BUILDING BLOCKS FOR GROWTH

SEPHAKU
HOLDINGS LTD

INTERIM FINANCIAL RESULTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

10 November 2016

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”, “target”, “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

1 GROUP OVERVIEW

2 OPERATIONAL PERFORMANCE

3 FINANCIAL PERFORMANCE

4 OUTLOOK

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1 GROUP OVERVIEW

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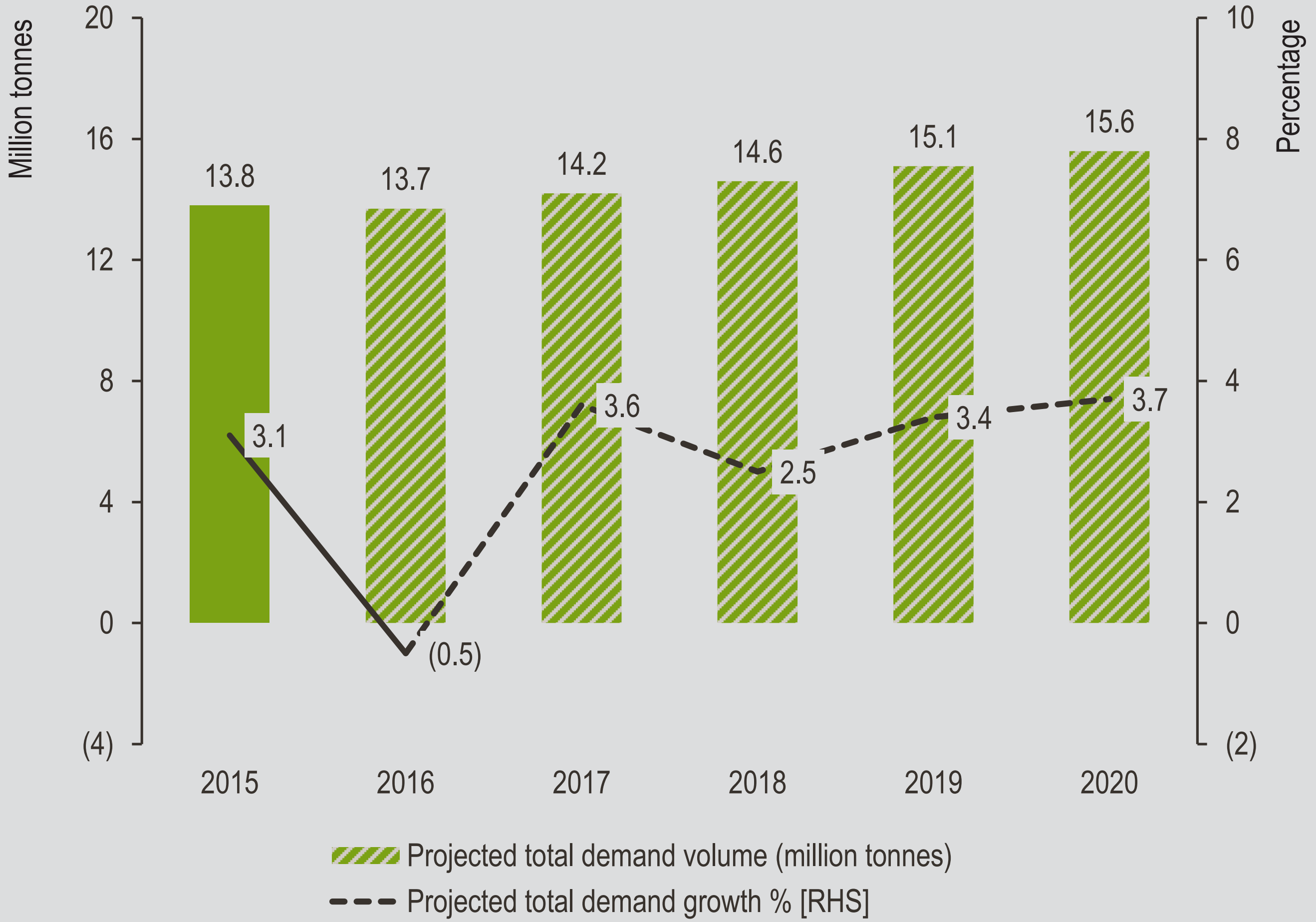
CEMENT revenue increased by 13% and Métier maintains EBITDA margin YOY

- CEMENT sales volumes increased by 17,8% and revenue by 13,2% on a comparative basis
  - Imports significantly reduced by 69% year-on-year to 156 kt to the end of June 2016
- CEMENT continued to operate at steady state capacity utilisation c80% and pursued the optimisation programme
- Métier volumes decreased by 3% and resulted in a 2,9% decline in revenue to cR448 million
- Métier EBITDA and EBIT margins remained flat
- Construction of the 12th batch plant commenced in Gauteng with initial production targeted for March 2017

