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Date: 30 April 2020

Afrimat

Key message: Afrimat is exposed to the construction, industrial and commodity markets. With iron ore contributing approx. half of operating profit, earnings sensitivity is now weighted towards iron ore and exchange rate levels. An entrepreneurial management team promises growth by acquisition.

Analyst

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Price (30/04/2020): R25.30
Target Price: R30.75

- We initiate on Afrimat with a Target Price of R30.75. Our valuation increases to R35.00 if we use spot iron ore prices in our models.
- Afrimat has consistently applied a simple business philosophy:
 - Strategic geographic location;
 - unique metallurgy;
 - and a structural cost advantage
- Whilst starting out as an aggregates company, Afrimat has diversified into industrial minerals (dolomite, lime), concrete based products (bricks and blocks, readymix) and bulk commodity mining (iron ore). This has provided necessary diversification and moved Afrimat from relying on the construction sector only – products now feed into the manufacturing, industrial and mining sectors as well.
- An entrepreneurial spirit is one of the defining features of Afrimat, with a management team that is willing to exploit opportunities in the market adjacent to their core strengths. A strong technical team also keeps expertise in-house.
- Management, however, is circumspect in growth and recently walked away from a potential coal acquisition due to uncertainty over the expected returns.
- Acquisition opportunities in other bulk commodities are being evaluated. Afrimat's sweet spot is limited life deposits that the majors are not interested in and access to transport infrastructure.

Market cap R2,608m
Shares in issue 135.7mn

Financial summary

ZARmn (year to June)	FY18	FY19	FY20E	FY21E	FY22E
Revenue	2457	2966	3322	3057	3363
Ebitda	480	626	785	580	739
Net income	246	301	470	293	413
Headline EPS (diluted)	1.81	2.34	3.45	2.16	3.04
PE Ratio	16.1	13.5	7.3	11.7	8.3
Dividend	0.62	0.81	1.27	0.79	1.12
Dividend yield (%)	2.1	2.7	5.0	3.2	4.5

Source: Factset, Company data, Chronux Research estimates

Figure 1 Financial summary

Financial year to Feruary	FY18	FY19	FY20E	FY21E	FY22E
ZAR/USD exchange rate	13.06	13.75	14.77	16.35	15.65
Iron ore 62% Fe - fines spot (N.China)	70.08	69.00	78.00	70.00	65.00
Per share data					
Earnings	1.82	2.29	3.46	2.16	3.04
Headline earnings (diluted)	1.79	2.33	3.42	2.14	3.02
NAV	8.93	10.30	13.05	14.31	16.09
Dividend	0.62	0.81	1.27	0.79	1.12
Valuation ratios					
P/E ratio	16.1	13.5	7.3	11.7	8.3
EV/EBITDA	9.1	7.0	5.6	7.6	6.0
P/B	3.25	2.89	1.92	1.75	
Dividend yield	2.1%	2.7%	5.0%	3.2%	4.5%
Income Statement (ZARmn)					
Sales	2,457	2,966	3,322	3,057	3,363
Operating costs	2,101	2,487	2,702	2,647	2,798
EBIT	356	479	620	411	565
Net interest expense	53	59	45	19	19
Non-operating expenses	33	34	13	16	29
Pretax profit	270	387	563	376	517
Tax	(79)	(117)	(118)	(115)	(162)
Minorities	0	(3)	(3)	(3)	(3)
Net income	246	301	470	293	413
Cash flow statement (ZARmn)					
Depreciation/amortisation	124	146	164	169	174
Cash from operations	448	568	726	559	688
Changes in working capital	(133)	(87)	(91)	(96)	(101)
Other non-cash items	(114)	(70)	0	0	0
Available cash	201	410	634	463	587
Capital expenditure	(129)	(89)	(126)	(133)	(140)
Acquisitions/disposals	(68)	(0)	0	0	0
Investing cash flow	(197)	(89)	(126)	(133)	(140)
Changes in borrowings	141	(200)	(219)	(144)	6
Dividend paid	(96)	(86)	(136)	(204)	(153)
Financing cash flow	45	(286)	(355)	(348)	(147)
Change in cash	49	36	153	(18)	300
Balance sheet (ZARmn)					
Total assets	2,591	2,687	2,958	3,022	3,308
Cash and equivalents	112	192	246	230	531
Current assets	755	902	952	964	1,296
Fixed assets	1,418	1,470	1,545	1,607	1,672
Total liabilities	1,361	1,277	1,172	1,064	1,107
Long-term liabilities	610	591	514	378	394
Current liabilities	751	686	659	685	713
Total shareholders' funds	1,229	1,410	1,786	1,959	2,201
Net debt/(cash)	415	326	52	(75)	(371)
Key ratios					
Operating margin	14.5%	16.2%	18.7%	13.4%	16.8%
RoE	20%	21%	26%	15%	19%
RoIC	14%	18%	21%	14%	17%
Net debt/EBITDA	0.86	0.52	0.07	(0.13)	(0.50)
Net debt/equity	34%	23%	3%	-4%	-17%

Source: Factset, Company data, Chronux Research estimates

Valuation

- We value Afrimat using a Sum-of-the-Parts methodology. We value the iron ore asset (Demaneng) using a DCF for the life-of-mine.
- Our base year for EBITDA multiples is FY22 to remove the Covid impact expected for FY21.

Figure 2 Sum-of-the-Parts Valuation – FY22 EBITDA (Base Case)

ZARm	Multiple range	Comment	FY22 EBITDA	EV/EBITDA Multiple	Enterprise Value
Construction Materials	4-6x	Mid range multiple	318	5.0x	1,588
Bulk Commodities		DCF @ WACC			2,138
Industrial Minerals	4-6x	Mid range multiple	142	4.0x	569
					4,295
Other assets		From balance sheet			62
Minorities		From balance sheet			(12)
Net (debt)/cash		From balance sheet			(137)
Equity value					4,208
Number of shares ('m)					136,840
Valuation (ZAR per share)					30.75

Source: Company data, Chronux Research estimates

Construction Materials

- We use a 5 times EBITDA multiple to value this division. This is in line with how we value comparable company Raubex – the two companies have similar construction materials businesses with significant regional footprints.

Bulk Commodities

- We value the Demaneng iron ore mine using a DCF methodology over the assumed 12-year life of mine (official life 10 years). We use a R200m residual value for the value of assets on the mine. It is likely that Afrimat will develop or purchase new resources (iron ore and/or manganese) in the region, but we do not ascribe any value to potential growth at present.
- We do add a value for the access to the rail line to Saldanha and allocated tonnage from Transnet – this allocation is valuable on a stand-alone basis to anyone who requires access to the export market.

Industrial Minerals

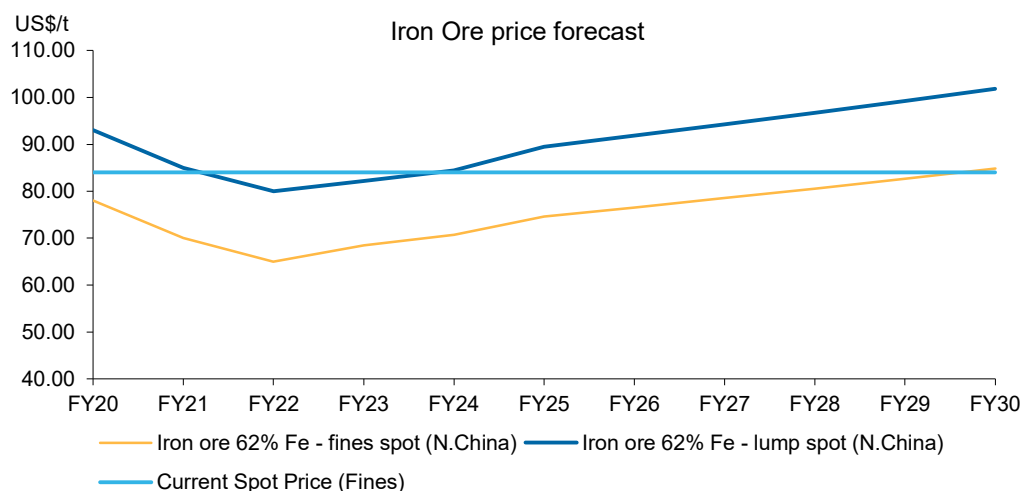
- We use a 4 times EBITDA multiple to value this division. Afrimat has well-placed quarries close to market with high-grade material.
- However, reliance on large industrial customers (Arcelor Mittal South Africa) does pose a potential risk.

