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Financial Results

August 2016



2016

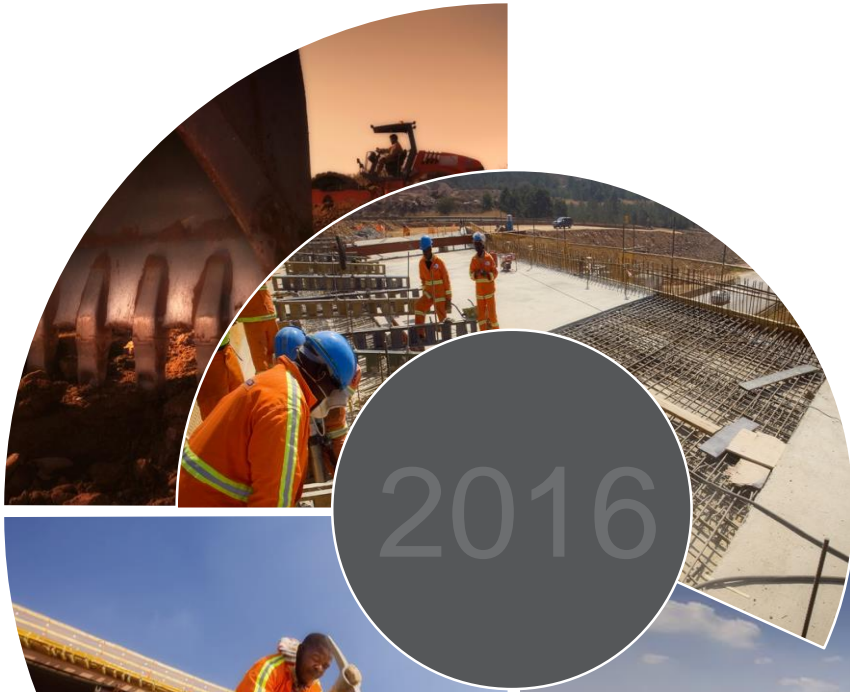
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Forward-looking statements

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 PERIOD UNDER REVIEW

KEY RESULTS

	2016H1	2015H1
Profit after tax	R34.4 million	R41.6 million
Turnover	R2.5 billion	R2.9 billion
Order book	R10.4 billion	R10.1 billion
HEPS	48.92 cents	37.12 cents
ROE	6.2%	7.8%
Safety	0 fatalities	0 fatalities



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OPERATIONAL OVERVIEW

- Safety of employees a key focus, zero tolerance for occupational fatalities
 - Zero fatalities in reporting period
 - DIFR decreased to 0.18 from 0.22 at December 2015, above target of 0.17
 - Road accidents on our sites involving the public is still a major concern
 - we are working closely with our clients to find ways to improve safety for all on our sites
 - All incidents, regardless of severity, are exhaustively investigated and lessons learnt communicated to all to avoid a repeat incident

- Progress against stated strategic objectives
 - **Growing the business:** concentrating on organic growth under a simplified operating structure appropriately organised into five core divisions
 - Construction (consisting of buildings, civils and pipelines)
 - Developments
 - Mining
 - Roads
 - St Helena airport project
 - **Making the assets sweat:** sale or closure of non-core assets is concluded. Continual improvement in site operating performance critical to success; standardised operating model well advanced.
 - **Modernise the corporate culture:** revised values launched in early 2016. Collective and disciplined efforts of a representative Basil Read team contributing to a better and more valuable business

- Liquidity challenges

- Cash balances at 30 June 2016 – R219.3 million
 - Unwinding of advance payments on St Helena airport project
 - Funding of loss-making construction contracts
- Funding secured from Industrial Development Corporation – R200 million
 - Four-year facility
 - Secured by development properties
- Claims resolution expected to improve in second half

- Construction

- Buildings, civils and pipelines divisions consolidated into one construction division
- Delayed contract starts and limited cash resources affected overall performance
- Declining order book and decrease in tender activity of concern
 - Targeting work streams where a large amount of work is expected in the future eg water and sanitation
- Work continued at the Olifants River water resource development project
 - Resolution of claims ongoing; streamlined process agreed with all parties
 - Client has shown commitment to the process and a willingness to resolve cash flow constraints on the project

