



**INTERIM FINANCIAL RESULTS PRESENTATION
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

16 NOVEMBER 2020

The information contained in this presentation has not been subject to any independent audit or review and may contain forward-looking statements, estimates and projections. 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, events and generally may be identified by the use of forward-looking words or phrases such as "believe", "target", "aim", "expect", "anticipate", "intend", "project", "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.

Whilst all reasonable care has been taken to ensure that the facts stated herein are accurate and that the opinions and expectations contained herein are fair and reasonable, it has not been independently verified and no representation or warranty, expressed or implied, is made by Sephaku Holdings or any subsidiary or affiliate of Sephaku Holdings with respect to the fairness, completeness, correctness, reasonableness or accuracy of any information and opinions contained herein. In particular, certain of the financial information contained herein has been derived from sources such as accounts maintained by management of Sephaku Holdings in the ordinary course of business, which have not been independently verified or audited.

Neither Sephaku Holdings nor any of its respective affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss or damage howsoever arising from any use of this presentation or its contents, or any action taken by you or any of your officers, employees, agents or associates on the basis of this presentation or its contents or otherwise arising in connection therewith. Although Sephaku Holdings believes that estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may materially differ. As a result, you should not rely on these forward-looking statements. Sephaku Holdings undertakes no obligation to update or revise any forward-looking statements.

AGENDA

01

FINANCIAL OVERVIEW

02

OPERATIONAL OVERVIEW

03

OUTLOOK

04

APPENDICES

FINANCIAL SALIENT POINTS

Pandemic lockdown impacted profitability

MÉTIER MIXED CONCRETE

- **Sales revenue of R291,1m**
 - H1 2020: sales revenue R425,8m
- **EBITDA margin of 9.4% at R27,4m**
 - H1 2020: margin 7.0% at R29,9m
- **EBIT margin of 5.5% at R15,9m**
 - H1 2020: margin 4.0% at R17,2m
- **Net profit after tax of R7,5m**
 - H1 2020: net profit after tax R7,7m

SEPHAKU CEMENT

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

- **Sales revenue of R883,7m**
 - H1 2019: sales revenue R996,9m
- **EBITDA margin of 6.8% at R59,8m**
 - H1 2019: margin 15.2% at R151,5m
- **EBIT margin of nil at loss R0,95m**
 - H1 2019: margin 6.2% at R61,5m
- **Net loss after tax of R83,7m**
 - H1 2019: net loss after tax R21,6m

GROUP

- **SepCem equity accounted loss of R30,1m**
 - H1 2020: equity accounted loss R7,8m
- **Net loss after tax of R29,6m**
 - H1 2020: net loss after tax R7,7m
- **Basic loss per share at 11.65c**
 - H1 2020: loss per share 3.70c
- **Headline loss per share at 13.47c**
 - H1 2020: loss per share 4.11c

* Figures for SepCem are for the 6 months ended 30 June 2020

GROUP EARNINGS GENERATION

Sales volume recovery post-lockdown supported SepCem's earnings

Métier Mixed Concrete [Six months ended 30 September 2020]

- Revenue 32% lower YoY due to a 33% decrease in concrete sales volumes
- Increase in operating margin from 4.0% to 5.5% due to a reduction in expenses and income from the sale of assets
- Volumes had normalised by the end of the interim period, but demand continues to be muted due to the low construction activity

Sephaku Cement [Six months ended 30 June 2020]

- Revenue 11% lower YoY due to sales volumes decrease of 8.5% as a result of:
 - General decrease in demand in Q1 ended 31 March 2020
 - Impact of COVID-19 national lockdown in April 2020
 - Impact of the lower priced Falcon brand that was not available in H1 2019
- SepCem implemented price increases of 5% to 9% in January 2020 and February 2020 for bulk and bagged cement, respectively
 - Increases in bulk cement prices held but bagged cement price increases were discounted due to intense competition
 - Bulk volumes recovery after the lockdown was at a slower rate thereby impacting the revenue mix
 - Competitively priced Falcon brand was not available in 2019
- Sales volume recovery in May and June with double-digit average monthly increases compared to 2019

