



AFRIMAT

**Annual General Meeting
August 2011**

3 August 2011

- ▣ A leading black empowered materials supplier
- ▣ Specialist in open cast mining, industrial minerals and beneficiated products
- ▣ Resources, industrial minerals, mining, road, rail and construction
- ▣ Footprint across Southern Africa





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Diversified

... portfolio

MINING & AGGREGATES

Commercial quarries (25)

Sand mines (6)

Dolomite mine (1)

CONTRACTING

Mobile Crushing

Drilling and Blasting

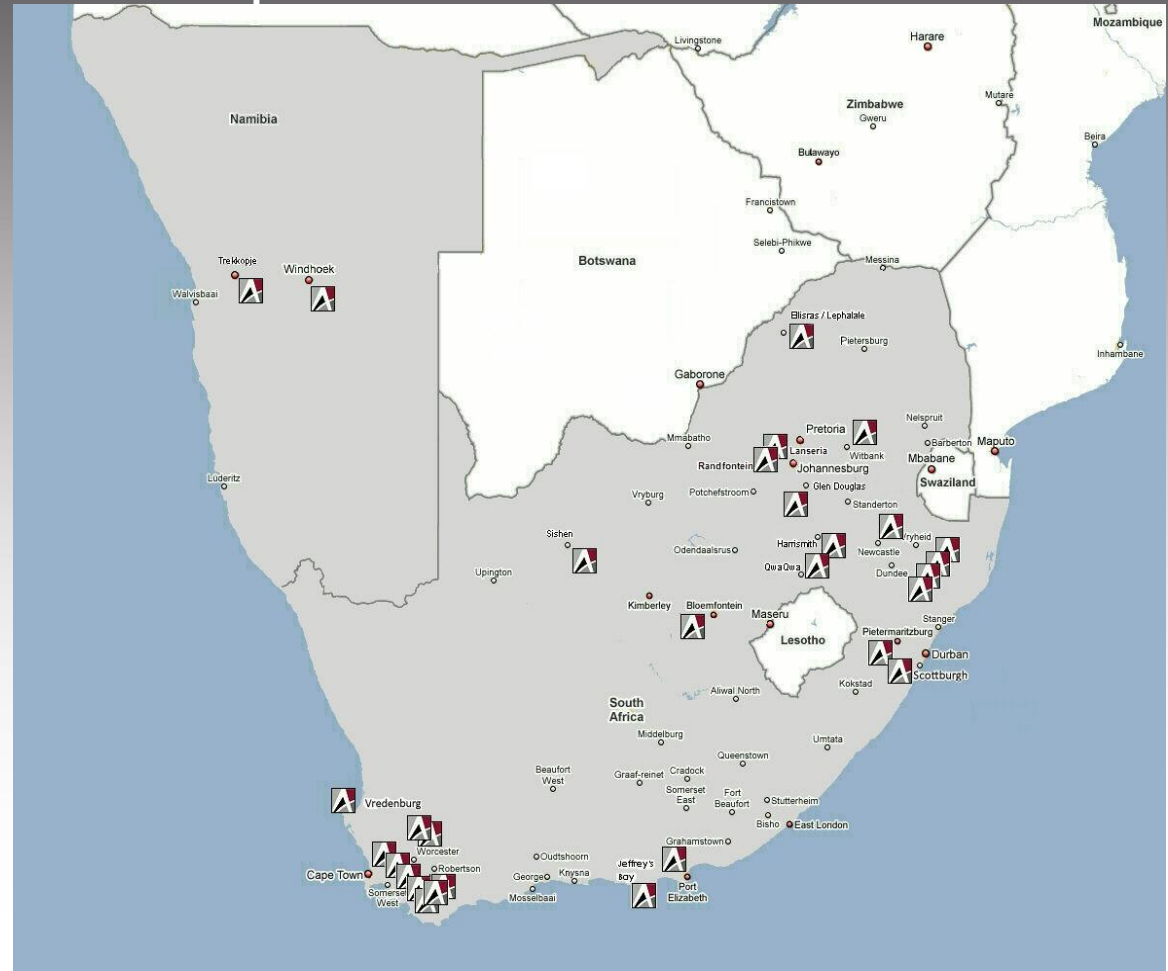
CONCRETE PRODUCTS

Concrete brick & block factories (8)

READYMIX

Batching sites (18)

... and footprint



... which generates a balanced consistent income stream



What differentiates us?

