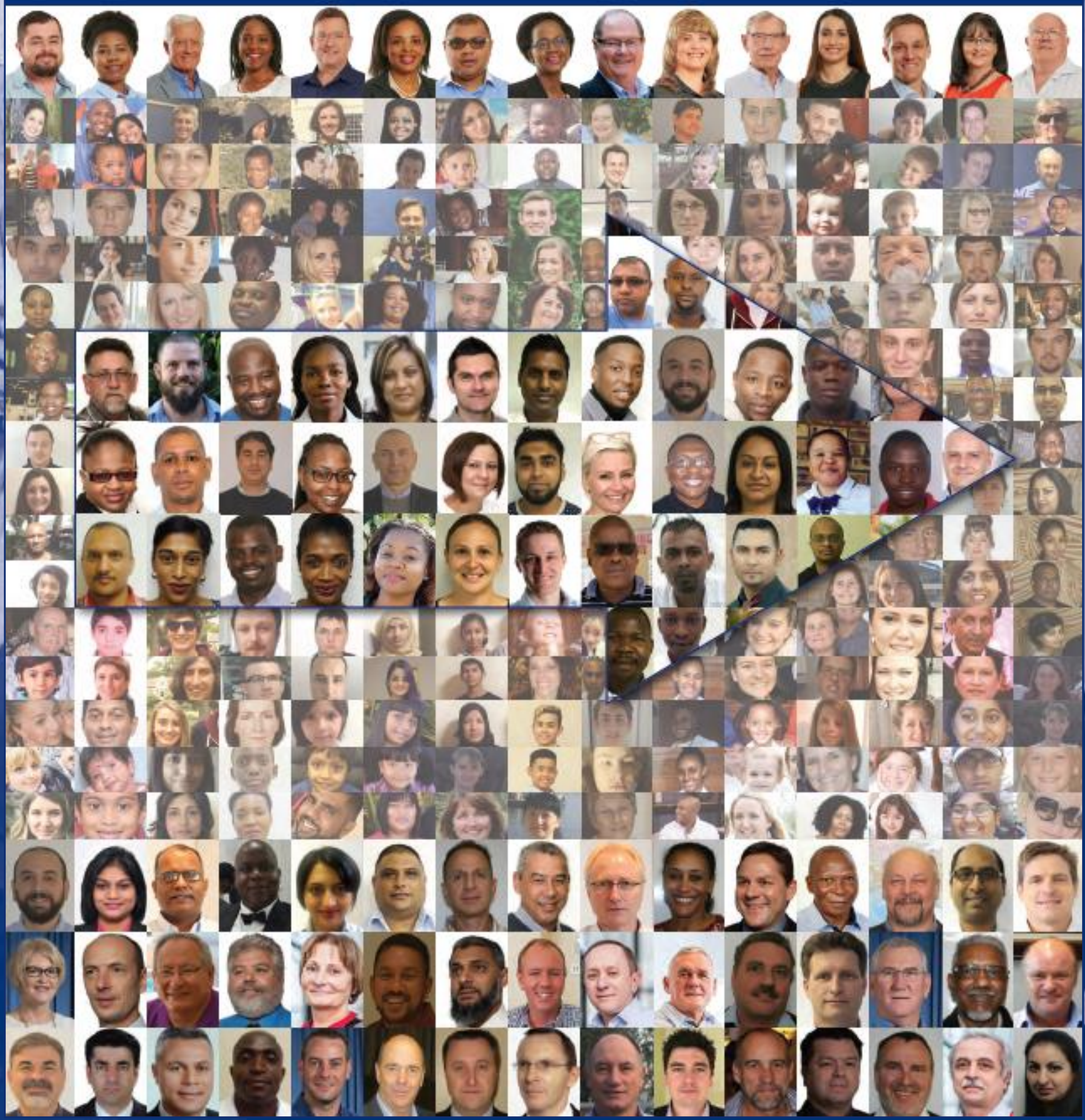
METAIR
INVESTMENTS LIMITED

automotive | industrial | retail

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017
17 AUGUST 2017



AGENDA

- Opening observation
- Socio & Geopolitical comments
- Metair Electric Vehicle (EV) adaptability
- Enhancement of Metair strategy
- Moll investment
- Background on Chaowei Power Holdings Ltd
- Interim results commentary
- Financial overview
- Operational overview
- Prospects
- Q & A

OPENING OBSERVATION

Metair continues to operate in an exciting and very dynamic environment. We remain well positioned to take advantage of changing technological trends, especially in our energy storage vertical where market conditions and dynamics are subject to technology shifts in the mobility space, particularly the possible accelerated mass introduction of Electric Vehicles (EV’s).

SOCIO & GEOPOLITICAL COMMENTS

SOCIO & GEOPOLITICAL COMMENTS

- All our emerging market economies are affected by international economic and political development
  - Brexit
  - Trumponomics
  - USA exit Paris Accord
  - Turkey & EU position
  - China & EU position
  - Silk Route

SOCIO & GEOPOLITICAL COMMENTS

- All our domestic markets affected by socio political and economic events
  - Increased level of unemployment
  - Exposed to political adjustments through elections and referendums
  - Increased pressure on Governments for effective service and social benefits delivery
  - Common populist approach in securing and sustaining political power
  - Award of above inflationary increases to politicians, government employees and social grants
  - Net effect of the above
    - Unrealistic demand from work force in regards to wage increase expectation
    - First time strike action in Turkey at Mutlu
    - Continuous implementation of costly contingency plans
    - Turkey situation resolved on Friday, 30th June (7-months process)
    - Currency volatility and weakness

METAIR ELECTRIC VEHICLE ADAPTABILITY

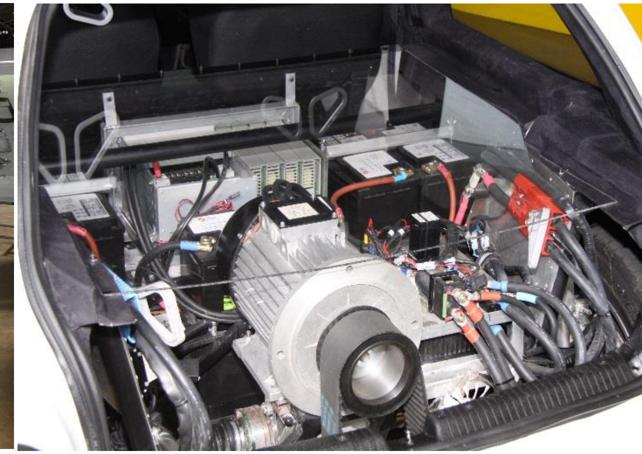
DISRUPTIVE TECHNOLOGIES

METAIR ELECTRIC VEHICLE ADAPTABILITY
DISRUPTIVE TECHNOLOGIES

METAIR AS A VISIONARY	– Metair group companies built two EV's in 2012 already.
METAIR MINDSET	– To accept the EV challenge and possibility of a 100% EV production scenario sometime in the future.
	– To plan the group's path to real EV relevance and EV proof the business.
METAIR ACTION	– To enhance our strategy in order to facilitate a smooth and sustainable transition to EV reality.

METAIR ELECTRIC VEHICLE ADAPTABILITY
2012: IN-HOUSE PRODUCTION OF TWO EV'S

Design of Metair EV from first principles:



Retrofit internal combustion engine with electric motor and battery power source:

Is our current product range required in EV’s?

METAIR ELECTRIC VEHICLE ADAPTABILITY
INVESTEE COMPANIES

Logo	Company	Ownership	Key business area and products	IP in product development	Manufacturing partnerships	Key OE relationships
	Mutlu Akü	100.0%	Batteries, solar systems, backup systems, standby systems, charging systems	✔		
	First National Battery	100.0%	Batteries, solar systems, backup systems, standby systems, charging systems, Battery Centre franchise	✔		
	Rombat	99.4%	Batteries, solar systems, backup systems, standby systems	✔		
	Supreme Spring	100.0%	Coil springs, leaf springs, stabiliser bars, torsion bars	✔		
	ATE	100.0%	Brake pads, brake discs, brake shoes, hydraulics and other braking components	✔		
	Lumotech	100.0%	Headlights, tail lights, reflectors, plastic injection mouldings, commercial lighting including streetlights and warehouse lights	✔	✔	
	Tenneco Automotive	25.1%	Shock absorbers, struts, track control arms		✔	
	Hesto Harnesses	74.9%	Wiring harnesses, instrument cluster/combination meters		✔	
	Valeo SA	49.0%	Front end modules		✔	
	Smiths Plastics	100.0%	Plastic injection moulding		✔	
	Automould	100.0%	Plastic injection moulding		✔	
	Smiths Manufacturing	75.0%	Air-conditioning and climate control systems, air cleaners, radiators, wiper systems, engine control units, washer systems, charge air coolers, reserve tanks		✔	
	Unitrade	100.0%	Automotive cable, automotive wire	✔		
	Dynamic Battery Services	100.0%	National and international distribution of key battery group products			
	Associated Battery Manufacturers (East Africa)	25.0%	Automotive and solar batteries			
	Moll GmbH & Co. KG	25.1%	International distribution of key battery group products	✔		

WHAT IS OUR CURRENT PRODUCT RANGE?

- Wiring harnesses
- Lighting
- Heat exchange products
- Plastic products
- Ride control products
- Energy storage batteries

GAIN IMPORTANCE AND RELEVANCE

PRODUCTS	RELEVANCE	INCREASE
Wiring harnesses	Gain	80% increase in copper
Lighting	Gain	Increase in aesthetics
Heat exchange products	Loss / Gain	20% increase in aluminium
Plastic products	Gain	EV >20% heavier
Ride control products	Gain	Increase in comfort
Energy storage batteries	Gain	Increase in electrical demand

WIRING HARNESSES:

- Increased relevance
- Copper content in EV increases on average by 80%
- Two separate electrical circuits:
  - 12 Volt system for control circuits
  - 360+ Volt system as energy source circuit

LIGHTING:

- Increased relevance
- Autonomous vehicles require additional visibility
- Critical part of the vehicle aesthetics
- Essential regulatory requirement

HEAT EXCHANGE PRODUCTS:

- Internal combustion engine heat management not required
- Heat management system of battery required
- Heat management system requirements for cabin increase
- No internal combustion engine to supply heat
- Battery is the energy source for heating
- Air conditioning continues to be required
- Transition to HVAC system requires increased capability
- Use of aluminium increases by 20%

PLASTIC PRODUCTS:

- EV is more than 20% heavier than ICE-V
- Chevrolet Volt is 22% heavier than VW Golf
- To reduce weight the use of plastic increase
- Vehicle aesthetics increase use of plastic parts
- Plastic housing required for all autonomous driver sensors and aids

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RIDE CONTROL PRODUCTS:

- Suspension parts still required
- Targeted weight reduction
- Requires improved technology
- Heavier vehicle brings about increased ride control comfort requirements
- Uses 7% less steel with higher strength specifications

ENERGY STORAGE BATTERIES:

- Lead acid batteries still required
- Two electrical systems in EV
- Hybrids can go up to four electrical systems
- 12 Volt system for starting vehicle or Lithium-Ion battery management system
- 24 Volt system for energy efficiency enhancements in ICE-V
- 48 Volt system in ICE-V as energy source for power train KERS system

ENERGY STORAGE BATTERIES:

- Increased electrical requirement across full spectrum of mobility options
- EV lead acid battery size requirement is half of ICE-V as it doesn't have to "crank" the engine
- Tesla owner feedback puts lead acid battery replacement as an annual requirement

METAIR CONCLUSION

Is our current product range required in EV’s?

METAIR CONCLUSION

YES most definitely

METAIR CONCLUSION

BUT when?

