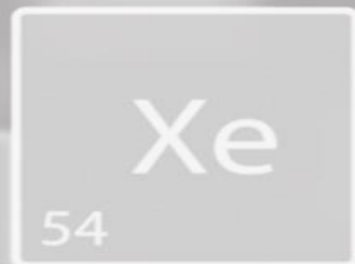


**INTERIM RESULTS FOR THE SIX MONTHS ENDED
30 JUNE 2018**

- Welcoming & Opening Observations
 - Interim Results Statement
 - Strategy Statement
 - Acquisition Statement
 - Governance Statement
 - Factual Corrective Statement
- Financial & Operational Overview
- Prospects Statement
- Q & A



WELCOME & OPENING OBSERVATION



- Turnover up 10% to R4.5 billion
- HEPS up 16% to 132 cents per share
- Energy Storage Vertical up 10%
- Automotive Components Vertical up 31%
- Turkey – Mutlu Aku up 25% (Exports and industrial business up)
- FNB maintain performance even with
 - Support to customers especially in industrial and mining
 - Huge OEM support
 - Battery Centre rebranding
 - Product rebranding
 - Good cash generation R223 million
 - Working capital reduction

ENERGY STORAGE	
<u>H1'17</u>	<u>H1'18</u>
REVENUE	REVENUE
R2.5 billion	R2.7 billion
54% Contribution	53% Contribution
OPERATING PROFIT	OPERATING PROFIT
R227 million	R250 million
53% Contribution	49% Contribution
PBIT : 9.2%	PBIT : 9.4%
ROIC : 14.7%	ROIC : 16.7%

AUTOMOTIVE COMPONENTS	
<u>H1'17</u>	<u>H1'18</u>
REVENUE	REVENUE
R2.1 billion	R2.4 billion
46% Contribution	47% Contribution
OPERATING PROFIT	OPERATING PROFIT
R199 million	R261 million
47% Contribution	51% Contribution
PBIT : 9.3%	PBIT : 10.9%
ROIC : 28.0%	ROIC : 32.4%

- Key drivers of long-term sustainability
 - Ability to follow market
 - Ability to breathe with the market
 - Ability to adjust to technology shifts
- Requires local, international and global relevance
- 50 million battery strategy aim to secure the relevance and support customers
- Pace of execution depends on
- External conditions
 - Operational conditions
 - Earnings
 - Shareholder value delivery
 - Shareholder support

- TAB acquisition
 - Confidentiality breach unfortunate
 - Recent, and potentially protracted, emerging market volatility
 - Board prioritised operational stability in Turkey
 - Terminate negotiations and due diligence process
 - Withdraw cautionary announcement

- Speaks to the system we designed to direct, grow and control our business
- We continuously challenge our approach, design and application in this area
- Require balanced focus on performance and conformance, keeping all stakeholders interest in mind

Design Principles

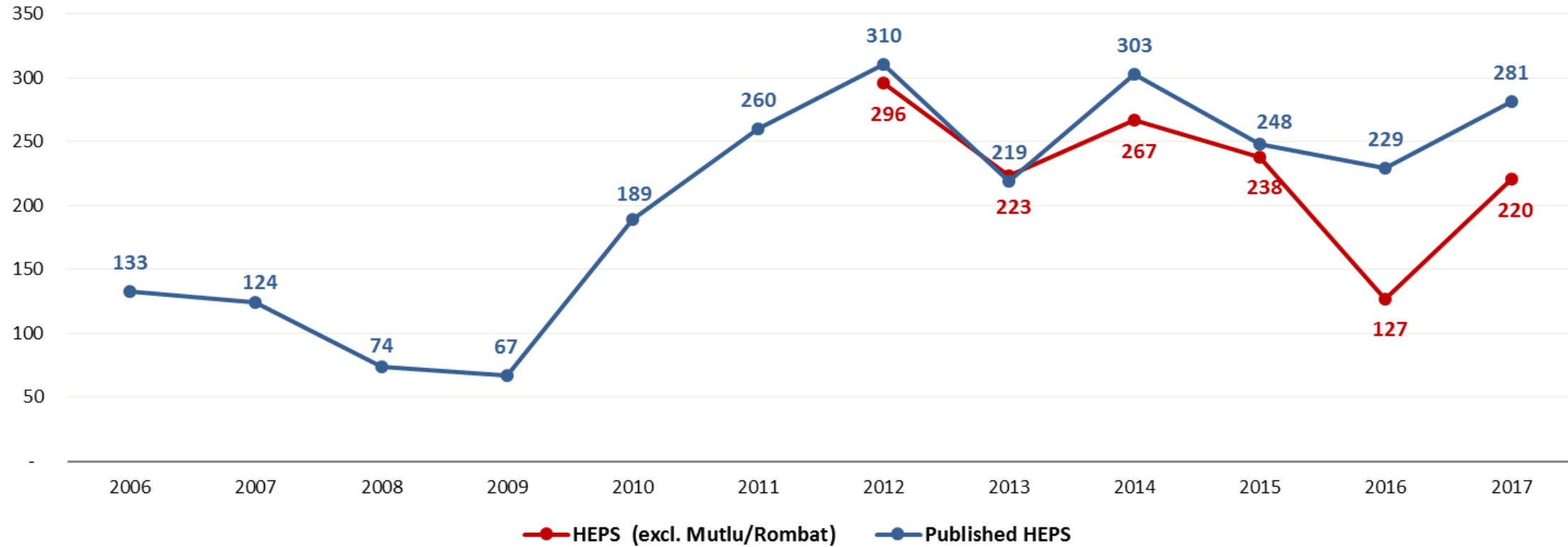
- Collective system
 - Group Marketing Conference – Interpretation of the Market and Marketing Excellence
 - Group Finance Conference – Financial and Commercial Drivers
 - Group Technical Conference – Technology Shifts
 - Group Manufacturing Conference – Manufacturing Excellence
 - Group HR Conference – Human Capital Optimisation
 - Group Purchasing Conference – Sourcing Strategies

- Autonomous Subsidiaries
 - KPI's
 - Budgets
 - Forecasts
- Annual MD's Conference
 - All MD's
 - Metair Board
 - Specialists

- Inputs
 - Shareholder Expectations
 - Operational Overviews
 - Strategic Overviews
 - Technology Trends
 - Proposed Budget
 - Proposed KPI's
 - Proposed Capital Expenditure
 - Proposed Return Matrix
- Outputs
 - Final KPI's
 - Budgets
 - Targets
 - Capital Expenditure
 - Group Objectives
 - Annual Performance Expectation Letters
- Institutionalised System (Bigger than any one person)

- Earnings declined because of acquisitions
- ROE declined because of acquisitions
- ROIC introduction