Overall Valuation

- We initiate on Afrimat with a Target Price of R30.75. Our valuation increases to R35.00 if we use spot iron ore prices in our models.

Valuation using Spot Prices

Figure 3 Iron Ore Price Forecasts



Source: Company data, Chronux Research

- Should we use spot iron ore prices for Demaneng (US\$84/tonne for iron ore lump), our valuation increases to R35.00 per share.

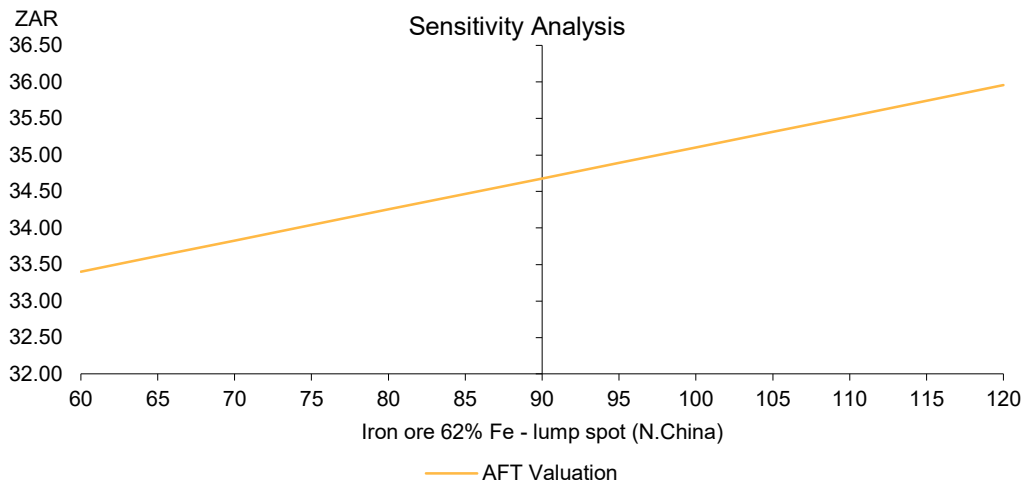
Figure 4 Sum-of-the-Parts Valuation – FY22 EBITDA (Spot Iron Ore Price)

ZARm	Multiple range	Comment	FY22 EBITDA	EV/EBITDA Multiple	Enterprise Value
Construction Materials	4-6x	Mid range multiple	318	5.0x	1,588
Bulk Commodities		DCF @ WACC			2,728
Industrial Minerals	4-6x	Mid range multiple	142	4.0x	569
					4,885
Other assets		From balance sheet			62
Minorities		From balance sheet			(12)
Net (debt)/cash		From balance sheet			(137)
Equity value					4,798
Number of shares ('m)					136,840
Valuation (ZAR per share)					35.06

Source: Company data, Chronux Research estimates

Sensitivity

- Our valuation is most sensitive to the iron ore price and currency – the most volatile variables for Afrimat. The following chart shows the AFT valuation sensitivity to the iron ore price.

Figure 5 Sensitivity Analysis

Source: Company data, Chronux Research

Peer Valuation

- The table below shows valuation metrics for the iron ore universe.

Figure 6 Peer Valuations

Company Name	Fiscal Period	Price	Market Value	Enterprise Value	Sales	EBIT	EBITDA	Enterprise Value/ EBIT	Enterprise Value/ EBITDA	EV/ EBITDA FY1	EV/ EBITDA FY2
Afrimat	08/31/2019	25.00	3582	3730	3163	599	754	6.2	5.0	7.6	6.0
BHP Group	12/31/2019	371.80	1746183	1980728	661907	245229	334907	8.1	5.9	4.7	4.9
Vale SA	12/31/2019	149.00	787382	899038	544447	111770	165802	8.0	5.4	3.4	3.2
Mount Gibson Iron	12/31/2019	7.38	8538	4780	3596	853	1096	5.6	4.4	2.0	0.8
Rio Tinto	12/31/2019	880.12	1499439	1613908	623902	220071	289048	7.3	5.6	5.0	5.3
Raubex Group	08/31/2019	18.79	3415	3495	8434	266	683	13.1	5.1	3.3	4.0
Kumba Iron Ore	12/31/2019	346.85	111716	110687	64285	29033	33571	3.8	3.3	3.8	4.4
Champion Iron	12/31/2019	22.98	10823	12955	8595	3863	4046	3.4	3.2	2.2	3.5
Fortescue Metals Group	12/31/2019	139.70	430129	440365	186492	103698	122082	4.2	3.6	3.2	4.8

Source: Factset, Chronux Research

- Afrimat's valuation metrics do not stand out relative to global iron ore peers (under- or overvalued), suggesting that the value of the iron ore assets within Afrimat are recognised.
- The slightly higher forward multiples for Afrimat are an expectation of growth by acquisition, in our opinion, of low-priced bulk commodity assets.

Black Economic Empowerment

- Afrimat's main BEE partners are African Rainbow Capital Proprietary Limited, Afrimat BEE Trust, benefiting black Afrimat employees, Mega Oils Proprietary Limited and Joe Kalo Investments Proprietary Limited which are both 100% black-owned companies. Black ownership in the group totals 32,6% in line with Mining Charter requirements.

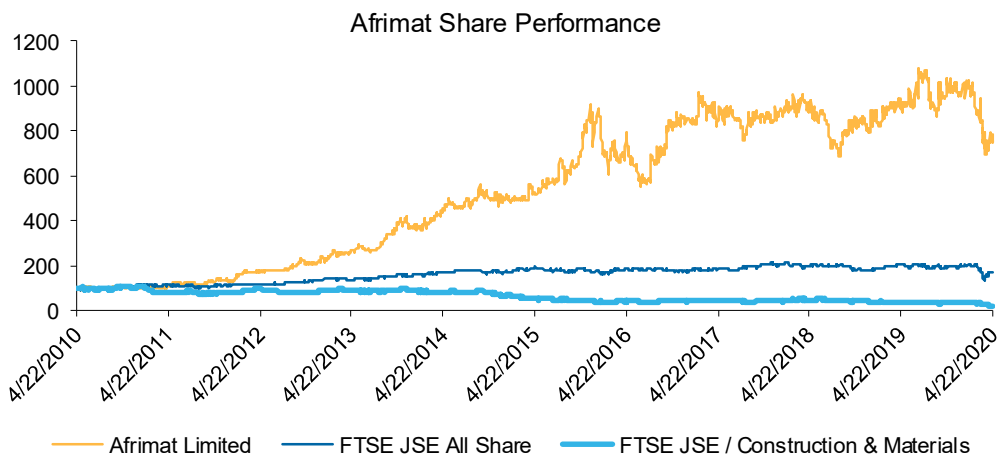
History

- Afrimat was created with the merger of two aggregate companies – Prima (W Cape, established 1963) and Lancaster (KwaZulu-Natal, established 1965) in 2006. The new group, Afrimat, listed on the main board of the JSE in the same year.
- The Malans Group and Denver Quarries was purchased in 2007, and the geographic footprint was extended into Gauteng, Limpopo and Mpumalanga in 2008.
- Diversification into industrial minerals and concrete based products occurred in 2011 with the purchase of the Glen Douglas dolomite mine and 2012 with the purchase of SA Block Group. In 2013 a controlling stake in Infrasons Holdings was purchased.
- Expansion into Mozambique occurred in 2014. In 2016 Cape Lime was purchased, followed by Bethlehem Quarries in 2017 giving geographic expansion into the Free State.
- The Demaneng mine was purchased in 2017 through the acquisition of the Diro Iron Ore Mine.

