

EQOSTRA

HOLDINGS LIMITED



Group Financial Review

Investor Day
29 November 2011

Targets over the next 5 years

- Profit on Turnover: 8% (PBT)
- Achieve and maintain Return on Equity (ROE): > 20%
- Maintain Capital Adequacy: > 24%
- Maintain EBITDA interest cover: > 4.0
- Achieve and maintain a level 2 B-BBEE rating

A ROBUST BALANCE SHEET

ACHIEVEMENTS

- **Revenue-producing assets increased** by 14,4% and most end of term assets were disposed of at a profit.
- **Quality trade and other receivables** with a low provision for bad debts.
- **Inventories decreased** further from R1,130 million to R986 million and net working capital to revenue improved from 14,1% to 4,9%.

CHALLENGES

- To maintain **double-digit growth** in leasing assets.
- **Trade and other receivables increased** by 14,2%, ahead of revenue growth of 9,3%, due to equipment deliveries prior to year-end.

FUTURE ACTION PLANS

- The **integrity of all balance sheet** values will remain a key focus area.
- Continued **stringent working capital management** to achieve a net zero investment in working capital.

FOCUS ON LIQUIDITY

ACHIEVEMENTS

- The **concentration of debt maturing** in April 2013 was reduced from R2 842 million to R878 million through a comprehensive long-term debt funding package.
- **Standard & Poor's upgraded** the group's credit rating from zaBBB to zaA- .

CHALLENGES

- Although the group succeeded in achieving competitive funding rates, our **funding remains skewed towards bank debt** (71% of long-term interest-bearing liabilities).

FUTURE ACTION PLANS

- The group is focusing on maintaining an **improved credit rating**. This will allow it to enter the bond market and reduce funding costs and bank debt dependency.
- Focused on achieving a long-term **credit rating of "A"**.

A BUSINESS MODEL WHICH DRIVES STAKEHOLDER VALUE AND RETURN ON SHAREHOLDERS' EQUITY (ROE)

ACHIEVEMENTS

- There has been an **improvement in ROE** since the low of -6,2% recorded in the first half of 2010.
- The group's **operating margin increased** from 10,3% to 11,9%.

CHALLENGES

- In the last three years the group did not meet its **ROE target of 20%** due to the impact of the 2008 global financial crisis particularly in Contract Mining and Plant Rental and Construction and Mining Equipment Distributorships.
- Return on total assets increased from 7,4% to 8,5%, but fell short of the **group's target of 10%**.
- Improve **Contract Mining and Plant Rental operating margin**.

FUTURE ACTION PLANS

- Construction and Mining Equipment Distributorships will be implementing a combination of a **distribution and value-added model**.
- The group is **targeting growth in leasing assets** to drive increased annuity income, particularly in Passenger and Commercial Vehicles and Industrial Equipment where leasing asset growth has been constrained in recent years.
- Restructuring Contract Mining and Plant Rental with a more rigorous focus on **equipment utilisation and availability**.

Residual value setting at contract inception

- Factors to be used for setting residual values includes the following elements:
 - Overall economic forecast (used market)
 - Actual market value or fair market value for all equipment
 - Future market value for all equipment
 - Own remarketing results
- The basis for the residual value forecast must be a combination of external and internal data whereby internal data must at least consider the current remarketing performance

Accounting

- The group depreciates its assets over their estimated useful lives taking into account residual values which are reassessed on an annual basis
- Residual value assessment considers issues such as:
 - Future market conditions
 - The remaining life of the asset
 - Projected disposal value

