Investors' Presentation

Annual Financial Results 2011

YORK
TIMBERS

History of York

- Incorporated in 1916 and listed on JSE in 1946
- Organisation was tightly controlled by the Tucker family, who sold out to Blackstar in 2006
- York then acquired Global Forest Products in 2007 making it the largest vertically integrated solid wood processor in Southern Africa
- Management restructuring
- York embarked on a comprehensive re-engineering of the business in 2009
- Board restructured to engage strategically with management in charting the business and its future

Major Stakeholders

YORK TIMBERS

JSE JOHANNESBURG STOCK EXCHANGE

IDC
Industrial Development Corporation

Sanlam

CORONATION
FUND MANAGERS

Lereko
Lereko Investments (Pty) Limited

metier

Performance against 2010 – Focused Areas

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Cost Optimisation	✓ **Reduced cost per unit by 9%**
Resource Optimisation	✓ **EBITDA Margin: 20.3%-2011 (10.2%-2010)**
Maximising cash flow	✓ **Increase by 84%**
Improving Biological Assets	✓ **Value Increased R14.7 million**
Maintain Market share	✓ **Volumes up by 11.5% and Revenue 5.5%**
Investment in Human Capital	✓ **Performance based culture**
Strategic Growth	✓ **Detailed strategy being implemented**

York set to deliver on objectives

York acquired GFP in 2007 to become SA's largest vertically integrated solid wood processing forest products group

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- York is the largest privately owned forestry and timber company in South Africa
- The largest lumber and plywood manufacturer in Southern Africa
- The 2nd largest plantation owner by volume of logs
  - 57,000 hectares of Pine plantations
  - 4,000 hectares of Eucalyptus
  - 6,000 hectares of addition water permits
  - 33,000 hectares of conservation land with possible alternative uses
- Operates 5 processing facilities in the Mpumalanga area
- Softwood timber markets include:
  - 69% building sector, primarily roof construction
  - 12% packaging
  - 19% furniture components
  - 0.4% exports (mainly SADC)
- Channels to market include:
  - Large building merchants (Cashbuild, Iliad etc)
  - Independent building material merchants
  - Truss manufacturers
  - Furniture manufacturers

York is a vertically integrated forest products group and a leading player in its market

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Plantation Owner	Concession Holder	Sawmiller	Wholesaler	Retailer

York – 100% owned operations

2nd Biggest – Minority Shareholder at Subsidiaries and Lease Plantations

3rd Biggest – Minority Shareholder at Subsidiaries and Lease Plantations

Komatiland - State Owned

- 4 large plantation owners
- York is the 2nd largest by volume (±22%)
- Komatiland Forests (KLF) is the largest (with 37%) and is state owned

- York is the largest sawmiller with 21% market share
- KLF has limited processing capacity and does some contract sawmilling in addition (Comp Comm investigation)

- Large retailers
  - Cashbuild
  - Iliad
  - Massmart
- Independent building merchants
- Truss manufacturers
- Furniture manufacturers

Since its restructuring York is financially and strategically best positioned among its peers

Source: York's understanding of the current market

At the end of 2008 it became clear that York had to restructure

- Sales volume declined by 30%
- Two of the worst fires in history put pressure on industry financials (±R45m EBITDA and ±R100m in cash cost of increased stock)
- Burnt timber that could be salvaged temporarily flooded the market, masking supply issues and putting downward pressure on lumber prices
- Contractual obligation to purchase logs at high prices while lumber prices declined by more than 10%
- York board concluded that previous management were slow to react to changing market conditions

The combined effect of the above factors was unprecedented

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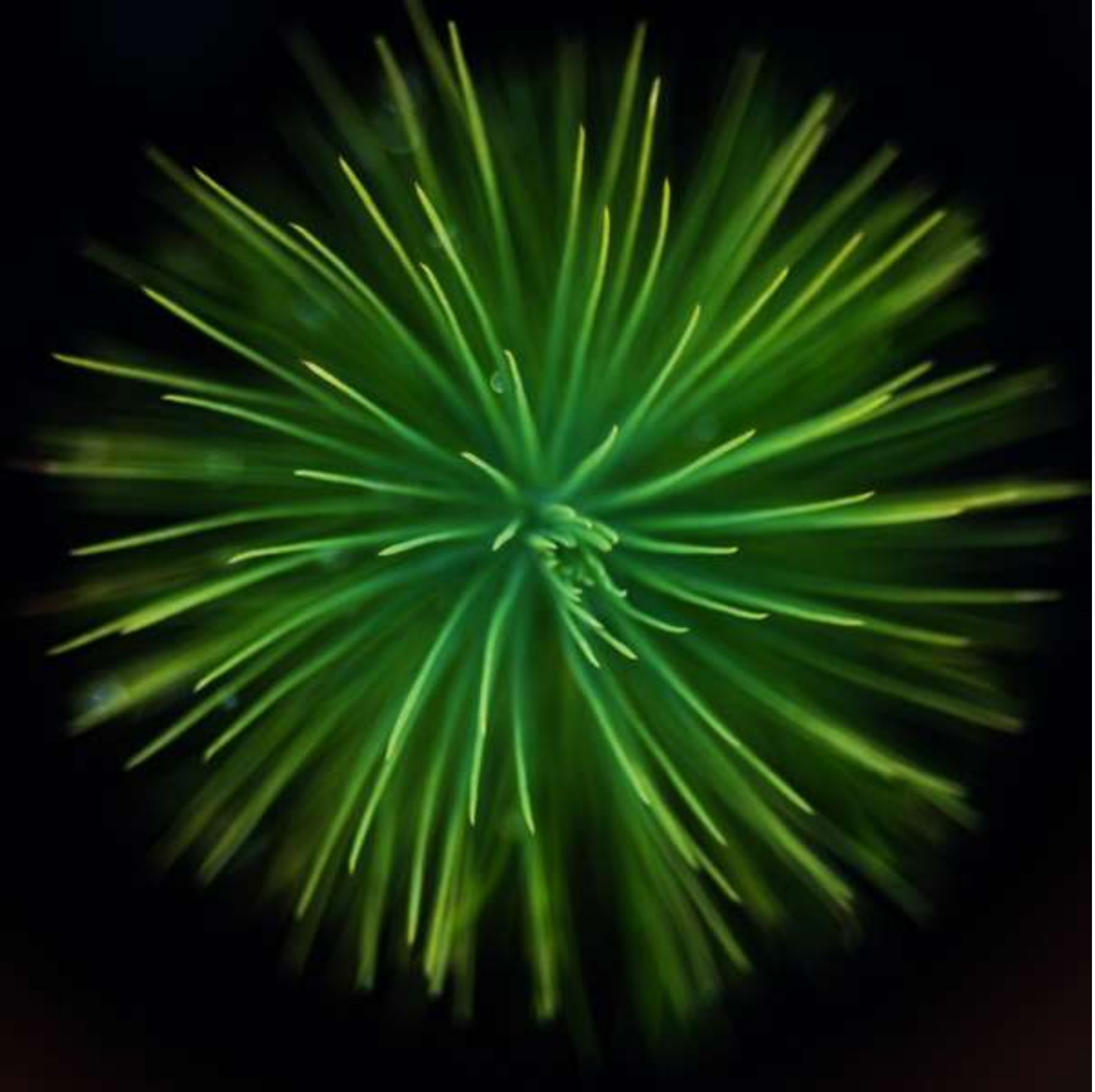
Results of Restructuring of York

- Capital Restructure
  - R500m rights offer
  - R450m debt repayment
- Reorganised and right-sized company
  - R78m reduction in fixed cost structure
  - Closure of three sawmills
  - New experienced senior management
  - Integrated remuneration strategy introduced
    - TGRP, Variable Pay, STI & LTI, quarterly performance review
- Substantial improvement in working capital
  - Debtors days down to 36 days
- Optimisation of York's own raw material
  - Limited external log acquisition
- Optimised mill throughput for efficiencies

Still more to do

- Ongoing operational challenges in Forestry
- Further cost reductions identified through benchmark studies
- Supply chain optimisation
- Log stock control through implementation of scanning devices ⅔



Financial Results

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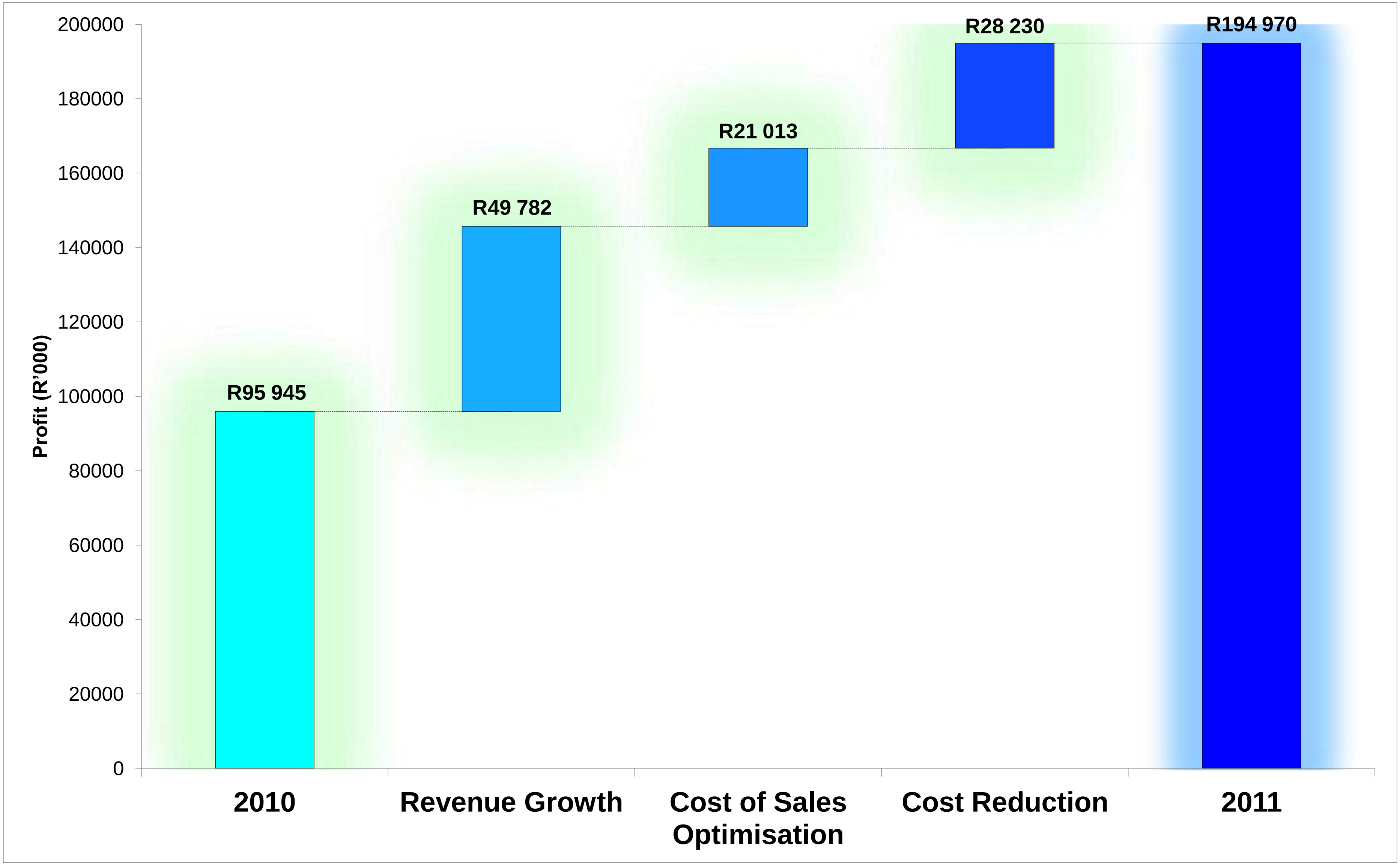
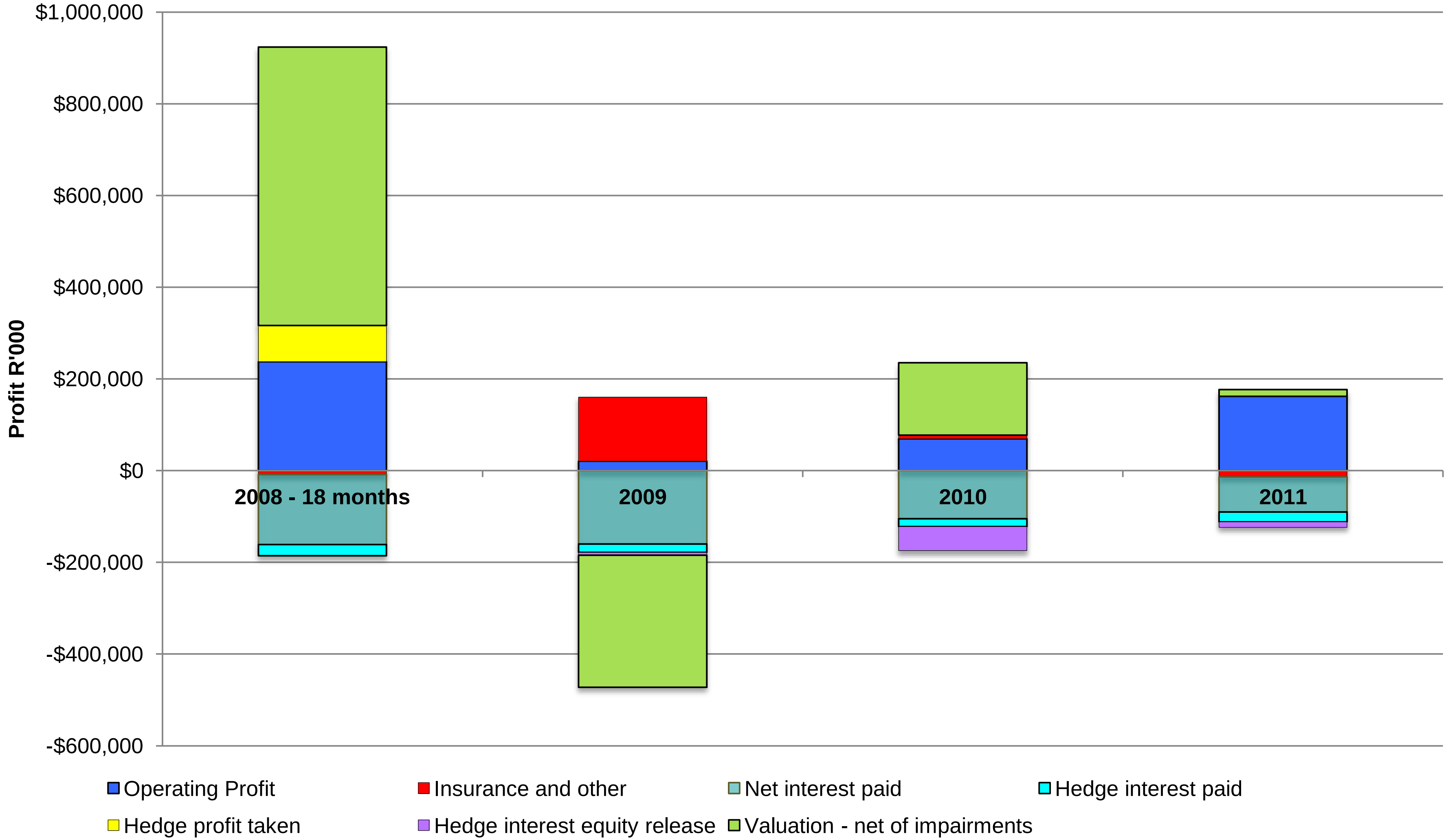
EBITDA Improvement for 2011



