METAIR
INVESTMENTS LIMITED
automotive | industrial | retail

2022 INTERIM RESULTS PRESENTATION

15 SEPTEMBER 2022

SAFETY MESSAGE

“SAFETY IS PRESENCE OF MIND”

AGENDA

- Welcome and opening observations
- Salient features
- Financial and operational review
- Outlook and prospects
- Q & A
- Appendices

WELCOME AND OPENING OBSERVATIONS

TOP OF MIND MATTERS

Operational Excellence

- Delivery of key projects in Automotive Components
- Supply chain normalisation
- Post-flooding recovery and production readiness

Financial Performance

- Monitoring & mitigating events in Eastern Europe (incl. high energy costs)
- South African economic recovery prospects
- Resolving wage negotiations for SA auto industry
- Managing hyperinflation in Türkiye
- Balance sheet robustness and liquidity

Value Creation

- Metair positioning on carbon reduction initiatives
- Future diversification initiatives in Automotive Components
- Potential value creation opportunity in Energy Storage

SUCCESSFULLY NAVIGATING A CHALLENGING OPERATING ENVIRONMENT

- Conflict in Ukraine
- Lead and energy prices in Romania and Europe
- KZN floods and stoppage at major customer Toyota
- Onset of hyperinflation in Türkiye
- Mutlu 10 day strike in June
- Toyota start-up and readiness preparations

SALIENT FEATURES

SALIENT FEATURES AT GROUP LEVEL

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▼
REVENUE
decreased 2% to
R5.8bn
H1'21: R5.9bn

▼
EBITDA
decreased 57% to
R300m
(R743m normalised)**
H1'21: R701m

▼
EBIT
decreased 73% to
R144m
(R557m normalised)**
H1'21: R545m

▲
NET DEBT
increased to
R2.4bn
(R2bn normalised)**
Dec'21 R1.3bn

NORMALISATION ADJUSTMENTS
excludes non-cash impact of hyperinflation and once-off items

FREE CASH FLOW UTILISED
R567m
(R444m utilised pre-hyper*)

▼
HEADLINE EARNINGS
decreased to
45cps
(152cps normalised**)

Debt financing
Strong ongoing support from funders

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

± 29k tonnes
of lead recycled
In H1'22

LTIFR
improved
to 0.21 in H1'22
from 0.29 in 2021

Supply chain response effective
but some disruptions remain

Successfully progressed all new projects in Automotive Components

Return to production of our major customer following KZN floods

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* *Excluding the non-cash impact of IAS29 – Financial Reporting in Hyperinflationary Economies*

** *Normalised metrics represent management's view of core earnings, after eliminating once-off items and the non-cash impact of hyperinflation accounting*

FINANCIAL AND OPERATIONAL REVIEW

FINANCIAL OVERVIEW

H1 2022 GROUP RESULTS AT A GLANCE

▼

HEADLINE EARNINGS PER SHARE
decreased 74% to
45cps (normalised 152cps*)
(H1'21: 170cps)

▼

EBIT
decreased 73% to
R144m
(H1'21: R545m)

▼

EBIT %
decreased 6.7ppt
2.5%
(H1'21: 9.2%)

▼

EBITDA
(incl. share of assoc. excl. impairment)
R300m (normalised R743m*)
(H1'21: R701m)

▼

Free cash flow
decreased to
-R567m
(H1'21: - R142m)

▼

ROIC
unadjusted
11.7%
(H1'21: 16.3%)

Another unprecedented year, but outlook remains positive. Main impacts and disruptions to our businesses were:

Energy Storage

- Hyperinflation accounting for Türkiye impacted Mutlu, PAT adjusted R95m down
- 10 day strike at Mutlu, short-term loss of profits c. R30m during June
- War in Eastern Europe and proximity to Romania impacted battery volumes and lag in recovery of energy costs for Rombat

Automotive Components

- Toyota flooding resulted in >4 month stoppage. Returned to production in August
- Navigating short-term cash constraints, ensuring employee wellbeing, ongoing new business preparations and return to production was critical
- Business Interruption insurance claim ('BI') for R360m (before tax and minorities) accrued for the period, R150m cash received. BI capped at R500m
- Poor OEM Q1 start ups and production loss at Toyota impacted demand and production efficiencies. Recovery in production volumes post-June
- Ford project on schedule, R115m expected once-off project costs expensed (majority at Hesto)
- Debt levels impacted by short-term excess working capital, capital expenditure and lower cash earnings

** Normalised metrics represent management's view of core earnings, after eliminating once-off items and the non-cash impact of hyperinflation accounting*

FINANCIAL HIGHLIGHTS : INCOME STATEMENT

Normalised EBITDA amounted to R743m

R'million	Dec 2021	Jun 2021	Jun 2022	% Change
Revenue	12 621	5 934	5 822	(2%)
EBITDA (incl. share of assoc.)	1 409	701	290	(59%)
EBITDA (incl. share of assoc. excl. impairm.)	1 409	701	300	(57%)
Other operating income	204	74	351	372%
Operating profit	1 159	545	144	(73%)
Operating profit margin (%)	9,2%	9,2%	2,5%	(6,7ppt)
Net interest expense	(145)	(64)	(125)	(95%)
Net monetary gain			253	
Profit after tax	693	344	96	(72%)
Effective tax rate (%)	28,0%	28,9%	59,2%	(30,3ppt)
ROA (%)	14,1%	14,6%	7,2%	(7,4ppt)
ROE (%)	17,1%	18,1%	9,8%	(8,3ppt)
Undjusted ROIC (%)	16,4%	16,3%	11,7%	(4,6ppt)
Adjusted ROIC (%)	11,7%	11,6%	13,6%	2ppt

Other income breakdown	Dec 2021	Jun 2021	Jun 2022
Government grants and similar	104	47	69
Derivatives*	18	12	8
Insurance proceeds	51		259
Other	31	15	15
Other operating income	204	74	351

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

R'million	Dec 2021	Jun 2021	Jun 2022	% Change
Attributable profit	675	327	80	(76%)
Headline earnings	682	327	87	(73%)
Earnings per share (cents per share)	350	170	41	(76%)
Weighted avg. number of shares ('000)	192 715	192 618	193 350	0%
Headline earnings per share	354	170	45	(74%)
Net debt	(1 328)	(1 171)	(2 382)	(103%)
Dividend per share declared and paid (gross of WHT) (cps)	75	75	90	20%

- Revenue marginally down, lower Auto Component sales
- Auto Components profitability impacted by project costs
- Group effective portion of BI, R259m
- BI cap of R500m will be reached in H2
- EBIT margin down 7.4ppt to 2.5%, hyperinflation impact
- Net interest expense up 95%, increased borrowings and interest rates
- Effective tax rate of 59% - Hesto post tax losses, non deductible expenses and interest, withholding taxes and hyperinflation impacts

FINANCIAL HIGHLIGHTS : BALANCE SHEET & WORKING CAPITAL

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High net debt and working capital levels will unwind by year end. Non-current assets increased significantly, strong Mutlu non-monetary asset base protects against hyperinflation and a positive gain from a net asset point of view

R'million	Dec 2021	Jun 2021	Jun 2022
Non-current assets	3 539	3 625	5 145
Property, plant and equipment	2 637	2 583	3 449
Intangible assets	284	405	980
Other non-current assets	618	637	716
Current assets	5 536	5 289	6 206
Inventory	1 959	1 929	2 808
Trade and other receivables	1 978	1 944	2 131
Contract assets	511	279	525
Cash and cash equivalents	1 078	1 111	726
Other current assets	10	26	16
Total assets	9 075	8 914	11 351
Total equity	3 874	4 013	5 041
Non-current liabilities	2 242	1 022	944
Borrowings and financial liabilities	1 849	560	320
Post employment benefits	73	86	71
Deferred taxation	174	218	413
Deferred grant income	105	117	99
Provision for liabilities and charges	41	41	41
Current liabilities	2 959	3 879	5 366
Trade and other payables	2 156	1 895	2 368
Contract liabilities	50	106	33
Borrowings and financial liabilities	478	1 694	2 687
Provision for liabilities and charges	98	72	73
Bank overdrafts	116	29	138
Other current liabilities	61	83	67
Total liabilities	5 201	4 901	6 310
Total equity and liabilities	9 075	8 914	11 351

