



AFRIMAT[®]



Business update

presented at the
Annual General Meeting
5 August 2015

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1. Financial performance

Growth through diversification

Consistent delivery

Robust **cash flow**

Strong **balance sheet**

Financial reminder (as at February 2015)

Revenue
R 2.0 billion

↑ 5.1%

Profit after tax
R 200 million

↑ 22.9%

HEPS
135.6 cps

↑ 24.4%

Net debt: equity ratio

10.2%

RONA

↑ 29%

Cash from operating activities
R261.6 million

↑ 7.3%

Total dividend 50 cps (Final = 37 cps)



Contributing factors to performance



▣ Diversification strategy

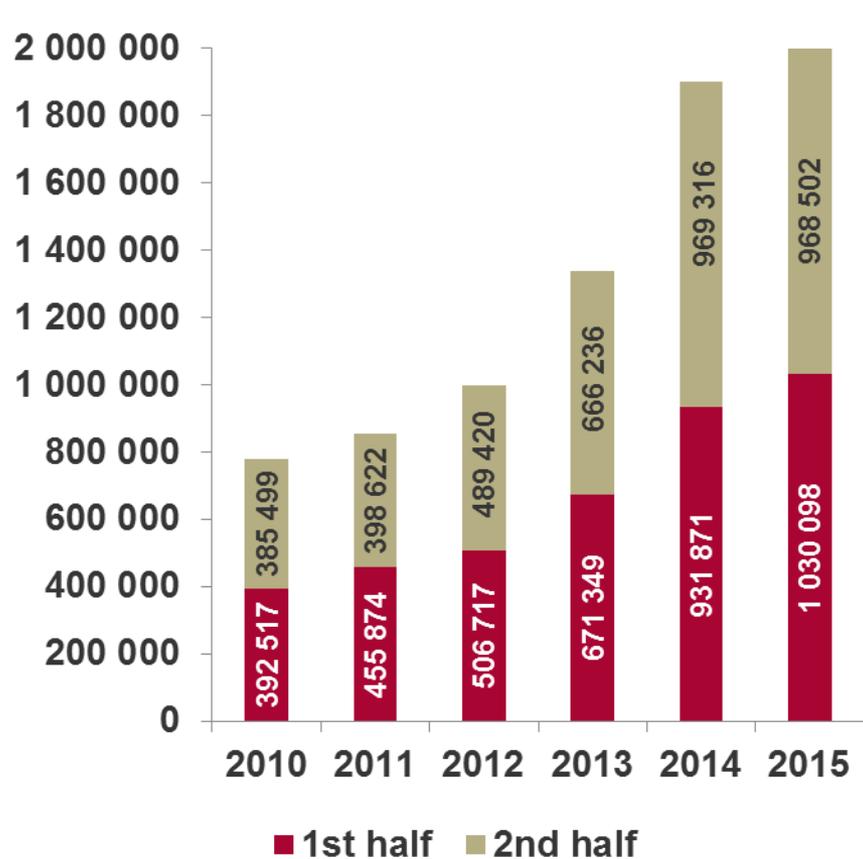
▣ Strong performance from Clinker operations

▣ Reduced raw material costs in Concrete Based Products

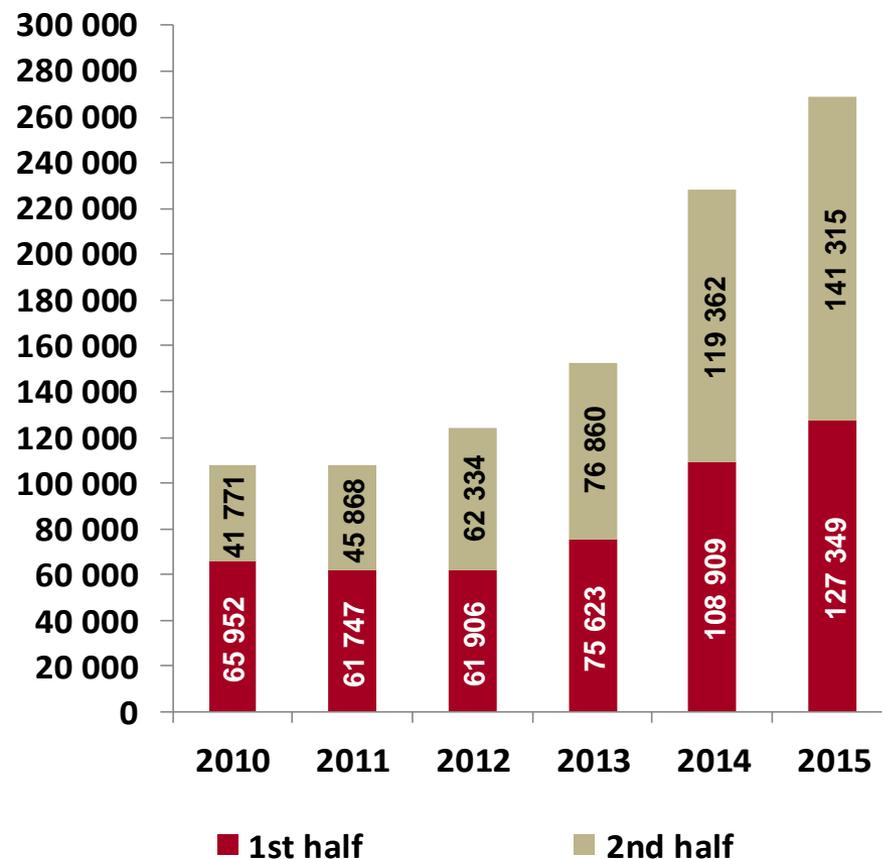
▣ Improvement in traditional aggregates business

Statement of comprehensive income (continued)

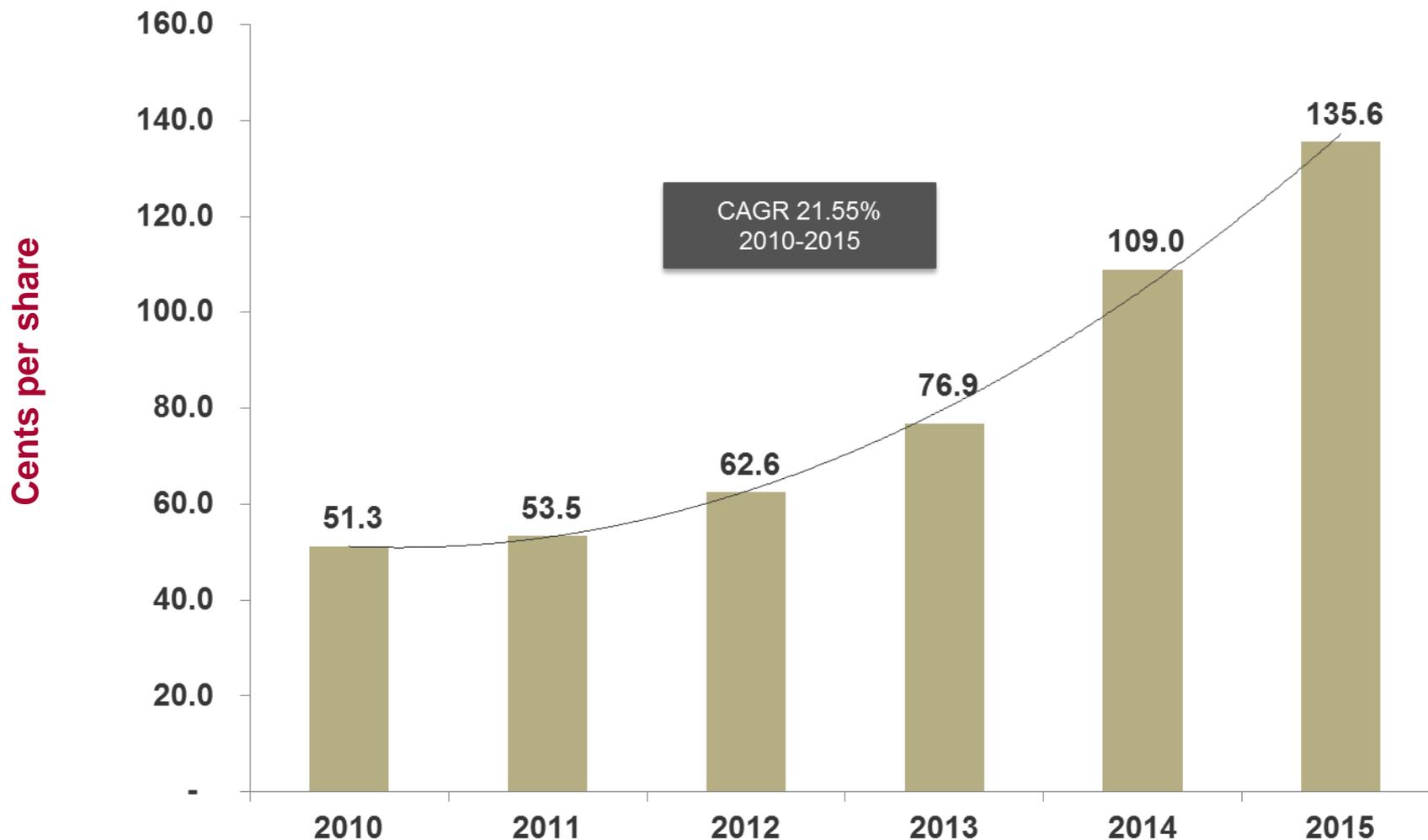
Revenue (R'000)



