KAP

International Holdings Ltd

Year End Results
30 June 2008

Highlights

- Revenue growth of 26%
- Headline earnings per share of 28,4 cents
- Net asset value per share increased from R2,75 to R3,01
- Strong cash flows from operating activities
- PET capacity expansion on track
- Debt equity ratio reduced to below 40% due to good working capital management
- Brenner and Caravelle acquisitions successfully integrated
- Achieved SANS 16001 AIDS management system implementation

Income Statement

	30 June 2008 12 months Rm	30 June 2007 12 months Rm
Revenue	4,620.4	3,673.5
EBITDA	256.3	282.1
Operating profit	200.1	239.5
EPS	28.8	36.2
HEPS	28.4	35.5
Dividend declared	-	17
Tax rate	-	19.7%
NAV per share	300.7	274.7

Balance Sheet

	30 June 2008 Rm	30 June 2007 Rm
Assets		
Property, plant and equipment	828.2	709.1
Other non-current assets*	217.7	206.0
Inventory	929.9	789.8
Accounts receivable	729.5	682.4
Cash and cash equivalent	55.1	2.4
Total assets	2,760.4	2,389.7
Equity and liabilities		
Equity	1,308.7	1,191.1
Non-current liabilities	117.5	114.5
Accounts payable & provisions	758.3	580.6
Other current liabilities	575.9	503.5
Total equity and liabilities	2,760.4	2,389.7

* Goodwill, pension fund surplus, deferred tax

Financial Structure

	30 June 2008	30 June 2007
Net interest bearing debt (RM)	520.0	517.0
Interest bearing debt/equity	39.7%	43.4%
Interest cover	2.6	6.6
Current ratio	1.29	1.36

Cash Flow

	30 June 2008 Rm	30 June 2007 Rm 18 months
Cash flow generated from operations	256.3	397.2
Net working capital changes	0.8	(177.9)
Net finance costs	(75.9)	(51.1)
Taxation paid	(10.6)	(14.0)
Purchase of property plant & equipment	(177.4)	(182.4)
Other investing activities	17.0	17.3
Acquisition of subsidiaries	-	(54.4)
	10.2	(65.3)
Increase (Decrease) in borrowings	189.6	(85.1)
Distribution to shareholders	(12.7)	(110.8)
Net Increase (Decrease) in cash and equivalents	187.1	(261.2)



Automotive Division



	July '07 - June '08	Export Sales	Local Sales
Passenger vehicles			
Ford focus	23,500	16,700	6,800
Mazda	4,500	-	4,500
Nissan Tida	10,000	-	10,000
BMW 3 series	50,400	39,400	11,000
Merc C Class	43,200	19,900	23,300
Toyota - Corolla	55,900	27,300	28,600
Totyota - Fortuner	10,500	1,200	9,300
Opel Corsa	7,000	-	7,000
Hummer H3	7,500	5,500	2,000
VW Golf A1	22,700	-	22,700
VW Jetta A5	37,200	25,600	11,600
VW Polo	43,000	10,800	32,200
Commercial Vehicles			
Ford Bakkie	38,300	-	38,300
Nissan Bakkie	7,300	-	7,300
Nissan Hardbody	19,800	7,100	12,700
Toyota Hilux	92,600	55,800	36,800
Toyota Hiace	5,100	-	5,100
Mitsubishi Colt	6,900	-	6,900
Opel Corsa Utility	25,600	-	25,600
Isuzu	21,900	1,900	20,000
Total	**532,900**	**211,200**	**321,700**

FELTEX

Long term increase in vehicle build is still intact

- Increase in Corolla exports
- Chinese /Indian vehicle makers keen to export from SA.
- Ford announce that they will export Ranger pick-ups to Africa
- VW aim for record export volumes
- Nissan/Renault share Rosslyn plant upgrade to 68,000 units a year
- Ford bakkie 110,000 units in 2011

