Erbacon Investment Holdings Limited

"Erbacon"

Annual Results Presentation 2008

Erbacon Investment Holdings Limited

- Erbacon Construction formed by Dave Erskine in 1987
- Erbacon Small Plant co-founded by Dave Erskine and Frans Boraine in 1996
- Listed on Alt X in December 2007 following a restructuring
- Armstrong Construction acquired on 28 February 2008 for R78,5m
- Formwork Connection CC acquired May 2008
- 1093 employees (55% are contractors)

Directors of Erbacon

Independent Non-executive

Alan Dawson
66 years
Chairman

Executive

Dave Erskine 54 years	Frans Boraine 37 years	Rob Braithwaite 53 years	Dave Armstrong 47 years	Wayne Ric-Hansen 46 years
CEO	MD, Small Plant and Formwork	Group Finance Director, Company Secretary	MD, Armstrong Construction	Commercial Director, Armstrong Construction

Non-Executive

Mark Hedley 53 years	Piet Mouton 32 years	Pierre Malan 41 years

Erbacon Group Structure

Erbacon Investment Holdings Limited

Erbacon Constructon (Pty) Ltd 100%

Erbacon Small Plant (Pty) Ltd 100%

Armstrong Constructon 100%

Services

Civils Construction Segment
Concrete structures and buildings, concrete and bridge rehabilitation, pipeline construction, township services, earthworks and roadworks

Small Plant and Formwork Segment
Hire of small plant, generators and compressors, saw cutting, formwork and scaffolding

Commercial and Industrial Building Segment
Construction of shopping complexes, industrial warehouses and office blocks

Services Segment
Management oversight, governance, treasury, financial and secretarial, taxation, and other support services.

Public/Non-public Shareholder Analysis

PUBLIC / NON PUBLIC SHAREHOLDERS	No. of Share-holdings	%	Before Armstrong Acquisition		After Armstrong Acquisition	
			No of Shares	%	No of Shares	%
Non-Public Shareholders	**7**	**1.61**	**96,955,000**	**83.32**	**117,393,811**	**85.81**
Directors and associates of the Company holdings	6	1.38	63,034,750	54.17	83,473,561	61.02
Strategic holdings (>10%)	1	0.23	33,920,250	29.15	33,920,250	24,79
Public Shareholders	**429**	**98.39**	**19,409,364**	**16.68**	**19,409,364**	**14,19**
TOTAL			**116,364,364**	**100**	**136,803,175**	**100**

