

# enX GROUP LIMITED

CAPITAL MARKETS DAY

13 JUNE 2017



**enX**  
GROUP

# DISCLAIMER



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# OUR QUALITY INDUSTRIAL BUSINESSES

A **track record** of acquiring quality **industrial assets** that have **strong market positions**, are custodians of **leading global brands** with **committed customer partnerships**.

We instil **entrepreneurial management** to drive returns through **disciplined allocation of capital**



## EQUIPMENT



## FLEET



## PETROCHEMICALS



**NEW WAY POWER**  
switching on africa

**AUSTRO**  
MACHINES, TOOLS, EQUIP. TECHNICAL SUPPORT



**EQSTRA**  
FLEET MANAGEMENT



**Distribution, leasing, rental, after-market** and value-added services for:

- Forklifts
- Port and crane equipment
- Power generators
- Hi-tech wood machinery

**Fleet management solutions provider** for:

- Passenger vehicles
- Light, medium and heavy commercial vehicles

**Manufacturing, marketing and distribution** of oil lubricants

**Agent, reseller and distributor** of polymer, rubber, fillers and specialised chemicals

# EXPERIENCED, ENTREPRENEURIAL, OWNERS



## Executive Management



<b>Name</b>	<b>Paul Mansour</b>	<b>Jannie Serfontein</b>	<b>Irwin Lipworth</b>	<b>Gary Neubert</b>	<b>Jacqui Carr</b>	<b>Brent Hean</b>	<b>Clint Nickall</b>	<b>Christian Neuberger</b>
<b>Position</b>	Executive Deputy Chairman	Group CEO	Financial Director	EIE	EFML	Chemicals	Lubricants	Power, Wood
<b>Years in respective business</b>	4.0	6.0	1.0	16.0	27.0	18.0	1.5	4.0

**HOLD ~4% OF SHARES ISSUED\***

\* Includes owned shares, restricted shares and share appreciation rights

# WHY WE ARE DIFFERENT



## EQUIPMENT

#1

Materials Handling Equipment  
Distributor in SSA



## FLEET

#2

Full Service  
Fleet Management and Logistics



## PETROCHEMICALS

#1

ExxonMobil Petrochemicals  
distributor. Largest Independent  
Producer of Oil Lubricants



Extension  
of global business

Long term  
relationships

Brand custodians

Low risk  
growth opportunities

Benefit  
from research and development

Flexibility to offer  
complimentary products

# REVISITING CORE STRATEGIC QUESTIONS

## How does enX manage it's portfolio of assets?

- enX's philosophy is to **decentralise** decision making and keep group costs to a minimum. We believe that business decisions are best taken by the management teams closest to customers and operations
- The downside to decentralisation is the potential duplication of costs and functions. We are beginning to establish **centres of excellence** to co-ordinate certain functions across the group e.g. marketing, health & safety .

## How does the Group (as a function) add value?

1. Allocate capital to opportunities that generate returns in excess of the cost of that capital
2. Raise capital
3. Appoint and incentivise executives
4. Implement strong financial disciplines and oversight
5. Governance
6. Transformation

# OUR SIX STRATEGIC PRIORITIES

Our objective is to build a **growing, cash generative industrial business** which over time **consistently** delivers **returns on equity** in excess of its cost of capital



**Different with Scale**



**Partnerships with Leading  
Global Brand Owners**



**Geographic Expansion**



**Entrepreneurial Culture**



**Ongoing Social Licence**



**Financial Discipline**

We have a **proven ability** to acquire quality **growth assets** in dominant market positions, and to install and foster **high-calibre management** to drive returns through **disciplined capital allocation**.

# BUILDING THE JSE'S NEXT INDUSTRIAL TITAN: OUR SIX STRATEGIC PRIORITIES



## Different with Scale

- Building and investing in elements that clearly and sustainably **differentiate** us from our competitors
- Driving **scale** into our businesses to achieve efficiencies, enhance margins, reduce unit costs and remain price competitive



## Partnerships with Leading Global Brand Owners

- Deepen our trusted partnerships with leading global brand owners
- Actively pursue new **new product** and **geographic opportunities** with them



## Geographic Expansion

- Expand into geographies with **sound investment environments** within our areas of industry expertise



## Entrepreneurial Culture

- Encourage our management and colleagues to think and act like **entrepreneurs**. Our aim is to continually improve our customers' lives and businesses.



## Financial Discipline

- In pursuing our strategic objectives, we will only do so while **conservatively managing** our **leverage**, **liquidity** and **refinance risk**. We believe that this not only provides the greatest likelihood of generating value for shareholders in the long term but also leaves the Group best placed to react quickly and fund commercial opportunities as they arise.



