



# RESULTS 2014

AUDITED RESULTS FOR THE YEAR  
ENDED 30 JUNE 2014



SUBJECT	PRESENTER
Welcome	Mike Wylie
Overview and highlights	Louwtjie Nel
Operational review	
– Roads and earthworks	Richard Smith
– Building and Civil engineering	Paul Foley
– Australia	Paul Foley
– Projects, Property and Capital Africa Steel	Louwtjie Nel
Financial review	Charles Henwood
Order book and project pipeline	Louwtjie Nel
Outlook	



## OVERVIEW AND HIGHLIGHTS

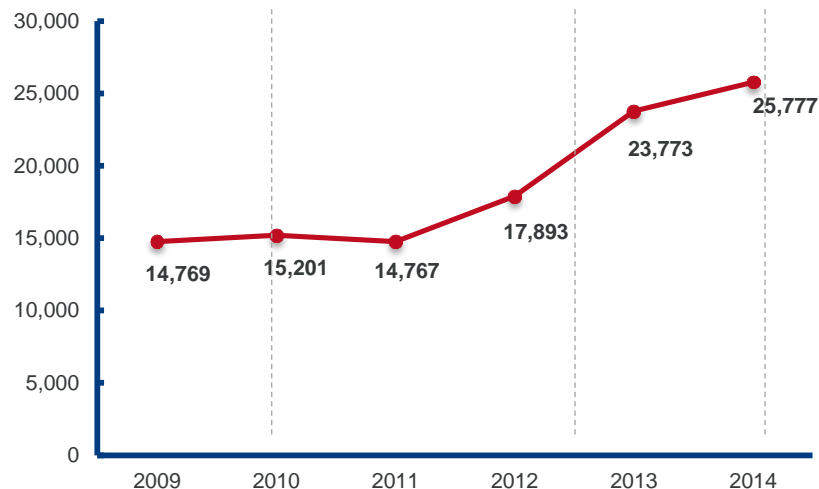
Louwtjie Nel

# FY14 - THE YEAR IN PERSPECTIVE

- Revenue growth of 8%
- Year of consolidation after 33% growth in FY13 – activity levels sustained
- Operating profit from continuing operations up 10%
- Building divisions in South Africa and Australia in good health
- African building division now well established
- Roads and earthworks and Civil engineering divisions “treading water” pending mining recovery and infrastructure spend
- Impairment of property, plant and equipment within CSS has significant impact on earnings
- Decision to sell Capital Star Steel (CSS) and non-core businesses within Capital Africa Steel
- Impact of various strikes in South Africa on revenue and profit

# REVENUE

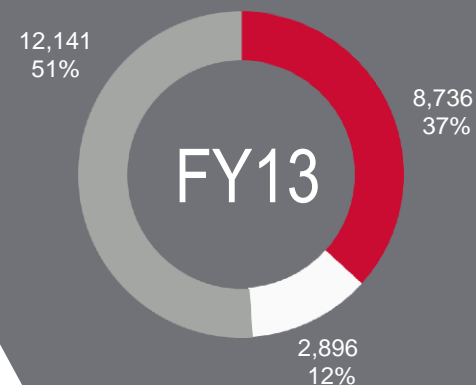
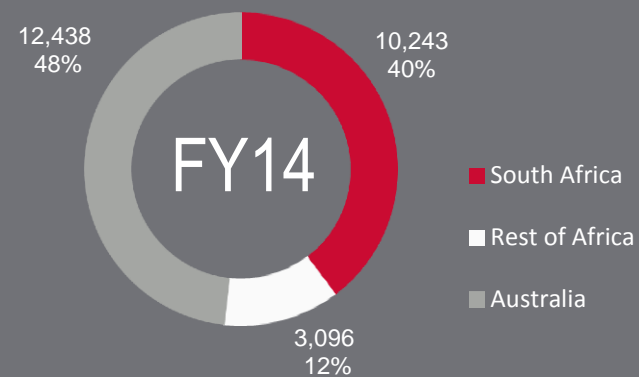
## continuing operations



Activity levels  
maintained despite  
poor trading conditions  
post GFC

Strong  
building  
markets in SA  
and AUS

## Contribution by geography

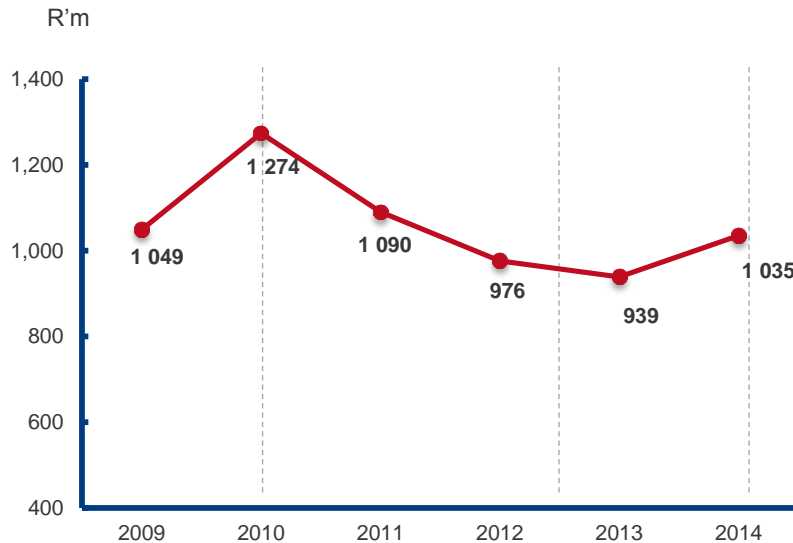


GROWTH

8,4%

# OPERATING PROFIT

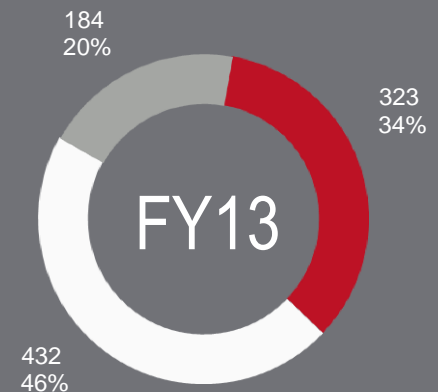
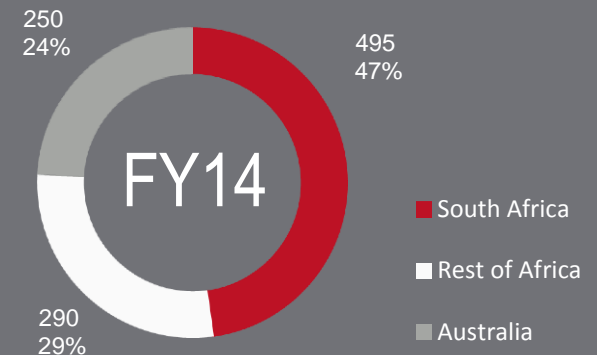
## continuing operations