Senior management

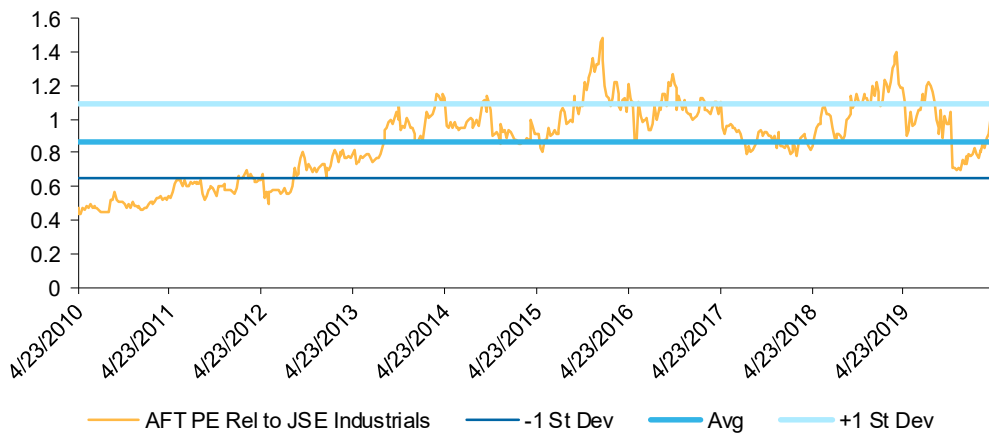
- Afrimat has been run by Andries van Heerden from 2006, prior to the listing. Management has been stable with a consistent management philosophy driving the successful growth and diversification over the years.
- Afrimat has consistently applied a simple business philosophy:
 - Strategic geographic location
 - Unique metallurgy
 - Structural cost advantage
- All opportunities need to tick at least two of the above criteria.
- Share price performance since listing has been solid compared to the FTSE/JSE Construction & Materials Index.

Figure 7 Share price performance vs FTSE/JSE Construction & Materials Index



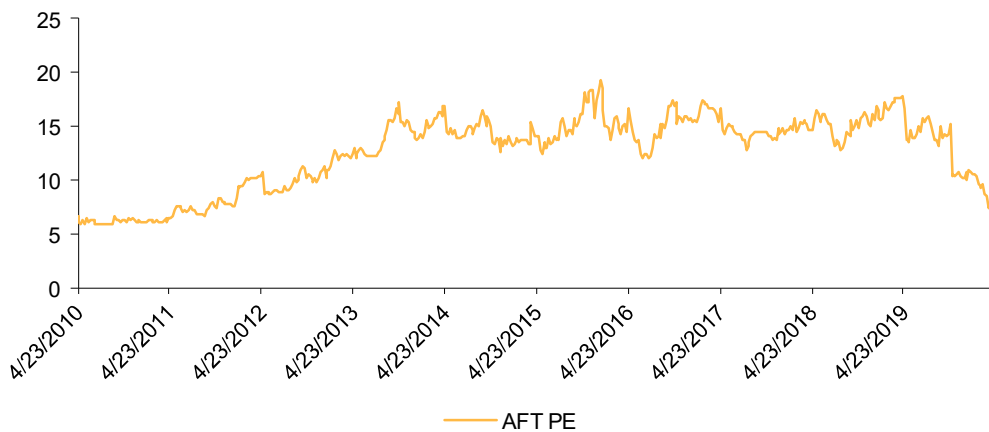
Source: Factset, Chronux Research

- Afrimat has steadily re-rated against the FTSE/JSE Industrials Index as the company has proved to have a robust business model and consistent management strategy.

Figure 8 Afrimat PE Relative to FTSE/JSE Industrial Index

Source: Factset, Chronux Research

- Afrimat trades at close to parity on a PE basis relative to the FTSE/JSE Industrials Index. This is significantly better than most of its peers in the sector and indicates confidence in the growth prospects.
- We do not think that Afrimat should trade at parity in the long-term, with a company like WBHO trading at an average 20% discount. However, the expected ramp-up of earnings in the iron ore division do justify the higher short-term multiple, in our opinion.
- The PE history of Afrimat is shown in the following chart.

Figure 9 Afrimat PE

Source: Factset, Chronux Research

Divisional Forecast

Figure 10 Divisional Forecast

<u>Divisional Data</u>	FY16A	FY17A	FY18A	FY19A	FY20E	FY21E	FY21E
Revenue	1,969,786	2,228,157	2,481,231	2,966,399	3,322,392	3,057,185	3,363,073
Construction Materials	1,409,937	1,553,285	1,745,489	1,739,496	1,774,286	1,596,857	1,836,386
Bulk Commodities			175,985	682,198	959,825	901,460	923,110
Industrial Minerals	559,849	674,872	559,757	544,705	588,281	558,867	603,577
Revenue growth		13.1%	11.4%	19.6%	12.0%	-8.0%	10.0%
Construction Materials		10.2%	12.4%	-0.3%	2.0%	-10.0%	15.0%
Bulk Commodities				287.6%	40.7%	-6.1%	2.4%
Industrial Minerals		20.5%	-17.1%	-2.7%	8.0%	-5.0%	8.0%
Operating profit	321,688	405,601	350,399	471,152	620,086	410,586	564,830
Construction Materials	281,838	374,986	274,580	190,182	195,171	63,874	220,366
Bulk Commodities			-33,443	201,329	306,375	284,647	240,820
Industrial Minerals	40,878	39,238	88,393	78,012	123,539	67,064	108,644
Other	-1,028	-8,623	20,869	1,629	-5,000	-5,000	-5,000
Margin	16.3%	18.2%	14.1%	15.9%	18.7%	13.4%	16.8%
Construction Materials	20.0%	24.1%	15.7%	10.9%	11.0%	4.0%	12.0%
Bulk Commodities			-19.0%	29.5%	31.9%	31.6%	26.1%
Industrial Minerals	7.3%	5.8%	15.8%	14.3%	21.0%	12.0%	18.0%
Operating profit growth		26.1%	-13.6%	34.5%	31.6%	-33.8%	37.6%
Construction Materials		33.1%	-26.8%	-30.7%	2.6%	-67.3%	245.0%
Bulk Commodities				-702.0%	52.2%	-7.1%	-15.4%
Industrial Minerals		-4.0%	125.3%	-11.7%	58.4%	-45.7%	62.0%

Source: Company data, Chronux Research estimates

- The lockdown in South Africa has had the following impacts incorporated into our forecasts:
- **Construction Materials:** operations were largely shut completely during the lockdown, with a gradual easing in Level 4 (up to 50% of operation) as construction material producers can start up again. A focus on public road projects highlighted as a feature of construction in Level 4 should assist the KZN and Free State quarries to see some demand returning quickly.
- We have assumed 2 months of lost revenue for this division in 1H FY21. Production in 2H FY21 is unaffected by restrictions but may face reduced demand.
- **Industrial Minerals:** products used for water and sanitation (lime and derivative products) were deemed essential and we assume this division fell to 50% of output during the lockdown.
- We have assumed 1 month of lost revenue for this division in 1H FY21. Production in 2H FY21 is unaffected by restrictions but may face reduced demand.
- **Bulk Commodities:** production fell to 50% during the lockdown but will return to 100% in Level 4.
- We have assumed 1 months of lost revenue for this division in 1H FY21. Production in 2H FY21 is unaffected by restrictions but may face reduced demand.
- Iron ore prices are expected to peak in FY20 and gradually decline to FY22, resulting in profitability falling over the forecast period. FY20 earnings should be seen as a cyclical peak, with earnings normalising thereafter.

