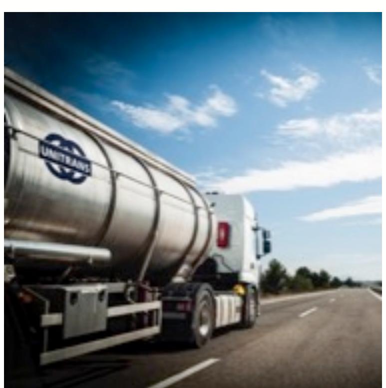
INTERIM RESULTS PRESENTATION

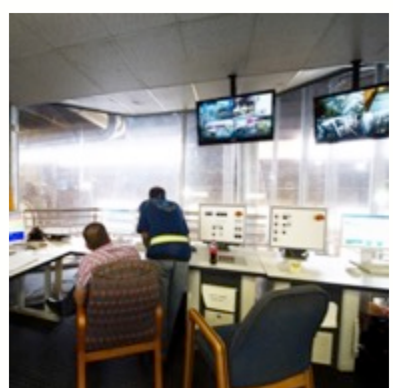
for the six months ended 31 December 2014











KAP

INDUSTRY *IN MOTION*™

WELCOME

Jaap du Toit – CHAIRMAN

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Agenda

▪ WELCOME AND STRATEGY	Jaap du Toit
▪ INTRODUCTION OF GARY CHAPLIN	Jo Grove
▪ PERIOD UNDER REVIEW	Gary Chaplin
▪ DIVISIONAL HIGHLIGHTS	Gary Chaplin
▪ FINANCIAL PERFORMANCE	John Haveman
▪ OUTLOOK	Gary Chaplin

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
- Solid margins by adding value
- Strong cash flow generation
- Leveraging our African base

Introduction

GARY CHAPLIN

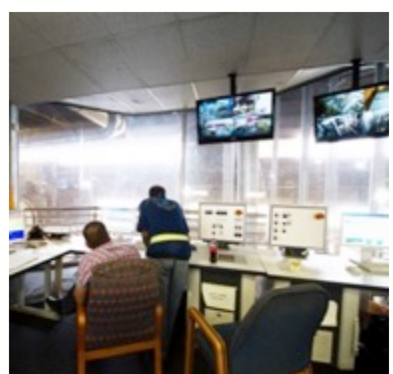
- Qualified as a chartered accountant in 1992, articled at Deloitte
- 17 years with the Steinhoff and KAP groups
- Managed a range of diverse businesses and divisions across forestry, sawmilling (poles, furniture and doors), and manufacturing which serviced both the domestic and international markets
- Appointed to the board of PG Bison on 1 August 2006
- Appointed as CEO of PG Bison in October 2011
- Appointed as CEO of KAP Industrial in November 2014

PERIOD UNDER REVIEW

Gary Chaplin – CEO



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Period under review

INTRODUCTION

- PG Bison restructure completed
  - Benefits continue to flow through in period under review
- Logistics USCS* restructure in FY14
  - Positive impact on results for period under review
- PG Bison MDF (medium density fibreboard) plant commissioned in FY14
- Sale of non-core assets
  - Food division disposed of during FY14
  - Disposal of Footwear in 1H15
- Progress in African expansion
  - Passenger starts to operate in Mozambique in FY15
- Continued investment in African and South African assets and infrastructure
- Streamline reporting structure into two clearly defined segments
  - Diversified Logistics and Diversified Industrial

*USCS consists of the Fuel, Agriculture and Mining division and the Freight and Logistics division

