



**CONSISTENTLY  
DELIVERING**



**RMB MORGAN STANLEY  
OFF PISTE INVESTOR CONFERENCE  
PRESENTATION**

14 September 2022

# Core message



Existing business  
Remains industry-  
leading amidst  
global uncertainty



Growth strategy  
Meticulously  
executed to  
sustain long-term  
growth



Balance sheet  
Prudently  
managed amidst  
global volatility

Afrimat is currently in a closed period with interim results due to be released towards  
the end of October 2022

# Segmental makeup



## Construction Materials

Aggregates | contract crushing, drilling and blasting | concrete products | readymix



## Industrial Minerals

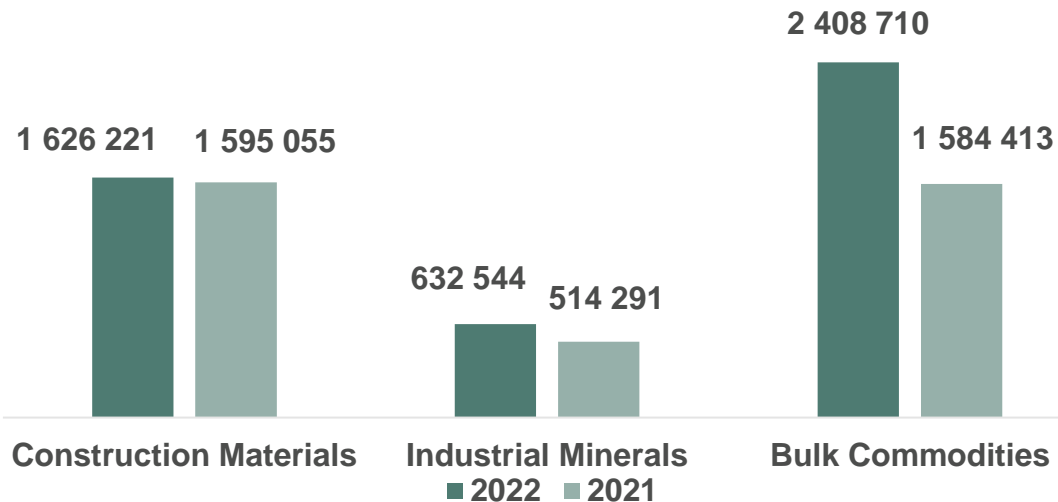
Limestone | dolomite | silica



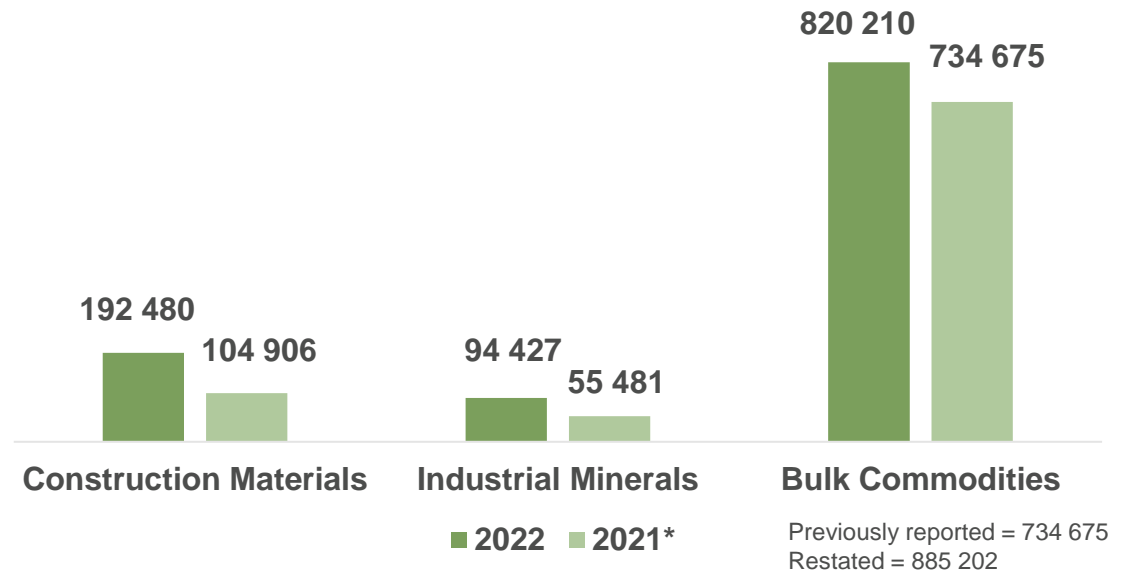
## Bulk Commodities

Iron ore | anthracite | manganese (WIP) | phosphate, rare earths & vermiculite (WIP)

Revenue (R'000)



Operating profit (R'000)





# Rationale for our unique strategy



- Good blend of locally and internationally priced commodities
- Exposure to different currencies
- Exposure to different economic cycles
- Similar operational skills
- Delivering smooth growth for more than a decade
- In line with global mega-trends



CAGR of PAT

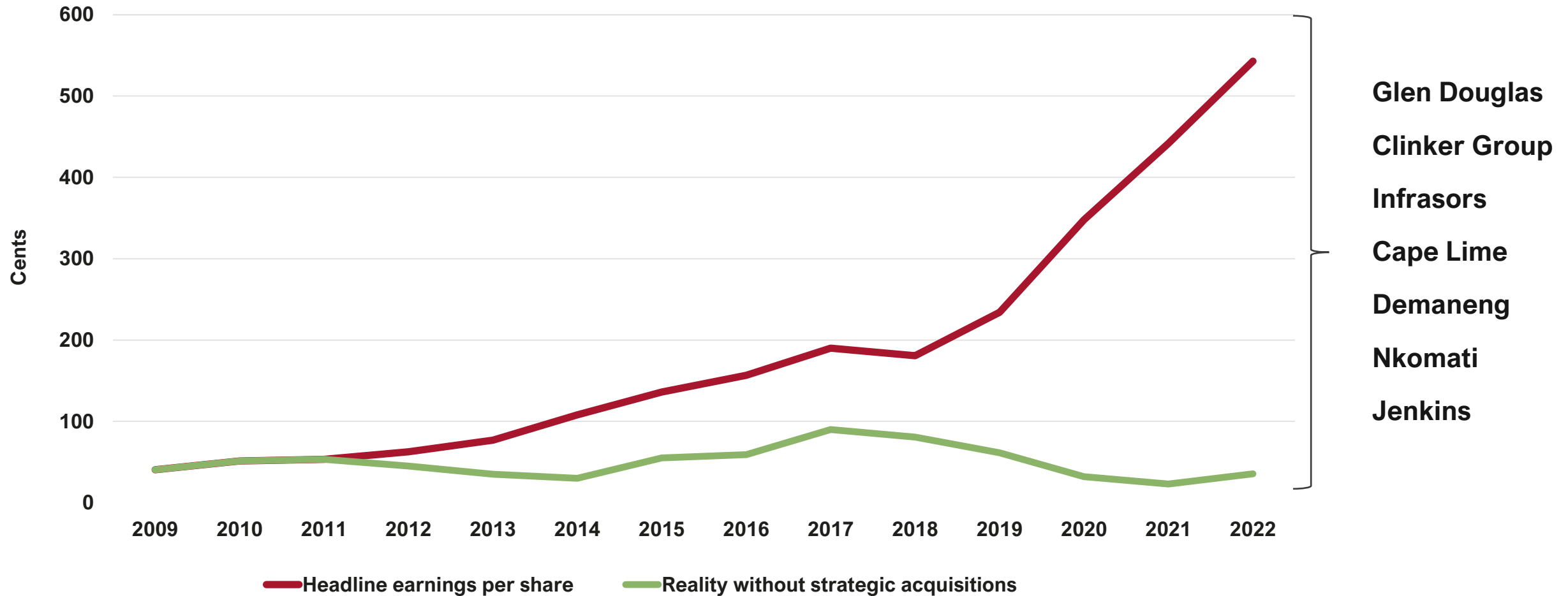
**22%**

(Feb 2009 – Feb 2022)

