



Mvelaphanda Group Limited

Strategy

Prospects

Results for the six months
ended 31 December 2004

The team present today

Tokyo Sexwale	Executive Chairman
Mikki Xayiya	Executive Deputy Chairman
Stephen Levenberg	Chief Executive
Yolanda Cuba	Deputy Chief Executive
Mark Willcox	Chief Investment Officer
Brett Till	Chief Financial Officer

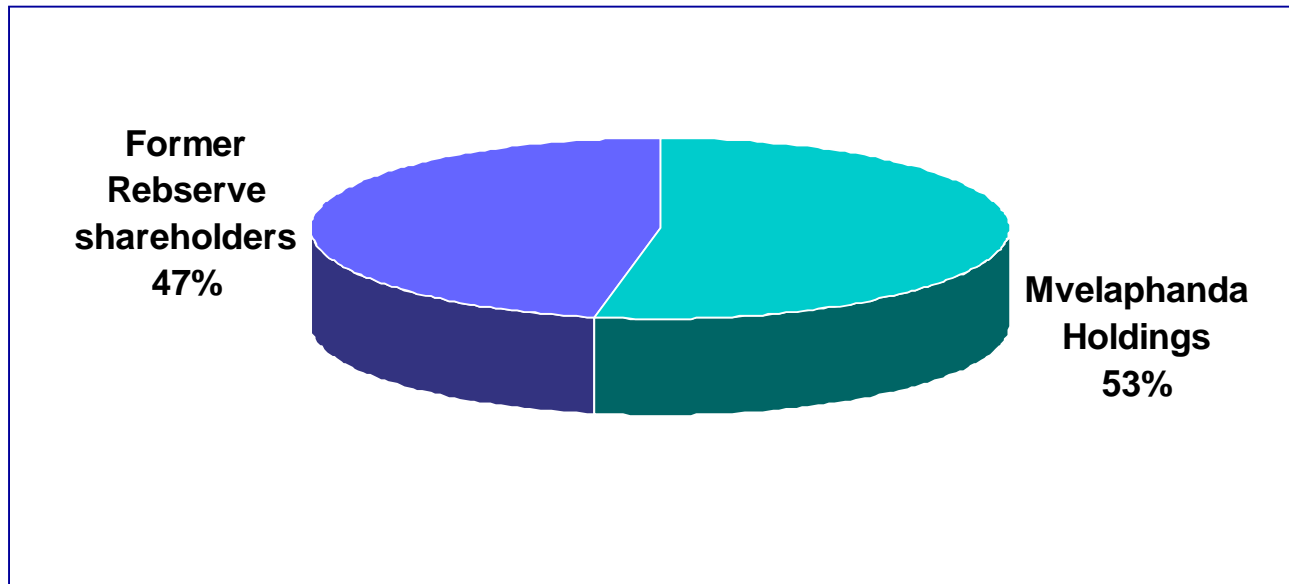
Background and status quo

- Merger implemented 13 Dec 2004. Created Mvelaphanda Group Limited
- Effective 160c per share distributed in Dec 2004
- Mvelaphanda Group in operation for just over one “business month”
- Asset base of over R3bn (Nedcor valuation)
- Senior executives have given *minimum* commitment that this is their sole vehicle (certain agreed exclusions) until 4/2007. Mvela Holdings now a passive (black owned) holding company
- A new player on the SA corporate stage now ready to implement strategy ...

The status of BEE in South Africa

- A legal requirement and practical necessity
- Only 20% of the way through the process
 - A 3-5 year window period
- True value transfer now taking place
- What about the perception of the concentration of deals among a few “individuals”?
- Plethora of smaller players with no mechanism to realise cash in the medium term
- Leveraged long term and option deals

Mvelaphanda as a broad-based player



- Black shareholding currently 53% (Mvela Holdings)
- Will increase with introduction of further broad-based HDSA shareholders
- Still do deals as part of bigger and broader consortia
 - Often play role of facilitator eg. ABSA

What makes Mvelaphanda unique?

