

INTERIM RESULTS 6 - MONTHS ENDING 30 JUNE 2013

29TH AUGUST 2013



The journey we have travelled
defines our road ahead

AGENDA

- Results Overview
 - Accounting changes
 - Trading characteristics for the period
 - Rombat
- Vision & Strategy
- Financial Review
- Operational Review
- Start/Stop Battery Development
- Prospects



RESULTS OVERVIEW

RESULTS OVERVIEW

- HEPS maintained at 143 cents/share
- Profit after tax up to R209 million from R202 million
- Net cash improved slightly to (R54 million) from (R56 million)
- Operating margin reduced to 11,1% from 12,0%
- Strategic decision to increase working capital

RESULTS OVERVIEW: ACCOUNTING CHANGES

- IFRS 10, 11, 12
 - International Financial Reporting Standards 10, 11 and 12, (“new IFRS”) govern consolidated financial statements, joint arrangements and disclosure of interests in other entities.
- Metair has 4 such entities
 - Tenneco Automotive Holdings SA (Tenneco) 25,1% shareholding
 - Valeo Systems South Africa (Pty) Ltd (Valeo) 49% shareholding
 - Hesto Harnesses (Pty) Ltd (Hesto) 74,9% shareholding
 - Smiths Manufacturing (Pty) Ltd (Smiths) 75% shareholding

- Previous Account Structure
 - Consolidated
 - Hesto
 - Smiths Manufacturing
 - Associate Line
 - Tenneco
 - Valeo

- Current Accounting Structure
 - Consolidated
 - Smiths Manufacturing
 - Associate Line
 - Tenneco
 - Valeo
 - Hesto

RESULTS OVERVIEW: ACCOUNTING CHANGE EFFECT

- No effect
 - HEPS
 - NAV

- Effected Consolidation
 - Turnover
 - EBITDA

- Why the change?

The amendment to IFRS 10 now focuses more intently on the assessment of control. Consequently, because of Hesto's arrangement with its minority shareholder Hesto is no longer consolidated into the Group but equity accounted.

RESULTS OVERVIEW: ACCOUNTING CHANGES

- What arrangements?
 - The Call Option to increase shareholding
 - Certain protection rights

TRADING CHARACTERISTICS FOR THE PERIOD

- Continued delivery on our strategy
- Sustained local OEM (Original Equipment Manufacturer) demand
- Expanded local aftermarket sales
- Expanded exports aftermarket sales
- Declining non-auto business (mining and utilities)
- Margin contraction across all segments
- Devaluation of Rand and Lei

TRADING CHARACTERISTICS FOR THE PERIOD

- Rombat fully integrated into Metair
- Start/Stop battery technology in the local OE (Original Equipment) market expanded to second customer
- Start/Stop facility installed and commissioned in Romania
- Manufacturing Excellence expanded to Marketing Excellence
- International interest in Start/Stop battery supply (2016)
- Fire at Supreme Springs
- Strategic decision to increase working capital
- Finalisation of Automotive Production and Development Program (APDP)

MARGIN CONTRACTION

- OE Sector
 - Lag in recovery of exchange rate fluctuations from customers
 - Delayed/postponed economic recoveries from customers
- Non-automotive Market
 - Demand pressure in mining sector
- Aftermarket
 - Increase in lead premiums and lead scrap pricing

ROMBAT INTEGRATION

- According to plan
- Start/Stop facility installed and commissioned
- Planned opening of Start/Stop facility by Romanian Prime Minister – 28 September 2013
- Investment assistance support claim submitted
- First test batteries produced

ROMBAT ACQUISITION HEALTH CHECK

- Transfer of Associates Complete
- Transfer of Technology In progress
- Integration Complete
- Change Management Complete
- Start/Stop facility Complete
- Secure subsidy for Start/Stop facility In progress
- Expansion of aftermarket footprint Europe In progress
- Availability of recycled material In progress
- Start/Stop product approval In progress
- Secure Start/Stop OE customers In progress

ROMBAT INTEGRATION

| Turnover (Lei million) | 30 June 2013 | 30 June 2012 |
|-------------------------------|---------------------|---------------------|
| Overall | 124 | 122 |
| Export | 63 | 68 |

| Volume ('000) | | |
|----------------------|-----|-----|
| Overall | 884 | 911 |
| OE | 277 | 242 |

- Dacia proved to be a resilient customer in a declining European market
- Renault requested Rombat to assist in North Africa

