

RMB MORGAN STANLEY OFF PISTE CONFERENCE

28 – 29 SEPTEMBER 2017



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



**2017 FINANCIAL YEAR
PERFORMANCE OVERVIEW**

2



OPERATIONAL CONTEXT

3



CEMENT DEBT MANAGEMENT

4



OUTLOOK

5



APPENDICES






2017 FINANCIAL YEAR PERFORMANCE OVERVIEW

1



Perseverance in a highly competitive environment




Year-end results as at end of March 2017 for SepHold and 31 December 2016 for CEMENT

- Group net profit  by 12,8% to R68,1 million (2016: R60,4 million)
- CEMENT sales volumes  by 4% in a sector estimated to have a 5,7% contraction in total demand
- CEMENT revenue flat at R2,3 billion due to 4,6%  in average pricing year-on-year
- Métier revenue  by 3,9% to R840 million due to lower demand and price competition
- Métier net profit  by 7,3% to R67,4 million
- Production at the 12th batch plant located in Gauteng commenced as planned in March 2017






Detailed financial performance for the year




Group

- Operating profit  from R84,2 million to R84,7 million
- Basic earnings per share  from 30,00 cents to 33,63 cents
- Headline earnings per share  from 29,84 cents to 33,37 cents

Métier

- Earnings before interest, taxation, depreciation and amortisation (EBITDA) margin  from 16% (R136,8 million) to 15% (R127million)
- Operating profit margin  slightly to 12,9% (R108,3 million) from 12,7% (R106,3 million)
- Net earnings  from R62,8 million to R67,4 million