- South Africa's pre-eminent broad-based, black-controlled, owned and managed group. BEE shareholding starts at 53%
- Positioned to become largest black diversified holding company
- Strong deal-flow
- Access to capital on preferential terms (eg. IDC funding of Afrox Health)
 - **WE DO NOT INTEND TO DO A MATERIAL SHARE PLACING AT A DISCOUNT TO OUR STACK-UP VALUE**
 - *"Firepower without dilution"*
- Broad-based
- Credibility
- Critical mass means:
 - Best talent can be attracted
 - Mvelaphanda can participate with cash
 - Synergies can be achieved

How will Mvelaphanda create value?

- KEY: Leveraging cash and credentials up a number of times into meaningful equity stakes
- Role of consolidator of BEE stakes
 - Many sellers, one or two buyers
- Big company deals
- Smaller company strategic stakes
- Debt pay-down in ringfenced deals
- Increasing value of existing assets
- Increasing stakes in existing assets
 - From other BEE partners
 - Leveraging up to control

A potential timeline – our expectation

1- 3 months



- First “consolidator” transactions concluded (eg. ABSA, Mvelaphanda Resources)

1 - 6 months



- R500m to R700m capital raising concluded. Unlikely to include equity placing
- Additional BEE shareholders introduced
- Secure at least one further facilities management contract (R25m to R50m p.a. operating profit)

1 - 12 months



- Expect to conclude two further big cap company deals (R250m to R400m added value)
- Significant further “consolidator” deals concluded



What could Mvelaphanda look like in 3-5 years?

	R'm value (net of debt)
5-50% stakes in three ALSI40 companies (new)	3,000
> 50% stake in Mvelaphanda Resources / resources assets	2,000
10% stake in ABSA	2,500
Control over African Life / new financial services vehicle	400
Deleveraged 25% stake in Afrox Health	600
Existing services assets taken to "next level" (eg. TFMC)	3,000
Other assets	500
	12,000

- Crystal ball-gazing – our vision
- We will do further big company deals (R250m to R400m value per transaction)
- Obviously dependent on level of debt in each asset and level of capital raised in Mvelaphanda
- This vision is supported by the track record of the entrepreneurs to date

Potential BEE targets in corporate SA

- Targets might include companies in:
 - Media and publishing sector
 - Gaming sector
 - Construction sector
 - Energy and liquid fuels sector
 - Retail sector

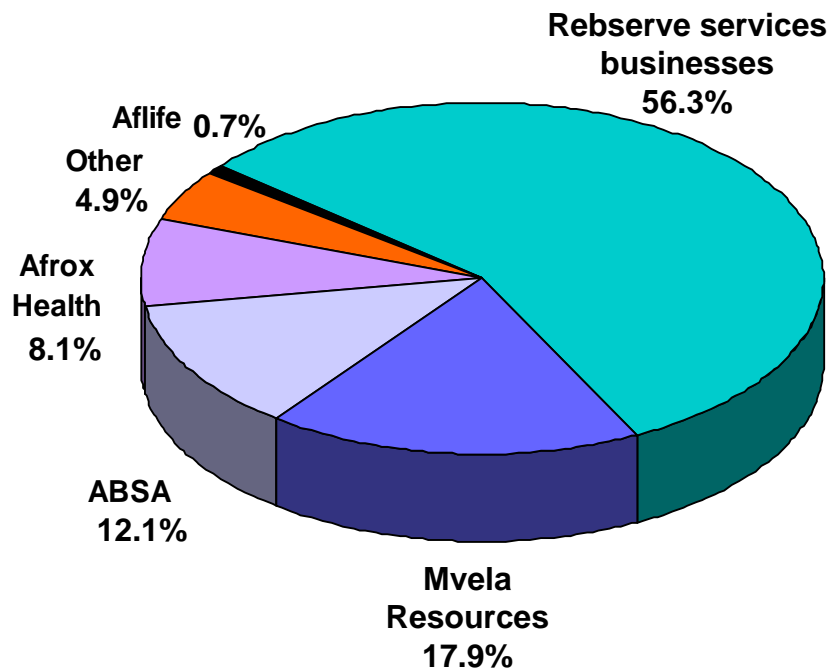
- Increase and enhance current investments in:
 - Resources sector
 - Financial Services sector

And then what?