Re-aligned divisions

DIVERSIFIED LOGISTICS

FUEL, AGRICUL-TURE AND MINING

Specialised transport, distribution and logistics services

FREIGHT AND LOGISTICS

Specialised 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

Manufacture of components used in new vehicle assembly

FURNITURE COMPONENTS

Manufacture of foam, fabrics, springs, bases and mattresses

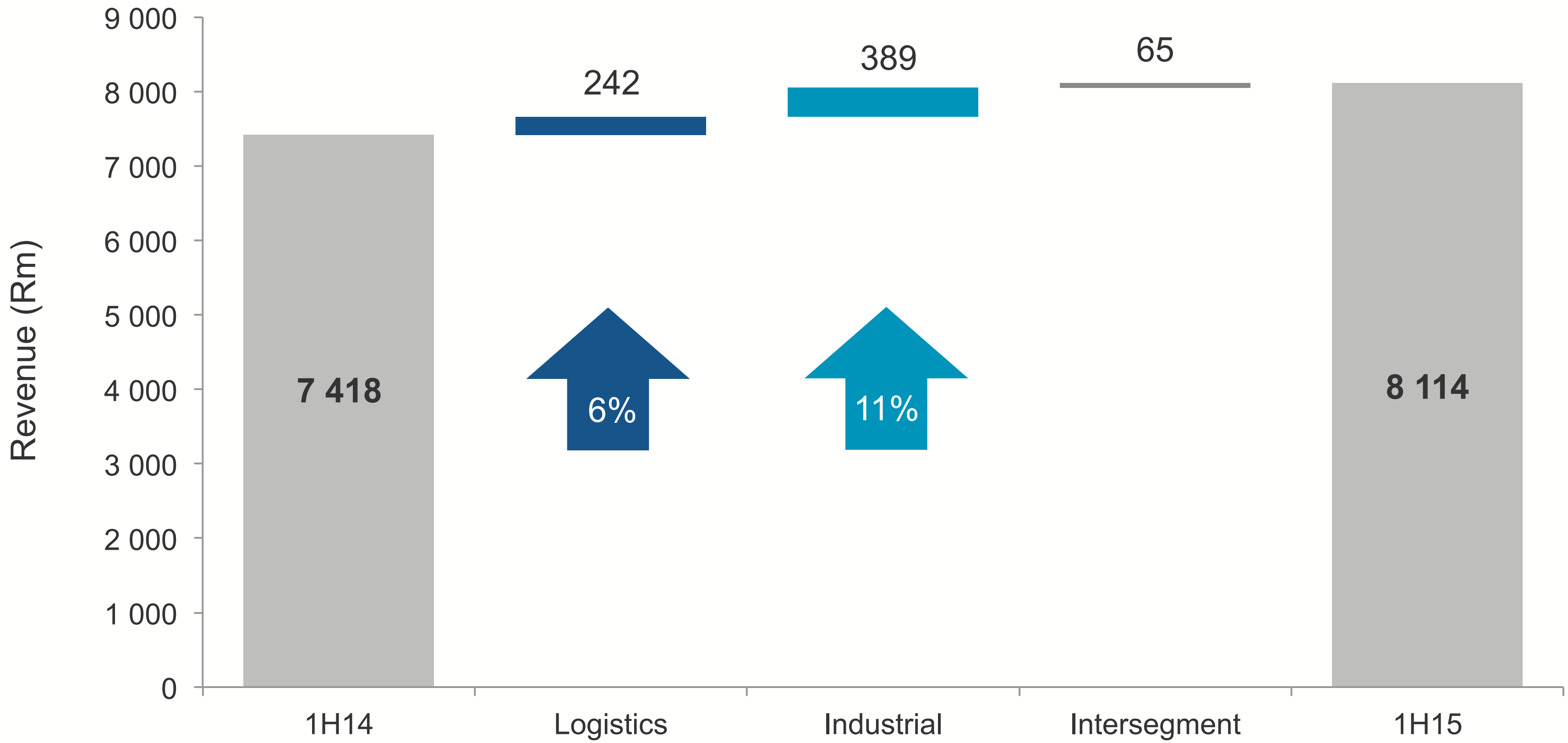
Financial highlights

STRATEGY IMPLEMENTATION RESULTS IN IMPROVED QUALITY OF EARNINGS

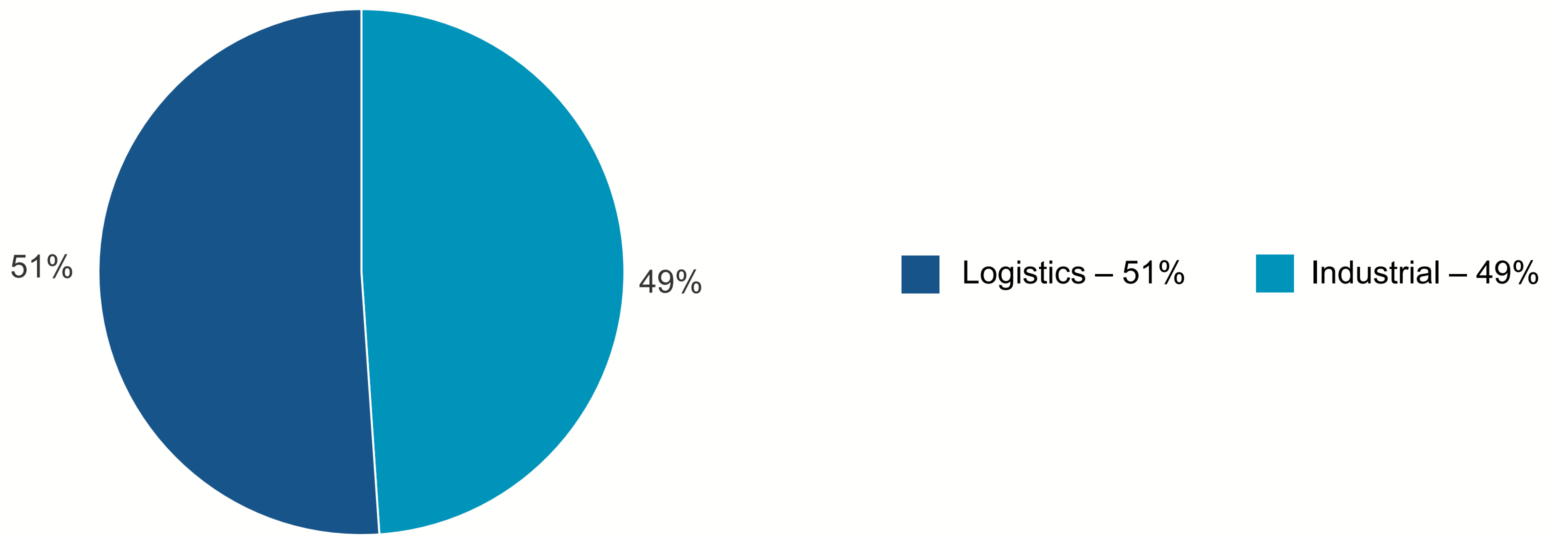
	Dec 2014	Dec 2013	% increase	Jun 2014
Operating profit before capital items (Rm) *continuing*	**777**	720	8	1 472
Cash generated from operations before working capital (Rm)	**1 203**	1 070	12	2 071
Headline earnings (Rm) *continuing*	**435**	381	14	800
Headline earnings (Rm) *continuing and discontinued*	**449**	377	19	792
Net asset value per share (cents)	**293**	271	8	286

Financial highlights

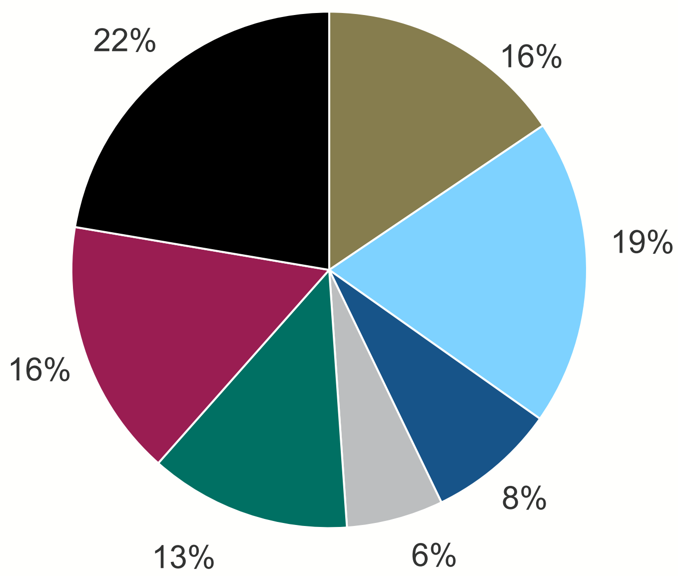
REVENUE INCREASES BY **9%**
TO R8 114 MILLION



Diverse revenue base



Diverse revenue base
(continued)



