

BASIL READ

Financial Results

April 2016



2015

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Forward-looking statements

Certain statements in this presentation that are neither reported financial results nor other historical information, are forward-looking statements, including but not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. The words “believe”, “anticipate”, “expect”, “intend”, “estimate”, “plan”, “assume”, “positioned”, “will”, “may”, “should”, “risk” and other similar expressions, which are predictions of or indicate future events and future trends and which do not relate to historical matters, identify forward-looking statements. You should not rely on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which are in some cases beyond our control and may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements (and from past results, performance or achievements).

We undertake no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information or future events or circumstances or otherwise.



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THE YEAR UNDER REVIEW

KEY RESULTS

	2015	2014
Profit / (loss) after tax	R171.2 million	(R820.9 million)
Turnover	R5.5 billion	R6.3 billion
Order book	R10.7 billion	R10.5 billion
HEPS from continuing operations	143.87 cents	(298.08 cents)
ROE	15.2%	(51.9%)
Safety	4 fatalities	2 fatalities



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OPERATIONAL OVERVIEW

- Safety of employees remains a key focus, zero tolerance for occupational fatalities
 - Four fatalities in two incidents
 - Two deaths on roads sites caused by accidents involving the public
 - All incidents, regardless of severity, are exhaustively investigated and lessons learnt communicated to all to avoid a repeat incident

- 2015 Company structure

- Two operating units
 - Construction
 - Buildings and developments
 - Civils and plant
 - Pipelines
 - Roads
 - St Helena airport project
 - Mining
- Supported by
 - Business development
 - Finance and corporate services
 - Corporate governance

- 2016 Company structure

- One company with five divisions
 - Construction
 - Buildings
 - Civils
 - Pipelines
 - Developments
 - Mining
 - Roads
 - St Helena airport project
- Supported by
 - Corporate governance
 - Shared services

- Non-core components
 - Disposal of LYT Architecture in February 2015
 - Closure of Matomo in March 2015
 - Disposal of BR Energy in September 2015
 - Disposal of SprayPave in February 2016
 - Combined sale proceeds of R191 million

- Buildings

- Buildings and developments has been separated into two divisions
- Solid track record in residential and non-residential buildings
- Specialist skills in fields including education, health care, correctional facilities and housing
- Core order book of public sector work
- Link to developments is clear – top structure development

- 2016 focus areas
 - Partner with developments division
 - The division is gearing itself for construction of affordable housing at in-house developments
 - Complete major contracts
 - Completion of works at Medupi planned for June 2016
 - Re-programme, re-align teams and agree way forward on Kusile until 2019
 - Explore opportunities to expand exposure in the private sector
 - Engage with developers and consultants targeting large projects
 - Build pool of skills and strengthen relationships with suppliers and subcontractors

- **Civils**

- Core to Basil Read; includes the plant department
- Olifants River water resources development project
 - To be completed in 2016
 - Lessons learned on this project will assist in future performance improvement
- Water is a strategic imperative for the country; division is well placed to take advantage
- Also pursuing growth in marine, energy, water and sanitation sectors as well as EPC projects
- Presence to be established in select sectors in selected African countries

- 2016 focus areas
 - Continue to pursue legacy claims through improved management process
 - Completion of problematic projects
 - Olifants River water resources development project
 - Identify and target projects with reputable clients across the African continent
 - Deploy excess capacity to other divisions to assist with civils-related work

- **Developments**

- The mixed-use integrated housing development model becomes our license to operate
- Directly aligned with government's intention to accelerate housing delivery
- Generates work for all other construction related divisions
- Strategically important division for future company order book growth
- Access to funding required to bring future projects to implementation phase

- 2016 focus areas

- Continue project roll out of Savanna City, which has exceeded sales expectations to date
- Revisit development plan for Rolling Hills to explore alternative means of unlocking value
- Partner with buildings division for construction of affordable housing on all in-house developments
- Actively seek new development opportunities with a view to securing five large scale, mixed-use integrated developments in the next 10 years

- Mining

- Challenging year for resource companies with reduction in number of new opportunities leading to margin pressure
- Established reputation for quality service delivery and good working relationships with clients
- High safety standards crucial for continued good relationships with clients
- World-class maintenance management strategy ensures optimal use of plant
- Process engineering company, Matomo, closed in March 2015

