

**DIVERSIFICATION**  
DRIVING GROWTH



**Final results  
presentation**  
for the year ended  
28 February 2021

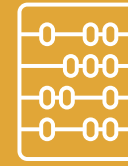
# Core message



**Healthy financial  
position**



**Consistently  
delivering value**



**Resilient  
entrepreneurial  
culture**





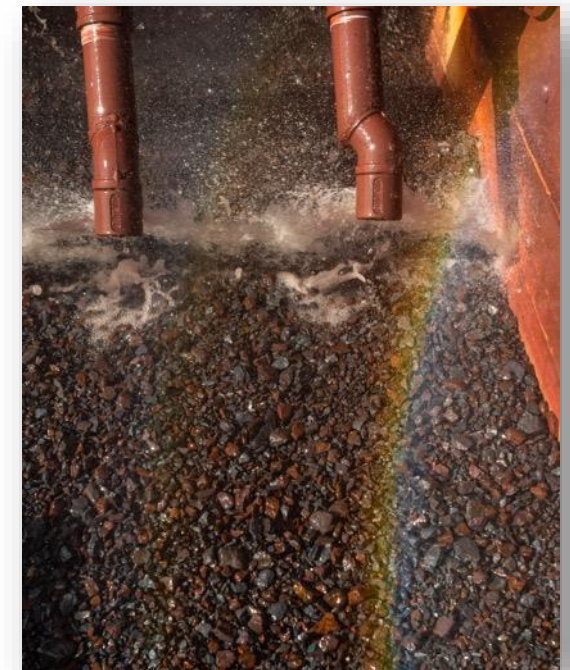
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# WHAT WE DO



## Afrimat: who we are

- Track record of excellence in mid-tier mining and materials supply
- Well diversified across different industries to ensure consistent delivery



# Segmental makeup



## Construction Materials



Aggregates

Contract crushing, drilling and blasting

Concrete products

Readymix



## Industrial Minerals



Limestone

Dolomite

Silica



## Bulk commodities

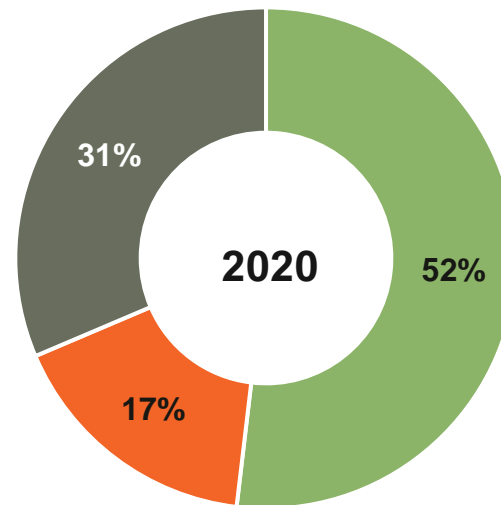
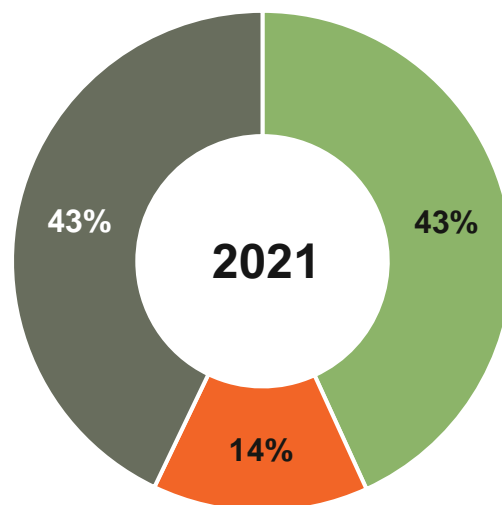


Iron ore

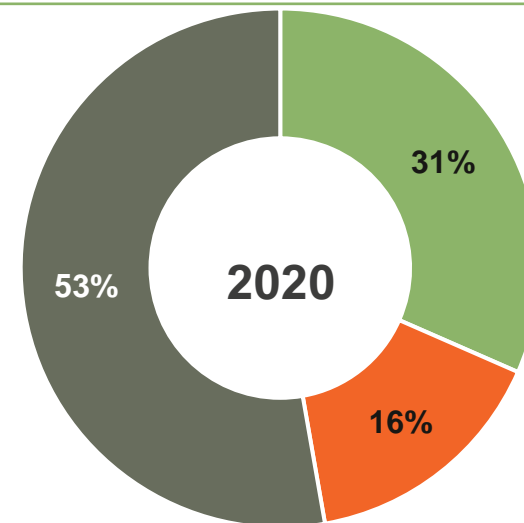
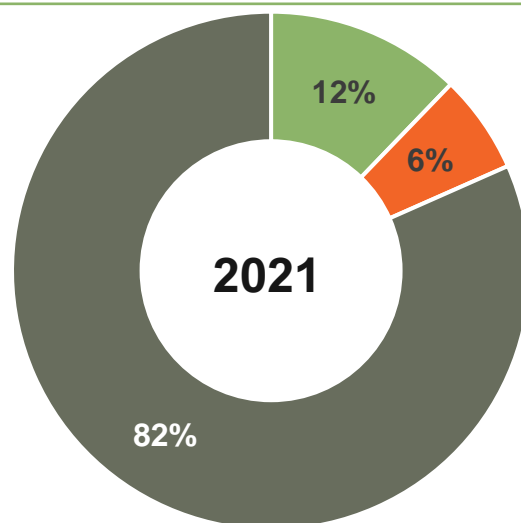
Anthracite

## Balanced portfolio at work

### Revenue



### Operating profit



**Construction Materials**

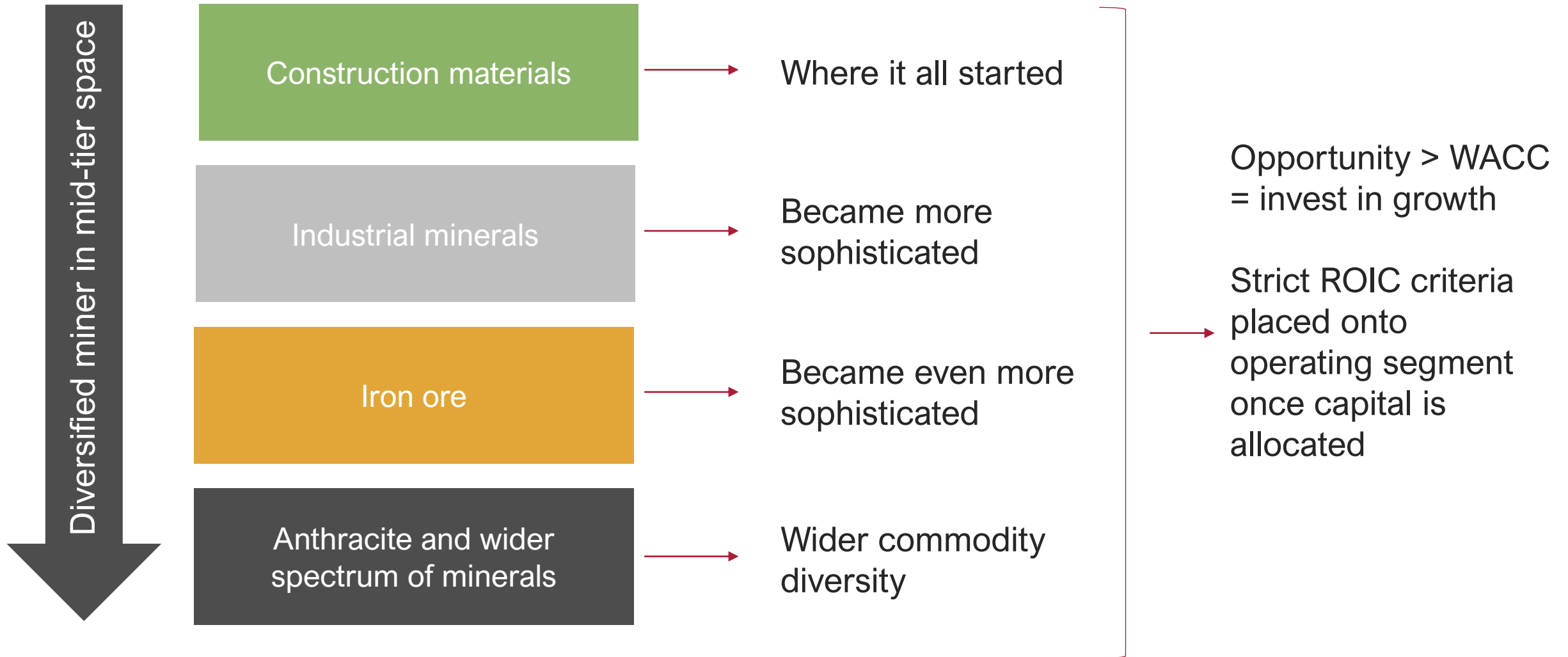


**Industrial Minerals**

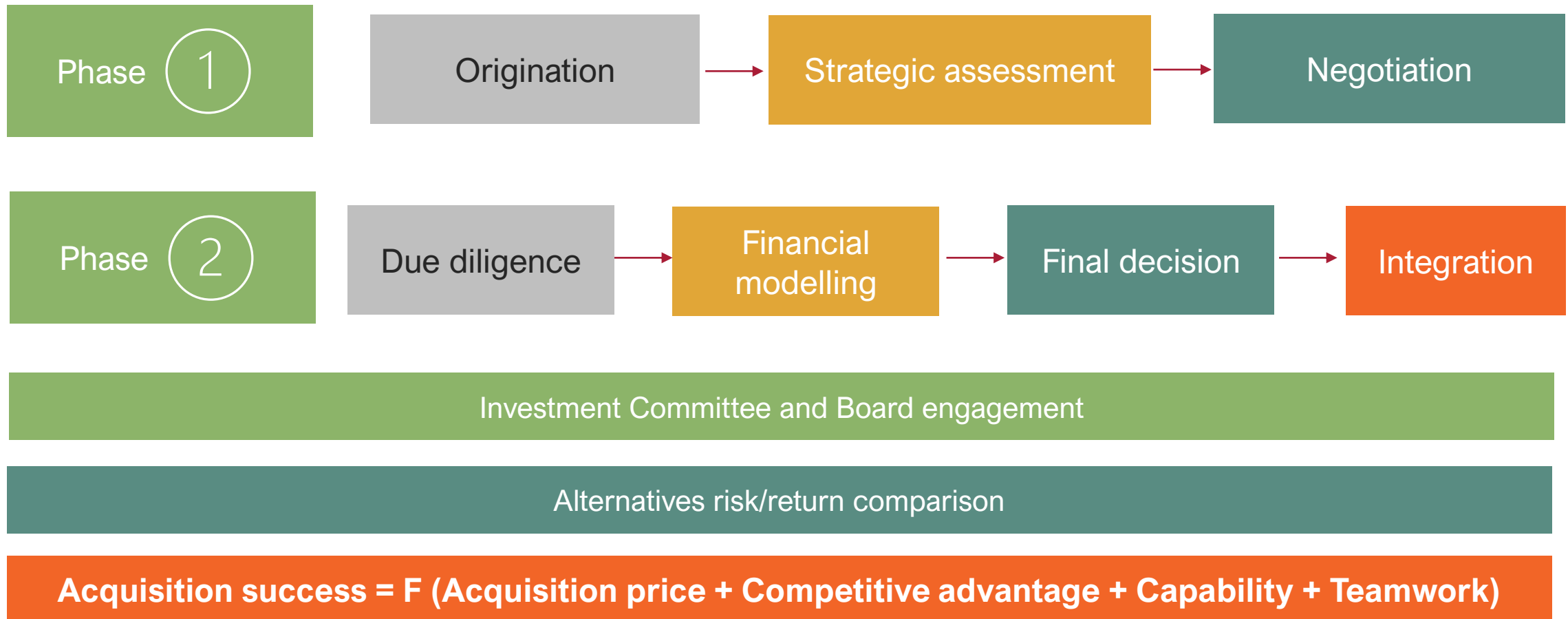


**Bulk Commodities**

# Our transition through conscious diversification



# Business development process





# Rationale for diversified structure

- Good blend of locally and internationally priced commodities
- Exposure to different currencies
- Exposure to different economic cycles
- Similar operational skills
- Smooth growth for more than a decade

