

OPERATIONAL UPDATE AND TRADING STATEMENT

The Company's executive directors will be attending an investor conference on 19 November 2021 and in anticipation of this, the following operational update provides guidance to the Company's operational performance for the first four months of the 2022 financial year to 31 October 2021 ('period').

OPERATIONAL UPDATE

The Company's overall performance over the period has been pleasing. The divisional performances have been mixed, primarily due to the challenges presented by the social unrest in July 2021, global supply chain disruptions and increases in certain raw material prices.

PG Bison (Integrated Timber) performed well throughout the period with strong demand for its full range of products, which enabled all production facilities to operate at full capacity. The division was successful in implementing a price increase and has a full order book through 31 December 2021. The eMkhondo (Piet Retief) particleboard plant expansion is progressing well and will be commissioned in February 2022. The expansion will add an additional 18% particleboard production capacity.

Restonic (Integrated Bedding) has experienced softer retail demand during the period following the social unrest that occurred in KZN and Gauteng in July 2021. These events severely disrupted retail supply chains which further hampered sales. The division experienced abnormal increases in key raw material prices, which have negatively impacted margins, since the increases could not be passed onto customers timeously. The division has a healthy order book up to 31 December 2021 and is well prepared to take advantage of the upcoming Black Friday and Christmas trading peaks.

Feltex (Automotive Components) experienced significant volume-related volatility and generally reduced volumes during the period, due to the impact of the global shortage of semiconductor chips and the social unrest, both of which have affected the entire automotive industry. The division also encountered technical challenges with the start-up of its component production for the new Mercedes C-Class, which resulted in additional costs being incurred. These challenges have since been largely resolved.

Safripol (Polymers) performed well for the period with strong demand for all three polymers and healthy margins. The disruption in global supply chains continued to support local production and sales. All three plants operated at full available capacity.

	PET		HDPE		PP	
	Period FY21	Period FY20	Period FY21	Period FY20	Period FY21	Period FY20
Sales volumes (tonnes)	73 378	60 698	47 812	60 864	41 926	39 684
Production volumes (tonnes)	64 467	43 075	47 244	55 775	41 632	42 280
Average R/USD exchange	14.68	16.79	14.68	16.79	14.68	16.79

PET – Polyethylene terephthalate | HDPE – High density polyethylene | PP – Polypropylene
Period refers to four months from 1 July to 31 October.

PET market share was gained during the period, which supported increased sales volumes. PET margins remained at healthy levels. HDPE production volumes were unfortunately

impacted by a temporary constraint in a key raw material supply. HDPE sales demand remained strong and margins improved following the renegotiation of key terms of raw material supply. PP sales demand remained strong and margins continued to show healthy improvement.

	Raw material margin variance Period FY22 vs Period FY21 [#]	Raw material margin variance Period FY22 vs 2H21 [*]
PET	9%	(7%)
HDPE	25%	29%
PP	45%	24%

[#] - Four months ended 31 October 2021 compared to the four months ended 31 October 2020.

^{*} - Four months ended 31 October 2021 compared to the six months ended 30 June 2021.

Unitrans (Contractual Logistics)

The South African division has performed well in most sectors, except for general freight and cement, where operations remain subdued. The division's continued focus on operational efficiencies and asset utilisation during the period has supported margins and facilitated continued contract renewals and new contract wins. The Rest-of-Africa division encountered challenging trading conditions with lower sugar volumes, leading to an early close of their agriculture season, and ongoing political unrest in Eswatini. Road-freight operations started to show improvement post the relaxation of the state of emergency in Botswana. Mining operations continued to perform well. The Passenger Transport division produced a disappointing performance for the period due to rate and capacity disputes on two major contracts. The remaining operations remained stable.

Balance Sheet

The Company's balance sheet remains healthy. Debt serviceability ratios remain well within financial covenants and the Company successfully refinanced maturing debt at improved margins.

TRADING STATEMENT

In terms of the JSE Limited Listings Requirements, a listed company is required to publish a trading statement once it is satisfied that a reasonable degree of certainty exists that financial results for the next period to be reported on will differ by at least 20% from the financial results for the previous corresponding period.

Even though there are two months remaining to report on before half-year end at 31 December 2021 ('1H22'), a reasonable degree of certainty exists that the Company's earnings will increase by more than 20% compared to the previous corresponding period.

Headline earnings per share ('HEPS') is expected to increase by a minimum of 4.1 cents to at least 24.7 cents (1H21: 20.6 cents) and Earnings per share ('EPS') is expected to increase by a minimum of 4.4 cents to at least 26.5 cents (1H21: 22.1 cents).

A further trading statement will be issued in terms of the JSE Listings Requirements when a reasonable degree of certainty exists as to the likely range of the expected increase in EPS and HEPS compared to the previous corresponding period.

Shareholders are advised that the information in this announcement has not been audited, reviewed or otherwise reported on by the Company's external auditors.

By order of the Board
KAP Secretarial Services Proprietary Limited

Stellenbosch
19 November 2021

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