



# Annual Results Presentation Year to February 2009



# Highlights

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- Maiden annual results since consolidation up on pro forma prior year results
- Successful integration of Diesel Power and Buildco group of companies
- Brait acquisition of 25% of Buildmax
- Capital raising through share issues in excess of R500 million
- Commercial debt raising in excess of R450 million
- Diesel Power (one of the most respected names in opencast coal mining in SA) and Vukuza Earth Works trading well
- Buildmax's *Mining Services* benefitting from demand for coal locally and internationally
- Buildmax's *Construction Materials* repositioned to target infrastructure spend






# Financial Highlights



# Financial Highlights (compared to prior year pro formas)

+ 35%	↑	Revenue to R1,6 billion
+ 64%	↑	EBITDA to R453 million
+ 64%	↑	Operating profit to R319 million
+ 34%	↑	HEPS to 15.8 cents
+27%	↑	Core HEPS to 18.0 cents

# Financial Highlights (compared to prior year audited)

+11%		Core HEPS to 18 cents
+22%		NAV per share to 157.5 cents
		Shareholders funds to 1,6 billion
		Number of shares in issue to 1 040.7 million
		Goodwill impairment of R255.4 million

# Brait transaction



# Salient features

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- Brait subscribed for 133,3 million shares at aggregate price of R200 million
  - Subscription price of R1.50/share = 36% premium to 30 day VWAP
- Agreement concluded 24 October 2008
- Brait acquired a further 120 million shares from existing shareholders at R1.10/share
- In January 2009 Brait acquired an additional 5 million shares from existing shareholders at R1.00/share
- None of Vuwa Investments Group, Westbrooke, Interactive Capital, Paul de Klerk, Herman Fourie or Mike Watson sold any shares in terms of these transactions

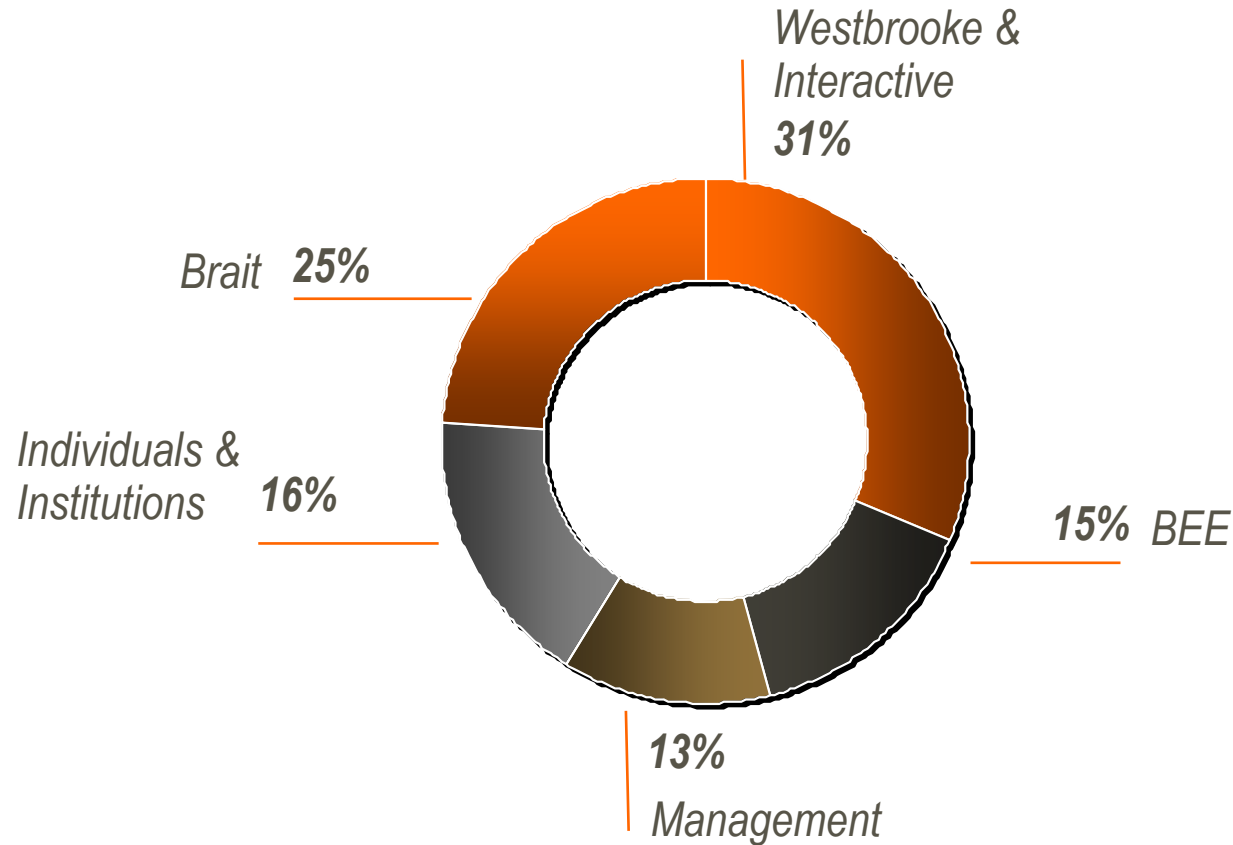
# Salient features (contd.)