Annual Results – 4 Year Summary

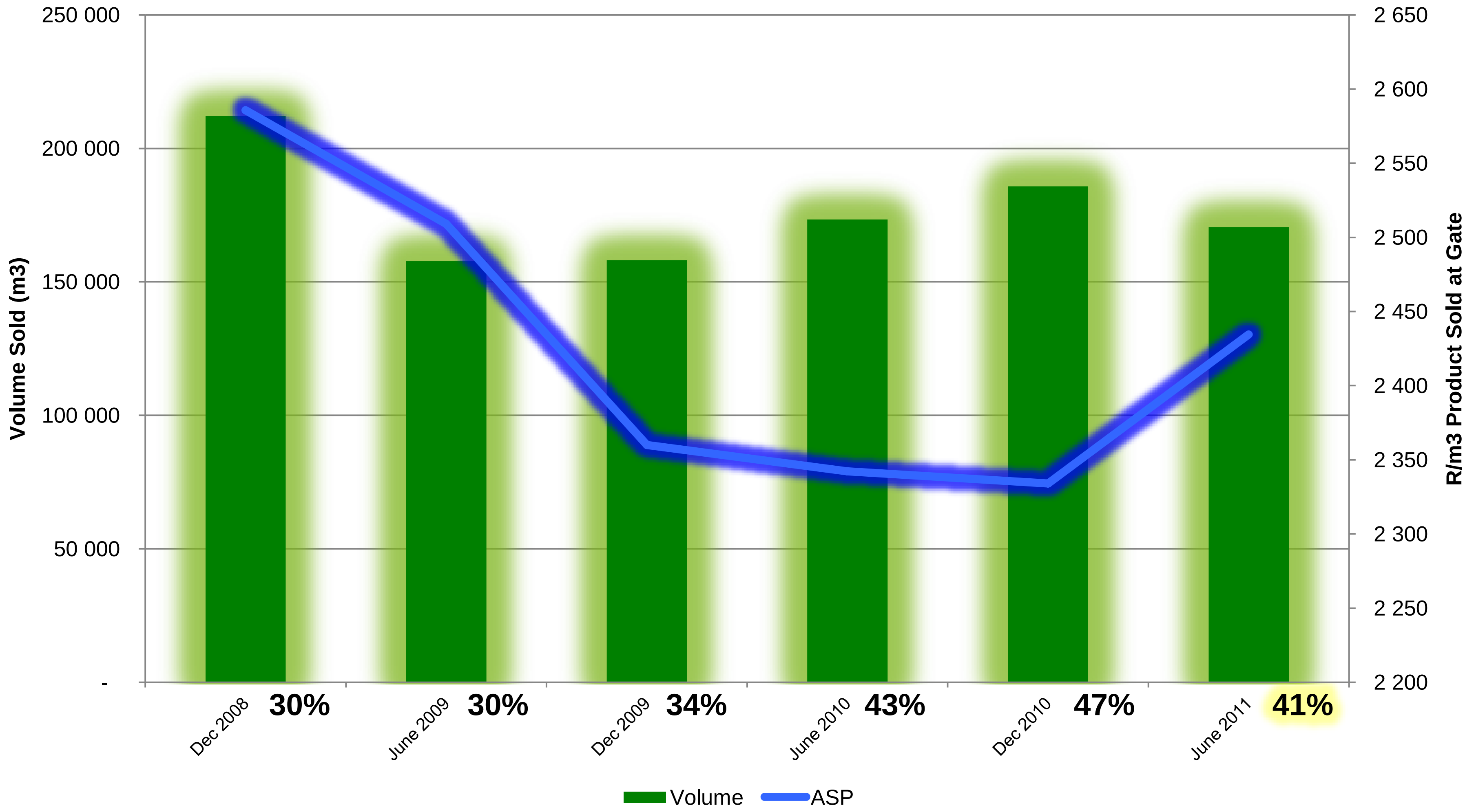


Annual Results Summary

R'000	Audited 2011	Audited 2010	% Change
Group Revenue	959 143	909 361	5%
Gross Profit	420 912	350 117	20%
Gross Profit Margin	44%	39%	14%
Operating Profit	161 897	69 264	134%
Net profit Before Finance Costs	163 459	235 121	-30%
Net Cash Finance Costs	100 370	124 769	-20%
Cash Flow From Operating Activities	187 239	101 868	84%
Biological Assets	1 936 398	1 921 674	1%
Interest Bearing Borrowings	614 225	681 970	-10%
Net Working Capital	113 460	115 060	-1%
Earnings	38 317	64 626	-41%
Earnings Per Share	12	30	-60%
Net Asset Value Per Share	612	594	3%

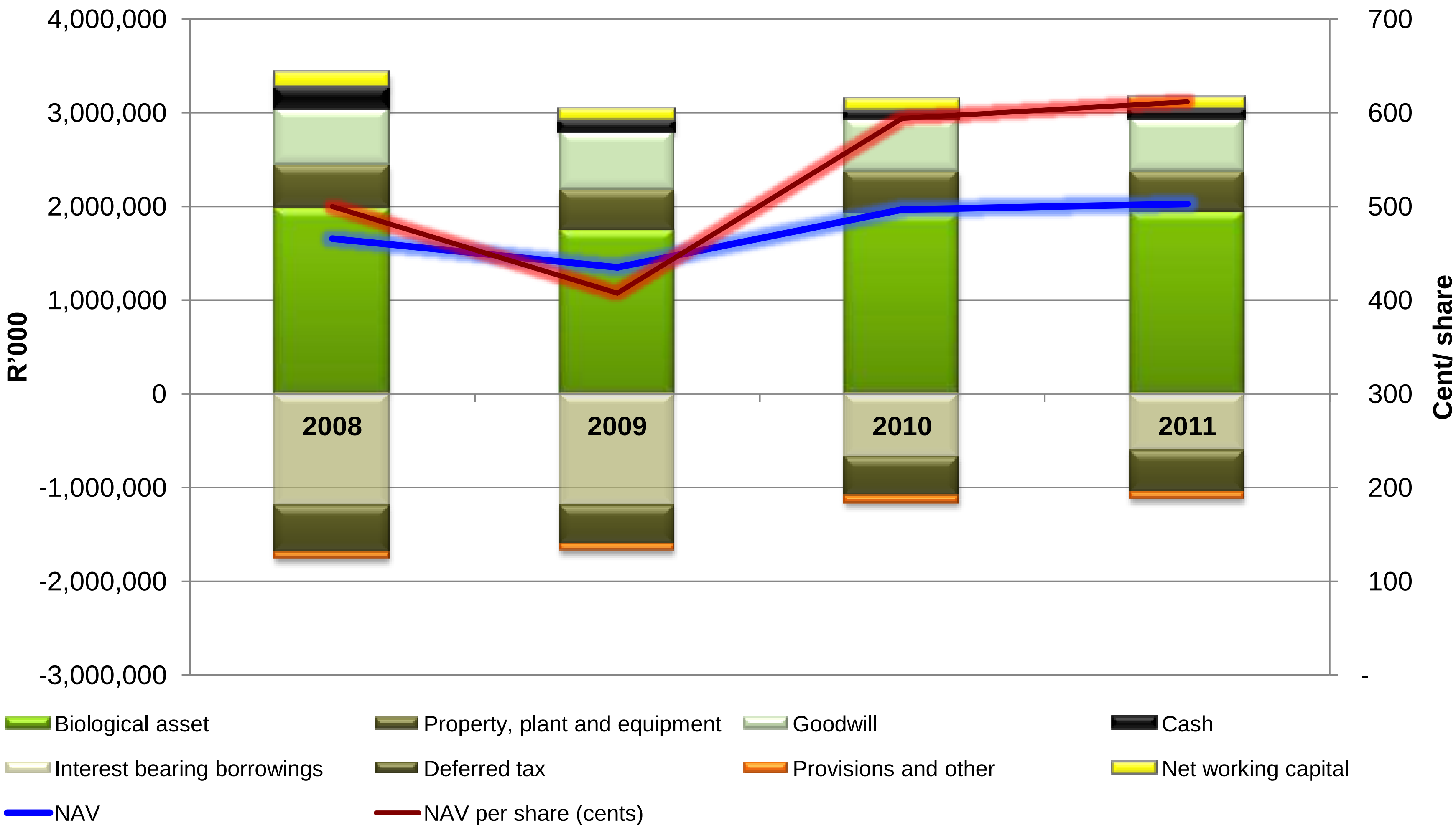
* Using currently in issue number of shares (not weighted average)

