



METAIR
INVESTMENTS LIMITED

automotive | industrial | retail

2023 RESULTS PRESENTATION

27 March 2024

AGENDA

INTRODUCTION

FINANCIAL REVIEW

OPERATIONAL REVIEW

NORMALISING THE RESULT

OUTLOOK

Q & A



INTRODUCTION

F2023 RESULTS SUMMARY

REVENUE

increased 14% to

R15.9bn

FY'22: R13.9bn

EBITDA**

increased 86% to

R1.1bn

FY'22: R0.6bn

EBIT

increased 7% to

R487m

FY'22: R453m

HEPS

increased to a profit of

135cps

FY'22: 17cps loss

FREE CASH

FLOW

GENERATED

R306m

FY'22: R664m outflow

GROUP NET DEBT

increased to

R2.8bn

[R4.6bn incl. Hesto]

Dec'22 R2.6bn

NET DEBT: EBITDA

Improved from

4.3x

to

2.6x

ROIC

Improved from

4.5%

To

11.1%

LTIFR

Maintained at

0.20

Group
B-BBEE level 1
SA subsidiaries at
Level 4 or better

** EBITDA is calculated as earnings before interest, taxes, depreciation and amortisation, includes share of equity earnings and excludes impairments

METAIR IN CONTEXT

- A champion of localisation in the South African automotive industry for 76yrs
 - Industry contributes ~ 5% to GDP, > 20% of local manufacturing output and 110 000 direct jobs
- Strong forecast growth in SA vehicle production (~ 650 000 to 1.4 million in 2035)
- New leadership appointments and internal promotions to strengthen team
 - Powerful mix of Metair and industry experience
 - >30yrs average industry experience across subsidiary MDs (22yrs average with Metair)
 - Increased accountability, with clear KPIs aligned to group goals
- Entrenched ESG monitoring and reporting – recognised for excellent transparency
- Contributing to local communities
 - Creating jobs around our operations (>17 000 employees and contractors)
 - R18.6 million invested in community upliftment (health and education)
 - R2.9 billion allocated to HDSA suppliers through preferential procurement

IMMEDIATE PRIORITIES

Stabilise leadership

- Increased HQ strategic control
- Hold MDs accountable for agreed KPIs
- Appoint new HR executive

Comp comm issue

- Finalise response to Statement of Objection
- Medium to long-term issue

Unlock Mutlu value

- Improve performance and look at derisking options

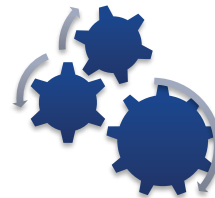
Achieve planned Hesto profitability

- PBIT positive in H2 '23
 - Increased efficiencies & lower costs
- Continue to positively track against 2032 business case

Address debt levels

- Delayed non-critical capital expenditure
- R525m RCF 2 extended to April '25
- Full debt restructure & refinance programme
- Improved cash management & cost control
- Solve for Mutlu debt
- Ring fence Hesto debt and cashflows

IN ADDITION:
Finalise a new strategy to ensure turnaround & long-term success



FINANCIAL REVIEW

FINANCIAL OVERVIEW: INCOME STATEMENT

The group generated profit after tax of R129m (FY22: R4m loss). HEPS improved to 135cps (FY22: 17cps loss)

R'million	2022	2023	% Change	Other operating income breakdown (R'million)	2022	2023
Revenue	13 905	15 856	14%	Government grants and similar	142	160
Other operating income	537	259	(52%)	FEC (loss)/ gain	6	18
Operating profit *	453	487	7%	Insurance claims on business interruption	377	4
Operating profit margin (%)	3.3%	3.1%	(0.2ppt)	Other	12	77
Net monetary gain arising from hyperinflation in Türkiye	398	556	40%	Other operating income	537	259
Share of result of associates and impairment	(239)	(10)	96%			
Net interest expense	(377)	(741)	(97%)			
(Loss)/ Profit after tax	(4)	129				
Attributable to:						
Equity holders of the company	(40)	96				
Non-controlling interests	36	33				
Effective tax rate	101.7%	55.9%	45.8ppt			
EBITDA (incl. share of assoc. excl. impairm.)	592	1 101	86%			
ROA (%)	2.2%	11.6%	9.4ppt			
ROE (%)	(0.1%)	15.4%	15.5ppt			
ROIC (%)	4.5%	11.1%	6.6ppt			
ROIC (%) - normalised**	14.0%	13.4%	(0.6ppt)			