Logistics – 51%

- FAM* – 22%
- Freight and Logistics – 16%
- Passenger – 13%

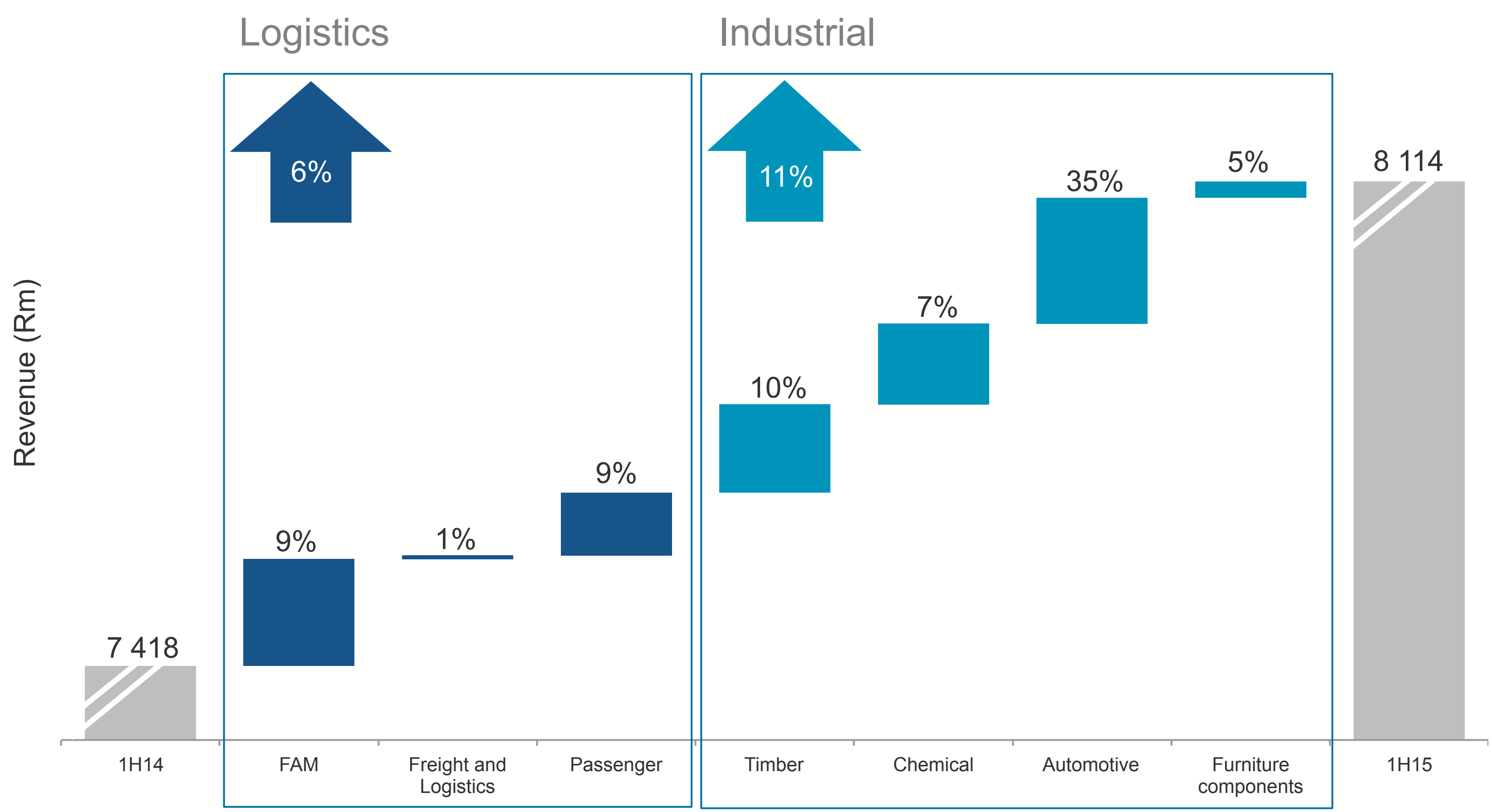
Industrial – 49%

- Timber – 16%
- Chemical – 19%
- Automotive – 8%
- Furniture components – 6%

Fuel, Agriculture and Mining

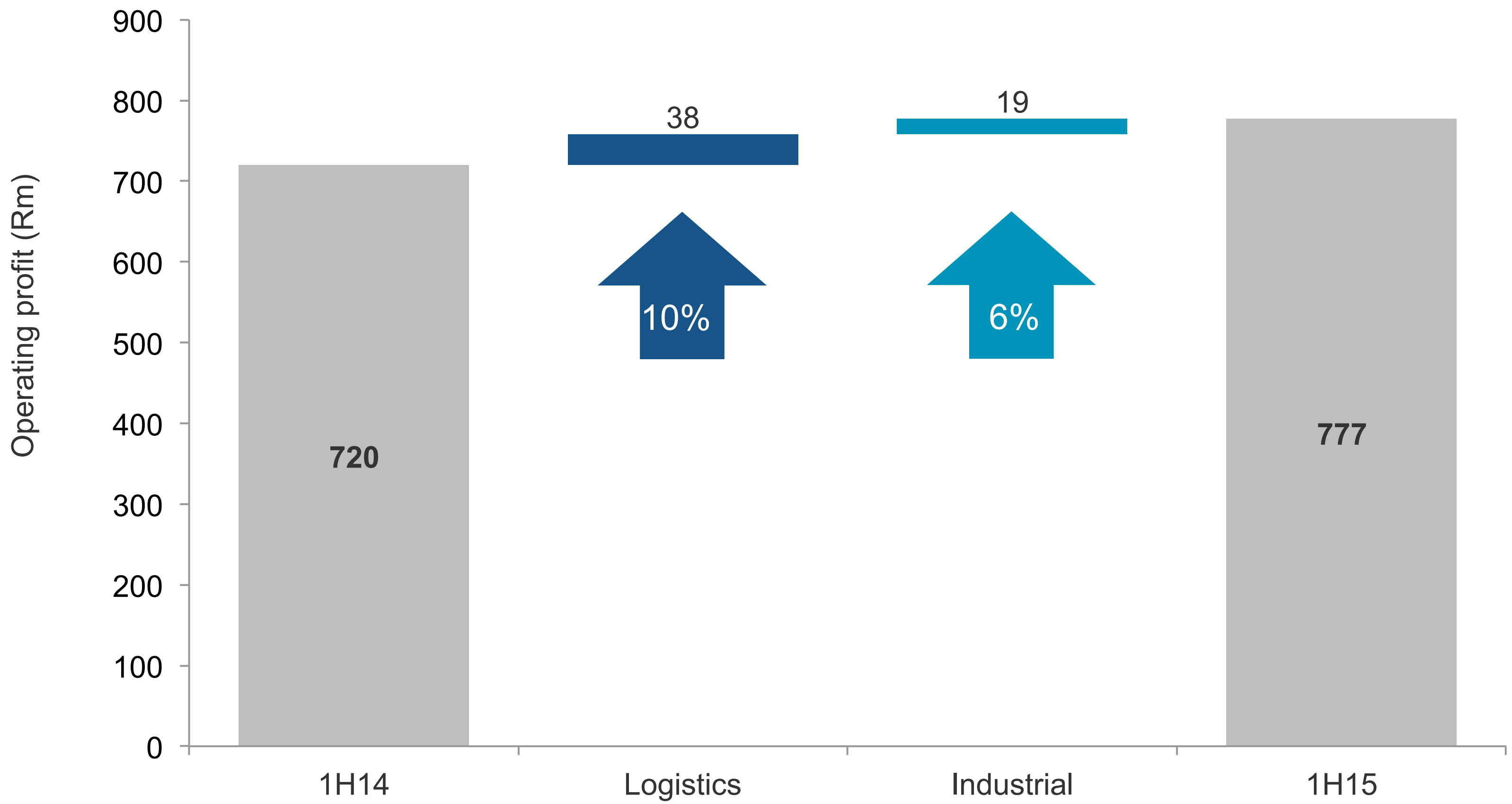
Financial highlights

REVENUE GROWTH BY DIVISION



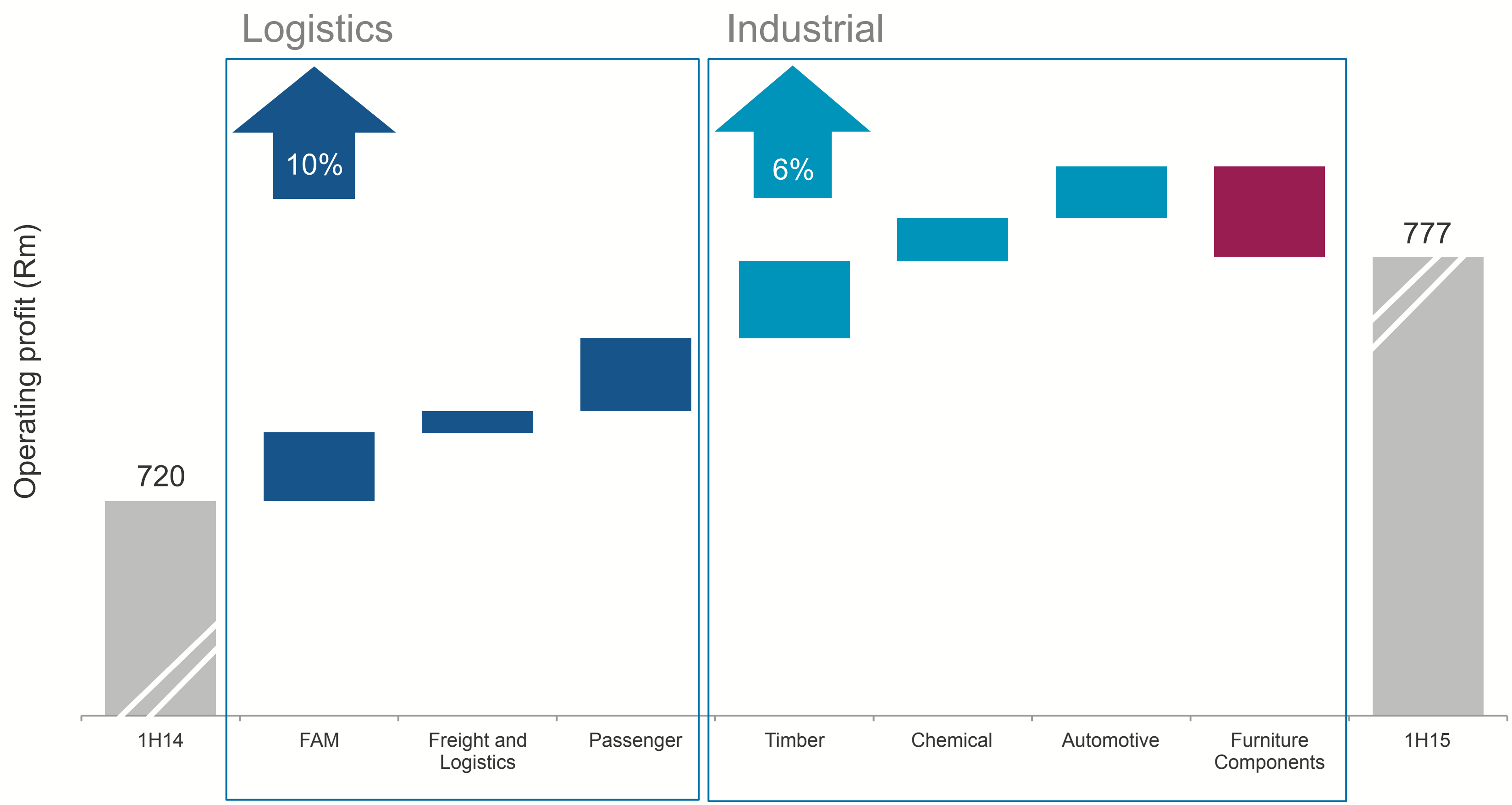
Financial highlights

OPERATING PROFIT INCREASES BY **8%**
TO R777 MILLION



Financial highlights

OPERATING PROFIT BY DIVISION

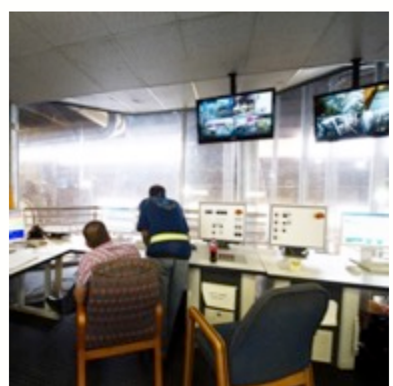


DIVISIONAL HIGHLIGHTS

Gary Chaplin – CEO



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INDUSTRY *IN MOTION*™

Diversified Logistics

Gross revenue increases by	**6% to R4 158m** (1H14: R3 916m)
Operating profit increases by	**10% to R430m** (1H14: R392m)
Operating margin increases by	**30bps to 10.3%** (1H14: 10.0%)

UNITRANS SUPPLY CHAIN SOLUTIONS (USCS)

- Competitive market conditions with subdued economic activity