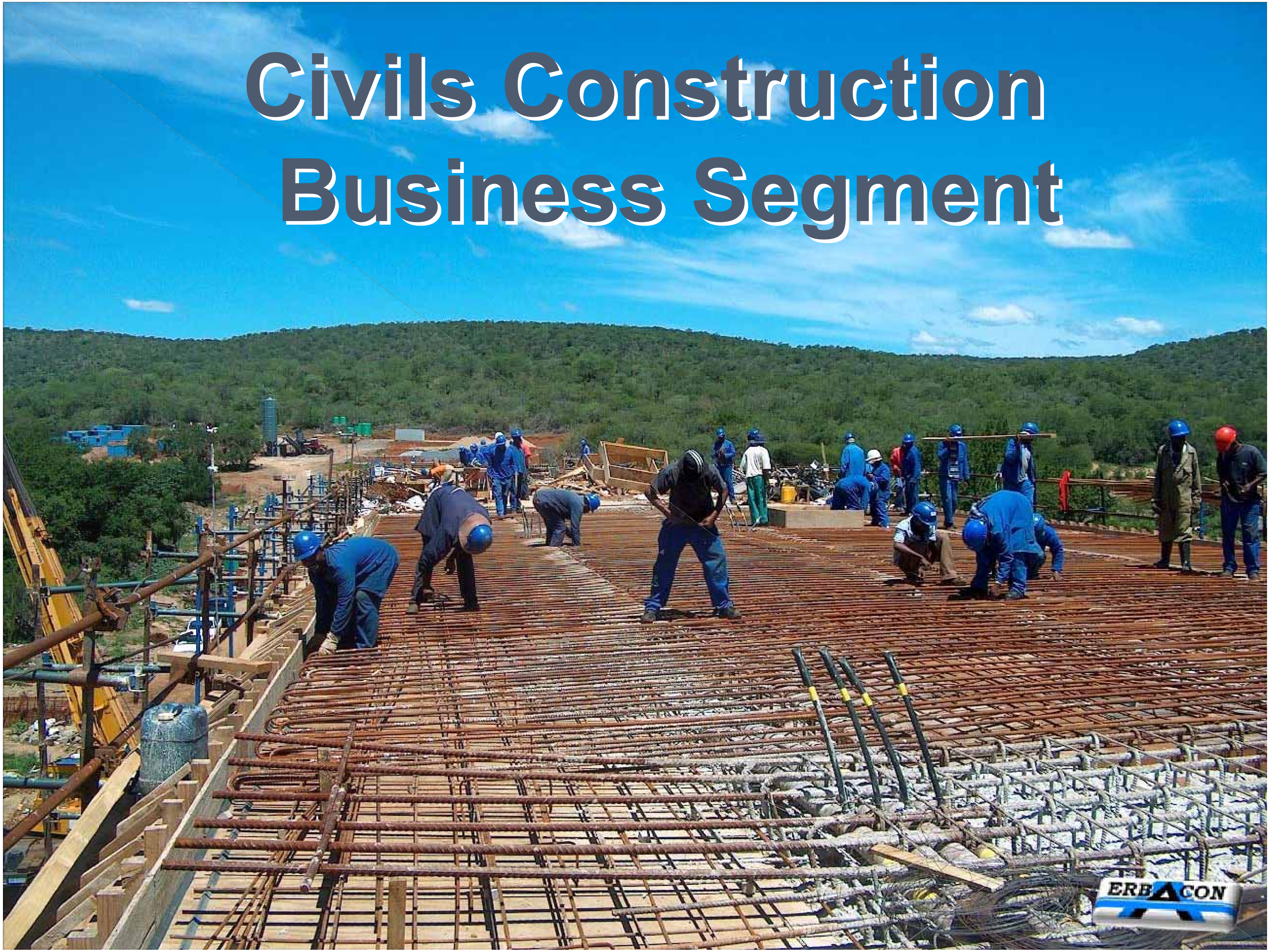
Major Beneficial Shareholders' Analysis

MAJOR BENEFICIAL SHAREHOLDERS	Before Armstrong Acquisition		After Armstrong Acquisition	
	No of Shares	%	No of Shares	%
Paladin Capital Limited	33,920,250	29.15	33,920,250	24.79
Erskine, DB (CEO)	33,920,250	29.15	33,920,250	24.79
8 Mile Investments 41 (Pty) Ltd (S M Hedley)	14,537,250	12.49	14,537,250	10.63
Boraine, FP (MD - Small Plant and Formwork)	14,537,250	12.49	14,537,250	10.63
Investec Emerging Companies fund	4,024,835	3.46	4,024,835	2.94
RMB Emerging Companies Fund	1,734,932	1.49	1,734,932	1.27
Armstrong, D (MD - Armstrong Construction)	-	-	14,307,167	10.46
Ric-Hansen, W (Commercial Director Armstrong Construction)	-	-	6,131,643	4.48
TOTAL	**96,915,000**	**88.23**	**123,113,577**	**89.99**

Note:

1. Armstrong/Ric-Hansen allocating +/- 3 million shares to certain Armstrong employees
2. Erbacon Employees Share Incentive Trust - nil allocation at 28/02/2008 out of 2,015,502 securities that can be utilised in terms of the scheme.

