



# WESCOAL Staff Newsletter



## Wescoal produces a fantastic set of results

“Wescoal is in a stage of rapid growth across the group that will lead to enhanced value for staff, shareholders and all other stakeholders.”

*André Boje, CEO of Wescoal*

### Salient features

Revenue	↑	69,5% to R1,1bn
Operational EBITDA	↑	123,6% to R101,2m
Headline earnings	↑	37,9% to R26,7m
HEPS	↑	28,7% to 15,7cps
Cash reserves	↑	143,3% to R52,0m
Dividends	↑	26,6% to 3,8cps

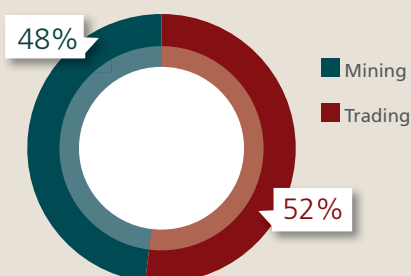


We released our full year results to March 2014 and this was a set of results we were proud to deliver. Both revenue and overall profitability of the group increased handsomely. This is a direct result of hard work by every staff member across the group for us to have achieved milestones such as:

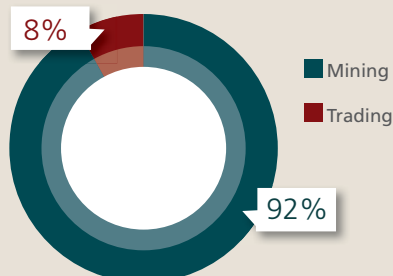
- The commissioning of the Intibane Colliery,
- The successful integration into the Wescoal business of MacPhail, as well as the
- Finalisation of the Elandspruit purchase and the start of the development of the mine.

As I have done in previous staff newsletters the results contribution from Mining and Trading divisions are as follows:

#### Revenue



#### Operational EBITDA



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*As always Wescoal welcomes staff participation and remind you to forward photos, news and contributions to:*

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*If you focus on results, you will never change.*

*If you focus on change, you will get results.* – Jack Dixon

## Wescoal produces a fantastic set of results

Revenue generated from both Mining and Trading continue to be very close to a 50:50% split, however we are expecting that with full year earnings from the MacPhail acquisition revenue will improve further. We can be proud of what we have achieved in Wesco Trading, with depots located across the country in a footprint larger than our competitors.

From a profitability point of view the margins in Mining are larger than those in Trading and here the picture looks very different, however the incorporation of MacPhail for a full year will change this picture. We are working hard at innovation on the Trading side of the business and here the new XRT Plant at Khanyisa and logistics strategies will boost profitability.

We are extremely excited about the future of Wescoal as we have a lot of opportunities to exploit. We are hoping to have a Water Use Licence in place for Elandspruit by 1 September and then by at least the first quarter of 2015 the mine will be up and running. We are also working at extending the life of mine at both Khanyisa and Intibane. On the Trading side we need to continue to move towards cost savings and benefits we can extract from our larger footprint as well as client diversification.

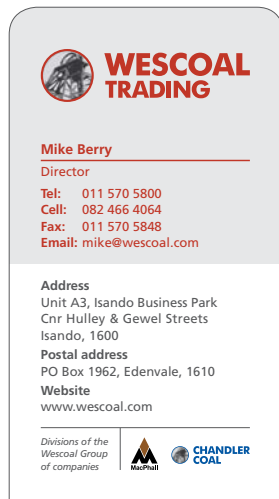
All that remains is for me to thank each and every staff member for your contribution to what is a great coal mining and trading operation and wish you all the best for the remainder of the year as we drive hard to become even better and work smartly in all that we do.

