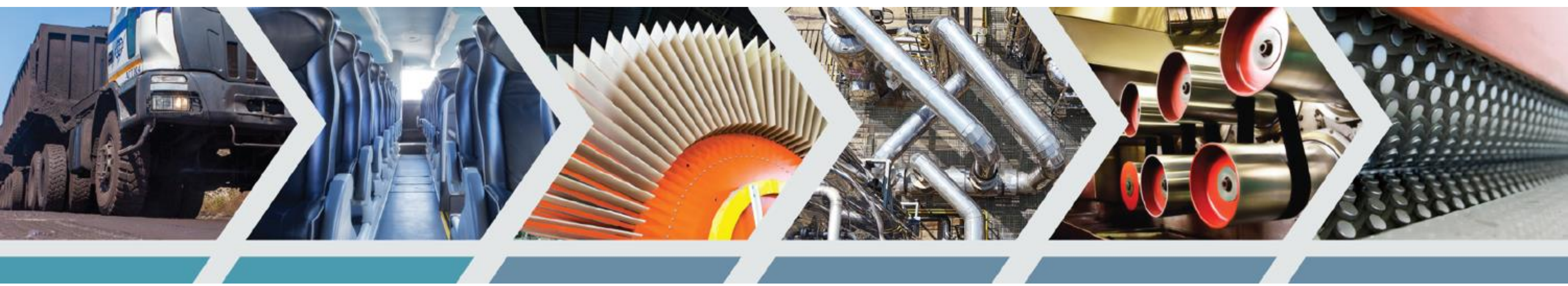
KAP INDUSTRIAL HOLDINGS LIMITED (KAP)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015



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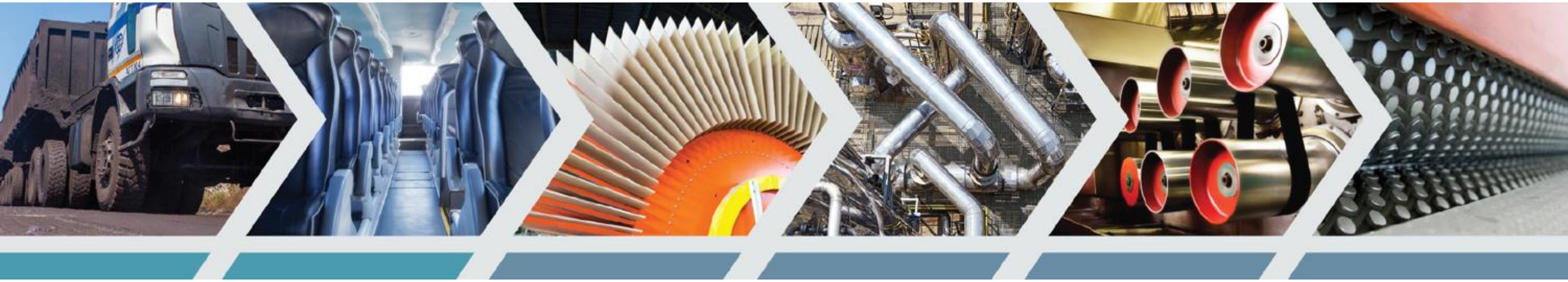
WELCOME

JAAP DU TOIT
Independent non-executive chairman

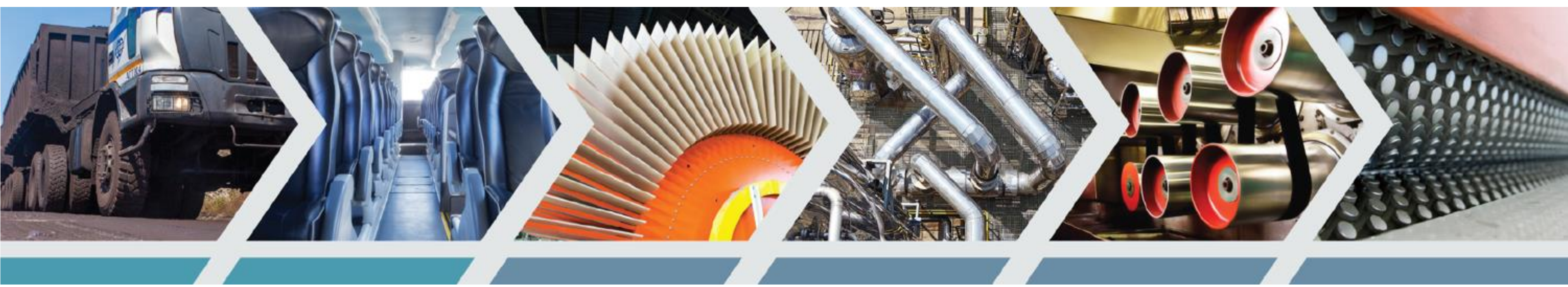


AGENDA

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

PERIOD UNDER REVIEW

GARY CHAPLIN
Chief executive officer



STRATEGY

KAP IS FOCUSED ON

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

STRATEGIC EXECUTION

2012 – KAP acquires Steinhoff's industrial assets

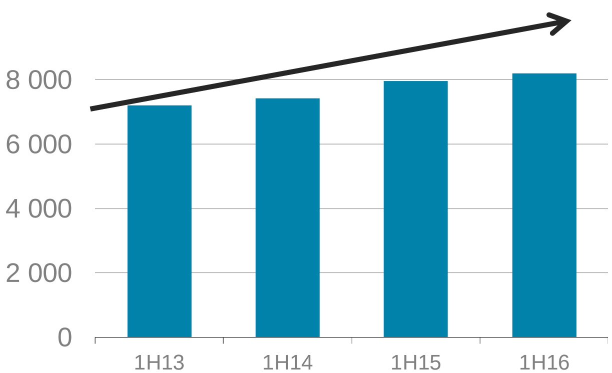
2012–2016 – Strategic re-alignment and operational improvements

2013–2015 – Disposal of non-core assets (food, footwear and sawmilling)

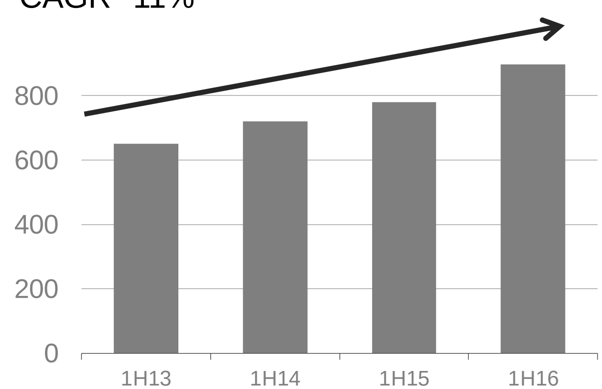
2015–2016 – Complementary acquisitions to enhance current business divisions (Restonic)