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- Brait is a public shareholder\* and subscription shares were issued in terms of general authority to issue shares
- Capital raised will be used primarily to reduce debt and pursue new business opportunities including the capital acquisition programme
- Partnership will enable Buildmax to pursue organic and acquisitive opportunities

*\*as defined in JSE Listings Requirements*

# Shareholding post subscription by Brait



Management's stake diluted as a result of additional shares in issue (3%), Clarewick agterskot (1%) and sale of shares to Brait (6%).

P de Klerk, H Fourie and M Watson did not dispose of any shares .

# Black Economic Empowerment



# Black Economic Empowerment

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- Vuwa Investments Group holds 13% of Buildmax
- Vuwa Investments Group is led by Bulelani Ngcuka
  - Chairman of Top Fix
  - Non-executive director of Transnet, Growthpoint and Mutual & Federal
- Retail BEE investors hold 2% of Buildmax

**Total direct black equity holding in Buildmax totals 15%**

**BBBEE in aggregate subsidiary companies satisfies Mining Charter requirements**

# Review of Operations



# Segmental Results

## Income Statement for the year ended 28 February 2009

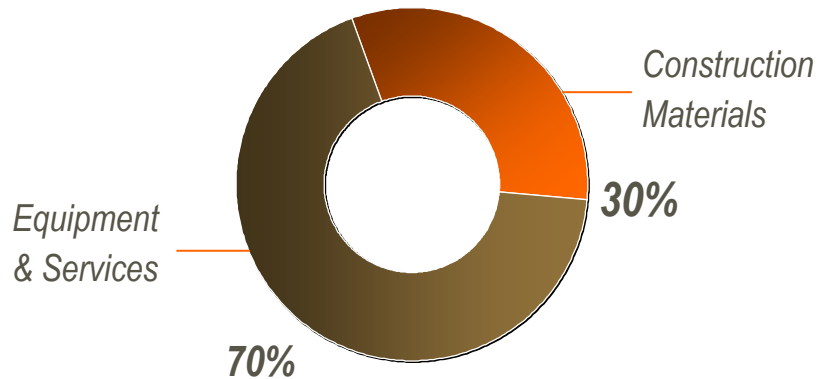
Turnover

R1 634 million

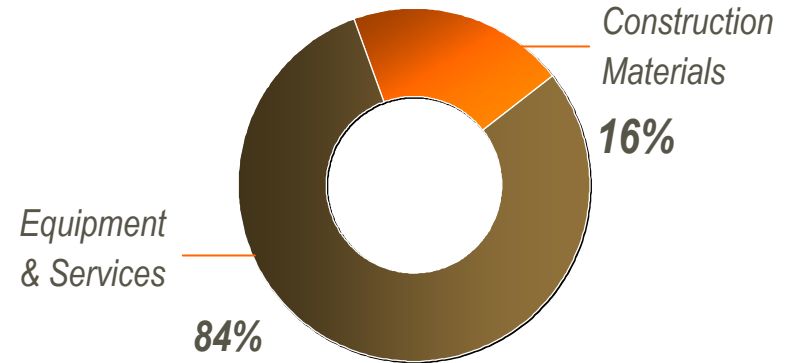
EBITDA

R453 million

### Divisional contribution to revenue:



### Divisional contribution to EBITDA:



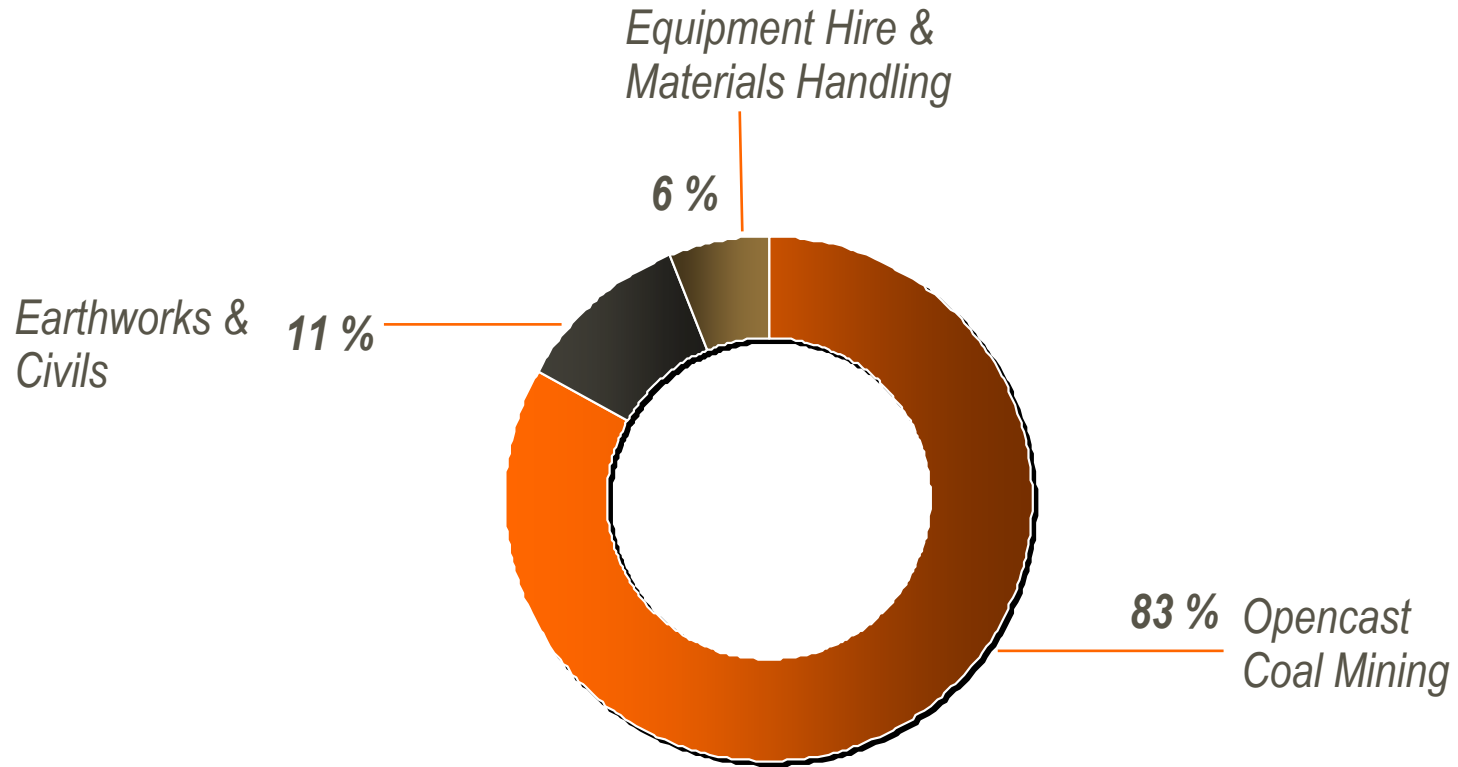
Acquisitions only included for 11 months

