

Interim Results

Six months ended
31 August
2024



Goodenough Abstraction Weir, Lower Umkhomazi Water Scheme, Umgeni Water, KwaZulu-Natal

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Russell Crawford
CEO

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Yolanda du Plessis
CFO

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Russell Crawford
CEO

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Operational
review



Inlet Works, Paarl Waste Water Treatment Plant, Drakenstein Municipality, Paarl, Western Cape

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Key Indicators (continuing operations)

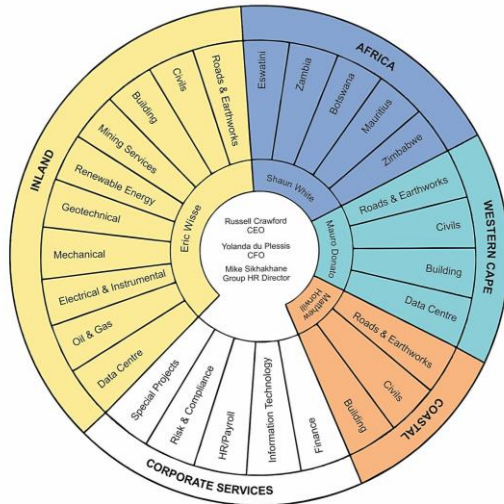


Westown Square Shopping Centre, Fundamentum Property Group, Shongweni, KwaZulu-Natal

