

METAIR

INVESTMENTS LIMITED

automotive | industrial | retail

2016 RESULTS PRESENTATION



AGENDA

- Reflection on Metair's redesign journey
- Metair's image 2016
- Strategic redesign & renewal update
- Commentary & results overview
- Turkey update
- Technological advancement drivers and response
- Financial overview
- Operational overview
- Prospects



REFLECTION OF METAIR'S REDESIGN JOURNEY



INTEGRATED ANNUAL REPORT

JOURNEY TRAVELLED

Metair's integrated annual reports are always presented against the backdrop of a theme that aims to reflect the position of the company at that specific time.



11-YEAR INTEGRATED ANNUAL REPORT

THEMES

2006	Growth, Gain, Enrichment
2007	Transformation
2008	Transparency
2009	Crossroads – Back to Basics
2010	Balance
2011	Human Focus, Measurement and Adjustment
2012	Reflection – Road Ahead
2013	Growing our International Footprint
2014	Brand Wall
2015	Creativity & Innovation
2016	Our people



METAIR IMAGE 2016

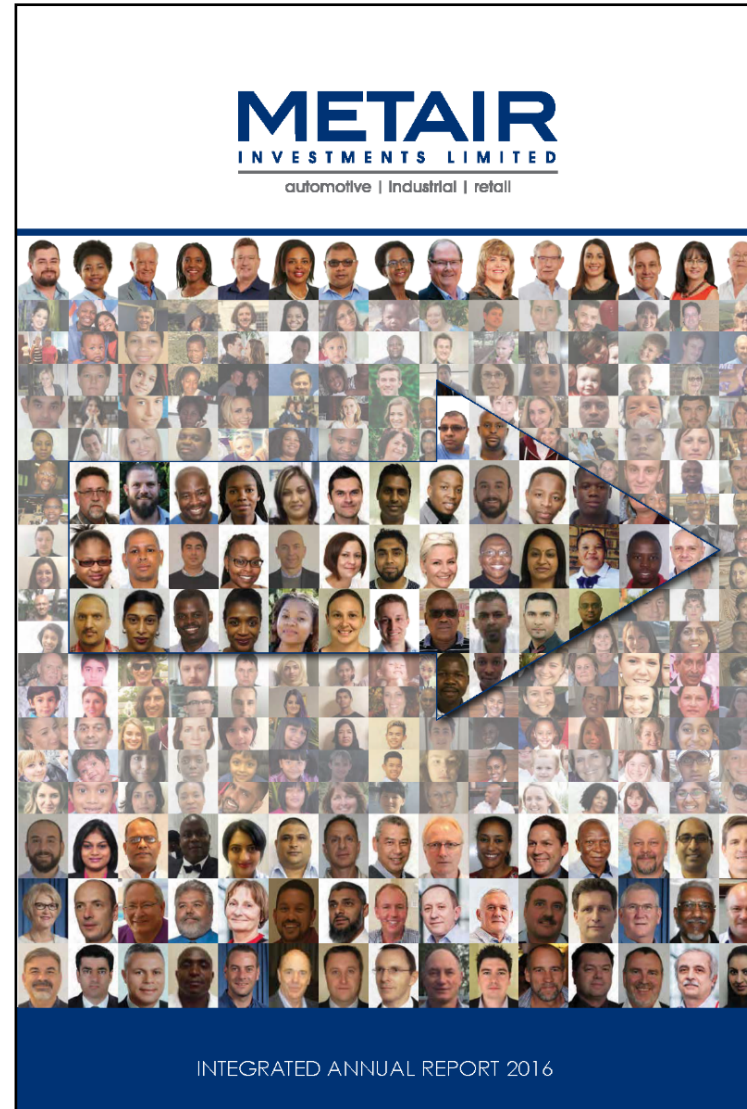


The mosaic of photographs on the front cover represents the quality, highly motivated and dedicated people who make up Metair and that deliver on the strategy.

At the top of the image are pictures of the group board and leadership, who set the strategy and the ethical tone for the company. At the bottom of the cover are pictures of the members of the subsidiary boards, who channel these principles down into the subsidiary companies. The pictures in the bold arrow in the center of the image represent the young talent identified in each business who are being developed into our future experts and leaders. These individuals will drive Metair into the future and ensure its sustainability. The images in the lighter sections of the report represent the people that provide essential support structures that make it possible for the leadership to execute their responsibilities. They also remind us of the deeper support structure behind each of the people in Metair – their loved ones, families and communities – who give meaning to their job and support them to bring their best to work every day.

The image represents the human focus of our business. The ongoing volatile and challenging business environment calls for the next level of leadership and this is only possible through the dedication and commitment of everyone in the group.





STRATEGIC REDESIGN & RENEWAL UPDATE





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

DELIVERED



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

DELIVERED



- 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



PERFORMANCE AGAINST 3 X 5 STRATEGY (GLOBALISATION)

Sale of spare Capacity initiatives

- Established R & D Centre in Turkey, Li Ion battery development
- Established Metair International Battery (MIB) structure
- Met 2nd generation specification for AGM Start/Stop batteries
- Sold 2/3 of spare capacity (Renault, Honda, Ford, Toyota, Fiat, Daimler)
- BMW, Mercedes Benz, Hyundai, VW projects in progress
- Improve delivery into European aftermarket through international brand partner arrangement

Expansion Project opportunities

- 100% Shareholding battery distribution – UK: Dynamic Batteries (finalised)
- 25% Shareholding battery manufacturing/distribution – East Africa (finalised)
- Joint venture lead recycling – Russia (under investigation)
- Joint venture battery distribution – Middle East and North Africa (under investigation)
- 50% Shareholding leading battery manufacturer/distributor – Russia (under investigation)
- Joint venture total vehicle care concept – Africa (under investigation)
- Joint venture battery manufacturing – China
- Joint venture battery manufacturing/distribution - Europe
- Searching for a major international battery company partner

Strategic delivery execution alternatives

Continued stakeholder consultation on inter alia:

- Internationalise complete business
- Internationalise battery business
- Remuneration policy
- Audit firm rotation
- Re-election of non-executive directors with long service



COMMENTARY & RESULTS OVERVIEW







ENERGY STORAGE at a glance

Revenue

 19%

R5.9 Bn
59% Contribution

Auto battery units in mil	FY15 Actual	FY16 Actual	Var (units)
Mutlu	3.1	3.7	0.53 
Rombat	2.2	2.3	0.11 
FNB	1.9	1.9	0.00 
TOTAL	7.2	7.8	0.63 

Volumes

 9%

7.8m auto units
Mutlu grew c. 17%

OPERATING PROFIT

 2%

R558 Million
69% Contribution

- Automotive volume growth of 9%, Mutlu exports up c.300k
- Despite attempted coup, Mutlu volumes up 17%
- Industrial down 8%, all related to Turkish long term contracts
- Lead input (LME up 5% on avg) and imported material impacted by FX
- Cost saving, efficiency and price increases offset input cost increases
- But SA competitive environment and factory move had major impact on FNB, losing c. 7-8% margin overall
- Turkey attempted coup resulted in a major devaluation of the TL

ROIC: **14.1%** (up 0.1ppt from PY)







PBIT margin: **9.5%** (↓ 1.6ppt from PY)

AUTOMOTIVE COMPONENTS at a glance

Revenue

 **14%**

R4.1 Bn
41% Contribution

Vehicles in units	FY15 Actual	FY16 Actual	Var (units)
MBSA	105 473	116 783	11 310 
FMCSA	73 735	86 496	12 761 
VWSA	121 583	120 799	(784) 
TSAM	133 497	122 115	(11 382) 
OTHER	151 266	125 750	(25 516) 
TOTAL	585 554	571 943	(13 611) 

Market production
vs
 **2.3% (13.6k units)**

Metair significant customer
volumes  **8.5%**

OPERATING PROFIT

 **28%**

R247 Million
31% Contribution

- Metair major customer launched new vehicle, volumes down 8.5%
- Initial launch phase of new model inefficient and at low volumes
- Followed by catch-up production above capacity. Metair supported customer with premium costs such as overtime, week-end shifts
- Model mix changes to higher content export vehicles put Hesto into capacity difficulty, requiring airfreighting of wire harnesses to support
- Second half of 2016 much more stable, despite volume fluctuations in preparation for a possible strike

ROIC: **16.2%** ( 12.2ppt from PY)
PBIT margin: **6%** ( 3.5ppt from PY)

- **PBIT margins improved to 6% full year, from 1.2% at interim**



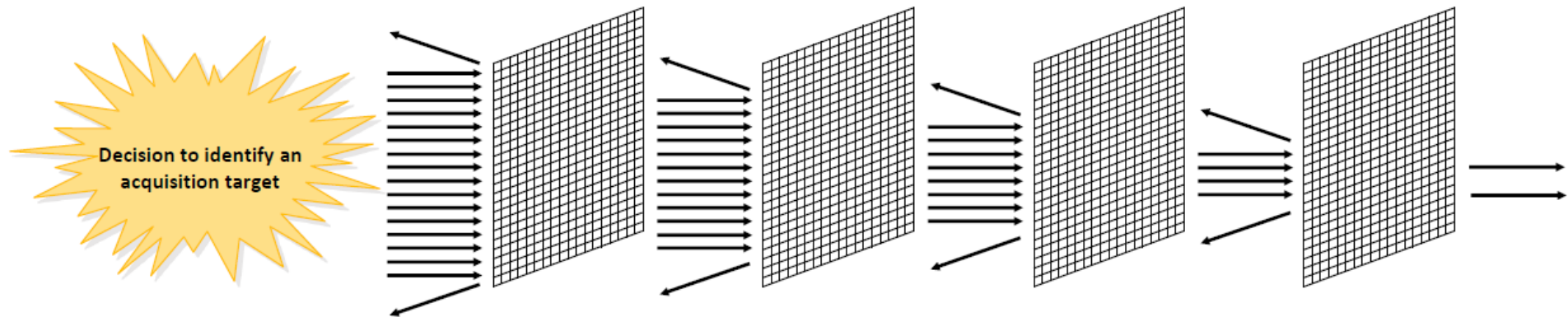
Financials

- Group PAT decline of 16% to R468m mainly as a result of Hesto (equity earnings) and FNB
- EPS of 227c, HEPS 229c – strong returns from Mutlu and Rombat compensating
- Considering the challenges, group operating performance of R731m, decline limited to 7%
- Operating margin down 2ppt to 8.2% from 10.2% as we see ‘margin re-set’ in Auto business and local aggressive pricing pressures at FNB
- Strong balance sheet and conservative net D:E ratio of 31%
- Net cash position of R617m and generated cash from operations of R1bn > 100% cash conversion ratio
- Annual report SDTI score improves to 97.8%, qualitative assessment score improves to 84.7%
- Dividend of 70cps declared (2015: 70cps)

TURKEY UPDATE



ACQUISITION DESIGN FILTER



Macro Considerations

- Part of original request to assist country/company
- High GDP growth rates (>4%)

Industry Considerations

- Growing OE production volumes
- Strong growth in the vehicle parc in recent years

Technological Considerations

- Strong in-house design and testing capabilities
- Core building block for start-stop technology
- Spare manufacturing capacity
- Continuous high volume plate making processes
- Proven capability in processing advanced lead alloys

Target specific Considerations

- Strong brand position in local market
- Dominant OE and AM supplier
- Established lead and plastics recycling system
- Vertically integrated raw material supplies
- Product and machine, customer experience
- Non-automotive start-stop (AGM) experience



INDUSTRIAL LOGIC FOR MUTLU ACQUISITION

1

Scarce strategic asset with strong market position

- Market leader in Turkey with long standing history - >40% share of the battery replacement market
- Record automotive sales volumes achieved in 2016, c. 3.7m