# Mining Services



# Revenue (by division) – February 2009

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# Operational Review

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## Opencast Coal Mining

- Diversified customer base:
  - 20 contracts
  - 11 mining companies
  - 17 mines
- Exxaro, Xstrata, Anglo Coal and Shanduka = +/-80% of revenue (65% of total for Business Unit)
- Revenue at year-end behind target due to abnormally high rainfall (Nov'08 & Jan'09)
- Diesel Power has extremely strong brand recognition in industry
- ISO accreditation and OHSAS obtained by Diesel Power
- Diesel Power and Vukuza assume no geological risk
- Changes to new contracts to ensure longer cancellation notice
- Integrated management information system being implemented at Vukuza (Diesel Power started in April)
- Management teams bolstered to cater for growth

## Earthworks

- Mining Civils contribution increasing
- Results at year-end below forecasts
- Group integration has led to positive spin-off for *Construction Materials* with cross-selling of product range to client bases
  - e.g. Diesel Power introduced aggregates and quarries products to clients

# Prospects

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- Medium to long-term: increased demand for coal due to Eskom's additional capacity and re-commissioning of 'mothballed' power stations
- Short-term picture murky: electricity demand down, export price of coal down 66% and economies of major buyers of export coal in recession
- China offers growth opportunity
- At current levels coal producers are still making healthy profits
- Tendering activity has not slowed and most clients continue to increase investments and announce new projects
- Diesel Power and Vukuza have a combined fleet of over 820 heavy duty, plant & LDV's – full benefit of CAPEX to be felt in 2010 and onwards
- Renewed focus on improving operational efficiencies and working capital management and prudent CAPEX

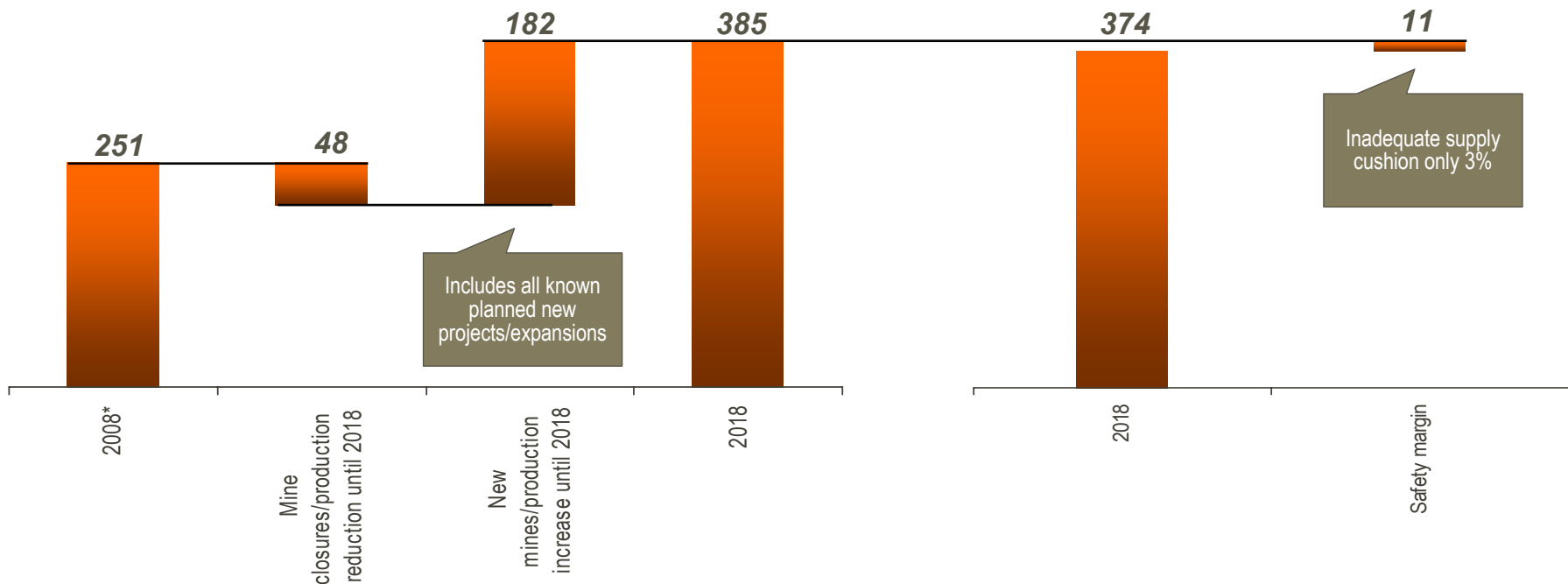
**Full benefit of 2009 CAPEX will be felt in 2010 and 2011**

