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SEPHAKU
HOLDINGS LTD

UNAUDITED INTERIM RESULTS
PRESENTATION
FOR THE SIX MONTHS PERIOD ENDED
30 SEPTEMBER 2014

DISCLAIMER

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.

Sephaku Holdings (SepHold)

- Group overview

Operational performance

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

Financial performance

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Cash Flows

Outlook

KEY HIGHLIGHTS FOR THE INTERIM PERIOD

- Métier added another plant in Gauteng with a capacity of 70m³/hour during September 2014
 - Revenue ▲ by 34% to R404,2 million (2013: R301,6 million)
 - EBITDA ▲ by 41% to R77,5 million (2013: R55,1 million)
 - Operating profit ▲ by 43% to R62,6 million (2013: R43,7 million)
- Delmas milling plant achieved 80% annualised capacity utilisation in September 2014
- Clinker production commenced on 20 August 2014 at Aganang
 - Internally produced clinker to significantly reduce input costs
 - Delmas has been milling Aganang clinker only since early September

OPERATIONAL PERFORMANCE



Above: Aganang integrated plant

Below: Delmas milling plant



SEPCEM INCREASES MARKET PRESENCE IN THE INLAND MARKETS 1/3



Market penetration progressing successfully with over 1 000 delivery points in the inland market to date

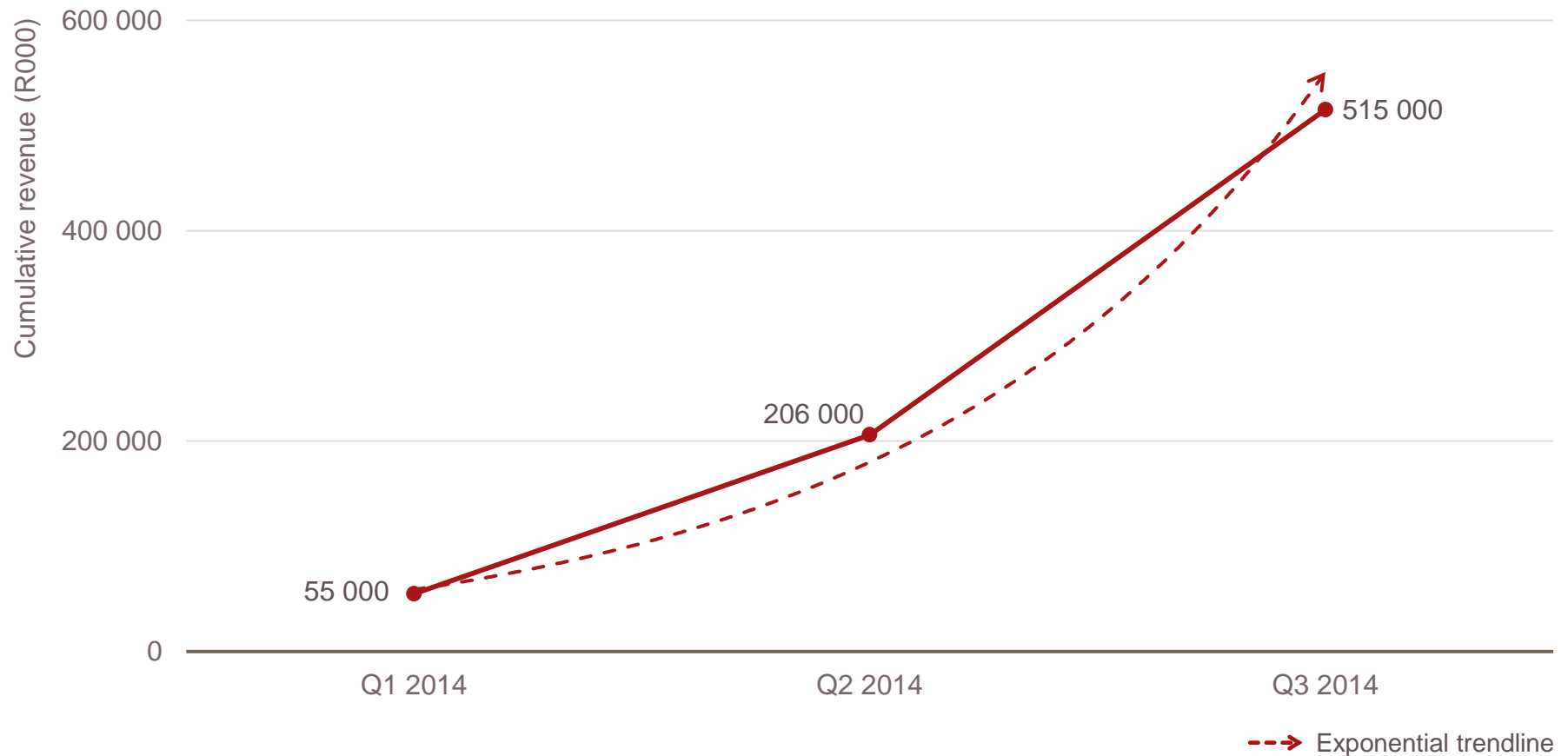
- SepCem brand in Gauteng, Limpopo, Mpumalanga, Free State and North West
- Prices under pressure in isolated provinces, however average pricing at the prevailing industry level
 - SepCem's operational efficiencies providing significant competitive advantage over the incumbents
- SepCem delivering to numerous outlets of the four large retail market distributors
 - Balance supplied to the smaller regional and retail channels
 - Bulk market penetration rate also increasing due to the consistent cement quality
- Achieved R515 million revenue for the nine months ended September 2014
 - SepCem's six months results to June 2014 accounted for in the interim results

