



Raubex – Bauba Site Visit

Key message: Bauba is a relatively low-risk operation with competitive reserves.

- Raubex hosted a site visit to Bauba Resources (Kookfontein mine).
- The biggest take-home from the site visit was the low-risk nature of the Bauba operation and availability of reserves and resources for a LOM of up to 15 years. This business should generate good cashflows and have a payback of 4-5 years. The other take-home is the sensible view of management to treat it as a once-off foray into mining while using it to gain experience in the mining sector – valuable for other group companies.
- Bauba operates relatively low risk chrome mines and the move into mining has been successful so far for Raubex with Bauba contributing substantially to the recent results. However, Raubex does acknowledge the extra risks that mining entails and it does not appear likely that it will look to further expand the mining portfolio. The high capital cost for mine establishment is significantly different to the normal capital requirements for a construction company and Raubex does not want to put the balance sheet at risk. Raubex will therefore not be the next Afrimat, in our opinion, but continue to focus on core contracting and material supplies. Bauba should provide good profits over the 10-15 year LOM and should be looked at as a discrete opportunity that should provide a good return on investment.
- Bauba has focused on opencast chrome operations where relatively few resources are left in South Africa – more mining is moving underground at double the mining cost. With chrome by-product production declining in the traditional PGM mines (low prices, move to northern limb where chrome is absent), the outlook for chrome demand is positive (South Africa supplies 80% of the world's chrome).
- Bauba has offered opportunities for Group companies to secure more work (B&E on processing plants, SPH in contract mining, Raubex Construction for tailings dams). However, this alone does not justify investment into mining operations and Raubex will not look at mine investments purely to secure work for other divisions.
- It would be difficult to find another Bauba-type investment without potentially taking on too much capital investment risk. We do believe that Raubex management is comfortable to view Bauba as a once-off foray into the mining sector and not lose focus on core strengths.

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Rating:

Price (14/06/2024):

Target Price:

Dividend yield:

Total return:

Outperform

R36.69

R40.00

5.0%

15%

Market cap

Shares in issue

R6.20bn

180.7mn

Financial summary

| ZARmn (year to February) | FY23A | FY24A | FY25E | FY26E | FY27E |
|-------------------------------|------------|------------|------------|------------|------------|
| Revenue | 15307 | 17425 | 19057 | 20458 | 21983 |
| EBITDA | 1925 | 2321 | 2681 | 2944 | 3203 |
| Net income | 704 | 848 | 972 | 1165 | 1352 |
| Headline EPS (diluted) | 391 | 472 | 536 | 642 | 745 |
| PE Ratio | 7.3 | 5.9 | 6.7 | 5.6 | 4.8 |
| Dividend | 129 | 155 | 179 | 214 | 248 |
| Dividend yield (%) | | | 5.0% | 5.9% | 6.9% |

Source: Factset, Company data, Chronux Research estimates

Figure 1 Financial summary

| Financial year to February | FY23A | FY24A | FY25E | FY26E | FY27E |
|---------------------------------------|----------------|----------------|---------------|----------------|---------------|
| ZAR/AUD exchange rate | 11.91 | 12.11 | 11.92 | 12.18 | 0.00 |
| Per share data | | | | | |
| Earnings (diluted) | 390 | 467 | 536 | 642 | 745 |
| Headline earnings (diluted) | 391 | 472 | 536 | 642 | 745 |
| NAV | 29.56 | 32.85 | 40.65 | 45.32 | 52.31 |
| Dividend | 129 | 155 | 179 | 214 | 248 |
| Valuation ratios | | | | | |
| P/E ratio | 7.3 | 5.9 | 6.7 | 5.6 | 4.8 |
| EV/EBITDA | 2.9 | 2.7 | 2.3 | 2.1 | 1.9 |
| P/B | 0.96 | 0.85 | 0.89 | 0.79 | 0.69 |
| Dividend yield | | | 5.0% | 5.9% | 6.9% |
| Income Statement (ZARmn) | | | | | |
| Sales | 15,307 | 17,425 | 19,057 | 20,458 | 21,983 |
| <i>Sales growth</i> | | 13.8% | 9.4% | 7.4% | 7.5% |
| Cost of Goods Sold (COGS) | 13,198 | 14,944 | 16,579 | 17,799 | 19,125 |
| Gross Income | 2,110 | 2,481 | 2,477 | 2,660 | 2,858 |
| <i>Gross margin</i> | 13.8% | 14.2% | 13.0% | 13.0% | 13.0% |
| SG&A Expense | (853) | (943) | (1,031) | (1,107) | (1,189) |
| Other Operating Income/Expense | 19 | (2) | 0 | 0 | 0 |
| EBITDA | 1,925 | 2,321 | 2,681 | 2,944 | 3,203 |
| <i>EBITDA margin</i> | 12.6% | 13.3% | 14.1% | 14.4% | 14.6% |
| Depreciation & Amortisation | (649) | (785) | (854) | (892) | (932) |
| EBIT (Operating Income) | 1,276 | 1,537 | 1,827 | 2,052 | 2,271 |
| <i>EBIT margin</i> | 8.3% | 8.8% | 9.6% | 10.0% | 10.3% |
| Nonoperating Income - Net | 0 | 3 | 6 | 9 | 9 |
| Net Interest Expense | (47) | (64) | (85) | (9) | 68 |
| Equity in Earnings of Affiliates | (7) | 1 | 0 | 0 | 0 |
| PBT | 1,222 | 1,476 | 1,748 | 2,052 | 2,348 |
| Income Taxes | (363) | (399) | (523) | (613) | (702) |
| <i>Tax rate</i> | 29.7% | 27.0% | 29.9% | 29.9% | 29.9% |
| Consolidated Net Income | 859 | 1,074 | 1,219 | 1,430 | 1,637 |
| Minority Interest | (154) | (226) | (248) | (266) | (286) |
| Net Income | 704 | 848 | 972 | 1,165 | 1,352 |
| Cash flow statement (ZARmn) | | | | | |
| Changes in working capital | 23 | (295) | (13) | 7 | 8 |
| Cash from operating activities | 1,591 | 1,481 | 2,060 | 2,329 | 2,578 |
| Capital expenditure | (1,172) | (1,801) | (920) | (1,012) | (730) |
| Other | (7) | 61 | 0 | 0 | 0 |
| Investing cash flow | (1,179) | (1,739) | (920) | (1,012) | (730) |
| Changes in borrowings | 169 | 443 | (202) | (163) | (132) |
| Dividend paid | (245) | (314) | (383) | (437) | (505) |
| Other | (181) | 90 | 0 | 0 | 0 |
| Financing cash flow | (257) | 219 | (585) | (601) | (638) |
| Change in cash | 155 | (39) | 555 | 716 | 1,210 |
| Balance sheet (ZARmn) | | | | | |
| Total assets | 11,343 | 13,195 | 14,027 | 15,076 | 16,606 |
| Cash and equivalents | 1,697 | 1,662 | 2,217 | 2,933 | 4,143 |
| Other current assets | 3,809 | 4,639 | 4,995 | 5,362 | 5,763 |
| Non-current assets | 5,837 | 6,894 | 6,815 | 6,781 | 6,699 |
| Total liabilities | 5,540 | 6,588 | 6,728 | 6,939 | 7,215 |
| Long-term liabilities | 1,542 | 2,068 | 1,866 | 1,702 | 1,570 |
| Current liabilities | 3,998 | 4,521 | 4,862 | 5,236 | 5,645 |
| Total shareholders' funds | 5,803 | 6,607 | 7,298 | 8,137 | 9,391 |
| Net cash/(debt) | 483 | (54) | 703 | 1,582 | 2,925 |