2016 onwards – Strategy implementation sets base for expansionary outlook

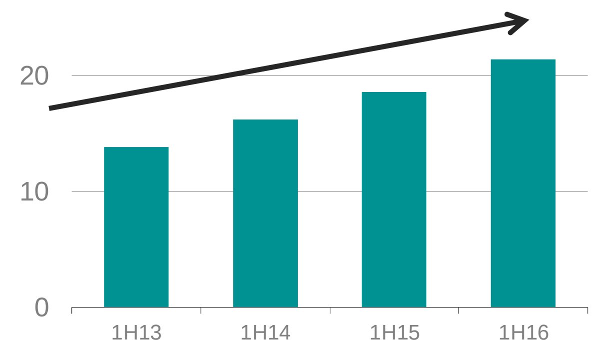
Revenue (Rm)
CAGR* 4%



Operating profit (Rm)
CAGR* 11%



HEPS (cents)
CAGR* 16%



** Compound annual growth rate*

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GROUP STRUCTURE

DIVERSIFIED LOGISTICS

CONTRACTUAL LOGISTICS

Specialised contractual supply chain and logistics services

PASSENGER TRANSPORT

Personnel, commuter, intercity and tourism transport

DIVERSIFIED INDUSTRIAL

INTEGRATED TIMBER

Forestry and timber manufacturing operations with primary and secondary processing

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

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DIVERSE REVENUE BASE

LOGISTICS | **INDUSTRIAL**

- CONTRACTUAL LOGISTICS – 37%
- PASSENGER TRANSPORT – 13%

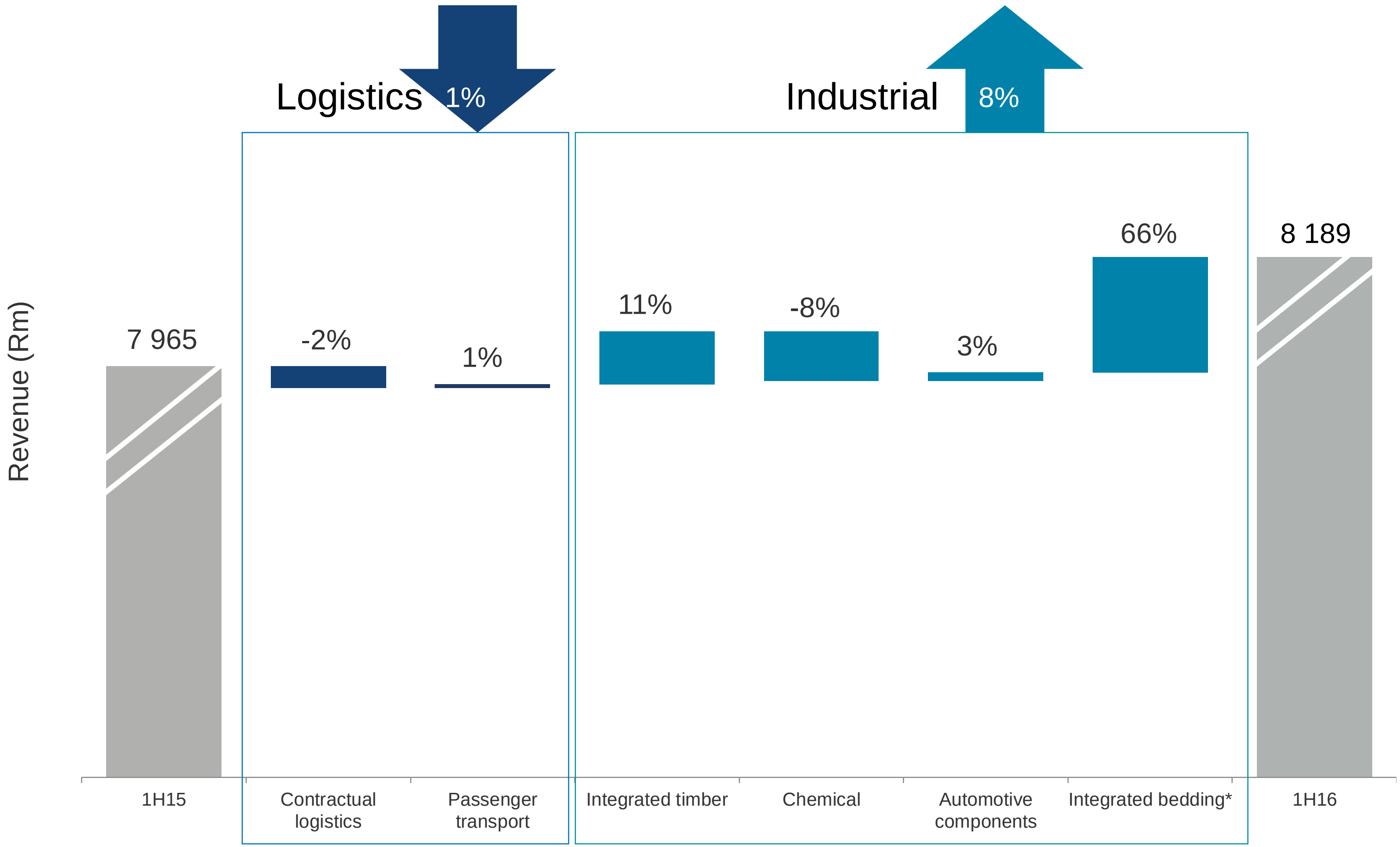
- INTEGRATED TIMBER – 16%
- CHEMICAL – 16%
- AUTOMOTIVE COMPONENTS – 8%
- INTEGRATED BEDDING – 10%

50% | **50%**

STRATEGY IMPLEMENTATION CONTINUES TO IMPROVE QUALITY OF EARNINGS

	1H16	1H15	Increase
Revenue (Rm) *continuing*	**8 189**	7 965	3%
Operating profit before capital items (Rm) *continuing*	**898**	780	15%
Operating margin *continuing*	**11.0%**	9.8%	120 bps
Headline earnings per share (cents) *continuing*	**21.4**	18.6	15%
Cash generated from operations (Rm)	**391**	351	11%
Net asset value per share (cents)	**330**	293	13%