SEPCEM INCREASES MARKET PRESENCE IN THE INLAND MARKETS 2/3



Highly competent sales and marketing team headed by seasoned industry executives

Sephaku Cement's revenue profile for the 9 months ended September 2014



SEPCEM INCREASES MARKET PRESENCE IN THE INLAND MARKETS 3/3



Post period

- Achieved revenue of R309 million revenue for the 3 months ended September 2014
- Aganang commenced production of cement in October 2014 with an initial focus on the 42,5 N and 52,5 N strengths



SEPCEM'S COMPETITIVE EDGE TO INDUSTRY AVERAGE



Minimal maintenance

- Low costs due to brand new plants



Consistent cement quality

- Single 6 000 tonnes per day clinker kiln



High energy efficiency

- Guaranteed 95kWh utilisation



Inland market focus

- Coastal prices being impacted by Pakistan imports



Logistical advantage

- Delmas plant proximity to Gauteng
- Return load cost advantages between the two plants



Low environmental impact

- Low particle emissions of approximately 30mg/Nm³



In line with the expansion plans to increase plant footprint and gain market share in the Gauteng province:

- Métier commenced production at a fourth plant with a capacity of 70m³/hour in September 2014
- Métier has a complement of 11 plants including 7 in KwaZulu-Natal province
- Métier has a strong order book with new contracts worth more than R250 million recently secured

FINANCIAL PERFORMANCE





STATEMENT OF COMPREHENSIVE INCOME (R'000)

Consolidated statement of comprehensive income	30 September 2014 Unaudited – 6 months	30 September 2013 Unaudited – 6 months	31 March 2014 Audited – 12 months
Revenue	404 157	301 569	571 545
Cost of sales	(225 941)	(167 744)	(319 156)
Gross profit	178 216	133 825	252 389
Other income	5 027	6 511	13 945
Operating expenses	(130 171)	(106 575)	(215 181)
Operating profit	53 072	33 761	51 153
Investment income	1 366	855	2 693
Loss on contingent consideration	(22 222)	-	-
Equity-accounted investments loss	(9 318)	(5 703)	(14 746)
Finance costs	(12 355)	(12 589)	(25 675)
Profit before taxation	10 542	16 324	13 425
Taxation	(14 279)	(10 061)	(16 243)
(Loss)/profit for the period	(3 736)	6 263	(2 818)
Total comprehensive income (loss)/profit	(3 736)	6 263	(2 818)

STATEMENT OF COMPREHENSIVE INCOME 1/2

Group net loss of R3,7 million:

- SepHold accounted for a non-cash once off contingent consideration loss of R22,2 million for the outstanding R100 million share based Métier acquisition payment
 - SepHold comprehensive loss of R31,6 million
- SepHold operating loss of R5,8 million:
 - Includes R2,3 million non-cash expenditure for the vesting of options
- SepCem loss after tax of R25,9 million due to market entry expenditure and low margin cement from purchased clinker:
 - SepHold's equity-accounted loss of R9,3 million*

* NOTE: SepCem year end is December, results up to end of June accounted for in current reporting period