VISION & STRATEGY

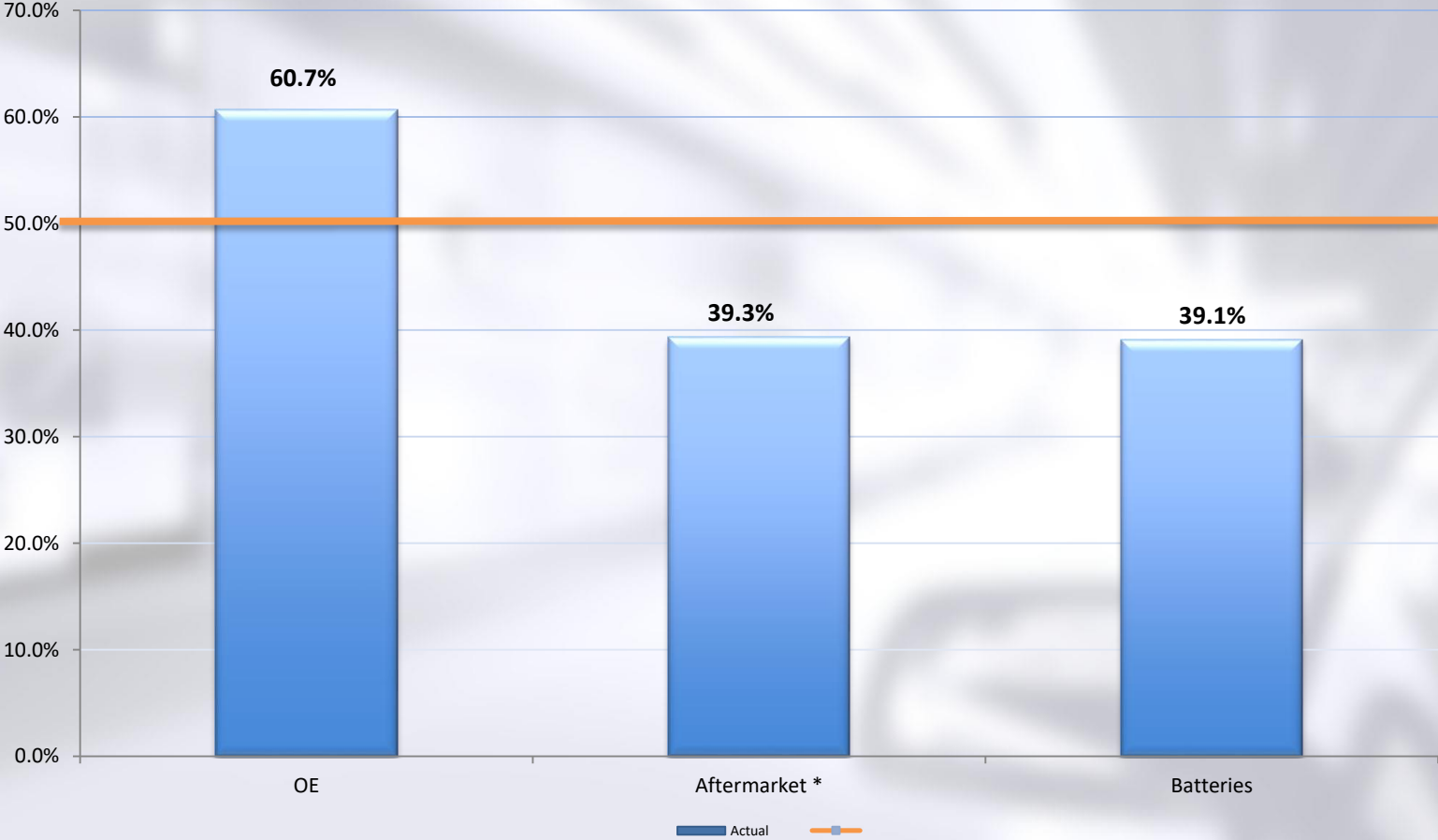
“To generate value for all our stakeholders by managing and controlling businesses that through manufacturing and/or logistical excellence, deliver quality, cost-competitive products to our customers in a sustainable manner.”

- Continue to target balance in the business
- Nurture Original Equipment (OE) business and expand Original Equipment Manufacturer (OEM) customer base
- Focus intently on cost
- Secure and grow aftermarket product range
- Pursue the acquisition of a complementary business to leverage off our technologies, efficiencies and product range in the aftermarket and non-automotive business

3 X 50% = 100% STRATEGY

- 50% of business in OE sector
 - 50% of business in Aftermarket, Non-auto and exports
- and
- 50% of overall business in batteries

PERFORMANCE AGAINST STRATEGY



* Relates to aftermarket, non-automotive and exports

FINANCIAL REVIEW

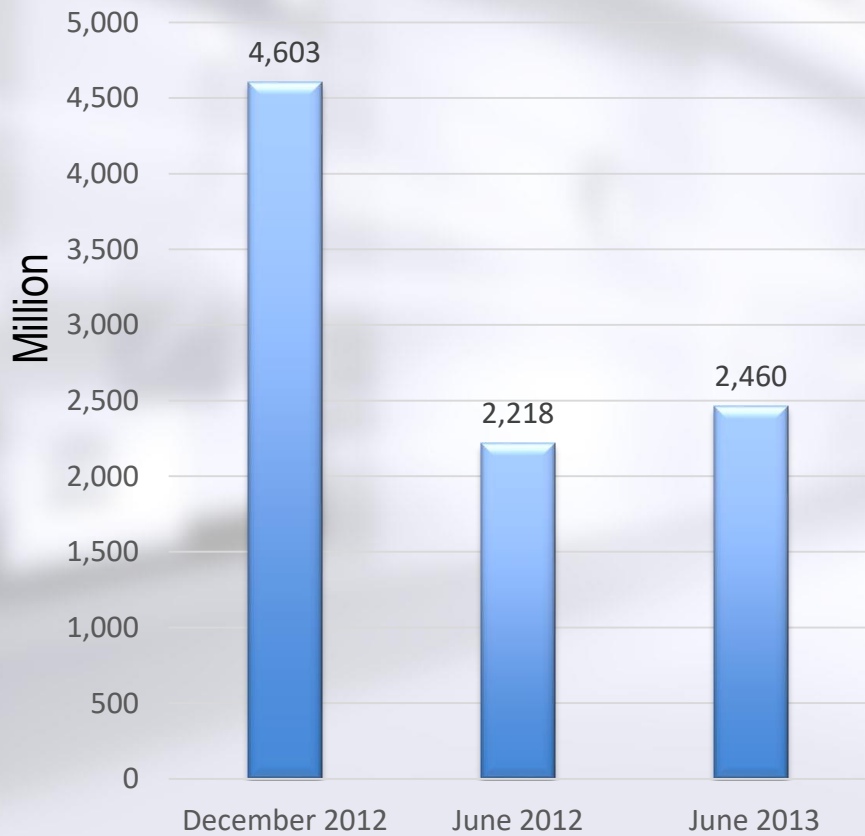
- **IFRS 10**
 - Hesto a 74,9% subsidiary will now be equity accounted instead of consolidated.
 - No effect on HEPS