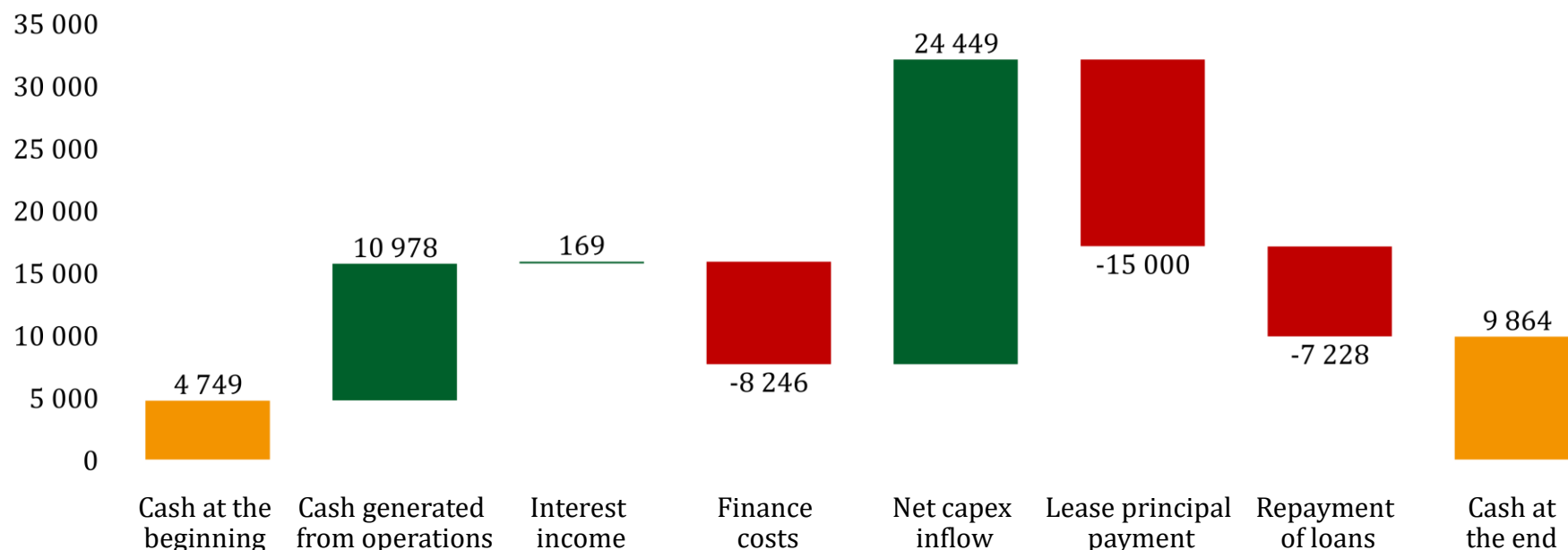
Sephaku Holdings [Six months ended 30 September 2020]

- Head office expenses decreased by 8% YoY to R6,9 million mainly due to COVID-19 related reduction in remuneration

DEBT REPAYMENT PRIORITY FOR THE GROUP

Group cashflows supported by the sale of assets

Group cash flow (R'000)

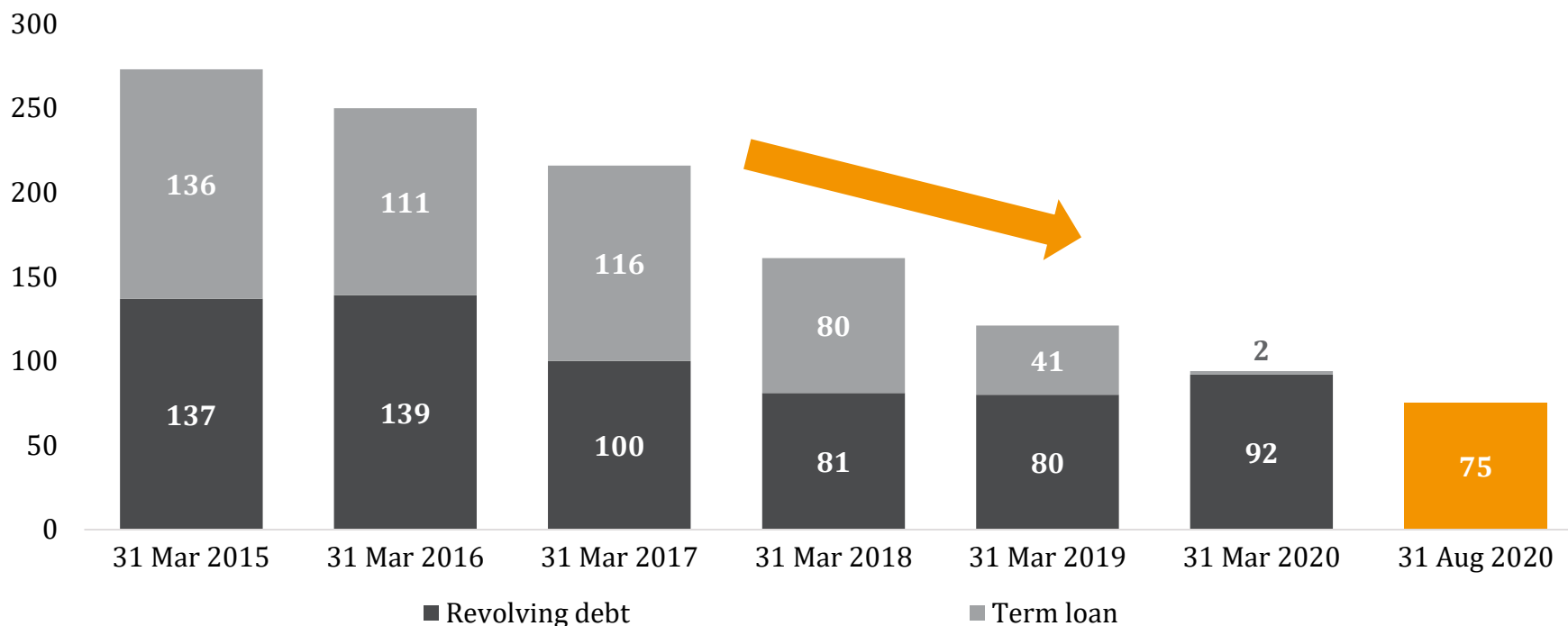


- The finance costs include R4,1 million interest from prior year paid in April 2020
- Métier sale of assets for R8,2 million and the R18,5 million inflow from the sale of the Midrand property supported cashflows
- Bullet payment of R15 million into Métier's bank facility to reduce the capital balance to R75 million done at the end of August 2020

BANK DEBT REPAYMENT PROFILE

Métier reduced its debt capital by 16% in August

Métier bank debt profile (R million)

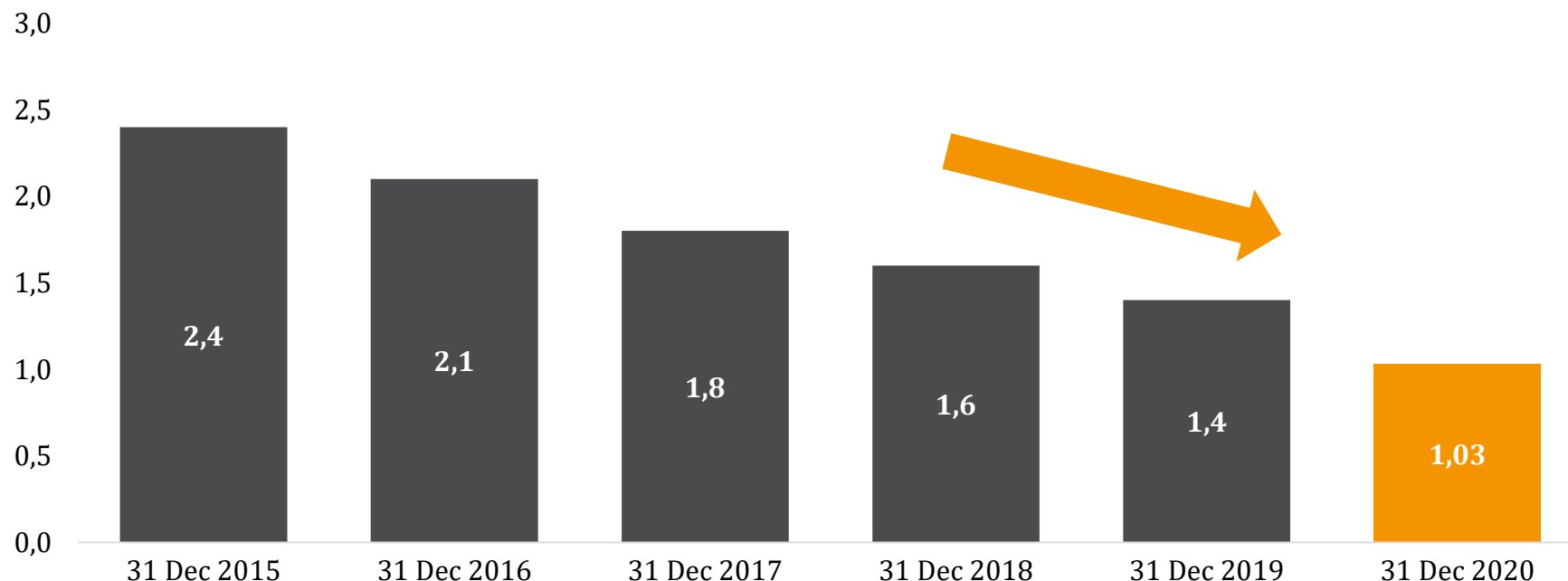


- Métier only servicing interest at Jibar plus 5.25% until December 2020
- Monthly interest and capital repayments to resume in January 2021

BANK DEBT REPAYMENT PROFILE

SepCem has paid over R1 billion towards debt

SepCem project debt profile (R billion)



- Repayment of R250 million of the bank debt including R74 million interest resulting in bank debt capital balance of R1,17 billion
- The R125 million shareholder contribution by DCP in August 2020 and the R25 million in the DSRA, reduced the capital balance to approximately R1,03 billion by the end of the nine months ended 30 September 2020
 - The R125 million considered a shareholder loan at an interest rate of Jibar plus 4.5% which is technically transfer of the debt from the lenders to the shareholders

AGENDA

01

FINANCIAL OVERVIEW

02

OPERATIONAL OVERVIEW

03

OUTLOOK

04

APPENDICES

MÉTIER FIRST HALF PERFORMANCE TO SEPTEMBER 2020

Restructuring and reduction of expenses prioritised

- Cost-saving initiatives included;
 - Lowering transport costs by 5% by enhancing utilisation and reducing of the fleet
 - Cancelling capex in CY 2020 and limited for CY 2021
 - Reducing compensation costs by 6%
- Savings have enabled Métier to fulfil its bank debt commitments in spite of the significant reduction in sales volumes due to the lockdown
- Implementation of strict health and safety protocols has limited the employee exposure to the COVID-19 virus and potential downtime



SEPCEM FIRST HALF PERFORMANCE TO JUNE 2020

Cost saving initiatives due to COVID-19 support cashflows

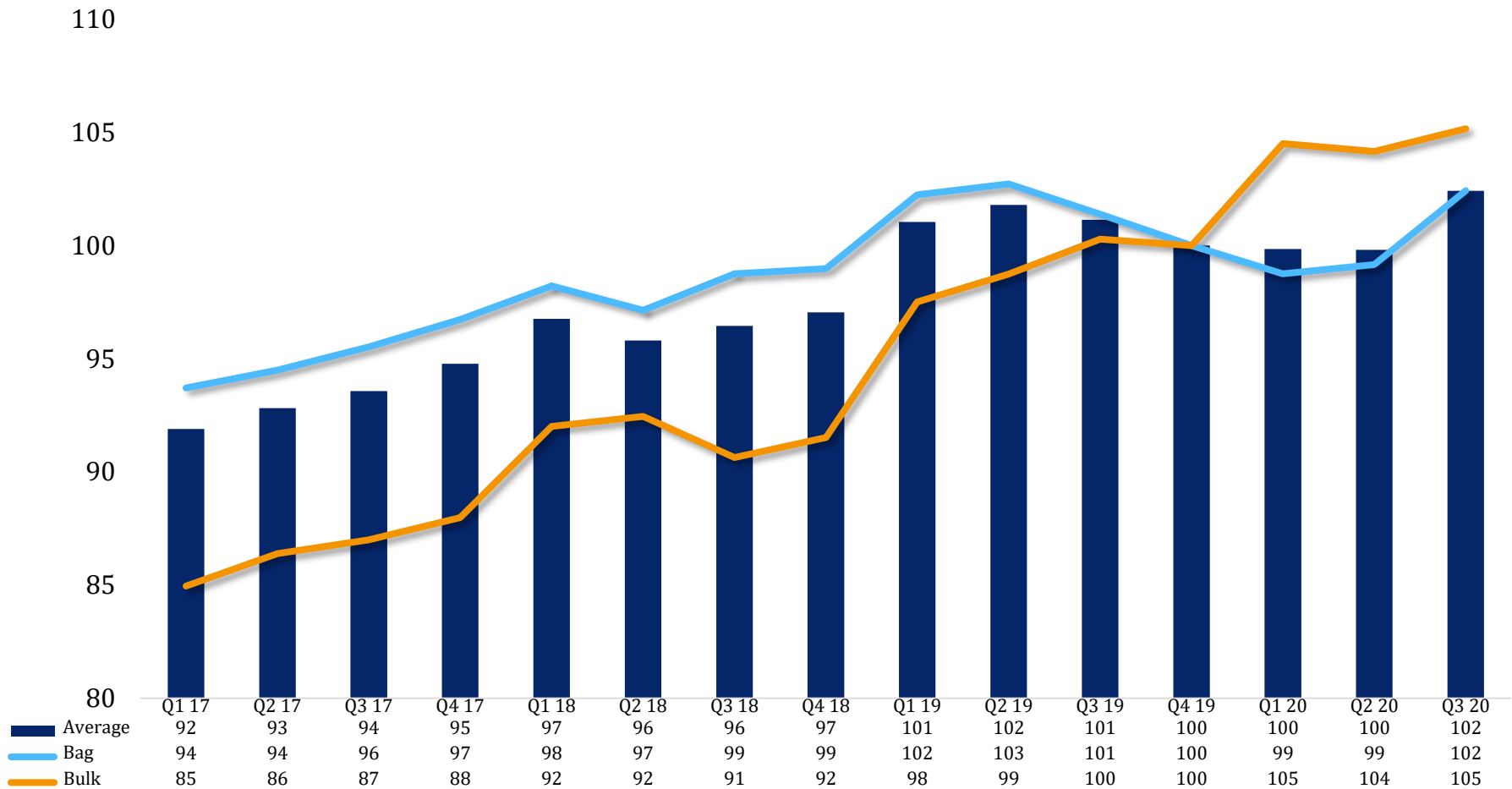
- Revised the capex plan by cancelling or postponing projects
- Optimised operational processes such as power consumption, plant reliability and outputs
 - SepCem has completed a multi-stage plan on the introduction of alternative fuels and implementation is targeted for FY 2021-2022
- SepCem applied the principle of ‘no work , no pay’ during lockdown
 - Reduced bonuses and other employee financial benefits
 - Salary increases frozen until 31 December 2020