Cement demand analysis

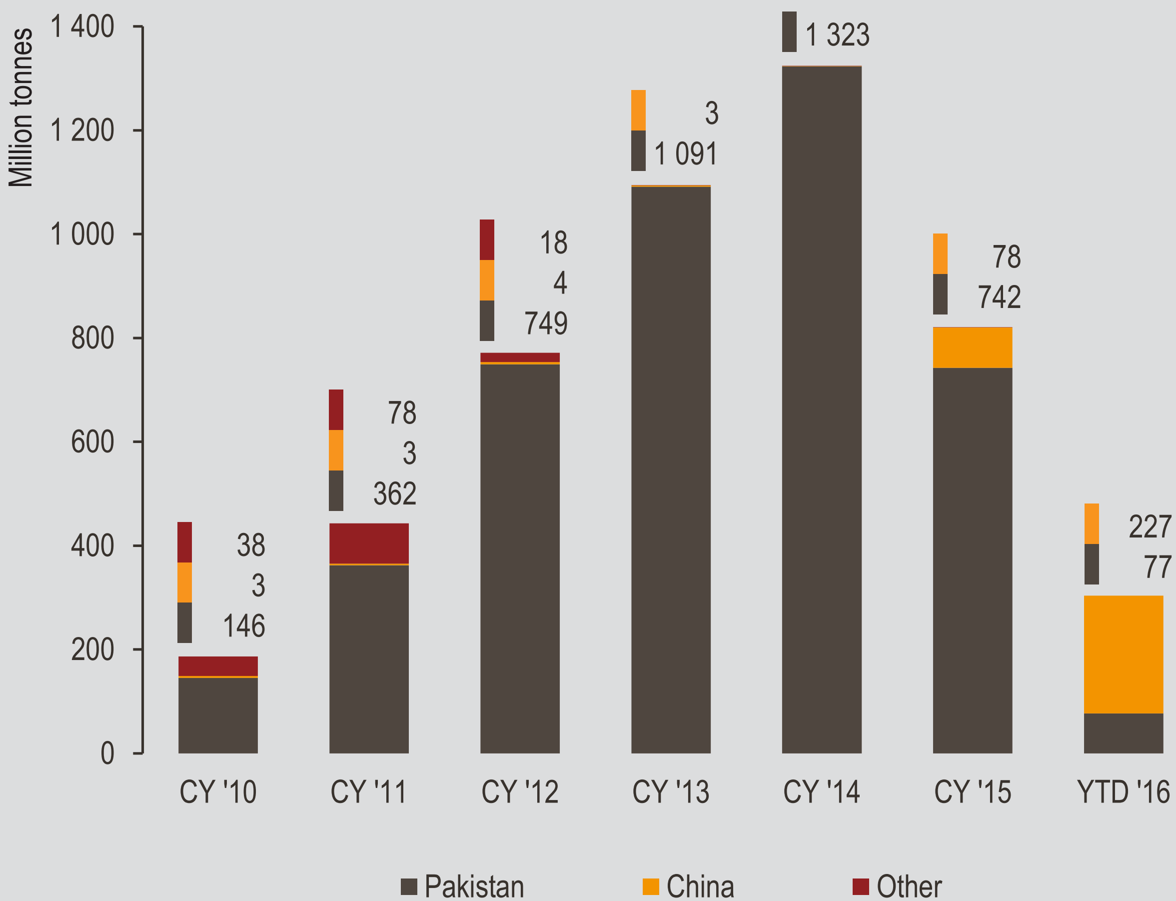


RSA cement demand market at 13,8 million tonnes per annum in CY2015

- 3,1% year-on-year cement demand growth including imports in calendar year 2015
- Sales statistics not available for 2016 due to the fact that the new entrant has declined requests to submit its sales information
- Slight decline of 0,5% in total demand estimated for 2016. Positive demand growth rate anticipated from 2017

Source: Econometrix (Pty) Ltd Quarterly Cement Outlook Q2 2016 report – The cement model

Nine months cement import analysis to end of September 2016



- Year-on-year volume decline at 54% for the nine-month period ended 30 September 2016 at 304 kt
  - Imported cement from China at 75% (227 kt) of total imports
- A 48% (147 kt) increase in imports in the third quarter
  - Imports from China @ 110 kt
- Approximately 77 kt from Pakistan for the nine months, a decline of 88% year-on-year
  - There were no imports from Pakistan in July and August 2016
- Imports from China increased by 480% year-on-year for the nine months

Source: SARS

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2 OPERATIONAL PERFORMANCE

CEMENT's market positioning

- Market progressively skewed toward bagged cement with high demand in the rural areas
  - Well positioned in the rural bag market at approximately 65% of the sales volumes
- Lower demand for bulk cement due to the lack of major infrastructure development
  - Gauteng province currently the only robust bulk market in the inland region
  - Significant share of the Gauteng bulk market through the Métier relationship
- Competition remained fierce but signs that pricing is starting to stabilise

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CEMENT optimisation programme progressing steadily

- To date, the improvement has been an increase in production capacity to 2,8 million tonnes per annum as a result of optimising raw materials composition
- The programme is expected to improve the EBITDA margins by 5% - 7% in the foreseeable future as a result of enhanced efficiencies
- Optimisation programme is targeting the following operational functions:
  - Logistics – Rationalisation of volumes and re-negotiation of rates
    - Action plan to rationalise logistics function well advanced with benefit expected Q1 CY2017
  - Sales – Refining customer segmentation and providing cost-effective customised service
    - Strategy and action plans for the various market segments finalised with benefit expected by June 2017
  - Raw materials – Improvement in the sourcing and use of raw material additives
    - Challenges in the initial production trials with replacement materials being rectified. Benefit anticipated by Q3 CY2017
  - Production – Mastering of the production process and improving plant output and reliability
    - Lower than expected efficiency performance of specific plant components have limited reliability. Management assessing the plant issues and confident to resolve them in the medium term

Métier's operating environment

- Margins under pressure
  - Review of all raw material supply contracts pursued to improve gross profit
  - High priority to controlling expenses by management
  - Product differentiation underpins market share and margins
    - Continue strong position on specialised products
- Inconsistent performance from raw materials suppliers
  - To enter the aggregate market to ensure consistent supply and quality
- Increased number of new entrants
  - KwaZulu-Natal: c11 producers (three linked to a cement producer and three own an aggregates business)
  - Gauteng: c26 producers (five linked to a cement producer and four own an aggregates business)

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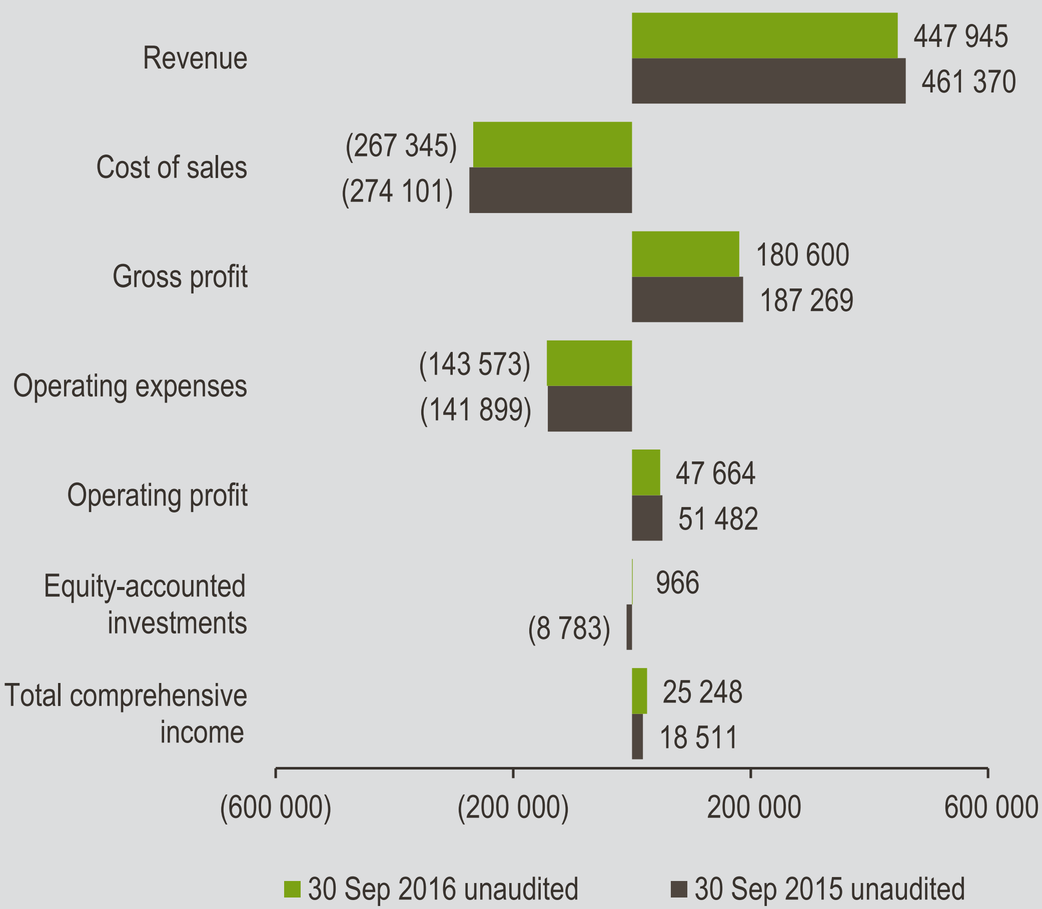
Statement of comprehensive Income (R'000)