  - Mitigated by continued strict cost control and efficiency improvement

Diversified Logistics

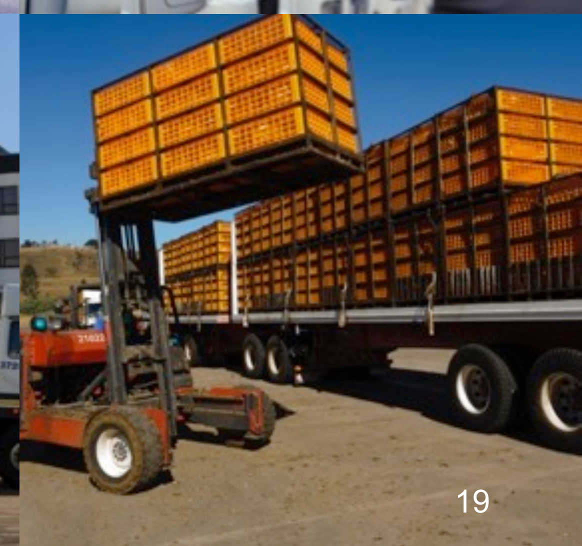
FUEL, AGRICULTURE AND MINING

- Solid performance of fuel division through growth in new contracts
- Satisfactory mining performance through improved efficiencies
- Africa operations continue to perform well
  - Agriculture margins supported by efficiencies and cost containment
  - Enhanced by new contracts in Botswana
  - Namibia recovers post re-alignment of the business in FY14
  - Zambia investment gaining momentum

Diversified Logistics

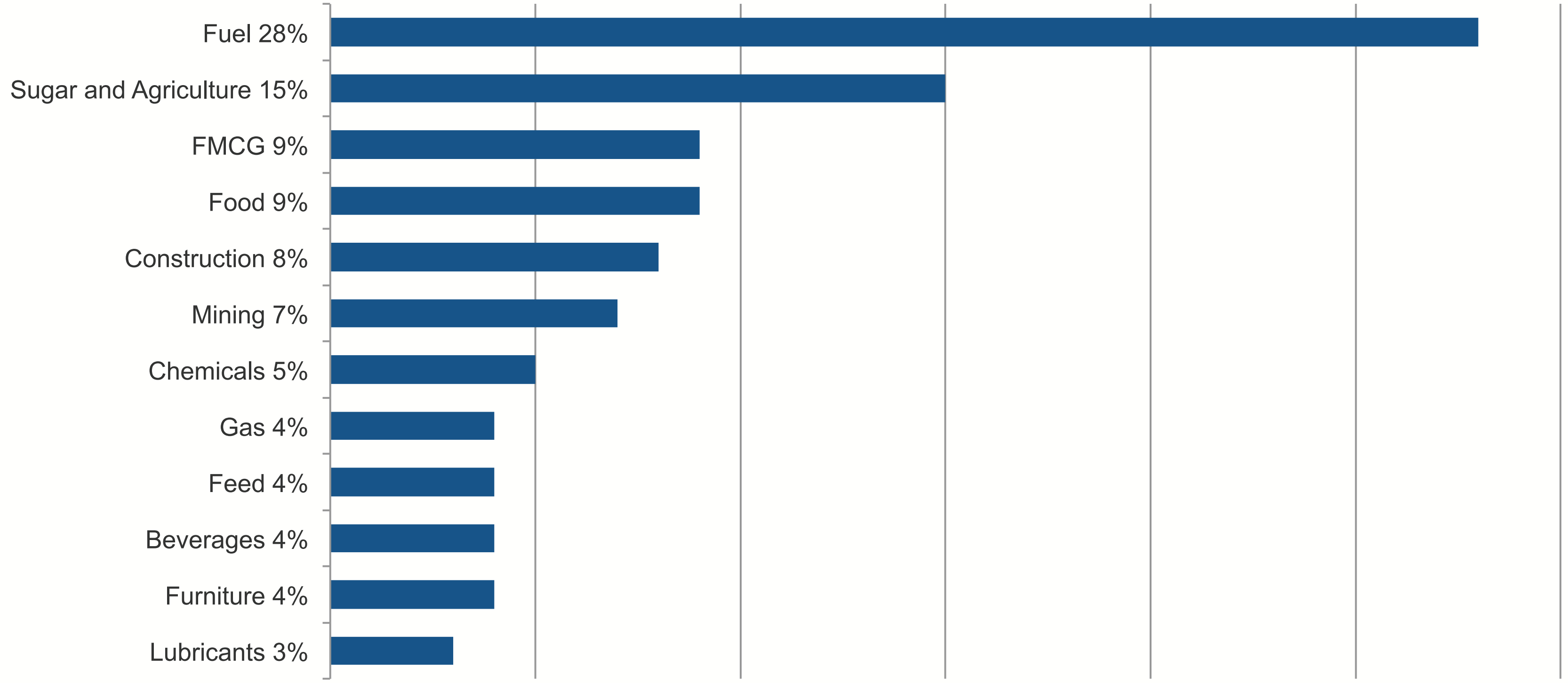
FREIGHT AND LOGISTICS

- Strong performance in transport operations enhanced by
  - Good performance in the FMCG business
  - Volume growth in the cement business
- Results negatively impacted by Ellerines business rescue process
- Improvement in Fresh Freight warehouse and distribution operations
- Exiting of non profitable or low return contracts