# Reserve margin between coal supply and demand

## South African thermal coal / Mt

Production

Consumption



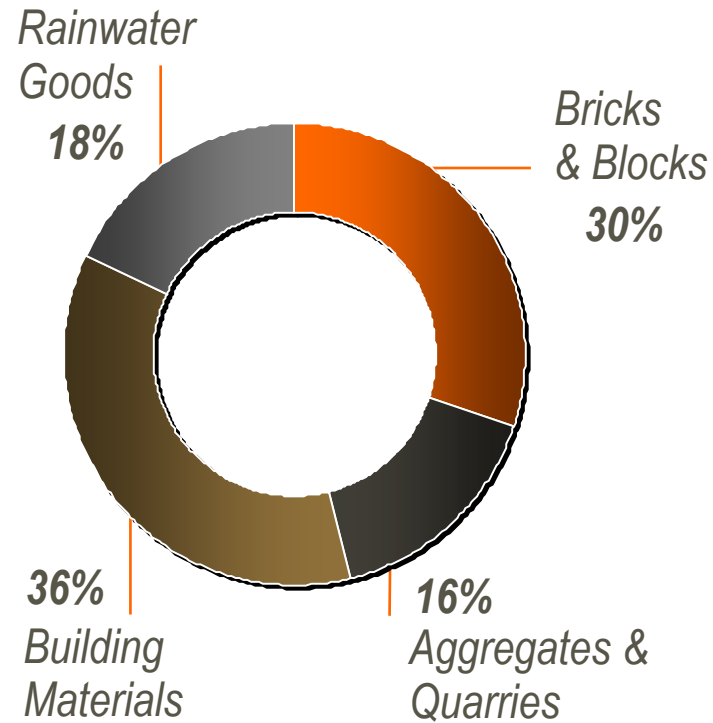
The difference between 2008 production and 2008 consumption is covered by use of dumps and possible under utilisation of export capacity

