SEPHAKU HOLDINGS LTD

YEAR-END FINANCIAL RESULTS FOR THE TWELVE MONTHS ENDED

31 MARCH 2024

AGENDA

SEPHAKU
HOLDINGS LTD

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FINANCIAL REVIEW

FINANCIAL REVIEW
Salient points

SEPHAKU HOLDINGS LTD

GROUP

- Net profit after tax of R67 million
  - FY2023: R26 million
- Basic EPS at 26.54 cents
  - FY2023: 10.05 cents
- HEPS at 25.71 cents
  - FY2023: 9.66 cents
- NHEPS at 25.87 cents
  - FY2023: 10.21 cents
- SepCem equity accounted profit of R15 million
  - FY2023: loss R2,0 million

MÉTIER MIXED CONCRETE

- Sales revenue of R1 164 million
  - FY2023: R981 million
- EBITDA of R133 million
  - FY2023: R98 million
- EBITDA margin of 11.5 %
  - FY2023: 10.0%
- EBIT margin of 8.3% at R97 million
  - FY2023: 6.5% at R64 million
- Net profit after tax of R69 million
  - FY2023: R43 million

SEPHAKU CEMENT

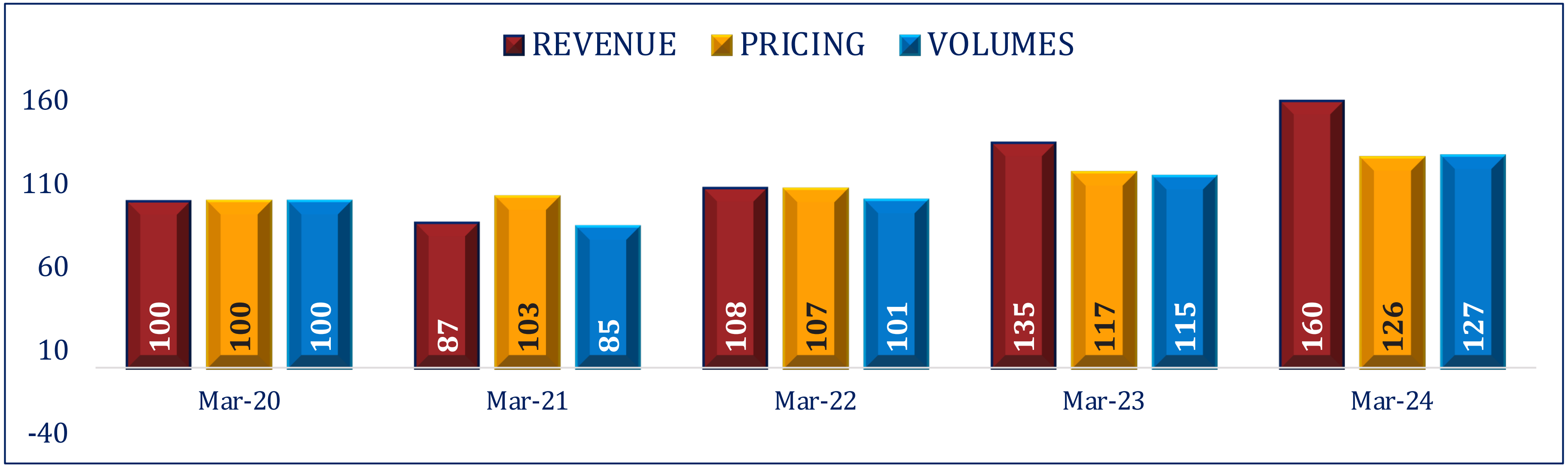
SepCem has a December year-end as a subsidiary of Dangote Cement PLC.*

- Sales revenue of R2,8 billion
  - FY2023: R2,5 billion
- EBITDA of R361 million
  - FY2023: R279 million
- EBITDA margin of 12.8%
  - FY2023: 11.4%
- EBIT margin of 6.4% at R182 million
  - FY2023: 4.3% at R104 million
- Net profit after tax of R42 million
  - FY2023: loss of R4 million

** FY2024 refers to the 12 months ended 31 December 2023 for SepCem because the associate has a December year-end.*

FINANCIAL REVIEW

*Five-year revenue trend: Métier**

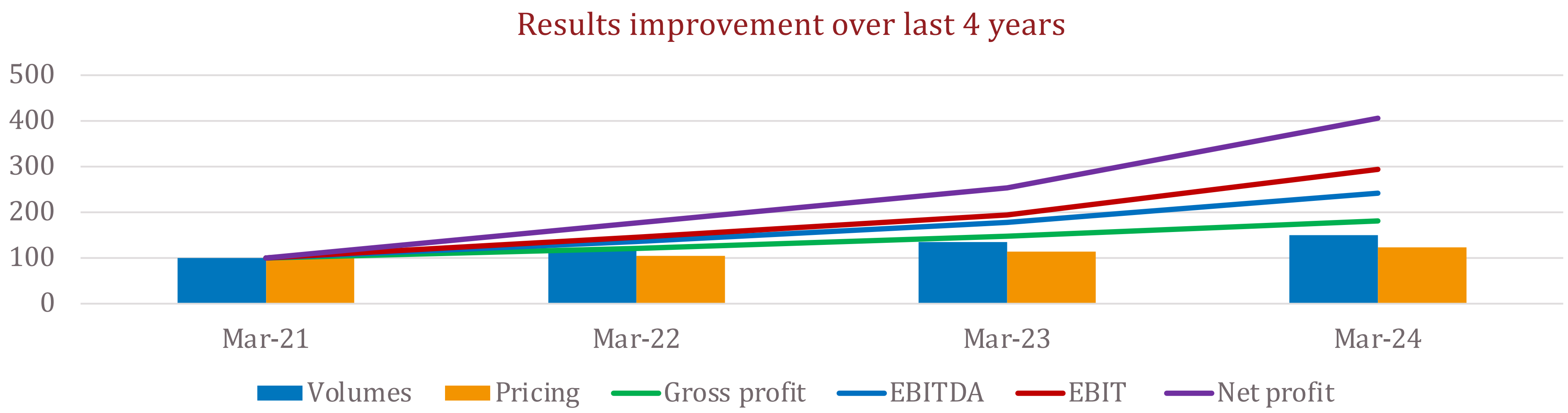


- Revenue increased by 18.6% Year on Year.
  - 11% increase in sales volumes after substantial recoveries in FY22 and FY23 after the COVID restrictions and the opening of Cape Town operations.
  - 9% increase in pricing on the back of high increases in input costs
- Volume saw a return to pre-pandemic levels last seen in FY18 and FY19, on the back of plant expansion
- As a result, revenue has now exceeded FY19 levels for the first time.

