



Raubex

Date: 30 July 2020

Trading Update for 1H FY21

Key message: Lockdown resulted in approx. R200m in standing costs, but Raubex has emerged with the balance sheet in a better position than at the end of Feb 2020. The recently released SIPS seem to favour roads projects to be the first to market.

- Raubex released a Trading Statement for the six months to August 2021 (1H FY21). HEPS is expected to be at least 80% lower than the 58.6c reported in the previous period.
- This is in line with our forecast of 6c for 1H FY21 (90c for the full FY21).
- Cash generation has remained steady through the lockdown period where normal levels of operations have been achieved by the end of July 2021 (a full shutdown of SA and African operations was in place for April followed by a gradual easing of restrictions).
- Cross-border logistical issues have impacted some African operations. Western Australian operations were minimally impacted by Covid-19.
- Cash balances in July at R1.4bn are running ahead of that reported in February 2021 of R1.01bn, boosted by the R130m proceeds from the property sale and leaseback transaction.
- Debt levels have remained stable at just over R800m.
- Raubex has weathered the initial Covid-10 lockdown period well, in our opinion, with cash balances not being impacted by standing costs. The balance sheet remains in a healthy position (net cash). Management had forecast a R200m standing cost for the lockdown (the monthly wage bill is approx. R150m).
- SANRAL is still due to adjudicate on R18bn of tenders shortly with RBX hoping for awards of R4-5bn. ACSA has cancelled tenders for two runway expansion projects due to Covid impacts on aviation.
- The gazetting of 18 Strategic Integrated Projects (SIPS) on 24 July following the Sustainable Infrastructure Development Symposium which was hosted by President Cyril Ramaphosa on 23 June 2020 indicates some movement in infrastructure development. The roads related work in the SIPS seems to be the most likely to be realised in the short-term, in our opinion, with tender processes for highlighted projects at an advanced stage.

Analyst

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Rating:

Price (30/07/2020):

Target Price:

Total return:

Overweight

R25.00

R29.63

18%

Market cap

Shares in issue

R4,547m

182.2mn

Financial summary

ZARmn (year to February)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	8519	8735	8360	9358	10480
Ebitda	588	1024	790	1183	1360
Net income	58	252	162	365	449
Headline EPS (diluted)	0.32	1.62	0.90	2.02	2.48
PE Ratio	58.3	15.1	29.5	13.1	10.7
Dividend	0.34	0.22	0.45	0.80	0.82
Dividend yield (%)	1.8	1.1	1.7	3.1	3.1

Source: Factset, Company data, Chronux Research estimates

Figure 1 Financial summary

Financial year to February	FY19	FY20	FY21E	FY22E	FY23E
Per share data					
Earnings	0.51	1.59	0.90	2.02	2.48
Headline earnings (diluted)	0.32	1.61	0.89	2.00	2.46
NAV	22.37	23.54	26.97	29.46	32.25
Dividend	0.34	0.22	0.45	0.80	0.82
Valuation ratios					
P/E ratio	58.3	15.1	29.5	13.1	10.7
EV/EBITDA	5.7	4.2	6.6	4.4	3.9
P/B	0.83	0.89	0.97	0.89	0.81
Dividend yield	1.8%	1.1%	1.7%	3.1%	3.1%
Income Statement (ZARmn)					
Sales	8,519	8,735	8,360	9,358	10,480
Operating costs	8,322	8,176	8,031	8,688	9,691
EBIT	197	559	329	670	789
Net interest expense	58	71	102	97	86
Non-operating expenses	141	67	51	52	65
Pretax profit	(1)	420	176	521	638
Tax	(64)	(145)	(83)	(187)	(230)
Minorities	(59)	(49)	(32)	(72)	(88)
Net income	58	252	162	365	449
Cash flow statement (ZARmn)					
Depreciation/amortisation	388	462	462	513	571
Cash from operations	569	908	406	869	1,046
Changes in working capital	179	(208)	0	0	0
Other non-cash items	(132)	(110)	0	0	0
Available cash	616	590	406	869	1,046
Capital expenditure	(478)	(483)	(395)	(415)	(436)
Acquisitions/disposals	(37)	(14)	0	0	0
Investing cash flow	(515)	(497)	(395)	(415)	(436)
Changes in borrowings	(153)	76	15	(46)	(38)
Dividend paid	(82)	(80)	0	(145)	(148)
Financing cash flow	(235)	(4)	15	(192)	(185)
Change in cash	(121)	44	26	262	425
Balance sheet (ZARmn)					
Total assets	7,266	7,982	8,211	8,630	9,126
Cash and equivalents	963	1,014	1,032	1,295	1,720
Current assets	3,434	3,733	3,883	4,283	4,853
Fixed assets	2,536	2,828	2,977	3,136	3,304
Total liabilities	2,938	3,468	3,322	3,290	3,280
Long-term liabilities	881	1,389	1,414	1,316	1,237
Current liabilities	2,058	2,079	1,907	1,974	2,044
Total shareholders' funds	4,327	4,514	4,889	5,340	5,846
Net debt/(cash)	0	(301)	(454)	(57)	(387)
Key ratios					
Operating margin	2.3%	6.4%	3.9%	7.2%	7.5%
RoE	1.3%	5.6%	3.3%	6.8%	7.7%
RoIC	2.7%	7.0%	4.0%	7.8%	8.6%
Net debt/EBITDA	-	0.3	0.6	0.0	0.3
Net debt/equity	0%	-7%	-9%	-1%	-7%

Source: Factset, Company data, Chronux Research estimates

Valuation

Sum-of-the-Parts: EBITDA Multiple

Figure 2 Sum-of-the-Parts Valuation – FY22 EBITDA

ZARm	Multiple range	Comment	FY22 EBITDA	EV/EBITDA Multiple	Enterprise Value
Materials	4-6x	Mid range	667	5.0x	3,333
Roads & Earthworks	4-6x	Mid range	308	5.0x	1,539
Infrastructure	3-5x	Mid range multiple	209	4.0x	835
			1,183	4.8x	5,707
Other assets		From balance sheet			243
Minorities		From balance sheet			(257)
Net (debt)/cash		Assume 5% of order book is locked up			(291)
Equity value					5,402
Number of shares ('m)					182.306
Valuation (ZAR per share)					29.63