Source: Factset, Company data, Chronux Research estimates

Valuation

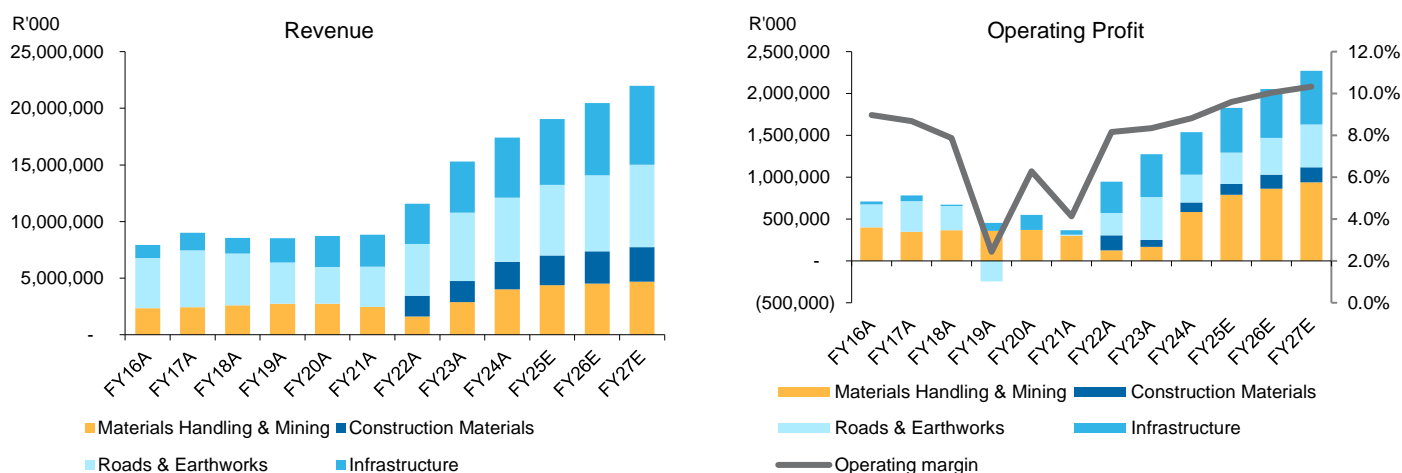
Figure 2 Sum-of-the-Parts Valuation – FY24 EBITDA

| ZARm | Multiple range | Comment | FY25 EBITDA | EV/EBITDA Multiple | Enterprise Value |
|----------------------------------|----------------|---|--------------|--------------------|------------------|
| Materials Handling & Mining | 2-4x | Mid range as mining operations reach steady state | 1,289 | 3.0x | 3,867 |
| Construction Materials | 2-4x | Mid range as demnd picks up | 310 | 3.0x | 929 |
| Roads & Earthworks | 3-5x | Mid range as order book replacement required | 462 | 4.0x | 1,848 |
| Infrastructure | 3-5x | Mid range as order book replacement required | 621 | 4.0x | 2,483 |
| | | | 2,681 | 3.4x | 9,126 |
| Other assets | | From balance sheet | | | 21 |
| Minorities | | From balance sheet | | | -701 |
| Net (debt)/cash | | Assume 5% of order book is locked up | | | -1,331 |
| Equity value | | | | | 7,115 |
| Number of shares ('m) | | | | | 180.700 |
| Valuation (ZAR per share) | | | | | 39.37 |

Source: Company data, Chronux Research estimates

- The Materials Handling & Mining exit multiple is low due to the high proportion of more volatile mining revenue from Bauba Resources. The entry into the junior mining sector is not without risks – the capex profile has increased significantly to fund the capitalisation of the operations.
- However, with the mining operations now established and reaching steady state the mining development risks appear to have been passed.
- On a PE valuation, we would put Raubex on a normalised 6-7 times PE multiple in the long-term.

Figure 3 Revenue and Operating Profit



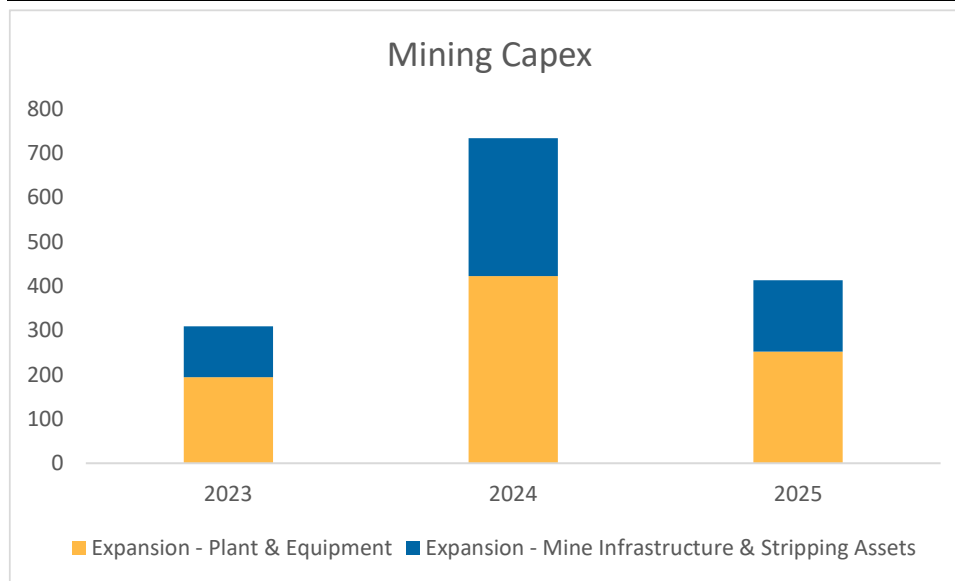
Source: Chronux Research

Notes from the Bauba Site Visit

Bauba Resources

- Raubex now owns 65% of Bauba, having diluted after period end as the partner (Pelagic – a commodity trader) wants to own 35%. Pelagic looks after the logistics operations.
- Raubex paid a total of approx. R180m for the purchase of 65% of Bauba Resources. Capex spent so far total approx. R1.2bn, with a further R300m required over the next 12 months (tailings, PGM plant). Capex for the division is high (approx. R1.5bn to be spent at Bauba) – this will be largely finished in FY25.

Figure 4 Bauba - Capex



Source: Company data, Chronux Research estimates

- Raubex should be able to fund the capex from internal resources and will not need to raise debt. The payback period looks to be 4-5 years. Ongoing maintenance capex for the mining division should be approx. R40-50m/annum.
- Bauba operates at a 10-15% operating margin and should contribute approx. 60% of divisional earnings. The addition of the washing plant should increase margins by approx. 20%.

