



**CONSISTENTLY DELIVERING**

A collage of four images: a large pile of red earth with a yellow truck in the foreground; a long conveyor belt system over a large pile of dark material; a close-up of hands holding a pile of wood chips; and an industrial facility with various tanks and structures.

**UNAUDITED CONDENSED  
CONSOLIDATED INTERIM  
FINANCIAL RESULTS**  
for the six months ended 31 August 2023

# Core message



Consistently  
delivering good  
results in a  
challenging  
environment

Substantial progress  
on strategic projects  
for sustained growth

Company culture and high standard of  
execution supports Group moats



1

# WHY WE EXIST

*Consciously making a difference  
through excellence with integrity*





CARING ENVIRONMENT



IMPORTANT RELATIONSHIPS



RESULTS DRIVEN



TEAMWORK



SKILLS AND COMPETENCE



EMPOWERING



ENTREPRENEURIAL DRIVE



HUMILITY AND BELIEF



WINNING ATTITUDE

**Everything in an atmosphere of joy and positivity**

2

# WHAT WE DO

A photograph of a quarry or aggregate processing site. In the foreground, a yellow and black wheel loader is positioned on a pile of grey gravel. In the background, a conveyor belt system is visible, with a hopper at the top and a long belt extending across the site. The background is filled with green trees and hills. The image is overlaid with a red diagonal graphic on the left side.

*A leading, empowered mid-tier  
mining and materials supply company*

# What we do

Growth through structured diversification



## Construction Materials



Aggregates | readymix | concrete products

- **26** commercial quarries
- **21** commercial readymix concrete plants
- **2** clinker sources (largest clinker ash processor in South Africa – 1,5 million tonnes)
- **7** precast operations
- **5** sand mines

## Industrial Minerals



Limestone | dolomite | industrial sands

- **2** limestone sources
- **2** dolomite sources
- **1** agricultural limestone mine

## Bulk Commodities



Iron ore | anthracite | manganese

- **3** iron ore mines
- **1** anthracite mine
- **1** manganese source

## Future Materials and Metals



Phosphate | vermiculite | rare earth elements

- phosphate, vermiculite and rare earth minerals

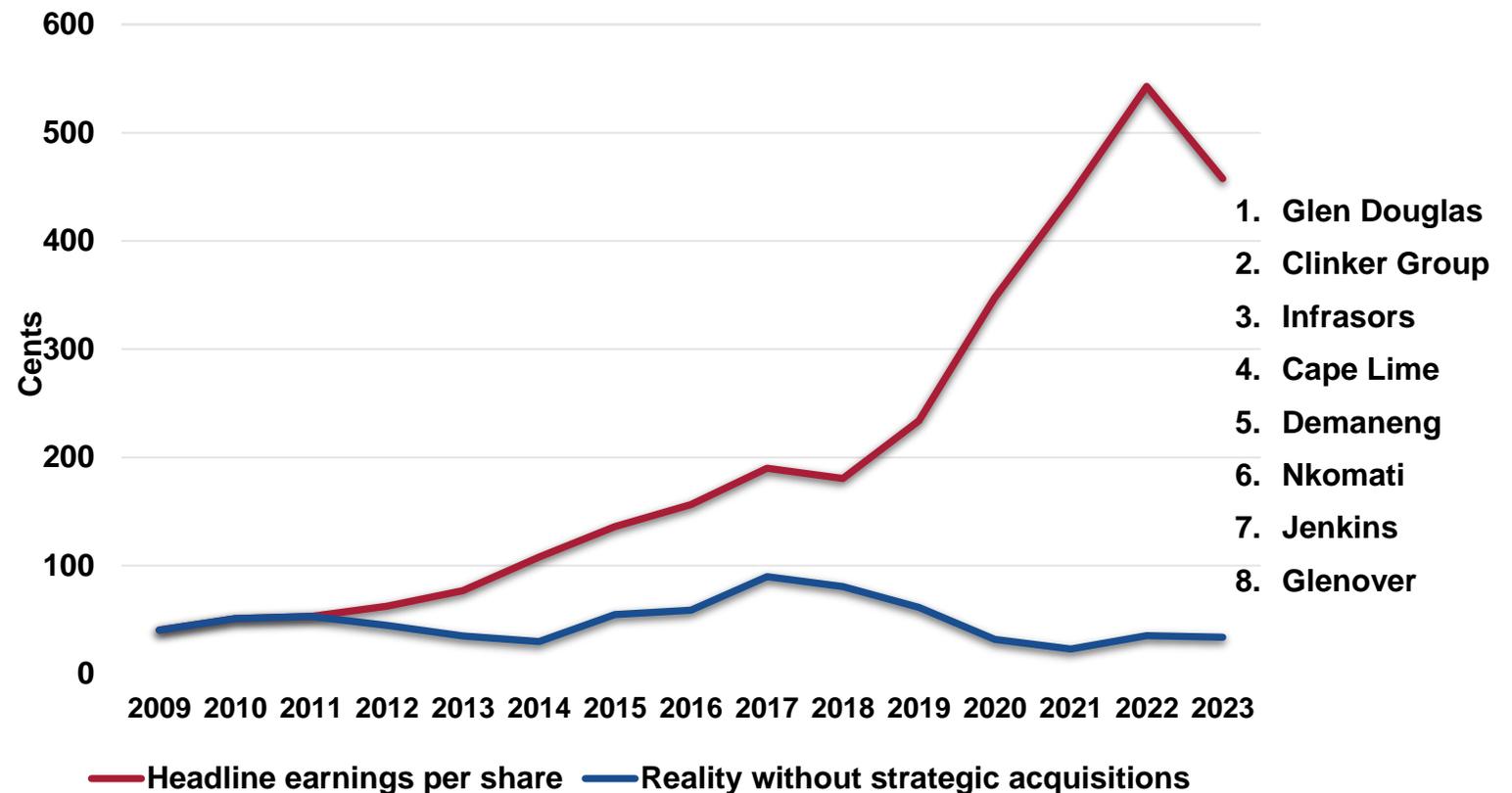
- **Track record of excellence and core competence in mid-tier mining and materials supply**
- **Well diversified across different industries, commodities and processes to ensure consistent delivery**
- **PAT CAGR of 18,9% (Feb 2009 – Feb 2023)**

**Return on net operating assets 22,7% (HY2022: 27,4%)**

# Rationale for and result of diversified structure

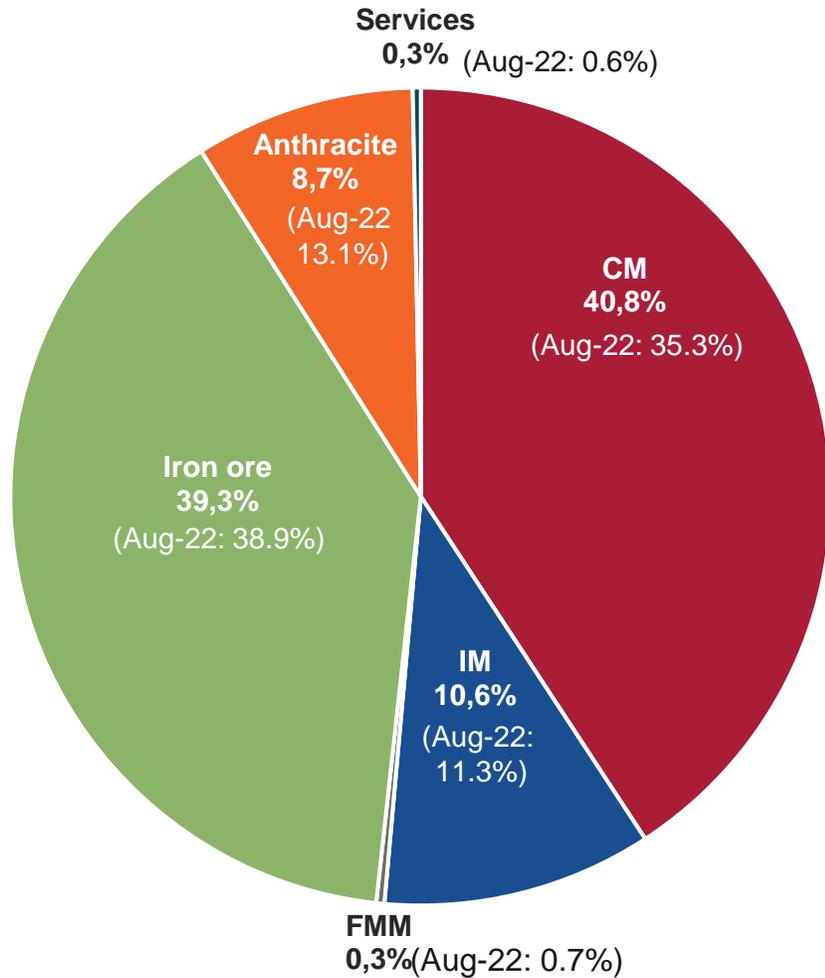
- Smooth growth for more than a decade
- Good blend of locally and internationally priced commodities
- Exposure to different currencies
- Exposure to different economic cycles
- Similar operational skills
- Creates many opportunities

## Profit history with and without acquisitions

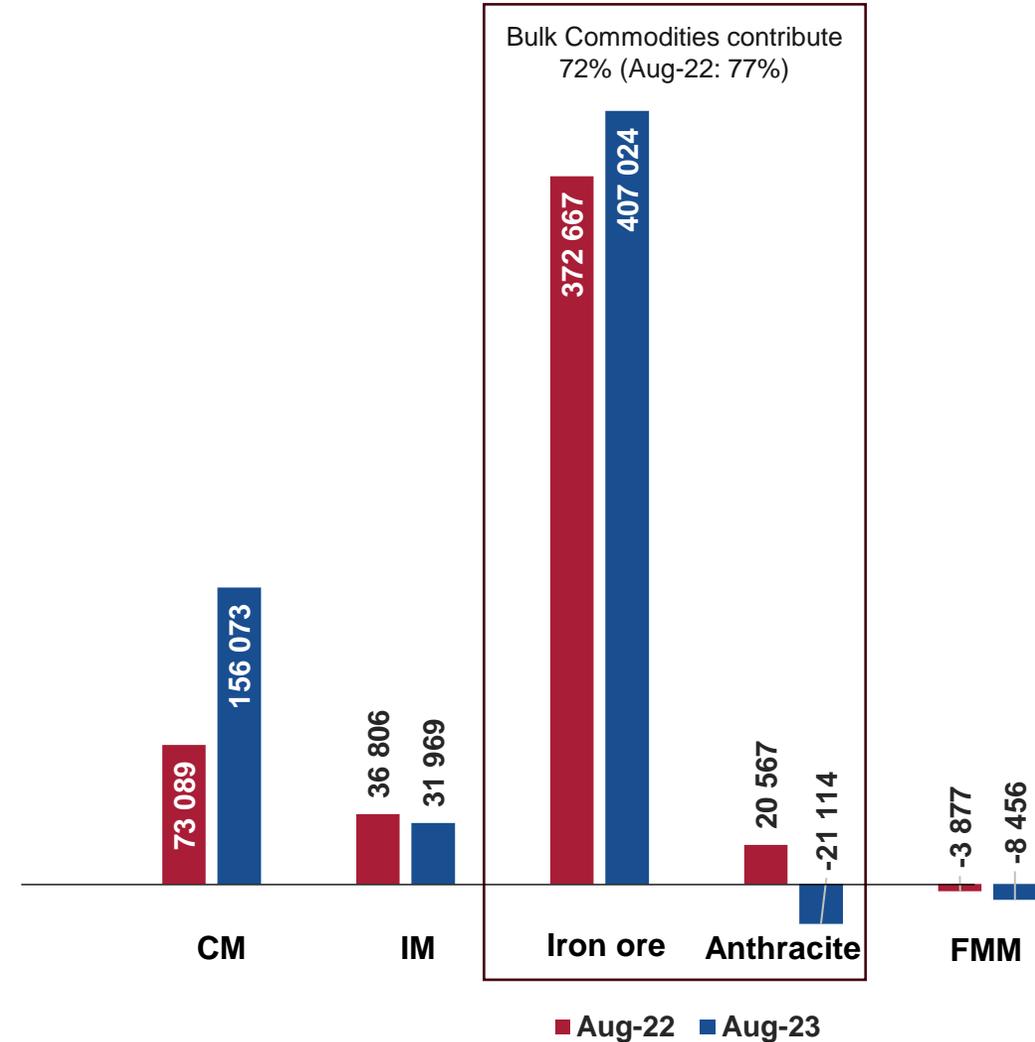


# Deep segmental diversification

## Aug-2023 revenue contribution



## Operating profit (R'000)



## 1 UNIQUE COMPETITIVE ADVANTAGE

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

## 2 RESPECT FOR CAPITAL AND ITS ALLOCATION

- Strong balance sheet
- RONA of 22,7%
- Consistent cash generation

## 3 EXECUTION

- Multi-discipline approach to project execution
  - Engineering, IT, finance, legal, community relations, authority relations, logistics, marketing etc.
- Resilient, disciplined execution

- **Continuously improve performance from existing assets – operational efficiency**
- **Ensure sustainable value from Nkomati anthracite mine**
  - Implemented a well-designed life-of-mine plan with much better recent results delivered
- **Further increase the value from international and local iron ore**
  - Optimise value from available sources
- **Carefully advance strategy implementation and positioning at Glenover**
- **Integration and turn-around of Lafarge**



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# HOW WE DO IT



*Culture of care in all that we do  
and a thriving entrepreneurial spirit*

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



ESG focus across 45 mining licenses, rehabilitation and carbon neutrality strategy

# Meet an Afrimatter



## Background

- Ruan grew up in Worcester
- Youngest of three children, with two older sisters
- Lost his father at the young age of 14
- After this, he faced the harsh realities of life as a young man, experiencing the challenges and strengths that came with it at an early age
- He is married and a father of two children.

Ruan Smit  
Mine Manager



## His Journey

- After he matriculated, he went into the workforce and worked at a civil engineering company in Gansbaai
- Getting a feel for the “real world” was eye-opening to see that the road to becoming independent and navigating a career is tough because he did not have opportunities at that time to develop
- This changed in 2006 when he found an advert from Afrimat (then Prima Klipbrekers) and got a job as a general worker and cleaner. For the first few months of his employment, through observation of his hard work and dedication, he was offered an opportunity to study Mechanical Engineering and graduated in 2011.
- Ruan was exposed to various operations and worked all over the plants where he learned directly from his supervisors and people around him. He did this because he was eager to learn and Afrimat provided him with the opportunities to grow.
- As a testament to his willingness to learn and hardworking nature he received more opportunities - in 2013 he did a leadership course at Stellenbosch University, in 2014 he was sent for the Management Development Program and also received the **Directors Award** (best student of the year), in 2016 he was selected to be part of the Senior Management Development Program at Stellenbosch University. He completed his Bachelor of Arts Honours degree in Business Management during the pandemic at the University of Lincoln in England, and finally he is now enrolled for a Master’s in Business Administration (MBA).
- Ruan's remarkable journey of growth at Afrimat, starting as a general worker and ascending to the role of Mine Manager managing a few critical operations (Clinker Supplies, SA Block and Marble Hall Mine). His Afrimat journey, is testament to his unwavering eagerness to learn and seize every opportunity that comes his way.

