AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE **2024**

BEING THE CHANGE

AGENDA

INTRODUCTION	Patrick Quarmby
OPERATIONAL REVIEW	Gary Chaplin
FINANCIAL REVIEW	Frans Olivier
GROUP OUTLOOK	Gary Chaplin
Q&A	Gary Chaplin/Frans Olivier

INTRODUCTION

PATRICK QUARMBY

INDEPENDENT NON-EXECUTIVE CHAIRPERSON

OPERATIONAL REVIEW

GARY CHAPLIN

CHIEF EXECUTIVE OFFICER

KEY TAKEAWAYS FROM THE FY24 RESULTS

Operating environment

- Domestic macroeconomic and operating environment remained challenging
- Elevated inflation and interest rates negatively affected consumer demand
- Infrastructure disruptions increased operational complexity

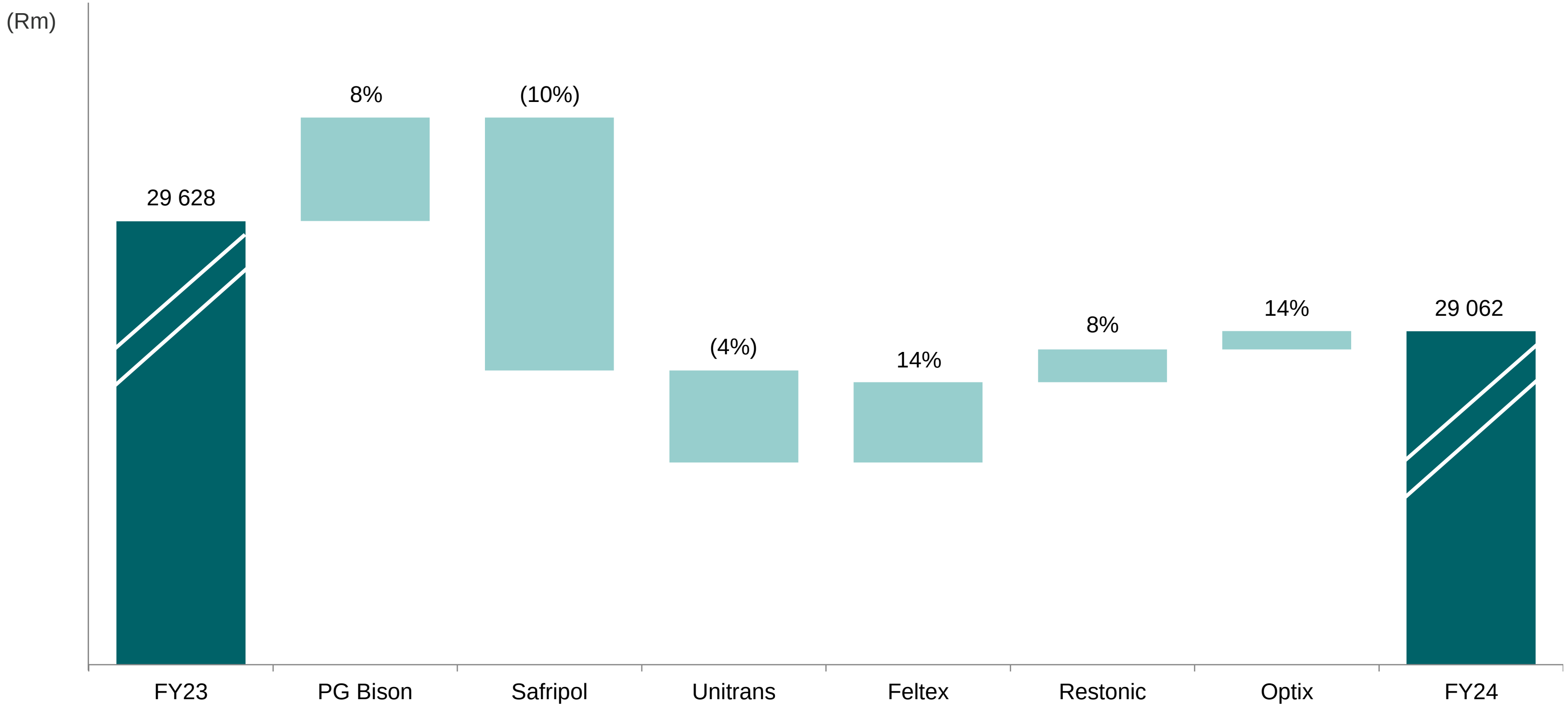
Highlights

- Five of six divisions delivered improved results
- Domestic sales volumes generally stable
- Restructuring initiatives at Unitrans yielded a good turnaround in performance
- c. R2.5 billion multiyear capital projects completed in 2H24; presents meaningful future growth opportunities
- R3 billion RCF raised with favourable interest rates and covenants

Lowlights

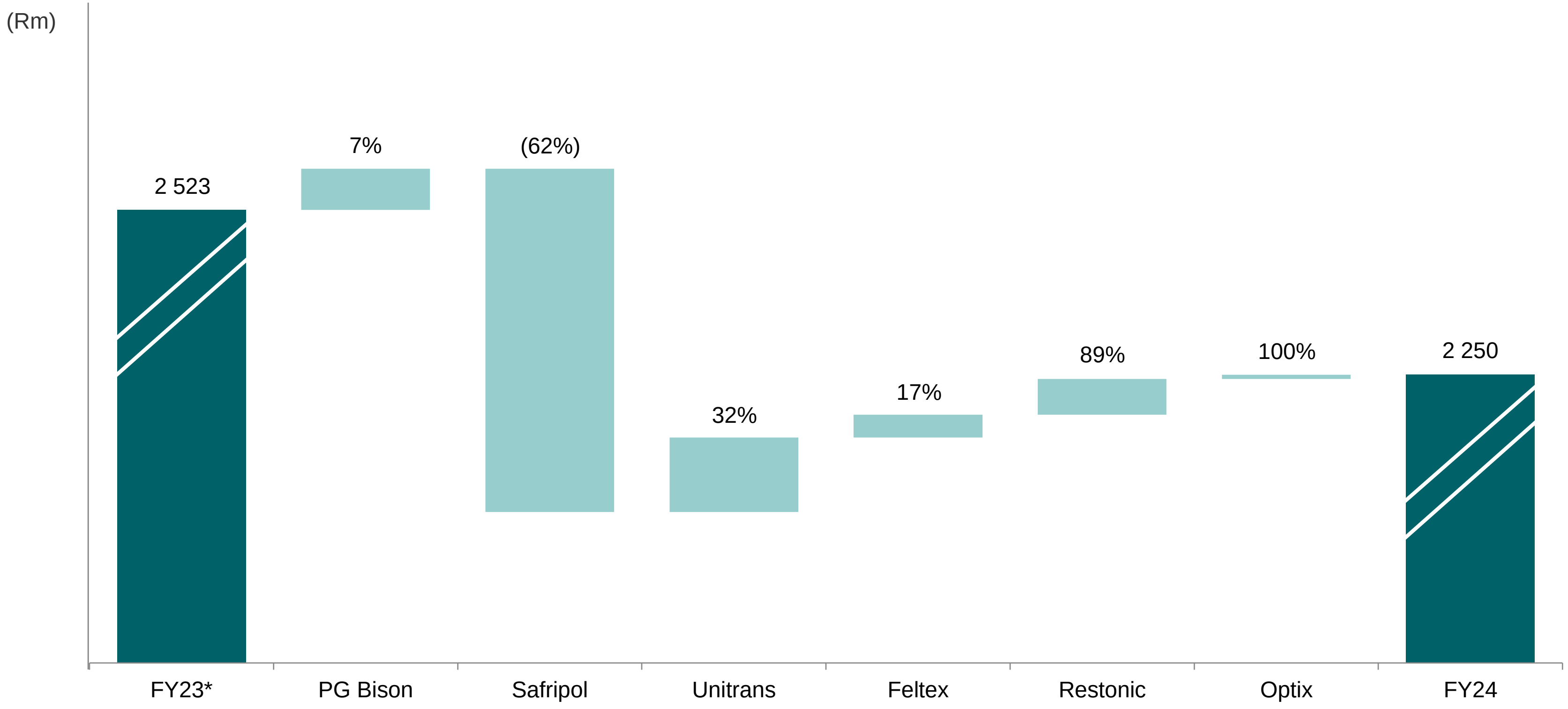
- Safripol’s performance negatively affected by a cyclical low in the global polymers industry

