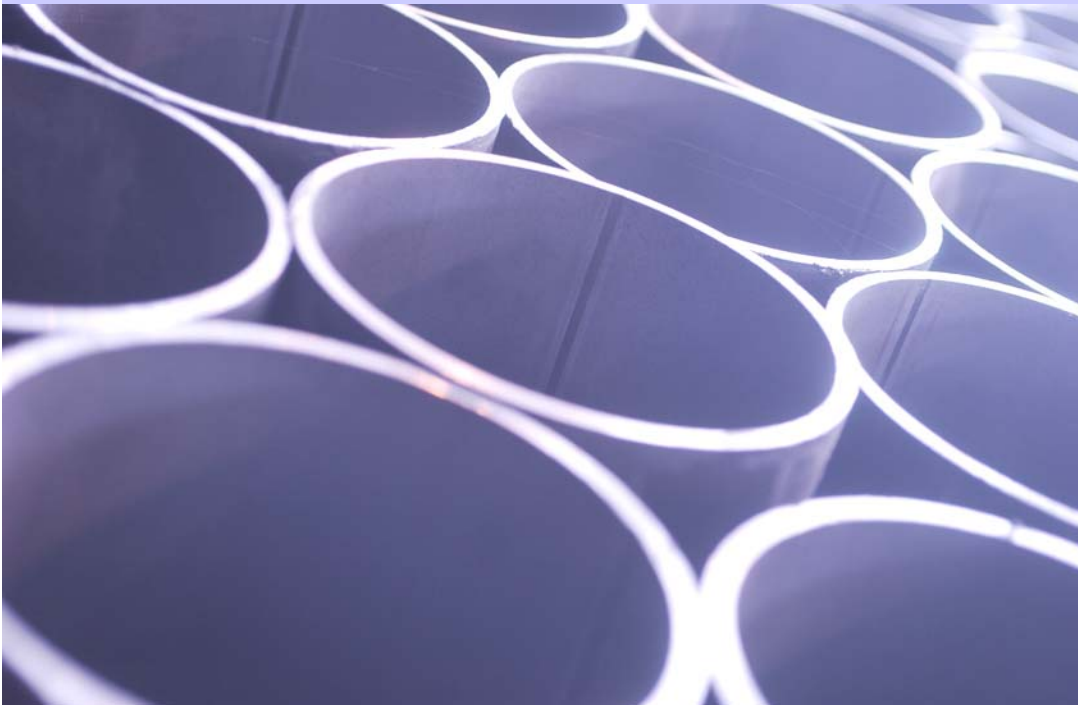


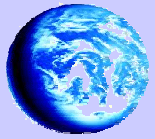
**Barloworld**  
Robor

# Barloworld Robor

Analyst Presentation

Presented 02/09/05





Last Year		To provide value for our stakeholders by offering a complete range of solutions to all their tube and pipe needs
-----------	--	--

Current	What we do	Manufacture and supply
	Product/Services	Steel Tube and Pipe and value added solutions
	Who to	Mining, Agriculture, Energy, Rail, Automotive, Building and Construction, Water Reticulation and General Industry
	Where	In Southern Africa and select export markets

Future	What we do	Manufacturing and Supply
	Product/Services	Structural, Conveyance and Precision Value Added solutions
	Who to	Mining, Agriculture, Energy, Rail, Automotive, Building and Construction, Water Reticulation and General Industry
	Where	In Southern Africa and select export markets

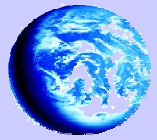


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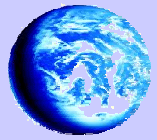
**Environmental Scan**

**Macro, Industry & Technology**

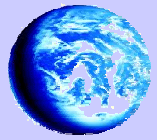




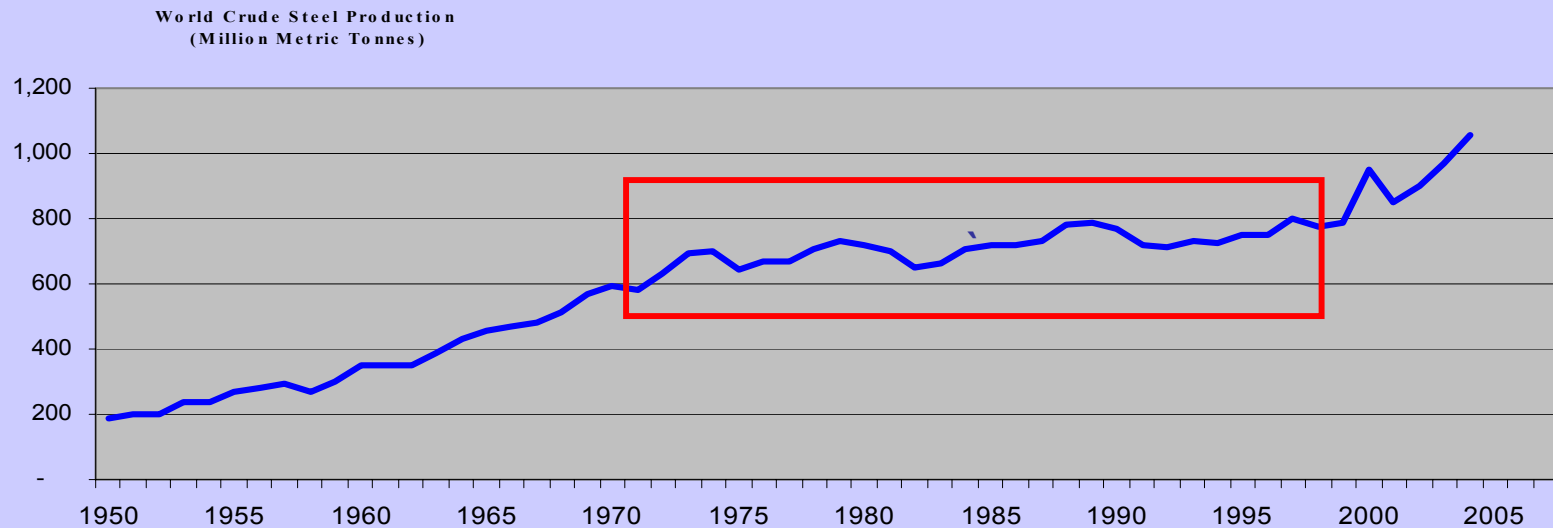
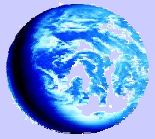
<b>Strategic Insight</b>	<b>Comment</b>
BEE transformation	Method to ring fence operations and look at Robor BEE investment to be pursued
Environmental risk higher	Additional non productive expenditure incurred
Growth in SA infrastructure spend R160b	Market segment focus group priority to understand channels
Corporate Governance requirements enhanced	Higher cost of doing business, but early adopters may gain strategic advantage
Impact of China and India	Need to monitor imports for dumping
Skills shortages	Training and establishing desirable company to work for