Six Month Analysis – Volume, price and margin

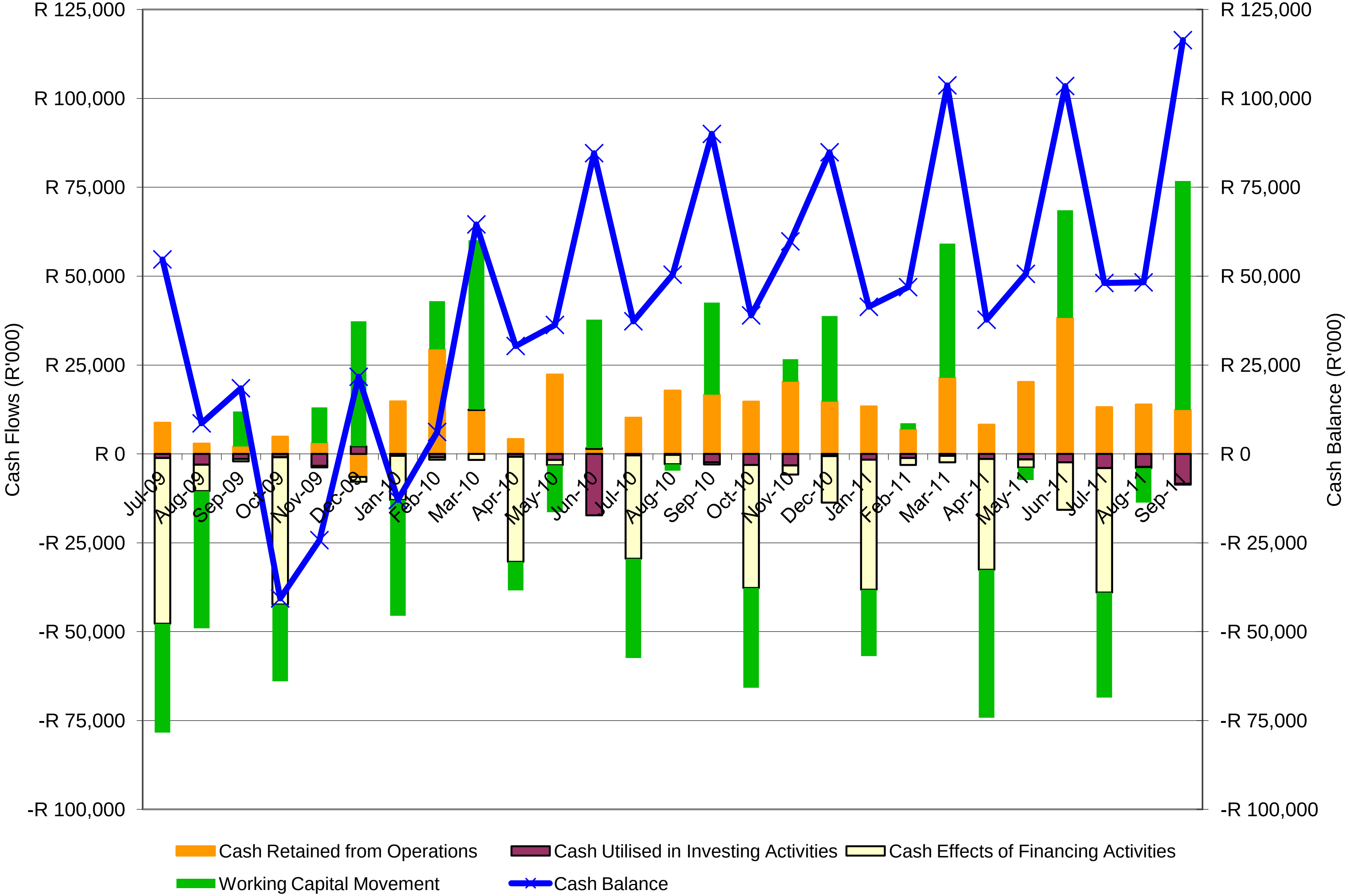


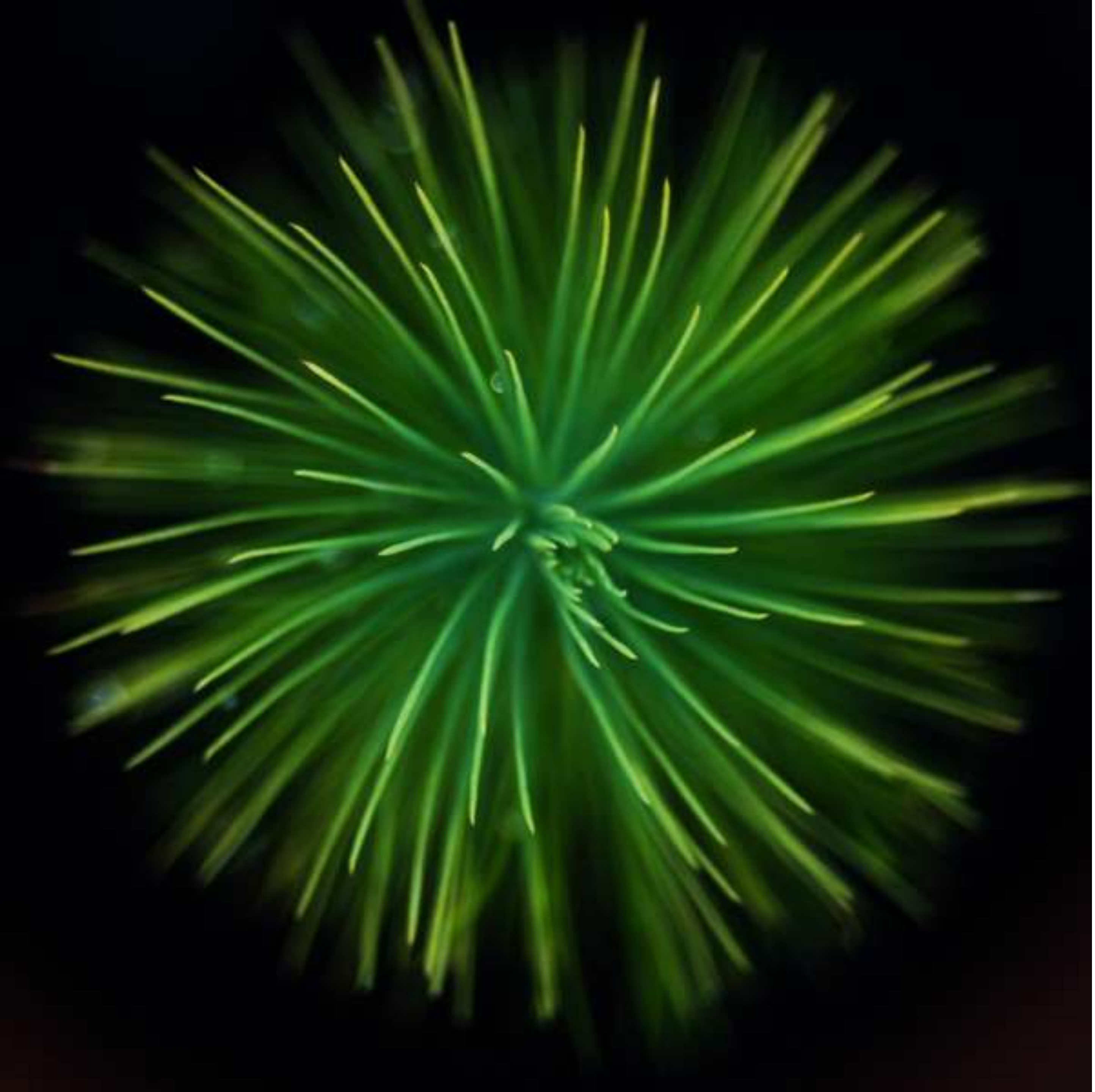
York Gross Margin will be impacted as more external logs are purchased

Balance Sheet Trend – assets versus liabilities



Cash Flow Trend





Biological Asset

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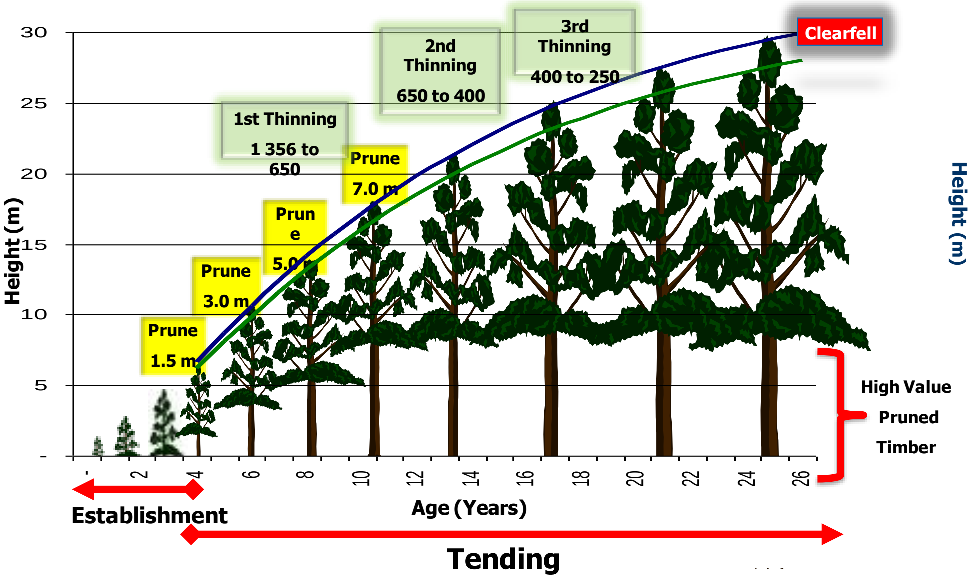
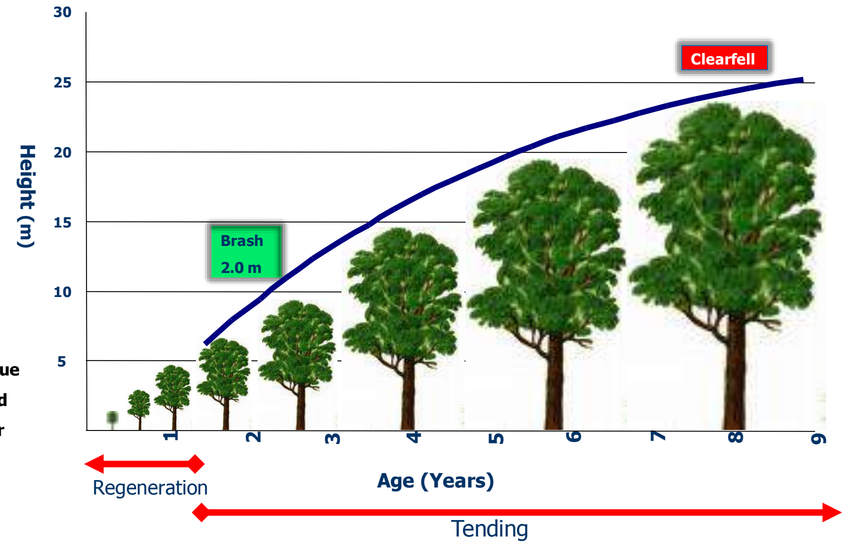
York's primary asset is its forests – a renewable asset with significant option value

Pine Plantations



- 19-25 years to mature
- Produce saw logs for the lumber market
- Pruning and thinning produce small logs and some residue
- Residue generated in the forests can be used or sold

Eucalyptus Plantations

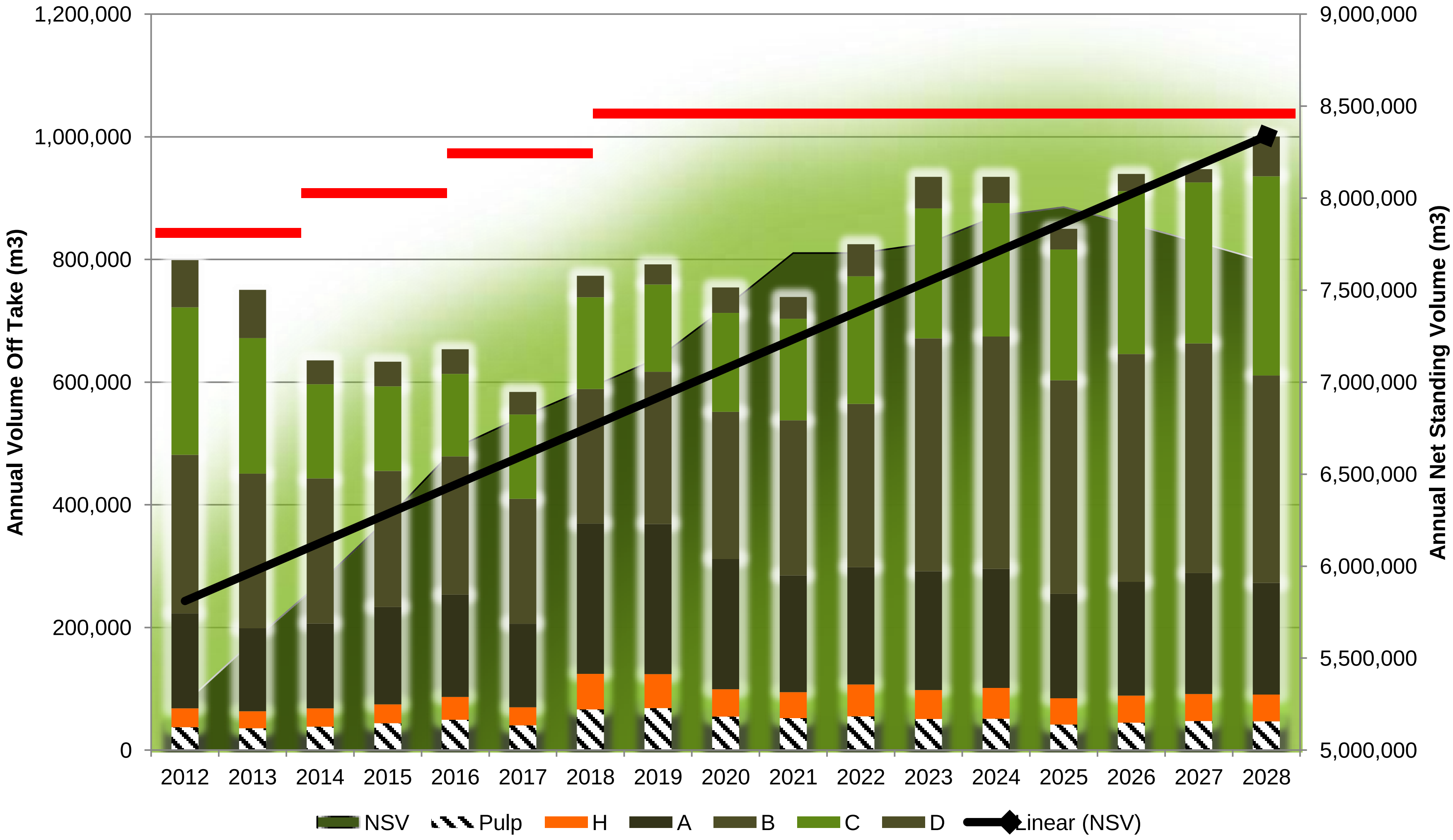


- 6-9 years to mature
- Produce pulp for the paper market
- Transmission poles have emerged as an opportunity in Africa

How to think of this asset

- A sustainable crop with a portion harvested to generate annual income
- Reduced felling in a year creates a temporary cash shortfall – but has a positive on inherent profitability
- Trees not felled in one year do not perish – but grow in volume and value and can be harvested in future