# Growth through diversification



## Profit history with and without acquisitions





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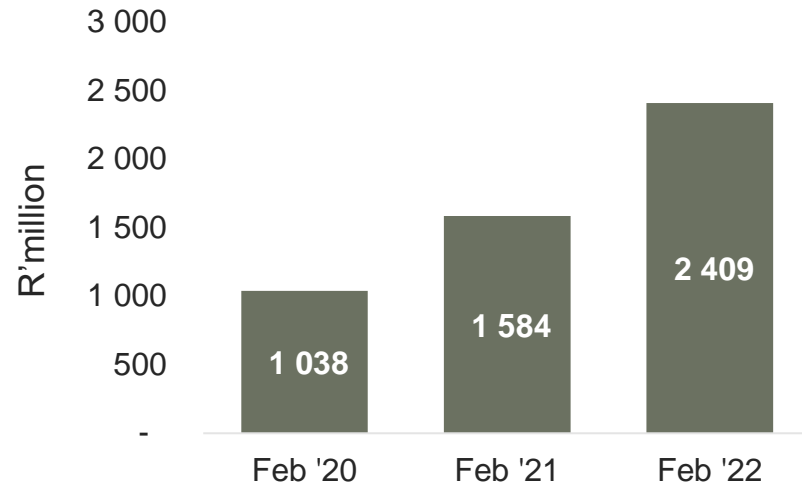
# OPERATIONAL OVERVIEW

# Bulk Commodities

Demaneng – iron ore  
Jenkins – iron ore  
Nkomati – anthracite

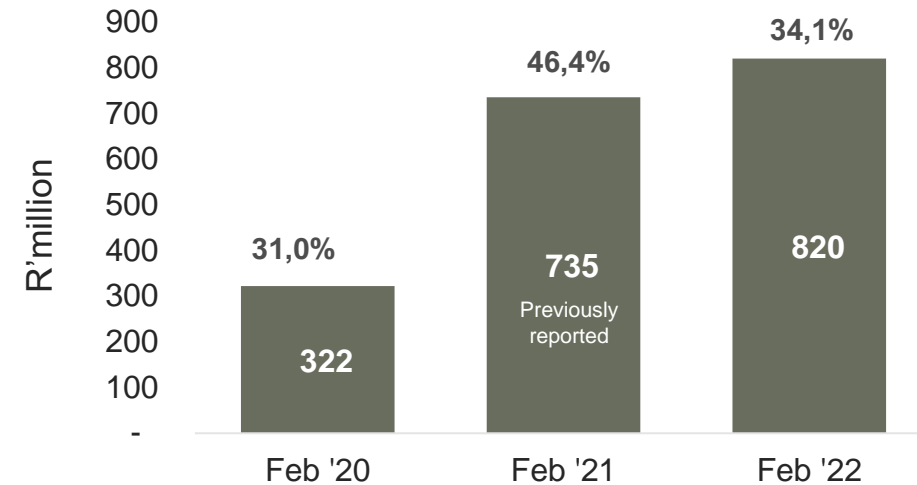


### Revenue



- F2023 (H1): Jenkins operational
- Nkomati contributing positively
- Marginally improved iron ore exports

### Operating profit and margin



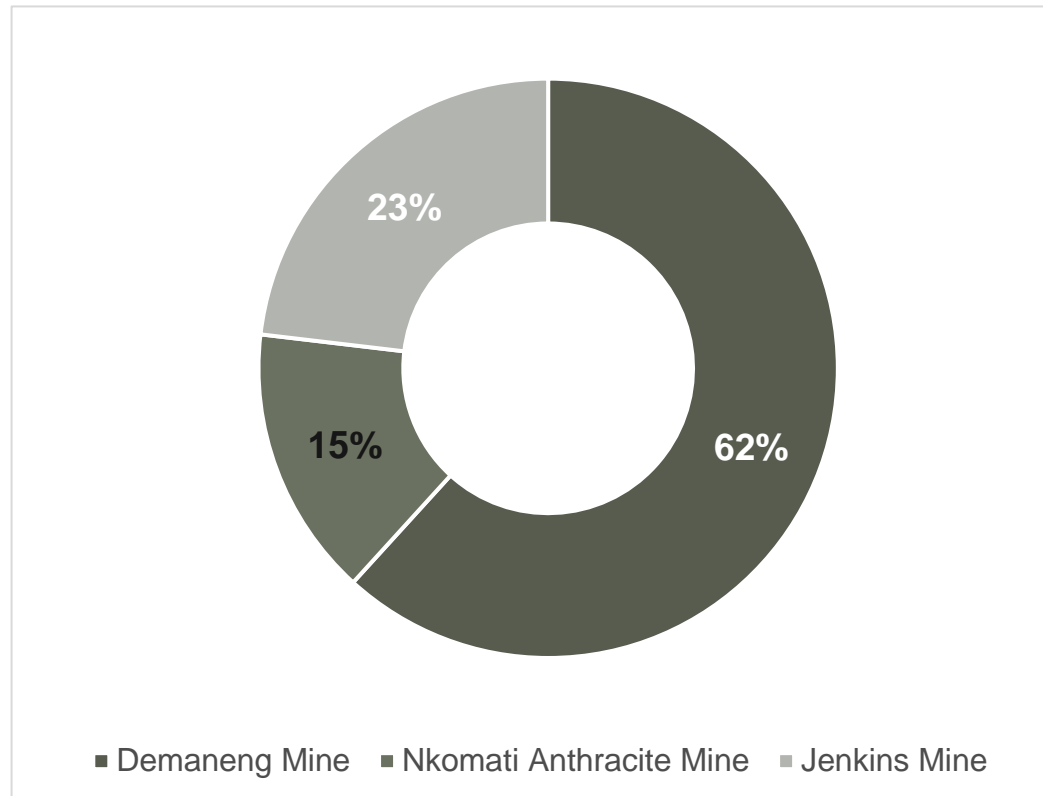
- Sharp decline in iron ore prices
- Drastic increase in diesel cost
- Extra cost due to load shedding
- Transnet: cable theft on domestic lines



# Composition of Bulk Commodities (FY2022)

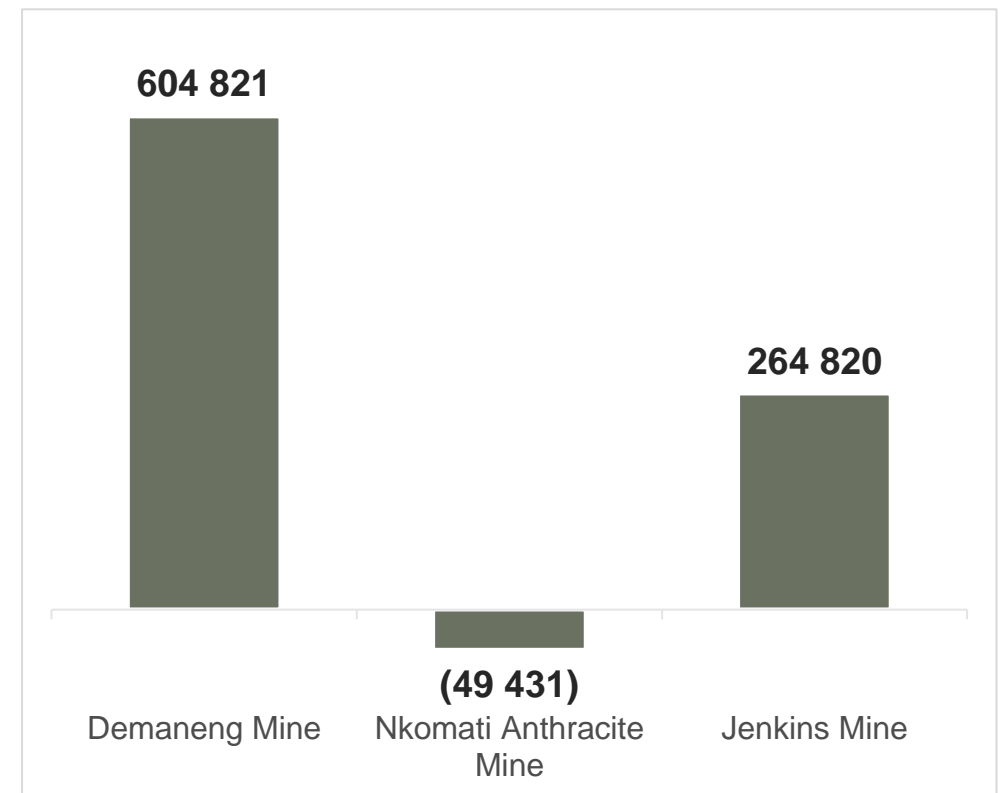
Segment contributed 52% of revenue and 74% of operating profit

