



**AUDITED FINANCIAL
RESULTS PRESENTATION**
FOR THE YEAR ENDED 31 MARCH 2014

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30 JUNE 2014

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**BUILDING
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FOR
GROWTH**

This presentation includes certain forward-looking information. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: Sephaku Holdings' strategy; the economic outlook for the industry; production; cash costs and other operating results; growth prospects and outlook for Sephaku Holdings' operations, individually or in the aggregate; liquidity and capital resources and expenditure; and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect Sephaku Holdings' current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases. Similarly, statements concerning Sephaku Holdings' objectives, plans or goals are or may be forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may affect Sephaku Holdings' actual results, performance or achievements expressed or implied by these forward-looking statements. Although Sephaku Holdings believes that the expectations reflected in these forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

AGENDA

Key highlights	<i>Dr Lelau Mohuba</i>
Operational review	<i>Dr Lelau Mohuba</i>
Financial review	<i>Neil Crafford-Lazarus</i>
Outlook	<i>Dr Lelau Mohuba</i>
Questions	



Born in the New SA

Sephaku Cement was born in the New South Africa; the South Africa that today celebrates its democracy's 20th anniversary. A new South Africa, a new democracy, and a new freedom to choose. And, just like you have the freedom to choose your government, you have the freedom to choose your cement. Sephaku Cement is the first new entrant into the cement industry in 80 years: a new cement for a new South Africa. Choose freedom. Choose new. Choose Sephaku Cement. We're not the only choice; we're the obvious choice.




www.sephakucement.co.za 



SEPCEM ESTABLISHED AS THE ONLY NEW PRODUCER IN THE LOCAL CEMENT INDUSTRY IN 80 YEARS



KEY HIGHLIGHTS

- ❑ Delmas milling plant commenced production of cement in January 2014
- ❑ Commissioning of Aganang integrated plant commenced before year-end
- ❑ Métier added another plant with a capacity of 70m³/hour in Gauteng
- ❑ Métier performed very well as indicated by:
 - Revenue  by 38%
 - EBITDA  by 22%
 - Operating profit  by 18%

OPERATIONAL REVIEW: OUR BRAND-NEW PLANTS



Above: Aganang integrated plant

Below: Delmas milling plant



UNIQUE FEATURES OF OUR PLANTS



Latest-generation primary impact-crusher: Germany



Latest limestone roller-screening technology for beneficiation: Germany



Latest pyro-processing technology: air-separate pre-calciner kiln with five-stage preheater



Latest-generation high-impulse multi-channel main burner: France



Latest-generation pendulum-grate cooler: Germany



Best-in-class vertical-roller milling across the board for raw milling, coal grinding and cement milling: Germany

COMPETITIVE EDGE TO INDUSTRY AVERAGE



Energy utilisation efficiency: 95kWh per tonne as compared to 145 kWh per tonne



Consistent cement quality: single 6 000tpd kiln for clinker



Logistical advantage: proximity of Delmas to extender source, coal supply and the market



Environmental impact: lowest particle emissions of 30mg/Nm³ compared to up to 200mg/Nm³ for older plants



Minimal maintenance costs: brand-new plants compared to plants aged 36 years



Inland price structures higher: better margins because coastal prices are impacted by imports



Métier

- Another plant with a capacity of 70m³/hour added to Métier's Gauteng footprint
 - Commenced supplies from its new Chloorkop concrete mixing plant, on time and within budget, in April 2013
- Specialised concrete and Gauteng sales account for 29% and 40% of total sales respectively
- Expansion of concrete mixer fleet size by 18% to transport additional volumes, and acquisition of an additional concrete boom pump
- Maintaining gross margin while gaining market share was a key focus area



SepCem

- Delmas milling plant commenced production in January 2014
- Commissioning of Aganang commenced before year-end
- A dedicated operational preparedness team has ensured that SepCem meets its targets for completion and market-readiness
- The SepCem strategy is to stabilise and optimise its production capacity to ensure the low-cost advantage offered by new plants with advanced technology