Group – Condensed and consolidated



Métier recorded solid performance in a highly competitive environment

- Slight decrease in revenue by R13,5 million (2,9%) to R447,9 million (2015: R461,4 million) due to lower sales volumes
  - Management successfully negotiated the extension of a supply contract by three years to improve volumes
- Gross profit margin declined by 0,3% mainly due to an increase in raw material prices
- EBITDA and EBIT margins were flat year-on-year at 15% and 13% respectively as a result of aggressive cost control management

CEMENT[1] continued to grow revenue albeit at lower pricing

- Revenue increased by 13,2% to R1,15 billion
- Intense price competition decreasing average pricing per tonne by 2% from January 2016 to June 2016
  - Price decline of 2,7% per tonne year-on-year
- EBITDA margin lower at 19% (2015: 21%)

[1] CEMENT has a December year-end as a subsidiary of Dangote Cement Plc

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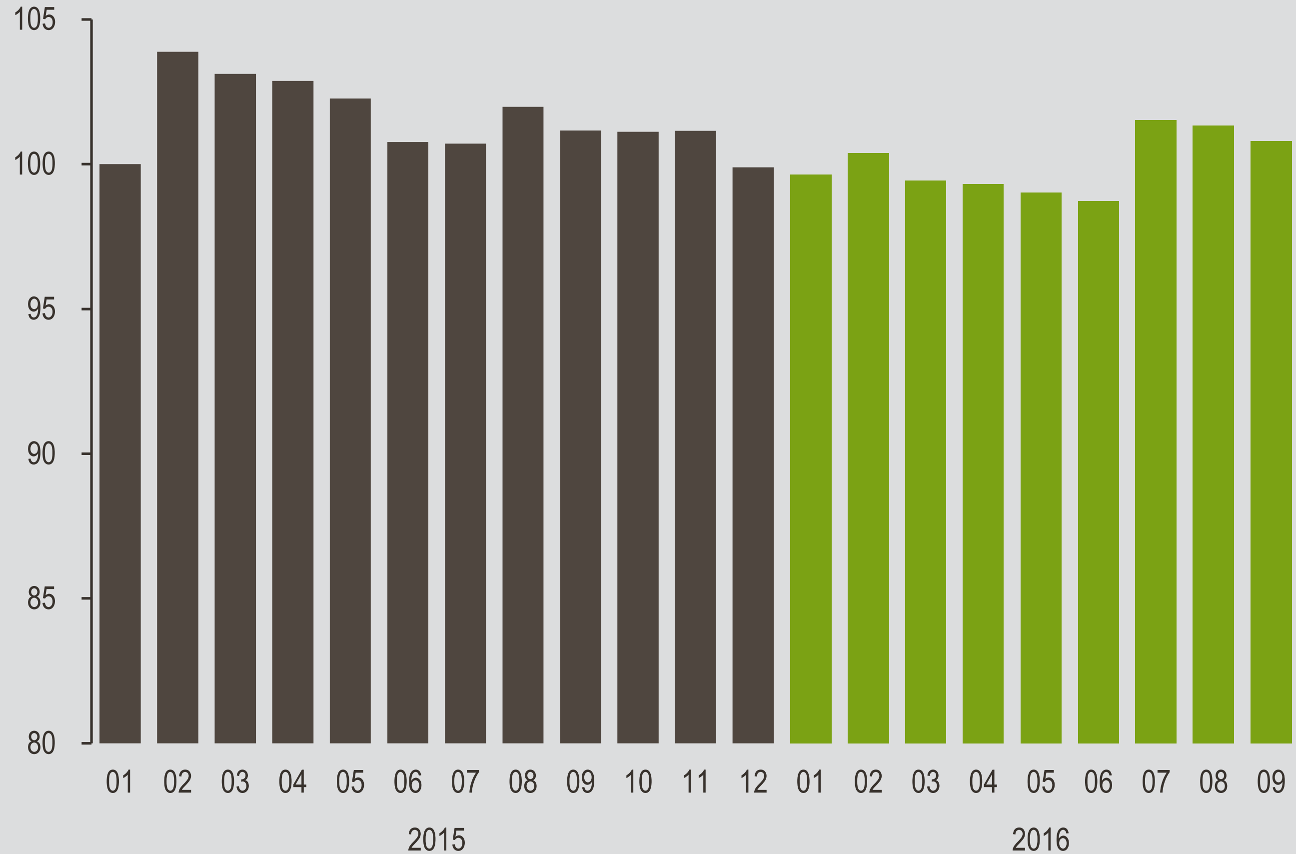
CEMENT's pricing profile based to 100 from January 2015