Moeijelijk

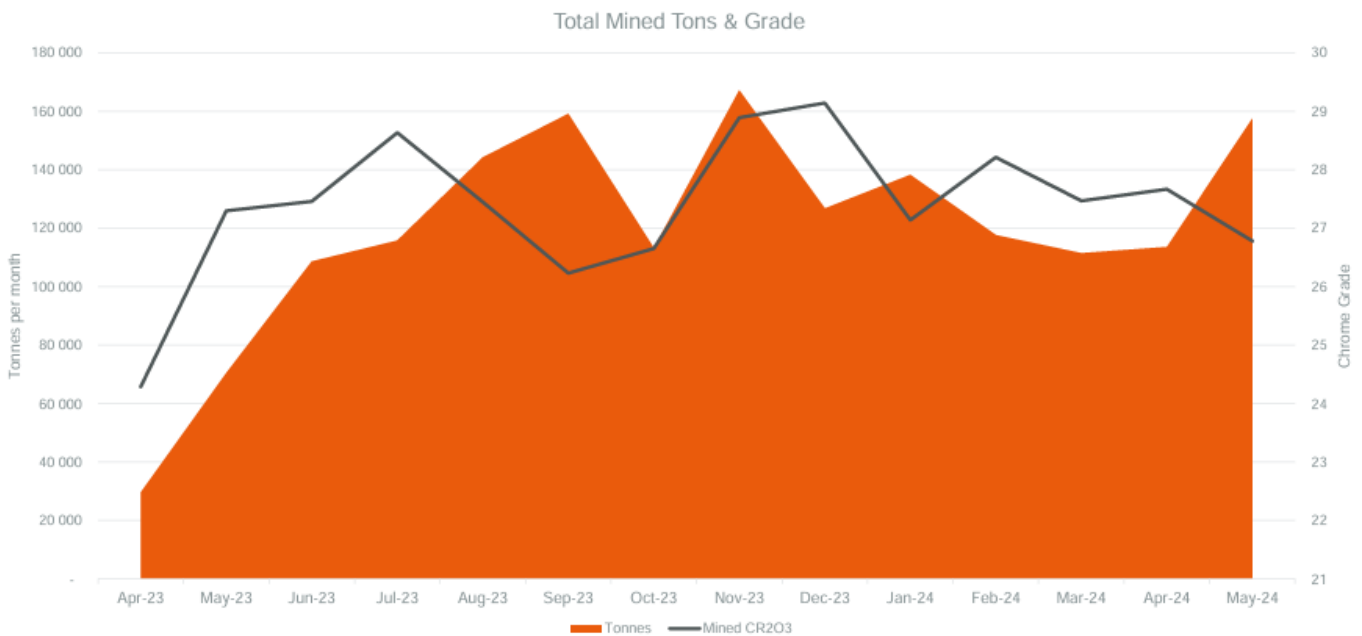
- Moeijelijk was the first operation at Bauba and commenced operations in 2017. It was initially an opencast mine but has now moved underground.
- The underground Moeijelijk chrome mine has been challenging and a belt has been installed to reduce bottlenecks. The mining contractor has been replaced. Moeijelijk should produce 45ktpm ROM (current production 30ktpm) and 20-25ktpm chrome concentrate. The chrome ore is higher grade than Kookfontein but has a lower PGM grade.
- Moeijelijk produces speciality grade products
- Life of mine is approx. 6-7 years.
- B&E operates the processing plant and SPH provides some of the mining equipment.

Kookfontein

- Kookfontein is an opencast operation. The central pit is now exhausted (UG2 PGM's) and Bauba is moving to the N and S pits which are mainly chrome. 25% of revenue comes from PGM by-product sales (could be higher due to the current low PGM prices).

- SPH fleet is being used at Kookfontein, although specialised mining contractors have been brought in for the actual mining. B&E drills are being used and B&E operates the washing plant.
- North Pit:
 - Target production 50-60ktpm.
 - 5mt reserves, 10 year LOM.
 - The stripping ratio is 3:1.
 - Production started in June 2023.
- South Pit
 - Target production 80-90ktpm.
 - Stripping ratio 5:1.
 - LOM 7-8 years.
- ROM will be 1.4mtpa @27.8% Cr. An 80ktpm processing plant is being built to process ROM to chrome ore (40ktpm is up and running). The washing plant can process 960ktpa of ROM production, with the additional ROM sold to other mining companies in the region who have washing capacity or washed through tolling agreements.
- Concentrate sales are approx. 480ktpa, with PGM production of 18kozpa.
- Kookfontein has a 10-12 year LOM (up to 15 years if production is called back to 1mtpa to match washing capacity). Reserves are 13.3mt.
- Life of mine is approx. 10 years. PGM's will make up approx. 15% of revenue.
- Future work includes a tailings storage facility and PGM washing plant (R165m).

Figure 5 Kookfontein – Production and Grades



Source: Company data, Chronux Research estimates

Naboom

- Naboom has been purchased for R100m to add to reserves – it has a 10-year life of mine at a production rate of 80ktpm.
- Reserves are 5.8mt @36% Cr (although there is an inferred reserve of 9mt). Resources are 31mt.

- No decision on starting date has been made yet. Capex should be similar to Kookfontein to bring into production, although the contract mining will be outsourced (this saves approx. R500m for equipment).
- Combined mineral reserves for Bauba are shown in the following chart.

Figure 6 Bauba – Combined Mineral Reserve

| Area | ROM (mt) | Mineral Reserve Grades Element Oxides (%) | | | | | | 3E+Au (g/t) |
|----------------------------------|---------------|---|--------------|--------------------------------|--------------|------------------|---------------|-------------|
| | | Cr ₂ O ₃ | FeO | Al ₂ O ₃ | MgO | SiO ₂ | Cr : Fe Ratio | |
| Proved Mineral Reserves | | | | | | | | |
| Kookfontein | 6.328 | 27.61 | 20.78 | 14.90 | 11.03 | 19.60 | 1.17 | 1.43 |
| Moeijelijk | 1.281 | 28.82 | 19.61 | 10.57 | 11.57 | 20.29 | 1.29 | |
| Naboom | | | | | | | | |
| Total | 7.609 | 27.81 | 20.58 | 14.17 | 11.12 | 19.72 | 1.19 | 1.43 |
| Probable Mineral Reserves | | | | | | | | |
| Kookfontein | 6.972 | 27.54 | 21.06 | 14.88 | 10.97 | 18.15 | 1.15 | 1.48 |
| Moeijelijk | 3.790 | 28.51 | 19.75 | 9.86 | 12.03 | 19.73 | 1.27 | |
| Naboom | 5.823 | 32.52 | 21.52 | 14.06 | 11.47 | 14.42 | 1.33 | 2.03 |
| Total | 16.584 | 29.51 | 20.92 | 13.45 | 11.39 | 17.20 | 1.24 | 1.73 |
| Grand Total | 24.193 | 28.97 | 20.81 | 13.68 | 11.30 | 17.99 | 1.23 | 1.63 |

Source: Company data, Chronux Research estimates

- Combined mineral resources for Bauba are shown in the following chart.

Figure 7 Bauba – Combined Mineral Resource

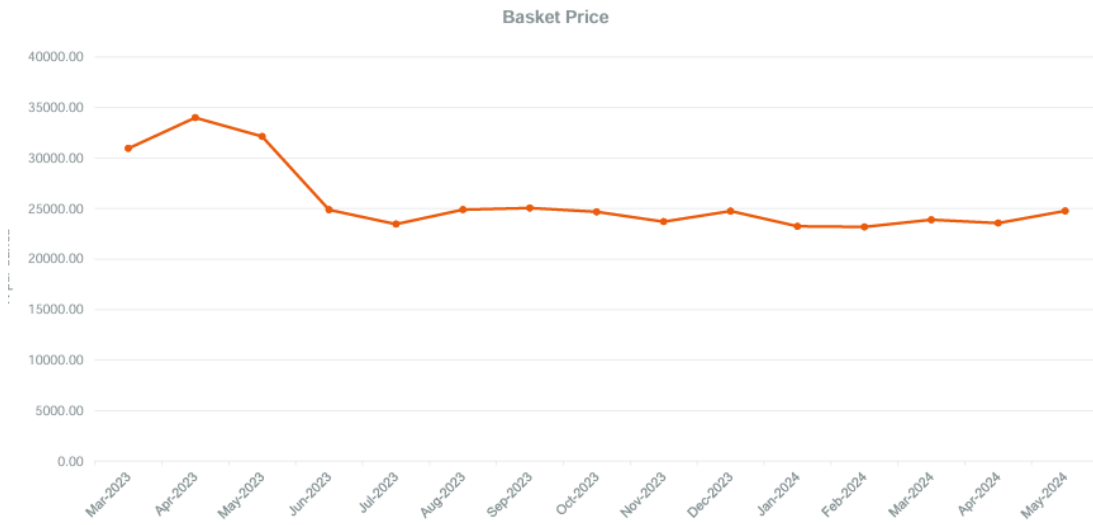
| Mineral Resource | Million tonnes | Cr ₂ O ₃ | 4E (g/t) |
|------------------------------|----------------|--------------------------------|-------------|
| Moeijelijk LG6 Package | 4.86 | 40.89 | - |
| Kookfontein Mineral Resource | 35.30 | 29.32 | 1.39 |
| Naboom Mineral Resource | 31.07 | 35.63 | 1.99 |
| Bauba Grand Total | 71.23 | 32.86 | 1.67 |