- **Developments**

- Strategically important to the business
- Integrated development model generates work for the construction and roads divisions; will allow for greater control of order book in time
- Unit sales at Savanna City continue to exceed expectations; approximately 700 families already living in the development
 - Currently installing internal bulk services to support continued roll out of stands
- Progress at Malibongwe Ridge slow due to budgetary constraints from governmental partners
 - Servicing for phase 1 (486 fully subsidised residential units) is complete, with 41 homes handed over and occupied by residents
- No sales recorded at Klipriver Business Park
 - number of sales currently under negotiation; expected to be finalised in the second half of 2016

- Mining

- Remains a solid performer despite a subdued commodity market
- Ongoing productivity improvements and effective management of mobile plant contributed to profitability
- Work started on two new contracts in Botswana – Jwaneng Cut 8 north-east corner push back and Lerala Diamond Mine
- The Tschudi copper mine project in Namibia performing well; exceeding client's expectations
- Majwe Mining JV in discussions to extend the Cut 8 project beyond the contractual period into 2017 to complete waste removal, including the redesigned north-east corner

- Roads

- Division was separated into a full division with executive committee representation
- Aim is to grow the division into a transportation division servicing all related infrastructure requirements
- Limited tender activity in the first six months; recent improvement from both national and provincial clients
- Basil Read, in consortium with Daewoo, is tendering on the Msikaba and Mtentu bridges to be constructed as part of the N2 Wild Coast toll-road project

- **St Helena airport project**

- After four-year construction period, aerodrome certificate issued by Air Safety Support International (ASSI) on 10 May 2016
- Start of commercial flights postponed due to wind shear and turbulence on one of the runways
- Despite delay in commercial flights, charter flights are able to land; airport operates daily as a fully functional facility
- A number of medical air evacuations made possible, making a real difference in the lives of the residents



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FINANCIAL OVERVIEW

Statement of financial performance - extract

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R000	2016 H1	2015 H1
Continuing operations		
Revenue	2 501 918	2 853 797
Operating profit	73 452	93 688
Net profit from continuing operations	67 762	66 619
Loss from discontinued operations	(33 352)	(25 063)
Net profit after taxation	34 410	41 556
EPS from continuing operations (cents)	55.08	52.11
HEPS from continuing operations (cents)	53.39	47.16

Statement of financial position - extract

R000	2016 H1	2015 H2
Property, plant and equipment	950 850	922 446
Intangible assets	91 210	91 640
Other non-current assets	536 232	486 415
Other current assets	1 752 470	1 510 812
Cash and cash equivalents	277 508	506 845
Non-current assets held for sale	-	104 203
Total assets	3 608 270	3 622 361
Shareholders' equity	1 239 590	1 223 552
Interest-bearing debt – long term	171 743	182 134
Interest-bearing debt – short term	158 733	193 236
Other non-current liabilities	55 785	38 953
Current liabilities	1 982 419	1 997 590
Liabilities classified as held for sale	-	22 334
Total equity and liabilities	3 608 270	3 622 361
Net (debt) / cash	(111 225)	131 475

Statement of cash flows - extract

R000	2016 H1	2015 H1
Operating profit	39 488	61 459
Non-cash items	155 980	156 249
Movements in working capital	(297 054)	(554 803)
Other operating cash items	(47 018)	9 735
Cash flow from operating activities	(148 604)	(327 360)
Net property, plant and equipment	(94 186)	14 976
Other investing cash items	69 729	24 591
Cash flow from investing activities	(24 457)	39 567
Cash flow from financing activities	(67 899)	(116 326)
Effects of exchange rates on cash	(14 465)	(1 308)
Net movement in cash and cash equivalents	(255 425)	(405 427)