Strategic Insight	Comment
Move of finished goods production from West to East (China/India)	Flooding of market from East Sourcing opportunity
% of tube exported globally growing - China will become net exporter	Production efficiencies and value added vital
Consolidation of Steel industry	Increased difficulty for Robor to extract value from the supply chain
Robor lost market share while increasing margin	Focused marketing and value adding opportunities used to regain market share
Cycles sharper and shorter	Volatility of profits
Global overcapacity	Prices volatile
Major competitors have large spread of product	Continue to find opportunities to expand range
Mining industry to remain volatile	Continue to develop water reticulation sector
Tube mills must be more flexible and add more value	More cutting and offering value added products



Strategic Insight	Comment
Industry relies on one dominant carbon steel manufacturer	Exposed to changes in pricing structures and supply limitations
Mittal are a world class professional steel producer	Pricing reacts quickly to changes in market conditions
People relationships at Mittal have changed from local (predictive) to international (unknown)	Approach of Mittal to support local business uncertain
Acerinox strategy to sell at best export price damages local production in a rising price market	Stainless export market lost and local market uncompetitive
Robor reliance on independent distributors higher than competitors	Ability to control pricing through the chain impeded
The need to satisfy customers full product requirement is increasing	Development of Mill merchanting



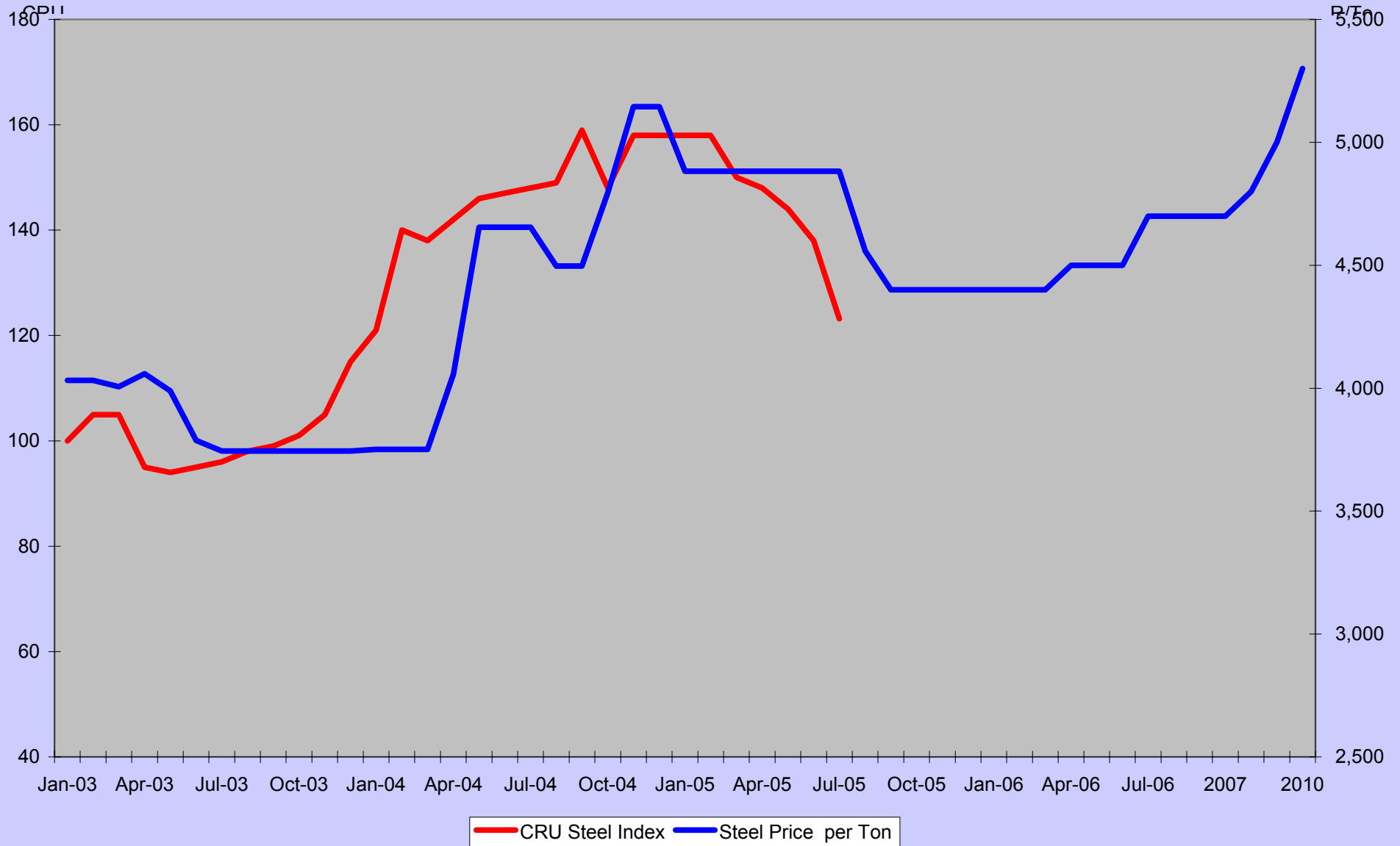
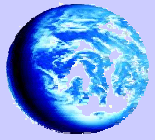
**Steel consumption growing,  
mainly in Middle East, CIS and  
China**

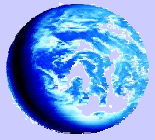
**China production up from 11mt  
in 2001 to 27mt in 2004**

**Exports grown from 20% of  
production to 40%**

**Average Growth Rates (%  
per annum)**

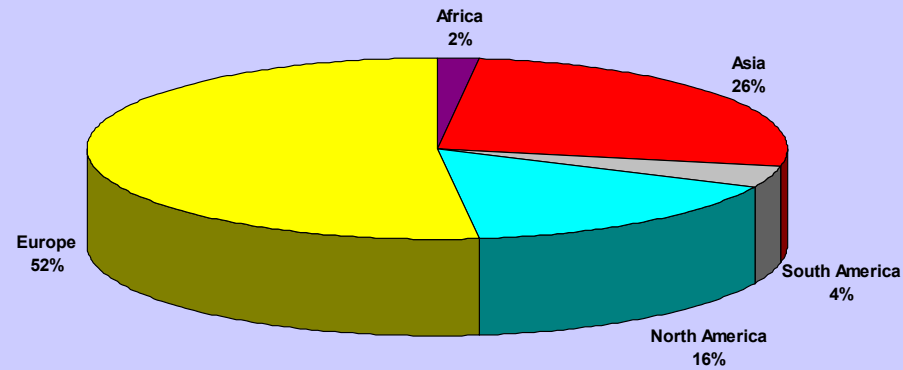
1970-1975	1.60%
1975-1980	2.20%
1980-1985	0.10%
1985-1990	1.40%
1990-1995	-0.50%
1995-2000	2.40%
2000-2005	5.70%