## The most valuable thing he learnt

- In his transformative journey, Ruan learned that life can be challenging, and opportunities aren't simply handed to us; he understood that everyone possesses a unique and often turbulent life story, and his path was no exception – a proper roller coaster ride. A significant obstacle presented itself when he was diagnosed with stage 1 Diabetes while being given the opportunity to pursue a Government Competency Certificate in Mechanical Engineering, administered by the Department of Mineral Resources.
- However, upon informing the authorities about his condition, he unfortunately couldn't pass the medical checks the department required. Rather than seeing this as a setback, Ruan perceived it as a chance for redirection. With unwavering determination, he shifted his focus to business management, a decision he now wholeheartedly appreciates as a pivotal and fulfilling step in his journey.

## Why Afrimat and what drives him?

- Ruan's strong connection to Afrimat stems from his sense of ownership, viewing the company as a part of his own journey, having worked for the company since its inception by the founding company.
- He values Afrimat as a close-knit family, often sharing his experiences with friends, loved ones and colleagues.
- Ruan admires the company's culture, which fosters open communication, ensuring that anyone, regardless of their position, can voice their thoughts and receive both professional and personal support, reflecting the "Afrimat way."
- Although Afrimat was once a small enterprise, Ruan takes pride in the company's growth and is passionate about sharing its story while simultaneously growing alongside it.
- The unwavering support he has received at Afrimat has been a pivotal reason for his continued dedication to the company, as it reinforces his sense of belonging.
- His driving force lies in making a positive impact on others' lives, whether through financial means or by contributing to the company's culture, believing that inspiring people's engagement and making a difference is truly fulfilling.

2 824  
employees

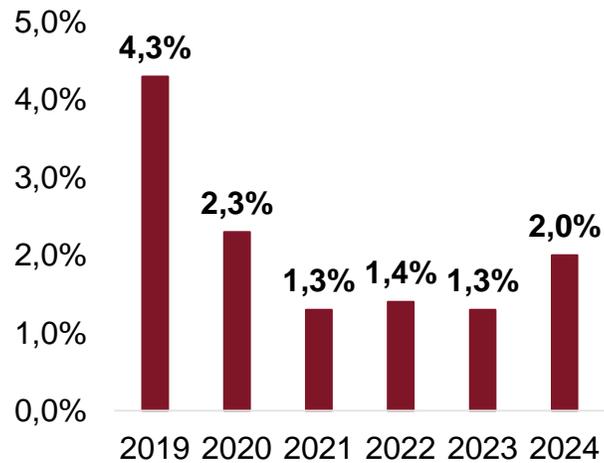
4 666  
training days

464 new  
employees hired

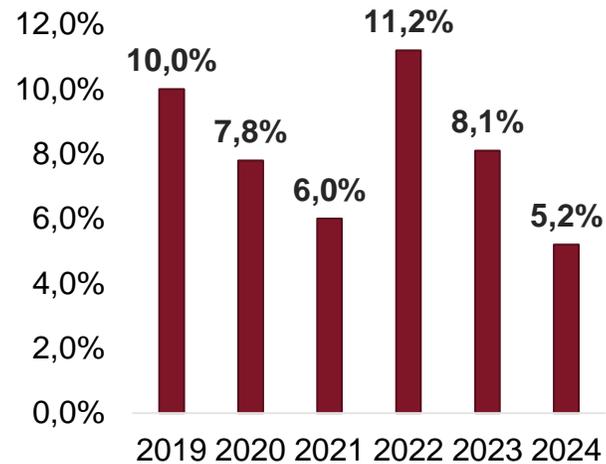
77 bursaries  
awarded to staff

Staff wellness  
programme

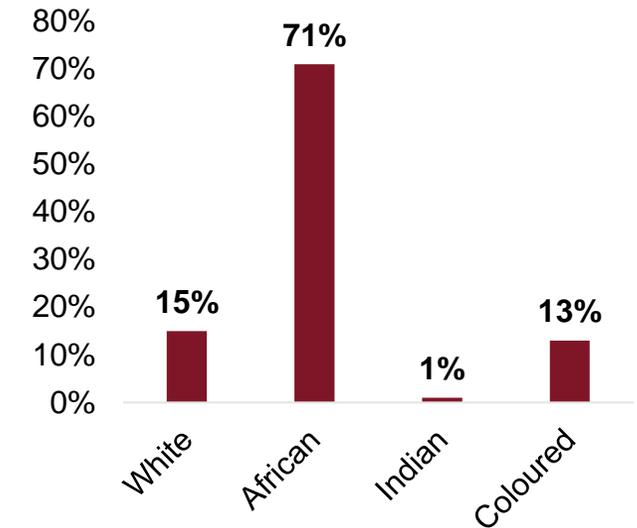
### Absenteeism



### Attrition



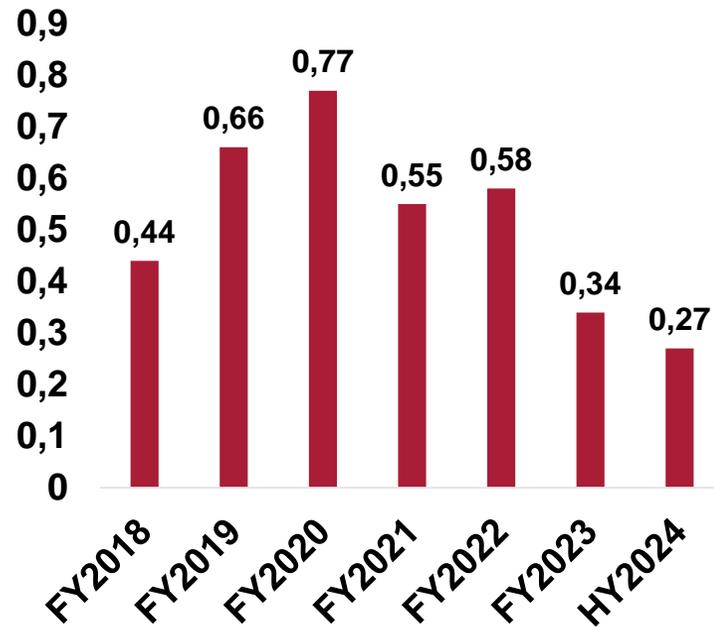
### Staff composition



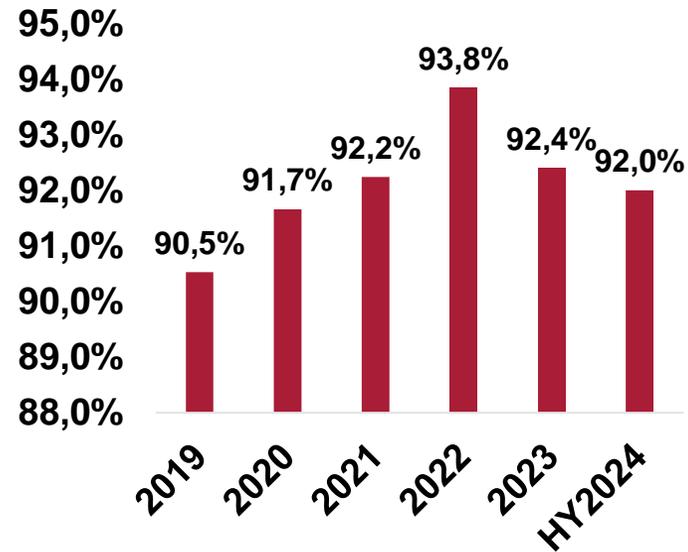
# Approvals – permits, rights and licenses

<b>Mining rights</b>	<ul style="list-style-type: none"> <li>• Moddergat – Environmental authorisation granted</li> <li>• Eckraal – Mining right renewal executed</li> </ul>
<b>Section 102</b>	<ul style="list-style-type: none"> <li>• Driefontein – approval for extension of mining area</li> <li>• Smalblaar – approval for extension of mining area</li> <li>• Philippi – approval for 3-metre-deep sand</li> </ul>
<b>Mining permits</b>	<ul style="list-style-type: none"> <li>• Wolwekop mining permit granted</li> </ul>
<b>Section 11s</b>	<ul style="list-style-type: none"> <li>• Glenover section 11 granted. DMRE amending the approval</li> <li>• Lafarge (20) applications</li> </ul>
<b>Environmental authorisations/basic assessment</b>	<ul style="list-style-type: none"> <li>• Glenover environmental authorisation granted</li> <li>• Nkomati Block L basic assessment granted</li> </ul>
<b>WULA</b>	<ul style="list-style-type: none"> <li>• Nkomati WULA approved</li> <li>• SA Block WULA approved</li> <li>• Ladysmith General Authorisation (GA) approved</li> </ul>
<b>Other approvals</b>	<ul style="list-style-type: none"> <li>• Glenover SSP product registration</li> </ul>

