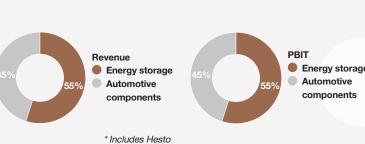
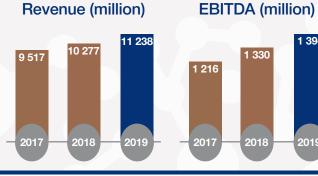
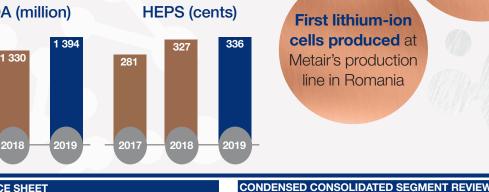
## automotive I industrial I retail

Segmental contribution 2019\*



Energy storage





METAIR INVESTMENTS LIMITED (Incorporated in the Republic of South Africa) ("Metair" or "the group" or "the company")

Condensed audited consolidated results for the year ended

31 December 2019 and dividend announcement

(Reg No. 1948/031013/06) • Share code: MTA • ISIN code: ZAE 000090692

Strategic review concluded and strategic direction changed

Consolidated group assessed at **B-BBEE level 2** 

Metair reported on climate change disclosure in line

with the Task Force Climate-related Financial Disclosures (TCFD) - report available

on our website

Cash generation

R1.2 billion

CONDENSED CONSOLIDATED INCOME STATEMENT		
CONDENSED CONSCEIDATED INCOME STATEMENT	31 December	31 December
	2019	2018
	R'000	R'000
Revenue	11 237 995	10 276 966
Cost of sales	(9 234 430)	(8 377 612)
Gross profit	2 003 565	1 899 354
Other operating income	113 775	211 965
Distribution, administrative and other operating expenses	(1 099 187)	(1 102 649)
Operating profit	1 018 153	1 008 670
Interest income	32 777	24 208
Interest expense	(259 875)	(210 056)
Share of results of associates and impairment	80 314	76 507
Profit before taxation	871 369	899 329
Taxation	(213 576)	(200 049)
Profit for the period	657 793	699 280
Attributable to:	004 400	007.077
Equity holders of the company	624 186	667 377
Non-controlling interests	33 607	31 903
Depresiation and apporting included in the above average	657 793	699 280
Depreciation and amortisation included in the above expenses	295 462	244 500
Disaggregation of revenue from contracts with customers  Primary geographical markets		
South Africa	6 450 490	5 925 214
	3 498 391	3 022 186
Turkey and UK Romania	1 289 114	1 329 566
nomania	11 237 995	10 276 966
Major product and service lines	11 237 993	10 270 900
Automotive batteries	6 247 555	5 691 155
Automotive components and parts	4 236 083	3 818 339
Automotive components and parts  Automotive customer tooling and related services	117 822	44 944
Industrial and non-automotive products	636 535	722 528
The desiral and non-automotive products	11 237 995	10 276 966
Timing of revenue recognition		102.000
Products transferred at a point in time	7 098 531	6 748 672
Products and services transferred over time	4 139 464	3 528 294
	11 237 995	10 276 966
Earnings per share		
Basic earnings per share (cents)	325	338
Headline earnings per share (cents)	336	327
Diluted earnings per share		
Diluted earnings per share (cents)	324	336
Diluted headline earnings per share (cents)	335	325
Number of shares in issue ('000)	198 986	198 986
Number of shares in issue excluding treasury shares ('000)	191 612	192 283
Weighted average number of shares in issue ('000)	191 904	197 284
Adjustment for dilutive shares ('000)	549	1 246
Number of shares used for diluted earnings calculation ('000)	192 453	198 530
Calculation of headline earnings (R'000)		
Net profit attributable to ordinary shareholders	624 186	667 377
Gain on insurance recovery on fire - net		(23 066)
Gain on transfer of aftermarket business - net	(3 497)	
(Profit)/Loss on disposal of property, plant and equipment - net	(1 567)	534
Impairment of associate	25 351	
Impairment of property, plant and equipment		800
Headline earnings	644 473	645 645
CONDENSED CONSOLIDATED STATEMENT OF COM	PREHENSIVE	NCOME
CONDENSED CONSOCIDATED STATEMENT OF COM		
	31 December 2019	31 December 2018

Foreign exchange translation movements	(373 198)	(313 341)			
Net other comprehensive loss	(384 881)	(317 657)			
Total comprehensive income for the year	272 912	381 623			
Attributable to:					
Equity holders of the company	239 872	349 066			
Non-controlling interests	33 040	32 557			
	272 912	381 623			
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY					
	31 December	31 December			
	2019	2018			
	R'000	R'000			
Balance at beginning of the year	4 287 721	4 195 537			
Adjustment on initial application of IFRS 15 and IFRS 9		(3 963)			
Net profit for the year	657 793	699 280			
Other comprehensive loss for the year	(384 881)	(317 657)			
Total comprehensive income for the year	272 912	377 660			
Share option scheme	23 391	9 859			
Vesting of share-based payment obligation:					
- Estimated taxation effects of utilisation of treasury shares	(3 360)	(526)			
Dividend *	(224 894)	(189 936)			
Treasury shares acquired	(44 984)	(104 873)			
Balance at end of the year	4 310 786	4 287 721			

2019

R'000

(11683)

657 793

R'000

 $(4\ 316)$ 

699 280

 $^{\star}$  An ordinary dividend of R1 per share was declared in 2019 in respect of the year ended 31 December 2018. \* An ordinary dividend of 80 cents per share was declared in 2018 in respect of the year ended 31 December 2017.

> 2019 performance Metair delivered a record performance in 2019 in a changing and challenging market. Headline earnings increased to 336 cents per share compared to 327 cents in 2018, aying a sound foundation for the planned execution on awarded business opportunitie especially in South Africa. Cash generation improved to R1.2 billion.

Group revenue of R11.2 billion represents a 9.4% increase from R10.3 billion in 2018 and operating profit grew 0.9% as operating profit from the Automotive Components Vertical increased 5.7% and the Energy Storage Vertical delivered a decline of 3.7%. Group margin declined to 9.1% (2018: 9.8%) and earnings before interest, tax depreciation and amortisation (EBITDA) including equity earnings increased by 4.6% to R1.4 billion. Gearing remains appropriate at a net debt/equity ratio of 31% and group

borrowings from third parties increased to R2.2 billion from R1.84 billion in 2018. **Automotive Components Vertical (including Hesto)** Turnover from the automotive components' businesses increased by 11.3% to R5.6 billion on improved volumes, supported by exports and the continued expansion and deepening of localisation. Production efficiencies were affected by volume variations as OEM customers become more market reactive and with increasing proportions of exports, increased production flexibility appears to be the new normal. Although negotiations were protracted, we are pleased the industry secured a new three-year wage deal during this critical phase of production expansion in South Africa. The Automotive Component Vertical

increased PBIT contribution by 5.7% to R538 million, with margins declining to 9.5% due to volume fluctuations caused by market requirements as well as labour negotiations. While vehicle production volumes for 2020 are forecast to be static or slightly down, the long-term outlook looks far stronger. Metair group companies have been successful in securing major contracts arising from the new vehicle launches planned to service the export and local markets over the next three years.

The biggest impact will be at Hesto Harnesses where Metair secured the supply of the full spectrum of wire harnesses to a range of new customers. This could see employment rise by 3 200 employees with a capital investment of approximately R500 million, securing turnover over the planned model life period of seven years of between R12 to R14 billion.

The final impact will depend on model launch volumes that are under discussion with customers and would be disclosed to the market when finalised. This job creation opportunity made possible by the deepening local content requirements and the Automotive Production and Development Programme ("APDP"), is positive both for Metair and for the country.

R'000 R'000 ASSETS Non-current assets 2 707 381 2 538 145 Property, plant and equipment Intangible assets 605 059 707 481 Investment in associates 733 440 674 296 Deferred taxation 15 134 8 825 3 928 747 4 061 014 Current assets 1 735 629 1 849 091 Inventory Trade and other receivables 1 699 884 1 667 541 Contract assets 303 725 288 770 Taxation 26 460 8 955 Derivative financial assets 6 944 552 Cash and cash equivalents 671 952 1 140 071 4 906 321 4 493 253 Total assets 8 967 335 8 422 000 **EQUITY AND LIABILITIES** Capital and reserves Stated capital 1 497 931 1 497 931 (112 510) Treasury shares (142 176)Share-based payment reserve 149 047 125 656 Foreign currency translation reserve (1 791 227) (1 418 319) Equity accounted earnings 470 111 395 614 Changes in ownership reserve (21 197)  $(21\ 197)$ Retained earnings 4 025 564 3 699 197 Ordinary shareholders' equity 4 188 053 4 166 372 Non-controlling interests 122 733 121 349 4 310 786 **Total equity** 4 287 721 Non-current liabilities 1 299 437 983 762 Post-employment benefits 85 317 76 943 284 727 281 456 Deferred taxation Deferred grant income 134 476 187 507 Provisions for liabilities and charges 57 785 39 294 1 843 251 1 587 453 **Current liabilities** 1 360 535 1 444 018 Trade and other payables Contract liabilities 161 133 896 974 858 032 29 500 42 214 Taxation Provisions for liabilities and charges 87 790 106 203 Derivative financial liabilities 15 900 3 171 261 466 92 342 Bank overdrafts 2 546 826 Total liabilities 4 656 549 4 134 279 Total equity and liabilities 8 967 335 8 422 000 Net asset value per share (cents) attributable to ordinary shareholders calculated on number of shares in issue excluding 2 186 2 167 treasury shares 495 399 305 435 Capital expenditure 53 458 - Contracted 51 236 - Authorised but not contracted 344 949

	31 December	31 December
	2019	2018
	R'000	R'000
Operating activities		
Operating profit	1 018 153	1 008 670
Depreciation and amortisation	295 462	244 500
Equity earnings before impairments	105 665	76 507
Insurance claim receivable		(29 582)
Net movement in provisions and similar items	(31 794)	(56 956)
Other items	(56 717)	(24 976)
Working capital changes	(100 841)	(330 415)
Cash generated from operations	1 229 928	887 748
Interest paid	(259 893)	(210 140)
Taxation paid	(220 468)	(148 295)
Dividends paid	(224 894)	(189 936)
Dividend income from associates	31 168	6 550
Net cash inflow from operating activities	555 841	345 927
Investing activities		
Interest received	32 777	24 208
Acquisition of property, plant and equipment	(455 837)	(269 498)
Increase in associate	(2 553)	(16 061)
Net cash utilised in other investing activities	(9 102)	(31 765)
Net cash outflow from investing activities	(434 715)	(293 116)
Financing activities		
Share buy back (treasury shares acquired)	(44 984)	(104 873)
Borrowings raised - net	297 532	93 051
Net cash utilised in other financing activities	(50 817)	(13 588)
Net cash inflow/(outflow) from financing activities	201 731	(25 410)
Net increase in cash and cash equivalents	322 857	27 401
Cash and cash equivalents at beginning of the year	579 610	597 305
Exchange losses on cash and cash equivalents	(23 862)	(45 096)
Cash and cash equivalents at end of the year	878 605	579 610

	Revenue		Profit before interest and taxation	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	R'000	R'000	R'000	R'000
Energy storage				
Automotive				
Local	4 381 959	3 848 580	463 557	377 703
Direct export	1 865 595	1 842 575	171 476	232 461
	6 247 554	5 691 155	635 033	610 164
Industrial				
Local	589 790	660 958	31 185	77 455
Direct export	18 539	31 744	(18)	4 090
	608 329	692 702	31 167	81 545
Total energy storage	6 855 883	6 383 857	666 200	691 709
Automotive components				
Local				
Original equipment	5 031 676	4 516 489	433 296	420 440
Aftermarket	538 424	482 016	93 363	76 535
Non-auto	28 207	29 826	1 741	191
	5 598 307	5 028 331	528 400	497 166
Direct exports				
Original equipment	5 678	2 681	1 692	1 245
Aftermarket	43 644	41 607	7 597	10 331
	49 322	44 288	9 289	11 576
Total automotive components	5 647 629	5 072 619	537 689	508 742
Total segment results	12 503 512	11 456 476	1 203 889	1 200 451
Reconciling items:				
- Share of results of associates and impairment			80 314	76 507
- Managed associates *	(1 265 517)	(1 179 510)	(109 962)	(107 488)
Amortisation of intangible assets arising from	(,	( )	(,	(101 100)
business acquisitions			(22 963)	(24 661)
Other reconciling items **			(52 811)	(59 632)
Total	11 237 995	10 276 966	1 098 467	1 085 177
Net interest expense			(227 098)	(185 848)
Profit before taxation			871 369	899 329
* Although the results of Hesto Harnesses Proprietary Limi	ited ("Hesto") does not	qualify for consolidation		

the segmental review. Metair has a 74.9% equity interest and is responsible for the operational management of this associate \* The reconciling items relate to Metair head office companie

## Notes to the condensed consolidated financial statements

**Accounting policies** 

The condensed consolidated results for the year ended 31 December 2019 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements ("Listings Requirements") for abridged reports and the requirements of the Companies Act, No. 71 of 2008, applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), IAS 34 Interim Financial Reporting, as well as the SAICA Financial Reporting Guides as ssued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies applied in the preparation of the consolidated financial statements, from which the condensed consolidated results were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements except for the adoption of IFRS 16. IFRS 16 – Leases

The group initially applied IFRS 16 at 1 January 2019. Under the transition methods chosen, comparative information has not

been restated. The impact of adoption is fully discussed in the annual financial statements. The impact of changes in the new accounting rules were not material. The new accounting method for leases generally capitalises most leases on balance sheet as right of use assets and lease liabilities

There has been no material change in the group's contingent liabilities since period-end. Bank borrowings During the period, the group repaid borrowings of R124 million (2018: R126.3 million) and raised borrowings of R426 million

(2018: R219.3 million)

Post-balance sheet events There has been no material events since period-end. Changes to the board of directors and committees of Metair

Mr Best retired as a director of the board on 2 May 2019. Mr S Sithole was appointed as an independent non-executive director ("NED") to the board effective 1 March 2019 and as a member of the remuneration and nominations committees with effect from 2 May 2019. Mr CMD Flemming was appointed as an independent NED to the board effective 1 March 2019 and chairman of the audit and risk committee with effect from 2 May 2019. Mr TP Moeketsi was appointed as an independent NED to the board effective 1 March 2019 and member of the investment committee with effect from 2 May 2019. He resigned from the board and investment committee on 26 June 2019. Mr B Mawasha was appointed as chairman of the investment committee and member of the nominations committee effective 2 May 2019 and resigned from the remuneration committee on the same day. Mr MH Muell was appointed as independent NED to the board and a member of the social and ethics committee effective 3 May 2019. Ms NL Mkhondo was appointed as independent NED and member of the investment committee effective 28 June 2019. Ms P Derby resigned from the Metair board and the social and ethics, investment and remuneration committees on 3 February 2020 following her appointment as Group Chief Executive Officer of Transnet SOC at the end of January 2020. Ms TN Mgoduso has been appointed as lead independeffective 17 February 2020. Mr CMD Flemming has been appointed to the nominations committee effective 17 February 2020. Mr MH Muell has been appointed as chairman of the social and ethics committee and member of the remuneration committee effective 17 February 2020. Mr SG Pretorius will retire from the board at the annual general meeting to be held in 2021.

This summarised report is extracted from audited information, but is not itself audited. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and auditors' report thereon are available for inspection at the company's registered office. The directors take full responsibility for the preparation of the condensed consolidated results and the financial information has been correctly extracted from the underlying annual financial statements. Any reference to future financial performance has not been reviewed or reported on by the auditors. **Declaration of Ordinary Dividends No 69** 

Notice is hereby given that a gross cash dividend of 120 cents per share has been declared by the board in respect of the year the dividend: ended 31 December 2019.

The dividend has been declared out of income reserves

The salient dates for the payment of the dividend are detailed below:

Tuesday, 14 April 2020 Last day of trade Shares to commence trading Wednesday, 15 April 2020 ex-dividend Friday, 17 April 2020 Record date Payment of dividend Monday, 20 April 2020

17 April 2020, both days inclusive.

The following additional information is disclosed with regard to - the local dividend tax rate is 20%;

the gross local dividend amount is 120 cents per share for shareholders exempt from dividend tax;

- the net local dividend amount is 96 cents per share for shareholders liable to pay a dividend tax;

Metair's issued share capital is 198 985 886 (which includes 7 374 023 treasury shares); and

- Metair's income tax reference number is 9300198711

Shareholders will not be permitted to dematerialise or rematerialise their shares between Wednesday, 15 April 2020 and Friday,

The annual report will be mailed to shareholders along with the notice of annual general meeting. The annual general meeting will be held on 5 May 2020 at 14h00 at JSE Limited, 1 Exchange Square, Gwen Lane, Sandown, Johannesburg.

The group's sustainability report included in the annual report for 2019 will be available on the company's website (www.metair.co.za). The 2019 results presentation will be available on the company's website (www.metair.co.za) and an investor and analyst audio webcast of the presentation will be broadcast on Wednesday, 18 March 2020 at 14h00 (SAST). The audio webcast can be accessed through https://www.corpcam.com/Metair18032020. Alternatively a telephone conference call facility will be available at 14h00 (SAST) on Wednesday, 18 March 2020 in South Africa on 011 535 3600 / 010 201 6800 or internationally on +27 11 535 3600/+27 10 201 6800.

INVESTOR RELATIONS REGISTRARS SPONSOR Computershare Investor Services (Pty) Limited One Capita Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Signed on behalf of the Board in Johannesburg on 17 March 2020.

SG Pretorius - Chairman CT Loock - Managing Director

The condensed consolidated results was produced under the supervision of Mr S Douwenga (Finance Director) BCom (Hons), CA(SA).

EXECUTIVE DIRECTORS: CT Loock (Managing); S Douwenga (Finance)
INDEPENDENT NON-EXECUTIVE DIRECTORS: SG Pretorius (Chairman); TN Mgoduso; HG Motau; B Mawasha; CMD Flemming;
S Sithole; MH Muell; NL Mkhondo COMPANY SECRETARY: SM Vermaak

Metair is fortunate that almost all its subsidiaries were awarded their respective product

The Metair Automotive Components Vertical enters a critical phase of investing into its future for the next 12 to 18 months as we establish greenfield facilities to secure future growth while aiming to sustain our current performance, excluding any extraordinary once-off project

and/or event costs. Project management and containment of pre-production, preparation and launch costs will be critical during this period. South Africa's automotive industry has the opportunity to enter an exciting growth phase enabled by major trend shifts in the industry and our specific market access position from South Africa. South Africa must protect its market access and government needs to carefully consider its position regarding legislation like the Copyright Amendment Bill that will weaken our standing in the protecting of intellectual property rights. This could bring about a review of the special access South Africa has into the US under the generalised system of preferences (GSP) and Africa Growth and Opportunity Act (AGOA).

The automotive industry needs to remain diligent in its efforts to mitigate any potential

negative long term effect due to the COVID-19 ("Coronavirus"). Year to date trading has been challenging due to external factors like a labour disruption at a major customer, Eskom power disruptions as well as initial customer and market volume declines. Markets could further be impacted by the fall out caused by the Coronavirus.

Metair's management will have to remain flexible in the roles required to achieve these objectives.

Thank you to the board for their guidance and commitment to mapping out the best path

We are grateful to our employees - our associates - who applied themselves in delivering against the strategy despite the volatile and uncertain economic and labour conditions during the year. The Metair management team adds an enormous amount of value to the company despite being such a small team and we would like to thank them for

Our technology partners recognise the importance of the opportunity presented to

It is also important that we recognise that the current strength of Metair is attributable in no small part to the intelligence with which the business was initially designed by the

Despite low industrial demand, First National Battery produced a marginally improved result after considerable attention over the last few years. The Energy Storage Vertical reported a growth in revenue of 7.4% to R6.9 billion, slightly decreased profit by 3.6% to R666 million and

portfolio for the new vehicle, namely head and tail lights, shock absorbers, wire harnesses

Metair's associate company Valeo SA secured the manufacture and supply of the HVAC

heat, ventilation and cooling module) business and radiator business from Mercedes Benz for

the planned production at much higher than current units in East London from April 2021.

