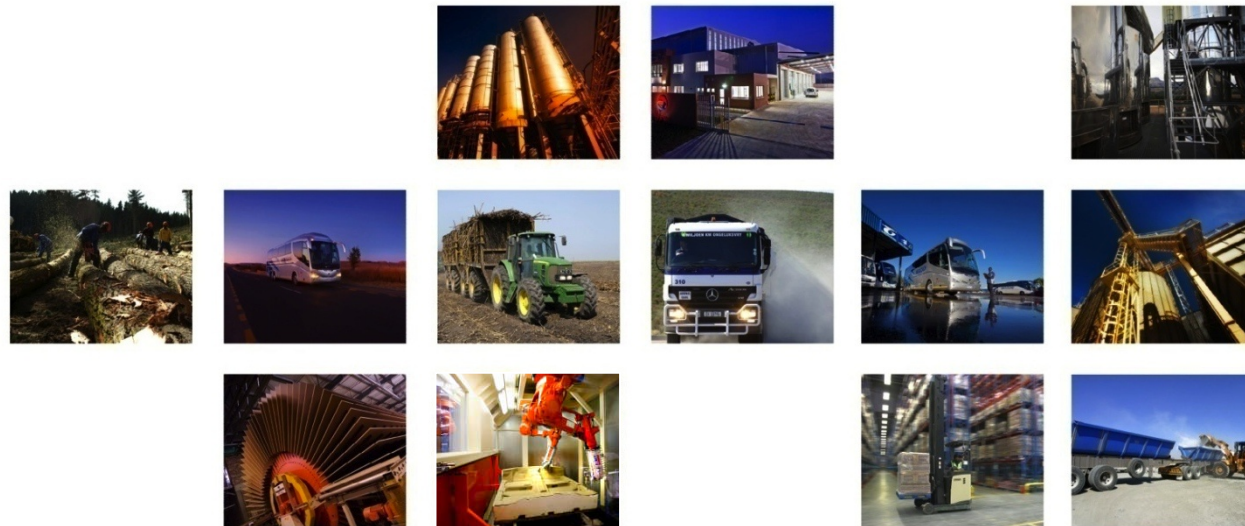


Interim Results Presentation

For the six months ended 31 December 2012



Introduction

JAAP DU TOIT
Chairman



Agenda

- Period under review
- Divisional highlights
- Financial performance
- Prospects

KAP Industrial Holdings

An industrial group focused on:

- Being the leaders in the markets we serve
- Focus on sustainable earnings through diversity in business
- Solid margins by adding value through our specialist skills and assets
- Strong cash flow generation
- Capitalising on African growth

Period under review

JO GROVE
CEO



KAP group established

- Successful implementation of acquisition
 - Strong, motivated leadership team
- Established emerging market industrial group with good prospects
 - Complementary diverse revenues
 - Well positioned in growth industries
 - Specialist assets and skills
 - Large existing African footprint and customer base