FINANCIAL HIGHLIGHTS

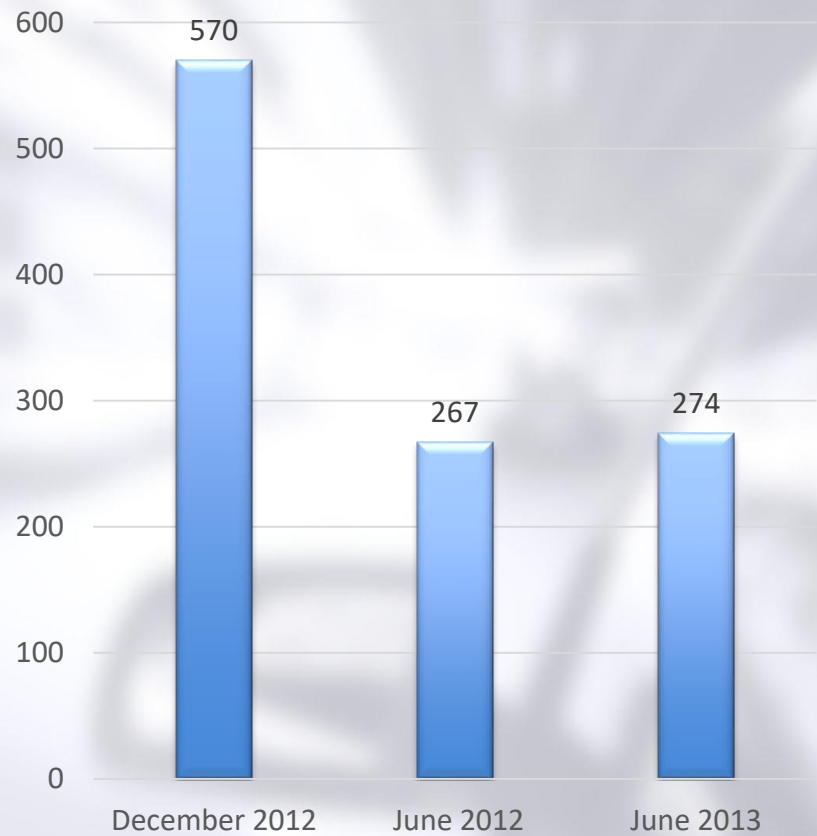
| ITEM | June 2013 | June 2012 | |
|----------------------------------------------|-----------|-----------|---|
| | R'000 | R'000 | |
| Revenue | 2 459 831 | 2 218 492 | ↑ |
| EBITDA | 375 087 | 362 441 | ↑ |
| Operating Profit | 274 169 | 267 144 | ↑ |
| Operating Income Margin | 11,1% | 12,0% | ↓ |
| Profit After Tax | 229 102 | 222 336 | ↑ |
| Attributable Profit to Ordinary Shareholders | 209 457 | 202 438 | ↑ |
| Earnings Per Share | 143 | 143 | → |
| Headline Earnings Per Share | 143 | 143 | → |
| Net Cash including borrowings | (53 893) | (56 259) | ↑ |
| Dividend per share (gross of WHT/STC) | - | 95 cps | |

GROUP REVENUE / OPERATING PROFIT

REVENUE

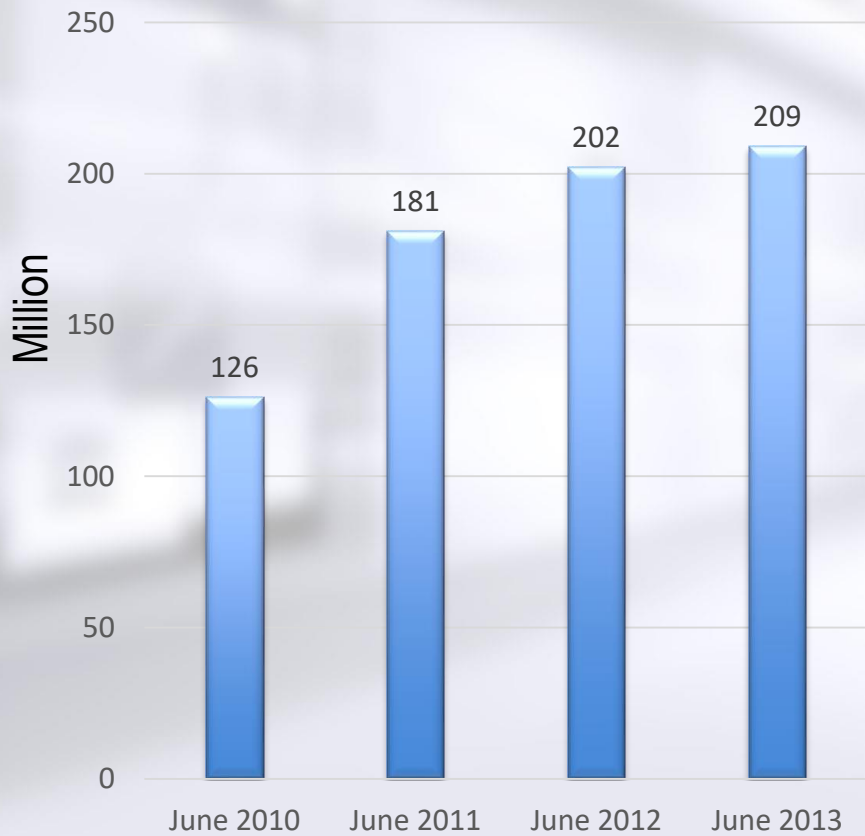


OPERATING PROFIT



HEADLINE EARNINGS PER SHARE (HEPS)

