

DIVERSIFICATION
DRIVING GROWTH



**Interim results
presentation**
for the period ended
31 August 2021

Core message



**Healthy financial
position**



**Excellent strategic
positioning across
the Group**



**Strong focus on
more than just
financial results**



1

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



Construction Materials



Aggregates

Contract crushing, drilling and blasting

Concrete products

Readymix



Industrial Minerals



Limestone

Dolomite

Silica



Bulk commodities

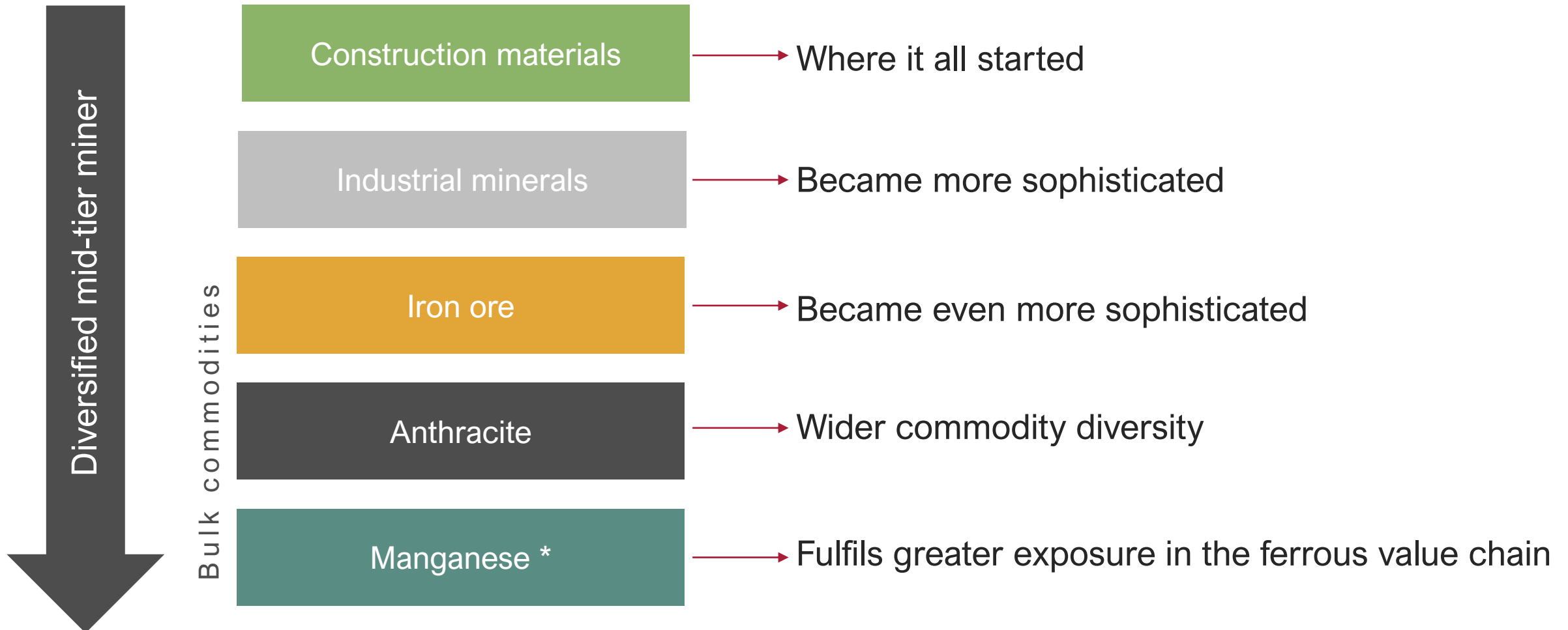


Iron ore

Anthracite

Manganese (WIP)

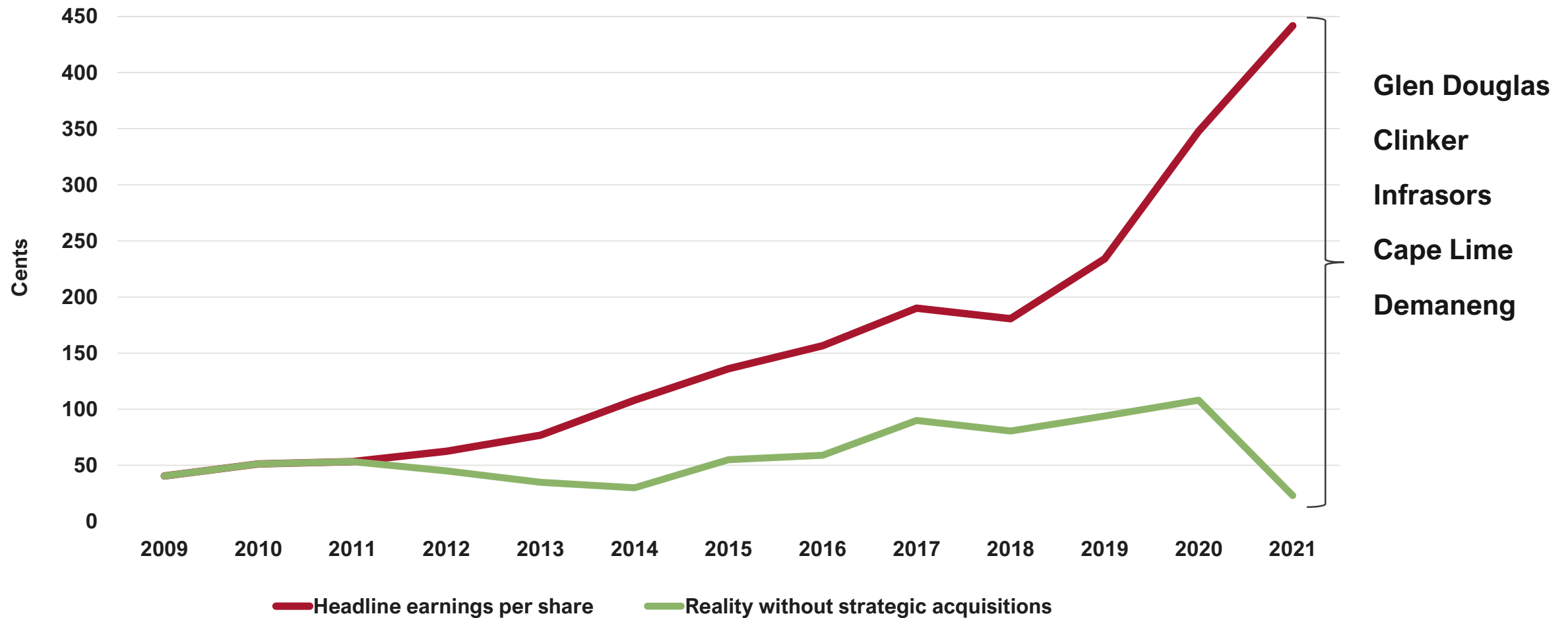
Our transition through conscious diversification



** Gravenhage still to come on-line with revenue contribution expected in FY2023/FY2024*

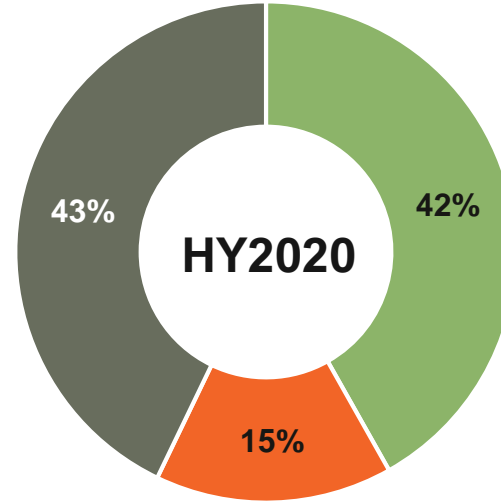
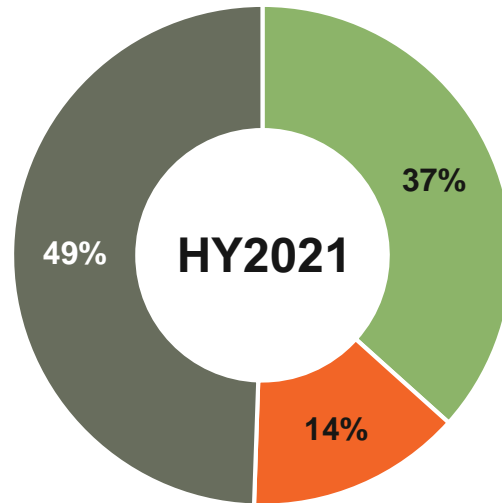
What conscious diversification is delivering

Profit history with and without acquisitions

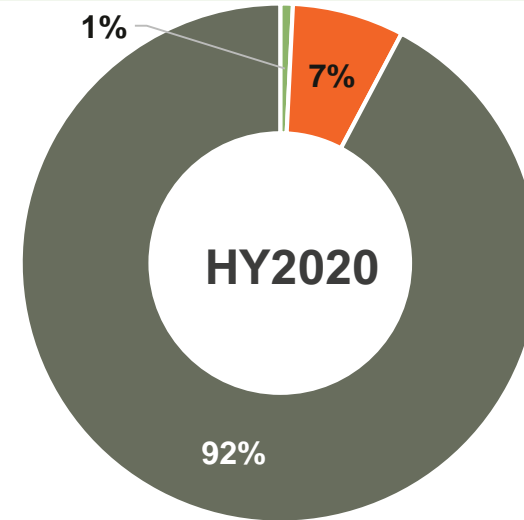
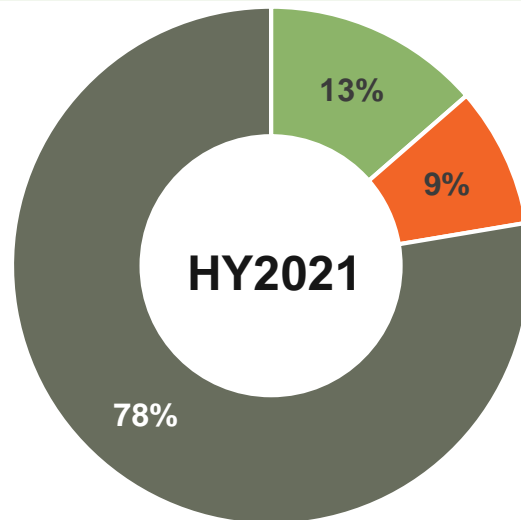


