KAP
International Holdings Ltd

Annual Results Presentation
Year ended 30 June 2009

Highlights

Financial

- HEPS excluding discontinued operations of 11.4 cents
- Net asset value per share of R2.92
- Reduction in debt despite the Hosaf expansion project
- Net working capital reduced from R858M to R596M

Operational

- Hosaf PET capacity expansion completed
- Seaming equip for Bull Brand square can lines upgraded
- New machine for United Fram installed

Strategic

- Capacity expansion phase completed
- Auto leathers sold
- Restructuring in Bull Brand and Feltex completed

Income Statement

Continuing Operations	30 June 2009 12 months Rm	30 June 2008 12 months Rm
Revenue	3,839.0	3,700.8
Operating profit before restructuring costs	152.5	206.0
Restructuring costs	(19.9)	
Operating profit	132.6	206.0
Net finance costs	(59.3)	(64.6)
Other costs	(4.1)	(5.8)
Share of results of joint ventures	2.7	3.7
Profit before taxation	71.9	139.3
Taxation	(20.5)	3.2
Net profit from continuing operations	51.4	142.5
Net loss from discontinued operations	(84.1)	(12.7)
Total profit/(loss) for the year	(32.7)	129.8

Income Statement Summary

	30 June 2009 12 months Rm	30 June 2008 12 months Rm
Revenue	4,564.2	4,620.4
Revenue - continuing operations	3,839.0	3,700.8
EBITDA - continuing operations	221.8	262.3
Operating profit - continuing operations	152.5	206.0
Net loss from discontinued operations	(84.1)	(12.7)
HEPS continuing operations	11.4	31.4
EPS continuing operations	11.0	31.8
EPS including discontinued operations	(8.8)	28.8
NAV per share	291.8	300.7

Balance Sheet

	30 June 2009 Rm	30 June 2008 Rm
Assets		
Property, plant and equipment	939.9	828.2
Other non-current assets*	226.5	217.7
Inventory	675.8	929.9
Accounts receivable	547.9	729.5
Cash and cash equivalent	58.5	55.1
Assets of disposal group	60.0	
Total assets	2,508.6	2,760.4
Equity and liabilities		
Equity	1,272.1	1,308.7
Non-current liabilities	64.7	117.5
Accounts payable & provisions	628.0	800.5
Other current liabilities	535.5	533.7
Liabilities of disposal group	8.3	
Total equity and liabilities	2,508.6	2,760.4

Balance Sheet

Opening Balance	828.2
Additions	257.4
Disposals	(17.2)
Depreciation/Impairments	(78.7)
Transfer to disposal group	(49.8)
Closing Balance	939.9

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Balance Sheet

	Goodwill	66.7
	Def tax asset	107.3
	Pen fund surplus	30.4
	Joint venture	22.1

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Net working capital

June 2008 R858.9

June 2009 R595.7

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Midrand property	13.7
Bull Brand farm	11.3
Auto Leathers assets	35.0

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Int bearing liab	29.6
Def tax	23.8
Retirement obligation	11.3

Financial Structure

	30 June 2009 Rm	30 June 2008 Rm
Net interest bearing debt	514.9	519.9
Interest bearing debt/equity	40.5%	39.7%
Interest cover - continuing operations	2.24	3.19

KAP International Holdings Ltd

Cash Flow

	30 June 2009 Rm	30 June 2008 Rm
Cash flow generated from operating activities	368.1	257.1
Net finance costs	(77.5)	(75.9)
Taxation paid	(14.2)	(10.6)
Purchase of property plant & equipment	(257.4)	(177.4)
Other investing activities	26.9	17.0
	45.9	10.2
Increase (Decrease) in borrowings	(141.0)	189.6
Distribution to minorities	(3.6)	(12.7)
Net Increase (Decrease) in cash and equivalents	(98.7)	187.1

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Taxation paid	(14.2)	(10.6)
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Other investing activities	26.9	17.0
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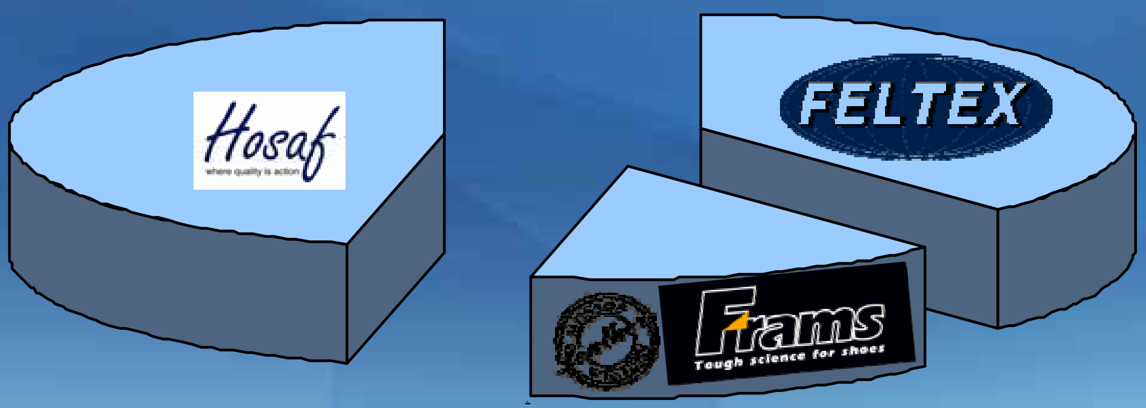
Hosaf	198.4
Feltex	15.8
Industrial Footwear	18.8
Bull Brand/Other	24.4

