



www.g5.co.za

Group Five: An Overview

SINCE 1974

Contents

- ▣ Honing of existing Strategy
- ▣ Operating Structure supporting the Strategy
- ▣ A Strong Base
- ▣ Management Structure supporting the Strategy
- ▣ Construction Secured Order Book
- ▣ Market Outlook
- ▣ Factors affecting execution capacity in Africa
- ▣ Focus going forward
- ▣ Appendices – Strategy
- ▣ Appendices - Financial



Honing of existing Strategy

G5 is continuing its strategy in:

A: Investments & Concessions

- Expansion into new concession equity and revenue streams, eg. power, infrastructure projects, etc

B: Manufacturing & Materials

- Adding repeat income streams aligned to the construction value chain
- M&A activity

C: Construction

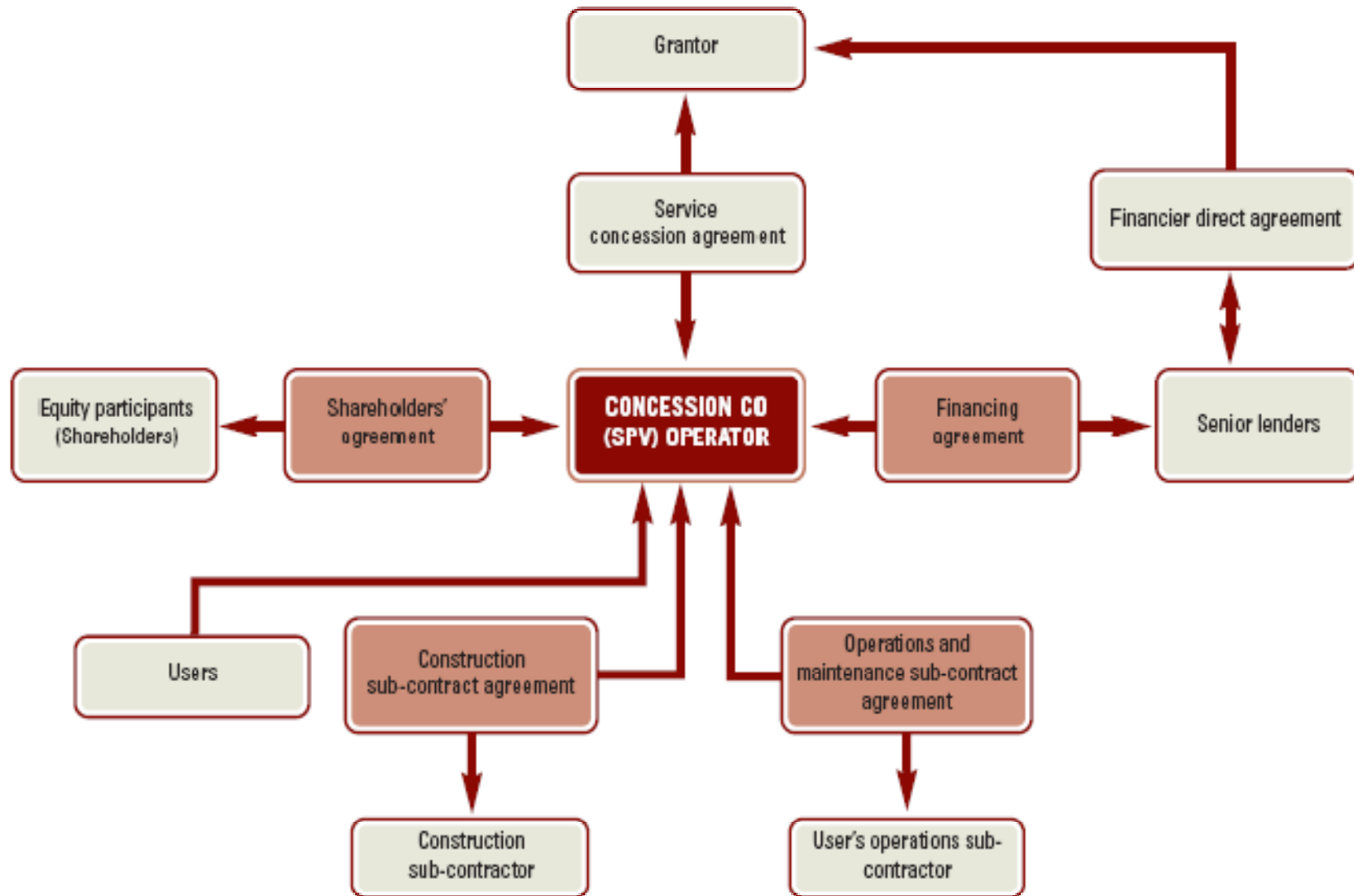
- Moving up the value chain from Constructor to Project Leader through alliancing
- Market positioning & capacity building

Focused geographic diversification:

- A small share of the cross border markets in Africa, the Middle East and Eastern Europe, carefully chosen and well managed, achieves higher margins
- G5 nevertheless maintains the ability to gear up quickly to take advantage of opportunities as the SA market improves



