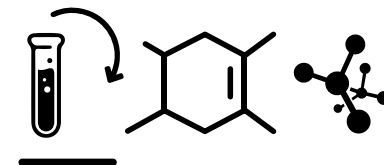


# FINANCIAL RESULTS PRESENTATION

FOR THE YEAR ENDED  
31 DECEMBER 2017

27 AND 28 FEBRUARY 2018



- 01 PERFORMANCE SUMMARY**
- 02 BUSINESS ENVIRONMENT**
- 03 RESULTS ANALYSED**
- 04 SEGMENTAL PERFORMANCE**
- 05 ACQUISITIONS AND INNOVATION**
- 06 OUTLOOK**

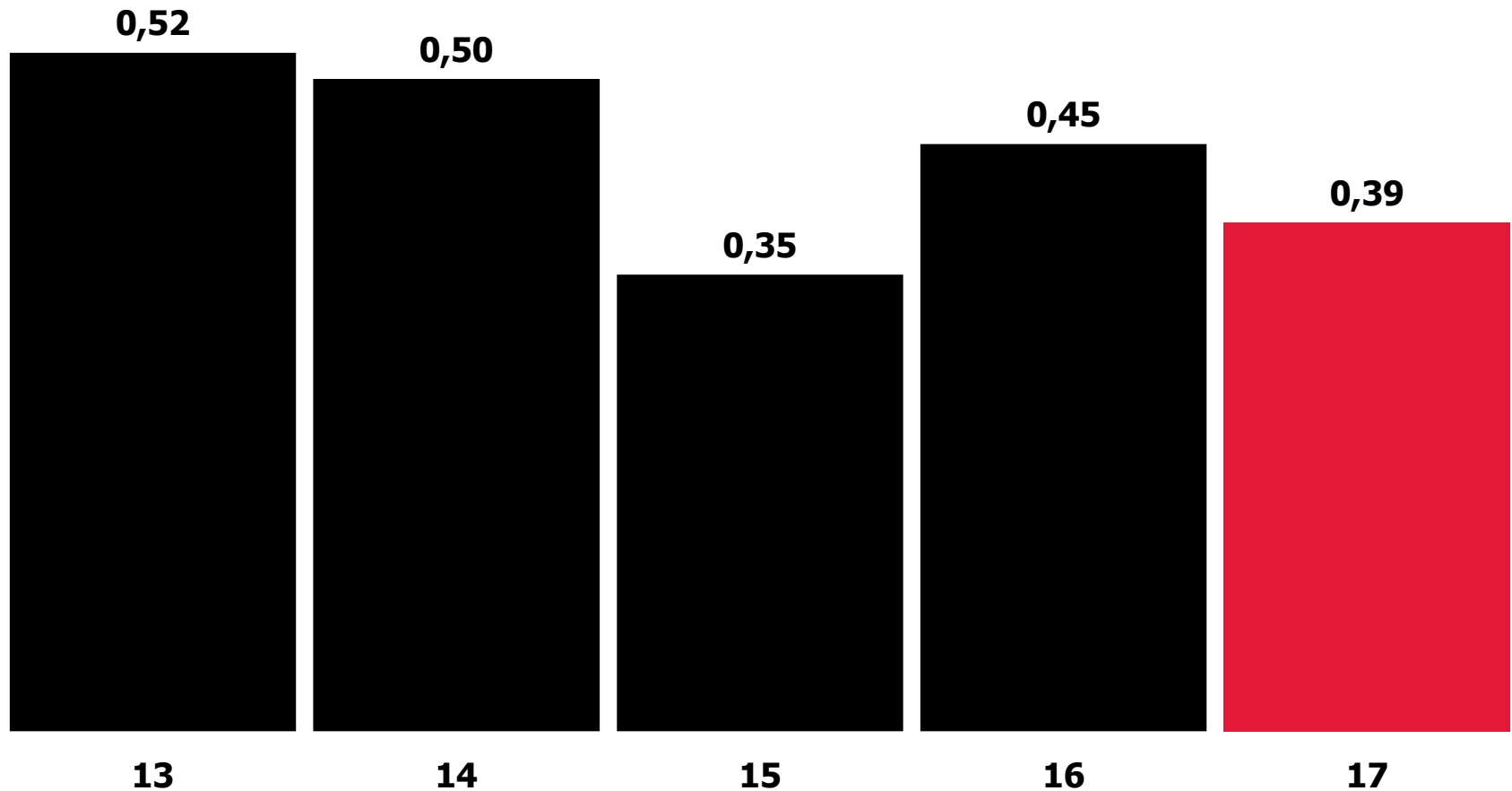


# 01

## PERFORMANCE SUMMARY

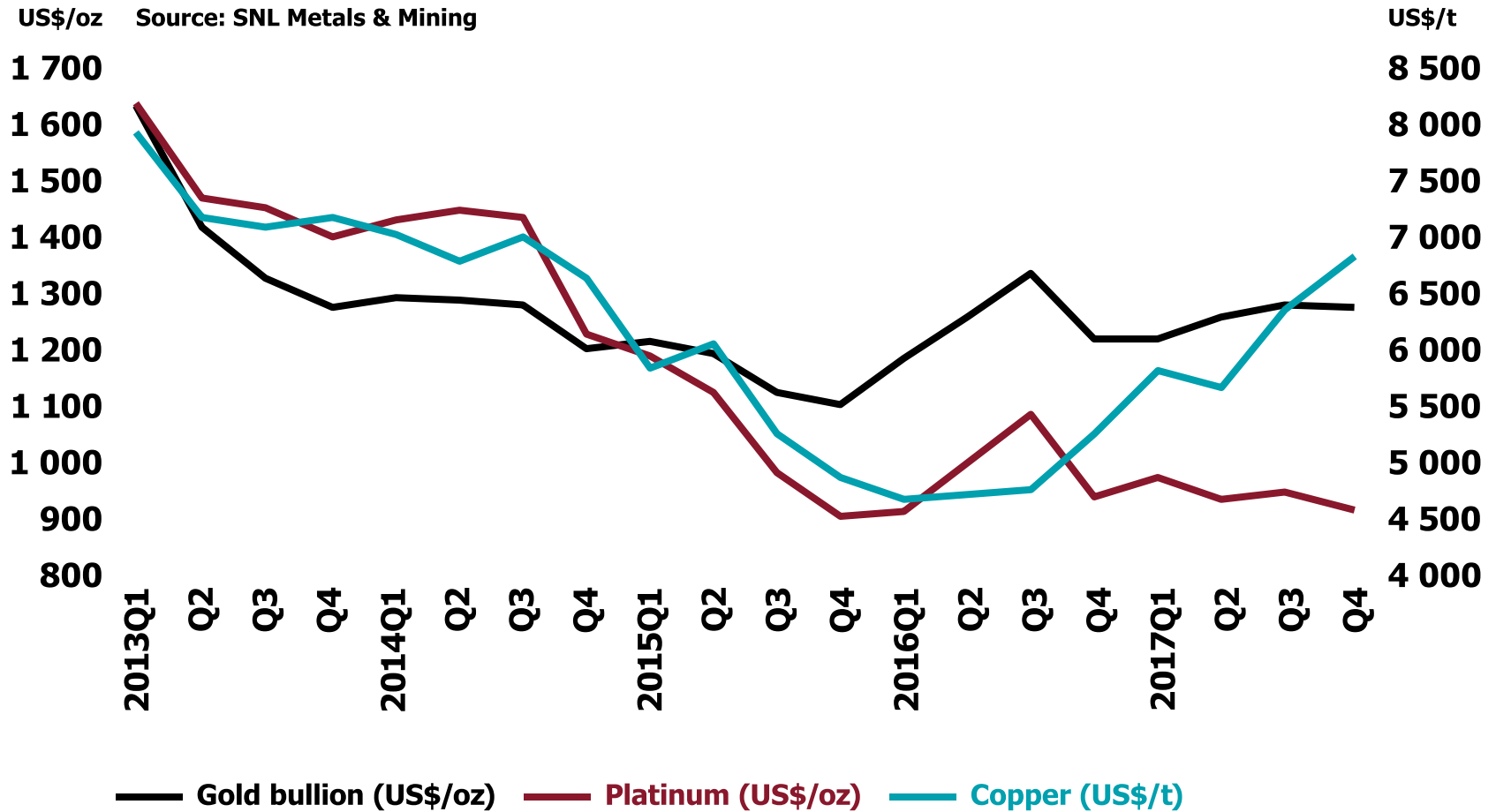
- > Pleasing improvement in performance
  - » Strong 4Q
- > Profit from operations +18% to R1 579m
- > HEPS +17,2% to 959c
- > Trading margin up to 8,5%
- > Cash generation in excess of R1bn
- > Safety performance improvement – TRIR of 0,39
- > Strategic progress
  - » Acquisitions announced
  - » Geographic and earnings diversification
  - » Reporting aligned with pillar strategy
- > Final ordinary cash dividend of 340cps declared (478cps for FY17)