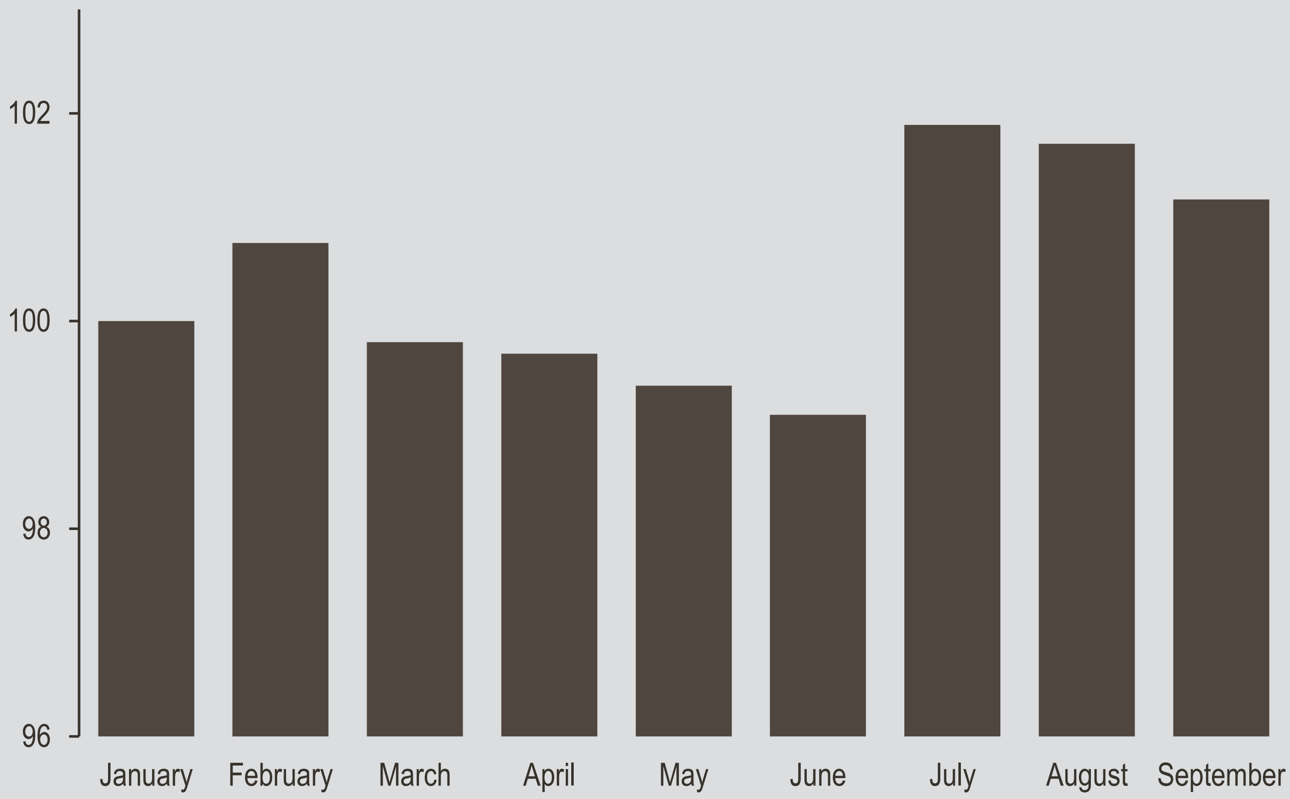
Average weighted bagged cement indexed price



- Year-on-year pricing largely flat in most markets, except for the highly contested Gauteng market that had a 5% decline for the 12 months ended December 2015
- Price competition eroded the price increases implemented in February 2016

CEMENT's pricing profile based to 100 from January 2016

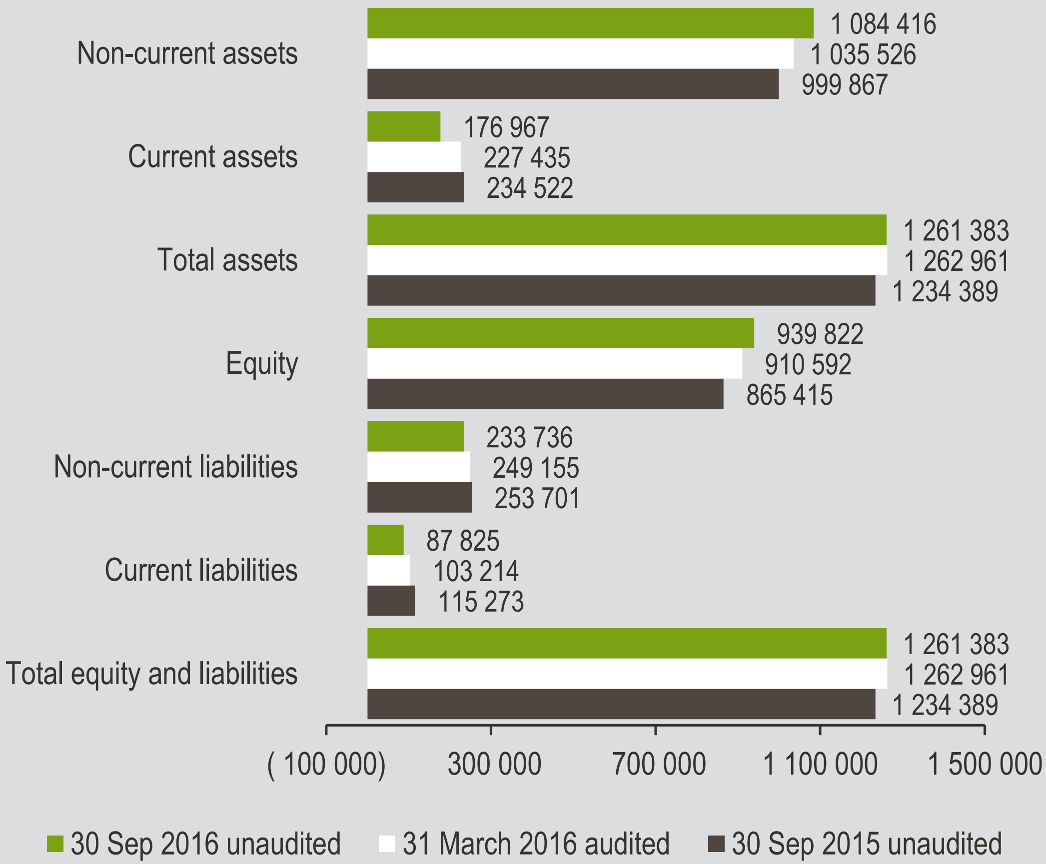
Average weighted bagged cement indexed price



- Average price increase of 5% implemented in mid-July 2016 in all markets
  - July 2016 increases have mostly held in all markets except Gauteng
- Improvement in pricing for third quarter, as compared to the six months to the end of June 2016
- Provincial pricing dynamics still volatile
  - Early indicators of pricing stability

Statement of financial position (R'000)

