

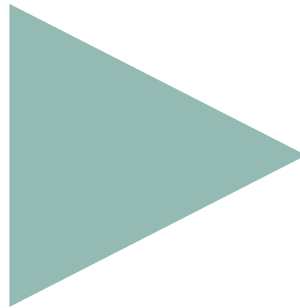
CONSISTENTLY  
DELIVERING



**JSE webinar**  
25 August 2021

## What differentiates Afrimat

- **Company culture**
- **Diversification strategy**
- **Financial discipline**



### Competitive advantage from:

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

**Primarily focused on mid-tier mining**

## Company culture

- **Good people in their right positions**
- **Living our values**
- **Interdependent teamwork**
- **Track record of efficient execution**
- **Highly innovative and entrepreneurial**

**Excellence with integrity**



# Segmental makeup



## Construction Materials



Aggregates

Contract crushing, drilling and blasting

Concrete products

Readymix



## Industrial Minerals



Limestone

Dolomite

Silica



## Bulk commodities

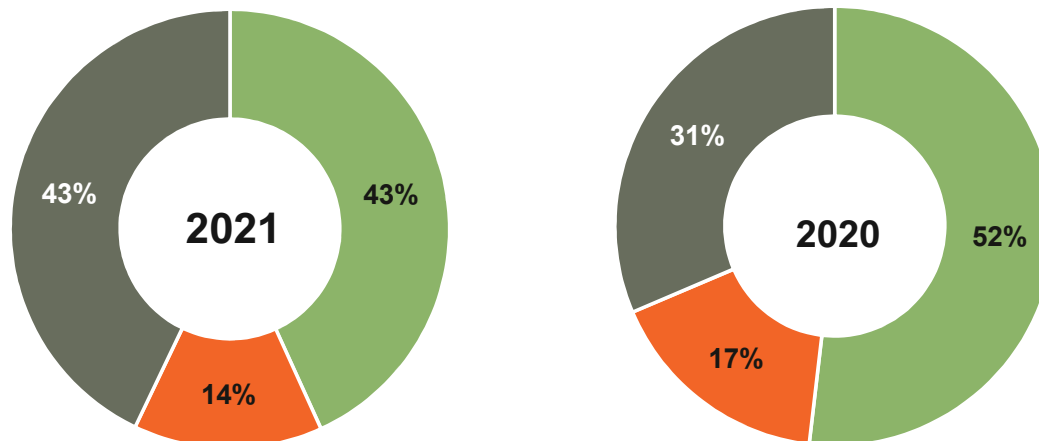


Iron ore

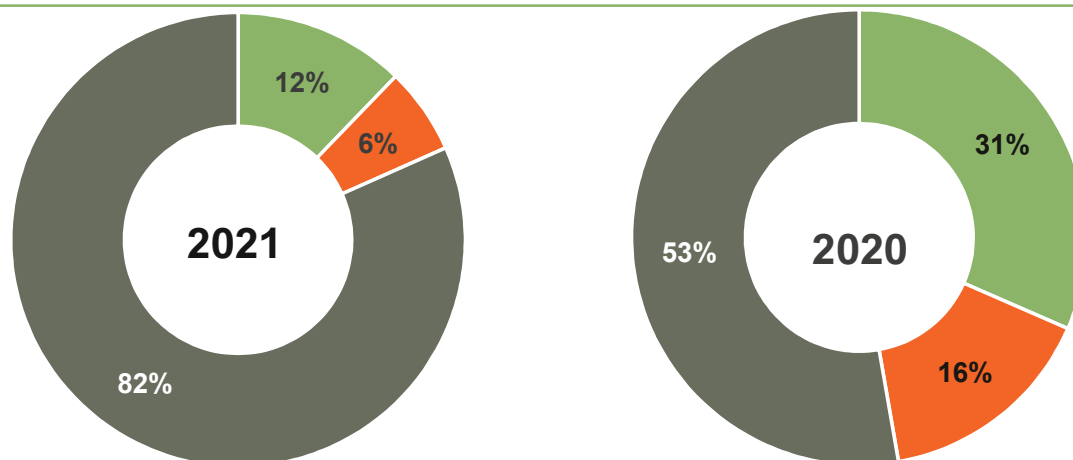
Anthracite

## Balanced portfolio at work

### Revenue



### Operating profit



**Construction Materials**



**Industrial