R'million	Dec 2021	Jun 2021	Jun 2022
Inventory	1 959	1 929	2 808
Trade and other receivables	1 978	1 944	2 131
Trade and other payables	(2 156)	(1 895)	(2 368)
Contract assets/liabilities - net	461	174	492
Total net working capital	2 242	2 152	3 063

Days	Dec 2021	Jun 2021	Jun 2022
Inventory	57	57	82
Trade and other receivables	57	58	62
Trade and other payables	(62)	(56)	(69)
Contract assets/liabilities - net	13	5	14
Total days	65	64	89

All days calculations based on turnover

- Non-current assets increased mainly due to Ford's new business investments and Mutlu hyperinflation uplift
- Working capital levels higher due to flood impact, inventory supply chain disruption mitigations, Mutlu seasonality cycle and higher commodity prices. Expected to unwind in H2
- Increase in equity (NAV) arises from foreign currency hyperinflation gains at Mutlu
- Majority of SA debt classified as current, technical covenant breach

CAPITAL AND DEBT STRUCTURE

We received strong support from our funders during the year. Net debt has increased, but FY'22 is the peak year of funding. Net debt levels will reduce post new model launches

%	Dec 2021	Jun 2021	Jun 2022
Debt* : Equity	61%	58%	60%
Net debt** : Equity	35%	30%	49%

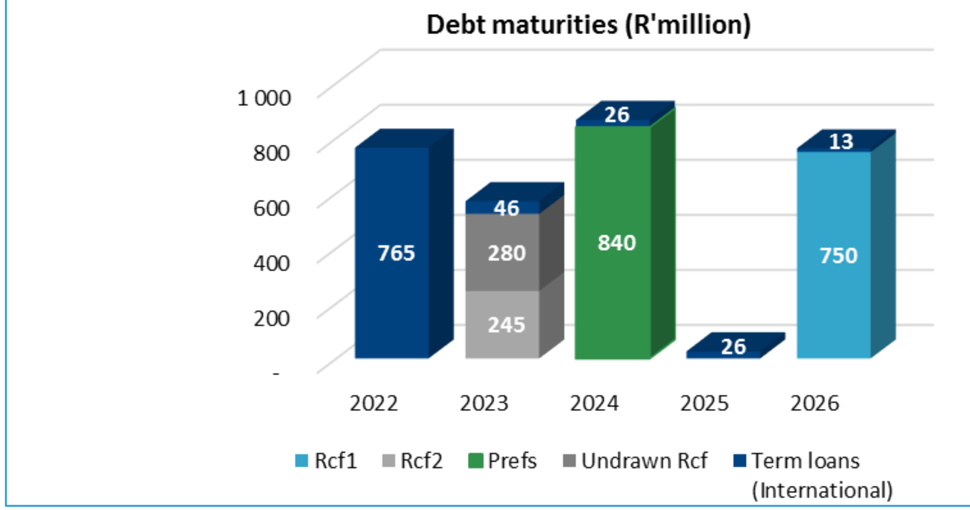
	Dec 2021	Jun 2021	Jun 2022
Net debt** (R'million)	1 328	1 171	2 382
Net debt** : EBITDA (incl. share of assoc.)	0,9	0,8	2,4

* *Interest bearing borrowings*

** *Includes overdrafts and cash equivalents*

Financial covenant ratio	**Covenant level**	**H1'22 Pre-hyper**	**H1'22 Reported**	**H1'22 Normalised** (IAS29 & once-offs)
Dividend and interest cover ratio	Not less than 3X	5,52	4,01	4,32
Total Net borrowings to adjusted EBITDA ratio	Not more than 2.5X	2,23	3,01	1,75
Priority Debt covenant	Not more than 1X	1,09	1,47	0,88

We adjusted EBITDA and net debt to consider the unusual items in the current period.



- Cash decreased to R588m from R962m FY'21, while net debt increased to R2.4bn (FY'21: R1.3bn)
- The group's gearing increased significantly due to the operational requirements as well as funding taken up for new projections including R188 million advanced to Hesto
- On a covenant testing basis, leverage and priority ratios amounted to c. 3 and 1.5 times EBITDA respectively
- Discussions with funders ongoing and remain positive
- No intention to recall debt, waivers imminent

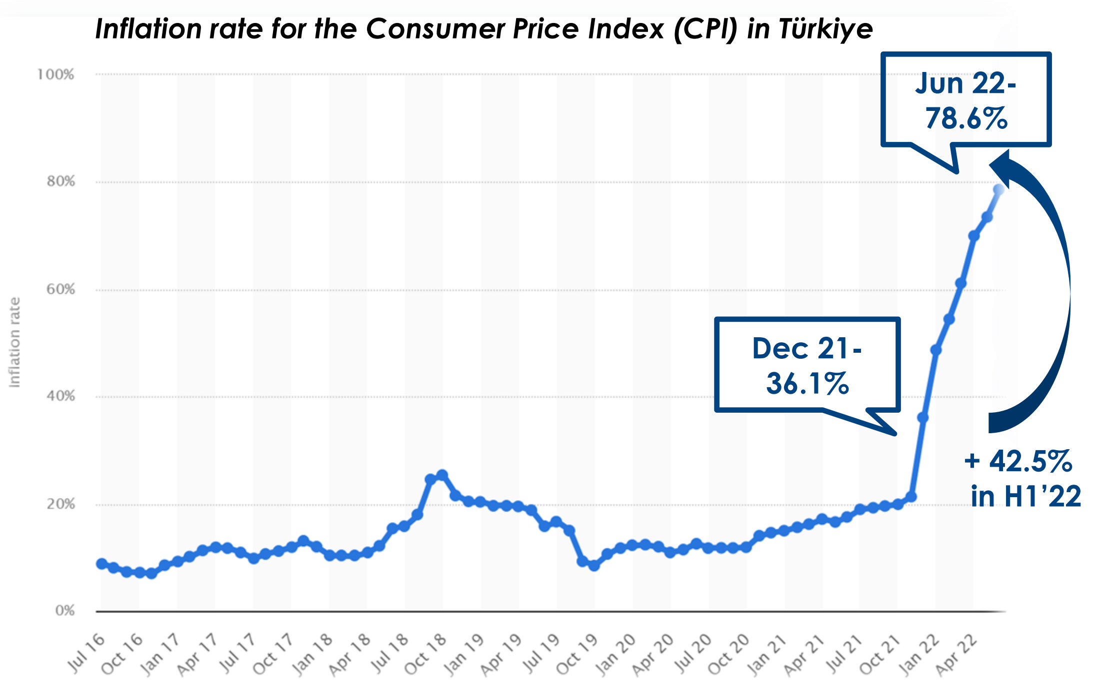
ENERGY STORAGE MAIN IMPACT: IAS 29, HYPERINFLATION ACCOUNTING IN TÜRKIYE

In theory, IAS 29 is meant to improve comparability of hyperinflation results. However Mutlu’s operating results are significantly adjusted (represented) even though the business is largely dollarised. >80% of inputs and >50% sales hard currency related

IAS 29 - HYPERINFLATION ACCOUNTING ADOPTED BY MUTLU IN H1’22

Why hyperinflation accounting is applied?

Türkiye's inflation rate rose to 78.6% in June 2022, accelerating dramatically in recent months. Inflation levels breached 100% over a 3 year cumulative period in H1’Q2 and amongst other factors, triggered hyperinflation accounting (IAS 29). Results and financial position of Mutlu must now be ‘indexed’ to purchasing power as at Jun’22. Adjustments are non-cash in nature.