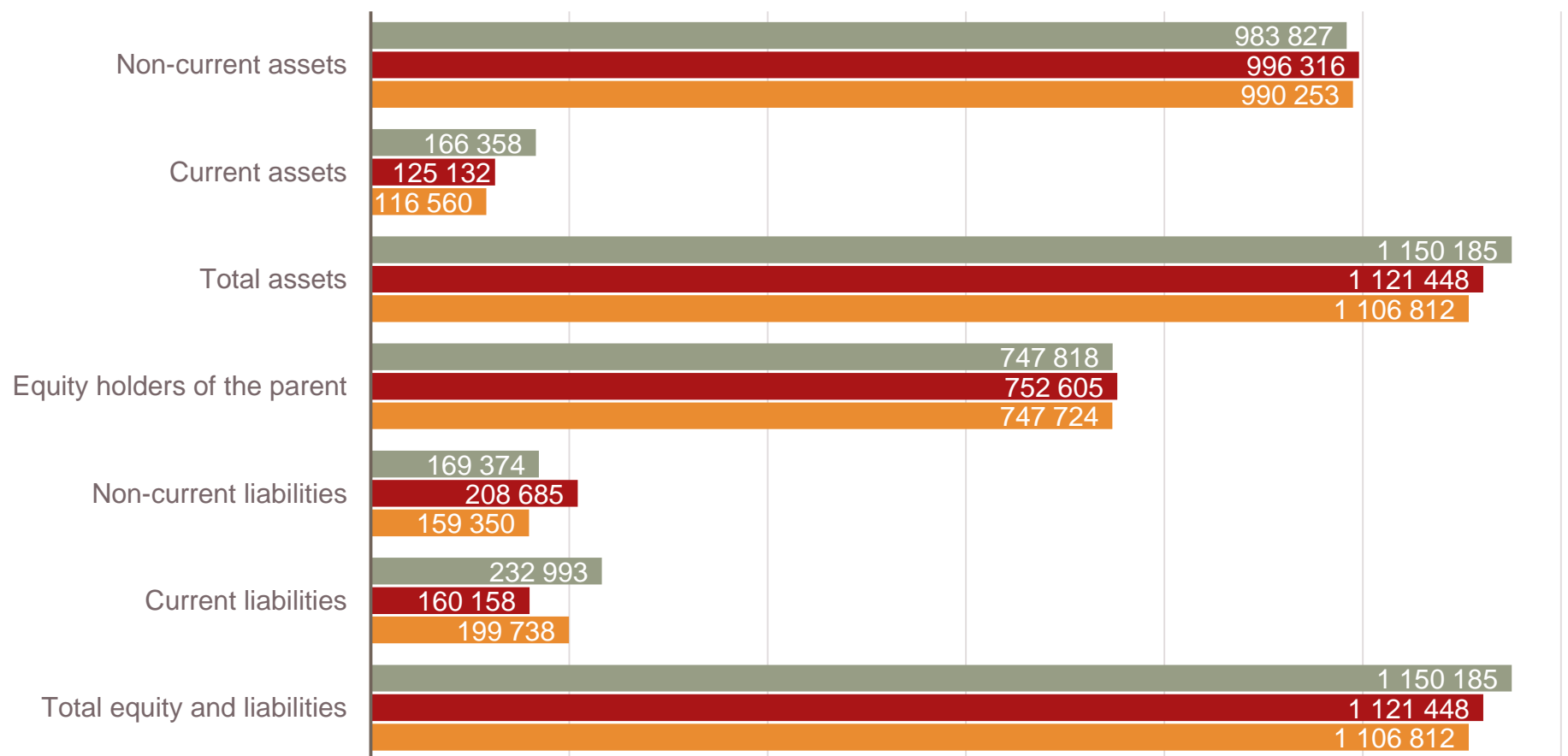
STATEMENT OF COMPREHENSIVE INCOME 2/2

- Group operating expenses of R130,2 million
- Group finance charges of R12,4 million:
 - R3.6 million is present value adjustment on the Métier purchase price
 - Balance due to Métier acquisition debt and asset finance
- Group EBITDA of R38,2 million compared to R40,3 million for the interim period 2013
- Headline loss per share of 2,0 cents and normalised headline earnings per share of 9,69 cents
- Basic loss per share of 1,96 cents





STATEMENT OF FINANCIAL POSITION (R'000)



