SEPHAKU
HOLDINGS LTD

2018

RMB OFF PISTE

INVESTOR CONFERENCE

27–28 SEPTEMBER 2018

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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 INVESTMENT PROPOSITION

2 OPERATING CONTEXT

3 FINANCIAL & OPERATIONAL REVIEW

4 SHARE PRICE PERFORMANCE

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1 INVESTMENT PROPOSITION

Achievements in a highly contested market over the past 2 years

- Métier Mixed Concrete (Métier) and Sephaku Cement (SepCem) reduced debt by R90 million and R600 million respectively
- R152 million achieved in cost savings at SepCem through the optimisation programme
- SepCem 12 month rolling net profit of R120 million to the end of June 2018
- Métier paid R50 million dividend to SepHold in the year ended 31 March 2017
- SepCem has maintained optimal sales volumes

The drivers of our success

Strategically focused on the building and construction sector

- **Potential growth opportunities** in infrastructure development

Modern manufacturing plants with **efficient capacity** that enhance competitiveness

Management with **deep industry skills and experience**

- Demonstrated ability to bring projects to account and implement strategic objectives
- Renowned concentration of technical skills
- Combined experience of 250 years and 80 years in cement and concrete manufacturing respectively

Profitable operations providing positive net operating cashflows

Well positioned to capitalise on growth opportunities and create long term shareholder value

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How the drivers create value

Technical skills and industry experience are critical to the group's strategy and to understanding the building and construction materials market dynamics to maximise profitability.

Leading technologies produce the highest-quality cement and mixed concrete.

Service excellence distinguishes us, and is driven by our high-performance culture, which improves our value proposition.

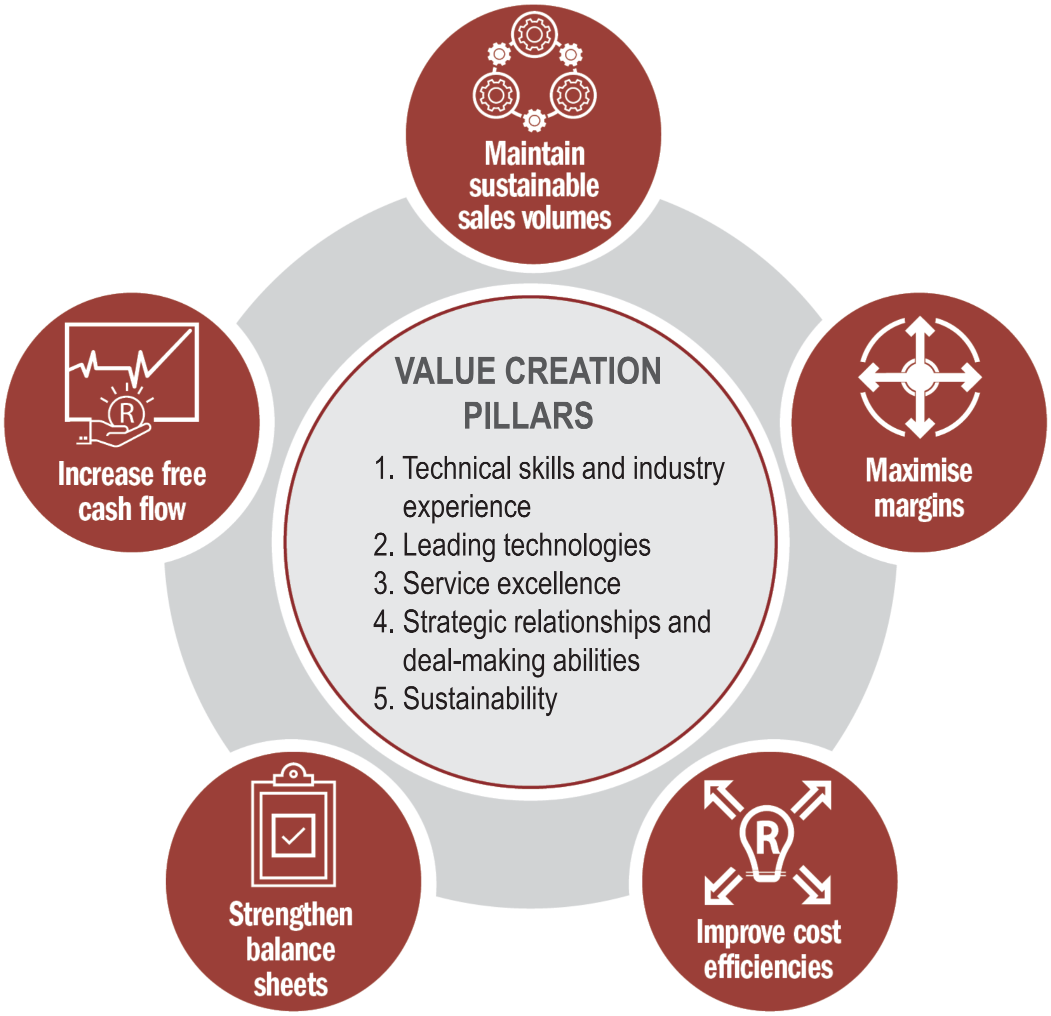
VALUE CREATION PILLARS

The group's focus is on creating sustainable shareholder value by enhancing the five value creation pillars and actively seek diversification opportunities.

Strategic relationships and deal-making abilities position the group as a major South African building and construction materials manufacturer.

Sustainability emphasises responsible mining and manufacturing by continually seeking ways to minimise our negative environmental impacts.

Our strategic objectives are anchored on the value creation pillars



- To produce high-quality building materials and implement effective marketing activities to **maintain sustainable sales volumes** and **maximise margins**
- To implement cost management programmes that **improve cost efficiencies**
- Implement action plans that **strengthen the balance sheets** and **increase free cashflow**

2 OPERATING CONTEXT

Cement industry consolidation efforts since 2014

2014

Afrisam wants to merge with PPC
Dec 10 2014 15:53 NEWS 24
Cement maker PPC has received a merger proposal from unlisted rival Afrisam Group, the company said on Wednesday.

PPC said in a statement its board was considering the non-binding proposal and it would make further announcements.

Concern for PPC shareholders in AfriSam merger
Jan 9, 2015 | News |
Experts believe the merging of South Africa's two largest cement producers - PPC and AfriSam - does not make Business sense. According to a report by BDLive, former PPC CEO Paul Stuiver said that some members of the PPC board had wanted to do this deal since 2010. Stuiver said at the time it was decided that a merger produced no value for PPC shareholders, but some board members continued to push for it.

2017

Cement makers PPC, AfriSam in merger talks
Feb 13 2017 10:29 **Liesl Peyper**
AfriSam, which made its intention to merge with PPC known as far back as 2014, said on Monday it has appointed advisors to conduct the relevant assessment of a potential merger between the parties.

Dangote Cement Approaches South Africa's PPC About Takeover
By Paul Wallace and Tope Alake
September 13, 2017, 7:51 PM GMT+2 Updated on September 14, 2017, 1:06 PM GMT+2
Dangote Cement Plc has approached PPC Ltd about a takeover deal, signaling the start of a possible bidding war for South Africa's biggest cement maker after an earlier offer led by Canada's Fairfax Financial Holdings Ltd.

More than 25% oppose AfriSam merger - PPC
Oct 06 2017 NEWS24 12:31 **Arabile Gumede**

Dangote withdraws PPC offer
6TH OCTOBER 2017 BY: NATASHA ODENDAAL CREAMER MEDIA SENIOR DEPUTY EDITOR
Nigerian cement maker Dangote Cement has withdrawn its nonbinding expression of interest for the acquisition of South African cement producer PPC.