Impact of poor trading conditions post GFC on margin

Strong building markets in SA and AUS

## Contribution by geography



GROWTH

10,2%

# SAFETY, ENVIRONMENTAL AND EMPOWERMENT

- Decrease in LTIFR from 1.35 to 0.94 in FY14
- Good improvement from Australia
- Focus on leading indicators
- Visual Field Leadership programme introduced
- Level 2 empowerment status retained
- Top 100 JSE Listed companies - rated 11th most empowered company
- No reportable environmental incidents



An aerial photograph of a large concrete dam and reservoir. In the foreground, a multi-lane highway curves along the left side of the dam. The dam itself is a large, curved concrete structure with a small control building on top. The reservoir is filled with blue water and surrounded by green trees and vegetation. The sky is clear and blue.

**WBHO**

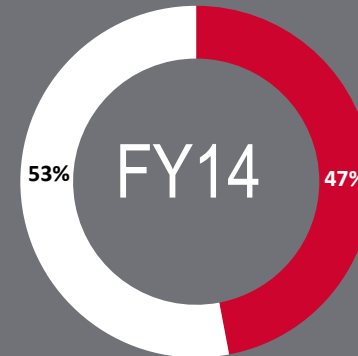
**ROADS AND  
EARTHWORKS**

Richard Smith

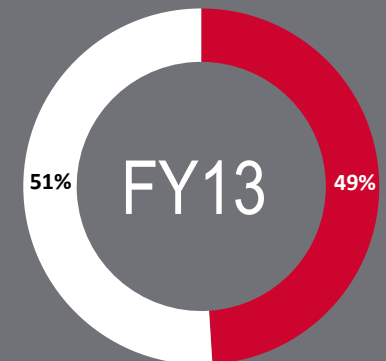


# FOOTPRINT

## Revenue



■ Rest of Africa  
■ South Africa



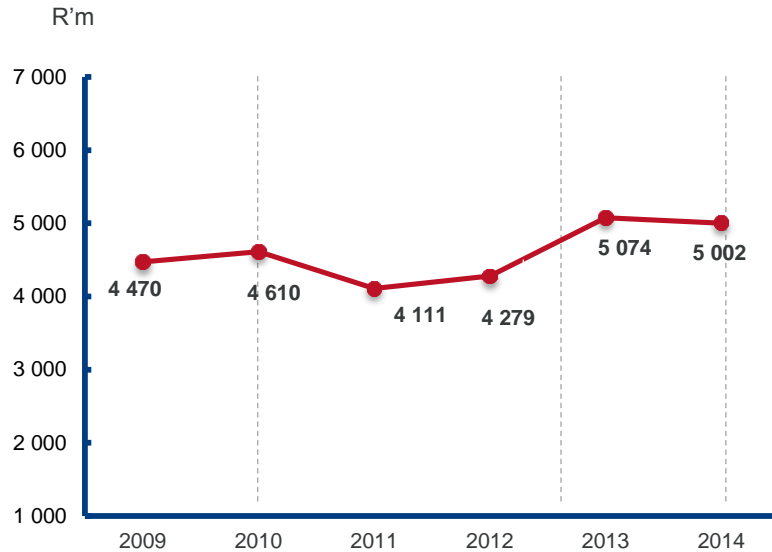
- 1 South Africa
- 2 Lesotho
- 3 Swaziland
- 4 Botswana
- 5 Namibia
- 6 Mozambique
- 7 Zambia
- 8 DRC
- 9 Ghana
- 10 Sierra Leone
- 11 Guinea



# FY14 – YEAR IN PERSPECTIVE

- Local and African revenue streams broadly in line with FY13
- Loss of revenue from West Africa mitigated by growth in Botswana, Mozambique and Namibia
- Heavier weighting of work toward roads and pipelines
- Impact on margin evident in decrease in FY14 profitability
- Mining sector spend and available projects remains subdued
- Low margin, competitive environment persists within the road market
- Pipeline market is buoyant, although predominantly relates to water pipelines
- Related civil works at new power stations provided significant volume of work

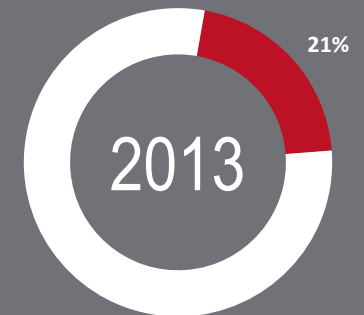
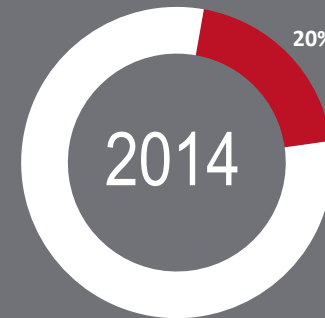
# REVENUE



Activity supported by  
strong commodity cycle

Pipelines and  
roadwork  
substitute  
mining projects

## Revenue contribution to group

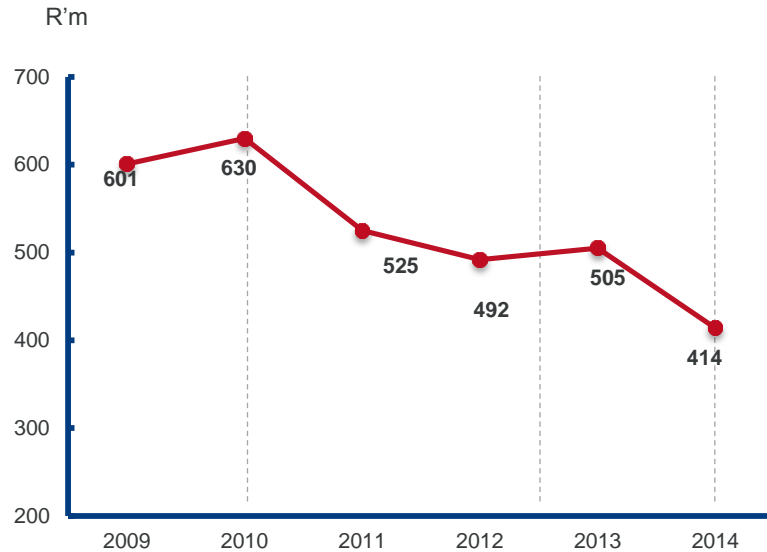


GROWTH

(1,4%)