Honing of existing Strategy –A: Investment in Concessions



Honing of existing Strategy –B: Manufacturing & Materials

MANUFACTURING

Growth through capacity expansion

- Everite Building Products
- G5 Pipe

BUILDING MATERIALS

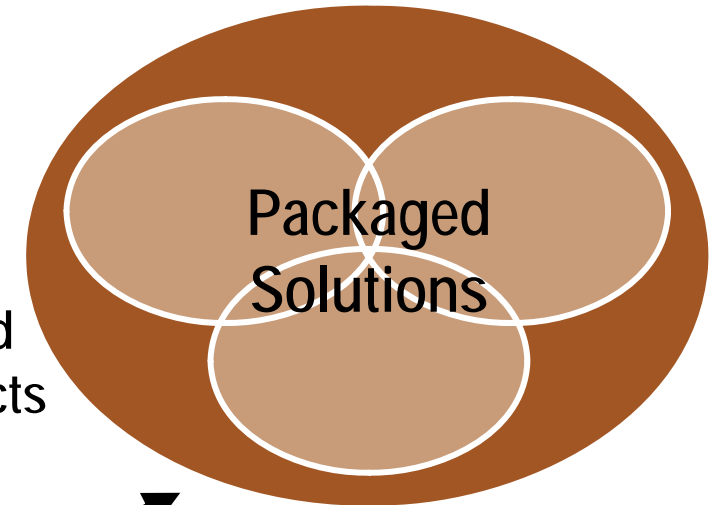
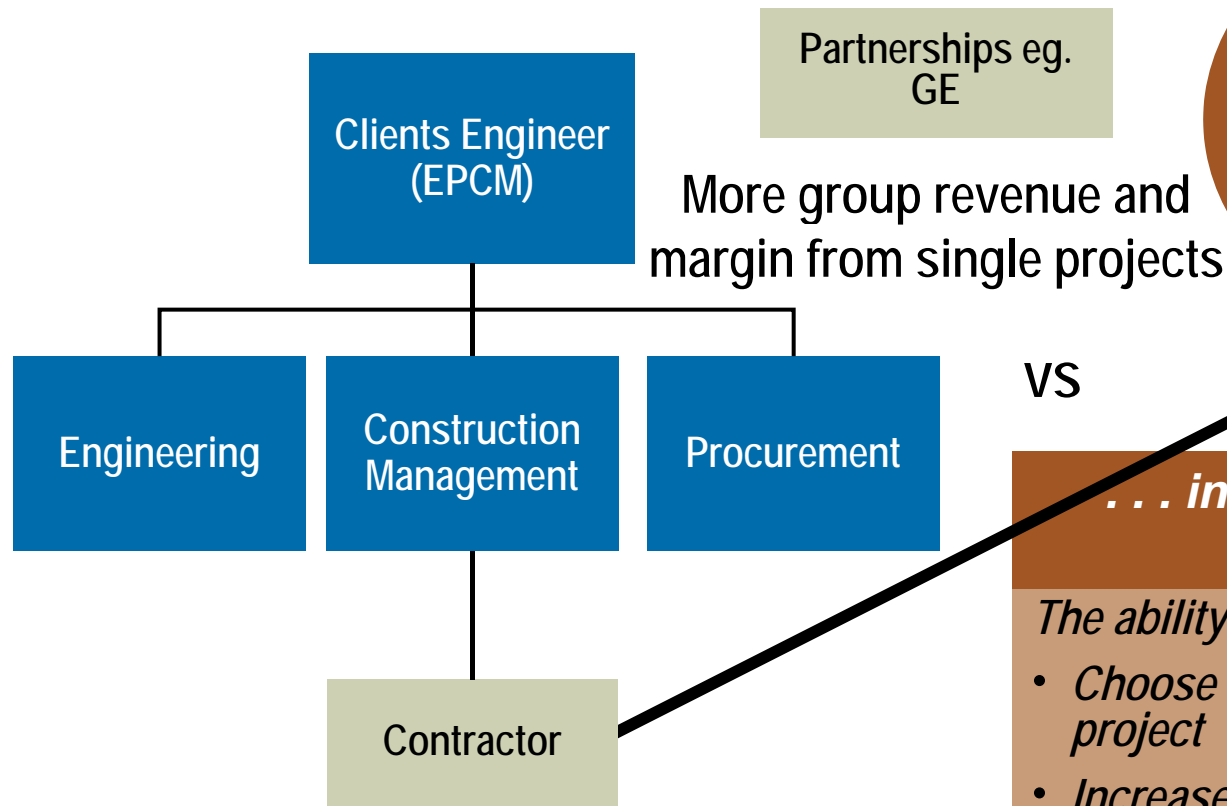
Growth through acquisition activity

- Quarry Cats
- Sky Sands



Honing of existing Strategy – C: Construction, an emphasis on integrated project solutions

Traditional Contractor . . .



VS

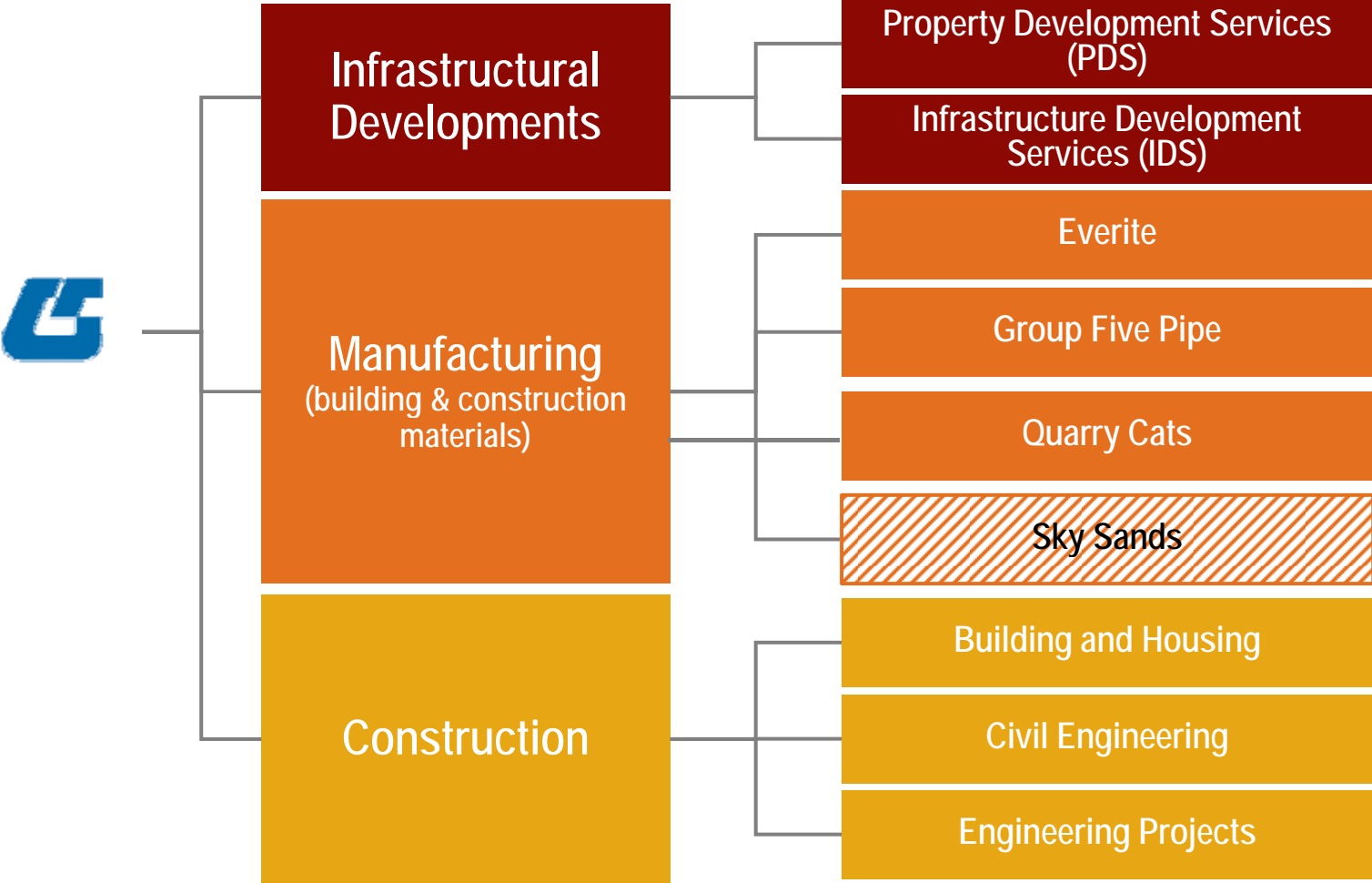
. . . innovative Project Leader through alliancing

The ability to:








- *Choose which roles we want in the project (cross-referrals)*
- *Increase our share of the project*
- *Margin enhancing and cash generative*