SEPCEM PRICING PRESSURE DUE TO LOW DEMAND

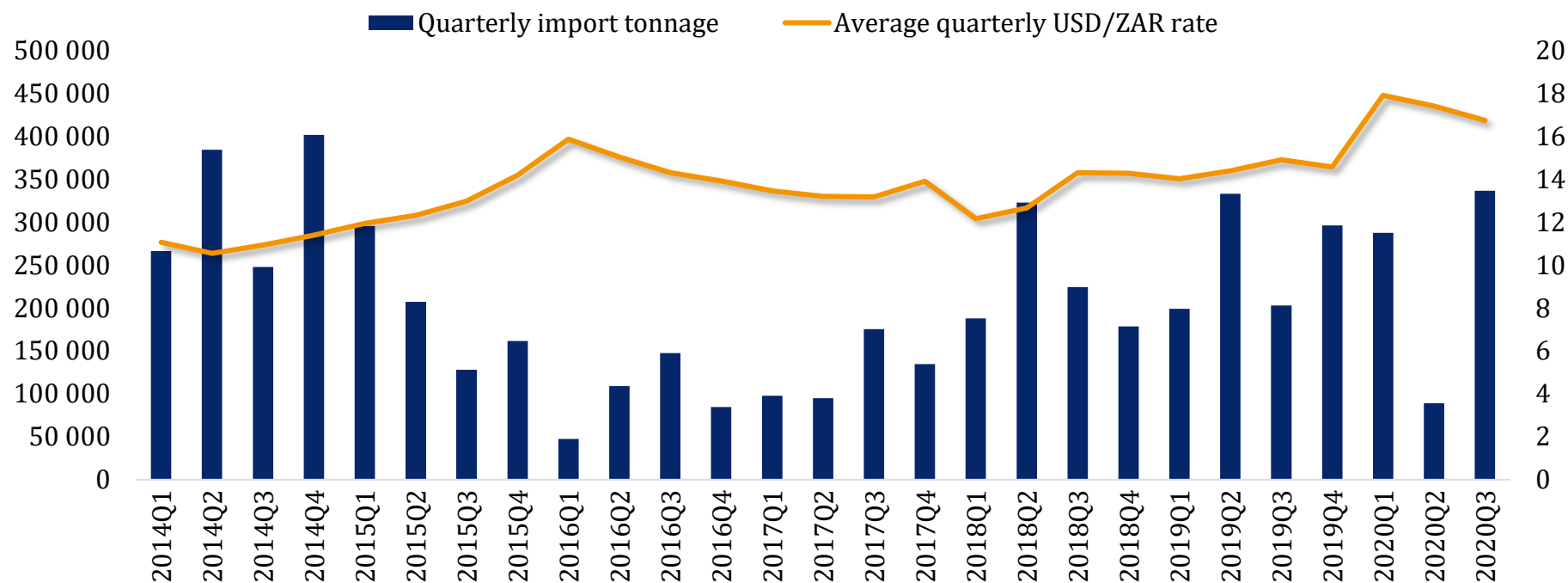
Average cement pricing impacted by product mix

Indexed average pricing per tonne of cement



PROFILE OF QUARTERLY IMPORT VOLUMES

Imports recovery in Q3 2020



- Total tonnage of 376Kt for the 6 months ended 30 June 2020 related to SepCem interim period
 - Approximately 30% YoY decrease from 532Kt in comparative 2019 period
 - 292Kt imported through Durban and 46Kt through Cape Town
 - 255Kt imported from Vietnam and 121Kt from Pakistan
- By end of September 2020, 713Kt had been imported representing a 4% decrease YoY
 - Approximately 92% imported from Vietnam
 - Approximately 71% imported through Durban

SEPCEM THIRD QUARTER PERFORMANCE TO SEPTEMBER 2020

Third quarter sales volume 33% higher Y-O-Y

- Third quarter revenue at R792 million which was a 35% increase YoY due to;
 - Consumers redirecting discretionary income to home improvement
 - Technical plant challenges for two cement manufactures
 - Lower imported cement due to COVID-19 related restrictions
 - Blenders experiencing limited production in post – lockdown
- Third quarter EBITDA margin of 19.4% compared to 18.9% in Q3 2019 due to increased volumes
- Third quarter net profit after tax at R64,5 million (Q3 2019: net loss of R4,8 million)
- Comparative revenue for the nine months ended September 2020 was R1,7 billion an increase of 6% YoY