Divisional Overview

- Afrimat reports three operating divisions:
 - Construction Materials
 - Industrial Minerals
 - Bulk Commodities

Figure 11 Segmental Makeup

Construction Materials	Industrial Minerals	Bulk Commodities
Eastern Cape	Infrasors	Iron Ore (Demaneng)
Free State	Cape Lime	
Gauteng		
KwaZulu-Natal		
Limpopo		
Mpumalanga		
Northern Cape		
Western Cape		
Mozambique		
Glen Douglas		
Blocks and Bricks		
Readymix		

Source: Company data, Chronux Research

- Afrimat has a national footprint, with core regions being Western Cape, KwaZulu-Natal and Free State for the Construction Materials division.
- Gauteng (through the Infrasors assets) and the Western Cape (Cape Lime) are well covered by the Industrial Minerals division.
- Afrimat has international exposure through its operation on northern Mozambique, situated close to the proposed site for LNG projects.

Figure 12 Geographic footprint



Source: Company data, Chronux Research

Construction Materials

- The Construction Materials division produces aggregates, bricks and blocks and readymix concrete.

Aggregates

- Aggregates is a key division producing aggregates of a wide variety of sizes and technical specifications. These are mainly used in large-scale civil engineering and infrastructure projects.
- Aggregates operates in the Eastern Cape, Western Cape and Northern Cape, Free State, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga and in Mozambique with operations that include commercial quarries, sand mines, gravel mines and mobile crushing.

Glen Douglas

- In May 2010 Afrimat acquired the Glen Douglas dolomite mine, which produces an annual output of approximately 1.5 million tonnes of metallurgical dolomite, commercial mining and aggregates and agricultural lime products. Glen Douglas is uniquely positioned to supply customers in the southern parts of Johannesburg, northern Free State and has a formidable presence in the Vaal area.
- The mine holds a new order mining licence and has reserves in hand for the next 30 to 40 years.
- High levels of metallurgical dolomite are produced at sustainable levels and supplied to the steel industry. The mine can facilitate cheaper transport costs for its customers through a rail siding equipped with a mechanical loading facility.
- Glen Douglas produces a wide spectrum of aggregate products, the largest segment served is the Readymix industry. Other segments served are the concrete products and brick making industries. The mine has a strong brand due to its consistent quality and exceptionally low water demand.
- Agricultural lime is a premium product and provided to the agricultural industry.

- Opened in 1945, the mine is an open pit operation producing from a single excavation sub-divided by a 40 m wide dyke into two pits – the B and C Pits. The C Pit is the main source of the low silica metallurgical dolomite and the B Pit supplies the high silica content sold as an aggregate. Agricultural lime is produced as a by-product from fines collected in settling ponds at the washing and screening plant.

Concrete Based Products

- The Concrete Products division offers SABS approved concrete building blocks of various sizes, cement bricks and cement pavers of different shapes, colours and sizes as well as a variety of further precast products. Moulded concrete products, including walling are also manufactured.
- The division operates primarily in Gauteng, through SA Block Pty Limited, KwaZulu-Natal, the Free State and Worcester in the Western Cape, meeting the needs for low-cost housing. Its precast factories specifically manufacture concrete bricks, building blocks, brick paving, walling and moulded concrete products.
- Readymix supplies concrete primarily to large-scale civil engineering and infrastructure projects through fixed and mobile readymix plants where concrete is batched on demand and then transported to site by concrete mixer trucks. Close to 90% of Readymix's raw material needs (excluding cement) are sourced from the group's own quarries.
- Readymix plants are based in the Western Cape and northern KwaZulu-Natal, including Zululand. The division also offers production, pumps, TFM mixer and technical services. All sales personnel in this division have attended the relevant training courses with the Concrete and Cement Institute of South Africa.

Clinker Supplies

- A subsidiary of SA Block, Clinker Supplies (Pty) Limited was acquired by Afrimat in March 2012.
- Clinker Supplies operates out of three plants:

Klip/Redan (Meyerton)

- The Clinker Supplies' reclaiming plant at Klip was installed in 1989. It was subsequently modified and enlarged and now has a capacity to process and classify 350 tons of clinker per hour, supplying mainly processed clinker aggregate to the brick manufacturing industry.

Vaal (Vereeniging)

- The Vaal plant has a processing capacity of 680 tons per hour, nearly double the Klip output. The plant performs processes approximately 6000 tons per day, supplying processed clinker aggregate for brick manufacture, road and civil construction purposes.

Vierfontein (Orkney)

- Clinker Supplies' operations at Vierfontein are limited to a mobile-plant reclaiming and loading operation, supplying unclassified clinker to the cement industry.

Emfuleni Municipal Ash Dump (Vanderbijlpark)

- The Emfuleni Ash Dump was purchased in 2018. It should ensure an additional 3-4 years for the Clinker and SA Block businesses.

Future Supplies

- Potential future dump supplies of ash/clinker are present in Witbank, Lethabo, Sasol Secunda and Mittal Steel. These could unfold over the next 12-24 months.
- Customers include concrete product manufacturers, SA Block and traders/merchants. Integrated cement producers also purchase clinker as an extender.
- Clinker Supplies does have a limited resource and finding replacement dumps is vital for the division. Several large resources have been identified and are being pursued.

SA Block

- SA Block can produce 20m bricks per month from operations adjacent to the Clinker Supplies Klip/Redan dump. This business will follow Clinker Supplies in future as it needs to be close to the raw material source.

Contracting International

- Contracting International provides a full package of drilling and blasting solutions for the construction and junior mining industries. It offers blast designs for bulk blasting in quarry and opencast mining and specialised restricted blasting in built-up areas.
- Services include:
 - Mobile crushing, screening, drilling and blasting, bid preparation and contractual services, readymix, commercial quarries
 - Using its expertise in fields such as drilling and blasting, load and haul, crushing and readymix concrete processing the division prepares bids for major clients in the construction industry.
 - The division has established a strong foothold in Africa and operates internationally through a mobile hard rock crushing and screening service.

Industrial Minerals

- The Industrial Minerals division produces lime, metallurgical dolomite and metallurgical quartzite.

Infrasors

- Infrasors was acquired by Afrimat in 2013 and consists of:

Lyttelton Dolomite – Centurion Mine

- Well positioned in Tshwane with a railway siding close by
- Unique metallurgy, long-life mine

Lyttelton Dolomite – Marble Hall Mine

- Proximity to market
- Unique metallurgy

Cape Lime

- Cape Lime consists of two operations in the W Cape:
 - Langvlei operation (Robertson)
 - Vredendal operation
- These deposits produce high grade limestone and dolomite materials.
- Growth opportunities include a second kiln at Vredendal, starting to mine the Maskam deposit and expansion into new products.

LimeCor

- Sole distributor with exclusive rights to distribute Meyerton, Lyttelton and Marble Hall industrial mineral and lime products.
- Products include:
 - Meyerton micro fine dolomitic agricultural lime
 - Lyttelton micro fine dolomitic agricultural lime
 - Marble Hall natural agricultural lime
 - Marble Hall lime filler
- Micro fine dolomite is sourced from the Meyerton and Lyttelton mines for use in the agricultural industry and the natural dolomitic lime with high calcium value is supplied from the Marble Hall mine for use in the agricultural industry.
- These products are produced by mined dolomitic rock which is processed and screened which ensures a fine agricultural lime.