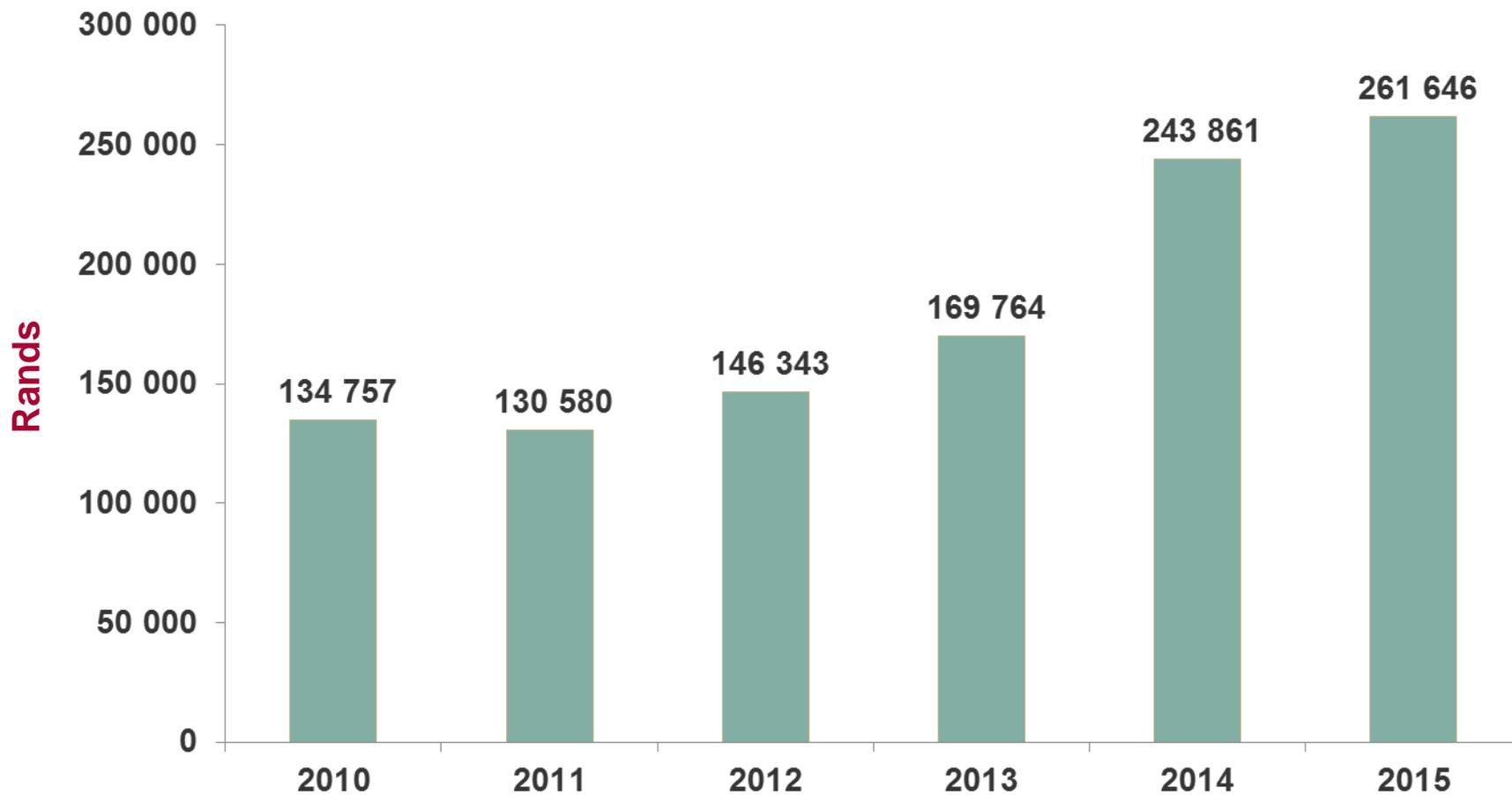
Contribution from operations (R'000)



Headline earnings per share – full year



Net cash from operating activities



Statement of financial position - assets



R'000	Audited Feb 2015	Audited Feb 2014
Property, plant and equipment	724 856	662 306
Mining rights and goodwill	153 339	155 901
Inventories	126 804	112 965
Trade and other receivables	287 976	305 967
Cash	78 124	92 328
Other assets / BEE funding	196 572	149 950
	1 567 671	1 479 417

Statement of financial position – equities & liabilities



R'000	Audited Feb 2015	Audited Feb 2014
Total equity	949 437	837 963
Borrowings	122 421	171 038
Provisions	67 323	55 860
Overdraft	52 874	51 451
Trade and other liabilities	262 983	265 743
Other liabilities / deferred tax	112 633	97 362
	1 567 671	1 479 417

 Net debt less cash : equity 10.2%

Capital expenditures



F2015

H1: R 91 million
H2: R 72 million
R163 million

Planned
for F2016

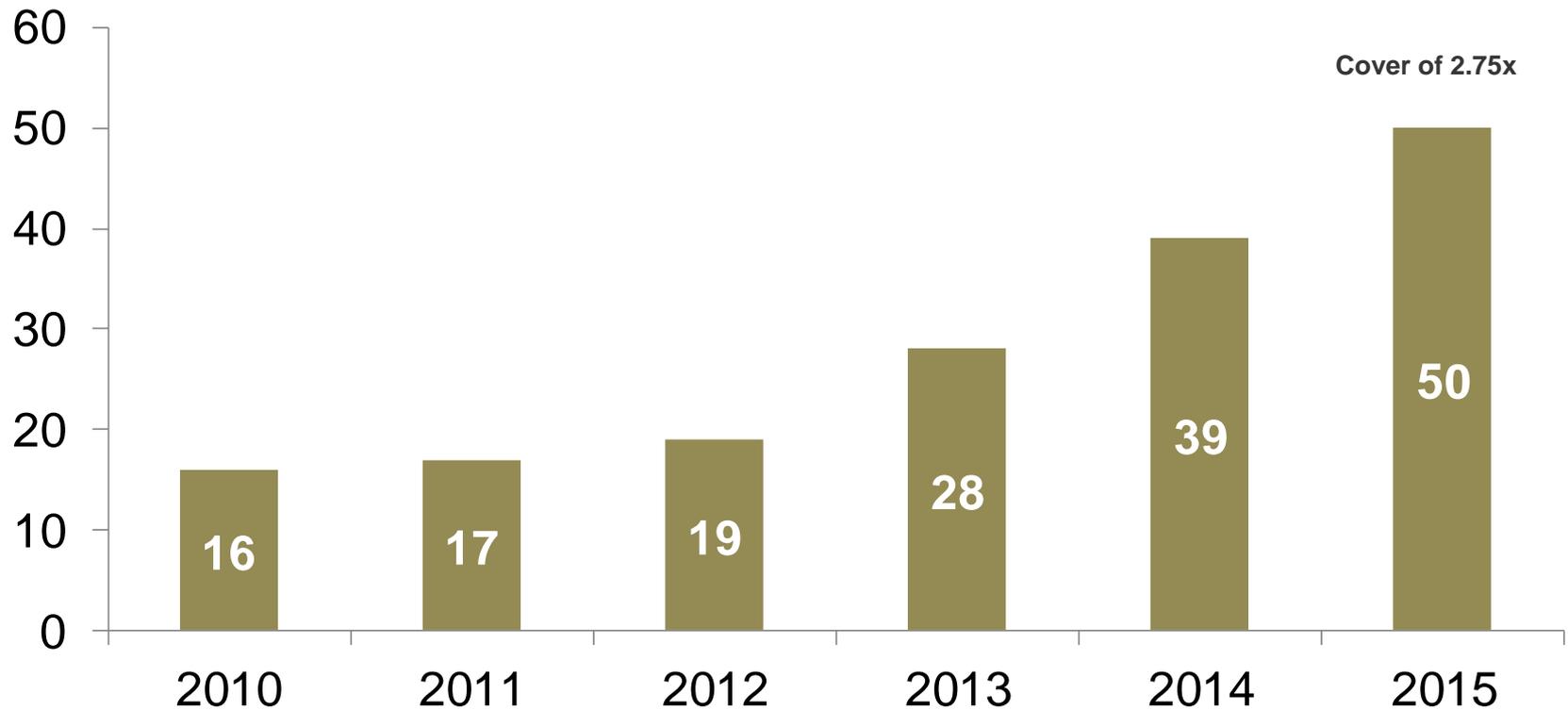
H1: R110 million
H2: R 72 million
R182 million

