



Sephaku Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2005/003306/06)
Share code: SEP
ISIN: ZAE000138459

Operational update

Sephaku Cement successfully reaches steady state production in May as envisaged and continues to increase product presence in its targeted markets.

Sephaku Holdings Limited (“SepHold”) is pleased to advise its shareholders that Sephaku Cement (Pty) Ltd (“SepCem” or “associate”) has been operating uninterrupted at steady state capacity since May 2015. SepHold would like to also confirm that the Aganang integrated plant performance tests for completion were successfully concluded in July 2015 and the major equipment including the kiln is performing above the guaranteed levels.

SepCem has continued to enhance its share of the market as confirmed by the Dangote Cement PLC unaudited interim results released on 31 July 2015 in which the associate’s revenue for the 6-month period ended June 2015 was just above R1 billion rands at an EBITDA of 21%. This performance can be compared to R919 million at an EBITDA of 14% achieved during ramp up for the 12-month period to the end of December 2014 and a fourth quarter EBITDA of 26% from October 2014. The lower than targeted interim margin was mainly due to the six and a half week kiln downtime, two weeks of which was planned maintenance. The buffer clinker stock was depleted by the end of four weeks and resulted in the loss of approximately 37% of the average sales volume in April but by May the volumes had returned to normal levels. The sales performance to date reflects a positive trend towards SepCem achieving its targeted revenues for the second half of the year in spite of the highly competitive landscape.

The industry demand growth rate for 2015 is anticipated to be approximately 3.5% to 13.8 million tonnes against a production capacity of approximately 16 million tonnes based on clinker output. This projected demand does not include potential volumes from Botswana, Lesotho and Swaziland. SepCem has been widely and positively accepted as a mainstream producer and is well positioned to further entrench itself as a formidable cement manufacturer in South Africa.

Métier Mixed Concrete (Pty) Ltd (“Métier”), a wholly owned subsidiary, continues to perform well and SepHold is pleased to advise that Métier is supplying concrete to the four anchor contracts attained in April 2015. The scale of the contracts range from 50,000m³ to 75,000m³.

RMB MORGAN STANLEY OFF PISTE CONFERENCE : 30 September – 2 October 2015

SepHold is participating at the RMB Morgan Stanley hosted investor conference and the presentation that summarises the performance of the group to date can be downloaded from www.sephakuholdings.com

Any reference to operational or future financial performance included in this announcement, has not been reviewed or reported on by the company's auditors.

Authorised by

Chief executive officer

Dr. Lelau Mohuba

30 September 2015

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Sponsor to Sephaku Holdings: Questco (Pty) Ltd

About Sephaku Holdings Limited

Sephaku Holdings Limited (SepHold) is a building and construction materials company with a portfolio of investments in the cement sector in South Africa. The company's core investments are a 36% stake in Sephaku Cement (Pty) Ltd and 100% in Métier Mixed Concrete (Pty) Ltd. SepHold's strategy is to generate income and realise value for shareholders through the production of cement and ready-mixed concrete in southern Africa.

www.sephakuholdings.com