## MacPhail rebranding update

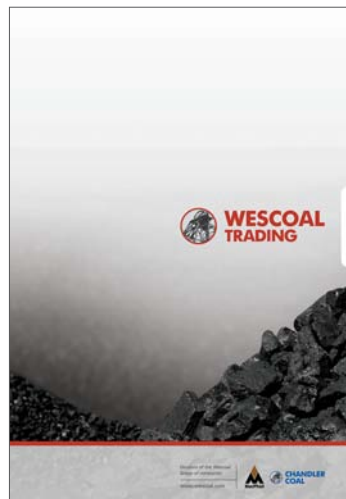
In the first newsletter of 2014 we touched on the rebranding of Wesco Trading which will incorporate Chandler Coal and MacPhail. By the time you read this newsletter, the head office at Isando will carry the new branding. Here are a few examples of what the new brand roll-out looks like:



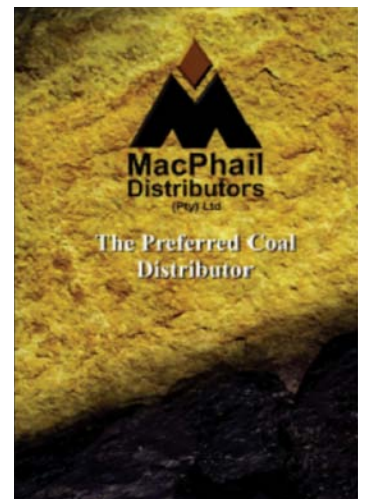
Letterhead



Business card



New folder



Old folder

Regards

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E-mail signature

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## MacPhail rebranding update

Across the country Wescoal Trading now has seven coal depots, and all of their branding has been standardised to include:

### Isando head office



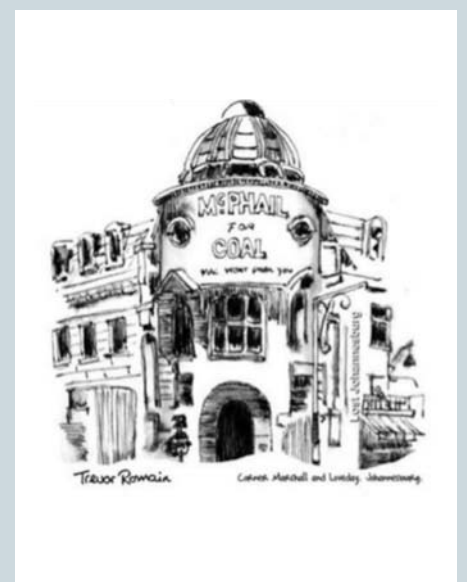
### Other depots



## Looking back in history at MacPhail

We stumbled across this beautiful sketch of what we assume is the original MacPhail building situated in Johannesburg. The company was formed by Mr. WR McPhail (yes this is the correct spelling, which is on the building too – we are a little uncertain as to where and when the “Mac” entered the name) in the early 1940s who was of Jewish and Scottish decent, hence the Scottish Terrier next to the original McPhail logo. They owned and operated a coal depot in Selby which was known to everybody in the coal business.

There is little doubt that WR McPhail was the pioneer of the traditional coal and merchant business in South Africa. The core of this business was the supply of coal in bags to the domestic and township markets, during those years every household had a coal stove or fireplace. The company was bought by Coal Cartage towards the end of 1950. The real growth of McPhail then took place with regard to coal depots in virtually every big city across South Africa.



*Without continual growth and progress, such words as improvement, achievement, and success have no meaning.* – Benjamin Franklin

## Wescoal Trading new branding revealed to clients at Clay Brick Association conference and AGM



Gavin Boyes represented both Chandler Coal and MacPhail Distributors in the form of Wescoal Trading at this year's 51st Annual General Meeting of the Clay Brick Association of South Africa. The AGM is a sponsored event, of which Wescoal Trading was one of the many sponsors.

This year's AGM was hosted by the Gauteng and Natal Region, which was held at the Champagne Sports Resort in the beautiful Drakensburg from 1 - 4 May 2014.

Members, associate members and their spouses from all over South Africa, Lesotho, Swaziland, Botswana, Zambia, Zimbabwe, Sweden and Switzerland attended the event. Apart from the AGM itself, which is always informative, the ongoing networking throughout the weekend, once again proved to be most fruitful. Our Wescoal Trading banners were displayed throughout the weekend at the various venues, while our newly printed Wescoal Trading brochures were handed out to all delegates.

## An update on Wescoal Mining – progress at Elandspruit

Wescoal is on the verge of opening Elandspruit and this for the group opens many opportunities (source of product for the group to fulfil supply contracts as well as provides comfort /security to clients, knowing that Wescoal has access to a steady, long-term coal source) and sustainable revenue streams.

