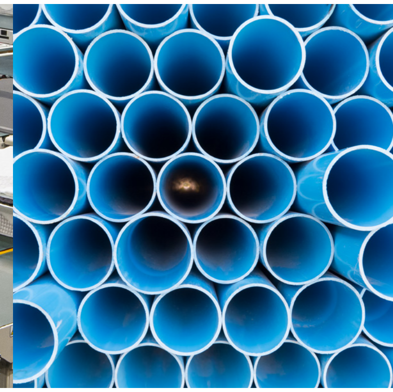
KAP's **resilient model** generates cash

KAP.
KAP INDUSTRIAL HOLDINGS LIMITED



Audited results* for the year ended 30 June 2020

Business continuity sustained through Covid-19 Lockdown

Cash generated from operations R2.1 billion

Revenue down 13% to R22.2 billion

EBITDA down 27% to R2.7 billion

Headline earnings per share down 68% to 14.8 cents

133 million shares repurchased to enhance shareholder value

OPERATIONAL OVERVIEW

KAP's diversified business model has proven to be resilient in what has been an extremely challenging financial year ended 30 June 2020. Three primary factors had a major impact on the operational and financial performance of the group for the year under review:

- The macroeconomic and sociopolitical environment was challenging with limited real economic growth, subdued consumer spending, unreliable electricity supply and increasing levels of unemployment.
- The cyclical imbalance in global polymer supply and demand had a significant impact on polymer margins.
- The impact of Covid-19 ('Covid') and the subsequent lockdown imposed by the South African government ('Lockdown') was devastating to the economy and had a significant impact on KAP's various operations.

The group was able to generate cash from operations and produce a positive EBITDA throughout Lockdown.

In line with IFRS requirements, impairments amounting to R3.3 billion were accounted for, primarily due to the continued imbalance in global polymer supply and demand and its impact on polymer margins, as well as the impact of Covid on the economy.

KAP has experienced a steady improvement as the Lockdown restrictions have been relaxed and management is cautiously optimistic of an economic recovery.

FINANCIAL OVERVIEW

	Year ended 30 Jun 2020 Audited	Year ended 30 Jun 2019 Audited	% change
From continuing operations:			
Revenue (Rm)	**22 166**	25 602	(13)
Operating profit before capital items (Rm)	**1 344**	2 527	(47)
Headline earnings (cents per share)	**14.8**	45.9	(68)
Basic (loss)/earnings (cents per share)	**(82.5)**	41.4	(299)
From continuing and discontinued operations:			
Revenue (Rm)	**22 218**	25 765	(14)
Operating profit before capital items (Rm)	**1 314**	2 445	(46)
Headline earnings (cents per share)	**13.7**	42.9	(68)
Basic (loss)/earnings (cents per share)	**(83.3)**	38.3	(317)
Net asset value (cents per share)	**372**	474	(22)
Dividend (cents per share)	**–**	23	(100)

KAP is a diversified group consisting of leading industrial, chemical and logistics businesses, offering a broad range of business-to-business products and services across a variety of sectors and geographies.

Integrated Timber

Utilising the latest technology, **PG Bison** manufactures wood-based panel boards and upgraded products for the furniture, retail and home sectors under the **BisonBord**, **SupaWood** and **MelaWood** brands. The division also produces construction lumber under the **Thesen** brand and agricultural poles under the **Woodline** brand.

Automotive Components

The division supplies the major vehicle manufacturers with a wide range of components used in the assembly of new vehicles, including seats, carpets, boot packages, arm rests and head rests under the **Feltex** brand. Its **Maxe** operation supplies a range of vehicle retail accessories for the aftermarket.

Integrated Bedding

The vertically integrated bedding division is a leading mattress manufacturer producing beds under the **Restonic**, **Genessi**, **Support-a-Paedic** and **Green Coil** brands, as well as house brands for all the major furniture and bedding retailers. The division manufactures foam for the mattress and furniture sector and non-woven products for the furniture, medical and agricultural sectors under the **Vitafoam** brand. Mattress fabrics are manufactured under the **DesleeMattex** brand.

Polymers

Safripol manufactures a wide range of polymers that are consumed by downstream convertors in the manufacture of a variety of products, including pipes, textiles, containers, bottles, medical equipment and packaging materials. Safripol is the only manufacturer of PET and HDPE and one of two manufacturers of PP in South Africa.

Contractual Logistics

These operations provide specialised logistics services for the fuel, chemicals, food, agriculture, mining and cement sectors under the **Unitrans**, **Xinergistix** and **Lucerne** brands. The **Unitrans Africa** division focuses on serving territories across the SADC region and **Unitrans Supply Chain Solutions** focuses on opportunities within South Africa, using its control tower capability to improve efficiencies and road safety.

Passenger Transport

The division provides contractual personnel and commuter passenger solutions and intercity and tourism transport services under the **Mega Bus**, **Greyhound**, **Citiliner** and **Mega Coach** brands.

PG BISON FELTEX RESTONIC SAFRIPOL UNITRANS

About this short-form announcement

This short-form announcement is the responsibility of the directors. It should be noted that this short-form announcement is only a summary of the information in the full announcement and therefore does not contain full or complete details.

Any investment decisions by investors and/or shareholders should be based on the information in the full announcement.

The annual financial statements have been audited by the company's auditors, Deloitte & Touche, who expressed an unmodified audit opinion thereon. The full auditor's report includes details of key audit matters. This auditor's report, along with the annual financial statements for the year ended 30 June 2020, is available on the company's website on www.kap.co.za and through the link in the short-form announcement released on SENS.

The full announcement has been published on the company's website on www.kap.co.za and is available through the link in the short-form announcement released on SENS, or alternatively can be inspected at the registered office of the company and the offices of the sponsor, free of charge to investors and/or shareholders, during office hours (09:00 – 17:00) from Monday to Friday. Copies of the full announcement may be requested by emailing info@kap.co.za or by telephoning Johann Pieterse on 010 005 3000.

By order of the board
KAP Secretarial Services Proprietary Limited
19 August 2020

The detailed announcement is available on **www.kap.co.za**

CORPORATE INFORMATION **KAP Industrial Holdings Limited** ('KAP' or 'the company' or 'the group') **Independent non-executive directors** J de V du Toit (Chairman), KJ Grové (Deputy chairman), Z Fuphe, KT Hopkins, V McMenamin, IN Mkhari, SH Müller, SH Nomvete, PK Quarmby **Executive directors:** GN Chaplin (Chief executive officer), FH Olivier (Chief financial officer) **Registration number:** 1978/000181/06 **Share code:** KAP **ISIN:** ZAE000171963 **Registered address:** 3rd Floor, Building 2, The Views, Founders Hill Office Park, 18 Centenary Street, Modderfontein, Johannesburg 1645 **Postal address:** PO Box 2766, Edenvale 1610 **Telephone:** 010 005 3000 **Facsimile:** 010 005 3050 **E-mail:** info@kap.co.za **Transfer secretaries:** Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 **Company secretary:** KAP Secretarial Services Proprietary Limited
Auditors: Deloitte & Touche **Sponsor:** PSG Capital Proprietary Limited
Announcement date: 20 August 2020

* Extracted financial information from the audited abridged summarised consolidated results for the year ended 30 June 2020. This short-form announcement has not been audited or reviewed.