METAIR ELECTRIC VEHICLE ADAPTABILITY

METAIR OBSERVATIONS ON TIMING OF MASS INTRODUCTION

- EV’s >20% heavier than ICE-V
- 70% of the carbon footprint is in the production of the vehicle
- More commodities in EV’s require more conversion energy – carbon footprint is larger than ICE-V
- Lifecycle carbon footprint of EV’s that is charged by electricity grid, powered by fossil fuels, are higher than ICE-V
- First disruption will come from elimination of diesel derivatives from the export models in next vehicle launches

METAIR ELECTRIC VEHICLE ADAPTABILITY

METAIR OBSERVATIONS ON TIMING OF MASS INTRODUCTION

- Hybrid vehicles will increase in importance and share the diesel derivative elimination with petrol derivatives
- Start/Stop battery storage solutions are the gateway technology in the pathway to full EV technology

METAIR ELECTRIC VEHICLE ADAPTABILITY

OVERALL CONCLUSION

- Metair remains committed to executing our strategy in a responsible way while remaining conservative in our approach and mind full of macro economic conditions and technology trends.
- The timeline to effect the technology changes remains fluid and will vary between specific markets.
- Smooth transition to EV technology requires exposure to the full mobility spectrum as Start/Stop technology will converse with 2-Wheeler energy storage solutions for future EV applications in the energy control circuit

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ENHANCEMENT OF METAIR STRATEGY

MOBILITY SOLUTION AND MARKET DEVELOPMENT INFLUENCE

ENHANCED METAIR GLOBALISATION STRATEGY

HOW DO WE DELIVER ON THE STRATEGY

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Phase 1
Local Relevance

- First 3 X 5 strategy
- 2005 - 2010
- R5 billion turnover
- R500 million PBIT

DELIVERED

Phase 2
Internationalisation

- Second 3 X 5 strategy
- 2011 - 2014
- 50% Aftermarket
- 50% OE
- 50% Batteries

DELIVERED

Phase 3
Globalisation

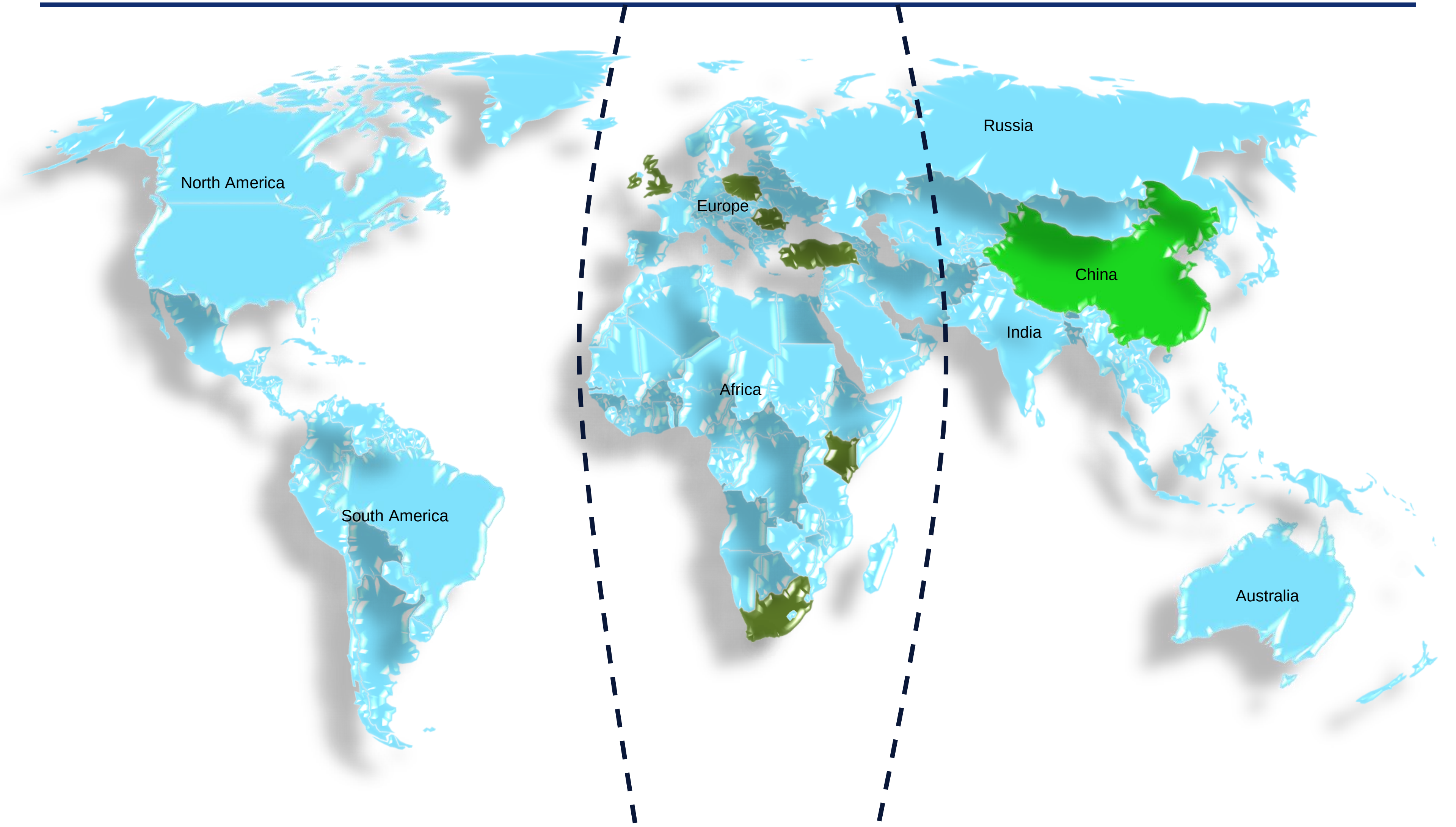
- Third 3 X 5 strategy
- 2 Stage process
- 5 Continents
- 50 Million batteries
- In 5 years

Two distinct business verticals established

Energy Storage	Automotive Components

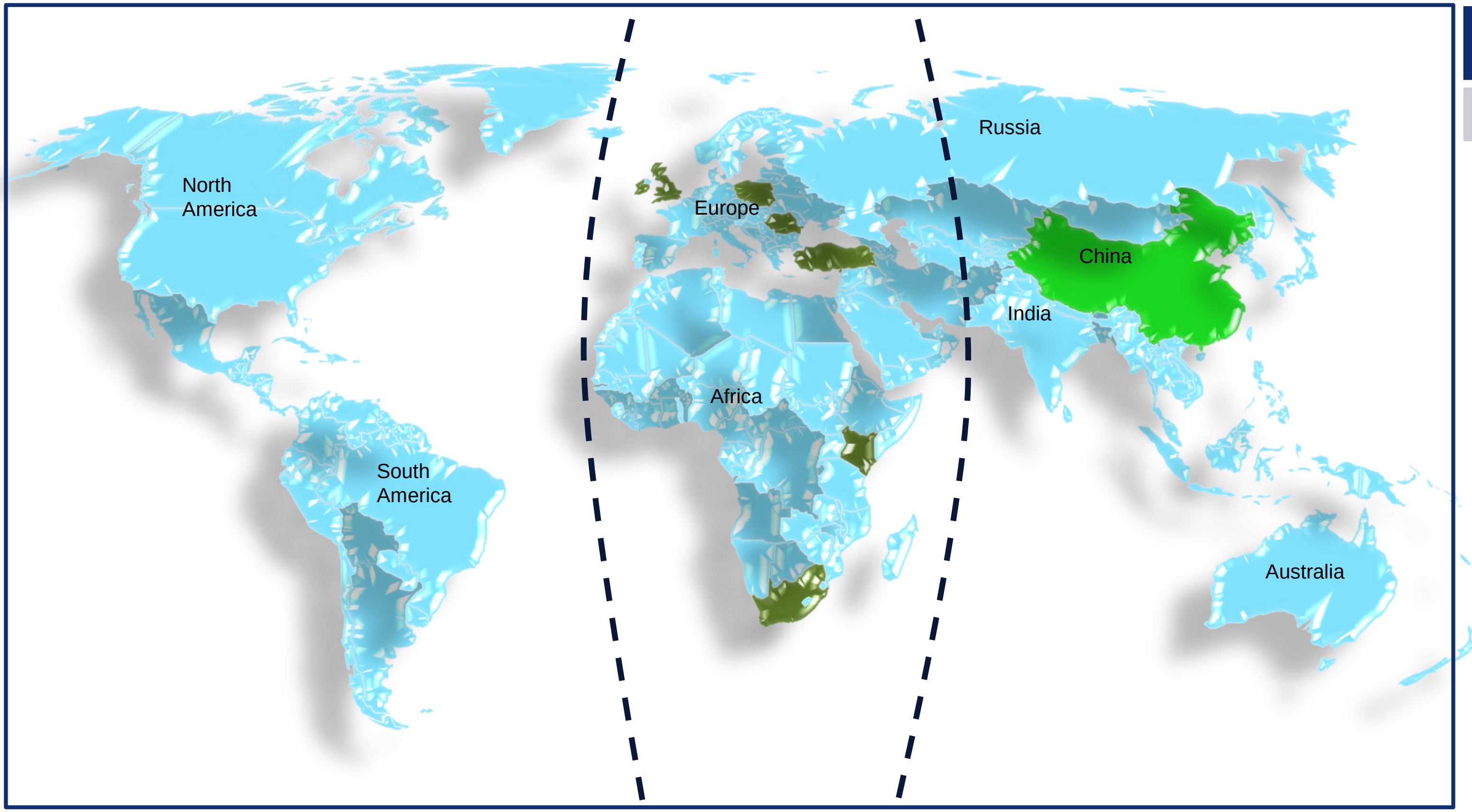
- Energy Vertical takes strategic dominance
- Foundation laid to build on

ENHANCED METAIR GLOBALISATION STRATEGY
CURRENT LOCATIONS: DUE TO REQUEST FOR TA'S



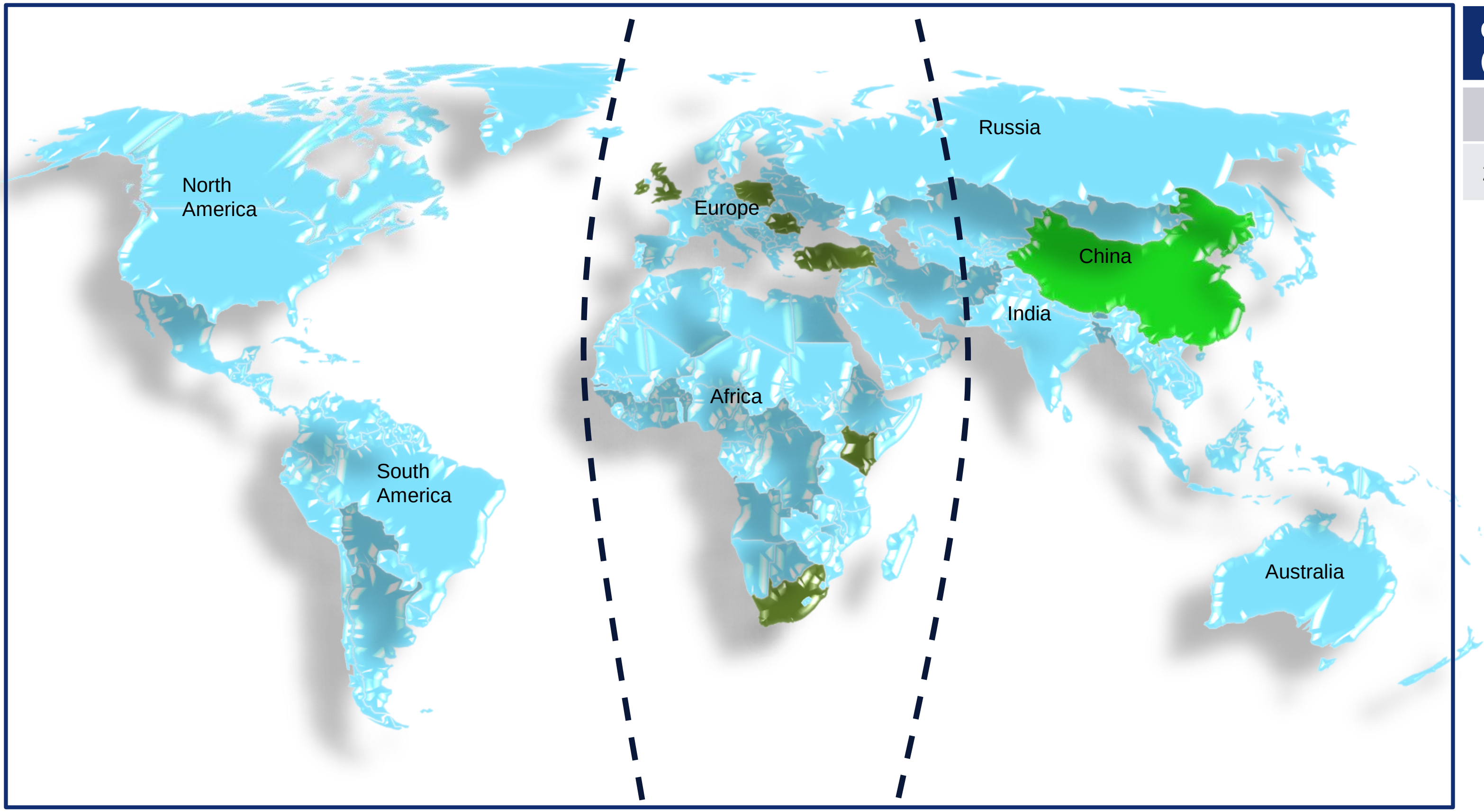
"In order to maximise the span between the front and the back end of the technology spectrum Metair and our partners want to over-lay our energy solution offering across the full mobility spectrum in both developed and emerging market economies"

