Consolidated Infrastructure Group Limited

Diversified capabilities, strength to deliver

CIG: An Investment in the African Growth Story

2015 Interim results
February 2015








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Through volatile times, CIG performing and looking to invest for the long-term

- **Our strategy has allowed CIG to manage volatility driving events across our footprint.** Internationally, we are seeing a number of factors which impact the African continent. As country politics, commodity pricing, Ebola, terrorism, power shortages and the performance of more developed economies impact the countries we operate in; we believe our strategic and operational strategy has helped us thrive

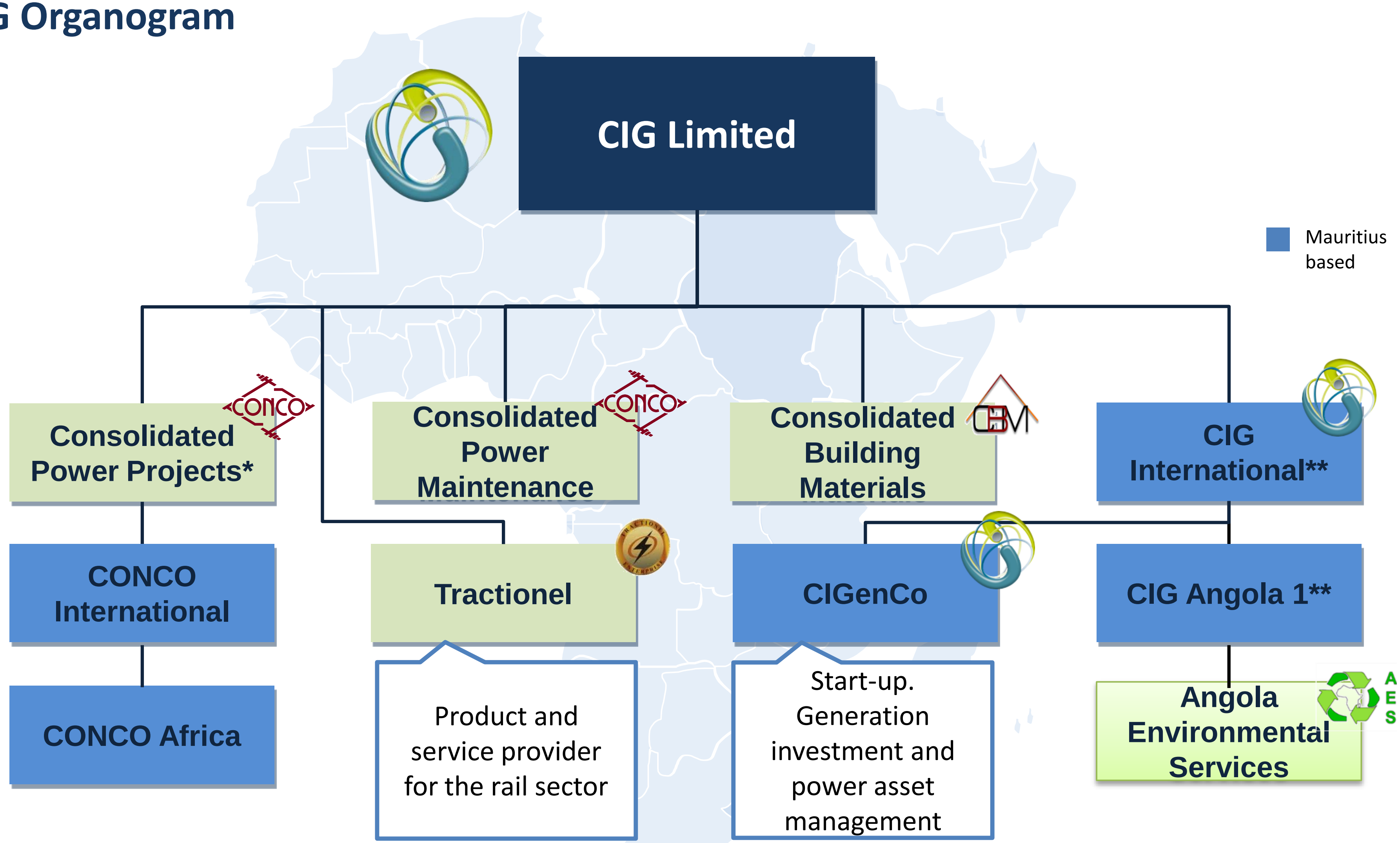
- **Our Pan-African growth strategy is focused on multiple regions and sectors.** Understanding the trends, investing ahead of them and focusing on execution (commercial, operational) has proven to be critical to our performance

- **Effectiveness of the strategy is paying off in our results.** Revenue (26%), EBITDA (23%) and HEPS (24%) all have grown considerably

- **Group looking to increase effectiveness of its Pan-African platform.** Believing volatile times are the right time to invest we are looking at a number of ways to improve the group over the medium- to long-term (e.g., M&A, startups, capital utilization, exploiting synergies amongst group companies, partnerships, etc.)

CIG has added Tractionel and CIGenCo to the group

CIG Organogram

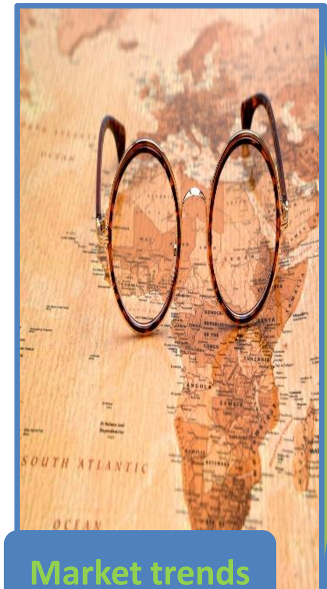


*CONCO Protection & Automation currently developing its own strategy as a separate business from CONCO

**Additional international investments will fall under CIG International. CIG Angola 1 is a SPV serving as a holding company

Political and commodity volatility largely driving events across our footprint

A lot has happened over the past 12 months…



Market trends

- Stronger governance paying off as a few country's have raised funds in the capital debt markets (e.g., Ethiopia, Kenya, Zambia, Ivory Coast) although demand may decrease going forward
- Elections have brought some uncertainty to business in Zambia, Mozambique, Namibia and Nigeria although all have gone better than expected
- Lower mineral prices hampering infrastructure investments and growth in South Africa, Zambia and Ghana
- Oil & Gas prices have dropped considerably since last year leaving Angola and Nigeria with adjusted budgets and weaker currency. Consequentially they have had to produce more oil to make up for the fall in dollar reserves
- The SA power sector has shown immense strain with the exception of renewables

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- Volatility leading to reduction of competition in some markets, while others becoming more crowded
- Many companies that lack diversification experiencing rough times
- More and more clients appreciating the additional costs of using questionable service providers and starting to appreciate quality suppliers
- Complications of operating across Sub Saharan Africa (e.g., logistics, culture, etc.) continues to confound some multi-nationals while others are thriving