2

Becoming a key player in the EMEA battery market

- Transformative transaction
 - Positioning Metair as a key player in the EMEA
 - Approaching the objective of 1/3:1/3:1/3 split between OEM, AFM and battery sales
- Exports > 1 m batteries per annum

3

Geographic diversification and access to growth markets

- Top markets South Africa and Turkey among the most sizable and fastest growing in EMEA
- Access to Russia, CEE and MENA export markets, complementing Metair's existing markets
- Decreased geographic concentration and risk

4

Strengthened OEM access

- The combined entity would lower manufacturing cost footprint
- Mutlu has strong OEM relationships that complement Metair's OEM base
- In future, Mutlu will supply >70% of the OEM vehicles produced in Turkey

5

Start/Stop technology potential

- Metair objective to start producing Start/Stop batteries internationally in 2016 enhanced through Rombat and Mutlu acquisitions
- Reaches required scale to harvest the growing demand for Start/Stop batteries
- Cutting edge technology

6

Potential to transform Metair

- Sharing of technologies and integrated business models
 - Similarity to FNB business model in terms of range of technologies and integrated business model
- Capacity optimisation



ALTHOUGH THE INDUSTRIAL REASONS FOR INVESTING IN MUTLU AKÜ REMAIN VERY SOUND

Geo-political situation

Revenue	↑	25%
Volumes	↑	18%
PBIT	↑	46%

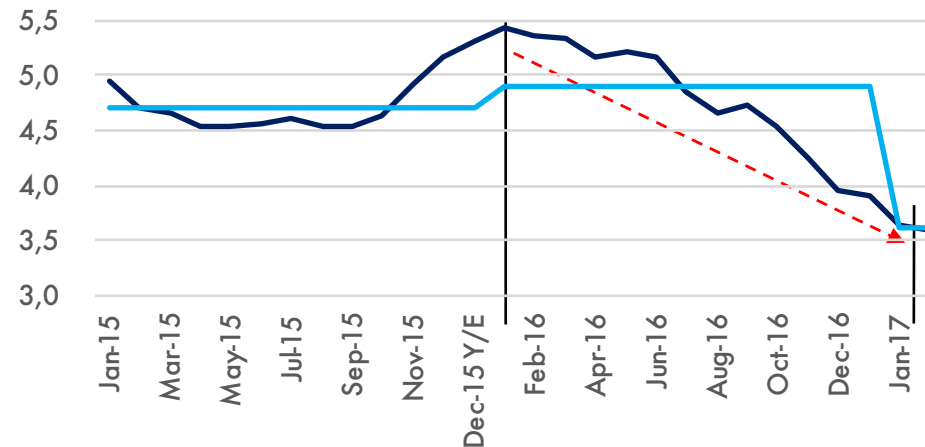
Mutlu stand-alone performance

- Attempted coup in July resulted in socio-economic instability
 - Fortunate that none of our employees nor our business was directly negatively impacted during the failed coup
 - Turkish Government showed great sensitivity – direct communication channel opened
 - President and his office remain committed to support foreign investment
 - But increased geopolitical instability, related risk and Turkish Lira volatility
 - **April referendum?**
-
- Despite coup attempt, Mutlu performed well during the period
 - Played key role in securing international contracts, incl. Daimler multi-year contract
 - Record volumes, sales and profits achieved in 2016
 - Russian volumes increased to c. 330k units from 180k
-
- Investment tax incentive support from government related to start-stop technology

BUT A LONG TERM DEVALUATION OF THE TRY WILL HAVE A MAJOR IMPACT ON THE TRANSLATION OF PROFITS



TRY / ZAR Avg



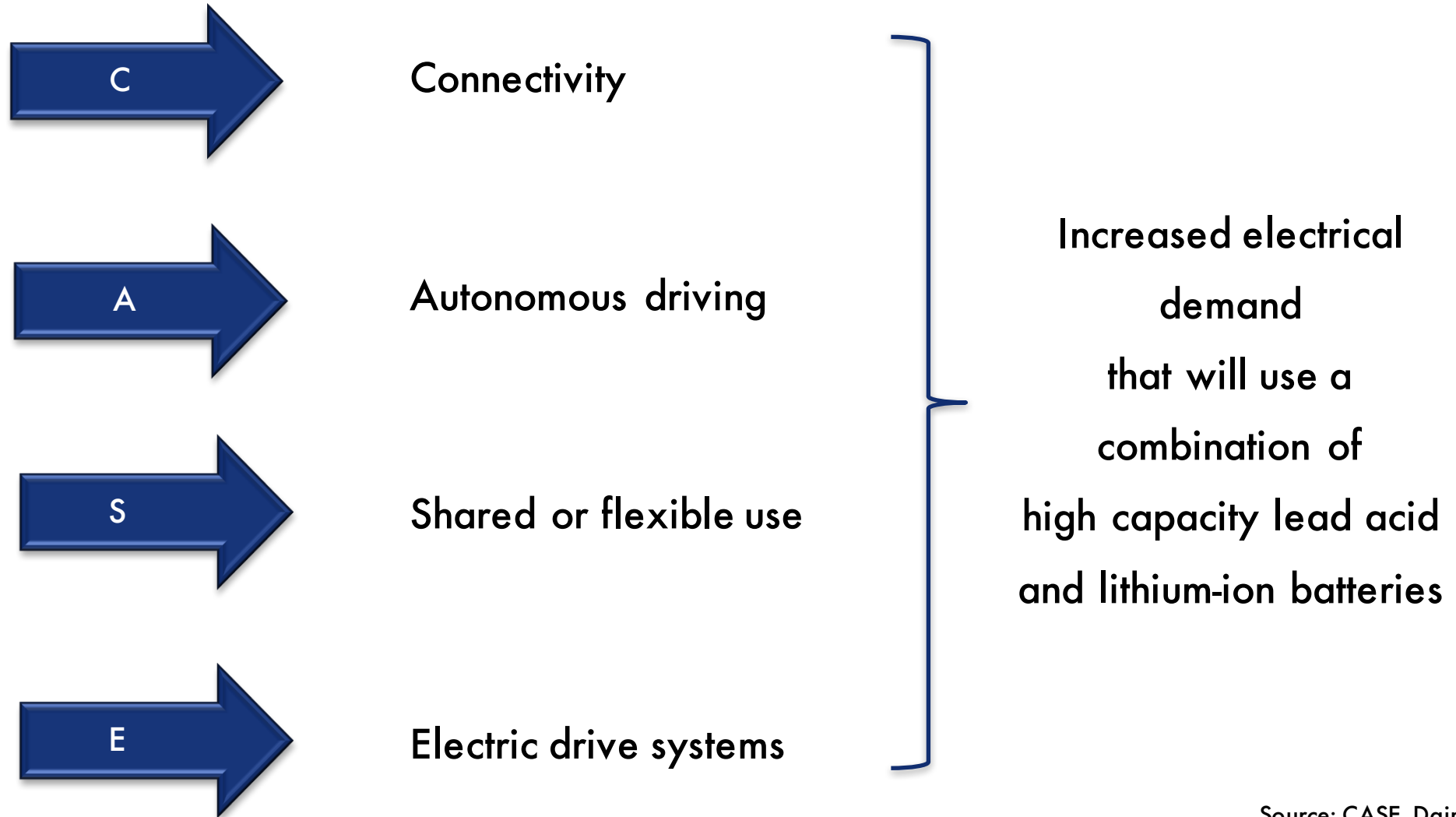
<u>TRY / ZAR YEAR END</u>		<u>TRY / ZAR YEARLY AVG</u>	
2015	: 5.31	2015	: 4.61
2016	: 3.90 (-27%)	2016	: 4.89 (+6%)
		YTD 2017	: 3.62 (-17%)

- The negative effect will only fully crystallise during 2017 if the Turkish Lira settles at a lower level, reducing Mutlu Akü's contribution to group earnings.
- The positive effect of the devaluation is an increase in our product offering competitiveness in the local and export market, as well as in new product research and development competitiveness like lithium and 48V systems.

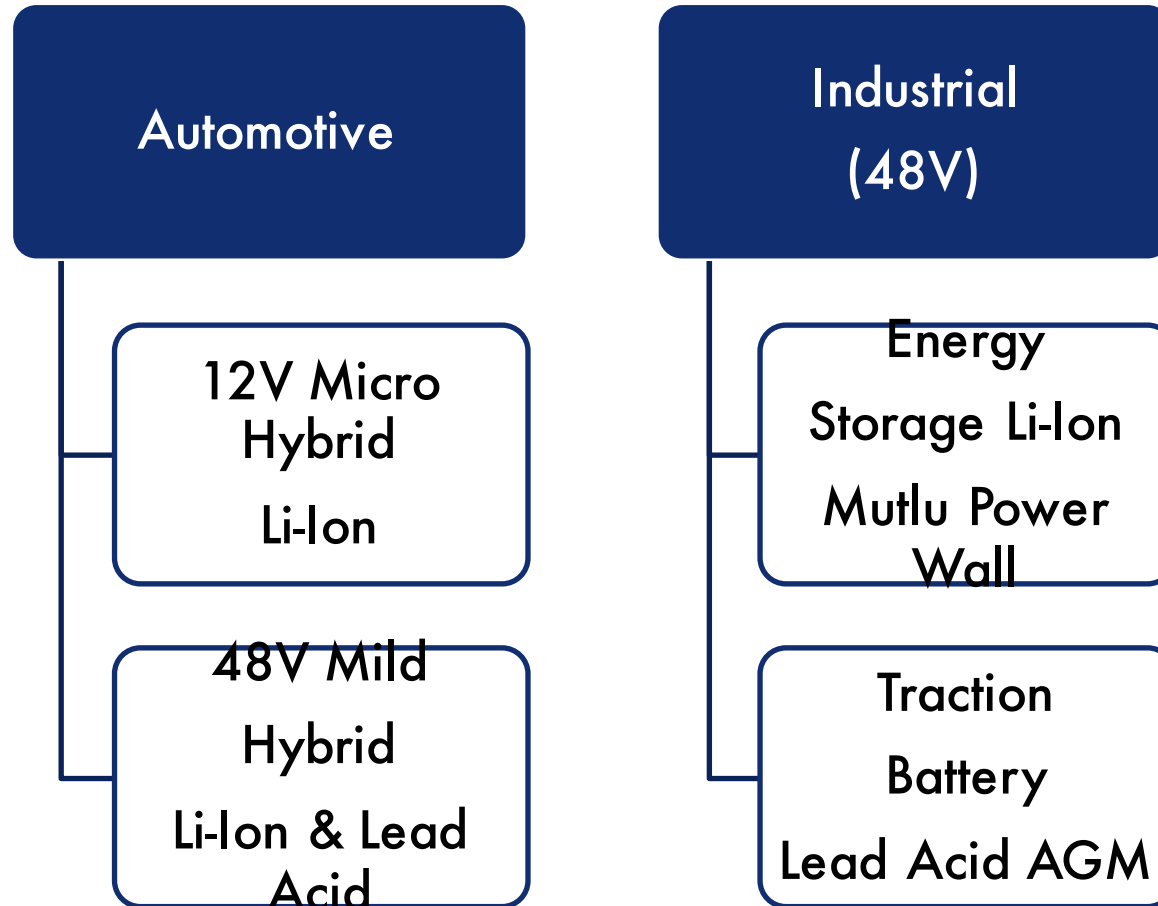


TECHNOLOGICAL ADVANCEMENT DRIVERS & RESPONSE






Source: CASE, Daimler AG



LITHIUM-ION BATTERY OVERVIEW



COMPARISON OF LITHIUM BUSINESS MODELS

Business Models	Lithium Chemistry	Component manuf & Electrode Coating	Cell Assy	Formation	Solution, Packaging and BMS	BMS	Comments
BM1							High R&D cost
BM2							High capital investment
BM3							The best for cell manufacturing kick off
BM4							Less initial investment
BM5							Good starting point for market penetration
BM6							But many competitors