- 2016 focus areas
 - Prudent capital replacement programme to be refined and implemented
 - Major drive to further optimise plant performance
 - Expand services and contract duration with existing client base
 - Explore possibility of entering regional markets e.g. Lesotho, Zambia and Tanzania
 - Explore opportunities in new commodity markets, including coal

- Pipelines

- Specialised field requiring specific skills
- Strategically important given opportunities in water infrastructure development
- Challenges faced due to community disruptions and access to site

- 2016 focus areas
 - Position division for anticipated roll-out of water infrastructure
 - Proactive engagement in consultative discussions with communities prior to project commencement to mitigate risk
 - Focus on training and development; transfer skills to a growing team

- Roads

- Reputation as arguably the leading road builder in South Africa
- Expertise extends across all transportation modes – roads, airports, rail, marine
- All but one historically loss-making contract completed in 2015; remaining contract to be completed in 2016
- Community disruption an emerging risk; proactive engagement vital
- Concerning trend of public road users ignoring traffic control measures

- 2016 focus areas
 - Strategic drive to grow division as core competency
 - Enhance service offering by incorporating additional activities in the value chain
 - Strengthen position in the South African market; provides strong base to expand into other targeted African countries
 - Pursue projects that generate business for other construction disciplines
 - Particularly traditional transport projects that offer both roads and civils works

- **St Helena airport project**

- Demonstrates that we have the internal operational capacity and capabilities to successfully execute a design-build-operate project of this magnitude
- Construction of airfield, runway, combined and terminal buildings complete
- Permanent wharf on track for completion in early 2016
- Bulk fuel installation hampered by design changes; 12-month delay expected
- Historic landing of first ever flight to the island in September 2015
- Milestone of one million lost-time injury-free hours reached on three occasions

- 2016 focus areas

- Certification process with regulator underway; expected to be completed during April 2016
- First commercial flights expected in May 2016
- 10-year airport operation period commences after certification
- Additional works update
 - Wharf works to be completed in first half of 2016
 - Hospital upgrade works to be completed in first half of 2017
 - Additional bulk fuel installation works will continue into 2017



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FINANCIAL OVERVIEW

Statement of financial performance - extract

R000	2015	2014
Continuing operations		
Revenue	5 519 979	6 261 441
Operating profit / (loss)	226 197	(803 289)
Net profit / (loss) from continuing operations	191 638	(646 136)
Loss from discontinued operations	(20 425)	(174 743)
		(303 731)
Net profit / (loss) after taxation	171 213	(820 879)
EPS from continuing operations (cents)	152.78	(467.16)
HEPS from continuing operations (cents)	143.87	(298.08)

Statement of financial position - extract

R000	2015	2014
Property, plant and equipment	922 446	1 086 074
Intangible assets	91 640	99 938
Other non-current assets	486 415	483 696
Other current assets	1 510 812	1 642 142
Cash and cash equivalents	506 845	910 815
Non-current assets held for sale	104 203	53 112
Total assets	3 622 361	4 275 777
Shareholders' equity	1 223 552	1 035 552
Interest-bearing debt – long term	182 134	215 898
Interest-bearing debt – short term	193 236	363 830
Other non-current liabilities	38 953	44 067
Current liabilities	1 962 152	2 606 411
Liabilities classified as held for sale	22 334	10 019
Total equity and liabilities	3 622 361	4 275 777
Net cash	131 475	331 087

Statement of cash flows - extract

R000	2015	2014
Operating profit / (loss)	201 015	(984 691)
Non-cash items	238 260	740 358
Movements in working capital	(555 330)	126 003
Other operating cash items	(34 636)	(83 325)
Cash flow from operating activities	(150 691)	(201 655)
Net property, plant and equipment	8 665	(126 031)
Other investing cash items	96 101	50 974
Cash flow from investing activities	104 766	(75 057)
Cash flow from financing activities	(325 456)	(87 374)
Effects of exchange rates on cash	10 393	(2 734)
Net movement in cash and cash equivalents	(360 988)	(366 820)

