

Presentation to  
Public Enterprises  
Portfolio Committee

- 16 SEPTEMBER 2004

**M.C. Ntuli**  
**M.J Breed**  
**J.P. Coetzer**



# BACKGROUND

- **Shareholding**
- **Nature of Business (historical)**
  - Incorporated in terms of the Companies Act, 1973
  - Management of State Forests Act, 1992
  - Amended by National Forests Act, 1998
  - Main aim is development in the long-term of the S.A. forestry industry and optimising of its assets.
- **Restructuring**
  - Acquisition of additional (ex – TBVC) plantations
  - Company divided in five subsidiaries.
- **Privatisation**



# BOARD STRUCTURE

- **SAFCOL Main Board**
- **Subsidiary Boards**
- **Directors on Privatised Entities**



# DIRECTORS

|               |                                    | Committees   |           |
|---------------|------------------------------------|--------------|-----------|
|               |                                    | Remuneration | Audit     |
| M.C. Ntuli    | Chairperson of the Board           | *            | *         |
| M.J. Breed    | Chief Executive Officer            |              |           |
| J.P. Coetzer  | Financial Director                 |              |           |
| C.H. du Toit  |                                    |              | *         |
| S.A.H. Kajee  | Chairperson of the Audit Committee | *            | *         |
| T.N. Msomi    |                                    |              |           |
| J. Mzaliya    |                                    |              |           |
| S.D. Nene     |                                    |              |           |
| M.D. Ramagaga |                                    | *            | Alternate |
| L. Rosseau    |                                    |              |           |

With the exception of the Chief Executive Officer and the Financial Director, all Board members are non-executive directors.