Civils Construction Business Segment



2008 Income Statement - Civils Construction

- Civils Construction Revenue up 92%, to R156,3m (2007 - R81,3m)
- Contribution to Group Revenue of 70% (2007 - 69%)
- Operating Margin of 13% (2007 - 13,2%)
- Profit before tax of R20,5m (2007 - R10,9m), an increase of 88%
- Contribution to Group attributable profit of 46% (2007 - 60%)

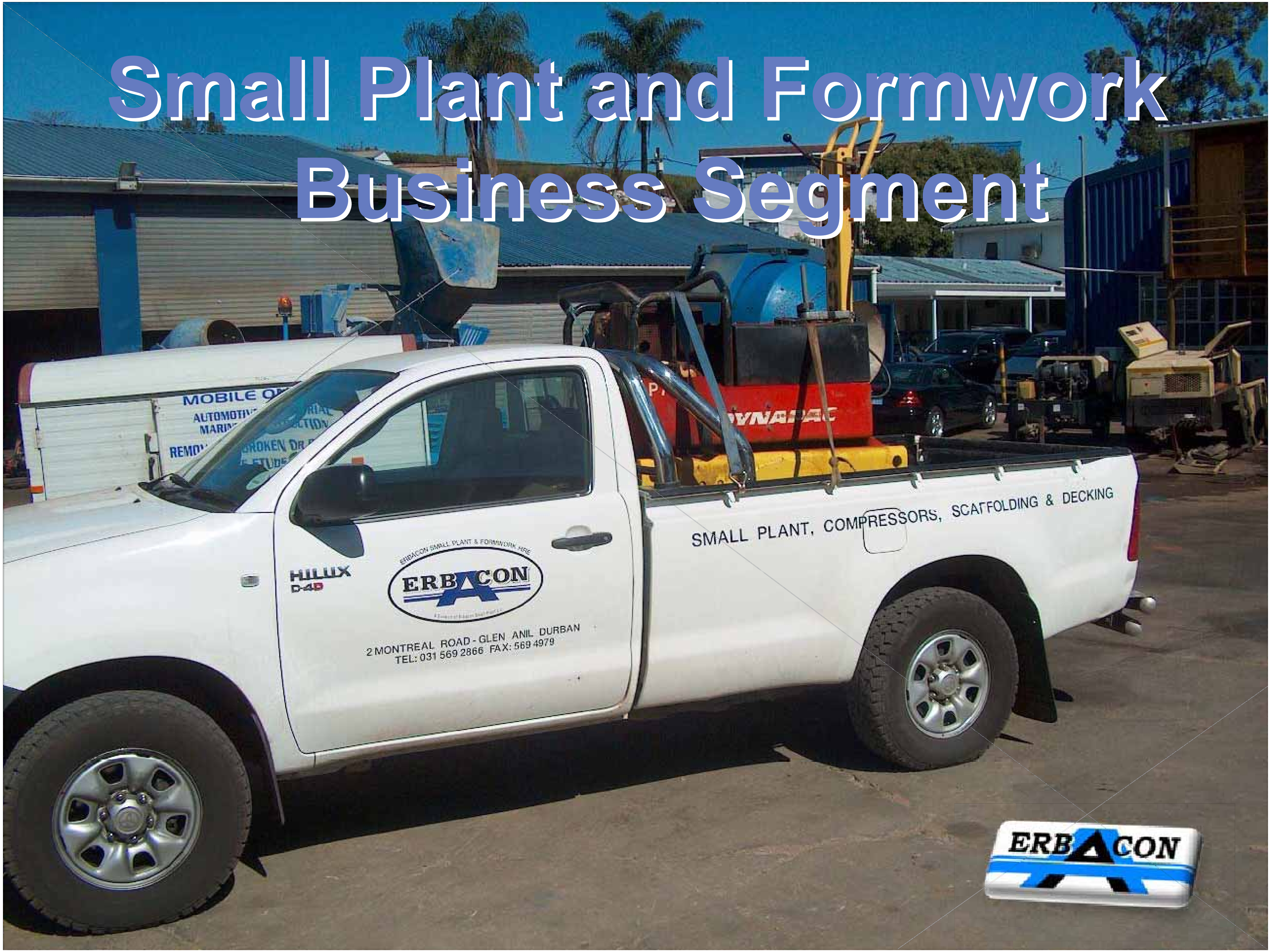
Clients

Customer	%
Private Developers and Companies	35%
South African National Roads Agency	28%
Ethekwini Municipality	8%
KZN Department of Transport	10%
Other Parastatals	19%
Grand Total	**100%**

