



INTERIM RESULTS PRESENTATION

for the period ended 31 August 2022



**CONSISTENTLY
DELIVERING**

Core message



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



Well established diversified portfolio of longer life-of-mine assets



Company culture providing competitive advantage



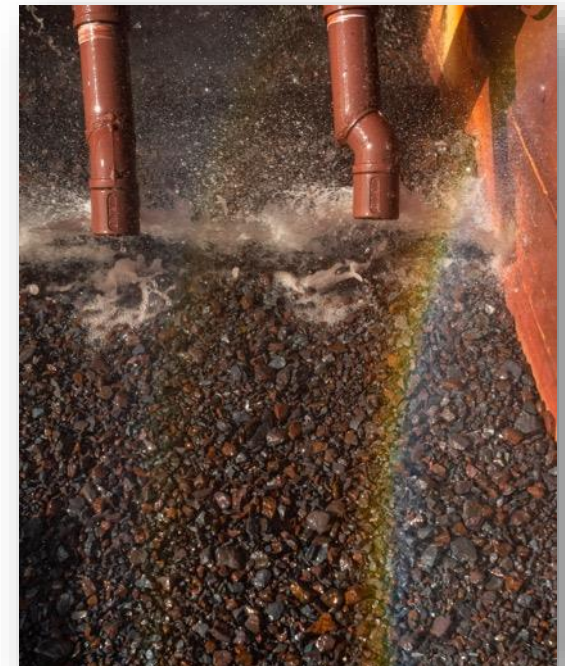
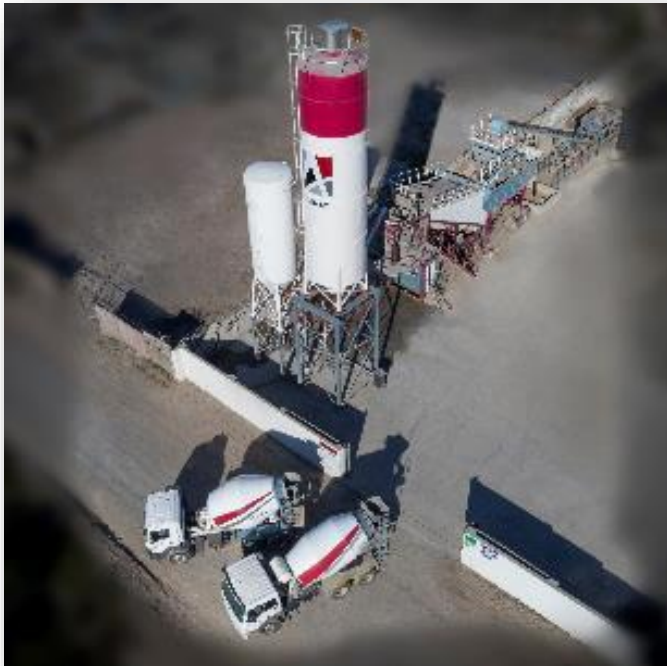
1

**WHAT WE DO
AND HOW WE
DO IT**

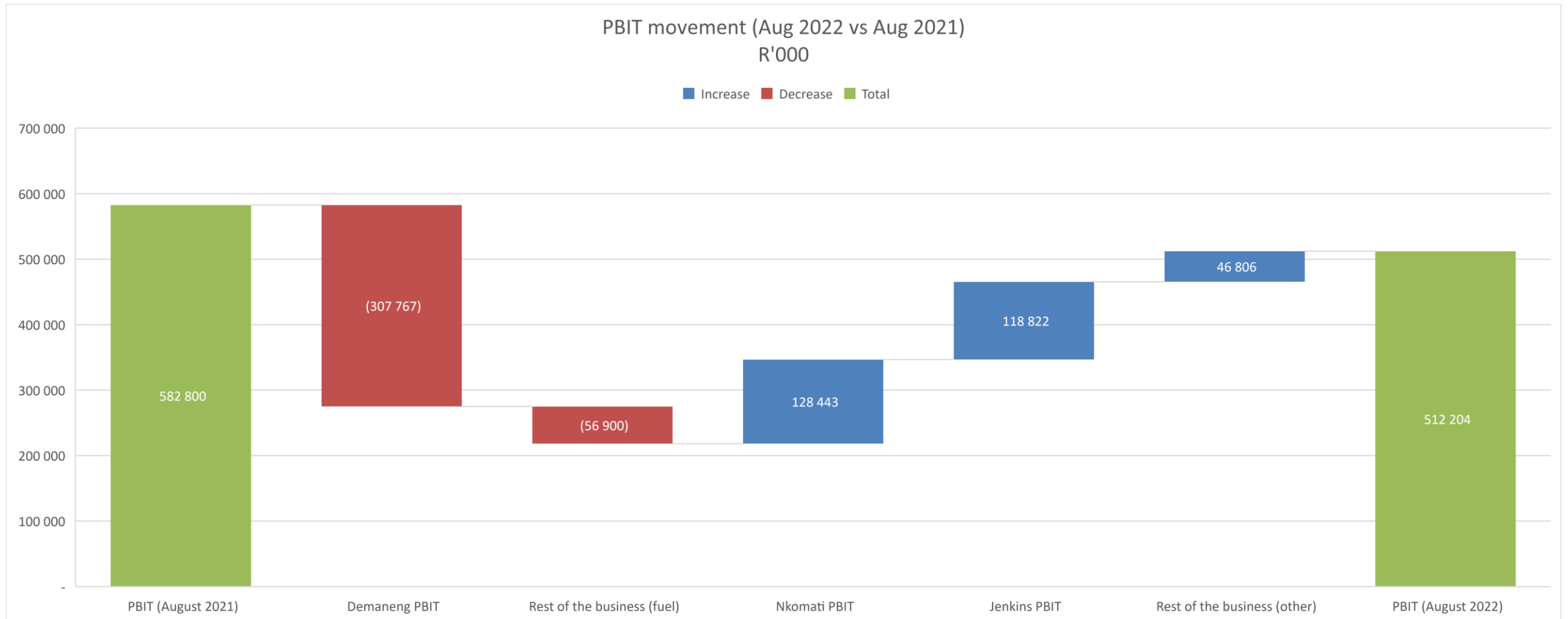
Afrimat: who we are



- Track record of excellence in mid-tier mining and materials supply
- Well diversified across different industries to ensure consistent delivery
- Positioning towards longer life-of-mine (LOM) assets, enhanced processes capability and even greater product diversity



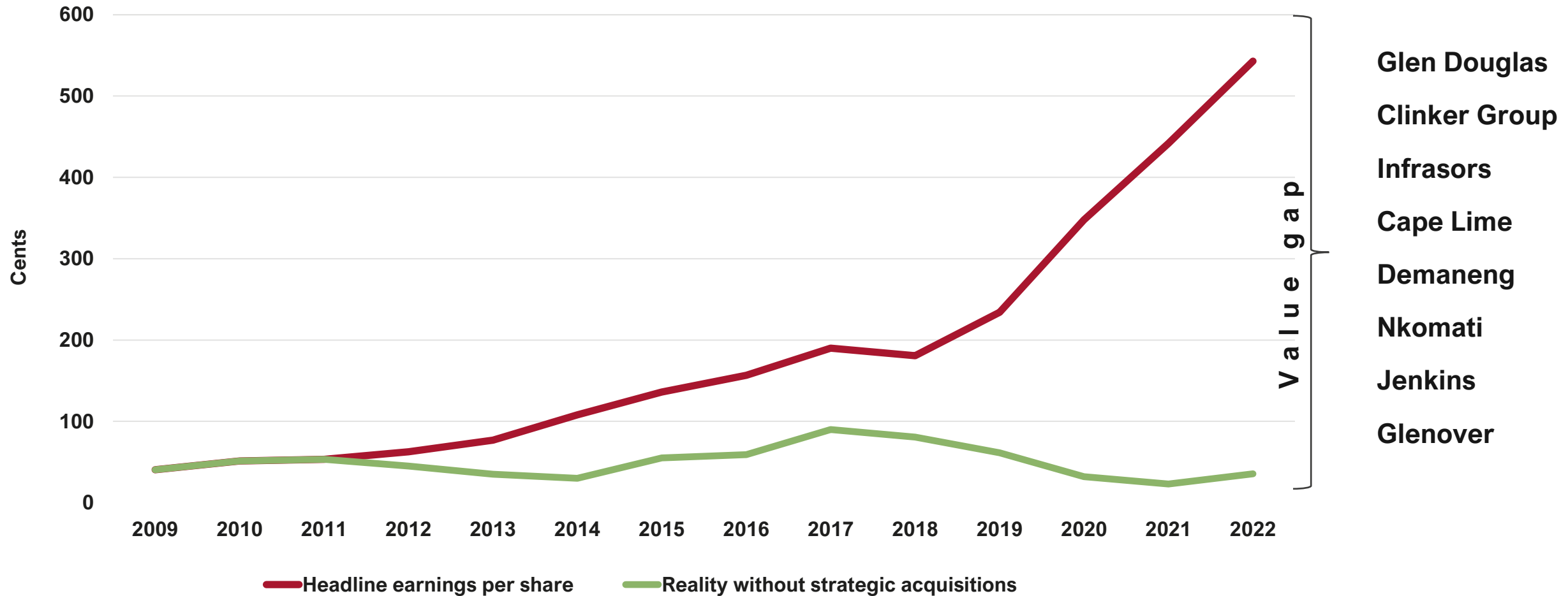
What we contended with and how we countered



Growth through diversification



Profit history with and without acquisitions



Segmental makeup



Construction Materials

Aggregates | concrete products | readymix

Industrial Minerals

Limestone | dolomite | industrial sands

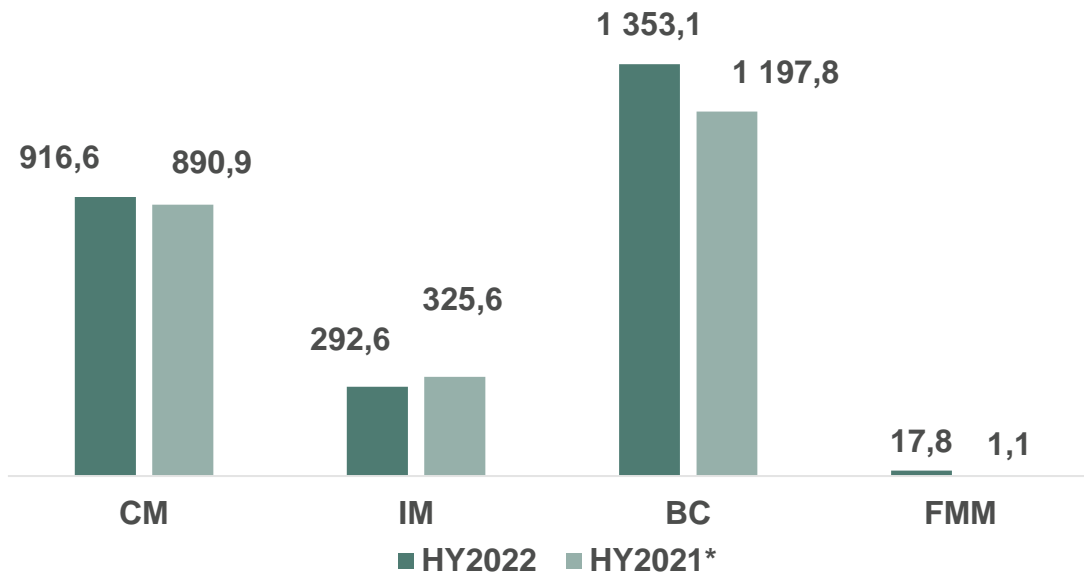
Bulk Commodities

Iron ore | anthracite

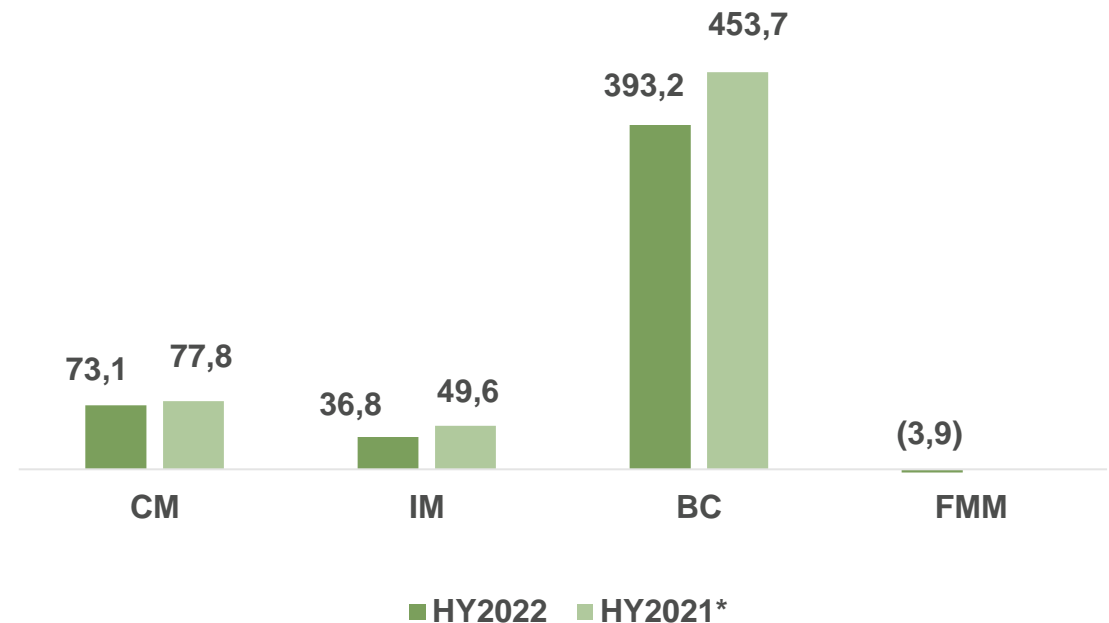
Future Materials and Metals

Phosphate | vermiculite | rare earth elements

Revenue (R million)



Operating profit (R million)



* Restated

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
- Allowing for longer life-of-mine
- Creates many opportunities

22%

CAGR of PAT
(Feb 2009 – Feb 2022)