### Revenue contribution \*



(\*) 2021 comparison - Demaneng 98%  
- Nkomati 2%

### Operating profit (R'000)





# Nkomati anthracite mine

- Mine is profitable
- Currently developing two pits and an underground shaft, requiring capital investment
  - To ensure consistent feed for the mine
- Being recognised as a reliable supplier of quality anthracite



<b>Contributing to results?</b>	Yes
<b>Targeted volumes:</b>	FY2023 – 385,000 t Steady-state – 540,000 tpa
<b>Volumes achieved in F2022:</b>	219 845
<b>Off-take:</b>	From mine gate at fixed negotiated price
<b>Planned capex:</b>	R100 million
<b>Capex spent:</b>	R56 million
<b>Life-of-mine (yrs):</b>	>20
<b>Market:</b>	Domestic
<b>Location:</b>	Mpumalanga

# Jenkins iron ore mine

- Ramped up to required capacity
- Supplying off-take according to contract
- Interim price reduction to assist customer
- Direct shipping ore (DSO) (no beneficiation losses)



<b>Contributing to results?</b>	Yes
<b>Targeted volumes:</b>	Jul '21 – Jun '22 – 500,000 tpa Jul' 22 – Jun '23 – 1,250,000 tpa
<b>Volumes achieved: Jul '21 – Jun '22</b>	493 000
<b>Planned capex:</b>	R160 million
<b>Capex spent:</b>	R93 million
<b>Life-of-mine (yrs):</b>	>20
<b>Market:</b>	Domestic
<b>Location:</b>	Northern Cape

# Contract update



- Re-negotiated a temporary interim contract at a lower price
- This “interim contract” is effective from 1 July 2022 – 28 February 2023
- The original contract is reverted to 1 March 2023
- Temporary contract should still result in an increase in sales volumes compared to the previous year
- Beneficial to the long-term sustainability of strong client relations and retention

# Demaneng iron ore mine



- Pricing significantly lower than the previous year
- Good operational performance
- Transnet marginally improved
- Have sufficient reserves to ensure 870,000 tonnes on the export line
- Driehoekspan earmarked to replace Demaneng in 2 – 3 years' time

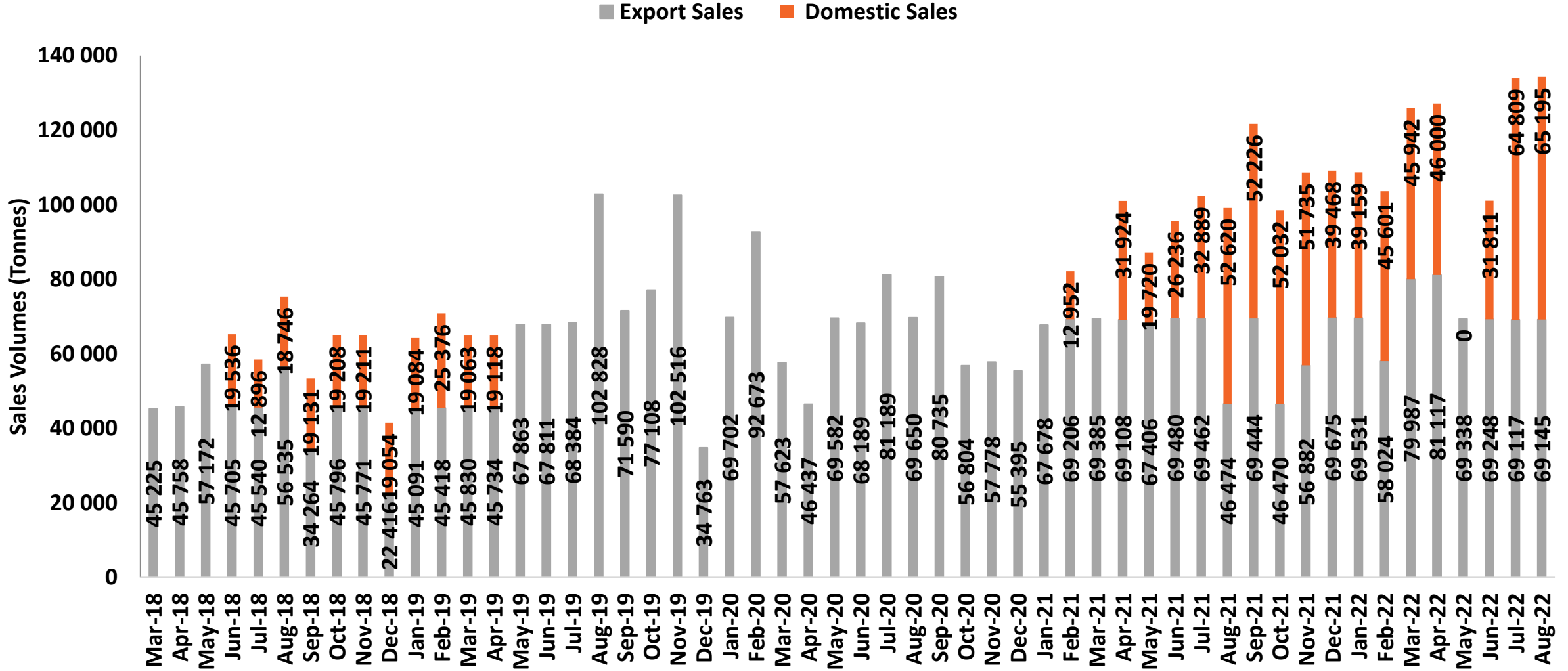
<b>Contributing to results?</b>	Yes
<b>Targeted volumes:</b>	±870,000 tpa *
<b>Volumes achieved:</b>	746 035
<b>Average price:</b>	Significantly below last year
<b>Capex:</b>	R39 million
<b>Life-of-mine (yrs):</b>	3 **
<b>Market:</b>	Export
<b>Location:</b>	Northern Cape