* Operating profit represents earnings before interest and tax

** ROIC normalised excludes once-off capital or unusual items (Rombat Li-ion impairment) and hyperinflation

- Revenue grew 14% to R16bn, Auto volume recovery
- Group operating profit up 7% to R487m, 3.1% margin (FY22: 3.3%)
- Net interest costs up 97% to R741m
 - Increased cost of borrowings
 - High net working capital, Türkiye
 - Peak debt due to investing in future growth
- Net monetary gain of R556m (FY22: R398m), hyperinflation restatements
- Share of Hesto's post-tax loss of R393m capped, deferred until Hesto generates sufficient profits to reverse accumulated losses
- Li-ion line impairment of R179m, technology shifts & commissioning challenges
- Effective tax rate of 56%, non-deductible expenses, interest & higher taxes in Türkiye compounded by inflation
- Headline earnings improved to R262m (FY22: R32m loss)

R'million	2022	2023	CPS Change
Attributable (loss)/ profit	(40)	96	
Headline (loss)/ earnings	(32)	262	
(Loss)/ Earnings cents per share	(21)	49	70 cps
Headline (loss)/ earnings cents per share	(17)	135	152 cps
Dividend per share declared and paid (gross of WHT) (cps)	90		

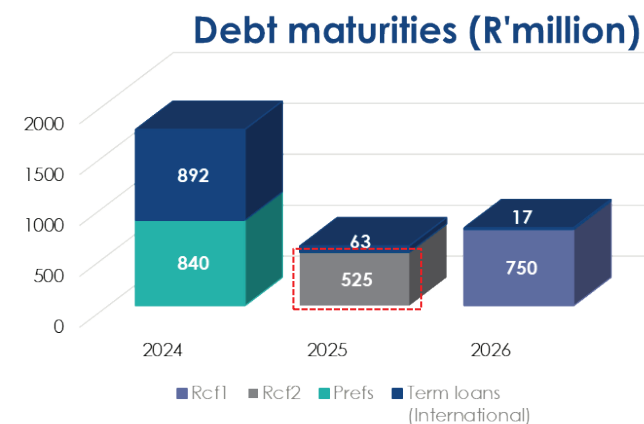
BUSINESS VERTICAL OVERVIEW – IFRS (REPORTED)

	ENERGY STORAGE VERTICAL 			AUTOMOTIVE COMPONENTS VERTICAL 			METAIR INVESTMENTS LIMITED		
	2022		2023	2022		2023	2022	2023	
REVENUE	R8 619m	55%	R8 040m	R7 057m	45%	R13 518m	R13 905m	R15 856m	
	Contribution	(7%)	Contribution	Contribution	92%	Contribution	Contribution	Contribution	
OPERATING PROFIT	R195m	81%	R89m	R45m	19%	R-41m	R453m	R487m	
	Contribution	(55%)	Contribution	Contribution	(191%)	Contribution	Contribution	Contribution	
EBITDA	R407m	57%	R509m	R265m	43%	R303m	R592m	R 1 101m	
	Contribution	25%	Contribution	Contribution	14%	Contribution	Contribution	Contribution	
FREE CASH FLOW	(R 223m)		R 19m	(R 842m)		R 96m	(R 664m)	R 306m	
EBIT MARGIN	2.3%		1.1%	0.6%		-0.3%	3.3%	3.1%	
ROIC	4.9%		6.7%	1.3%		-1.2%	4.5%	11.1%	

*EBITDA: Earnings incl. share of equity earnings but before interest, tax, depreciation, amortisation and impairments

