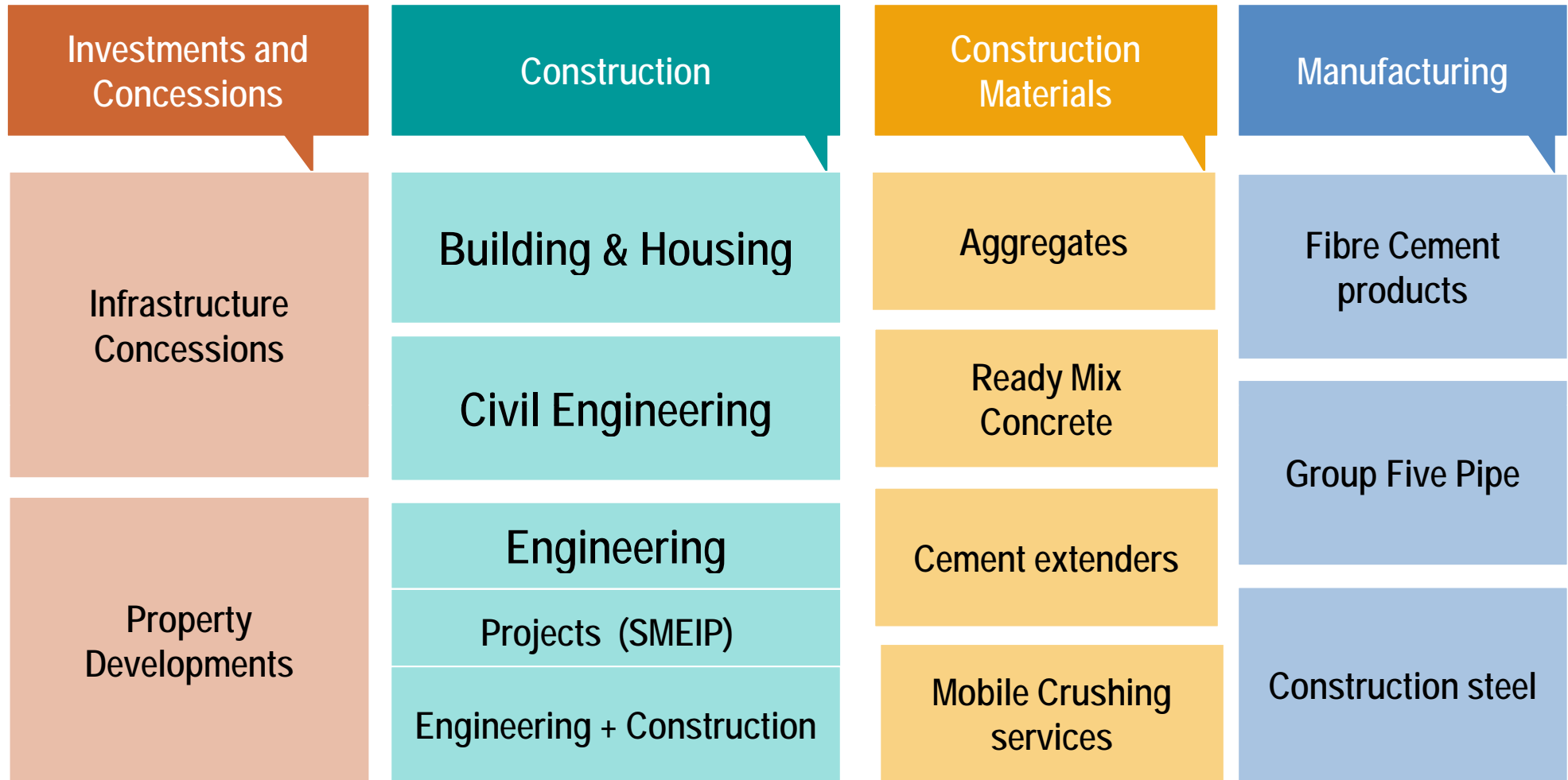




**Manufacturing &
Construction
Materials update**

Role of clusters in group strategy



Revenue-timing diversification





Manufacturing



Market update – Fibre Cement (Everite & ABT)