Balanced portfolio at work

Revenue



Operating profit



Construction Materials



Industrial Minerals



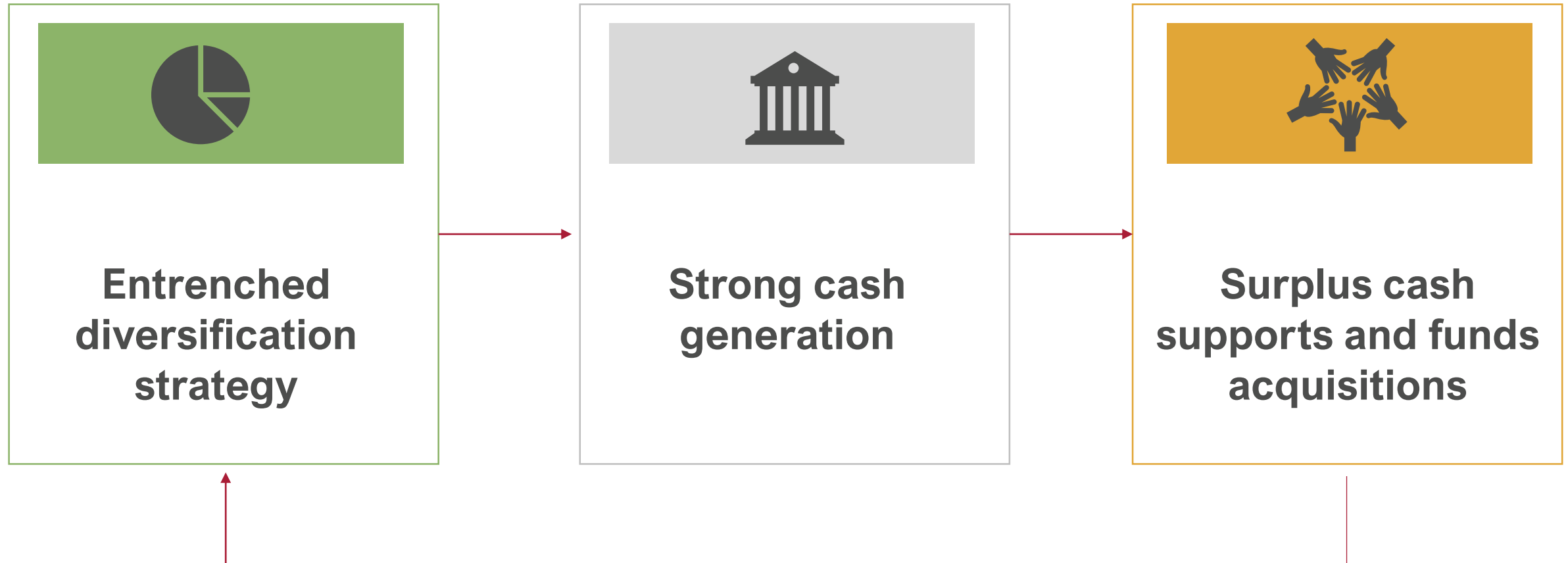
Bulk Commodities

The background of the slide is a high-resolution photograph of 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 teal and green rectangles and squares scattered in the lower half.

2

FINANCIAL REVIEW

Core financial discipline to support growth



Financial scorecard

65,0%

Operating profit increased
to R582,8 million

24,1%

Operating profit margin

60,5%

HEPS increased to
295,1 cents

40,0 cents

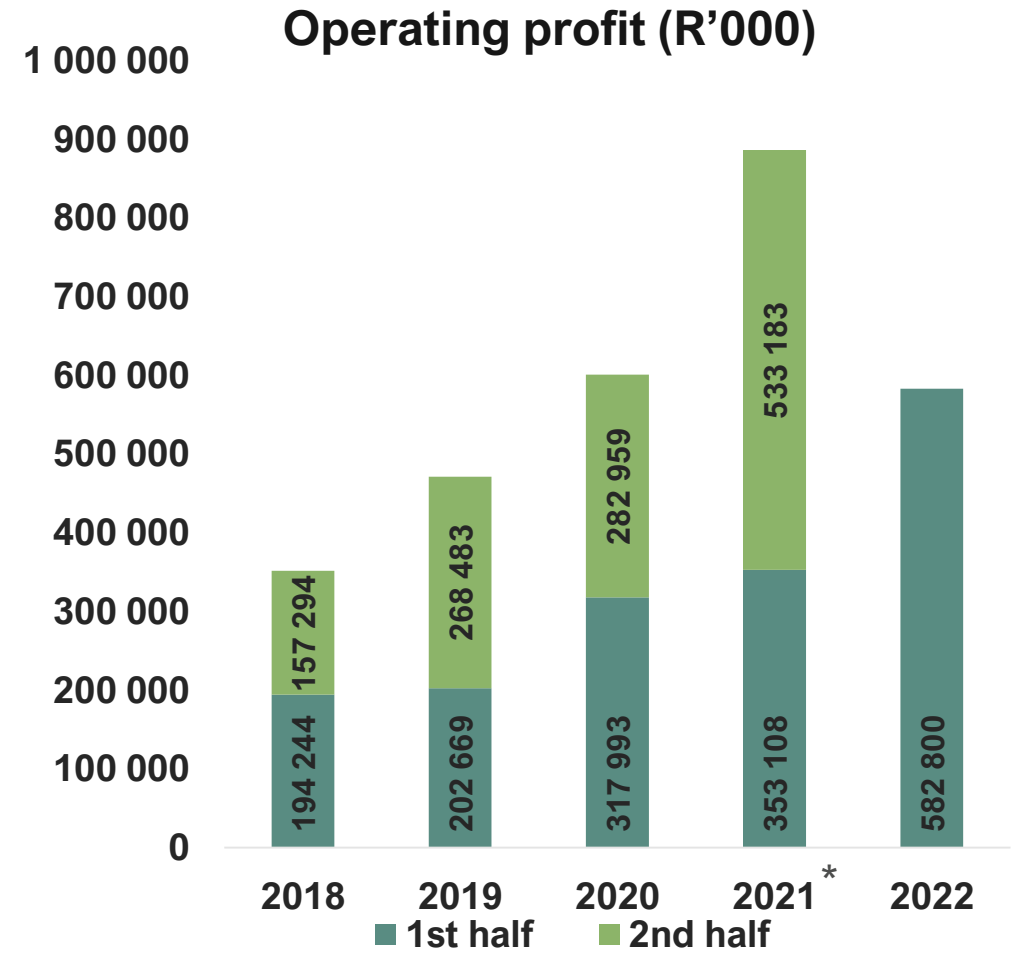
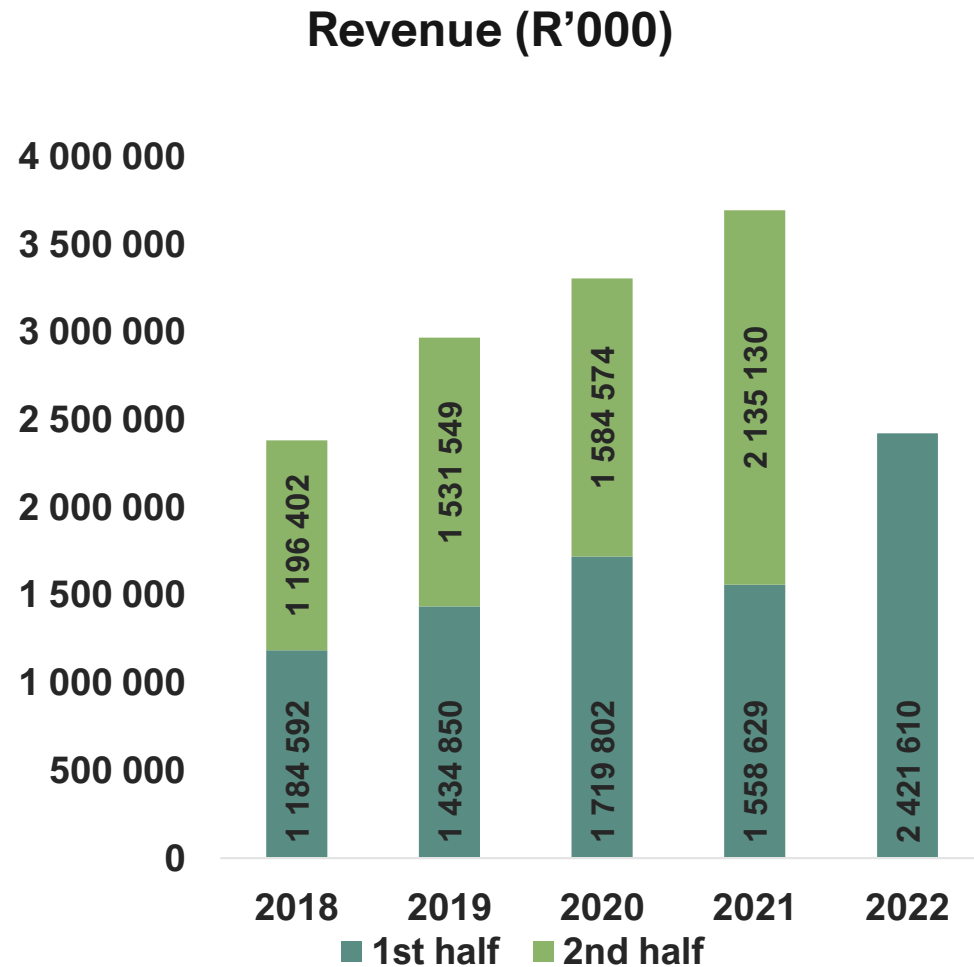
Interim dividend

R806,5 million

Net cash from operating
activities

**Net cash
position**

Revenue and operating profit



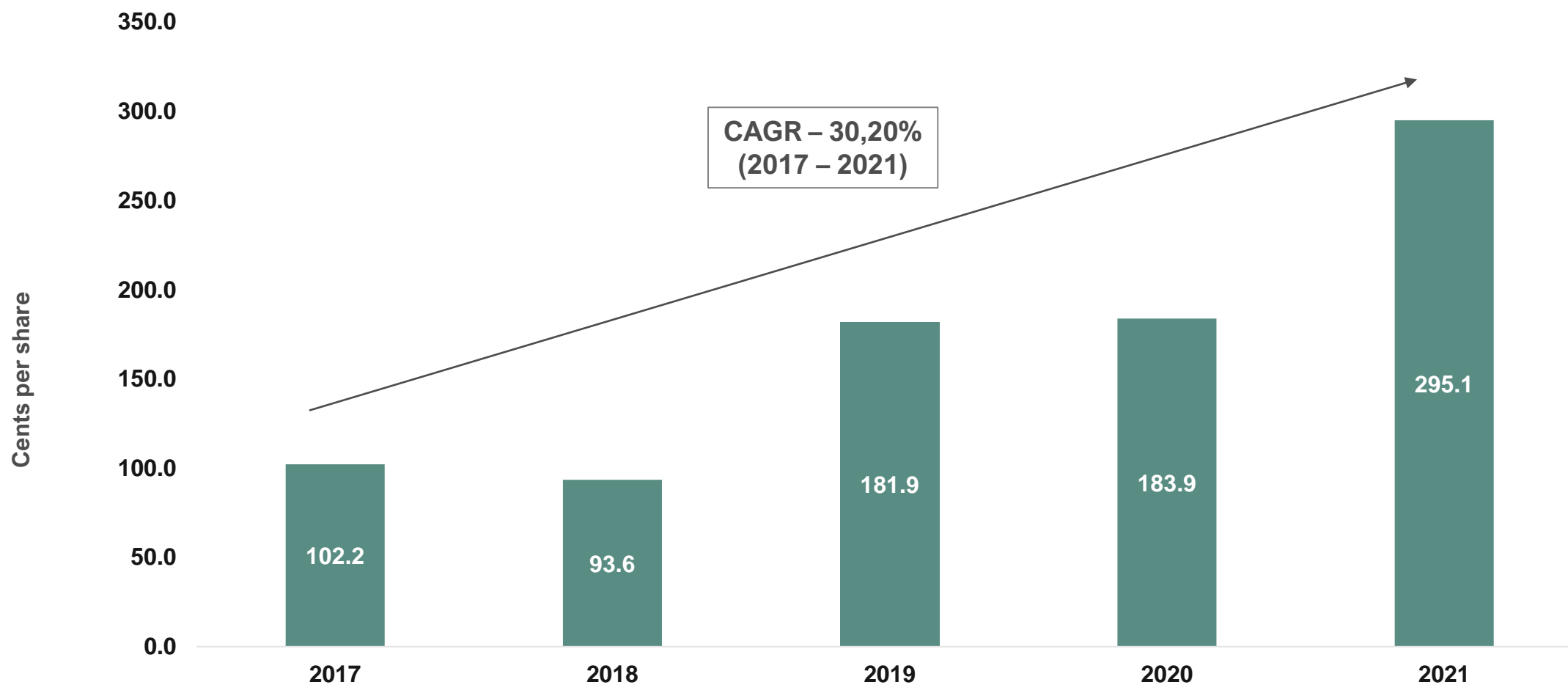
* Full year 2021 figure before measurement period adjustment
R172,6 million refer note 12.1 of interim results booklet

