



MVELAPHANDA GROUP LIMITED

Year Ended 30 June 2005

Agenda

1. **OVERVIEW**
2. **FINANCIAL PERFORMANCE**
3. **INVESTMENTS**
4. **MVELASERVE**
5. **PROSPECTS**



Executives Present

- **Tokyo Sexwale** Executive Chairman
- **Stephen Levenberg** Chief Executive Officer
- **Yolanda Cuba** Deputy Chief Executive Officer
- **Mark Willcox** Chief Investment Officer
- **Brett Till** Chief Financial Officer
- **Jackie Mphafudi** Chief Operating Officer





MVELAPHANDA GROUP LIMITED

Overview

Background

- **Merger of Mvelaphanda Holdings (Pty) Limited and Reserve Holdings Limited implemented on 13 December 2004.**
- **Mvelaphanda Group Limited was formed – South Africa’s pre-eminent broad-based black controlled, owned and managed diversified group.**
- **The rationale for the merger was the combination of:**
 - The stature of the Mvelaphanda brand and entrepreneurial team; and
 - The operational and transactions skills of the former Reserve management.
 - To combine quality investments with steady operating cash flows.
- **Have been in a merger integration process, including a transformation process**
- **Tangible evidence of the rational for the merger is based on three pillars which are likely to translate to shareholder value:**
 - Strong financial results
 - R520 million capital raising underwritten
 - Proposed transaction; subject to cautionary



Competitive Advantages

- The largest black-owned diversified group in South Africa.
- Committed to growing shareholder value by:
 - Pursuing value-enhancing BEE (or other) transactions.
 - A combination of quality investments with cash-generative businesses; and
- Access to capital
 - Proposed capital raising - R520 million
 - Preferential funding terms (e.g. IDC funding of Life Healthcare transaction)
- **KEY**: Leveraging cash and credentials into meaningful equity stakes across a diversified portfolio of investments and operations. Capital raising provides this “firepower”.



Creating Value

A management team committed to growing shareholder value

Expand on reputation as the pre-eminent BEE partner of choice to increase value for shareholders.

Quality
Investments

Operations will provide cashflow to pursue major BEE transactions.

Cash
Generative
Operations



Meeting Expectations

1 - 3 months:

- 'Consolidator' transactions (e.g. ABSA, Mvelaphanda Resources, Life Healthcare) would be concluded.

- ✓ Significant transaction(s) in the pipeline.
- ✓ Life Healthcare concluded; option to acquire a further stake being considered.

1 - 6 months:

- R500m capital raising would be concluded.
- Additional BEE shareholders would be introduced.
- Additional facilities management contract would be concluded

- ✓ Proposed capital raising announced; underwriting secured.
- ✓ In progress
- ✓ Progress being made - awaiting decisions (Transnet)

1 - 12 months:

- Two further large deals (R250 - R400m discount).

- ✓ In progress
- ✓ Acquired stake in Group 5; others under consideration.
- ✓ Strong pipeline



Portfolio

- **Portfolio managed across two areas:**
 - INVESTMENTS, including
 - ABSA
 - Life Healthcare
 - Mvelaphanda Resources
 - OPERATIONS
 - MvelaServe businesses
- **Valuations based on:**
 - Directors' valuations
 - Share prices
 - Current financial structures/performance



Building on Success



- What lies ahead on the acquisition trail?
Targets may include:

- Media and Publishing
- Gaming
- Leisure and Entertainment
- Infrastructure
- Energy and Liquid Fuels
- Retail

- Increase and enhance current investments in:

- Financial Services
- Healthcare
- Mining and Resources

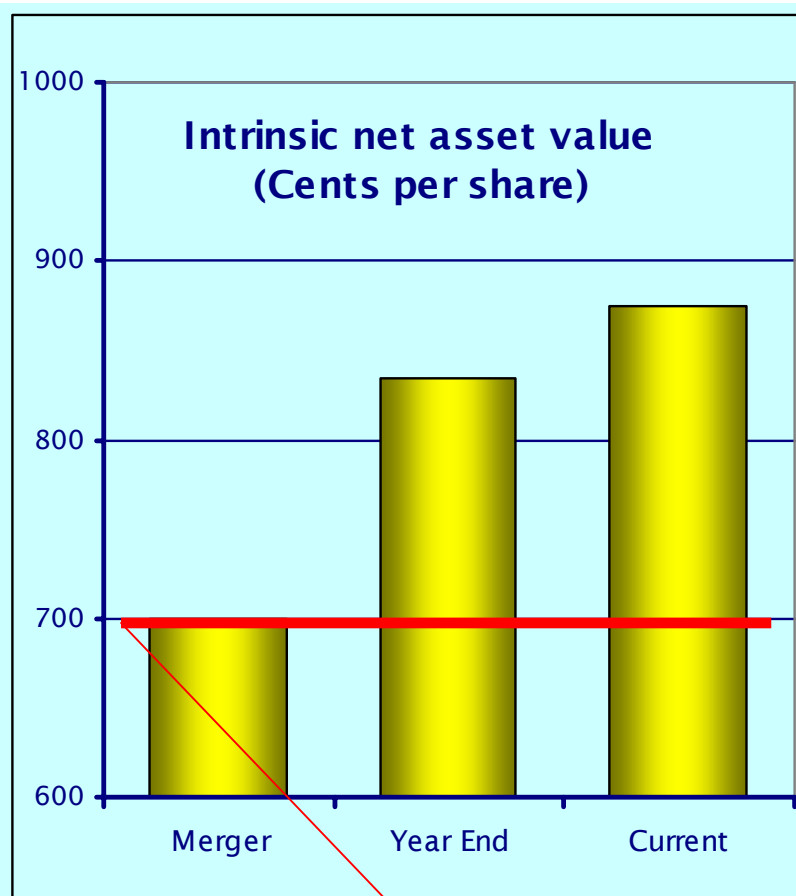




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Financial Performance

Intrinsic Net Asset Value



Current Share Price

- Intrinsic net asset value at 30 June 2005 was R8.35 per share
 - Represents 19% increase over the valuation of R7.00 used for purposes of the merger.
 - Calculated with reference to market valuation and directors' valuation (including for listed companies).
 - No adjustment made for any BEE premium.
- Change in Intrinsic NAV per share has become the best indicator of group performance.



Financial Highlights

- **Headline EPS of 135.5c per share is 21% higher than the prior year.**
 - Triple the pro forma EPS presented in the merger circular.
 - This has been achieved after the dilutive effect of the STC on the special dividend, the capitalisation share issue and the new shares issued to Mvela Holdings.
 - EPS will become a less insightful measure of performance due to the volatility in earnings that may arise from investment revaluations.
- **Net profit before tax and exceptional items increased 90% to R547m**
 - Investments R340m (62%)
 - Operations R207m (38%)
- **Headline net profit attributable to ordinary shareholders for the year up 109% to R415m.**
- **Cash generated from operations up 22% to R436m.**
- **Dividend of 10 cents per share (3 times cover based on cash earnings)**





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Investments

ABSA

- The Group currently owns a 20% stake in the Batho Bonke consortium, which owns preference shares and options equating to a 10% stake in ABSA.
- First exercise date is 1 July 2007.
- Value of the stake has increased significantly as a result of the increase in the ABSA share price.
- Good relationship with the Barclays.
- Batho Bonke will be the second largest shareholder in ABSA.
- Long term prospects for ABSA are attractive.



Life Healthcare

- **Represents the biggest BEE deal in SA healthcare industry and the largest leveraged buyout in SA history.**
 - Mvela invested R100m of proprietary capital for an effective 18.1% stake.
 - The IDC have part-financed Mvela's stake in Life Healthcare.
- **A key focus of Mvela management**
 - Mvela have seconded a Group executive to Life Healthcare.
- **Opportunities exist to increase effective shareholding via options which currently vest in the BEE consortium.**
- **Life Healthcare continues to perform extremely well:**
 - Operating activity indicators have increased from prior year.
 - Strong cash flows to service debt.



