

Financial Results

March 2012



Agenda

Highlights

Financial overview

Operational overview

Prospects

Conclusion



Highlights - key figures for 2011

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- Revenue of R6.2 billion from R5.4 billion in prior year
 - Up 16%
- Operating profit of R281 million compared to R369 million in 2010
 - Down 24%
- Headline earnings per share of 139.65 cents from 209.25 cents in prior year
 - Down 33%
- Order book at reporting date of R14 billion from R8.5 billion
 - Up 65%

Highlights – conditions in industry

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- Economic uncertainty prevails
- Slowdown in infrastructural projects, despite government's verbal commitment to spend
- Difficult trading conditions, particularly in local construction sector
- Cross border work continues to remain bouyant

Highlights – conditions in industry

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- Mining and engineering sectors performing well in resurgent markets
- Significant contracts secured across all divisions
- Strongest order book in group's history
- 26% strike rate on tendered work (based on value of awarded work vs tendered work in the current year)

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Statement of financial performance - extract

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R '000	2011	2010	% change
Revenue	6,230,456	5,389,769	16%
Operating profit	280,946	369,495	(24%)
Operating profit margin	4.5%	6.9%	(34%)
Net profit	134,707	252,218	(47%)
Net profit margin	2.2%	4.7%	(54%)

Statement of financial performance - extract

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	2011	2010	% change
Earnings for the year (R'000)	140,979	260,753	(46%)
Earnings per share (cents)	113.88	210.63	(46%)
Headline earnings (R'000)	172,886	259,050	(33%)
Headline earnings per share (cents)	139.65	209.25	(33%)
Dividend per share* (cents)	-	30.00	(100%)

* Period to which dividend is applicable

Statement of financial position

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R '000	2011	2010
Property, plant and equipment	1,166,213	873,390
Intangible assets	799,995	843,183
Other non-current assets	186,261	137,435
Development land	398,686	351,938
Contract and trade debtors	1,308,188	898,323
Other current assets	324,333	261,652
Cash and cash equivalents	716,061	1,011,550
	4,899,737	4,377,471

Statement of financial position

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R '000	2011	2010
Capital and reserves	1,837,721	1,715,289
Total borrowings	1,046,954	802,682
Non-current	538,883	363,846
Current	508,071	438,836
Other non-current liabilities	53,964	75,310
Trade and other payables	1,593,253	1,553,622
Other current liabilities	367,845	230,568
	4,899,737	4,377,471

Statement of financial position

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	2011	2010
Net asset value per share (cents)	1,465.95	1,380.39
Tangible net asset value per share (cents)	819.74	699.29
Current ratio (times)	1.09	1.10
Debt equity ratio (long-term debt)	29.3%	21.3%

Statement of cash flows - extract

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R '000	2011	2010
Operating profit	280,946	369,495
Non-cash items	232,135	247,383
Operating cash flow	513,081	616,878
Movements in working capital	(346,657)	(196,806)
Cash generated by operations	166,424	420,072
Net finance (costs) / income	(36,007)	619
Dividends and taxation paid	(166,282)	(217,230)
Cash from operating activities	(35,865)	203,461

Statement of cash flows - extract

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R '000	2011	2010
Net property, plant and equipment	(172,404)	(135,906)
Disposal of subsidiaries	101,106	-
Other cash flows from investing activities	(27,993)	12,811
Cash from investing activities	(99,291)	(123,095)
Cash from financing activities	(174,909)	(320,076)
Effects of exchange rates on cash	(14,838)	(3,439)

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Segment report

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R '000	Revenue		Operating profit		Operating margin %	
	2011	2010	2011	2010	2011	2010
Construction	4,149,208	3,900,481	81,294	265,753	1.96%	6.81%
Roads	2,372,279	2,295,219	69,030	264,377	2.91%	11.52%
Civil engineering	1,020,886	759,509	5,617	37,471	0.55%	4.93%
Buildings	756,043	845,753	6,647	(36,095)	0.88%	(4.27%)
Mining	930,713	801,718	107,680	111,346	11.57%	13.89%
Developments	38,276	24,191	9,065	4,653	23.68%	19.23%
Engineering	1,112,259	663,379	82,907	(12,257)	7.45%	(1.85%)

Order book at reporting date

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R millions	2011	2010	% change
Construction	9,100	5,600	63%
Roads	2,250	3,200	(30%)
Civil engineering	1,350	1,500	(10%)
Buildings	950	900	6%
Special projects	4,550	-	100%
Mining	2,100	1,300	62%
Developments	200	100	100%
Engineering	2,600	1,500	73%
Total	14,000	8,500	65%
Percentage cross border	42%	34%	24%