- ▣ Strong balance sheet
- ▣ Strong cash flow
- ▣ Wide spread geographic footprint across sub-continent
- ▣ Nimble, astute operator
- ▣ Flexible
- ▣ Good market intelligence and expertise
- ▣ Now one of the largest suppliers of aggregates in South Africa
 - 7.1 million tons for the year



Aggregates and Readymix industry overview

Aggregates

- Many competitors remain in financial crisis
- Trend towards smaller more dispersed contracts
- Work moving to rural areas

Readymix:

- Volumes declining further in urban markets
- Severe price competition
- Cost pressure

CMP

- Stable volumes
- Pricing slightly stronger
- Small contracts

Afrimat will continue to exploit opportunities that offer good value

- ▣ **Large scale projects tapering off**
 - Gautrain, GFIP, World Cup stadia
- ▣ **Increased tender activity but severe competition**
- ▣ **Most listed players warn on lower profits**
- ▣ **Serious infrastructure backlog**
 - Roads (SANRAL, provinces)
 - Medupi & Kusile
 - Water
 - Housing (R16.3 billion budget)
 - Renewable energy
- ▣ **Commodity boom**
 - Copper, iron ore, coal, etc
 - South Africa, Namibia, Zambia, Tanzania, Mozambique, (Zimbabwe?)
 - Driven by China, India

Positives

- ✦ Move away from large scale projects
- ✦ Spread over wider geographic area
- ✦ Increased number of opportunities
- ✦ Increased non-government spending
- ✦ Infrastructure environment remains attractive





Negatives





- ✦ Market more volatile than expected
- ✦ More complex (Mining Charter, legislative environment)
- ✦ Rising fuel prices
- ✦ Talks of nationalisation
- ✦ Royalties to the state



