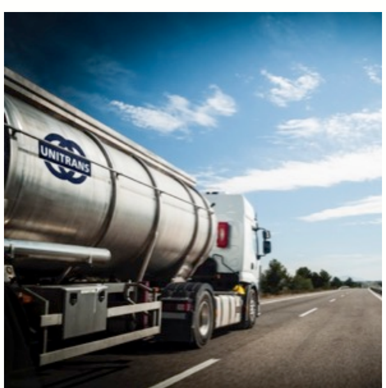
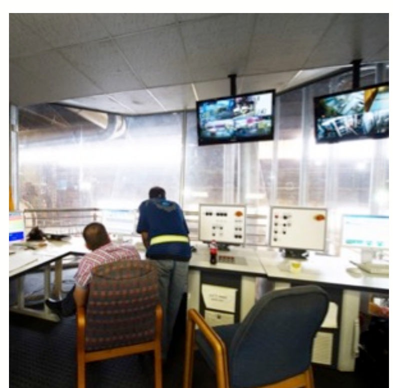
KAP

INDUSTRY *IN MOTION*™

ANNUAL RESULTS PRESENTATION

for the year ended 30 June 2015





KAP

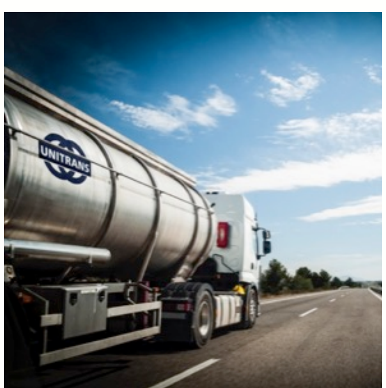
INDUSTRY *IN MOTION*™

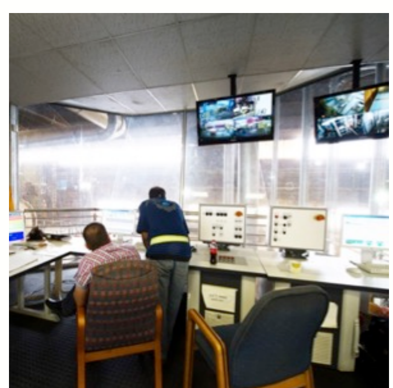


WELCOME

Jaap du Toit – CHAIRMAN








KAP

Agenda

▪ WELCOME	Jaap du Toit
▪ YEAR UNDER REVIEW	Gary Chaplin
▪ DIVISIONAL HIGHLIGHTS	Gary Chaplin
▪ FINANCIAL PERFORMANCE	John Haveman
▪ OUTLOOK	Gary Chaplin

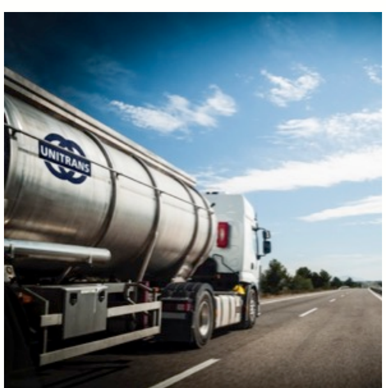
KAP

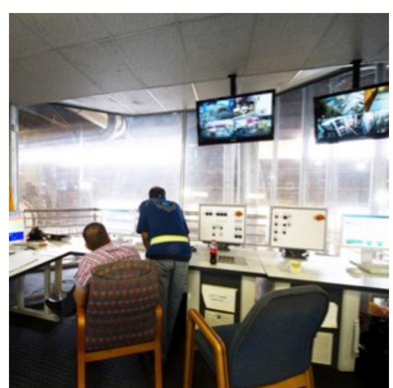
INDUSTRY *IN MOTION*™



YEAR UNDER REVIEW

Gary Chaplin – CEO




KAP

KAP Industrial

STRATEGY

KAP IS AN INDUSTRIAL GROUP FOCUSED ON:

- Being the leaders in the markets we serve
- High barrier to entry industries
- Sustainable earnings through diversity in business
- Sustainable margins through specialisation
- Strong cash flow generation
- Leveraging our African base

KAP

Year under review

STRATEGIC CORPORATE ACTIVITY IMPROVES PERFORMANCE AND SETS BASE FOR STRONG OUTLOOK

1. Restructure core operations
   - Streamline reporting structure into two clearly defined segments: Diversified Logistics and Diversified Industrial
   - Consolidate Unitrans Logistics division by merging the Fuel, Agriculture and Mining division with the Freight and Logistics division
   - Create Chemical division by merging the chemical businesses of Hosaf and Woodchem
   - Automotive division now independent division with mandate to grow
2. Disposal of non-core businesses
   - Footwear (1 October 2014)
   - Weatherboard sawmill and plantation (1 June 2015)
3. Increased focus on expansion
   - Acquisition of Restonic (2 January 2015) and formation of Integrated Bedding division
   - Approval for expansion projects

Annual results presentation
for the year ended
30 June 2015

KAP

Re-aligned divisions

DIVERSIFIED LOGISTICS

UNITRANS LOGISTICS

Specialised contractual supply chain and logistics services

PASSENGER TRANSPORT

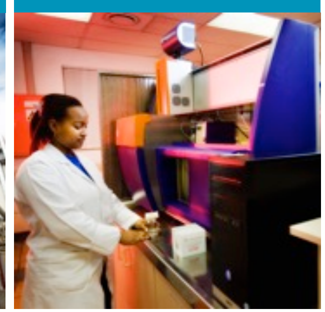
Personnel, commuter, intercity and tourism transport

DIVERSIFIED INDUSTRIAL

TIMBER

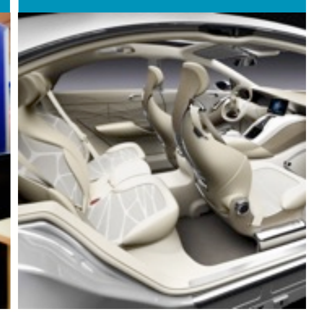
Forestry and timber operations with primary and secondary manufacturing

CHEMICAL



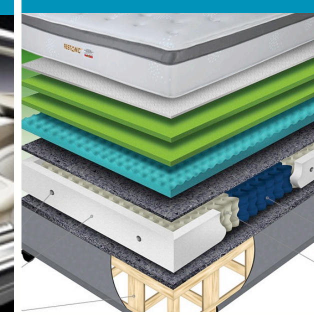
Manufacture of PET, resin and formaldehyde

AUTOMOTIVE COMPONENTS



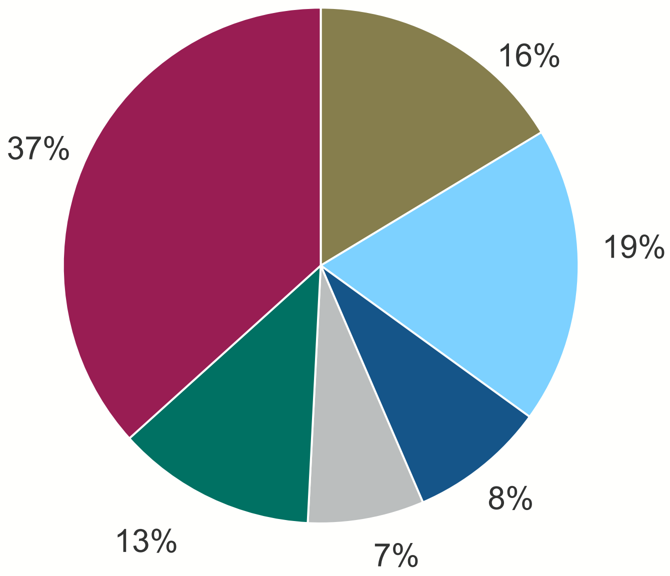
Manufacture of components used in new vehicle assembly