- The future landscape is uncertain ...
- ... but our focus is on value creation
- We hope to leverage up certain stakes into controlling interests
- So, either a large diversified group
- Or separated into industry clusters
- Or if value is locked-in (share at discount to stack-up value), then assets could be unbundled
- We are investing now with a view to the future

What does Mvelaphanda own at present?

Contributions to value



(*) Based on Nedsec valuations

- Based on current share prices
- Based on current financial / debt structures
- All structures “ringfenced” with no recourse to Mvela
 - Except for Abvest R40m
- +/-R50m debt “at centre” before Afrox Health



Asset by asset assessment

ABSA – effective 2% stake

- Mvelaphanda has a 20% stake in Batho Bonke consortium, which owns pref shares and options which equate to a 10% stake in ABSA
 - Expiry date 30 June 2009
- No recourse to Mvelaphanda
- Negotiating with Barclays
- Opportunity to increase stake
- Structure means gearing to upside (+/- 1.7:1)
- Illustrative value:

ABSA Share price (c):	7000	8000	9000
Mvelaphanda value (R'm)	312	400	500
Value per MVG share (c)	77	100	123

* *Nedsec estimates*

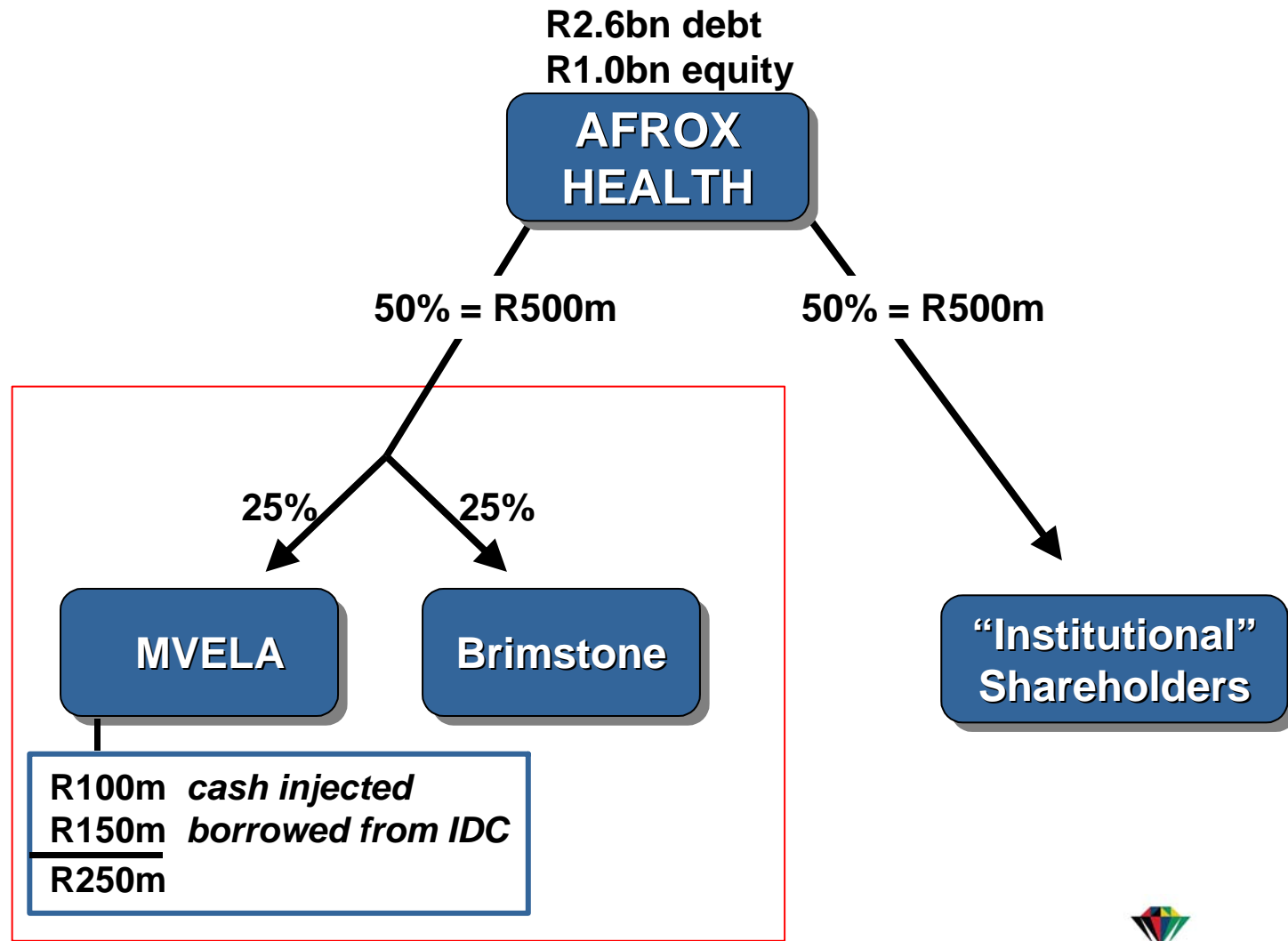
Afrox Health – effective 25% equity stake

- Competition Tribunal approval (this week?)
- Purchase price now +/- R3.6bn
 - R2.6bn debt instruments, R1bn equity
 - R700m operating profit business (2.5 x interest cover)
 - Excellent growth prospects, including new licenses
- Mvelaphanda will invest R100m for effective 25% stake in a top quality business; joint control with Brimstone
- Many institutions and banks were willing to play financing role
- No recourse to Mvelaphanda (other than R100m own equity)
- Illustrative value:

F2005 forward PE multiple	8	10	12
Mvelaphanda value (R'm)	125	325	525
Value per MVG share (c)	31	80	130

* *Nedsec estimates*

Afrox Health – diagram of structure



Mvelaphanda Resources – 23% stake

- MVL or GFI has the right to require Mvela Gold to exchange its interest in GFI-SA for shares in Gold Fields
- The exchange will be for an equivalent value of GFI shares, calculated according to the formula

$$\frac{\text{DCF - GFI SA (at 5\% real discount rate)}}{\text{DCF - GFI Total (at \% real discount rate)}} \times 15\% = \text{ratio} \times \text{Mkt cap} = \% \text{ GFI}$$

- A minimum of 45 million and a maximum of 55 million GFI shares will be issued to MVL
- Adjustments will also be made for changes in the capital structure of GFI or other corporate activities outside of its normal course of business

Mvelaphanda Resources

- Underpin for MVL share price – protection from strong rand
- Transaction lower risk from credit perspective
- Leverage to rand gold price through Exchange Formula and GFI shares
- Reduced impact on income statement and balance sheet – less volatility in marked to market value of financial instruments and hence earnings
- Ensures sustainability of partnership with Gold Fields

MVL Share price (c):	1350	1500	1750	2000
MVG value (R'm)	514	572	667	762
Value per MVG share (c)	127	141	165	188

* *Nedsec estimates*

African Life – effective 5.5% stake

- Mvelaphanda has an effective 5.5% stake through pref shares and options
 - Expiry date 30 June 2009
- No recourse to Mvelaphanda
- Consolidation of BEE
- Structure means gearing to upside (+/- 4:1)
- Illustrative value:

Aflife Share price (c):	2100	2500	3000
Mvelaphanda value (R'm)	32	48	70
MVG value per share (c)	8	12	17

* *Nedsec estimates*

Other assets

- Valued at R150 for purposes of merger
 - Collective R500m equity value less R350m debt
- All debt ring-fenced, except for R40m Abvest
- Includes: Unitrans (25%), CHC Helicopters (25%), Broll Property Group (50%), Siemens Business Services (16.5%), Abvest (30%), Zonke Monitoring Systems (73.5%), Mvelaphanda Property Investments (37.5%), Arcus Gibb (51%), Novare Actuaries and Investments (25%), DCD Dorbyl (25%)