Inflation rate for the Consumer Price Index (CPI) in Türkiye

Jun 22- 78.6%

Dec 21- 36.1%

+ 42.5% in H1’22

4 impacts:

1) Restatement of Mutlu opening balance sheet;
2) Re-indexing of non-monetary items YTD;
3) Re-indexing of retained income YTD
4) Reclassification of current period income statement

From 2013 to 2021

1) Restate prior year closing balance sheet and re-index to general purchasing power at 31 December 2021: All through OCI

From 2022 onwards

Monetary items (YTD’22): are already expressed in current purchasing power

2) Non-monetary items (YTD’22): are not expressed in current purchasing power

3) Opening retained income /equity (YTD’22): not expressed at current purchasing power

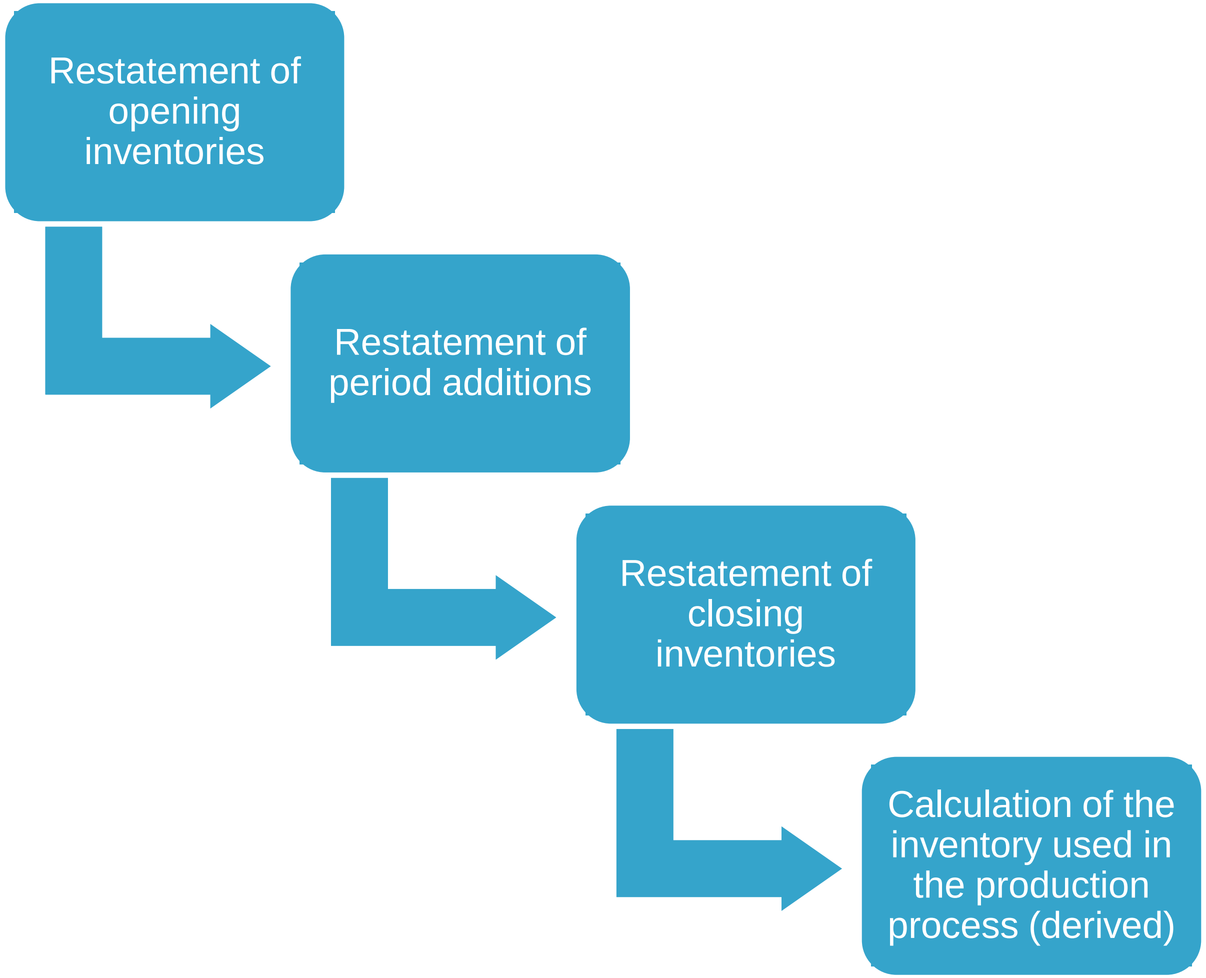
No restating required

Therefore restating required: through P/L as a ***non-monetary gain or loss***

Therefore, restating required: through P/L as a ***non-monetary gain or loss***

INCOME STATEMENT: RESTATEMENT OF INVENTORY AND COST OF GOODS SOLD CAUSES A TIMING MISMATCH FOR LONG LEAD TIME MANUFACTURERS

Simply applying average indexing on cost of sales for the period is not correct. Cost of sales is restated from the date of production and not date of sale. Restatement of inventory and cost of sales is dependant on days inventory outstanding cycle and can range up to 90 days, depending on stage of production, date of raw material purchases and seasonality



Restatement of opening inventories

Restatement of period additions

Restatement of closing inventories

Calculation of the inventory used in the production process (derived)

The revenue/cost mismatch reduces gross profit and arises from indexing inventory values for a longer period of time

IAS 29 restates all income and expenses from the dates originally incurred, ensuring amounts are expressed in current purchasing power

Revenue rebased using average inflations rates of 17.4% for the 6 month period ending June 2022

Cost of goods sold ('COGS') rebased from raw material/ inventory purchase dates until end of the current reporting period. COGS is incurred approximately up to 3 months prior to the date on which revenue was earned

Average inflation for the period October 2021 to March 2022 (i.e. the period in which the cost was incurred for H122' revenue) was 39.6%

Restating required: through P/L as a
non-monetary gain or loss

NON-CASH HYPERINFLATION IMPACT OF R95M TO NET PROFIT AFTER TAX

Hyperinflation accounting increases Mutlu's non-monetary assets by c. 18% (R1.7bn), by indexing up using CPI tables published by Turkish Statistics. A foreign currency translation gain of c. R1.5bn arises through other comprehensive income. Mutlu operating profit restatement 'expressed' as a financial gain (R253m), but balance sheet indexing causes a R95m PAT loss impact in current period

CONDENSED CONSOLIDATED BALANCE SHEET (R'm)	**H1'22 Pre-hyper**	**Hyper. Impact**	**H1'22 Reported**
ASSETS			
Non-current assets	3 574	*1 571*	**5 145**
Property, plant and equipment	2 632	*817*	**3 449**
Intangible assets	226	*754*	**980**
Investment in associates	510		**510**
Loan to associate	189		**189**
Deferred taxation	17		**17**
Current assets	6 089	*117*	**6 206**
Inventory	2 693	*115*	**2 808**
Trade and other receivables	2 129	*2*	**2 131**
Contract assets	525		**525**
Taxation	1		**1**
Derivative financial assets	15		**15**
Cash and cash equivalents	726		**726**
Total assets	9 663	*1 688*	**11 351**
EQUITY AND LIABILITIES			
Total equity	3 599	*1 442*	**5 041**
Non-current liabilities	698	*246*	**944**
Borrowings	320		**320**
Post-employment benefits	71		**71**
Deferred taxation	168	*245*	**413**
Deferred grant income	99		**99**
Provisions for liabilities and charges	40	*1*	**41**
Current liabilities	5 366		**5 366**
Total liabilities	6 064	*246*	**6 310**
Total equity and liabilities	9 663	*1 688*	**11 351**