- ▣ Good balance between maintenance and expansion capex
- ▣ Approximately 25% spent on expansion capex

Dividends



Dividends (cents per share)





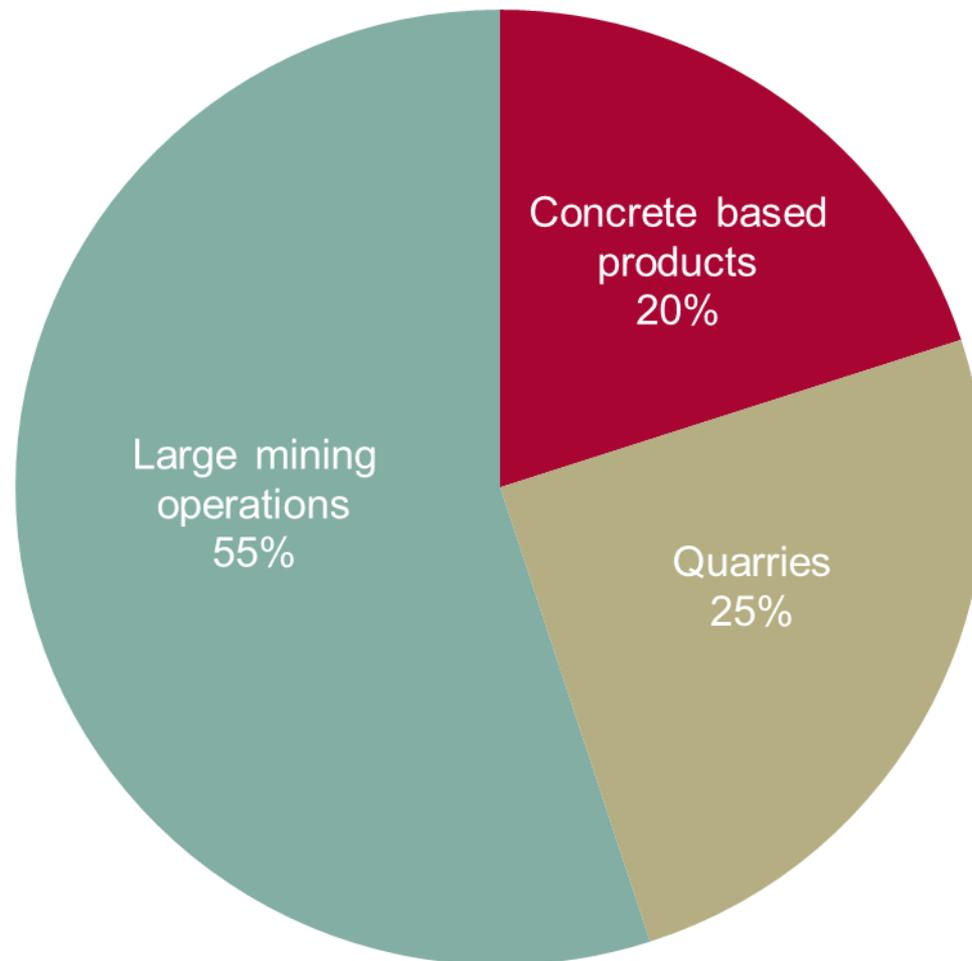
2. Afrimat business update

Clinker excel

Recovery of traditional businesses

All-round good results

Segmental contribution from operations



Summary of growth



- ▣ Improvement in contribution from traditional business
 - KwaZulu-Natal
 - Western Cape

- ▣ Traditional business contributed approximately **36%** of PBIT
 - 36% year on year growth

- ▣ Another good contribution from Glen Douglas

- ▣ Strong performance from Clinker Group

- ▣ Infrasers turnaround progressing as planned

- ▣ Commenced operations in Mozambique



3. What differentiates US

Group **diversification**

Pre-empt market changes

Ability to **adapt**

Growth through diversification

50 years of management experience in the industry with knowledge to pre-empt changes in order to protect growth