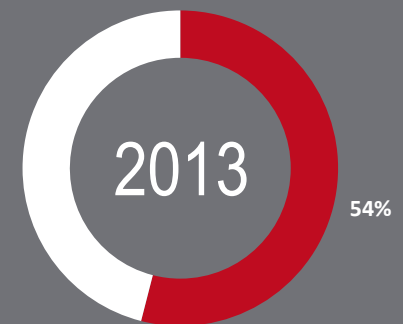
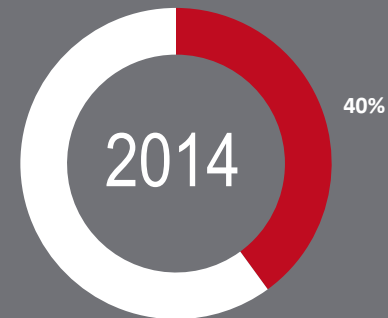
# OPERATING PROFIT

## Operating profit contribution to group



Margin supported by  
strong commodity  
cycle

Impact of  
weaker  
commodity  
cycle



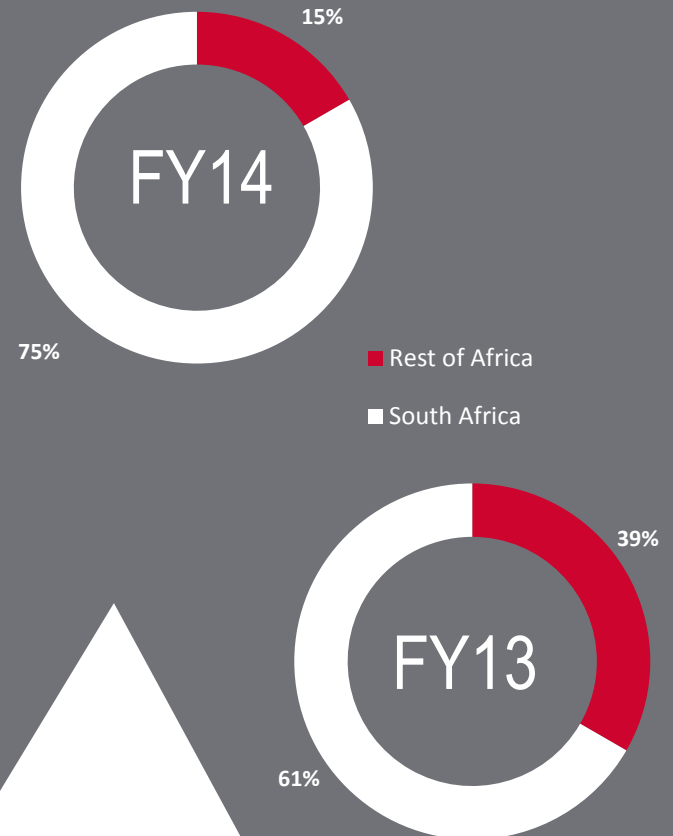
MARGIN

8,3%



# ORDER BOOK

ROADS AND EARTHWORKS (R'm)	% growth	At June 2014	At June 2013
South Africa	65	3 814	2 312
Rest of Africa	(17)	1 250	1 505
<b>TOTAL</b>	<b>33</b>	<b>5 064</b>	<b>3 817</b>





WBHO

**BUILDING AND CIVIL  
ENGINEERING**

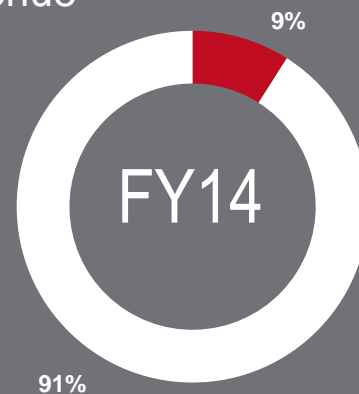
Paul Foley

# FOOTPRINT

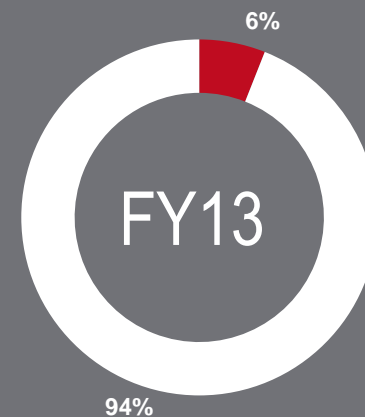


- 1 South Africa
- 2 Botswana
- 3 Namibia
- 4 Mozambique
- 5 Zambia
- 6 Tanzania
- 7 Ghana
- 8 Mauritius

## Revenue



- Rest of Africa
- South Africa



# FY14 – YEAR IN PERSPECTIVE

## BUILDING

- Effective project delivery in focus following growth in activity levels in FY13 and FY14
- Building margin improvement due to strong market and completion of older projects
- Building markets in Gauteng showing strong levels of activity
- New offices for large corporates, financial institutions and law firms driving growth in commercial offices
- New retail developments together with upgrades and refurbishments continue
- Kwa-Zulu Natal building market demonstrating renewed activity as businesses migrate to the North Coast
- Cape building market remains competitive
- Subdued activity in Eastern Cape
- African Building division's growth objectives on-track



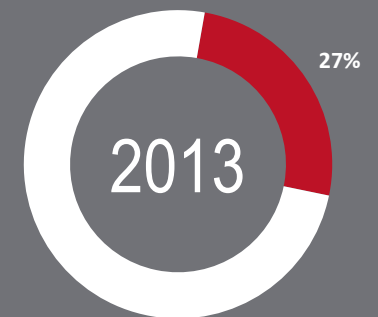
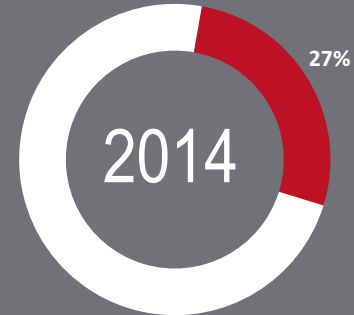
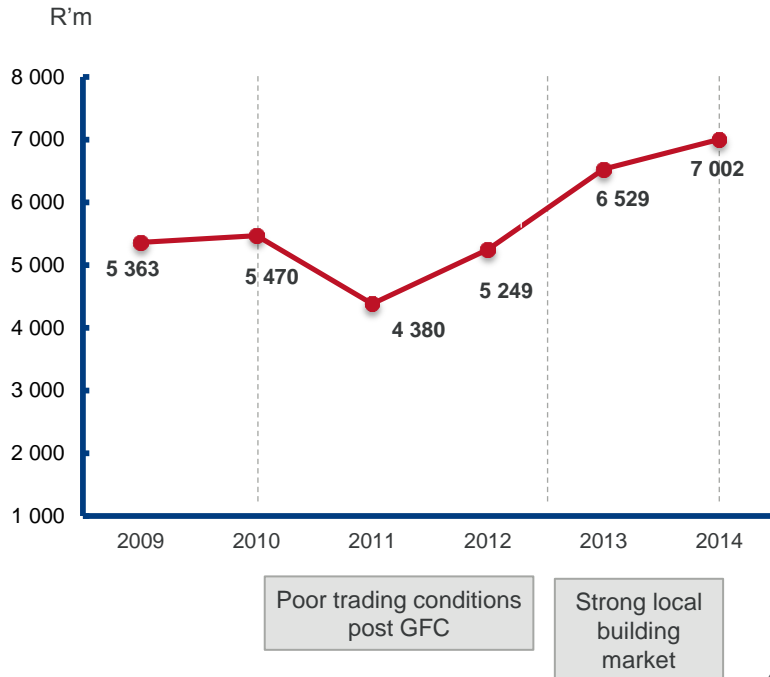
# FY14 – YEAR IN PERSPECTIVE