Source: Company data, Chronux Research estimates

Chrome market

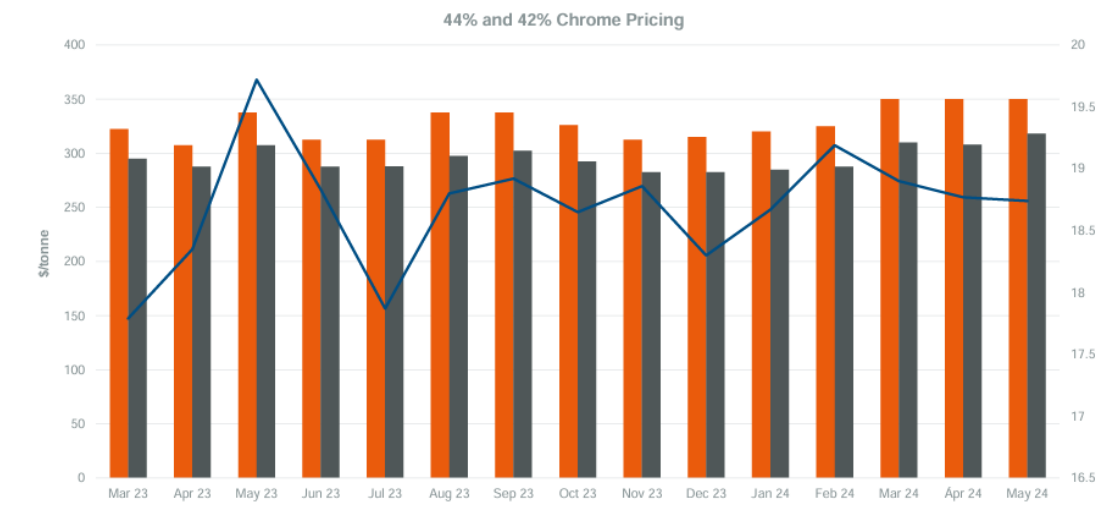
- Benchmark 42% Cr concentrate prices have been relatively stable over the last 18 months.
- The PGM basket is at very low levels.
- Bauba is paid at the mine gate with equity partner Pelagic managing the marketing and logistics to the port. Transport costs to the port (truck) are approx. US\$120/t.
- Chrome and PGM basket pricing are shown in the following charts.

Figure 8 PGM Basket Pricing



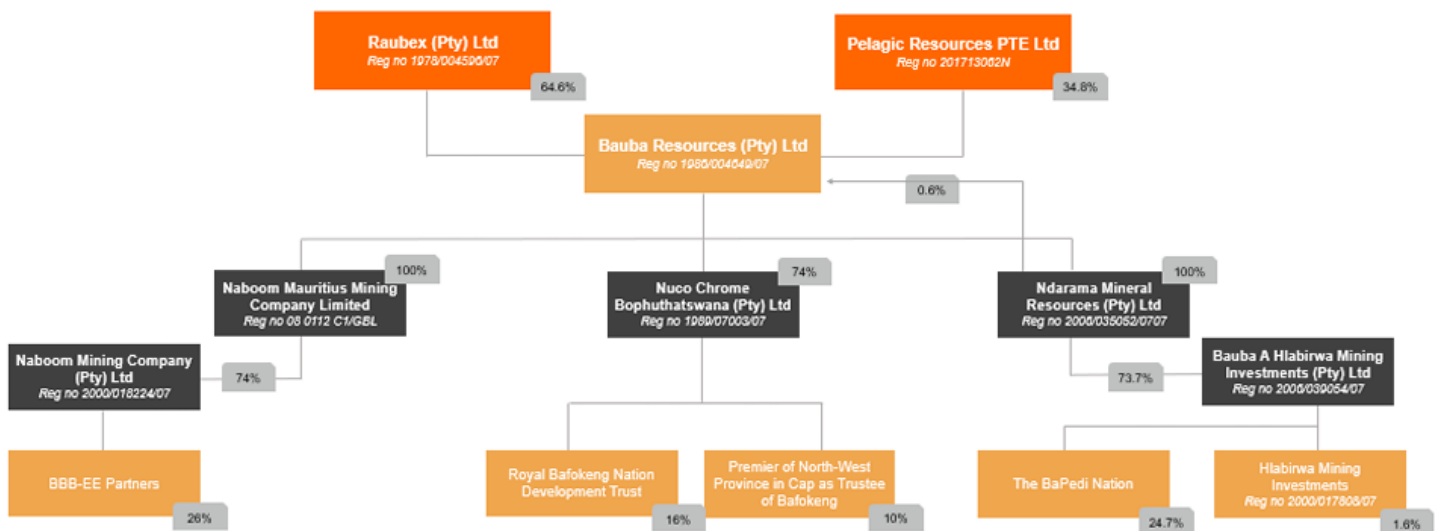
Source: Company data, Chronux Research estimates

Figure 9 44% and 42% Chrome Pricing



Source: Company data, Chronux Research estimates

Figure 10 Bauba – Ownership Organogram



Source: Company data, Chronux Research estimates

Notes from the FY24 Results

Materials Handling & Mining - Other

- B&E – the flagship Namdeb contract is going well with some extra volumes added. B&E runs the washing plants at Kookfontein and Moeijelijk. Contract crushing activity for roads has started to pick up.
- SPH – revenue has been impacted by a slowdown in the PGM sector (Pilanesberg Platinum terminated its contract as it scales down). Equipment was moved to Kookfontein where SPH is doing the mining activities. The gold tailings sector has also slowed down. New opportunities are being explored but some restructuring may be required.
- OMV – the bentonite mine in Steelpoort is gaining market share (against imported bentonite).
- Raubex is not looking to grow its mining contracting business from the current size due to the high capex requirements. The focus will be on getting Bauba operations to steady state and generating cash to recover the invested capital.

Construction Materials

- Bitumen supply in South Africa is a problem, with refineries not looking like they will open again. Tosas has been importing bitumen to make up the shortfall, with other importers also in the market. It is likely to oil companies will start to import bitumen themselves to supply local market demand as they have storage facilities.
- Raubex has a 60% market share in bitumen supply. The market has become very competitive despite the lack of local bitumen.
- The bitumen price is regulated in South Africa (in US\$). However, an increase in volumes is beneficial to Raubex with margins typically increasing for Tosas and the asphalt operations.
- Raubex has bitumen storage for three months of internal requirements.
- Demand has started to pick up as large road projects reach the stage when asphalt is required. This should impact earnings in 2H FY25 and FY26.

- Regional asphalt plants in KZN have been closed with the focus on 4 strategic plants that can supply the N2/N3 road projects.

Roads & Earthworks

- SANRAL has R13bn of tenders awaiting adjudication with Raubex hopeful of being successful is starting to replace current contracts. The awards were due at the end of March but have been delayed.
- Current projects for SANRAL (two on N3, one on N2) finish in a staggered manner over the next 12-18 months. These are likely to be replaced by further SANRAL work.
- The 3–5-year outlook for SANRAL spending is looking good, with the private concessionaires then due to enter a capital phase as their 30-year contracts come to an end (this work should start in 2-3 years). Provincial spend is up in W Cape, Free State, Limpopo and Mpumalanga.
- This gives good line of sight for road work for the next 5-8 years and allows Raubex to start to selectively tender – this has positive implications for margins.