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Organisational Structure

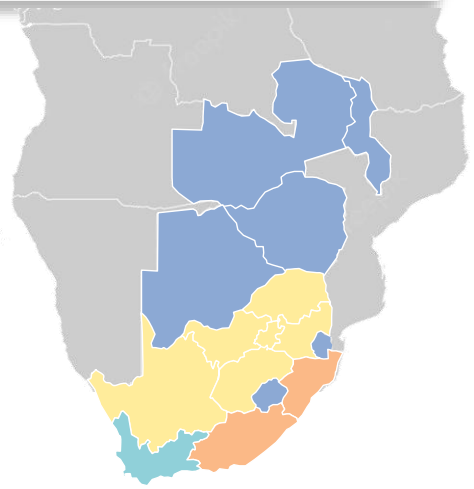


INLAND REGION

COASTAL REGION

WESTERN CAPE REGION

AFRICA REGION



Regional Performance

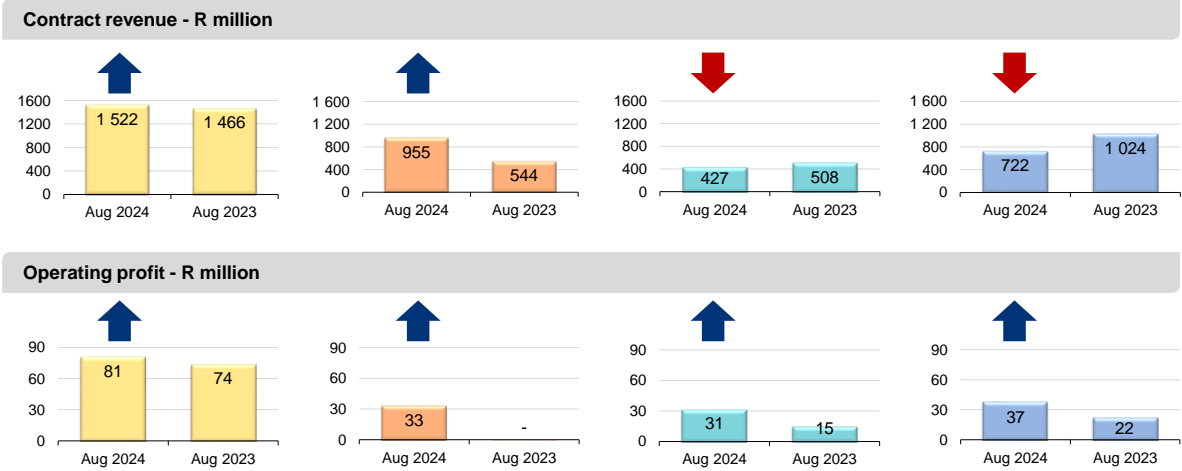


INLAND REGION

COASTAL REGION

WESTERN CAPE REGION

AFRICA REGION



Order Book and Opportunities



INLAND
REGION

COASTAL
REGION

WESTERN CAPE
REGION

AFRICA
REGION

GROUP

Current order book

R4.1 billion

R1.8 billion

R1.6 billion

R1.4 billion

R8.9 billion ↑

Short-term potential awards

±R4.1 billion

±R3.5 billion

±R2.0 billion

±R2.4 billion

±R12.0 billion ↑

Identified prospects

±R20 billion

±R24 billion

±R35 billion

±R36 billion

±R115 billion ↑

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Operating Segments: FY2025 - Continuing Operations



As at 31 August 2024

R'000s	Inland Region	Coastal Region	Western Cape Region	Africa Region	Head Office	Group
Contract revenue	1 521 607	955 077	427 204	721 961	-	3 625 849
Operating profit/ (loss)	80 643	33 258	31 007	37 064	(50 083)	131 889
Operating margin %	5.3%	3.5%	7.3%	5.1%	-	3.6%


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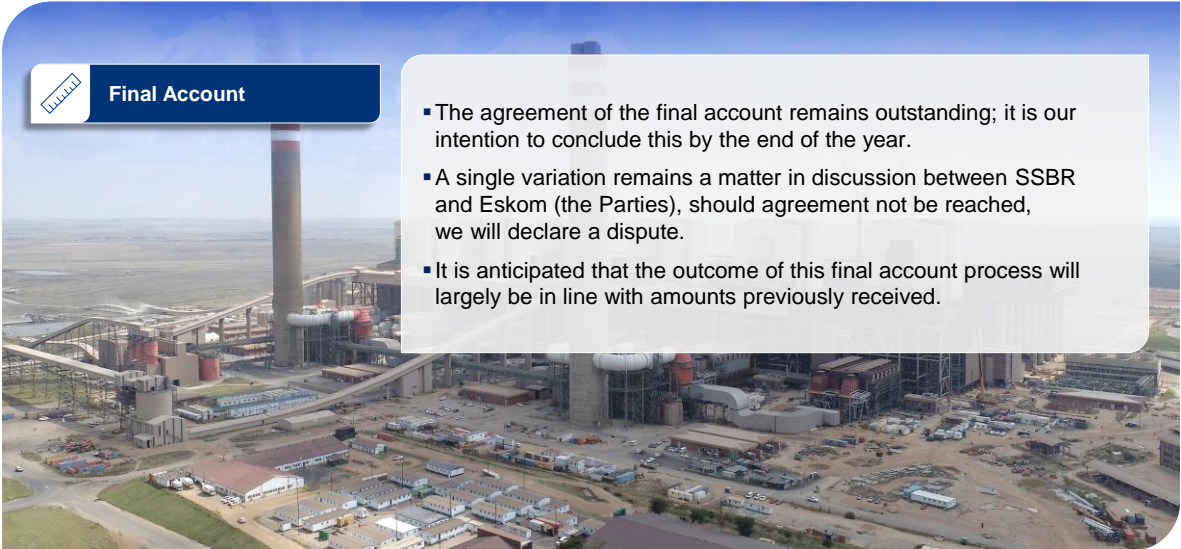
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Eskom – Kusile Building Project SSBR JV Package-16 update



Final Account

- The agreement of the final account remains outstanding; it is our intention to conclude this by the end of the year.
- A single variation remains a matter in discussion between SSBR and Eskom (the Parties), should agreement not be reached, we will declare a dispute.
- It is anticipated that the outcome of this final account process will largely be in line with amounts previously received.