SA Vehicle Build



Industrial Footwear

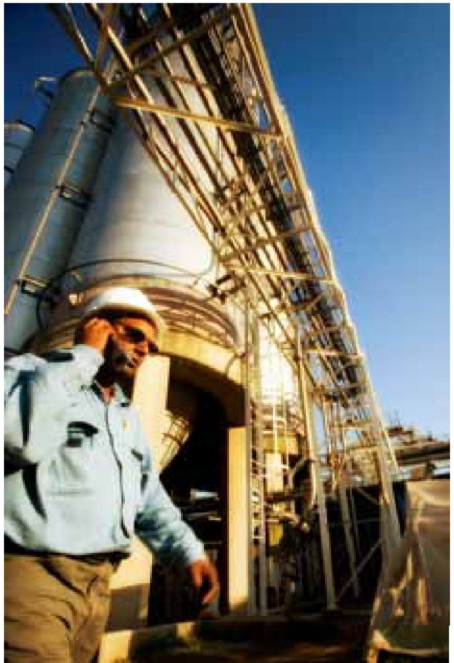
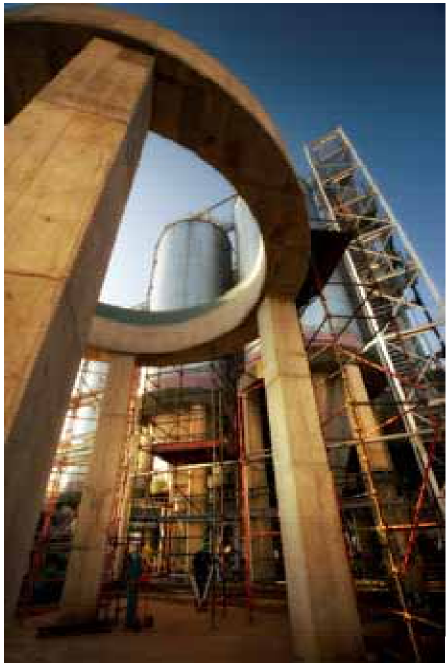


- Turnover up by 9% and operating profit up by 11%

- Industrial footwear demand is still strong
  - Number of pairs sold steady at 2.9 million pairs
  - New gumboot machine fully operational
  - Target tender contracts

- Further improvement in Mossop results
  - Rework rate reduced from 5% to 2%
  - Down-time reduced
  - New leather technologist employed


Hosaf

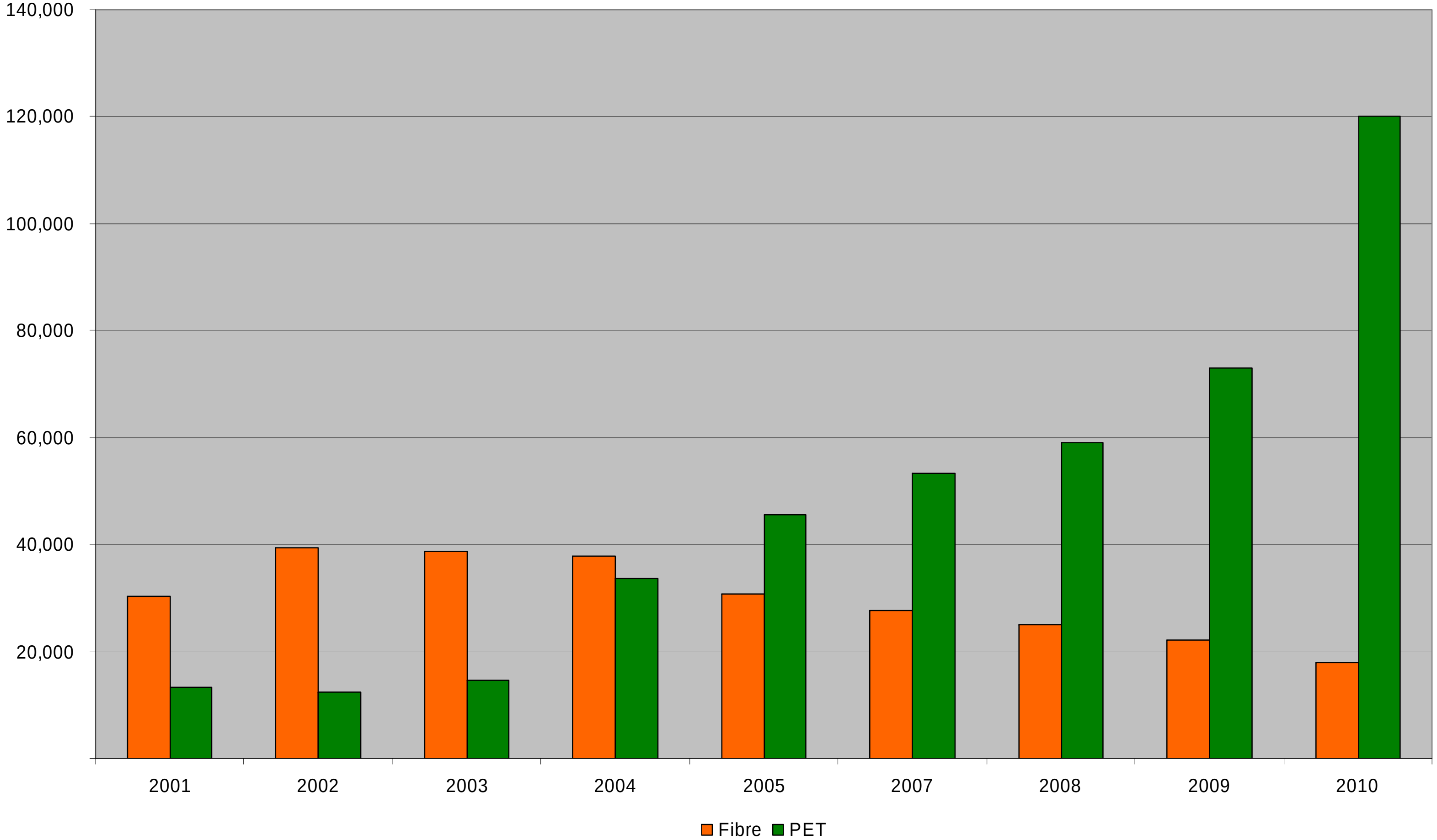
- Reduce Input Costs
  - Raw material price negotiations for volume
  - Increased use of recycled material
  - Captial costs
  - Overheads cut