## OVERSHADOWED BY CONTRACTOR FATALITY, CHLOOKOP

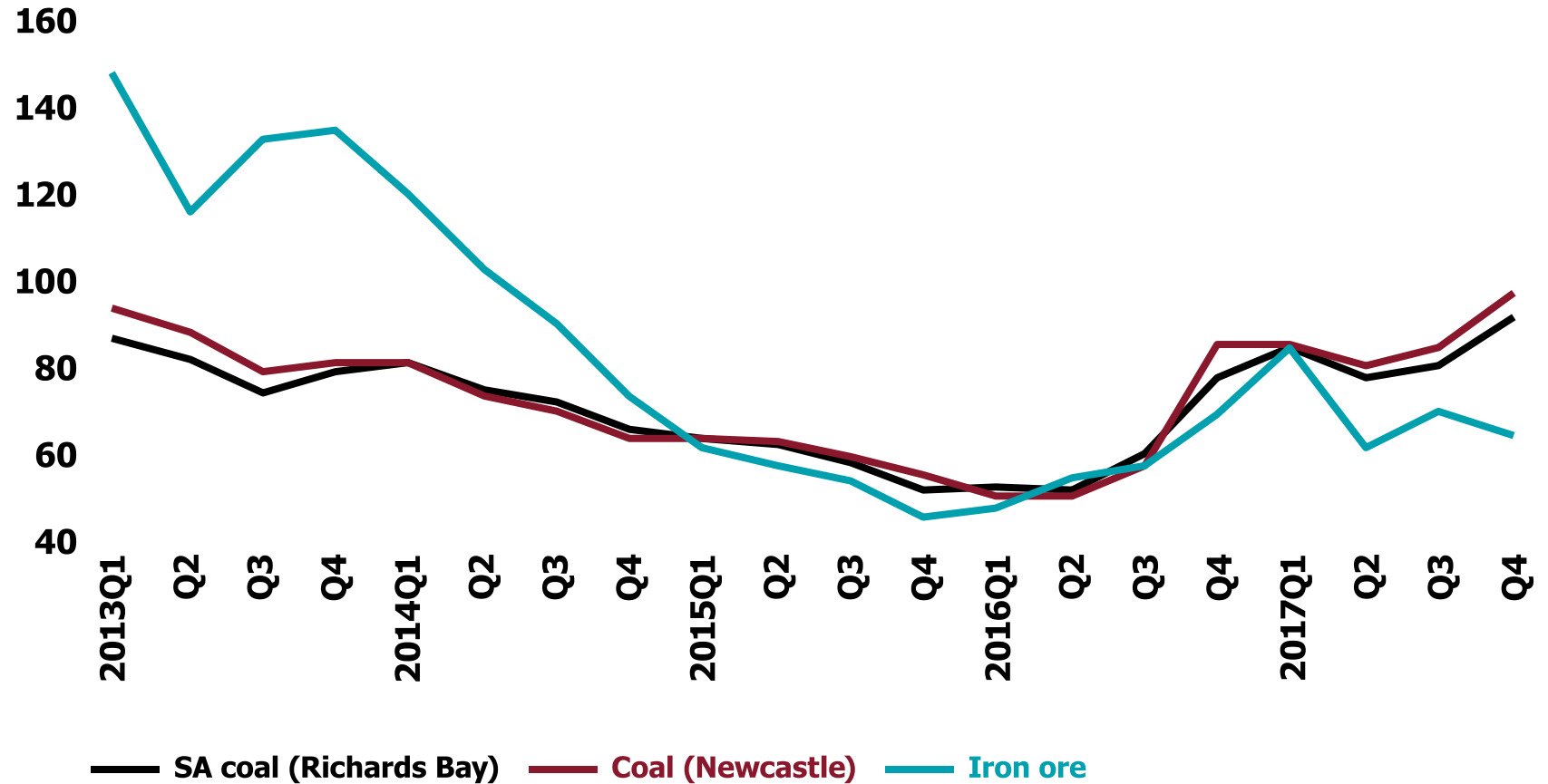


# 02

## **BUSINESS ENVIRONMENT**

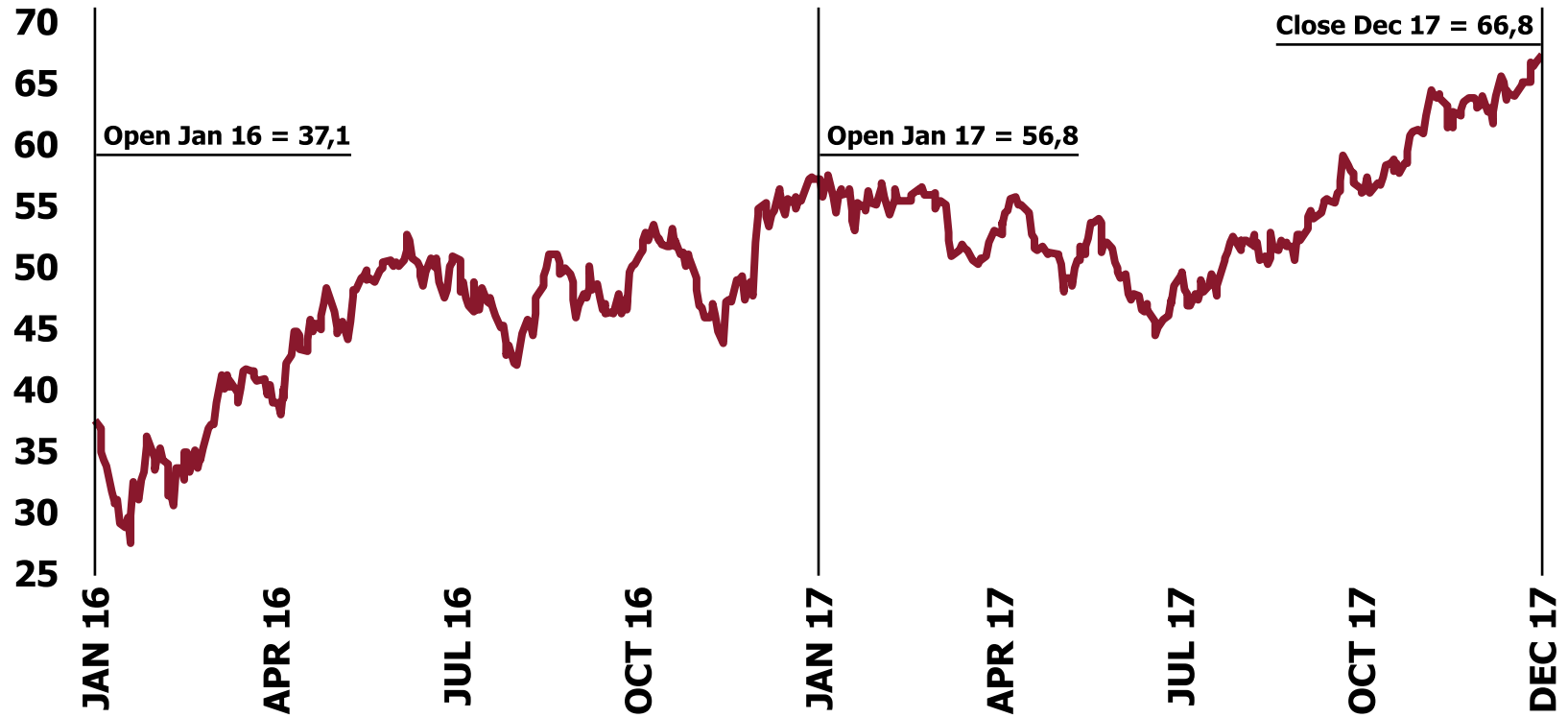


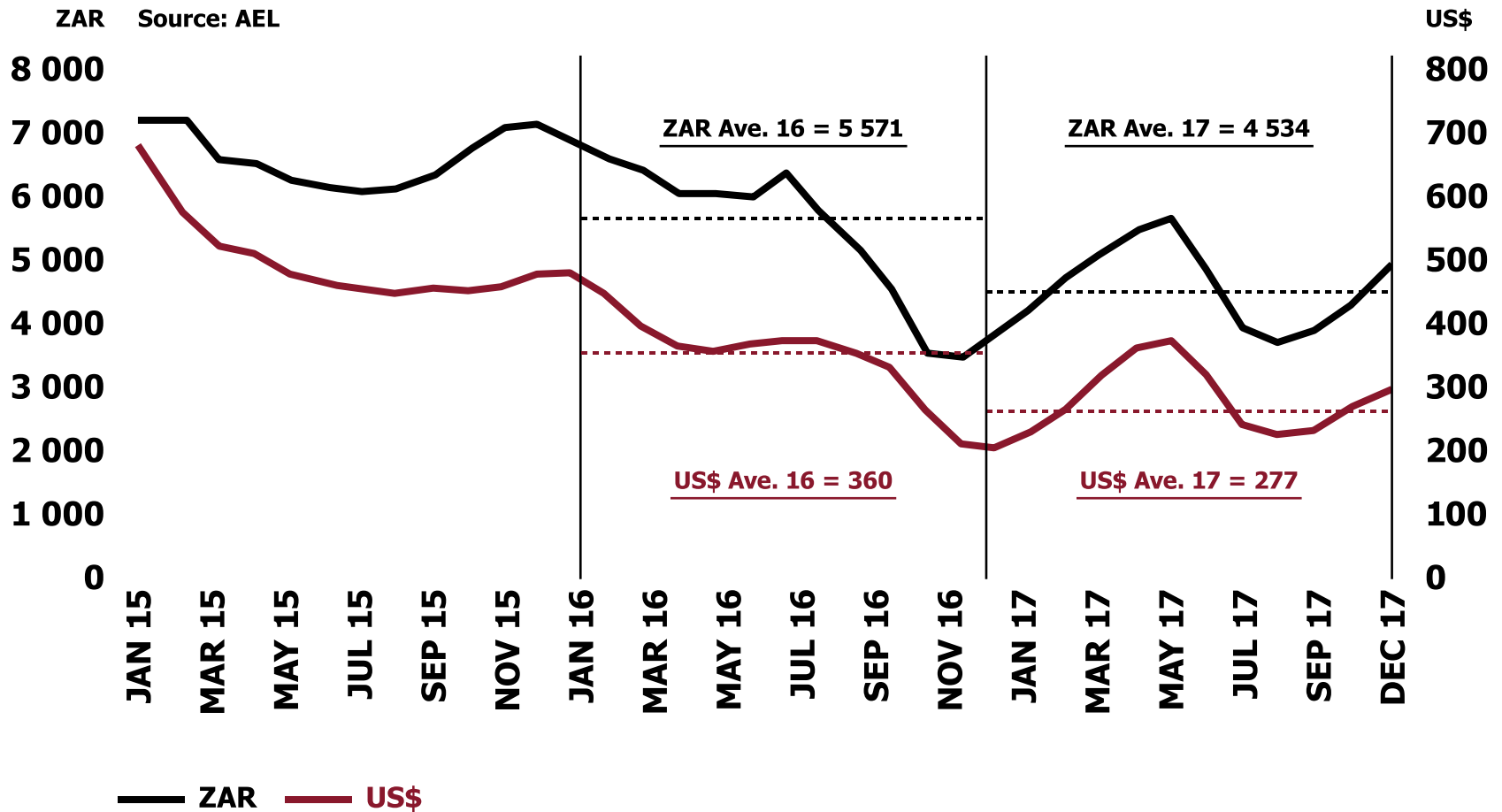
US\$/t Source: SNL Metals &amp; Mining



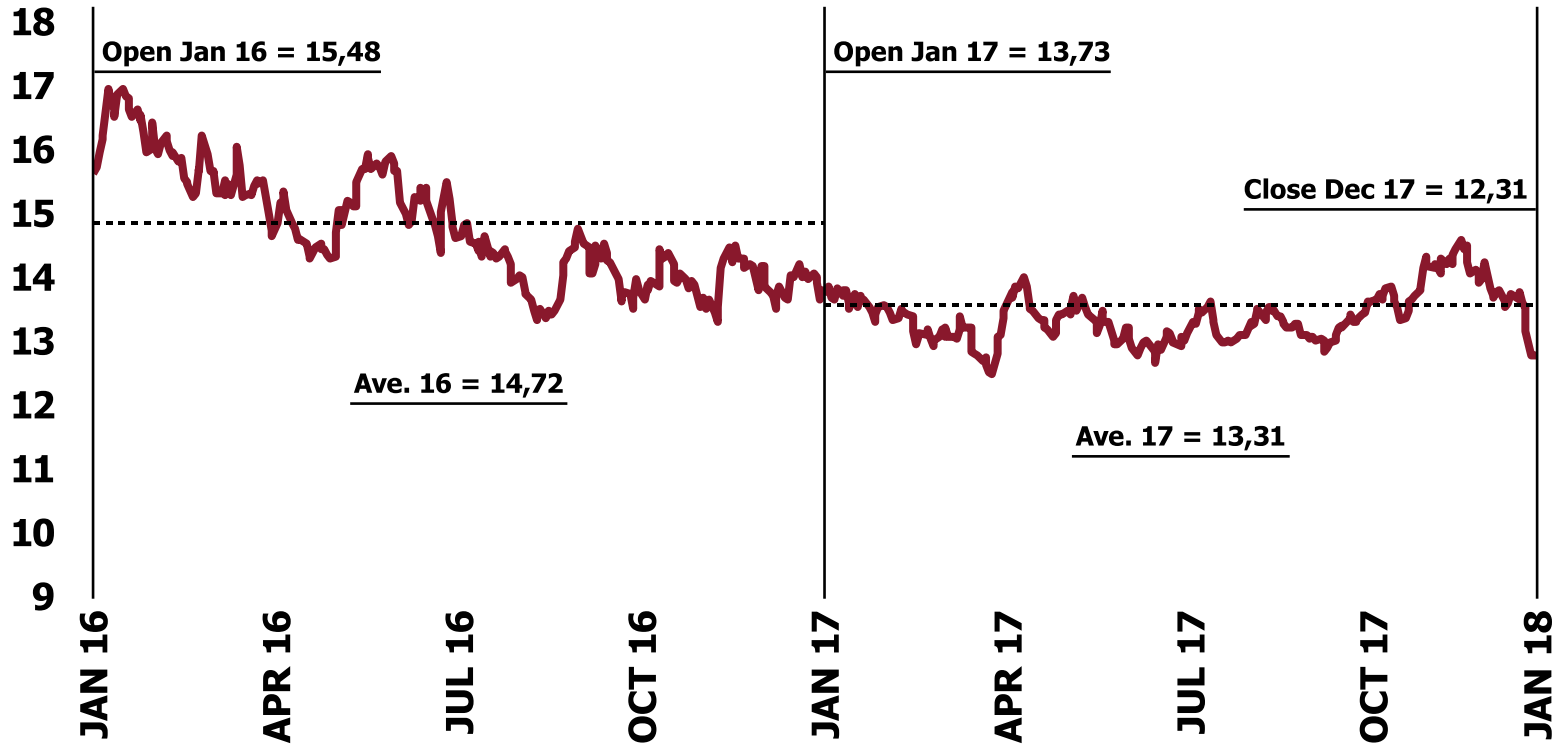


US\$/bbl Source: Bloomberg

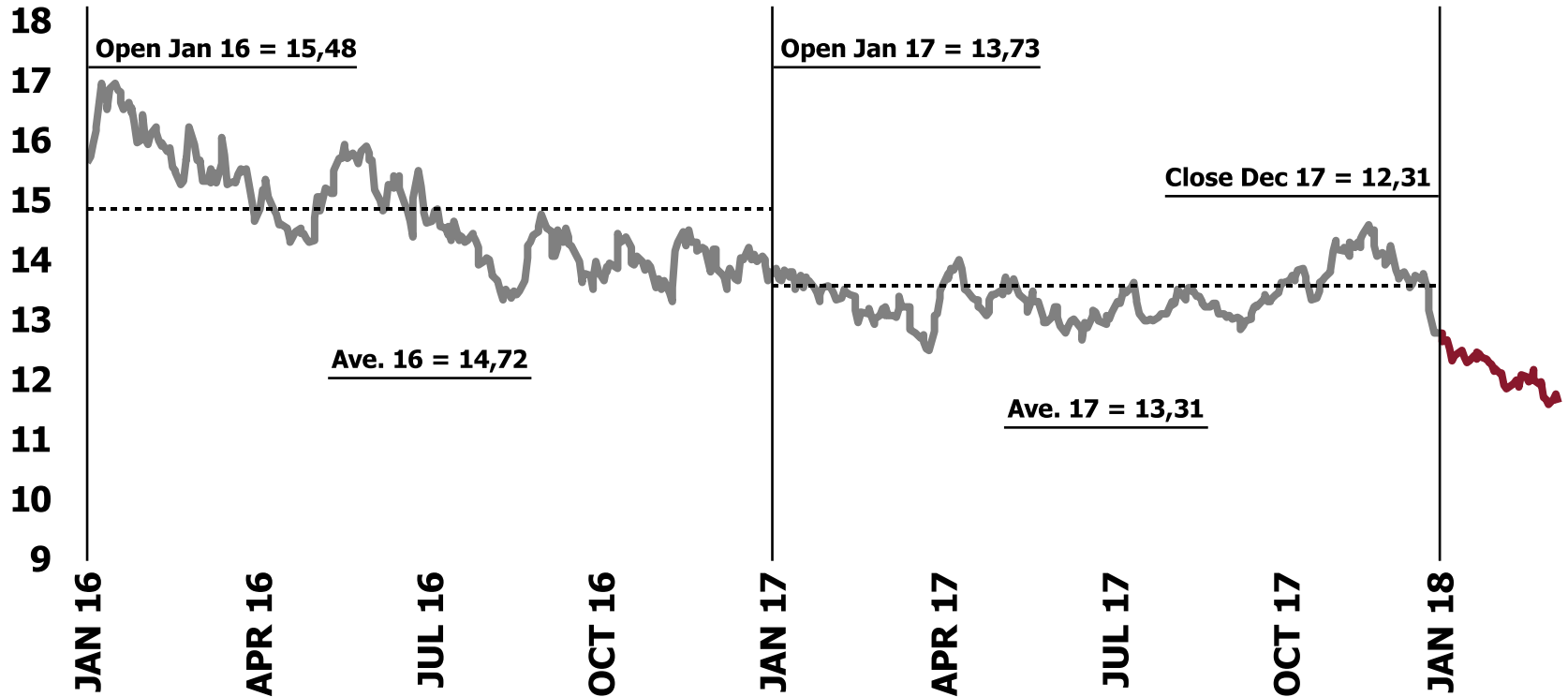


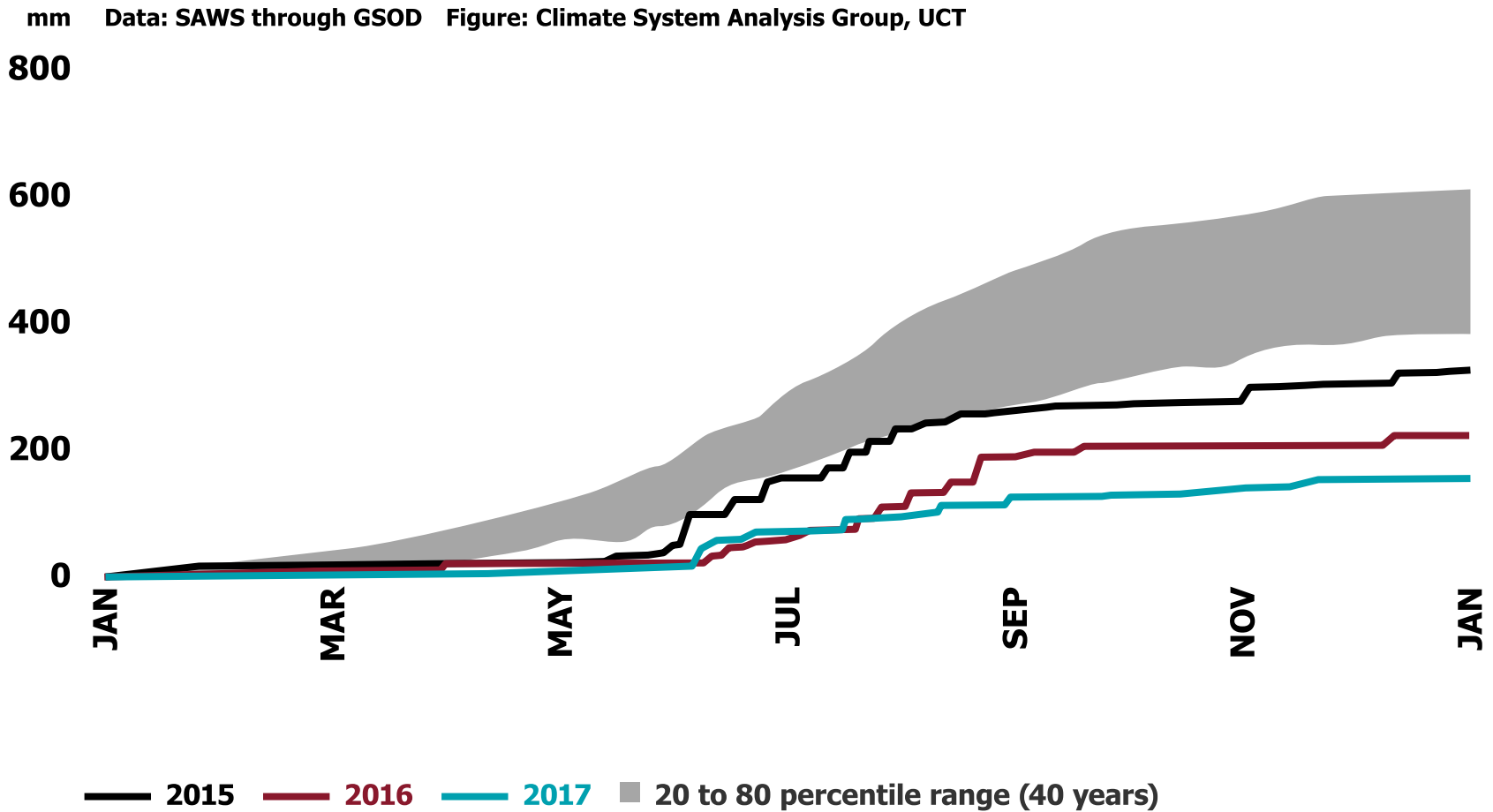


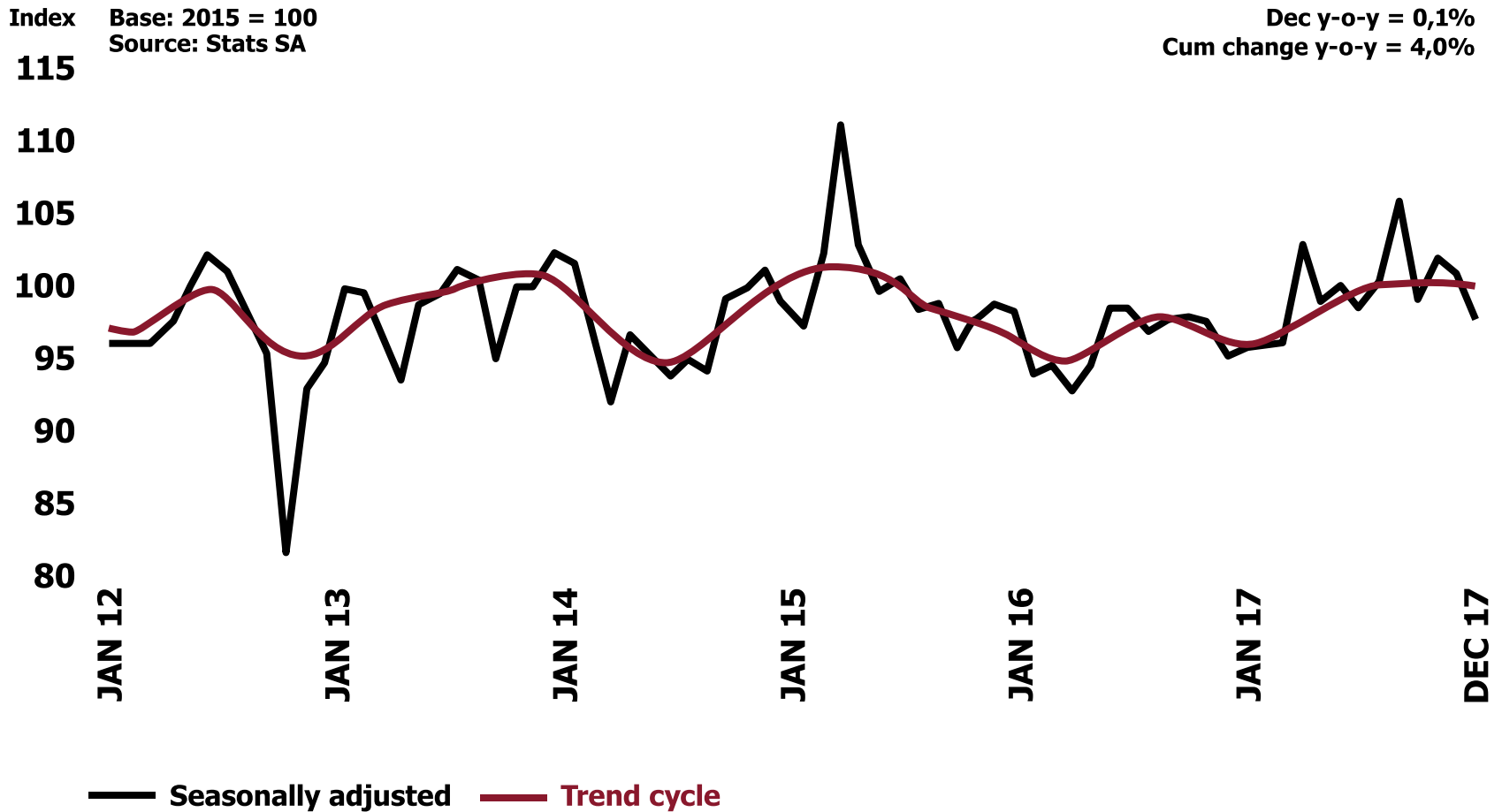
Source: Bloomberg

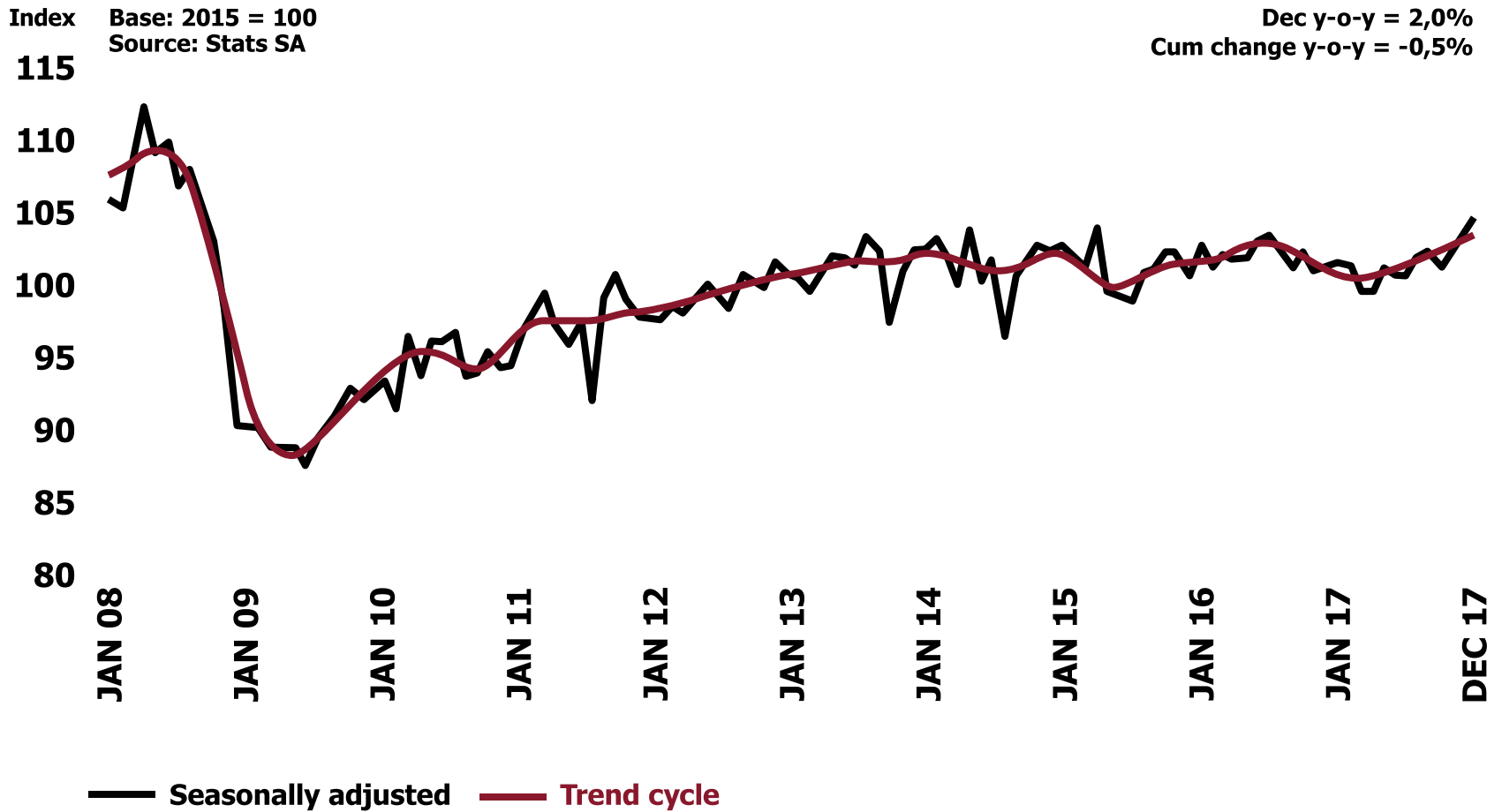


Source: Bloomberg









