

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



Summarised audited consolidated annual financial results for the year ended 31 March 2020

Short form announcement

Sephaku Holdings Limited (“SepHold” or “the Company”) hereby reports on the group’s summarised audited consolidated annual financial results for the year ended 31 March 2020. SepHold, Métier Mixed Concrete (Pty) Ltd (“Métier” or “the subsidiary”) and Dangote Cement SA (Pty) Ltd (“SepCem” or “the associate”) are collectively referred to as the group.

SALIENT POINTS

SepHold

- Group consolidated revenue at R727 million (2019: R836 million)
- Operating loss at R4,6 million (2019: operating profit R14,7 million]
- Net loss after tax at R17,4 million (2019: net profit after tax R44,0 million)
- Basic loss per share at 8.12 cents (2019: basic earnings per share 21.21 cents)
- Headline loss per share at 7.97 cents (2019: headline earnings per share 21.08 cents)
- Net asset value per share at 432.54 cents (2019: 521.25 cents)
- SepCem equity accounted earnings at R0,5 million (2019: R46,3 million)

Métier

- Sales revenue at R727 million (2019: R836 million)
- EBITDA margin at 4.8% at R34 million (2019: 6.2% at R52,2 million)
- EBIT margin at 1.7% at R12,1 million (2019: 4.7% at R39,0 million)
- Loss after tax of R0,6 million (2019: net profit after tax of R21,5 million)

SepCem¹

- Sales revenue at R2,2 billion (2019: R2,3 billion)
- EBITDA margin at 16.4% at R359,0 million (2019: 20.2% at R464,0 million)
- EBIT margin at 8.2% at R178,7 million (2019: 12.2% at R280,6 million)
- Profit after tax at R1,3 million (2019: R128,7 million)

¹ SepCem has a December year-end as a subsidiary of Dangote Cement PLC. The FY 2020 figures are for the 12 months ended December 2019 and FY 2019 figures are for the 12 months ended 31 December 2018.

Remarking on the results, Chief Executive Officer, Neil Crafford–Lazarus said,

“The building materials industry has been impacted by the continued decline in demand as both public and private infrastructure investment decrease. The challenges we have experienced in the past several years are well known however, our focus on the sector is informed by our executive’s extensive knowledge and expertise in the construction value chain. We are convinced that our strategy will result in exceptional returns for shareholders in the long term and remain fully committed to being a renowned manufacturer of high-quality building materials.

The concrete sector performance is closely linked to the highly cyclical construction industry. The longer the period of the business cycle contraction, the more the infrastructure investment declines. By March 2020, South Africa had experienced over 70 months of a downturn in the business cycle, the longest on record. The low barriers to entry and their lower operating costs provided an impetus to the independent mixed-concrete manufacturers to use aggressive pricing tactics to secure supply contracts. The aggregates producers intensified the competition by increasing the opportunistic production and supply of mixed concrete. Despite these daunting challenges, we have developed counter strategies to ensure the successful implementation of Métier’s strategic objectives going forward.

For cement manufacturing, the contest between primary manufacturers, blenders and importers ensued during the year. Cement demand was largely constrained with a significant decline observed in the rural consumer markets which have been the driving force for bagged cement demand since 2018. The Statistics South Africa data on building plans completed as approved by the large municipalities recorded unexpected year-on-year (y-o-y) quarterly growth as large construction projects such as Fourways Mall and The Leonardo were being completed. The reality on the ground was better reflected by the sharp contrast of the leading indicator in building plans passed that recorded y-o-y quarterly decline throughout 2019 resulting in an annual contraction of 12.6% following -1.4% in 2018.

In this unprecedented time of COVID-19, the welfare of all stakeholders, especially our employees, is critical to business continuity. To that effect, I am pleased to state that the operations have demonstrated the ability to respond quickly to create a safe workplace for all group employees. Numerous measures to mitigate workplace exposure to the virus are in place and regularly assessed for efficacy.”

Audit report

The Company’s independent auditor, BDO South Africa, has issued an unqualified audit opinion. The independent auditor’s report includes a section on key audit matters. The key audit matters raised in the auditor’s report relates to assessment of goodwill for Impairment and Investment in Subsidiary. The full auditor’s report is available on the Company’s website: www.sephakuholdings.com/investor-centre/results-and-reports

Annual General Meeting

The annual general meeting ("AGM") of SepHold shareholders will be held by way of electronic communication at 10:00 (SA time) on Monday, 14 September 2020. A letter to SepHold shareholders containing, *inter alia*, the summarised audited financial results for the year ended 31 March 2020 and the Notice of the AGM has, today, been distributed to SepHold shareholders and is also available on the Company’s website: www.sephakuholdings.com/investor-centre/results-and-reports

Analyst results presentation conference call

A results conference call for analysts will be at 10:00 (SA time) on Friday, 14 August 2020. Registration is required and can be done using the following link to obtain the dial-in details:

SEPHAKU HOLDINGS FY 2020 FINANCIAL RESULTS PRESENTATION

The results presentation can be downloaded from the Company website from 9:45 on Friday , 14 August 2020 on the following link: <https://sephakuholdings.com/investor-centre/presentations/>

Directors statement

The contents of this short-form announcement are the responsibility of the board of directors of the Company. Shareholders are advised that this short-form announcement represents a summary of the information contained in the full announcement, published on the Stock Exchange News Service (SENS) at

<https://senspdf.jse.co.za/documents/2020/JSE/ISSE/SEP/FY2020.pdf>

and on SepHold's website at www.sephakuholdings.com

The full announcement is available for inspection at no charge during normal business hours at SepHold's registered office. Copies of the full announcement may also be requested by email at info@sephold.co.za

Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement as a whole, and shareholders are encouraged to review the full announcement, which is available for viewing on SENS and on the Company's, website set out above.

11 August 2020

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About Sephaku Holdings Limited

Sephaku Holdings Limited is a building and construction materials company with a portfolio of investments in the cement and mixed concrete sectors in South Africa. The company's core investments are a 36% stake in Dangote Cement South Africa (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