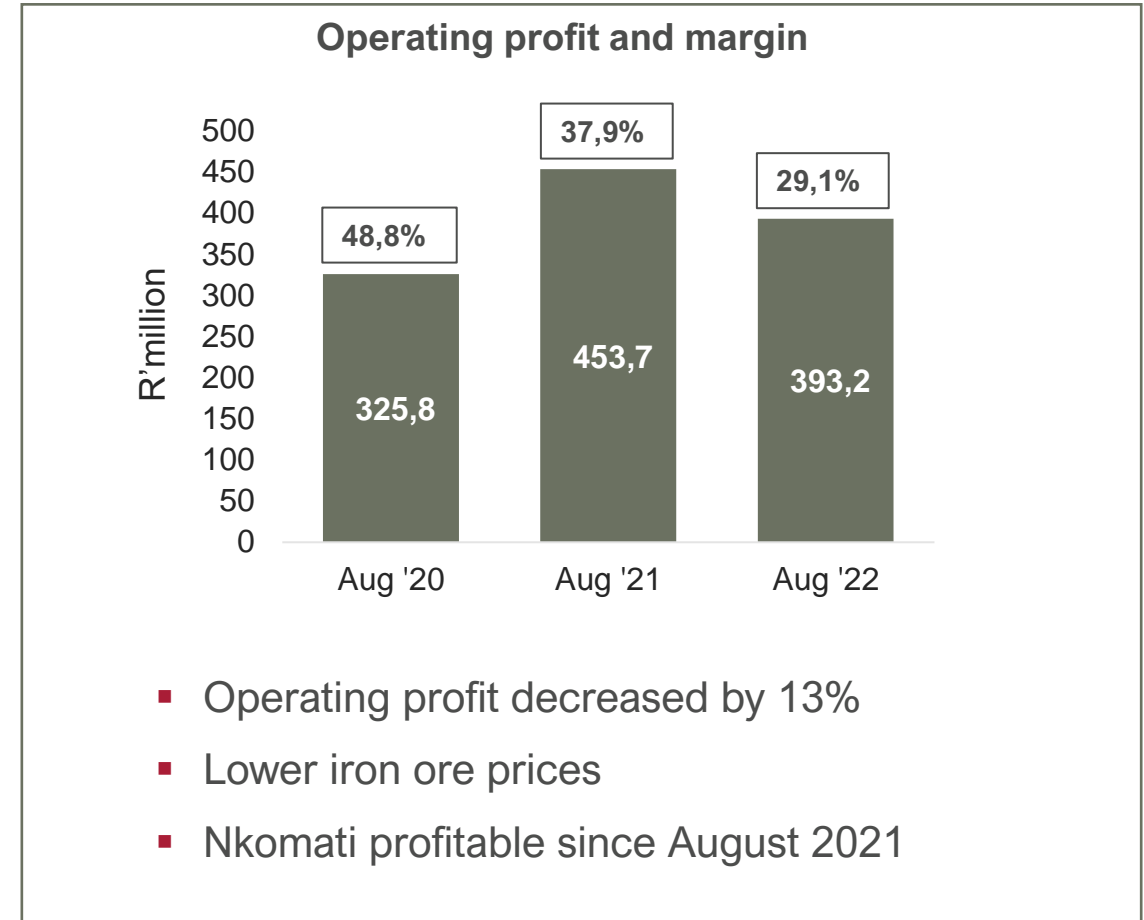
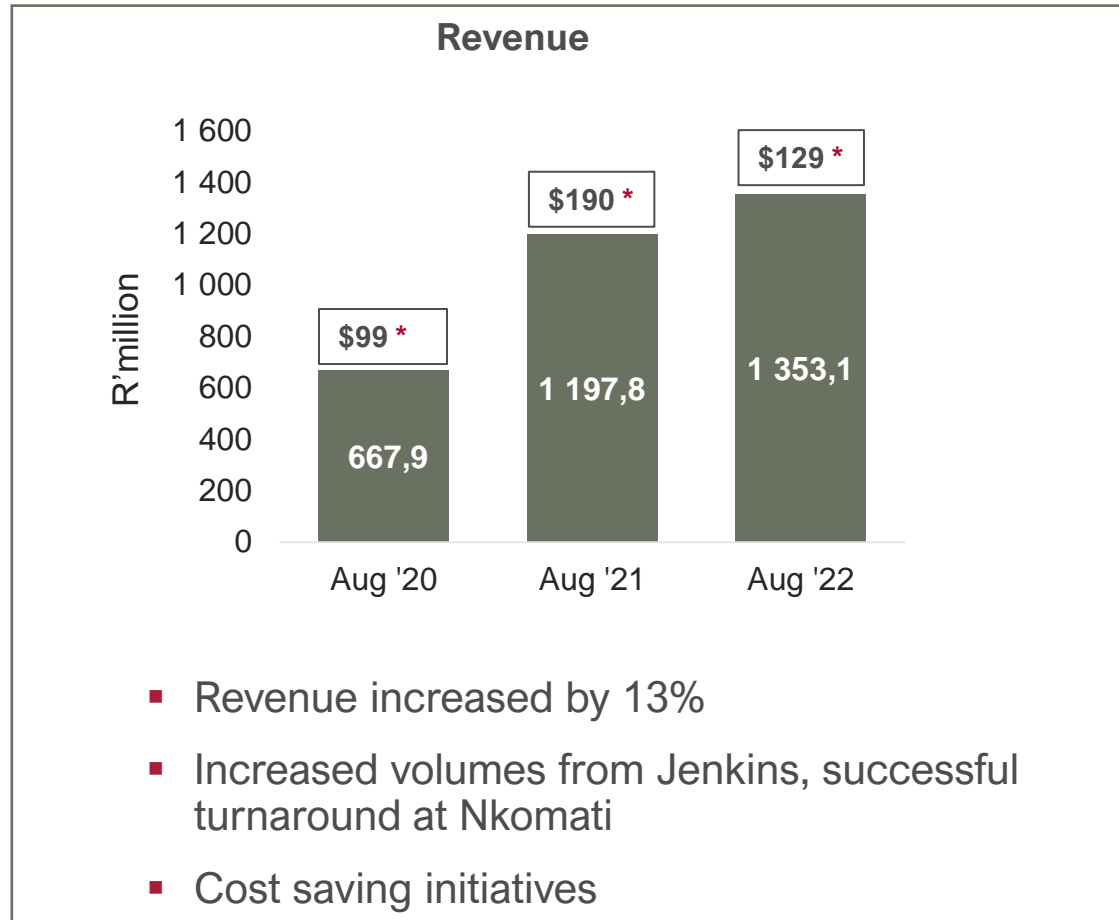


2

OPERATIONAL OVERVIEW



Excellent results and margin despite operating constraints

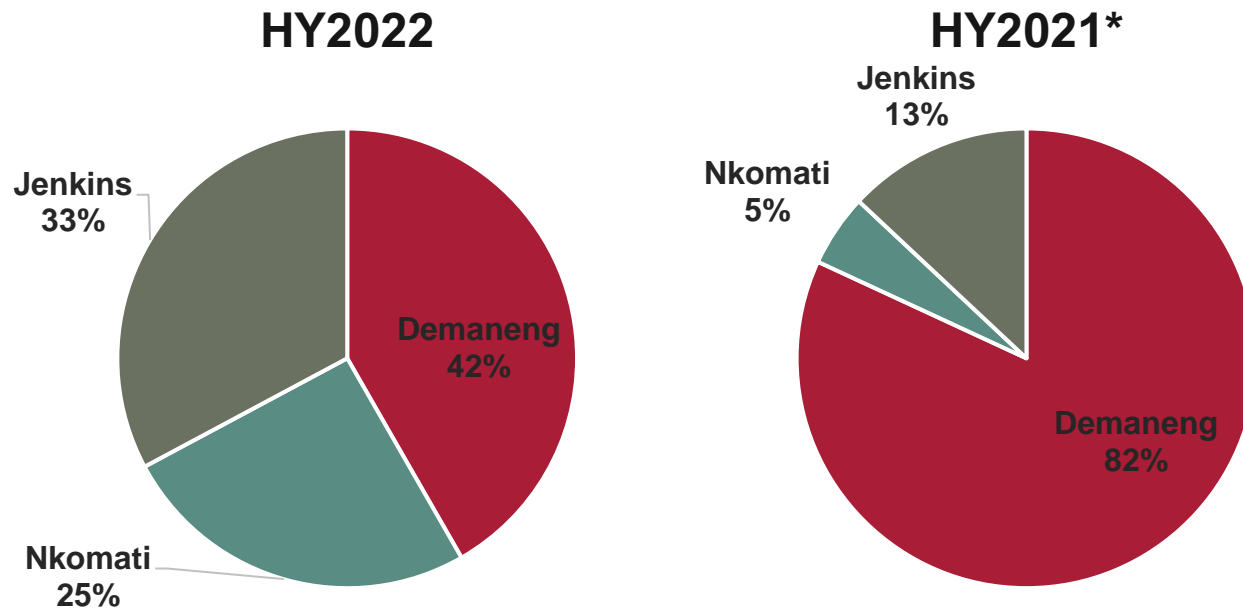


* Average US\$ for each respective period

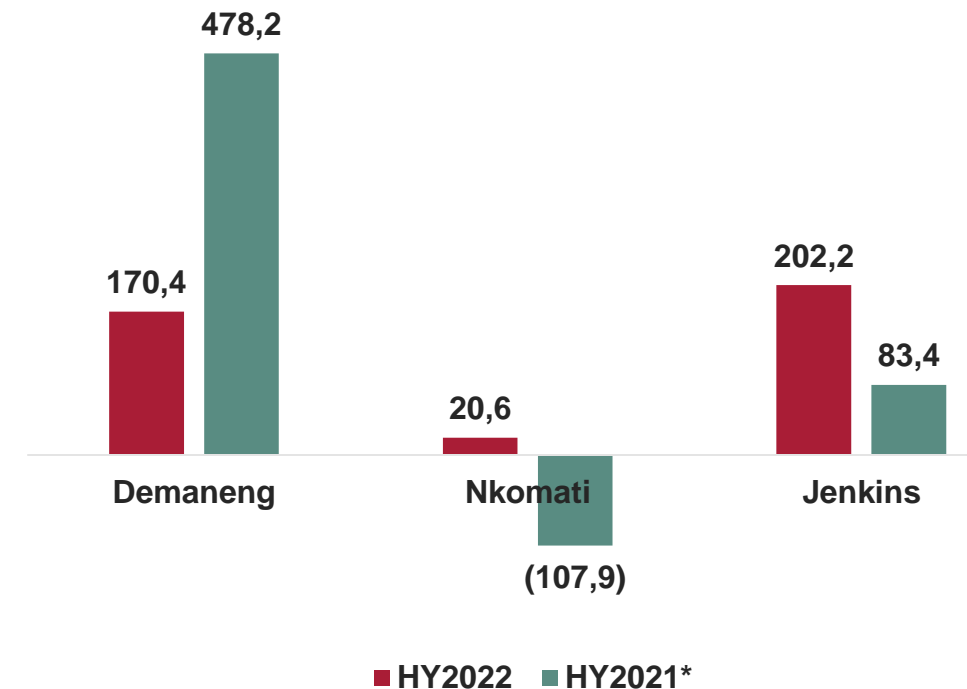
Contribution of Bulk Commodities

Segment contributed 52% of revenue and 77% of operating profit to the Group

Revenue (R million)



Operating profit (R million)



* Restated

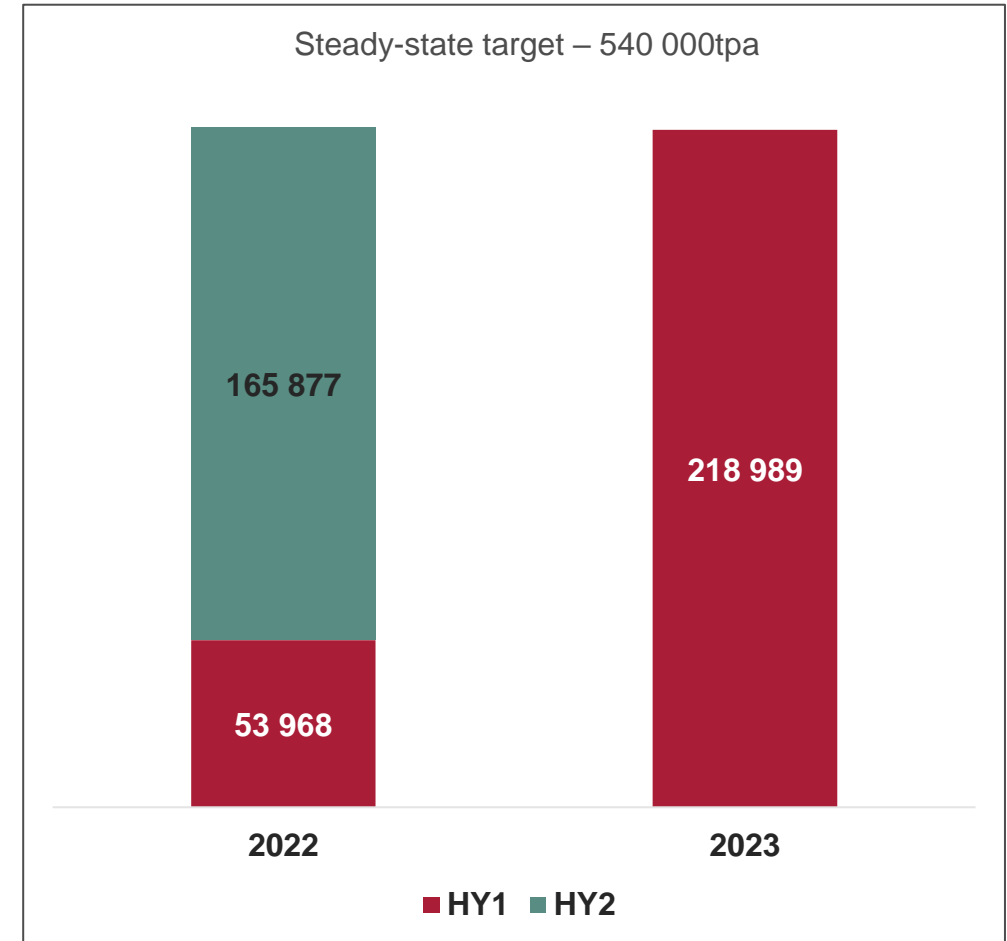
Nkomati anthracite mine

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



- Massive turnaround to a position of profitability
- Two opencast pits and one underground are being opened
- Sales into the local market with some alternatives available
- Ramping up

Volumes achieved (tonnes)



	Amount (R million)
Remaining planned spend	181
Capex spent (HY1 2022)	(14)
Capex spent (FY 2022)	(54)
Capex spent (HY1 2023)	(171)

Jenkins iron ore mine

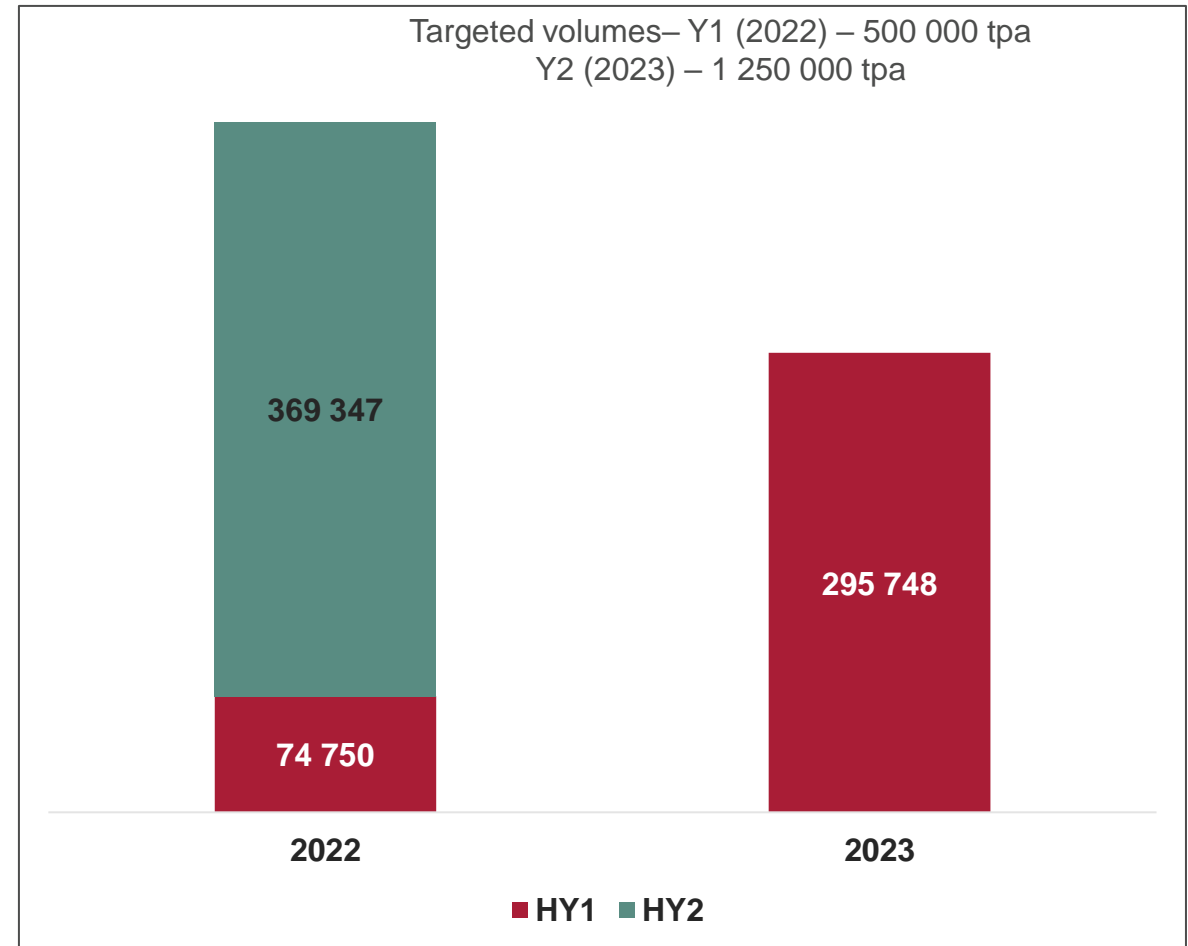
Life of mine: >20 years
 Market: Domestic
 Location: Northern Cape (Kathu)