Operating Structure supporting the strategy

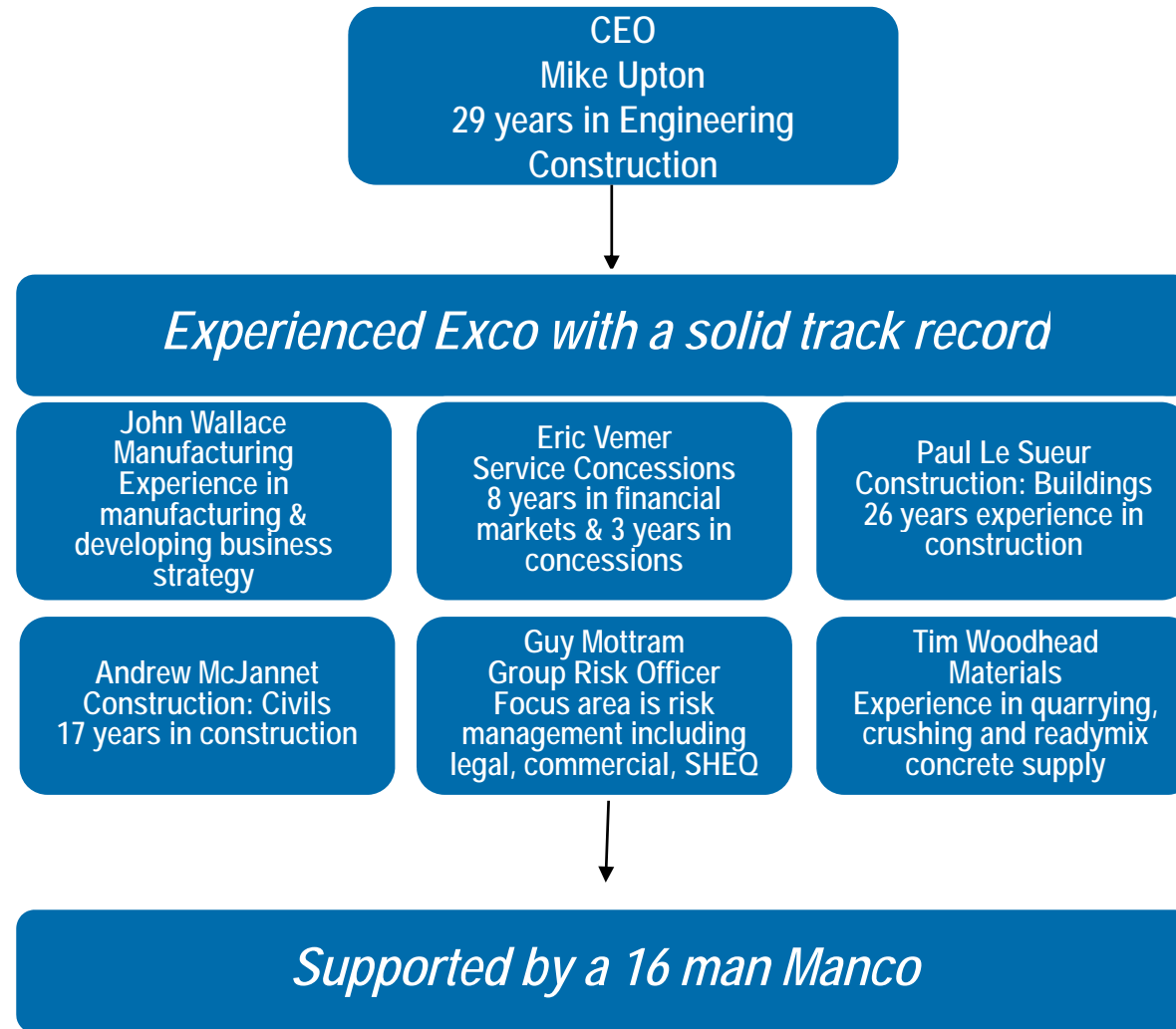


A Strong Base

-  Strong brand
-  World-class risk management and systems base
-  Growing capacity and internal infrastructure
-  A strong cross border and local customer base
-  Continual assessment of returns per business
-  Diversified earnings base from within the infrastructure sector
-  Exco now consists of a strong team of professionals who have delivered consistent earnings growth



Management Structure supporting the strategy



Construction – SECURED order book as at December 2006

Period	Building and Housing	Civil Engineering	Engineering Projects	Total
R millions	Low / Medium margins	Medium margins	Medium / High margins	
Financial year ended 30 June 2006 (Actual)	2 788	1 663	624	5 075
% over-border	27%	65%	67%	44%
Financial year ending 30 June 2007 (forecast)	3 023	2 789	677	6 489
% over-border	28%	70%	74%	51%
Calendar year ending 31 Dec 2007 (forecast)	1 734	2 747	476	4 957
% over-border	8%	79%	42%	50%
Estimated annual capacity	3 000	3 000	750	6 750

* Capacity based on current resources and skills



Market Outlook

Focus on 4 Geographic Regions

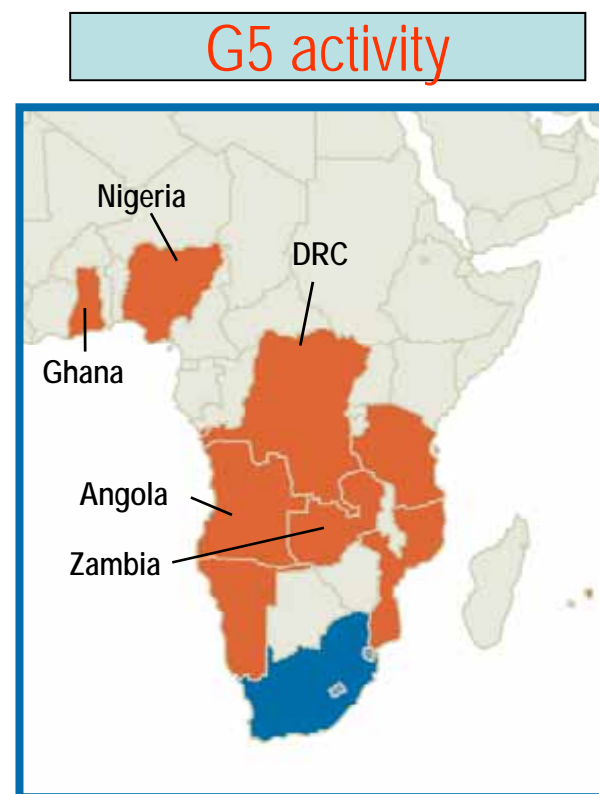
- ⚡ G5's strategy is to balance its exposure to the South African market with exposure to higher margin/higher risk opportunities outside South Africa
- ⚡ G5 has an established track record in its non-SA areas of operation in Africa, the Middle East and Eastern Europe
- ⚡ A small share of these markets, carefully chosen and well managed, should achieve higher margins
- ⚡ G5 nevertheless maintains the ability to direct resources to take advantage of opportunities in the very active SA market