PPC board rejects Fairfax offer, AfriSam merger-Board says Fairfax offer is not fair and reasonable.
Nqobile Dludla, Reuters / 22 November 2017 15:38

High noon looms for PPC/AfriSam merger
A bidding war over a tie-up between both cement producers, which already faces major shareholder rebellion, is expected.
Ray Mahlaka / Moneyweb. 22 November 2017
PPC shareholders are expected to be presented with a firm offer by LafargeHolcim and CRH on Wednesday in a merger proposal that has already seen several shareholders come out to voice their concerns about it.

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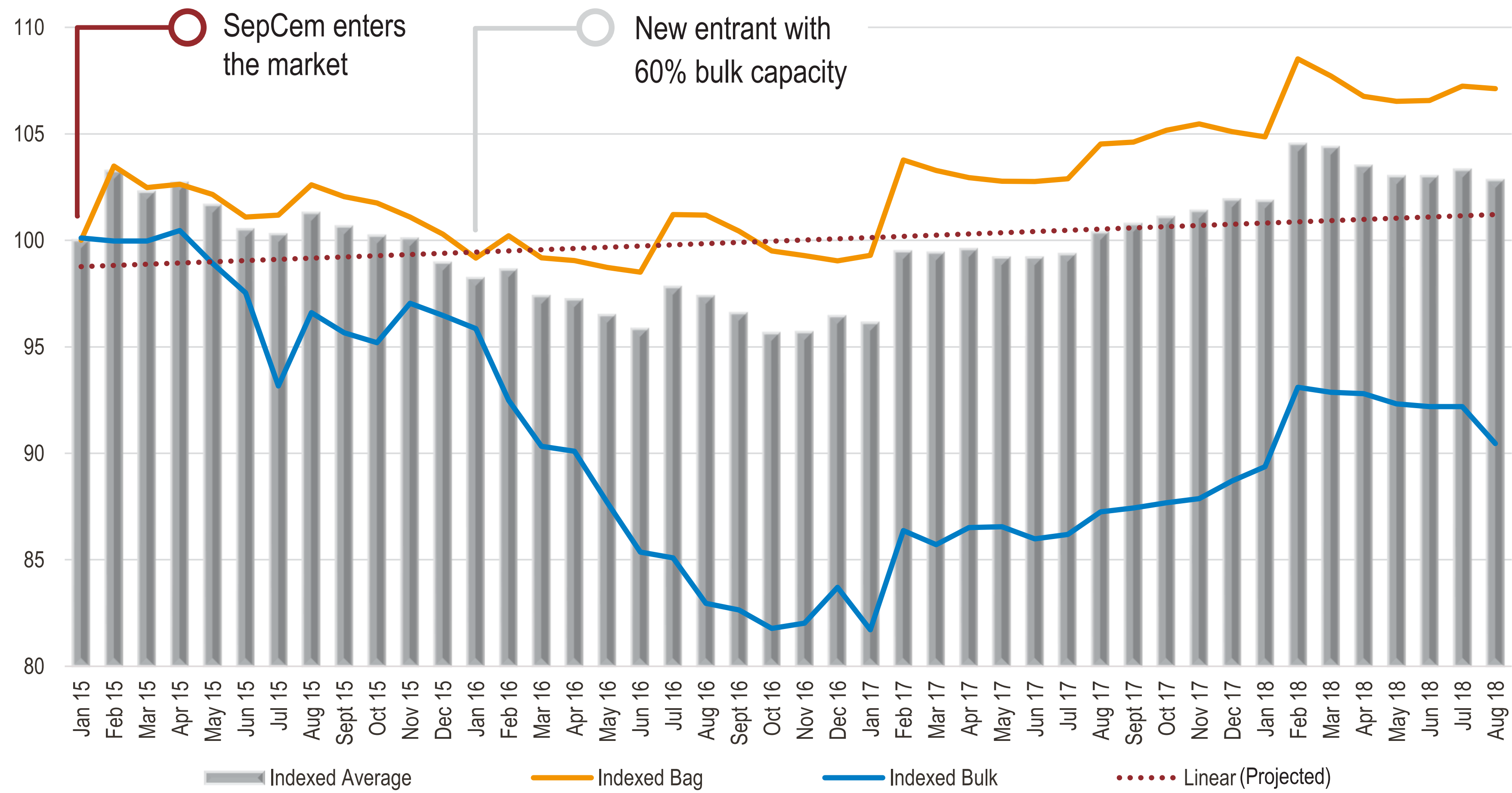
SepCem cement price stabilising since 2015

Indexed pricing per tonne of cement



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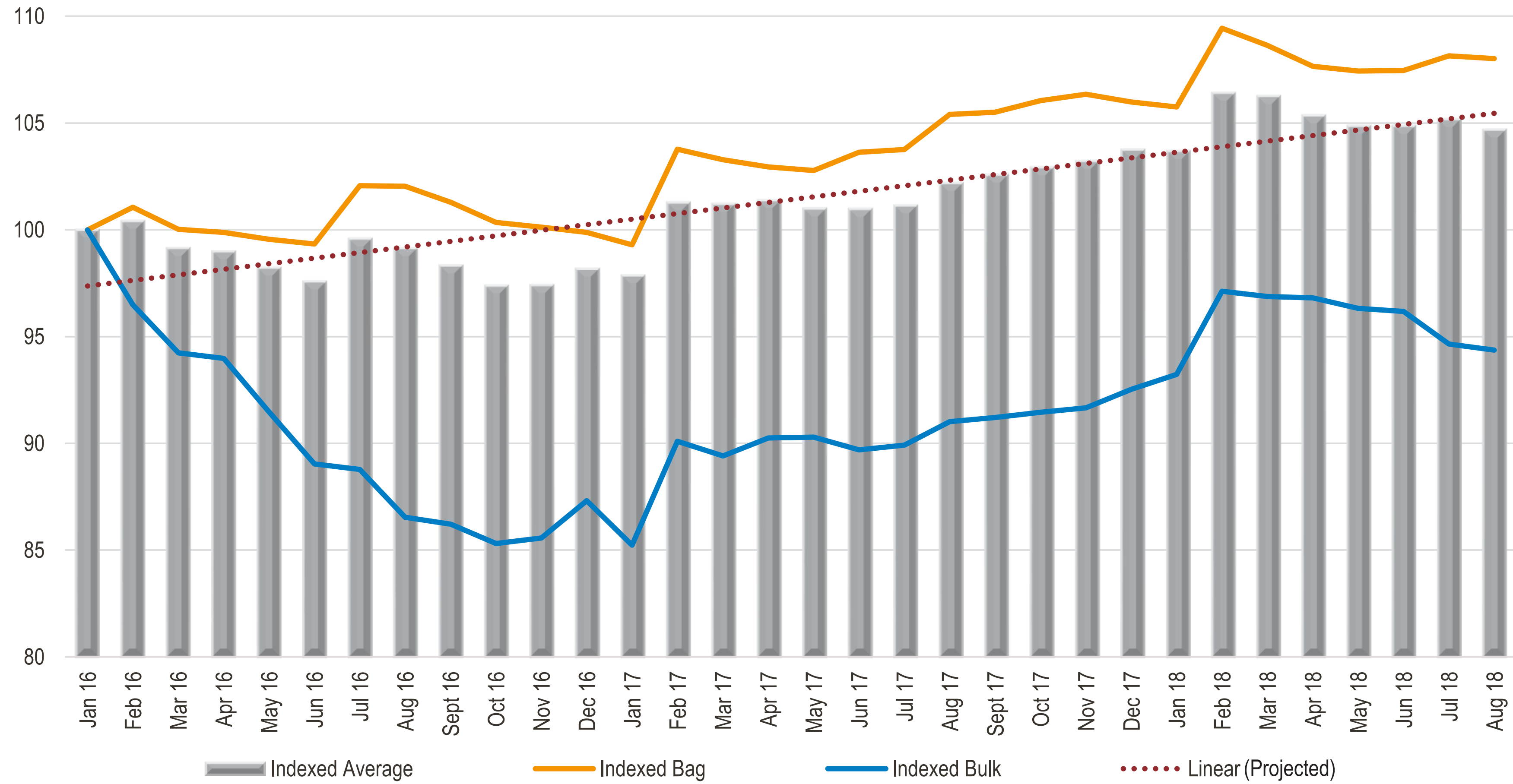
SepCem pricing supported by the bagged cement