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Construction

Construction

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Financial Overview

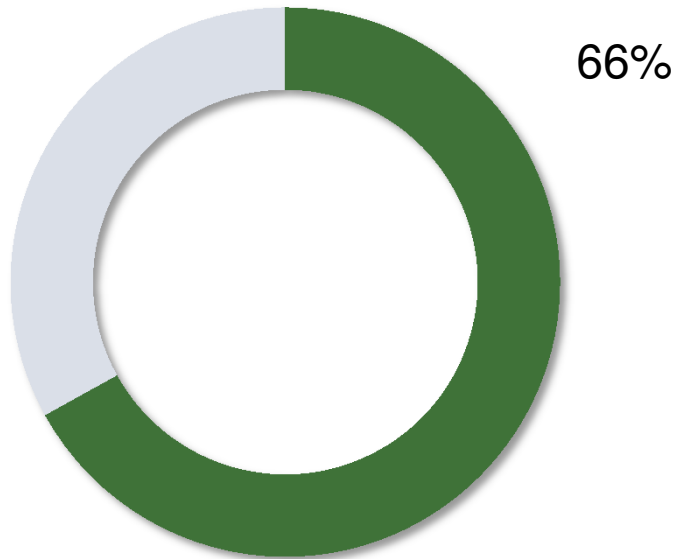
Operational Overview

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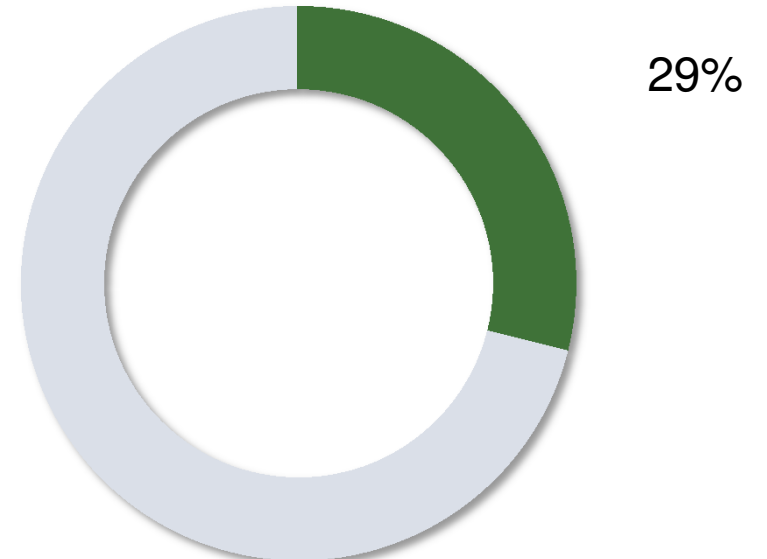
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■ Construction

Contribution to revenue



Contribution to operating profit



Construction

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- Fierce competition, significant pressure on margins
- Overshadowed by loss-making contracts
- Claims against losses but due to uncertainty, no provision for potential recovery
- Significant new awards
 - Construction and operation of airport on St Helena island – R3.1 billion
 - Phases 2C and 2H of Olifants River Water Resources Development Project for Trans-Caledon Tunnel Authority – R1.2 billion, with potential to increase to R2.2 billion
- Solid order book at improved margins

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Mining



Mining

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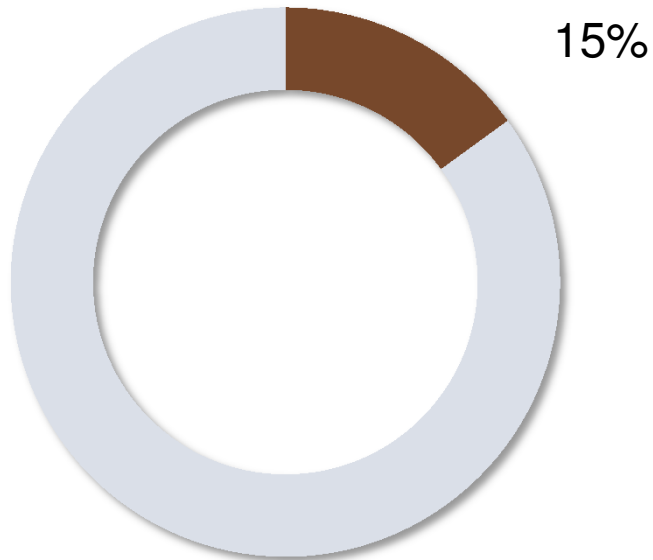
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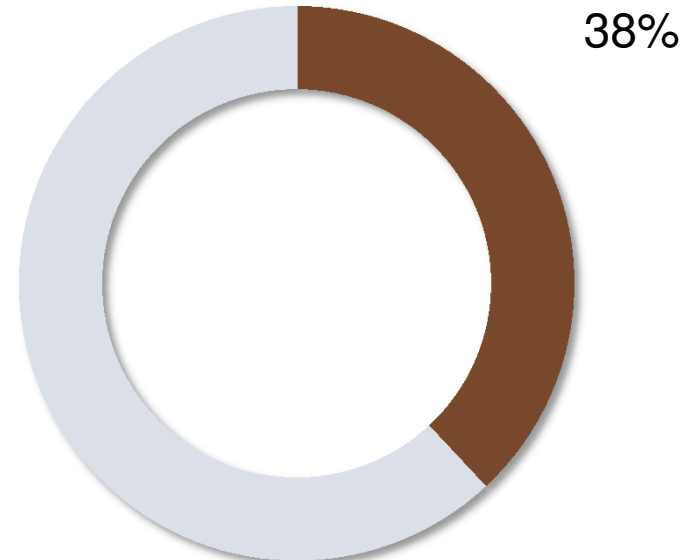
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 Mining