FINANCIAL OVERVIEW: BALANCE SHEET

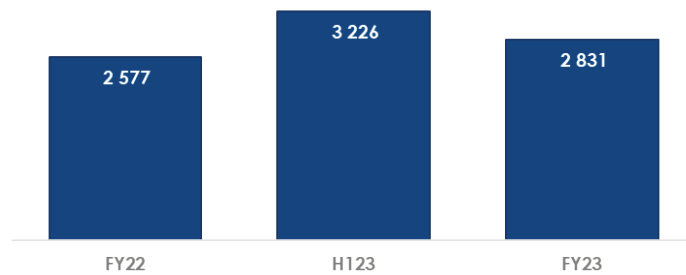
R'million	2022	2023
Non-current assets	5 341	5 867
PPE & Intangible Assets	4 811	5 245
Other non-current assets	530	622
Current assets	7 491	7 242
Inventory	2 689	3 290
Trade and other current receivables	3 503	2 983
Cash and cash equivalents	1 299	969
Total assets	12 832	13 109
Total equity	5 197	5 533
Non-current liabilities	912	1 700
Borrowings and financial liabilities	350	1 058
Provisions and other non current liabilities	229	248
Deferred taxation	333	394
Current liabilities	6 723	5 877
Trade and other current payables	3 170	3 090
Borrowings and financial liabilities	3 235	2 385
Bank overdrafts	318	402
Total liabilities	7 635	7 576
Total equity and liabilities	12 832	13 109
Net working capital	3 176	3 332
Net cash	980	567
Net debt	2 577	2 831
Net debt: Equity	0.51	0.52
Net debt: EBITDA (incl. share of assoc. exc. impairment)	4.3	2.6
NAV per share	26.2	27.9



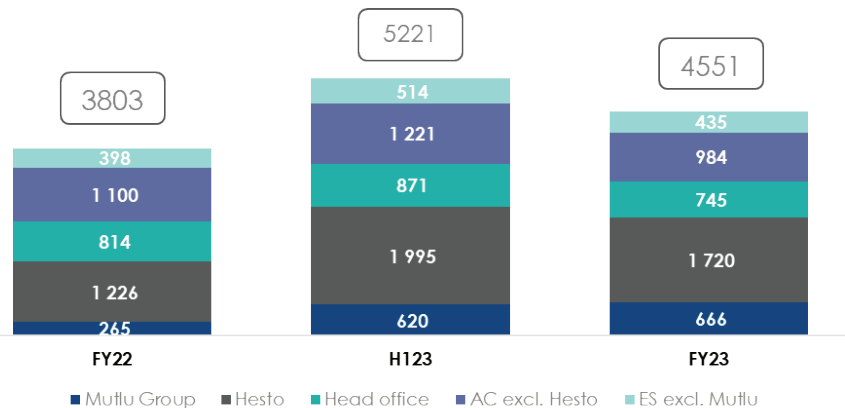
- Non-current assets up R526m, capital investments & hyperinflation restatements
- NAV per share improved by 6.7% to R27.90
- R525m of current debt extended
- Net cash impacted by Mutlu & interest payments
- 66% of R969m cash held in SA, 34% internationally
- Group net debt: EBITDA improved to 2.6 times

CAPITAL AND DEBT STRUCTURE

Net Debt - Group (R'm)



Net Debt including Hesto (R'million)



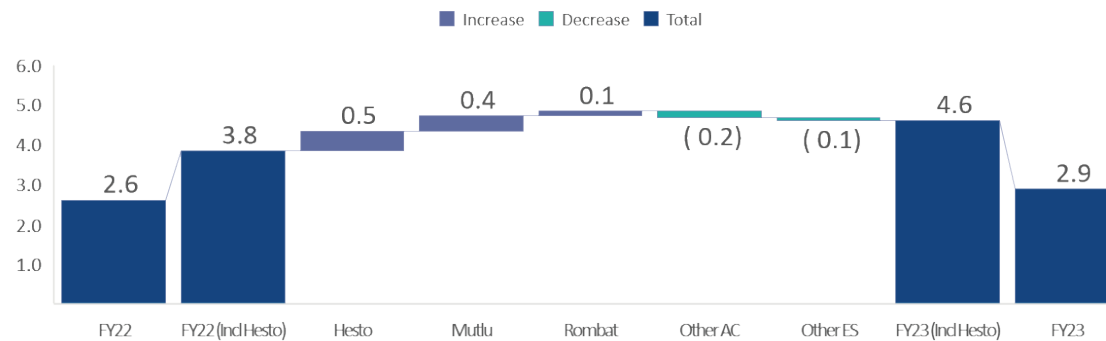
Financial covenant ratio	Covenant Level	2022*	Covenant Level	2023	Compliance
Dividend and interest cover ratio	Not less than 3X	1.54	Not less than 1.5X	1.69	Y
Total Net borrowings to adjusted EBITDA ratio	Not more than 2.5X	4.95	Not more than 4X	3.06	Y
Priority Debt covenant	Not more than 1X	2.27	Not more than 2X	1.64	Y

