



INVESTOR PRESENTATION 2018



WHO WE ARE

YORK TIMBER HOLDINGS LIMITED (YORK, YORK TIMBERS OR THE COMPANY) IS AN INTEGRATED FORESTRY COMPANY LISTED ON THE JSE IN THE FORESTRY AND PAPER SECTOR WITH SHARE CODE YRK.

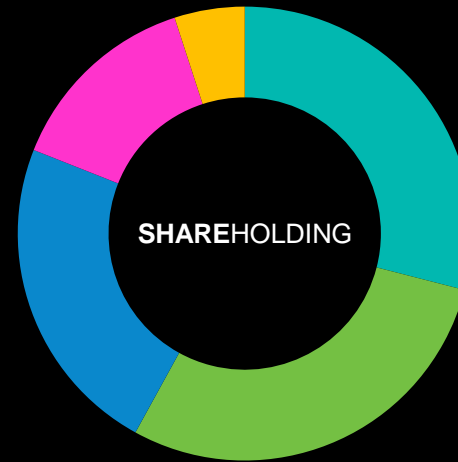
YORK WAS INCORPORATED IN 1916 AND WAS FIRST LISTED IN 1946.

York operates through its wholly owned subsidiaries:

- York Timbers Proprietary Limited owns plantations and processing plants; and
- Agentimber Proprietary Limited operates a wholesale distribution network.

York has a substantial share of the South African timber and plywood markets.

This is a result of York's sustainable biological assets, technologically advanced forestry operations, close attention to customer needs and its ability to deliver quality products.



EMPOWERMENT
29%

DEVELOPMENT AGENCIES
29%

PRIVATE COMPANIES
23%

MUTUAL FUNDS
14%

OTHER
5%

CONTINUAL GROWTH

EBITDA per share has grown at a CAGR of 6% over the past eight years

IMPROVED QUALITY OF BIOLOGICAL ASSET

The continual improvement is reflected in a 6% CAGR since 2011

CASH FLOWS FROM OPERATIONS

York continues to deliver positive cash flows from operations, with a 6% CAGR since 2011

DEBT

During the year, net debt reduced by R108 million

PLYWOOD EXPANSION PROJECT COMPLETED

The plant is fully operational and delivering value

DEVELOPING EXPORT MARKET

During the past year, export revenue accounted for 8% of total revenue

INTEGRATED SUPPLY CHAIN SYSTEM IN HIGHVELD RUNNING AT ONE THIRD OF HISTORICAL COSTS

VALUE DISTRIBUTION

R1 818 million

Revenue

(2017: R1 833 million ↓ 1%)

- **R1 263 million**

Cost of sales

(2017: R1 335 million ↓ 5%)

- **R361 million**

Other operating expense

(2017: R347 million ↑ 4%)

+ **R71 million**

Fair value adjustment

(2017: R436 million ↓ 84%)

- **R76 million**

Net finance cost

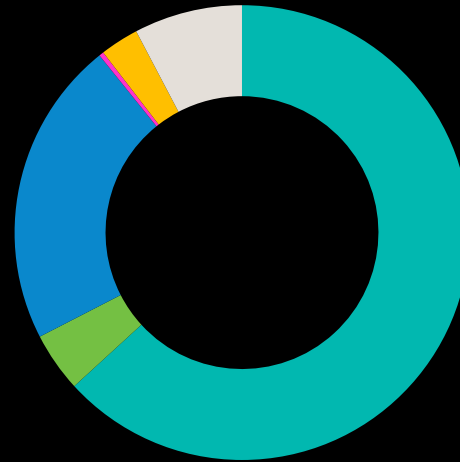
(2017: R77 million ↓ 1%)

- **R50 million**

Taxation

(2017: R143 million ↓ 65%)

= **TOTAL VALUE DISTRIBUTED**



R139 million

(2017: R367 million ↓ 62%)

R1 228 million

to suppliers

(2017: R1 308 million ↓ 6%)

R76 million

to financiers

(2017: R77 million ↓ 1%)

R396 million

to employees

(2017: R374 million ↑ 6%)

R50 million

to Government

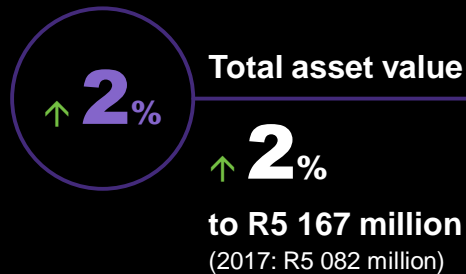
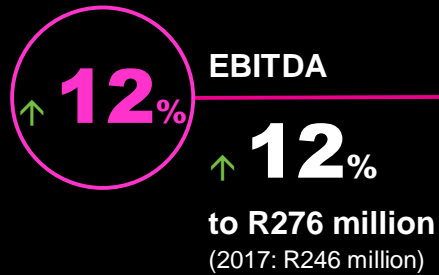
(2017: R143 million ↓ 65%)