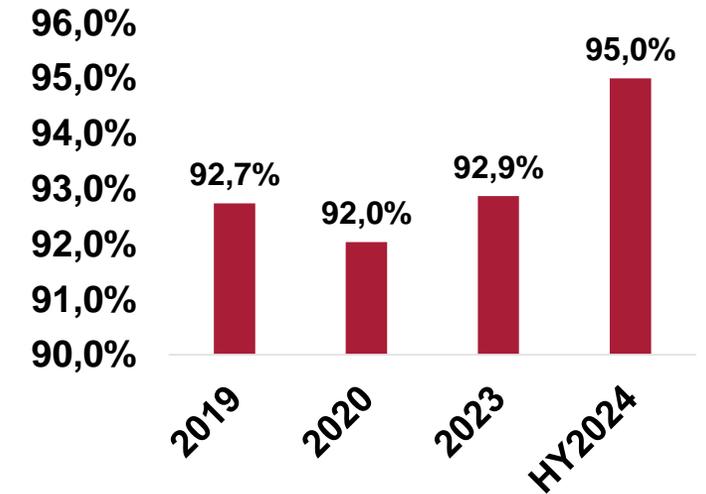
### LTIFR progress



### ASPASA ISHE Audits



### ASPASA environmental compliance audits



75 sites  
across  
South  
Africa

CSI spend  
in F2023  
R12,3 m

## Two new classrooms at Unobhala Secondary School in rural KZN

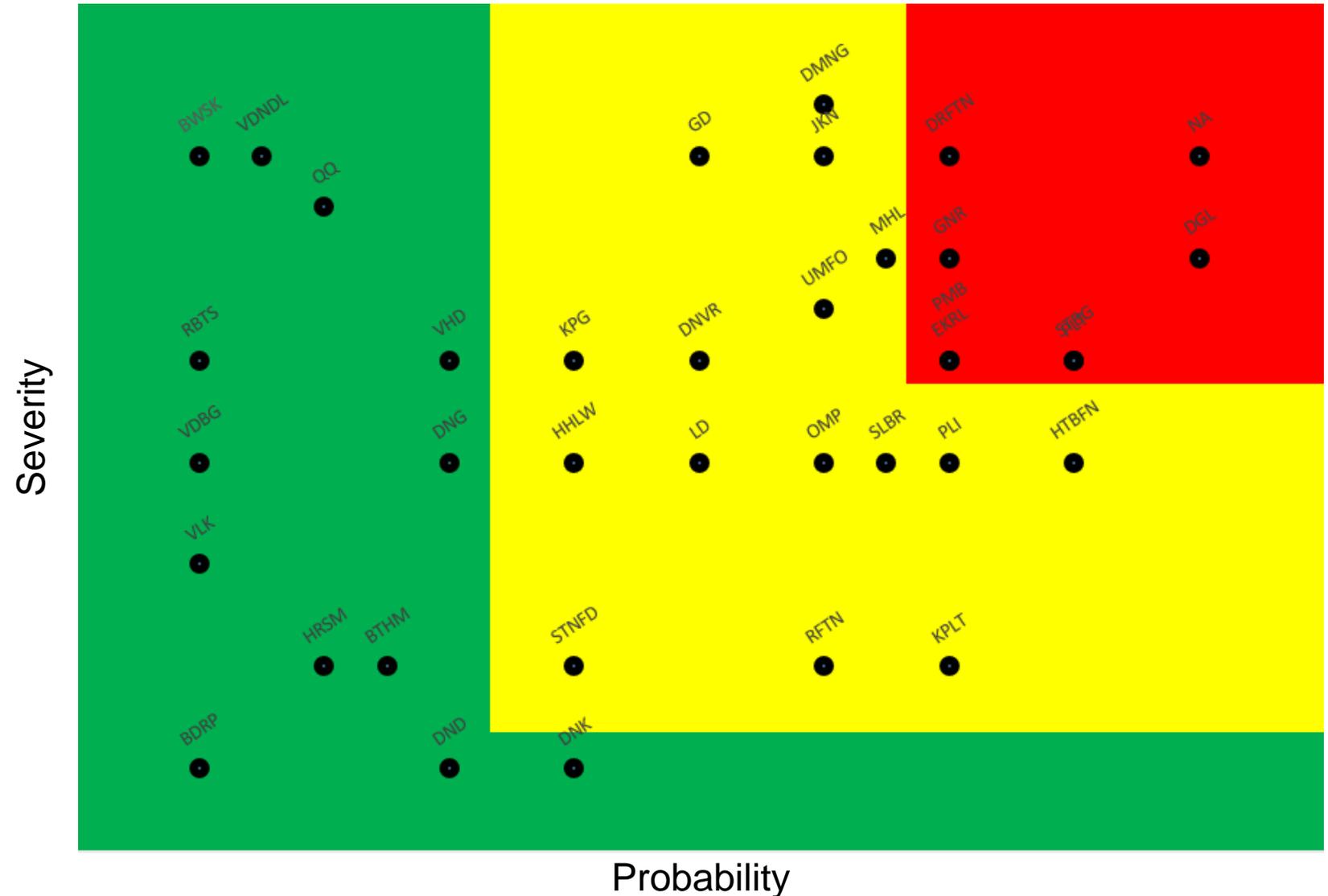


## Education and empowering learners in Free State and KZN



# Community relations - Risk matrix

**Excellent relationships** with the communities surrounding our mining operations and production plants

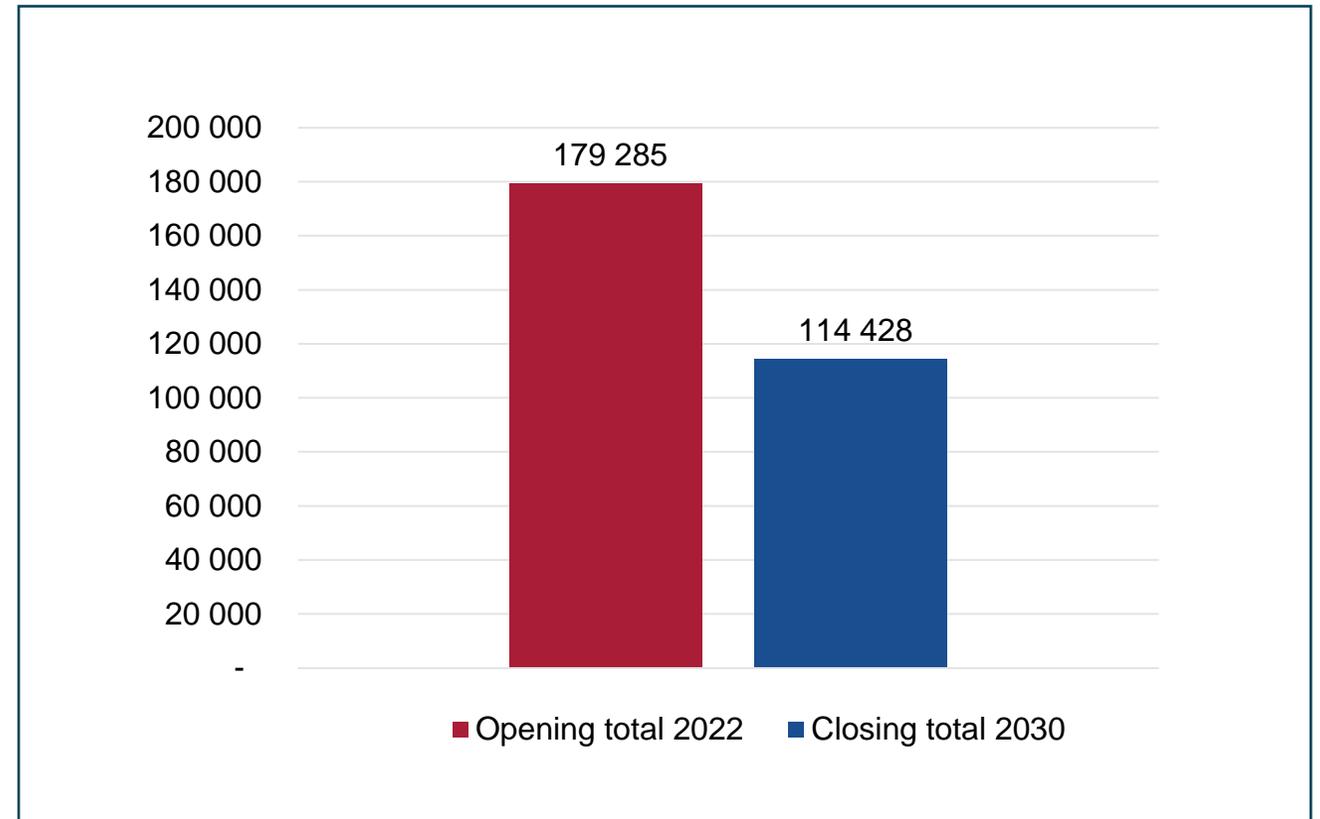


# Carbon neutral strategy

Reduce carbon emissions by 32% by 2030



- Reduction in line with UN SDG's
- 2050 target carbon neutrality across operations



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# FINANCIAL OUTCOMES

*The financial scorecard supports  
and encompasses the way we  
diligently and methodically do things*



# Core financial discipline to support growth

Entrenched  
diversification  
strategy  
supported by  
prudent capital  
allocation