Mvela Resources

- **Mvelaphanda Resources holds interests in quality mining and resources assets.**
 - Represents the group's major investment in the mining and resources sector.
- **Utilised a quiet year in terms of deal flow to consolidate its position**
 - The finalisation of the exchange agreement with Gold Fields which protects downside in the transaction while retaining upside leverage to the rand gold price.
- **Difficult trading year for its key investments (Gold Fields, Northam and Trans-Hex) that should improve during 2005/6.**
- **The management team now has sufficient depth to take on new business**
 - Investment in operating manganese mining company.
 - Exciting opportunities in sub-Saharan Africa.



Other Investment Activity

- **Key components of investment strategy:**
 - Aligning investment portfolio with selected market sectors.
 - Taking advantage of market opportunities to add value.
- **This may include disposing of certain interests, including:**
 - The sale of the Group interest in Aflife to Sanlam for a cash consideration (subject to Aflife shareholder approval).
 - The sale of poorly performing JIC Mining Services to a consortium consisting of management and HDSA employees.
 - Rationalisation of the ex-Mvelaphanda Holdings' assets by disposing of limited interests in, *inter alia*, Apex Hi, Arcus Gibb, Rewards Company and Storetech.
 - Will sell underperforming assets in the interests of preserving/growing shareholder value.





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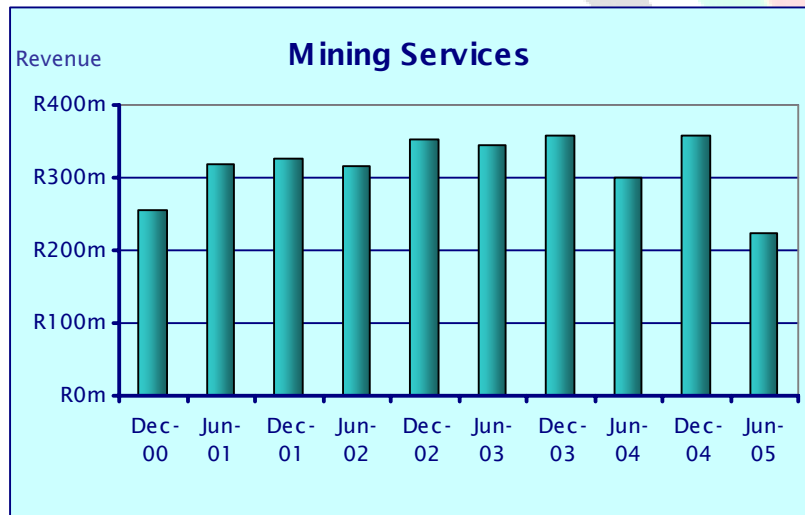
MvelaServe

Key Features

- **Facilities Management division continued to deliver strong annuity based profitability.**
 - Increased contribution from FM joint ventures.
 - Optimistic about prospects of securing a new FM contract in 2005/6.
- **Trading conditions for the Mining Services division remain difficult in the face of strong R/US\$.**
 - JIC disposed of during the year.
- **Food Services division has regrouped.**
 - Contract catering performed well, and is poised for strong growth.
 - Tough restructuring for Stamford Sales is complete, turnaround prospects are good.
- **Support Services continue to exceed expectations.**
 - Coin and Protea showed strong organic growth.
 - Cleaning and Freight businesses stable with strong cash flow generation.