Infrastructure

- While the REIPP has stalled, the private sector is very active in renewable energy. Raubex is focusing on solar and wind opportunities, with the private sector more attractive (less prescriptive procurement rules, especially local content).
- The construction opportunity is typically 20-25% of project value. Margins are typically double digit for renewable energy projects.
- Raubex has been awarded two small PV farms and has signed two of three wind projects for private developer ACED. Raubex has also been awarded the keystone manufacturing contract.
- Renewable energy activity in Western Australia is also picking up.
- General contracting is seeing an uptick in commercial building after a slow two years. The housing market is busy and student accommodation a growth sector.
- Government has committed to PPP's in border posts and tenders have been advertised. Raubex will bid for all six border posts.

Rest of Africa

- Zambia continues to pay the amount owed to Raubex in small increments. R67.8 was received in FY24. R70.3m is still outstanding.
- The Senqu bridge in Lesotho (R800m) and Namdeb (R1.3bn over 5 years) projects are proceeding well.
- The Mozambique gas project may start again with Raubex looking to mobilise the plants should activity start.
- Tschudi Copper in Namibia may start again with the high copper prices – this was a good project for Raubex.

Australia

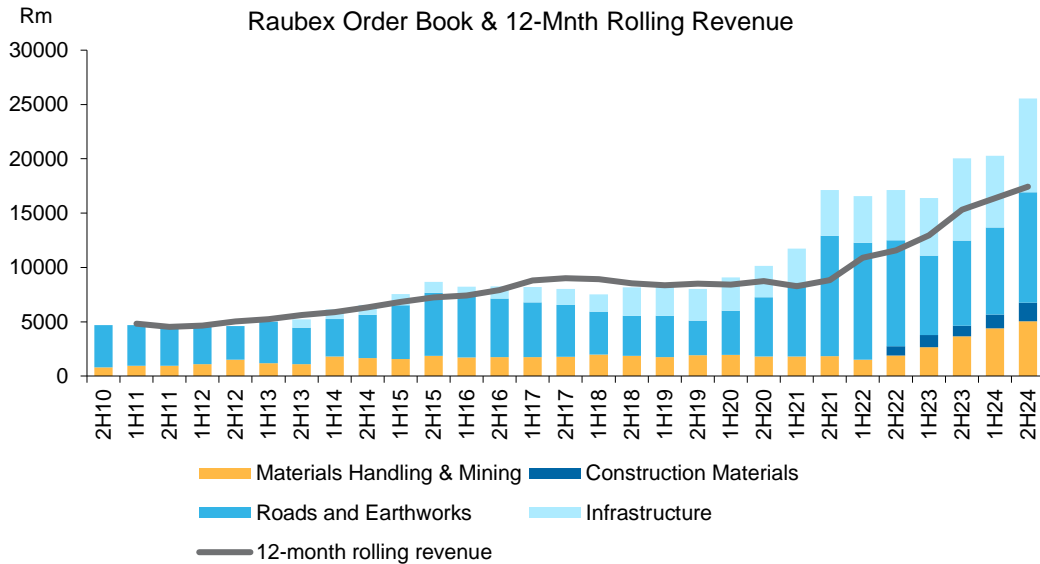
- The Australian business continues to perform well. Operating margins of high single digits (7-8%) are expected going forward.
- A mini-Raubex is being created in Australia in low-risk contracting market.

Order Book

- The order book has grown strongly and provides good visibility for growth into FY25 and FY26.

- The order book increased to R25.5bn (from R20bn) with growth in all divisions. The risk profile in the order book remains low with projects starting to be selectively bid. SANRAL does seem to be getting back to a more regular tender award process and combined with other road and building/civil work the scope for further order book growth is looking promising.

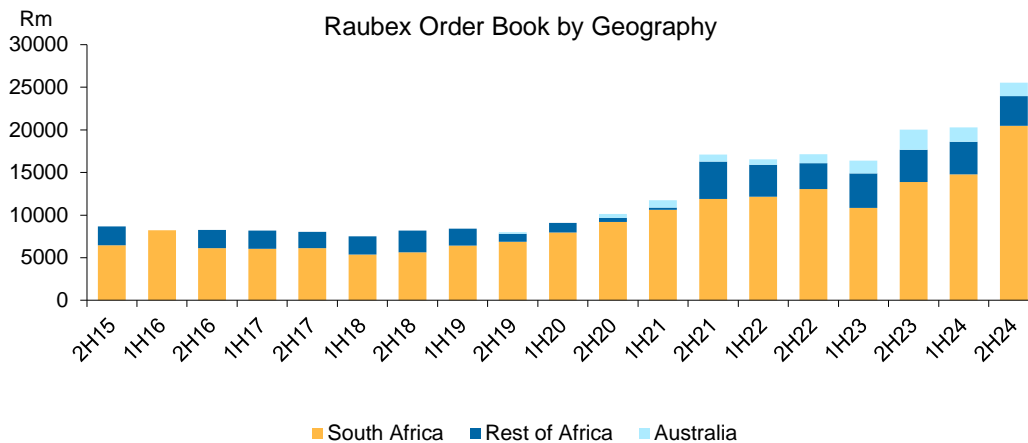
Figure 11 Order Book by Division



Source: Company data, Chronux Research estimates

- The diversity of the order book through the divisions is evident as the order book has grown in recent periods. There is a more evenly spread of work through the divisions now providing more sustainability to the business.
- The order book in the Rest of Africa has maintained despite the completion of the Beitbridge project. The Australian order book remains robust.

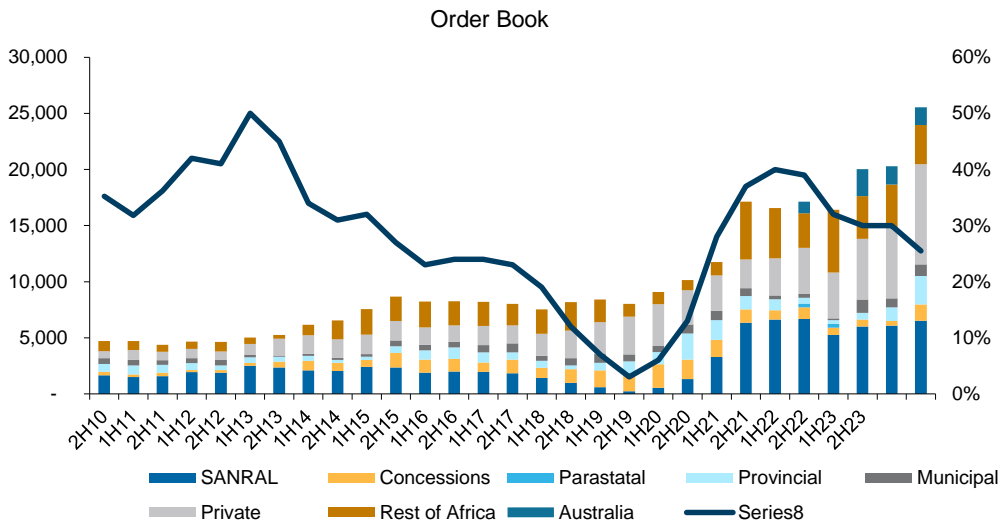
Figure 12 Order Book by Geography



Source: Company data, Chronux Research estimates

- SANRAL makes up 26% of the total order book. Raubex is looking to diversify away from SANRAL, and this exposure is likely to slowly decline over time. However, it remains an important part of the business and an active SANRAL also soaks up capacity – allowing margin expansion in the overall road sector.