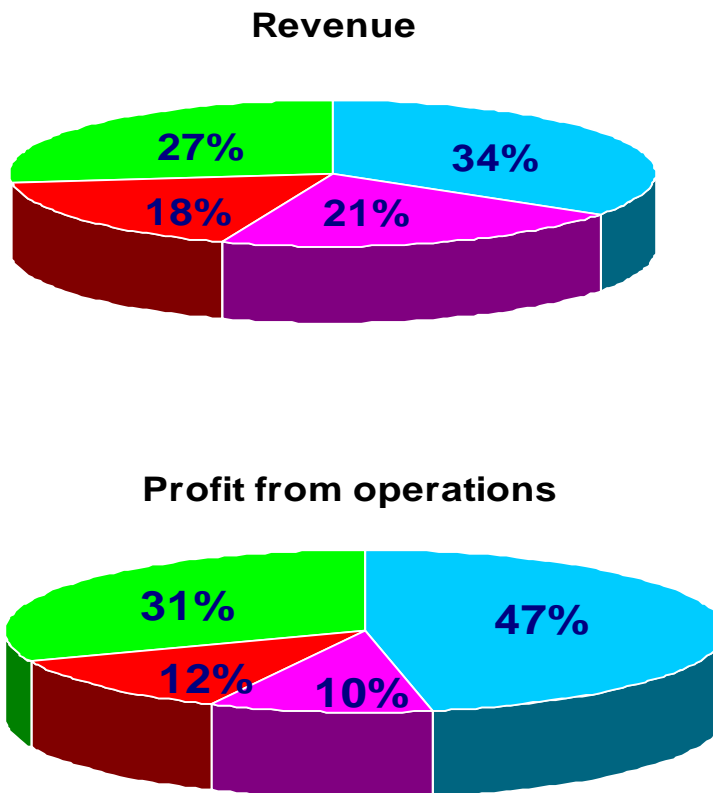


Financial Performance

Six months ended
31 December 2004

Businesses of former Rebserve

Contribution to interim results



➤ Cash distributed in December 2004

➤ Now net interest paid instead of received



Rebserve businesses at a glance

<u>Summarised indicative income statement</u>	
	R'm
Operating profit	244
Interest expense	-10
Profit before tax	234
Taxation (25%)	-59
Profit after tax	175

****NOT a forecast***

Simple PE valuation

PE multiple on earnings above	8x	10x	12x
Mvelaphanda value (100%)	1408	1760	2112
Value per MVG share	3.49	4.37	5.24

**** Nedsec estimates***

Methodology

- Added back R11m JIC once-off losses
- Then doubled first half operating profit
- Indicative interest payment
- 25% tax rate in F2005
- Ignores upside of new contracts / value realisations

Financial effects of the merger

As anticipated, the merger has had a dilutive effect on group's headline earnings per share

Cause	Effect
Special dividend	Decreased cash balances (R195m) STC charge (R22m) Loss of interest (annually R15m)
Capitalisation share issue	13m shares weighted for full period Decreased NAV (30 cents per share)
New shares issued	Weighted from date of issue
Investment income	Increase in headline earnings per share (R31million after tax)
Outside shareholders	TFMC now wholly owned
Assets acquired	Increase in net asset value (R1.45 per share)

Financial Results – pro forma

Growth in pro forma FDHEPS of 20% compared to six months ended 30 June 2004

Six month periods	December 2004 (A)	% Change	December 2004 (B)	% Change	June 2004
Turnover	1 714.3	↓ 2%	1 714.3	↓ 2%	1 743.4
Profit from operations	111.5	↑ 10%	111.5	↑ 10%	101.9
Headline net profit attributable to ordinary shareholders	110.2	↑ 43%	79.8	↑ 3%	77.2
Weighted average number of shares	211 909		177 250		177 250
Fully diluted headline earnings per share (cents)	52.0	↑ 20%	45.0	↑ 3%	43.5

Basis for pro forma

December 2004 (A) – no STC

December 2004 (B) – no merger

June 2004 – no gainshare payment receipt

Financial Results – pro forma

Had the merger been accounted for from 1 July 2004 ...

Six month periods	Actual December 2004	Pro forma December 2004
Turnover	1 714.3	1 718.3
Profit from operations	111.5	111.5
Income from investments	38.8	33.1
Taxation	(53.4)	(63.1)
Headline net profit attributable to ordinary shareholders	88.5	80.9
Weighted average number of shares	211 909	402 947
Fully diluted headline earnings per share (cents)	41.8	20.1

... overall result would have been in line with pro-forma FDHEPS of 19.4c per six months contained in the circular

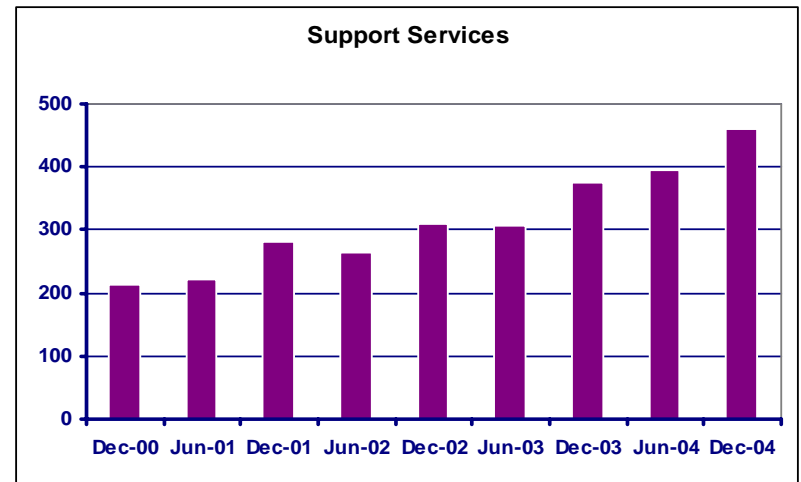
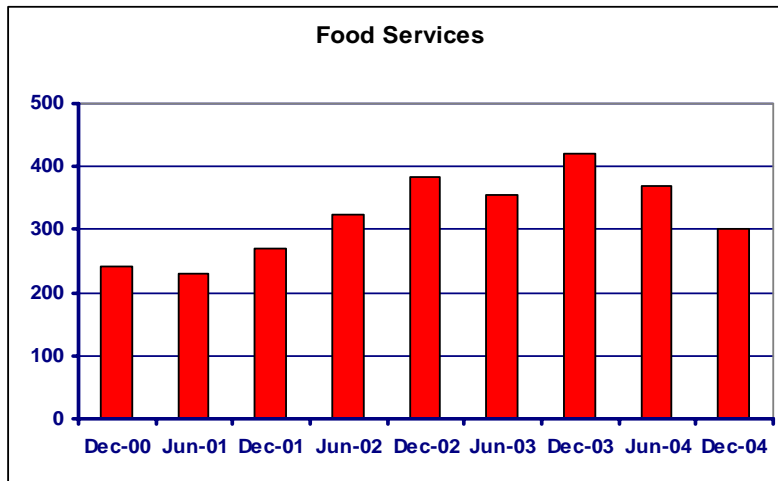
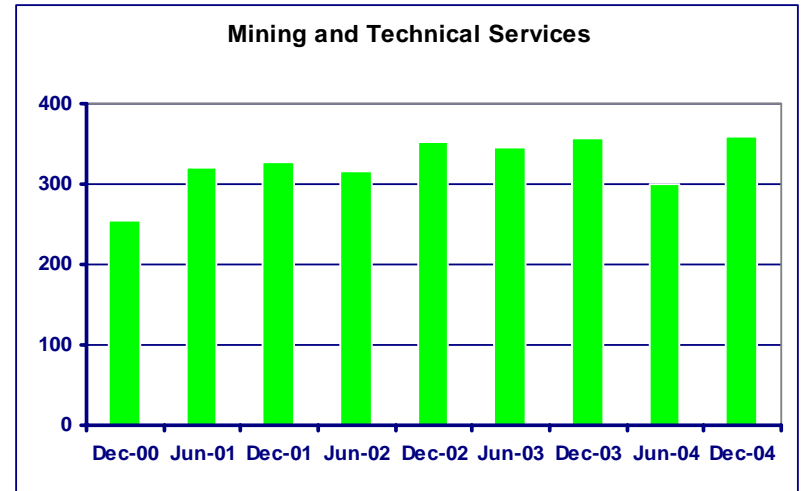
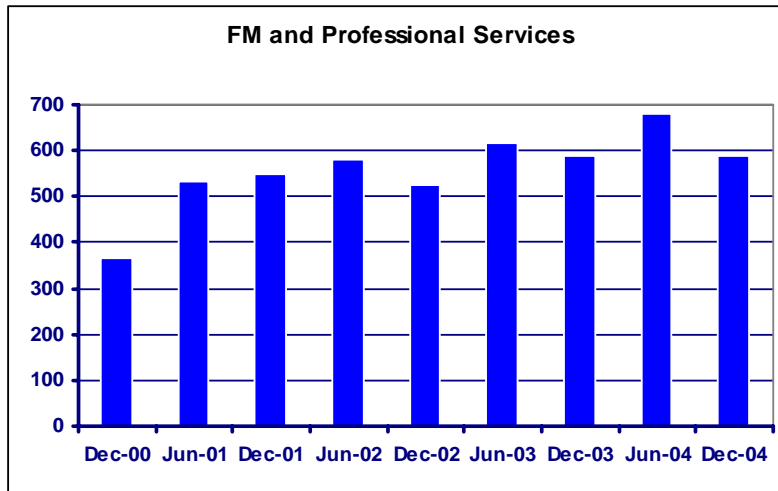
Analysis of change in net asset value

