Sephaku Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2005/003306/06)
Share code: SEP
ISIN: ZAE000138459
("SepHold" or "the Company")

TRADEING STATEMENT FOR THE TWELVE MONTHS ENDED 31 MARCH 2018

In terms of paragraph 3.4(b) of the JSE Limited ("JSE") Listings Requirements, companies are required to publish a trading statement as soon as they are satisfied, with a reasonable degree of certainty, that the financial results for the period to be reported upon next will differ by at least 20% from those of the previous corresponding reporting period. SepHold is in the process of finalising its annual financial results for the twelve months ended 31 March 2018, which will be released on SENS by 28 June 2018.

Accordingly, shareholders are advised that, for the twelve months ended 31 March 2018 ("FY2018"), the earnings of the Company are expected to be between 32% and 40% lower than the R68m reported for the twelve months ended 31 March 2017 ("FY2017").

The main reasons for the decrease in earnings are set out below:

**Dangote Cement South Africa ("CEMENT" or “associate”)**

As mentioned in the trading update of 22 March 2018, the annual EBITDA margin at 21.3% (R504.2 million) and net profit of R57.8 million were lower than the figures recorded in 2016 of 23.1% (R527.0 million) and R68.9 million, respectively. This was mainly due to the fact that the previous year’s EBITDA and net profit included once–off income from the closure agreement with Sinoma on the final handover of the plants of R138 million. The equity accounted income to be translated to the SepHold income statement is R20.8 million (2016: R24.8 million).

CEMENT’s first half year performance was weak, recording a loss of R16.1 million due to excessive rainfall in the first quarter and low demand for the interim period. In the second half of the year, the associate’s recovery, due to increased demand and improvements in operational efficiencies, resulted in an EBITDA margin of 23% in Q3 and 25% in Q4. The profit for the second half was R73.9 million an increase of R90 million compared to the first six months. CEMENT achieved a 3.7% increase in revenue to R2,366 million (2016: R2,281 million) for the 12 months ended 31 December 2017. The price increases implemented in February and August 2017 were sustained in most markets resulting in an effective annual price increase of 5%. This positive change experienced in the last six months continued into the first quarter of 2018.

**Métier Mixed Concrete ("Métier" or “subsidiary”)**

As disclosed in the interim financial results for the period ended 30 September 2017, the subsidiary reported declining volumes and increasing production costs resulting in the operating profit decreasing by 17% to R51 million. The subsidiary’s net profit was R32 million for the first six months, down from R38 million in the comparative period. Métier’s second half performance was weaker than the first six months due to intensifying price competition and a further decline in sales volumes. Average selling prices increased by only 1.8% and volume was down by 3.1%. The twelfth plant that commenced production in March 2017 contributed 7.5% to volume but added 8.5% to production costs.
Métier’s customers, who mainly constitute medium-sized building contractors were severely impacted by the turmoil in the construction industry. Consequently, the subsidiary experienced a high incidence of payments from customers beyond the agreed trading terms and increased credit default risk. The subsidiary assessed the level of risk for all its customers and increased its provision for bad debts by R5 million during the second half of the year.

The summary of SepHold’s earnings are as follows:

- earnings per share is expected to be between 20.18 and 22.87 cents per share (FY2017: 33.63 cents per share), being a decrease of between 40% and 32% from the earnings per share reported for FY2017;

- headline earnings per share is expected to be between 20.02 and 22.69 cents per share (FY2017: 33.37 cents per share), being a decrease of between 32% and 40% from the headline earnings per share reported for FY2017.

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

Centurion
20 June 2018

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Sponsor to Sephaku Holdings: Questco Corporate Advisory (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 Dangote Cement South Africa (Pty) Ltd and 100% in Métier Mixed Concrete (Pty) Ltd. The strategy of SepHold is to generate growth and realise value for shareholders through the production of cement and ready mixed concrete in Southern Africa.

www.sephakuholdings.com