GROUP FIVE LIMITED
GROUP UPDATE &
FOCUS AREAS FOR F2013
UPDATE: NOVEMBER 2012

F2013 Group Structure

Investments and Concessions	Manufacturing	Construction	Engineering & Construction
Eric Vemer	*John Wallace*	*Andrew McJannet*	*Willie Zeelie*
Infrastructure Concessions	Fibre Cement	Building and Housing	Power
		Civil Engineering	Oil + gas
Property Developments	Steel	Projects	Nuclear

Develop | Invest | Design | Supply | Build | Operate | Service

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Group Update

Reported at August 2012	Status November 2012
Revenue	
• **Construction order book up 28% y-o-y at R11.3bn**	• **Construction order book** up 7 % in 4 months from June 2012 at R12.1bn
• **Operations and maintenance multi-year secured order book now R4.8bn**	• **Operations and maintenance multi-year secured order book** now R4.6 billion
• **Increasing demand for Manufacturing products -** requires capacity expansion	• Sustainable demand for **fibre-cement products** continues • Capital expansion plan commenced with regards to production line upgrade • *Refer Manufacturing update*
• **SA market conditions remain weak, but medium term prospects have improved** - Order book exposure to SA public sector down to 31% of construction order book - Govt multi-ministerial infrastructure task group is positive	• **Domestic SA markets** remain constrained o SA government showing promise with more focused infrastructure planning ▪ SOEs to be infrastructure implementation agents ▪ Timing and funding uncertain o **Order book exposure to SA public sector** 34% of construction order book
• **African expansion continues** - 37% of construction order book - Still growing mineral resources & utilities - 13 New mining construction contracts won in F2012 - 1 Power plant contract in progress, 1 to start in F2013 - Growing build & operate concessions prospects – primarily transport	• **Over-border** focus through infrastructure & commodities growth in Africa • **Growing African pipeline** in road, rail, ports, power • **Concessions** prospects improving in African markets • 30% of **construction order book is over-border**
• **Eastern Europe holding well off current concessions portfolio** - Further O+M contracts to be bid in F2013	• New **concession projects** in Poland and Hungary not available in short term • Focus on **operations and maintenance contracts** in Poland • **Concessions** opportunities improving in new Eastern European markets

Reported at August 2012	Status November 2012
Operating Margin	
• **Margin expected to improve in F2013 in line with segmental guidance at final results presentation**	• Margins still under pressure; improvement expected only from H2 F2013
• **Group overheads cut** • **Concurrent efficiency programmes in progress to F2014**	• In progress in line with plan
• **Margin includes growth and development costs with longer term returns** - Development of targeted R28bn in concession-construction opportunities in Sub-Saharan Africa, addressing: o Geographic expansion o Pull-through demand for Construction, incl. multi-disciplinary projects o Annuity income stream	• Investment costs in prior year beginning to provide returns • Selected growth and investment costs incurred aligned with strategy and evaluated against pre-motivated expected future rates of return • No unallocated personnel and related staff costs • Business has commenced recruitment in all areas of business for additional key skills

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Group Update

Key focus areas for F2013	Desired results	Progress
Group Update		
Complete the disposal of Construction Materials	• Secure the cash from the proceeds on disposal and remove operating losses	• Sale agreements are in place for all businesses/assets • CP's (competition commission and DMR approval) a delay factor in concluding transactions • Trading losses, until CP's satisfied, expected to be limited through tolling agreements with potential new owners from Q3 where possible • Limited commercial support costs until sale concluded will be forecasted • Expect close of transactions in c2013 • No further material carrying value impairments expected
Improve the group's return on equity	• A target of 15% over 12-18 months	• ROE improvement dependent on expunging construction materials and MENA losses which is primary management focus
Stabilise the new group structure	• Implement and monitor the revised structure and operating model to enable delivery in tough markets • Entrench the group's sector and geographic focus in line with its strategy	• New operating structure implemented • Change management interventions in progress • Sector focus is measured • Geographic diversification is being achieved. This is expected to improve with the appointment of a senior executive to head Africa market development
Implement the group's internal fitness programme	• Reduce complexity and cost and improve the speed and efficiency of business support operations • Establish target improvements	• Programme in implementation phase, with overall operating framework design completed • Policy, Service Level Agreements, resourcing and targets to be established in F2013