Participants

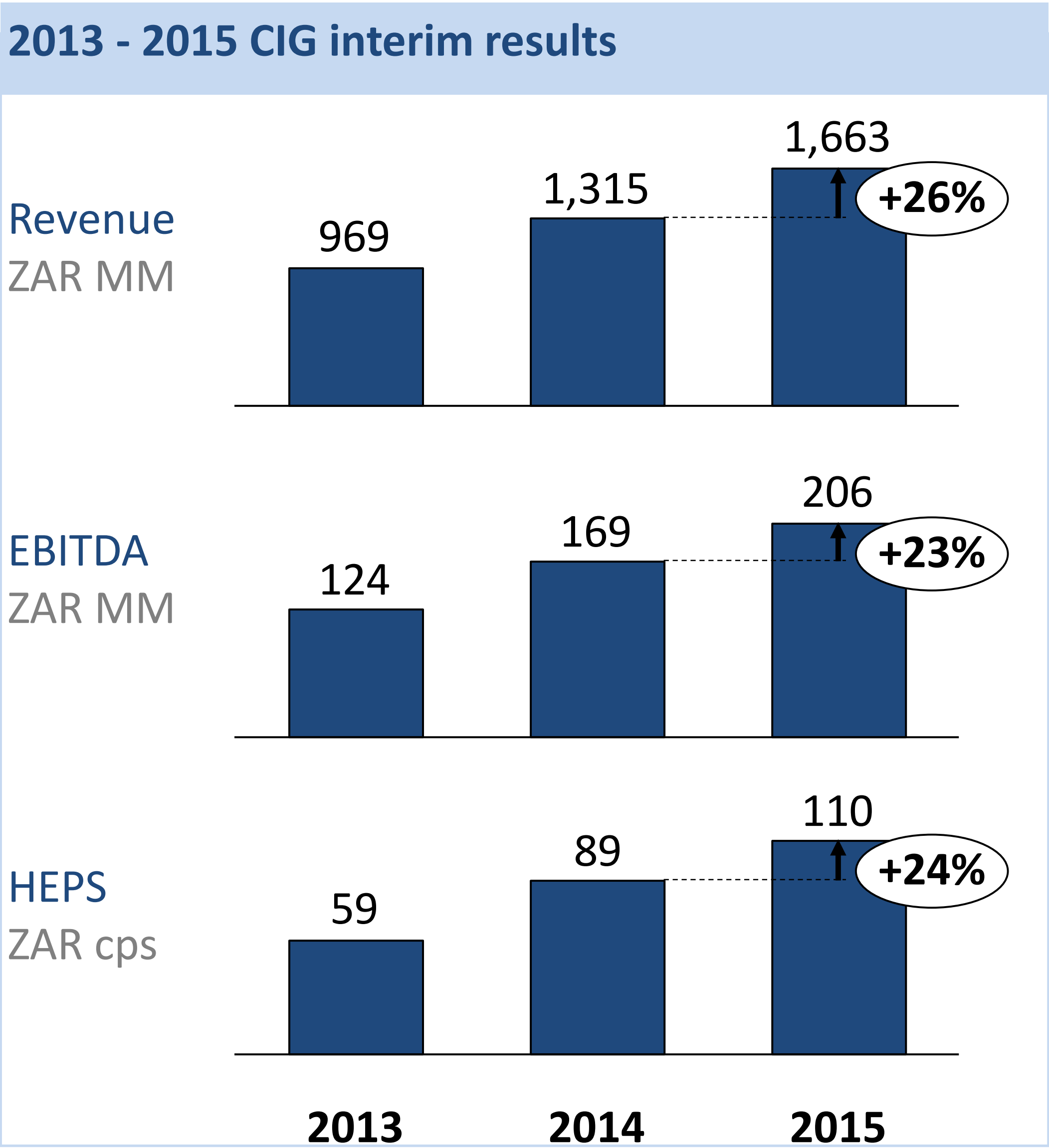
Source: WSJ

Focused on Pan-African growth and value add across multiple regions, sectors

CIG Growth Strategy Review: *Increase CIG's footprint, ability to deliver and scope of offerings while investing in transformative new assets and capabilities*

Objective	Details	Status	Highlights
 **Strategic growth of divisions**	*Accelerate growth by applying strategic, operational and financial levers to navigate market conditions and outperform competition*	• Power is the focus in SSA, countries getting serious about the problem • SA construction has remained stable for BM • In Angola: price decreasing, production increasing	• CONCO continues to benefit from RE as SA muni work makes a comeback – Newly configured Int'l division making progress in new markets • Building Materials growing volumes • AES continues to perform well through the oil price decline
 **Transformative investments**	*Seek and acquire infrastructure companies and projects which can significantly enhance the value of the group, strategically and financially*	• CPM seeing numerous changes in SA RE market, localization issues visible • Beginning to work actively with Tractionel execs • Started CIGenCO • Eyeing small, market focused investments	• CPM eying profitable operations in its 3rd year, while repaying CONCO for start-up capital, diversifying • Healthy order book (R122MM), room to increase near-term performance • Hired experienced CEO • In discussion for bolt-on, in-market assets for CONCO and CPM
 **Formation of Pan-African growth engine**	*Build a group support structure and capabilities which extend reach, adds management capacity to divisions, maintains entrepreneurial spirit and properly "corporatizes" new investments; making the whole greater than the sum of its parts and managing group risks*	• Increasing our exposure to generation investments via CONCO, CIGenCo • Key focus on allocation of capital across the group • "Market back" approach to building the group • Enhancing collaboration across the group	• Performing grid connection for Cenpower IPP in Ghana, building a pipeline of generation opportunities • Ensuring there is a return for every Rand of working capital invested • Long-term trends continue to expose supply-demand mismatches • Have a number of cross-group initiatives ongoing

CIG interim results up over 23% due to resilience of growth strategy

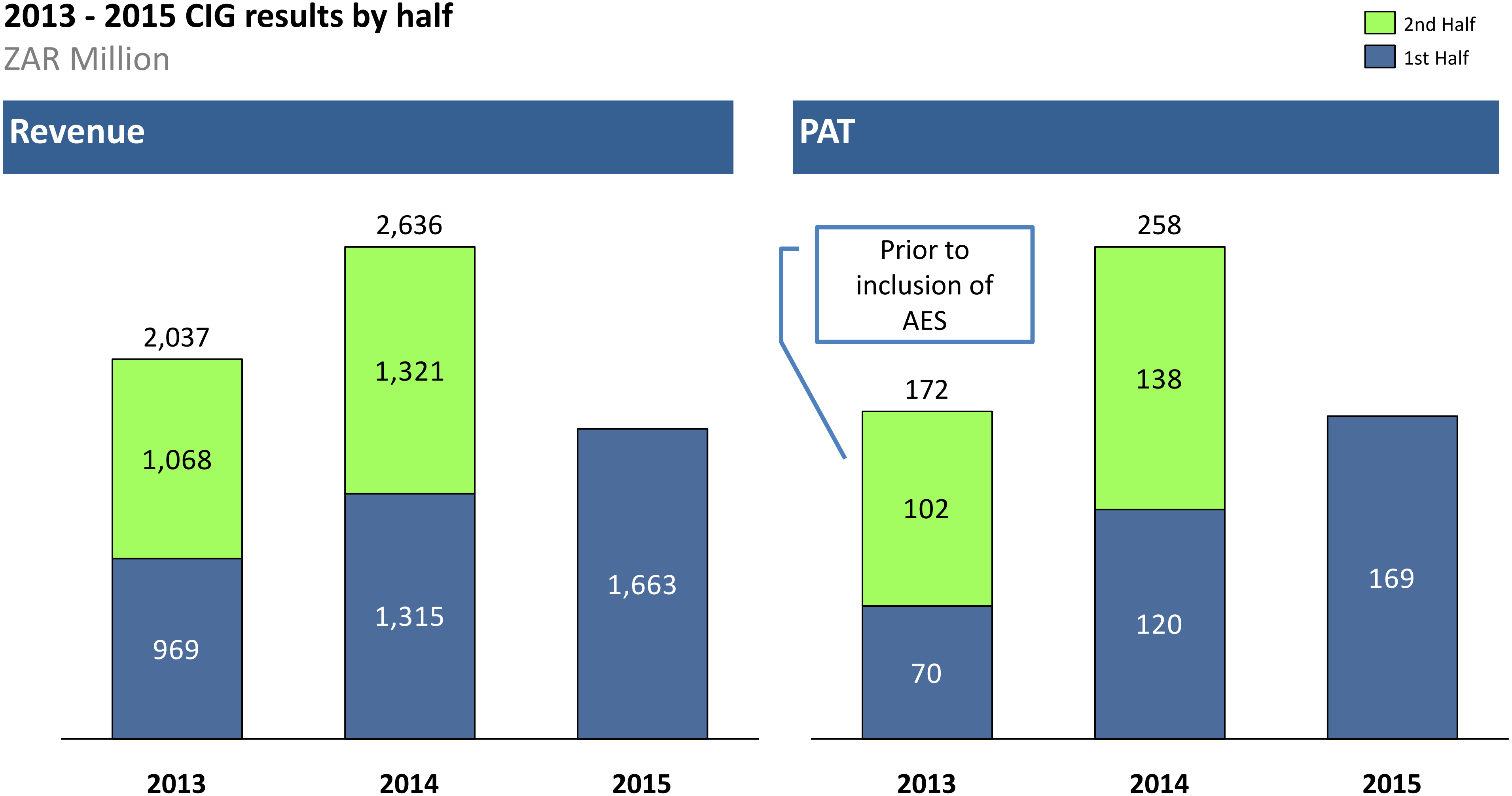


- Revenue (26%), EBITDA (23%) and HEPS (24%) all show tremendous growth
- Multiple country, multiple sector growth strategy continues to pay off along with willingness to invest ahead of trends
- Debt-to-equity ratio increased from 29.6% to 40.8% to finalize AES transaction and support growth
- Management focused on ensuring that we are prepared to invest ahead of the growth curve while ensuring growth of HEPS