R139 million

retained for future value

(2017: R367 million ↓ 62%)

OUR RESULTS



OTHER HIGHLIGHTS

- Debt reduced by R108 million
- Installation of 48 daylight press
- Plywood production increased by 13%
- Plywood sales volumes increased by 32%
- R65 million invested in property, plant and equipment (2017: R154 million)
- Improved forestry management practices

REVENUE



Core earnings per share



Number of people employed



CHANGE IN STRATEGY

VISION

To deliver shareholder value



STRATEGY

Focus on cash generation through cost efficiencies and supply chain optimisation

DELIVERABLES

- Capex normalised ca R70 million
- Consolidation of operations
- Duplication of costs - Highveld operations
- Secure raw material – External purchases

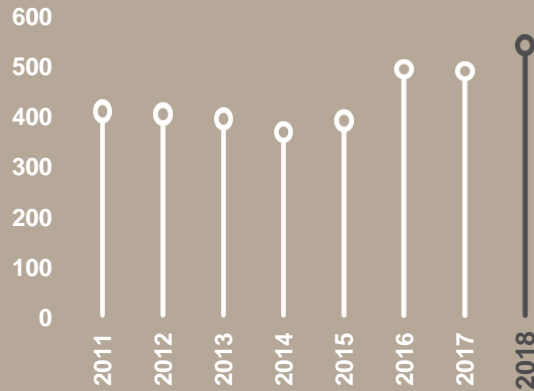
FINANCIAL OVERVIEW

BUILDING A SUSTAINABLE COMPANY REQUIRES CONSISTENT PERFORMANCE AND CASH GENERATION OVER TIME

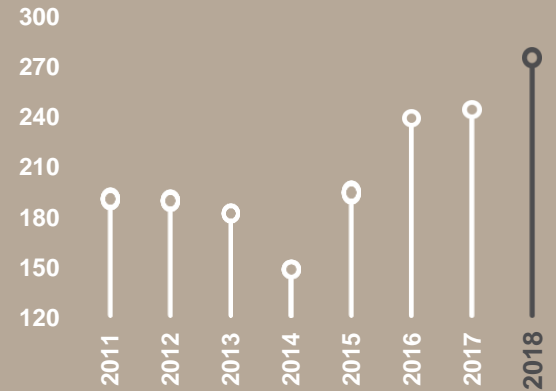
GROUP REVENUE
R'million



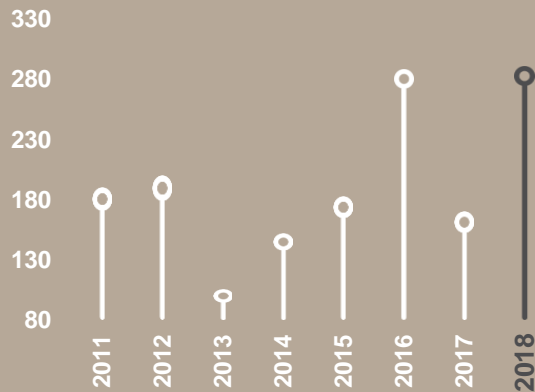
GROSS PROFIT
R'million



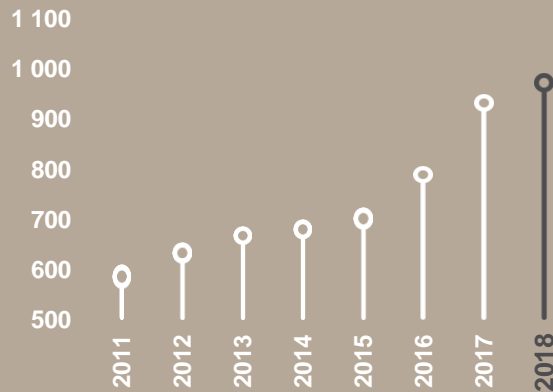
EBITDA
R'million



CASH GENERATED FROM OPERATIONS
R'million



TANGIBLE NET ASSET VALUE (TNAV)
cents



UNDERLYING TNAV
cents



EIGHT YEAR FINANCIAL REVIEW

		CAGR % 2011-2018	2018	% change	2017	2016	2015	2014	2013	2012	2011
Group revenue	R'000	9,6	1 817 609	(1)	1 832 805	1 771 049	1 543 149	1 323 976	1 131 994	1 112 843	959 143
Gross profit	R'000	4,0	554 151	11	497 502	500 566	404 415	377 945	410 298	421 519	420 912
<i>Gross profit margin</i>	%	(5,1)	30,5	12	27,1	28,3	26,2	28,5	36,2	37,9	43,9
Operating profit	R'000	2,7	195 566	29	151 369	182 933	144 021	116 811	161 365	166 068	161 897
<i>Operating margin</i>	%	(6,2)	10,8	30	8,3	10,3	9,3	8,8	14,3	14,9	16,9
EBITDA	R'000	5,1	276 225	12	246 101	240 048	199 390	156 262	187 153	194 726	195 060
<i>EBITDA to revenue</i>	%	(4,1)	15,2	13	13,4	13,6	12,9	11,8	16,5	17,5	20,3
Net profit before finance costs	R'000	7,3	271 792	(55)	599 038	390 032	196 272	123 531	192 834	303 395	165 676
Finance costs	R'000	(2,9)	81 800	(8)	88 595	56 632	58 385	56 440	54 672	87 308	100 370
Cash flow from operations	R'000	6,3	286 420	69	169 979	284 963	182 574	151 461	106 486	197 088	187 239
Biological assets	R'000	6,0	2 918 550	3	2 828 518	2 334 327	2 140 067	2 103 092	2 100 870	2 070 222	1 936 398
Interest-bearing borrowings	R'000	3,9	804 595	(12)	912 302	894 145	743 360	562 616	597 173	558 400	614 225
Investment in property, plant and equipment	R'000	19,2	64 680	(58)	154 258	283 241	203 288	66 169	51 958	36 340	18 887
