



**CONSISTENTLY
DELIVERING**

 **AFRIMAT[®]**
LIMITED

Annual General Meeting
2 August 2023

2023



Core message

Our strategy is working and provides a trajectory for sustained long-term growth

Substantial progress made on strategic projects

Company culture and high standard of execution supports Group moats



1

WHAT WE DO

A yellow Bell 1706E wheel loader is positioned in the foreground, facing away from the camera. It is situated in a quarry or aggregate processing site. In the background, a conveyor belt system is visible, transporting material from a higher elevation down to a large pile of grey gravel. The scene is set against a backdrop of green, forested hills. The image is partially overlaid with a dark red geometric shape on the left side, which contains the text '1' and 'WHAT WE DO'. A dark grey rectangular box at the bottom right contains the descriptive text.

*A leading, empowered mid-tier
mining and materials supply company*

What we do

Growth through structured diversification



Construction Materials



Aggregates | readymix | concrete products

- **26** commercial quarries
- **22** commercial readymix concrete plants
- **2** clinker sources (largest clinker ash processor in South Africa - 1,5 million tonnes)
- **8** precast operations
- **7** sand mines

Industrial Minerals



Limestone | dolomite | industrial sands

- **2** limestone sources
- **2** dolomite sources
- **1** agricultural limestone mine

Bulk Commodities



Iron ore | anthracite

- **3** iron ore mines
- **1** anthracite mine

Future Materials and Metals



Phosphate | vermiculite | rare earth elements

- Phosphate, vermiculite and rare earth minerals

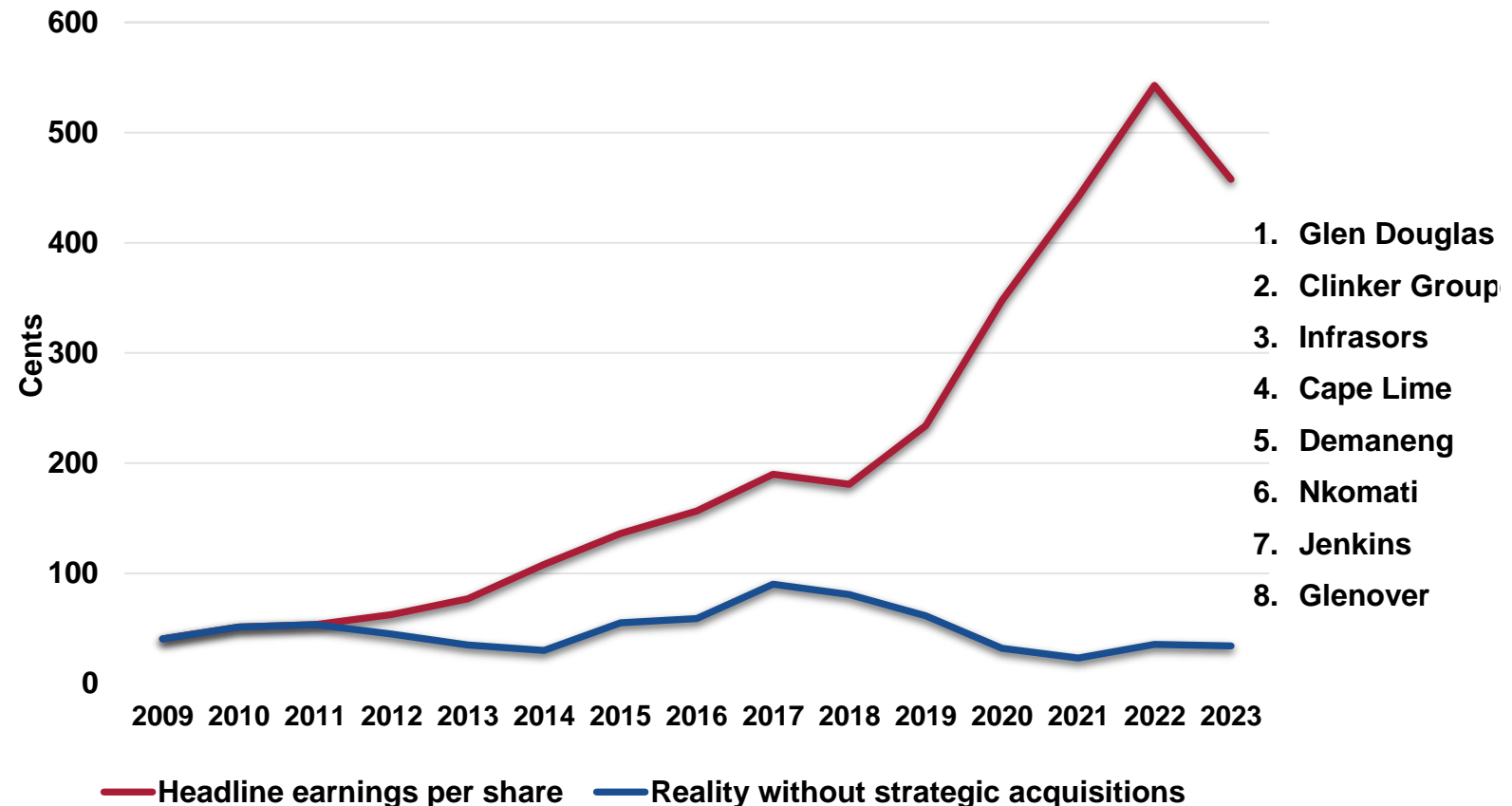
- **Track record of excellence and core competence in mid-tier mining and materials supply**
- **Well diversified across different industries, commodities and processes to ensure consistent delivery**
- **PAT CAGR of 18,9% (Feb 2009 – Feb 2023)**

Return on net operating assets 24% (2022: 33%)

Rationale for and result of 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
- Allowing for longer life-of-mine
- Creates many opportunities

Profit history with and without acquisitions

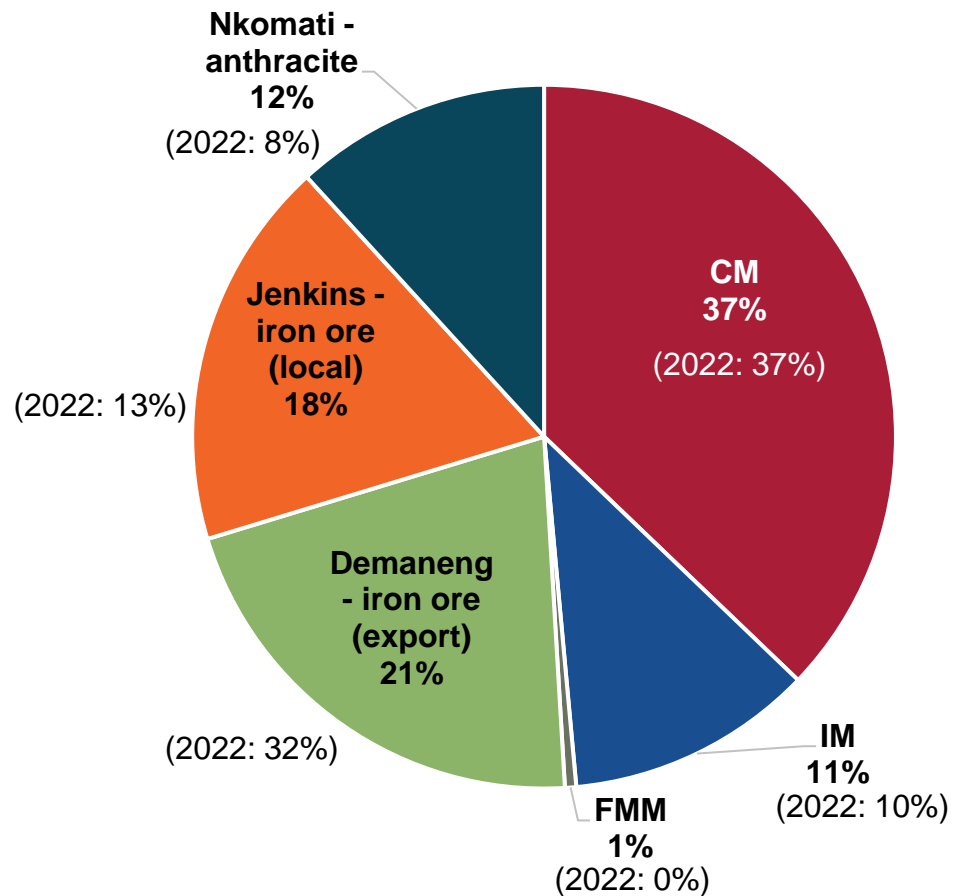


Deeper segmental diversification

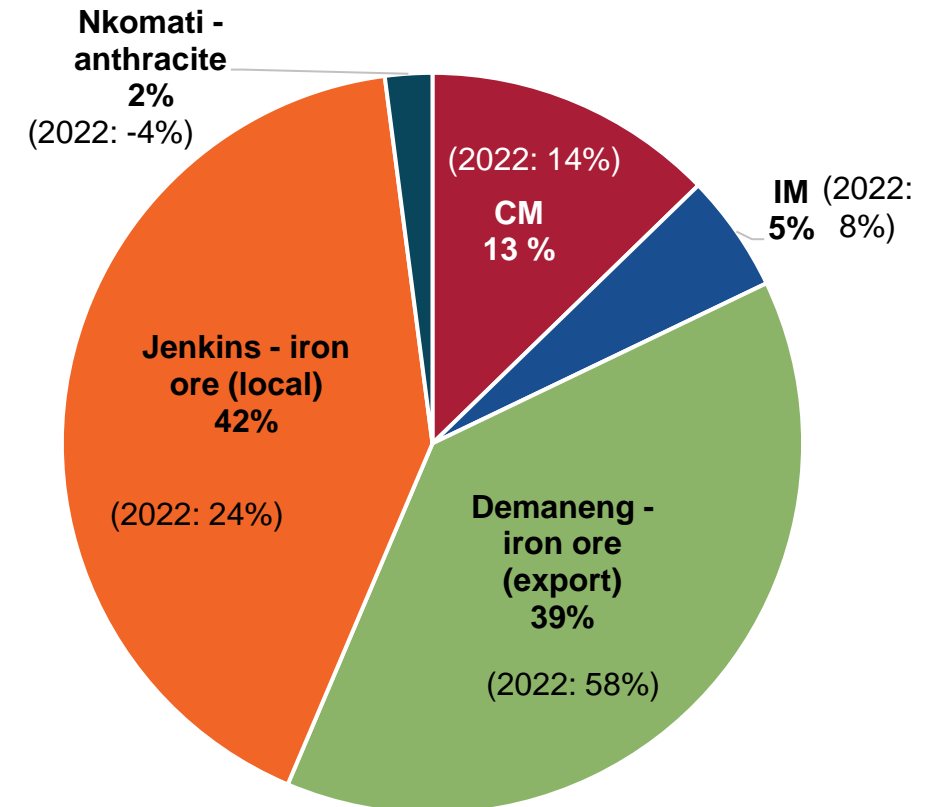
A more sustainable mix in bulk commodities



