



MACQUARIES CONSTRUCTION CONFERENCE

Attendance at Q&A session
May 2012

Question & Answer Session – Macquarie Construction Conference

Questions raised by participants at conference	Status update provided by group
<p>Construction: Civil Engineering & Investment & Concessions: Intertoll</p> <p>N1/N2 roads contract:</p> <ul style="list-style-type: none"> • Please provide status Update on N1 / N2 roads contract award and start dates? 	<ul style="list-style-type: none"> • No further update from last reported in February • The contract was awarded but has not been reported within the groups order book / backlog due to the uncertainty surrounding whether contract will be traded • Contract removed from forecasts
<p>Construction Materials</p> <ul style="list-style-type: none"> • Status update on disposal of discontinued assets? • Will there be an adjustment to carrying value? 	<ul style="list-style-type: none"> • Group remains under cautionary as it progresses to disposal of these assets • Interested parties for all assets identified • Offers have been received • Expect that a write down to carrying value will be required • Intent is to be substantially complete with sale decision by financial year end • Operating performance in H2 is weaker than in H1 and than expected

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<p>Construction: Civil Engineering & Zimbabwe Roads contract</p> <ul style="list-style-type: none"> • Please provide status update • Bitumen shortages – have these affected this contract 	<ul style="list-style-type: none"> • Contract progressing in line with expectations • Operations contract has been awarded to the group • Contract has not reached stage of requiring bitumen
<p>South African Infrastructure spend</p> <ul style="list-style-type: none"> • Please provide comment on the groups view of the reliability and timing of South Africa public infrastructure spend 	<ul style="list-style-type: none"> • The public sector infrastructure spend is material but the group expects that this budget will reach construction companies only within 18 – 24 months
<p>Competition Commission</p> <ul style="list-style-type: none"> • Any further update 	<ul style="list-style-type: none"> • No further communication from the Commission since last reported • No provision raised within the groups accounts

Delivery on strategy

Questions raised by participants at conference	Group status update
<p>Construction: Civil Engineering</p> <p>Transnet NMPP Pipeline, Pumpstations and Terminals</p> <ul style="list-style-type: none"> • Please provide status update on contract completion 	<ul style="list-style-type: none"> • Pipeline: Completed, commissioned and in use. In discussions with client to complete final account • Pump-stations: Contracts complete. In discussions with client to complete final account • Terminal contracts: Under construction, programme extended • Engagement with client, Transnet, is positive
<p>Construction: Civil Engineering</p> <p>Middle East Receivables</p> <ul style="list-style-type: none"> • Please provide status update on cash collection 	<ul style="list-style-type: none"> • Cash on previously terminated contract, which debt was certified in prior year, continues to be in received in line with agreed payment schedule • Engagement with client on other terminated contract remains positive with further agreement on value, and possible certification, expected by reporting date in August • The group's focus concluding on certification as soon as possible with an aim to speed timing of cash flow • Final outcome on terminated pipeline contract in Jordan likely by June 2012. The group expects that this will result in contract losses in addition to those previously reported. Contract site has been fully demobilised

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<p>Manufacturing</p> <p>Status update</p> <ul style="list-style-type: none"> • Please provide status update on volumes and performance 	<ul style="list-style-type: none"> • Manufacturing segment volumes and performance holding up well • Good performance from the material portion of the segment being Everite including ABT • Structural Steel close down complete • Water projects being tendered for by Group Five Pipe • Steel prices decrease makes BRI a difficult environment however no material underperformance or stock write off's exist due to the small size of business and extent of steel held
<p>Africa strategy</p> <ul style="list-style-type: none"> • What update can the group provide on its stated strategy of Africa expansion • Would the group consider acquisition in Africa 	<ul style="list-style-type: none"> • The group continues on stated strategy of Africa expansion • More of the group's construction business operates now in Africa in regions which the group is familiar with • The establishment of more permanent presence by the Group, as appropriate, continues • The group would consider acquisition's if proved appropriate

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<p>Africa strategy</p> <p>Balancing resources between SA and rest of Africa</p> <ul style="list-style-type: none"> • How flexible does the group want to be between moving resources between rest of Africa and South Africa 	<ul style="list-style-type: none"> • The group has demonstrated its ability in moving resources between rest of Africa to South Africa to execute on the infrastructure spend in the last few years • However a portion of the business remained in Africa even throughout the active local infrastructure spend period • The group has looked to establish more permanent presence in areas of long term growth and more temporary structures in areas with short to medium term growth
<p>Performance</p> <ul style="list-style-type: none"> • What can be expected for the performance into F2013 following what is expected to be a difficult F2012 	<ul style="list-style-type: none"> • F2012 is expected to be more difficult than anticipated mainly due to the close out of Middle East operations and contracts and weakened construction material performance • Underlying contract performance of contracts secured in order book remain sound and in line with forecast