



YEAR-END FINANCIAL RESULTS
FOR THE TWELVE MONTHS ENDED

31 MARCH 2021

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FINANCIAL REVIEW



FINANCIAL SALIENT POINTS

GROUP

- ▲ **Net profit after tax of R19,9 million**
 - FY2020: net loss after tax of R17,4 million
- ▲ **Basic EPS at 7.83 cents**
 - FY2020: basic loss per share of 8.12 cents
- ▲ **HEPS at 6.09 cents**
 - FY2020: headline loss per share of 7.97 cents
- ▲ **SepCem equity accounted earnings of R15,9 million**
 - FY2020: earnings R0,5 million

MÉTIER MIXED CONCRETE

- ▼ **Sales revenue of R634,4 million**
 - FY2020: R727,0 million
- ▲ **EBITDA of R55,2 million**
 - FY2020: R34,7 million
- ▲ **EBITDA margin of 8.7 %**
 - FY2020: 4.8%
- ▲ **EBIT margin of 5.2% at R33,2 million**
 - FY2020: 1.7% at R12,1 million
- ▲ **Net profit after tax of R16,6 million**
 - FY2020: net loss R0,6 million

SEPHAKU CEMENT

*SepCem has a December year-end as a subsidiary of Dangote Cement PLC *.*

- ▲ **Sales revenue of R2,4 billion**
 - FY2020: R2,2 billion
- ▲ **EBITDA of R382,0 million**
 - FY2020: R359,0 million
- ▼ **EBITDA margin of 15.9%**
 - FY2020: 16.4%
- ▲ **EBIT margin of 9.1% at R219,4 million**
 - FY2020: 8.2% at R178,8 million
- ▲ **Net profit after tax of R44,4 million**
 - FY2020: net profit R1,3 million

** FY2020 refers to the 12 months ended 31 December 2019 for SepCem because the associate has a December year-end.*

GROUP INCOME GENERATION

Positive earnings due to Métier & SepCem improved performance

- Group net profit after tax increased by R37,3 million due to:
Métier Mixed Concrete
- Métier's turnaround process resulted in increased earnings
 - sustainable lower costs
 - income from the disposal of under-utilised assets
- Increase in EBITDA and EBIT by approximately R21 million
 - despite a 13% decrease in revenue due to a 15% decline in sales volumes

Sephaku Cement

- Equity accounted profit increased by R15,4 million
 - 9% increase in sales volumes
 - 10% savings through COVID - 19 related cost reduction initiatives

Sephaku Holdings

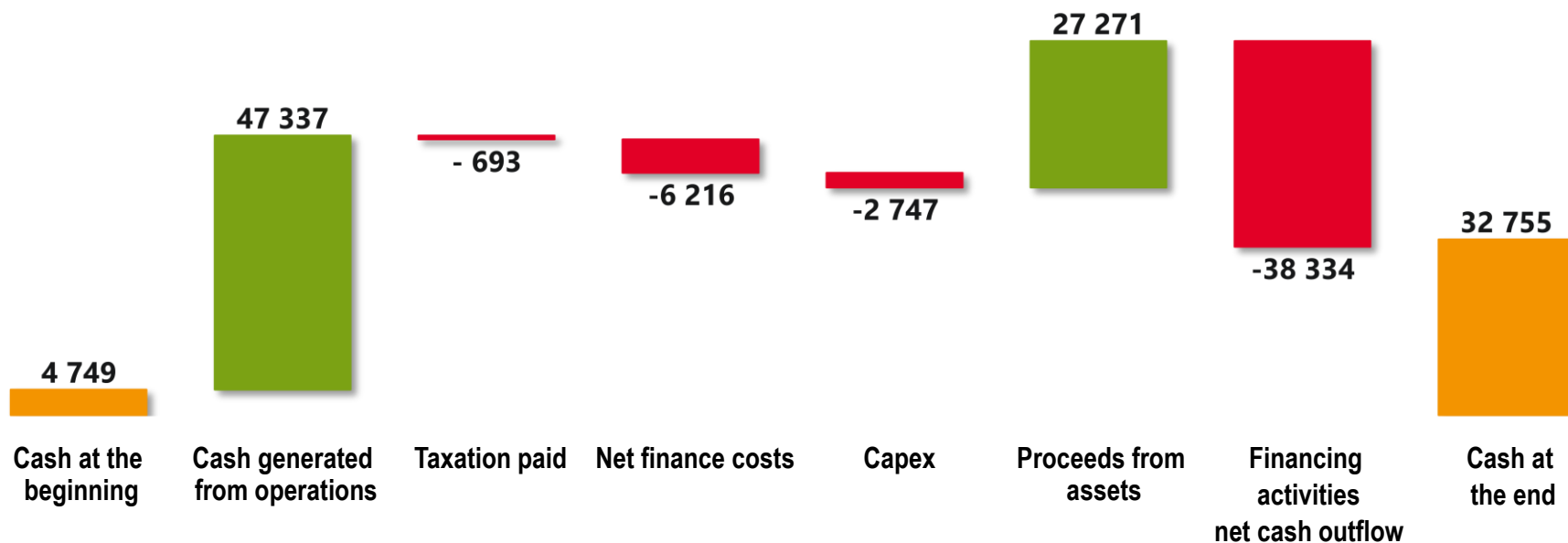
- R4 million decrease in expenses



IMPROVED GROUP CASHFLOWS

Supported by positive earnings and disposal of under-utilised assets

Cash flow analysis (R'000)