ENHANCED METAIR GLOBALISATION STRATEGY
MOBILITY SPECTRUM: E-BIKES



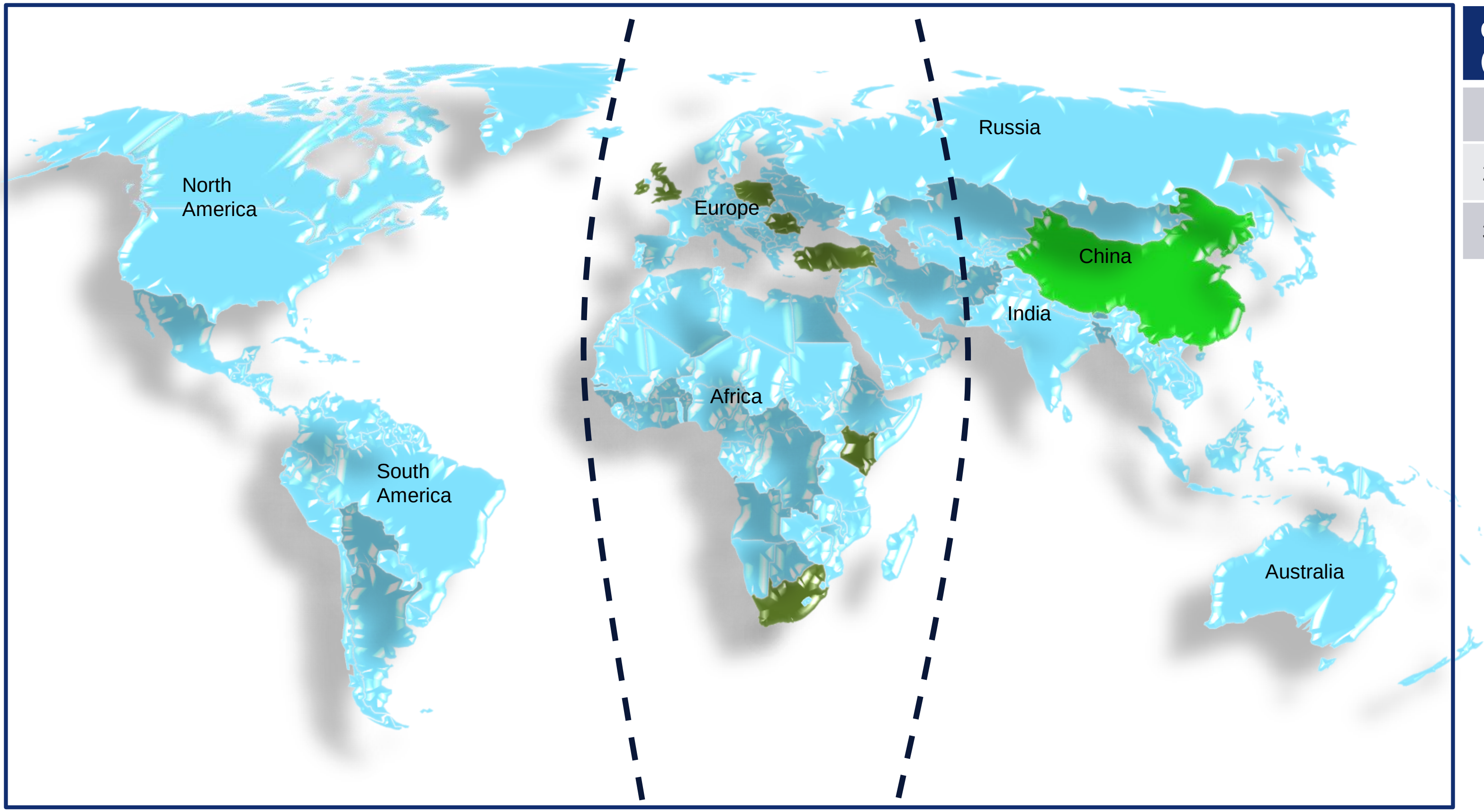
Global Mobility Parc ('000)	
E-Bike	210 526

ENHANCED METAIR GLOBALISATION STRATEGY
MOBILITY SPECTRUM: 2-WHEELERS



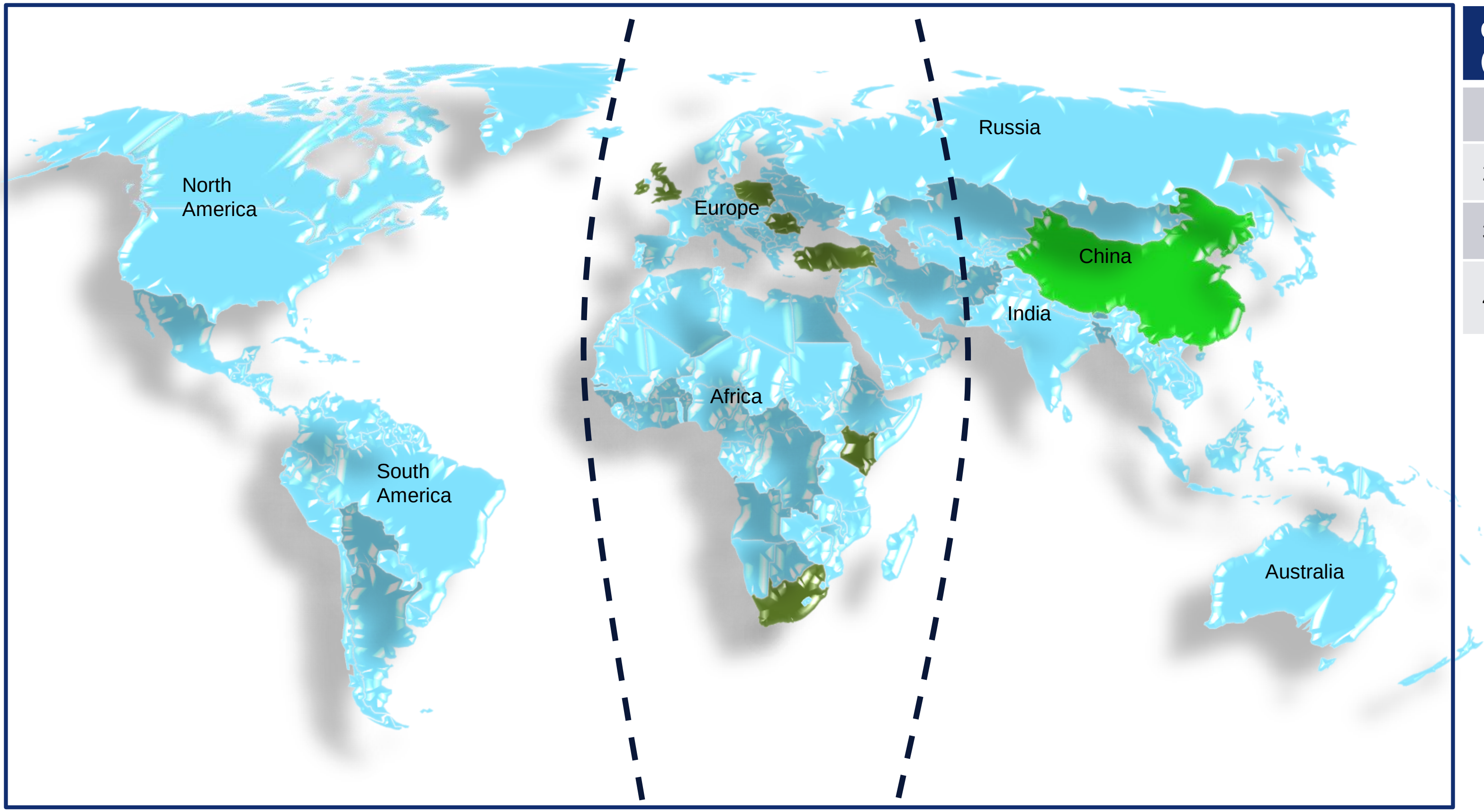
Global Mobility Parc ('000)	
E-Bike	210 526
2-Wheeler	134 500

ENHANCED METAIR GLOBALISATION STRATEGY
MOBILITY SPECTRUM: 3-WHEELERS



Global Mobility Parc ('000)	
E-Bike	210 526
2-Wheeler	134 500
3-Wheeler	3 069

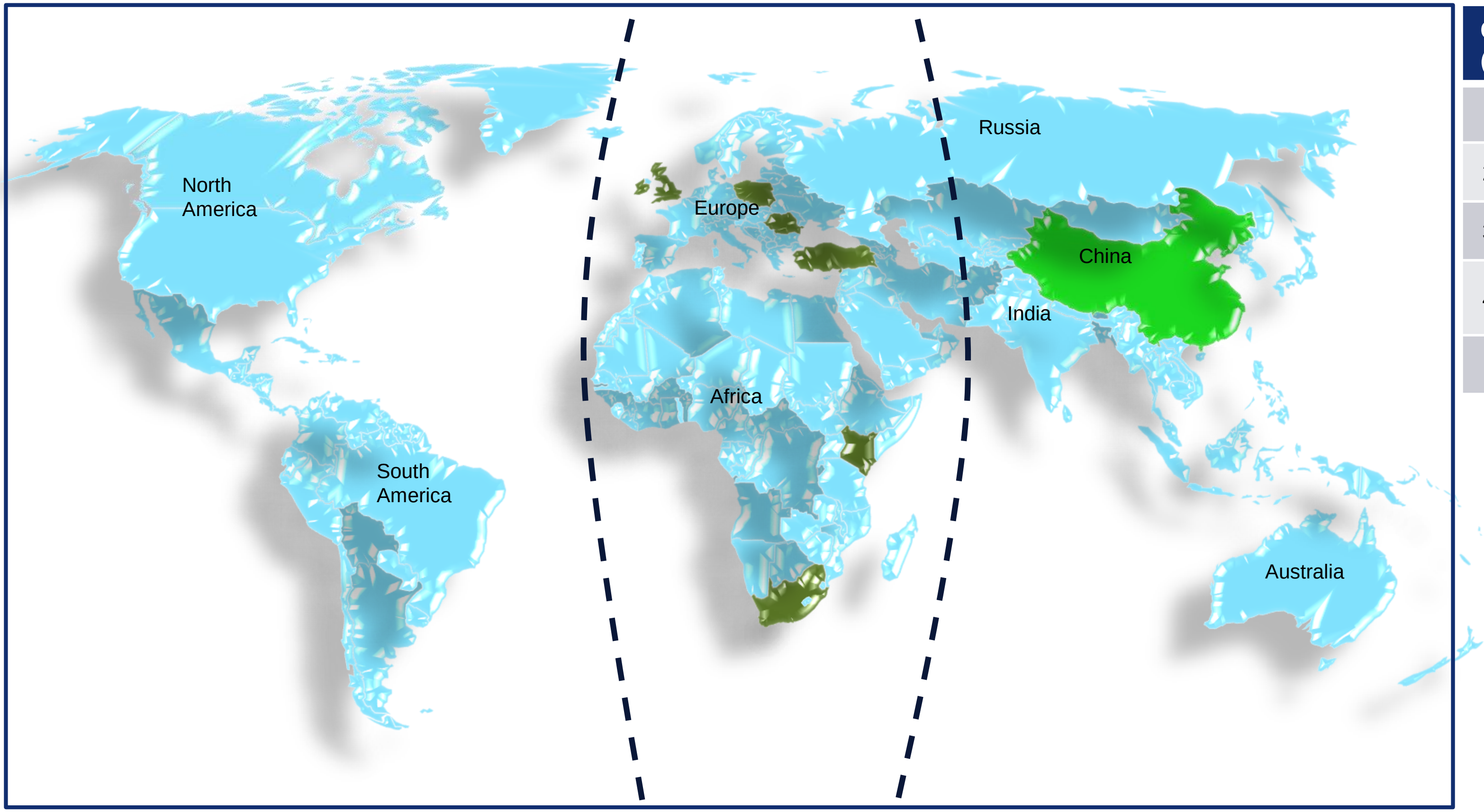
ENHANCED METAIR GLOBALISATION STRATEGY
MOBILITY SPECTRUM: 4-WHEELER



Global Mobility Parc ('000)	
E-Bike	210 526
2-Wheeler	134 500
3-Wheeler	3 069
4-Wheeler	1 369 748