Restructuring

- **All divisions have focussed on cost reduction and working capital management**
  - Total staff reduction of approximately 1300 people
- **Bull Brand sale of cattle and closure of abattoir**
  - Ensure adequate return on investment (large investment in working capital for fresh meat)
  - Avoid volatility of earnings
- **Sale of FAL to Seton**
  - Vehicle demand dropped but leather demand plummeted
- **Durban fibres closed**
  - Textile industry troubles
- **Other measures**
  - Salary sacrifice of senior employees
  - Feltex worked 4 days – all employees (including MD) took a day's leave on Fridays
  - Short time worked in all operations where ever possible

INDUSTRIAL SEGMENT



TURNOVER

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Automotive Division

Restructuring completed

- Automotive leather division sold
- Headcount reduction of almost 1000 people
- Process improvements
  - Improved reject and wastage percentages
  - Extract savings on raw material prices
  - Improved processing times
- Component margins maintained wherever possible

Restructuring completed

- Automotive leather division sold
- Headcount reduction of almost 1000 people
- Process improvements
  - Improved reject and wastage percentages
  - Extract savings on raw material prices
  - Improved processing times
- Component margins maintained wherever possible

We have installed capacity for significantly greater volumes

Operational review

OPERATIONAL REVIEW								
Business Unit		Trim	Fehrer	Foam	Caravelle	Futuris	Unifrax	Rieter
BU Size		Large	Large	Small	Small	Small	Small	Medium
Ownership	Feltex	100%	74%	100%	100%	50%	100%	49%
	Other		Fehrer Germany 26 %			Futuris Australia 50 %		Rieter Switzerland 51%
OEM Dependence		High	High	Moderate	Moderate	High	High	High
After Market		No	No	No	Yes	No	No	No
Working Capital		Moderate	Low	Low	Moderate	Low	High	Low
Capital		High	High	Moderate	Low	Moderate	Low	Moderate

Operational review

OPERATIONAL REVIEW		
Business Unit		Trim
BU Size		Large
Ownership	Feltex	100%
	Other	
OEM Dependence		High
After Market		No
Working Capital		Moderate
Capital		High

Feltex Automotive Trim Product Range

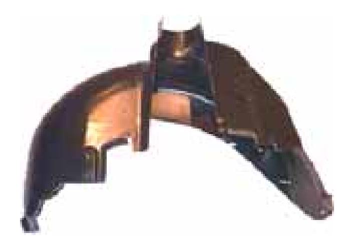
Raw Material Production	Automotive Applications			
	Engine Compartment	Passenger Compartment	Trunk	Exterior
•Needle Punch. •Random Velour. •Thermoplastic Felts. •Resin Bonded Felts •Heavy Layer. •Dampings.	•Firewall Insulators. •Bonnet Insulators.	•Dash Insulator. •Fusible Dampers. •Main Floor Carpet. •Floor Insulators. •Loose Lay Mats. •Sun Visors. •Shower Curtains •Rear Seat Backs •Rear Package Tray	•Deck Lid. •Trunk Mat. •Wheelhouse Liners. •Wheelhouse Insulators.	•Exterior Wheelhouse Liners. •Tunnel Insulator.










Operational review

OPERATIONAL REVIEW

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BU Size		Large	Large
Ownership	Feltex	100%	74%
	Other		Fehrer Germany 26 %
OEM Dependence		High	High
After Market		No	No
Working Capital		Moderate	Low
Capital		High	High

Operational review

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Operational review

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Working Capital		Moderate	Low	Low	Moderate	Low	High	Low
Capital		High	High	Moderate	Low	Moderate	Low	Moderate