(\*) Current export rail allocation

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

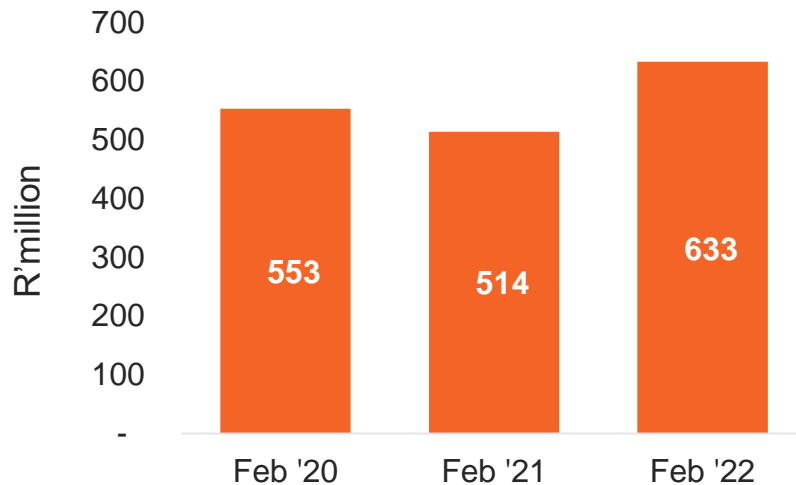


# Iron ore sales by rail





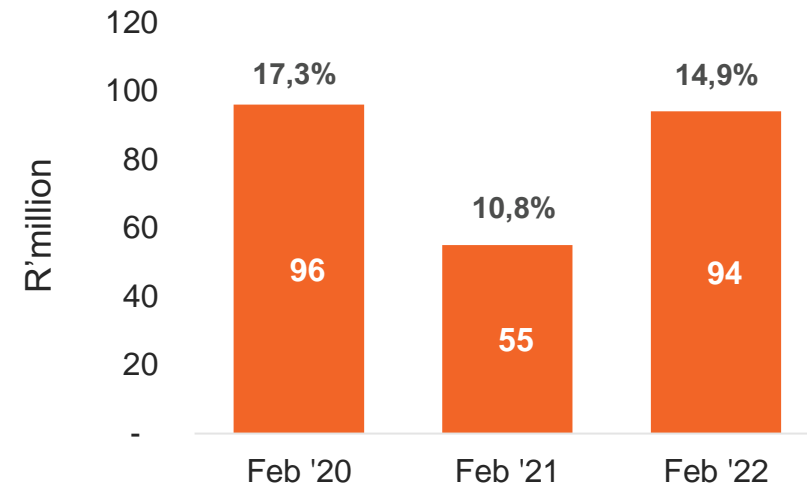
### Revenue



Currently:

- Feed lime acquisition strengthened footprint in the agricultural lime market
- Volumes marginally down

### Operating profit and margin



Currently:

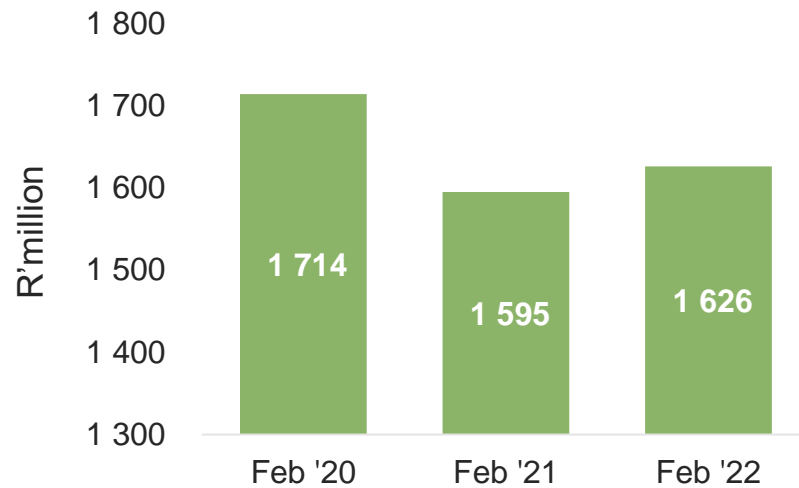
- Impacted by diesel cost and load shedding

# Construction Materials

Aggregates  
Bricks & blocks  
Readymix concrete



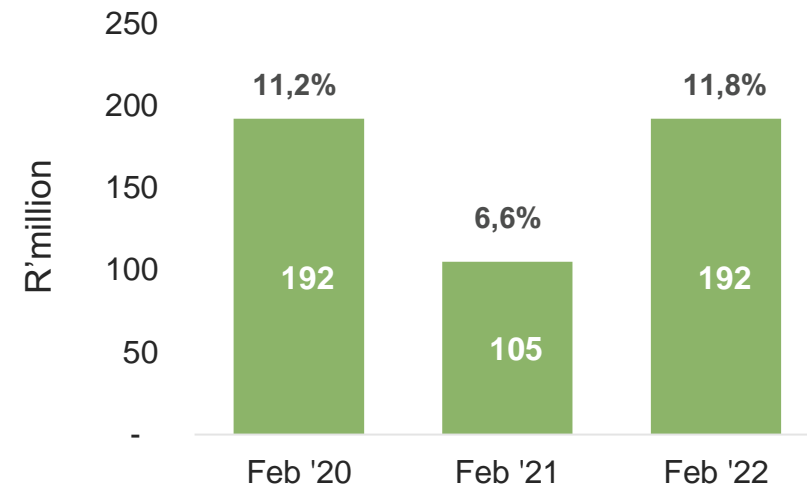
### Revenue



#### Currently:

- Activity levels low
- Residential building stronger than infrastructure and commercial building