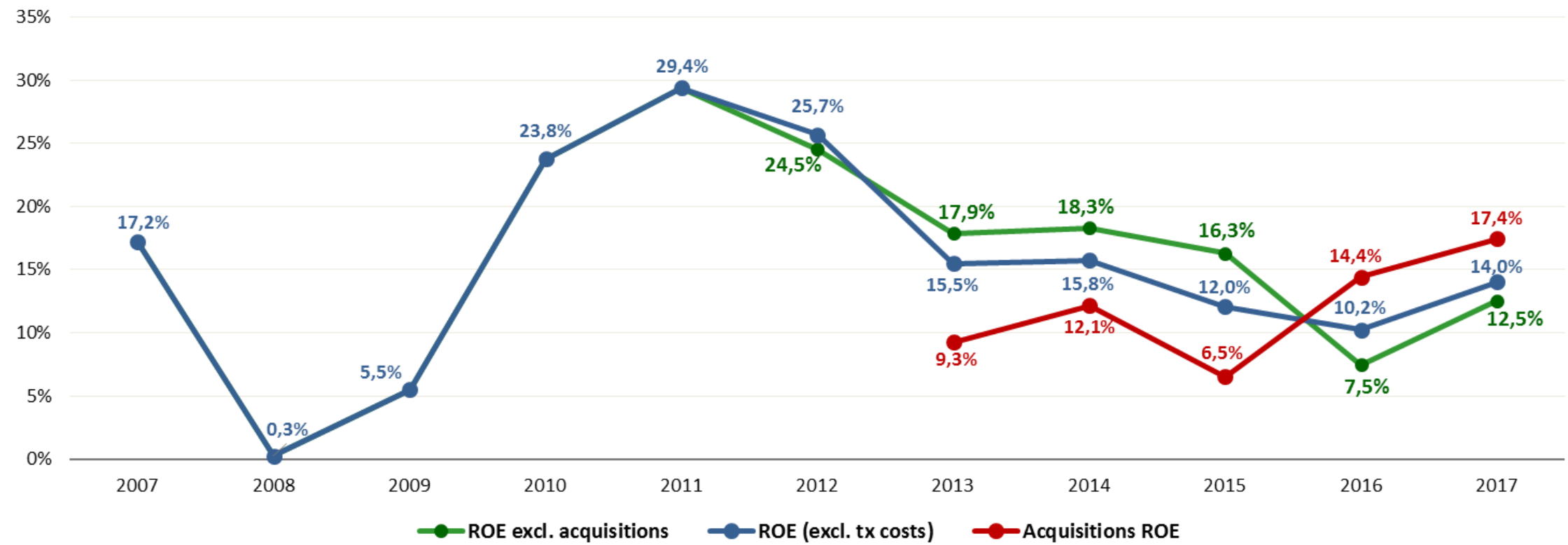
Earnings improved because of acquisitions



Earnings improved because of Mutlu/Rombat

- There is a fundamental incorrect assumption in the market that it is Metair's overseas acquisitions that has led to the decline in earnings from our highest position in 2014
- The fact is that 2017 HEPS was at 281 cents because of Mutlu and Rombat.
- If we strip the Rombat and Mutlu contributions out of the 2017 result it would have been 220 cents per share only
- This trend is true since 2012. The overseas acquisition added 61 cents in 2017
- Where does the decline come from?
- From the reduced contribution from the South African operations including the Automotive Component Vertical that went through a major model change
- Our strategy was always to smooth out the dramatic effect of a major model change with the establishment of the Energy Storage Vertical. As can be seen from the graph above the strategy worked well in 2016 and 2017 with the model run out in 2016 and new model introduction in 2017

Current ROE improved because of acquisitions

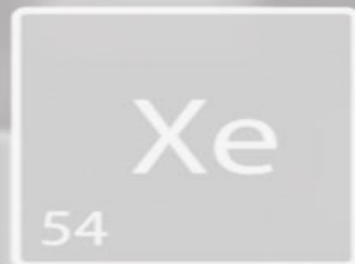


ROE improved over time (2007 – 2012)

- We believe our return matrix is still good with a ROIC of 32.4% in Automotive Components Vertical, 16.7% in Energy Vertical and 12.9% at group level
- Yes, it has changed over the last years. It all has to do with the necessary redesign that Metair has been going through as we had to shift to the aftermarket and energy vertical as from 2012 where we operated in different countries with very different WACCs. The aftermarket dominant Energy Storage Vertical has a completely different finished goods stock, route to market inventory, raw material, WIP and related investment profile than that of our traditional OE components business in SA
- It is the nature of our required redesign as we correct our dislocation to market, follow our customers, leverage our IP and ensure long term sustainability as we deal with major technology shifts
- A key sustainability imperative in our industry is to breath with the market, follow the market and adjust to technology shifts
- One of the key drivers in the redesign was the planned major model change by our material customer Toyota
- Metair clearly stated time and time again that once the model change kicked in that the nature of our business will change forever as Toyota volumes and margin outlook on the new model was always going to be much lower than the previous model



FINANCIAL & OPERATIONAL OVERVIEW



Metair

- ✓ Group turnover increase of 10% for H1 to R4.5bn from R4.1bn, as both energy and automotive businesses performed well in the period
- ✓ >16% HEPS improvement from 114cps in H1'17 to 132cps in H1'18
- ✓ Considering currency translation impact (TRY/ZAR down 17%), pleasing group PBIT of R413m, 16% higher from previous comparative
- ✓ Operating margin up 0.5ppt to 9.2% from 8.7% as Automotive Components achieved 10,9% and Energy Storage 9.4%
- ✓ Cash generated from operations of R223m reflecting improvement in working capital and earnings
- ✓ Returns on invested capital (ROIC LTM) up from 11.6% to 11.9%
- ✓ Balance sheet remains strong, net D:E ratio of 38% and net debt : EBITDA of 1.2x
- ✓ Dividend of 80cps declared and paid (2017: 70cps)

FINANCIAL HIGHLIGHTS

INCOME STATEMENT

1. Revenue up 10% due to good volume growth. ROA, ROE and ROIC improved. Operating margins improved to 9.2% despite high commodity prices and TRY/ZAR devaluation. Effective tax rate of 25.7% slightly higher as Turkish corporate tax rates increased to 22% from 20%

Item	Dec 17 R'million	Jun 17 R'million	Jun 18 R'million	Mvt.
Revenue	9 517	4 076	4 483	10%
EBITDA (incl. share of assoc.)	1 216	527	586	11%
Operating profit	848	355	413	16%
Operating profit margin	8,9%	8,7%	9,2%	0,5ppt
Profit after tax / effective tax rate	588 / 24,3%	240 / 25,4%	282 / 25,7%	17% / 0,3ppt
ROA	12,9%	11,5%	13,3%	1,8ppt
ROE	13,6%	12,9%	14,8%	1,9ppt
ROIC	12,3%	11,6%	11,9%	0,3ppt