## Social Licence

- enX strives to maintain a social licence to do business in all geographies which we operates. We believe this can be achieved by prioritising **transformation**, **reputation** and the **safety** and **wellbeing** of our employees.

# LIQUIDITY AND FUNDING

## Overview of interest-bearing borrowings

Funding facilities (R'million)		Facility size	Utilised	Unutilised
General banking facility	EIE and EFML	400	-	400
	Other	150	35	115
Liquidity facility	EIE and EFML	544	-	544
Term facility	EIE and EFML	2 383	2 383	-
	Other	106	106	-
<b>Total bank debt</b>		<b>3 583</b>	<b>2 524</b>	<b>1 059</b>
<b>BBB Notes</b>			<b>1 531</b>	
<b>Deferred vendor consideration</b>			<b>66</b>	
<b>Rest of world</b>			<b>769</b>	
<b>Total funding</b>			<b>4 890</b>	

EIE and EFML Covenants (x)	Level	HY2017*
Net Total Debt : EBITDA	≤ 3	2.22
EBITA : Net Finance Charges	≥ 1.2	1.69
Net Total Debt : Equity	≤ 3.37	2.55

\* Rolling 12 months. Covenants post-unbundling to remain unchanged.

# LIQUIDITY AND FUNDING

## Liquidity and funding

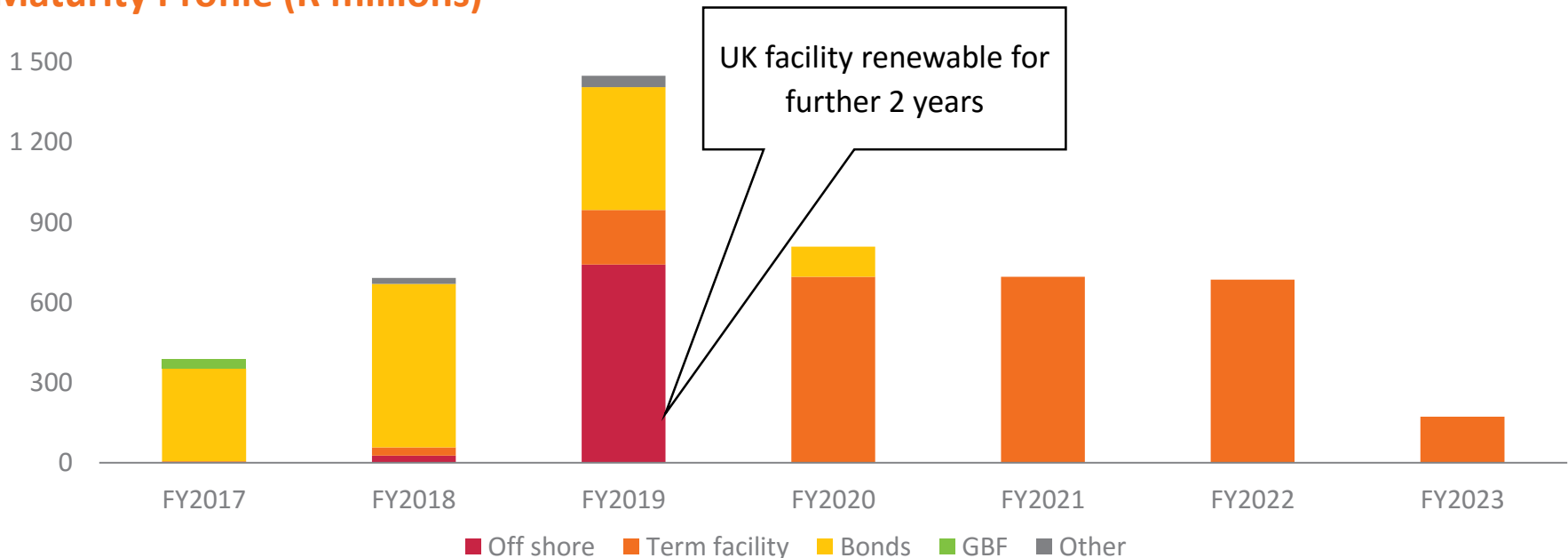
### Funding outlook

- Total debt levels to remain stable
- Planned refinancing of upcoming maturities in line with market appetite