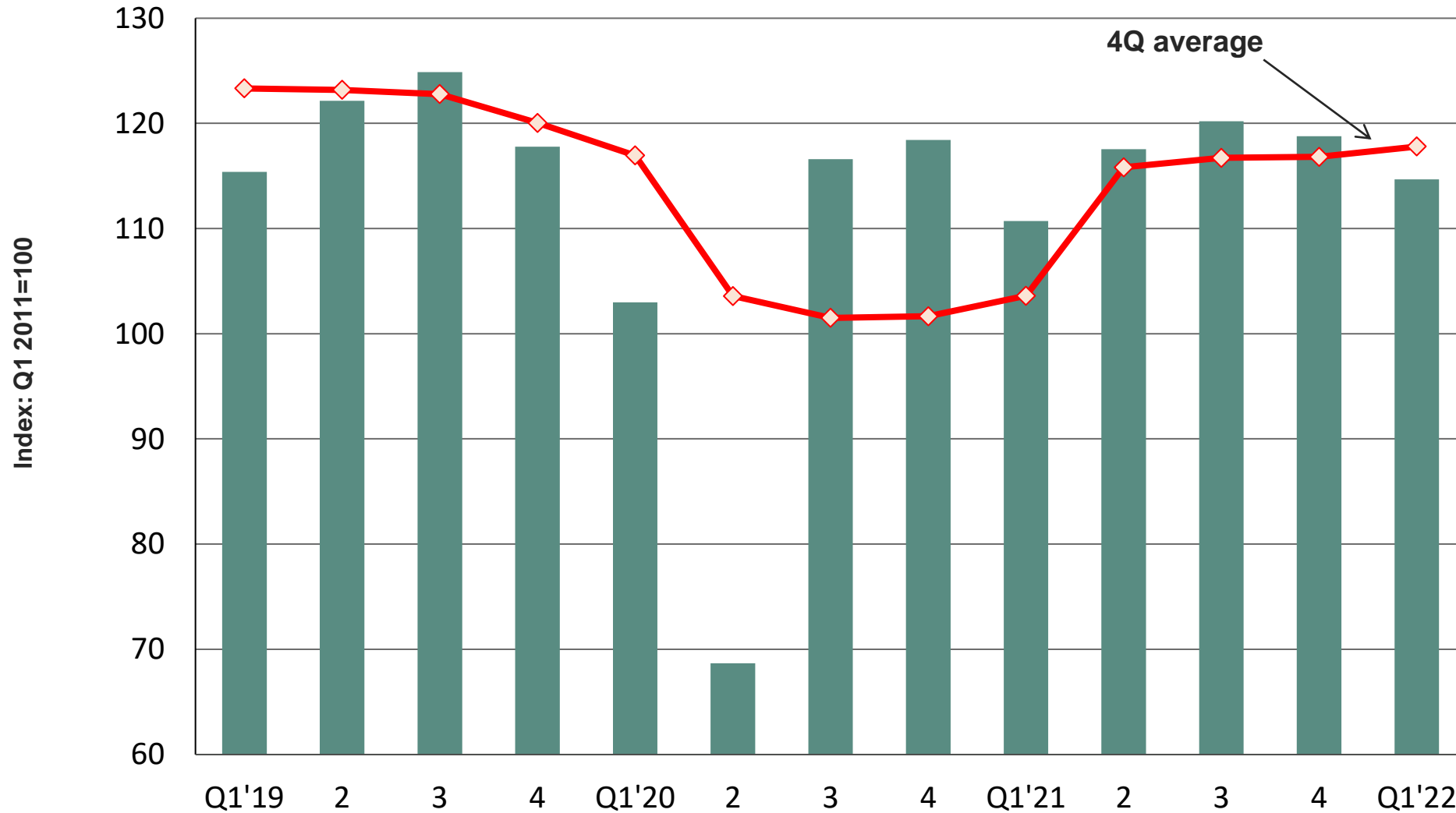
### Operating profit and margin



#### Currently:

- Impacted by diesel cost and load shedding
- Efficiency drives performing well

# Afrimat Construction Index – Q1 2022







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**NEW PROJECTS**

# Gravenhage manganese mining right

Manganese

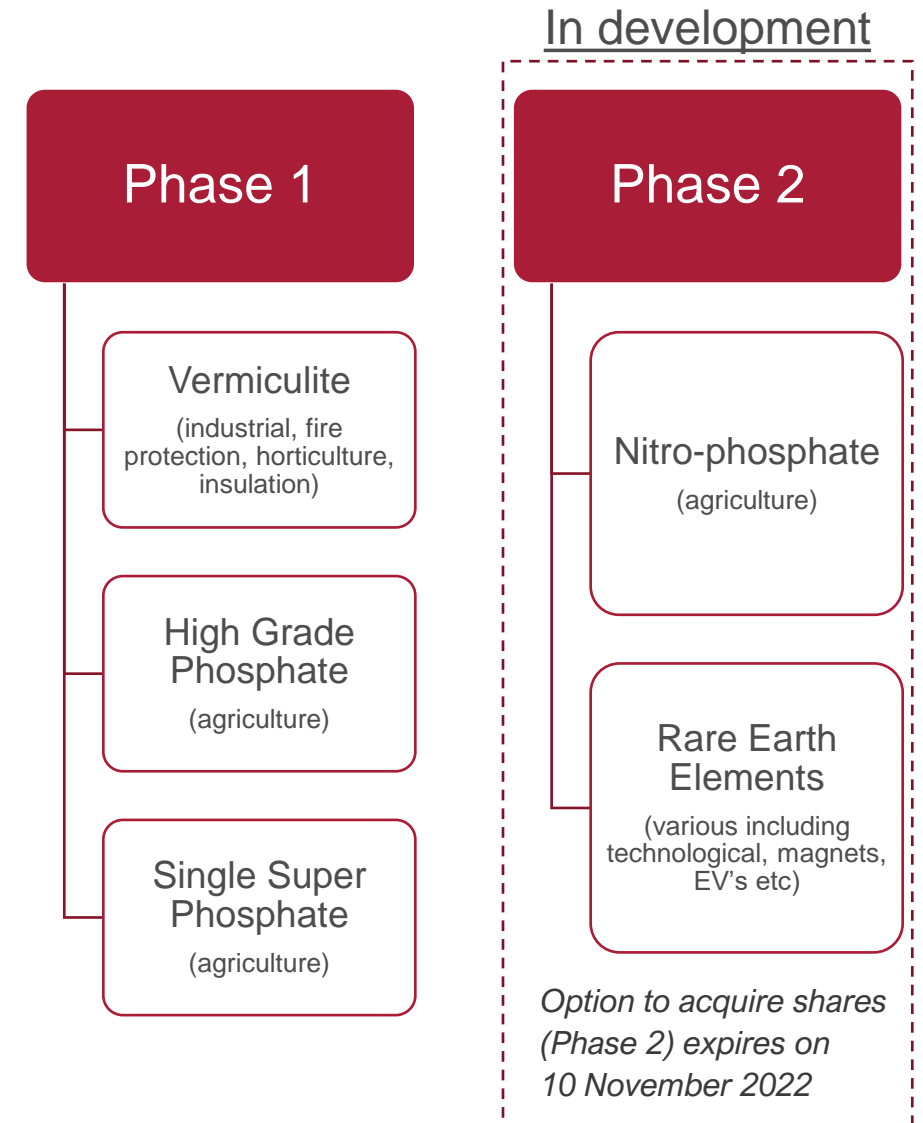


- All conditions not fulfilled by the fulfilment date of 20 August 2022
- In particular, the granting of a “usable” Water Use License
- The transaction has been terminated

**Proposed transaction ended**



- Aligned with global trends (decarbonisation, technology advancements, food security etc.)
- Enhance the diversification strategy
- Good long-term market dynamics with healthy margins
- Good inherent resource characteristics (quality)
- Scalability
- Meticulous execution and value optimisation



# Products and applications



Project	Product	Planned steady state production	Current indicative market pricing	Operational commencement (est. 6 month ramp-up)
High Grade Phosphate	HG Phosphate	30 000 tpa (Sellable)	>R2000 per ton	H1 F2023 (operational)
Single Super Phosphate	SSP Fertilizer	30 000 tpa (Sellable)	>R8000 per ton	H2 F2024
Vermiculite	Vermiculite (flakes)	30 000 tpa (Sellable)	>R4000 per ton	H2 F2024
Nitrophosphate	CN4/CNx fertilizer Nitrophosphate fertilizer	2 x 30 000 tpa (Planned Feed)	TBC	H2 F2025
Rare Earth Elements	Products including Rare Earth Carbonate + various other being investigated	2 x 15 000 tpa (Planned Feed)	TBC	H2 2025

Life-of-mine > 20 years

- Peak funding phase 1: R640 million
- Peak funding phase 2: R1.3 billion (including acquisition cost)





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# FINANCIAL REVIEW

# Financial highlights F2022



**23,7%**

Operating profit margin

**22,9%**

HEPS increased to 542,9 cents

**26,7%**

Group revenue increased to R4,7 billion

**146,0** cents per share

Final dividend  
Total dividend 186,0 cents  
(25,7% increase)