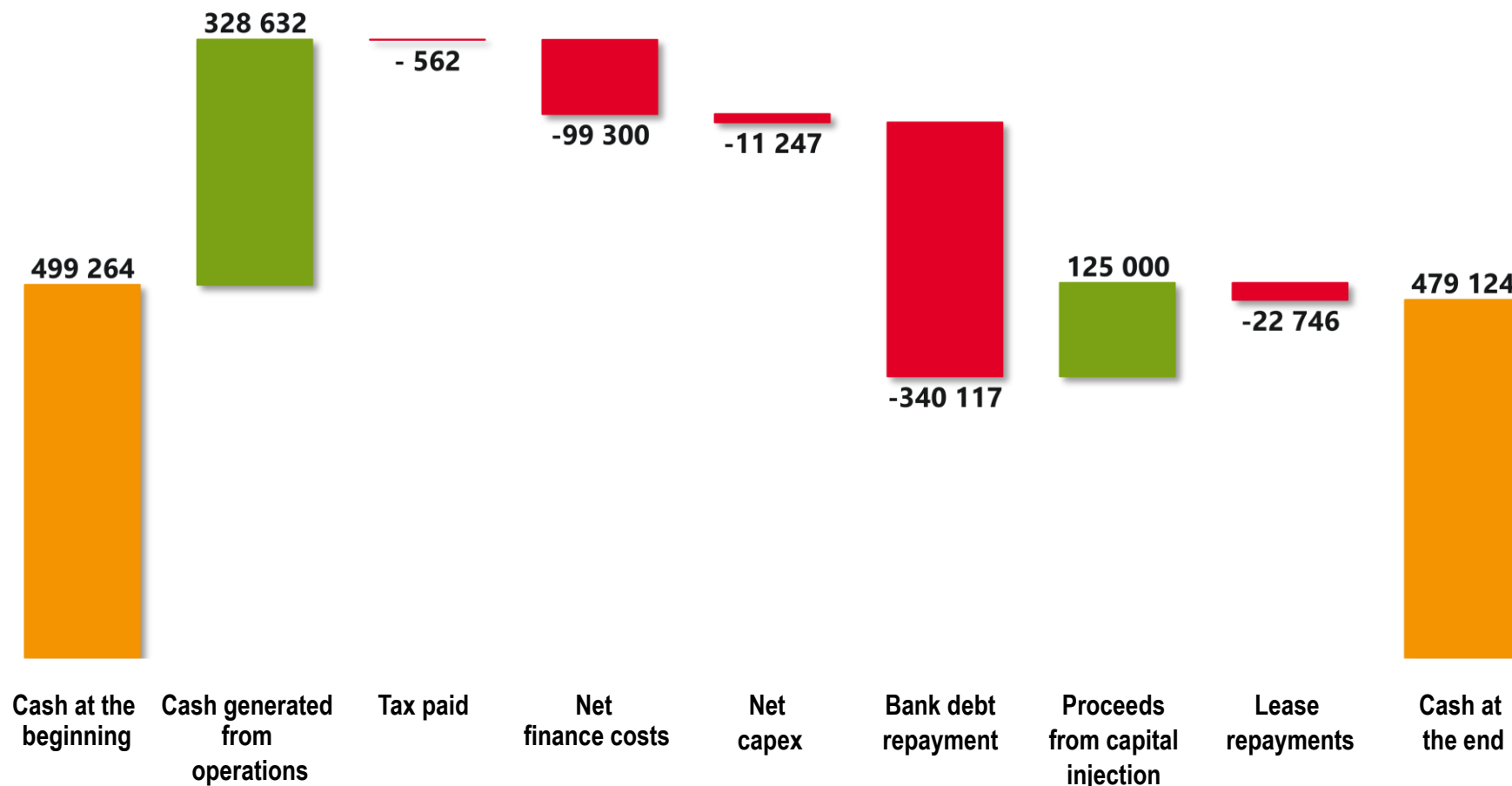


- Cash generated from operations increased by R13 million due to positive earnings
- Maintenance capex of R3 million at Métier
- Proceeds from sale of Midrand property at R18,5 million and disposal of under-utilised assets at R8,8 million
- Net outflow in financing activity constituting R22 million repayment of bank loan and R16 million total lease payments

SEPCEM CASHFLOWS marginally lower

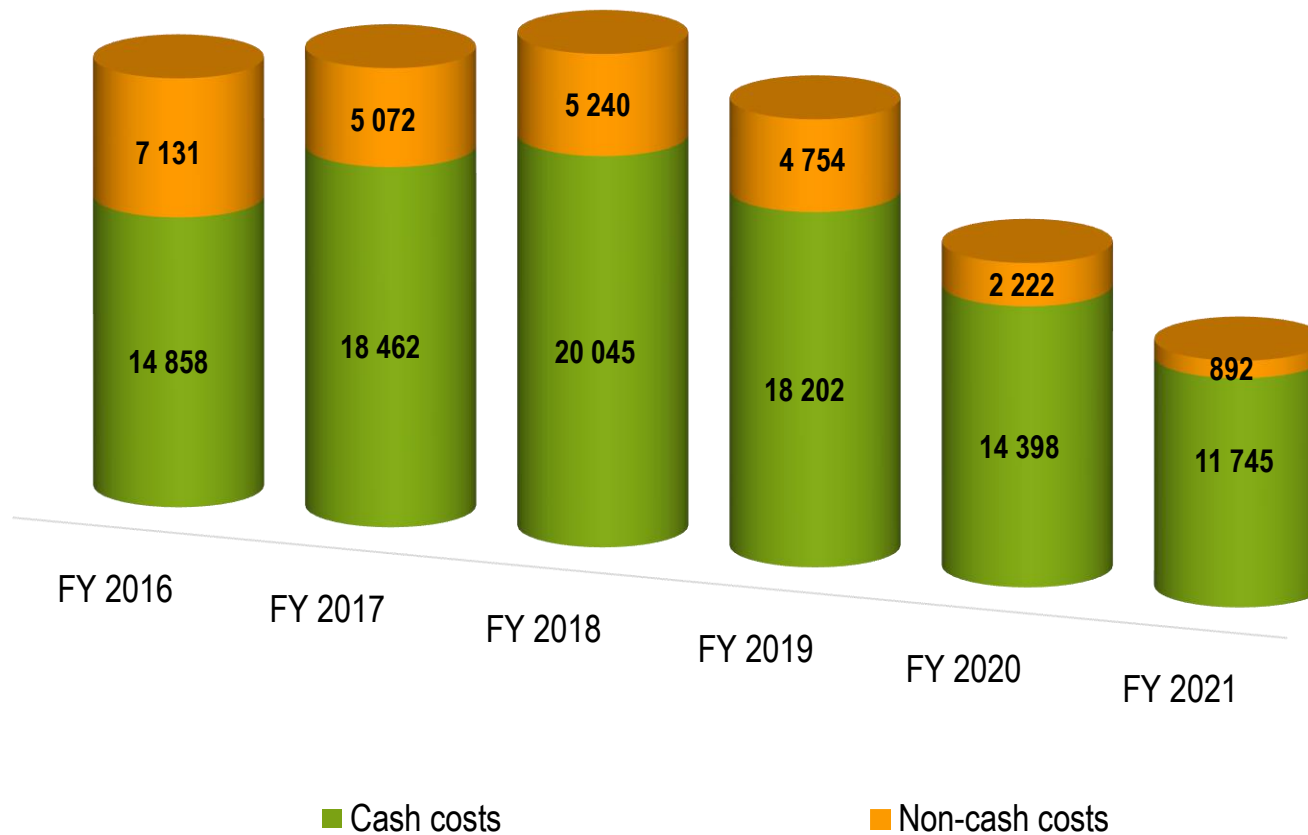
Supported by shareholders' capital injection