- With access to Afrimat's mining assets, LimeCor was established with the objective to effectively distribute and market the entire industrial mineral and lime resources from its various operations into the market.

Bulk Commodities

Demaneng Iron Ore Mine

- The Demaneng mine was purchased out of receivership in July 2017 by taking over the liabilities of the mine. A total price of R276m was paid for a 60% stake, which included buying out various debt creditors. A further R54m was injected for working capital, bringing the total price to R320m.
- The remaining 40% was purchased for R44m in August 2017.
- Fair value of the mining assets was estimated at R170m. The mine had been originally started in 2013 (under the name Diro Iron Ore Mine) during a period of high iron ore prices.
- Afrimat raised R300m of debt for the purchase.
- The mine was on care and maintenance at the time of purchase and was brought back into production in June 2017. The first product was sold in August 2017.

Reserves and Life of Mine

- Iron ore reserves at Demaneng were increased from 5.6mt to 10mt, plus surface dumps. The mine has a 60:40 ratio of lump to fines with a stripping ratio of 1.7 times (although high grading by the previous owners meant that this was 3 times initially).
- The current LOM tonnage is estimated at 6.8mt, with 12mt of reserves. There are other iron ore sources on site that could be investigated – including detrital ore and by-products from previous mining.
- The life of the mine at purchase was estimated to be 10-12 years.

High Quality Product

- Demaneng produces a high-quality iron ore – 64% Fe with a 70:30 lump: fine ratio.
- The ore is upgraded to export quality smelter product through DMS beneficiation on-site.
- The orebody has a low stripping ratio and low levels of contaminants.
- The iron ore is of a higher quality than the Kumba product – it is used to improve the quality of Kumba's exports as it is blended at the port.

Other Opportunities

- Afrimat is looking at other deposits in the region, targeting 10-20mt deposits owned mainly by smaller players. Deposits are on the market for US\$1/ton iron ore in situ, a price Afrimat considers too high (Demaneng was purchased for approximately US\$0.33/ton iron ore).
- The Demaneng DMS plant could be used to toll treat other nearby deposits.

Access to Rail Transport

- Access to logistics is vital for bulk mining, and Demaneng has its own load-out facility onto the Transnet rail infrastructure (one of three in the region).

Iron Ore Marketing

- Demaneng has a marketing agreement with Kumba Iron Ore (KIO), with an 8% marketing fee payable on product sold. Iron ore is delivered to Kumba's stockpile in Saldanha and an initial payment is received based on current prices. An adjustment is made to this when the iron ore is sold to account for any adjustments to the freight or iron ore price.
- Demaneng has a contract with KIO to deliver 4.5mt over the life of mine, a contract signed by the previous owners. The KIO marketing fee is high at 8%, and Demaneng could approach Tata or Assmang for a similar scheme at a lower cost. However, the cost of exiting the KIO contract is too high and the contract will be left to run out.

- While Afrimat had got the mine to full production in February 2018, rail problems (derailments) with Transnet has reduced the ability to ship volumes and production was cut back as a result. A planned port upgrade at Saldanha has further reduced transport availability.

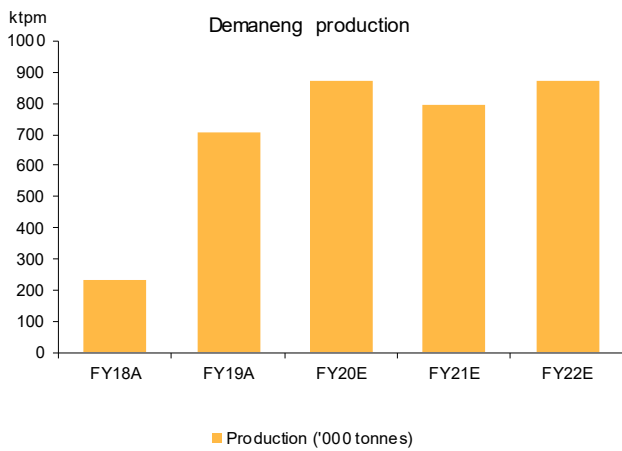
Production

- As a result, Afrimat was limited to 570ktpa at the time. From October 2018 a further 300ktpa was made available through the multi-purpose port. Sales to Arcelor Mittal South Africa (AMSA) did take up some of the shortfall, with these volumes being higher margin (an export parity price is used, but not having the KIO marketing fee improves margins). However, sales to AMSA stopped in May 2019. Sales to AMSA appears to be erratic by nature but could result in supply agreements in future.
- Volumes in FY20 are expected to get up to 870ktpa (72ktpm through Saldanha).

Demaneng forecasts

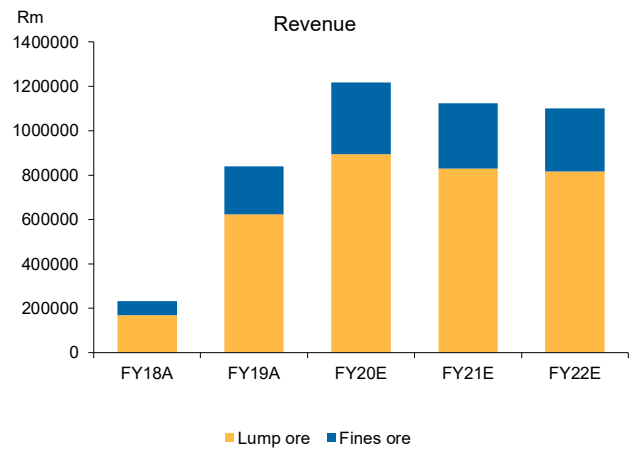
- Our forecasts for Demaneng are shown in the following charts.