INTEGRATED BEDDING



Manufacture of foam, fabrics, springs, bases and mattresses

Diverse revenue base



LOGISTICS – 50%	INDUSTRIAL – 50%
Unitrans Logistics – 37%	Timber – 16%
Passenger – 13%	Chemical – 19%
	Automotive – 8%
	Integrated Bedding – 7%

KAP

Financial highlights

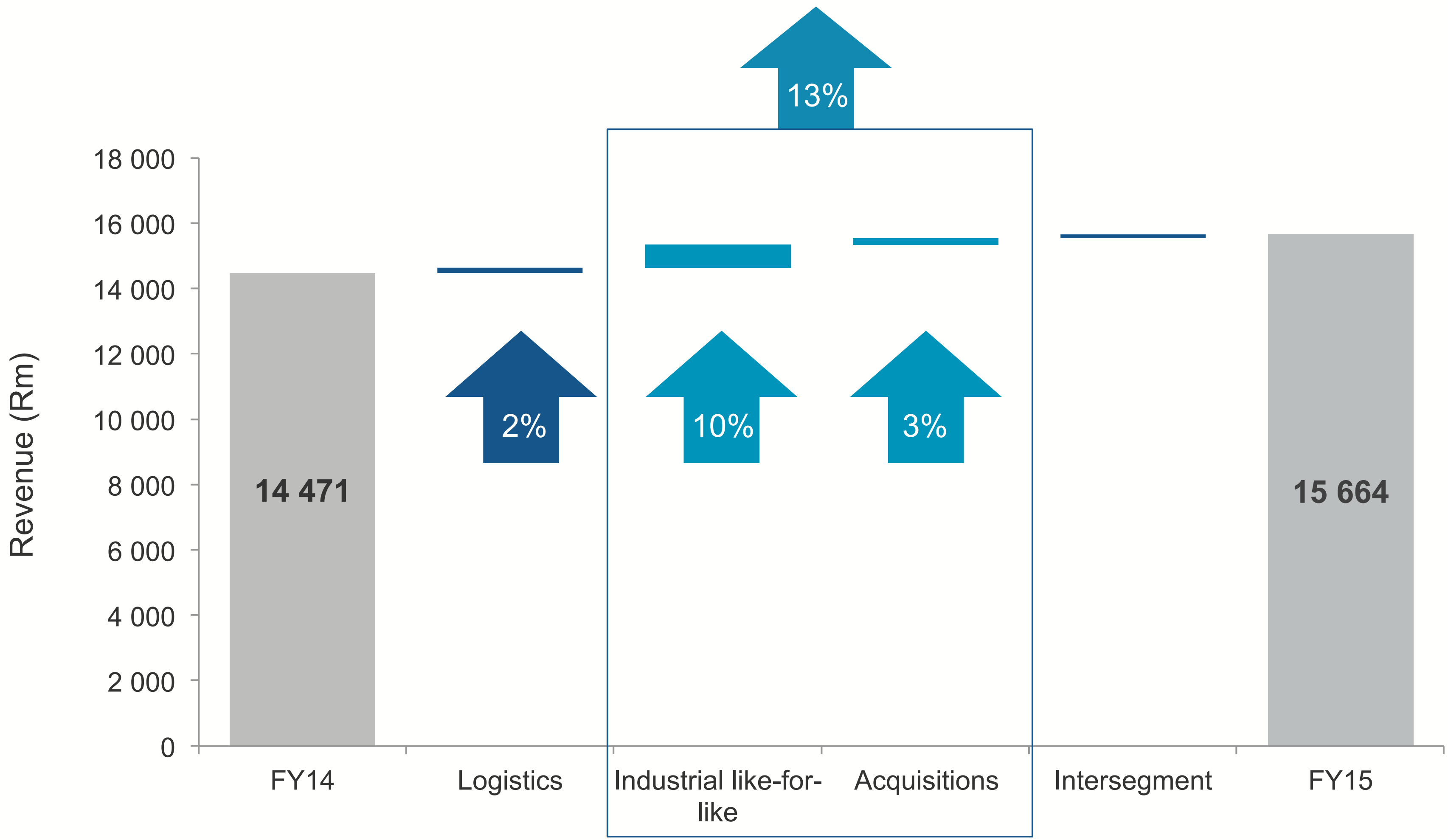
STRATEGY IMPLEMENTATION CONTINUES TO IMPROVE QUALITY OF EARNINGS

	FY15	FY14	% increase
Revenue (Rm) *continuing*	**15 664**	14 471	8
Operating profit before capital items (Rm) *continuing*	**1 666**	1 480	13
Cash generated from operations (Rm)	**2 275**	1 888	20
Headline earnings (Rm) *continuing*	**969**	801	21
Headline earnings per share (cents) *continuing*	**40.6**	34.1	19
Net asset value per share (cents)	**320**	286	12