Group – Condensed and consolidated

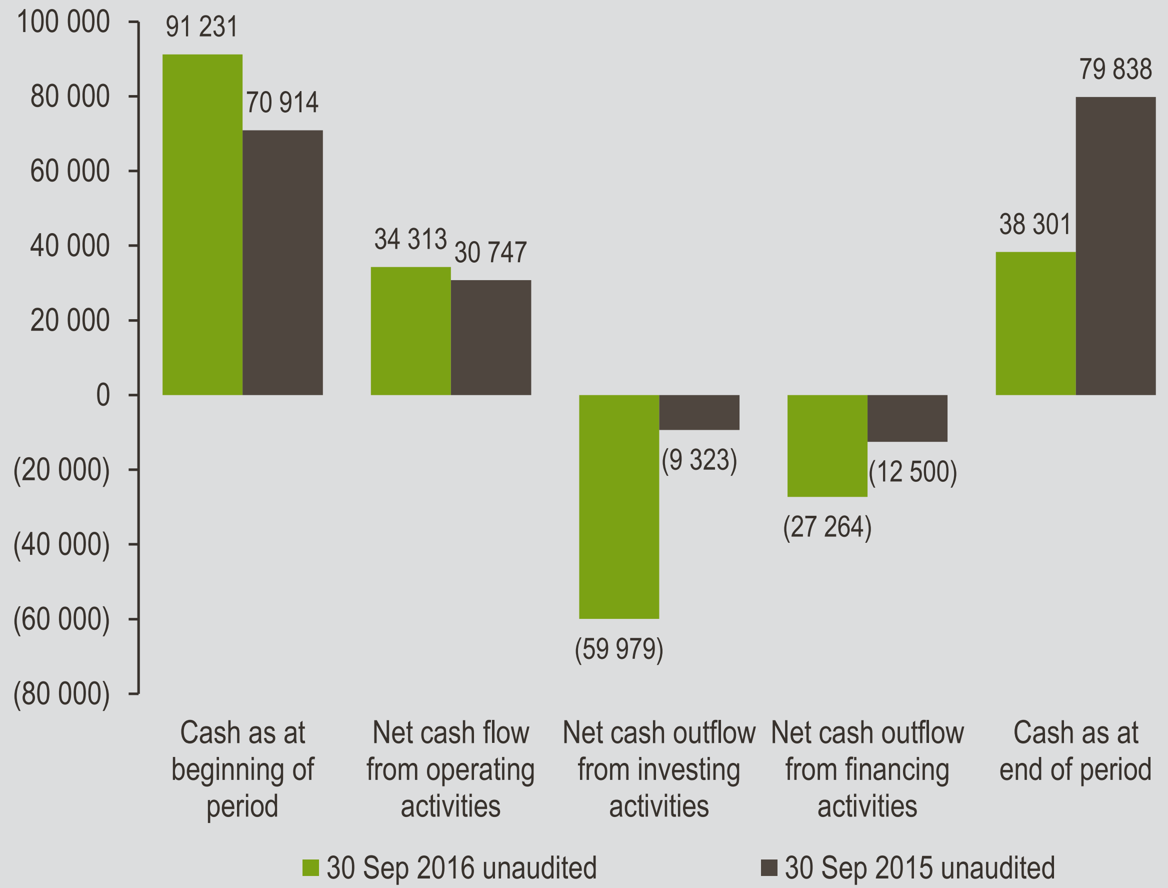


Group financial position on a comparative basis were:

- Non-current assets 8,5% higher mainly due to the increase of R14,2 million in PPE and R48,6 million in equity investment in CEMENT
- A decrease of R17,6 million in debtors and R41,5 million in cash resulted in a 24,5% reduction in current assets
  - Deliberate reduction in Métier debtors to minimise payment risk
  - Cash mainly utilised to reduce Métier debt facilities resulting in a 15,3% decrease in current liabilities and 9,1% in non-current liabilities
- Total liabilities decreased by 12,8%

Statement of cash flows (R'000)

Group – Condensed and consolidated



The total cash movement for the interim period was (R52,9 million) mainly due to:

- Net cash outflow from investing activities of R59,9 million constituting mainly of the R48,6 million equity contribution into CEMENT and R14,2 million outflow for PPE
- Net cash outflow from financing activities increased by R14,8 million to R27,3 million mainly due to R29,2 million repayment of Métier debt liabilities

Available cash ended at R38,3 million as compared to R91,2 million at the beginning of the period

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Outlook

CEMENT

- To achieve higher prices in all markets
- Pursue the optimisation programme in all focus areas **[PLEASE REFER TO SLIDE 9 FOR TIMELINE]**

Métier

- Expand operations in Gauteng by the end of March 2017
- Explore growth in new geographical markets in South Africa
- Continue to focus on debt reduction

SepHold

- Explore opportunities in the aggregates sector
- Continue to evaluate growth opportunities through
  - expansion of current operations
  - exploring downstream opportunities

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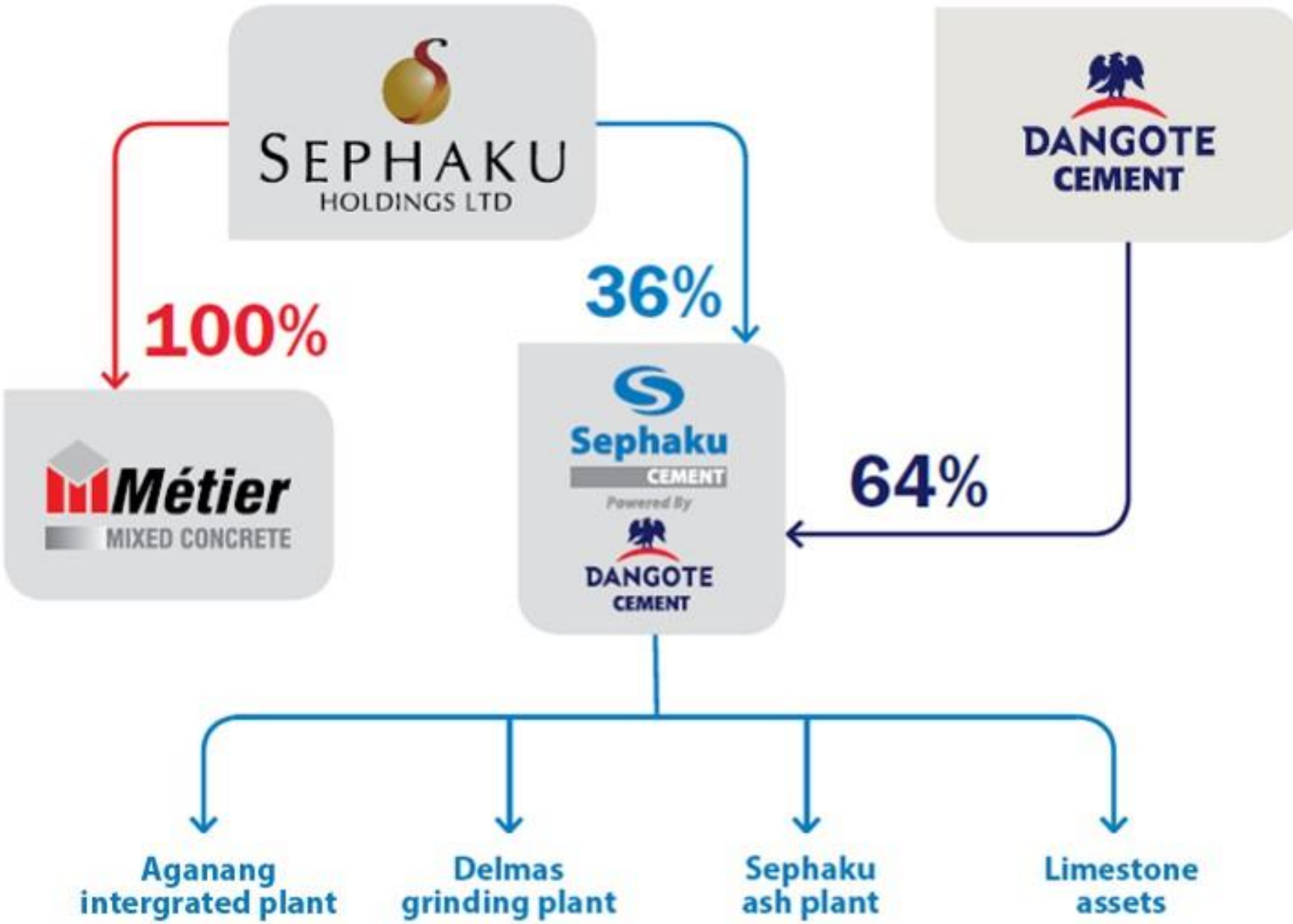
The Sephaku Holdings structure

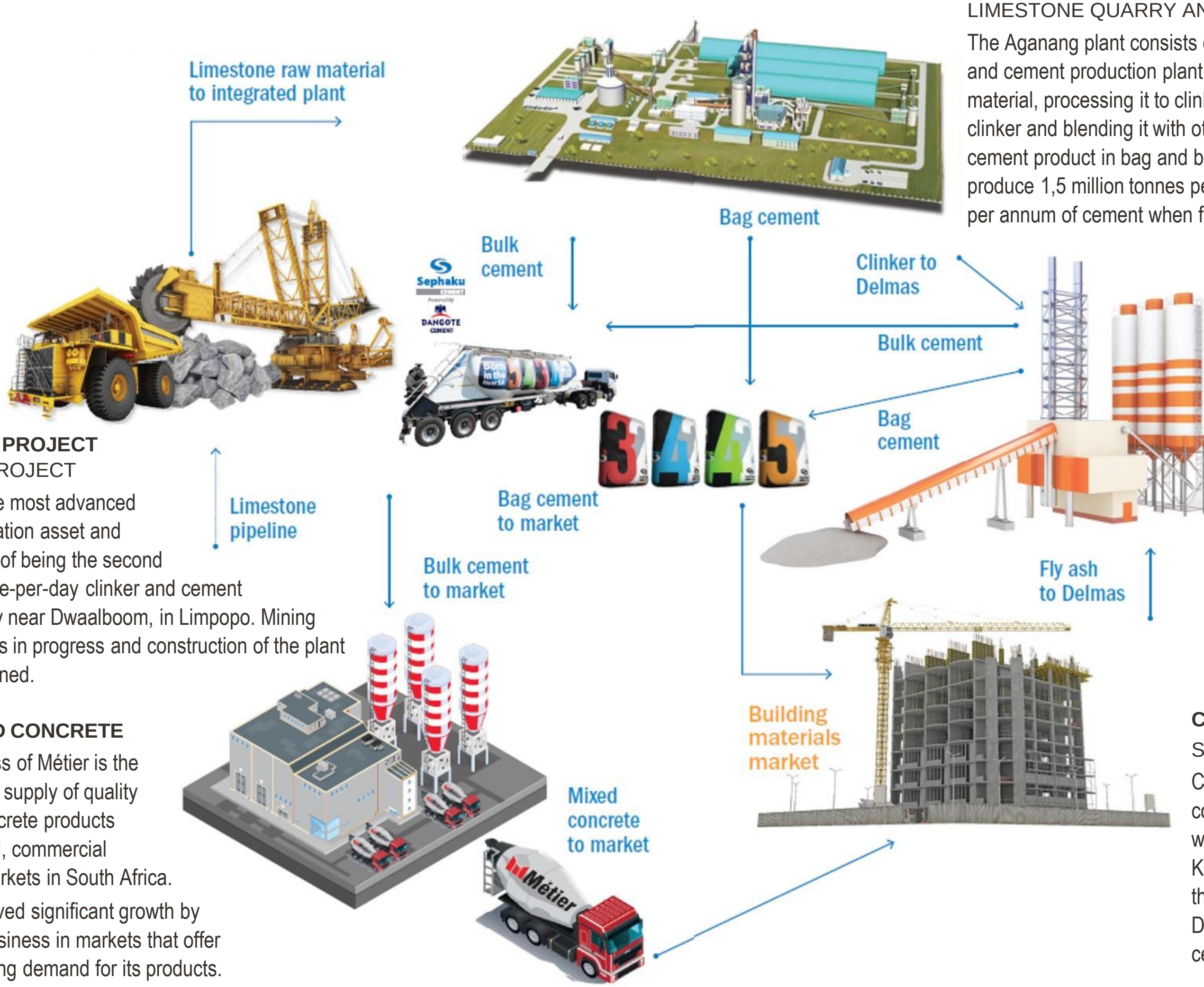
APPENDICES



Sephaku Holdings investments

CEMENT
AGANANG INTEGRATED PLANT
LIMESTONE QUARRY AND CEMENT PRODUCTION

The Aganang plant consists of a limestone open cast quarry, a clinker and cement production plant. The operation mines the limestone raw material, processing it to clinker, grinding approximately 45% of the clinker and blending it with other components to produce the finished cement product in bag and bulk form. Aganang has the capacity to produce 1,5 million tonnes per annum of clinker and 1,4 million tonnes per annum of cement when fully commissioned.



CEMENT
DELMAS GRINDING PLANT
CEMENT PRODUCTION

Approximately 55% of the clinker produced at Aganang is transferred to the Delmas cement-grinding facility for further processing.

CEMENT
DWAALBOOM PROJECT
LIMESTONE PROJECT

This project is the most advanced limestone exploration asset and has the potential of being the second major 3 000-tonne-per-day clinker and cement production facility near Dwaalboom, in Limpopo. Mining right application is in progress and construction of the plant still to be determined.

MÉTIER MIXED CONCRETE

The core business of Métier is the manufacture and supply of quality ready-mixed concrete products for the residential, commercial and industrial markets in South Africa.

Métier has achieved significant growth by positioning its business in markets that offer strong and growing demand for its products.

CEMENT
SEPHAKU ASH PLANT

CEMENT has a fly ash processing plant contract with Eskom to acquire and remove waste ash from the coal-burning process at Kendal Power Station. The ash produced from this plant is used as a cement extender at the Delmas grinding plant to produce blended cement.