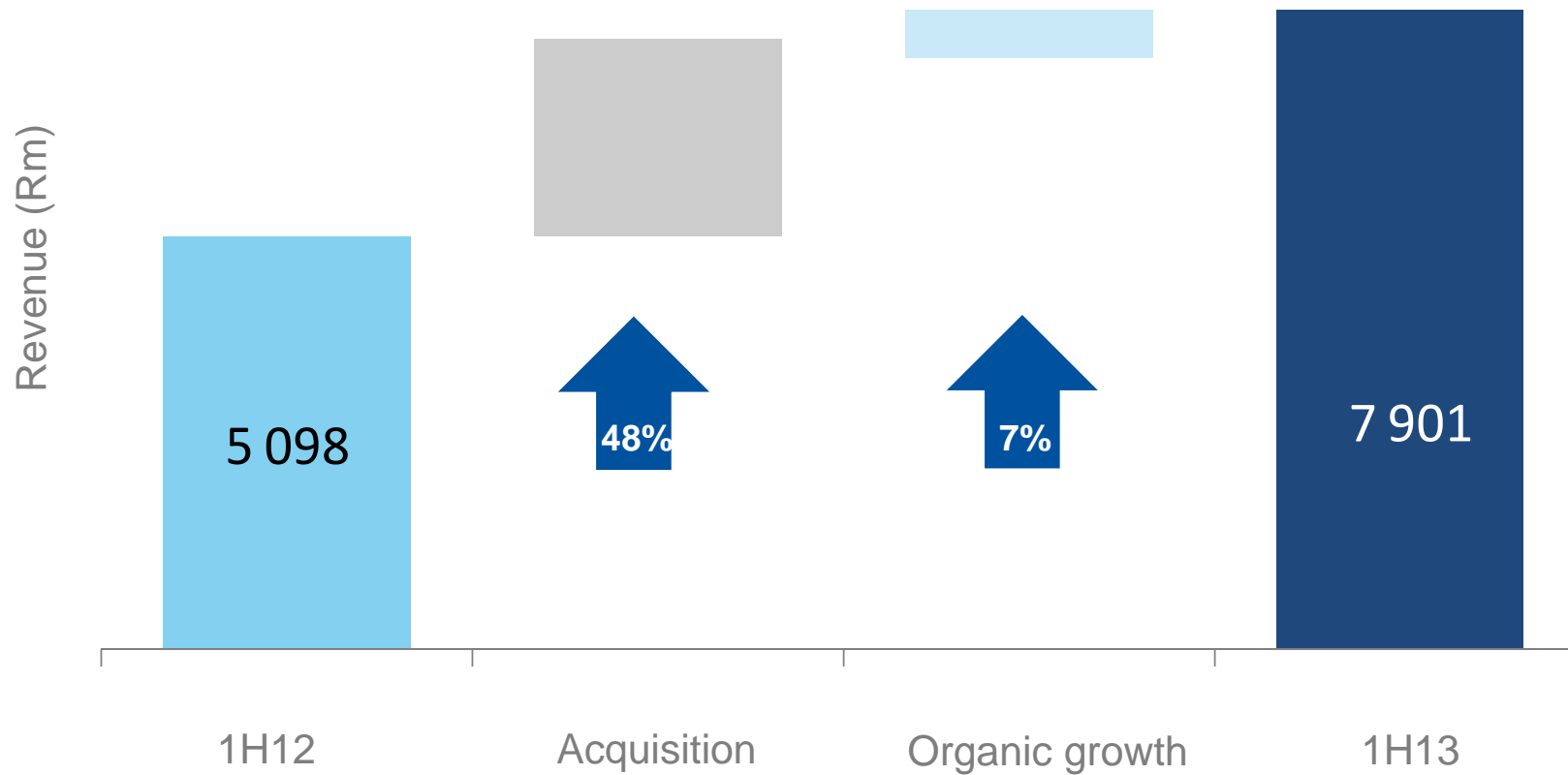
Period under review

Focus on key future performance drivers

- African growth
- Sustainable specialist high margin businesses
- Cash flow generation