Minerals**



**Bulk Commodities**

## 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**

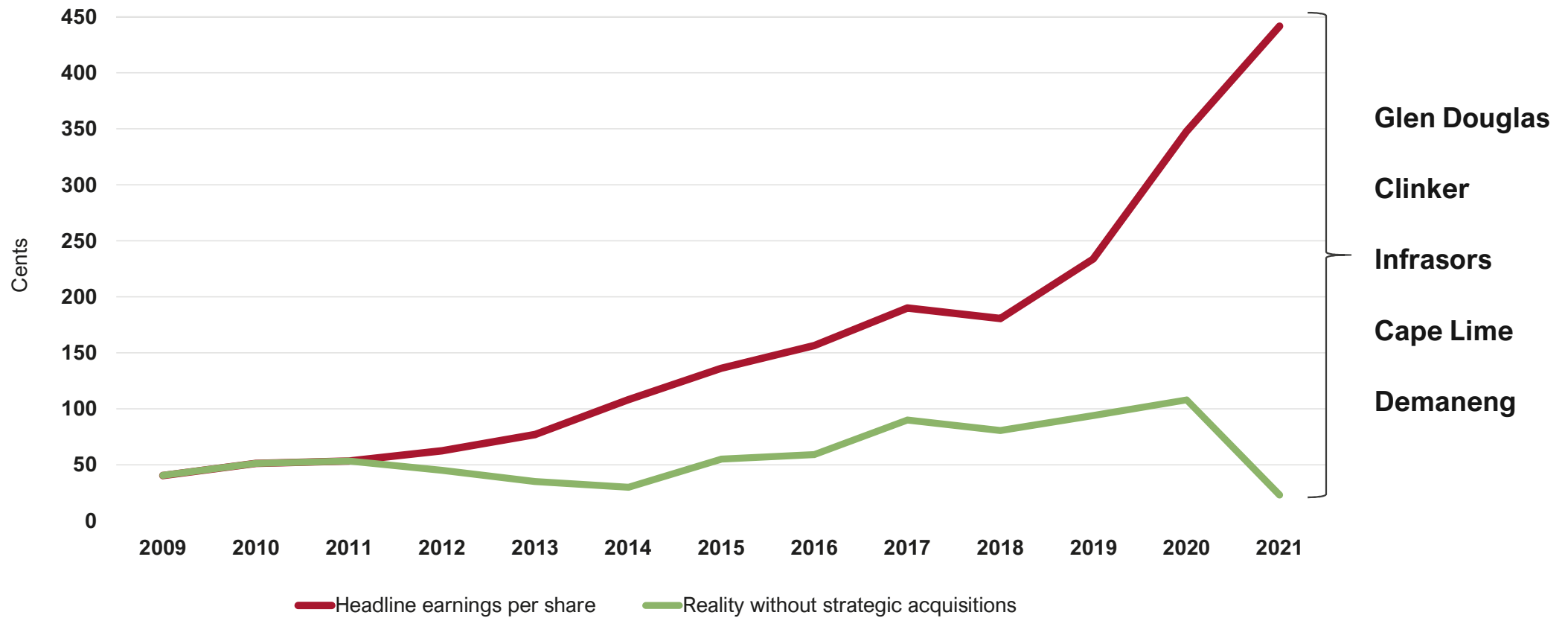




**WHAT  
CONSCIOUS  
DIVERSIFICATION  
IS DELIVERING**

## Growth through diversification

Profit history with and without acquisitions





## Financial highlights (as at FY Feb 2021)