ENHANCED METAIR GLOBALISATION STRATEGY

MOBILITY SPECTRUM: TRUCKS

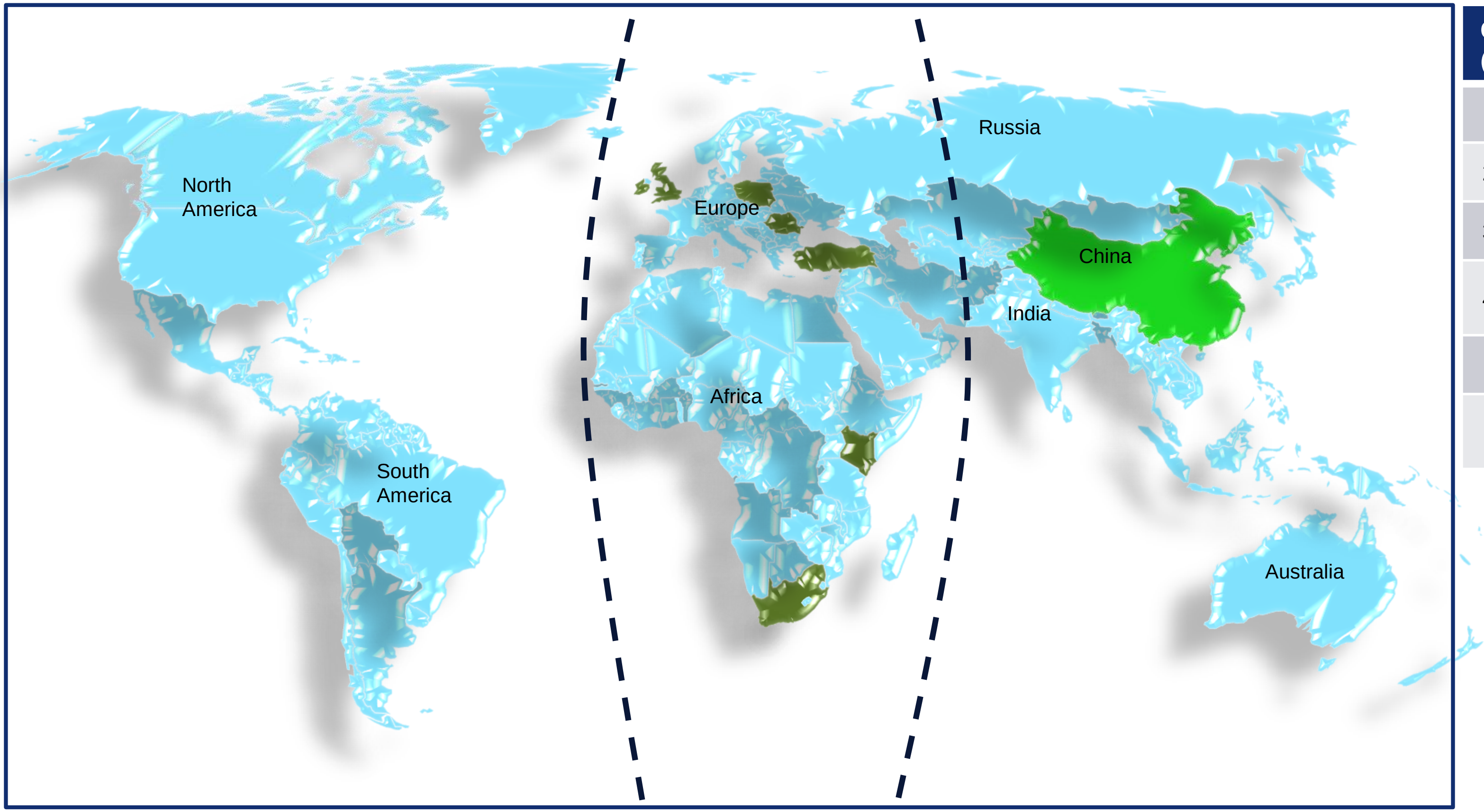


Global Mobility Parc ('000)	
E-Bike	210 526
2-Wheeler	134 500
3-Wheeler	3 069
4-Wheeler	1 369 748
Trucks	234 615





ENHANCED METAIR GLOBALISATION STRATEGY
MOBILITY SPECTRUM: ELECTRIC VEHICLES

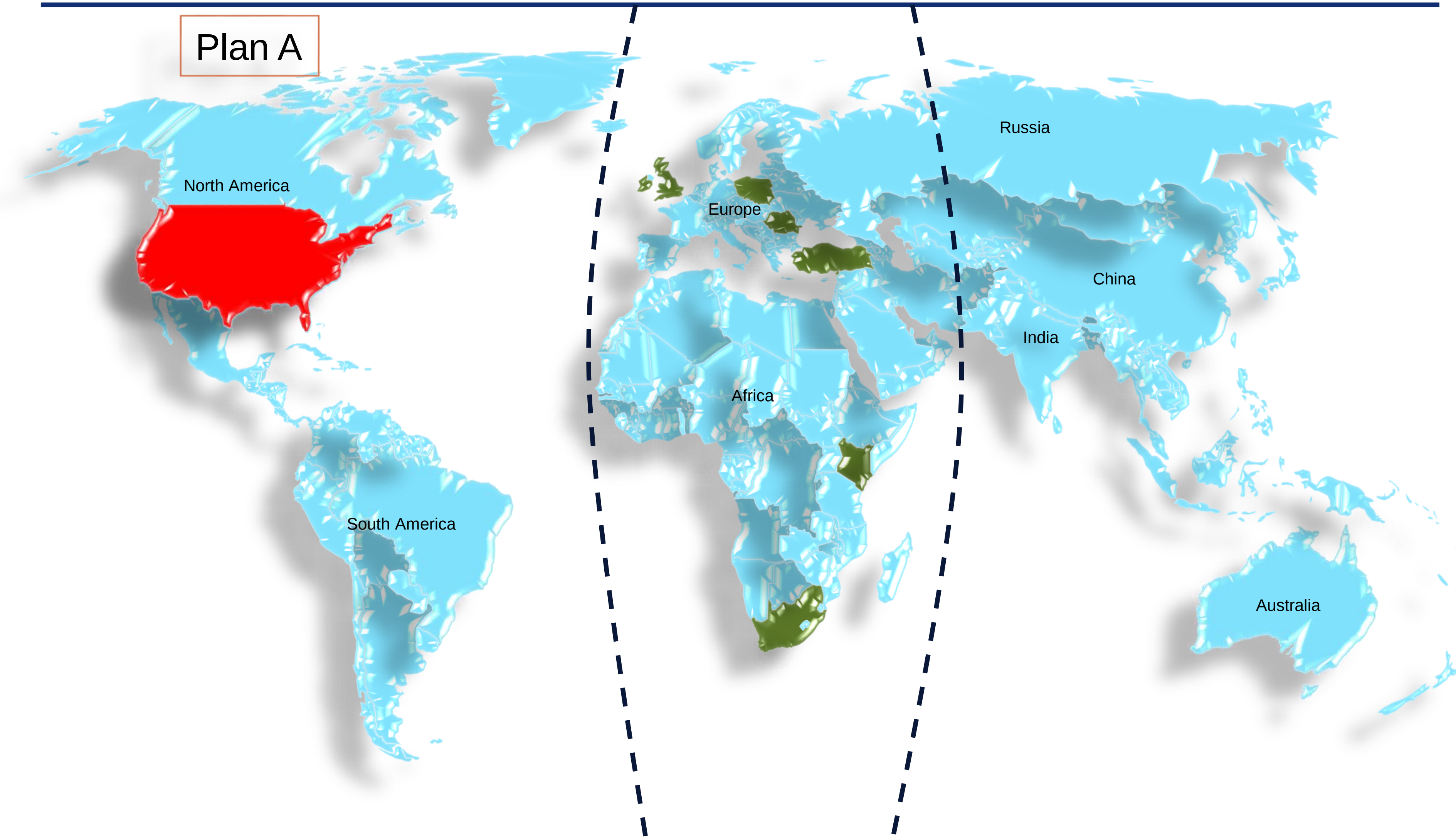


Global Mobility Parc ('000)	
E-Bike	210 526
2-Wheeler	134 500
3-Wheeler	3 069
4-Wheeler	1 369 748
Trucks	234 615
Electric Vehicles	1 326