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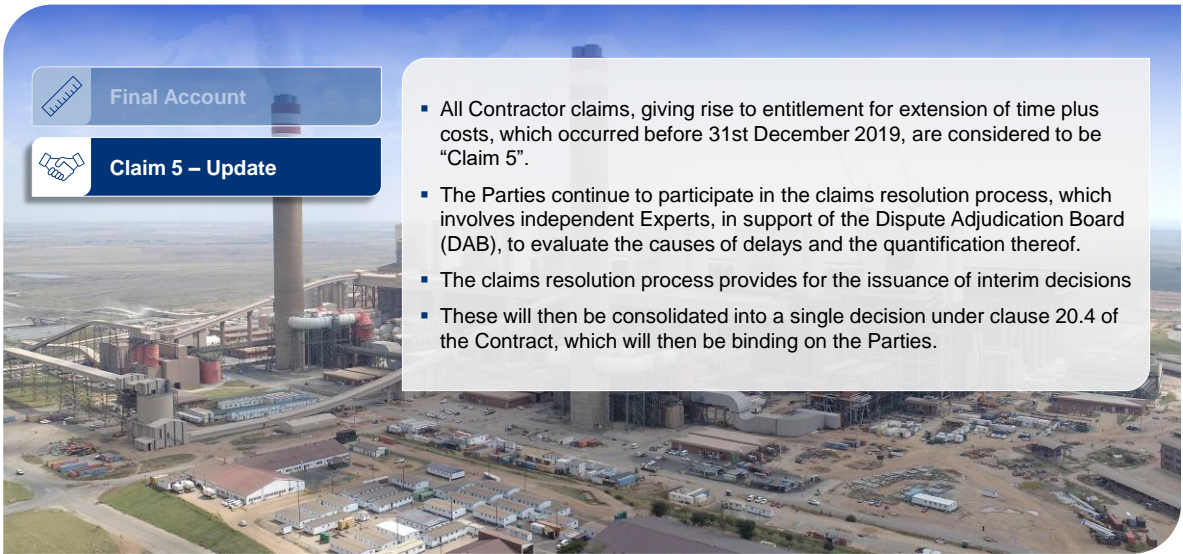
Eskom – Kusile Building Project SSBR JV Package-16 update



Final Account



Claim 5 – Update



- All Contractor claims, giving rise to entitlement for extension of time plus costs, which occurred before 31st December 2019, are considered to be “Claim 5”.
- The Parties continue to participate in the claims resolution process, which involves independent Experts, in support of the Dispute Adjudication Board (DAB), to evaluate the causes of delays and the quantification thereof.
- The claims resolution process provides for the issuance of interim decisions
- These will then be consolidated into a single decision under clause 20.4 of the Contract, which will then be binding on the Parties.

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Eskom – Kusile Building Project SSBR JV Package-16 update



Final Account



Claim 5 – Update



Claim 5 – Delay



- The original contract duration was six years with a completion date of November 2016, and a total planned construction duration of 19 000 days, for the 77 sections.
- The Phase 1 and 2 delay analysis has been concluded as previously reported:

Phase 1: Access delays	Agreed total delays: 45 088 days This phase is now complete.	} Current agreements give rise to a four-year extension of time = 192 years delay
Phase 2: Construction delays	Agreed total delays: 25 136 days This phase is now complete.	
Phase 3: Commissioning delays	Due to excessive delays during the commissioning phase, the DAB and experts continue to work towards finding pragmatic solutions, to deal with the time and cost impact of phase 3. We anticipate this process to be complete by the end of the year.	

- Following the conclusion of phase 3 delay entitlements, a final expert delay report will be drafted and issued by the DAB as an interim decision.