** FY refers to 12 months ended March*

FINANCIAL REVIEW

*Profitability trend: Métier**

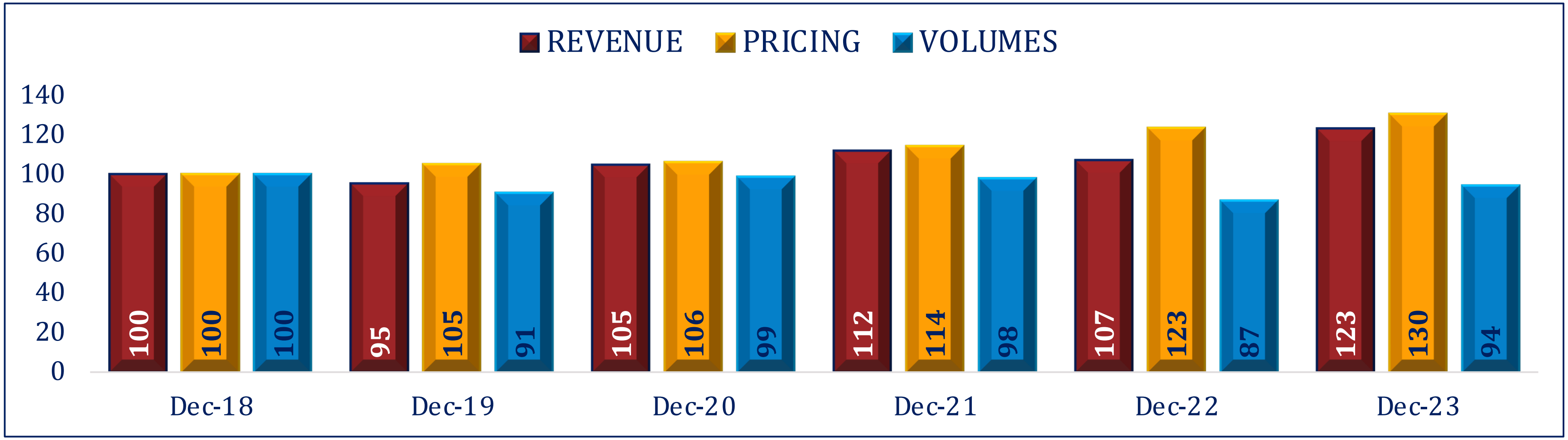


- 36% increase in EBITDA YoY due to the higher revenue and improved margins
- 34% increase in EBIT from R64 million to R97 million despite increase in operating expenses
- 60% increase in net profit supported by lower finance costs
- Opportunities exist for Metier in FY 2025 with growth in the Western Cape and on infrastructure projects
- Métier to overcome cost pressures by continuing to focus on utilization of assets and replacing older assets with more cost efficient assets.
- Hybrid transport model enables effective control of a key cost driver and a responsive increase in fleet when required

** FY refers to 12 months ended March*

FINANCIAL REVIEW

Revenue trend: SepCem from 2018*

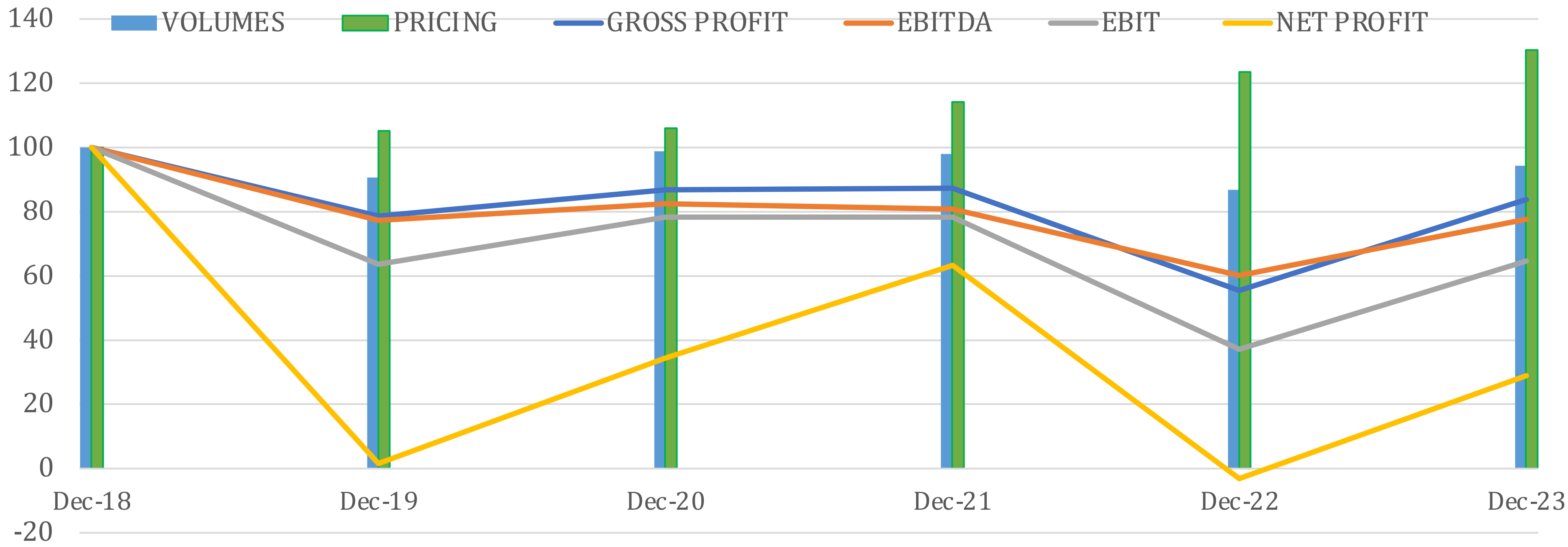


- 15% increase in revenue YoY as a result of
  - Increased sales volumes recovering from a prior year decrease of 12%
  - Inflationary increase in pricing
- Sales volumes still down from pre-covid trends
- Over-capacity and fierce competition still putting pressure on pricing
- SepCem targeting to enhance margins by:
  - Maximizing benefits from alternative fuels
  - Optimising market segmentation
  - Price increases to offset costs and continued austerity measures

