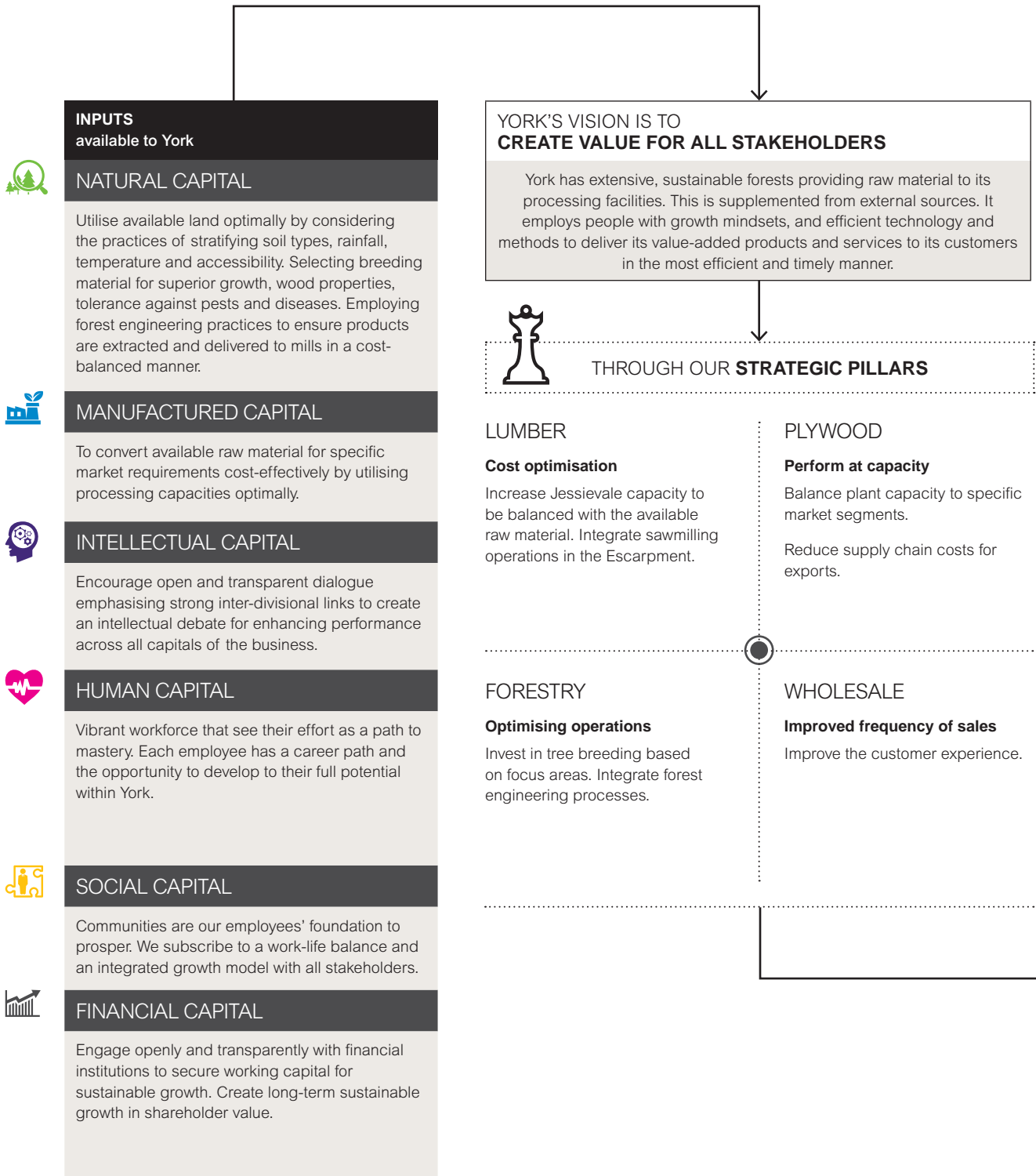