Indexed pricing per tonne of cement



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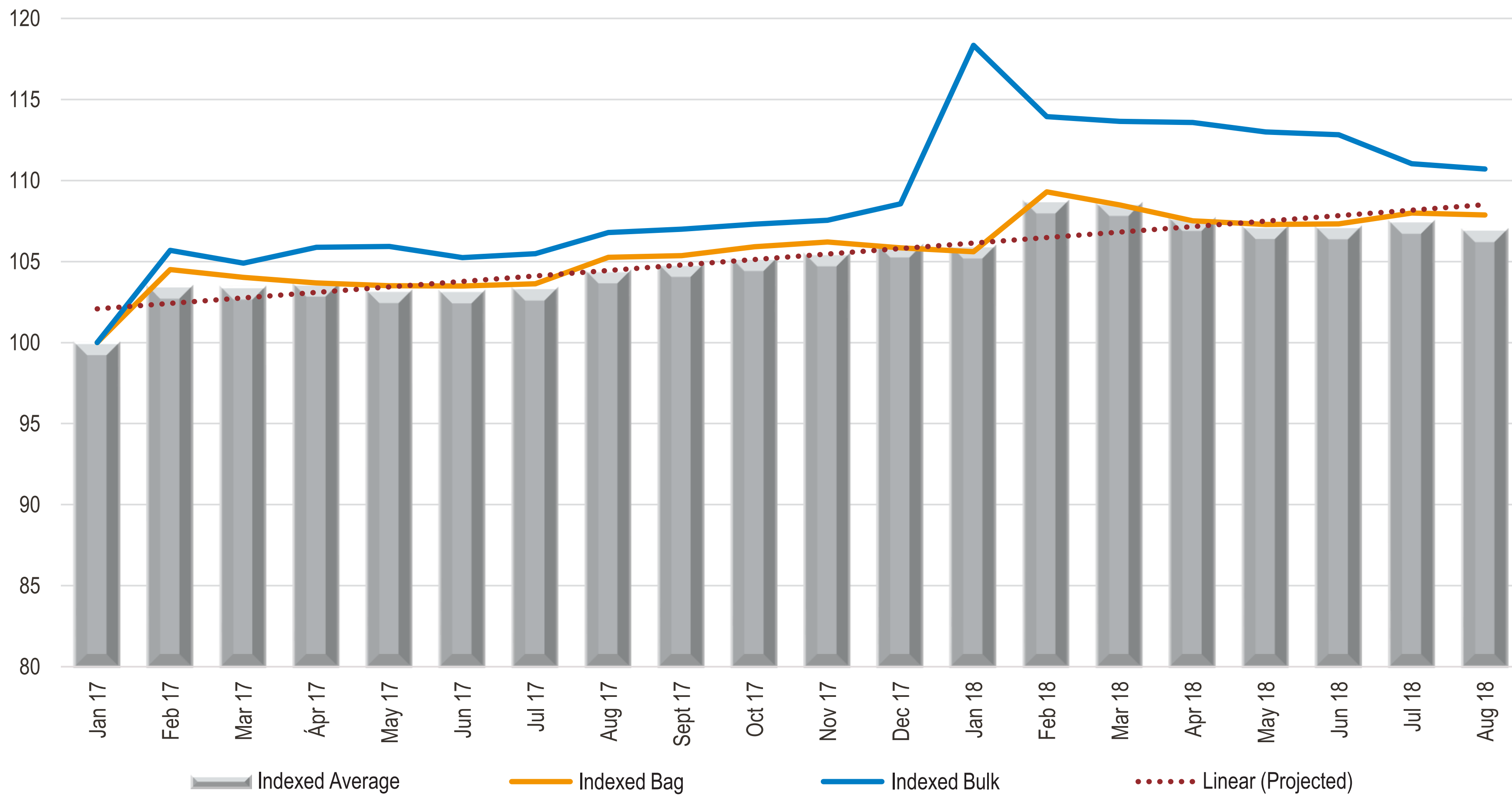
Bulk cement price appreciation albeit from a low base

Indexed pricing per tonne of cement



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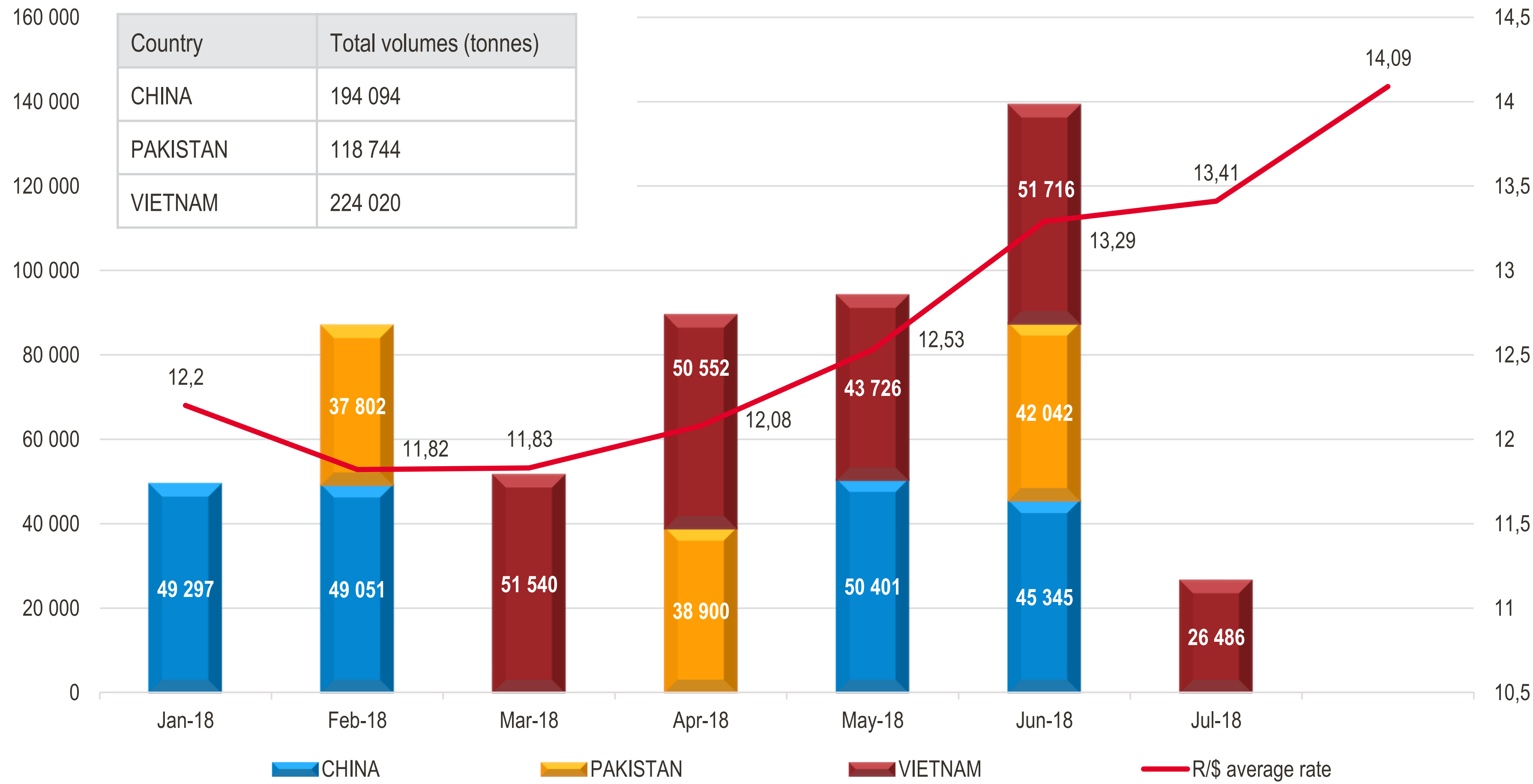
Import volumes

