

HULISANI LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2015/363903/06)

Share code: HUL

ISIN: ZAE000212072

("Hulisani" or "the Company")



SHORT-FORM ANNOUNCEMENT: CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2019

Hulisani management is pleased to present the group results for the six months ended 31 August 2019. The Company has reported a significant reduction in losses in a challenging macroeconomic environment, despite an increase in expected loss provisions on certain financial assets. A key contributor to the improved results was an increase in the fair value of our investments in Avon and Dedisa Peaking Power Plants, (through our investment in a convertible loan with Legend Power Solutions (Pty) Ltd ("LPS")) as a result of increased revenue projections following an increase in the projected utilisation of the power plants. A further contributor to the reduced loss is our investment in GRI Wind Steel South Africa (Pty) Ltd ("GRI"), where a fair value gain in the value of our investment in GRI was realised as a result of the valuation of a written put option ("GRI Option").

1. SALIENT FEATURES

Revenue increased by 8% to R25.4million, from R23.6 million in the prior corresponding period.

Headline loss per share improved by 23% to 17 cents per share, from the restated 22 cents per share in the prior corresponding period.

Loss per share improved by 26% to 17 cents per share, from the restated 23 cents per share in the prior corresponding period.

2. FINANCIAL REVIEW

Revenue for the period under review is reported at R25.4m, an increase of R1.8m from the prior half-year period. Revenue arose from the sale of electricity from the company's RustMo1 subsidiary to Eskom, backed by the PPA contract.

The Company has shown pleasing growth over the comparative period, reporting a reduced loss of R6.9m relative to the restated loss of R10.2m.

Operating expenses increased by 32% to R45.4m compared to the prior year unaudited interim results. A key contributor to the increase in the operating expenses is an increase in provisions as a result of an increase in the credit risk on our credit financial assets following an assessment by management of the counter party credit risk.

Finance income of R6.7m earned consists of R0.8m interest in cash balances and R5.9m interest earned on financial investments. This is significantly higher than the finance income of R2.4m in the comparative prior year period, mainly as a result of finance income received from the investment in LPS of about R4m.

Share of profits relates to Hulisani's share of profits from its associates, being a 6.67% equity stake in Kouga Wind Farm (Pty) Ltd ("**Kouga**"). Hulisani's share of profit from the equity accounted investments for the six months period under review is R3.5m, a 58% increase when compared to the comparative period.

In the current half year under review a fair value gain of R6.4m was recognised in the statement of profit or loss in relation to the LPS convertible loan. This was driven by higher revenue projections in line with increased activity of the Avon and Dedisa Peaking Power Plants.

An additional R2.2m was realised from a fair value gain from the valuation of the GRI Option in the current period. The total net gain on the put option is however R63m, which has resulted in an increase in the net asset value of the group, with a R2.2m gain reflected in the current period and the balance of R61m reflected in the prior periods.

Cash balances have reduced to R21m in the current period compared to R26m in the comparative prior year period. This is mainly due to the Kouga dividend which was timely received in the prior half year period but slightly delayed, and received in September, in comparison to the period under review

3. OUTLOOK

The Integrated Resource Plan 2019 has been gazetted and the Eskom Roadmap For Electricity 2019 has provided certainty in the market and has resulted in a more positive outlook, which we expect to translate to growth opportunities for Hulisani. The Company maintains a positive outlook on the South African energy sector, and notwithstanding uncertainty in the economy and in electricity supply, we believe this presents uncapped growth in the sector.

Hulisani remains committed to our objective of simplifying the business, building up scale and growth over the long term and cost containment. We have taken decisive action to focus the business on operational opportunities.

Strategies to consolidate assets through share for share transactions over the short to medium term are progressing, and we believe these will deliver optimal value to existing shareholders. Hulisani CEO, Marubini Raphulu states: "Our pipeline remains robust and we expect growth opportunities to come through in the next financial year. With a team able to manage significantly more transactions than currently held, we expect to further reduce costs per asset under management and deliver the benefits of focus and simplicity to our shareholders. Despite the challenging economic environment, we remain committed to revenue growth, cost containment and improving long-term shareholder returns".

4. SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors of the Company. It contains only a summary of the information in the full announcement (“**Full Announcement**”) and does not contain full or complete details. The Full Announcement can be found at:

<https://senspdf.jse.co.za/documents/2019/JSE/ISSE/HULE/1H20INT.pdf>

Copies of the Full Announcement is also available for viewing on the Company’s website at www.hulisani.co.za or may be requested in person, at the Company’s registered office or the office of the sponsor, at no charge, during office hours.

Any investment decisions by investors and/or shareholders should be based on consideration of the Full Announcement, as a whole.

26 November 2019

Sponsor

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