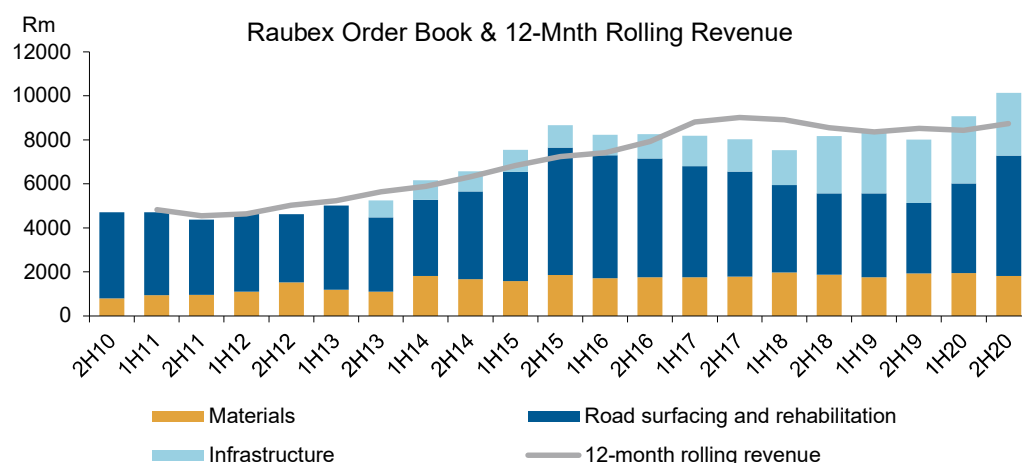
Source: Company data, Chronux Research estimates

- Our base case valuation uses FY22 EBITDA numbers and gives a medium-term Target Price of R29.63 (see table above).

Order Book

- The order book is shown in the following chart.
- The total order book has increased through FY20 and could grow strongly in FY21 should SANRAL tenders be awarded.

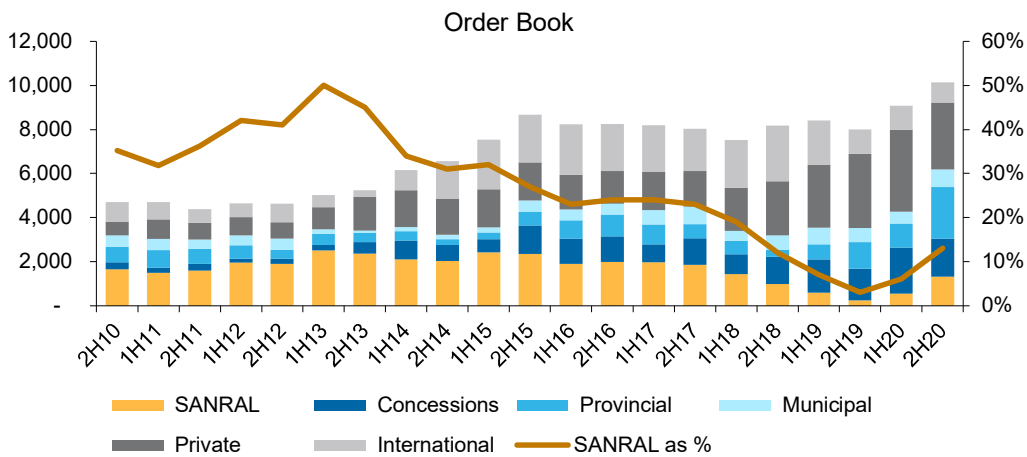
Figure 3 Order Book



Source: Company data, Chronux Research estimates

- SANRAL work has steadily declined from FY15, but we do expect that the contribution to the order book will start to expand again as large tenders are due.

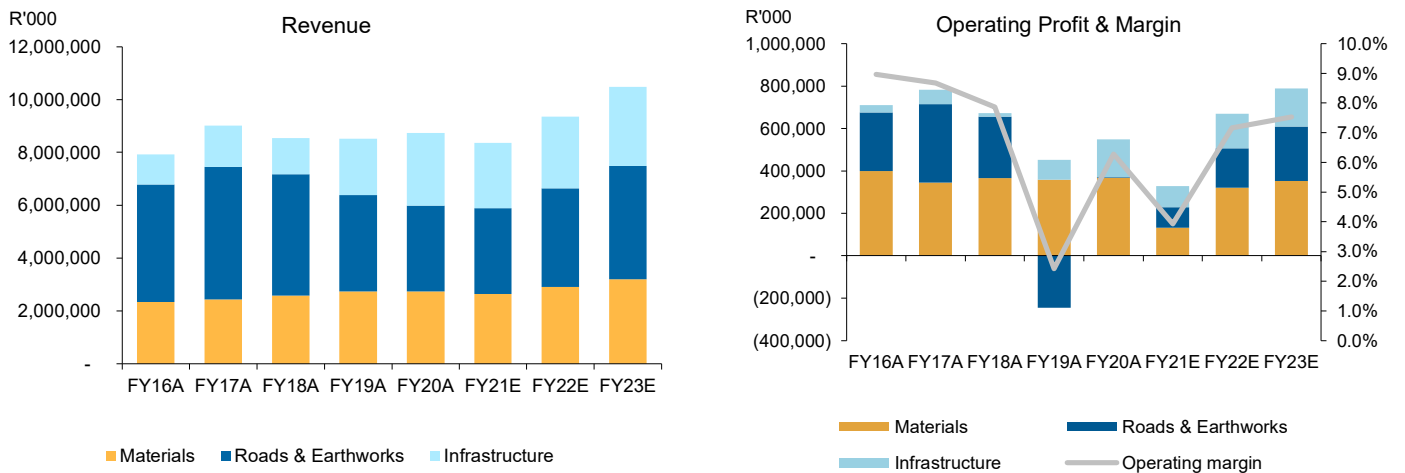
Figure 4 Order Book



Source: Company data, Chronux Research estimates

- We currently forecast revenue to bottom in FY21 with almost two months of lost work due to the Covid lockdown. Operating profit is also forecast to bottom in FY21, with the Materials division continuing to be the dominant contributor.