- Increase Production Flexibility
  - Move to higher-margin, niche products

- Rapid Growth of Volumes
  - Growth in export markets
  - Mobilisation of existing, dormant capacity
  - Investment in new PET capacity

- Transform Hosaf from Fibre to PET manufacturer

Strategy 2001 - 2008



Strategy

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

PET

- Expand capacity
- Reduce fixed cost per ton
- Speciality products
  - Hot fill (Fruit juice / Dairy)
  - Low AA (Water high growth 24%)
- Beer
  - Long term
  - Huge potential
  - 10% = 20,000tpa

Fibre

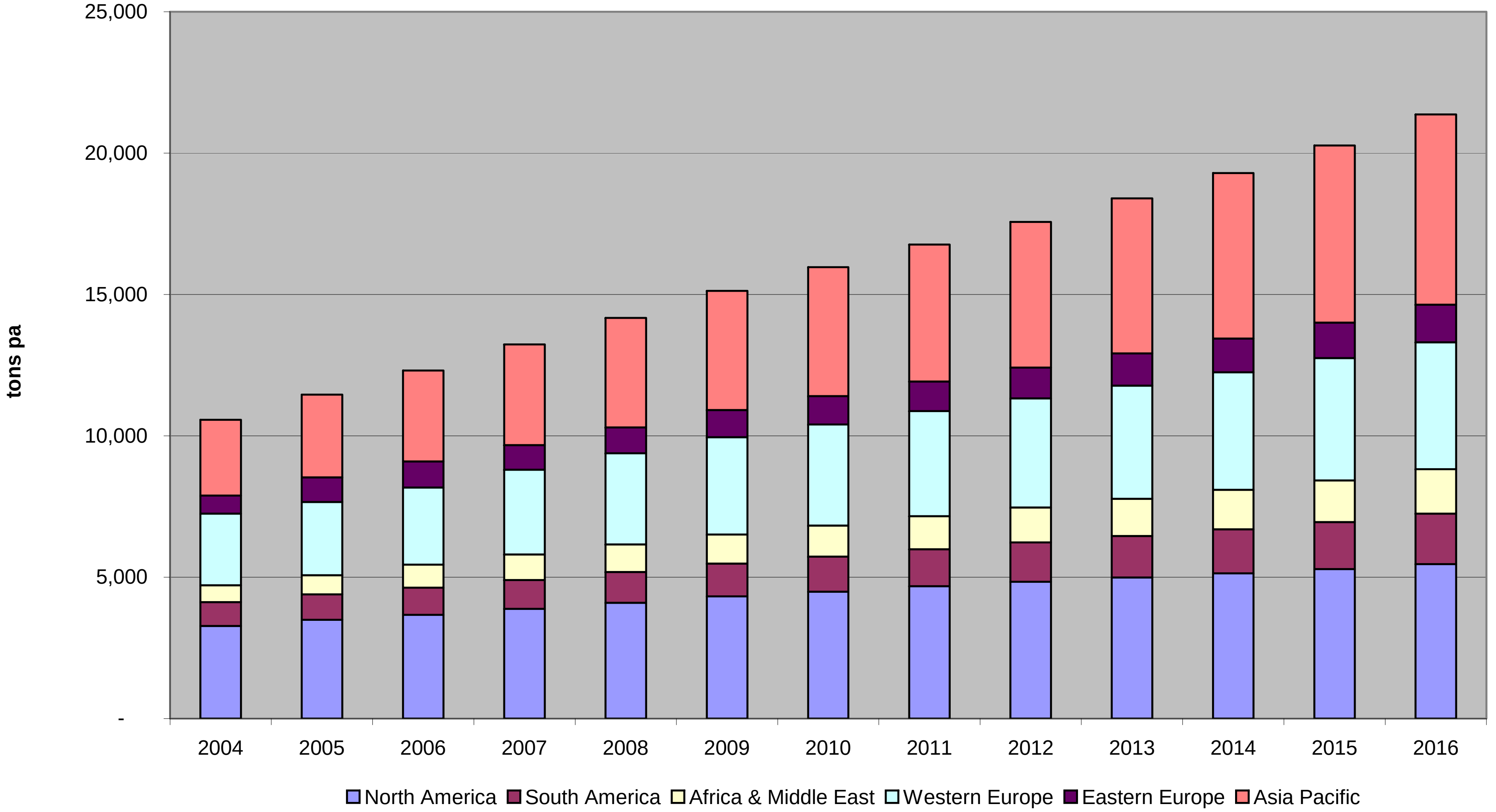
- Niche product types
  - Flame retardant
  - Anti microbial
  - Colour
  - Short fibre
- Expand sources of r-PET
- Fibre dependant on
  - ITAC anti-dumping
  - Woven ind. SA
  - Price elasticity

