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SEPHAKU
HOLDINGS LTD

**PROVISIONAL AUDITED
YEAR-END
FINANCIAL RESULTS
PRESENTATION**
**FOR THE TWELVE MONTHS PERIOD
ENDED 31 MARCH 2015**

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.

□ **Group highlights**

Dr Lelau Mohuba
Chief executive officer

□ **Operational performance overview**

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

Dr Lelau Mohuba

□ **Financial performance overview**

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

Neil Crafford-Lazarus
Financial director

□ **Outlook**

- Métier
- SepCem
- Investment case

Neil Crafford-Lazarus

□ **Questions**



KEY HIGHLIGHTS FOR THE PERIOD

- Group revenues increased due to Métier's performance
 - Métier increased its footprint in Gauteng resulting in a total of 11 plants
 - High value concretes enable Métier to maintain margins
- SepCem progressed from development stage into a fully operational cement producer
 - Delmas milling plant commenced cement production in January 2014
 - Aganang integrated plant commenced clinker and cement production in August and October 2014 respectively
 - SepCem reaches steady state production and continues to grow revenue in post-period¹

¹SepCem has a December year-end as a subsidiary of Dangote Cement Plc

OPERATIONAL PERFORMANCE



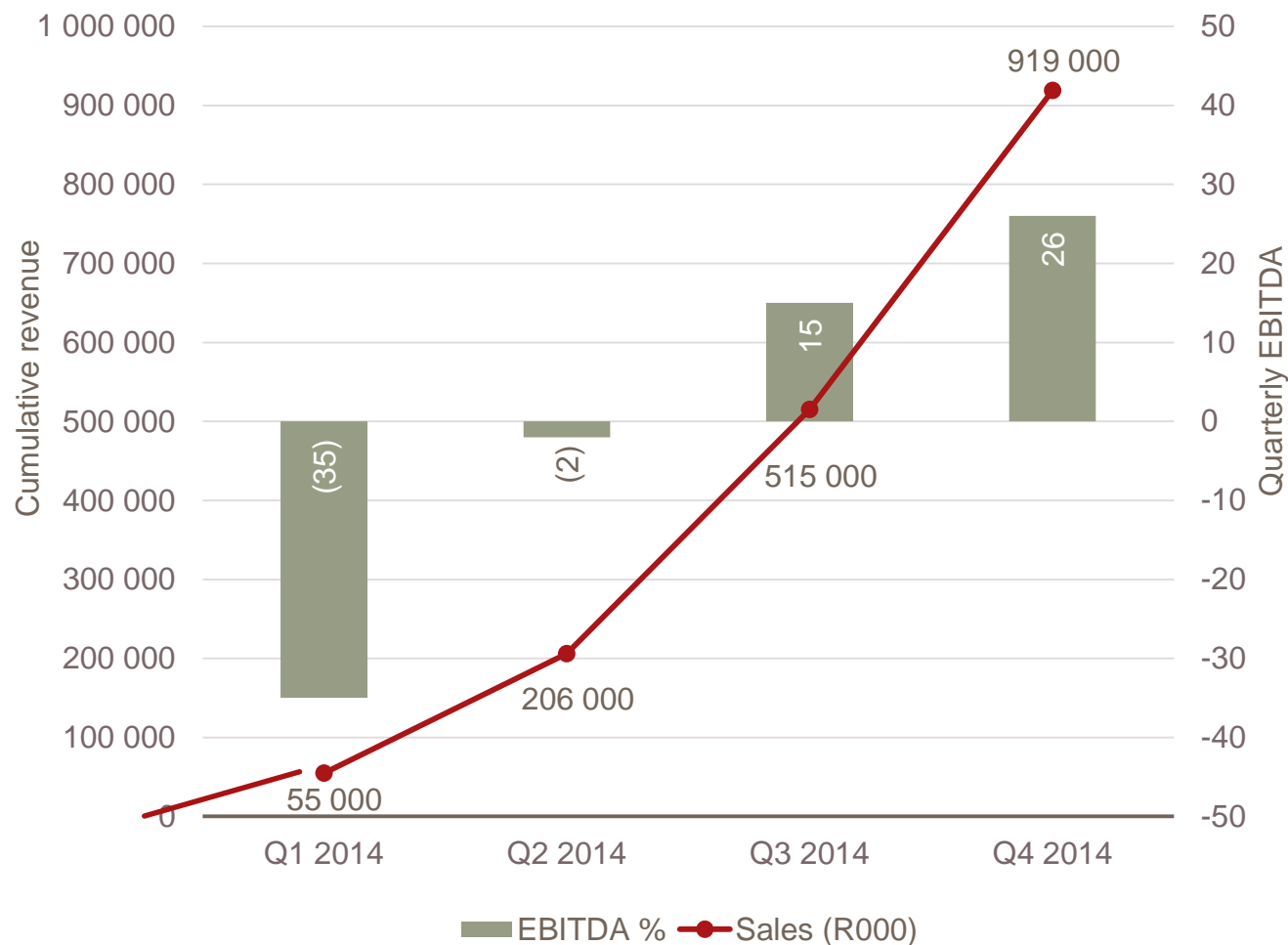
SEPCEM INCREASES SALES REVENUE

Sales revenue of R919 million and EBITDA of 26% by end of December 2014

- SepCem brand in all inland markets and competing successfully at all strengths
- Delmas milling plant operating at steady state at the end of fourth quarter
 - SepCem's operational efficiencies due to modern plant technology providing significant competitive advantage
- Good consistent quality cement and exceptional service ensuring entry into high demand inland markets including Gauteng, Limpopo and Mpumalanga