Biological Asset
Sustainable Yield Annual Cut vs Standing Volume



Biological Asset Valuation Methodologies

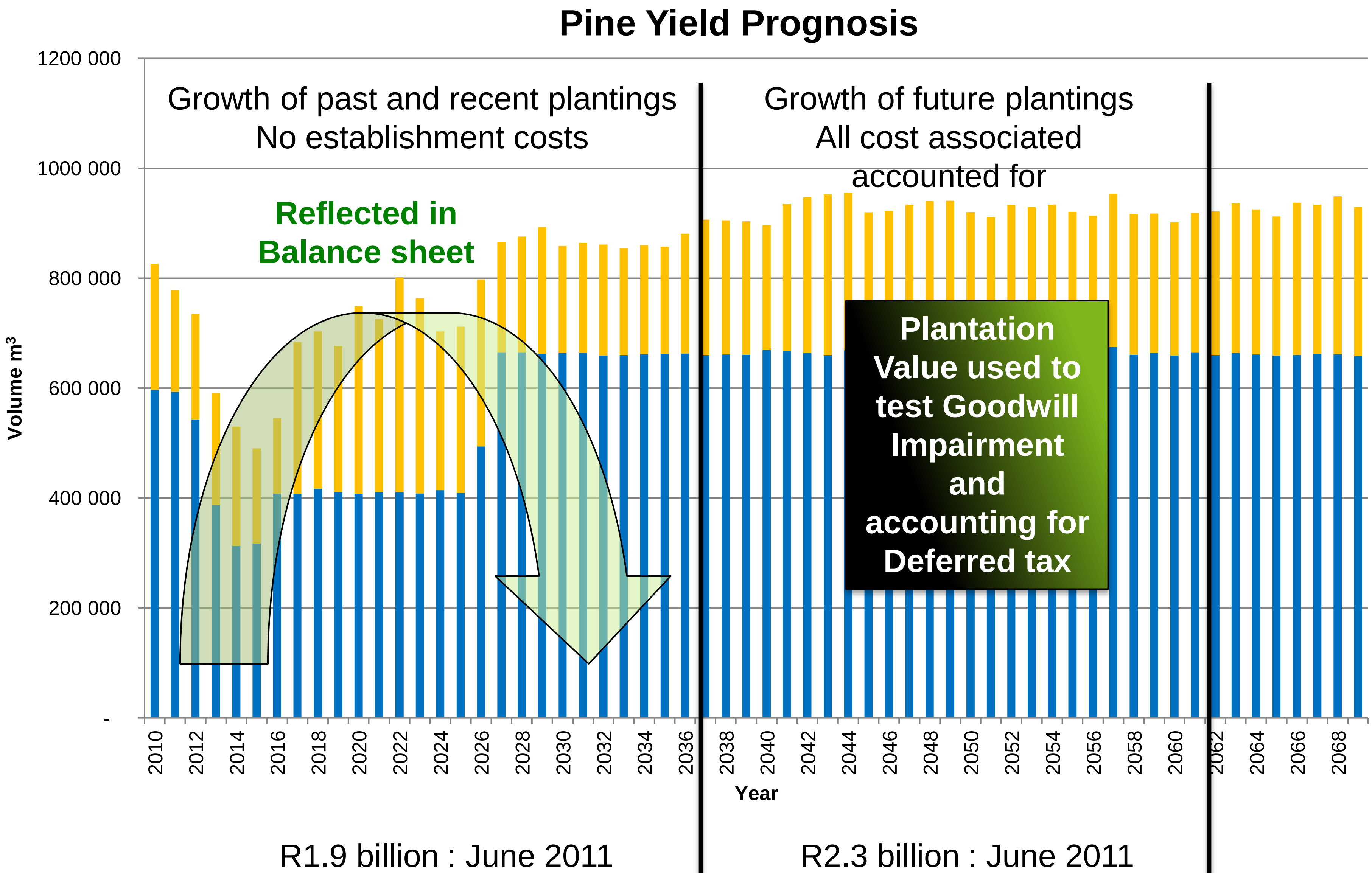
- Net Standing Volume (NSV)
  - Total Standing volume of trees at point in time after 27% downward adjustment for risk factors
  - Volume multiply by prevailing market prices
- Discounted Cash Flow (DCF)
  - Planted area with age class distribution of trees after 27% downward adjustment for risk factors
  - Projected to maturity with associated costs and revenue
  - Discounted back to present value based on Weighted Average Cost of Capital (WACC) for York Timbers
  - WACC benchmarked and tested in the market by Auditors

✓ **Goodwill Impairment Test**

- *DCF methodology taking perpetual re-establishment of plantations into account*

NSV not preferred by IFRS Standards as it does not reflect <u>fair value</u> of Biological Assets

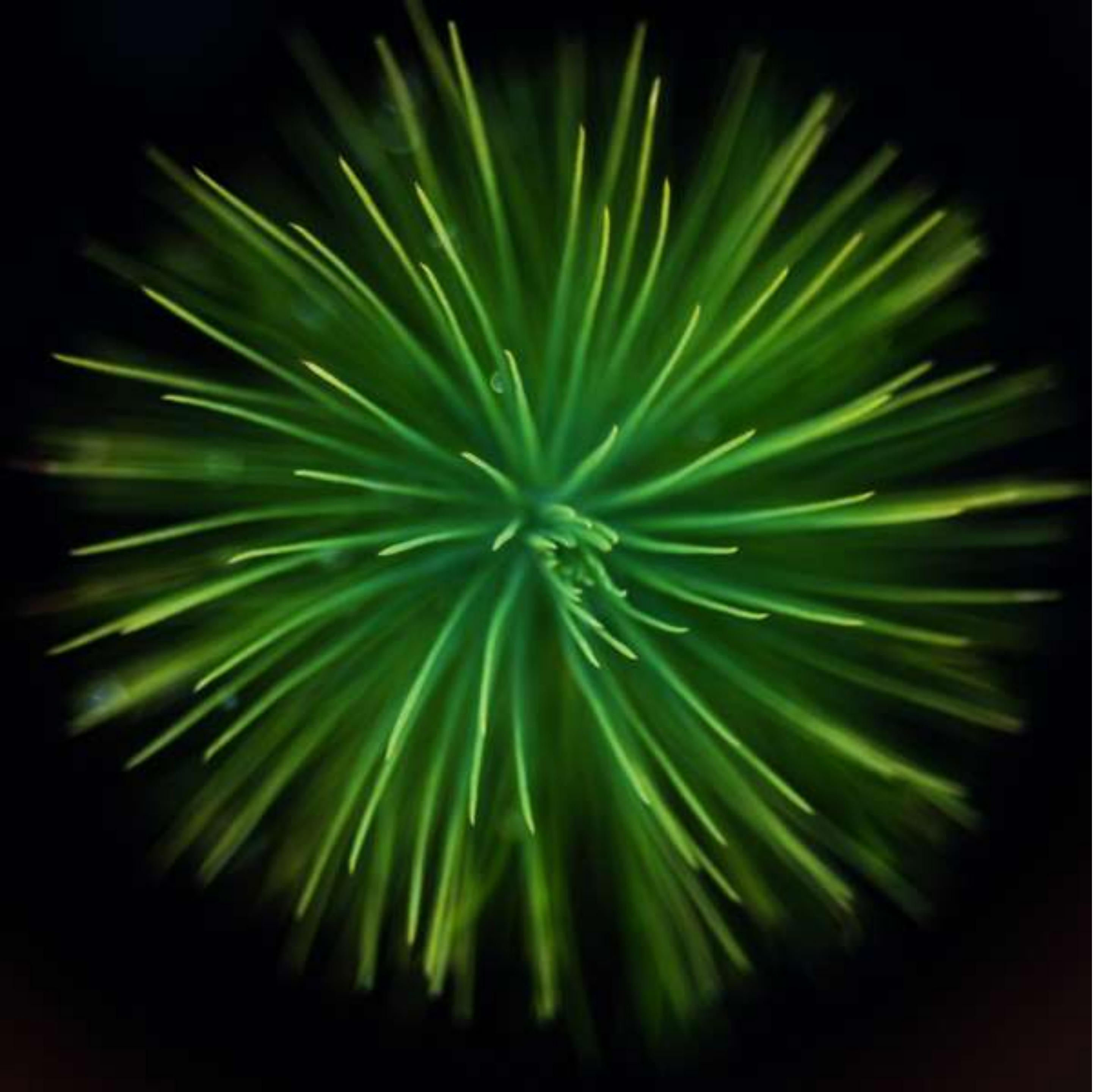
Biological Asset
Explanation of DCF Valuation Method



Biological Asset Sensitivity Analysis

Variable	2011 R'000	2010 R'000
1% increase in the current log prices	32 346	30 804
0.25% increase in forecasted log prices	78 633	82 258
0.25% increase in forecasted cost inflation rise	(23 570)	(23 727)
0.5% increase in pre-tax cost of debt	(25 884)	(25 532)
0.25% increase in discount rate	(52 219)	(58 405)
1% increase in projected volumes	35 023	35 081

WACC = 11.27% (after tax)



Debt Refinance

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R2.75 bn of gross tangible asset value(1) underpins York's debt

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York's quality assets

- >4 times asset cover (2) on current term facilities
- Regularly enumerated by way of physical counting of trees – MicroForest model updated accordingly
- Asset has been regularly verified by 3rd party monitors
- Annual aerial surveys to verify accuracy of geographic information system databases
- Internal auditor verification
- Auditors believe York leads the industry in proper accounting for its plantation value
- Mpumalanga has one of the best mean annual increments ("MAI") in South Africa for pine saw log rotations
- Asset managed on a sustainable basis
- York has one of the highest environmental standards in the industry – The Forestry Stewardship Council ("FSC") certified

York has quality assets that provide more than ample security for lenders

Note 1 : Gross tangible asset value = Total book value of assets less intangibles
Note 2 : Asset cover = Gross tangible asset value/total term debt excluding working capital facilities

Debt – existing structure

R 000	Audited 2011	Audited 2010	Effective Fixed Interest rate at reporting date (fixed by interest rate swap as appropriate)	Effective Variable Interest rate at reporting date
Fixed rate borrowings	**576 375**	**634 296**		
RMB Senior Term A	63 836	80 300	**12.83%**	**8.83%**
RMB Senior Term B	126 822	156 980	**12.98%**	**8.98%**
RMB Senior Term C	124 257	124 353	**13.33%**	**9.33%**
RMB Mezzanine Facility	269 535	269 456	**18.58%**	**14.58%**
Loan raising fees	(14 404)	(19 030)		
Derivative - interest rate swap	6 329	22 237		
Variable rate borrowings	**37 851**	**47 674**		
Finance leases and installment sales	14 132	17 955	**8.83%**	**8.83%**
Other	23 719	29 719	**8.50%**	**8.50%**
	614 226	**681 970**		

Total Cost of Debt (excl. swap) 11.68% escalating. Targeting JIBAR + 4.5% (10%)

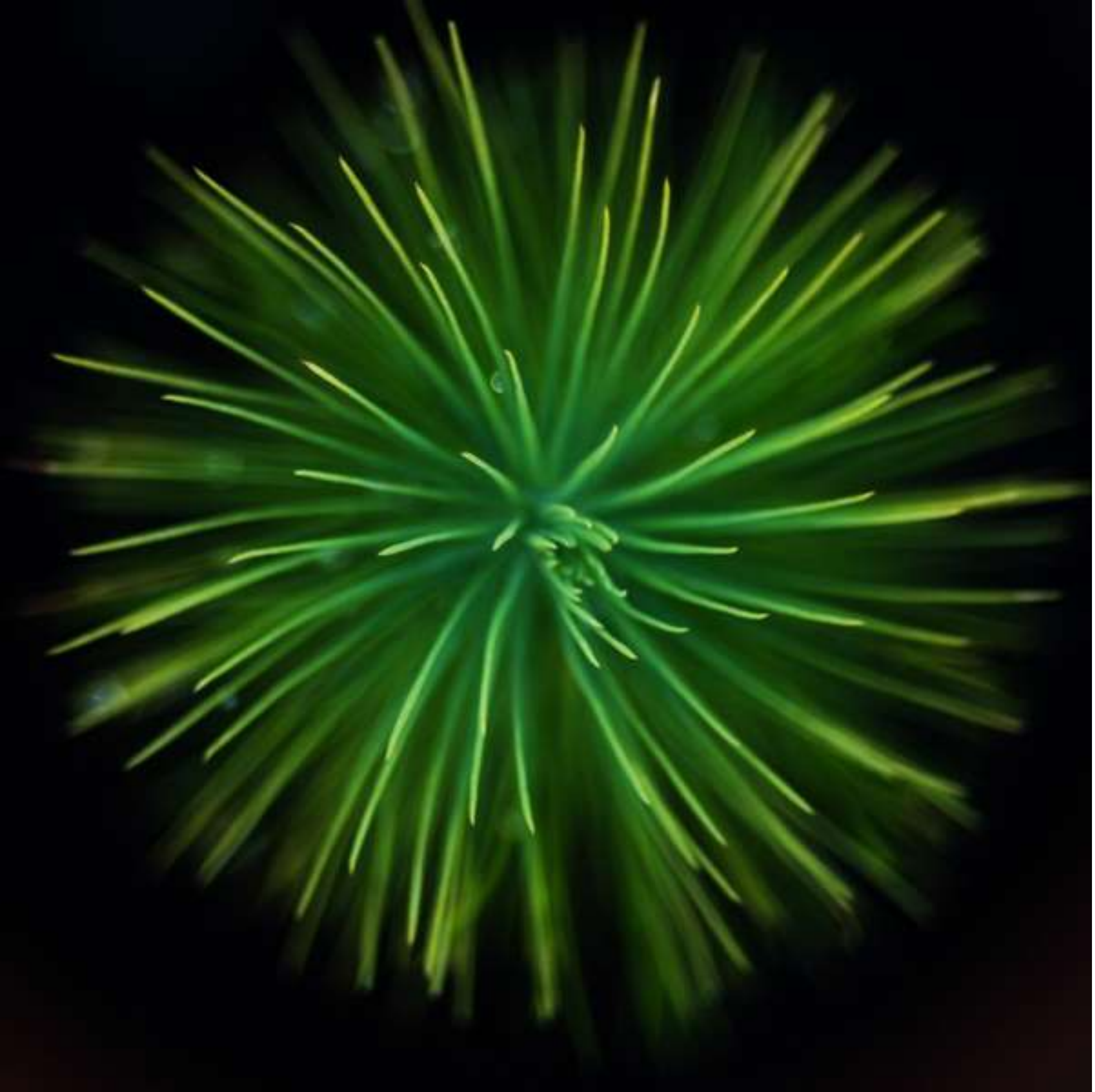
A number of alternative financing options have been investigated