2nd half PAT typically out performs the 1st half

2013 - 2015 CIG results by half

ZAR Million



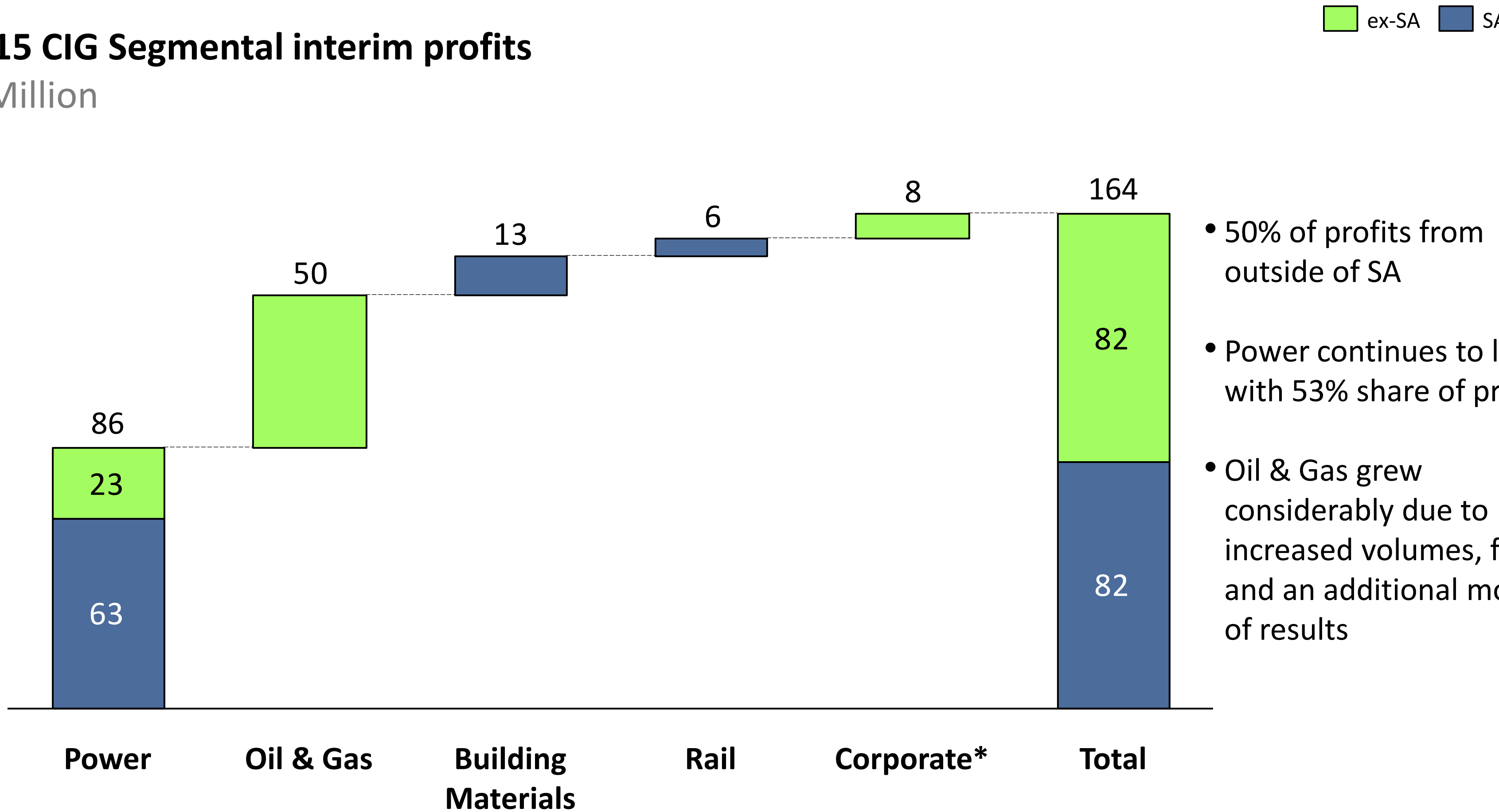
2nd half increase

10%	0%		46%	-15%

50% of profits came from outside of SA

FY2015 CIG Segmental interim profits

ZAR Million



- 50% of profits from outside of SA
- Power continues to lead with 53% share of profits
- Oil & Gas grew considerably due to increased volumes, forex and an additional month of results

	Power	Oil & Gas	Building Materials	Rail	Corporate*
Share of profit	53%	31%	8%	3%	5%
Profit vs 2014	+15%	+90%	+15%	--	+7%

*International corporate office (R15MM) and SA corporate (-R7MM)

Progress made across sectors despite some headwinds (O&G, rail delays)

1 Power

Market: RSA struggling due to Eskom issues, while real progress being made elsewhere across the continent

Assessment:
- CONCO SA benefitting from RE and increased muni spend, Eskom implications uncertain
- CPM and Energy Solutions gaining traction as standalone entities
- Looking to leverage selected generation opportunities via CIGenCo

2 Building Materials

Market: Market has been relatively stable without any major shocks. Competition trading margin for share

Assessment:
- Building Materials production volumes are up across the board, with the exception of roof tiles
- Managing pricing versus volume trade-offs key to succeeding
- Investment in capacity paying off
- Difficult to find new, quality assets to invest in

3 Oil & Gas

Market: Lower prices impacting African oil producers. Lower price leading to increased production in Angola. Many countries on low end of cost curve

Assessment:
- AES still receiving orders and working with clients to negotiate extensions and identify cost reductions
- Need to invest in additional human capital in order to support client plans
- High service levels make AES hard to replace, hard for competitors to recover CAPEX at current pricing

4 Rail

Market: Led by Transnet, big investments envisioned in SA rail. Adjudication of tenders going slowly

Assessment:
- Tractionel transaction completed
- CIG management working with Tractionel execs to build a stable platform for the future
- Tractionel working with group business development to identify additional opportunities
- Evaluating additional revenue streams

1 Across markets, we are seeing several positive trends in the power sector

Large scale power projects

- **Big lines:** Large interconnector transmission lines being built supported by unilateral and multilateral agencies across the continent

- **Big upgrades:** As infrastructure continues to age, many countries are pursuing large upgrades to support development

- **Big power stations:** From Lake Turkana Wind project (Kenya) to CenPower (Ghana) SSA is finally starting to allow for the development of big, complex power projects. Historically this has been extremely difficult due to governance and the number of stakeholders required

A lot of activity in key countries

Ghana

- Severe power outages
- Looking to strengthen the balance sheet of ECG (the DisCo)
- IMF agreement allowing for badly needed infrastructure investments
- Looking to alleviate power crises
- Strong base of engineer skills

Nigeria

- Election may bring progress in power
- Privatization has driven innovation in generation and distribution
- Expectations of transmission company increasing due to privatization
- Localization, lower tariffs (50% reduction) may be an issue

Angola

- The two utilities have been split into generation, transmission and distribution
- Despite oil price, government pushing forward with power infrastructure

South Africa

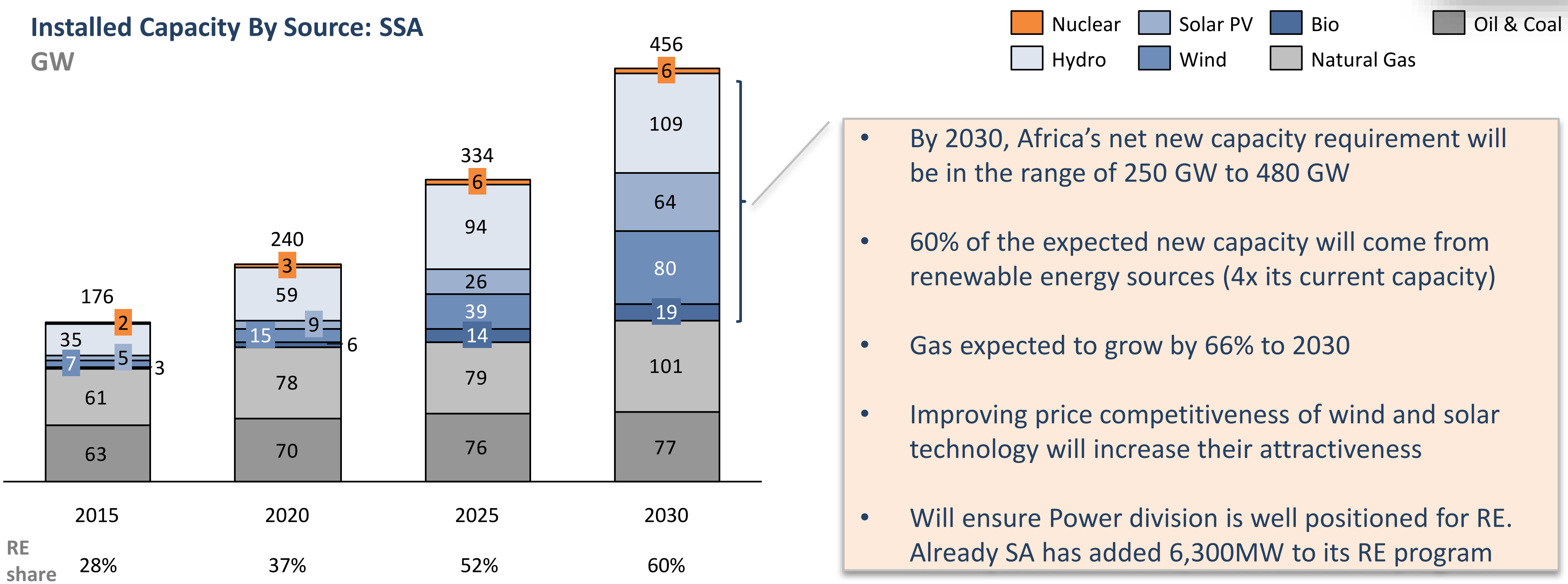
- RE program has been stellar, 1,473 MW added in round 3, 13 selected for round 4 represent 1,000MW
- Further 6,300MW allocated to RE
- Municipalities are starting to spend on infrastructure
- Power crises spurring action
- After experimenting with suppliers, the industry seems to be settling on the most reliable