CONDENSED CONSOLIDATED INCOME STATEMENT (R'm)	**H1'22 Pre-hyper**	**Hyper. Impact**		**H1'22 Reported**
Revenue	5 652	*170*		**5 822**
Cost of sales	(4 931)	*(474)*		**(5 405)**
Gross profit	721	*(304)*		**417**
Other operating income	352	*(1)*		**351**
Distribution, administrative and other operating expenses	(601)	*(23)*		**(624)**
Operating profit	472	*(328)*		**144**
Interest income	8	*1*		**9**
Interest expense	(128)	*(5)*		**(133)**
Net monetary gain arising from hyperinflation in Türkiye		*253*	E	**253**
Share of results of associates	(28)			**(28)**
Impairment of associates	(10)			**(10)**
Profit before taxation	314	*(79)*		**235**
Taxation	(123)	*(16)*		**(139)**
Profit for the period	191	*(95)*	D	**96**
Attributable to:				
Equity holders of the company	175	*(95)*		**80**
Non-controlling interests	16			**16**
Basic earnings per share (cents)	91	*(50)*		**41**
Headline earnings per share (cents)	94	*(49)*		**45**
Headline earnings	182	*(95)*		**87**

Mutlu: H1'22 hyperinflation impact on Metair Investments Limited consolidated results

ZAR in millions	**EBIT**	**EBITDA**	**PAT**	
Income statement indexing	(328)	(290)	-	*A*
Income statement re-expression	(328)	(290)	(348)	
Non-cash net monetary gain (pre balance sheet impact)			348	*C*
Balance sheet restatements (re-indexing)			**(95)**	*B*
Monetary gain associated with net non monetary assets			185	
Monetary loss associated with retained income			(280)	
Net profit after tax impact of hyperinflation			**(95)**	*D =(A+B)*
Net monetary gain derived within income statement			***253***	*E =(B+C)*

* EBIT defined as earnings before interest and tax

* EBITDA defined as earnings before interest, tax, depreciation and amort.

OPERATIONAL OVERVIEW

SA AUTO COMPONENTS MAIN FOCUS:

KZN flooding, business interruption insurance claim and recovery to normal production

MAIN AC FOCUS: BUSINESS INTERRUPTION AND RETURN TO PRODUCTION READINESS

Various measures implemented to responsibly manage the business and ensure continuity of existing business, especially major new model launch obligations. We successfully navigated through the production loss and anticipate normalized debt and net working capital levels in H2

Extending credit terms with suppliers

- Subsidiaries negotiated extended credit terms to manage supplier payments as short-term relief, however, net working capital still in excess of normal levels

Non-Toyota receivable factoring

- Earlier settlement of other OEM invoices
- Earlier settlement of other revenue streams from Toyota

Business interruption insurance claim

- Group cover limited to R500m
- R360m accrued for the period
- R150m cash received to date
- Total claim likely in excess of R500m capping

Deferring non-essential Capex further

- All non essential capex was deferred

Payroll and UIF

- Grant support to impacted employees
- Wage earners received a 50% advance on lost earnings, recoverable from future earnings
- Assisted with UIF claims and recoveries

Potential TSAM support to supplier base

- Ongoing discussions to support the supplier via earlier payment on normal invoicing

Support from funders for liquidity facilities and covenant waivers

- Constant communications with our funders
- Facility limits increased, where needed
- Discussions positive and Metair is fully supported
- Covenant breach temporary. No intention to recall debt, waivers are imminent

Return to production readiness

- Engineering support to Toyota for clean up operations and start up assistance
- Managing working capital levels, planning work patterns & logistics to prevent part shortages at start up
- Employee readiness, training and planning

H1 2022 BUSINESS VERTICAL OVERVIEW – AS REPORTED

	ENERGY STORAGE VERTICAL			AUTOMOTIVE COMPONENTS VERTICAL			METAIR		
	H1 2021		H1 2022	H1 2021		H1 2022	H1 2021		H1 2022
Revenue	**R3,3bn** 48% contribution	▲ **14%**	**R3,7bn** 58% contribution	**R3,5bn** 52% contribution	▼ **24%**	**R2,7bn** 42% contribution	**R5,9bn**	▼ **2%**	**R5,8bn**
Operating Profit	**R328m** 56% contribution	▼ **113%**	**- R44m** -32% contribution	**R254m** 44% contribution	▼ **28%**	**R183m** 132% contribution	**R545m**	▼ **73%**	**R144m**
EBITDA *	**R418m**	▼ **86%**	**R59m**	**R339m**	▼ **13%**	**R293m**	**R701m**	▼ **57%**	**R300m**
Return metrics **	EBIT : 10.1% ROIC: 23.5%		EBIT : -1.2% ROIC: 14.5%	EBIT : 7.3% ROIC: 22.3%		EBIT : 6.9% ROIC: 5.6%	EBIT : 9.2% ROIC: 16.3%		EBIT : 2.5% ROIC: 11.7%

* *Group EBITDA includes share of associate earnings but excludes impairment charges*

** *Vertical ROIC is calculated on an operational basis.*

H1 2022 BUSINESS VERTICAL OVERVIEW – 'PRE HYPERINFLATION' ADJUSTED

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	ENERGY STORAGE VERTICAL			AUTOMOTIVE COMPONENTS VERTICAL			METAIR		
	H1 2021		H1 2022	H1 2021		H1 2022	H1 2021		H1 2022
Revenue	**R3,3bn** 48% contribution	↑ **9%**	**R3,6bn** 57% contribution	**R3,5bn** 52% contribution	↓ **24%**	**R2,7bn** 43% contribution	**R5,9bn**	↓ **5%**	**R5,7bn**
Operating Profit	**R328m** 56% contribution	↓ **17%**	**R273m** 60% contribution	**R254m** 44% contribution	↓ **28%**	**R183m** 40% contribution	**R545m**	↓ **13%**	**R472m**
EBITDA *	**R418m**	↓ **17%**	**R349m**	**R339m**	↓ **13%**	**R293m**	**R701m**	↓ **16%**	**R590m**
Return metrics **	EBIT : 10.1% ROIC: 23.5%		EBIT : 7.7% ROIC: 23.6%	EBIT : 7.3% ROIC: 22.3%		EBIT : 6.9% ROIC: 5.6%	EBIT : 9.2% ROIC: 16.3%		EBIT : 8.4% ROIC: 13.6%

* *Group EBITDA includes share of associate earnings but excludes impairment charges*

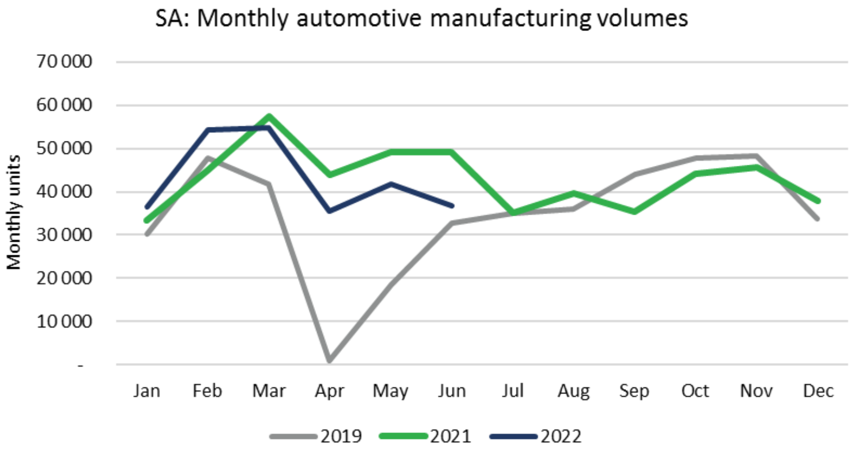
** *Vertical ROIC is calculated on an operational basis.*

AUTOMOTIVE COMPONENTS

Market volumes contracted by 10% but key customers contracted 23% due to production issues at Ford and flood impact on Toyota. Volume variability and instability also impacted OEM output overall

Revenue	**PBIT**	**EBITDA**
▼ **24%**	▼ **28%**	▼ **13%**
R2,7bn	**R183m**	**R293m**
Free cash flow	**PBIT %**	**ROIC**
▼	▼ **0.4ppt**	▼ **16.7ppt**
-R297m	**6.9%**	**5.6%**