Increasing volumes from April to June 2018 due to importer forward contracts

Country	Total volumes (tonnes)
CHINA	194 094
PAKISTAN	118 744
VIETNAM	224 020



Source : SARS.

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SepCem well positioned to respond to the potential industry recovery

SepCem's objective for the next 12–18 months is to achieve the targeted EBITDA margin of between 25% and 30% to enhance shareholder value;

- **Cement price stability expected to sustain following a period of new entrants ramp up**
  - Bulk cement pricing decreased significantly during 2016 due to a new entrant 12 months after SepCem
  - Price increases during 2017 served to absorb inflationary cost impact
  - Industry wide debt anticipated to result in cement price increases that outstrip inflation by 2%–5% per annum in the next four years
  - The 2% price increase enhances EBITDA by R48 million per year on R2,4 billion revenue
- **Normalisation of profitability**
  - 12 month rolling net profit to end of June 2018 at R120 million resulting in R43,2 million SepHold equity accounted earnings
  - Every R100 million increase in SepCem's net profit results in an additional R36 million equity accounted earnings

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Métier anticipated to be impacted by declining demand for mixed concrete

Métier has been impacted by the turmoil in the construction sector as a supplier of mixed concrete directly into construction companies.

Provisional liquidation of NMC puts spanner in wheel of KPMG office building
Feb 01 2018 22:00 Carin Smith

The provisional liquidation of NMC Group has placed a question mark on when KPMG would be able to move into its new offices on the Foreshore in Cape Town.
Fin24 reported earlier that, if all went well, KPMG would have been able to move into its new offices in a few months' time. This timeframe is now not so certain anymore.

NMC, the main contractor on the building, was placed under provisional liquidation this week after an attempt at business rescue failed.

A decade ago, Basil Read was SA's top company.
It has just gone bust.

Helena Wasserman, Business Insider SA
Jun 15, 2018, 05:18 PMI
Basil reported a net loss after tax of R1 billion for the 2017 financial year and announced a rights offer with the aim of raising R300 million in capital, dwarfing its market capitalisation of R46.6 million.

Another construction giant in business rescue
Government doesn't pay us, says Liviero.
Moneyweb / 18 July 2018 00:37
The Liviero Group, which describes itself as "South Africa's largest privately black-owned multidisciplinary construction group", has been placed under voluntary business rescue.
It is well known that Basil Read's peers Group Five and Aveng are also in very difficult financial positions.

Esor's share price plunges 63% as it files for business rescue
The loss-making construction group was forced to make the move as it failed in its numerous efforts to secure loans to pay back the R130m owed to creditors
13 AUGUST 2018 - 13:30 ROBERT LAING ,BDLIVE.

JSE-listed construction group Esor filed for business rescue on Monday, echoing a statement Basil Read issued in June when it also announced it was going into business rescue. Esor's share price fell 63% to 3c from 8c following the announcement. Listed companies are usually suspended shortly after they file for business rescue.
Esor listed nine steps it had taken to avoid business rescue. These included completing loss-making contracts, selling various subsidiaries and refinancing equipment loans.
"Despite the above, Esor Construction was advised on August 7 that a consortium of financiers with whom it had been negotiating with, were not prepared to make any funding available outside of a formal business rescue process," Monday's statement said.

Métier short to medium term objectives

To continue to enhance the credit management process; for all new customers while monitoring the existing payment record to ensure compliance with credit terms

- The stricter policy to stop concrete supply for late payments from 5 days overdue has resulted in significant improvement

To support margins by; implementing cost efficiency measures that will reduce the impact of low prices by:

- Optimally and sustainably utilising plant and mixer truck capacity

To expand plant footprint to extend supply into the Pretoria market

- Demand skewed towards retail market instead of industrial which is characterised by high volumes and low margins
- Extensive foot print provides access to additional volumes for critical mass

To strengthen the balance sheet

- Targeting to reduce debt by approximately R36 million during FY 2019

To implement technical knowledge and skills transfer to enhance the company's ability to respond timeously to increased demand in high margin specialised concrete when it occurs

3 FINANCIAL & OPERATIONAL REVIEW

Financial salient points for the year ended 31 March 2018

GROUP

- SepCem equity accounted earnings of R20,8 million
  - 2017: R24,8 million
- Operating earnings of R54,3 million at a margin of 6.5%
  - 2017: R84,7 million
- Net profit of R44,2 million
  - 2017: R68,1 million
- Headline earnings per share of 20.9 cents
  - 2017: 33.4 cents

MÉTIER

- Sales revenue of R830,7 million
  - 2017: 839,9 million
- EBITDA margin of 10.9% at R91,2 million
  - 2017: 15.0%
- EBIT margin of 9.6% at R79,6 million
  - 2017: 12.9%
- Net earnings of R48,0 million
  - 2017: R67,4 million

SEPCEM

December year-end as a subsidiary of Dangote Cement PLC. Highlights below for year ended 31 December 2017

- Sales revenue of R2,4 billion
  - 2016: R2,3 billion
- EBITDA margin of 21.3% at R504,2 million
  - 2016: 23.1%
- EBIT margin of 14.1% at R333,3 million
  - 2016: 16.0%
- Net earnings of R57,8 million
  - 2016: R69,8 million

Main accomplishments that will affect future results

1. **Strengthened the balance sheets through repayment of debt**
   - Métier repaid R90 million towards loan facilities in the past two years while:
     - Constructing the 13th plant and commissioning a mobile plant in Gauteng
     - Distributing a R50 million dividend to SepHold
   - SepCem repaid R600 million (25%) of the R2,4 billion project loan by end of December 2017
     - The R1,8 billion balance reshaped by the lenders in September 2017
2. **Improvement of recurring EBITDA at SepCem**
   - Price increases and cost savings through the optimisation programme supported margins
3. **Sales volumes maintained in a highly contested trading environment**
   - SepCem sales volumes were flat year-on-year
   - First half sales impacted by the unusually high rainfall and muted demand