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Eskom – Kusile Building Project SSBR JV Package-16 update



Final Account



Claim 5 – Update



Claim 5 – Delay



Claim 5 – Quantum

- The Quantum Experts and DAB have made good progress in respect of the financial aspects of the claim, and the remaining matters in dispute have been substantially reduced.
- It is anticipated that the DAB and quantum experts will resolve the remaining matters, before the end of the financial year.
- The quantum experts have provided the DAB with a comprehensive quantum calculation model, which will be used to calculate the Contractor's entitlement.
- We expect the final outcome to be published by the DAB before the end of the financial year as a 20.4 decision in terms of the contract.
- On receipt of this decision either party may issue a notice of dissatisfaction with the ruling and refer the dispute to arbitration.
- However, such ruling will remain enforceable unless and until overturned in arbitration.

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Eskom – Kusile Building Project SSBR JV Package-16 update



Final Account



Claim 5 – Update



Claim 5 – Delay



Claim 5 – Quantum



Claim 6 – Post Dec 2019

- All Contractor claims, giving rise to entitlement for extension of time plus costs, which occurred after December 2019, are considered to be "Claim 6".
- There is an element of overlap between certain Claim 5 events, the effects of which have an impact on the critical path, with respect to Claim 6's period.
- Therefore Claim 6 can only be dealt with, once the Claim 5 entitlements have been resolved.
- We are hoping to apply the same quantum principles to Claim 6, as were applied to Claim 5.

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Eskom – Kusile Building Project SSBR JV Package-16 update



- Final Account
- Claim 5 – Update
- Claim 5 – Delay
- Claim 5 – Quantum
- Claim 6 – Post Dec 2019
- Claims recognition

- On final award from the DAB, the entitlements that will emanate from Claims 5 and 6, will be recognised in the financial statements.

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Eskom – Kusile Power Station SS-Izazi JV Package-28 update



- Jun 2018** Adjudication proceedings commenced – unassessed compensation events
- Feb 2019** Contract terminated due to denied access to complete the works
- Aug 2019 & Apr 2020** Negative final payment certificates – alleged overpayments
- May 2020 to Oct 2020** Notification of many new disputes included in an adjudication process
- Nov 2020 & Feb 2021** Adjudication hearings conducted
- 2021** An agreed Independent Quantum Expert Process to resolve these disputes
- 2022** In order to accommodate this independent expert process, the parties agreed to stay the adjudication and requested the adjudicator not to publish his decision.
- Feb 2022 to Aug 2022** Re-measurement of the works is complete, and a final value for work done has been agreed.
- Nov 2023 to November 2024** The group is confident that the final payment application is accurate, and therefore no provision for over-payment has been made.

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Financial
review

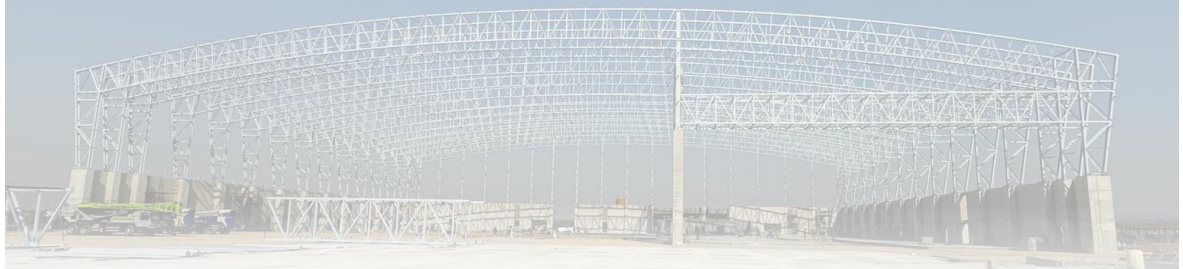
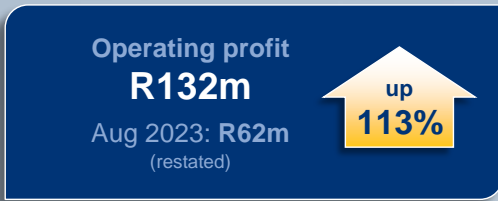