Best
Moderate
Hard

12V LITHIUM-ION BATTERY DEVELOPMENT



12V LITHIUM-ION BATTERY DEVELOPMENT



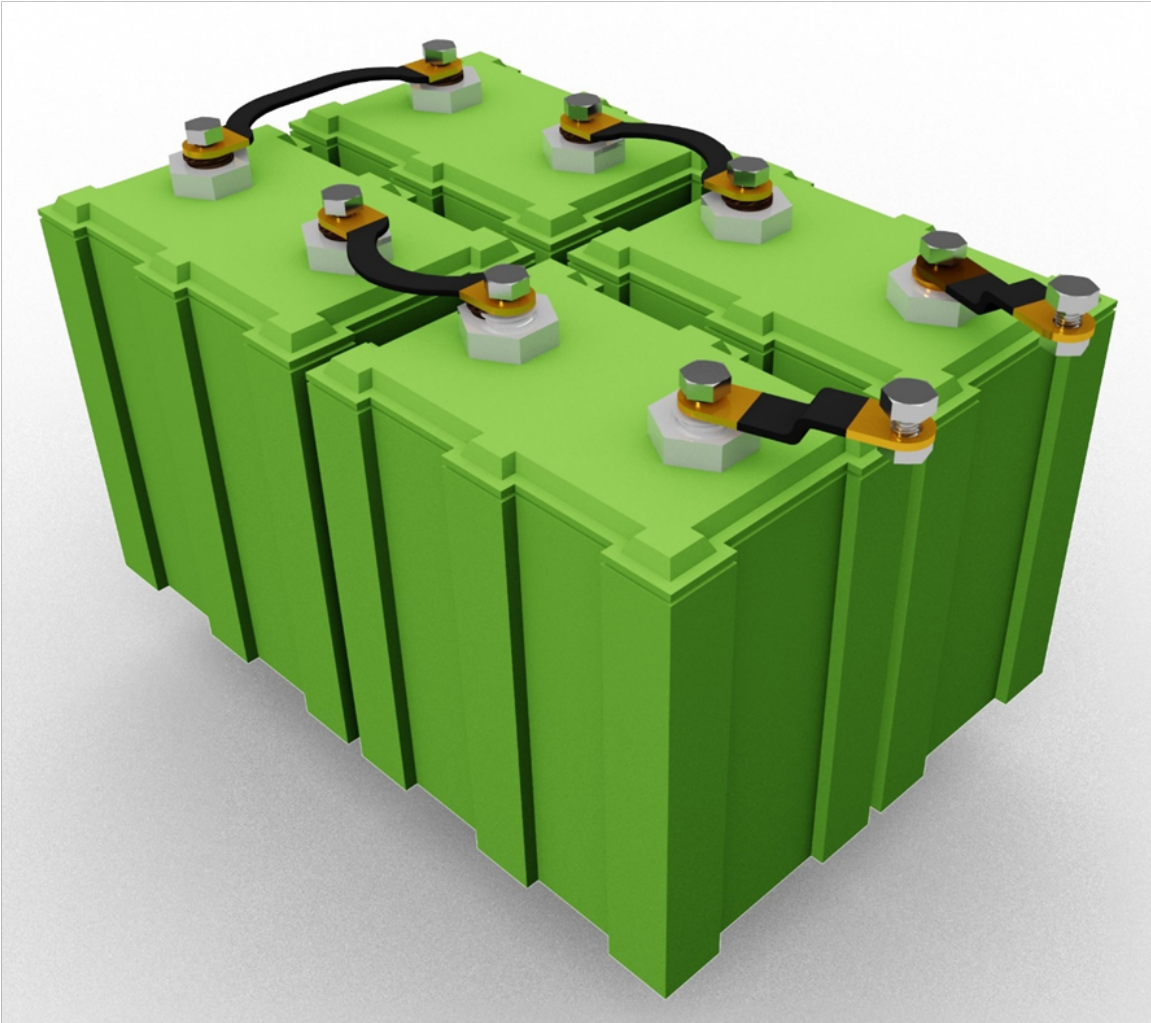
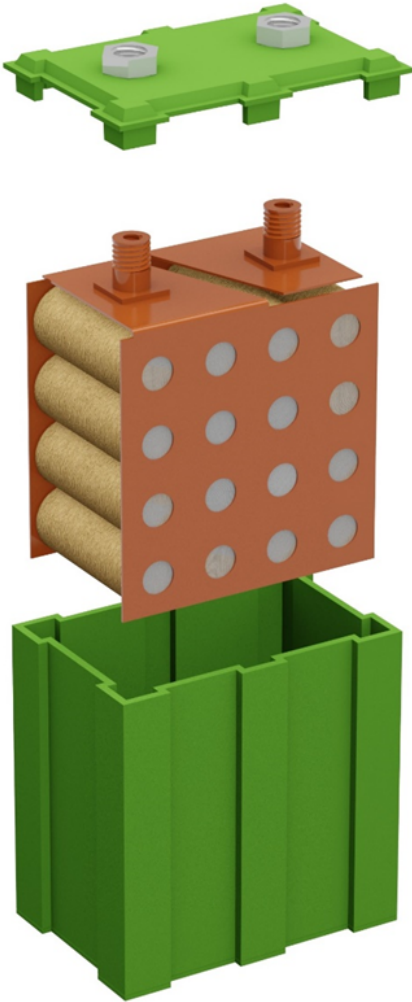
12V LITHIUM-ION BATTERY DEVELOPMENT



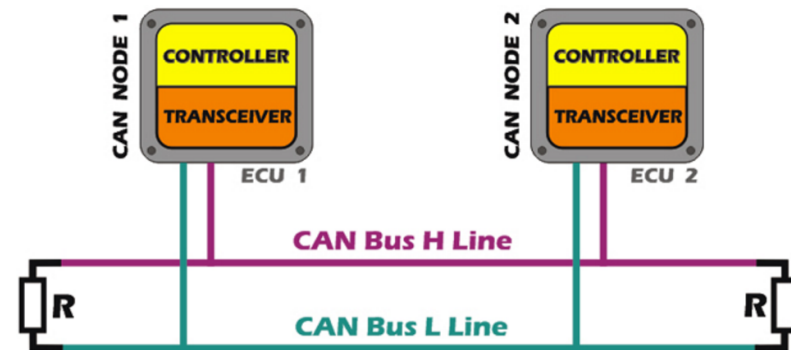
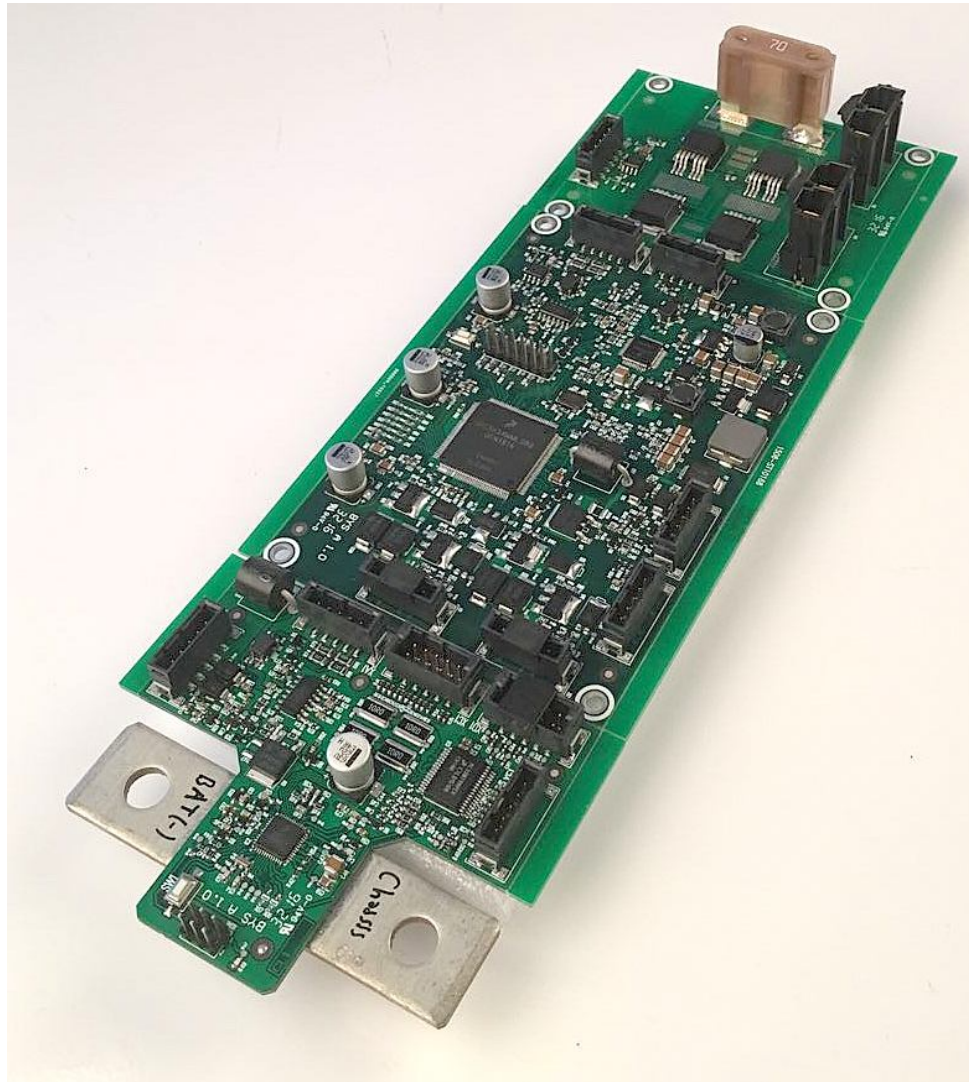
Lithium-ion Cell: 3.2V LiFePO₄ 2.6Ah