- Liquidity tight; being closely managed
- Opportunities to stabilise cash position
 - Sale of assets – investments, development land
 - Resolution of claims
 - Negotiation of additional banking facilities following return to profitability
 - External funding - Domestic medium-term note programme – possible fresh issue of notes
 - Possible equity raise under consideration to fund growth

Order book

R millions	2015	2014	
Construction	1 948	2 719	↓
- Buildings	1 102	1 567	↓
- Civils	797	1 065	↓
- Pipelines	49	87	↓
Developments	200	100	↑
Mining	4 660	3 774	↑
Roads	2 617	2 246	↑
St Helena airport project	1 316	1 700	↓
Total	10 741	10 539	↑



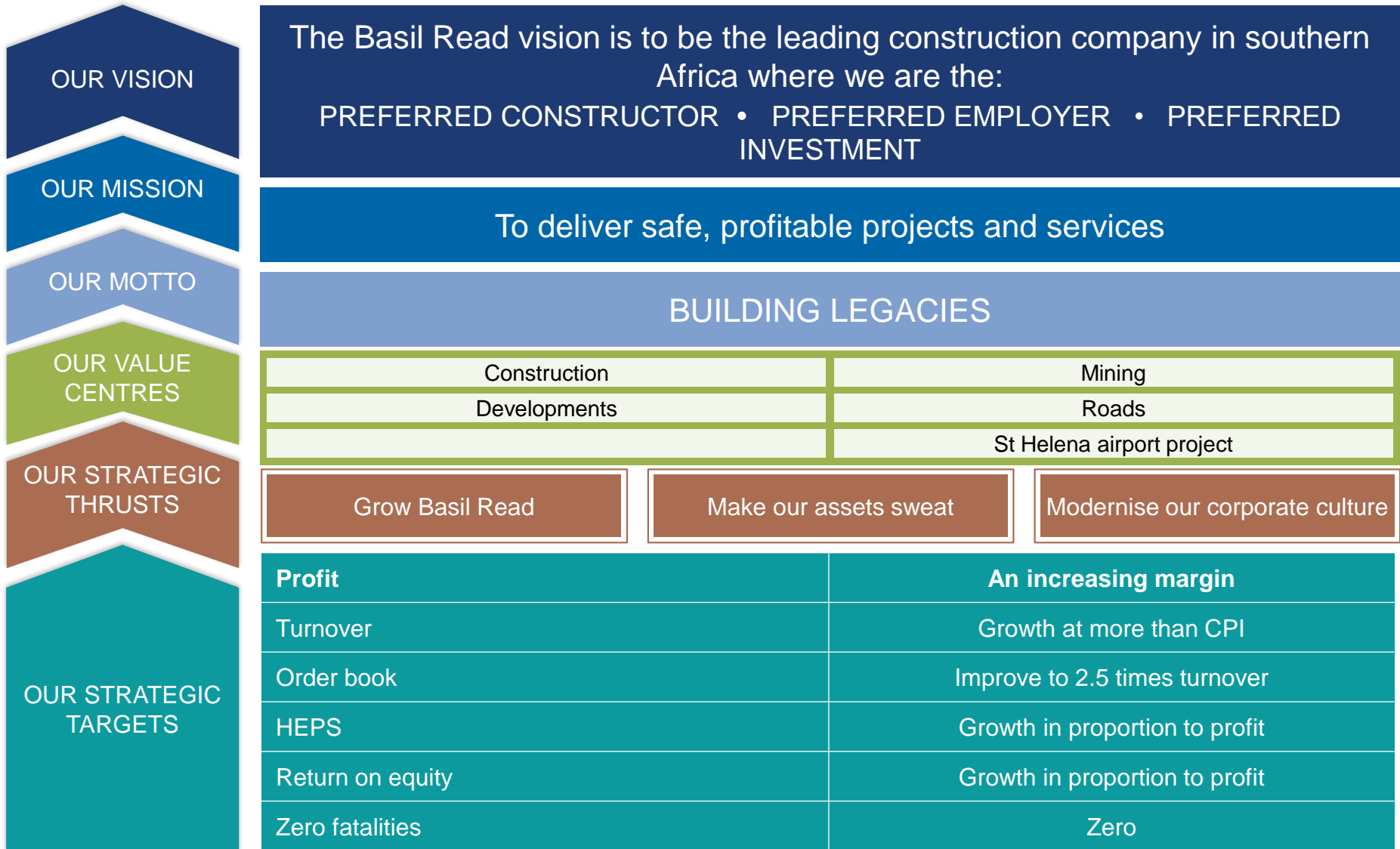
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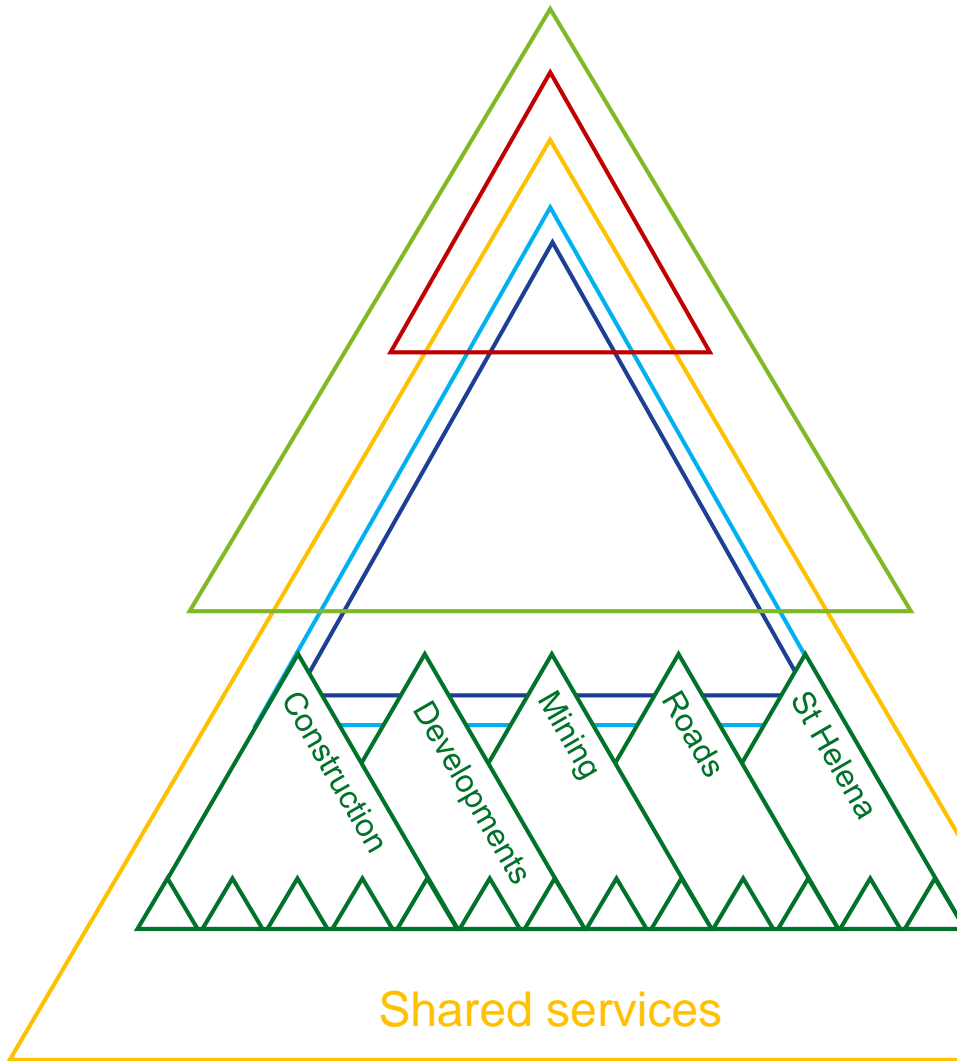


STRATEGIC REVIEW

- Industry to continue facing various challenges
 - Margins under pressure
 - Competitive tender market
 - Liquidity issues
- South African and African infrastructure need is real
 - Should support the growth of the construction industry
- Develop a strong local skills base and geographical diversification to take advantage of opportunities