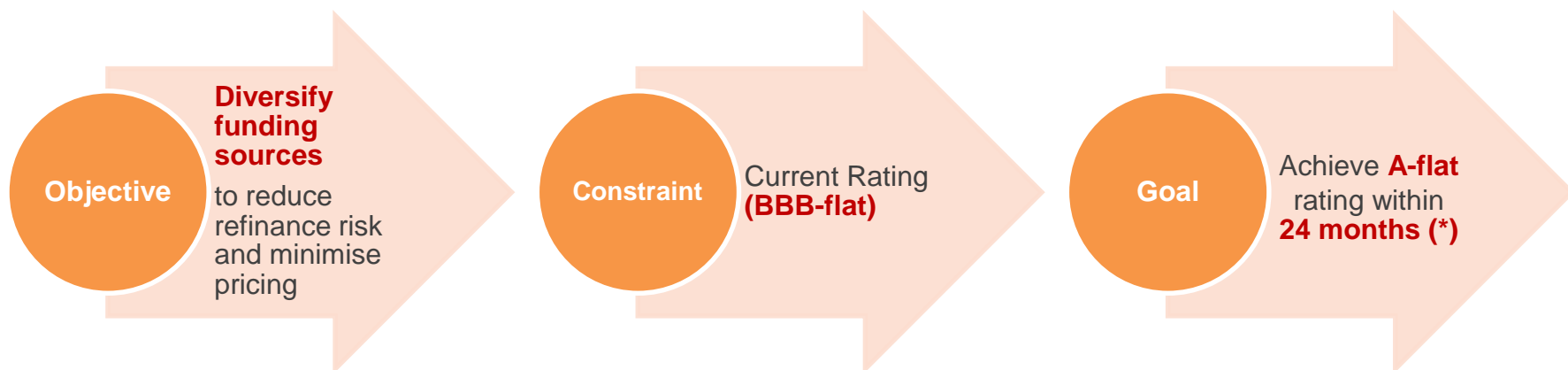
### Long-term funding principles

- Diversify funding sources
- Ample liquidity buffers for trading and upcoming maturities
- Staggered maturity profile

## Maturity Profile (R'millions)







- **Removal of Contract Mining**
- **Asset-backed receivables**
  - Passenger and commercial vehicles leases
  - Toyota forklift leases
- **Contracted, annuity revenues**
  - 48-60 month contracts
- **High quality credit exposures**
  - Limited public sector credit
  - Diversified blue-chip corporate customer base
  - History of limited defaults
- **Active markets for underlying assets (vehicles and forklifts)**
  - In-house secondary market capabilities
- **Control over and deep understanding of assets**
  - Maintenance
  - Used market sales
  - Tracking and data analytics
- **Strong internal controls**
  - Pricing
  - Credit vetting
  - Collection procedures
  - Provisioning policies
  - RV setting and results
- **Sound interest rate risk management**
  - Matched funding approach
- **Improving credit metrics forecast over next 24 months**
  - Through combination of improving operational performance and growth
- **Appropriate equity capitalization (\*)**
  - FML: 18% - 20%
  - EIE: 22% - 25%
- **Credit enhancements**
  - Covenants (via cross default with CTA)
  - Holdco guarantee
  - Listed company governance requirements (incl. internal audit)
  - No structural or rank subordination




## As at 28 February 2017

Debt Metric	Bank Covenant	Target	Current	Target Achieved?	Bank Covenant Met?
Net Debt/Equity	< 3.37x	< 2.5x	2.55x	<b>X</b>	✓
Net Debt/EBITDA	< 3.00x	< 2.0x	2.26X	<b>X</b>	✓
EBITA/Net Finance Charges	> 1.2 – 1.4x	> 1.8x	1.67x	<b>X</b>	✓

# ILLUSTRATIVE VALUATION METHODOLOGY – SUM OF THE PARTS

BUSINESS	METHODOLOGY	POTENTIAL PEER GROUP
<b>EQUIPMENT</b> <ul style="list-style-type: none"> <li>• SA</li> <li>• UK</li> </ul>	<ul style="list-style-type: none"> <li>• PE Multiple</li> <li>• Price/Book</li> </ul>	<b>South Africa:</b> Invicta, Hudaco, KAP, Barloworld, Supergroup, Imperial <b>UK:</b> Ashtead Group plc
 <b>FLEET</b>	<ul style="list-style-type: none"> <li>• PE Multiple</li> <li>• Price/Book</li> </ul>	Avis, Supergroup Fleet
 <b>PETROCHEMICALS</b>	<ul style="list-style-type: none"> <li>• EV/EBITDA – Net Debt*</li> <li>• EV/EBIT – Net Debt*</li> </ul>	AECI, Rolfes, Omnia
 <b>EXTRACT</b>	<ul style="list-style-type: none"> <li>• NAV per share</li> </ul>	
 <b>GROUP COSTS (AFTER TAX)</b>	<ul style="list-style-type: none"> <li>• PE Multiple</li> </ul>	4x – 5x Cap rate assuming going concern