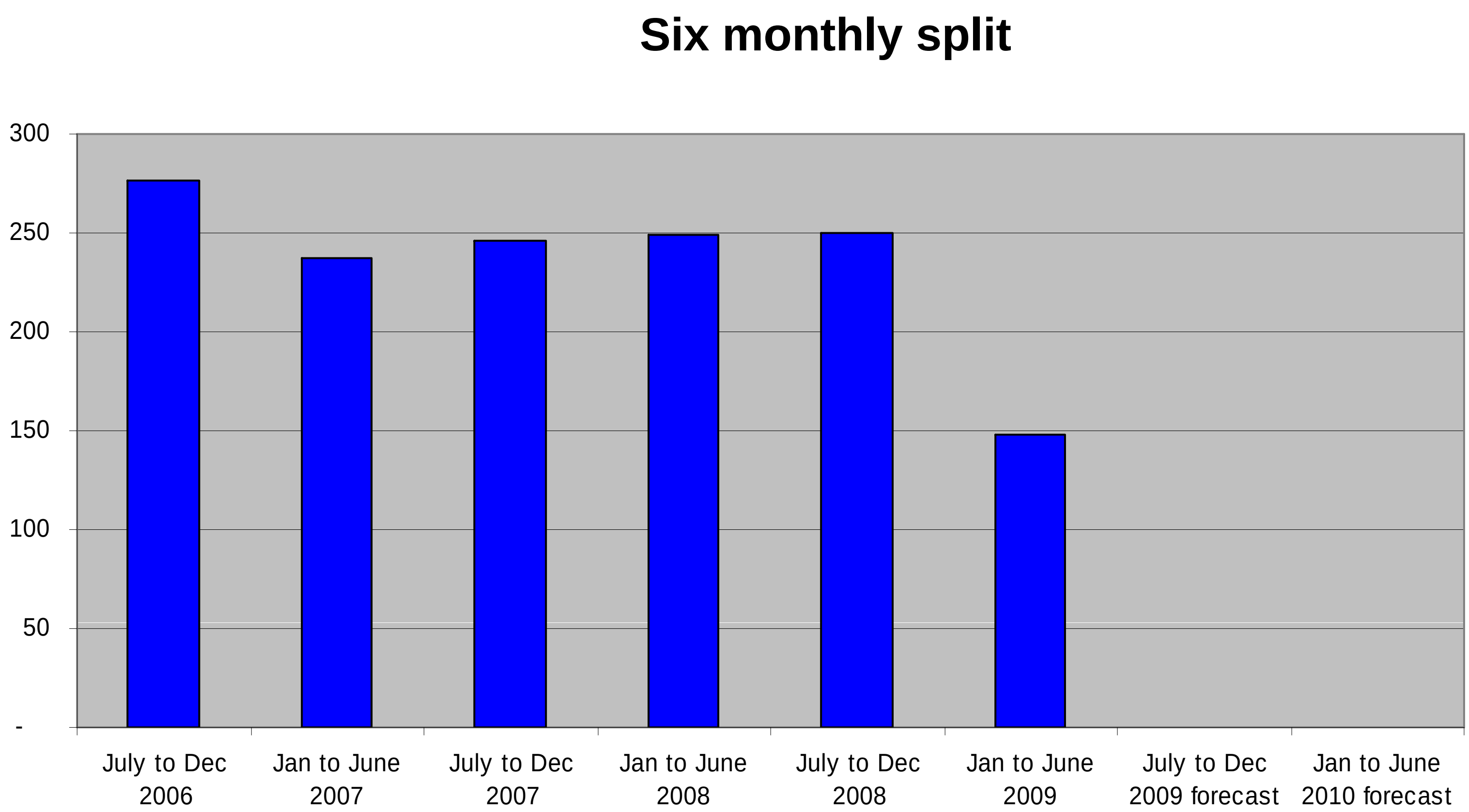
Operational review

OPERATIONAL REVIEW		
Business Unit	Unifrax	Rieter
BU Size	Small	Medium
Ownership	100%	49%
		Rieter Switzerland 51%
OEM Dependence	High	High
After Market	No	No
Working Capital	High	Low
Capital	Low	Moderate

Operational review

OPERATIONAL REVIEW		
Business Unit		Rieter
BU Size		Medium
Ownership	Feltex	49%
	Other	Rieter Switzerland 51%
OEM Dependence		High
After Market		No
Working Capital		Low
Capital		Moderate

Vehicle build



		Units 000's
July to Dec	2006	276
Jan to June	2007	237
July to Dec	2007	246
Jan to June	2008	249
July to Dec	2008	250
Jan to June	2009	148

