BOND AUCTION ROADSHOW

MANAGEMENT PRESENTATION

10 APRIL 2025

BEING THE CHANGE

AGENDA

INTRODUCTION	Nedbank
RESULTS OVERVIEW	Frans Olivier
DEBT OVERVIEW	Frans Olivier
DEBT ISSUANCE OVERVIEW	Reino Louw
Q&A	Frans Olivier/Reino Louw

RESULTS OVERVIEW

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

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

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%

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%

GROUP OUTLOOK

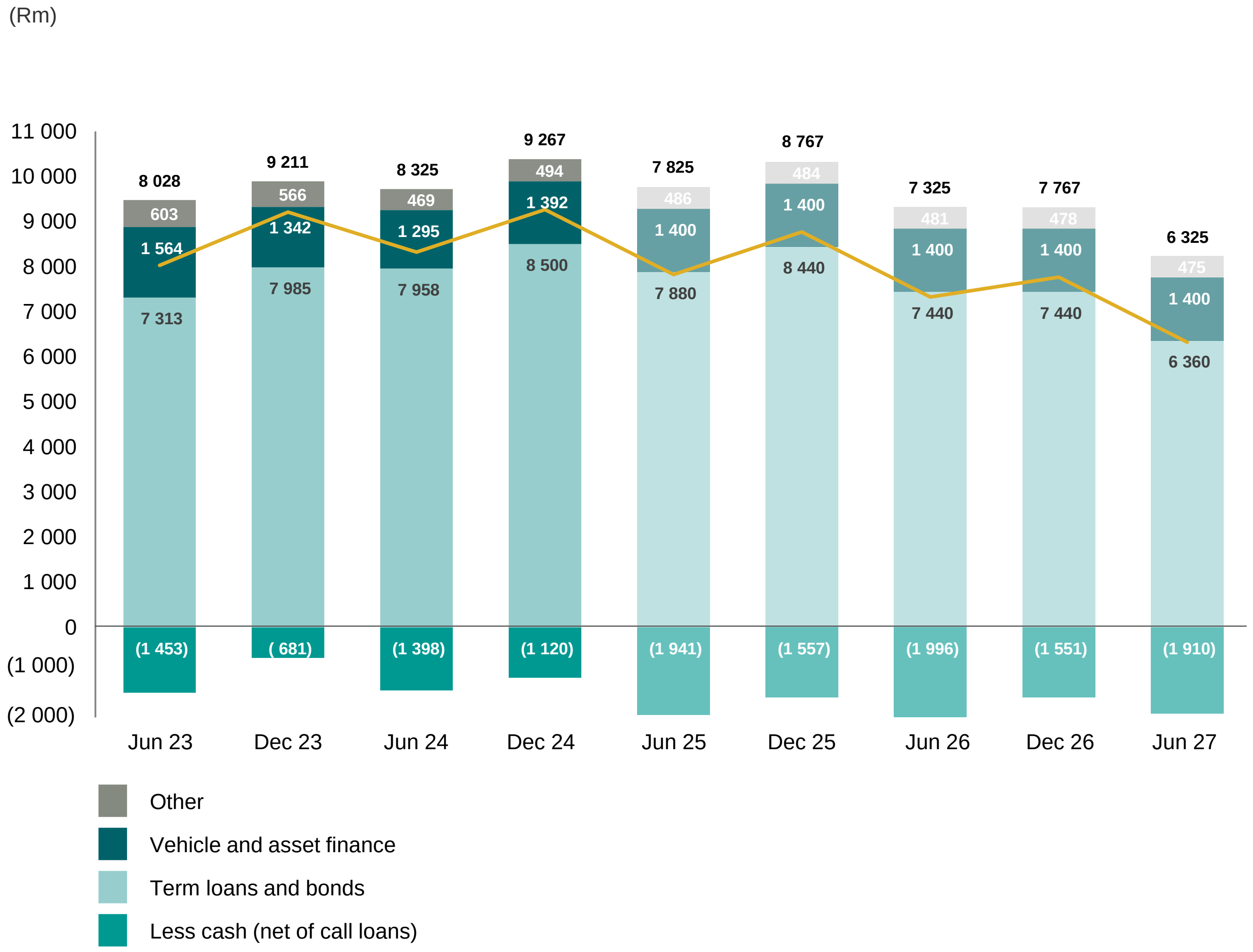
- Uncertain macroeconomic environment expected to persist; cautiously optimistic about South Africa's medium-term outlook following GNU
- Results for the period impacted by MDF ramp-up and disruptions in domestic vehicle assembly; we view these as temporary and expect their effects to ease from 2H25
- 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

DEBT OVERVIEW

Frans Olivier
Chief financial officer

NET INTEREST-BEARING DEBT FORECAST

Net debt reduction 'flight path'



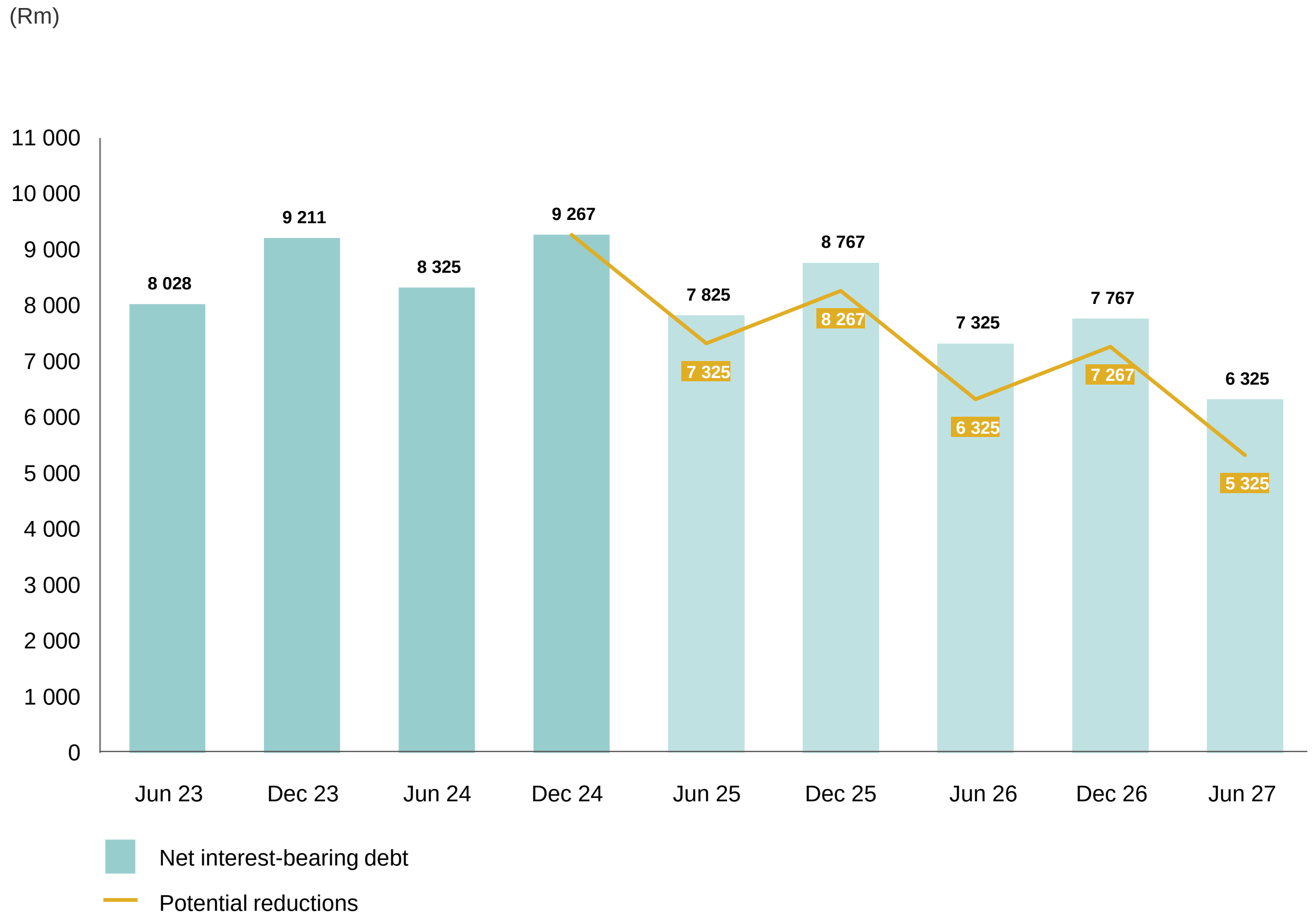
Net debt reduction target of R1 billion in FY25, with further reductions thereafter

However, the net debt reduction 'flight path' includes the following reductions:

- R500 million in FY25
- R500 million in FY26
- R1 billion in FY27

NET INTEREST-BEARING DEBT FORECAST

Further net debt reduction potential



The rate of net debt reductions is dependent on the following material factors:

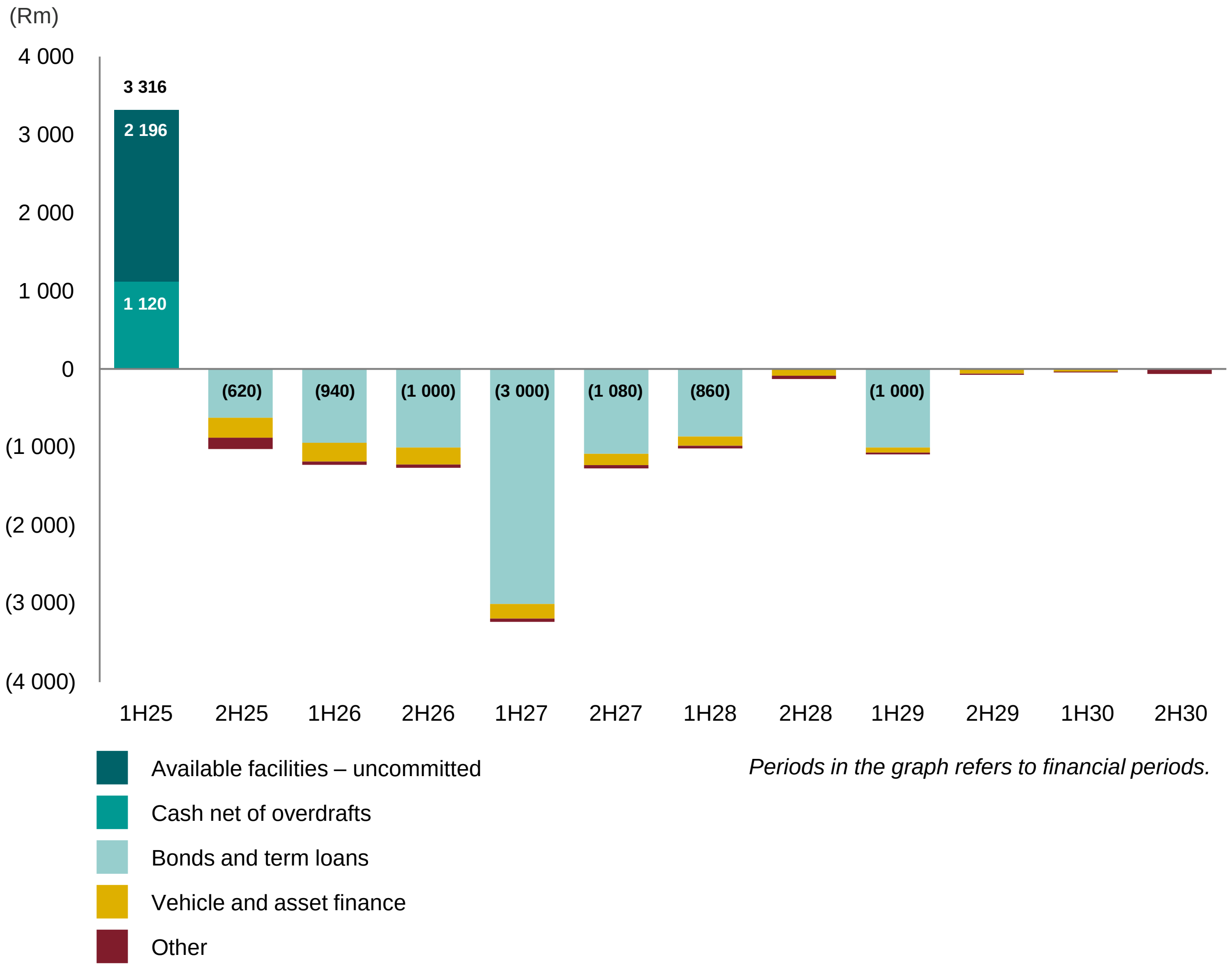
- operating environment
- polymer margins
- cash flow contributions from capital projects
- continued improvement in Unitrans performance

With improved factors (highlighted above) and planned lower capital expenditure the net debt reduction 'flight path' potentially includes the following reductions:

- R1 billion in FY25
- R1 billion in FY26
- R1 billion in FY27

MATURITY PROFILE

Net interest-bearing debt maturity at 31 December 2024



Periods in the graph refers to financial periods.

2H25 comments:

- KAP022 – R200 million settled on 18 Feb 2025 and KAP024 – R420 million to be refinanced

1H26 comments:

- Both KAP026 – R340 million and KAP028 – R600 million to be refinanced

2H26 comments:

- Term loan – R1 billion to be partly refinanced

1H27 comments:

- RCF – R2 billion and bonds – R1 billion to be refinanced

2H27 comments:

- Bonds to be settled

DEBT ISSUANCE OVERVIEW

Reino Louw
Executive: treasury and legal

INDICATIVE ISSUANCE TERMS

Issuer details	
Issuer	KAP Limited (‘**KAP**’)
Guarantors	KAP Automotive (Pty) Ltd, Sleep Group (Pty) Ltd, PG Bison (Pty) Ltd, Safripol (Pty) Ltd, Unitrans Passenger (Pty) Ltd and Unitrans Supply Chain Solutions (Pty) Ltd
DMTN programme size	ZAR10 billion listed on the JSE
Issuer rating	GCR: Long-term National $A+_{ZA}$, Short-term National $A1_{ZA}$ – Stable outlook as at 21 November 2024
Arranger/dealer	Investec Bank Limited (‘**Investec**’) and Nedbank Corporate and Investment Banking (‘**Nedbank CIB**’)

Instruments on offer	
Indicative volume	Nominal issue size of R1bn (with option to upsize to R1.5bn)
Bond code	TBC
Tenure	3NC2 and 5NC4
Price guidance	TBC
Interest profile	Floating rate as margin over reference rate
Reference rate	Three-month JIBAR
Instrument status	Senior unsecured, listed on the JSE interest rate market
Maturity date	16 May 2028 and 16 May 2030
Auction date	13 May 2025
Settlement date	16 May 2025
Placement methodology	Dutch auction, sealed bid without feedback

Issuance terms are dependant on prevailing market conditions at the time of auction.

INDICATIVE ISSUANCE TIMELINE

Investor roadshow
Hosted by Investec and Nedbank
10 |14 |15 April 2025

Auction announcement
First term sheet
22 April 2025

Second term sheet
Including price guidance
30 April 2025

Auction date
Hosted by Investec
13 May 2025

Settlement date
T+3
16 May 2025

Q&A