

RAUBEX GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2006/023666/06)

JSE Share code: RBX

ISIN: ZAE000093183

("Raubex" or "the Company")

FURTHER TRADING STATEMENT IN RESPECT OF THE YEAR ENDED 29 FEBRUARY 2020 INCLUDING UPDATE ON THE FINANCIAL EFFECTS OF THE DISPOSAL OF RAUBEX PROPERTY INVESTMENTS PROPRIETARY LIMITED TO ACORN BLACK INVESTMENTS PROPRIETARY LIMITED AND THE IMPACT OF THE NOVEL CORONAVIRUS ("COVID-19") ON RAUBEX.

Further to the trading statement released on 9 March 2020 in which shareholders were advised that Raubex expects its earnings per share and headline earnings per share for the year ended 29 February 2020 to be at least 325% higher than the earnings per share and at least 75% higher than the headline earnings per share from the previous corresponding period, the Company is now in a position to provide specific guidance on its trading range in terms of paragraph 3.4(b)(iii)(2) of the JSE Limited Listings Requirements.

Shareholders are accordingly now advised that Raubex expects its earnings per share for the year ended 29 February 2020 to be between 325% and 355% higher than the earnings per share from the previous corresponding period and its headline earnings per share for the year ended 29 February 2020 to be between 120% and 140% higher than the headline earnings per share from the previous corresponding period. This translates to earnings per share of between 135,6 cents and 145,1 cents (2019: 31,9 cents) and headline earnings per share of between 125,4 cents and 136,8 cents (2019: 57 cents).

The significant increase in earnings compared to the previous corresponding period is due to a present value charge and work in progress adjustment of R75,9 million after tax, related to the accounts receivable balance due from the Road Development Agency in Zambia, together with a goodwill impairment charge of R51,5 million after tax, attributable to the asphalt cash-generating unit, both of these charges having been incurred in the previous corresponding period and are non-recurring.

The improvement in operating performance is attributable to the positive effect from the rightsizing initiatives undertaken in the previous corresponding period in the roads and earthworks division as well as an increase in activity in the infrastructure division.

UPDATE ON THE FINANCIAL EFFECTS OF THE DISPOSAL OF RAUBEX PROPERTY INVESTMENTS PROPRIETARY LIMITED TO ACORN BLACK INVESTMENTS PROPRIETARY LIMITED

Shareholders are referred to the SENS announcement released on 28 February 2020 titled "*Disposal of Raubex Property Investments Proprietary Limited to Acorn Black Investments Proprietary Limited*" (the "Transaction") as well as the announcement released on 9 March 2020 titled "*Trading Statement for the year ended 29 February 2020*". Following a technical review of the International Financial Reporting Standards ("IFRS") applicable to the Transaction, shareholders are advised that the financial effects of the Transaction have been revised and are as set out below.

In terms of "IFRS 16 Leases", it has been determined that the sale of the property portfolio should be treated as a sale and leaseback transaction and under this accounting treatment the profit on disposal of R56,7 million after tax which was previously disclosed, cannot be recognised. The profit on disposal is effectively recognised over the 12 year lease period, through a reduction in the right of use asset and the depreciation charge applicable to it.

The accounting treatment for the sale and leaseback transaction has resulted in a profit on disposal of R3,7 million after tax, a right of use asset of R283,5 million and a lease liability of R357,9 million, all being recognised on 28 February 2020. The right of use asset will be depreciated and the lease liability amortized over the 12 year lease period. The decrease in the value of the right of use asset from R357,9 million as previously disclosed to R283,5 million, effectively decreases the depreciation charge attributable to the right of use asset by R74,4 million (R53,6 million after tax), over the 12 year lease period.

The fair value adjustment of the financing structure of the Transaction has resulted in an initial fair value charge of R57,1 million after tax, with deferred tax being calculated at the capital gains tax rate of 22,4%.

The initial recognition of the Transaction has resulted in a decrease in the profit after tax of the Company of R53,5 million for the year ended 29 February 2020. The revised financial effects of the Transaction have been taken into consideration in the trading statement above.

Shareholders are further advised that all conditions precedent to the Transaction have been met, including:

- i) Approval having been granted by the financiers who are funding the R187 million to the purchaser; and
- ii) The lodgement of the Transaction with the B-BBEE Commission in terms of Statement 102 of the B-BBEE Codes.