## CIVIL ENGINEERING

- Margins impacted by poor mining sector conditions and financially under-performing large-scale civil project
- Main civil works at Kusile expected to be complete in the first half of 2015
- Ongoing presence in Zambia sustained due to regular source of projects

# REVENUE

## Revenue contribution to group

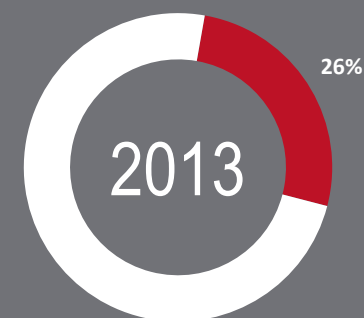
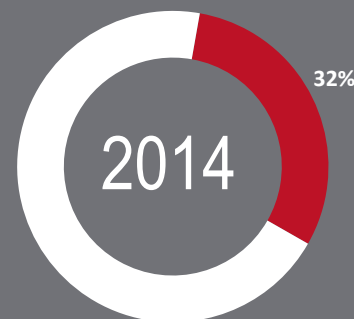
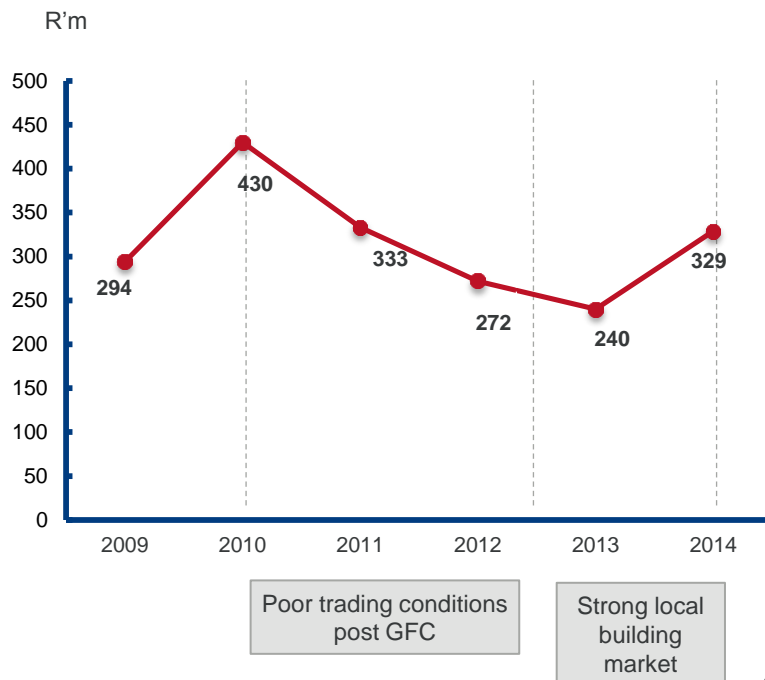


GROWTH

7,2%

# OPERATING PROFIT

## Operating profit contribution to group

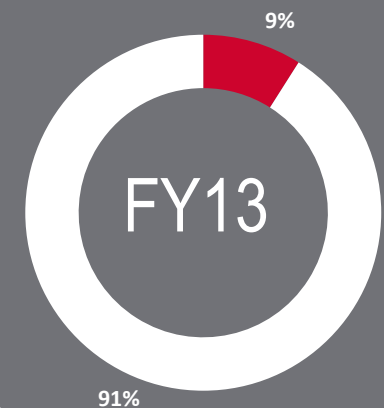
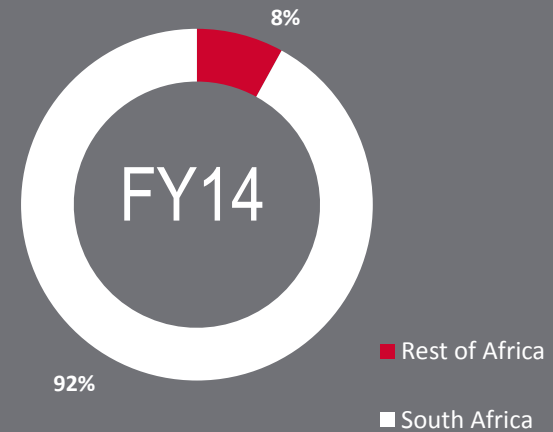


MARGIN

4,7%

# ORDER BOOK

BUILDING AND CIVIL ENGINEERING (R'm)	% growth	At June 2014	At June 2013
South Africa	14	7 549	6 633
Rest of Africa	6	657	620
<b>TOTAL</b>	<b>13</b>	<b>8 206</b>	<b>7 253</b>