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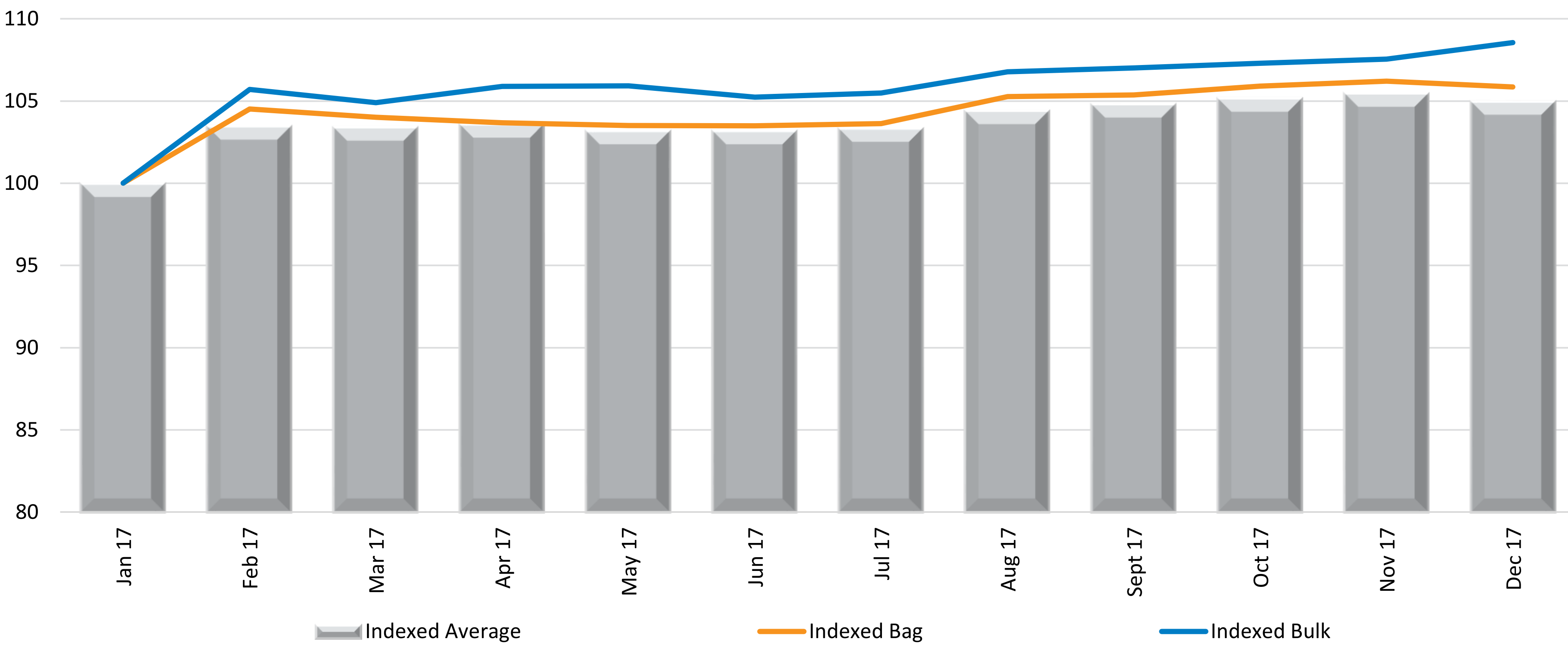
SepCem achieved an effective 5% annual price increase per tonne

Indexed cement pricing per tonne



- Initial 12-month period during which the average bulk pricing per tonne surpassed that of bagged cement
- Price increases sustained in most markets for both the bagged and bulk cement
- Trend of price appreciation is largely expected to continue until December 2018

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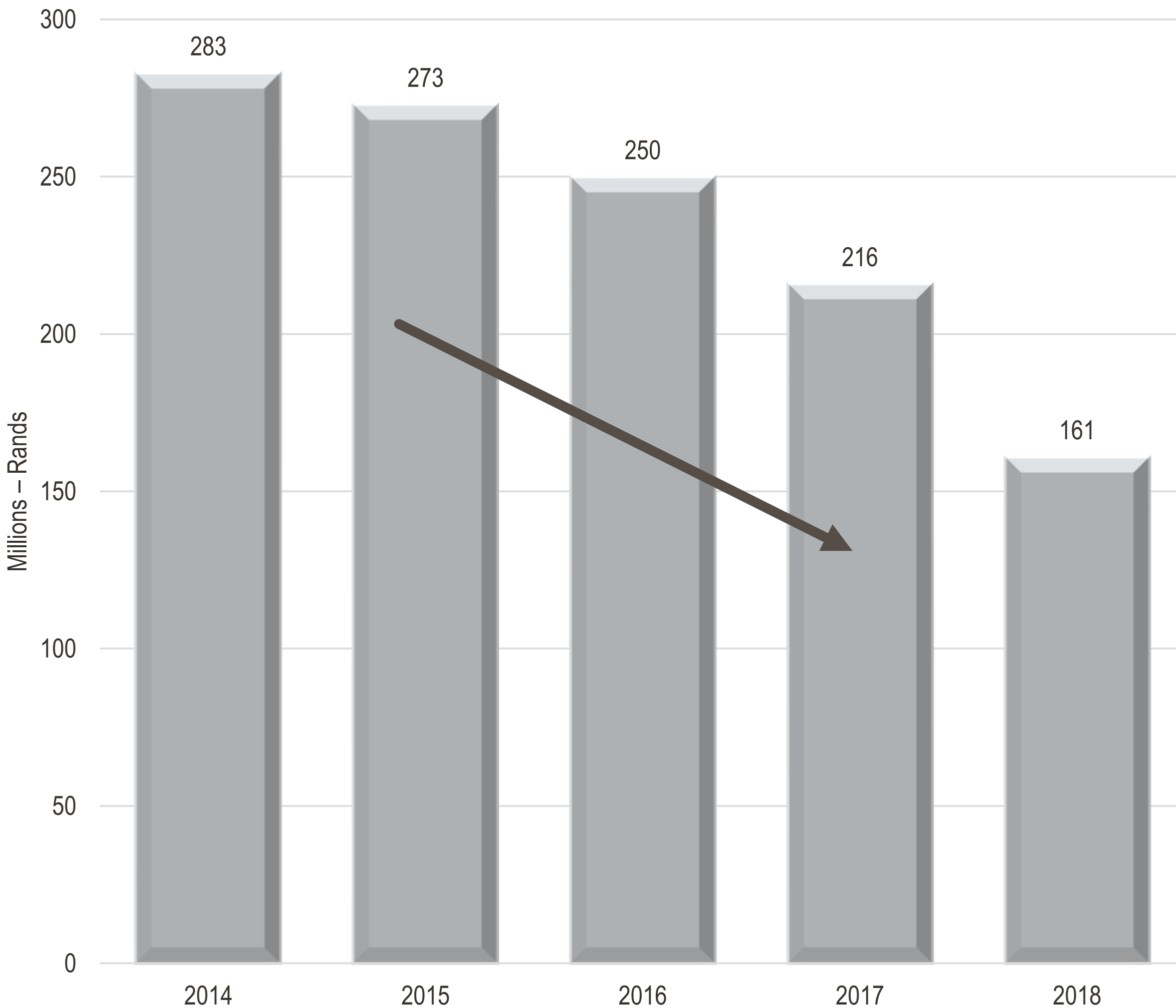
Strengthened balance sheet: 43% decrease in bank debt at Métier

