



SEPHAKU
HOLDINGS LTD

**INTERIM (UNAUDITED)
RESULTS PRESENTATION
FOR THE SIX MONTHS
ENDED 30 SEPTEMBER 2013**

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Sephaku Holdings (SepHold)

Lelau Mohuba

- Overview

Operational performance

Lelau Mohuba

- Métier Mixed Concrete (Métier)
- Sephaku Cement (SepCem)

Financial performance

Neil Crafford-Lazarus

- Statement of comprehensive income
- Statement of financial position
- Statement of cash flows

Outlook

Lelau Mohuba

MÉTIER PROPELS SEPHAKU TO PROFITABILITY



Métier plant: Concrete pump at plant site

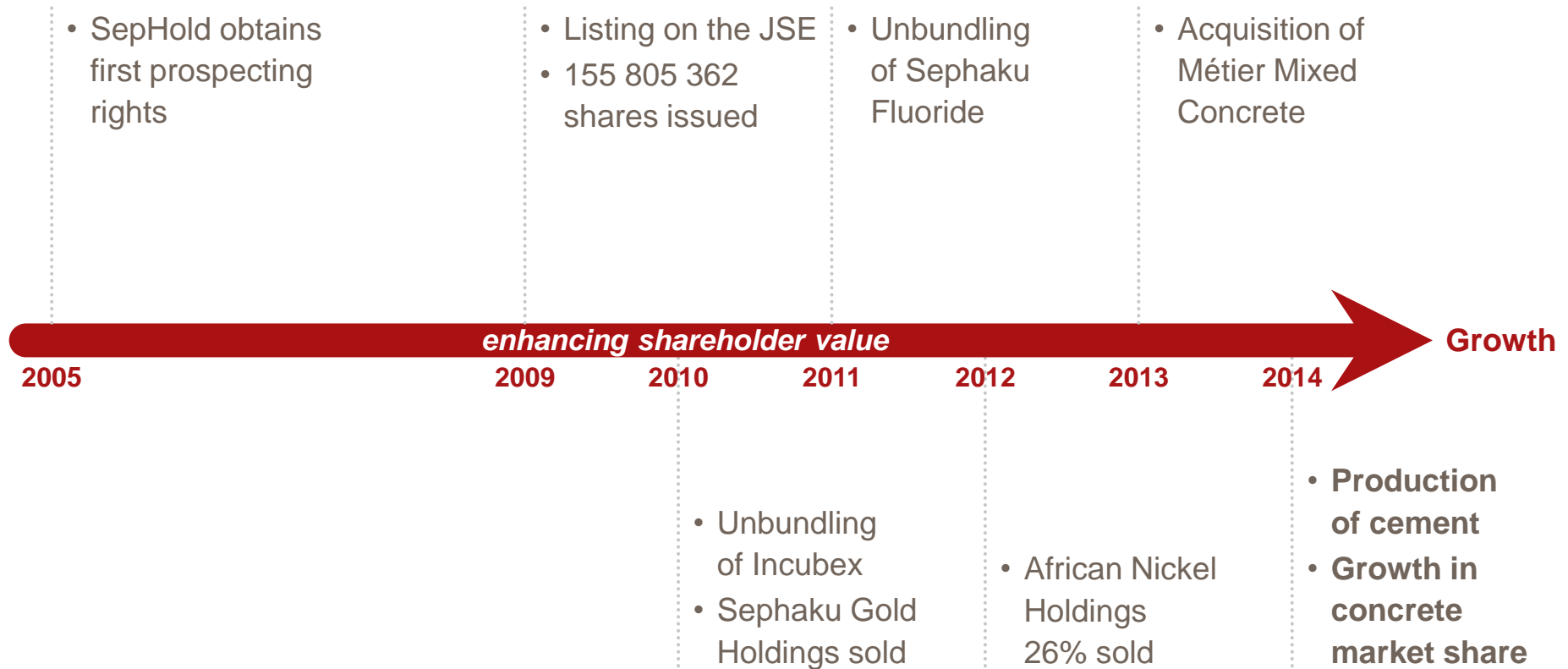
- 100% ownership; acquired in February 2013 for R365 million
- Specialist in the manufacture, distribution and marketing of high-value ready mixed concrete
- Fleet size, pumping division and advanced production technology enhances efficiency
- Ten plants in KwaZulu-Natal and Gauteng – strategically positioned to capitalise on numerous opportunities in the next 12 months