Mining & Aggregates

Concrete Based Products

Aggregates

Industrial Minerals

Clinker

Concrete Products

Readymix

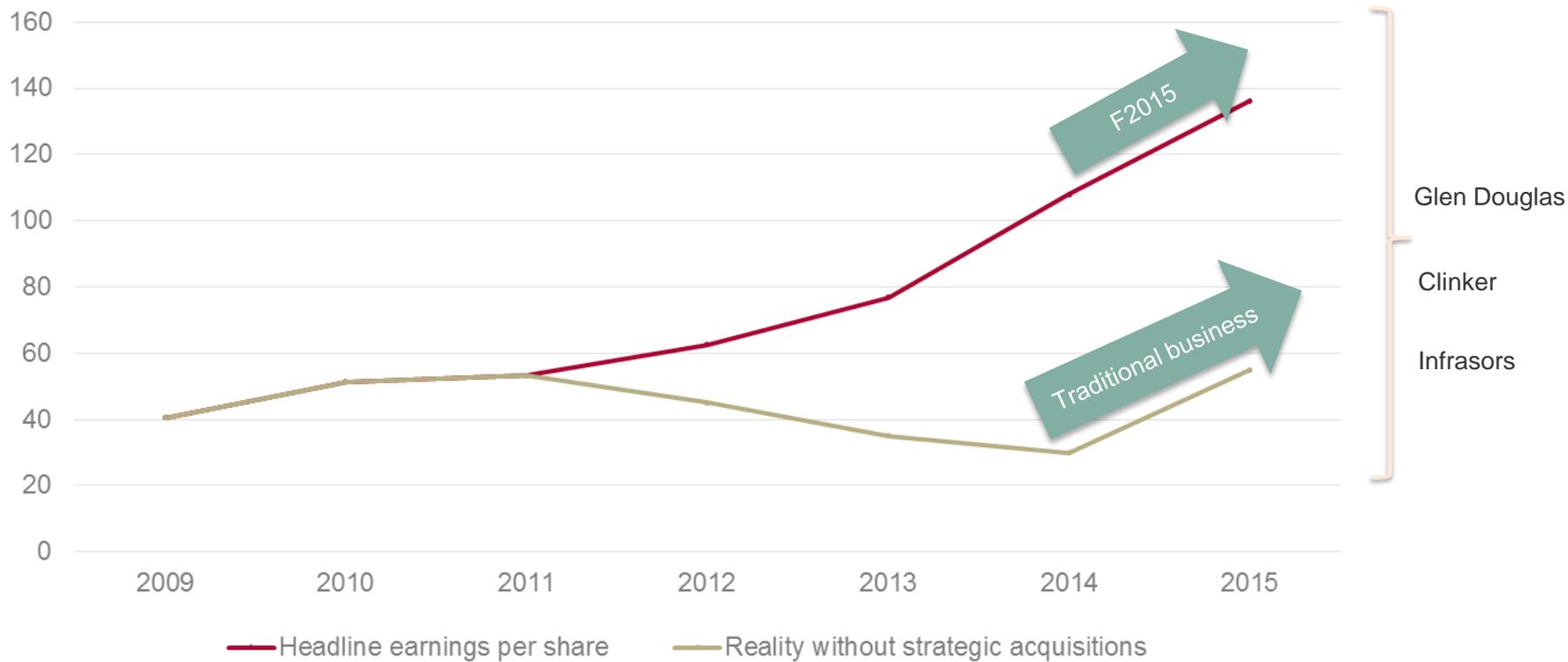
Strategic management



Growth through diversification



Profit history with and without acquisitions

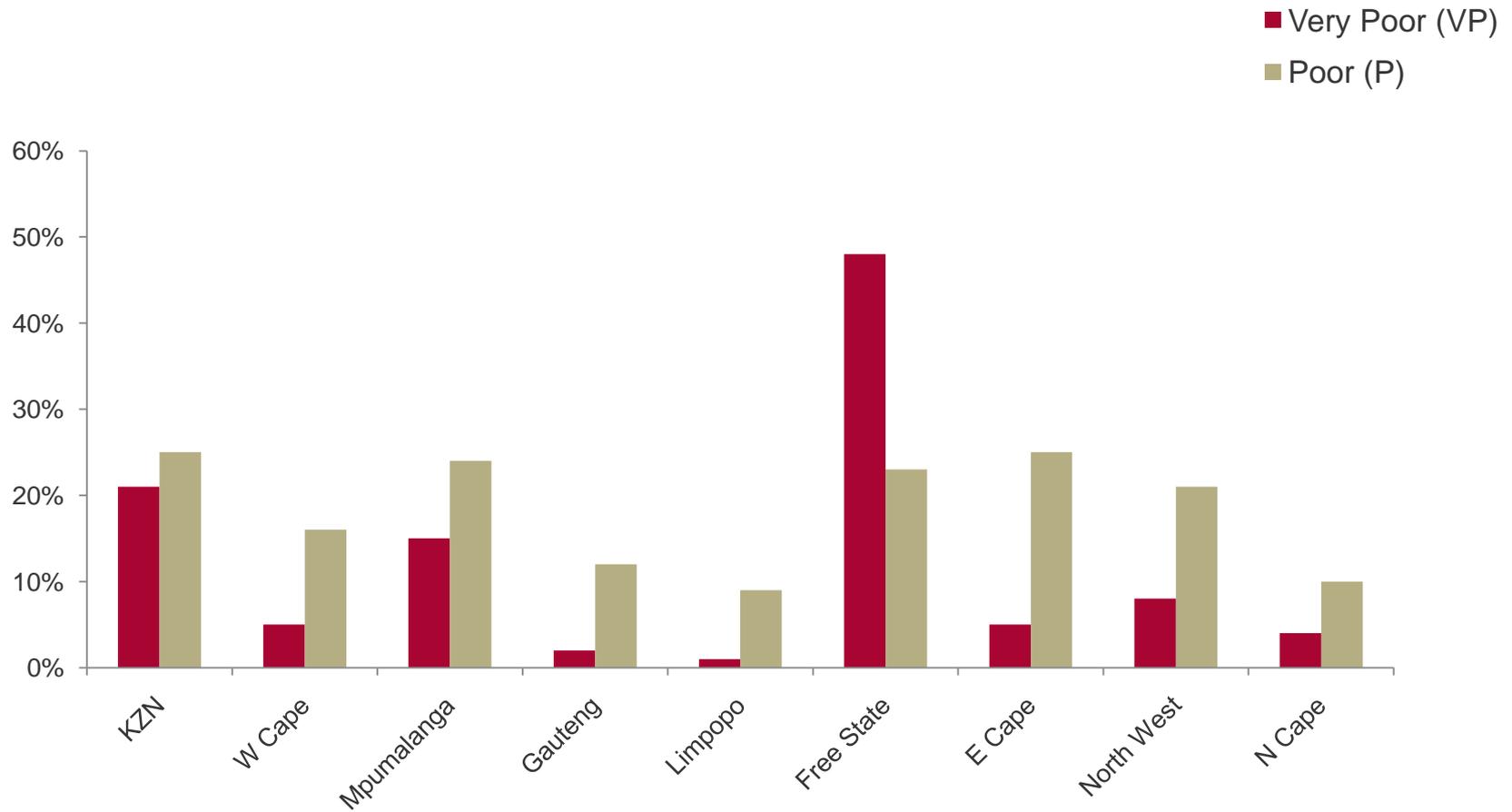




4. Our market

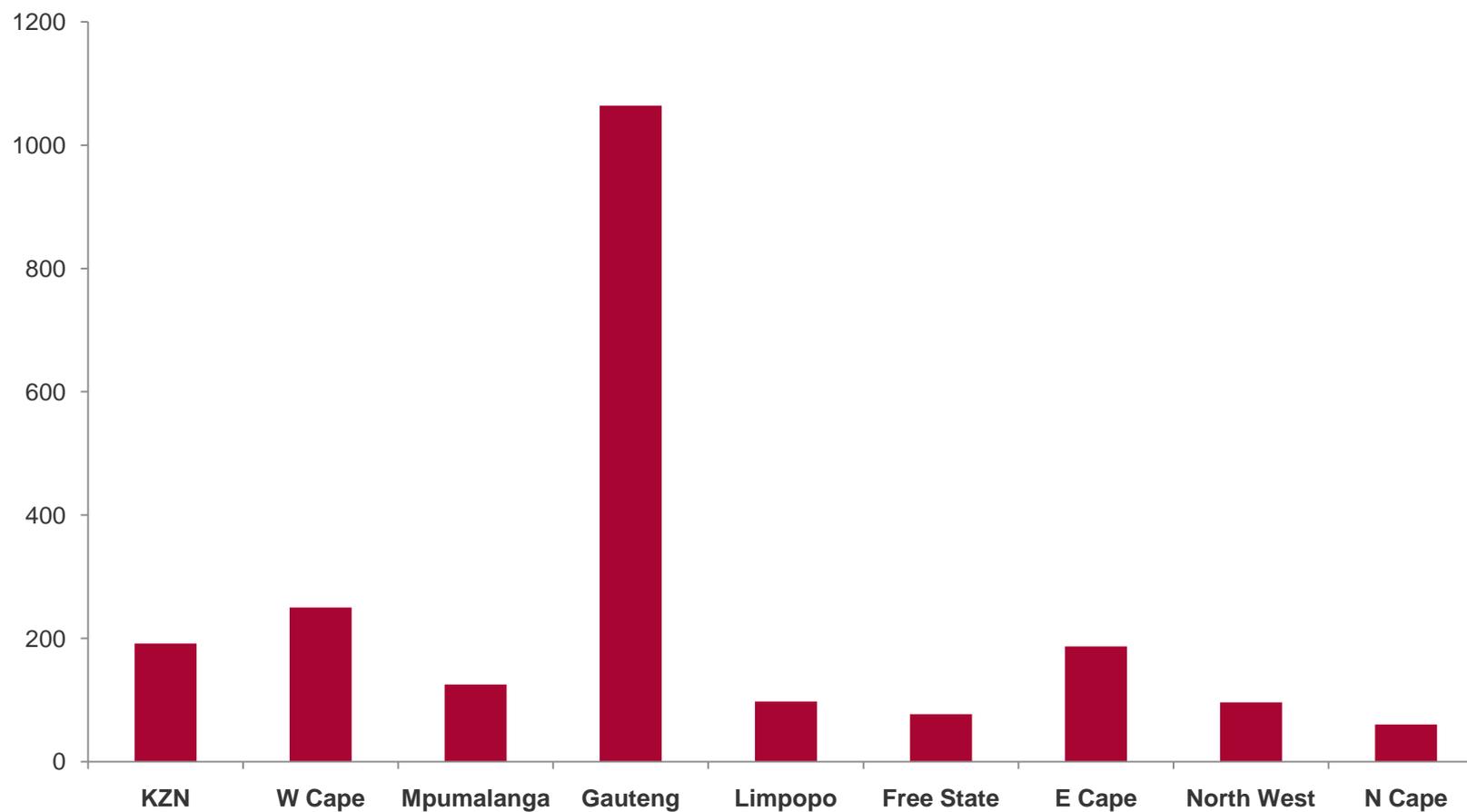
Indicators are more positive than in the past