SEPCEM RAMPS UP TO STEADY STATE

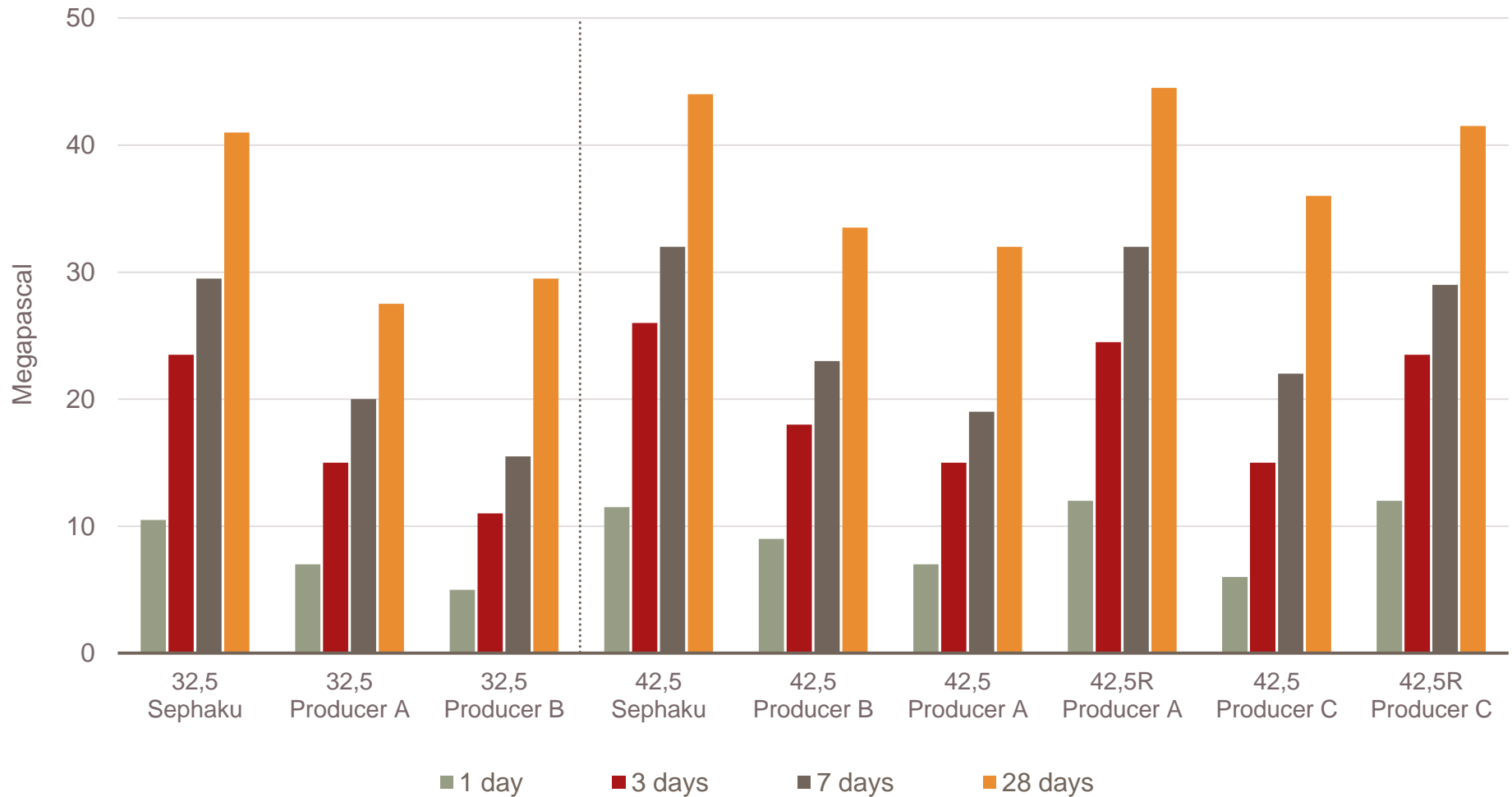


- Sales volume growth of 58% in the second half of the year
- Total volume sold of 780 000 tonnes for the year ended December 2014

Post – period

