KAP

Annual Results
for the year ended 30 June 2010

AGENDA

Introduction and Highlights	**Paul Schouten**	**CEO**
Financial performance	**John Haveman**	**CFO**
Focus on automotive market	**Ugo Frigerio**	**MD, Automotive**
Divisional performance	**Paul Schouten**	**CEO**
Prospects	**Paul Schouten**	**CEO**

HIGHLIGHTS

Financial

Strong operating cash flows

Debt/equity ratio 23.9%

HEPS of 21.2 cents (previous year 11.4 cents)

Net asset value per share R3.13

Cash Flow

Operating margins improved from 3.4% to 4.9%

Lower interest charge

Lower net working capital

Limited capex

=R190 million free cash flow

Operations

Hosaf plant operating well

Recovery in automotive vehicle build

Annual Financial Results
for the year ended 30 June 2010

INCOME STATEMENT

KAP

- Headline earnings growth from loss of 3.2 cents to profit of 21 cents
- Finance costs down due to improved borrowings and lower rates
- Tax rate high due to permanent differences on pension fund surplus
- Earnings growth from loss of 8.8 cents to profit of 20.6 cents

	June 2010 Rm	June 2009 Rm
Continuing operations		
Revenue	**3 970.5**	3 839.0
Operating profit before restructuring costs	**198.2**	152.5
Restructuring costs	**(3.7)**	(19.9)
Net finance costs	**(52.7)**	(63.4)
Joint ventures	**3.0**	2.7
Profit before taxation	**144.8**	71.9
Taxation	**(48.7)**	(20.5)
Profit after taxation	**96.1**	51.4
Net loss from discontinued operations	**(2.4)**	(84.1)
Minorities	**(6.3)**	(4.6)
Net profit/(loss)	**87.4**	(37.3)
HEPS	**21.0**	(3.2)
EPS	**20.6**	(8.8)

BALANCE SHEET – ASSETS

	2010	2009
• Balance sheet strengthening		
• Properties valued at R591m, book value R213m		
• Net asset value per share (cents)	**313**	292
• Net tangible asset value per share (cents)	**297**	276

	June 2010 Rm	June 2009 Rm
Assets		
Fixed assets	**945.7**	939.9
Goodwill	**66.7**	66.7
Pension fund surplus	**25.1**	30.4
Deferred taxation assets	**68.3**	107.3
Joint ventures	**22.7**	22.1
Non-current assets	**1 128.5**	1 166.4
Inventories	**646.3**	675.8
Accounts receivable	**621.1**	547.9
Cash and equivalents	**101.8**	58.5
Assets held for sale	**12.5**	60.0
Current assets	**1 381.7**	1 342.2
Total assets	**2 510.2**	2 508.6

FIXED ASSETS MOVEMENT

	June 2010 Rm	June 2009 Rm
Opening balance	**939.9**	828.2
Capital expenditure	**63.3**	257.4
Disposals	**(2.6)**	(17.2)
Depreciation	**(70.8)**	(59.3)
Impairments	**(0.3)**	(19.4)
Transfers from/(to) held for sale	**16.2**	(49.8)
Closing balance	**945.7**	939.9
By category		
Land and buildings	**193.6**	192.3
Investment property	**19.4**	5.5
Plant and machinery	**687.8**	701.3
Other assets	**44.9**	40.8
Total	**945.7**	939.9

CAPITAL EXPENDITURE

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- Restricted to less than depreciation charge
- Capital cycle of last five years complete
- R13 million capex incurred in Automotive to acquire Dura assets
- No major capex planned for 2011

	June 2010		June 2009
	Capex	**Depreciation**	Capex
Industrial segment	**39.7**	**56.0**	233.5
Automotive	**21.3**	**26.5**	15.4
Industrial footwear	**2.7**	**6.4**	19.7
Hosaf	**15.7**	**23.1**	198.4
Consumer segment	**23.6**	**14.8**	23.9
Bull Brand	**8.8**	**3.8**	8.9
Brenner	**4.4**	**4.0**	4.4
Jordan	**2.4**	**2.7**	5.6
Glodina	**8.0**	**4.3**	5.0
TOTAL	**63.3**	**70.8**	257.4

BALANCE SHEET – EQUITY AND LIABILITIES

- Liabilities reducing and gearing improving

	June 2010 Rm	June 2009 Rm
Equity	**1 364.7**	1 272.1
Interest-bearing borrowings	**30.5**	29.6
Deferred taxation liabilities	**20.6**	23.8
Retirement benefit obligations	**10.6**	11.3
Long-term liabilities	**61.7**	64.7
Accounts payable and provisions	**686.9**	628.0
Short-term loans and bank overdrafts	**396.9**	535.5
Liabilities held for sale	**-**	8.3
Current liabilities	**1 083.8**	1 171.8
Total equity and liabilities	**2 510.2**	2 508.6

CASH FLOW STATEMENT

- Cash flow continues to improve
- 2009 cash flow included Bull Brand and Hosaf effects
- Cash taxation paid in Feltex Fehrer JV
- Group assessed losses R633 million

	June 2010 Rm	June 2009 Rm
EBITDA	**269.0**	125.1
Non-cash items	**(0.4)**	11.2
Decrease in working capital	**28.4**	231.8
Decrease in inventories	**44.1**	223.9
(Increase)/decrease in accounts receivable	**(73.7)**	181.9
Decrease/(increase) in accounts payable	**58.0**	(174.0)
Operating cash flows	**297.0**	368.1
Net finance costs	**(54.2)**	(77.5)
Cash taxation paid	**(8.9)**	(14.2)
Capital expenditure	**(63.3)**	(257.4)
Disposal of PPE	**18.4**	19.8
Free cash flow	**189.0**	38.8
Other investing activities	**2.4**	7.1
Dividends paid	**(2.1)**	(3.6)
Repayment of loans	**(128.2)**	(141.0)
Change in cash and equivalents	**61.1**	(98.7)
Free cash flow per share (cents)	**44.5**	9.1

REVENUE

- Growth in consumer business challenging
- Change in profile following Hosaf expansion and Bull Brand fresh meat closure
- Hosaf now the largest division

	June 2010 Rm	**%**	June 2009 Rm	%
Industrial segment	**2 495**	**62%**	2 242	48%
Automotive	**752**	**19%**	782	17%
Automotive - discontinued	**28**	**1%**	58	1%
Industrial footwear	**342**	**9%**	349	7%
Hosaf	**1 373**	**34%**	1 053	23%
Consumer segment	**1 505**	**38%**	2 322	52%
Bull Brand	**285**	**7%**	278	6%
Bull Brand - discontinued	**-**	**-**	668	16%
Brenner	**680**	**17%**	831	18%
Jordan	**342**	**9%**	351	8%
Glodina	**198**	**5%**	194	4%
TOTAL	**4 000**	**100%**	4 564	100%

OPERATING PROFIT BEFORE RESTRUCTURING

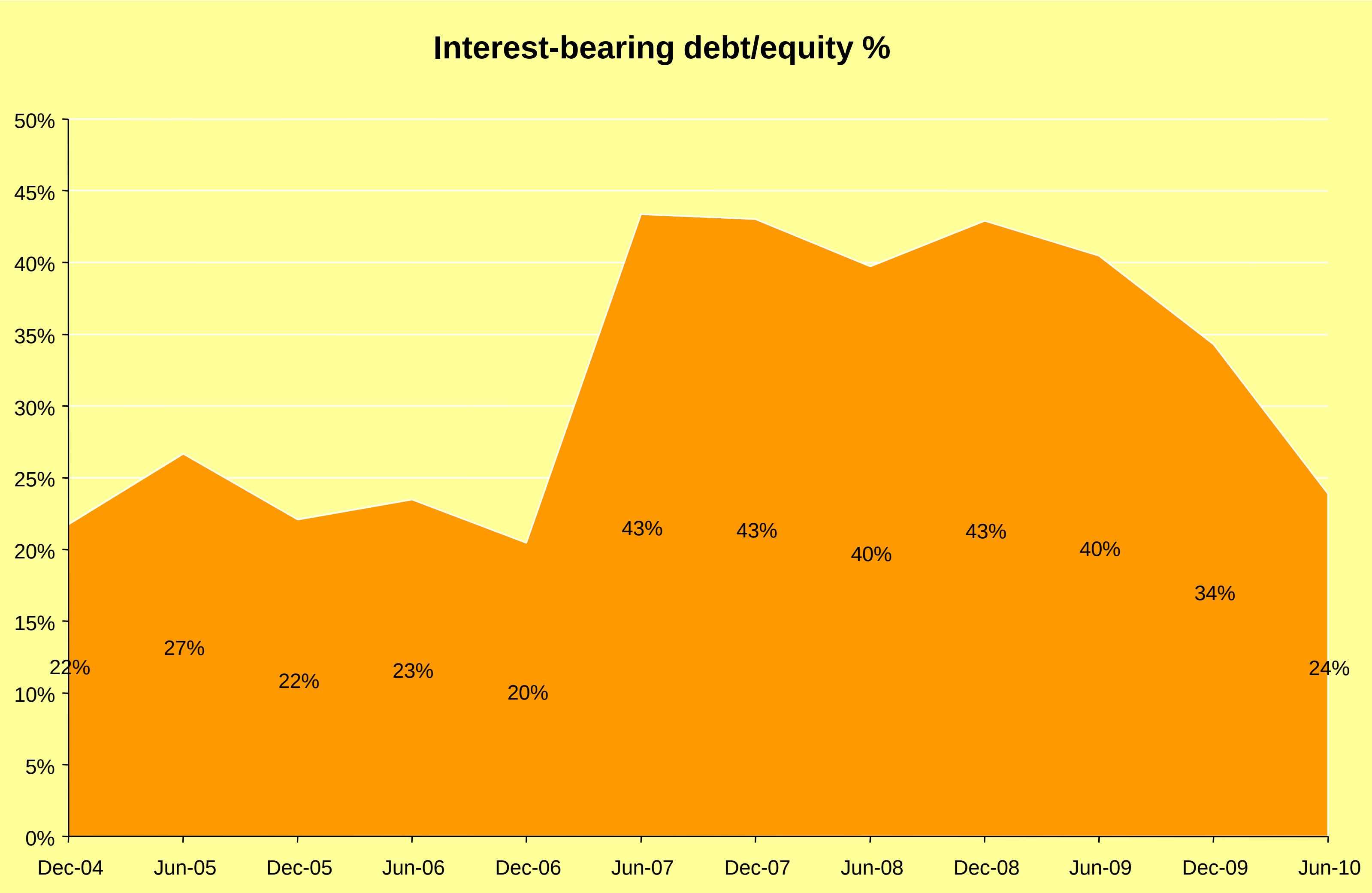
- 45% improvement on 2009
- Hosaf now 37% of the total following expansion
- Automotive improvement

	June 2010 Rm	June 2009 Rm
Industrial segment	**142.4**	73.5
Automotive	**35.4**	5.2
Automotive - discontinued	**0.5**	(8.5)
Industrial footwear	**31.3**	30.0
Hosaf	**75.2**	46.8
Consumer segment	**56.3**	64.7
Bull Brand	**7.5**	8.8
Bull Brand - discontinued	**-**	(6.8)
Brenner	**28.7**	44.1
Jordan	**11.1**	2.4
Glodina	**9.0**	16.2
TOTAL	**198.7**	138.2