In the first staff newsletter for 2014, we explained the exciting XRT plant project (X-ray transmission technology) and we are excited to let you know that the trial period proved to be so successful that the next phase has already been entered into which involves the purchase of the plant. The idea is that through a dry separation process, unwanted, or what is referred to as discard, is separated from the coal. The discard can then be placed back into the pit and the advantage of the plant is that we can now test the viability of other products which will diversify our product offering.

We are also pleased to say that we have progressed quite far in the assessment of a new washing plant and have made an offer to buy the Muhanga Plant from Muhanga Mine. This gives us immediate access to the plant and it is a very cost effective solution for Wescoal Mining.

As always, until next time ...  
be safe and productive!!!

## Wescoal Retirement Fund – looking after our staff

Wescoal has engaged the assistance of EOH Employee Benefits in the development of the Wescoal Retirement Fund. One of Wescoal’s values is to ensure employees are well looked after, and we feel that this is another way in which we can enhance the lives of you, our employees. Here are some facts about the fund:

Workings		
<ul style="list-style-type: none"> <li>• Compulsory for all full time employees</li> </ul>	Contributions: <ul style="list-style-type: none"> <li>• Wescoal (employer) – 7,5%</li> <li>• You the employee may choose to contribute either 0%, 2,5%, 5,0% or 7,5%</li> </ul>	Full employee contribution goes towards retirement savings (ie the 2,5% or 5,0% or 7,5%). All new employees will have to contribute 2,5%, 5% or 7,5% of their basic salary.
Benefits		
Provident fund	Life cover	Family funeral plan
Additional benefits		
Employees earning <R10 000 pm <ul style="list-style-type: none"> <li>• Group life cover of 2x annual salary</li> <li>• Capital disability cover of 2x annual salary</li> </ul>	Employees earning >R10 000 pm <ul style="list-style-type: none"> <li>• Group life cover of 2x annual salary</li> <li>• Income disability cover of 75% of monthly salary</li> </ul>	

- i** **How to get in touch with the administrators:**
  - Send your email queries to [EOHenquiries@wescoal.com](mailto:EOHenquiries@wescoal.com)
  - Call the EOH EB service delivery centre on 013 690 1904
  - Visit the EOH EB website at [www.eoh-employeebenefits.co.za](http://www.eoh-employeebenefits.co.za)
  - Visit the EOH EB office at Unit 8 Pony Street, Tijger Vallei Office Park, Silver Lakes Road, Pretoria
- i** **Additional information:**

Information sessions were held at selected sites to inform employees on the detail of the retirement fund. Should you require additional information or clarity please get in touch with the administrators as indicated above

## Wescoal hosts yet another successful golf day to raise funds for charity

One of the biggest golf days ever held at Middelburg Country Club

On 14 March 2014, Wescoal hosted its annual charity golf day. The primary purposes of the day is to bring together our clients at an event at which they can relax, enjoy a round of golf and catch up in an informal setting. In the spirit of giving it takes place to raise money which Wescoal distributes through our Corporate Social Investment drive to organisations we have identified as needing assistance.

The day was a huge success with approximately 40 companies participating including Shanduka, Blackwattle Colliery, Rhino Transport, Zingaro Transport, Hitachi, Gundu Engineering, Chevron, Barnstone (SAP), Bell Equipment, Tip Trans, Godridge Toyota, IRCA Global, Zizanani, Super Fecta, Gijima, Investec, Envitech and PWC. We had a full course on the day with 144 players.

The success of the day comes down to having raised R357 320 of which R240 000 has already been distributed to charities of our choice.

Well done to the Godridge Toyota Team who was the winner of the day.

*Try not to become a man of success, but rather try to become a man of value.* – Albert Einstein

## We bid farewell to Piet van Rensburg

Wescoal listed in 2005 and for the past nine years, Piet has been at the helm of the financial management of Wescoal. His tasks have endured capital raising, budgets, financial management, accounts, road shows, AGMs, special AGMs, nine annual reports, 18 sets of final and interim results and changes in accounting packages.

For all this hard work, the Board and Management of Wescoal wish to thank Piet and wish him all the success in future endeavours.