2023 revenue contribution



2023 operating profit contribution



1

Unique competitive advantage

- Geographic location
- Unique metallurgy
- Structural cost advantage
- Culture

2

Respect for capital and its allocation

- Strong balance sheet
- RONA of 24%
- Consistent cash generation

3

Execution

- Multi-discipline approach to project execution
 - Business development
- All teams provide input and backup in their respective areas of expertise
 - Finance, legal, community relations, authority relations, logistics, marketing etc.
- Resilient, disciplined execution

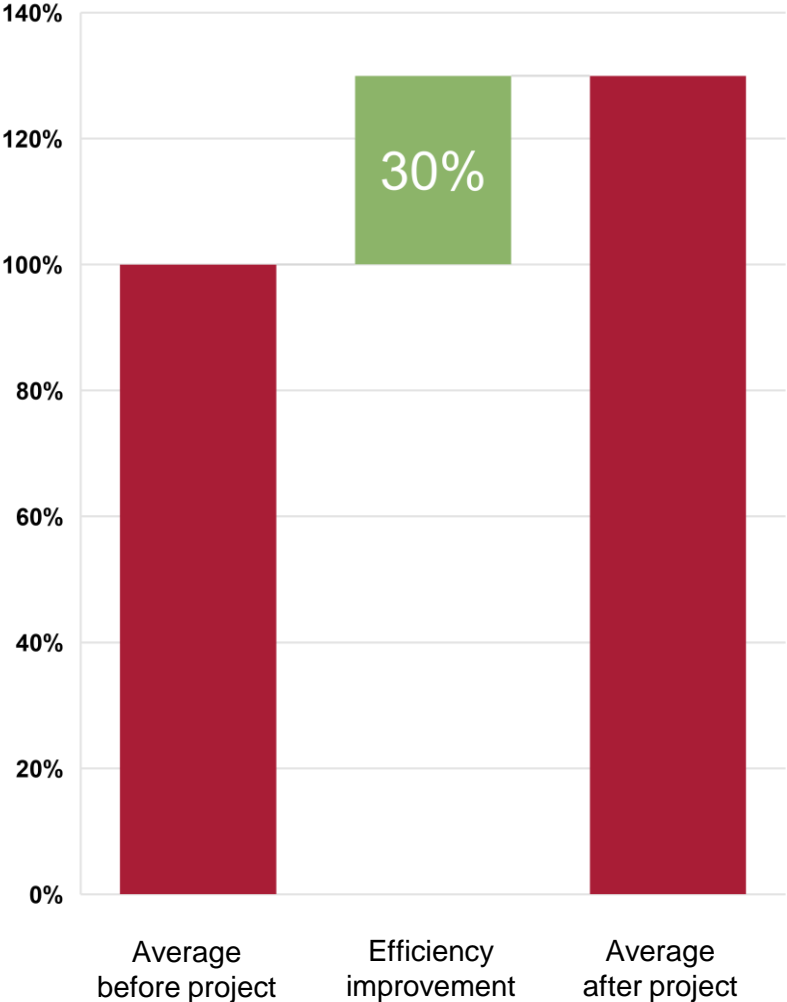
- **Continuously improve performance from existing assets – operational efficiency**
- **Ensure sustainable value from Nkomati Anthracite mine**
 - Implement a well-designed life-of-mine plan
- **Further increase the value from the Coza transaction**
 - Increase volumes from Jenkins
 - Commission the fixed crushing and screening plant
 - Start low volume production from Driehoekspan
- **Commence with the strategy implementation at Glenover**
- **Merge the integration and turn-around of Lafarge**



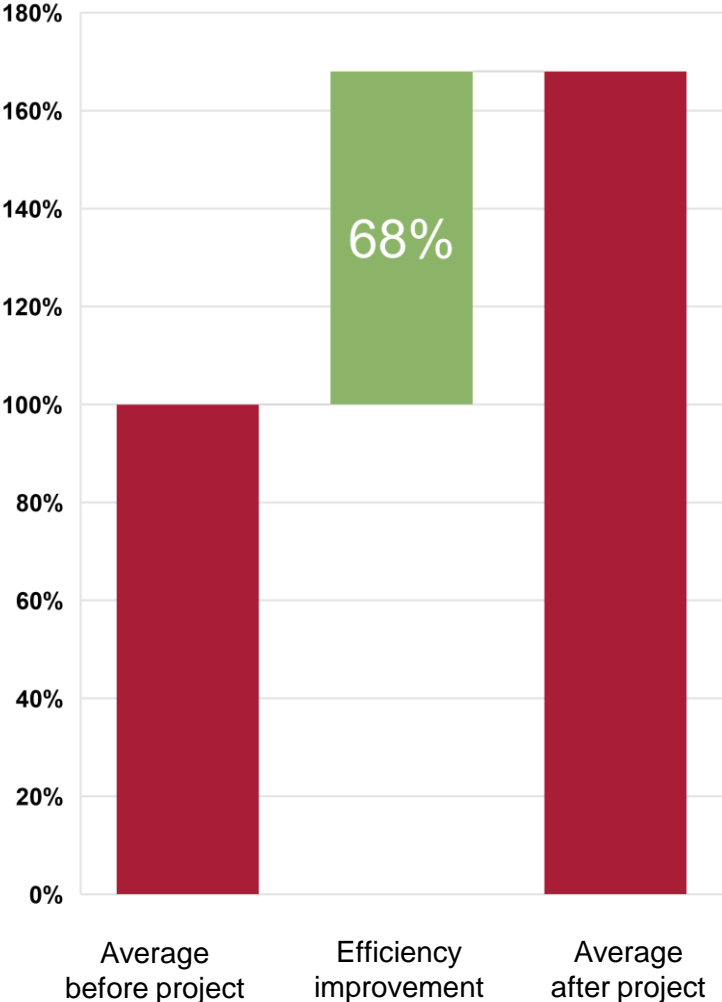
Fleet efficiency drive: Tonnes per machine hour



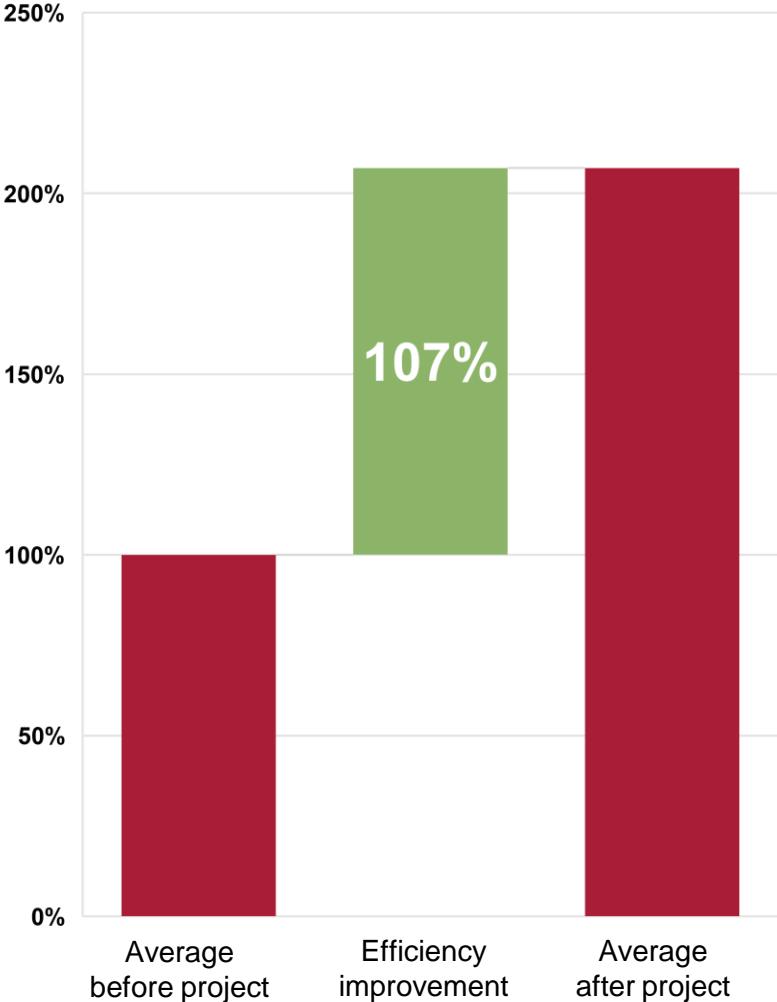
Nkomati



Jenkins



Glen Douglas



2

HOW WE DO IT

*Culture of care in all that we do
and a thriving entrepreneurial spirit*



Focus on job creation, training staff and ensuring a high standard of health and safety

Active community relations with investment in education, youth employment and infrastructure

ESG focus across 44 mining licenses, rehabilitation and carbon neutrality strategy