* 2022 breaches were condoned

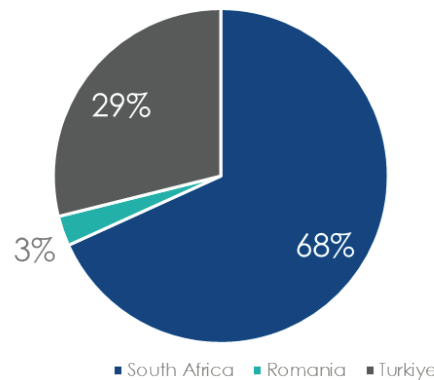
- Net debt on a covenant methodology increased to R4.6bn
- Debt unwind as operating profit improves & safety stock reduces
- Mandate approved for debt restructure programme
- R525m RCF2 & R840m pref. mature Apr'24 and Dec'24, RCF2 extended for 1 year (1% fee)
- Complied with funder's covenants, Hesto covenants waived until Mar'24
- All covenants will be restructured going forward
- Options to de-leverage from Türkiye, generate cash
- Funders continue to support Metair

NET DEBT ANALYSIS (INCLUDING HESTO AT 100%)

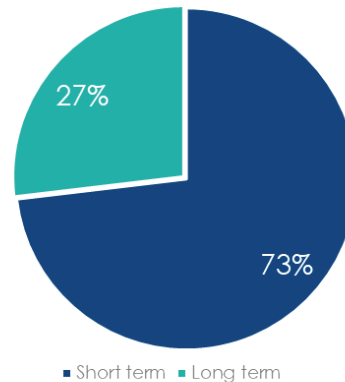
Movement in interest bearing Group Debt (R'billion)



Debt by Geographical Area

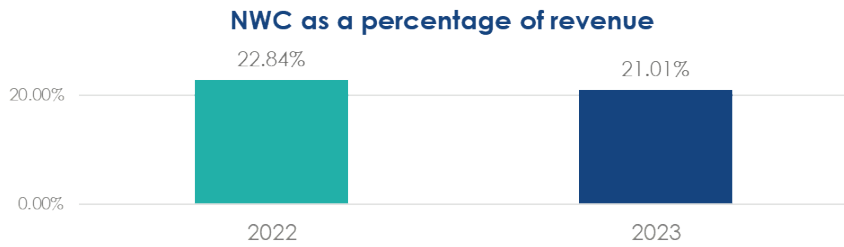
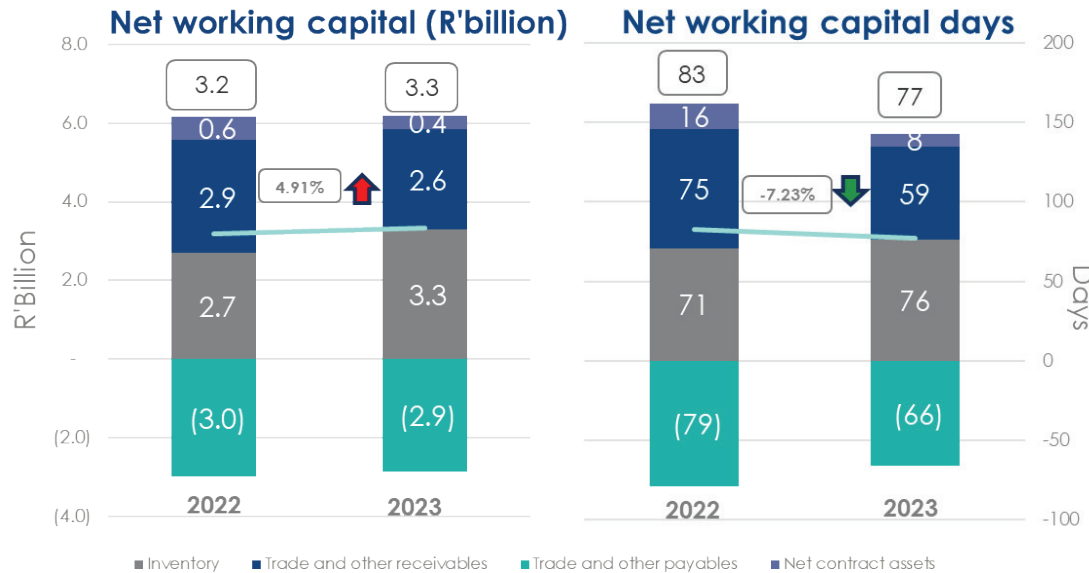


Debt maturities (Statutory)