Annual results presentation
for the year ended
30 June 2015

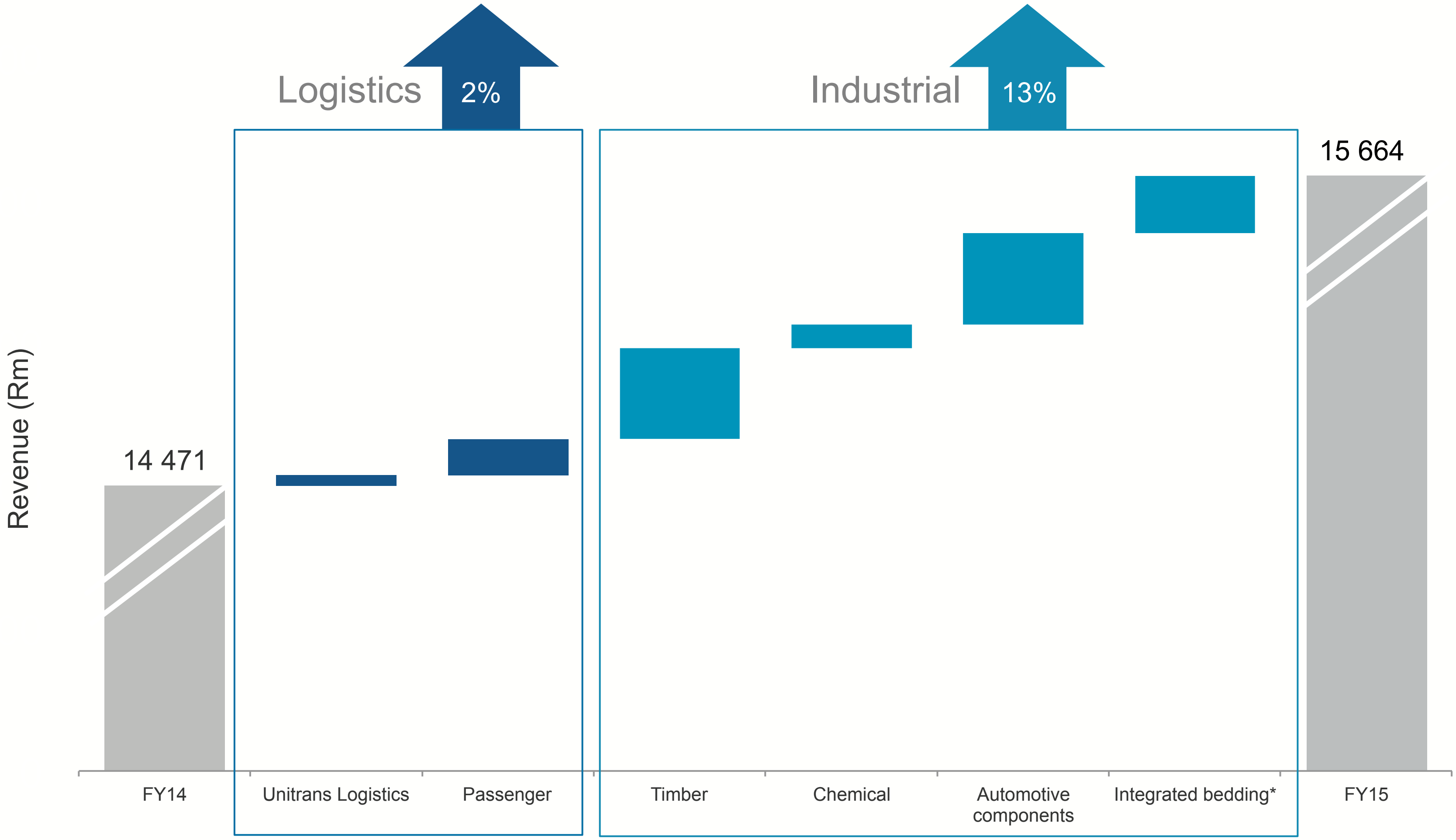
Financial highlights

REVENUE INCREASES BY **8%**
TO R15 664 MILLION



Financial highlights

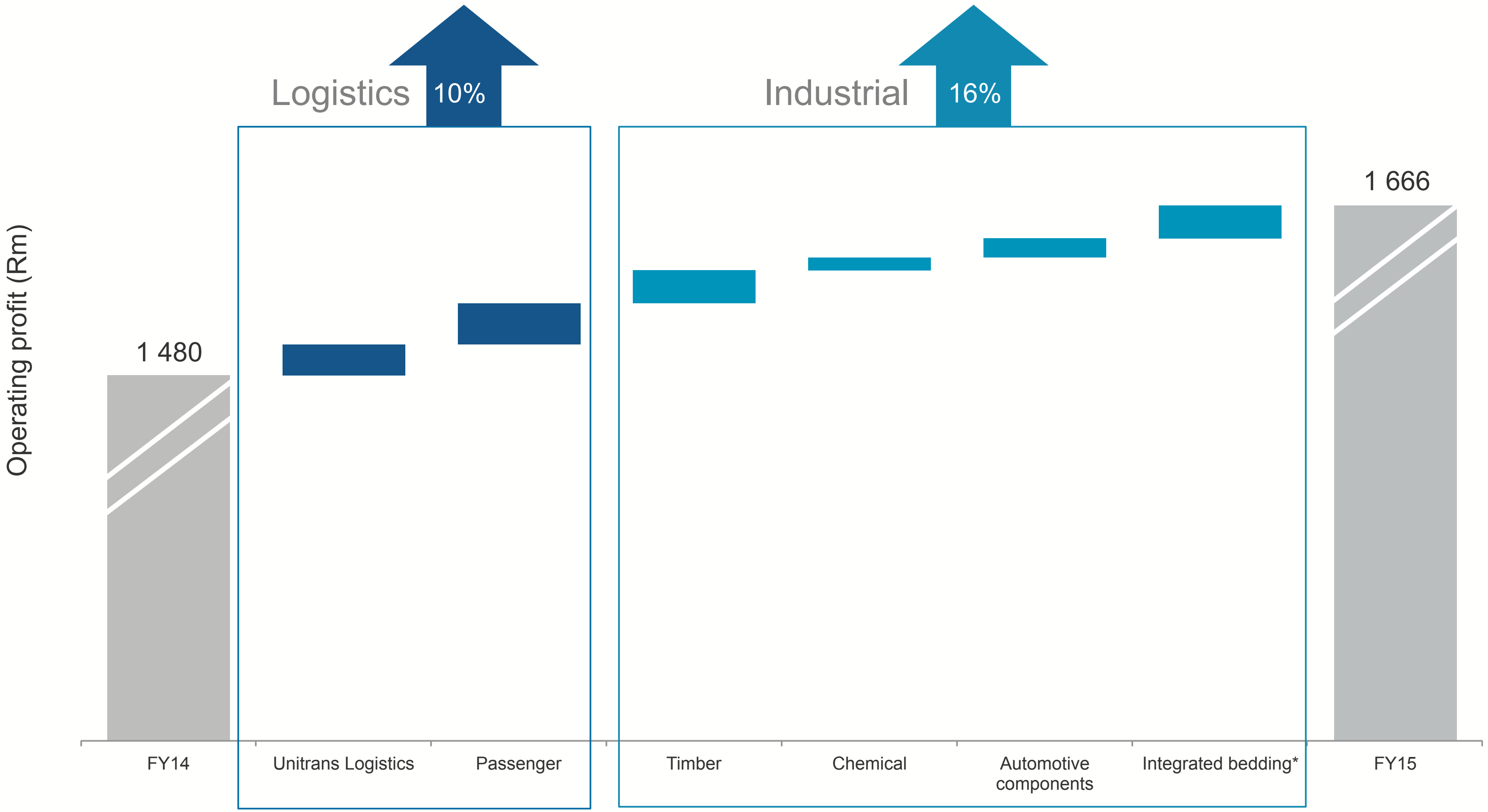
REVENUE GROWTH BY DIVISION



*Previously reported as furniture components, now includes 6 months of acquired Restonic business

Financial highlights

OPERATING PROFIT GROWTH BY DIVISION

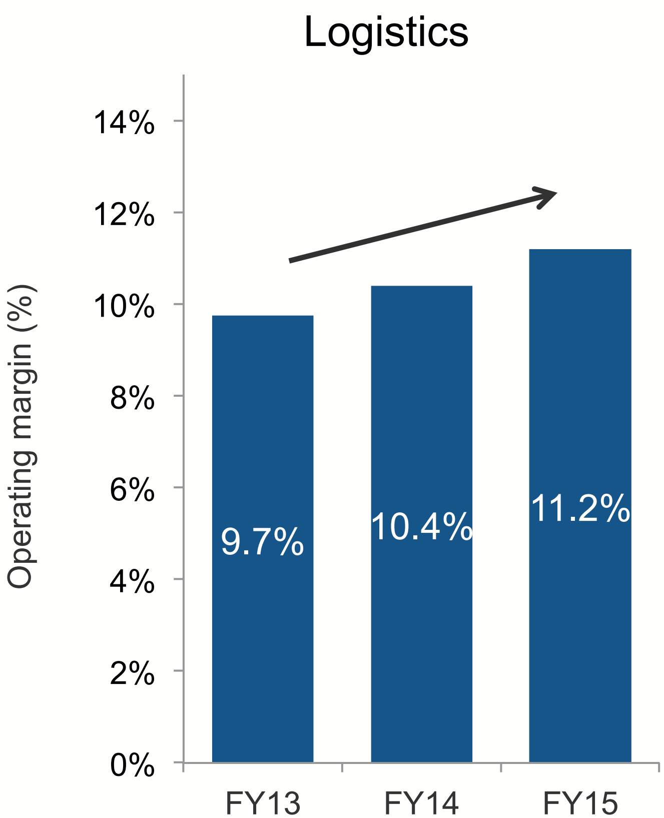


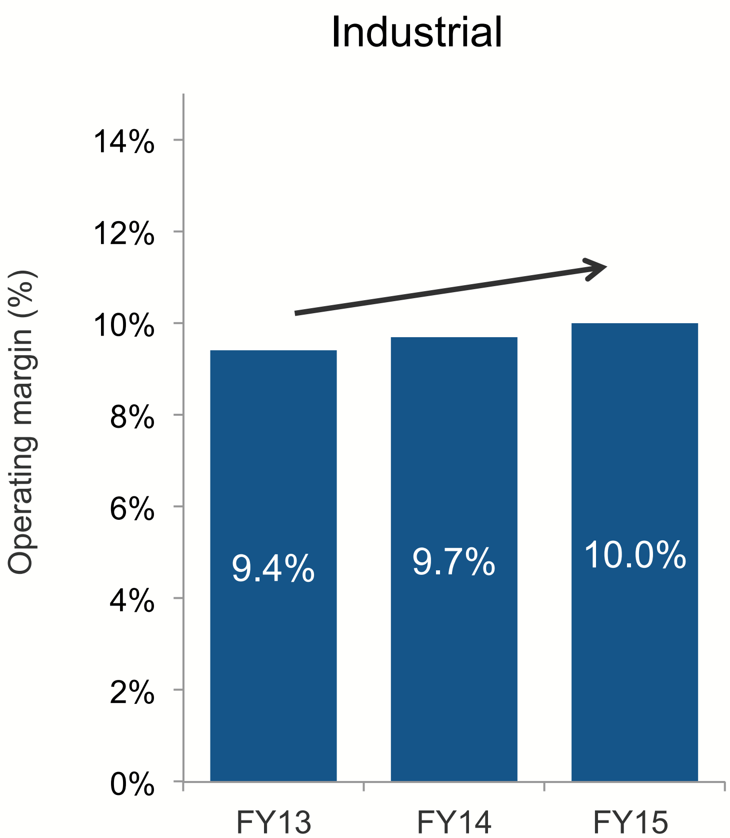
*Previously reported as furniture components, now includes 6 months of acquired Restonic business