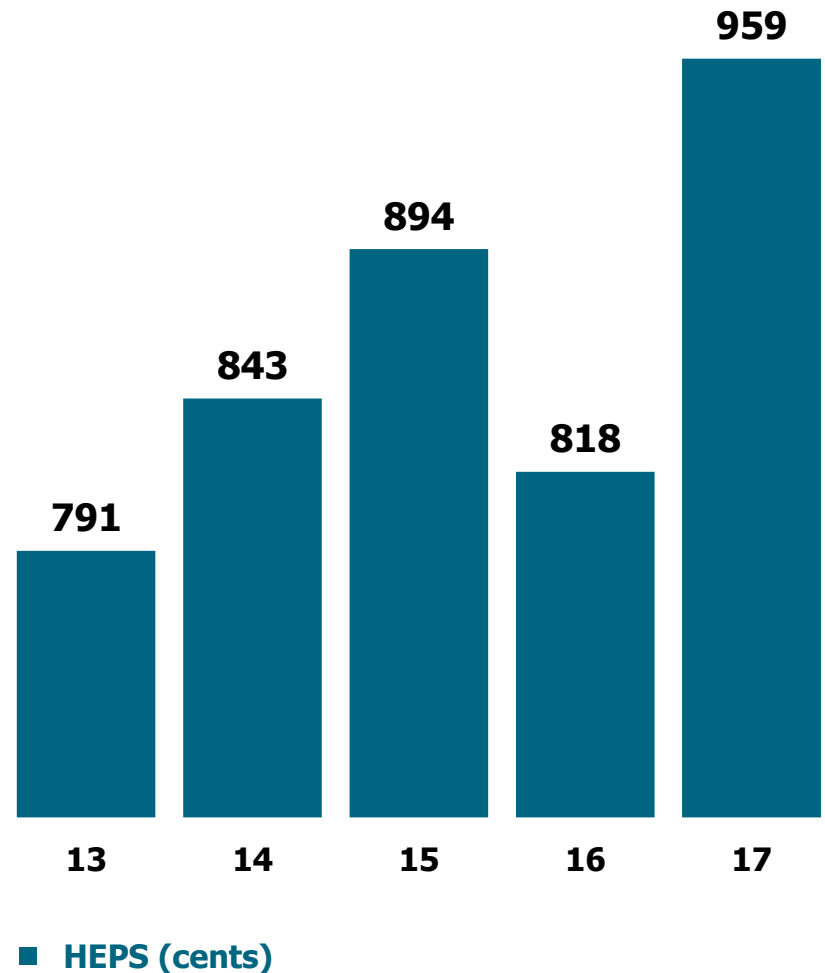


**03**

**RESULTS  
ANALYSED**

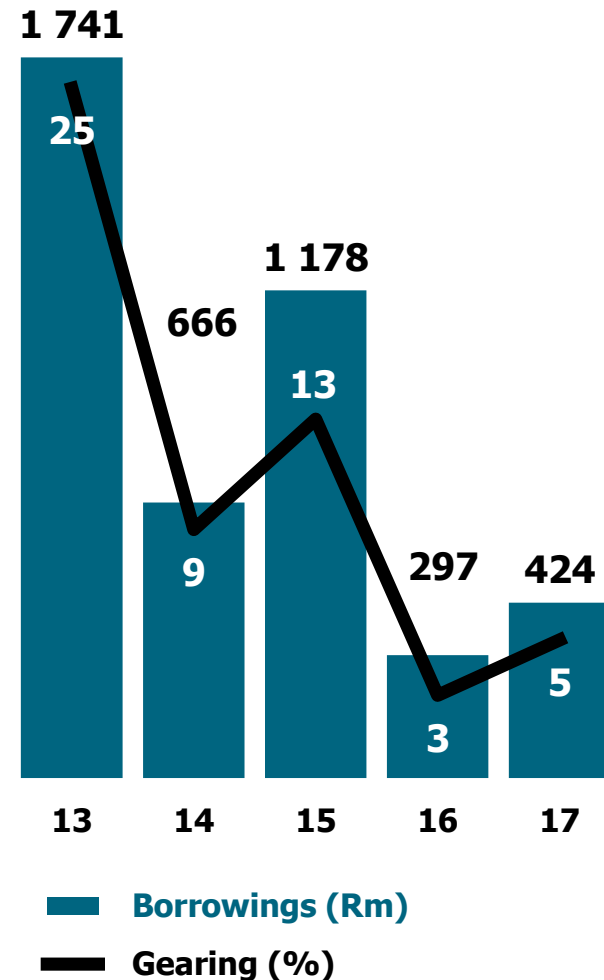


- › Profit from operations +18% to R1 579m
- › EBITDA +11% to R2 176m
- › Highest-ever HEPS: +17,2% to 959c
- › Trading margin = 8,5% ('16: 7,2%)
- › RONA of 16,7% ('16: 16,0%)
- › Tax rate 30% ('16: 29%)
  - » Foreign withholding tax
  - » Acquisitions costs
- › GCR rating of "A" with stable outlook maintained



	2017		2016		Change	
	Profit from operations (Rm)	HEPS (cps)	Profit from operations (Rm)	HEPS (cps)	(%)	(%)