HEADLINE EARNINGS



HEPS



BALANCE SHEET

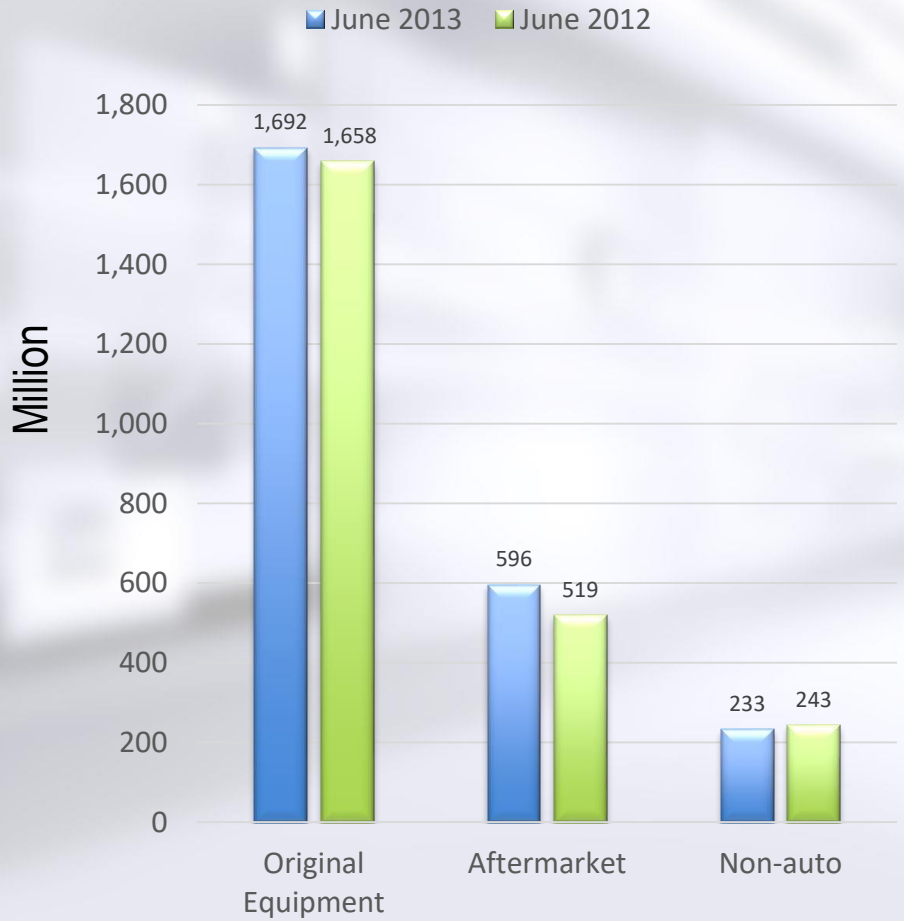
| ITEM | 30 June 2013 R'million | 30 June 2012 R'million |
|---------------------------------------------|---------------------------|---------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 1 234 | 1 006 |
| Intangible assets | 84 | 81 |
| Other non-current assets | 202 | 177 |
| Current assets | | |
| Inventory | 846 | 677 |
| Trade and other receivables and derivatives | 730 | 679 |
| Cash and cash equivalents | 433 | 455 |
| Total Assets | 3 529 | 3 075 |
| EQUITY AND LIABILITIES | | |
| Capital and reserves | 2 127 | 1 699 |
| Non-controlling interests | 88 | 72 |
| Non-current liabilities | | |
| Borrowings | 164 | 219 |
| Post-employment medical benefits | 29 | 25 |
| Deferred taxation | 62 | 68 |
| Current liabilities | | |
| Trade and other payables | 653 | 630 |
| Borrowings | 56 | 263 |
| Bank overdrafts | 267 | 30 |
| Other provisions and other | 83 | 69 |
| Total liabilities | 1 314 | 1 304 |
| Total equity and liabilities | 3 529 | 3 075 |