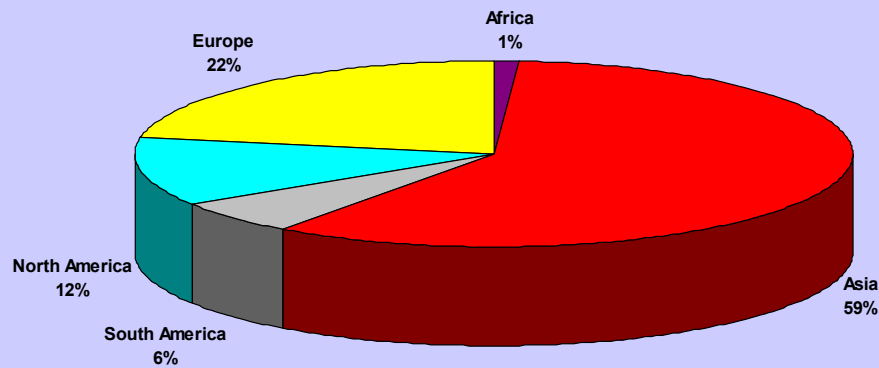
## Factors at Work in our Global Market

1980

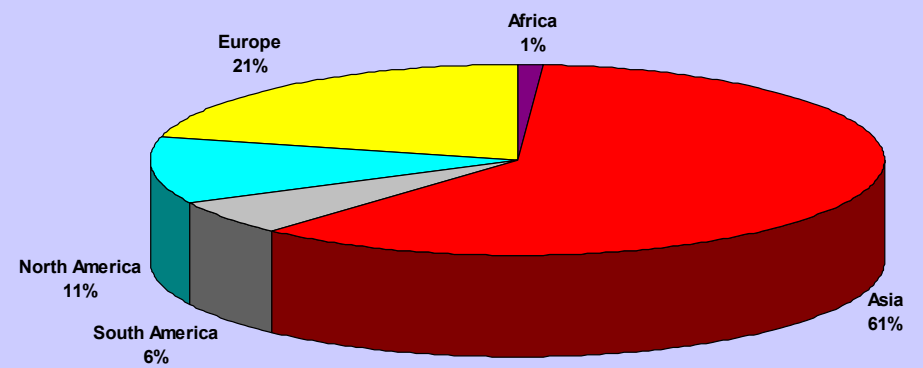


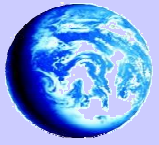
Trade flows  
will be from  
East to West