2. EPS and HEPS up 17% and 16% respectively. Net debt of R1.5bn, represents net debt : EBITDA ratio of 1.2. Dividend of 80cps declared and paid

Item	Dec 17 R'million	Jun 17 R'million	Jun 18 R'million	Mvt.
Attributable profit	556	223	262	17%
Earnings per share	281	113	132	17%
Weighted avg. number of shares ('000)	197 987	197 980	198 003	0%
Headline earnings per share	281	114	132	16%
Net debt	(1 204)	(1 672)	(1 492)	11%
Dividend per share declared (gross of WHT)	70	70	80	14%

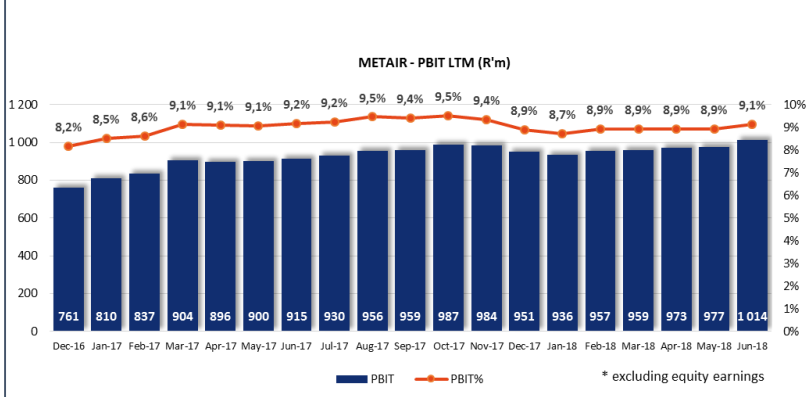
3. Other operating income analysis

Item	Dec 17 R'million	Jun 17 R'million	Jun 18 R'million
Government grants and similar	95	45	58
Derivatives *	(34)	(12)	27
Other	28	16	15
Other operating income	89	49	100

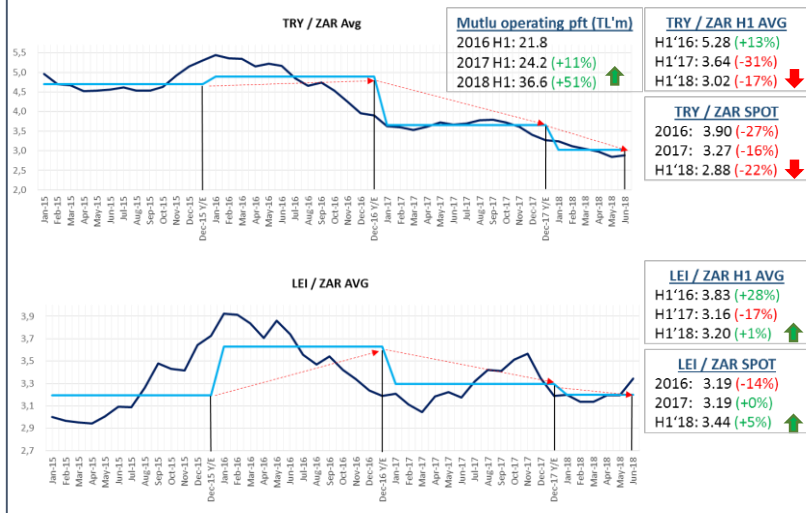
* Refers to mark to market valuation gains/(losses) on forward exchange and similar contracts

- Forex losses of R42m (H1'17: R16m loss) are classified within operating expenses
- The net forex/derivative position is a R15m loss (H1'17: R28m loss)

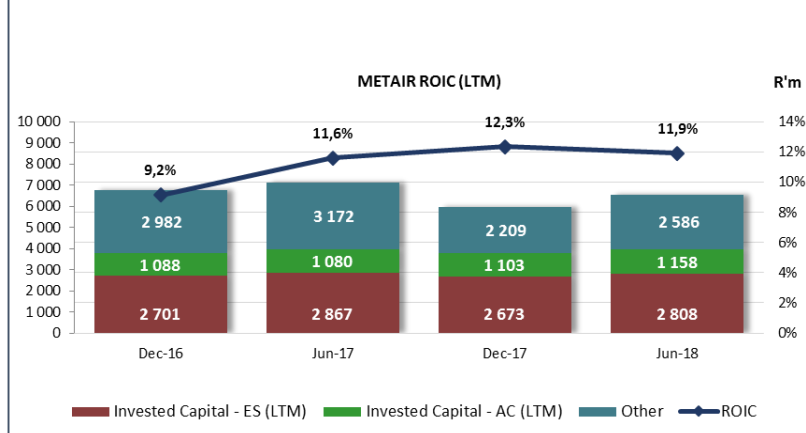
4. Group consolidated PBIT shows stabilising trend, strong recovery in Automotive Components supported by stable Energy Storage margins



5. Currency impacts



6. ROIC and invested capital trends improved, in line with our strategy for capital allocations



FINANCIAL HIGHLIGHTS

BALANCE SHEET

1. Balance sheet stable, with the exception of currency translation impact. Inventory up on Dec 17 position with higher commodity prices and ES seasonality

Item	Dec 17 R'million	Jun 17 R'million	Jun 18 R'million
Non-current assets	4 034	4 134	3 912
Property, plant and equipment	2 606	2 764	2 523
Intangible assets	835	952	741
Other non-current assets	593	418	648
Current assets	4 071	4 076	4 132
Inventory	1 698	1 975	1 796
Trade and other receivables	1 670	1 499	1 580
Contract assets			231
Cash and cash equivalents	671	578	466
Other current assets	32	24	59
Total assets	8 105	8 210	8 044

4. NWC (days) improved on comparative, mainly due to FNB leaner manufacturing. Investment in ES (sales growth and commodity prices) off-set by translation impact

Item	Dec 17 R'million	Jun 17 R'million	Jun 18 R'million
Inventory	1 698	1 975	1 796
Trade and other receivables	1 670	1 499	1 580
Trade and other payables	(1 236)	(1 026)	(1 275)
Contract assets/liabilities - net			225
Total working capital	2 132	2 448	2 326

Days	Dec 17	Jun 17	Jun 18
Inventory	65	80	66
Trade and other receivables	64	61	58
Trade and other payables	(47)	(42)	(46)
Contract assets/liabilities - net			8
Total days	82	99	86

All days calculations based on turnover

2. Equity stable, with earnings offset by R216m FCTR mvt

Item	Dec 17 R'million	Jun 17 R'million	Jun 18 R'million
Total equity	4 196	4 164	4 070
Non-current liabilities	1 754	1 611	1 773
Borrowings	1 149	979	1 162
Post employment benefits	79	88	76
Deferred taxation	298	325	283
Deferred grant income	175	168	198
Provision for liabilities	53	51	54
Current liabilities	2 155	2 436	2 201
Trade and other payables	1 236	1 026	1 275
Contract liabilities			6
Borrowings	653	1 069	734
Provision for liabilities	136	94	119
Bank overdrafts	73	203	63
Other current liabilities	57	44	4
Total liabilities	3 909	4 047	3 974