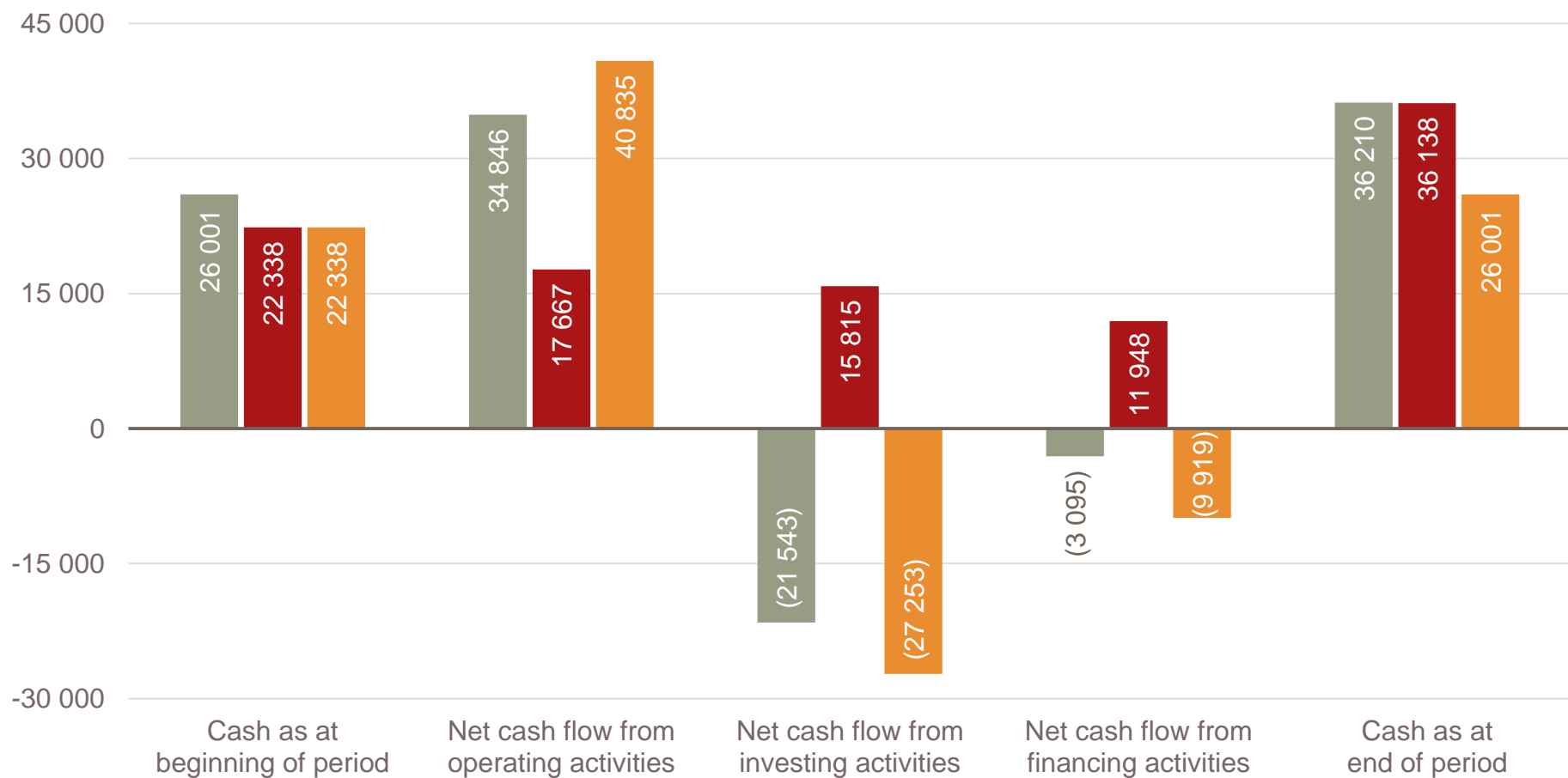
■ 30 September 2014 Unaudited – 6 months ■ 30 September 2013 Unaudited – 6 months ■ 31 March 2014 Audited – 12 months

STATEMENT OF FINANCIAL POSITION

- Current assets at R166,4 million
 - Trade and other receivables at R109,3 million
- Current liabilities at R232,9 million
 - Includes R115,8 million present value of the R125 million Métier acquisition obligation
 - Final acquisition payment due in December 2014
- Net asset value per share of 392,60 cents



STATEMENT OF CASH FLOWS (R'000)



■ 30 September 2014 Unaudited – 6 months ■ 30 September 2013 Unaudited – 6 months ■ 31 March 2014 Audited – 12 months

STATEMENT OF CASH FLOWS

- Net operating cash flow of R34,8 million (2013: R17,7 million) enhanced by cash generated of R58,1 million
- Net investing cash outflow increased due to R23,4 million expended on:
 - acquisition of trucks
 - additions to plants
- Cash outflow from financing activities of R23,5 million as repayment for financial liabilities
 - proceeds from financial liabilities of R18,9 million







SepCem

- Will ramp up cement volumes at both plants in line with market demand
 - highest quality and most consistent cement products whilst offering excellent service to the market
- Target to reach steady state production during the first half of 2015 calendar year for both plants
- Will focus on attaining earnings and capacity utilisation targets



Métier

- Maintain operational efficiency and improve financial performance to grow earnings

INVESTMENT CASE

- Strategic focus on the building materials sector in Africa's second largest economy, offering increasing earnings and growth opportunities
- New technologically advanced production plants with higher cost efficiencies enhance competitiveness
- Geographically well located cement operations targeting the inland markets
- Profitable concrete operations with distinctive technical skills providing solid earnings and positive net operating cash flows
- Key operational management with approximately 250 years combined experience in cement manufacturing and over 80 years in mixed concrete technology

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