



G5 Construction Materials

“Releasing the Power of the Earth”

Tim Woodhead – 27 Nov 2007

G5 Construction Materials Portfolio?



Quarry Cats

Ekurhuleni, Laezonia, Libanon, Sky Quarry (Prospecting)
Cato, Middelburg, Sasol (X), Letseng, Kathu, Burk Mine, Kumba

% of
Turnover

45



Afrimix

Chloorkop, Jet Park, Benoni, Selby, Honeydew, Blue Hills
Wynberg (?)
Go Crete – Sunderland, Silverton (Effective 1 Dec 07)

43



Sky Sand

Conversion being prepared on existing right (450ha)
Prospecting permit (450ha)

9

Bernoberg Millings

Vanderbijlpark
Option on Newcastle

3

What do we focus on?

Construction Materials SBU:

- Businesses concerned with mining, crushing, milling, aggregates, powders and readymix concrete
 - Services to the mining and smelting sectors
 - Commodities used in concrete product manufacturing and construction
 - Supplying directly into the high growth construction and mining sectors
- ✓ All production processes easily adaptable for residential, or commercial, or infrastructure demand cycles
 - ✓ Services, assets and know-how transferable between construction and mining sectors



The first part of the strategy is?

- ↳ To position as a significant player in the basic construction materials market for concrete in all its forms:
 - concentrating on sand and stone aggregates
 - readymix concrete
 - cement extenders
 - related logistics
 - initially in Gauteng
- ↳ To leverage our position by exploiting opportunities to manufacture concrete products:
 - in profitable niches



And the second part of the strategy is?

- ↳ To utilise our know-how and capacity in quarrying and crushing to expand as a niche contractor to the mining industry:**
 - furthering Group Five's capability to act as a turnkey start-up contractor and operator of mines
 - following the sustaining growth trend in the African resources sector
 - anticipated to last for decades (beyond any cyclical downturn in the South African construction materials markets)



And what businesses will we build organically and what should we acquire?

- ↳** We can only build organically on existing rock and sand reserves
- ↳** We need to acquire to expand our geographic reach
- ↳** We target centres of big population – these markets sustain commercial aggregate and readymix supply operations
- ↳** We can organically grow in the mining services segment



Competitive environment?

<i>GAUTENG</i>	Sand & Stone	Ready-mix	Extenders
Afrisam (Holcim)*	21%	33%	70%
Group Five	19%	11%	3%
Lafarge	-	25%	23%
Wearne	5%	8%	-
PPC	9%	-	-

* Holcim's share of crushed stone >30%, vs Quarry Cats' at 16%, vs PPC at 14%



Cyclicality of earnings?

Current expectations:

- ☒ Strong Gauteng aggregates growth to 2015, but growth rate moderating after 2010. Quarries currently operating 14 – 24 hours so shifts can be reduced for market down cycles.
- ☒ Readymix is sensitive to the property cycle, can expect some market consolidation after 2010. Roads programme will sustain volumes to 2012.
- ☒ Cement extenders – small market share primarily to support our own readymix business. Demand/prices linked to cement cycle.
- ☒ Mining services – long term contracts (2-10 years), strong opportunities in Northern Cape, following the LONG TERM GROWTH TREND for resources in Africa.



What levers can we pull to enhance performance?

- Leadership and skills development
- Investment in efficient equipment, particularly load and haul plant
- Internal customers – Group Five Construction, Group Five Manufacturing
- Turning waste into product – sand classification
- Beneficiating products – drying, blending, bagging
- Entry into key coastal markets
- BEE relationships to access mining sector opportunities
- Group Five Projects' African mining sector customers



What growth can we expect?

Acquisitive growth:

- 🏗️ Quarry Cats (including Afrimix), R750m Feb 2007
- 🏗️ Sky Sand, R125m July 2007
- 🏗️ Bernoberg, R32m Oct 2007
- 🏗️ Go Crete, R14m Dec 2007
- ✓ Further acquisitions targeted for 2008 to expand reach and depth

Organic growth:

- 🏗️ Concrete product manufacturing activities
- 🏗️ Joint venture initiatives with holders of mining rights
- 🏗️ Turning waste into product
- ✓ Improved Construction Materials turnover and growth in Manufacturing



So lets go and kick the tyres at QUARRY CATS EKURHULENI...

- ▣ Strong operating margins at current production levels, strong cashflows
- ▣ Closest to the rapidly developing East Rand and the Airport
- ▣ Installed fixed plant capacity of 250 000 tons per month of dolomite (through two independent crushing plants)
- ▣ 40 million tons of reserves
- ▣ Current sales 160 000 tons per month
- ▣ New mining equipment gears us for 180 000 tons per month in 2008
- ▣ Road materials demand kicking in strongly in last quarter

