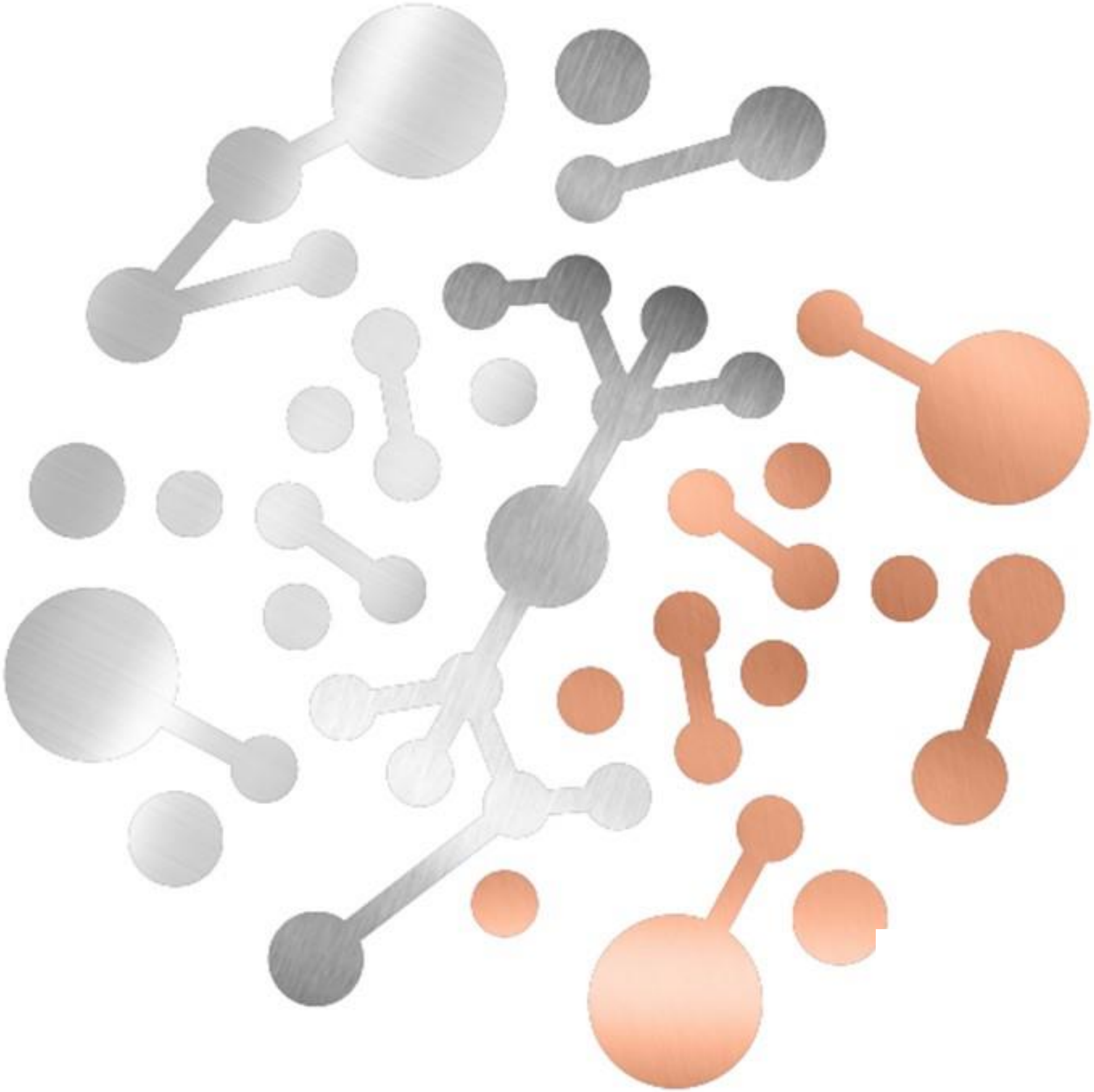
METAIR PRE-CLOSE UPDATE DECEMBER 2020



Agenda

- Welcome
- Farewell message from Metair's outgoing CEO, Theo Loock
- Change in leadership at Metair
- Introduction to Metair's incoming CEO, Riaz Haffejee
- Business update and outlook
- 2020 full year guidance
- Q & A