Contribution to revenue



Contribution to operating profit



Mining

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- Solid commodity prices boosted mining production
- Solid long-term contractual arrangements and good client relationships
- Balances fluctuations in the construction sector
- New contracts awarded
 - Five year multi-billion rand mining service contract for Debswana in Botswana with partners, Leighton International and Bothakga Burrow in Majwe Mining JV
 - Three year contract for Assmang at Beeshoek mine in joint venture
 - De Beers Venetia Mine contract extension

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Developments



Developments

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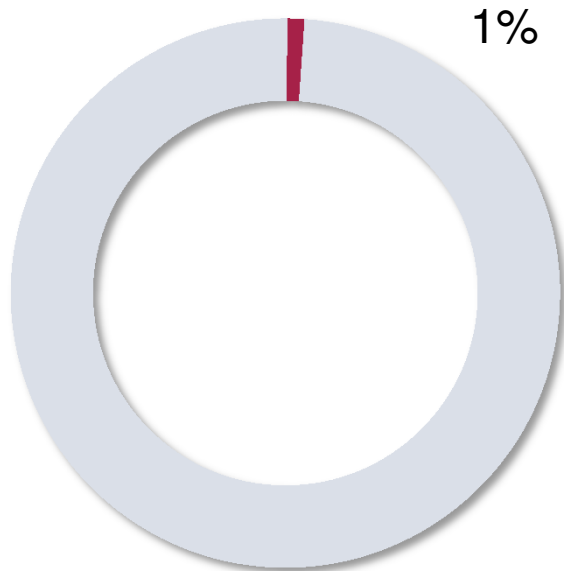
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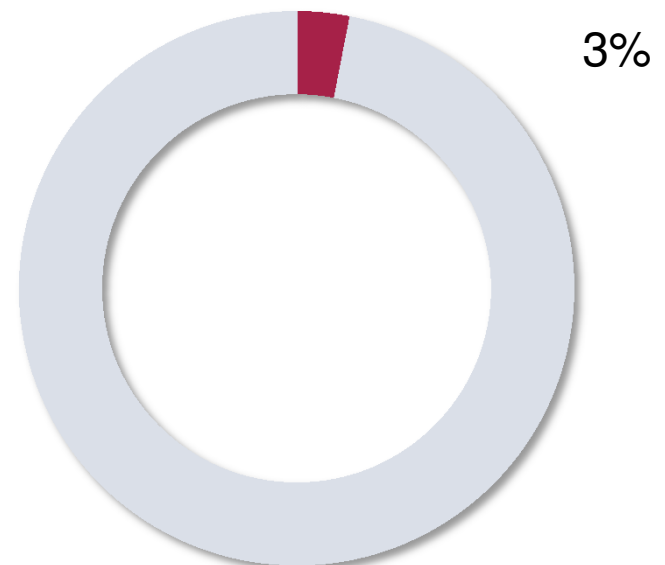
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■ Developments

Contribution to revenue



Contribution to operating profit



Developments

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- Frustrating year for the division despite improved results
- Provinces and municipalities slow in allocating and spending resources on key projects
- Regulatory approvals slow to materialise
- First recorded sales at Klipriver Business Park, number of enquiries encouraging
- Division broke ground at Malibongwe Ridge, adjacent to Cosmo City
- Development continuing at Savanna City, largest private urban lifestyle development in SA
- Involvement in Garden Cities in Cape Town terminated at request of land owner

