



CADIZ

HOLDINGS

*Cadiz Holdings
Group Update*

September 2001



Proposed Agenda

- Financial highlights
- Group structure and internal process
- The sector we live in
- The risks and challenges we face
- Our plans and prospects



Financial highlights

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EXPECTATION



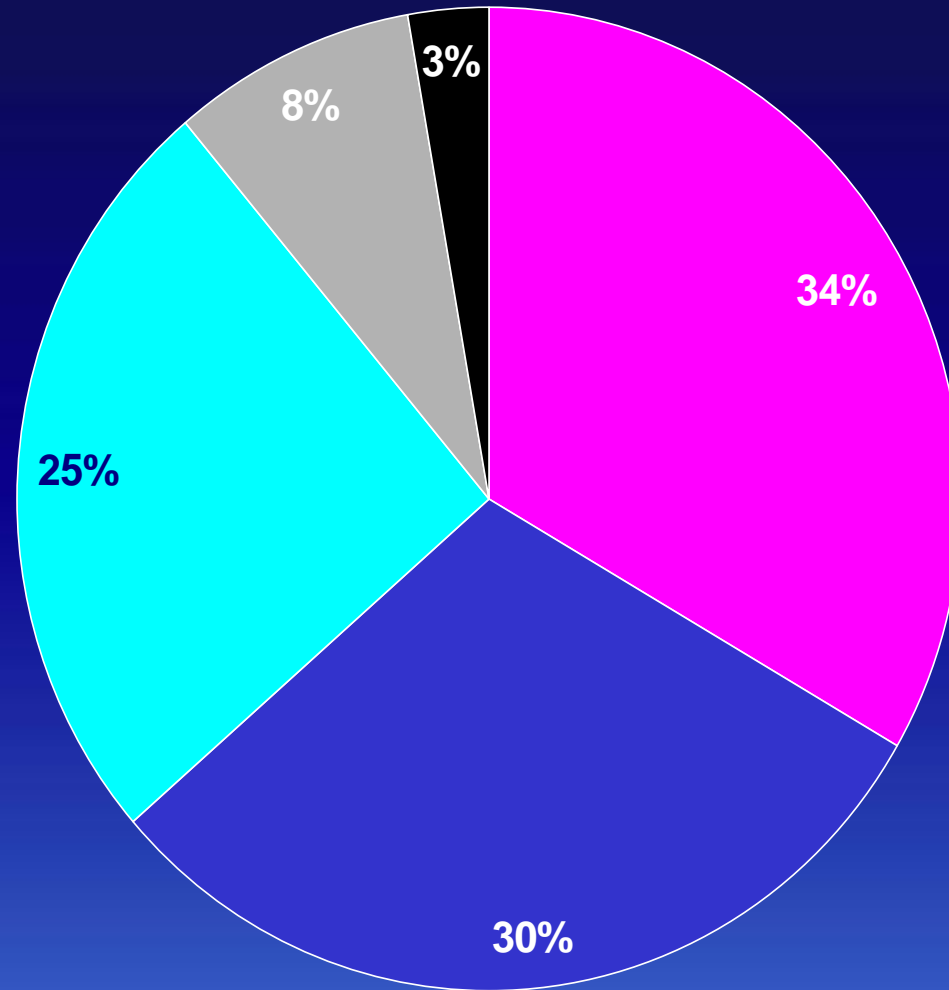
Income Statement

CADIZ HOLDINGS LIMITED GROUP INCOME STATEMENT	Unaudited 6 months 30 June 01	Unaudited 6 months 30 June 00	% Change	Audited 12 months 31 Dec 00
Net contribution	57,935	55,024	5.3%	106,196
Operating Expenses	(18,813)	(16,892)	11.4%	(33,364)
Net income before discontinued ops	39,122	38,132	2.6%	72,832
Discontinued operations and disposals	(4,648)	10		(3,650)
Net income before tax	34,474	38,142	-9.6%	69,182
Taxation	(5,341)	(6,096)	-12.4%	10,900
Net income after tax	29,133	32,046	-9.1%	58,282
Preference dividends	(2,321)	(2,364)	-1.8%	4,732
Attributable income	26,812	29,682	-9.7%	53,550
Headline EPS	13.70	13.58	0.9%	25.08
Headline EPS after discontinued ops	16.07	13.57	18.4%	26.79
Weighted numbers of shares in issue	195,708	218,580	10.5%	213,517