**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%**

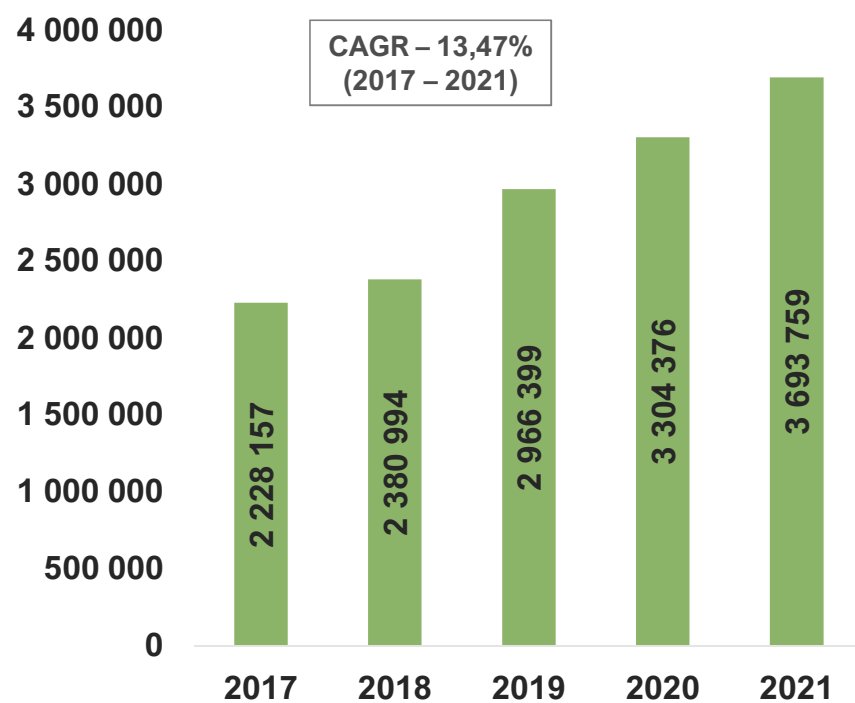
Return on net operating  
assets

**3,8%**

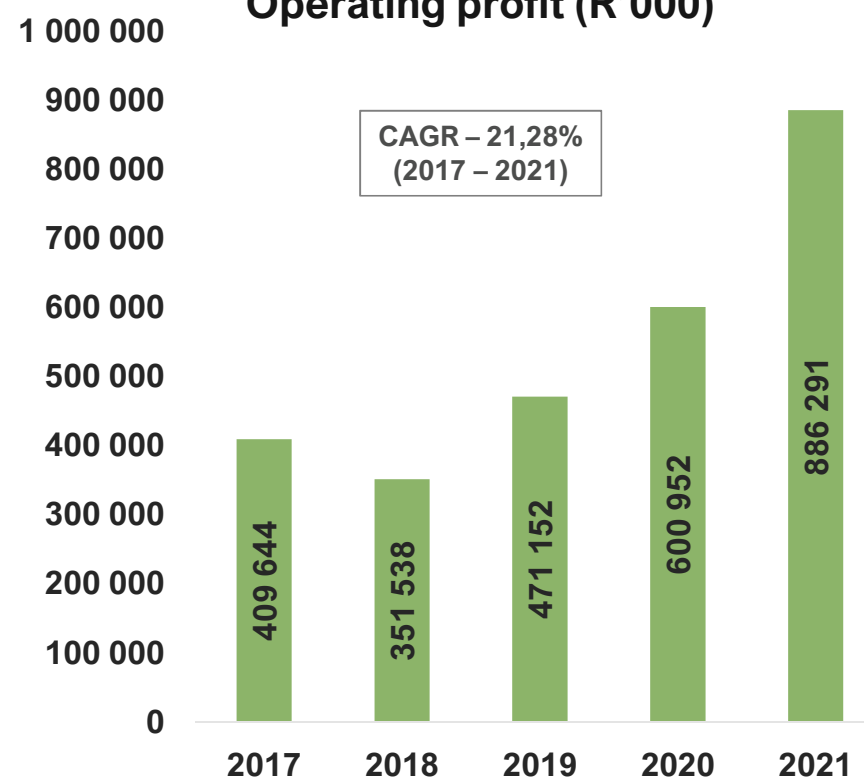
Net debt:equity ratio

## Financial scorecard (as at FY Feb 2021)

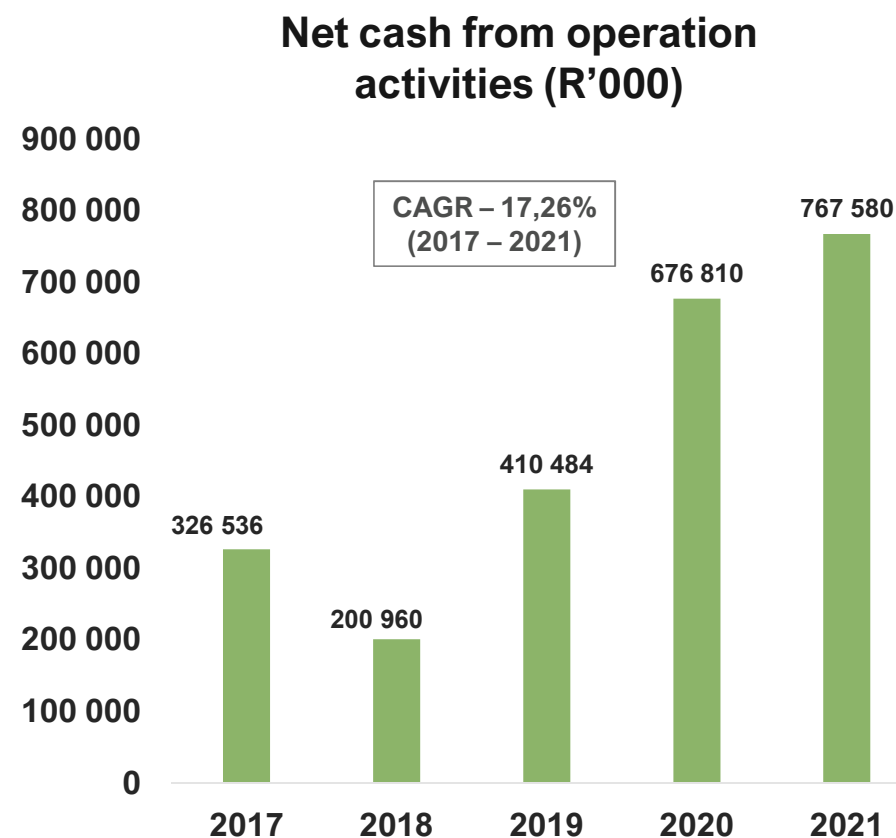
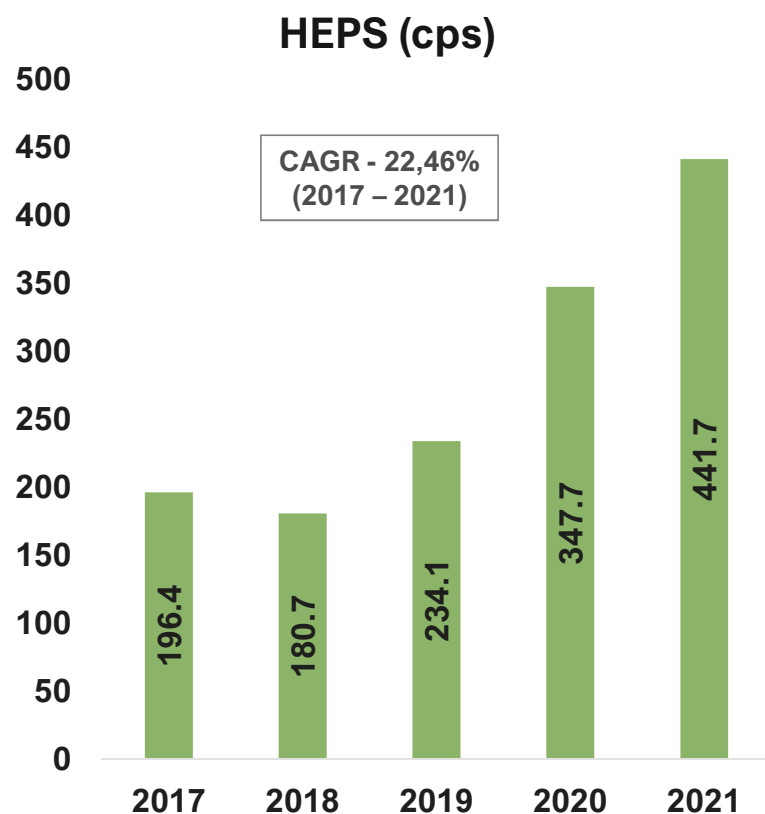
### Revenue (R'000)