Business update and outlook

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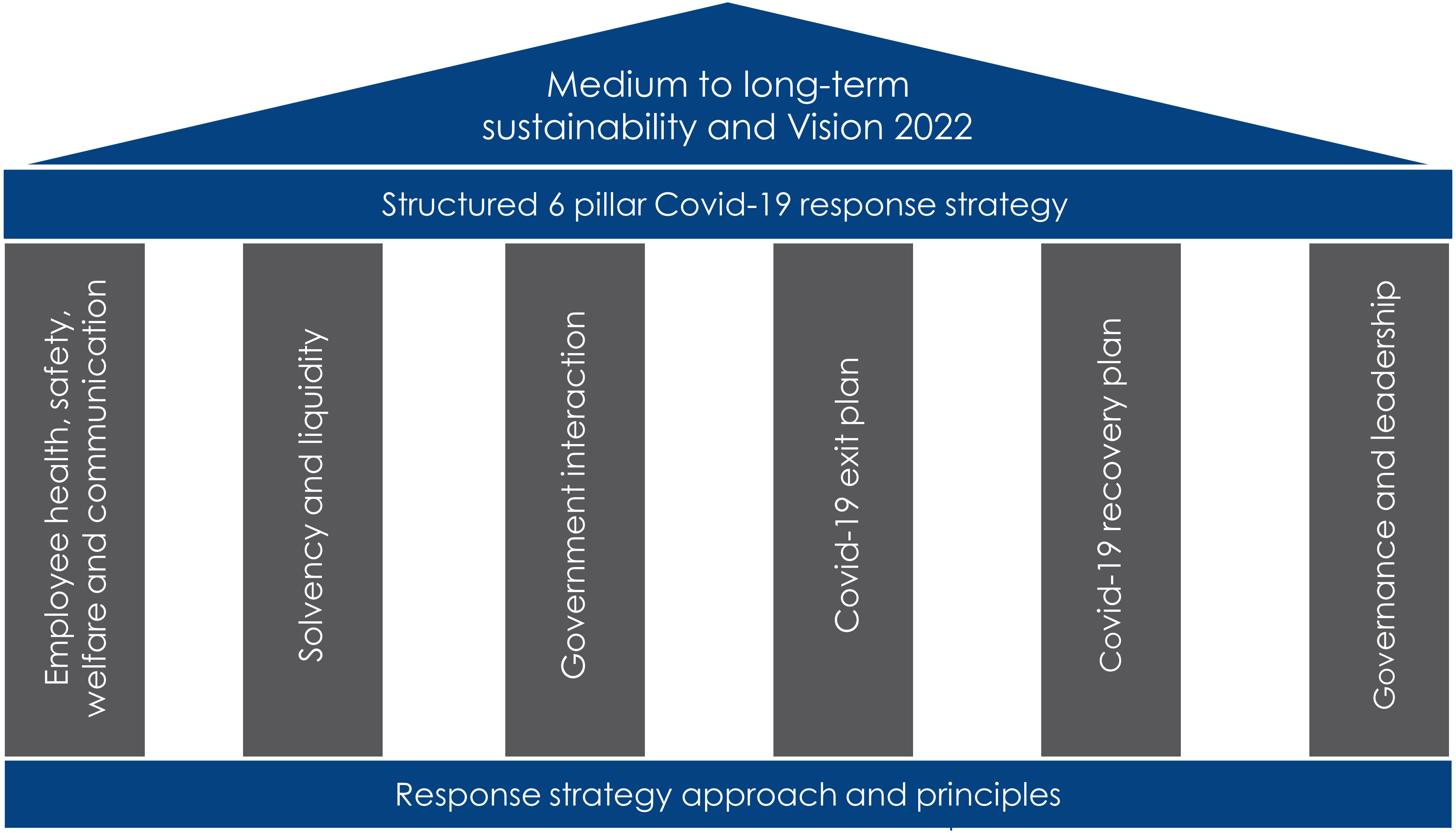
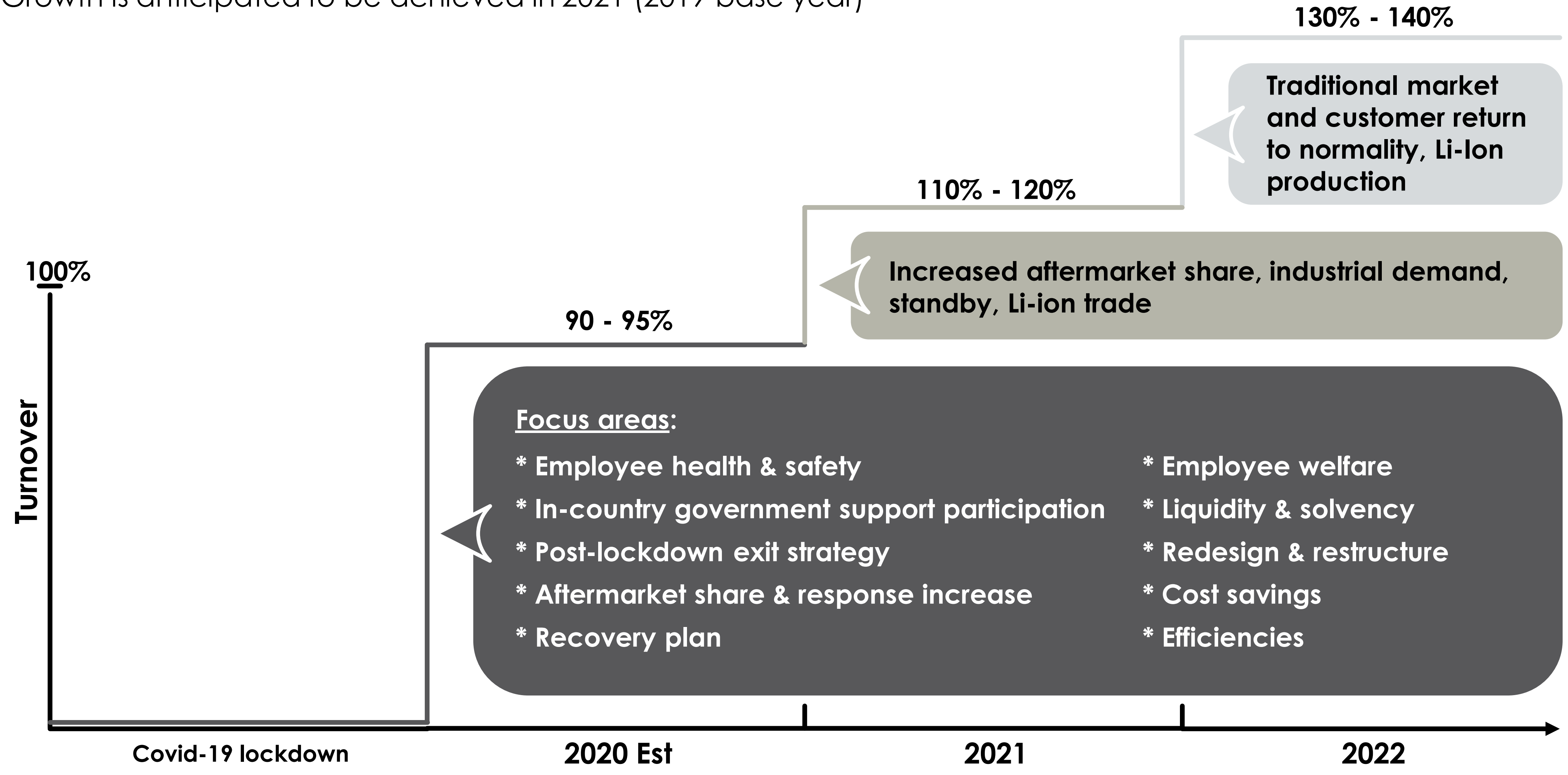


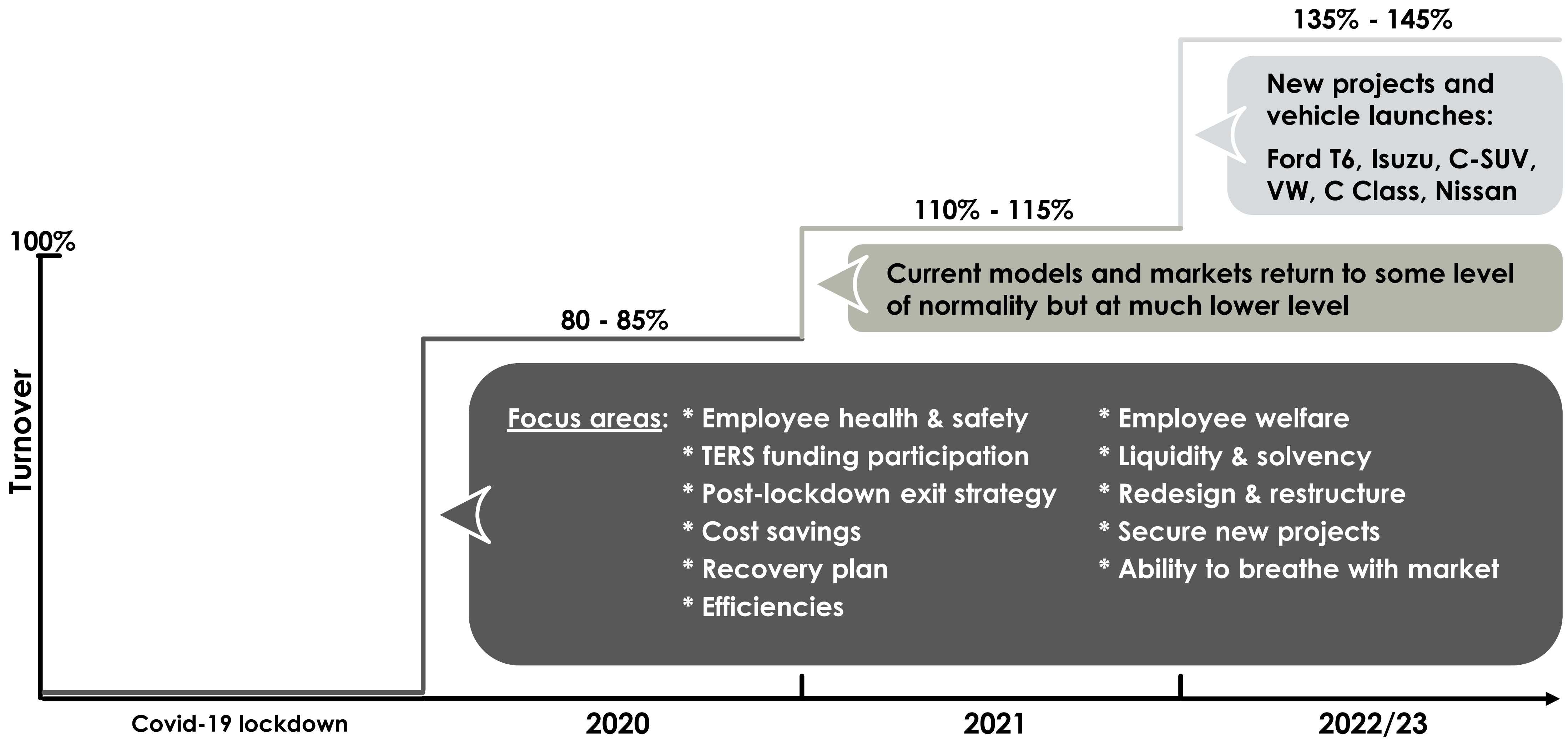
Energy Storage Vertical: Potential V-shaped recovery*

Growth is anticipated to be achieved in 2021 (2019 base year)



Automotive Components Vertical: Potential U-shape with growth*

Growth is anticipated to be achieved in 2021 (2019 Base year)



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2020 full year guidance

Opening observations

Metair expects the second half of 2020 to show a significant improvement, with a return to profitability in line with our U-shape recovery. We expect Auto components to **meet previous market** guidance and for **energy storage to exceed the guidance**. As a group we also expect to meet our previous operating profit guidance issued.

METAIR GROUP

- Metair's recovery has been exceptional during H2'20, beating expectations for Energy Storage and Auto Components largely in line with previous estimates
- Automotive components enjoyed improved production due to recovery in demand from exports (60% of local production is exported)
- Energy Storage has experienced unprecedented H2 demand for quality volumes, some relate catch-back sales related to H1, but also genuinely strong market demand during H2.
- Mutlu performance has been very strong, potentially achieving local currency operating profit (EBIT) similar to full year 2019 results
- Major focus on cash preservation and efficiencies should result in relatively strong free cash generation, good working capital management and slightly lower capex due to project delays
- We should comply with lenders' covenant requirements, as the most recent strong trading results has significantly improved lending ratios
- The recovery trajectory has laid a good foundation for the 2021 year, should there be no further major COVID-19 related disruptions

Revenue* as percentage of pre-Covid expectations shows strong Q4 recovery

	Q1 2020	Q2 2020	Q3 2020	Q4 F 2020
Group	83%	62%	99%	**109%**
Automotive Components	82%	45%	87%	**130%**
Energy Storage	83%	79%	107%	**102%**

Unavoidable cost drivers

Non-recurring:

- Staff welfare costs
- Fixed and semi-fixed labour (net of government support)
- Plant inefficiencies during lockdown and restart
- Standing costs
- Other incremental costs
- Advisory fees

Ongoing:

- Personal protective equipment
- Reduced plant efficiencies

First half impact ≈ R250m

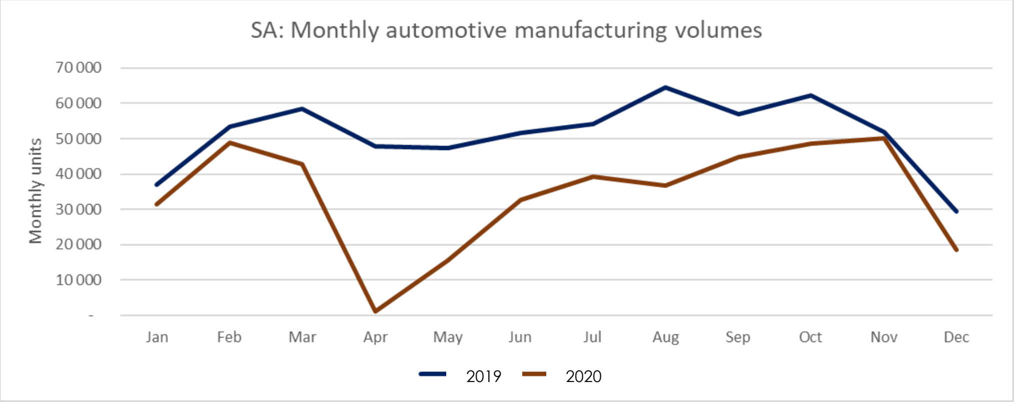
*Reflects revenue approximated as a percentage of pre-Covid expectations as a proxy for vertical production status

Operational status review – Automotive components volumes

SOUTH AFRICA

- Although OEM demand has been weak, anticipated full year down 32%, the recovery from June onwards has been in line with expectations and currently largely back to prior year levels

SA automotive production volume trend



Operational status review – Energy storage volumes

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SOUTH AFRICA

- Post lockdown aftermarket demand has been strong
- Industrial demand remains very weak, and expected to remain weak for some time

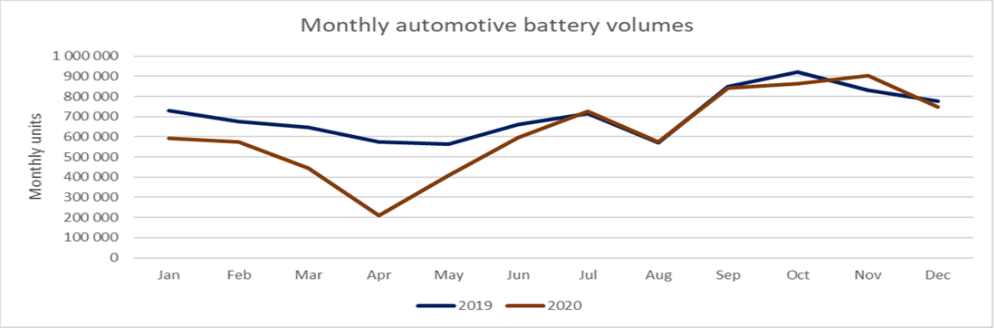
TURKEY

- Aftermarket demand has recovered to comparable 2019 levels, with strong demand especially in H2
- Exports impacted by country lockdowns, limiting movement of goods
- OEM demand steadily increasing up to 100% of 2019

ROMANIA

- Post May demand has been very good, with the factory operating at capacity throughout H2

Energy Storage sales volume trend



Updated outlook relative to guidance

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Automotive Components

- H2 2020 improvement in local automotive manufacturing of **70k units** compared to H1 2020 *(within guidance of c.* ***60k – 70k units****)*
- FY20 production volumes expected at the upper end of **400k to 440k** units guided previously
- This recovery is driven by strong export demand and new facelifts
- Full year EBIT margins within guidance of **1% and 3%** (**H2 margins of between 4% and 6%)**
- **Working capital expected to remain slightly higher due to supply chain management**, but improved free cash flow generation
- Capital expenditure anticipated of c. **R250m** (prev guidance was **R200m – R230m)**

Energy Storage

- This vertical's recovery is based on AM demand (local and export), OEM production in Turkey and Romania.
- Aftermarket demand has **returned strongly in the short term and has exceeded expectations.**
- Total auto battery volumes to improve by **1.5m – 1.7m** *(previous estimates were between* ***1.3m - 1.5m*** *units)* from H1'20, to reach **7.2m – 7.4m units** full year *(prev guidance was* ***7.0 - 7.2*** *million units)*.
- **FY20 revenues projected to be 5% to 10% lower than FY19** ***(previous guidance was 10% to 15% lower)***, with full year EBIT margins c. 8% - 10% *(prev guidance was between* ***6% and 8%)***
- **H2 margin estimates are strong at c.12%** *(prev guidance* ***between 8% and 10%).***
- H2 EBIT expected to improve by **30% - 40%** compared to H2 2019 *(prev guidance was that* ***H2 2020 could be on par with last year or deliver an improvement)***.

Q & A

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