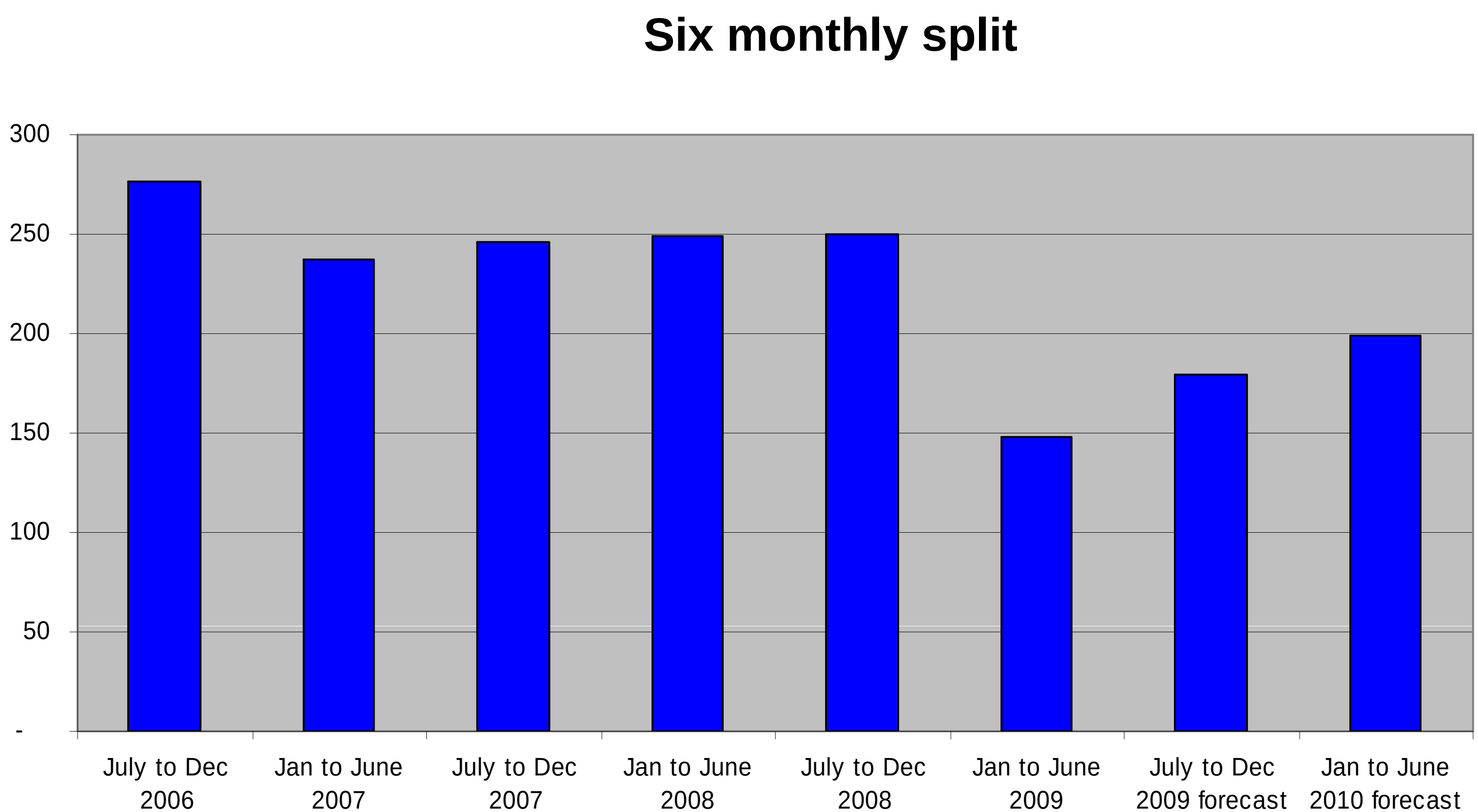
Vehicle build

	July '08 - June '09	Export Sales	Local Sales
Passenger vehicles			
Ford focus	12,460	10,300	2,160
Mazda	2,810	-	2,810
Nissan Tida	1,440	30	1,410
Nissan Other	9,480	-	9,480
Renault Sandero	1,020	-	1,020
BMW 3 series	44,470	37,210	7,260
Merc C Class	44,280	35,860	8,420
Toyota - Corolla	54,060	45,900	8,160
Totyota - Fortuner	6,180	1,670	4,510
Opel Corsa	1,320	-	1,320
Hummer H3	3,830	3,830	-
VW Citi Golf	14,500	-	14,500
VW Golf 5	21,730	11,560	10,170
VW Polo	37,530	12,850	24,680
Commercial Vehicles			
Ford Bantam	8,700	70	8,630
Ford Ranger	19,670	8,050	11,620
Nissan Hardbody	13,190	6,040	7,150
Toyota Hilux	73,240	55,430	17,810
Mitsubishi Tritan	2,130	-	2,130
Opel Corsa Utility	16,520	60	16,460
Isuzu	11,980	1,330	10,650
Total	400,540	230,190	170,350
Total 2007/8	532,900	211,200	321,700

Vehicle build

- Slight increase in exports from 211,000 to 230,000
- Big decrease in local from 321,000 to 170,000
- Difficult to predict future vehicle build in the current environment
- We would expect a gradual improvement of the low January to June 2009 base
- The recovery will depend on Toyota achieving their goal of 220,000 units.
  - They are currently working at approximately 50% capacity
- New models planned
  - Ford Bakkie 2011

Vehicle build



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July to Dec forecast	2009	179
Jan to June forecast	2010	199

KAP International Holdings Ltd

FELTEX

Industrial Division


Frams
Tough science for shoes
INYATI


WAYNE
PLASTICS
egoli
WAYNE


MOSSOP
Leathers
WESTERN

NUBUCK

Industrial Footwear

- Results
  - Operating profit steady
  - Demand for gumboots strong, but demand for safety shoes has slowed
  - Pairs sold (000's) 2008 2,891
    2009 2,474
  - Low hide prices helped Mossop (Operating profit R5m)
  - Decrease in chemical prices (as a result of a lower oil price) helped input costs

- Strategy
  - Continue to import shoes (as an alternative to local manufacture)
  - Further product innovation and design changes
  - Prioritise customer service, quality and on time delivery

Hosaf

Hosaf

- Increase in capacity completed – April/May 2009
  - Plant operating well
  - Quality has been excellent
  - Six weeks production lost while upgrade was taking place
- Market information
  - SANS fibres closed
  - Regional opportunities to be explored
  - Capacity expansion has further reduced capital cost per ton
- Overseas markets
  - Old technology plants are being scrapped in Europe and America
  - Global capacity still exceeds demand but the gap is narrowing
  - Stabilisation of international margins