GROUP REVENUE ANALYSIS



Percentages stated represent the divisional growth in revenue

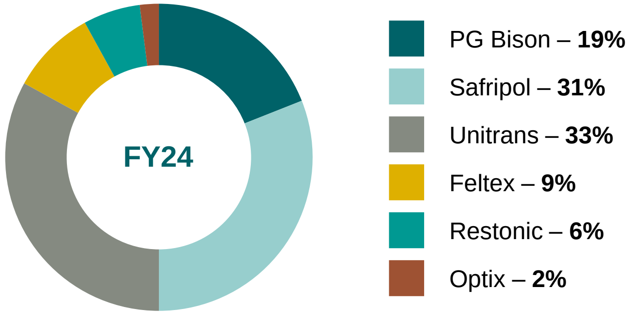
GROUP OPERATING PROFIT ANALYSIS

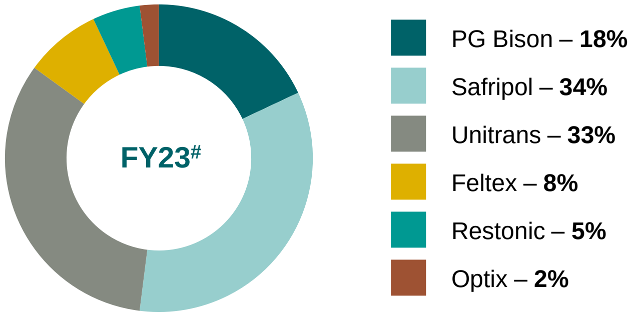


* Restated
Percentages stated represent the divisional growth in operating profit

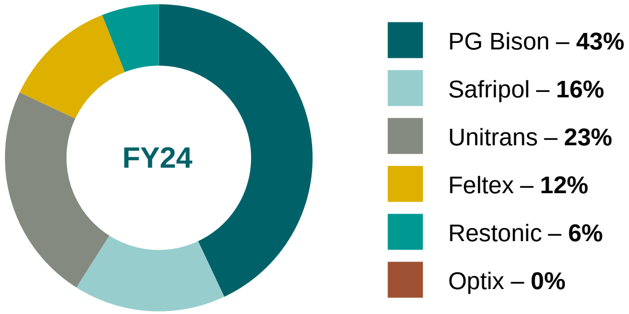
SEGMENTAL ANALYSIS

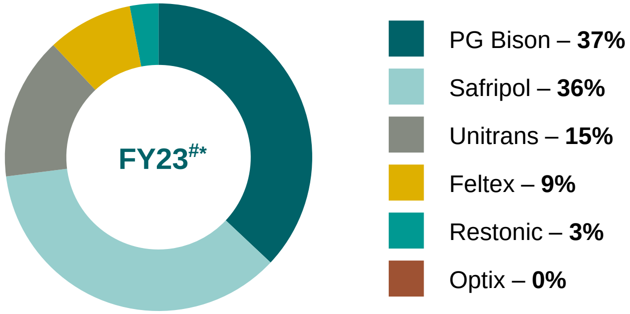
Revenue^





Operating profit





^ Before intersegmental eliminations
[#] Comparatives have been re-presented
* Restated

PG BISON

Good performance supported by increased value-add sales

- Sales volumes relatively stable despite subdued economic environment
- Good domestic demand for value-add particleboard and medium-density fibreboard ('MDF'), with MDF demand outstripping available supply
- Value-add 67% of sales volumes due to increased upgrading plant availability and demand-creation activities (FY23: 62%)
- Africa and deep-sea exports 21% of sales volumes (FY23: 18%)
- Operating margin unchanged, supported by higher value-add sales, efficiency improvements and a price increase to offset cost escalations
- Operating margin just below our long-term guidance of 18% to 20%
- Mkhondo MDF project completed in June 2024, almost a month ahead of schedule and close to budget

Revenue
R5 758 million
▲ 8%

Operating profit
R1 001 million
▲ 7%

Operating margin
17.4%
unchanged

PG BISON MDF PROJECT

Completion of a major milestone presents meaningful future growth opportunities

Project scope

- 274 000 m^3 new MDF line at Mkhondo facility (33% increase in total capacity)
- R2 billion investment, construction commenced in April 2021, concluded June 2024

Rationale

- Consolidate PG Bison as the leading wood-based decorative panels producer in Africa
- Service growing demand for MDF (domestic and Africa) and replace imports

Production and sales strategy

- Production ramp-up progressing on schedule
- Feasibility provides four years to sell full capacity
- Market-specific sales strategy advancing well
- Focus on domestic and African markets with deep-sea exports to supplement

Financial and non-financial benefits

- Ungeared, post-tax real IRR of 15% to 16% based on 20-year cash flows with no residual (excluding government incentives)
- Forecast cash cost of production at full capacity 20% to 25% lower than Boksburg (within feasibility parameters)
- Supports localisation and job creation across the forestry and furniture value chains