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- 36% interest in Sephaku Cement with 64% owned by Dangote Cement PLC, the largest cement producer in Africa
 - Comprises three components: Aganang – integrated cement and clinker plant, Delmas – grinding plant, and Sephaku Ash – a fly ash beneficiation plant
 - Aganang to produce up to 6 000t clinker per day
 - Latest cement plant technology – higher efficiency than incumbents
 - Construction at Delmas on schedule and within budget
 - Lowest cost producer



EXECUTION TIME LINE – STRATEGIC REFOCUS



OPERATIONAL PERFORMANCE

- **SepHold**

- › Initial reporting period of revenue
- › Positive earnings: group profit in the refocused strategy era

- **Métier**

- › Concrete sales increased by 35% during the interim period
- › Specialised concrete sales contributed 5%

- **SepCem**

- › Delmas grinding plant construction 85% complete
- › Aganang plant on schedule for production in 2nd quarter 2014 in accordance with guidance at end of FY13

Post period

- Delmas plant connected to the Eskom substation in October 2013
- Commissioning of plant in progress to be completed end November 2013

FINANCIAL PERFORMANCE



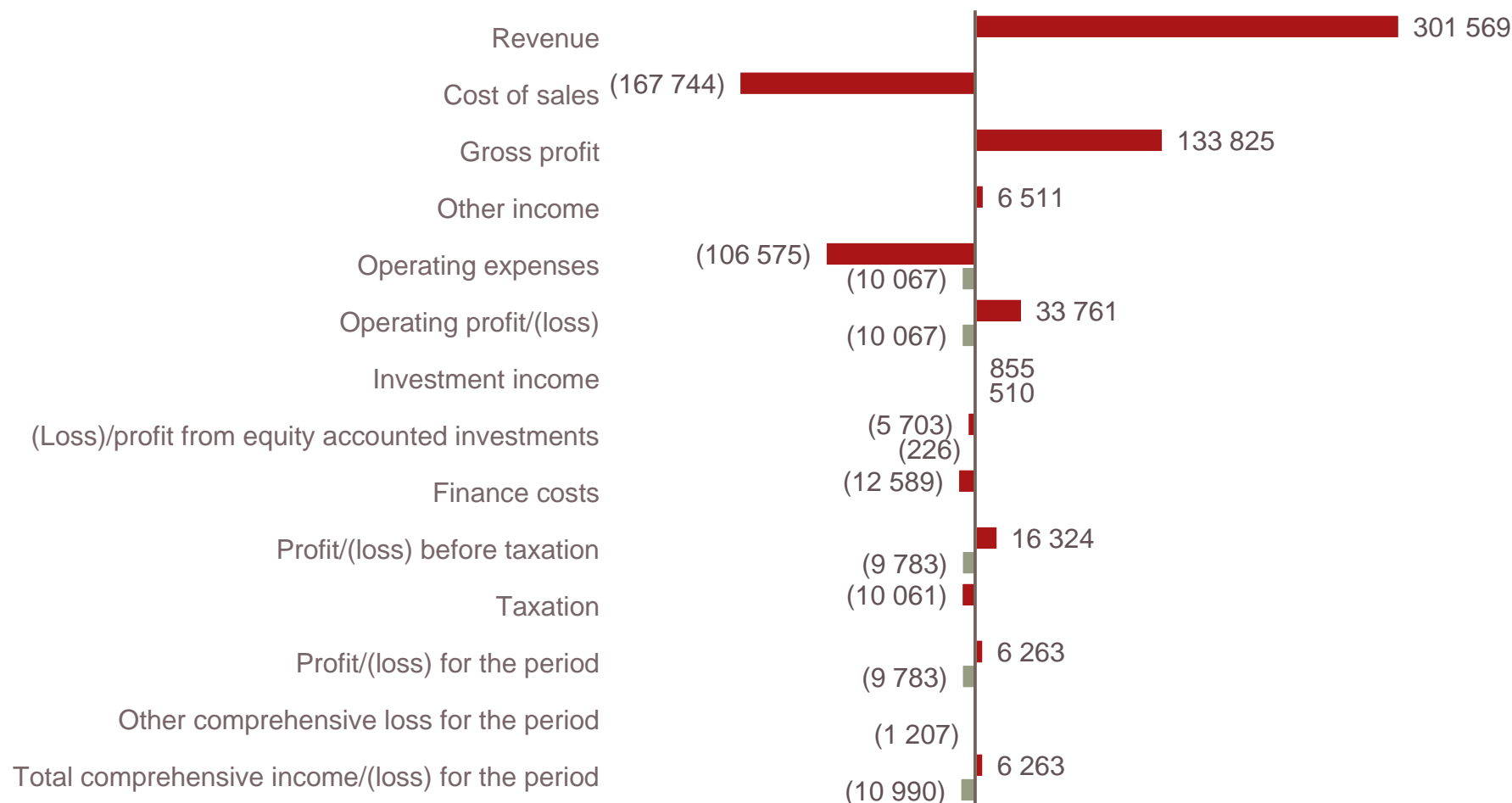
Aganang integrated plant: November 2013

SALIENT POINTS FOR THE INTERIM PERIOD

- Operating profit of R33,8 million compared to the operating loss of R10,1 million for 2012
- Earnings before interest, taxation, depreciation and amortisation (“EBITDA”) of R40,3 million, compared to the loss before interest, taxation, depreciation and amortisation of R9,8 million for 2012
- Headline earnings per share of 2,78 cents compared to headline loss per share of 5,69 cents for 2012
- Earnings of R6,3 million compared to the loss of R9,8 million for 2012



STATEMENT OF COMPREHENSIVE INCOME (R'000)