Net working capital	R'000	10,7	231 565	(6)	245 991	162 685	219 485	213 182	180 446	119 372	113 460

EIGHT YEAR FINANCIAL REVIEW

		CAGR % 2011-2018	2018	% change	2017	2016	2015	2014	2013	2012	2011
Basic earnings	R'000	20,3%	139 734	(62)	367 286	238 212	101 468	50 994	106 864	137 818	38 317
Weighted average number of shares	number	(0,6%)	316 874	-	317 209	325 286	331 032	331 241	331 241	331 241	331 241
Earnings per share	cents	21,1%	44	(62)	116	73	31	15	32	42	12
Core earnings per share	cents	17,9%	27	59	17	31	21	16	26	13	8
Headline earnings per share	Cents	16,7%	46	(60)	116	73	29	14	33	42	16
EBITDA per share	cents	5,7%	87	12	78	74	60	47	57	59	59
Net asset value per share	cents	7,1%	989	5	943	809	731	703	688	655	612
Tangible net asset value per share	cents	9,1%	810	6	765	635	559	531	516	484	440
Underlying TNAV*	cents	8,5%	1 063	6	1007	834	739	708	692	657	602
Return on equity	%	13,0%	4,5	(64)	12,3	9,0	4,2	2,2	4,7	6,4	1,9
Total cost	R'000	10,7%	1 622 043	(4)	1 681 436	1 588 116	1 399 128	1 207 165	970 629	946 775	797 246
External log purchases	R'000	30,3%	201 723	(25)	269 982	140 887	210 886	182 086	146 305	122 203	31 671
Cost excluding log purchases	R'000	9,2%	1 420 320	1	1 411 454	1 447 229	1 188 242	1 025 079	824 324	824 572	765 575
Cost as % of revenue	%	(0,3)	78,1	1	77,0	81,7	77,0	77,4	72,8	74,1	79,8

* Underlying TNAV represents the tangible net asset value (TNAV) adjusted for the deferred tax related to the biological asset, which will only become payable after York seizes re-establishment or sale of plantations.

BALANCE SHEET

Statement of financial position as at 30 June 2018	2018 R'000	% change	2017 R'000
Assets			
Non-current assets	4 036 314	3	3 932 641
Biological assets	2 498 082	4	2 392 979
Investment property	26 731	-	26 731
Property, plant and equipment	901 202	(1)	911 532
Goodwill	565 442	-	565 442
Intangible assets	463	(49)	908
Other financial assets	39 707	24	31 965
Deferred tax	4 687	52	3 084
Current assets	1 131 108	(2)	1 149 310
Biological assets	420 468	(3)	435 539
Inventories	296 619	(13)	339 693
Trade and other receivables	258 619	25	206 982
Current tax payable	3 363	(57)	7 749
Cash and cash equivalents	152 039	(5)	159 347
Total assets	5 167 422	2	5 081 951

The net increase in **biological assets** is the result of an increase in growth and price, and a decrease from operating costs and discount rate. Purchased plantations of R71,8 million are included in the biological assets.