 **EQUITY VALUATION**

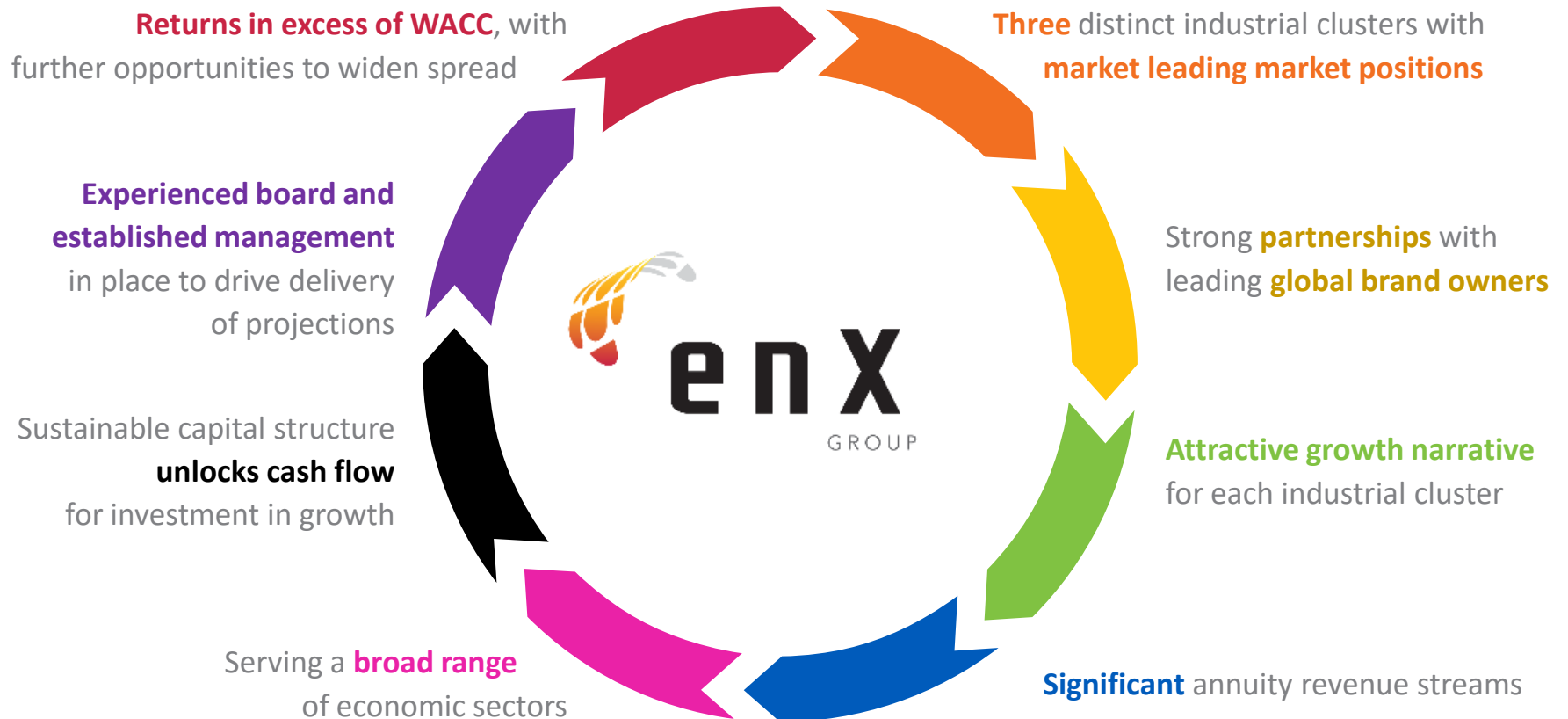
 **SHARES OUTSTANDING**

 **PRICE PER SHARE**

\* Assume ~R150m

^ 180 439 447

# enX SUMMARY INVESTMENT PROPOSITION





# Q&A

## IR Contacts

**Paul Mansour, Dep Exec Chairman**

[paul.mansour@enxgroup.co.za](mailto:paul.mansour@enxgroup.co.za)

**Jannie Serfontein, CEO**

[jserfontein@enxgroup.co.za](mailto:jserfontein@enxgroup.co.za)

**Frank Ford**

[enx.ir@fticonsulting.com](mailto:enx.ir@fticonsulting.com)