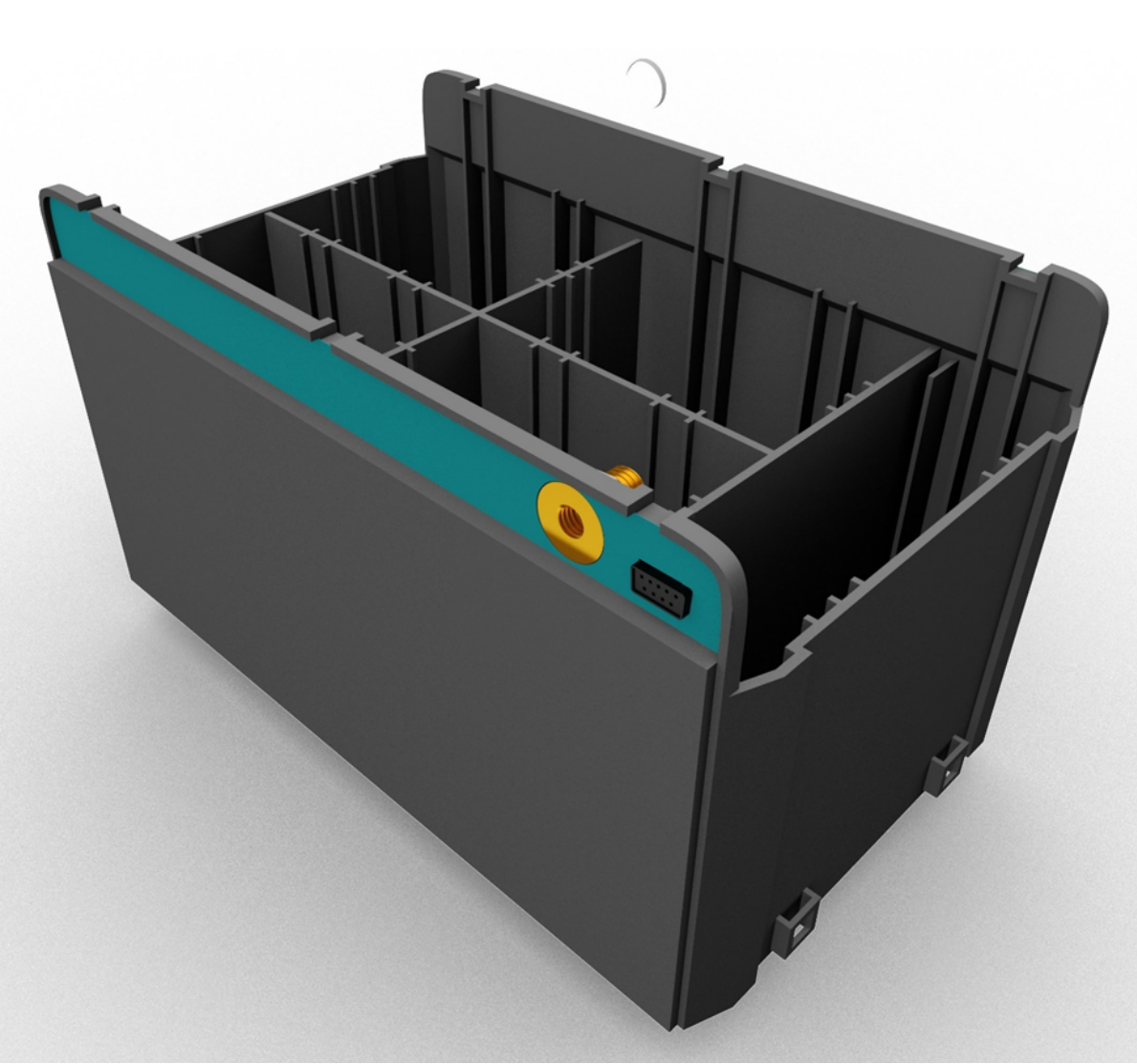
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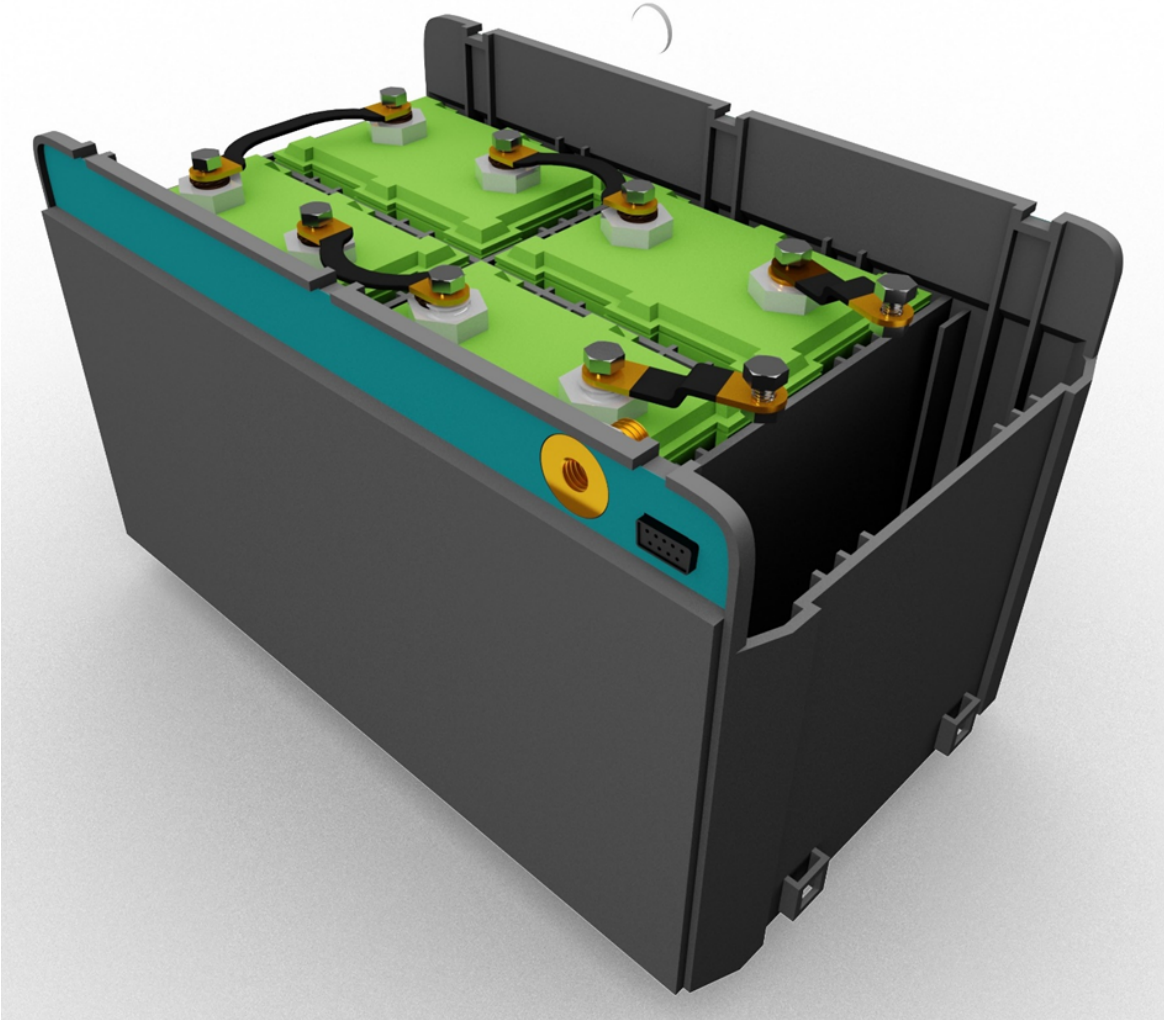
12V LITHIUM-ION BATTERY MANAGEMENT SYSTEM