CAGR of PAT at 22% (February 2009 – February 2021)

- Creates many opportunities



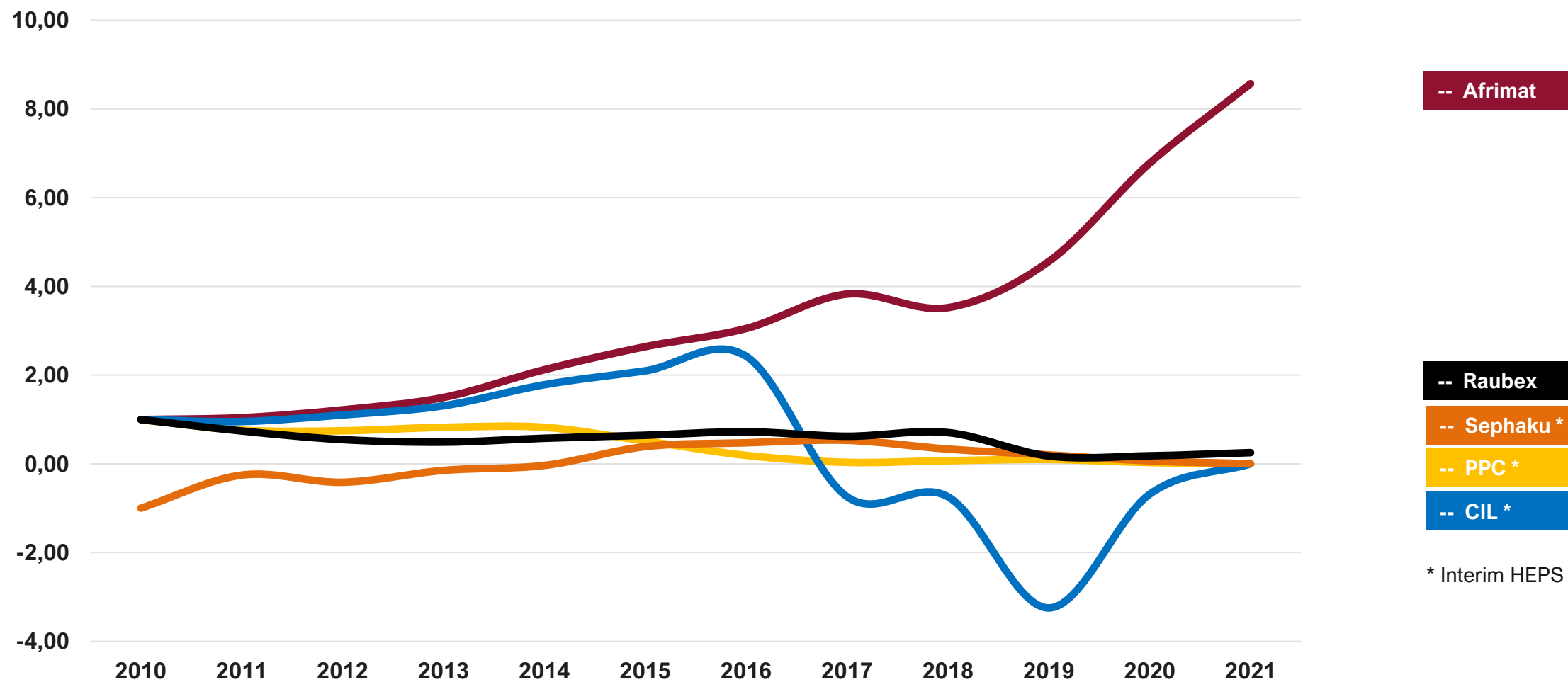


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**WHAT  
CONSCIOUS  
DIVERSIFICATION  
IS DELIVERING**

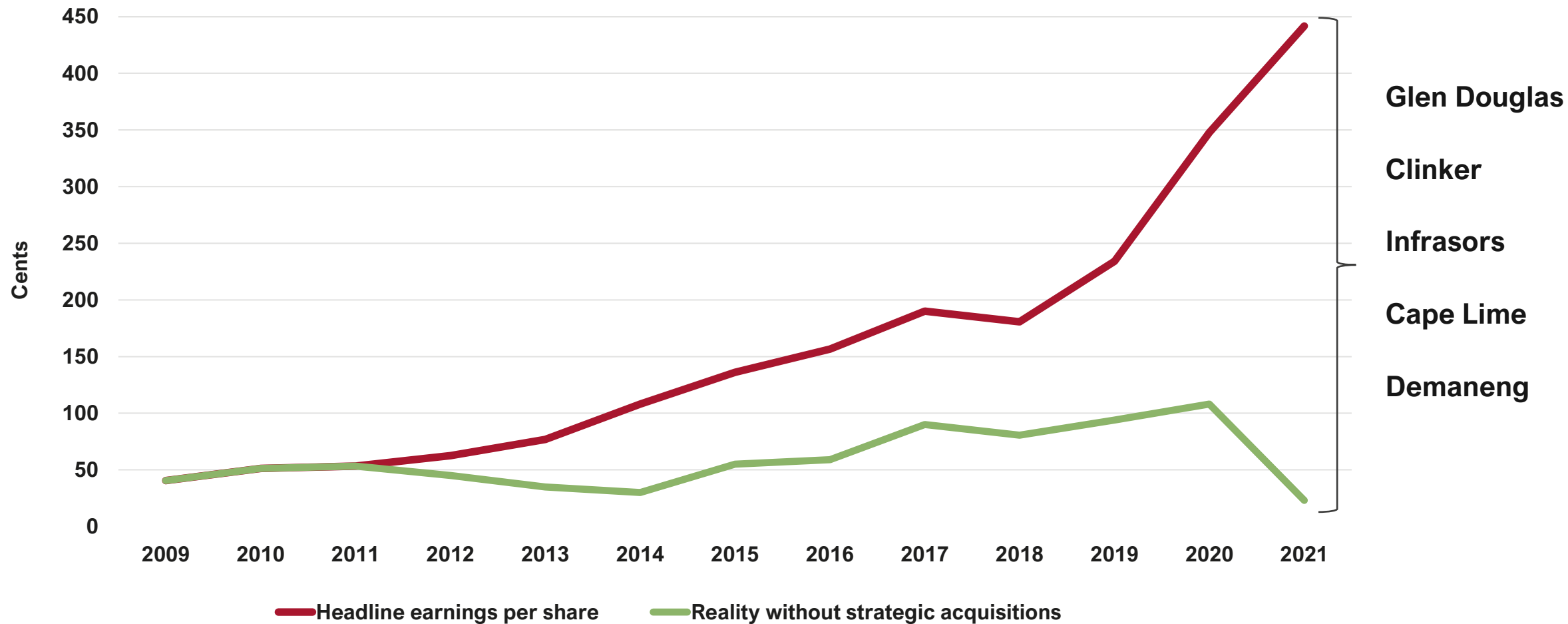


# Headline earnings per share (HEPS) comparison



# Growth through diversification

Profit history with and without acquisitions





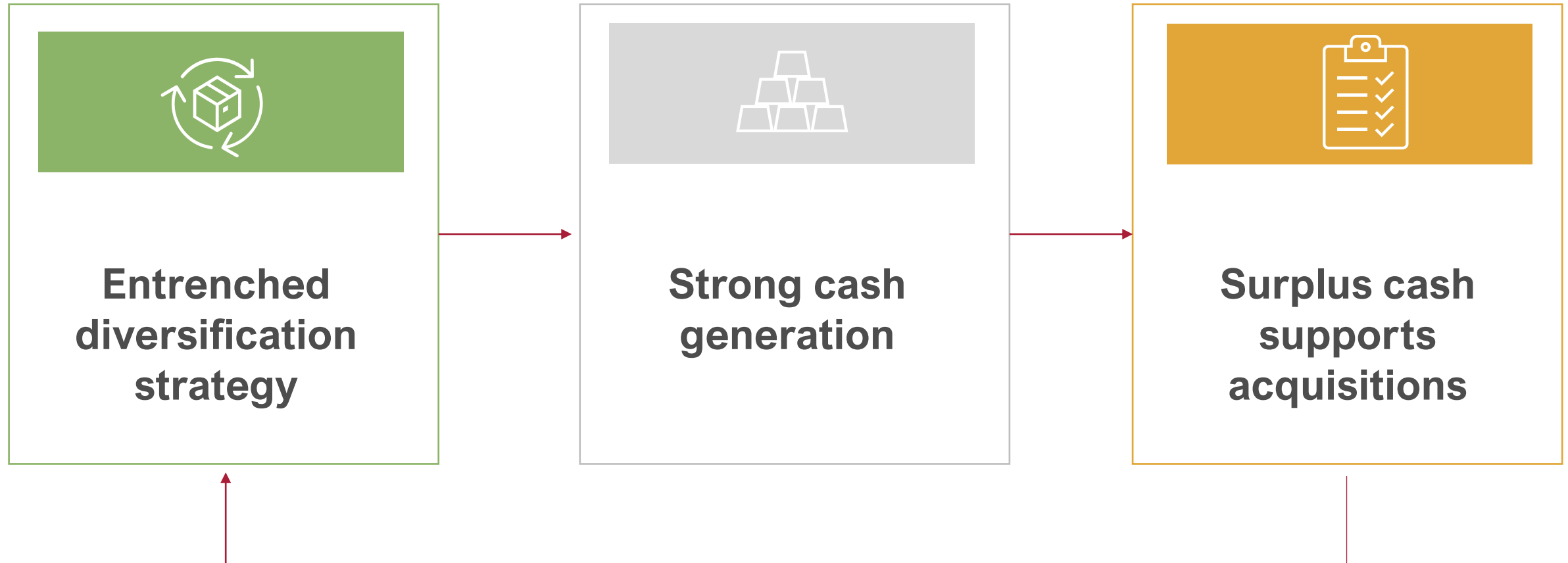
The background of the slide is a high-resolution photograph of dark grey gravel. Overlaid on this are several semi-transparent geometric shapes: a large green triangle on the left, a grey rectangle on the top right, and several smaller green and teal rectangles and squares scattered across the lower half of the image.