**33,0%**

Return on net operating assets

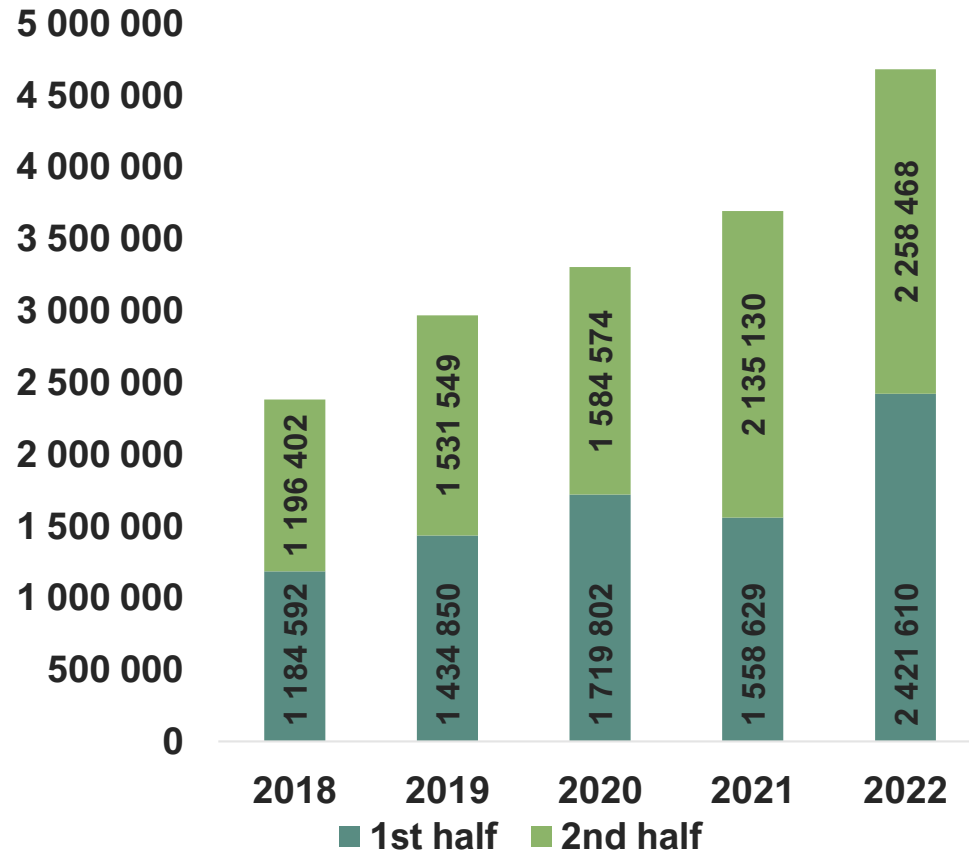
**12,1%**

Net debt:equity ratio

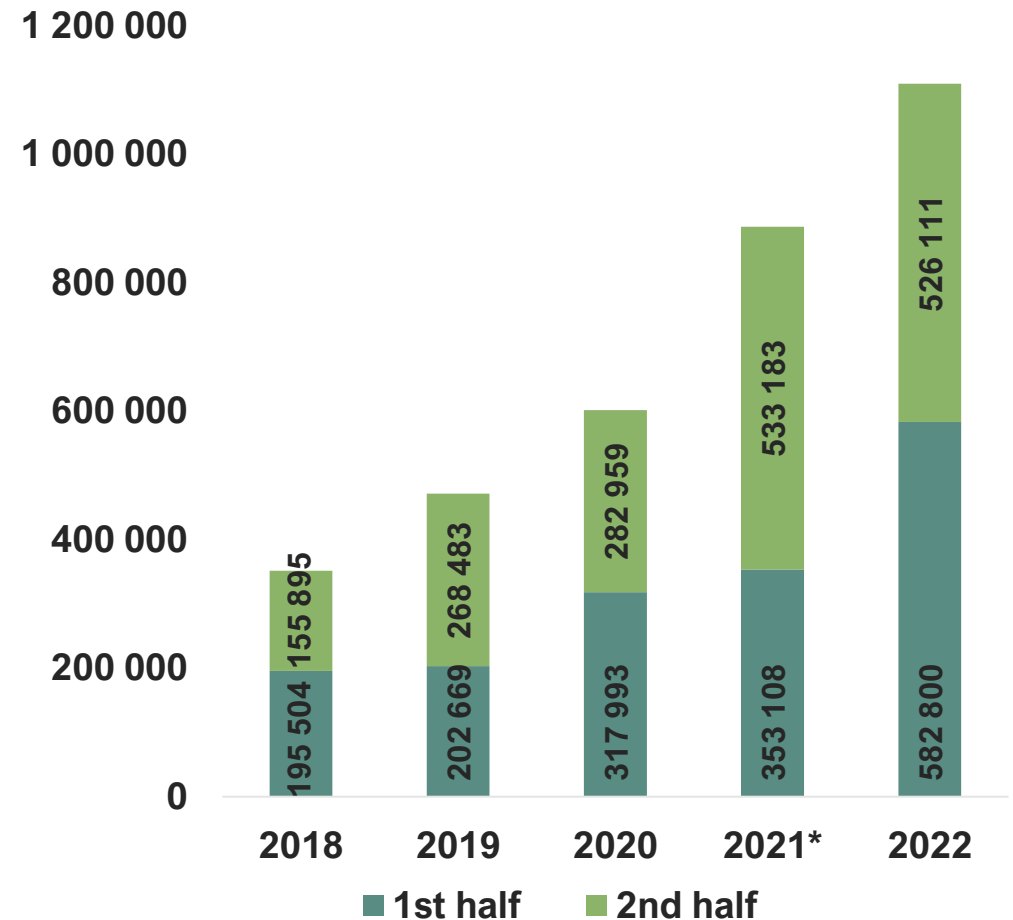
# Revenue and operating profit



## Revenue (R'000)



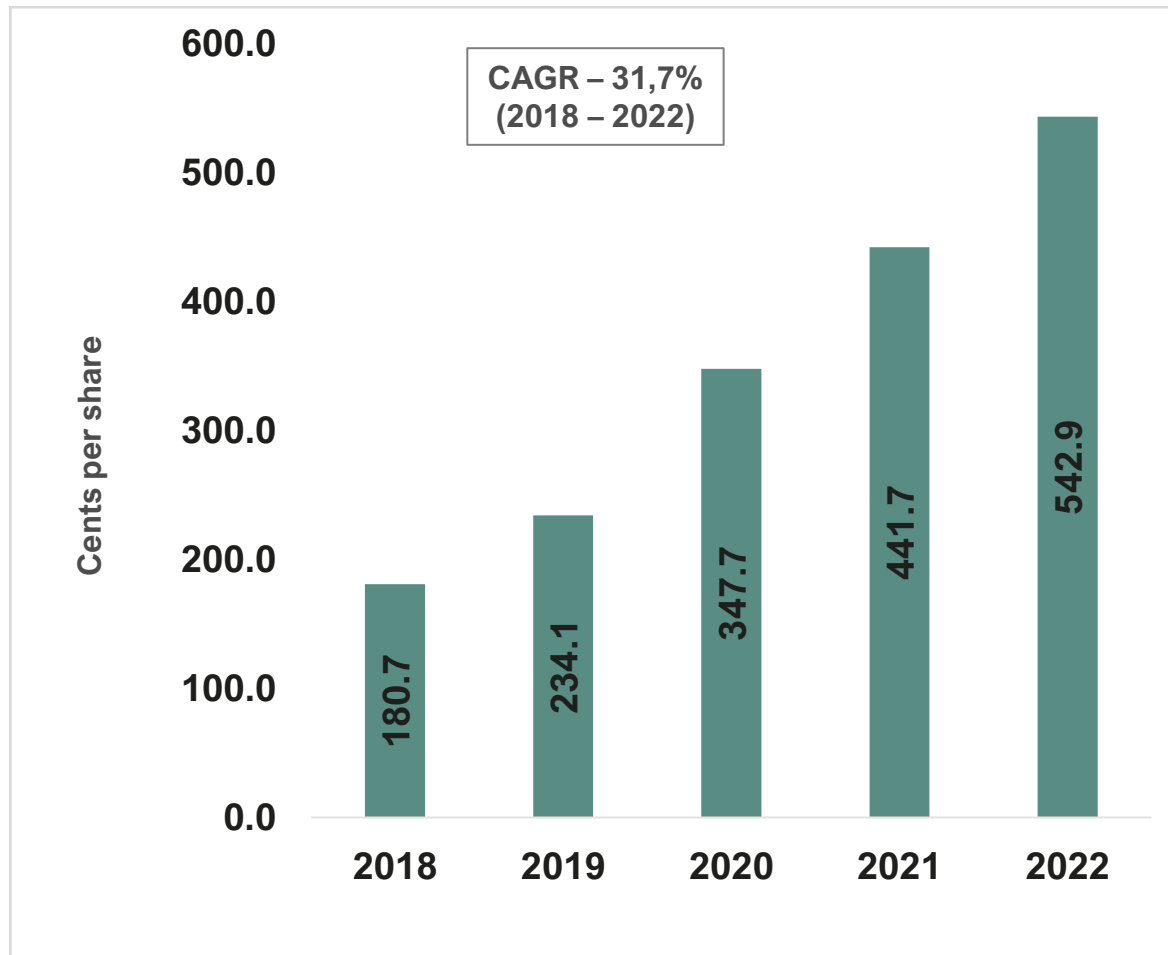
## Operating profit (R'000)