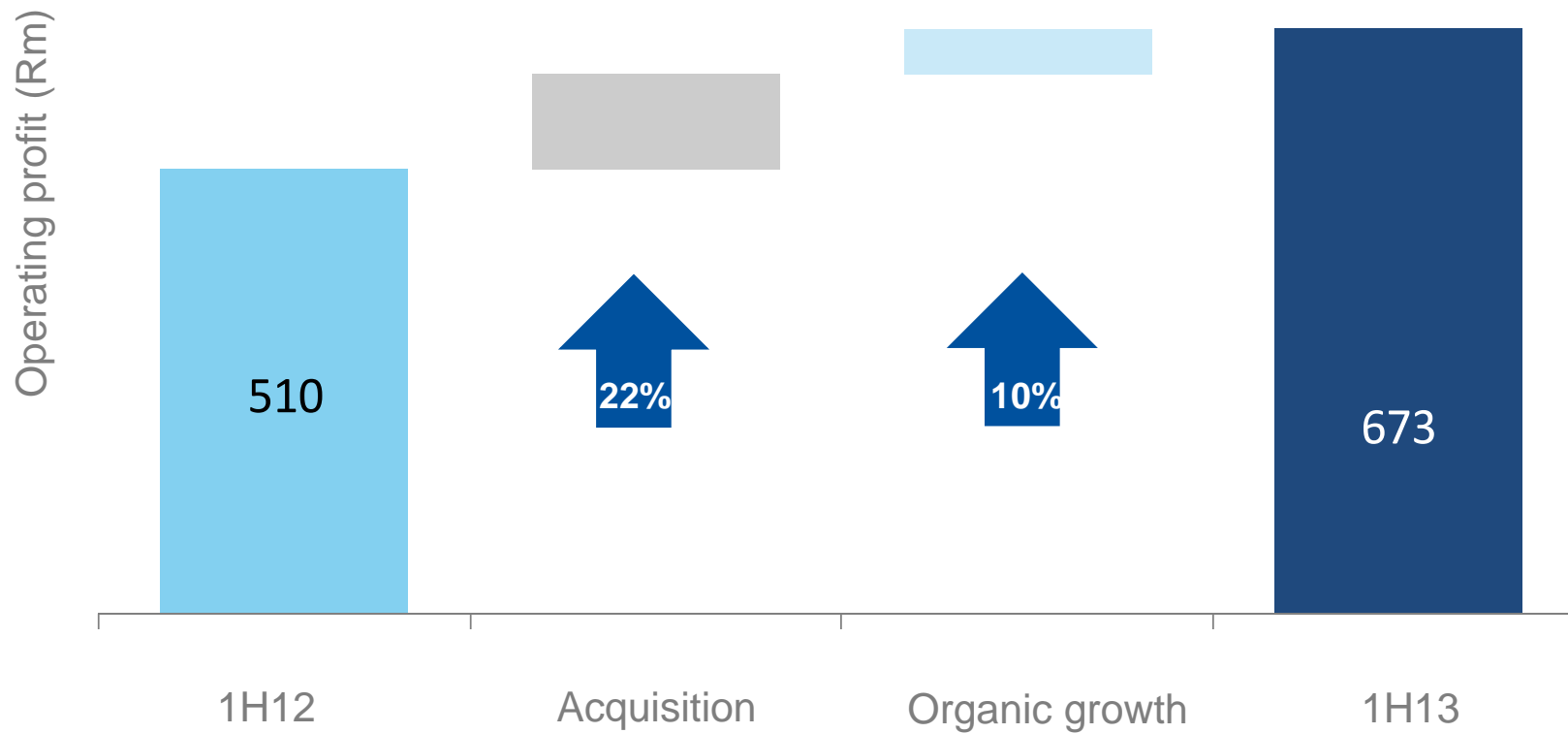
Financial highlights

Revenue increases **55%** to R7 901m



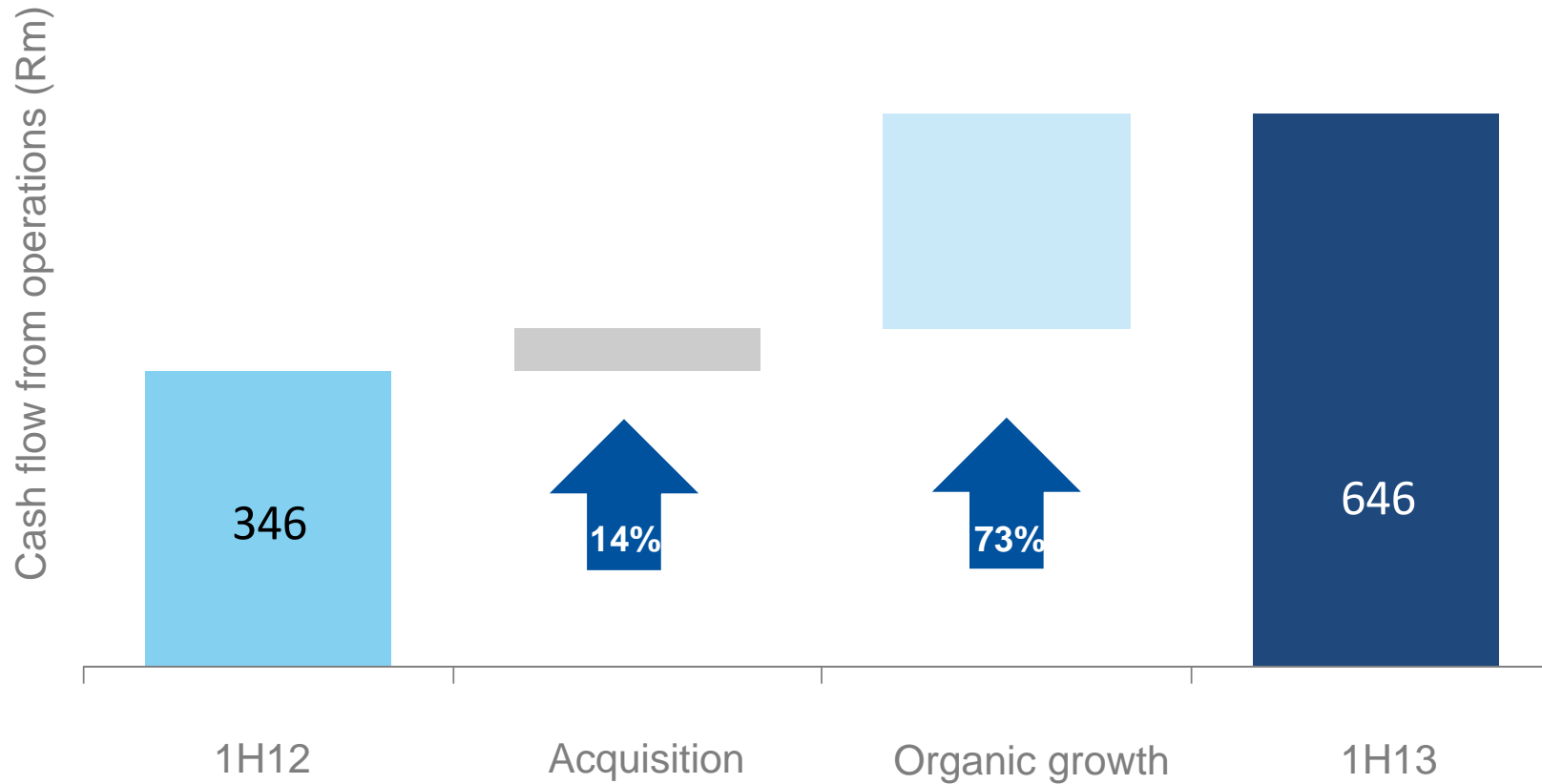
Financial highlights

Operating profit increases **32%** to R673m



Financial highlights

Cash generated from operations increases **87%** to R646m

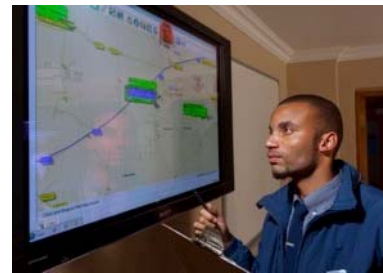


Divisional highlights



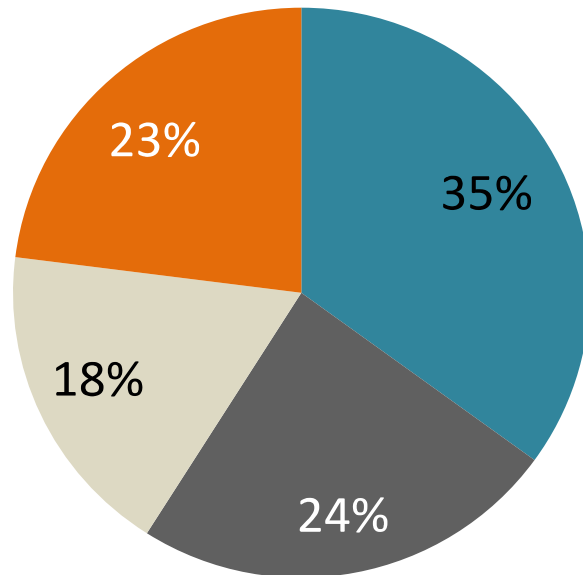
Logistics

KAP

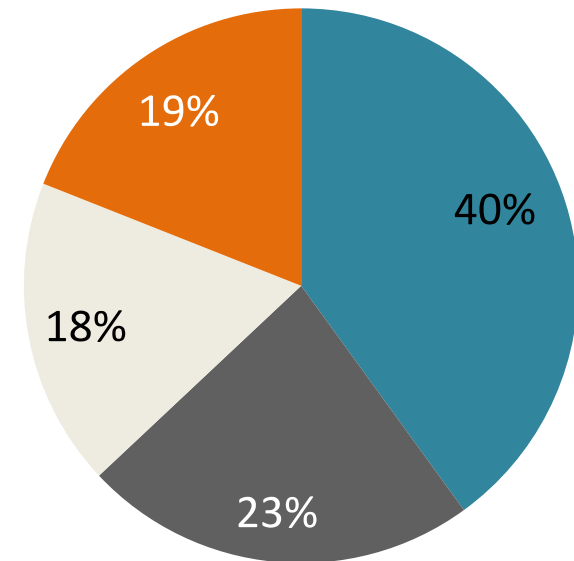


Improved revenue composition drives margin growth

6 months Dec 2012

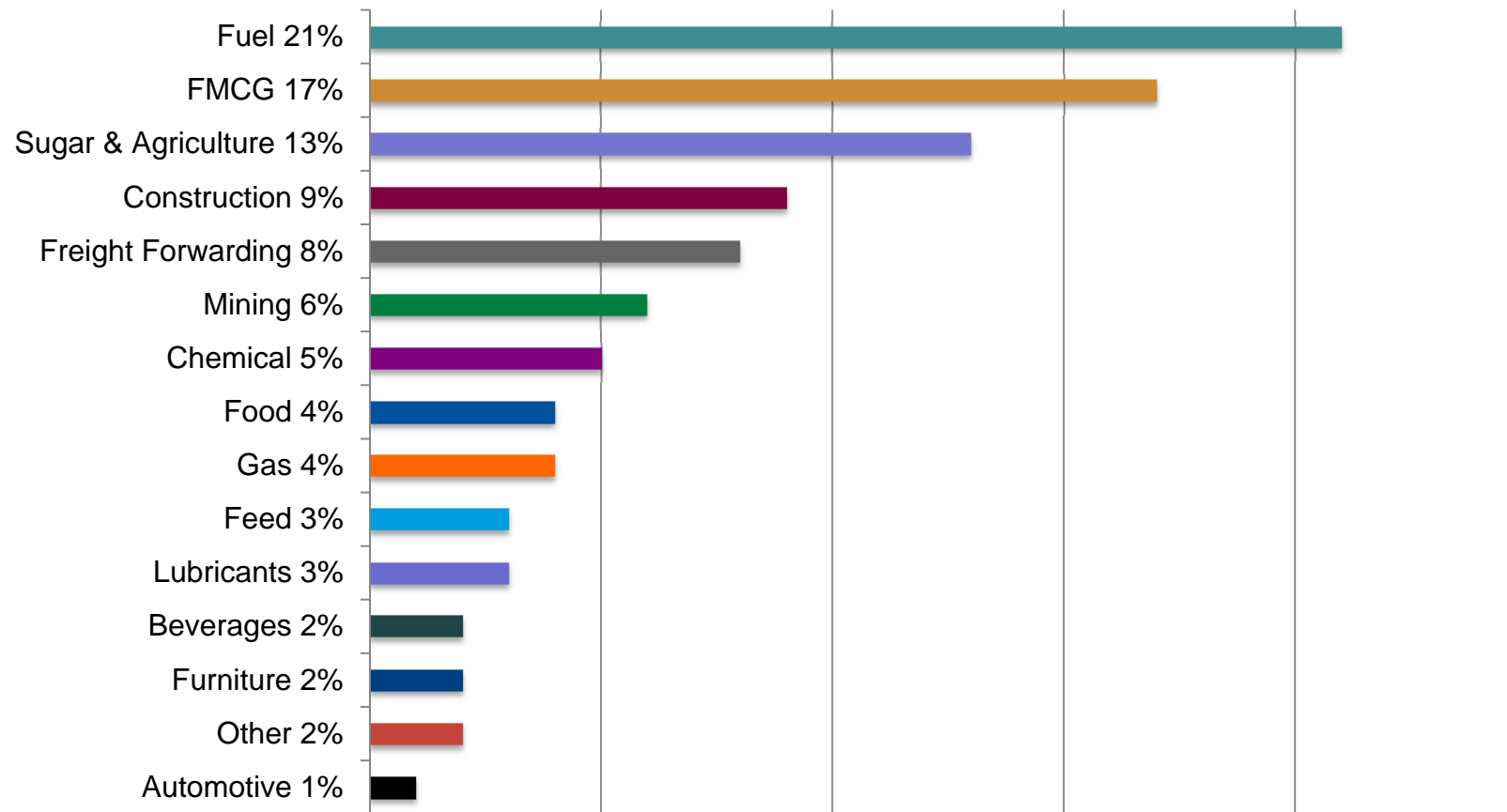


6 months Dec 2011



- Freight and logistics
- Fuel and chemical
- Agriculture and mining
- Passenger

USCS* diverse industry exposure protects sustainable revenue



*Unitrans Supply Chain Solutions

Period under review

Logistics



Gross revenue increases by **2%** to R3 671m



(1H12: R3 590m)