KAP

Financial highlights

KAP GROUP OPERATING PROFIT MARGIN INCREASED BY 40BPS IN FY15



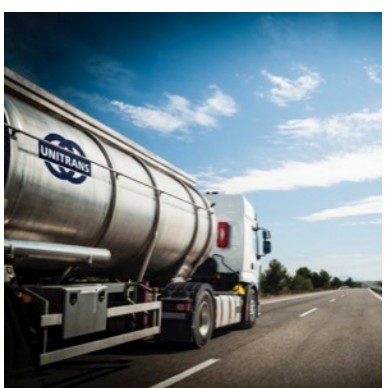


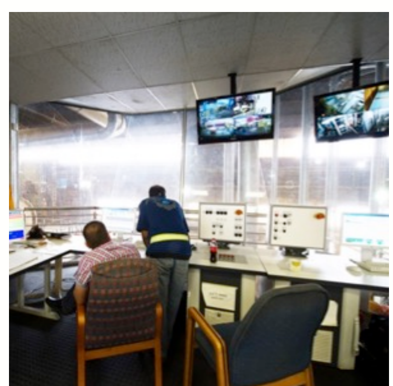
KAP

INDUSTRY *IN MOTION*™

DIVISIONAL HIGHLIGHTS

Gary Chaplin – CEO





KAP

Diversified Logistics

Gross revenue increases by	**2% to R7 863m** (FY14: R7 705m)
Operating profit increases by	**10% to R880m** (FY14: R801m)
Operating margin increases by	**80bps to 11.2%** (FY14: 10.4%)

UNITRANS LOGISTICS

- Competitive market conditions with subdued economic activity
- Continued strict cost control and efficiency improvement
- Consolidation successfully implemented

Annual results presentation
for the year ended
30 June 2015

UNITRANS

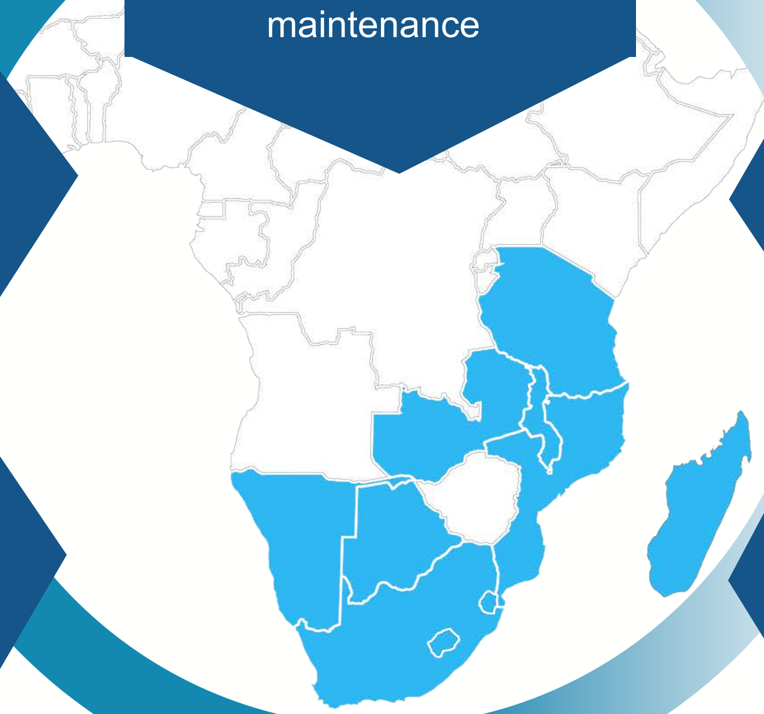
Diversified Logistics

SECTOR SPECIFIC BUSINESS UNITS FACILITATE AFRICAN GROWTH

AGRICULTURE
- Transport
- Land preparation
- Infrastructure development and maintenance

FOODS
- FMCG
- Poultry
- Sugar/Molasses
- Refrigeration
- Animal feed

PETROCHEMICAL
- Fuel
- Lubricants
- Gas
- Chemicals
- Alcohol



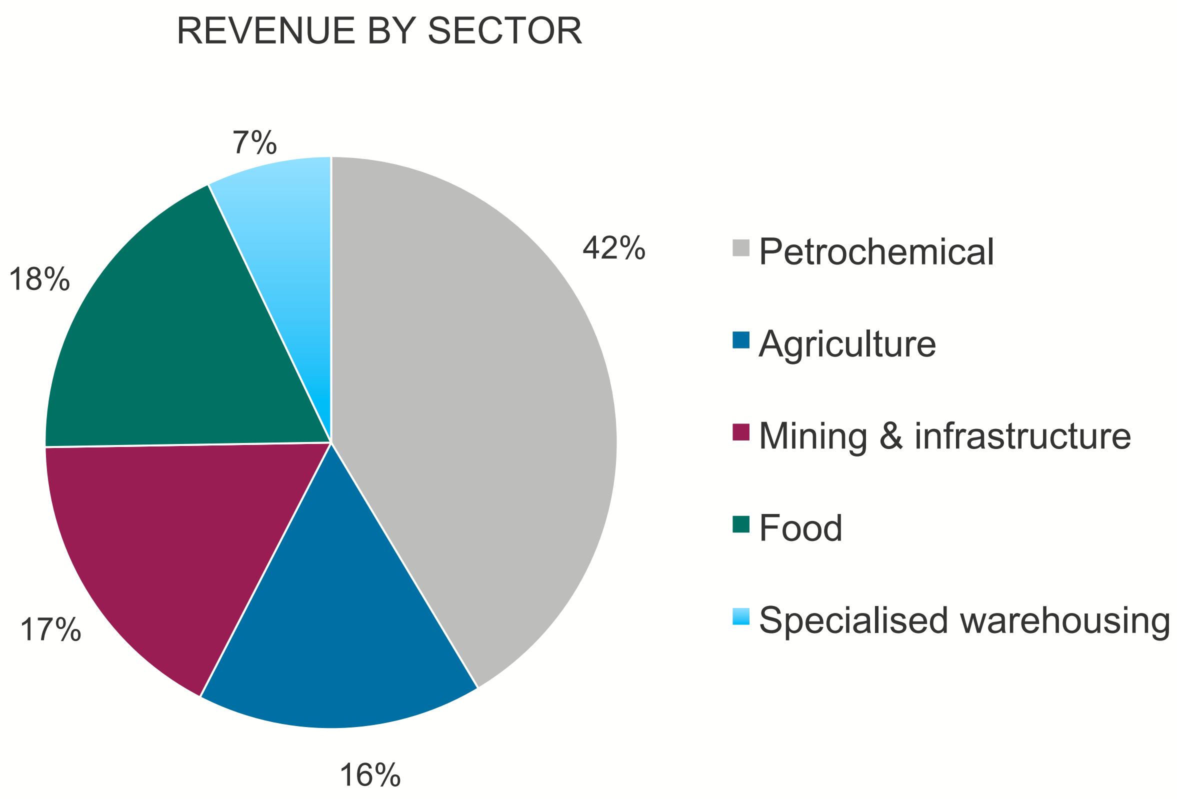
SPECIALISED WAREHOUSING
- Warehousing
- Furniture
- Freight forwarding