Métier bank debt profile



- Métier has simultaneously increased footprint in Gauteng by constructing three more plants since 2014
  - Commissioned a mobile plant in March 2018 to access demand growth nodes
  - Distributed R50 million dividend to SepHold during the 2017 FY
- R112 million of the debt in FY 2014 was a vendor loan for the acquisition of Métier

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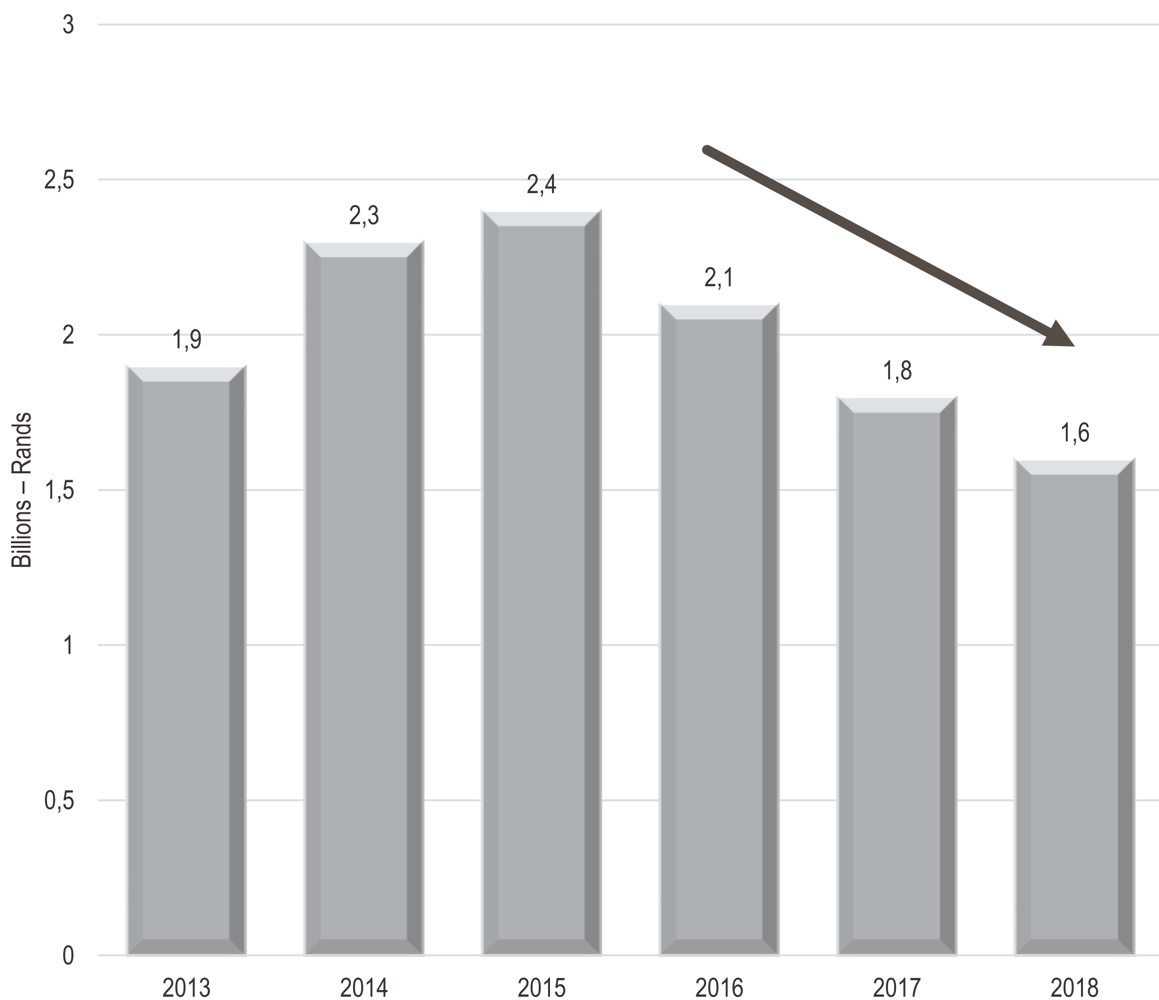
Strengthened balance sheet: SepCem targeting debt to EBITDA ratio of x2.5

CEMENT project debt profile



- SepCem had reduced debt by R600 million (25%) by end of December 2017
- Repaid R474 million in FY 2017
  - R217 million interest
  - R257 million capital
- Scheduled to reduce the debt to R1,56 billion by December 2018
- Targeting debt to EBITDA of x2.5 in the next 12–18 months

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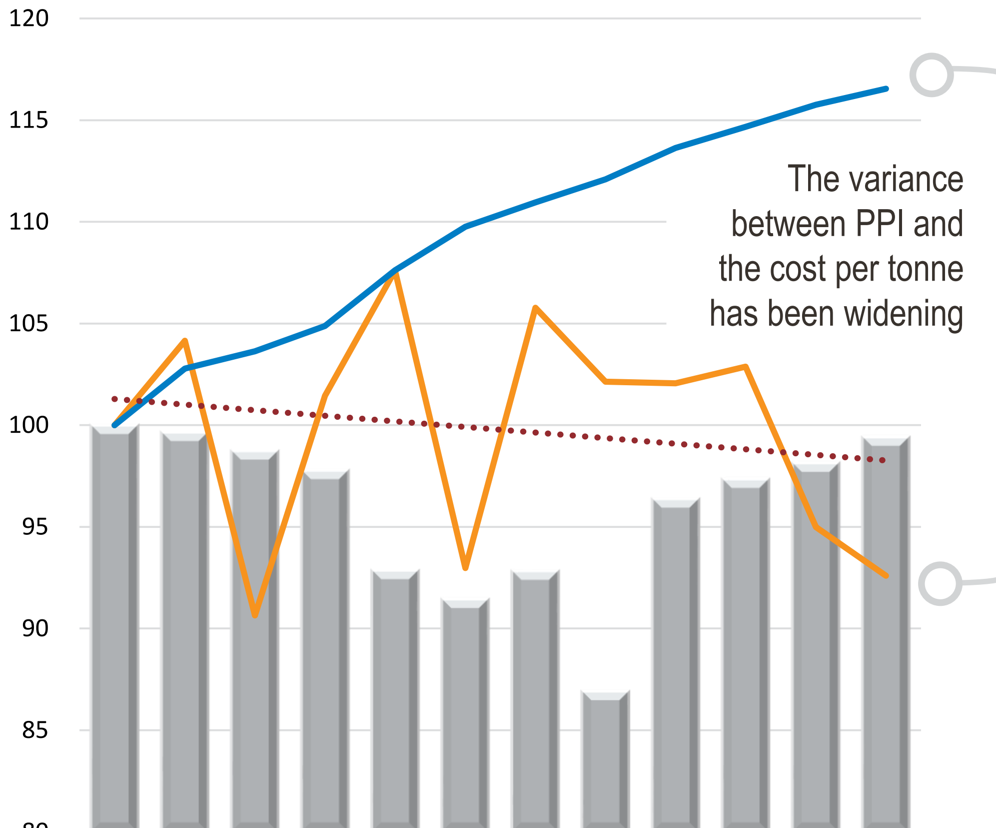
Improved SepCem EBITDA: Successful conclusion of the optimisation programme

Optimisation cost efficiencies impact on average cost



	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17
Average Sales Price	100	100	99	98	93	91	93	87	96	97	98	99
Average Cost/t	100	104	91	101	108	93	106	102	102	103	95	93
PPI	100	103	104	105	108	110	111	112	114	115	116	117