- **Funding secured from Industrial Development Corporation**
 - R60 million project-specific revolving credit facility
 - Two-year facility
 - R140 million working capital facility
 - Four-year facility
 - Secured by development properties
 - Interest rate of prime plus 1.2%

- **Possible equity transaction**
 - Discussions ongoing
 - If concluded, will result in black control

Order book

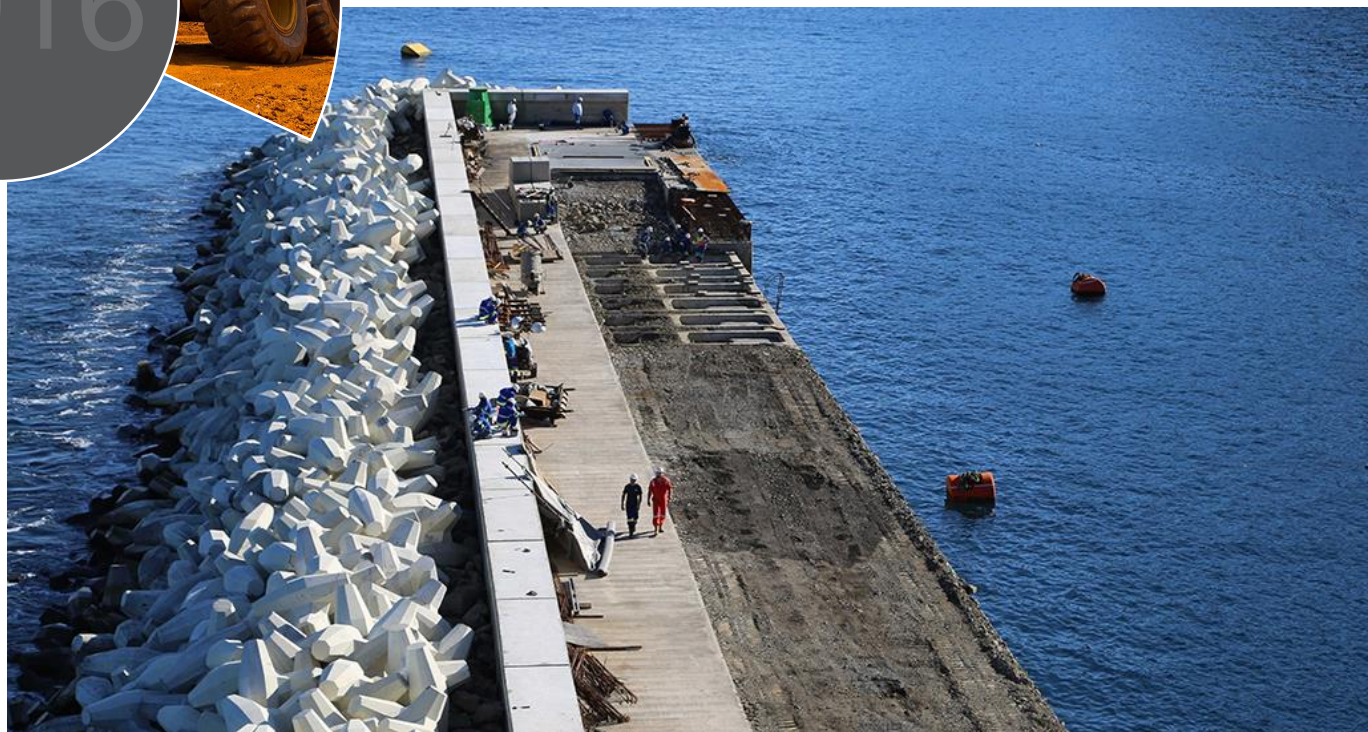
R millions	2016 H1	2015 H2	
Construction	1 593	1 948	↓
- Buildings	940	1 102	↓
- Civils	635	797	↓
- Pipelines	18	49	↓
Developments	470	200	↑
Mining	4 655	4 660	↓
Roads	2 377	2 617	↓
St Helena airport project	1 267	1 316	↓
Total	10 362	10 741	↓