- Supply chain disruptions continued to impact industry recovery
- Chip and component shortages impact at key OEMs
- The KZN floods impacted Toyota production volumes in Q2
- Project costs of R80m at Hesto and R35m for other companies ahead of Ford launch combined with slow Ford start up in Q1'22
- Business Interruption, for lost Toyota sales, accrued for R360m



OEM	**Dec 2021**	**Jun 2021**	**Jun 2022**	**Change**
Toyota	128 223	69 167	49 523	(19 644) ▼
Ford	87 174	59 523	49 088	(10 435) ▼
VW	129 119	77 487	64 867	(12 620) ▼
MBSA	47 336	29 276	40 099	10 823 ▲
BMW	61 580	31 918	35 752	3 834 ▲
Nissan	22 747	12 611	11 864	(747) ▼
Isuzu	20 417	11 085	9 954	(1 131) ▼
Other	6 747	1 899	1 474	(425) ▼
Total volumes	**503 343**	**292 966**	**262 621**	**(30 345)** ▼

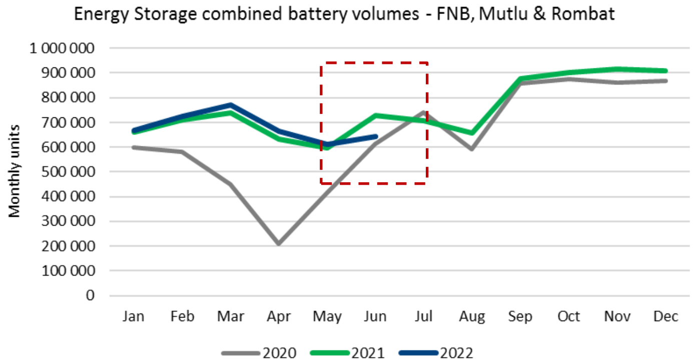
Volumes based on internal factory intel

ENERGY STORAGE

Auto battery volumes benefitted from higher exports (up 43%) and OEM (up 11%) units at Mutlu

Revenue	**PBIT**	**EBITDA**
▲ 14%	▼ 113%	▼ 86%
R3.7bn	R44m	R59m
Free cash flow	**PBIT %**	**ROIC**
▼	▼ 11.3ppt	▼ 9.0ppt
-R491m	-1.2%	14.5%

- Operating profit R55m behind on 'pre-hyperinflation' basis
- Mainly lag in energy cost recoveries at Rombat
- Despite TL currency translation decline of c. 44% against the ZAR, Mutlu still maintained operational profitability
- Auto volumes impacted by Mutlu strike in June
- FNB volumes marginally down, strategic plans to improve competitiveness and market share on track
- FNBs industrial business trade migration slowly taking shape
- Approximately 80% of inputs and >50% sales at Mutlu are hard currency related



Sales channel **'000s**	**Dec 2021**	**Jun 2021**	**Jun 2022**	**Change**	**%**	
Mutlu	**4 682**	**1 830**	**2 091**	**261**	**14%**	▲
- OEM	1 483	728	808	80	11%	▲
- Local AM	1 736	617	585	(33)	(5%)	▼
- Export AM	1 455	481	686	206	43%	▲
- Industrial	8	4	12	8	181%	▲
Rombat	**2 623**	**1 317**	**1 131**	**(185)**	**(14%)**	▼
- OEM	411	234	247	14	6%	▲
- Local AM	513	203	131	(72)	(35%)	▼
- Export AM	1 699	880	753	(127)	(14%)	▼
FNB	**1 732**	**923**	**863**	**(60)**	**(6%)**	▼
- OEM	358	202	177	(26)	(13%)	▼
- Local AM	907	480	467	(13)	(3%)	▼
- Export AM	267	136	137	1	1%	▲
- Industrial	200	106	83	(23)	(21%)	▼
Total units	**9 037**	**4 070**	**4 086**	**16**	**0%**	▲
Total auto battery units	**8 829**	**3 961**	**3 991**	**31**	**1%**	▲

CAPITAL EXPENDITURE AND COMMITMENTS (INCLUDING HESTO)

R1.4bn allocated for FY’22 (FY’21: R1.3bn), includes carry over and new technology investments at Mutlu

Capital expenditure spend

Vertical R'million	Maintenance & general	Efficiency & expansion	Health, safety & environ.	Total
Automotive Components	31	324	4	**359**
Energy Storage	36	51	8	**95**
Total capital expenditure	**67**	**375**	**12**	**454**
Hesto (included above)	253	200	1	**204**

Capital commitments to be undertaken

Vertical R'million	Maintenance & general	Efficiency & expansion	Health, safety & environ.	Total
Automotive Components	95	492	12	**599**
Energy Storage	79	170	39	**288**
Total capital commitments	**174**	**662**	**51**	**887**
Hesto (included above)	30	120		**150**

- Investments for secured new model launches continues:
  - All major projects remain on track per plan
  - Majority of committed capex spend at Hesto, Lumotech, Unitrade and Automould for the new Ford Ranger model
  - Energy Storage capacity and efficiency enhancements, mostly in absorbent glass mat (‘AGM‘) technology due to customer demand
- Funding has been secured and raised at subsidiary level

ENERGY STORAGE SEGMENT ANALYSIS

METAIR INVESTMENTS LIMITED
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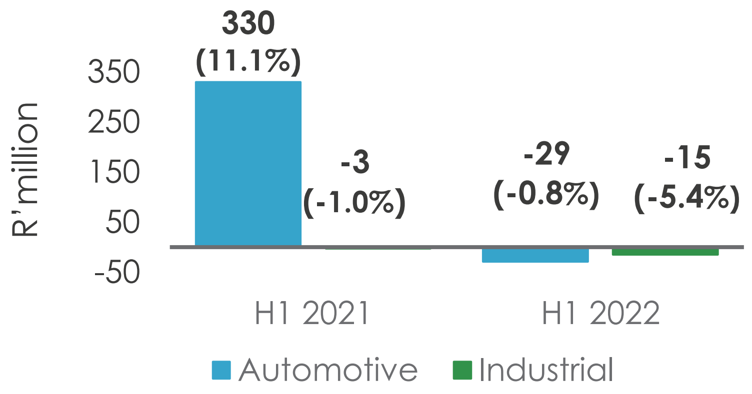
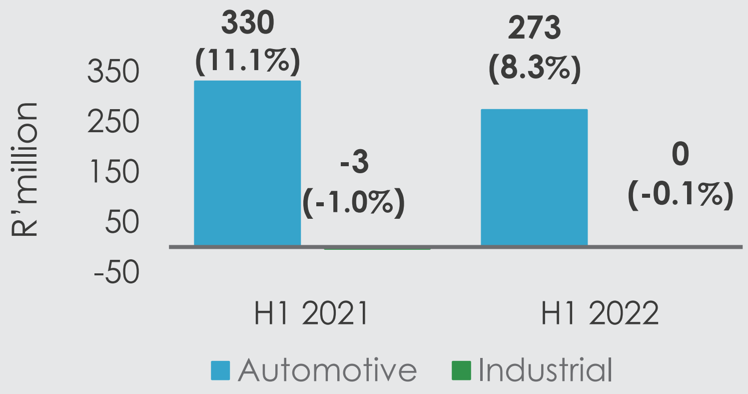
Reported