SepCem cash flow analysis (R'000)



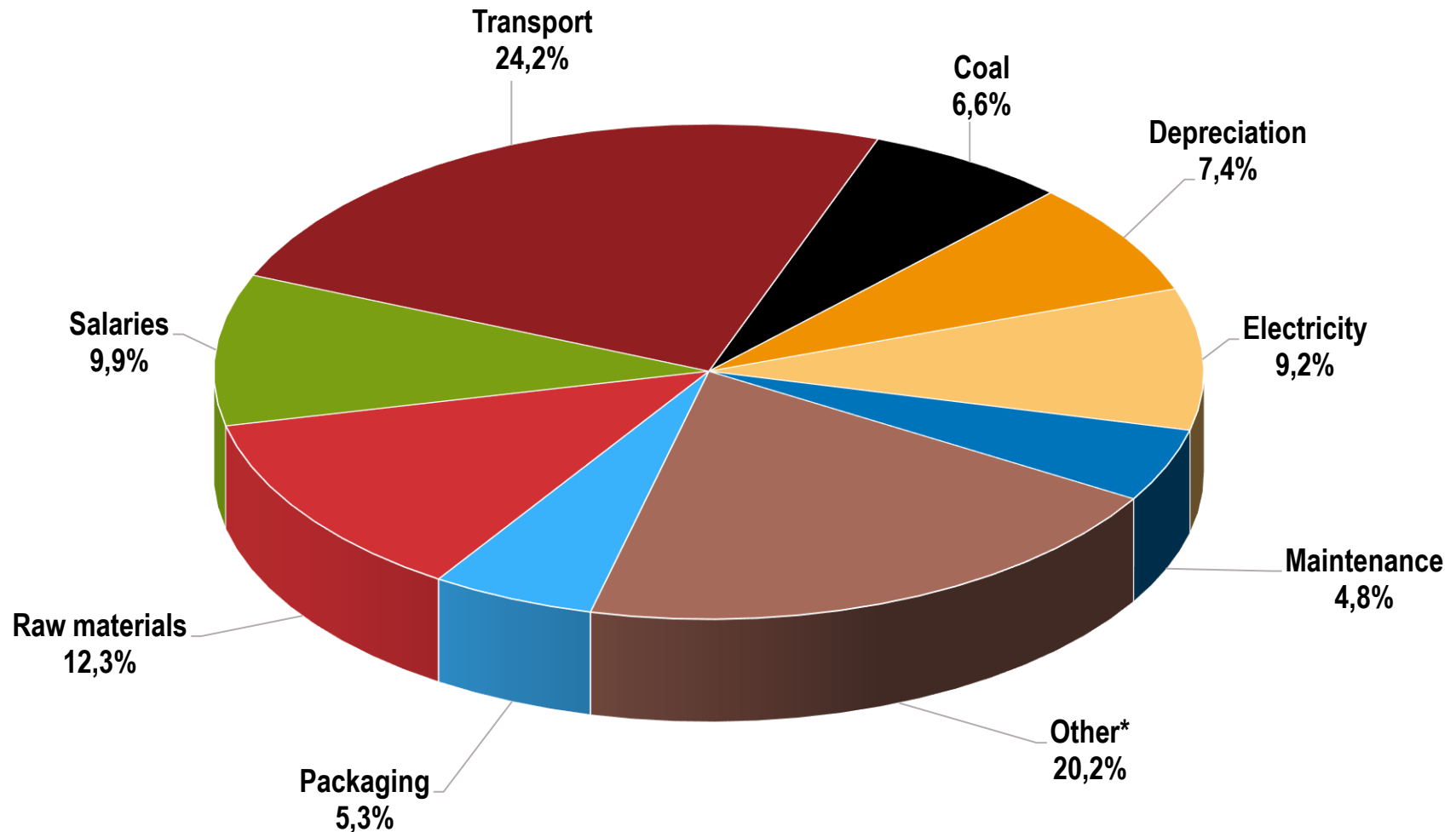
SEPHOLD COST REDUCTION UPDATE

Total expenses reduced by 24% to R12,6 million



SEPCEM COST BREAKDOWN

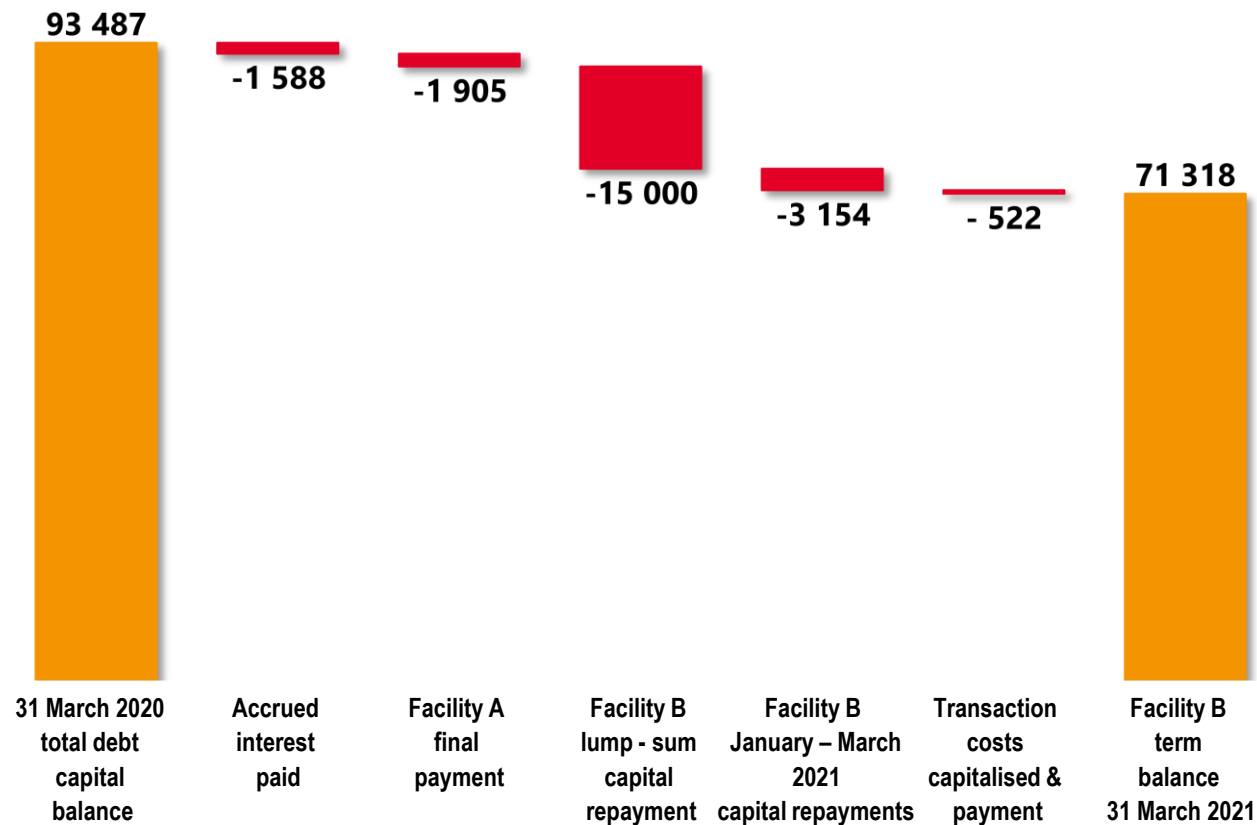