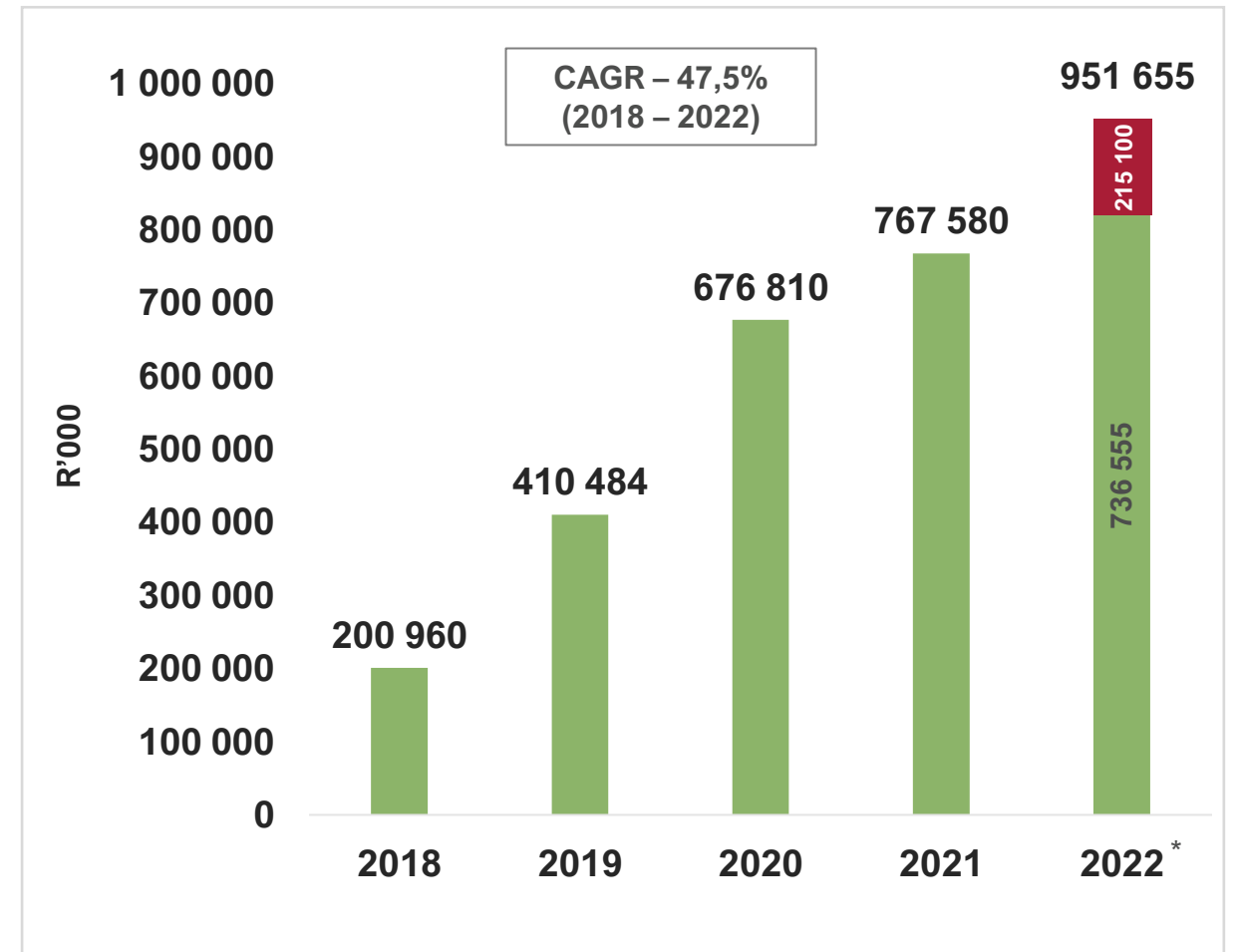
\* As previously reported

# Solid metrics

## HEPS – full year



## Net cash from operating activities – full year



\* Includes the acquisition of stockpiles of Glenover “sale of asset agreement”



- **Balance sheet debt free**
- **Cash generation remaining strong**
- **Accelerated CAPEX spend on:**
  - Glenover (SSP, Vermiculite)
  - Nkomati (2 open pits and underground)
- **R680 million capital raise:**
  - Prevents over-gearing in the next year
  - Buffer against commodity volatility
  - Dry gun powder for good opportunities
- **Capital will be diligently managed**





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# ESG AND SUSTAINABILITY

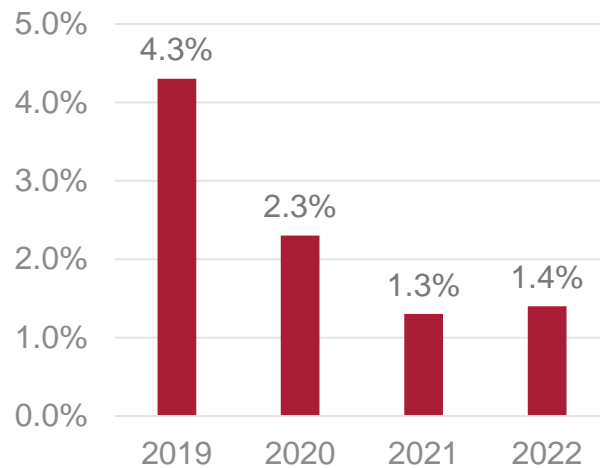
2,517 employees

2,474 training days

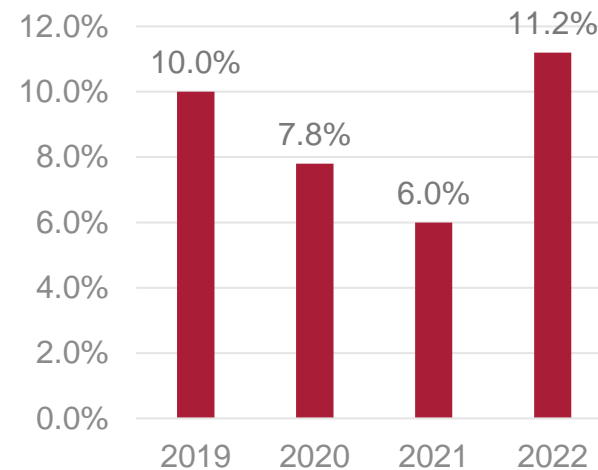
512 jobs created

56 bursaries  
awarded to staff

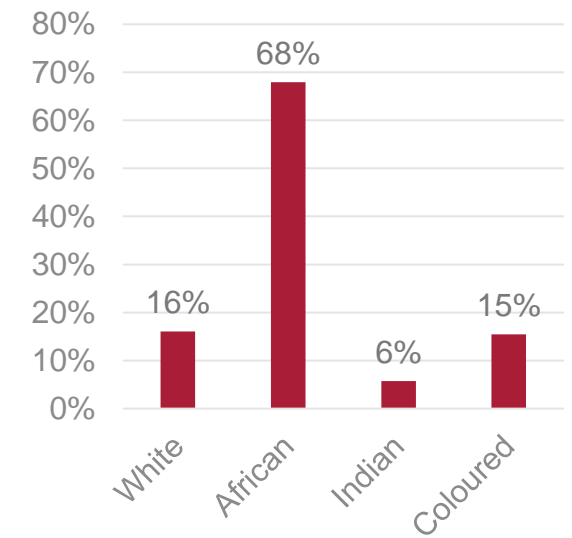
## Absenteeism



## Attrition



## Staff composition





# Community relations

## 70 sites across South Africa



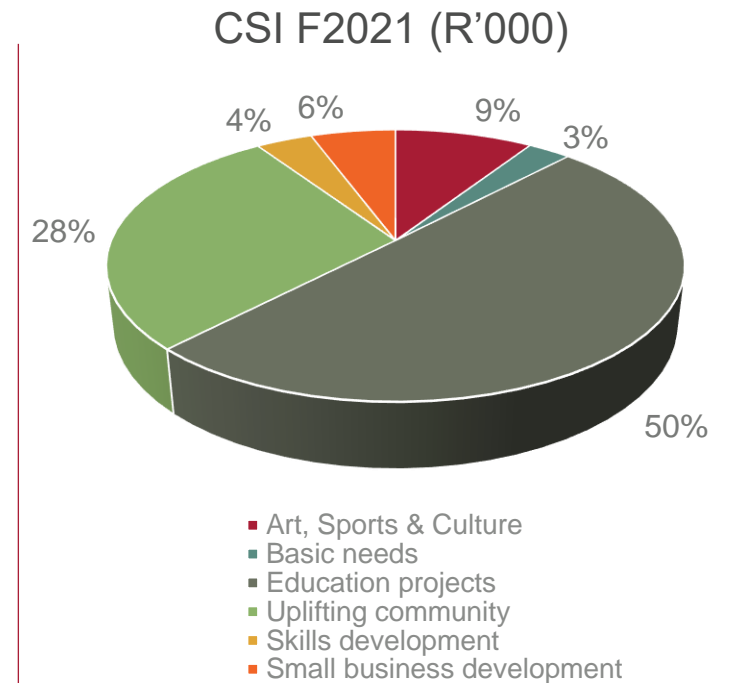
- No community unrest or labour action in the financial year