Increase in net asset value of 43% compared to pro forma at 30 June 2004

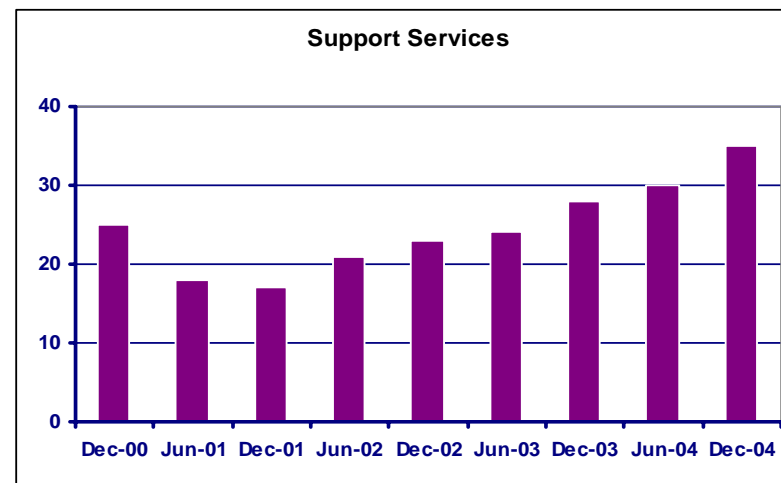
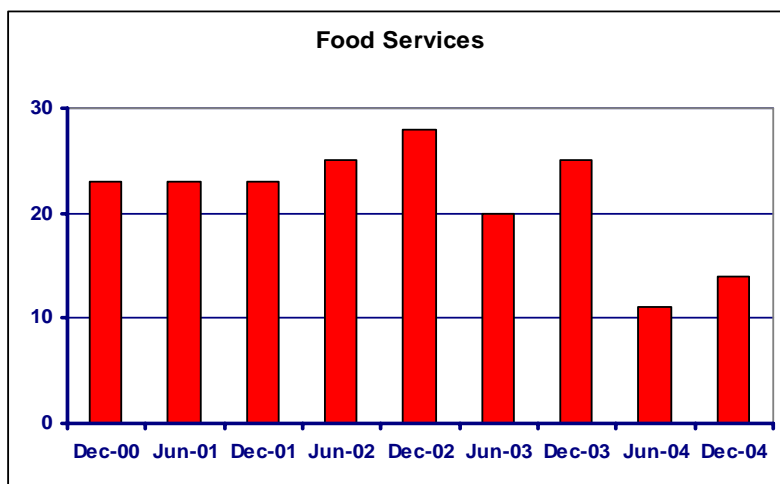
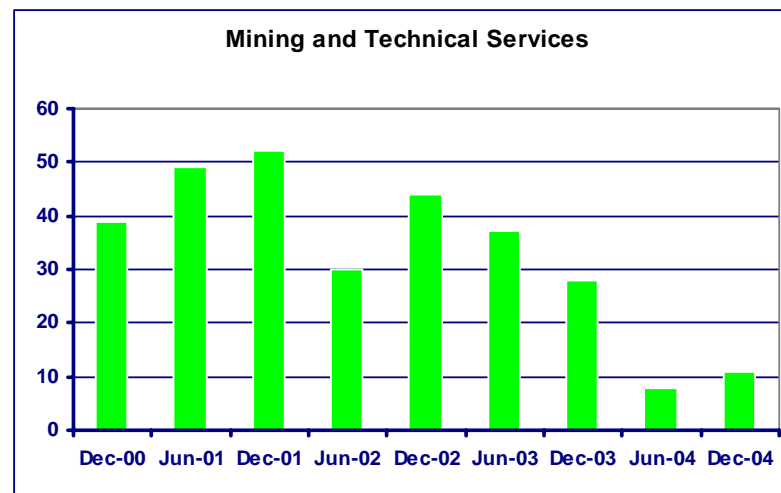
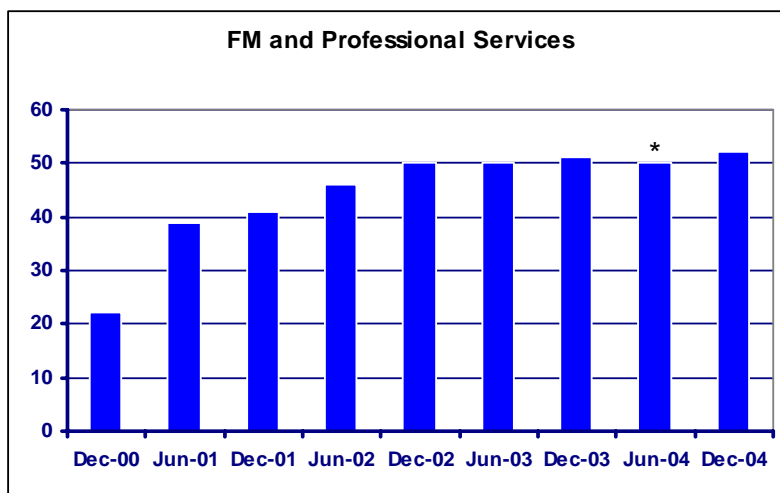
	Number of shares	Value (R 000)	Cents per share	
Net asset value at 30 June 2004	177 605	1 003 458	565.0	
Special dividend (including STC)	-	(216 814)	(122.1)	
Capitalisation share issue	12 686	-	(29.5)	
Pro forma net asset value at 30 June 2004	190 291	786 644	413.4	} Increase of 42%
Acquisition of businesses and subsidiaries	212 834	1 464 575	145.0	
Net attributable profit (excluding STC)	-	110 210	27.4	
Net asset value at 31 December 2004	403 125	2 361 429	585.8	



Segmental performance - Revenue



Segmental performance – Profit from operations



* Excludes Telkom gainshare payment of R38m

Operations performance

- Profit from operations increased 10%
 - Compared with six months ended 30 June 2004
 - Excluding TFMC gainshare payment
- Consistent performance from facilities management
- Difficult trading conditions in the mining industry
- Progress at Stamford Sales in reducing costs and improving operational efficiencies post the loss of KFC contract
- Security businesses perform well
- Other businesses perform in line with expectations
- Cash generated from operations impacted by December holidays
 - Overall operating cashflow remains strong

Financial performance

- Tax charge (excluding STC) within forecast range of 23 - 25%
- Gains arising on revaluation of investments taken through the income statement
- Goodwill no longer amortised – carried at fair value
- Interest bearing debt includes R90 million arising from the merger
- Group policy is to declare an annual dividend, subject to cash flow requirements

Prospects

- Benefits of enhanced BEE credentials starting to accrue with new contracts under negotiation for R1.8 billion in turnover (including impetus provided on new FM contracts)
- Will not hesitate to sell off smaller non-core assets at enhanced value
- Approach from a major multinational to invest in one of the services businesses at substantial premium to book value
- Upside in quality investments and services businesses

Summary

- Existing group is a platform
- Two or three deals could transform the group
- Services businesses currently the engine room and cash generator
- Strong pipeline of BEE-related dealflow
- Active BEE transactional environment
- Confident of ability to:
 - deliver value adding deals in short term
 - consolidate and expand on reputation as the pre-eminent BEE partner of choice

Questions