SEPCEM MARKET READINESS CAMPAIGN



Dedicated team established to execute the client management drive in its targeted bag and bulk markets



Efficient outsourced cement delivery function is a major element of the campaign




SepCem product distributed into inland markets namely:

- Gauteng, Mpumalanga, Limpopo and North West provinces




The brand is in over 250 outlets in targeted inland markets


SEPCEM'S APPROACH TO THE MARKET

 Target to attain 20 – 25% of the inland market share

- Resultant national market share of 13 – 17%

 Produces three cement strengths: 32.5R, 42.5R and 52.5N

- Essentially, 32.5R and 42.5R is produced for the bag market
- Bulk market is supplied with the 42.5R and 52.5N and supported through a world-class customer support laboratory and concrete experts

 Determined not to engage in a price war



***Production of 32.5R
cement at Delmas plant***




OUR PRODUCTS ALWAYS GET TO THE MARKET



FINANCIAL REVIEW

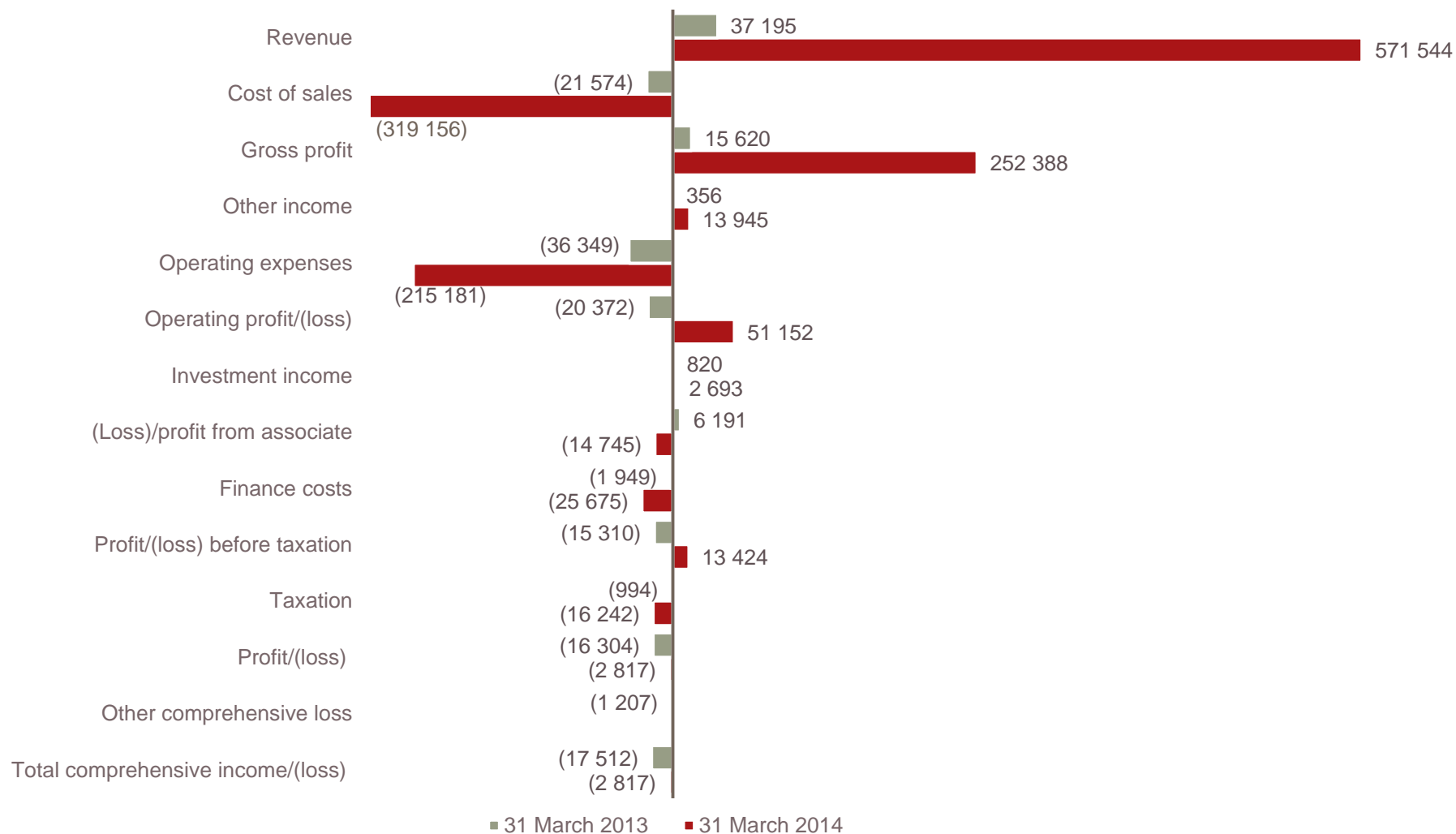


SALIENT POINTS FOR THE FY2014 PERIOD

- ❑ SepHold overhead cash costs were contained at R13,4 million
- ❑ The group achieved a profit before tax of R13,4 million
- ❑ **Métier performed very well as indicated by:**
 - Revenue  by 38% from R414,3 million to R571,5 million
 - EBITDA  by 22% from R81,6 million to R100,0 million
 - Operating profit  by 18% from R63,8 million to R75,5 million



STATEMENT OF COMPREHENSIVE INCOME (R'000)



STATEMENT OF COMPREHENSIVE INCOME 1/2

❑ Group net loss of R2,8 million:

- SepHold operating loss of R18,7 million;
 - R5,4 million relates to vesting of share options
- SepCem loss of R40,9 million due to market entry expenditure;
 - SepHold's equity-accounted loss of R14,7 million

❑ Group finance charges of R25,7 million:

- R6,9 million is present value adjustment on the Métier purchase price
- Balance due to Métier acquisition debt and asset finance

STATEMENT OF COMPREHENSIVE INCOME 2/2

❑ Group taxation of R16,2 million includes:

- Métier's of R17,8 million
- Reversal of deferred taxation R1,6 million

❑ Métier acquisition impact on FY 2013 figures:

- Retrospectively adjusted amortisation of R377 330 net of tax
- Amortisation of intangible assets of R4 million net of tax