Strong cash  
generation

Surplus cash supports acquisitions,  
capex and consistent dividends

Continuous measurement against decisions taken



# Financial highlights



**Up 9,6% to R2,8 billion**

Group revenue

**263,4 cents**

HEPS

**40,0 cents per share**

Interim dividend

**18,8%**

Operating profit margin

**10,8% up to 2 750 cents**

Net asset value

**22,7%**

Return on net operating assets

**6,2%**

Net debt:equity ratio

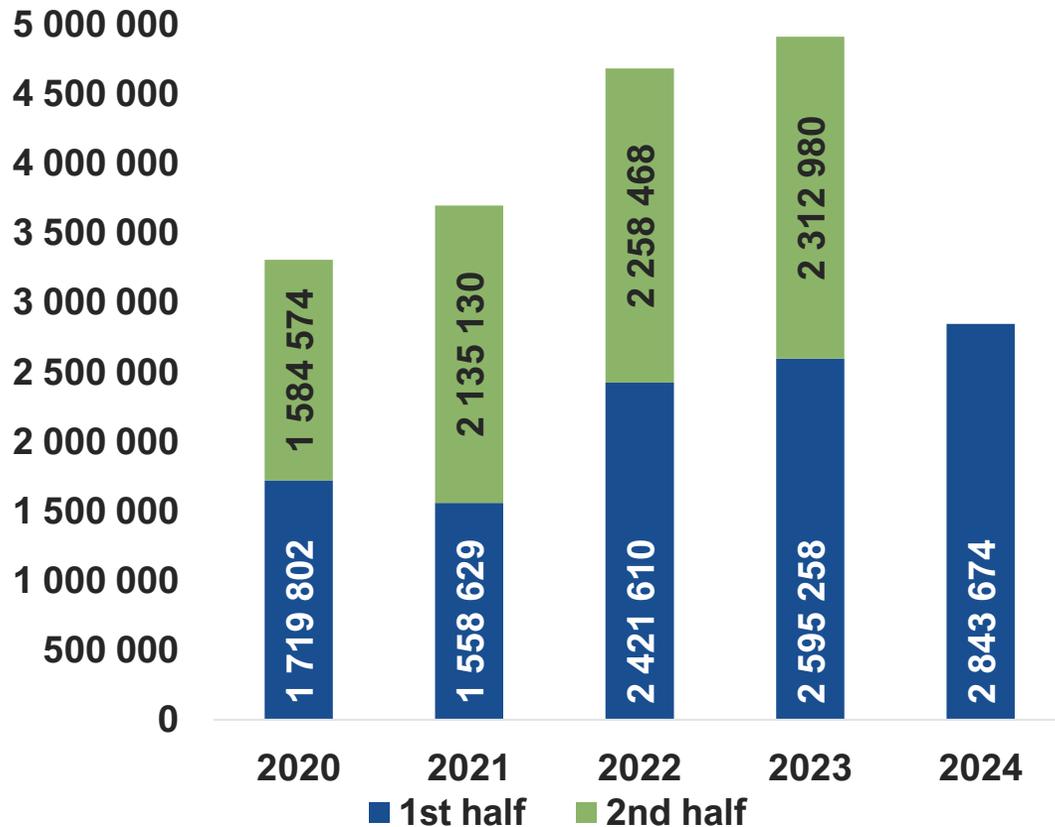
**R577,5 million**

Net cash from operating activities

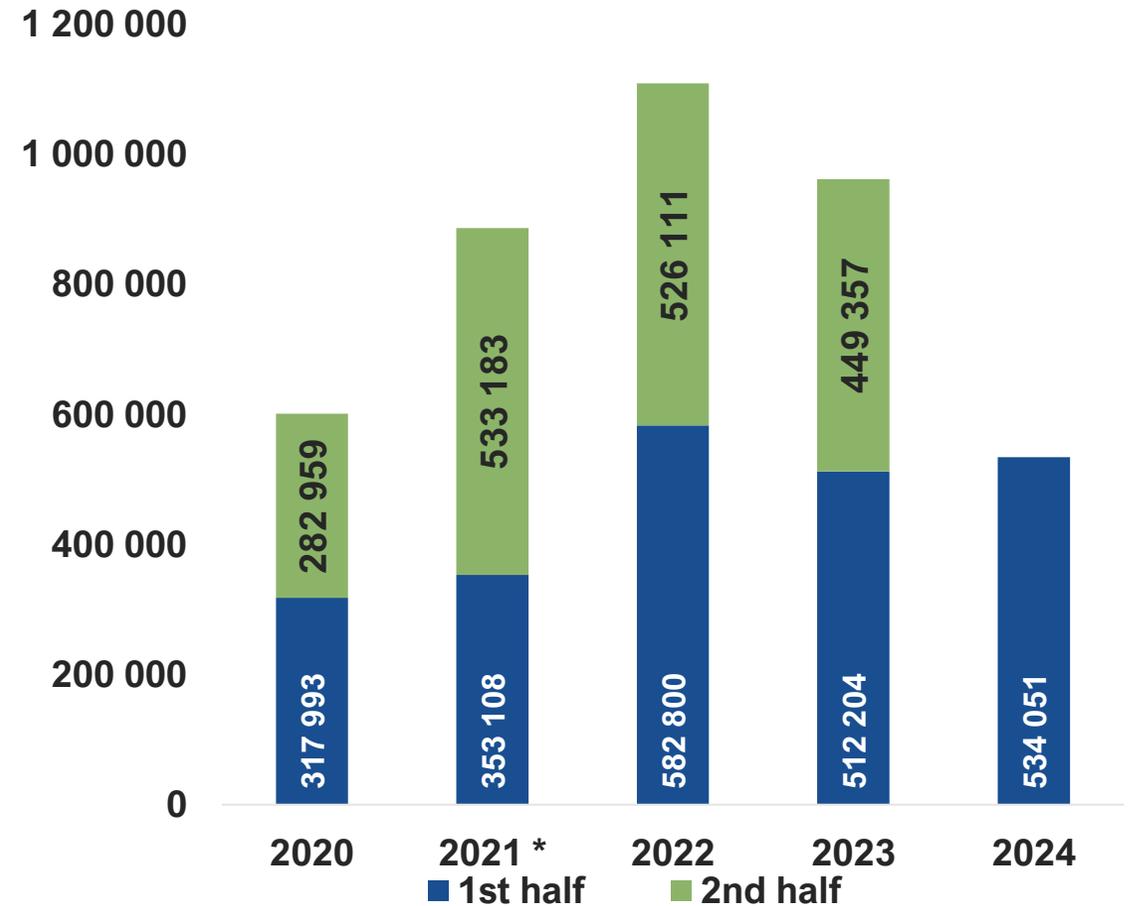


# Revenue and operating profit

## Revenue (R'000)



## Operating profit (R'000)



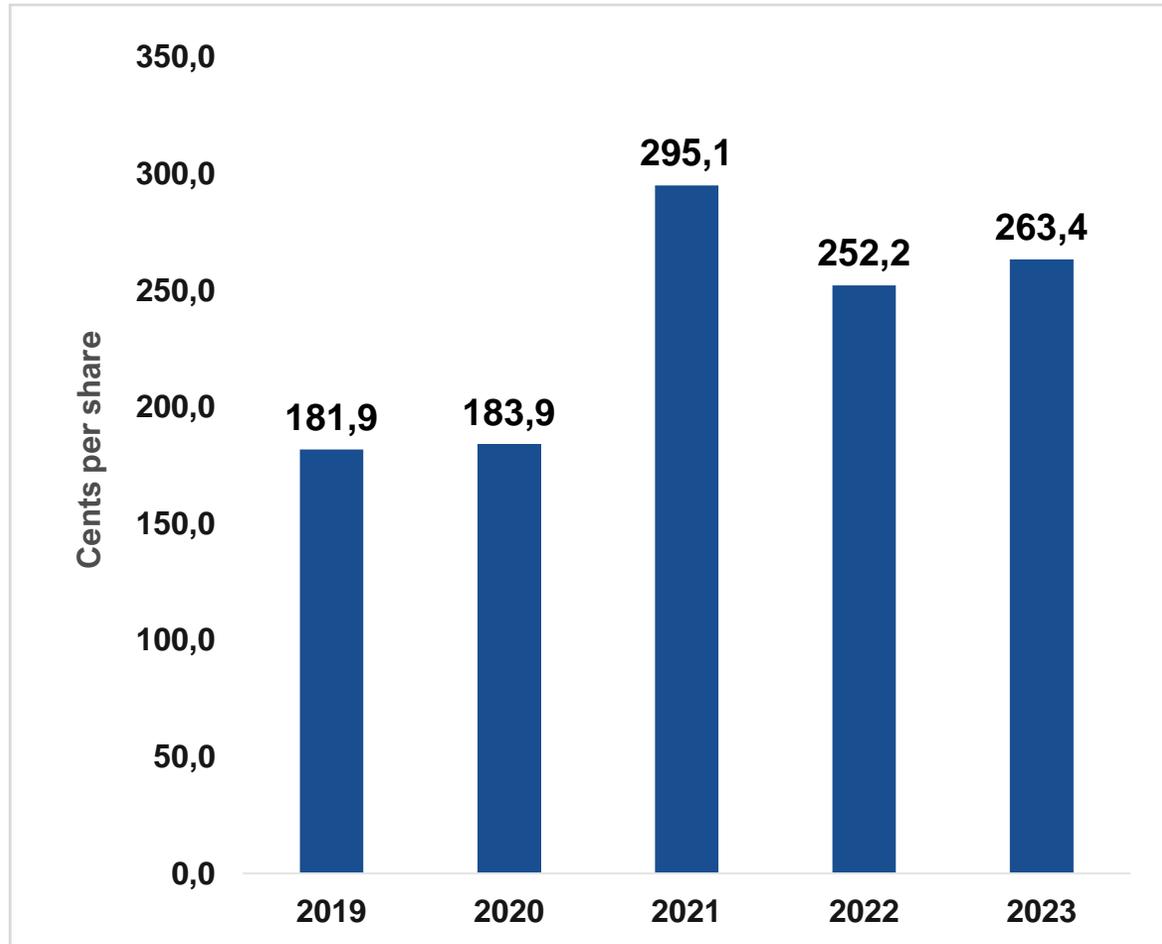
\* As previously reported

# Operating profit margin

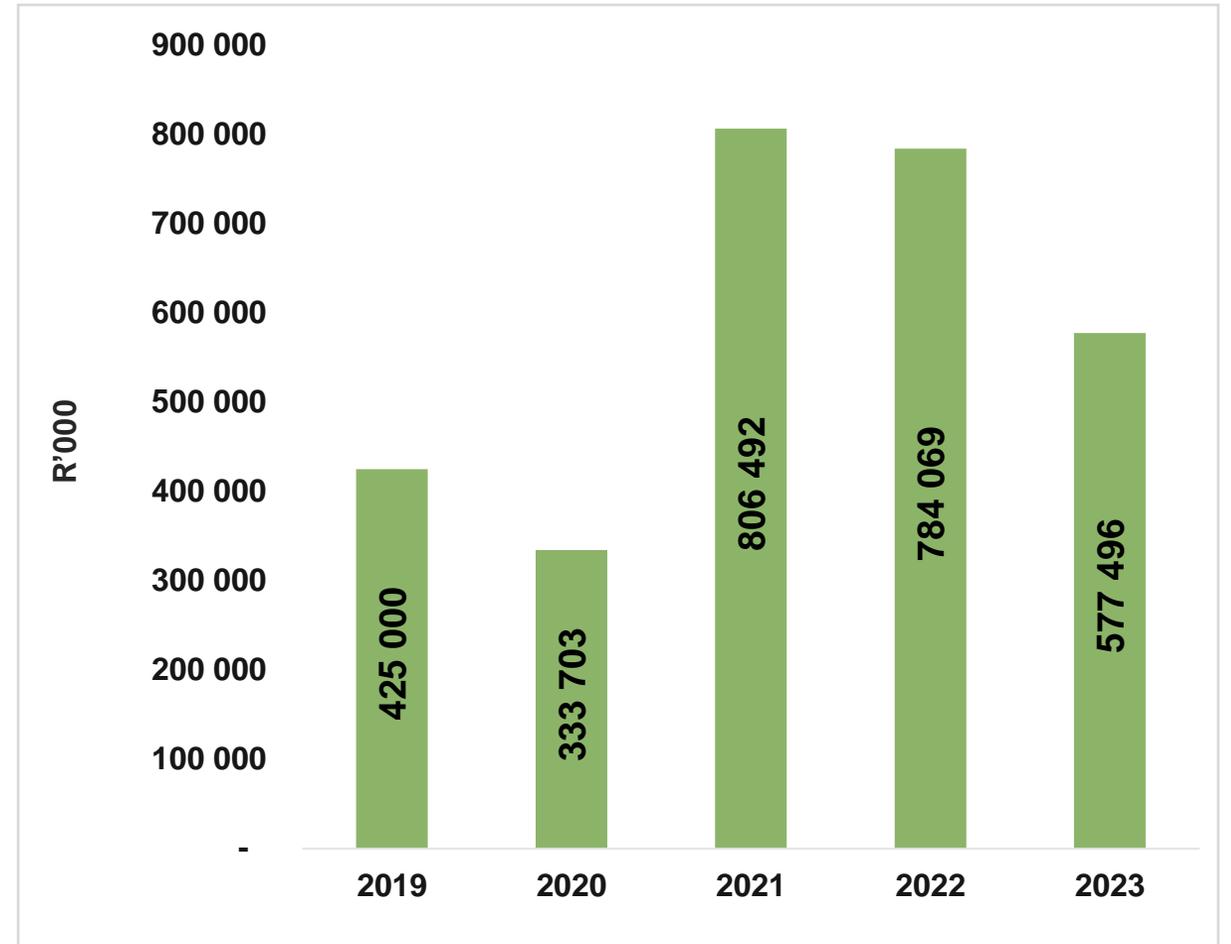
Operating profit margin (%)	HY2024	HY2023	FY2023
Construction Materials	13,5%	8,0%	7,2%
Industrial Minerals	10,6%	12,6%	8,9%
Bulk Commodities	28,3%	29,1%	31,8%
Future Material and Metals	(93,8)%	(21,8)%	(45,4)%
<b>Overall</b>	<b>18,8%</b>	<b>19,7%</b>	<b>19,6%</b>



## HEPS (interim)



## Net cash from operating activities (interim)



Effective tax rate HY2023: 27,1% (HY2022: 27,3%)

# Statement of financial position

## Assets



R'000	Unaudited Aug 2023	Unaudited Aug 2022	Audited Feb 2023*
Property, plant and equipment	3 686 756	2 970 787	3 335 996
Intangible assets	318 385	262 920	270 757
Inventories	728 117	622 756	671 503
Trade and other receivables	770 706	573 559	739 961
Cash	278 681	773 668	280 817
Other assets / deferred tax	551 341	434 513	398 340
Non-current assets available for sale	-	17 950	-
<b>Total assets</b>	<b>6 333 986</b>	<b>5 656 153</b>	<b>5 697 374</b>

\* Restated due to measurement period adjustment with regards to the Eckraal Quarries acquisition.

# Statement of financial position

## Equities and liabilities



R'000	Unaudited Aug 2023	Unaudited Aug 2022	Audited Feb 2023*
Total equity	4 174 672	3 768 206	3 847 225
Borrowings	520 477	279 098	321 159
Provisions	296 990	274 711	290 960
Overdraft	-	952	1 578
Trade and other payables	885 496	749 032	707 721
Other liabilities / deferred tax	456 351	584 154	528 731
<b>Total equities and liabilities</b>	<b>6 333 986</b>	<b>5 656 153</b>	<b>5 697 374</b>

\* Restated due to measurement period adjustment with regards to the Eckraal Quarries acquisition.

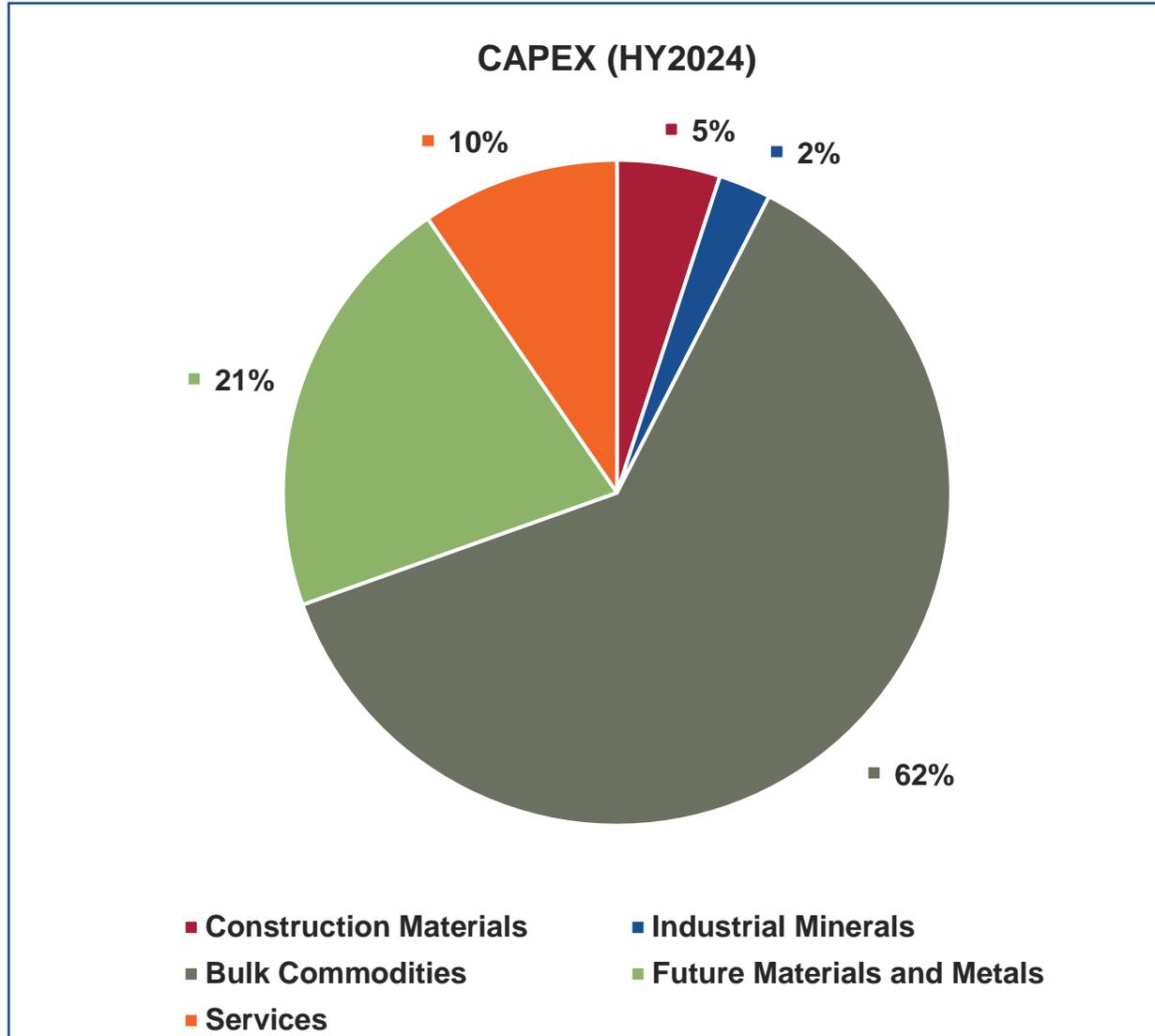
→ Debt:equity ratio HY 2023: 6,2% (HY 2022: (9,7)%)

# Provision for iron ore pricing

Trade and other receivables R'000	Unaudited Aug 2023	Unaudited Aug 2022	Audited Feb 2023
Trade receivables – net	581 685	487 016	426 327
Trade receivables at fair value through profit or loss	112 618	35 408	160 355
Provision for final price adjustment	11 567	(35 408)	35 990
Other	64 836	86 543	117 289
	<b>770 706</b>	<b>573 559</b>	<b>739 961</b>

	Aug 2023 Month/spot	Jul 2023 Month/spot	Jun 2023 Month/spot
Average actual iron ore price invoices at FOB (US\$)	96	94	84
Iron ore forward price at FOB (US\$)	96	97	95
Sales volume (tonnes)	67 396	67 969	34 043

# Total capital expenditure

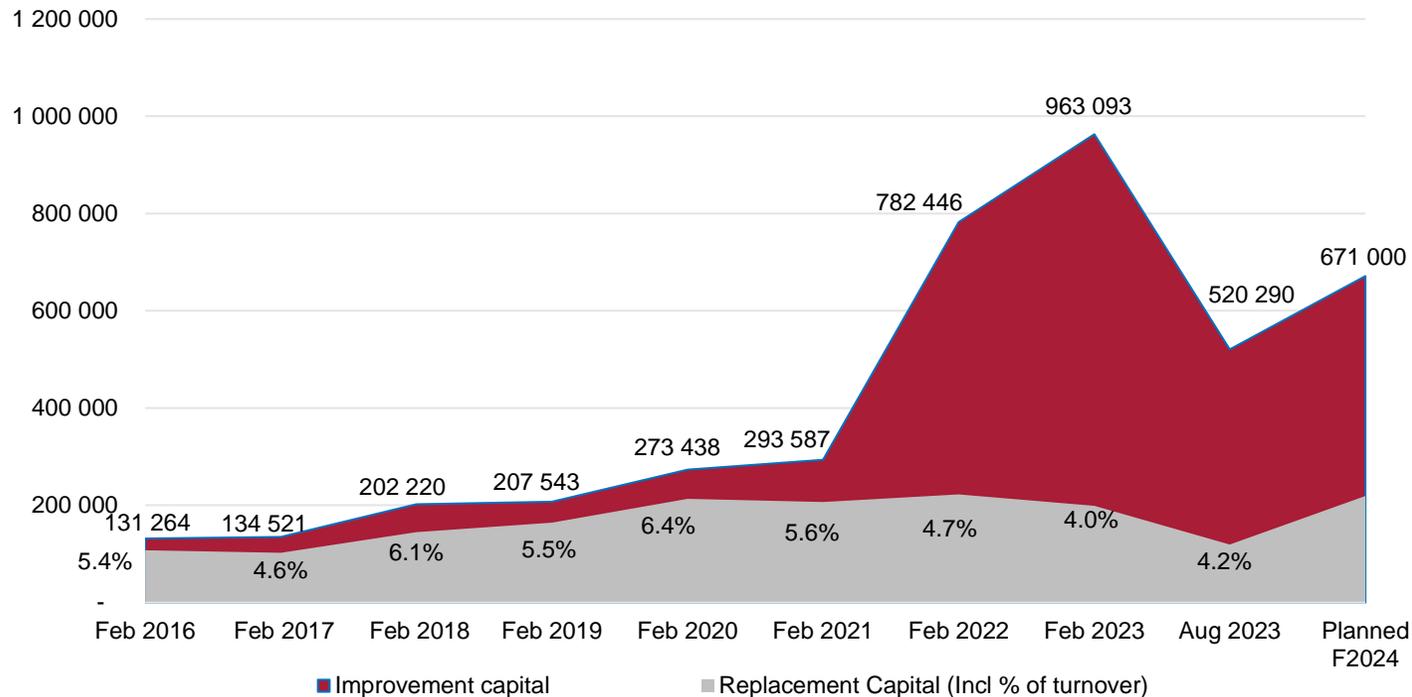


- **Site establishment and plant upgrades**
  - R16,7 million – iron ore mines
  - R10,0 million – anthracite mine
  - R104,6 million – Afrimat Phosphates
- **Capital expenditure**
  - R190,5 million – anthracite mine for two opencast pits and work performed on opening of underground mine
  - R54,2 million – iron ore mines

# Total capital expenditure



Capital Expenditure 2016 - Planned 2024 (R'000)



Improvement capital	Unaudited Aug 2023	Feb 2023
Nkomati (developing of underground mine and other mine development, including stripping costs, etc.)	R210 m	R432 m
Jenkins	R6 m	R62 m
Demaneng (further opening of pit)	R54 m	R103 m
Afrimat Phosphates	R107 m	R118 m
Glen Douglas (solar plant)	-	R25 m
Other (<R20 m)	R125 m	R23 m
<b>Total improvement capital</b>	<b>R520 m</b>	<b>R763 m</b>