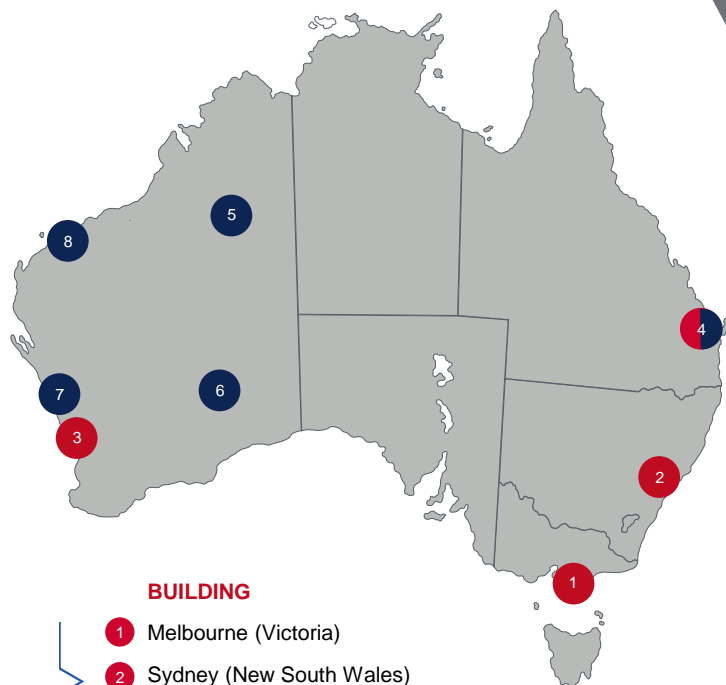


WBHO

AUSTRALIA



# FOOTPRINT



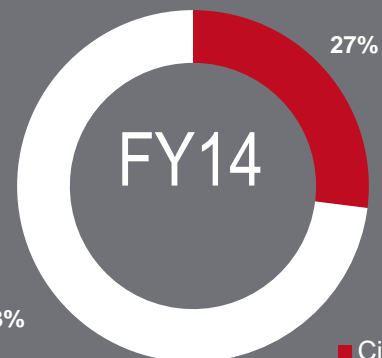
## BUILDING

- 1 Melbourne (Victoria)
- 2 Sydney (New South Wales)
- 3 Perth (Western Australia)
- 4 Brisbane (Queensland)

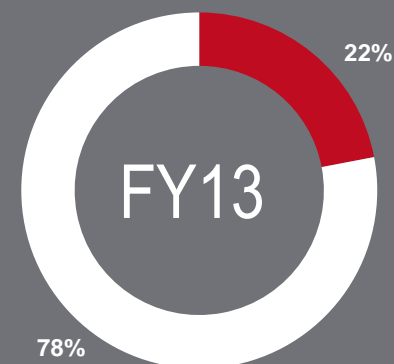
## CIVIL ENGINEERING

- 4 Brisbane (Queensland)
- 5 Pilbara (Western Australia)
- 6 Goldfields (Western Australia)
- 7 Geraldton (Western Australia)
- 8 Karratha (Western Australia)

## Revenue



- Civil engineering
- Building



# FY14 – YEAR IN PERSPECTIVE

## PROBUILD

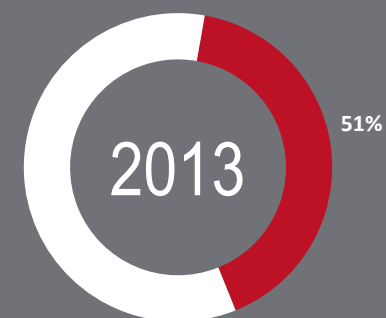
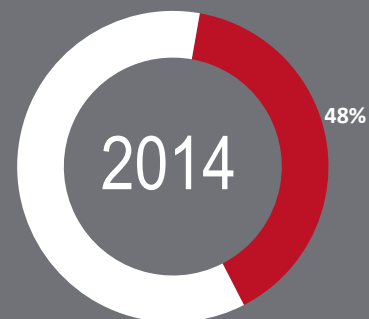
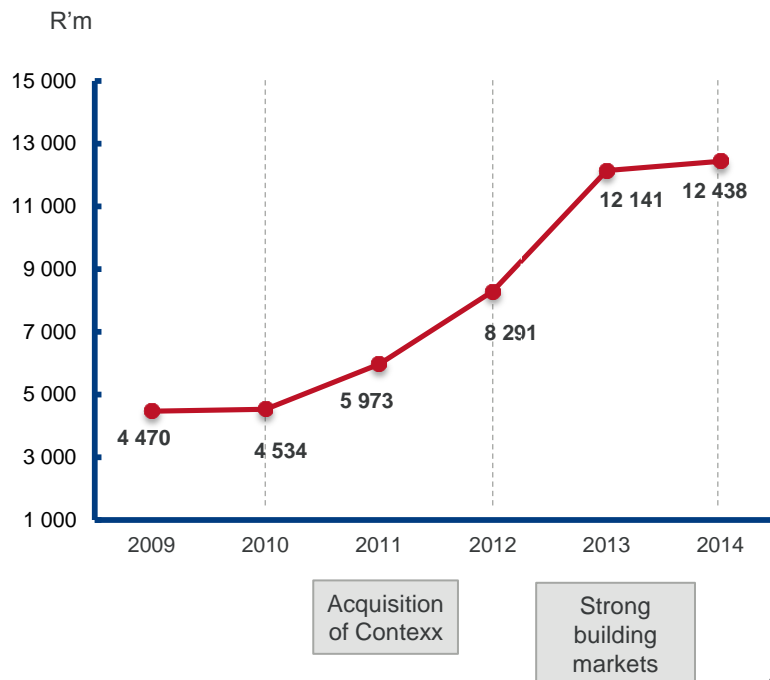
- Activity levels maintained after solid FY13 growth
- Improvement in margin – loss-making projects all completed
- Continued strength within residential driven by prevalence of Asian developers
- Renewed strength in retail market as developments shelved post GFC come back on-stream
- Three major shopping centre projects secured in FY14

## WBHO CIVIL

- Decrease in work on-hand in second six months
- Mining sector particularly competitive
- Roads and Special Projects division created to reduce reliance on mining and industrial sectors