Major Contracts Over The Past 3 Years

Contract	Client	Year	Value
Repair Bridges N1	SANRAL	2006	R27m
Umfolosi Bridge	KZN Dept of Transport	2006	R27m
S.Coast Pipeline	Umgeni Water	2006	22m
Seaton Delaval Development	Amber Mountain Development	2006	R134m
New England Road Bridge	SANRAL	2007	R30m
Eshowe Treatment Works	Biwater	2007	R31m
E.London Treatment Works	Buffalo City	2008	R44m
N12 Road Rehab	SANRAL	2008	R24m
N3 Road Rehab	N3 Tolcon	2008	R27m

Small Plant and Formwork Business Segment



Small Plant and Formwork Business Segment

- **Branches**
  - Durban
  - Port Elizabeth
  - Richards Bay
  - Ballito
  - Johannesburg

- **New Branches 2008**
  - Lepalale (Ellisras) –
  - Nelspruit

- Continuing investment in the plant fleet
- The formwork range and quantity of stock increased substantially
- Small formwork business acquired (cash / share exchange deal) - May 2008
- Investing in new systems (asset control)
- Revenue growth restricted only by availability of working capital
- Erbacon Plant Hire is one of the largest Small Plant hire companies in South Africa with excellent prospects of further growth

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2008 Income Statement - Small Plant and Formwork

- Small Plant Revenue up 91%, to R73,2m (2007 - R38,4m)
- Contribution to Group Revenue of 30% (2007 - 31%)
- Operating Margin of 34,5% (2007 - 26,4%)
- Operating profit of R25,3m (2007 - R10,1m) - an increase of 150%
- Contribution to Group operating profit of 55%

Major Clients

Customer	%
Bombela Consortium	7%
Basil Read	7%
Sanyati	12%
Group 5	4%
Grinaker/LTA	8%
Liviero	3%
Raubex	7%
Top Clients	**48%**

Major Contracts Supplied

Name of Project	Company that Erbacon has hired to
Roads Upgrade	Raubex
Coega Port Elizabeth	Concor
Mondi Richards Bay	Grinaker/LTA
Durban Harbour Tunnel	Concor
N Shed Upgrade	Basil Read
Gautrain	Bombela Consortium
N3 Jointing	Sanyati
FNB Stadium/ PE Stadium	Grinaker/LTA
Water Rehab Contract, Durban	Sanyati

Commercial and Industrial Building Segment

Armstrong Construction

- Acquisition unconditional on 28/02/2008 - paid R20m cash and allocated 11,1m ordinary shares in March 2008
- Purchase price of R78,5m at an historical price to earnings ratio of 6,5 times
- No contribution to 2008 earnings
- Increase in Revenue of 103,5% in 2008, to reach R292m
- Attributable profit for 2008 of R12,1m (2007 - R4,7m) which exceeds the profit warranties established.
- Allotment of a further 9 267 482 ordinary shares to the vendors upon signed AFS at 29/02/2008
- Operating Margin of 6,1% (2007 - 4,9%)
- Had Armstrong Construction's results been consolidated for the full year, their contribution to Group revenue would have been 56% for the Commercial and Industrial segment, with Civils Construction and Small Plant and Formwork at 30% and 14% respectively.

Armstrong Construction

❑ Opportunities

- Actively seeking new contracts to expand into new areas in terms of national footprint
- This includes the establishment of branch offices in other regions of the country

❑ Recently Awarded Contracts

Shopping Centre at Ulundi	R 68 Million
Warehouse for Unilever	R 192 Million
Granada Centre	R 32 Million
Total confirmed order book 2009	R 365 Million

Armstrong Construction
Major Contracts Completed

Contract	Value
Warehouse and offices for Aunde SA	R67m
Conversion of Offices for Legislature	R20m
Varsity College Durban North	R16m
Varsity College Westville	R17m
Various SASOL Service Stations	R24m
Shopping Centre Ngcobo	R16m
Shopping Centre Tsolo	R16m
BPB Gypsum Warehouse	R10m
PEP Warehouse	R125m
Chep Warehouse	R12m
Hilton Offices	R14m