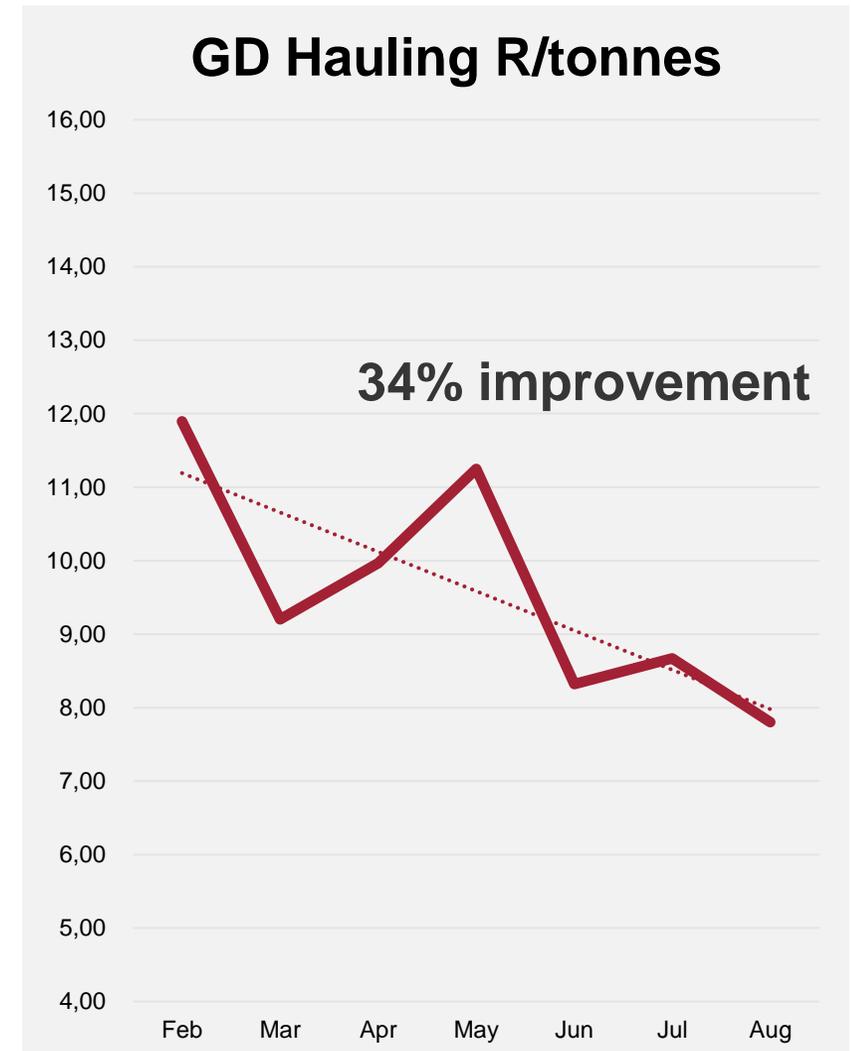
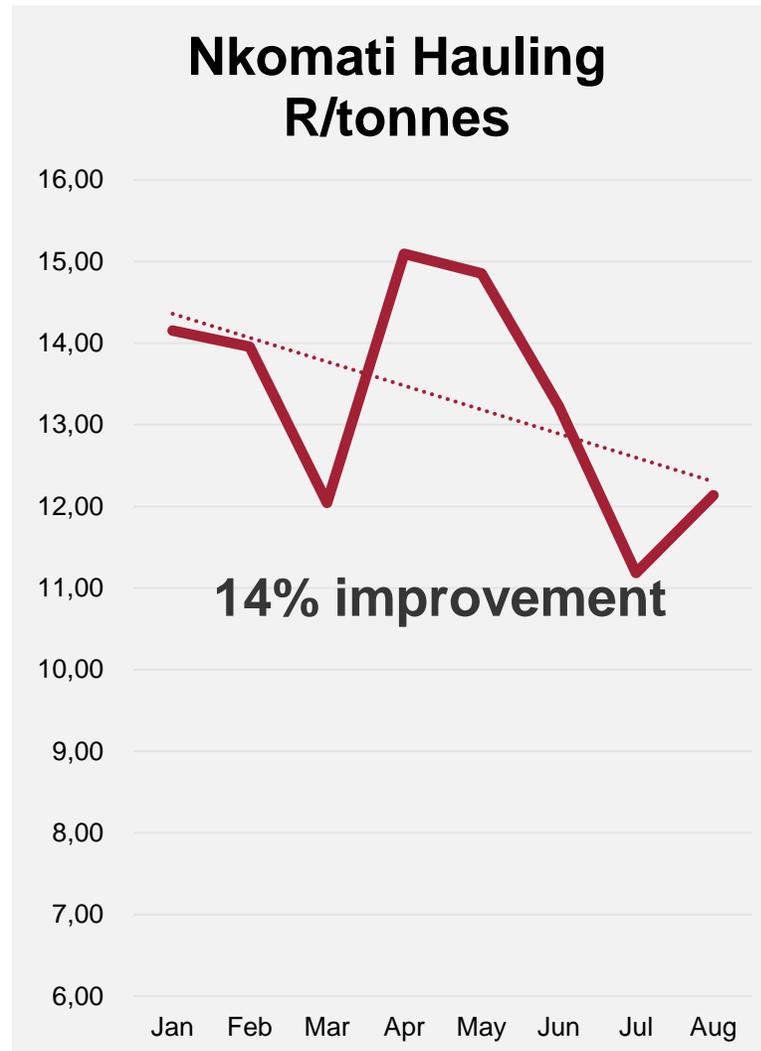
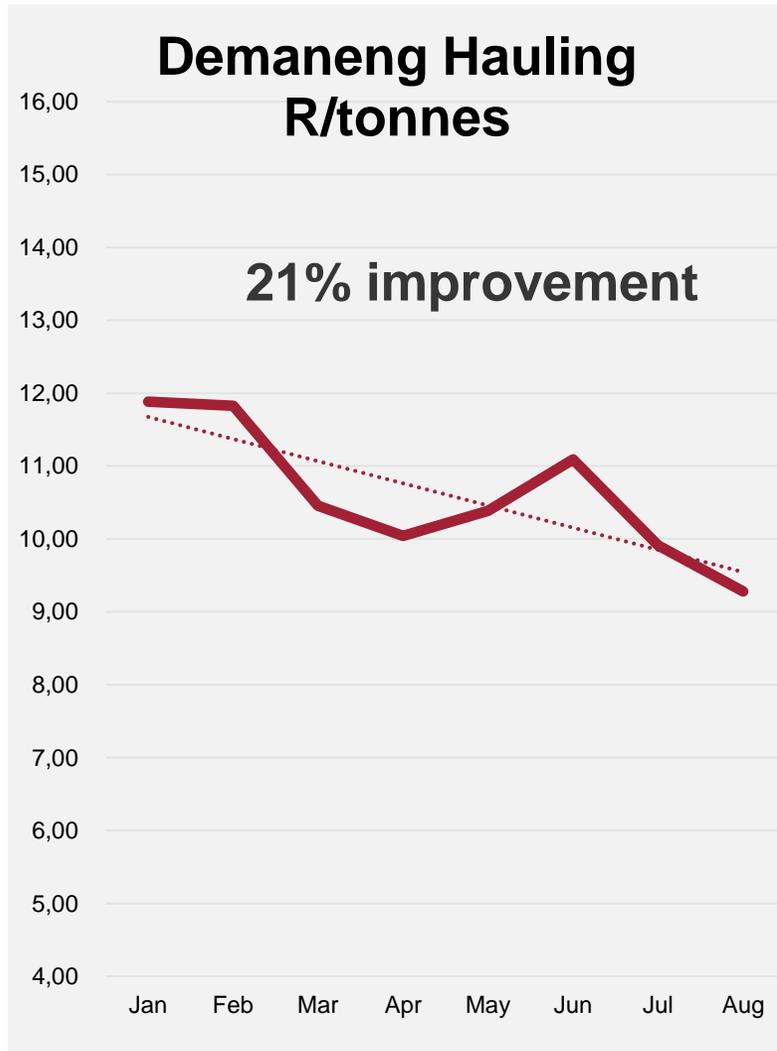
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# SEGMENTAL PERFORMANCE

*The value of diversification*

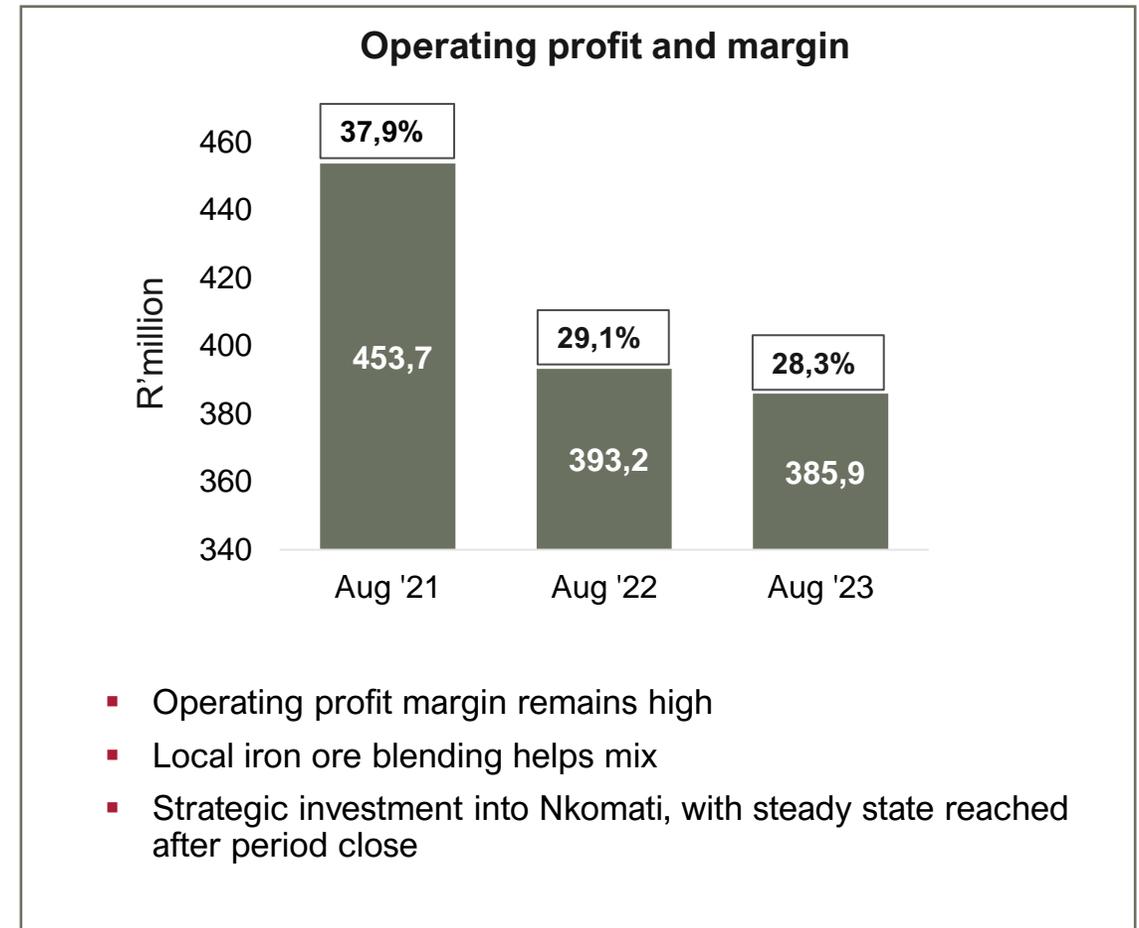
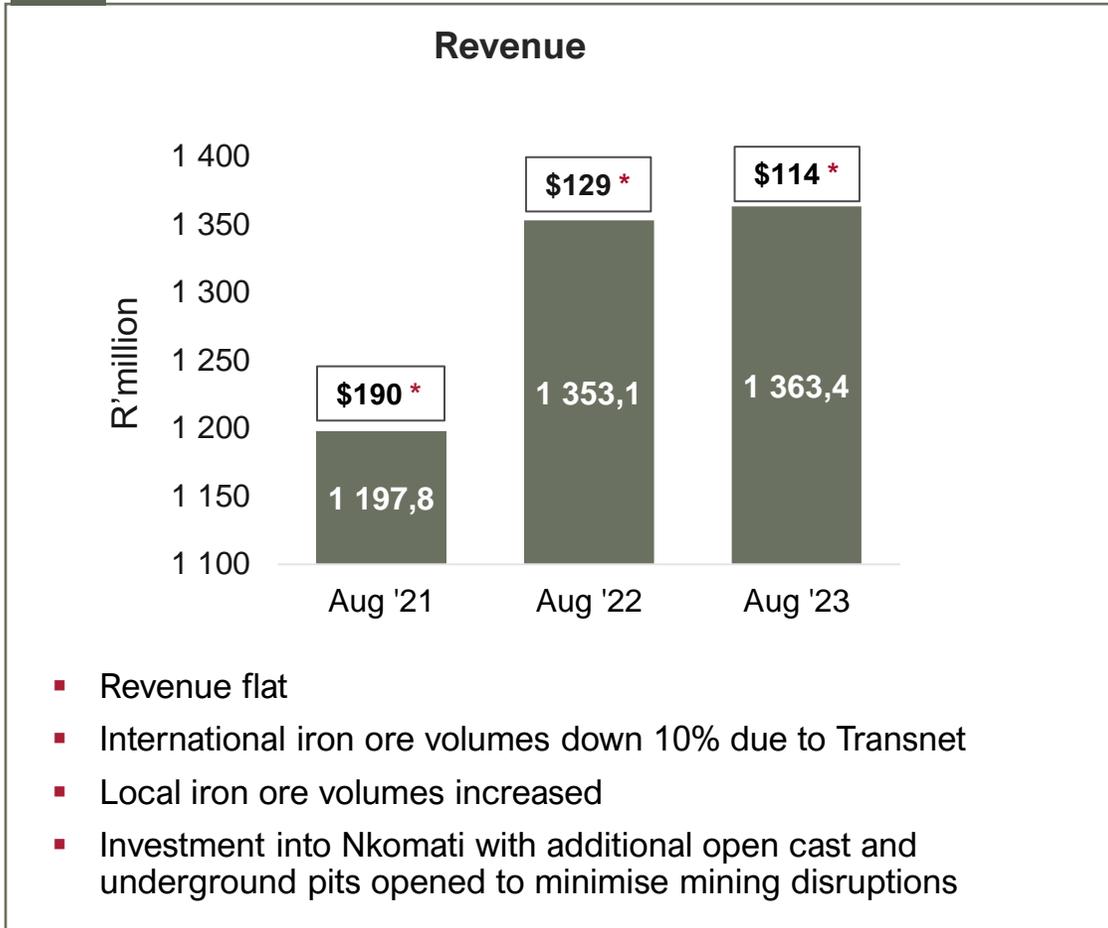


