

**METAIR**



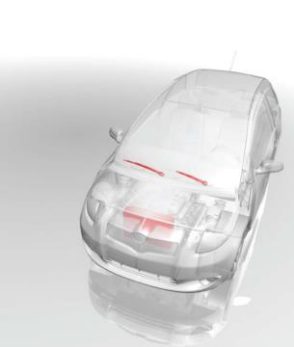
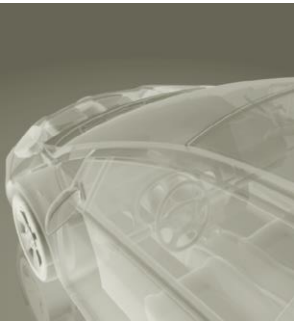
## **METAIR INVESTMENTS LIMITED**

**Half year results for the 6-months ended  
30 June 2009**



#### **COVER IMAGE:**

A 3-D rendering of a prototype vehicle serves two purposes for this report. Firstly, our stakeholders get a bird's-eye view of the range of components that Metair companies produce. Secondly, the image underscores the transparency that accompanies this year's reporting. Bad news does not translate well in difficult times, but an honest appraisal of challenges and lessons learnt lays a firm foundation for the better times that will surely follow.

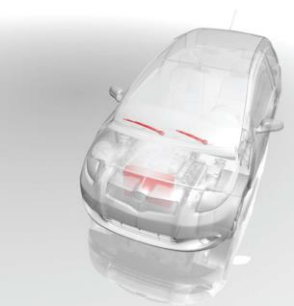
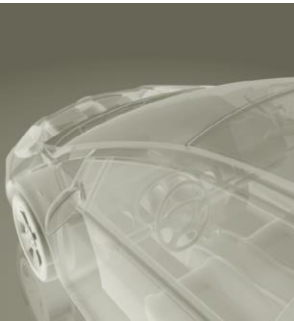


# AGENDA

- Overview of Metair
- Financial Review
- Industry Review
- Operational Review
- Strategy

# OVERVIEW OF METAIR

- Registered in 1948
- Listed on the main board of the JSE
- Market capitalisation of approximately R593 million  
*Deterioration of approximately R1 billion*
- Portfolio of companies manufacturing and distributing products primarily to:
  - OEM's
  - Replacement market
  - Export market
- Variety of products

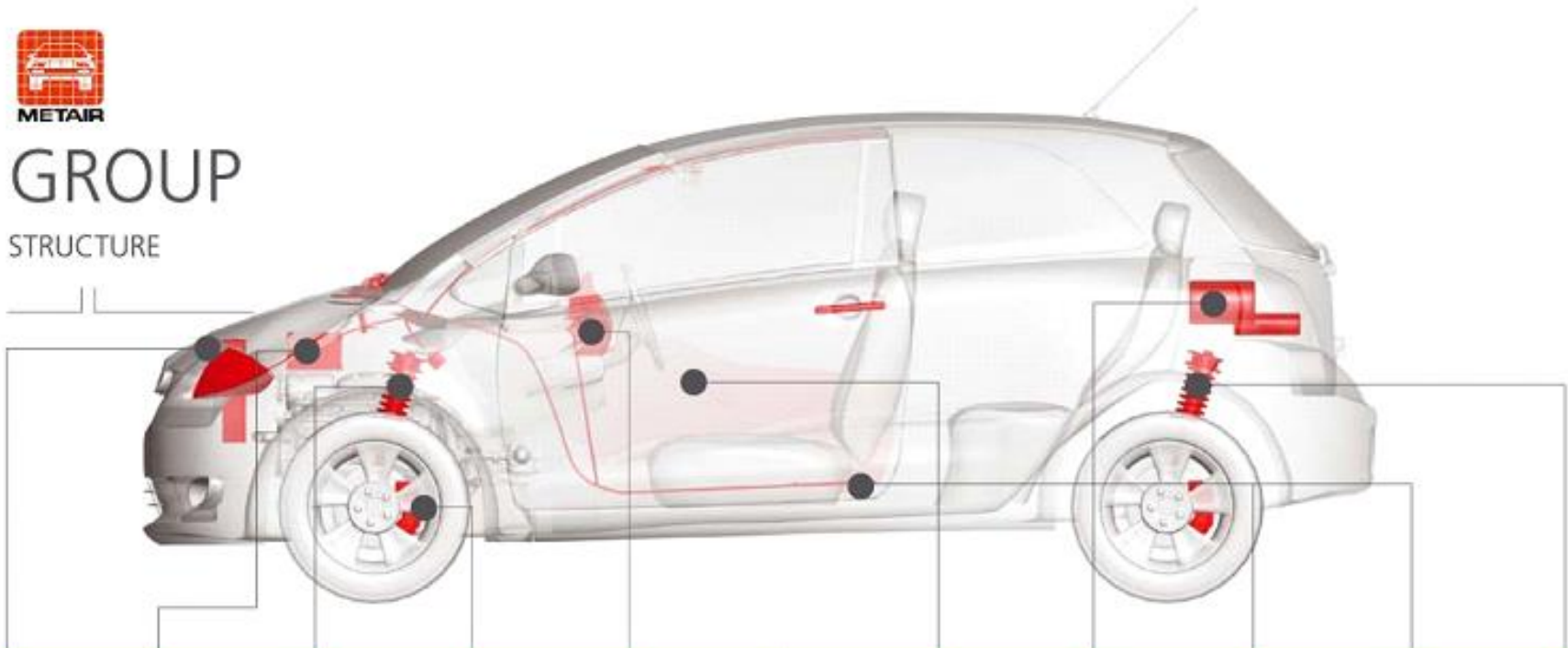




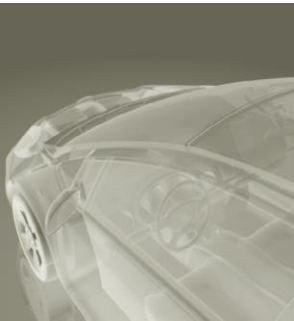
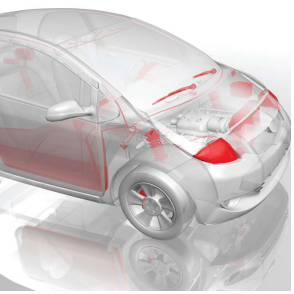
METAIR

# GROUP

## STRUCTURE







# OVERVIEW OF METAIR

## June 2009 Financial Results – Salient Features

- Group turnover decreased by 19% to R1 659 million (2008: R2 055 million)
- Attributable loss to ordinary shareholders after tax decreased to R27,3 million (2008: R75,1 million profit)
- Impairment charge of R30,5 million
- HEPS decreased by 105% to a loss of 3 cents (2008: 53 cents)
- No dividend (Cash preservation)
- Sales of components to OEM's down 22% to R1 019 million 61% of group turnover
- Automotive division gained market share in replacement market

# OVERVIEW OF METAIR Impairment Charge

## June 2009

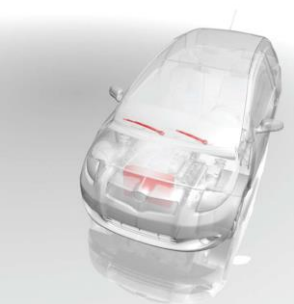
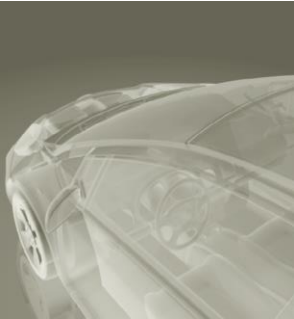
- Hesto Harnesses (Pty) Limited R 20,1 million
  - Plant & Equipment
- Automould (Pty) Limited R 10,4 million
  - Goodwill

## December 2008

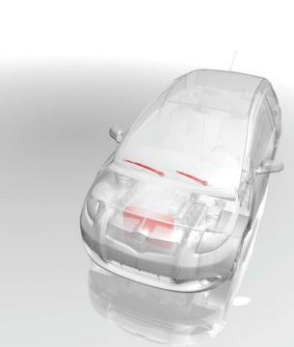
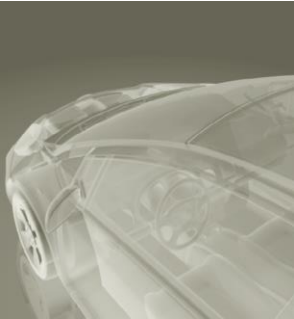
- Smiths Plastics, Automould, ATE R122,3 million

## TOTAL

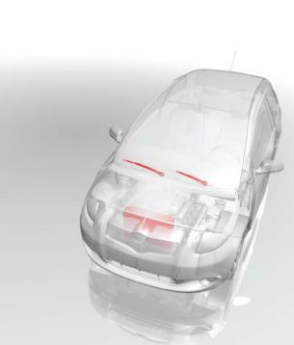
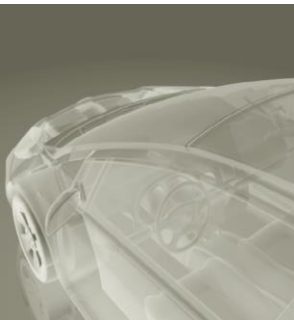
***R152,8 million***



# FINANCIAL REVIEW







# FINANCIAL REVIEW

## Abridged Group Income Statement

### June 2009

| R'm                                 | 2009    | 2008    | %     |
|-------------------------------------|---------|---------|-------|
| Revenue                             | 1,659.4 | 2,055.4 | -19%  |
| Gross Profit                        | 220.9   | 313.1   | -29%  |
| Operating Profit                    | -1.5    | 131.3   | -101% |
| Profit After Taxation               | -27.8   | 82.2    | -134% |
| <i>Attributable To :</i>            |         |         |       |
| Equity Holders                      | -27.3   | 75.1    | -136% |
| Minority Interests                  | -0.5    | 7.1     | -107% |
| Impairment Charges                  | 30.5    | Nil     | -     |
| Depreciation and Amortisation       | 46.1    | 39.9    | 15%   |
| Headline Earnings Per Share (cents) | -3      | 53.0    | -105% |
| Basic Earnings Per Share (cents)    | -19     | 53.0    | -136% |

# FINANCIAL REVIEW

## Segmental Review

### Local

| June 2009 | Original Equipment | Aftermarket | Non Auto |
|-----------|--------------------|-------------|----------|
| Turnover  | 1 019              | 368         | 167      |
| PBIT      | (40)               | 31          | 17       |

| June 2008 | Original Equipment | Aftermarket | Non Auto |
|-----------|--------------------|-------------|----------|
| Turnover  | 1 312              | 323         | 277      |
| PBIT      | 39                 | 32          | 50       |

OE local includes exports by OEM's

# FINANCIAL REVIEW

## Segmental Review

### Export

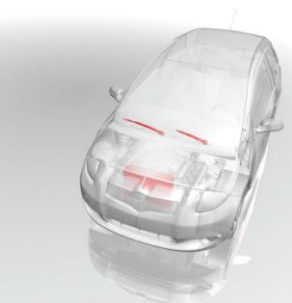
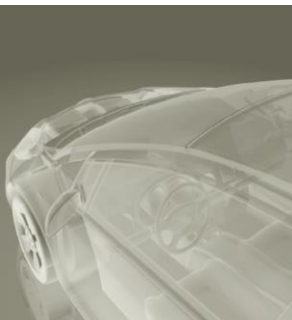
| June 2009 | Original Equipment | Aftermarket | Non Auto |
|-----------|--------------------|-------------|----------|
| Turnover  | 30                 | 56          | 19       |
| PBIT      | (1)                | 4           | 2        |

| June 2008 | Original Equipment | Aftermarket | Non Auto |
|-----------|--------------------|-------------|----------|
| Turnover  | 54                 | 58          | 31       |
| PBIT      | 12                 | (1)         | 5        |

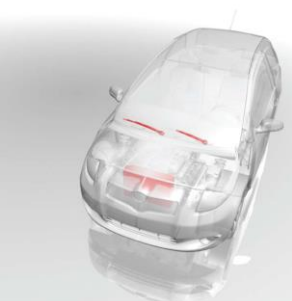
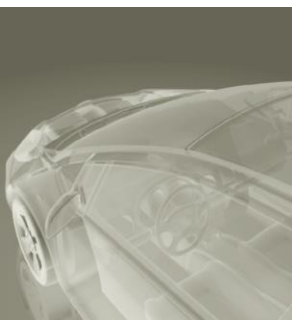
# FINANCIAL REVIEW

## Abridged Group Balance Sheet

### June 2009



| R'm                         | 2009           | 2008           | %           |
|-----------------------------|----------------|----------------|-------------|
| <b>Assets</b>               |                |                |             |
| NonCurrent Asets            | 809.3          | 903.2          | -10%        |
| Current Assets              | 1,139.9        | 1,412.9        | -19%        |
| Inventory                   | 582.2          | 668.7          | -13%        |
| Trade and Other Receivables | 381.9          | 600.7          | -36%        |
| Derivative Financial Assets | 7.4            | -              | -           |
| Taxation                    | 15.3           | -              | -           |
| Cash and Cash Equilavents   | 153.1          | 143.5          | 7%          |
| <b>Total Assets</b>         | <b>1,949.2</b> | <b>2,316.1</b> | <b>-16%</b> |



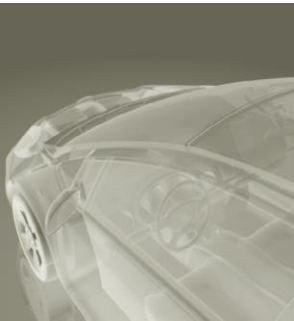
# FINANCIAL REVIEW

## Abridged Group Balance Sheet

### June 2009

| R'm                                 | 2009           | 2008           | %           |
|-------------------------------------|----------------|----------------|-------------|
| <b>Equity And Liabilities</b>       |                |                |             |
| Ordinary Shareholders Equity        | 992.9          | 1,123.3        | -12%        |
| Minority Interest                   | 93.0           | 95.8           | -3%         |
| <b>Total Equity</b>                 | <b>1,085.9</b> | <b>1,219.1</b> | <b>-11%</b> |
| <b>Non Current Liabilities</b>      | <b>283.8</b>   | <b>279.5</b>   | <b>2%</b>   |
| <b>Current Liabilities</b>          | <b>579.5</b>   | <b>817.5</b>   | <b>-29%</b> |
| Trade and Other payables            | 359.0          | 576.7          | -38%        |
| Borrowings                          | 19.4           | 10.1           | 92%         |
| Taxation                            | -              | 5.2            | -           |
| Derivative Financial Liabilities    | 13.4           | -              | -           |
| Provision For Liabilities           | 85.6           | 44.1           | 94%         |
| Bank Overdrafts                     | 102.1          | 181.4          | -44%        |
| <b>Total Equity and Liabilities</b> | <b>1,949.2</b> | <b>2,316.1</b> | <b>-16%</b> |





# FINANCIAL REVIEW

## Abridged Group Cash Flow Statement

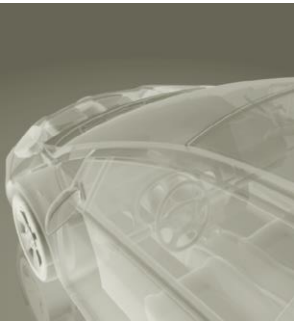
### June 2009

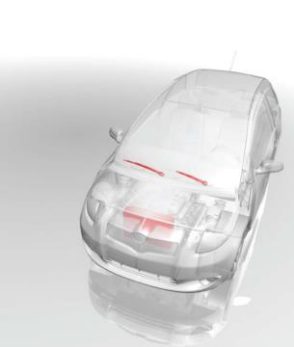
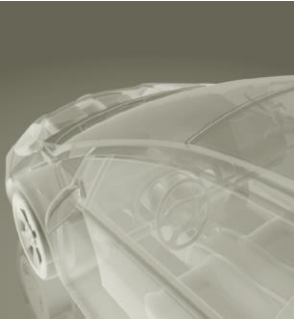
| R'm                                    | 2009  | 2008  | %     |
|--|-------|-------|-------|
| <b>Cash Flow</b>                       |       |       |       |
| Cash Generated From Operations         | 115.3 | 109.5 | 5%    |
| Finance Charges                        | -22.4 | -18.9 | 19%   |
| Taxation Paid                          | -41.5 | -49.4 | 16%   |
| Dividends paid                         | -     | -61.7 | -     |
| Dividend Income from Associate         | 14.7  | -     | -     |
| Cash Inflow From Operating Activities  | 66.1  | -20.5 | 422%  |
| Cash Outflow From Investing Activities | -23.8 | -96.9 | 75%   |
| Cash Inflow From Financing Activities  | -9.6  | 38.2  | -125% |
| (Decrease)/ Increase In Cash           | 32.7  | -79.2 | 141%  |
| Cash at Beginning Of Year              | 18.4  | 41.3  | -55%  |
| Cash at End Of Year                    | 51.1  | -37.9 | 235%  |

# FINANCIAL REVIEW

## Financial Management

- Key focus areas for the 2009 year:
  - Short term liquidity (Cash is King)
  - Structural reset to new forecasted volumes
  - Possible responsible exit strategy for certain companies
  - Foreign exchange risk





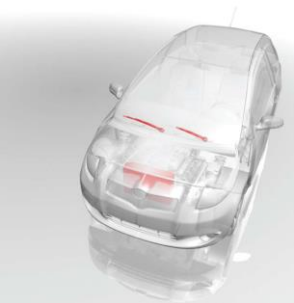
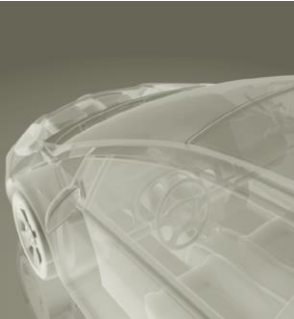
# FINANCIAL REVIEW

## Financial Management continued ...

### Foreign Exchange Risk

- Change in major customer policy on foreign exchange
- New Metair policy addresses forex risk
- Purchase of forward exchange contracts to match customer policy

# INDUSTRY REVIEW



# METAIR VEHICLE PRODUCTION

## Volume per OEM

### Passenger Vehicles

|               | Sold<br>2008   | Planned<br>View | Latest<br>View | 2010<br>View   |
|---------------|----------------|-----------------|----------------|----------------|
| <b>BMW</b>    | 55 235         | 45 426          | 45 426         | 45 900         |
| <b>MBSA</b>   | 52 806         | 41 580          | 41 580         | 41 580         |
| <b>FMCSA</b>  | 22 326         | 16 285          | 9 832          | 8 832          |
| <b>GM SA</b>  | 16 260         | 789             | 252            | -              |
| <b>NISSAN</b> | 8 201          | 12 072          | 9 954          | 12 000         |
| <b>VW SA</b>  | 93 537         | 62 750          | 56 011         | 71 402         |
| <b>TOYOTA</b> | <b>89 729</b>  | <b>35 596</b>   | <b>42 899</b>  | <b>42 630</b>  |
| <b>TOTAL</b>  | <b>338 094</b> | <b>214 498</b>  | <b>205 954</b> | <b>222 344</b> |

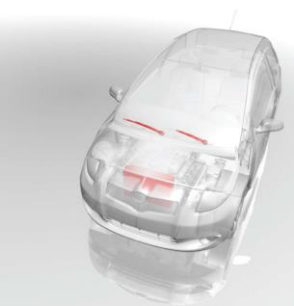
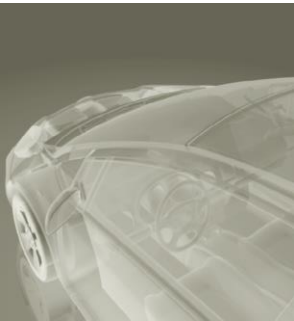


# METAIR VEHICLE PRODUCTION

## Volume per OEM

### Light Commercial Vehicles

|               | Sold<br>2008   | Planned<br>View | Latest<br>View | 2010<br>View   |
|---------------|----------------|-----------------|----------------|----------------|
| <b>MBSA</b>   | 5 385          | 2 160           | 2 160          | 2 600          |
| <b>FMCSA</b>  | 35 783         | 20 814          | 18 714         | 18 814         |
| <b>GM SA</b>  | 40 749         | 26 145          | 22 785         | 23 500         |
| <b>NISSAN</b> | 24 893         | 23 203          | 22 837         | 24 000         |
| <b>VW SA</b>  | 316            | -               | -              | -              |
| <b>TOYOTA</b> | <b>98 814</b>  | <b>60 559</b>   | <b>58 559</b>  | <b>65 000</b>  |
| <b>TOTAL</b>  | <b>205 940</b> | <b>132 881</b>  | <b>125 055</b> | <b>133 914</b> |



# METAIR VEHICLE PRODUCTION

## Volume per OEM

### TOTAL Passenger Vehicles & Light Commercial Vehicles

|               | <b>Sold<br/>2008</b> | <b>Planned<br/>View</b> | <b>Latest<br/>View</b> | <b>2010<br/>View</b> |
|---------------|----------------------|-------------------------|------------------------|----------------------|
| <b>BMW</b>    | 55 235               | 45 426                  | 45 426                 | 45 900               |
| <b>MBSA</b>   | 58 191               | 43 740                  | 43 740                 | 44 180               |
| <b>FMCSA</b>  | 58 109               | 37 099                  | 28 546                 | 27 646               |
| <b>GM SA</b>  | 57 009               | 26 934                  | 23 037                 | 23 500               |
| <b>NISSAN</b> | 33 094               | 35 275                  | 32 791                 | 36 000               |
| <b>VW SA</b>  | 93 853               | 62 750                  | 56 011                 | 71 402               |
| <b>TOYOTA</b> | <b>188 543</b>       | <b>96 155</b>           | <b>101 458</b>         | <b>107 630</b>       |
| <b>TOTAL</b>  | <b>544 034</b>       | <b>347 379</b>          | <b>331 009</b>         | <b>356 258</b>       |

# METAIR VEHICLE PRODUCTION

## Volume View

### Toyota Installed Capacity vs Sales & View

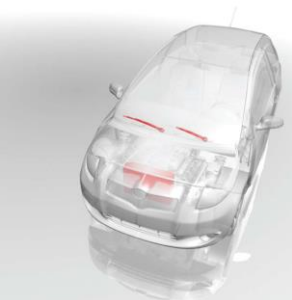
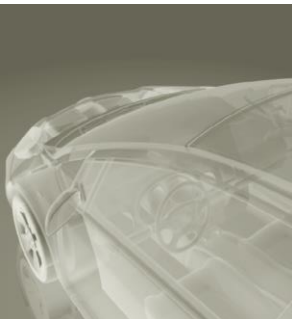
|                    | <b>Sold<br/>2008</b> | <b>Planned<br/>View</b> | <b>Latest<br/>View</b> | <b>2010<br/>View</b> |
|--------------------|----------------------|-------------------------|------------------------|----------------------|
| <b>Corolla</b>     | 81 129               | 29 662                  | 36 965                 | 35 230               |
| <b>IMV (Hilux)</b> | 107 414              | 66 493                  | 64 493                 | 72 400               |
| <b>Total</b>       | <b>188 543</b>       | <b>96 155</b>           | <b>101 458</b>         | <b>107 630</b>       |
| <b>Capacity</b>    | 220 000              | 220 000                 | 220 000                | 220 000              |
| <b>% Shortfall</b> | 15%                  | 56%                     | 54%                    | 51%                  |

# SOUTH AFRICAN VEHICLE SALES FIGURES (PER NAAMSA) HISTORY ...



| Category                        | January – June<br>2008 | January – June<br>2009 |
|---------------------------------|------------------------|------------------------|
| <b>Passenger Vehicles</b>       |                        |                        |
| Local                           | 71 519                 | 47 089                 |
| Import                          | 103 107                | 76 112                 |
| <b>Total</b>                    | <b>174 626</b>         | <b>123 201</b>         |
| <b>Light Passenger Vehicles</b> |                        |                        |
| Local                           | 65 201                 | 40 522                 |
| Import                          | 29 058                 | 16 849                 |
| <b>Total</b>                    | <b>94 259</b>          | <b>57 371</b>          |
| <b>Total Market</b>             | <b>268 885</b>         | <b>180 572</b>         |