# Construction Materials

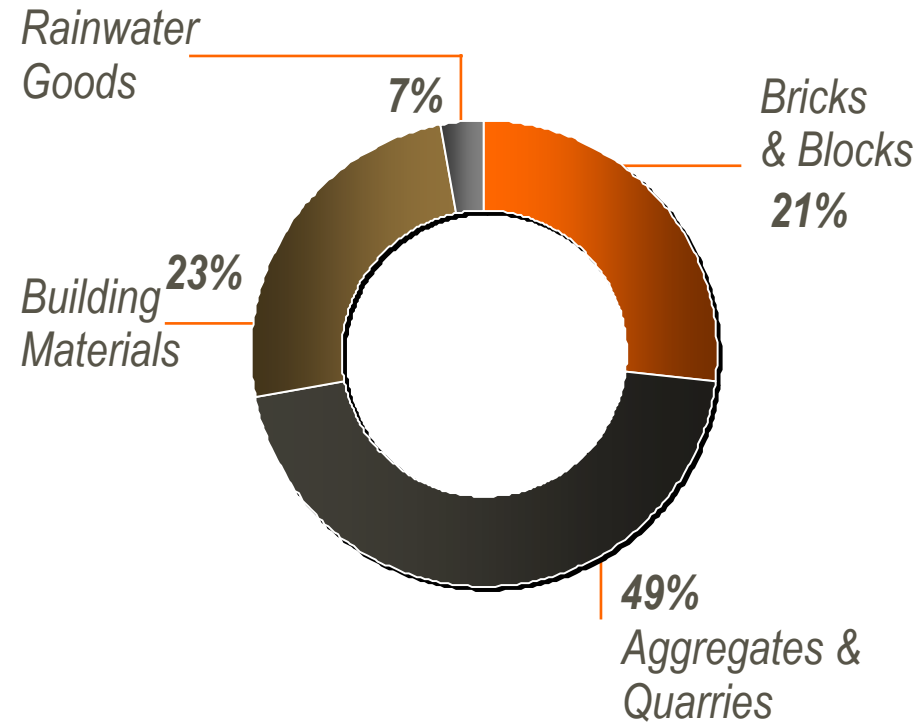


# Revenue and EBITDA – February 2009

## Revenue by Division



## EBITDA by Division



# Operational Review

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## Aggregates & Quarries

- Crushco sales volumes of river sand down 24% y-o-y. Total volume of sand sold down 17% y-o-y.
- Capital expenditure incurred to increase product range and improve quality to cater for infrastructure spending, particularly roads
- Division was adversely affected by rain in November 2008 and January 2009

## Bricks & Blocks

- Negative growth in Western Cape market necessitated cost-cutting but results still in red
- Watson Concrete production efficiency doubled and record results achieved
- Cast's newly-commissioned block plant now producing at full capacity but results still disappointing due to late commissioning and market slowdown



ALFA & VERLESHA



## Building Materials

- S Burde, Kensmark and Watertite traded ahead of budget mainly due to increase in steel price
- Ticktin Timbers, Watertite situated in Western Cape – market slowdown negatively affected performance
- Not considered core – potential sale assessed during the year not concluded

**The economic slowdown intensified competition and the Business Unit was unable to pass on price increases to customers**

# Prospects

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- Infrastructure spending funded primarily by government continues to gain momentum
- Successive interest rate cuts notwithstanding, residential market is not expected to recover before the last quarter of 2009 or early 2010 due to lagged inverse relationship between interest rate movements and availability of credit
- BEE credentials and increased product lines expose Buildmax to government-funded infrastructure projects such as roads, airport upgrades etc.
- Renewed focus on cost containment, improving operational efficiencies, working capital management and CAPEX re-prioritisation

**Government's commitment to address infrastructure together with expected accelerated roll-out of low-cost housing and recovery of residential market should drive growth**