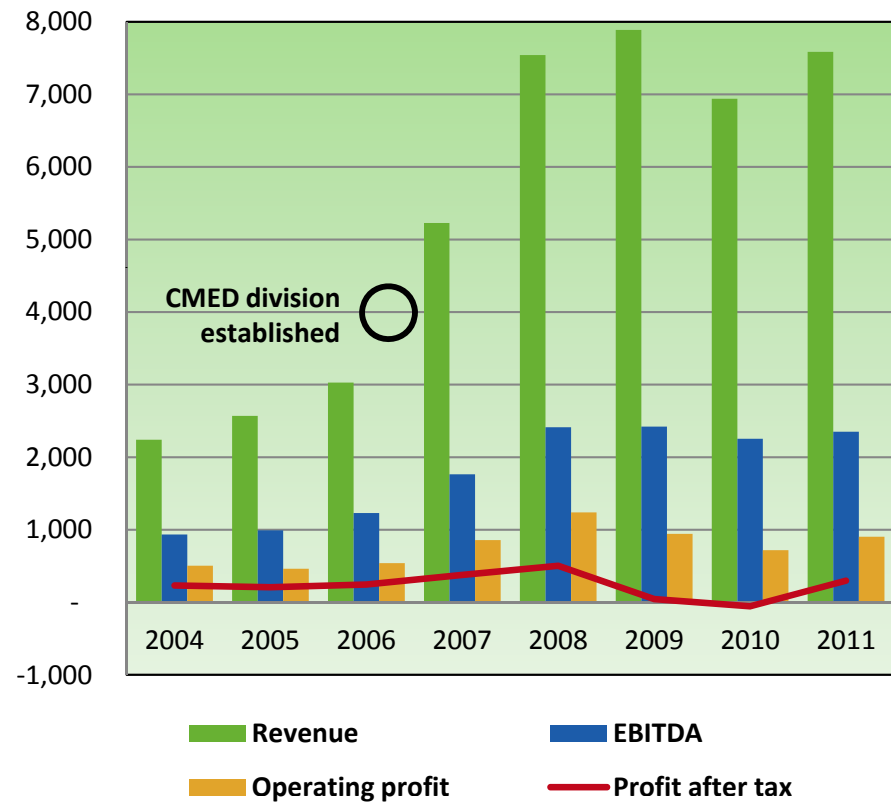
Group financial performance

	June 2004*	June 2005*	June 2006*	June 2007*	June 2008*	June 2009	June 2010	June 2011
Revenue	2 240	2 569	3 028	5 228	7 542	7 889	6 939	7 586
EBITDA	935	991	1 231	1 763	2 378	2 422	2 253	2 350
Operating profit	504	462	540	858	1 238	943	718	903
Net finance costs	156	165	210	305	512	795	634	448
Profit before taxation	346	295	338	556	692	93	80	388
Profit after taxation	231	208	246	377	504	45	-55	299
EBITDA margin	42%	39%	41%	34%	32%	31%	32%	31%
Operating margin	23%	18%	18%	16%	16%	12%	10%	12%
Net working capital to revenue	6%	4%	1%	3%	11%	17%	14%	5%
EBITDA to net finance costs	6.0	6.0	5.9	5.8	4.7	3.0	3.6	5.2