# OPERATIONAL REVIEW





# OPERATIONAL REVIEW

| Subsidiary Element       |        | FNB         | Supreme     | ATE        | Smiths Manufacturing | Smiths Plastics | Hella      | Hesto        |
|--------------------------|--------|-------------|-------------|------------|----------------------|-----------------|------------|--------------|
| Company Size             |        | Large +     | Small √     | Small      | Large                | Medium*         | Small      | Medium       |
| Ownership                | Metair | 100%        | 100%        | 100%       | 75%                  | 100%            | 100%       | 74,9%        |
|                          | Other  |             |             |            | 25% Denso            |                 |            | 25,1% Yazaki |
| Local Content            |        | 66%         | 90%+        | 15%        | < 50%                | 80%+            | 70%        | <50%         |
| Market diversification   |        | Yes         | Limited     | No         | Limited              | Limited         | No         | No           |
| Product diversification  |        | Yes         | Yes         | Yes        | Limited              | No              | No         | No           |
| Customer diversification |        | Yes         | Yes         | Yes        | Limited              | No              | Limited    | Limited      |
| After Market             |        | Yes         | Yes         | Yes        | Yes                  | No              | Limited    | No           |
| Currency exposure        |        | Limited     | Low         | High       | High                 | Low             | High       | High         |
| Major currency           |        | USD         | Euro        | Euro       | Yen                  | Euro            | Yen        | Yen          |
| Capital Intensity        |        | High        | Medium      | Medium     | Medium               | High            | High       | Low          |
| Capex Budget 2009        |        | R80 million | R14 million | R7 million | R8 million           | -               | R8 million | R7 million   |

+ LARGE = Turnover >R750 million  
 \* MEDIUM = Turnover between R300 – R750 million  
 √ SMALL = Turnover <R300 million

# STRATEGIC REVIEW



# METAIR VEHICLE PRODUCTION

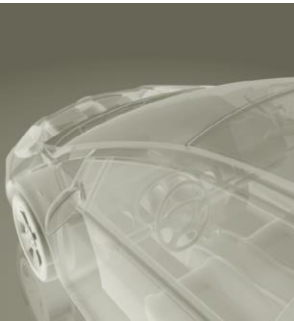
## Volume View



|                           | 2008           | 2009           | 2010           | 2011           | 2012           | 2013           | 2014           | 2015           |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Passenger Vehicles</b> | 338 094        | 205 954        | 222 344        | 234 549        | 218 112        | 229 342        | 241 172        | 254 257        |
| <b>LCV</b>                | 205 940        | 125 055        | 133 914        | 144 933        | 177 141        | 186 793        | 196 988        | 207 758        |
| <b>TOTAL</b>              | <b>544 034</b> | <b>331 009</b> | <b>356 258</b> | <b>379 482</b> | <b>395 253</b> | <b>416 135</b> | <b>438 160</b> | <b>462 015</b> |
| <b>Year on Year</b>       |                | (39%)          | 8%             | 7%             | 4%             | 5%             | 5%             | 5%             |
| <b>Assumed GDP Growth</b> |                | (0,03%)        | 2,9%           | 3,5%           | 3,5%           | 3,5%           | 3,5%           | 3,5%           |

# METAIR SHORT-TERM STRATEGY

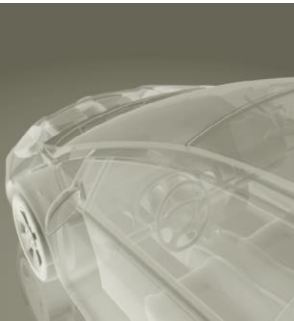
- Short term liquidity (Re-emphasise Cash is King)
- Structural reset to new forecasted volumes
- Possible responsible exit strategy for certain companies



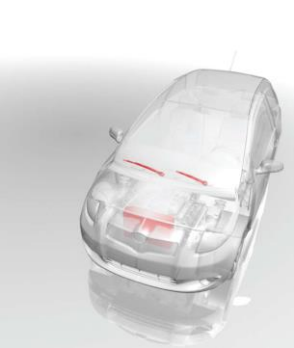
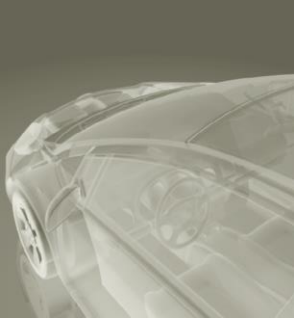
# METAIR SHORT-TERM STRATEGY

## Reset

- Relationship with customers
  - Ongoing with positive results to date
- Company cost structure
  - 30% decrease in distribution and administrative expenses compared to second half of 2008
- Cash flow
  - Improvement of approximately R250 million from worst position in current year







*Thank you*