Figure 5 Revenue and Operating Profit



Source: Chronux Research

Divisional Forecast

Figure 6 Divisional Forecast

	1H20	2H20	2020	1H21	2H21	2021	1H22	2H22	2022
Revenue	4,398,589	4,336,307	8,734,896	3,666,663	4,693,152	8,359,815	4,103,660	5,253,994	9,357,654
Materials	1,359,389	1,389,979	2,749,368	1,235,303	1,413,824	2,649,127	1,358,833	1,555,206	2,914,039
Contracting	591,167	573,470	1,164,637	620,725	602,144	1,222,869	682,798	662,358	1,345,156
Commercial quarry aggregates gypsum	564,113	547,289	1,111,402	451,290	548,971	1,000,262	496,419	603,869	1,100,288
Plant hire	204,109	269,220	473,329	163,287	262,709	425,996	179,616	288,980	468,596
Roads & Earthworks	1,758,265	1,478,869	3,237,134	1,406,612	1,830,522	3,237,134	1,617,604	2,105,100	3,722,704
Contracting	1,264,547	1,110,057	2,374,604	1,011,638	1,362,966	2,374,604	1,163,383	1,567,411	2,730,795
Bitumen emulsion products and services	336,985	243,899	580,884	269,588	311,296	580,884	310,026	357,990	668,017
Asphalt supply	156,733	124,913	281,646	125,386	156,260	281,646	144,194	179,699	323,893
Infrastructure	1,280,935	1,467,459	2,748,394	1,024,748	1,448,807	2,473,555	1,127,223	1,593,687	2,720,910
Contracting	1,262,807	1,282,012	2,544,819	1,010,246	1,280,092	2,290,337	1,111,270	1,408,101	2,519,371
Property sales rentals and development	18,128	185,447	203,575	14,502	168,715	183,218	15,953	185,587	201,539
Revenue growth	-2%	7%	3%	-17%	8%	-4%	12%	12%	12%
Materials	-11%	13%	0%	-9%	2%	-4%	10%	10%	10%
Contracting	-27%	-18%	-23%	5%	5%	5%	10%	10%	10%
Commercial quarry aggregates gypsum	9%	44%	23%	-20%	0%	-10%	10%	10%	10%
Plant hire	7%	83%	40%	-20%	-2%	-10%	10%	10%	10%
Roads & Earthworks	-8%	-15%	-11%	-20%	24%	0%	15%	15%	15%
Contracting	1%	-6%	-2%	-20%	23%	0%	15%	15%	15%
Bitumen emulsion products and services	12%	-10%	1%	-20%	28%	0%	15%	15%	15%
Asphalt supply	-56%	-55%	-56%	-20%	25%	0%	15%	15%	15%
Infrastructure	21%	36%	29%	-20%	-1%	-10%	10%	10%	10%
Contracting	27%	21%	24%	-20%	0%	-10%	10%	10%	10%
Property sales rentals and development	-69%	744%	152%	-20%	-9%	-10%	10%	10%	10%
Operating profit	216,259	332,724	480,458	36,667	291,846	328,513	297,985	371,949	669,934
Materials	144,103	223,573	367,676	12,353	120,103	132,456	149,472	171,073	320,544
Roads & Earthworks	(5,142)	8,252	3,110	14,066	83,048	97,114	80,880	105,255	186,135
Infrastructure	77,298	100,899	178,197	10,247	88,695	98,942	67,633	95,621	163,255
Other			(68,525)						
Operating margin	4.9%	7.7%	5.5%	1.0%	6.2%	3.9%	7.3%	7.1%	7.2%
Materials	10.6%	16.1%	13.4%	1.0%	8.5%	5.0%	11.0%	11.0%	11.0%
Roads & Earthworks	-0.3%	0.6%	0.1%	1.0%	4.5%	3.0%	5.0%	5.0%	5.0%
Infrastructure	6.0%	6.9%	6.5%	1.0%	6.1%	4.0%	6.0%	6.0%	6.0%
Operating profit growth	37%	57%	132%	-83%	-12%	-32%	713%	27%	104%
Materials	-24.9%	34.1%	2.5%	-91.4%	-46.3%	-64.0%	1110.0%	42.4%	142.0%
Roads & Earthworks	-91.5%	-104.5%	-101.3%	-373.6%	906.4%	3022.6%	475.0%	26.7%	91.7%
Infrastructure	187.8%	49.6%	89.0%	-86.7%	-12.1%	-44.5%	560.0%	7.8%	65.0%

Source: Company data, Chronux Research estimates

Tender Pipeline

- Several large tenders have been issued by SANRAL and are under adjudication. We highlight some of these in the tables below to give an indication of size and competitiveness. What is evident is the small number of contractors that are bidding for >R1bn tenders.
- Balance sheet precludes smaller companies from submitting compliant tenders for large projects, and often CIDB9 status is a requirement of bidding. The smaller projects (<=R100m) have a CIDB8 and CIDB7 requirement – the rapidly increasing numbers of tenderers at lower CIDB levels is clear.
- The lowest bidder is not necessarily guaranteed to win the project – there are many other factors including the capacity and experience of the contractors. SANRAL in previous times was very careful in awarding tenders on a basis that took careful consideration of contractor ability and financial strength. It is unclear how SANRAL will judge the current projects due to the lack of project awards over the past two years not providing any precedent.