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Our discontinued operations cost R4.6 million for the 6 months

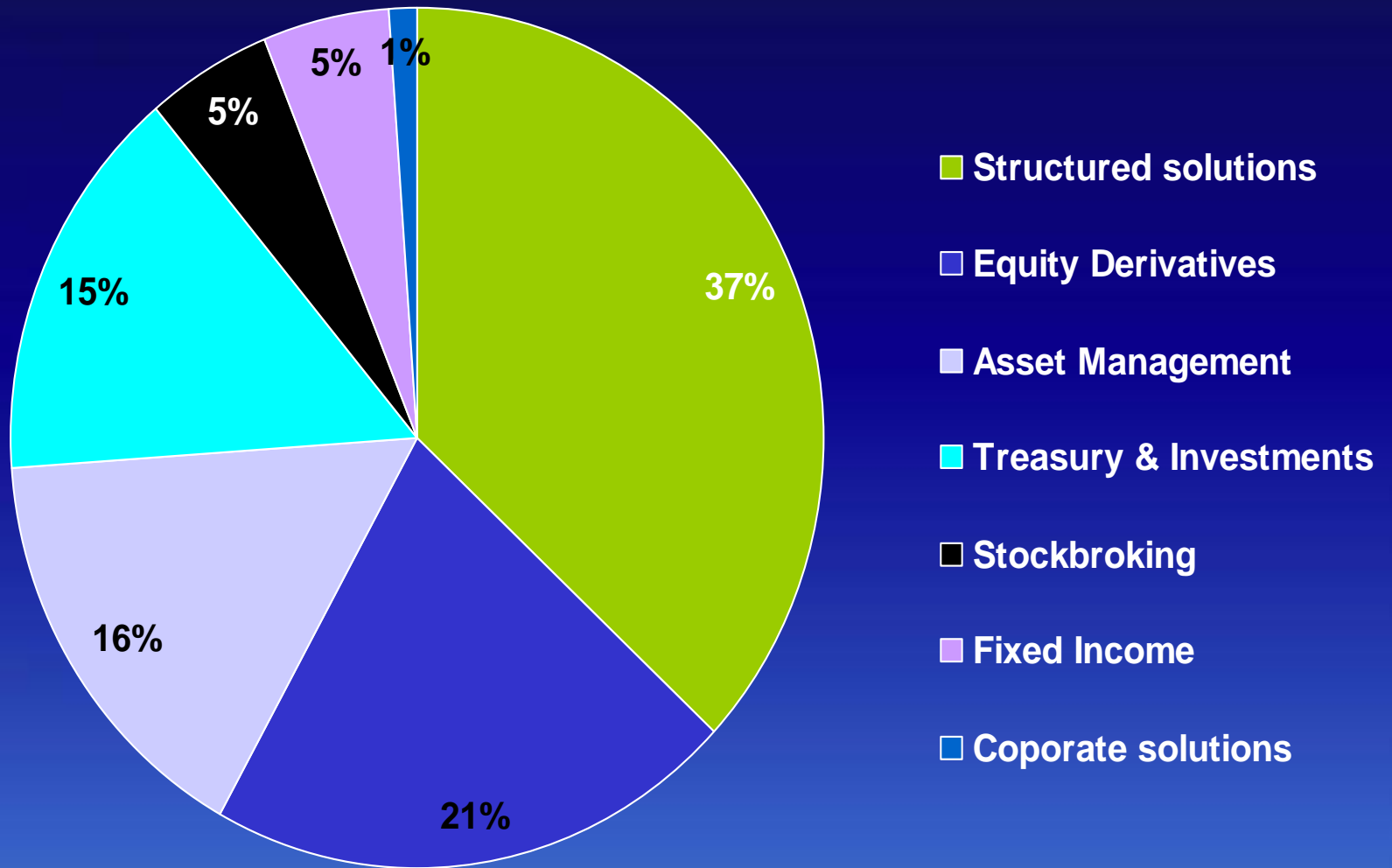


- Treasury
- Technology
- Private Equity