** FY refers to 12 months ended December*

FINANCIAL REVIEW

Profitability trend: SepCem from 2018*

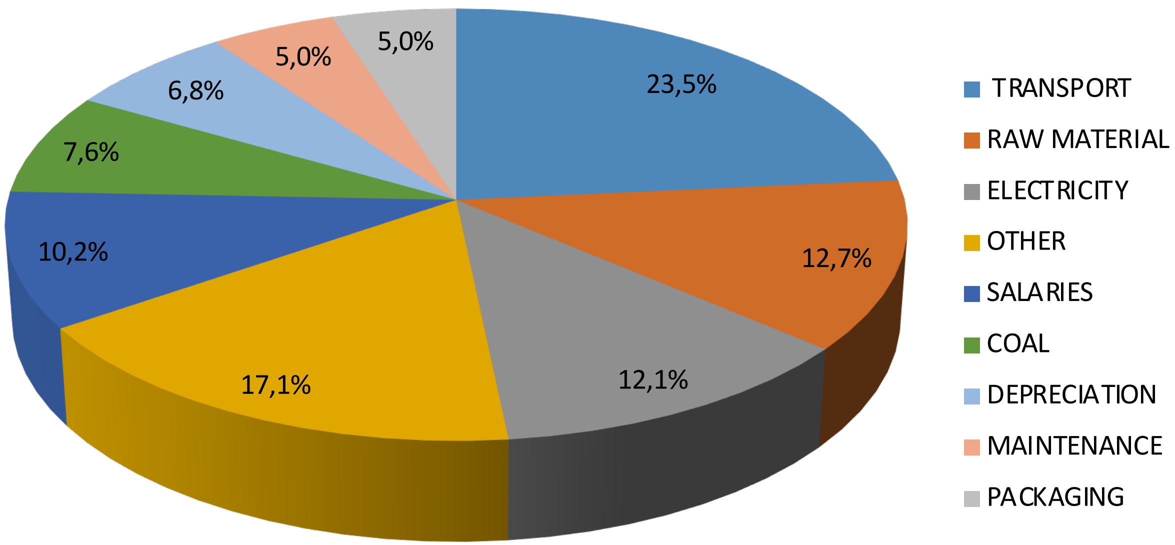


- 29% increase in EBITDA YoY
  - Increased volumes in industrial sector, with subdued trend in retail sector continuing
  - Inflationary increase in pricing
  - Tight fixed cost control
- Net profit after tax increased from a loss of R4.2m in CY20233 to a profit of R41.9m
  - This resulted in Group equity earnings improving to R15m from a loss of R2m prior year

