

**CONSISTENTLY
DELIVERING**



AFRIMAT[®]
LIMITED

**Audited summary
consolidated financial
statements**

for the year ended
29 February 2020



01

WHAT WE DO

Notes:

Core message



- **Exceptional results**
- **Consistent delivery from the diversification strategy**
- **Strong culture and balance sheet as hedge against uncertainty**

Notes:

Group overview



- A supplier of quality materials sourced from our open pit mines and quarries
- Strategically diversified through product range, target market and location

Bulk Commodities



Industrial Minerals



Construction Materials



Notes:

Diversified portfolio and footprint

which generates a balanced, consistent income stream



Operations

Markets



25 Commercial quarries
6 Sand & gravel mines
4 Clinker sources
Mobile crushing & screening
Drilling & blasting
9 Concrete brick & block factories
21 Readymix batching sites

- Civil infrastructure
- Concrete product manufacturers
- Agricultural



2 Limestone mines
2 Dolomite mines
1 Silica mine

- Glass
- Metallurgical
- Industrial powders & fillers
- Chemical
- Water treatment
- Agriculture



1 Iron ore and manganese mine

- Export - China
- Local market – steel producers

Audited summary consolidated financial statements for the year ended 29 February 2020

5

Notes:

Diversified portfolio and footprint

which generates a balanced, consistent income stream



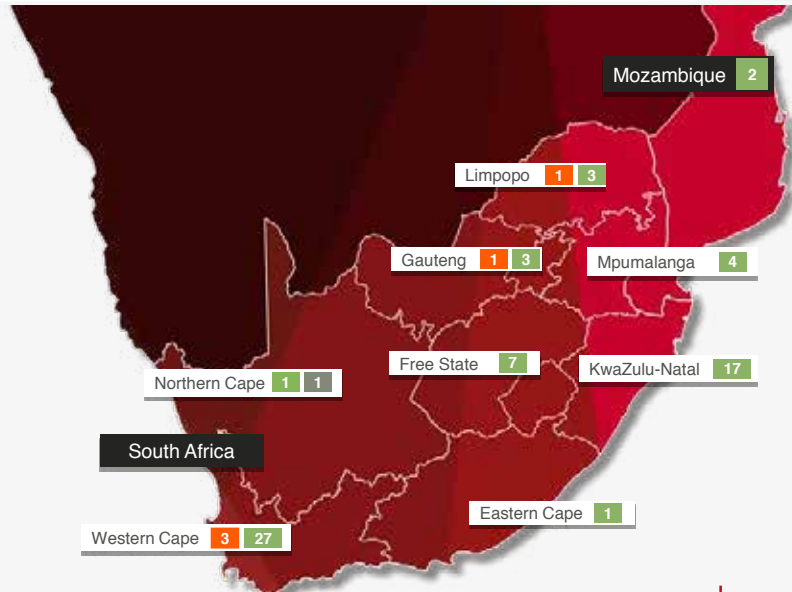
CONSTRUCTION
MATERIALS



INDUSTRIAL
MINERALS



BULK
COMMODITIES



Audited summary consolidated financial statements for the year ended 29 February 2020

Notes:

Summary of the year

Feb 2020 vs Feb 2019



Growth across all businesses at operating profit level

Industrial Minerals

22,5% 

Construction Materials

1,2% 

Bulk Commodities

59,8% 

Cash utilised to pay down debt

Net cash from operations

64,9%  to R676,8m

Net debt:equity ratio

8,2%* (Feb 2019: 23,8%)

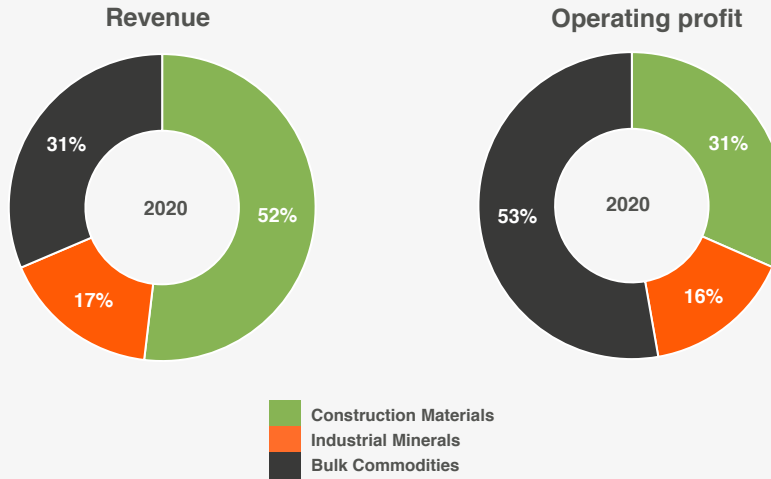
* including leases

Audited summary consolidated financial statements for the year ended 29 February 2020

7

Notes:

Balanced portfolio at work



Audited summary consolidated financial statements for the year ended 29 February 2020

Notes:

What makes Afrimat different?