# Fleet efficiency drive tonnes per machine hour





## Solid performance based on diversification

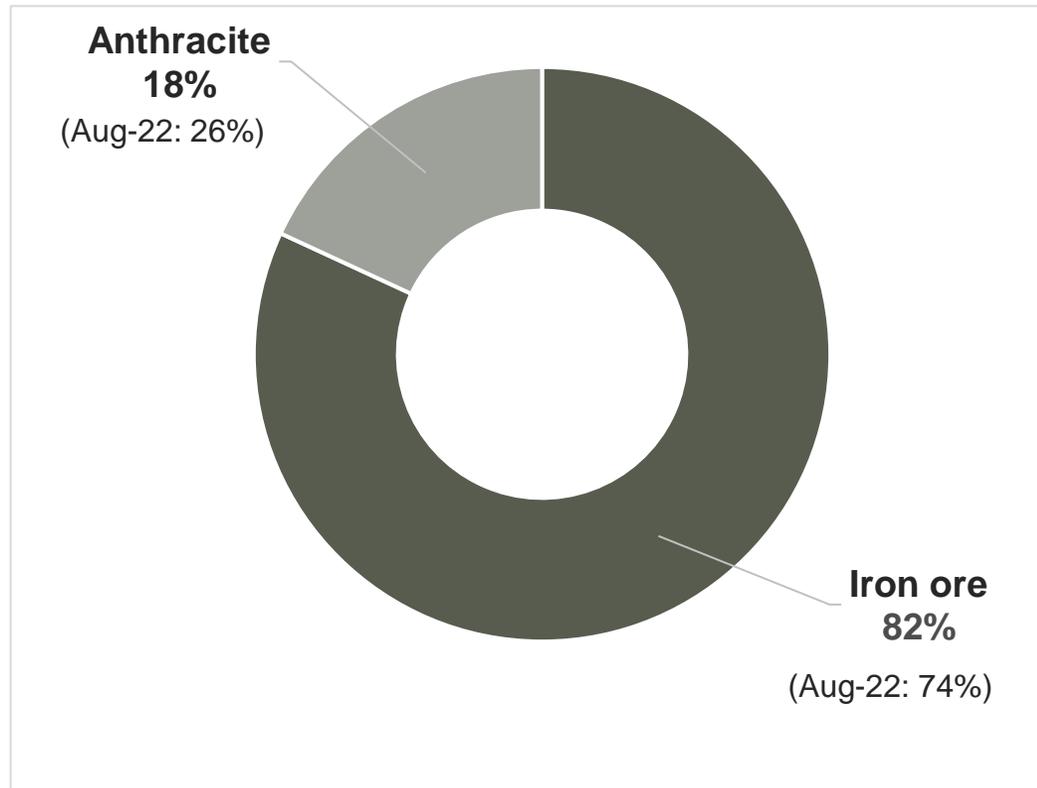


\* Average US\$ for each respective period

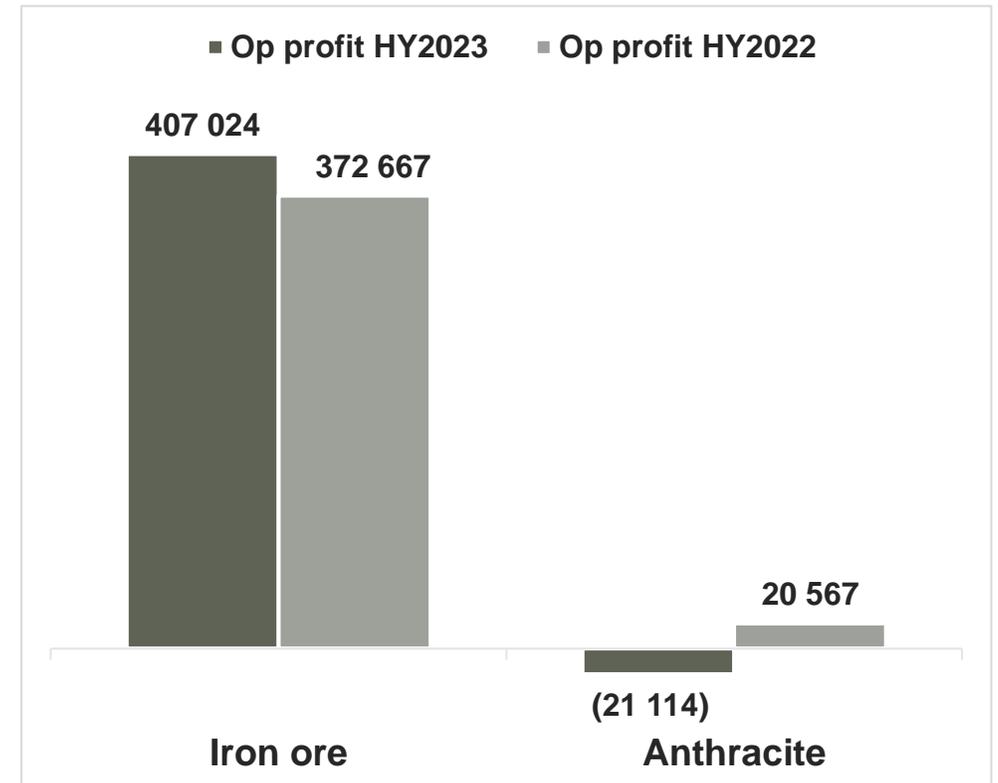
# Composition of bulk commodities (HY2023)

Segment contributed 48% of revenue and 72% of operating profit

### Revenue contribution



### Operating profit (R'000)



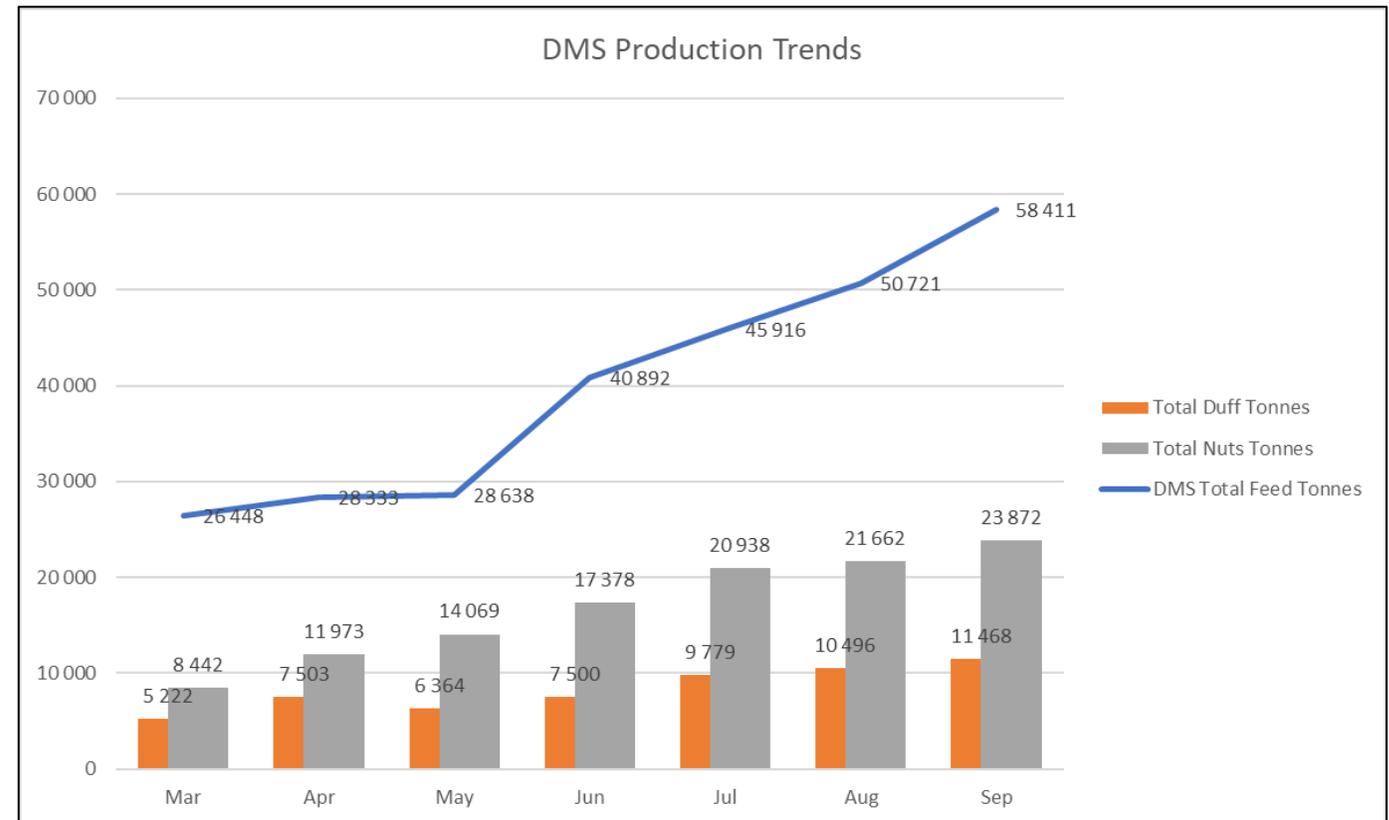
# Anthracite

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



- Underground mine established
- Long-term life of mine (two opencast pits and an underground operation) ensures sustainability
- Volumes are ramping up according to plan
- Fixed-price contract

	Amount (R m)
Remaining planned spend	<b>67</b>
Capex spent (HY1 F2022)	<b>(14)</b>
Capex spent (F2022)	<b>(54)</b>
Capex spent (F2023)	<b>(451)</b>
Capex spent (HY1 F2024)	<b>(210)</b>



# Iron ore

Life of mines: 20 years  
Market: Domestic & international  
Location: Northern Cape

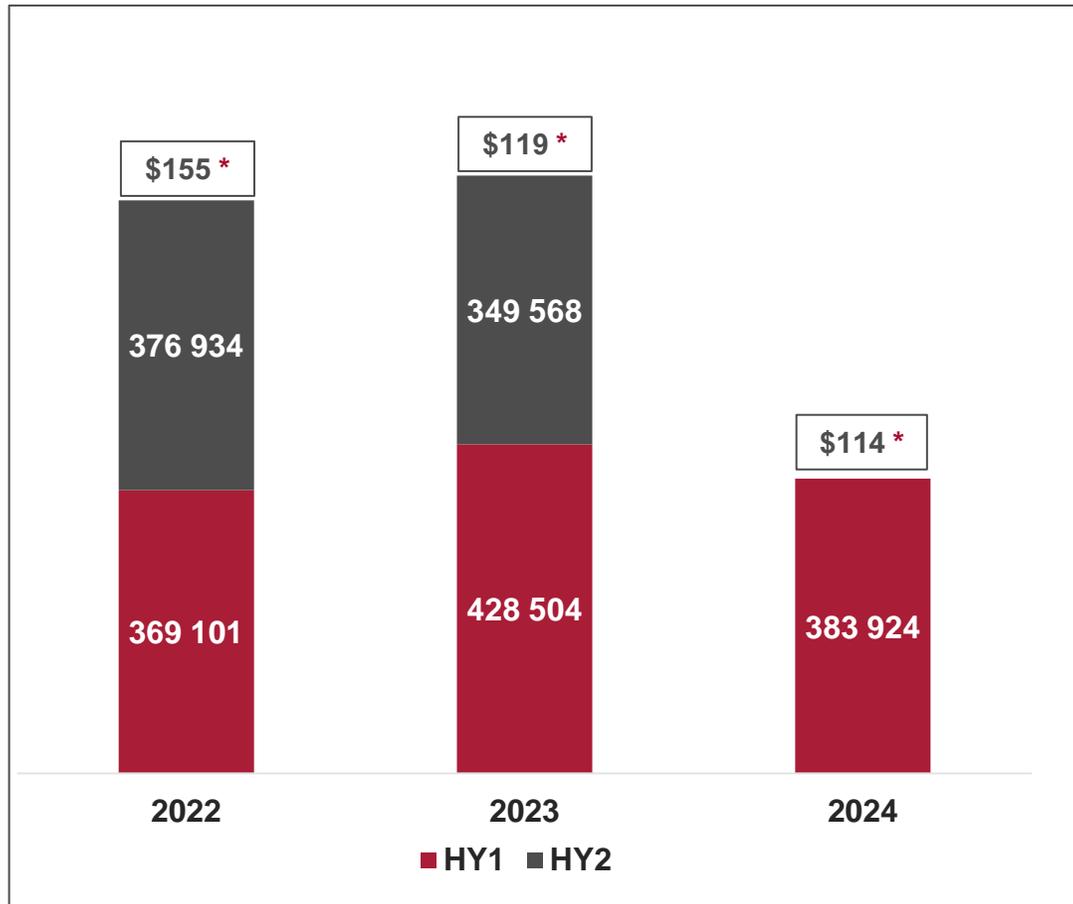


- Rand value sales realisation was good
- Lost roughly 10% in international volumes due to Transnet performance, which was compensated by Rand/US\$ exchange and local iron ore volumes increasing

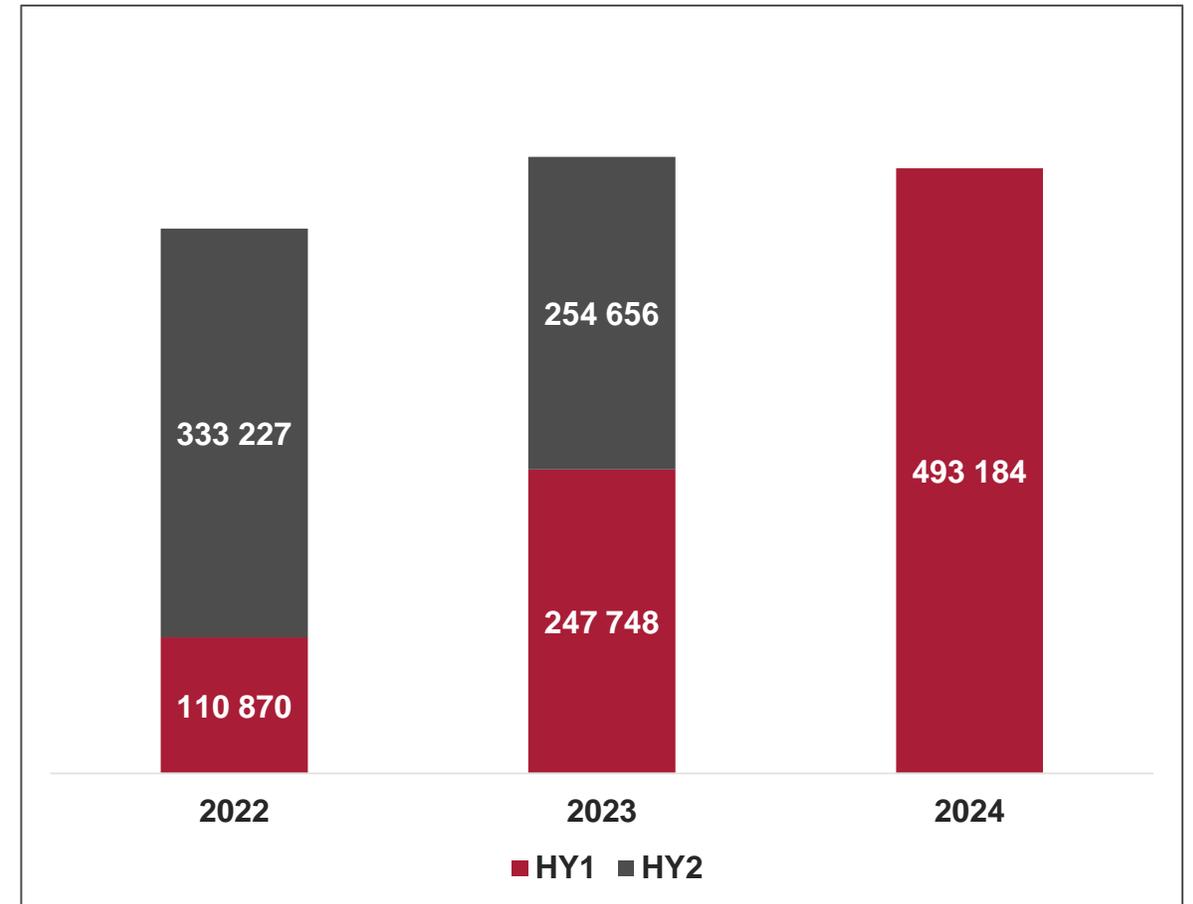
	Amount (R m)
Remaining planned capex	34
Capex spent (HY1 2022)	(31)
Capex spent (F2022)	(79)
Capex spent (F2023)	(65)
Capex spent (F2024)	(98)