## Education



- Sponsor math teachers' salaries
- Chess programs in support of mathematical foundations

## Distribution of SLP spend

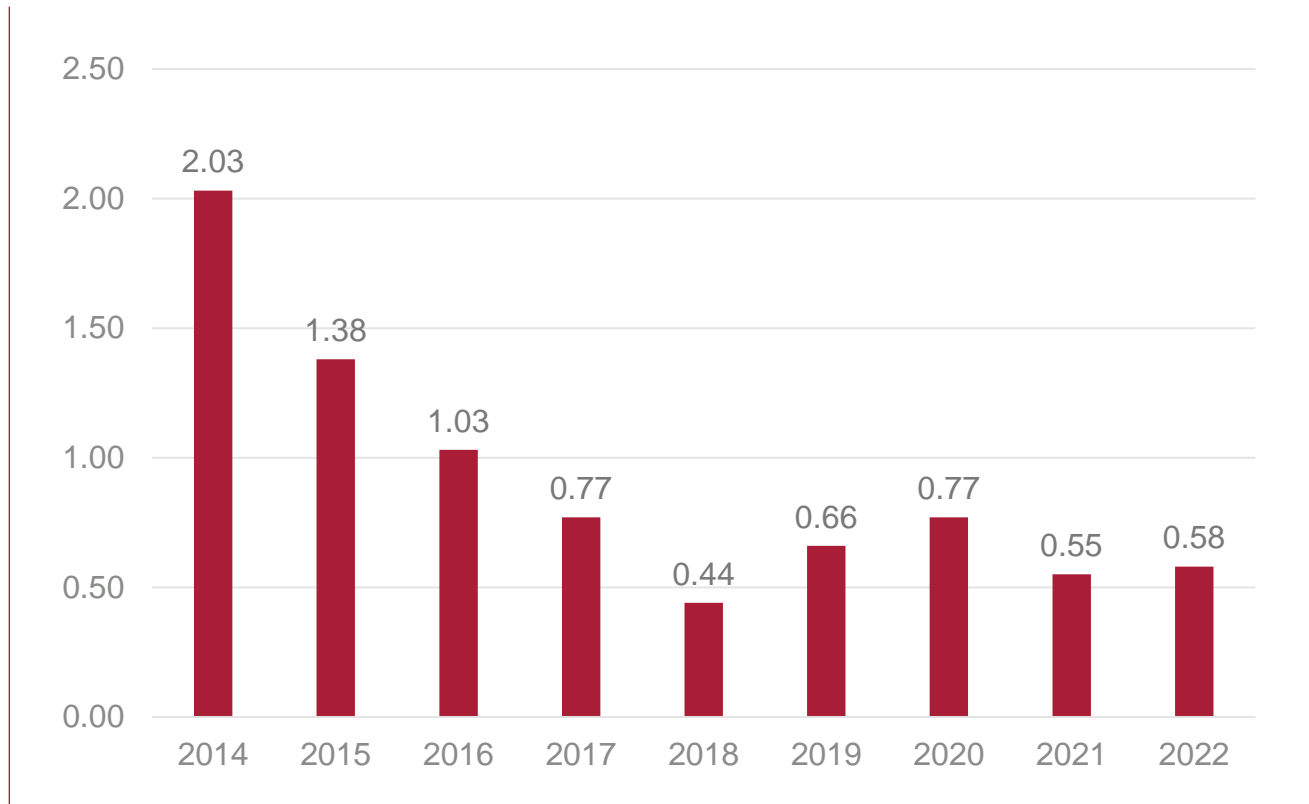


- Community risk matrix in place

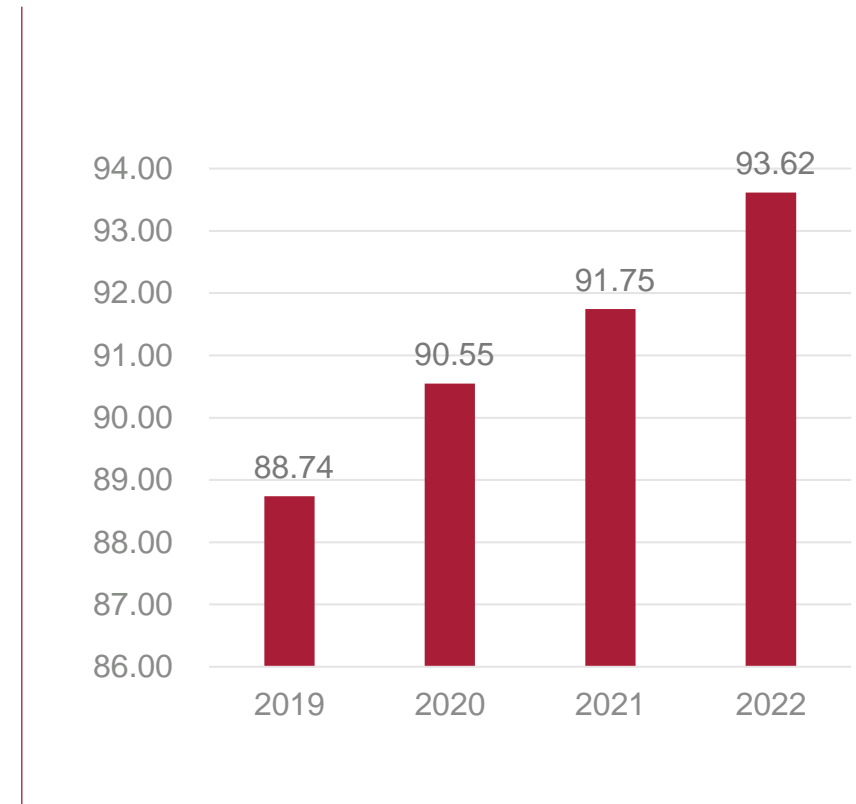
# Statutory relationships and compliance



## LTFR progress



## ISHE ASPASA audit trend







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**THE FUTURE**



# Looking ahead



- Maintain efficiency at existing operations
- Iron ore business to benefit from Jenkins iron ore mine reaching design capacity
- Nkomati on track to slightly exceed ramp-up volumes
- Industrial Minerals and Construction Materials to maintain efficiency drives to protect margins
- Maintain good cash flow
- Diligent project execution and value optimisation

# Core message



Existing business  
Remains  
industry-leading  
amidst global  
uncertainty



Growth strategy  
Meticulously  
executed to  
sustain long-  
term growth



Balance sheet  
Prudently  
managed  
amidst global  
volatility

Afrimat is currently in a closed period with interim results due to be released towards  
the end of October 2022

**19 October 2022**

**Site visit to Demaneng & Jenkins**  
Kathu

**27 October 2022**

**Interim results roadshow**  
Cape Town & via webinar

**16 November 2022**

**Site visit to Nkomati Anthracite Mine**  
Nelspruit

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