Notes:

Company positioning



- Primarily focused on mid-tier open pit mining
 - Unique competitive advantage
 - Geographic location
 - Unique metallurgy
 - Structural cost advantage
 - Highly entrepreneurial culture
 - Hedged against economic volatility through wide diversification
- Critical set of criteria used when potential acquisitions are being evaluated

Notes:

Company culture



- Strong operational efficiency – executing ability
- The right people in the right positions
- Synergistic teamwork
- Customer focus
- Values based entrepreneurial culture

**CONSISTENTLY
DELIVERING**

Notes:

Strategic management



- Company-wide understanding of desired future
- Fundamental understanding of market
- Good understanding of own abilities
- Continuous research of business environment
- Facing the brutal facts
- Meticulous strategy execution
- Financial discipline: making the returns

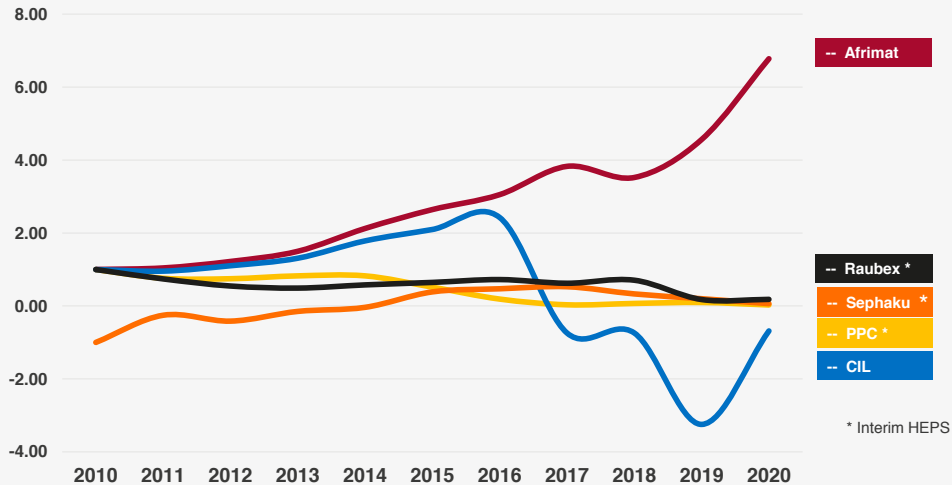
Notes:



**WHAT THE
DIVERSIFICATION
STRATEGY IS
DELIVERING**

Notes:

Headline earnings per share (HEPS) comparison



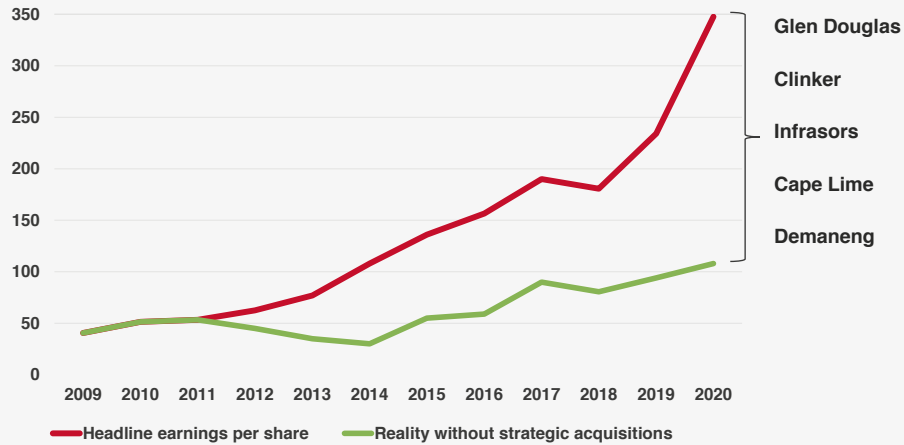
Audited summary consolidated financial statements for the year ended 29 February 2020

Notes:

Growth through diversification



Profit history with and without acquisitions



Audited summary consolidated financial statements for the year ended 29 February 2020

Notes:



FINANCIAL REVIEW

Notes:

Financial overview



Exceptional cash generation



Strong quality of earnings across group



Continued focus on astute capital allocation

Notes:

Financial overview



11,4%

Group revenue
increased to
R3,3bn

48,5%

HEPS increased to
347,7 cps

18,2%

Operating profit
margin

30,9%

Return on net
operating assets

8,2%

Net debt:equity
ratio improvement
from 23,8%

Audited summary consolidated financial statements for the year ended 29 February 2020