Inventories decreased as production levels were adjusted to sales volumes, and prior year export stock dispatched.

Trade and other receivables over year-end increased due to late settlement of a significant customer at its reporting date, and a receivable raised for timber invoiced by supplier not yet received.

BALANCE SHEET

Statement of financial position as at 30 June 2018	2018 R'000	%	2017 R'000
		change	
Equity and liabilities			
Equity	3 132 435	5	2 992 565
Share capital	1 480 232	-	1 480 232
Reserves	(353)	(28)	(489)
Retained income	1 652 556	9	1 512 822
Liabilities			
Non-current liabilities	1 541 790	(4)	1 601 836
Loans from related parties	-	(100)	1 527
Loans and borrowings	636 836	(13)	731 498
Retirement benefit obligation	26 430	4	25 334
Deferred tax	863 901	5	825 867
Provisions	14 623	5	13 900
Cash-settled share-based payments	-	(100)	3 710
Current liabilities	493 197	1	487 550
Trade and other payables	323 673	8	300 684
Loans and borrowings	167 759	(7)	180 804
Operating lease liability	1 741	23	1 415
Current tax payable	15	(95)	277
Cash-settled share-based payments	-	(100)	4 370
Bank overdraft	9	>100	-
Total liabilities	2 034 987	(3)	2 089 386
Total equity and liabilities	5 167 422	2	5 081 951

Reduction in **loans and borrowings** due to debt repayment profile. New plywood press refinanced during the year originally funded from working capital.

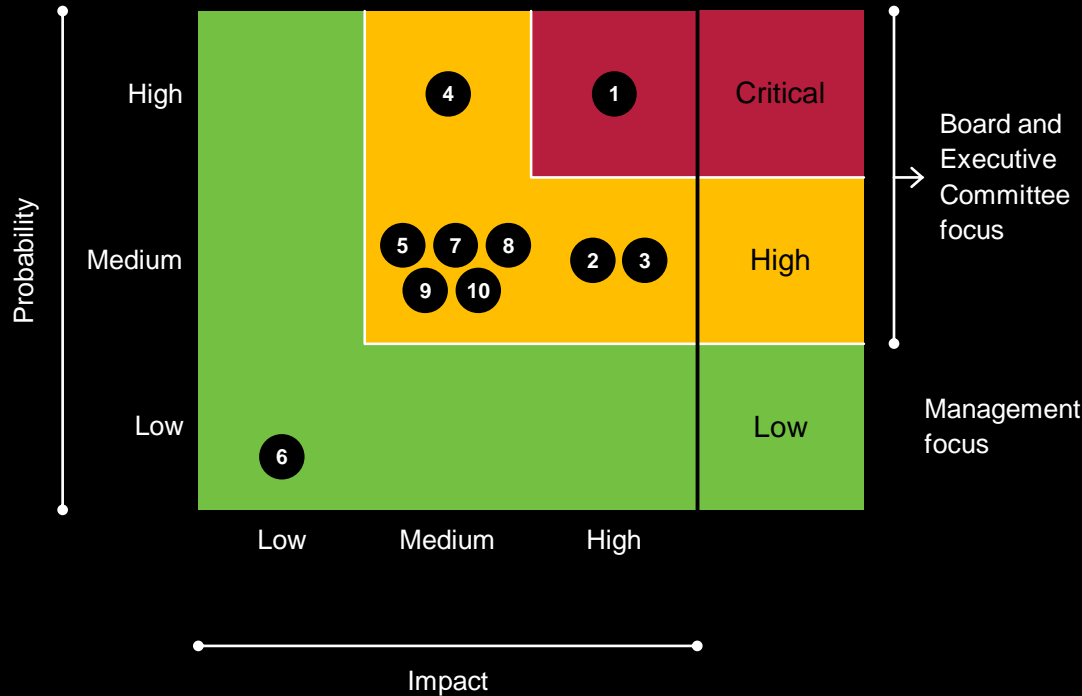
Increase in **trade and other payables** is due to standing timber purchased.