USCS diverse industry exposure

ENHANCES SUSTAINABLE REVENUE GENERATION CAPABILITY



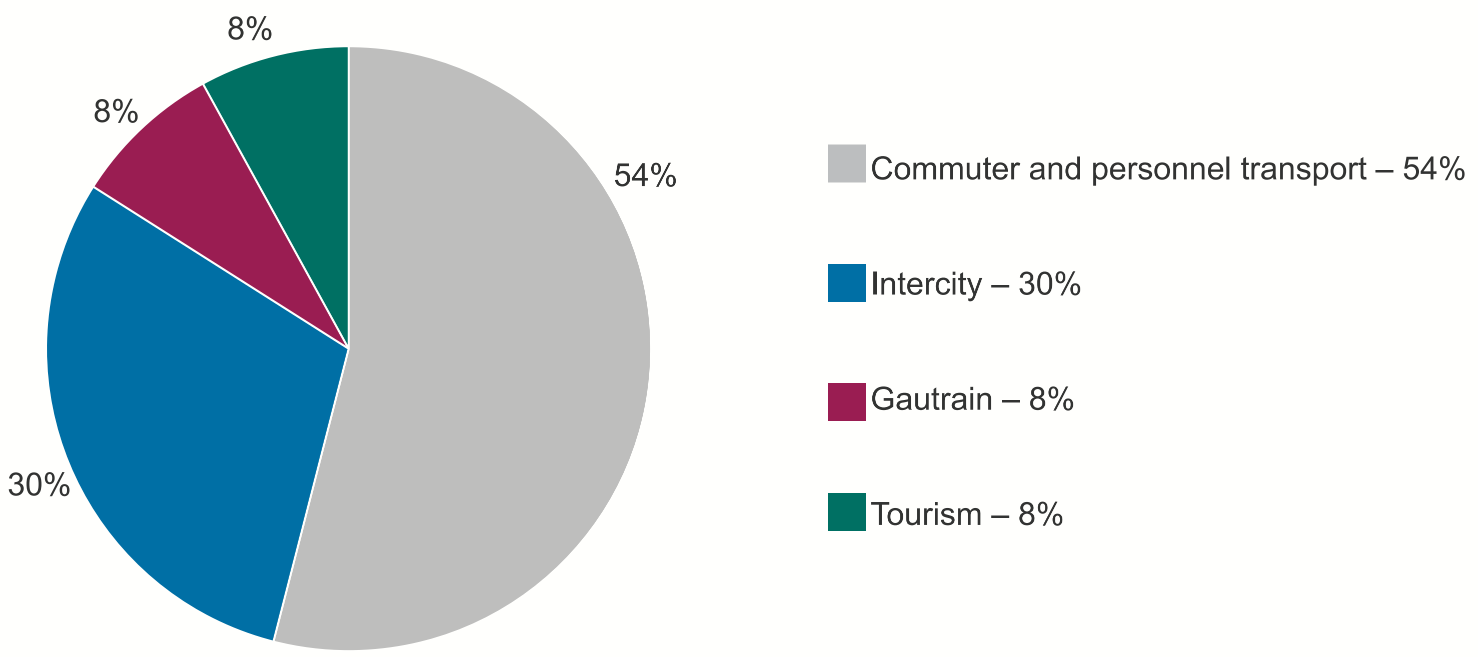
Diversified Logistics

PASSENGER

- Commuter transport recovers post labour unrest in Rustenburg
- Intercity transport performs well
- Gautrain feeder services perform on target
- Improved performance in tourism division assisted by weak Rand
- New personnel transport contract in Mozambique commenced in September

Passenger revenue breakdown

FOCUS REMAINS ON INCREASING LONG-TERM CONTRACTUAL REVENUE BASE



Diversified Industrial

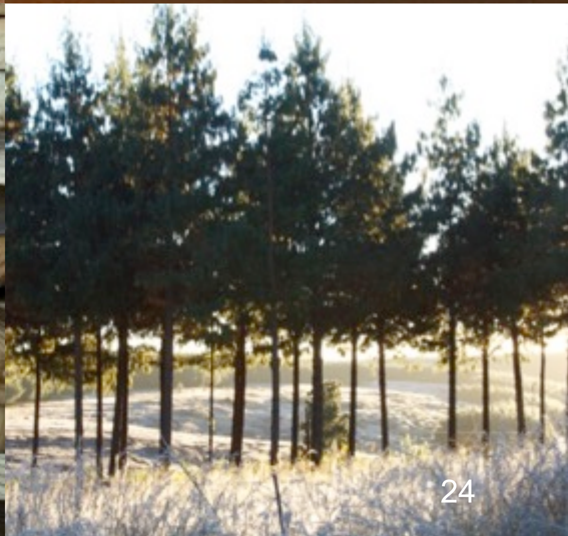
Gross revenue increases by	**11% to R3 981m** (1H14: R3 592m)
Operating profit increases by	**6% to R347m** (1H14: R328m)
Operating margin decreases by	**40bps to 8.7%** (1H14: 9.1%)

- Solid growth by core industrial businesses impacted by poor results in furniture components

Diversified Industrial

TIMBER

- Strategic investments drive profitable revenue growth despite subdued market conditions
  - Revenue increases due to
    - Increased volumes from new MDF (medium density fibreboard) plant
    - Increased ratio of value added products due to capacity expansion
  - Operating profit increases due to
    - Core margin (excluding forest revaluation) improved by 140bps due to technology and efficiencies improvements of new MDF plant (commissioned in November 2013)
    - Increased ratio of higher margin value added products
    - Positive impact of cost saving initiatives



Timber

MEDIUM-DENSITY FIBRE BOARD PLANT

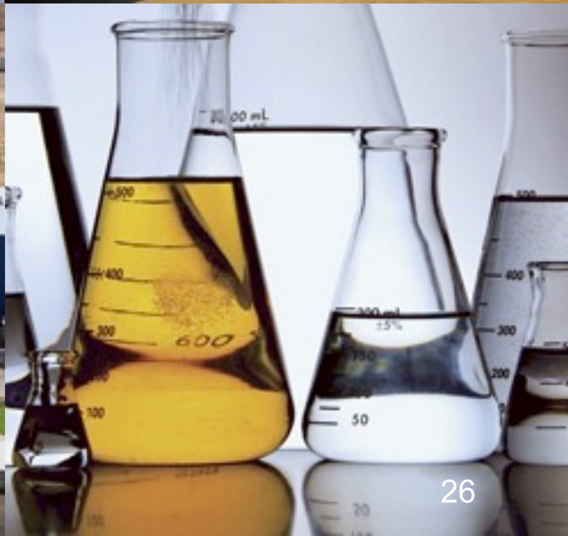
- First phase of plant commissioned in November 2013
- Operating at full production (rated capacity of 300m³/day)
- Positive market response to the product
- Second phase (to increase capacity to 380m³/day) commence in March 2015

Diversified Industrial

CHEMICAL

- Revenue growth 7%
  - PET market growth (Hosaf)
  - Strong resin market share growth (Woodchem)
  - Business alignment improves operational efficiency





Diversified Industrial

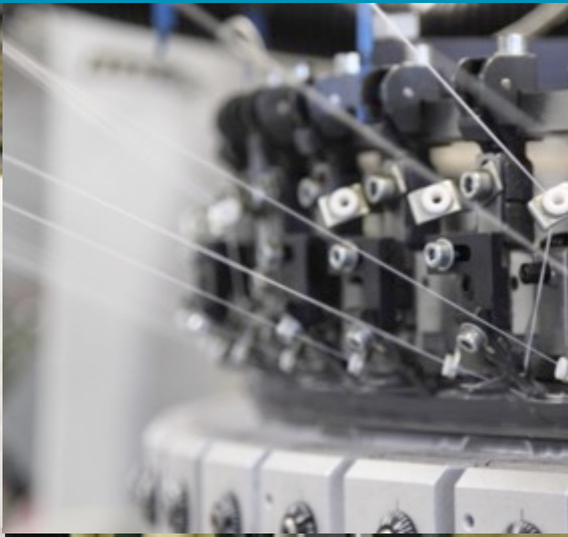
AUTOMOTIVE

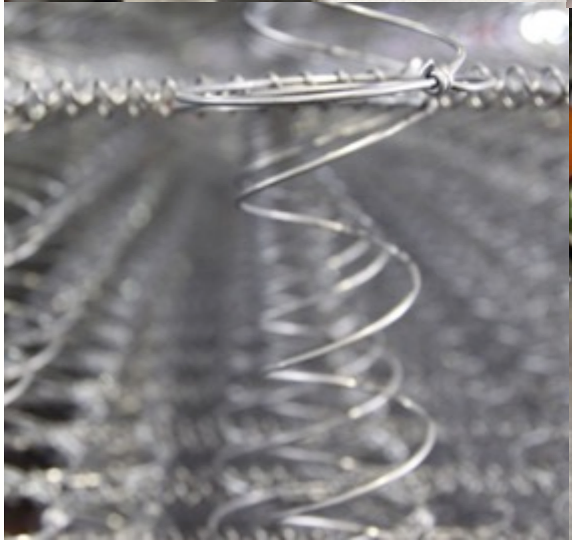
- Feltex increased volumes
    - Vehicle build models increase by 17%
        - New vehicle models
        - Growth in current vehicle models
    - Productivity gains as a result of industry labour unrest included in prior period
    - Continued automation initiatives and efficiency improvement programs