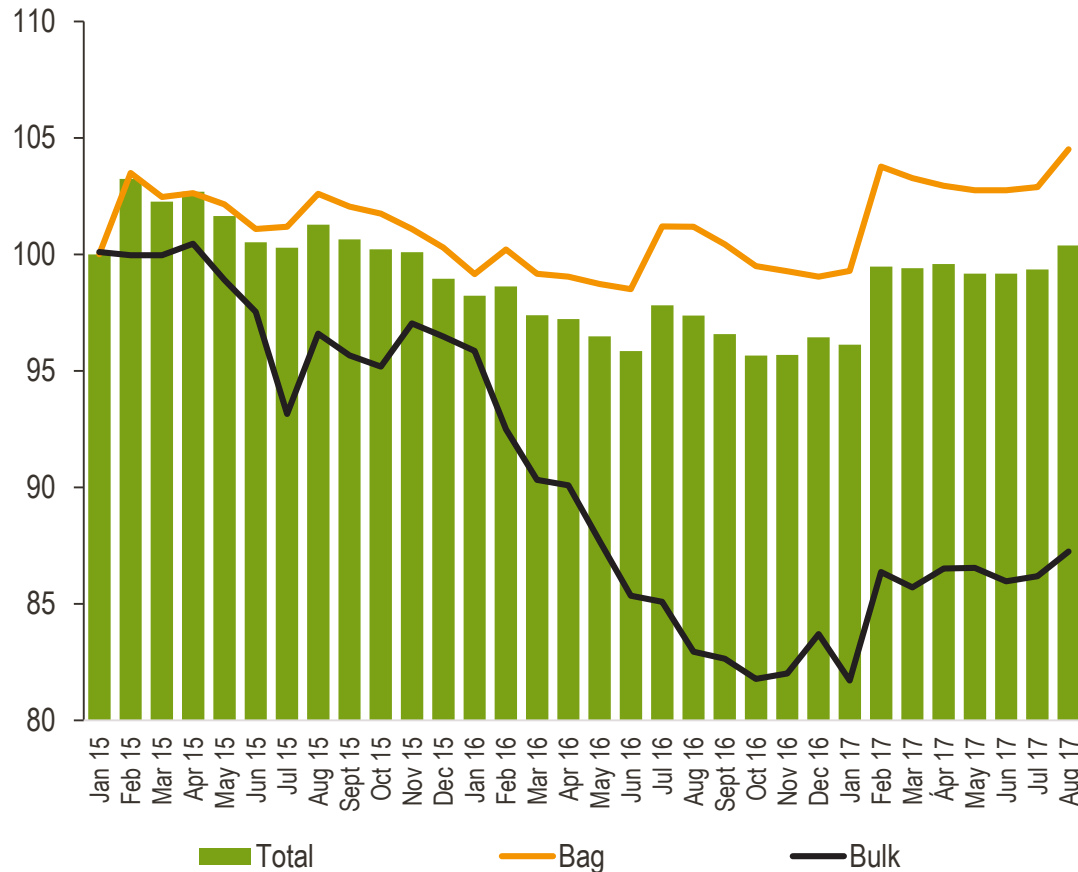
CEMENT¹

- Sales revenue comparatively flat year-on-year at R2,3 billion
- EBITDA margin  from 22% (R505,5 million) to 23% (R527,3 million)
- Operating profit margin  from 15% (R336,9 million) to 16% (R358,4 million)
- Net earnings  by 37% to R68,9 million compared to R50,4 million in the comparable period

¹ CEMENT has a December year-end as a subsidiary of Dangote Cement PLC.