Option	Description
High Yield Bond	• Investors primarily comprising asset managers • Usually no capital repayments = free up cash in the business • Usually covenant "light" = only have incurrence covenants
Development Funder	• 8 – 12 year debt – amortised from year 2 • Conditional on equity investment • Conditional on expansion to fulfil development mandate
Renegotiate current package	• Relax covenants & remove capital repayments – expect re-pricing • Extend final date – 2014 is too soon • Some weak holders in the current consortium • Difficult to negotiate with a large number of lenders
Bank debt	• Expect capital repayments • Cash flow linked covenants
TIMO Funding	• Forward sell income from trees for 10 to 15 years • Gives away equity upside

Debt – salient terms with Institution A when compared to existing

Feature	Institution A (term sheet subject to DD)	Existing
Quantum	R600m	R600m
Term	10 years	Less than 3 years (senior) Less than 4 years (mezz)
Rate	More favourable than existing	Jibar plus 6.1% (increasing to 8%)
Profile	Sculpted amortisation	Current amortisation with two large bullets
Obligor	Debt raised at operating company as only obligor	Holding company and all Group companies are obligors
General Banking Facility	Existing holder approached to continue	R135m prime interest

Refinancing expected to be completed by December 2011



The Market

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International lumber prices are expected to increase substantially in the next 4 years [1] as international demand exceeds supply

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Demand Issues

- Explosive demand is forecast in China / Chile as regulators encourage wooden frame houses in response to recent earthquakes [1, 2, 3]
- The North American and European lumber markets expected to take-off with Japan / India / North Africa
- Growing demand for products from sustainable plantations - FSC certification
- New markets are emerging for wood products
  - Biomass energy
  - Biofuels
  - Carbon credits
- Increased demand for land for alternative crops and real-estate is constraining wood supply

Supply Issues

- The majority of wood was previously sourced from indigenous forests but supply is becoming limited [3]
  - Stocks have been significantly depleted
  - Increased regulation is limiting supply
- Increased demand for land for alternative crops and real-estate is constraining wood supply [2]
- The mountain pine beetle is devastating forests in large parts of Canada, reducing North American supply by up to 15% for the next 60 years [2]
  - As much as 70% of pine in British Columbia expected to be dead by 2015
- 2010 fires in Russia reduced supply from that region
- An 8% increase in demand pushed price up 40% in US in 2010 demonstrating pricing elasticity [1]
- Long lead times on new supply

Forecasts of pricing increases suggest that international scarcity might put upward pressure on local lumber prices

Source (1): WOOD MARKETS 2011 – The North America Solid Wood Products Outlook: 2011-2015
Source (2): BC Ministry of Forests and Range, Statistics Canada and Forest Economic Advisors – Rayonier Investor Presentation December 2010
Source (3): New Forests Timberland Investment Outlook 2011-2015 (January 2011)

South African sustainable supply in 2010 is believed to be 20% below demand and is expected to drive prices upwards

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Crickmay Estimates of Demand and Supply Gap (1)

Actual supply/demand gap (1)	Volume (m^3)
Timber sales (June 2009 - May 2010)	1 964 976
Logs required @ average saw mill recovery rate - 46.74%	4 204 056
Sustainable volume available for harvesting	3 350 900
Volume harvested in excess of sustainable plantation yield	20.3%

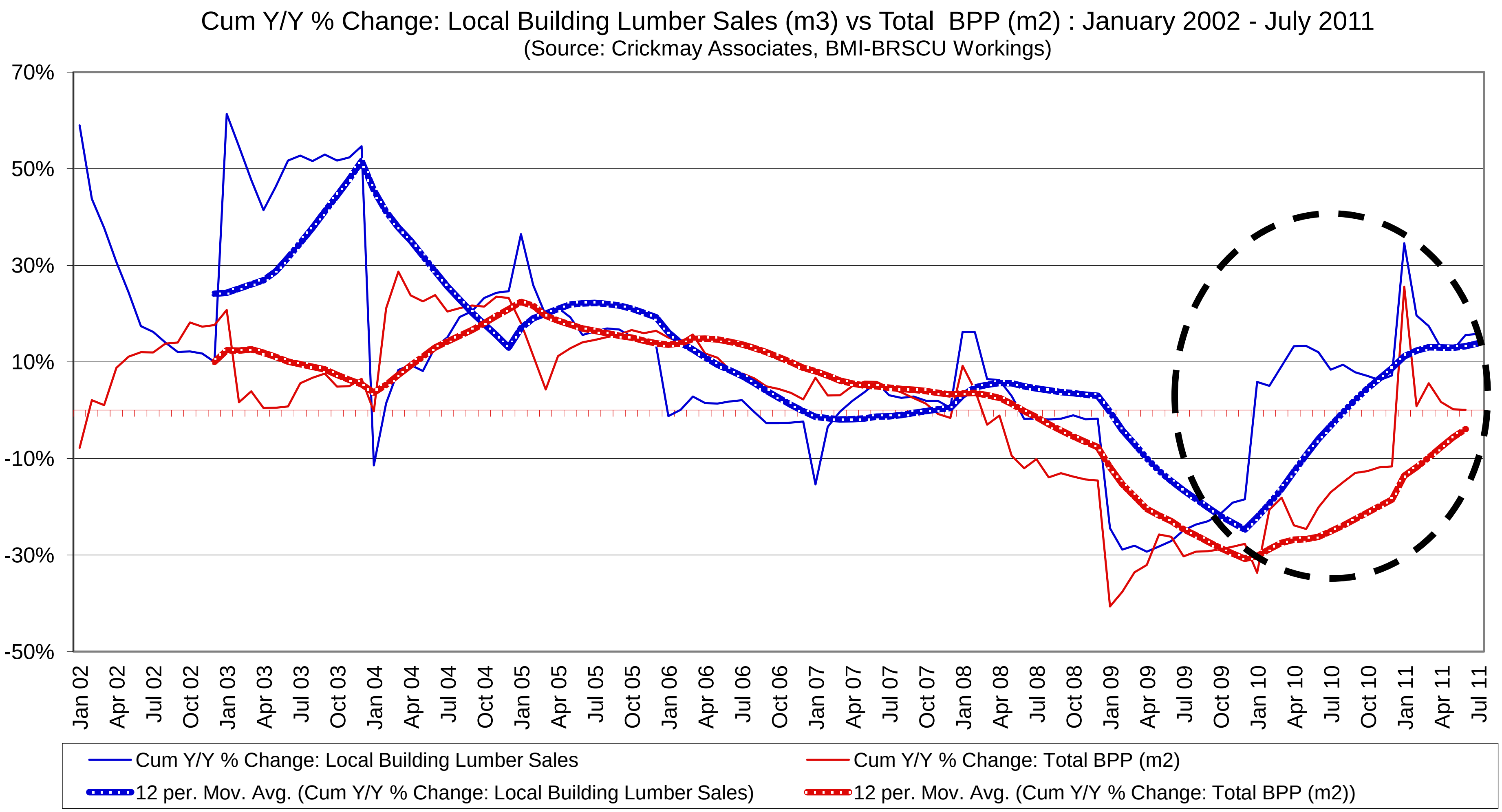
Demand/Supply Forecasts	Forestry Department (2)	Crickmay (3)
2010-14	-19%	-21%
2015-19	-33%	-18%
2020-24	-31%	-18%
2025-29	-41%	-32%
2030-34	-52%	-37%

- Cash strapped forest owners have been felling immature timber to generate cash in recent years, reducing future supply below forecasts provided
- Fires in 2007 and 2008 reduced the medium to long term supply of logs
- Burnt timber flooded the market in 2008 and 2009, concealing deficit – but also reducing future supply
- Fires increased the prevalence of timber theft that will decrease as wood clears
- As a result, annual demand in 2010 exceeds the sustainable supply by 20% (1)
- Forestry South Africa indicates that this will worsen (2), Crickmay corroborates this (3)
- 20 year lead time on new supply
- Limited water licences - >10 years(2) to put in place and land is not available

Supply constraints should push prices up in the local market

Source (1): Crickmay Report (June 2010) – assumes prices don't impact on demand
(2): Forestry 2030 Roadmap (Forestry Strategy 2009-2030) – Department of Agriculture, Forestry and Fisheries
(3): Crickmay Report (May 2010) – Commercial Roundwood Supply and Demand in South Africa

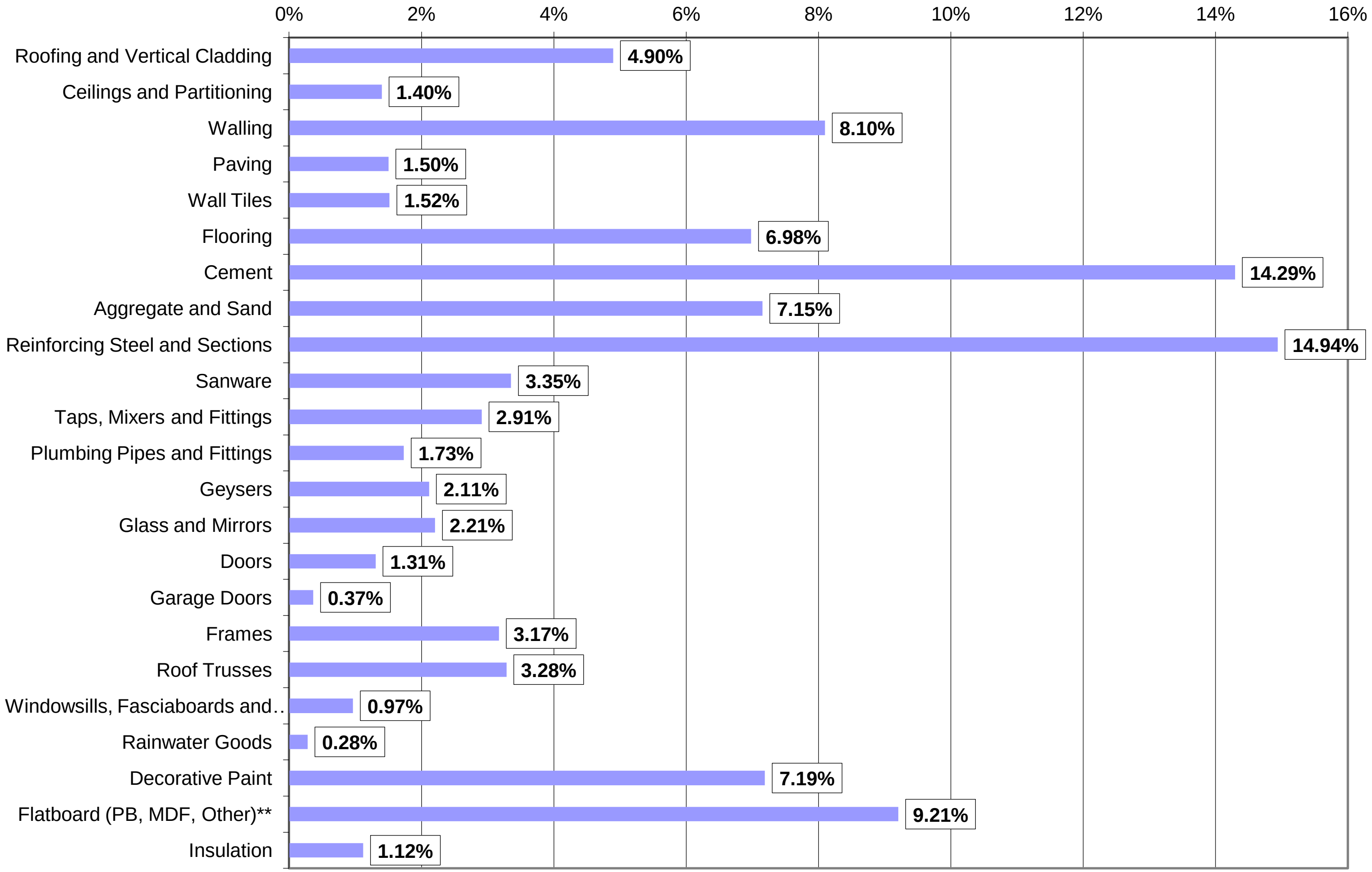
Key Drivers of Lumber Sales



Building plans passed can give an indication of lumber sales to be expected, however do not take into account the estimated 20% informal buildings