Operating model



Company secretary and corporate governance

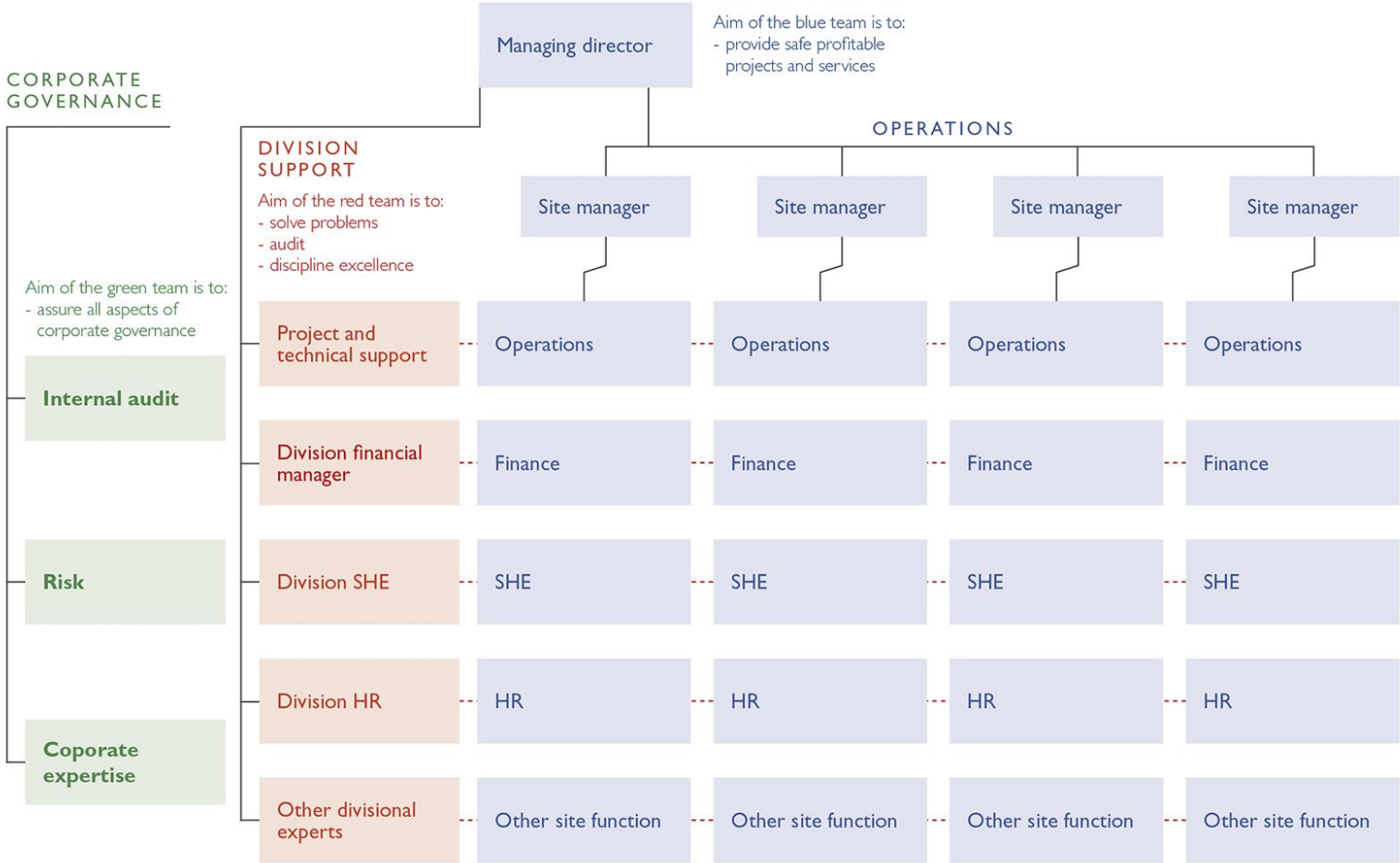
Chairman
Basil Read board: **company strategy**