FINANCIAL OVERVIEW

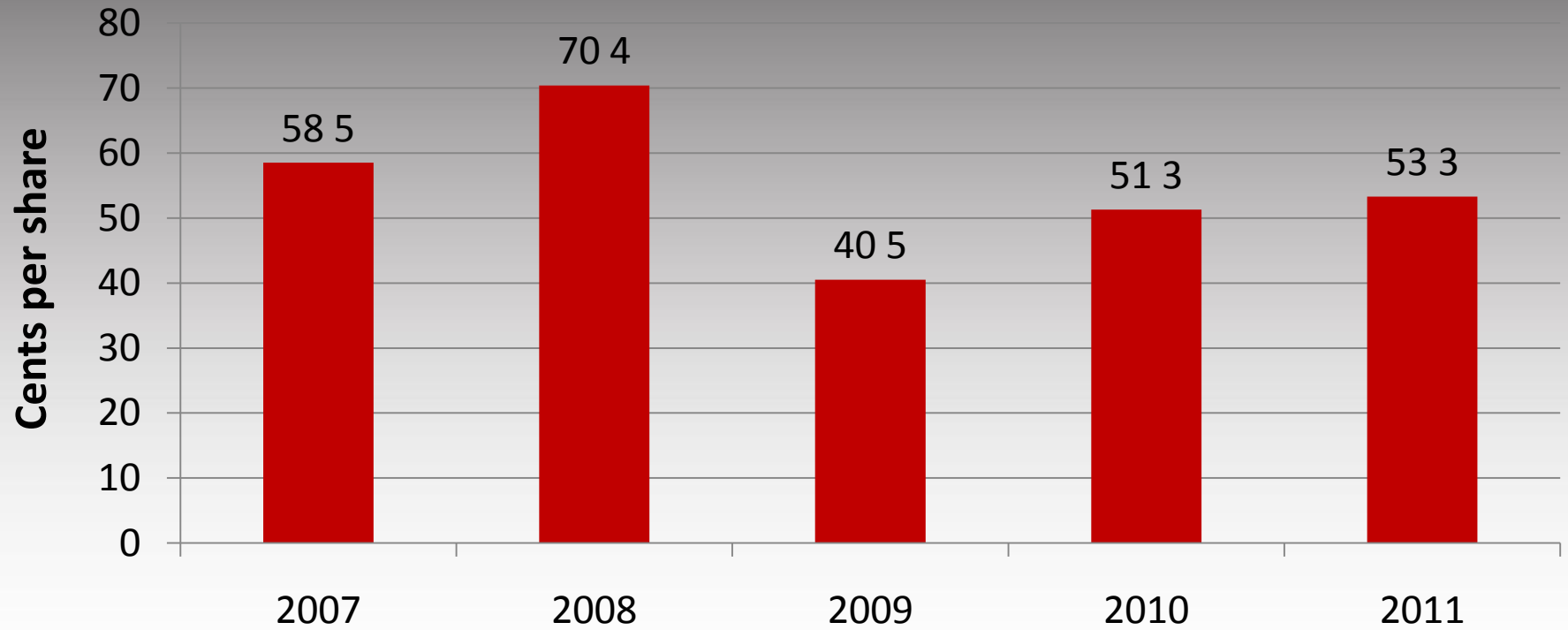


- 
 “Mining & Aggregates” showing further growth
- 
 All quarries & mines contributing positively to profits
- 
 “Readymix” is extremely small contributor
- 
 Gross profit margins contained

Revenue		9.8%
Headline earnings		4.9%
Net asset value		9.1% to 430 cps (NTAV 350 cps)
Net debt : equity ratio		5.2%
Final dividend		10% to 11 cps



Headline earnings per share



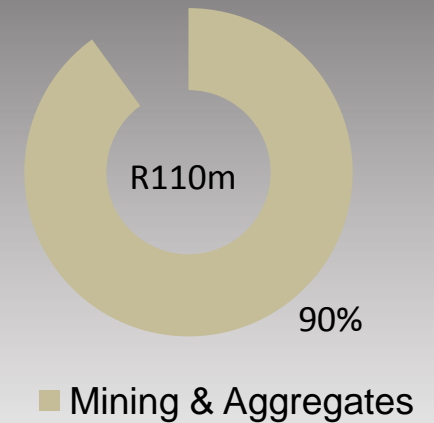


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Mining & Aggregates

Operating profit

R'000	12 months Feb 2011	12 months Feb 2010	% change
External revenue	581 878	487 387	19.4%
Operating profit	98 968	83 633	18.3%
<i>Operating profit margin</i>	17.0%	17.2%	



Performance:

- ▣ Volumes increased
- ▣ Solid contracting activities
- ▣ Glen Douglas revenue of R17.1m and operating profit R4.5m (2 months)

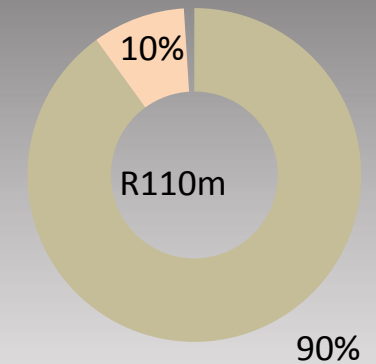


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Concrete Products

R'000	12 months Feb 2011	12 months Feb 2010	% change
External revenue	105 630	102 334	3.2%
Operating profit	11 003	12 347	(10.9)%
<i>Operating profit margin</i>	10.4%	12.1%	

Operating profit



Performance:

- ▣ Volumes increased
- ▣ Operational efficiencies improved
- ▣ Geographic footprint
- ▣ Refurbishments of plants gaining momentum

■ Mining & Aggregates

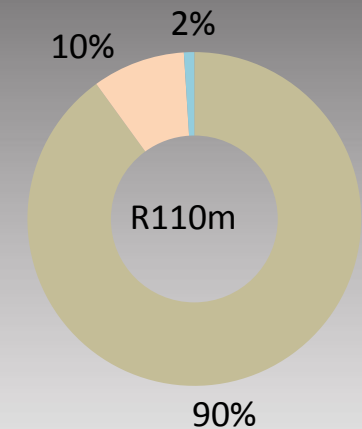
■ Concrete Products



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R'000	12 months Feb 2011	12 months Feb 2010	% change
External revenue	166 988	188 295	(11.3)%
Operating profit	2 428	11 736	(79.3)%
<i>Operating profit margin</i>	<i>1.5%</i>	<i>6.2%</i>	