AGENDA

01

FINANCIAL OVERVIEW

02

OPERATIONAL OVERVIEW

03

OUTLOOK

04

APPENDICES

CONSTRAINED TRADING ENVIRONMENT TO CONTINUE

Cautiously optimistic about demand

- GDP growth forecasts revised downward implying a tough operating environment for the next 12 – 18 months
- Unprecedented bagged cement demand from May but longevity of the rally uncertain
- Government planned infrastructure programme can provide significant impetus for building materials in the medium term if implemented
- Group focus will be:
 - To reduce debt at both Métier and SepCem
 - To be vigilant on cost control



AGENDA

01

FINANCIAL OVERVIEW

02

OPERATIONAL OVERVIEW

03

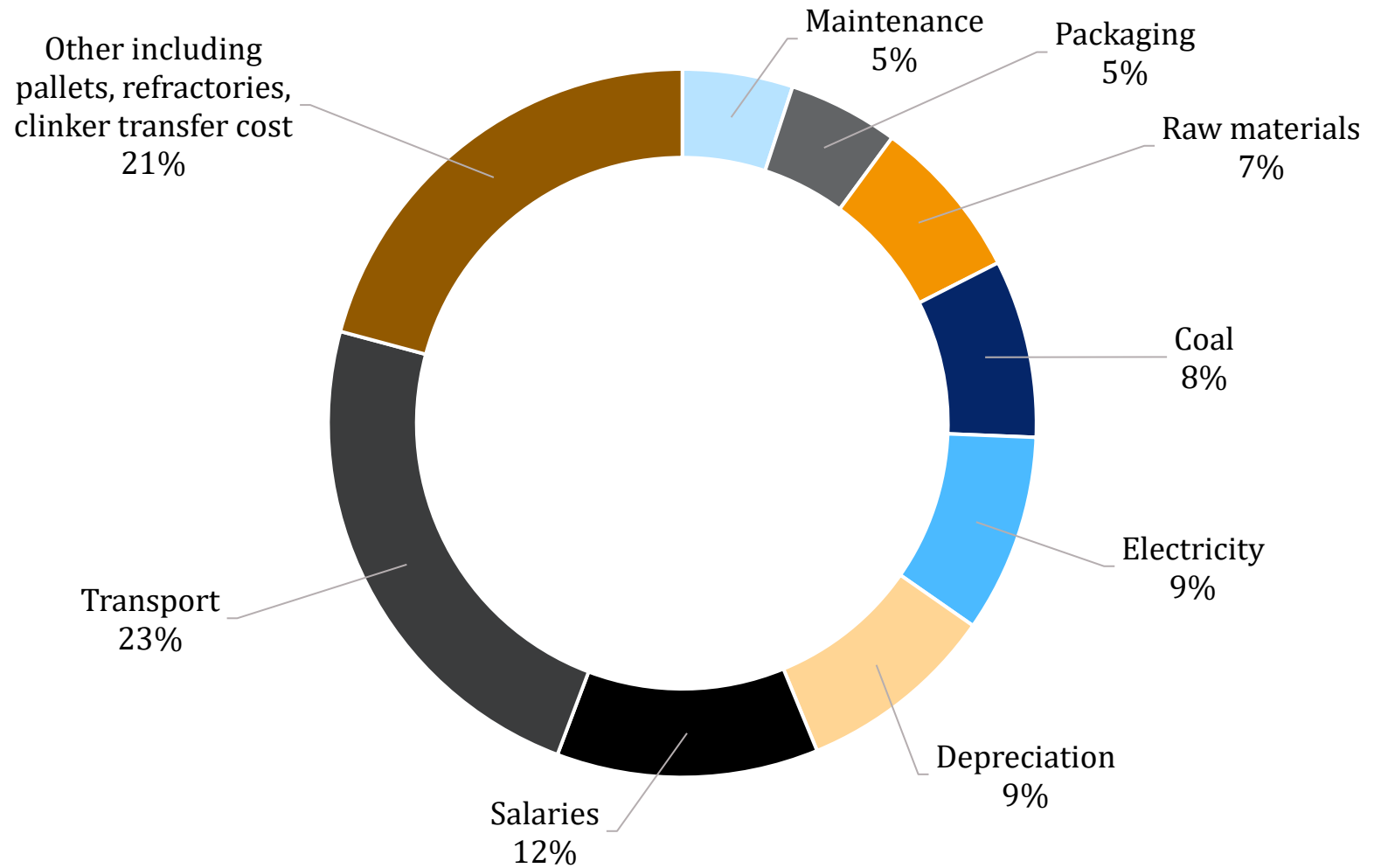
OUTLOOK

04

APPENDICES

SEPCEM COST DRIVERS

Cost control a priority for SepCem



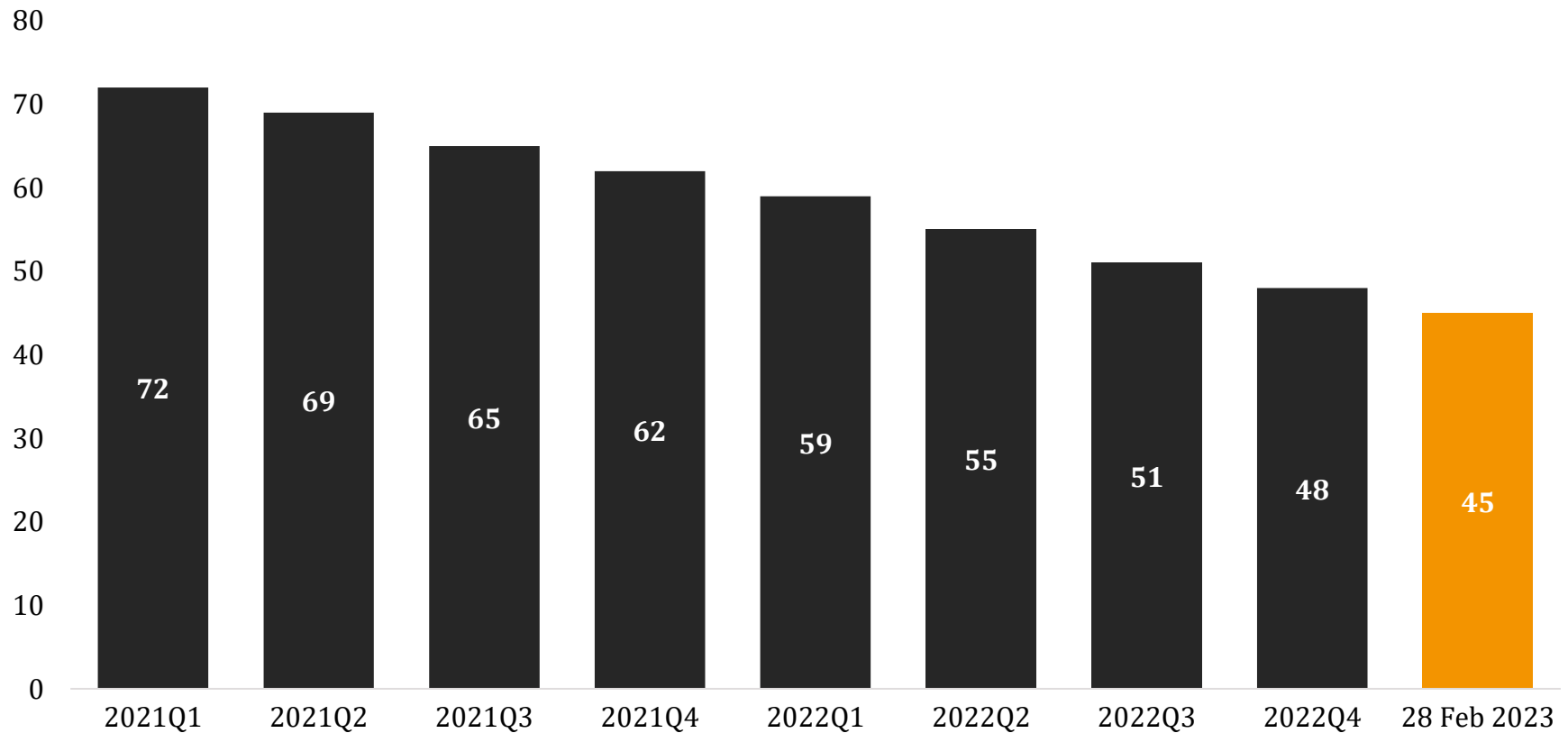
Background

- **28 February 2013** – Métier Mixed Concrete (Pty) Ltd acquisition concluded for R365 million following fulfilment of all conditions precedent;
 - An initial cash payment of R110 million
 - The issue of 5 million Sephaku shares at an issue price of R6 per Sephaku share, amounting to R30 million
 - The issue of 11,1 million SepHold shares at an issue price of R9 per share, amounting to R100 million
- **30 November 2014** – SepHold settled the outstanding payment to the sellers as follows;
 - A cash payment of R117 million (being R125 million less R8 million relating to an uncollected debtor) in settlement of the final cash payment through a vendor loan facility for R125 million at JIBAR plus 3.75% with Standard Bank and
 - 4 429 196 additional consideration shares were allotted to the sellers at the 60-day VWAP of 643.488 cents calculated as the difference between the minimum required payment of R100 million and the second consideration shares multiplied by the 60-day VWAP of 643.488 cents
- **31 March 2015** – Vendor loan balance at approximately R136 million with additional revolving debt facilities for total of R137 million resulting in a total debt balance of R243 million

