PERFORMANCE SUMMARY
BUSINESS DRIVERS
EARNINGS ANALYSED
PERFORMANCE BY SEGMENT
OBJECTIVES AND OUTLOOK
Revenue +14% to R11 972m
- Contribution from acquisitions for 6 months
- Growth in all 5 strategic pillars
- Foreign and export revenue = 42% of total revenue
  - Weaker ZAR/US$ exchange rate

Profit from operations -9% to R826m
- Impacted by strategic business realignment costs, adoption of IFRS 16 and PPA amortisation
- Excl. these +9% to R992m

EBITDA +7% to R1 346m
- Underlying +11% to R1 391m

HEPS -20% to 365c
- Underlying +7% to 492c

Interim ordinary cash dividend declared +5% to 156cps

Safety performance improved
- Progress made by acquisitions

Achieved Level 2 B-BBEE Contributor status
SAFETY: TRIR

<table>
<thead>
<tr>
<th>Year</th>
<th>TRIR</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>0.50</td>
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<tr>
<td>18</td>
<td>0.58</td>
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<tr>
<td>1H19</td>
<td>0.51</td>
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</table>

* Excluding acquisitions
Source: AECI Treasury, Bloomberg

Open 18 = 12.31
Close Jun 18 = 13.72
Ave. 1H18 = 12.30

Open 19 = 14.37
Close Jun 19 = 14.15
Ave. 1H19 = 14.20
BUSINESS DRIVERS
PGMs

Source: FitchSolutions

US$/oz

Platinum (US$/oz)  Palladium (US$/oz)  Rhodium (US$/oz)
BUSINESS DRIVERS
COBALT, COPPER AND NICKEL

Source: FitchSolutions

Cobalt (US$/t)

Copper (US$/t)

Nickel (US$/t)
BUSEINESS DRIVERS
SA MINING VOLUMES

Index

Base: 2015 = 100
Source: Stats SA

Jan to May y-o-y = -2.9%

Seasonally adjusted
Trend cycle
BUSINESS DRIVERS
AMMONIA

Source: AEL

ZAR ave. 1H18 = 4 788,83
US$ ave. 1H18 = 324,78

ZAR ave. 1H19 = 5 532,28
US$ ave. 1H19 = 310,85
BUSINESS DRIVERS
BRENT CRUDE OIL

Source: AECI Treasury, Bloomberg

US$/bbl

Open Jan 18 = 66,80
Ave. 1H18 = 70,86

Close Jun 19 = 64,43
Ave. 1H19 = 66,14
Open Jan 19 = 53,20
BUSINESS DRIVERS
SA MANUFACTURING VOLUMES

Index
Base: 2015 = 100
Source: Stats SA

Jan to May y-o-y = 1.5%

Seasonally adjusted  Trend cycle
EARNINGS ANALYSED
<table>
<thead>
<tr>
<th></th>
<th>1H19</th>
<th>1H18</th>
<th>% Change</th>
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<tr>
<td></td>
<td>Profit from ops Rm</td>
<td>HEPS cents</td>
<td>Profit from ops Rm</td>
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<tr>
<td>Reported</td>
<td>826</td>
<td>365</td>
<td>911</td>
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<tr>
<td>Strategic realignment</td>
<td>156</td>
<td>100</td>
<td>–</td>
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<tr>
<td>PPA</td>
<td>23</td>
<td>15</td>
<td>–</td>
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<tr>
<td>IFRS 16</td>
<td>(13)</td>
<td>12</td>
<td>–</td>
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<tr>
<td><strong>Underlying</strong></td>
<td><strong>992</strong></td>
<td><strong>492</strong></td>
<td><strong>911</strong></td>
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</table>
HEADING EARNINGS PER SHARE

1H19 reported: 365 cents/share
PPA: +15 cents/share
Strategic realignment: +100 cents/share
IFRS 16: +12 cents/share
1H19 underlying: 492 cents/share
## Income Statement