2008 Group Income Statement year on year

R'000	2008	2007	% change	Civils Constr. Contrib	Small Plant & Formwork Contrib
Revenue	**224 727**	**117 817**	**91%**	70%	30%
GP	**65 165**	**30 171**	**116%**	45%	55%
Other Income	**285**	**531**	**(46%)**	33%	67%
Operating/Admin Expenses	**(19 746)**	**(9 864)**	**100%**	48%	52%
Operating Profit	**45 705**	**20 838**	**119%**	45%	55%
PBT	**44 594**	**19 719**	**126%**	46%	54%
Tax	**(12 914)**	**(7 227)**		46%	54%
Net Profit After Tax	**31 680**	**12 492**	**153%**	46%	54%
EPS	**33,12 cps**	**12,89 cps**	**141%**		
HEPS	**31,31 cps**	**12,34 cps**	**170%**		
GP %	**29,0%**	**25,6%**	13%		
Operating Profit %	**20,3%**	**17,7%**	15%		

2008 Group Income Statement - Prospectus Forecast vs Actual

R'000	2008 Actual	2008 Forecast	% change
Revenue	224 727	241 903	(7%)
GP	65 165	52 821	23%
Other Income	285	52	448%
Operating Expenses	(19 746)	(11 546)	71%
Operating Profit	45 705	41 327	11%
Finance Income	1 355	-	
Finance Costs	(2 466)	(788)	
PBT	44 594	40 539	10%
Tax	(12 914)	(11 760)	10%
Net Profit after Tax	31 680	28 779	10%
EPS	31,12 cps	28.66 cps	8,6%
HEPS	33,31 cps	28.61 cps	16,4%
GP %	29,0%	21,8%	33%
Operating Profit %	20,3%	17,1%	19%

2008 Group Income Statement - 2009 Prospectus Forecast

R'000	2008	2009 Forecast	% growth
Revenue	224 727	299 292	33%
GP	65 165	64 391	
Other Income	285	-	
Operating Expenses	(19 746)	(15 756)	
Operating Profit	45 705	48 635	6%
Finance Income	1 355	2 972	
Finance Costs	(2 466)	-	
PBT	44 594	51 607	16%
Tax	(12 914)	(14 964)	
Net Profit after Tax	31 680	36 643	16%
EPS	31,12 cps	32,88 cps	6%
HEPS	33,31 cps	32.88 cps	
GP %	29,0%	21.5%	
Operating Profit %	20,3%	16,3%	

2008 / 2007 Group Balance Sheet

	2008	2007	2008 B/Sheet EXCLUDING Armstrong	2007 vs 2008 excl Armstrong % change
Non-current Assets				
PPE	**19 994 378**	**7 191 680**	12 830 912	78%
Plant for hire	**42 464 956**	**22 357 548**	42 464 956	90%
Deferred tax	**414 679**	**124 340**	414 679	234%
Premium to be allocated	**61 622 110**	**-**	-	-
Current Assets				
Trade/other receivables	**108 365 214**	**26 895 375**	63 649 163	137%
Inventory	**8 690 192**	**488 667**	4 381 794	797%
Cash and cash equiv.	**42 403 658**	**255 274**	41 699 696	16 235%
Equity				
Share capital	**244 382 860**	**193 830 300**	244 382 860	26%
Common control deficit	**(177 246 106)**	**(177 246 106)**	(177 246 106)	-
Retained earnings	**40 672 300**	**8 992 139**	40 672 300	352%
Non-current Liabilities				
Borrowings	**10 968 525**	**7 444 589**	8 699 965	17%
Deferred tax	**3 128 118**	**899 253**	1 171 960	30%
Current Liabilities				
Trade / other payables	**138 753 941**	**13 317 972**	28 597 617	115%
Borrowings	**13 222 763**	**6 133 116**	9 225 512	50%
Current tax liabilty	**10 072 786**	**3 941 621**	9 937 092	152%