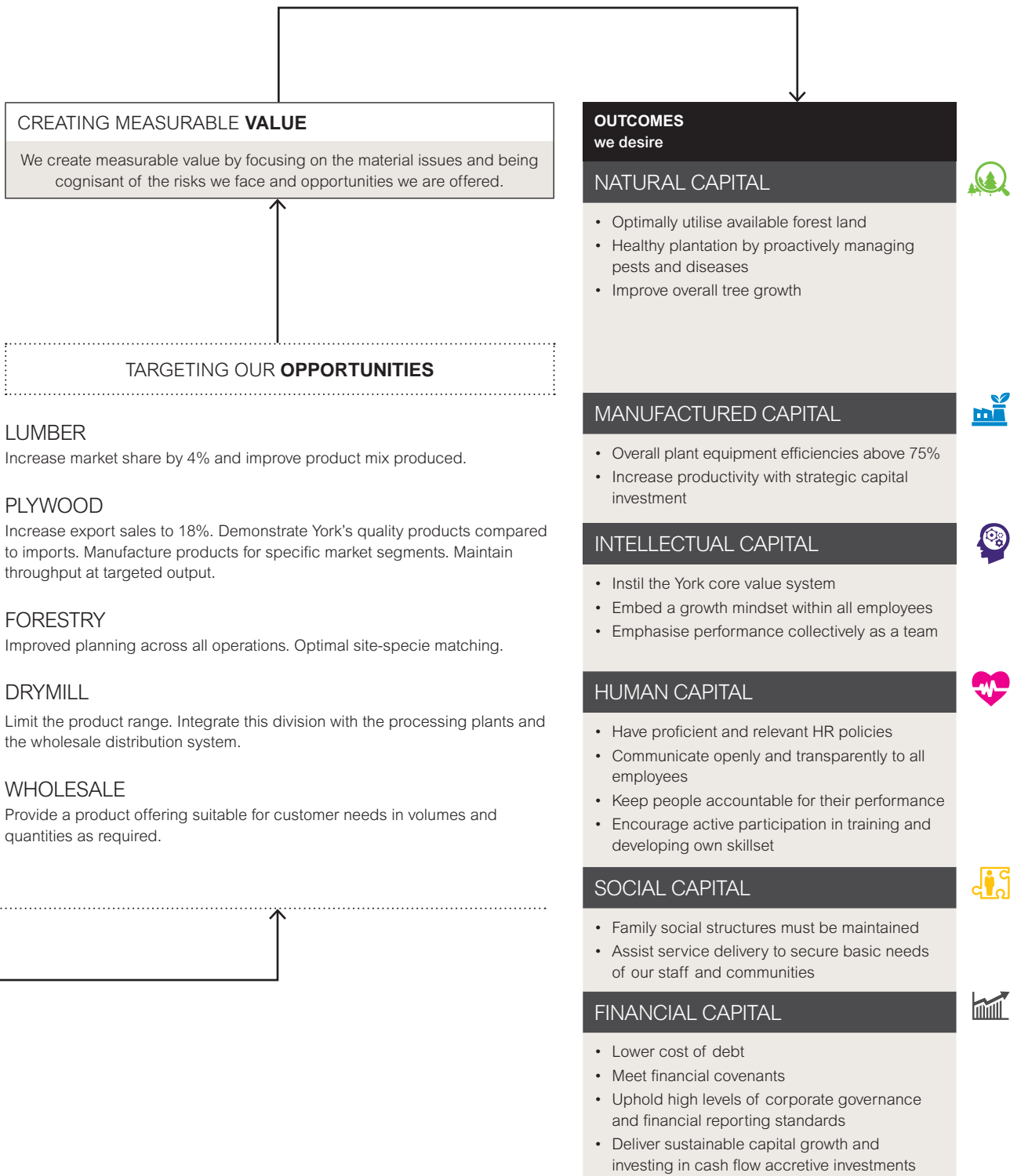


