SAFRIPOL

Disappointing result, with performance affected by cyclical low in global polymers industry

- Sales volumes 8% lower; stable domestic sales volumes and lower exports
- Exports reduced because of weak export PET raw material margins and constrained HDPE and PP production, largely affected by electricity disruptions
- Operating profit 62% lower, primarily due to:
  - Materially weaker PET raw material margins
  - Lower production and sales volumes
  - Non-recurrence of R216 million insurance income in FY23 related to events in FY22
  - Costs of R63 million associated with the five-year statutory shutdown of the PET plant
- HDPE margins remained healthy, while PP margins were stable
- Operating margin below through-the-cycle guidance of 7% to 9%
- HDPE project completed; facilitates increased production of polymers used in durable applications

Revenue
R9 312 million
▼ 10%

Operating profit
R352 million
▼ 62%

Operating margin
3.8%
from 8.9%

UNITRANS

Good momentum gained with restructuring

Process to improve Unitrans' performance

- Consolidate South Africa, Africa and Passenger businesses, restructure and rightsize operations:
  - Cease low-return activities and dispose of related and underutilised assets
  - Align cost structures with activity levels
  - Apply stringent capital allocation criteria
  - Organisational and IT systems redesign
- Increase focus on providing end-to-end customer solutions
- Pursue growth, as a rightsized business, at the required margins and returns
- Sector focus: food, agriculture, mining, petrochemical and passenger transport

Progress with the restructuring

- **FY23**
  - Ceased activities with losses of R107 million
  - Non-recurring restructuring costs of R27 million
  - Sold underutilised assets for R296 million
- **FY24**
  - New CEO appointed and exco restructured
  - Cost savings of c. R100 million in 2H24
  - Capital expenditure curtailed; assets redeployed
  - Sold underutilised assets for R319 million
  - Non-recurring restructuring costs of R47 million
  - Organisational redesign started in 2H24
  - Business development function refined

UNITRANS

Improved result as turnaround gains traction

- Revenue lower mainly due to exit of low-margin and low-return activities, including rail and general freight
- Increase in operating profit supported by the benefits realised from the restructuring:
    - Improved performances from food, petrochemical and passenger operations, mining operations steady
    - Agriculture operations negatively affected by forex losses of R52 million due mainly to devaluation of the Malawian kwacha in November 2023 (FY23: R12 million gains)
- Capex restricted as part of the restructuring; fixed assets employed reduced by R697 million compared with FY23
- Operating margin improved but still below long-term guidance of 8% to 10%
- Good momentum gained in the business

Revenue
R9 689 million
▼ 4%

Operating profit
R508 million
▲ 32%

Operating margin
5.2%
from 3.8%

FELTEX

Good performance supported by higher vehicle assembly volumes

- Revenue increased largely due to improvement in South African vehicle assembly volumes and price adjustments related to cost escalations and contractual volume shortfalls
- South African vehicle industry performance mixed, but broadly constructive for the division:
  - Vehicle assembly volumes increased by 6%
  - LCV sales decreased by 3% and SUV sales declined by 12%
- Operating margin increased to just below long-term guidance of 10% to 12%:
  - Higher due to increased volumes, cost savings and process optimisation
  - Includes insurance income of R19 million related to events in FY22 (FY23: R80 million)
- Fibre recycling activities transferred from Restonic in order to facilitate growth in the automotive sector

Revenue
R2 654 million
▲ 14%

Operating profit
R264 million
▲ 17%

Operating margin
9.9%
from 9.7%

RESTONIC

Pleasing performance as momentum continues following restructuring

- Revenue increased due to higher sales volumes and price increases to recover cost escalations
- Consumer demand affected by:
  - Impact of higher interest rates and inflation
  - Retail trade disruption due to loadshedding in 1H24
  - Low consumer confidence ahead of national elections
- New bedding products and concentrated sales and marketing efforts supported market share gains
- Sales volumes higher for bedding units (5%), foam (10%) and textiles (9%)
- Operating profit recovery supported by restructuring in FY23; focus on more profitable market segments, process efficiencies, cost savings and termination of low-margin products
- Operating margin below long-term guidance of 13% to 15%

Revenue
R1 720 million
▲ 8%

Operating profit
R125 million
▲ 89%

Operating margin
7.3%
from 4.2%

FINANCIAL REVIEW

FRANS OLIVIER
CHIEF FINANCIAL OFFICER

SALIENT FEATURES OF THE FY24 RESULTS

Revenue
R29.1 billion
▼ 2%

EBITDA
R3.7 billion
▼ 8%

Operating profit
R2.3 billion
▼ 11%

Operating margin
7.7%
▼ 80 bps

Headline earnings per share
45.3 cents
▼ 4%

Earnings per share
43.8 cents
▲ 106%

Cash generated from operations
of **R3.5 billion**

Net working capital
R2.9 billion
▲ R239 million

Expansion capex
of **R1.8 billion,**
primarily PG Bison MDF expansion

Net interest-bearing debt
R8.3 billion
▲ R299 million

Revolving credit facility
of **R3 billion** raised
to refinance maturing facilities

No dividend
declared

RESTATEMENT OF PRIOR YEAR ERROR

Extract of restatement

	Reported FY23 Rm	Restatement Rm	Restated FY23 Rm
Income statement			
Operating profit before capital items	2 367	156	**2 523**
Operating margin (%)	8.0		**8.5**
Profit for the year	486	114	**600**
Balance sheet			
Inventories	3 474	(7)	**3 467**
Trade and other payables	5 387	(163)	**5 224**
Tax payable	26	42	**68**
Total equity	11 705	114	**11 819**
Earnings			
Basic earnings per share (cents)	16.7	4.6	**21.3**
Headline earnings per share (cents)	42.7	4.6	**47.3**
Net asset value per share (cents)	461	5	**466**

Overcharge on raw material purchases for 1 February 2022 to 30 September 2023

Detected by Safripol in October 2023 and corrected

R183 million overcharge

- R163 million relates to period prior to 1 July 2023

Prior year restated to correct for the error

FINANCIAL ANALYSIS

Income statement

	FY24 Rm	FY23* Rm	Variance %
Revenue	**29 062**	29 628	(2)
EBITDA	**3 694**	4 020	(8)
Depreciation and amortisation	**(1 444)**	(1 497)	(4)
Operating profit	**2 250**	2 523	(11)
Capital items	**(46)**	(816)	
Net finance costs	**(825)**	(794)	4
Associate and joint venture companies	**38**	39	
Taxation	**(213)**	(352)	
Minorities	**(114)**	(72)	
Profit attributable to owners of the parent	**1 090**	528	106
Add back capital items net of taxation	**35**	642	
Headline earnings	**1 125**	1 170	(4)
Weighted average number of ordinary shares (m)	**2 486**	2 475	
Headline earnings per share (cents)	**45.3**	47.3	(4)

* Restated

Safripol's performance affected by a cyclical low in the global polymers industry

Foreign exchange losses of R81 million mainly relating to the devaluation of the Malawian kwacha (FY23: R44 million gains)

Insurance income of R64 million (FY23: R343 million)

Increased net finance costs primarily attributable to:

- Higher interest rates
- Borrowing costs capitalised of R173 million (FY23: R57 million)

FINANCIAL ANALYSIS

Tax rate reconciliation

	FY24 %	FY23* %
Statutory tax rate	**27.0**	27.0
Government incentives	**(15.7)**	–
Impairments	**0.1**	5.1
Withholding taxes	**2.0**	2.2
Other	**1.6**	2.7
Effective tax rate	**15.0**	37.0

Government incentives include PG Bison section 12I tax allowance of R790 million

In the prior year:

- Impairments include goodwill and intangible assets of R704 million related to Unitrans

* Restated

FINANCIAL ANALYSIS

‘Adjusted’ headline earnings per share

	FY24 Cents	FY23* Cents	Variance %
Reported	**45.3**	47.3	(4)
PG Bison section 12I tax allowance	**(8.6)**	–	
Adjusted	**36.7**	47.3	(22)

MDF project completed and commissioned in June 2024

Section 12I tax allowance of R790 million or R213 million benefit

* Restated

FINANCIAL ANALYSIS

Balance sheet

	30 Jun 24 Rm	30 Jun 23* Rm
Property, plant and equipment	**16 043**	15 094
Right-of-use assets	**300**	390
Intangible assets	**1 790**	1 728
Goodwill	**659**	662
Biological assets	**1 586**	1 536
Net working capital	**2 883**	2 644
Other assets	**451**	458
Assets	**23 712**	22 512
Total equity	**12 775**	11 819
Net interest-bearing liabilities	**8 326**	8 027
Other liabilities	**2 611**	2 666
Equity and liabilities	**23 712**	22 512
Net asset value per share (cents)	**500**	466

Significant investment in operating assets

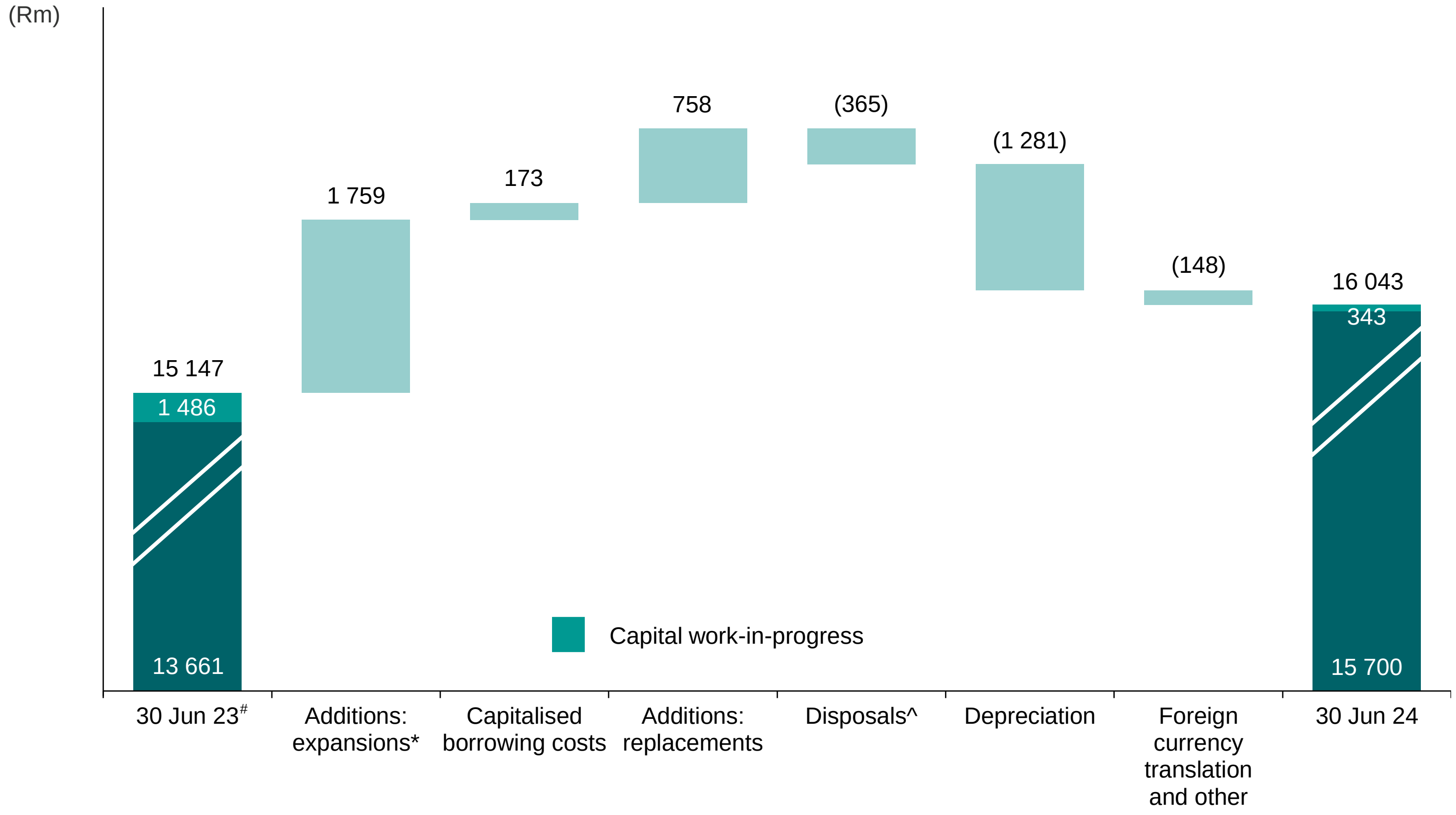
Net working capital increase mainly due to additional inventory

Increase in net debt in line with scheduled completion of major capital projects

* Restated

FINANCIAL ANALYSIS

Property, plant and equipment



Significant investment of R1.8 billion, related to major capital projects

R1.3 billion of expansion capex attributable to MDF project

Borrowing costs capitalised of R173 million (FY23: R57 million)

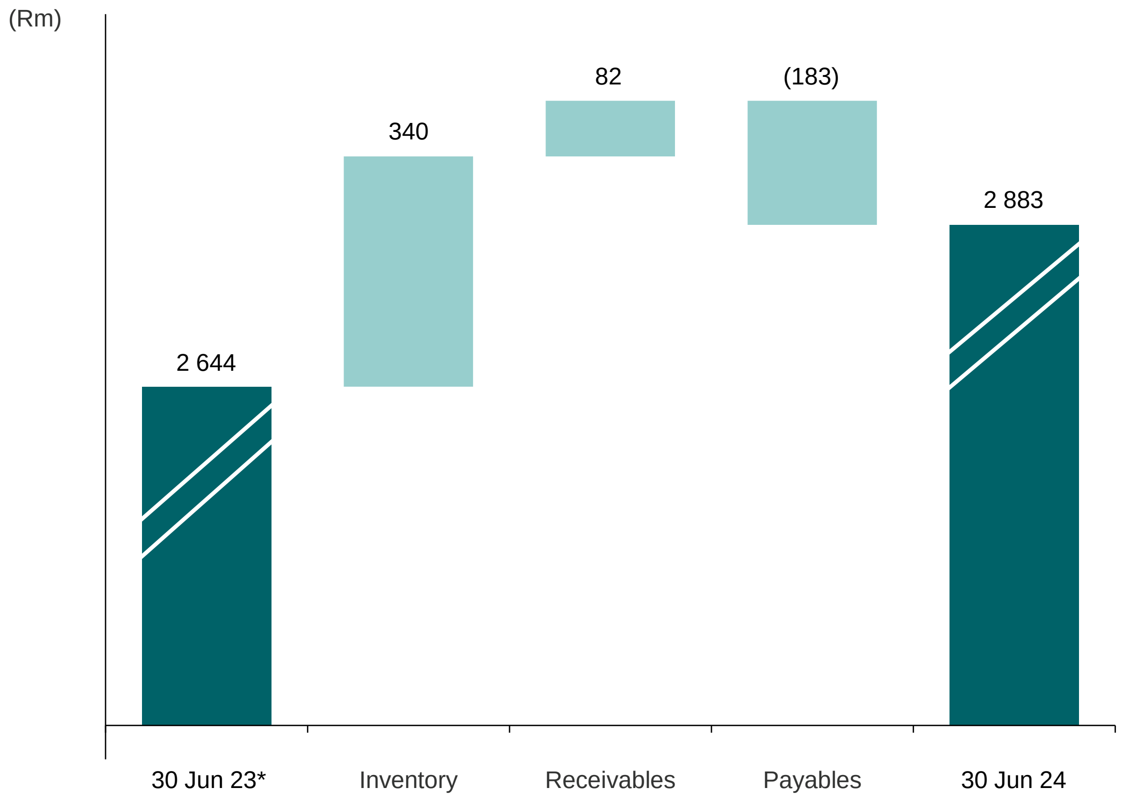
Capital work-in-progress reduced from R1.5 billion at FY23 to R343 million with the completion and capitalisation of major capital projects

R697 million lower fixed assets employed in Unitrans

Includes assets held for sale of R53 million
* Net of government grants received of R54 million
^ Net book value (proceeds on disposal of R323 million plus loss on disposal of R42 million)

FINANCIAL ANALYSIS

Net working capital breakdown



* Restated

Increase of R239 million from 30 June 2023

Inventory increased mainly due to:
- additional raw materials acquired to mitigate supply risk
- engineering spares relating to completion of major capital projects

Significant focus on working capital management

Aligning production and inventory levels with domestic demand and exports

R258 million insurance receivable at 30 June 2023 was collected

Net working capital is expected to increase in 1H25 due to:
- normal seasonality
- major capital projects in operation

FINANCIAL ANALYSIS

Cash flow

	FY24 Rm	FY23* Rm
EBITDA	**3 694**	4 020
Net revaluation of biological assets	**(49)**	(24)
Other non-cash adjustments	**49**	37
Cash generated from trading	**3 694**	4 033
Working capital changes	**(203)**	(144)
Inventory	**(333)**	(37)
Receivables	**(134)**	(3)
Payables	**264**	(104)
Cash generated from operations	**3 491**	3 889
Dividends received	**10**	10
Net finance costs	**(1 016)**	(808)
Taxation	**(307)**	(467)
Other	**–**	(18)
Cash flow from operating activities	**2 178**	2 606
Cash conversion ratio^	**95%**	97%

* Restated
^ Conversion of EBITDA to cash generated from operations

EBITDA decreased by 8%

Cash generated from operations down 10%

Net finance costs paid increased by 26%, mainly due to higher interest rates

Cash conversion above internal target of 90%

FINANCIAL ANALYSIS

Cash flow (continued)

	FY24 Rm	FY23 Rm
Cash flow from operating activities	**2 178**	2 606
Investing activities	**(2 257)**	(2 298)
Expansion capex^	**(1 759)**	(1 326)
Replacement capex#	**(423)**	(871)
Acquisition of subsidiaries, net of cash acquired	**(77)**	(37)
Other investing activities	**2**	(64)
Free cash outflow before dividends	**(79)**	308
Dividends paid		
Ordinary shareholders	**–**	(717)
Minorities	**(79)**	(34)
Financing activities	**174**	167
Movement in cash and cash equivalents	**16**	(276)

Capital expenditure related to completion of major projects

Bolt-on acquisition in Feltex of R86 million

Free cash outflow (before dividends paid) reduced by R387 million

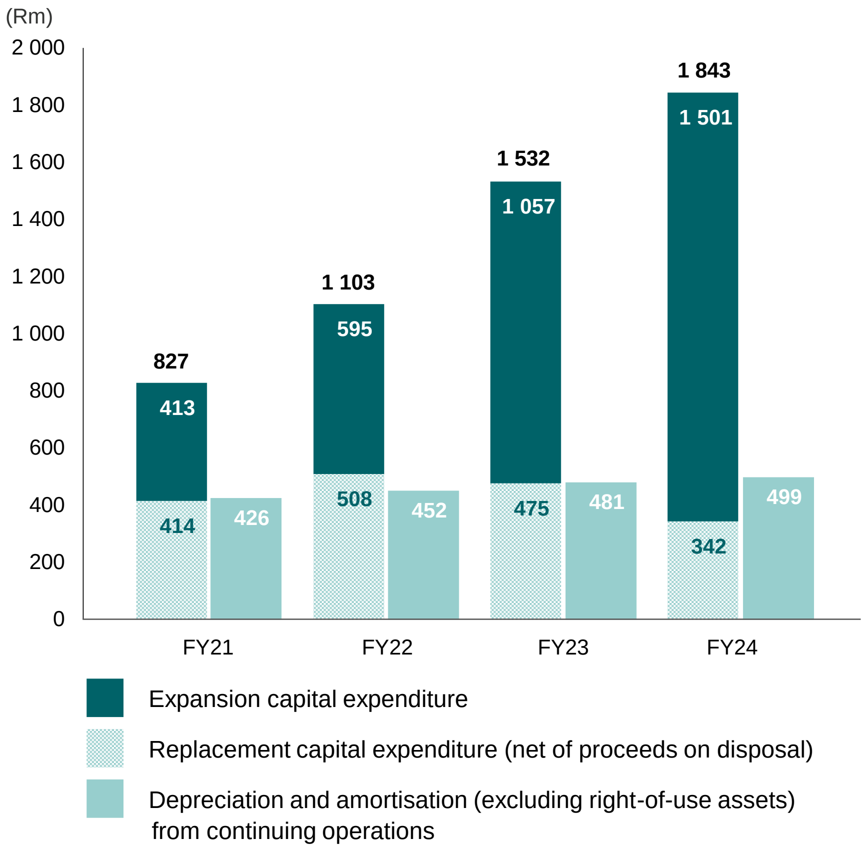
No ordinary dividend paid in relation to FY23 (FY22: 29 cents per share)

^ Net of government grants received
# Net of proceeds from disposal, insurance proceeds and government grants received

FINANCIAL ANALYSIS

Investment to drive growth and efficiency benefits

Manufacturing capital expenditure



Material and strategic items^

PG Bison

MDF project
of R1 979 million

FY22: R152 million
FY23: R509 million
FY24: R1 262 million
FY25: R56 million#

Completed in June 2024

PG Bison

Photovoltaic (10 MW PV) projects
of R125 million

FY23: R71 million
FY24: R45 million
FY25: R9 million#

Completed in May 2024 (Boksburg and Wood Chemicals) and August 2024 (Mkhondo)

Safripol

HDPE conversion and extruder line
of R403 million

Pre-FY22: R25 million
FY22: R80 million
FY23: R193 million
FY24: R97 million
FY25: R8 million#

Completed in May 2024

Feltex/Restonic

Laroche lines
of R159 million

FY22: R24 million
FY23: R130 million
FY24: R5 million

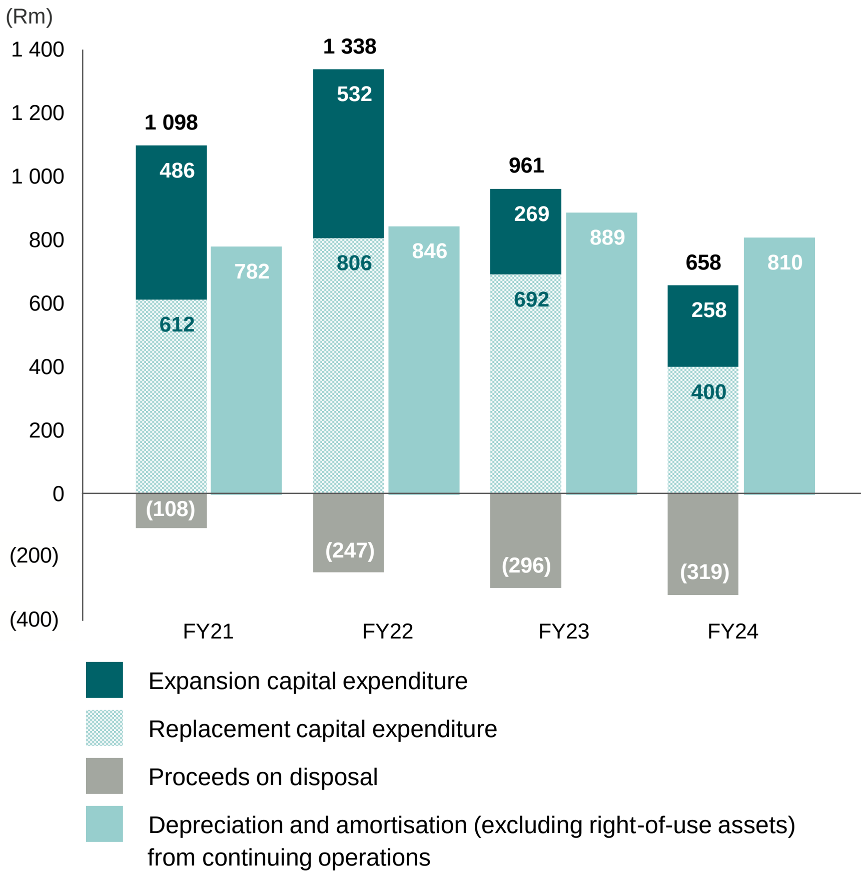
Completed in June 2023 (Feltex) and December 2023 (Restonic)

^ Excluding capitalised borrowing costs
# Estimated

FINANCIAL ANALYSIS

Investment to drive growth and efficiency benefits (continued)

Non-manufacturing capital expenditure



Items to highlight

Unitrans

Proceeds of	Replacement of	Expansion of	Total
R319 million	**R400 million**	**R172 million**	**R253 million**
(FY23: R296 million)	(FY23: R682 million)	(FY23: R224 million)	(FY23: R610 million)

Improved capital efficiency

- Redeployment of assets to improve utilisation and reduce capital expenditure
- Disposal of underutilised assets nearing completion

Optix

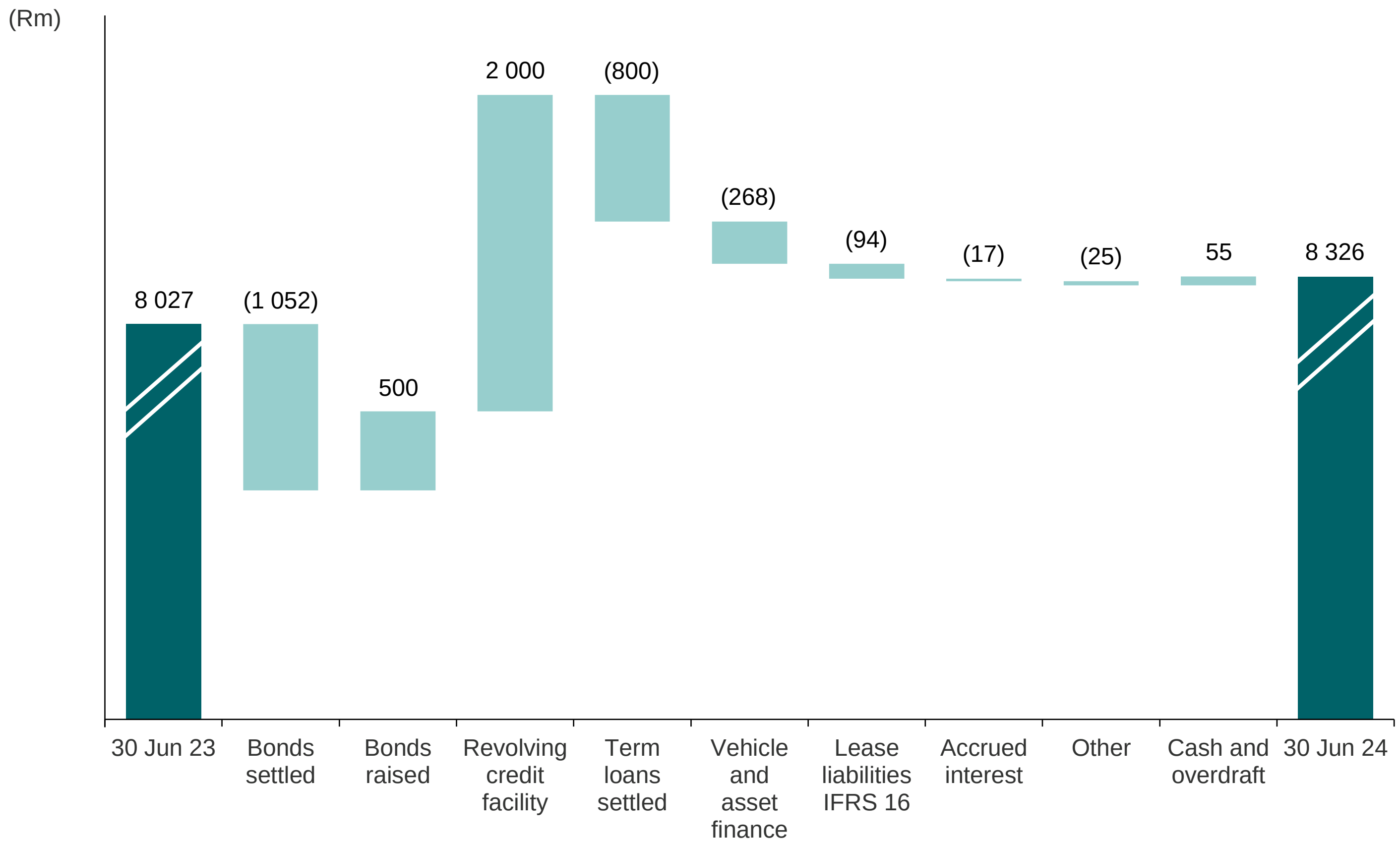
Expansion of rental assets

R86 million

(FY23: R44 million)

TREASURY ACTIVITY

Movement in net interest-bearing debt



Increase of R299 million from 30 June 2023

Decrease in net interest-bearing debt of R886 million since 31 December 2023

Target to reduce net debt by R1 billion in FY25, enabled by:

- lower capital expenditure relative to FY24
- cash flow contribution from major capital projects
- expected improvement in Unitrans

The net debt reduction to materialise in 2H25 due to normal seasonal increase in working capital in first half of the financial year

TREASURY ACTIVITY

Significant debt funding activities for the year

R3 billion new syndicated revolving credit facility (‘RCF’) to refinance existing RCF and upcoming term loans and bonds

Structure of the RCF

- Replaces previous R750 million RCF
- R2 billion in three-year and R1 billion in five-year tenures at more favourable rates
- Covenant ratchet on interest cover for the next three financial years (previously > 3.5 times)
  ›› FY24: > 3 times ›› FY25: > 3.25 times ›› FY26: > 3.5 times
- Net debt to EBITDA cover reduced to < 3 times from < 3.2 times

Benefits of the RCF

- Balance between listed note and bank loan exposure
- Refinancing certainty during a period of earnings volatility, specifically related to Safripol, in the context of an uncertain local and global macroeconomic environment while the major capital projects were being completed

Maturities

Facility	Amount Rm	Maturity
Term loan	500	March 2024
KAP018	525	April 2024
KAP014	500	July 2024
KAP019	500	July 2024
RCF – replaced	750	September 2024
Term loan	300	June 2026
Total	**3 075**	

Utilised

TREASURY ACTIVITY

Other funding activities for the year

Corporate bonds issued with three-year tenures

- KAP030 – Listed: R500 million

Corporate bonds settled at maturity

- KAP017 – Listed: R527 million
- KAP018 – Listed: R525 million

RCF

- R750 million drawn and settled, replaced with new RCF
- R2 billion drawn (new RCF)
- R1 billion utilised in July 2024

Global Credit Rating confirmed KAP’s rating as A+(za) with a negative outlook (November 2023)

TREASURY ACTIVITY

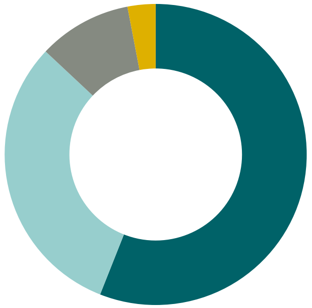
Debt serviceability ratios

	Bank covenant FY24	30 Jun 24	30 Jun 23*
Gross interest-bearing debt (Rm)		**9 724**	9 480
Net interest-bearing debt (Rm)		**8 326**	8 027
Equity excluding non-controlling interest (Rm)		**12 475**	11 542
Gearing (net debt:equity)		**67%**	70%
Net debt: EBITDA (times)	< 3.0	**2.3**	2.0
EBITDA: interest cover (times)	> 3.0	**3.7**	4.7