Figure 13 Order Book by Sector



Source: Company data, Chronux Research estimates

Divisional Forecast

Figure 14 Divisional Forecast

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|--|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenue | 8,846,454 | 11,577,951 | 15,307,479 | 17,425,168 | 19,056,533 | 20,458,432 | 21,982,706 |
| Materials Handling & Mining | 2,452,181 | 1,611,100 | 2,877,958 | 4,017,939 | 4,386,683 | 4,529,183 | 4,683,081 |
| Contracting | 992,853 | 1,114,360 | 1,147,042 | 1,099,387 | 1,187,338 | 1,282,325 | 1,384,911 |
| Sale of ore | | 21,569 | 1,359,851 | 2,367,974 | 2,604,771 | 2,604,771 | 2,604,771 |
| Commercial quarry aggregates gypsum | 1,107,148 | 433,359 | 369,602 | 548,899 | 592,811 | 640,236 | 691,455 |
| Plant hire | 352,180 | 41,537 | - | - | - | - | - |
| Property sales & rentals | | 275 | 1,463 | 1,679 | 1,763 | 1,851 | 1,944 |
| Construction Materials | | 1,842,024 | 1,877,175 | 2,421,660 | 2,615,393 | 2,824,624 | 3,050,594 |
| Contracting | | 40,557 | 14,789 | 7,417 | 8,010 | 8,651 | 9,343 |
| Commercial quarry aggregates gypsum | | 878,980 | 629,331 | 960,289 | 1,037,112 | 1,120,081 | 1,209,688 |
| Bitumen emulsion products and services | | 521,630 | 682,264 | 696,261 | 751,962 | 812,119 | 877,088 |
| Asphalt supply | | 400,857 | 550,791 | 757,693 | 818,308 | 883,773 | 954,475 |
| Roads & Earthworks | 3,549,996 | 4,576,198 | 6,037,985 | 5,668,427 | 6,235,270 | 6,734,091 | 7,272,819 |
| Contracting | 2,930,578 | 4,576,198 | 6,037,985 | 5,668,427 | 6,235,270 | 6,734,091 | 7,272,819 |
| Bitumen emulsion products and services | 296,156 | - | - | - | - | - | - |
| Asphalt supply | 323,262 | - | - | - | - | - | - |
| Infrastructure | 2,844,277 | 3,548,629 | 4,514,361 | 5,317,142 | 5,819,187 | 6,370,533 | 6,976,213 |
| Contracting | 2,741,607 | 3,477,619 | 4,458,811 | 5,156,506 | 5,642,488 | 6,176,163 | 6,762,406 |
| - South Africa & Africa | 1,643,370 | 1,837,540 | 1,934,951 | 1,836,530 | 2,056,914 | 2,303,743 | 2,580,192 |
| - Australia | 1,098,237 | 1,640,079 | 2,523,860 | 3,319,976 | 3,585,574 | 3,872,420 | 4,182,214 |
| Property sales rentals and development | 102,670 | 71,010 | 55,550 | 160,636 | 176,700 | 194,370 | 213,807 |
| Revenue growth | 1% | 31% | 32% | 14% | 9% | 7% | 7% |
| Materials Handling & Mining | -11% | -34% | 79% | 40% | 9% | 3% | 3% |
| Contracting | -15% | 12% | 3% | -4% | 8% | 8% | 8% |
| Sale of ore | | | | 74% | 10% | 0% | 0% |
| Commercial quarry aggregates gypsum | 0% | -61% | -15% | 49% | 8% | 8% | 8% |
| Plant hire | -26% | -88% | | | | | |
| Property sales & rentals | | | 432% | 15% | 5% | 5% | 5% |
| Construction Materials | | | 2% | 29% | 8% | 8% | 8% |
| Contracting | | | -64% | -50% | 8% | 8% | 8% |
| Commercial quarry aggregates gypsum | | | -28% | 53% | 8% | 8% | 8% |
| Bitumen emulsion products and services | | | 31% | 2% | 8% | 8% | 8% |
| Asphalt supply | | | 37% | 38% | 8% | 8% | 8% |
| Roads & Earthworks | 10% | 29% | 32% | -6% | 10% | 8% | 8% |
| Contracting | 23% | 56% | 32% | -6% | 10% | 8% | 8% |
| Bitumen emulsion products and services | -49% | | | | | | |
| Asphalt supply | 15% | | | | | | |
| Infrastructure | 3% | 25% | 27% | 18% | 9% | 9% | 10% |
| Contracting | 8% | 27% | 28% | 16% | 9% | 9% | 9% |
| - South Africa & Africa | -18% | 12% | 5% | -5% | 12% | 12% | 12% |
| - Australia | 100% | 49% | 54% | 32% | 8% | 8% | 8% |
| Property sales rentals and development | -50% | -31% | -22% | 189% | 10% | 10% | 10% |
| Operating profit | 364,456 | 945,316 | 1,276,139 | 1,536,688 | 1,827,032 | 2,052,324 | 2,270,666 |
| Materials Handling & Mining | 301,811 | 124,124 | 168,589 | 584,660 | 789,603 | 860,545 | 936,616 |
| Construction Materials | | 178,720 | 81,511 | 115,042 | 130,770 | 169,477 | 183,036 |
| Roads & Earthworks | 10,439 | 267,205 | 510,859 | 331,495 | 374,116 | 437,716 | 509,097 |
| Infrastructure | 52,206 | 375,267 | 515,180 | 505,491 | 532,543 | 584,586 | 641,917 |
| - South Africa & Africa | (22,070) | 197,799 | 267,819 | 226,891 | 245,697 | 274,792 | 307,340 |
| - Australia | 74,276 | 177,468 | 247,361 | 278,600 | 286,846 | 309,794 | 334,577 |
| Other | | | | | | | |
| Operating margin | 4.1% | 8.2% | 8.3% | 8.8% | 9.6% | 10.0% | 10.3% |
| Materials Handling & Mining | 12.3% | 7.7% | 5.9% | 14.6% | 18.0% | 19.0% | 20.0% |
| Construction Materials | | 9.7% | 4.3% | 4.8% | 5.0% | 6.0% | 6.0% |
| Roads & Earthworks | 0.3% | 5.8% | 8.5% | 5.8% | 6.0% | 6.5% | 7.0% |
| Infrastructure | 1.8% | 10.6% | 11.4% | 9.5% | 9.2% | 9.2% | 9.2% |
| - South Africa & Africa | -1.3% | 10.8% | 13.5% | 11.4% | 11.0% | 11.0% | 11.0% |
| - Australia | 6.8% | 10.8% | 9.8% | 8.4% | 8.0% | 8.0% | 8.0% |