VVIP Aircraft Hangar, Sikhupe International Airport, Eswatini Government, Eswatini

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Financial Review



VVIP Aircraft Hangar, Sikhupe International Airport, Eswatini Government, Eswatini

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Going Concern



The directors consider it appropriate that the group's results for the period be prepared on the going-concern basis, taking the following into consideration:

The current order book

Short-term potential awards

Identified prospects over the medium- and long-term

Continuing operations executing the group's order book profitably

Reaching a favourable outcome on contractual claims and compensation events on the Kusile power project

Continued support from the Lenders

Successfully implementing the remaining aspects of the Restructuring Plan

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Going Concern



The loan provided by the Lenders has assisted with the group's liquidity, even though at 31 August 2024 the group's current liabilities exceed its current assets by R1,3 billion (Feb 2024: R1,1 billion), and the group's total liabilities exceed its total assets by R94 million (Feb 2024: R52 million). The group remains commercially solvent based on the cash flow projections included in the Restructuring Plan and the continued support of the Lenders.

However, the matters as mentioned, including uncertainties surrounding the contingent liabilities as stated in note 26 of the group's Consolidated Annual Financial Statements for February 2024, continue to indicate that a material uncertainty exists, that may cast doubt on the group's ability to continue as a going concern, and as a consequence could impact on the group's ability to realise its assets and discharge its liabilities in the ordinary course of business.

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Restructuring Plan Update



The following aspects remain outstanding:

1

Concluding the disposal of SS-Construções (Moçambique) Limitada and Stefanutti Stocks Construction Limited, collectively the "disposal group"

2

Reaching a favourable outcome from the processes relating to the contractual claims and compensation events on the Kusile power project

3

Resolution of the arbitral award relating to the Kalabo-Sikongo-Angola border gate road in the Western Province of Zambia; and

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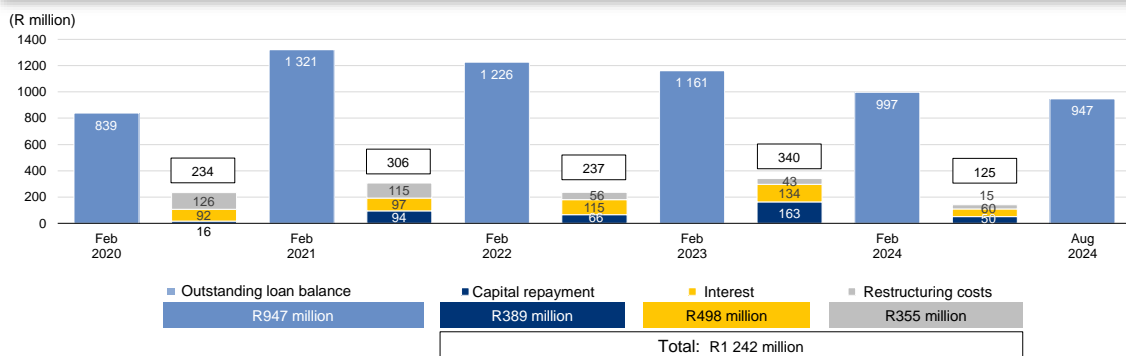
An evaluation of the company's capital structure, including the potential of raising new equity.

The Restructuring Plan is anticipated to be implemented over the period to June 2025 and, to the extent required, shareholder approval will be sought for the remaining aspects of the plan

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Restructuring Plan – Funding Loan



On 27 March 2024, the group reached agreement with the Lenders to extend the capital repayment profile of the funding loan as well as its duration to 30 June 2025.