2003



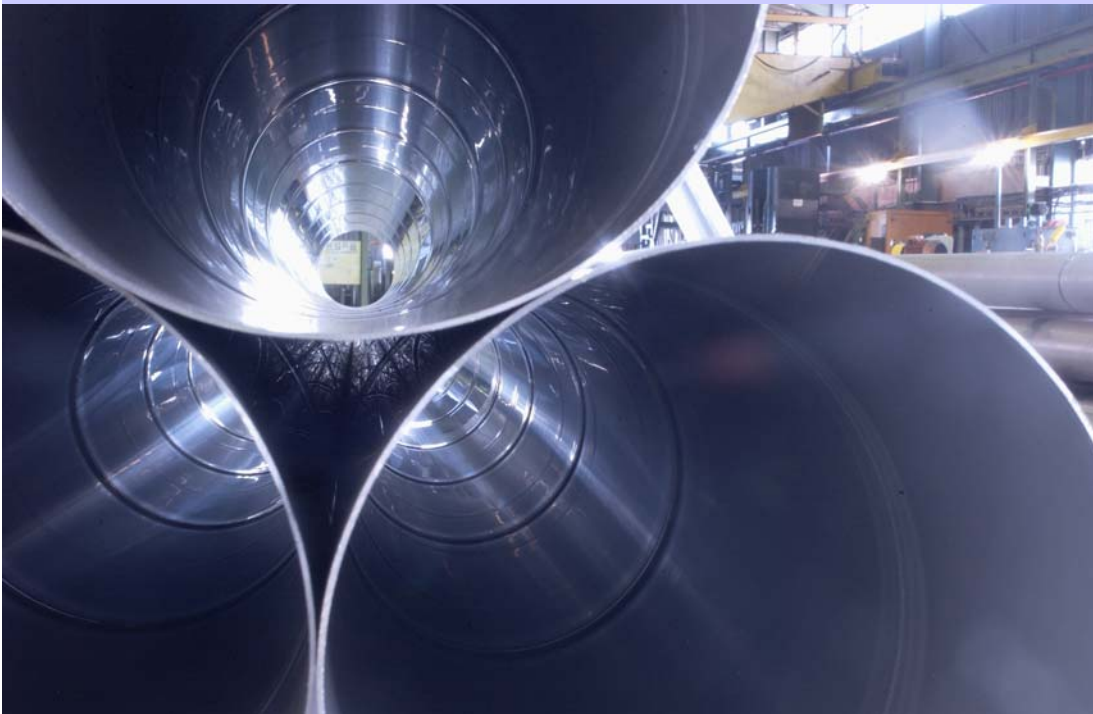
2004

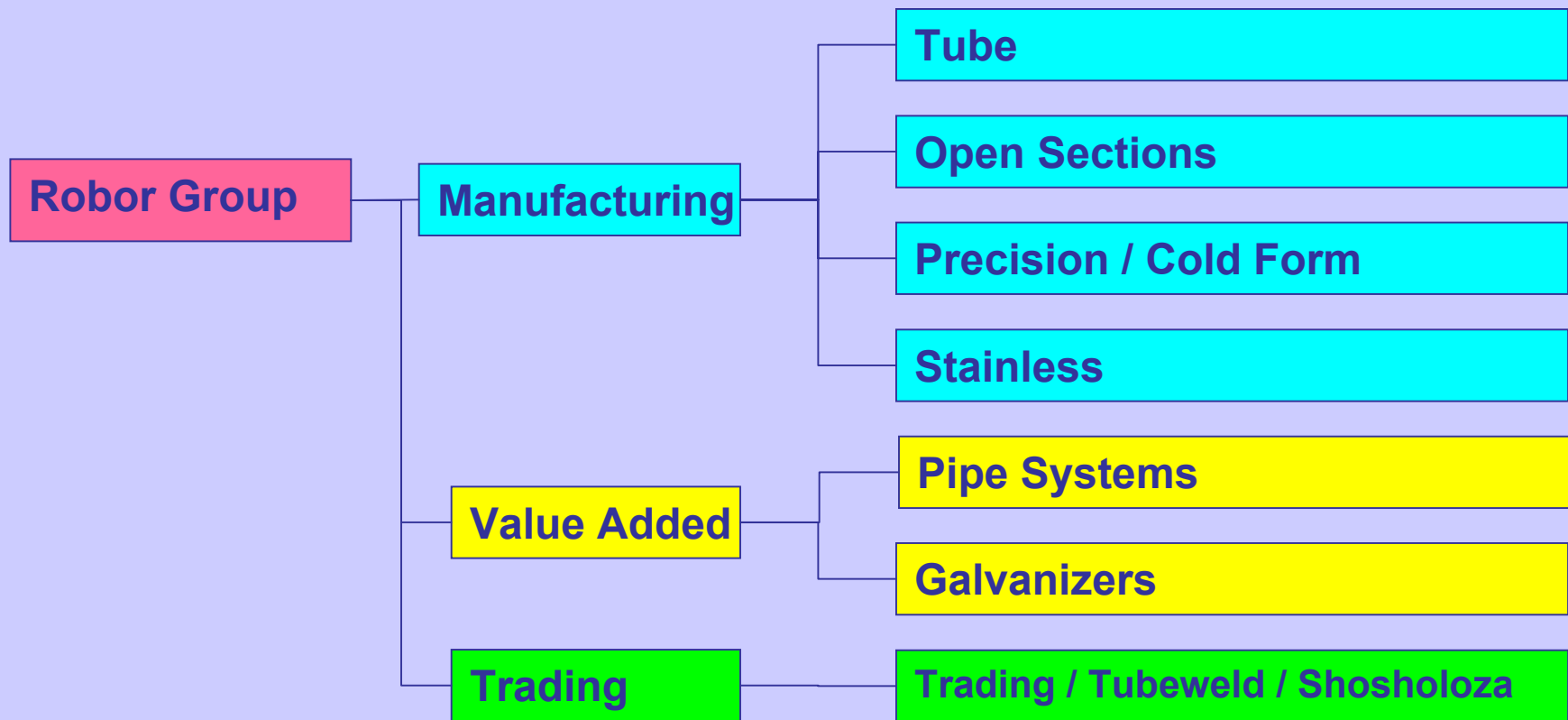
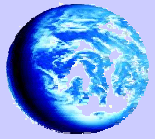


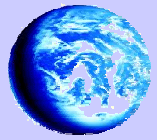


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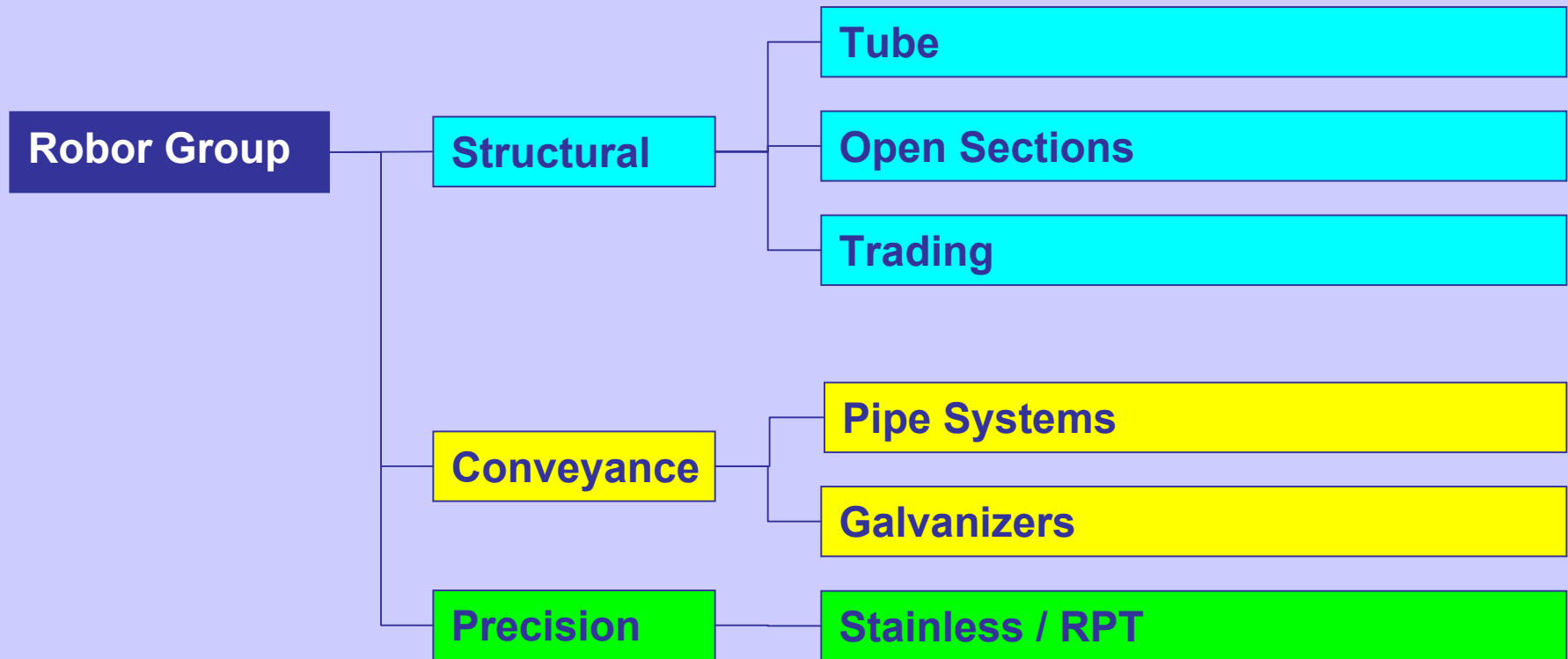
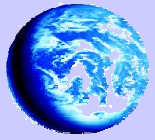
## Divisional Analysis