<b>Reported</b>	<b>1 579</b>	<b>959</b>	1 335	818	18,3	17,2
Transaction costs	<b>105</b>	<b>99</b>	–	–		
PRMA settlement cost	<b>4</b>	<b>3</b>	149	102		
Impairments	<b>13</b>	–	82	–		
	<b>1 701</b>	<b>1 061</b>	1 566	920	8,6	15,3

- > Cash of R1 221m generated
- > Capex = R704m: R288m for expansion projects, R416m for maintenance
- > Trade WC to revenue of 15,4% (12,7% in '16)
  - » Higher 4Q sales
- > Net borrowings of R424m
- > Gearing at 5% (3% in '16)
- > Cash interest cover of 13,0x
- > Dividend cover for the period of 2,0x
- > Ordinary final cash dividend of 340cps
  - » Total ordinary cash dividends of 478cps for '17 ('16: 435cps)



	2017 (Rm)	2016 (Rm)	Change (%)
Corporate centre	163	157	3,8
Net defined-benefit costs	46	45	2,2
Long-term incentive scheme costs	39	50	(22,0)
<b>Corporate spend before non-recurring items</b>	<b>248</b>	<b>252</b>	<b>(1,6)</b>
PRMA settlement costs (once-off)	4	149	(97,3)
Transaction costs	105	–	100
<b>Total corporate spend for the period</b>	<b>357</b>	<b>401</b>	<b>(11,0)</b>
Property	(95)	(87)	9,2
<b>Property &amp; Corporate</b>	<b>262</b>	<b>314</b>	<b>(16,6)</b>