<table>
<thead>
<tr>
<th></th>
<th>% change</th>
<th>1H18</th>
<th>1H19</th>
<th>PPA</th>
<th>IFRS 16</th>
<th>Strategic realignment</th>
<th>1H19 underlying</th>
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<tr>
<td>Revenue</td>
<td>14,3</td>
<td>10 473</td>
<td>11 972</td>
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<td>–</td>
<td>–</td>
<td>11 972</td>
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<tr>
<td>Trading profit</td>
<td>(9,3)</td>
<td>911</td>
<td>826</td>
<td>23</td>
<td>(13)</td>
<td>156</td>
<td>992</td>
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<td>Trading margin (%)</td>
<td>(20,7)</td>
<td>8,7</td>
<td>6,9</td>
<td>0,2</td>
<td>(0,1)</td>
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<td>Share of profits</td>
<td>(11,8)</td>
<td>17</td>
<td>15</td>
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<td>Finance costs</td>
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<td>(161)</td>
<td>(242)</td>
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<td>30</td>
<td>–</td>
<td>(212)</td>
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<tr>
<td>Tax</td>
<td>(27,0)</td>
<td>(263)</td>
<td>(192)</td>
<td>(7)</td>
<td>(6)</td>
<td>(50)</td>
<td>(255)</td>
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<td>Profit after tax</td>
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<td>407</td>
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<td>12</td>
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<tr>
<td>HEPS</td>
<td>(20,3)</td>
<td>458</td>
<td>365</td>
<td>15</td>
<td>12</td>
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<tr>
<td>EBITDA</td>
<td>7,0</td>
<td>1 258</td>
<td>1 346</td>
<td>–</td>
<td>(111)</td>
<td>156</td>
<td>1 391</td>
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### STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th>R millions</th>
<th>30 Jun 18</th>
<th>30 Jun 19</th>
<th>PPA</th>
<th>IFRS 16</th>
<th>Strategic realignment</th>
<th>30 Jun 19 underlying</th>
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<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
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<td>Property, plant and equipment and intangible assets</td>
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<td>11 800</td>
<td>23</td>
<td>(574)</td>
<td>–</td>
<td>11 249</td>
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<tr>
<td>Deferred tax</td>
<td>5 525</td>
<td>5 671</td>
<td>23</td>
<td>(573)</td>
<td>–</td>
<td>5 121</td>
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<tr>
<td>Other non-current assets</td>
<td>5 578</td>
<td>5 751</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>5 751</td>
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<tr>
<td><strong>Current assets</strong></td>
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<td>Cash and cash equivalents</td>
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<td>1 549</td>
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<td>–</td>
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<td>1 549</td>
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<td>Other current assets</td>
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<td>8 832</td>
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<td>57</td>
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<td>8 889</td>
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<tr>
<td><strong>Equity</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(9 756)</td>
<td>(10 085)</td>
<td>(16)</td>
<td>(4)</td>
<td>106</td>
<td></td>
<td>(9 999)</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Lease liabilities</td>
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<td>(12 096)</td>
<td>(7)</td>
<td>521</td>
<td>(106)</td>
<td>(11 688)</td>
</tr>
<tr>
<td>Borrowings</td>
<td>(6 720)</td>
<td>(6 309)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(6 309)</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>(183)</td>
<td>(531)</td>
<td>(7)</td>
<td>–</td>
<td>–</td>
<td>(538)</td>
</tr>
<tr>
<td>Other non-current and current liabilities</td>
<td>(4 567)</td>
<td>(4 718)</td>
<td>–</td>
<td>–</td>
<td>(106)</td>
<td>(4 824)</td>
</tr>
<tr>
<td><strong>RONA (%)</strong></td>
<td>16,0</td>
<td>13,3</td>
<td>0,2</td>
<td>0,2</td>
<td>1,1</td>
<td>14,8</td>
</tr>
</tbody>
</table>
Profit from operations +9% to R992m
EBITDA +11% to R1 391m
HEPS +7.4% to 492c
Trading margin = 8.3% (‘18: 8.7%)
RONA = 14.8% (‘18: 16.0%)
Tax rate 32% (‘18: 34%)
  » Foreign withholding tax
  » Foreign tax rates
US$8m in cash dividends remitted from foreign jurisdictions
GCR rating upgraded to “A+”; stable outlook maintained
CASH UTILISATION

- Capex = R358m
  - R121m for expansion projects
  - R237m for maintenance projects, incl. AEL, Modderfontein
    - No. 9 Nitric Acid shutdown
    - Air emissions abatement projects
- Net WC to revenue of 17.9% (20.8% in ‘18)
  - Customer terms
  - Acquisitions for full period
- Excl. IFRS impact
  - Net borrowings of R4 760m
  - Gearing at 47% (55% in ‘18)
  - Cash interest cover at 6.0x
- Interim ordinary cash dividend of 156c declared
- Dividend cover of 2.4x for the period
NET DEBT ANALYSIS
FY18 vs 1H19