CORE EARNINGS PER SHARE ANALYSIS

		CAGR % 2011-2018	Audited 2018	Audited 2017	Audited 2016	Audited 2015	Audited 2014	Audited 2013	Audited 2012	Audited 2011
Core earnings per share	Cents	17,9	27	17	31	21	16	26	13	8
EBITDA per share	Cents	5,7	87	78	74	60	47	57	59	59
Finance costs per share	Cents	(5,8)	(25)	(24)	(14)	(15)	(14)	(15)	(24)	(37)
Taxation per share	Cents	15,6	(9)	(7)	(13)	(7)	(5,03)	(7,05)	(12,32)	(3,28)
Depreciation and amortisation per share	Cents	14,4	(26)	(30)	(18)	(17)	(12)	(8)	(7)	(10)

THE TOP TEN RISKS

The residual risks facing York are reflected on this heat map:



The top ten risks York faces, together with the probability of these events occurring and the impact thereof (high, medium and low), are listed here. The mitigating strategies, together with opportunities arising and the measurement of the impact, are listed alongside

The Board and management team continuously review the top corporate risks to ensure an appropriate understanding of our operating environment

York continually assesses its major risks and responses thereto

TOP 10 RISKS TO VALUE CREATION



RANK	KEY RISKS AND DESCRIPTION	MITIGATING CONTROLS ACTIONS	PROB IMPACT	MEASURING THE IMPACT	CAPITALS AFFECTED
1	<p>UNION RIVALRY AND INDUSTRIAL RELATIONS STRATEGY</p> <ul style="list-style-type: none"> Strike action due to political rivalry between opposing unions NUMSA is not recognised within the Bargaining Council for the Wood and Paper sector and it claims to have the majority employees as part of its membership Inter-union rivalry between NUMSA and CEPPWAWU could result in more strikes 	<ul style="list-style-type: none"> Continuous and direct communication with employees and Unions on a number of platforms Open the communication channels between employees and various levels of management to minimise distorted information flow from unions to employees Management and HR “walk the floor”, road shows and weekly green area discussions focussing on information sharing and addressing wage earners’ concerns Strike mitigation action plans 		<ul style="list-style-type: none"> Active responsible social citizen Adherence to Company policies and procedures Business interruption impacting EBITDA 	
2	<p>LAND EXPROPRIATION WITHOUT COMPENSATION</p> <ul style="list-style-type: none"> Government investigating the possibility of changing the Constitution to enable the expropriation of land without compensation York, as substantial private land owner, could become a target for expropriation Creating uncertainty and a negative perception amongst investors 	<ul style="list-style-type: none"> Direct communication and inputs to Government Structures to efficiently deal with land claims are in place 		<ul style="list-style-type: none"> Value of biological asset Supply of sufficient raw material to processing plants Change in total landholding that could impact financing from banks Could lead to reduction of staff, scaling down of operations and retrenchment Productive asset base of the business being reduced, impacting the profitability of the Company 	
3	<p>EXTERNAL LOG PROCUREMENT AND SALES:</p> <ul style="list-style-type: none"> SAFCOL marketing policy This policy allows SAFCOL to limit the supply of logs to the market and by doing so inflates the floor price. This has pushed log prices in the Mpumalanga and Limpopo Provinces 22% above industry average. Excess volumes not offered as part of the bidding process are then either exported or sold through private transactions 	<ul style="list-style-type: none"> Ongoing engagement with SAFCOL on a revision of its marketing policy – specifically relating to a transparent pricing mechanism as well as the implementation of three year renewable log supply agreements Alternative log supply solutions are actively being pursued and procured Consolidation of operations by implementing new technology Two agreements for log procurement outside the tender process has been signed 		<ul style="list-style-type: none"> Reduce external log purchases High log prices impact value margin of sawmills Profitability of processing operations slowly eroded by SAFCOL's excessive log price increases Investment in processing facilities becomes risky as there is no security of raw material supply 	