5. Pref. share revised maturity in the process of being finalised

Funding analysis and debt repayment for 2018				
	Dec 17 R'million	Jun 17 R'million	Jun 18 R'million	Maturity
Prefs				
Total preference shares	840	1 400	840	2019
<i>Effective rate - 69% prime</i>				
RCF				
RCF 1	750	750	750	2019
Utilised	(667)	(381)	(667)	
<i>Effective rate - JIBAR + 205bps</i>				
RCF 2	525		525	2023
Utilised				
<i>Effective rate - JIBAR + 235bps</i>				

3. Debt and capital structure remains stable while debt ratios improve

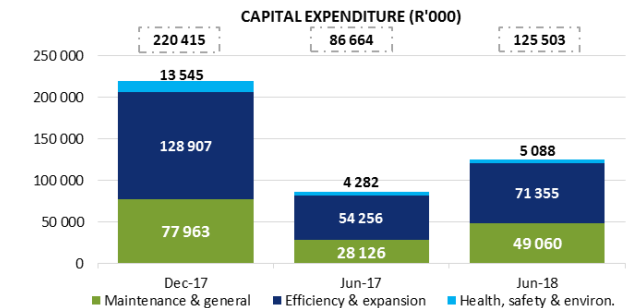
Item	Dec 17	Jun 17	Jun 18
Debt* : Equity	44%	50%	48%
Net debt** : Equity	30%	41%	38%

Item	Dec 17 R'million	Jun 17 R'million	Jun 18 R'million
Net debt**	1 204	1 672	1 492
Net debt** : EBITDA	1,0	1,4	1,2

- ✓ Over time our target remains c.25% D:E
- ✓ May fluctuate short-term during redesign phase
- ✓ Our debt levels not to exceed 2 or 2.5 X EBITDA

- * Interest bearing borrowings
- ** Includes overdrafts and cash equivalents

6. Efficiency and expansion capex focused on smaller investments that meet Metair return metrics



Capital commitments				
Sector (R'000)	Maintenance	Efficiency & expansion	Health, safety & environ.	Total
Energy storage	59 214	40 206	44 627	144 047
Automotive components	18 877	42 277	4 019	65 173
Total commitments	78 091	82 483	48 646	209 220

ENERGY STORAGE at a glance

REVENUE



8%

R2.7 BILLION

53% Contribution

Auto battery units in '000 s	Dec-17	Jun-17	Jun-18	Var (units)
Mutlu	4 043	1 463	1 399	(64) ↓
Rombat	2 205	942	1 023	81 ↑
FNB	1 780	899	905	6 ↑
TOTAL	8 027	3 304	3 327	23 ↑

OEM volume decline in Turkey offset by higher exports. ES overall softer local AFM volumes but 17% increase in exports

Industrial Mwh sold	Jun-17	Jun-18	Var (units)
Mutlu	53	97	44 ↑
Rombat			
FNB	96	82	(13) ↓
TOTAL	149	180	31 ↑

OPERATING PROFIT



10%

R250 MILLION

49% Contribution

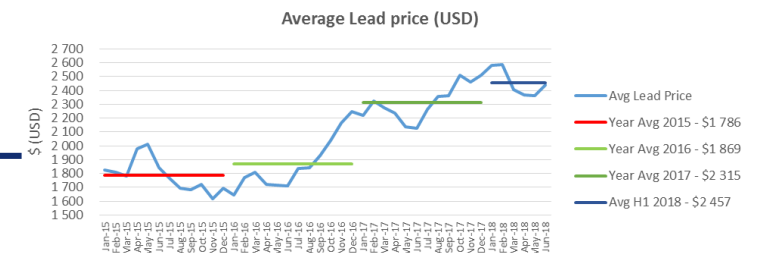
- Managed to completely offset the TRY devaluation with strong local currency performance. Currency impact was negative 17% on TRY/ZAR translation, but local currency PAT grew by 42% due to excellent focus on cost control and improvements in export volumes and industrial business
- Mutlu PBIT increased from R88m to R110 m (25.3% increase) in ZAR terms.
- FNB's PBIT maintained at R95m despite investment and increased spend on FNB branding, retail network, training and OEM support for OEM AGM products
- Despite warmer than normal European winter season impacting on AFM business as well as circ. 6% increase in USD lead price, strong performance overall from ES vertical with 9.4% operating margin

LOCAL CURRENCY OPERATING PROFIT

Mutlu	51,1%	↑
Rombat	-1,4%	↓
FNB	1,4%	↑

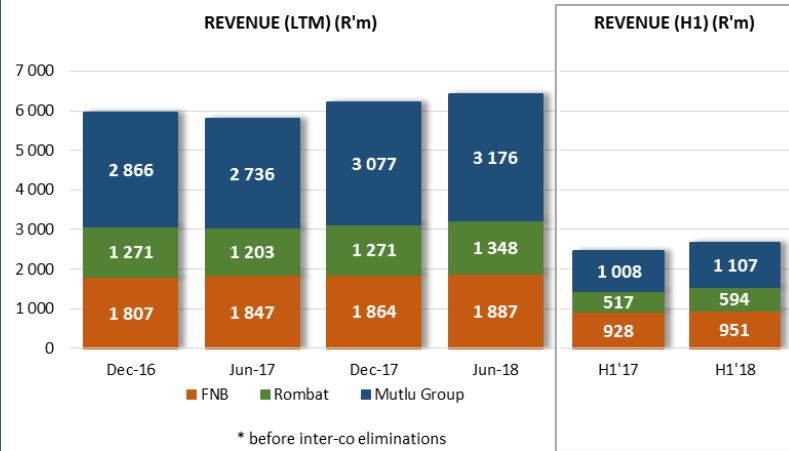
PBIT MARGIN: 9.4% (↑ 0.2ppt from the PY)

ROIC: 16.7% (↑ 2ppt from the PY)