DEBT REDUCTION PROCEEDING TO PLAN

- Goal of continuous improvement
- Reached target net debt/equity ratio of < 30%
- EBITDA interest cover 5 times
- Some divisions still receiving attention
- Sale of under-utilised properties to continue
- Risks to the downside:
  - Exchange rate
  - Activity levels
  - Commodity prices

DEBT HISTORY



CAPITAL DISTRIBUTION

- Reinstated following good cash flows in 2009 and 2010
- Final cash distribution of 7 cents per share proposed
- Cover of 3 times headline earnings
- Cover of 6.4 times free cash flow

Final distribution	**June 2010**	June 2009
Headline earnings (cents per share)	**21.0**	(3.2)
Free cash flow (cents per share)	**44.5**	9.1
Distribution per share (cents per share)	**7.0**	-
Total distribution proposed (R million)	**29.7**	-
Cover (times - headline earnings)	**3.0**	-
Cover (times - free cash flow)	**6.4**	-

Industrial Segment

AUTOMOTIVE DIVISION

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FELTEX

RIETER

caravelle
automotive carpets

FUTURIS

Fehrer

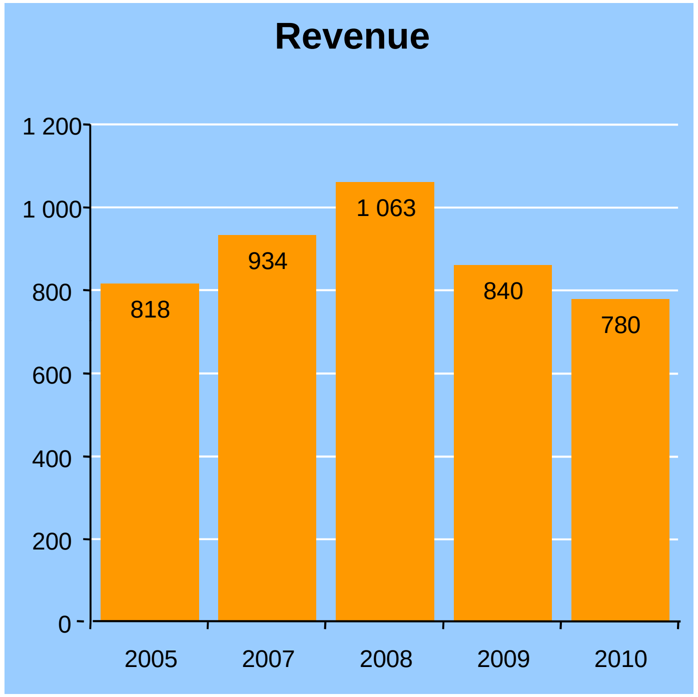
UNIFRAX

FOAM CONVERTING

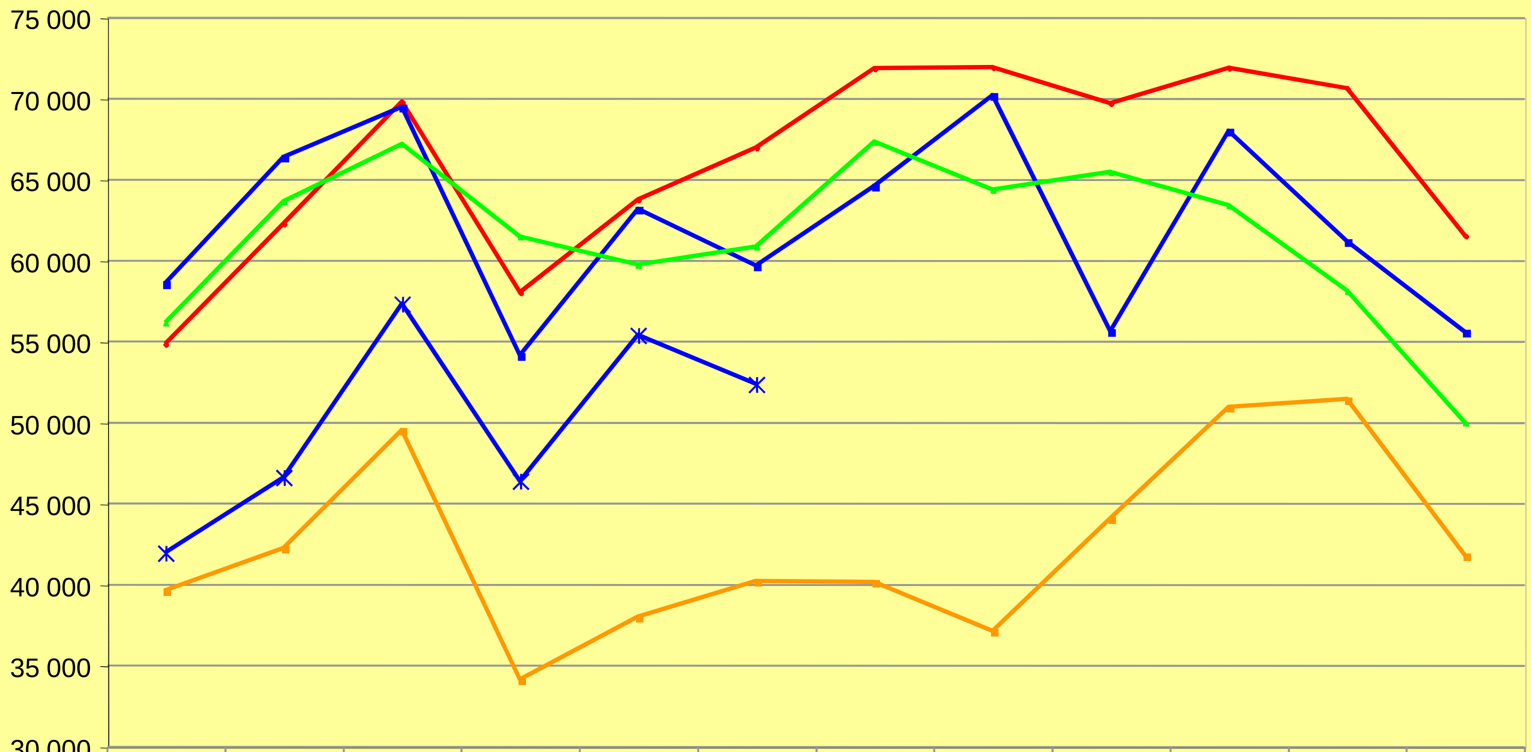
AUTOMOTIVE TRIM

REVENUE AND OPERATING PROFIT

Rm	Dec 2005	June 2007	June 2008	June 2009	**June 2010**
Revenue	818	934	1063	840	**780**
Operating Profit/(loss)	84	100	32	(3)	**36**
Operating Margin	10.3%	10.7%	3.0%	(0.4%)	**4.6%**



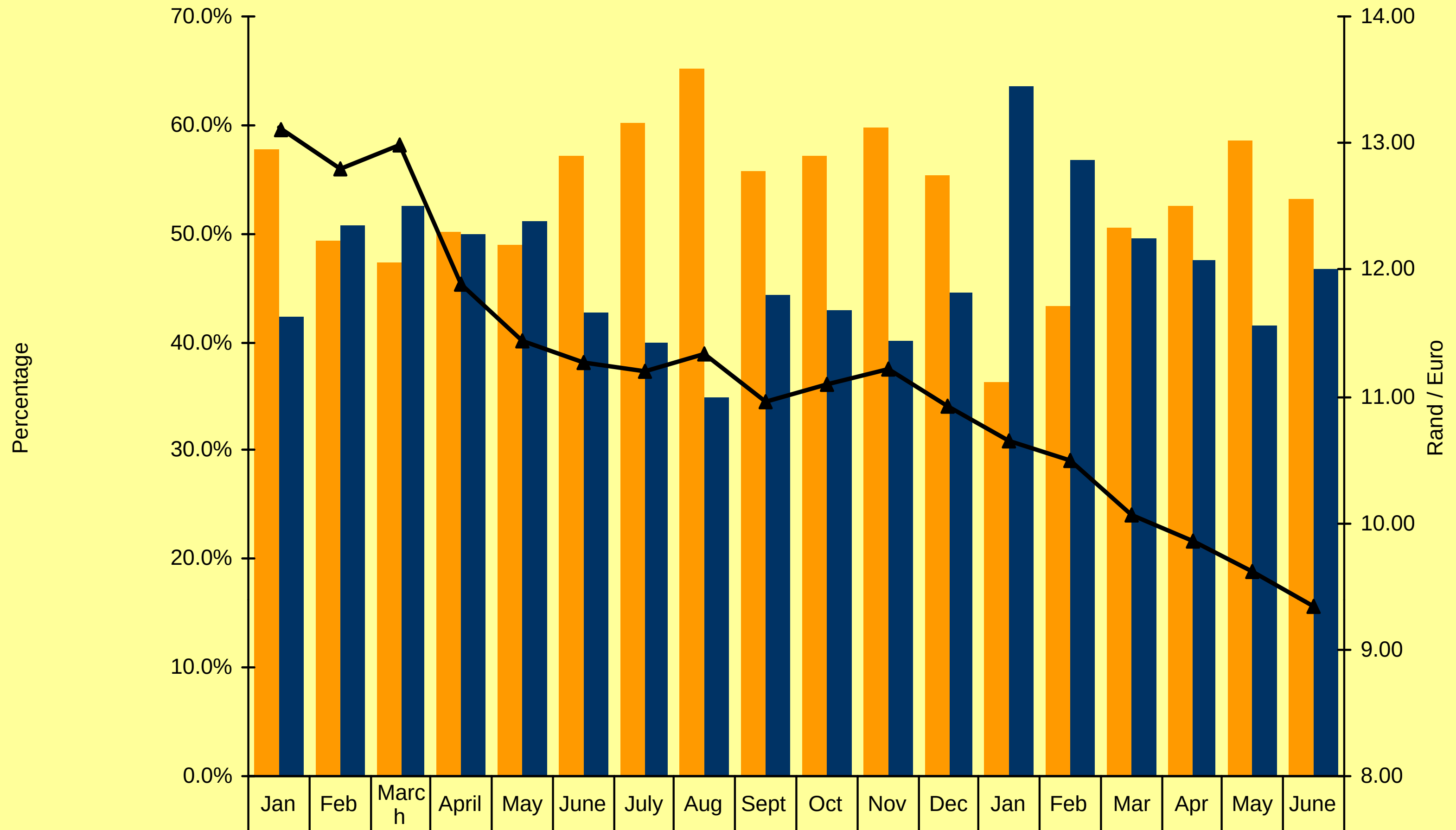
TOTAL PASSENGER AND LCV SALES 2006 TO 2010



	J	F	M	A	M	J	J	A	S	O	N	D
2006	54 817	62 231	69 746	57 987	63 710	66 942	71 824	71 872	69 655	71 855	70 612	61 505
2007	58 539	66 361	69 455	54 100	63 153	59 630	64 559	70 147	55 574	67 965	61 162	55 538
2008	56 122	63 623	67 170	61 438	59 698	60 841	67 300	64 317	65 437	63 359	58 082	49 949
2009	39 596	42 216	49 522	34 103	37 957	40 181	40 109	37 109	44 036	50 919	51 420	41 773
2010	41 941	46 598	57 287	46 352	55 367	52 339						