** FY refers to 12 months ended December*

Cost control a priority for SepCem

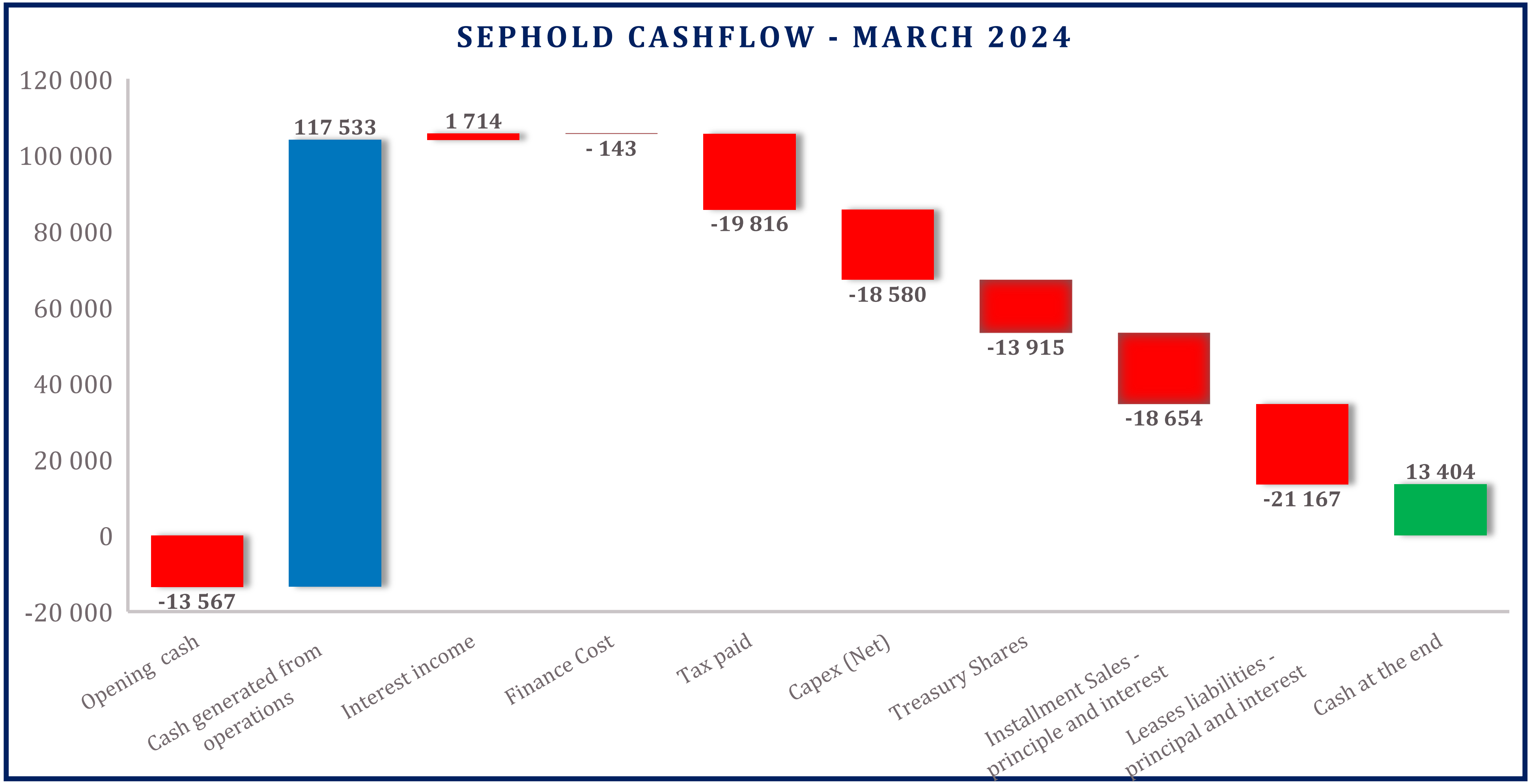
EXPENSES OF 2023 PER CATEGORY



* Other including pallets, refractories & clinker transfer cost

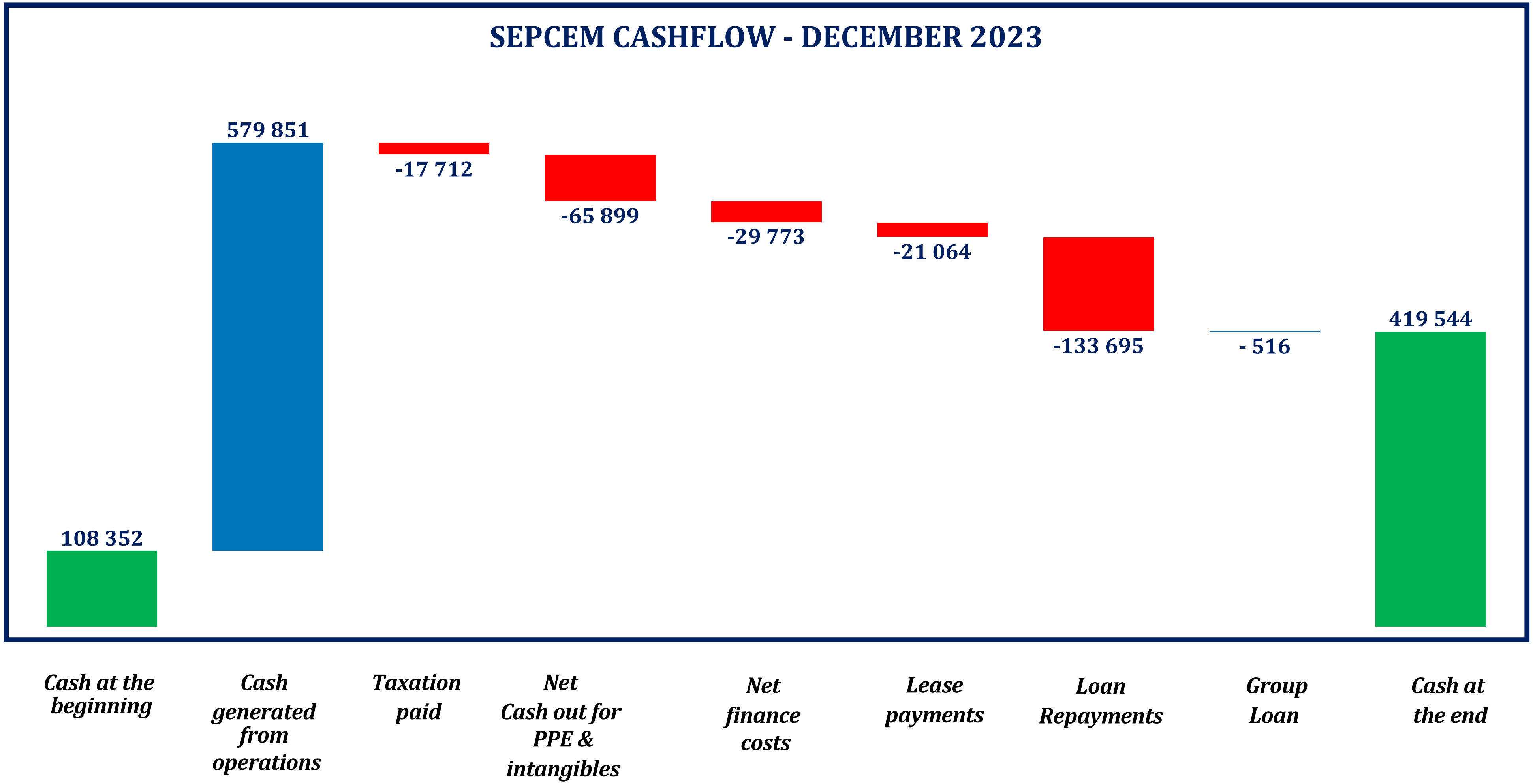
FINANCIAL REVIEW

Group cashflow analysis and Debt repayment



- Metier bank debt of R35m payable in FY24 was paid in Oct 2022.
- Increased utilization of vehicle financing facility to improve age of fleet.
  - Additional vehicles mainly for the Métier Western Cape expansion
- Overdraft of R80m put in place to cover short payment of debtors over month end.

SepCem cashflow analysis



- Cash at period end includes 2023 liability of R 201m which was paid on 2nd Jan 2024

FINANCIAL REVIEW : SEPCEM

Revised debt structure

On 1 November 2022

- Final lump sum capital instalment of R377 million was converted to a R400 million , three-year term loan at JIBAR plus 3.25%
- The R200 million working capital facility at prime minus 50bps was made available
- Repayments commenced January 2023.
- Bank debt principal reduced by R134 million to R269 million by 30 December 2023.

DCP Loan

- Balance at 31 December 2022 – R685m
- Interest accrual – R87m
- Balance at 31 December 2023 – R772m

- Leases R38m at year end

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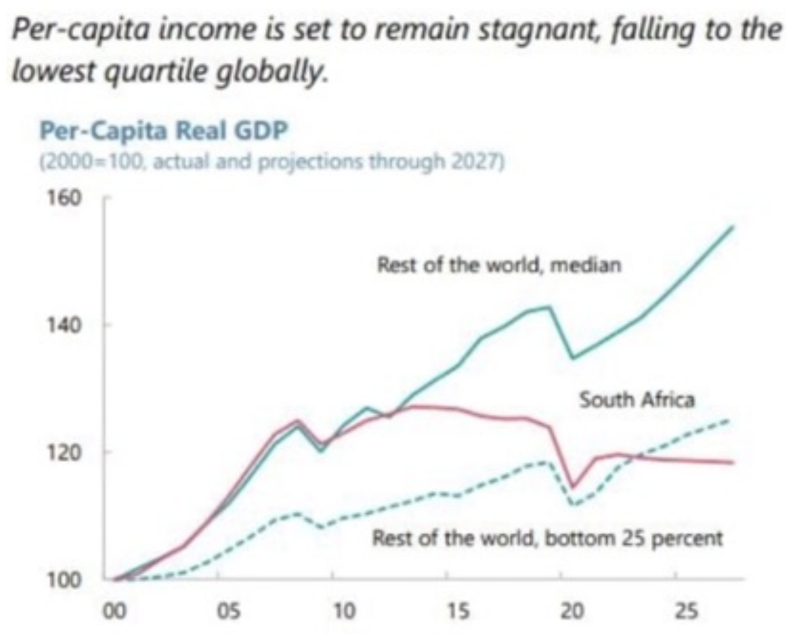
TRADING ENVIRONMENT