- Risk Management
- Private Clients

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EXPECTATION



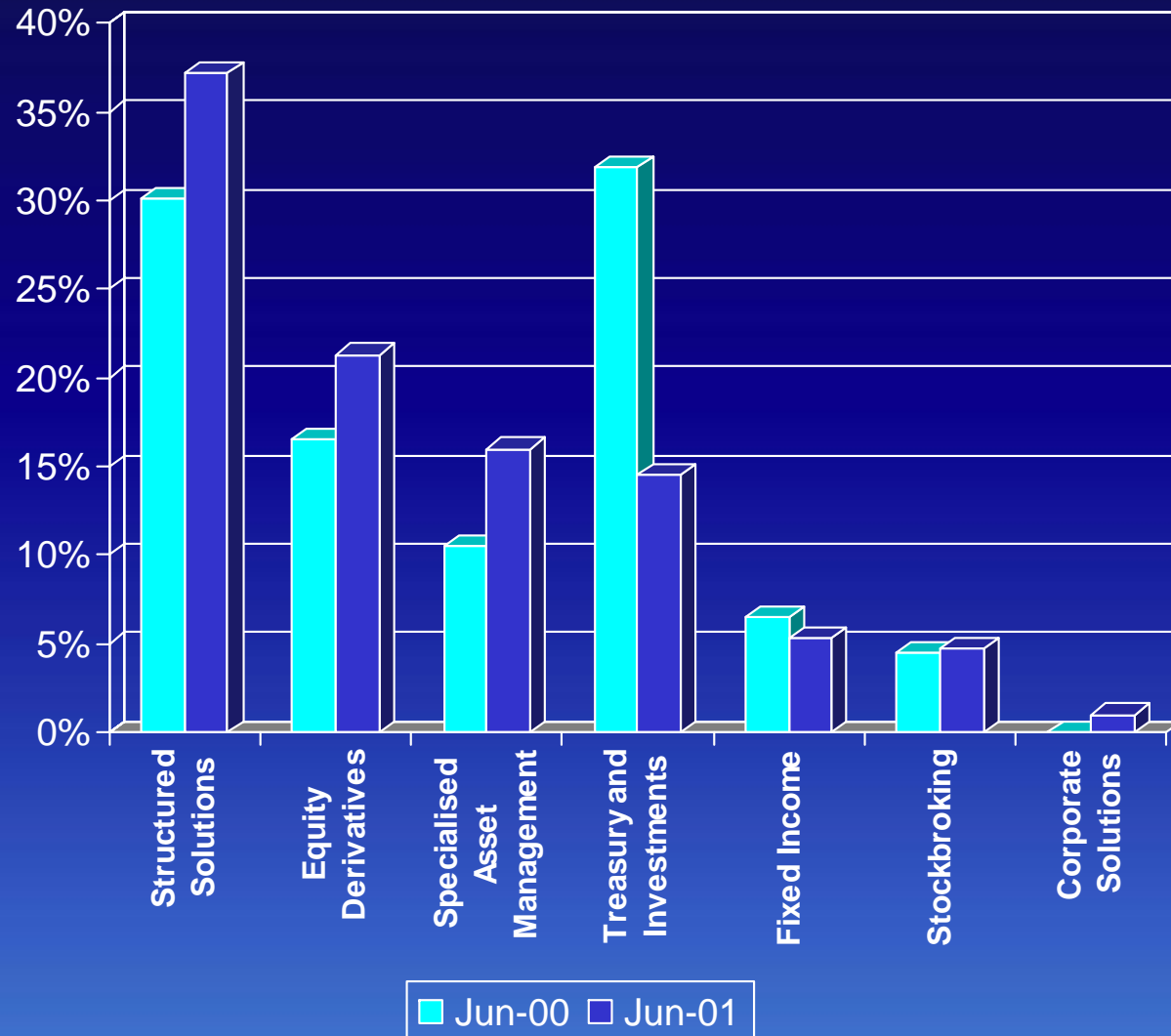
Contributors to Cadiz earnings are proven