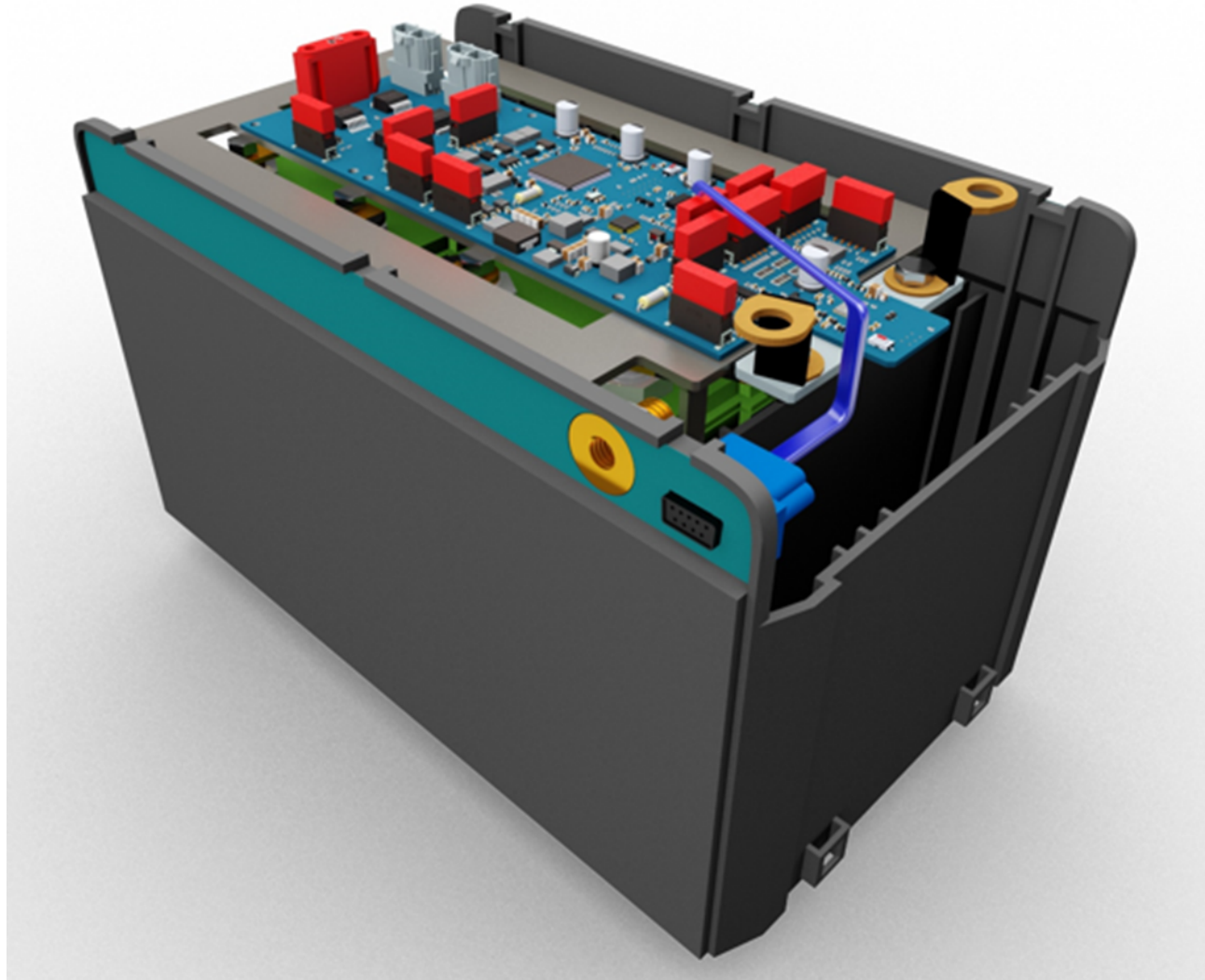
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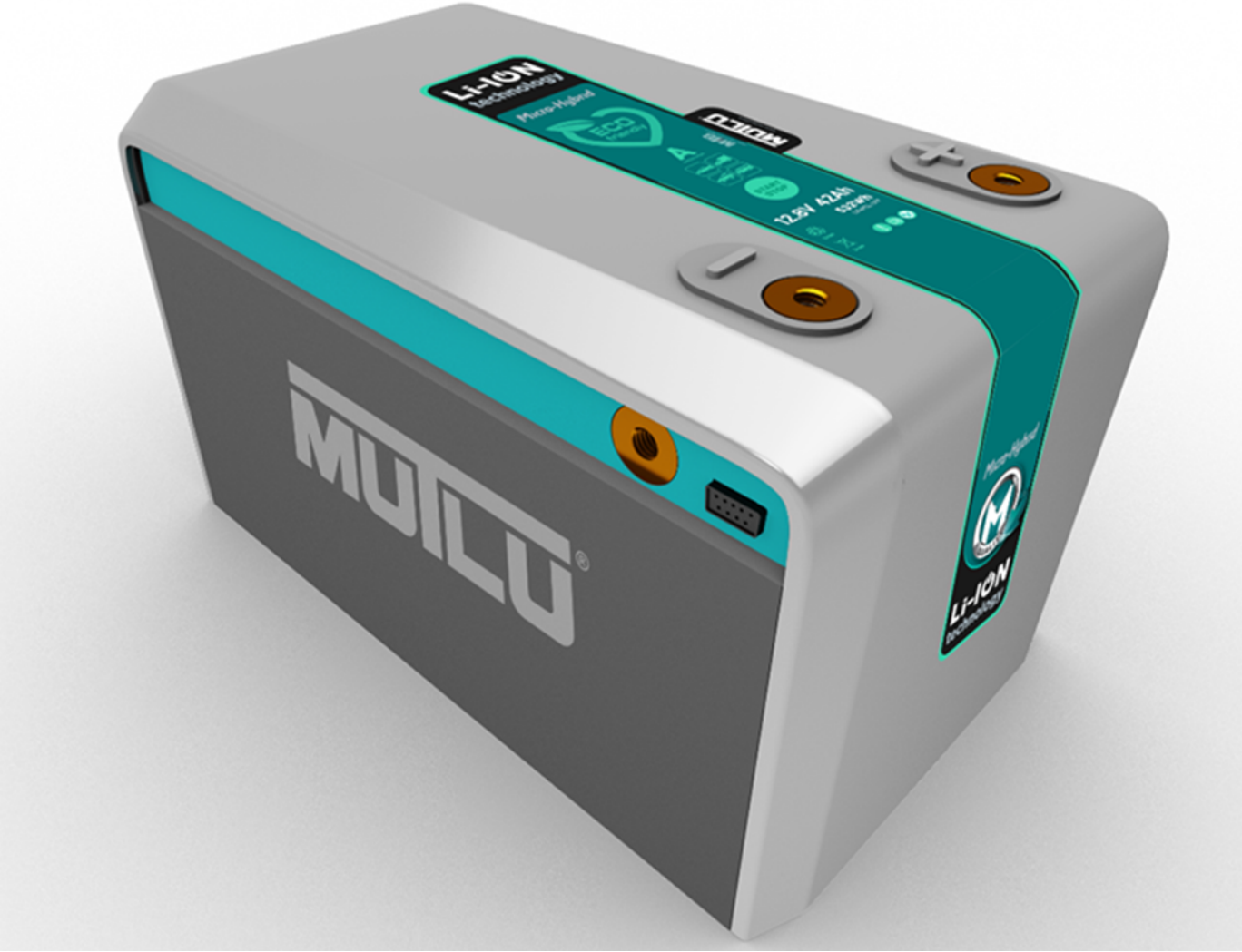
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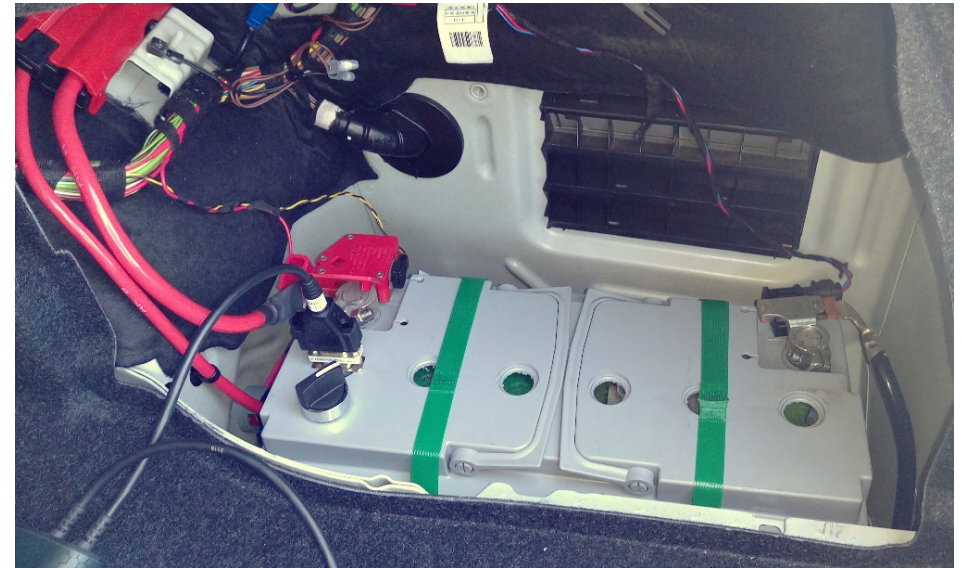
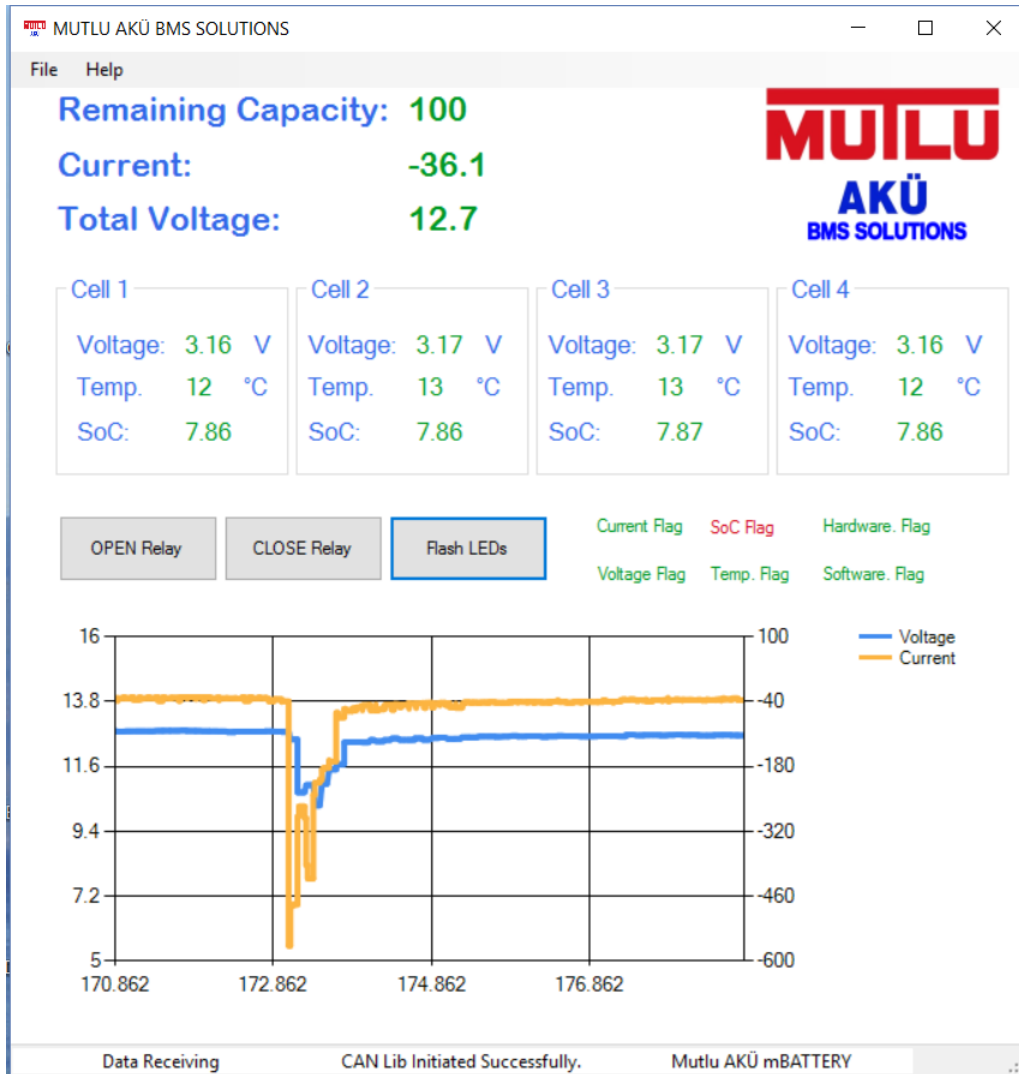
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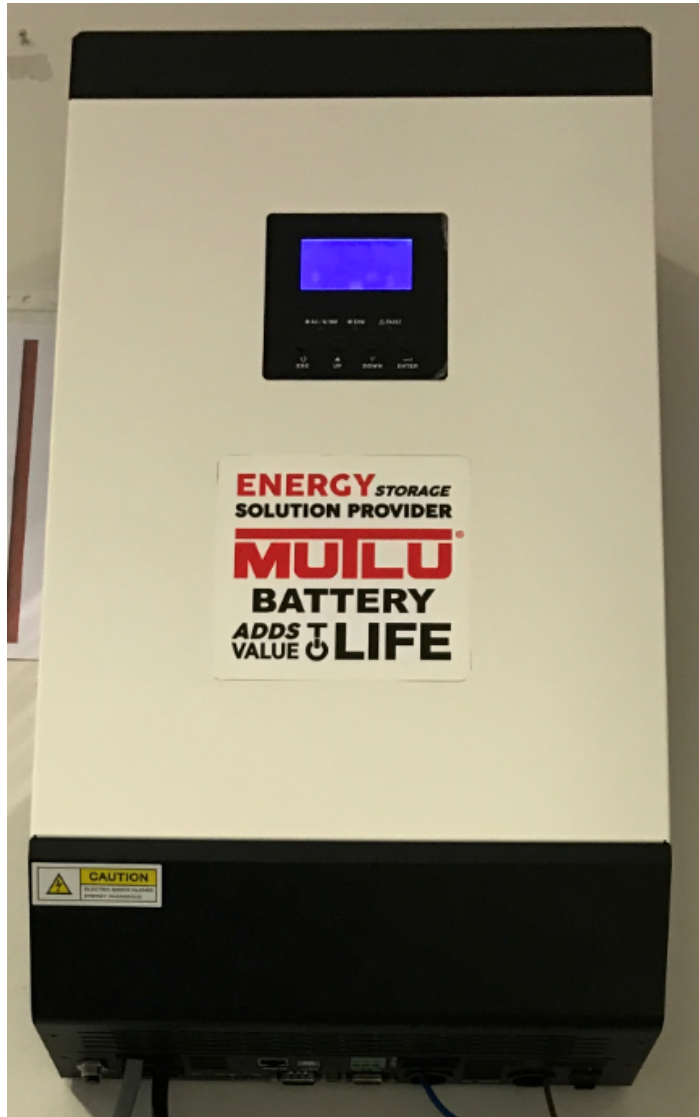
12V LITHIUM-ION BATTERY DEVELOPMENT



48V LITHIUM-ION BATTERY DEVELOPMENT



48V LITHIUM-ION BATTERY DEVELOPMENT



48V LITHIUM-ION BATTERY DEVELOPMENT



FINANCIAL OVERVIEW



FINANCIAL HIGHLIGHTS



ITEM	FY15 R'million	FY16 R'million	Mvt.
Revenue	7 732	8 954	16%
EBITDA	1 092	1 034	(5%)
Operating profit	790	731	(7%)
Operating profit margin	10.2%	8.2%	(2ppt)
Profit after tax / <i>effective tax rate</i>	555 / 26%	468 / 23%	(16%)



ITEM	FY15 R'million	FY16 R'million	Mvt.
ROA	10.9%	9.8%	(1.1%)
ROE	11.7%	10.0%	(1.7%)
ROIC	10.5%	9.2%	(1.3%)

- 16% Revenue growth due to:
 - Strong automotive volume performance from Mutlu Akü (up 17%) and Rombat (up 5%); and
 - Lower volumes were offset by technology advancements, an overall weaker ZAR currency increasing the cost of imported components and material (especially Yen), as well as product and customer expansion in the auto components vertical
- EBITDA, operating profit down due to model change, competition in SA energy storage market. Margins also impacted by higher commodity and overall weaker ZAR currency increasing material content in costs of goods

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- Profit after tax declined 16%, but effective tax rate improved:
 - Higher contribution from Mutlu and Rombat at 20% and 16% corporate tax rates respectively
 - Mutlu qualified for an investment tax credit of R22m for developing new technology products in Turkey
- Group ROIC of 9.2% (2015: 10.5%) reflects the impact of renewal in Automotive Components where major capital was invested in 2015 followed by a model launch year in 2016, as well as growth and acquisition capital invested in the Energy Storage business over the past 2 - 3 years

FINANCIAL HIGHLIGHTS

Shareholder Performance

ITEM	FY15 R'million	FY16 R'million	Mvt.
Attributable profit	527	448	(15%)
Earnings per share	267	227	(15%)
Weighted avg. number of shares ('000)	197 216	198 699	0%
Headline earnings per share	248	229	(8%)
Net Debt	(1 398)	(1 281)	(8%)
Dividend per share declared (gross of WHT)	70 cps	70 cps	-

