



(INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA)
REGISTRATION NUMBER: 2005/003306/06
SHARE CODE: SEP ISIN: ZAE000138459

PROVISIONAL FINANCIAL RESULTS

FOR THE YEAR ENDED 31 MARCH 2016

COMMENTARY

As the directors of Sephaku Holdings Limited (“SepHold” or “the company”) we are pleased to report that following the commissioning of both Dangote Cement SA (Pty) Ltd (previously Sephaku Cement (Pty) Ltd, hereby referred to as “Cement”) plants as well as the establishment of Métier Mixed Concrete (Pty) Ltd’s (“Métier”) 11th plant we achieved 28% growth in earnings in the 2016 financial year.

Cement’s product brands were further entrenched in the reporting period as demonstrated by the growth in revenue in a highly competitive cement manufacturing sector. Revenue for Métier increased from R775,4 million to R874,3 million with Cement’s revenue increasing from R919 million to R2,3 billion as a result of achieving and maintaining steady-state production capacity from May to December 2015. As disclosed in last year’s post-period commentary, the earnings and margins at Aganang were impacted in the first half of the year due to kiln downtime. The kiln was stopped for a two-week planned maintenance period in March 2015 during which the technical team identified a latent defect in a critical component, resulting in an extended downtime period of six weeks. Métier experienced increased price competition as the construction industry remained constrained and inconsistent payment of a key customer resulted in the six-week stoppage of one plant.

Subsequently, margins at both companies were under pressure with Métier’s earnings before interest, taxation, depreciation and amortisation (“EBITDA”) margins decreasing from 18% (R139 million) in FY 2015 to 15% (R132 million) and the operating margin from 14% (R109 million) to approximately 12% (R102 million).

Cement reported EBITDA of R506 million and a profit after tax of R50,4 million for the year ended 31 December 2015. Therefore, SepHold accounted for R18,2 million (36%) as equity earnings in the consolidated earnings. The group (SepHold, Métier and Cement are collectively referred to as the group) profit after tax increased from R47,2 million to R60,4 million (28% increase) year-on-year. It must be noted that the 2015 financial year included non-cash IFRS adjustments with a net effect of R26,9 million that would make the comparative normalised earnings R20,2 million. Going forward, the group’s intent is to continue its focus on earnings growth and quality.

This short-form announcement is the responsibility of SepHold directors and is only a summary of the information contained in the full announcement. This short-form announcement does not contain full or complete details pertaining to the group’s results. Investment decisions by investors and/or shareholders should therefore be based on consideration of the full announcement which was released on SENS on 29 June 2016 and is also available for viewing on SepHold’s website at www.sephakuholdings.com, as well as at the registered offices of the group and the sponsor.

Copies of the full announcement may be requested at the group’s registered office, at no charge, during office hours from the date of this announcement for a period of 30 days.

On behalf of the board

Dr Lelau Mohuba
Chief executive officer
Pretoria
30 June 2016

Neil Crafford-Lazarus
Financial director

COMPANY INFORMATION

Directors

B Williams^o (chairman)
MG Mahlare^o
PM Makwana^o
MM Ngoasheng^o
J Pitt^{o#}
Dr L Mohuba* (chief executive officer)
NR Crafford-Lazarus* (financial director)
RR Matjiu*
KJ Capes*
PF Fourie

* Executive ^oIndependent ^oAlternate

Company secretary

Jennifer Bennette resigned as secretary of the company on 31 August 2015 and Acorim (Pty) Ltd was appointed in her stead on 1 September 2015.

Acorim (Pty) Ltd
Telephone: +27 11 325 6363,
Email: sephaku@acorim.co.za

JSE sponsor

Questco (Pty) Ltd
Telephone: +27 11 011 9200

Registered office

Southdowns Office Park
Ground Floor, Block A
Cnr Karee and John Vorster Streets, Irene, X54, 0062
Telephone: +27 12 612 0210

SEPHAKU HOLDINGS LIMITED RELEASED ITS CONDENSED CONSOLIDATED PROVISIONAL FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016

Revenue increased by
13% TO R874,3 MILLION
(2015: R775,4 million)

Operating profit increased by
42% TO R84,2 MILLION
(2015: R59,3 million)

Earnings increased by
28% TO R60,4 MILLION
(2015: R47,2 million)

Basic earnings per share increased by
5,57 CENTS PER SHARE TO 30,00 CENTS
(2015: 23,43 cents per share)

To provide further guidance to shareholders, the company reported normalised HEPS for the year ended 31 March 2015 of **10,48 cents**. The normalised HEPS for the prior period was defined as reportable HEPS and took into account the following once-off items:

- a non-cash loss of **R28,5 million** on a contingent consideration; and
- a deferred tax asset entry passed by Cement relating to a section 121 tax incentive, that brought about an increase in SepHold’s equity-accounted earnings of **R55,4 million**.

Headline earnings per share increased by
5,41 CENTS PER SHARE TO 29,84 CENTS
(2015: 24,43 cents per share)

Net asset value (“NAV”) increased by
31,20 CENTS PER SHARE TO 450,99 CENTS PER SHARE
(2015: 419,79 cents)

NO DIVIDENDS were declared or paid to shareholders during the reporting period



The full announcement is available at:
www.sephakuholdings.com