› Term debt repayable over 4 years (‘20 – ‘23)

› Group loan covenants:
  » Net debt to EBITDA ≤ 2,5
    ▪ 1,8
  » EBITDA to net financing cost ≥ 3
    ▪ 6,3
  » Consolidated tangible net worth ≥ R2,5bn
    ▪ R11,8bn

› Engaging with lenders to exclude IFRS 16 impact

As at 31 Dec 18
4 177
At 30 Jun 19
5 298

2,725
2,698

716
712

1,861
1,858

173
170

283
871

(1,581)
(1,549)

R millions
Lease liabilities (IFRS 16)
Term debt / Repay 2023
Term debt / Repay 2022
Term debt / Repay 2021
Term debt / Repay 2020
Short-term borrowings
Cash
PERFORMANCE BY SEGMENT
SUMMARY BY SEGMENT

<table>
<thead>
<tr>
<th>SEGMENT</th>
<th>Revenue (M)</th>
<th>Profit from Ops (M)</th>
<th>Underlying (M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MINING SOLUTIONS</td>
<td>R5 595m</td>
<td>R499m</td>
<td>R590m</td>
</tr>
<tr>
<td></td>
<td>▲ 11,4%</td>
<td>▼ 4,0%</td>
<td>▲ 13,5%</td>
</tr>
<tr>
<td>WATER &amp; PROCESS</td>
<td>R707m</td>
<td>R49m</td>
<td>R101m</td>
</tr>
<tr>
<td></td>
<td>▲ 4,3%</td>
<td>▼ 38,8%</td>
<td>▲ 26,3%</td>
</tr>
<tr>
<td>PLANT &amp; ANIMAL</td>
<td>R2 189m</td>
<td>R103m</td>
<td>R119m</td>
</tr>
<tr>
<td>HEALTH</td>
<td>▲ 16,3%</td>
<td>▼ 10,4%</td>
<td>▲ 3,5%</td>
</tr>
<tr>
<td>FOOD &amp; BEVERAGE</td>
<td>R644m</td>
<td>R27m</td>
<td>R24m</td>
</tr>
<tr>
<td></td>
<td>▲ 16,7%</td>
<td>▼ 12,9%</td>
<td>▼ 22,6%</td>
</tr>
<tr>
<td>CHEMICALS</td>
<td>R2 832m</td>
<td>R234m</td>
<td>R240m</td>
</tr>
<tr>
<td></td>
<td>▲ 21,1%</td>
<td>▼ 2,9%</td>
<td>▼ 0,4%</td>
</tr>
<tr>
<td>GROUP</td>
<td>R11 972m</td>
<td>R826m</td>
<td>R992m</td>
</tr>
<tr>
<td></td>
<td>▲ 14,3%</td>
<td>▼ 9,3%</td>
<td>▲ 8,9%</td>
</tr>
</tbody>
</table>
UNDERLYING CONTRIBUTION ANALYSIS BY SEGMENT (%)

Revenue (%)
- 1H19 Outer circle: 24, 2, 18, 6
- 1H18 Inner circle: 5, 21, 5, 18

Profit/(loss) from operations (%)
- 1H19 Outer circle: 24, 2, 13, 9
- 1H18 Inner circle: 26, 3, 12, 10

Legend:
- Mining Solutions
- Water & Process
- Plant & Animal Health
- Property & Corporate
- Food & Beverage
- Chemicals
MINING SOLUTIONS
Strong commodity prices overall
- Highest-ever gold price in ZAR terms
- Higher ammonia price in ZAR terms
- Volume decline continues in SA mining sector
- Benefits of portfolio and geographic diversity

Revenue by mineral mined (%)

- Gold: 22%
- PGMs: 22%
- Coal: 21%
- Copper: 20%
- Iron ore: 18%
- Diamond: 17%
- Uranium: 8%
- Other: 4%

1H19 Outer circle
1H18 Inner circle
<table>
<thead>
<tr>
<th>REVENUE</th>
<th>R5 595m</th>
<th>▲ 11.4%</th>
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<tbody>
<tr>
<td>PROFIT FROM OPS</td>
<td>R499m</td>
<td>▼ 4.0%</td>
</tr>
<tr>
<td>UNDERLYING</td>
<td>R590m</td>
<td>▲ 13.5%</td>
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<tr>
<td>MARGIN</td>
<td>8.9%</td>
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<tr>
<td>UNDERLYING</td>
<td>10.5%</td>
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<tr>
<td>1H18</td>
<td>10.3%</td>
<td></td>
</tr>
<tr>
<td>TRADE WC</td>
<td>17.3%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1H18</td>
<td>21.3%</td>
</tr>
</tbody>
</table>