REVENUE ANALYSIS



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

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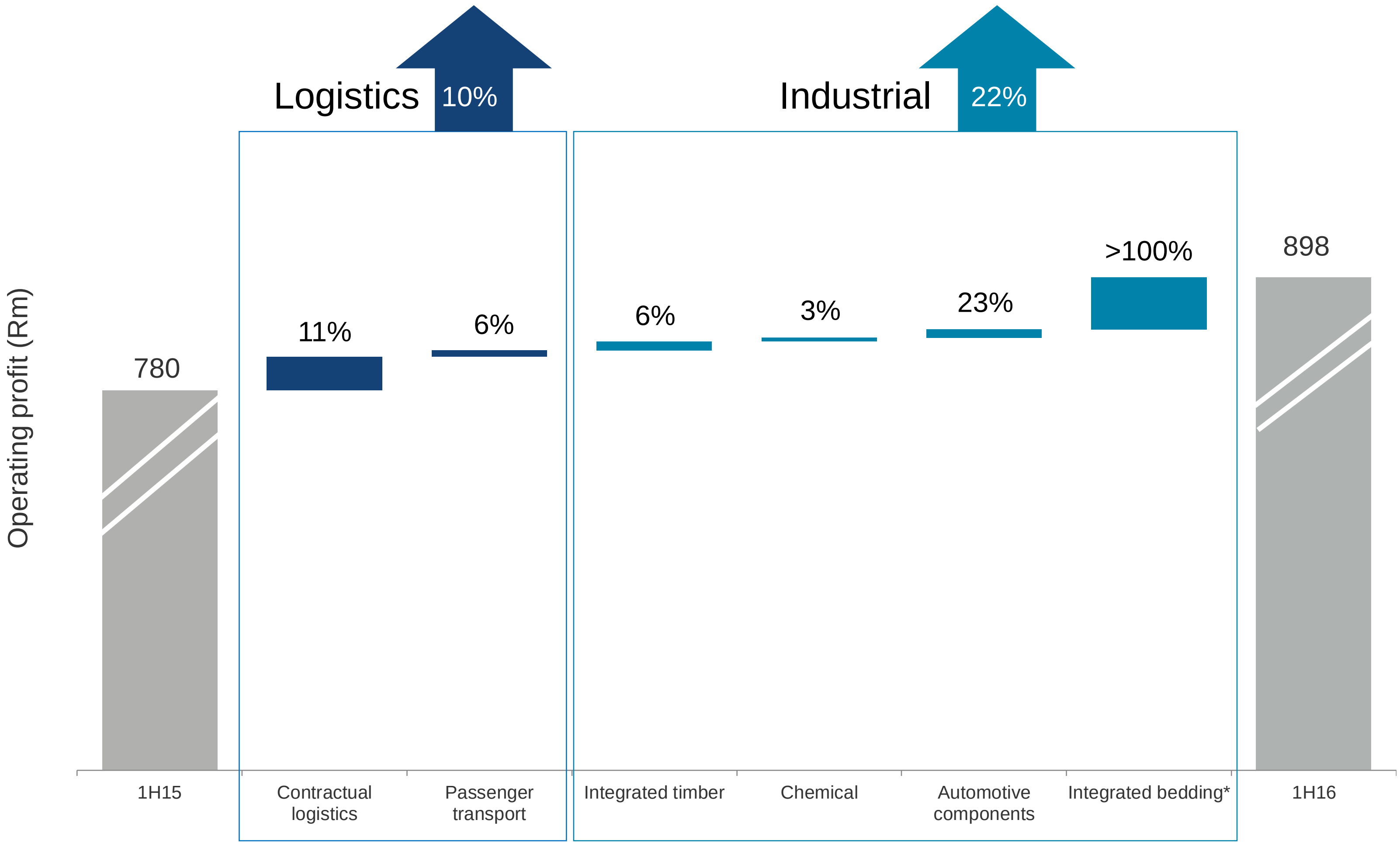
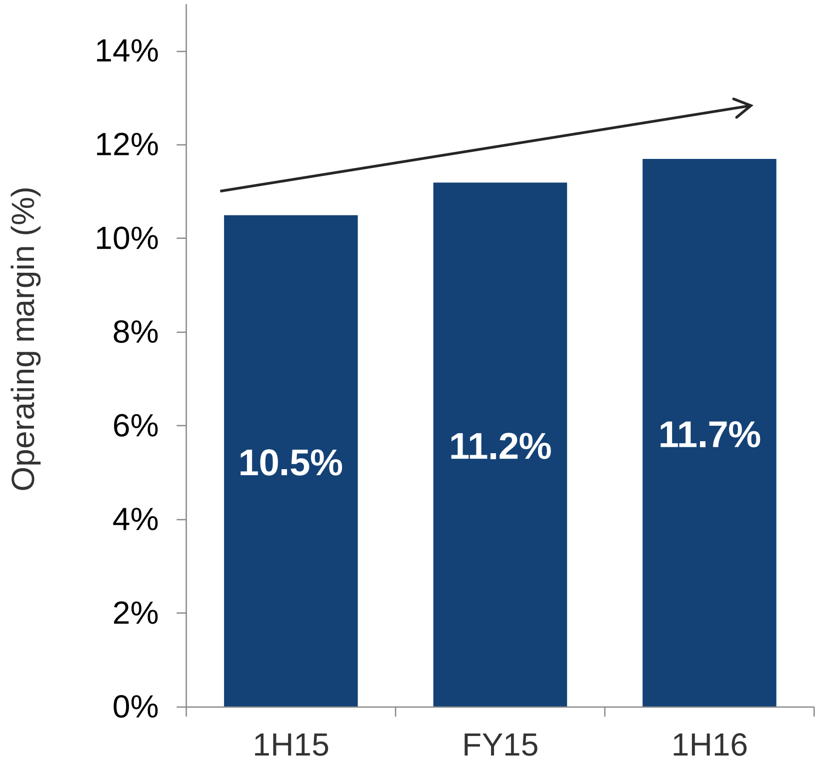
OPERATING PROFIT ANALYSIS



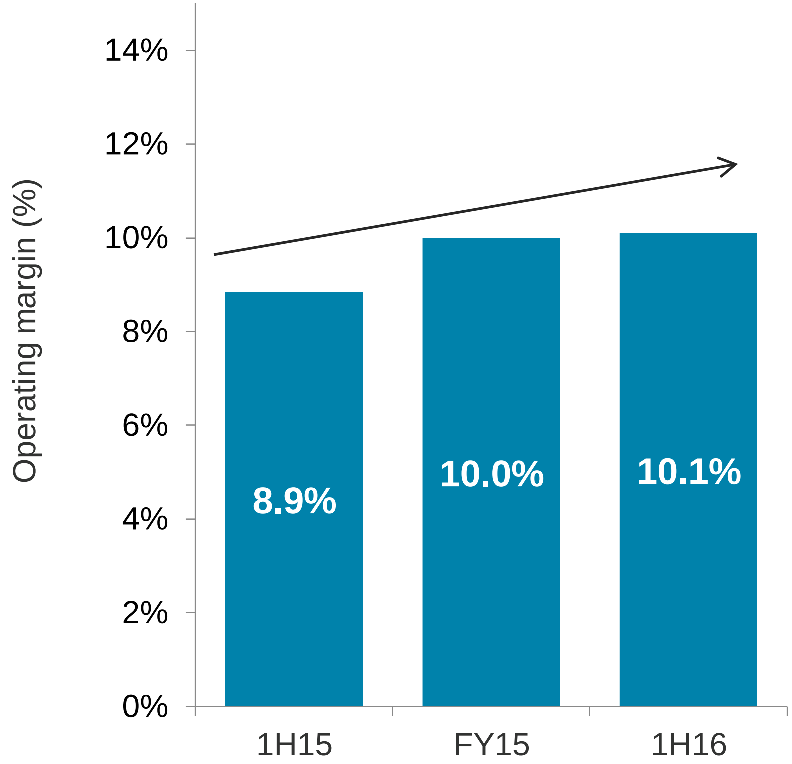
*Previously reported as furniture components, now includes 6 months of acquired Restonic business