Settlement of the R187 million of the purchase price which is payable to Raubex will take place once all the necessary security is in place, including registration of first covering mortgage bonds over the properties in the portfolio. The registration of these mortgage bonds is dependent on the administrative processes of the South African Deeds Office, the timing of which is being affected by the Covid-19 lockdown.

The Transaction has been registered in terms of section 13F(1)(f) of the Broad-Based Black Economic Empowerment Amendment Act, 2013 and the Company has received confirmation of registration from the B-BBEE Commissioner.

IMPACT OF THE NOVEL CORONAVIRUS (“COVID-19”)

Various measures have been announced by governments around the world in response to the Covid-19 pandemic. In South Africa, President Ramaphosa declared a National State of Disaster on 15 March 2020, followed by a 21 day national lockdown which commenced on 26 March 2020 and a further 14 day extension to 30 April 2020. All businesses other than those providing essential services as defined by legislation are required to be closed for the duration of the lockdown.

Construction in South Africa has not been classified as an essential service, unlike some other international jurisdictions, accordingly all works on the Company’s South African construction projects are under suspension, with only essential safety related, traffic control and security services ongoing to maintain and protect project sites.

Various contractual claims will be pursued by the Company on a contract for contract basis, with remedies including extension of time and cost claims, depending on the nature of the contract and the contractual terms and conditions under which the contracting parties are engaged.

The Company is continuing to service a number of materials handling and processing operations in the mining sector which have been classified as essential services, including collieries that supply Eskom. The contribution expected from these operations is currently limited, although the level of activity is anticipated to increase following amendment of the regulations issued by the South African Government on 16 April 2020. Under the amended regulations, mining operations have been classified as essential services, enabling them to operate at reduced capacity of not more than 50%, under strict health and safety provisions.

All commercial quarry operations throughout South Africa have been suspended for the duration of the lockdown.

In the rest of Africa and internationally, Botswana has imposed a 28 day lockdown to 30 April 2020 and all operations in the country have similarly been suspended. Materials handling and processing operations in Namibia are ongoing, however the South African lockdown has resulted in cross border logistical issues which are expected to impact on production efficiencies in the period ahead. In Mozambique, crushing operations have also been affected by logistical issues and subsequently curtailed. In Australia and Cameroon, operations are ongoing and to date have not been materially impacted by Covid-19.

The Company has maintained a strong balance sheet throughout the year ended 29 February 2020 and has a healthy cash position going into this crisis. The working capital cycle over the month ended 31 March 2020 was not materially impacted by the South African lockdown, the Company reported a total cash balance of ~R958 million on 3 April 2020, which included ~R150 million held in foreign jurisdictions. The Company’s interest-

bearing debt was ~R795 million on 31 March 2020, with instalments including finance charges amounting to ~R35,5 million per month.

The current lockdown will result in significantly reduced revenue streams for the Company in the month of April 2020, which will have a material impact on the Company's cash reserves due to its fixed cost base. Current cash flow forecasts indicate that the Company could suffer a cumulative net cash outflow of ~R200 million over the months of April and May 2020 combined, thereafter positive cash flow is forecast to resume, provided operations are permitted to recommence on 1 May 2020.

The Company is aware of the immense pressure that the lockdown will place on the South African economy and the potential impact that it could have on the construction industry in which it operates.

Due to the current state of uncertainty around the pandemic, management are taking all necessary steps to preserve the Company's cash going forward, including:

- i) Placing a hold on all capital expenditure and acquisitions;
- ii) Placing a hold on all incentive bonus payments;
- iii) Rescheduling instalments due on asset backed finance agreements; and
- iv) A decision by the board not to declare a final dividend for the year ended 29 February 2020.

The challenges that the Company faces from the Covid-19 pandemic are complex and unpredictable and as such, it is not possible to quantify the financial impact at this time, other than the guidance given above and the assurance that the Raubex management team are fully committed to steering the Company through this uncertain time that lies ahead.

The financial information on which this trading statement is based has not been reviewed or reported on by the Company's auditors.

The Company's external audit is currently in progress, however audit processes have been delayed as a result of the lockdown. The release of the audited results for the year ended 29 February 2020 is now anticipated to be published on or about 29 May 2020.

Centurion
20 April 2020

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