People management



2,668 employees

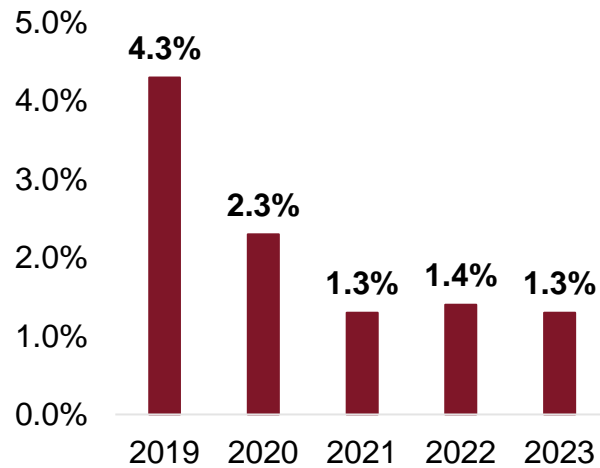
11,836
training days

486 new
employees hired

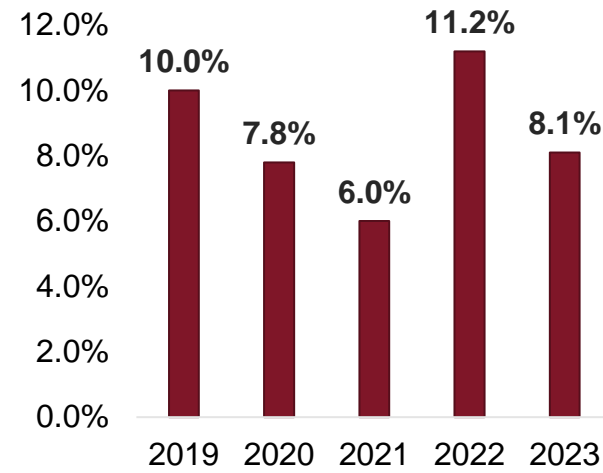
81 bursaries
awarded to staff

Staff wellness
programme

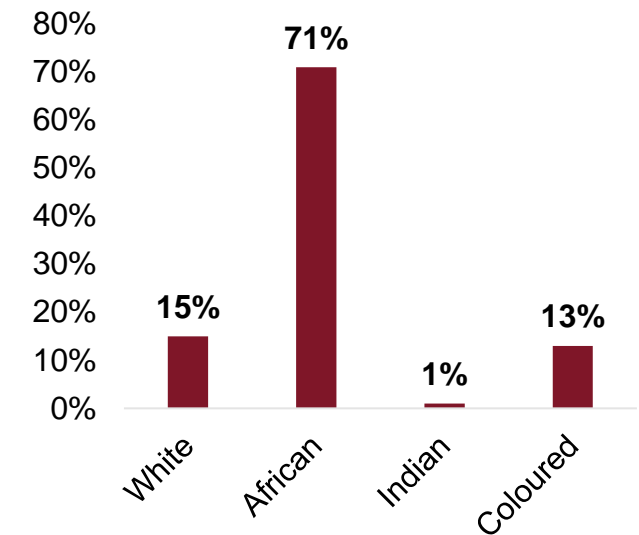
Absenteeism



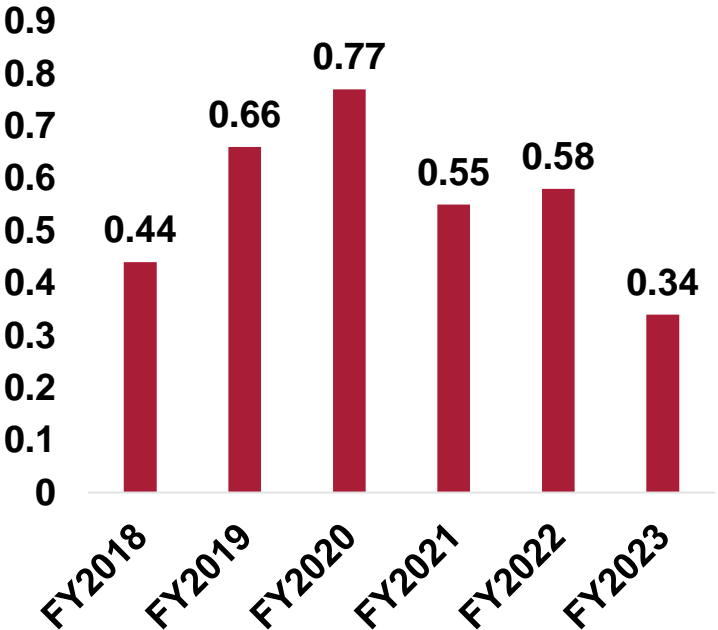
Attrition



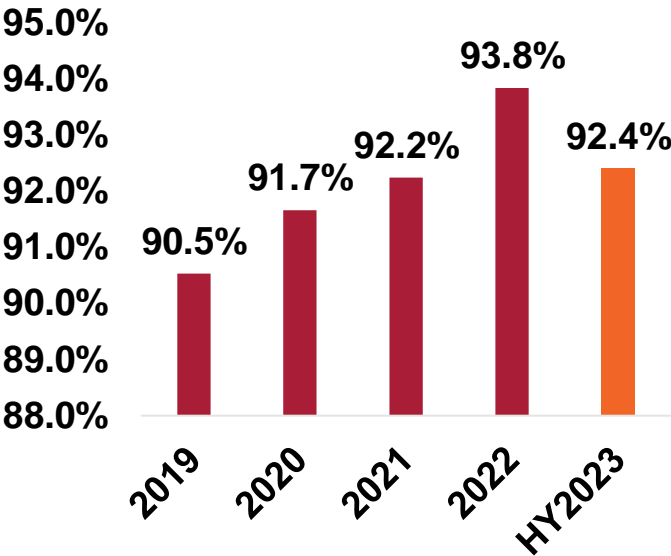
Staff composition



LTIFR progress

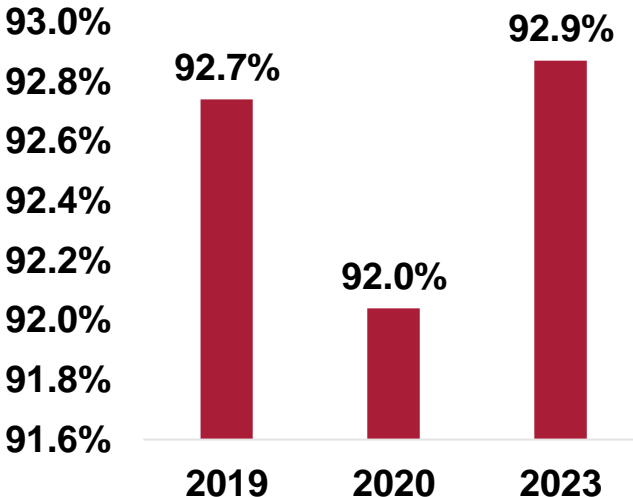


ASPASA ISHE Audits



- The mines at Langvlei and Vredendal are included for the first time in the ASPASA audit

ASPASA environmental compliance audits

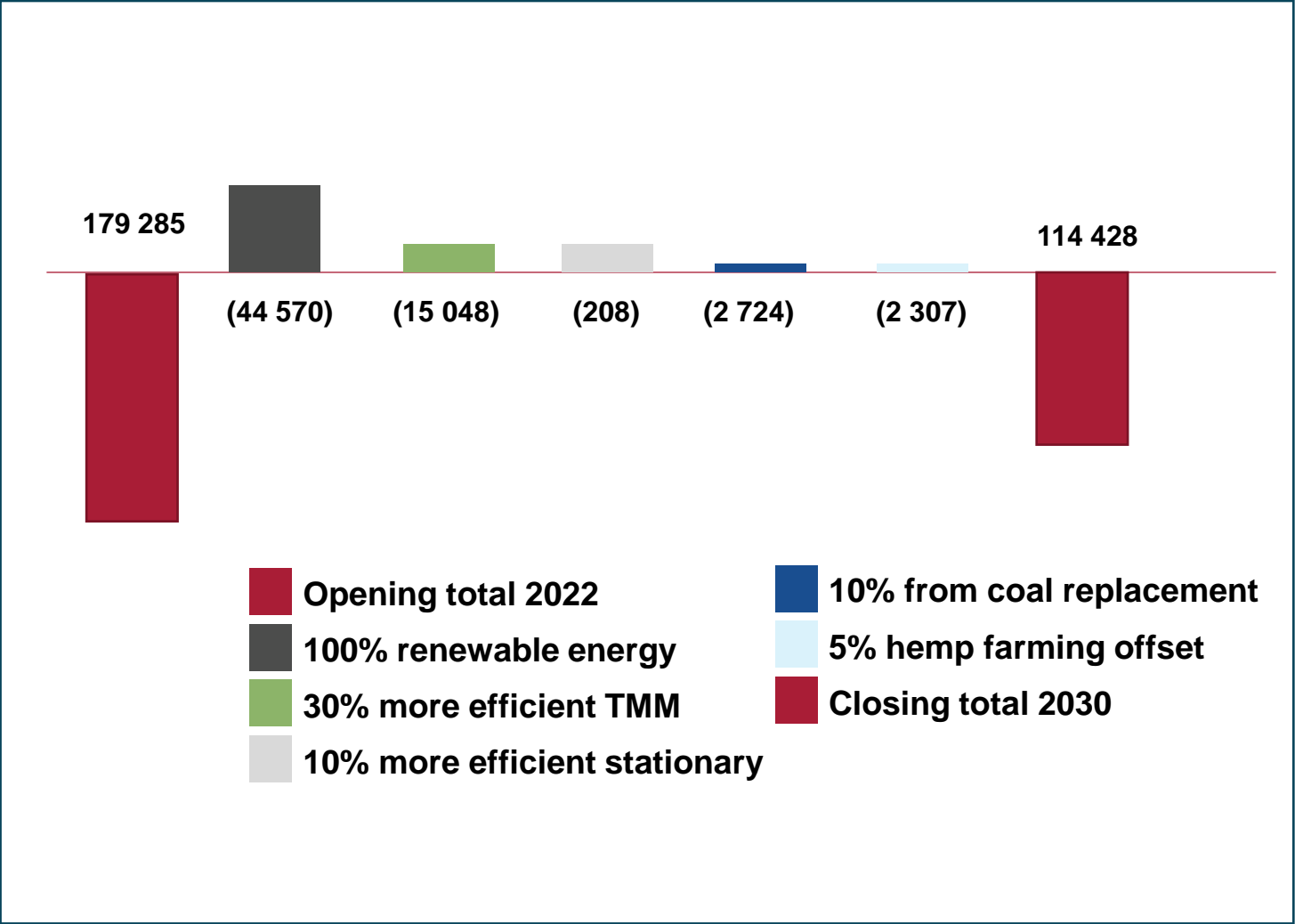


Carbon neutral strategy

Reduce carbon emissions by 32% by 2030



- Reduction in line with UN SDG's
- 2050 target carbon neutrality across operations