Drivers for success

Deep technical, project management and marketing **skills**

Experienced key management with comprehensive industry knowledge and experience in cement and concrete manufacturing

Leading technologies that facilitate the production of high quality cement and mixed concrete

Modern, efficient cement plants with state-of-the-art equipment and infrastructure

Compact mixed concrete production plants

Customer focus through service excellence

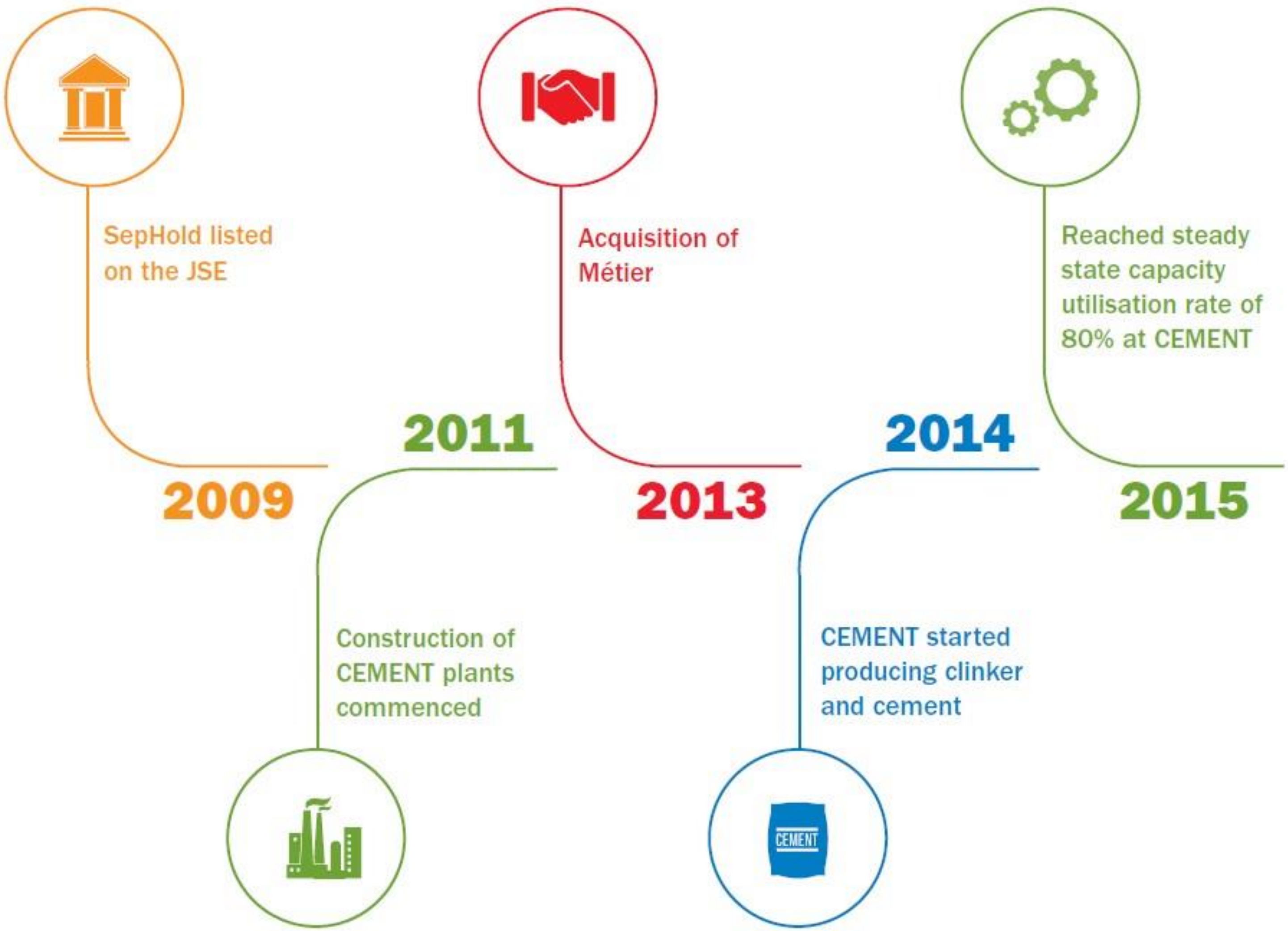
Métier has built brand equity through its innovative specialised concretes and superior service offering

Strategic relationships

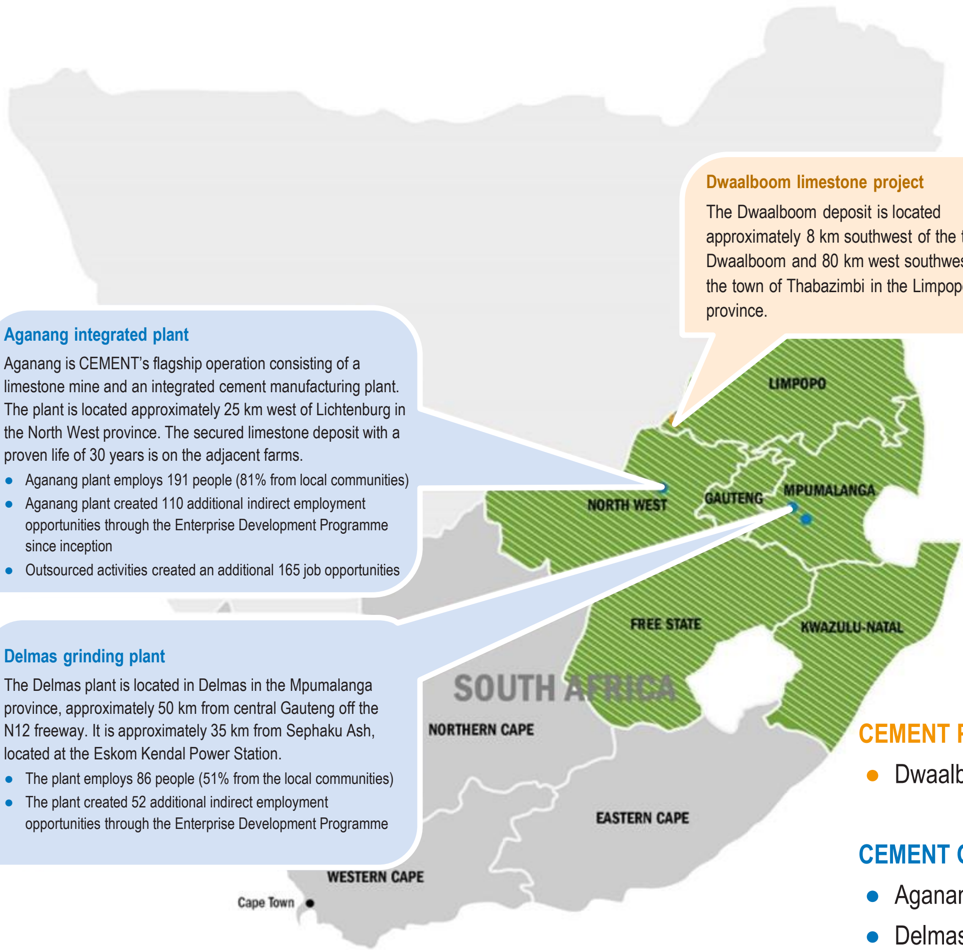
The group has developed robust relationships with the key stakeholders including the retail distribution channel, communities, funders and suppliers

Key milestones

APPENDICES



Location of CEMENT assets



Dwaalboom limestone project

The Dwaalboom deposit is located approximately 8 km southwest of the town Dwaalboom and 80 km west southwest of the town of Thabazimbi in the Limpopo province.