- Fully operational
- Ramped up to the required capacity
- Interim price reduction to assist customer
- Direct shipping ore (DSO) (no beneficiation losses)

	Amount (R million)
Remaining planned capex	10
Capex spent (HY1 2022)	(31)
Capex spent (FY 2022)	(79)
Capex spent (HY1 2023)	(49)

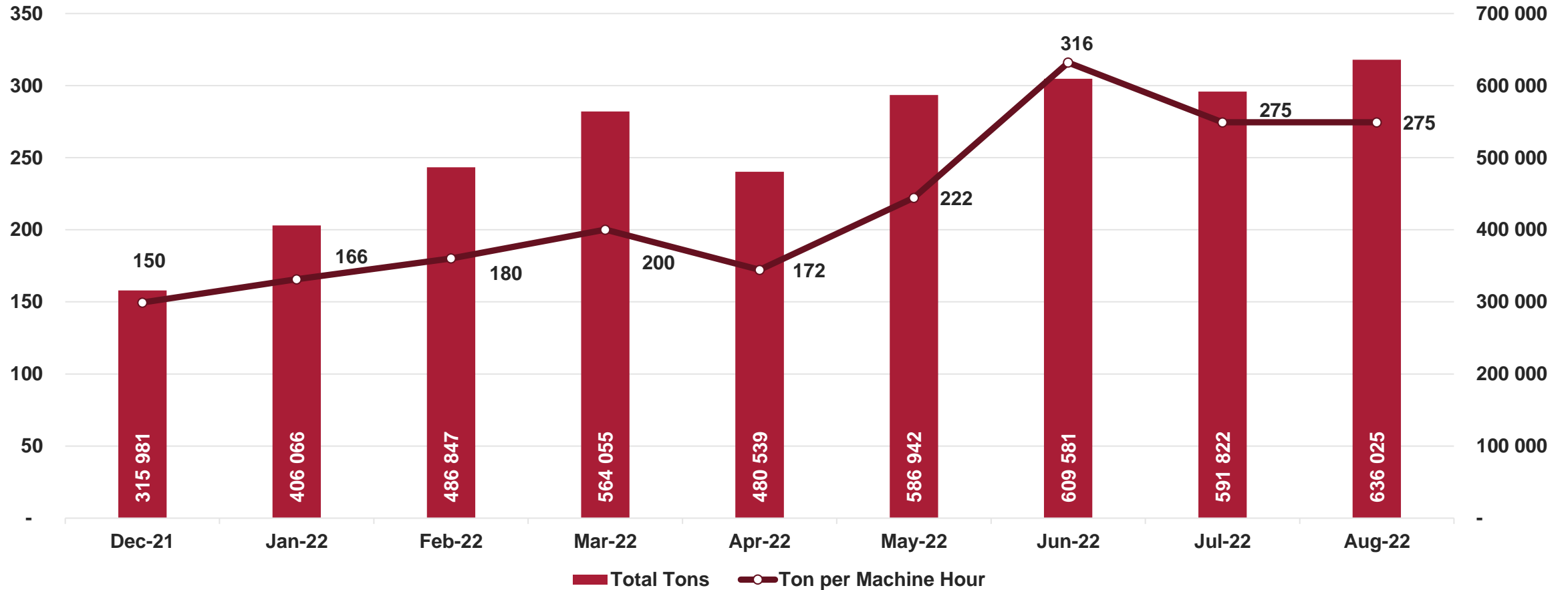
Volumes achieved (tonnes)



Efficiency drive



Jenkins productivity drive Tons/machine hour



Demaneng iron ore mine

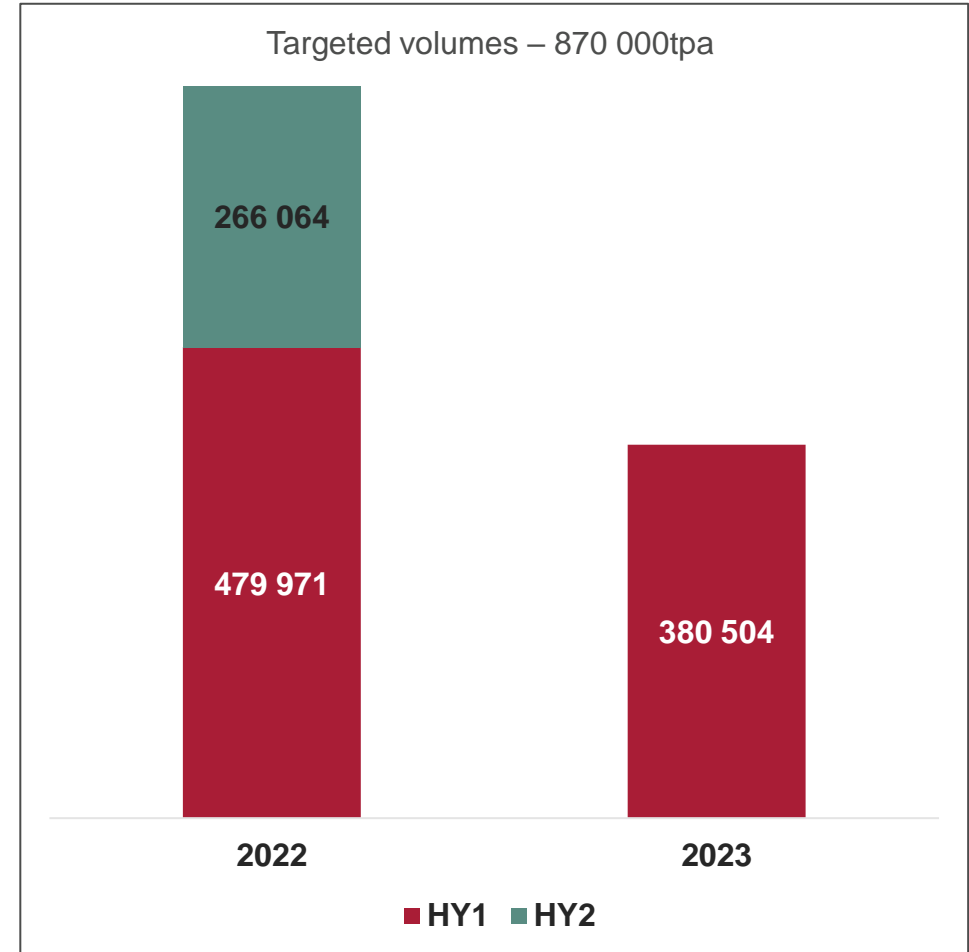
Life of mine: 4 years
 Market: International export
 Location: Northern Cape (Kathu)



- Iron ore price lower than last year
- Approaching end of LOM with strip ratio's slightly higher
- Still pleased with the performance
- Transnet challenges
- The first blast at Driehoekspan assesses quality and performance
- To take over from Demaneng in 2–3 years' time

	Amount (R million)
Capex spent (HY1 2022)	(15)
Capex spent (FY 2022)	(39)
Capex spent (HY1 2023)	(52)

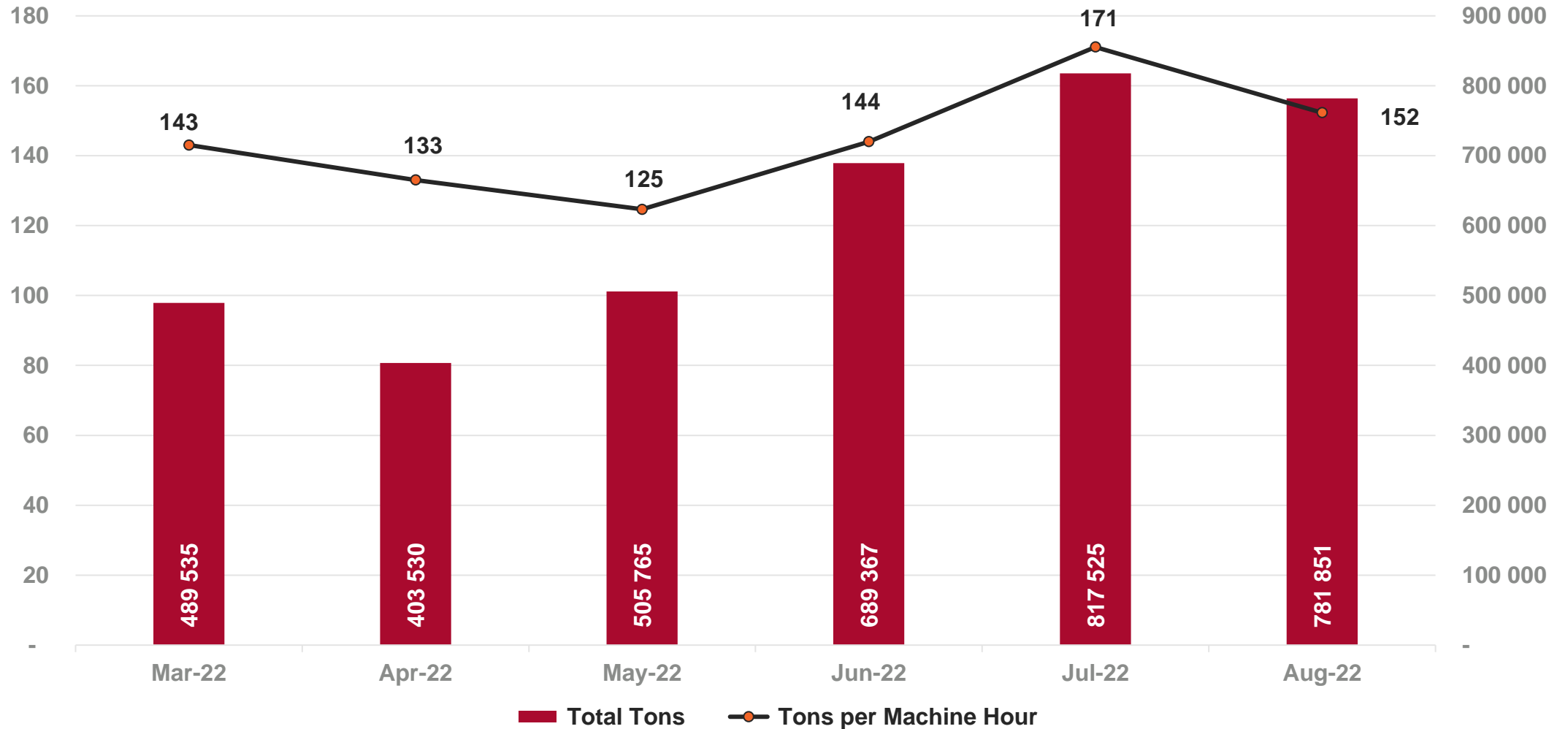
Volumes achieved (tonnes)



Efficiency drive



Demaneng productivity drive
Tons/machine hour



Driehoekspan iron ore mine

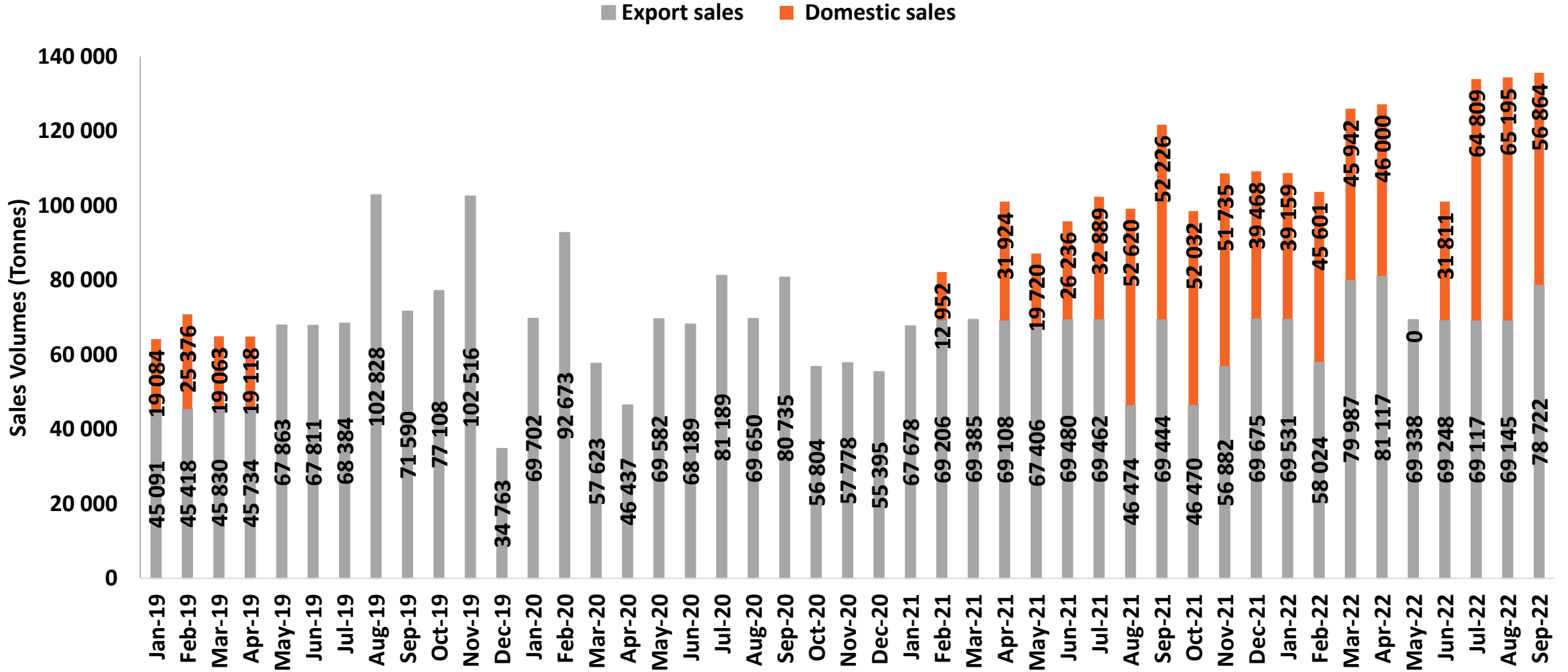
Life of mine: >10 years
 Market: Domestic and export
 Location: Northern Cape (Kathu)