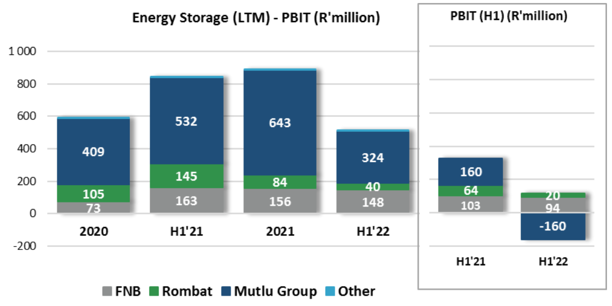
Pre Hyperinflation

PBIT

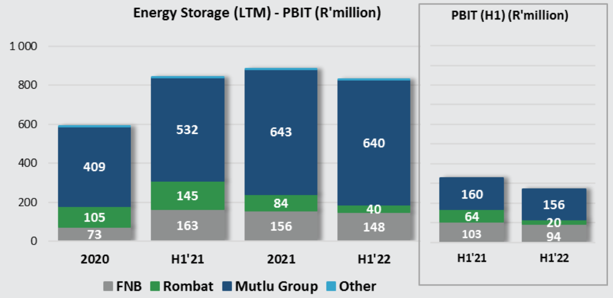




PBIT Breakdown

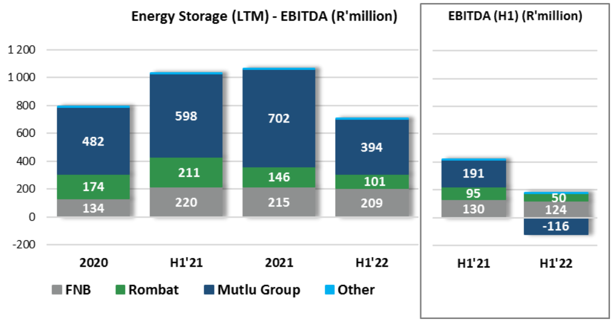


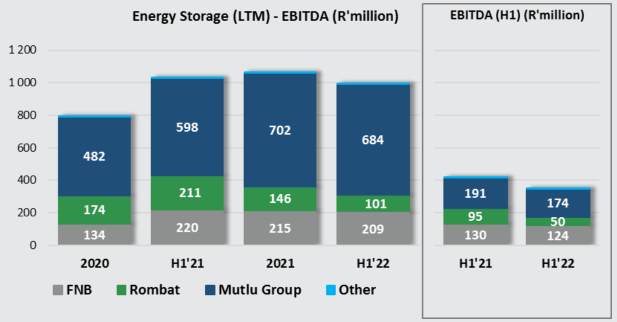
PBIT (H1) variance (in local currency)	
Mutlu	(289%)
Rombat	(67%)
FNB	(8%)



PBIT (H1) variance (in local currency)	
Mutlu	74%
Rombat	(67%)
FNB	(8%)

EBITDA Breakdown





Last twelve months ("LTM")

ASSESSING UNDERLYING PERFORMANCE: NORMALISING THE RESULT

UNDERSTANDING UNDERLYING RESULTS AND DEBT COVENANTS

Hyperinflation in Türkiye as well as the impact of one-off items, impacted results. We adjusted key performance measures such as EBITDA, operating profit and HEPs on the following basis:

- Pre-hyperinflation basis, adjusted for non-cash impact of hyperinflation in Türkiye
- Normalisation basis, adjusted for:
  - The impact of hyperinflation accounting and restatements
  - Ford project costs (Hesto and other entities)
  - Transaction costs (advisory)
  - Strike impact at Mutlu
  - Normalisation of inventory levels

ON A NORMALISED BASIS EBITDA INCREASES TO R743M AND NET DEBT DECREASES TO R2BN

EBITDA perspective at H1'22

ZAR in millions	EBITDA
Reported for the period (incl. equity earnings but excl. impairments)	300
Normalisation adjustments	
Non-cash impact due to hyperinflation accounting	290
Project costs incurred ahead of project launch (ex Hesto)	35
Hesto proportionate (74.9%) share of project costs	60
Short term strike impact at Mutlu in June	30
Transaction costs	20
Net impairments	8
Normalised EBITDA	**743**

Net debt perspective at 30 June 2022

ZAR in millions	Net debt
Net debt reported for the period	2 400
Normalisation adjustments	
Strike preparation inventory build up	(40)
Business Interruption receivable (timing)	(195)
Excess inventory due to flooding (lead times on supply chain)	(150)
Normalised net debt	**2 015**

* EBIT defined as earnings before interest and tax

Mutlu: H1'22 hyperinflation impact on Metair Investments Limited consolidated results

ZAR in millions	EBIT	EBITDA	PAT	
Income statement indexing	**(328)**	**(290)**	**-**	***A***
Income statement re-expression	(328)	(290)	(348)	
Non-cash net monetary gain (pre balance sheet impact)			348	***C***
Balance sheet restatements (re-indexing)			**(95)**	***B***
Monetary gain associated with net non monetary assets			185	
Monetary loss associated with retained income			(280)	
Net profit after tax impact of hyperinflation			**(95)**	***D =(A+B)***
Net monetary gain derived within income statement			***253***	***E =(B+C)***

* EBIT defined as earnings before interest and tax

* EBITDA defined as earnings before interest, tax, depreciation and amort.

LTM NORMALISED EBITDA INCREASES TO R1.4BN NET DEBT DECREASES TO R2.5BN

Covenants on a reported basis are not in compliance, except for dividend and interest cover ratio. We comply with covenants on a normalised basis and have discussed with all our funders. ***Our funders have shown great appreciation for this perspective and agreed in principle to grant us a waiver***

EBITDA perspective at H1'22 (LTM)

ZAR in millions	EBITDA
EBITDA defined (covenants)	951
Normalisation adjustments	
Non-cash impact due to hyperinflation accounting	290
Project costs incurred ahead of project launch (ex Hesto)	52
Hesto proportionate (74.9%) share of project costs	95
Short term strike impact at Mutlu in June	30
Normalised EBITDA	**1 418**

Net debt perspective at 30 June 2022

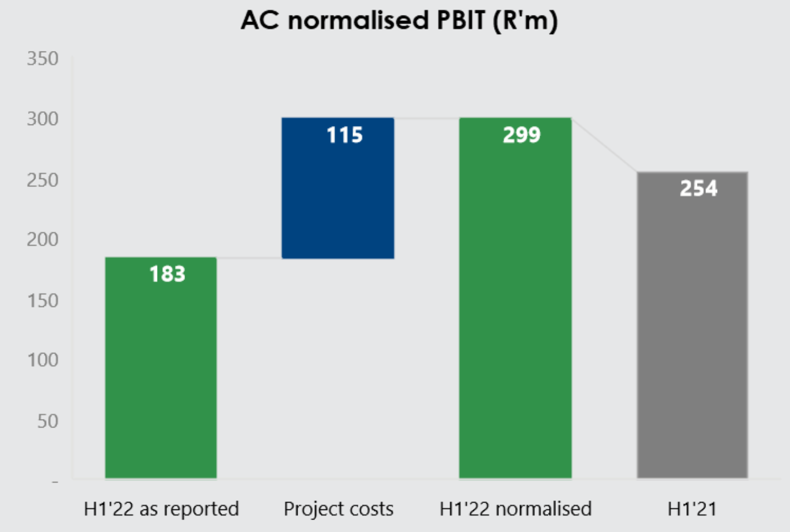
ZAR in millions	Net debt
Net debt defined (covenants)	2 865
Normalisation adjustments	
Strike preparation inventory build up	(40)
Business Interruption receivable (timing) (ex Hesto and Smiths Man)	(72)
Business Interruption receivable (timing) (Hesto and Smiths Man prop.)	(119)
Excess inventory due to flooding (lead times on supply chain)	(150)
Normalised net debt	**2 485**

