UNAUDITED RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

kap

BEING THE CHANGE

AGENDA

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

OPERATIONAL REVIEW

Gary Chaplin

Chief executive officer

KEY TAKEAWAYS FROM THE 1H25 RESULTS

Operating environment

- Broadly positive sentiment during the period following GNU, two-pot retirement system, suspension of loadshedding, lower inflation and interest rates
- Not yet filtering through to trading activity; operating environment remained depressed

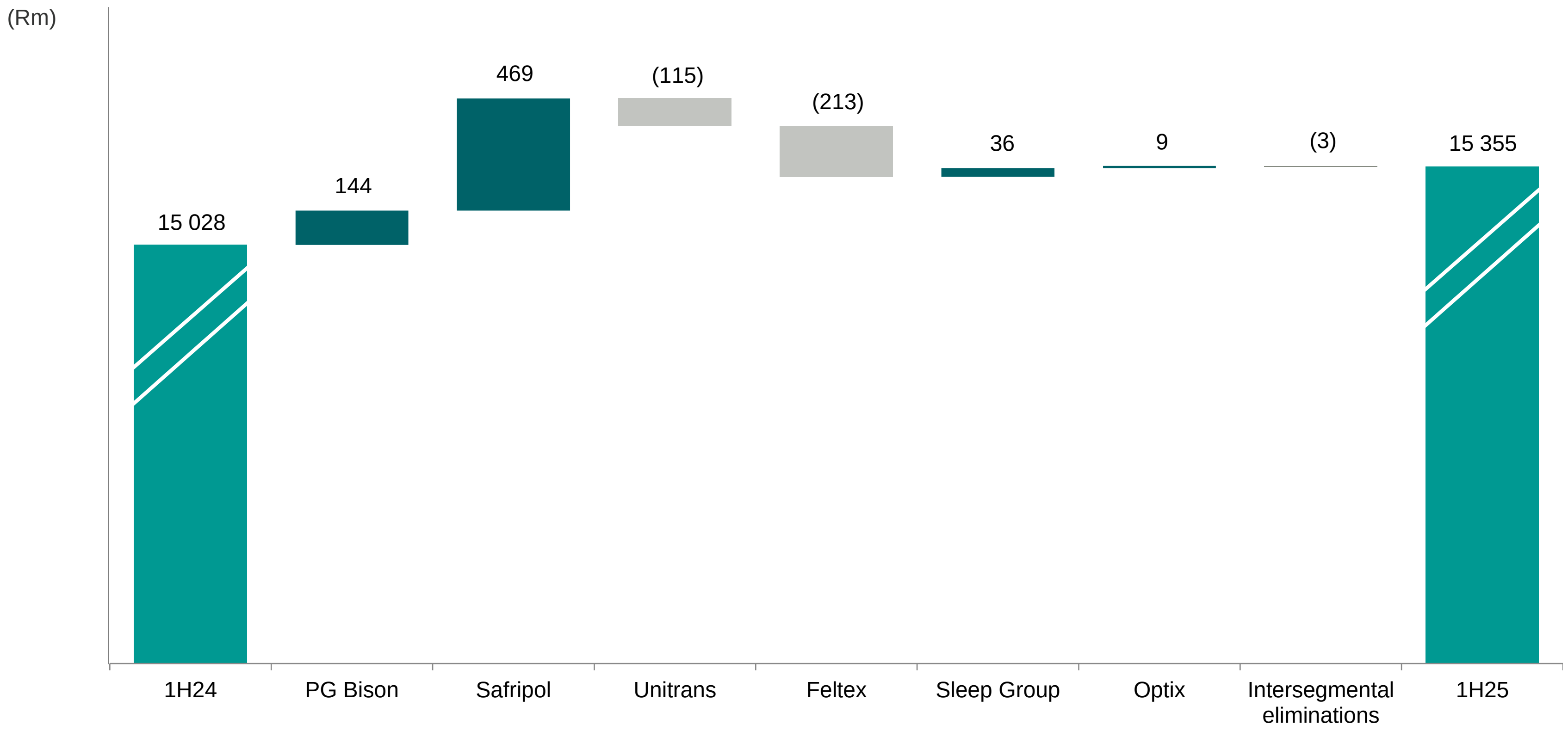
Highlights

- Capital projects of c. R2.5 billion successfully ramped up (mostly PG Bison's new MDF line); offers growth opportunities
- Good progress made in selling additional MDF
- Net interest-bearing debt stable despite increased working capital associated with the capital projects and normal seasonality
- Improved performances for Safripol, Unitrans and Sleep Group (previously Restonic)

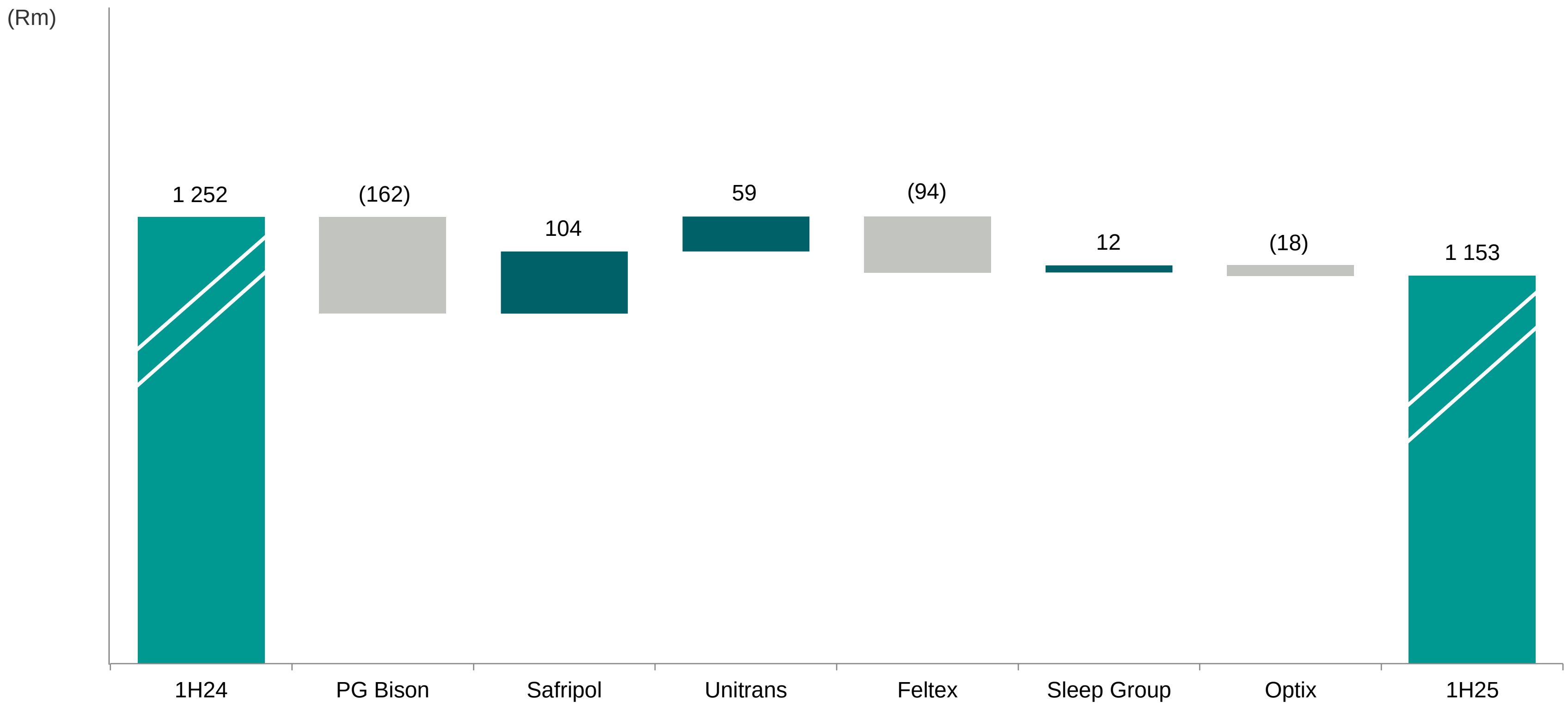
Lowlights

- Negative near-term operational and financial effects of the ramp-up of the MDF line
- Feltex affected by lower OEM production volumes
- Optix performance below expectations

GROUP REVENUE ANALYSIS



GROUP OPERATING PROFIT ANALYSIS



PG BISON

Successful ramp-up of MDF line, with good progress made in selling additional volumes

- Ramp-up of new MDF line aligned with project feasibility
- Panel sales volumes increased by 6%
  - Domestic MDF sales volumes 20% higher
  - Exports up 28% due to increase in MDF production
- Value add 64% of sales volumes (1H24: 66%)
- Performance negatively affected by the ramp-up:
  - Additional operating costs – R135 million production overheads and R40 million depreciation
  - Utilisation, sales volumes and pricing not yet optimal
- Positive about the outlook as new capacity provides growth opportunities:
  - MDF remains a growth category within the decorative panel sector
  - Expansion provides internationally competitive manufacturing costs
  - Operating margin to improve over time as production and sales volumes normalise and sales mix is optimised

Revenue
R3 040 million
▲ 5%

Operating profit
R413 million
▼ 28%

Operating margin
13.6%
from 19.9%

PG BISON MDF PROJECT

New MDF line 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 producer of wood-based decorative panels in Africa
- Service growing demand for MDF (domestic and Africa) and replace imports

Production and sales strategy

- Successful ramp-up with production levels and yields in line with the project feasibility
- Project feasibility provides four years to sell full capacity
- Market-specific sales strategy advancing well
- Focus on domestic and neighbouring African countries (primary markets) with deep-sea exports to supplement (secondary markets)
- Export selling prices impacted by generally subdued global growth

Financial and non-financial benefits

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

SAFRIPOL

Improved performance underpinned by higher production volumes

- Improved HDPE production efficiency following completion of R402 million HDPE conversion and extruder project in 2H24
- Production increased by 23%, largely due to prior year constraints not recurring
- Sales volumes 9% higher:
  - 5% increase in domestic sales volumes
  - Exports up due to increased HDPE production and subdued domestic HDPE demand
  - Exports made up 13% of sales volumes (1H24: 9%)
- Operating profit up 58% on increased production and sales volumes and improved HDPE plant efficiencies
- Raw material margins remained low compared with historical averages
- Global polymers industry expected to remain in a cyclical low until at least FY27; raw material margins to remain under pressure over this period

Revenue
R5 213 million
▲ 10%

Operating profit
R282 million
▲ 58%

Operating margin
5.4%
from 3.8%

UNITRANS

Improved result as turnaround gains traction

- Revenue lower mainly due to cessation of low-margin, low-return activities; offset improved volumes in some operations
- Increase in operating margin and profit supported by the benefits realised from the restructuring:
  - Improved performances from agriculture, food and passenger operations
  - Mining operations stable and petrochemical operations weaker
  - Prior period included currency devaluations that did not recur
- Deep restructuring, which commenced in FY23, concluded during the period:
  - Organisational redesign completed in November 2024
  - Cost savings target of c. R300 million is on track to deliver operating profit of c. R700 million over the medium term
  - Asset rationalisation and efficiency improvement process advancing as planned
  - Capex remains restricted

Revenue
R4 957 million
▼ 2%

Operating profit
R323 million
▲ 22%

Operating margin
6.5%
from 5.2%

UNITRANS

Improved result as turnaround gains traction (continued)

- Unitrans has a clear strategy, and the implementation thereof is progressing well:
  - Provide end-to-end supply chain services in key sectors (agriculture, food, mining, petrochemical, passenger)
  - Pursue organic growth (existing and new customers) at the required margins and returns
  - Continuously improve internal efficiencies
- Continued industry disruptions present challenges and growth opportunities

FELTEX

Temporary production disruptions affected results

- Domestic new vehicle assembly volumes declined by 19%, with some temporary disruptions:
  - Key model changeover at one OEM
  - Technical-related challenges at another
- LCV and SUV sales down by 15% and up by 3%, respectively
- Revenue lower by 16%:
  - Lower vehicle assembly volumes (affected OEM business)
  - Lower LCV and modest SUV sales (affected aftermarket business)
- Operating profit declined by 69% due to lower volumes and non-recurring costs associated with the model changeover
- Prior year includes insurance income of R19 million related to KZN floods in 2022
- Expect an improved performance from 2H25 as temporary production constraints ease

Revenue
R1 157 million
▼ 16%

Operating profit
R42 million
▼ 69%

Operating margin
3.6%
from 9.9%

SLEEP GROUP (PREVIOUSLY RESTONIC)

Positive momentum in performance despite subdued market conditions

- Revenue higher largely due to a 6% increase in sales volumes of bedding units
- Sales volumes of foam lower by 15% affected by exit of low-margin product line, and textiles declined by 9%
- Operating profit up by 12% due to:
  - Higher sales volumes of bedding units
  - Good cost management and enhanced efficiencies
  - Improved procurement
- Revenue and margin improvement a focus area, to be supported by:
  - Increased investment in marketing, sales and product development activities
  - Volume growth following investments in expansion of facilities, foam line upgrade and new fibre tearing line
  - Turnaround in foam operations (12% of 1H25 revenue)

Revenue
R1 011 million
▲ 4%

Operating profit
R111 million
▲ 12%

Operating margin
11.0%
from 10.2%

FINANCIAL REVIEW

Frans Olivier
Chief financial officer

SALIENT FEATURES OF THE 1H25 RESULTS

Revenue
R15.4 billion
▲ 2%

EBITDA
R1.9 billion
▼ 4%

Operating profit
R1.2 billion
▼ 8%

Operating margin
7.5%
▼ 80 bps

Headline earnings per share
17.2 cents
▼ 21%

Net working capital
R4.2 billion
▲ 8%

Cash generated from operations
R649 million
▼ 18%

Expansion capital expenditure
R314 million
▼ 71%

Net interest-bearing debt stable at
R9.3 billion

Major capital projects
successfully ramped up

FINANCIAL ANALYSIS

Income statement

	1H25 Rm	1H24 Rm	Variance %
Revenue	**15 355**	15 028	2
EBITDA	**1 897**	1 982	(4)
Amortisation and depreciation	**(744)**	(730)	2
Operating profit before capital items	**1 153**	1 252	(8)
Capital items	**(33)**	(22)	
Net finance costs	**(517)**	(430)	20
Associate and joint venture companies	**24**	21	
Taxation	**(163)**	(239)	
Minorities	**(59)**	(57)	
Profit attributable to owners of the parent	**405**	525	(23)
Add back: capital items net of taxation	**23**	16	
Headline earnings	**428**	541	(21)
Weighted average number of ordinary shares (m)	**2 495**	2 479	
Headline earnings per share (cents)	**17.2**	21.8	(21)

Operating profit declined due to lower performances from PG Bison and Feltex:

- PG Bison results affected by ramp-up of new MDF line
- Lower domestic new vehicle assembly volumes in Feltex

Improved results from Safripol, Unitrans and Sleep Group

Increase in net finance costs subsequent to completion of major capital projects

In the prior period, borrowing costs of R82 million related to major capital projects were capitalised (FY24: R173 million)

FINANCIAL ANALYSIS

Tax rate reconciliation

	1H25 %	1H24 %
Statutory tax rate	**27.0**	27.0
Government incentives	**(1.4)**	–
Withholding taxes	**1.5**	1.6
Other	**(1.1)**	0.5
Effective tax rate	**26.0**	29.1

Government incentives include a R28 million (1.2%) section 12I tax allowance related to the PG Bison MDF line

FINANCIAL ANALYSIS

‘Adjusted’ headline earnings per share

	1H25 Cents	1H24 Cents	Variance %	FY24 Cents
Reported	**17.2**	21.8	(21)	45.3
PG Bison section 12I tax allowance	**(0.3)**	–		(8.6)
Adjusted	**16.9**	21.8	(22)	36.7

MDF project completed and commissioned in June 2024

Section 12I tax allowance of R28 million or R8 million tax benefit

FY24 includes section 12I tax allowance of R790 million or R213 million tax benefit

FINANCIAL ANALYSIS

Balance sheet

	31 Dec 24 Rm	30 Jun 24 Rm	31 Dec 23 Rm
Property, plant and equipment	**16 128**	16 043	15 556
Right-of-use assets	**332**	300	363
Intangible assets	**1 776**	1 790	1 722
Goodwill	**656**	659	661
Biological assets	**1 604**	1 586	1 565
Net working capital	**4 159**	2 883	3 861
Other assets	**477**	451	417
Assets	**25 132**	23 712	24 145
Total equity	**13 213**	12 775	12 196
Net interest-bearing liabilities	**9 267**	8 326	9 212
Other liabilities	**2 652**	2 611	2 737
Equity and liabilities	**25 132**	23 712	24 145
Net asset value per share (cents)	**518**	500	478

Investment in major capital projects completed

Net working capital higher due to:

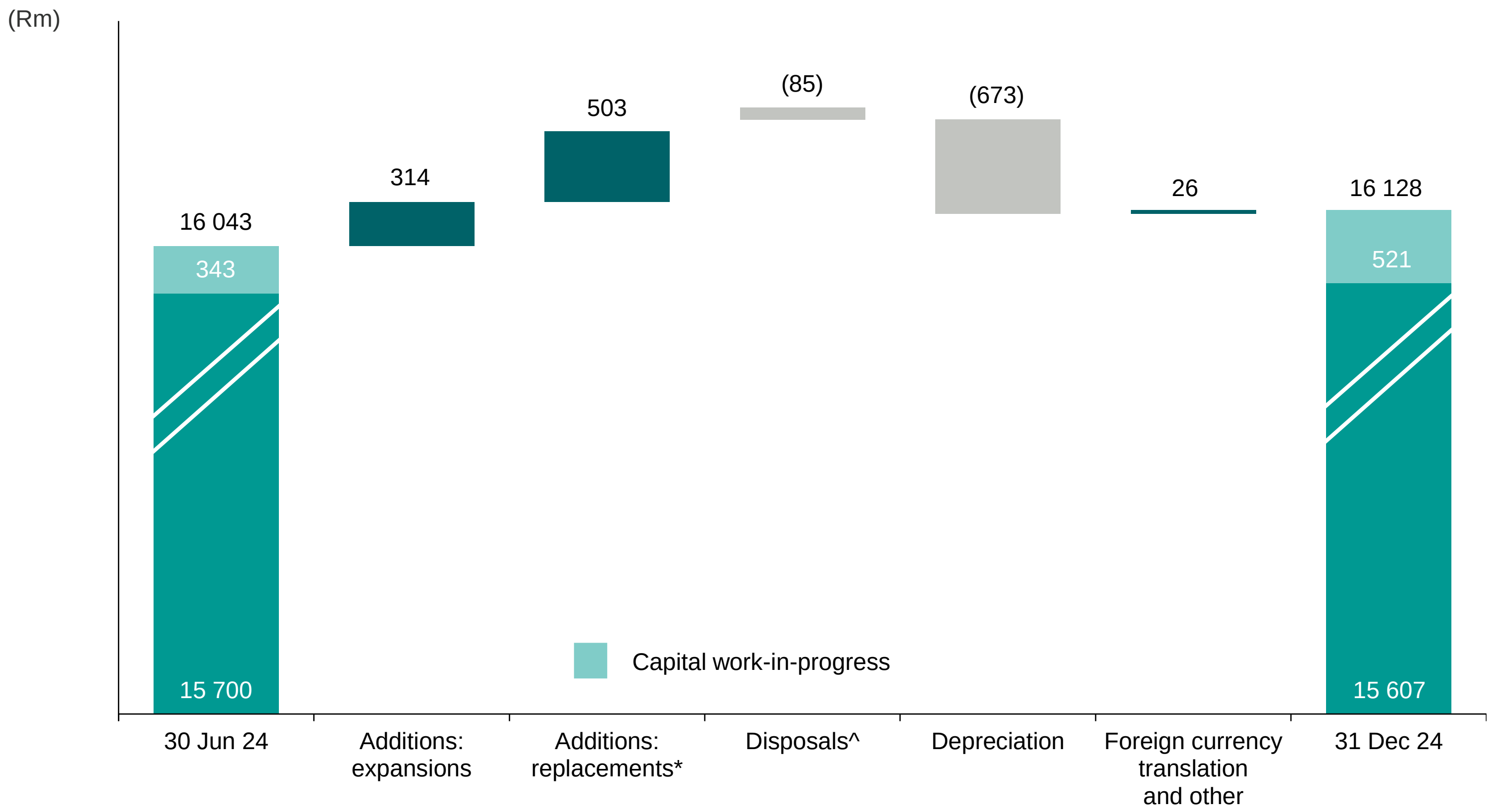
- investment in inventory required for increased capacity
- normal seasonality

Net interest-bearing debt stable and in line with expectations

Targeted reduction in net interest-bearing debt from 2H25

FINANCIAL ANALYSIS

Property, plant and equipment



* Net of government grants received of R3 million

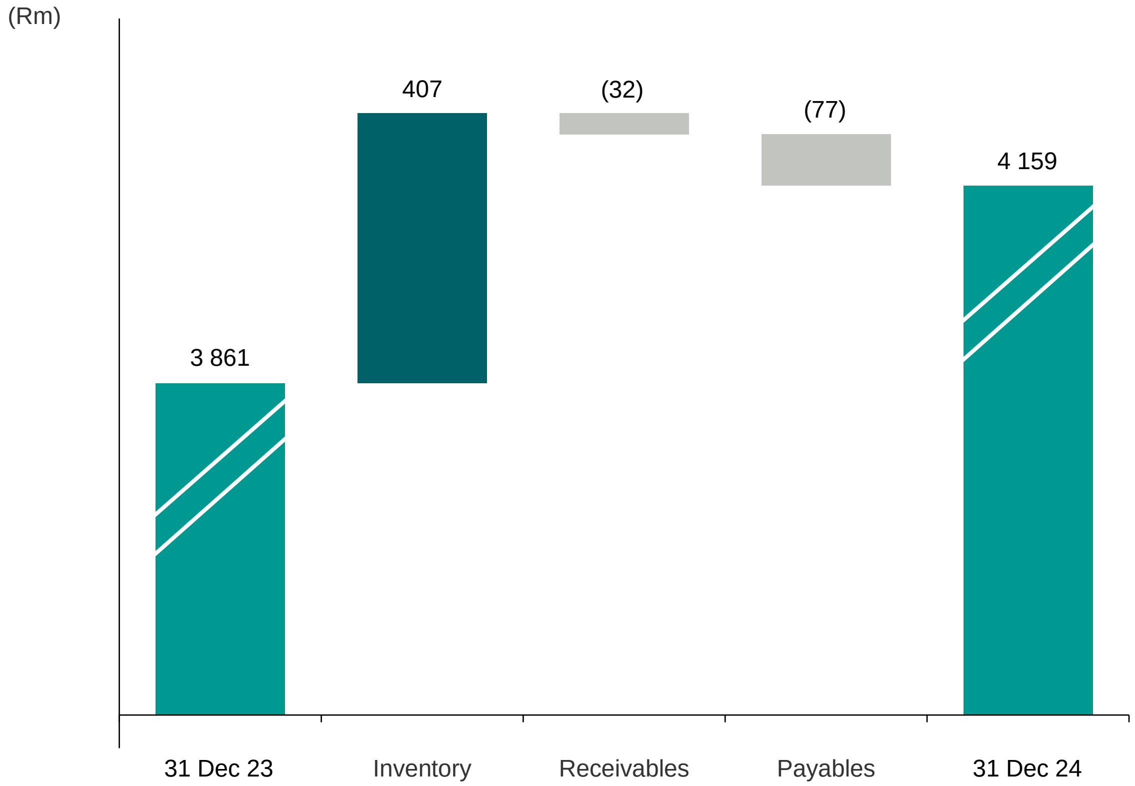
^ Net book value (proceeds on disposal of R60 million plus loss on disposal of R25 million)

Expansion capital expenditure reduced to R314 million (1H24: R1 090 million)

Capital work-in-progress of R521 million (FY24: R343 million) relates mainly to the completion of the PG Bison MDF line and related housing of R173 million

FINANCIAL ANALYSIS

Net working capital



Increase of R298 million from 31 December 2023

Inventory increased mainly due to completion of major capital projects which resulted in:

- Increased capacity and resultant permanent investment in inventory
- Additional engineering spares

Greater focus on optimising working capital management:

- Aligning production and inventory levels with domestic demand and exports

FINANCIAL ANALYSIS

Cash flow

	1H25 Rm	1H24 Rm
EBITDA	**1 897**	1 982
Net revaluation of biological assets	**(18)**	(28)
Other non-cash adjustments	**42**	51
Cash generated from trading	**1 921**	2 005
Working capital changes	**(1 272)**	(1 215)
Inventory	**(228)**	(177)
Receivables	**(189)**	(360)
Payables	**(855)**	(678)
Cash generated from operations	**649**	790
Dividends received	**15**	–
Net finance costs paid	**(521)**	(516)
Taxation paid	**(191)**	(183)
Cash flow from operating activities	**(48)**	91
Cash conversion ratio*	**34%**	40%

* Conversion of EBITDA to cash generated from operations

Cash generated from operations down 18% due to:

- R85 million (4%) decrease in EBITDA
- R57 million more invested in net working capital

Net finance costs paid increased by R5 million

Cash conversion expected to normalise towards year-end to achieve internal target above 90%

FINANCIAL ANALYSIS

Cash flow (continued)

	1H25 Rm	1H24 Rm
Cash flow from operating activities	**(48)**	91
Investing activities	**(747)**	(1 112)
Expansion capex*	**(314)**	(1 090)
Replacement capex^	**(440)**	(26)
Other investing activities	**7**	4
Free cash flow before dividends paid	**(795)**	(1 021)
Dividends paid (minorities)	**(61)**	(32)
Financing activities	**560**	346
Movement in cash and cash equivalents	**(296)**	(707)

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

Planned reduction in expansion capital expenditure (down by R776 million)

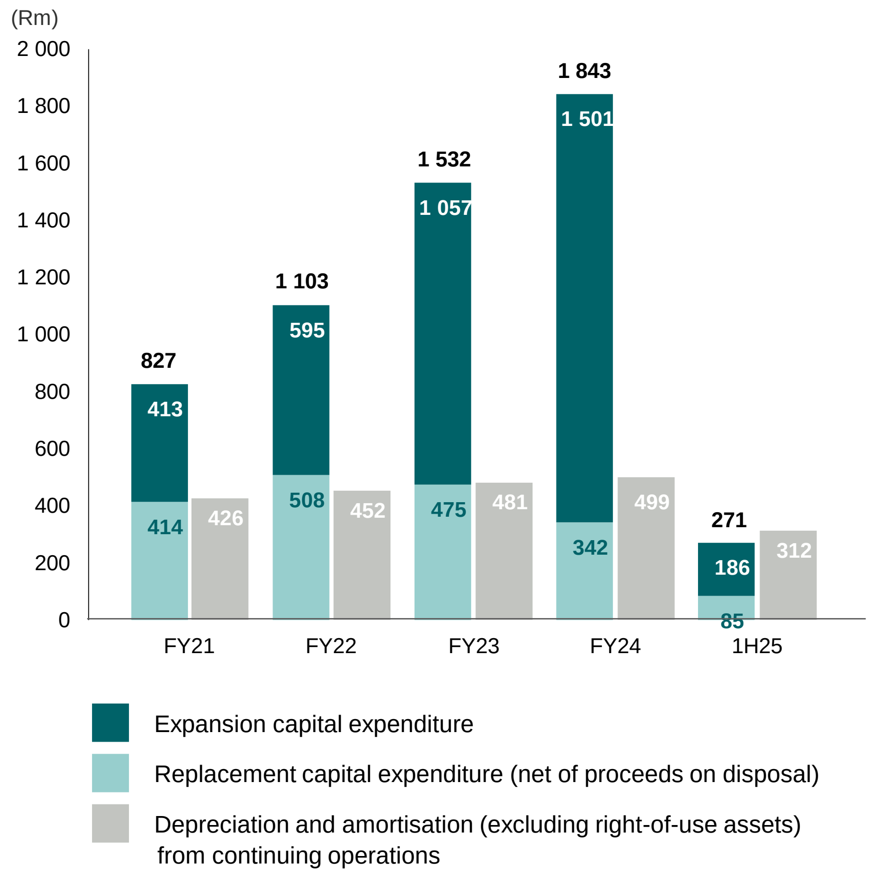
Prior period replacement capital expenditure included R249 million proceed from disposal of underutilised Unitrans vehicles and trailers

Free cash outflow (before dividends paid) improved by R226 million

FINANCIAL ANALYSIS

Investment to drive growth and efficiency benefits

Manufacturing capital expenditure



Material and strategic items*

PG Bison

MDF line
of R2 047 million
Pre-FY25: R1 923 million
1H25: R88 million
2H25: R36 million^
Completed in June 2024

PG Bison

Photovoltaic (9.4 MWp PV) projects
of R125 million
Pre-FY25: R116 million
1H25: R9 million
Completed in May 2024 (Boksburg and Wood Chemicals) and August 2024 (Mkhondo)

Safripol

HDPE conversion and extruder line
of R402 million
Pre-FY25: R395 million
1H25: R7 million
Completed in May 2024

Safripol

Photovoltaic (10 MWp PV) project
of R174 million
Pre-FY25: R174 million
PV plant completed in June 2023; substations completed in October 2023

Feltex/Sleep Group

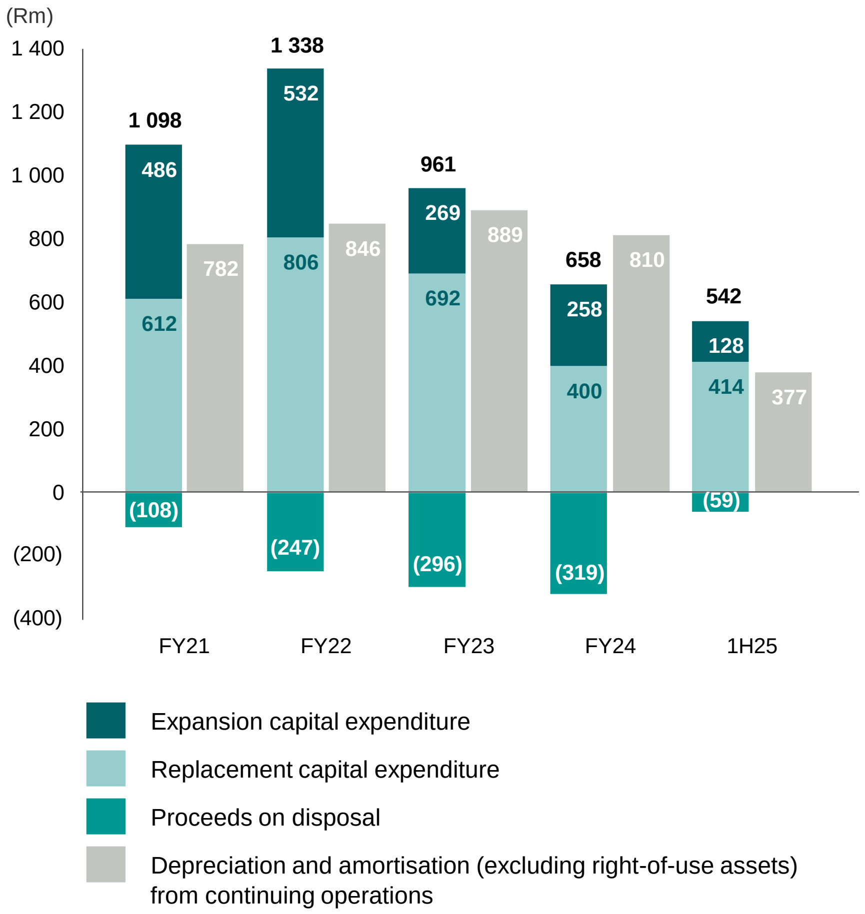
Laroche lines
of R159 million
Pre-FY25: R159 million
Completed in June 2023 (Feltex) and December 2023 (Sleep Group)

* 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
R58 million	**R414 million**	**R92 million**	**R448 million**
(FY24: R319 million)	(FY24: R400 million)	(FY24: R172 million)	(FY24: R253 million)

- Redeployment of assets and disposal of underutilised assets to improve capital efficiency completed in FY24

Optix

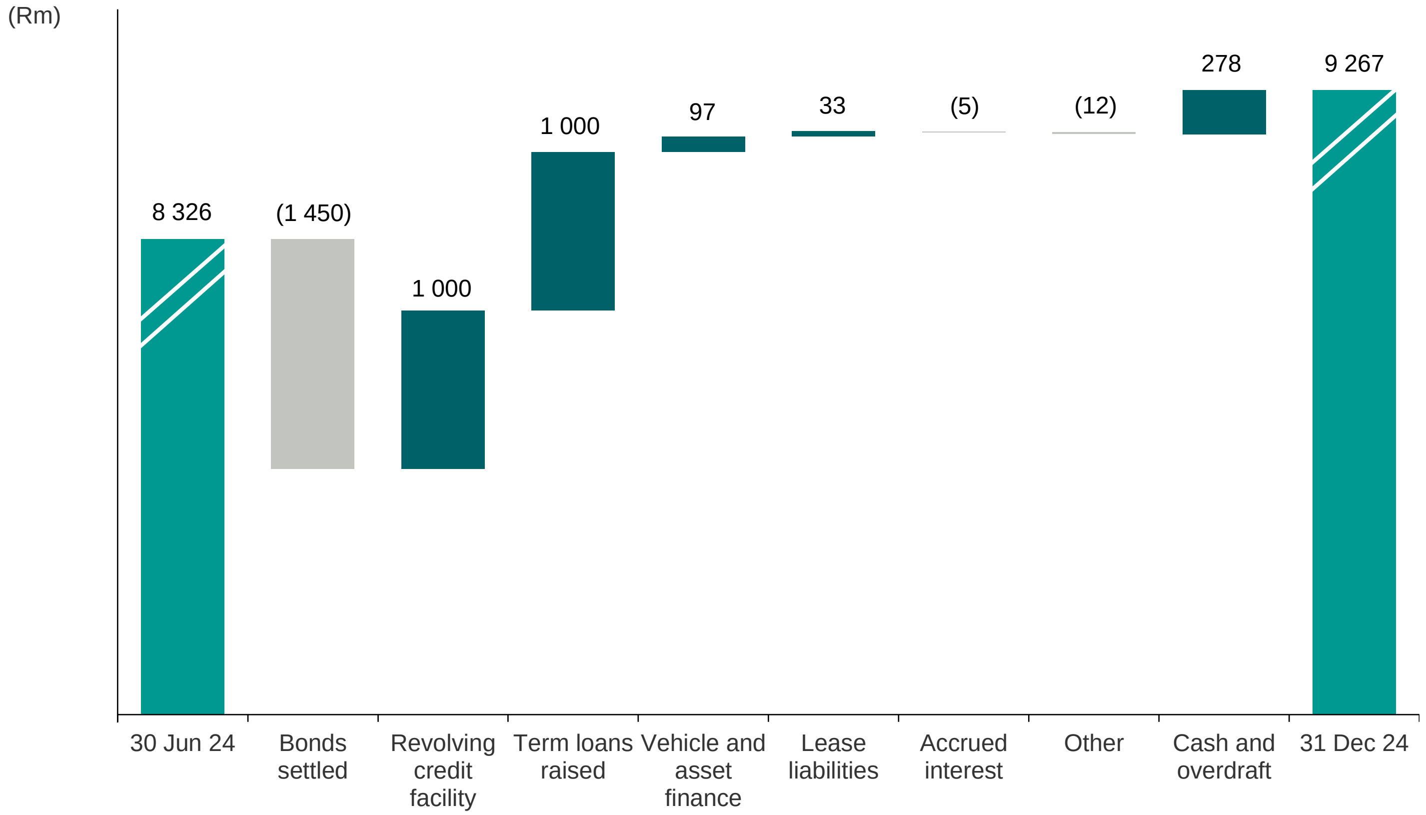
Expansion of rental assets

R36 million

(FY24: R86 million)

TREASURY ACTIVITY

Net interest-bearing debt



Increase of R941 million from 30 June 2024 However, only increased by R55 million (stable) compared to 31 December 2023

Investment in net working capital of R1 272 million since 30 June 2024 due to seasonality and capacity expansions

Target to reduce net debt by R1 billion in 2H25, enabled by:

- Lower capital expenditure relative to FY24
- Cash flow contribution from major capital projects
- Expected improvement in Unitrans' performance

Target to continue debt reduction in FY26

TREASURY ACTIVITY

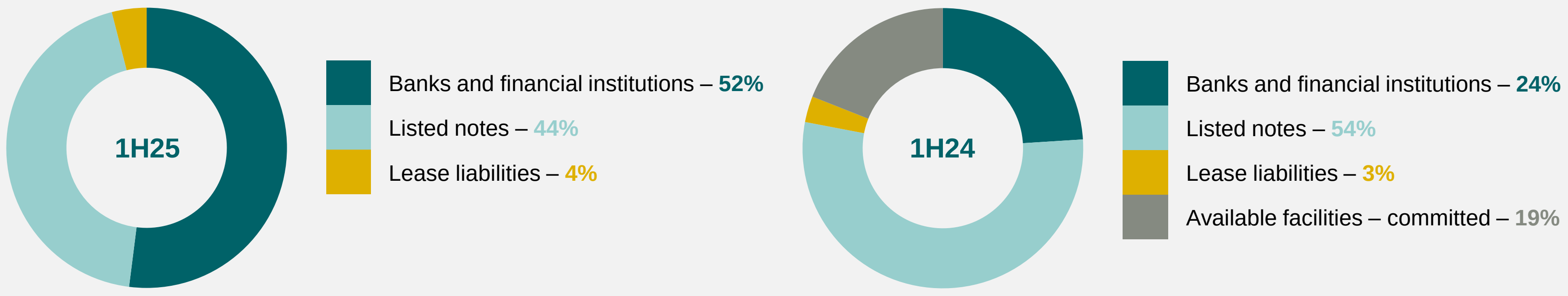
Debt serviceability ratios

	Bank covenant FY25	31 Dec 24	30 Jun 24	31 Dec 23
Gross interest-bearing debt (Rm)		**10 485**	9 724	10 330
Net interest-bearing debt (Rm)		**9 267**	8 326	9 212
Equity excluding non-controlling interest (Rm)		**12 952**	12 475	11 918
Gearing (net debt: equity)		**72%**	67%	77%
Net debt: EBITDA (times)	< 3.0	**2.6**	2.3	2.5
EBITDA: interest cover (times)	> 3.25	**3.6**	3.7	3.8

Net debt: EBITDA internal limit
< 2.5 times

EBITDA: interest cover internal limit
> 4.5 times

Funding structure



TREASURY ACTIVITY

Significant debt funding activities for the period

Revolving credit facility ('RCF') concluded in FY24

- 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
  ›› FY24: > 3.0 times ›› FY25: > 3.25 times ›› FY26: > 3.5 times
- Net debt to EBITDA cover < 3 times
- R1 billion RCF drawn in July 2024, therefore fully utilised

Corporate bonds settled at maturity

- KAP014 – Listed: R500 million
- KAP015 – Listed: R450 million
- KAP019 – Listed: R500 million

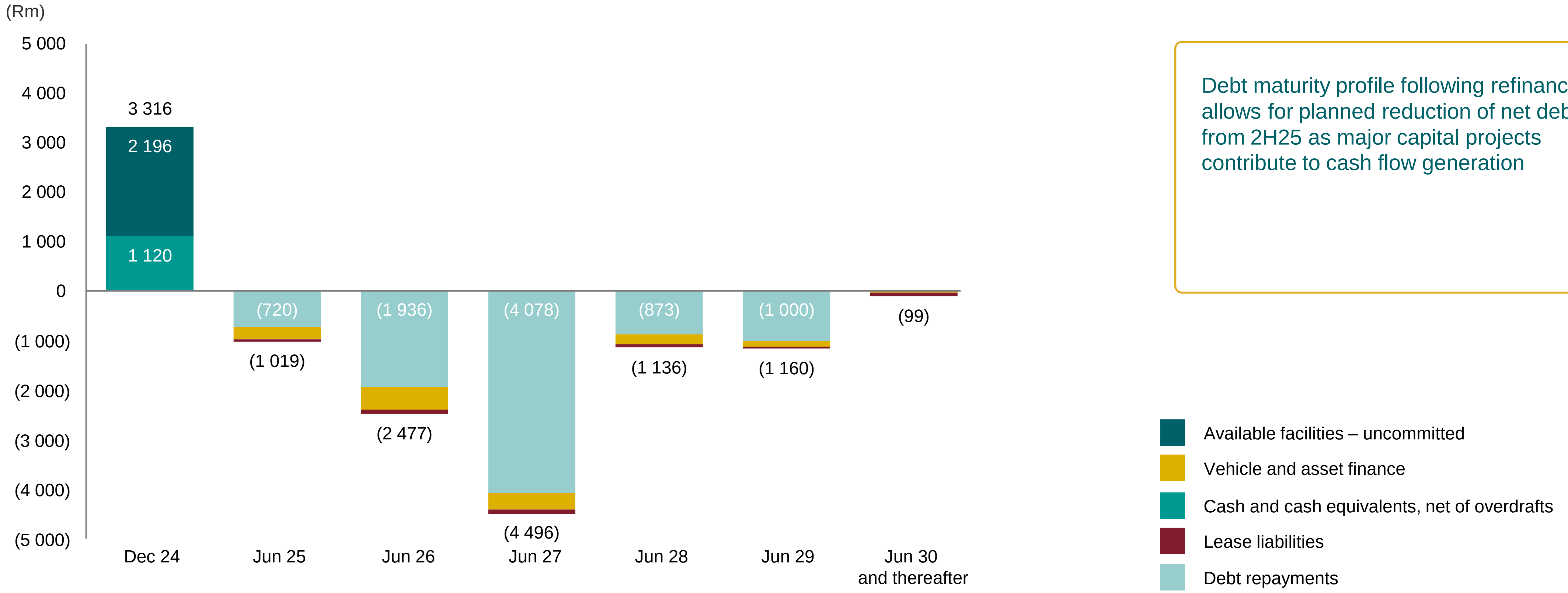
Term loan

- R1 billion term loan raised with a maturity of 18 months

Global Credit Rating confirmed KAP’s rating as A+(za) with the outlook revised to stable (November 2024)

TREASURY ACTIVITY

Net interest-bearing debt maturity at 31 December 2024



Debt maturity profile following refinancing allows for planned reduction of net debt from 2H25 as major capital projects contribute to cash flow generation

GROUP OUTLOOK

Gary Chaplin

Chief executive officer

GROUP OUTLOOK

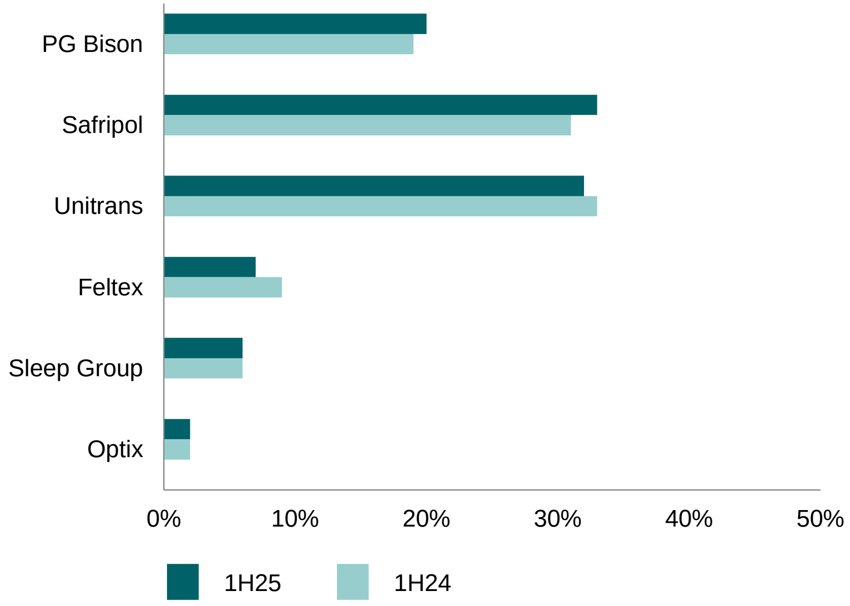
- Uncertain macroeconomic environment expected to persist; cautiously optimistic about South Africa's medium-term outlook following GNU
- Results for the period impacted by MDF ramp-up and disruptions in domestic vehicle assembly; we view these as temporary and expect their effects to ease from 2H25
- Aligned with our strategy, we have successfully completed a major investment cycle and remain focused on the following key priorities:
  - Value-realisation from our recent investments (c. R2.5 billion capital projects)
  - Addressing areas of underperformance, mostly relating to Unitrans for which we target an operating profit of c. R700 million over the medium term
  - Reducing net debt with a target of R1 billion in FY25, with further reductions thereafter
    - Supported by lower capital expenditure, cash flow contribution from capital projects, expected improvement in Unitrans performance
- Reduction in net debt, combined with anticipated lower interest rates, expected to reduce risk, increase balance sheet flexibility and enhance earnings