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# FINANCIAL REVIEW



# Core financial discipline to support growth





# Financial highlights

**47,5%**

Operating profit increased  
to R886,3 million

**24,0%**

Operating profit margin

**27,0%**

HEPS increased to 441,7  
cents

**11,8%**

Group revenue increased  
to R3,7 billion

**112,0 cents**

Final dividend

**34,0%**

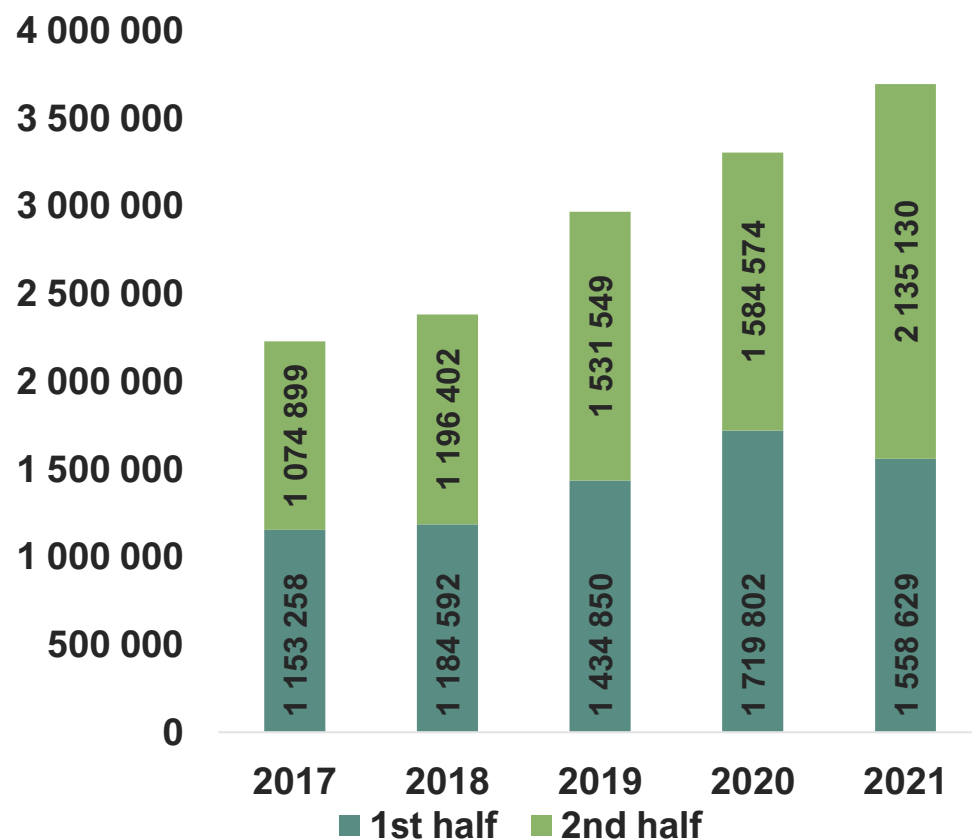
Return on net operating  
assets

**3,8%**

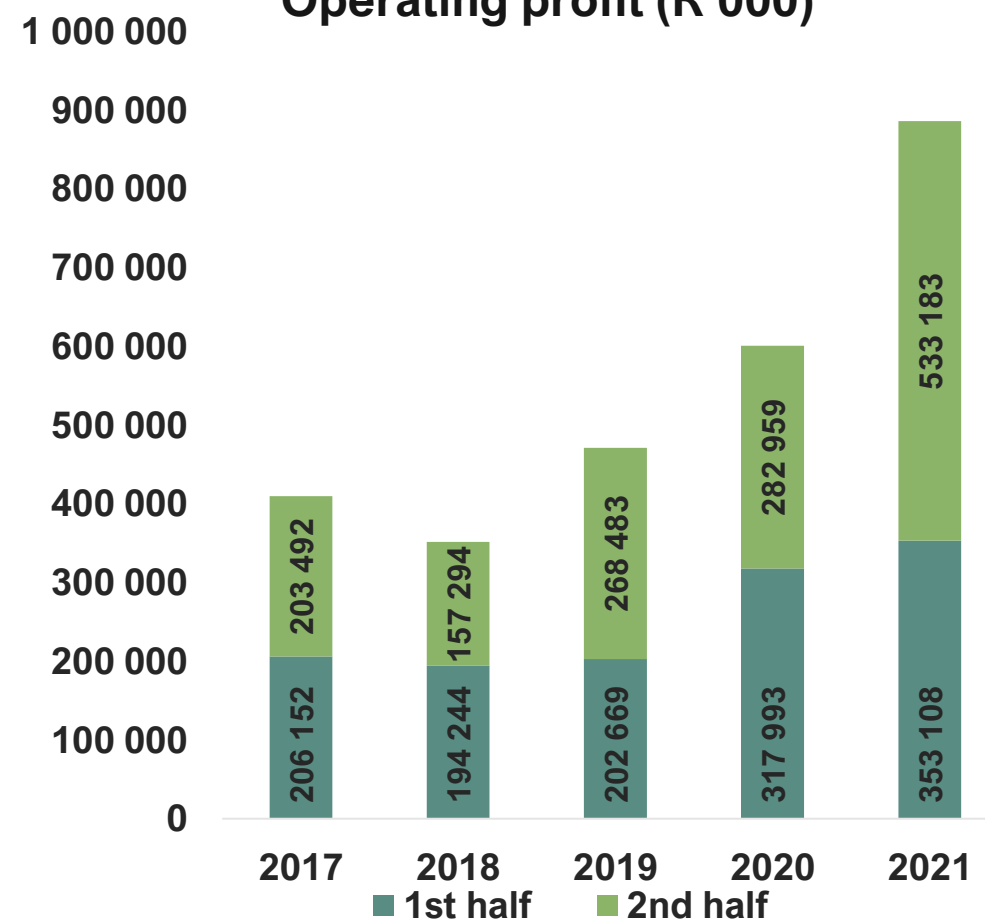
Net debt:equity ratio

# Revenue and operating profit

## Revenue (R'000)



## Operating profit (R'000)



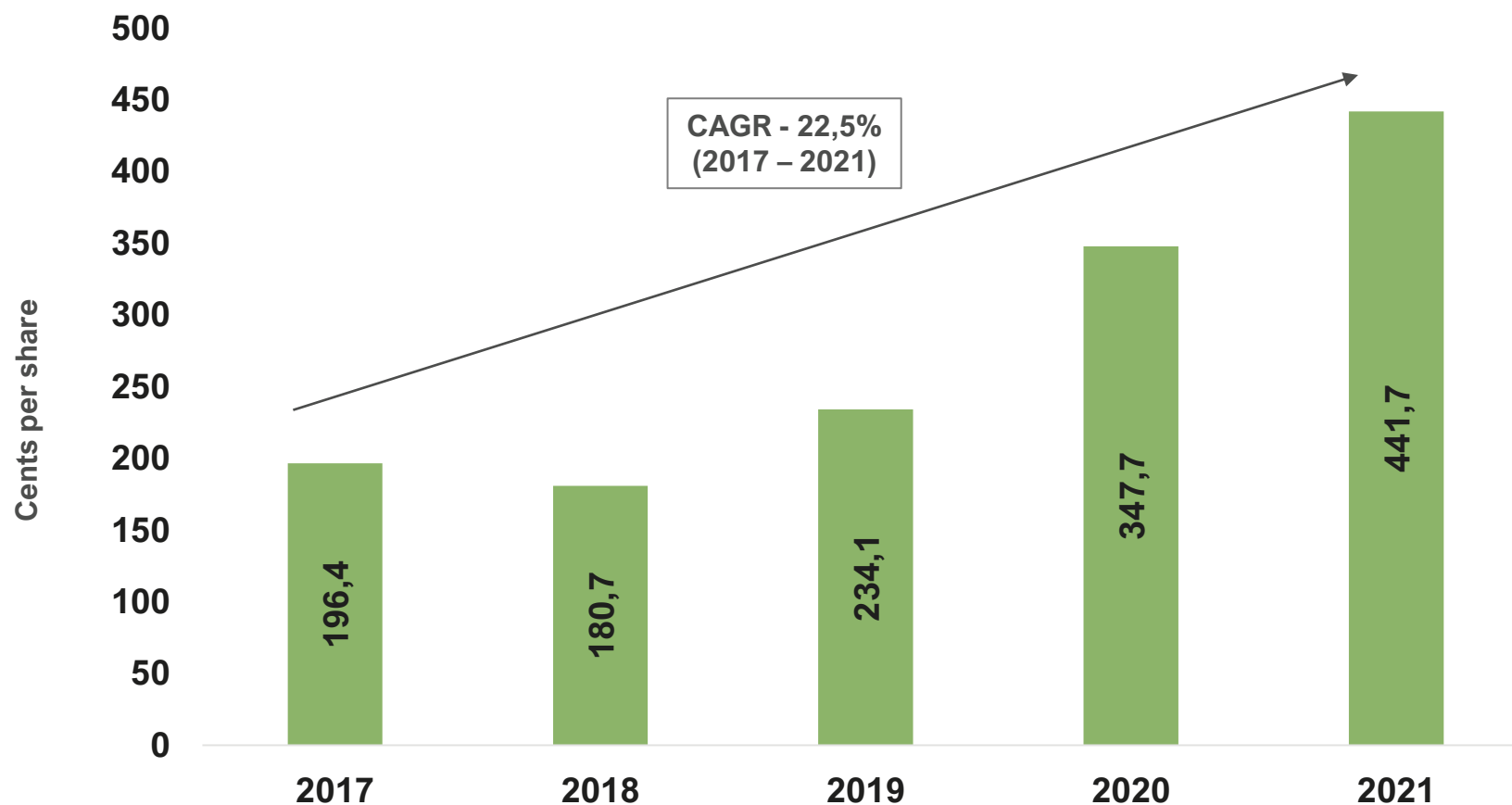


# Overall margin improvement

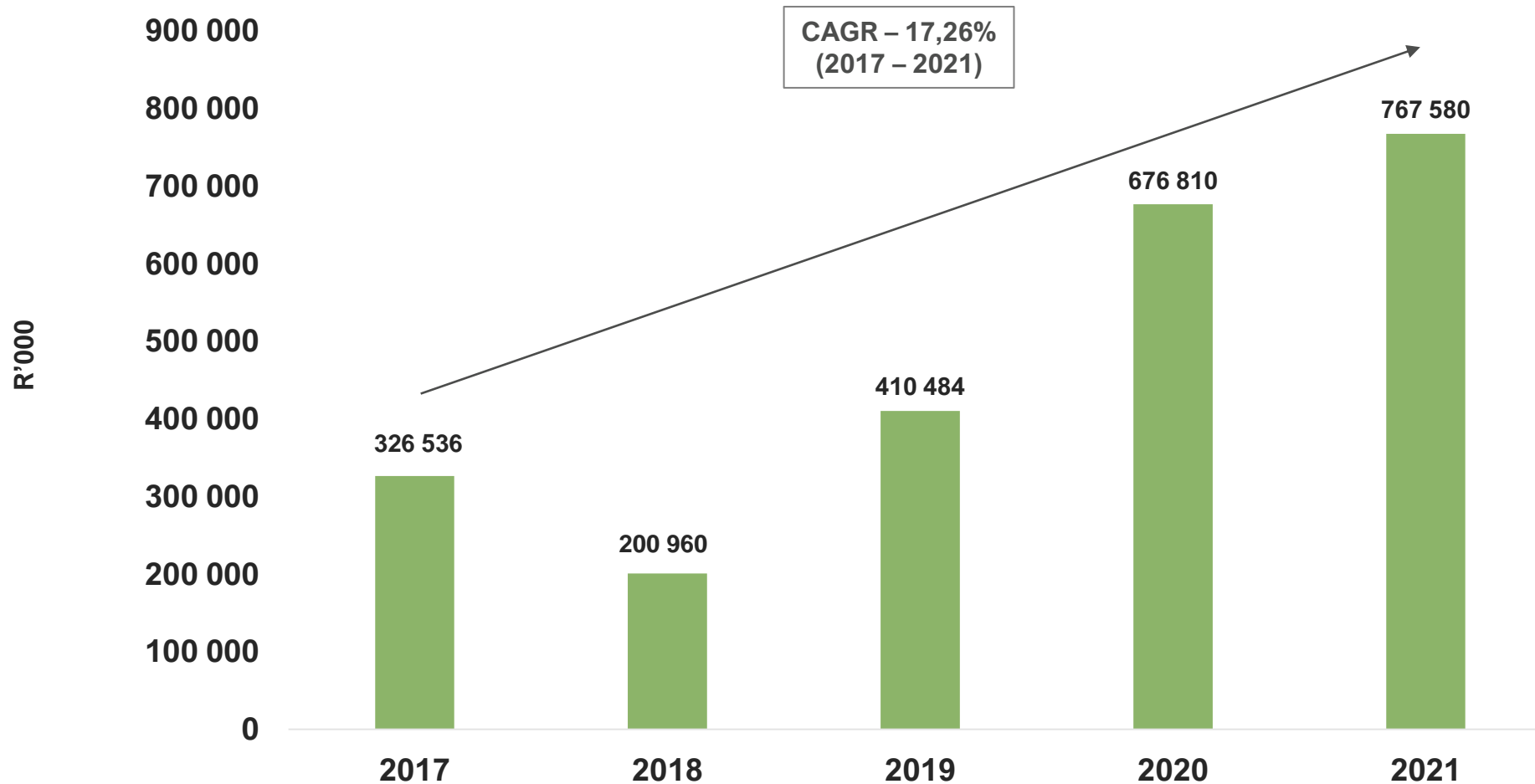
Operating profit margin (%)	FY2021	FY2020
Construction Materials	6,6%	11,2%
Bulk Commodities	46,4%	31,0%
Industrial Minerals	10,8%	17,3%
<b>Overall</b>	<b>24,0%</b>	<b>18,2%</b>



## Headline earnings per share - full year



## Net cash from operation activities – full year





## Statement of financial position - assets

R'000	Audited Feb 2021	Audited Feb 2020
Property, plant and equipment	2 247 493	1 571 519
Intangible assets	216 085	210 226
Inventories	279 042	260 526
Trade and other receivables	695 936	476 356
Cash	871 060	167 533
Other assets / deferred tax	145 704	109 102