Market Outlook

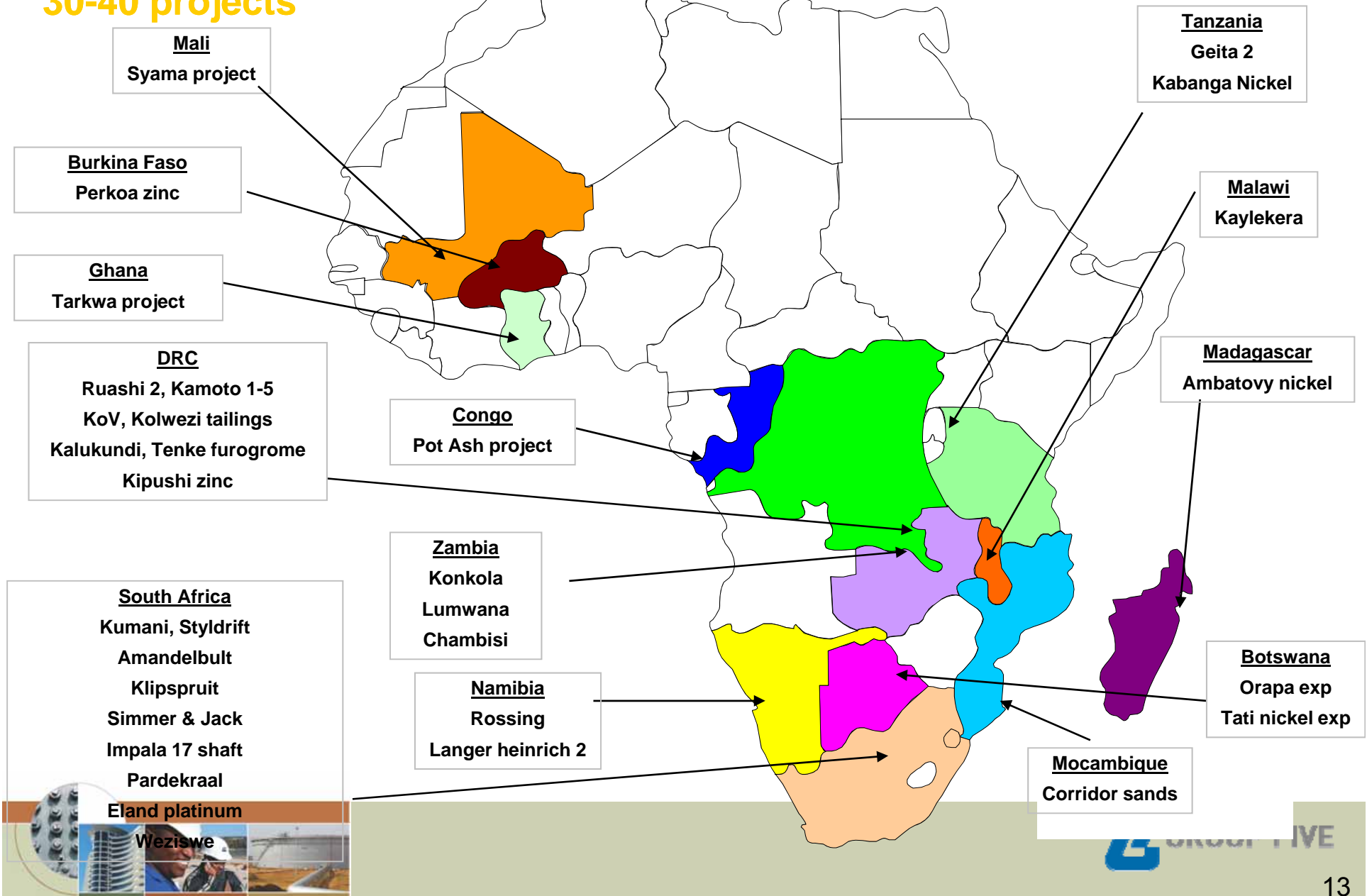
Focus on 4 Geographic Regions: 1. Africa

- 🔧 Boom in commodity prices - gold, oil, uranium, platinum, copper, nickel, cobalt
 - Large increase in exploration and mining spend
 - Multiplier effect on housing, power and infrastructure spend
- 🔧 G5 Focus: profitable regions on the West Coast of Africa
- 🔧 G5 strategy is flexible - able to switch emphasis as markets change



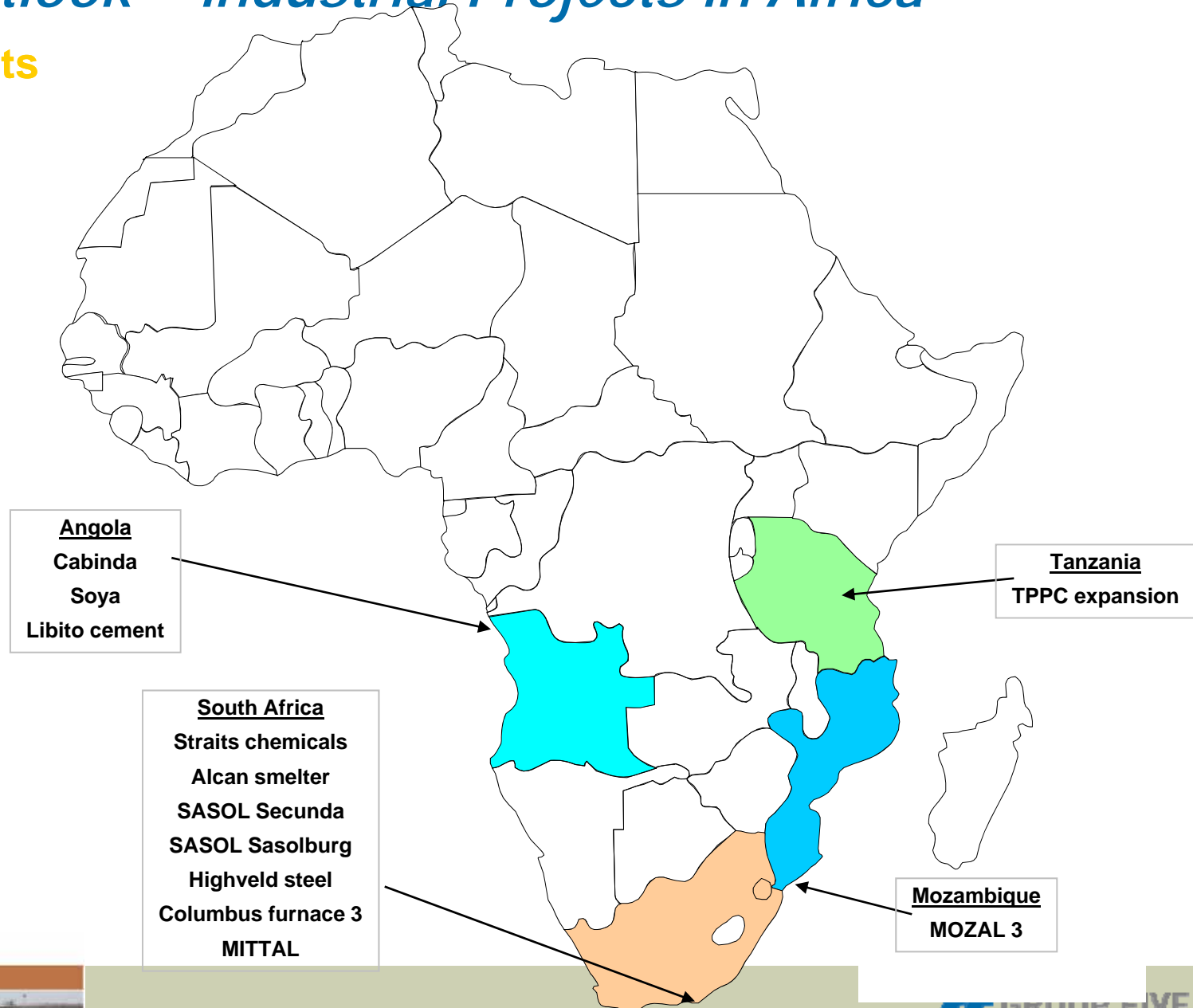
Market Outlook – Mining Projects in Africa