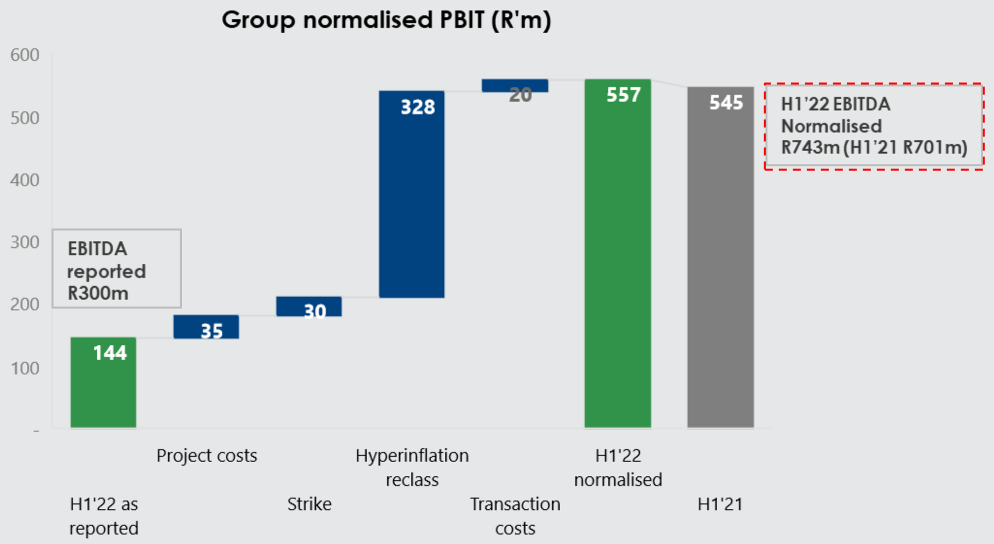
Covenants normalised

Financial covenant ratio	Covenant level	H1'22 Pre-hyper	H1'22 Reported	H1'22 Normalised (IAS29 & once-offs)
Dividend and interest cover ratio	Not less than 3X	5,52	4,01	4,32
Total Net borrowings to adjusted EBITDA ratio	Not more than 2.5X	2,23	3,01	1,75
Priority Debt covenant	Not more than 1X	1,09	1,47	0,88

CONCLUSION ON RESULTS: NORMALISED EARNINGS AND HEPS

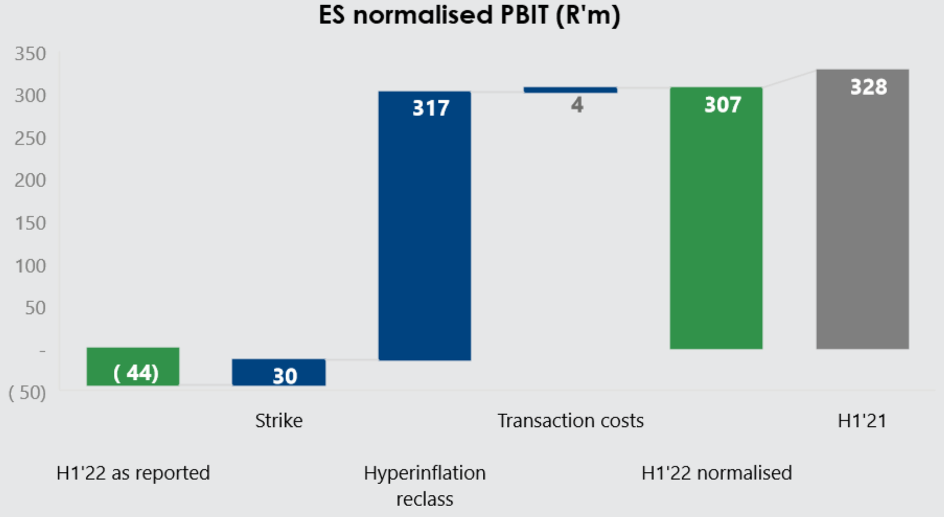
After normalisation adjustments, HEPS increases to 152cps, 11% down from H1'21. This decline in "core" earnings is mainly driven by Rombat's challenging environment combined with increased interest changes in the group

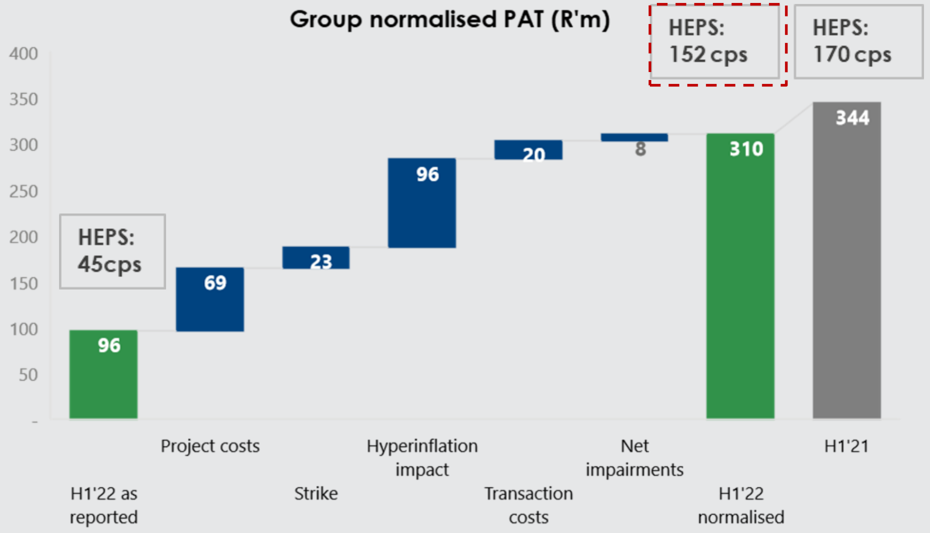

AC normalised PBIT (R'm)


Group normalised PBIT (R'm)

EBITDA reported R300m

H1'22 EBITDA Normalised R743m (H1'21 R701m)


ES normalised PBIT (R'm)


Group normalised PAT (R'm)

HEPS: 152 cps

HEPS: 170 cps

HEPS: 45cps

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)*

- Customer design changes, product complexity and additional portfolio offerings introduced since initial awarding of business
- Increased complexity also added additional upfront project costs
- Resulting in significant additional revenue of c. R10bn, secured over model life
- Expected launch date still planned for Q4 FY'22
- Additional capital expenditure approved of R165m, total capital investment c. R1.0bn
- To date, c. R736m at Hesto and R513m for other subsidiaries has been invested in total
- Remaining investments largely relate to ramping up of working capital and final project costs

Category of spend (R'm)	Group	Hesto (74.9% associate)			Other subsidiaries		
Capital investment	**Total**	**Total**	**To date**	**Remaining**	**Total**	**To date**	**Remaining**
Land and buildings	**345**	220	209	11	125	82	44
Plant and machinery	**695**	266	231	35	429	290	139
Total capital expenditure	**1 041**	487	441	46	554	372	182
Other costs for recovery	**Total**	**Total**	**To date**	**Remaining**	**Total**	**To date**	**Remaining**
Total project costs*	**435**	355	217	138	80	49	31
Technical aid assistance	**76**	76	30	46	-	-	-
Total	**511**	431	247	184	80	49	31
Investment (pre-working capital)	**1 552**	**918**	**688**	**230**	**634**	**420**	**214**
Working capital investment	**331**	80	49	32	251	92	159
Total investment	**1 883**	**998**	**736**	**262**	**885**	**513**	**372**

**Project costs are incurred ahead of model launch and recovered over project life. A portion of total project costs incurred, ranging between 35% - 45% are capitalised based on accounting criteria.*

OUTLOOK AND PROSPECTS

KEY TAKEAWAYS AND OUTLOOK

Recovery (again)

- Toyota recovery post flooding on track and closely managed
- Hyperinflation management
- Europe energy crisis will intensify
- Projects on track

Positive Volume Outlook

- Energy Storage volume outlook remains positive with increased demand for AGM batteries across all channels
- Successful execution of new projects will result in substantial increase in earnings from FY'23 onwards
- Supply chain challenges and semi-conductor shortages to stabilise H2'22
- Mitigation of challenges created by conflict in Eastern Europe