Key focus areas for F2013	Desired results	Progress
Group Update		
Achieve a permanent presence in selected African markets for more of the group's businesses	• Implement regional structures • Secure at least two large infrastructure contracts during F2013	• Design and implementation of Africa structure in progress • Targeted large contracts include Mauritius bypass, Zimbabwe roads #2
Continue to improve safety throughout the group	• A further 15% improvement in the group's DIFR (disabling frequency injury rate), including sub-contractors, through a focus on appropriate sub-contractor selection	• DIFR stable at 0.22 (for group employees) which is best in SA construction (based on published information in c2012)
Expand contribution from turnkey and multi-disciplinary construction	• Demonstrate the group's capability in its target sectors through rebuilding the order book • Measure the sector growth in the power sector	• Order book increased to R12,1 billion • Multi-disciplinary (multi BU) work constitutes 43% of group construction order book (26% in June 2012)
Continue to deliver on our stated strategy of concessions portfolio growth	• Establish future returns in power, PPP and transport in Southern Africa through securing contract awards	• Dedicated Concessions business is one of the core components of the group portfolio • Power, transport and building PPPs are under development
Grow the Manufacturing cluster	• Develop additional technical partnerships in Everite and more beneficial ownership agreements in the steel cluster	• Strategic technology partner discussions in progress for Everite
Conclude agreements on a new BBBEE structure	• Target a level 1 BBBEE rating in 12-18 months	• Shareholders approved revised ownership transaction on 27 November 2012

Financial Performance

F2013 Trading performance

- F2013 performance in line with forecast
- Margins still under pressure affected by
  - loss making businesses Construction Materials (in line with forecast)
  - overhead losses in Middle East (in line with forecast)
  - weaker building & housing trading environment
- Margin guidance updated
- Following approval by shareholders of BBBEE ownership on 27 November 2012, IFRS 2 charge will be recorded in F2013 and future years

Secured Construction Order Books at October 2012

R billion	Total **	Building + Housing	Civil Engineering	Projects	E+C
Construction	12 080	4 117	4 017	1 422	2 525
% Over-border	30%	1%	55%	61%	19%
• Public over-border	11%	-%	33%	-%	-%
• Private over-border	19%	1%	22%	61%	19%
% Local	70%	99%	45%	39%	81%
• Public local	34%	60%	27%	7%	17%
• Private local	36%	39%	18%	32%	64%
Operation & maintenance *	4 600				
TOTAL ORDER BOOK	16 680				

The information contained in this section has not been reviewed or reported on by Group Five's auditors.