Condition of provincial roads

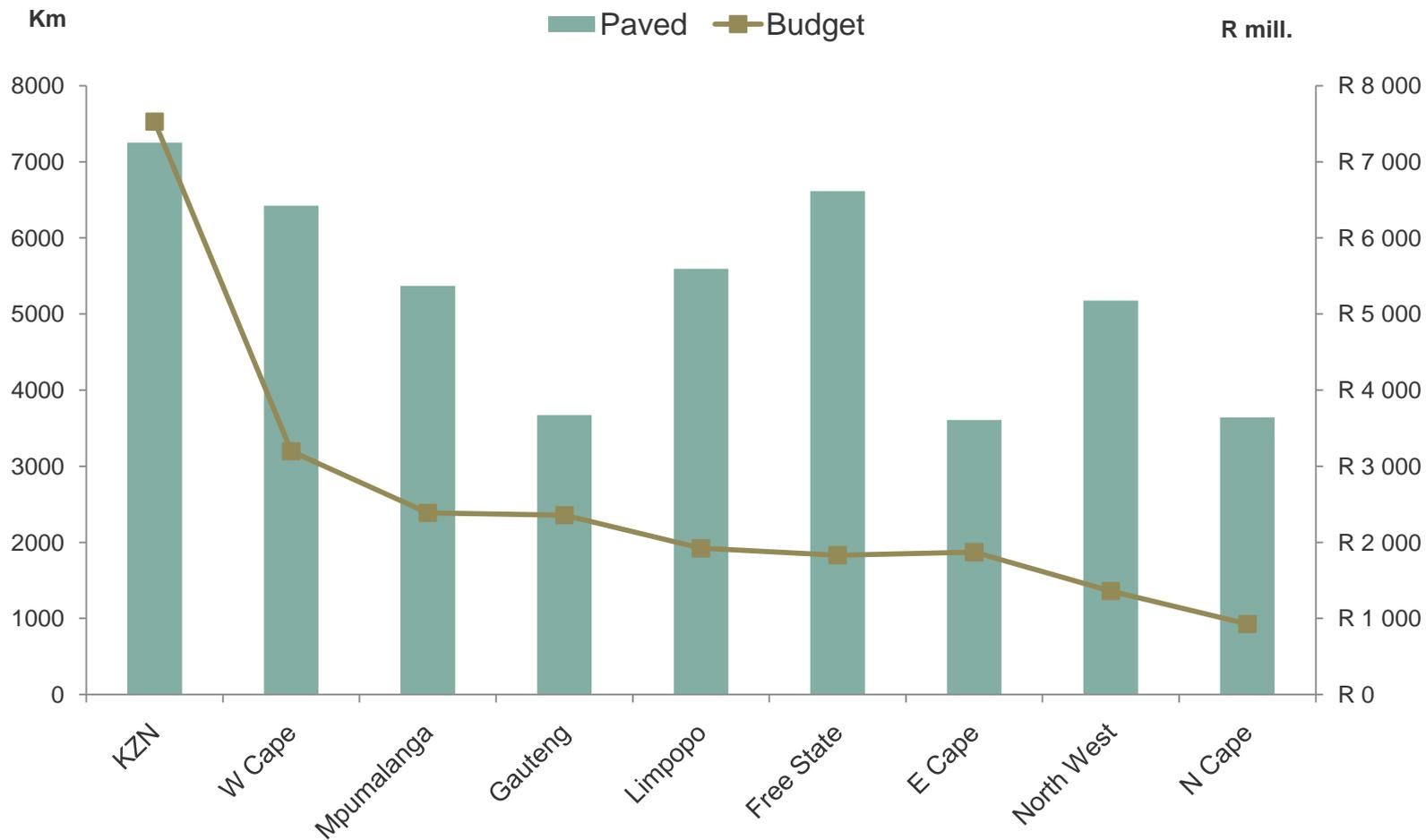


Source: Provincial Budgets and Expenditures Review, Dec. 2014. P.118, 122

Density of vehicles per km

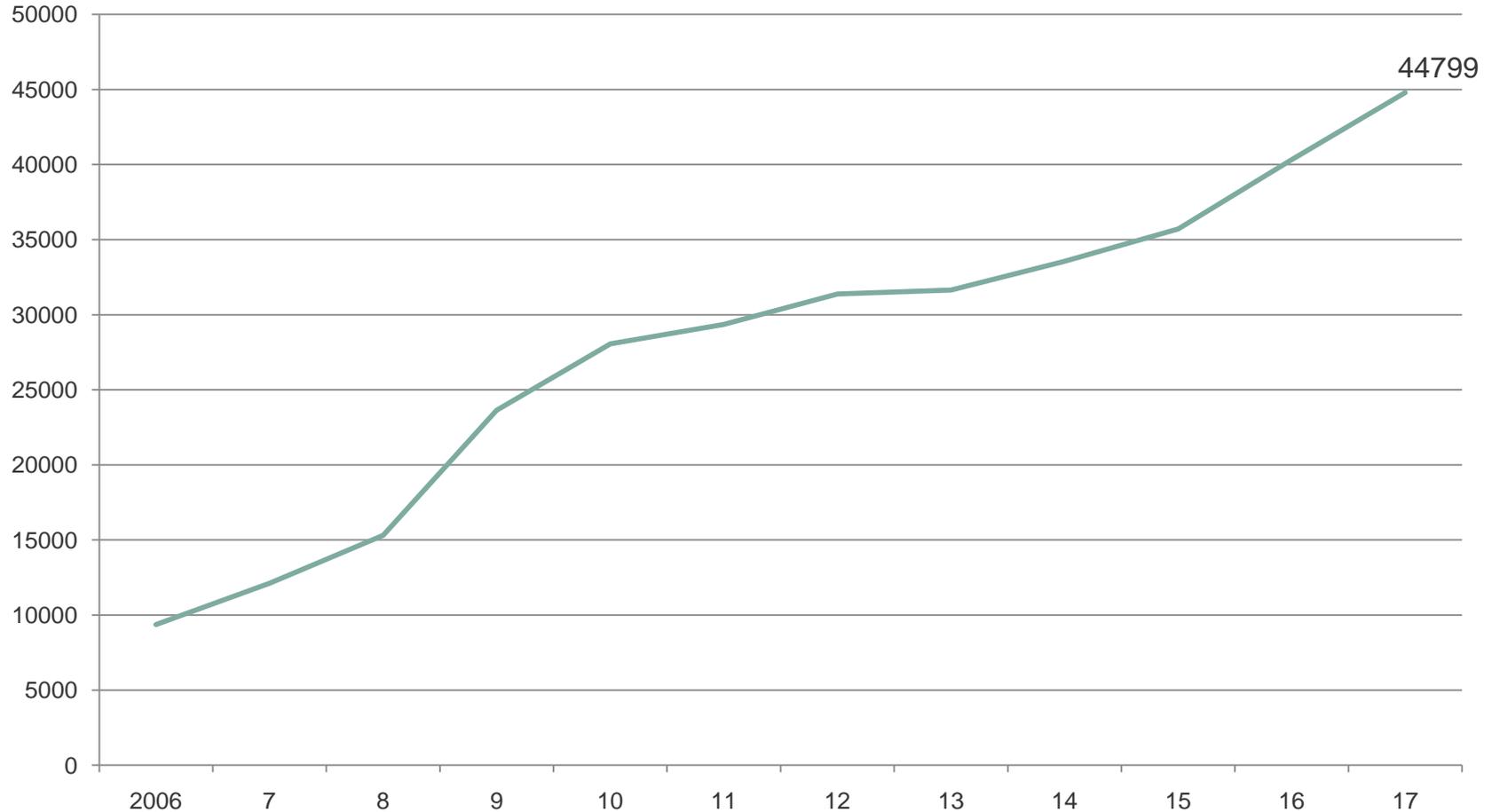