Divisional Review



- **Facilities Management**

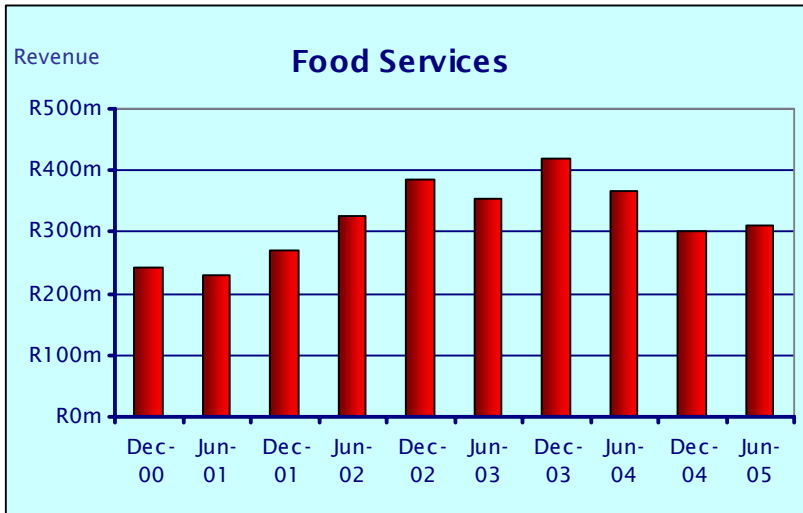
- Sale of JIC the main reason for the decrease in turnover in the last 12 months.
- Decision on Transnet and/or other major FM contracts expected.
- TFMC acknowledged globally to be a leader in its industry.

- **Mining Services**

- JIC was downsized and sold to a consortium during the period.
- Trollope was negatively impacted by the strong Rand, but managed its gearing effectively to end the year in a strong cash position, and soundly profitable.

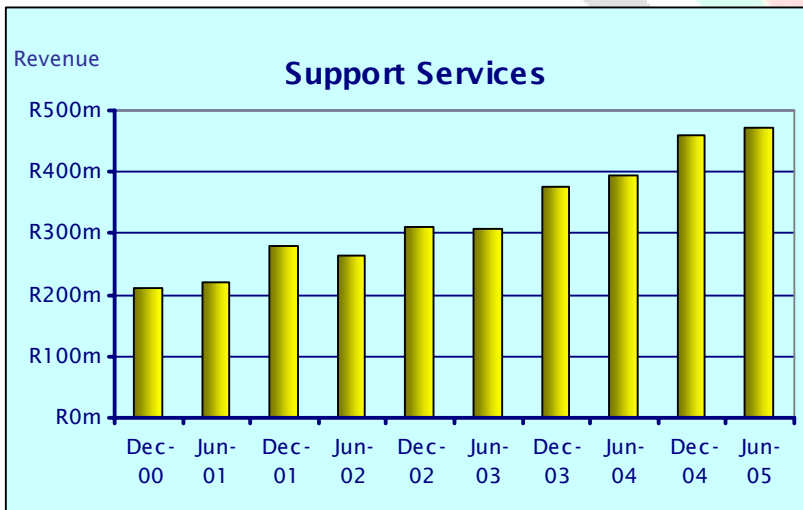


Divisional Review (cont.)



- **Food Services**

- Royal Sechaba was a solid performer.
- Stamford Sales restructuring resulted in a loss for the year. Turnaround in this business likely to have been achieved.
- Black Steer franchise is showing good market penetration.