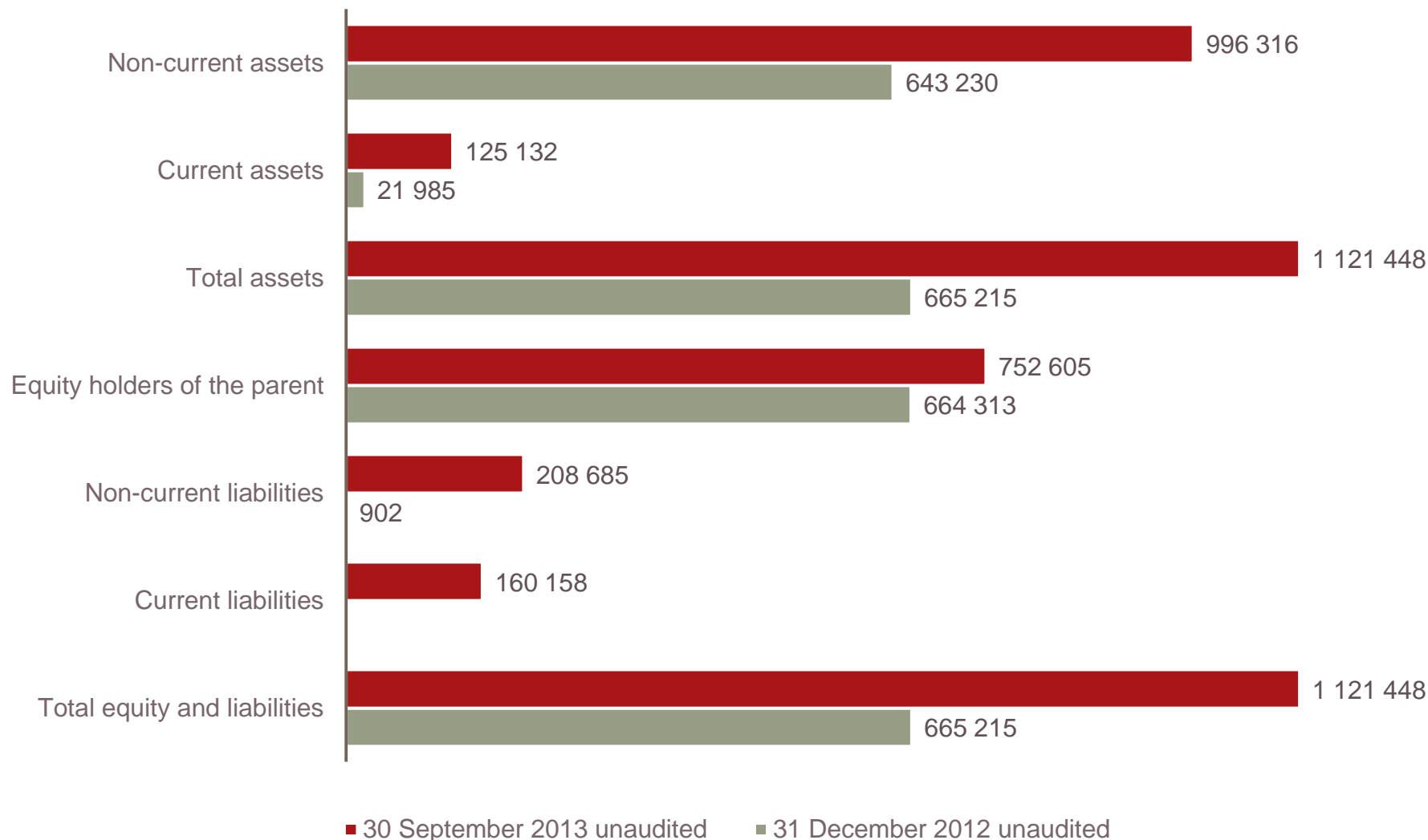


■ 30 September 2013 ■ 31 December 2012

STATEMENT OF COMPREHENSIVE INCOME

- Initial revenue of R302 million for the group
 - › An increase in Métier sales during the period
 - › SepCem plant's construction on schedule and budget
- Operating expenses mainly constitute:
 - › Distribution costs at 36%
 - › Labour costs at 19%
 - › Depreciation at 11%
- Finance charges:
 - › Métier: R9,2 million due to the acquisition and financing debt from Standard Bank
 - › SepHold: Non-cash charge of R3,4 million for SepHold for the six months ended September 2013 due to the unwinding of the discounted present value of R104 million for the outstanding capital obligation of R125 million