Provincial roads



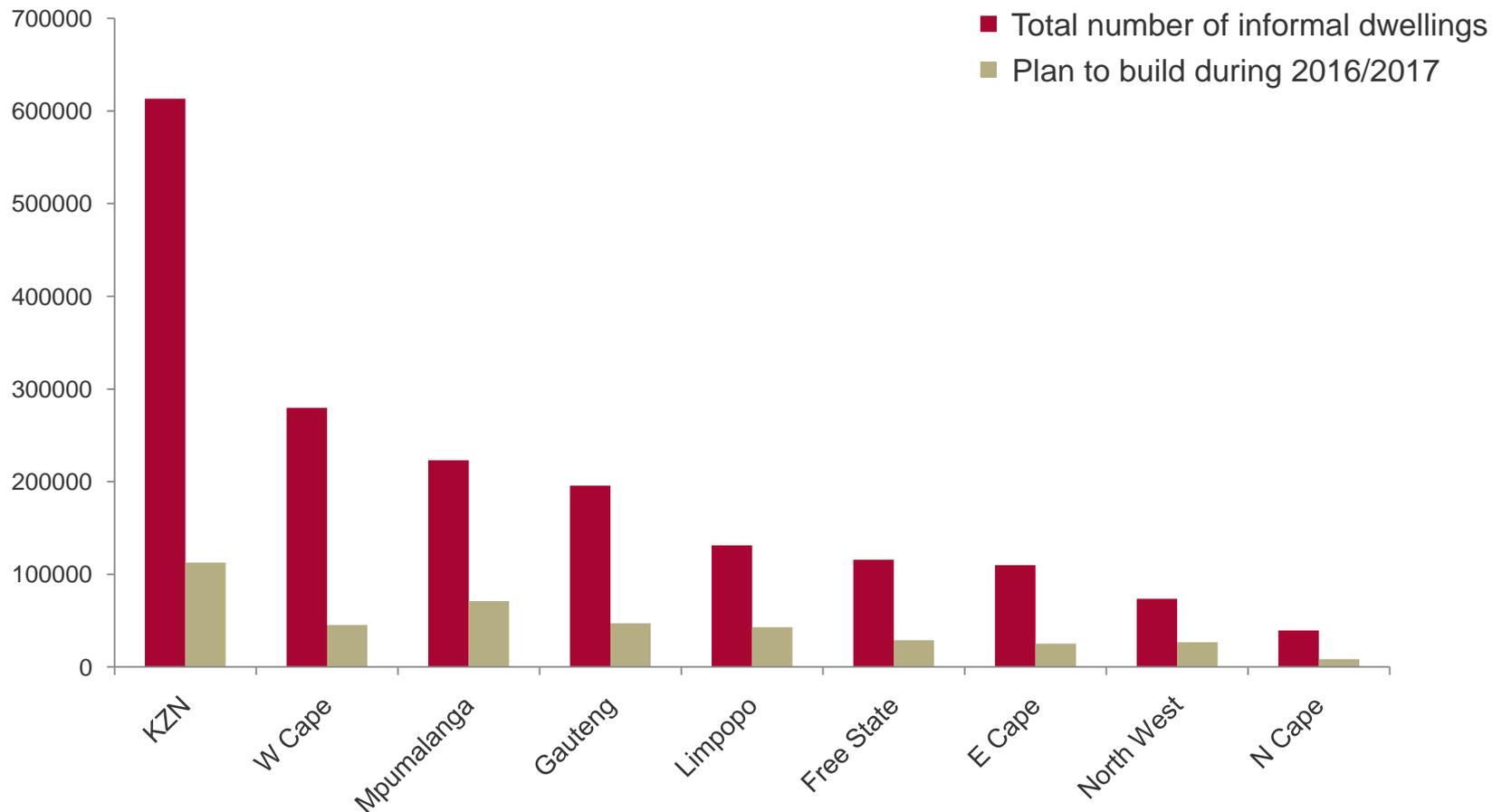
Source: Provincial Budgets and Expenditures Review, Dec. 2014, P.118, 120

National and provincial road expenditure and estimates (R million)