**COMPANY SECRETARY : I GRICIUS**



# MANAGEMENT STRUCTURE

**Kobus Breed:**

**Chief Executive**

**Joe Coetzer:**

**Chief Financial Officer**

**Jacques de Villiers:**

**Financial Director : MTO**

**Polla du Plessis:**

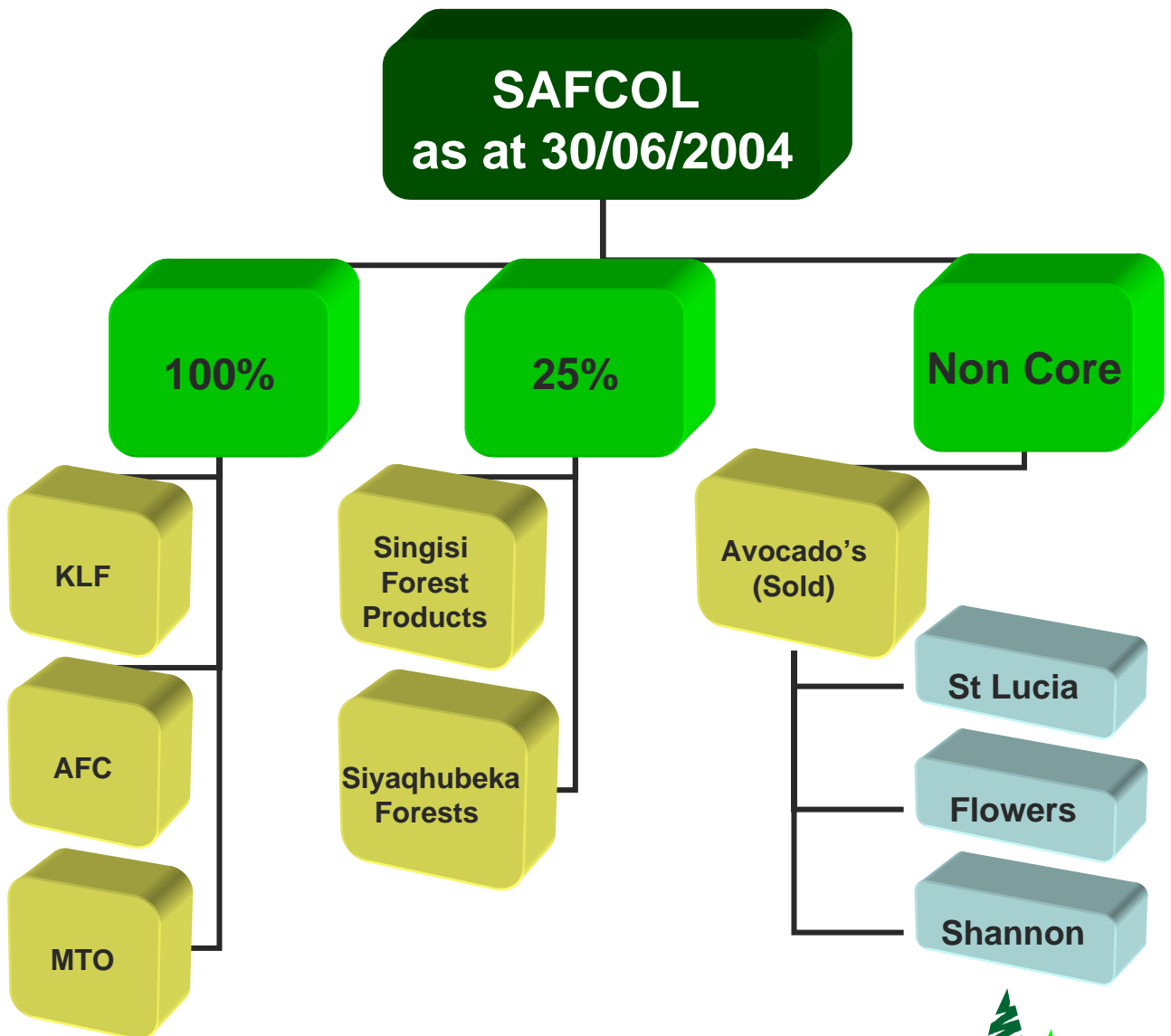
**Chief Operating Officer : KLF**

**Ingrid Gricius:**

**Company Secretary**



# SAFCOL as at 30 June 2004



# Split of 25% Shareholding



# Privatisation Objectives

- To promote the development of a sustainable forestry sector in South Africa and the southern African region;
- To enhance competition within the forestry and downstream processing industries;
- To facilitate investment and improve local and export opportunities;
- To encourage the development of downstream wood processing capability;
- To promote sustainable rural development and to ensure that the restructuring process will lead to growth in job opportunities in the forestry and forest products sector as a whole;
- To promote the participation of previously disadvantaged people and communities in the forestry and wood processing sectors;
- To assist in the improvement of sustainable and secure employment and human resource development in the forestry sector, as well as affirmative action;
- To advance meaningful black economic empowerment; and
- To obtain the maximum price for the Sale Assets consistent with the attainment of the above sale objectives.