30-40 projects



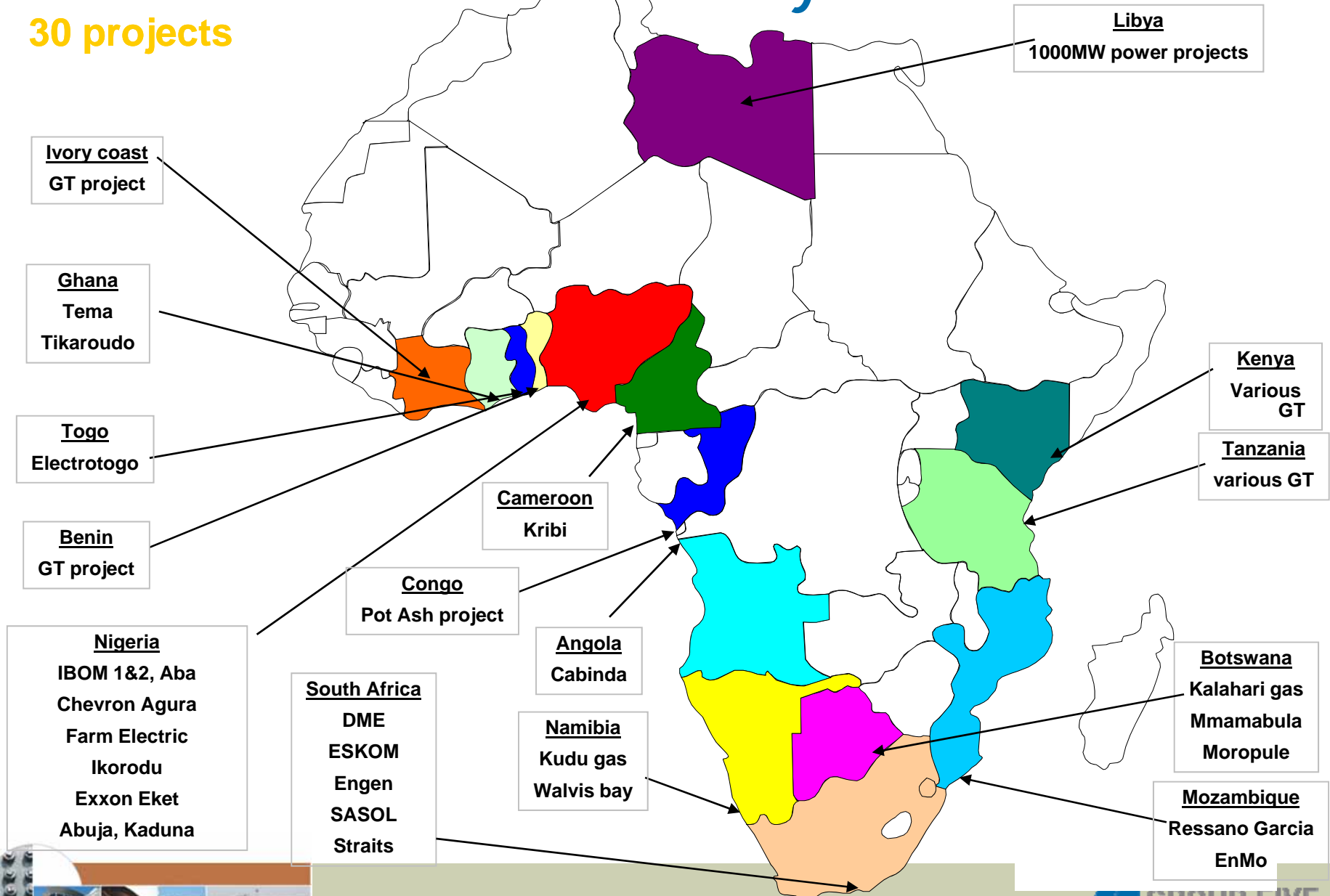
Market Outlook – Industrial Projects in Africa

10 projects



Market Outlook – Power Projects in Africa

30 projects



Market Outlook

Focus on 4 Geographic Regions: 2. Middle East

- ☒ G5 Operations established in early 2004 in partnership with Al Naboodah (largest local contractor)
- ☒ Strong regional economic growth sustained through possession of 57% of the world's proven oil reserves and 45% of proven gas reserves
 - \$26bn infrastructure spending expected over next six years
- ☒ G5 Target: Construction contracts for Dubai and Jebel Ali airports initially
- ☒ Significant opportunities exist in the niche markets of Dubai and other Emirates, particularly Abu Dhabi



Market Outlook

Focus on 4 Geographic Regions: 3. Eastern Europe

- ▣ G5 focus: Toll road operations and investment, with substantial international partners such as Bouygues and Skanska
- ▣ Pursuing further toll road opportunities in partnership
- ▣ Sustainable growth opportunities through:
 - Capitalizing on G5's established reputation in the region
 - The definitive trend towards tolling of vehicles for the use of highways