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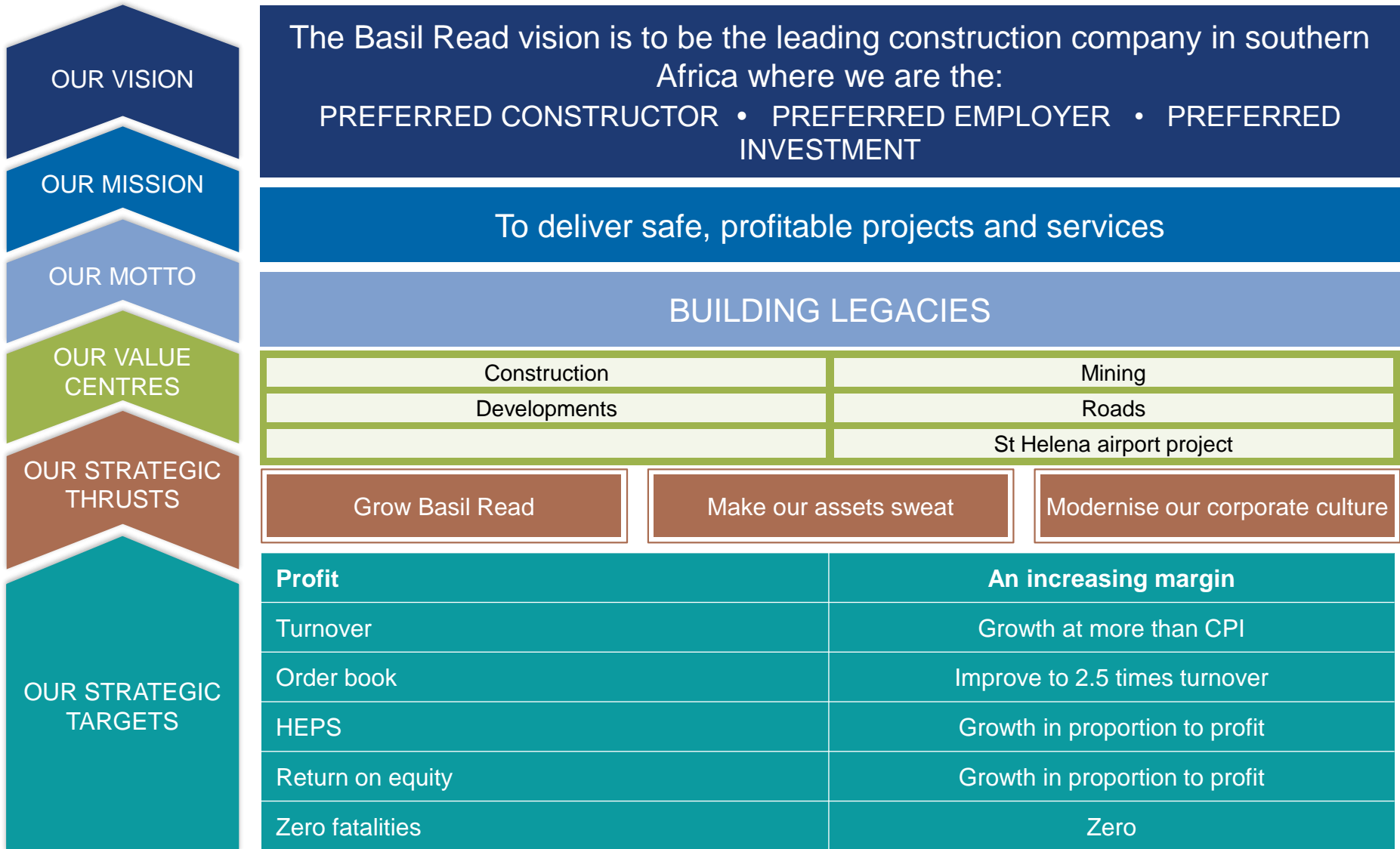