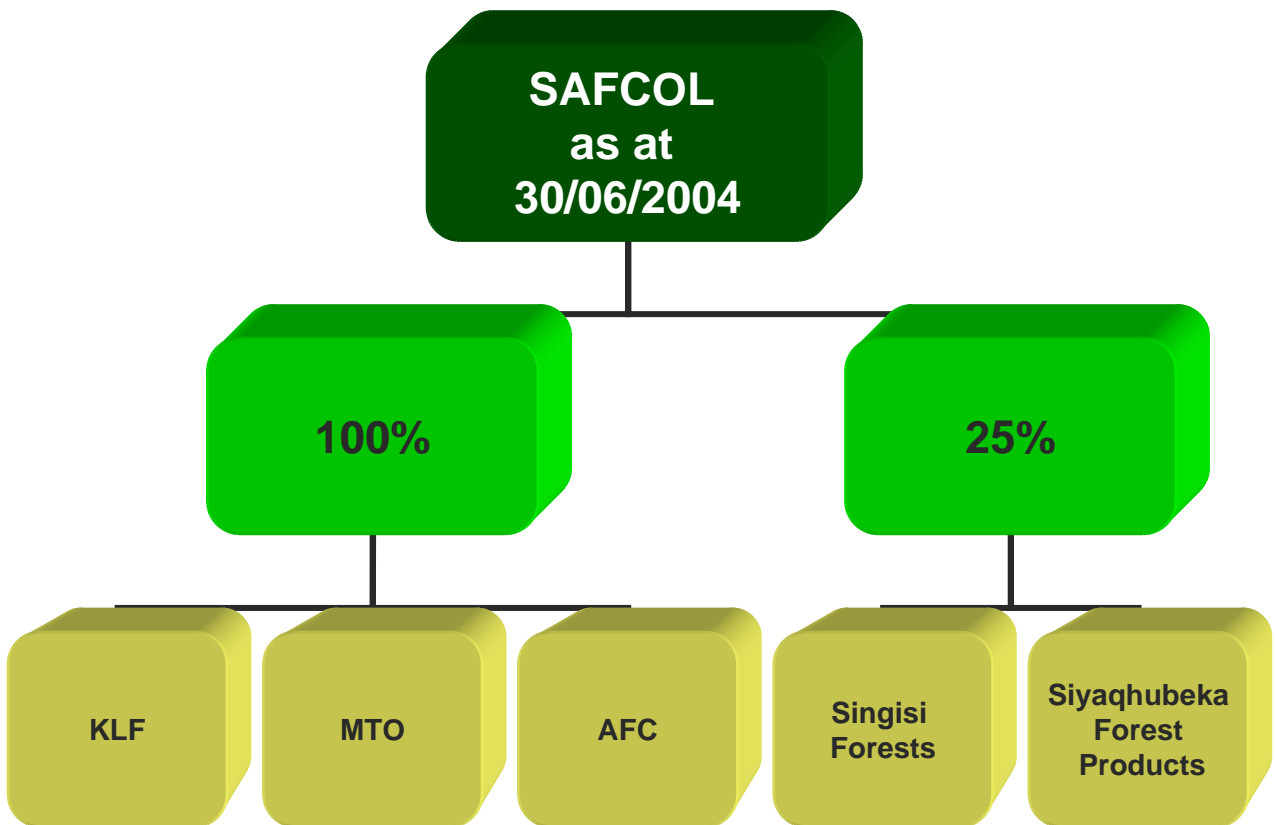


# Privatisation key issues

- **Government lease**
- **Competition Commission**



# SAFCOL as at 30 June 2004



# Financial Results for the Group

|                        | <u>2003</u><br><u>R'000</u> | <u>2002</u><br><u>R'000</u> | <u>Growth</u><br><u>%</u> |
|------------------------|-----------------------------|-----------------------------|---------------------------|
| Revenue                | 677 257                     | 692 408                     | (2,2)                     |
| Profit before Taxation | 140 177                     | 62 112                      | 125,7                     |
| Net Profit             | 103 938                     | 32 946                      | 215,5                     |
| Capital Expenditure    | 25 009                      | 31 652                      | (21,0)                    |

|                            | <u>%</u> | <u>%</u> |
|----------------------------|----------|----------|
| Return on Equity           | 24,4     | 13,0     |
| Return on Capital Employed | 22,0     | 12,1     |



# Financial Status of the Group

|                                     | <u>2003</u><br><u>R'000</u> | <u>2002</u><br><u>R'000</u> |
|-------------------------------------|-----------------------------|-----------------------------|
| Capital and Reserves                | 574 146                     | 488 118                     |
| Interest Bearing Loans              | 14 457                      | 7 901                       |
| Long Term Provisions                | 23 217                      | 31 864                      |
| Deferred Tax                        | 27 909                      | -12 014                     |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>639 729</b>              | <b>515 865</b>              |
| IBL as % of total                   | 2.3%                        | 1.5%                        |
| Property, Plant and Equipment       | 116 678                     | 122 205                     |
| Plantations and agricultural assets | 280 824                     | 280 787                     |
| Investments and Loans               | 87 563                      | 76 920                      |
| Net Current Assets                  | 154 664                     | 35 957                      |
| <b>TOTAL NET ASSETS</b>             | <b>639 729</b>              | <b>515 865</b>              |
|                                     |                             |                             |



# Funding Arrangements

- **Bridging loan at establishment**
- **Self funding**
- **No Government grants or guarantees**
- **Transfer payment in respect of residual liabilities**
  - ✓ Restructuring and operational costs
  - ✓ R14 million per annum for four years, escalating at PPI
  - ✓ Payable at 1 April every year, commencing 2002
- **Cash Position as at 10 September**
  - ✓ R115 million on investment
  - ✓ 7,58 % Return



# SAFCOL Group: Staff Complement (July 2004)

| Category         | Top Man  | Senior Man | Middle Man | Lower Man  | Admin/ Support | General Workers | Total        |
|------------------|----------|------------|------------|------------|----------------|-----------------|--------------|
| AA Male          | 0        | 1          | 10         | 55         | 958            | 1,334           | 2,358        |
| AA Female        | 0        | 0          | 1          | 9          | 53             | 304             | 367          |
| <b>Sub-total</b> | <b>0</b> | <b>1</b>   | <b>11</b>  | <b>64</b>  | <b>1,011</b>   | <b>1,638</b>    | <b>2,725</b> |
| White Male       | 2        | 8          | 67         | 87         | 35             | 102             | 301          |
| White Female     | 0        | 0          | 4          | 20         | 61             | 52              | 137          |
| <b>Sub-total</b> | <b>2</b> | <b>8</b>   | <b>71</b>  | <b>107</b> | <b>96</b>      | <b>154</b>      | <b>438</b>   |
| <b>TOTAL</b>     | <b>2</b> | <b>9</b>   | <b>82</b>  | <b>171</b> | <b>1,107</b>   | <b>1,792</b>    | <b>3,163</b> |