	<b>4 455 320</b>	<b>2 795 262</b>

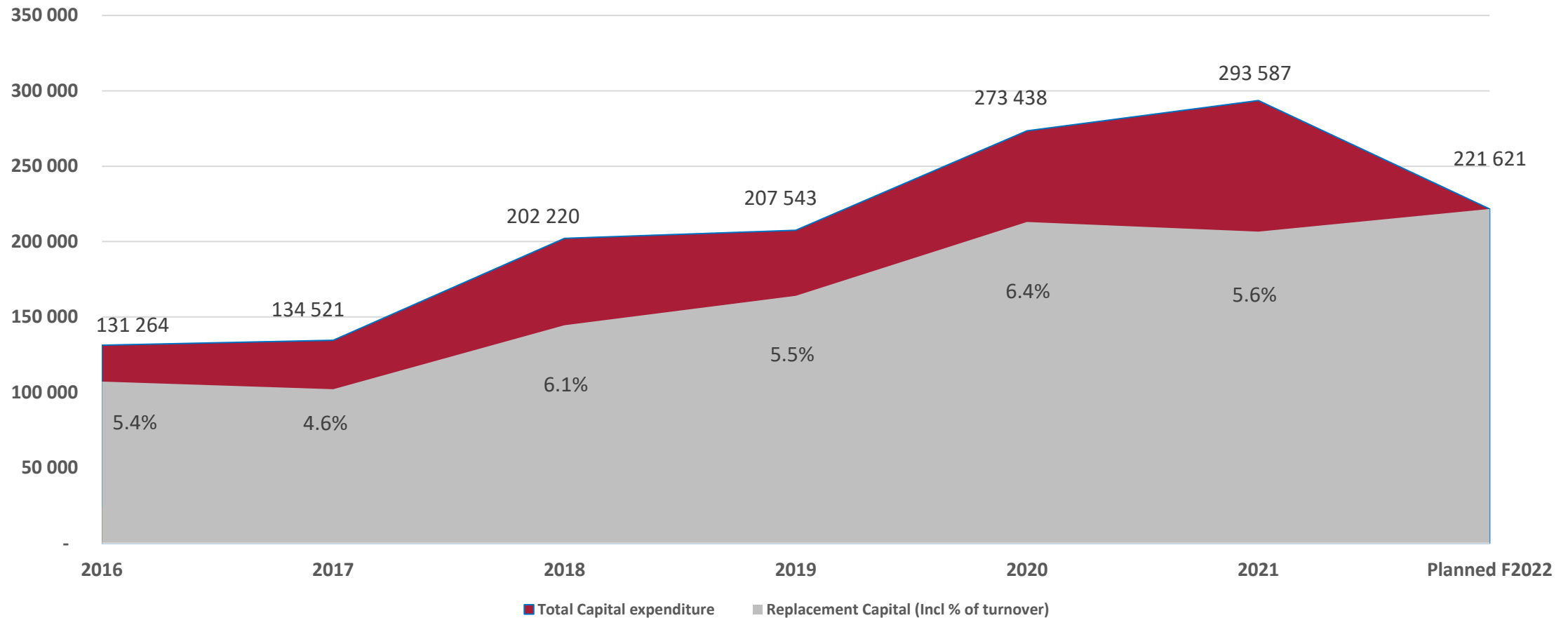
## Statement of financial position – equities & liabilities

R'000	Audited Feb 2021	Audited Feb 2020
Total equity	2 258 407	1 688 907
Borrowings	513 901	295 832
Provisions	239 142	152 748
Overdraft	433 807	20
Trade and other liabilities	596 483	421 072
Other liabilities / deferred tax	413 580	236 683
	<b>4 455 320</b>	<b>2 795 262</b>

→ Debt:equity ratio improved to 3,8% (2020: 8,2%)

# Capital expenditure

Capital Expenditure 2016 - Planned 2022 (R'000)







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# OPERATIONAL OVERVIEW



# Bulk commodities

- Iron ore
  - Demaneng mine
  - Jenkins mine
- Anthracite
  - Nkomati mine



Nkomati operations



Demaneng iron ore



Jenkins office



# Strategic rationale

## Iron ore

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

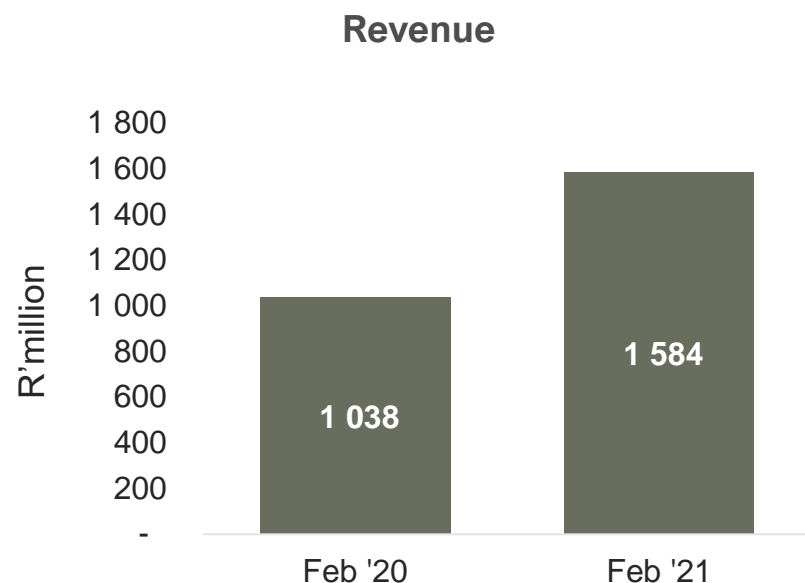
## Anthracite

- Management expertise
- Attractive inland pricing
- Accessible opportunities
- Quality
- Excellent operational fit
- Logistics
- Attractive margins

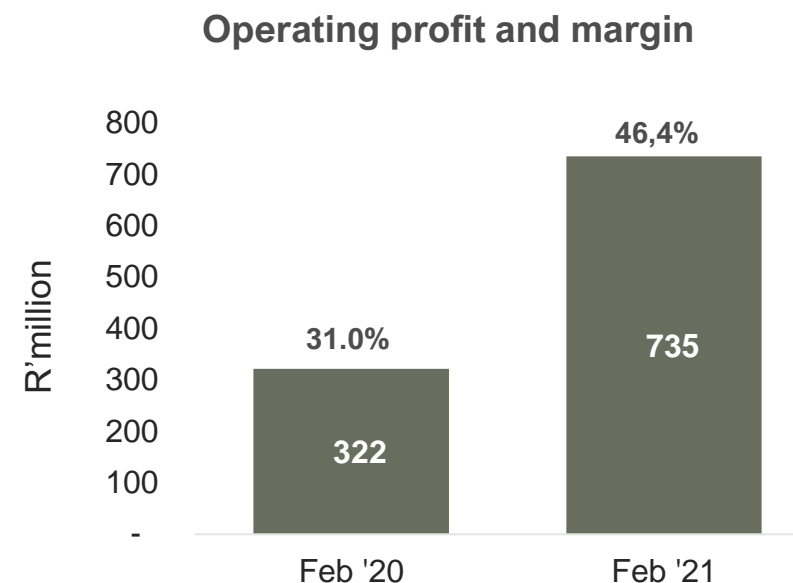
# Bulk Commodities



## Excellent results supported by favourable market conditions



- Revenue increased by 52,7%
- Nkomati included for three months
- Favourable iron ore pricing



