

BASIL READ

Macquarie infrastructure CEO conference

6 December 2016



2016

BASIL READ

www.basilread.co.za

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.

- **Who we are**
 - What we do
 - Divisional overview
 - Management team
 - Geographical footprint
 - Key results

- **Strategic focus**
 - Overview
 - Strategic thrusts: three pillars

- **Five year plan**
 - Operating environment
 - Focus areas

- **Q & A**



2016

BASIL READ



WHO WE ARE

What we do

Developing infrastructure

Every South African has been touched by Basil Read in some form or another. Either by the roads they travel on, the houses they live in or the schools their children go to. This is how we build legacies.

St Helena

By utilising skills from every facet of our business, we are constructing a world-class airport on one of the most remote islands in the world



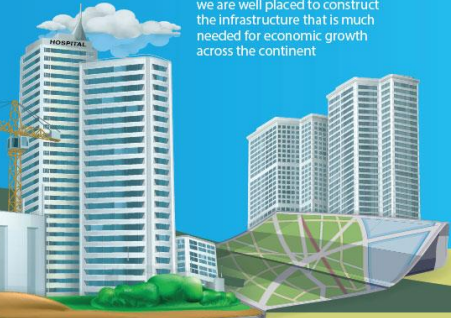
Developments

By collaborating with various governmental bodies and local partners, we are building affordable homes in integrated housing developments to improve the lives of Africa's people



Construction

By combining our buildings, civils and pipelines disciplines into the construction division, we are well placed to construct the infrastructure that is much needed for economic growth across the continent



Roads

By building on our reputation as arguably South Africa's leading roads contractor, we are constructing the roads that transport essential goods while connecting our communities



Mining

By implementing high safety standards, we are able to partner with our clients and provide contract mining and related services across a variety of metals and minerals





Construction 24% of order book

Basil Read is reshaping the construction sector in South Africa by packaging its expertise, innovation and quality into one integrated construction solution.

- Key operations**
- Retail and office complexes
 - Apartment blocks
 - Specialised associated services
 - Residential housing
 - Educational facilities
 - Hospitals
 - Bridges
 - Industrial plants
 - Stadiums
 - Harbour and marine works
 - Plant acquisition, disposal and maintenance
 - Infrastructural pipelines
 - Correctional facilities



Developments 5% of order book

This division focuses on large-scale mixed-use integrated housing developments and is an integral part of our licence to operate. Basil Read works with government at all levels, parastatals and non-governmental organisations to support national imperatives focused on improving the quality of life of all South Africa's people.

- Key operations**
- Mixed-use integrated housing developments



Roads 20% of order book

The roads division offers clients specialised capabilities and services to ensure each project achieves world-class standards.

- Key operations**
- Earthworks
 - Township infrastructure
 - Bridges
 - Rail
 - Roads and highways
 - Pavements (airports and ports)



Mining 39% of order book

Specialist skills and experience set this division apart in a competitive industry.

- Key operations**
- Surface contract mining
 - Hard-rock selective mining
 - Mine spoils rehabilitation
 - Materials handling
 - Bulk earthmoving
 - Specialised drill and blast services
 - Thin, thick and multiple-seam mining



St Helena airport project 12% of order book

Basil Read is proving that effective risk management is critical in providing a turnkey service in the engineering, procurement and construction environments.

- Key operations**
- St Helena is a prime example of company-wide discipline on a single project

Geographical footprint

A VIEW OF OUR OPERATIONAL AREAS

Angola

Our reputation for delivering quality services without compromising on safety, led to us securing our first ever mining contract in Angola.



Zambia

Having successfully completed projects in Zambia in the past, Basil Read recently returned to construct roads in this mineral-rich, landlocked country.



St Helena Island

Our flagship project to construct an airport on one of the most remote islands in the world, St Helena is proof that we have the internal operational capacity and capabilities to successfully execute a design-build-operate project of this magnitude.



Botswana

Basil Read partners with local companies in Botswana to offer opencast mining and related services, and is gradually expanding its service offering into construction-related services.



Namibia

Home to the Tschudi copper mine, a key project for the mining division, we have entrenched ourselves in Namibia as a reputable contractor across various construction and mining disciplines.



South Africa

Basil Read is a truly South African company with a heritage that spans more than 60 years. A strong home base provides the necessary stability to expand into the rest of Africa.