- SepCem Q1 revenue of R521 million a quarterly increase of 29%
- EBITDA for Q1 at 23% due to maintenance downtime at Aganang

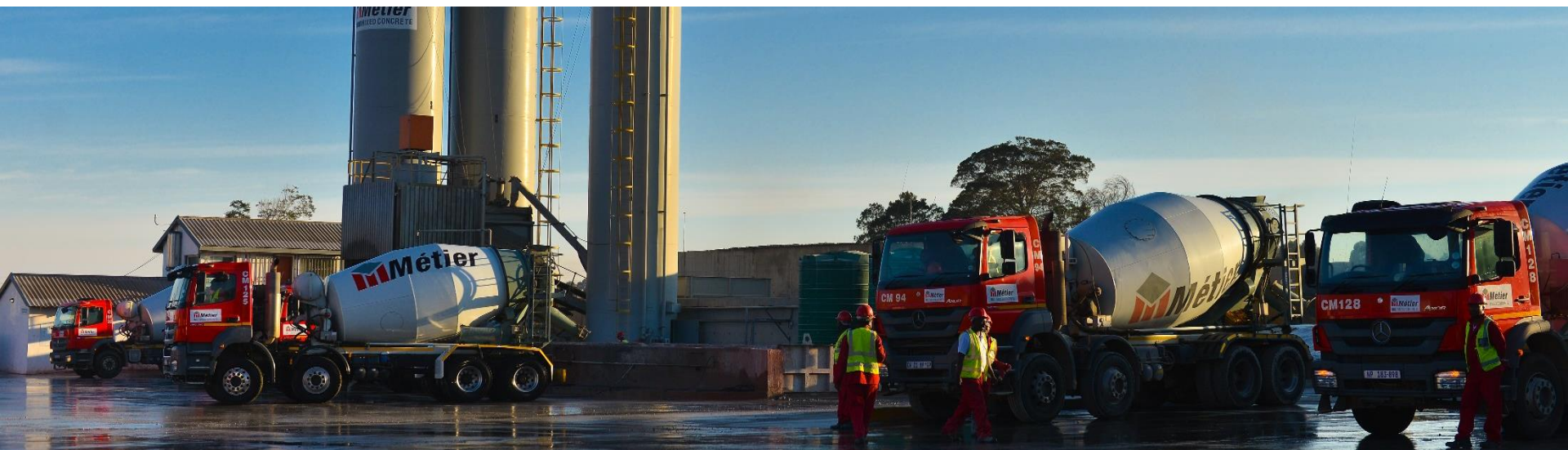
CEMENT STRENGTH PERFORMANCE – CONCRETE COMPARATIVE



Source: Sephaku Cement research – 2014.