# REVENUE

## Revenue contribution to group



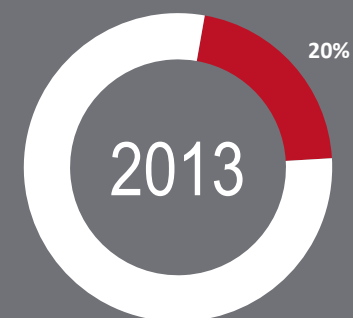
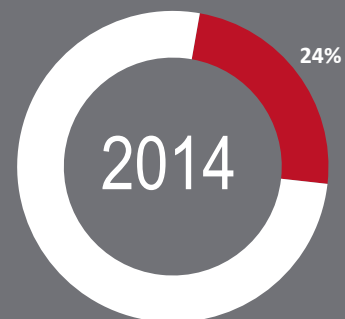
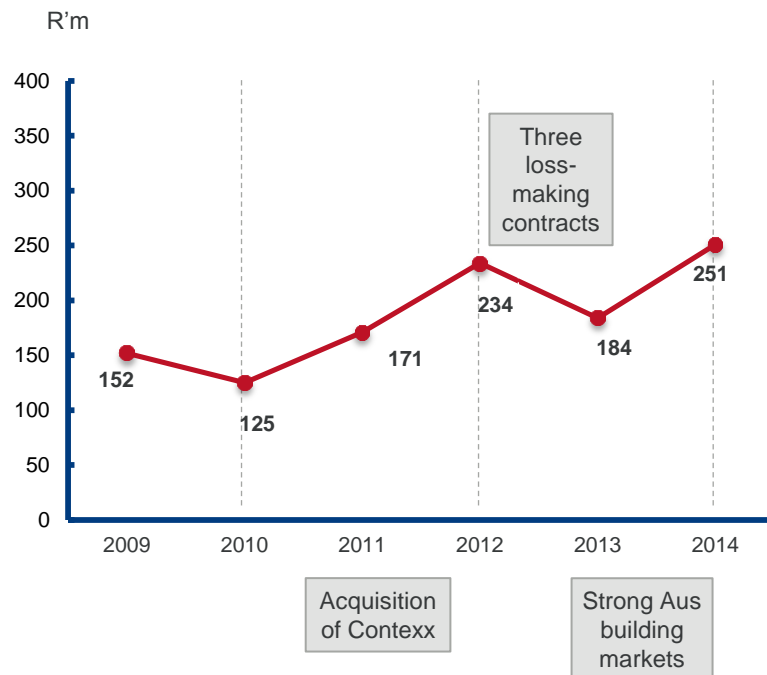
GROWTH

2,4%



# OPERATING PROFIT

## Operating profit contribution to group

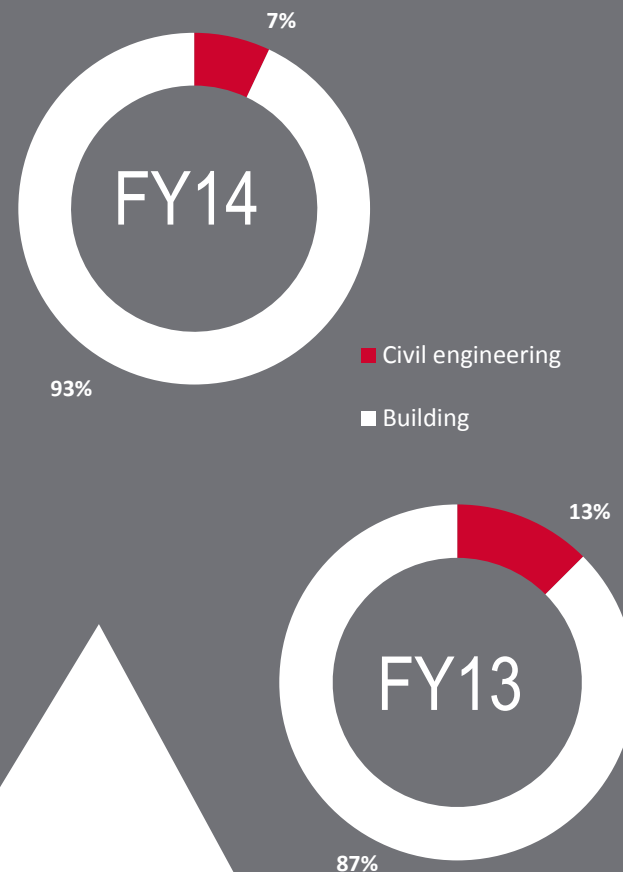


MARGIN

2,0%

# ORDER BOOK

AUSTRALIA (R'm)	% growth	At June 2014	At June 2013
Building	127	21 292	9 374
Civil engineering	11	1 589	1 433
<b>TOTAL</b>	<b>112</b>	<b>22 881</b>	<b>10 806</b>





**WBHO**

**PROJECTS, PROPERTY  
AND CAPITAL AFRICA  
STEEL**

Louwtjie Nel

# FY14 – YEAR IN PERSPECTIVE

## PROJECTS

- Financial close reached in respect of 26 year concession for serviced office accommodation for Department of Statistics
- Financial close reached in respect of EPC contract for construction of a gas-fired power station in Mozambique (Ressano Garcia)
- Shareholder in concession company supplying electricity to Mozambique
- Kathu - 75MW solar energy plant achieved commercial operation on schedule in August 2014

## PROPERTY

- Simbithi Eco-estate development in KZN highly successful – all stands sold
- St Francis Links Golf Estate – sales remain lack-lustre; stock impairment of R7m in FY14
- Project financing of developments provides opportunities to selectively negotiate participation as co-developer

# FY14 – YEAR IN PERSPECTIVE

## CAPITAL AFRICA STEEL

### CONTINUING OPERATIONS

REINFORCED MESH SOLUTIONS (*Rebar*); 3Q (*Ready-mix*); LOOP AND HOOP (*Quarry*)

- Improvement in building margins yet to flow through to sector
- Trading conditions worsened in second six months
- Margins under pressure

### DISCONTINUED OPERATIONS

KROST AND SYMO (*Shelving and racking*); DYWIDAG-SYSTEMS INTERNATIONAL (DSI) (*Mining roof bolts*); CAPITAL STAR STEEL (CSS) (*Pipe factory*)

- Krost and Symo disposed of during the year as non-core operations
- Competitive local and international pipe market driving prices down
- Production constraints and rising input costs at the factory
- Decision to sell operation
- Significant negative impact on earnings in FY14



# FINANCIAL REVIEW

Charles Henwood

# FINANCIAL PERFORMANCE

KEY FINANCIAL RATIOS	Target / % growth	FY14	FY13
Revenue growth	> 10%	8,4%	32,9%
Operating profit margin	4% - 6%	4,0%	3,9%
Return on ordinary shareholder's equity	> 20%	14,4%	14,3%
Earnings per share – continuing operations	15,4%	1 275	1 104
Earnings per share	(30,8%)	764	1 104
Headline earnings per share – continuing operations	11,4%	1 282	1 151
Headline earnings per share	1,9%	1 173	1151
Dividend per share		368	368



# FINANCIAL PERFORMANCE

CONTINUING OPERATIONS	% change	FY14	FY13
Revenue	8,4	25 777	23 773
Operating profit before non-trading items	10,2	1 035	939
Impairment of property, plant & equipment		(15)	-
Share-based payment expense		(33)	(25)
Share of profits / (losses) from associates		11	(15)
Net finance income		113	116
Profit before tax	9,9	1 108	1 009
Effective tax rate (%)		30	33