# Financial Overview



# Income Statement

	<b>Audited year ended 28 February 2009 R'000</b>	Unaudited Pro-forma year ended 29 February 2008 R'000	Audited eleven months ended 29 February 2008 R'000
Revenue	1 633 911	1 210 948	111 543
Earnings before interest, taxation, depreciation, amortisation and impairment ("EBITDA")	453 451	277 221	6 012
Depreciation	( 134 143)	( 83 110)	( 1 894)
Operating profit before interest, taxation, amortisation and impairment	319 308	194 112	4 118
Amortisation of intangible assets	( 19 945)	( 19 945)	-
Operating profit before interest, taxation and impairment	299 363	174 167	4 118
Impairment of goodwill	( 255 443)	-	-
Profit before interest and taxation ("PBIT")	43 920	174 167	4 118
Interest received	17 378	18 890	1 110
Interest paid	( 115 882)	( 53 275)	( 247)
Net (loss) / profit before taxation	( 54 584)	139 781	4 981
Taxation	( 54 793)	( 41 476)	1 849
Net (loss) / profit after taxation	( 109 377)	98 306	6 830
Attributable to:			
Equity holders of Buildmax Limited	( 103 213)	100 353	6 830
Outside shareholders' interests	( 6 164)	( 2 047)	-
	( 109 377)	98 306	6 830
<b>Supplementary information</b>			
Headline earnings per share (cents)	15.8	11.9	16.2
Core headline earnings per share (cents)	18.0	14.2	16.2
Basic (loss) / earnings per share (cents)	(11.9)	12.0	16.3
<b>Shares in issue ('000)</b>			
- at end of the year	1 040 700	907 366	41 806
- weighted	868 570	835 236	41 806

# Reconciliation of HEPS and Core HEPS

	Audited year ended 28 February 2009 R'000	Unaudited Pro-forma year ended 29 February 2008 R'000	Audited eleven months ended 29 February 2008 R'000
(Loss) / earnings attributable to equity holders of Buildmax	( 103 213)	100 353	6 830
Adjusted for:			
Profit on sale of property, plant and equipment	( 9 746)	( 1 356)	( 63)
Impairment of goodwill	255 443	-	-
Tax effect of adjustments	1 742	380	18
Outside shareholders' interest in adjustments	( 6 624)	-	-
Headline earnings attributable to ordinary shareholders	137 602	99 377	6 785
Adjusted for:			
Amortisation of intangible assets	19 945	19 945	-
Implied interest on vendor liability	4 956	4 956	-
Tax effect of adjustments	( 5 585)	( 5 585)	-
Outside shareholders' interest in adjustments	( 369)	( 369)	-
Core headline earnings attributable to ordinary shareholders	156 549	118 324	6 785

# Balance Sheet

	Audited at 28 February 2009 R'000	Audited at 29 February 2008 R'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1 324 615	12 288
Goodwill	810 578	-
Other intangible assets	224 117	-
Prepayments	-	2 811
Deferred taxation	2 216	2 186
	<b>2 361 526</b>	<b>17 285</b>
<b>Current assets</b>		
Inventories	90 911	22 586
Trade and other receivables	318 589	18 921
Taxation receivable	1 364	271
Bank and cash	326 957	16 901
	<b>737 821</b>	<b>58 679</b>
<b>Total assets</b>	<b>3 099 347</b>	<b>75 964</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital and premium	1 732 382	42 266
Cash flow hedging reserve	( 5 572)	-
(Accumulated loss) / retained earnings	( 91 653)	11 560
Ordinary shareholders' interests	1 635 157	53 826
Outside shareholders' interests	3 604	-
<b>Total shareholders' interests</b>	<b>1 638 761</b>	<b>53 826</b>
<b>Non-current liabilities</b>		
Interest-bearing liabilities	529 158	-
Deferred taxation	194 307	421
	<b>723 465</b>	<b>421</b>
<b>Current liabilities</b>		
Current portion of interest-bearing liabilities	361 784	19
Trade and other payables	264 836	21 481
Vendor liability	54 526	-
Bank overdraft	40 033	-
Taxation payable	15 942	217
	<b>737 121</b>	<b>21 717</b>
<b>Total equity and liabilities</b>	<b>3 099 347</b>	<b>75 964</b>