Diversified Industrial

FURNITURE COMPONENTS

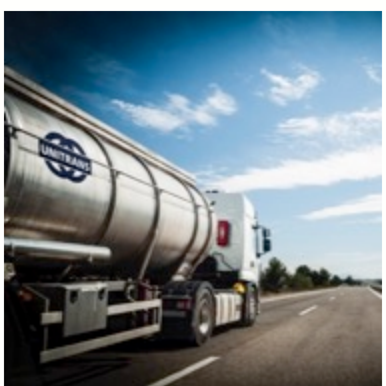
- Vitafoam and BCM negatively impacted by weak market conditions
  - Consumer spending activity
  - Ellerines business rescue proceedings
  - Margin pressure
- Improved performance by DesleeMattex driven by
  - Technology investment
  - New product ranges

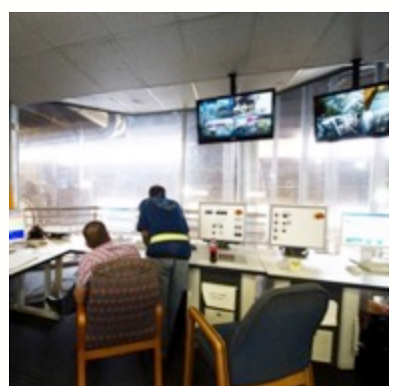




FINANCIAL PERFORMANCE

John Haveman – CFO





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INDUSTRY *IN MOTION*™

Financial highlights

STRATEGY IMPLEMENTATION RESULTS IN IMPROVED QUALITY OF EARNINGS

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Cash generated from operations before working capital (Rm)	**1 203**	1 070	12	2 071
Headline earnings (Rm) *continuing*	**435**	381	14	800
Headline earnings (Rm) *continuing and discontinued*	**449**	377	19	792
Net asset value per share (cents)	**293**	271	8	286

Income statement

	Dec 2014 Rm	Dec 2013 Rm	% increase	Jun 2014 Rm
Revenue	**8 114**	7 418	9	14 746
Operating profit before capital items	**777**	720	8	1 472
Capital items	**(26)**	(18)		(14)
Net finance costs	**(162)**	(172)	(6)	(325)
Associate companies and joint ventures	**2**	4		(5)
Taxation	**(162)**	(149)		(302)
Profit/(loss) from discontinued operations	**3**	(15)		(69)
Minorities	**(17)**	(16)		(33)
Profit attributable to owners of the parent	**415**	354		724
Adjusted for capital items net of taxation	**34**	23		68
Headline earnings	**449**	377	19	792
Less: Headline earnings from discontinued operations	**(14)**	4		8
Headline earnings from continuing operations	**435**	381	14	800
Weighted average number of ordinary shares (m)	**2 346**	2 346	-	2 346
Headline earnings per share (cents) *continuing*	**18.5**	16.2	14	34.1
Headline earnings per share (cents) *including discontinued*	**19.1**	16.1	19	33.8

Balance sheet

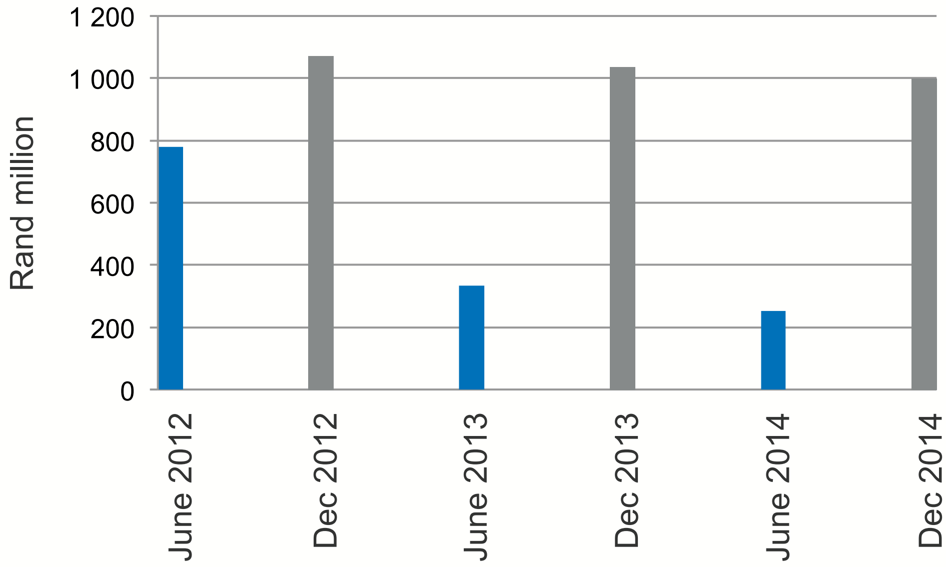
IMPROVED QUALITY OF NET ASSET VALUE

	Dec 2014 Rm	Dec 2013 Rm	Jun 2014 Rm
Property, plant, equipment and investment properties	**6 860**	6 496	6 633
Intangible assets and goodwill	**1 261**	1 302	1 290
Biological assets	**1 917**	1 811	1 875
Net working capital	**998**	1 035	252
Other assets	**395**	250	258
Held for sale	**-**	-	428
Assets	**11 431**	10 894	10 736
Total equity	**7 030**	6 497	6 859
Net interest-bearing borrowings	**3 299**	3 404	2 676
Interest-bearing borrowings	**4 598**	4 700	4 024
Cash and cash equivalents	**(1 299)**	(1 296)	(1 348)
Other liabilities	**1 102**	993	1 083
Held for sale	**-**	-	118
Equity and liabilities	**11 431**	10 894	10 736
Net asset value per share (cents)	**293**	271	286

Working capital seasonality

	Dec 2014 **Rm**	Dec 2013 Rm	Jun 2014 Rm
	998	1 035	252
Inventories	**1 425**	1 490	1 197
Accounts receivable	**2 757**	2 588	2 528
Accounts payable	**(3 184)**	(3 043)	(3 473)