Secured Construction Order Books at June 2012

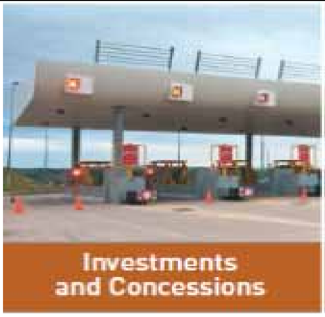
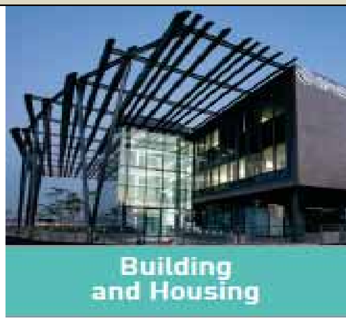
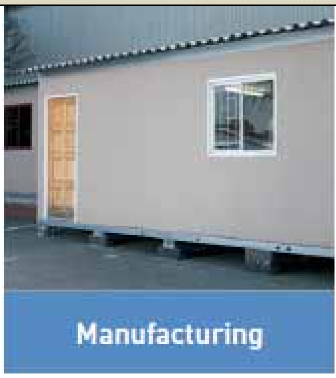
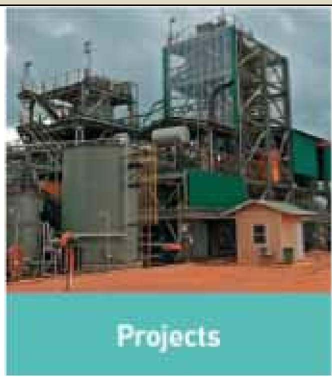
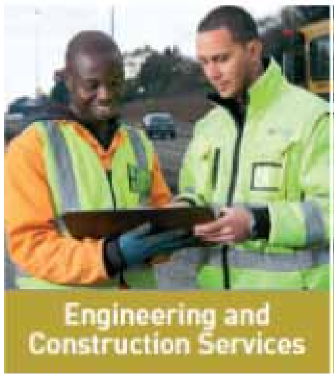
R billion	Total **	Building + Housing	Civil Engineering	Projects	E+C
Construction	11 030	3 584	4 412	1 780	1 525
% Over-border	38%	5%	57%	63%	34%
• Public over-border	13%	-%	34%	-%	-%
• Private over-border	25%	5%	23%	63%	34%
% Local	62%	95%	43%	37%	66%
• Public local	31%	44%	31%	4%	33%
• Private local	31%	51%	12%	33%	33%
Operation & maintenance *	4 859				
TOTAL ORDER BOOK	16 160				

The information contained in this section has not been reviewed or reported on by Group Five's auditors.

Secured Operations and Maintenance Order Books at October 2012

Sector O+M**	Operations & Maintenance order book: 1-year to June 2013	3 year to June 2016	Total secured*
Transport (Intertoll)	459	1 742	4 329
Industrial and Oil & Gas	42	112	137
Power	-	62	134
Total	501	1 916	4 600

Margin review October 2012

Segment	Investments and Concessions	Building & Housing	Civil Engineering
			
Guidance at June 2012	15 – 20% range including fair value adjustments	3 – 4% range	4 – 6% range
Update October 2012	Unchanged medium term Immediate/short-term lower end of range	Lower than guidance in the short term, Improvement expected only from F2013	Unchanged Short-term at lower end of range
	Manufacturing	**Projects**	**Engineering and Construction**
			
Guidance at June 2012	5 – 7% range	5 – 8% range	3 – 5% range
Update October 2012	Unchanged	Unchanged	Unchanged

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Financial Position

Current Financial Position

- Balance Sheet largely unchanged
- Net debt ungeared position maintained
- Local expansion and maintenance capital expenditure monitored and contained
- Additional capital expenditure incurred on
  - African expansion
  - Contract specific requirements eg Zimbabwe and DRC contracts

Cash flow and Liquidity

- Local credit rating review – expect a down-grade
  - National Long-term – from A (Rating watch) to A - (Stable)
  - National Short-term - from A1 (Rating watch) to A1- (Stable)
  - As a result of view taken by credit agency on construction sector as a whole
  - No company specific indicators were provided
  - Group remains A investment grade
- Cash position largely in line with forecast
- Some working capital unwind is expected (in line with forecast)
- Focus on cash on hand include
  - Funding of loss making businesses Construction Materials
  - Funding of holding costs in Middle East
  - Continued working capital cycle management
    - creditor management against sustainability of smaller suppliers & subcontractors
    - client collection of past due but not impaired debtors eg Middle East overdue receivables
- Positively however is the further receipt of advance payments and excess billings achieved ahead of forecast
- Middle East quarterly payments received according to payment schedule
- Repayment of Middle East advance payment on DCA client protected and thus no flow of cash to date