TOP 10 RISKS TO VALUE CREATION



RANK	KEY RISKS AND DESCRIPTION	MITIGATING CONTROLS ACTIONS	PROB IMPACT	MEASURING THE IMPACT	CAPITALS AFFECTED
4	<p>YORK SHARE PRICE</p> <ul style="list-style-type: none"> York share price disconnect with the value of the Company Trading at huge discount to net asset value Total shareholder return not linked to Company's performance Creates negative perception of the Company amongst investor community Limiting ability to raise capital at realistic level to fund growth plans 	<ul style="list-style-type: none"> Revise business strategy Investor communication Consider dividend payments Continuous annual increase in profitability Corporate action 		<ul style="list-style-type: none"> Focus on cash generation and reducing debt 	
5	<p>MARKET CONDITIONS/PRESENCE IN THE MARKET</p> <p>Lumber</p> <ul style="list-style-type: none"> Strong lumber price competition York market share has reduced York requires a specific product mix selling basket. Log supply is a constraint <p>Plywood</p> <ul style="list-style-type: none"> Local demand improved for 18mm and 21mm shutterply Export market: high demand with high standard of product specifications 	<ul style="list-style-type: none"> Focus on profit margins and scaling down operations Expand channels to market. Focus on frequency of sales Improve distribution network Continue to pursue niche export markets with higher US Dollar price Trial orders secured for Italy and North America Service to the market. Frequency of sales and punctual delivery Presence during customers' decision-making process Expansion of customer base Improve customer service and quicker turn-around on decision-making 		<ul style="list-style-type: none"> Improving segmental profitability Increase net cash from operating activities Maintain local market share and improve export volumes Improve net cash flow from operating activities 	
6	<p>INFORMATION SYSTEMS (TECHNOLOGY DISADVANTAGE)</p> <ul style="list-style-type: none"> Current ERP system old, outdated and not supported any longer Various other systems are being used throughout York which are not integrated creating islands of information Cell phones – voice and data vs decision-making Radio communication capabilities 	<ul style="list-style-type: none"> New ERP/financial system project implementation Data management and enhanced decision-making tools Migration and upgrade to digital radios project to commence soon 		<ul style="list-style-type: none"> Control IT spend Enhance decision-making Better financial control environment 	

TOP 10 RISKS TO VALUE CREATION



RANK	KEY RISKS AND DESCRIPTION	MITIGATING CONTROLS ACTIONS	PROB IMPACT	MEASURING THE IMPACT	CAPITALS AFFECTED
7	<p>TOTAL COST OF EMPLOYMENT</p> <ul style="list-style-type: none"> • Rapidly rising total cost of employment (salaries and wages) to unsustainable levels • Currently making up 24% of total cost in the Company which is excessive • Recent wage analysis on true cost of employment shows an even higher rate for employing wage earning employees if consideration is given to the benefits supplied to these employees by the Company 	<ul style="list-style-type: none"> • Increased levels of mechanisation • Implementation of productivity measures • Potential consolidation of sawmill operations in the Escarpment region • Proper consideration and motivation of each and every placement of employee with aim of reducing headcount • Rationalisation of headcount with engineering solutions where possible 		<ul style="list-style-type: none"> • Total cost of employment • Profitability – EBITDA/revenue • Total cost excluding external log purchases • Net cash from operating activities 	
8	<p>TRANSPORT AND LOGISTICS COSTS</p> <ul style="list-style-type: none"> • Fleet management control • Increasing repair and maintenance cost due to aging equipment 	<ul style="list-style-type: none"> • Defined equipment replacement programme • Reduce delivery cost of raw material and final product to customers • Focus on central despatch planning to improve both efficiencies and customer service levels • Insourcing of operations to reduce costs • Continuous training by workshop staff with various Original Equipment Manufacturers (OEMs) – inspection and preventative maintenance 		<ul style="list-style-type: none"> • Transport and logistics costs • Value margin – sawmills • Value margin – plywood plant • Profitability – EBITDA/revenue • Total cost excluding external log purchases • Net cash from operating activities • EBITDA return on capital employed 	
9	<p>MILL INTAKES AND PRODUCT MIX</p> <ul style="list-style-type: none"> • Log mix supply optimisation and erratic supply due to third party suppliers 	<ul style="list-style-type: none"> • Ensure sustainable harvesting of plantations • Procurement of logs from external parties as a priority • Three month rolling forecast combined with efficient production and market supply planning 		<ul style="list-style-type: none"> • Diversified product mix • Value margin – sawmills • Profitability – EBITDA/revenue • Net cash from operating activities • EBITDA return on capital employed 	