MARGIN ANALYSIS
KAP OPERATING PROFIT MARGIN INCREASES BY 120 BPS

LOGISTICS

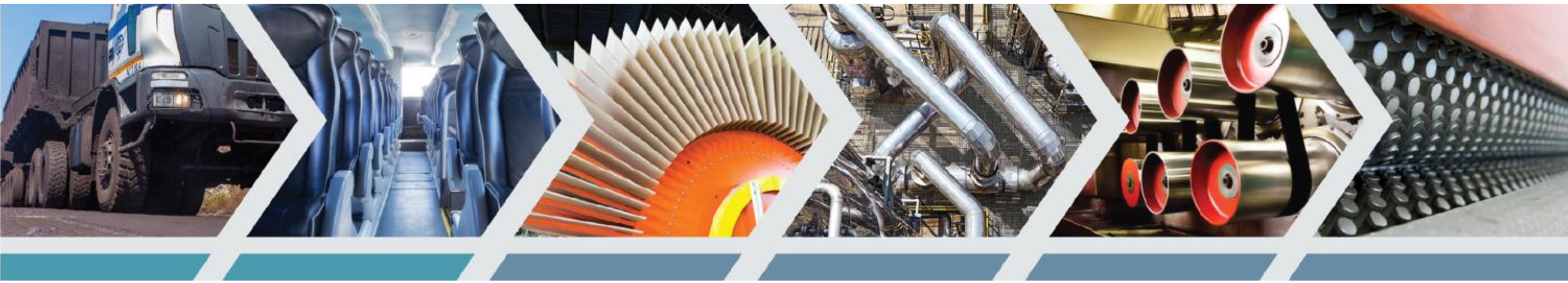


INDUSTRIAL



DIVISIONAL HIGHLIGHTS

GARY CHAPLIN
Chief executive officer



DIVERSIFIED LOGISTICS

Gross revenue decreases by **1% to**	**R4 099m** (1H15: R4 142m)
Operating profit increases by **10% to**	**R478m** (1H15: R436m)
Operating margin increases by **120 bps to**	**11.7%** (1H15: 10.5%)

- Enhanced quality of earnings increases margin
- Competitive market conditions and a subdued economic environment weighs on revenue growth
  - Long-term contracts and diversification across various sectors protects core revenue base
  - Consolidation and restructuring of logistics operations improves focus on specific sectors
  - Reallocation of capital towards higher return activities enhances quality of earnings
  - Continued focus on cost control and efficiency improvements

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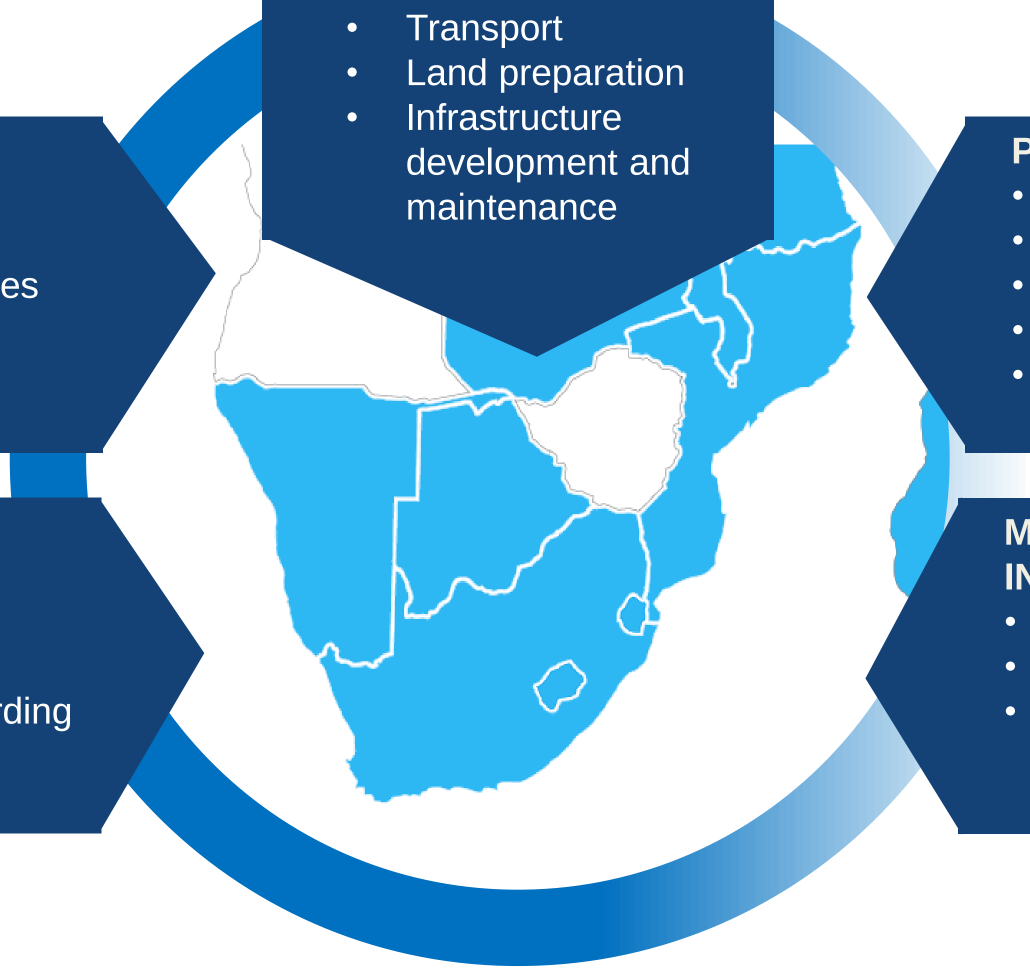
SUCCESSFUL EXECUTION OF "ONE UNITRANS" STRATEGY

To facilitate growth within specific industry sectors, to optimise the utilisation of assets and infrastructure, and to improve efficiencies

AGRICULTURE
- Transport
- Land preparation
- Infrastructure development and maintenance

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

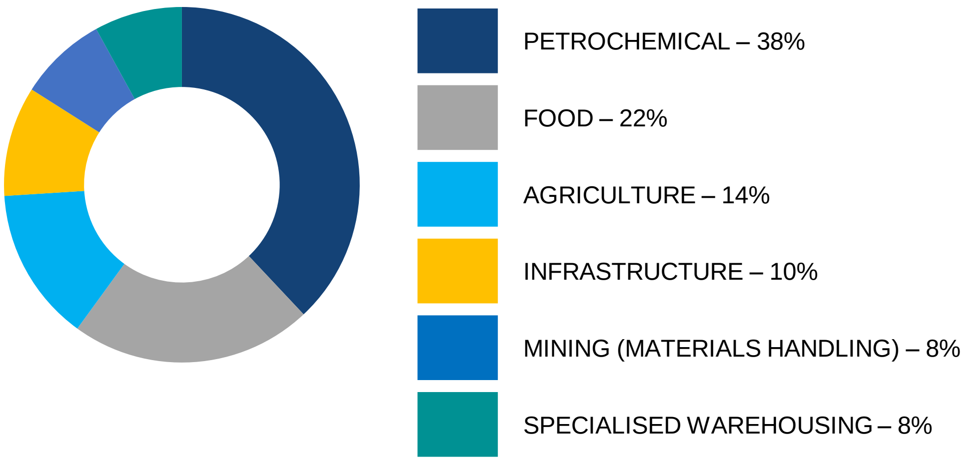
PETROCHEMICAL
- Fuel
- Lubricants
- Gas
- Chemicals
- Alcohol



SPECIALISED WAREHOUSING
- Warehousing
- Distribution
- Freight forwarding

MINING & INFRASTRUCTURE
- Materials handling
- Cement
- Explosives

DIVERSE REVENUE BASE



- Revenue base diversified across sectors and geographic regions
- Blue chip and multinational customers enhance earnings profile and limit concentration risk
  - Top 15 customers represent 75% of revenue
  - Exposure to mining limited to materials handling in the more robust commodity sectors

DIVISIONAL HIGHLIGHTS: CONTRACTUAL LOGISTICS

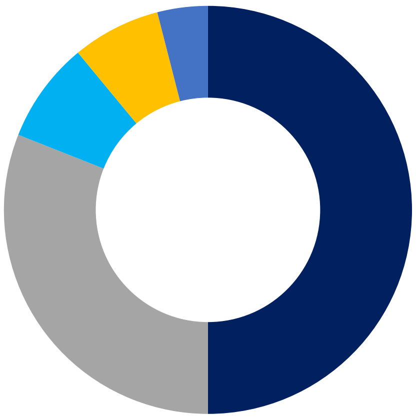
REVENUE DOWN 2% **OPERATING PROFIT UP 11%**

- Lower fuel price contractually passed on to customers thereby reducing revenue
- Petrochemical and food divisions performed well as a result of increased volumes
- Volume growth in infrastructure offset lower volumes in mining
- Cost containment and improved efficiencies offset lower agriculture volumes
- Specialised warehousing negatively impacted by subdued activity in the furniture sector
- Volume protection in contracts (fixed and variable pricing) mitigates subdued activity

DIVISIONAL HIGHLIGHTS: PASSENGER TRANSPORT

REVENUE ANALYSIS

Focus remains on increasing long-term contractual revenue base and rest of Africa growth



- COMMUTER AND PERSONNEL – 50%
- INTERCITY – 31%
- GAUTRAIN – 8%
- TOURISM – 7%
- AFRICA – 4%

DIVISIONAL HIGHLIGHTS: PASSENGER TRANSPORT

REVENUE UP 1% **OPERATING PROFIT UP 6%**

- Intercity transport performed well
- Stable performance by commuter division despite lower activity in mining sector
- Gautrain feeder services performed to expectation
- Tourism division affected by lower passenger activity
- Margin benefit from lower average fuel price
- Personnel transport contract in Mozambique continued to perform ahead of expectation

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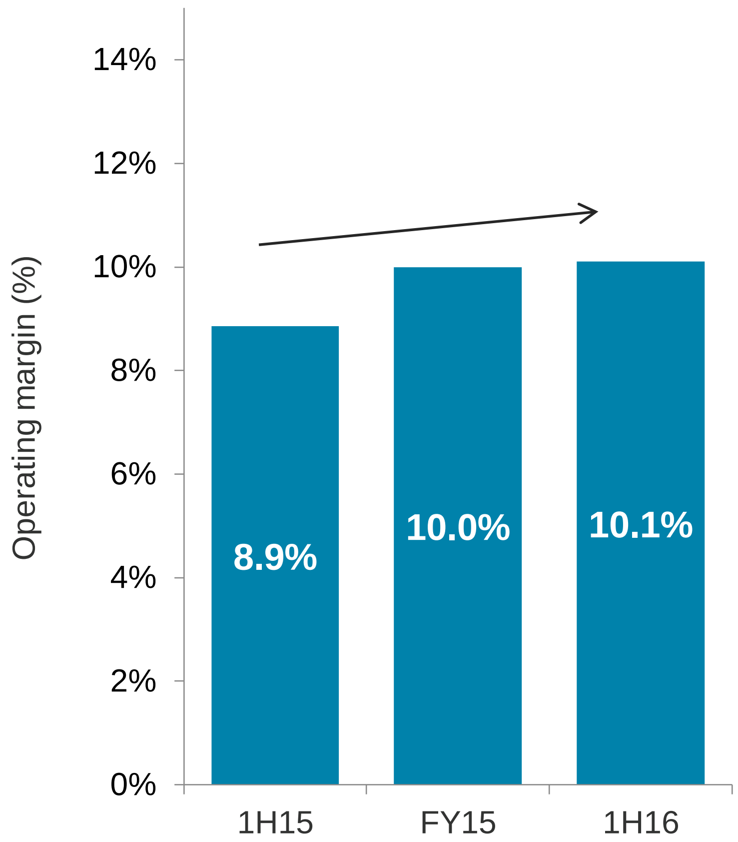
DIVERSIFIED INDUSTRIAL

Gross revenue increases by **8% to**	**R4 142m** (1H15: R3 853m)
Operating profit increases by **22% to**	**R420m** (1H15: R344m)
Operating margin increases by **120 bps to**	**10.1%** (1H15: 8.9%)

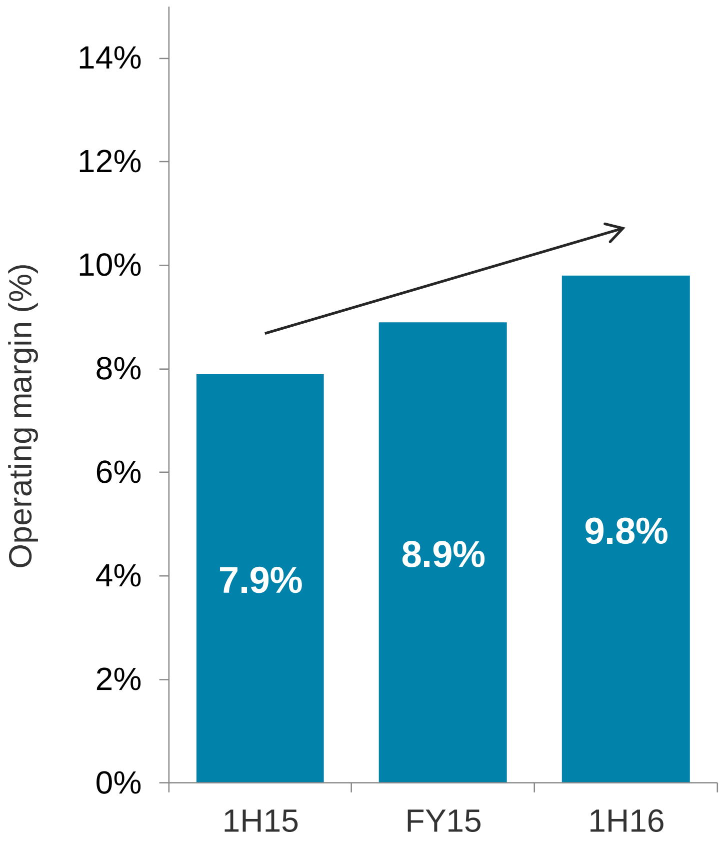
- Robust organic growth
- Successful implementation of Restonic acquisition
- Strategy implementation improves margin
- Recent capital investments operating effectively
- Margin impact of forest re-evaluation

CORE INDUSTRIAL MARGIN SHOWS STEADY GROWTH

REPORTED INDUSTRIAL MARGIN



CORE INDUSTRIAL MARGIN (excluding forest revaluation)



DIVISIONAL HIGHLIGHTS: INTEGRATED TIMBER

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REVENUE UP 11%

CORE OPERATING PROFIT UP 28%

PG BISON

- Revenue increases due to:
  - Increased volumes from new MDF (medium-density fibreboard) plant
  - Increased ratio of value-added products
- Operating profit increases due to:
  - Technology and efficiency improvements of new MDF plant which drives core margin (ex forest revaluation) improvement of 150 bps
  - Increased ratio of higher margin value-added products
  - Positive impact of continued supply chain initiatives
  - Integrated sawmilling operations turn-around in progress
  - Solid surfacing improvement following operational restructuring

DIVISIONAL HIGHLIGHTS: INTEGRATED TIMBER

MEDIUM DENSITY FIBREBOARD PLANT

- First phase of plant commissioned in November 2013, brought to full production of 300m³/day
- Second phase of plant commissioned March 2015
- Operating at full capacity of 380m³/day
  - 17% raw material savings/m³
  - 40% overhead savings/m³
- Positive market response to the product

Similar **upgrade** initiated at **Piet Retief particleboard line**

DIVISIONAL HIGHLIGHTS: CHEMICAL

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REVENUE DOWN 8% **OPERATING PROFIT UP 3%**

Hosaf where quality is action WOODCHEM

- Revenue impacted by lower underlying raw material commodity prices despite volume growth
- Exchange rate and commodity price volatility well managed, thereby protecting margin
- Market share growth of urea formaldehyde resin (Woodchem)
- Woodchem paper impregnation plant commissioned in December 2015
- Hosaf continues to operate at full capacity with a stable performance
- Hosaf expansion initiated
- Management restructure completed

DIVISIONAL HIGHLIGHTS: AUTOMOTIVE COMPONENTS

REVENUE UP 3%

OPERATING PROFIT UP 23%

- Increased model penetration drives revenue growth despite flat domestic new vehicle build
- Continued automation initiatives and technology investments improve margin
- Productivity gains as a result of industry unrest included in prior period
- Continued focus on model penetration
- Product mix improvement

DIVISIONAL HIGHLIGHTS: INTEGRATED BEDDING

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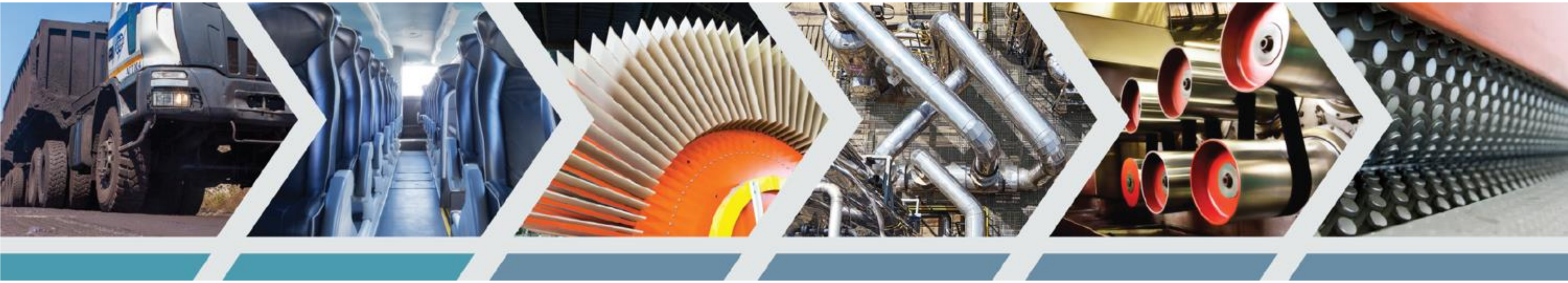
REVENUE UP 66% **OPERATING PROFIT UP >100%**

- Acquisition of Restonic effective January 2015
- Integration process well advanced
- Good volume growth in Vitafoam and DesleeMattex facilitated by the integration
- Closure of BCM and redeployment of assets in line with decentralised assembly and distribution strategy
- Significant progress with new plant to consolidate manufacturing, assembly and distribution in Johannesburg
- New technology investments drive margin improvement and improved product quality

RESTONIC Since 1938 DesleeMattex vita vitafoam

FINANCIAL PERFORMANCE

JOHN HAVEMAN
Chief financial officer



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Cash generated from operations (Rm)	**391**	351	11%
Headline earnings per share (cents) *continuing*	**21.4**	18.6	15%
Net asset value per share (cents)	**330**	293	13%

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INCOME STATEMENT

	1H16 Rm	1H15 Rm	Increase
Revenue	**8 189**	7 965	3%
Operating profit before capital items	**898**	780	15%
Capital items	**(8)**	5	
Net finance costs	**(151)**	(163)	
Finance costs	**(159)**	(190)	
Investment income	**8**	27	
Associate companies and joint ventures	**10**	2	
Taxation	**(213)**	(166)	
Loss from discontinued operations	**–**	(26)	
Minorities	**(23)**	(17)	
Profit attributable to owners of the parent	**513**	415	24%
Add back capital items net of taxation	**6**	34	
Headline earnings	**519**	449	16%
Add back headline earnings loss from discontinued operations	**–**	(13)	
Headline earnings from continuing operations	**519**	436	19%
Weighted average number of ordinary shares (m)	**2 424**	2 346	3%
Headline earnings per share (cents) *continuing*	**21.4**	18.6	15%
Headline earnings per share (cents) *including discontinued*	**21.4**	19.1	12%