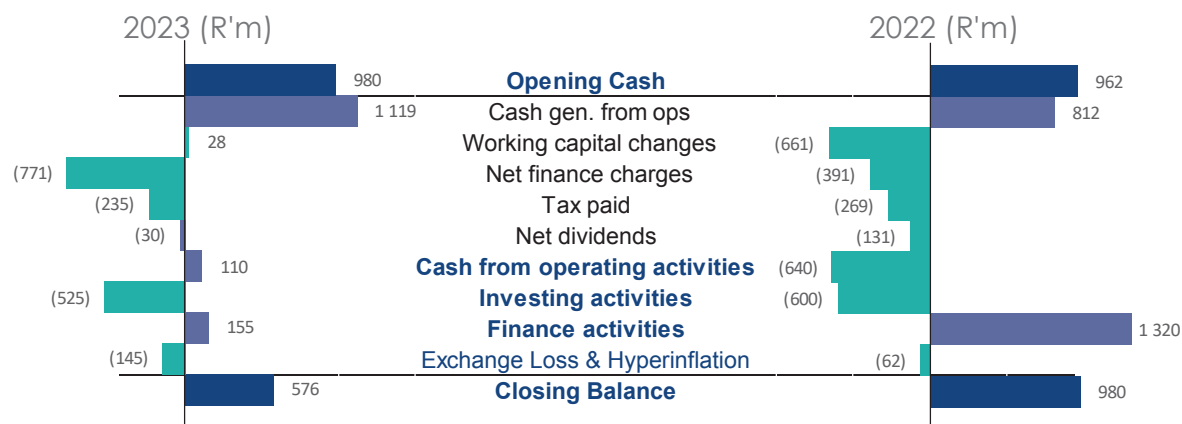
- Growth in debt arises at Mutlu and Hesto
- Increased cost of borrowings in Türkiye, high inflationary environment
 - Turkish market rates 45% - 55% pa
 - Turkish market complex & local TL funding squeeze to support currency
 - Mutlu debt profile mainly short-term
- \$57m Metair financial guarantees to minority shareholder for subordinated funding provided to Hesto
- 68% of total debt local (SA Group incl. Hesto), 32% international
- 21% of net debt in hard currency

WORKING CAPITAL INVESTED TO SUPPORT HIGHER ACTIVITY LEVELS

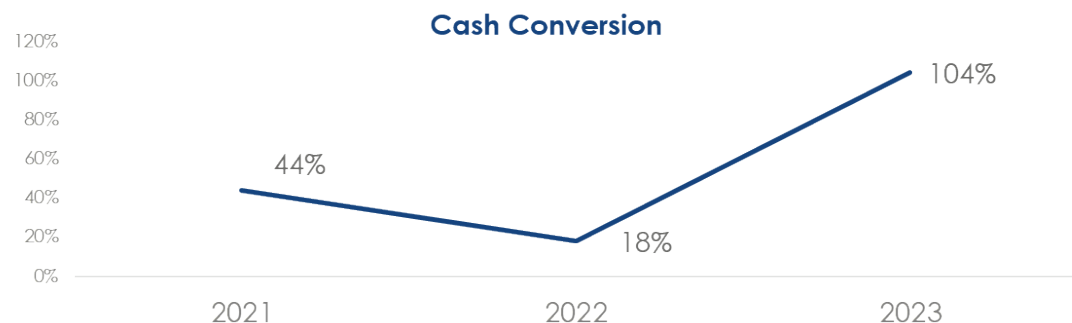


- Net working capital of R3.3 bn, support turnover growth
- Higher sales in Auto business but complexity increases cost content
- Inventory build-up for battery high season, higher lead prices & lead mix balance
- Maintained high safety stock due to supply chain disruptions
- Long lead times & customers often varied daily production volumes & mix
- Working capital investment days improved from 83 to 77 days, mainly in receivables
- Optimisation initiatives in progress, incl. reducing safety stock days, aligning closer to customer daily volumes & improving payment terms with key suppliers

CASH FLOWS



Free cash flow (R'million)	2022	2023
Auto components	(842)	96
Energy storage	(223)	19
Group	(664)	306
EBITDA (excl. impairm & excl. equity earnings)	825	1 108
Taxation paid	(269)	(235)
Working capital	(661)	29
Associates dividend	62	6
CAPEX	(622)	(601)
Free cash flow	(664)	306
Managed associate - Hesto	(436)	(291)