CEMENT's average pricing profile per tonne from January 2015

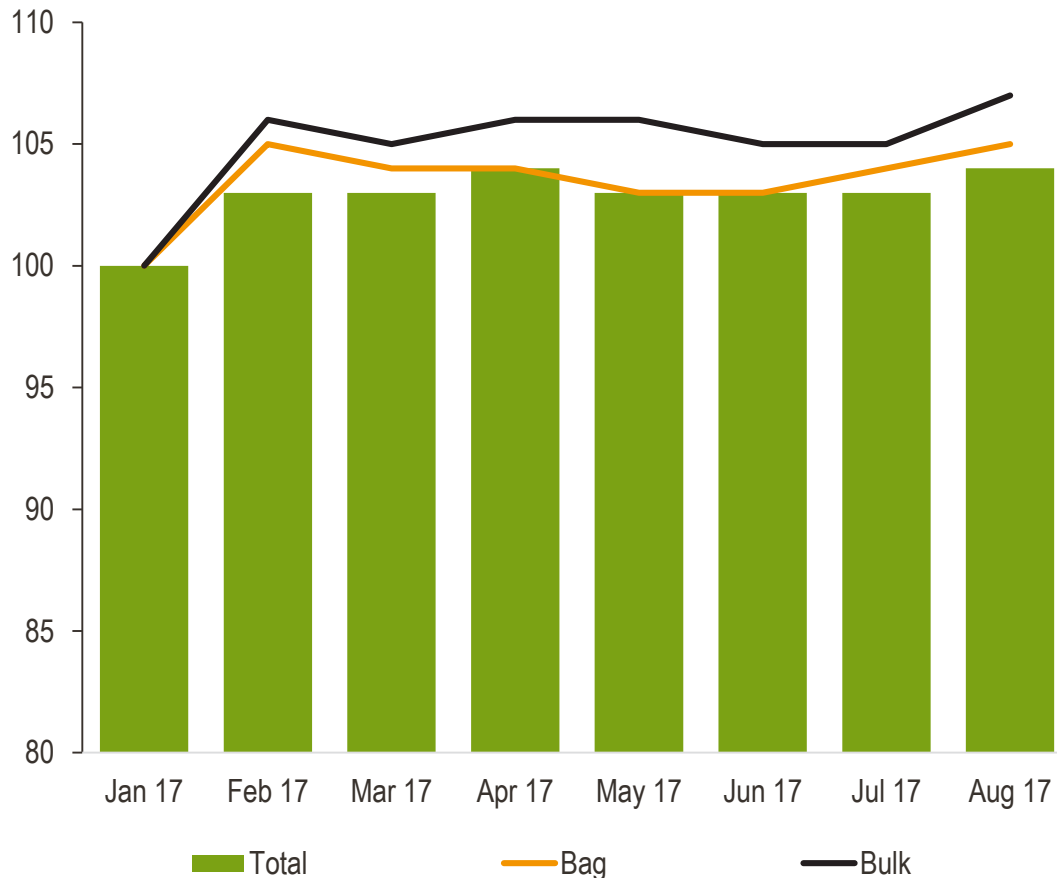
Indexed average price per tonne



- Total pricing in August 2017 equal to January 2015 pricing
- Bagged cement pricing highest in August 2017 at 5% indexed to January 2015
- Bulk cement on recovery at 87% of January 2015 prices
- Lowest total pricing at 96% during the period
- Lowest bulk pricing at 82%
- Lowest bag pricing at 99%