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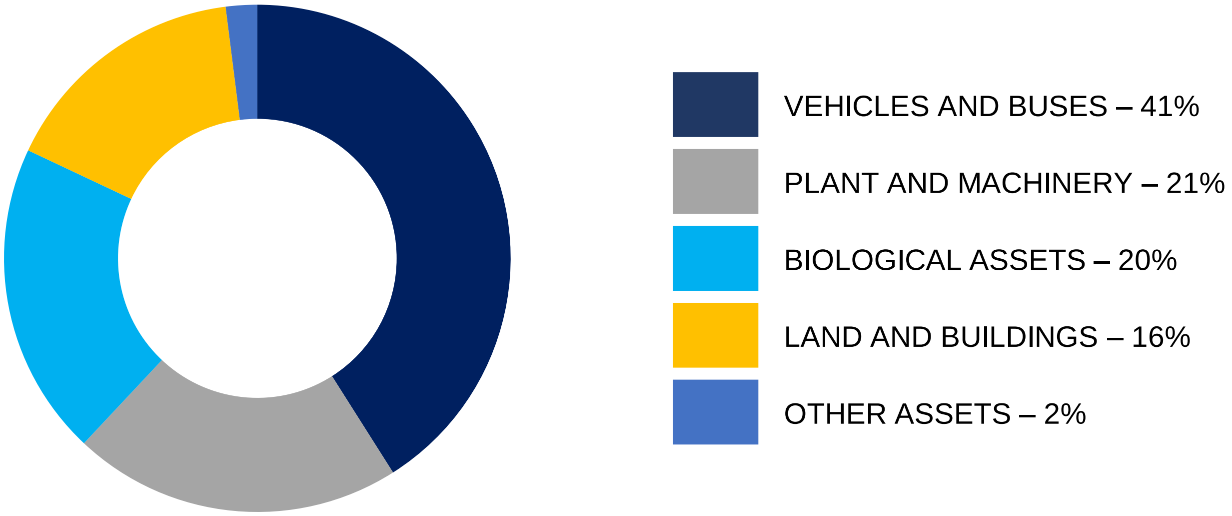
BALANCE SHEET

Improved quality of net asset value

	1H16 Rm	1H15 Rm
Property, plant, equipment and investment properties	**7 600**	6 860
Intangible assets and goodwill	**1 603**	1 261
Biological assets	**1 844**	1 917
Net working capital	**1 395**	998
Other assets	**265**	395
Assets	**12 707**	11 431
Total equity	**8 218**	7 030
Net interest-bearing borrowings	**3 201**	3 299
Interest-bearing borrowings	**4 255**	4 598
Cash and cash equivalents	**(1 054)**	(1 299)
Other liabilities	**1 288**	1 102
Equity and liabilities	**12 707**	11 431
Net asset value per share (cents)	**330**	293

FIXED ASSET PROFILE



BIOLOGICAL ASSETS

	Rm
Opening balance December 2014	**1 917**
Livestock	1
Net revaluation Jan–Jun 2015	46
Disposal Weatherboard June 2015	(140)
Closing balance June 2015	**1 824**
Livestock	5
Net revaluation Jul–Dec 2015	15
Closing balance December 2015	**1 844**

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CASH FLOW

	1H16 Rm	1H15 Rm
Operating profit from continuing operations	**898**	780
Depreciation and amortisation	**425**	389
EBITDA continuing operations	**1 323**	1 169
EBITDA discontinued operations	**–**	17
Other non-cash items	**30**	17
Cash generated before working capital changes	**1 353**	1 203
Working capital changes	**(962)**	(852)
Inventory	**(98)**	(214)
Accounts receivable	**(288)**	(306)
Accounts payable	**(576)**	(332)
Cash generated from operations	**391**	351
Net finance charges	**(151)**	(163)
Taxation	**(159)**	(71)
Net dividends	**(377)**	(295)
Cash flow from operating activities	**(296)**	(178)

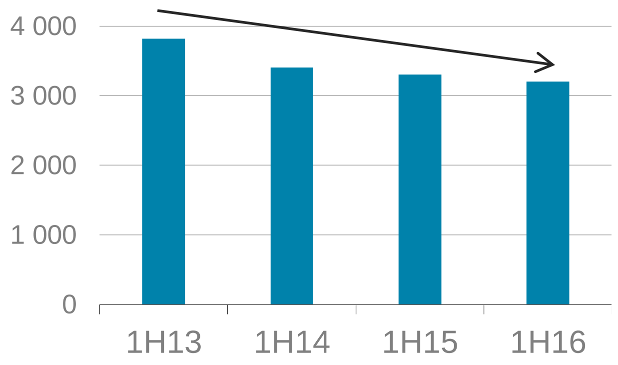
CASH FLOW – CONTINUED

	1H16 Rm	1H15 Rm
Cash flow from operating activities	**(296)**	(178)
Investing activities	**(863)**	(447)
Expansion capex	**(397)**	(213)
Replacement capex	**(443)**	(384)
Proceeds on disposal of investments	**–**	160
Other investing activities	**(23)**	(10)
Cash flow after investing activities	**(1 159)**	(625)
Financing activities	**804**	575
Movement in cash and cash equivalents	**(355)**	(50)

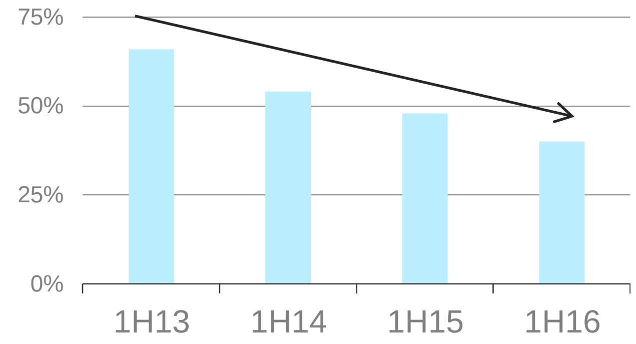
IMPROVED DEBT RATIOS

Through strategy implementation and operational cash generation

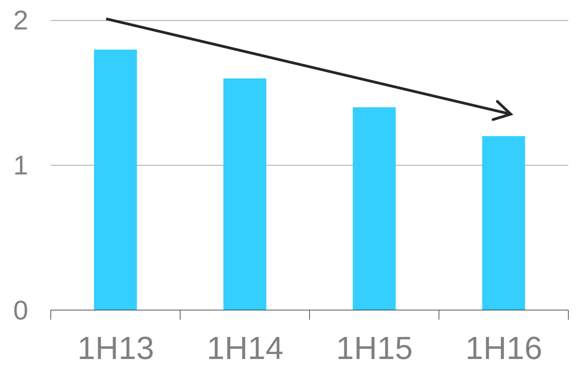
NET DEBT (Rm)



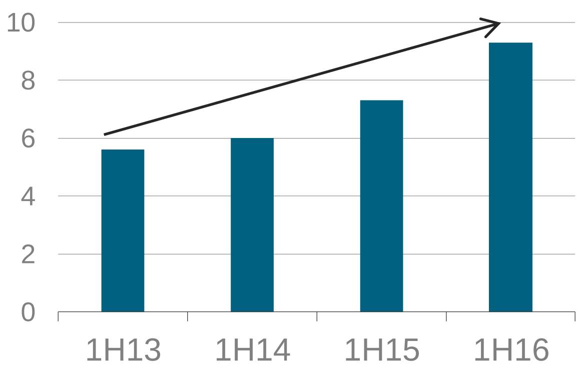
NET DEBT TO EQUITY (%)