Cost control a priority for SepCem



* Other including pallets, refractories & clinker transfer cost

MÉTIER TERM LOAN REDUCED BY 24%

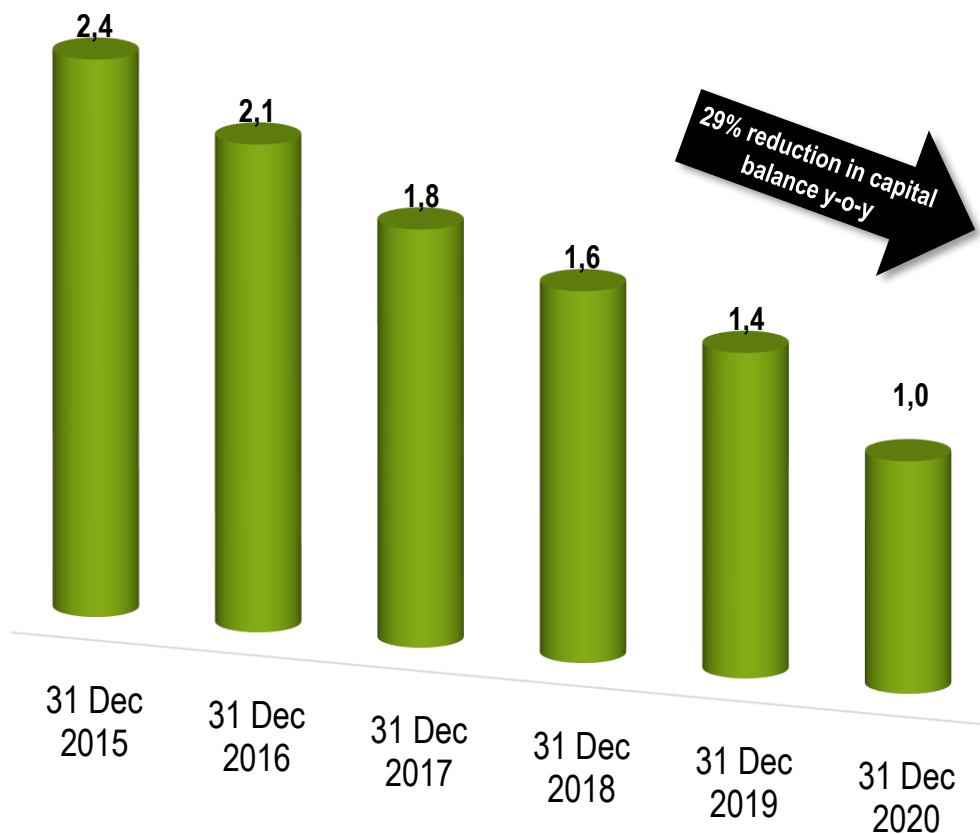
Métier bank debt profile (R'000)