Overall margin improvement

Operating profit margin (%)	HY2021	HY2020
Construction Materials	9,0%	0,4%
Industrial Minerals	15,2%	10,3%
Bulk Commodities	37,9%	48,8%
Overall	24,1%	22,7%

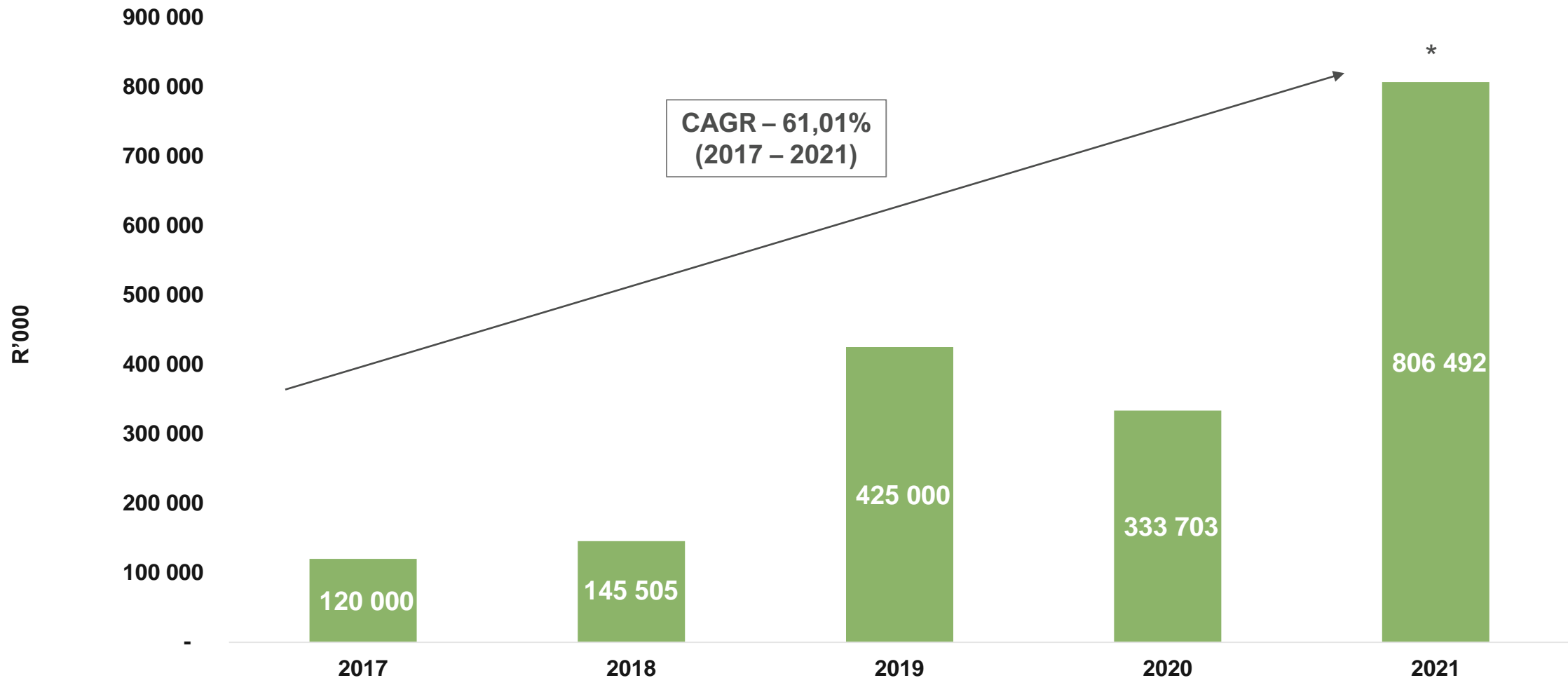


Headline earnings per share - half year



Effective tax rate 27,5% (2020: 28,4%)

Net cash from operation activities – half year



* If the iron ore pricing provision is taken into account, the cash conversion ratio changes from 2 to 1,4 which is in line with 2020

Statement of financial position - assets

R'000	Unaudited Aug 2021	Unaudited Aug 2020	Audited Feb 2021	*
Property, plant and equipment	2 594 967	1 551 695	2 247 493	
Mining rights and goodwill	212 110	209 632	216 085	
Inventories	340 065	286 703	279 042	
Trade and other receivables	493 570	526 506	695 936	
Cash	636 290	332 747	871 060	
Other assets / BEE funding	401 018	180 868	145 704	
Non-current assets available for sale	16 000	-	-	
	4 694 020	3 088 151	4 455 320	

* Full year 2021 figure before measurement period adjustment refer note 12.1 of interim results booklet

Statement of financial position – equities & liabilities

R'000	Unaudited Aug 2021	Unaudited Aug 2020	Audited Feb 2021
Total equity	2 702 750	1 934 101	2 258 407
Borrowings	464 642	258 505	513 901
Provisions	246 465	157 794	239 142
Overdraft	49 903	2 120	433 807
Trade and other payables	774 061	467 138	596 483
Other liabilities / deferred tax	456 199	268 493	413 580
	4 694 020	3 088 151	4 455 320

* Full year 2021 figure before measurement period adjustment
refer note 12.1 of interim results booklet

Provision for iron ore pricing

Note 10.1 Trade and other receivables	Unaudited Aug 2021	Unaudited Aug 2020	Audited Feb 2021
Trade receivables – net	455 873	320 422	377 757
Trade receivables at fair value through profit or loss	134 363	125 952	212 432
Provision for final price adjustment	(134 363)	33 860	52 973
Other	37 697	46 272	52 774
Total trade and other receivables	493 570	526 506	695 936

Note 10.2 Trade and other payables	Unaudited Aug 2021	Unaudited Aug 2020	Audited Feb 2021
Trade payables	267 848	194 455	263 954
Provision for final price adjustment	99 591	-	-
Other	406 622	272 683	332 529
Total trade and other payables	774 061	467 138	596 483

Provision for iron ore pricing (continued)

Extract of forward looking variables applicable on 31 Aug 2021

	Aug 2021 Three- month spot	Jul 2021 Two- month spot	Jun 2021 One- month spot
Average actual iron ore price invoiced FOB (US\$)	208	216	193
Iron ore forward price at FOB (US\$)	118	117	117
Sales volumes (tonnes)	56 886	56 731	67 975

Refer to slide 34 for other iron ore price influences to include into calculation

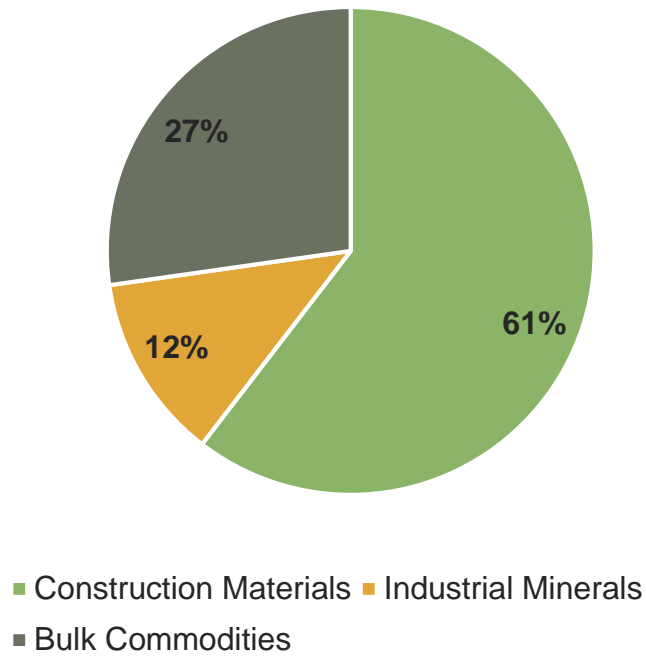
Explanation:

Initial invoice
August 2021
 $\$208 * 56\,886 = \$11\,832\,288$

Adjustment settled in November 2021
 $\$208 - \$118 * 56\,886 = \$5\,119\,740$

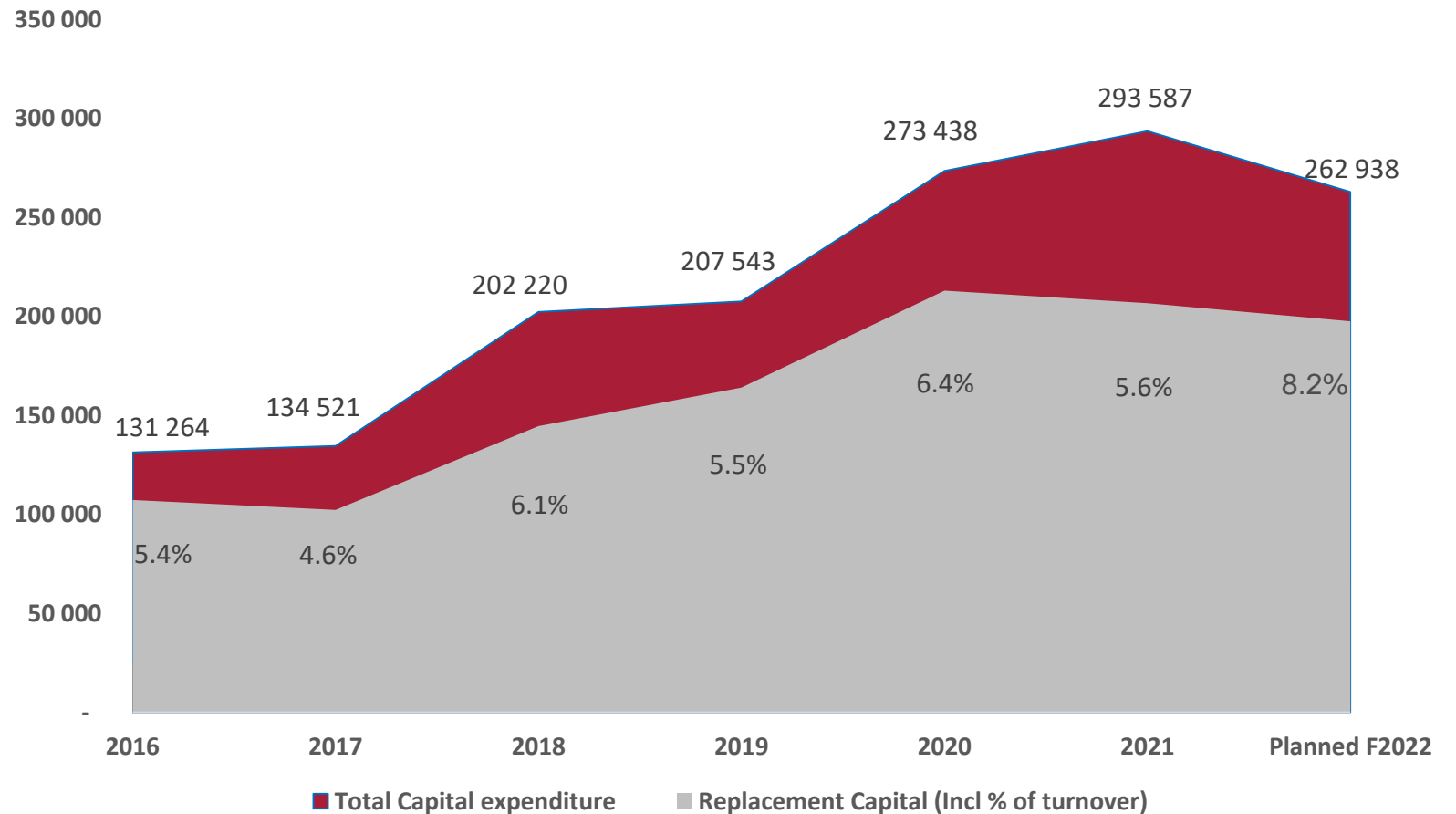
Capital expenditure

Capex by segment (HY 2021)



(See note 2 interim results booklet for Rand values)

Capital Expenditure 2016 - Planned 2022 (R'000)



Spend - R191 081
Planned - R71 857



3

OPERATIONAL OVERVIEW

Construction Materials



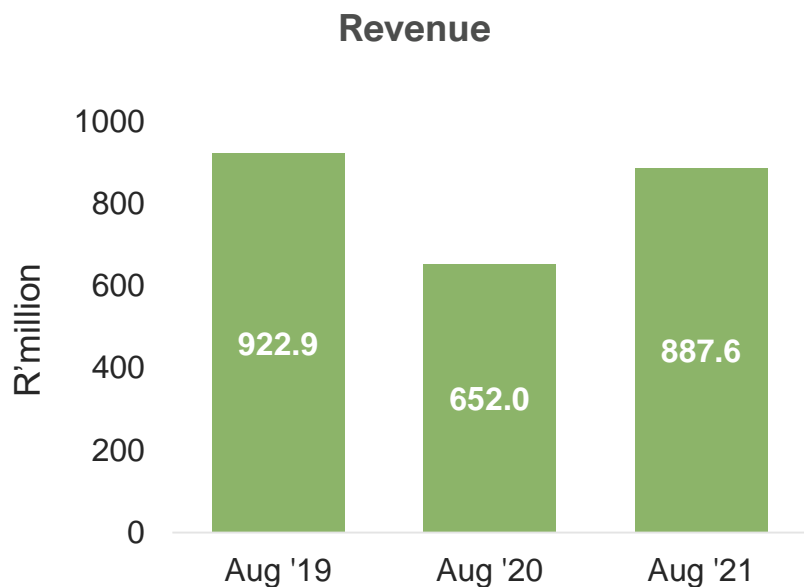
- Aggregates
- Bricks & blocks
- Readymix concrete



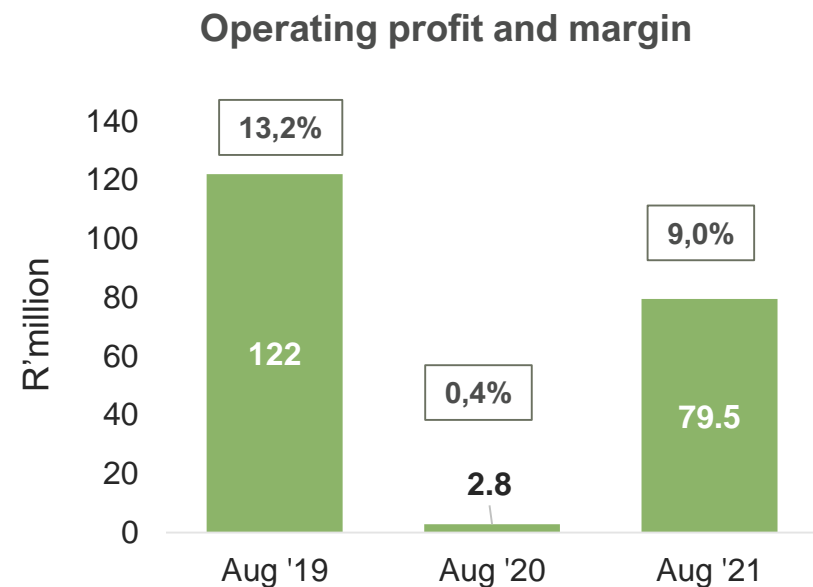
Construction Materials



Results improved due to recovery in markets

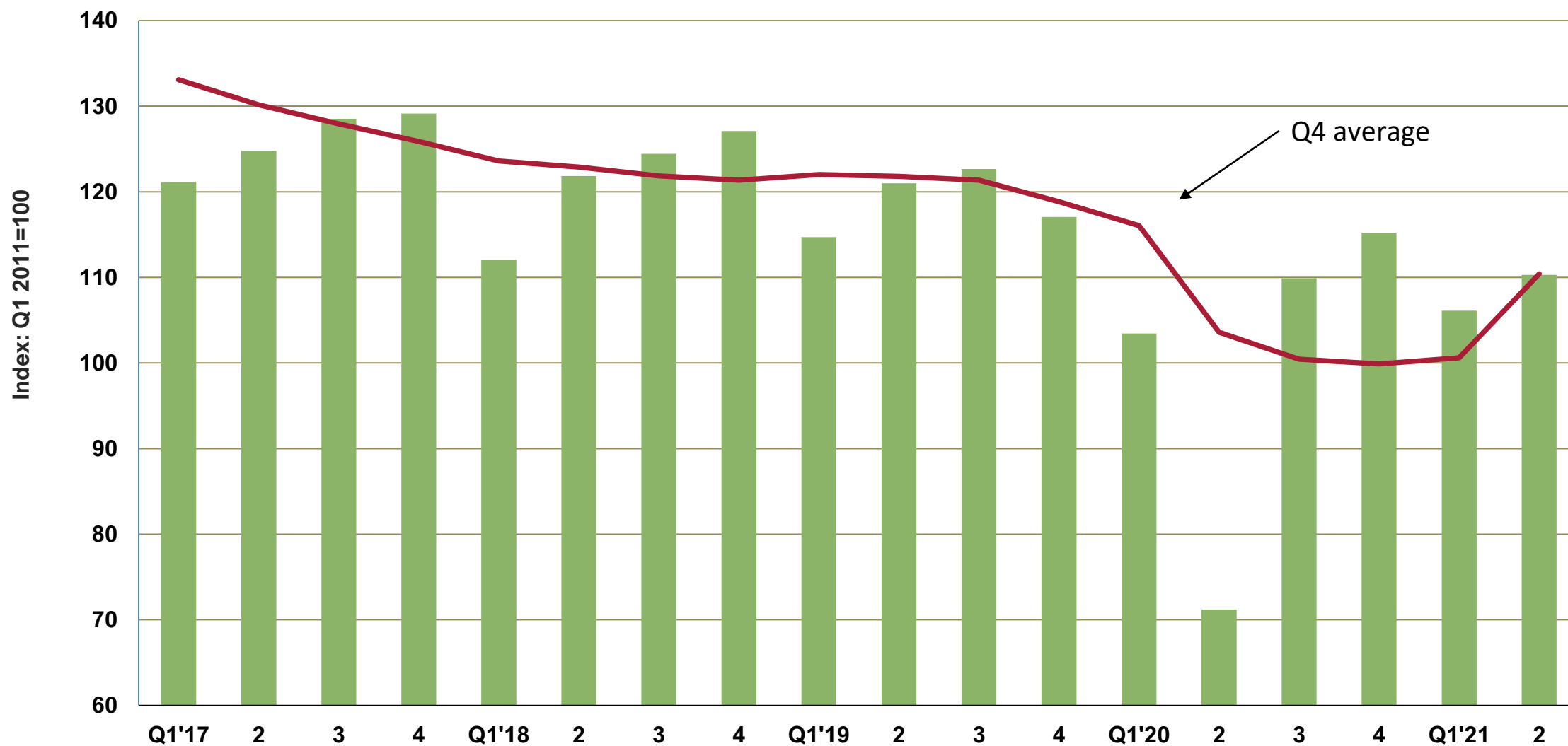


- Revenue recovered after Covid lockdown



- Profit impacted by Mozambique attacks
- Slow economic recovery

Afrimat Construction Index – Q2 2021



Mozambique

- All Afrimat staff withdrawn
- Force Majeure declared
- Impairment of Property, Plant and Equipment amounting to R8,6 million
- Stock write-off of R20 million
- Negotiations with main contractor ongoing
- Moveable assets brought to safety
- Operating loss