- Operating profit increased by 128,4%
- Operating profit margin increased

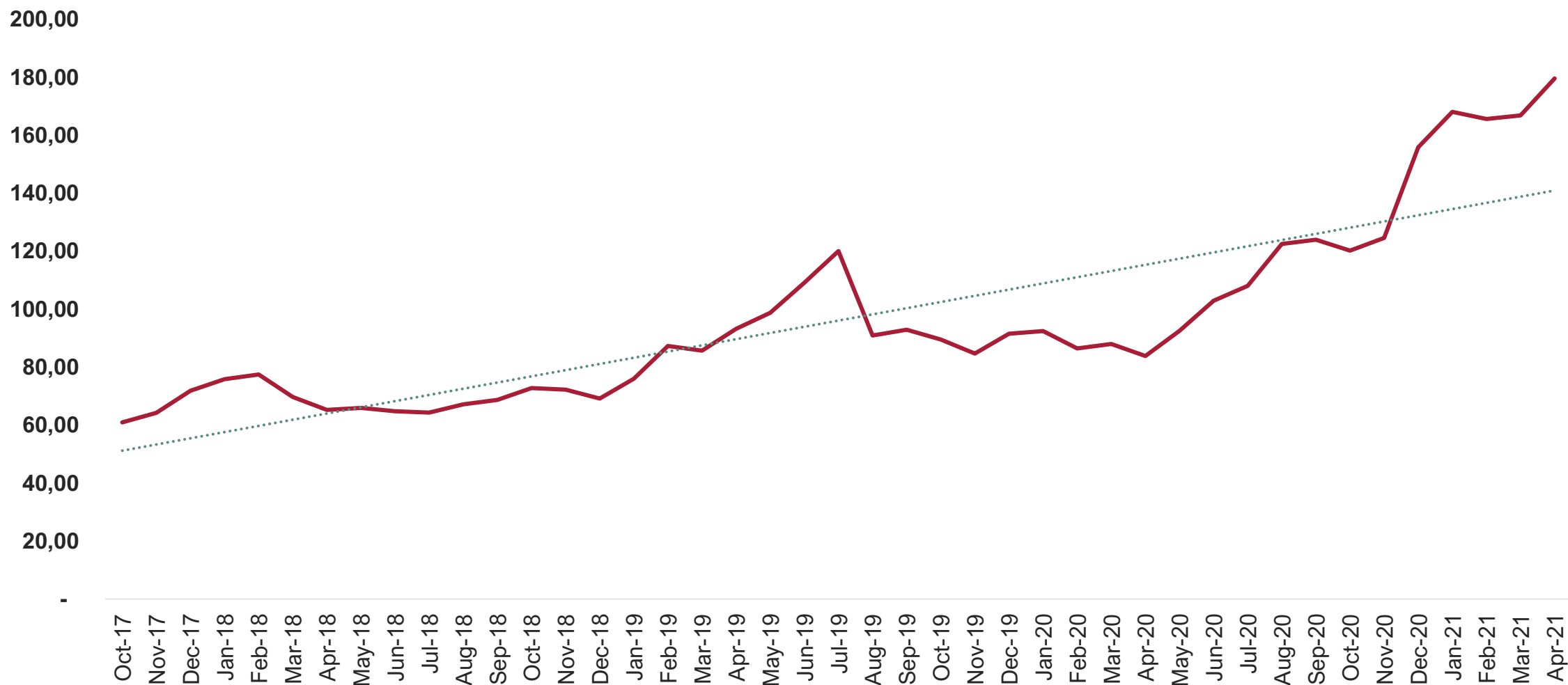


# Iron ore pricing influences

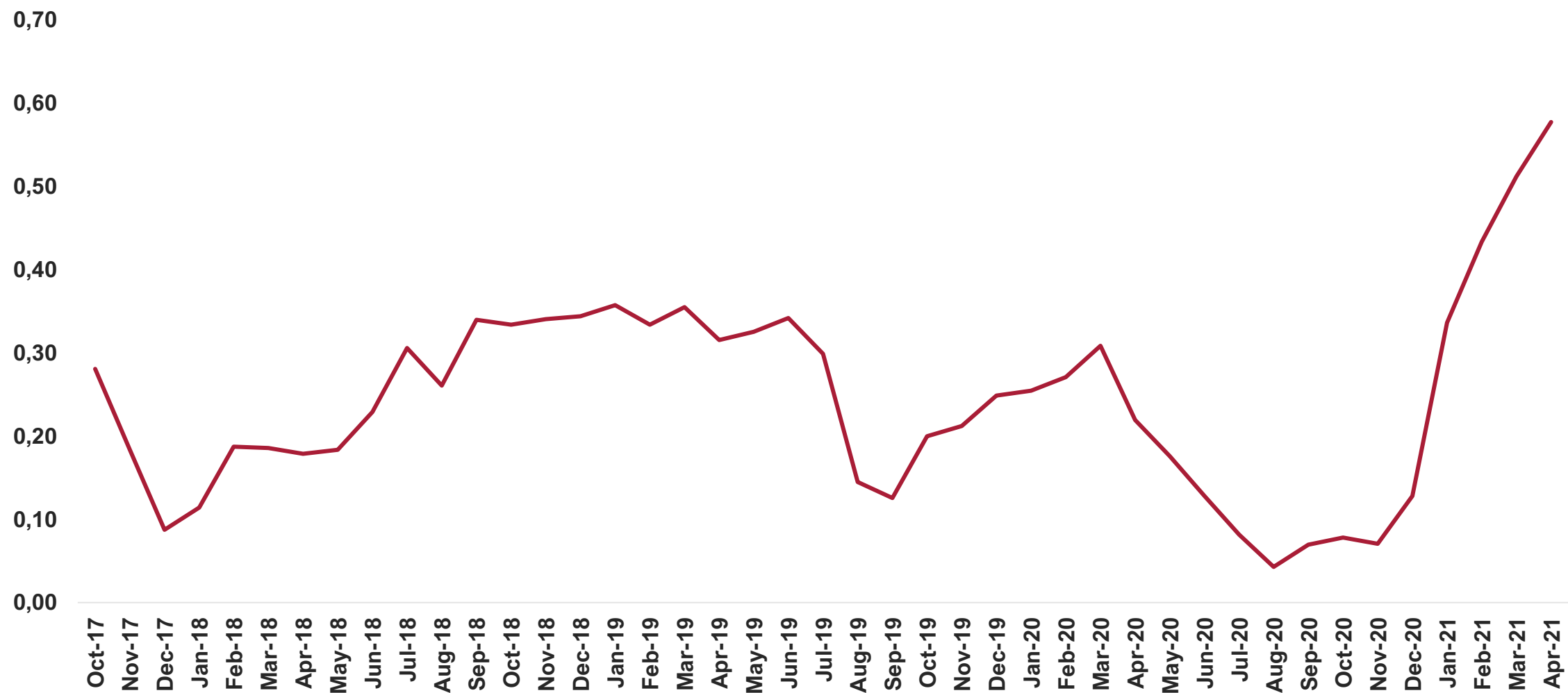


What should be considered to appreciate the influences to the iron ore business:

## 62% FE Platts Index Price (USD)

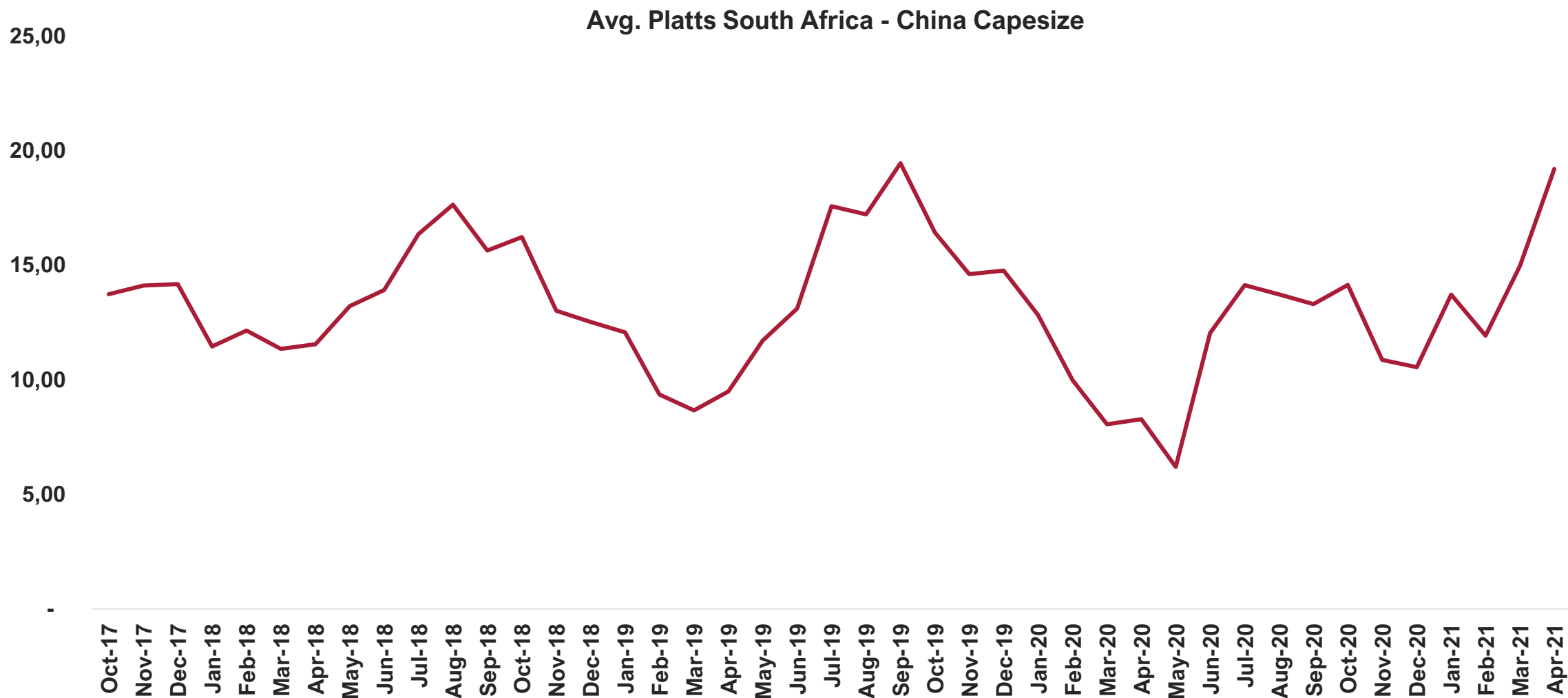


## Lump premium (USD)

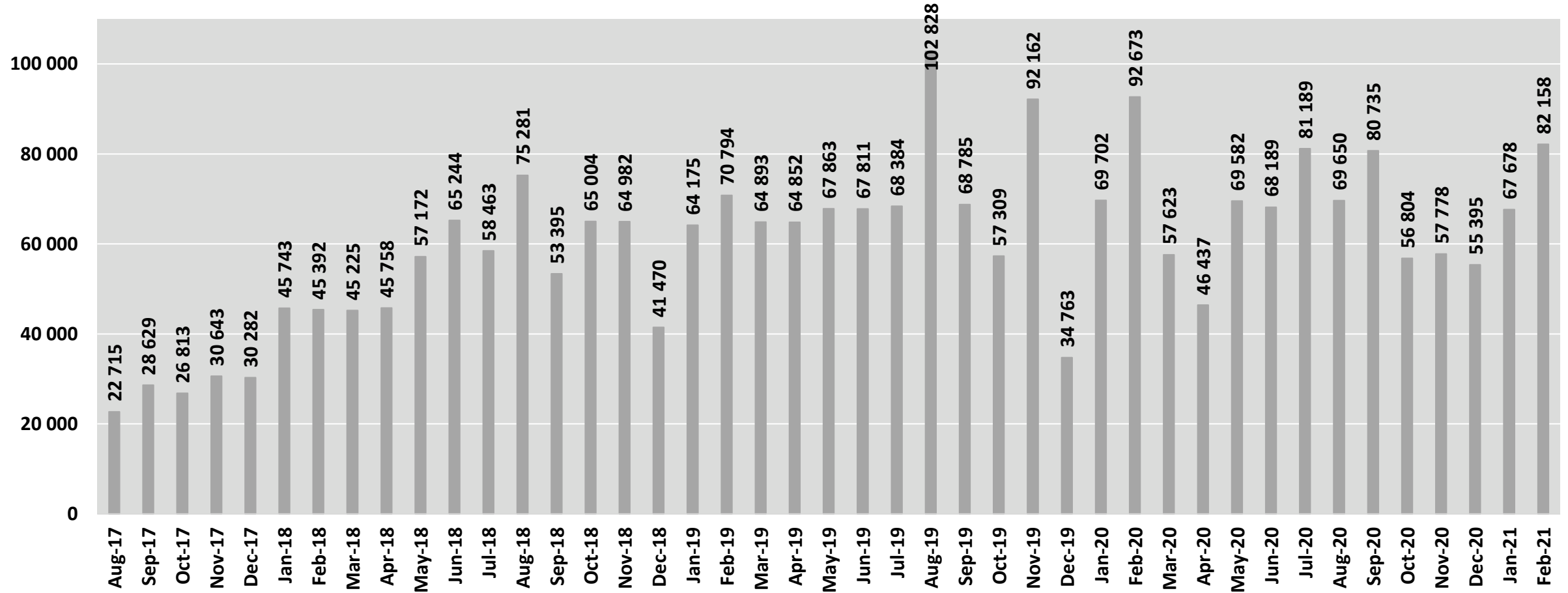




# Freight rate China (USD)



# Iron ore sales by rail



- Volume expansion limited to current rail line capacity
- Fill any additional capacity offered to Afrimat

Planned Transnet maintenance shut down (Sep or Oct)

## Jenkins iron ore mine

- Final stages of getting mine up and running
- Mining license approved
- Expect contribution in second half of 2022
- Product from mine for inland market
- 20 year LoM

### Volumes expected:

- Y1 500,000 tonnes
- Y2 1,250,000 tonnes

Capex: R110 million



## Nkomati anthracite mine

- All shares in mine now owned by Afrimat
- Non-core UCP (Unicorn Capital Partners) assets sold, netting R45 million
- Undertook comprehensive Life-of-Mine(LoM) exercise, resulting in better understanding of deposit
- Tropical storm Eloise accelerated opening of adjacent mini-pit
- Production earlier than expected
- Expect contribution in second half of 2022
- Mine potential remains exciting due to high quality of product

### Volumes expected:

- F2022 – 225 000 tonnes
- Steady state – 540 000 tonnes

Capex: R100 million

# Industrial Minerals

- Lime
- Metallurgical dolomite

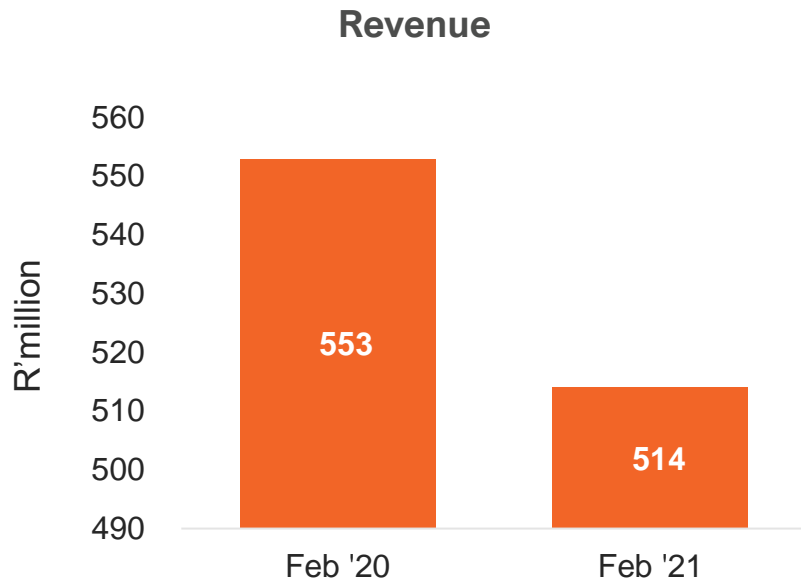
Cape Lime, main factory



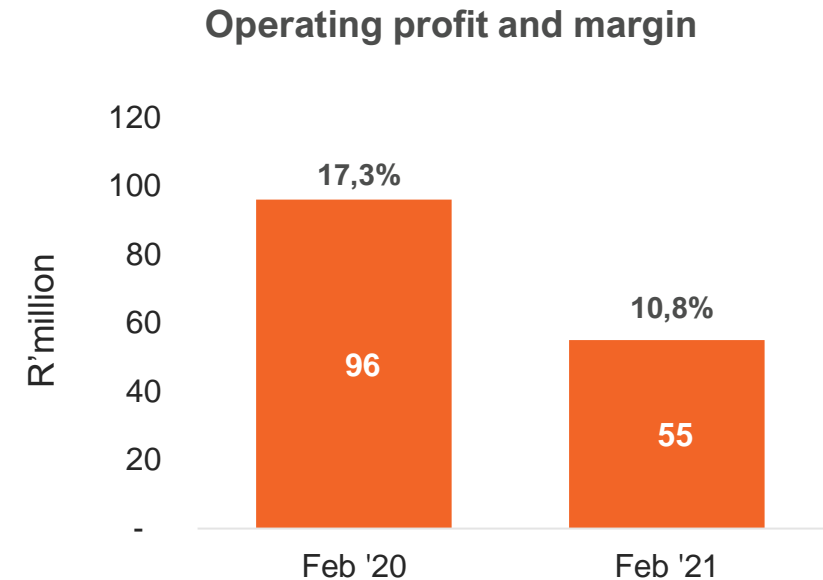
# Industrial Minerals



## Delivered satisfactory results, with recovery across all regions



- Revenue decreased by 6,9%
- Able to sell limited quantities into certain essential services markets during lockdown
- Volumes post year-end show healthy recovery to pre-Covid-19 levels



- Operating profit decreased by 41,9%
- Operating profit margin reduced
- Successful new product development
- Efficiency initiatives pay off



# Construction Materials

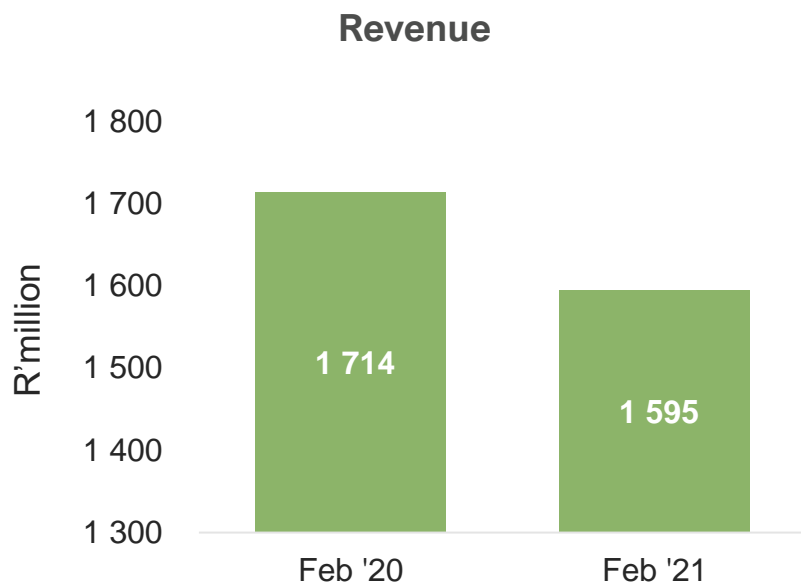
- Aggregates
- Bricks & blocks
- Readymix concrete