PET Production Capacity

Calendar year

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

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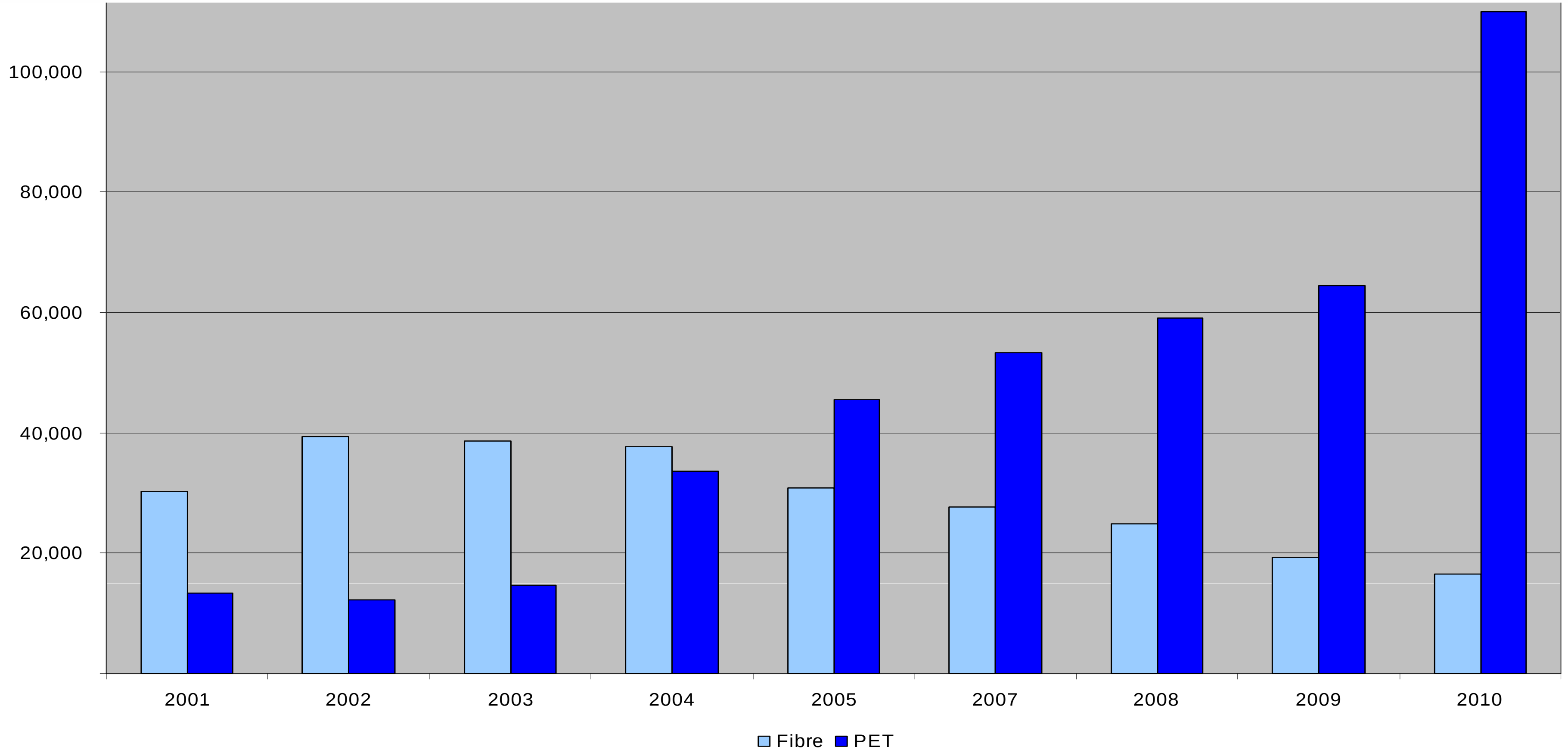
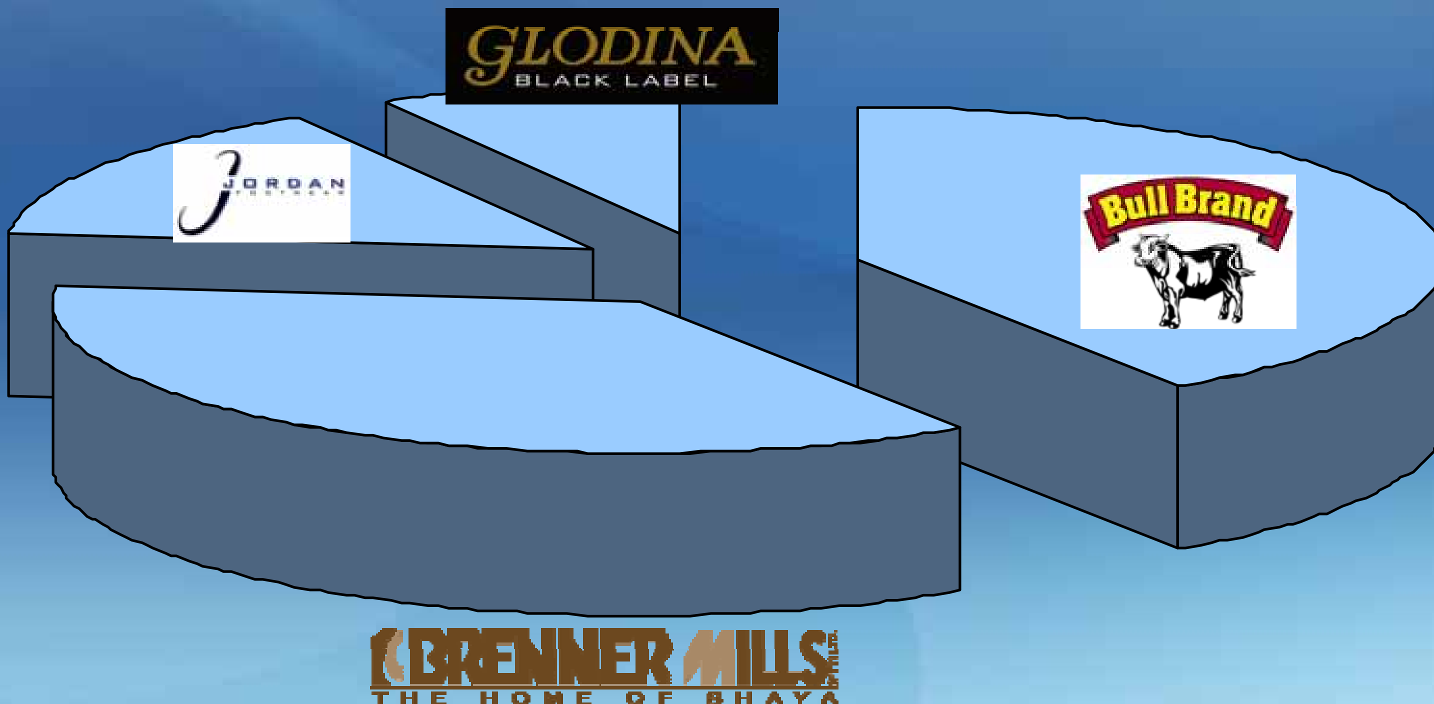
Hosaf