Figure 7 Tenders awaiting adjudication – CIDB9

Region:	Eastern Region
Contract Number:	N002-260-2018/9
Project Number:	N002-260-2018/9
Contract Description:	FOR THE UPGRADING OF NATIONAL ROUTE 2 FROM KWAMASHU INTERCHANGE, SECTION 25 (KM 28.6) TO UMDLOTI RIVER BRIDGE, SECTION 26 (KM 14.0) CIDB REGULATION 25(1B) WILL NOT BE APPLICABLE TO THIS CONTRACT
Tender Notice:	<p>The South African National Roads Agency SOC Limited (SANRAL) invites tenders for the Upgrading of the National Route 2 From KwaMashu Interchange, Section 25 (KM 28,6) to uMdloti River Bridge, Section 26 (KM 14,0). This project is in the province of KwaZulu-Natal in the eThekweni Municipality. The approximate duration is forty (40) months including mobilisation period.</p> <p>Only tenders with a B-BBEE contributor status level of 1, 2, 3 or 4, are eligible to tender.</p> <p>Only tenderers who comply with the eligibility criteria for: key persons; Environmental, Social, Health, and Safety (ESHS) past performance; financial capability; experience and past contract performance, as stated in the Tender Data, are eligible to tender.</p> <p>Only tenderers who are registered on the National Treasury Central Supplier Database, are eligible to tender.</p> <p>It is estimated that tenderers should have a CIDB contractor grading designation of 9CE.</p> <p>Tenders from tenderers registered as potentially emerging enterprises but with a CIDB contractor grading designation lower than a contractor grading designation determined in accordance with the sum tendered, or a value determined in accordance with Regulation 25(7A) of the Construction Industry Development Regulations, will not be accepted.</p> <p>Only locally produced or locally manufactured goods with a stipulated minimum threshold for local content and production as stated in the Tender Data will be considered.</p> <p>It is a requirement of this project that the successful tenderer subcontract a minimum of thirty percent (30 %) of the work by the end of the contract to Targeted Enterprise(s) as defined in the Contract Data.</p>
Closing Date:	Tuesday, 15 October 2019 at 14h00
Queries To:	Mr. Richard Horner, Tel No: 031 277 6600, E-mail: Richard.Horner@smec.com
Opening Time:	6 November 2019 at 14h00

Tenderer's Name	Amount Tendered	Alt Tender	Notes
Raubex Construction	R 1 442 440 000.00	R 1 438 980 000.00	
Aqua Transformation	R 1 125 275 000.00	R	
LAI Joint Venture	R 2 088 716 313.40	R	
Xmoor Transport Pty Ltd	R 1 498 737 500.00	R	
Qinisa Construction	R 2 080 013 927.65	R	
WBHO	R 1 426 196 336.76	R	

Source: SANRAL, Chronux Research estimates

Figure 8 Tenders awaiting adjudication – CIDB9

Region:	Eastern Region
Contract Number:	NRA N.003-020-2017/8
Project Number:	NRA N.003-020-2017/8
Contract Description:	THE UPGRADE TO NATIONAL ROUTE 3, SECTION 2, FROM CATO RIDGE (KM 20,2) TO DARDANELLES (KM 26,6).
Tender Notice:	<p>The South African National Roads Agency SOC Limited (SANRAL) invites tenders for THE UPGRADE TO NATIONAL ROUTE 3, SECTION 2, FROM CATO RIDGE (KM 20,2) TO DARDANELLES (KM 26,6). This project is in the province of KwaZulu Natal, in the District Municipality of Umgungundlovu (Local Municipality of Mkhambathini) and in the eThekweni Metropolitan Municipality. The approximate duration is 51 months including a 3 months mobilisation period.</p> <p>CIDB Regulation 25(1B) will not be applicable to this contract.</p> <p>Only tenderers with a B-BBEE contributor status level of 1, 2, 3 or 4, are eligible to tender.</p> <p>Only tenderers who comply with the eligibility criteria for: key persons; Environmental, Social, Health, and Safety (ESHS) past performance; financial capability; experience and past contract performance, as stated in the Tender Data, are eligible to tender.</p> <p>Only tenderers who are registered on the National Treasury Central Supplier Database, are eligible to tender.</p> <p>It is estimated that tenderers should have a CIDB contractor grading designation of 9CE, however tenderers attention is drawn to clause 4.1.1 of the Tender Data when submitting their tender. Tenderers should note that their proposed electrical subcontractor shall be registered with the CIDB as Grade 6EP or higher.</p> <p>Tenders from tenderers registered as potentially emerging enterprises but with a CIDB contractor grading designation lower than a contractor grading designation determined in accordance with the sum tendered, or a value determined in accordance with Regulation 25(7A) of the Construction Industry Development Regulations, will not be accepted.</p> <p>Only locally produced or locally manufactured goods with a stipulated minimum threshold for local content and production as stated in the Tender Data will be considered.</p> <p>It is a requirement of this project that the successful tenderer subcontract a minimum of 30 percent (30%) of the work by the end of the contract to Targeted Enterprise(s) as defined in the Contract Data.</p>
Closing Date:	Wednesday, 13 November 2019

Tenderer's Name	Amount Tendered	Alt Tender	Notes
WBHO	R 1 519 147 666.27	R	
Raubex Construction	R 1 455 707 269.19	R 1 446 484 269.00	
Westmead JV Jamjo	R 1 704 040 787.07	R	
Aqua Transport & Plant Hire (Pty) Ltd	R 1 438 931 099.49	R	
Edwin Construction	R 1 784 901 681.06	R	
Xmoor Transport (Pty) Ltd	R 1 683 197 500.00	R	

Source: SANRAL, Chronux Research estimates

Figure 9 Tenders awaiting adjudication – CIDB9

Region:	Eastern Region
Contract Number:	NRA N.003-020-2017/9
Project Number:	NRA N.003-020-2017/9
Contract Description:	THE UPGRADE OF NATIONAL ROUTE 3, SECTION 2 FROM DARDANELLES (KM 26.6) TO LYNNFIELD PARK (KM 30.6)
Tender Notice:	<p>The South African National Roads Agency SOC Limited (SANRAL) invites tenders for the Upgrade of National Route 3 Section 2 from Dardanelles (Km 26.6) to Lynnfield Park Interchange (Km 30.6). This project is in the province of KwaZulu-Natal in the district municipality of uMgungundlovo and local municipalities of Mzunduzi and Mkhambathini. The approximate duration is 45 months, including the 3 month mobilisation period.</p> <p>CIDB Regulation 25(1B) will not be applicable to this contract.</p> <p>Only tenders with a B-BBEE contributor status level of 1, 2, 3 or 4, are eligible to tender.</p> <p>Only tenderers who comply with the eligibility criteria for: key persons; Environmental, Social, Health, and Safety (ESHS) past performance; financial capability; experience and past contract performance, as stated in the Tender Data, are eligible to tender.</p> <p>Only tenderers who are registered on the National Treasury Central Supplier Database, are eligible to tender.</p> <p>It is estimated that tenderers should have a CIDB contractor grading designation of 9CE, however tenderers attention is drawn to clause 4.1.1 of the Tender Data when submitting their tender.</p> <p>Tenderers should note that their proposed Electrical subcontractor shall be registered with the CIDB as Grade 6EP or higher.</p> <p>Tenders from tenderers registered as potentially emerging enterprises but with a CIDB contractor grading designation lower than a contractor grading designation determined in accordance with the sum tendered, or a value determined in accordance with Regulation 25(7A) of the Construction Industry Development Regulations, will not be accepted.</p> <p>Only locally produced or locally manufactured goods with a stipulated minimum threshold for local content and production as stated in the Tender Data will be considered.</p> <p>It is a requirement of this project that the successful tenderer subcontract a minimum of thirty percent (30%) of the work by the end of the contract to Targeted Enterprise(s) as defined in the Contract Data.</p> <p>Preferences are offered to tenderers who comply with the criteria stated in the Tender Data.</p>
Closing Date:	Thursday, 14 November 2019 at 14h00
Queries To:	Contact person: Ms. Wendy Mhlanzi Tel No:033 392 8149/ 066 310 8272 Fax No: 033 386 3365 E-mail: MhlanziW@nra.co.za Contact person: Mr. Steve Schroeder Tel No: 043 706 3600 Fax No: 043 706 3659 E-mail: sschroeder@gibb.co.za