- Good safety performance
- Revenue increase in Explosives and Chemicals
  - Growth on African continent, especially in West Africa
  - Improved plant utilisation rates and sales in Chemicals
- Growth in foreign revenue
  - 59% of total revenue
- Profit from operations
  - Good cost control
  - Forex effects
  - Customer mix benefit
- Capex
  - Focus on air emissions abatement/environmental compliance projects
- Renewed focus on WC capital management
- Social, political and currency challenges in some countries
Excellent underlying trading profit improvement
Overall bulk explosives volumes -3%
  » SA -7.6%
  » Rest of Africa +14.7%
    ▪ New contracts serviced
    ▪ Investment returns to expectations
  » Asia Pacific -7.7%
    ▪ Lower opportunistic sales in Australia
    ▪ However, secured fixed contracts with additional investment in MPUs
Initiating systems volumes -8.2%
  » Protracted strike action in gold mining sector
    ▪ Subsequent recovery
Strategic realignment project for narrow reef business executed
Tender processes at customers in progress
Dinacon acquisition, Brazil
  » Investment still in escrow account
  » Company registration completed
  » Transfer of 8 key licences in progress
Review of SA narrow reef mining market undertaken

Objective: AEL to remain a sustainable and responsible local supplier to the SA mining industry and aligned to new Mining Charter

“Get Healthy”, “Get Strong” and “Get Business” phases

- Leaner organisational structure
  - Fewer executives and managers
  - Streamlined support functions
  - Resized manufacturing complement
- Once-off customer engagements for sustainability support
- Higher plant utilisation rates and reduced buy-ins
- Fit-for-purpose logistics and distribution channels
- Future consolidation of AECI Mining Solutions back offices

Project payback target = FY19

Annualised benefits of at least R200m anticipated in future years
Marked improvement in specialty collector sales

Increases also in flocculants

» Benefits of direct exports strategy
  (Ghana and Zambia)
» Sales to Madagascar resumed

Local sales of liquid xanthate declined

» Reduced demand
» Electricity supply constraints in 1Q

Xanthate expansion project

» Enabled higher sales of solid xanthate
» Plant now running at 80% of capacity
  ▪ Current customer demand higher than current capacity for solid xanthate
  ▪ Debottlenecking and optimisation options being assessed

Good 1H19 for surfactants business
### MINING CHARTER REQUIREMENTS

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<thead>
<tr>
<th>Level 4 Contributor</th>
<th>Level 2 Contributor</th>
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<tbody>
<tr>
<td>HDP Owned and Controlled 51%</td>
<td>HDP Owned and Controlled 53.95%</td>
</tr>
<tr>
<td>Local Content 60%</td>
<td>Local Content &gt;60% (verification underway)</td>
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</tbody>
</table>

### AECI SCORE

- **Level 4 Contributor**
- **Level 2 Contributor**

#### MINING CHARTER

**REQUIREMENTS**

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<tr>
<th><strong>MINING CHARTER</strong></th>
<th><strong>AECI SCORE</strong></th>
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#### EMPowerLogic

**AECI Limited and Subsidiaries**

- **Measured Entity**
  - Company Name: AECI Limited and Subsidiaries
  - Registration Number: 1994/0005790
  - VAT Number: 4009193539
  - Address: 24 The Woodlands
  - Woodlands Estate
  - Sandton

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<th>Requirements</th>
<th>B-BBEE Score</th>
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<td>75.00%</td>
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<td>45.00%</td>
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<td>45.00%</td>
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**Issue Date:** 20/02/2019

**EmpowerLogic (Pty) Ltd**

- **Reg No:** 1994/0005790
- **B-BBEE Verification Agency:** SANAS
- **Member - Verification Committee:**
- **SANAS Accredited:**

**This certificate unifies any previous certificates issued by the Measurement Entity. The certificate is the result of an independent and impartial verification of the B-BBEE status of the measured entity by the assumed Verification Agency in accordance with the B-BBEE Act 53 of 2013. The validity of the certificate is ensured as long as the digital signature and its component are maintained. The Technical Specification is subject to change as and when required.**
PLANT & ANIMAL HEALTH
Performance included 6 months of Schirm (’18: 5 months)