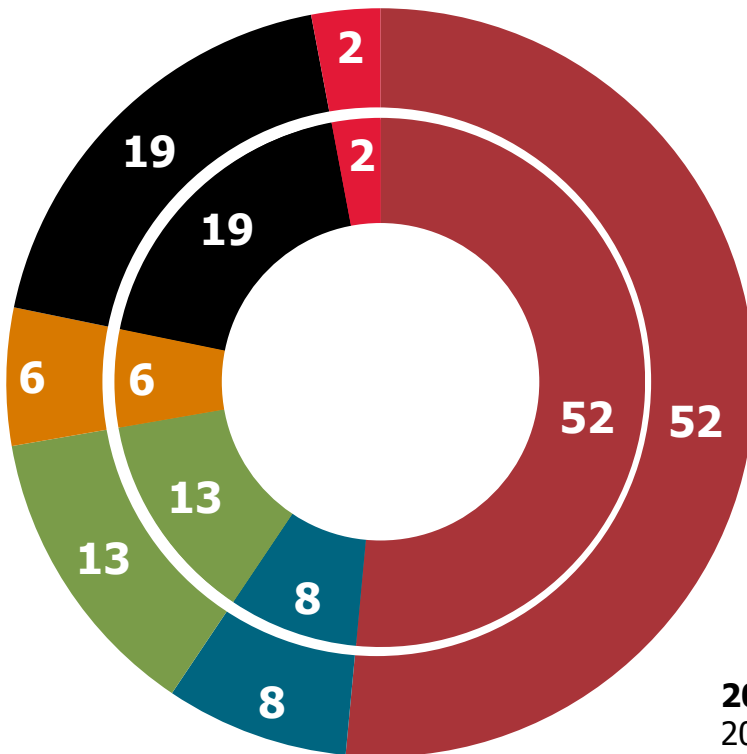


# 04

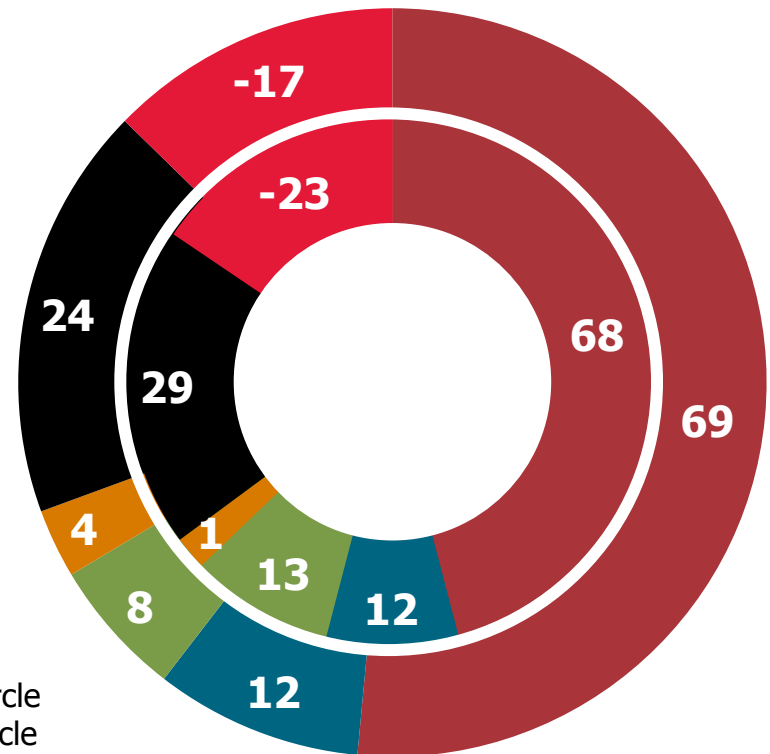
## PERFORMANCE BY PILLAR

### Revenue (%)

Excludes inter-segment revenue



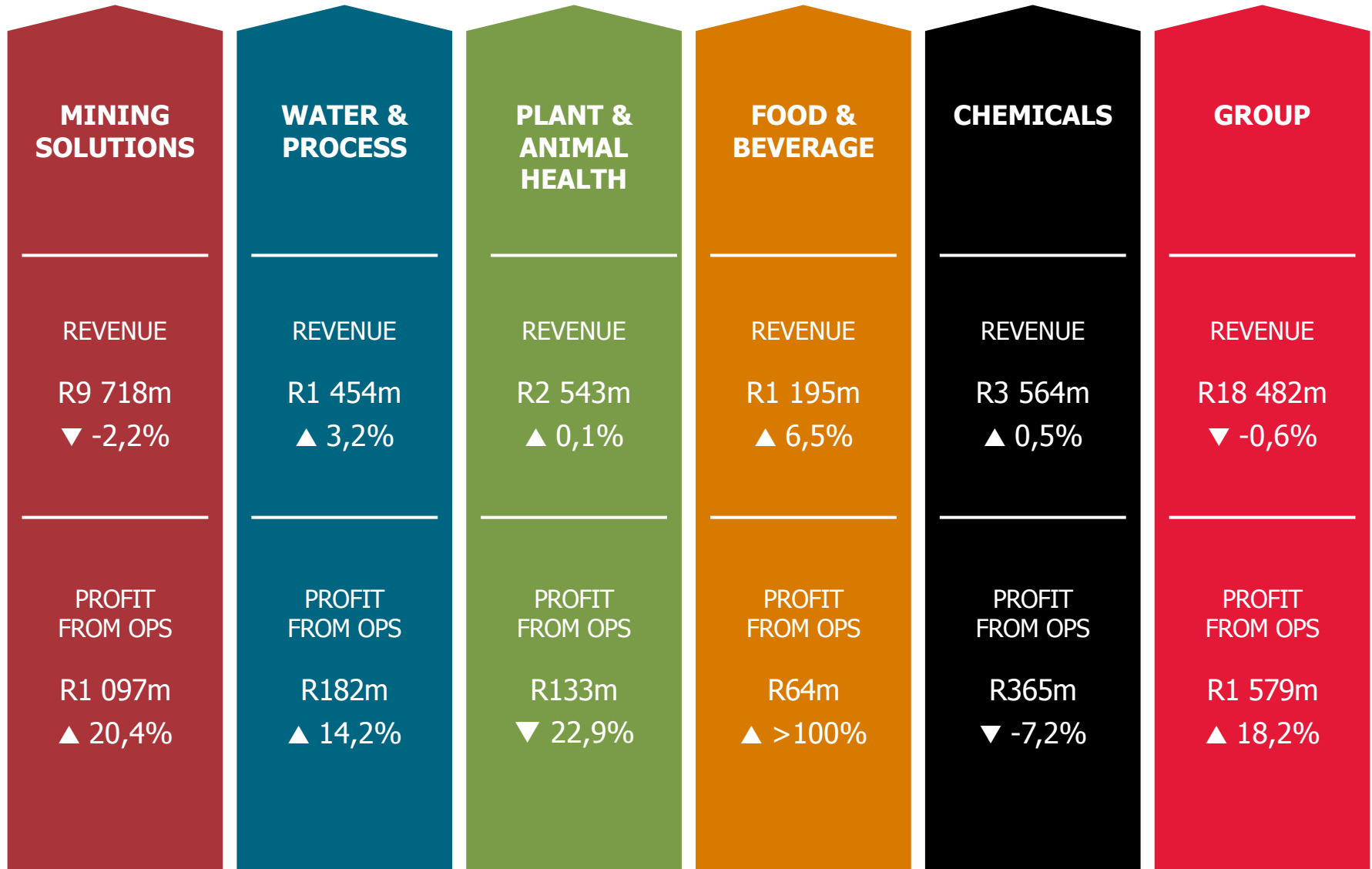
### Profit/(loss) from operations (%)



2017 Outer circle  
2016 Inner circle

- Mining Solutions
- Water & Process
- Plant & Animal Health
- Food & Beverage
- Chemicals
- Property & Corporate

	H1 '17	H1 '16	%	H2 '17	H2 '16	%	FY '17	FY '16	%
<b>REVENUE</b>									
Explosives	3 674	4 154	(11,6)	4 171	3 820	9,2	7 845	7 974	(1,6)
Chemicals	4 909	4 983	(1,5)	5 995	5 832	2,8	10 904	10 815	0,8
Property	188	195	(3,6)	204	203	0,5	392	398	(1,5)
Corporate	(293)	(264)	(11,0)	(366)	(327)	(11,9)	(659)	(591)	(11,5)
<b>AECI Group</b>	<b>8 478</b>	<b>9 068</b>	<b>(6,5)</b>	<b>10 004</b>	<b>9 528</b>	<b>5,0</b>	<b>18 482</b>	<b>18 596</b>	<b>(0,6)</b>
<b>PROFIT FROM OPS</b>									
Explosives	262	220	19,1	342	229	49,4	604	449	34,5
Chemicals	518	573	(9,6)	722	641	12,6	1 240	1 214	2,1
Property	43	44	(2,3)	52	43	19,8	95	87	8,6
Corporate	(146)	(266)	45,1	(214)	(149)	(43,6)	(360)	(415)	13,3
<b>AECI Group</b>	<b>677</b>	<b>571</b>	<b>18,6</b>	<b>902</b>	<b>764</b>	<b>18,1</b>	<b>1 579</b>	<b>1 335</b>	<b>18,3</b>







# MINING SOLUTIONS



**Platinum**



**Gold**



**Copper**



**Iron ore**



**Coal**



**Diamond**



**Uranium**



**Other**

VOLUME ▲ 5,5%

REVENUE R9 718m

▼ -2,2%

PROFIT  
FROM OPS R1 097m

▲ 20,4%

MARGIN 11,3%

'16: 9,2%

TRADE WC 14,2%

'16: 13,0%

## Explosives

- > Robust TP improvement, notwithstanding strong ZAR and lower ammonia price
- > Overall bulk explosives volumes +6,5%
  - » Good product and customer mix
  - » New business
- > Overall initiating systems volumes +1,7%

## SA

- > Explosives volumes +4,8%
  - » Growth in iron ore and coal
- > Initiating systems volumes +1%
- > Opportunistic sales in 1H partly offset mine closure effects

## Explosives cont.

### Rest of Africa

- > Volumes +5,2%
  - » New business – copper and gold
    - Mobilised – supported from Burkina Faso bulk emulsion plant in the interim
  - » Plant and equipment from Egypt redeployed – SA (replacements), Botswana (expansion)
  - » 3 major contracts rolled over for 3 years

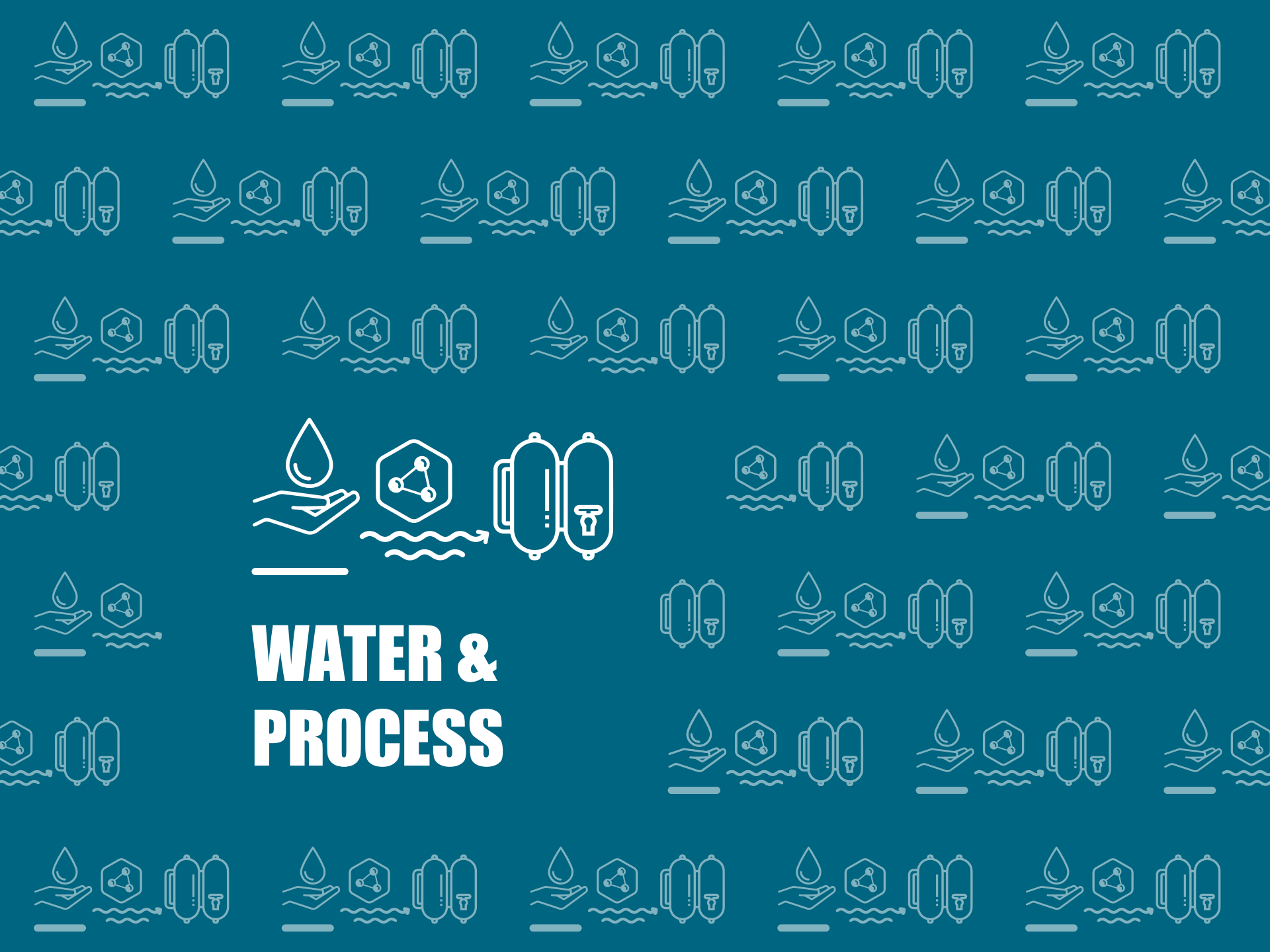
### Asia Pacific

- > Volumes +12,5%
- > New contracts operational
- > Indonesia
  - » Progressing migration to new explosives licensee
  - » Import quota of AN limited – sourcing from BBRI beneficial
- > Australia
  - » Mining activity improving
  - » Ad hoc business from new customers