MINING & INFRASTRUCTURE
- Materials handling
- Cement
- Explosives

Logistics revenue

UNITRANS LOGISTICS DIVERSIFIED REVENUE BASE

- Revenue base diversified across sectors
- Blue chip customers enhance earnings profile and limit concentration risk
    - Top 15 customers represent 75% of revenue
- Rest of Africa revenue exposure 30%



Diversified Logistics

UNITRANS LOGISTICS

- Agriculture margins supported by efficiencies and cost containment
- Good performance in mining and infrastructure division
- Strong performance in the food business driven by expansion of contracts
- Stable performance in the fuel division
- Warehousing sector negatively impacted by Ellerines business rescue process
- Subdued activity mitigated by volume protection in contracts (fixed and variable pricing)

Diversified Logistics

UNITRANS LOGISTICS (continued)

- African operations continue to perform well
  - Enhanced by new fuel contracts and volume growth in Botswana and Mozambique
  - Zambia investment gaining momentum
- Termination of non profitable or low return contracts, including discontinuation of Fresh Freight business, improves quality of revenue

Annual results presentation
for the year ended
30 June 2015

Diversified Logistics

PASSENGER

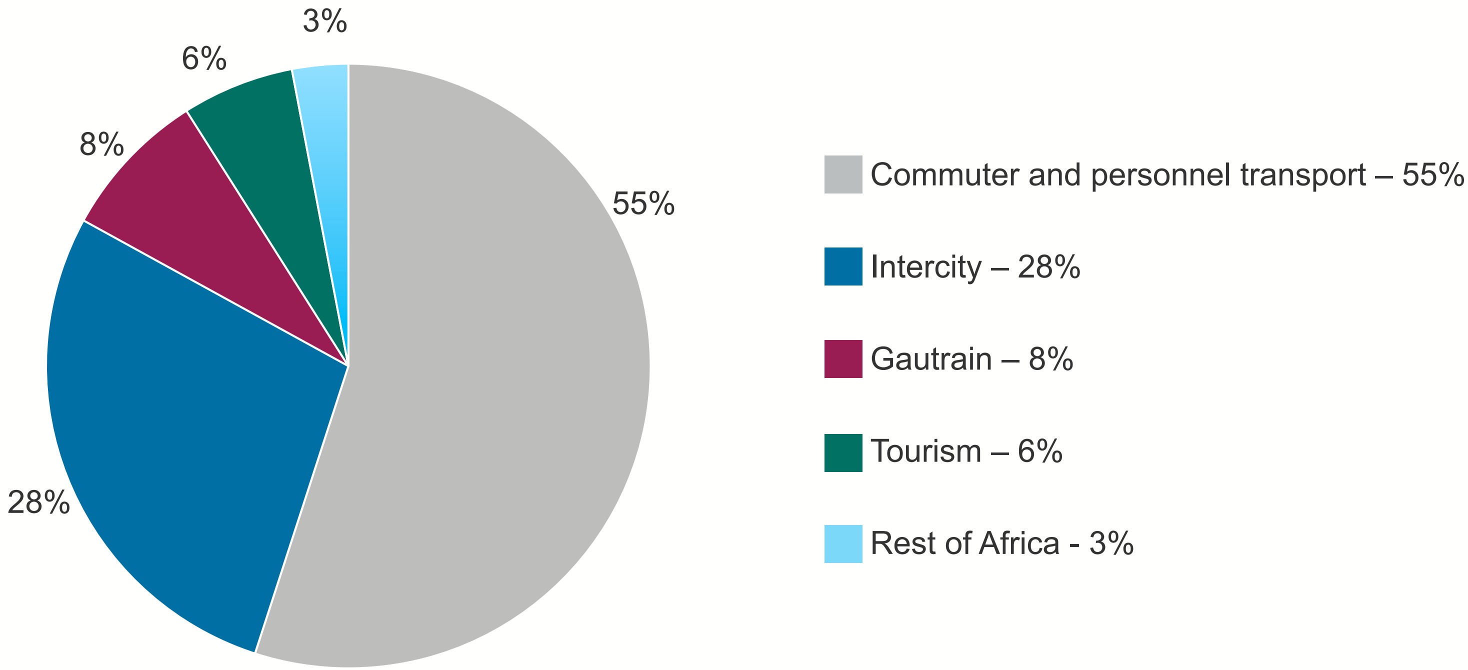
- Commuter transport increased post labour unrest in prior year
- Intercity transport performed well
- Gautrain feeder services performed to expectation
- Tourism division assisted by weak rand
- New personnel transport contract in Mozambique performed ahead of expectation
- Benefit from lower fuel price

Annual results presentation
for the year ended
30 June 2015

Diversified Logistics

FOCUS REMAINS ON INCREASING LONG-TERM CONTRACTUAL REVENUE BASE AND AFRICAN GROWTH

REVENUE BREAKDOWN



KAP

Diversified Industrial

Gross revenue increases by	**13% to R7 885m** (FY14: R6 967m)
Operating profit increases by	**16% to R786m** (FY14: R679m)
Operating margin increases by	**30bps to 10.0%** (FY14: 9.7%)

- Robust growth by all industrial businesses
- New divisional structure operating effectively

PG BISON

Diversified Industrial

TIMBER

- Strategic investments drive profitable revenue growth despite market contraction
  - Revenue increases due to:
    - Increased volumes from new MDF (medium-density fibreboard) plant
    - Increased ratio of value-added products
    - Particle board exports increased by 21%
  - Operating profit increases due to:
    - Technology and efficiency improvements of new MDF plant resulting in core margin (excluding forest revaluation) improvement of 120bps
    - Increased ratio of higher margin value-added products
    - Positive impact of continued logistic cost saving initiatives

Timber

MEDIUM-DENSITY FIBREBOARD PLANT

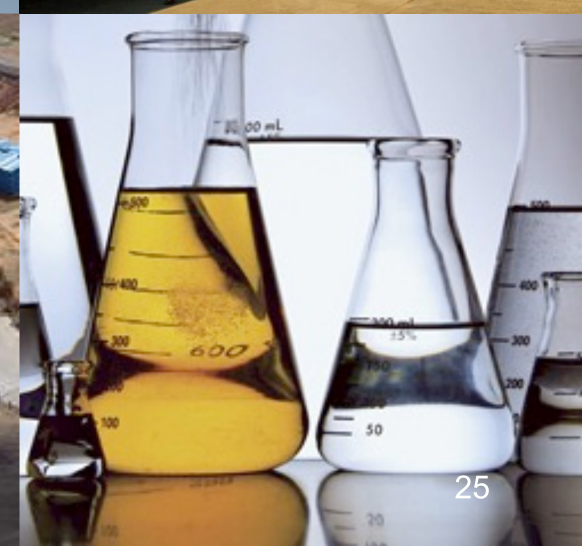
- First phase of plant commissioned in November 2013, brought to full production (rated capacity of 300m^3/day)
- Second phase of plant commissioned March 2015
- Operating at full capacity of 380m^3/day
    - 17% raw material saving/m^3
    - 40% overhead savings/m^3
- Positive market response to the product

Annual results presentation
for the year ended
30 June 2015

Diversified Industrial

CHEMICAL

- Business alignment improved operational efficiency
- Revenue growth limited by lower underlying raw material commodity prices despite strong volume growth
- Exchange rate and commodity price volatility well managed, thereby protecting margin
- Capacity expansion at Woodchem in December 2014