Operating profit



- Mining & Aggregates
- Concrete Products
- Readymix

Performance:

- ⚠ Weak volumes - frail market conditions
- ⚠ Average selling price marginally better



Statement of financial position - assets

R'000	Feb 2011	Feb 2010	% change
Property, plant and equipment	403 980	385 261	4.9 %
Mining licenses and goodwill	114 662	115 811	(1.0)%
Inventories	75 548	68 862	9.7 %
Trade and other receivables	157 121	130 956	19.9 %
Cash	87 316	52 914	65.0 %
Other assets	44 222	24 198	82.7 %
BEE funding	70 032	65 284	7.3 %
	952 881	843 286	

Performance:

 Glen Douglas impact on total assets R68 738



Statement of financial position - equity & liabilities

R'000	Feb 2011	Feb 2010	% change
Total equity	616 326	564 499	9.2%
Borrowings	90 887	91 870	(1.1)%
Mine rehabilitation / dismantling	28 777	13 160	118.7%
Overdraft	28 181	20 784	35.6%
Trade and other liabilities	188 710	152 973	23.4%
	952 881	843 286	

Performance:

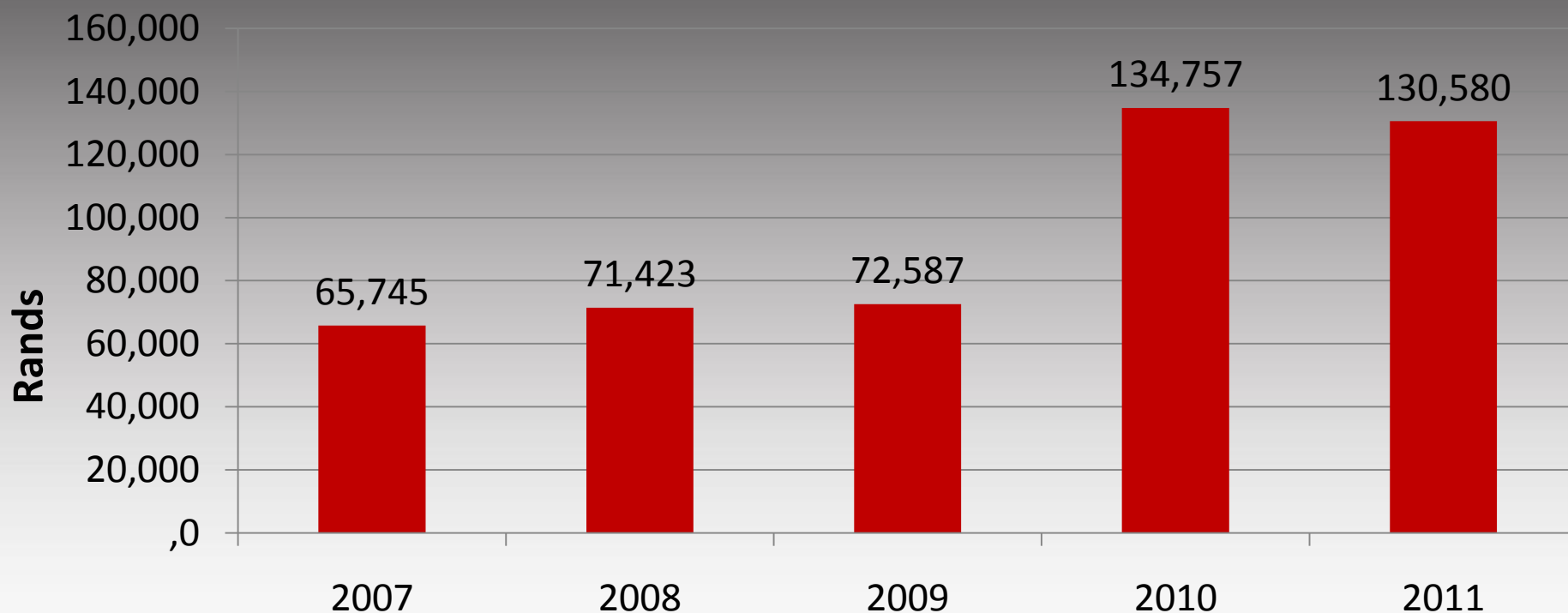