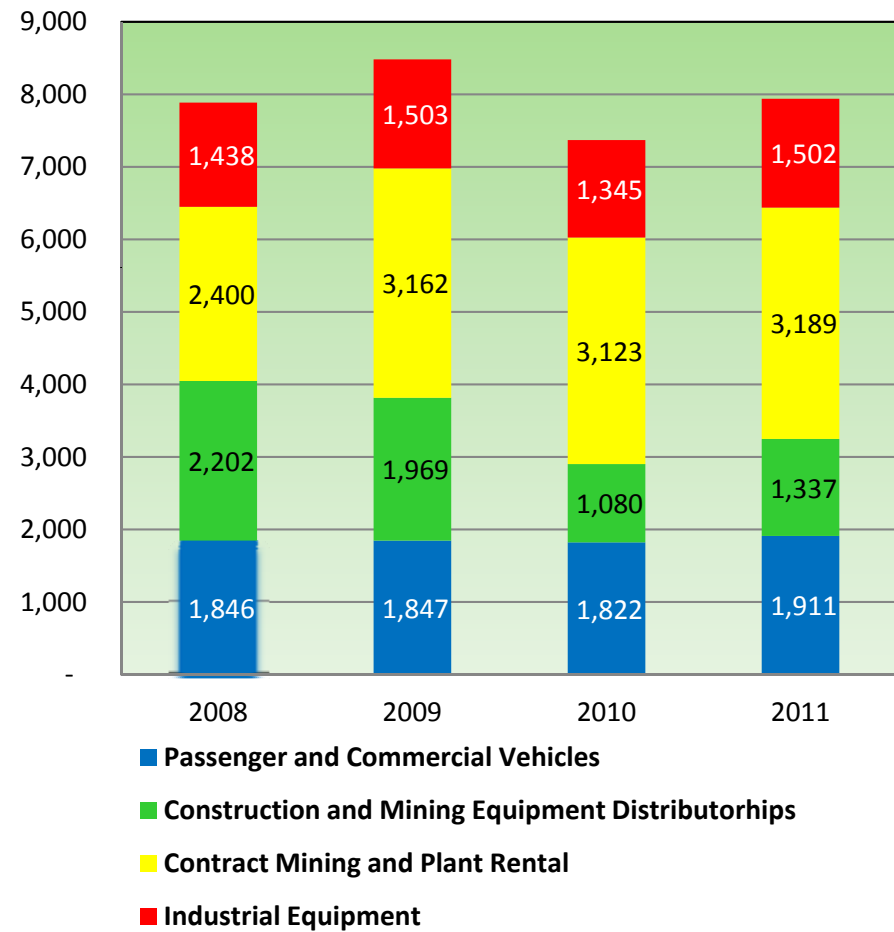
* Pro-forma pre-listing results

Revenue growth per segment

Revenue to profits

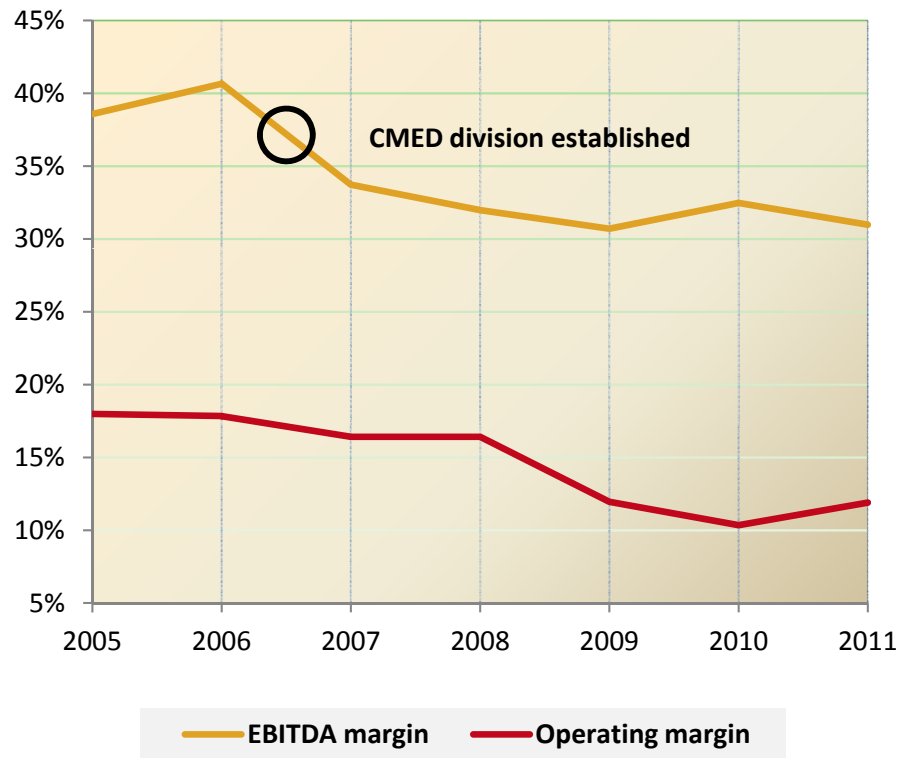


Revenue by segment

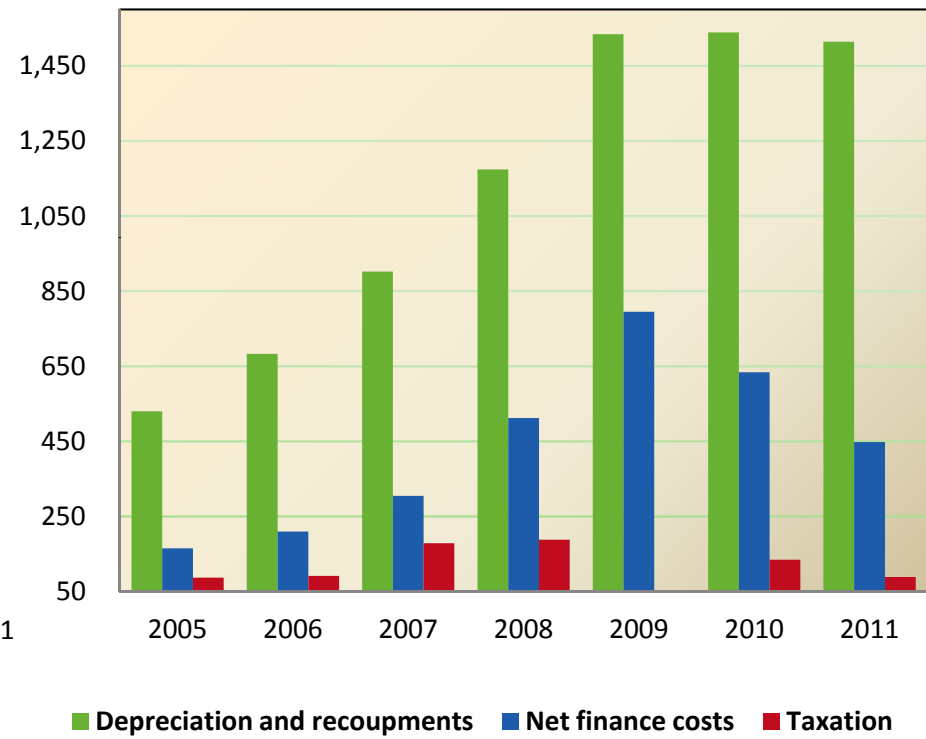


Revenue growth per segment

Operating margin



Operating expenses



Group cash flow statements

	June 2005*	June 2006*	June 2007*	June 2008*	June 2009	June 2010	June 2011
From operations before working capital changes	726	954	1 396	1 773	1 662	1 523	1 892
Working capital changes	70	117	-65	-645	-312	681	822
From operating activities	796	1 071	1 331	1 128	1 350	2 204	2 714
From investing activities	-1 149	-1 437	-2 060	-2 904	-2 465	-1 444	-2 875
From financing activities	326	400	887	1 735	1 047	-543	89
Movement in cash and cash equivalents	-27	34	158	-41	-68	217	-72
Net Interest bearing borrowings	2 414	3 010	3 970	5 626	6 679	5 249	5 380
Funds from operations before working capital to net borrowings	30%	32%	35%	32%	25%	29%	35%

* Pro-forma pre-listing results

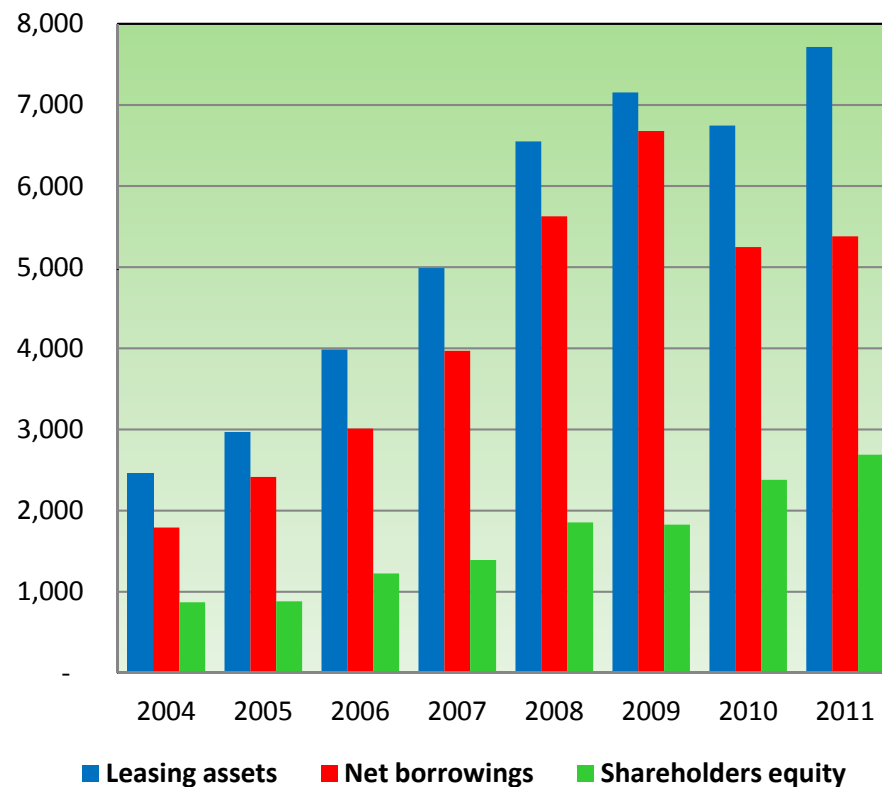
Group financial position

	June 2004*	June 2005*	June 2006*	June 2007*	June 2008	June 2009	June 2010	June 2011
Leasing assets	2 468	2 970	3 986	4 990	6 550	7 138	6 746	7 715
Trade and other receivables	341	339	631	946	1 126	785	949	1 075
Inventory	292	310	293	938	1 690	1 612	1 130	986
Other assets	181	345	555	650	596	647	570	674
Cash on hand	5	14	38	169	128	51	267	191
Total assets	3 287	3 978	5 503	7 693	10 090	10 233	9 662	10 641
Capital and reserves	869	881	1 225	1 390	1 855	1 826	2 380	2 688
Interest bearing borrowings	1 797	2 428	3 048	4 139	5 754	6 730	5 516	5 571
Trade and other payables	501	540	905	1 714	1 986	1 031	1 106	1 690
Other liabilities	120	129	325	450	495	646	660	692
Total equity and liabilities	3 287	3 978	5 503	7 693	10 090	10 233	9 662	10 641
Capital adequacy	26%	22%	22%	18%	18%	18%	25%	25%
Leasing asset turn	91%	86%	76%	105%	115%	111%	103%	98%
Net working capital to revenue	6%	4%	1%	3%	11%	17%	14%	5%
Return on equity (ROE)	27%	24%	23%	29%	31%	2%	-3%	12%
Return on invested capital	13%	11%	11%	12%	14%	8%	5%	8%

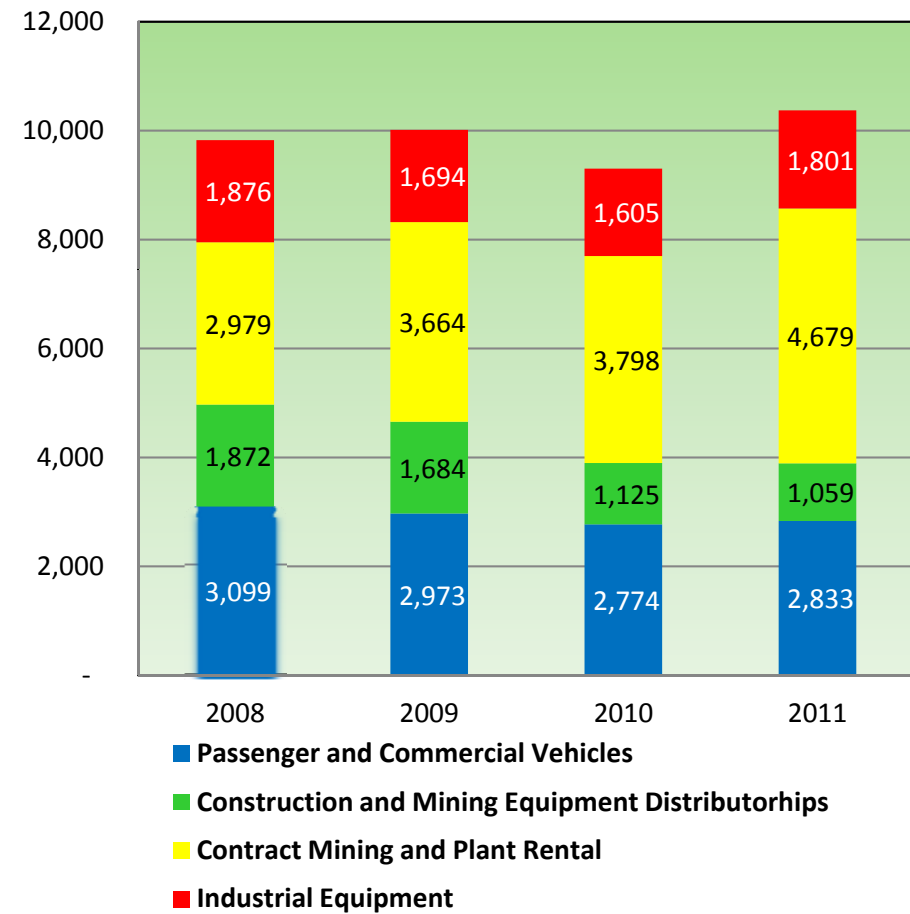
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Assets and net borrowings

Leasing assets vs net borrowings

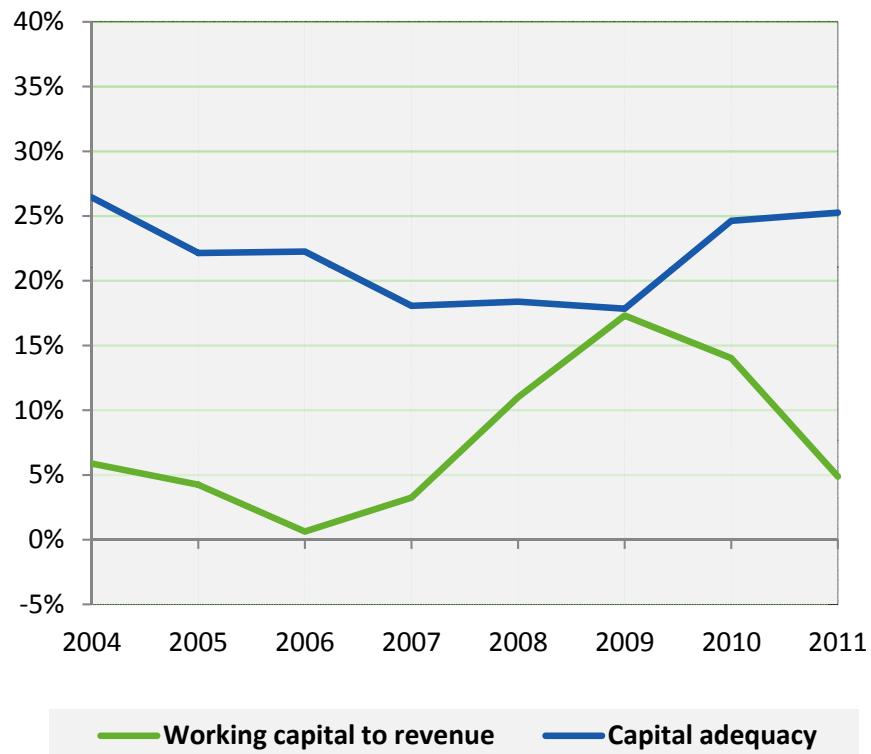


Operating assets by segment

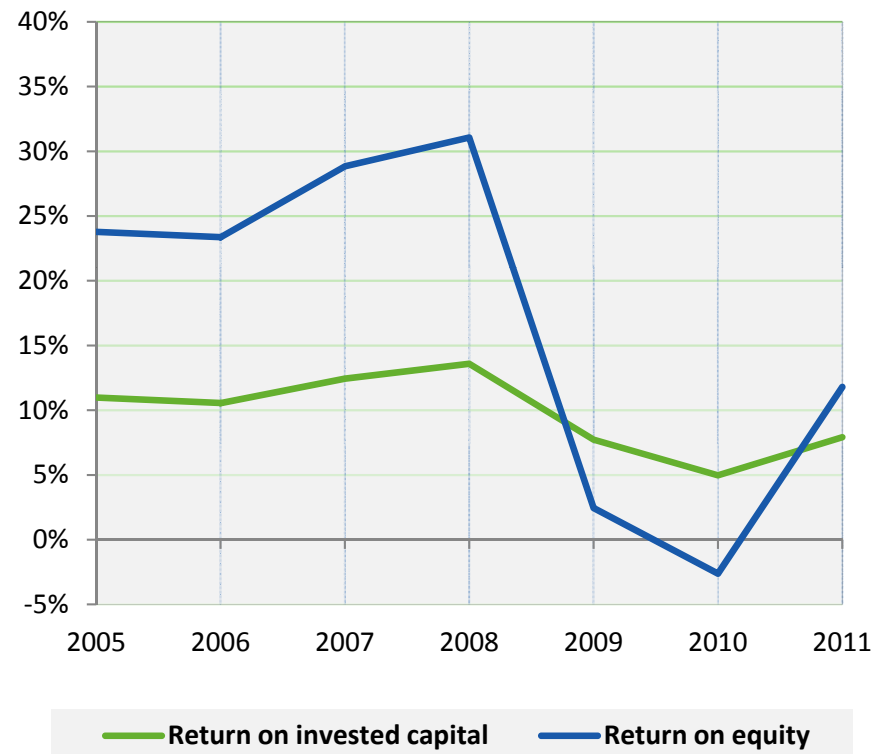


Key financial ratios

Key financial ratios



Shareholders return



“A” deferred share buy-back

Earnings per share	Reported	Effects	Adjusted
	June 2011	(*)	June 2011
Profit attributable to owners of the parent	300	-6	294
Reconciling items	27		27
Headline earnings	327		321
Shares at beginning of year	413,2		413,2
Reconciling items	6,2		6,2
Weighted average number of ordinary shares	419,4		419,4
Dilutionary effect of deferred ordinary shares	16,8	-16,8	-
Diluted weighted average number of ordinary shares	436,2		419,4
Basic earnings per share	71,5	-1.4	70,1
Headline earnings per share	77,9	-1.4	76,5
Diluted earnings per share	68,8	1.3	70,1
Headline diluted earnings per share	74,9	1.6	76,5

* Acquired 15,8 million “A” deferred ordinary shares at a 40% discount.

Group at a glance

Ratios		June	June	June	June	June	June	June
		2005	2006	2007	2008	2009	2010	2011
Interest cover	times	6.0	5.9	5.8	4.7	3.0	3.6	5.2
Capital adequacy	%	22%	22%	18%	18%	18%	25%	25%
Return on equity (ROE)	%	24%	23%	29%	31%	2%	-3%	12%
Return on invested capital	%	11%	11%	12%	14%	8%	5%	8%
Working capital to revenue	%	4%	1%	3%	11%	17%	14%	5%
Standard & Poors (*)	Rating	n/a	n/a	n/a	A	A	BBB	BBB+

* On 3 October 2011 rating was upgraded to A-

Dividend policy

The annual dividend payout ratio will be consistently managed between 30% and 35% of attributable headline earnings.

QUESTIONS?