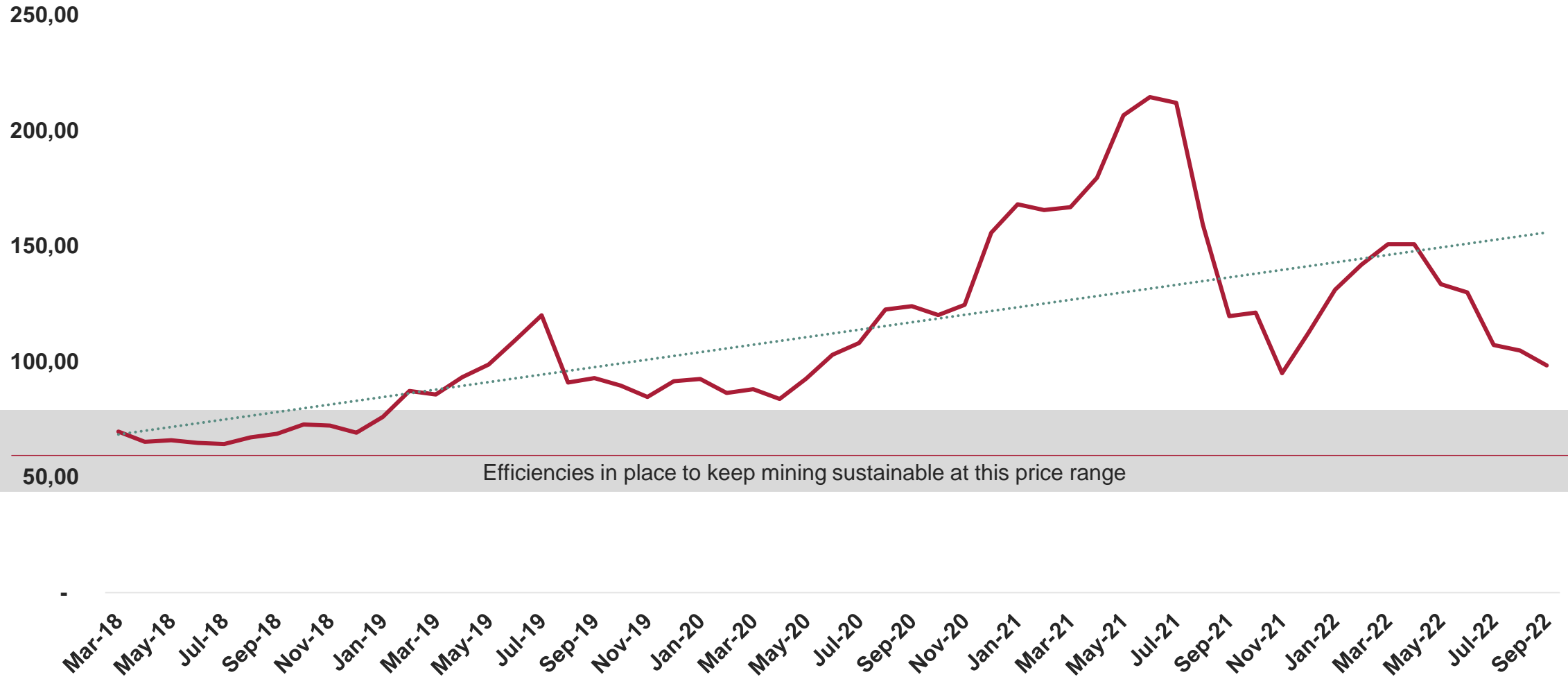
- Driehoekspan and Doornpan earmarked for the replacement of Demaneng
- Mining rights, EMP and SLP in place
- WUL granted
- Surface rights
 - Land use agreement in place
 - Preferential employment
 - Enterprise and supplier development focus

Contributing to results?	Not yet
Targeted volumes:	±350 000 tpa iron ore ±240 000 tpa manganese
Volumes achieved:	50 000t iron ore as part of bulk sampling 144 000t manganese as part of the detrital mining effort
Planned capex:	R25 million

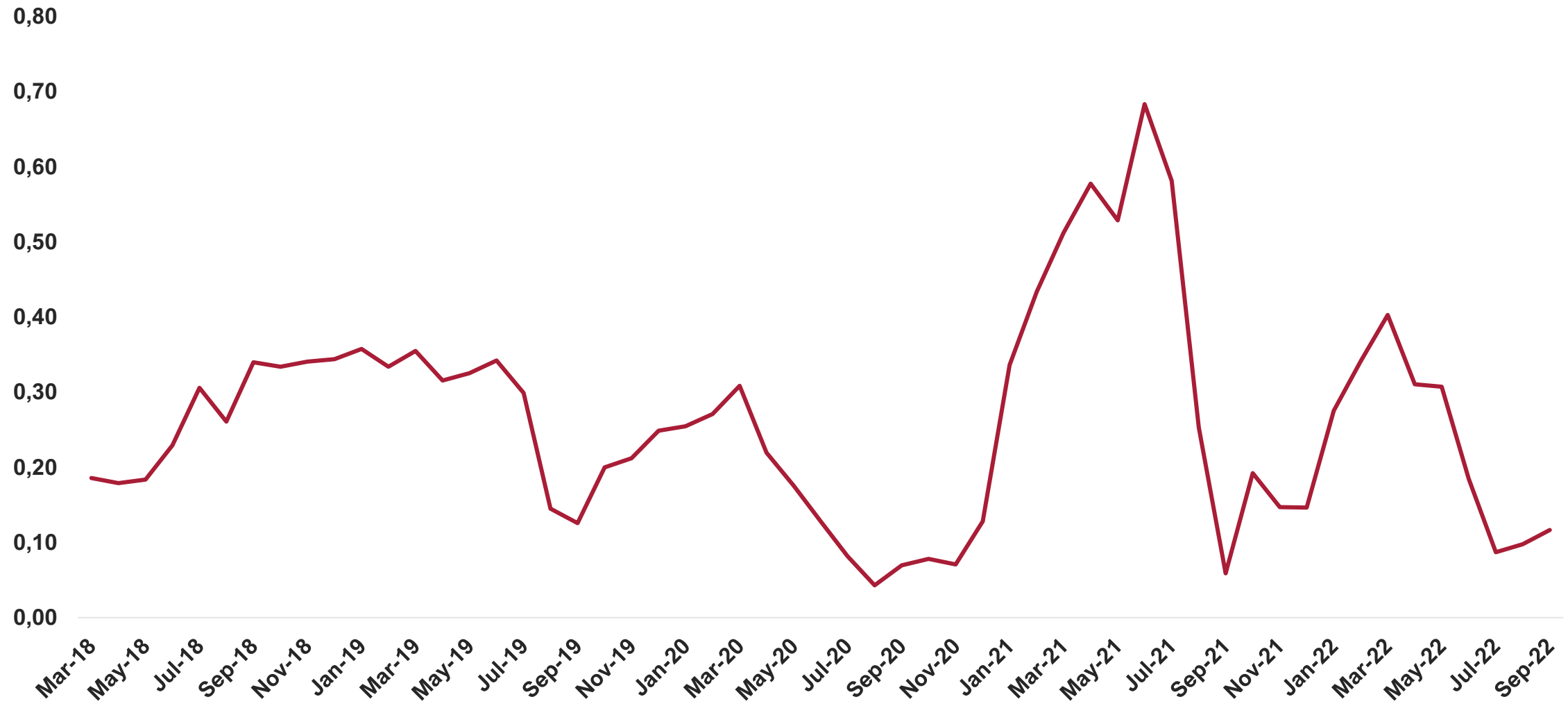
Iron ore sales by rail



62% FE Platts Index Price (USD)



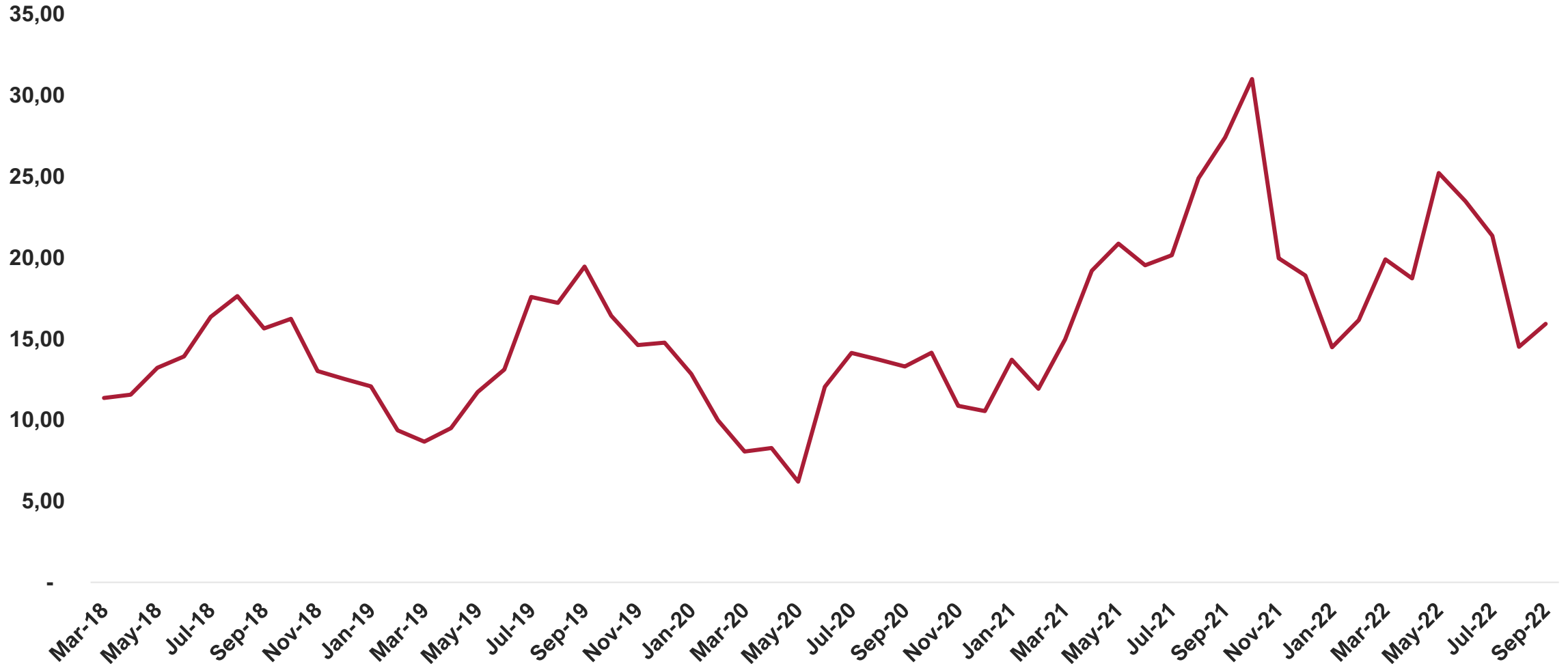
Lump premium (USD)



Freight rate China (USD)