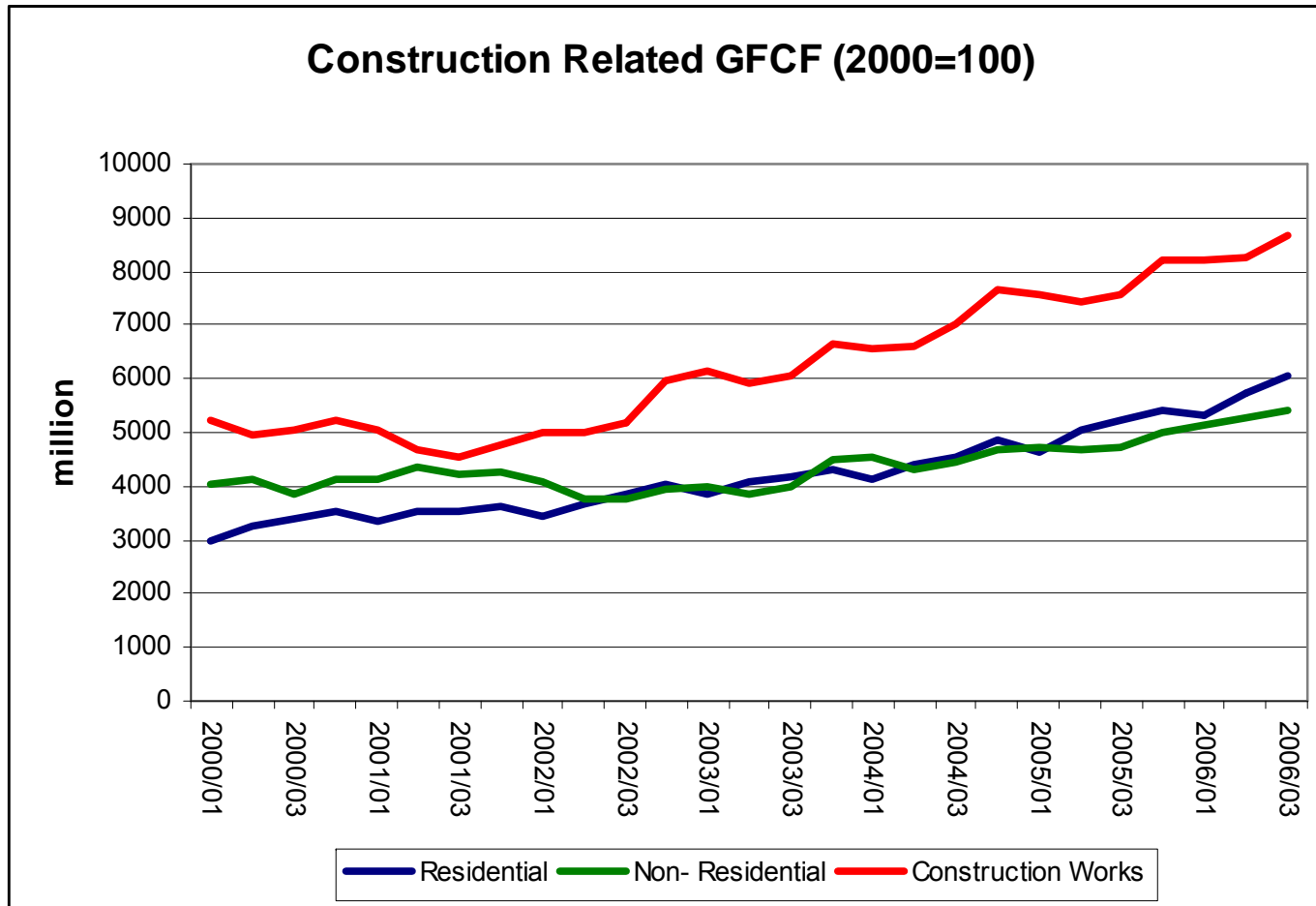


G5 activity



Market Outlook

Focus on 4 Geographic Regions: 4. South Africa



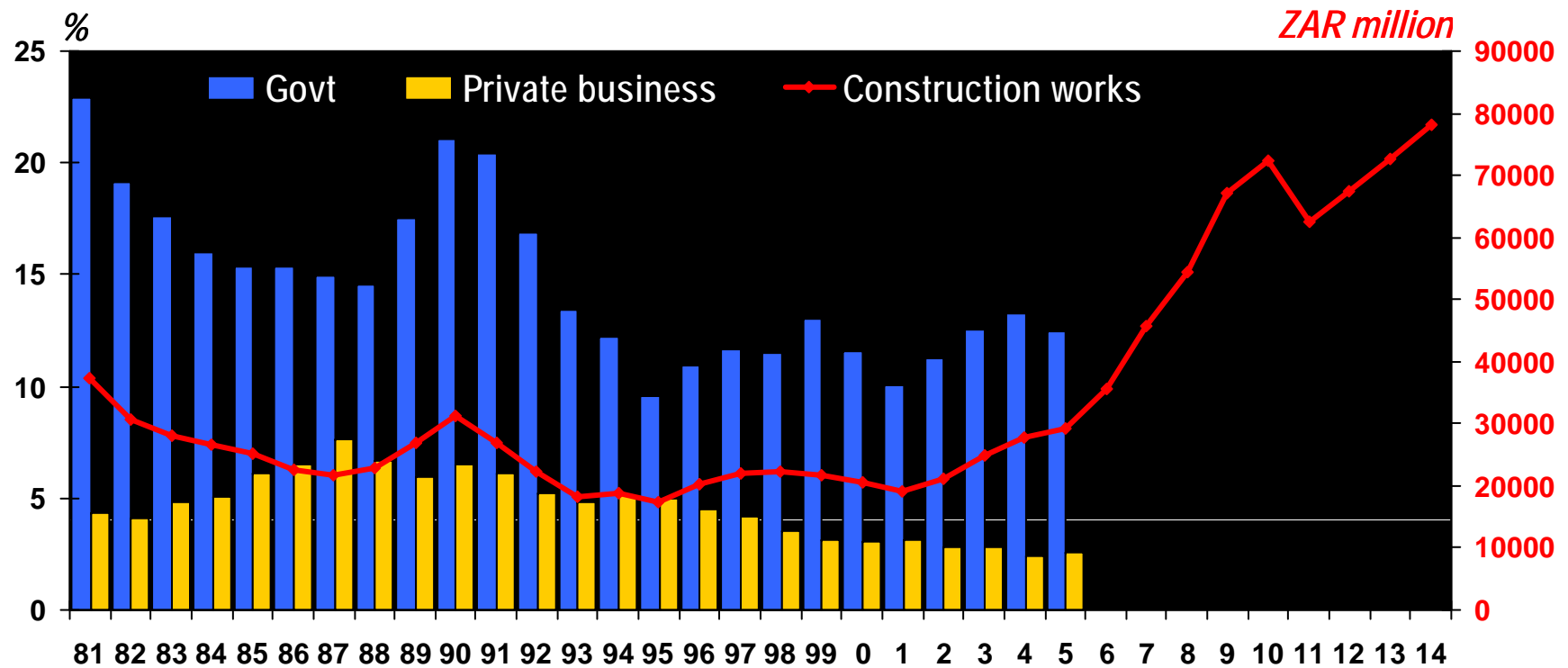
- Water
- Electricity
- Housing
- Health
- Roads & ports
- Prisons
- TOTAL ZAR 300bn**



Market Outlook

Focus on 4 Geographic Regions: 4. South Africa

- Growth momentum set to continue well past 2010
- Construction works is a good example:

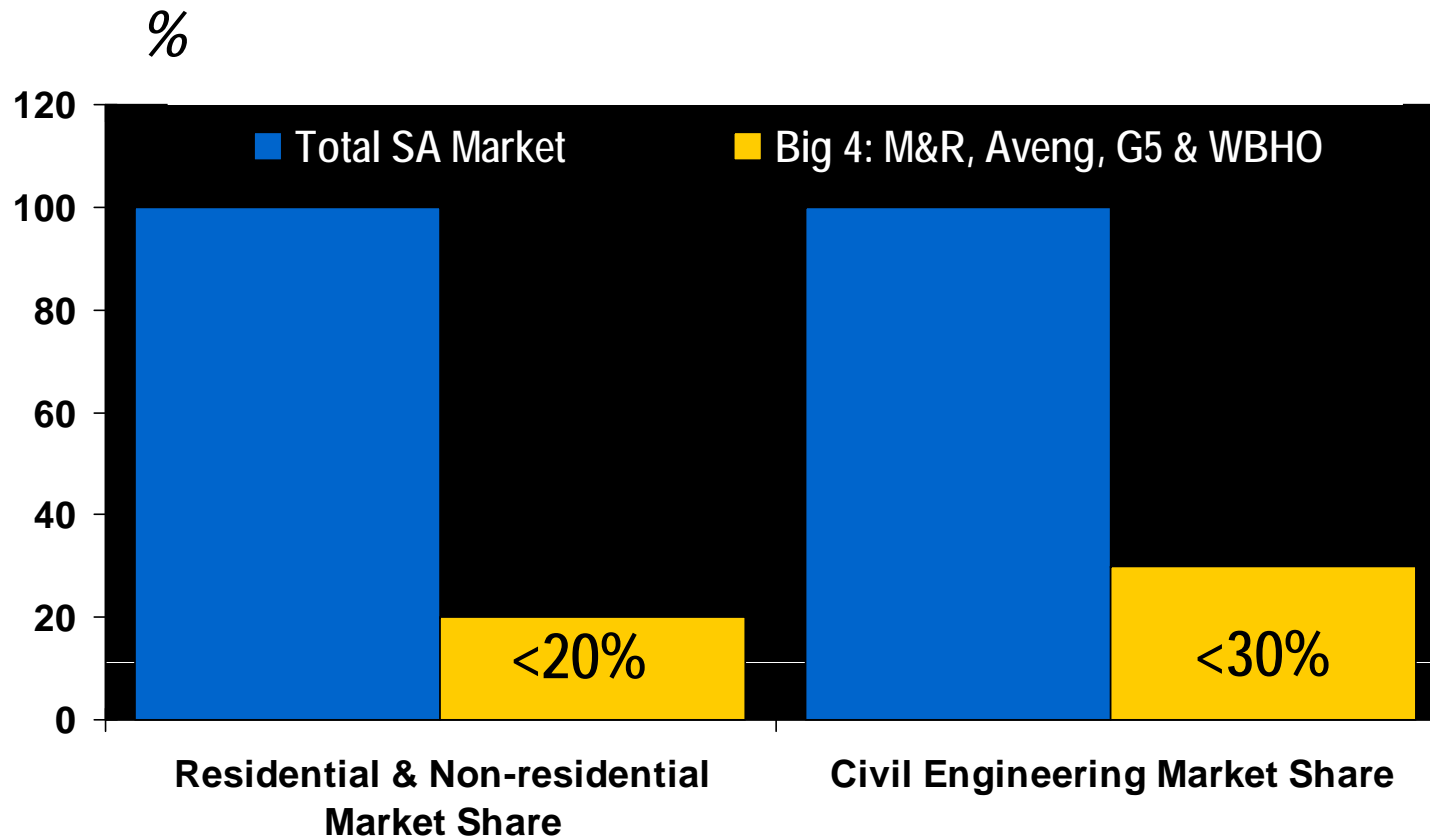


Source: South African Federation of Civil Engineering and Construction (SAFEC)

Market Outlook

Focus on 4 Geographic Regions: 4. South Africa

Potential to increase market share in a growing SA market



Factors Affecting Execution Capacity in Africa

- Availability of materials – purchase of Quarry Cats and Sky Sands
- Input cost increases exceeding inflation
- Bank Guarantees – spare capacity available ZAR 3bn
- Human resources:

Supply shortages, including the impact of HIV/Aids on specialized skills – being addressed through:

- Transferring skills from Building & Housing to Civil Engineering, to address higher margin work
- Skills Development: R14million spend through skills training, 161 learnerships; and student management. Training accredited by Construction SETA
- Bursaries – 149 bursaries
- Enterprise Development – Official development agreements in place
- The G5 Training Academy – Includes PMD programme, Junior Management Training, Programme in Project Management, Executive Development, Competency streams, Operational Training
- Manpower capacity assessments based on secured and forecast order books to 2010



Focus going forward

↳ Making the most of the construction boom from a solid base with a successful team

↳ Revenue enhancement

— Eg. regional business, long term revenue streams, group projects

↳ Margin enhancement

— Vigorous attention to management of construction risk & reward
— Further investment in skills in project delivery

↳ Sustainability

— Recruitment, development & retention of skills
— Differentiation through innovative strategic positioning
— Continually hone strategy by revisiting:

- Margin opportunities on existing revenue streams
- New revenue streams that will be sustainable for the next 5-10+ years
- Balance between organic and acquisitive growth