TOP 10 RISKS TO VALUE CREATION

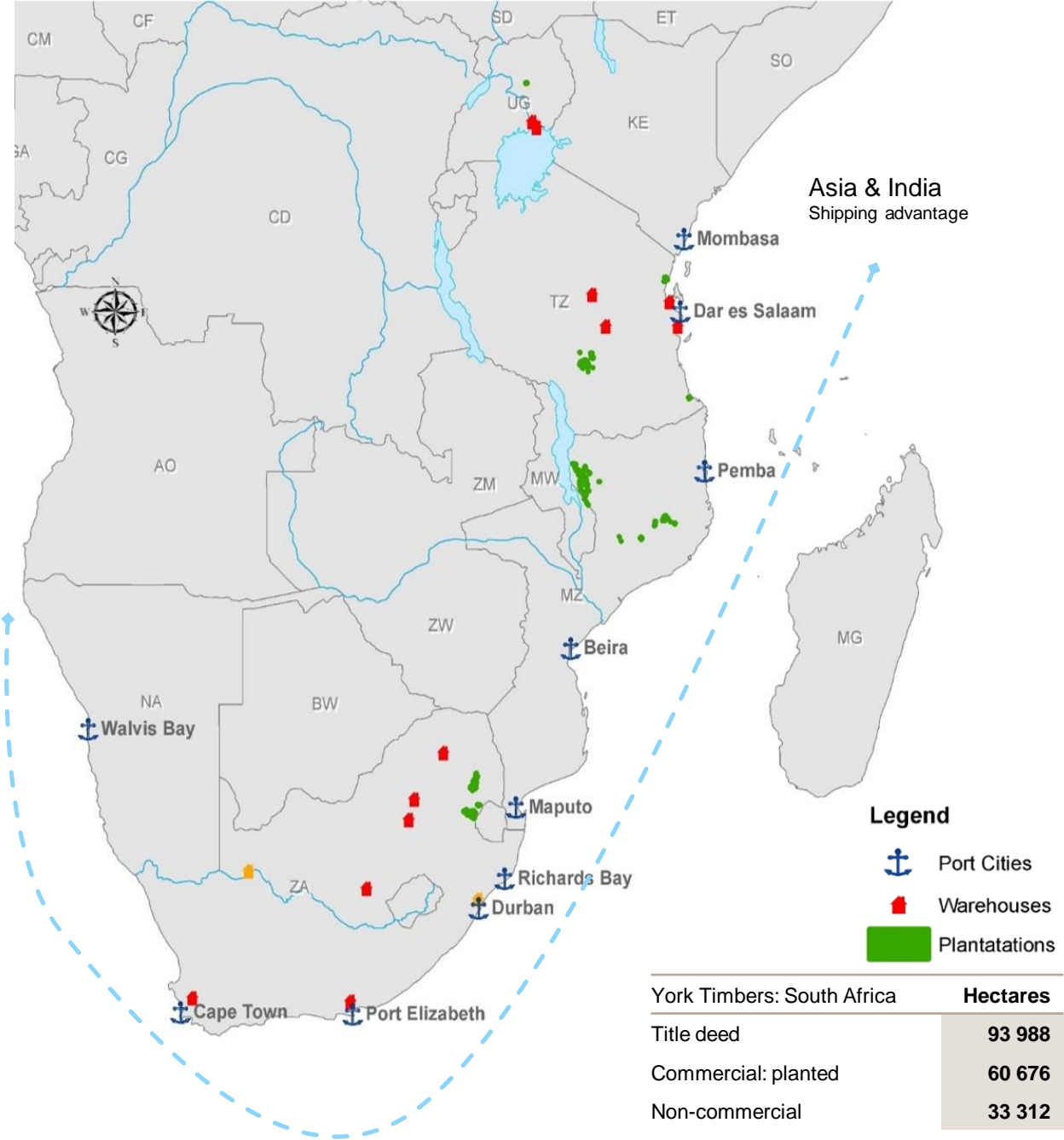


RANK	KEY RISKS AND DESCRIPTION	MITIGATING CONTROLS ACTIONS	PROB IMPACT	MEASURING THE IMPACT	CAPITALS AFFECTED
10	<p>FIRE</p> <ul style="list-style-type: none"> Plantation fire – loss of trees younger than 10 years Fire at processing plants – physical loss and business interruption Fire risks at warehouse operations Managing fuel load within plantations 	<ul style="list-style-type: none"> Self-insurance fund for forest fires in place Implemented an Integrated Fire Management Plan Focus on identification of high risk areas, fuel load reduction, early detection and rapid initial attack “Under canopy burning” implemented to further reduce fuel load in high risk areas Enhance digital detection with wider coverage resulting in reduced manual lookouts Continue investing in adequate firefighting equipment Latest technology compressed air foaming systems for South African forestry industry under development and will be evaluated Most compartments planted are being burnt prior to planting to reduce fuel load. This has now been complemented by the addition of mulching capability which has added capacity to reduce fuel load when unable to burn All strike teams fully trained and equipped. Placed at strategic positions on high fire danger days to ensure quick response to fires. Improved communication with teams adds to quicker response time Fully fitted new forestry operations room allows for improved communication and access to information during fire incidents Cost/benefit analysis database in development to assist and validate decision-making and optimal use of fire resources and response Audited and approved fire plans in place for all processing plants Testing of fire hydrants and equipment Implementing fire audits and plans for warehouse sites Risk engineer annual review of processing risk – including fire – York improvement shown annually Sprinkler system in place at selected sites 		<ul style="list-style-type: none"> Value of biological asset Profitability – EBITDA/revenue Total cost excluding external log purchases Net cash from operating activities EBITDA return on capital employed Self-insurance fund value 	

SAFCOL MARKETING POLICY

LOG PRICES IN RELATION TO INDUSTRY - R/m³

Yearly change	Q2 2014	% Change	Q2 2015	% Change	Q2 2016	% Change	Q2 2017	% Change	Q2 2018	% CAGR
Industry average - R/m ³	507,14	8,2%	548,71	6,8%	586,14	6,8%	625,86	5,5%	660,43	6,8%
KZN average- R/m ³	433,14	3,5%	448,29	19,9%	537,29	7,9%	579,57	0,1%	580,00	7,6%
Price variance to industry - R/m ³	(74,00)		(100,43)		(48,86)		(46,29)		(80,43)	
Cape average- R/m ³	430,71	1,4%	436,71	1,6%	443,71	13,9%	505,29	8,5%	548,43	6,2%
Price variance to industry - R/m ³	(76,43)		(112,00)		(142,43)		(120,57)		(112,00)	
MPU average - R/m ³	579,29	4,0%	602,29	11,1%	668,86	11,2%	743,86	3,6%	771,00	7,4%
Price variance to industry - R/m ³	72,14		53,57		82,71		118,00		110,57	



Green Resources AS has plantations in Mozambique, Uganda and Tanzania. York would acquire all the shares in GRAS (debt free) for a defined purchase consideration. GRAS shareholders would convert their shareholding for shares in York at a marginal discount to York's net asset value. The balance of the purchase price would be settled in cash with York raising the capital at ca 50% discount to its NAV.

The proposed transaction would have established York as a pan-African forestry company.

The merger failed as GRAS and its debt providers could not agree on the terms of the transaction, and the deal process was terminated. The experience gained from the due diligence performed will stand York in good stead for future African opportunities.

WOOD IS UNIQUE

Wood is unique and highly beneficial for the production of wood-based products and components for construction purposes. Some of the properties would be almost impossible to replicate in any other building materials. Some of these properties include:



Thermal: Wood does not change its form when exposed to heat. Rather, it will lose moisture and gain strength. In addition, it is a very bad conductor of heat. Specific heat values of timber are high. Therefore greater amounts of energy are needed to increase and decrease the temperature per volumetric unit of wood. Wood conduction of heat energy is comparable to stones and concrete and up to three times the amount of heat energy is needed for the heating or cooling compared to steel.

Acoustic: Wood is ideal for sound absorption as it prevents echo and noise due to the absorption of sound. Therefore wood is extensively used in concert halls and musical instruments.



Electrical: Wood has greater resistance to electrical current and therefore acts as an exceptional insulator compared to steel. Static electricity, potentially hazardous to human health, is also not stored in wood, making it a healthy material.

Mechanical: Wood and laminated wood are used in wide-gap constructions due to their ability to sustain their own weight over long distances. This is due to the light weight of wood, together with exceptional strength properties per unit mass.



Aesthetic: Wood is unique in colour and grain appearance. Therefore it is considered as an aesthetic building material. Wood of unique appearances can be used for designated building projects or transformed with coatings and paint.

Oxidation: Although wood can be subject to oxidation, it is different to rust. Therefore wood can be used in building projects where steel construction might prove to be problematic due to rust.



Variation: Up to 5 000 different types of wood exist with variable wood properties, which can be used for specific applications. Therefore the right type of wood can be matched with the customers' specific needs.

Working: Wood is highly workable and can easily be repaired when needed, whereas other building materials or components might have to be discarded.



PRECISION FORESTRY



Phenotype
[OUTSIDE]

P

Genome diversity atlas



Genotype
[INSIDE]

=

G + E + (G interaction E)

Landscape genomics

DISCLAIMER

This presentation contains forward-looking statements about York's operations and financial conditions. The Company has prepared this presentation based on information available to it at the time of writing, including information derived from public sources. No representation or warranty, express or implied, is provided in relation to the fairness, accuracy, correctness, completeness or reliability of the information, opinions or conclusions expressed herein.

This presentation is not intended to be relied upon as advice to investors, potential investors or funders and does not take into account the investment objectives, financial situation or needs of any investor. All investors should consider such factors in consultation with a professional advisor of their choosing when deciding if an investment is appropriate.

The Company undertakes no obligation to update or revise these forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events. Inevitably, some assumptions will not materialise, and unanticipated events and circumstances may affect the ultimate financial results. Projections are inherently subject to substantial and numerous uncertainties and to a wide variety of significant business, economic and competitive risks, and the assumptions underlying the projections may be inaccurate in any material respect. Therefore, the actual results achieved may vary significantly from the forecasts, and the variations may be material.

THANK YOU