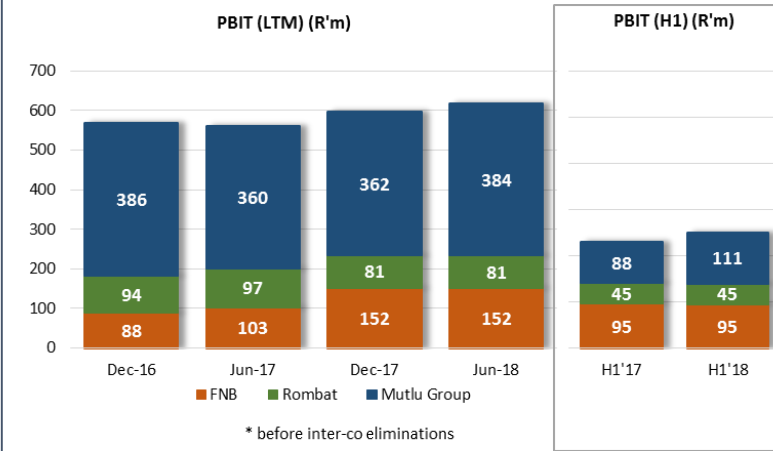


ENERGY STORAGE RESULTS

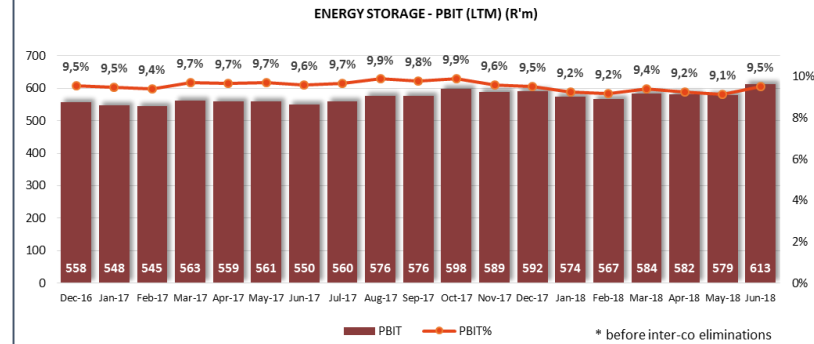
1. Mutlu contributed > 42% of total vertical revenue



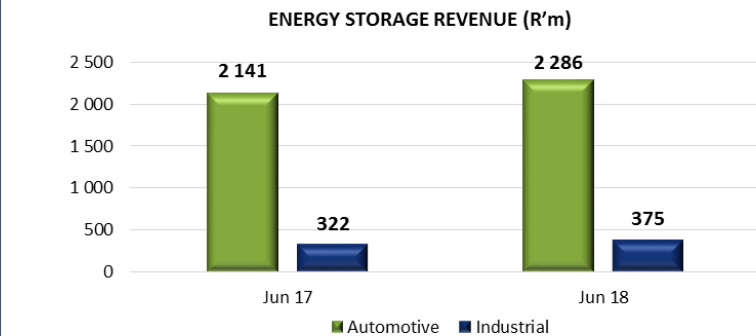
2. Mutlu PBIT increased > R23m, FNB and Rombat flat



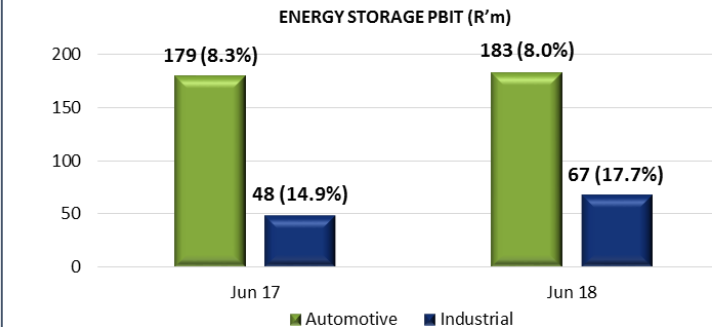
3. Energy Storage Vertical PBIT grew over the past 18 months despite TRY currency depreciation against the USD and ZAR, H1'18 much higher lead input cost



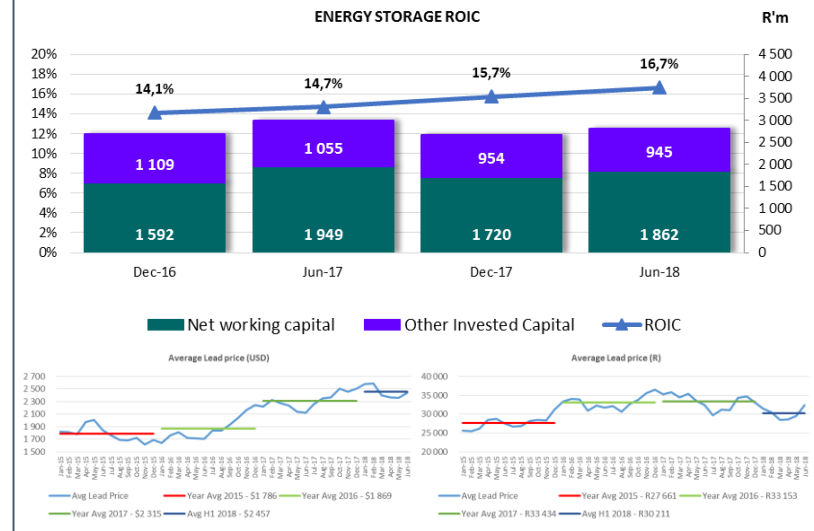
4. Automotive volumes improved marginally with 7% increase in sales, higher export volumes offset the impact of the warmer winter on aftermarket volumes



5. Lower aftermarket content mix and higher lead prices had a dilutive impact on auto margins. Industrial margins increased on targeted price corrections and new long term contractual business at Mutlu



6. ROIC & LME prices



AUTOMOTIVE COMPONENTS at a glance

REVENUE



12%

R2.4 BILLION

47% Contribution

OEM	Dec-17	Jun-17	Jun-18	Var (units)
MBSA	118 277	51 987	44 190	(7 797) ↓
FMCSA	93 817	45 143	47 850	2 707 ↑
VWSA	108 156	61 103	65 783	4 680 ↑
TSAM	128 578	61 470	67 439	5 969 ↑
BMW	53 337	19 925	14 094	(5 831) ↓
NISSAN	31 712	16 975	16 599	(376) ↓
OTHER	29 980	15 545	10 913	(4 632) ↓
TOTAL	563 857	272 148	266 868	(5 280) ↓

Market production volumes



1.9% (5.3k units)

Metair significant customer volumes



8% (13.4k units)

OPERATING PROFIT



31%

R261 MILLION

51% Contribution

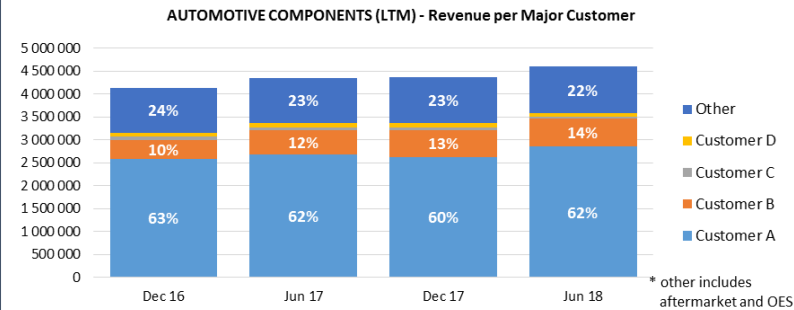
- Improved vertical performance, PBIT % increase to 10.9%, above long term market guidance of 7% - 9%
- Automotive production in SA 2% lower, but much stronger than expected for Ford, VW and TSAM, mainly on export volumes and new models
- The higher volumes combined with a stable manufacturing environment increased the PBIT contribution from R199 million to R261 million
- The continued expansion and deepening of localisation and therefore the parts we manufacture for our customers, assisted in revenue growth of 12.5%