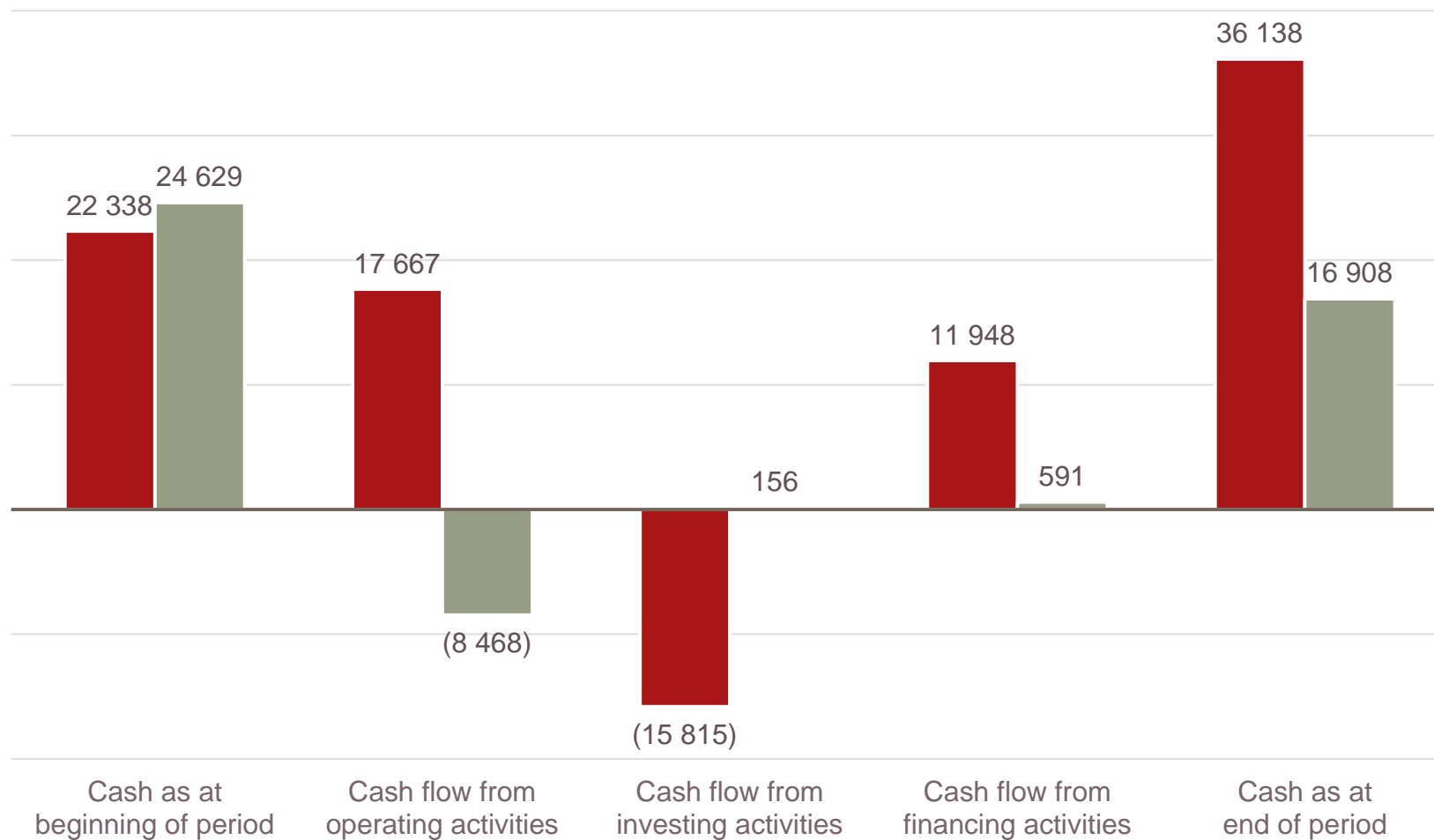
STATEMENT OF FINANCIAL POSITION (R'000)



STATEMENT OF FINANCIAL POSITION

- Assets
 - › Goodwill: R238,1 million to be allocated at the end of the current financial year
 - › Trade and other receivables: R73,3 million
- Liabilities
 - › Other financial liabilities: R297,8 million with R98,6 million in current – Métier acquisition, refinancing and expansion debt
- Net asset value per share: 398,21 cents, due to the acquired goodwill from Métier acquisition and unbundling of Sepfluor

STATEMENT OF CASH FLOWS (R'000)



■ 30 September 2013 unaudited

■ 31 December 2012 unaudited

STATEMENT OF CASH FLOWS

- Positive cash flow from operating activities due to cash-generative Métier
- Outflow from investing activities mainly due to the acquisition and disposal of trucks
- Productive debt structures for Métier's expansion into Gauteng