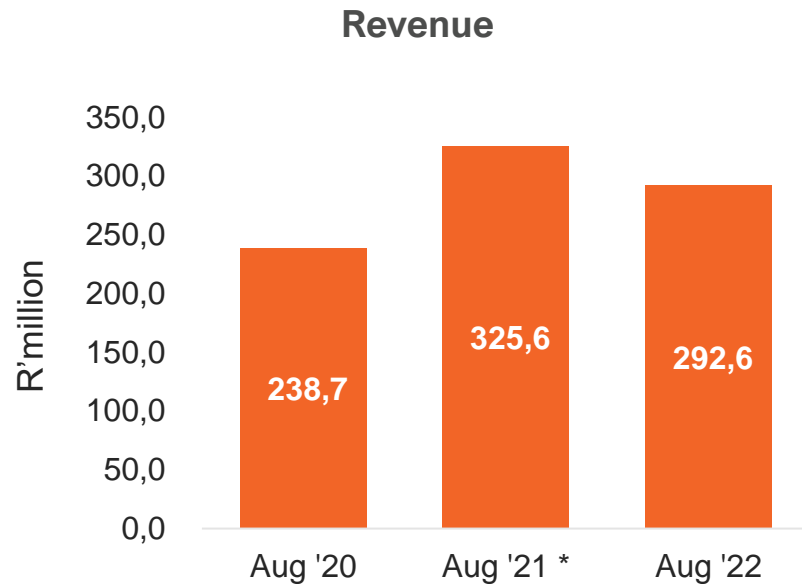


Avg. Platts South Africa - China Capesize

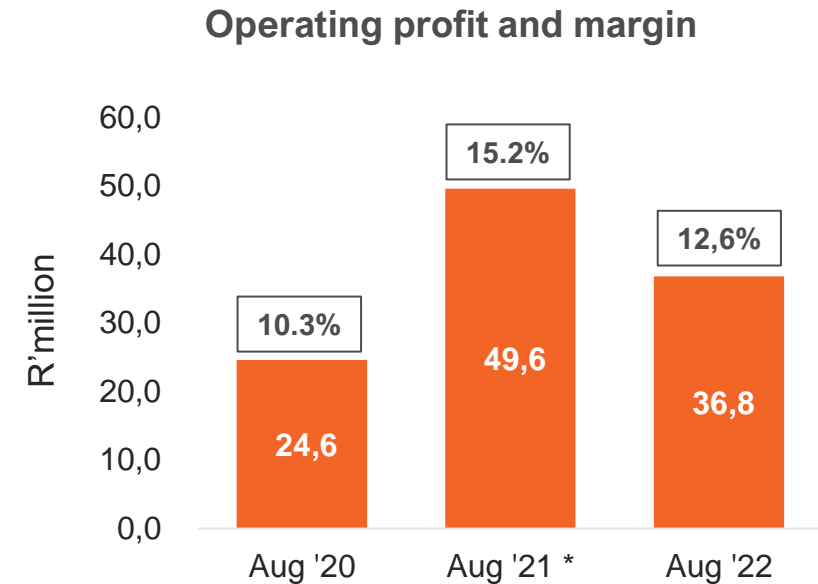




Delivered satisfactory results, with recovery across all regions



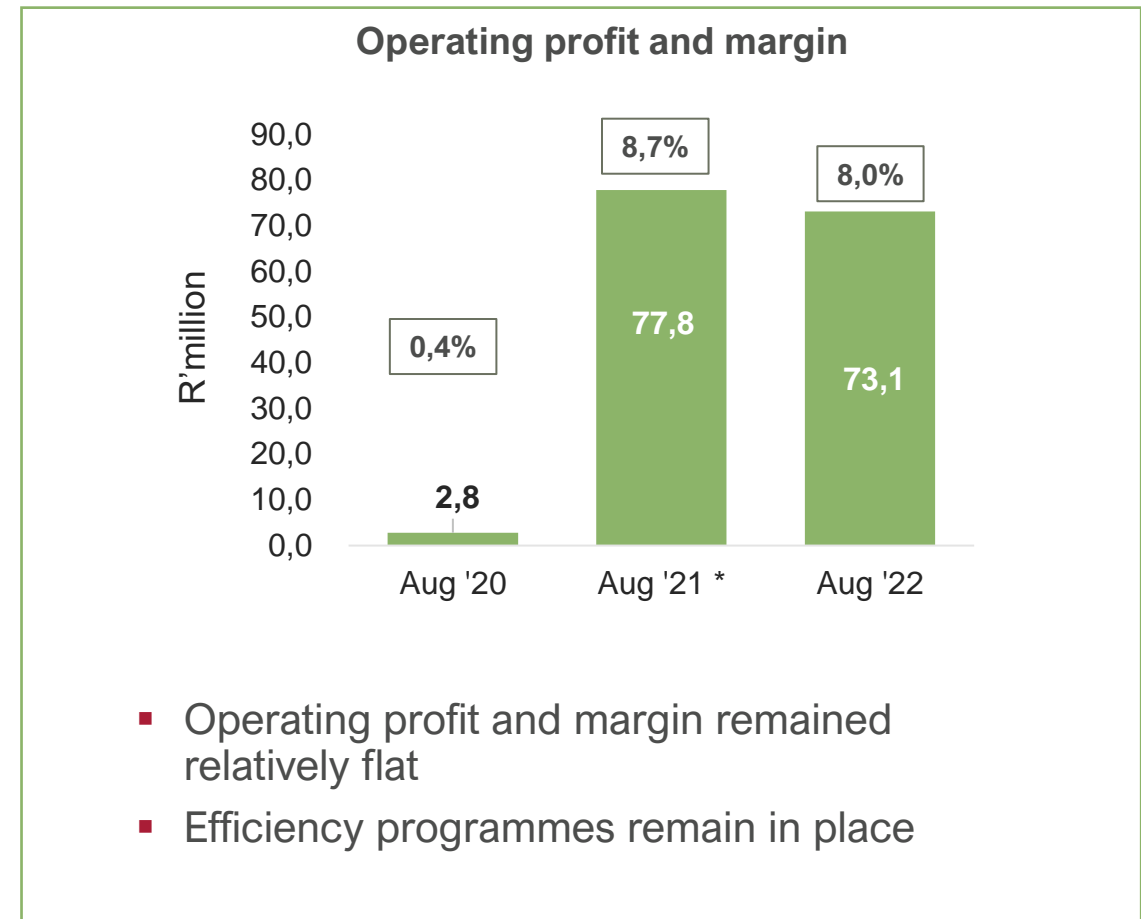
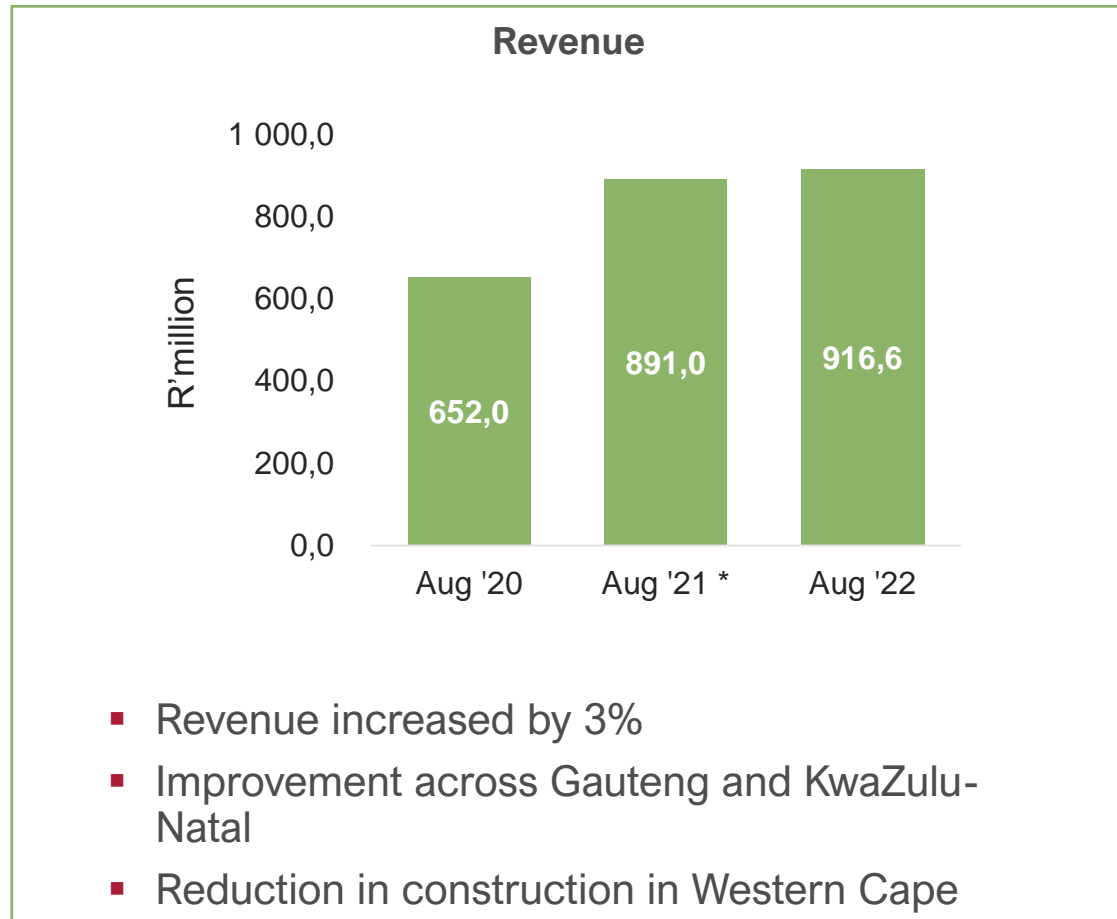
- Economic slowdown
- Revenue decreased by 10%



- Operating profit decreased by 26%
- Operating profit margin maintained in a good range, with efficiencies in place

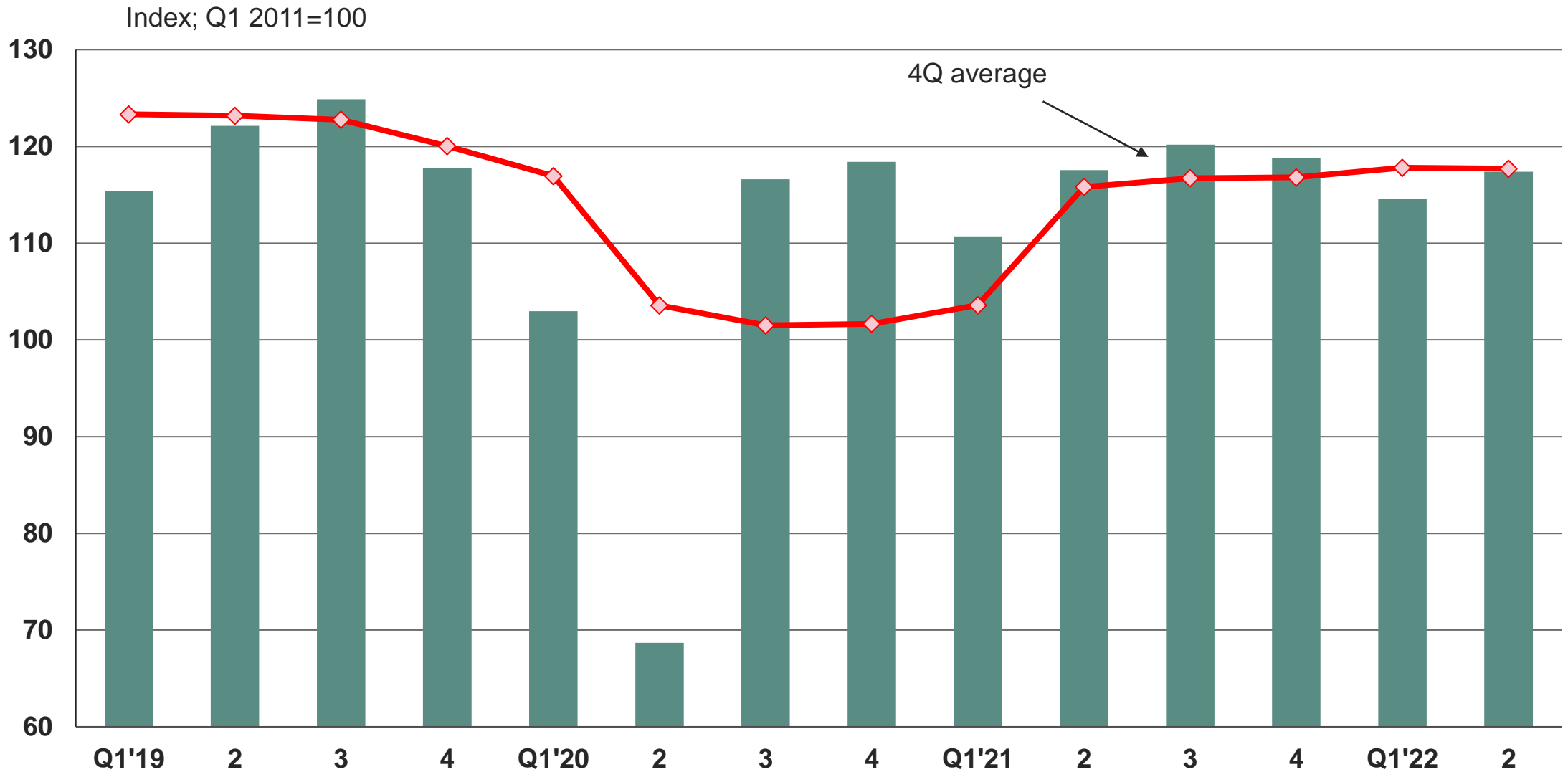


National footprint ensured viable product delivery



* Restated

Afrimat Construction Index – Q2 2022



Glenover – project update

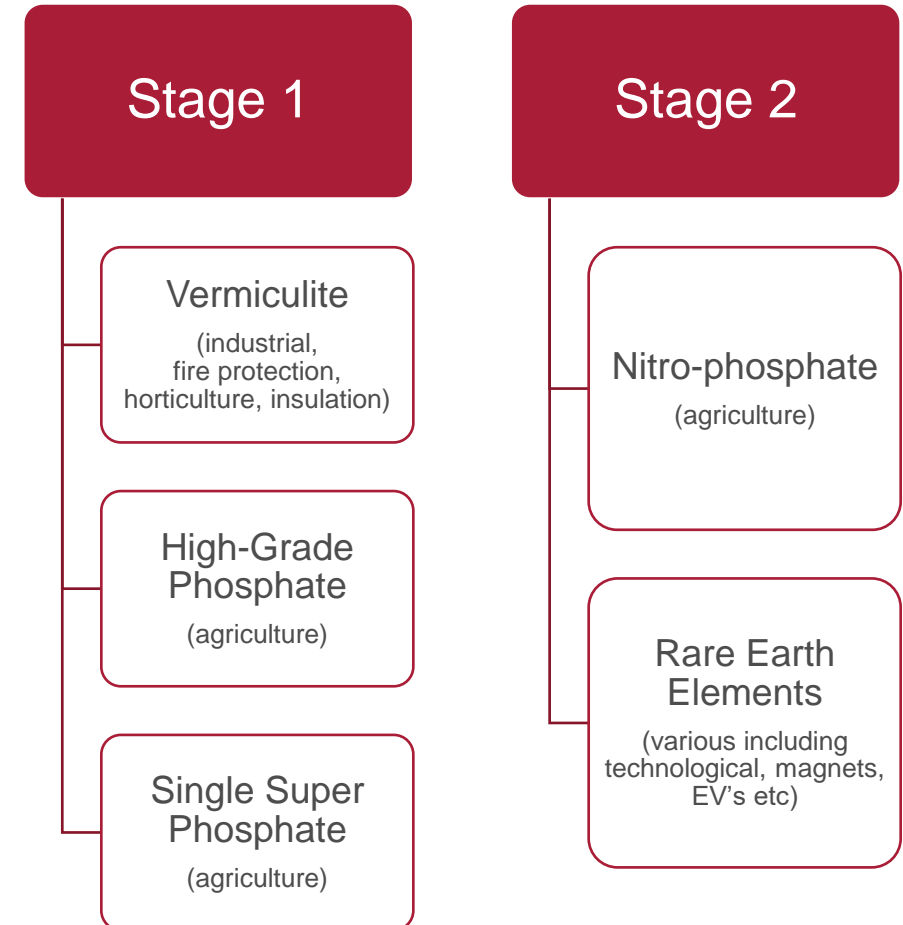
Phosphate
Vermiculite
Rare Earth Elements



- Reduces exposure to ferrous metals and aligns with global trends
- Three parts:
 1. Fertilizer for agricultural applications
 2. Vermiculite for industrial and horticultural applications
 3. Rare earth elements, supporting technological advancements
- Current sales from high-grade phosphate (fertiliser) material
- Testing and design work underway for vermiculite and single super phosphate (SSP) plants
- Test work for nitro-phosphate and rare earth processes making good progress
- Acquired current stockpiles (R215,1 million) and vermiculite mining right (R34,9 million) (Stage 1)
- Board approved R300 million to purchase all the shares in Glenover

Glenover adds to diversification and future pipeline

- Enhance the diversification strategy
 - Commodity/product range widened
 - Foreign currency revenue – more currencies
 - Supply chain dependency reduced
- Good long-term market dynamics
- Healthy margins
- Good inherent resource characteristics (quality)
- Scalability
- Downstream value-chain opportunities (including strategic partnerships)



Glenover – targeted volumes, timelines and status

Life of mine: >20 years
 Market: Local and export
 Location: Limpopo (Lephalale)

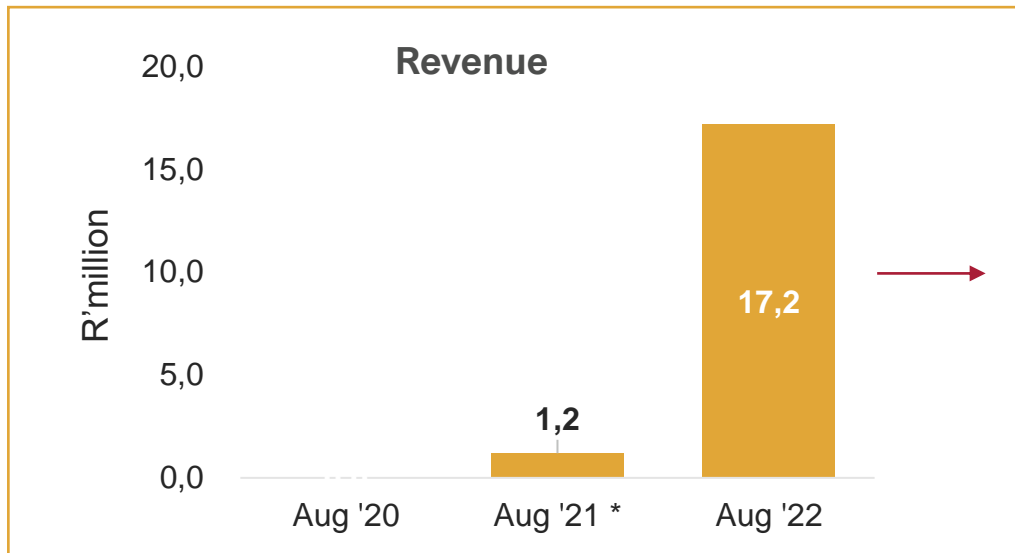


Stage 1	Product	Volume	Timeline	Status
	Vermiculite	35 000 tons per annum	H2 2023	Test work and final design
	HG Phosphate	57 000 tons per annum	H1 2022	In production
	SSP	60 000 tons per annum	H2 2023	Test work and final design

Stage 2	Plant	Volume	Timeline	Status
	Nitro-Phosphate plant	36 000 tons per annum*	H1 2024	Test work and final design
	Rare Earth Plant	18 000 tons per annum**	H1 2024	Test work and final design

*Volume for 1st plant **Feed tons from 1st plant

Glenover financials



Operating loss (R3,8 million)

Peak funding
estimated at
R901.6 million
for Stage 1

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**

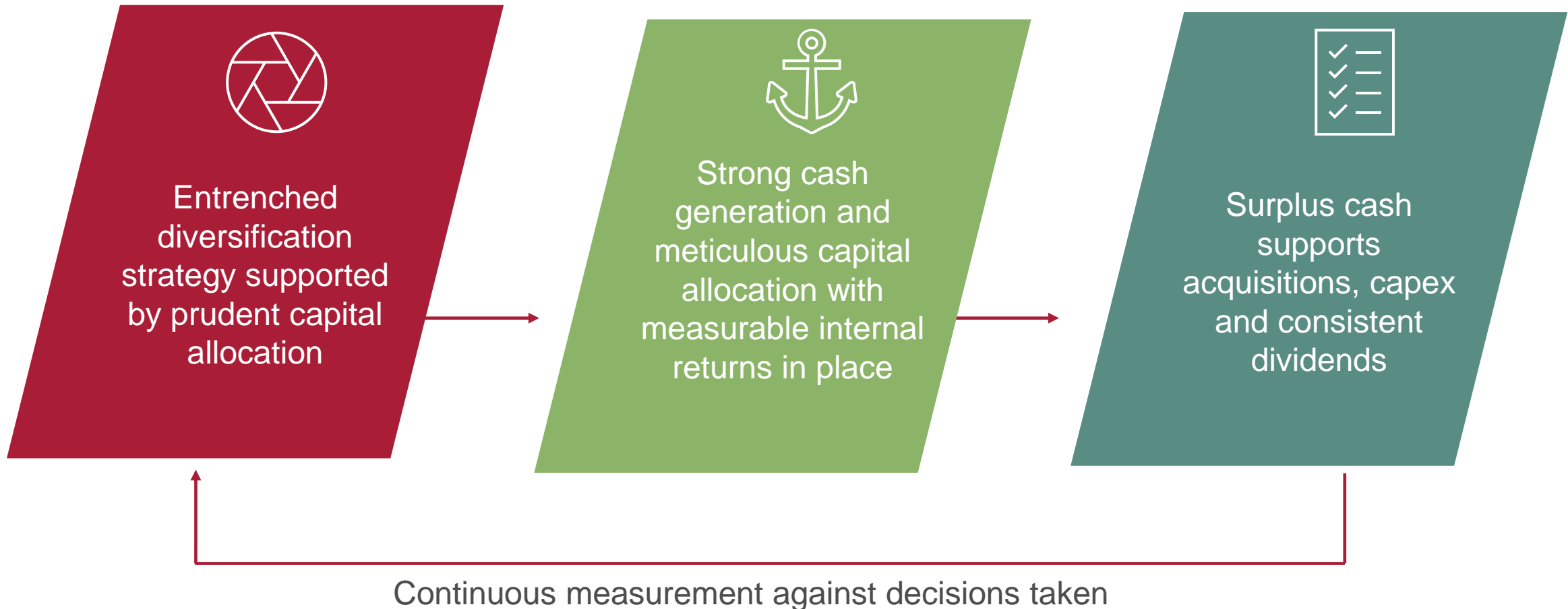




3

FINANCIAL REVIEW

Core financial discipline to support growth



Financial scorecard



R2,6 billion

Group revenue

252,2 cents

HEPS

19,7%

Operating profit margin

2 481 cents

Net asset value per share

40,0 cents

Interim dividend declared per share

27,4%

Return on net operating assets

R784,1 million

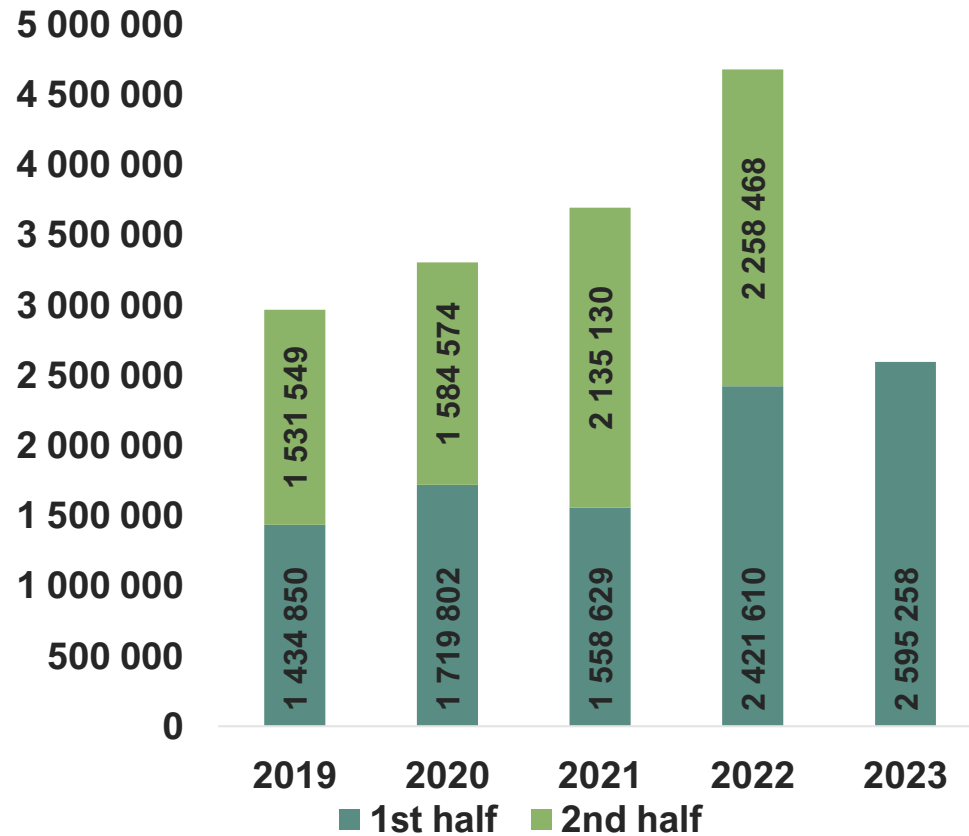
Net cash from operating activities

A strong balance sheet in a net cash position to be utilised for future acquisitions

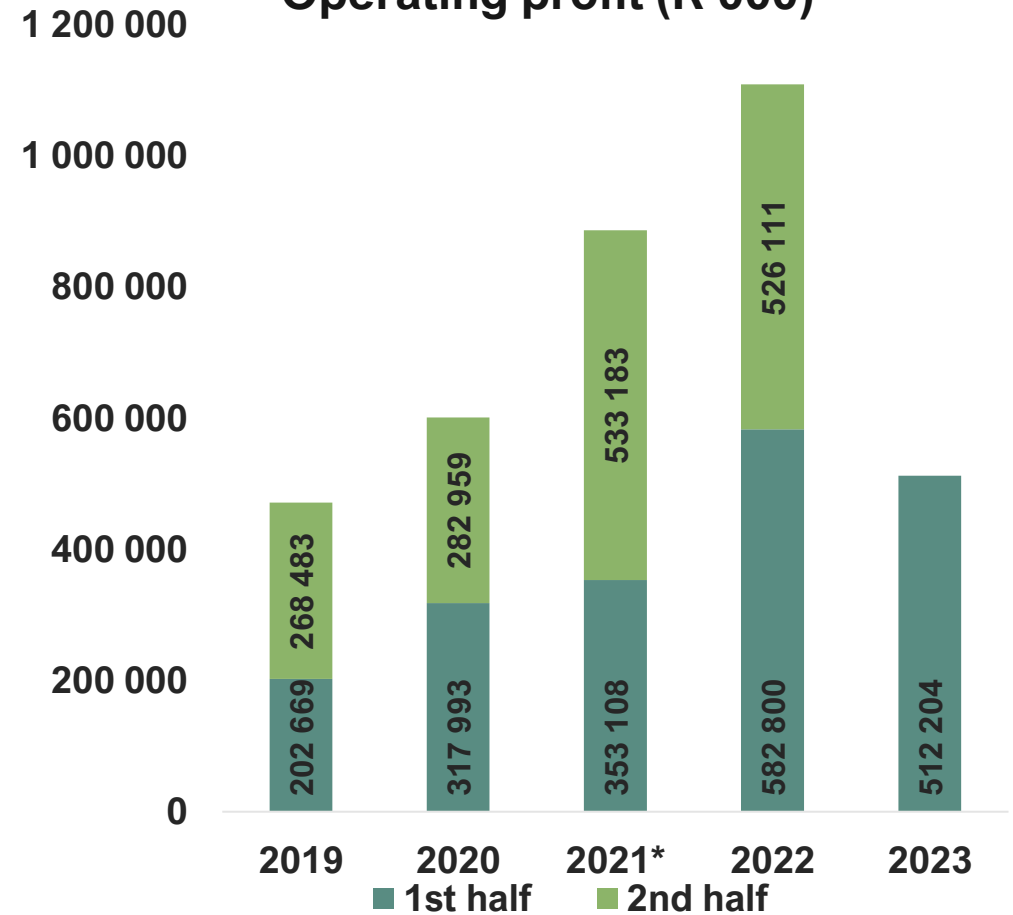
Revenue and operating profit



Revenue (R'000)



Operating profit (R'000)



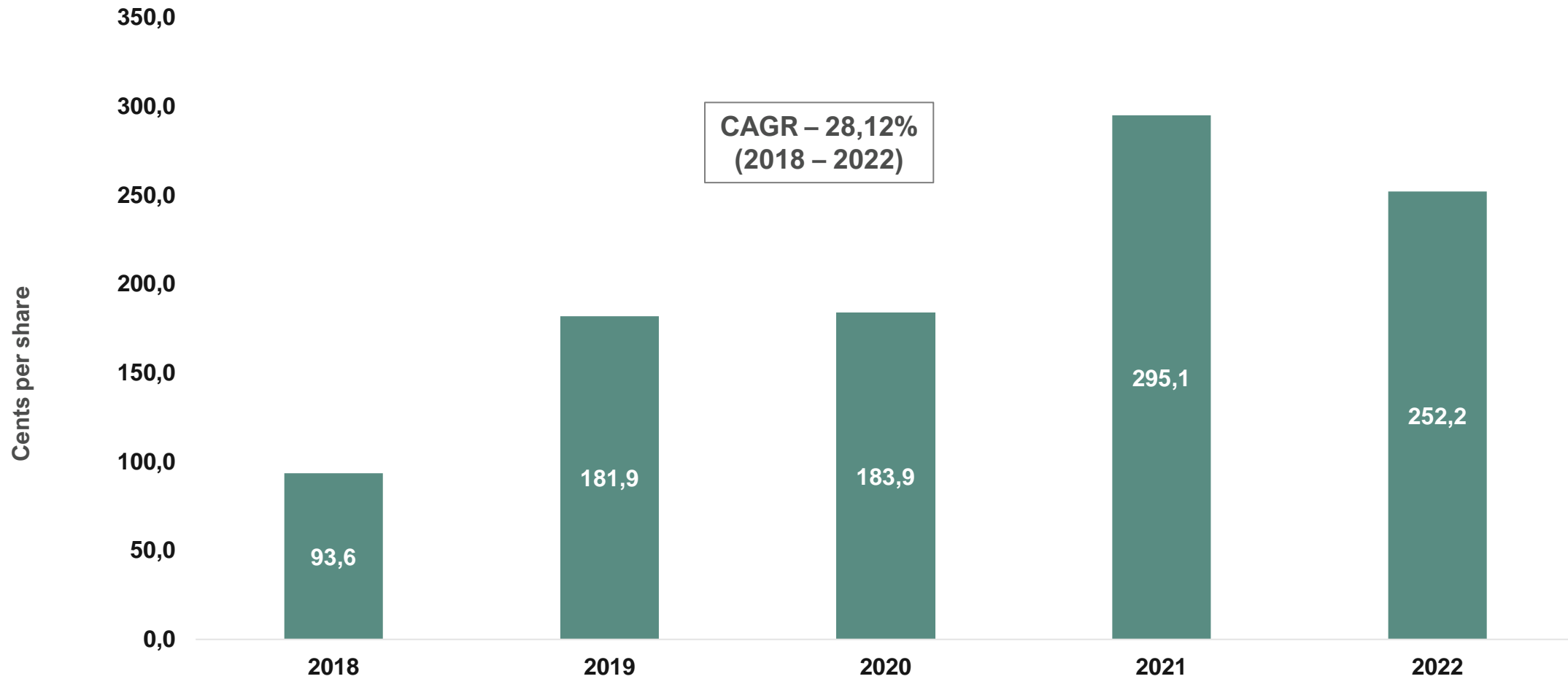
* As previously reported

Overall margin mix

Operating profit margin (%)	HY2022	HY2021
Construction Materials	8,0%	8,7%
Industrial Minerals	12,6%	15,2%
Bulk Commodities	29,1%	37,9%
Future Material and Metals	(21,8)%	17,1%
Overall	19,7%	24,1%

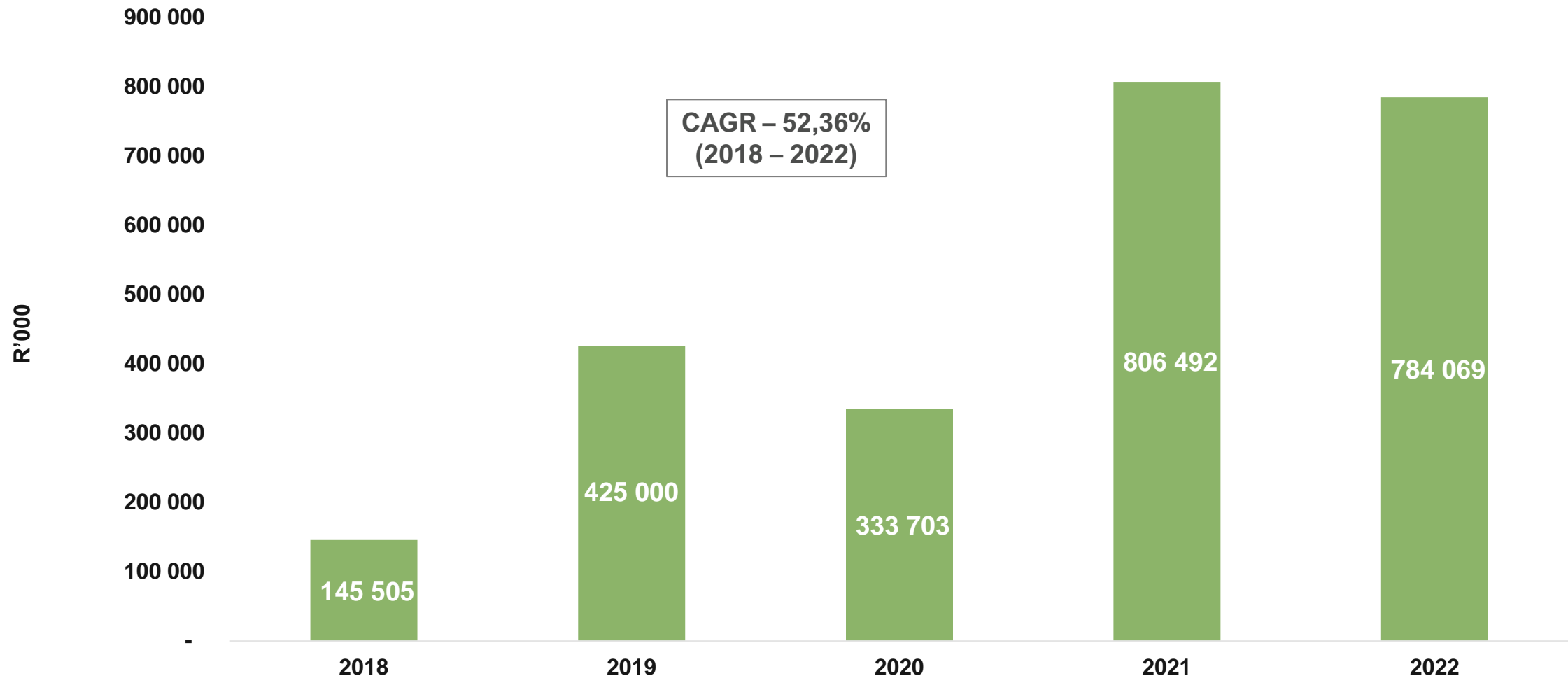


Headline earnings per share - half year



Effective tax rate 27,3% (2021: 27,5%)

Net cash from operation activities – half year



Statement of financial position - assets



R'000	Unaudited Aug 2022	Unaudited Aug 2021	Audited Feb 2022
Property, plant and equipment	2 970 787	2 594 967	2 696 448
Intangible assets	262 920	212 110	213 335
Inventories	622 756	340 065	568 266
Trade and other receivables	573 559	493 570	793 343
Cash	773 668	636 290	290 633
Other assets / deferred tax	434 513	401 018	464 222
Non-current assets available for sale	17 950	16 000	20 050
	5 656 153	4 694 020	5 046 297

Statement of financial position – equities & liabilities



R'000	Unaudited Aug 2022	Unaudited Aug 2021	Audited Feb 2022
Total equity	3 768 206	2 702 750	3 007 200
Borrowings	279 098	464 642	643 826
Provisions	274 711	246 465	265 252
Overdraft	952	49 903	1 805
Trade and other payables	749 032	774 061	663 729
Other liabilities / deferred tax	584 154	456 199	464 485
	5 656 153	4 694 020	5 046 297

Provision for iron ore pricing



Note 10.1 Trade and other receivables R'000	Unaudited Aug 2022	Unaudited Aug 2021	Audited Feb 2022
Trade receivables – net	487 016	455 873	427 387
Trade receivables at fair value through profit or loss	35 408	134 363	142 362
Provision for final price adjustment	(35 408)	(134 363)	122 967
Other	86 543	37 697	100 627
	573 559	493 570	793 343