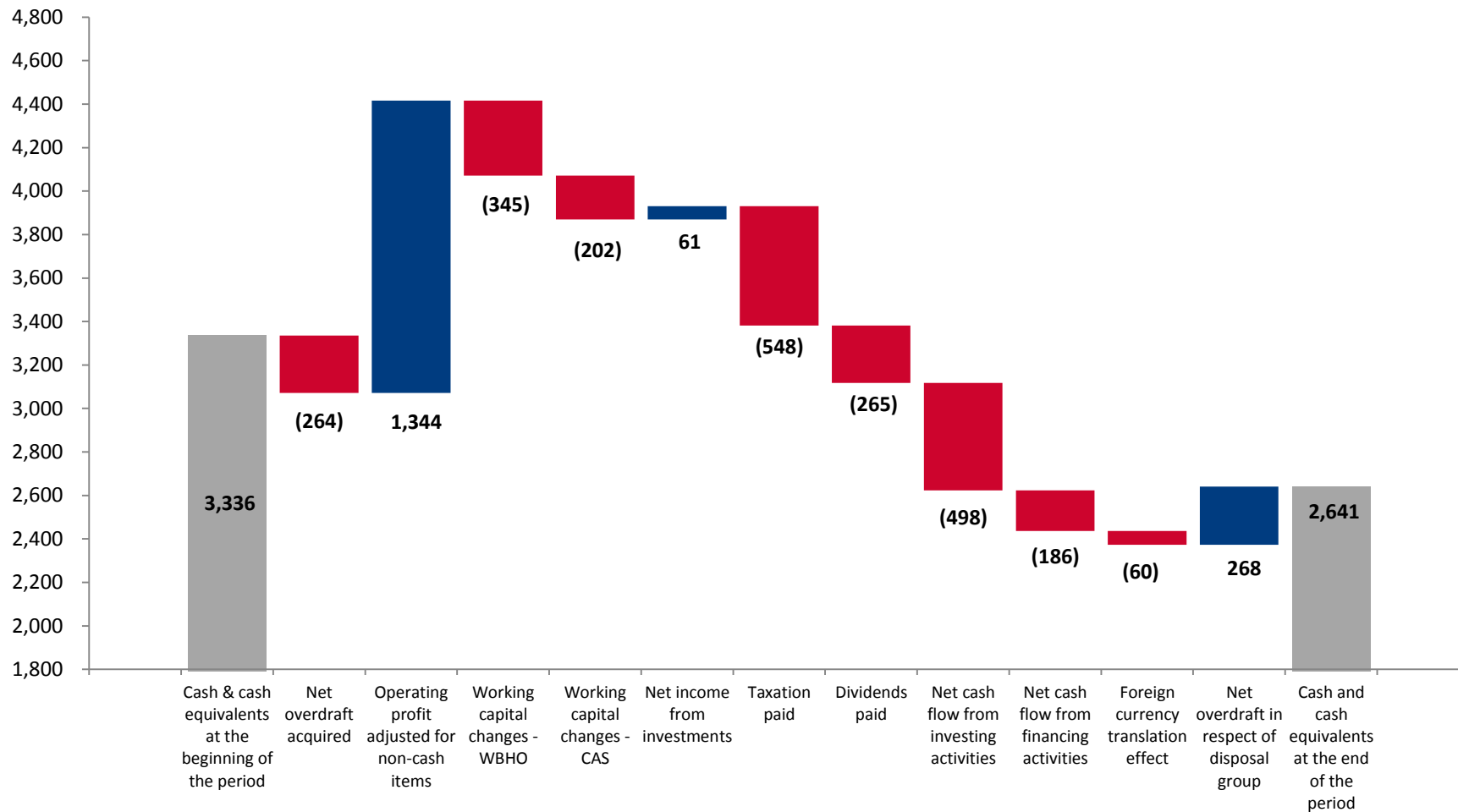
- Consolidation of CAS increased revenue by 5% - otherwise activity levels essentially in line with FY13
- Growth in operating profit from continuing operations due to local and Australian building divisions
- Impairments a result of carrying amounts of plant acquired in foreign currency in West Africa not recoverable in SA market
- Profit from associate represents our share of profit from Gigajoule (gas supply in Mozambique)

# FINANCIAL PERFORMANCE

DISCONTINUED OPERATIONS (R'm)	FY14
Revenue	484
Cost of sales	(523)
Operating expenses	(27)
Operating loss before non-trading items	(66)
Impairment of property, plant & equipment	(360)
Loss on disposal of operations	(40)
Onerous contracts	(35)
Share of profit from associate	5
Net finance costs	(31)
Loss from discontinued operations	(527)
Non-controlling interests	244
Attributable to the equity shareholders of Wilson Bayly Holmes-Ovcon Limited	(283)

# FINANCIAL POSITION

## CASH FLOW ANALYSIS (R'm)



# FINANCIAL POSITION

PROPERTY, PLANT AND EQUIPMENT (R'm)	FY14	FY13
Property, plant and equipment	2 163	1 950
Depreciation	355	277
Impairment	15	-

- Excess West African plant demobilised and repatriated to local and other African projects

CAPITAL EXPENDITURE (R'm)	Approved FY15	Actual FY14	Actual FY13
Replacement	209	321	218
Expansion	69	92	279
<b>TOTAL</b>	<b>278</b>	<b>413</b>	<b>497</b>

- Conservative capex policy in current climate
- Replacement of aging plant in line with policy while expansion CAPEX tapering

# FINANCIAL POSITION

INVESTMENTS (R'm)	FY14	FY13
Investments	97	44
Long-term receivables	292	166

- Further \$5m investment into Caulfield property development in Australia
- Increase in mezzanine financing arrangements (R1 billion in projects unlocked)
- Necessary third party securities obtained

TAX (R'm)	FY14	FY13
Deferred tax asset	366	201
Deferred tax liability	(33)	(12)
Current tax asset	356	272
Current tax liability	(67)	(127)

- Increase in deferred tax asset relates to consolidation of CAS
- Increase in current tax asset due to R60m excess payment of provisional taxes to ensure compliance and increase in foreign tax credits to be recovered.

# CHANGE IN SHAREHOLDING

NON-CONTROLLING INTERESTS (NCI) (R'm)	FY14		FY13
NCI	229		152

- NCI recognised in respect of CAS consolidation
- NCI in Probuild reduced from 21,49% to 19,97%.