- Cash generation from operations improved from R812m to R1.1bn
- Interest payments increased by R388m to R779m
- Financing inflows reduced, raised majority of debt in FY22/21
- Free cash flow of R306m generated
- Cash flow on a hyperinflation basis, receipts & payments indexed
- Net cash on hand reduced, foreign exchange & hyperinflation impact

OPERATIONAL REVIEW

VOLUMES

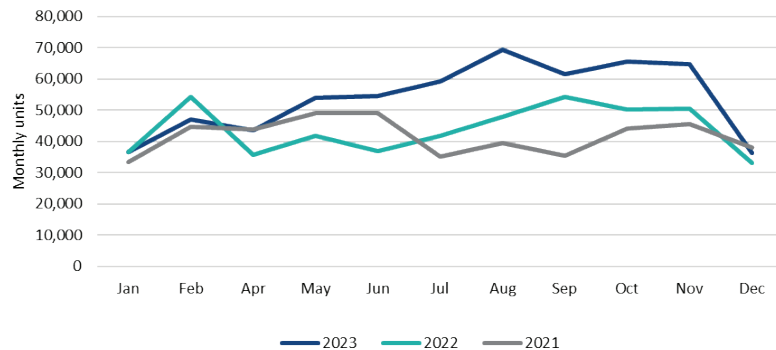
Key SA Auto customer volumes up 48%. Energy auto battery volumes declined 17% mainly due to lower exports

AUTOMOTIVE COMPONENTS VERTICAL



OEM Volumes	2021	2022	2023	Change	Var. %
TSAM	128 223	115 327	175 311	59 984	52%
Ford	87 174	92 166	130 963	38 797	42%
VW	129 119	134 864	140 324	5 460	4%
MBSA	47 336	87 023	88 056	1 033	1%
BMW	61 580	61 823	64 233	2 410	4%
Nissan	22 747	24 800	22 207	(2 593)	-10%
Isuzu	20 417	21 884	25 348	3 464	16%
Other	6 747	2 681	2 789	108	4%
TOTAL	503 343	540 568	649 231	108 663	20%

SA: Monthly automotive manufacturing volumes



ENERGY STORAGE VERTICAL



Battery units in '000s	2021	2022	2023	Change	Var. %
OE	2 252	2 488	2 650	163	7%
Aftermarket	6 577	6 238	4 630	(1 607)	(26%)
Local - Aftermarket	3 156	2 903	2 349	(554)	(19%)
Exports - Aftermarket	3 421	3 335	2 281	(1 053)	(46%)
Industrial	208	197	168	(29)	(17%)
Local - Industrial	200	194	165	(29)	(18%)
Export - Industrial	8	3	4	1	18%
Total	9 037	8 922	7 449	(1 473)	(17%)
Total Auto	8 829	8 725	7 281	(1 444)	(17%)
OEM% of Total	24.92%	27.88%	35.58%		

Sales chanel '000s	2021	2022	2023	Change	Var. %
Mutu	4 682	4 934	3 371	(1 562)	(46%)
- OEM	1 483	1 645	1 787	142	8%
- Local AM	1 736	1 552	1 024	(528)	(52%)
- Export AM	1 455	1 706	527	(1 179)	(224%)
- Industrial	8	31	33	3	8%
Rombat	2 623	2 277	2 278	1	0%
- OEM	411	481	501	20	4%
- Local AM	513	429	357	(72)	(20%)
- Export AM	1 699	1 366	1 419	53	4%
FNB	1 732	1 712	1 800	88	5%
- OEM	358	361	362	1	0%
- Local AM	907	922	968	46	5%
- Export AM	267	263	335	72	22%
- Industrial	200	166	135	(31)	(23%)
Total units	9 037	8 922	7 449	(1 473)	(20%)

Total auto battery units	8 829	8 725	7 281	(1 444)	(20%)
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CAPITAL EXPENDITURE AND COMMITMENTS (INCLUDING HESTO)