Capital repayments of R13 million and R37 million were made in March 2024 and July 2024 respectively, reducing the funding loan to R947 million

The funding loan bears interest at prime plus 3.7%, including arranging and facility fees and is serviced monthly. Interest paid for the period is R60 million

The Lenders continue to provide guarantee support for current and future projects being undertaken by the group

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Statement of Profit or Loss



- 1 Hyvec JV, which formed part of the disposal group, has been reclassified to continuing operations as at 29 February 2024
- 2 The Statement of profit or loss for 31 August 2023 has been restated to reflect this change
- 3 Additional resources required for the Hyvec JV to achieve the construction programme, resulted in the group recognising a further onerous contract provision of R30 million.

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Statement of Profit or Loss



R'000	Unaudited 31 Aug 2024	Restated 31 Aug 2023
Continuing operations		
Contract Revenue	3 625 849	3 542 261
EBITDA	166 136	90 335
EBITDA %	4.6%	2.6%
Depreciation	(34 247)	(27 917)
Fair value adjustments	-	(437)
Operating profit before investment income	131 889	61 981
Operating margin %	3.6%	1.7%
Investment income	26 877	17 068
Share of losses of equity-accounted investees	(1 078)	(328)
Operating profit before finance costs	157 688	78 721
Finance costs	(73 750)	(78 660)
Profit / (loss) before tax	83 938	61
Taxation	(33 337)	(12 516)
Profit / (loss) for the period from continuing operations	50 601	(12 455)
(Loss) / Profit after tax for the period from discontinued operations	(47 734)	10 434
Profit / (loss) for the period for total operations	2 867	(2 021)
Profit / (loss) attributable to equity shareholders	2 867	(2 021)
Total comprehensive income attributable to equity holders of the company	(44 390)	11 139
Number of weighted average shares in issue	167 243 684	167 243 684
Number of diluted weighted average shares in issue	173 301 536	167 243 684
EPS - Continuing operations (cents)	30.25	(7.45)
- Total operations (cents)	1.71	(1.21)
Diluted EPS - Continuing operations (cents)	29.20	(7.45)
- Total operations (cents)	1.65	(1.21)

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Statement of Financial Position



R'000	Unaudited 31 Aug 2024	Audited 29 Feb 2024
ASSETS		
Non-current assets	1 138 970	1 008 977
Property, plant and equipment	658 145	528 666
Equity-accounted investees	15 025	24 862
Goodwill	272 376	272 376
Trade and other receivables	9 084	9 531
Deferred tax assets	184 340	173 542
Current assets	3 560 659	3 423 906
Inventories	52 742	46 295
Contracts in progress	596 333	535 792
Trade and other receivables	2 002 390	1 998 873
Taxation	92 973	88 122
Bank balances	816 221	754 824
Non-current assets held for sale and disposal groups	821 954	675 488

- Contracts in progress days increased from 31 days to 34 days

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Statement of Financial Position



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ASSETS		
Non-current assets	1 138 970	1 008 977
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Non-current assets held for sale and disposal groups	821 954	675 488

Trade and other receivables		
Trade receivables	1 375 440	1 218 724
Other receivables	626 950	780 149
	2 002 390	1 998 873

- Debtors days increased from 63 days to 70 days

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Statement of Financial Position



R'000	Unaudited 31 Aug 2024	Audited 29 Feb 2024
ASSETS		
Non-current assets	1 138 970	1 008 977
Property, plant and equipment	658 145	528 666
Equity-accounted investees	15 025	24 862
Goodwill	272 376	272 376
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Non-current assets held for sale and disposal groups	821 954	675 488
TOTAL ASSETS	5 521 583	5 108 371

Liabilities directly associated with disposal groups*	562 457	411 833
* Including interest-bearing liabilities and bank overdrafts of	37 134	57 114

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Statement of Financial Position