Source: IRENA – Prospects for African Power Sector

1 RE likely to grow as costs lower

Installed Capacity By Source: SSA

GW

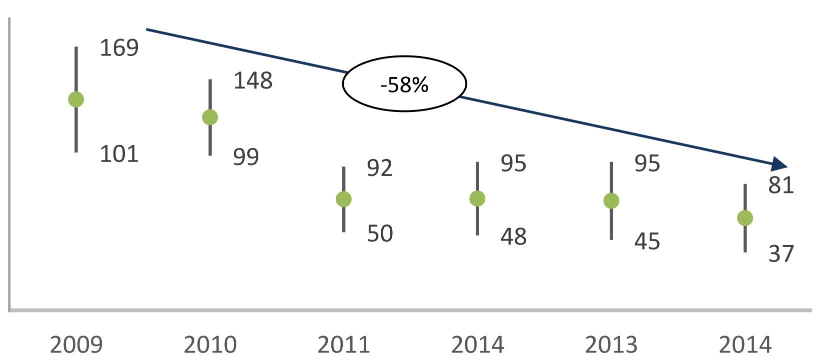


- By 2030, Africa's net new capacity requirement will be in the range of 250 GW to 480 GW
- 60% of the expected new capacity will come from renewable energy sources (4x its current capacity)
- Gas expected to grow by 66% to 2030
- Improving price competitiveness of wind and solar technology will increase their attractiveness
- Will ensure Power division is well positioned for RE. Already SA has added 6,300MW to its RE program

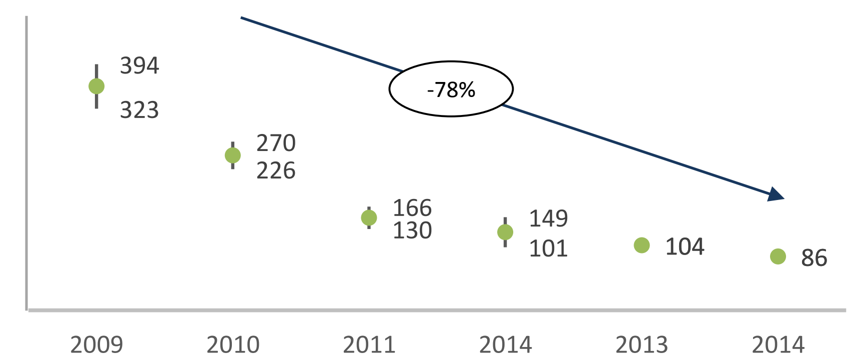
Levelized Cost of Energy: 2009-2014

$/MWh

Wind

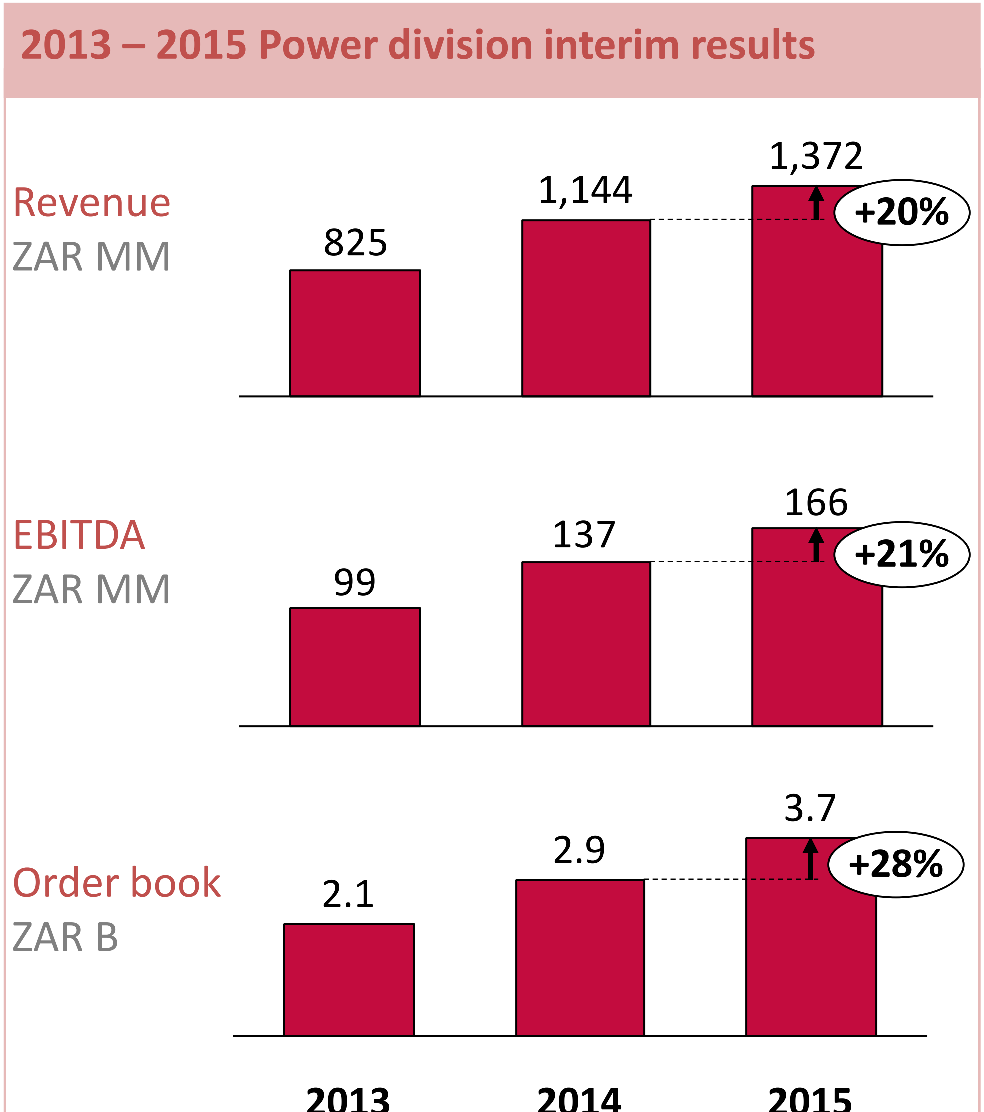


Solar PV



Sources: Lazard, Levelized cost of energy; IRENA, Africa Power Sector Synthesis

Changes in power division beginning to yield results, EBITDA up 21%



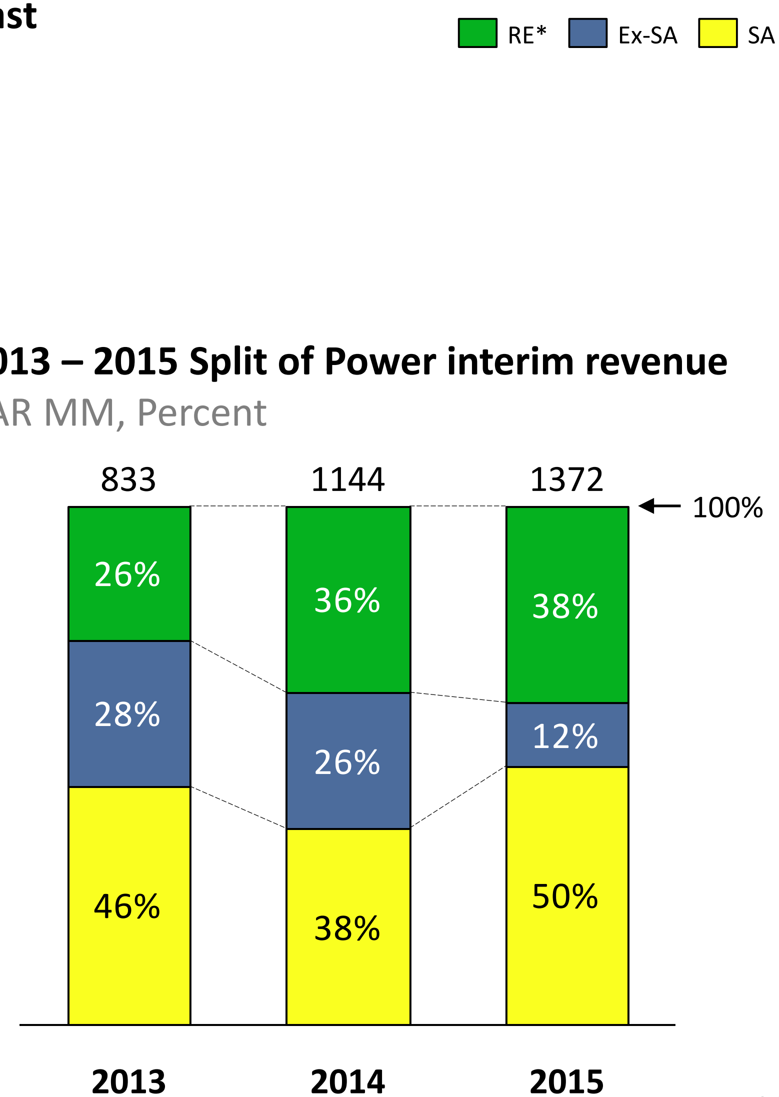
- Power division results includes all power focused subsidiaries for the interim period
- 20% plus increases in revenue and EBITDA largely due to South Africa and CPM performance
- Order book has grown 28% as the execution profile tends to be more multi-year
- Awarded ex-SA contract have taken longer to begin execution for a number of reasons
- Regional strategy has made management more market focused, payoff is yet to be realized in financials
- Management continues to invest ahead of trends in the sector (RE, CPM, CIGenCo)
- Small asset acquisitions will allow the Power division to further diversify with new offerings