Tenderer's Name	Amount Tendered	Alt Tender	Notes
Raubex Construction	R 1 538 997 670.17	R	
Westmead JV Jamjo Sinothando	R 1 335 807 512.11	R	
WBHO Construction	R 1 425 910 102.11	R	
Edwin Construction	R 1 428 404 830.73	R	
First Works	R 805 385 502.01	R	

Source: SANRAL, Chronux Research estimates

Figure 10 Tenders awaiting adjudication – CIDB9

	Eastern Region
Contract Number:	N.003-023-2017/9
Project Number:	N.003-023-2017/9
Contract Description:	FOR THE UPGRADE TO NATIONAL ROUTE 3, SECTIONS 2 AND 3 FROM LYNNFIELD PARK (KM30.6) TO ASHBURTON (KM0.8)
Tender Notice:	<p>T1.1 TENDER NOTICE AND INVITATION TO TENDER (Incorporating SBD1)</p> <p>The South African National Roads Agency SOC Limited (SANRAL) invites tenders for, the upgrade to National Route 3, Sections 2 and 3 from Lynnfield Park (km30.6 on N3/2) to Asburton (km0.8 on N3/3). This project is in the province of KwaZulu Natal in the district municipality of uMgungundlovu and local municipalities of Msunduzi and Mkhambathini. The approximate duration is 40 months, including the 3 months mobilisation period.</p> <p>CIDB Regulation 25(1B) will not be applicable to this contract.</p> <p>Only tenders with a B-BBEE contributor status level of 1, 2, 3 or 4, are eligible to tender.</p> <p>Only tenderers who comply with the eligibility criteria for: key persons; Environmental, Social, Health, and Safety (ESHS) past performance; financial capability; experience and past contract performance, as stated in the Tender Data, are eligible to tender.</p> <p>Only tenderers who are registered on the National Treasury Central Supplier Database, are eligible to tender.</p> <p>It is estimated that tenderers should have a CIDB contractor grading designation of 9CE, however tenderers attention is drawn to clause 4.1.1 of the Tender Data when submitting their tender.</p> <p>Tenderers should note that their proposed Electrical subcontractor shall be registered with the CIDB as Grade 6EP or higher.</p> <p>Tenders from tenderers registered as potentially emerging enterprises but with a CIDB contractor grading designation lower than a contractor grading designation determined in accordance with the sum tendered, or a value determined in accordance with Regulation 25(7A) of the Construction Industry Development Regulations, will not be accepted.</p> <p>Only locally produced or locally manufactured goods with a stipulated minimum threshold for local content and production as stated in the Tender Data will be considered.</p> <p>It is a requirement of this project that the successful tenderer subcontract a minimum of thirty percent (30%) of the work by the end of the contract to Targeted Enterprise(s) as defined in the Contract Data.</p> <p>Preferences are offered to tenderers who comply with the criteria stated in the Tender Data.</p>
Closing Date:	Friday, 7 February 2019 at 14h00

Tenderer's Name	Amount Tendered	Alt Tender	Notes
Rumdel Construction	R 1 261 984 035.25	R	
Aqua Transport & Plant Hire	R 1 185 000 000.00	R	
Edwin Construction	R 1 294 155 976.19	R	
Raubex Construction	R 1 313 275 496.59	R	

Source: SANRAL, Chronux Research estimates

Figure 11 Tenders awaiting adjudication – CIDB9

Region:	Eastern Region
Contract Number:	N.002-210-2020/1
Project Number:	N.002-210-2020/1
Contract Description:	FOR CONSTRUCTION OF THE KOKSTAD INTERCHANGE AND TRAFFIC CONTROL CENTRE ON NATIONAL ROUTE 2 SECTION 21 (KM 6.4)
Tender Notice:	<p>The South African National Roads Agency SOC Limited (SANRAL) invites tenders for the construction of the Kokstad Interchange and Traffic Control Centre on National Route 2 Section 21 (Km 6.4). This project is in the province of KwaZulu Natal in the district municipality of Harry Gwala and local municipality of Greater Kokstad. The approximate duration is 33 months inclusive of a 3 month mobilisation period.</p> <p>Only tenders with a B-BBEE contributor status level of 1, 2, 3 or 4, are eligible to tender.</p> <p>Only tenderers who comply with the eligibility criteria for: key persons; Environmental, Social, Health, and Safety (ESHS) past performance; financial capability; experience and past contract performance, as stated in the Tender Data, are eligible to tender.</p> <p>Only tenderers who are registered on the National Treasury Central Supplier Database, are eligible to tender.</p> <p>It is estimated that tenderers should have a CIDB contractor grading designation of 9CE or higher, however tenderers attention is drawn to clause 4.1.1 of the Tender Data when submitting their tender.</p> <p>The Works entails the construction of a new interchange with conventional civil and structural components that Contractors registered in the CIDB CE category will have relevant competencies in, as well as the construction of a new Traffic Control Centre, which has builders work, electrical work and mechanical work components. The Tender Documents have been structured so that the work can be priced either by one main Contractor with all of the required CIDB gradings, or by a main Contractor with the relevant CE grading and sub-Contractors or Joint Venture Partners with the required GB, EB and ME gradings.</p> <p>Tenders from tenderers registered as potentially emerging enterprises but with a CIDB contractor grading designation lower than a contractor grading designation determined in accordance with the sum tendered, or a value determined in accordance with Regulation 25(7A) of the Construction Industry Development Regulations, will not be accepted.</p> <p>Only locally produced or locally manufactured goods with a stipulated minimum threshold for local content and production as stated in the Tender Data will be considered.</p> <p>It is a requirement of this project that the successful tenderer subcontract a minimum of thirty percent (30%) of the work by the end of the contract to Targeted Enterprise(s) as defined in the Contract Data.</p>
Closing Date:	Friday, 31 January 2020 at 14h00