2008 / 2007 Group Cash Flow

R'000	2008	2007	% change
Cash receipts from customers	**194 722 994**	110 488 360	76%
Cash paid to suppliers / employees	**(163 085 257)**	(87 752 771)	86%
Cash generated from operations	**31 637 737**	22 735 589	39%
Net finance income / cost	**(1 110 482)**	(1 119 142)	(1%)
Tax paid	**(6 936 181)**	(4 203 542)	65%
Net cash from operating activities	**23 591 074**	**17 412 905**	**35%**
Acquisition of subsidiary - net cash acq.	**703 962**	-	-
Acquisition of PPE	**(8 772 249)**	(5 405 678)	62%
Acquisition of Plant for hire	**(30 376 137)**	(14 340 789)	112%
Proceeds on disposal of PPE	**341 584**	598 814	(43%)
Proceeds on disposal of Plant for hire	**1 759 518**	1 413 737	24%
Proceeds on disposal of Financial Assets	**-**	29 573	(100%)
Net cash from investing activities	**(36 343 322)**	**(17 704 343)**	**105%**
Net proceeds on share issue	**50 552 860**	-	-
Movement in borrowings	**4 347 772**	3 997 657	9%
Dividends paid	**-**	(3 500 000)	(100%)
Net cash from financing activities	**54 900 632**	**497 657**	**10 932%**
Net movement in cash / cash equivalents	**42 148 384**	**206 219**	**20 339%**
Balance at beginning of year	**255 274**	49 055	420%
Cash and cash equivalents at end of year	**42 403 658**	**255 274**	**16 511%**

2008 Group Balance Sheet and Cash Flow

- Private placement of 19 383 000 shares at R2,75 per share, raising R53,3m in capital
- Consolidation of the Armstrong Construction balance sheet, increasing total Group assets to R283,9m (2007 - R57,3m)
- Premium to be allocated of R61,6m arising from the acquisition of Armstrong Construction
- Trade creditors include the full outstanding purchase price payable to the vendors of Armstrong Construction, of R78,5m
- An amount of R19,3m in Erbacon Construction, overdue due to developer/Land Bank dispute, is included within trade receivables
- Capex of R18,7m carried forward for Small Plant and Formwork branches

2008 Group Balance Sheet and Cash Flow

- Net cash of R23,9m (2007 - R17,4m) generated from operating activities
- Plant for hire purchases increased by 112% to R30,4m for 2008 (2007 - R14,3m) - in line with revenue growth
- Capital expenditure on Property, plant and equipment of R8,8m (2007 - R5,4m), the majority allocated to transport
- Net cash outflow of R12,8m before the receipt of proceeds from the private placing.
- Civils construction, and Commercial/Industrial, both more or less cash flow neutral
- Small Plant and Formwork in "classic" over-trading situation

Future Prospects/issues

- Controlled growth
- BEE - Key issue
- Committed Government Infrastructural Spending
- Sustainable boom in Civils Construction Sector
- Demand for plant hire exceeding supply
- Opening up new branches nationally
- Future acquisitions
- Consolidate / integrate Armstrong Construction

2008 / 9 Order Book

- Civils Construction
  - R178m already secured for the 2008/2009 year
  - A further R270m of well placed tenders also likely

- Small Plant and Formwork
  - Anticipated forward order book of approximately R100m
  - Two new branches funded from the proceeds of the private placement
  - Expansion into mining sector
  - Formwork expansion - vertical integration

- Commercial and Industrial Building
  - Secured forward order book in excess of R300m

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Corporate Governance

- Committed to the principles of effective corporate governance
  - appointed Rob Braithwaite as new Group FD and Company Secretary on 28 February 2008

- Compliance with King Report II
  - Independent, non-executive chairman, Alan Dawson, appointed 1 March 2008.

- Risk Management philosophy

- Internal audit and other control methodologies

- Standardisation of policies and procedures especially HR/IT/sites

- Information System upgrades

Strategic Outlook

- Capacity for R1bn in revenue on current infrastructure
- Geographic growth
  - Currently focused within KZN, room for expansion to other regions
  - Increasing supply to the mining sector - new market
- Expansion through acquisitions, but will consolidate this year
- BEE an imperative
- Risk and Governance approach
- Control

Thank You

Questions ....