PROJECTED MÉTIER REPAYMENT PROFILE

Facility to be fully repaid by 31 March 2023

Projected quarterly capital balance (R million)

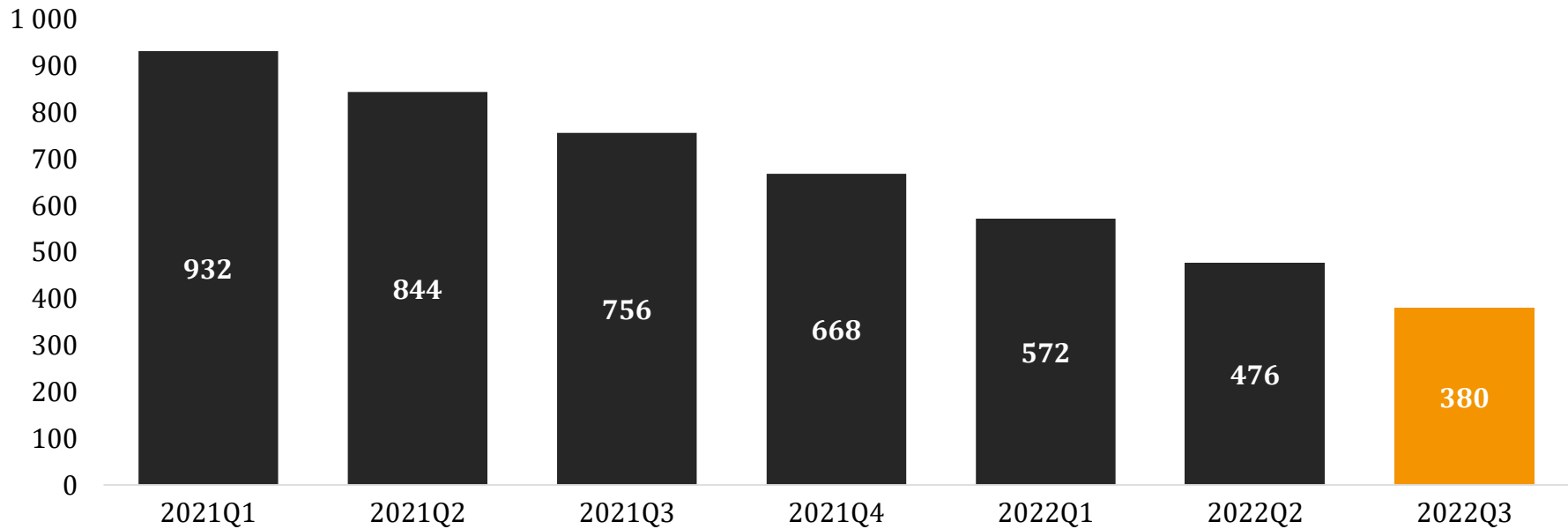


- **18 October 2012** – SepCem entered into a joint loan agreement with Nedbank Capital and Standard Bank , for a total debt facility of R1,95 billion in order to finalise the funding for the construction of its cement manufacturing facilities at both Delmas and Aganang
 - The debt facility is guaranteed by SepCem's major shareholder, Dangote Cement Plc. Interest was based on the preceding 3-month JIBAR rate, plus a margin of 4.5% per annum
 - Interest accrued during the construction period and up to the first capital repayment date was capitalised against the loan up to a maximum threshold of R2,4 billion
- **1 November 2012** – date of financial closure of the loan which included a 39-month repayment holiday, meaning the first capital repayment date was 1 February 2016
- **During 2014** – Nedbank and Standard Bank sold some of the debt to various other banks - all assets were ceded as security for the loan funding excluding finance leased assets
- **1 September 2017** – The debt profile was reviewed with consideration of the tough operating environment
 - The lenders consortium collectively agreed to change the repayment profile of the remaining R1,8 billion on the project loan from equal capital instalments to increasing capital amounts over the following five years
 - The covenants were maintained at the original levels, but the interest rate was increased by 50 bps to JIBAR plus 4.5%

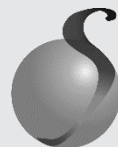
PROJECTED REPAYMENT PROFILE

Loan to be fully repaid by Q4 2022

Projected quarterly capital balance profile (R million)



- Annual capital payments at;
 - R353 million in 2021
 - R288 million in 2022 Q1 to Q3
 - R376 million in 2022 Q3
- Final repayment of project loan in November 2022



SEPHAKU
HOLDINGS LTD

Contact:

Sakhile Ndlovu

Investor relations officer

Tel: +27 12 612 0210

Email: sakhile@sephold.co.za

Website: www.sephakuholdings.com