- Facility B at quarterly interest rate of JIBAR plus 5% at year – end equating to 8.51%
- Bullet capital payment of R15 million end of August 2020 reduced the facility B capital balance to R75 million

SEPCEM CONTINUED TO REDUCE BANK DEBT

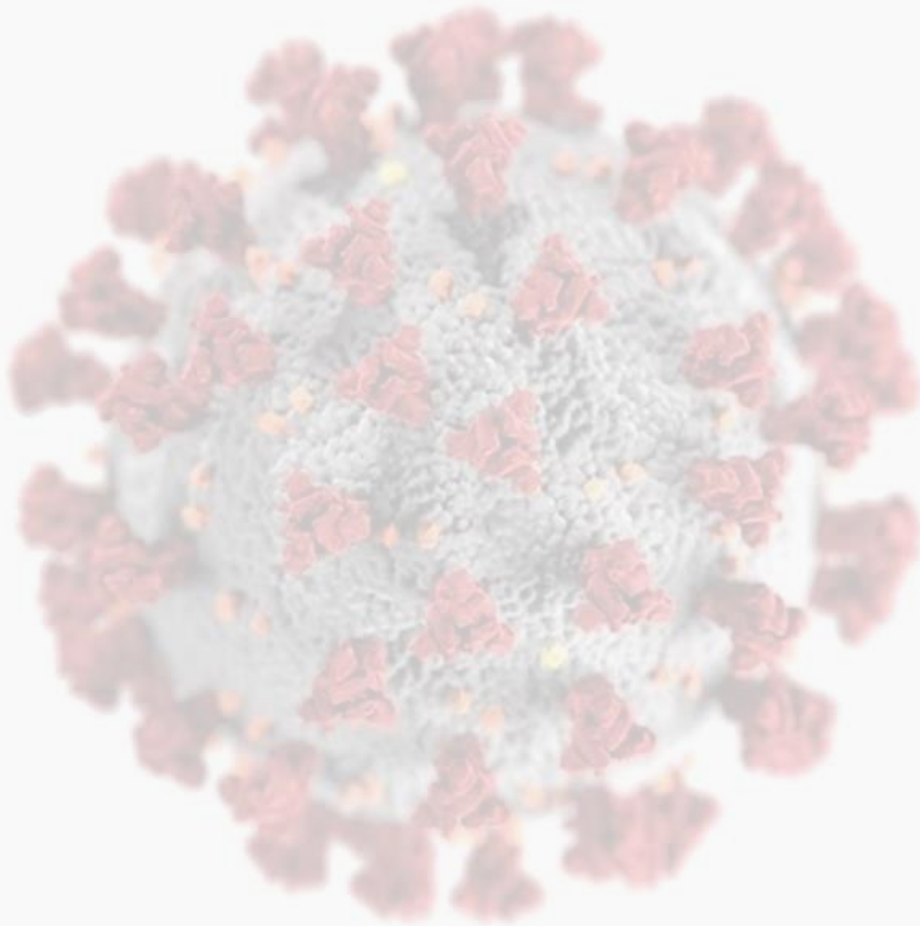
SepCem bank debt profile (R billion)



- Total debt payments R450 million
 - R340 million capital and R110 million interest
 - Bank debt balance of R1,03 billion at 31 December 2020
 - Interest at 3 – month JIBAR plus 4.5% equating to 7.8%
- Shareholder R125 million capital injection to be converted to a loan
- Dangote Cement PLC loan balance at R581 million (FY2020 : R521 million) at interest rate of 3 – month JIBAR plus 4%

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COVID-19 IMPACT



COVID-19 IMPACT ON VALUE CREATION PILLARS

VALUE CREATION PILLAR	MÉTIER	SEPCEM
SERVICE EXCELLENCE: <i>driven by our high-performance culture which distinguishes us from our competitors and improves our value proposition.</i>	COVID-19 impacts on the ability of the operations to implement customer service	
	Métier supplied all its customers without disruptions. Functionality and use of the proprietary sales digital application was enhanced to ensure all customer inquiries were expediently addressed.	Virtual platforms used effectively to maintain customer relationships. Physical engagement with key customers replaced by virtual meetings, which were more frequent, equally efficient and highly effective.
TECHNICAL SKILLS & INDUSTRY EXPERIENCE: <i>are critical to the group's ability to achieve its strategic objectives and to understanding the building materials market dynamics to maximise profitability.</i>	COVID-19 impacts on the preservation of critical skills and experience	
	Métier retained all its key technical skills that were enhanced by the return of the founding CEO.	Retained all critical skills and retrenchments were avoided through effective implementation of other cost saving initiatives.
LEADING TECHNOLOGIES: <i>produce high-quality cement and ready-mixed concrete.</i>	COVID-19 impacts on the maintenance of the leading technologies	
	Product quality conformance sustained during period.	Alternative sources of raw material to replace supply negatively impacted by the restrictions. Product quality conformance sustained during period.
STRATEGIC RELATIONSHIPS & DEAL-MAKING ABILITIES: <i>position the group as a major South African manufacturer of building and construction materials.</i>	COVID-19 impacts on the ability to maintain strategic relationships	
	There was no significant impact on the ability to sustain the subsidiary's strategic relationships.	Strategic retail partners were serviced throughout the period.
SUSTAINABILITY: <i>emphasises responsible mining and manufacturing by continually seeking ways to minimise our negative environmental impacts.</i>	COVID-19 impacts on the ability to implement sustainability initiatives	
	Number of environmental audits were limited by the pandemic restrictions.	Surpassed targeted use of alternative waste fuels.