r-PET

- Expand capacity
  - In house quality sorting line
  - Waste sorting plant
- Bottle to bottle r-PET

Future Strategy

World Demand forecast



Courtesy: BP

Preheater & Reactor being installed

Preheater & Reactor being installed

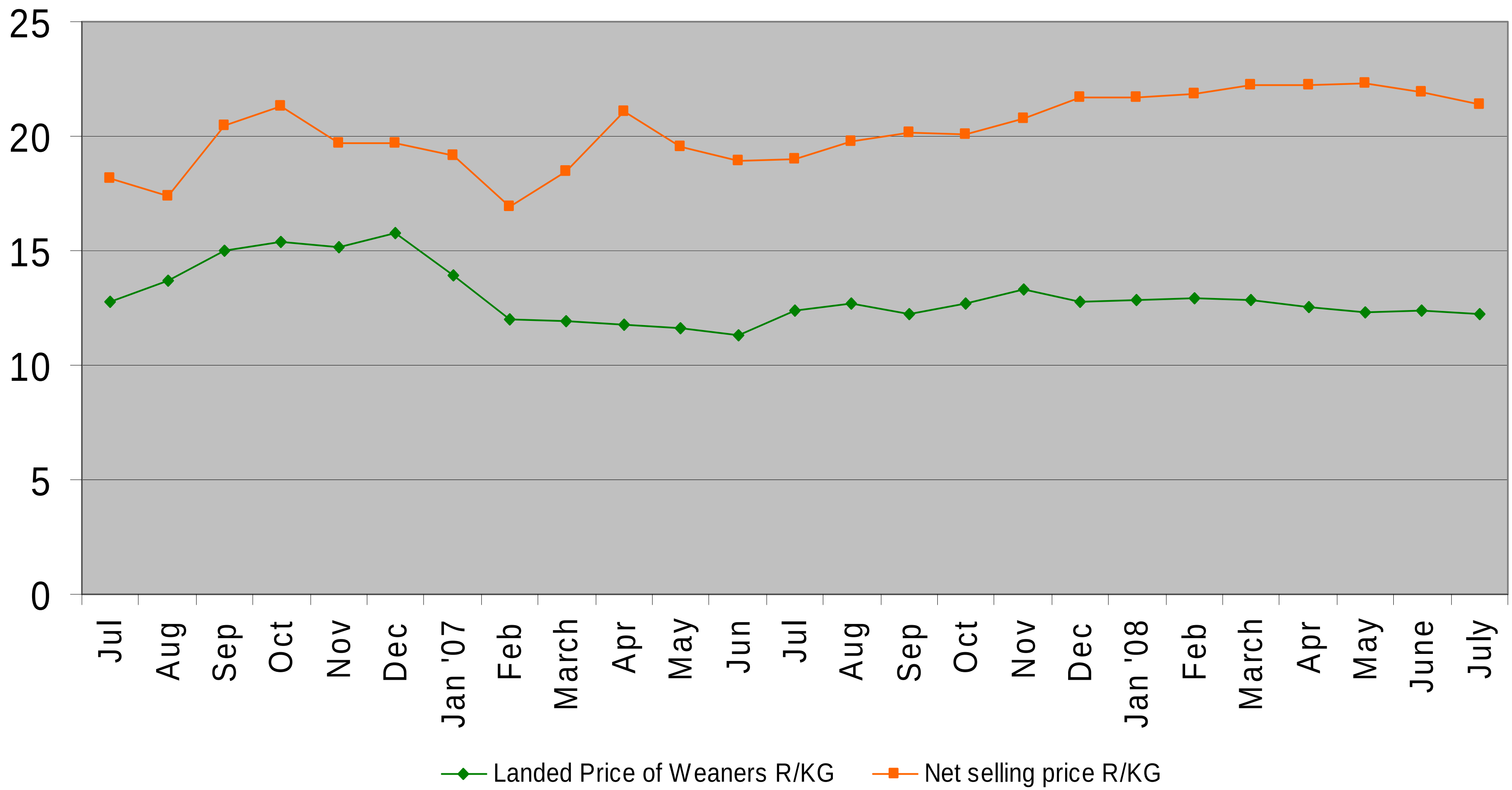
Bull Brand Foods