MÉTIER GROWS SALES REVENUE

- Métier sales growth in-spite of highly competitive environment
 - Fleet increased by 23% and pumping capacity by 20%
- Métier has a strong order book with new contracts secured in the post-period as of April 2015
 - Contracts to continue for an 18-month period
 - Good quality consistent products and reliable service offering
- Métier profitable and well positioned to retain market share



FINANCIAL PERFORMANCE



KEY HIGHLIGHTS FOR THE PERIOD

- Métier stellar performance persists
 - Revenue ▲ by **36%** from R571,5 million to R775,4 million
 - Gross profit ▲ by **35%** from R252,4 million to R340,9 million
 - EBITDA ▲ by **39%** from R100,0 million to R139,1 million
 - Operating profit ▲ by **44%** from R75,5 million to R108,9 million
 - Profit after tax ▲ by **57%** from R41,3 million to R64,7 million

- ¹SepCem successful penetration of the market demonstrated by exceptional growth
 - Revenue of R919 million achieved in a 12-month period
 - Gross profit ▲ from R14,9million to R188,7 million
 - EBITDA ▲ from **(35%)** in Q1 to **26%** in Q4
 - Loss before taxation ▼ from R52,3 million to R48,4 million

¹ SepCem has a December year-end as a subsidiary of Dangote Cement Plc



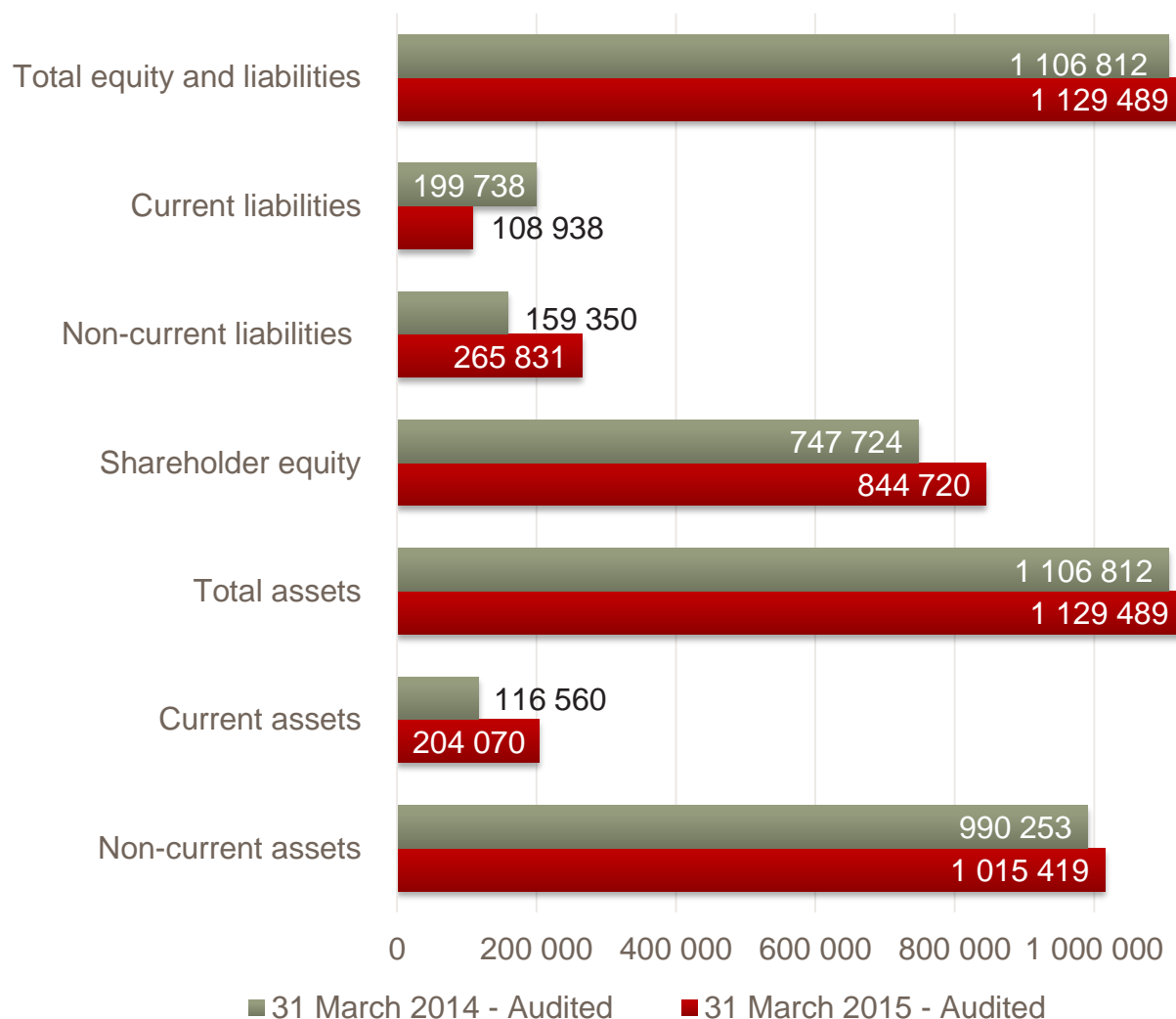
STATEMENT OF COMPREHENSIVE INCOME (R'000)