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Engineering



Engineering

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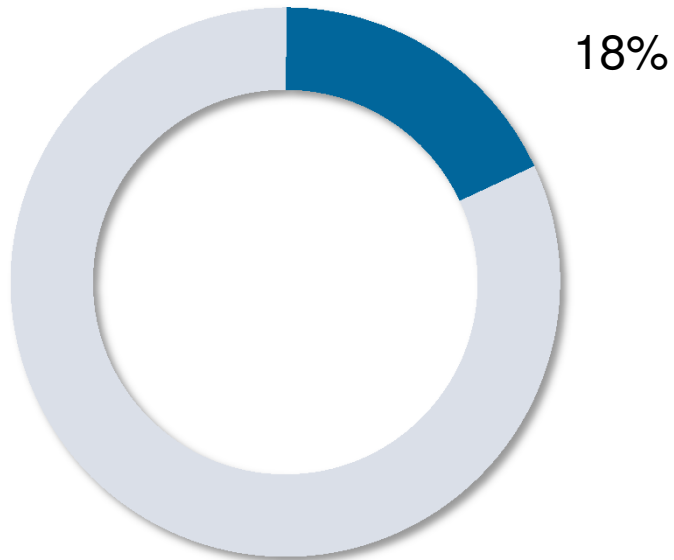
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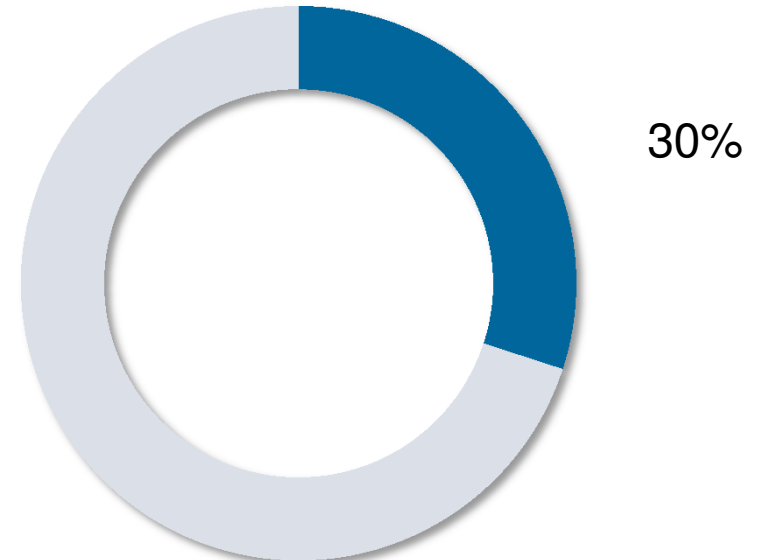
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■ Engineering

Contribution to revenue



Contribution to operating profit



Engineering

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- After slow start, workload ramped up significantly in most TWP companies
- Performance for the year surpassed expectations
- Total staff complement exceeds 1,200 engineering professionals
- International operations performing well
 - Peru office recorded a profit in first full year of operation
 - 50% of TWP Australia sold to WSP (Pty) Limited, one of world's largest design, engineering, environment and energy consultancies; returns to profitability
- Further growth required as projects move from feasibility stage to project execution

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- State of the Nation address affirms government's commitment to infrastructural spend
- Group remains cautious given delays in project roll out in recent years
- Operating performances likely to be affected by high cost increases and continued competition
- Retention of skills and maintaining of capacity key
- Real recovery in construction sector expected from 2013 onwards
- Key projects anchor business

Prospects

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- Mining industry should remain buoyant through 2012
- Demand outstripping supply in most commodities
- Many projects need to be executed to replace mining output, let alone increase it
- Chosen geographies of South America, Africa and Australasia expected to perform well
- Infrastructure development related to mining activity expected to be significant

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- Group investing in energy sector
- Acquisition of 35% of Metrowind (Pty) Limited
 - Provider of alternative energy sources
 - Announced as preferred bidder for supply of alternate energy by Department of Energy
 - Developing wind farm in Nelson Mandela Bay Metropolitan which should realise R450 million EPC contract for the group
- Bid submitted for solar project in Beaufort West in terms of Renewable Energy Feed-in Tariff (Refit) phase two (26% equity investment); should realise a R1.5 billion EPC contract for the group

Prospects

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- Investigating options to mitigate risk of holding specialised plant needed for mining operations
- Expansion of Australian and South American mining and infrastructure markets
- Exploring other developing economies in Africa

Prospects

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- R18 billion project pipeline for the group
 - Includes rail, roads, toll roads and infrastructure projects
 - Infrastructure / township planning projects
 - Renewable energy projects
 - Additional St Helena Island infrastructure work
 - Iron ore, coal, manganese and diamond mining prospects
- Capital value of TWP projects from pre-feasibility to execution – R140 billion over 10 years

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- Satisfactory results in difficult trading conditions
- Strong order book of R14 billion at reporting date
- Key in current year is effective management of working capital
- Containment of costs a focus area
- Core skills have been retained and capacity maintained
- Poised for recovery in construction sector, expected from 2013

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Questions