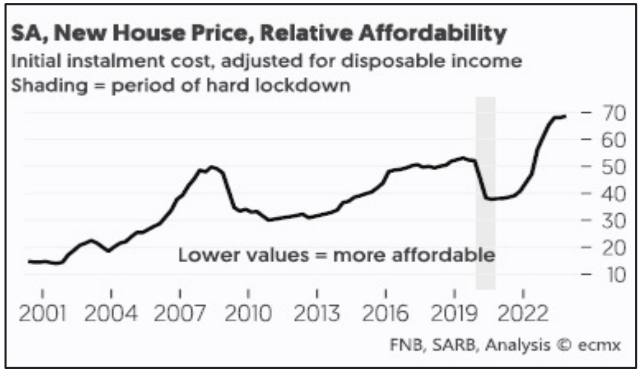
TRADING ENVIRONMENT

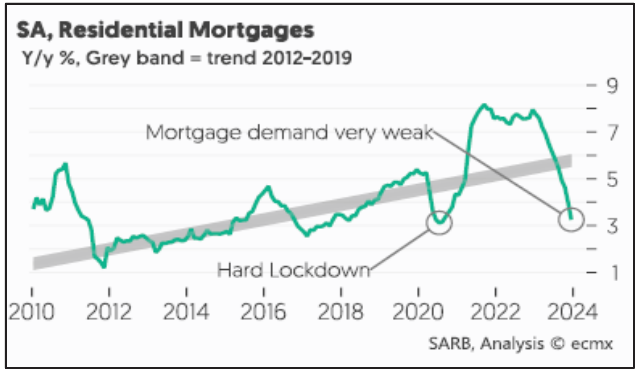
Continued pressure on demand for building materials

- **2012-2024**: Subdued SA GDP growth trend against growing population resulting in ever-declining *per capita* Real GDP.
- IMF forecasting SA GDP growth for 2024 at 0.9%. With population growth of 1.6%, adverse trend is expected to continue. Living standards have declined by roughly 6% over the last decade.
- Consumer-spending growth fell to 0.7% during 2023, down from 2.5% in 2022. This trend is adversely affecting retail demand for building materials.



***SOURCE**: IMF*





TRADING ENVIRONMENT

Declining investment trends hopefully bottoming out

- GFCF as a leading indicator of underlying cement demand disappointed again since 2H23
- Recent GNU prospects might possibly change sentiment and hopefully reverse this trend

- GDP contacted 0.2% (q-o-q) and grew 0.5% (YoY) during Q1 2024.
- Construction sub-sector again contracted during 1Q24, continuing trend from 2H23.
- Below average of 8-10% in recent years

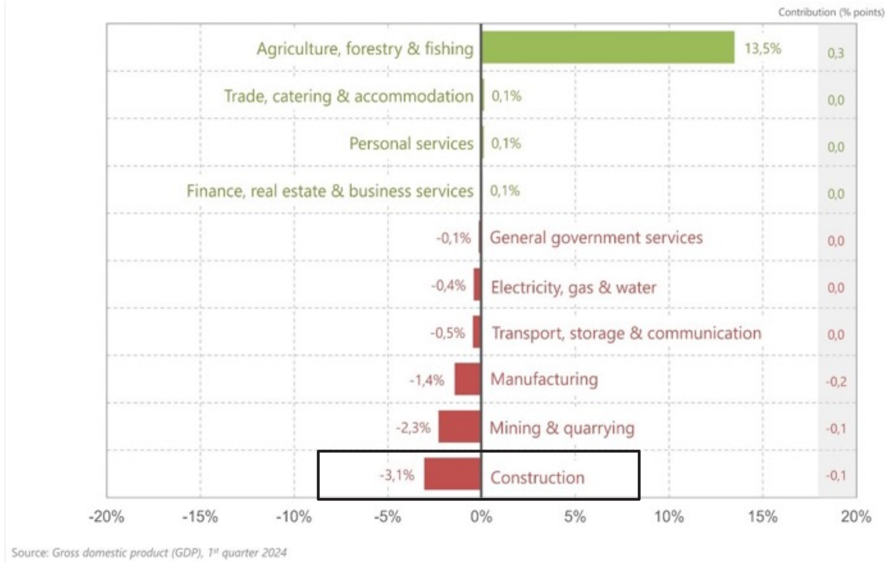
SA Gross Fixed Capital Formation as % of GDP