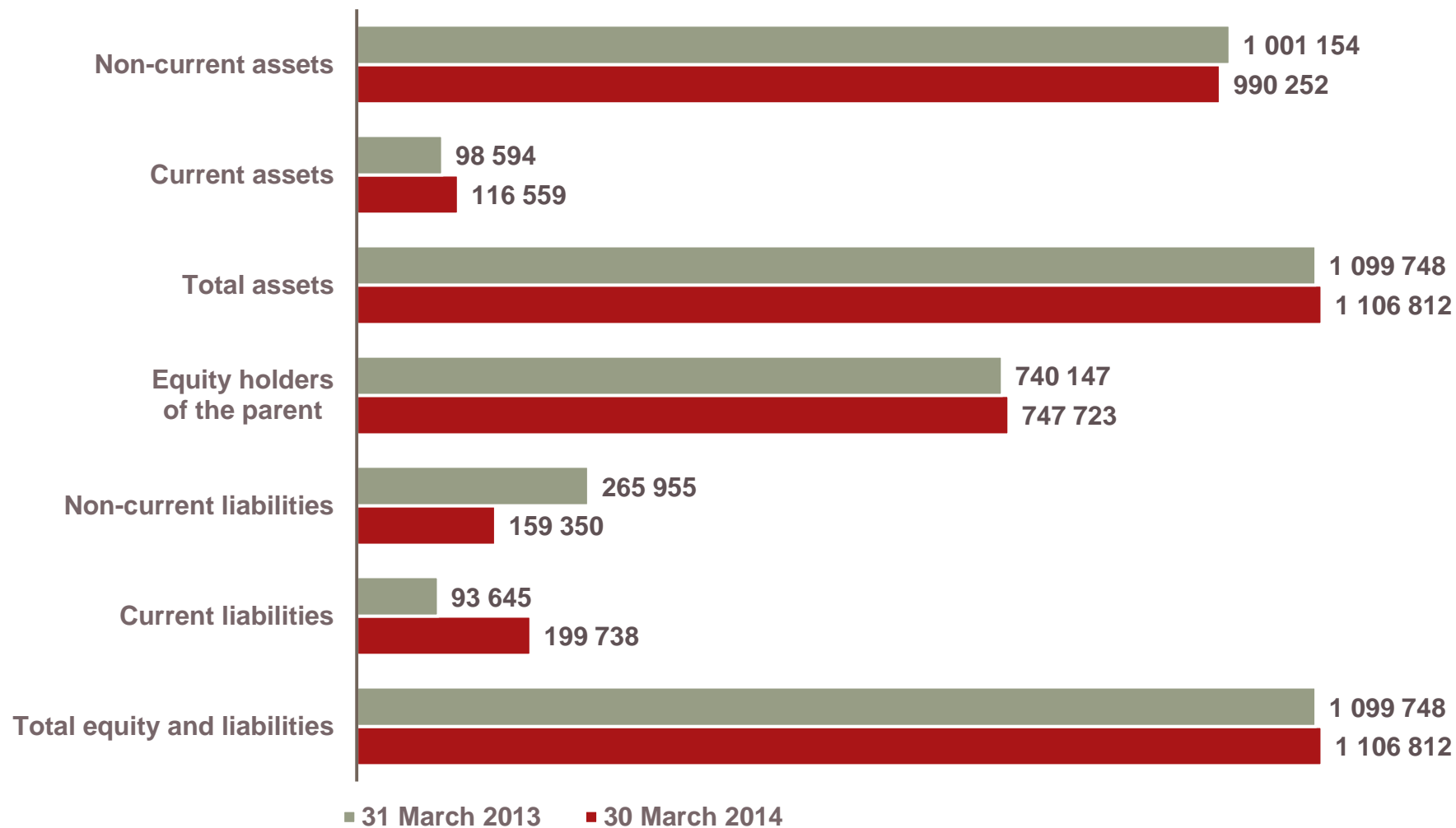
❑ Group profit before the non-cash IFRS adjustments is R13,5 million

❑ Basic loss per share of 1,49 cents

❑ Headline loss per share of 2,36 cents



STATEMENT OF FINANCIAL POSITION (R'000)



STATEMENT OF FINANCIAL POSITION

☐ Assets

▪ Goodwill:

- R238,1 million retrospectively adjusted for identifiable intangible assets of R20,4 million and deferred taxation liability of R5,7 million
- Goodwill balance of R223,4 million relates to synergistic benefits including Métier's future revenue base, management's expertise obtained and the vertical integration possibilities between Métier and SepCem