INCOME STATEMENT

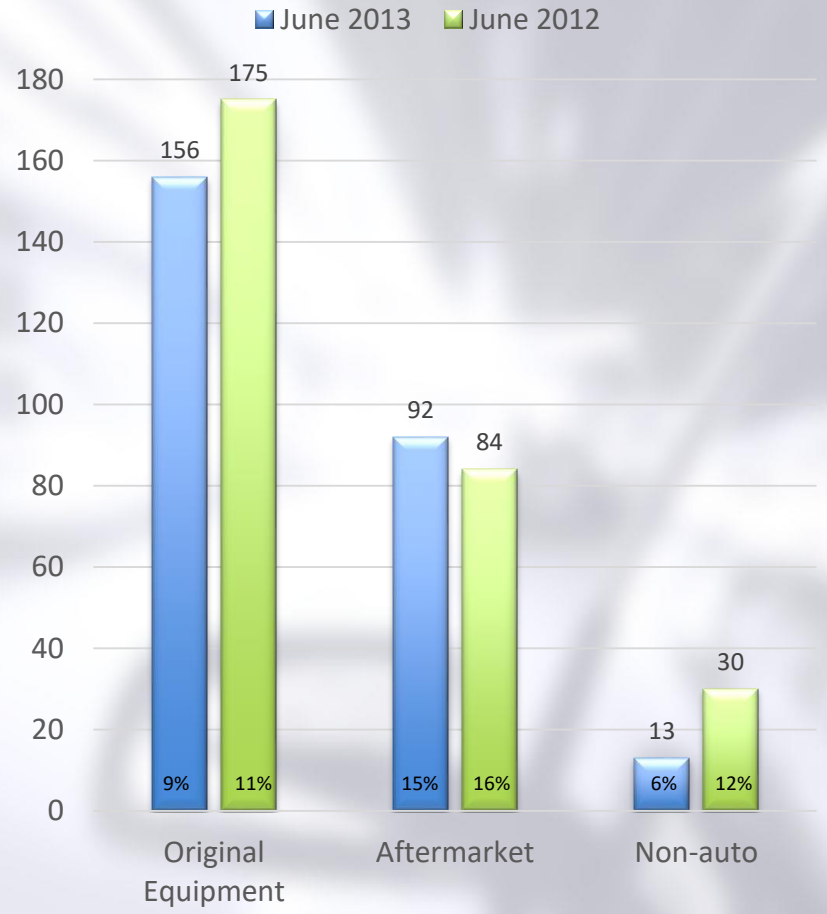
| ITEM | 30 June 2013 R'million | 30 June 2012 R'million |
|-------------------------------------------------|---------------------------|---------------------------|
| Revenue | 2 460 | 2 218 |
| Gross Profit | 520 | 504 |
| Other operating profit | 24 | 21 |
| Distribution, administrative and other expenses | (270) | (258) |
| Operating profit | 274 | 267 |
| Net interest | (5) | (2) |
| Share of results of associates | 38 | 45 |
| Profit before taxation | 307 | 310 |
| Taxation | (78) | (88) |
| Profit for the period | 229 | 222 |
| Attributed to: | | |
| Equity holders of the company | 209 | 202 |
| Non-controlling interests | 20 | 20 |
| | 229 | 222 |