Comments

- Decline in attributable profit compounded by non-headline profits earned in 2015. The major items were profit on sale of an associate and bargain purchase gain on the purchase of Dynamic Batteries
- HEPS declined by c. 8% despite year of model change but with significant competition in South African aftermarket
- Net debt improved due to better cash generation and management, in particular working capital. Cash generated from operations >R1bn
- Dividend of 70cps declared i.r.o. 2016 results

INCOME STATEMENT

Operating Profit

ITEMS	FY15 R'million	FY16 R'million
Revenue	7 732	8 954
Gross Profit	1 548	1 601
Other Operating Income	188	111
Distribution, Administrative & Other Expenses	947	981
Operating Profit	790	731

Profit for the period

ITEMS	FY15 R'million	FY16 R'million
Net interest expense	103	155
Share of results of associates	58	30
Profit before taxation	745	606
Taxation	190	138
Profit for the period	555	468
Effective tax rate	25.5%	22.8

Other items to note

- Gross profit % decline of c. 2.1ppt largely due to increased input costs, launch support costs and lower margins in South African aftermarket
- Other operating income in 2015 included one-off R28m bargain purchase of Dynamic, profit on sale of associate R10m and R28m insurance proceeds
- Total operating expenses contained to 3.6% increase, well below inflation

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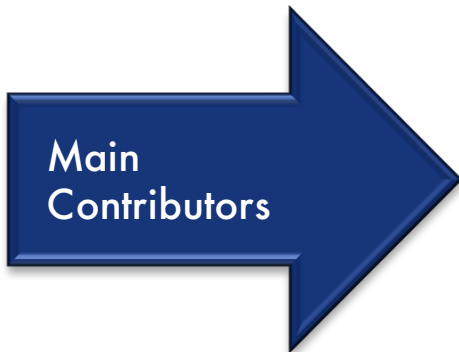
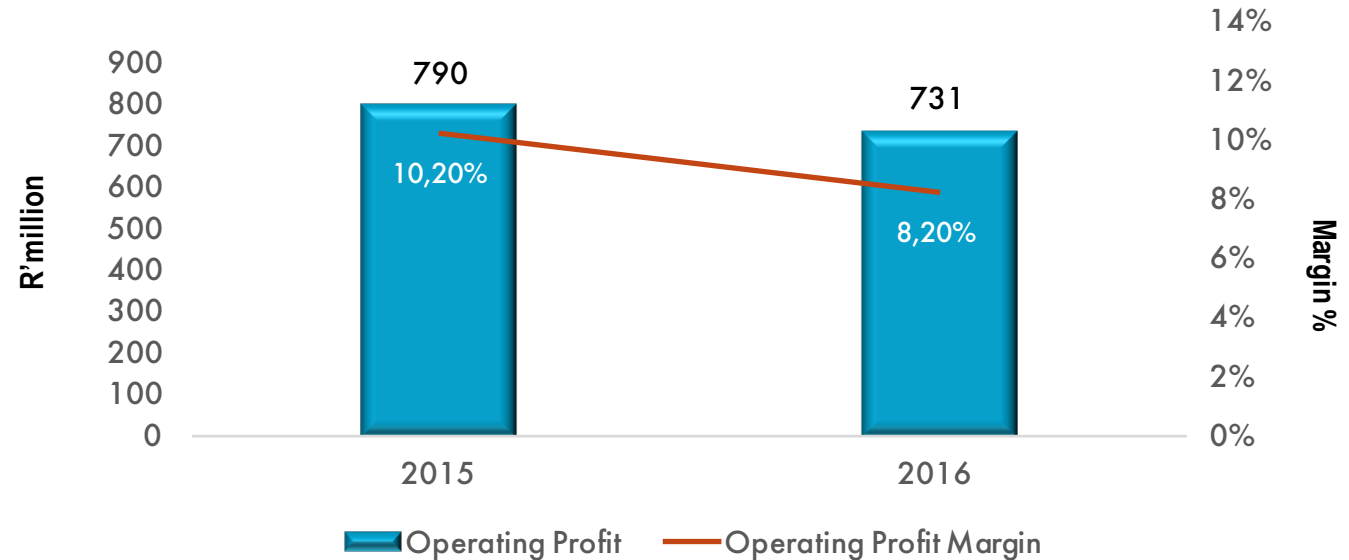
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Other items to note

- Net interest increased by c. R52m, with higher market lending rates in SA and Turkey, additional interest on overdraft to support lower cash generation in automotive components during model launch in the first 6 - 9 months of FY16, as well as c. R122m raised for the acquisition of ABM Kenya
- Share of results of associates reflect the difficult year for Hesto who recorded a full year loss of R14m, but also include ABM's R11m profit for the six months

OPERATING PROFIT



Operating profit decreased 7.4% to R731 million and group operating margin declined to 8.2% (2015: 10.2%) as a result of:

- Automotive Components PBIT contracted by c. R80m, and PBIT margins declined by c. 3.5ppt.
 - Increased costs and inefficiency during new model launch, as highlighted during interim where Auto Components vertical achieved 1.2% operating profit margin, but ended the year at 6% margin.
- Energy Storage PBIT improved R12m, with margins contracting 2ppt due to increased competitive landscape in SA which offset good margin expansion in Turkey and Romania

BALANCE SHEET – ASSETS

Non-current Assets

ITEMS	Dec 2015 R'million	Dec 2016 R'million
Non-Current assets	4 926	4 251
Property, plant and equipment	3 327	2 857
Intangible assets	1 357	1 001
Other non-current assets	242	392

Current Assets

ITEMS	Dec 2015 R'million	Dec 2016 R'million
Current assets	4 115	3 780
Inventory	1 735	1 609
Trade and other receivables	1 575	1 395
Cash and cash equivalents	769	744
Other current assets	36	32
Total assets	9 041	8 031

Comparison to prior periods

- Non-current assets include R373m of capex investment made, but year-end Turkish Lira weakness has resulted in lower reported asset values
- Total FCTR loss (reduction in NCA) of R920m (2015: R367m gain)
- Reducing reported working capital, intangible assets, PPE etc.
- Year-end: ZAR/TRY: 3.90 (2015: 5.31) – ZAR 27% stronger
- Year-end: ZAR/LEI: 3.19 (2015: 3.73) – ZAR 14% stronger

BALANCE SHEET – EQUITY & LIABILITIES

Equity & Non-Current Liabilities

Current Liabilities

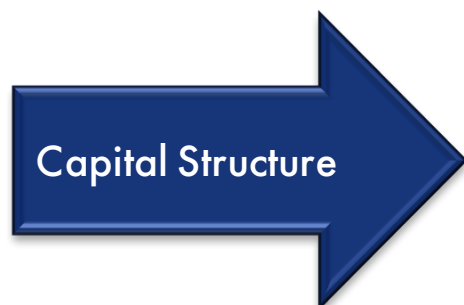
Comparison to prior periods

ITEMS	Dec 2015 R'million	Dec 2016 R'million
Total equity	4 975	4 180
Non-current liabilities	2 579	1 608
Borrowings	1 836	987
Post employment benefits	114	89
Deferred taxation	401	336
Deferred grant income	172	148
Provisions for liabilities and charges	56	48

ITEMS	Dec 2015 R'million	Dec 2016 R'million
Current liabilities	1 487	2 243
Trade and other payables	1 006	1 065
Borrowings	129	911
Provisions for liabilities and charges	113	108
Bank overdrafts	202	127
Other current liabilities	37	32
Total liabilities	4 066	3 851

- Equity impacted by ZAR fx movement, FCTR decreased by R1 127m
- Borrowings reduced due to limited capital spend, increased cash generation in H2 2016 and repayments of USD debt at Mutlu
- Current borrowings increased with the reclassification of R840m pref share from non-current

CAPITAL & DEBT STRUCTURE



ITEM	2013	2014	2015	2016
Debt*:equity	33%	41%	40%	46%
Net debt** :equity	22%	30%	29%	31%



ITEM	2013	2014	2015	2016
Net debt**	795.3	1 267.4	1 398.3	1 280.6
Net debt** :EBITDA	1.09	1.09	1.28	1.24



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

* Interest bearing borrowings

** Includes overdrafts and cash equivalents

ITEM (R'million)	Dec 2015	Dec 2016
Inventory	1 735	1 609
Trade & other receivables	1 575	1 395
Trade & other payables	(1 006)	(1 065)
Total	2 304	1 939

DAYS	Dec 2015	Dec 2016
Inventory	82	65
Trade & other receivables	74	57
Trade & other payables	(47)	(43)
Total	109	79

All days calculations based on turnover

Comments

Currency movements contributed to the improvement in days. However, excluding the TRY currency impact from 2015 to 2016, net working capital days still improved by c. 22 days to 87 days:





- Specific focus at Mutlu and Rombat improving aging profile, cash recovery and inventory management
- Extended OEM production in December contributing to lower inventory levels in AC
- Improved lead purchasing at FNB and Mutlu driving better timing of lead buying and terms with suppliers

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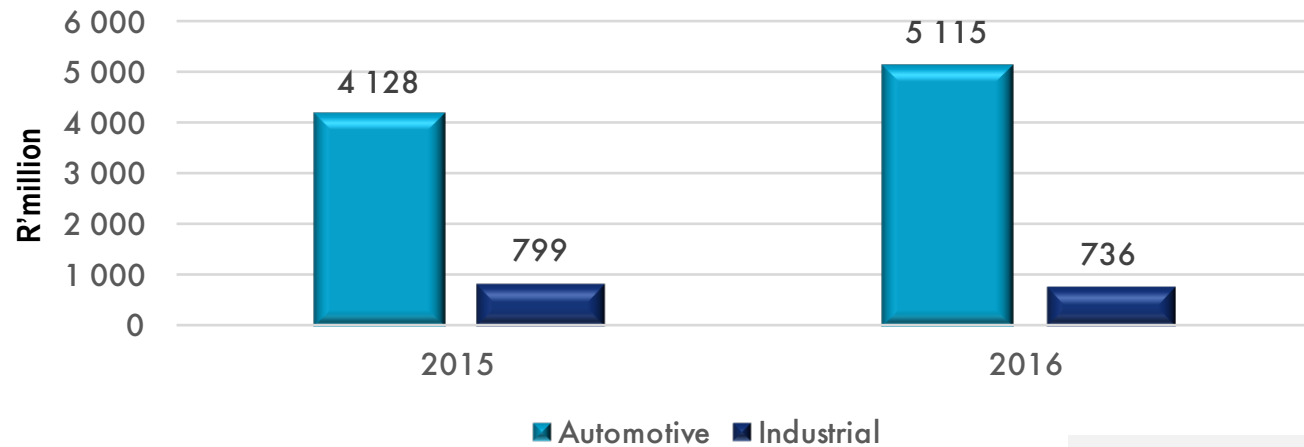
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- Cost saving, efficiency and price increases offset input cost increases
- But SA competitive environment and factory move had major impact on FNB, losing c. 7-8% margin overall

ROIC: 14.1% (up 0.1ppt from PY) • Turkey attempted coup resulted in a major devaluation of the TL
 PBIT margin: 9.5% (↓ 1.6ppt from PY) • Minimum long term ROIC target of 15.5%

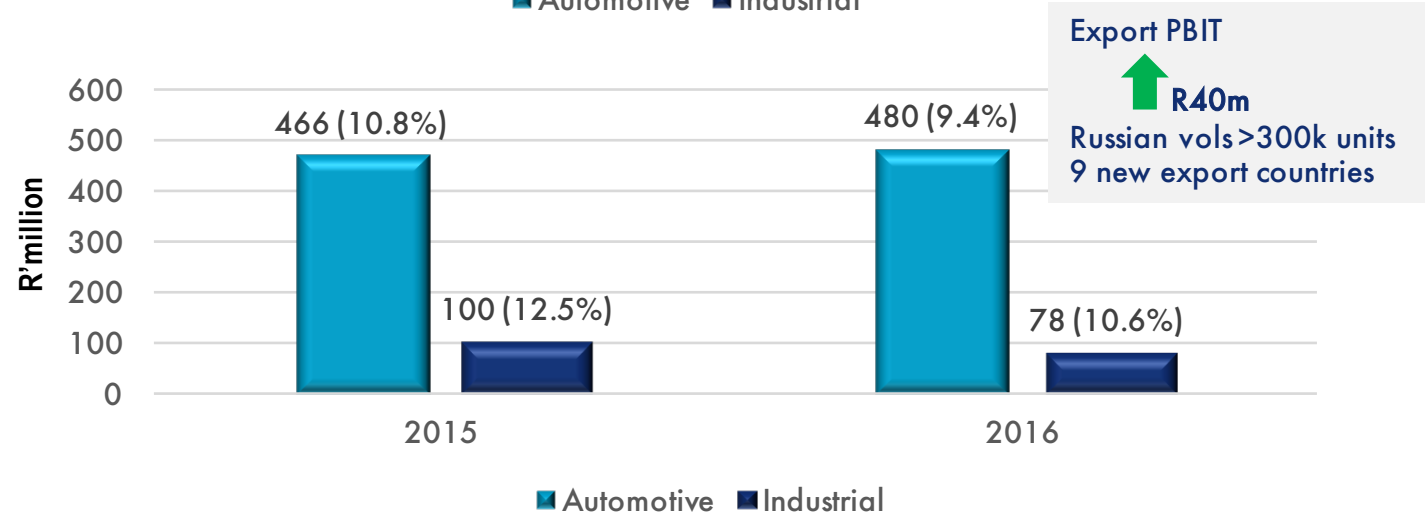
OVERALL SEGMENTAL REVIEW

ENERGY STORAGE VERTICAL

Energy Storage Revenue



Energy Storage PBIT









AUTOMOTIVE COMPONENTS at a glance

Revenue

 14%

R4.1 Bn
41% Contribution

Vehicles in units	FY15 Actual	FY16 Actual	Var (units)
MBSA	105 473	116 783	11 310 
FMCSA	73 735	86 496	12 761 
VWSA	121 583	120 799	(784) 
TSAM	133 497	122 115	(11 382) 
OTHER	151 266	125 750	(25 516) 
TOTAL	585 554	571 943	(13 611) 

Market production
↓ 2.3% (13.6k units)

Metair significant customer volumes ↓ 8.5%

OPERATING PROFIT

 28%

R247 Million
31% Contribution

- Metair major customer launched new vehicle, volumes down 8.5%
- Initial launch phase of new model inefficient and at low volumes
- Followed by catch-up production above capacity. Metair supported customer with premium costs such as overtime, week-end shifts
- Model mix changes to higher content export vehicles put Hesto into capacity difficulty, requiring airfreighting of wire harnesses to support
- Second half of 2016 much more stable, despite volume fluctuations

ROIC: 16.2% (↓ 12.2ppt from PY)
 PBIT margin: 6% (↓ 3.5ppt from PY)
 • PBIT margins improved to 6% full year, from 1.2% at interim

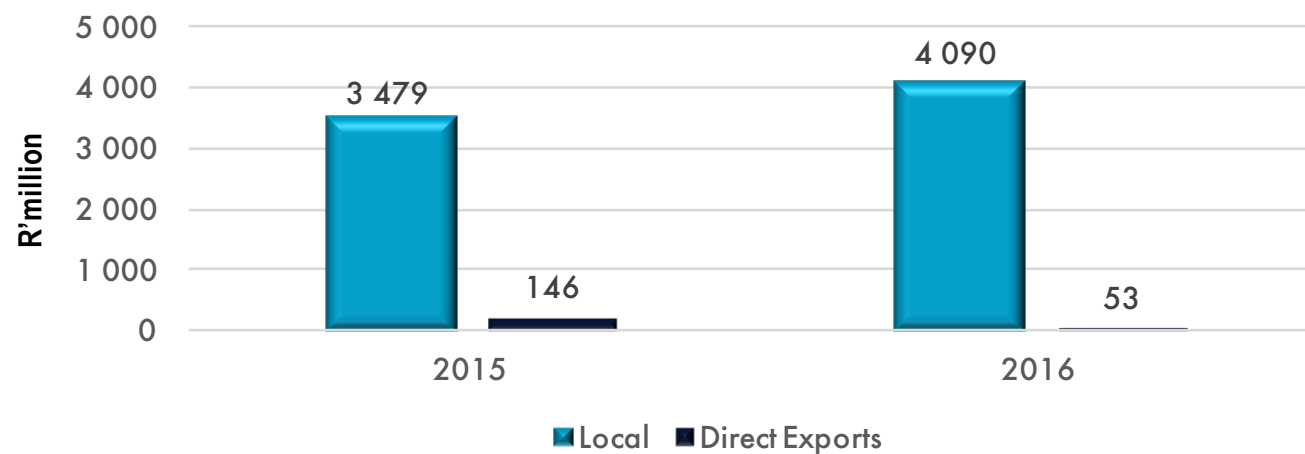
• Adjusted minimum long term ROIC return target of 23.6%



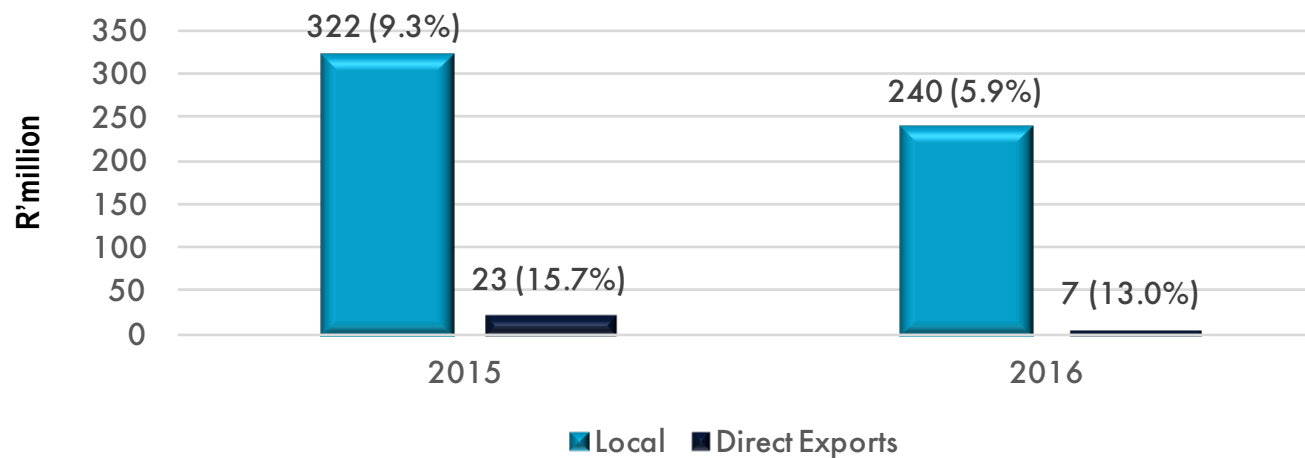
OVERALL SEGMENTAL REVIEW

AUTOMOTIVE COMPONENTS VERTICAL (INCL. MANAGED ASSOCIATE)

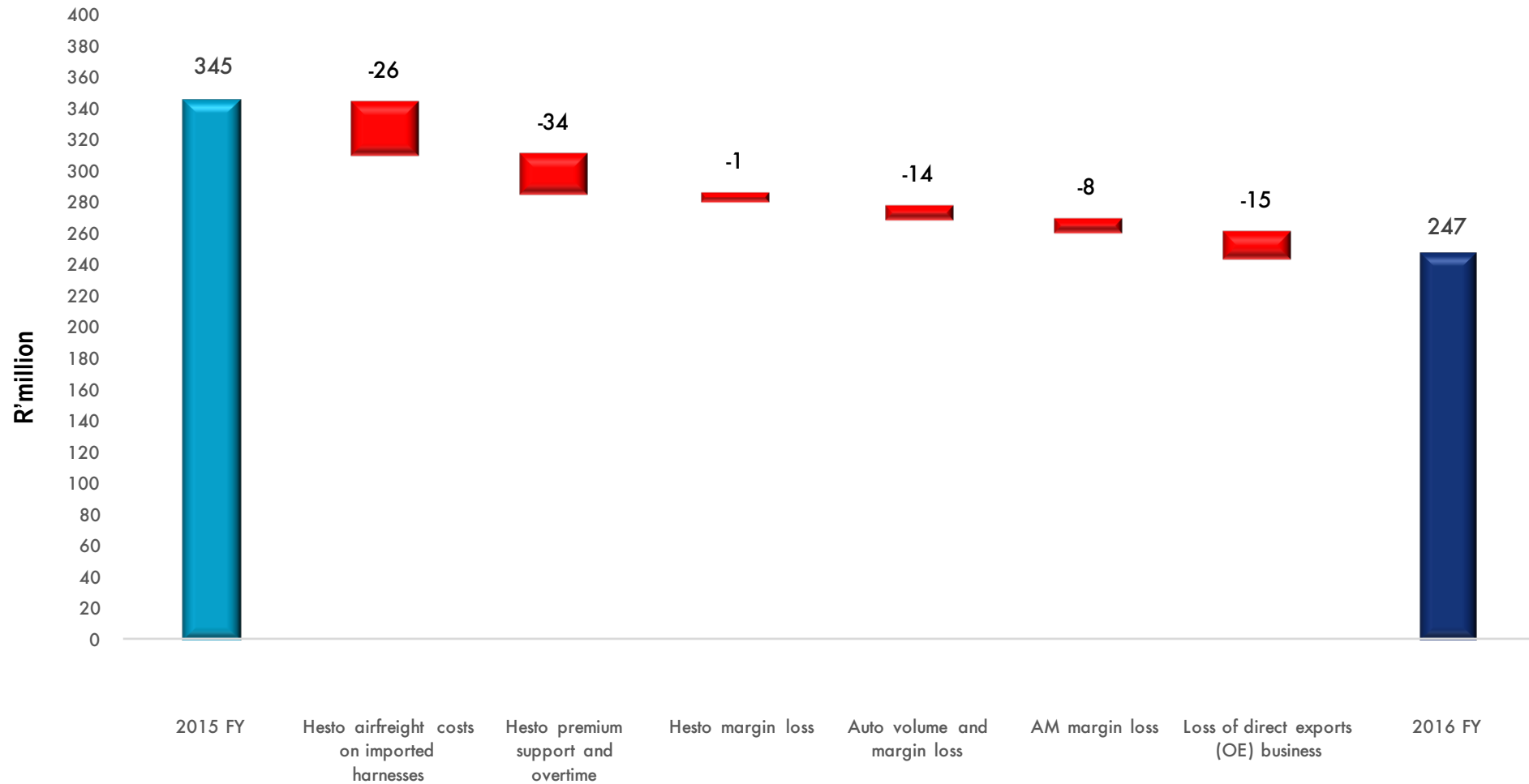
Automotive
Components
Revenue



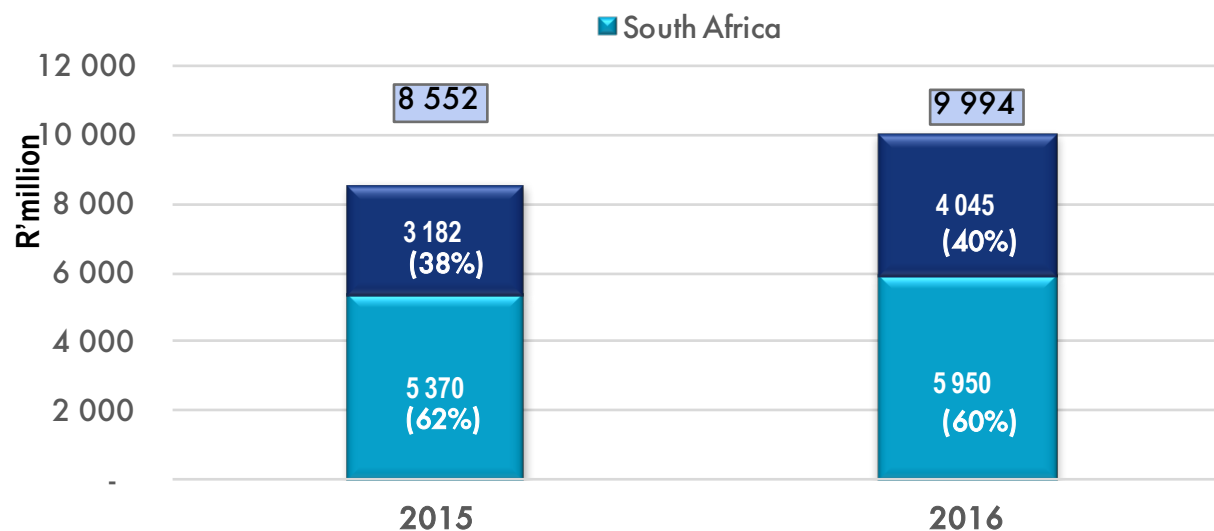
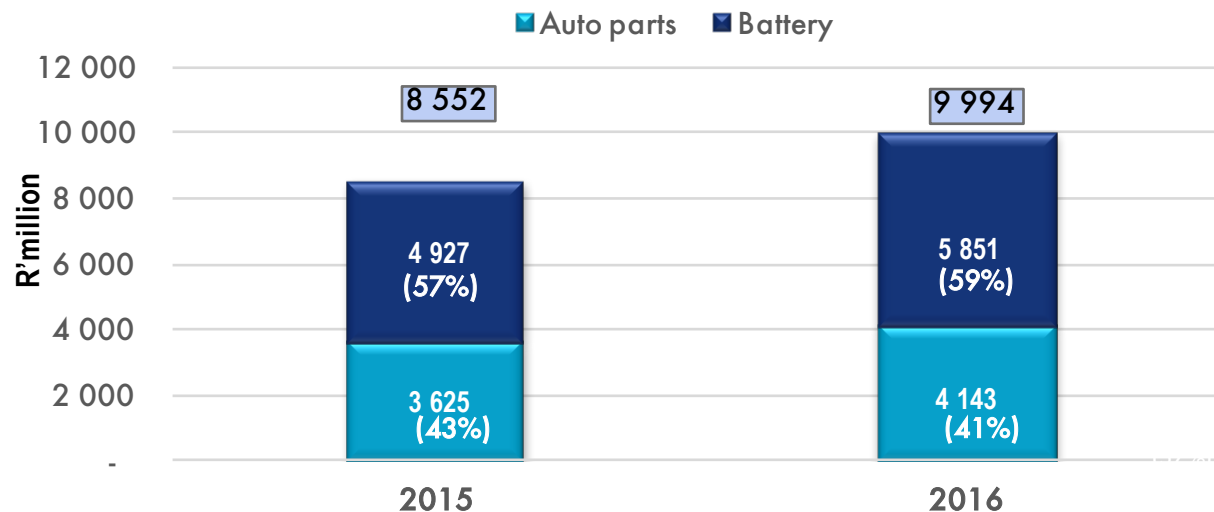
Automotive
Components PBIT



AUTOMOTIVE COMPONENTS LOCAL PBIT OVERVIEW (SELECTED INFORMATION)



OVERALL ANALYSIS – ADDITIONAL INFORMATION (INCL. MANAGED ASSOCIATE)



OPERATIONAL OVERVIEW



COMBINED BATTERY VOLUMES (FNB, MUTLU & ROMBAT)

Original Equipment Market

Automotive Units	Actual Dec 2015	Actual Dec 2016	Variance
Original Equipment			
- Local	1 728 707	1 890 133	9%
- Export	145 260	179 472	24%
Total OE	1 873 967	2 069 605	10%

Aftermarket

Automotive Units	Actual Dec 2015	Actual Dec 2016	Variance
Aftermarket			
- Local	2 977 864	3 134 599	5%
- Export	2 352 853	2 626 763	12%
Total AM Volume	5 330 717	5 761 362	8%

Industrial

Industrial Volumes	Actual Dec 2015	Actual Dec 2016	Variance
- Local	389 571	345 516	(11%)
- Export	21 642	33 346	54%
Total Industrial Volumes	411 213	378 862	(8%)

Comments

- Significant vehicle production in Turkey contributed largely to the increase in OEM unit sales
- FNB was disrupted by the OE factory move/construction
- Excellent performances from Mutlu and Rombat AFM contributed to a net volume increase in AFM
- Return of Russia exports and new business from 9 new countries increased AFM exports at Mutlu
- SA intense AFM conditions has contributed to an overall flat performance from FNB
- Product and technology redesign in the Turkish Telecoms sector contributed to a drop in industrial volumes at Mutlu

VEHICLE PRODUCTION PER OEM IN SOUTH AFRICA (NAAMSA)

OEM	2010	2011	2012	2013	2014	2015	2016
BMW	49 243	52 908	44 229	66 087	71 004	72 165	63 473
MBSA	53 646	50 939	61 439	47 189	45 584	105 473	116 783
FMCSA	34 822	28 716	51 006	56 923	76 179	73 735	86 496
GM	27 234	32 530	38 199	40 019	41 491	41 209	31 157
NISSAN	40 184	43 743	54 657	46 443	43 268	36 179	28 844
VW SA	120 577	137 872	110 864	107 567	113 678	121 583	120 799
TOYOTA	123 197	153 052	149 252	151 392	142 739	133 497	122 115
Adjustments	264	720	968	-	1 133	1 713	2 276
TOTAL	449 167	500 480	510 614	515 620	535 076	585 554	571 943

Market production



2.3% (13.6k units)

VEHICLE PRODUCTION PER OEM IN TURKEY

OEM	2010	2011	2012	2013	2014	2015	2016
OYAK RENAULT	307 083	330 994	310 602	331 694	318 246	339 240	339 950
FORD	242 070	295 850	272 097	281 287	244 682	334 622	333 765
TOFAŞ	312 245	307 788	256 428	244 614	222 807	278 254	383 495
HYUNDAI	77 000	90 231	86 976	102 020	203 157	226 500	230 010
TOYOTA	83 286	91 639	76 925	102 260	131 504	115 893	151 236
TURK TRAKTOR	28 277	40 617	39 542	38 411	45 823	47 536	46 031
MERCEDES BENZ TURK	14 480	21 362	20 002	22 395	22 205	23 941	14 109
HONDA	20 305	12 341	21 850	14 813	11 633	12 667	15 162
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
OTOKAR	2 236	3 062	2 851	4 840	3 266	4 613	2 364
TEMSA	3 367	4 060	2 354	2 918	2 500	2 922	2 613
HATTAT TARIM	2 148	4 889	2 713	2 098	2 580	3 702	4 715
KARSAN	24 719	22 146	15 448	12 486	1 714	7 239	5 648
MAN	1 132	1 610	1 134	1 300	1 051	1 743	1 826
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

VEHICLE PRODUCTION PER OEM IN ROMANIA

OEM	2010	2011	2012	2013	2014	2015	2016
Renault Dacia	327 609	327 394	284 392	342 856	338 593	339 198	320 457
Ford	9 558	7 547	30 591	68 339	52 829	47 967	38 748
TOTAL	337 167	334 941	314 983	411 195	391 422	387 165	359 205

2016 CAPITAL EXPENDITURE COMMITMENTS REDUCE AFTER LARGE INVESTMENTS IN PRIOR YEARS



Sector R'000	Maintenance	Expansion Efficiency	Health, safety & environmental	Total
Automotive components	27 474	64 965	6 148	98 587
Energy storage	46 744	39 451	2 556	88 751
Total	74 218	104 416	8 704	187 338



Sector R'000	Maintenance	Expansion Efficiency	Health, safety & environmental	Total
Automotive components	49 025	44 505	2 168	95 698
Energy storage	34 762	236 497	5 989	277 248
Total	83 787	281 002	8 157	372 946

PROSPECTS



GENERAL PROSPECTS STATEMENT

Considering the shift in the automotive component business to a lower production ceiling in 2017, together with significantly increased complexity and variability, we will focus on strengthening our adaptability and flexibility to meet our customers' requirements without compromising the company's financial sustainability. We expect that 2017 will present a more stable operating environment for FNB

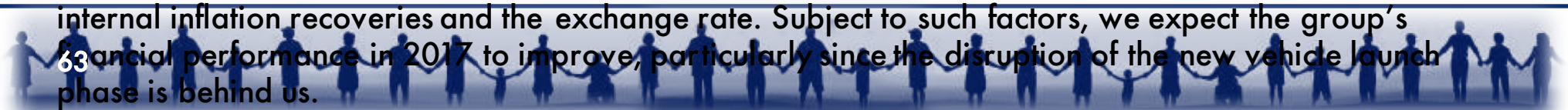
in South Africa with a special marketing effort to overcome competition in the energy storage business, together with a settled new production facility, to ensure that FNB improves its performance.

It is unfortunate that the socio-political climate in Turkey led to an attempted coup with continued geopolitical instability, related risk and Turkish Lira volatility. The positive effect of the devaluation is an increase in our product offering competitiveness in the local and export market. The negative effect will only fully crystallise during 2017 if the Turkish Lira settles at a lower level, reducing Mutlu Aku's contribution to group earnings when this is converted into South African Rands. Although all the

industrial reasons for investing in Mutlu Aku remain very sound, it will be difficult to completely guard against the effects of a serious currency crisis in Turkey.

Metair's performance in the year ahead is dependent upon, inter alia, the successful execution of our strategy, OE volumes, geopolitical conditions, a peaceful labour environment, efficiency improvements,

internal inflation recoveries and the exchange rate. Subject to such factors, we expect the group's financial performance in 2017 to improve, particularly since the disruption of the new vehicle launch phase is behind us.



PROSPECTS

ENERGY STORAGE VERTICAL

Local Automotive

- Turkish geo-political stability
- Successful sale of spare battery capacity
- Expansion of green release to multiple international OEM's
- Continued expansion of local vehicle production
- Continued aftermarket share growth
- Stable labour environment
- Stable health and safety environment
- Zero environmental impact incidents
- Zero quality incidents
- Successfully developing and launching new technology products like lithium

Export Automotive

- European and export demand in winter periods
- Russian market demand
- Geo-political instability in the Middle East and Russia
- Market share growth in new and existing export markets
- Delivery on OE export contracts

Industrial

- Continued demand in mining sector
- Approval of improved product range in Turkey
- Continued demand for stand-by product range



PROSPECTS

AUTOMOTIVE COMPONENTS VERTICAL

Local Automotive

- Market demand locally and internationally in export destinations
- Efficiency and cost saving during phases of variable production and demand
- Operational improvement of wiring harness business
- Stable labour environment
- Stable socio political environment with no disruptions to service delivery
- Exchange rate stability and/or recovery
- Zero quality incidents and related recall campaigns

Indirect Export Automotive

- Stable labour environment
- Ability to react to export market demand
- Expansion on African exports
- Stable socio political environment with no delivery disruptions to target markets
- Rand weakness product expansion opportunity

General

- Positive outcome of the APDP review in South Africa
- Improvement in new model launch skill and efficiency
- Record number of vehicles exported to maintain position
- Metair remains exposed to over weight position with dominant customer
- After-market expansion



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DISCLAIMER

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