YORK'S BUSINESS MODEL



WE CONTINUALLY ENHANCE OUR BUSINESS MODEL TO CREATE VALUE FROM THE CAPITALS THAT WE EMPLOY IN THE MOST EFFICIENT WAY.



CAPITAL TRADE-OFFS IN OUR ACTIVITIES




































NURSERY	Capital reduced in creating value 	Capitals enhanced through value creation  
<p>Via extensive research partnership programmes, the nursery develops high-yielding tree species and hybrids aimed at optimal site-specie matching and wood quality. Seedlings are dispatched to plantations after five to eight months.</p>		
FORESTS	Capital reduced in creating value 	Capitals enhanced through value creation    
<p>York's sustainable forests are maintained according to industry-leading silviculture practices. York's silviculture regimes vary between compartments, depending on site quality. Pruning regimes are implemented from two to eight years, during which a compartment is pruned to a height of seven metres. Thinning regimes are implemented from 6,5 to 11,5 years during which higher site qualities are thinned up to three times. Clearfell ages range from 18 to 24 years.</p>		
EXTERNAL LOG PURCHASES	Capital reduced in creating value 	Capitals enhanced through value creation   
<p>The shortfall in supply from York's own plantations is sourced from various sustainable external sources.</p>		
PROCESSING FACILITIES	Capitals reduced in creating value  	Capitals enhanced through value creation    
<p>York has four sawmills and a plywood plant with various timber treatment facilities.</p>		
THERMAL AND ELECTRICAL ENERGY	Capital reduced in creating value 	Capitals enhanced through value creation    
<p>Various operational by-products such as prunings, pulp and defect logs, bark, chips, off-cuts and other mill by-products are salvaged as inputs to generate energy for own use and resale.</p>		
WAREHOUSE AND DISTRIBUTION FACILITIES	Capital reduced in creating value 	Capitals enhanced through value creation   
<p>Customer needs are met through eight distribution warehouses.</p>		
CUSTOMER BASE	Capital reduced in creating value 	Capital enhanced through value creation    
<p>Customers are supplied directly from the mills or via the warehouses. Customers include:</p> <ul style="list-style-type: none"> • Truss plants • Corporate and independent retailers • Remanufacturers • Furniture manufacturers • Construction contractors • International agents, traders and retailers 		


EIGHT-YEAR FINANCIAL REVIEW

Audited		CAGR % 2012 to 2019	Audited 2019	% change	Restated Audited 2018	Audited 2017	Audited 2016	Audited 2015	Audited 2014	Audited 2013	Audited 2012
Group revenue	R'000	5	1 600 522	(12)	1 812 350	1 832 805	1 771 049	1 543 149	1 323 976	1 131 994	1 112 843
Gross profit	R'000	1	460 355	(17)	552 631	497 502	500 566	404 415	377 945	410 298	421 519
Gross profit margin	%	(4)	28,8	(6)	30,5	27,1	28,3	26,2	28,5	36,0	38,0
Operating (loss)/ profit	R'000	(194)	(106 314)	(154)	196 045	151 369	182 933	144 021	116 811	161 365	166 068
Operating margin	%	(189)	(6,6)	(161)	10,8	8,3	10,3	9,3	8,8	14,0	15,0
EBITDA	R'000	1	204 668	(28)	283 666	246 101	240 048	199 390	156 262	187 153	194 726
EBITDA to revenue	%	(4)	12,8	(18)	15,7	13,4	13,6	12,9	11,8	16,5	17,5
Net profit before finance costs	R'000	(14)	106 856	(61)	272 271	599 038	390 032	196 272	123 531	192 834	303 395
Finance costs	R'000	(2)	77 537	(8)	84 325	88 595	56 632	58 385	56 440	54 672	87 308
Cash flow from operations	R'000	2	223 822	(21)	283 173	169 979	284 963	182 574	151 461	106 486	197 088
Biological assets	R'000	6	3 154 557	8	2 918 550	2 828 518	2 334 327	2 140 067	2 103 092	2 100 870	2 070 222
Interest bearing borrowings	R'000	3	683 436	(15)	804 595	912 302	894 145	743 360	562 616	597 173	558 400
Investment in property, plant and equipment	R'000	12	81 170	25	64 680	154 258	283 241	203 288	66 169	51 958	36 340
Net working capital	R'000	4	161 517	(30)	230 155	245 991	162 685	219 485	213 182	180 446	119 372
Basic (loss)/ earnings	R'000	(183)	(36 268)	(126)	138 280	367 286	238 212	101 468	50 994	106 864	137 818
Weighted average number of shares	Number	(1)	317 439	-	316 874	317 209	325 286	331 032	331 241	331 241	331 241
(Loss)/earnings per share	cents	(183)	(11)	(126)	44	116	73	31	15	32	42
Core earnings per share	cents	(7)	8	(70)	26	17	31	21	16	26	13
Headline earnings per share	cents	3	50	9	45	116	73	29	14	33	42
EBITDA per share	cents	1	64	(29)	90	78	74	60	47	57	59
Net asset value per share	cents	6	980	(1)	990	943	809	731	703	688	655
Tangible net asset value per share	cents	9	862	6	809	765	635	559	531	516	484
Underlying TNAV	cents	8	1 134	7	1 061	1 007	834	739	708	692	657
Return on equity	%	(179)	(1,2)	(127)	4,4	12,3	9,0	4,2	2,2	4,7	6,4
Total cost	R'000	7	1 499 024	(7)	1 616 305	1 681 436	1 588 116	1 399 128	1 207 165	970 629	946 775
External log purchases	R'000	11	261 728	30	201 723	269 982	140 887	210 886	182 086	146 305	122 203
Cost excluding log purchases	R'000	6	1 237 296	(13)	1 414 582	1 411 454	1 447 229	1 188 242	1 025 079	824 324	824 572
Cost as % of revenue	%	1	77,3	(1)	78,1	77,0	81,7	77,0	77,4	72,8	74,1