Summarised statement of comprehensive income	31 March 2015	31 March 2014
Revenue	775 425	571 545
Cost of sales	(434 431)	(319 156)
Gross profit	340 995	252 389
Other income	9 999	13 945
Operating expenses	(291 706)	(215 181)
Operating profit	59 288	51 153
Investment income	2 168	2 693
Equity-accounted investments (loss)/profit	35 924	(14 746)
Finance costs	(25 321)	(25 676)
Profit before taxation	72 060	13 425
Taxation	(24 898)	(16 242)
Total comprehensive income (loss)/profit	47 161	(2 818)

STATEMENT OF COMPREHENSIVE INCOME

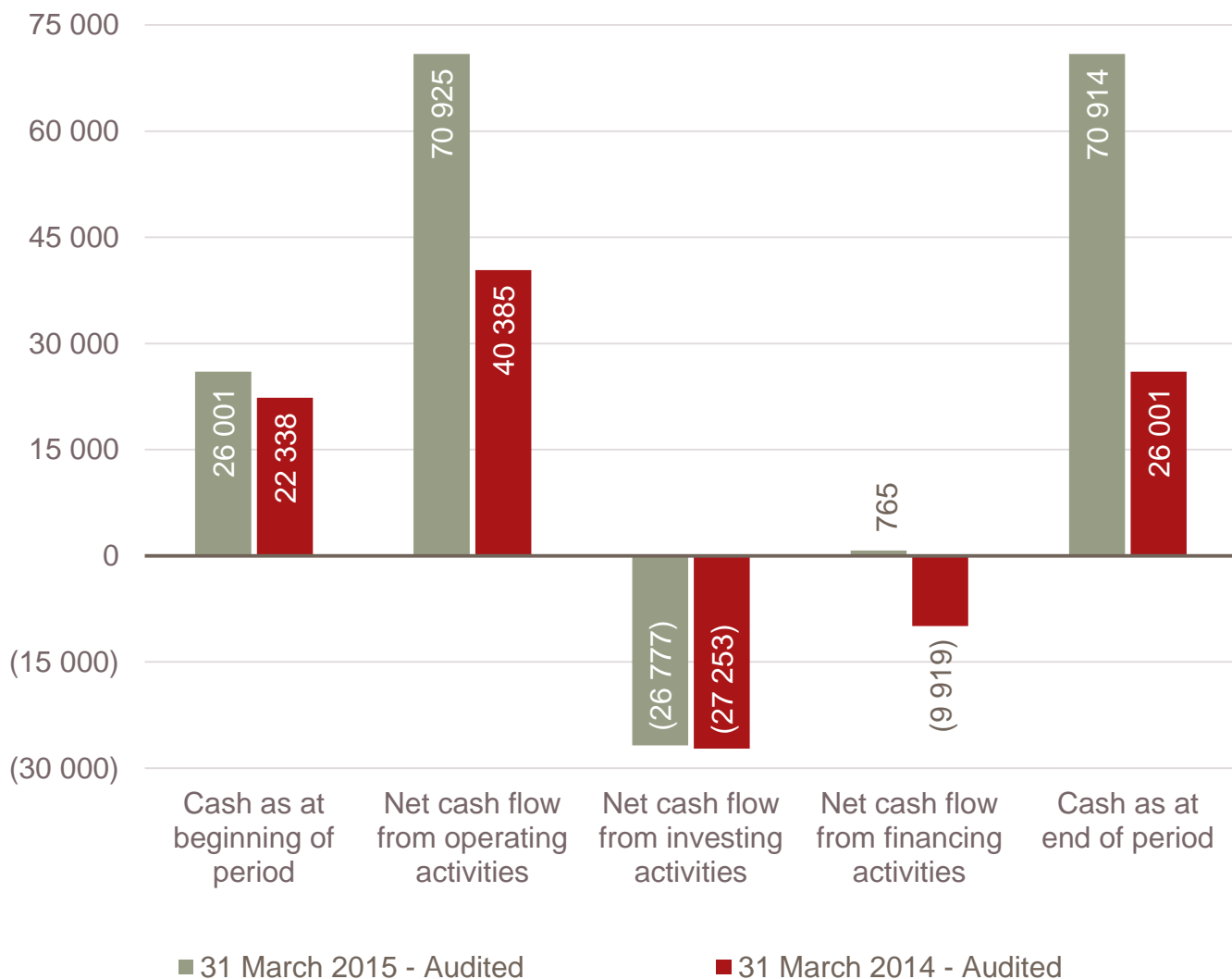
- ❑ Basic earnings increased per share by 25,92 cents per share to 24,43 cents (2014: 1,49 cents basic loss per share)
- ❑ Headline earnings per share increased by 26,79 cents per share to 24,43 cents (2014: 2,36 cents headline loss per share)
- ❑ Normalised headline earnings per share of 10,48 cents, excluding the following once-off non-cash items:
 - equity earnings of R55,4 million resulting from a movement in SepCem's deferred tax asset. Total deferred tax asset movement amounted to R154 million, with SepHold's share being 36%.
 - contingent consideration loss of R28,5 million resulting from the issue of 4 429 196 SepHold shares to the previous owners of Métier with regard to the additional consideration, due to the 60-day VWAP share price of SepHold being below R9 at 1 December 2014

STATEMENT OF FINANCIAL POSITION (R'000)



- Net reduction of R10,1 million in financial liabilities
 - Métier acquisition debt of R117 million financed through the subsidiary
- Net asset value increased by 6,6% to 419,79 cents per share
- Tangible net asset value at 304,86cents representing an increase of 12,6%

STATEMENT OF CASH FLOWS (R'000)



- Increased cash generated from operations of R114,2 million
- Finance costs at R19,6 million
- Taxation at R25,8 million
- PPE at R 30,4 million mainly for trucks and machinery at Métier





SepCem

- Increase sales focus to gain market share
- Ensure sufficient and optimised logistics between plants and market
- Further increase production efficiency to optimise operating costs



Métier

- Exploring further expansion opportunities to grow earnings and market share
- Short-term strategy to:
 - generate positive earnings
 - reduce gearing
 - increase operating cash flows

INVESTMENT CASE

- Strategic focus on the building materials sector 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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