NCI ACQUISITIONS (R'm)	Description	% acquired	Purchase price
Capital Africa Steel	Share buy-back	5,5%	8,8
Probuild	Share buy-back	2%	26,2
Monaco Hickey	Purchase	24%	12,7

- Probuild share buy-back of 2% at a cost of \$2,9m
- Probuild acquired additional 24% of Monaco Hickey at a cost of \$1,3m



# ORDER BOOK AND PROJECT PIPELINE

Louwtjie Nel

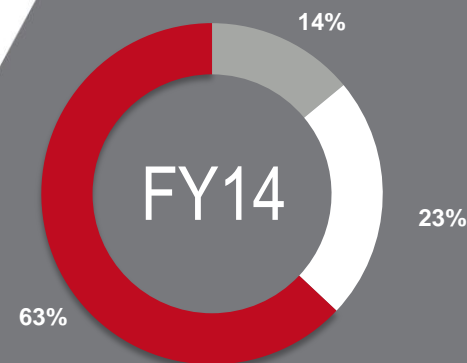


# CONSOLIDATED ORDER BOOK

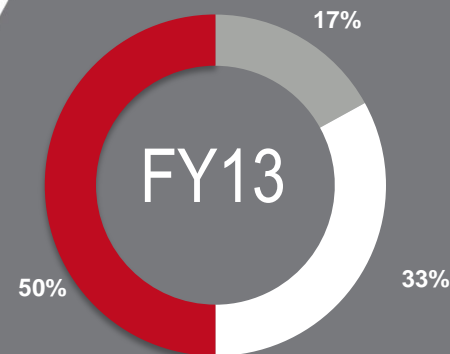
Order book  
and project pipeline

39

SEGMENT (R'm)	At June 2013	At June 2014	2015	2016
Roads and earthworks	3 817	5 064	4 013	1 051
Building and civil engineering	7 253	8 206	5 701	2 505
Australia	10 806	22 881	12 733	10 148
<b>TOTAL</b>	<b>21 876</b>	<b>36 151</b>	<b>22 447</b>	<b>13 704</b>



■ Roads and earthworks  
■ Building and civil engineering  
■ Australia

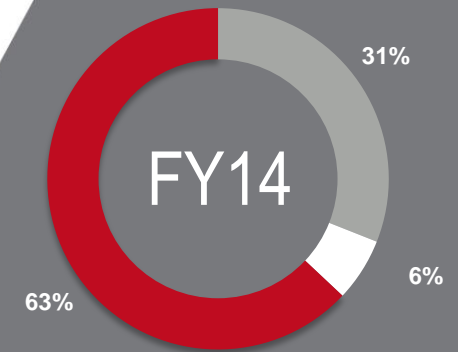


# CONSOLIDATED ORDER BOOK

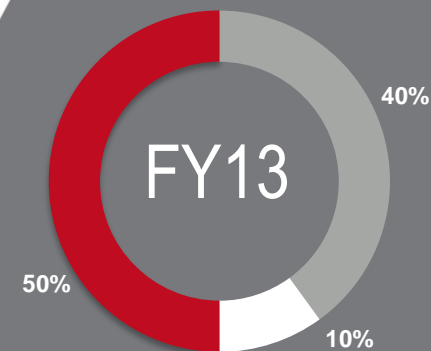
Order book  
and project pipeline

40

GEOGRAPHIC (R'm)	At June 2013	At June 2014	2015	2106
South Africa	8 945	11 363	7 938	3 425
Rest of Africa	2 125	1 907	1 776	131
Australia	10 806	22 881	12 733	10 148
<b>TOTAL</b>	<b>21 876</b>	<b>36 151</b>	<b>22 447</b>	<b>13 704</b>



■ South Africa  
■ Rest of Africa  
■ Australia



# PROJECT PIPELINE

## ROADS AND EARTHWORKS

### SOUTH AFRICA

Roads – provincial	10 000
Roads – SANRAL	5 000
Rail – Transnet & PRASA	14 500
Mining infrastructure	3 850
Water – storage, treatment and reticulation	6 000
Eskom / renewables	1 000
Oil & gas	1 000

**41 350**

### REST OF AFRICA

Mining	9 290
Ports / power / water	3 000
Roads / rail	9 950
LNG developments	5 000

**27 240**

## TOTAL

**68 590**

# PROJECT PIPELINE

Building and Civil engineering

42

BUILDING	R'm
<b>SOUTH AFRICA</b>	
<b>Private</b>	
Retail	5 700
Commercial offices	6 700
Hospitals	600
Hotels and casinos	3 850
Residential	800
Industrial	600
	<b>18 250</b>
<b>Public</b>	
Rail	2 900
Hospitals (excl PPPs)	1 900
PPPs	680
	<b>5 480</b>
<b>REST OF AFRICA</b>	
Retail	2100
<b>TOTAL</b>	<b>25 830</b>

# PROJECT PIPELINE

CIVIL ENGINEERING	R'm
<b>SOUTH AFRICA</b>	
Industrial	1 500
Mining infrastructure	2 250
Eskom	1 000
Renewable energy	1 200
Ports and Harbours (Transnet)	270
Water	400
Gas	1 000
	<b>7 620</b>
<b>REST OF AFRICA</b>	
Civil works	500
<b>TOTAL</b>	<b>8 120</b>

# PROJECT PIPELINE

Australia

44

AUSTRALIA	R'm
<b>BUILDING</b>	
Retail	30 700
Commercial offices	17 850
Hotels and casinos	13 400
Residential	37 500
Industrial/Other	6 000
	<b>105 450</b>
<b>CIVIL ENGINEERING</b>	
Roads	8 750
Mining	7 605
	<b>16 350</b>
<b>TOTAL</b>	<b>121 805</b>



# COMBINED PROJECT PIPELINE

Order book  
and project pipeline

45

## SUMMARY

	R'm
Roads and earthworks	68 590
Building and civil engineering	36 650
Australia	121 805
<b>TOTAL</b>	<b>227 045</b>

## SOUTH AFRICA

- Local order books at healthy levels
- Strong building market expected to persist in the short to medium term
- Building margins back to industry norms – limited scope for further enhancement
- Mining sector showing first signs of recovery
- New coal expansion projects to come on-stream as power stations near completion
- Roads and earthworks margins will remain under pressure in the short term
- Under-performing businesses within CAS sold or in process of being sold

## REST OF AFRICA

- Building order book continues to grow with new opportunities continuously being explored with existing clients
- Various opportunities in West Africa are being pursued, only likely to come on-stream in FY15 H2.
- Gas infrastructure and related projects in Mozambique gaining traction

# OUTLOOK

## AUSTRALIA

- Building order books at record levels
- Preferred contractor on various multi-storey mega-towers
- Probuild entry into Brisbane market a success
- Raising of Probuild profile in Sydney
- Mining sector likely to remain under pressure during FY15

# CONCLUSION

- Effective and cohesive management team
- Sound financial position
- Good geographic diversification
- Flexible resource allocation

**THANK  
YOU**





# DISCLAIMER

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