Management team



- 58 sites across five countries
- 5 325 employees
- Level 2 BBBEE contributor

Key results

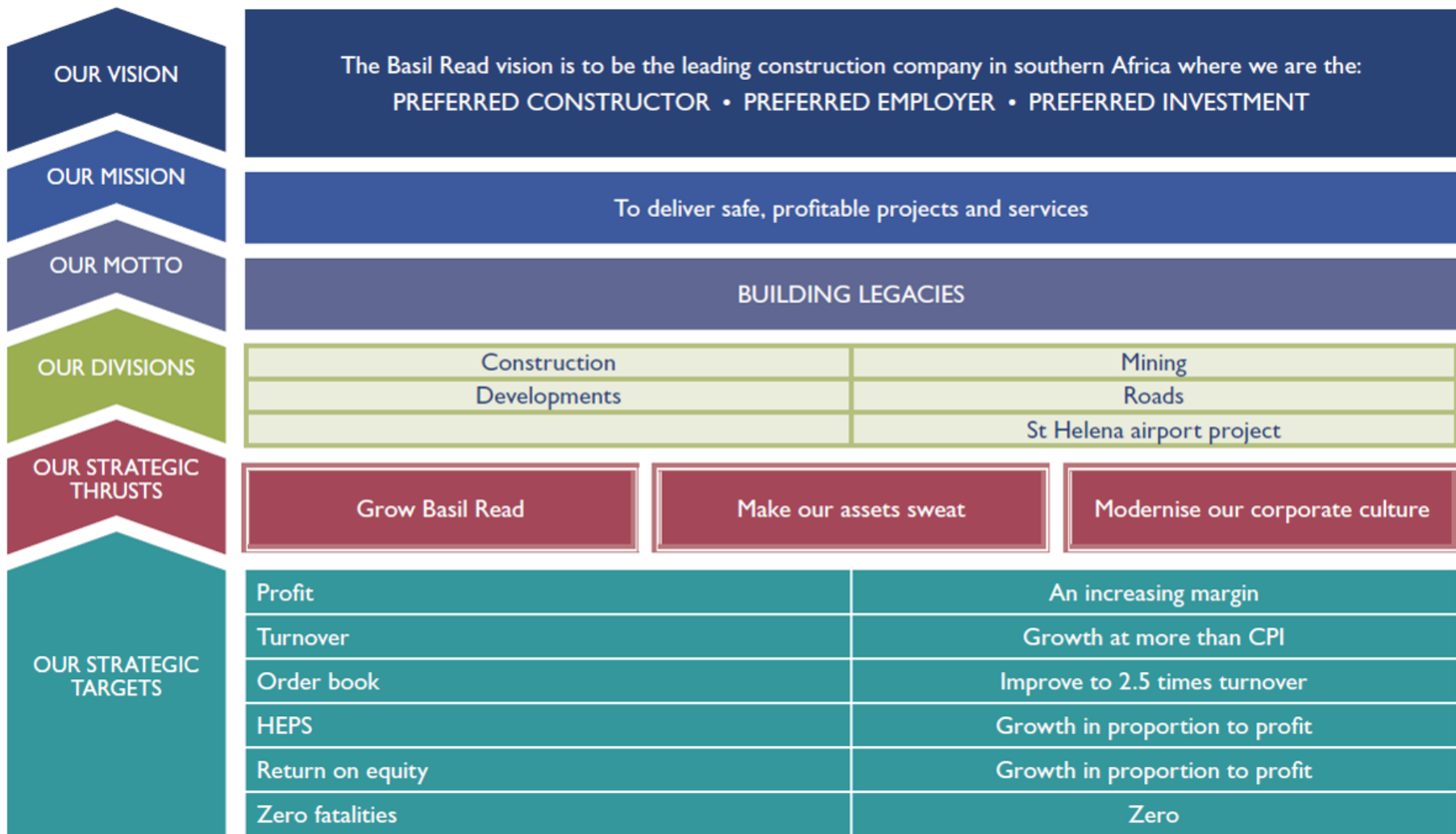
	2016H1	2015H1
Safety	0 fatalities	0 fatalities
Order book	R10.4 billion	R10.1 billion
Turnover	R2.5 billion	R2.9 billion
Profit after tax	R34.4 million	R41.6 million
Cash and cash equivalents at the end of the period	R219 million	R430 million
HEPS	48.92 cents	37.12 cents
ROE	6.2%	7.8%



BASIL READ



STRATEGIC FOCUS



Strategic thrusts: three pillars

Grow Basil Read

- Disposal strategy completed early 2016, focus now on organic growth within the five divisions
- Embedding the operating model
- Reinvent business development
- Strengthening the balance sheet and improving liquidity

Make our assets sweat

- Implemented new operating model with operational committee and site meetings
- Improve project management through the project life cycle
- Rationalise support functions to improve operating margin
- Supply chain management for sustainable cost reduction
- Cash flow management