3

FINANCIAL OUTCOMES

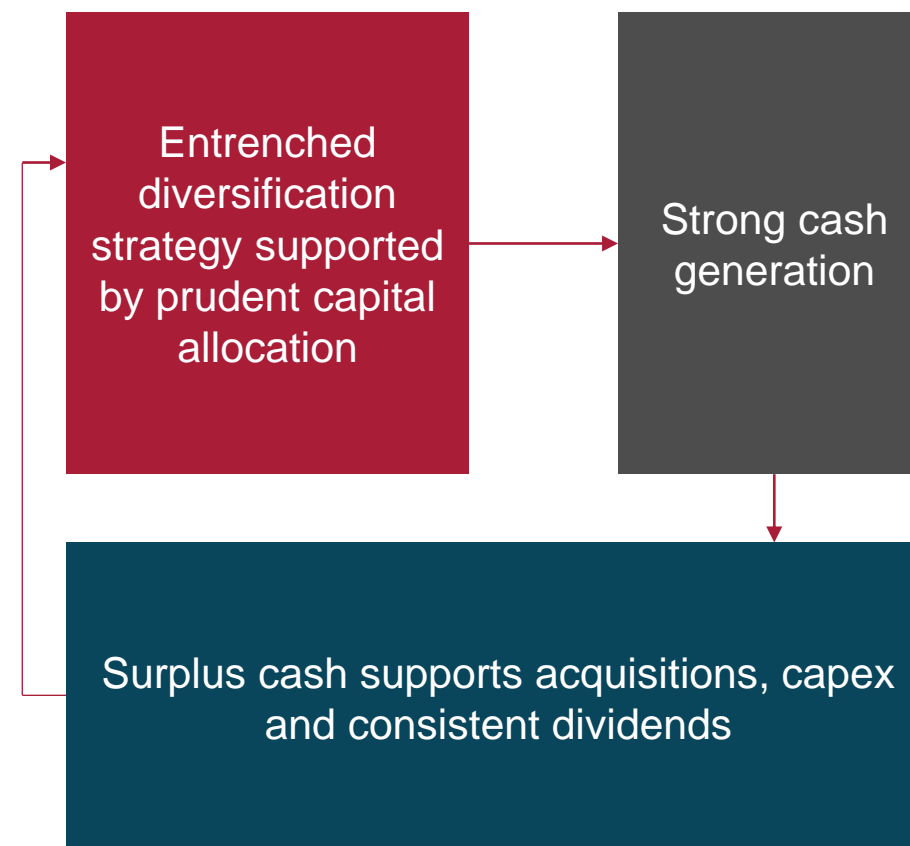
*The financial scorecard supports
and encompasses the way we
diligently and methodically do things*



Financial highlights

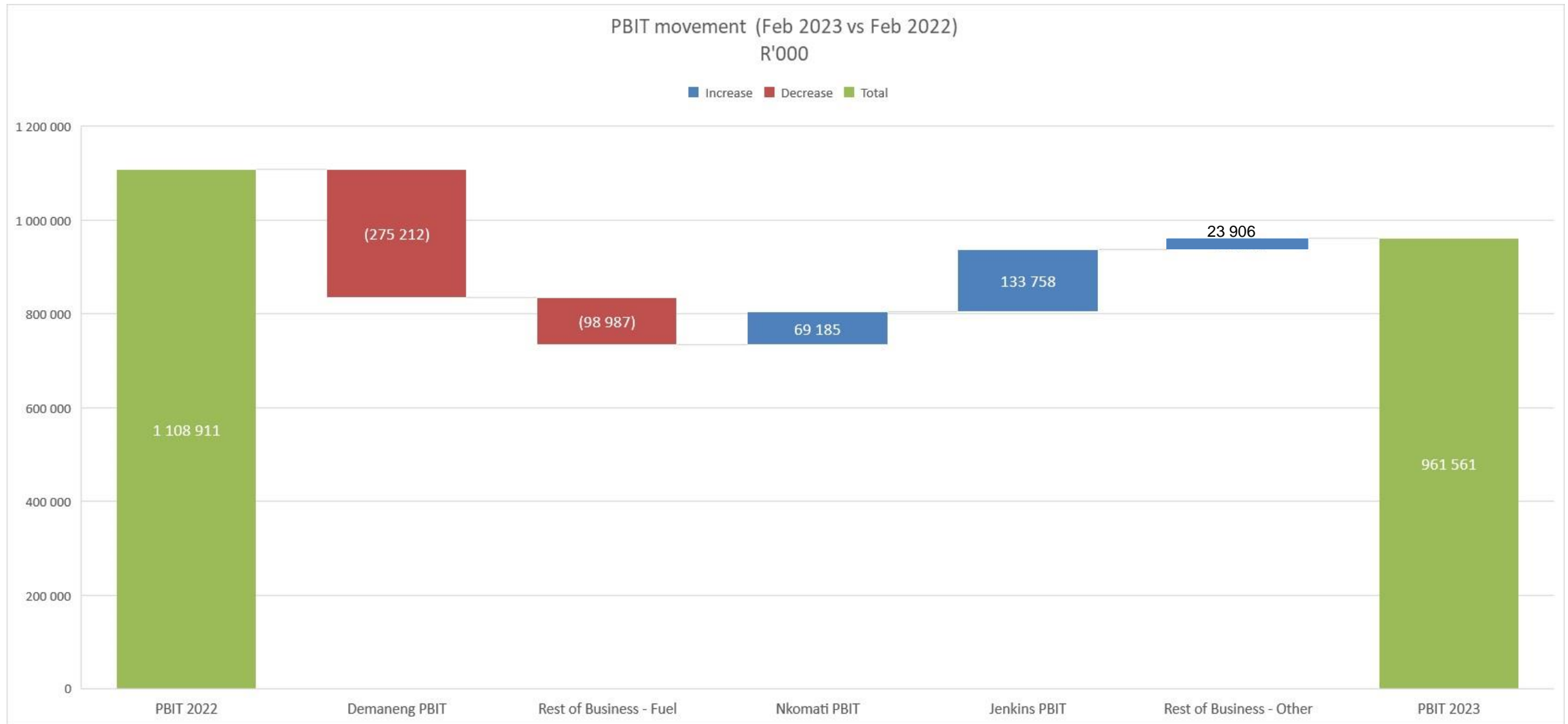
Up 4,9% to R4,9 billion	457,6 cents
Group revenue	HEPS
110,0 cents per share	19,6%
Final dividend	Operating profit margin
19,4% up to 2 591 cents	24,0%
Net asset value	Return on net operating assets
4,4%	R1,0 billion
Net debt:equity ratio	Net cash from operating activities