# Segmental analysis

		Audited year ended 28 February 2009 R'000		Unaudited Pro-forma year ended 29 February 2008 R'000	Increase %
	% of total		% of total		
<b>Revenue</b>					
Mining services	70.0%	1 142 955	57.5%	696 009	64.2%
Construction materials	30.0%	490 956	42.5%	514 939	(4.7%)
	100.0%	1 633 911	100.0%	1 210 948	34.9%
<b>EBITDA</b>					
Mining services	84.0%	380 707	64.0%	177 435	114.6%
Construction materials	16.0%	72 744	36.0%	99 786	(27.1%)
	100.0%	453 451	100.0%	277 221	63.6%
<b>Operating profit before interest, taxation, amortisation and impairment</b>					
Mining services	82.1%	262 003	55.4%	107 491	143.7%
Construction materials	17.9%	57 305	44.6%	86 621	(33.8%)
	100.0%	319 308	100.0%	194 112	64.5%
<b>Net profit before taxation, amortisation and impairment</b>					
Mining services	80.3%	177 228	52.9%	84 562	109.6%
Construction materials	19.7%	43 576	47.1%	75 164	(42.0%)
	100.0%	220 804	100.0%	159 726	38.2%

# Cash Flow Statement

	Audited year ended 28 February 2009 R'000	Audited eleven months ended 29 February 2008 R'000
<b>Operating activities</b>		
Net (loss) / profit before taxation	( 54 584)	4 981
Non-cash flow items and changes in working capital	405 998	1 316
Net interest paid / (received) per income statement	98 504	( 863)
Cash generated from operations	449 918	5 434
Net interest (paid) / received in cash	( 94 676)	863
Taxation paid	( 36 934)	( 474)
Cash flows from operating activities	318 308	5 823
<b>Investing activities</b>		
Payments on acquisition of businesses	( 338 701)	-
Settlement of vendor liabilities in acquired businesses	( 64 012)	-
Purchase of property, plant and equipment		
- Expanding operations	( 505 636)	-
- Maintaining operations	( 30 938)	( 522)
Proceeds from disposal of property, plant and equipment	42 306	70
Cash flows from investing activities	( 896 981)	( 452)
<b>Financing activities</b>		
Net proceeds from shares issued	496 713	-
Interest-bearing liabilities raised	521 277	738
Interest-bearing liabilities repaid	( 299 872)	( 29)
Cash flows from financing activities	718 118	709
Net increase in cash and cash equivalents	139 445	6 080
Cash and cash equivalents at the beginning of the period	16 901	10 821
Cash acquired as part of business combinations	130 578	-
Cash and cash equivalents at the end of the period	286 924	16 901

# Capital Expenditure



# CAPEX

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- RLP forecasts assumed investment in plant and equipment of  $\pm$ R360 million for the year
- Increased demand for coal resulted in requests for increased production from existing mining contracts and significant tenders for new mines
- Actual CAPEX was R537 million (incl. 11 months for acquisitions)
  - R494 million was incurred by Mining Services – 95% to expand mining operations
  - Forecast CAPEX for Mining Services was R564 million - economic uncertainty led to more cautious approach to preserve balance sheet
- Existence and value of property, plant and equipment were independently verified and excess fair value of R111 million was not recognised in results

# Impact of revised CAPEX programme

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- Budgeted CAPEX for 2010 reduced to R144 million but will be closely monitored
- More than 40% of fleet purchased in the last 12 months
- Buildmax will continue to hire-in equipment and make use of sub-contractors to cope with demand
- Buildmax intends to extend useful life of all plant – formal maintenance programmes should ensure costs are kept to a minimum
- Revised CAPEX programme will pressure margins in the short-term but critical to preserve balance sheet

**The group continues to investment in mining and earth moving equipment albeit at far lower rate than previously planned**

# Funding of CAPEX

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- Majority of capital equipment acquired is for deployment on long-term contracts from large established mining houses
- Buildmax is highly cash generative at operations level (cash generated from operations before CAPEX = more than 90% of EBITDA) - investment in working capital is relatively low at +/- 10% of revenue
- Cash flow also benefits from accelerated tax write-offs for plant and equipment – will continue while Buildmax acquires equipment
- Net debt position at year-end of R658.5 million down from forecast net debt of R800 - R900 million
- Net cash holdings at year end of R286.9 million

**Defensive strategy adopted post interim results to reduce CAPEX resulted in a net debt position significantly lower than forecast**