Current prices, seasonally adjusted

SOURCE *: StatsSA, Econometrix*

SA industry growth rates – Q1 2024

Compared with Q4 2023, constant 2015 prices, seasonally adjusted



SOURCE *: StatsSA*

Cement import volumes
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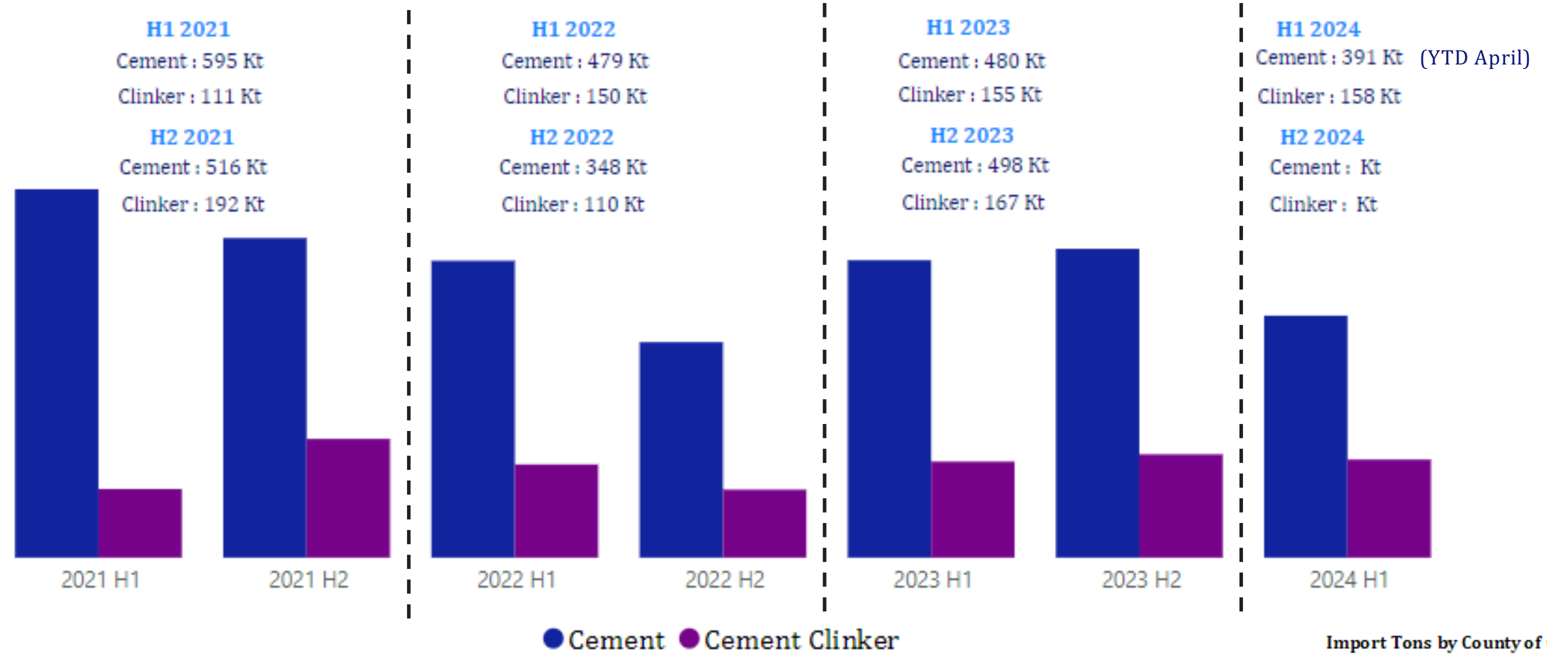

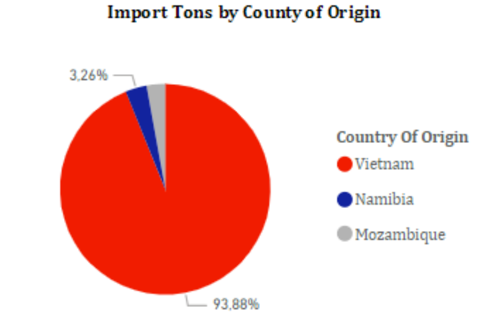

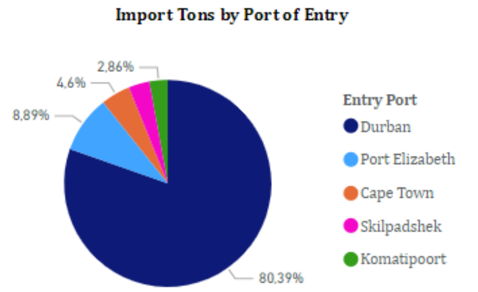

Cement imports

- **Between Jan to Apr 2024 , 391kt has been imported into the country v 307kt for SPLY.**
  - 94% of all imports from Vietnam.
  - 80.4% imported through Durban, notwithstanding publicly documented logistical bottlenecks at the port.
  - Namibian & Mozambican imports remain low at 6% of all imports.

Clinker imports

- 158 kt of clinker imported from Jan to Apr 2024, with 68.6% shipped from the UAE, imported via Gqeberha (formerly Port Elizabeth), while 32.4% came from Saudi Arabia and shipped through Durban.

***SOURCE** : SARS*

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OPERATIONAL REVIEW

Feedback on FY 2024 focus areas

- **To increase the Metier plant network in the Western Cape**
  - Metier held back plant expansion in the Western Cape during 2024 due to increasing its plant network in Kwa-Zulu Natal. The Western Cape remains a key focus area in 2025.
- **To grow margins above the Construction Material Composite Price Index Year on Year**
  - CMCPI – 7.2% at March 2024 while Metier sales margins improved by 13%
  - Margins improved due to product segmentation with improved sales in specialized products.
- **Product Performance Enhancement Programme**
  - Introduced batching performance monitoring system to improve product consistency and thereby improved margins
- **Health & safety**
  - Zero operational fatalities

SEPCEM
Feedback on CY 2023 focus areas

- **Growing volumes amid adverse conditions**
  - Elevated performance of technical products bolstered sales to industrial market sectors
  - Maintained share in retail sector through effective customer-centric partnerships

- **Improving profit margins**
  - Good recovery during 2H23 from 1H23 characterised by raw material shortages and inventory constraints
  - Effective market intelligence together with altered sales strategies assisted in targeting higher margin areas and segments.
  - Continued austerity measures helped navigating challenging conditions.

- **Ensuring business continuity**
  - Ongoing engagement with surrounding communities
  - Continued participation at Industry forum in Ditsobotla municipality to fast-track high impact upliftment projects in partnership with DMRE and local government.
  - Progressed towards sustainable grazing solutions for dependent communities.

- **Entrenching a high-performance culture**
  - Continuation of “Project Tokafatso” value-creation drive.
  - Focused on technical skills-retention and developed a strategy to bolster recruitment and in-house development of engineering skills.
  - Continuation of long-term retention programme.

SEPCEM FIRST QUARTER TO 31 MARCH 2024

- Revenue increase of 2.2% YoY to R596m (R 583 million).
- SepCem sales volumes marginally down YoY within an ongoing sluggish economic environment defined by:
  - ✓ Low construction activity, specifically residential building activity.
  - ✓ Reduced consumer discretionary incomes primary due to high inflation and increasing interest rates.
  - ✓ Continued levels of load shedding until end March, impacting downstream customer base, e.g. brick-and-block makers.
- SepCem's quarterly EBITDA increased to R58,5 million (Q1 2023: R13,6 million) mainly due to comparative inventory increases and savings in variable cost of sales.

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OUTLOOK

OUTLOOK

Optimism on coalition government but construction to remain subdued during 2024-2025

- Medium-term expectations
  - Residential demand is in a downward spiral as interest rates remain high for too long
  - Continued upliftment in civil construction sector with infrastructure works expected to continue
  - Slow improvement in municipal expenditure where the ANC, DA, IFP govern during the year but expect increased spend from 2025-2026.

- Group focus will be:
  - SepCem: to participate in the setting up of an Integrated Cement Producer Association to address key issues impacting the cement industry and to work towards a greener future for the South African cement industry.
  - Métier:
    a) to grow the Western Cape plant network.
    b) Participate in various infrastructure projects while focusing on maintaining Metiers technical edge.
    c) Fully implement the Product Performance Enhancement Programme

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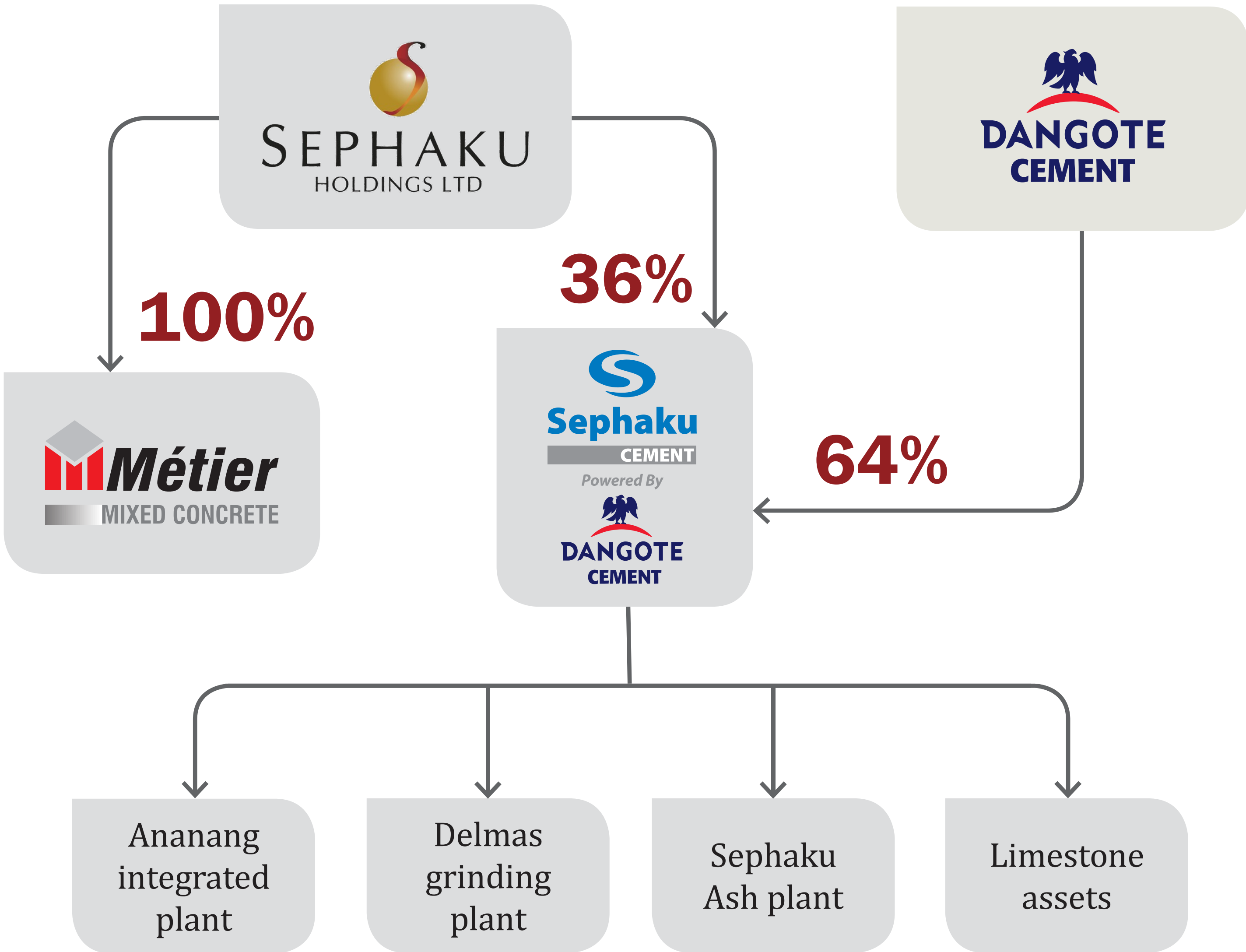
APPENDICES

THE SEPHAKU HOLDINGS STRUCTURE



INVESTMENT PROPOSITION

- The South African cement and ready mixed concrete manufacturing sector presents promising growth opportunities through infrastructure development
- The group invests in modern, efficient capacity for this sector and is well positioned to capitalise on opportunities to generate growth and create value for shareholders over the long term

The group strives for sustainable returns through

Strategically focusing on the building and construction materials sector and its potential earnings and growth opportunities	State-of-the-art production plants with cost efficiencies that enhance competitiveness	Profitable concrete operations with a renowned concentration of technical skills that provide solid earnings and positive net operating cash flows	Operational management with deep industry skills and experience, and the ability to successfully execute the strategic objectives

STRATEGIC OBJECTIVES

SEPHAKU HOLDINGS LTD

The group's strategic objectives focus on financial sustainability, product quality and operational efficiency

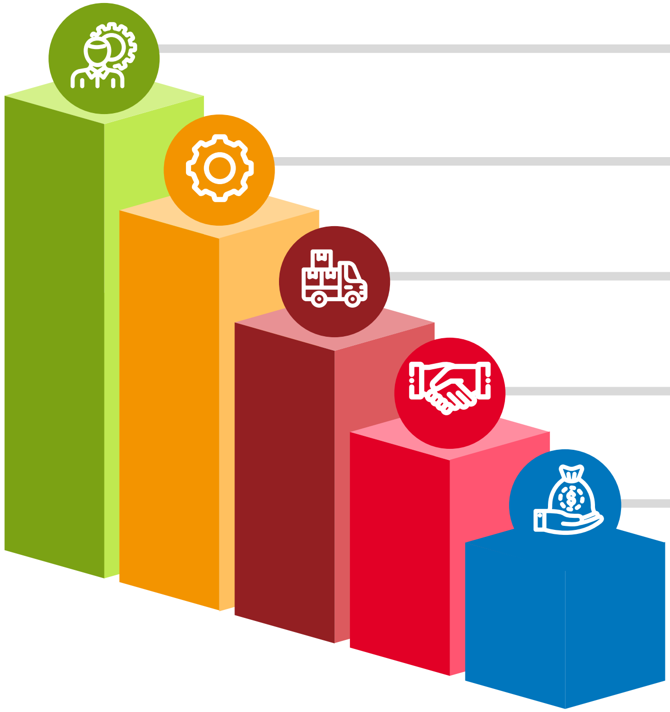
Maintain sustainable sales volumes	Maximise margins	Strengthen balance sheets	Increase free cash flow
▪ Achieve targeted sales volumes ▪ Produce high-quality products	▪ Source competitively priced inputs ▪ Reduce expenses ▪ Rationalise distribution	▪ Focus on reducing debt	▪ Prudent debtor management ▪ Increase pricing

VALUE CREATION PILLARS

SEPHAKU HOLDINGS LTD

The group's five value creation pillars are based on its founding principles and core values

- The values are reflected in the codes of ethics and conduct to obligate the board, executive management and employees to act ethically
- The directors and employees are required to conduct business with stakeholders in line with these codes
- The board reviews the codes of ethics biannually to ensure it sufficiently inculcates a group-wide ethical culture



Technical skills and industry experience
are critical to the group's strategy and to our understanding of the building and construction materials market dynamics to maximise profitability

Leading technologies
enable us to produce the highest-quality cement and mixed concrete

Service excellence
distinguishes us, and is driven by our high-performance culture, and improves our value proposition

Strategic relationships
and deal-making abilities position the group as a major South African building and construction materials manufacturer

Sustainability
emphasises responsible mining and manufacturing by continually seeking ways to minimise our negative environmental impacts

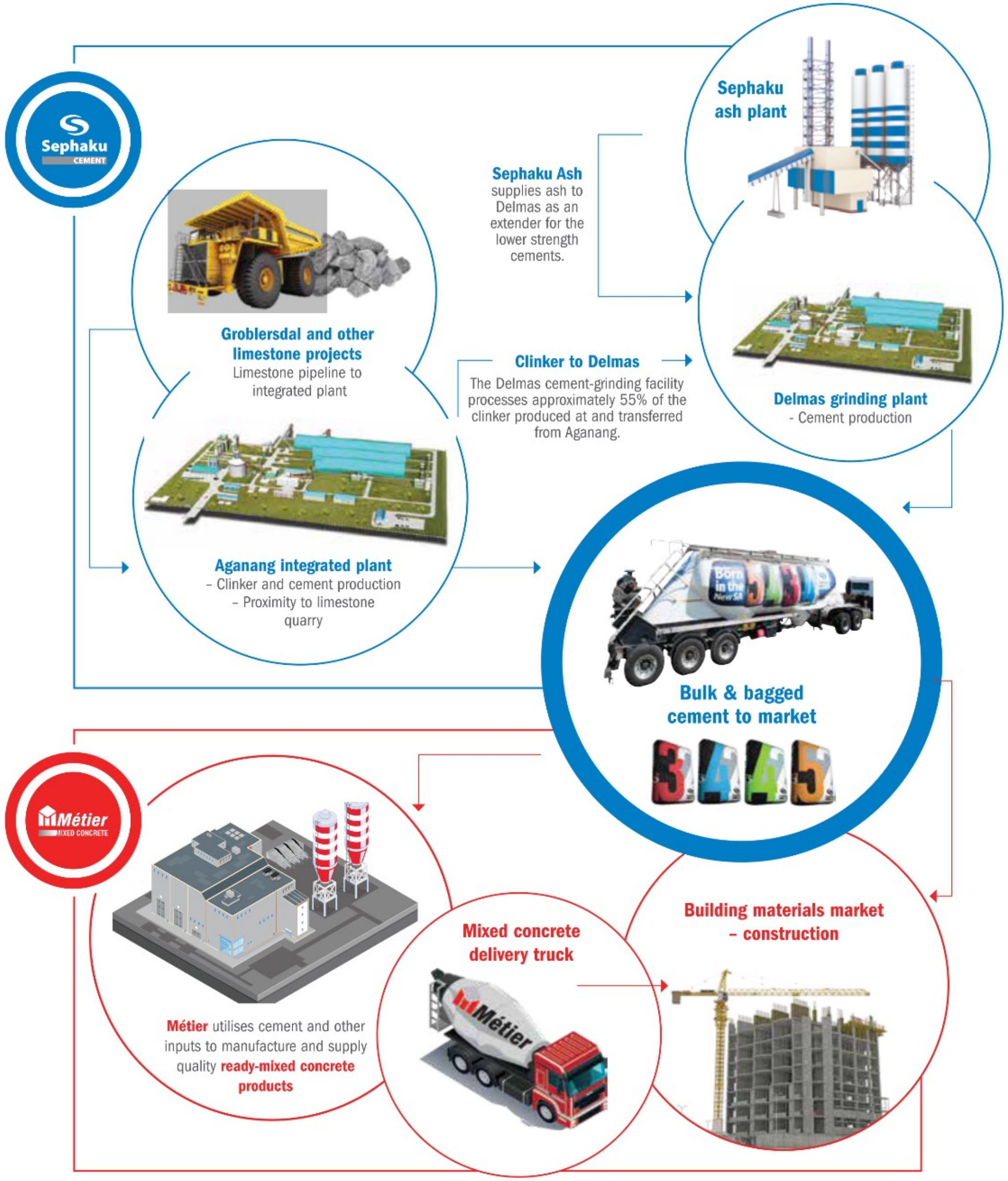
VALUE CREATION PROCESS

The group's manufacturing and exploration projects aim to create sustainable shareholder value by enhancing the five value creation pillars on which earnings and growth are based.

Métier and Sephaku Cement create value for the group's stakeholders through the production of concrete and cement, respectively.

The operations utilise the cash they generate, equity from shareholders and borrowings from lenders to source inputs and services to sustainably manufacture building materials.

The group recognises that business sustainability entails environmental and social responsibility. To that effect, Métier and SepCem have ongoing and planned initiatives to mitigate their negative environmental impact and to uplift communities surrounding their operations.



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