CEMENT's average pricing profile per tonne: CY2017

Indexed average price per tonne



- Initial weighted average price increase of 5% implemented in February in all markets
 - Increases held in most markets
- Second weighted average price increase of 2,1% implemented in August in all CEMENT's markets
 - Increases ranged from 1% to 4%
- Bulk pricing recovery has continued in CY2017
- Price increases expected to sustain in most markets

CEMENT cost breakdown

■ Distribution

■ Raw materials

■ Salaries

■ Depreciation

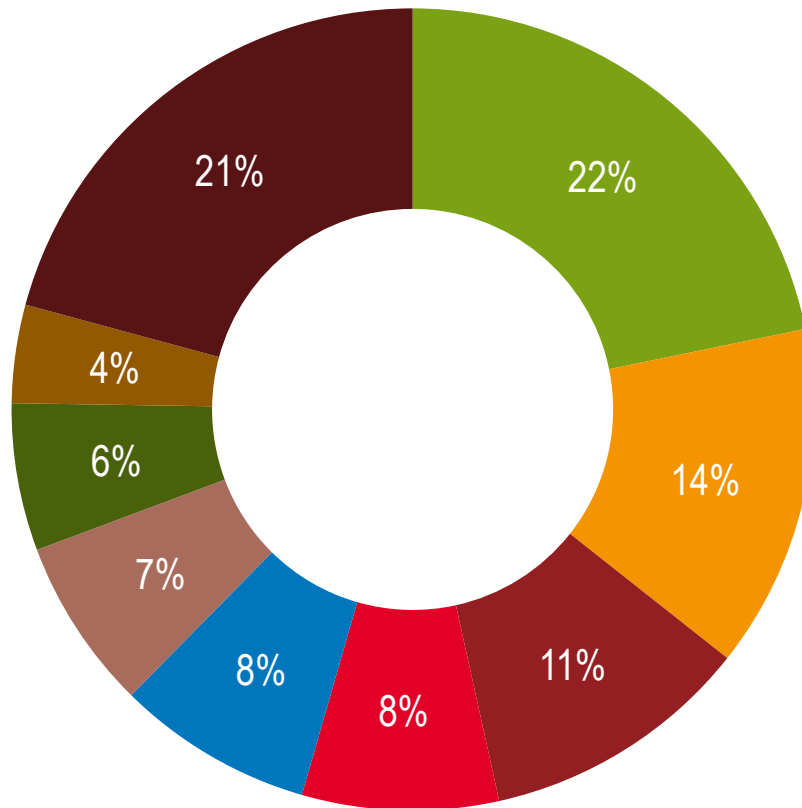
■ Electricity

■ Packaging

■ Coal

■ Maintenance

■ Other



- Distribution constitutes the largest portion of the costs at 22%
- Cost expected to decrease due to the optimisation programme
- Cost of sales increased by 4% to R1,86 billion

CEMENT optimisation programme as at June 2017

- Programme commenced in November 2015 to improve the EBITDA margin in the foreseeable future by enhancing efficiencies
- The targeted cost saving of R115 million was expected to improve the EBITDA margin by 5 – 7% in the foreseeable future
- Weighted average price lower year-on-year limiting the impact of the programme
- Cost saving by end of December 2016 was 50% achieved at R57 million
- Programme expected to be completed by end of December 2017