Strategy

- to increase total production to achieve a lower fixed cost per ton
- to convert production from fibre to PET to achieve better margins

CONSUMER SEGMENT



TURNOVER

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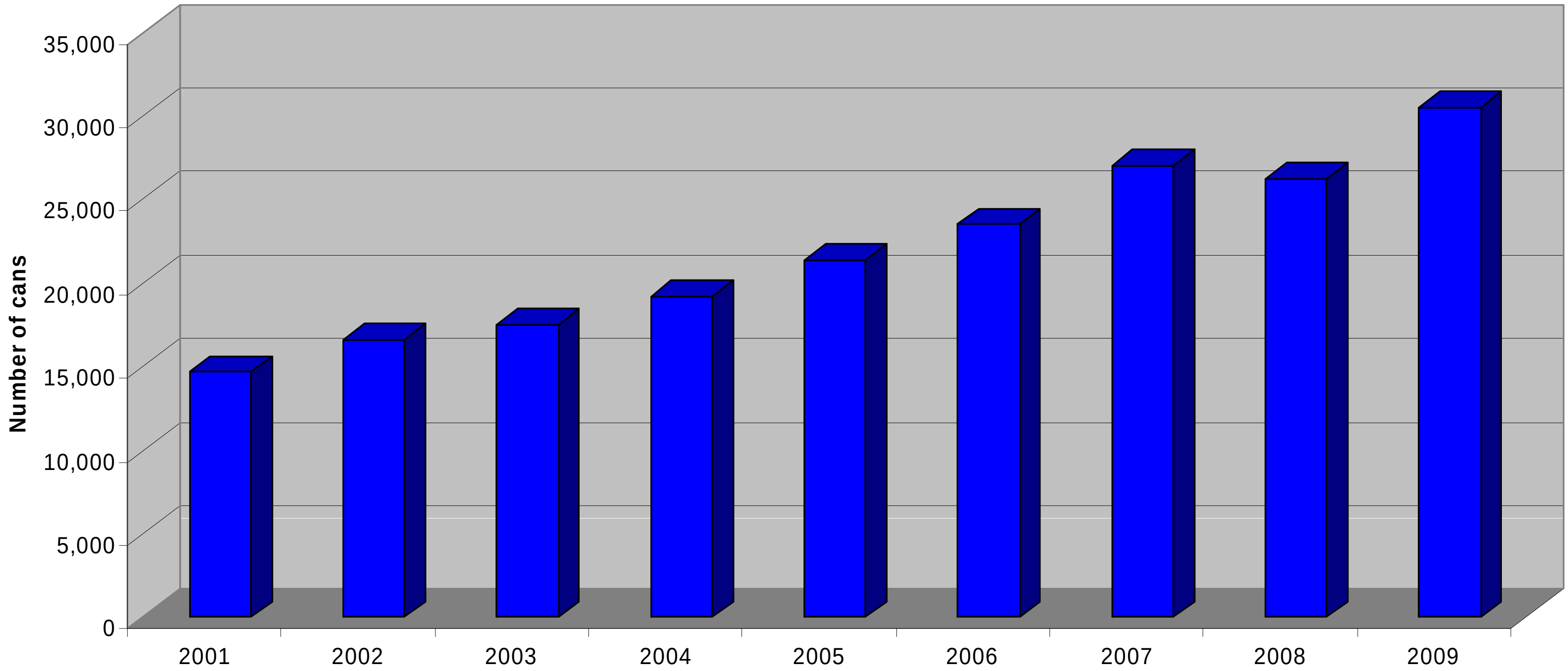
Bull Brand Foods