CEO; CFO
EXCO: business strategy
Executive officers

OPSCO: operations strategy
Managing directors; division overhead

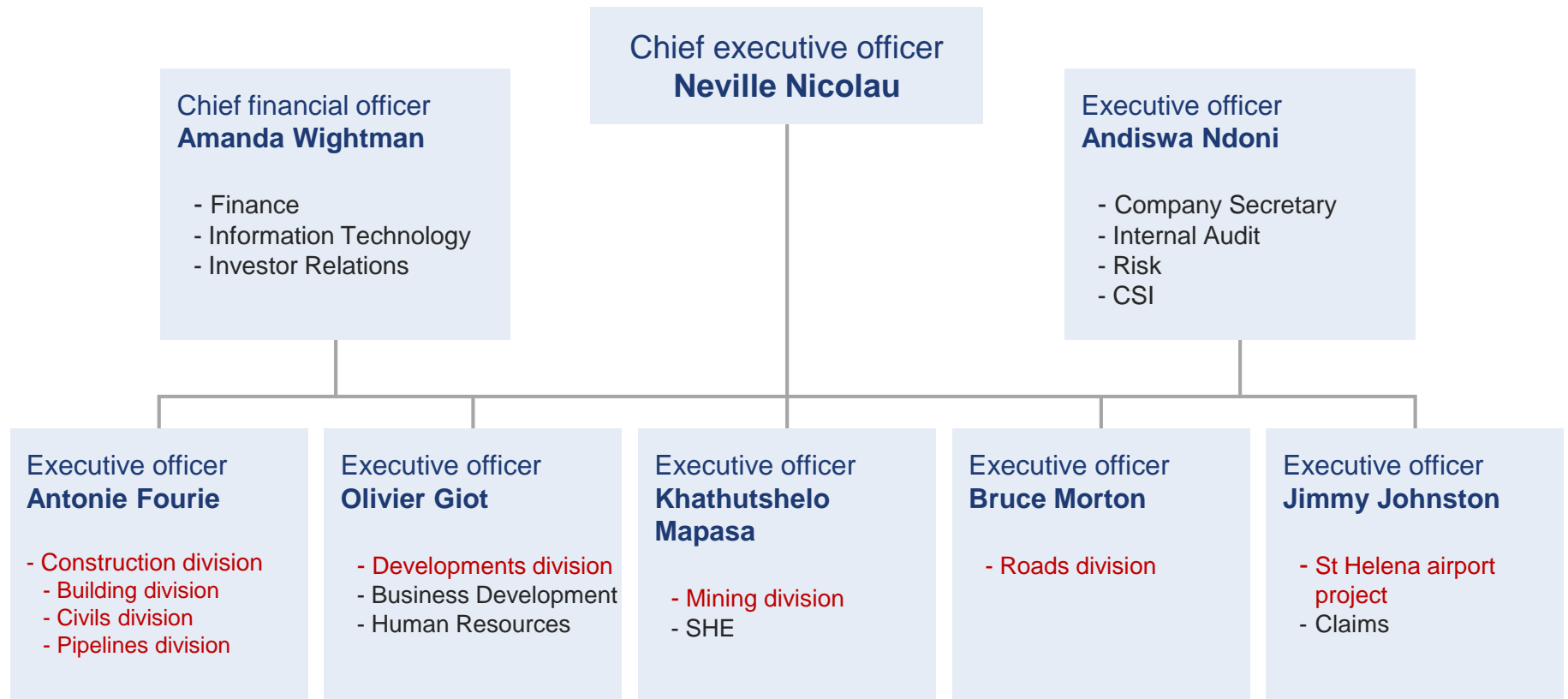
Divisions: project execution
Sites

Standard division operating model



Operating structure

EXCO: Division of responsibility for 2016



- Corporate Governance
- Operating Divisions

- Focus will remain on South African market; mindful of opportunities across African continent
- Company is now stabilised and well positioned to take part in the infrastructure roll-out
- Remain committed to our strategic thrusts
 - Grow the company
 - Make our assets sweat
 - Modernise our corporate culture
- Five operating divisions
 - Construction, comprising buildings, civils and pipelines
 - Developments
 - Mining
 - Roads
 - St Helena airport project



