

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

KAP FOCUSES ON ITS BALANCE SHEET AND COMPLETION OF MAJOR EXPANSIONS

Revenue
down 2% to R15.0 billion
(1H23: R15.3 billion)

Headline earnings per share
down 36% to 21.8 cents
(1H23: 33.8 cents*)

Net interest-bearing debt reduced by
R708 million to R9.2 billion
(1H23: R9.9 billion)

EBITDA
down 13% to R2.0 billion
(1H23: R2.3 billion*)

Net working capital improved by
R914 million to R3.9 billion
(1H23: R4.8 billion*)

R3 billion
revolving credit facility raised
to refinance facilities

Operating profit before capital items
down 17% to R1.3 billion
(1H23: R1.5 billion*)

Cash generated from operations
up > 100% to R790 million
(1H23: R51 million)

* Restated

OPERATIONAL OVERVIEW

During the period under review, the group continued to experience a challenging macroeconomic and operating environment. While the group has become more adept at operating within this environment, it was unable to mitigate the impact of significant weakness in the global chemicals sector and polymers market, which materially impacted its performance.

The group's operational performance can be summarised as follows:

- In certain areas, the group increased domestic market share and entered new markets, which supported revenue growth.
- Good progress was made with cost-saving and restructuring initiatives and efficiency improvements, and implementation of sales price increases to recover cost escalations.
- Disappointingly, the impact of weaker global polymer margins offset the above-mentioned gains.
- Working capital was contained at normalised levels compared to the elevated levels reported in the prior period.

The group's major capital projects, the largest being PG Bison's R1.9 billion medium-density fibreboard expansion in Mkhondo, are on track for commissioning in the second half of the 2024 financial year. The group raised a R3 billion revolving credit facility to refinance facilities and to provide flexibility to facilitate a planned reduction in debt from FY25.

FINANCIAL OVERVIEW

	Six months ended 31 Dec 2023 Unaudited	Six months ended 31 Dec 2022 Unaudited Restated	% change
Revenue (Rm)	15 028	15 265	(2)
Operating profit before capital items (Rm)	1 252	1 515	(17)
Headline earnings (cents per share)	21.8	33.8	(36)
Basic earnings (cents per share)	21.2	33.9	(37)
Net asset value (cents per share)	478	472	1

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

KAP owns a diversified portfolio consisting of six businesses operating under well-known brands and offering market-leading products and services in strategically selected markets.



PG Bison produces wood-based decorative panels, which are used for interior applications to inspire and enable beautiful living spaces.



Safripol produces polymers that are used in a broad range of applications in sectors such as packaging, infrastructure, agriculture and homeware. Safripol is leading the 'Let's plastic responsibly' campaign, which aims to prevent plastics entering the environment.



Unitrans is a supply chain and operational services business providing customised solutions to clients in a diverse range of sectors, including food, agriculture, petrochemical, mining, and passenger transport.



Feltex manufactures automotive components designed to enhance the comfort and style of new vehicles.



Restonic is an 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.



Optix utilises leading global video telematics and predictive analytics to prevent road accidents and improve road safety in over 40 countries. Its unique user interfaces provide realtime event-based interventions, business intelligence tools and driver support to improve fleet efficiency and reduce risk.

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 2023. This shortform 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 e-mailing investors@kap.co.za or by telephoning Bert Kok on 010 005 3000.

By order of the board
KAP Secretarial Services Proprietary Limited
27 February 2024

CORPORATE INFORMATION

KAP Limited ('KAP' or 'the company') Independent non-executive directors: PK Quarmby (Chairperson), JA Holtzhausen (Lead), TC Esau-Isaacs, Z Fuphe, KT Hopkins, V McMenamin, AFB Mthembu, 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 LEI code: 3789001F51BC0045FD42 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: investors@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: 28 February 2024

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