Delmas cement silos: November 2013

CONSTRUCTION MATERIALS FUTURE

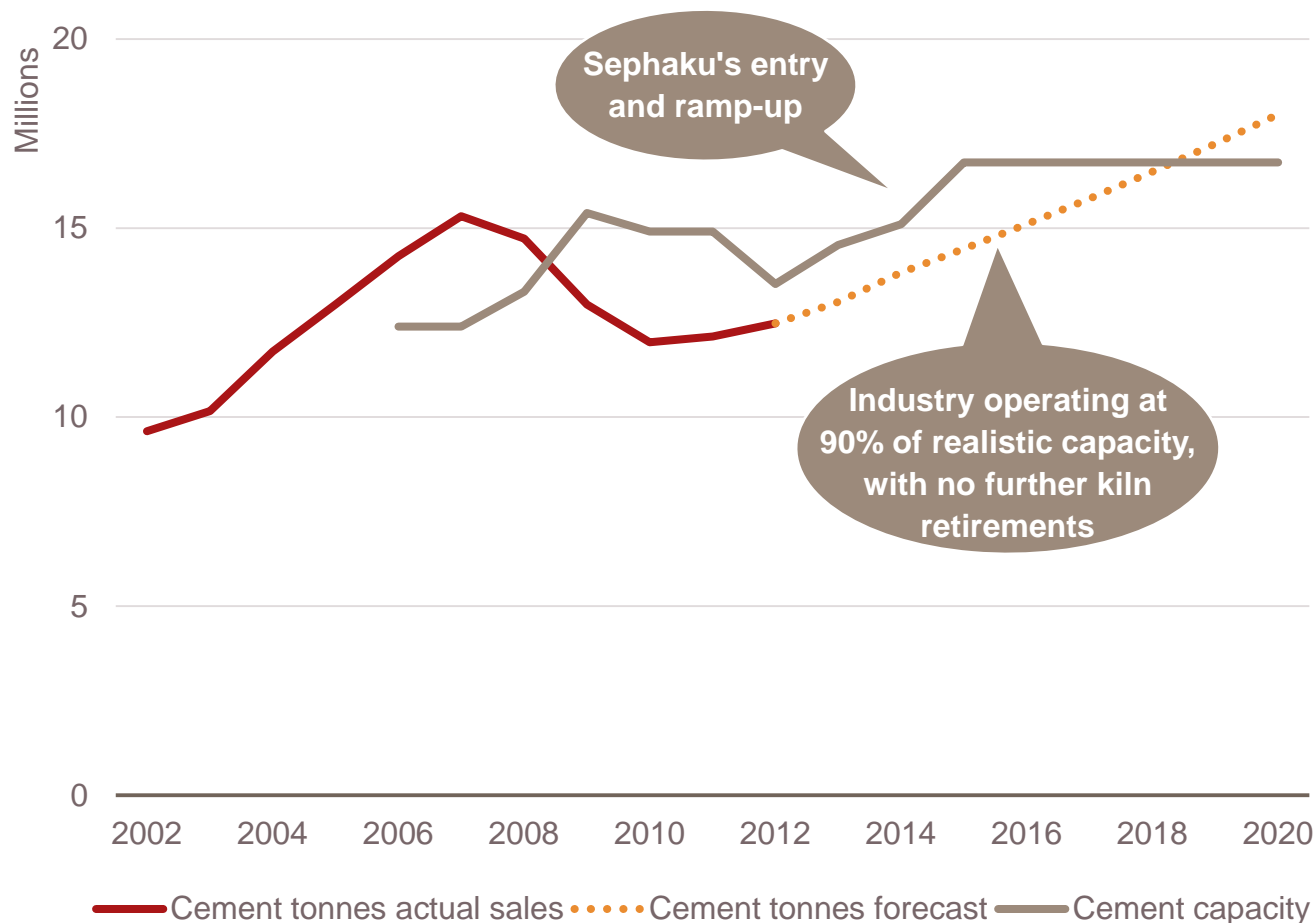
SepCem

- Production of cement from Delmas in January 2014
 - › Target to complete ramp-up in April 2014
- Commissioning of Aganang integrated plant to commence in Q2 CY14
- Sephaku Ash sales increase as demand from Delmas ramps up to improve economies of scale

Métier

- Expansion plans to increase plant footprint to gain market share in the lucrative Gauteng province

SOUTH AFRICAN CEMENT – SUPPLY vs DEMAND



1. Capacities are based on SepCem research, using the maximum estimated clinker capacity of each producer, combined with the estimated extender ratios to produce finished cement
2. Sales forecasts are based on an average estimate of several leading economic forecasts
3. Capacities are based on the assumption that Continental Cement does not get into production
4. Excludes the effect of seasonality on capacity to meet demand

Note: these figures include volumes to the BLNS countries, Namibia factored to 30%

Source: Sephaku Cement research – November 2013

- Key management ~ 250 years combined experience in cement manufacturing and technology
- Technologically advanced plants
- Profitable concrete operation providing solid earnings and positive cash flow
- Focused strategy on the lucrative cement manufacturing sector
- Potential share price re-rating

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