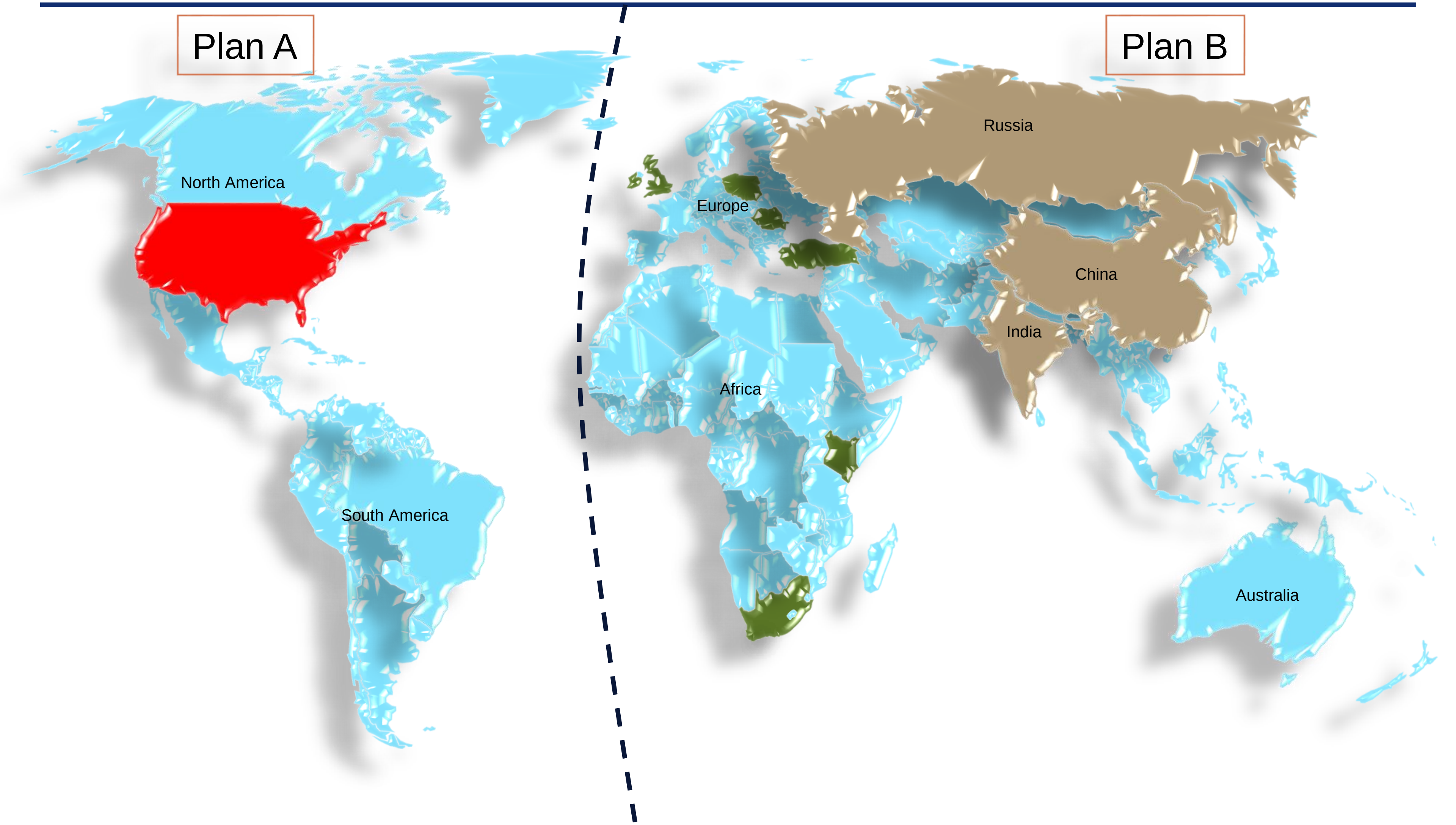





ENHANCED METAIR GLOBALISATION STRATEGY
MARKETS: DEVELOPED AND EMERGING



ENHANCED METAIR GLOBALISATION STRATEGY
MARKETS: DEVELOPED AND EMERGING



ENHANCED METAIR GLOBALISATION STRATEGY

MARKETS: DEVELOPED AND EMERGING

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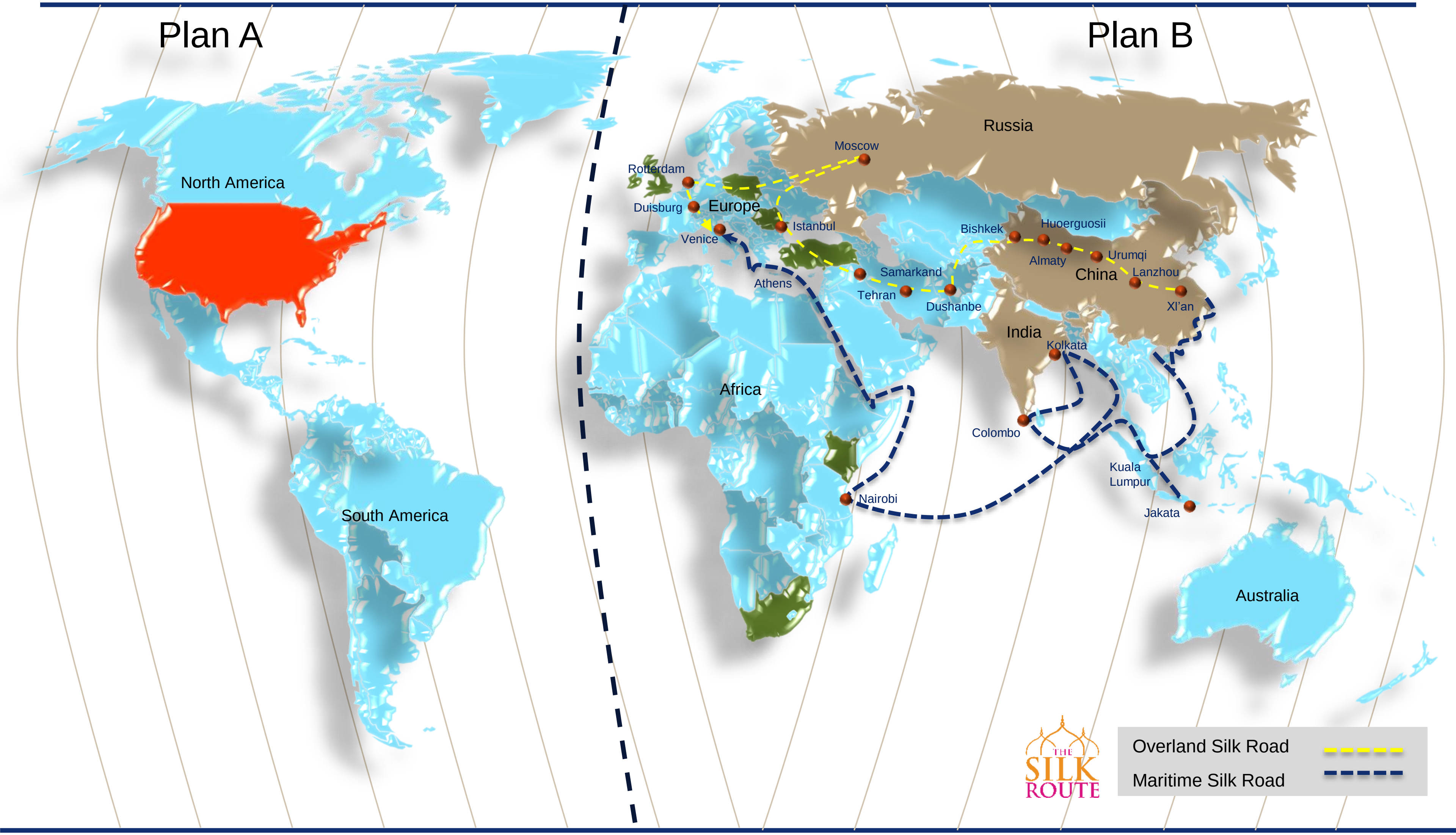

MARKETS: DEVELOPED AND EMERGING

"Together with our partners we are developing and deploying leading technology for niche applications at the front end of the technology curve but also extending our existing technology backwards into large developing markets"

ENHANCED METAIR GLOBALISATION STRATEGY
MARKETS: DEVELOPED AND EMERGING

"Continuous enhancement of the Metair strategy as we strive to become the leading market player in energy solutions for the full mobility spectrum that opens up new markets and opportunities"

Metair's strategy for our Energy Storage Vertical is to become the world leader in the supply of energy source products used in control and energy solutions across the full spectrum of mobility options and to nurture our Automotive Components Vertical with participation in selected growth opportunities.

ENHANCED METAIR GLOBALISATION STRATEGY

COMPANY DESIGN

Metair's strategy for our Energy Storage Vertical is to become the world leader in the supply of energy source products used in control and energy solutions across the full spectrum of mobility options and to nurture our Automotive Components Vertical with participation in selected growth opportunities.

Defensive/Differentiated Products

Customer choice	• Product specification varies according to the model choice • Customer retains the right to change specification
High logistical & protection cost	• Fragile products that require significant packaging and protection materials • Esthetically sensitive products
Limited shelf life	• Products degrade over time • Cannot be easily transported through climate zones due to degradation
Locally available commodities are preferred	• Commodities used in the manufacture of products available in local market • Importing of commodities add significantly to the costs

Key Market Segments

Automotive Components Vertical	• Parts sold to OEM's used in the assembly of new vehicles • Key market is **South Africa**
Energy Storage Vertical	• Energy Vertical moving towards being world leader in Mobility Energy supply • Annuity income generated from vehicles sold as they require replacement parts • Key markets are **South Africa, Romania, Slovakia, Russia, Turkey, Hungry, UK, Germany, Kenya, China**
Energy Solutions other	• Sales mostly related to the telecoms, utility, mining, retail and materials/products handling sectors • Key market is **Sub-Saharan Africa, Turkey**
Property	• The group prefers to own the properties it uses for manufacturing and distribution • Located in **South Africa, Turkey, Romania, Kenya, Germany, China**

Metair Business Strategy

3 X 5 Strategy: Energy Storage Vertical

- Targeting 10% of world mobility battery supply of the 500 million batteries
- Company believes 50 million battery target for group companies will equate to relevance in the market
- 5-year target to achieve world leader position in mobility energy supply
- Targeting leading technology application like Lithium Ion across all product range in electrical and all systems in all forms of mobility

"Yes there is disruption and change but Metair is very well positioned to capitalise on the changes"

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ENHANCED METAIR GLOBILISATION STRATEGY
MOLL INVESTMENT

- Supports globalisation strategy
- Mitigate Turkey socio-political challenges
- Standing next to our European customers in Germany
- Technology helps to secure new German OEM customers
- Technical Aid Agreement on advancement of MOLL EFB and EFB+ technology
- Group access to world intelligence pool on battery technology of more than 16 doctorates employed and 12 – 14 associated doctorates
- Partnership companies meet the Metair strategic vision on an individual stand-alone basis
- Incubator for potential long-term relationship with Chaowei

ENHANCED METAIR GLOBILISATION STRATEGY
MOLL INVESTMENT

DR RAINER WAGNER
MOLL Batterien
Chemistry/Electrochemistry,
Electrochemical PhD

DR DENİZ ŞEKER
Mutlu
R & D Director
Mechanical Engineering

DR MUHSİN MAZMAN
Mutlu
New Technologies & Laboratory Manager
Chemistry

DR SUAT YILDIRMAZ
Mutlu
Senior BMS Engineer
Electrical – Electronics Engineering

DR CSAPO MARTINESCU ERNEST ELOD
Rombat
PhD. Philosophiae Doctor
Technical Science , Electrical machines, apparatus and electrical drives

DR LOUIS DENNER
MIB
BSc, BSc Hons, MSc and PhD

DR FRANK GÜTHLEIN
MOLL Batterien
PhD on Inorganic Catalysis

DR BORIS STEINER
MOLL Batterien
Degree in Physics, PhD in Engineering Sciences

MOLL INVESTMENT

超威®
CHILWEE
超威動力控股有限公司
CHAOWEI POWER HOLDINGS LIMITED

	Name	Major
1.	Dr Sun Yanxian	Electrochemistry
2.	Dr Liu Xia	Condensed Matter Physics
3.	Dr Zhang Hongtao	Materials Science and Engineering
4.	Dr Chang Linrong	Chemistry
5.	Dr Deng Jiyang	Materials Science
6.	Dr Li Hongtao	Polymer Chemistry and Physics
7.	Dr Ren Ning	Electrochemistry
8.	Dr Ke ke	Materials Science

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BACKGROUND ON CHAOWEI POWER HOLDINGS LTD

超威® CHILWEE
超威動力控股有限公司
CHAOWEI POWER HOLDINGS LIMITED

CHAOWEI POWER HOLDINGS LIMITED

- Listed on the Hong Kong Stock Exchange
- Acquired a stake in Moll in 2013
- Group's manufacturing and management headquarters is located at Changxing County, Zhejiang Province, China
- Largest producer of lead-acid e-bike batteries in China
- Annual production capacity in excess of 140 million batteries
- Produces approximately 300 000 Lithium-ion pouch type cells per annum
- Its major production facilities are located in close proximity to markets and regions in 7 provinces of China with the strongest demand for lead-acid motive batteries

- Manufactures and sells lead-acid and Li-ion batteries and other related products for the use in
  - Electric bikes
  - Electric vehicles
  - Special-purpose electric vehicles
  - Storage batteries
- Innovative Product Technology / Leading Industry Development
  - Leading player in China
  - Growing market demand
  - Advanced technology
  - Leading environmental friendly process
  - Extensive distribution network
  - Diversified product portfolio

INTERIM RESULTS COMMENTARY

INTERIM PERIOD FOCUS POINTS FOR METAIR

Metair

- ✓ Continue to drive returns on invested capital
- ✓ Enhanced path for strategic delivery

Automotive components

- ✓ Improve and correct Automotive Components Vertical performance
- ✓ Ensure Hesto (wiring harnesses) returns to profitability

Energy Storage

- ✓ Improve and correct FNB's performance within SA
- ✓ Improve access to German OEM's and market
- ✓ Expand future technology expertise access
- ✓ Renew 2-year wage agreement in Turkey
- ✓ Adjust to new exchange rate position in Turkey
- ✓ Manage impact of short term commodity price fluctuations

TRY AND LEI DEVALUED SIGNIFICANTLY AGAINST THE ZAR FROM H1'16 TO H1'17

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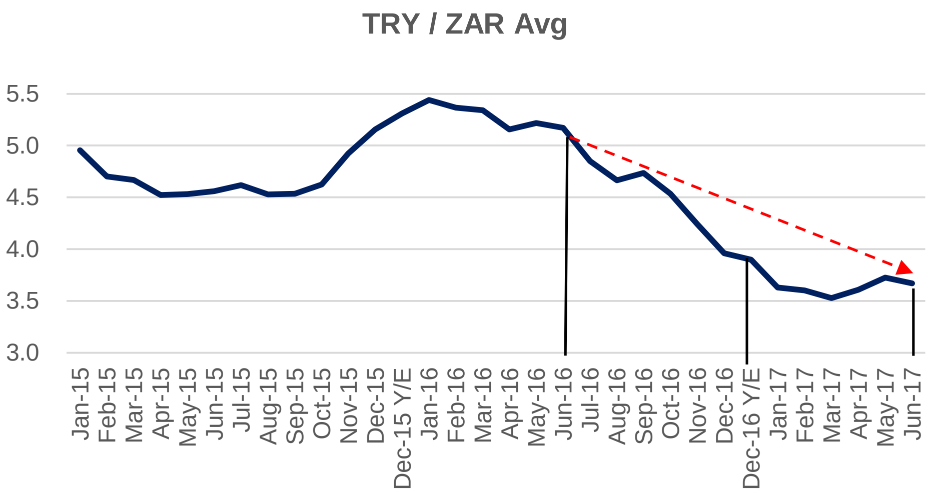

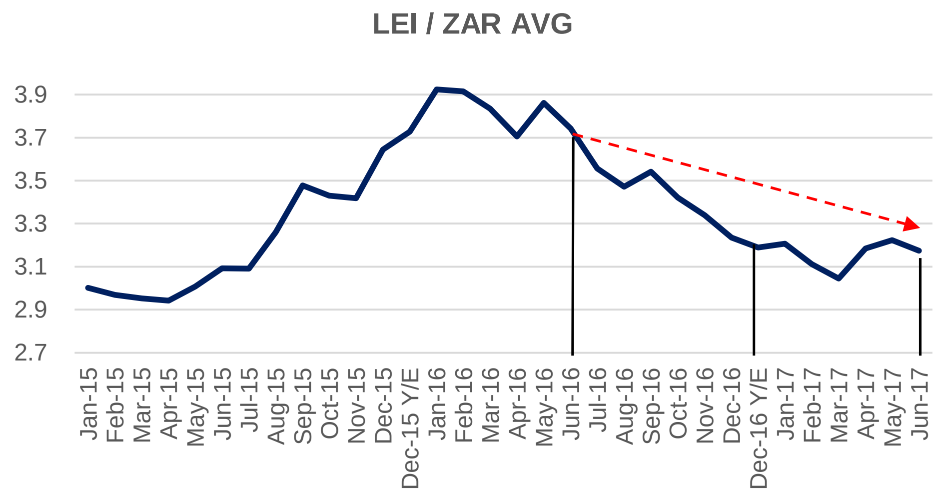

TRY / ZAR H1 AVG
2015: 4.66
2016: 5.28 (+13%)
2017: 3.64 (-31%)

Income statement impact

LEI / ZAR H1 AVG
2015: 3.00
2016: 3.83 (+28%)
2017: 3.16 (-17%)

TRY / ZAR SPOT
2016 Dec: 3.90
2017 Jun: 3.71 (-5%)

Balance sheet impact

LEI / ZAR SPOT
2016 Dec: 3.19
2017 Jun: 3.27 (+4%)