Bull Brand

- Results
  - All cattle have been sold
  - Strong cash generated
  - Continue growth in cannery sales
  - Margins to be maintained despite can price increases

- Strategy
  - Upgrade of seaming equipment
  - Square can line completed
  - Round can lines in progress
  - Export growth to Namibia, Botswana and Angola
  - New product potential Halaal accreditation
  - Strong brands:

Growth in Cannery Sales



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Brenner Mills

Brenner

- Results
  - Good procurement strategies
  - Strict cost control
  - Tight control of debtors book

- Strategy
  - Buyout of the remaining 40% to be completed
  - Basic foodstuff defensive investment
  - Brands:

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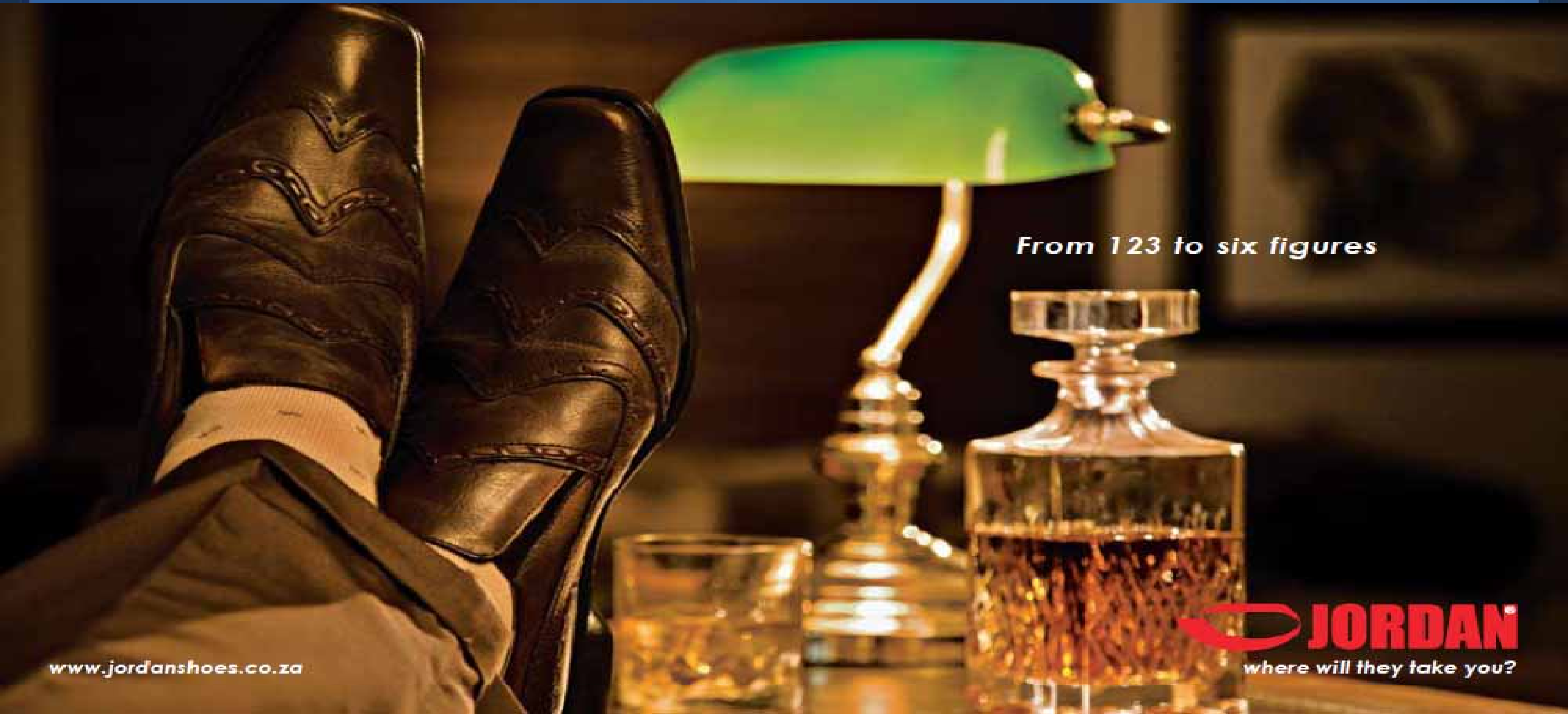
Jordan