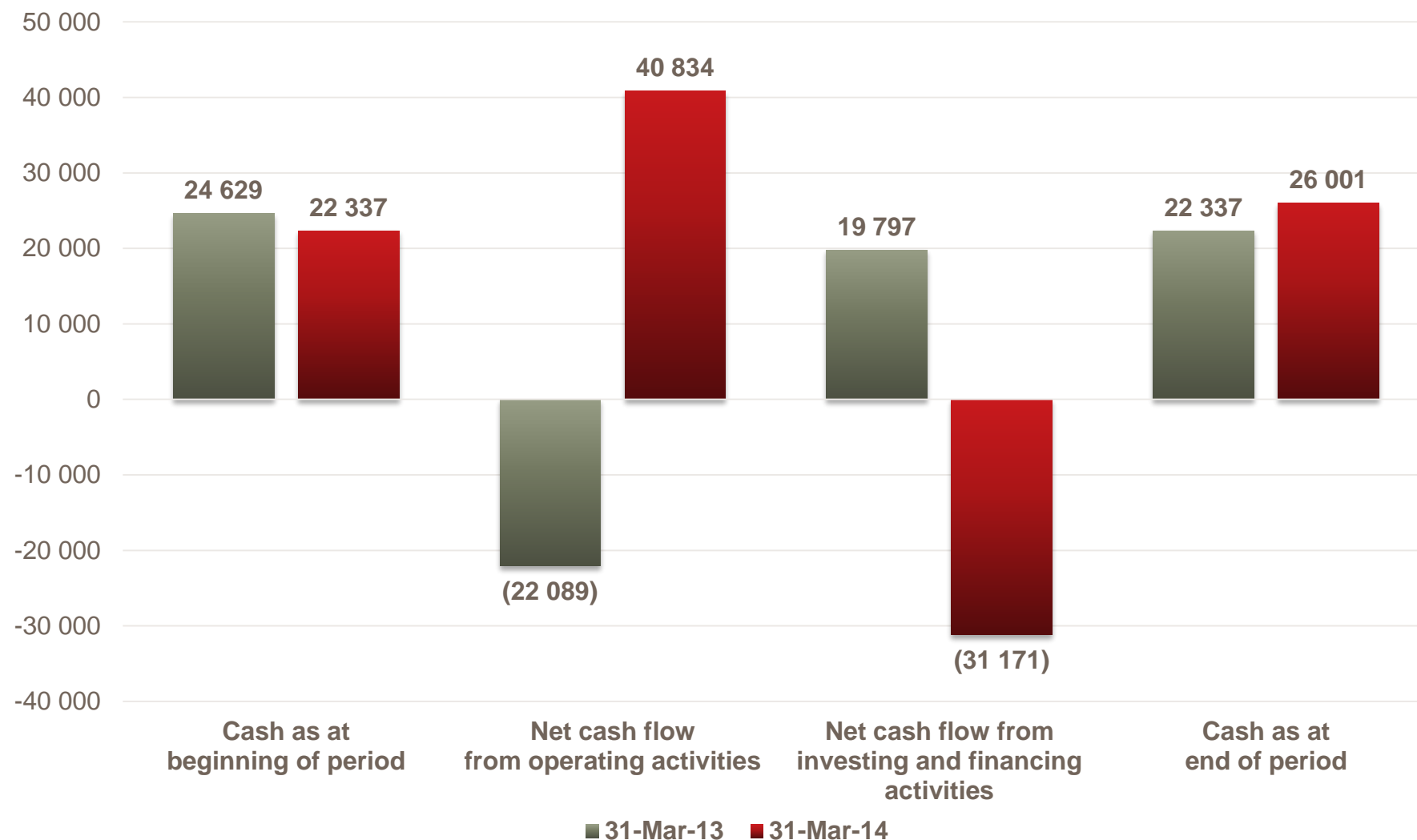
☐ Other financial liabilities

- R283,5 million with R140,9 million in current
 - Métier acquisition, refinancing and expansion debt

☐ Net asset value per share: 393,80 cents



STATEMENT OF CASH FLOWS (R'000)



STATEMENT OF CASH FLOWS

❑ Outflow from investing activities at R40,7 million mainly due to:

- acquisition and disposal of trucks;
- additions to plants; and
- land acquired





Bulk cement truck departing Delmas plant for the market



SepCem

- Will ramp up cement volumes at both plants in line with market demand
 - Expect to reach steady state during the 2015 calendar year
- Will focus on delivering consistent quality cement products and offering excellent service to the market



Métier

- Expansion plans to continue increasing plant footprint to gain market share in the lucrative Gauteng province
 - To increase production capacity by 20%
- Maintain operational efficiency and financial performance to grow earnings

- ❑ Technologically advanced plants with higher cost efficiencies
- ❑ Profitable concrete operation providing solid earnings and positive cash flow
- ❑ Strategically positioned cement producer with access to higher margin inland markets
- ❑ Focused strategy on the lucrative cement manufacturing sector offering increasing growth opportunities
- ❑ Key operational management with approximately 250 years combined experience in cement manufacturing and over 80 years in mixed concrete technology

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