Tenderer's Name	Amount Tendered	Alt Tender	Notes
Mohlabe Multipurpose JV Base Major	R 613 078 179.65	R	
LAI Joint Venture	R 699 845 465.53	R	
Triamic Construction	R 563 500 000.00	R	
Rumdel Cape Construction	R 623 343 440.38	R	
Stefanutti Stocks Coastal	R 649 444 997.37	R	
Raubex Construction	R 644 044 000.00	R	

Source: SANRAL, Chronux Research estimates

Figure 12 Tenders awaiting adjudication – CIDB8

Region:	Eastern Region
Contract Number:	N.002-290-2018/1
Project Number:	N.002-290-2018/1
Contract Description:	PERIODIC MAINTENANCE ON NATIONAL ROUTE 2, SECTION 29 FROM EMPANGENI T-JUNCTION (km 13.00) TO km 28.80
Tender Notice:	<p>The South African National Roads Agency SOC Limited (SANRAL) invites tenders for the Periodic Maintenance on National Route 2, Section 29 from Empangeni T-junction (km 13.00) to km 28.80. This project is in the province of Kwazulu-Natal in the district municipality of uThungulu and local municipality of uMhlathuze. The approximate duration is fifteen (15) months (including the 3 months Mobilisation Period).</p> <p>Only tenders with a B-BBEE contributor status level of 1, 2, 3 or 4, are eligible to tender.</p> <p>Only tenderers who comply with the functionality criteria for: key persons; Environmental, Social, Health, and Safety (ESHS) past performance; financial capability; experience and past contract performance, as stated in the Tender Data, are eligible to tender.</p> <p>Only tenderers who are registered on the National Treasury Central Supplier Database, are eligible to tender.</p> <p>It is estimated that tenderers should have a CIDB contractor grading designation of 8 CE or higher, however tenderers attention is drawn to clause 4.1.1 of the Tender Data when submitting their tender.</p> <p>Tenders from tenderers registered as potentially emerging enterprises but with a CIDB contractor grading designation lower than a contractor grading designation determined in accordance with the sum tendered, or a value determined in accordance with Regulation 25(7A) of the Construction Industry Development Regulations, will not be accepted.</p> <p>Only locally produced or locally manufactured goods with a stipulated minimum threshold for local content and production as stated in the Tender Data will be considered.</p> <p>If the tenderer is a QSE, it is a requirement of this project that the successful tenderer subcontract a minimum of thirty percent (30%) of the work by the end of the contract to Targeted Enterprise(s) as defined in the Contract Data.</p> <p>If the tenderer is not a QSE, and has less than 51% Black ownership then it is a requirement of this project that the successful tenderer subcontract a minimum of fifty percent (50%) of the work by the end of the contract, to Targeted Enterprise(s) as defined in the Contract Data.</p> <p>Preferences are offered to tenderers who comply with the criteria stated in the Tender Data.</p>
Closing Date:	24 January 2020 AT 14H00

Tenderer's Name	Amount Tendered	Alt Tender	Notes
Klus Civils	R 97 000 000.00	R	
Tau Pele Construction	R 83 750 000.00	R	
Mvula Roads & Civils	R 77 970 000.00	R	
Afriscan Construction	R 91 320 000.00	R	
Mokgotsi Construction	R 209 160 104.80	R	
Scribante Africa Mining	R 116 758 510.57	R	
Aqua Transport & Plant Hire	R 100 490 420 .16	R	
Raubex KZN	R 84 070 000.00	R	
MLO Investments	R 106 539 283.25	R	

Source: SANRAL, Chronux Research estimates

Figure 13 Tenders awaiting adjudication – CIDB7

Region:	Eastern Region
Contract Number:	SANRAL N.001-130-2020/1
Project Number:	SANRAL N.001-130-2020/1
Contract Description:	FOR PERIODIC MAINTENANCE OF NATIONAL ROUTE N1, SECTION 13, FROM ORANGE RIVER, KM 0.0, TO DRIEKUIL, KM 20.0
Tender Notice:	<p>T1.1 TENDER NOTICE AND INVITATION TO TENDER (Incorporating SBD1)</p> <p>The South African National Roads Agency SOC Limited (SANRAL) invites tenders for the Periodic Maintenance of National Route N1, Section 13, from Orange River, Km 0.0, to Driekuil, Km 20.0. This project is in the province of Free State and in the Local Municipality of Kopanong. The approximate programme is for 12 months, commencing April 2020 (including the mobilisation period).</p> <p>CIDB Regulation 25(1B) will not be applicable to this contract.</p> <p>Only tenders with a B-BBEE contributor status level of 1, 2, 3 or 4, are eligible to tender.</p> <p>Only tenderers who comply with the eligibility criteria for: key persons; Environmental, Social, Health, and Safety (ESHS) past performance; financial capability; experience and past contract performance, as stated in the Tender Data, are eligible to tender.</p> <p>Only tenderers who are registered on the National Treasury Central Supplier Database, are eligible to tender.</p> <p>It is estimated that tenderers should have a CIDB contractor grading designation of 7 CE or higher, however tenderers attention is drawn to clause 4.1.1 of the Tender Data when submitting their tender.</p>
Closing Date:	Friday, 7th February 2020 at 14h00
Queries To:	Wendy Mhlanzi at 033 392 8149 - procurement@nra.co.za
Opening Time:	13 February 2020 at 14h00