Industrial Minerals

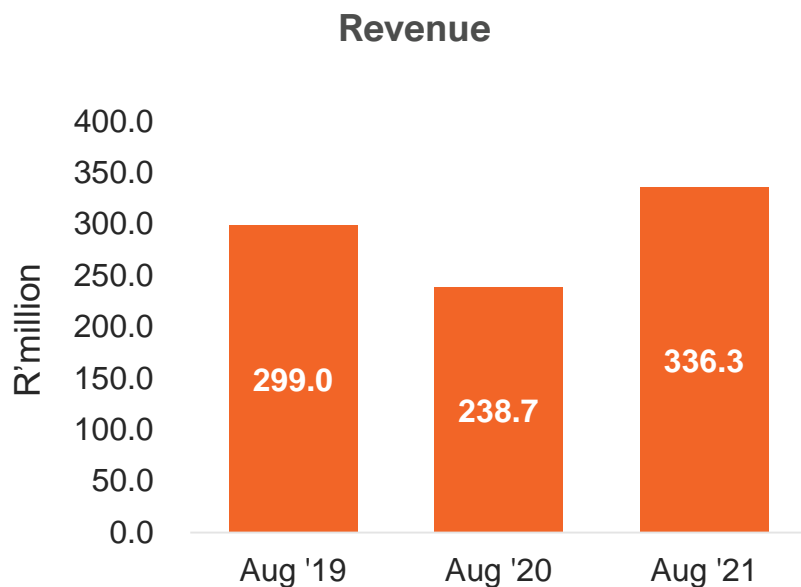
- Lime
- Metallurgical dolomite



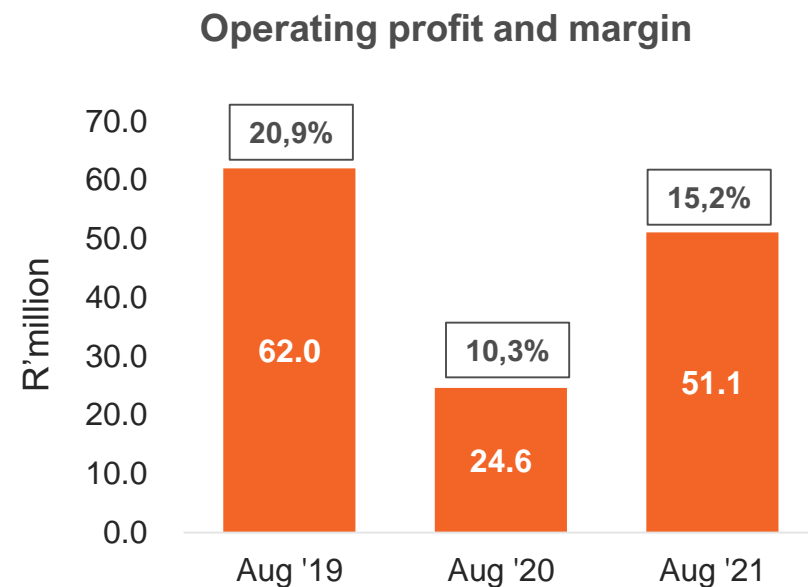
Industrial Minerals



Delivered satisfactory results, with recovery across all regions



- Revenue increased by 40,9%
- Slow recovery after lockdown but returning to normality



- Operating profit increased by 108,0%
- Operating profit margin shows healthy improvement

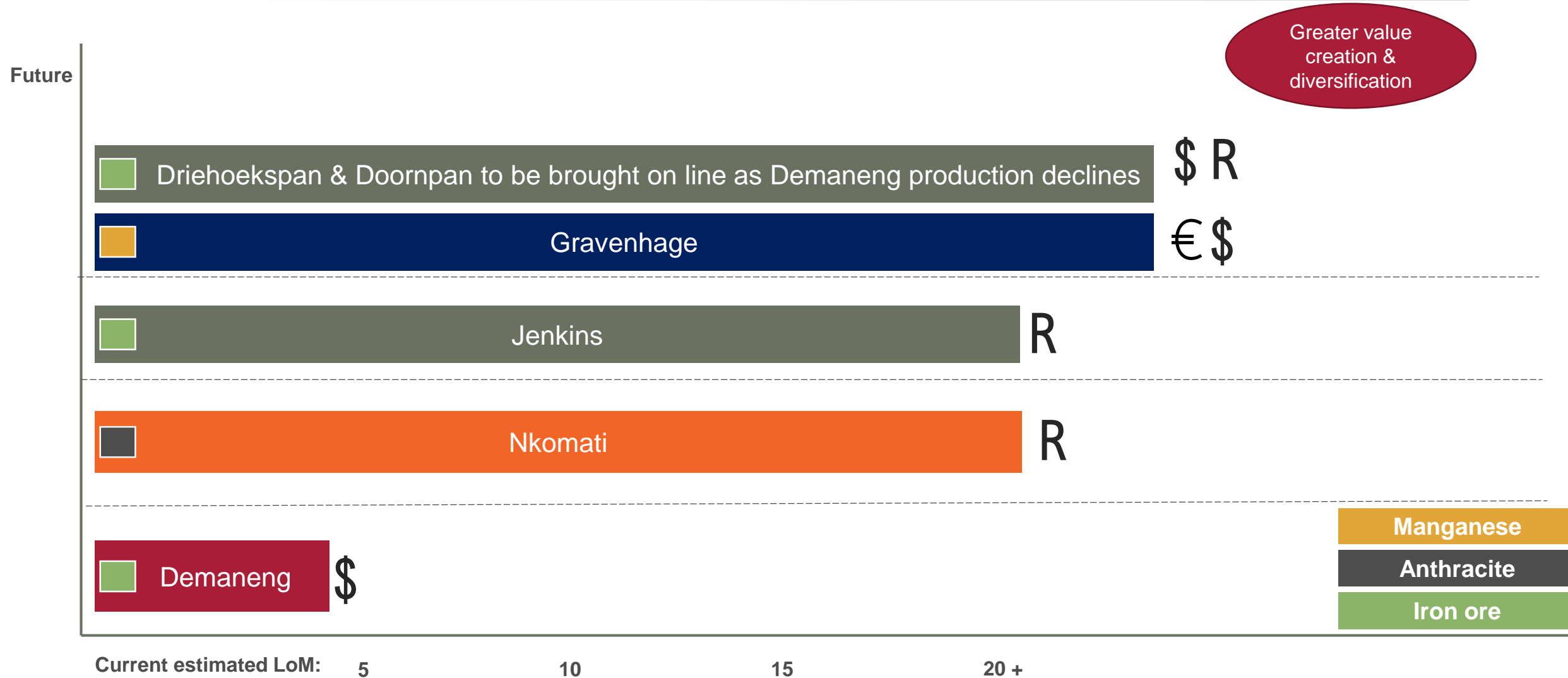
Bulk commodities



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



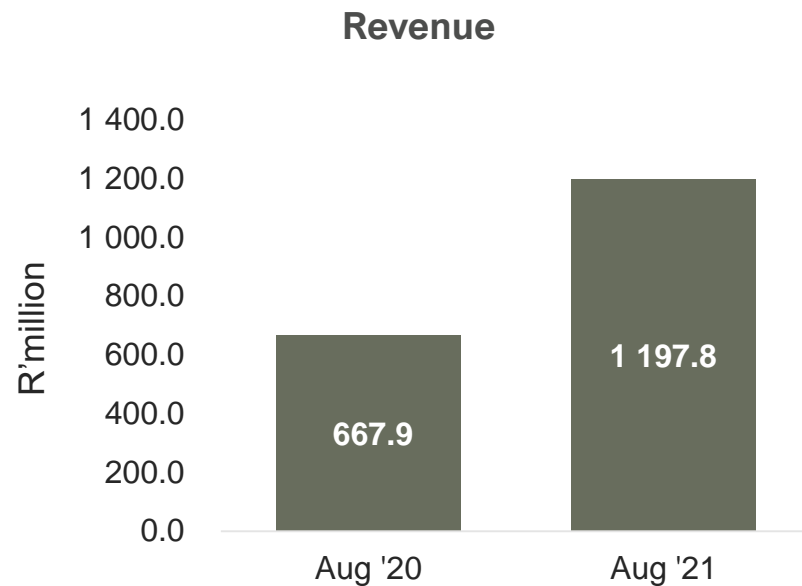
Positioned for ongoing, sustainable life of mine and diversification



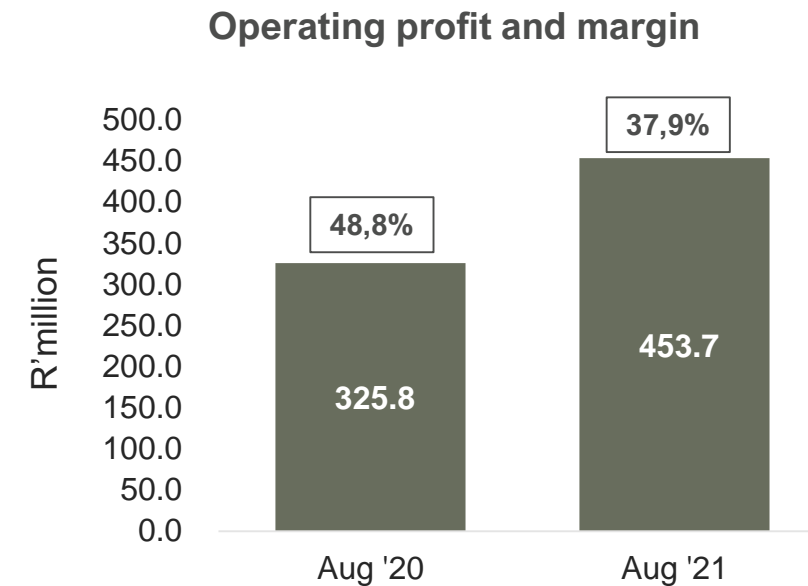
Bulk Commodities



Excellent results supported by favourable market conditions



- Revenue increased by 79,3%
- Nkomati and Jenkins contributing to segment (6-months and 2-months respectively)
- Favourable iron ore pricing

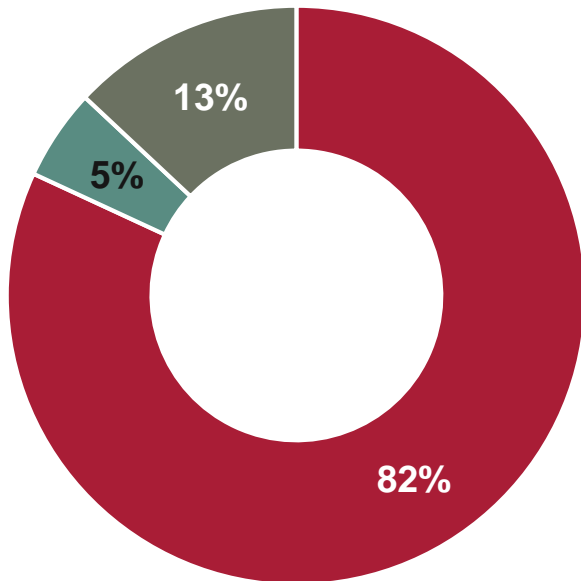


- Operating profit increased by 39,3%
- Operating margin impacted by Nkomati start-up losses
- Nkomati profitable since August 2021

Composition of Bulk Commodities (HY2021)

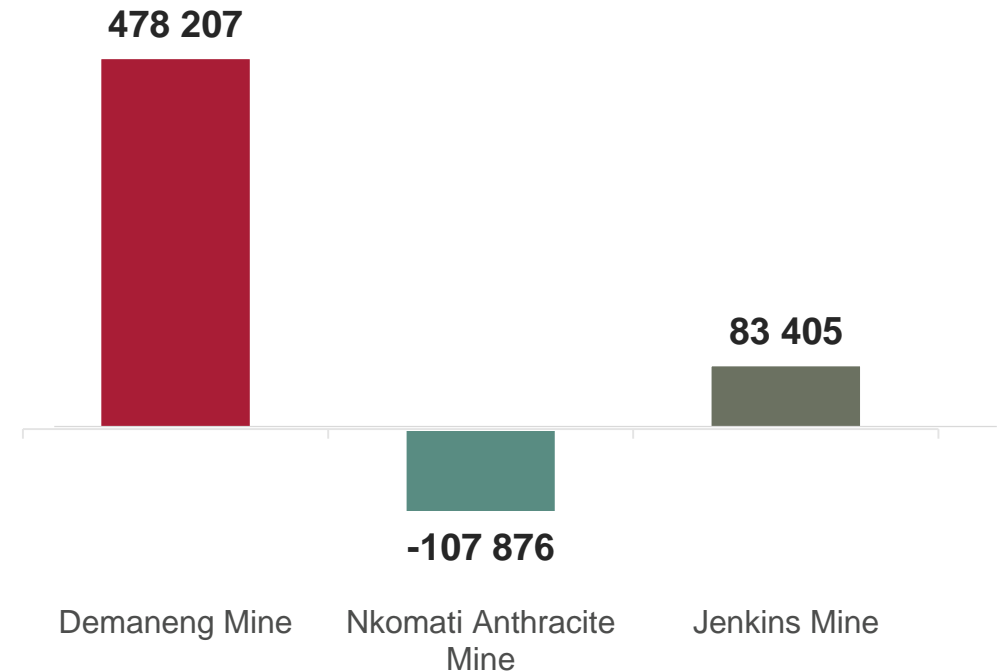
Segment contributed 49% of revenue and 78% of operating profit