Figure 13 Demaneng - Production



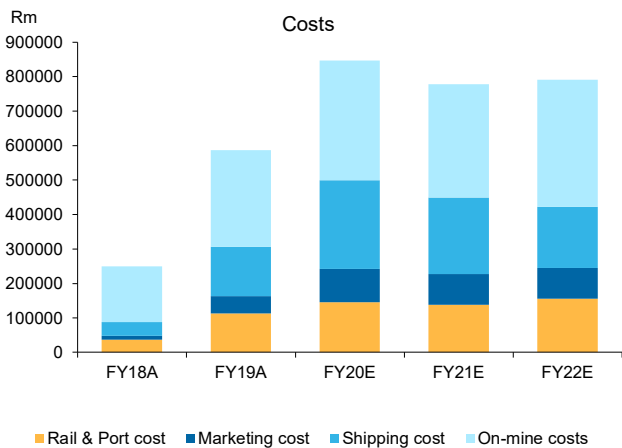
Source: Company data, Chronux Research

Figure 14 Demaneng - Revenue



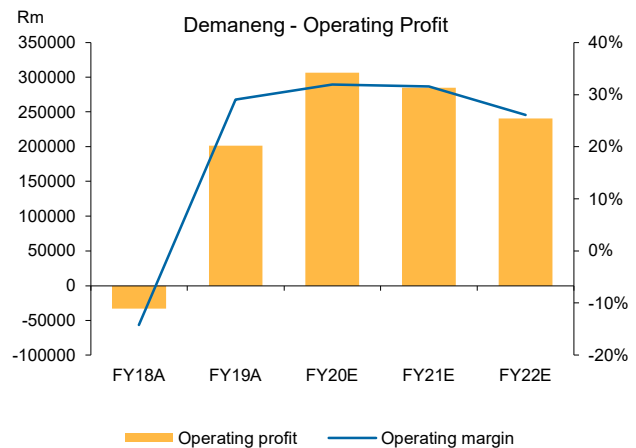
Source: Company data, Chronux Research

Figure 15 Demaneng - Cost breakdown



Source: Company data, Chronux Research

Figure 16 Demaneng – Operating Profit



Source: Company data, Chronux Research

Demaneng DCF Valuations

Figure 17 Demaneng DCF Model

Life of mine			1	2	3	4	5	6	7	8	9	10	11	12
	FY18A	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	
Production (ktpm)	40	53	72.5	72.5	72.5	72.5	72.5	72.5	72.5	72.5	72.5	72.5	72.5	
Production ('000 tonnes)	320	636	870	797.5	870	870	870	870	870	870	870	870	870	
Lump ore ('000 tonnes)	224	445	609	558.25	609	609	609	609	609	609	609	609	609	
Fine ore ('000 tonnes)	96	191	261	239.25	261	261	261	261	261	261	261	261	261	
Lump ore %	70%	70%	0.7	0.7	0.7	70%	70%	70%	70%	70%	70%	70%	70%	
Fine ore %	30%	30%	0.3	0.3	0.3	30%	30%	30%	30%	30%	30%	30%	30%	
ZAR/USD		13.75	14.77	16.35	15.65	16.28	16.93	17.61	18.31	19.04	19.81	20.60	21.42	
Iron ore 62% Fe - fines spot (N.China) US\$/t		69.00	78.00	70.00	65.00	68.47	70.74	74.56	76.51	78.52	80.59	82.70	84.87	
Lump premium		16.60	15.00	15.00	15.00	13.69	13.69	14.91	15.30	15.70	16.12	16.54	16.97	
Iron ore 62% Fe - lump spot (N.China) US\$/t		85.60	93.00	85.00	80.00	82.16	84.42	89.47	91.82	94.23	96.70	99.24	101.85	
Fines premium		3%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	
Lump premium		5%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	
Adjusted fines - 62% Fe and other (Si) US\$/t		71.07	83.46	74.90	69.55	73.26	75.69	79.78	81.87	84.02	86.23	88.49	90.81	
Adjusted lump - 65.3% Fe and other (Si) US\$/t		89.88	99.51	90.95	85.60	87.91	90.33	95.73	98.24	100.82	103.47	106.19	108.98	
Sth Africa to China		14.70	20.00	17.00	13.00	12.88	16.07	16.49	16.92	17.37	17.82	18.29	18.77	
Western Australia to North China US\$/t		5.65	7.54	7.73	7.93	7.93	9.89	10.15	10.41	10.69	10.97	11.26	11.55	
Brazil to North China US\$/t		14.32	16.98	17.40	17.83	17.83	22.25	22.83	23.43	24.05	24.68	25.33	25.99	
Rail & port cost ZAR/t		160	166.4	173	180	187	195	202	211	219	228	237	246	
Transport & siding costs ZAR/t		70	72.8	76	79	82	85	89	92	96	100	104	108	
One mine costs ZAR/t		398	400	412	424	446	468	491	516	542	569	597	627	
	Fixed (60%)		240	247	255	267	281	295	309	325	341	358	376	
	Variable (40%)		160	165	170	178	187	196	206	217	227	239	251	
Sales														
Via Kumba		456	870	797.5	870	870	870	870	870	870	870	870	870	
AMSA		180	0	0	0	0	0	0	0	0	0	0	0	
Revenue	R'000	736,724	1,216,823	1,123,125	1,100,147	1,182,864	1,265,842	1,393,150	1,486,917	1,586,994	1,693,807	1,807,809	1,929,484	
Lump ore		550,254	895,087	830,136	816,003	871,587	931,388	1,026,532	1,095,623	1,169,364	1,248,068	1,332,070	1,421,725	
Fines ore		186,470	321,736	292,989	284,144	311,278	334,454	366,619	391,294	417,630	445,739	475,739	507,759	
Rail & Port cost		101,760	144,768	138,012	156,581	162,844	169,358	176,132	183,178	190,505	198,125	206,050	214,292	
Transport & siding costs		44,520	63,336	60,380	68,504	71,244	74,094	77,058	80,140	83,346	86,680	90,147	93,753	
Marketing cost		42,257	97,346	89,850	88,012	94,629	101,267	111,452	118,953	126,960	135,505	144,625	154,359	
Shipping cost		128,564	256,998	221,665	177,037	182,429	236,667	252,596	269,597	287,742	307,108	327,778	349,840	
On-mine profit		419,623	654,375	613,217	610,013	671,717	684,456	775,912	835,049	898,442	966,389	1,039,209	1,117,241	
On-mine costs		253,128	348,000	328,570	369,193	387,653	407,036	358,440	448,757	471,194	369,193	519,492	545,467	
Operating profit		166,495	306,375	284,647	240,820	284,064	277,420	417,472	386,292	427,247	597,196	519,717	571,774	
Operating margin		23%	25%	25%	22%	24%	22%	30%	26%	27%	35%	29%	30%	
On-mine profit (ZAR/t)		660	752	769	701	772	787	892	960	1,033	1,111	1,194	1,284	
On-mine profit (USD/t)		48	51	47	45	47	46	51	52	54	56	58	60	
Off-mine costs (USD/t)		36	44	39	36	36	39	40	41	42	42	43	44	
On-mine costs (USD/t)		29	27	25	27	27	28	23	28	28	21	29	29	
Free cash flow														
Operating profit		166,495	306,375	284,647	240,820	284,064	277,420	417,472	386,292	427,247	597,196	519,717	571,774	
Tax		-32,444	-71,610	-65,526	-53,255	-65,363	-63,503	-102,717	-93,987	-105,454	-153,040	-131,346	-145,922	
Depreciation&Amortisation		32,656	34,289	36,003	37,803	39,694	41,678	43,762	45,950	48,248	50,660	53,193	55,853	
Maintenance capex	3%	-22,102	-36,505	-33,694	-33,004	-35,486	-37,975	-41,795	-44,607	-47,610	-50,814	-54,234	-57,885	
FCF		144,605	232,549	221,431	192,364	222,909	217,621	316,723	293,648	322,431	444,002	387,330	423,821	
DCF @ WACC (Rm)	1,553,198													
Terminal value (present value)	200,000													
WACC	12.8%													
Value of rail access														
% of revenue	5%	36,836	60,841	56,156	55,007	59,143	63,292	69,658	74,346	79,350	84,690	90,390	96,474	
DCF @ WACC (Rm)	385,067													
WACC	12.8%													

Source: Company data, Chronux Research estimates

Figure 18 Demaneng DCF Model (Spot)

Life of mine		1	2	3	4	5	6	7	8	9	10	11	12
	FY18A	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Production (ktpm)	40	53	72.5	72.5	72.5	72.5	72.5	72.5	72.5	72.5	72.5	72.5	72.5
Production ('000 tonnes)	320	636	870	797.5	870	870	870	870	870	870	870	870	870
Lump ore ('000 tonnes)	224	445	609	558.25	609	609	609	609	609	609	609	609	609
Fine ore ('000 tonnes)	96	191	261	239.25	261	261	261	261	261	261	261	261	261
Lump ore %	70%	70%	0.7	0.7	0.7	70%	70%	70%	70%	70%	70%	70%	70%
Fine ore %	30%	30%	0.3	0.3	0.3	30%	30%	30%	30%	30%	30%	30%	30%
ZAR/USD		13.75	14.77	16.35	15.65	16.28	16.93	17.61	18.31	19.04	19.81	20.60	21.42
Iron ore 62% Fe - fines spot (N.China)	US\$/t	69.00	84.00	84.00	84.00	84.00	84.00	84.00	84.00	84.00	84.00	84.00	84.00
Lump premium		16.60	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Iron ore 62% Fe - lump spot (N.China)	US\$/t	85.60	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
Fines premium		3%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
Lump premium		5%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
Adjusted fines - 62% Fe and other (Si)	US\$/t	71.07	89.88	89.88	89.88	89.88	89.88	89.88	89.88	89.88	89.88	89.88	89.88
Adjusted lump - 65.3% Fe and other (Si)	US\$/t	89.88	105.93	105.93	105.93	105.93	105.93	105.93	105.93	105.93	105.93	105.93	105.93
Sth Africa to China	US\$/t	14.70	20.00	17.00	13.00	12.88	16.07	16.49	16.92	17.37	17.82	18.29	18.77
Western Australia to North China	US\$/t	5.65	7.54	7.73	7.93	7.93	9.89	10.15	10.41	10.69	10.97	11.26	11.55
Brazil to North China	US\$/t	14.32	16.98	17.40	17.83	17.83	22.25	22.83	23.43	24.05	24.68	25.33	25.99
Rail & port cost	ZAR/t	160	166.4	173	180	187	195	202	211	219	228	237	246
Transport & siding costs	ZAR/t	70	72.8	76	79	82	85	89	92	96	100	104	108
One mine costs	ZAR/t	398	400	412	424	446	468	491	516	542	569	597	627
	Fixed (60%)		240	247	255	267	281	295	309	325	341	358	376
	Variable (40%)		160	165	170	178	187	196	206	217	227	239	251
Sales													
Via Kumba		456	870	797.5	870	870	870	870	870	870	870	870	870
AMSA		180	0	0	0	0	0	0	0	0	0	0	0
Revenue	R'000	736,724	1,299,320	1,318,451	1,377,005	1,432,085	1,489,369	1,548,943	1,610,901	1,675,337	1,742,350	1,812,045	1,884,526
Lump ore		550,254	952,835	966,864	1,009,804	1,050,196	1,092,204	1,135,892	1,181,327	1,228,580	1,277,724	1,328,833	1,381,986
Fines ore		186,470	346,485	351,587	367,201	381,889	397,165	413,052	429,574	446,757	464,627	483,212	502,540
Rail & Port cost		101,760	144,768	138,012	156,581	162,844	169,358	176,132	183,178	190,505	198,125	206,050	214,292
Transport & siding costs		44,520	63,336	60,380	68,504	71,244	74,094	77,058	80,140	83,346	86,680	90,147	93,753
Marketing cost		42,257	103,946	105,476	110,160	114,567	119,149	123,915	128,872	134,027	139,388	144,964	150,762
Shipping cost		128,564	256,998	221,665	177,037	182,429	236,667	252,596	269,597	287,742	307,108	327,778	349,840
On-mine profit		419,623	730,272	792,917	864,723	901,000	890,100	919,242	949,114	979,717	1,011,049	1,043,106	1,075,880
On-mine costs		253,128	348,000	328,570	369,193	387,653	407,036	358,440	448,757	471,194	369,193	519,492	545,467
Operating profit		166,495	382,272	464,347	495,529	513,347	483,065	560,802	500,358	508,523	641,856	523,614	530,413
Operating margin		23%	29%	35%	36%	36%	32%	36%	31%	30%	37%	29%	28%
On-mine profit (ZAR/t)		660	839	994	994	1,036	1,023	1,057	1,091	1,126	1,162	1,199	1,237
On-mine profit (USD/t)		48	57	61	63	64	60	60	60	59	59	58	58
Off-mine costs (USD/t)		36	44	40	38	37	41	41	42	42	42	43	43
On-mine costs (USD/t)		29	27	25	27	27	28	23	28	28	21	29	29
Free cash flow													
Operating profit		166,495	382,272	464,347	495,529	513,347	483,065	560,802	500,358	508,523	641,856	523,614	530,413
Tax		-32,444	-92,861	-115,842	-124,573	-129,562	-121,083	-142,850	-125,925	-128,211	-165,545	-132,437	-134,341
Depreciation&Amortisation		32,656	34,289	36,003	37,803	39,694	41,678	43,762	45,950	48,248	50,660	53,193	55,853
Maintenance capex	3%	-22,102	-38,980	-39,554	-41,310	-42,963	-44,681	-46,468	-48,327	-50,260	-52,271	-54,361	-56,536
FCF		144,605	284,720	344,955	367,449	380,516	358,979	415,246	372,056	378,299	474,701	390,009	395,390
DCF @ WACC (Rm)	2,099,793												
Terminal value (present value)	200,000												
WACC	12.8%												
Value of rail access													
% of revenue	5%	36,836	64,966	65,923	68,850	71,604	74,468	77,447	80,545	83,767	87,118	90,602	94,226
DCF @ WACC (Rm)	428,283												
WACC	12.8%												

Source: Company data, Chronux Research estimates

Figure 19 Income Statement - Forecast

Afrimat Limited	02/2010	02/2011	02/2012	02/2013	02/2014	02/2015	02/2016	02/2017	02/2018	02/2019	06/2020	06/2021	06/2022
Sales	778	854	996	1338	1901	1999	1970	2228	2457	2966	3322	3057	3363
Cost of Goods Sold (COGS) incl. D&A	596	649	750	1026	1450	1483	1363	1476	1709	2055	2224	2126	2260
Gross Income	182	206	246	312	451	516	607	752	748	912	1098	931	1104
SG&A Expense	-	-	124	157	221	247	290	346	392	439	509	524	540
Other Operating Expense	76	100	0	0	0	0	0	5	0	-7	-31	-4	-1
EBIT (Operating Income)	106	106	123	155	230	269	317	401	356	479	620	411	565
Nonoperating Income - Net	10	13	17	8	15	24	23	40	27	16	13	16	29
Interest Expense	13	10	9	14	23	19	18	36	53	59	45	19	19
Unusual Expense - Net	-	1	0	5	1	-1	2	3	6	18	0	0	0
Income Taxes	30	32	39	41	58	73	91	123	79	117	118	115	162
Equity in Earnings of Affiliates	0	0	0	0	0	-1	-4	1	0	2	3	3	3
Consolidated Net Income	73	77	91	104	163	200	224	279	245	304	473	296	416
Minority Interest	0	0	1	1	8	2	2	2	0	3	3	3	3
Net Income	73	76	90	103	155	198	222	278	246	301	470	293	413
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income available to Common	73	76	90	103	155	198	222	278	246	301	470	293	413
Per Share													
EPS (recurring)	0.53	0.55	0.64	0.72	1.06	1.36	1.55	1.96	1.82	2.29	3.46	2.16	3.04
EPS (diluted)	0.53	0.54	0.64	0.70	1.06	1.36	1.54	1.94	1.79	2.20	3.43	2.14	3.02
Earnings Persistence	90.95	90.13	95.44	77.71	81.32	85.54	93.24	72.97	80.23	90.93			
Dividends per Share	0.16	0.17	0.19	0.28	0.39	0.50	0.57	0.70	0.62	0.81	1.27	0.79	1.12
EBITDA													
EBITDA	145	152	169	213	329	349	403	502	480	626	785	580	739

All figures in millions of South African Rand except per share items.

Afrimat Limited	02/2010	02/2011	02/2012	02/2013	02/2014	02/2015	02/2016	02/2017	02/2018	02/2019	06/2020	06/2021	06/2022
Rental Expense	27	41	50	58	61	74	63	82	77	138			
Stock Option Comp Exp (Net of Tax)	-	0	2	2	3	8	3	5	4	5			
Foreign Currency Translation Gains/Losses	0	0	0	0	-	-	-	-	-	1			
Tax Rate	29.1	29.3	30.0	28.2	26.3	26.6	28.5	30.6	24.2	28.0	20.0	28.0	28.0
Headline EPS	0.51	0.53	0.63	0.77	1.09	1.36	1.57	1.96	1.81	2.34	3.45	2.16	3.04
Headline EPS (diluted)	0.51	0.53	0.61	0.75	1.06	1.33	1.54	1.94	1.79	2.33	3.42	2.14	3.02

All figures in millions of South African Rand except per share items.