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

OUR VALUE CREATION MODEL

 STRATEGIC GOALS What we want to do	MATERIAL ISSUES What we need to do	RISKS AND OPPORTUNITIES We expect to encounter
NATURAL CAPITAL Enhance the quality of the biological assets to ensure extraction of optimal value on a sustainable basis	<ul style="list-style-type: none"> Proactively manage pests and diseases Refine tree breeding processes Enhance nursery ability to produce quality hedges and cuttings Value extraction from harvested volumes Deliver products to mills on a cost-balanced basis Forest planning and forecasting/ sustainability/ database management 	<ul style="list-style-type: none">  Long-term log supply from external sources  Threat of fire, pests and diseases  Erroneous site-specie matching  Introduction of technology to control and manage forestry operations more effectively  Produce wood properties suitable for structural and industrial applications
 MANUFACTURED CAPITAL Improve operating efficiencies, upgrade outdated technologies, increase throughput and consolidate poor-performing facilities to maximise value creation	<ul style="list-style-type: none"> Extract optimal value from raw material Maintenance of equipment, utilisation of machine capacities Using technology to identify wood properties suited for the required market segments Refine drying techniques to ensure product stability 	<ul style="list-style-type: none">  Capital intensive  Weakening of the Rand for imported equipment  Sub-optimal extraction of value from raw material  Offset currency fluctuations with earnings from exports  Consolidate marginal operations and adding technology to extract maximum value from available raw material  Increase processing capacities in the Highveld
 INTELLECTUAL CAPITAL Encourage dialogue to stimulate intellectual debate so that performance throughout the business can be enhanced	<ul style="list-style-type: none"> Big data management Develop ability to analyse data Apply scientific methodology to unstructured data Machine learning capabilities Enhance decision-making tools 	<ul style="list-style-type: none">  Outdated enterprise resource planning (ERP) system  Repeated capturing of the same data  Spreadsheet thinking  Lack of analytical skills  Refine the art of making sound decisions based on a scientific approach to understanding/interpreting the underlying data  Enhance domain expertise with further integration of business processes
 HUMAN CAPITAL Attract and retain new talent, develop and stimulate a growth mindset within York	<ul style="list-style-type: none"> Create a professional and stimulating business culture in line with the core values of York: Connectivity; Commitment; Integrity; Innovation and Responsibility 	<ul style="list-style-type: none">  Political agenda of unions and unrealistic expectations  HR practices that are inadequate  Review remuneration policies to be transparent across the board  Introducing production incentive scheme  Get to the hearts and minds of our employees
 SOCIAL CAPITAL Being mindful of the greater community affected by our operations and contributing to its upliftment	<ul style="list-style-type: none"> Develop a sustainable community-based model 	<ul style="list-style-type: none">  Creating unrealistic expectations  Fulfilling the role of local government  Active engagement with local and provincial governing bodies to improve commitment to service delivery  Communication and community forums  Assisting with training and education
 FINANCIAL CAPITAL Create sustainable value for our shareholders	<ul style="list-style-type: none"> Illustrate the value of biological assets Show consistency in cash generation 	<ul style="list-style-type: none">  Share price is not reflective of the net asset value of the Company  Explore alternative investor base/profile

 **STAKEHOLDER ENGAGEMENT**
For more information on our engagement with stakeholders, refer to page 12.

WE CREATE MEASURABLE VALUE BY FOCUSING ON THE MATERIAL ISSUES AND BEING COGNISANT OF THE RISKS WE FACE AND OPPORTUNITIES WE ARE OFFERED.