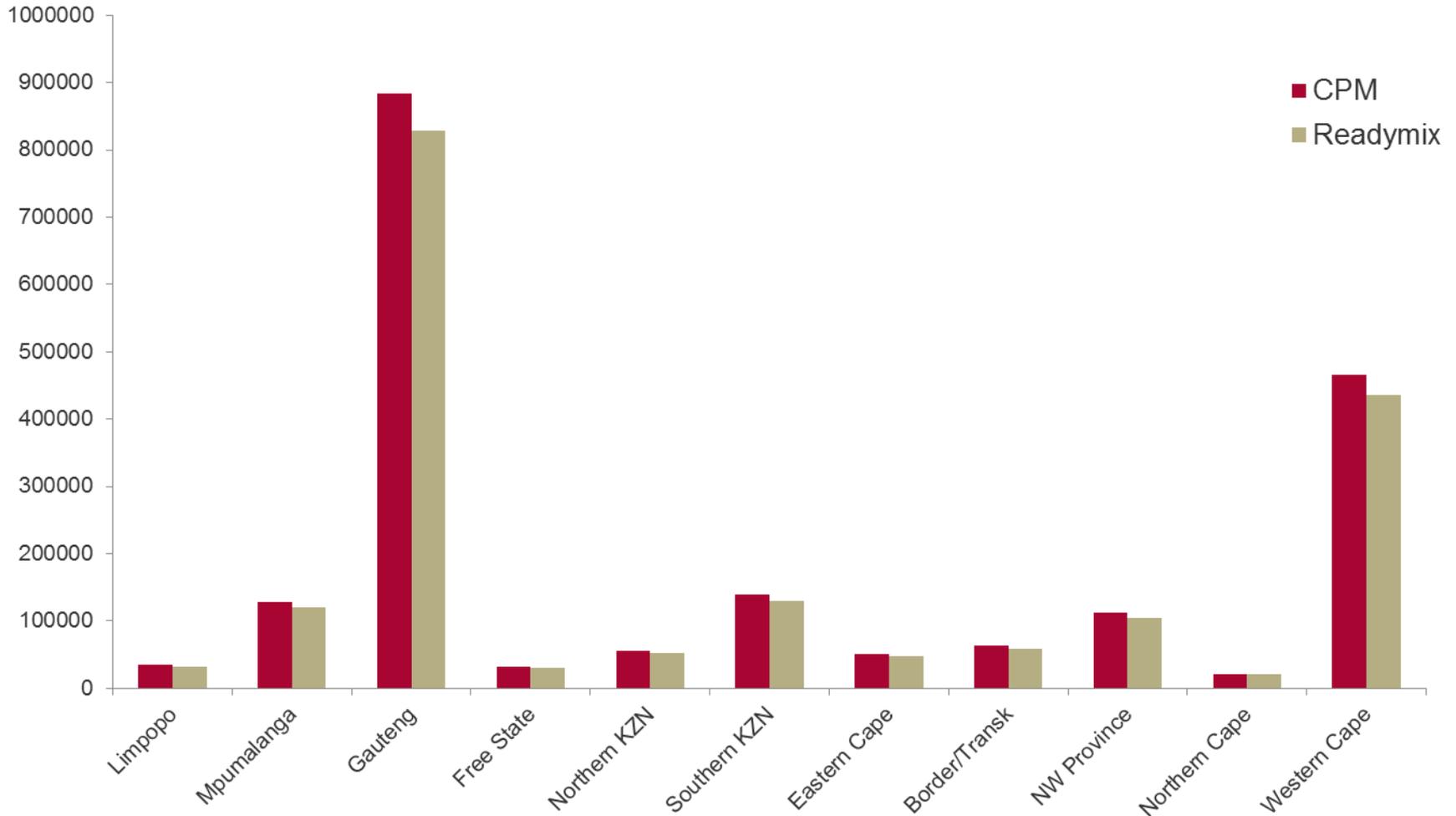
Source: SABITA, Aug. 2014. p.10

Informal dwellings

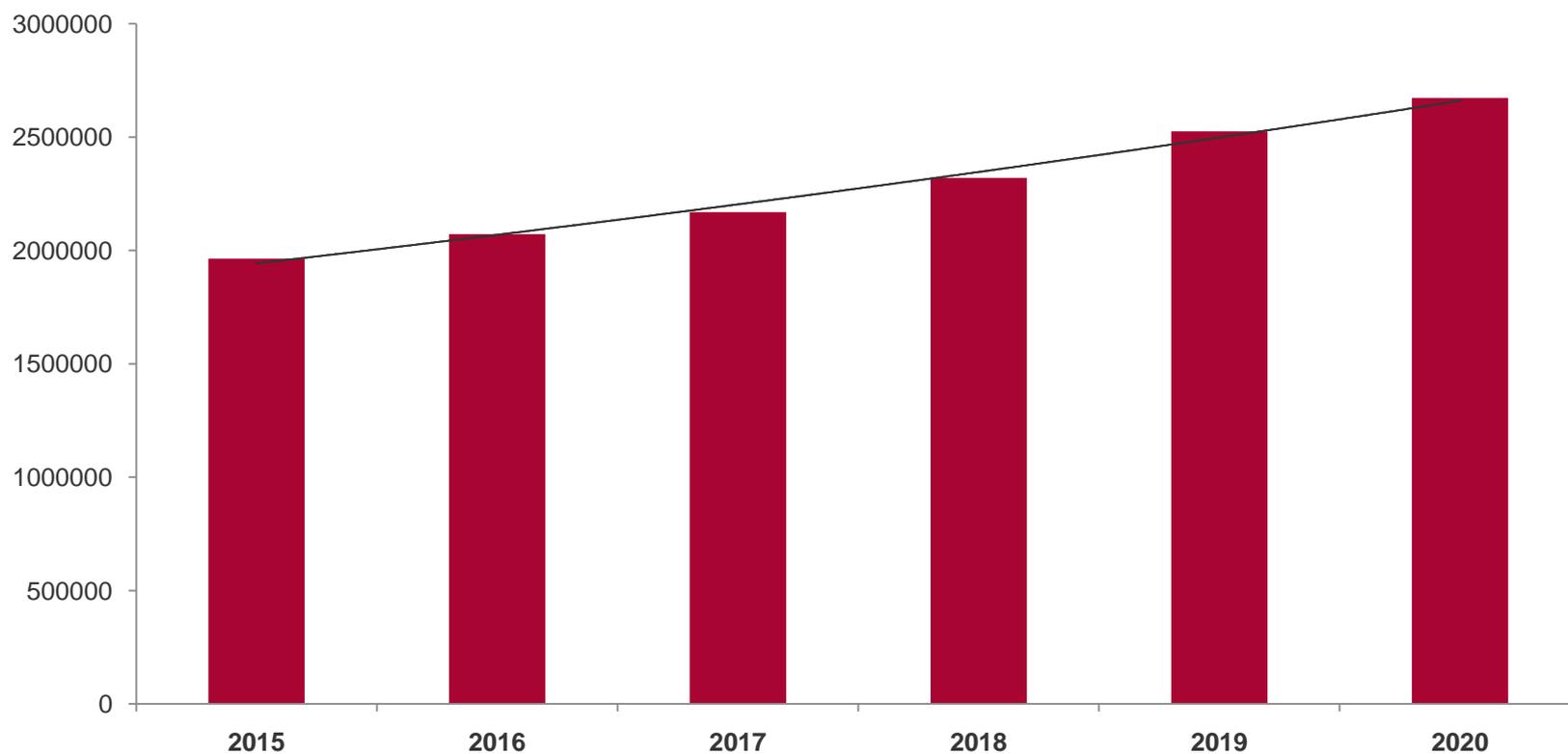


Source: Provincial Budgets and Expenditures Review, Dec. 2014, P.118, 122

Building and construction: demand for cement in tons (2014)

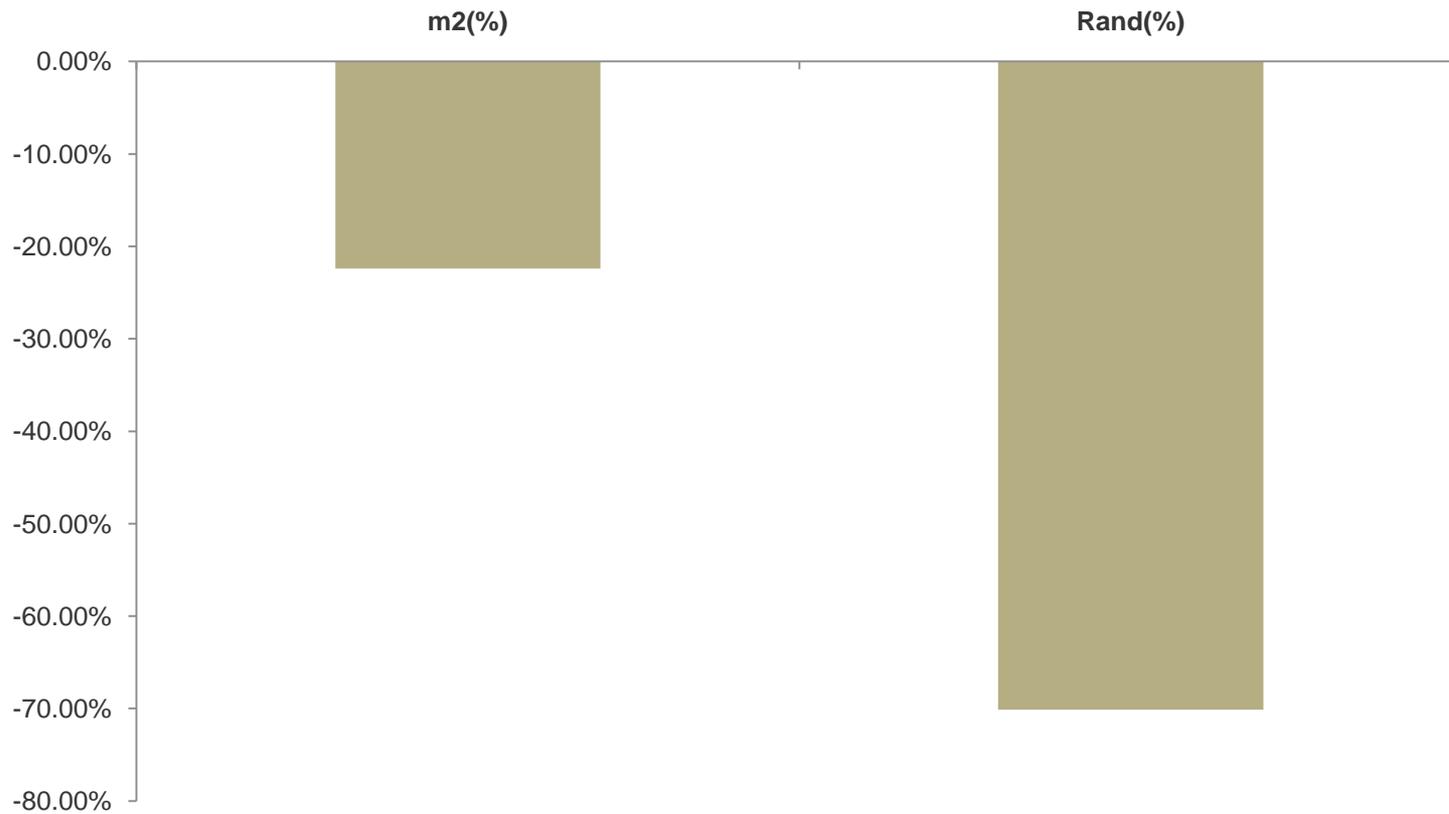


Demand for cement in all provinces (tons)