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..... And consistent



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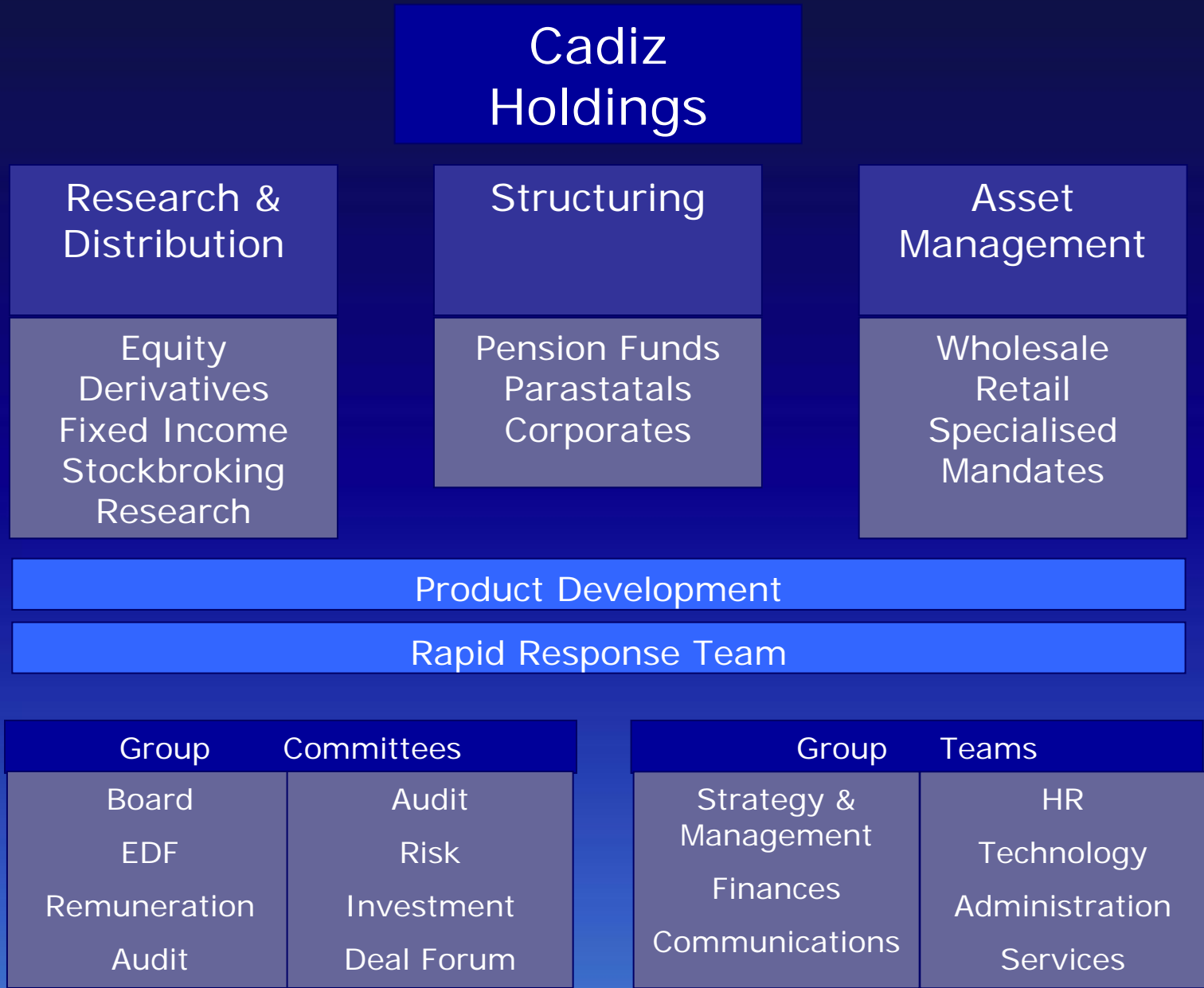


Group structure & internal process

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Our Group structure is much simpler



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Internally, the machine is smooth

- Our corporate governance is in place
- Group committees have been streamlined
- The Cadiz Energising Forum continues to reinforce our internal communications and culture
- Group finances and communications have a new lease of life
- The profile of HR has been elevated significantly
- We have implemented the Balanced Scorecard and will close the loop this year
- Stability has returned to decision-making
- The freshly rationalised group feels tight and poised for growth



The Cadiz Credentials

FM Survey Rankings

(Survey of 40 financial institutions, all major local and global participants included)