Core financial discipline to support growth

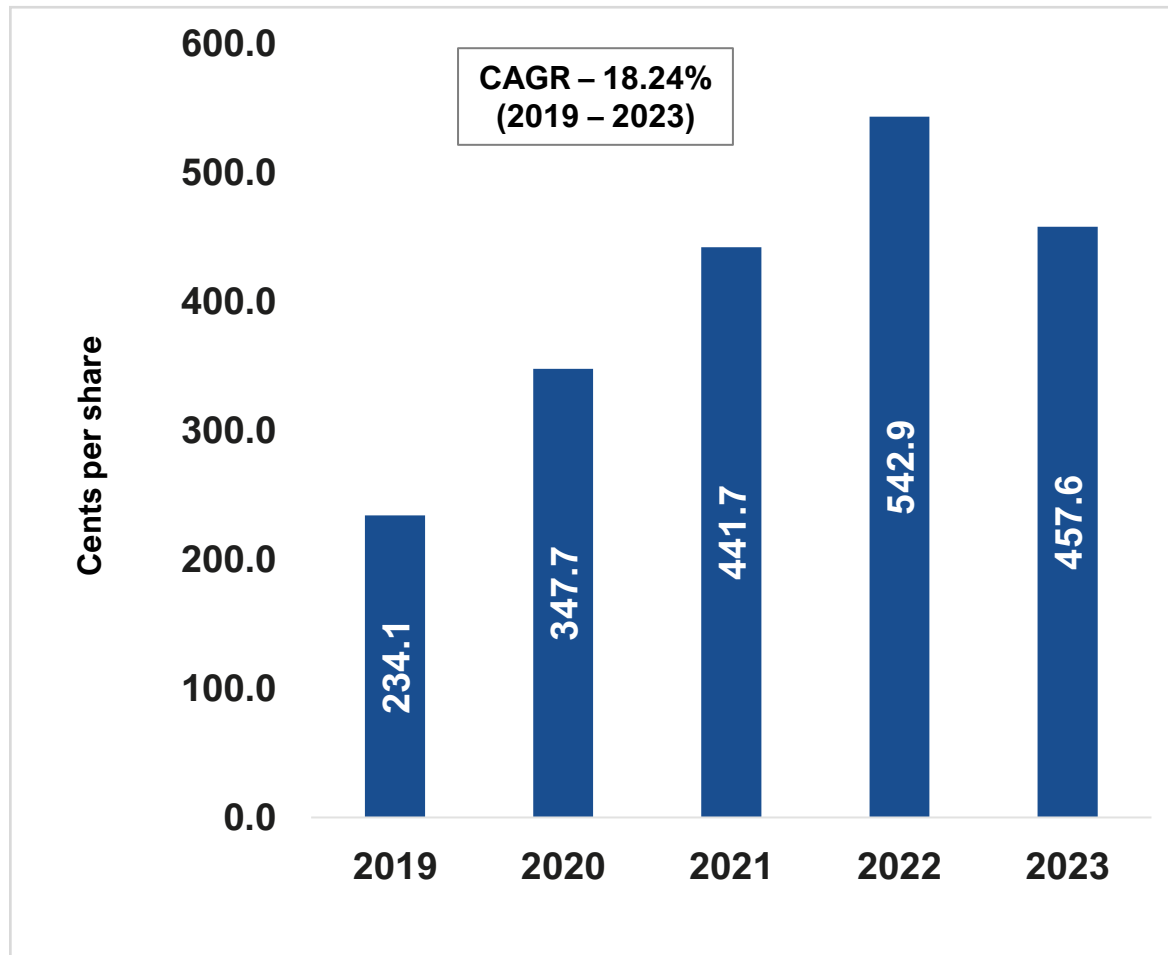


Continuous measurement against decisions taken

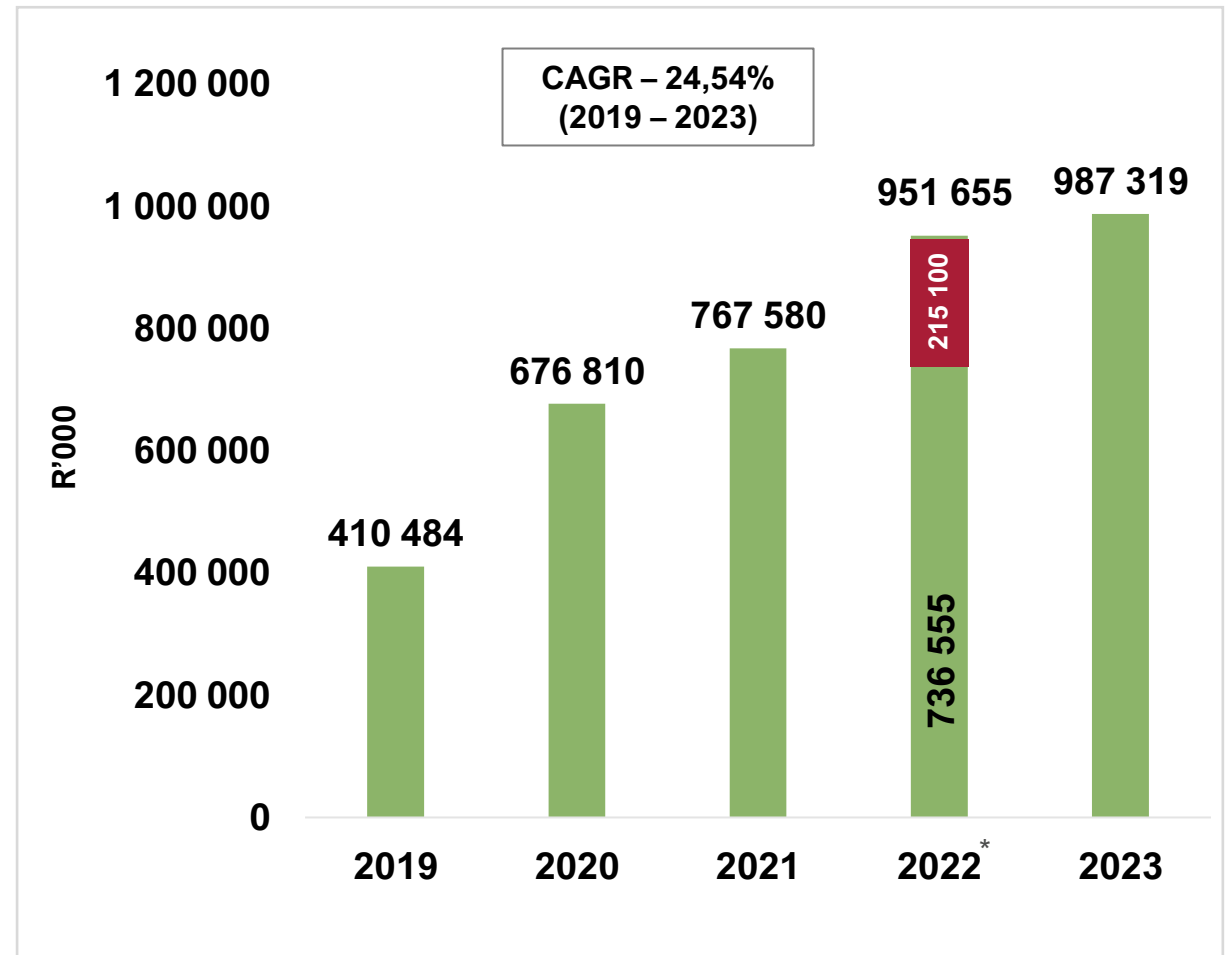
PBIT movement



HEPS (full year)



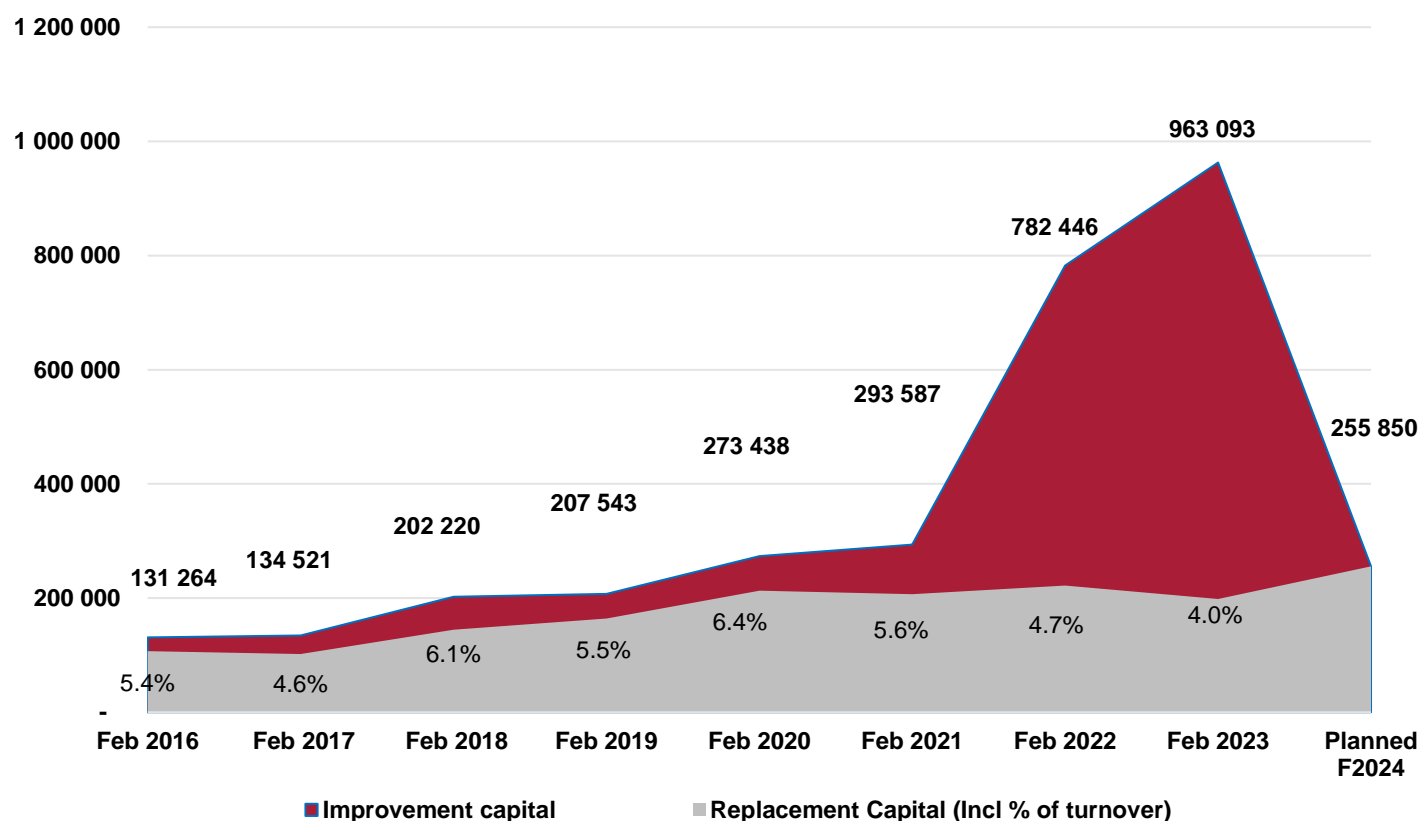
Net cash from operating activities (full year)



* Includes the acquisition of stockpiles of Glenover "sale of asset agreement"

Total capital expenditure

Capital expenditure 2016 - planned 2023 (R'000)



Improvement capital	Feb 2023	Feb 2022
Nkomati (developing of underground mine and other mine development, etc.)	R432 m	R54 m
Jenkins	R62 m	R400 m*
Demaneng (further opening of pit)	R103 m	R39 m
Afrimat Phosphates	R118 m	Rnil
Glen Douglas (solar plant)	R25 m	Rnil
Other (<R20 m)	R23 m	R67 m
Total improvement capital	R763 m	R560 m

* Including the acquisition of Coza mining asset

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SEGMENTAL PERFORMANCE

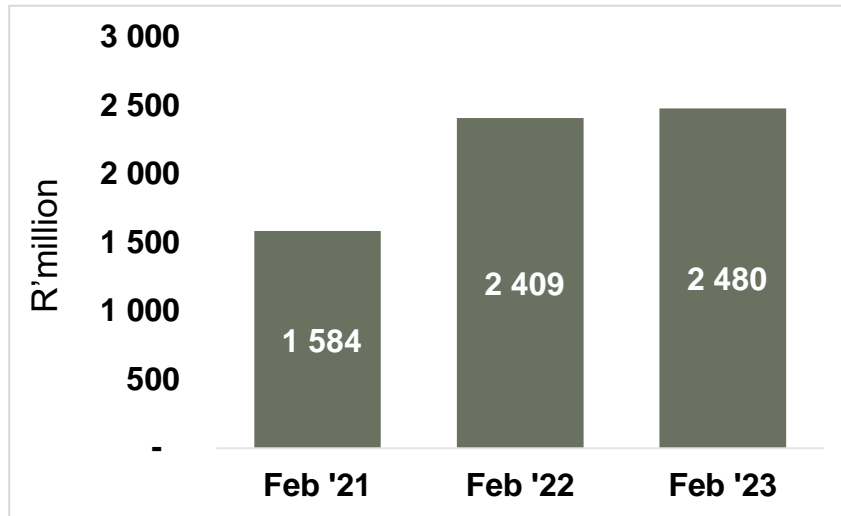
The value of diversification



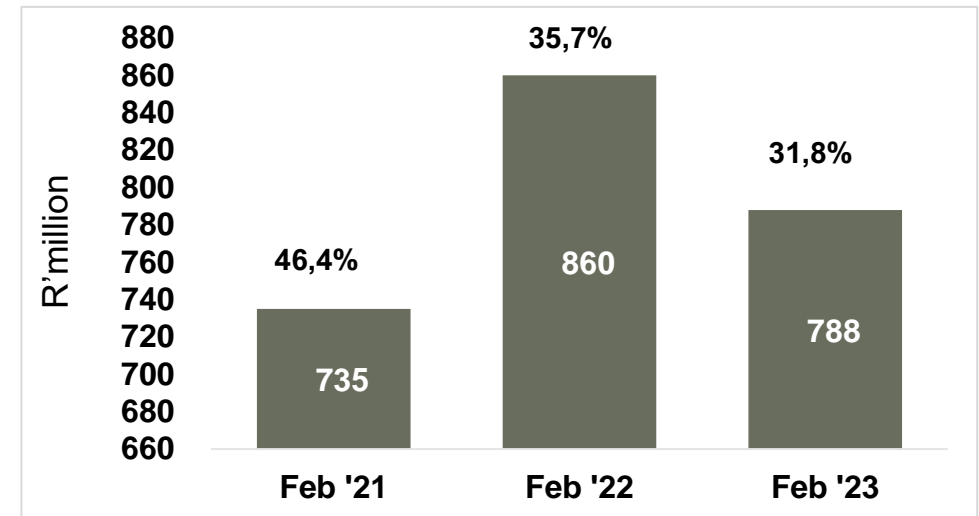


Another excellent performance based on product diversification

Revenue



Operating profit and margin



- Revenue increased by 3%
- Nkomati and Jenkins delivered strong performance based on volume increases
- Nkomati successfully turned around
- Additional open pits and underground access developed

- Operating profit margin remains high
- Nkomati progressing well

Nkomati Anthracite mine

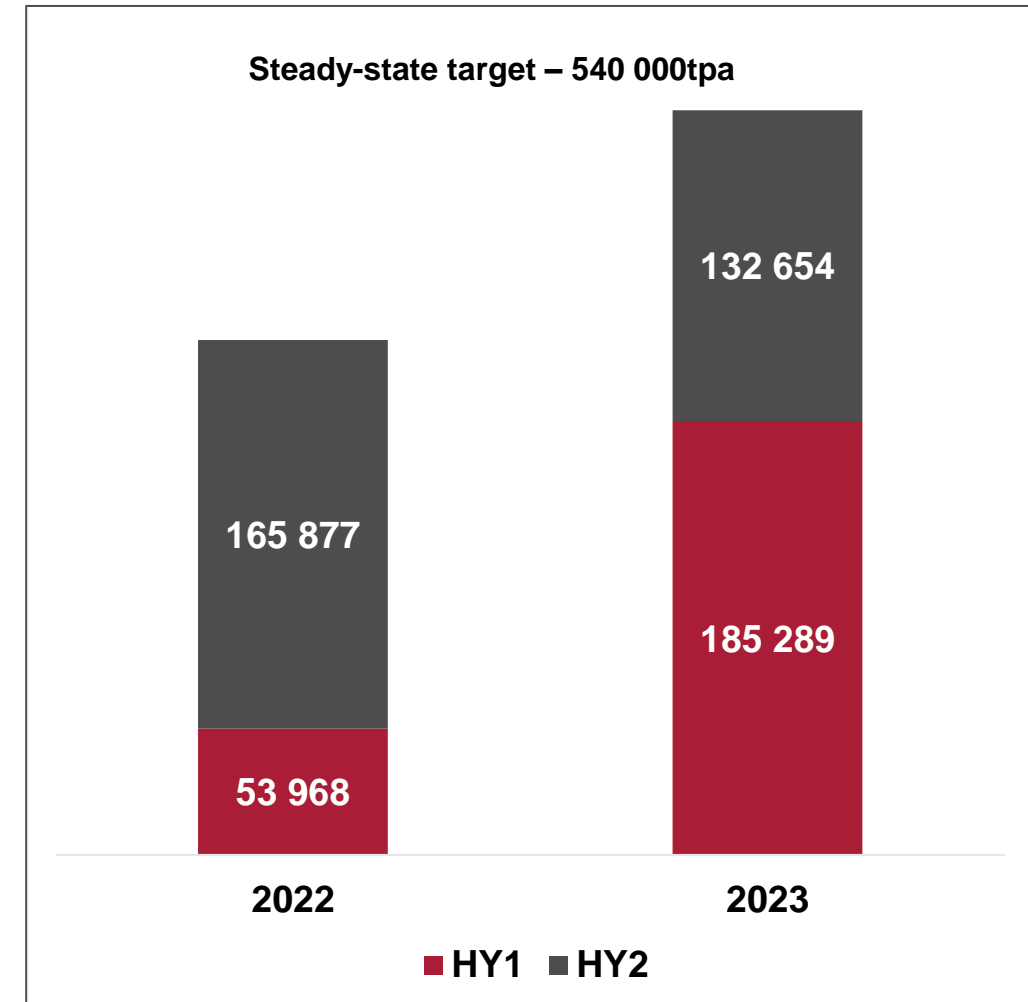
Life of mine: 20 years
Market: Domestic
Location: Mpumalanga



- Profitable with increased volumes to come
- Contributed 23,1% to the segment revenue
- Long-term life of mine enhanced by opening two opencast pits and underground operations
- New sources are expected to reduce overall stripping ratio
- Fixed-price contract

	Amount (R m)
Remaining planned spend	76
Capex spent (HY1 2022)	(14)
Capex spent (F2022)	(54)
Capex spent (F2023)	(451)

Volumes achieved (tonnes)



Jenkins Iron Ore mine

Life of mine:
Market:
Location:

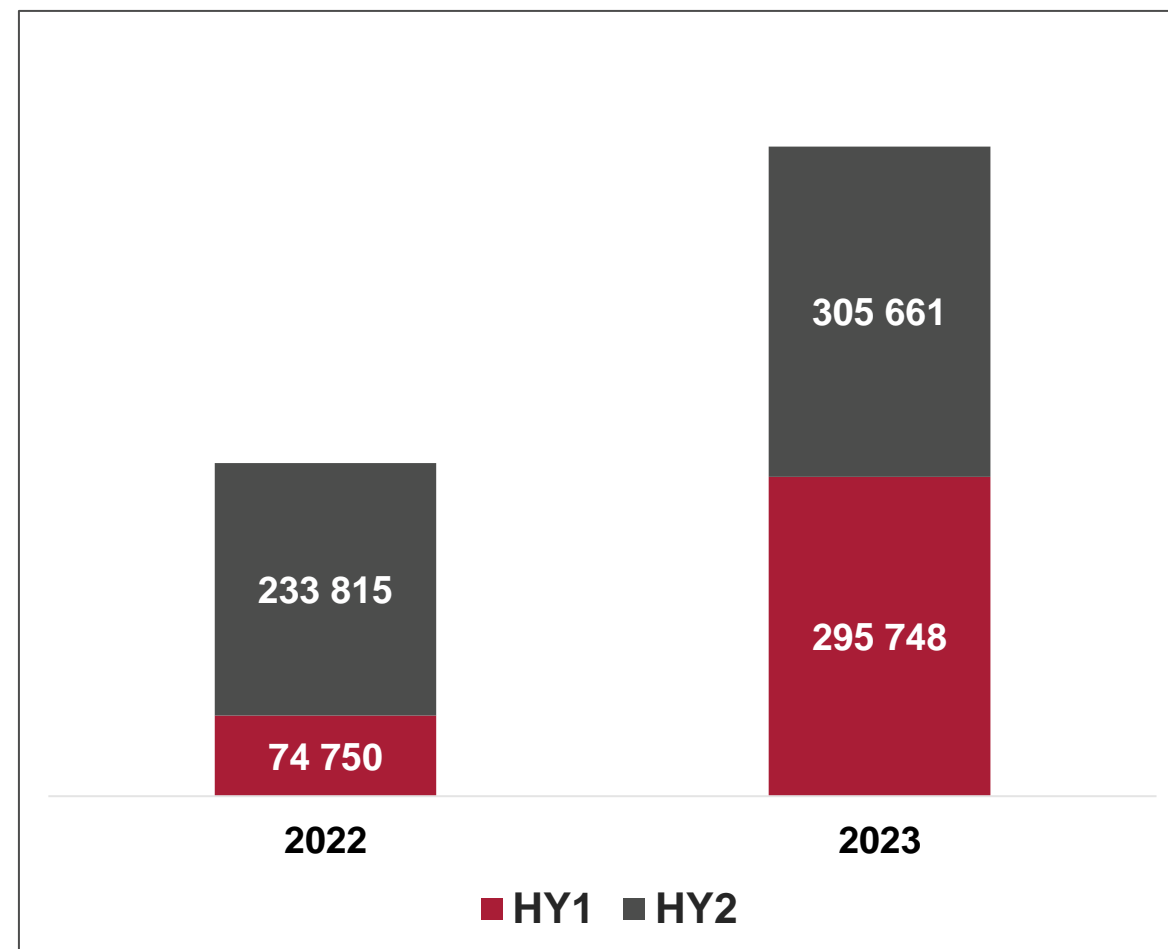
11 years
Domestic
Northern Cape



- Fully operational
- Producing at required capacity
- Innovative technology solutions to optimise mine fleet efficiencies

	Amount (R m)
Remaining planned capex	30
Capex spent (HY1 2022)	(31)
Capex spent (F2022)	(79)
Capex spent (F2023)	(65)

Volumes achieved (tonnes)



Demaneng Iron Ore mine

Life of mine: 4 years
Market: International export
Location: Northern Cape

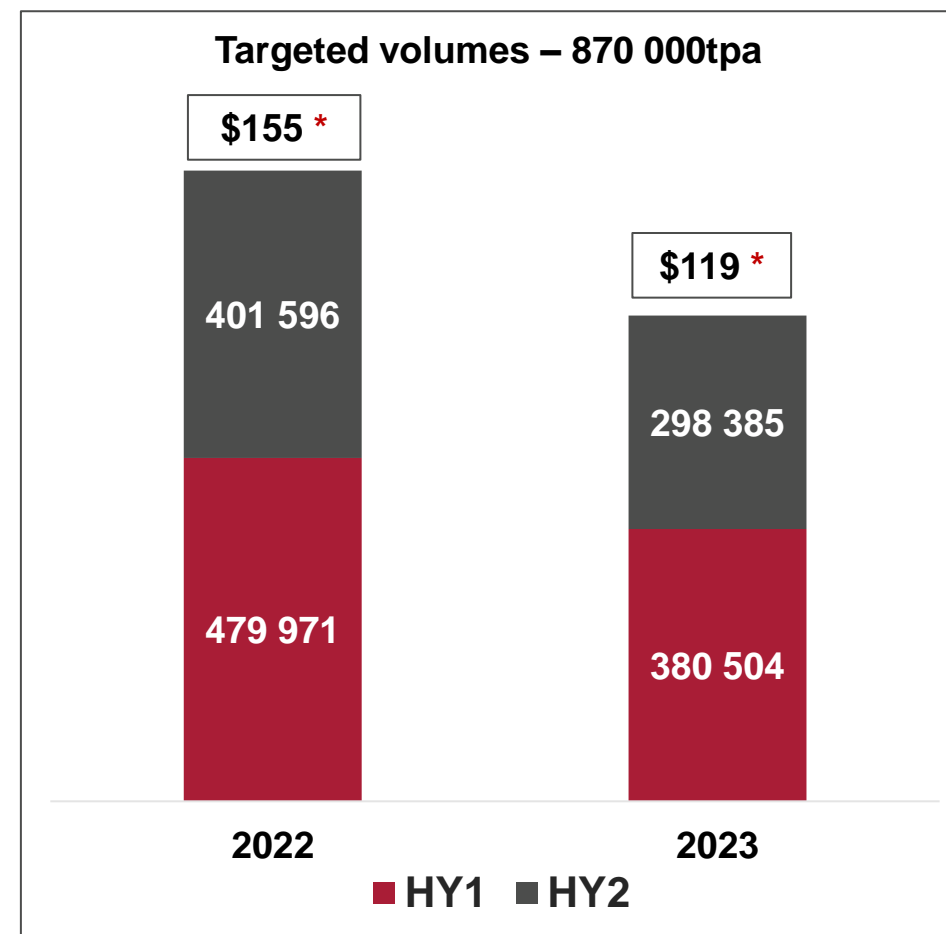


- Approaching end of LOM with slightly higher strip ratio
- Remain pleased with the performance
- Transnet provision of trains more consistent
- Driehoekspan in development phase and will start to contribute to the Northern Cape iron ore blend

	Amount (R m)
Capex spent (HY1 2022)	(15)
Capex spent (FY 2022)	(39)
Capex spent (FY 2023)	(135)*

* Mine development cost to access additional source to extend life of mine

Volumes achieved (tonnes)

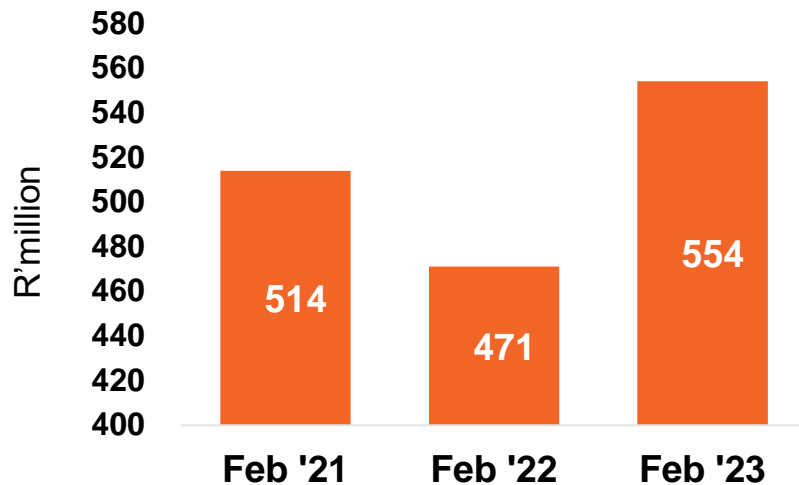


* Average US\$ for each respective period



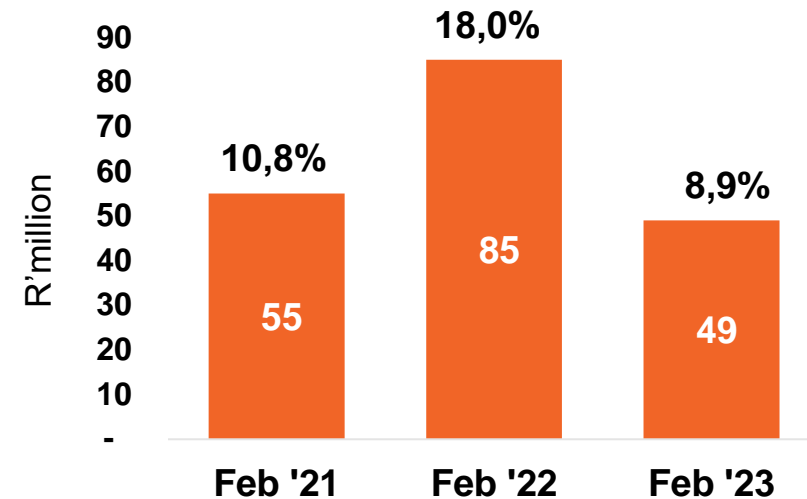
Delivered satisfactory results across all regions

Revenue



- Revenue increased by 18%
- Impacted by economic slowdown and load shedding
- Agrilime revenue included (R132 million)

Operating profit and margin

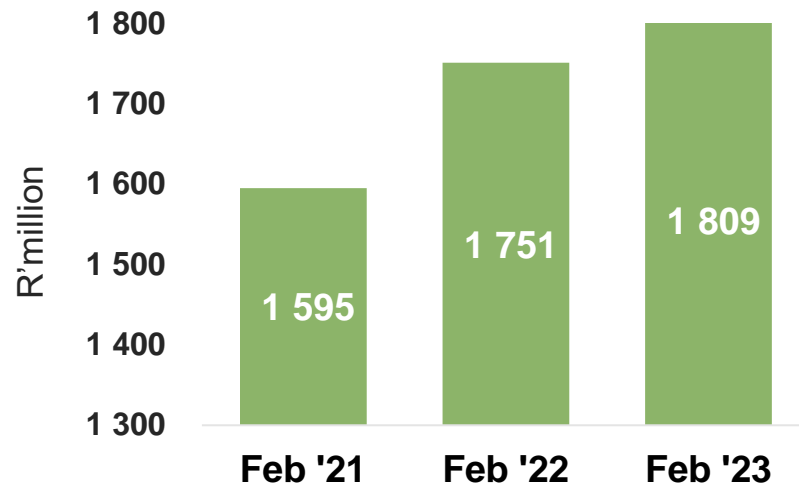


- Operating profit decreased by 42%
- Agrilime losses included R4,5 million



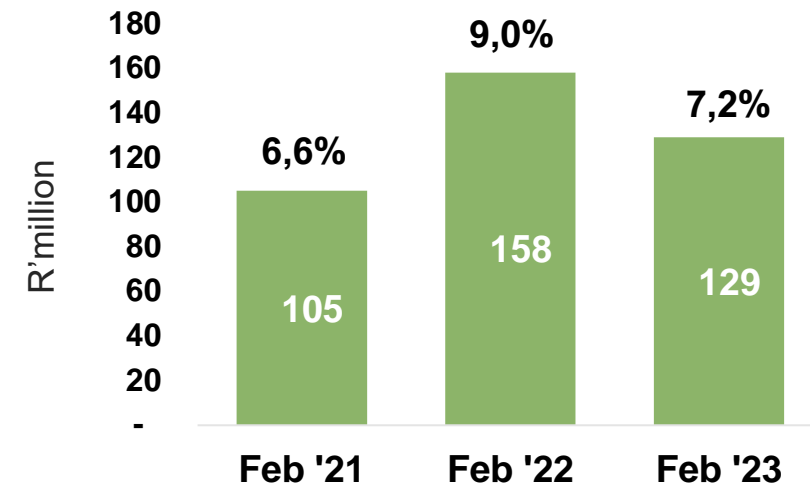
Suffered impact of economic slowdown

Revenue



- Revenue increased by 3%

Operating profit and margin



- Operating profit decreased by 18%
- Efficiency drives performing well but not sufficient to counter overall reduction in construction activity and diesel price increase

Assets

- Excellent quarries
- Very good fly-ash business
- Well positioned cement grinding plants and depots
- Integrated cement plant
- Readymix batching plants