SEGMENTAL ANALYSIS

LOCAL REVENUE

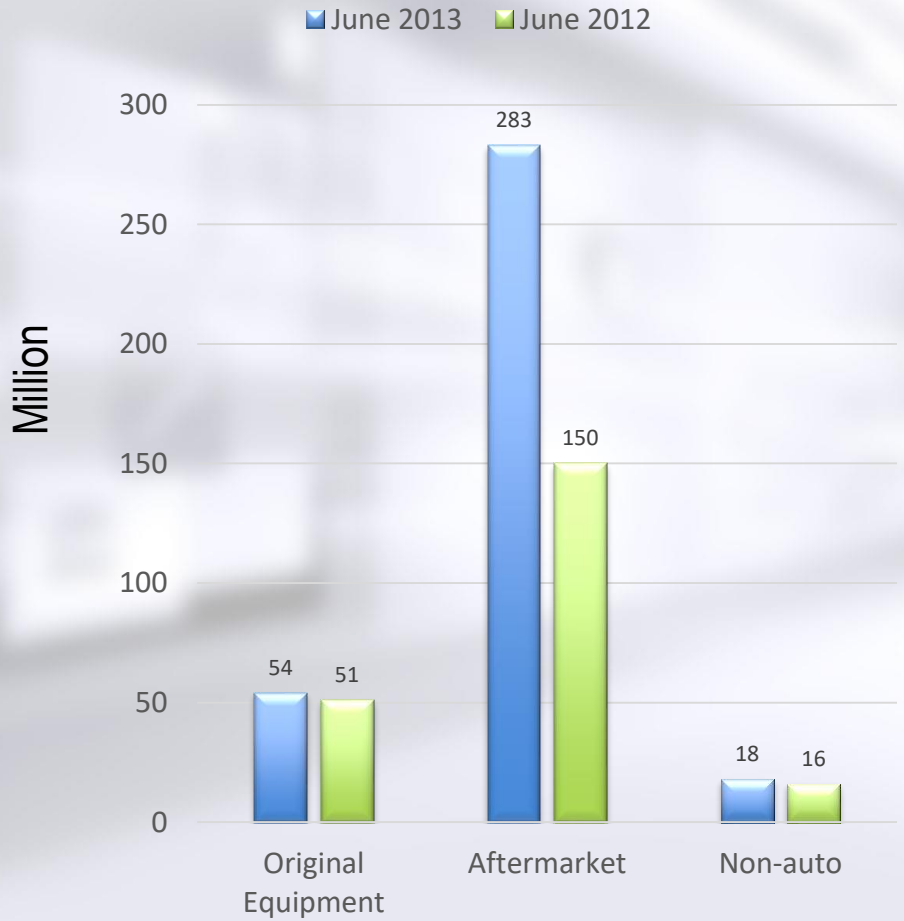


LOCAL PBIT

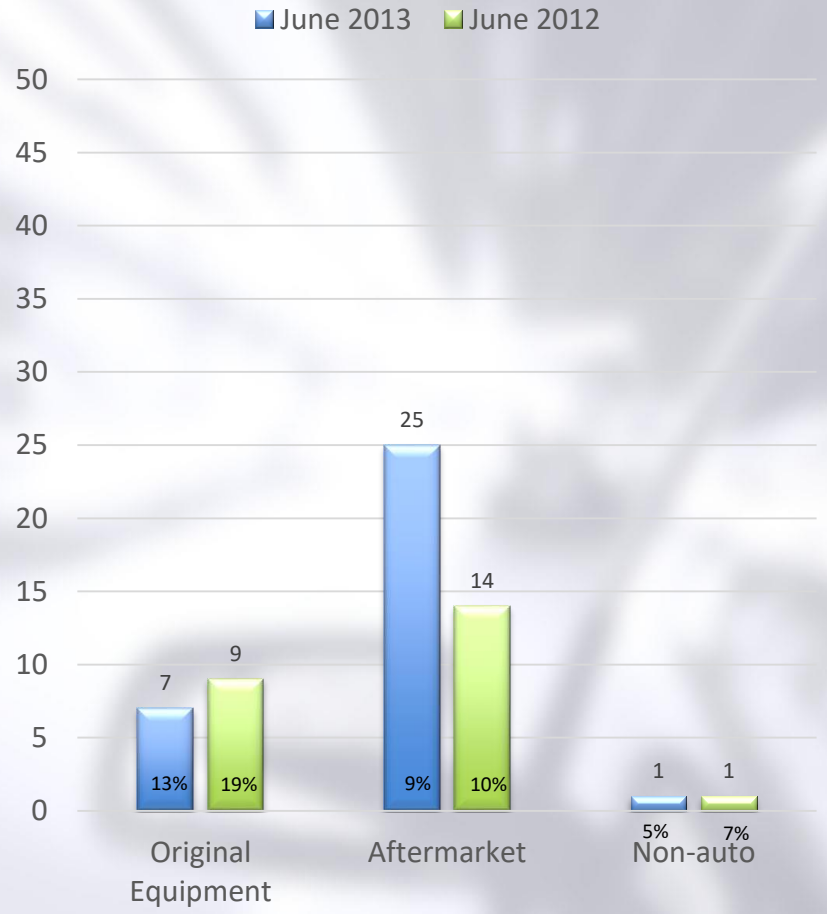


SEGMENTAL ANALYSIS

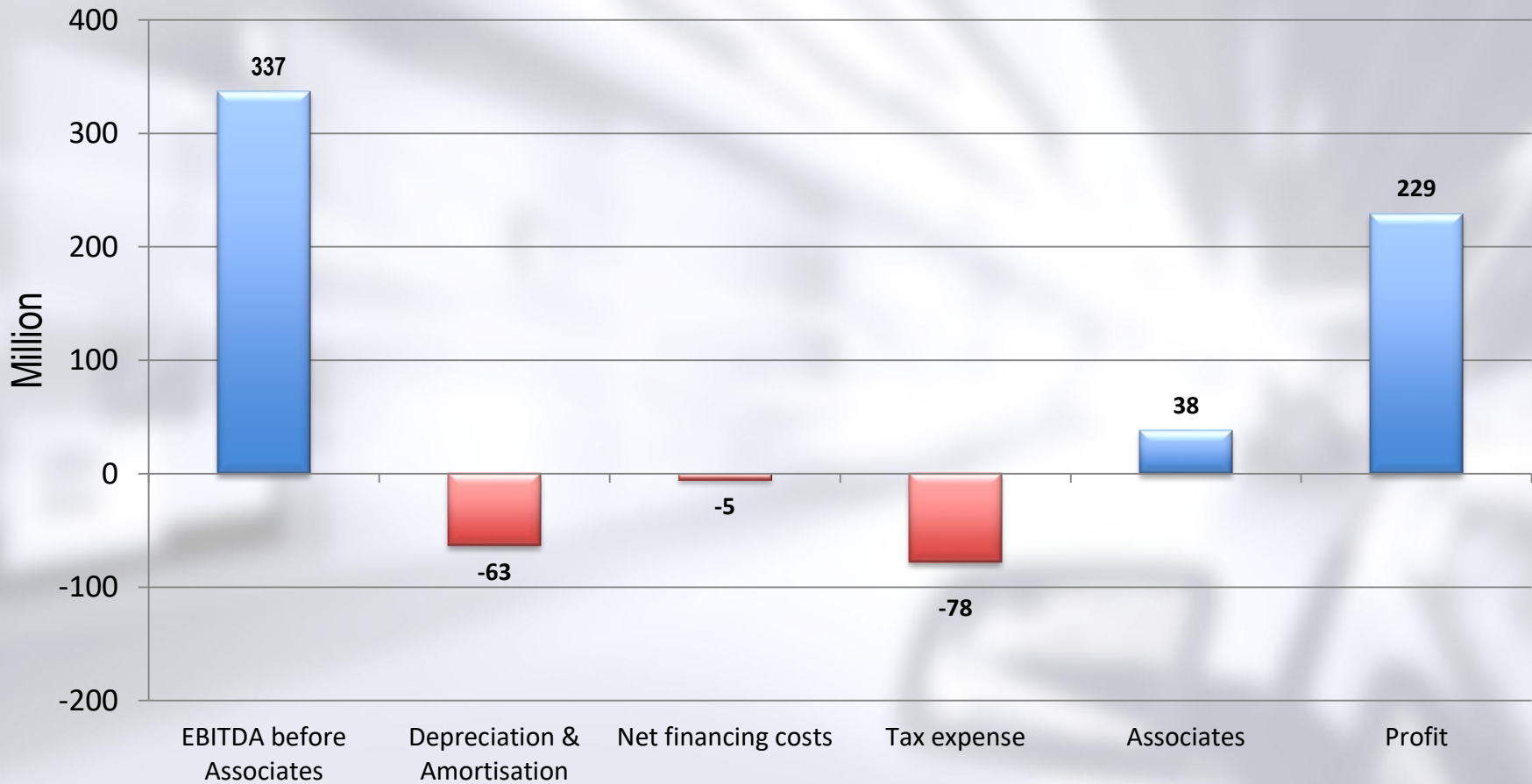
EXPORT REVENUE



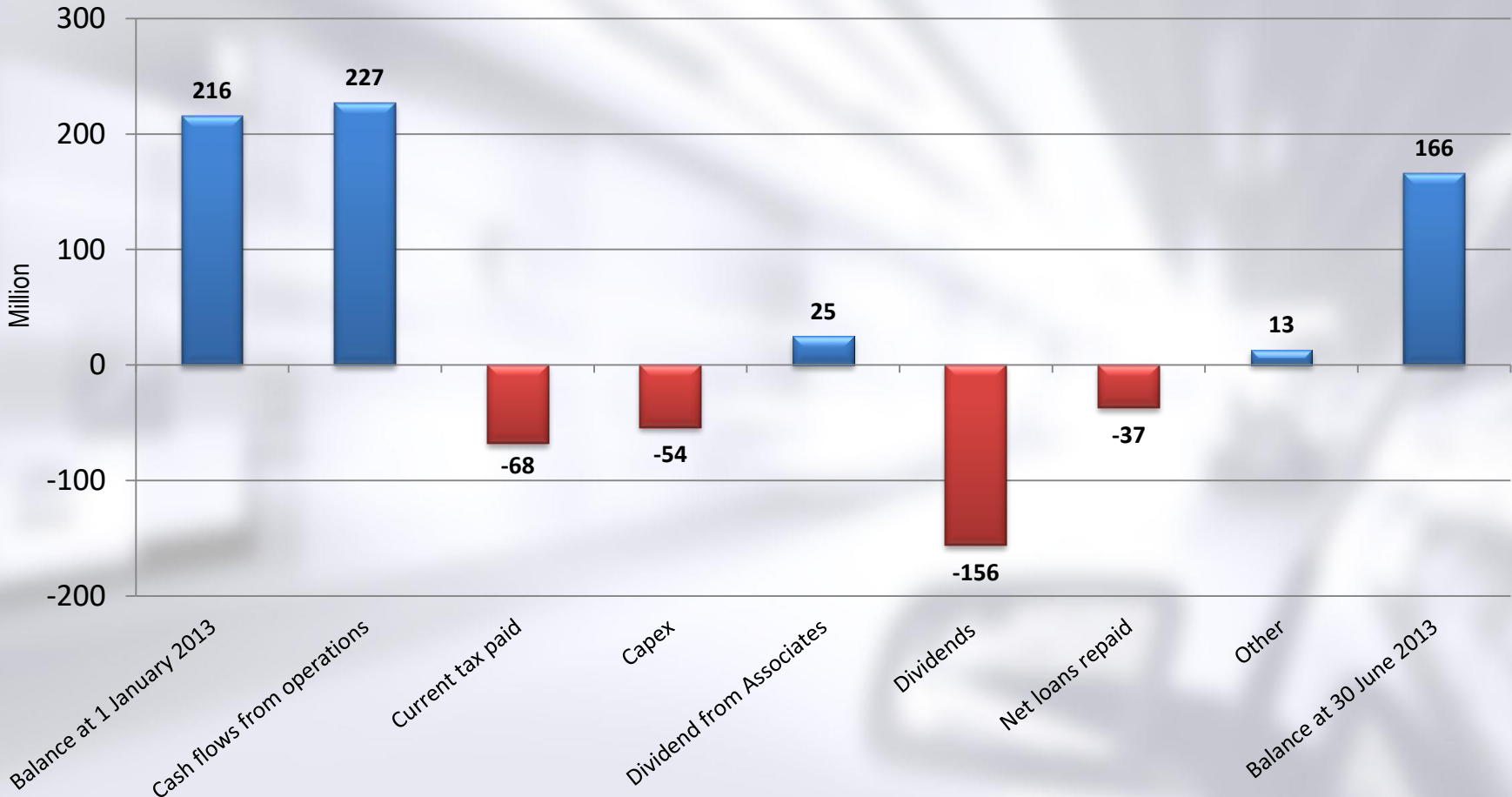
EXPORT PBIT



RECONCILIATION OF EBITDA TO PROFIT



MOVEMENT IN CASH



OPERATIONAL REVIEW

WORKING CAPITAL

R'million

| ITEM | June 2013 | June 2012 | Dec 2012 |
|---------------------|--------------|--------------|-------------|
| Inventory | 846 | 677 | 755 |
| Trade & receivables | 718 | 678 | 668 |
| Trade & payables | (653) | (630) | (602) |
| Total | 911 | 725 | 821 |

DAYS

| | | | |
|---------------------|-----------|-----------|-----------|
| Inventory | 63 | 56 | 60 |
| Trade & receivables | 53 | 56 | 53 |
| Trade & payables | (48) | (52) | (48) |
| Total | 68 | 60 | 65 |

All days calculations based on turnover

VEHICLE PRODUCTION PER OEM IN SOUTH AFRICA

| OEM | 2009 | 2010 | 2011 | 2012 | 2013 Actual (6-months) |
|--------------|----------------|----------------|----------------|----------------|------------------------------|