COVID-19 COST SAVINGS

Business continuity prioritised

Métier

- Executive management and employees salaries reduced by up to 50% from April to June 2020
- Extensive cost reduction at Métier through the turnaround strategy;
 - Reduced compensation costs by 6%
 - Reduced transport costs by 5%
 - Limited capex to maintenance
 - Fixed cost reduction was a key focus area

SepCem

- Revised the capex plan by cancelling or postponing projects
- Optimised operational processes such as power consumption
- Revised overhead expenditure
- SepCem applied the principle of 'no work , no pay' during lockdown
 - reduced bonuses and other benefits
 - salary increases frozen



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OPERATIONAL REVIEW



To reduce debt

- Reduced debt capital balance by 23% to R71 million

To evaluate potential new markets

- Identified the Western Cape as an expansion opportunity for Métier's national footprint

To enhance customer focus to accurately understand their needs and deliver an enduring experience

- Prudent support of customers through continued supply of ready-mixed concrete despite late payments



To further reduce debt

- By 31 December 2020 had reduced the project debt capital to R1,17 billion including R125 million shareholder capital injection to be converted to a loan at an interest of 3-month JIBAR plus 4%

To be vigilant on cost control

- Achieved 10% in savings by implementing initiatives to mitigate the negative impact of lockdown restrictions

To attain the social and labour plan approval

- Post-period progress through engagement with the DMRE minister to expedite the achievement of this goal in FY 2022

To conclude on alternative fuels

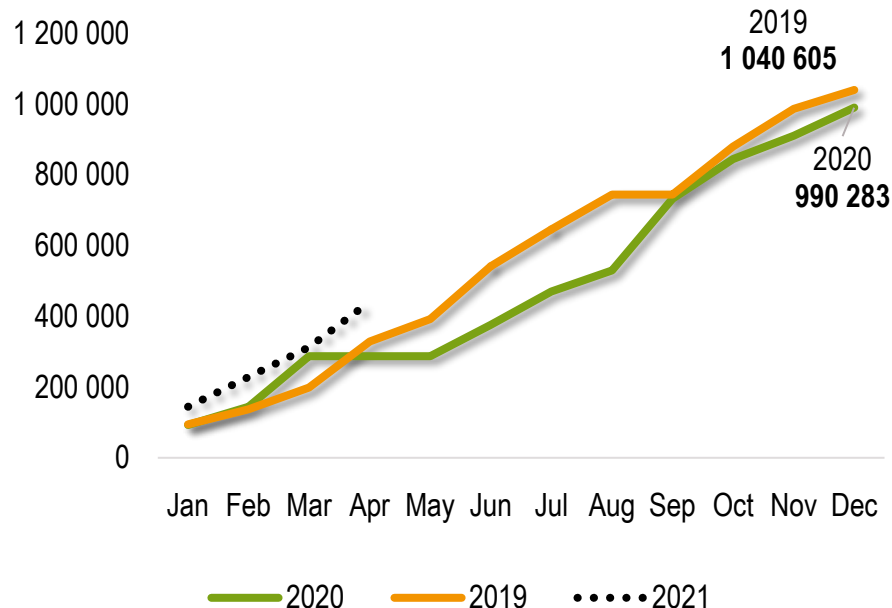
- SepCem achieved 18.8% thermal substitution rate compared to the targeted 11.9%



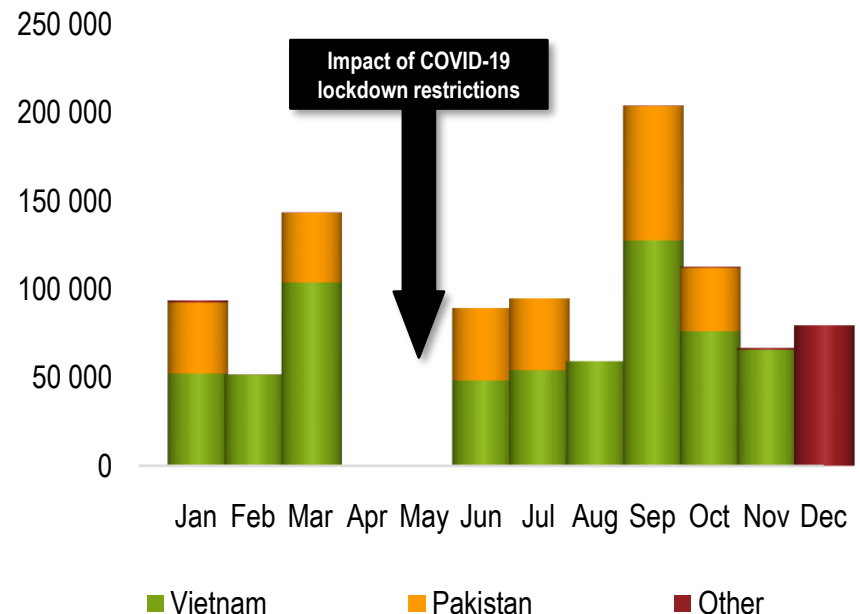
CEMENT IMPORT VOLUMES

Total imports continued intensifying competition in coastal markets

Cumulative annual imports (tonnes)



Monthly imports by source : 2020 (tonnes)



- Imports were approximately 990Kt for FY 2020
- Approximately 76% (752 Kt) of the annual volumes imported through Durban
- Approximately 64% (634Kt) imported from Vietnam
- Approximately 79 Kt imported in December 2020 with 53Kt from Oman through Durban and 25k from China through Cape town
- Approximately 441Kt cumulatively imported by April 2021
 - 69% from Vietnam , 27% from Pakistan and 79% via Durban

SEPCEM FIRST QUARTER TO 31 MARCH 2021

- Revenue increase of 16% to R 541 million
- SepCem sales volumes increased by 6%
 - Due to continued demand in bagged cement
- Effective price increase of 6% to 8% per tonne
- Q1 profitability impacted by scheduled annual kiln maintenance shutdown and shortage of clinker
 - High cement demand in H2 2020 limited SepCem's ability to accumulate sufficient clinker stockpiles