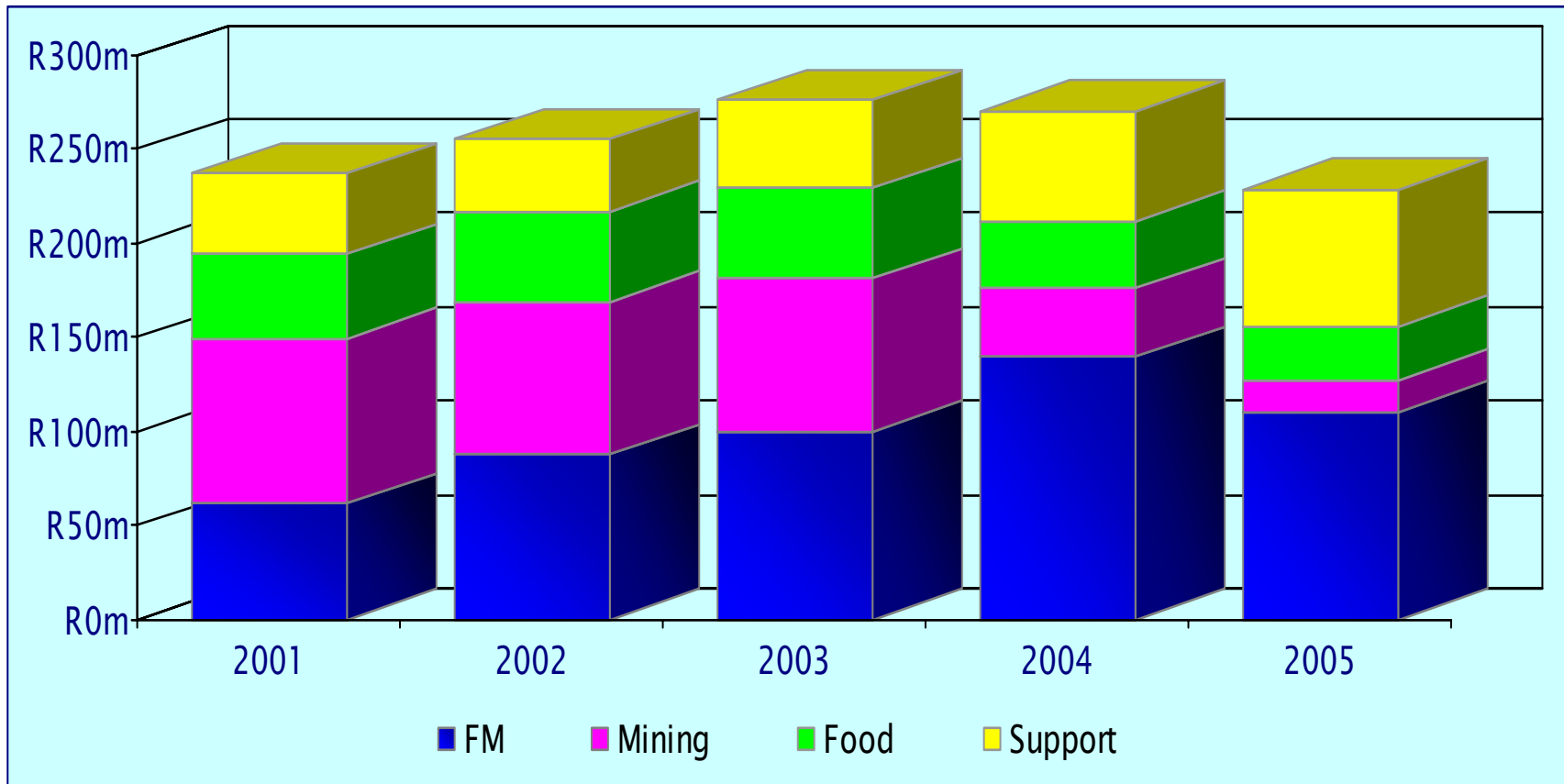


- **Support Services**

- Coin and Protea have emerged to be market leaders in security and guarding services.
- Delivered strong organic growth.