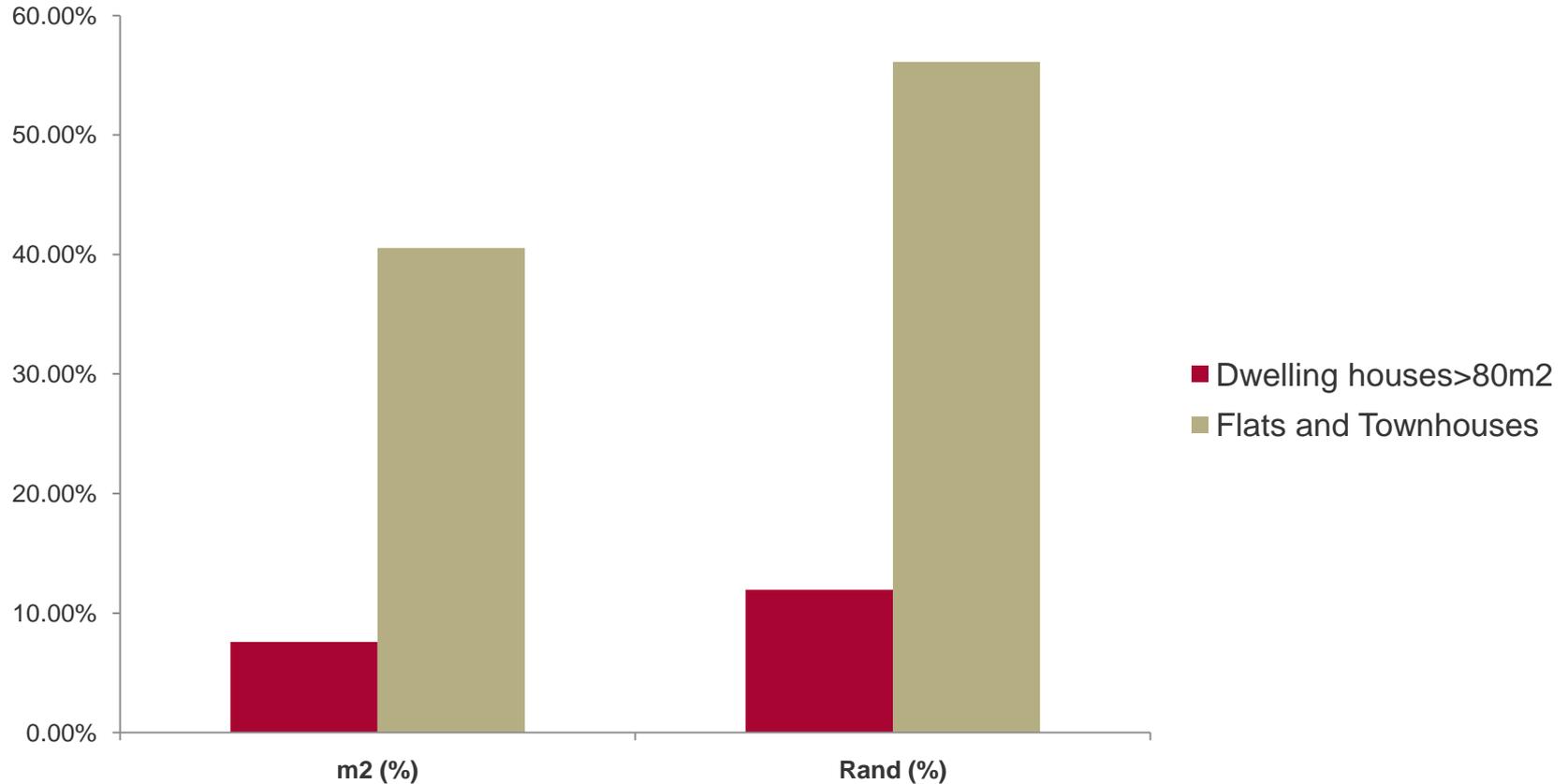


Source: BMI, Lewis, July 2015, P.24

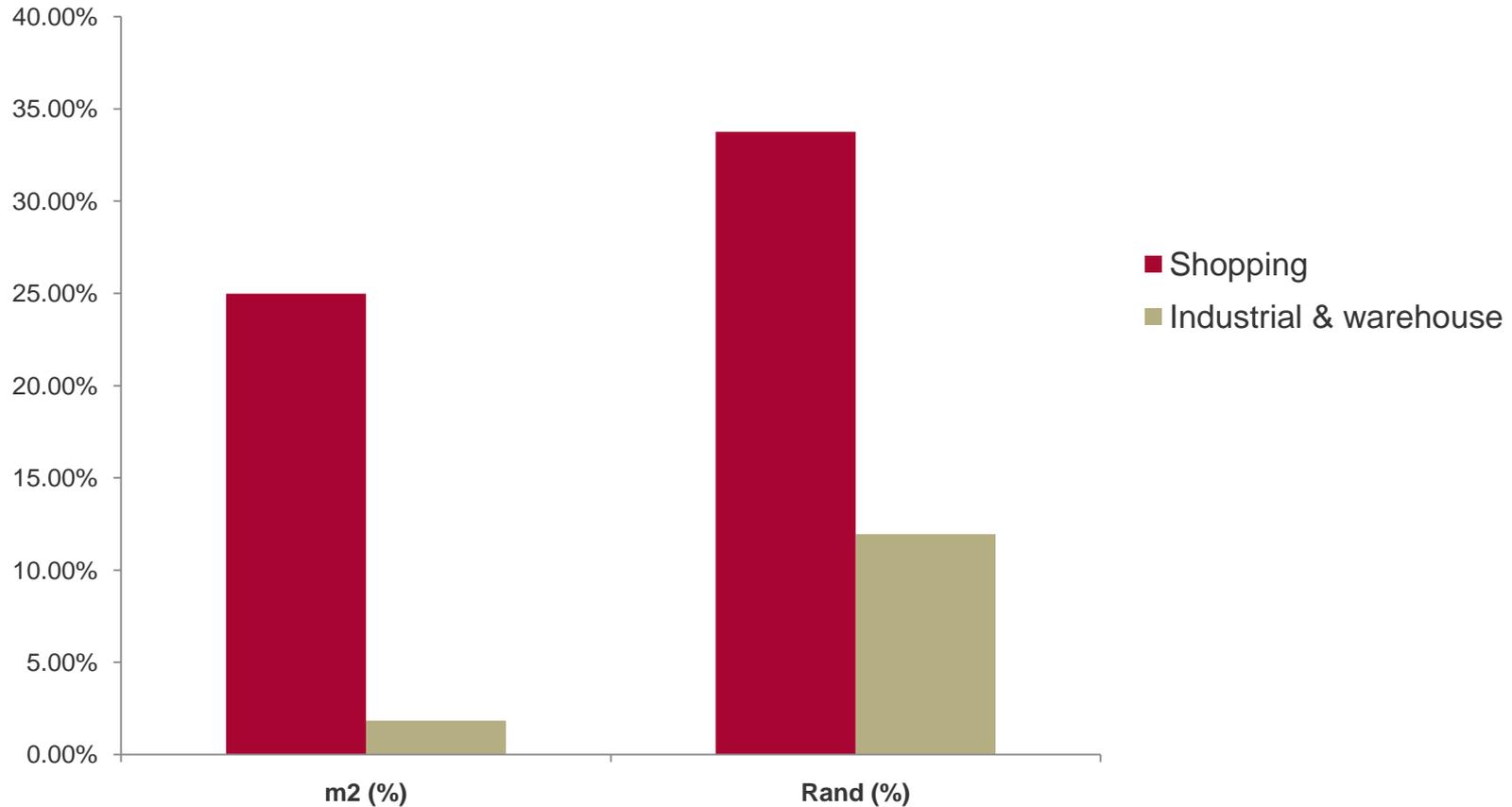
Building plans passed YTD (2015): YTD (2014) Office and banking



Residential: building plans passed YTD (July 2015): YTD (July 2014)



Non-residential: building plans passed YTD (2015): YTD (2014)



Trends in Afrimat's markets



Local environment

- ▣ Spending on smaller infrastructure and services projects remain strong
- ▣ Roads remain focus for Government and SANRAL
- ▣ Building still strong
- ▣ Steel industry in dire straits

Macro environment

- ▣ Weak commodity markets
- ▣ Rand under pressure
- ▣ Slower growth in China impacting South Africa
- ▣ World markets continue to be under pressure



5. Prospects

Acquisitions delivering

Strategy execution underpins
sustained performance

Outlook and drivers



Short term outlook:

- Glen Douglas, Clinker Group and traditional business will continue to perform
- Infrasons set to add greater diversity to group
 - Circular detailing intention of Afrimat to purchase remaining Infrasons shares not yet owned
 - Price R1,35 through Scheme of Arrangement
 - General Meeting – 27 August 2015

Momentum drivers:

- Roads and provinces - SANRAL
- Infrastructure and service delivery projects
- Natural gas projects in Mozambique
- Diversification of industrial minerals
- Building

Afrimat will pursue a conservative growth strategy preserving the integrity of the balance sheet

Remain driven by successful execution

Risk mitigation



Steel industry under pressure

- Finding alternative markets for our products
- No single dominant debtor
- Strict efficient credit control

Country risk in South Africa

- Seeking opportunities outside of SA
- Eyes wide open in South Africa
- Credit terms strictly monitored
- Commenced Mozambique operations

Macro-economic threats

- Constant strategic management (avoiding threats, exploiting opportunities)
- Entrepreneurial culture and creative innovative solutions
- Strong but conservative balance sheet

Labour unrest

- Drive to create a unique and positive culture
- Communication and upliftment
- BEE share scheme
- No labour action during the year

Q & A



Thank you for your attendance and participation

www.afrimat.co.za

For any further Investor Relations questions please contact:

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