Annual results presentation
for the year ended
30 June 2015

FELTEX

Diversified Industrial

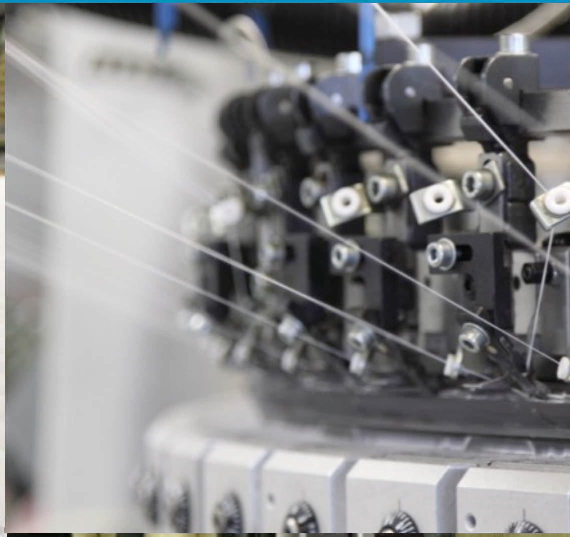
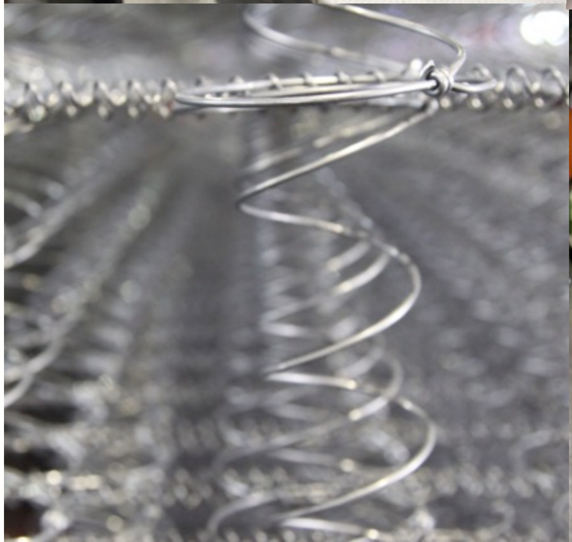
AUTOMOTIVE COMPONENTS

- Feltex increased volumes
  - Vehicle new build increase by 17%
    - New vehicle models
    - Growth in current vehicle models
  - Productivity gains as a result of industry labour unrest included in prior year
  - Continued automation initiatives and efficiency improvement programs
  - Continued focus on model penetration

Diversified Industrial

RESTONIC ACQUISITION CREATES INTEGRATED BEDDING DIVISION

- Acquisition of Restonic on 2 January 2015
  - Performance in line with expectation
- Continued strong performance by DesleeMattex due to market share gains
- Improved performance by Vitafoam in 2H15
- Closure of BCM and redeployment of assets in line with integrated bedding strategy
- Strategy of decentralised manufacturing and distribution in progress

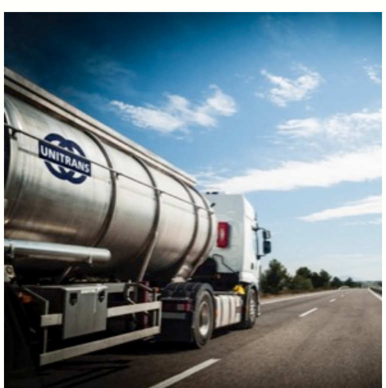




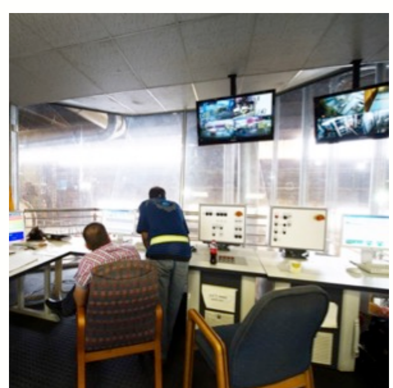

KAP

INDUSTRY *IN MOTION*™

FINANCIAL PERFORMANCE

John Haveman – CFO





KAP

Financial highlights

STRATEGY IMPLEMENTATION CONTINUES TO IMPROVE QUALITY OF EARNINGS

	FY15	FY14	% increase
Revenue (Rm) *continuing*	**15 664**	14 471	8
Operating profit before capital items (Rm) *continuing*	**1 666**	1 480	13
Cash generated from operations (Rm)	**2 275**	1 888	20
Headline earnings (Rm) *continuing*	**969**	801	21
Headline earnings per share (cents) *continuing*	**40.6**	34.1	19
Net asset value per share (cents)	**320**	286	12

KAP

Income statement

	FY15 Rm	FY14 Rm	% increase
Revenue	**15 664**	14 471	8
Operating profit before capital items	**1 666**	1 480	13
Capital items	**(35)**	(8)	
Net finance costs	**(289)**	(327)	12
Finance costs	**(344)**	(340)	
Investment income	**55**	13	
Associate companies and joint ventures	**–**	(5)	
Taxation	**(361)**	(309)	
Loss from discontinued operations	**(51)**	(74)	
Minorities	**(42)**	(33)	
Profit attributable to owners of the parent	**888**	724	23
Add back capital items net of taxation	**71**	68	
Headline earnings	**959**	792	21
Add back headline earnings loss from discontinued operations	**10**	9	
Headline earnings from continuing operations	**969**	801	21
Weighted average number of ordinary shares (m)	**2 384**	2 346	2
Headline earnings per share (cents) *continuing*	**40.6**	34.1	19
Headline earnings per share (cents) *including discontinued*	**40.2**	33.8	19

KAP

Discontinued operations

DISPOSAL OF LOW RETURN BUSINESSES ENHANCES BALANCE SHEET

	FY15 Rm	FY14 Rm
Loss from discontinued operations*	(8)	(18)

Cash proceeds on disposal of businesses	FY15 Rm	FY14 Rm
Food	–	278
Footwear	290	–
Weatherboard	180	–
Total	470	278

R748m proceeds

* Before capital items

KAP

Balance sheet

IMPROVED QUALITY OF NET ASSET VALUE

	FY15 Rm	FY14 Rm
Property, plant, equipment and investment properties	7 129	6 633
Intangible assets and goodwill	1 598	1 290
Biological assets	1 824	1 875
Net working capital	398	252
Other assets	249	258
Held for sale	–	428
Assets	**11 198**	**10 736**
Total equity	7 930	6 859
Net interest-bearing borrowings	2 089	2 676
Interest-bearing borrowings	3 459	4 024
Cash and cash equivalents	(1 370)	(1 348)
Other liabilities	1 179	1 083
Held for sale	–	118
Equity and liabilities	**11 198**	**10 736**
Net asset value per share (cents)	**320**	**286**

KAP

Cash flow

	FY15 Rm	FY14 Rm
Operating profit from continuing operations	1 666	1 480
Depreciation and amortisation	784	750
EBITDA continued operations	2 450	2 230
EBITDA discontinued operations	(1)	(2)
Plantation revaluation	(86)	(114)
Other non-cash items	114	(43)
Cash generated before working capital changes	2 477	2 071
Working capital changes	(202)	(183)
Inventory	1	(39)
Accounts receivable	(17)	(249)
Accounts payable	(186)	105
Cash generated from operations	2 275	1 888
Interest	(290)	(330)
Taxation	(200)	(125)
Net dividends	(302)	(195)
Cash flow from operating activities	1 483	1 238

KAP

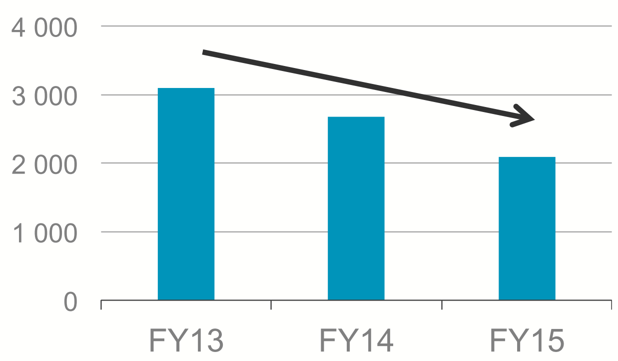
Cash flow (continued)