SA grew as ex-SA contracts just starting off

Overview of Power experience across Africa and the Middle East

2013 – 2015 Split of Power interim revenue

ZAR MM, Percent

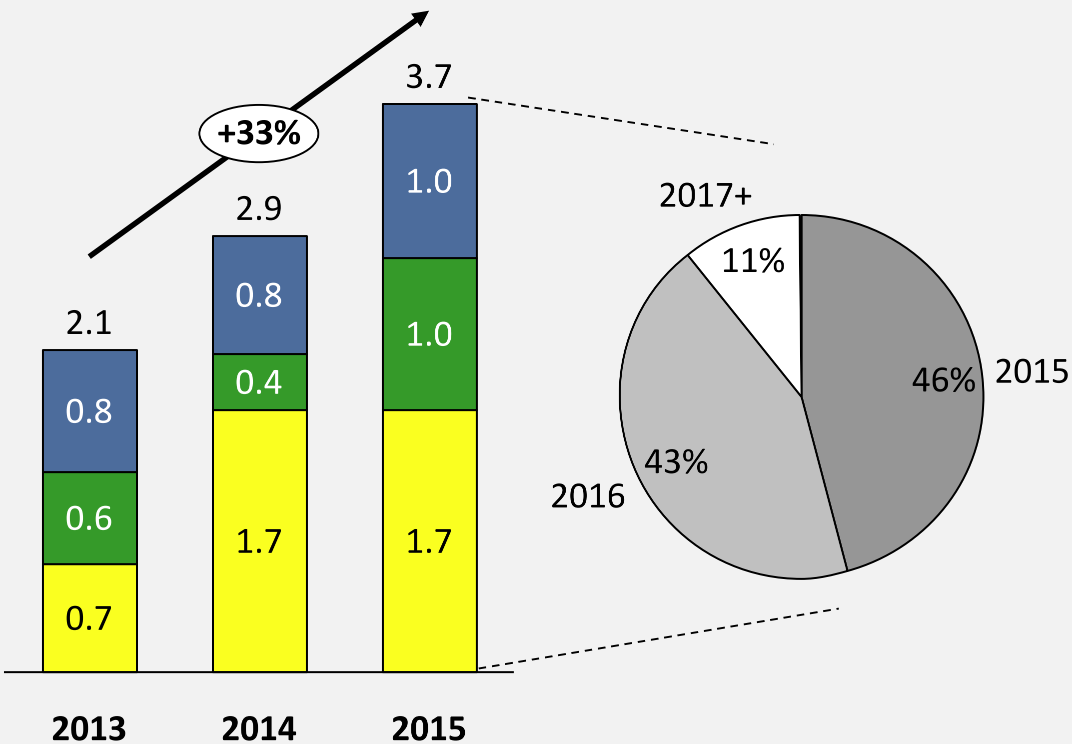


Order book and tenders continue to grow, become multi-year

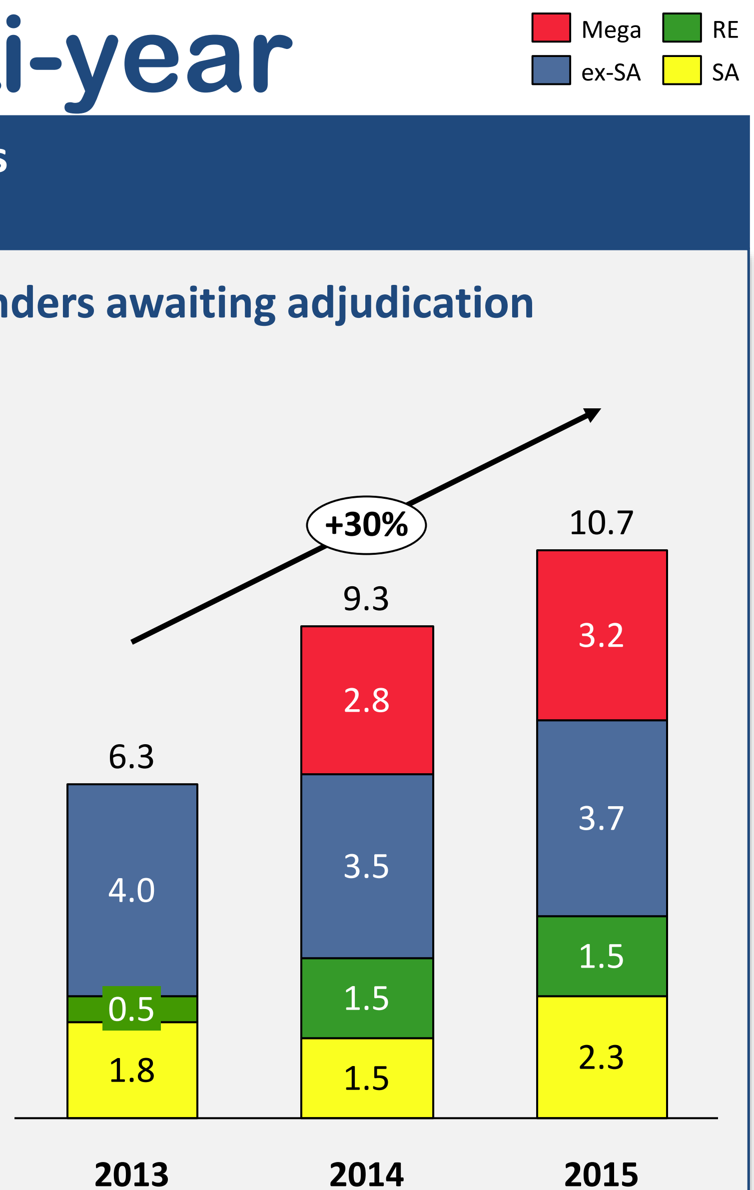
2013 – 2015 Interim results Order Book and open tenders

ZAR Billion

Order book and potential execution*



Tenders awaiting adjudication



*Projects added to orderbook once the contract is signed

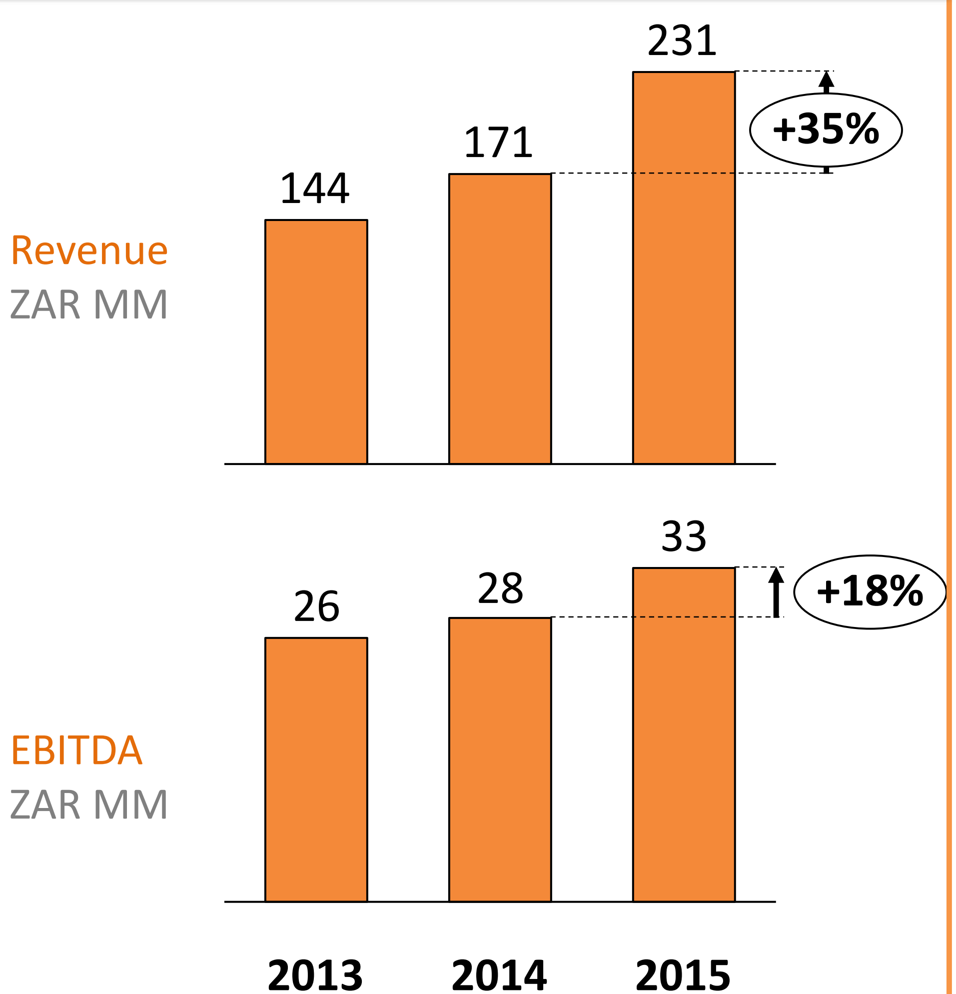
CPM gaining momentum as a local provider of high quality service