Source: Company data, Chronux Research estimates

Figure 15 Income Statement - Forecast

| Raubex Group Limited | 02/2015 | 02/2016 | 02/2017 | 02/2018 | 02/2019 | 02/2020 | 02/2021 | 02/2022 | 02/2023 | 02/2024 | 02/2025 | 02/2026 | 02/2027 |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Sales | 7245 | 7926 | 9006 | 8542 | 8519 | 8735 | 8846 | 11578 | 15307 | 17425 | 19057 | 20458 | 21983 |
| Cost of Goods Sold (COGS) incl. D&A | 6259 | 6802 | 7765 | 7419 | 7795 | 7648 | 7840 | 10021 | 13239 | 14957 | 16579 | 17799 | 19125 |
| Gross Income | 986 | 1123 | 1241 | 1123 | 724 | 1087 | 1006 | 1557 | 2069 | 2468 | 2477 | 2660 | 2858 |
| SG&A Expense | 387 | 454 | 479 | 507 | 526 | 528 | 611 | 633 | 824 | 971 | 1031 | 1107 | 1189 |
| Other Operating Expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | -1 | 0 | 0 | 0 |
| EBIT (Operating Income) | 599 | 669 | 762 | 616 | 197 | 559 | 396 | 924 | 1244 | 1498 | 1446 | 1553 | 1668 |
| Nonoperating Income - Net | 65 | 82 | 73 | 101 | 91 | 13 | 80 | 85 | 145 | 183 | 111 | 149 | 196 |
| Interest Expense | 58 | 85 | 90 | 75 | 58 | 71 | 78 | 65 | 112 | 167 | 196 | 158 | 128 |
| Unusual Expense - Net | - | 5 | 127 | 3 | 49 | 54 | 55 | 22 | 49 | 42 | 0 | 0 | 0 |
| Income Taxes | 179 | 192 | 209 | 188 | 64 | 145 | 139 | 288 | 363 | 399 | 523 | 613 | 702 |
| Equity in Earnings of Affiliates | 0 | 0 | 1 | 0 | -1 | 0 | -1 | -8 | -7 | 1 | 0 | 0 | 0 |
| Consolidated Net Income | 428 | 469 | 410 | 453 | 117 | 301 | 203 | 625 | 859 | 1074 | 839 | 931 | 1035 |
| Minority Interest | 28 | 24 | 38 | 29 | 59 | 49 | 45 | 73 | 154 | 226 | 248 | 266 | 286 |
| Net Income | 400 | 445 | 372 | 424 | 58 | 252 | 158 | 552 | 704 | 848 | 591 | 665 | 749 |
| Discontinued Operations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Income available to Common | 400 | 445 | 372 | 424 | 58 | 252 | 158 | 552 | 704 | 848 | 591 | 665 | 749 |
| Per Share | | | | | | | | | | | | | |
| EPS (recurring) | 2.10 | 2.36 | 2.51 | 2.35 | 0.51 | 1.59 | 1.08 | 3.12 | 4.08 | 4.84 | 5.41 | 6.49 | 7.53 |
| EPS (diluted) | 2.10 | 2.34 | 2.02 | 2.34 | 0.32 | 1.38 | 0.87 | 3.04 | 3.89 | 4.67 | 5.36 | 6.42 | 7.45 |
| Earnings Persistence | 79.72 | 87.47 | 88.70 | 92.52 | 92.49 | 84.14 | 78.48 | 77.43 | 84.64 | 78.17 | | | |
| Dividends per Share | 0.71 | 0.78 | 0.90 | 0.78 | 0.34 | 0.22 | 0.53 | 1.01 | 1.29 | 0.22 | 1.79 | 2.14 | 2.48 |
| EBITDA | | | | | | | | | | | | | |
| EBITDA | 936 | 1043 | 1139 | 980 | 588 | 1024 | 860 | 1361 | 1894 | 2255 | 2681 | 2944 | 3203 |

All figures in millions of South African Rand except per share items.

| Raubex Group Limited | 02/2015 | 02/2016 | 02/2017 | 02/2018 | 02/2019 | 02/2020 | 02/2021 | 02/2022 | 02/2023 | 02/2024 | 02/2025 | 02/2026 | 02/2027 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Rental Expense | 40 | 47 | 53 | 40 | 36 | 38 | 48 | 73 | 85 | 74 | | | |
| Stock Option Comp Exp (Net of Tax) | 20 | 14 | 7 | 0 | 5 | 6 | 8 | 12 | 4 | 8 | | | |
| Foreign Currency Translation Gains/Losses | -1 | 6 | -24 | -9 | 2 | -16 | -14 | 11 | 55 | 24 | | | |
| Tax Rate | 29.4 | 29.1 | 33.8 | 29.4 | 35.1 | 32.5 | 40.5 | 31.2 | 29.6 | 27.1 | 30.0 | 30.0 | 30.0 |
| Headline EPS | 2.09 | 2.34 | 2.02 | 2.29 | 0.32 | 1.62 | 0.82 | 2.97 | 3.93 | 4.76 | 5.41 | 6.49 | 7.53 |
| Headline EPS (diluted) | 2.06 | 2.32 | 2.00 | 2.29 | 0.32 | 1.61 | 0.81 | 2.95 | 3.91 | 4.72 | 5.36 | 6.42 | 7.45 |

All figures in millions of South African Rand except per share items.

| Raubex Group Limited | 02/2015 | 02/2016 | 02/2017 | 02/2018 | 02/2019 | 02/2020 | 02/2021 | 02/2022 | 02/2023 | 02/2024 | 02/2025 | 02/2026 | 02/2027 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Price / Sales | 0.5 | 0.4 | 0.5 | 0.5 | 0.4 | 0.4 | 0.5 | 0.6 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Price / Earnings | 9.7 | 6.8 | 12.0 | 9.7 | 58.3 | 15.1 | 26.2 | 13.1 | 7.3 | 5.9 | 6.4 | 5.3 | 4.6 |
| Price / Book Value | 1.1 | 0.8 | 1.2 | 1.0 | 0.8 | 0.9 | 0.9 | 1.5 | 1.0 | 0.9 | 0.8 | 0.8 | 0.7 |
| Price / Tangible Book Value | 1.5 | 1.0 | 1.5 | 1.3 | 1.1 | 1.2 | 1.2 | 1.9 | 1.2 | 1.0 | 1.0 | 0.8 | 0.7 |
| Price / Cash Flow | 6.7 | 3.7 | 4.6 | 4.9 | 5.5 | 6.5 | 3.7 | 12.9 | 3.2 | 3.4 | | | |
| Price / Free Cash Flow | 53.2 | 11.4 | 8.3 | 10.2 | 17.4 | 438.3 | 5.9 | - | 11.8 | - | | | |
| Dividend Yield (%) | 3.4 | 4.9 | 3.7 | 3.4 | 1.8 | 1.0 | 2.3 | 2.5 | 4.5 | 1.1 | 5.2 | 6.3 | 7.3 |
| Enterprise Value / EBIT | 6.9 | 4.8 | 5.8 | 6.5 | 16.9 | 7.7 | 9.4 | 8.2 | 4.4 | 4.1 | 4.3 | 4.0 | 3.7 |
| Enterprise Value / EBITDA | 4.4 | 3.1 | 3.9 | 4.1 | 5.7 | 4.2 | 4.3 | 5.5 | 2.9 | 2.7 | 2.3 | 2.1 | 1.9 |
| Enterprise Value / Sales | 0.6 | 0.4 | 0.5 | 0.5 | 0.4 | 0.5 | 0.4 | 0.7 | 0.4 | 0.4 | 0.3 | 0.3 | 0.3 |
| EBIT / Interest Expense (Int. Coverage) | 10.4 | 7.9 | 8.5 | 8.2 | 3.4 | 7.9 | 5.1 | 14.2 | 11.1 | 9.0 | 7.4 | 9.9 | 13.0 |