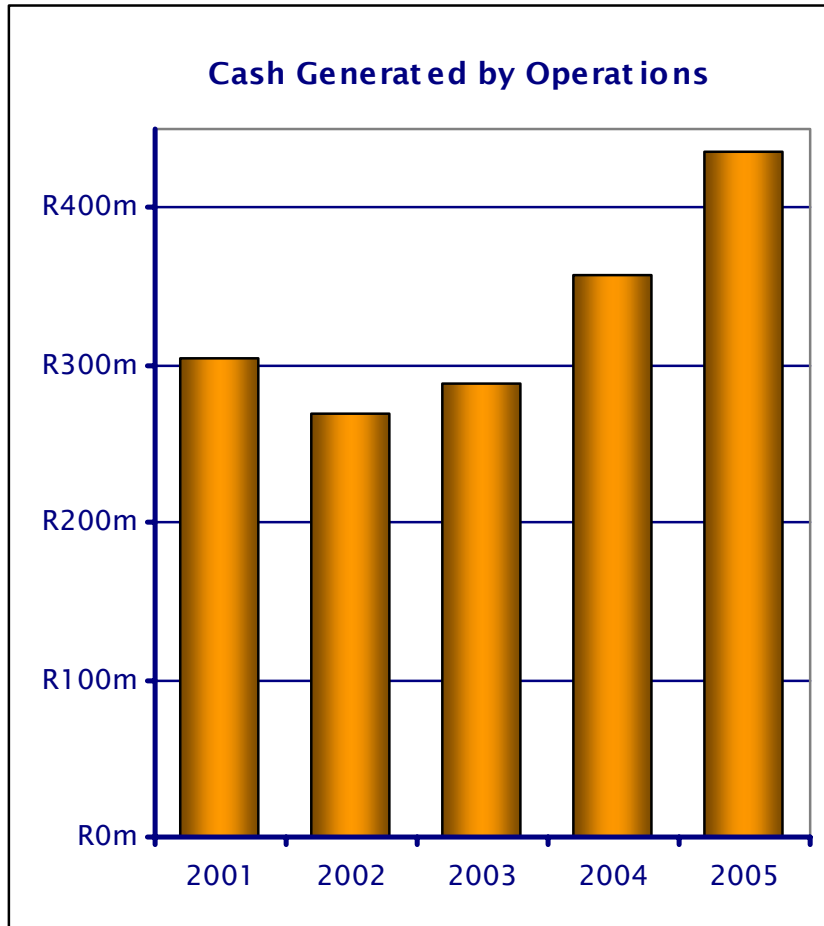
Operating Profit



Profit from operations by division over the last five years



Cash Generation



- **Operations continue to generate substantial cash.**
 - Working capital remains a key focus area.
 - Includes approximately R100 million of cash from JIC debtors.
 - Increased use of asset finance to increase “free cash flow”.
 - Free cash flow to be applied in investing activities.
- **Key strategic advantage over other BEE companies.**
 - Access to this cash to move swiftly on transactions.





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Prospects

Investments

- **Proposed capital raising – R520 million (before expenses)**
 - The capital raised will be used to fund the group’s anticipated BEE deal flow as well as other opportunities in the pipeline.
 - Issuing cumulative, convertible, perpetual preference shares.
 - Portion of capital raised to be used in proposed transaction.
 - Underwritten by Standard Bank.
- **Cautionary announcement**
 - Proposed transaction in addition to and apart from the capital raising.
 - First significant transaction since implementation of the merger.



Operations

- **Benefits of enhanced BEE credentials are starting to accrue**
 - Optimistic about prospects for concluding a major new FM contract. When, not if.
 - Major gains anticipated in the food services division.
- **Operations management has been greatly strengthened**
 - Particularly in food services division during the current year.
 - Other sector management are now growing on the base created in the previous year.
- **Strong market positioning**
 - World class technology and capability (FM and Security).
 - Major players in respective industries (FM, Security, Catering, Cleaning).



Conclusion

- **Mvela is the pre-eminent BEE group in South Africa**
 - Continue to spearhead the transformation of the South African economy.
- **Unique combination of reputation, management skill and “financial firepower”.**
 - Key competitive advantage over other South African corporates.
 - Ability to attract transactions, strategic partners and employees.
- **Prospect of a major new facilities management contract.**
- **Strong deal flow pipeline, with capital, makes prospects exciting.**





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Questions?