## International volumes achieved (tonnes)

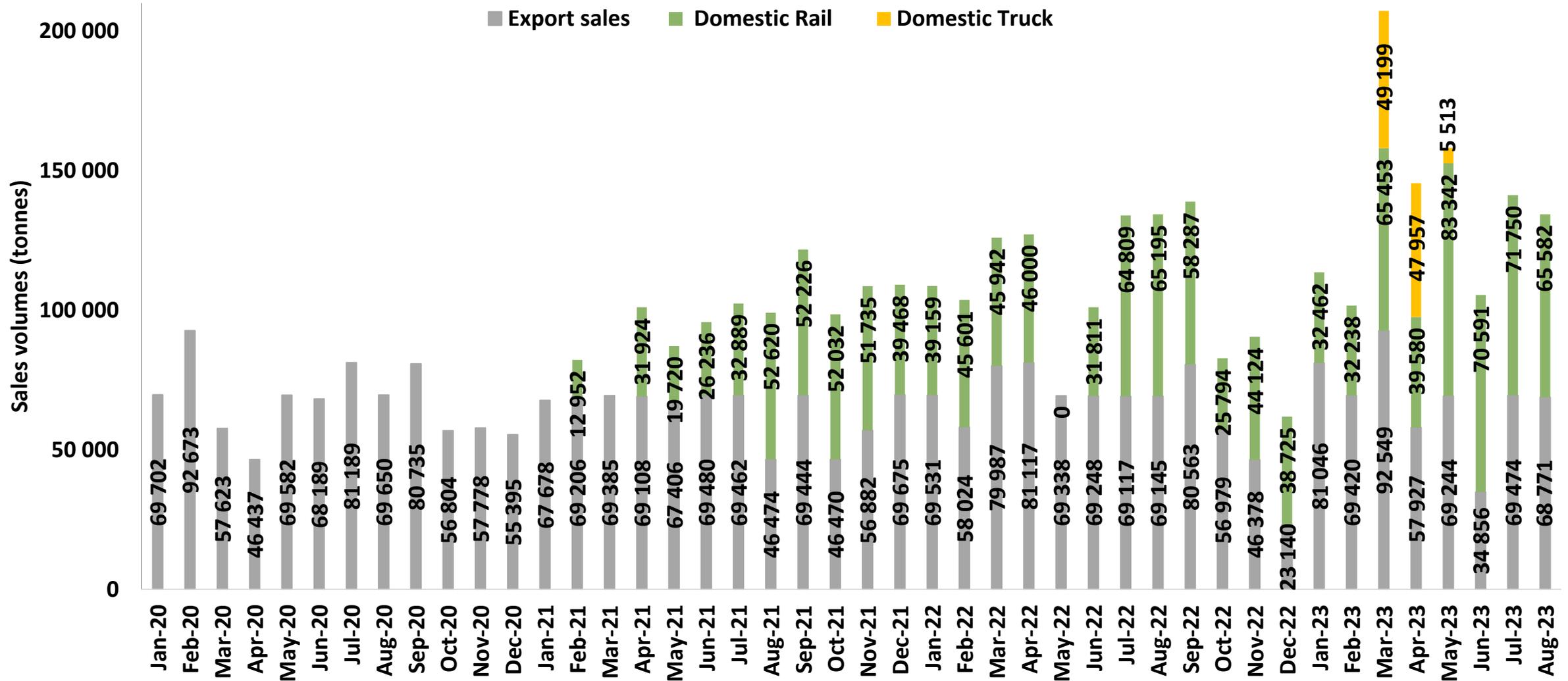


## Local volumes achieved (tonnes)



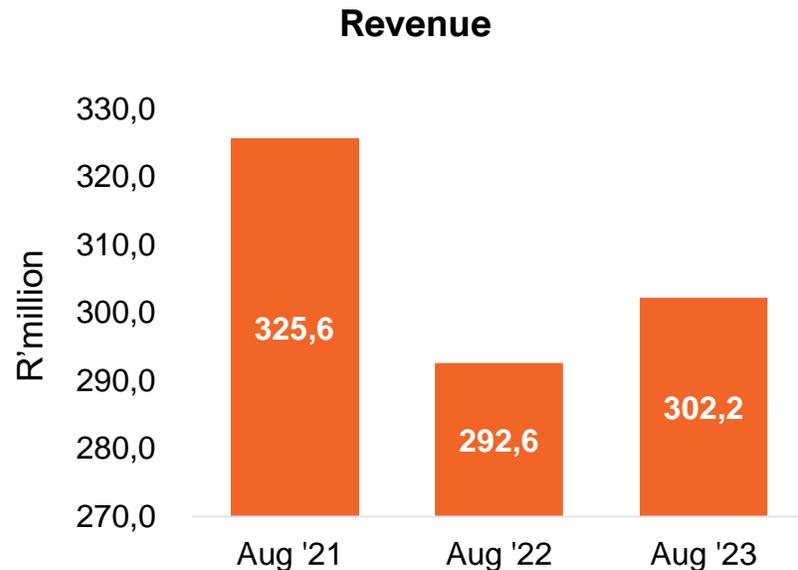
\* Average US\$ for each respective period

# International and local iron ore sales

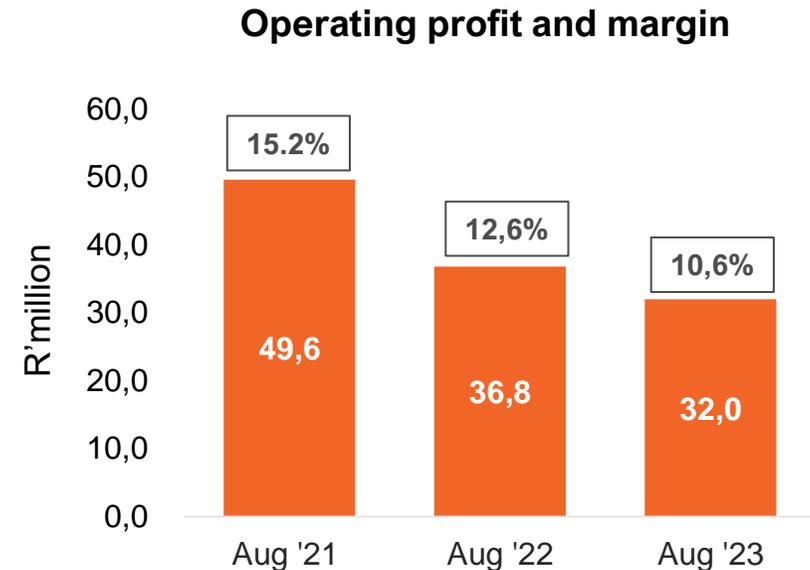




## Delivered satisfactory results



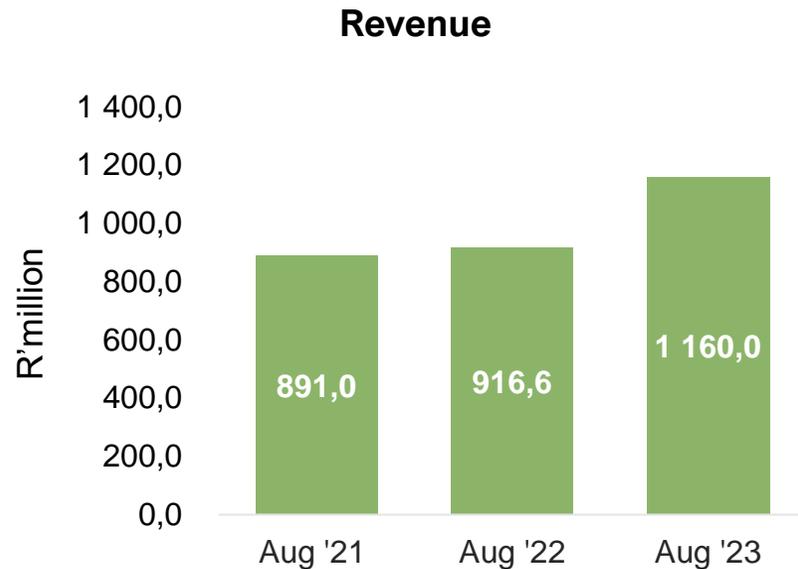
- Revenue increased by 3%
- Loadshedding affected operations and indirectly two clients cut back on orders due to loadshedding
- Invested in generators to ensure ongoing production



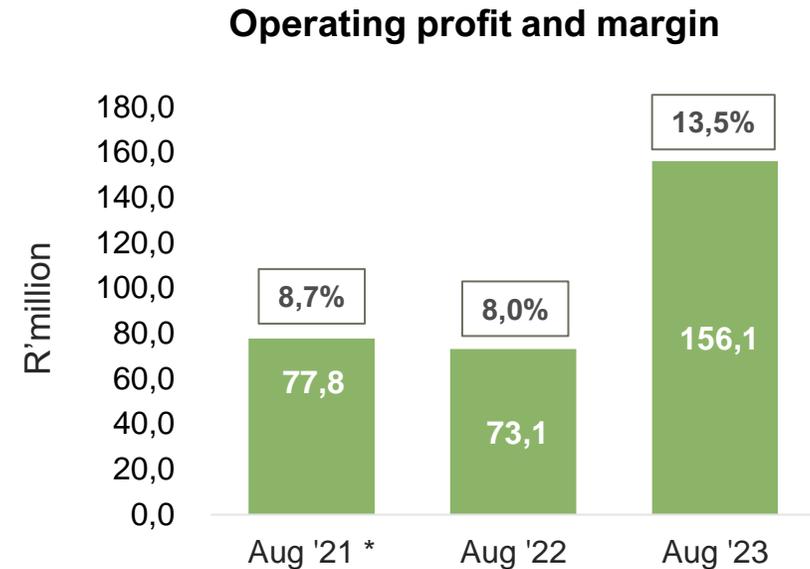
- Operating profit decreased by 13%
- Impacted by loadshedding
- Generators installed and positively contributing to additional productivity



## Significant improvement in profitability supported by margin recovery

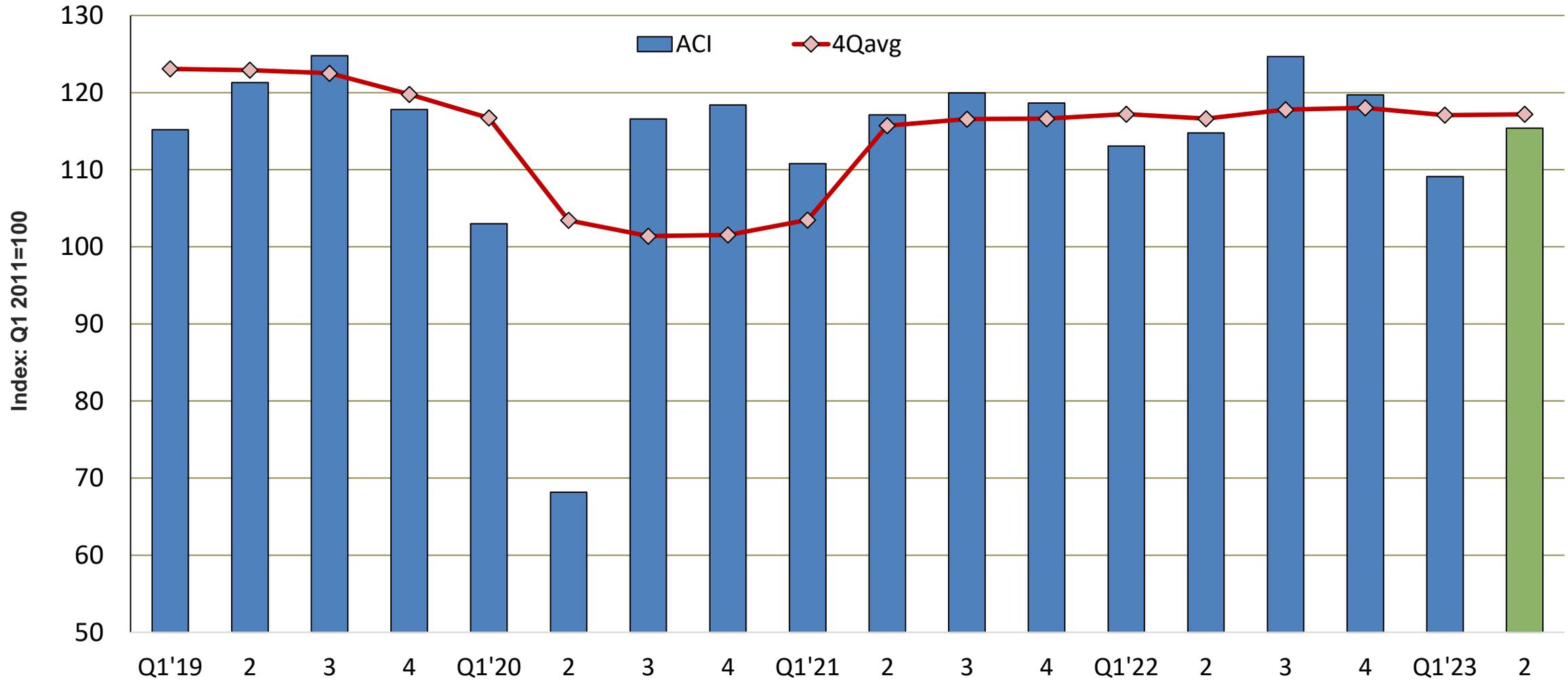


- Revenue increased by 27%
- Greater demand from across the country in construction project