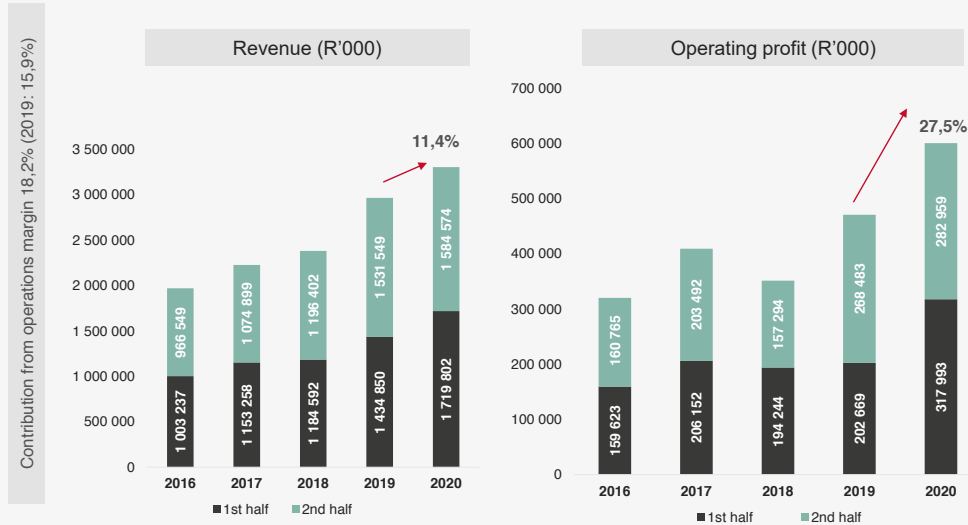
18

Notes:

Financial overview



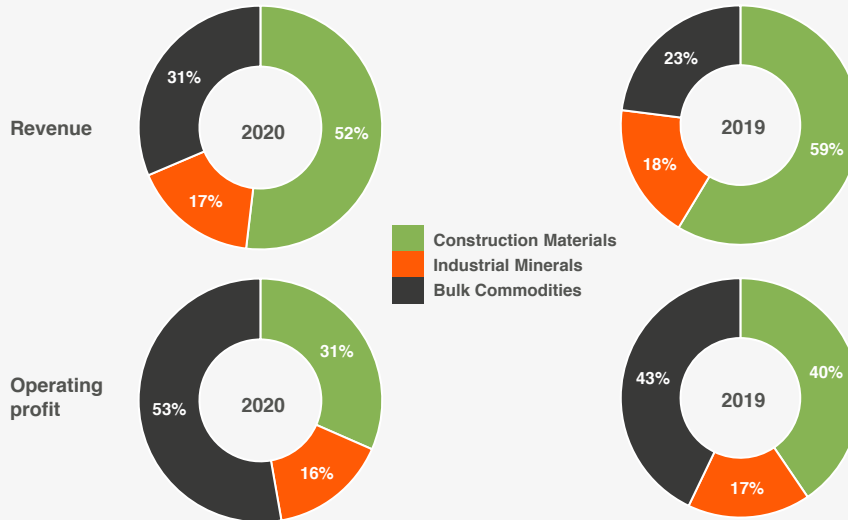
Revenue and operating profit



Audited summary consolidated financial statements for the year ended 29 February 2020

Notes:

Contribution from operations



Audited summary consolidated financial statements for the year ended 29 February 2020

Notes:

Margin improvements



Operating profit margin (%)	FY2020	FY2019
Construction Materials	11,2%	10,9%
Bulk Commodities	31,0%	29,5%
Industrial Minerals	17,3%	14,3%
Overall	18,2%	15,9%

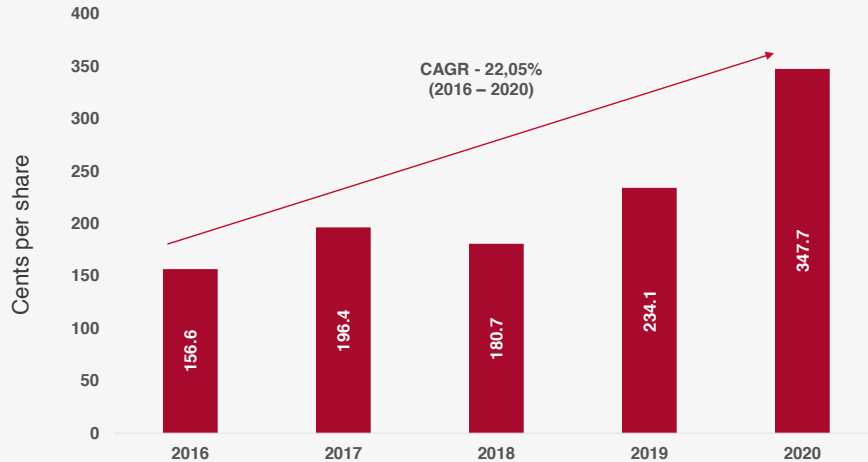


Audited summary consolidated financial statements for the year ended 29 February 2020

21

Notes:

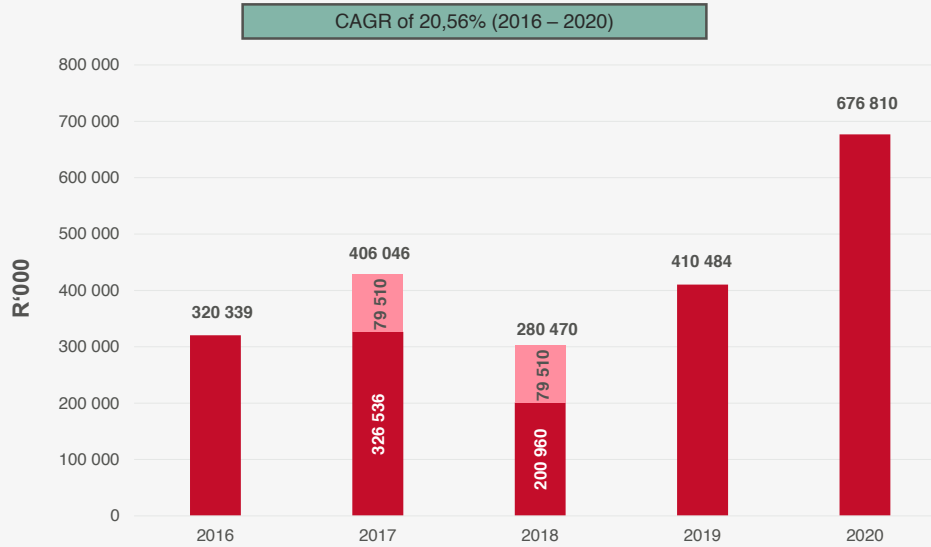
Headline earnings per share – full year



Audited summary consolidated financial statements for the year ended 29 February 2020

Notes:

Net cash from operation activities – full year



Audited summary consolidated financial statements for the year ended 29 February 2020

Notes:

Statement of financial position - assets



R'000	Audited Feb 2020	Audited Feb 2019
Property, plant and equipment	1 571 519	1 469 837
Intangible assets	210 226	221 873
Inventories	260 526	261 249
Trade and other receivables	476 356	435 458
Cash	167 533	191 763
Other assets / deferred tax	109 102	106 832
	2 795 262	2 687 012

Notes:

Statement of financial position – equities & liabilities



R'000	Audited Feb 2020	Audited Feb 2019
Total equity	1 688 907	1 409 517
Borrowings	295 832	383 546
Provisions	152 748	141 080
Overdraft	20	134 153
Trade and other liabilities	421 072	390 517
Other liabilities / deferred tax	236 683	228 199
	2 795 262	2 687 012

→ Debt:equity ratio improved to 8,2% (2019: 23,8%)

Notes:

Capital expenditure



F2020

H1: R 100,1m
H2: R 173,3m
R 273,4m

**Planned
F2021**

H1: R 65,7m
H2: R 131,5m
R 197,2m

- Additional fixed plant at Demaneng of R33,8 million
- Includes R26,6 million for rental replacement capital

Notes:



**OPERATIONAL
OVERVIEW**

Notes:

Bulk commodities



- Iron ore



Notes:

Iron ore: strategic rationale



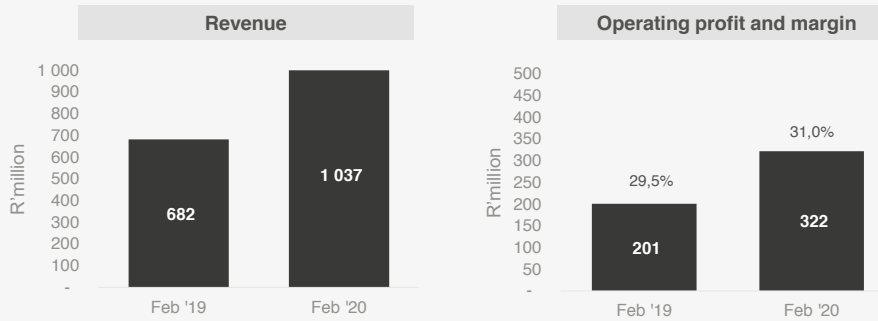
- Management expertise
- USD exposure
- Accessible opportunities
- Quality
- Excellent operational fit
- Logistics
- Much higher margins through cycle

Notes:

Bulk commodities



Excellent results in favourable market conditions

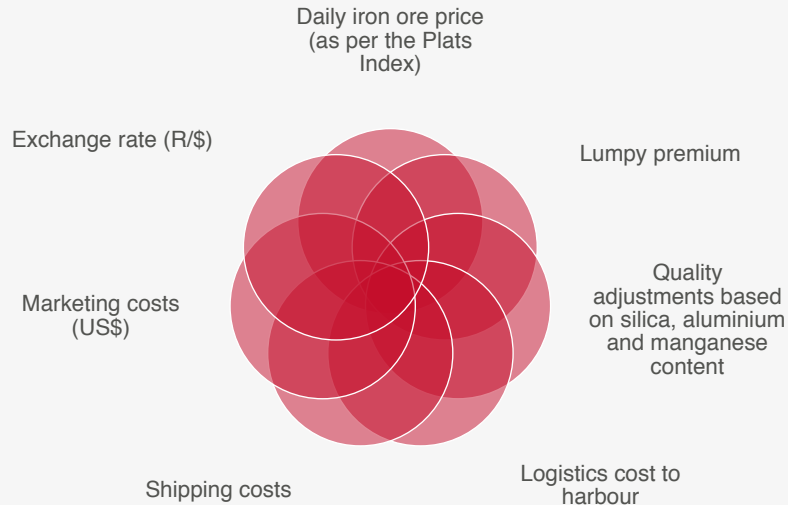


- Revenue increased by 52,1%
- Increase in iron ore volumes
- Favourable pricing

- Operating profit increased by 59,8%
- Operating profit margin increased

Notes:

Pricing influences



Notes:

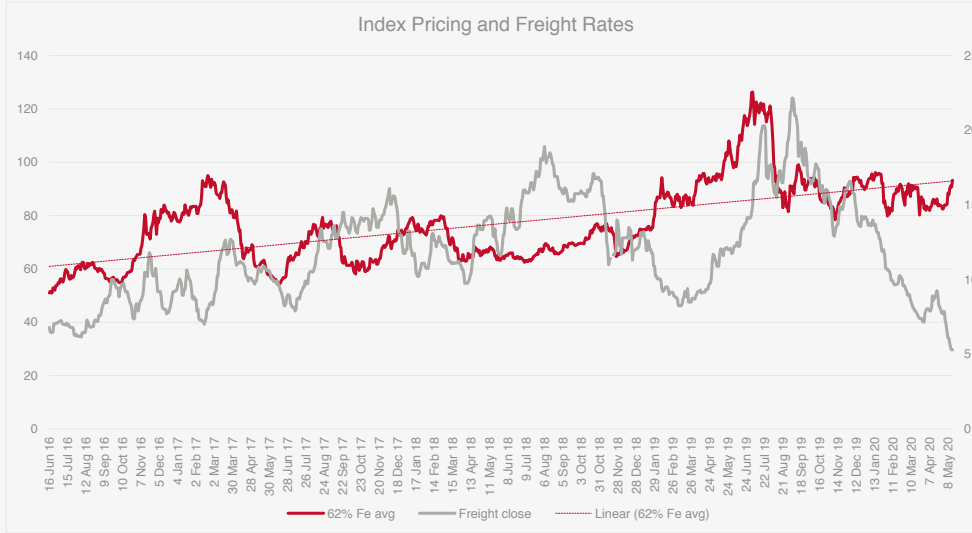
Payment arrangements



1. Preliminary payment when delivered to Saldanha
2. Final price determined after 3 months (arrival in China)
3. Difference on final price adjusted to subsequent preliminary payment

Notes:

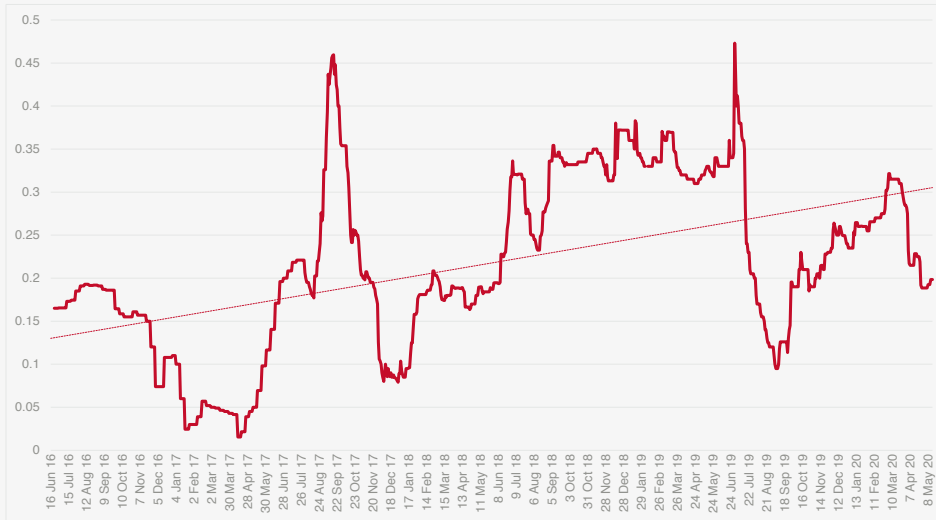
Pricing trends



Audited summary consolidated financial statements for the year ended 29 February 2020

Notes:

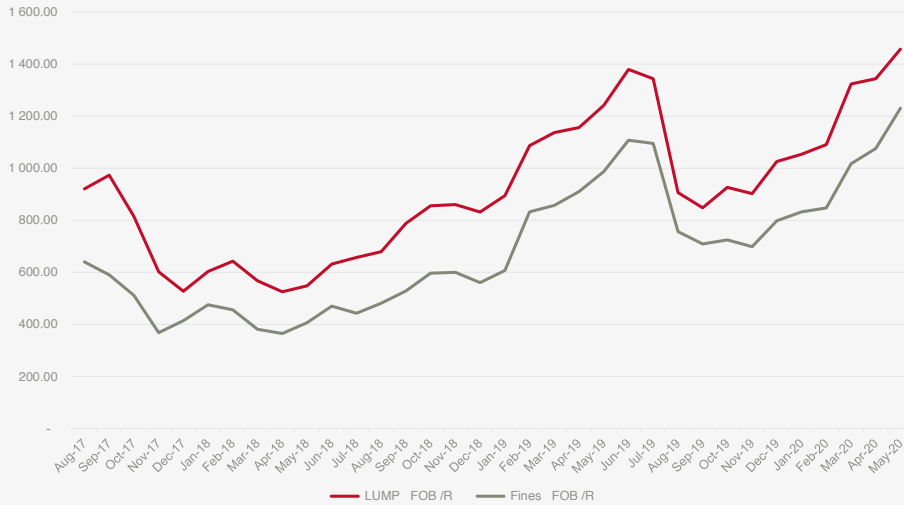
Lump premium



Audited summary consolidated financial statements for the year ended 29 February 2020