	FY15 Rm	FY14 Rm
Cash flow from operating activities	**1 483**	1 238
Investing activities	**(874)**	(838)
Expansion capex	**(512)**	(413)
Replacement capex	**(683)**	(653)
Proceeds on disposal of investments	**470**	278
Acquisition of investments	**(142)**	(2)
Other investing activities	**(7)**	(48)
Cash flow after investing activities	**609**	400
Financing activities	**(602)**	(385)
Movement in cash and cash equivalents	**7**	15

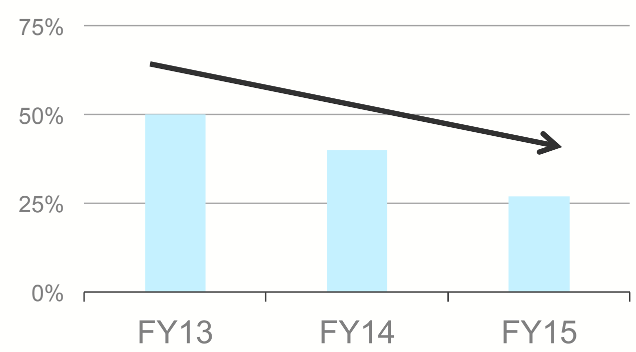
Improved debt ratios

THROUGH STRATEGY IMPLEMENTATION AND
OPERATIONAL CASH GENERATION

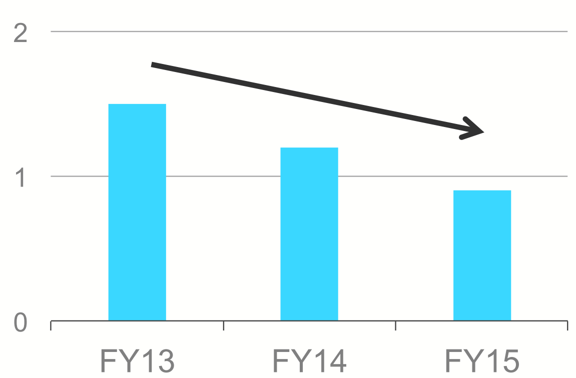
NET DEBT (Rm)



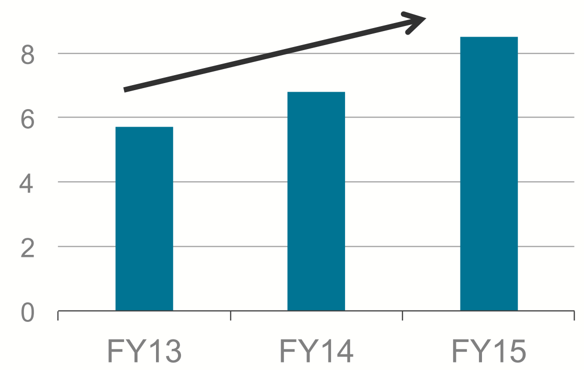
NET DEBT TO EQUITY %



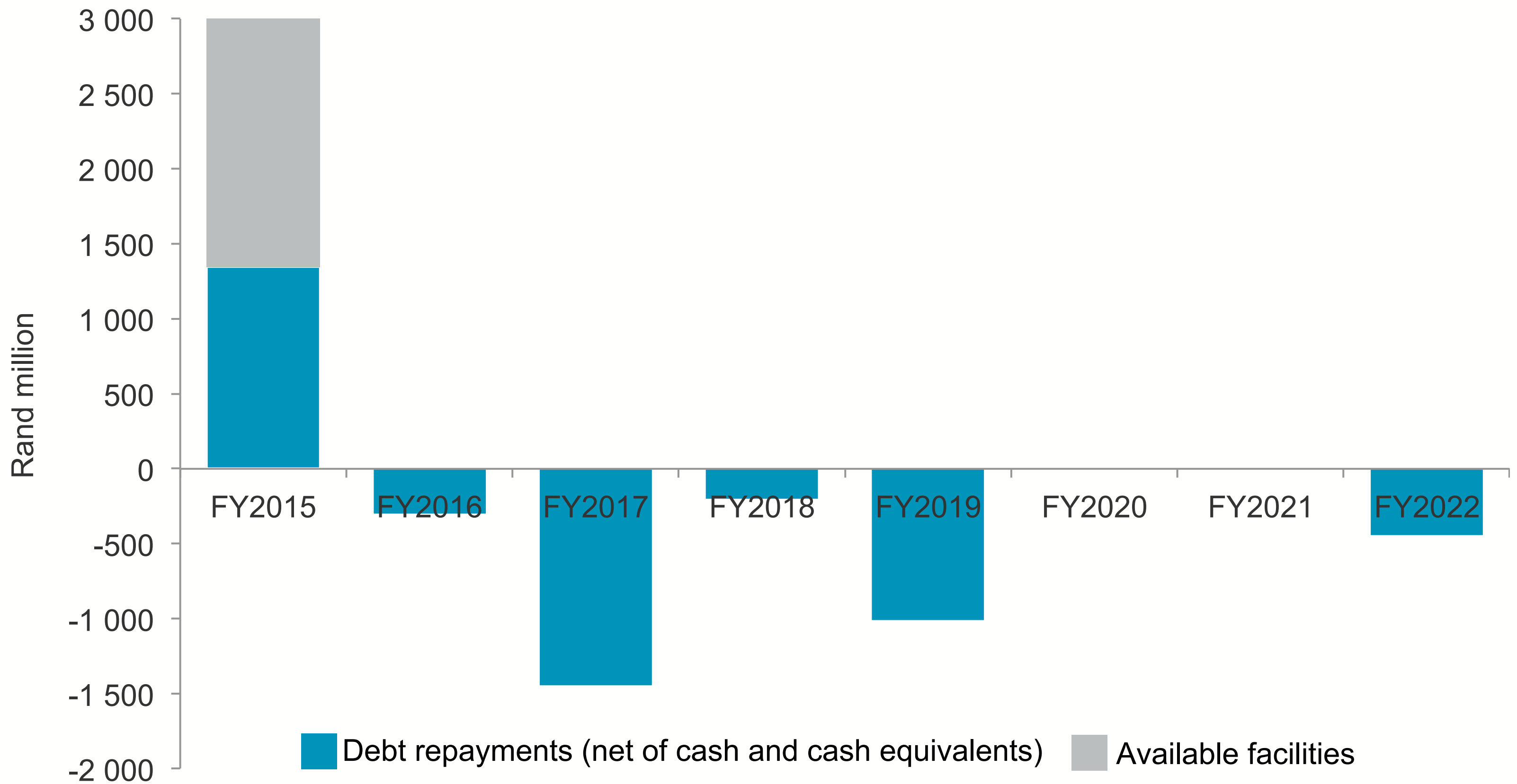
NET DEBT TO EBITDA (TIMES)



EBITDA INTEREST COVER (TIMES)



Net interest-bearing debt maturity

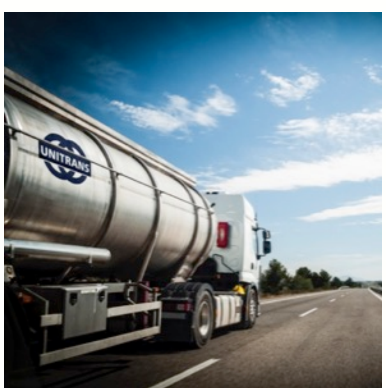


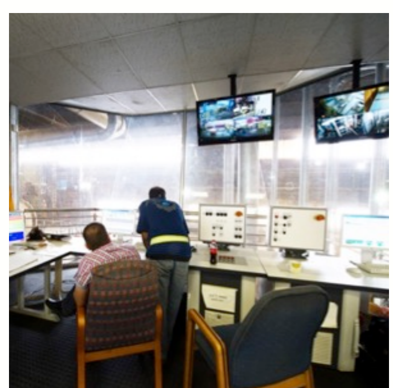
INDUSTRY *IN MOTION*™



OUTLOOK

Gary Chaplin – CEO




KAP

Business environment

LOW FUEL PRICE

- ↔ Changes in fuel price passed on to logistics customers
- + Margins enhanced in Passenger
- + Reduced logistic costs and positive operational impact in Diversified Industrial segment