| BMW | 46 602 | 49 243 | 52 908 | 44 229 | 37 340 |
| MBSA | 44 526 | 53 646 | 50 939 | 61 439 | 25 692 |
| FMCSA | 34 926 | 34 822 | 28 716 | 51 006 | 27 513 |
| GM | 26 412 | 27 234 | 32 530 | 38 199 | 19 566 |
| NISSAN | 32 700 | 40 184 | 43 743 | 54 657 | 26 682 |
| VW SA | 62 341 | 120 577 | 137 872 | 110 864 | 55 253 |
| TOYOTA | 105 928 | 123 197 | 153 052 | 149 252 | 80 172 |
| Adjustments | 723 | 264 | 720 | 968 | 500 |
| TOTAL | 354 158 | 449 167 | 500 480 | 510 614 | 272 718 |

ROMBAT OEM PRODUCTION IN ROMANIA & EXPORT MARKET

| COUNTRY | OEM | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 Actual (6-months) |
|--------------|-------------------|----------------|----------------|----------------|----------------|----------------|------------------------------|
| Romania | Dacia– Renault | 257 332 | 299 640 | 341 866 | 331 018 | 304 994 | 184 343 |
| Slovakia | Peugeot | 8 880 | 83 566 | 121 309 | 137 942 | 68 160 | 18 118 |
| Russia | Renault Nissan | - | - | - | - | 38 868 | 18 957 |
| Total | | 266 212 | 383 206 | 463 175 | 468 960 | 412 022 | 221 418 |