Tenderer's Name	Amount Tendered	Alt Tender	Notes
Harmoplex Construction	R 42 351 448.76	R	
Totobela JV	R 69 286 695.00	R	
Roadmac	R 52 899 977.00	R	
Colas SA	R 58 206 890.51	R	
Oxior Civil Enterprise	R 95 775 537.40	R	
Ayezwa Trading	R 63 478 068.52	R	
Naisa Construction	R 184 397 957.50	R	
Zamahloholo, Ziyanda, Ngcebo	R 67 199 131.05	R	
MacP Construction	R 67 064 723.13	R	
Actophambili Roads JV	R 52 000 000.00	R	
SP Surfacing	R 51 510 937.28	R	
WTW Civil Pty Ltd	R 62 989 750.20	R	
Dainah & Joyce Enterprise	R 51 100 278.75	R	

Babusisekile Business Enterprise	R 103 424 439.48	R	
Shonisani Rambau	R 63 365 617.55	R	
Tshireletso Traffic Road Management	R 58 018 708.65	R	
Group Yoo Trading	R 81 838 689.93	R	
Zamadunge Business Enterprise	R 53 892 751.30	R	
Botlokwa Holdings	R 85 076 547.94	R	
MLO Investments	R 43 611 588.00	R	
Roadspan	R 61 958 395.77	R	
Mvula Roads	R 55 400 000.00	R	
Stephup Construction	R 85 921 764.08	R	
Barleda 232 cc	R 64 762 858.35	R	
Double Ring Trading	R 52 407 502.08	R	
RADM	R 110 339 899.85	R	

Source: SANRAL, Chronux Research estimates

Figure 14 Income Statement - Forecast

Raubex Group Limited	02/2011	02/2012	02/2013	02/2014	02/2015	02/2016	02/2017	02/2018	02/2019	02/2020	02/2021	02/2022	02/2023
Sales	4546	5033	5636	6325	7245	7926	9006	8542	8519	8735	8360	9358	10480
Cost of Goods Sold (COGS) incl. D&A	3646	4257	4843	5465	6259	6802	7765	7419	7795	7648	7511	8105	9038
Gross Income	900	775	792	860	986	1123	1241	1123	724	1087	849	1252	1441
SG&A Expense	246	263	286	346	387	454	479	507	526	528	520	582	652
Other Operating Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
EBIT (Operating Income)	655	512	506	514	599	669	762	616	197	559	329	670	789
Nonoperating Income - Net	38	47	70	62	65	82	73	101	91	13	51	52	65
Interest Expense	44	41	40	43	58	85	90	75	58	71	102	97	86
Unusual Expense - Net	-	-2	59	0	-	5	127	3	49	54	0	0	0
Income Taxes	202	178	159	155	179	192	209	188	64	145	83	187	230
Equity in Earnings of Affiliates	0	0	0	0	0	0	1	0	-1	0	0	0	0
Consolidated Net Income	447	341	319	380	428	469	410	453	117	301	194	437	537
Minority Interest	4	10	17	24	28	24	38	29	59	49	32	72	88
Net Income	443	331	301	356	400	445	372	424	58	252	162	365	449
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income available to Common	443	331	301	356	400	445	372	424	58	252	162	365	449
Per Share													
EPS (recurring)	2.40	1.78	1.82	1.88	2.10	2.36	2.51	2.35	0.51	1.59	0.90	2.02	2.48
EPS (diluted)	2.40	1.79	1.60	1.88	2.10	2.34	2.02	2.34	0.32	1.38	0.89	2.00	2.46
Earnings Persistence	89.50	88.93	91.06	82.97	79.72	87.47	88.70	92.52	92.49	84.14			
Dividends per Share	1.00	0.60	0.65	0.65	0.71	0.78	0.90	0.78	0.34	0.22	0.45	0.80	0.82
EBITDA													
EBITDA	877	743	759	799	936	1043	1139	980	588	1024	790	1183	1360

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

Raubex Group Limited	02/2011	02/2012	02/2013	02/2014	02/2015	02/2016	02/2017	02/2018	02/2019	02/2020	02/2021	02/2022	02/2023
Rental Expense	20	-	26	33	40	47	53	40	36	38			
Stock Option Comp Exp (Net of Tax)	-	9	17	20	20	14	7	0	5	6			
Foreign Currency Translation Gains/Losses	-22	0	10	5	-1	6	-24	-9	2	-16			
Tax Rate	31.1	34.3	33.2	29.0	29.4	29.1	33.8	29.4	35.1	32.5	30.0	30.0	30.0
Headline EPS	2.40	1.77	1.59	1.87	2.09	2.34	2.02	2.29	0.32	1.62	0.90	2.02	2.48
Headline EPS (diluted)	2.39	1.76	1.56	1.84	2.06	2.32	2.00	2.29	0.32	1.61	0.89	2.00	2.46

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

Raubex Group Limited	02/2011	02/2012	02/2013	02/2014	02/2015	02/2016	02/2017	02/2018	02/2019	02/2020	02/2021	02/2022	02/2023
Price / Sales	0.8	0.5	0.6	0.7	0.5	0.4	0.5	0.5	0.4	0.4	0.6	0.5	0.5
Price / Earnings	8.0	8.2	11.6	11.4	9.7	6.8	12.0	9.7	58.3	15.1	29.5	13.1	10.7
Price / Book Value	1.4	1.0	1.2	1.3	1.1	0.8	1.2	1.0	0.8	0.9	1.0	0.9	0.8
Price / Tangible Book Value	2.0	1.4	1.6	1.7	1.5	1.0	1.5	1.3	1.1	1.2	1.2	1.1	0.9
Price / Cash Flow	5.9	5.4	5.3	6.8	6.7	3.7	4.6	4.9	5.5	6.5			
Price / Free Cash Flow	11.4	12.7	16.3	32.7	53.2	11.4	8.3	10.2	17.4	438.3			
Dividend Yield (%)	5.2	4.1	3.4	3.0	3.4	4.9	3.7	3.4	1.8	1.1	1.7	3.1	3.1
Enterprise Value / EBIT	5.3	5.0	6.5	7.7	6.9	4.8	5.8	6.5	16.9	7.7	15.9	7.8	6.6
Enterprise Value / EBITDA	3.9	3.5	4.3	5.0	4.4	3.1	3.9	4.1	5.7	4.2	6.6	4.4	3.9
Enterprise Value / Sales	0.8	0.5	0.6	0.6	0.6	0.4	0.5	0.5	0.4	0.5	0.6	0.6	0.5
EBIT / Interest Expense (Int. Coverage)	14.9	12.4	12.6	12.1	10.4	7.9	8.5	8.2	3.4	7.9	3.2	6.9	9.2