Q&A

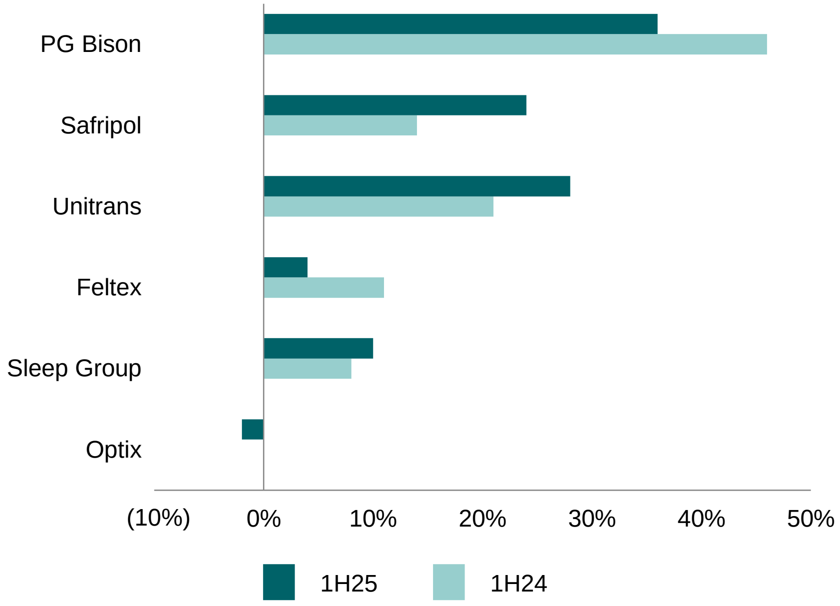
APPENDIX

DIVISIONAL CONTRIBUTION

Revenue*



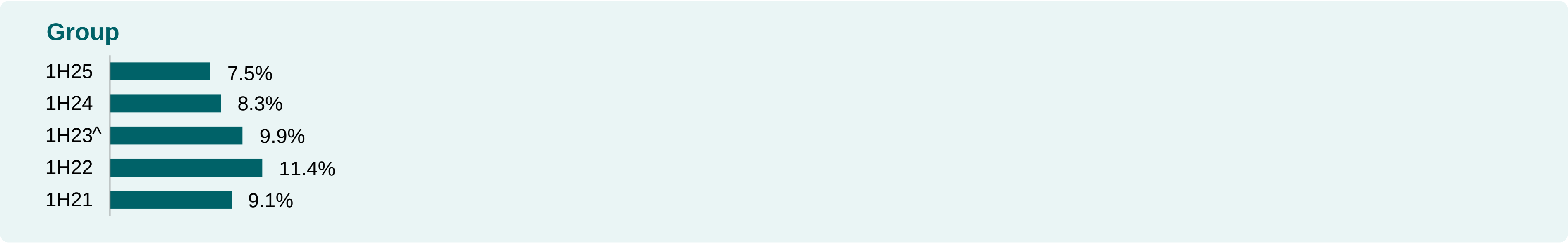
Operating profit

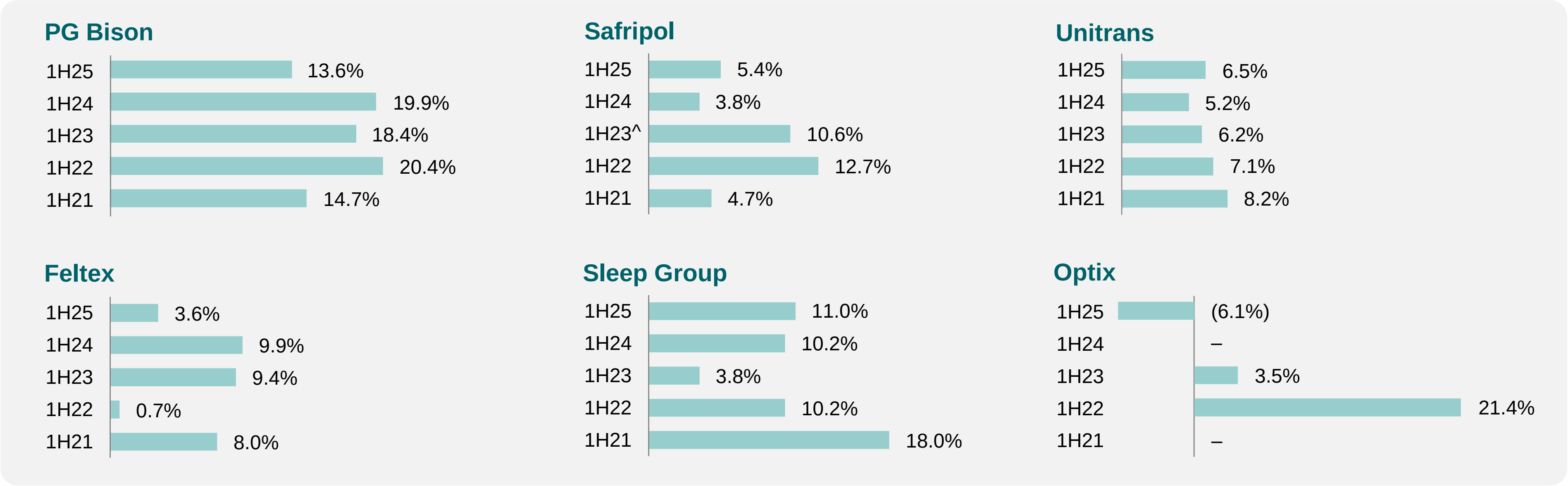


* Divisional contribution group results, before intersegmental eliminations

GROUP MARGIN ANALYSIS*

KAP operating margin decreased 80 bps to 7.5%





* From continuing operations
^ Restated