<u>Year</u>	<u>Category</u>	<u>Ranking</u>
1997	Derivative Research (Firm)	1 st
1998	Derivative Research (Firm)	1 st
1998	Derivatives Dealing (Firm)	1 st
1999	Derivative Research (Firm)	1 st
1999	Derivatives Dealing (Firm)	1 st
2000	Derivative Research (Firm)	1 st
2000	Derivatives Dealing (Firm)	1 st
2000	Quantitative Research (Firm)	1 st
2001	Derivative Research (Firm)	1 st
2001	Derivatives Dealing (Firm)	1 st



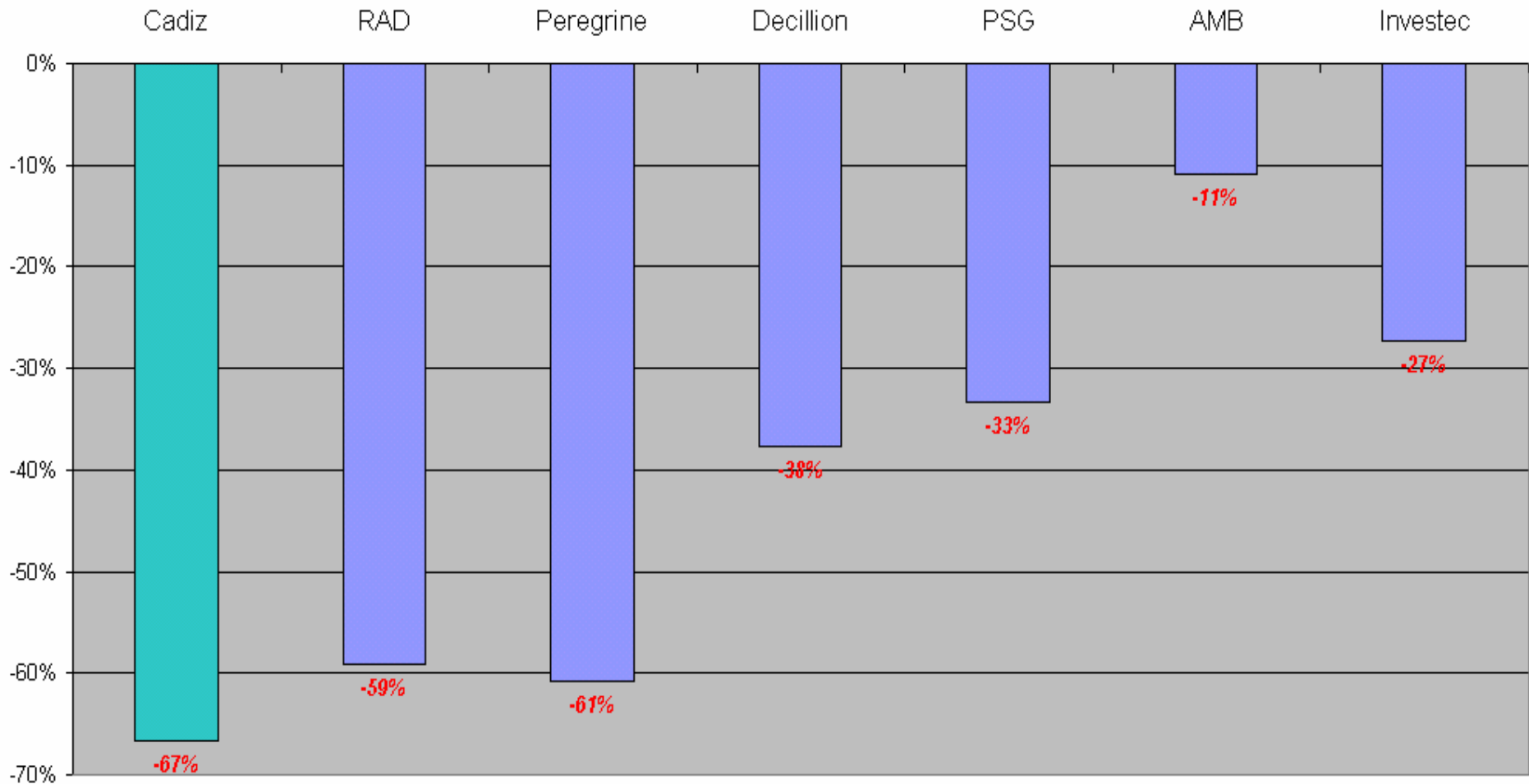
The sector we live in

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Financial services have lost favour since 2000.....