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STRATEGIC REVIEW

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



- Focus will remain on South African market; mindful of opportunities across African continent
- Company stabilized; 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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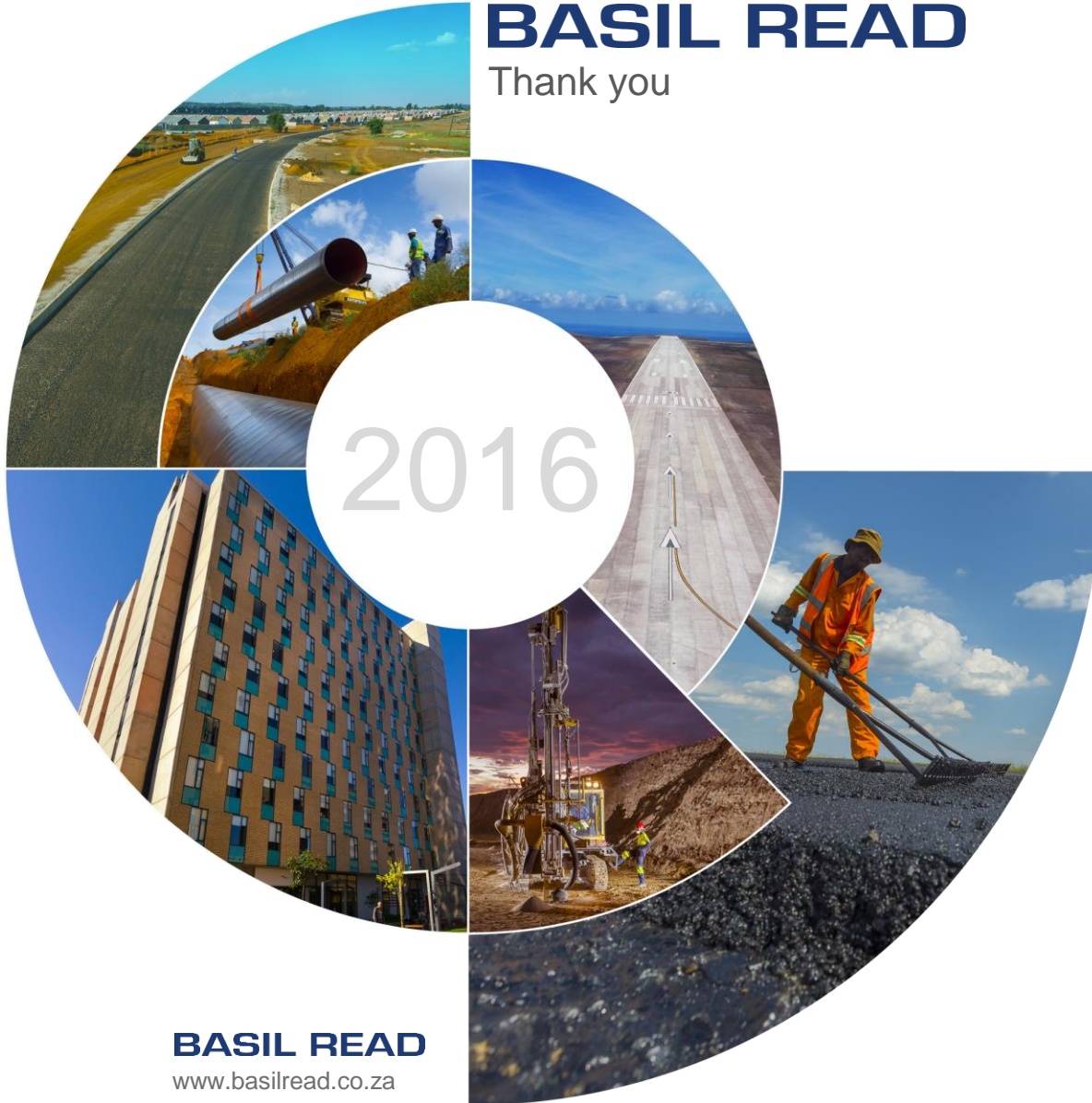
OUTLOOK

- 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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