Aganang integrated plant

Aganang is CEMENT's flagship operation consisting of a limestone mine and an integrated cement manufacturing plant. The plant is located approximately 25 km west of Lichtenburg in the North West province. The secured limestone deposit with a proven life of 30 years is on the adjacent farms.

- Aganang plant employs 191 people (81% from local communities)
- Aganang plant created 110 additional indirect employment opportunities through the Enterprise Development Programme since inception
- Outsourced activities created an additional 165 job opportunities

Delmas grinding plant

The Delmas plant is located in Delmas in the Mpumalanga province, approximately 50 km from central Gauteng off the N12 freeway. It is approximately 35 km from Sephaku Ash, located at the Eskom Kendal Power Station.

- The plant employs 86 people (51% from the local communities)
- The plant created 52 additional indirect employment opportunities through the Enterprise Development Programme

CEMENT PROJECTS

- Dwaalboom limestone project

CEMENT OPERATIONS

- Aganang cement plant
- Delmas grinding plant
- Sephaku Ash plant

Our operations are located in the Mpumalanga and North West provinces in South Africa

Our Markets:

- Our target markets are the Free State, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga and North West.

Note: Location of assets not actual but indicative for illustrative purposes

Key enablers

Careful selection of markets

A factor in the selection of a market to construct a plant is the age and size of the incumbents' plants. Modern technologies introduced high efficiencies in a market with average plant age of 36 years.

New quarry, easier mining

Competitive advantage begins with securing a limestone resource and opening a new quarry that gives access to shallower depths, thereby saving on mining costs. The quarry at Aganang is approximately 1 km from the plant with shallow, single bench limestone at depths of seven to nine metres.

Efficient plants

Plants have the latest production technology and are highly efficient on a per tonne basis.

Efficient kilns

The use of a large modern rotary kiln equipped with pre-heaters and a pre-calciner that use the exhaust gases from the kiln presents a recycling system that enables CEMENT to reduce the cost of production and minimise carbon emissions inherent in the cement manufacturing process. The Aganang kiln is paired with a four-stage preheater, and is the single-largest kiln in South Africa with a capacity of 6 000 tonnes of clinker produced per day. The energy efficiency of CEMENT's core operations are at 97,5 kWh/tonne of cement.

Efficient grinding, better cement

Plants are designed with the latest vertical rolling mill technology to grind clinker and other additives into cement. The Aganang integrated plant has three vertical mills namely the raw, coal and cement mills. The vertical mills are generally 20% to 30% more efficient than the standard ball mills that are prevalent in the competitors' plants.

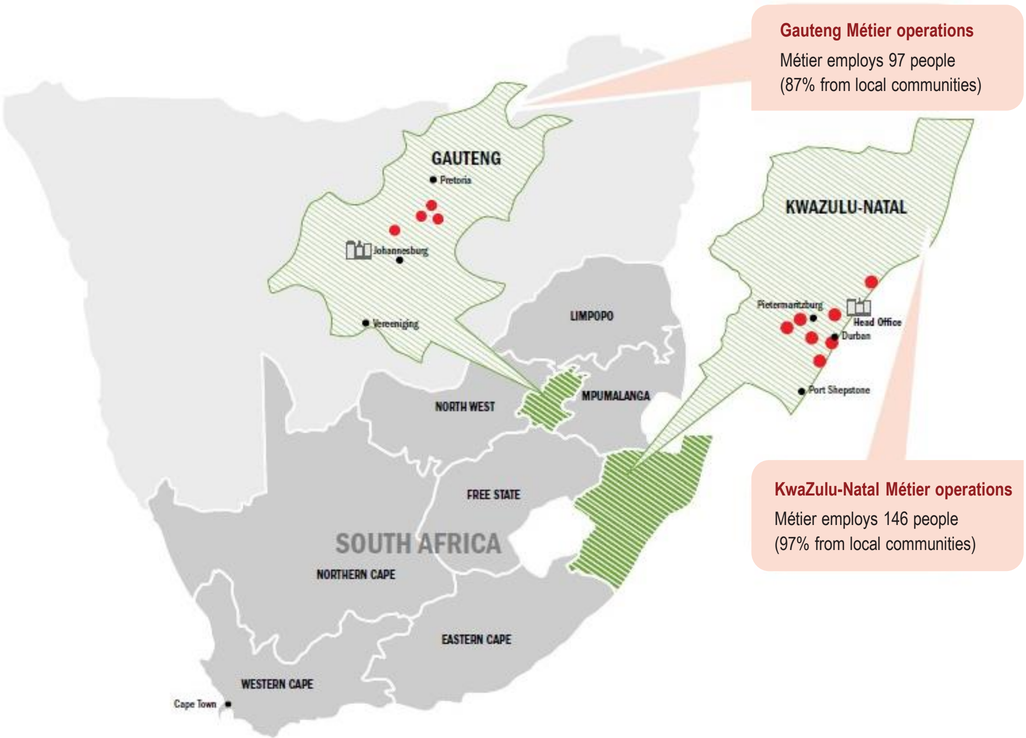
Good emissions control

CEMENT plants are designed to perform at a higher standard than the stated European requirements to restrict emission levels in terms of dust, noise and other forms of pollution. To date, the Aganang and Delmas plants have recorded emissions well below the guaranteed 30 mg/Nm^3.

Strong focus on quality

CEMENT plants are equipped with the latest quality control systems that ensure the excellence of the final product from the quarry to the cement grinders.

Location of Métier assets



MÉTIER MIXED CONCRETE OPERATIONS

GAUTENG

Johannesburg Office

- OR Tambo plant
- Sandton plant
- Chloorkop plant
- Midrand plant

KWAZULU-NATAL

Head Office

- Phoenix plant
- Canelands plant
- Mkondeni plant
- Umhlali plant
- Taylors Halt plant
- Mobeni plant
- Cato Ridge plant

- Operations located in the KwaZulu-Natal and Gauteng provinces. Métier offers a full service offering to its customers
- 11 concrete batch plants
  - 12th plant being installed, to be commissioned in the current financial year, in Gauteng
- 153 concrete truck mixers
  - Increased by 70% from 2013 to date
  - 30% owned and 70% contracted
- Seven concrete boom pumps
  - From two concrete pumps at acquisition date in 2013
- Own central laboratory in Gauteng and KwaZulu-Natal

Note: Location of assets not actual but indicative for illustrative purposes

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2016

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