www.g5.co.za

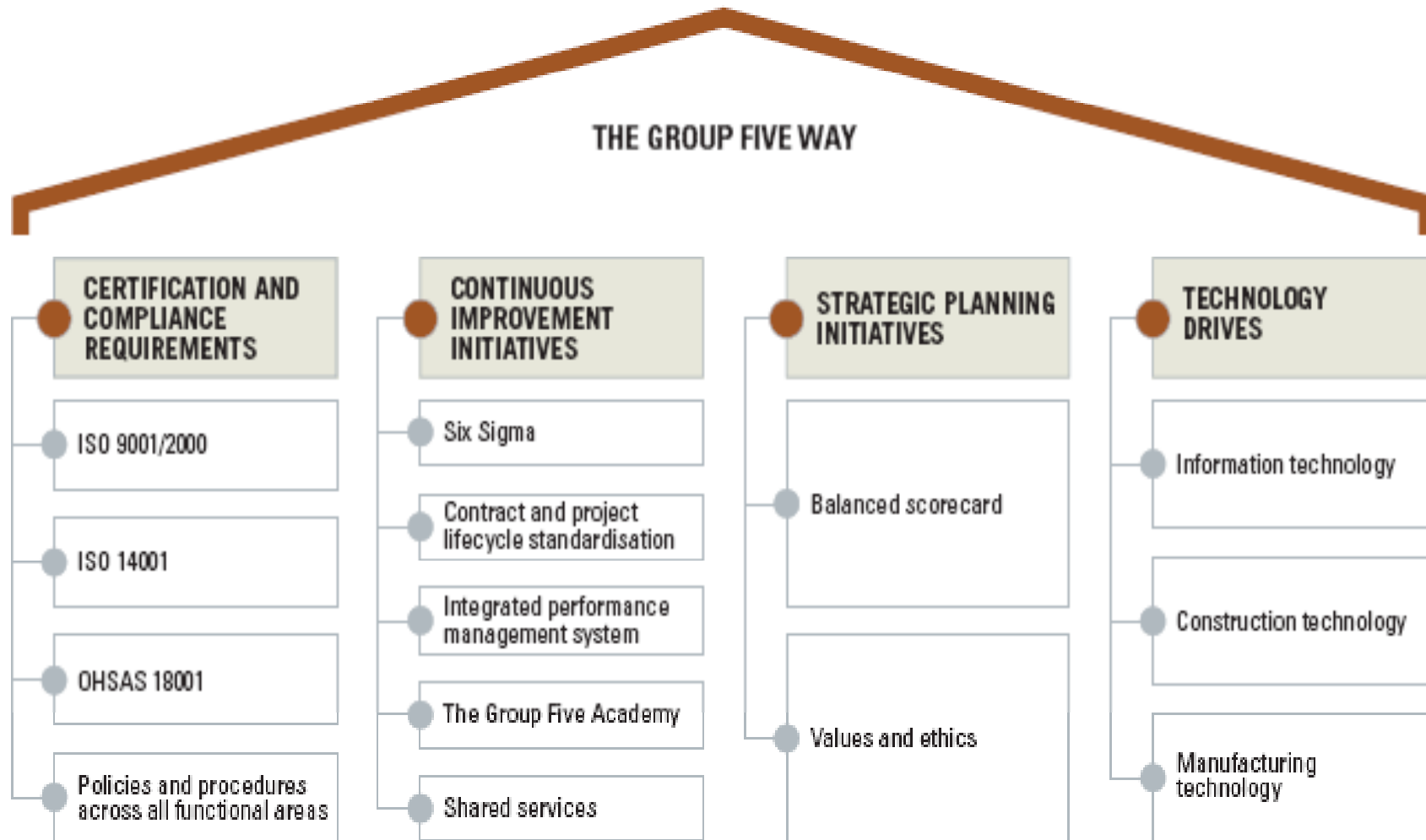
Group Five: Appendices - Strategy

9 Key Supporting Strategies

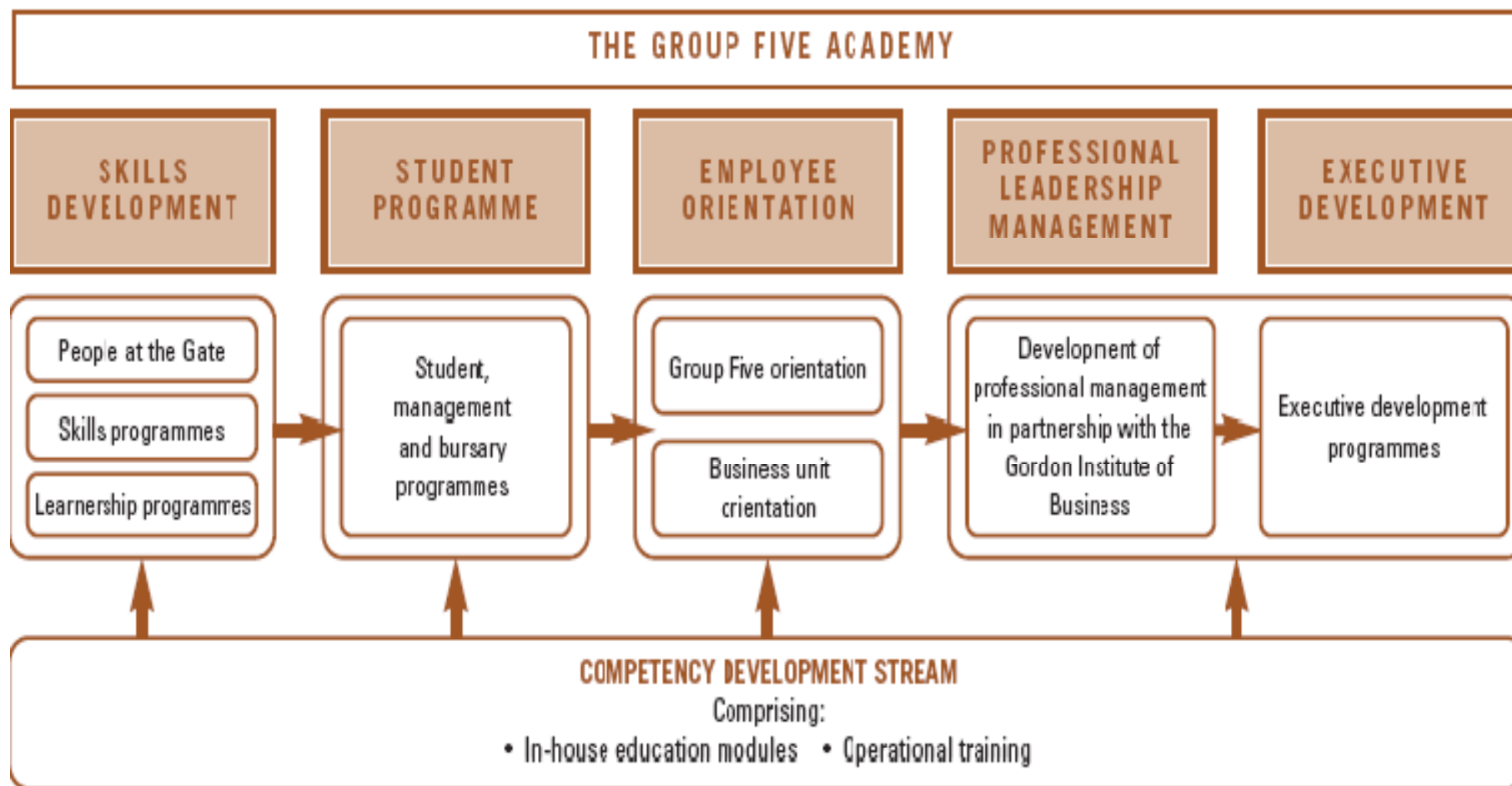


Supporting the strategy – The Group 5 Way

Outlined below are the main pillars



G5 Academy





www.g5.co.za

Group Five: Appendices - Financials

Financial highlights – Interim results

Rm	% change	H1 2007 Unaudited	H1 2006 Unaudited as restated
Revenue	37,7%	4 004	2 909
Operating Profit	60,9%	138	85
HEPS (loss) (c)	n/a%	121,0	(55,8)
HEPS before external BEE ownership expense (c)	74,4%	121,0	69,4
DPS (c)	50,0%	30,0	20,0
EPS (loss) (c)	n/a%	121,0	(44,2)
EPS before external BEE ownership expense (c)	49,4%	121,0	81,0



Key financial ratios

	H1 2007 Unaudited	H2 2006 Unaudited	H1 2006* Unaudited as restated	Goals**
Dividend Cover (x)	4,0	3,2	4,1	4.0
Operating margin %	3.4	5.3	2.9	>5.0
Debt to Equity ratio % - gross	87	56	56	66
Debt to Equity ratio % - net	-	-	-	33
Capital Expenditure (Rm)	100 515	159 890	106 103	n/a
Interest Cover (x)	11,2	11,0	6,1	>5.0
Cash generated as a % of net income	-	275%	247%	100%
Revenue from repeat income sources %	12	13	13	33
External financial institution guarantees available (Rm)	3 049	1 410	1 158	Guarantees in issue \pm 40% of revenue
Return on shareholders funds %	12	12	10	20% p.a.; 10% per interim
Total over border revenue for the period %	40	37	36	33

* But before external BEE ownership expense

** Short to medium term incl. Quarry Cats and bond issue



www.g5.co.za

SINCE 1974