TURKISH OPERATING CURRENCY DEVALUATION IMPACT

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Short term impact

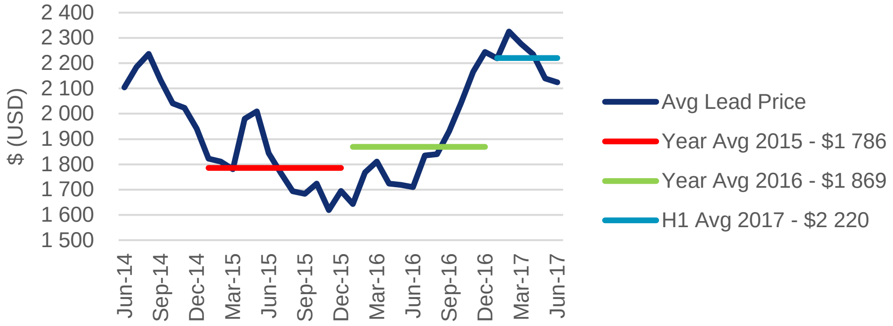
- Reporting profitability conversion from foreign operations
- Input cost increases from imported materials and commodities
- Focus to recover rising input costs from market over short term, but lag effect
- Margins may fluctuate to some extent
- Export positioning influence
- Local market demand fluctuates
- Working capital investment

Long term impact

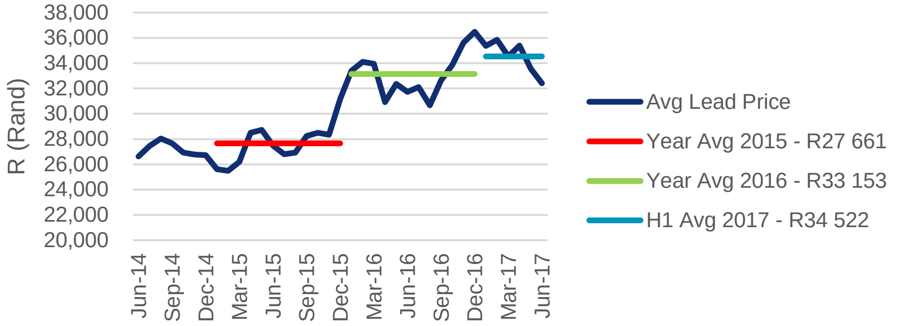
- Improved competitiveness in selected export markets
- Importers less competitive
- Over time easier to recover costs from market
- Working capital investment

LEAD PRICES MOVED SIGNIFICANTLY HIGHER
BUT TENDS TO FLUCTUATE BETWEEN $1,800 AND $2,200 PER TONNE OVER TIME

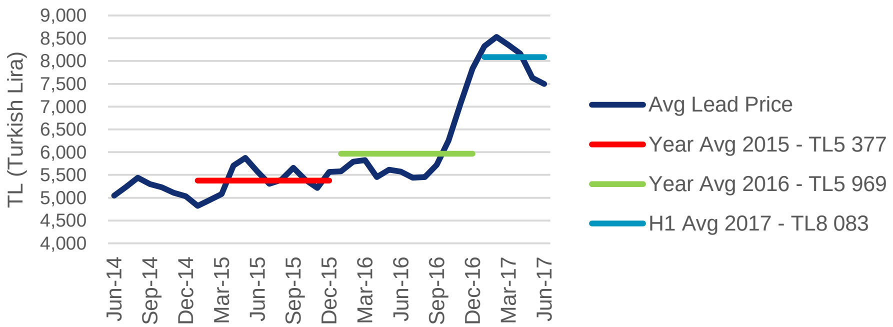
Average Lead price (USD)



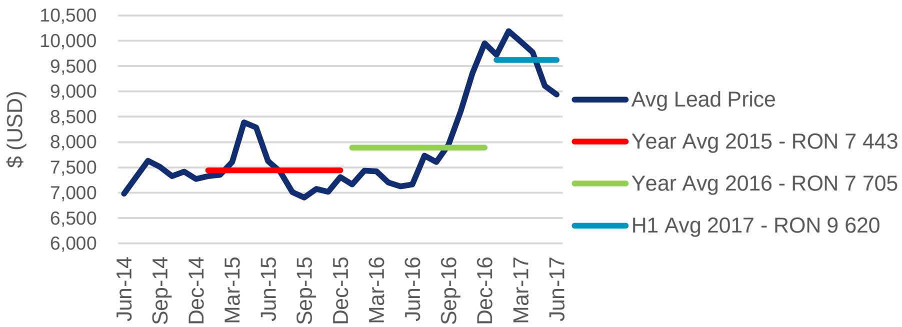
Average Lead price (R)



Average Lead price (TL)



Average Lead price (RON)



COMMODITY PRICE IMPACT

Short term impact

- Rapidly rising commodity prices
- Short term focus to recover input costs to AM, Export, OEM's, always lags cost curve
    - Export normally immediately, new orders quoted at prevailing rates
    - OEM on a contractual basis over 1 – 3 months
    - AM depending on pricing strategies
- Market demand changes due to rising cost of goods
- Working capital investment

Long term impact

- Metair operates vertically integrated businesses, so good for recycling activity
- Over time easier to recover rising costs, lag effect eliminated
- Market demand normalises, non-discretionary products
- Working capital investment

COMMODITY AND CURRENCY IMPACT SUMMARY

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Conclusion

- Commodity and currency impact on input costs and selling prices was managed well, and local currency profits increased by 18%
- But rapidly rising input cost recoveries always has a lag effect, which also translates into margin variability in the short term in some segments
- Short term volumes fluctuated in AM and Export, but we believe the market demand remains strong
- Since Mutlu is a second half company, the full impact of weaker TRY may only crystallise during H2’17 if the Turkish Lira remains at a lower level
- Working capital increased partly due to commodity and other input cost price movements

INTERIM 2017 – GROUP MAIN TRADING OBSERVATIONS

Financials

- Group PAT increase of 107% to R240m mainly as a result of Auto Components improvement
- EPS of 113c, HEPS 114c, up from 54cps
- Our Energy Storage business was impacted by currency devaluation from foreign operations, in particular the Turkish Lira (down 31%) and Romanian Lei (down 17%)
- Considering the currency translation challenges, good group operating performance of R355m, 36% increase
- Operating margin up 2.2ppt to 8.7% from 6.5% as Auto Components achieved 9.3%
- Net cash position affected by higher working capital investment in Energy Storage due to commodity prices, as well as OEM stock build in anticipation of strike at Mutlu
- Balance sheet remains strong, relatively conservative net D:E ratio of 41%, despite higher than normal working capital position
- Dividend of 70cps declared and paid (2016: 70cps)

VERTICAL - MAIN TRADING OBSERVATIONS

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ENERGY STORAGE at a glance

Revenue

4.6%

R2.5 Bn
54% Contribution

Auto battery units in mil	H116 Actual	H117 Actual	*Var (units)*
Mutlu	1.38	1.46	*0.08*
Rombat	1.03	0.94	*0.09*
FNB	0.95	0.90	*0.05*
Total	**3.36**	**3.30**	***0.06***

Auto volumes

1.7%

3.3m auto units
Mutlu OEM grew c. 41%

OPERATING PROFIT

3.4%

R227 Million
53% Contribution

LOCAL CURRENCY OPERATING PROFIT

18.0%

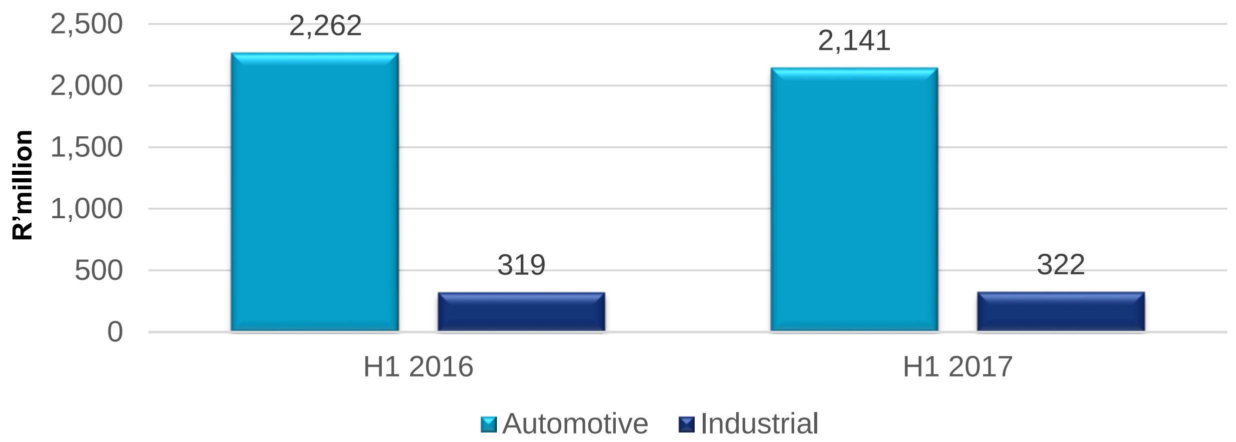
- Resilient performance despite geo-political instability, operating currency weakness, high commodity prices and pressure to recover pricing in the market
- All Energy Storage businesses improved local profitability
- Short term price recoveries contributed to slightly softer automotive volumes
- Local AM volumes declined 6%, offset by Mutlu's 41% increase in local OEM sales
- Exports volumes down 14%. But higher export margins achieved, improving export profitability by c. 50%
- Improved FNB performance (PBIT +19%), OEM factory bedded down and managing input costs and cost recoveries

ROIC (LTM) : 14.7% (0.7ppt from PY)

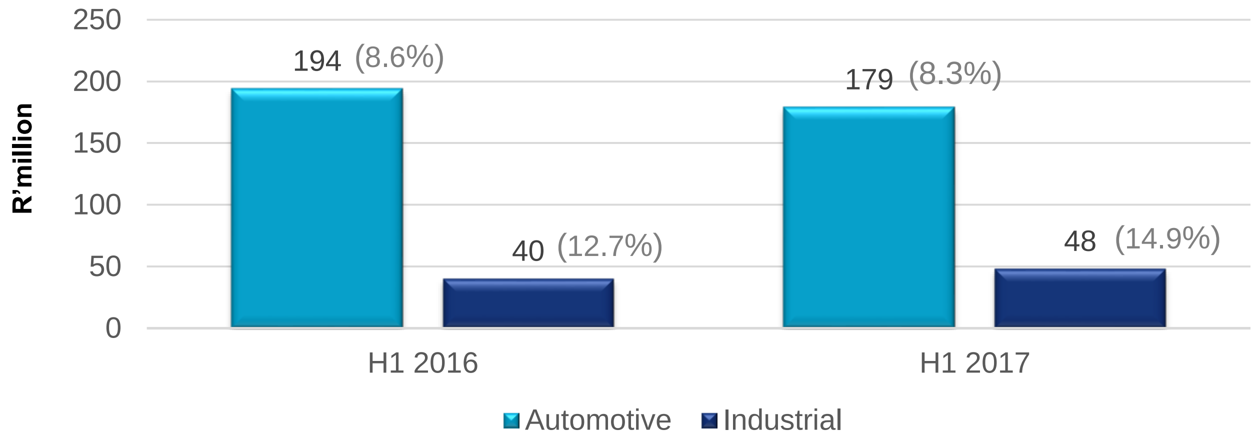
PBIT margin : 9.2% (0.1ppt from PY)