- Operating profit increased by 114%
- Stringent efficiency drives ensure operating profit and margin improvement

# Afrimat Construction Index – Q2 2023



## Assets

- Excellent quarries
- Very good fly-ash business
- Well-positioned cement grinding plants and depots
- Integrated cement plant
- Readymix batching plants

## Transaction

- Purchase consideration: \$6 million
- Net asset value: R1.4 billion
- R500 million loan repayment on closing date
- R400 million loan repayment after 12 months
- Conditions precedent: \*
  - Competition Commission approval
  - Section 11 approval from DMRE
  - Reserve Bank approval (received)

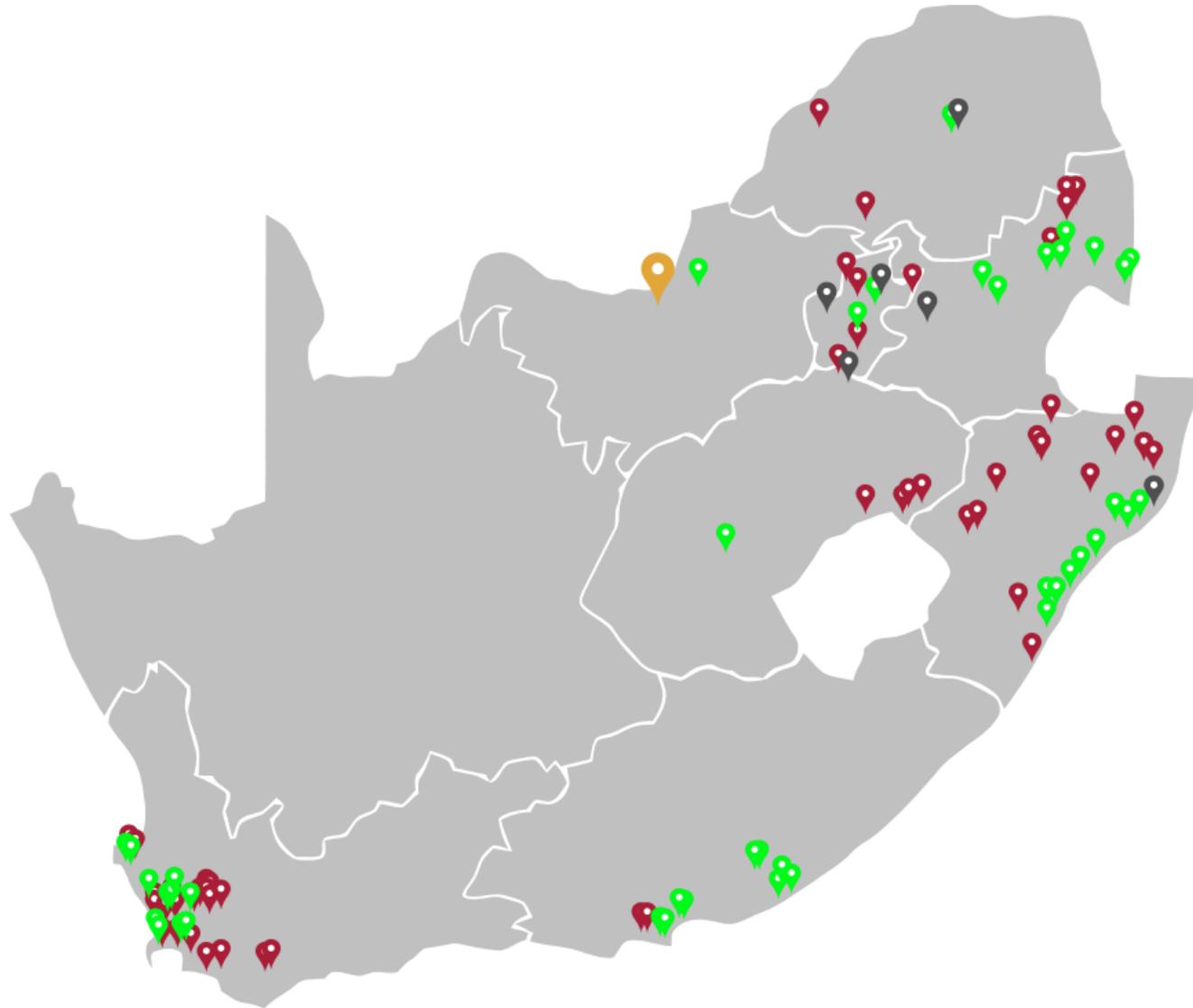
\* All documentation submitted

**Long life-of-mine assets**  
**Well-designed, good quality plants and equipment**

## Rationale

- Good time to act – market low but turning
- Good synergies exist
- Good investment return expected
- Very good assets, especially quarries and fly-ash

# Afrimat Constructions Materials and Lafarge combined footprint

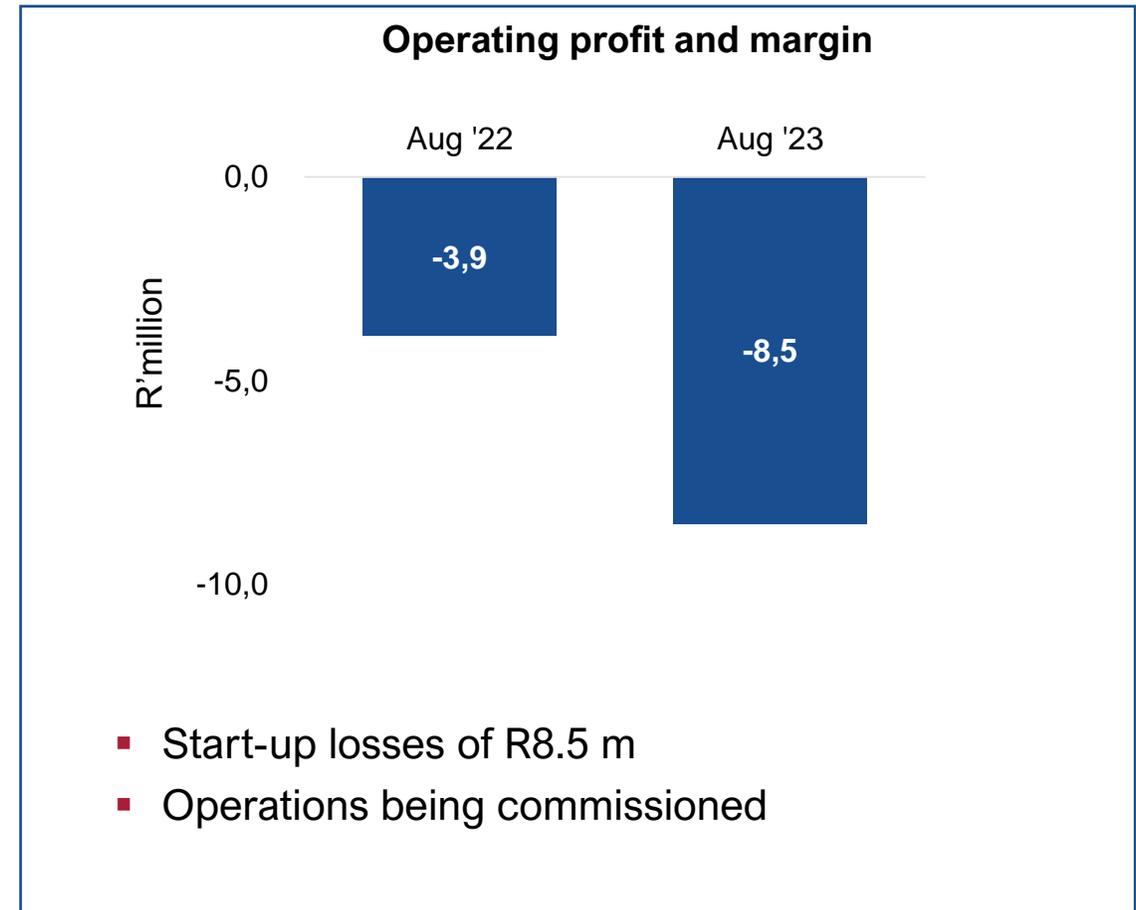
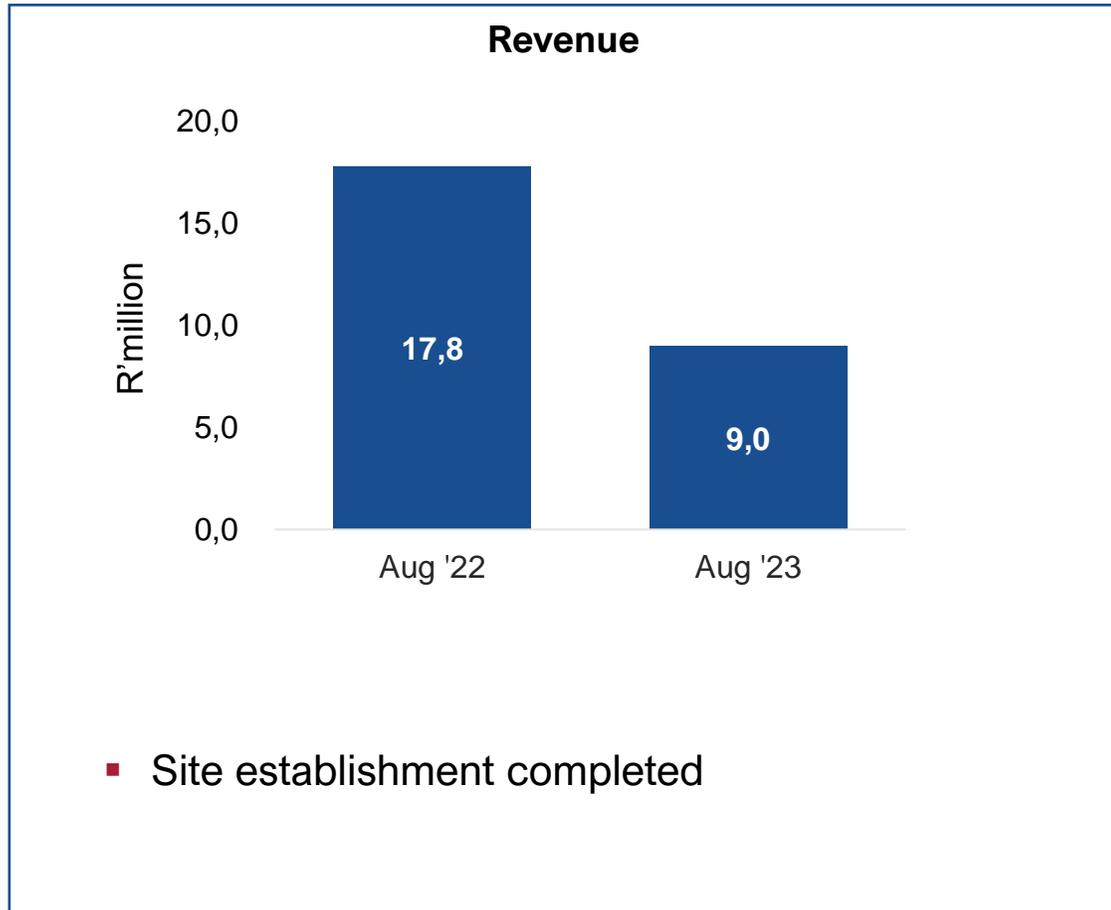


## Combined footprint

- **35** active quarries
  - 6 mothballed
- **41** readymix concrete sites
- **6** brick-and-block operations
- **2** clinker sources
- **5** sand mines
- Cement
  - **1** integrated plant
  - **2** grinding plants
  - **2** depots
- Fly-ash
  - Lethabo
  - Matla



## Ramp up of operation in progress



- **Aligned with long term global trends (growth sectors)**
  - Energy transition
  - Food security (agriculture)
- **Enhance the diversification strategy**
  - Commodity/product (multiple commodities)
  - Processing (innovation)
  - Foreign currency revenue
- **Good inherent resource characteristics**
  - Stockpiles
  - High in situ phosphate quality (very low cadmium contaminant levels)
  - Good rare earth qualities
- **New growth platform (downstream value-chain opportunities, including strategic partnerships)**

- **High Grade Phosphate** (agriculture)
  - Market development underway
  - Granulation facility commissioned
  - High Grade plant commissioned
- **Single Super Phosphate** (agriculture)
  - Construction in progress: Commissioning November 2023 (ramp up until March 2024)
  - SSP product registration approved
  - Production capacity: 60 000 tonnes per annum
  - Market development underway – prospects look positive
- **Vermiculite** (industrial, fire protection, horticulture, insulation)
  - Resource verification and block models completed
  - Basic Assessment approved
  - Bulk sample testing expected mid H2 F2024
  - Inform plant design for a 60 000 tonnes facility
  - Market very optimistic

## **Glenover (stage 2)**

### Rare earth minerals and phosphate enhancements



- **Evaluating strategic options for rare earth minerals**
- **Optimising business case**
- **Evaluating various technologies**
- **Investigating strategic partnerships**

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# FUTURE OUTLOOK

A red and white Sandvik Leopard 650D drilling rig is positioned on a sandy beach. The rig's mast is extended vertically. The background features a sunset sky with orange and yellow hues, and a dark horizon line. The rig has "SANDVIK" and "LEOPARD" branding visible on its side.

*An increase in volumes and more  
acquisition opportunities*

- **Remain vigilant, react quickly and keep employees safe**
- **Expectation is a solid recovery in the Nkomati anthracite operation**
- **Maintain consistency in both local and international iron ore operations**
- **Drive Glenover strategy and commission P-Concentrate and SSP production**
- **Efficiency drive and improved market should ensure solid performance in Construction Materials**
- **Close Lafarge deal and ensure integration**
  - **Awaiting Competition Commission approval**
- **Industrial Minerals should deliver recovered results due to investments to counter loadshedding**
- **Maintain good cash flow and capitalise on strategic initiatives and future opportunities**

# Core message



Consistently  
delivering good  
results in a  
challenging  
environment

Substantial progress  
on strategic projects  
for sustained growth

Company culture and high standard of  
execution supports Group moats



April 2024	<b>Trading update</b>
May 2024	<b>Announcement of annual results</b>
June 2024	<b>Investor open day Integrated annual report posted</b>
August 2024	<b>Annual general meeting</b>
October 2024	<b>Trading update</b>
October 2024	<b>Announcement of interim results and interim dividend</b>
December 2024	<b>Interim dividend payment</b>

**Andries van Heerden**  
**Chief Executive Officer**  
**021 917 8853**

**Vanessa Rech**  
**Keyter Rech Investor Solutions**  
**vrech@kris.co.za**  
**083 307 5600**