Revenue



■ Demaneng Mine ■ Nkomati Anthracite Mine ■ Jenkins Mine

Operating profit (R'000)



Nkomati anthracite mine

- Massive turnaround effort in first half
- Tropical storm Eloise accelerated opening of adjacent mini-pit
- Now in full-production, with excellent results post-interim period
- Mine potential remains exciting due to high quality product
- Sales into local market with some alternatives available



Nkomati operations

Contributing to results?	Yes
Targeted volumes:	FY2022 – 225 000 t Steady state – 540 000 tpa
Volumes achieved:	53 963
Planned Capex:	R100 million
Capex spent:	R14 million
Life of mine (yrs):	>20
Market:	Domestic
Location:	Mpumalanga
Resources and reserves:	Tbc

Gravenhage manganese mining right

- Enhance ferrous value chain and deepen Rand-hedge
- Possible synergies with Demaneng
- First payment (\$30 million) only due when all approvals are in place
 - Expect Feb/Mar 2022 before deal closes
- Peak funding includes all costs, purchase price, mine and infrastructure development and overburden stripping up to first ore sales
- Phase 1 = 750,000 tonnes, with later ramp up to 1.5m tonnes to be funded from operational cash flows
- Mine will be developed to remain profitable at low end of commodity cycle

Contributing to results?:	No (expect revenue in FY2024)
Targeted volumes:	750ktpa – 1.5mtpa
Peak funding:	±R1.1 – R1.4 billion (including purchase price)
Life of mine (yrs):	>20
Market:	Export
Location:	Northern Cape
Resources and reserves:	2013 JORC Resource of 112Mt @ 38.5% Mn

Demaneng (iron ore)

Contributing to results?	Yes
Targeted volumes:	±870,000 tpa *
Volumes achieved:	479 971
Average price:	Dependent on a number of variables (see slide 34)
Capex:	R15 million
Life of mine (yrs):	3 **
Market:	Export
Location:	N Cape
Resources and reserves:	Tbc

(*) Current export rail allocation

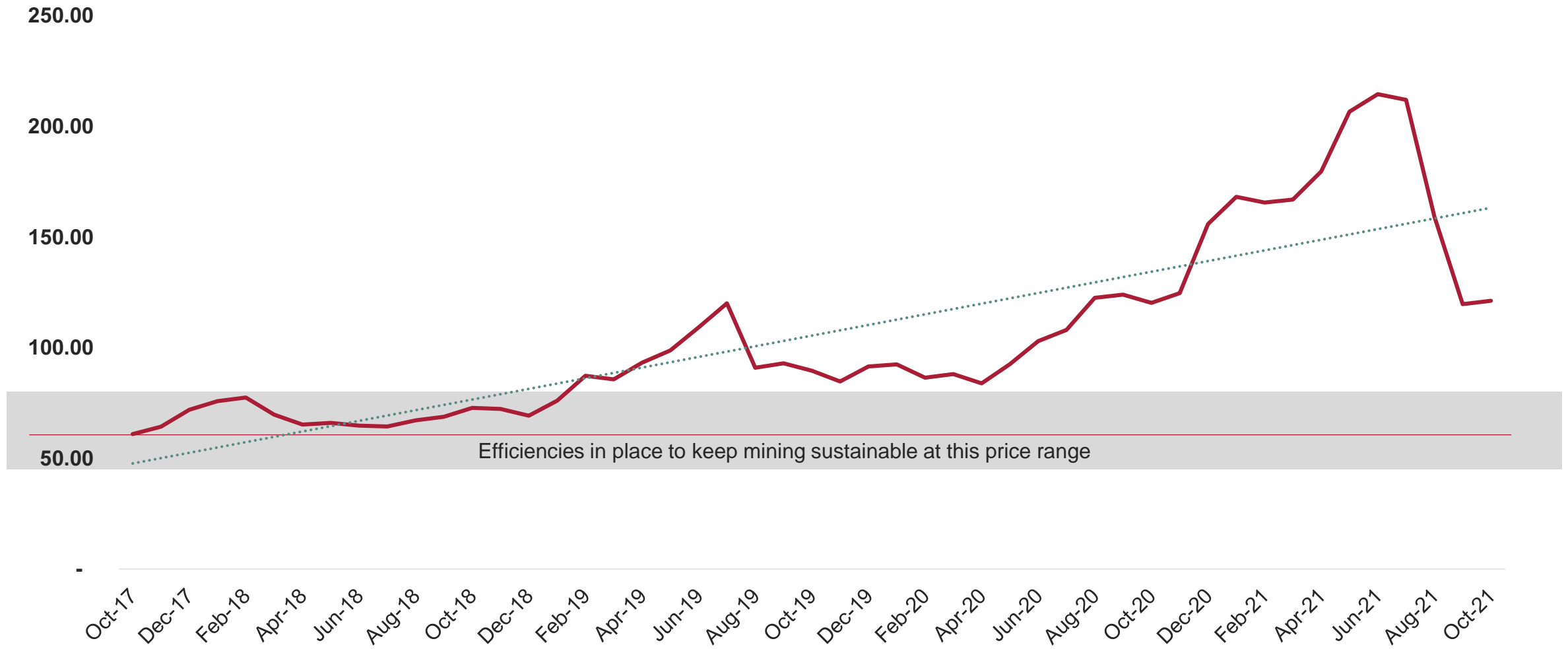
(**) Driehoekspan & Doornpan to be brought into production to maintain export volumes. Together they have a 15 – 20 year LoM.

Iron ore pricing influences

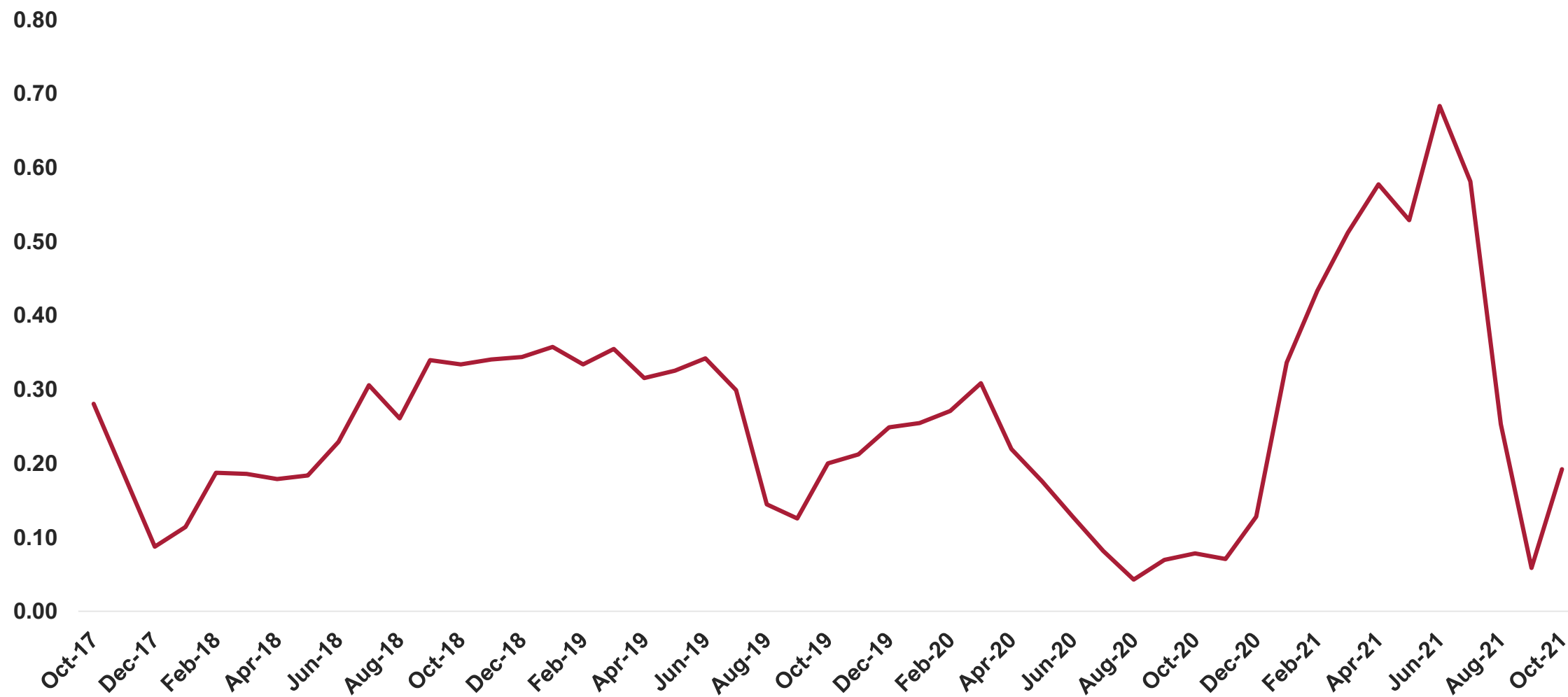


What should be considered to appreciate the influences to the iron ore business:

62% FE Platts Index Price (USD)