SEGMENTAL REVIEW
ENERGY STORAGE VERTICAL

Energy Storage Revenue

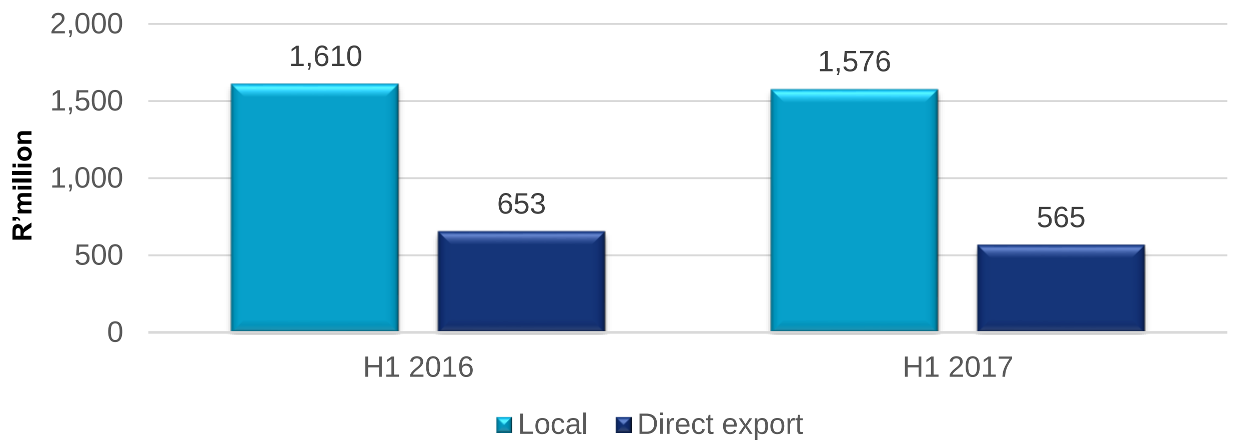


Energy Storage PBIT

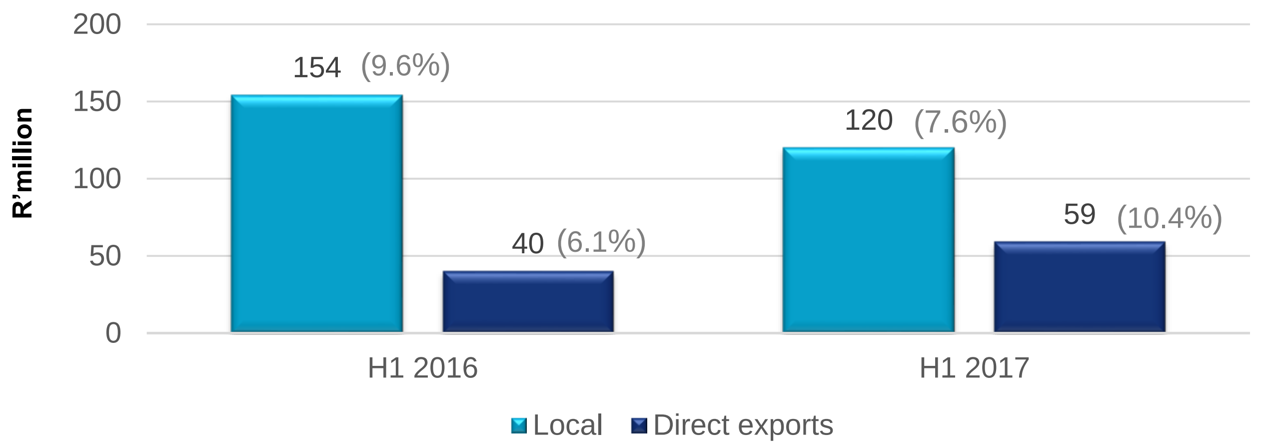


ENERGY STORAGE VERTICAL
AUTOMOTIVE

Energy Storage Automotive Revenue



Energy Storage Automotive PBIT



VERTICAL - MAIN TRADING OBSERVATIONS

METAIR INVESTMENTS LIMITED
automotive | industrial | retail

AUTOMOTIVE COMPONENTS at a glance

Revenue

11%

R2.1 Bn
46% Contribution

Vehicles in units	H116 Actual	H117 Actual	Var (units)
MBSA	55 592	51 987	*(3 605)*
FMCSA	42 234	45 143	*2 909*
VWSA	59 633	61 103	*1 470*
TSAM	55 369	61 470	*6 101*
OTHER	64 685	52 625	*(12 060)*
Total	**277 513**	**272 328**	***(5 185)***

Market production vols

2% (5k units)

Metair significant customers' volumes 3%

OPERATING PROFIT

R176m

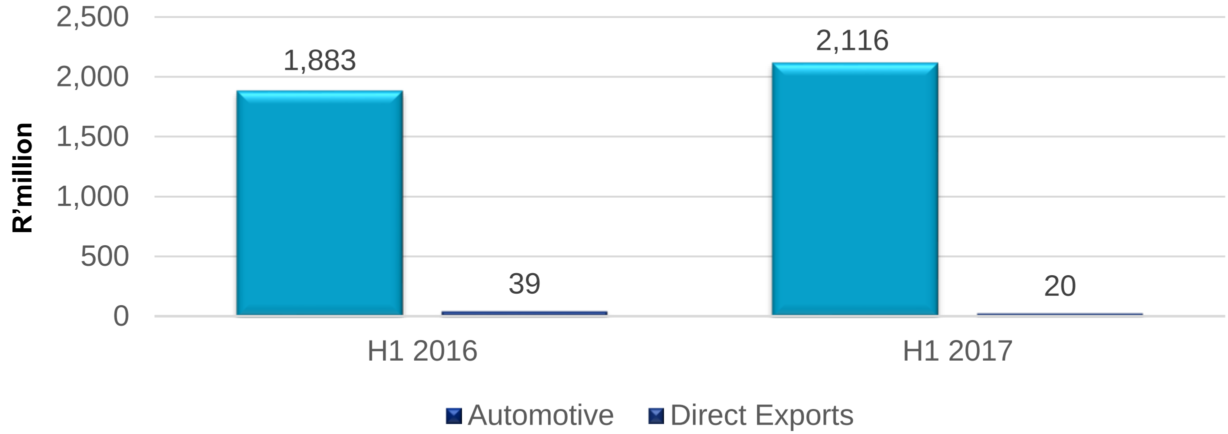
R199 Million
47% Contribution

- Successfully settled the businesses down after a challenging model launch, with a strong turn-around in Hesto which improved by R89m
- Total OEM production for Metair significant customers were up 3%
- Improved stability, less mix variability, efficiency increases, reduced premium costs, overtime and scrap reductions contributed to improvement in margins
- Short term favourable forex recoveries reduced import cost of materials and components

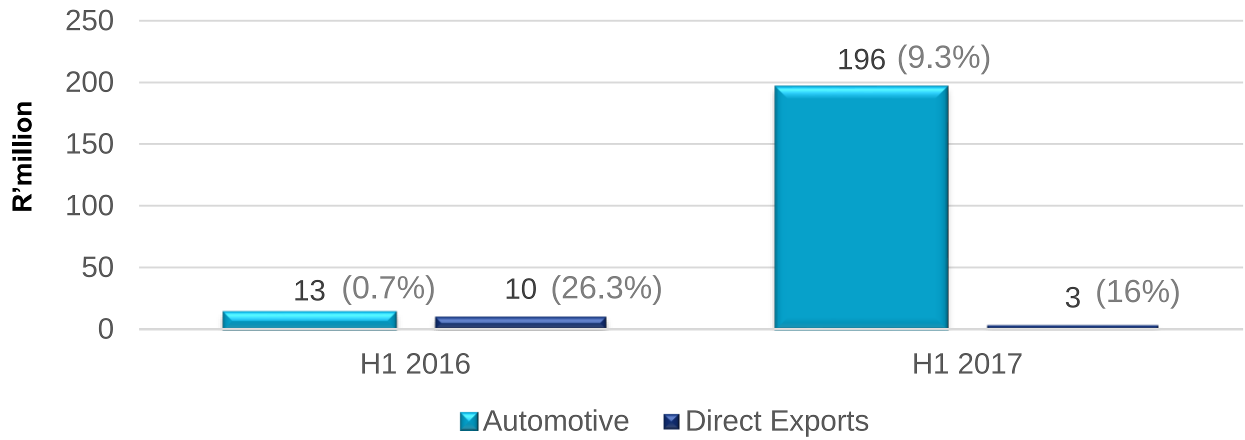
ROIC (LTM) : 28.0% (14.8ppt from PY)
PBIT margin : 9.3% (8.1ppt from PY)

OVERALL SEGMENTAL REVIEW
AUTOMOTIVE COMPONENTS VERTICAL (INCL. MANAGED ASSOCIATE)

Automotive Components Revenue



Automotive Components PBIT



METAIR
INVESTMENTS LIMITED
automotive | industrial | retail

FINANCIAL OVERVIEW

FINANCIAL OVERVIEW

METAIR INVESTMENTS LIMITED
automotive | industrial | retail

Income Statement

ITEM	FY16 R'million	H1 2016 R'million	H1 2017 R'million	Mvt.
Revenue	8 954	4 030	4 076	1%
EBITDA	1 034	390	527	35%
Operating profit	731	260	355	36%
Operating profit margin	8.2%	6.5%	8.7%	2.2ppt
Profit after tax / effective tax rate	468 / 23%	116 / 33%	240 / 25%	107%

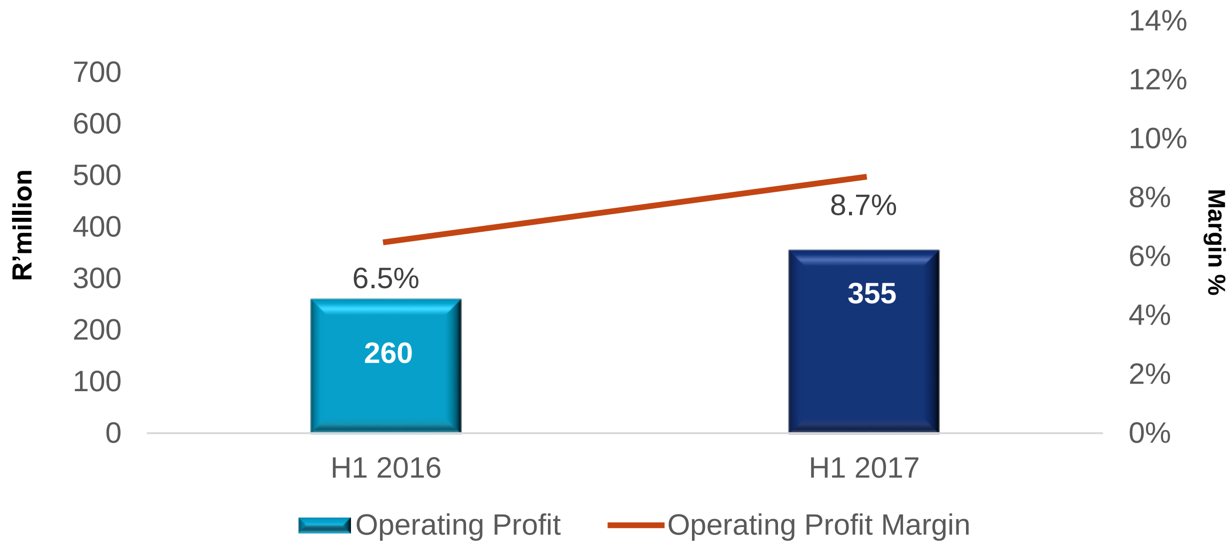
ITEM	Dec-16 LTM %	Jun-16 LTM %	Jun-17 LTM %	Mvt.
ROA	9.8%	9.2%	11.5%	2.3ppt
ROE	10.0%	9.7%	12.9%	3.2ppt
ROIC	9.2%	9.8%	11.6%	1.8ppt

Comments

- The marginal revenue increase from:
  - Auto Components 11% turnover growth in automotive components as production volumes normalise in SA
  - Energy Storage revenue increases in local currencies were largely offset by reporting conversion to ZAR

OPERATING PROFIT

Operating Profit



Main Contributors

Group operating profit increased 36% to R355 million and operating margin increased to 8.7% (2016: 6.5%) as a result of:

- Automotive Components (excl Hesto) PBIT increased by c. R87m, and PBIT margins of 10.1% achieved
    - Increased efficiency following new model launch, as volumes stabilised and mix changes less variable
    - Good cost recovery and favourable FX recovery on imported material
- Energy Storage PBIT marginally down R8m, with margins improving by 0.1ppt

FINANCIAL HIGHLIGHTS

Income Statement

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ROIC	9.2%	9.8%	11.6%	1.8ppt

Comments

- PAT up 107% and lower effective tax rate of 25.4% as associate profit increased on Hesto turnaround
- Positive trend in all return metrics, Metair LTM ROIC at 11.6%, up 1.8ppt from prior comparative

FINANCIAL HIGHLIGHTS

METAIR INVESTMENTS LIMITED
automotive | industrial | retail

Shareholder Performance

ITEM	FY16 R'million	H1 2016 R'million	H1 2017 R'million	Mvt.
Attributable profit	448	108	223	108%
Earnings per share	227	54	113	108%
Weighted avg. number of shares ('000)	198 699	198 121	197 980	0.07%
Headline earnings per share	229	54	114	111%
Net Debt	(1 281)	(1 747)	(1 672)	0.04%
Dividend per share declared (gross of WHT)	70 cps	70 cps	70 cps	-

Comments

- 109% increase in EPS to 113cps, compared to 54cps in model launch year
- HEPS of 114cps after minor headline adjustments for loss on capital items
- Net debt down 4% from June 2016 but up 31% from Dec 2016 mainly due to:
  - General seasonality cycle in international business
  - Higher working capital investment in Energy Storage and especially Mutlu, as 3 months OEM stocks were built in advance of the factory strike, impacting on cash generation
  - Higher Mutlu borrowing levels to support working capital

INCOME STATEMENT

METAIR INVESTMENTS LIMITED
automotive | industrial | retail

Operating Profit

ITEMS	FY16 R'million	H1 2016 R'million	H1 2017 R'million
Revenue	8 954	4 030	4 076
Gross Profit	1 601	713	777
Other Operating Income	111	47	49
Distribution, Administrative & Other Expenses	981	500	471
Operating Profit	731	260	355