R'000	Unaudited 31 Aug 2024	Audited 29 Feb 2024
EQUITY AND LIABILITIES		
Capital and reserves	(93 932)	(51 703)
Share capital and premium	1 007 718	1 007 718
Other reserves	88 802	133 898
Accumulated loss	(1 190 452)	(1 193 319)
Non-current liabilities	212 528	188 578
Financial liabilities	190 043	149 312
Excess billings over work done	22 485	39 266
Current liabilities	4 840 530	4 559 663
Financial liabilities	1 055 276	1 059 014
Trade other payables	1 231 160	1 238 928
Excess billings over work done	1 375 165	1 225 326
Provisions	1 041 372	966 073
Taxation	105 150	70 319
Bank balances	32 407	3
Liabilities directly associated with disposal groups*	562 457	411 833
TOTAL EQUITY AND LIABILITIES	5 521 583	5 108 371
* Including interest-bearing liabilities and bank overdrafts of	37 134	57 114

Total financial liabilities		
Funding loan	947 133	997 120
Instalment sale agreements	116 388	58 438
Lease liabilities	88 621	57 346
VRP Settlement Agreement	71 436	79 945
City of Cape Town settlement	10 340	9 344
Other	11 401	6 133
	1 245 319	1 208 326

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Statement of Financial Position



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TOTAL EQUITY AND LIABILITIES	5 521 583	5 108 371
* Including interest-bearing liabilities and bank overdrafts of	37 134	57 114

- Creditors days increased slightly from 29 days to 32 days

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Statement of Financial Position



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- Excess billings over work done increased to R1 398 million from R1 265 million

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Statement of Financial Position



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- Contracting provisions increased from R966 million to R1 041 million in line with increased trading activity

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Abridged statement of cash flows (total operations)



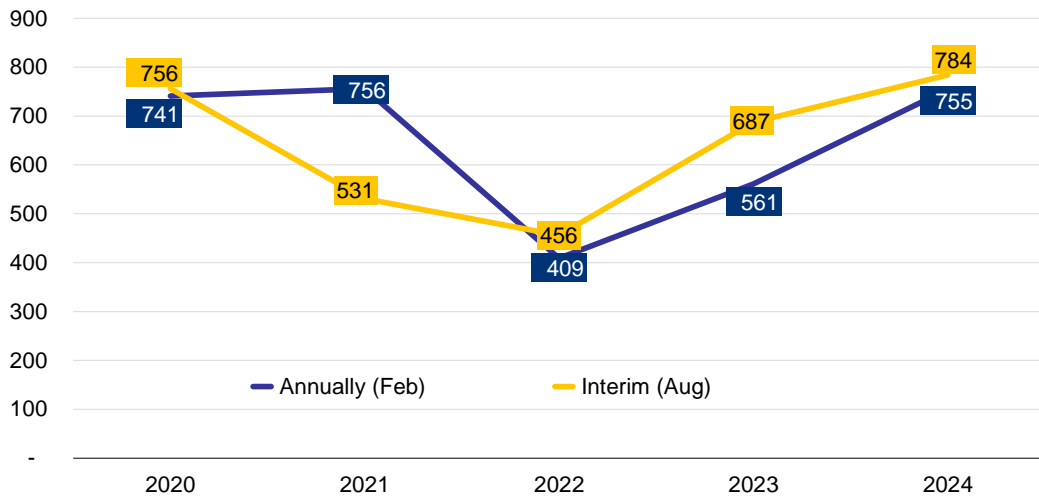
31 August 2024 (Unaudited - Rm)		29 February 2024 (Audited - Rm)
755	Opening cash balance	561
-41	Opening cash balance – discontinued operations	156
191	Cash generated from operations	490
111	Working capital changes	-168
-47	Net interest paid and dividend income	-110
-21	Taxation paid	-63
-47	Investing activities maintaining	-40
14	Other investing activities	107
-94	Financing activities	-226
-9	Exchange rate effects and other	7
-28	Cash at the end of the year – discontinued operations	41
784	Closing cash balance	755

No dividend has been declared

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Comparative Closing Cash Balances (Rm)



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Public Sector infrastructure spend

