METAIR
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2019 INTERIM RESULTS PRESENTATION, INVESTOR CONFERENCE, SITE VISITS AND COMPANY EXHIBITIONS

TAX SALARIES INTEREST DIVIDENDS PROFIT TURNOVER WAGES

CASH CSI SPEND CAPITAL PENSIONS

Welcome, introductions, site visit program, agenda and thank you

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Conference program

Wednesday, 14 August 2019	Thursday, 15 August 2019	Friday, 16 August 2019
INTERIM RESULTS Presentation of Metair's interim results	**HESTO HARNESSES** Presentation on Hesto Harnesses Tour of facilities	**FLIGHT TO EAST LONDON**
SMITHS MANUFACTURING Presentation on Smiths Manufacturing Tour of facilities	**FLIGHT TO PORT ELIZABETH**	**VIRTUAL TOURS** Rombat (Romania) ABM (Kenya) Mutlu Aku (Turkey)
TECHNOLOGY PRESENTATIONS Automotive components Battery technology	**LUMOTECH** Presentation on Lumotech Tour of facilities	**FIRST NATIONAL BATTERY** Presentation on First National Battery Tour of battery manufacturing and formation facilities Tour of plastics factory
AUTOMOULD Presentation on Automould Tour of facilities	**FLIGHT TO JOHANNESBURG**	**RETURN FLIGHTS**
GROUP DINNER	**OVERNIGHT IN JOHANNESBURG**	

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Interim results agenda

- Welcome, introductions, thank-you's and site visit program
- Salient features of interim results
- Metair explained
- Strategic review
- Financial and operational review
- Prospects
- Q & A
- Supplementary information

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Key take-aways

Good interim result

- All indicators positive

Quality business, people, products

- All on display

Everything by design

- Team approach

Structurally well positioned

- Company, markets and support systems

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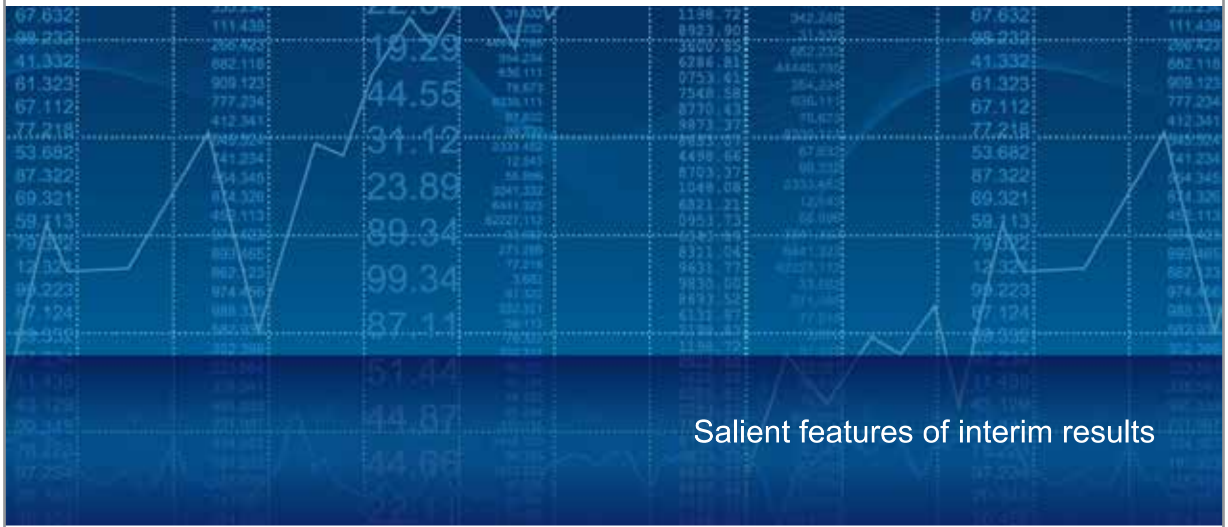

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Salient features at group level

REVENUE
increased 19% to
R5.3b

Excellent progress
on delivery of
the group strategy

ROIC
13.7%
Improvement of 2.1ppt

EBITDA
improved
19.4%

1st Li-ion line investment concluded
Q4

SA automotive
production expansion opportunity

HEPS
increased
21% to 160c
per share

Free cash flow R227m

Consolidated group assessed at
B-BBEE Level 3
and most South African subsidiaries at Level 4 or better

Continued strong results from international operations

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Salient features: Metair group

Continued focus on capital allocation and returns

- Improved ROIC performance
- Volume up / value up

Return of capital to shareholders

Total of R244m returned
- R199m dividends
- R45m share buy-backs

Operational discipline

- FNB performance on track (10% PBIT achieved)
- Manufacturing excellence focus
- Export market focus

Well positioned for the future

- Structural support for growth
- Rombat Li-ion investment in final stages of commissioning
- First Li-Ion starter battery development at -28 degrees Celsius completed

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Metair explained

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Governance: Definition

Metair's definition of governance:

Speaks to the system we designed to direct, grow and control our business;

We continuously challenge our approach, design and application in this area;

Requires balanced focus on performance and conformance, keeping all stakeholders' interests in mind.

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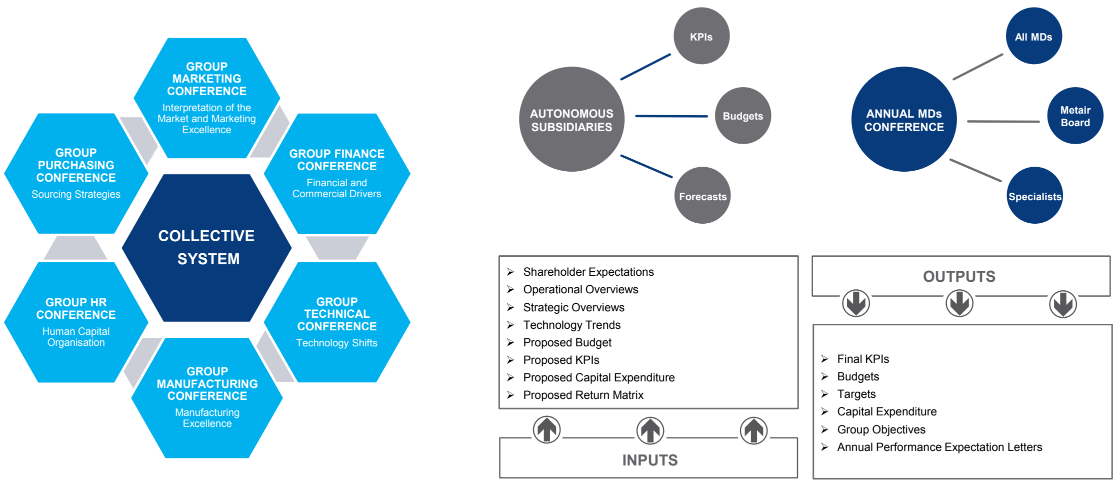
Business design: An institutionalised system bigger than any one person



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Business design

Design differential

Customer choice
- Product specification varies according to the model choice
- Customer retains the right to change specification

High logistical and packaging cost
- Fragile products that require significant packaging and protection materials
- Aesthetically sensitive products

Limited shelf life
- Products degrade over time
- Cannot be easily transported through climate zones due to degradation

Locally available commodities are preferred
- Commodities used in the manufacture of products available in local market
- Importing of commodities adds significantly to the costs

Relevance drivers

Market
- Developed and emerging market fit and knowledge
- Cost effective solutions for low and mid-size vehicle production volume markets
- AM and export opportunity, low manufacturing cost base
- Regional distribution networks

Product
- Manufacturing excellence marked by continuous improvement mindset
- Cost, quality, delivery and safety track record
- OEM localisation opportunity in SA

Technology
- Servicing leading and traditional technology requirements
- Blended technology solutions model, covered by own developed IP in energy storage and international licensor know-how agreements for component business
- History of trusted technology transfer and IP protection

Partnerships
- Excellent custodians with over 40-year history of multi-licensor relationships
- Partnership of choice for several multi-national licensors and customers

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Key businesses: Energy storage vertical

COMPANY	OWNERSHIP	KEY BUSINESS AREA AND PRODUCTS	IP IN PRODUCT DEVELOPMENT	MANUFACTURING PARTNERSHIPS	KEY OE RELATIONSHIPS
ENERGY STORAGE VERTICAL					
Mutlu Akü	100.0%	Batteries, solar systems, backup systems, standby systems, charging systems	✓		
First National Battery	100.0%	Batteries, solar systems, backup systems, standby systems, charging systems, Battery Centre franchise	✓		
Rombat	99.4%	Batteries, solar systems, backup systems, standby systems	✓		
Dynamic Battery Services	100.0%	National and international distribution of key battery group products			
Prime Motors	35%	Lithium battery production for electric vehicles and electric energy storage. Development of new lithium battery technologies	✓		
Akkumulatoren-fabrik MOLL GmbH & Co. KG	25.1%	Starter batteries to the automotive industry and aftermarket, stationary batteries, solar systems, components	✓		
Associated Battery Manufacturers (East Africa)	25.0%	Automotive and solar batteries		✓	

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Key businesses: Automotive components vertical

COMPANY	OWNERSHIP	KEY BUSINESS AREA AND PRODUCTS	IP IN PRODUCT DEVELOPMENT	MANUFACTURING PARTNERSHIPS	KEY OE RELATIONSHIPS
AUTOMOTIVE COMPONENTS VERTICAL					
Smiths Manufacturing	75.0%	Air conditioning and climate control systems, air cleaners, radiators, wiper systems, engine control units, washer systems, charge air coolers, reserve tanks, starter motors and compressors		✓	
Hesto Harnesses	74.9%	Wiring harnesses, instrument cluster/combination meters, moulded parts		✓	
Lumotech	100.0%	Headlights, tail lights, reflectors and plastic injection mouldings	✓	✓	
Supreme Spring	100.0%	Coil springs, leaf springs, stabiliser bars, torsion bars	✓		
Automould	100.0%	Plastic injection moulding		✓	
Smiths Plastics	100.0%	Plastic injection moulding, chrome plating, body colour painting and assembly		✓	
Unitrade	100.0%	Automotive cable, automotive wire	✓		
ATE	100.0%	Brake pads, brake discs, brake shoes, hydraulics and other braking components	✓		
Valeo SA	49.0%	Front end modules		✓	
Tenneco Automotive	25.1%	Shock absorbers, struts, track control arms		✓	

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Strategic review

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Strategic review

Metair's strategy has always been shareholder, customer, market and technology driven. In line with the automotive industry principle of continuous improvement we always review and confirm the strategy on an annual basis.

- Strategy can be challenging but it doesn't need to be complicated.
- It should **connect the dots between how we define winning, the tough choices required to differentiate ourselves from the competition…therefore defining our relevance**
- **And then about how we enable that strategy as an organisation.**

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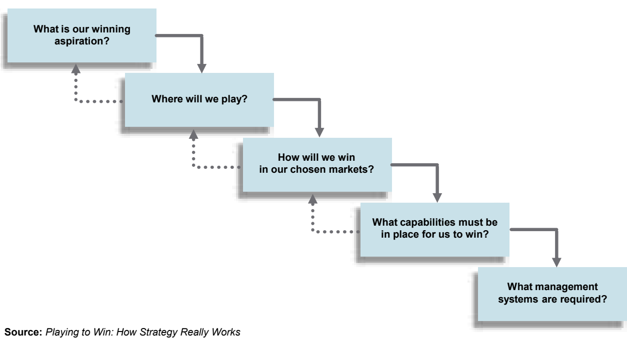
Strategic review

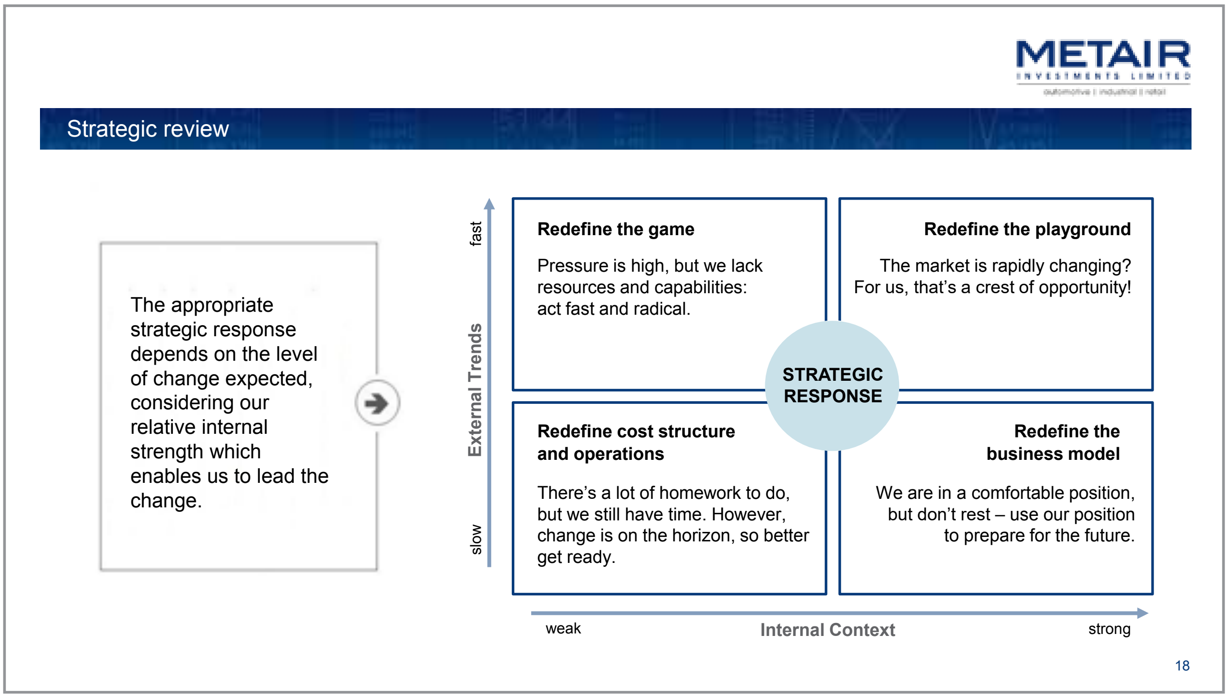
We use the "Cascading Choices" model to design and cascade strategy. The approach was developed by Dr. Roger Martin and is today acknowledged as global best practice.

The Integrated Cascade of Strategic Choices

Going through a process that integrated these 5 strategic choices within a single system led to a higher level of intellectual integrity among the leaders of Procter & Gamble in the 2000s.



Source: *Playing to Win: How Strategy Really Works*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Strategic review
The appropriate strategic response depends on the level of change expected, considering our relative internal strength which enables us to lead the change.
Redefine the game
Pressure is high, but we lack resources and capabilities: act fast and radical.
Redefine the playground
The market is rapidly changing? For us, that's a crest of opportunity!
STRATEGIC RESPONSE
Redefine cost structure and operations
There's a lot of homework to do, but we still have time. However, change is on the horizon, so better get ready.
Redefine the business model
We are in a comfortable position, but don't rest – use our position to prepare for the future.
fast
External Trends
slow
weak
Internal Context
strong
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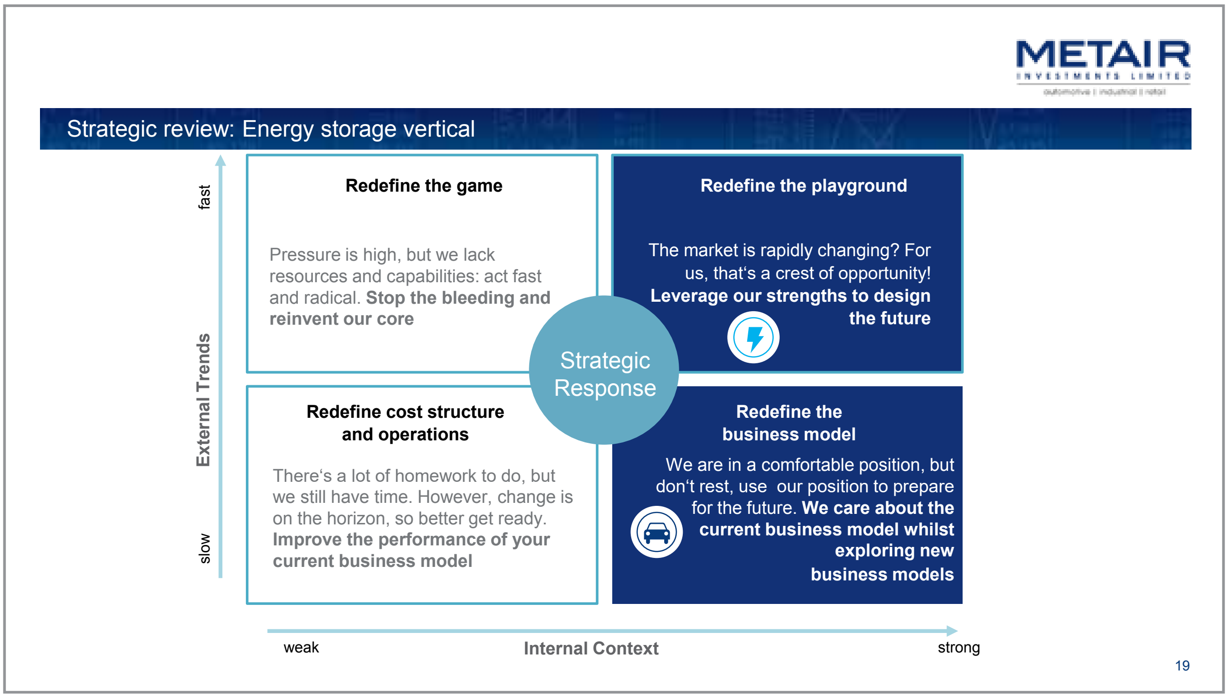
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Strategic review: Energy storage vertical
Redefine the game
Pressure is high, but we lack resources and capabilities: act fast and radical. Stop the bleeding and reinvent our core
Redefine the playground
The market is rapidly changing? For us, that's a crest of opportunity! Leverage our strengths to design the future
Strategic Response
Redefine cost structure and operations
There's a lot of homework to do, but we still have time. However, change is on the horizon, so better get ready. Improve the performance of your current business model
Redefine the business model
We are in a comfortable position, but don't rest, use our position to prepare for the future. We care about the current business model whilst exploring new business models
fast
External Trends
slow
weak
Internal Context
strong
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Strategic review

AUTOMOTIVE COMPONENTS VERTICAL

Move towards redefining the operating model

Our aspiration is to become the preferred OEM partner in Africa and to grow with OEMs into other export destinations

We play in South Africa and we grow with SA-based OEMs into Africa

In order to win, we need to:

- Move from automotive parts to mobility parts
- Maintain our BEE credentials
- Strengthen relationships with OEMs and grow business in Africa
- Further improve quality / price / delivery performance
- Drive synergies within the automotive components business
- Nurture international partnerships

Structural medium to long term growth

ENERGY STORAGE VERTICAL

Move towards redefining the playground

Our aspiration is to become a significant player in the Li-ion market in addition to our lead acid technology

We play in the EMEA region with the main focus on International OEMs, regional local aftermarkets and select export markets

In order to win, we need to:

- Grow and maintain lead-acid relevance in chosen markets
- Move from energy storage to energy solutions
- Secure commitment from OEMs for Li-Ion
- Secure access to Li-ion technology and resources
- Organically grow Li-ion scale to compete on cost
- Build a strong retail and distribution network
- Secure stakeholder support for growth

High growth potential in new technology

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Financial and operational review

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Salient features: Performance at a glance

	ENERGY STORAGE VERTICAL			AUTOMOTIVE COMPONENTS VERTICAL			METAIR		
	H1 2018		H1 2019	H1 2018		H1 2019	H1 2018		H1 2019
Revenue	R2,7bn 53% contribution	14%	R3,0bn 51% contribution	R2,4bn 47% contribution	24%	R3,0bn 49% contribution	R4,5bn	19%	R5,3bn
Operating profit	R250m 49% contribution	16%	R289m 49% contribution	R261m 51% contribution	16%	R302m 51% contribution	R413m	21%	R499m
	PBIT: 9.4% ROIC: 16.7%*		PBIT: 9.5% ROIC: 19.2%*	PBIT: 10.9% ROIC: 32.4%*		PBIT: 10.1% ROIC: 34.3%*	PBIT: 9.2% ROIC: 11.6%		PBIT: 9.3% ROIC: 13.7%

* Based on operating level, opening invested capital. Excludes goodwill, intangibles etc. on acquisition

Amounts are rounded

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H1 2019 results at a glance

Vertical EBITDA **AC: R367m (+ 15%)** **ES: R379m (+ 17%)**	**PBIT** **+ 21%** **R499m**	**HEPS** **+ 21%** **160cps**
LTM FCF **(R469m)** **to R227m**	**PBIT %** **+ 0.1ppt** **9.3%**	**ROIC** **+ 2.1ppt** **13.7%**

- Group turnover increased by 19% to R5.3bn, as both verticals performed well operationally with strong volume growth
- Group EBITDA also grew by 19% to R699m in H1'19
- Free cash flow of R227m reduced by temporarily high net working capital and higher sales volumes, to unwind in Q3/4'19
- Group operating profit improved by 21%, or R86m
- 18% increase in headline earnings to R308m resulted in HEPS of 160cps, a 21% increase
- Expanded ROIC to 13.7% (hurdle is minimum of 13.1%) from 11.6%, a 2.1ppt increase

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Financial highlights: Income statement

Item	Dec 18 R'million	Jun 18 R'million	Jun 19 R'million	Mvt.
Revenue	10 277	4 483	5 344	19%
EBITDA (incl. share of assoc.)	1 330	586	699	19%
Other operating income	212	100	50	(50%)
Operating profit	1 009	413	499	21%
Operating profit margin	9,8%	9,2%	9,3%	0,1ppt
Net interest expense	(186)	(81)	(102)	26%
Profit after tax	699	282	330	18%
Effective tax rate	22,2%	25,7%	26,4%	(0,7ppt)
ROA	14,3%	13,3%	15,0%	1,7ppt
ROE	16,5%	15,3%	18,4%	3,1ppt
ROIC	13,0%	11,6%	13,7%	2,1ppt

Item	Dec 18 R'million	Jun 18 R'million	Jun 19 R'million
Insurance proceeds on fire	61		
Government grants and similar	117	58	53
Derivatives*	9	27	(12)
Other	25	15	9
Other operating income	212	100	50

** Refers to mark to market valuation gains/(losses) on forward exchange and similar contracts*

- Net forex loss (incl. FECs) was R30m (H1’18: R15m) largely relates to Mutlu and mainly the USD pricing on LME lead
- Effective tax rate of 26.4%, marginally up due to reduction in our claims for investment incentives in Turkey
- Net interest expense R21m higher mainly due to higher Turkish Lira borrowings, combined with high interest rates.

- Other operating income decreased by R50m, mainly due to R39m change in FEC mark-to-market revaluation.

(Derivative gains/losses are allocated to other operating income)

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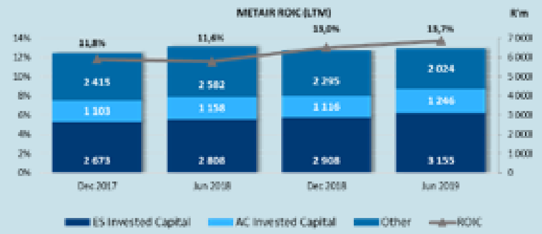
Financial highlights: Income statement

Item	Dec 18 R'million	Jun 18 R'million	Jun 19 R'million	Mvt.
Attributable profit	667	262	309	18%
Earnings per share	338	132	161	22%
Weighted avg. number of shares ('000)	197 284	198 003	192 250	(3%)
Headline earnings per share	327	132	160	21%
Dividend per share declared (gross of WHT)	80	80	100	25%



- 21% HEPS improvement from 132cps in H1’18 to 160cps in H1’19
- Weighted avg. number of shares reduced as a result of share buy-back programme
- Additional 1% (c. 2m) shares repurchased in Q2’19, for R45m

- LTM ROIC of 13.7%, an increase of 2.1ppt despite further Turkish Lira devaluation
- Operational invested capital increased as a result of capital investments and higher net working capital, mainly in Energy Storage

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Financial highlights: Balance sheet

Item	Dec 18 R'million	Jun 18 R'million	Jun 19 R'million
Non-current assets	3 929	3 912	3 993
Property, plant and equipment	2 538	2 523	2 634
Intangible assets	707	741	625
Other non-current assets	684	648	734
Current assets	4 493	4 132	4 800
Inventory	1 849	1 796	1 996
Trade and other receivables	1 668	1 580	1 753
Contract assets	289	231	305
Cash and cash equivalents	672	466	741
Other current assets	15	59	5
Total assets	8 422	8 044	8 793

- Non-current assets overall movements due to combination of:
  - Capital investments, mainly by Rombat (R80m initial Li-ion line) and R41m at Lumotech for technology change and capacity expansion
  - IFRS 16 impact - 'Right of use' operating lease assets capitalised for R85m
  - Spot currency devaluation in Mutlu (15% drop) which reduced the carrying value of their assets
- Net cash impacted by higher operational working capital requirements as well as specific Mutlu investment in working capital which consumed R301m
- Working capital covered separately

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Financial highlights: Balance sheet

Item	Dec 18 R'million	Jun 18 R'million	Jun 19 R'million
Total equity	4 288	4 070	4 073
Non-current liabilities	1 587	1 773	1 788
Borrowings	984	1 162	1 196
Post employment benefits	77	76	74
Deferred taxation	281	283	277
Deferred grant income	187	198	184
Provision for liabilities	58	54	57
Current liabilities	2 547	2 201	2 932
Trade and other payables	1 444	1 275	1 294
Contract liabilities	1	6	98
Borrowings	858	734	1 074
Provision for liabilities	106	119	78
Bank overdrafts	92	63	352
Other current liabilities	46	4	36
Total liabilities	4 134	3 974	4 720

- Total gross borrowings (incl overdraft) increased by R663m, :
  - c.R100m for specific Mutlu inventory investment
  - R150m Mutlu dividend payment of (TRY60m)
  - R85m capitalised operating lease commitments (IFRS 16)
  - R80m for the commissioning of Rombat Li-ion line
  - R45m utilised for share buyback
  - Other increases relate to capex and working capital (turnover driven)
- Total Mutlu borrowings were c. TRY200m, at an average interest rate of 22%, at 30 June '19. Rates have improved to c. 20% currently

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Financial highlights: Balance sheet

Item	Dec 18 R'million	Jun 18 R'million	Jun 19 R'million
Inventory	1 849	1 796	1 996
Trade and other receivables	1 668	1 580	1 753
Trade and other payables	(1 444)	(1 275)	(1 294)
Contract assets/liabilities - net	288	225	207
Total net working capital	2 361	2 326	2 662

Days	Dec 17	Jun 18	Jun 19
Inventory	66	66	65
Trade and other receivables	59	58	57
Trade and other payables	(51)	(46)	(42)
Contract assets/liabilities - net	10	8	7
Total days	84	86	87

All days calculations based on turnover

- Working capital is higher, but its been well managed.
- The overall increase of R301m from Dec'18 is due to:
  - Specific stock build in preparation for wage negotiations in Turkey (c. R100m)
  - Higher inventory and debtors levels across the group to support stronger sales (typically working capital investment is c. 25-30% of sales)
  - Reduction in trade payables reflective of the timing of major lead (LME and scrap) payables
- We still expect an unwind to the end of the year, which will offset the current increase

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Financial highlights: Capital and debt structure

Item	Dec 17	Jun 18	Jun 19
Debt* : Equity	44%	48%	57%
Net debt** : Equity	30%	38%	47%

Item	Dec 18	Jun 18	Jun 19
Net debt (R'm)**	1 262	1 492	1 881
Net debt** : EBITDA	0,9	1,2	1,3

* Interest bearing borrowings
** Includes overdrafts and cash equivalents

	Financial covenant ratio	Covenant level	Compliance	Dec-16	Dec-17	Dec-18	Jun-18	Jun-19
1	Dividend and interest cover ratio	Not less than 3 times	Y	7,12	7,31	7,30	7,17	6,85
2	Total net borrowings to adjusted EBITDA ratio	Not more than 2.5 times	Y	1,55	1,14	1,10	1,29	1,38
3	Priority Debt covenant	Not more than 1 times	Y	(0,16)	(0,16)	(0,16)	0,08	0,24

- Net debt increased by R619m since year-end, which has resulted in Net Debt/ EBITDA of 1.3x compared to 0.9x at year-end, and 1.2x in H1 2018
- Improvement expected as Mutlu's specific working capital unwinds towards year-end, combined with normal lower December levels for auto components
- Our net debt level of 1.3 X EBITDA is still within our comfort levels.

H1 2019 results at a glance: Automotive components vertical

PBIT
+ 16%
R302m

PBIT %
0.8 ppt
10.1%

ROIC
+ 1.9ppt
34.3%

OEM	Dec 18	Jun 18	Jun 19	Var (units)
TSAM	139 307	67 439	72 009	4 570
FMCSA	105 099	47 850	43 151	(4 699)
VWSA	133 543	65 783	74 147	8 364
MBSA	99 740	44 190	39 257	(4 933)
BMW	47 773	14 094	34 329	20 235
NISSAN	34 504	16 599	17 399	800
OTHER	23 834	10 913	12 859	1 946
Total	**583 800**	**266 868**	**293 151**	**26 283**

- Strong performance with PBIT contribution of R302m, a R41m increase from H1'18
- OEM production in SA increased by 10% on H1'18, but Metair major customer volumes up 5% as some OEMs experienced plant production challenges
- Although volumes increased, margins declined as customers' volume call off was very inconsistent at times. This required overtime and additional shifts in order to support them
- Strong operational performance from our lighting business as we have introduced LED technology (localisation)

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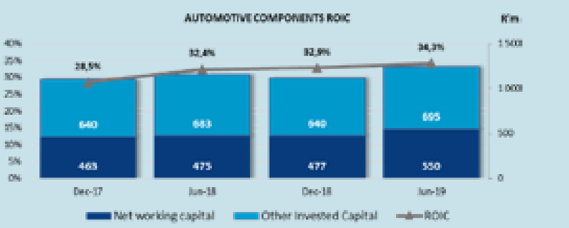
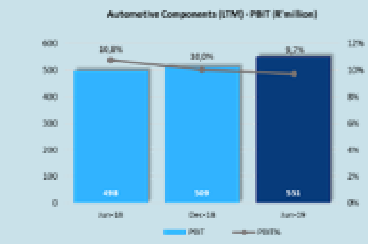
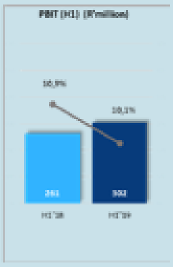
H1 2019 results at a glance: Automotive components vertical







- LTM ROIC improved to 34.3% as manufacturing volumes, customer diversification and additional localisation improved profitability
- Net working capital investments and capital expenditures have been required to support volume uplift and new projects
- PBIT margins have retracted slightly to 10.1%
- Given our cautious outlook for the wage negotiations (and possible labour action) for both OEMs and component manufacturers, we maintain our PBIT margin guidance of 7-9% for FY19

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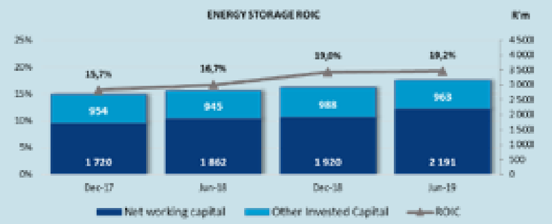
H1 2019 results at a glance: Energy storage vertical

PBIT
+ 16%
R289m

PBIT %
+ 0.1ppt
9.5%

ROIC
+ 2.5ppt
19.2%

Local currency operating profit	
Mutlu	57,4%
Rombat	(10,5%)
FNB	9,7%
Total	**19,8%**



- PBIT growth as a result of stronger Mutlu and FNB results, overall automotive margins grew from 8.0% to 9.4%
- Industrial performance disappointing, mainly due to temporary delay of Telecom orders in Mutlu and tough local conditions in SA and Turkey impacting demand
- Mutlu managed to beat the currency devaluation with increased exports and margin growth, as well as strong local aftermarket performance
- Despite negative currency impact (16% average TRY/ZAR devaluation), Mutlu grew local currency operating profit by 57%
- Rombat profitability declined due to the lower lead LME price impacting recycling profits and margin recoveries in exports
- Vertical achieved an improving ROIC, above it's threshold of 16.3% despite the increased working capital requirements

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H1 2019 results at a glance: Energy storage vertical volumes

ENERGY STORAGE VERTICAL

Auto battery units in '000 s	Dec 18	Jun 18	Jun 19	Var (units)	Var (%)
Mutlu	3 694	1 399	1 779	380	27%
- OEM	1 269	647	647		0%
- AM	1 332	413	505	92	22%
- Export	1 093	339	627	288	85%
Rombat	2 337	1 023	1 087	64	6%
- OEM	412	211	228	17	8%
- AM	415	149	172	23	15%
- Export	1 510	663	687	24	4%
FNB	1 810	905	949	44	5%
- OEM	463	223	240	17	8%
- AM	1 007	528	549	21	4%
- Export	340	154	160	6	4%
Total	7 841	3 327	3 815	488	15%

- All three businesses grew auto volumes by a total 15% in the first six months
- Mutlu achieved an overall 380k unit increase, or 27%, with exports performing particularly well with an 85% increase
- Export growth has been the result of major strategic focus within Mutlu, improved competitive positioning (Turkey country costs) as well as our expansion into new markets, customers and broadening our supply into premium private labels
- Local after-market volumes have been very resilient in a tough economy. Mutlu is the number one brand, and the business remains structurally sound to maintain and improve its market share
- OEM volumes remained flat which is very pleasing given local production was down 10-15%. Higher demand for AGM start-stop batteries increased Mutlu's market share

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H1 2019 results at a glance: Energy storage vertical volumes

ENERGY STORAGE VERTICAL

Auto battery units in '000 s	Dec 18	Jun 18	Jun 19	Var (units)	Var (%)
Mutlu	3 694	1 399	1 779	380	27%
- OEM	1 269	647	647		0%
- AM	1 332	413	505	92	22%
- Export	1 093	339	627	288	85%
Rombat	2 337	1 023	1 087	64	6%
- OEM	412	211	228	17	8%
- AM	415	149	172	23	15%
- Export	1 510	663	687	24	4%
FNB	1 810	905	949	44	5%
- OEM	463	223	240	17	8%
- AM	1 007	528	549	21	4%
- Export	340	154	160	6	4%
Total	7 841	3 327	3 815	488	15%

- Rombat volumes grew by c. 6% as their OES (OEM private label) business performed very well
- FNB grew automotive volumes by 5% mainly from AM supply, due to improved product and retail positioning with the rebranding, as well as cost and pricing improvements
- FNB will launch re-designed AM batteries in Q4, further assisting their competitive positioning in the market

