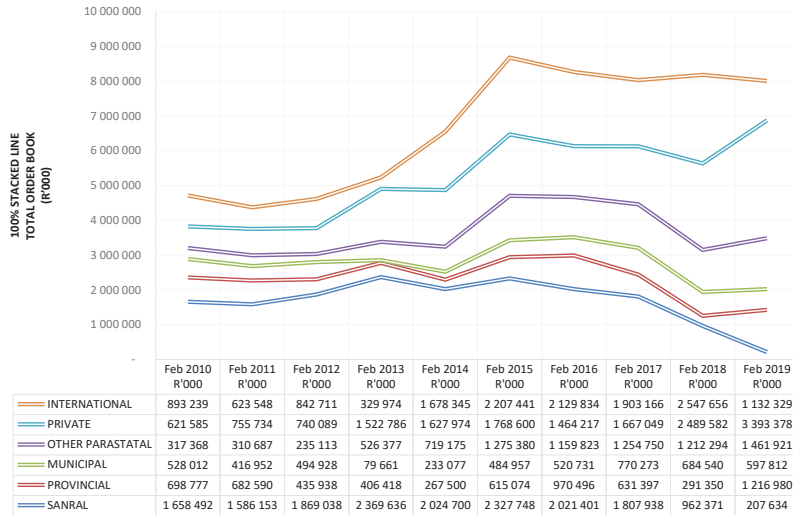


Timing	R8,188bn
FY 2019	R5,598bn
FY 2020	R1,680bn
FY 2021	R0,910bn
Beyond	-

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

Notes:

Order Book History



SANRAL non-toll budget for FY19 adversely affected by a reallocation of funds to the toll budget in order to service GFIP bond commitments due to non payment of toll

Notes:

Major Projects Progress



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SPH: Crushing for platinum mine, North West Province



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Raubex Construction: N4 Bakwena Platinum Corridor



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Raubex Construction:
Upgrading of the Kroonstad Traffic Control Centre on N1 for SANRAL



Notes:

Raubex Renovo: Preller Mall Development, Bloemfontein



Notes:

Raubex Building: Riverside View BNG housing units



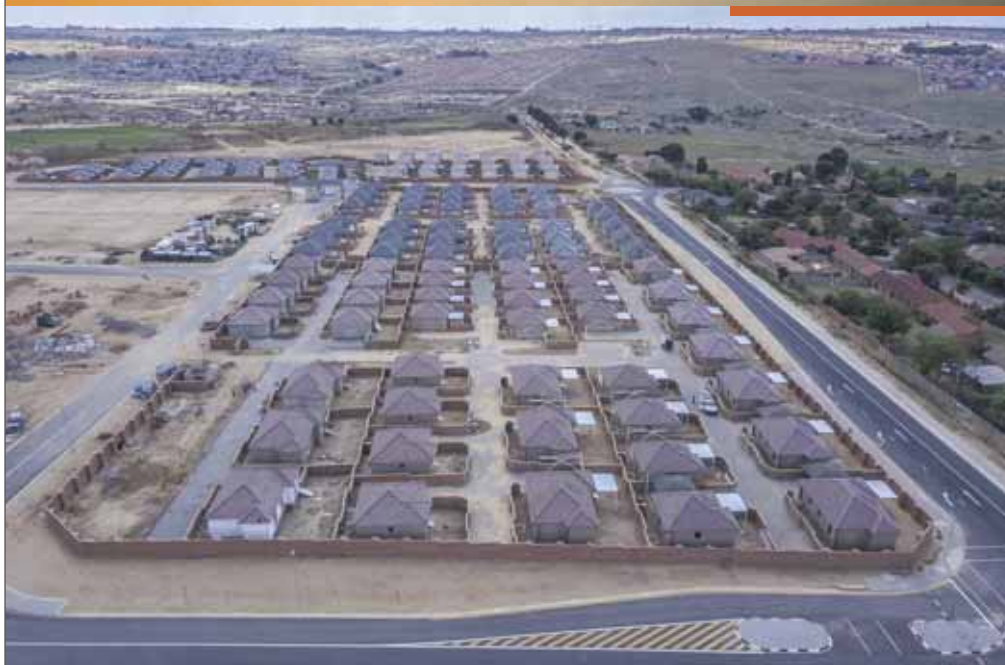
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Raubex Building: Clayville GAP housing units



Notes:

Raudev: Woodwind Estates Development: 871 residential opportunities



Notes:

Raubex Building:
Upgrading existing C-Max facility into a high detention security facility



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Raubex Building:
Upgrading existing C-Max facility into a high detention security facility



Notes:

Raubex Building:
Restorative repairs for nurses residence at Helen Joseph Hospital



Notes:

Raubex Renovo: Onomo Hotel in Douala, Cameroon



Notes:

Raubex Renovo: Douala Grand Mall, Cameroon



Notes:

Raubex Renovo: Douala Grand Mall, Cameroon



Notes:

Raubex Renovo: Douala Grand Mall, Cameroon



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Westforce Construction:
Process Building for the Beenyup AWRP Project



Notes:

Westforce Construction:
Security Fence Upgrade and Associated Works for Western Power



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Westforce Construction:

New offices and workshop, 73-75 Dowd Street, Welshpool, WA 6106



Notes:

Conclusion



- Materials division will continue to diversify the Group from the construction sector
 - Overall conditions in the materials division are expected to remain stable in the short term
- The growing infrastructure division will diversify the Group from the “road” construction sector
 - Good opportunities for growth in the affordable housing sector as well as participation in the REIPPPP
- The roads and earthworks division will remain under pressure in the short term
 - Road surfacing and maintenance operations will be partially supported by work from concessionaires
 - SANRAL is expected to bring some large capital projects to the market facilitated through the government stimulus package; however budget allocations could be at risk if GFIP toll collection shortfall is not resolved
 - The division could be affected by further rightsizing dependent on market conditions in FY20
- Some large project opportunities are being explored in Africa
 - Beitbridge border post upgrade in Zimbabwe and Lesotho Highlands Water Venture
- The market in Western Australia has good growth prospects driven by the mining sector
- Strong balance sheet and strict cash flow management to be maintained

Notes:
