METAIR
INVESTMENTS LIMITED
automotive | industrial | retail

# 2021 YEAR END RESULTS PRESENTATION

# COVID SAFETY IS UP TO US

TEST

VACCINATE

WEAR A MASK

SOCIAL DISTANCE

SANITIZE

GET THAT BOOSTER

# AGENDA

METAIR INVESTMENTS LIMITED
automotive | industrial | retail

- Welcome and opening observations
- Salient features
- Operational and financial review
- Key takeaways and outlook
- Q & A
- Appendices

# WELCOME AND OPENING OBSERVATIONS

## TOP OF MIND MATTERS

METAIR INVESTMENTS LIMITED
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**Operational Excellence**

- Delivery of key projects in AC
- Supply chain normalisation
- Disruptions that Covid could cause to employees and/or operations overall

**Financial Performance**

- Monitoring events in Eastern Europe
- South African economic recovery prospects
- Wage negotiations in all group companies in 2022

**Value Creation**

- Metair positioning on carbon reduction initiatives
- Future diversification initiatives in AC
- Li Ion line transfer to Turkey
- Potential value creation opportunity in ES

# 2021: THE YEAR OF CHANGE, RECOVERY & A HERD OF BLACK SWANS

METAIR INVESTMENTS LIMITED
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- Record HEPS for Metair
- Record ES performance driven by Mutlu
- Successful model launches despite multiple challenges
- Sustainability Data Transparency Index (SDTI) of 98.5% (Top 1% of JSE)
- LTIFR reduced to 0.29 (from 0.61 in 2020)

- Board changes – four new members including new Chair and CEO
- Leadership changes - four new subsidiary MDs
- Four new head office members (total 10)
- Moved offices to Rosebank from the original home base at Wesco House after many decades

- Vaccination status of at least one jab across the group 68%
- Food parcel support to employees in KZN after civil unrest and riots destroyed food retail in KZN
- Retained BBBEE level 1 certification for Group

Great team work, initiative and resilience shown by the team

# FOUR NEW BUILDINGS FOR AC PROJECTS IN 2021

# METAIR EXHIBITION 2021







8

# SALIENT FEATURES

## SALIENT FEATURES AT GROUP LEVEL

METAIR
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**REVENUE**
increased 23% to
**R12.6bn**

**EBITDA***
increased 58% to
**R1.4bn**

**OPERATING PROFIT**
**increased to**
**R1.2bn**

**NET DEBT**
Increased to
**R1.3bn**
From R805m

**FREE CASH FLOW UTILISED**
**R229m**

**DIVIDEND of 90cps FOR FY21**
dividend of 75cps declared and paid for FY20

**Headline earnings**
Increased to
**354cps**

**Debt refinancing**
Successful extension of RCF and preference share funding

Achieved a consolidated group
**B-BBEE level 1**
and all South African subsidiaries at **Level 4 or better**

**± 62k tonnes**
of lead recycled in 2021

**LTIFR**
**Improved to**
to 0.29 in 2021
from 0.61 in 2020

Covid-19
**response effective**
recovery in line with expectations but challenges remain

**Successfully progressed all new projects in Auto Components vertical**

Moving **Lithium-ion** line to Mutlu in Turkey

# OPERATIONAL AND FINANCIAL OVERVIEW

# AUTOMOTIVE COMPONENTS OPERATIONAL PERFORMANCE

METAIR INVESTMENTS LIMITED
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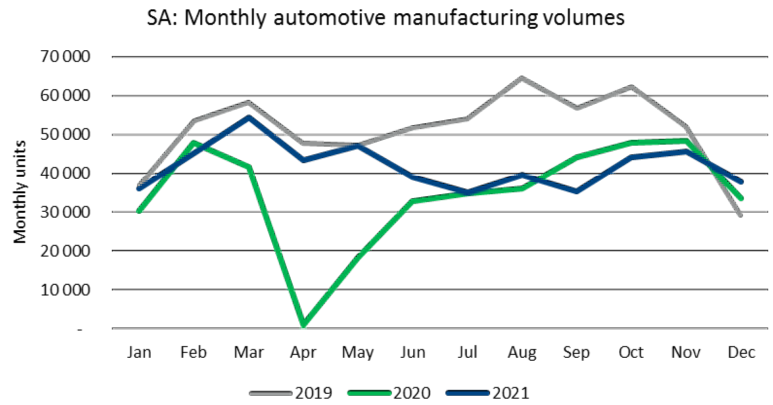
South African OEM production impacted by global supply chain disruptions and lost production due to local SA headwinds

**SOUTH AFRICA**

- OEM customer volumes improved by 21% from FY20, supported by strong export demand
- However, the recovery was hampered as supply chain disruptions limited customers ability to address market demand
- Apart from direct COVID-19 disruptions, second half of FY21 for auto industry was impacted by:
    - Continued supply chain disruptions, lack of availability for critical components (like semi-conductors) while significantly increasing cost of freight;
    - SA civil unrest in July;
    - Port inefficiencies; and
    - Steel sector strikes in October
- As a result, production in SA was c. 82% of 2019 levels, below our expectation of closer to 95%

| OEM | 2019 | 2020 | 2021 | Change |
|---|---|---|---|---|
| TSAM | 138 781 | 103 461 | 128 223 | 24 762 |
| FMCSA | 94 756 | 65 503 | 87 174 | 21 671 |
| VWSA | 157 961 | 114 158 | 129 119 | 14 961 |
| MBSA | 86 475 | 51 558 | 47 336 | (4 222) |
| BMW | 69 518 | 42 244 | 61 580 | 19 336 |
| NISSAN | 33 426 | 19 307 | 22 747 | 3 440 |
| OTHER | 33 926 | 20 739 | 27 164 | 6 425 |
| **Total volumes** | **614 843** | **416 970** | **503 343** | **86 373** |

Source: Metair internal data



# ENERGY STORAGE OPERATIONAL PERFORMANCE

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The vertical experienced good AM, OEM and export demand, automotive battery volumes increased by 18% to 8.8 million units. Our energy business performed well ahead of our expectations, mainly due to stronger export volumes from Mutlu.

**TURKEY**

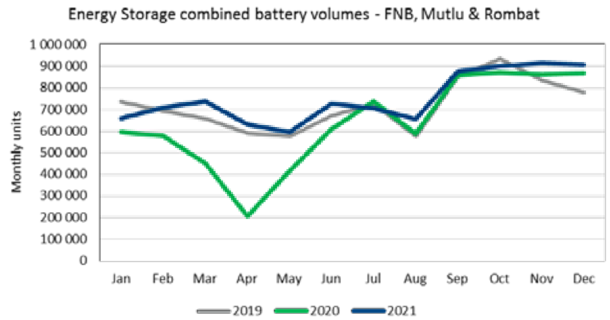
- Benefitted from normalization of Turkish OEM production and increase in new technology (AGM) supply
- AM demand remained high throughout the year, up 37%
- Exports increased 92%, resulting from highly successful new export contracts into North America and improvement in traditional export markets

**ROMANIA**

- Demand was good overall, with the factory operating at high-capacity utilization.
- AM volumes increased 22%, supported by strong European demand and new export contracts
- OEM volumes were impacted by chip shortages in the second half of the year

**SOUTH AFRICA**

- OEM volumes improved by 17% in line with auto sector
- AM demand was 7% lower as market conditions remained very competitive
- Industrial demand recovered slightly, and business will now transition into traded model




| Sales channel '000s | 2019 | 2020 | 2021 | Change | % |
|---|---|---|---|---|---|
| **Mutlu** | 4 348 | 3 692 | 4 682 | 990 | 27% |
| - OEM | 1 303 | 1 329 | 1 483 | 154 | 12% |
| - Local AM | 1 613 | 1 575 | 1 736 | 161 | 10% |
| - Export AM | 1 410 | 758 | 1 455 | 697 | 92% |
| - Industrial | 22 | 30 | 8 | (22) | (73%) |
| **Rombat** | 2 278 | 2 240 | 2 623 | 383 | 17% |
| - OEM | 417 | 427 | 411 | (16) | (4%) |
| - Local AM | 478 | 454 | 513 | 59 | 13% |
| - Export AM | 1 383 | 1 359 | 1 699 | 340 | 25% |
| **FNB** | 2 021 | 1 731 | 1 732 | 1 | 0% |
| - OEM | 466 | 305 | 358 | 53 | 17% |
| - Local AM | 1 022 | 974 | 907 | (67) | (7%) |
| - Export AM | 326 | 281 | 267 | (14) | (5%) |
| - Industrial | 207 | 171 | 200 | 29 | 17% |
| **Total units** | 8 647 | 7 663 | 9 037 | 1 374 | 18% |
| **Total auto battery units** | 8 418 | 7 462 | 8 829 | 1 367 | 18% |

# 2021 GROUP RESULTS AT A GLANCE

METAIR INVESTMENTS LIMITED
automotive | industrial | retail

| | | | | | |
|---|---|---|---|---|---|
| 139% | **HEPS**<br>**354cps**<br>(2020: 148cps) | 107% | **EBIT**<br>**R1.2bn**<br>(2020: R561m) | 58% | **EBITDA**<br>*(incl. share of assoc. excl. impairment)*<br>**R1.4bn**<br>(2020: R891m) |
| 133% | **Free cash flow**<br>**- R229m**<br>(2020: R687m) | 3.7ppt | **EBIT %**<br>**9.2%**<br>(2020: 5.5%) | 7.8ppt/ 5.3ppt | **ROIC**<br>**Unadjusted**<br>**16.4%** (2020: 8.6%)<br>**Adjusted ***<br>**11.7%** (2020: 6.4%) |

- Turnover up 23% (R2bn) to R12.6bn, from R10.2bn in 2020 and up 12% from 2019
- Operating profit of R1.16bn, at 9.2% margin (2020: 5.5% and 2019 of 9.1%)
- EBITDA of R1.4bn is a significant recovery from 2020 of R891m and relatively on par with 2019
- Headline earnings increased to R682m, amounting to 354cps

- Automotive had a challenging second half, as the industry responds to the longer term indirect consequences of Covid
- Free cash flow utilised of R229m, attributable to working capital investments, unusual costs incurred on supply chain disruptions and investments for new customer models and facelifts
- Group ROIC improved to 16.4%, ahead target of 13.4%

** Group adjusted ROIC is calculated on the incentivisation methodology, which excludes cash on hand and certain currency translation movements on foreign acquisitions regarding invested capital*

# OUR BUSINESS VERTICALS HAVE RECOVERED STRONGLY FROM 2020

METAIR INVESTMENTS LIMITED
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| | ENERGY STORAGE VERTICAL 2020 | | ENERGY STORAGE VERTICAL 2021 | AUTOMOTIVE COMPONENTS VERTICAL 2020 | | AUTOMOTIVE COMPONENTS VERTICAL 2021 | METAIR 2020 | | METAIR 2021 |
|---|---|---|---|---|---|---|---|---|---|
| Revenue | **R6,4bn** 56% contribution | 18% | **R7,5bn** 53% contribution | **R4,9bn** 44% contribution | 36% | **R6,7bn** 47% contribution | **R10,2bn** | 23% | **R12,6bn** |
| Operating Profit | **R588m** 87% contribution | 51% | **R887m** 78% contribution | **R88m** 13% contribution | 191% | **R257m** 22% contribution | **R561m** | 107% | **R1.16bn** |
| Return metrics * | EBIT : 9.2% ROIC: 15.8%* | | EBIT : 11.7% ROIC: 25.5%* | EBIT : 1.8% ROIC: 4.8%* | | EBIT : 3.8% ROIC: 10.7%* | EBIT : 5.5% ROIC: 8.6% | | EBIT : 9.2% ROIC: 16.4% |

** Verticals - ROIC based at operational level*
*Group adjusted ROIC (incentive methodology) was 11.7% (2020: 6.4%)*

# ENERGY EXCEEDED EXPECTATIONS WHILE AUTO CONTINUES THE U-SHAPE RECOVERY PATH POST 2019 LEVELS

METAIR INVESTMENTS LIMITED
automotive | industrial | retail

| | ENERGY STORAGE VERTICAL 2019 | | ENERGY STORAGE VERTICAL 2021 | AUTOMOTIVE COMPONENTS VERTICAL 2019 | | AUTOMOTIVE COMPONENTS VERTICAL 2021 | METAIR 2019 | | METAIR 2021 |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **R6,9bn** 55% contribution | 9% ↑ | **R7,5bn** 53% contribution | **R5,6bn** 45% contribution | 20% ↑ | **R6,7bn** 47% contribution | **R11,2bn** | 12% ↑ | **R12,6bn** |
| **Operating Profit** | **R666m** 55% contribution | 33% ↑ | **R887m** 78% contribution | **R538m** 45% contribution | 52% ↓ | **R257m** 22% contribution | **R1.02bn** | 14% ↑ | **R1.16bn** |
| **Return metrics *** | EBIT : 9.7% ROIC: 16.5%* | | EBIT : 11.7% ROIC: 25.5%* | EBIT : 9.5% ROIC: 33.4%* | | EBIT : 3.8% ROIC: 10.7%* | EBIT : 9.1% ROIC: 15.7% | | EBIT : 9.2% ROIC: 16.4% |

** Verticals - ROIC based at operational level*
*Group adjusted ROIC was 11.7% (2020: 6.4%)*

# FINANCIAL HIGHLIGHTS : INCOME STATEMENT

METAIR INVESTMENTS LIMITED
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Revenue improved by 23% and margins expanded to 9.2%, however volume once-off costs and supply chain disruptions impacted the auto business

| R'million | 2020 | 2021 | % Change |
|---|---|---|---|
| Revenue | 10 235 | 12 621 | 23% |
| EBITDA (incl. share of assoc.) | 783 | 1 409 | 80% |
| EBITDA (incl. share of assoc. excl. impairm.) | 891 | 1 409 | 58% |
| Other operating income | 118 | 204 | 73% |
| Operating profit | 561 | 1 159 | 107% |
| Operating profit margin (%) | 5,5% | 9,2% | 3,7ppt |
| Net interest expense | (164) | (145) | 11% |
| Profit after tax | 185 | 693 | 275% |
| Effective tax rate (%) | 37,6% | 28,0% | 9,6ppt |
| ROA (%) | 5,9% | 14,1% | 8,2ppt |
| ROE (%) | 4,3% | 17,1% | 12,8ppt |
| Undjusted ROIC (%) | 8,6% | 16,4% | 7,8ppt |
| Adjusted ROIC (%) | 6,4% | 11,7% | 5,3ppt |

| Other income breakdown | 2020 | 2021 |
|---|---|---|
| Government grants and similar | 93 | 104 |
| Derivatives* | 2 | 18 |
| Insurance proceeds | 1 | 51 |
| Other | 22 | 31 |
| **Other operating income** | 118 | 204 |

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

- Revenue increase driven by volume recovery in both businesses
- Hard currency export sales in energy contributed significantly
- Group operating profit increased by R518m, mainly due to:
  - Record performance in Energy Storage, in particular Mutlu achieving operating profit of R643m for the year
  - But Auto Components impacted by ongoing supply chain disruptions, instability in customer volumes and unusual premium airfreight costs of c. R150m to support customers
- Profit after tax of R693m impacted by:
  - Lower interest rates, R19m saving in net finance costs
  - Normalisation of effective tax rates but CIT rates increased at Mutlu to 25%
  - Significant losses in associates, Hesto equity losses of R58m due to supply chain disruptions
- Group operating margin up despite AC challenges, 3.7ppt to 9.2%
- Other income includes business interruption insurance claim of R50m

# FINANCIAL HIGHLIGHTS : INCOME STATEMENT

METAIR INVESTMENTS LIMITED
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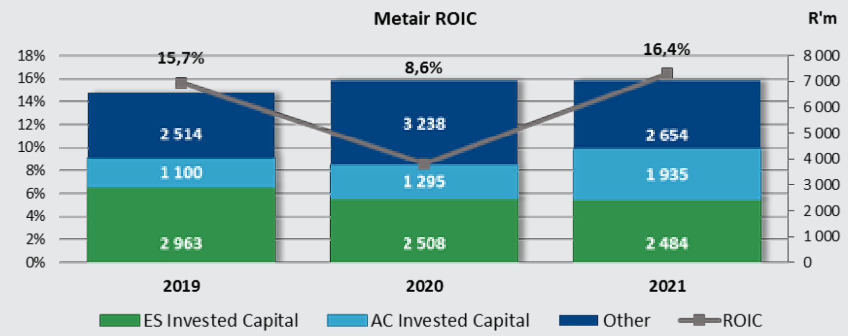
Record headline earnings of R682m, up 140% from 2020 and 6% from 2019 (Pre-Covid), despite SA auto challenges.

| R'million | 2020 | 2021 | % Change |
|---|---|---|---|
| Attributable profit | 174 | 675 | 287% |
| Headline earnings | 284 | 682 | 140% |
| Earnings per share (cents per share) | 91 | 350 | 286% |
| Weighted avg. number of shares ('000) | 192 118 | 192 715 | 0% |
| Headline earnings per share | 148 | 354 | 139% |
| Net debt | (805) | (1 328) | (65%) |
| Dividend per share declared (gross of WHT) (cps) | 75 | 90 | 20% |




- Attributable profit increased by R501m to R675m
- HEPS increased 139% from 148cps to 354cps
- And in addition to investing in projects that will yield future cashflow and earnings, we are declaring a dividend of 90cps, in line with our dividend policy
- Net debt increased to R1.4bn still within covenant leverage targets of below 2.5 times EBITDA

- ROIC was 16.4% (2020: 8.6%) includes the impact of project costs and investments and is ahead of our cost of capital
- AC invested capital for new customer models which are due for release in Q4'22
- Mutlu increased working capital to support higher production volumes and sales
- The average LME lead price also increased by 21%

# FINANCIAL HIGHLIGHTS : BALANCE SHEET

METAIR INVESTMENTS LIMITED
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Higher inventory levels and operating costs contributed to lower cash position including impact of supply chain disruptions.

| R'million | 2020 | 2021 |
|---|---|---|
| **Non-current assets** | 3 760 | 3 539 |
| Property, plant and equipment | 2 618 | 2 637 |
| Intangible assets | 504 | 284 |
| Other non-current assets | 638 | 618 |
| **Current assets** | 5 539 | 5 536 |
| Inventory | 1 695 | 1 959 |
| Trade and other receivables | 1 819 | 1 978 |
| Contract assets | 382 | 511 |
| Cash and cash equivalents | 1 624 | 1 078 |
| Other current assets | 19 | 10 |
| **Total assets** | 9 299 | 9 075 |

- Non-current assets decreased due to a combination of:
  - Spot currency TL devaluation in Mutlu c. 40% vs. ZAR
  - Offset by capital investments and depreciation
- Inventory levels higher as ES sales and operating levels higher and we increased stock in AC to mitigate against supply chain disruptions experienced globally
- Trade receivables and recovery was still strong and no significant exposures or bad debts
- Cash at R1.1bn (excl. overdraft of R116m), declined by R546m from 2020
- We utlised cash for working capital investments, new customer model project costs as well as supply chain costs

# FINANCIAL HIGHLIGHTS : BALANCE SHEET

Funding was renewed and adequate facilities in place to support growth in new projects and higher operating activity levels.

| R'million | 2020 | 2021 |
|---|---|---|
| **Total equity** | 4 215 | 3 874 |
| **Non-current liabilities** | 1 028 | 2 242 |
| Borrowings and financial liabilities | 519 | 1 849 |
| Post employment benefits | 91 | 73 |
| Deferred taxation | 251 | 174 |
| Deferred grant income | 125 | 105 |
| Provision for liabilities and charges | 42 | 41 |
| **Current liabilities** | 4 056 | 2 959 |
| Trade and other payables | 1 873 | 2 156 |
| Contract liabilities | 118 | 50 |
| Borrowings and financial liabilities | 1 851 | 478 |
| Provision for liabilities and charges | 83 | 98 |
| Bank overdrafts | 59 | 116 |
| Other current liabilities | 72 | 61 |
| **Total liabilities** | 5 084 | 5 201 |

- Total equity reduction driven by TRY currency devaluation
- Total debt at R2.3 billion, R80m lower but mainly impacted by Mutlu currency devaluation
- All remaining funding due was refinanced before maturity
- Equity decrease reflects cumulative currency losses (‘FCTR’) arising from Mutlu and was significant in the current year at c.R0.9bn
- Turkish Lira spot rate devalued from TL1.98 to TL1.19 against the ZAR in the year under review

# WORKING CAPITAL HAS INCREASED TO SUPPORT HIGHER ACTIVITY LEVELS

METAIR INVESTMENTS LIMITED
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| R'million | 2020 | 2021 |
|---|---|---|
| Inventory | 1 695 | 1 959 |
| Trade and other receivables | 1 819 | 1 978 |
| Trade and other payables | (1 873) | (2 156) |
| Contract assets/liabilities - net | 264 | 461 |
| **Total net working capital** | 1 905 | 2 242 |

| Days | 2020 | 2021 |
|---|---|---|
| Inventory | 60 | 57 |
| Trade and other receivables | 65 | 57 |
| Trade and other payables | (67) | (62) |
| Contract assets/liabilities - net | 10 | 13 |
| **Total days** | 68 | 65 |

*All days calculations based on turnover*

- Working capital reduction in FY20 was largely temporary, and aided by lower commodity prices
- FY21 increase incorporates normalisation, some investment for new projects
- Group net working capital increased by c. R337m:
  - Higher inventory values mainly at Mutlu, due to higher activity levels and higher commodity prices
  - Working capital days reduced marginally

# CAPITAL AND DEBT STRUCTURE REMAINS STRONG DESPITE HIGHER GEARING

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We received strong support from our funders during the year. Net debt has increased, but FY22 is the peak year of funding. Net debt levels will reduce post new model launches.

| % | 2020 | 2021 |
|---|---|---|
| Debt* : Equity | 58% | 61% |
| Net debt** : Equity | 20% | 35% |

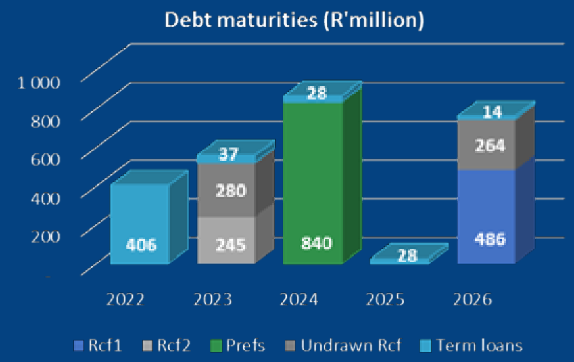
| | 2020 | 2021 |
|---|---|---|
| Net debt** (R'million) | 805 | 1 328 |
| Net debt** : EBITDA (incl. share of assoc.) | 1,0 | 0,9 |
| Net debt** : EBITDA (excl. impairment of assoc.) | 0,9 | 0,9 |

* *Interest bearing borrowings*

** *Includes overdrafts and cash equivalents*

| | Financial covenant ratio | Covenant level | Compliance | 2020 | 2021 |
|---|---|---|---|---|---|
| 1 | Dividend and interest cover ratio | Not less than 3 times | Y | 5,44 | 8,83 |
| 2 | Total net borrowings to adjusted EBITDA ratio | Not more than 2.5 times | Y | 1,40 | 1,48 |
| 3 | Priority debt covenant | Not more than 1 times | Y | (0,37) | 0,43 |

- Net debt increased to R1.3bn (2020: R805m) due to higher net working capital and project investments
- All covenant requirements met at December 2021, with net debt/EBITDA within 2 times target requirements
- Successfully extended maturity of the following Metair facilities:
  - R750m, 5 year RCF maturing on 2026; and
  - R840m preference share, for 3 years now maturing in 2024
- Successfully raised funding for Hesto of R850m in July
  - R600m, 5 year term loan
  - R250m, 3 year RCF



# CAPITAL EXPENDITURE AND COMMITMENTS (INCLUDING HESTO)

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R1.2bn has been allocated for 2022 (2020: R1.3bn) and includes carry over allocations and new technology investments at Mutlu (AGM).

**Capital expenditure spend**

| Vertical<br>R'million | Maintenance<br>& general | Efficiency<br>& expansion | Health, safety<br>& environ. | Total |
|---|---|---|---|---|
| Automotive components | 64 | 793 | 7 | **864** |
| Energy storage | 101 | 89 | 22 | **212** |
| **Total capital expenditure** | **165** | **882** | **29** | **1 076** |
| Hesto | | | | **503** |

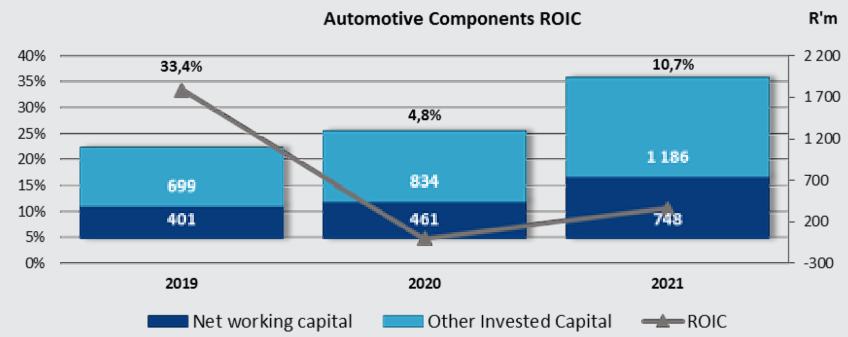
**Capital commitments to be undertaken**

| Vertical<br>R'million | Maintenance<br>& general | Efficiency<br>& expansion | Health, safety<br>& environ. | Total |
|---|---|---|---|---|
| Automotive components | 108 | 714 | 21 | **843** |
| Energy storage | 90 | 182 | 44 | **316** |
| **Total capital commitments** | **198** | **896** | **65** | **1 159** |
| Hesto | | | | **377** |

- 2021 was a significant year of investment for secured new model launches and facelifts.
  - All major projects remain on track per plan
  - Majority of committed capex spend at Hesto, Lumotech, Unitrade and Automould for the approved new Ford Ranger
  - Energy Storage capacity and efficiency enhancements, mostly in AGM technology due to customer demand will only be realised in 2022.
  - This capex is supported by a 55% new technology incentive
  - Some capital expenditure was deferred into 2022 as a result of supply chain disruptions and customer design changes
- The debt funding has been raised at subsidiary level.
- But, due to the short term supply chain costs incurred at Hesto, combined with additional working capital to mitigate against future premium costs, additional funding of R250m will be allocated to Hesto from shareholders.

# AUTOMOTIVE COMPONENTS RECOVERY SIGNIFICANTLY IMPACTED BY SUPPLY CHAIN DISRUPTIONS AND PREMIUM COSTS

| Revenue | PBIT | EBITDA |
| --- | --- | --- |
| 36% | 191% | 63% |
| R6,7bn | R257m | R370m |
| **Free cash flow** | **PBIT %** | **ROIC** |
| -R871m | 2.0ppt | 5.9ppt |
| -R820m | 3.8% | 10.7% |




- Turnover of R6.7bn achieved and represents 120% of 2019 levels
- Operating profit increased to R257m, margins were low at 3.8%
- The industry experienced significant supply chain disruptions including chip shortages as well as lost production due to the civil unrest (8-10 days)
- R150m of unbudgeted emergency air-freight was spent on making sure materials arrived on time due to shipping delays, majority spend at Hesto
- Hesto impacted by customer production variability as well as the anticipated new model project costs ahead of launch

- OEM customer volumes rebounded by 21%, Toyota and Ford had a better start up to the year
- But stability was challenged in H2. Volume variability impacted efficiencies and overtime costs in our divisions
- We increased stock holding to mitigate supply chain disruptions and spent capital on new projects
- Free cash of R820m was consumed, R520m at Hesto
- ROIC was 10.7%, behind threshold of 24%

# ENERGY STORAGE RESULTS DRIVEN BY SUSTAINED DEMAND FOR AUTOMOTIVE LEAD ACID BATTERIES IN EXISTING MARKETS AS WELL AS NEW EXPORT REGIONS

METAIR INVESTMENTS LIMITED
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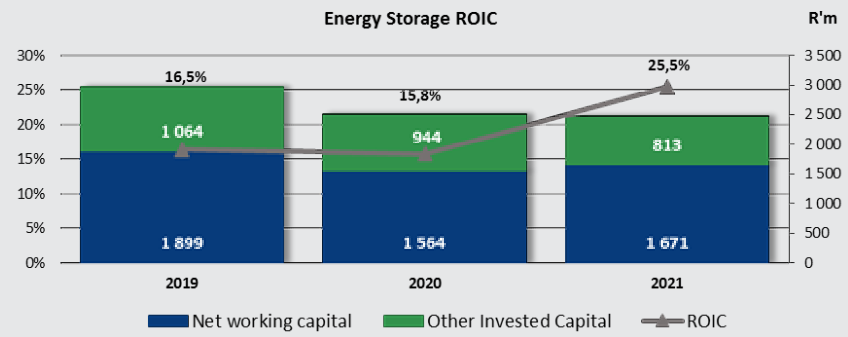
| Revenue | PBIT | EBITDA |
|---|---|---|
| ↑ 18% | ↑ 51% | ↑ 35% |
| R7,6bn | R887m | R1 067m |
| **Free cash flow** | **PBIT %** | **ROIC** |
| ↓ 93% | ↑ 2.5ppt | ↑ 9.7ppt |
| R52m | 11.7% | 25.5% |

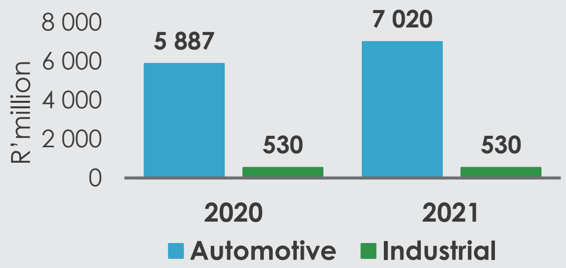



- Turnover of R7.6bn represents 118% of 2019 levels
- R887m operating profit, at a margin of 11.7%, ahead of expectations
- Mutlu achieved record local operating profit of TL378m, translating into R643m in ZAR terms
- Rombat achieved R84m, impacted by chip shortages at customers as well as significant increases in energy and raw material costs
- FNB achieved R156m, ahead of 2019 levels and includes R40m of industrial division restructuring costs

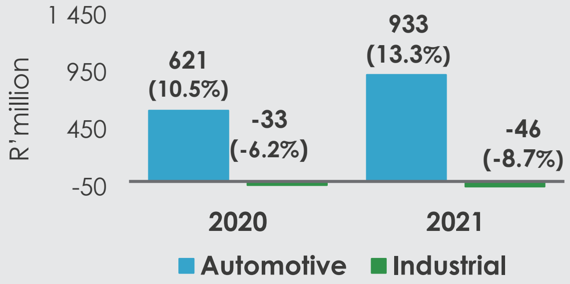
- ROIC recovered to a strong 25.5%, ahead of 16.3% threshold
- Working capital utilisation increased, particularly at Mutlu to support higher volumes
- Free cash declined by 93% to R52m

# ENERGY STORAGE AUTOMOTIVE MARGINS WERE STRONG AT 13.3%

Revenue




PBIT




Total automotive battery margins increased from 10.5% to 13.3%

**Export auto**

- Auto exports PBIT margin increased from 10.6% to 14.7%
- Improved quality of earnings at Mutlu and Rombat, with hard currency pricing

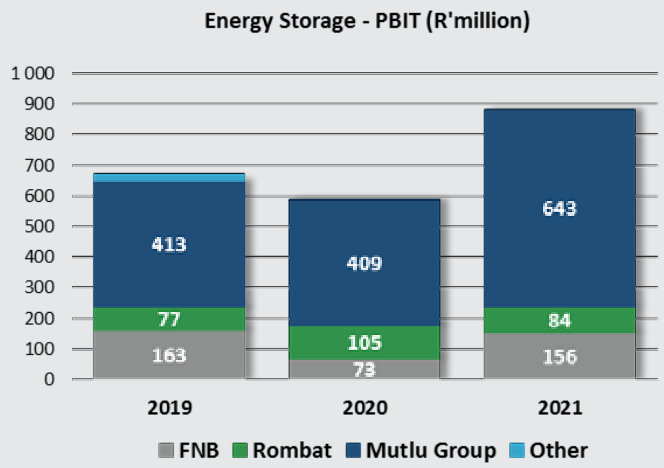
**Local auto**

- Local automotive PBIT improved by 29%, or R133m, supported by stronger demand and improved market share

**Industrial**

- Industrial PBIT declined further by R14m to a loss of R46m, weak industrial demand in tough economic conditions continues
- First National Battery industrial division is expected to unlock value in the long-term by restructuring the division to a fully traded portfolio model and stop manufacturing
- R40m of restructuring costs are included

# ENERGY STORAGE – OVERALL EXCEPTIONAL OPERATING RESULT FOR 2021




| PBIT change in local currency | |
|---|---|
| Mutlu | 117% |
| Rombat | (13%) |
| FNB | 113% |
| **Total** | **103%** |

- First National Battery ('FNB') PBIT increased from R73m to R156m
- Although a challenging and competitive SA environment, AM sales were stronger in Q4 and lead recoveries better
- FNB is also migrating their Industrial business model to a trading strategy only and R40m of restructuring costs were booked
- Mutlu Akü performed exceptionally well again, and achieved a 57% increase to R643 million despite the devaluation of the Turkish Lira (TL) by 28% on average against the ZAR
- Export sales are hard currency based and volumes increased by 92% while local AM and OEM demand remained strong
- Rombat's ZAR operating profit declined 20% to R84m although overall volumes improved by 17%
- Rombat's operating margin declined to 4.8% due to extremely high energy and other input costs experienced in the second half of the year in Europe
- As normal, there is a lag in recovering these overhead cost increases from customers

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# OUTLOOK AND PROSPECTS

# FORD NEW BUSINESS PROGRESS UPDATE

## PROJECT IS TRACKING WITHIN PLAN, DESPITE INDUSTRY DISRUPTIONS

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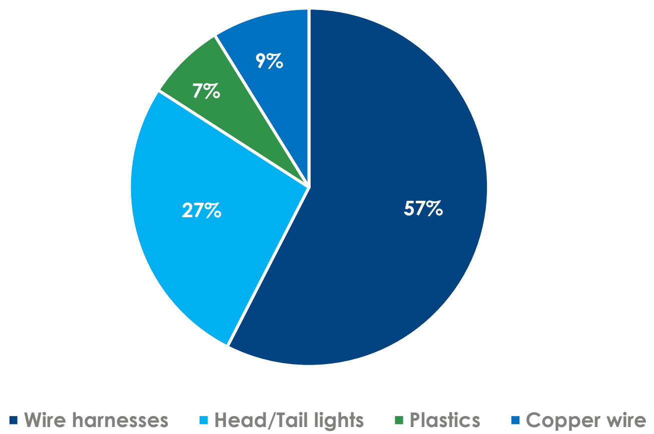
Project and capital spend still within budget, and further business secured for wire localisation

**OVERVIEW** *(INCLUDES HESTO)*

- Significant additional revenue secured over model life
- Customer design changes, product complexity and additional portfolio offerings introduced since initial awarding of business
- Expected launch date still planned for Q4' FY22
- Additional capital expenditure approved of R165m, total capital investment c. R1.0bn
- c. R0.6bn of allocated capital was spent in FY'21, with R0.25bn delayed into FY'22
- Project costs of c. R200m are expected to be incurred ahead of launch, as well as investment of c.R400m into working capital

**REVENUE SHARE** *(INCLUDES HESTO)*




*Metair's significant product portfolio supplied (excludes carry over suspension and batteries business)*

## KEY TAKEAWAYS AND OUTLOOK

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**Strong Recovery**

- Record HEPS and record ROIC achieved
- Record performance in ES driven by Mutlu
- AC turnover achieved represents 120% of 2019, but margins temporarily depressed due to once off items
- Projects on track

**Positive Volume Outlook**

- ES volume outlook remains positive with increased demand for absorbed glass mat (AGM) batteries across all channels
- Successful execution of new projects will result in substantial increase in earnings from FY23 onwards
- Supply chain challenges and semi-conductor shortages to normalise in H2'22
- Mitigation of challenges created by conflict in Eastern Europe

**Value Creation Opportunities**

- First National Battery to complete change of its industrial battery business to a trading model
- Installation and commissioning of the lithium-ion line will be a core project focus at Mutlu Akü.
- Metair will continue to position the company for future growth and diversify our customer base in Auto Components
- Metair continues to actively work towards value creation opportunities within the Energy Storage Vertical

# Q & A

## DISCLAIMER

The information supplied herewith is believed to be correct
but the accuracy thereof at the time of going to print is not guaranteed.