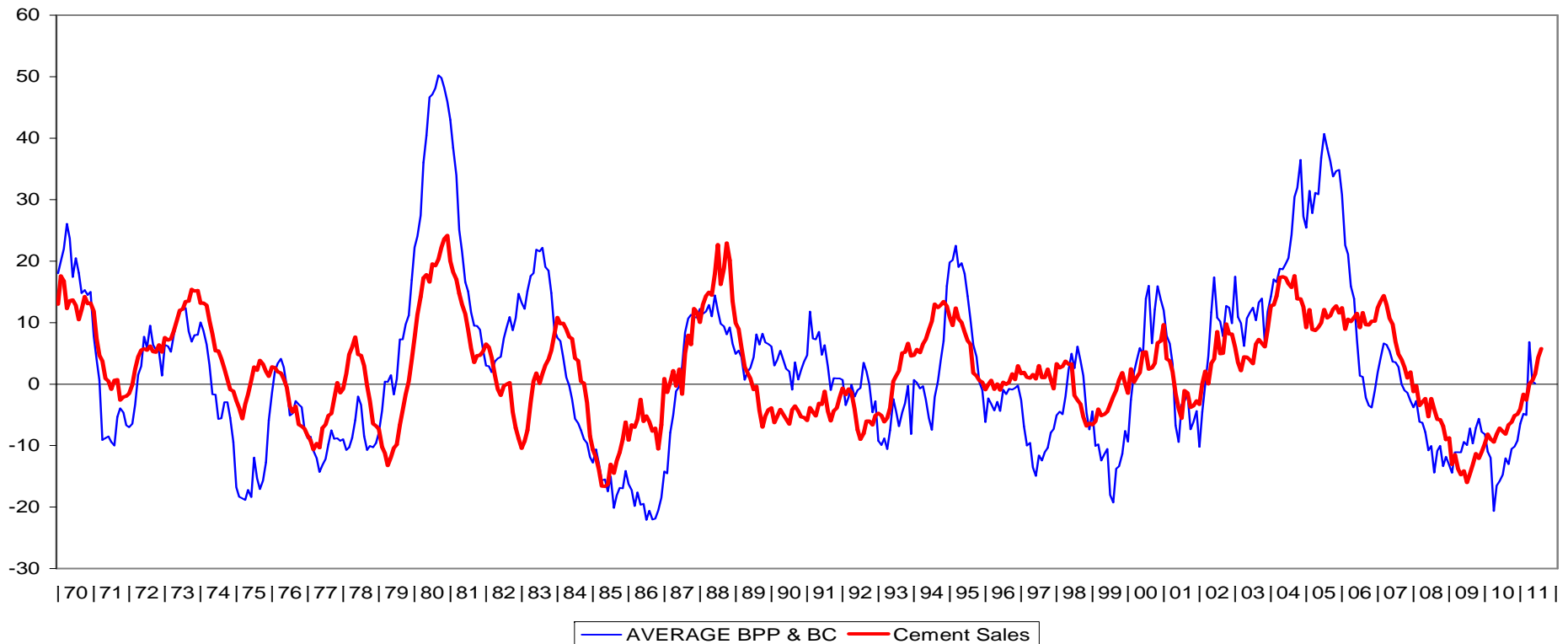


- ▣ The residential market remains depressed although we are experiencing a small recovery in volumes.
- ▣ The public sector remains sluggish with delayed project awards.
- ▣ Pricing pressures remain, although import competition lessening as the Rand weakens
 - Softer Rand discouraging imports
 - Growth coming from distributors who have a focused approach to the informal and rural markets
- ▣ Export market showing very strong demand, with higher volumes into sub-Saharan Africa

Market update – Fibre Cement (Everite & ABT)

- H1 F2012 highlighted by stronger than expected sales demand
- Demand improving , creating sense of sustainability (and growth) in the market
- Cement sales are also strengthening (mainly due to the rural/informal sector)