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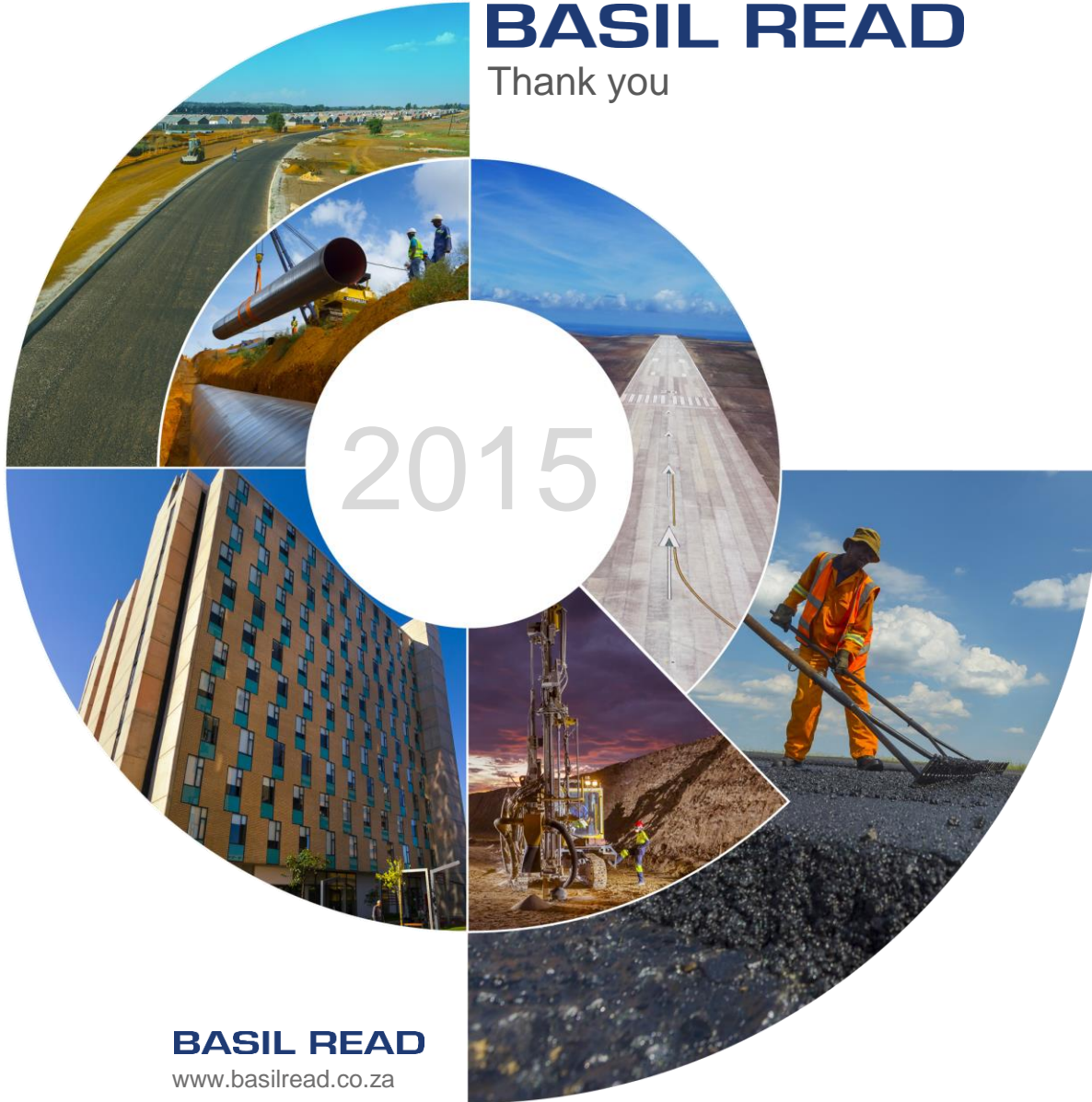
OUTLOOK

- Safety remains our top priority; nothing less than zero harm is acceptable
- Repeat performance achieved in 2015
 - We recognise the importance of sustainability in our earnings
- Company with divisions entrenched and managed at the appropriate level
- Continue focus on liquidity management
- Grow the company to smooth the impact of cyclical volatility
- Develop the appropriate corporate culture for a focused, disciplined construction company

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Thank you

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