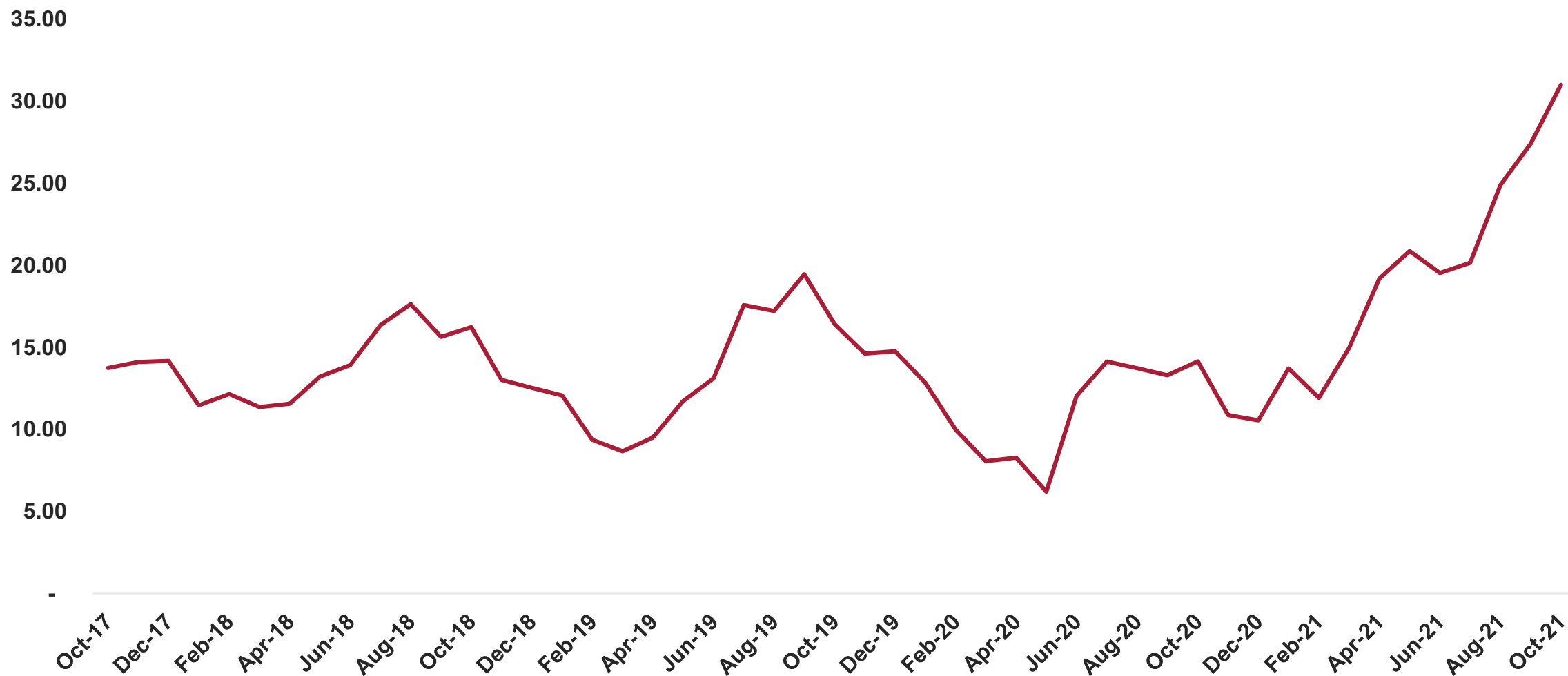


Lump premium (USD)

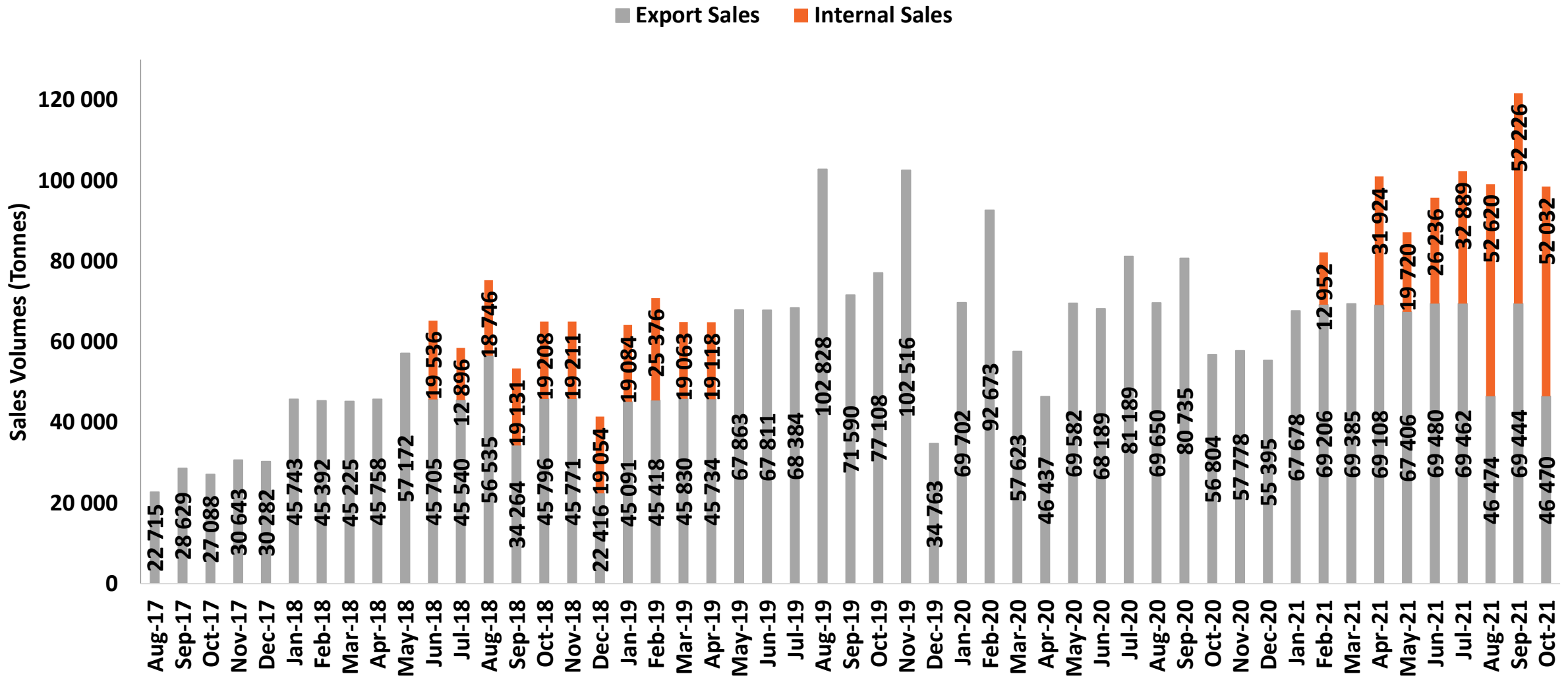


Freight rate China (USD)

Avg. Platts South Africa - China Capesize



Iron ore sales by rail



Volume expansion limited to current rail line capacity | Fill any additional capacity offered to Afrimat | Transnet planned maintenance shut down (25 Sep - 3 Oct 2021)

Jenkins (Iron ore)

- Mining license approved
- Production started
- Direct shipping ore (DSO) (no beneficiation losses)



Jenkins office

Contributing to results?	Yes
Targeted volumes:	Y1 - 500,000 tpa Y2 -1,250,000 tpa
Volumes achieved:	74 750
Planned Capex:	R110 million
Capex spent:	R31 million
Life of mine (yrs):	>20
Market:	Domestic
Location:	N Cape
Resources and reserves:	TBC



4

HR & SUSTAINABILITY

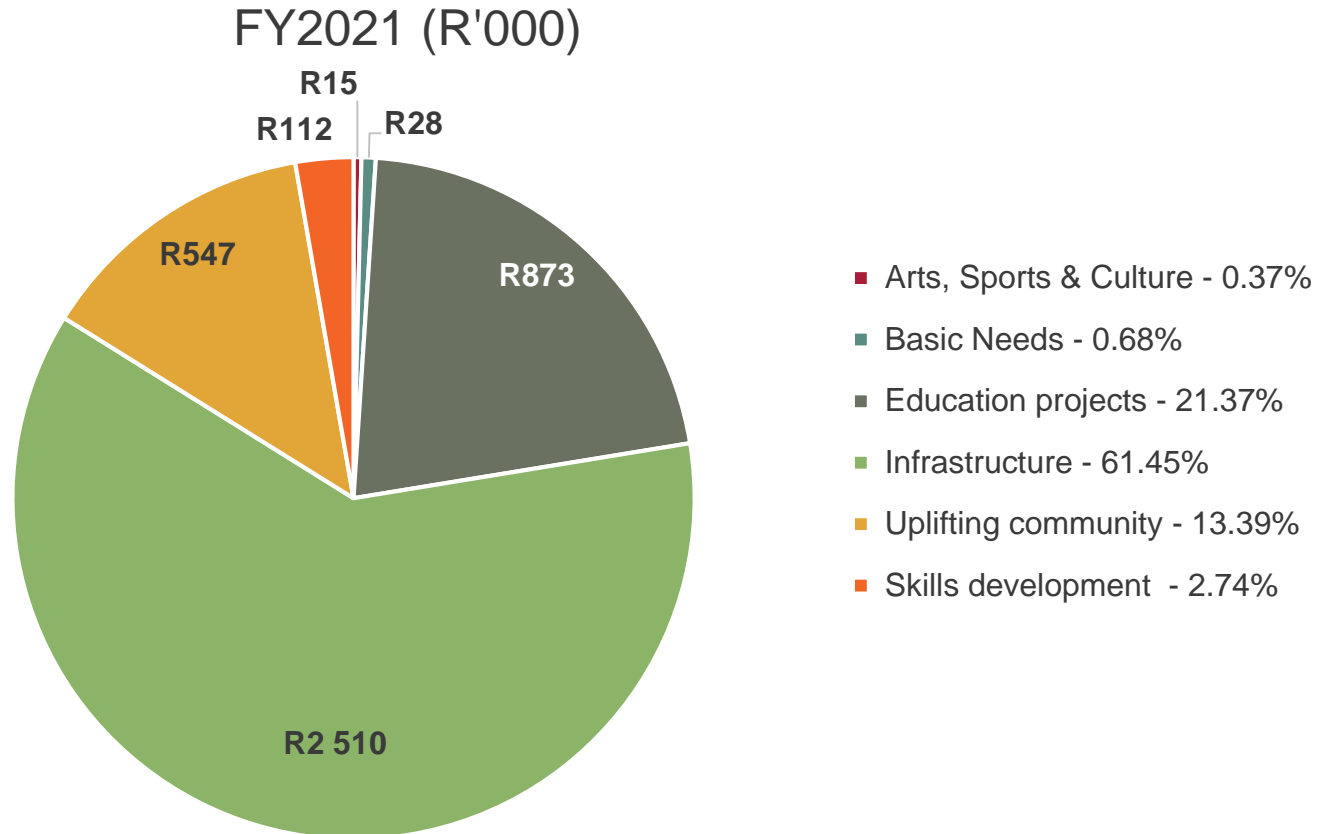
Human Resource Report

Metrics	Aug '21	YTD 2022
Total Afrimat Staff	2470	2429
LTO	6.7%	6.7%
Resignations/ dismissals & retrenchments	12	85
Absenteeism %	2.6%	1.5%
Absenteeism - Days Lost	1368	4721
Cost of Absenteeism (R m)	R 2.5	R 8.5
Overtime Rand value (R m)	R 2.6	R 14.6
People Appointed	60	251
Current Vacancies	176	

500 job opportunities will be created by end of F2022

Community development

Categorisation spend (R'000)