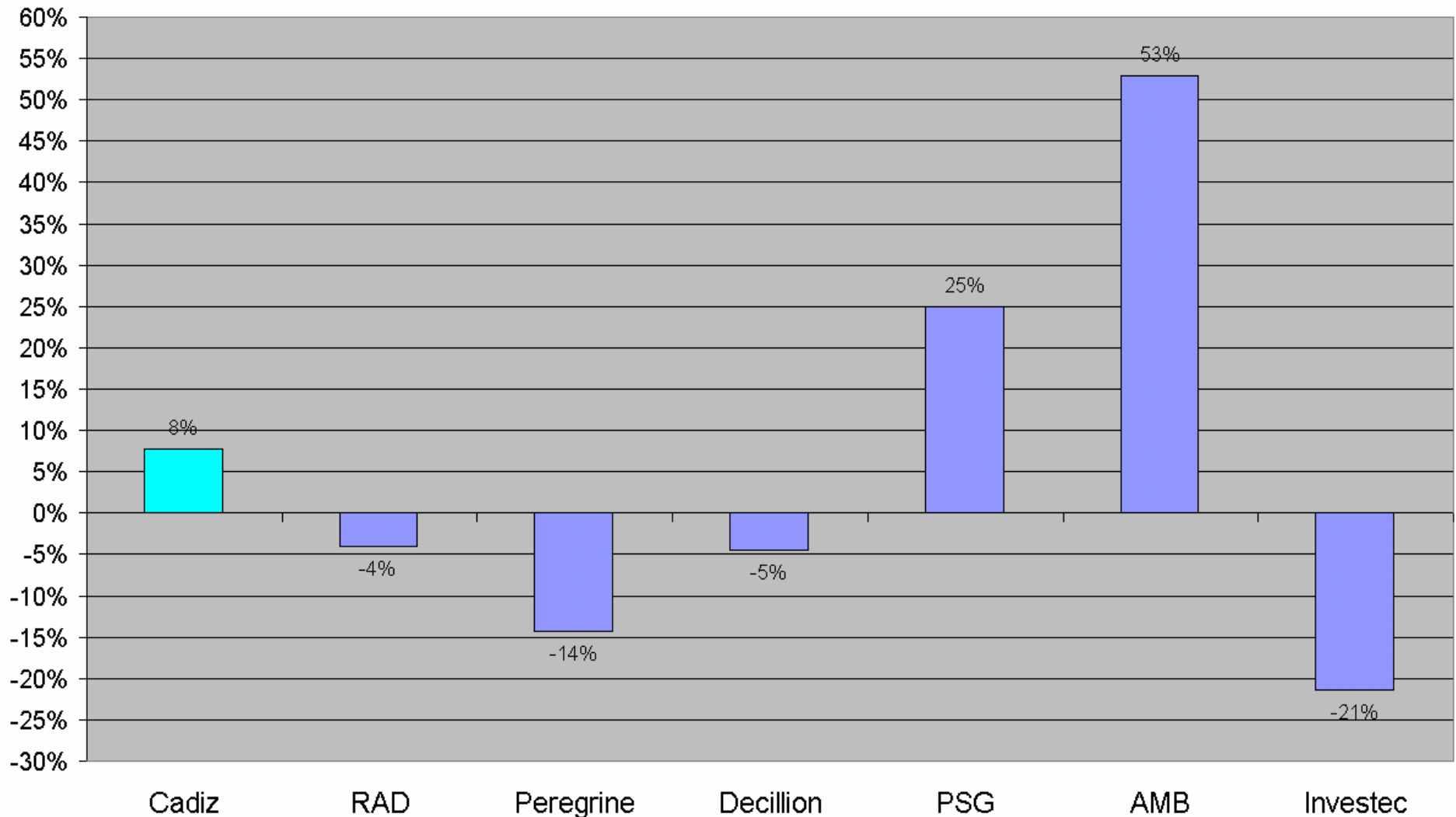
% Change In Share Price Since 2000





2001 has been relatively stable

% Change In Share Price Since Jan 2001





Different players face different challenges

Big Global Houses

ML, DB ,JP-Chase, SBC
SA Market is shrinking
Privatizations less attractive
Margins under pressure
Market very tight
Budgets in US\$