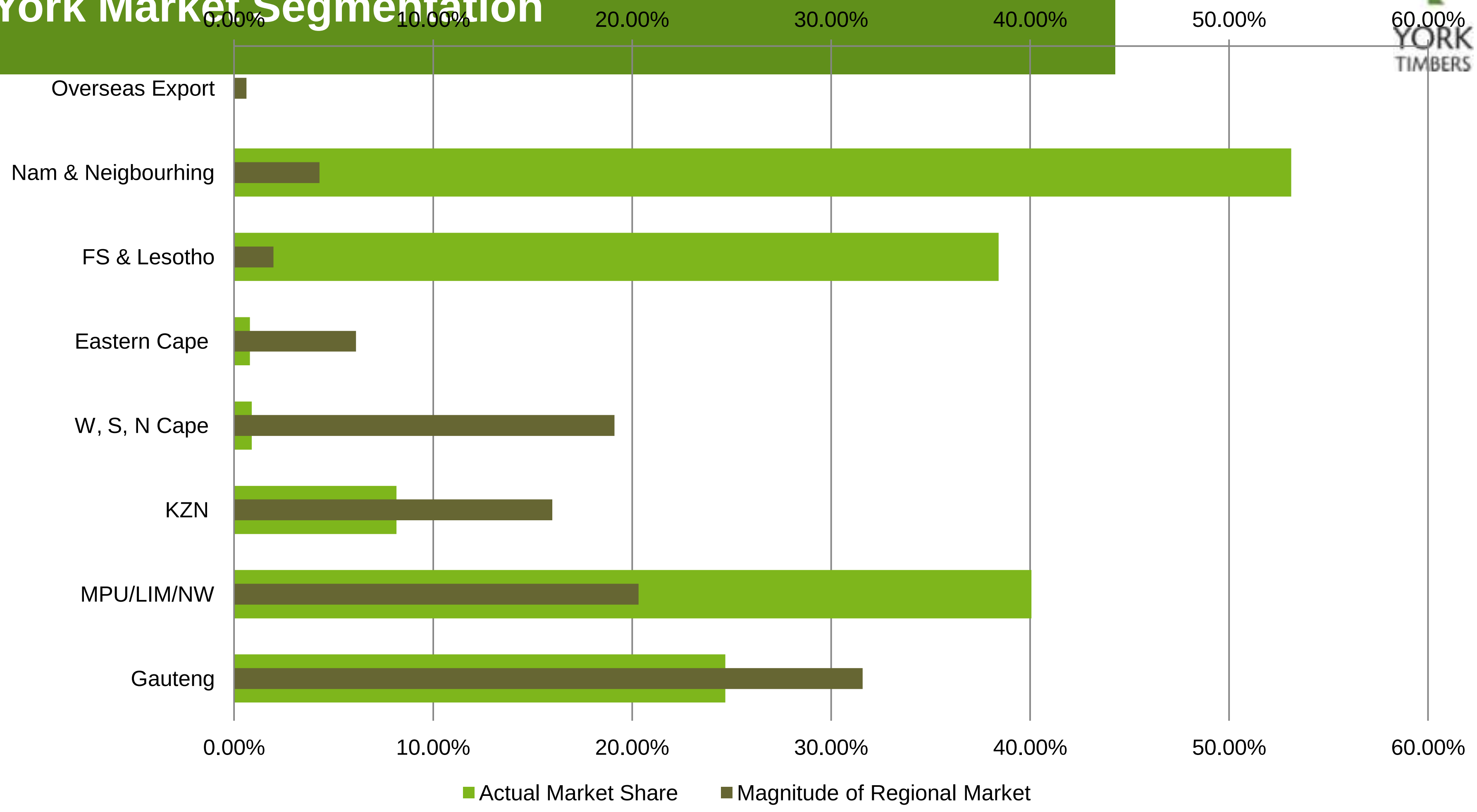
Key Drivers

The market for major Building Product Groups by value: 2009 (Source: BMI-BRSCU)



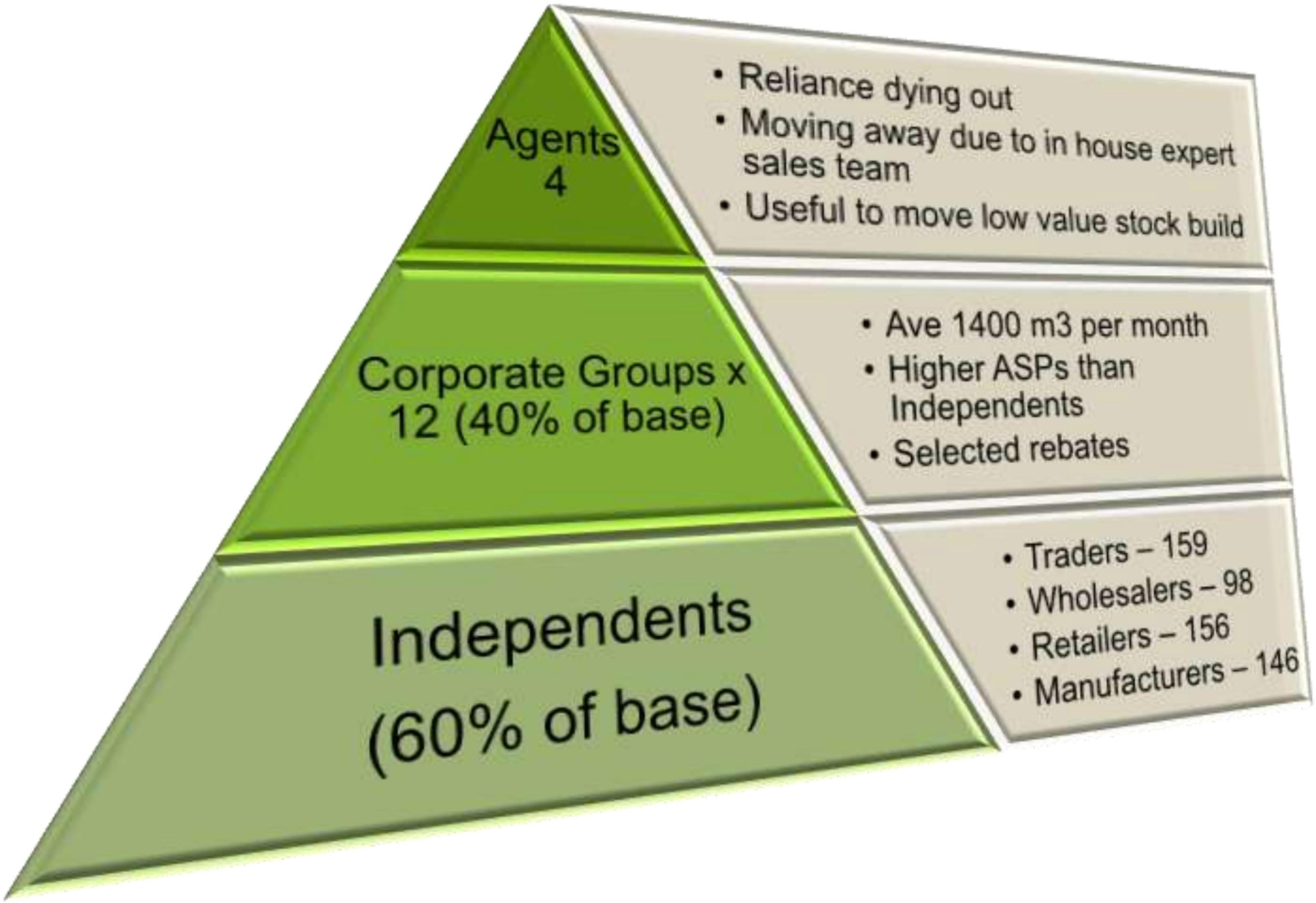
Building material market worth R103.45bn. York currently provides raw material to a range of these sectors. The estimated market size of timber related products is 22% of the total sector.

York Market Segmentation



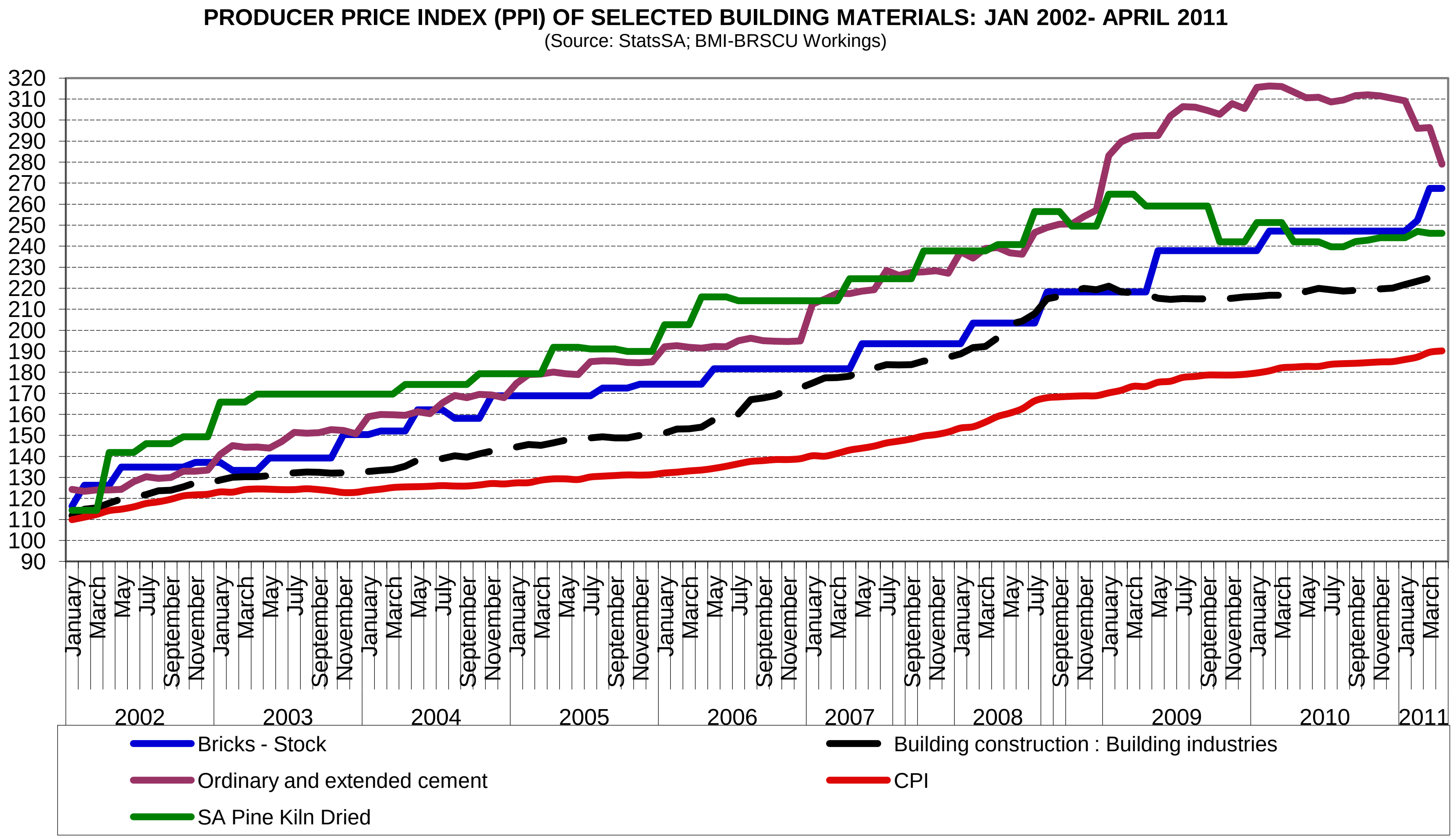
With a 26.74% market share (20% annualised) with strong holds in Mpumalanga/Limpopo/North West Market and has significant share of Gauteng.