Value Creation Opportunities

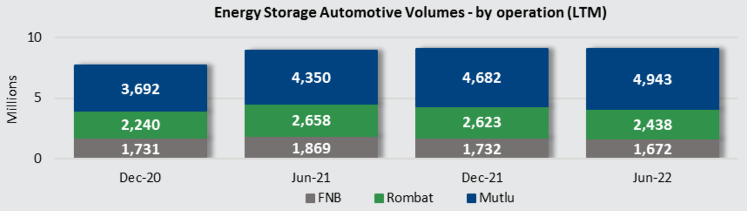
- First National Battery to further action on competitiveness
- Metair will continue to position the company for future growth and diversify its customer base in Auto Components
- Metair continues to actively work towards value creation opportunities within the Energy Storage and should be concluded in Q4

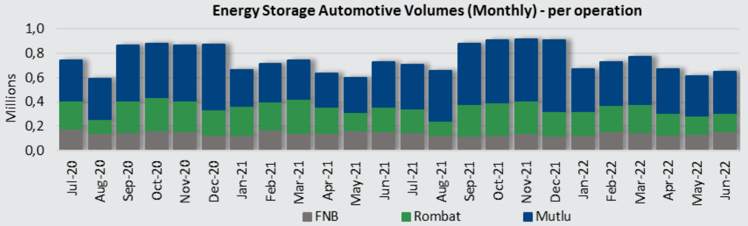
Q & A

APPENDICES

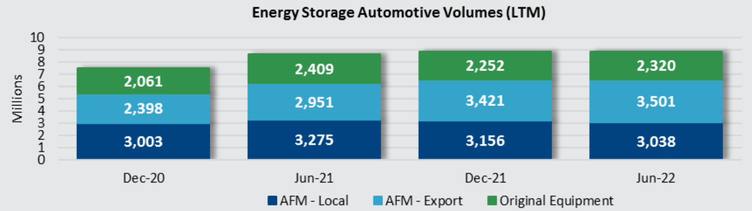
ENERGY STORAGE VOLUMES (LAST TWELVE MONTHS) (ROUNDED)

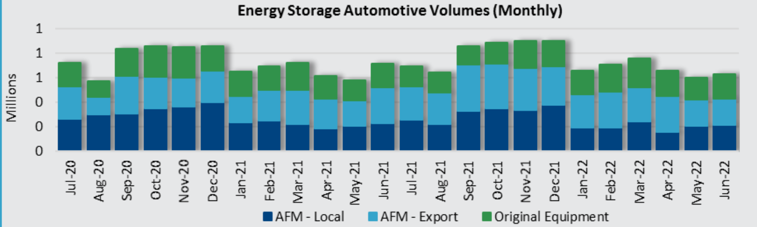
1. Total volumes by operation (including industrial)


Energy Storage Automotive Volumes - by operation (LTM)

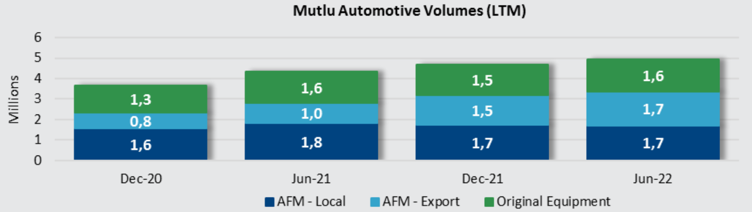

Energy Storage Automotive Volumes (Monthly) - per operation

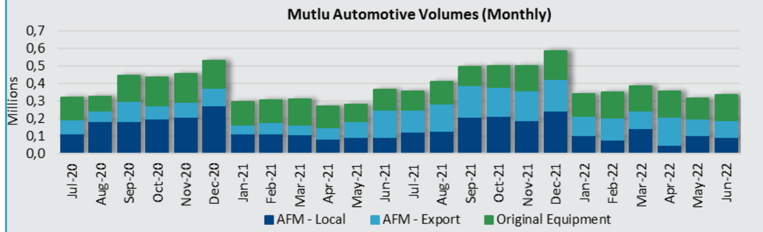
2. Automotive volumes by market


Energy Storage Automotive Volumes (LTM)

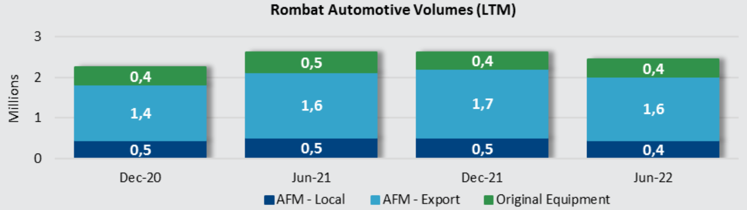

Energy Storage Automotive Volumes (Monthly)

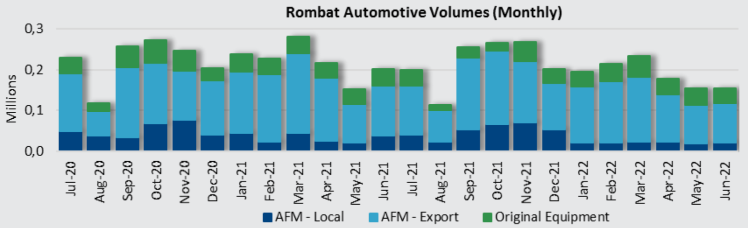
3. Mutlu automotive volumes


Mutlu Automotive Volumes (LTM)

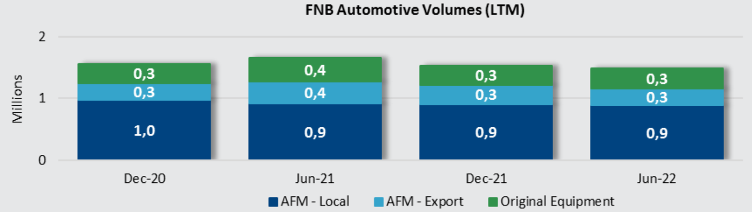

Mutlu Automotive Volumes (Monthly)

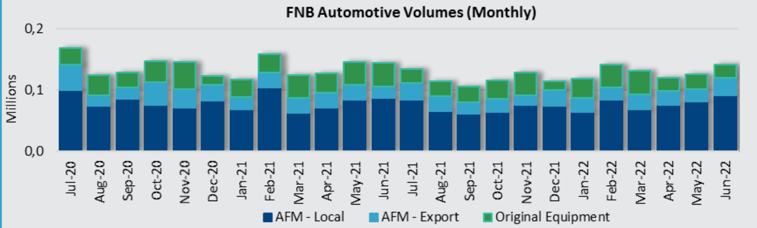
4. Rombat automotive volumes


Rombat Automotive Volumes (LTM)

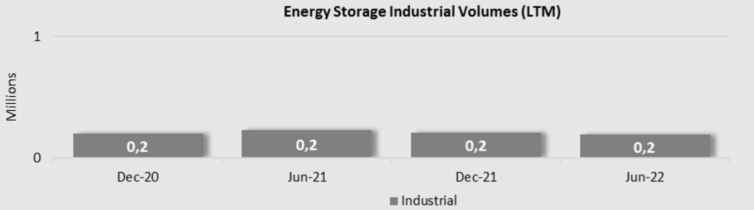

Rombat Automotive Volumes (Monthly)

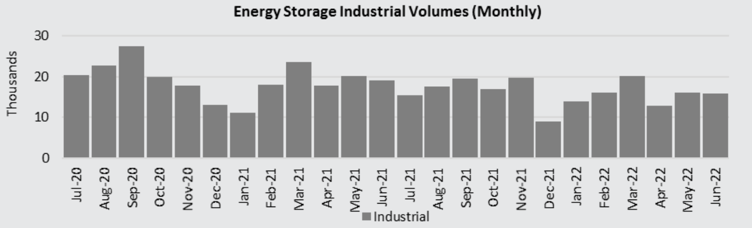
5. First National Battery automotive volumes


FNB Automotive Volumes (LTM)


FNB Automotive Volumes (Monthly)

6. Industrial volumes


Energy Storage Industrial Volumes (LTM)


Energy Storage Industrial Volumes (Monthly)

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