Notes:

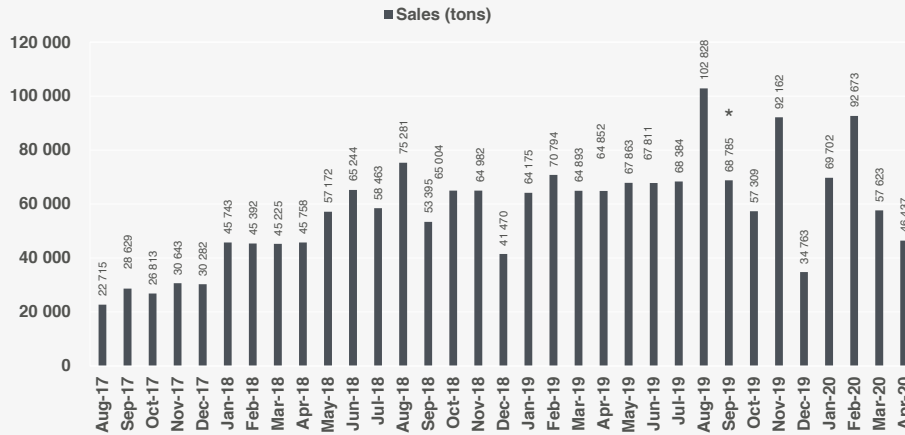
On-mine sales price (ZAR)



Audited summary consolidated financial statements for the year ended 29 February 2020

Notes:

Iron ore sales by rail



Stable monthly sales expected to settle at 72,500

(*) Planned Transnet maintenance shut down

Notes:

Industrial minerals



- Lime
- Metallurgical dolomite



Notes:

Industrial minerals: major markets



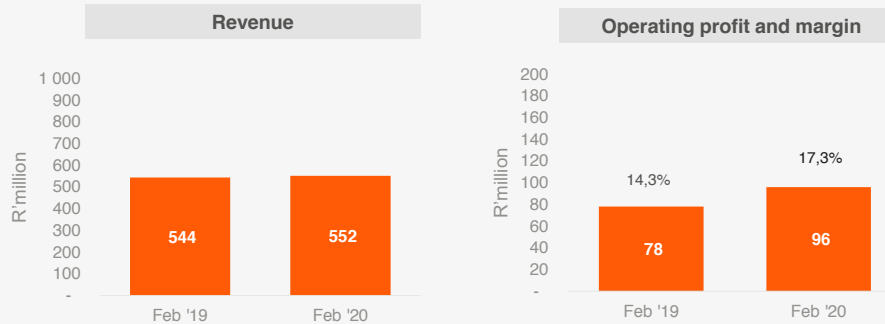
1. Chemical
2. Water treatment (drinking, acid mine drainage)
3. Glass (bottles, windscreens, plate glass)
4. Agriculture (animal hygiene, soil pH)
5. Metallurgical (FeCr, steel)
6. Powders & fillers (fire retardants, tiles, adhesives)

Notes:

Industrial minerals



Strong results across all regions, entering new markets



- Revenue increased by 1,5%
- Entered new markets
- Increased activity
- Cost reduction

- Operating profit increased by 22,5%
- Operating profit margin increased
- Successful new product development
- Efficiency initiatives pay off

Notes:

Construction materials



- **Aggregates**
- **Bricks & blocks**
- **Readymix concrete**

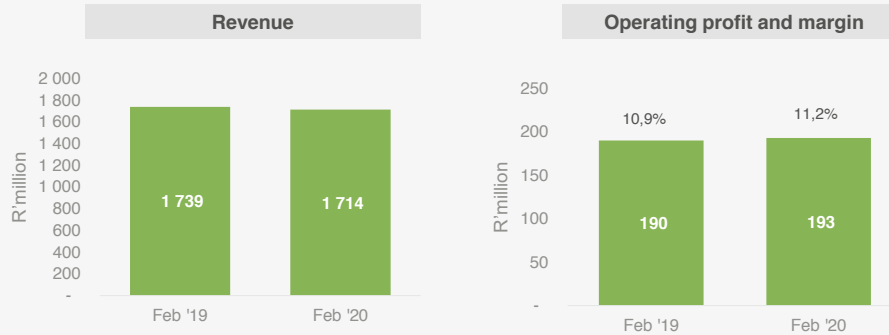


Notes:

Construction materials



Solid results in a tough environment

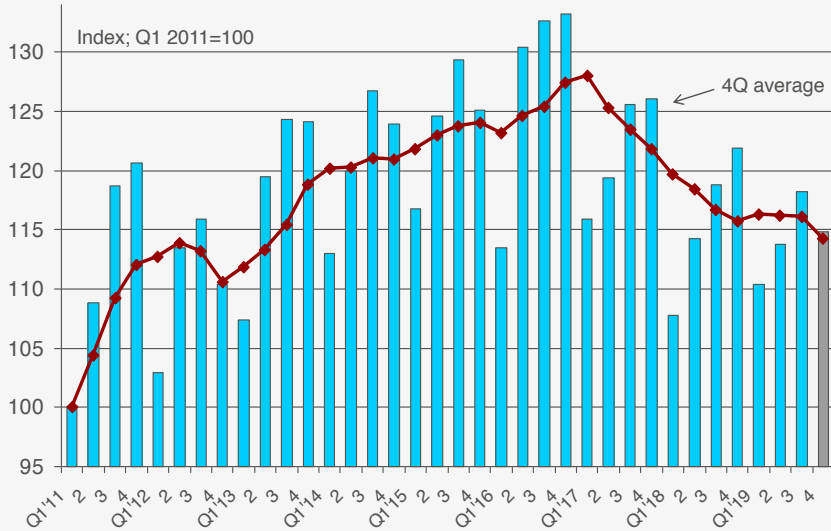


- Revenue declined marginally
- KZN improved after successful restructure
- Western Cape aggregates delivered solid results
- Gauteng markets impacted by economic slowdown
- Continue to deliver product in Mozambique
- Operating profit increased by 1,2%
- Operating profit margin improvement

Audited summary consolidated financial statements for the year ended 29 February 2020

Notes:

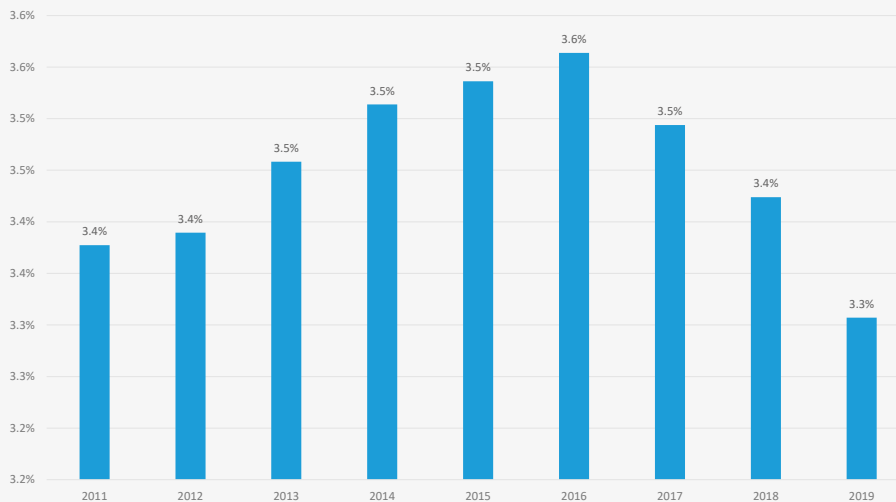
Afrimat Construction Index – Q4 2019



Audited summary consolidated financial statements for the year ended 29 February 2020

Notes:

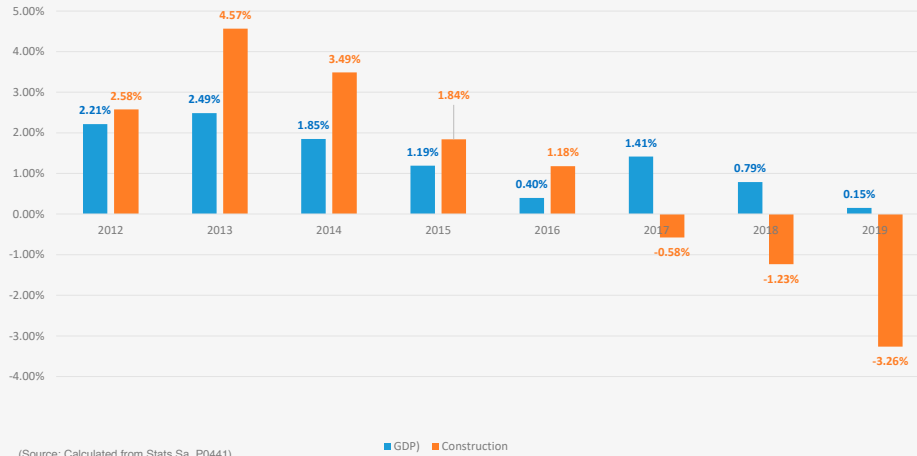
Contribution of construction to GDP (both at 2010 prices)



(Source: Stats SA, P0441, 5 March 2019 and 3 March 2020).

Notes:

Growth rate of GDP and the growth rate of Construction (both at 2010 prices)

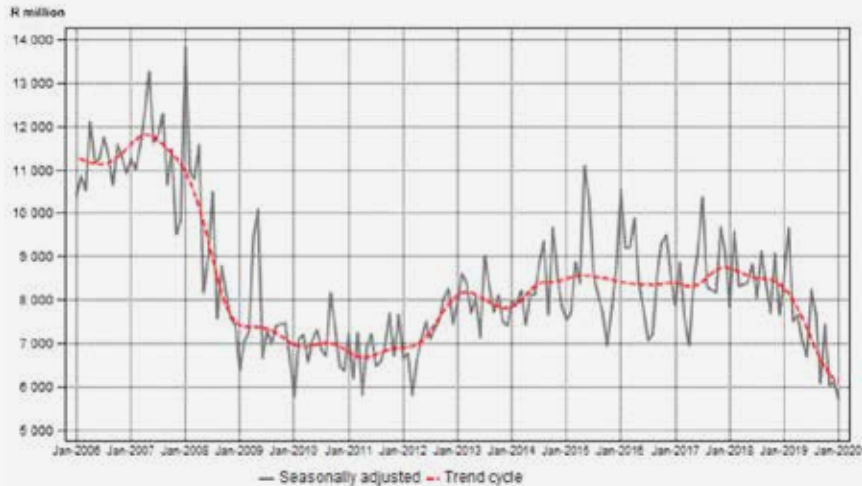


Notes:

Real value of recorded building plans passed by larger municipalities



Constant 2015 prices



Audited summary consolidated financial statements for the year ended 29 February 2020

Notes:

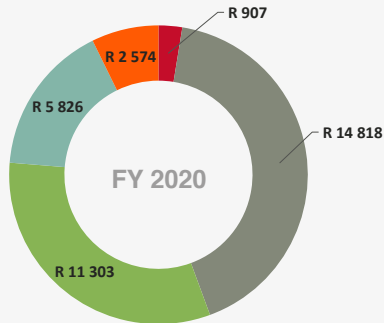


SUSTAINABILITY

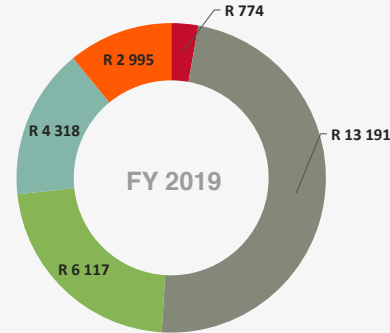
Notes:

Human resource development

Categorisation spend (R'000)



- Bursary/study loans
- Training costs
- Skills development department cost
- Learnerships
- Internship remuneration



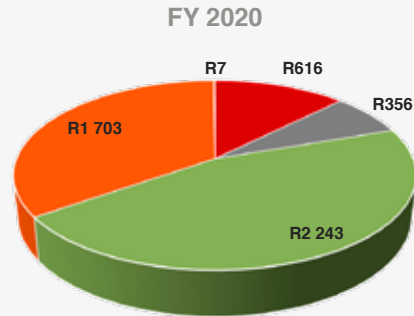
- Bursary/study loans
- Training costs
- Skills development department cost
- Learnerships
- Internship remuneration

**R35,4 million (2019: R27,4 million) spent on skills development, bursaries, learnerships and internships for the year
78,4% of this expenditure was in respect of historically disadvantaged employees**

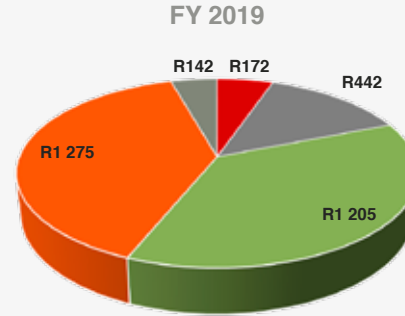
Notes:

Community development

Categorisation spend (R'000)



- Art, Sports & Culture (12,5%)
- Education projects (45,5%)
- Skills development (0,2%)
- Basic Needs (7,2%)
- Uplifting community (34,6%)



- Art, Sports & Culture (5,3%)
- Education projects (37,2%)
- Skills development (4,4%)
- Basic Needs (13,7%)
- Uplifting community (39,4%)

R4 925 (R3 236) spend towards LED projects during the year

Audited summary consolidated financial statements for the year ended 29 February 2020

Notes:

Afrimat culture



CARING ENVIRONMENT



IMPORTANT RELATIONSHIPS



RESULTS DRIVEN



TEAMWORK



SKILLS AND COMPETENCE



EMPOWERING



ENTREPRENEURIAL DRIVE



WINNING ATTITUDE



HUMILITY AND BELIEF

Notes:



05

THE FUTURE

Notes:

How to assess Afrimat



Strength of management

Cash generative | free cash flow focus

Track record of good capital allocation

Operational diversification
(hedge against volatility)

Moat
(geographic locations, unique metallurgy & structural cost advantage)

Scalability reduces cyclicality
(protects against commodity price fluctuations)

Notes:

Covid-19



During lockdown (Level 5)

- Demaneng produced with 50% staff
- Demaneng sales at reduced rate
- Limited lime sales
- All other SA operations ceased activities

During lockdown (Level 4)

- Demaneng at 100%
- Other mines and quarries according to market requirements
- Much improved revenue

Wages and salaries were paid in full

Cash reserves good

Notes:

Looking ahead



- Covid-19 impact aggressively management
- Iron ore business to continue to perform well
- Industrial Minerals range expansion
- Construction Materials to continue to look for new opportunities
- Good cash flow
- LNG in Mozambique set to start ramp-up
- Remain true to expertise with expansions
- Planning further diversification

Notes:

Core message



- **Exceptional results**
- **Consistent delivery from the diversification strategy**
- **Strong culture and balance sheet as hedge against uncertainty**

Notes:

Q & A



Thank you for your attendance and participation

For any further Investor Relations questions please contact:

Andries van Heerden (CEO)

021 917 8840

Vanessa Rech (Keyter Rech Investor Solutions)

087 351 3814

Notes:
