



AFRIMAT[®]
LIMITED

Interim results

for the six months ended 31 August 2019

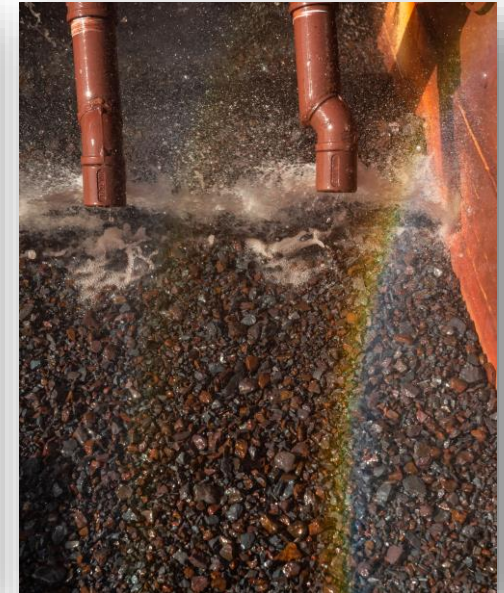
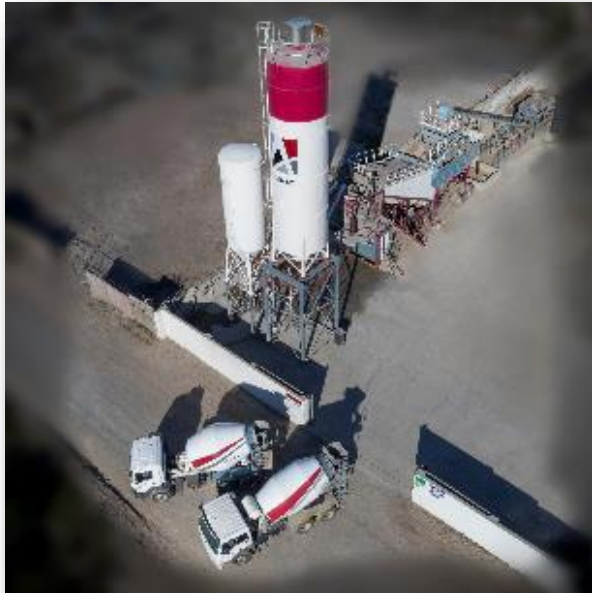
JHB presentation: 31 October 2019

CPT presentation: 4 November 2019



**CONSISTENTLY
DELIVERING**

- Track record of excellence in small scale mining and materials supply
- Delivered exceptional results supported by a diversification strategy, cost reductions and efficiency improvement initiatives



Summary of the period

Aug 2019 vs Aug 2018



Period-on-period operating profit

Industrial Minerals

50,4%



Construction Materials

6,5%



Bulk Commodities

176,2%



Cash utilised to pay down debt

Net cash from operations

192,1%  to R425,0m

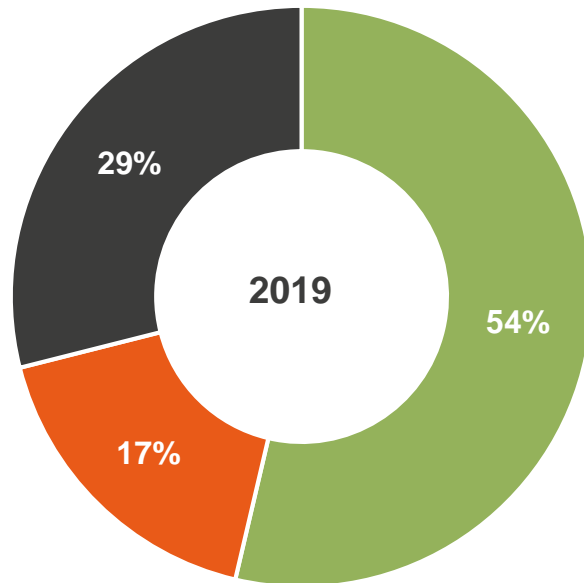
Net debt:equity ratio

9,4% (Aug 2018: 35,7%)

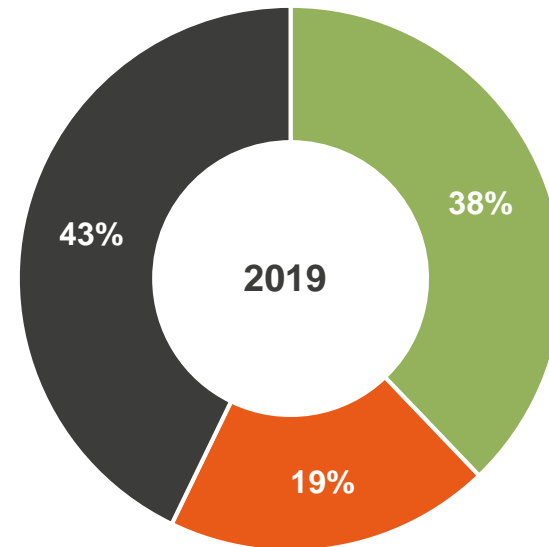
Balanced portfolio at work



Revenue



Operating profit





Overview



**CONSISTENTLY
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Diversified portfolio and footprint

which generates a balanced, consistent income stream



Construction Materials



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

Industrial Minerals

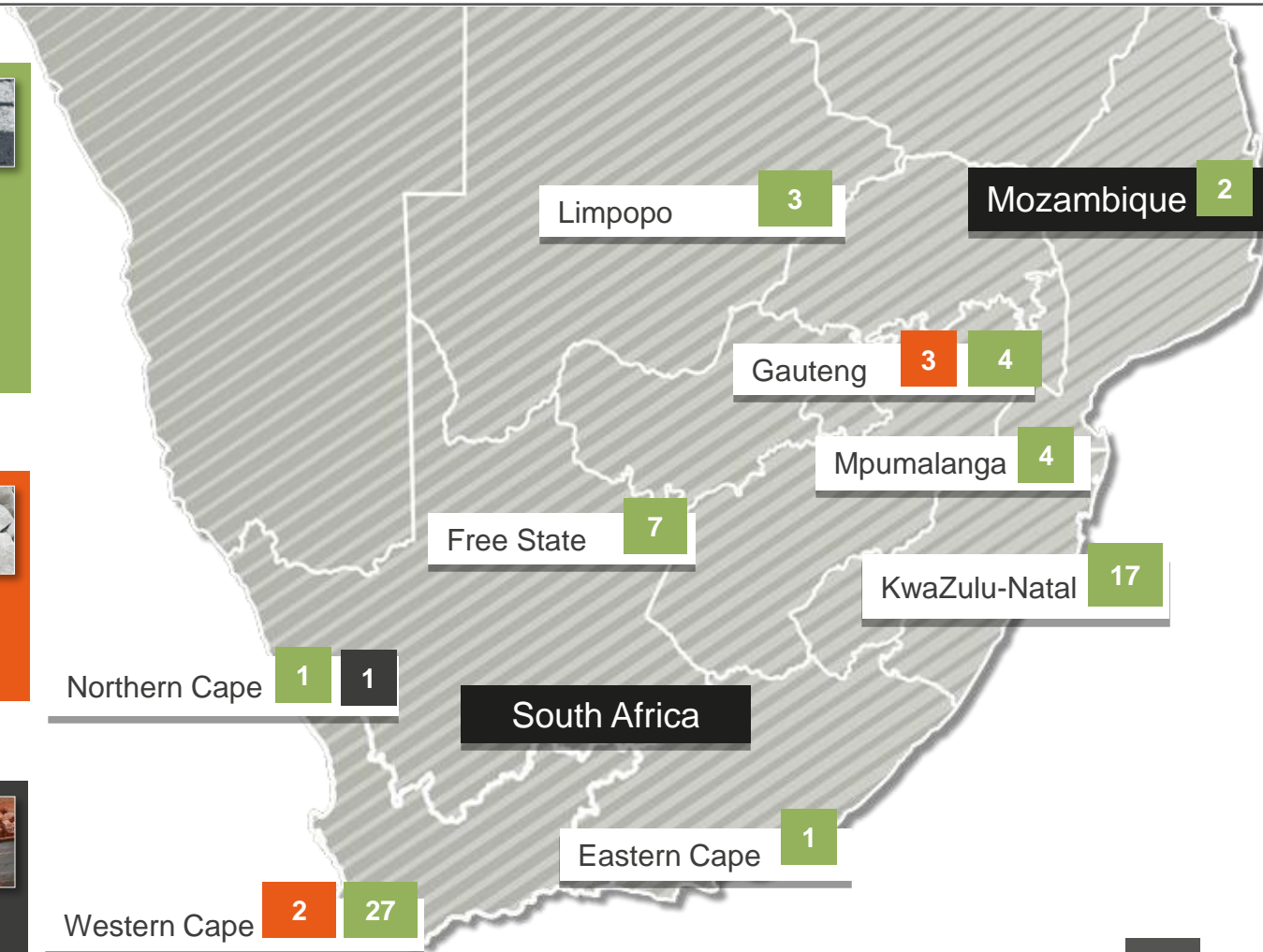


- 2 Limestone mines
- 2 Dolomite mines
- 1 Silica mine

Bulk Commodities



- 1 Iron ore and manganese mine



Segmental makeup



Construction Materials



- Aggregates
- Contract crushing, drilling and blasting
- Concrete products
- Readymix



Industrial Minerals



- Limestone
- Dolomite
- Silica



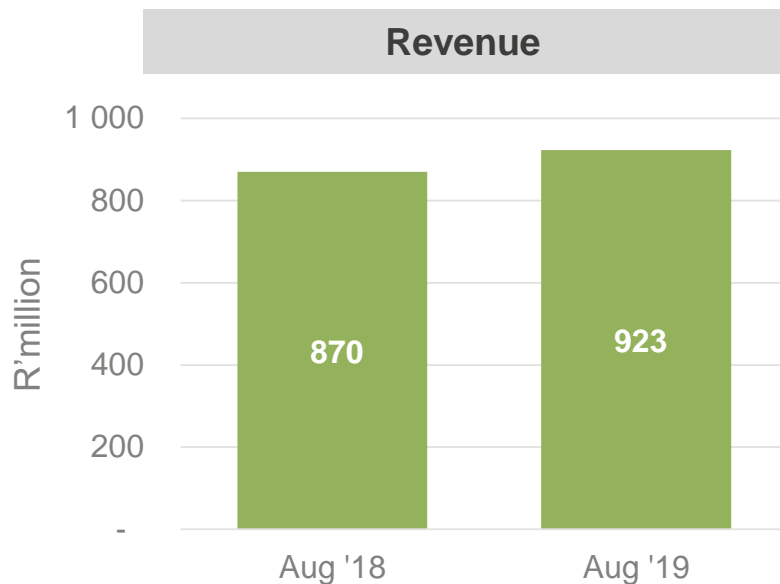
Bulk Commodities



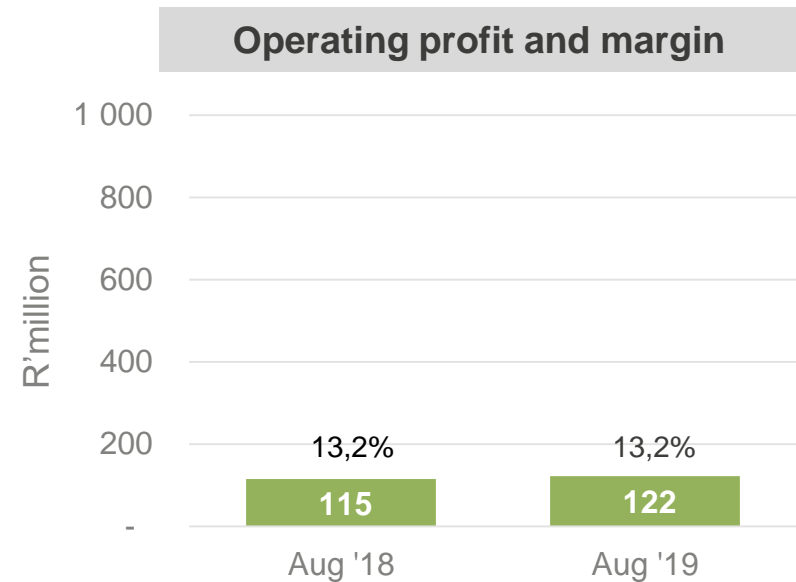
- Iron Ore



Solid results in a tough environment



- Revenue increased by 6,1%
- Despite slowdown in activities, KZN improved
- Aggregates Western Cape did well
- Market stabilised : green shoots



- Operating profit increased by 6,5%
- Operating profit margin flat
- Internal efficiency drive bearing fruit

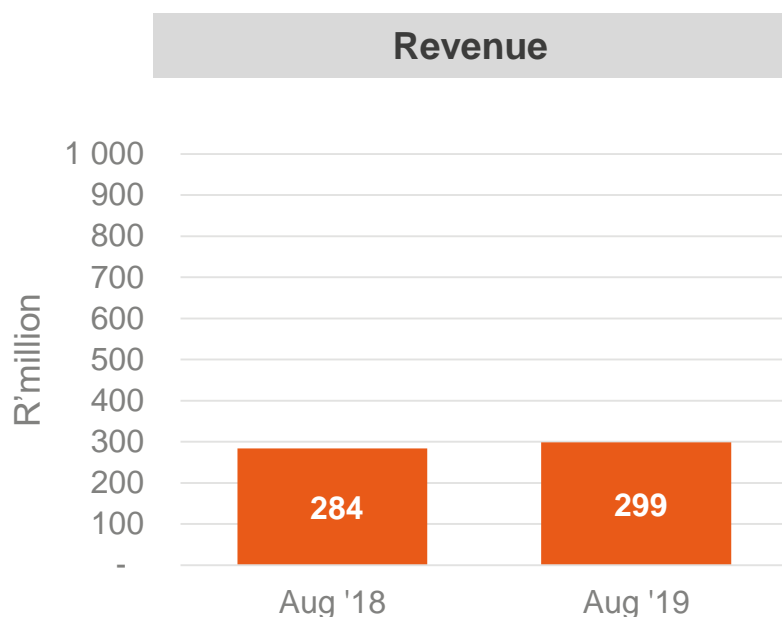


- **53,7% of revenue**
- **38,4% of operating profit**
- **Continue to supply materials in Mozambique**
- **Good recovery expected from Mozambique**
- **Recovery continues**

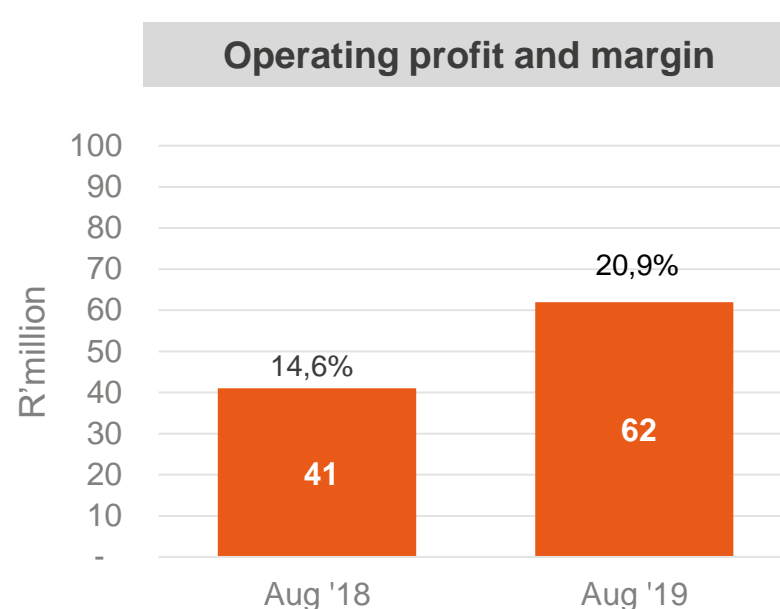




Strong results across all regions, entering new markets



- Revenue increased by 5,2%
- Entered new markets
- Increased activity



- Operating profit increased by 50,4%
- Operating profit margin increased
- Successful product development
- Efficiency initiatives pay off

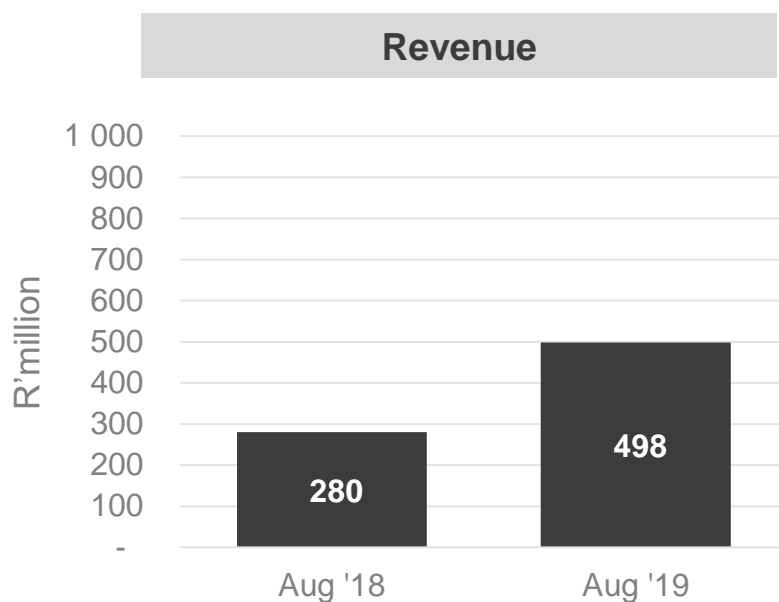


- **17,4% of revenue**
- **19,6% of operating profit**
- **Delivered strong results**
- **Entered new markets**

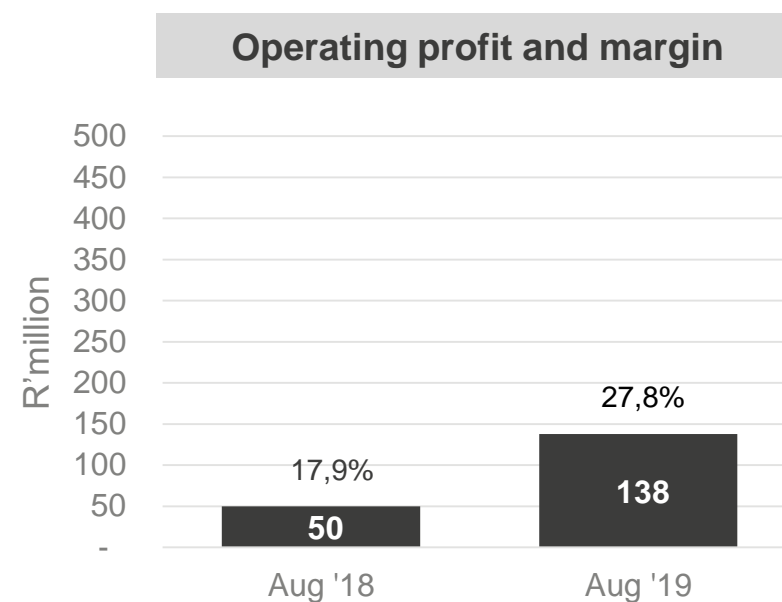




Excellent results on favourable market conditions



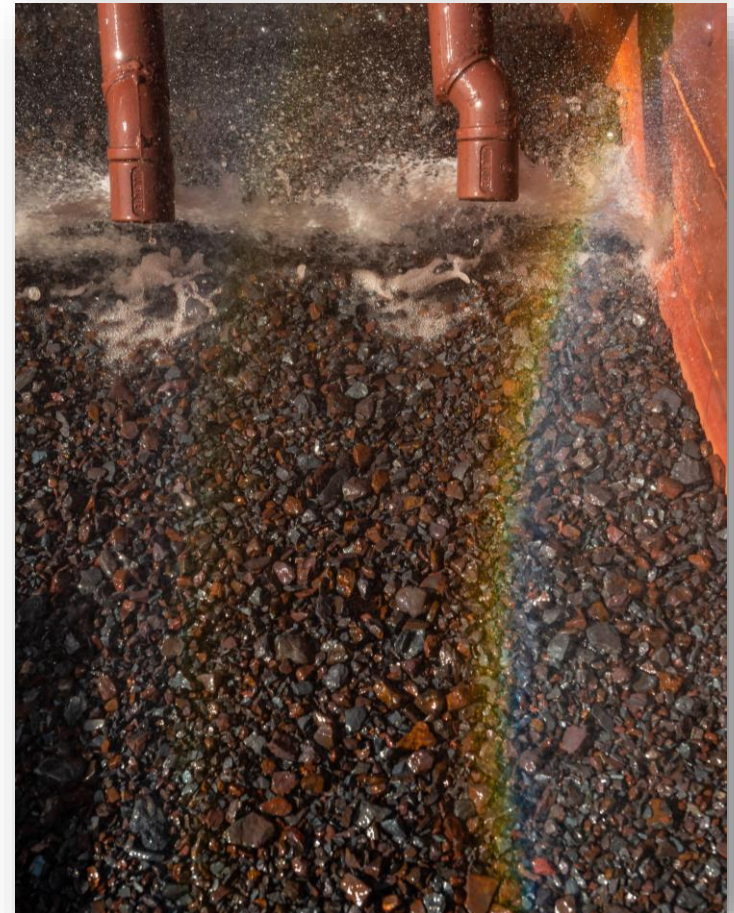
- Revenue increased by 77,5%
- Increase in iron ore volumes
- Favourable pricing



- Operating profit increased by 176,2%
- Operating profit margin increased



- **Exceptional contribution to group**
- **28,9% of revenue**
- **43,5% of operating profit**
- **Load out facility completed**
- **Transnet rail line stable**
- **Increased production volumes**





Financial review



**CONSISTENTLY
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Core financial achievements



Strong cash generation used to pay down debt



Ability to instantly adjust to market signals picked up by information systems



Excellent results on the back of good overall performance

Financial overview



19,9%

Group revenue
increased to
R1,7bn

94,3%

HEPS increased
to 181,9 cents

18,5%

Operating profit
margin

89,5%

Interim dividend
per share of
36,0cps

32,3%

Return on net
operating assets

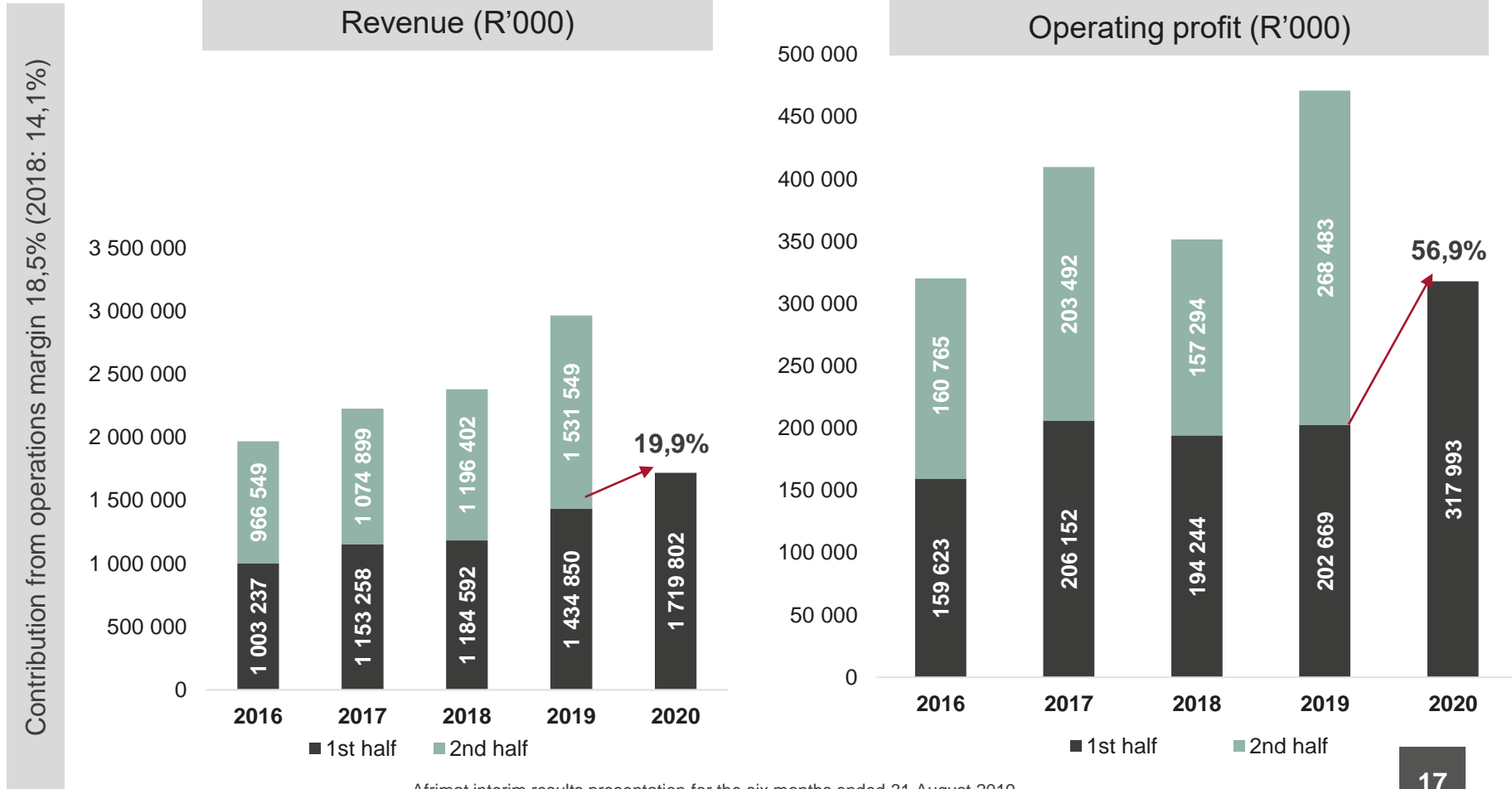
9,4%

Net debt:equity
ratio
improvement
from 35,7%

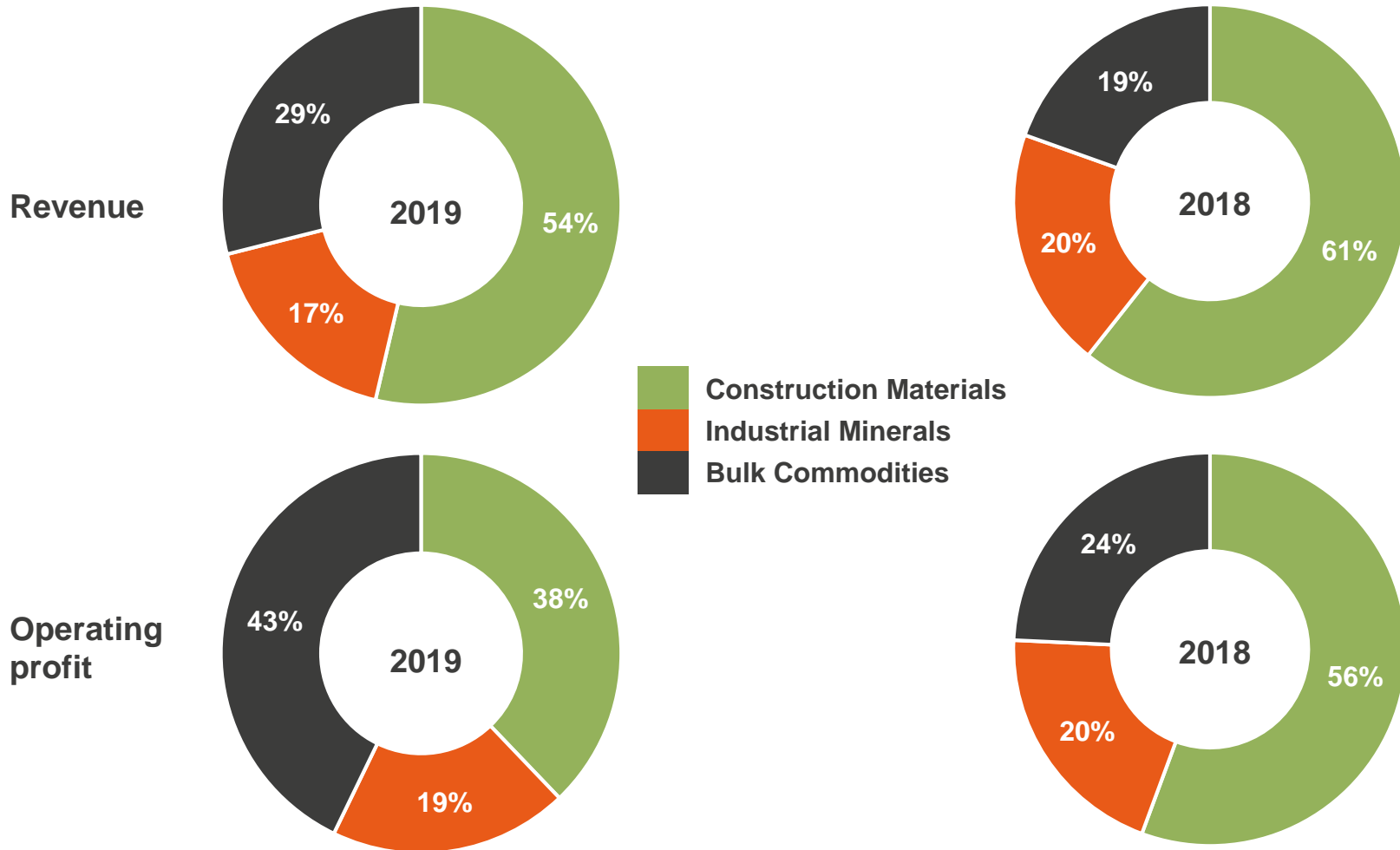
Financial overview



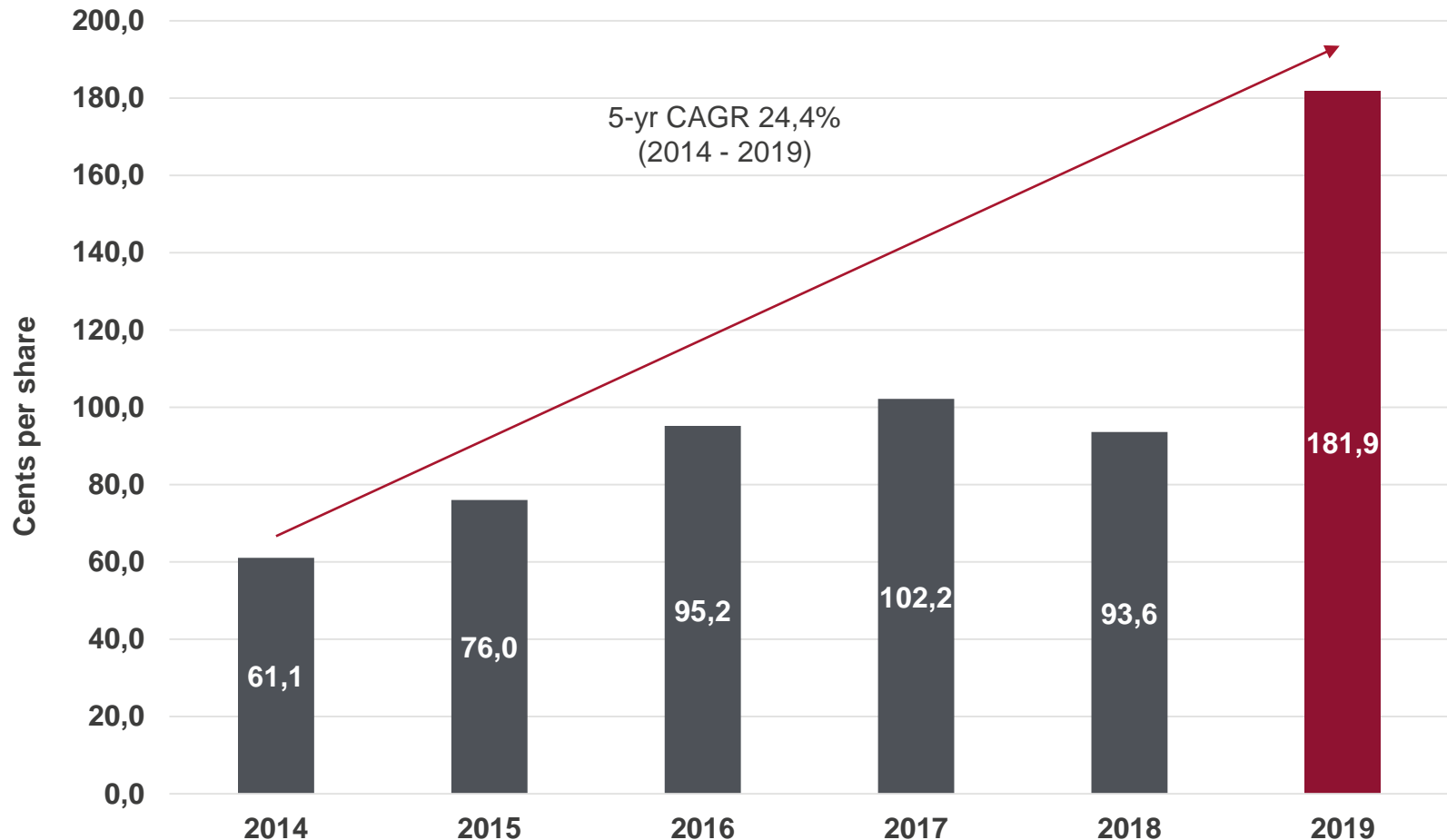
Revenue and operating profit



Contribution from operations



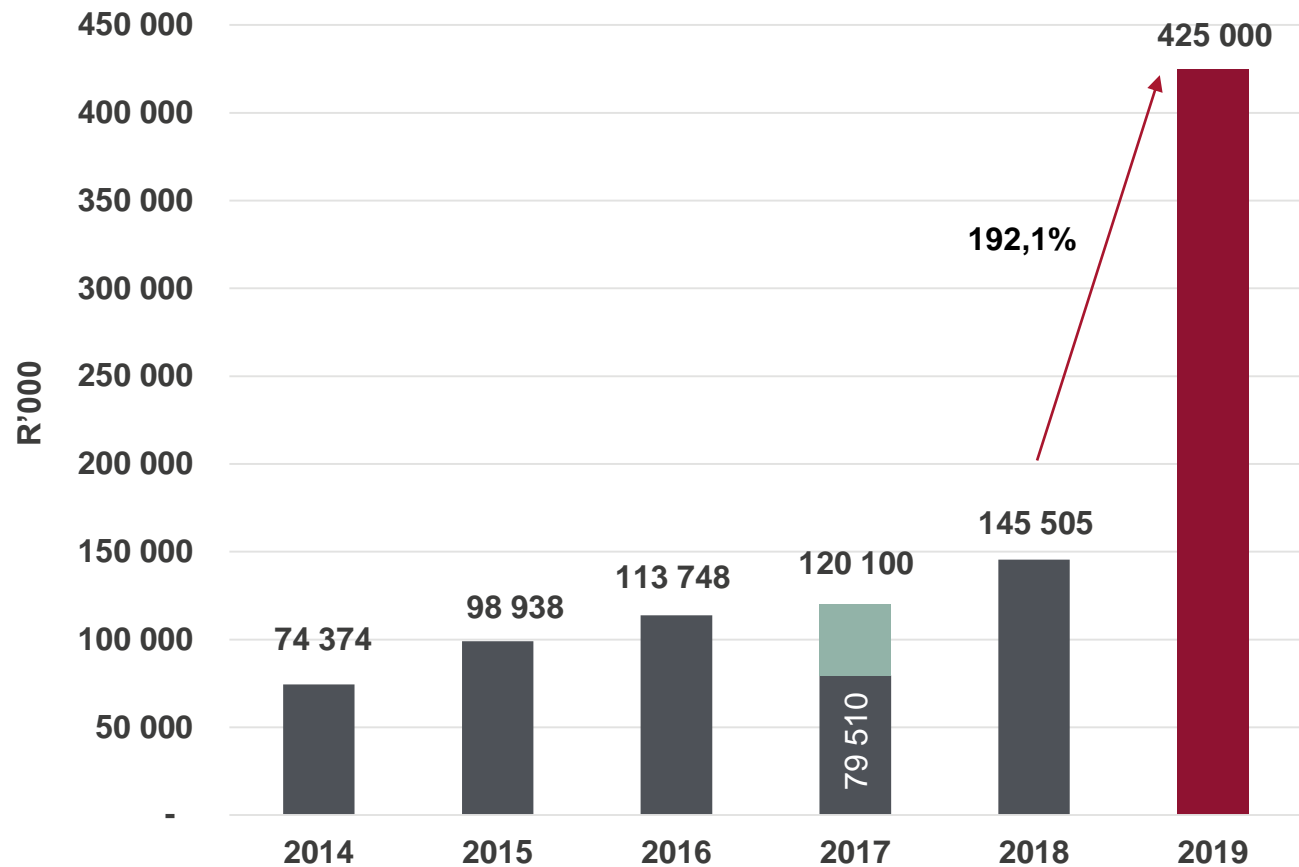
Headline earnings per share - interim



Net cash from operating activities



5-yr CAGR of
41,7%
2014 - 2019



Statement of financial position

- assets



R'000	Unaudited Aug 2019	Unaudited Aug 2018	Audited Feb 2019
Property, plant and equipment	1 514 283	1 451 475	1 469 837
Mining rights and goodwill	221 065	243 173	221 873
Inventories	258 409	289 498	261 249
Trade and other receivables	426 516	432 707	435 458
Cash	156 850	164 945	191 763
Other assets / BEE funding	108 834	120 191	106 832
	2 685 957	2 701 989	2 687 012

Statement of financial position - equities & liabilities



R'000	Unaudited Aug 2019	Unaudited Aug 2018	Audited Feb 2018
Total equity	1 549 246	1 286 556	1 409 517
Borrowings	259 186	463 874	383 546
Provisions	147 232	135 782	141 080
Overdraft	34 381	148 496	134 153
Trade and other payables	469 444	444 844	390 517
Other liabilities / deferred tax	226 468	222 437	228 199
	2 685 957	2 701 989	2 687 012

→ Net debt less cash:equity 9,4%

Capital expenditure



F2019

H1: R115,8 m
H2: R 91,7 m
R207,5 m

Planned F2020

H1: R100,1 m
H2: R149,4 m
R249,5 m

- General maintenance
- Additional fixed plant at Demaneng of R36,9 million

Dividend payment

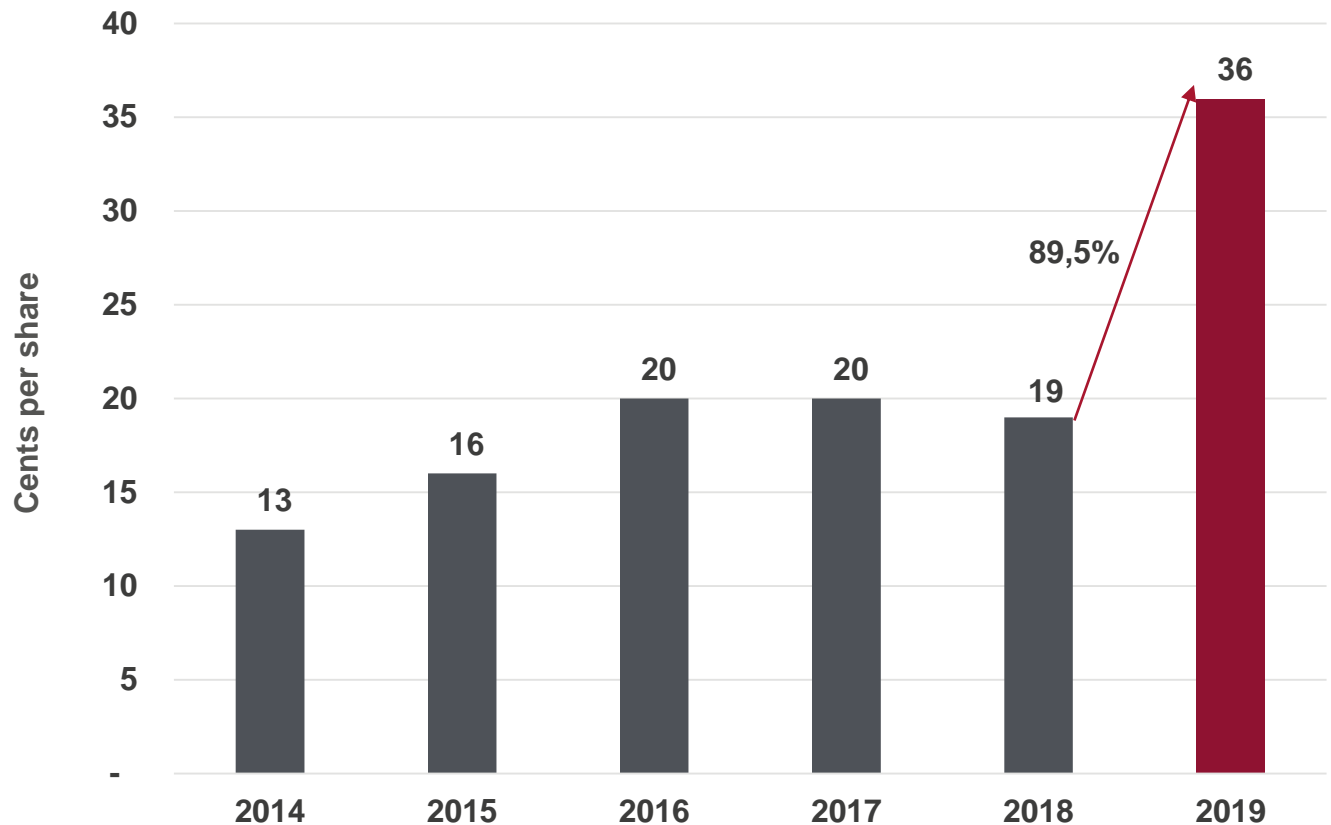


Interim dividend – 2,75x cover

5-yr CAGR of
22,6%
2014 - 2019

Record date:
Fri 29 Nov 2019

Dividend payment
Mon 2 Dec 2019



Iron ore provisions



- **Iron ore invoice on average price of previous month**
- **Cash received after 30 days**
- **Prices reconciled after 3 months with cash adjustment**
- **Provisions made at end August:**
 - **Platts price assumption:**

June sales	\$84/t
July sales	\$81/t
August sales	\$79/t
 - **Lumpy premium:** **\$0,14/dmtu**
 - **Shipping:** **\$17,22/t**



Operating market



**CONSISTENTLY
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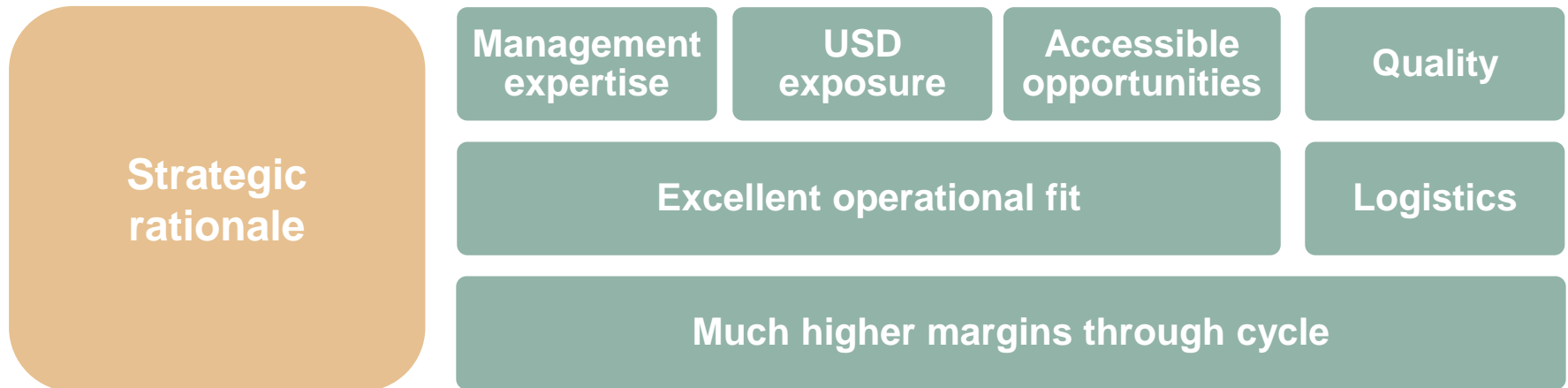
Our market



Purposeful exposure to sectors with economic fundamentals that suit the Afrimat business model, to prosper



Iron ore

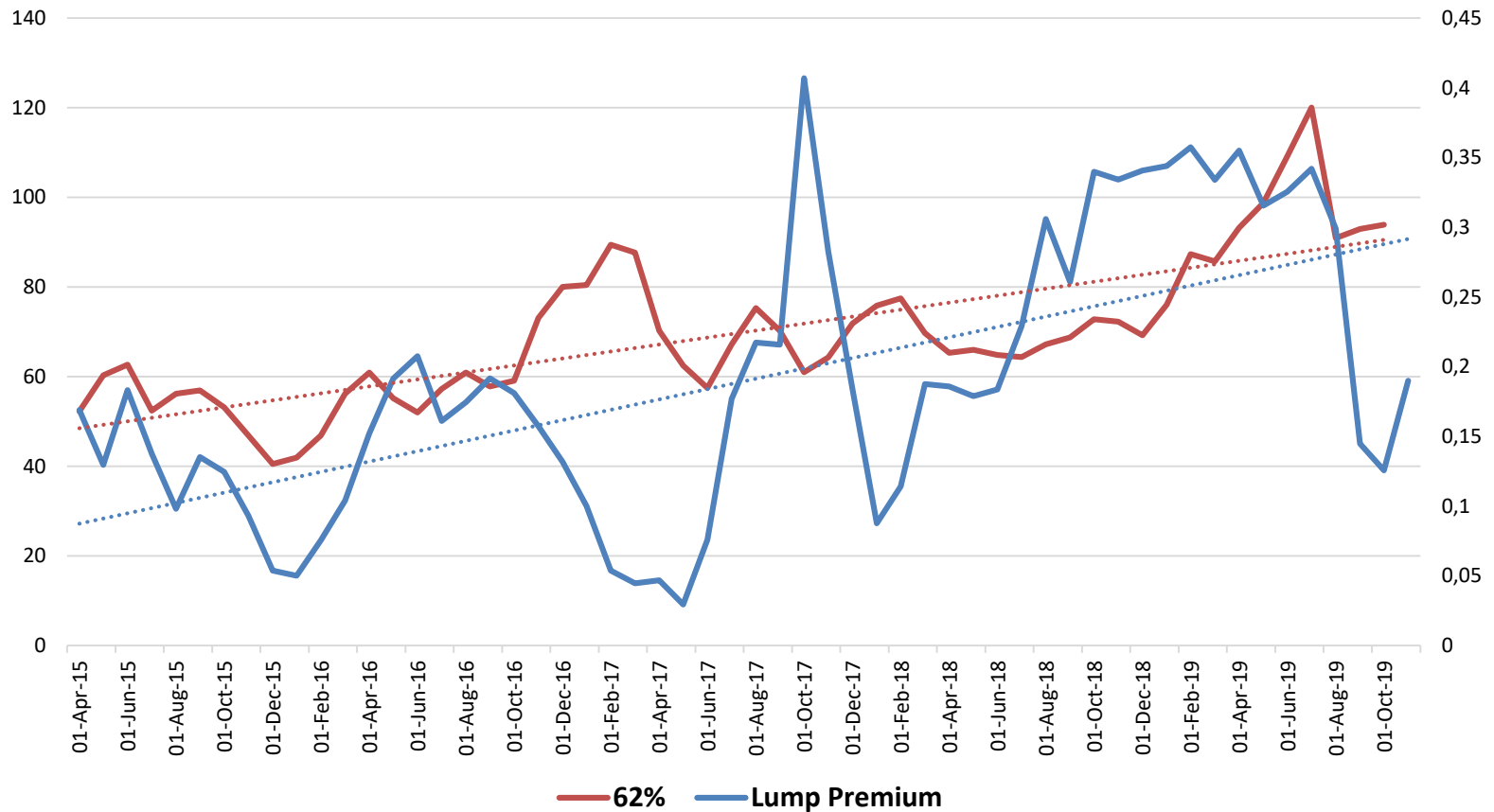


- Resource LOM program Demaneng > 10 years
- Strategic location to export

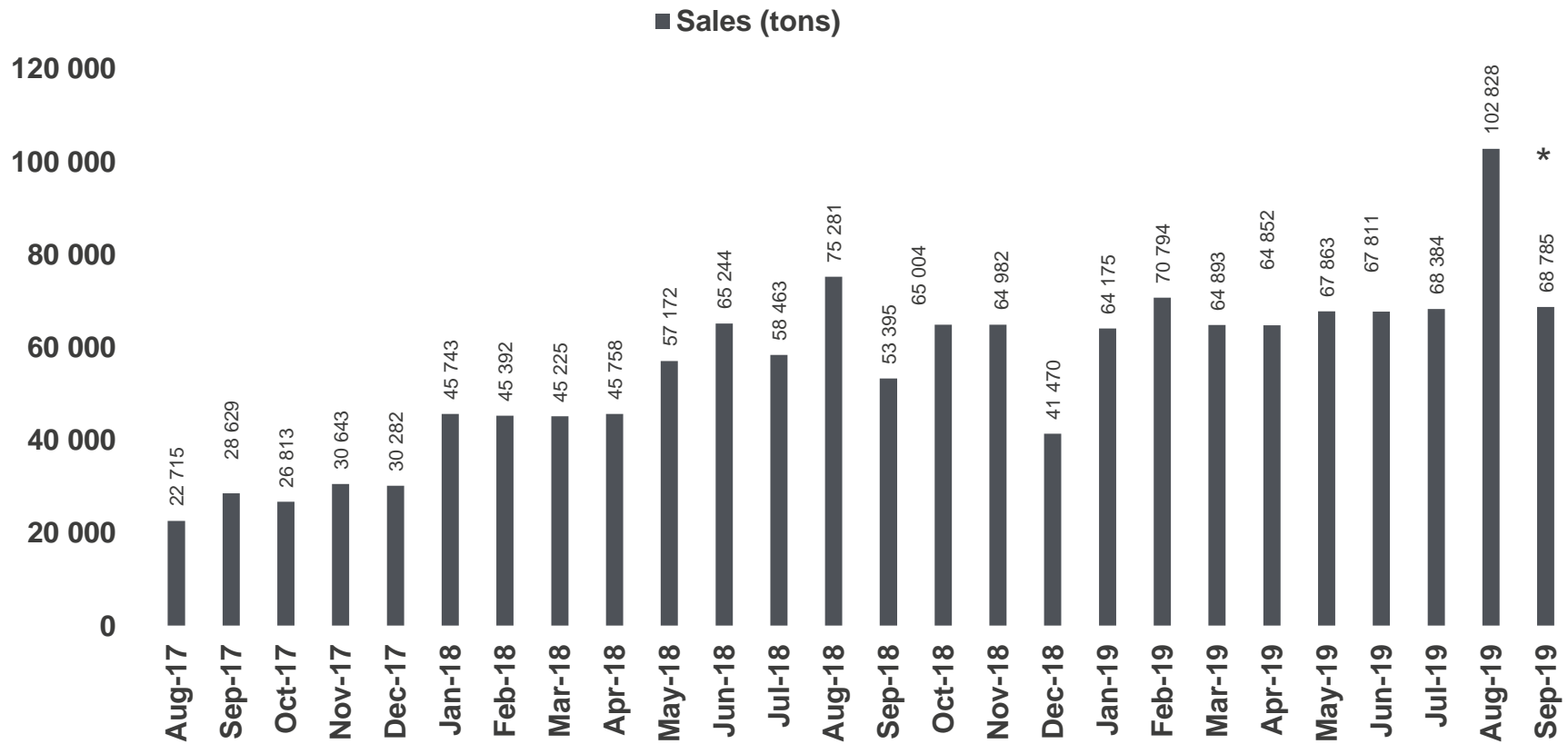
Iron ore



Historical Index Pricing



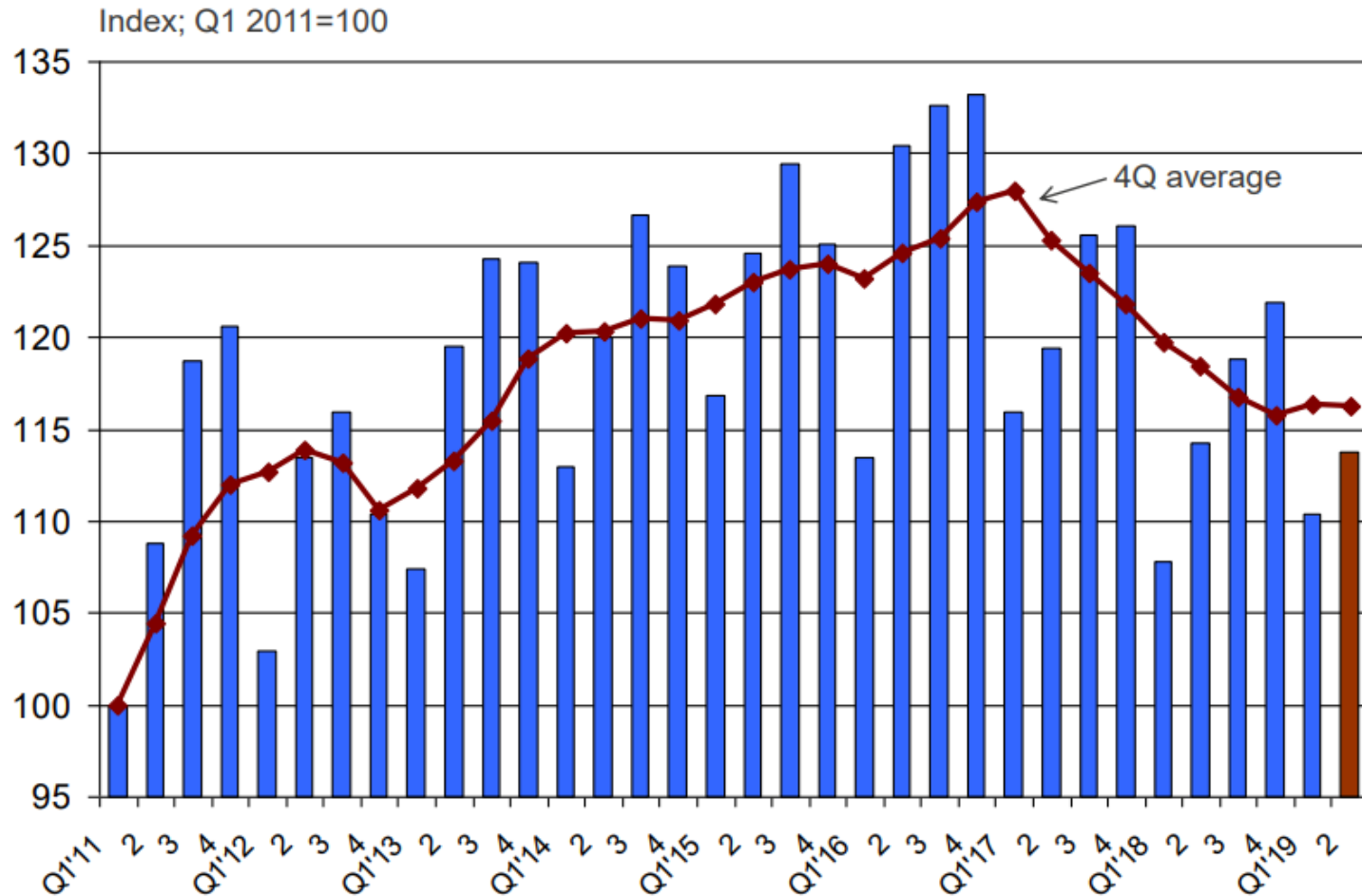
Iron ore sales by rail



Stable monthly sales expected to settle at an average of 72,500

(*) Planned Transnet maintenance shut down

Afrimat Construction Index – 2nd quarter 2019



Industrial minerals: the market



▪ Glass

- Bottles
- Windscreens
- Plate glass

▪ Metallurgical

- Alloys
- Chrome
- Steel
- Foundries

▪ Industrial powders and fillers

- Fire retardants
- Paints
- Tiles and tile adhesives
- Grout fillers

▪ Chemical

▪ Water treatment

- Drinking water
- Acid mine drainage

▪ Agriculture

- Soil pH stabilisation
- Animal hygiene



Looking forward



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Our strategy



- **Continuous improvement**
- **Commodities: expanding resource base**
- **Industrial Minerals: many good opportunities**
- **Mozambique and other**
- **Green shoots in economy starting to show**
- **Build on entrepreneurial culture**

How to assess Afrimat



Efficient hedge

(against volatile local business conditions)

Strength of management

Moat

(geographic locations, unique metallurgy & structural cost advantage)

Rand hedge

(Iron ore & Mozambique)



Dividend payer

(2,7 x cover)

Cash generative | free cash flow focus

Operational diversification



Scalability reduces cyclicity

(protects against commodity price fluctuations)

Experience has taught us

- **Value = weakest link in value chain**
- **Expect the unexpected**
- **Only the best people are good enough**
- **Don't trust the spreadsheet**
- **Don't sail too close to the wind**
- **Cash is king – make it back soon**
- **DO NOT OVERPAY**



People development and transformation



Thank you for your attendance and participation

For any further investor relations questions please contact:

Andries van Heerden | CEO

021 917 8853

Vanessa Rech | Keyter Rech Investor Solutions

087 351 3814