## Mining chemicals

- > Overall volumes down 1,3%
- > SA results robust
- > Exports challenged by exchange rate
  - » Key distributor lost market share
- > Good growth in mining surfactants on back of mining sector improvement
- > Benefits of Technical Centre
  - » Low temperature technology for depressants – capacity and input cost benefits
  - » Opportunities in local market
- > Xanthates expansion project on track





# **WATER & PROCESS**



VOLUME ▲ 9,4%

REVENUE R1 454m  
▲ 3,2%

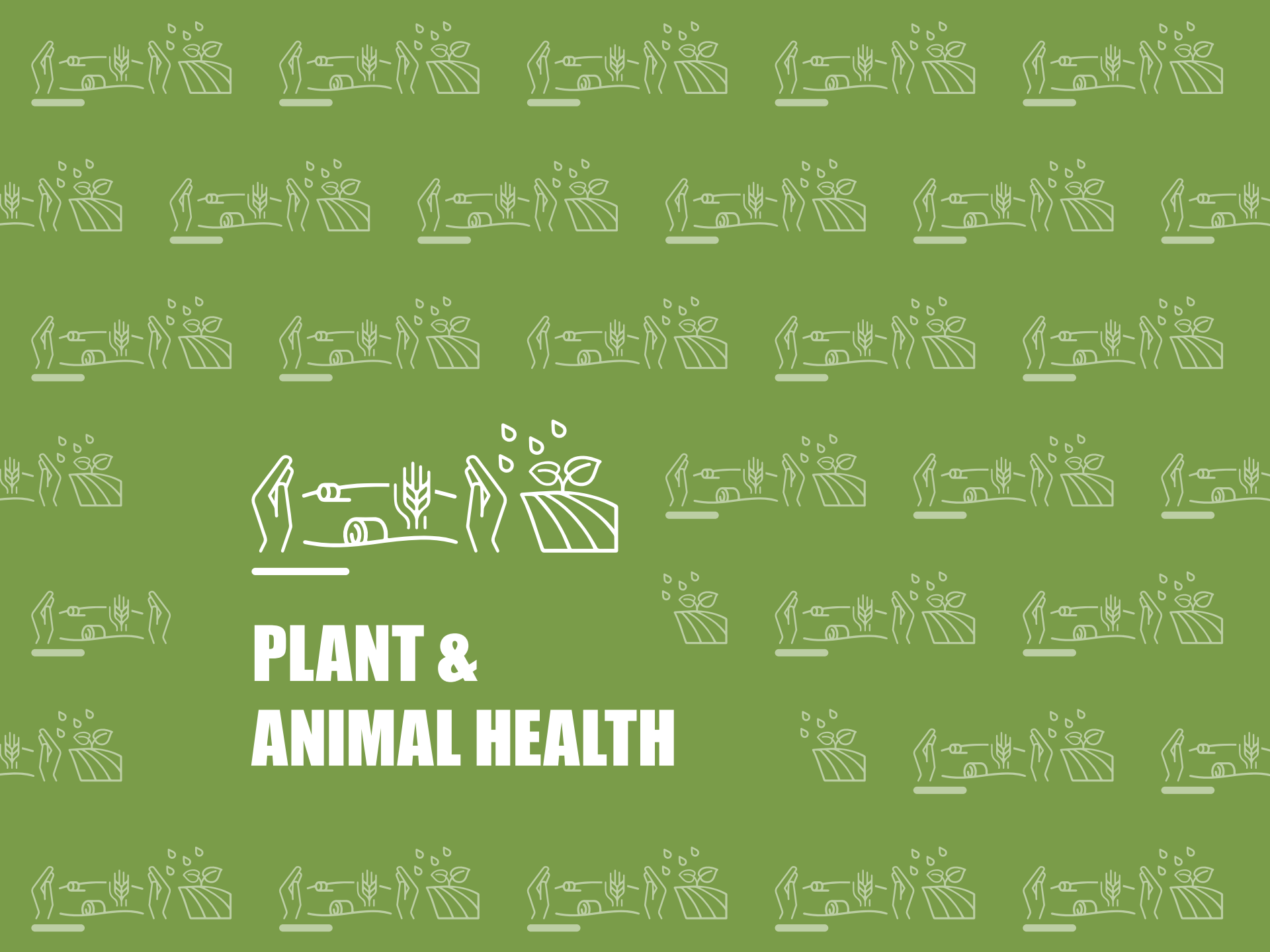
PROFIT  
FROM OPS R182m  
▲ 14,2%

MARGIN 12,5%  
'16: 11,3%

TRADE WC 20,4%  
'16: 17,5%

- > Local demand curtailed by manufacturing environment and drought
- > Good progress in Africa, especially in Public Water
- > Exports now 30% of revenue (20% in '16)





# PLANT & ANIMAL HEALTH



VOLUME ▲ 11,5%

REVENUE R2 543m  
▲ 0,1%

PROFIT  
FROM OPS R133m  
▼ 22,9%

MARGIN 5,2%  
'16: 6,8%

TRADE WC 7,8%  
'16: 8,4%

- > Severe impact of drought conditions on profitability – Western Cape and Malawi (Farmers Organisation)
  - » Product mix favoured low value crops – lower margins
- > Foreign exchange effects
- > Good growth in bulk nutrition
  - » Investment in calcium and ammonium nitrates plant completed (Modderfontein)

### Biocult

- > Phase 1 of expansion project complete
- > Successful trials in US and Canada
  - » US regulatory approval awaited





# FOOD & BEVERAGE

VOLUME ▲ 7,2%

REVENUE R1 195m  
▲ 6,5%

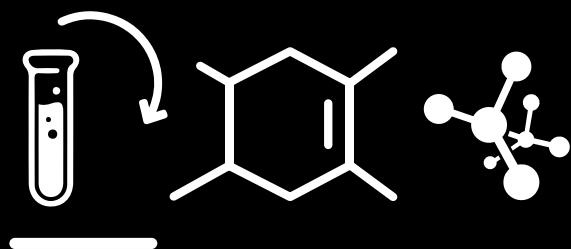
PROFIT  
FROM OPS R64m  
▲ >100%

MARGIN 5,4%  
'16: 1,1%

TRADE WC 23,1%  
'16: 23,3%

- › Revenue growth particularly in food additives and filtration
- › Profit from operations in '16 negatively affected by R28m impairment – poultry brine business
- › New principals secured for product portfolio enhancement
- › Growth in formulated juice business, in line with strategy





**CHEMICALS**

VOLUME ▲ 1,0%

REVENUE R3 564m  
▲ 0,5%

PROFIT  
FROM OPS R365m  
▼ -7,2%

MARGIN 10,2%  
'16: 11,1%

TRADE WC 17,7%  
'16: 16,2%

- > Resilient result in context of
  - » Closure of Huntsman Tioxide (R25m negative effect on contribution)
  - » KZN storm affected local manufacture, suppliers and supply chain at harbour
  - » Depressed manufacturing environment
    - Smaller customer closures and business interruptions negatively impacted demand
- > Strong 4Q sales – higher WC
- > Continued good cash generation
- > Positive results from Collaboration and Group Strategic Sourcing initiatives
- > Strong focus on cost control and plant efficiencies

	H1 '17	H1 '16	%	H2 '17	H2 '16	%	FY '17	FY '16	%
<b>REVENUE</b>									
Mining Solutions	4 574	5 321	(14,0)	5 144	4 617	11,4	9 718	9 938	(2,2)
Water & Process	707	707	0,0	747	701	6,5	1 454	1 408	3,2
Plant & Animal Health	947	948	(0,1)	1 596	1 592	0,2	2 543	2 540	0,1
Food & Beverage	538	494	9,0	657	628	4,6	1 195	1 122	6,5
Chemicals	1 694	1 668	1,5	1 871	1 880	(0,5)	3 564	3 548	0,5
Property & Corporate	195	203	(3,6)	211	207	1,7	406	410	(0,9)
Consolidation entries	(177)	(273)	35,2	(222)	(97)	>	(398)	(370)	(7,7)
<b>AECI Group</b>	<b>8 478</b>	<b>9 068</b>	<b>(6,5)</b>	<b>10 004</b>	<b>9 528</b>	<b>5,0</b>	<b>18 482</b>	<b>18 596</b>	<b>(0,6)</b>
<b>PROFIT FROM OPS</b>									
Mining Solutions	477	440	8,4	620	471	31,6	1 097	911	20,4
Water & Process	82	77	6,6	100	82	21,3	182	159	14,2
Plant & Animal Health	29	56	(48,0)	104	117	(11,0)	133	172	(22,9)
Food & Beverage	25	23	9,6	39	(10)	>	64	13	>
Chemicals	160	192	(16,9)	205	201	2,0	365	394	(7,2)
Property & Corporate	(96)	(217)	55,8	(166)	(97)	(71,1)	(262)	(314)	16,6
<b>AECI Group</b>	<b>677</b>	<b>571</b>	<b>18,6</b>	<b>902</b>	<b>764</b>	<b>18,2</b>	<b>1 579</b>	<b>1 335</b>	<b>18,3</b>