R4 million on LED projects during the period

Olifantshoek water project

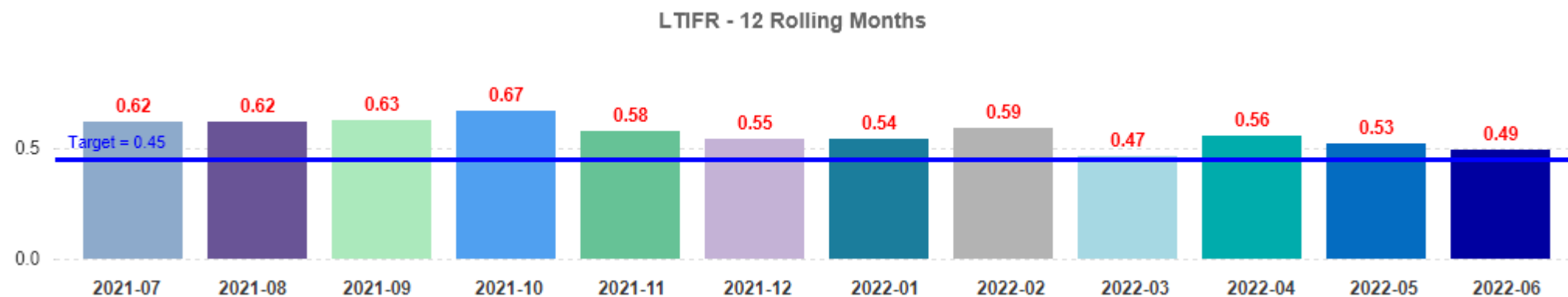
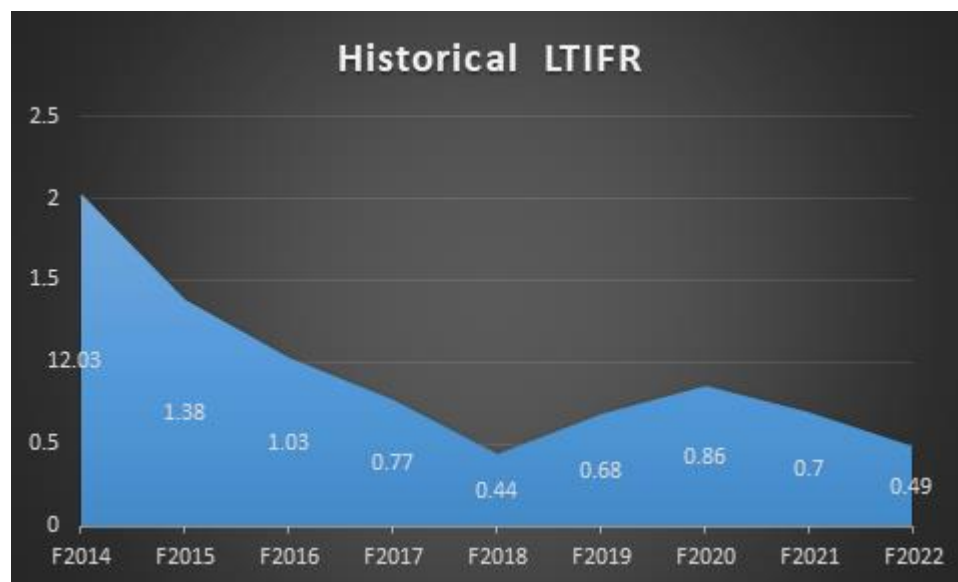


R3,5 million

Other community projects

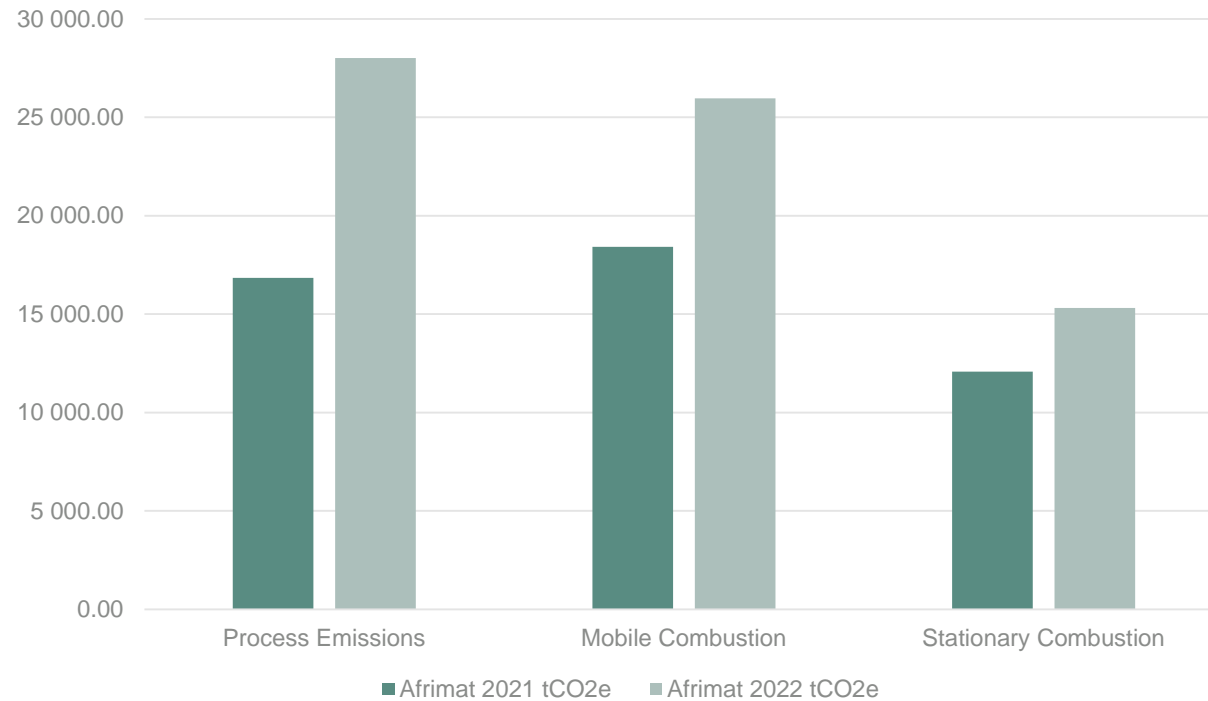
- Water infrastructure project in Olifantshoek (Kathu) in partnership with Khumani Mine
- Two boreholes installed at Cremin community (800 beneficiaries) at Ladysmith Quarry
- Building a school library at Maqiyana Primary school (554 learners) in Ulundi
- Maths Teacher Programme
- Various skills development programmes

LTIFR



Carbon emissions

Afrimat tCO₂e 6 months (March to August)



	Afrimat 2021 tCO ₂ e	Afrimat 2022 tCO ₂ e
Process Emissions	16 847.48	28 017.73
Mobile Combustion	18 418.46	25 969.77
Stationary Combustion	12 075.69	15 312.83
	47 341.63	69 300.33

Afrimat culture



Caring environment



Results driven



Skills and competence



Entrepreneurial drive



Humility and belief



Important relationships



Teamwork



Empowering



Winning attitude



5

THE FUTURE

Looking ahead

- Execute diligently on new expansion projects
- Exciting growth opportunities
- Business model is still doing well
- Balance sheet and cash flows remain extremely strong
- Gravenhage, Driehoekspan and Doornpan ensure solid future for Bulk Commodities
- Maintain excellent results from existing operations

Core message



**Healthy financial
position**



**Excellent strategic
positioning across
the Group**



**Strong focus on
more than just
financial results**

Contact details



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

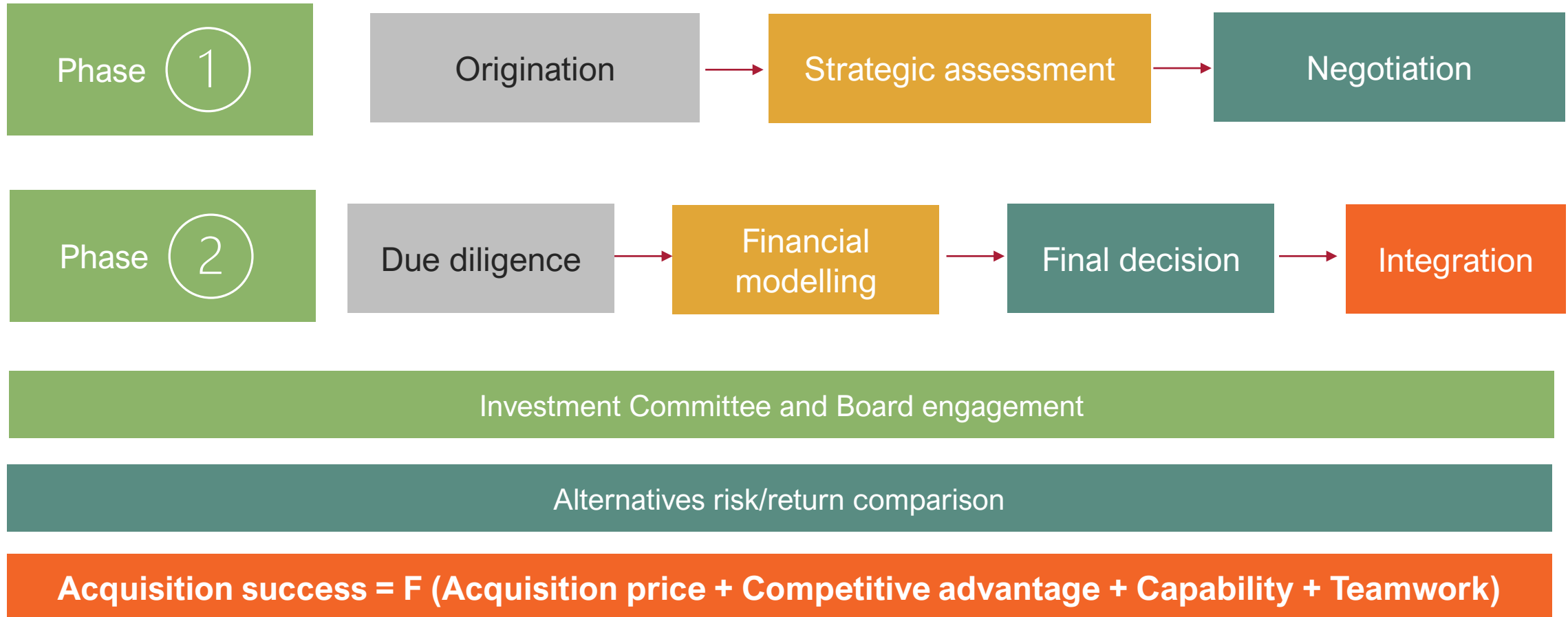
www.afrimat.co.za



6

APPENDIX

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

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

Mine statistics

	Iron ore		Anthracite	Manganese
Mine:	Demaneng	Jenkins	Nkomati	Gravenhage
Contributing to results?	Yes	Yes	Yes	FY2023
Targeted volumes:	±870,000 tpa	Y1 - 500,000 tpa Y2 1,250,000 tpa	FY2022 – 225 000 t Steady state – 540 000 tpa	Not in production Conditions precedent to be met
Volumes achieved:	479 971	74 750	53 963	Not in production
Capex:	R15 million	R31 million	R14 million	
Life of Mine (yrs):	5	>20	>20	>20
Market:	Export	Domestic	Domestic	Export
Location:	N Cape	N Cape	Mpumalanga	N Cape
Resources and Reserves:	Tbc	Tbc	Tbc	Not yet applicable as CPR is still being undertaken