Consolidated Power Maintenance highlights

- Have won 9 contracts, achieved profitability within 3 years
- Earned a 100 percent SHEQ (e.g., safety) score card
- As we see employee turnover across the industry, we are focused on retention and development of local, skilled personnel. As clients finalize their strategy, we will support
- Have demonstrated ability to build a workforce with experienced technicians to serve both Wind and Solar projects
- Looking to augment our staff, particularly our leadership, with a focus on increased localization and BEE (currently BBEEE-2)
- Diversifying revenue streams with transmission & distribution contracts, small bolt-on acquisition

CBM revenues and EBITDA up 35% and 18%, respectively

2013 - 2015 CBM interim results
ZAR MM

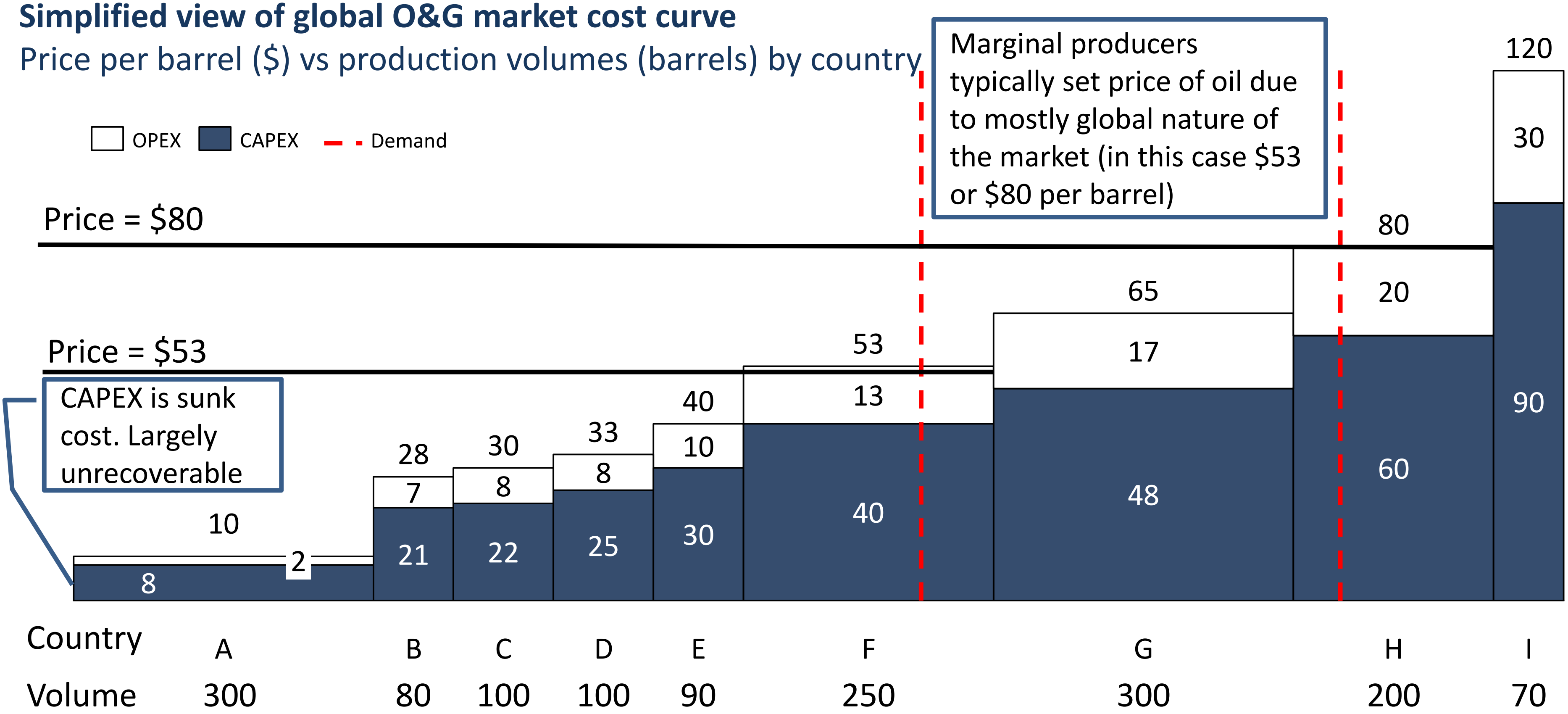


- CBM revenues grew considerably (~35%) while pricing decisions caused profits to grow less dramatically (~18% EBITDA growth)
- Good progress on aggregates volumes across all operations
- Increased brick volumes with slight reduction in margins
- Roof tiles have been flat and close to production capacity
- Market has been steady, not much volatility
- Solid market share growth on the back of investment in capacity

2 In a global oil market, lower prices lead to higher production by low cost producers

Simplified view of global O&G market cost curve

Price per barrel ($) vs production volumes (barrels) by country



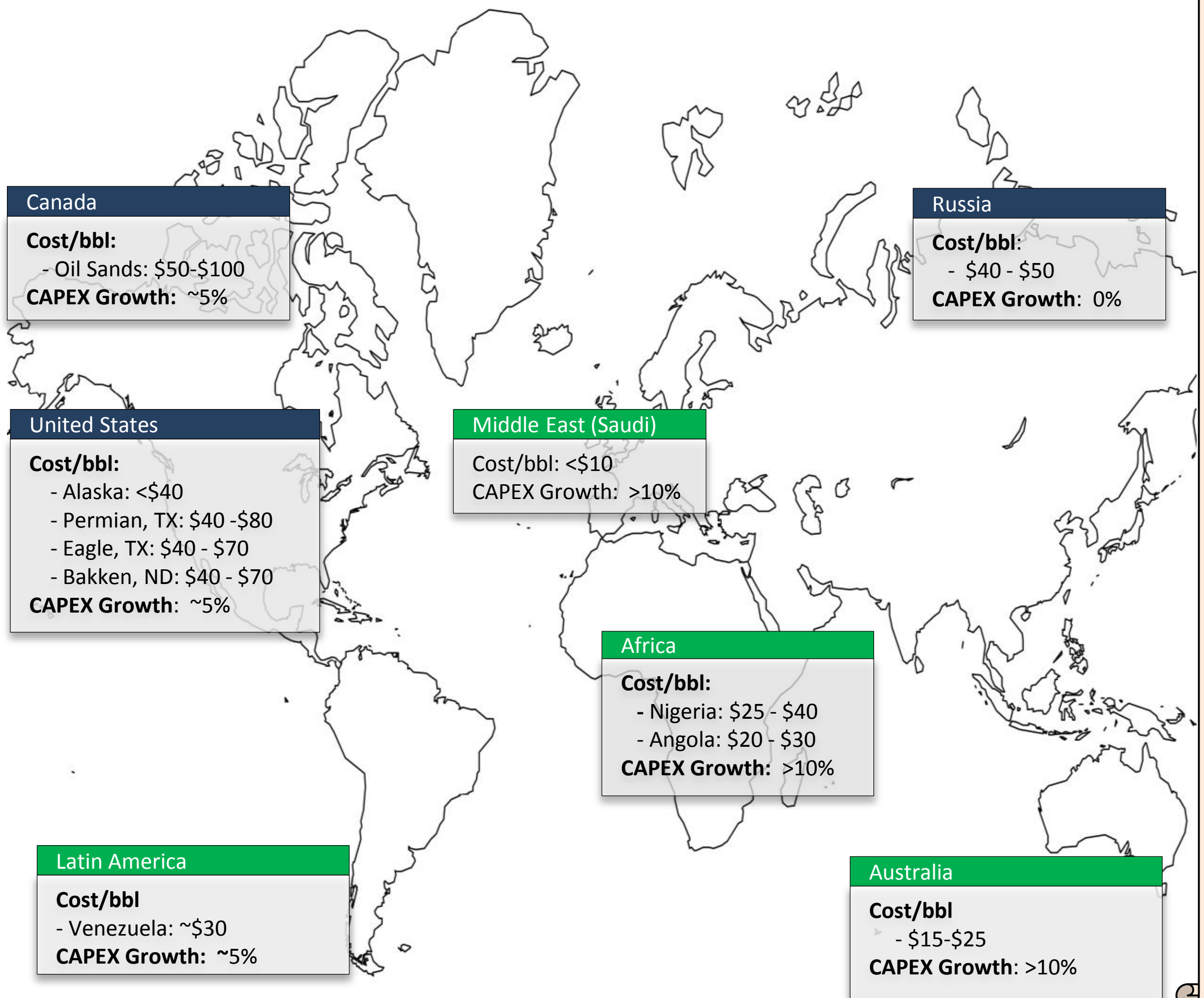
- **IOCs have spent CAPEX (which includes government free carry in many cases) required to produce, cash profitability can be measured by OPEX (marginal cost per barrel) versus the selling price of oil**
- **In order to make up for sagging price, incentive is to increase production where OPEX is lower than the price of oil**
- **Many African oil producers, are on the lower end of the global cost curve (based on production costs) therefore the focus is on increased production while cutting costs without harming operations (e.g., safety)**