Jordan

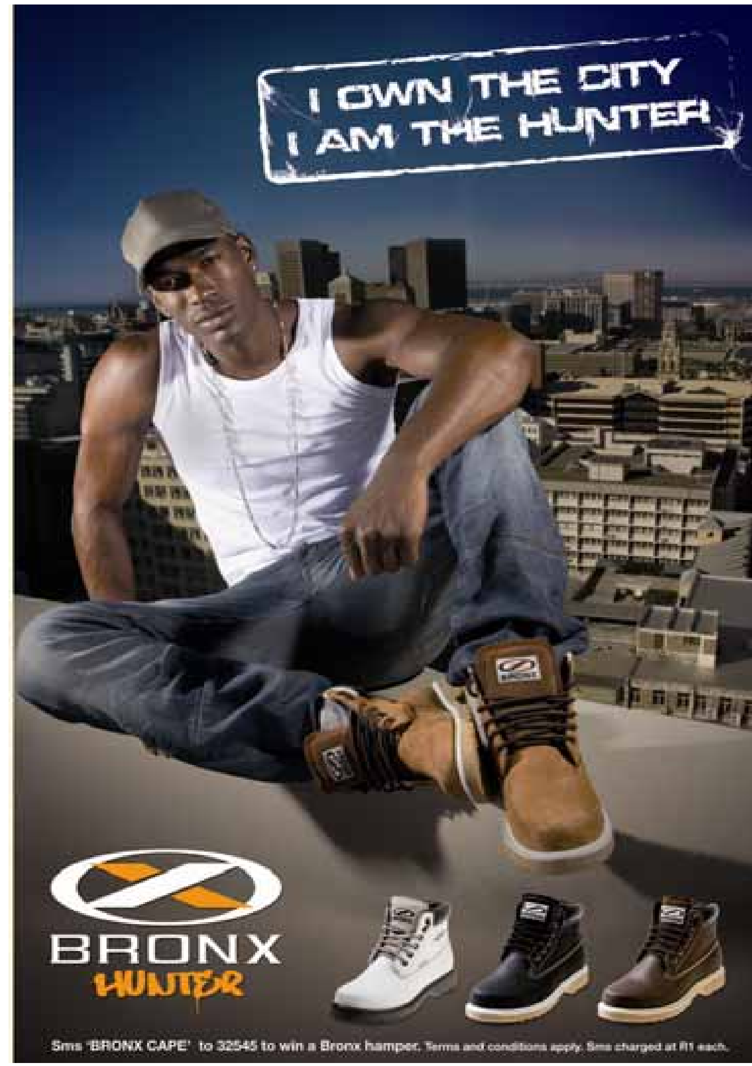
- Results
  - Exchange rate mark to market at 30 June resulted in a loss (timing difference)
  - Lower volumes current year 2.3 million pairs, previous year 2.7 million pairs
  - Exchange rate volatility has made pricing difficult
  - Increase in own manufacture

- Strategy
  - New factory shops opened
  - Ladies division has shown good growth
  - Policy is to take forward cover when the customer places the order (book the margin)
  - Strong Brands:

Sales by Brand

Pairs 000's

	June 2009	June 2008
Own Manufacture	**414**	**385**
Bronx	194	176
Jordan Shoes	52	73
Sports	99	56
Corporate	69	80
Imports	**1,428**	**1,869**
Bronx	563	717
Jordan	263	273
Anton Fabi	101	147
Other	-	118
Ladies	154	128
Asics	90	107
Olympic	257	379
Shops	**459**	**425**
Other		
Total	**2,301**	**2,679**



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Glodina

Glodina

- Results
  - Good performance in a difficult market. Sales to national retailers dropped 11%.
  - Strategy of targeting key customers and hospitality sector has worked well
  - Exports are slowly building (hotels in Brisbane, Sydney and Saudi Arabia)

- Strategy
  - Continual focus on innovation and new product development
  - Glodina strive to exceed customer service levels in terms of quality and delivery
  - Continual improvement in production techniques
  - Strong brand

Prospects

Cash Flow

- Capacity expansion development phase completed
- Capex will be limited to essential items only
- Restructuring costs and retrenchments have all been incurred
- Continual focus on net working capital
  - Commodity prices effect (mainly oil price on raw materials)
  - Exchange rate effect
- Payment for remaining 40% of Brenner
  - Has always been shown in interest bearing borrowings
- Expect strong cash generation for the 2010 financial year

NAV

- Tangible asset value of R1,181M (R2.78 per share)
- Properties still in the books at historical cost
- Hosaf plant previously impaired
- Individual division
  - Fixed assets
  - Stock
  - Debtors

HEPS

- Restructure of fresh meat and Durban fibres completed
- Auto leathers sold
- Earnings should be less volatile
- Cost structures in all divisions re-aligned to lower volumes
- We do not expect a major improvement in trading conditions
- Slow recovery in vehicle build expected
- Hosaf plant will operate at increased output
  - No shutdown
  - Expect 100 – 110 thousand tons
- Glodina, Jordan and Industrial Footwear should perform in line with the economy
- Food assets have a basic defensive nature and will continue to perform
- Reduction in interest charge

Thank you

KAP International
www.kapinternational.com