Long life-of-mine assets

Well-designed, good quality plants and equipment

Transaction

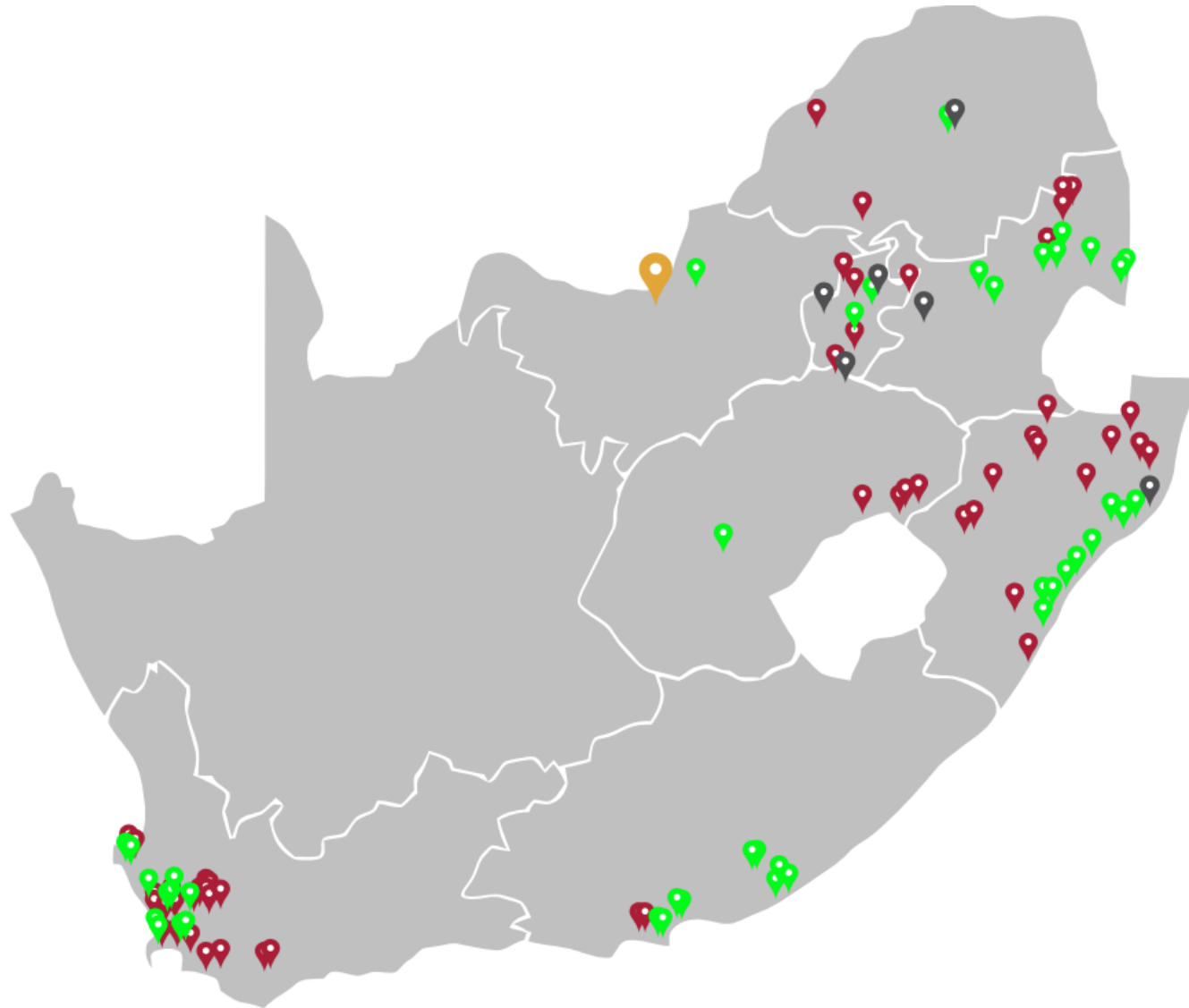
- Purchase consideration: \$6 million
- Net asset value: R1.4 billion
- R500 million loan repayment on closing date
- R400 million loan repayment after 12 months
- Conditions precedent: *
 - Competition Commission approval
 - Section 11 approval from DMRE
 - Reserve Bank approval (received)

* All applications submitted

Rationale

- Good time to act – market low but turning
- Good synergies exist
- Good investment return expected
- Very good assets, especially quarries and fly-ash

Afrimat and Lafarge combined national footprint



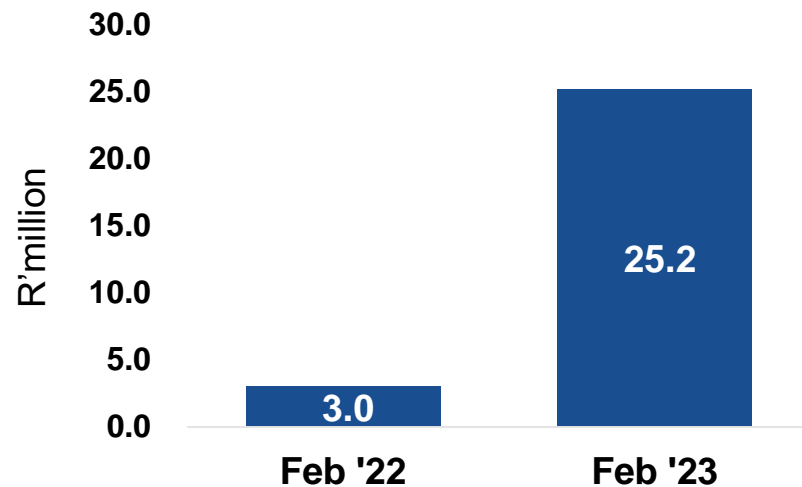
Combined footprint

- **37** active quarries
 - 8 mothballed
- **43** readymix concrete sites
- **8** brick-and-block operations
- **2** clinker sources
- **7** sand mines
- Cement
 - **1** integrated plant
 - **2** grinding plants
 - **2** depots
- Fly-ash
 - Lethabo
 - Matla



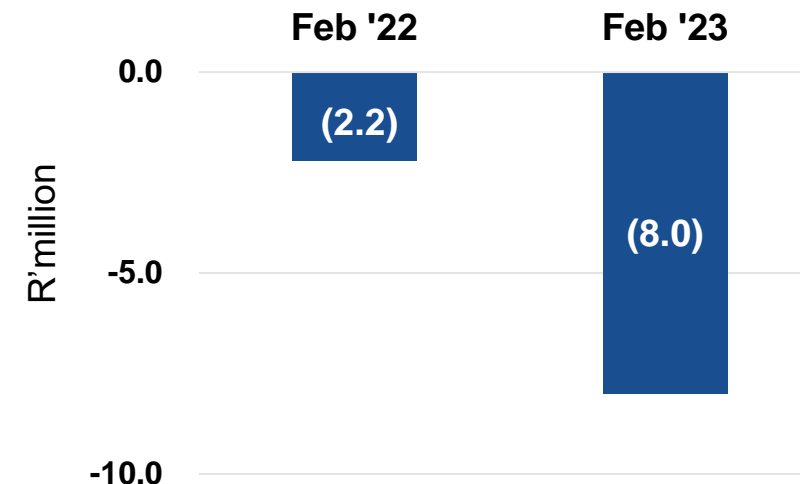
Ramp up of operation in progress

Revenue



- Increase in revenue
- Site establishment completed

Operating profit and margin



- Start-up losses of R10,2 million
- Next 6 – 24 months include vermiculite processing, optimisation of high-grade fertilizer and implementation of SSP project


- **Aligned with long term global trends (growth sectors)**
 - Energy transition
 - Food security (agriculture)
- **Enhance the diversification strategy**
 - Commodity/product (multiple commodities)
 - Processing (innovation)
 - Foreign currency revenue
- **Good inherent resource characteristics**
 - Stockpiles
 - High in situ phosphate quality (low cadmium contaminant)
 - Good rare earth qualities
- **New growth platform (downstream value-chain opportunities, including strategic partnerships)**

- **High Grade Phosphate** (agriculture)
 - Market development underway
 - Granulation facility commissioned
 - High Grade plant commissioned
 - Phosphate Concentrate production (SSP feed, potential export opportunities and strategic partnerships)
- **Single Super Phosphate** (agriculture)
 - Construction in progress: Commissioning November 2023 (ramp up until March 2024)
 - SSP product registration approved
 - Production capacity: 60 000 tonnes per annum
 - SSP profit margin in line with current achieved overall group operating profit margin
 - Performing further test work to improve plant performance and product quality
- **Vermiculite** (industrial, fire protection, horticulture, insulation)
 - Resource verification and block models completed
 - Basic Assessment approved
 - Bulk sample testing expected mid H2 F2024
 - Inform plant design for a 60 000 tonnes facility
 - Market very optimistic

- **Optimising business case**
- **Evaluating various technologies**
- **Investigating strategic partnerships**

5

FUTURE OUTLOOK

A red and white Sandvik Leopard 650D drilling rig is shown in operation on a sandy beach. The rig's long, black drilling mast is extended upwards. The background features a dramatic sunset with orange and yellow light breaking through a cloudy sky. The rig has "SANDVIK" and "LEOPARD 650D" written on its side.

*An increase in volumes and
bedding down of acquisitions*

- **Remain vigilant, react quickly and keep employees safe**
- **Ensure good project execution at Nkomati and Driehoekspan**
- **Drive Glenover strategy and commission P-Concentrate and SSP production**
- **Integration of Lafarge acquisition**
- **Industrial Minerals to maintain momentum with market and product development**
- **Maintain good cash flow and capitalise on strategic initiatives and future opportunities**

Core message

Strategy is working
and providing a
trajectory for
sustained long-term
growth

Substantial progress
made on strategic
projects

Company culture and high standard of
execution supports Group moats



25 August 2023	Pre-close event Webinar
26 October 2023	Interim results Johannesburg In-person and via webinar
30 October 2023	Interim results Cape Town In-person

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