2

OPERATIONAL CONTEXT

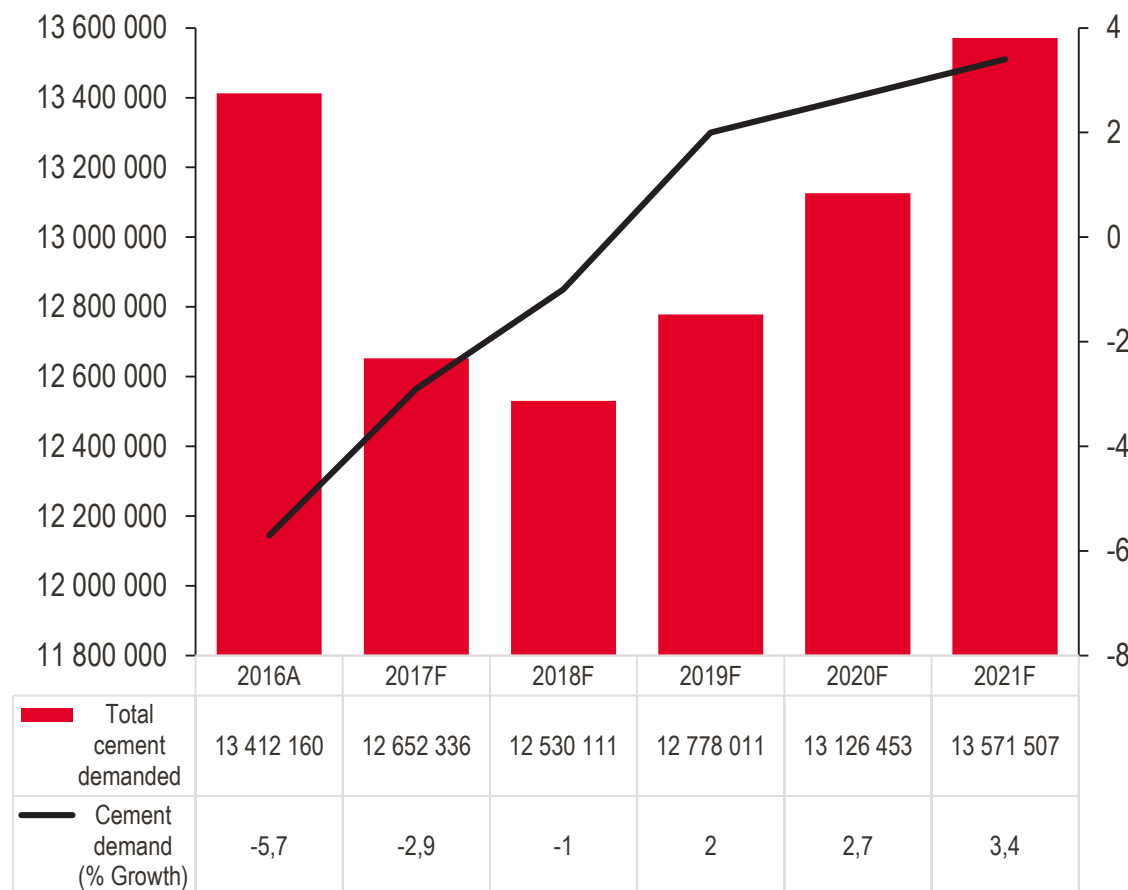


Demand/supply imbalance defined the cement sector

- Operating environment fiercely competitive during the year due to new entrant ramping up production
- Lower demand resulted in increased price competition from all manufacturers to maintain sales volumes
- Bulk cement market most impacted by the reduction in demand
- Approximately 80% of CEMENT sales volumes in bagged cement



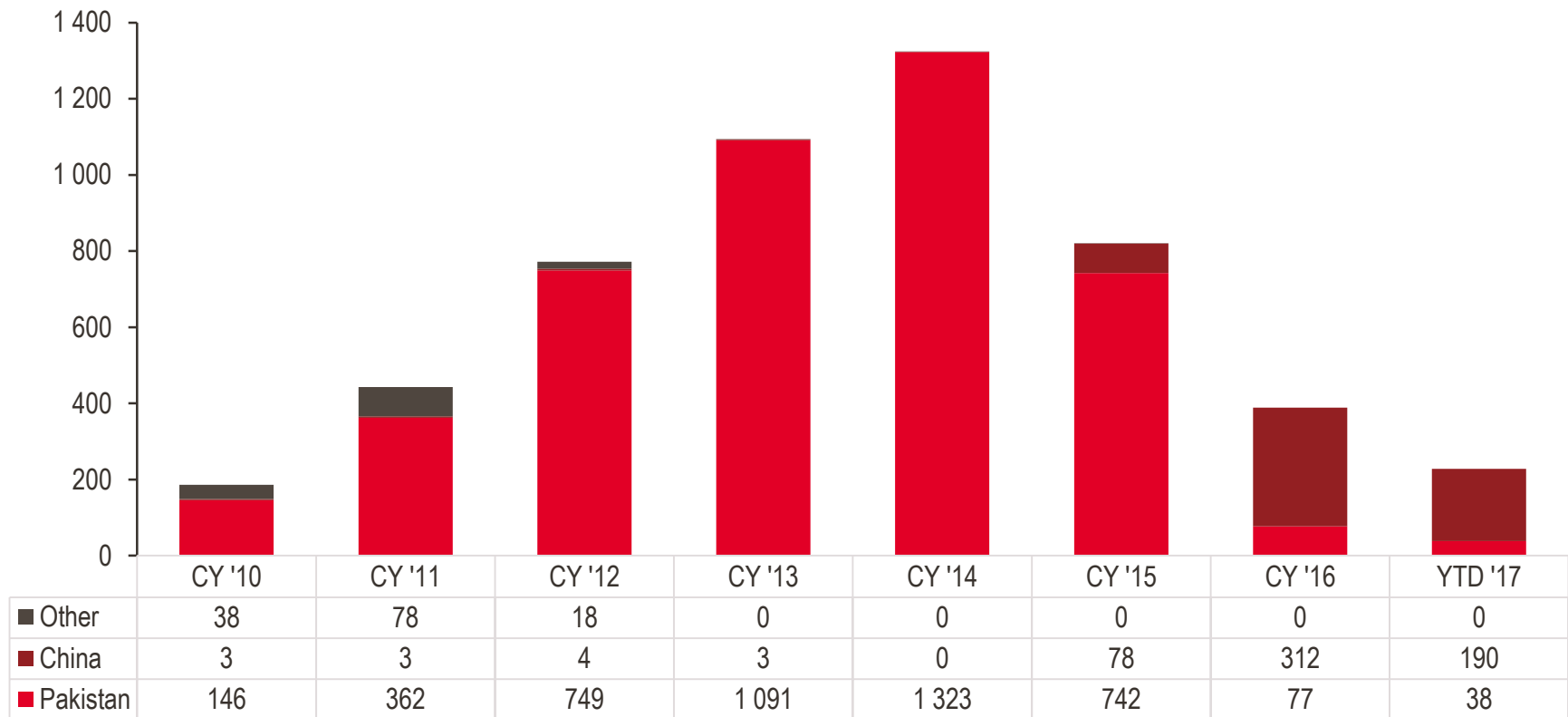
South African cement demand analysis



Total cement demand estimated at 13,4 million tonnes per annum in CY2016

- 5,7% year-on-year demand contraction
- Policy uncertainty expected to lower investment confidence and therefore decrease cement demand in CY2017 and 2018
- Building plans passed year-on-year
 - Q1 at – 19% and slight improvement to – 11% for Q2
- Effective production capacity estimated at 16,8 mtpa

Annual cement import analysis to end of July 2017



Year-on-year volume decline of 53% to 389kt in CY2016

Increased competition as demand contracts for concrete

- Contraction in the number of construction projects resulted in concrete manufacturers engaging in price competition
- Vertically integrated manufacturers extremely aggressive and applying irrational pricing models
- Margins continued to diminish particularly for general purpose concretes
- High priority placed on controlling costs and expenses by Métier management
- Denver plant in Gauteng to reduce pressure from current growth nodes by diversifying the customer base
- Gauteng and KwaZulu-Natal provinces estimated to have been awarded the highest and second highest value of construction projects in the 12 months ended March 2017¹



¹ Industry Insight, Construction industry forecast baseline report – March 2017

A close-up photograph of a person's hands holding several stacks of circular cement test discs. The discs are light gray with a darker gray outer ring. The person's hands are visible, with one hand holding a stack of discs and the other holding a single disc. The background is blurred. A blue diagonal line runs across the image from the top left to the bottom right. The text 'CEMENT DEBT MANAGEMENT' is overlaid on the left side of the image, with a large stylized number '3' to its left.

CEMENT DEBT MANAGEMENT

3

CEMENT project loan overview

- Pricing competition and contraction in demand for the year ended 31 December 2016 resulted in pressure on the CEMENT debt service cover ratio to 1,23 instead of the requisite 1,30
 - Lenders condoned the breach and the forecast breaches to 30 June 2018
- CEMENT repaid the requisite R343 million and R247 million in principal and interest instalments in CY2016
- Dangote Cement PLC (DCP) and SepHold as shareholders agreed to inject R135 million to relieve the pressure on the covenant ratio
- SepHold paid in R49 million from available cash representing its 36% equity portion of the total contribution
- CEMENT has made a total capital payment of R600 million (25%) to date since Q1 2016



CEMENT project loan review

- Lenders agreed to review the loan in principle in September 2017 subject to CEMENT receiving equity of R95 million from SepHold and DCP
- Debt covenants and tenure were maintained but interest increased by 50 basis points to JIBAR plus 450
- Balance of R1,8 billion of the project loan to be paid in increasing annual instalments as follows:
 - 2018 – 10%
 - 2019 – 15%
 - 2020 to 2022 – 75%
- Potential dilution of SepHold to below 35% from current 36% in CEMENT if the company does not contribute its R34 million equity



4

OUTLOOK



Aggregates update

- SepHold investment into aggregates is through 100% owned Sephaku Investment Holdings (Pty) Ltd
- Currently owns 50% of an aggregates greenfield project with the aim to supply Métier operations with aggregates in the foreseeable future
- The project is in the process of engaging with key stakeholders for its mining permit application
- SepHold continues to assess other aggregates opportunities



Future short to medium goals

CEMENT

- To pursue a disciplined pricing policy at targeted sales volumes
- To optimise product and geographic sales mix to achieve the best margins

Métier

- To strengthen the marketing teams in order to extract further value from the technical team who are industry renowned for innovative products
- To develop strong relationships with suppliers to achieve competitive pricing for key inputs
- Evaluate ongoing geographical expansion opportunities

SepHold

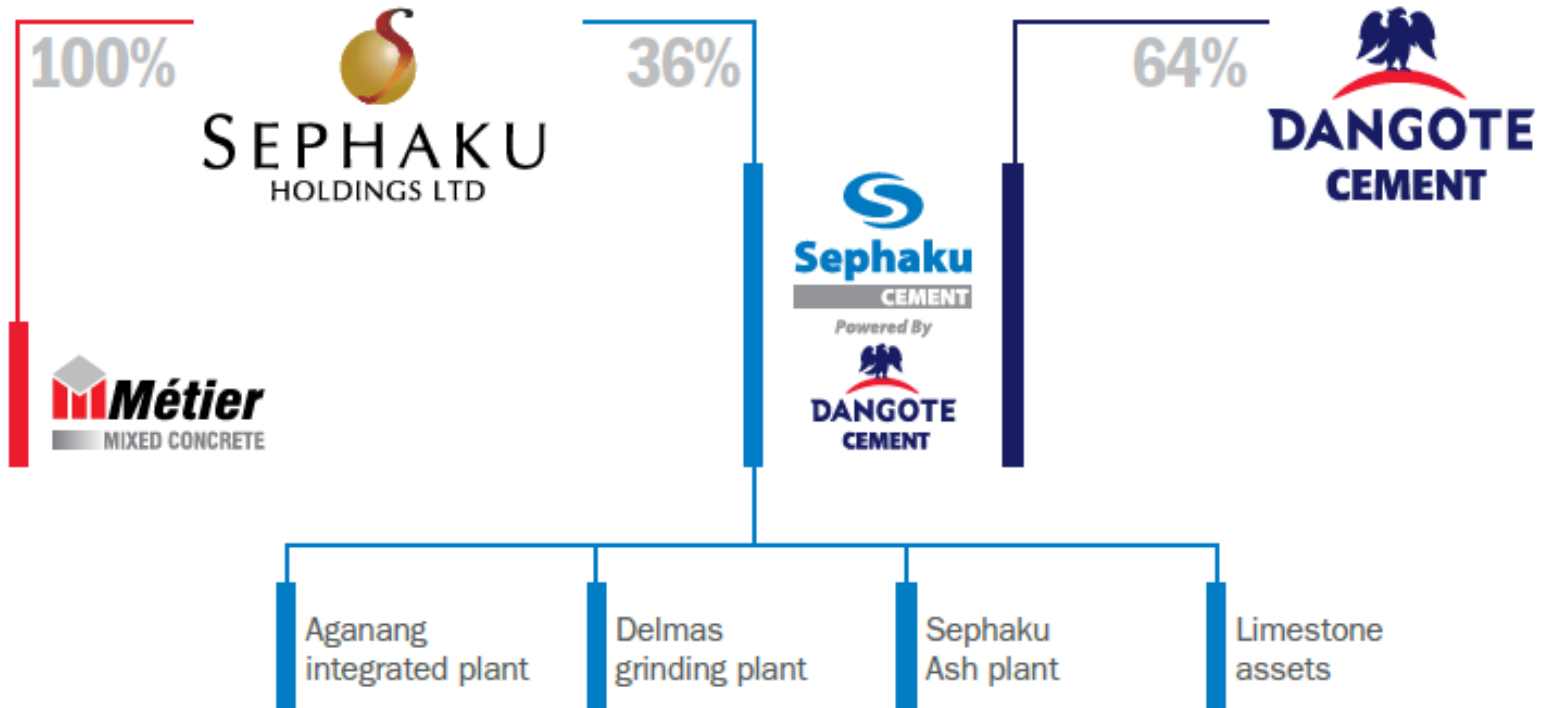
- Develop the opportunity in the aggregates sector
- To explore backward integration opportunities in order to secure essential raw materials
- Continue to evaluate growth opportunities through:
 - expansion and exploring downstream opportunities

5

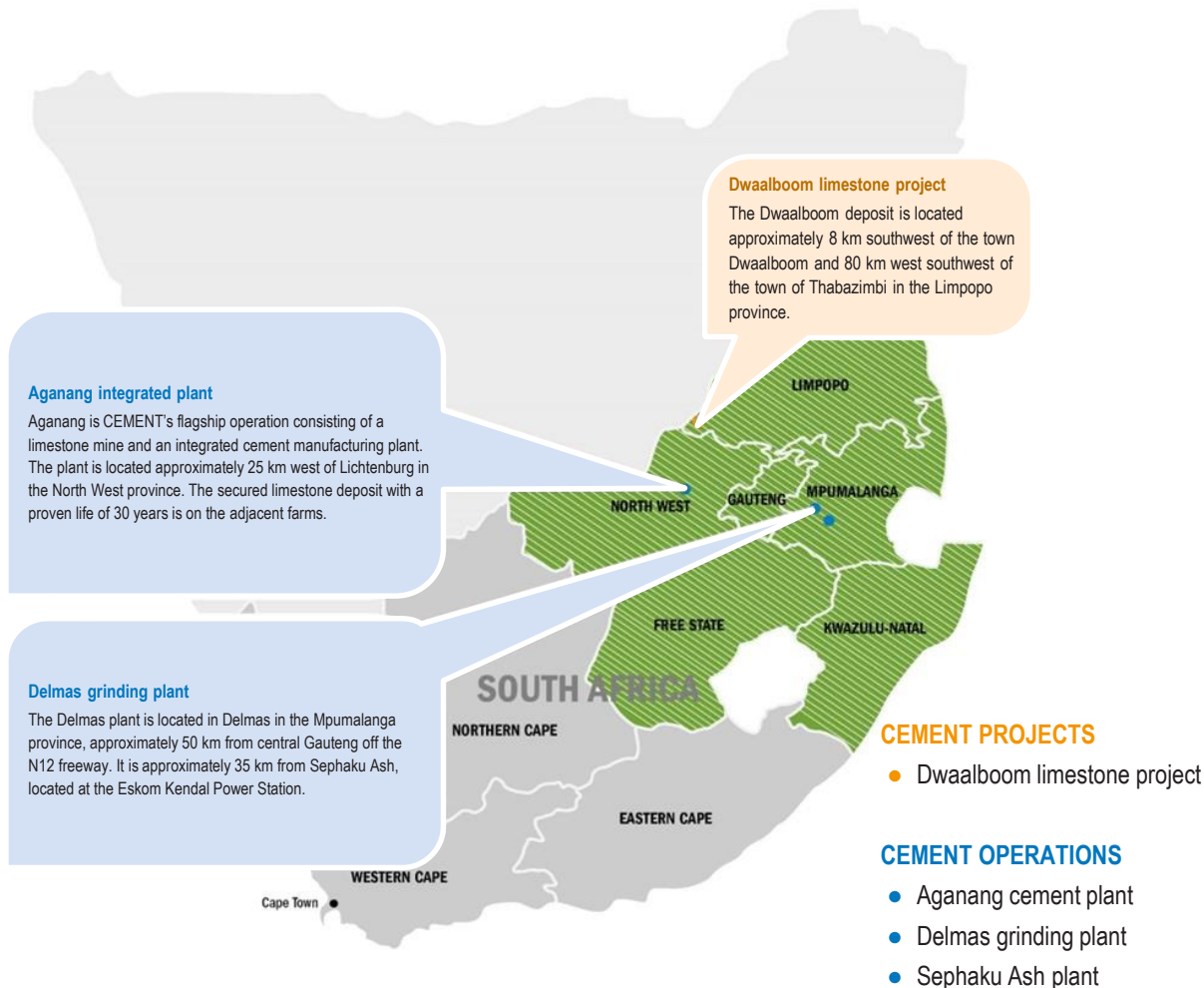
APPENDICES



The Sephaku Holdings structure



Location of CEMENT assets



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

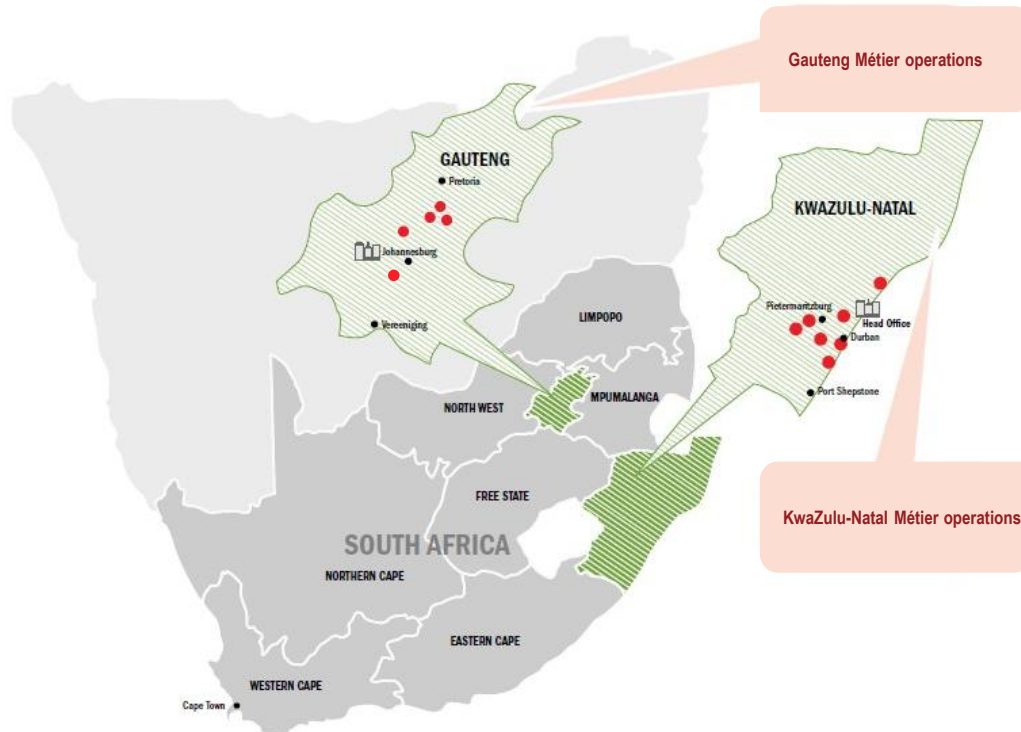
- Our target markets are the Free State, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga and North West.

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

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www.sephakuholdings.com

Location of Métier assets



- Operations located in the KwaZulu-Natal and Gauteng provinces. Métier offers full service to its customers
- 12 concrete batch plants
- Own central laboratory in Gauteng and KwaZulu-Natal

MÉTIER MIXED CONCRETE OPERATIONS

GAUTENG

Johannesburg Office

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

KWAZULU-NATAL

Head Office

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

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

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2017

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