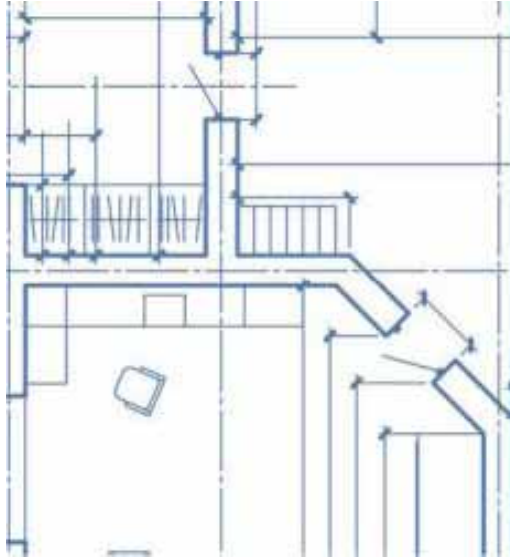
Comparison: CEMENT SALES and AVERAGE of TOTAL BPP & BC
Annual Percentage Change



Source : FNB/BER

Operational update – Fibre Cement (Everite & ABT)

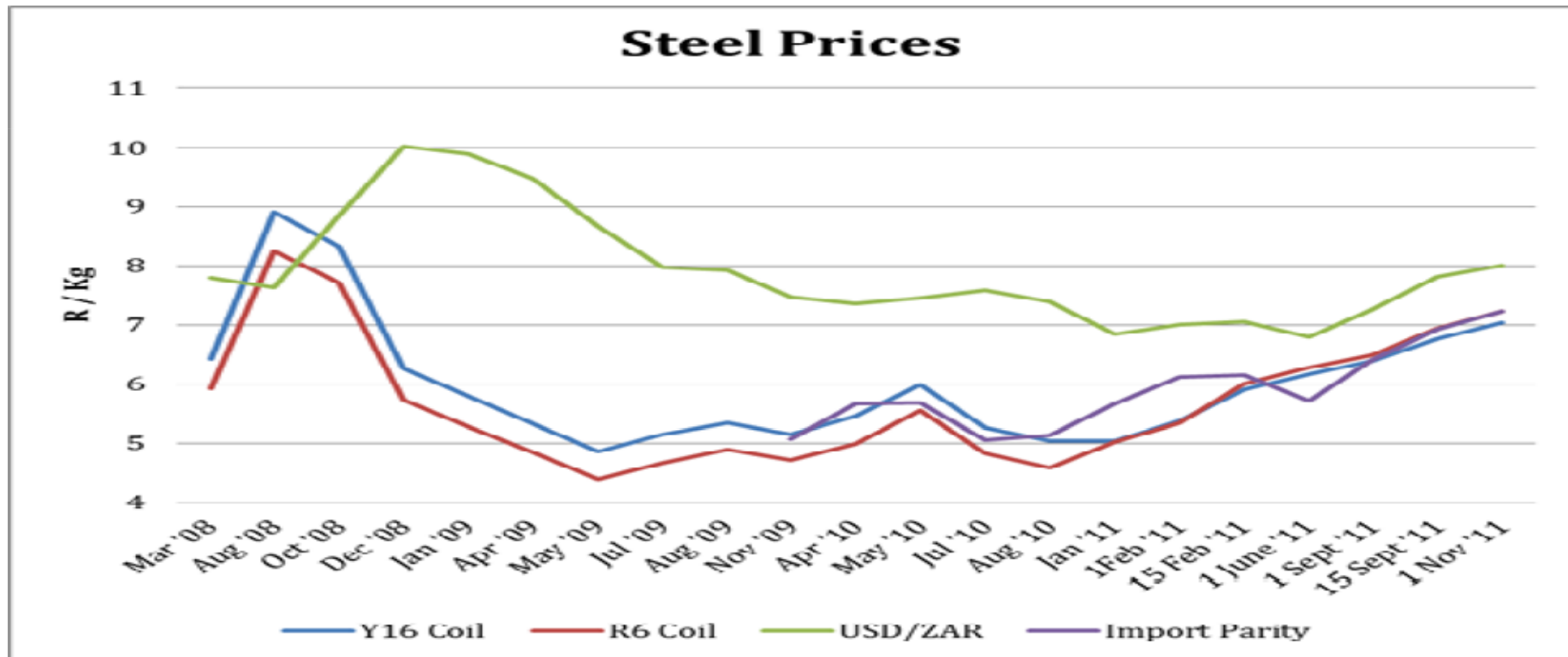
-  Success of new product development and export drive
 - Growing demand in neighbouring countries for profiled and flat products
 - SA demand for new corrugated product
-  Historic expansion to capacity now bearing fruit
 - Enhanced downstream material handling speed
-  Despite low volumes in ABT, margins have improved with strong cost controls on sites
 - NHBRC approval received for our permanent structures
 - Driving export and private sector markets
-  Recently added to our list of technical partners with a multi-product building materials manufacturer in Australia



