Operational update

Sephaku Cement established as the newest producer as it increases market presence and ramps up annualised capacity utilisation to over 60%.

Following the release of the Dangote Cement PLC (“Dangote”) results on 26 March 2015, Sephaku Holdings Limited (“SepHold”) a joint partner with Dangote and owning 36% of Sephaku Cement Pty Ltd (“SepCem”), is pleased to confirm that SepCem achieved total revenue of R919 million for the financial year ended 31 December 2014 with R405 million attained in the fourth quarter. The highly experienced marketing team was able to successfully enter all market segments and the SepCem brand is being distributed by all the major four retailers.

Production of clinker from the Aganang integrated plant (“Aganang”) started in August 2014 with cement production from the same plant commencing in October 2014. Prior to the internally produced clinker, SepCem was manufacturing cement utilising well sourced purchased clinker. The introduction of the internally produced clinker has significantly improved variable cost efficiencies by 50% for SepCem. By the end of the fourth quarter of calendar year (“CY”) 2014, SepCem was achieving 26% EBITDA which is comparative to the industry average inspite of production not yet fully ramped up for both plants. Combined annualised production capacity utilisation was at approximately 60% by end of December 2014 with steady state utilisation targeted for end of the second quarter CY 2015 subject to demand. The modern technology at both plants with state of the art components has further improved efficiencies and established SepCem as the lowest cost producer in the industry.

The Delmas milling plant (“Delmas”) performed well for the year inspite of a slow start due to the unusually high rainfall. By the end of the fourth quarter Delmas was at approximately 100% capacity utilisation as the Aganang cement production began ramping up. Good quality consistent cements and customer service were instrumental in enabling the successful entry into high demand markets such as Gauteng, Limpopo and Mpumalanga. The SepCem conducted comparative cement in concrete test demonstrated that the SepCem brand had superior performance to competitors in the 32.5 product and matched the best performing incumbent on the 42.5 product. Since August 2014, Delmas has been utilising Aganang clinker to produce cement and over 80% of the ash produced at Sephaku’s Kendal Ash facility.

SepHold is pleased to state that the cement market has widely and positively accepted SepCem as a mainstream producer and SepCem is well positioned to further entrench itself as a formidable cement manufacturer in South Africa.
Métier’s consistent performance continues to distinguish it as a highly profitable mixed concrete producer.

Métier Mixed Concrete (Pty) Ltd (“Métier”) a wholly owned subsidiary continues to increase its customer base in Gauteng and is achieving repeat business from its traditional customers due to the specialised skills and customer service offering. To date Métier has built 11 plants with the fourth Gauteng plant commencing production on 22 September 2014. All the plants are currently operating at full capacity and Métier remains focussed on achieving relatively high margins through the creation and production of specialised concretes.

SepHold is pleased to state that investor interest continues to increase as the Métier and SepCem deliver against stated targets. The highest share price of R9.01 has been reached in a 52 week period during which the lowest price has been R5.15. The volumes and value traded have also increased as more institutional shareholders purchase the shares.

**Analyst site visit – Aganang integrated plant**

SepHold is hosting an analyst site visit to Aganang on 31 March 2015 and the presentation can be downloaded from the website [www.sephakuholdings.com](http://www.sephakuholdings.com) from 10h00.

**Authorised by**
Chief executive officer
Dr. Lelau Mohuba

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Enquiries contact: Sakhile Ndlovu Sephaku Holdings Investor Relations 012 612 0210

Sponsor to Sephaku Holdings: Questco (Pty) Ltd

**About Sephaku Holdings Limited**

Sephaku Holdings Limited (SepHold) is a building and construction materials company with a portfolio of investments in the cement sector in South Africa. The company’s core investments are a 36% stake in Sephaku Cement (Pty) Ltd and 100% in Métier Mixed Concrete (Pty) Ltd. SepHold’s strategy is to generate income and realise value for shareholders through the production of cement and ready-mixed concrete in southern Africa.

[www.sephakuholdings.com](http://www.sephakuholdings.com)