Customer Profile



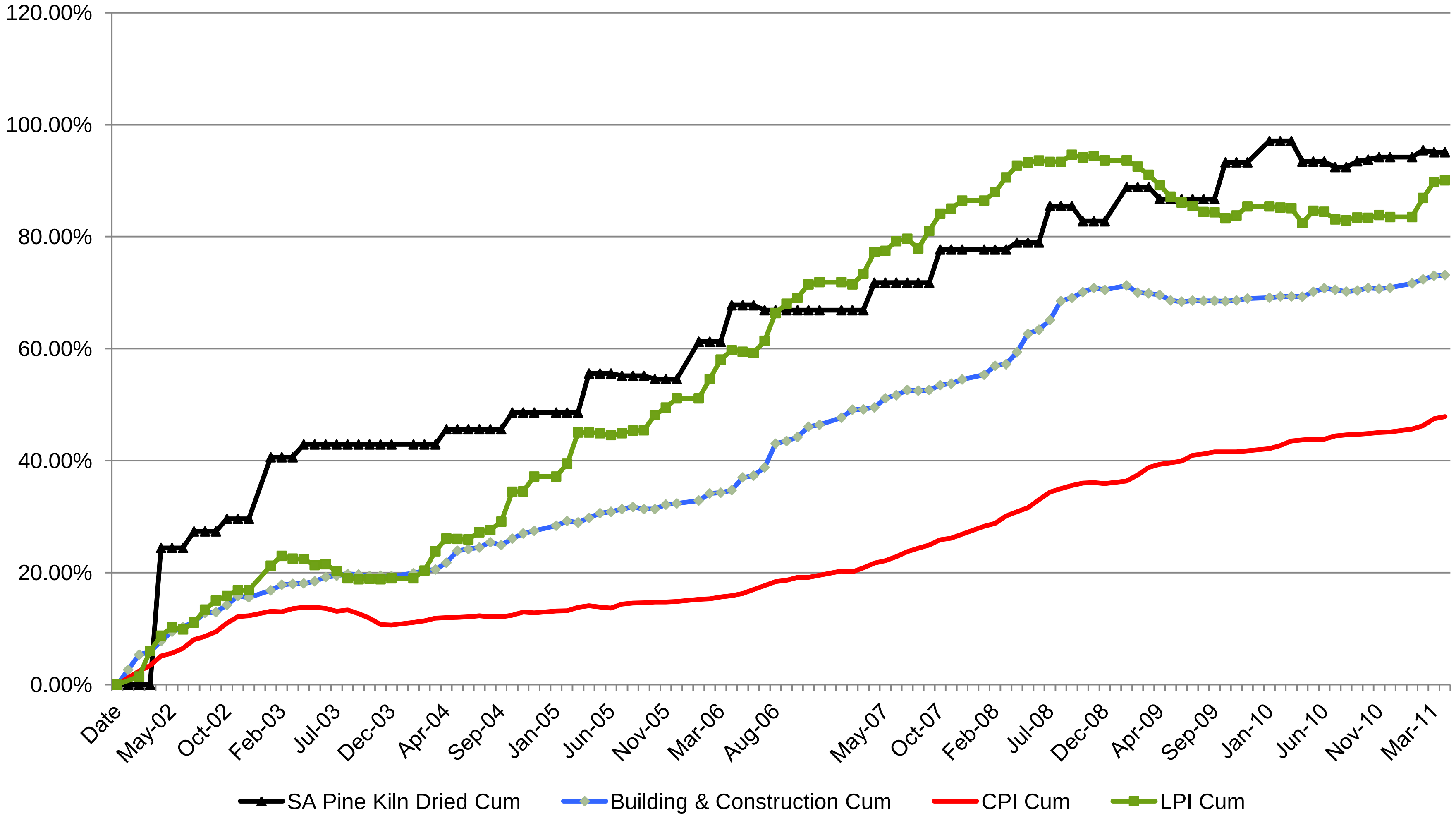
Maintain a 40% / 60% split to ensure no over reliance on Corporate customers

Pricing: Industry Indicators

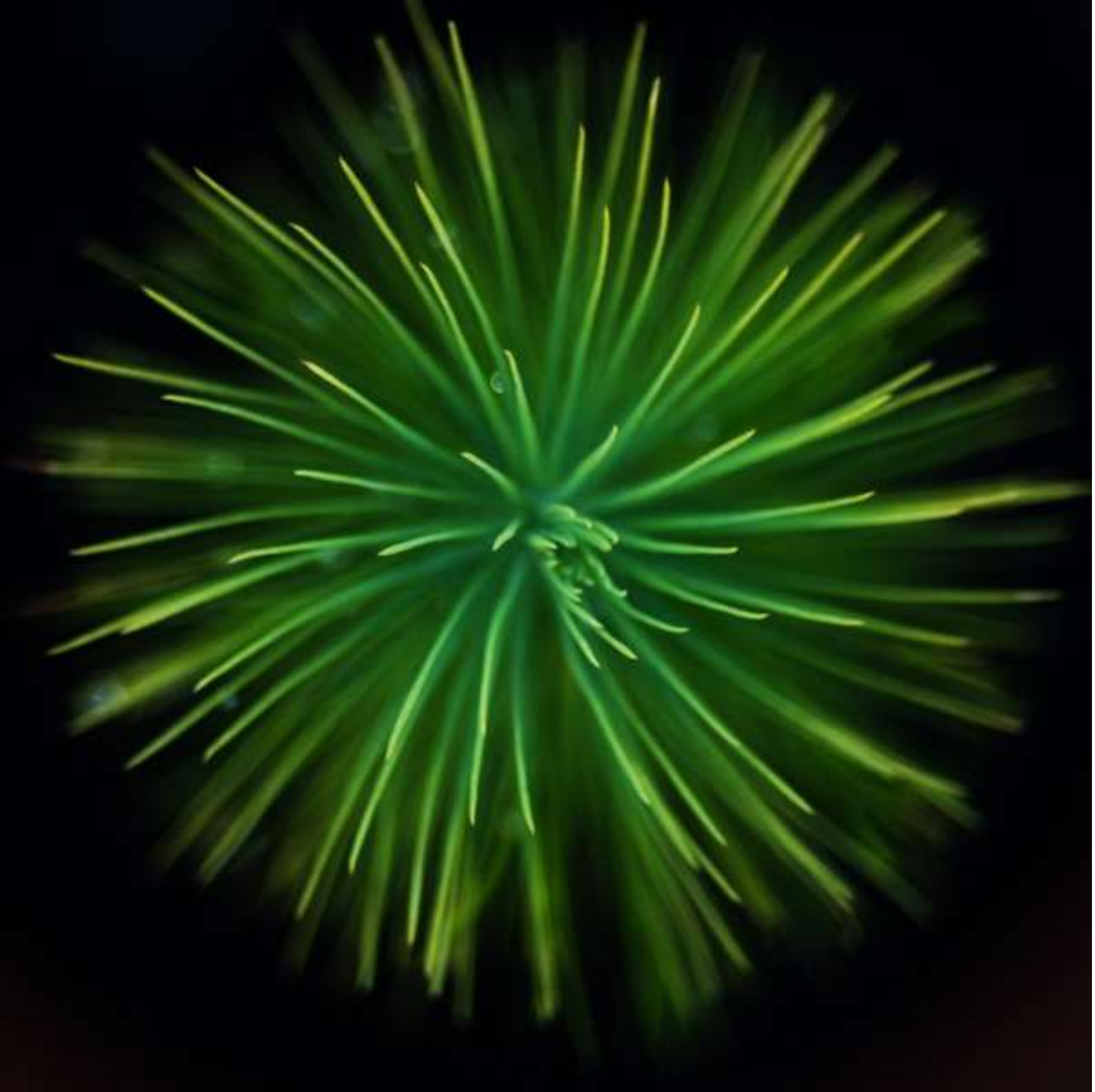


Pricing flattening off, but expected to pick up again (January 2000 = 100)

Pricing dynamics

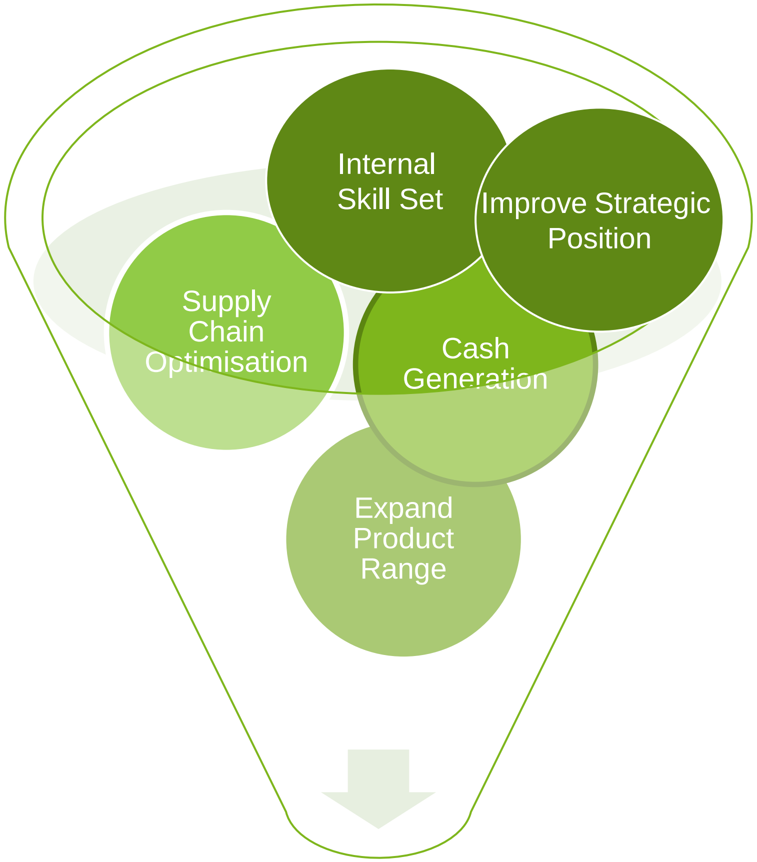


Sawmill prices versus Retail prices

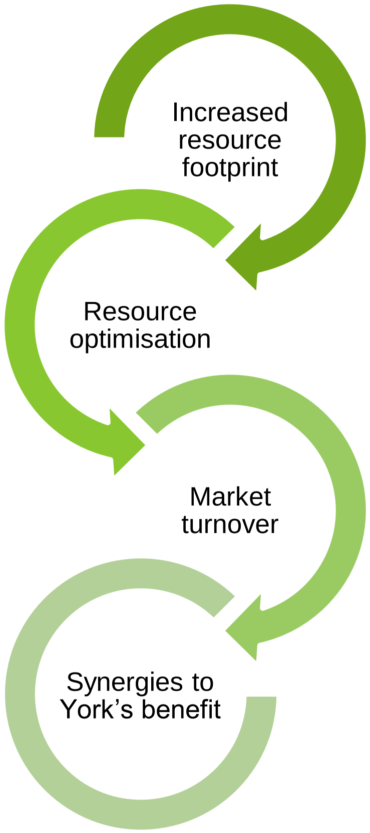


Strategy

York Strategy Implementation



Strategic Filter



York has identifying strategic growth potential opportunities

York Strategic Objectives

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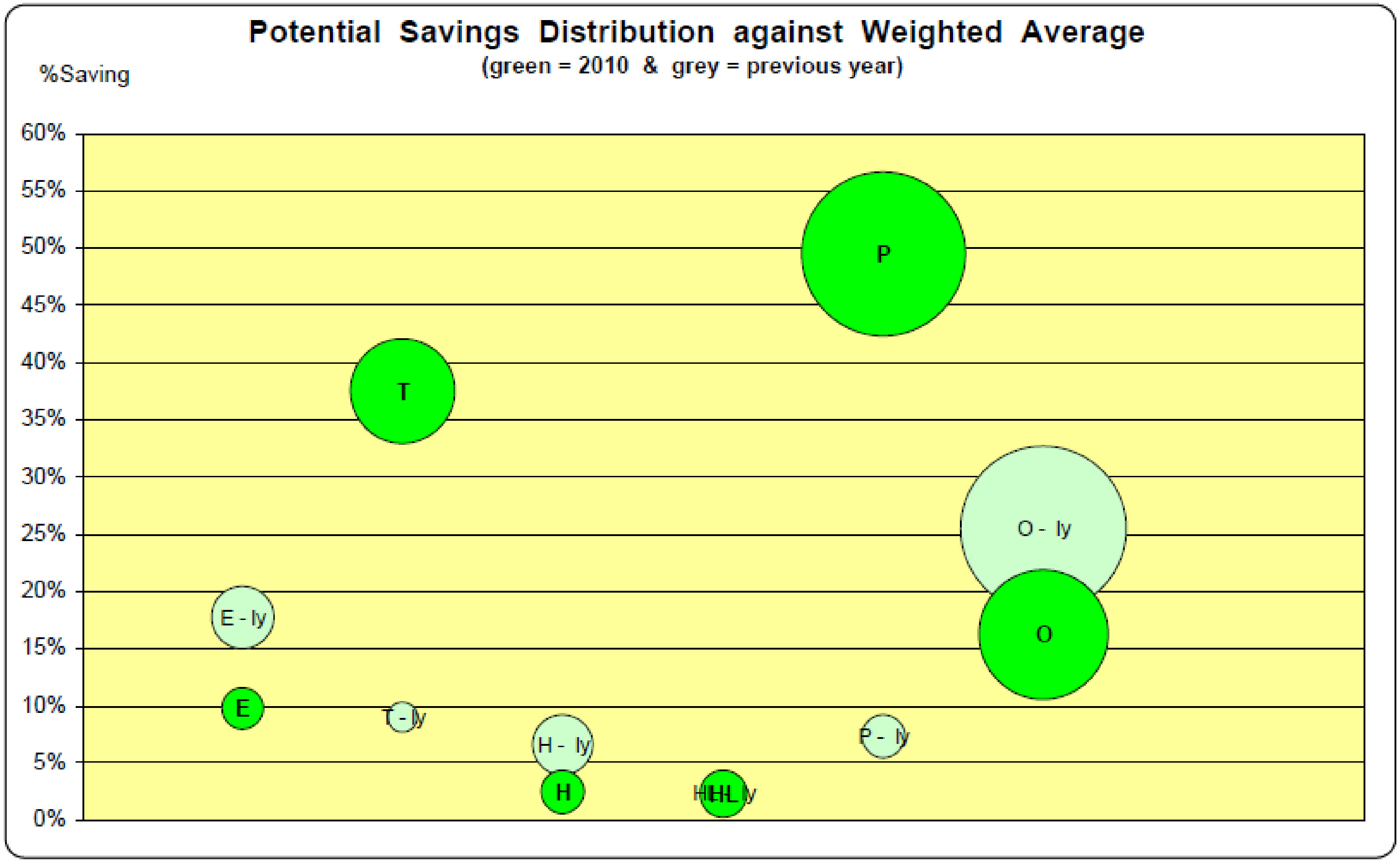
Strategic Growth	Increase product range	Expand biological footprint	Energy – thermal and electrical	Value adding of products below cost of sale
Cost Leadership	Lowest cost manufacturer in South Africa	Cost effective plantation management	Technology and innovation driven	Focused engineering
Optimising Raw Material	Products: logs, pulp, chips and sawdust: to be optimise	Invest in specific capital projects	Acquire resource and processing ability	Log control
Debt Refinancing	Cost of debt increasing	Hinders growth	Repayment committment	Require flexibility