Source of Data: NAAMSA

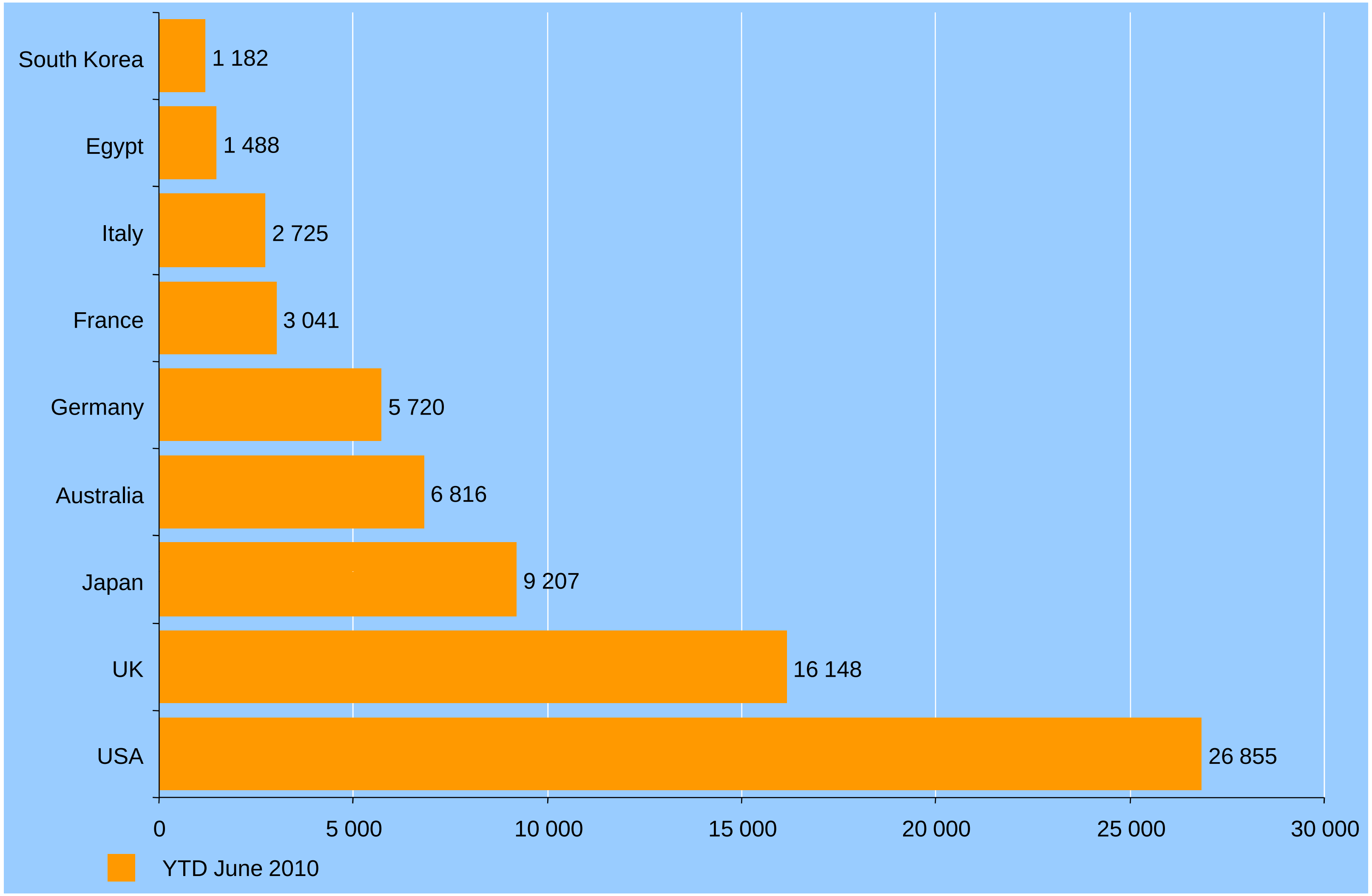
LOCAL vs EXPORT SALES BY MONTH – JAN 2009 to JUNE 2010



	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
% Export	57.7	49.3	47.4	50.1	48.9	57.2	60.1	65.1	55.7	57.1	59.8	55.4	36.4	43.3	50.5	52.5	58.5	53.2
% Local	42.3	50.7	52.6	49.9	51.1	42.8	39.9	34.9	44.3	42.9	40.2	44.6	63.6	56.7	49.5	47.5	41.5	46.8
Exchange Rate	13.13	12.80	12.99	11.89	11.44	11.27	11.20	11.34	10.95	11.09	11.21	10.93	10.65	10.50	10.06	9.86	9.61	9.34

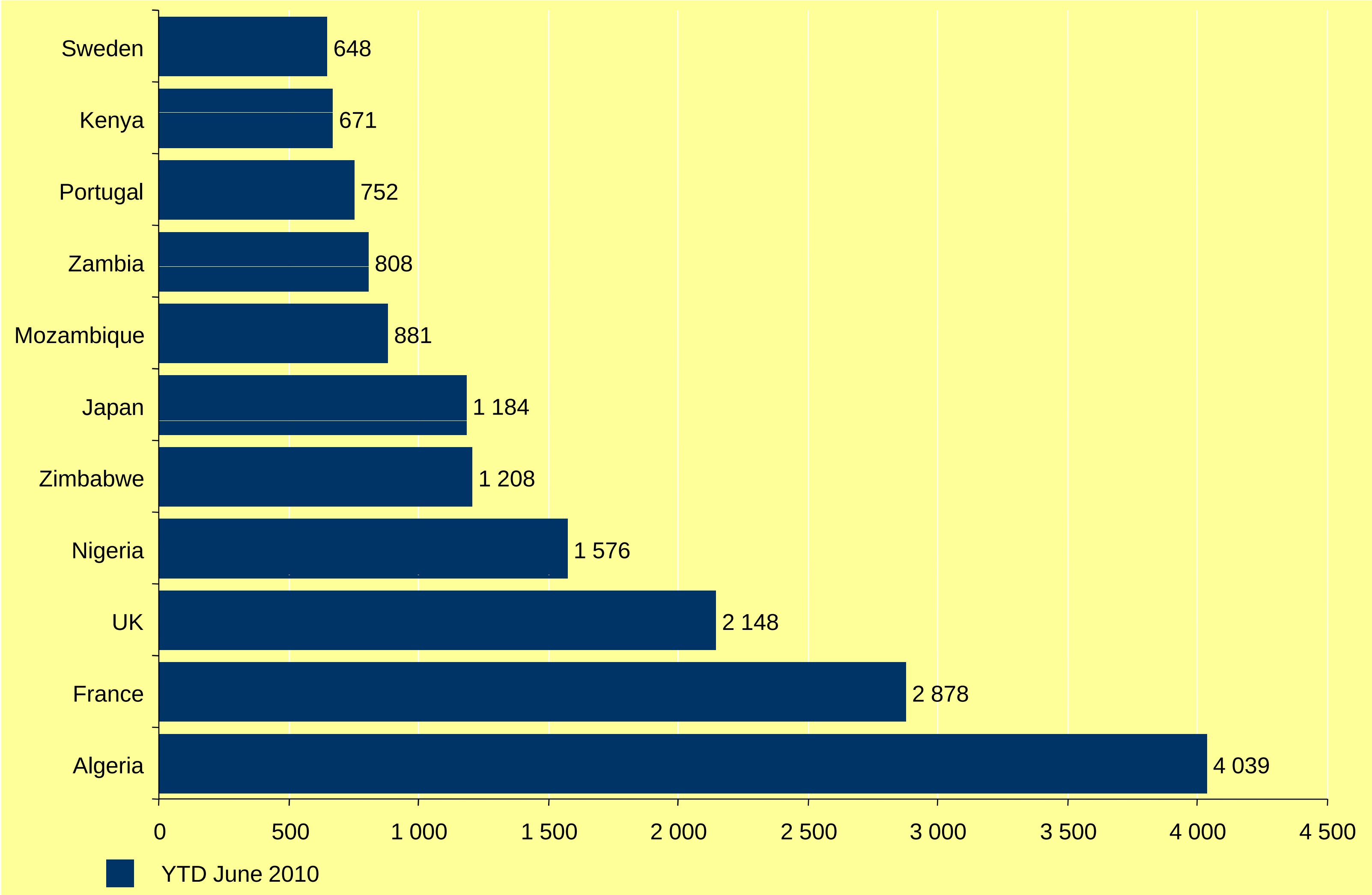
Source of Data: NAAMSA

PASSENGER CAR EXPORTS BY MAJOR DESTINATION (>1 000)
July 2009 to June 2010



Source of Data: NAAMSA

LCV EXPORTS BY MAJOR DESTINATION (>500)
January to June 2010



Source of Data: NAAMSA

VEHICLES SOLD VERSUS VEHICLES BUILT

January to June 2010

- 45% improvement on 2009
- Hosaf now 37% of the total following expansion
- Automotive improvement

OEM	Vehicles sold	Vehicles built
Ford	31 330	26 248
Nissan/Renault	38 278	38 881
BMW	47 481	45 973
Mercedes Benz	48 204	49 912
Toyota	111 322	112 376
General Motors	25 681	24 974
Volkswagen	93 054	93 935
Fiat and Volvo	518	0
Total	395 868	392 299

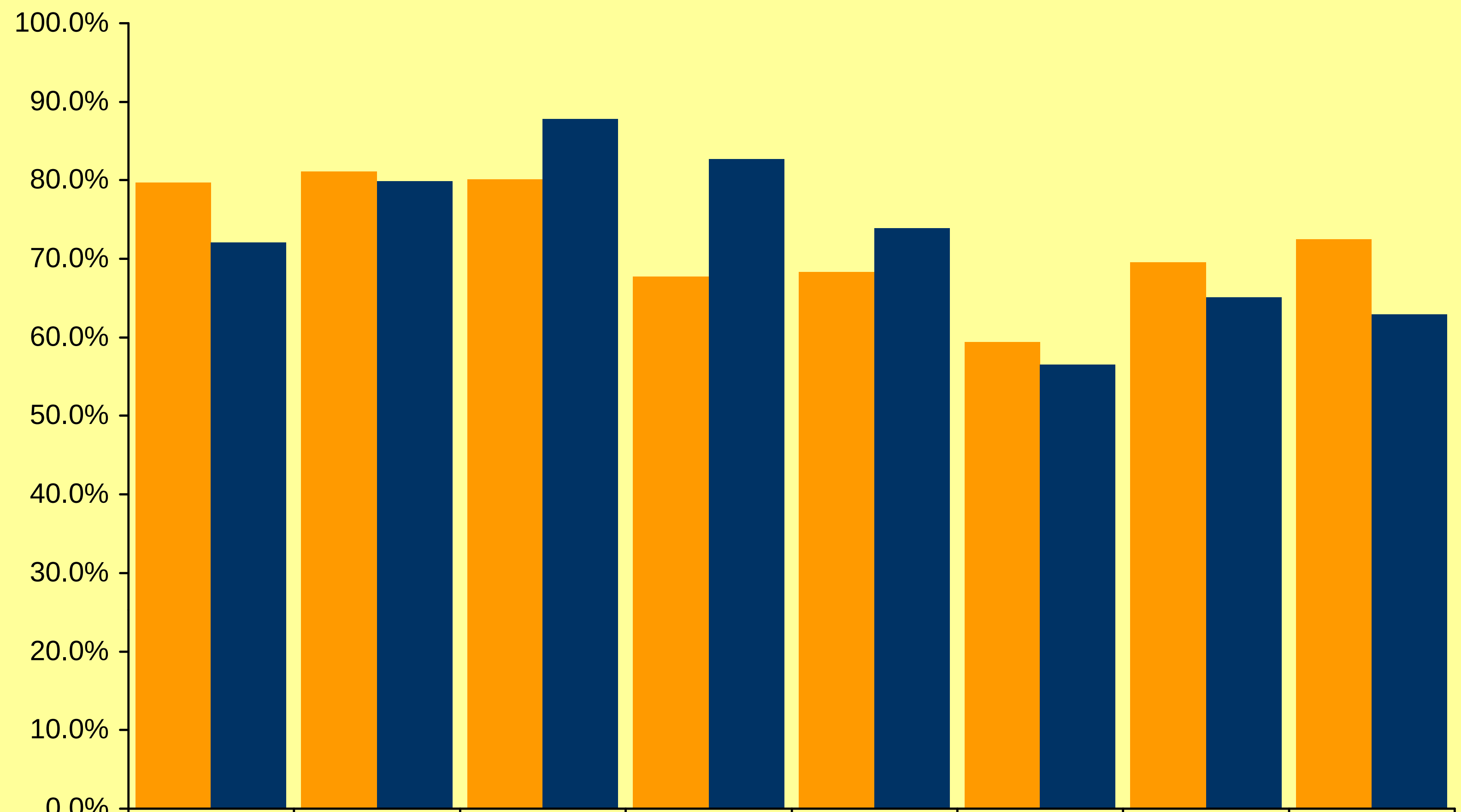
Source of Data: Vehicles sold per NAAMSA, vehicles built per Feltex