Note 10.2 Trade and other payables R'000	Unaudited Aug 2022	Unaudited Aug 2021	Audited Feb 2022
Trade payables	398 597	267 848	381 612
Provision for final price adjustment	18 809	99 591	-
Other	331 626	406 622	282 117
	749 032	774 061	663 729

Provision for iron ore pricing

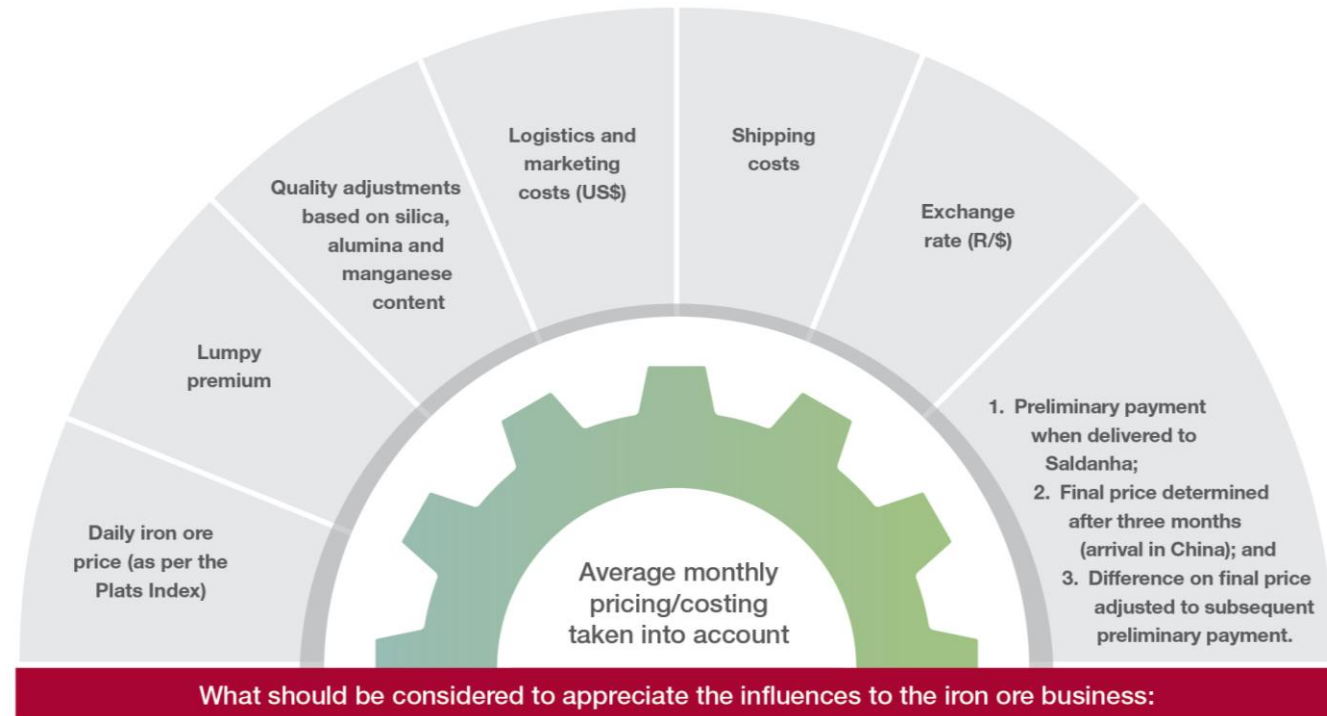
Extract of forward-looking variables applicable on 31 August 2022

Note 10.2	Aug 2022 Three-month spot	Jul 2022 Two-month spot	Jun 2022 One-month spot
Average actual iron ore price invoiced FOB (US\$)	83	110	119
Iron ore forward price at FOB (US\$)	86	89	89
Sales volumes (tonnes)	67 534	67 622	67 747

Example of calculation:

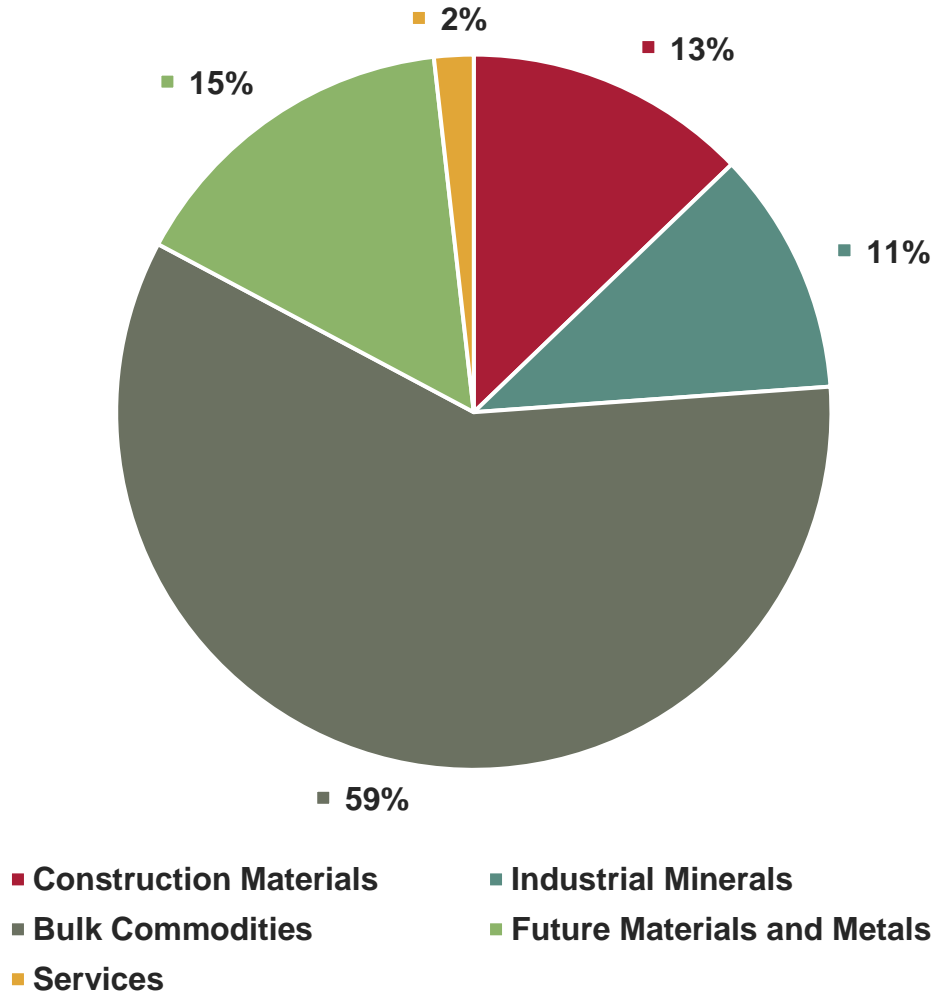
Initial invoice - August 2022
 $\$83 * 67\,534 = \$5\,605\,322$

Adjustment settled in November 2022
 $\$86 - \$83 * 67\,534 = (\$202\,602)$



Capital expenditure

Capex by segment (HY 2022)



- **Bulk Commodities**

- Increase in capital expenditure for an underground mine at Nkomati details

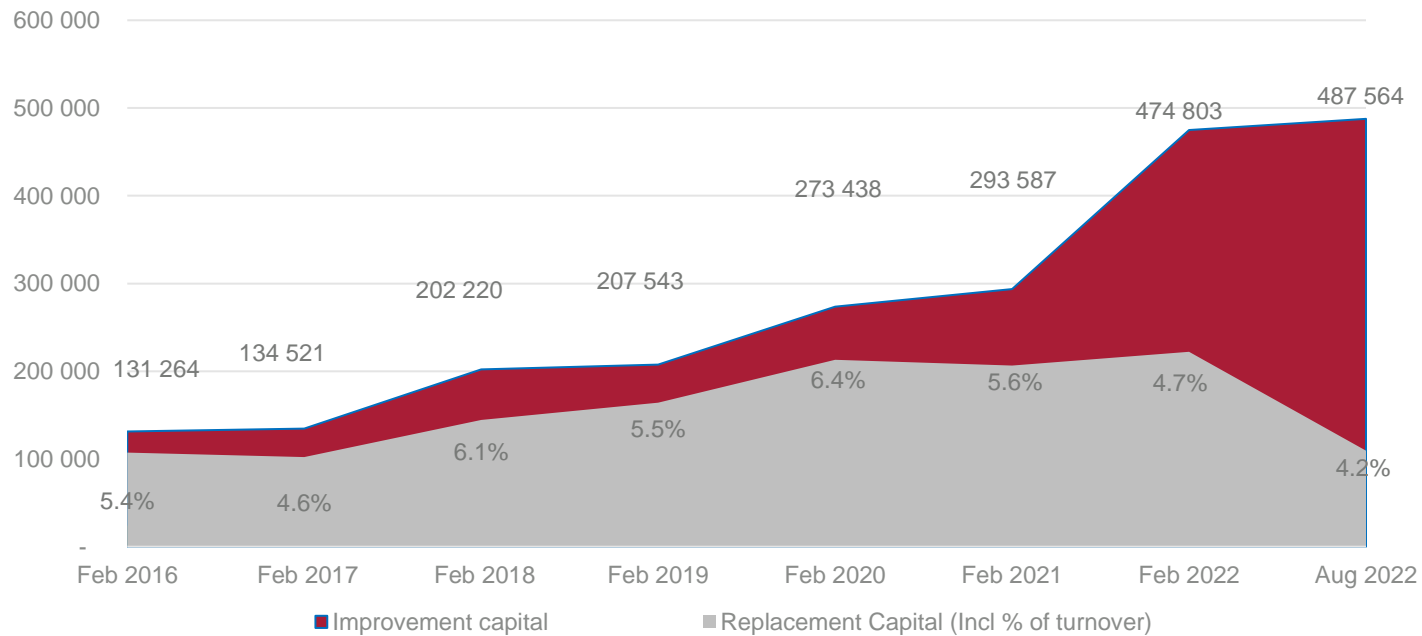
- **Future Materials and Metals**

- Acquisition of Vermiculite Mining Right, R34,9 million, and site establishment costs, R38,2 million

Capital expenditure



Capital Expenditure 2016 - Planned 2023 (R'000)



Improvement capital	Aug 2022	Feb 2022
Nkomati	R171 million	R54 million
Jenkins	R49 million	R93 million
Demaneng	R32 million	R39 million
Glenover	R75 million	Rnil
Agri Lime mining asset	R25 million	Rnil
Other (<R20 million)	R26 million	R67 million
Total improvement capital	R378 million	R253 million



4

ESG AND SUSTAINABILITY



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



E S G focus across 44 mining licenses, rehabilitation and carbon neutrality strategy

Investment in culture is the foundation to all that we do

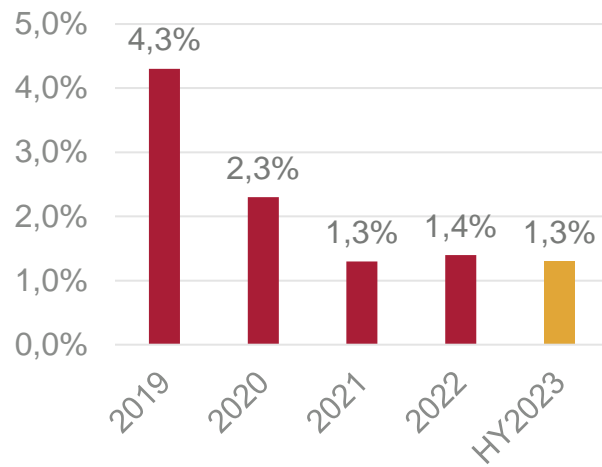
2,677 employees

2,665 training days

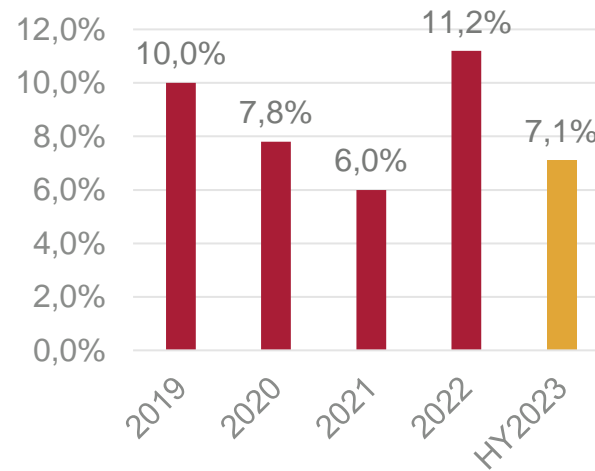
266 new employees hired

56 bursaries awarded to staff

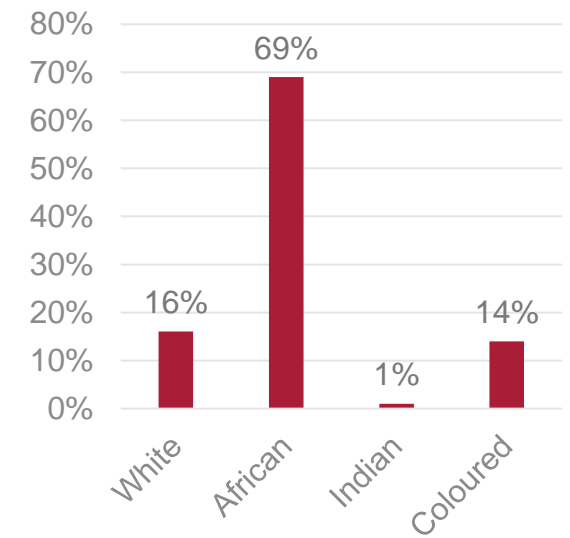
Absenteeism



Attrition



Staff composition



Statutory relationships and compliance



Strong working relationships with Department of Mineral Resources and Energy (DMRE), Department of Environmental Affairs (DEA), Department of Water and Sanitation (DWS) and Department of Agriculture, Land Reform and Rural Development

75

Number of Afrimat sites

44

Number of Mining Rights

1

New Mining permit (Beaufort West)

1

Mining Permit renewal granted (Moddergat)

1

New Mining Right granted (Glenover)

2

Environmental Authorisation granted (Maskam & Macassar Batch plant)

1

Basic Assessment granted (Nkomati Block L)

2

WULA granted (SA Block & Glenover)