Profit for the period

ITEMS	FY16 R'million	H1 2016 R'million	H1 2017 R'million
Net interest expense	155	71	75
Share of results of associates	30	(17)	42
Profit before taxation	606	173	322
Taxation	138	57	82
Profit for the period	468	116	240
Effective tax rate	22.8%	33.0%	25.4%

Other items to note

- Gross profit % increase of 1.4ppt to 19.1% largely due to elimination of launch support costs in Auto Components
- Lower scrap, higher efficiencies, stronger average ZAR and higher margins from FNB and Rombat also contributed to margin uplift
- Other operating income relatively consistent and predominantly APDP and Romanian Govt. grant related

INCOME STATEMENT

METAIR INVESTMENTS LIMITED
automotive | industrial | retail

Operating Profit

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Other items to note

- Total operating expenses 6% lower with lower translations from foreign operations
- Net interest expense higher due to higher average interest rates
- Equity earnings up from a loss position due to Hesto improvement of c. R65m PAT
- Increase in equity earnings and lower tax rates at Rombat and Mutlu decreased effective rate to 25.4%

BALANCE SHEET – ASSETS

Non-current Assets

ITEMS	Dec-16 R'million	Jun-16 R'million	Jun-17 R'million
Non-Current assets	**4 251**	**4 936**	**4 134**
Property, plant and equipment	2 857	3 280	2 764
Intangible assets	1 001	1 315	952
Other non-current assets	392	341	418

Current Assets

ITEMS	Dec-16 R'million	Jun-16 R'million	Jun-17 R'million
Current assets	**3 780**	**4 029**	**4 076**
Inventory	1 609	1 777	1 975
Trade and other receivables	1 395	1 547	1 499
Cash and cash equivalents	744	669	578
Other current assets	32	36	24
Total assets	**8 031**	**8 965**	**8 210**

Comparison to prior periods

- Capital base slightly up at June, due to seasonality and higher working capital investment in energy storage (Mutlu strike preparation), which should un-wind in H2
- Non-current assets relatively stable offset by depreciation and amortization of R130m
- High inventory balance relates to Energy storage as strategic decision was taken to carry higher stocks to balance high seasonal demand in H2
- This also impacted cash balances

BALANCE SHEET – EQUITY & LIABILITIES

METAIR INVESTMENTS LIMITED
automotive | industrial | retail

Equity & Non-Current Liabilities

Current Liabilities

Comparison to prior periods

ITEMS	Dec-16 R'million	Jun-16 R'million	Jun-17 R'million
Total equity	**4 180**	**4 773**	**4 164**
Non-current liabilities	**1 608**	**2 759**	**1 611**
Borrowings	987	2 026	979
Post employment benefits	89	121	88
Deferred taxation	336	387	325
Deferred grant income	148	169	168
Provisions for liabilities and charges	48	56	51
Current liabilities	**2 243**	**1 433**	**2 436**
Trade and other payables	1 065	919	1 026
Borrowings	911	120	1 069
Provisions for liabilities and charges	108	113	94
Bank overdrafts	127	271	203
Other current liabilities	32	10	44
Total liabilities	**3 851**	**4 192**	**4 047**

- Equity impacted by ZAR fx mvt, FCTR debit increased by further R111m since Dec'16
- Borrowings R98m lower on comparative position but increased c. R150m from year end position mainly due to temporary additional working capital investment
- Current borrowings increased with the reclassification of R840 preference share due October '17

CAPITAL & DEBT STRUCTURE

METAIR INVESTMENTS LIMITED
automotive | industrial | retail

Capital Structure

ITEM	Dec-16 R'million	Jun-16 R'million	Jun-17 R'million
Debt*:equity	46%	46%	50%
Net debt**:equity	31%	37%	41%

Debt Levels

ITEM	Dec-16 R'million	Jun-16 R'million	Jun-17 R'million
Net debt**	1 280	1 747	1 672
Net debt**:EBITDA	1.24	1.78	1.43

Target Capital Structure

- Relatively conservative, target remains c. 25% debt:equity
- May fluctuate over short term
- Overall debt levels not to exceed 2 or 2.5x EBITDA, currently at 1.43
- Within covenants

* Interest bearing borrowings

** Includes overdrafts and cash equivalents

WORKING CAPITAL

All days calculations based on turnover

ITEM	Dec-16 R'million	Jun-16 R'million	Jun-17 R'million
Inventory	1 609	1 777	1 975
Trade & other receivables	1 395	1 547	1 499
Trade & other payables	(1 065)	(919)	(1 026)
Total	**1 939**	**2 405**	**2 448**

DAYS	Dec-16	Jun-16	Jun-17
Inventory	65	80	88
Trade & other receivables	57	69	67
Trade & other payables	(43)	(41)	(46)
Total	**79**	**108**	**109**

Comments

- Overall working capital cycle is relatively consistent with the comparative position
- Interim position reflects high investment in energy storage, particularly inventory and lead balances
- Mutlu built high levels of OEM safety stock in anticipation of factory disruptions due to wage negotiation strikes

POST BALANCE SHEET ACQUISITION – MOLL GERMANY

METAIR INVESTMENTS LIMITED
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Acquisition Summary

ASSOCIATE INVESTMENTS	ZAR' million
Total consideration for 25.1% equity (EUR 9.2m)	**138**
Consideration for shares / capital accounts – Op-Co (EUR 7.4m)	112
Consideration for shares / capital accounts – Prop-Co (EUR 1.75m)	26

Comments

- Funding provided by a combination of cash resources and debt facilities
- Earnings to be equity accounted from 3 July 2017 (closing date 6 July 2017)

OPERATIONAL OVERVIEW

COMBINED BATTERY VOLUMES
(FNB, MUTLU & ROMBAT)

METAIR INVESTMENTS LIMITED
automotive | industrial | retail

Original Equipment Market

Automotive Units	H1 2016	H1 2017	Variance
Original Equipment			
- Local	944 513	1 123 153	19%
- Export	112 357	37 992	(66%)
Total OE	**1 056 870**	**1 161 145**	**10%**

Aftermarket

Automotive Units	H1 2016	H1 2017	Variance
Aftermarket			
- Local	1 231 898	1 158 016	(6%)
- Export	1 071 202	984 948	(8%)
Total AM Volume	**2 303 100**	**2 142 964**	**(7%)**

Industrial

Industrial Volumes	H1 2016	H1 2017	Variance
- Local	174 310	233 091	34%
- Export	8 946	7 940	(11%)
Total Industrial Volumes	**183 256**	**241 031**	**32%**

Comments

- Increased vehicle production in Turkey contributed largely to the increase in OEM unit sales
- Timing of exports in Rombat contributed to lower OEM exports (model launch related), compensated slightly by Honda UK exports from Mutlu
- Local pricing conditions in Turkey (and price corrections in SA) impacted on AM sales, although the market demand remains strong
- Mutlu AM exports lower on the back of decreased orders from some export destinations, very seasonal
- Industrial sales at FNB and Mutlu contributed to higher local industrial volumes

VEHICLE PRODUCTION PER OEM IN SOUTH AFRICA (NAAMSA)

METAIR INVESTMENTS LIMITED
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OEM	2010	2011	2012	2013	2014	2015	2016	H1 2016	H1 2017
BMW	49 243	52 908	44 229	66 087	71 004	72 165	63 473	34 885	19 925
MBSA	53 646	50 939	61 439	47 189	45 584	105 473	116 783	55 592	51 987
FMCSA	34 822	28 716	51 006	56 923	76 179	73 735	86 496	42 234	45 143
GM	27 234	32 530	38 199	40 019	41 491	41 209	31 157	15 416	14 958
NISSAN	40 184	43 743	54 657	46 443	43 268	36 179	28 844	13 402	16 975
VW SA	120 577	137 872	110 864	107 567	113 678	121 583	120 799	59 633	61 103
TOYOTA	123 197	153 052	149 252	151 392	142 739	133 497	122 115	55 369	61 470
Adjustments	264	720	968	-	1 133	1 713	2 276	982	767
Total	**449 167**	**500 480**	**510 614**	**515 620**	**535 076**	**585 554**	**571 943**	**277 513**	**272 328**

Market production vols
↓ **2% (5.2k units)**

VEHICLE PRODUCTION PER OEM IN TURKEY

METAIR INVESTMENTS LIMITED
automotive | industrial | retail

OEM	2010	2011	2012	2013	2014	2015	2016	H1 2016	H1 2017
OYAK RENAULT	307 083	330 994	310 602	331 694	318 246	339 240	339 950	180 769	191 316
FORD	242 070	295 850	272 097	281 287	244 682	334 622	333 765	173 996	184 859
TOFAŞ	312 245	307 788	256 428	244 614	222 807	278 254	383 495	181 962	198 683
HYUNDAI	77 000	90 231	86 976	102 020	203 157	226 500	230 010	120 075	118 015
TOYOTA	83 286	91 639	76 925	102 260	131 504	115 893	151 236	46 685	144 090
TURK TRAKTOR	28 277	40 617	39 542	38 411	45 823	47 536	46 031	27 170	22 768
MERCEDES BENZ TURK	14 480	21 362	20 002	22 395	22 205	23 941	14 109	7 689	8 567
HONDA	20 305	12 341	21 850	14 813	11 633	12 667	15 162	6 090	14 591
OTHERS	40 236	43 815	30 811	28 549	-	-	-	-	
AIOS(ISUZU)	3 292	4 324	4 763	4 907	7 680	11 162	5 240	2 722	2 736
OTOKAR	2 236	3 062	2 851	4 840	3 266	4 613	2 364	898	1 089
TEMSA	3 367	4 060	2 354	2 918	2 500	2 922	2 613	1 193	1 661
HATTAT TARIM	2 148	4 889	2 713	2 098	2 580	3 702	4 715	2 809	2 327
KARSAN	24 719	22 146	15 448	12 486	1 714	7 239	5 648	2 346	2 345
MAN	1 132	1 610	1 134	1 300	1 051	1 743	1 826	1 052	1 206
BMC	3 342	3 724	1 548	-	-	-	-	-	-
Total	**1 124 982**	**1 234 637**	**1 115 233**	**1 166 043**	**1 218 848**	**1 410 034**	**1 536 164**	**755 456**	**894 253**

VEHICLE PRODUCTION PER OEM IN ROMANIA

OEM	2010	2011	2012	2013	2014	2015	2016	H1 2016	H1 2017
Renault Dacia	327 609	327 394	284 392	342 856	338 593	339 198	320 457	144 336	170 430
Ford	9 558	7 547	30 591	68 339	52 829	47 967	38 748	21 034	28 000
Total	**337 167**	**334 941**	**314 983**	**411 195**	**391 422**	**387 165**	**359 205**	**165 370**	**198 430**

2017 CAPITAL EXPENDITURE COMMITMENTS

METAIR INVESTMENTS LIMITED
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Capital Commitments

Sector R'000	Maintenance	Expansion Efficiency	Health, safety & environmental	Total
Automotive components	18 799	46 029	1 119	65 947
Energy storage	43 059	38 114	7 477	88 650
Total	**61 858**	**84 143**	**8 596**	**154 597**

Capex Spend

Sector R'000	Maintenance	Expansion Efficiency	Health, safety & environmental	Total
Automotive components	15 349	20 505	126	35 980
Energy storage	12 777	33 751	4 156	50 684
Total	**28 126**	**54 256**	**4 282**	**86 664**

PROSPECTS

GENERAL PROSPECTS STATEMENT

The prospects statement, as contained in the Integrated Annual Report of Metair for 2016, indicated that the group will only feel the real effect of the Turkish Lira devaluation in 2017 as the currency settles at a lower level.

The good improvement in first half results should support a sustained performance for the full year, when compared to 2016, as we face the full year impact of the Turkish Lira devaluation.

PROSPECTS
AUTOMOTIVE COMPONENTS VERTICAL

Automotive Components Vertical

This business vertical managed to renew most of the business associated with the new model launch in support of the next business cycle linked to new model launches.

The major challenges to the next five- to seven-year cycle in South Africa relates to the production volume and margins outlook for newly secured business.

The margins achieved for the period are higher than the guidance provided previously of between 6% and 8%, as well as the targeted 8% for full year 2017 as mentioned during our 2016 year-end presentation.

However, new model launches are always associated with lower margins, and therefore the company maintains its guidance that the achievement of targeted production volumes and efficiencies associated with the new technology and continued stabilisation of manufacturing processes should result in sustainable medium term PBIT margins on new business of between 6% and 8%.

PROSPECTS
ENERGY STORAGE VERTICAL

Energy Storage Vertical

The second half of the year traditionally benefits from seasonal demand brought about by the winter period associated with the market served by Rombat and Mutlu in Europe and the Middle East.

In the South African market we expect moderately improved trading conditions.

Strong seasonal demand in our winter markets supported by achievement of some geo-political stability in Turkey could support a continued good local currency performance in the second half in-country. The challenge continues to be the devaluation of the Turkish Lira as it affects the Rand translated results.

Q & A

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