PBIT MARGIN: 10.9% (↑ 1.6ppt from the PY)

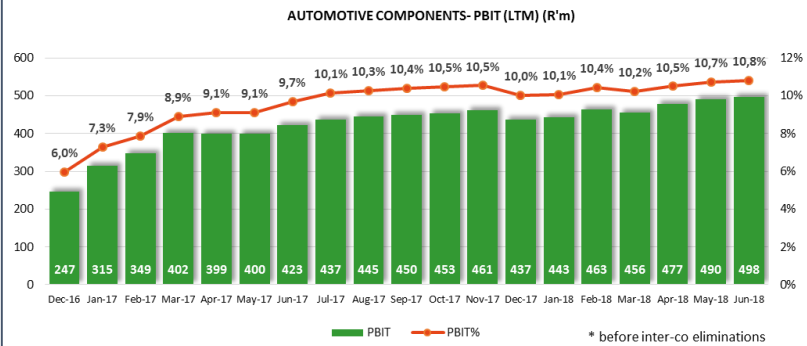
ROIC: 32.4% (↑ 4.4ppt from the PY)

AUTOMOTIVE COMPONENTS RESULTS

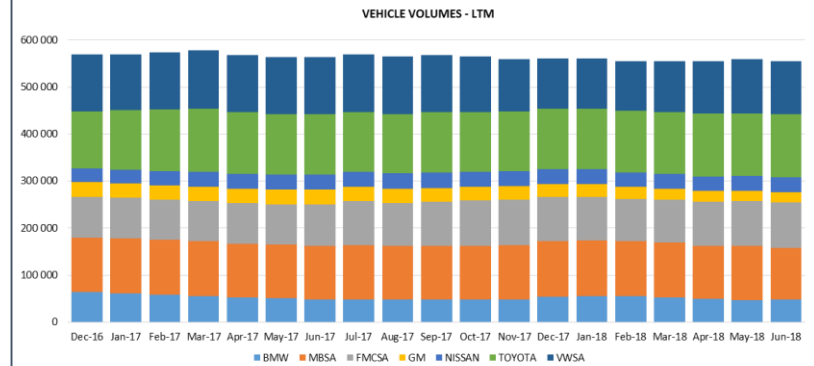
1. Direct revenue by major OEM customers shows improving trend of growing our customer base and positioning to deliver on localisation initiatives



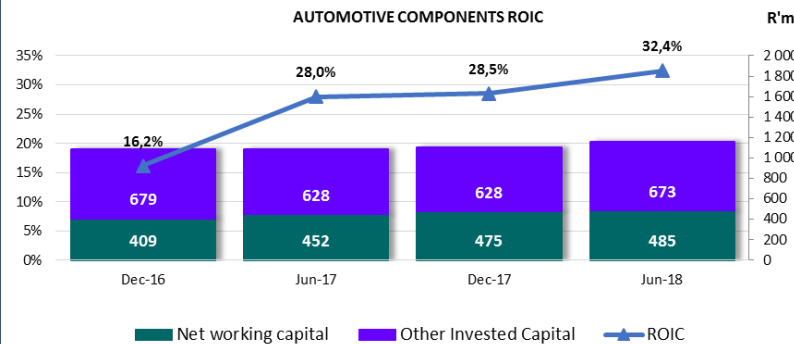
2. Automotive Components Vertical PBIT & margin of 10.9% shows a strong recovery after model launch first half of 2016



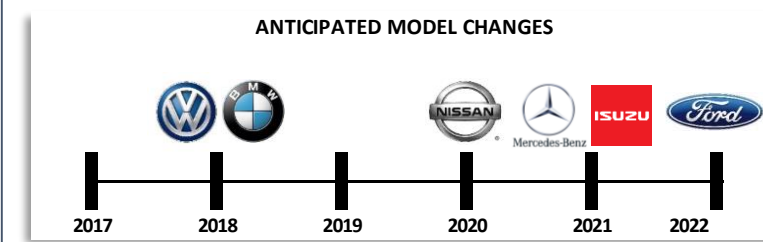
3. SA vehicle production volumes (NAAMSA) remains largely flat, with lower domestic sales offset by record exports. We think there is opportunity to grow to 650k – 700k units in the medium term



4. ROIC has recovered to pre-model launch levels. Working capital investment relatively low compared to Energy Storage Vertical



5. Anticipated model changes in the next 5 years do not include our major customer

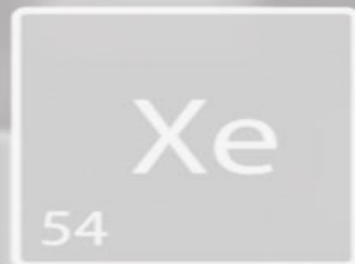


6. 2020 APDP review:

- ✓ The new APDP automotive production support program likely to be announced in Q3/Q4 2018
- ✓ More focused on BBBEE levels, good for Metair as Metair and all of its subsidiaries are level 4 or better
- ✓ Increased focus on local content, which benefits SA industry



PROSPECT STATEMENT



2018 Prospects

- The prospect statement in the IAR of Metair for 2017 indicated that the group had a positive outlook for 2018
- The good first half performance is supportive of this statement
- Unfortunately Turkish Lira volatility could negatively impact this, however annualised automotive export volumes of R1.5m secured with two strategic partners

Turkey

- Mutlu Aku first half
- Turkish Lira devaluation
- Mutlu Aku very resilient first half performance
- Overcome the 17% devaluation in the Turkish Lira
- Managed to deliver a 25% improvement in Rand performance
- Increased exports by 28%

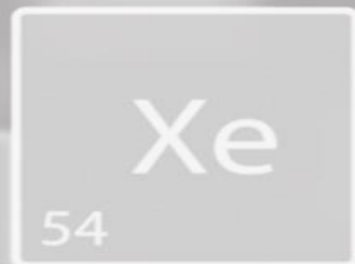
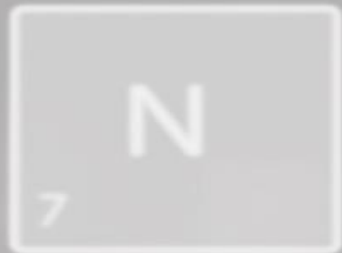
- Emerging market experience is key
- Rand experience good schooling
- Exports becomes a focus
- 80% - 85% of vehicles manufactured is for export market
- Non discretionary product
- Strong winter demand required
- Lead recycling and balance big focus
- Require correct OEM pricing structure
- Capital expenditure constraint
- Pricing power in local market important