STRATEGIC RESPONSE What we did	OUTPUT What we produced	KEY ACHIEVEMENTS How we measure the results
<ul style="list-style-type: none"> Acquired inbound fleet Initiated research and development projects across various elements of the forestry value chain Fire detection camera system upgraded Invested in firefighting equipment Monitoring programmes to detect early infestation and to record damage Produced crossings of pure species for optimal response to the site and market requirements Ensured that felled trees are optimised to the right product category 	<ul style="list-style-type: none"> Developed a forestry health index on a regional basis Part of the international SNP chip evaluation of pine and genome profiling of pine at FABI. Entered into agreement to determine genetic profile of various pines and hybrids to improve selection of crosses Nursery capacity was expanded Improved LogTrace integration to MicroForest and ERP system to continually improve control within the value chain 	<ul style="list-style-type: none"> Noticeable decline in damage to plantations caused by pests and diseases (-48% from FY2018) York acquired external hedges and cuttings while increasing internal capacity with suitable breeding material Logs rejected by processing plants remained the same from FY2018, at an average of 5% Accurate delivery of product mix to designated processing plants at 94% Inbound transport costs reduced by 7%
<ul style="list-style-type: none"> Volume recovered above industry norm Plant intake in line with planned capacities with safety margin above industry norms Investment in upgrading of equipment to improve efficiencies Improved overall plant maintenance with plant availability at industry norms Continuing to target value recovery as key indicator of profitability Expansion of export market Introduction of moisture sensors throughout process X-ray scanning to identify poor wood properties 	<ul style="list-style-type: none"> Produced a product mix as required by the market Monitoring of quality defects and responding with corrective actions Various technology upgrades across operations 	<ul style="list-style-type: none"> Target value margin for: <ul style="list-style-type: none"> Sawmilling operations – 44% (impacted by log prices). Target is set at 45% Plywood – 38% (impacted by glue and high log prices). Target is set at 42% Overall equipment efficiency of 75% Measure wood properties for modulus of elasticity, modulus of rupture, % moisture, South African Technical Auditing Services grading
<ul style="list-style-type: none"> Continuous data collection, storage and management Final stages of new ERP system implementation Supply chain system – sales/customer analysis Harvesting slicer/LogTrace Infrastructure connectivity Condition monitoring of equipment Heat/steam recovery Forestry – soil depth profiling, geo-referencing and improved tree characteristics measurement in plantations Participation in the Pine SNP Chip project Forestry site database including soil, climatic and topology Tree breeding database including genomics Road utilisation and maintenance database Enhancing control measures throughout the business 	<ul style="list-style-type: none"> Efficient supply of raw material to mills Tight stock control – limited losses Frequency of sales/sales patterns tracked/responsive to customer needs Raw material supply analysis Increased fibre volume and timber quality Identification of genes linked to traits of interest – ultimate capability to do molecular breeding/genomic selection 	<ul style="list-style-type: none"> Quality of decision-making Review and reflect Response time Predictive capabilities New ERP system implementation
<ul style="list-style-type: none"> Restructured the HR division Strengthened management team to proactively engage with unions Refocus on training of staff at all levels of the business Recruitment and promotion processes enhanced Acquired HR specialised skills at the various operations 	<ul style="list-style-type: none"> On-site problem solving of HR-related issues in accordance with York policies and procedures Improved job profile and establish the correct grade of positions Staff appointed with the responsibility to allow them the opportunity to build a career Remunerating staff at market-related rates 	<ul style="list-style-type: none"> Vibrant workforce Structured engagement with unions Role clarity and understanding of expected performance Implement structured approach to remuneration anomaly
<ul style="list-style-type: none"> Uplifting learners and supporting local schools and clinics in the Highveld and Escarpment Supported local communities with skills transfer Prevented Eskom from interrupting planned electricity supply to the entire Thaba Chweu Local Municipality 	<ul style="list-style-type: none"> Delivered on the triple bottom line of social, environmental and financial value Maintained a close relationship with all our stakeholders Prevented planned electricity interruptions by Eskom during the time of year-end school exams (learners) and festive season (tourism) 	<ul style="list-style-type: none"> Community social well-being Healthy and supportive workforce Collaborative environment and better understanding of each other's challenges
<ul style="list-style-type: none"> Integrated annual report as the key stakeholder communication material Investor roadshows Reduced debt, with a focus on cash flow Self-insurance fund 	<ul style="list-style-type: none"> Won the CSSA award for best integrated annual report in the AtX/Fledgling category four years in a row Gearing reflects cash generative profile Improved biological assets value due to sustainable forestry practices Rebuilt the Jessievale mill warehouse, improving storage space and throughput Unqualified external audit and continuous independent internal audit assessment 	<ul style="list-style-type: none"> Share price to reflect net asset value of the Company Cash efficiency ratio of 9% Financially sound and stable

PERFORMANCE AND TARGETS FOR 2020
The lead page of each of the capital sections contains the KPIs for the past four years and the targets for 2020 based on a rolling three-year forecast.