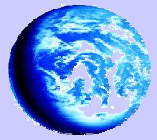




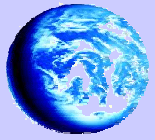


- 1. Group our current operations into strategic clusters**
- 2. Strategic plan is done by cluster**
- 3. Focus will continue from market segments backwards**
- 4. Organisation structure within the cluster will evolve to suit the segment**



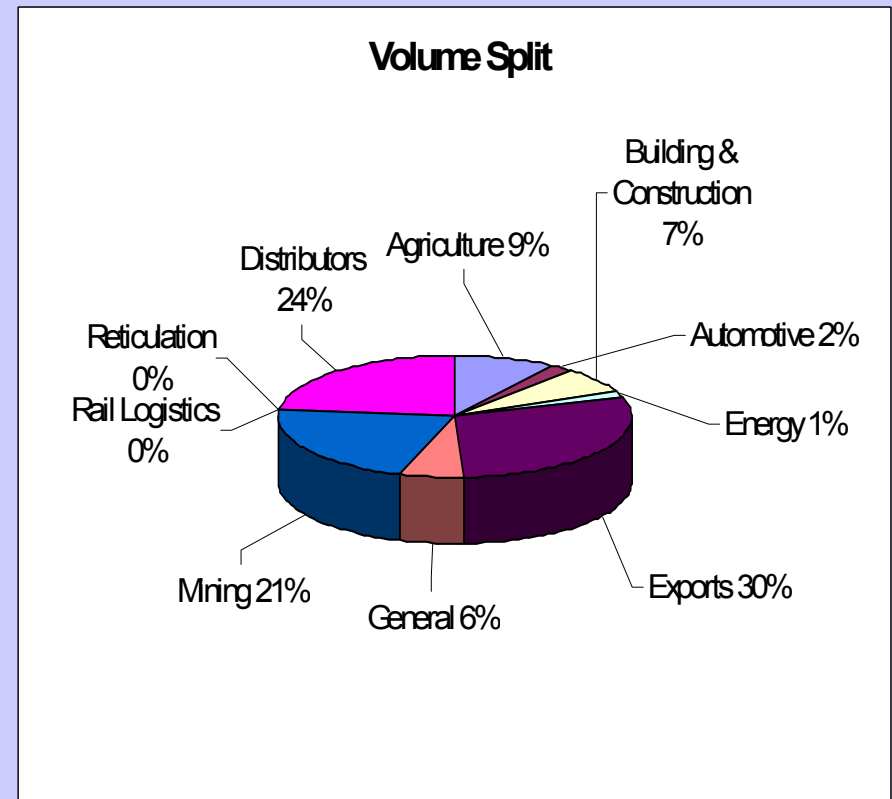


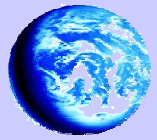
- ✓ Stainless suffered substantial losses due to;
  - ✓ Halved the monthly costs
  - ✓ Change in Columbus's supply strategy
  - ✓ High dependence on export strategy
  - ✓ Exchange fluctuations
  - ✓ Focused on Automotive components
- ✓ Group's high margin focus = loss in market share
- ✓ Large dependence on Mining sector
  - ✓ Reduction in capital projects in Mining sector
  - ✓ High cost focus in Mining sector
  - ✓ Affects of reverse auctions
- ✓ Effects of low volumes and excess capacity on prices in the galvanizing market
  - ✓ Subsequent restructuring of Galvanizing division
  - ✓ Cut costs by 10%
  - ✓ Replaced holed kettle with deeper and wider kettle
- ✓ Pipe Systems
  - ✓ Focused on selling new products for Water Reticulation
  - ✓ Increasing focus on Petro Chemical



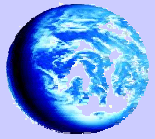
## Impact in relation to segment volume contribution 2005

	2005	Comments
Mining	21%	Declining Gold market, concentrate on Platinum, coal, etc.
Exports	30%	Adversely affected by weak \$, in spite of this volume was retained
Distributors	24%	Margin growth led to decline in volumes
Total	75%	
Other Segments	25%	Performed well, will carry extensive focus going forward to 2010





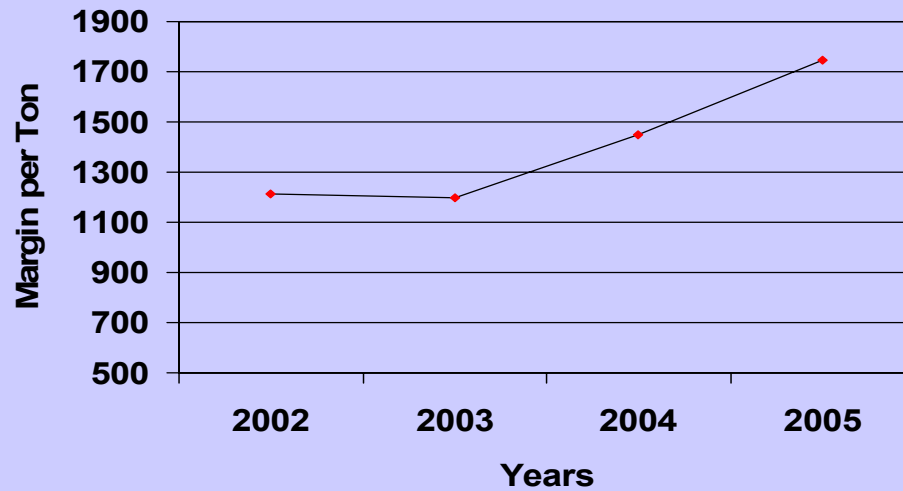
Period	Key themes
1994-1995	Understanding Competitive position
1996-1998	Rationalisation and cost reviews
1999-2000	Base for success - IT and Equipment upgrade
2001-2002	Discard non-core - establish shared services
2002-2004	Margin improvement
<b>2005-2007</b>	<b>Mine the Market segments and implement a go-to-market strategy</b>
2006-2009	Ramp up Solutions
2009-2010	Downstream opportunities



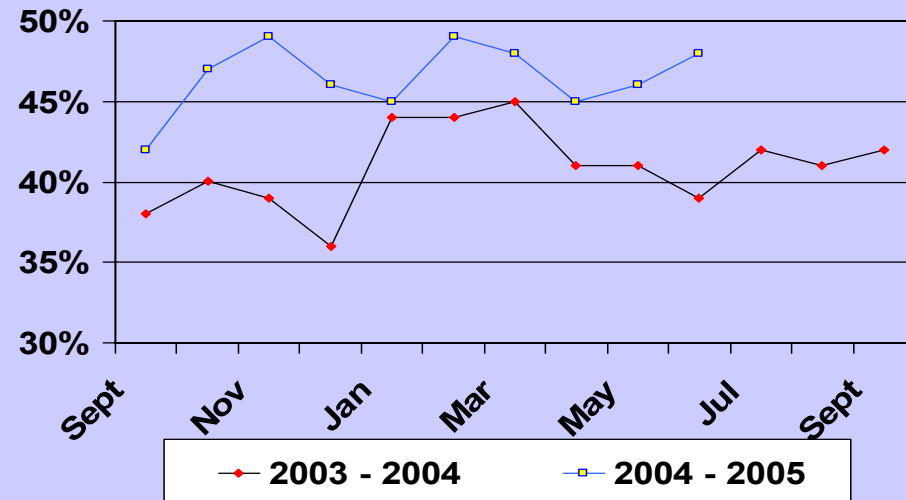
# Barloworld Robor

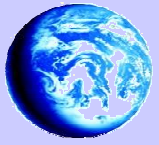
## Material Margin per Ton

### Robor Tube



### Precision Tube



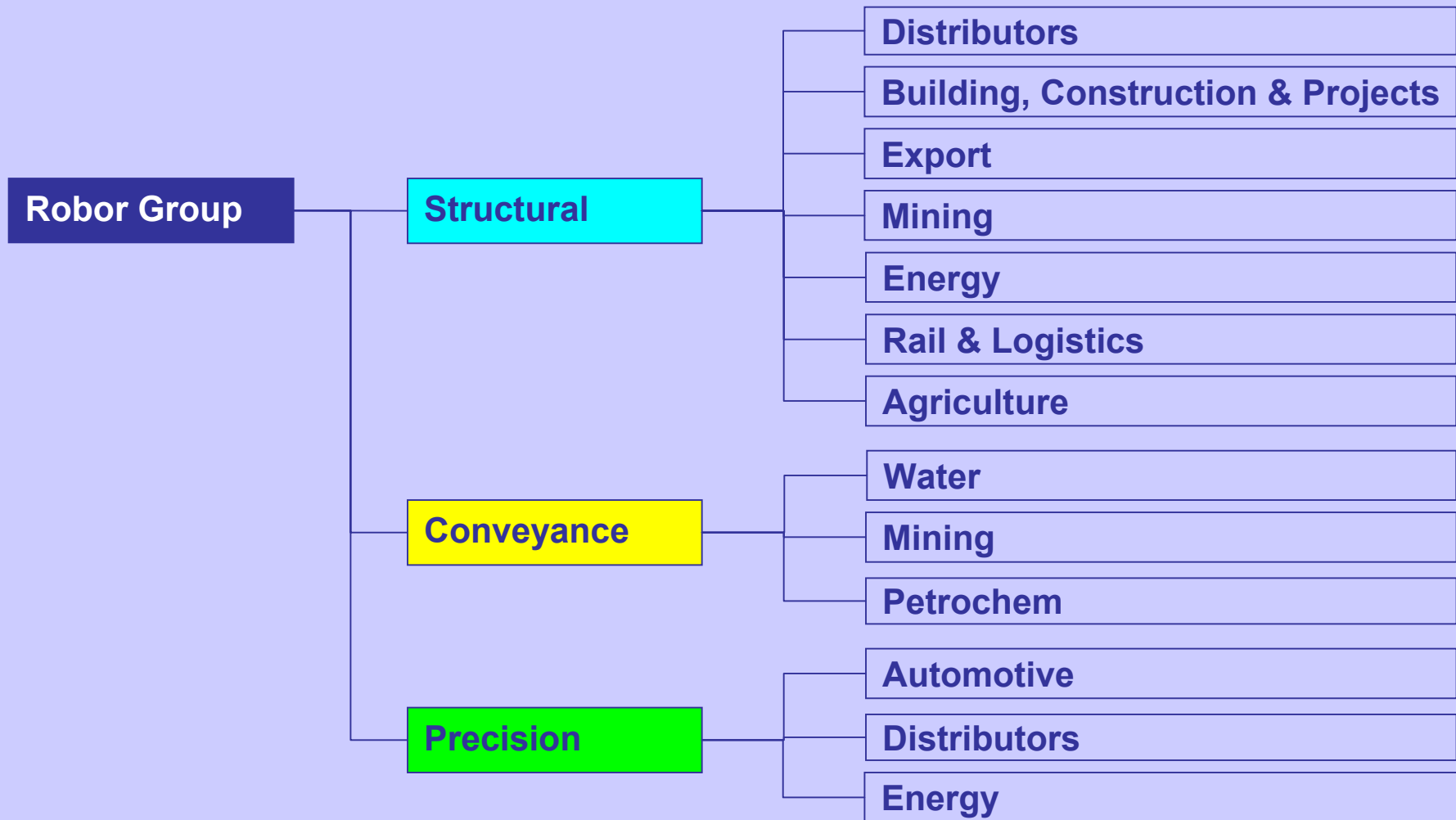
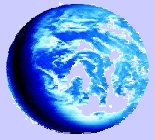


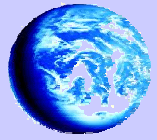
**Barloworld**  
Robor

**Sales & Marketing**

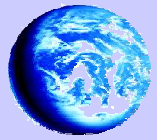
***“The Move to Value Growth”***





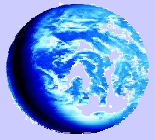


COMPONENT	MANUFACTURER													
	EST	VW	DC	FMC	BMW	NISS	TOYO	GMSA	KIA	PEUG	HYU	CITR	TATA	REN
SEAT FRAMES	8	6	8	6	8	6	6	6	8	8	8	8	10	6
STEERING	2	2	2	2	2	2	2	2	2	2	2	2	2	2
SHOCKS & GAS SPRINGS	4	4	4	4	4	4	4	4	4	4	4	4	4	4
IMPACT BEAMS	4	4	4	4	4	4	4	4	4	4	4	4	4	4
DRIVE & TIE RODS	14	14	14	14	14	14	14	14	14	14	14	14	14	14
ROLL,BULL & SIDE BARS	8			4	0	4	4	4	0	0	8	0	8	0
TOWBARS/JACKS	7	2	1	3	2	3	3	3	4	1	3	1	7	1
SUSPENSIONS FRAMES	10	10	10	10	10	10	10	10	10	10	10	10	10	10
CHASIS FRAMES	33	33	33	33	33	33	33	33	33	33	33	33	33	33
CAT-CONS	4	4	4	4	4	4	4	4	4	4	4	4	4	4
EXHAUSTS	4	4	4	4	4	4	4	4	4	4	4	4	4	4
FUEL & BRAKES	3	3	3	3	3	3	3	3	3	3	3	3	3	3
<b>KILOS</b>		<b>86</b>	<b>87</b>	<b>91</b>	<b>88</b>	<b>91</b>	<b>91</b>	<b>91</b>	<b>90</b>	<b>87</b>	<b>97</b>	<b>87</b>	<b>103</b>	<b>85</b>
LOCAL MARKET SHARE		17.2%	9.9%	13.3%	4.9%	9.3%	26.3%	13.8%	0.6%	0.6%	1.0%	0.2%	0.4%	2.5%
INTERNATIONAL		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EXPORTS UNITS		10000	10000	30000	15000	5000	40000	10000						
MASS RATIO		1	1.4	1.3	1.2	1.3	1.3	1.2	1	1	1.4	1	1.4	1
<b>TOTAL TONS</b>	<b>61564</b>	<b>7310</b>	<b>6463</b>	<b>10368</b>	<b>3814</b>	<b>5386</b>	<b>18265</b>	<b>7671</b>	<b>236</b>	<b>228</b>	<b>570</b>	<b>82</b>	<b>227</b>	<b>942</b>
<b>ANNUAL LOCAL SALES</b>		75001.5	43061	57645	21116	40530	114398	60249	2625	2625	4200	945	1575	11077.5
		7143	4101	5490	2011	3860	10895	5738	250	250	400	90	150	1055
<b>ANNUAL TOTAL SALES</b>		85001.5	53061	87645	36116	45530	154398	70249	2625	2625	4200	945	1575	11077.5



### Water (Rural and Municipal)

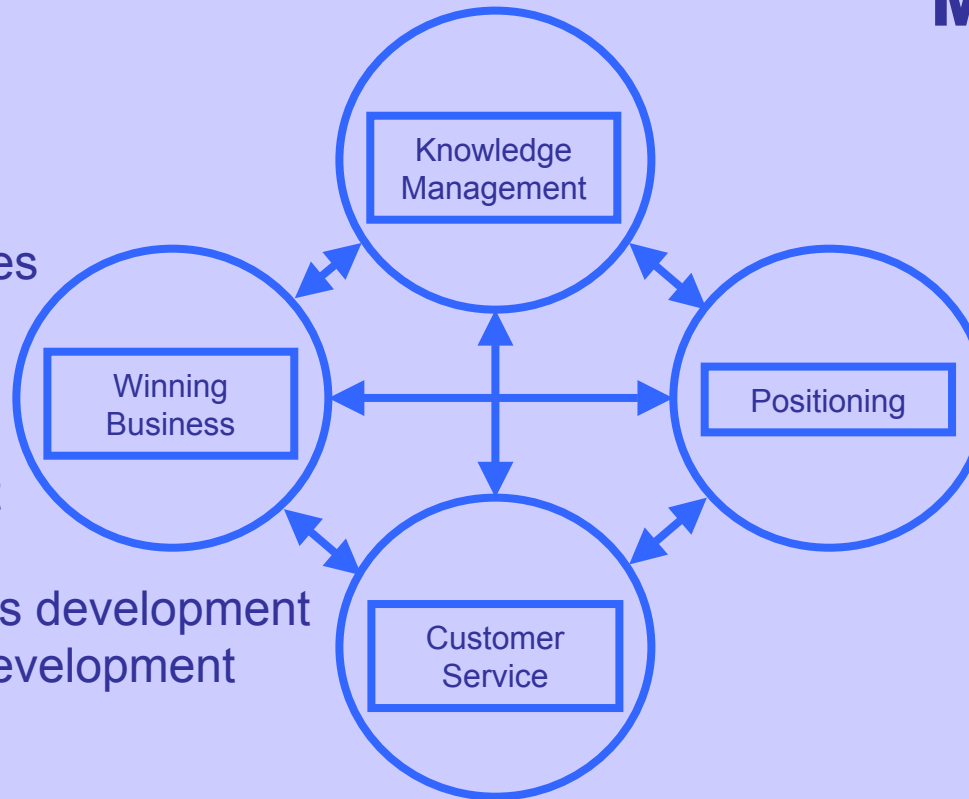
- Unknown maintenance spend on pipe lines in SA
  
- Total project spend over 5 years R8.5b (Gaffney)
- Total project spend per year R1.7b
- 60% is civils R1020m
- 40% is pipes R680m
  - Plastic R598m (estimate of 88% of total)
    - Petzatakis R360m (split between class 12, 16 and above 16 bar)
    - DPI and others R138m (split between class 12, 16 and above 16 bar)
  - Large Bore Steel Pipe R32m (8% of Hall Longmore's turnover of R400m)
  - Small bore steel R50m
    - Robor R20m
    - Ductile R10m
    - Macsteel R5m
    - Unknown R5m
    - Contractor's profit R10m (20% of R50m)



- Research
- Information management
- Segmentation

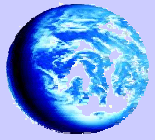
### Marketing

- Strategic sales
- Targeting
- Tendering
- Key account management
- Proposals
- New business development
- Sales staff development



- Establish competitive advantage
- Image management
- Product Branding
- Advertising
- Promotion
- PR