Source: Factset, Company data, Chronux Research estimates

Figure 16 Balance Sheet and Cash Flow - Forecast

| | 02/2015 | 02/2016 | 02/2017 | 02/2018 | 02/2019 | 02/2020 | 02/2021 | 02/2022 | 02/2023 | 02/2024 | 02/2025 | 02/2026 | 02/2027 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Assets | | | | | | | | | | | | | |
| Cash & Short-Term Investments | 937 | 970 | 1104 | 1084 | 963 | 1014 | 1892 | 1505 | 1697 | 1662 | 2217 | 2933 | 4143 |
| Short-Term Receivables | 1634 | 1742 | 1829 | 1779 | 1745 | 1892 | 1651 | 2417 | 2488 | 2977 | 3327 | 3648 | 4001 |
| Inventories | 438 | 482 | 524 | 601 | 698 | 587 | 689 | 975 | 1278 | 1486 | 1531 | 1577 | 1625 |
| Other Current Assets | 23 | 78 | 58 | 20 | 28 | 242 | 61 | 56 | 43 | 176 | 136 | 137 | 137 |
| Total Current Assets | 3033 | 3272 | 3514 | 3484 | 3434 | 3733 | 4293 | 4953 | 5506 | 6301 | 7212 | 8295 | 9907 |
| Net Property, Plant & Equipment | 2172 | 2336 | 2364 | 2410 | 2536 | 2828 | 2679 | 3420 | 4004 | 4976 | 5261 | 5564 | 5885 |
| Total Investments and Advances | 11 | 51 | 49 | 112 | 43 | 97 | 119 | 465 | 628 | 600 | 10 | 10 | 10 |
| Long-Term Note Receivable | 129 | 114 | 101 | 82 | 54 | 108 | 157 | 14 | 4 | 2 | 0 | 0 | 0 |
| Intangible Assets | 795 | 829 | 851 | 948 | 1038 | 1028 | 1025 | 1000 | 1002 | 1084 | 878 | 711 | 576 |
| Deferred Tax Assets | 43 | 42 | 41 | 40 | 95 | 132 | 156 | 115 | 171 | 205 | 205 | 205 | 205 |
| Other Assets | 91 | 82 | 73 | 65 | 67 | 55 | 58 | 32 | 27 | 27 | 185 | 14 | -253 |
| Total Assets | 6273 | 6727 | 6994 | 7140 | 7266 | 7982 | 8487 | 10000 | 11343 | 13195 | 13751 | 14800 | 16330 |
| Liabilities & Shareholders' Equity | | | | | | | | | | | | | |
| ST Debt & Curr. Portion LT Debt | 428 | 411 | 388 | 365 | 299 | 359 | 430 | 465 | 586 | 700 | 704 | 704 | 704 |
| Accounts Payable | 802 | 819 | 909 | 717 | 548 | 463 | 644 | 938 | 1092 | 1384 | 4006 | 4380 | 4789 |
| Income Tax Payable | 27 | 18 | 79 | 85 | 39 | 44 | 33 | 68 | 117 | 91 | 91 | 91 | 91 |
| Other Current Liabilities | 368 | 528 | 569 | 852 | 1172 | 1213 | 1479 | 1906 | 2202 | 2345 | 62 | 62 | 62 |
| Total Current Liabilities | 1625 | 1777 | 1945 | 2019 | 2058 | 2079 | 2586 | 3377 | 3998 | 4521 | 4862 | 5236 | 5645 |
| Long-Term Debt | 672 | 682 | 563 | 411 | 363 | 894 | 747 | 950 | 1033 | 1385 | 1183 | 1019 | 887 |
| Provision for Risks & Charges | 54 | 66 | 75 | 83 | 106 | 108 | 110 | 135 | 135 | 222 | 222 | 222 | 222 |
| Deferred Tax Liabilities | 312 | 310 | 312 | 342 | 292 | 280 | 268 | 245 | 317 | 425 | 425 | 425 | 425 |
| Other Liabilities | 77 | 59 | 150 | 87 | 120 | 107 | 102 | 75 | 56 | 36 | 36 | 36 | 36 |
| Total Liabilities | 2740 | 2894 | 3044 | 2942 | 2938 | 3468 | 3812 | 4782 | 5540 | 6588 | 6728 | 6939 | 7215 |
| Common Equity | 3423 | 3704 | 3797 | 4041 | 4065 | 4256 | 4403 | 4796 | 5298 | 5906 | 6350 | 6922 | 7891 |
| Total Shareholders' Equity | 3423 | 3704 | 3797 | 4041 | 4065 | 4256 | 4403 | 4796 | 5298 | 5906 | 6350 | 6922 | 7891 |
| Accumulated Minority Interest | 111 | 129 | 152 | 157 | 262 | 257 | 271 | 422 | 505 | 701 | 949 | 1214 | 1500 |
| Total Equity | 3533 | 3833 | 3950 | 4198 | 4327 | 4514 | 4674 | 5218 | 5803 | 6607 | 7298 | 8137 | 9391 |
| Total Liabilities & Shareholders' Equ | 6273 | 6727 | 6994 | 7140 | 7266 | 7982 | 8487 | 10000 | 11343 | 13195 | 14027 | 15076 | 16606 |
| Per Share | | | | | | | | | | | | | |
| Book Value per Share | 18.27 | 19.85 | 21.05 | 22.24 | 22.37 | 23.54 | 24.35 | 26.64 | 29.56 | 32.85 | 40.65 | 45.32 | 52.31 |
| Tangible Book Value per Share | 14.03 | 15.41 | 16.33 | 17.02 | 16.66 | 17.85 | 18.68 | 21.08 | 23.96 | 26.82 | 35.76 | 41.36 | 49.10 |
| | 02/2015 | 02/2016 | 02/2017 | 02/2018 | 02/2019 | 02/2020 | 02/2021 | 02/2022 | 02/2023 | 02/2024 | 02/2025 | 02/2026 | 02/2027 |
| Operating Activities | | | | | | | | | | | | | |
| Net Income / Starting Line | 607 | 662 | 619 | 641 | 181 | 446 | 342 | 913 | 1222 | 1473 | 1206 | 1437 | 1645 |
| Depreciation, Depletion & Amortization | 335 | 372 | 375 | 364 | 388 | 462 | 460 | 434 | 646 | 757 | 854 | 892 | 932 |
| Other Funds | -162 | -169 | -88 | -171 | -132 | -110 | -273 | -202 | -299 | -355 | 0 | 0 | 0 |
| Funds from Operations | 780 | 865 | 906 | 834 | 437 | 798 | 529 | 1145 | 1568 | 1875 | 2060 | 2329 | 2578 |
| Changes in Working Capital | -195 | -47 | 79 | 13 | 179 | -208 | 592 | -579 | 23 | -393 | 0 | 0 | 0 |
| Net Operating Cash Flow | 585 | 817 | 984 | 846 | 616 | 590 | 1120 | 566 | 1591 | 1481 | 2060 | 2329 | 2578 |
| Investing Activities | | | | | | | | | | | | | |
| Capital Expenditures | -511 | -550 | -441 | -441 | -421 | -582 | -417 | -696 | -1153 | -1701 | -920 | -1012 | -730 |
| Net Assets from Acquisitions | -215 | -53 | -26 | -123 | -117 | -18 | 0 | -84 | -156 | -128 | 0 | 0 | 0 |
| Sale of Fixed Assets & Businesses | 40 | 49 | 89 | 100 | 60 | 116 | 102 | 187 | 64 | 75 | 0 | 0 | 0 |
| Purchase/Sale of Investments | -11 | -40 | 2 | -38 | -37 | -14 | -1 | -110 | -73 | -45 | 0 | 0 | 0 |
| Other Funds | 0 | 0 | 0 | 0 | 0 | 0 | 180 | 0 | 0 | 31 | 0 | 0 | 0 |
| Net Investing Cash Flow | -696 | -593 | -375 | -502 | -515 | -497 | -136 | -703 | -1317 | -1768 | -920 | -1012 | -730 |
| Financing Activities | | | | | | | | | | | | | |
| Cash Dividends Paid | -131 | -136 | -160 | -164 | -82 | -80 | -43 | -137 | -192 | -249 | -383 | -437 | -505 |
| Change in Capital Stock | 0 | -47 | -120 | 0 | 0 | -15 | 0 | -42 | -68 | 34 | 0 | 0 | 0 |
| Issuance/Reduction of Debt, Net | 341 | -7 | -156 | -182 | -140 | 129 | -9 | 15 | 236 | 499 | -202 | -163 | -132 |
| Other Funds | -33 | -6 | -35 | -15 | -13 | -38 | -24 | -36 | -27 | 19 | 0 | 0 | 0 |
| Net Financing Cash Flow | 177 | -196 | -471 | -360 | -235 | -56 | -112 | -238 | -118 | 247 | -585 | -601 | -638 |
| Exchange Rate Effect | 0 | 3 | -4 | -4 | 12 | 6 | 5 | -3 | 37 | 4 | 0 | 0 | 0 |
| Net Change in Cash | 66 | 32 | 134 | -20 | -121 | 44 | 877 | -379 | 192 | -35 | 555 | 716 | 1210 |
| Free Cash Flow | | | | | | | | | | | | | |
| Free Cash Flow per Share | 0.39 | 1.41 | 2.96 | 2.23 | 1.07 | 0.05 | 3.86 | -0.71 | 2.42 | -1.21 | 6.29 | 7.26 | 10.19 |
| Free Cash Flow Yield (%) | 1.9 | 8.8 | 12.1 | 9.8 | 5.8 | 0.2 | 16.9 | -1.8 | 8.5 | -4.3 | 18.4 | 21.3 | 29.9 |

Source: Factset, Company data, Chronux Research estimates

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