- History of good working capital management



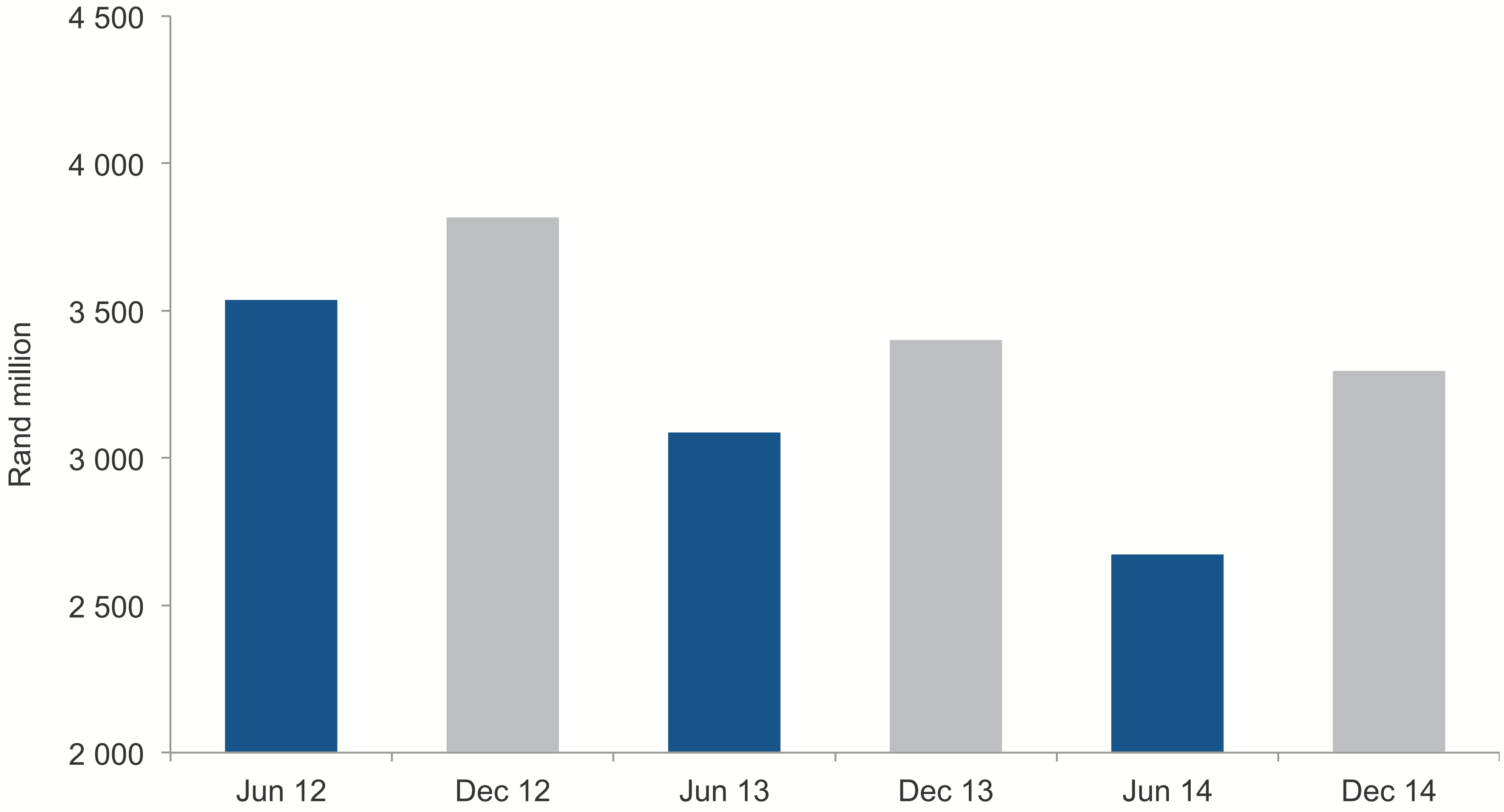
Cash flow

	Dec 2014 Rm	Dec 2013 Rm	Jun 2014 Rm
Operating profit from continuing operations	**777**	720	1 472
EBITDA discontinued operations	**16**	(3)	(3)
Depreciation and amortisation	**393**	382	759
Plantation revaluation	**(40)**	(50)	(114)
Other non-cash items	**57**	21	(43)
Cash generated before working capital changes	**1 203**	1 070	2 071
Working capital changes	**(852)**	(702)	(183)
Inventory	**(214)**	(113)	(39)
Accounts receivable	**(306)**	(209)	(248)
Accounts payable	**(332)**	(380)	104
Cash generated from operations	**351**	368	1 888
Interest	**(163)**	(174)	(330)
Taxation	**(71)**	(61)	(125)
Net dividends	**(295)**	(196)	(195)
Cash flow from operating activities	**(178)**	(63)	1 238

Cash flow (continued)

	Dec 2014 Rm	Dec 2013 Rm	Jun 2014 Rm
Cash flow from operating activities	**(178)**	(63)	1 238
Investing activities	**(447)**	(257)	(838)
Expansion capex	**(213)**	(197)	(413)
Replacement capex	**(384)**	(316)	(653)
Proceeds on disposal of investments	**160**	280	278
Other investing activities	**(10)**	(24)	(50)
Cash flow after investing activities	**(625)**	(320)	400
Financing activities	**575**	294	(385)
Movement in cash and cash equivalents	**(50)**	(26)	15

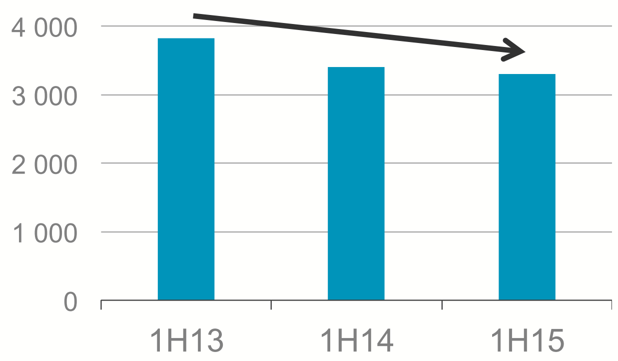
Seasonal downward trend in net debt



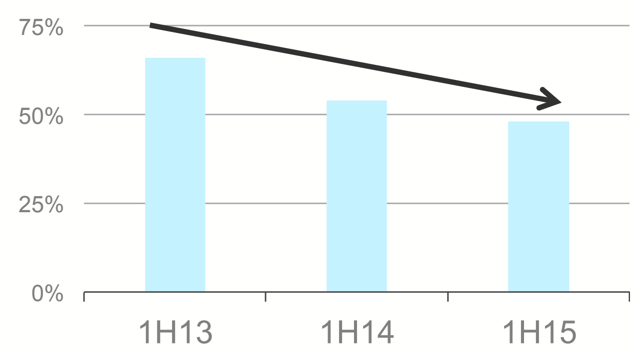
Improved debt ratios

THROUGH STRATEGY IMPLEMENTATION AND OPERATIONAL CASH GENERATION

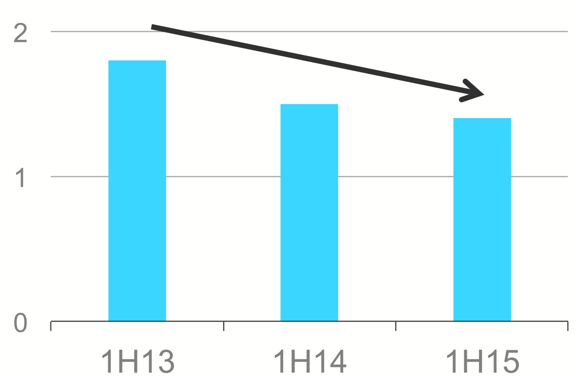
Net debt (Rm)