Optimisation programme concluded in December 2017

- Total cost savings of R152 million
  - R57 million achieved by end of December 2016
  - R95 million in FY 2017
- The savings constituted:
  - 60% logistics
  - 20% raw materials
  - 20% sales optimisation
- Programme implemented to improve EBITDA margin by 5–7% long term

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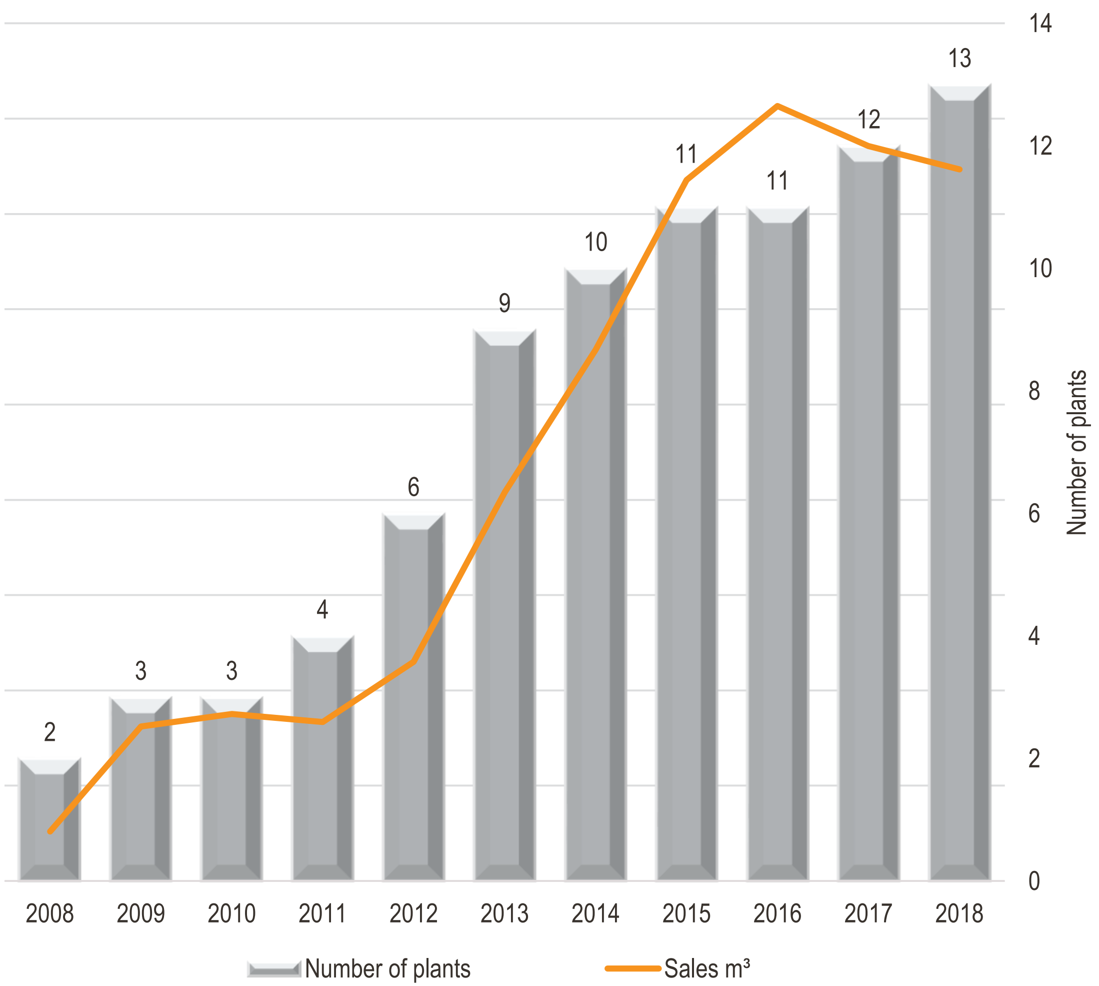
Sustainable sales volumes: Métier's 10 year strategic plant expansion supports sales volumes

Sales volumes growth relative to plant footprint January 2008 – December 2018



- The strategic increase in production plants has enabled Métier to support sales volumes
- The 12th plant located in Gauteng that commenced production in March 2017 contributed 7% to sales volumes
- Introduction of a 13th plant in September 2018 has provided access to demand nodes in the Centurion / Pretoria markets
- The mobile plant provides flexibility in competing for viable supply deals
- To continue to evaluate ring-fenced value accretive expansion opportunities

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Sustainable sales volumes: SepCem post-period stellar performance

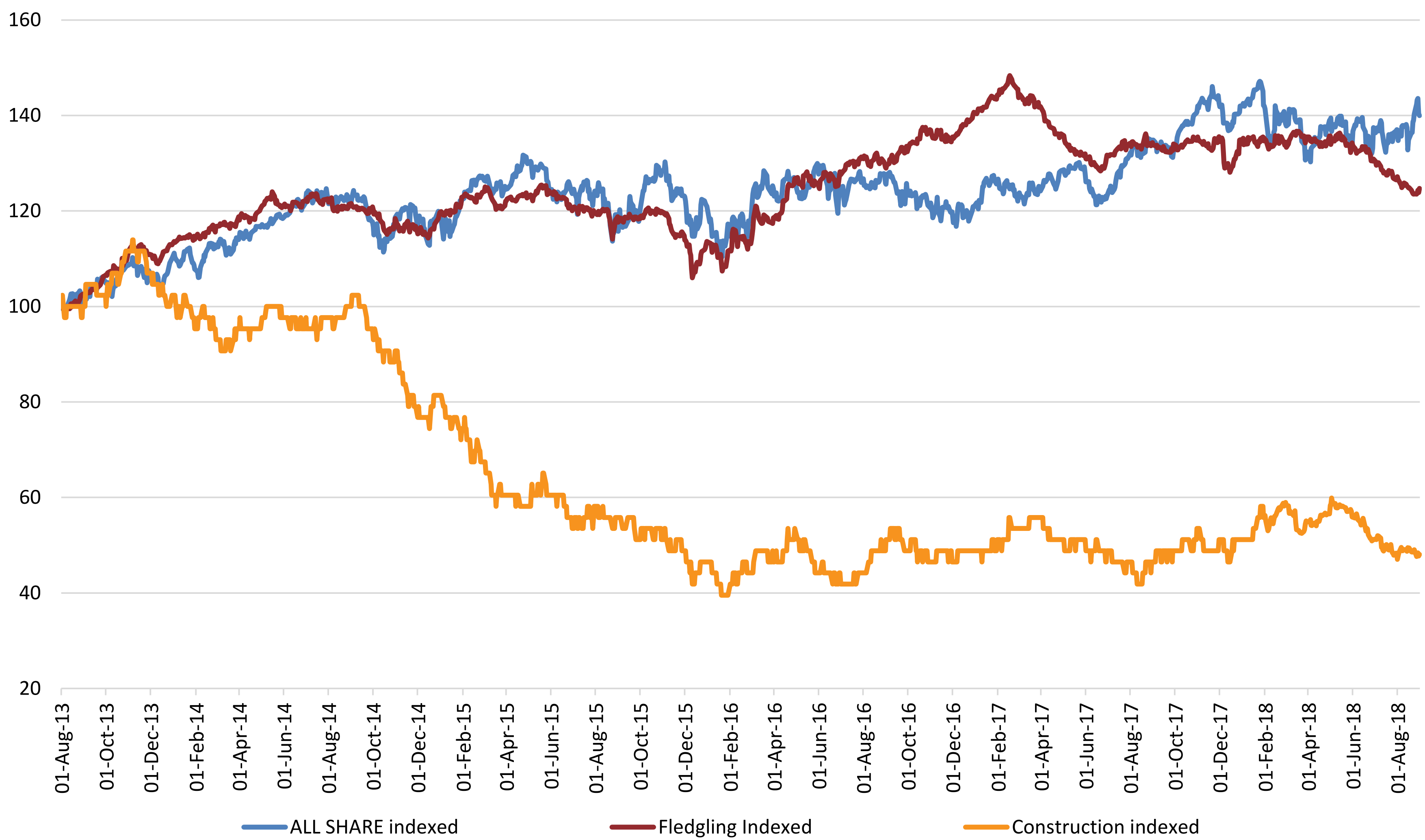
SepCem improves performance for the 6 months to the end of June 2018