Afrimat Limited	02/2010	02/2011	02/2012	02/2013	02/2014	02/2015	02/2016	02/2017	02/2018	02/2019	06/2020	06/2021	06/2022
Price / Sales	0.6	0.5	0.8	0.9	1.0	1.2	1.8	2.0	1.6	1.4	1.0	1.1	1.0
Price / Earnings	5.9	6.0	8.8	11.7	11.9	11.9	15.5	15.5	16.1	13.5	7.3	11.7	8.3
Price / Book Value	0.8	0.7	1.2	1.6	2.2	2.5	3.4	3.5	3.3	2.9	1.9	1.8	1.6
Price / Tangible Book Value	1.0	0.9	1.4	2.0	2.7	3.0	3.9	3.9	4.3	3.4	2.2	2.0	1.8
Price / Cash Flow	3.2	3.5	5.5	7.3	7.7	9.2	10.9	10.7	19.8	10.0			
Price / Free Cash Flow	4.4	5.5	10.9	14.3	15.4	24.3	18.5	16.0	48.6	12.9			
Dividend Yield (%)	5.1	5.2	3.3	3.3	3.0	3.0	2.4	2.3	2.1	2.7	5.0	3.2	4.5
Enterprise Value / EBIT	4.7	4.6	6.2	8.0	8.6	9.2	10.9	10.8	12.3	9.1	7.1	10.8	7.8
Enterprise Value / EBITDA	3.4	3.2	4.5	5.9	6.0	7.1	8.6	8.7	9.1	7.0	5.6	7.6	6.0
Enterprise Value / Sales	0.6	0.6	0.8	0.9	1.0	1.2	1.8	2.0	1.8	1.5	1.3	1.4	1.3
EBIT / Interest Expense (Int. Coverage)	8.2	10.5	13.5	10.9	9.9	14.0	17.2	11.1	6.8	8.2	13.9	22.2	29.3

Source: Factset, Company data, Chronux Research estimates

Figure 20 Balance Sheet and Cash Flow - Forecast

Afrimat Limited	02/2010	02/2011	02/2012	02/2013	02/2014	02/2015	02/2016	02/2017	02/2018	02/2019	06/2020	06/2021	06/2022
Assets													
Cash & Short-Term Investments	53	87	133	134	92	79	118	245	112	192	246	230	531
Short-Term Receivables	129	156	161	199	310	288	298	335	401	449	442	460	479
Inventories	69	76	72	89	113	127	133	163	242	261	264	274	285
Other Current Assets	7	7	6	2	4	9	6	7	-	-	0	0	0
Total Current Assets	258	325	371	425	519	503	554	750	755	902	952	964	1296
Net Property, Plant & Equipment	385	404	426	504	662	725	763	1058	1418	1470	1545	1607	1672
Total Investments and Advances	2	14	13	14	28	17	19	33	54	60	3	3	4
Long-Term Note Receivable	65	70	70	102	110	144	141	247	8	0	0	0	0
Intangible Assets	116	115	114	154	156	153	150	148	300	222	225	235	244
Deferred Tax Assets	5	5	5	3	5	25	21	30	55	34	41	42	44
Other Assets	13	21	0	0	0	0	0	0	0	0	192	171	49
Total Assets	843	953	1000	1201	1479	1568	1648	2266	2591	2687	2958	3022	3308
Liabilities & Shareholders' Equity													
ST Debt & Curr. Portion LT Debt	64	67	55	112	128	119	105	351	255	282	148	154	160
Accounts Payable	64	75	77	78	174	155	164	145	202	181	493	513	534
Income Tax Payable	0	3	10	3	6	6	3	9	11	4	8	9	9
Other Current Liabilities	27	42	40	73	91	109	119	250	282	219	9	10	10
Total Current Liabilities	156	187	182	266	399	388	391	754	751	686	659	685	713
Long-Term Debt	49	52	45	59	95	57	47	95	272	236	150	0	0
Provision for Risks & Charges	13	29	31	34	56	67	76	96	130	141	150	156	163
Deferred Tax Liabilities	61	69	70	81	92	106	108	114	208	215	213	222	231
Other Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	279	337	328	439	641	618	623	1059	1361	1277	1172	1064	1107
Common Equity	564	613	668	758	824	937	1018	1199	1219	1398	1774	1947	2189
Total Shareholders' Equity	564	613	668	758	824	937	1018	1199	1219	1398	1774	1947	2189
Accumulated Minority Interest	0	3	4	4	14	12	7	8	10	11	12	12	12
Total Equity	564	616	672	762	838	949	1025	1207	1229	1410	1786	1959	2201
Total Liabilities & Shareholders' Equ	843	953	1000	1201	1479	1568	1648	2266	2591	2687	2958	3022	3308
Per Share													
Book Value per Share	4.03	4.43	4.87	5.29	5.79	6.56	7.20	8.81	8.93	10.30	13.05	14.31	16.09
Tangible Book Value per Share	3.21	3.60	4.03	4.22	4.70	5.49	6.15	7.73	6.73	8.67	11.40	12.60	14.30
Afrimat Limited													
	02/2010	02/2011	02/2012	02/2013	02/2014	02/2015	02/2016	02/2017	02/2018	02/2019	06/2020	06/2021	06/2022
Operating Activities													
Net Income / Starting Line	103	108	130	144	221	273	315	402	324	422	561	389	514
Depreciation, Depletion & Amortization	39	46	46	58	97	77	82	101	124	146	164	169	174
Other Funds	-29	-30	-28	-37	-69	-87	-78	-134	-114	-70	0	0	0
Funds from Operations	113	124	149	165	249	263	319	368	334	498	726	559	688
Changes in Working Capital	22	6	-2	5	-5	-1	1	38	-133	-87	-91	-96	-101
Net Operating Cash Flow	135	131	146	170	244	262	320	406	201	410	634	463	587
Investing Activities													
Capital Expenditures	-38	-46	-72	-83	-121	-162	-131	-135	-119	-94	-140	-147	-154
Net Assets from Acquisitions	0	-36	-	-87	-70	-8	-4	-280	-38	-9			
Sale of Fixed Assets & Businesses	10	7	17	7	17	34	14	27	27	14	14	14	14
Purchase/Sale of Investments	-36	-5	0	-32	9	-18	-2	-116	-68	0	0	0	0
Other Funds	0	0	0	0	-1	0	0	0	0	0	0	0	0
Net Investing Cash Flow	-64	-80	-54	-194	-166	-155	-123	-504	-197	-89	-126	-133	-140
Financing Activities													
Cash Dividends Paid	-19	-22	-24	-30	-45	-59	-76	-88	-96	-86	-136	-204	-153
Change in Capital Stock	-7	-6	-4	-7	-27	-15	-60	-18	-14	-31	0	0	0
Issuance/Reduction of Debt, Net	-13	12	-19	32	-50	-47	-23	293	180	-165	-219	-144	6
Other Funds	0	0	0	0	0	0	0	38	-25	-3	0	0	0
Net Financing Cash Flow	-40	-16	-47	-5	-122	-121	-158	225	45	-286	-355	-348	-147
Exchange Rate Effect	-	-	-	-	-	-	-	-	-	0	0	0	0
Net Change in Cash	31	34	45	-29	-44	-14	39	127	49	36	153	-18	300
Free Cash Flow													
Free Cash Flow per Share	0.70	0.60	0.53	0.59	0.84	0.68	1.31	1.90	0.60	2.31	3.61	2.31	3.16
Free Cash Flow Yield (%)	22.5	18.3	9.2	7.0	6.5	4.1	5.4	6.2	2.1	7.7	14.4	9.2	12.6

Source: Factset, Company data, Chronux Research estimates

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