



METAIR INVESTMENTS LIMITED

automotive | industrial | retail

Consolidated group assessed at **B-BBEE Level 1** and South African subsidiaries at Level 4 or better

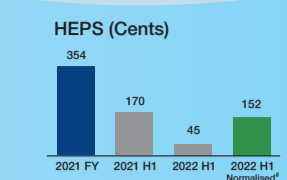
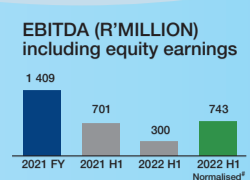
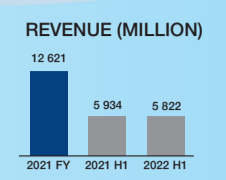
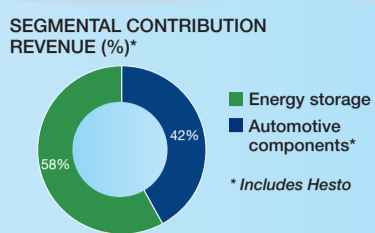
Non-cash impact of **hyperinflation** accounting (IAS29) for Mutlu Akü in Türkiye significantly impacted results

EBITDA reported of **R300 million (R743 million on a normalised basis*)**

Ford investment for the group approved with **4 400 jobs created**

CONDENSED UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

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



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

(Reg No. 1948/031013/06)
Share code: MTA • ISIN code: ZAE 00090692

	Six months ended		Year ended	
	30 June 2022	30 June 2021	31 December 2021	31 December 2020
	R'000	R'000	R'000	R'000
CONDENSED CONSOLIDATED INCOME STATEMENT	Unaudited	Unaudited	Audited	Audited
Revenue	5 821 975	5 934 173	12 621 070	12 621 070
Cost of sales	(5 404 919)	(4 851 263)	(10 421 551)	(10 421 551)
Gross profit	417 056	1 082 910	2 199 519	2 199 519
Other operating income	351 120	74 386	204 463	204 463
Distribution, administrative and other operating expenses	(623 797)	(612 475)	(1 244 943)	(1 244 943)
Operating profit	144 379	544 821	1 159 039	1 159 039
Interest income	8 954	19 472	32 425	32 425
Interest expense	(133 527)	(83 280)	(177 464)	(177 464)
Net monetary gain arising from hyperinflation in Türkiye	252 822			
Share of results of associates	(27 534)	3 130	(51 878)	(51 878)
Impairment of associates	(10 440)			
Profit before taxation	234 654	484 143	962 122	962 122
Taxation	(138 994)	(139 944)	(269 324)	(269 324)
Profit for the period	95 660	344 199	692 798	692 798
Attributable to:				
Equity holders of the company	79 980	327 227	674 791	674 791
Non-controlling interests	15 680	16 972	18 007	18 007
	95 660	344 199	692 798	692 798
Included in operating expenses above are:				
Depreciation and amortisation	183 534	153 198	301 996	301 996
Rentals on short-term and low value assets	12 294	9 856	22 828	22 828
Impairment loss on trade receivables	105	4 683	23 221	23 221
Disaggregation of revenue from contracts with customers				
Primary geographical markets				
South Africa	3 085 913	3 707 715	7 022 371	7 022 371
Türkiye and UK	1 936 352	1 429 014	3 934 430	3 934 430
Romania	799 710	797 444	1 664 269	1 664 269
	5 821 975	5 934 173	12 621 070	12 621 070
Major product and service lines				
Automotive batteries	3 448 276	2 987 566	7 019 984	7 019 984
Automotive components and customer tooling	2 088 408	2 666 905	5 060 421	5 060 421
Industrial and non-automotive products	285 291	279 702	540 665	540 665
	5 821 975	5 934 173	12 621 070	12 621 070
Timing of revenue recognition				
Products transferred at a point in time	3 944 424	3 362 611	7 757 053	7 757 053
Products and services transferred over time	1 877 551	2 571 562	4 864 017	4 864 017
	5 821 975	5 934 173	12 621 070	12 621 070
Earnings per share				
Basic earnings per share (cents)	41	170	350	350
Headline earnings per share (cents)	45	170	354	354
Diluted earnings per share				
Diluted earnings per share (cents)	41	169	346	346
Diluted headline earnings per share (cents)	44	169	350	350
Number of shares in issue ('000)	198 986	198 986	198 986	198 986
Number of shares in issue excluding treasury shares ('000)	193 581	192 717	193 108	193 108
Weighted average number of shares in issue ('000)	193 350	192 618	192 715	192 715
Adjustment for dilutive shares ('000)	2 761	1 372	2 174	2 174
Number of shares used for diluted earnings calculation ('000)	196 111	193 990	194 889	194 889
Calculation of headline earnings				
Net profit attributable to ordinary shareholders	79 980	327 227	674 791	674 791
(Profit)/loss on disposal of property, plant and equipment – net	(598)	242	(144)	(144)
(Reversal of impairment)/impairment of property, plant and equipment	(2 786)		7 850	7 850
Impairment of associate	10 440			
Headline earnings	87 036	327 469	682 497	682 497