NET DEBT TO EBITDA (TIMES)*



EBITDA INTEREST COVER (TIMES)*



** Rolling 12 months and including discontinued operations*

- Rating upgrade from GCR to A(za) with stable outlook
- Placed R1bn of 5 year debt in South African banking market on favourable terms
- Continually engaged with funders to obtain appropriate mix of funding

DIVERSIFIED FUNDING SOURCES

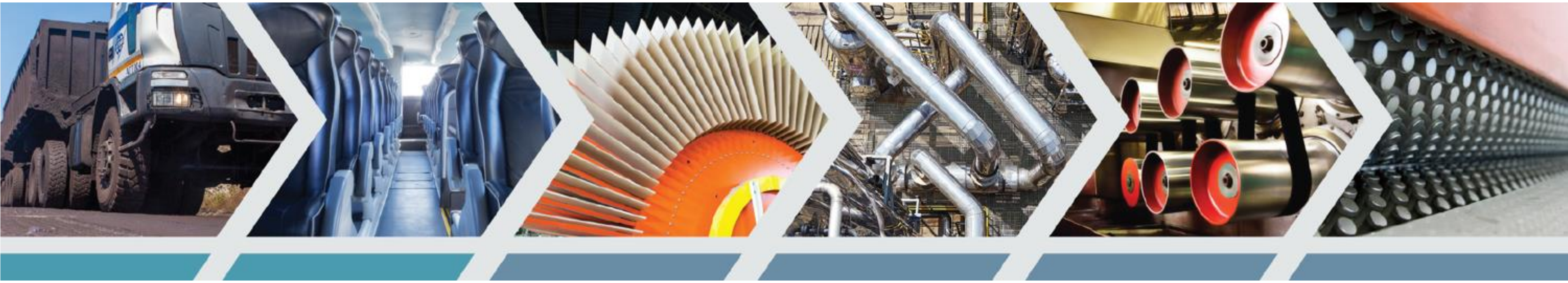
- Banks and financial institutions – floating interest rate 45%
- Banks and financial institutions – fixed interest rate 11%
- Listed notes – 24%
- Unlisted notes – 20%

NET INTEREST-BEARING DEBT MATURITY AS AT 31 DECEMBER 2015

Well advanced in extending term of next 12 months' commitments

OUTLOOK

GARY CHAPLIN
Chief executive officer



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BUSINESS ENVIRONMENT

LOW FUEL PRICE

- Changes in fuel price contractually passed on in logistics
- 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 will positively impact Passenger
- Higher raw material costs impact Timber temporarily
- Positive competitive position against imports
- Fixed currency contracts in Automotive Components, increased export attractiveness

SUBDUED MACRO ECONOMIC ENVIRONMENT

- Continued focus on strategic drivers and market share growth

OUTLOOK: CONTRACTUAL LOGISTICS

- Sustainability of earnings supported by long-term contractual nature of business
- Renewal of significant contracts
- Contract extensions in the agriculture, foods and infrastructure sectors
- Reduced cost structure and improved efficiencies position the business competitively in current economic climate
- Additional rest of Africa expansion opportunities enhanced by creating one Unitrans logistics business

OUTLOOK: PASSENGER TRANSPORT

- Passenger expansion in rest of Africa
  - Mozambique personnel contract
  - Additional rest of Africa opportunities
- Opportunity in challenging economic conditions
  - Flight to quality, customers require reputable suppliers
  - Market rationalisation
  - Acquisition opportunities

OUTLOOK: INTEGRATED TIMBER

- Business well structured for current market conditions (low cost base, strong market focus) with a clear growth strategy
- Continued value add and export focus
- Second phase of MDF upgrade commissioned in March 2015, full year for FY16
- Gloss finishing line in Boksburg will be commissioned in June 2016
- Piet Retief particleboard upgrade due in May 2017 will add volume capacity, yield overhead cost and raw material savings
  - Expected capex R600m
  - Capacity will improve from 600m^3 to 1000m^3 per day

OUTLOOK: CHEMICAL

- Woodchem paper impregnation plant commissioned in December 2015, operating ahead of expectation
- Third formaldehyde line under investigation
- 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 August 2017
  - Expected capex R700m

OUTLOOK: AUTOMOTIVE COMPONENTS

- Continued model replacement introductions provide platform for growth
- Volume growth expected to continue through greater vehicle model penetration
- Access to retail aftermarket via Autovest acquisition

OUTLOOK: AUTOMOTIVE COMPONENTS

Acquisition of Autovest provides access to aftermarket

- Subject to conditions precedent
- Effective date 1 April 2016
- 100% debt financed

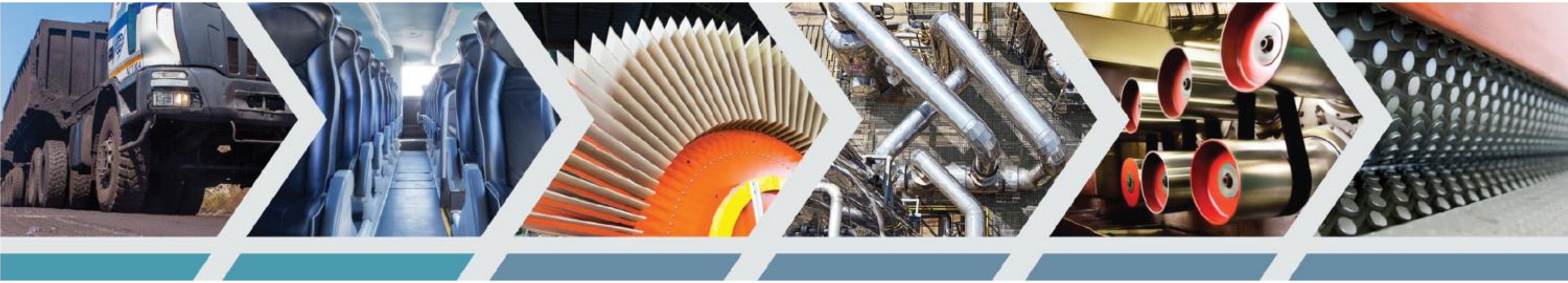
Autovest quick facts
• Revenue R550 million per annum
• 800 employees
• 150 franchises across southern Africa
• Products includes roll bars, bull bars, nudge bars, sides steps, tow bars, exhaust systems, bin lining, canopies, window safety film and paint and upholstery treatments

OUTLOOK: INTEGRATED BEDDING

- Acquisition of Restonic facilitates integrated bedding division
- Decentralised mattress operations brought into production across South Africa during FY16
- Distribution platform to be extended to include independent retailers
- Integration synergies in logistics, procurement and support functions in progress
- Namibian factory expansion during FY16
- Consolidation of 4 Gauteng factories into new plant scheduled for 2017

RESTONIC Since 1938 DesleeMattex vita vitafoam

THANK YOU



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