Net debt: EBITDA internal target < 2.5 times

EBITDA: interest cover internal target > 4.5 times

* Restated

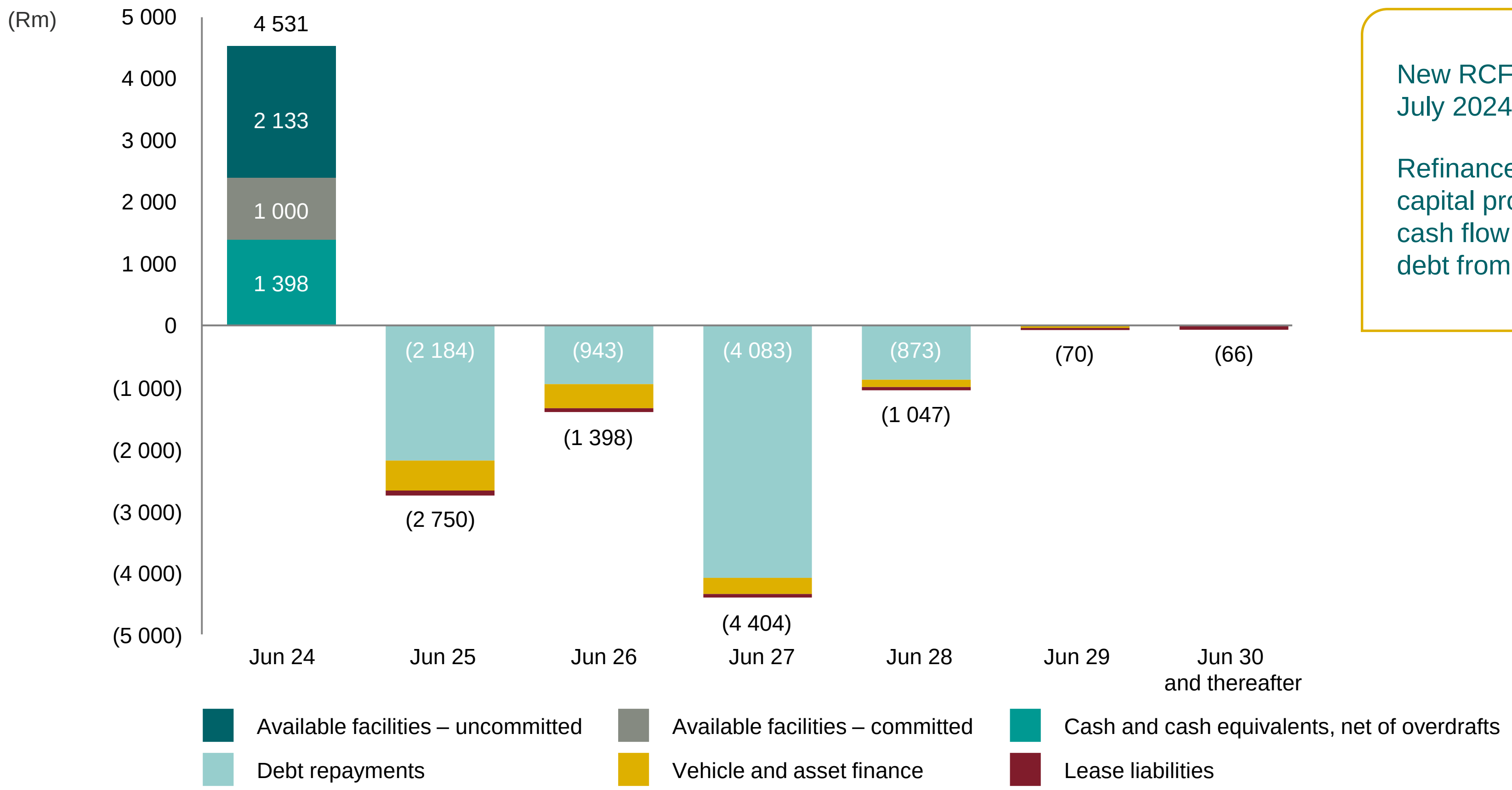


Funding structure

- Listed notes – **56%**
- Banks and financial institutions – **31%**
- Unutilised facilities – **10%**
- Lease liabilities – **3%**

TREASURY ACTIVITY

Net interest-bearing debt maturity as at 30 June 2024



New RCF utilised to refinance July 2024 maturities of R1 billion

Refinance 1H25 maturities to allow major capital projects to generate sufficient cash flow to support a reduction in net debt from 2H25

GROUP OUTLOOK

GARY CHAPLIN

CHIEF EXECUTIVE OFFICER

GROUP OUTLOOK

- Challenging macroeconomic and operating environment expected to persist; however, cautiously optimistic about South Africa’s medium-term outlook following GNU
- Material items that provide compelling prospects for the group over the near to medium term:
  - Value-realisation from our major capital projects, PG Bison's 33% increase in total capacity being the largest, with a four-year timeline to sell full capacity
  - Further streamlining of Unitrans and repositioning the division for growth
    - Target of c. R300 million increase in operating profit over the medium term, compared with FY23
    - Growth from ongoing business development activities expected to deliver value from FY26
  - Increasing free cash flow and reducing net debt
    - Target of R1 billion lower net debt in FY25 (2H25 due to working capital seasonality)
- Cautious on Safripol as current industry expectations are for the downcycle to last until at least FY26/27; managing the cycle as follows:
  - Focused on operational performance, cost savings, optimising the procurement-to-sales cycle and tightly managing working capital
  - Selling more value-add (durable) polymers
- Diversity of the group provides resilience through industry and business cycles

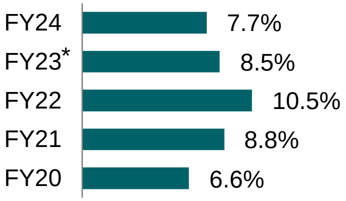
Q&A

APPENDIX

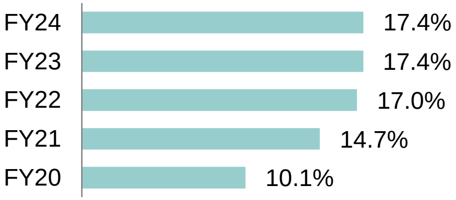
GROUP MARGIN ANALYSIS^

KAP operating margin decreased 80 bps to 7.7%

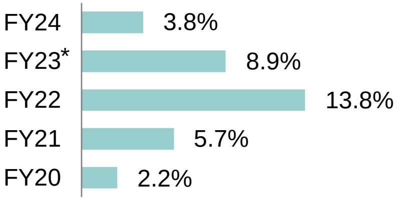
Group



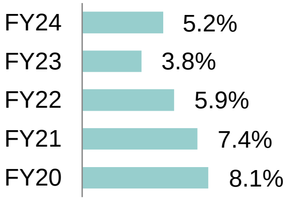
PG Bison



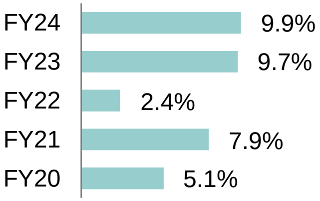
Safripol



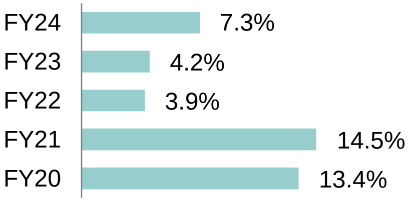
Unitrans



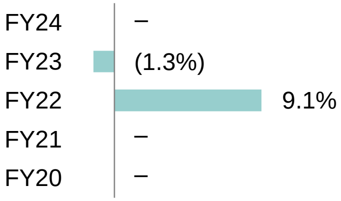
Feltex#



Restonic#



Optix



^ From continuing operations * Restated # Comparatives have been re-presented