2 Angola positioned favourably in the global market from a cost perspective

Break Even Price Per Barrel in Major Oil Producing Regions. Q4-2014

Break even price greater than $40 / Barrel

Break even price les than $40 / Barrel



Bloomberg – The drive to pull oil from the Gulf of Mexico is showing little evidence of any slowdown.

In 2015, Oil rigs working in the Gulf will increase by more than 30 percent compared to 2014.

The rise in deep-water drilling stems from years of planning and billions of dollars already invested.

"The economic life of these projects is in the decades...You're going to milk this cow for another 30 years, so you don't care what the price of milk is today"

Large oil producers including Anadarko, BP Plc, Chevron Corp. and Royal Dutch Shell Plc are continuing to invest offshore even as shrinking profits force them to cut back on spending.

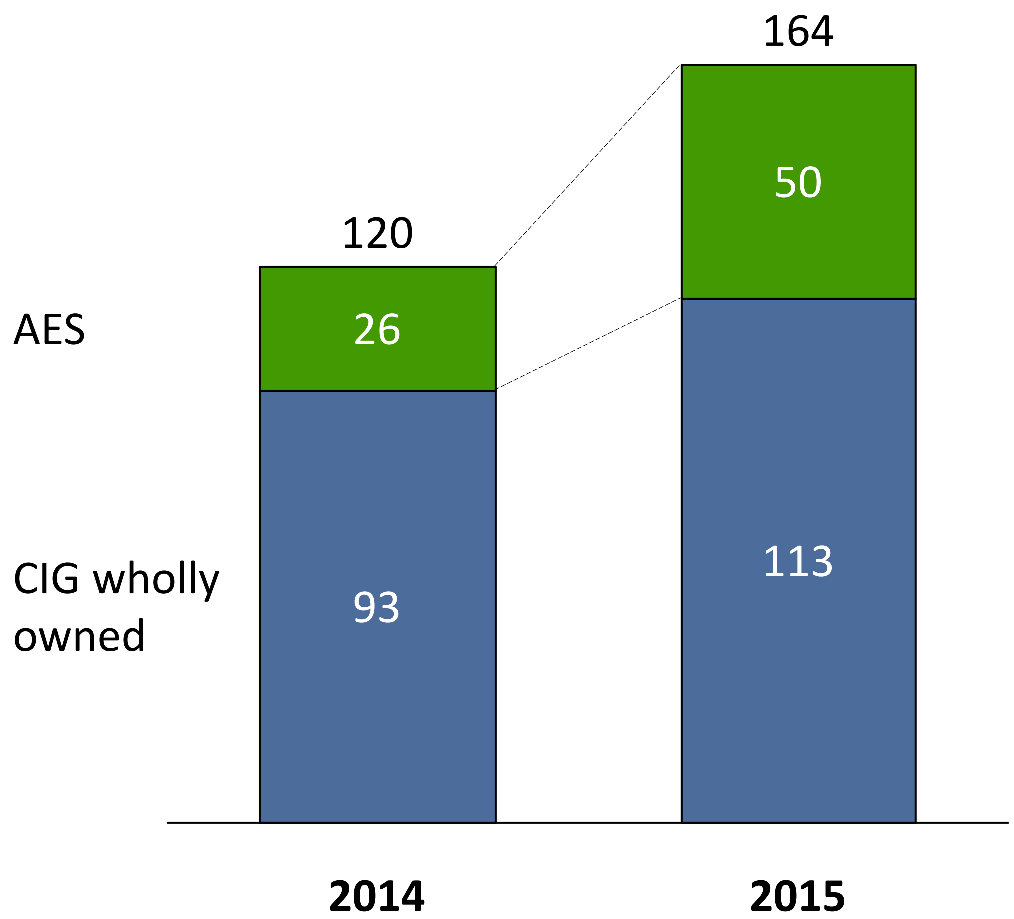
Frost & Sullivan – In 2015/16, regions with higher breakeven price above $40 per barrel like America, Canada and Russia are expected to experience a drilling Capex growth below 5%

Africa, Saudi Arabia and other regions with breakeven prices below $40 per barrel will increase Capex by approximately 10 – 15%

*Projects added to orderbook once the contract is signed

AES continues to perform admirably

2014 – 2015 AES impact on CIG PAT
ZAR MM

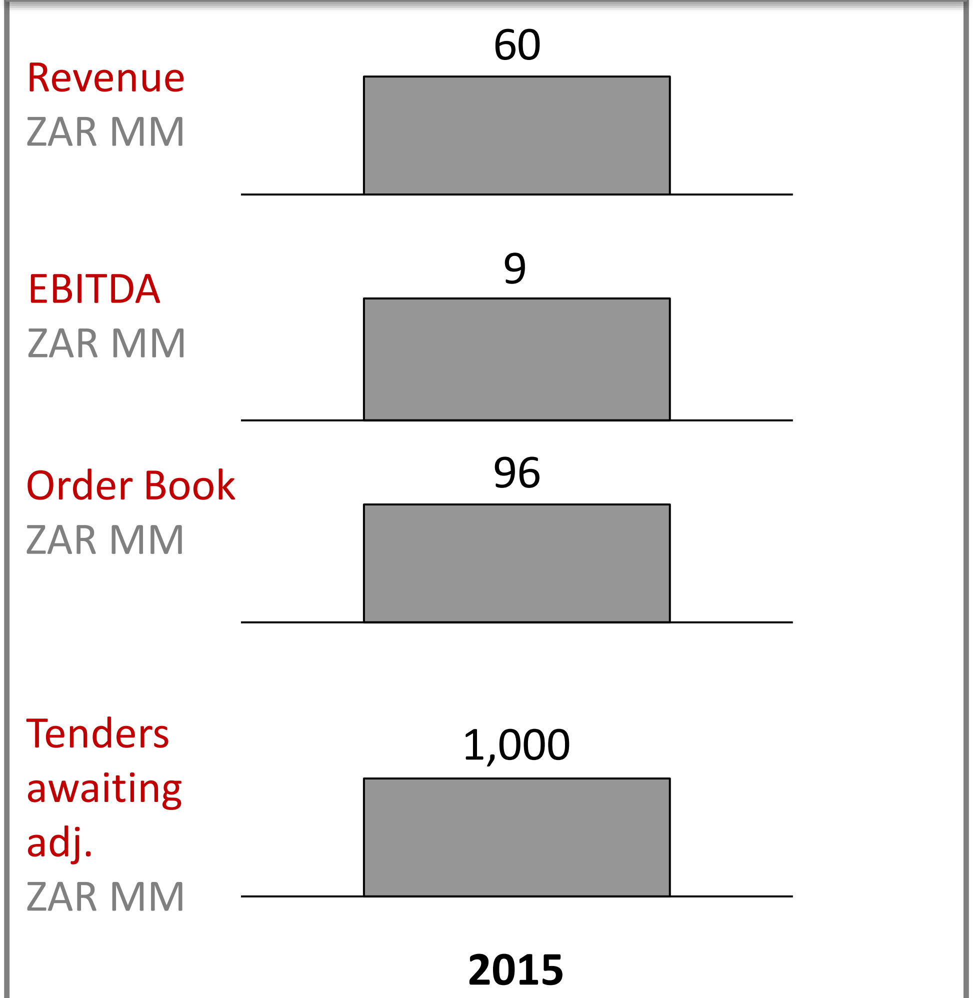


Source: Reuters, Sonangol annual results

- Oil prices have slipped considerably (45 – 50%), while oil production in Angola increased from ~1.5 to ~1.8MM bpd by December 2015
- Angola taking credible steps to minimize impact by decreasing budget price of oil ($41/bl), reducing non-operating cost on operators and reducing expenditure
- AES exposure to exploration (30%), development (55%) and production (15%) varies. Exploration most hit by oil prices
- AES has manufacturing profile as volumes mitigate price cuts. Soyo opening helps
- Contributed R50MM to CIG PAT in 2015, comprising 31% of PAT. Of the 92% increase, 2/3 due to increased volumes and 1/3 due to forex and an additional month in the period
- CIG investment contract with the Angolan government only allows for dividends in 2016, though technical fees are payable due to strategic support provided