### Operating profit (R'000)



## Financial scorecard (as at FY Feb 2021)



CAGR in HEPS, February 2009 – February 2021 = 22%

## Investment case

- When assessing Afrimat as a potential investment opportunity it is also important to note the Group's key strengths, which include the following:

<b>Exceptionally experienced executive and operational management</b>	<b>Cash generation   free cash flow focus</b>
<b>Track record of excellent capital allocation</b>	<b>Operational diversification (hedge against volatility)</b>
<b>Moat (geographic locations, unique metallurgy &amp; structural cost advantage)</b>	<b>Scalability reduces cyclicality (protects against commodity price fluctuations)</b>





# OPERATIONAL OVERVIEW

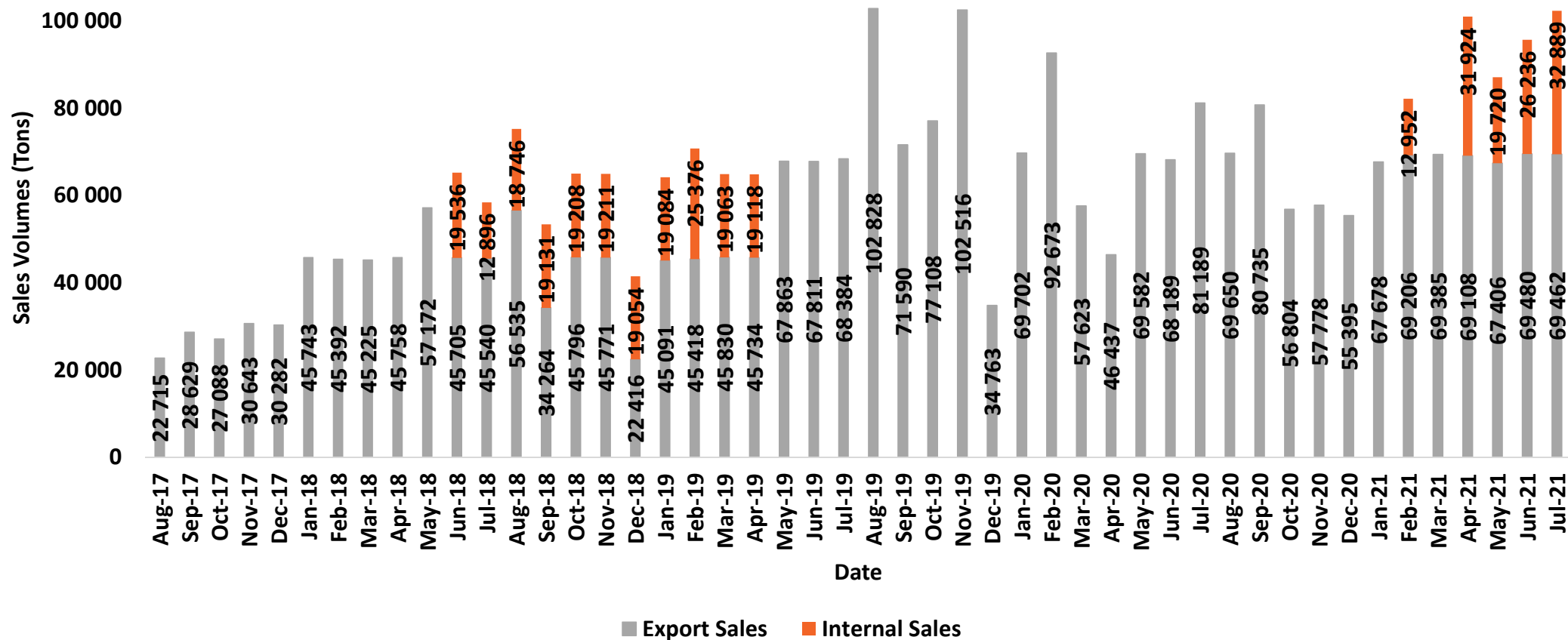


# Bulk commodities

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



## Total sales (export and local)



## Jenkins iron ore mine

- Currently busy with ramp-up
- Mining and water use license approved
- Expect contribution in second half of 2022
- Product from mine for domestic market
- 20-year LoM

### Volumes expected:

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

### Capex:

- R110 million

The future: Driehoekspan and Doornpan (via the Coza acquisition) will be brought on line prior to Demaneng and Jenkins LoM running out



## Nkomati anthracite mine

- All shares in mine now owned by Afrimat
- Non-core UCP (Unicorn Capital Partners) assets sold, netting R45 million
- Undertook comprehensive LoM exercise, resulting in better understanding of deposit
- Tropical storm Eloise delayed turnaround
- Production resumed in July 2021
- 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 : status

- **Good recovery after Covid-19 lockdown last year**
- **Volumes currently strong**
- **Strong demand from steelmakers, but expect slow November and December**
- **Good quality business**
- **Very strong team**
- **Potential for small but exciting acquisitions**

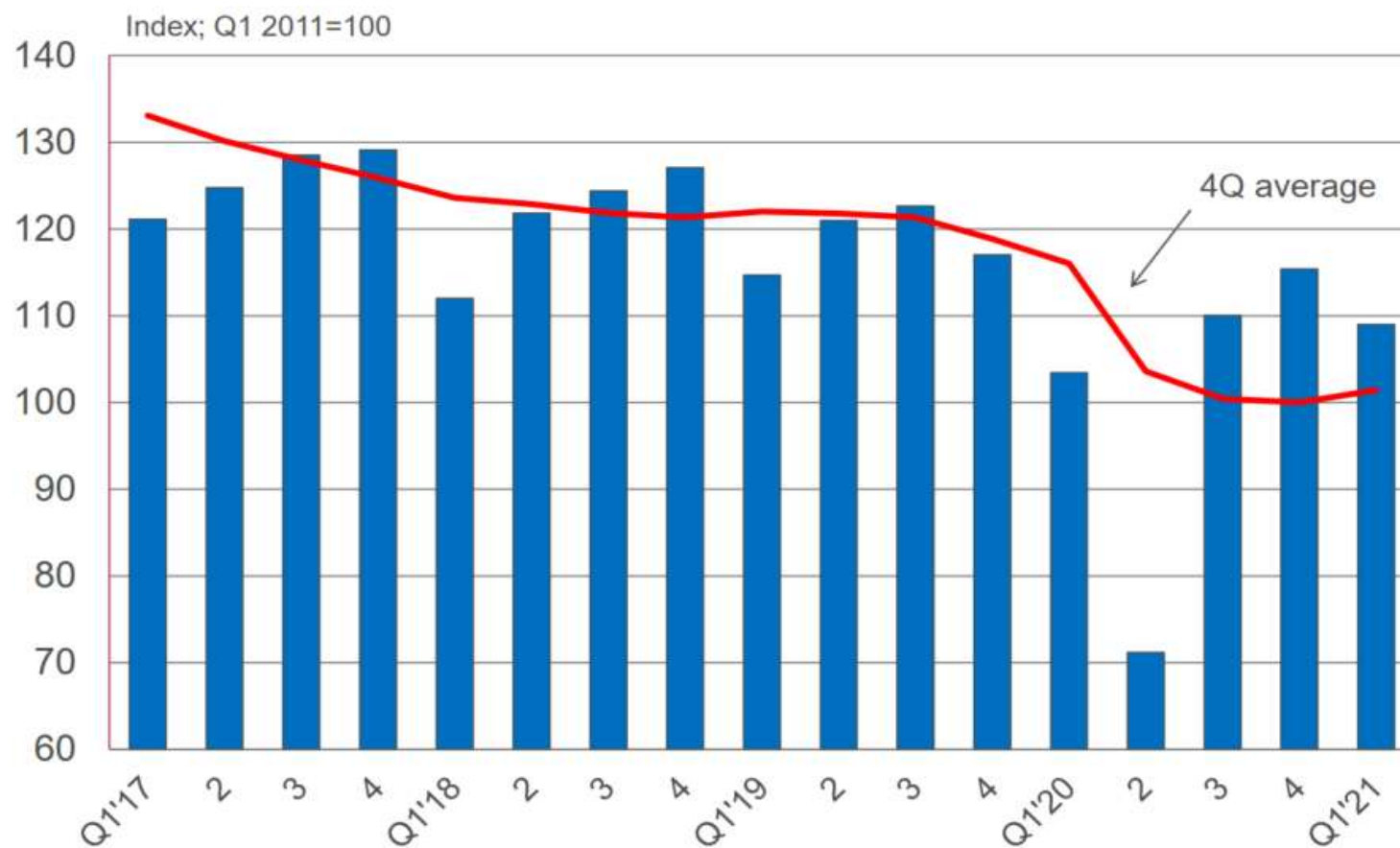
# Construction Materials

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





## Afrimat Construction Index – Q1 2021



## Construction Materials : current status

- **Volumes made V-shaped recovery from Covid-19 lockdown**
- **Current volumes at pre-Covid levels**
- **Government infrastructure plans:**
  - Good prospects for the industry
  - Has so far had limited impact on sales volumes
- **Exciting strategic opportunities**



An aerial photograph of a quarry or construction site. The image shows several large piles of dark, angular gravel or crushed stone. A bright green, grassy slope is visible on the left side. Overlaid on the right side of the image is a semi-transparent dark grey rectangle containing the text 'GRAVENHAGE (manganese)'. Below this rectangle, there are several overlapping, semi-transparent green and teal rectangles of various sizes, creating a layered effect.

# GRAVENHAGE (manganese)

## Gravenhage manganese mining right

- Adding manganese to portfolio
- >20-year LoM and high-quality resource
- Additional foreign currency exposure
- Possible synergies with Demaneng
- Total purchase consideration of roughly R650 million
- Busy with robust business plan
- Expect all contractual conditions to be met by early 2022

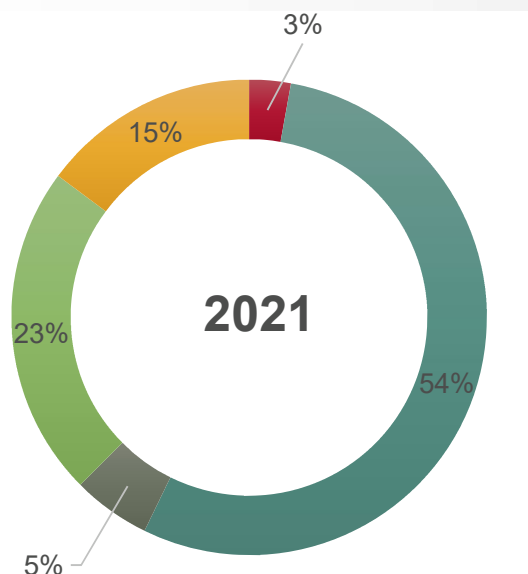
*“Economic viability and profitability are one thing, but Afrimat is equally passionate about the longer-term contribution it will be able to make to the immediate local community, the Northern Cape province and in turn the South African economy through its dedication to job creation and skills development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





**SUSTAINABILITY**

## Human resource development



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

**R25,8 million spent** on skills development, bursaries, learnerships and internships for the year. **83,0%** of this expenditure was in respect of historically disadvantaged employees

### Leadership and strategic development

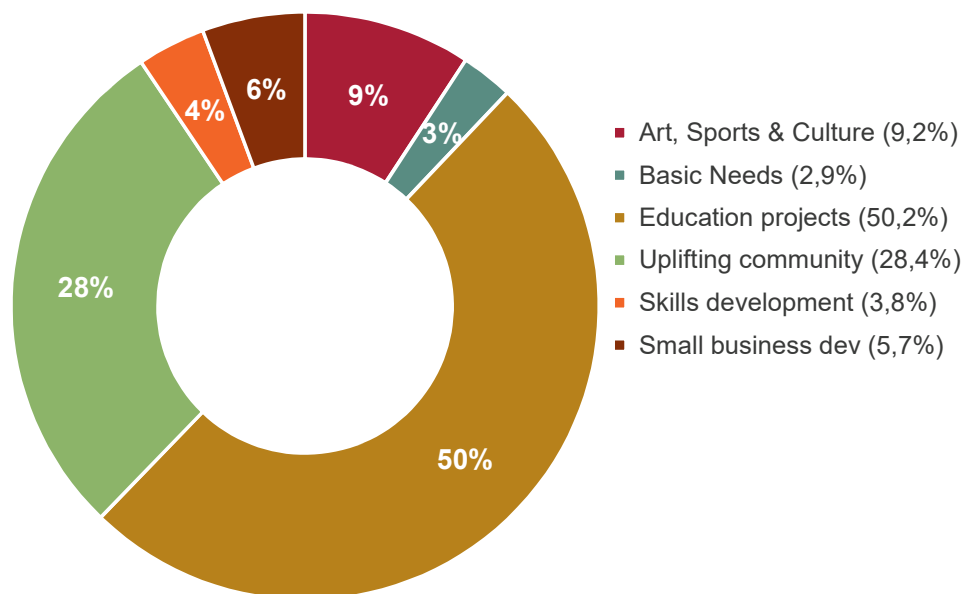
- Afrimat Management Development Program
- AfriLead
- StrengthsFinder
- External courses – e.g. certificates, diplomas, degrees, honours, MBA



# Community development

Categorisation spend (R'000)

F2021 (R'000)



R2,7 million spent on LED projects

Skills  
development / job  
creation

Education  
programmes

Infrastructure





An aerial photograph of a golf course, showing a green on the left and a large area of grey gravel or sand in the center and right. A large, semi-transparent grey rectangle is overlaid on the right side of the image, containing the text 'THE FUTURE' in white, bold, sans-serif capital letters. The rectangle is slightly offset to the right, revealing the gravel underneath. There are also some smaller, semi-transparent green and teal shapes overlaid on the image, primarily on the left and bottom center.

# 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**



## Contact details



**Thank you for your attendance and participation**

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

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**Vanessa Rech | Keyter Rech Investor Solutions**

**087 351 3814**

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

**Virtual tour - [https://www.youtube.com/watch?v=XxNWX0hjV\\_c](https://www.youtube.com/watch?v=XxNWX0hjV_c)**