OE PRODUCTION AND FELTEX FORECAST

	Jul 07 to Jun 08 Actual	Jul 08 to Jun 09 Actual	**Jul 09 to Jun 10 Actual**	Jul 10 to Jun 11 Feltex forecast
Ford	63 394	43 648	**26 248**	20 576
Nissan	34 056	25 135	**38 881**	42 420
BMW	49 193	44 474	**45 973**	44 460
MBSA	57 461	44 283	**49 912**	47 880
Toyota	170 999	133 470	**112 376**	111 720
GMSA	68 408	33 648	**24 974**	21 660
VWSA	89 924	73 762	**93 935**	100 320
Total	533 435	398 420	**392 299**	389 036

Source of Data: Feltex

UTILISATION OF PRODUCTION CAPACITY
- 7 SOUTH AFRICAN OEMs



	2004	2005	2006	2007	2008	2009	Q1 2010	Q2 2010
Cars	79.7%	81.1%	80.1%	67.7%	68.3%	59.4%	69.6%	72.5%
LCV	72.1%	79.9%	87.8%	82.7%	73.9%	56.5%	65.1%	62.9%

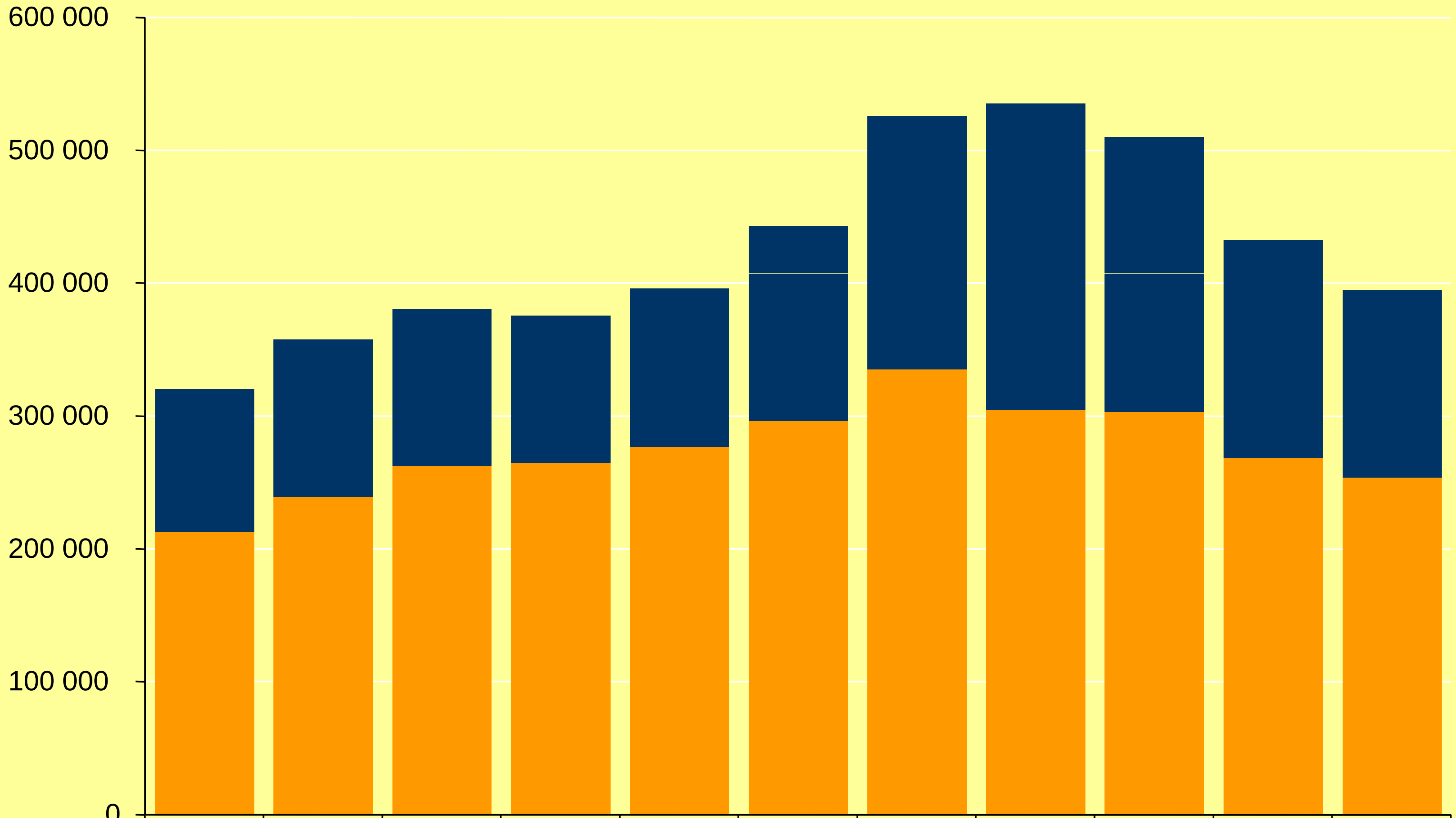
Source of Data: NAAMSA

MODEL RUN IN'S AND RUN OUT'S

New Models		Run Out Models	
Ford T6	Q3 – 2011	Ford Focus	Q1 – 2011
BMW F30	Q1 – 2012	Ford Bantam	Q2 – 2011
Corsa Viva	Q3 – 2011	Ford Ranger	Q2 – 2011
		Mazda Drifter	Q2 - 2011
		BMW E90	Q4 – 2011
		Corsa Lite	Q2 – 2011

VEHICLE SALES BY FINANCIAL YEAR

LOCAL VEHICLES ALL OEMs

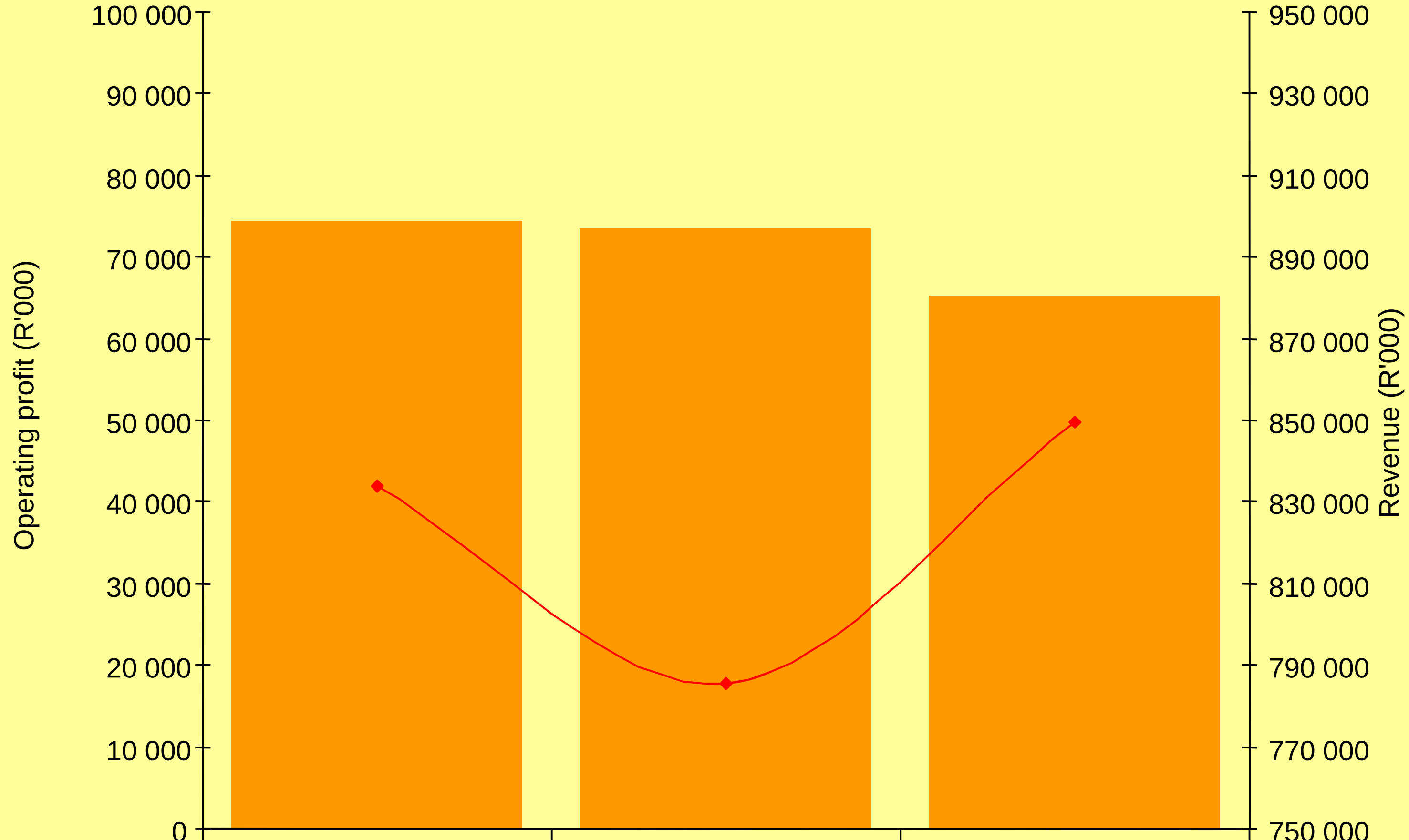


	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
LCV	107 189	118 707	117 856	110 616	119 157	146 474	190 824	230 618	206 709	163 945	141 030
Passenger	213 537	239 411	262 956	265 333	277 323	296 929	335 645	304 927	303 884	269 020	254 320

