


KAP GROWS OPERATING PROFIT TO **R1.6 BILLION** AND GENERATES **R1.3 BILLION** IN CASH FROM OPERATIONS



Revenue
up **13%** to
R13.6 billion



Operating profit
before capital items
up **41%** to
R1.6 billion



Headline earnings
per share
up **62%** to
37.2 cents

Strategic investment in inventory to
mitigate global supply chain disruptions
and ensure business continuity

Shareholder value enhanced
by repurchase of
65 million shares

OPERATIONAL OVERVIEW

The six months under review were characterised by significant sociopolitical and macroeconomic instability and uncertainty. This environment presented both challenges and opportunities for KAP. Our diversified business model continued to prove resilient and our decentralised management structures continued to support rapid decision-making and provided the required agility to adapt quickly. Management addressed the significant challenges and pursued the prevailing opportunities to produce a strong result for the period.

Revenue increased by 13% to R13.6 billion (1H21: R12.1 billion), operating profit before capital items increased by 41% to R1.6 billion (1H21: R1.1 billion) and headline earnings per share from continuing operations increased by 62% to 37.2 cents (1H21: 23.0 cents) for the period. The group generated cash from operations of R1.3 billion (1H21: R1.7 billion), 24% less than in the prior period, partly due to a strategic decision to increase inventory to mitigate global supply chain risk and ensure business continuity. The group's balance sheet remains strong, and the group maintained healthy debt serviceability ratios. The group invested R952 million in the replacement and expansion of operational assets and repurchased 65 million of its shares during the period for a total value of R310 million.

FINANCIAL OVERVIEW

	Six months ended 31 Dec 2021 Unaudited	Six months ended 31 Dec 2020 Unaudited	% change
<i>From continuing operations:</i>			
Revenue (Rm)	13 649	12 114	13
Operating profit before capital items (Rm)	1 552	1 104	41
Headline earnings (cents per share)	37.2	23.0	62
Basic earnings (cents per share)	37.6	24.4	54
<i>From continuing and discontinued operations:</i>			
Revenue (Rm)	13 649	12 251	11
Operating profit before capital items (Rm)	1 562	1 026	52
Headline earnings (cents per share)	37.5	20.6	82
Basic earnings (cents per share)	37.3	22.1	69
Net asset value (cents per share)	433	386	12

In line with historic practice the board of directors has not declared an interim dividend.

KAP consists of five substantial businesses operating under well-known brands and offering market-leading products and services in strategically selected markets.

PG BISON

PG Bison is the leading South African producer of wood-based decorative panels, which are used for interior applications to create and enable beautiful living spaces.

RESTONIC

Restonic is the leading integrated manufacturer of sleep products under the Restonic, iDream and Green Coil brands, as well as retail house brands for major South African furniture and bedding retailers.

FELTEX

Feltex is a leading South African manufacturer of automotive components designed and applied to enhance comfort and style of new vehicles.

SAFRIPOL

Safripol is a leading South African producer of polymers, which are used in a broad range of applications in sectors such as packaging, infrastructure, agriculture and automotive. Safripol is leading the 'Let's plastic responsibly' campaign which is directed toward preventing plastics from entering the environment.

UNITRANS

Unitrans is a leading southern African supply chain and operational services company providing customised solutions to clients in a diverse range of sectors, including food, agriculture, petrochemical and mining.

ABOUT THIS SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors. It should be noted that this short-form announcement is only a summary of the information in the full announcement and therefore does not contain full or complete details. It contains extracted financial information from the unaudited condensed consolidated interim financial results for the six months ended 31 December 2021. This short-form announcement has not been audited or reviewed.

Any investment decisions by investors and/or shareholders should be based on the information in the full announcement.

The full announcement has been published on the company's website on www.kap.co.za and is available through the link in the short-form announcement released on SENS, or alternatively can be inspected at the registered office of the company and the offices of the sponsor, free of charge to investors and/or shareholders, during office hours (09:00 – 17:00) from Monday to Friday. Copies of the full announcement may be requested by emailing info@kap.co.za or by telephoning Saret van Loggerenberg on 010 005 3000.

By order of the board
KAP Secretarial Services Proprietary Limited
22 February 2022

The full announcement is available on
www.kap.co.za

CORPORATE INFORMATION

KAP Industrial Holdings Limited ('KAP' or 'the company') Independent non-executive directors: PK Quarmby (Chairperson), KJ Grové (Lead), J de V du Toit, TC Esau-Isaacs, Z Fuphe, KT Hopkins, V McMenamin, SH Müller Executive directors: GN Chaplin (Chief executive officer), FH Olivier (Chief financial officer), SP Lunga Registration number: 1978/000181/06 Share code: KAP ISIN: ZAE000171963 Registered address: 3rd Floor, Building 2, The Views, Founders Hill Office Park, 18 Centenary Street, Modderfontein, Johannesburg 1645 Postal address: PO Box 2766, Edenvale 1610 Telephone: 010 005 3000 Facsimile: 010 005 3050 E-mail: info@kap.co.za Transfer secretary: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 Company secretary: KAP Secretarial Services Proprietary Limited External auditor: KPMG Inc. Equity sponsor: PSG Capital Proprietary Limited Debt sponsor: Nedbank Limited Announcement date: 23 February 2022