- Margins recovered but still on a low base

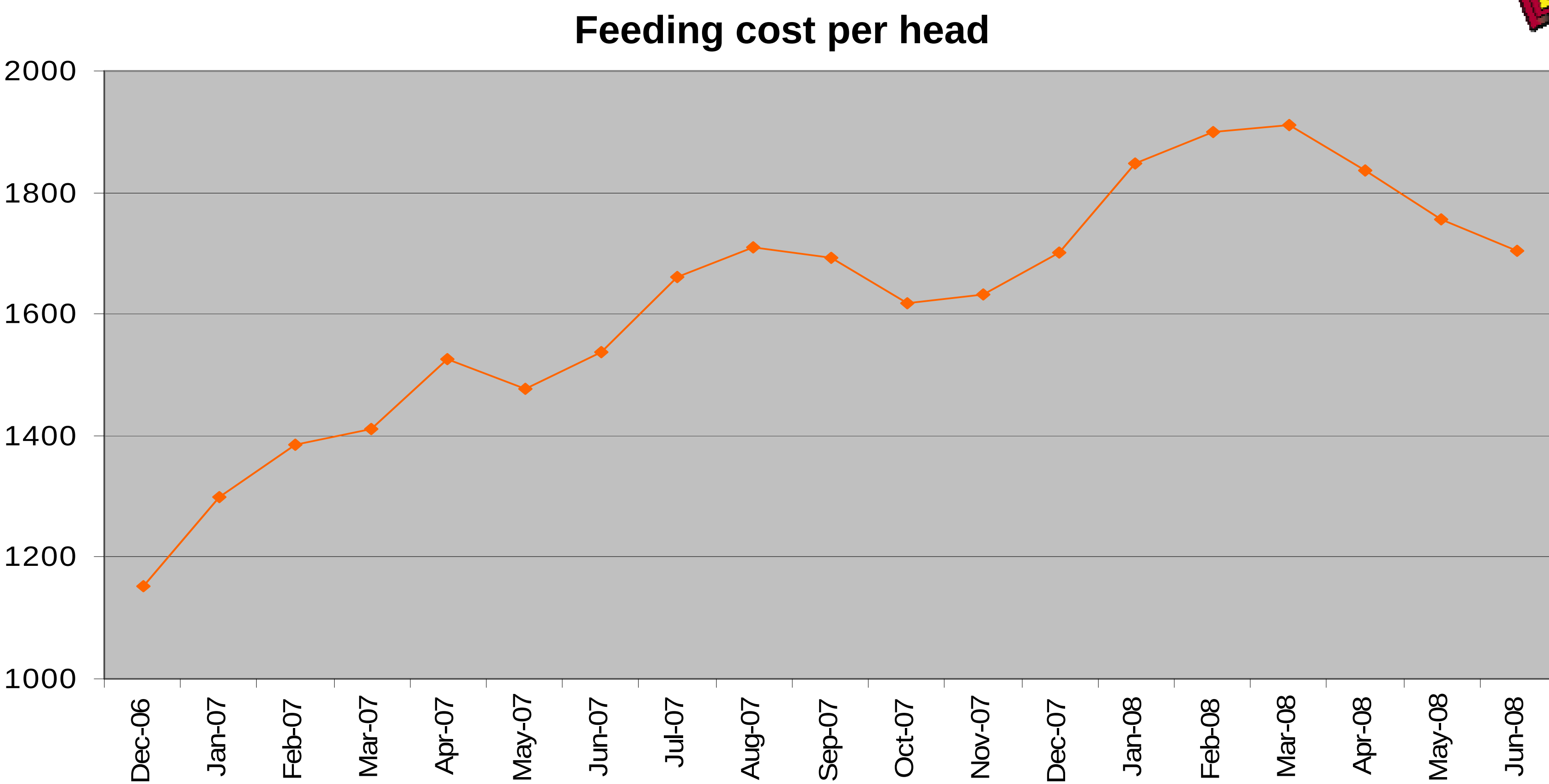
- Weaner price stable

- Strategies include:
- Cost saving initiatives
  - Backgrounding of cattle (preconditioning)
  - Staff reductions at abattoir

- Drive for value added products