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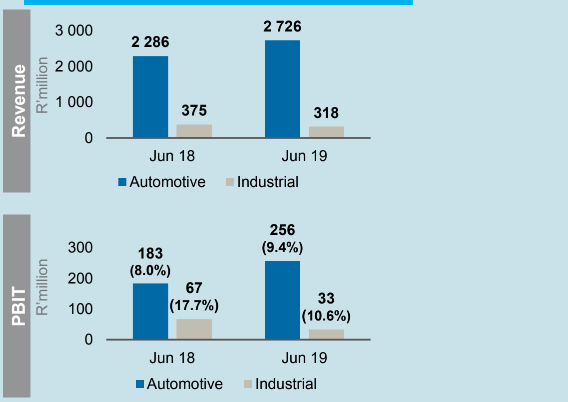
H1 2019 results at a glance: Energy storage vertical margins

ENERGY STORAGE VERTICAL



- As a result of the improved competitive positioning, volume growth and overall mix of the business, margins improved by 1.4ppt for automotive batteries
  - Export and local margins improved by c. 0.7ppt and 1.7ppt respectively
- Industrial margins have been under pressure, and industrial demand in both South Africa and Turkey has been under pressure and largely a symptom of the broader economies

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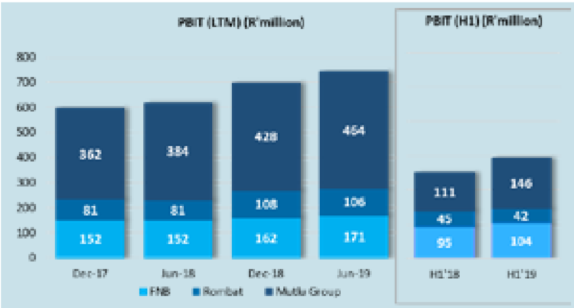
H1 2019 results at a glance: Energy Storage



- Mutlu PBIT grew from R111m to R146m in ZAR despite weakness against the USD, as well as inflationary pressures on wages and overheads
- FNB's PBIT improved from R95m to R104m due to their volume growth and improved cost recoveries
- Rombat had a reasonable operating result. Lower smelter profits (lower Euro LME on average) and declining LME trend impacted their cost/price recoveries, which was offset by the 6% volume growth

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Salient features: Performance at a glance

ENERGY STORAGE VERTICAL

	H1 2018		H1 2019
Revenue	R2,7bn 53% contribution	14%	R3,0bn 51% contribution
Operating profit	R250m 49% contribution	16%	R289m 49% contribution
	PBIT : 9.4% ROIC: 16.7%*		PBIT : 9.5% ROIC: 19.2%*

AUTOMOTIVE COMPONENTS VERTICAL

	H1 2018		H1 2019
Revenue	R2,4bn 47% contribution	24%	R3,0bn 49% contribution
Operating profit	R261m 51% contribution	16%	R302m 51% contribution
	PBIT : 10.9% ROIC: 32.4%*		PBIT : 10.1% ROIC: 34.3%*

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	H1 2018		H1 2019
Revenue	R4,5bn	19%	R5,3bn
Operating profit	R413m	21%	R499m
	PBIT : 9.2% ROIC: 11.6%		PBIT : 9.3% ROIC: 13.7%

* Based on operating level, opening invested capital. Excludes goodwill, intangibles etc. on acquisition

Amounts are rounded

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Prospects

Prospects

General

- Entering a sensitive and delicate phase in the labour environment
- Critical to provide a stable and sustained manufacturing base
- Therefore difficult to formulate the outlook for the second half of the year
- Metair operates best in a stable and high-volume production environment
- Structurally, the volume and production outlook environment should continue its upward volume trend
- Metair well positioned to participate in possible volume and value expansion opportunities
- In the short term, the trend is subject to the timeous and responsible resolution and renewal of the wage agreements by customers and automotive component manufacturers in South Africa
- Current market indicators highlight sensitivity to commodity price and currency fluctuations in H2'19

Prospects

Energy storage vertical

- Geopolitical position in Turkey has improved slightly
- Macro-economic indicators such as inflation and interest rates improved towards the end of the first half
- Devaluation of the Turkish Lira persisted
- Metair would prefer to see a stabilisation in the exchange rate environment rather than the persistent challenge of beating the currency devaluation
- Historically the energy storage vertical is a business that performs better in the second half of the financial year, as we enter the European and other export markets winter demand cycle for batteries
- We expect this trend to continue and aim to build on our growth opportunities in the export markets

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Prospects

Automotive components vertical

- Local OEM customers plan to offset the softer vehicle demand trend in South Africa by potential growth in their export markets and model production expansion opportunity
- Structural support and commitment in the industry to grow the manufacturing base remains high in the medium to long term
- In the short-term, production stability is dependent on the successful conclusion of the wage agreement renewal cycle

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Q & A

Supplementary information

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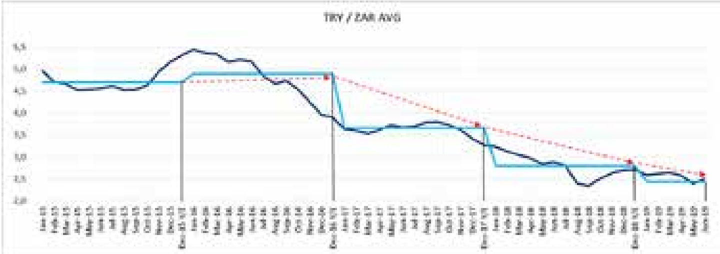
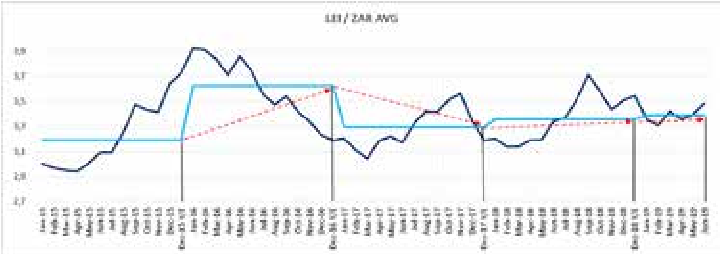
Currency: TRY average devalued significantly by c.16% to the comparative year





TRY / ZAR AVG
2016 H1: 5.28 (+13%)
2017 H1: 3.64 (-31%)
2018 H1: 3.02 (-17%)
2019 H1: 2.54 (-16%)

TRY / ZAR SPOT
2016 : 3.90 (-27%)
2017 : 3.27 (-16%)
2018 : 2.72 (-17%)
2019 H1: 2.43 (-11%)

53% decline Post-acquisition

LEI / ZAR AVG
2016 H1: 3.83 (+28%)
2017 H1: 3.16 (-17%)
2018 H1: 3.20 (+1%)
2019 H1: 3.38 (+6%)

LEI / ZAR SPOT
2016 : 3.19 (-14%)
2017 : 3.19 (+0%)
2018 : 3.55 (+11%)
2019 H1: 3.39 (-4%)

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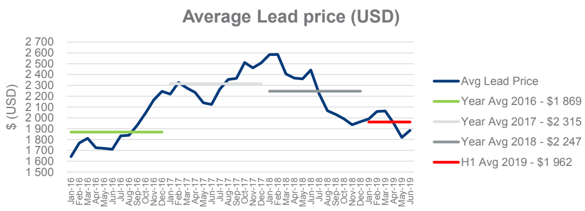
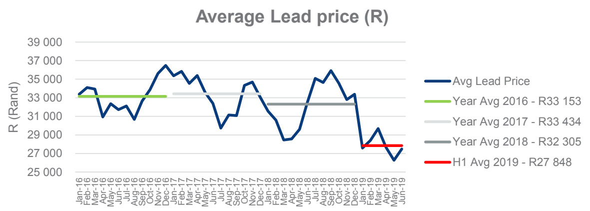
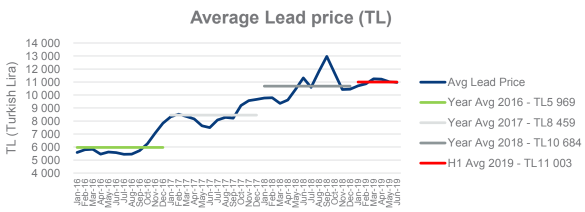
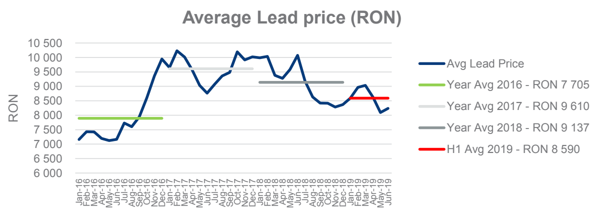
Currency: Lead pricing increased significantly for Mutlu, leading to significant price increases









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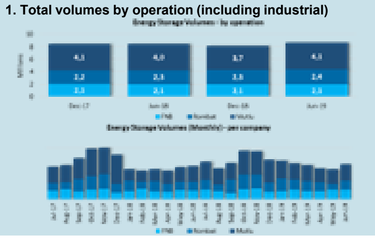
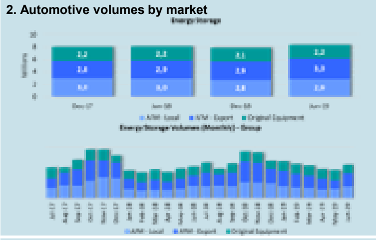
Energy storage vertical volumes (LTM rounded)

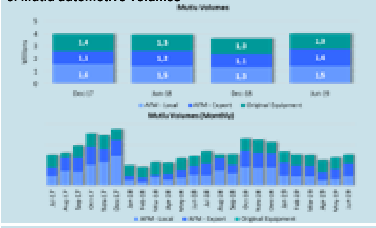
1. Total volumes by operation (including industrial)



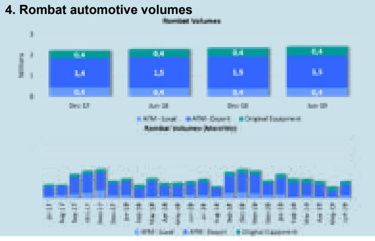
2. Automotive volumes by market



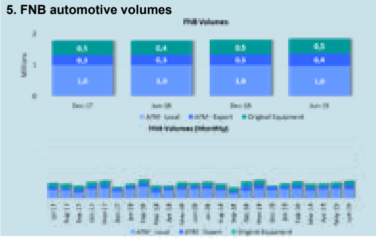
3. Mutlu automotive volumes



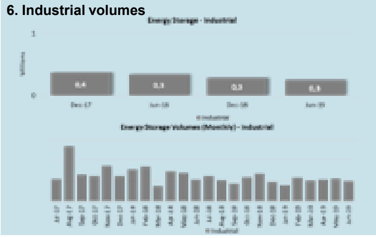
4. Rombat automotive volumes



5. FNB automotive volumes



6. Industrial volumes



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Financial highlights

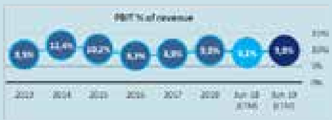
June'19 (LTM)

Revenue
R11.1 bn

PBIT
R1 176 m

Attribut. PAT
R714 m

PBIT %
9.8%

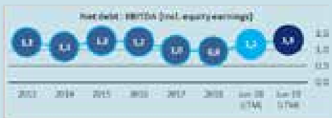


June'19 (LTM)

HEPS
160 cps (6 months)

Net debt
R1.9 bn

Net debt:EBITDA
1.3



EBITDA
R1.4 bn

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Capital expenditure and commitments

Capital expenditure				
Vertical (R'million)	Maintenance & general	Efficiency & expansion	Health, safety & environ.	Total
Energy storage	64	122	12	198
Automotive components	22	47	2	71
Total commitments	86	169	14	269

Capital commitments				
Vertical (R'million)	Maintenance & general	Efficiency & expansion	Health, safety & environ.	Total
Energy storage	73	120	22	215
Automotive components	28	85	3	116
Total commitments	101	205	25	331

- FY19 commitments for maintenance & general capex, is to ensure we maintain the quality and integrity of our parts production to the levels demanded by our OEM and AM customers
- Efficiency and expansion capital is approved according to our strict return requirements, and relate to new business (new models, customers and facelifts) and capacity increases to meet increased volume demand from our customers

Disclaimer

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