 Net debt : equity ratio 5.2%

 Glen Douglas impact on total liabilities R35 644



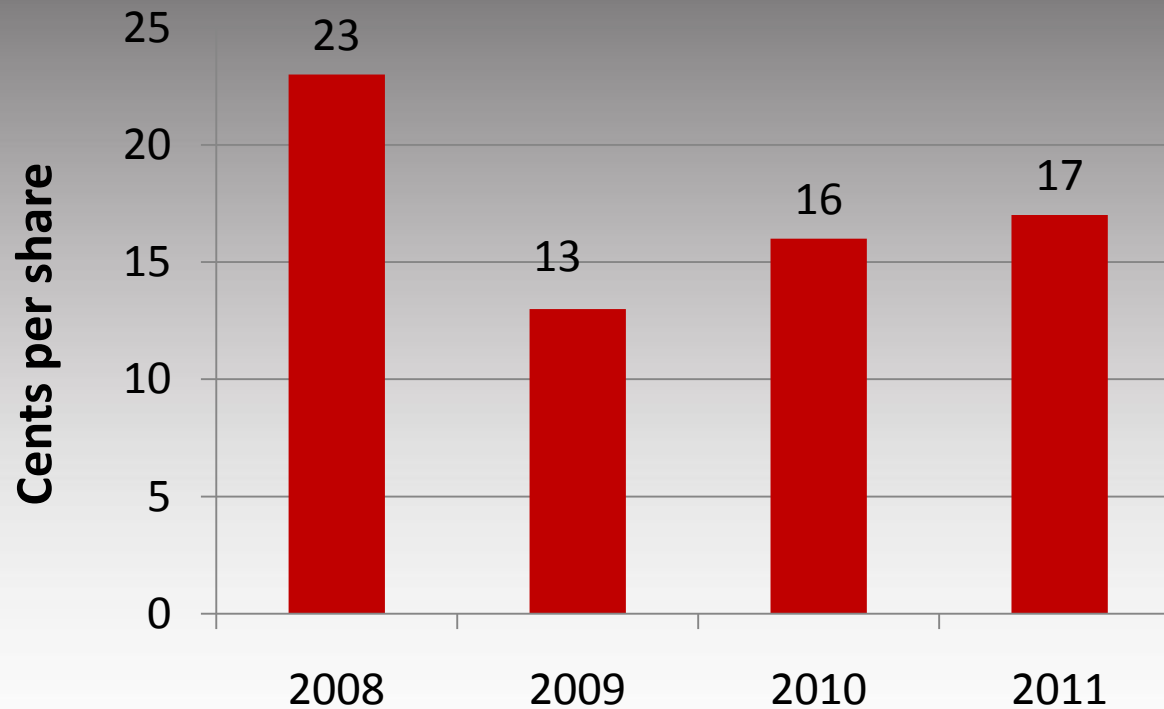
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Net cash from operating activities



	2011	2010
Capex spend	45 977	38 086

Total dividend (cents per share)



Group dividend remains at
3x cover

Afrimat remains intent on
maintaining this policy



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WHAT LIES AHEAD?



N1 N2 Winelands Toll Road



Short term outlook:

- Glen Douglas exciting
- Remainder of the market conditions: difficult

Infrastructure

- N1/N2 Winelands
- Power stations
- Housing
- Roads – SANRAL, provinces
- Renewable energy

Commodity boom

Afrimat will pursue a conservative growth strategy preserving the status of the balance sheet

Thank you for your attendance and participation

www.afrimat.co.za

For any further Investor Relations questions please contact:

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