## Saying goodbye to Martin Bartle

30 March 2014 saw the retirement of Martin Bartle who, for the past four years, served as the Managing Director of Wescoal Mining. Martin's contribution to Wescoal was immense. His 34 years of experience in the mining sector contributed towards his tenure at Wescoal in so many ways. He was appointed in 2009 as MD of Wescoal Mining where the formidable task lay before him of getting Wescoal Mining up and running through our first operational mine – Khanyisa. This he achieved without hesitation and in his friendly manner went on to grow the Mining division even further. He oversaw all labour relations and attended to human resource, environmental, rehabilitation and sustainability matters aside from taking part in the activities of the Executive Management and reporting to Wescoal Holdings. He also lent his vast wisdom and indispensable experience to a number of sub-committees within Wescoal.

Martin, everyone at Wescoal salutes you and wishes you all the very best for your retirement years. Words are often not enough to convey our sincere thanks and appreciation for the work that you did at Wescoal. Without tremendous effort, personal sacrifice and your untold ability to motivate all those around you, much of this might not have been achieved!

## We welcome a new General Manager – Mining Operations, Bonani Siko



Wescoal Mining will benefit from Bonani's extensive experience in coal mining having previously worked at BHP Billiton Middelburg Mine and with HCI Coal. In addition he was employed as Coal Supply Unit Manager at Eskom for 3 ½ years. Bonani holds a National Diploma in Coal Mining, a National Higher Diploma in Coal Mining, a B-Tech Mining Engineering qualification as well as a Mine Managers Certificate of Competency. He is also a member of SACMA (South African Colliery Managers Association). We extend a warm welcome to Bonani.

## A new Chief Financial Officer – Wescoal Holdings – Morné du Plessis

Morné is a CA (SA) who completed his articles at PricewaterhouseCoopers and obtained an MBA from Heriott Watt University Edinburgh, Scotland. He served as Group Chief Financial Officer of Genet SA (Pty) Ltd, which specialises in providing contract mining and beneficiation services to the mining industry, from 2012 until present. He previously worked for Umcebo Mining Group, a junior coal miner, as Chief Financial Officer until the sale to Glencore in December 2011. The Board wishes him success in the position.



## Bets – a relocation specialist

As many of you are aware, our head office moved from Krugersdorp to Isando and as you can imagine this does not happen without an incredible amount of planning, perseverance, logistical management and good old sweat and tears! This monumental task was tackled by Bets La Cock – Executive PA.

Moves like this do not happen without the dedication of a project co-ordinator to relentlessly drive the process and this Bets did without question. For those who left Krugersdorp on a given day to be comfortably relocated to Isando the next – we have Bets to thank for that. Once you open doors and dusty rooms not entered for months or years one tends to find files, boxes, objects and creepy crawly's that you thought no longer existed! Thank you Bets for ensuring all our belongings are now safely stowed, organised and filed at Isando.

## Congratulations

Congratulations to Charnay Jeacocks (daughter of Louise Jeacocks – Area Manager – Eastern Cape (PE)) who graduated from the Nelson Mandela Metropolitan University on 14 March 2014 with a Bachelor degree in Education.

## Welcome to new staff

A hearty welcome to all new staff who have joined Wescoal Mining and Wescoal Trading, we do hope that your time with Wescoal will be fulfilling, challenging and a place where your talents and expertise are able to flourish.

### Head office



Stefne Jeane  
Oosthuizen



Bonani Elias Siko



Nthite Eugenia  
Manthata



Mariett Du Plooy

### Intibane



Philip Sikhosana



Tshuba Walter  
Madiba



Kgotsofalang  
Patrick Nyelimane

### Khanyisa



Raymond Tebatso  
Chukudu



Thomas Nelson  
Ndlovu

*And the men who hold high places must be the ones who start to mold a new reality closer to the heart.* -Neil Peart

## High on a hill is a lonely goat

Since The Sound of Music is on in South Africa, this is a short story with a happy ending!!

This goat was observed in the high wall – 6 metres from the bottom and 6 metres from the top. How she got there is anyone's guess. With the help of the excavator the goat was reached and she ran down the stockpile that we prepared for her graceful descent – A happy ending and thank you for everyone who helped.