Large Local Houses

STD, 1stR, ABSA, NED, INV
Commercial banking bases
Also face a shrinking market
Cannot grow domestically
Need to venture abroad
May distract their operations

Medium-Sized Locals

COR, BOE, PSG
Dilemma with capital
Need to use their capital
Difficulty attracting skills
Tough prospects ahead

Niche Players

CDZ, BRA, DEC, PGR, AMB
Some have disappeared
Business is tough
Staff retention challenging
Some have clear niches
More fall-out is likely
Survivors well positioned



The outlook for business in financial services is fairly bleak ...

- The competition is extreme and diverse
- South Africa's financial markets continue to shrink
- Margins are under pressure
- Our currency is weak
- Business confidence in SA is low
- Businesses are lethargic and unresponsive
- There are no glaring quantum-change growth opportunities
- This is not a market for blue-sky
- It is a time and a test for survivors



The risks and challenges we face

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What pieces are missing

- An anchor shareholder
- Balance sheet alliance
- Research alliance
- Product development alliance
- Access to a retail customer base
- Serious BEE credentials



We face some risks & challenges....

- Cadiz is still vulnerable simply due to its size
- Our earnings are all Rand-based
- Attracting and retaining staff will continue to be challenging
- A handful of key-people are mission-critical
- Our customer base could be more diverse
- Business is very competitive
- The sector will take some time to return to favour
- Our free-float is limited
- The BEE model remains un-identified



Re-enforced Black Economic Empowerment remains a priority

- We tried with Kopano ke Matla and failed
- An initiative with Gobodo failed to materialize
- Primegro has been lucrative
- Tri-Linear has serious potential
- Our ongoing research continues
- We are committed to finding a solution
- Our experience and size stands us in good stead
- *We will not rush, it is a long-term priority*



Our plans and prospects

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We have assessed our high-level strategic options

- We have surplus capital to our needs, if our rating falls significantly, de-listing is an option
- A merger with peers is unlikely
- We investigated possible alliances with Global houses
- Alliances with local firms are still possible
- These could be multi-dimensional, and we have no firm plans yet
- Organic growth as a listed entity is our base case and is exciting to us



Life for Cadiz as a listed company has changed

- We no longer have a bank and don't need capital
- We have a small free-float (+/- 17%), and as a result have few anchor shareholders
- The rating of our sector is very depressed
- We do not believe that a short term bounce is likely
- Equity as an incentive is relatively ineffective
- The pressure to grow is unrelenting
- Should we de-list?



Listing was not a short-term act

- Despite de-registration of the Bank, we do not have too much capital for it to be a drag on growth
- Being listed has significantly boosted our profile
- Internally we agree that equity is the best long-term wealth generator
- We have succeeded to-date
- We did not list on an impulse
- We will not de-list on an impulse
- However, we are free to choose



The ability of Cadiz to compete & differentiate lies in a combination of dimensions

- Our track record extends 8-years
- We remain the top-rated house in our core derivative businesses - a 5-year record
- We have very strong customer relationships
- Independence through ownership ensures commitment and offers freedom to choose
- Our standpoint on proprietary risk is clinical
- Our organisational culture is alive and thriving
- We have never had a helping-hand
- We have survived and built experience in very tough markets



We are excited about our base-case prospects of organic growth

- We are very profitable
- With significant annuity income
- And almost entirely cash-based earnings
- There is no proprietary risk
- A small capital base will not drag our growth
- Our customer base is established
- We continue to grow the best young talent
- Our businesses are all in serious growth areas
- We will grow organically in these very tough times
- Yet we will not compromise quality for quantity or endurance for speed



Looking at our stock as an investment ...

- At 140 cents our annualised earnings yield for the last period was 19.57% after tax
- At 140, and a 3x cover our annualised dividend yield would be 6.52%
- In these interest-rate environments, we believe that the stock is cheap
- The free-float is small, but accumulation of stock over time is a real possibility
- An investor would need the same horizon as management - a long-term horizon



We would like to know your thoughts ...

- On our progress?
- On our model?
- On our business?
- On our strategy?
- On our stock?
- On the sector?
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