Source: Factset, Company data, Chronux Research estimates

Figure 15 Balance Sheet and Cash Flow - Forecast

	02/2011	02/2012	02/2013	02/2014	02/2015	02/2016	02/2017	02/2018	02/2019	02/2020	02/2021	02/2022	02/2023
Assets													
Cash & Short-Term Investments	595	625	836	871	937	970	1104	1084	963	1014	1032	1295	1720
Short-Term Receivables	1196	1466	1408	1403	1634	1742	1829	1779	1745	1892	2033	2147	2267
Inventories	126	153	246	420	438	482	524	601	698	587	604	623	641
Other Current Assets	11	13	19	17	23	78	58	20	28	242	213	219	225
Total Current Assets	1928	2257	2509	2711	3033	3272	3514	3484	3434	3733	3883	4283	4853
Net Property, Plant & Equipment	1276	1354	1561	1842	2172	2336	2364	2410	2536	2828	2977	3136	3304
Total Investments and Advances	0	0	0	0	11	51	49	112	43	97	56	56	56
Long-Term Note Receivable	1	0	0	0	129	114	101	82	54	108	0	0	0
Intangible Assets	761	758	764	764	795	829	851	948	1038	1028	1028	833	675
Deferred Tax Assets	45	18	24	38	43	42	41	40	95	132	132	132	132
Other Assets	0	0	0	0	91	82	73	65	67	55	134	190	106
Total Assets	4011	4387	4858	5354	6273	6727	6994	7140	7266	7982	8211	8630	9126
Liabilities & Shareholders' Equity													
ST Debt & Curr. Portion LT Debt	246	216	233	288	428	411	388	365	299	359	315	315	315
Accounts Payable	330	433	531	570	802	819	909	717	548	463	1473	1539	1609
Income Tax Payable	17	26	8	19	27	18	79	85	39	44	44	44	44
Other Current Liabilities	388	467	506	506	368	528	569	852	1172	1213	76	76	76
Total Current Liabilities	981	1142	1278	1382	1625	1777	1945	2019	2058	2079	1907	1974	2044
Long-Term Debt	232	263	349	430	672	682	563	411	363	894	919	821	741
Provision for Risks & Charges	18	23	26	35	54	66	75	83	106	108	108	108	108
Deferred Tax Liabilities	236	230	246	266	312	310	312	342	292	280	280	280	280
Other Liabilities	0	0	0	0	77	59	150	87	120	107	107	107	107
Total Liabilities	1467	1658	1899	2113	2740	2894	3044	2942	2938	3468	3322	3290	3280
Common Equity	2535	2709	2920	3186	3423	3704	3797	4041	4065	4256	4600	4979	5397
Total Shareholders' Equity	2535	2709	2920	3186	3423	3704	3797	4041	4065	4256	4600	4979	5397
Accumulated Minority Interest	9	19	39	55	111	129	152	157	262	257	289	361	449
Total Equity	2545	2729	2959	3241	3533	3833	3950	4198	4327	4514	4889	5340	5846
Total Liabilities & Shareholders' Equ	4011	4387	4858	5354	6273	6727	6994	7140	7266	7982	8211	8630	9126
Per Share													
Book Value per Share	13.74	14.68	15.82	17.14	18.27	19.85	21.05	22.24	22.37	23.54	26.97	29.46	32.25
Tangible Book Value per Share	9.61	10.58	11.68	13.03	14.03	15.41	16.33	17.02	16.66	17.85	21.30	24.86	28.53
	02/2011	02/2012	02/2013	02/2014	02/2015	02/2016	02/2017	02/2018	02/2019	02/2020	02/2021	02/2022	02/2023
Operating Activities													
Net Income / Starting Line	649	519	477	534	607	662	619	641	181	446	-56	356	476
Depreciation, Depletion & Amortization	223	231	253	283	335	372	375	364	388	462	462	513	571
Other Funds	-236	-141	-100	-175	-162	-169	-88	-171	-132	-110	0	0	0
Funds from Operations	635	610	630	643	780	865	906	834	437	798	406	869	1046
Changes in Working Capital	-32	-109	50	-33	-195	-47	79	13	179	-208	0	0	0
Net Operating Cash Flow	604	501	680	610	585	817	984	846	616	590	406	869	1046
Investing Activities													
Capital Expenditures	-292	-287	-461	-483	-511	-550	-441	-441	-421	-582	-395	-415	-436
Net Assets from Acquisitions	0	-11	-15	-115	-215	-53	-26	-123	-117	-18	0	0	0
Sale of Fixed Assets & Businesses	42	37	50	53	40	49	89	100	60	116	0	0	0
Purchase/Sale of Investments	-1	0	0	0	-11	-40	2	-38	-37	-14	0	0	0
Other Funds	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Investing Cash Flow	-251	-260	-426	-546	-696	-593	-375	-502	-515	-497	-395	-415	-436
Financing Activities													
Cash Dividends Paid	-196	-172	-120	-121	-131	-136	-160	-164	-82	-80	0	-145	-148
Change in Capital Stock	0	0	0	0	0	-47	-120	0	0	-15	0	0	0
Issuance/Reduction of Debt, Net	-56	-37	78	100	341	-7	-156	-182	-140	129	15	-46	-38
Other Funds	-1	-2	-1	-10	-33	-6	-35	-15	-13	-38	0	0	0
Net Financing Cash Flow	-253	-211	-44	-31	177	-196	-471	-360	-235	-56	15	-192	-185
Exchange Rate Effect	-	-	-	3	0	3	-4	-4	12	6	0	0	0
Net Change in Cash	100	30	211	36	66	32	134	-20	-121	44	26	262	425
Free Cash Flow													
Free Cash Flow per Share	1.69	1.15	1.17	0.67	0.39	1.41	2.96	2.23	1.07	0.05			
Free Cash Flow Yield (%)	8.8	7.8	6.1	3.1	1.9	8.8	12.1	9.8	5.8	0.2			

Source: Factset, Company data, Chronux Research estimates

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