  - Increase cannery sales - Cannery turnover increased by 60% over the last 3 years
  - Master butchers
  - Increase in business with hotels and fast food chains



Weaner & Beef selling price



Breakdown of Cost

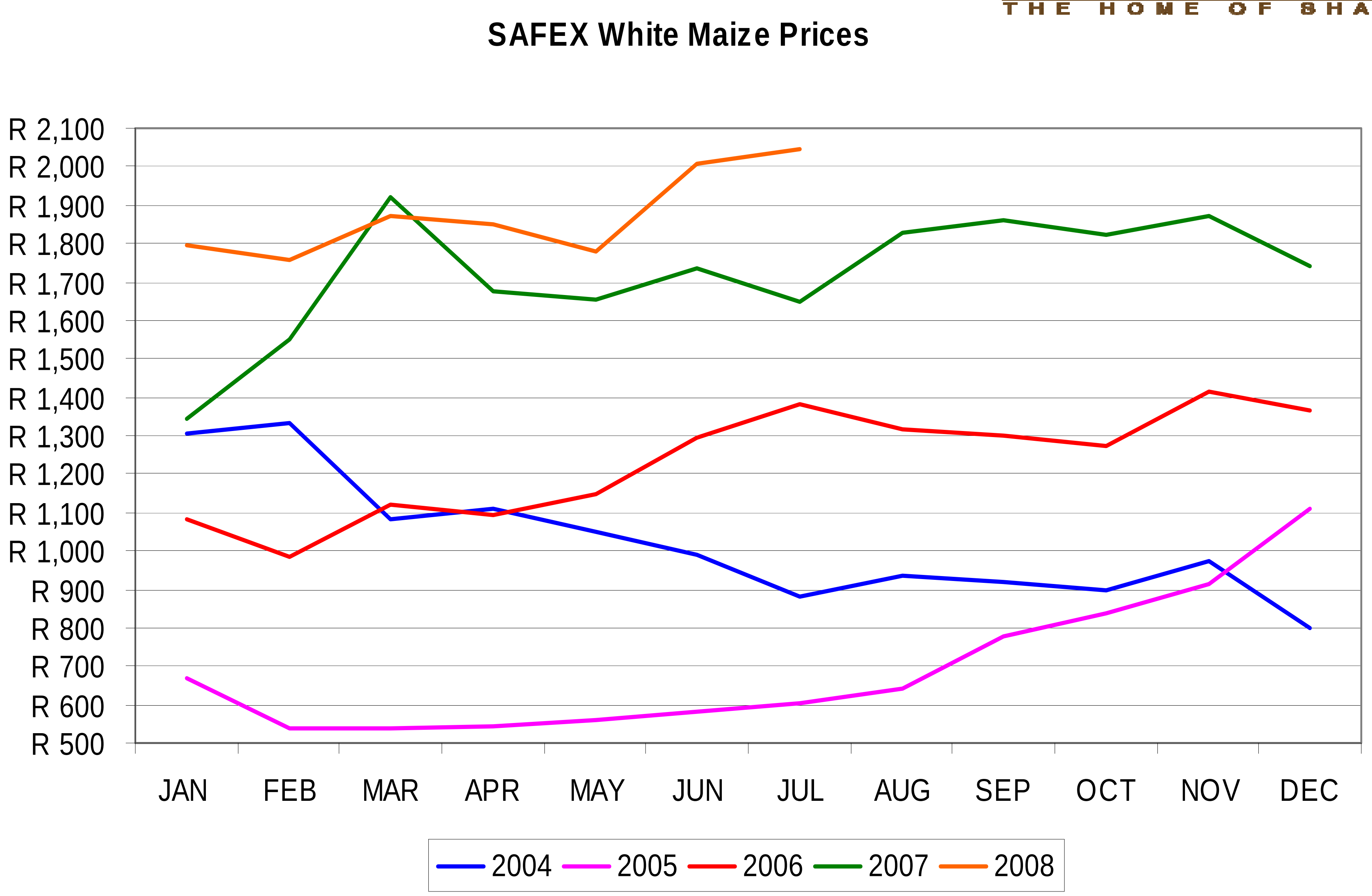
Weaners cost	55%
Feed cost	33%
Admin & Interest	12%