Steel

Market update – Steel

- Local material availability remains a short term risk.
 - Arcelor Mittal supply issues
 - July sector-wide strike action
- Steel prices have risen due to the shortage in the market – this is counter-cyclical to international prices which are falling
- Manufacturers importing to cover local shortfalls









Market update – Steel

Global steel outlook

- Global consumption will increase by 6.5% to 1.4 billion tons (2011)
- 2012 increased consumption will be 5.4% (-15% developed +44% developing)

Region	2011	2012
China	↑ 7.5% (643.2 mt)	↑ 6.0%
India	↑ 4.3% (67.7 mt)	↑ 7.9%
USA	↑ 11.6% (93.8mt)	↑ 5.2%
NAFTA	↑ 9.0%	↑ 4.9%
Cen. & S. America	↑ 4.7% (47.8mt)	↑ 9.6%
EU	↑ 7% (155 mt)	↑ 2.5%
Japan	↓ 2.7% (61.8mt)	↑ 1.0%
CIS	↑ 14.4% (55.8 mt)	↑ 7.5%
Middle East	↓ 0.9%	↑ 8.7%

Operational update – Steel

-  Structural Steel closed – closure costs in H1
-  Group Five Pipe ran one mill on reduced output – project delays (Improved H2 expected)
-  H1 impacted by strike action in July and steel shortages
 - E.g. in September short delivered 13% of reinforcing material
-  New output records for BRI mesh and rebar products in H1
-  New BRI mesh line became operational in November 2011
 - Enables entry into counter-cyclical mining industry
-  Over-border manufacturing ventures set up with Group Five Civil Engineering








Construction Materials



Market update – Construction Materials

Aggregates and readymix








-  Rural and mobile operations continue to survive whereas we have primarily fixed locations.
-  Gauteng fixed location quarry markets still struggling
 - High level of competition in the north and the increasing presence of surface (dump) rock crushers in the East Rand
-  Volumes continue to drop: +15% below June's levels
-  Pricing still poor (flat to -10%)
-  Readymix market declined further since June with additional market share being enjoyed by the cement majors
 - Large Gauteng capacity mothballed as market players try to minimise losses

Mobile Contract crushing



-  Market remains challenging as we run down existing contracts – new work is on offer but at lower returns due to over-supply of equipment

Operational update – Construction Materials

Aggregates and readymix

-  Further reduction in overhead costs
-  Cash flow management remains a focus as we cycle out of heavy lease commitments
-  Moved central structure into a shared resources site in Spartan
-  Mothballed another 4 readymix batch plants - now only operate 5 plants in Gauteng (rest on care and maintenance)
-  Short crushing runs at Laezonia to keep operating costs to a minimum
-  Parking idle plant to defer maintenance costs
-  Logical next steps in progress

Mobile Contract crushing

-  Activity slowing as we cycle out of expiring contracts
-  Actively seeking new contract awards