**05**

**ACQUISITIONS  
AND INNOVATION**

- › Contract manufacturer of agrochemicals and fine chemicals; European and US footprint
  - » 4 sites in Germany, 1 in US
- › Largest provider of external agrochemical formulation services in Europe
- › Purchase price = €128,4m
- › Closed 30 January '18
- › Standalone entity in Plant & Animal Health pillar





- › SA's leading manufacturer and supplier of hot and cold mix asphalt products; manufacturer, supplier and applicator of bituminous road binders, emulsions, primes, pre-coats, modified binders
- › Definitive agreements signed on 27 October '17
  - » 100% of issued share capital
- › SA regulatory approvals awaited
- › To be included in the Chemicals Pillar



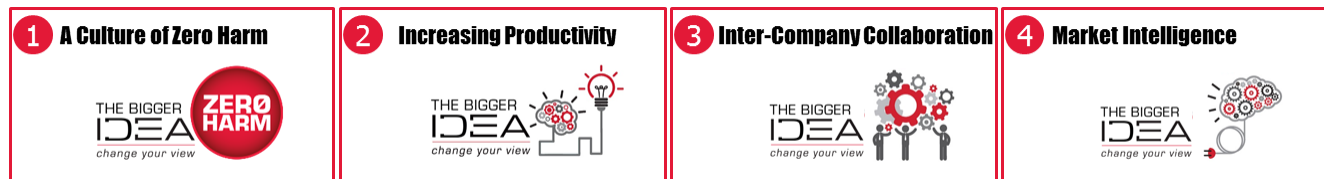
- › Objective: increase revenue and profitability of the Group
- › **Business of Tomorrow** opportunities – focus on value creation by '20
  - » Origin investment
    - Pioneer plant anticipated in 1H19
    - Joint Development Agreement in progress
  - » Good progress made wrt other opportunities in relevant start-ups and/or disruptors
  - » Technology partnerships with universities and research institutes locally and abroad progressing well
- › **Business of Today** innovation drives
  - » Significant internal adoption and progress via Ideation Platform – 4 ideas being advanced
  - » Strong focus on internal costs and efficiencies



&amp;



making new chemistry matter





**06**

**OUTLOOK**

<b>Development stage</b>	<b>Rest of Africa</b>	<b>South Africa</b>	<b>Indonesia</b>	<b>LatAm</b>	<b>Australia</b>
<b>Exploration</b>	<b>1 455</b>	<b>301</b>	<b>218</b>	<b>2 209</b>	<b>3 513</b>
<b>Prefeasibility</b>	<b>76</b>	<b>42</b>	<b>6</b>	<b>129</b>	<b>139</b>
<b>Feasibility</b>	<b>162</b>	<b>76</b>	<b>41</b>	<b>172</b>	<b>291</b>
<b>Construction</b>	<b>31</b>	<b>17</b>	<b>21</b>	<b>48</b>	<b>30</b>
<b>TOTAL</b>	<b>1 724</b>	<b>436</b>	<b>286</b>	<b>2 558</b>	<b>3 973</b>

\* Extract GlobalData, 16 Feb 2018.

## Explosives

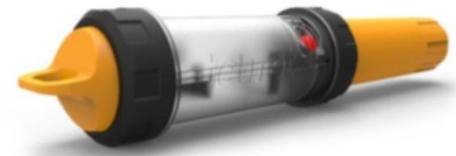
- › Further roll-out of emulsion pumps and product – underground gold mining
- › New emulsion technology – underground platinum mining
- › Continued improvement of electronic detonators to support autonomous mining
  - » Includes work on wireless system
- › New product developed, tested and approved for highly reactive ground conditions



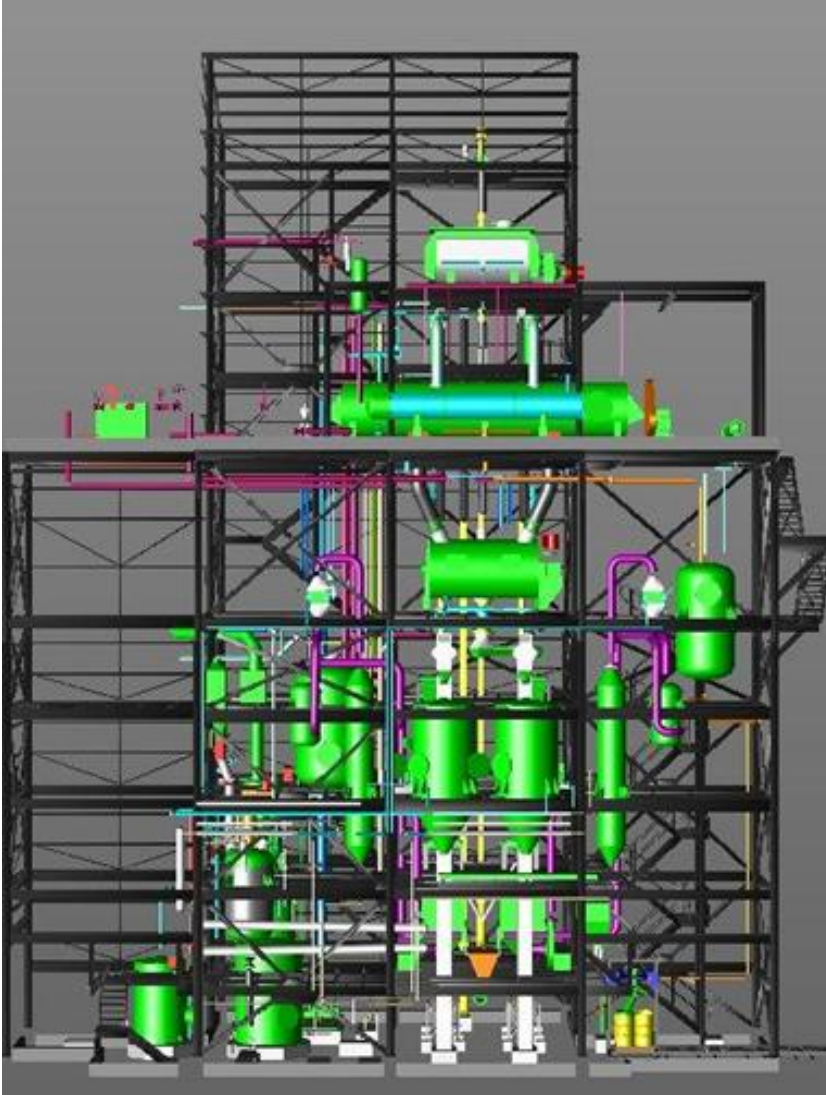
**PCU011 Pneumatic**



**PCU011 Hydro**













Savour the sea





- › Integration of Schirm – synergies and new opportunities
- › NuWay roll-out
- › Biocult expansion in US and Canada

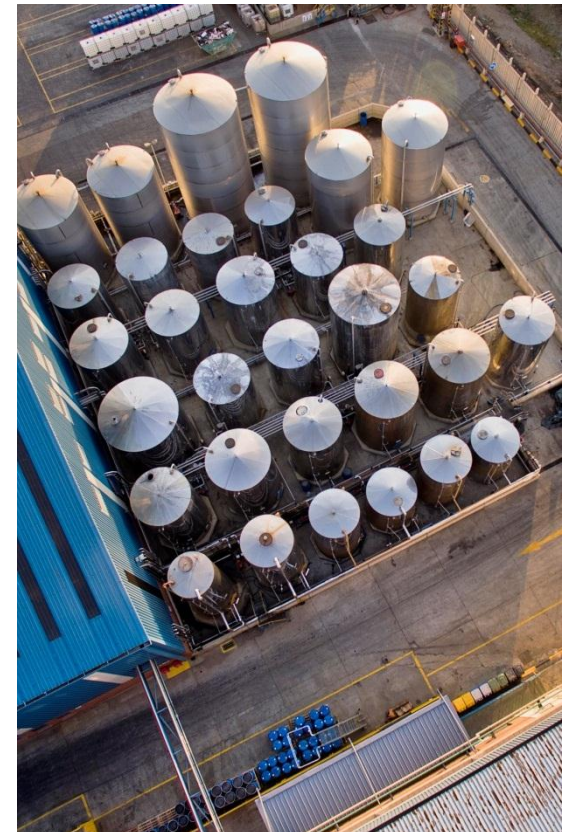


## Expansion

- > Adjacent property in Bellville acquired
- > Two-phased project
  - » Phase 1 – warehousing and distribution
  - » Phase 2 – plant upgrade, Technical Centre and offices
- > Food & Beverage activities in Western Cape to be consolidated on this site
  
- > Pursue acquisitive growth



- › Capex project at SANS
- › Integration of Much Asphalt into the pillar
- › Spare manufacturing capacity remains – prepared for any acceleration in demand



- › Domestic political and economic sentiment becoming more positive
- › Commitment by stakeholders to negotiation of workable SA Mining Charter
- › Outlook for acceleration in investment in African mining more positive
- › Sentiment in some other African countries also shifting, though concerns remain in others
- › Growth trend in global mining industry appears stable
  - » Higher commodity prices overall
- › But underground platinum and gold mining in SA a concern due to strong ZAR/US\$ exchange rate
- › Crude oil prices holding – driver for chemical input prices
- › ZAR/US\$ exchange rate overall
  - » Strength and volatility
- › Rainfall and extreme weather phenomena – a global concern

Integrate acquisitions

Preserve cash and control costs

Leverage synergies of pillar strategy

Innovation drive – Business of Tomorrow

**THANK  
YOU**