Beginning to work more closely with Tractionel in order to build a platform

Tractionel interim results
ZAR MM



- Large volume of Transnet and Prasa tender activity but not a lot of execution
- Tractionel margins are healthy at EBITDA of 15%
- Working with Tractionel management to execute a number of initiatives to define strategy, increase revenue opportunities, enhance procurement and work on organizational issues (e.g., BEE, training, recruiting)
- Aim to spend the next 6 – 12 months, building a platform and articulating a 5 year strategy

CIG has stepped up its game when it comes to Pan-African growth

Initiative	Details
• Reorganize CONCO	• *Worked with CONCO management to change the organization in order to focus on regions with regional strategies, partnerships, etc. Result is CONCO closer to its customers, local stakeholders and requirements*
• Build CIG International	• *Have built some capability to provide strategic, operational and financial support to subsidiaries across the Africa continent. Still a lot of room for growth. Additionally, looking to enhance synergies across subsidiaries*
• Manage "market back"	• *Track record of evaluating long-term market trends and dynamics in order to find new opportunities for investment (e.g., new offerings, asset acquisitions, start-ups, M&A, etc.)*
• Establish CIGenCo	• *Latest start-up focused on investment and management of generation assets across the Africa continent. CIG well positioned to successfully execute based on new and current in-house capabilities*
• Expand partnerships	• *Have begun working with divisions to significantly expand partnerships were there are mutual interests*

"Market back" philosophy based on investing ahead of long-term trends

We are long-term believers in the trends shaping the continent

CIG exposure?

• *Population growing to 1.6B by 2030 driving the need for infrastructure (e.g., power) and increasing urbanization to 50%*	✓	✓		
• *Africa needs to add a total of 308GW to the grid by 2030, translating to ~$42B per year*	✓			
• *Intra-regional trade at <15%, less than half of most emerging markets. Room to trade power, oil and gas in addition to goods*	✓		✓	✓
• *Continued focus on local beneficiation of goods to benefit GDP growth and local consumers*	✓	✓	✓	✓

Source: African Development Bank, McKinsey, IRENA

CIGenCo is the latest effort to capitalize on market trends

Clear market need for a generation business

- Lack of technical and strategic partners bringing capital across the continent to support the required growth in generation
- Group continues to find opportunities where a little more expertise up front could ensure bankable projects
- Synergistic with group companies, clients and partners (e.g., OEMs, developers, owners, utilities and government agencies)
- CIG has track record in co-development, sale of small hydro project in Kenya utilizing the same approach (~R3MM in 2014 results)

Setting out to add a quality firm to the group

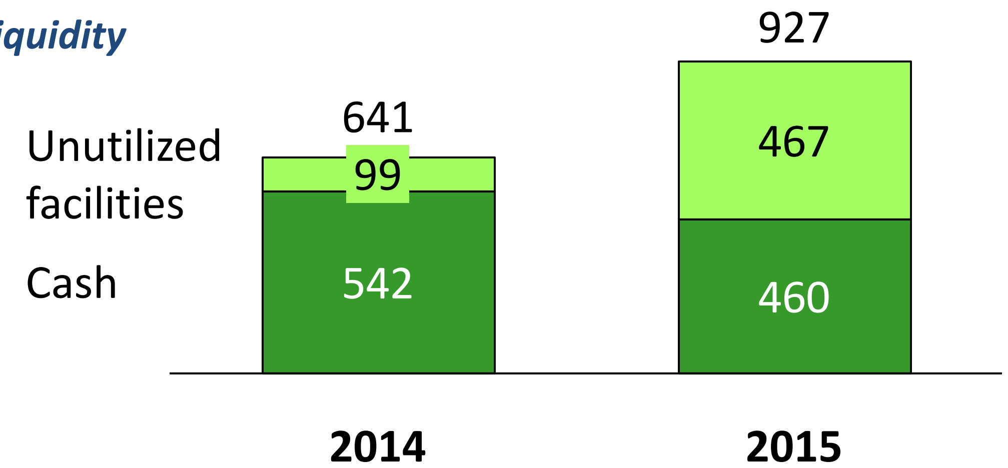
- Hired experienced CEO (development and asset management in emerging markets) to manage sourcing, structuring, construction oversight and asset management
- Focused on closing 1 to 2 opportunities to start out
- Supported by group technical and business development personnel
- Once settled will look to rapidly grow the business
- Should add complimentary annuity income to the group

Plenty of headroom to support further growth

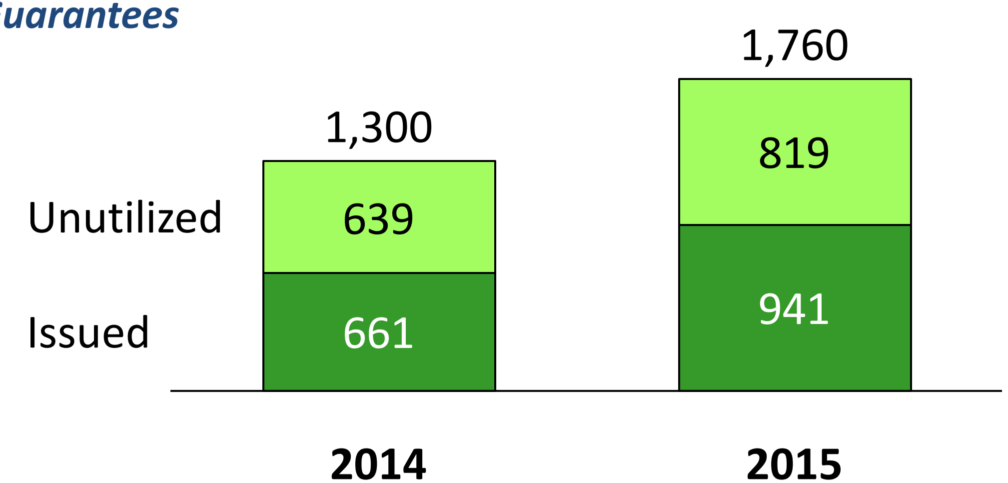
2014 – 2015 CIG Capital position

ZAR MM

Liquidity



Guarantees



- Management has enough by the way of facilities, cash and guarantees to support the growth of its subsidiaries
- Focus on capital utilization at the head office to ensure efficiency
- There may be additional capital needed if management decides to pursue a sizeable investment

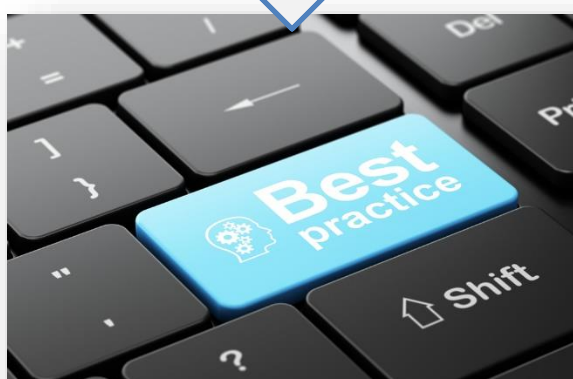
Implementing programs to add value across subsidiaries

Business Development

- Providing market intelligence across the group
- Crafting market strategies focused on leveraging BD resources across the group
- Leveraging African network

- Companies sharing best practices across HR and Finance
- Power division execs working together to establish new offerings

Best Practices



HR Programs

- Sharing functional employees across subsidiaries to increase efficiency (arms length pricing)
- Establishing rotation programs at multiple tenures

Risk management is critical to what we do

Risks	Mitigation
• **BEE in South Africa.** Proposed changes in BEE legislation will make it far more difficult to operate in companies such as ours which have not traditionally been attractive to blacks (as oppose to finance)	• Alter our management structure to give our employees a share of the company, as opposed to diluting with BEE shareholders. Our employees will then think like long-term owners • Increase coordination among subsidiaries on BEE efforts
• **Ensuring we have enough capital for growth.** Given the number of growth opportunities, having enough capital to successfully capture them is critical	• Continue to fund raise ahead of the cycle • Ensure there is terrific ROI on our investments in working capital prior to investing
• **Recruiting, developing and retaining key skills.** The skills we require to operate our businesses, especially indigenous, are becoming harder and harder to find. Once developed many others are looking to poach your key staff	• Continue to invest effort into our skills academy • Establish rotation programs to increase employee exposure • Strive to make CIG a great place to work for all employees
• **Supplier risks in South Africa.** Given the lack of activity in the SA power sector over the past few years, the ability of local suppliers to meet our requirements (quality, timing, load shedding impact)	• Buy capacity for manufacturing ahead of our normal timeframe • Better engage suppliers to ensure there is alignment, prior to the order

Contact us

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