Community relations

75 sites across South Africa

Education



School Library



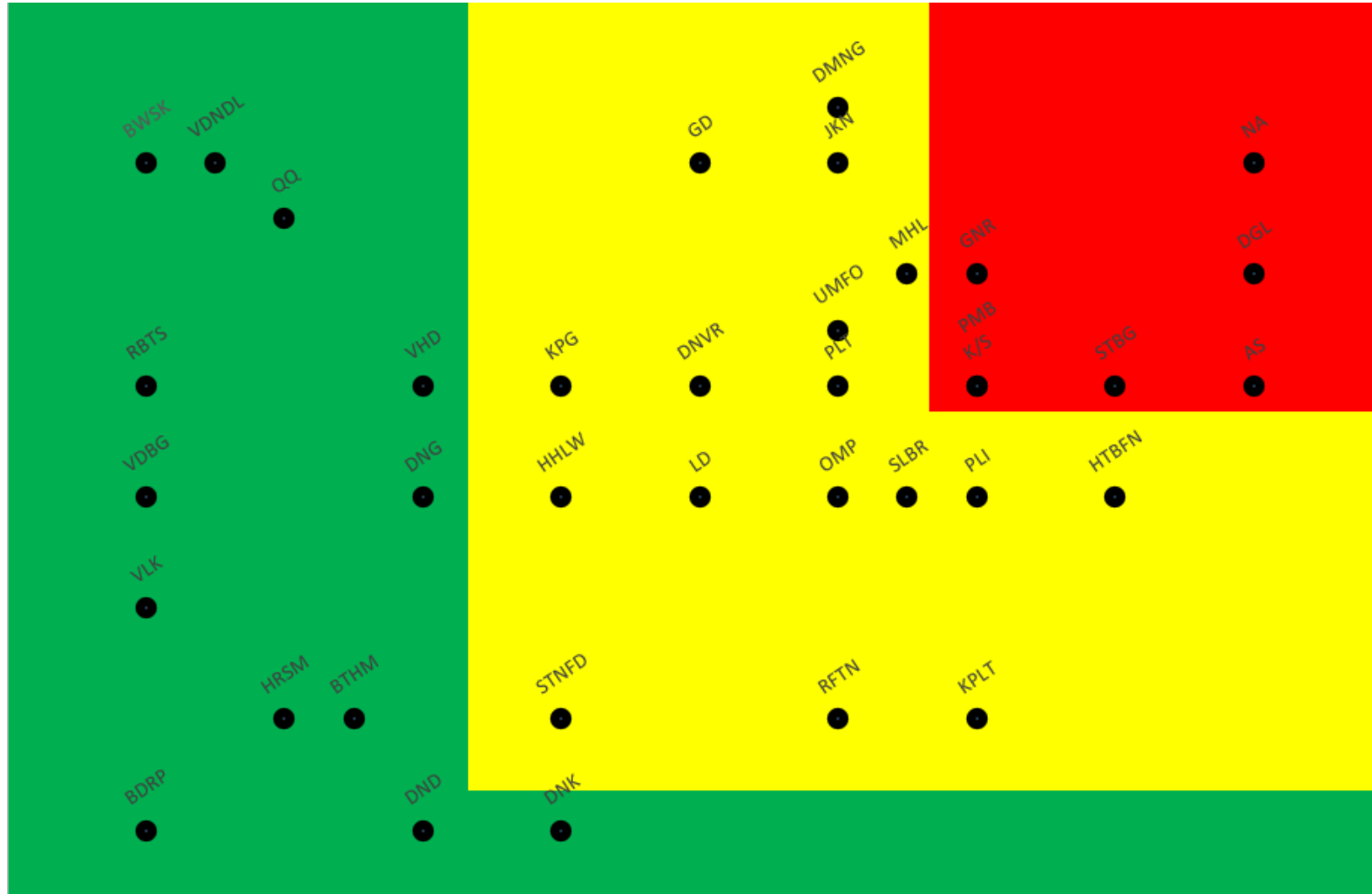
H-O-E-P ECD Programme

Community relations (continued)

Madadeni Community Hall

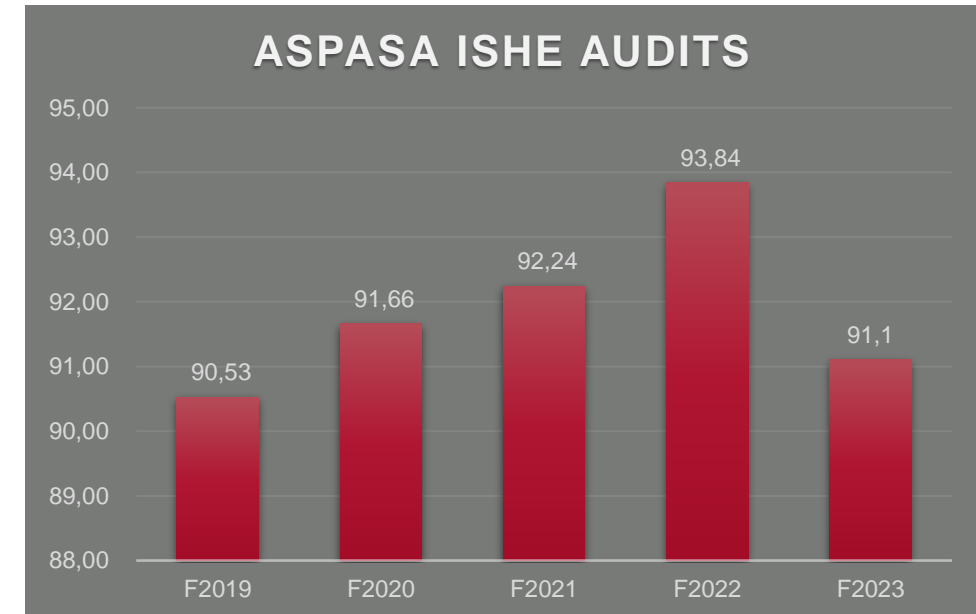


Community risk matrix



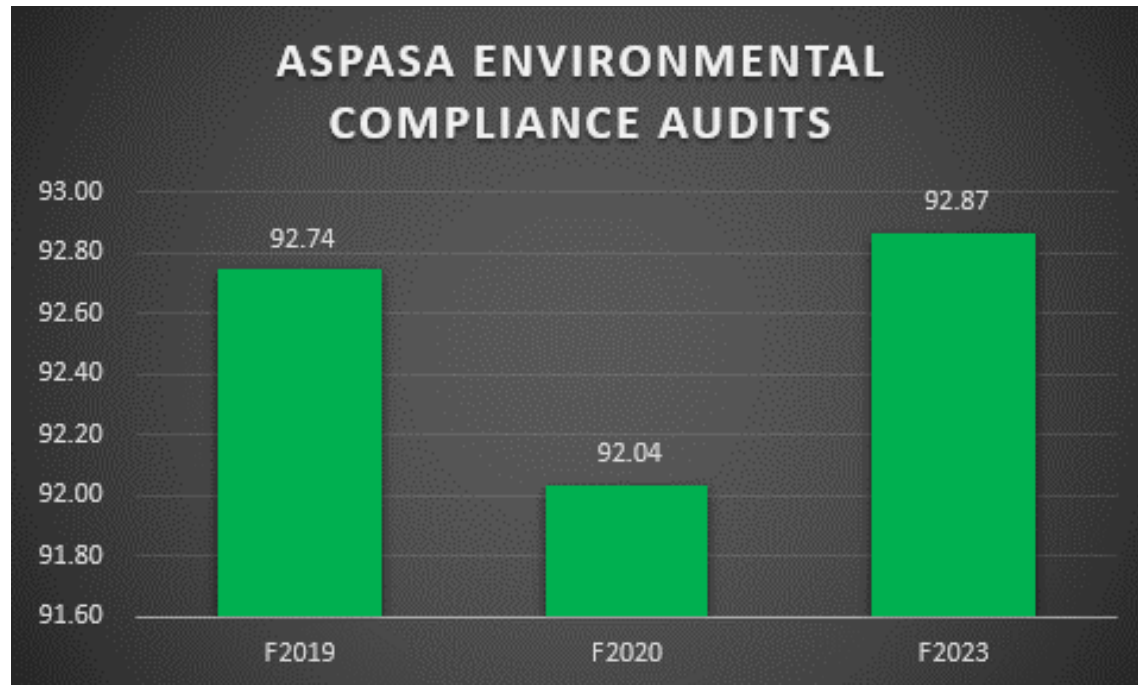
LTFR progress

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	
LTIFR (12mr)	0.44	0.66	0.77	0.55	0.58	0.5	↓ 20% reduction
MTI (12mr)	1.63	0.91	1.17	1.32	1.07	0.73	↓ 20% reduction
FA (Mar-Dec)	81	76	68	42	31	18	Consistently reduce
TRIFR (12mr)	3.01	1.57	1.94	1.86	1.65	1.23	↓ Achieve below 1.00
Near miss (12mr)	239	740	507	471	351	426	↑ Increase near miss reporting by 20%
Leading indicators	77%	69%	89%	76.07%	76%	60%	↓



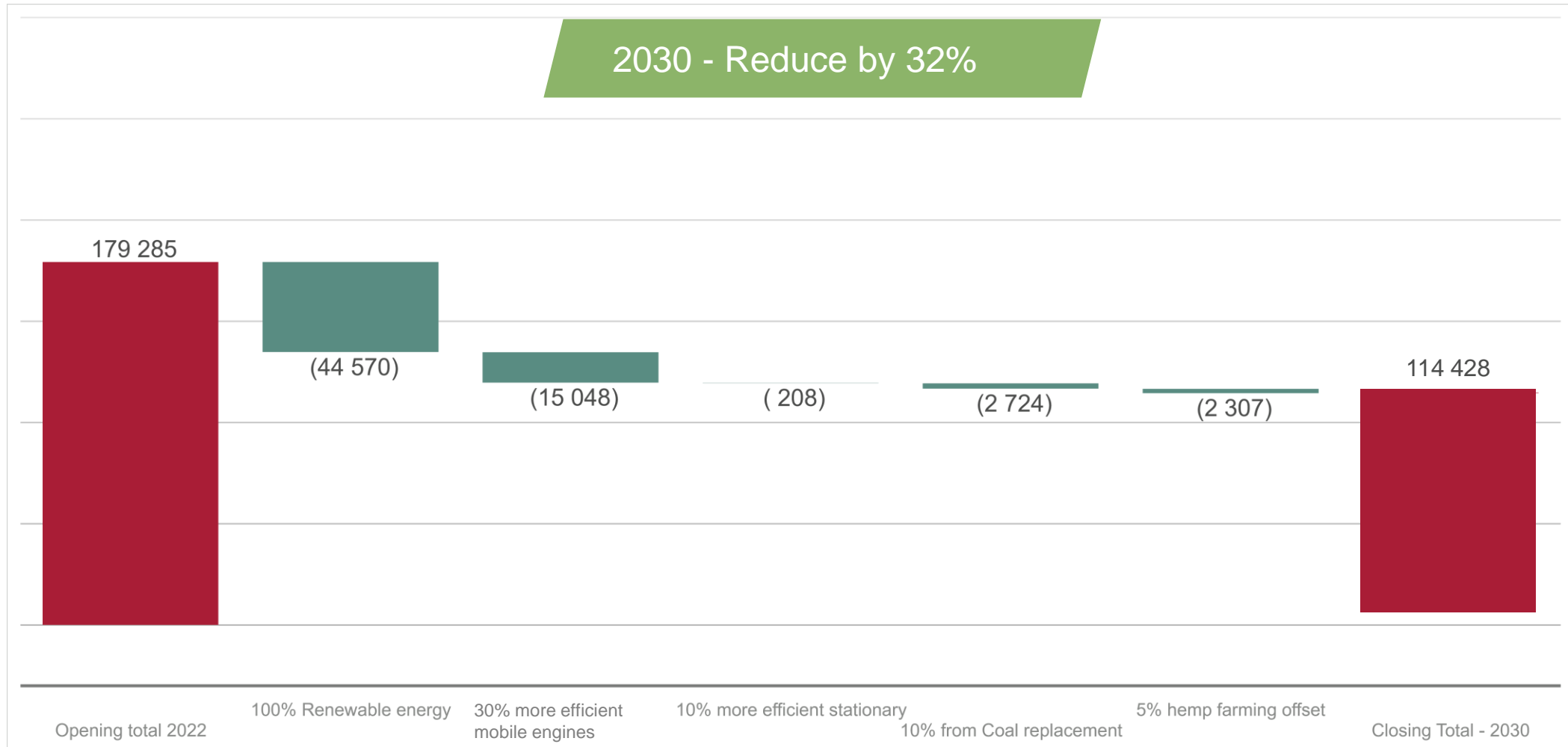
* The mines at Langvlei and Vredendal are included for the first half in the ASPASA audit

Environmental audits



* These audits used to happen every 2nd year and during 2021 and 2022 ASPASA developed a new audit protocol and a dry run was done at Dingwell during FY2022 before rolling out to the industry.

Carbon neutral strategy



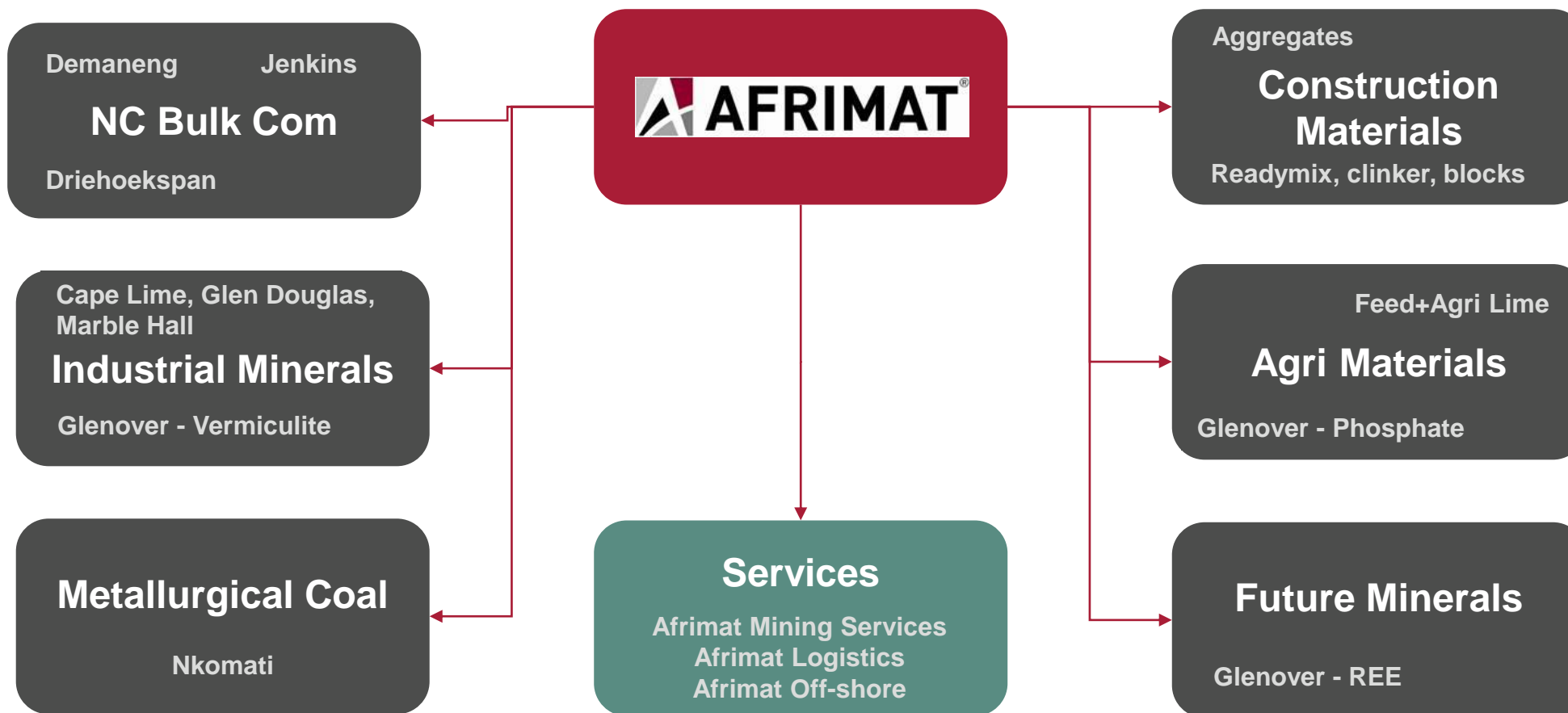


5

THE FUTURE

Afrimat strategy overview

Current growth platforms



Looking ahead



- Remain vigilant, react quickly and keep employees safe
- Capitalise on strategic initiatives and future opportunities
- Iron ore business to benefit from Jenkins and Driehoekspan iron ore mines as well as efficiency drives
- Nkomati, with two open cast mines and an underground access point, expected to ramp up fully
- Industrial Minerals and Construction Materials to maintain momentum with market and product development
- Future Materials and Metals provides greater diversity and volume growth as production improves
- Maintain good cash flow

Core message



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



Well established diversified portfolio of longer life-of-mine assets



Company culture providing competitive advantage

25 January 2023

Site visit to Nkomati Anthracite Mine
Nelspruit

Andries van Heerden

CEO

021 917 8853

Vanessa Rech

Keyter Rech Investor Solutions

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