The company and its employees cannot accept liability for loss
suffered in consequence of reliance on the information provided.

Provision of this data does not obviate the need to make further
appropriate enquiries and inspections.

The financial information has not been reviewed or reported on by the company’s external auditors,
and shareholders are advised that any forecast financial information contained
in this announcement has not been reviewed or reported on by the company’s auditors
and is the responsibility of the directors of the company.

# APPENDICES

# ENERGY STORAGE VOLUMES (ROUNDED)

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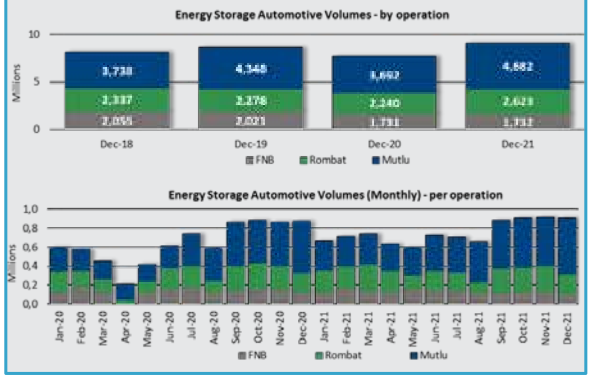
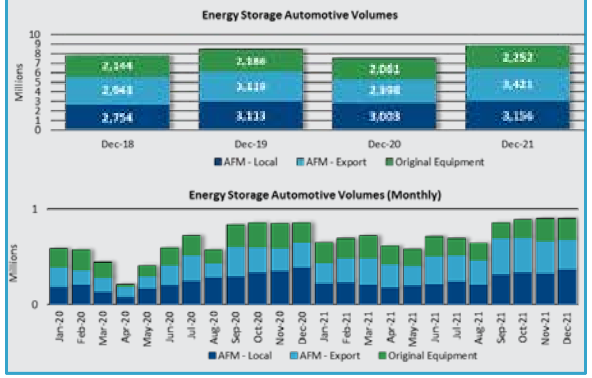
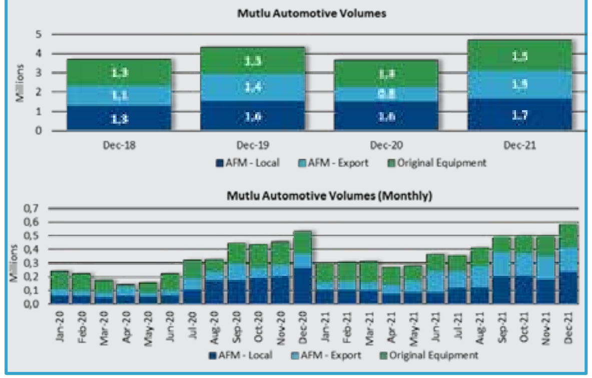
## 1. Total volumes by operation (including industrial)



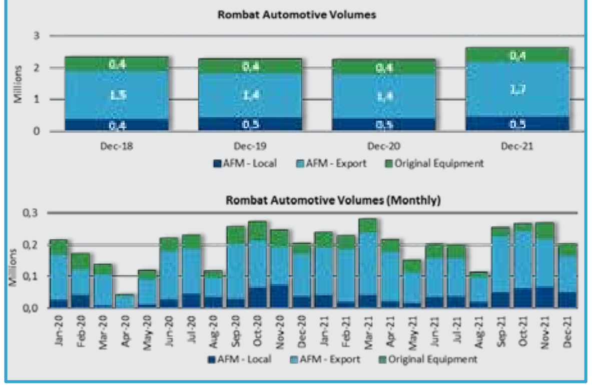

## 2. Automotive volumes by market



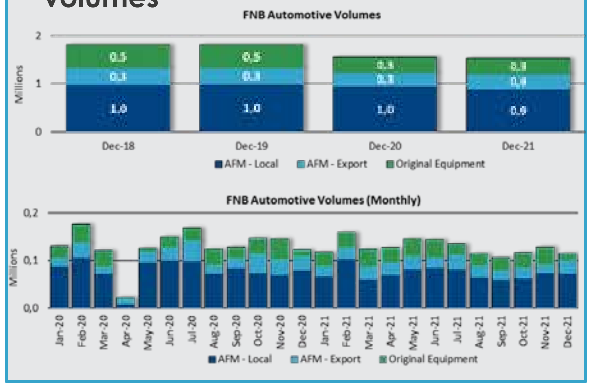

## 3. Mutlu automotive volumes




## 4. Rombat automotive volumes




## 5. First National Battery automotive volumes




## 6. Industrial volumes