The Department of Public Works and Infrastructure (DPWI) is considering several drastic measures to overhaul the way it manages, executes and oversees projects to address infrastructure project delays:

- 1 Strict consequence management protocols for contractors who fail to deliver
- 2 Ensuring through the CIDB that only contractors of the appropriate size and an adequate level of expertise are awarded large construction projects
- 3 Enforcing new regulations for tender evaluation to ensure transparency and accountability
- 4 Registration of qualified, accountable professionals to be entrusted with the infrastructure projects
- 5 Contract Management Unit within the DPWI to ensure projects adhere to budgets and are on-time
- 6 Pre-approved panel of contractors - capacity to complete projects on time and within budget
- 7 Payment protocols to ensure departments meet their financial obligations promptly

Double-wall Ammonia Storage Tank, Sasol, Sasolburg, Gauteng

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Public Sector infrastructure spend

Employment Equity Amendment Bill

Informal business forums and communities

Double-wall Ammonia Storage Tank, Sasol, Sasolburg, Gauteng

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Industry-related Matters



Informal business forums and communities



The Department of Public Works and Infrastructure (DPWI) and the Construction Industry Development Board (cidb) convened a National Construction Summit on Crime-Free Sites in Durban on 19 November 2024. This was a significant milestone for the construction industry and was a deliberate and determined response to eradicating extortion and disruptions on construction sites.



DPWI, the South African Police Service and the National Treasury have pledged their commitment across the following key areas:

01 Legislation and Policy

Strengthen the legislation governing the construction industry and implementation of appropriate policies for the development of the construction industry.

02 Law and Order

Improved data and reporting systems, rapid response leading to arrests and prosecutions.

03 Social Facilitation

Develop standard frameworks and guidelines for embedding social facilitation in project planning and implementation.

04 Construction Industry Pathway to Success for the Emerging Sector

Provide for a systematic and structured development of emerging enterprises and skills development

05 Stakeholder Collaboration

Establish collaborative platforms for industry stakeholders to share best practices and collaborate on solutions to the problems faced by the construction industry.

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Strategic Objectives

Far West Gold Recovery Tailings Storage Facility, DRD Gold, Fochville, Gauteng

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Strategic Objectives



1



Successful completion of the Restructuring Plan

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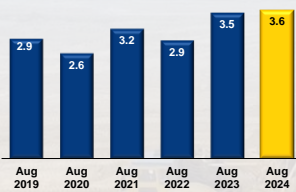
Kusile Power Project

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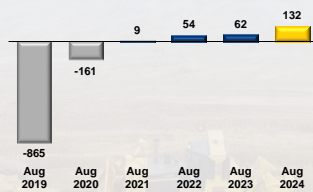


Improve operational performance

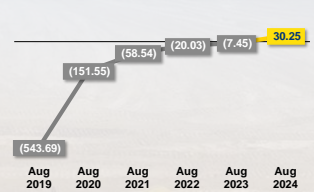
Contract revenue (R billion)



Operating profit / (loss) (R million)



Earnings per Share (cents)



Disclaimer



This presentation may contain forward-looking statements, which include all statements other than statements of historical facts, which have not been reviewed or reported on by the group's auditors, and may reflect the current views or expectations of the group with respect to, among other things, future events, strategy, the economic outlook for the industry, the group's liquidity, capital resources, expenses and financial and operational performance.

Words, including but not limited to, "aim", "believe", "anticipate", "expect", "intend", "could", "would", "should", "estimates", "project", "plan", "may", "potential", "targets" or similar words and phrases or the negative thereof are used to identify such statements. Forward-looking statements, by their very nature, contain known and unknown risks, uncertainties, assumptions and other important factors, because they relate to events and depend on circumstances that may occur in the future, whether or not outside the control of the company.

Such factors may cause the company's actual results, performance or achievements to be materially different from future results, performance, developments or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the company's present and future business strategies and the environment in which it will operate in the future.

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