Operating profit increases by **7%** to R354m



(1H12: R332m)

Unitrans Supply Chain Solutions

- Good growth in Africa
 - Mozambique, Botswana and Malawi
- Improved business mix
 - Growth in higher margin business streams
 - Restructure/exit lower margin business streams
- Road freight industry strike October 2012
 - Volumes affected by 3-week industrial strike action
 - Additional costs incurred to maintain service levels
 - 3 year settlement reached



Period under review

Logistics (continued)



Passenger

- Growth in African intercity business
 - Increased activity on existing routes
- Personnel transport benefits from synergies with Unitrans Supply Chain Solutions
- Increased margin through contractual growth in areas with existing infrastructure

Integrated timber

KAP. 

 **PG BISON**



Period under review

Integrated timber

Gross revenue increases by **3%** to R1 177m



(1H12: R1 140m)

Operating profit increases by **6%** to R154m



(1H12: R145m)

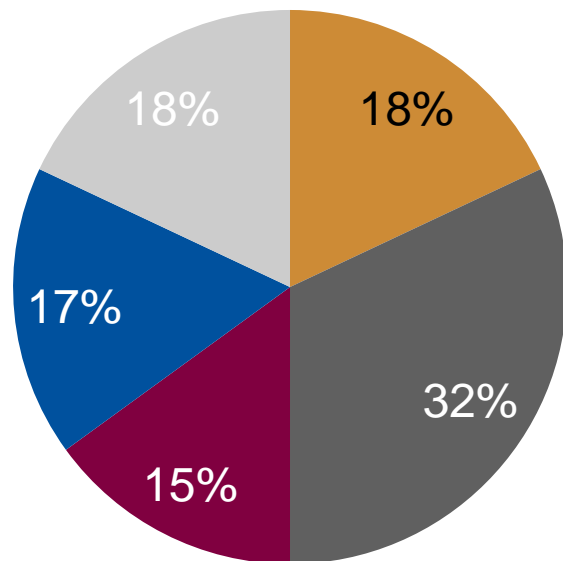
- Restructure completed during the period
- Product and customer rationalisation improves cash flow and margin
- Increased volumes as a result of positive market response to restructure
- Woodchem and other integrated businesses benefit from increased volumes
- Medium-density fibreboard plant on track

Manufacturing

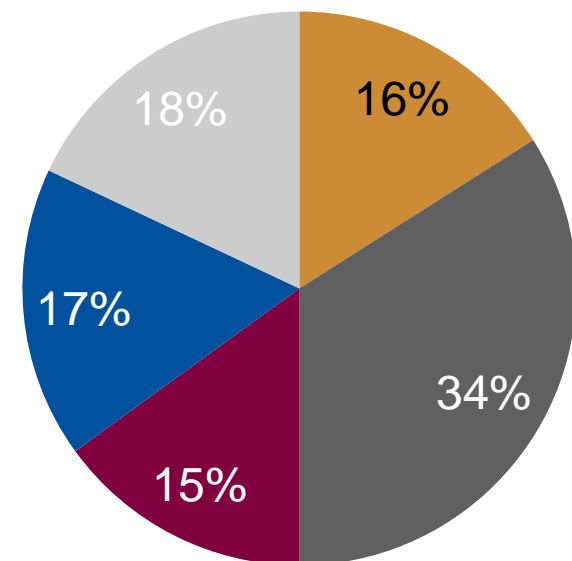


Manufacturing revenue composition

6 months Dec 2012



6 months Dec 2011 (comparable)



-  Feltex Automotive
-  Hosaf PET
-  Furniture and bedding
-  Food
-  Other

Period under review

Manufacturing

| | |
|---|--------------------|
| Gross revenue increases by 8% to R3 115m | ▲ (1H12: R2 875m)* |
| Operating profit increases by 15% to R165m | ▲ (1H12: R143m)* |

- Feltex revenue supported by strong vehicle manufacturing demand
- Hosaf efficiencies and growing demand supports performance
- Raw material volatility hinders Vitafoam’s performance
- Improved performance from DesleeMattex and BCM
- Good profit growth in the food and footwear divisions

*Includes traditional KAP 1H12 results

Financial performance

JOHN HAVEMAN
CFO



Financial performance

driven by complementary business units and Africa growth

| | 6 months Dec 2012 | 6 months Dec 2011 | % increase |
|-------------------------------------|----------------------|----------------------|------------|
| Revenue (Rm) | 7 901 | 5 098 | 55% |
| Operating profit (Rm) | 673 | 510 | 32% |
| Cash generated from operations (Rm) | 646 | 346 | 87% |
| Headline earnings per share (cents) | 14.4 | 11.9 | 21% |

Improved cash and working capital ratios

| | 6 months Dec 2012 | 6 months Dec 2011 |
|-------------------------------------|----------------------|----------------------|
| Cash conversion ratio | 96% | 68% |
| Cash generated from operations (Rm) | 646 | 346 |
| Operating profit (Rm) | 673 | 510 |
| Working capital/turnover | 14% | 18% |
| Working capital investment (Rm) | 1 068 | 903 |
| Turnover (Rm) | 7 901 | 5 098 |

Consolidated balance sheet

| | Rand million | |
|---|---------------|---------------|
| | Dec 2012 | June 2012 |
| Property, plant and equipment & investment properties | 6 286 | 6 129 |
| Intangible assets and goodwill | 1 332 | 1 311 |
| Biological assets | 1 706 | 1 656 |
| Net working capital and short term loans | 1 068 | 777 |
| Other assets | 191 | 174 |
| Assets | 10 583 | 10 047 |
| Total equity | 5 933 | 5 683 |
| Net interest-bearing borrowings | 3 820 | 3 540 |
| Interest-bearing borrowings | 4 917 | 4 886 |
| Cash and cash equivalents | (1 097) | (1 346) |
| Other liabilities | 830 | 824 |
| Equity and liabilities | 10 583 | 10 047 |
| Net asset value per share (cents) | 248 | 238 |

Consolidated cash flow

| | Rand million | |
|---|--------------|----------|
| | 6 months | 6 months |
| | Dec 2012 | Dec 2011 |
| Cash generated before working capital changes | 992 | 782 |
| Working capital changes | (346) | (436) |
| Inventories | (85) | (76) |
| Receivables | (183) | (29) |
| Payables | (78) | (331) |
| Interest and taxation | (256) | (211) |
| Dividends | (154) | (12) |
| Net cash flow from operating activities | 236 | 123 |

Consolidated cash flow

Continued

| | Rand million | |
|---------------------------------------|--------------|----------|
| | 6 months | 6 months |
| | Dec 2012 | Dec 2011 |
| Cash flows from operating activities | 236 | 123 |
| Investing activities | (516) | (332) |
| Expansion capex | (277) | (146) |
| Net replacement capex | (194) | (203) |
| Other investing activities | (45) | 17 |
| Financing activities | 33 | (147) |
| Movement in cash and cash equivalents | (247) | (356) |

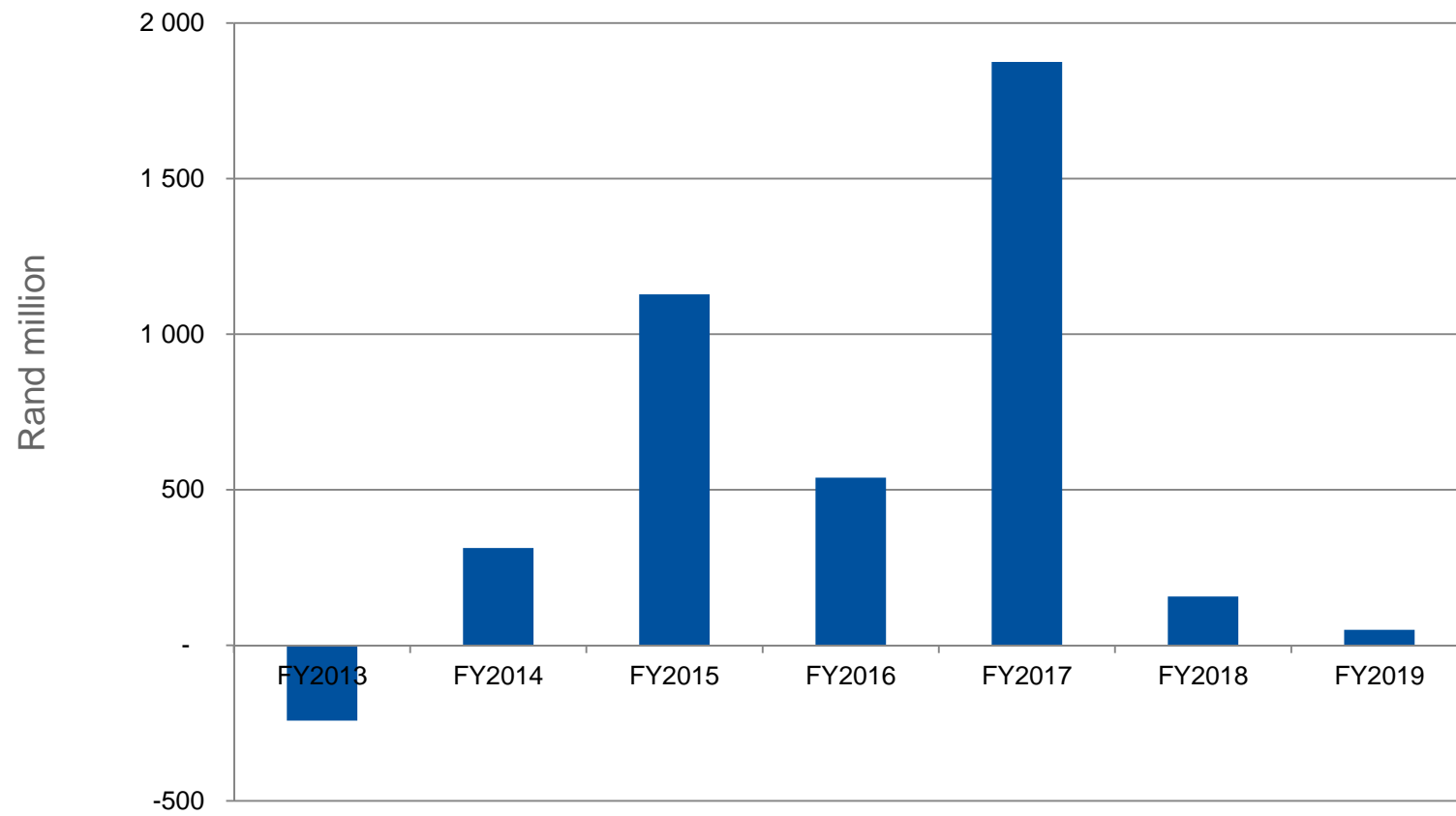
Capital structure

| | Dec 2012 | Dec 2011 |
|-----------------------------------|--------------|----------|
| Total equity (Rm) | 5 933 | 4 318 |
| Ordinary shareholders' funds (Rm) | 5 813 | 4 258 |
| Minority interest (Rm) | 120 | 60 |
| Net debt (Rm) | 3 820 | 3 953 |
| Net debt to equity | 66% | 93% |
| EBITDA interest cover | 5.6 | 4.4 |
| Net debt to EBITDA | 3.6 | 4.8 |

Net debt breakdown

| | Rand million | |
|---|----------------|-----------|
| | Dec 2012 | June 2012 |
| Interest-bearing long-term liabilities | 3 893 | 3 800 |
| Interest-bearing short-term liabilities | 291 | 343 |
| Bank overdrafts and short-term facilities | 733 | 743 |
| Cash and cash equivalents | (1 097) | (1 346) |
| Net debt | 3 820 | 3 540 |

Maturity of net interest-bearing debt



Prospects

JO GROVE
CEO



Prospects

- Logistics
 - Current contract renewals and new contracts
 - Capitalise on increased supply chain contracts in Africa
- Integrated timber
 - Impact of restructuring
 - MDF (medium-density fibreboard) upgrade
- Manufacturing
 - Feltex: New BMW, Mercedes and Ford build
 - Hosaf: Potential capacity increase to satisfy strong PET market demand
- New opportunities

Thank You