Feeding cost per head

Brenner Mills

- Policy of buying only six weeks forward
- Better prices for animal feed which is opposite to Bull Brand extra feed cost
- Major cost saving initiatives provide the turnaround
- Basic foodstuff will always be in demand

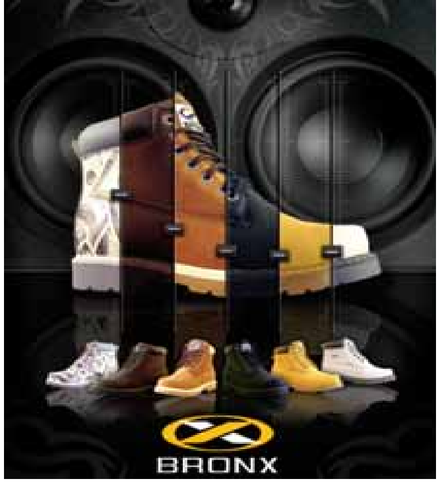
BRENNER MILLS
THE HOME OF SHAYA



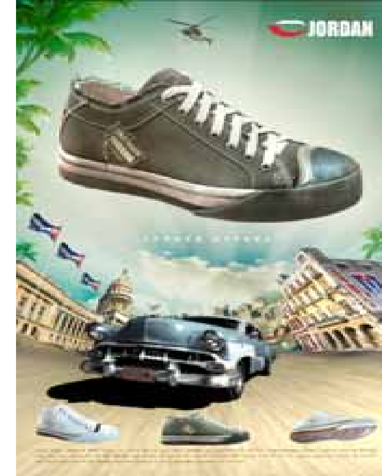
Maize Price

KAP International Holdings Ltd

Year End Results
June 2008


BRONX


NEVER COMPROMISE
OLYMPIC


JORDAN

Jordan & Co

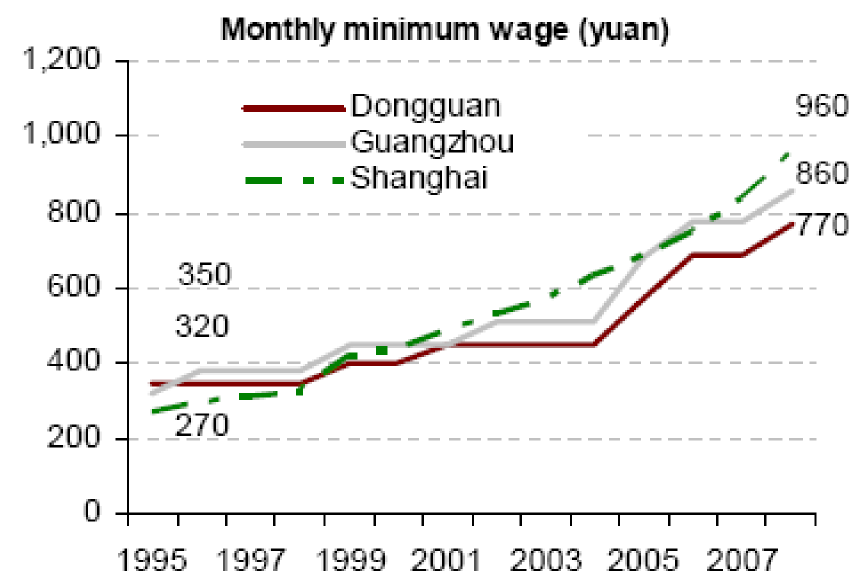

BRONX


THIS SUMMER'S MUST-HAVES
BRONX


asics

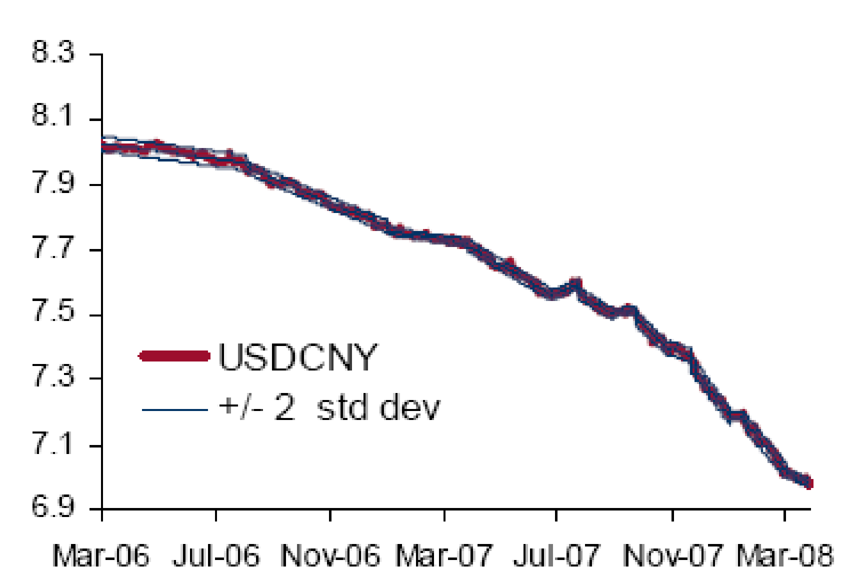
- Turnover up 6% and operating profit declines
- Pressure from retailers for price points
- Strength of the brands
- China not as cheap as it used to be
  - Strengthening of their currency by approximately 10%
  - Labour rates becoming more expensive
  - Local manufacture for long runs (core lines)
- Strategy
  - Reduce number of brands and cut structures
  - Strict cost control
  - Minimum acceptable margins
  - Grow ladies division

Exhibit 1: Minimum monthly wage rates are surging …



Source: Provincial bureaus of Human Resources and social security, Credit Suisse

Exhibit 2: … while RMB appreciation is accelerating



Source: the BLOOMBERG PROFESSIONAL™ service, Credit Suisse

Source: www.credit-suisse.com

Emerging Markets

	Pairs 000's	