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OUTLOOK



OPERATING ENVIRONMENT REMAINS UNCERTAIN

Focus to remain on debt management and cost control

- Residential building expected to remain the sub-sector of growth through CY 2021
- Immediate demand 'stimulus' effect of cheaper mortgages expected to subside in the absence of improved production levels
- Group focus will be:
 - To reduce debt at both Métier and SepCem
 - To be vigilant on cost control
 - To expand Métier plant footprint to the Western Cape

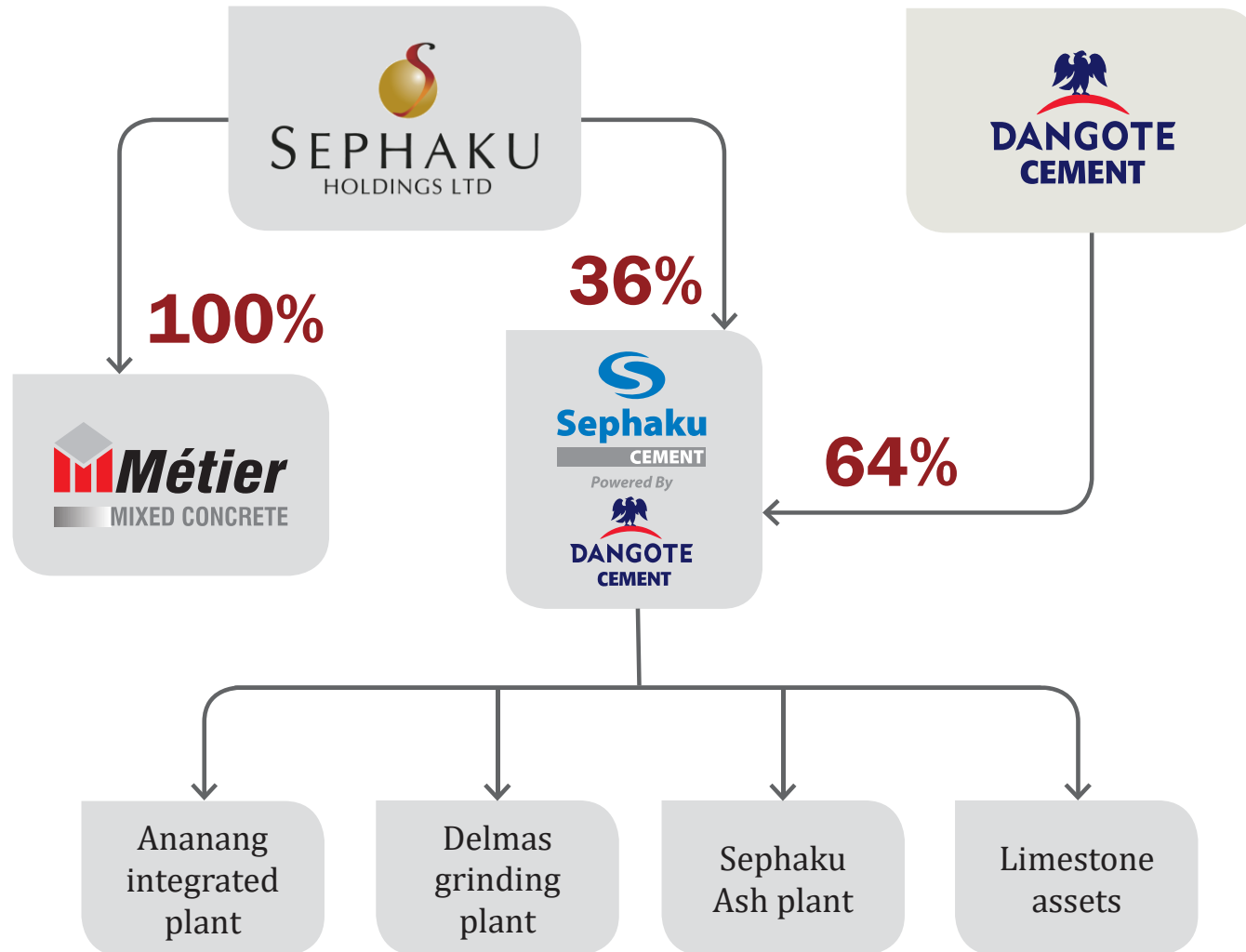


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APPENDICES



THE SEPHAKU HOLDINGS STRUCTURE



- The South African cement and ready mixed concrete manufacturing sector presents promising growth opportunities through infrastructure development
- The Group invests in modern, efficient capacity for this sector and is well positioned to capitalise on opportunities to generate growth and create value for shareholders over the long term

The group strives for sustainable returns through



Strategically focusing on the building and construction materials sector and its potential earnings and growth opportunities



State-of-the-art production plants with cost efficiencies that enhance competitiveness



Profitable concrete operations with a renowned concentration of technical skills that provide solid earnings and positive net operating cash flows



Operational management with deep industry skills and experience, and the ability to successfully execute the strategic objectives

**The group's strategic objectives focus on financial sustainability,
product quality and operational efficiency**

Maintain sustainable sales volumes

- Achieve targeted sales volumes
- Produce high-quality products

Maximise margins

- Source competitively priced inputs
- Reduce expenses
- Rationalise distribution