- Sales revenue of R1,164 million compared to R1,105 million
- EBITDA margin of 22% (R256 million) compared to 18% (R197 million)
- EBIT margin of 15% (R170 million) compared to 10% (R112 million)
- Net profit of R45 million compared to R16 million net loss

4

SHARE PRICE PERFORMANCE

5-year relative performance of the construction index post - 2010



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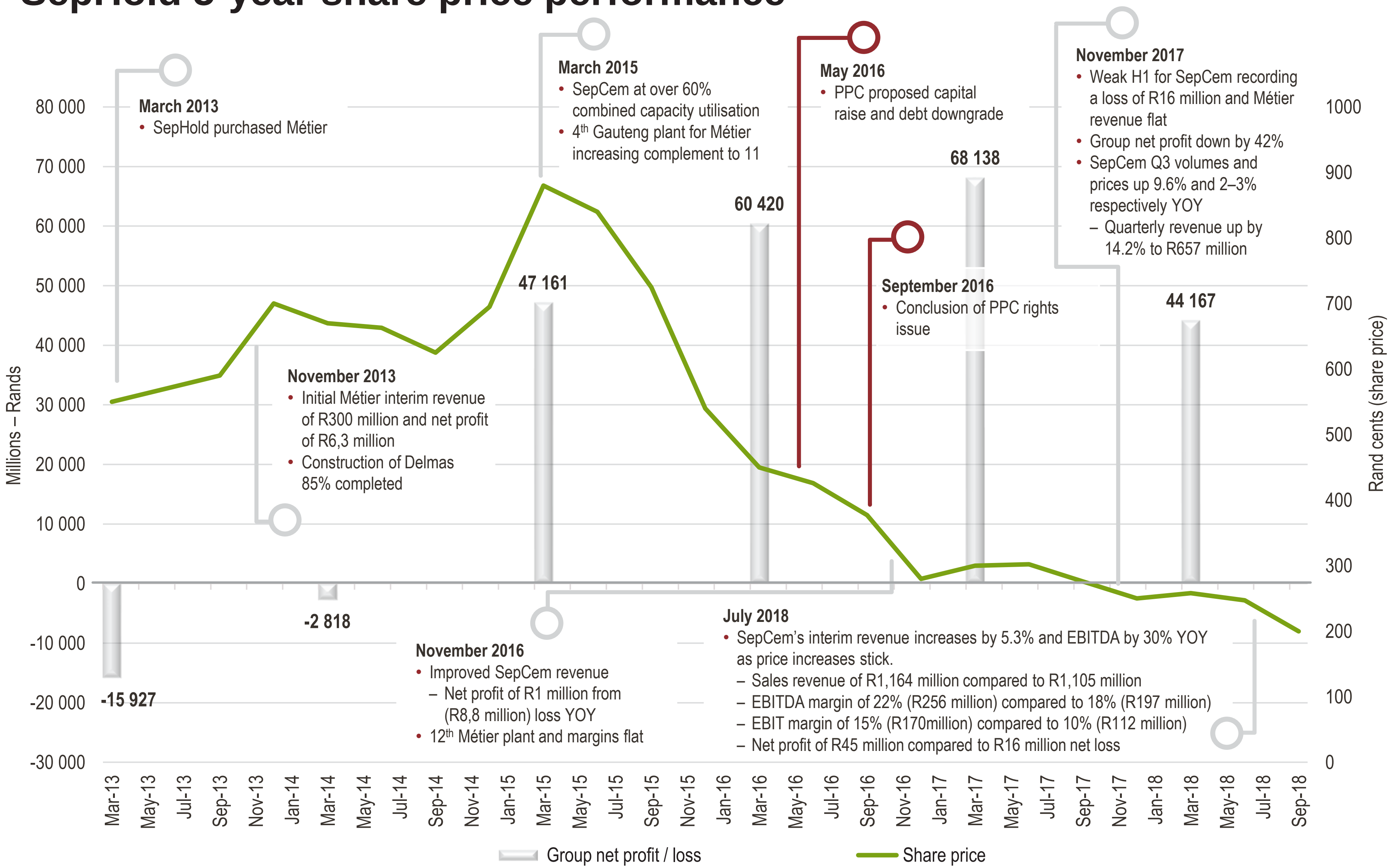
SepHold 5-year share price performance



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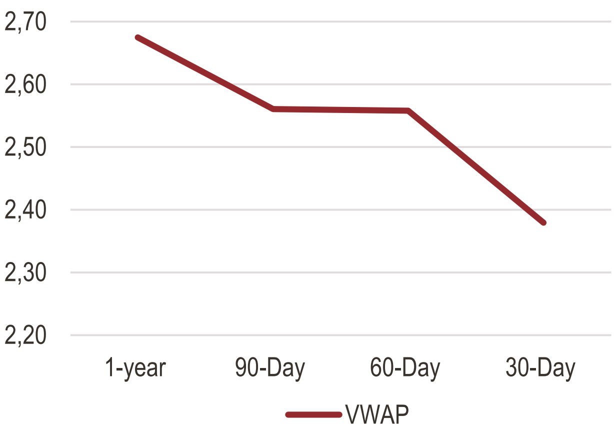
Trading trend over the last year

Volume weighted price as at 1 August 2018



1-year VWAP	2,674553530
90-Day VWAP	2,560228072
60-Day VWAP	2,557870134
30-Day VWAP	2,379169835

Single trade below R2,50 of the 15 highest volume trading days at a VWAP of R2,71.

Date	Market Volume	Market Value	Open Price	Close Price
2017-12-19	2 035 594	5 857 367	265	270
2018-02-13	1 639 127	4 463 197	280	275
2018-06-15	1 277 864	3 444 418	270	270
2018-05-30	1 058 331	2 857 494	270	270
2018-04-10	793 083	2 062 311	280	260
2017-10-26	683 988	1 880 906	274	275
2017-11-17	612 141	1 589 453	250	250
2017-07-27	539 708	1 511 182	280	280
2017-09-19	543 878	1 505 161	277	277
2018-05-29	562 758	1 486 823	250	270
2018-01-25	526 493	1 472 369	279	280
2018-01-26	494 191	1 368 118	266	265
2017-11-01	442 816	1 217 656	275	275
2018-07-11	447 347	1 051 265	235	235
2018-07-03	410 850	987 210	250	240

SEPHAKU HOLDINGS LTD

Tel: + 27 12 612 0210
Email: info@sepman.co.za
Website: www.sephakuholdings.com

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