2013 CAPITAL EXPENDITURE

| Sector R'000 | Maintenance | Expansion Efficiency | Total |
|-------------------------|--------------------|---------------------------------|---------------|
| OE | 8 325 | 30 433 | 38 758 |
| Aftermarket/Non-auto | 4 471 | 8 264 | 12 735 |
| Property | 1 607 | 1 140 | 2 747 |
| Total | 14 403 | 39 837 | 54 240 |

2013 CAPITAL EXPENDITURE COMMITMENTS*

Approved

| Sector R'000 | Maintenance | Expansion Efficiency | Total |
|----------------------|---------------|-------------------------|----------------|
| OE | 38 337 | 77 895 | 116 232 |
| Aftermarket/Non-auto | 18 067 | 18 462 | 36 529 |
| Property | 3 374 | 28 747 | 32 121 |
| Total | 59 778 | 125 104 | 184 882 |

* Includes authorised but not contracted for and committed capex

START/STOP BATTERY DEVELOPMENT

START/STOP BATTERY DEVELOPMENT AND COMMERCIALISATION PROGRAM

- 1930 – 1981 Oldham GW flooded battery mining cap lamp
- 1981 Introduction of VRLA AGM battery mining cap lamp
- 1981 – 1984 Extensive field testing and warranty analysis
- 1984 Introduction design improvements on VRLA AGM battery mining cap lamp
- 1992 1 000 000th sales of VRLA AGM battery mining cap lamp
- 1995 2 000 000th sales of VRLA AGM battery mining cap lamp
- 1997 Development of first 12V 100Ah VRLA AGM battery
- 2003 Introduction of first LED VRLA AGM mining cap lamp
- 2007 Prototype design for first VRLA AGM battery for Start/Stop vehicle
- 2008 First commercial production of Start/Stop VRLA battery

START/STOP BATTERY DEVELOPMENT AND COMMERCIALISATION PROGRAM

- 2008 Design and tested to German Automobile & Industry Association Specification (VDA)
- 2009 Improved Start/Stop VRLA battery design
Additional BMW testing
Requested to consider transferring Start/Stop technology to Europe
- 2010 Start/Stop VRLA battery compliant to VDA and BMW testing requirements
Installation of state of the art VRLA production line at FNB
Sign Technical Aid Agreement with Rombat on Start/Stop
Develop relationship with Rombat
- 2011 Install state of the art VRLA formation plant at FNB
Entered into first negotiations with Rombat

START/STOP BATTERY DEVELOPMENT AND COMMERCIALISATION PROGRAM

- 2011
- Further develop of relationship with Rombat
 - Conditional supply approval on Start/Stop batteries for German Supply Council
- 2012
- Automechanica SA Innovative Gold Award to FNB for VRLA Battery
 - Acquire Rombat
 - Supply first Start/Stop VRLA batteries to Rombat for Europe market
 - BMW SA give release to supply Start/Stop batteries to BMW Rosslyn plant
 - First delivery of Start/Stop VRLA batteries to BMW Rosslyn
 - Order state of the art Start/Stop VRLA production line for Rombat
 - Sale of 5 000 000 VRLA batteries to date (Including mining cap lamp)

START/STOP BATTERY DEVELOPMENT AND COMMERCIALISATION PROGRAM

- 2013 Installed and commissioned a Start/Stop facility at Rombat
- Obtained approval for second OE customer in SA for supply of Start/Stop batteries from 2014
- First international interest in supply of Start/Stop batteries from 2016
- Conceptual design of second generation of Start/Stop battery completed

PROSPECTS

Automotive Production and Development Program (APDP)

- Finalised and implement
- First quarter review proves the program to be MIDP plus
- Duty neutral position for most OEM's
- Secure OE production volumes for SA in future
- Local component production incentive range from 4% to 8% depending on product

PROSPECT STATEMENT: MACRO ENVIRONMENT LABOUR

- 2nd week in strike period at all OEM's
- Most suppliers on short-time
- OEM offer 3-year wage agreement
- 10%; 8,5%; 8,5%
- Component industry position currently 5%
- 2-week strike period envisaged from component manufacturers (2-weeks in Sept)

PROSPECT STATEMENT – FOCUS ON ACQUISITION AND KPI'S

Metair is intently focused to identifying a suitable acquisition that will support our strategy to ensure delivery on our key performance indicators.

KPI's

1. Pursue Metair strategic path
2. Pursue Africa strategy – 10% of turnover needs to come from Africa
3. Diversification strategy – 10% of turnover must come from new customers or products
4. Organically grow aftermarket, non-auto and export – organic growth in operating profit from these segments to be greater than 20%
5. Deliver on Rombat strategic path – ROE target (12%) for 2013 met or exceeded

PROSPECT STATEMENT – FOCUS ON ACQUISITION

KPI's continued

6. Expand aftermarket product route to market
7. Ensure forex neutrality
8. Energy strategy – volume adjusted increase in electricity for the group should be less than 15%
9. Employee wellness communication with employees – need to be proactive so that structures and communications process in place before we enter labour negotiations/strike season
10. Implement group IT steering committee and standards
11. Transformation focus, BBBEE, RBH shareholding

PROSPECT STATEMENT

Maintaining ourselves in the coming period is going to be challenging and would require continued demand for local vehicle production and aftermarket products supported by conclusion of economic recovery negotiations.

A reasonably stable labour environment without prolonged strikes combined with a currency stability will be desirable.

Q & A

THANK YOU



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