	June 2008	June 2007
Own Manufacture	385	422
Bronx	176	186
Jordan Shoes	73	101
Sports	56	86
Corporate	80	49
Imports	1,869	1,731
Bronx	717	650
Jordan	273	277
Anton Fabi	147	167
Other	118	83
Ladies	128	42
Asics	107	110
Olympic	379	402
Shops	425	350
Other		
Total	2,679	2,503

Sales by Brand



Glodina



- Excellent overall performance

- Strong brand awareness

- Investment of R60M since 2003
  - Reduce waste and rejects
  - Improved distribution

- SANS 1600I Aids management system implemented at Glodina. First company to be accredited in South Africa

- Strategy
  - Established world class production facility
  - Target key customers
  - Focus on hospitality segment
  - Build exports (Australia and Africa)

Prospects

- Automotive expect modest recovery in 2009 with a strong improvement when build volumes increase (either export or local)
- We expect another strong performance from Industrial Footwear
- Hosaf expect a major increase in operating profits (in line with the increase in capacity) from March next year
- Bull Brand and Brenner delivered acceptable returns in 2008 and we expect this to continue
- Jordan and Glodina will benefit from a recovery in retail
- Organic growth phase will be completed once Hosaf project is complete
  - Minimum replacement capex going forward
  - Strong cash generation 2009/2010
- Interest cost will only reduce in 2009/2010

Thank you for your attendance