With the uptake in market York will be able to benefit from increased prices

Benchmarking in ZAR - Forestry



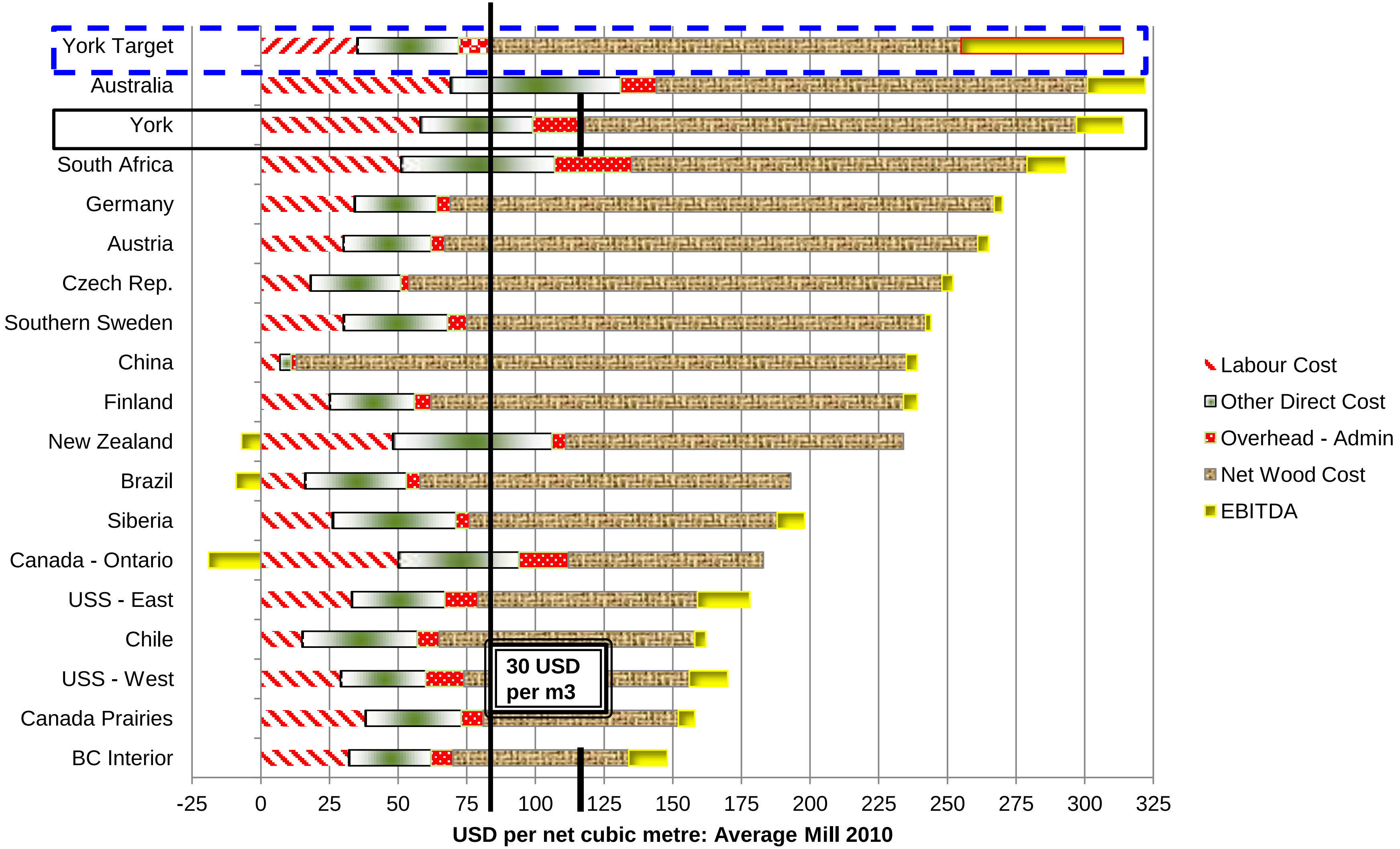
E = Establishment T = Tending H = Harvesting HL = Haulage P = Protection O = Overheads

Benchmark target for cost saving in Forestry is R39.4m, achievable through log optimisation

Key Projects for Cost Optimisation

- Forestry
  - Logistics
    - Mechanised Harvesting
    - Tree Length Extraction
    - Inbound Transport
  - Improved Silviculture
    - Site Specie Matching
    - Genetic Improvement/Hybrids
    - Tending & Weeding
  - Log Control
    - Log Tagging
    - Log Scanning
    - Weighbridges
    - Stock control system
  - Third Party Logs
    - Acquire Specific Dimensions
    - Long Term Contracts
    - Swap Arrangements

Benchmarking in USD - Sawmilling



York has further cost optimisation possibilities

Key Projects for Cost Optimisation

- **Processing**
  - **Sabie Sawmill**
    - New Additional Wetmill line. Driekop Performance
    - Automated Green Chain
  - **Plywood**
    - Plant Layout
    - New Resin Film Line
    - Log Yard Decommissioning
  - **Integrated Site**
    - Dedicated Log Yard
    - Tree Length Optimisation
    - Co-Generation
    - Dedicated Softwood Sawmilling
  - **Jessievale**
    - Wet Mill Upgrade
    - Boiler / Kilns
    - Planer
    - Increased Intake

Social Upliftment

Schools Career Days

- Understanding the World of Work and Careers
- Interview Skills & Preparation for Interviews
- Vocational Talks
- Job Hunting - Do’s and Don’ts
- CV Preparation
- Bursaries, Scholarships and Applications

SMME Business Support

- 165 pre- selected individuals in business skills with the assistance of SEDA

Mushroom Picking Project

- 1609kg mushrooms harvested within 20 days

Retrenched Employees Project

- 195 beneficiaries received Cabinet Making training and Upholstery Training

Key Challenges

Baboon Control	Fire Season	Log Purchasing Strategy	Siviculture Improvements	Renumeration Plan	DEA – Court Case	Industry consolidation
Ongoing concern Forestry South Africa partnership Population 3 x more inside plantation than outside	Reaching the end Poor season – 700 hectares were damaged 100 - 200 hectares will survive 300 hectares will be harvested 200 – 300 hectares lost	Substantial volume acquired from KLF on open market Swap arrangements with Sappi and KLF in place Averaging log purchasing cost through strategic buying	Contractor performance is being addressed Site specie matching critical activity Shorter rotation and higher yield through alternative hybrid species aligned to market	Based on value creation Variable pay component Integrated remuneration Revision of Short Term & Long Term Incentive Schemes	Plea bargained with the public prosecutor to resolve the various disputes DEA under pressure from Lone Creek to push for harshet sentencing Magistrate, under pressure from DEA, ruled York to disclose financial information to the asset forfeiture unit Matter referred to the high court for review	Too many saw mills (185) versus Pulp (2) Particle Board (3) State owned plantations SAFCOL must be privatised Resolving Lanclaims practically Gateway to Southern Africa York is an attractive partner for Southern Africa International Investment

Issues that are a public concern being proactively managed

York offers an attractive investment opportunity

- Following the unprecedented industry difficulties in 2009, York restructured to align with the current market conditions
- York is now best positioned among its peers for the current market – and stands to benefit from any improvement in demand
- York is a market leader with significant market shares in both forests and sawmills – seamless vertical integration differentiates York from its competitors
- Management has demonstrated its ability to achieved good results in difficult trading conditions
- Market conditions reached a low point in 2009 and are expected to improve
- Expected increases in prices due to the supply-demand dynamics
  - Local and global demand to exceed supply
  - Favourable long term value drivers with the potential for expansion
- Favourable asset class features – increased interest from investors globally due to growth and diversification
- Excellent asset under pin

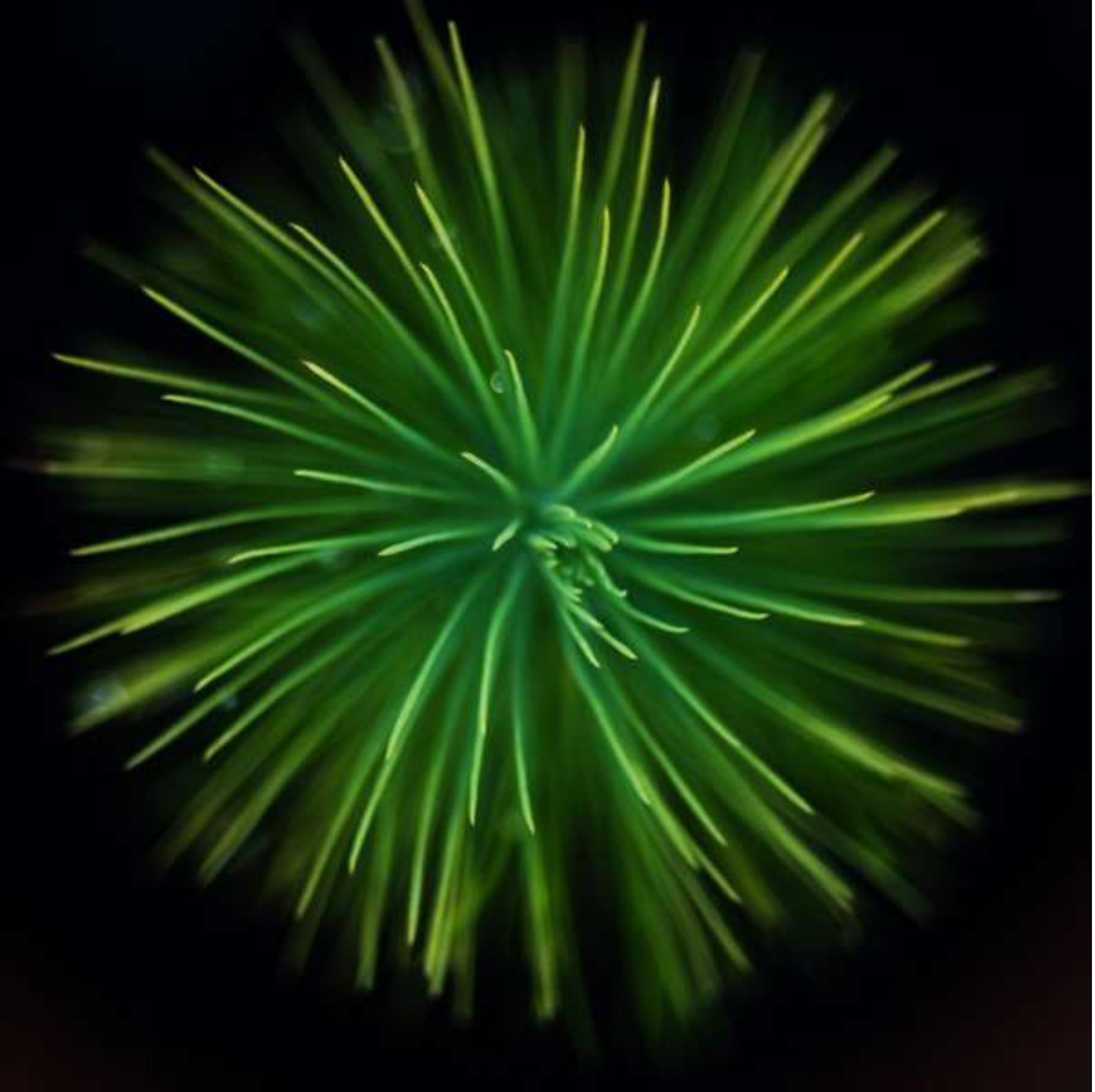
York is provides a good investment opportunity

The timber asset class is receiving increasing global interest due to favourable value drivers and asset class features

YORK TIMBERS

- Dual value appreciation features :
  - Income from harvesting - forecast to increase over time due to the scarcity of trees locally and internationally
  - Capital appreciation - timber is an unusual appreciating asset which becomes more valuable over time
- Enhanced option value due to the choice of growing the trees for capital appreciation or cutting the trees for income.
- Portfolio diversification features :
  - Low volatility in total returns and low correlation with other asset classes
  - Strong correlation with inflation and even better correlation with unexpected inflation
- Favourable supply-demand dynamics
  - Global demand is expected to overtake current supply due to the increased demand from developing economies e.g. China
  - Reduction in global supply due to the decreased availability and improved control of indigenous forests
- Many new markets for wood
  - biomass energy, bio-fuels, biomaterials and charcoal, as well as environmental markets for carbon, water and biodiversity
- Increasing calls on land for alternative uses is driving up underlying land value

Unique asset class



Thank You

Question Session

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