WEAK RAND

- ↔ Logistics has currency exposure in 6 African countries
- + Increased tourism positively impacts Passenger
- – Higher raw materials cost impacts Timber
- + Positive competitive position against imports
- ↔ Fixed currency contracts in Automotive components

IMPACT OF ELECTRICITY DISRUPTIONS

- + Positive impact on logistics fuel operations with diesel consumption increase
- ↔ Disrupted industrial operations – structured process in place and excess capacity

SUBDUED MACRO ECONOMIC ENVIRONMENT

Annual results presentation
for the year ended
30 June 2015

Outlook

DIVERSIFIED LOGISTICS

DIVERSIFIED LOGISTICS

- Sustainability of earnings underpinned by contractual nature of business
- Reduced cost structure and improved efficiencies post restructure enables business to be more competitive in current economic climate
- Rest of Africa expansion opportunities enhanced by creating one Unitrans logistics division with a combined African focus

Outlook

DIVERSIFIED LOGISTICS

DIVERSIFIED LOGISTICS

- Passenger expansion in the rest of Africa
  - Mozambique personnel contract commenced in September 2014 and expanded in July 2015
  - Further African opportunities
- Opportunity in tough economic conditions
  - Flight to quality, customers require reputable suppliers
  - Market rationalisation
  - Acquisition opportunities

Annual results presentation
for the year ended
30 June 2015

Outlook

DIVERSIFIED INDUSTRIAL

TIMBER

- Business well structured for current market conditions (low cost base, strong market focus)
- Continued export focus
- Second phase of MDF upgrade commissioned in March 2015, full year for FY16
- Gloss finishing line in Boksburg to be commissioned in 2016
- Technology upgrades resulting in improved efficiencies and raw material savings

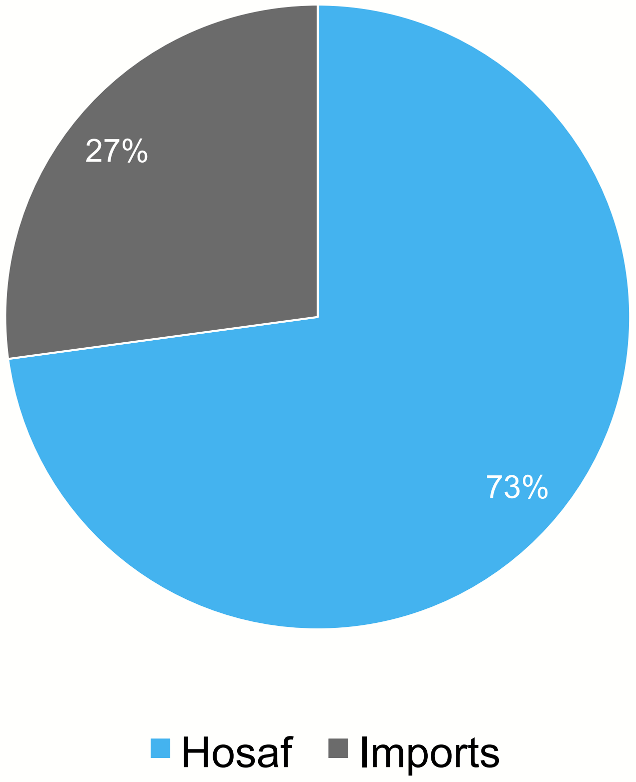
Outlook

DIVERSIFIED INDUSTRIAL

CHEMICAL

- Hosaf expansion approved
  - South African PET market forecast to grow by more than 7% per annum
  - South African 2015 PET consumption 210 000 tpa
  - Hosaf expansion project expected to increase capacity from 128 000 to 240 000 tpa
  - Implementation expected in July 2017
  - Expected capex approximately R700m
- Woodchem resin capacity expansion in December 2014 (Full year FY16)
- Woodchem paper impregnation plant to be commissioned in November 2015

SOUTH AFRICAN PET MARKET



Annual results presentation
for the year ended
30 June 2015

Outlook

DIVERSIFIED INDUSTRIAL

AUTOMOTIVE COMPONENTS

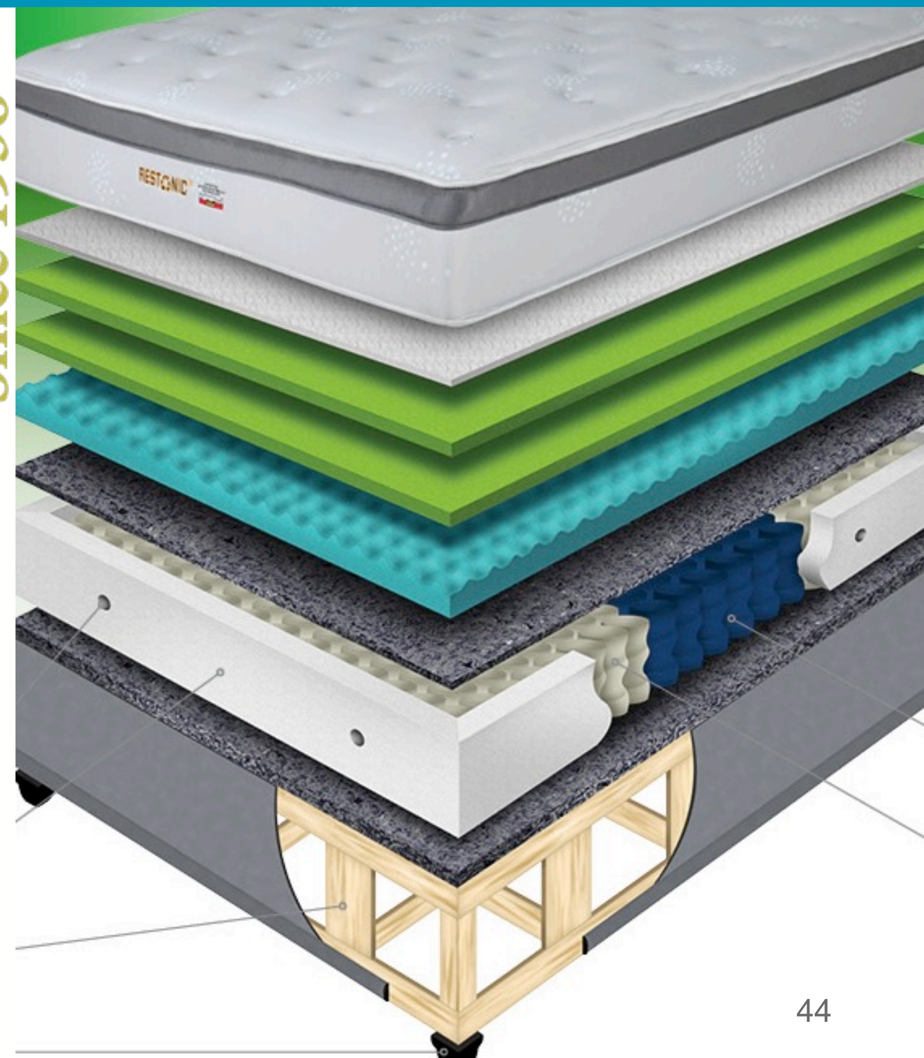
- Volume growth expected to continue through greater vehicle model penetration
- Expansion opportunities

Outlook

DIVERSIFIED INDUSTRIAL

INTEGRATED BEDDING

- Acquisition of Restonic facilitates integrated bedding division
  - Decentralised mattress operations will be brought into production during FY16
  - Distribution platform to be extended to include independent retailers
  - Integration synergies in logistics, procurement and other back office functions
  - Consolidation of 4 Gauteng factories into new plant scheduled for 2017



KAP
INDUSTRY *IN MOTION*™



THANK YOU