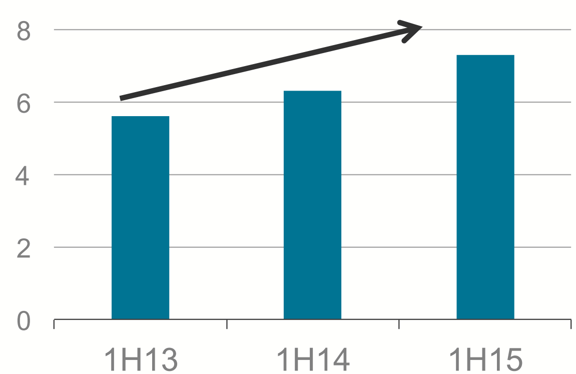
Net debt to equity %



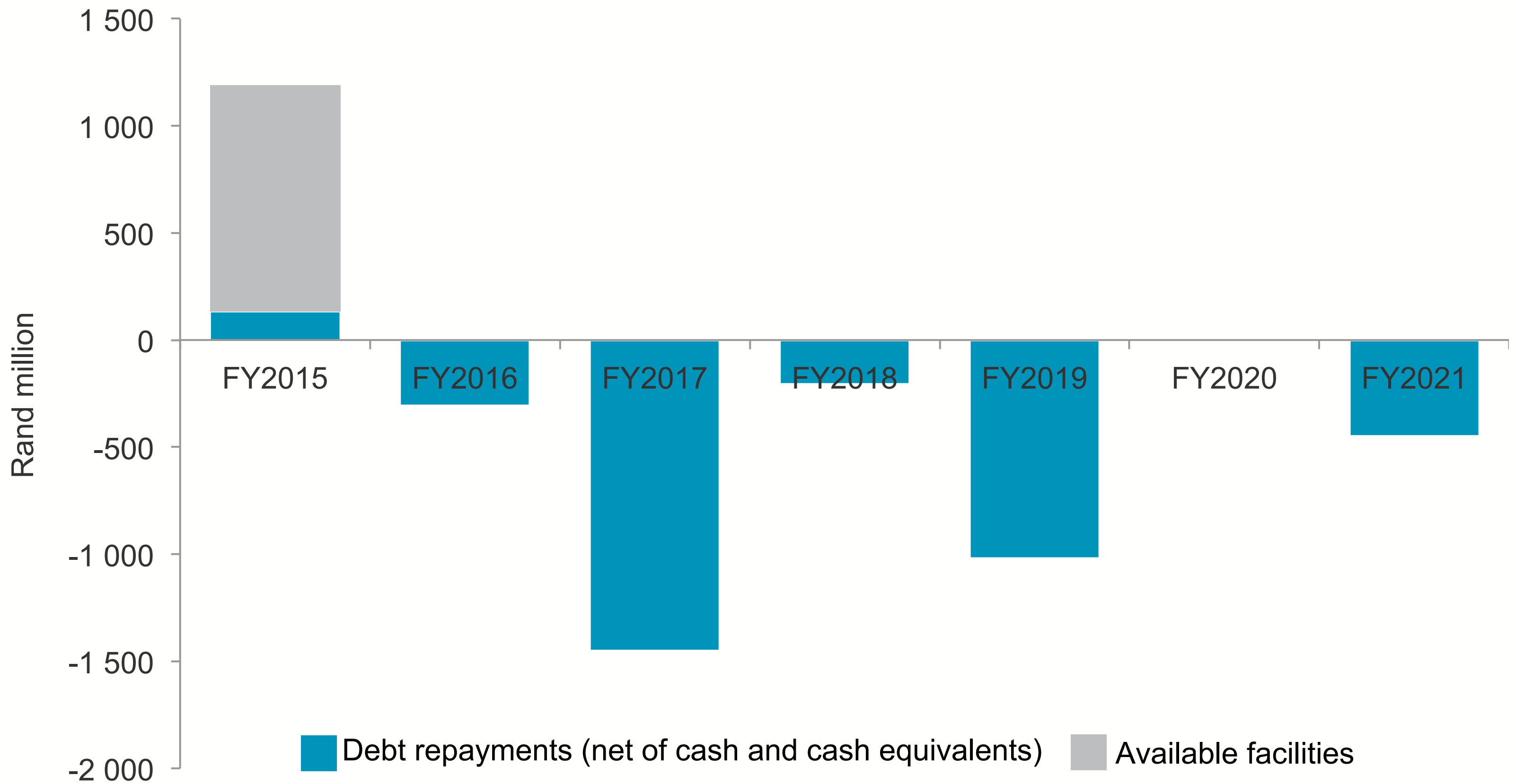
Net debt to EBITDA (times)



EBITDA interest cover (times)

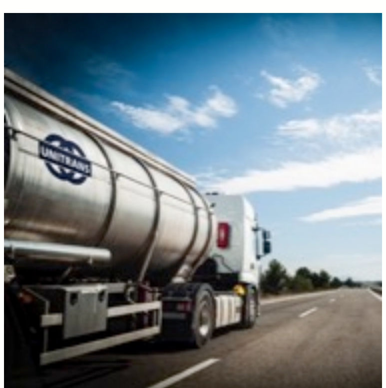


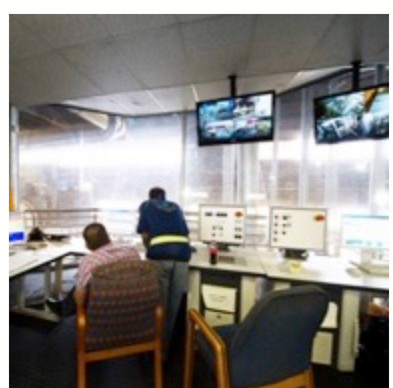
Net interest-bearing debt maturity



OUTLOOK

Gary Chaplin – CEO





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INDUSTRY *IN MOTION*™

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 impact timber
  - Positive competitive position against importers
  - Fixed currency contracts in Automotive
- 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

Impact of low oil price, weak Rand and electricity disruptions – net neutral impact

Outlook

CONTINUED CAPITAL INVESTMENT IMPROVE OUTLOOK

DIVERSIFIED LOGISTICS

- Renewal of fleet
  - New generation fuel tankers
    - 3 year target 350 tankers by FY15 (achieved)
  - Euro5 latest technology coaches
- New vehicles for expansion
  - Fuel in Botswana
  - Cement contracts in South Africa
  - Mozambique project fleet further expanded

DIVERSIFIED INDUSTRIAL

- MDF phase II (to commence operations in March 2015)
- Impregnation plant (to commence operations in November 15)
- Acquisition of Restonic to create integrated bedding division

Outlook

DIVERSIFIED LOGISTICS

USCS

- Cost structure now enables USCS to be more competitive in current economic climate
  - Existing contract renewals
  - Promising new contracts
  - Rationalising non-performing contracts
- Africa expansion
- Efficiency improvements through consolidation of specialised freight with warehouse and distribution business
- Opportunity in tough economic conditions
  - Flight to quality, customers require reputable suppliers
  - Market rationalisation

Outlook

DIVERSIFIED LOGISTICS (CONTINUED)

PASSENGER

- Passenger expansion in Africa
  - Mozambique personnel contract commenced in September 2014
    - Contract expanded post start of operations
- Opportunity in tough economic conditions
  - Flight to quality, customers require reputable carriers
  - Market rationalisation

Outlook

DIVERSIFIED INDUSTRIAL

TIMBER

- Business well structured for current market conditions (low cost base, strong market focus)
- First phase of MDF (medium density fibre board) upgrade for 12 months in FY15 (7 months in FY14)
- Second phase of MDF to be commission in March 2015 (during planned 3 week maintenance shut)
- Full year effect of logistics restructure in FY15

Outlook

DIVERSIFIED INDUSTRIAL (CONTINUED)

CHEMICAL

- Hosaf PET growth in demand expected to continue
- Hosaf management restructure
- Woodchem paper impregnation plant (to be commissioned in November 2015)
- Woodchem resin capacity expansion

AUTOMOTIVE

- Feltex: Volume growth expected to continue through greater vehicle model penetration

Outlook

DIVERSIFIED INDUSTRIAL (CONTINUED)

BEDDING

- Acquisition of Restonic facilitates integrated bedding division
- Earnings enhancing to shareholders
- Plant and technology investment
- Logistics benefit on expanded footprint

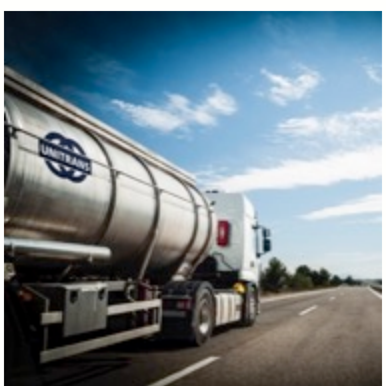
Outlook

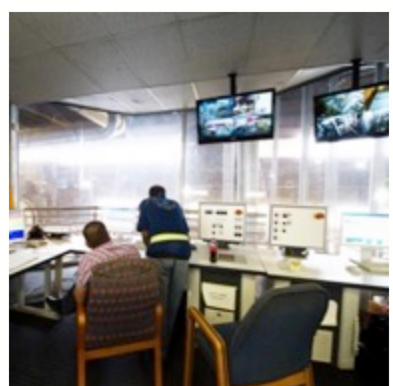
KAP INDUSTRIAL

NEW OPPORTUNITIES

- Organic growth
- Looking for bolt-on opportunities
- Potential acquisitive growth in appropriate verticals

THANK YOU





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APPENDIX

INDUSTRY *IN MOTION*™

Net finance costs

KAP INDUSTRIAL

	Dec 2014 Rm	Dec 2013 Rm
Net finance costs	**162**	172
Investment income	**(28)**	(84)
Finance costs	**190**	256