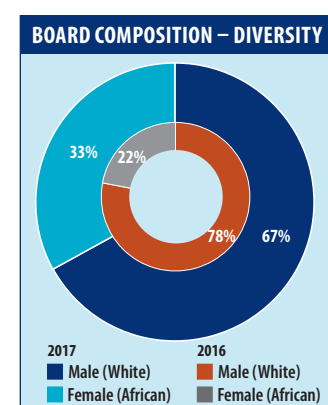


### METAIR BUSINESS STRATEGY

**3 X 5 Strategy: Energy Storage Vertical**

- Targeting 10% of world mobility battery supply of the 500 million batteries
- Company believes 50 million battery target for group companies will equate to relevance in the market
- 5-year target to achieve world leader position in mobility energy supply
- Targeting leading technology applications like lithium-ion across all product ranges in electrical systems in all forms of mobility



**Metair's strategy for our Energy Storage Vertical is to become the world leader in the supply of energy source products used in control and energy solutions across the full spectrum of mobility options and nurture our Automotive Components Vertical**

### CONDENSED CONSOLIDATED INCOME STATEMENT

	Six months ended		Year ended
	30 June 2017	30 June 2016	31 December 2016
	R'000	R'000	R'000
	Unaudited	Unaudited	Audited
Revenue	4 075 750	4 029 723	8 953 710
Cost of sales	(3 298 663)	(3 316 333)	(7 352 251)
Gross profit	777 087	713 390	1 601 459
Other operating income	48 993	47 303	110 777
Distribution, administrative and other operating expenses	(471 187)	(500 475)	(980 800)
Operating profit	354 893	260 218	731 436
Interest income	15 390	20 608	33 296
Interest expense	(90 527)	(91 316)	(187 905)
Share of results of associates	41 777	(17 008)	29 665
Profit before taxation	321 533	172 502	606 492
Taxation	(81 685)	(56 899)	(138 434)
<b>Profit for the period</b>	<b>239 848</b>	<b>115 603</b>	<b>468 058</b>
Attributable to:			
Equity holders of the company	223 462	107 501	447 930
Non-controlling interests	16 386	8 102	20 128
	239 848	115 603	468 058
Depreciation and amortisation included in the above expenses	130 544	146 720	272 925
Operating lease rentals included in the above expenses	18 660	21 206	44 660
<b>Earnings per share</b>			
Basic earnings per share (cents)	113	54	227
Headline earnings per share (cents)	114	54	229
<b>Diluted earnings per share</b>			
Diluted earnings per share (cents)	112	54	225
Diluted headline earnings per share (cents)	113	54	228
Number of shares in issue ('000)	198 986	198 986	198 986
Number of shares in issue excluding treasury shares ('000)	197 986	198 620	197 970
Weighted average number of shares in issue ('000)	197 980	198 121	197 784
Adjustment for dilutive shares ('000)	1 137	503	915
Number of shares used for diluted earnings calculation ('000)	199 117	198 624	198 699
<b>Calculation of headline earnings (R'000)</b>			
Net profit attributable to ordinary shareholders	223 462	107 501	447 930
Profit on disposal of property, plant & equipment – net	1 503	(769)	(1 416)
Impairment of property, plant and equipment			1 089
Impairment of associate			5 000
<b>Headline earnings</b>	<b>224 965</b>	<b>106 732</b>	<b>452 603</b>

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended		Year ended
	30 June 2017	30 June 2016	31 December 2016
	R'000	R'000	R'000
	Unaudited	Unaudited	Audited
Profit for the period	239 848	115 603	468 058
Other comprehensive income/(loss):			
– Actuarial gains/(losses) recognised	2 585	(3 790)	(1 108)
– Foreign exchange translation movements	(111 668)	(164 654)	(1 127 532)
– Tax on other comprehensive (income)/loss	(517)	758	65
Net other comprehensive loss for the period	(109 600)	(167 686)	(1 128 575)
<b>Total comprehensive income/(loss) for the period</b>	<b>130 248</b>	<b>(52 083)</b>	<b>(660 517)</b>
Attributable to:			
Equity holders of the company	113 769	(60 059)	(680 210)
Non-controlling interests	16 479	7 976	19 693
	130 248	(52 083)	(660 517)

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended		Year ended
	30 June 2017	30 June 2016	31 December 2016
	R'000	R'000	R'000
	Unaudited	Unaudited	Audited
Balance at beginning of the period	4 179 573	4 974 544	4 974 544
Net profit for the period	239 848	115 603	468 058
Other comprehensive loss for the period	(109 600)	(167 686)	(1 128 575)
Total comprehensive income/(loss) for the period	130 248	(52 083)	(660 517)
Share option scheme	7 489	6 280	19 443
Vesting of share-based payment obligation:			
– Estimated taxation effects of utilisation of treasury shares	(66)	(3 105)	(1 114)
Dividend *	(153 740)	(152 676)	(152 783)
<b>Balance at end of the period</b>	<b>4 163 504</b>	<b>4 772 960</b>	<b>4 179 573</b>

\* An ordinary dividend of 70 cents per share was declared in 2017 in respect of the year ended 31 December 2016.  
An ordinary dividend of 70 cents per share was declared in 2016 in respect of the year ended 31 December 2015.

#### INTERIM RESULTS COMMENTARY

Metair produced a very pleasing result which on the one hand saw the recovery of the Automotive Component Vertical and on the other hand difficult trading conditions in the Energy Storage Vertical fuelled by socio and geopolitical challenges.

Metair continues to operate in an exciting and very dynamic environment. Metair remains well positioned to take advantage of changing technology trends, especially in our Energy Storage Vertical, where the market conditions and dynamics are subject to technology shifts in the mobility market, particularly the possible accelerated mass introduction of electric vehicles. Headline earnings per share of 114 cents is up 111% compared to the previous reporting period when headline earnings per share was 54 cents.

#### Results Commentary

The increase in group earnings for the period ended 30 June 2017 was largely driven by a much improved performance from the Automotive Components Vertical while the Energy Storage Vertical performed well, operationally, the results were marginally lower due to translation weakness of foreign reported currency earnings out of Turkey and Romania.

The currency impact also affected group revenue, which increased marginally by c. 1% to R4.08 billion. Operating profit improved by R95 million, or c. 36% and operating margins improved to 8.71% from 6.46% in the previous reporting period. Group earnings before interest, tax, depreciation and amortisation ("EBITDA") improved by R137 million, or 35%, to R527 million.

Net interest charges increased to R75 million from R71 million due to higher interest rates. The effective tax rate decreased to 25.4%, from 33.0%, as the impact of non-deductible interest on preference shares relative to the overall reported profit before tax improved. In addition, during 2016 post-tax losses incurred at Hesto, which is equity accounted, resulted in a higher effective tax rate in prior period.

Net working capital levels have remained fairly constant around R2.4 billion. Cash generated by operating activities was impacted by seasonal working capital investment in the Energy Storage Vertical, higher OEM stock build in anticipation of the wage negotiation at Mutlu and higher commodity prices. The net debt/EBITDA ratio improved to 1.4 from 1.8 and gross group borrowings from third parties declined marginally to R2.04 billion. The group continues to be in compliance with all of its lenders' covenants and is finalising the refinancing of R840 million in preference shares, which mature in October 2017, with a combination of new preference shares for R500 million with a 3 year maturity, and an additional revolving credit facilities of R350 million, with a 5 year maturity.

#### Automotive Components Vertical

The 2016 financial year started with a model change in the Automotive Components Vertical and the company experienced model launch challenges during the first half of the year. The automotive components businesses have returned to a steady state and eliminated premium support cost, costs associated with volume ramp-up complexities and variable manufacturing activity associated with securing and launching the new light commercial vehicle from our major customer.

The business achieved 11.1% turnover growth for the period, as production volumes normalised following the 2016 ramp-up.

The vertical achieved profit before interest and tax ("PBIT") margins of 9.3% for the period as a result of manufacturing and volume stability. The stronger South African Rand provided short term currency gains on imported materials and components which are unlikely to continue in the second half of the 2017 financial year.

#### Energy Storage Vertical

The vertical achieved PBIT growth of 18% on a local currency basis. This business showed resilience despite a weaker Turkish Lira and higher commodity prices which put significant pressure on the business, especially in Turkey, to successfully recover higher input cost from the market over the short term.

Overall margins showed a slight improvement, despite the impact of increased input costs and a higher proportion of OEM volumes. This is due to an improved performance from the company's South African battery business, an increase in higher margin export business from Turkey and Romania, and satisfactory local operating performance from Turkey where PBIT increased by 11% in local currency terms.

However, in terms of group reporting in South African Rand terms, the Energy Storage Vertical results have been significantly negatively impacted by foreign currency translation effects. In particular, the Turkish Lira devalued on average 31% against the South African Rand from the prior comparative reporting period. Due to the currency translation impact from the Energy Storage Vertical's operating regions, there was a 3.4% decline in PBIT for this vertical when compared to the previous corresponding period.

#### Operational Environment Commentary

Socio and geopolitical challenges across all operating jurisdictions became more severe. These developments have a natural tendency to manifest themselves through labour relations, inter-country trading relations, exchange rate fluctuations and country risk profiles.

### CONDENSED CONSOLIDATED BALANCE SHEET

	Six months ended		Year ended
	30 June 2017	30 June 2016	31 December 2016
	R'000	R'000	R'000
	Unaudited	Unaudited	Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2 763 612	3 279 808	2 857 131
Intangible assets	951 646	1 315 310	1 001 461
Investment in associates	404 184	337 562	387 245
Deferred taxation	14 759	3 636	4 952
	4 134 201	4 936 316	4 250 789
<b>Current assets</b>			
Inventory	1 975 019	1 777 141	1 608 961
Trade and other receivables	1 498 799	1 547 289	1 394 933
Taxation	14 829	33 863	31 358
Derivative financial assets	9 049	1 128	1 092
Cash and cash equivalents	578 337	669 310	744 017
	4 076 033	4 028 731	3 780 361
<b>Total assets</b>	<b>8 210 234</b>	<b>8 965 047</b>	<b>8 031 150</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	1 497 931	1 497 931	1 497 931
Treasury shares	(10 323)	(3 942)	(10 481)
Share-based payment reserve	102 603	81 951	95 114
Foreign currency translation reserve	(772 330)	301 789	(660 569)
Equity accounted earnings reserve	289 053	224 663	271 336
Changes in ownership reserve	(21 197)	(21 197)	(21 197)
Retained earnings	2 973 385	2 600 435	2 904 386
<b>Ordinary shareholders' equity</b>	<b>4 059 122</b>	<b>4 681 630</b>	<b>4 076 520</b>
Non-controlling interests	104 382	91 330	103 053
<b>Total equity</b>	<b>4 163 504</b>	<b>4 772 960</b>	<b>4 179 573</b>
<b>Non-current liabilities</b>			
Borrowings	978 947	2 025 874	986 547
Post-employment benefits	87 897	120 775	88 911
Deferred taxation	324 857	386 849	336 395
Deferred grant income	168 650	169 036	147 950
Provisions for liabilities and charges	50 789	56 261	48 150
	1 611 140	2 758 795	1 607 953
<b>Current liabilities</b>			
Trade and other payables	1 026 343	918 896	1 065 304
Borrowings	1 068 533	119 575	911 018
Taxation	34 258	7 087	16 350
Provisions for liabilities and charges	93 878	113 302	108 445
Derivative financial liabilities	9 571	3 868	15 492
Bank overdrafts	203 007	270 564	127 015
	2 435 590	1 433 292	2 243 624
<b>Total liabilities</b>	<b>4 046 730</b>	<b>4 192 087</b>	<b>3 851 577</b>
<b>Total equity and liabilities</b>	<b>8 210 234</b>	<b>8 965 047</b>	<b>8 031 150</b>
Net asset value per share (cents) attributable to ordinary shareholders calculated on number of shares in issue excluding treasury shares	2 050	2 357	2 059
Capital expenditure	86 664	185 974	372 946
Capital commitments:			
– Contracted	72 824	94 608	46 124
– Authorised but not contracted	81 773	87 453	141 214

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS\*

	Six months ended		Year ended
	30 June 2017	30 June 2016	31 December 2016
	R'000	R'000	R'000
	Unaudited	Unaudited	Audited
<b>Operating activities</b>			
Profit before taxation	321 533	172 502	606 492
Net finance costs	75 137	70 708	153 238
Depreciation and amortisation	130 544	146 720	272 925
Other non-cash items	(23 105)	39 411	29 202
Working capital changes	(539 375)	(170 390)	(28 390)
Cash (utilised in)/generated from operations	(85 266)	258 951	1 033 467
Interest paid	(89 968)	(89 581)	(186 534)
Taxation paid	(58 739)	(95 055)	(133 752)
Dividends paid	(153 740)	(152 676)	(152 783)
Dividend income from associates	24 060		
Net cash (outflow)/inflow from operating activities	(313 653)	(78 361)	560 398
<b>Investing activities</b>			
Interest received	15 390	20 608	33 296
Acquisition of property, plant and equipment	(73 247)	(292 474)	(293 995)
Acquisition of associate			(121 986)
Net cash utilised in other investing activities	(7 185)		(44 294)
Net cash outflow from investing activities	(65 042)	(271 866)	(426 979)
Net cash inflow/(outflow) from financing activities	149 543	186 033	(53 589)
Net (decrease)/increase in cash and cash equivalents	(229 152)	(164 194)	79 830
Cash and cash equivalents at beginning of the period	617 002	566 707	566 707
Exchange losses on cash and cash equivalents	(12 520)	(3 767)	(29 535)
<b>Cash and cash equivalents at end of the period</b>	<b>375 330</b>	<b>398 746</b>	<b>617 002</b>

\* The condensed cash flow has been expanded to provide additional information. The comparative period has been aligned for consistency.

### CONDENSED CONSOLIDATED SEGMENT REVIEW

	Revenue			Profit before interest and taxation		
	Six months ended	Year ended	Year ended	Six months ended	Year ended	Year ended
	30 June	30 June	31 December	30 June	30 June	31 December
	2017	2016	2016	2017	2016	2016
	R'000	R'000	R'000	R'000	R'000	R'000
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
<b>Energy storage</b>						
<b>Automotive</b>						
Local	1 576 071	1 609 581	3 598 149	119 629	153 968	334 096
Direct export	564 978	652 913	1 516 901	59 013	40 043	145 906
	2 141 049	2 262 494	5 115 050	178 642	194 011	480 002
<b>Industrial</b>						
Local	305 713	291 497	685 764	45 670	36 546	77 733
Direct export	16 679	27 910	50 108	2 211	3 936	489
	322 392	319 407	735 872	47		