	Six months ended		Year ended	
	30 June 2022	30 June 2021	31 December 2021	31 December 2020
	R'000	R'000	R'000	R'000
CONDENSED CONSOLIDATED BALANCE SHEET	Unaudited	Unaudited	Audited	Audited
ASSETS				
Non-current assets				
Property, plant and equipment	3 449 288	2 582 697	2 636 978	2 636 978
Intangible assets	979 669	404 502	283 793	283 793
Investment in associates	510 185	621 256	613 056	613 056
Loan to associate	188 562			
Deferred taxation	17 125	15 328	5 374	5 374
	5 144 829	3 623 783	3 539 201	3 539 201
Current assets				
Inventory	2 807 619	1 928 786	1 959 253	1 959 253
Trade and other receivables	2 131 401	1 944 053	1 978 447	1 978 447
Contract assets	525 238	279 459	511 199	511 199
Taxation	1 069	23 500	2 552	2 552
Derivative financial assets	15 171	3 181	6 693	6 693
Cash and cash equivalents	725 819	1 111 487	1 078 074	1 078 074
	6 206 317	5 290 466	5 536 218	5 536 218
Total assets	11 351 146	8 914 249	9 075 419	9 075 419
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	1 497 931	1 497 931	1 497 931	1 497 931
Treasury shares	(110 202)	(124 320)	(118 153)	(118 153)
Reserves	(1 218 855)	(1 841 110)	(2 380 436)	(2 380 436)
Retained earnings	4 741 283	4 365 925	4 759 200	4 759 200
Ordinary shareholders' equity	4 910 157	3 898 426	3 758 542	3 758 542
Non-controlling interests	131 227	114 899	115 812	115 812
Total equity	5 041 384	4 013 325	3 874 354	3 874 354
Non-current liabilities				
Borrowings	320 187	560 107	1 849 263	1 849 263
Post-employment benefits	70 500	85 696	73 263	73 263
Deferred taxation	413 322	217 880	173 614	173 614
Deferred grant income	98 657	117 368	104 681	104 681
Provisions for liabilities and charges	41 035	41 221	40 808	40 808
	943 701	1 022 272	2 241 629	2 241 629
Current liabilities				
Trade and other payables	2 368 257	1 895 298	2 155 753	2 155 753
Contract liabilities	33 109	105 797	49 952	49 952
Borrowings	2 687 286	1 693 719	477 642	477 642
Taxation	66 142	75 661	60 574	60 574
Provisions for liabilities and charges	72 201	72 252	98 205	98 205
Derivative financial liabilities	1 161	7 366	1 131	1 131
Bank overdrafts	137 905	28 559	116 179	116 179
	5 366 061	3 878 652	2 959 436	2 959 436
Total liabilities	6 309 762	4 900 924	5 201 065	5 201 065
Total equity and liabilities	11 351 146	8 914 249	9 075 419	9 075 419
Net asset value per share (cents)	2 536	2 023	1 946	1 946
Capital expenditure	249 911	253 401	574 646	574 646
Capital commitments:				
– Contracted	584 724	158 632	79 946	79 946
– Authorised but not contracted	152 179	567 938	590 354	590 354