Strengthen balance sheets

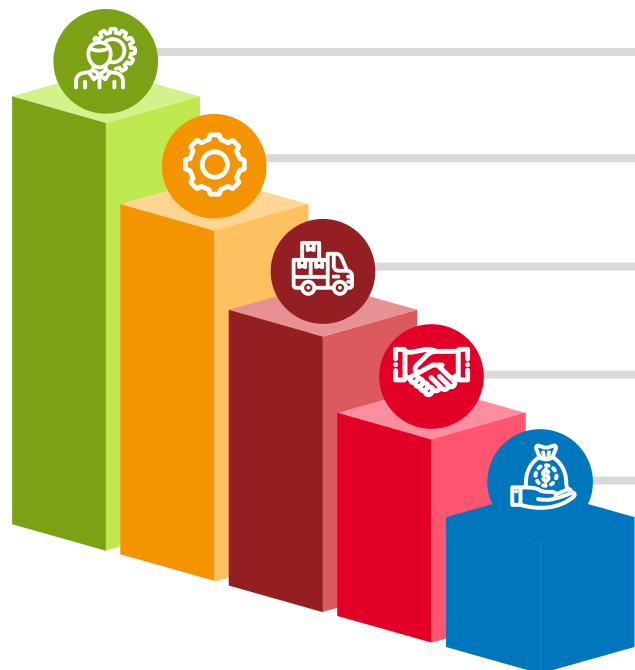
- Focus on reducing debt

Increase free cash flow

- Prudent debtor management
- Increase pricing

The group's five value creation pillars are based on its founding principles and core values

- The values are reflected in the codes of ethics and conduct to obligate the board, executive management and employees to act ethically
- The directors and employees are required to conduct business with stakeholders in line with these codes
- The board reviews the codes of ethics biannually to ensure it sufficiently inculcates a group-wide ethical culture



Technical skills and industry experience

are critical to the group's strategy and to our understanding of the building and construction materials market dynamics to maximise profitability

Leading technologies

enable us to produce the highest-quality cement and mixed concrete

Service excellence

distinguishes us, and is driven by our high-performance culture, and improves our value proposition

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

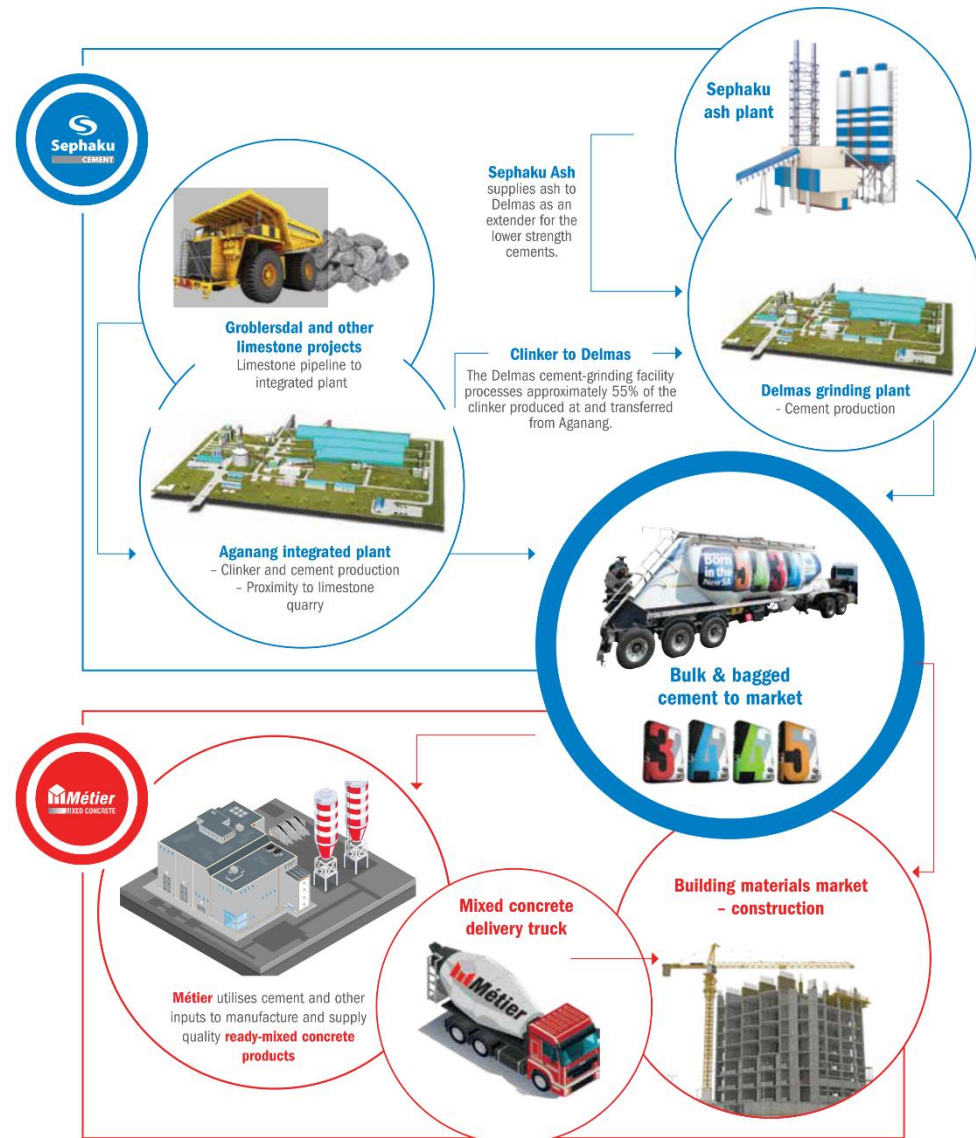
VALUE CREATION PROCESS

The group's manufacturing and exploration projects aim to create sustainable shareholder value by enhancing the five value creation pillars on which earnings and growth are based.

Métier and Sephaku Cement create value for the group's stakeholders through the production of concrete and cement respectively.

The operations utilise the cash they generate, equity from shareholders and borrowings from lenders to source inputs and services to sustainably manufacture building materials.

The group recognises that business sustainability entails environmental and social responsibility. To that effect, Métier and SepCem have ongoing and planned initiatives to mitigate their negative environmental impact and to uplift communities surrounding their operations.



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