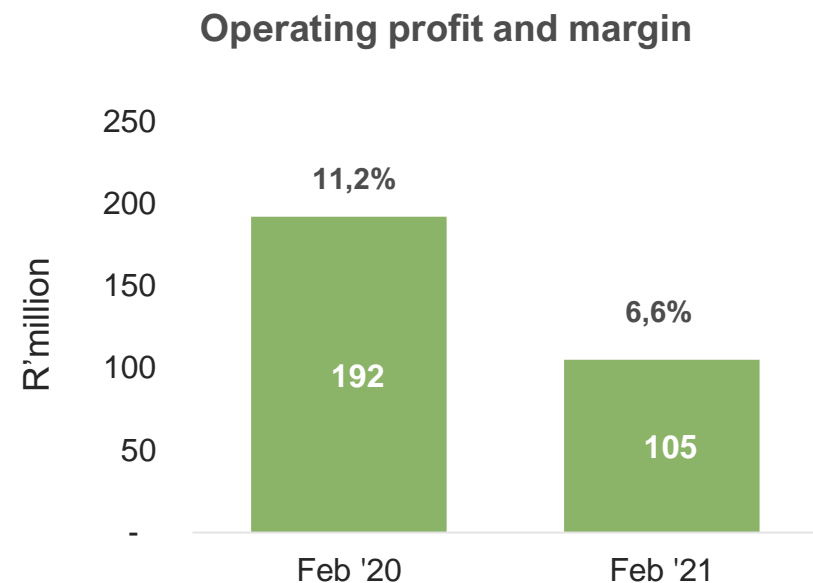
# Construction Materials



## Results impacted by Covid-19 lockdown levels

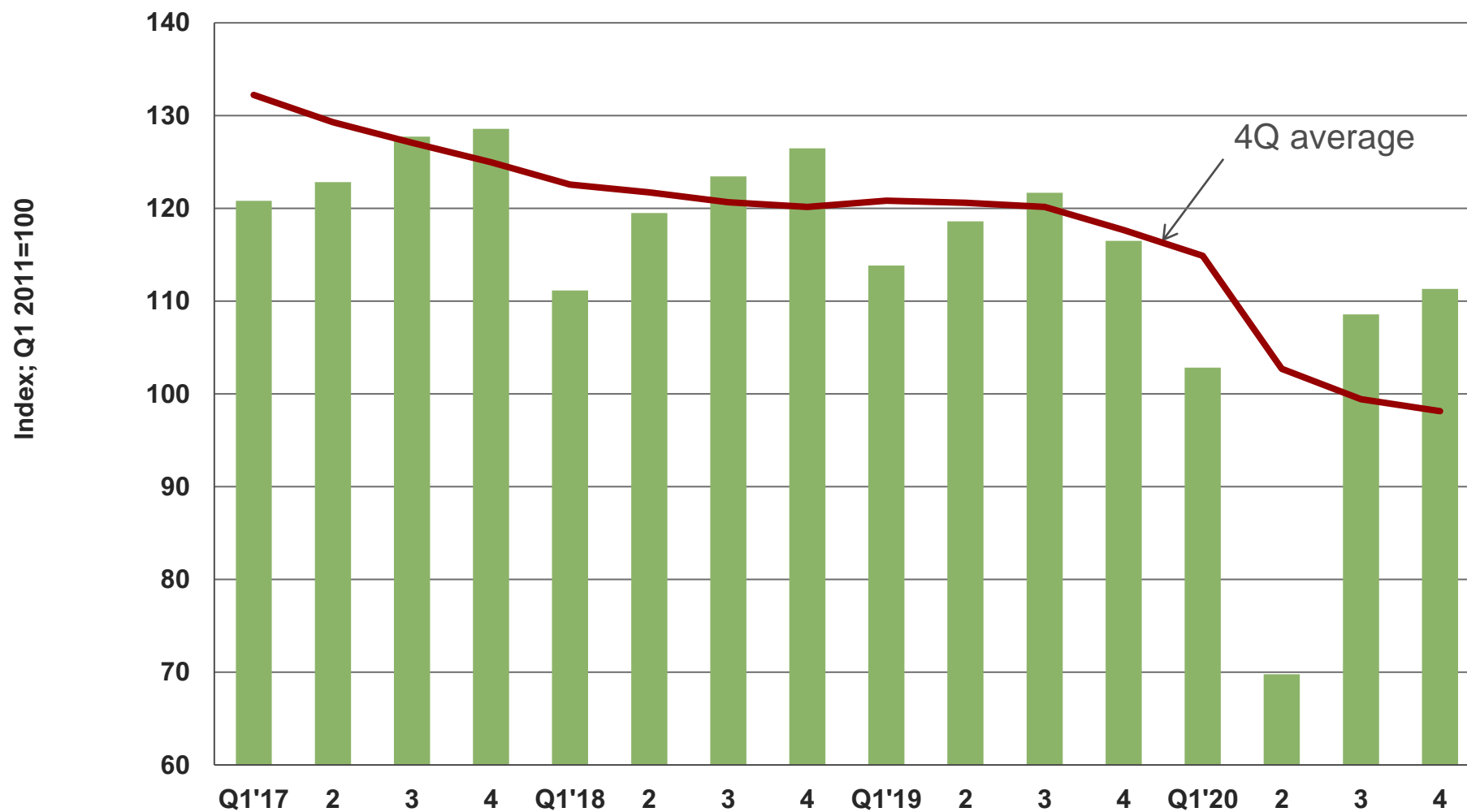


- Revenue decreased by 6,9%
- No revenue for April and limited revenue in May and June 2020
- Recovery post-lockdown, especially second half of financial year



- Operating profit decreased by 45,5%
- Operating profit margin reduced
- Volume recovery to pre-Covid-19 levels
- **45% Year-on-year improvement in H2 operating profit**

# Afrimat Construction Index – Q4 2020





# Mozambique

- Eventually made a small operating profit (R13 million)
- Insurgents launched a deadly attack on 24 March 2021
- All Afrimat staff withdrawn
- Currently plant and equipment being brought to safety
- Force Majeure declared by Total
- Limited financial impact expected



The background of the slide is a high-contrast photograph of a gravel surface. A large, bright green triangle is positioned on the left side, pointing towards the center. A long, dark shadow of this triangle is cast across the gravel from the top left towards the bottom right. Several semi-transparent geometric shapes, including a large grey rectangle and several smaller green and teal squares, are overlaid on the right side of the image.

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**GRAVENHAGE**



# Gravenhage manganese mining right

- Adding manganese to portfolio
- Pivot into mid-tier mining space
- >20 year Life of Mine and high quality resource
- Additional foreign currency exposure
- Possible extraction of synergies with Demaneng
- Mine will be developed to remain profitable at bottom end of commodity cycle
- Total purchase consideration of roughly R650 million
  - Or the Rand equivalent of USD45 million and R15 million for the property

*“Economic viability and profitability are one thing, but Afrimat is equally passionate about the longer-term contribution it will be able to make to the immediate local community, the Northern Cape province and in turn the South African economy through its dedication to job creation and skills development and transfer.”*





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# SUSTAINABILITY

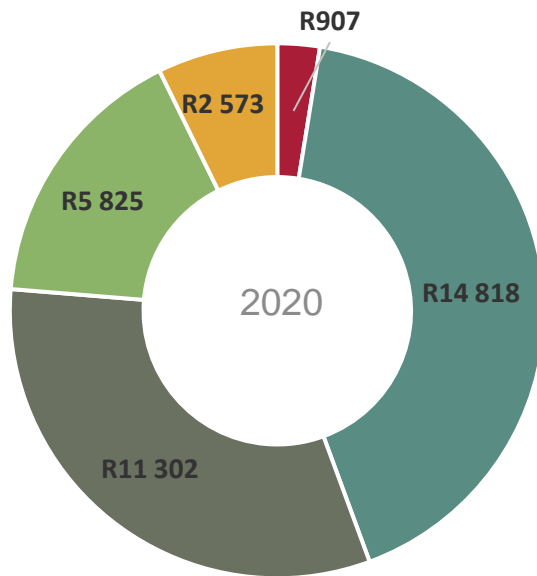


# Key people statistics

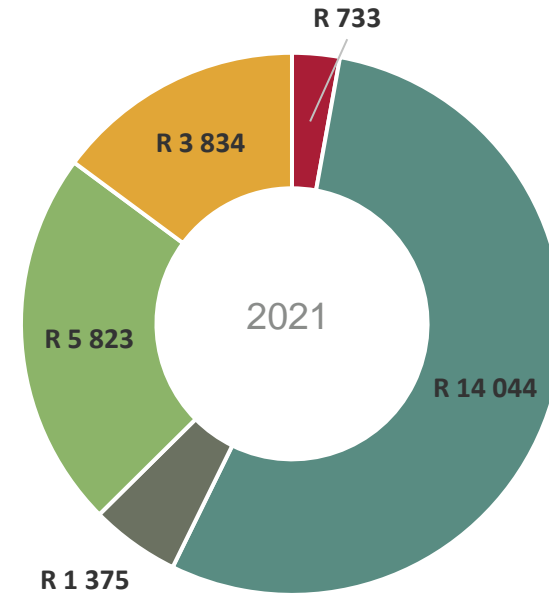
	FY 2021	FY 2020	FY 2019
Total Afrimat Staff	2 316	2 299	2 256
Resignations/ dismissals	145	207	224
Absenteeism - days lost	7934	13 590	25 069
Absenteeism %	1.3%	2.3%	4.3%
Cost of absenteeism	R14.3 m	R25.8 m	
Overtime Rand value	R19.5 m	R24.3m	
People appointed	300	397	372
LTO %	6.0%	10.1%	12.2%

# Human resource development

Categorisation spend (R'000)



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



- Bursary/study loans
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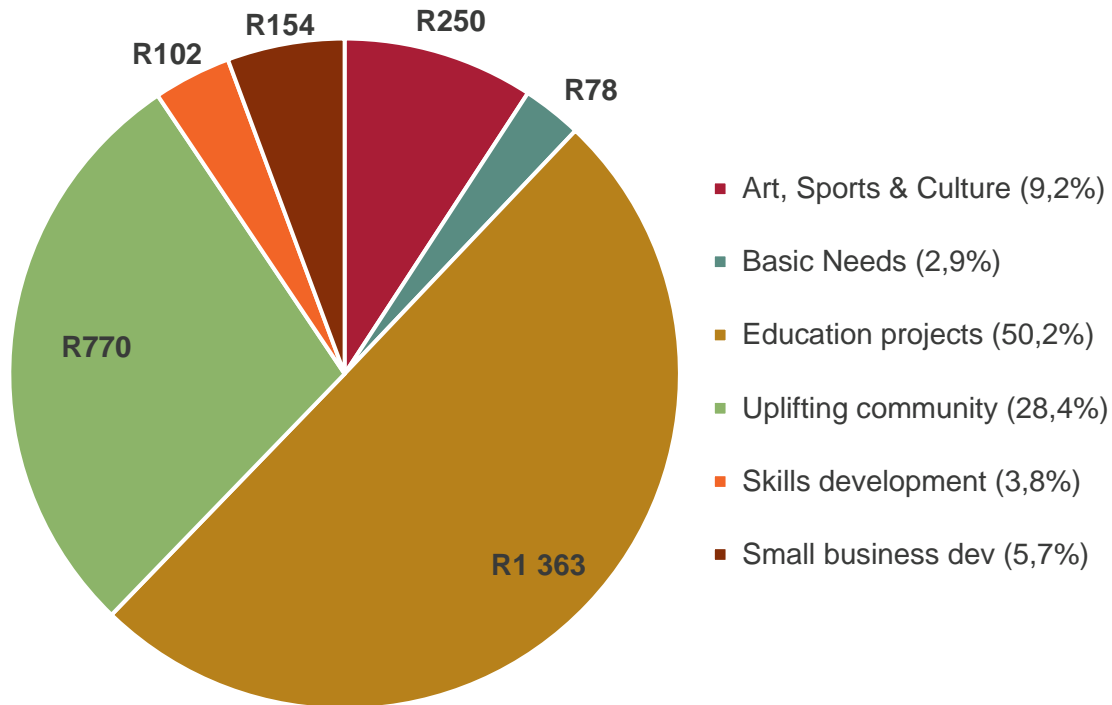
**R25,8 million (2020: R35,4 million) spent on skills development, bursaries, learnerships and internships for the year**  
**83,0% of this expenditure was in respect of historically disadvantaged employees**



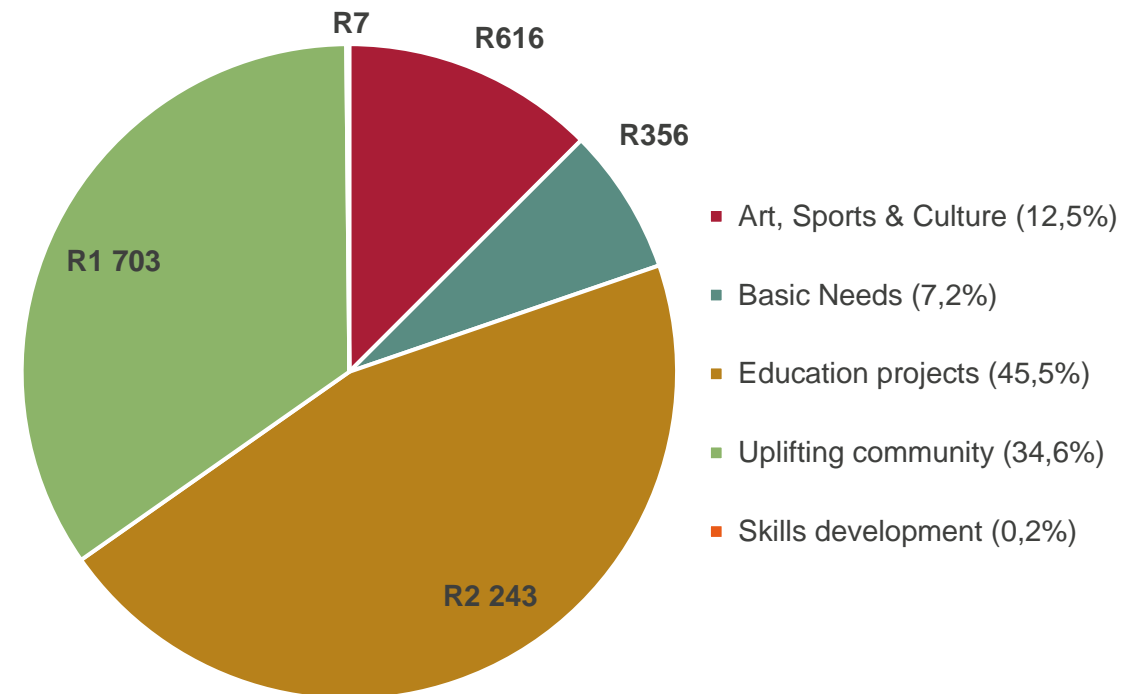
# Community development

Categorisation spend (R'000)

