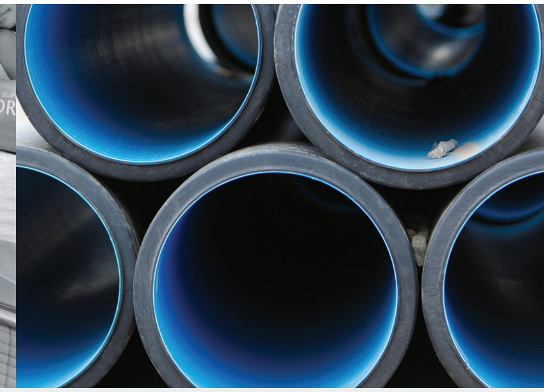
KAP GROWS OPERATING PROFIT TO R2.1 BILLION AND GENERATES R3.5 BILLION CASH FROM OPERATIONS

KAP.

KAP INDUSTRIAL HOLDINGS LIMITED



AUDITED RESULTS

for the year ended 30 June 2021

Revenue up **11%** to **R24 billion**

Operating profit before capital items up **48%** to **R2.1 billion**

Headline earnings per share up **146%** to **43.0 cents**

Cash generated from operations up **68%** to **R3.5 billion**

Shareholder value enhanced by repurchase of **40 million shares**

Company resumes dividend cycle with **15 cents per share**

OPERATIONAL OVERVIEW

The year under review was dominated by Covid-19 ('Covid'), which created an extremely complex and uncertain environment, from global sociopolitical and macroeconomic dynamics down to impacting on the daily transactional execution related to the products and services that we produce and deliver to our customers and on the personal safety and wellbeing of our employees. The variability in the necessary levels of restrictions imposed by our government and significant disruptions in global supply chains throughout the year resulted in volatility in the demand for our products, access to key raw materials and commodity prices. This created enormous challenges in running our various operations.

The KAP business model proved resilient throughout this period, with operations diversified across various sectors supplying primarily non-discretionary goods and services. Our decentralised management structures supported rapid decision-making and provided the agility to adapt quickly to this challenging environment. Management were effective in rapidly optimising the company's operations to meet these challenges, resulting in a very pleasing set of results.

The company grew revenue by 11% to R24 billion and operating profit before capital items by 48% to R2.1 billion for the year and generated cash from operations of R3.5 billion, a 68% improvement on the prior year. The balance sheet was well managed with a R511 million reduction in net interest-bearing debt and stable net working capital levels. The company invested R1.8 billion in the replacement and expansion of operational assets and repurchased 40 million of its shares during the year.

FINANCIAL OVERVIEW

	Year ended 30 Jun 2021 Audited	Year ended 30 Jun 2020 Audited(*)	% change
From continuing operations:			
Revenue (Rm)	**23 956**	21 591	11
Operating profit before capital items (Rm)	**2 102**	1 419	48
Headline earnings (cents per share)	**43.0**	17.5	146
Basic earnings/(loss) (cents per share)	**44.0**	(74.8)	159
From continuing and discontinued operations:			
Revenue (Rm)	**24 133**	22 218	9
Operating profit before capital items (Rm)	**1 932**	1 314	47
Headline earnings (cents per share)	**37.9**	13.7	177
Basic earnings/(loss) (cents per share)	**38.8**	(83.3)	147
Net asset value (cents per share)	**405**	372	9
Dividend (cents per share)	**15**	–	–

(*) Prior period disclosure has been restated to reflect the Intercity and Tourism operations as discontinued operations.

The full announcement is available on www.kap.co.za

KAP consists 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.

PG Bison

Utilising the latest technology, **PG Bison** primarily manufactures wood-based decorative panels 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.

Feltex

The division manufactures a wide range of automotive 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.

Restonic

The vertically integrated bedding division is a leading manufacturer of sleep products under the **Restonic**, **iDream** and **Green Coil** brands, as well as house brands for all the major furniture and bedding retailers. The division manufactures foam for the sleep and lounge sectors and non-woven products for the furniture, medical and agricultural sectors under the **Vitafoam** brand. Mattress fabrics are manufactured under the **DesleeMattex** brand.

The division also recycles fabric for the furniture and automotive industries under the **Connacher** brand.

Safripol

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.

Unitrans

Unitrans is a leading logistics provider operating in 10 sub-Saharan African countries, offering services to a variety of industries, including petrochemical, food, agriculture, mining, construction and general commodities. Operating under the **Unitrans**, **Xinergistix**, **Lucerne** and **Southern Star** brands, the operations use technology extensively to improve efficiencies and road safety.

Unitrans Passenger provides contractual personnel and commuter solutions in South Africa and Mozambique.

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. It contains extracted financial information from the audited abridged summarised consolidated results for the year ended 30 June 2021. This short-form announcement has not been audited or reviewed.

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 2021, 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 2021

CORPORATE INFORMATION **KAP Industrial Holdings Limited** ('KAP' or 'the company' or 'the group') **Independent non-executive directors:** J de V du Toit (Chairperson), KJ Grové (Deputy chairperson), PK Quarmby (Lead), TC Esau-Isaacs, Z Fuphe, KT Hopkins, V McMenamin, IN Mkhari, SH Müller **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 **Equity sponsor:** PSG Capital Proprietary Limited **Debt sponsor:** Nedbank Limited **Announcement date:** 20 August 2021