	Revenue			Profit before interest and taxation		
	Six months ended	Year ended	Six months ended	Year ended	Six months ended	Year ended
	30 June 2022	30 June 2021	31 December 2021	30 June 2022	30 June 2021	31 December 2021
	R'000	R'000	R'000	R'000	R'000	R'000
CONDENSED CONSOLIDATED SEGMENT REVIEW	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
Energy storage						
Automotive						
Local	2 230 735	2 047 589	4 701 913	(62 220)	209 148	593 487
Direct export	1 217 541	939 976	2 318 071	33 383	121 335	339 871
	3 448 276	2 987 565	7 019 984	(28 837)	330 483	933 358
Industrial						
Local	276 807	264 137	511 021	(15 521)	(2 348)	(44 150)
Direct export	3 385	8 352	19 382	312	(274)	(2 145)
	280 192	272 489	530 403	(15 209)	(2 622)	(46 295)
Total energy storage	3 728 468	3 260 054	7 550 387	(44 046)	327 861	887 063
Automotive components						
Local						
Original equipment	2 384 502	3 224 726	6 174 325	140 257	218 977	183 971
Aftermarket	255 010	227 135	470 610	37 686	30 621	66 284
Non-auto	5 099	7 213	10 263	(749)	80	(358)
	2 644 611	3 459 074	6 655 198	177 194	249 678	249 897
Direct exports						
Original Equipment	2 054	1 491	3 203	1 180	591	1 133
Aftermarket	21 251	30 007	54 009	4 742	3 598	6 367
	23 305	31 498	57 212	5 922	4 189	7 500
Total automotive components	2 667 916	3 490 572	6 712 410	183 116	253 867	257 397
Total segment results	6 396 384	6 750 626	14 262 797	139 070	581 728	1 144 460
Reconciling items:						
– Share of results of associates				(27 534)	3 131	(51 878)
– Impairment of associate				(10 440)		
– Managed associates*	(574 409)	(816 453)	(1 641 727)	60 649	150	95 277
Amortisation of intangible assets arising from business acquisitions				(17 416)	(9 104)	(17 084)
Other reconciling items**				(37 924)	(27 954)	(63 614)
Total	5 821 975	5 934 173	12 621 070	106 405	547 951	1 107 161
Net interest expense				(124 573)	(63 808)	(145 039)
Net monetary gain arising from hyperinflation in Türkiye				252 822		
Profit before taxation				234 654	484 143	962 122

* Although the results of Hesto Harnesses Proprietary Limited ("Hesto") do not qualify for consolidation, the full results of Hesto have been included in 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 companies.

NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation
The condensed unaudited consolidated interim results for the six months ended 30 June 2022 have been prepared in accordance with and containing the information required by IAS 34 Interim Financial Reporting, as well as the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. The interim results do not include all the notes of the type normally included in an annual financial report prepared in accordance with International Financial Reporting Standards ("IFRS"). Accordingly, this report is to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with IFRS and comply with the JSE Limited Listings Requirements, the requirements of the Companies Act, 71 of 2008 and any public announcements made by Metair Investments Limited during the interim reporting period.

Accounting policies
The accounting policies applied are in terms of IFRS and consistent with the accounting policies used in the preparation of the 31 December 2021 consolidated annual financial statements except for first-time application of IAS 29 'financial reporting in hyperinflationary economies'. Türkiye is a hyperinflationary economy in terms of IAS 29 and the financial statements of entities whose functional currency is that of a hyperinflationary economy are required to be stated in terms of the measuring unit (purchase power) current at the end of the reporting period. Therefore, Mutlu Akü's results and balance sheet position have been restated to reporting date purchasing power before being included in the group's consolidated financial statements. Comparative amounts are not restated as they were previously presented in Metair's presentation currency (i.e. ZAR), which is a stable currency in terms of IAS 29. The group has elected to present the initial and subsequent impact of the application of IAS 29 as a combined effect that encompasses the restatement in accordance with IAS 29 and translation in accordance with IAS 21 as a net change through the foreign currency translation reserve presented under other comprehensive income in the condensed consolidated statement of comprehensive income. The interim results have not been reviewed or audited by the group's auditors.

Contingencies
There has been no other material change in the group's contingent liabilities since period-end.

Borrowings
During the period the group repaid borrowings of R510.4 million (2021H1: R354.8 million) and raised borrowings of R1 332.8 million (2021H1: R234.4 million).

Post-balance sheet events
There has been no material change since period-end.

Changes to the board of directors and committees of Metair.
The following changes to the board of directors of Metair and the company's remuneration committee and nomination committee took place with effect from 2 August 2022. Mr S. Sithole resigned as an independent non-executive director of the company and consequently stepped down as a member of the remuneration committee and nominations committee and was appointed as an alternate director to Ms N. M. Mkhondo, an independent non-executive director of the company. Mr B. Mawasha, an independent non-executive director of the company, has stepped down as a member of the nominations committee. Ms Mkhondo was appointed as a member of the remuneration committee.