F2021 (R'000)



FY 2020 (R'000)



R2,7 million (2020: R4,9 million) spend towards LED projects during the year

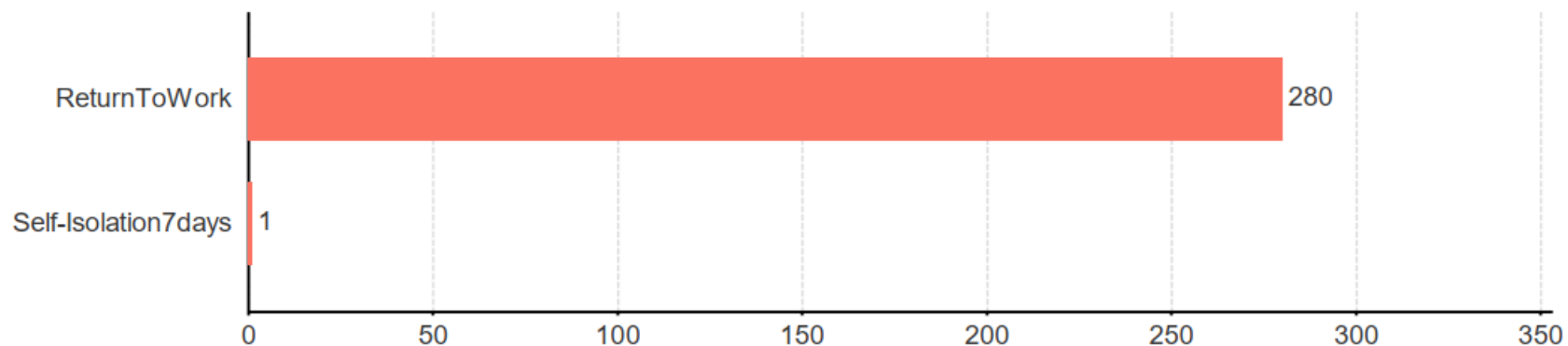
## Environmental monitoring

	2021	2020	Increase / (Decrease)
Water consumption (m3)	518 029,0	633 822,0	(18,27%)
Electricity consumption (tCO2e/kWh)	42 703,7	33 179,2	28,71%
Fuel consumption (diesel and petrol) (million litres)	13,2	14,3	(7,70%)
CO2 emissions (tCO2e)	151,2	180,3	(6,14%)
Rehabilitation (ha)	99,67	16,00	522,94%
Business travel (tCO2e)	15,2	29,4	(48,30%)

# Covid-19 Report

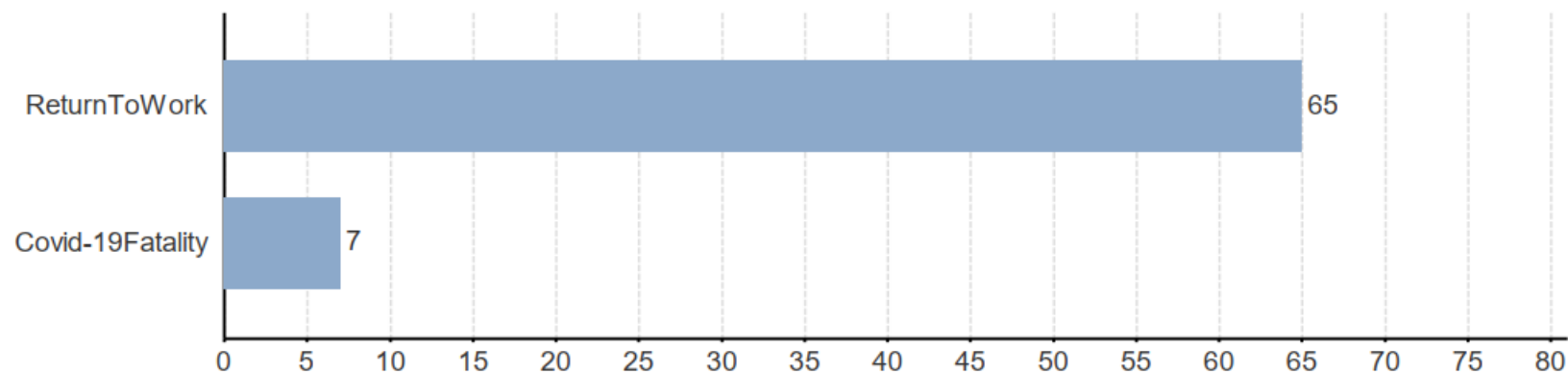
## PERSONS UNDER INVESTIGATION

# of Incidents = 281



## COVID-19

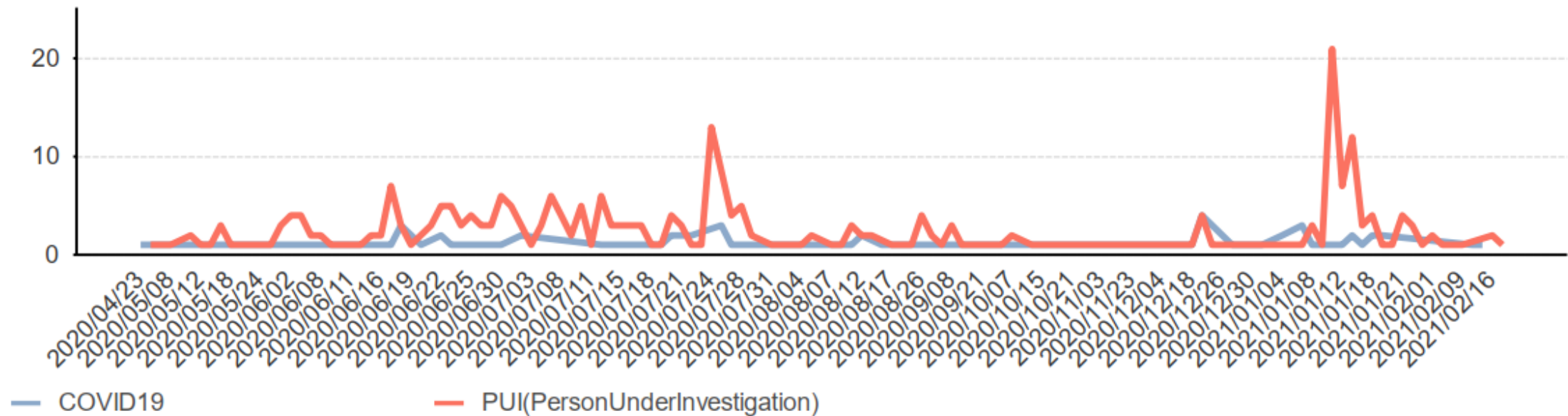
# of Incidents = 72



# Covid-19 Report

## PERSONS UNDER INVESTIGATION vs. COVID-19 by DATE

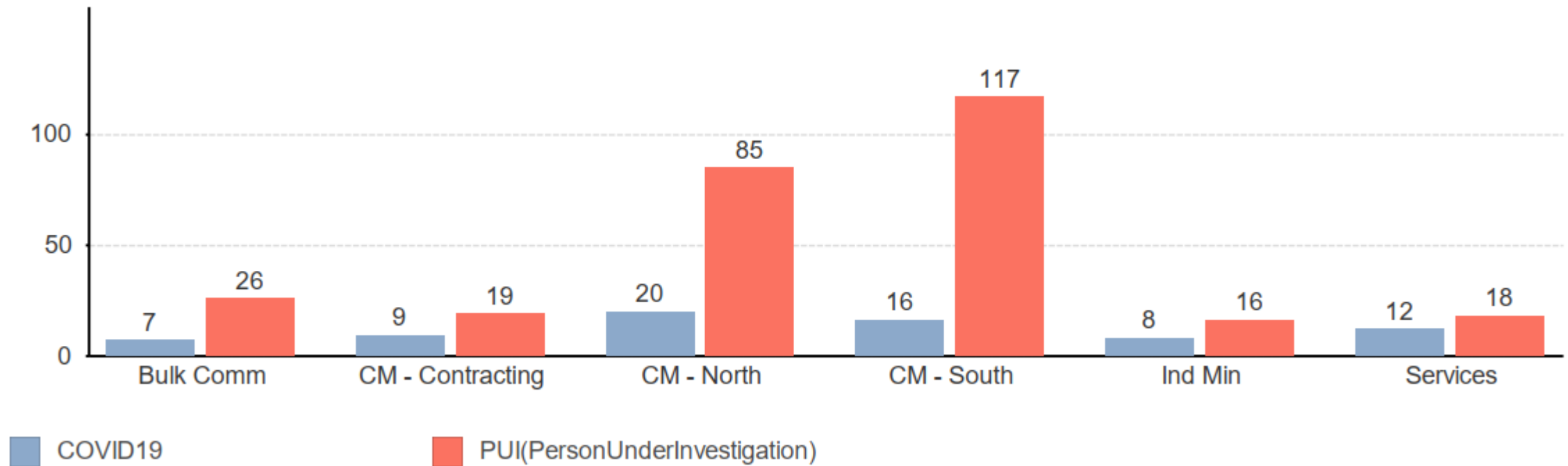
# of Incidents = 353





# Covid-19 Report

PERSONS UNDER INVESTIGATION vs. COVID-19 by CLUSTER



# Afrimat culture



Caring environment



Results driven



Skills and competence



Entrepreneurial drive



Humility and belief



Important relationships



Teamwork



Empowering



Winning attitude





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# THE FUTURE



# Looking ahead

- Maintain excellent results from existing operations
- Remain vigilant, react quickly and keep employees safe should Covid-19 resurge
- Iron ore business to benefit from Jenkins iron ore mine
- Nkomati expected to contribute as from H2 of F2022
- Good cash flow
- Execute diligently on new expansion projects



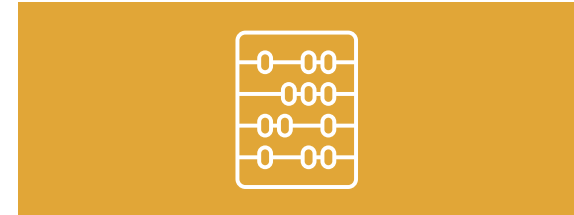
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## Contact details



**Thank you for your attendance and participation**

**For any further investor relations questions please contact:**

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**021 917 8853**

**Vanessa Rech | Keyter Rech Investor Solutions**

**087 351 3814**

**[www.afrimat.co.za](http://www.afrimat.co.za)**