BUT

- As long as the currency weakness and volatility doesn't escalate into a full-on banking and liquidity crisis



SUPPLEMENTARY INFORMATION



FINANCIAL HIGHLIGHTS

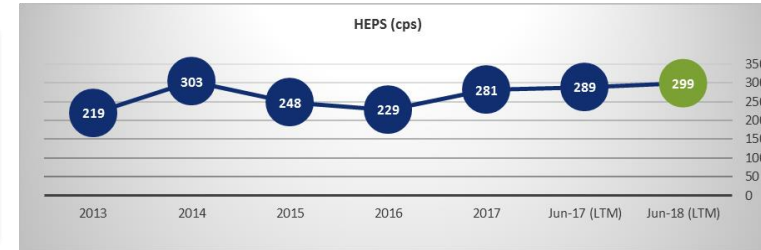
June'18 (LTM)

Revenue
R9.9 bn



June'18 (LTM)

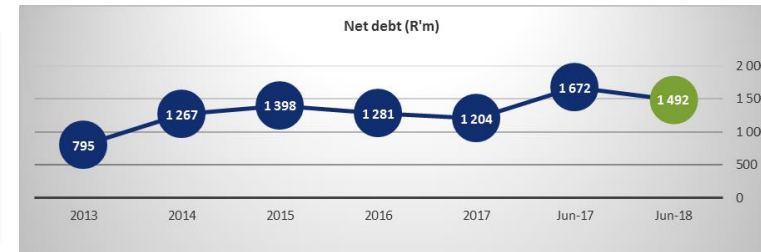
HEPS
(6months)
132 cps



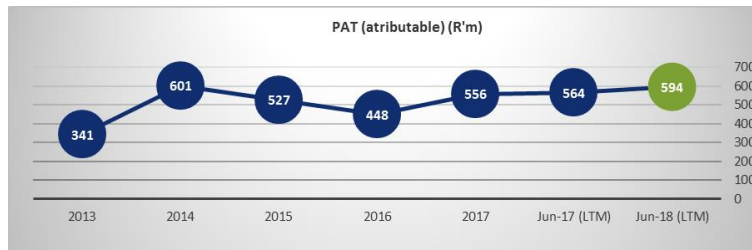
PBIT
R1.0 bn



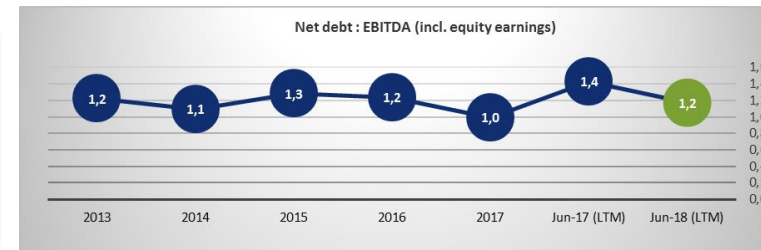
Net debt
R1.5 bn



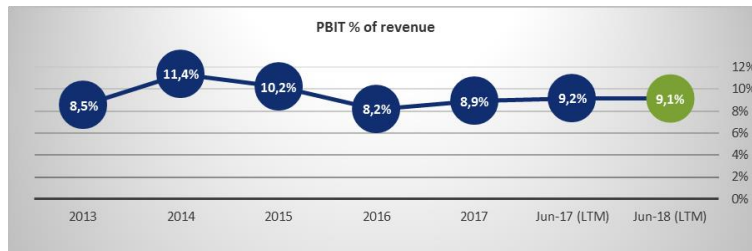
Attribut. PAT
R594 m



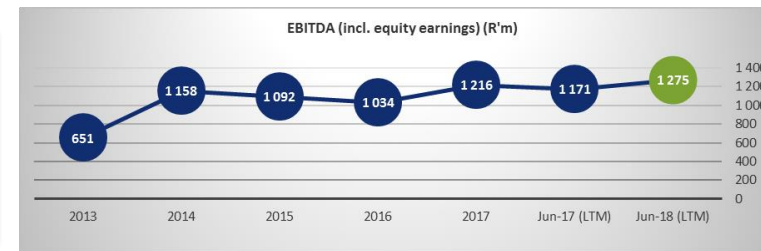
Net Debt: EBITDA
1.2



PBIT %
9.1%



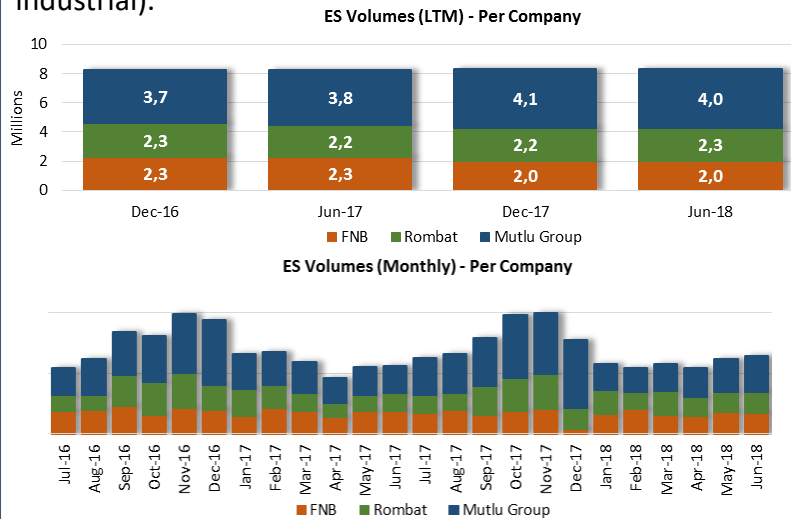
EBITDA
R1.3 bn



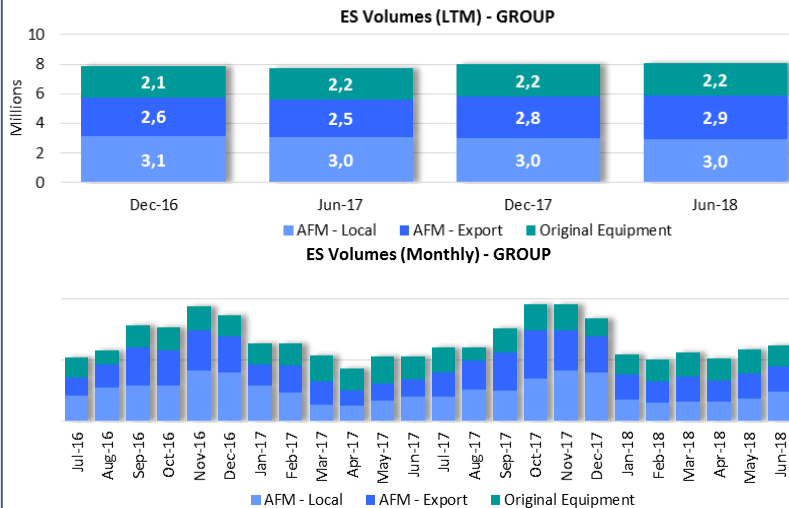
ENERGY STORAGE VOLUMES

(*ROUNDED)

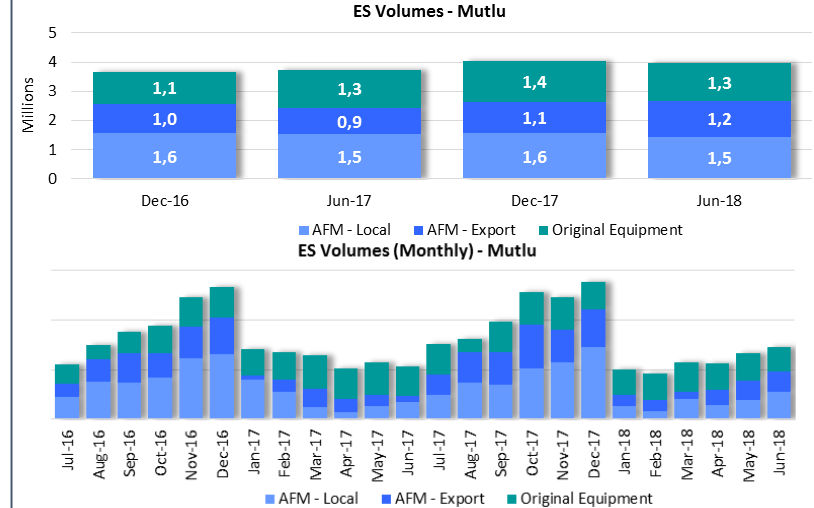
1. Total automotive volumes by operation (including industrial).



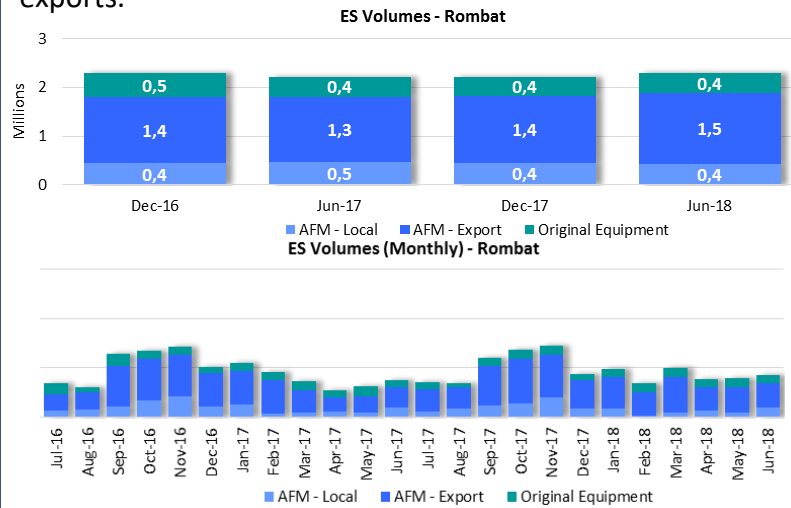
2. Warm winter conditions restricted growth to 2.5%.



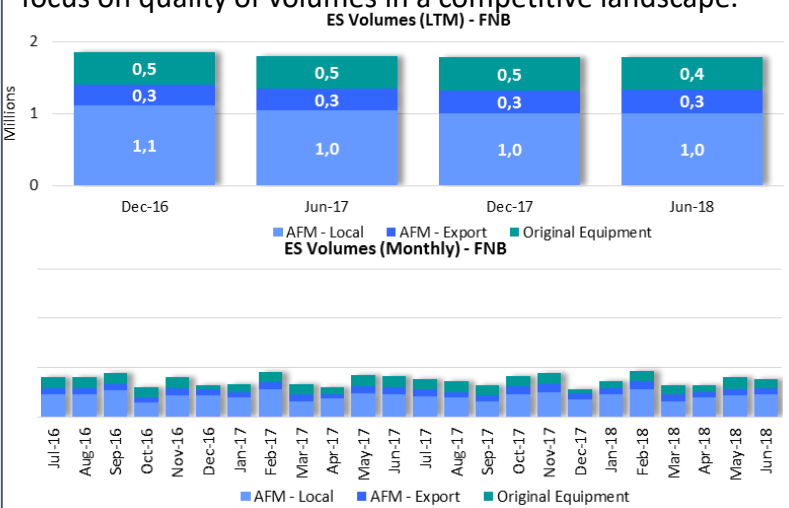
3. Export automotive volumes grew c.28%. Local aftermarket and OEM volumes softer.



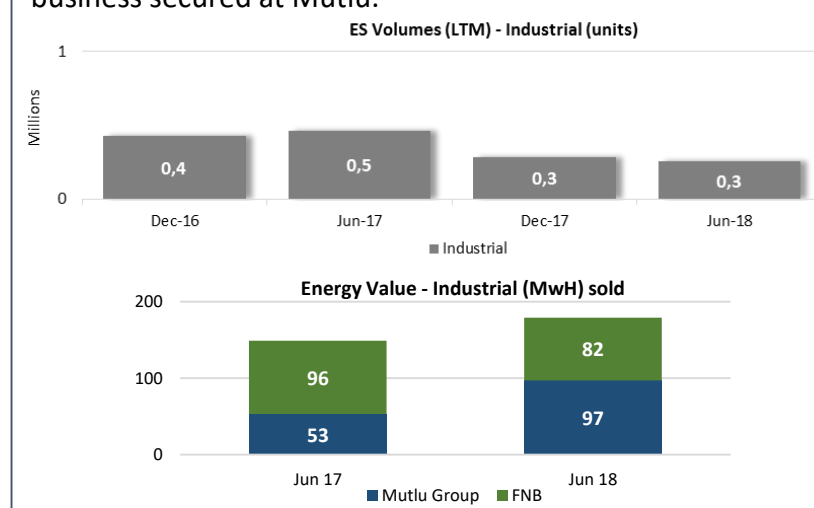
4. Rombat automotive volumes grew 9% with strong exports.



5. FNB – auto battery volume sales marginally up with focus on quality of volumes in a competitive landscape.

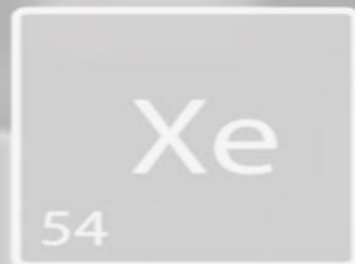


6. Industrial volume were boosted by new contractual business secured at Mutlu.





Q & A



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