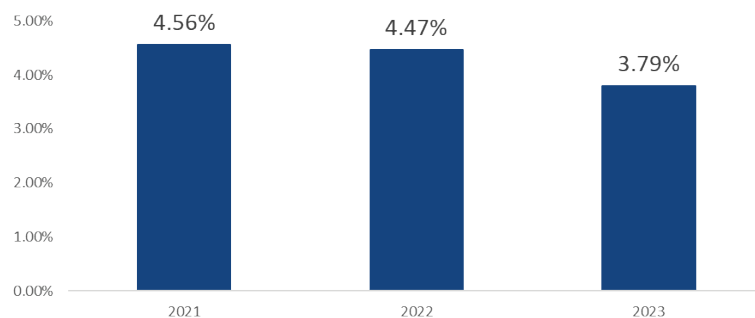
Capital expenditure				
Vertical (R'million)	Maintenance & general	Efficiency & expansion	Health, safety & environ.	Total
Automotive Components	205	164	11	380
Energy Storage	84	216	10	310
Total capital expenditure	289	380	21	690

Hesto	89			89
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Capital Commitments				
Vertical (R'million)	Maintenance & general	Efficiency & expansion	Health, safety & environ.	Total
Automotive Components	188	346	17	551
Energy Storage	107	173	79	359
Total capital expenditure	295	519	96	910

Hesto	26	117	7	150
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Capex as a percentage of revenue



Entity	Category	Commitment (R'million)
Lumotech	New model derivatives and expansion	197
Hesto	New model derivative	84
Auto	HSE	17
Auto	Maintenance & efficiency	253
Total Automotive components commitments		551
Rombat	HD Line & Solar	69
Mutlu	AGM Expansion	55
Energy Storage	HSE	79
Energy Storage	Maintenance & efficiency	156
Total Energy Storage components commitments		359
Total group commitments		910

- Investing for future growth & sustainability, R690 million spent in F23
- F24 R910 million committed, R409 million critical maintenance & efficiency projects, R281 million new customer models & derivatives
- New business & expansion projects are based on investment criteria returns
- Funded via a combination of internal cash generation, existing & new credit lines, subject to affordability on a case-by-case basis

NORMALISING THE RESULT:

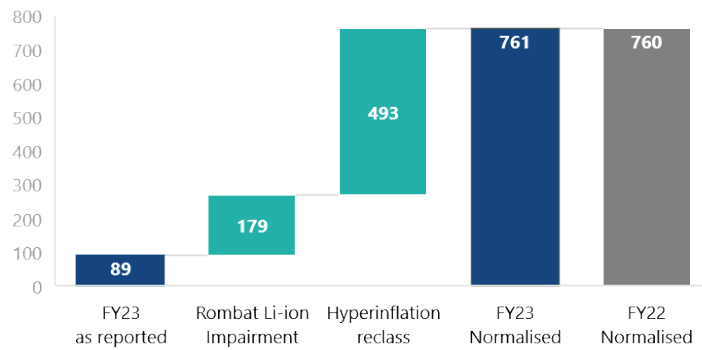
- ENERGY STORAGE COMPONENTS – EXCLUDES THE IMPACT OF HYPERINFLATION AND IMPAIRMENTS
- AUTOMOTIVE COMPONENTS – EXCLUDES HESTO

NORMALISED EARNINGS AND HEPS

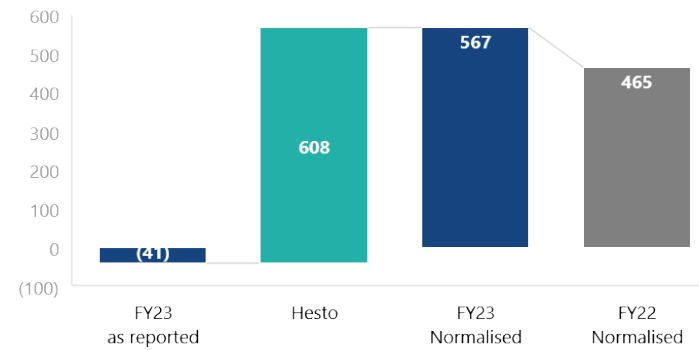
HEPS decreases to 105cps (reported HEPS of 135cps). Impact of high interest costs when comparing to FY22

Vertical

ES normalised PBIT (R'm)

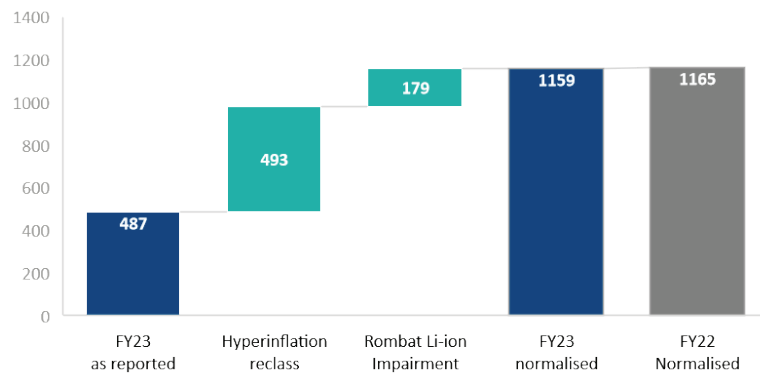


AC normalised PBIT (R'm)

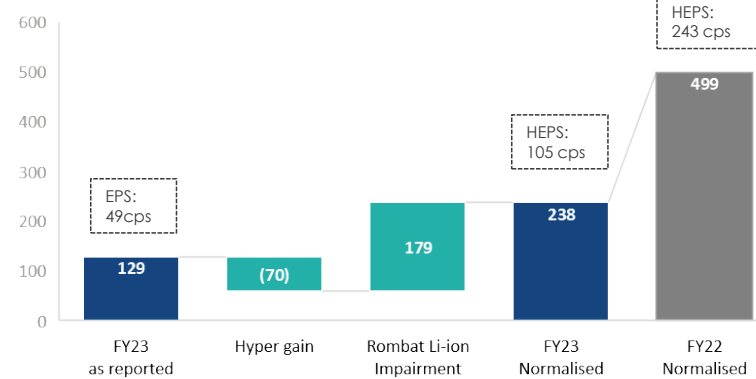


Group



Group normalised PBIT (R'm)



Group normalised PAT (R'm)



BUSINESS VERTICAL OVERVIEW – NORMALISED*

	ENERGY STORAGE VERTICAL 			AUTOMOTIVE COMPONENTS VERTICAL 			METAIR INVESTMENTS LIMITED		
	2022		2023	2022		2023	2022		2023
REVENUE	R8 333m	54%	R8 033m	R7 057m	46%	R7 816m	R13 619m		R15 849m
	Contribution	(4%)	Contribution	Contribution	11%	Contribution	Contribution	16%	Contribution
OPERATING PROFIT	R 760m	62%	R 761m	R 465m	38%	R 567m	R1 165m		R1 159m
	Contribution	0%	Contribution	Contribution	22%	Contribution	Contribution	(1%)	Contribution
EBITDA	R 915m	57%	R 905m	R 685m	43%	R 726m	R1 482m		R1 496m
	Contribution	(1%)	Contribution	Contribution	6%	Contribution	Contribution	1%	Contribution
FREE CASH FLOW	(R 99m)		(R 88m)	(R 406m)		R 386m	(R 541m)		R 199m
EBIT MARGIN	9.1%		9.5%	6.6%		7.3%	8.6%		6.2%
ROIC	20.4%		18.8%	17.4%		17.6%	14.0%		13.4%

*Normalisation: Energy storage components excludes the impact of hyperinflation and impairments, automotive components excludes Hesto

OUTLOOK

Strategic priorities

- Rapid change in automotive industry
 - New technological advances (electric or hybrid models)
 - Metair components remain applicable for NEV
 - Lead-acid energy storage relevant into next decade
- ROIC: De-risk businesses not fitting investment profile
- Portfolio optimisation
 - Re-assess geographic presence
 - Identify core assets
- Manage SA supplier challenges (short and medium term)
 - Eskom, Transnet, ArcelorMittal (end of 2024), Sasol gas (2026)

Strategic priorities (contd)

- Customer mix (OEM/aftermarket/exports) balance to be addressed to produce to capacity
 - Key priority in Türkiye
- Close collaboration with OEMs
 - Balance demand/improve efficiencies/margins
 - New entry vehicle manufacturers
 - SA-driven plan to develop pan-African motor industry
 - Remain competitive through quality, cost & delivery
 - Metair essential part of OEM supply chain
- Hesto operations largely stabilised post major project ramp up

H1 2024

- Debt programme
 - Debt restructuring in progress
- Customer volume volatility; extended shutdown of major customer in April 2024
 - Action plan:
 - short-time production, cost cutting, reduced safety stock, adjusting long lead time orders
 - Excl. effects of hyperinflation & dependent on customer volumes, 6-month targets include:
 - Operating profit margin targeting closer to overall 5% to 6% (2023 (H1): 4.2%, 2022: 2.5%)
 - Interest levels in line with H2 2023 (significant portion Türkiye)

Q & A

DISCLAIMER

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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.



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