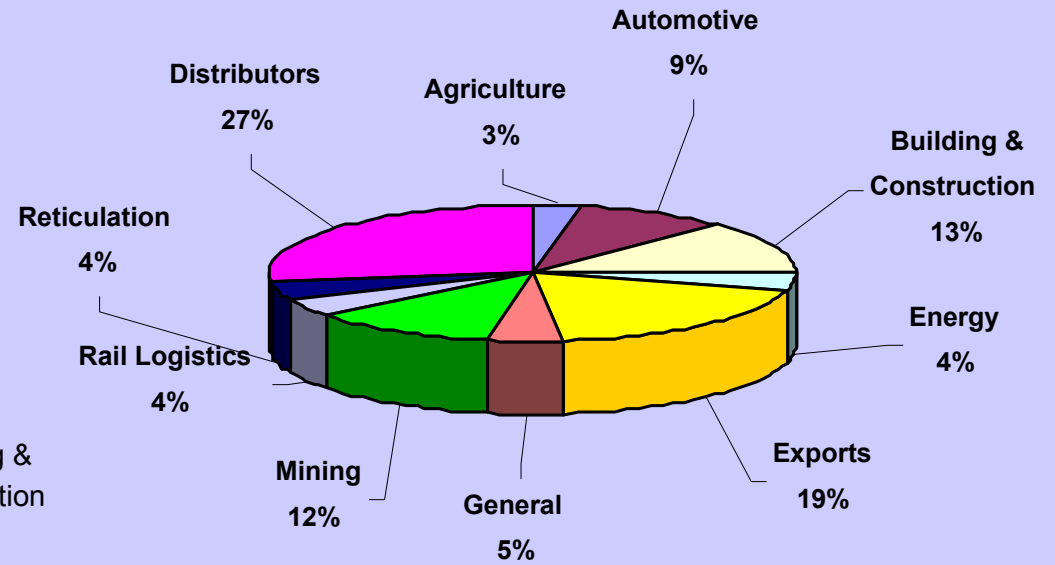
### Sales



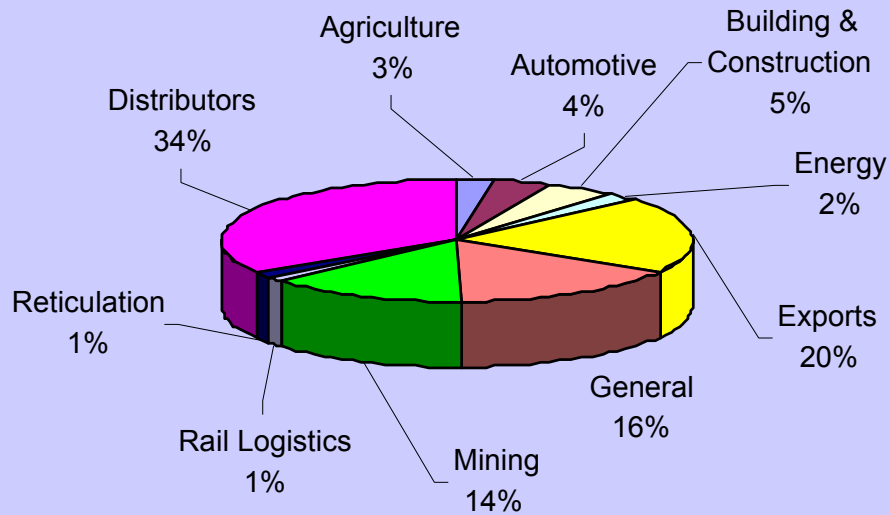
# Barloworld Robor

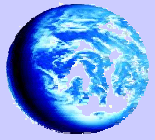
## Barloworld Robor Split of Revenue

2010



2005





**Barloworld**  
Robor

**Broaden Product Range through market  
focused R&D**

**Petro-chem & Bulk water**

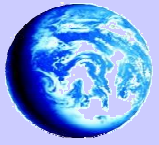


**Reticulation:  
Municipal & Rural**



**Mining / Conveyance**

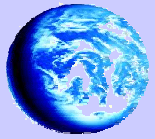




**Barloworld**  
Robor

## People and BEE Development Plans





# Barloworld Robor

## Shareholders

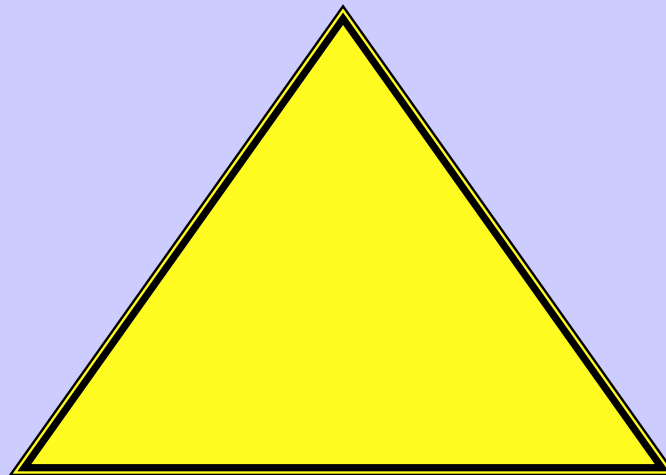
- CFROI improvement via managing value drivers per business unit

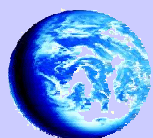
## Customers/Suppliers

- 6 Sigma
- Mill merchenting
- Segmentation management
- Solutions
- Services
- Branding
- CVC

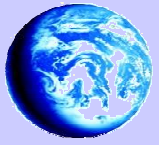
## Employees

- EVC
- MDWT
- Training
- Alignment Maps
- Performance Appraisals
- BEE Plans





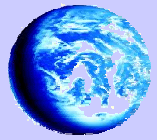
BEE PROGRESS (SA Operations only)	Target	Possible Points	Current Status	2006	2007	2008	2009	2010
<b>1. DIRECT EMPOWERMENT</b>	<b>30.0</b>	<b>30.0</b>						
1.1 Equity Ownership	25.0	20.0	0.0	-	-	-	-	-
1.2 Control	40.0	10.0	0.0	-	4.0	6.0	6.0	6.0
<b>2. HUMAN RESOURCES DEVELOPMENT</b>	<b>30.0</b>	<b>30.0</b>						
2.1 Employment Equity	50.0	10.0	6.8	7.1	7.3	7.5	7.8	8.0
2.2 Skills Development	3% of payroll	10.0	2.2	6.6	7.0	8.0	8.0	8.0
2.3 Learnerships	3% of employees	10.0	-	2.6	3.6	4.0	6.0	8.0
<b>3. INDIRECT EMPOWERMENT</b>		<b>30.0</b>						
3.1 Preferential Procurement	50.0	20.0	3.8	8.0	12.0	14.0	16.0	18.0
3.2 Enterprise Development	3% of EBIT	10.0	1.3	1.5	3.0	3.0	3.0	3.0
<b>4. RESIDUAL</b>		<b>10.0</b>						
4.1 Corporate Social Investment	1% of EBIT	10.0	4.0	7.0	8.0	10.0	10.0	10.0
<b>Scorecard Total</b>		<b>100.0</b>	<b>18.1</b>	<b>32.8</b>	<b>44.9</b>	<b>52.5</b>	<b>56.8</b>	<b>61.0</b>



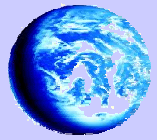
**Barloworld**  
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**Conclusion**





- Focus on growth of Water Reticulation, Automotive, Building, Construction & Projects segment
- Focus and develop added value, solutions and services
- Cluster the organisation structure to be marketing facing
- Trading division to source and offer deeper range of products to each chosen segment of market
- Drive productivity, largely through use of 6 Sigma methodologies



- Improved Marketing & Sales
- Better service to selected segments
- Focus on more profitable and growing segments
- Better margins and offering more value added
- Lessen dependency on Mining
- Less commodity reliant

***Greater strategic resilience***