The launch of the new Nissan, VW and Isuzu models complete the range of new

launches will require close collaboration with our business partners and customers, as well

as capital expenditure and training. Metair is investing in additional training and capacity

to offset the complexity, frequency and intensity of the upcoming cycle. In costing these

launches, we take a conservative view on forecast volumes to ensure that we meet our

Muttu Akü produced another strong in-country performance in the context of ongoing challenging global political and trade conditions, delivering a 26.3% increase in turnover

and 5.7% increase in local currency profitability on strong aftermarket demand and good

growth in exports. Export margins declined, however, due to a loss-making export contract.

The Turkish Lira was less volatile than during 2018 and averaged 8.8% weaker against the

Rand over the period. In Rand terms excluding once off insurance gains in 2018, Mutlu Akü

Conditions in Romania were subdued and Rombat reported a 28.6% decline in Rand

from model-specific equipment should forecast volumes not materialise.

minimum investment criteria even on lower volumes than forecast. We are also identifying

more measured ways to manage volume risk, including ensuring that value can be released

business secured by other group subsidiary companies. Effective delivery on these

batteries, plastic parts and suspension control parts.

**Energy Storage Vertical** 

manufacturing facility.

reported a 5% increase in profitability.

optimising our potential value extraction for shareholders under the new strate

sold 7.534 Gigawatt hours of our total installed capacity of 12.4 Gigawatt hours In the Energy Storage Vertical our focus in the year ahead will be on finalising and

contribution to R77 million. Rombat successfully completed Metair's first Li-ion cell

their diligence and strong contribution again this year. Metair and we thank them for their close collaboration. We also appreciate the increased focus on a partnership approach by our OEM customers.

company's founder, Dr Albert Wessels, all those years ago. That it has lasted so long and

continues to thrive is a tribute to his foresight and intellect.

## ABRIDGED RESULTS COMMENTARY

Profit for the year

Other comprehensive income:

- Actuarial losses recognised - net

Metair enters 2020 and a new decade with a number of exciting opportunities, including the valuation of our Energy Storage Vertical. This will give shareholders a platform to decide the The start of 2010 could not have been more different, coming on the heels of the global

financial crisis, with automotive vehicle manufacturing falling to its lowest level in 15 years. Leading vehicle manufacturers were considering closing their manufacturing facilities in South Africa and the World Trade Organisation required a review of the South African Automotive Industry incentive program (MIDP).

Metair held a strategic 'Last Car' conference to consider our best strategic response in the event that the models being produced that year would be the last made in South Africa. But over the course of the decade that followed, Metair successfully grew and diversified its customer base and product portfolio, both locally and internationally, and in the original

equipment manufacturer (OEM) and aftermarket segments of the business. As we expanded and strengthened the Automotive Component Vertical, we built the Energy Storage Vertical. Innovation in automotive technology

Over the last few years, growing global concerns about climate change and increasing environmental awareness have driven the development and innovation of major technology shifts in the automotive industry. As mobility solutions shift towards electrification, connectivity, autonomous driving and shared ownership, Metair needs to

The board announced that it believes a managed separation of the two verticals will unlock value for shareholders. This decision coincided with unsolicited expressions of interest for the Energy Storage Vertical and in particular for Mutlu Akü in Turkey. The Energy Storage Vertical has become a valuable international asset over the last decade and it is the ideal time for shareholders to evaluate the best option for the future of

The next decade holds exciting opportunities for the South African automotive industry. Our diversified customer base is investing in new model launches and manufacturing facilities in South Africa, with forecast growth in vehicle manufacturing in South Africa of 40% over the medium term.

Metair's automotive component businesses are well positioned to benefit from this growth. In addition to increased volumes from existing customers, we have been gaining more clients and business. As components become more complex, so their value increases and Metair should benefit from deeper localisation requirements for automotive components.

CONDENSED CONSOLIDATED BALANCE SHEET

First lithium-ion cells produced at Metair's production line in Romania