Modernise our corporate culture

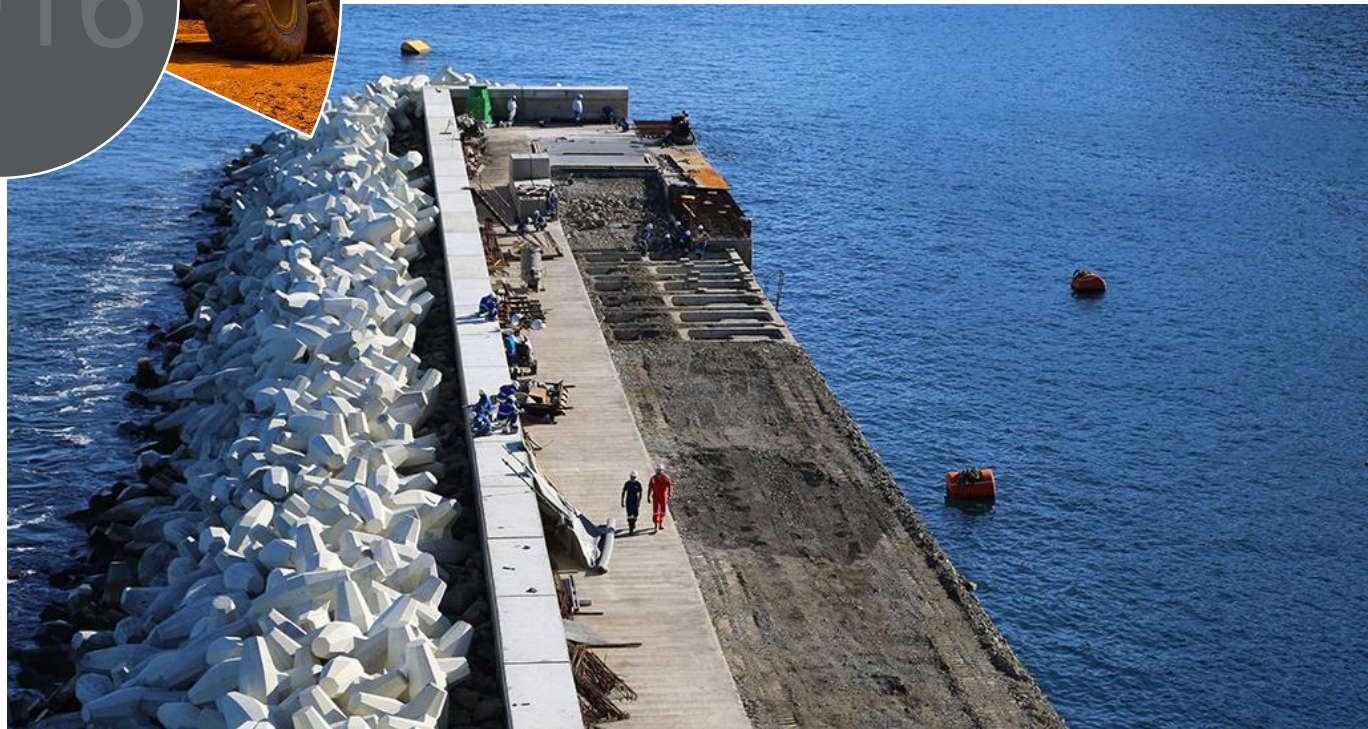
- Implemented improved HR management system
- Introduced a management development programme (MDP) and supervisor training programmes
- Formalised the performance management system
- Implementing a high performance culture through new corporate values and cultivating an effective organisational culture in terms of leadership, employee engagement and diversity

Safe, profitable projects



2016

BASIL READ



FIVE YEAR PLAN

- Industry to continue facing various challenges
 - Margins under pressure
 - Competitive tender market
 - Liquidity issues
- Basil Read focus on strengthening balance sheet, improve efficiencies
 - With the industry at the bottom of the cycle its important to diversify facilities and improve liquidity headroom
- South African and African infrastructure need is real
 - Should support growth of the construction industry
- Develop a strong local skills base and geographical diversification to take advantage of opportunities

Focus areas

- Growth strategy developed based on maintaining our position with existing clients and increasing our opportunities with new clients
- Strategic plan includes a realistic base case scenario, as well as a high road and low road scenario
 - The five year business plan includes a cash flow management plan and indicated an equity injection scenario as well as a debt financing scenario
- Turnover target based on current level of activities
- Improving our operating margins through
 - Increased efficiencies
 - Sound project management
 - Overhead reduction
- Detailed divisional strategies have been put in place
- Weighted average capital expenditure of 5% - 6% of turnover is required to maintain and grow the business

BASIL READ

Thank you

2016



BASIL READ

www.basilread.co.za