Source of Data: NAAMSA

FELTEX AUTOMOTIVE DIVISION

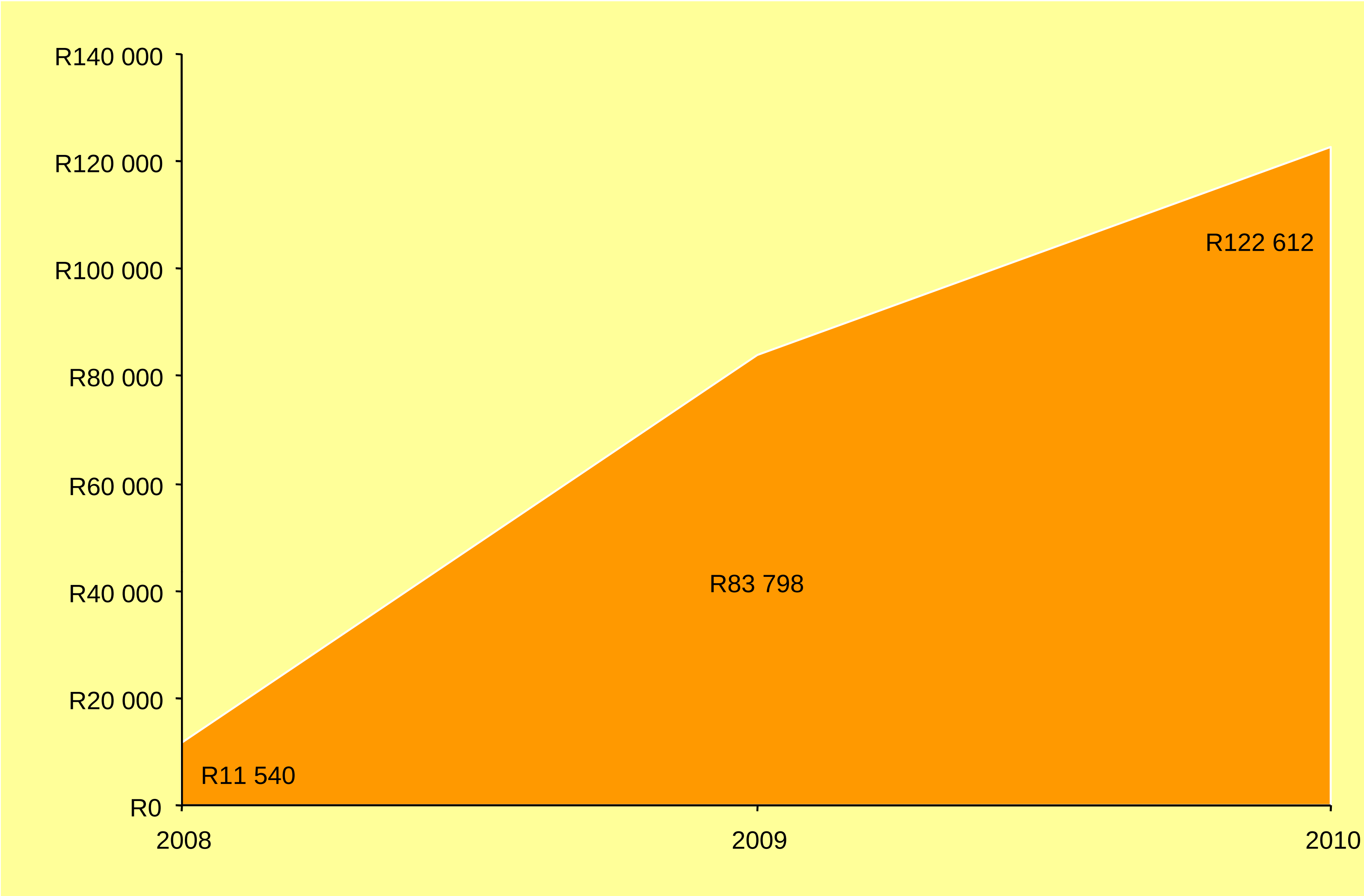
REVENUE AND OPERATING PROFIT FROM CONTINUING OPERATIONS (INCL. JVs)



	2008	2009	2010
Revenue	898 730	896 957	880 231
Operating profit	41 933	17 834	49 658

Source of Data: NAAMSA

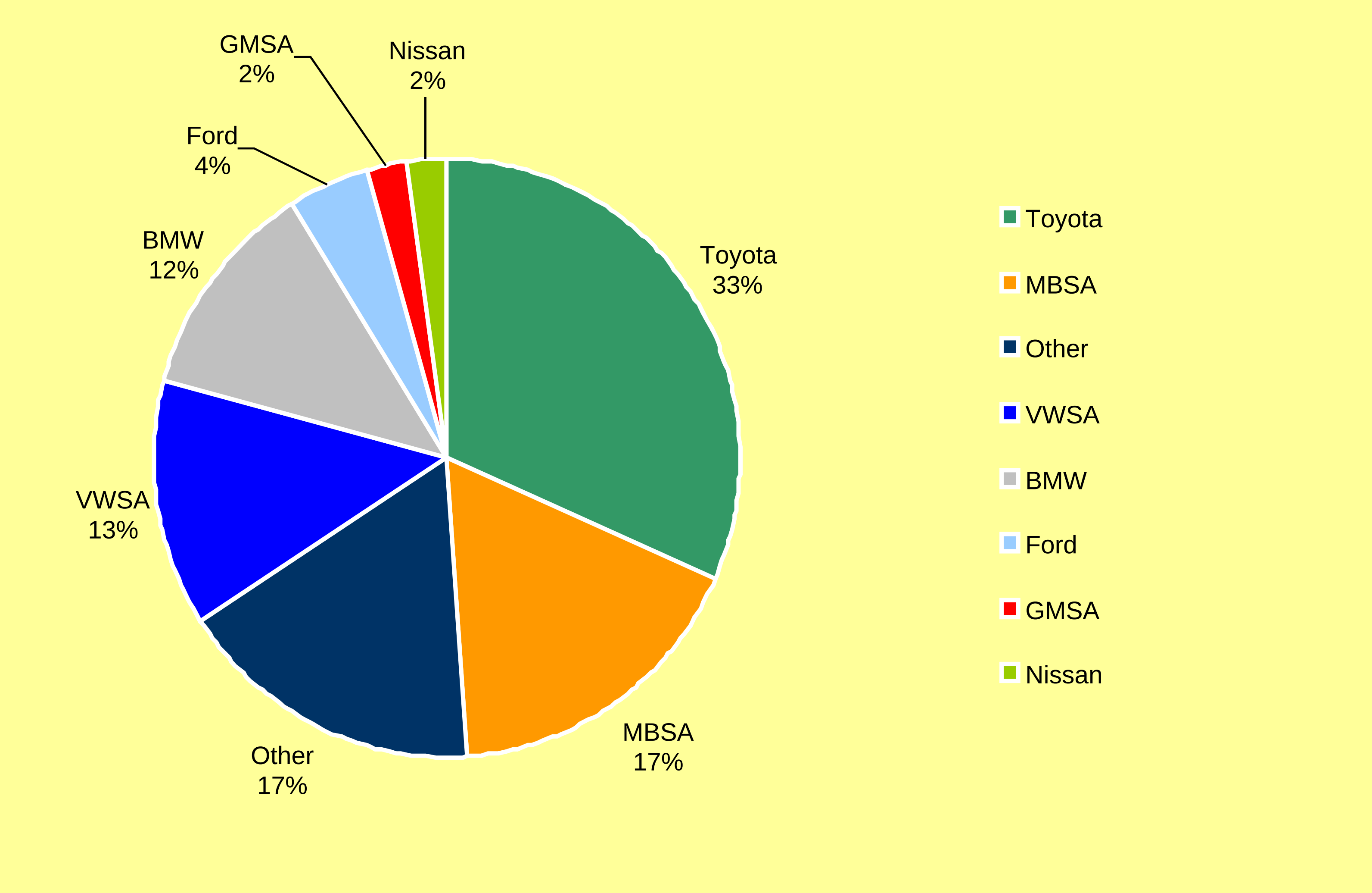
FELTEX AUTOMOTIVE DIVISION
CASH GENERATED FROM OPERATING ACTIVITIES (INCL. JVs)



Source of Data: NAAMSA

FELTEX AUTOMOTIVE DIVISION

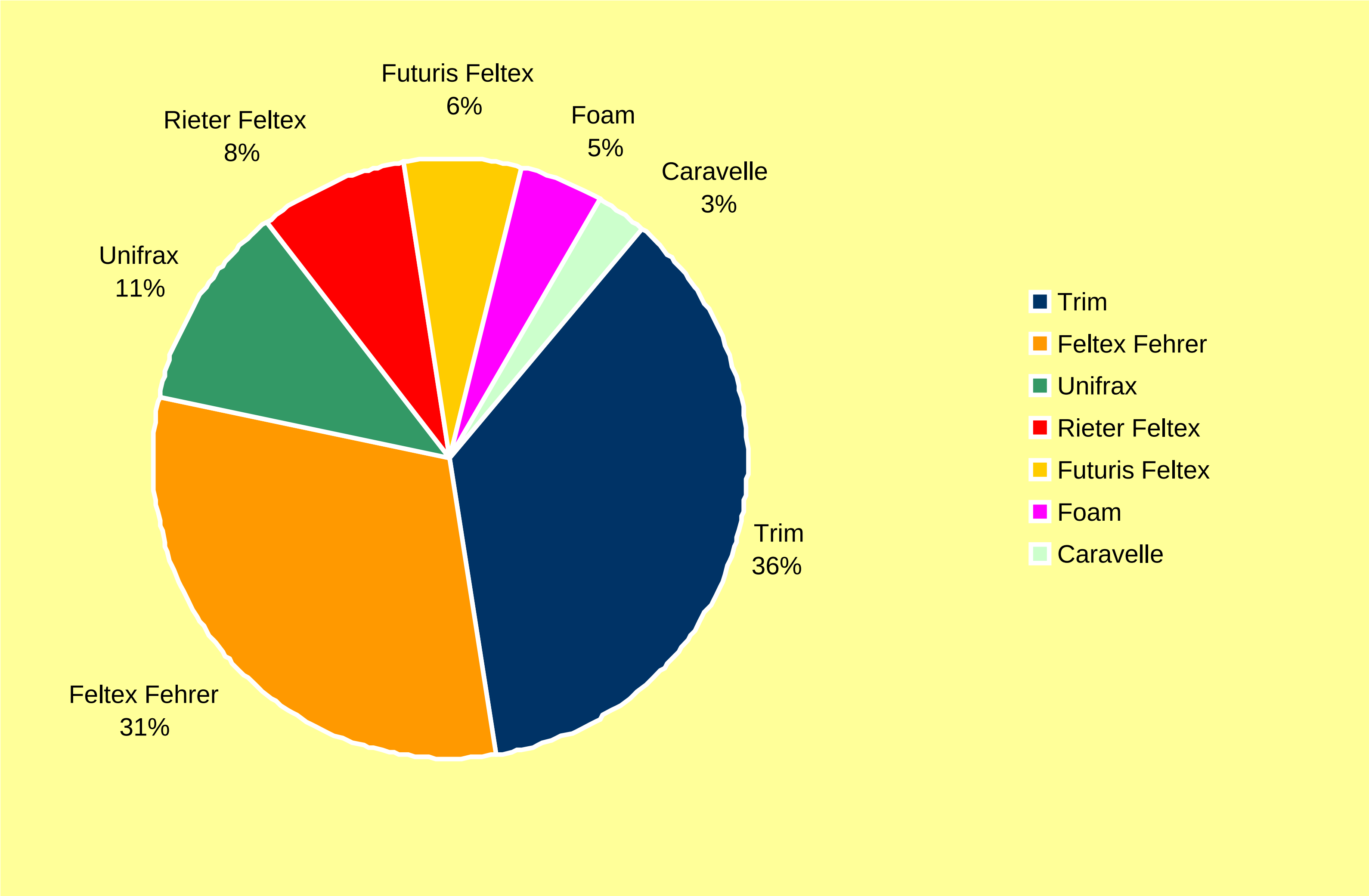
SALES BY CUSTOMER – JULY 2009 TO JUNE 2010



Source of Data: Feltex

FELTEX AUTOMOTIVE DIVISION

SALES BY BUSINESS UNIT – JULY 2009 TO JUNE 2010



Source of Data: Feltex

INDUSTRIAL FOOTWEAR DIVISION

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WAYNE PLASTICS

MOSSOP WESTERN Leathers

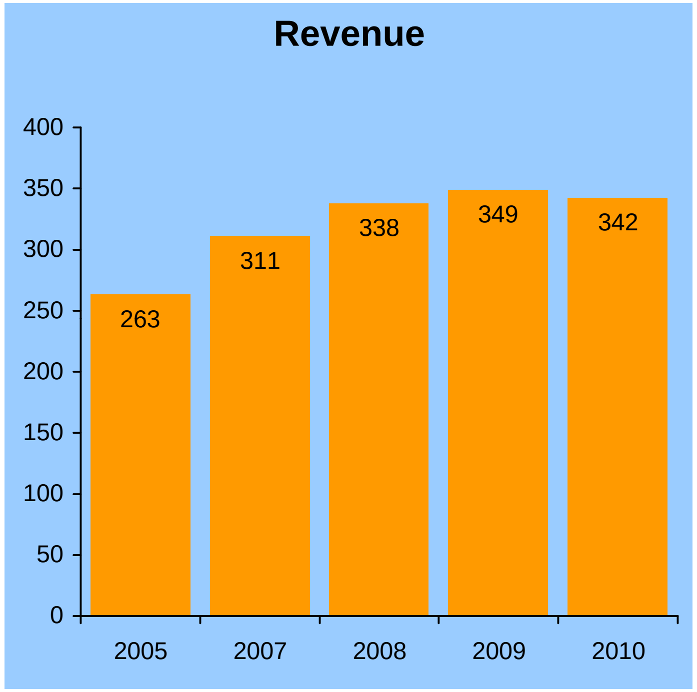
Frams
Tough science for shoes

INYATI

REVENUE AND OPERATING PROFIT

INDUSTRIAL FOOTWEAR DIVISION

Rm	Dec 2005	June 2007	June 2008	June 2009	**June 2010**
Revenue	263	311	338	349	**342**
Operating profit	31	27	30	30	**31**
Operating margin	11.8%	8.7%	8.9%	8.6%	**9.1%**



INDUSTRIAL FOOTWEAR

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- Operating profit steady
- Rand has made it difficult to compete
- Local production has been on short time

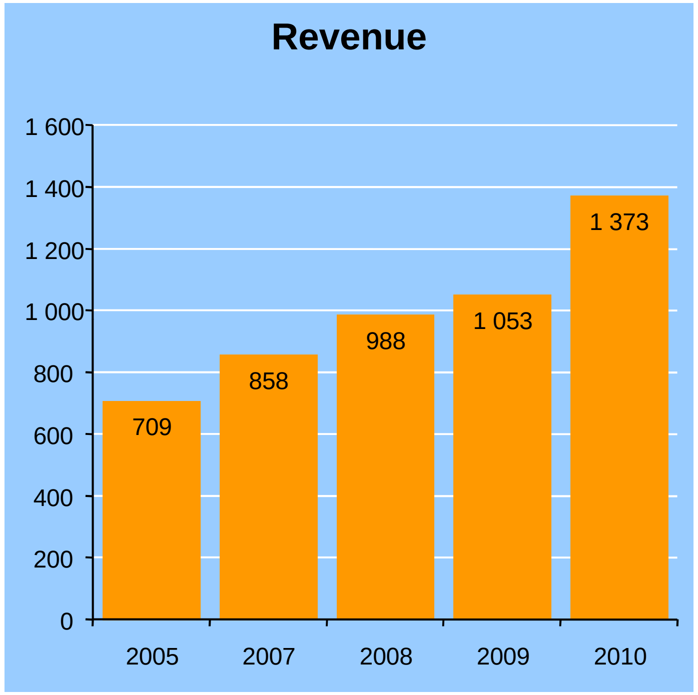
- Increased activity of competitors and more importers
- Improve design capabilities
- Changes in marketing – personnel and strategic
- Potential Australian exports
- Increase in Mossop turnover – new customers

HOSAF

REVENUE AND OPERATING PROFIT

HOSAF

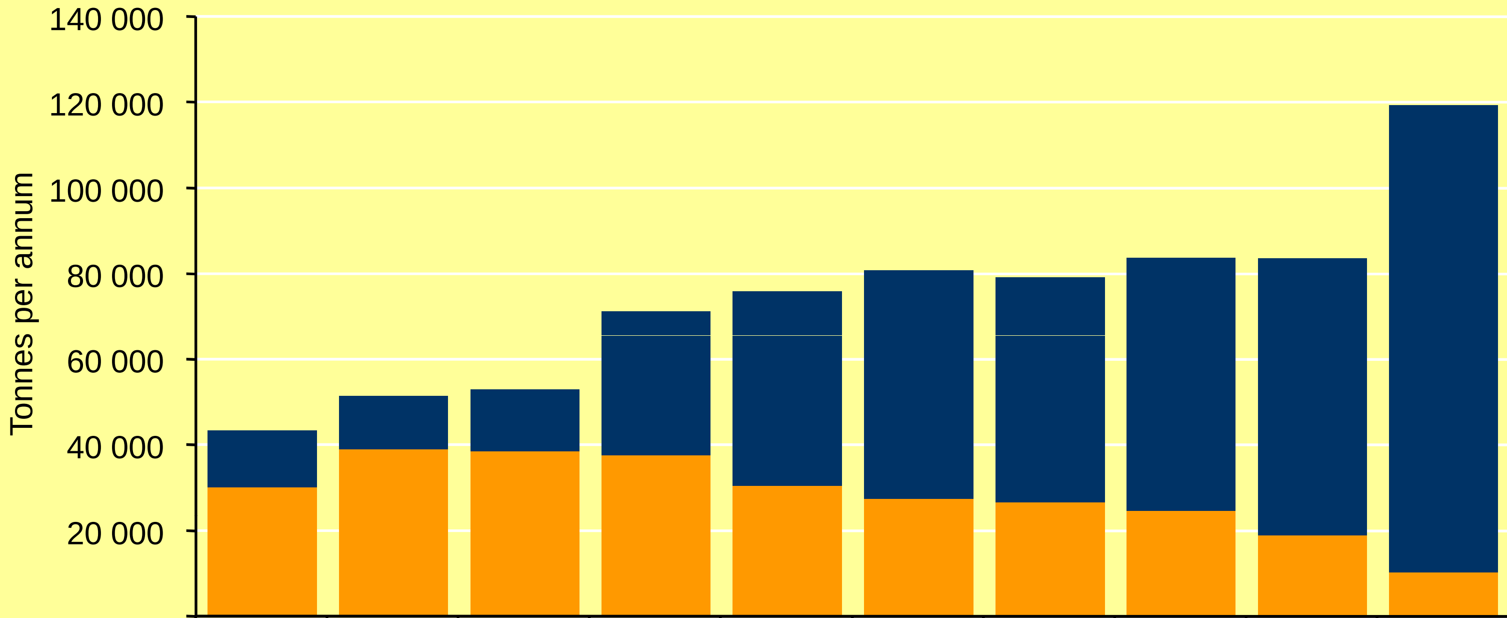
Rm	Dec 2005	June 2007	June 2008	June 2009	**June 2010**
Revenue	709	858	988	1 053	**1 373**
Operating profit	44	51	44	47	**74**
Operating margin	6.2%	5.9%	4.5%	4.5%	**5.4%**



PET PRODUCTION CAPACITY

Tonnes (000's)	2001	2002	2003	2004	2005	2006	2007	2008	2009	**2010**
SANS	85	85	85	85	85	85	85	85	-	
Hosaf	15	15	33	33	48	54	57	60	85	**120**
Total	100	100	118	118	133	139	142	145	85	**120**
Imports			9	11	11	7	5	8	20	**20**
	100	100	127	129	144	146	147	153	105	**140**

HOSAF SALES MIX



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
PET	13 333	12 305	14 590	33 628	45 304	53 366	52 550	59 040	64 607	109 140
Fibre	30 267	39 385	38 690	37 786	30 801	27 612	26 885	24 890	19 213	10 425

Plant capabilities

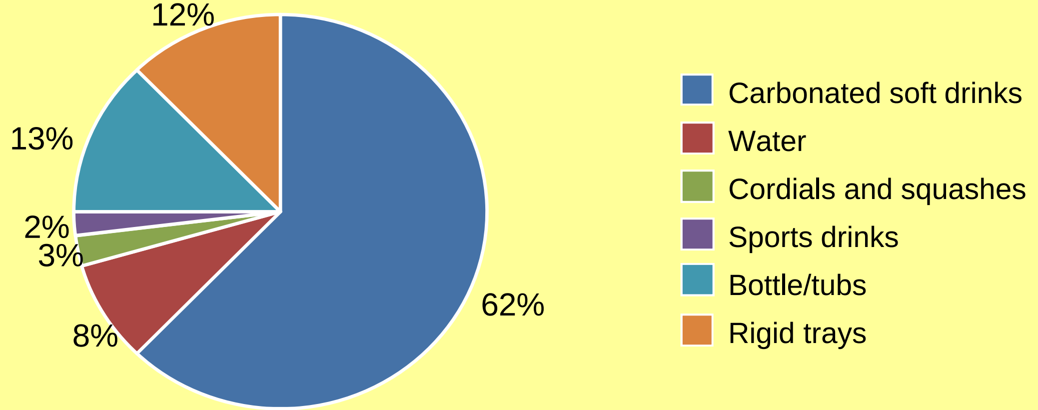
- working towards producing 15 tonnes per hour at 98% utilisation = 128 000 tonnes

HOSAF – MARKET SPLIT

Mil litres		2002	2003	2004	2005	2006	2007		TONNES
Beverages	Carbonated soft drinks	2 207	2 355	2 464	2 539	2 552	2 687	83%	
Beverages	Water	95	119	152	202	270	351	11%	
Beverages	Cordials and squashes	95	96	98	101	105	115	4%	
Beverages	Sports drinks	64	66	70	73	78	81	3%	
		2 461	2 636	2 784	2 915	3 005	3 234	100%	105 000

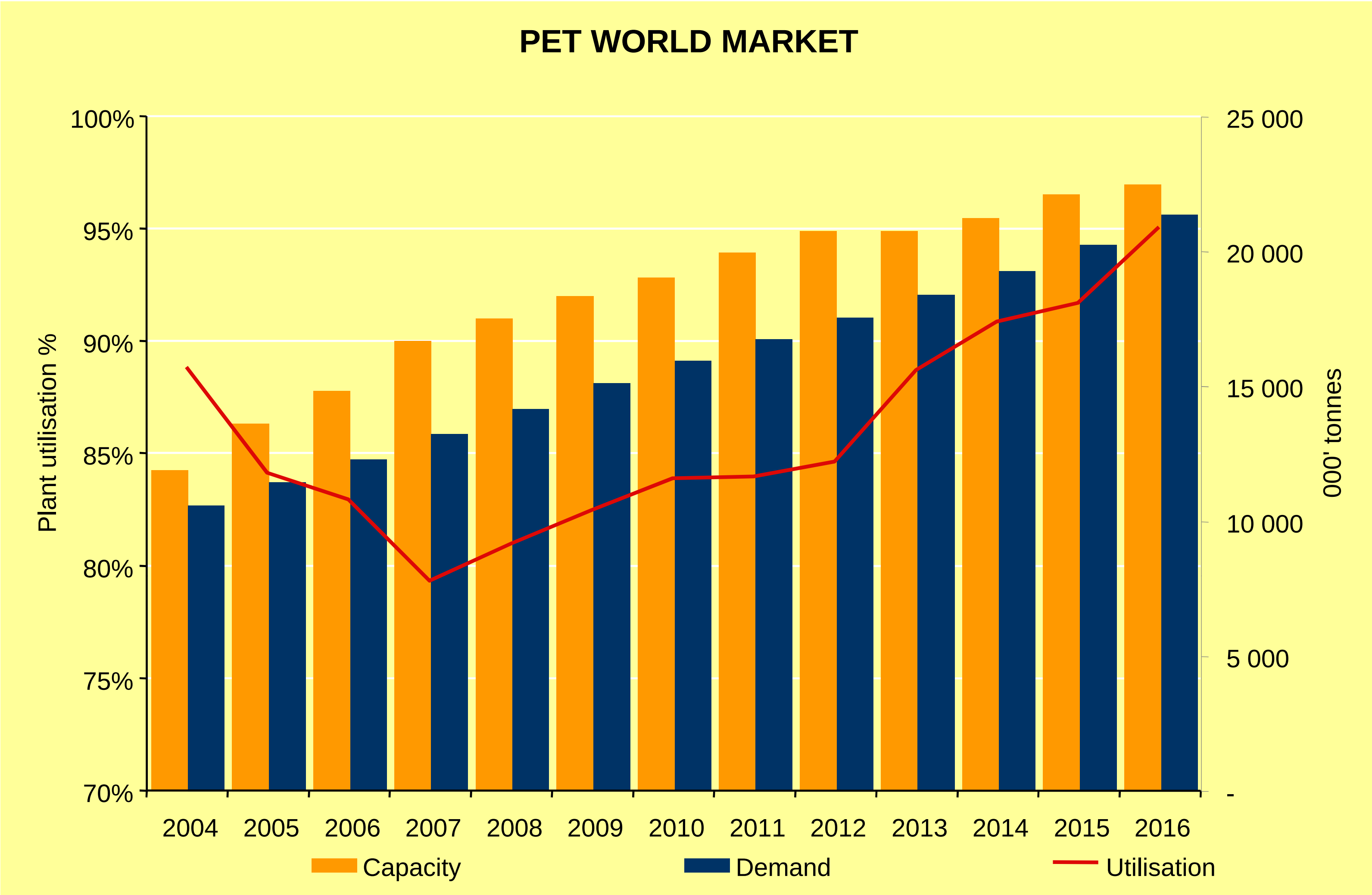
Tonnes									TONNES
Food pack	Bottle/tubs	13 147	13 775	14 681	15 430	16 263	17 027		
Food pack	Rigid trays	8 930	11 767	13 120	14 537	15 540	16 410		
		22 077	25 542	27 801	29 967	31 803	33 437		35 000

HOSAF – PET MARKET



Source of Data: BMI Foodpack

HOSAF – WORLD MARKETS

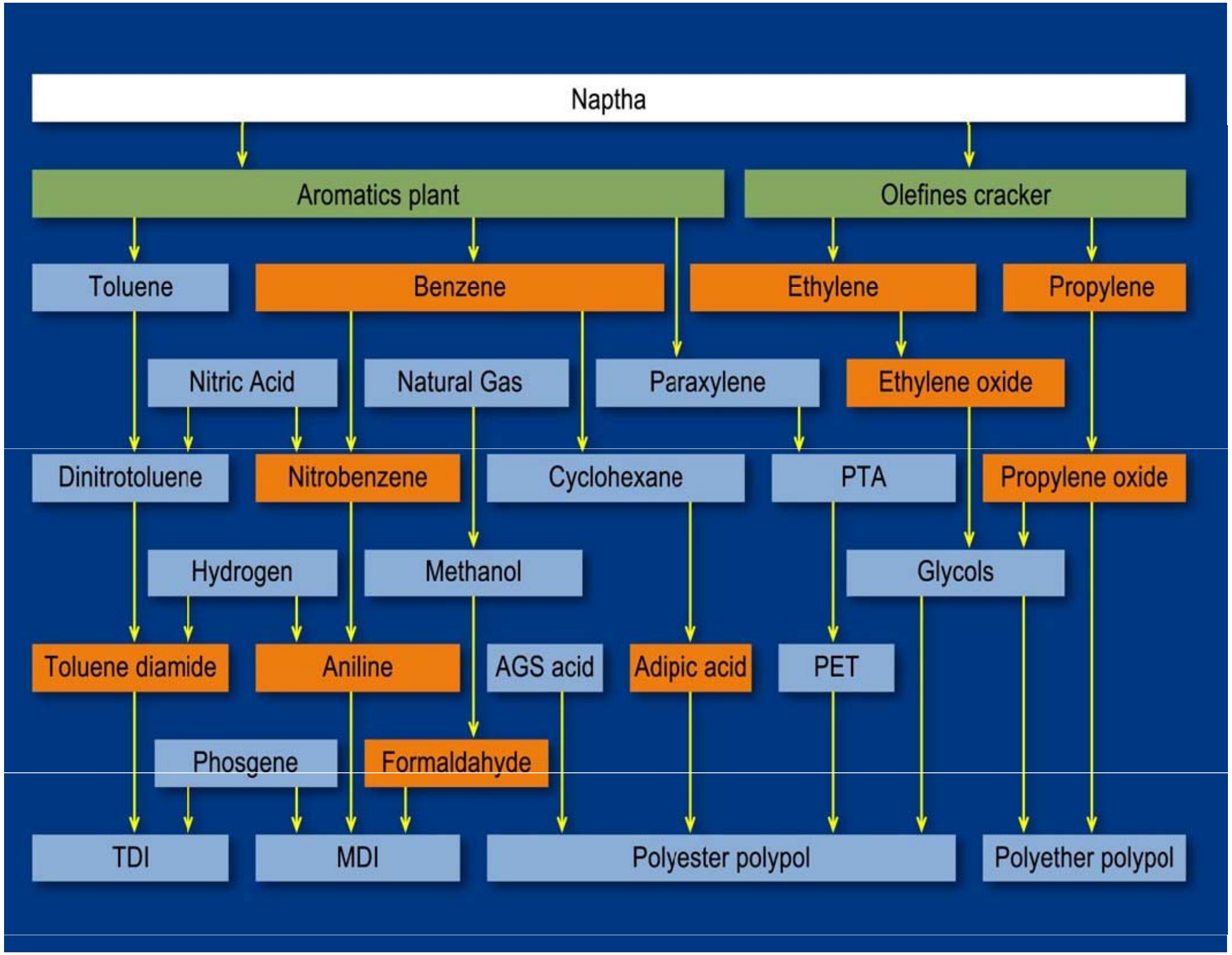


Source of Data: GSI Consultant

Market developments

- Fast reheat – energy saving and light weighting
- Wine bottles for Backsberg
  - PET bottles are fully recyclable and have a lower carbon footprint than glass. Carbon emissions for glass 89 g vs PET 58 g done.
  - A glass wine bottle 750 ml weighs 400 g
    PET wine bottle 750 ml weighs 50 g
  - The PET bottle has smaller dimensions.
    Up to 36% more product can be exported in a container.
- Budweiser beer at World Cup
- Sustainable glycol from sugar – new product for Valpré (Feb 2011)

RAW MATERIAL DERIVATIVES



Consumer Segment

BULL BRAND FOODS

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Bull Brand

GANTS

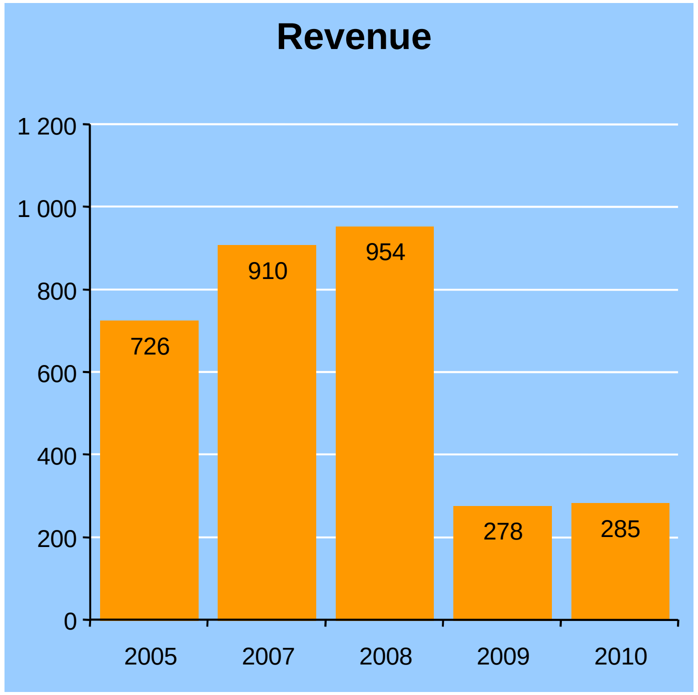
SNAX

SPEKENAM

REVENUE AND OPERATING PROFIT

BULL BRAND FOODS

Rm	Dec 2005	June 2007	June 2008	June 2009	**June 2010**
Revenue	726	910	954	278	**285**
Operating profit	38	5	32	8	**8**
Operating margin	5.2%	0.5%	3.4%	2.9%	**2.8%**



BULL BRAND

Results

Cannery turnover slightly down

- Affected by weakness in the economy and good fishing season
- Still on track for strong market share gains since 2001
- Strong performance of sales to Famous Brands in June

Operational

- Improved service levels to customer
- Production flow improvements and operational stats

Strategic

- New brand manager employed
- Major drive for new products
- Export initiatives

GROWTH IN CANNERY SALES

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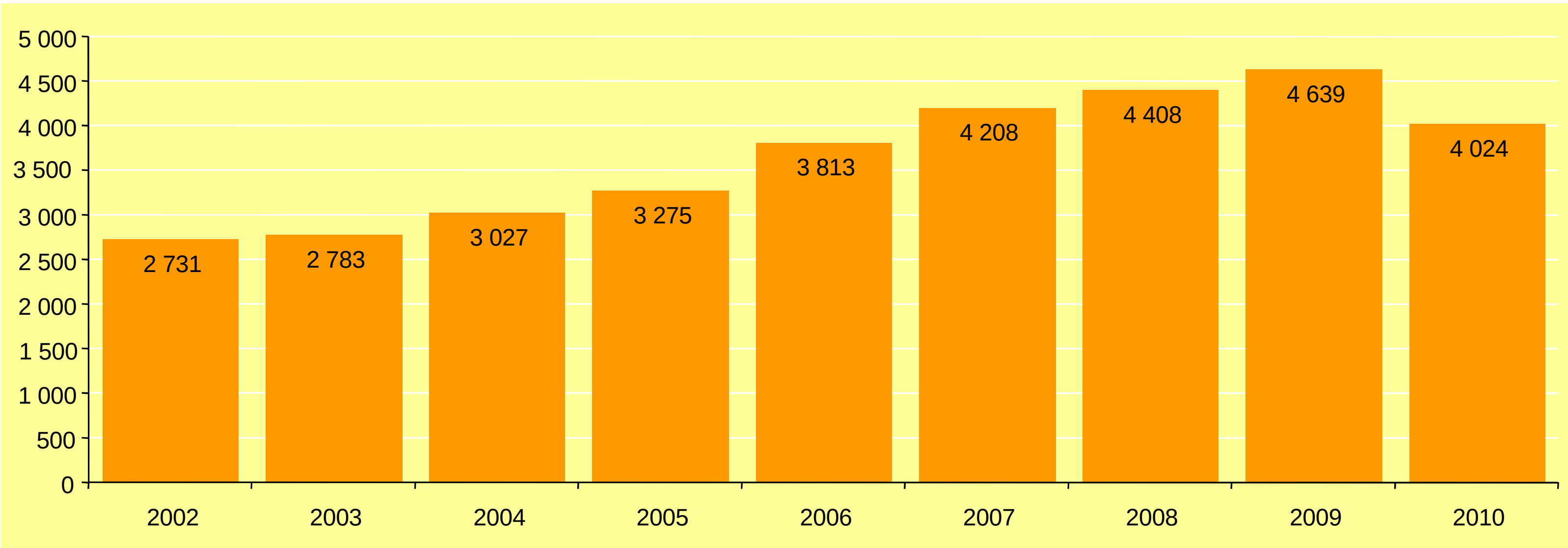
SALES OF SHRINKS (000s)

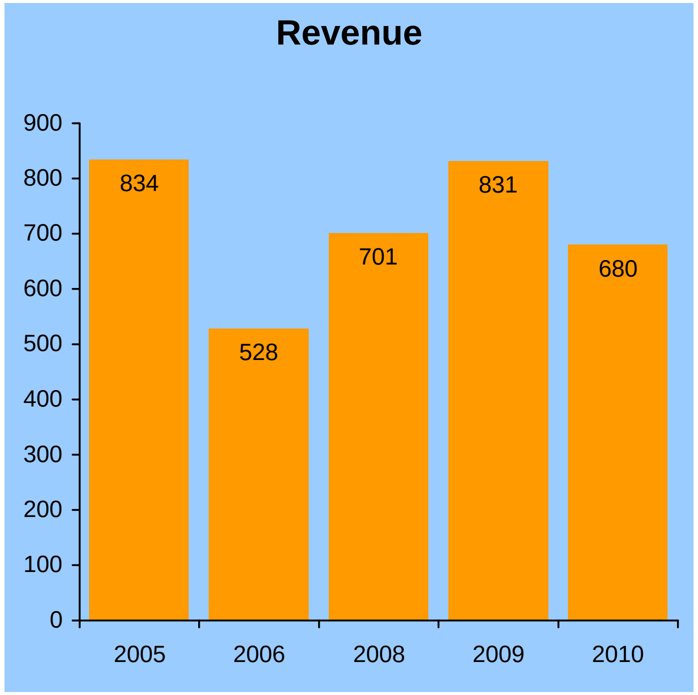
2002	2003	2004	2005	2006	2007	2008	2009	**2010**
2 731	2 783	3 027	3 275	3 813	4 208	4 408	4 639	**4 024**

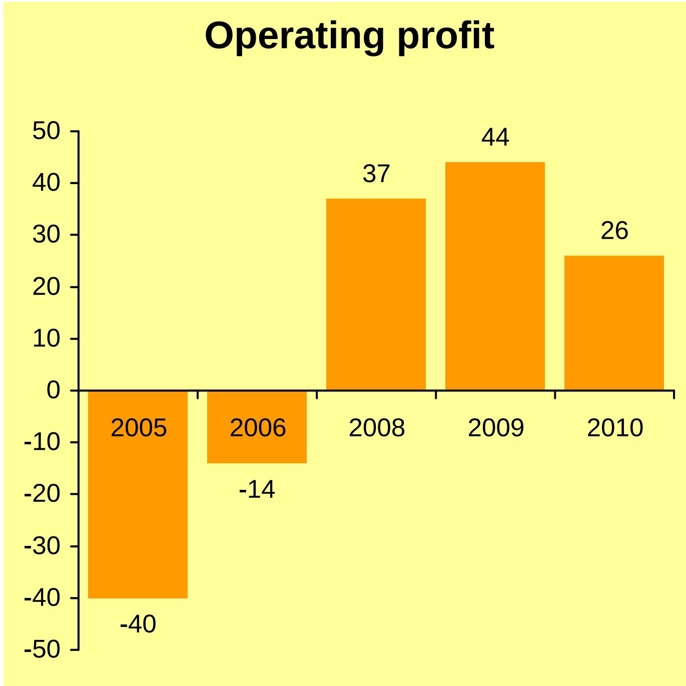


BRENNER MILLS

REVENUE AND OPERATING PROFIT
BRENNER MILLS

Rm	Sept 2005	Sept 2006	June 2008	June 2009	**June 2010**
Revenue	834	528	701	831	**680**
Operating profit	(40)	(14)	37	44	**26**
Operating margin	(4.8%)	(2.7%)	5.3%	5.3%	**3.8%**





BRENNER

Results

- Plunging maize price
- Policy of securing raw materials six weeks forward
- Cost control focus

Operational

- Working on a new marketing plan
- New measurements (GPS)

JORDAN

KAP

Anton Fabi
MILANO

BRONX

asics

JORDAN
where will they take you?

BRONX

OLYMPIC

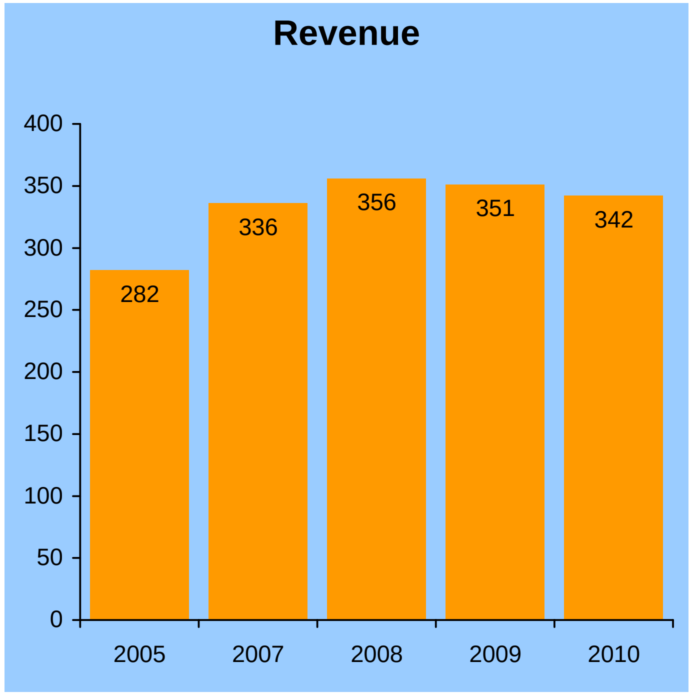
Onitsuka Tiger

JACK&JILL

REVENUE AND OPERATING PROFIT

JORDAN

Rm	Dec 2005	June 2007	June 2008	June 2009	**June 2010**
Revenue	282	336	356	351	**342**
Operating profit	11	18	10	3	**11**
Operating margin	3.9%	5.4%	2.8%	0.9%	**3.2%**



Results

- Good operational performance
- Decrease in own manufacture
- Reduced management structure

Strategy

- Factory shops
- Focus on building brands
- Current order book is very strong

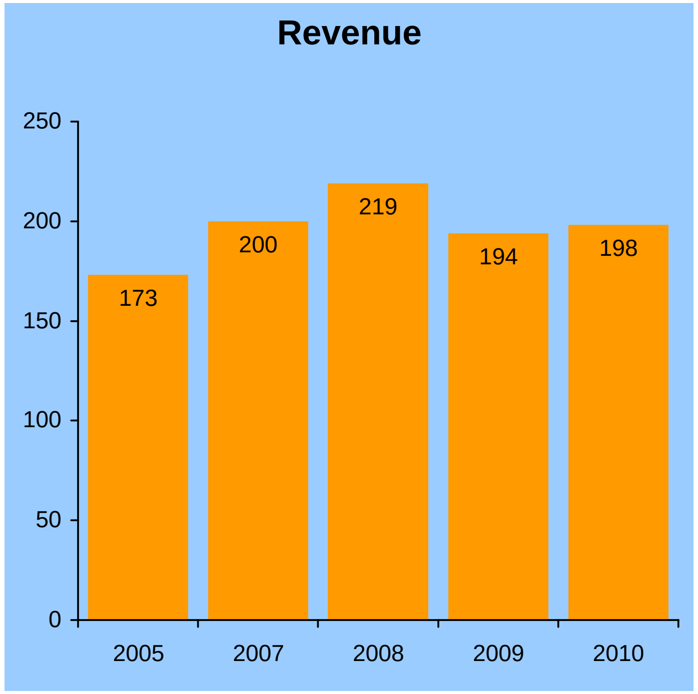
SALES BY BRAND

	June 2010 Pairs 000's	June 2009 Pairs 000's
Own manufacture	**343**	414
Bronx	**211**	194
Jordan Shoes	**28**	52
Sports	**–**	99
Corporate	**92**	69
Ladies	**12**	
Imports	**1 267**	1 428
Bronx	**414**	563
Jordan	**187**	263
Anton Fabi	**125**	101
Other	**25**	-
Ladies	**162**	154
Asics	**120**	90
Olympic	**233**	257
Shops	**475**	459
Total	**2 085**	2 301

GLODINA

REVENUE AND OPERATING PROFIT
GLODINA

Rm	Dec 2005	June 2007	June 2008	June 2009	**June 2010**
Revenue	173	200	219	194	**198**
Operating profit	18	23	15	16	**9**
Operating margin	10.4%	11.5%	6.8%	8.2%	**4.5%**



Results

- Textile industry under pressure
- Investments have been a major factor enabling us to compete
- India will supplement our production capabilities

Prospects

PROSPECTS

Cash Flow

- Capex will once again be limited
- Continued focus on net working capital
- Expect a further decrease in debt

NAV

- Strong tangible asset value
- Conservative valuations

HEPS

- Cautious outlook
- Additional PET output should improve operating profit
- Lower borrowings will result in lower interest
- Strategy will be to generate cash and strict cost control
- Automotive strike and its effect
- Dividends resumed on the basis of 3x cover

Thank You

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