Amortisation of intangible assets
- PPA = R17m (’18: nil)

### Nulandis

- Improvements in both revenue and profit
  - Late onset of summer rains boosted performance in 1Q
  - Higher sales of in-house products improved profitability
  - Footprint expanded – new agents appointed

- SupPlant project roll-out commenced

<table>
<thead>
<tr>
<th>VOLUME</th>
<th>▲ 13,7%</th>
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<tbody>
<tr>
<td>REVENUE</td>
<td>R2 189m</td>
</tr>
<tr>
<td>▲ 16,3%</td>
<td></td>
</tr>
<tr>
<td>PROFIT FROM OPS</td>
<td>R103m</td>
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<tr>
<td>▼ 10,4%</td>
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</tr>
<tr>
<td>UNDERLYING</td>
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<tr>
<td>▲ 3,5%</td>
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<td>5,4%</td>
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<tr>
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</tr>
<tr>
<td>1H18</td>
<td>22,2%</td>
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Schirm

› Lower demand for fungicides and herbicides from major customers in Europe

› Higher costs
  » New plant not adequately loaded - delayed registration of key product and customer

› Equivalence report/registration received from EU authority in June
  » Registrations in 20 EU countries, by customer, expected to be completed in 1Q20

› Good progress in shifting volumes to fine chemicals

› Solid performance from US business, with good cash generation
WATER & PROCESS
Underlying performance

› TP up 26%
  » Improved quality of business with lower cost to serve
  » Cost control initiatives
  » Realignment project benefits
  » Recovery of outstanding debt

South Africa

› Overall good performance
  » Market share gains
  » Volume recovery as drought effects dissipated

Exports

› Volume growth >30%
  » Ghana tender awarded and deliveries commenced
  » Increase in exports to Uganda
  » Exports to Tanzania still on hold
Objective: realign go-to-market model to enhance capabilities and improve service delivery and efficiencies

“Get Healthy”, “Get Strong” and “Get Business” phases

- Total impact of R52m on TP in 1H19
  - Cost neutral for FY19
- Market optimisation
  - New go-to-market model in SA
  - Enhanced internal capabilities
    - Improved service delivery
    - Efficiencies throughout supply chain
  - Export route to market optimisation
- Internal cost optimisation

Annualised benefits of at least R100m anticipated in future years
FOOD & BEVERAGE
Revenue growth in commodities, juice concentrates, bakery, sauces and dairy categories

Notwithstanding very weak consumer trading environment

Margins under pressure as competition to maintain volumes increased

Export sales negatively impacted by hard currency availability issues in Zimbabwe
CHEMICALS
**Base business**
- Poor market sentiment and production rationalisation/closures at customers
- Volumes flat
  - Lower sulphur sales and sulphuric acid exports
- Revenue +2%
- TP -11.7%
  - Margins under pressure
  - Less favourable product and customer mix
- Significant improvement in working capital control
- Good cash generation by operations

**Much Asphalt**
- Overall performance above expectations
- Continued strong performance in Western Cape
- SANRAL delays in projects continued
- Upturn in DoT and Metro work
  - Albeit with pressure on margins
- Working capital well below 10%
- Level 1 B-BBEE Contributor status maintained
Zero Harm
» Rolled out Group-wide and progress made against 2020 milestones
» Improved performances at Schirm and Much Asphalt

Delivery of Schirm and Much Asphalt to expectations
» Much Asphalt ahead of expectations in 1H19
» Product registrations at Schirm

Integration and delivery to expectation of Dinacon, Brazil
» Awaiting transfers of key licences
Delivery of capex projects
» Explosives (incl. compliance-related): on track for completion per schedule
» Mining chemicals: xanthate production nearing capacity
» SANS single stage polyester fibre plant: ramping up and commercial production commenced in July

Execution of AEL and ImproChem realignment projects
» On target

Diligent cash management
» Good WC discipline overall
» Good cash generation
### Mining Solutions
- Good performance expected to be sustained in Explosives and Chemicals
- Value creation from realignment project
- Stronger sales of xanthate pellets anticipated

### Water & Process
- Outlook more positive, including benefits of business realignment
- Good momentum established in export sales
- Water Security for Africa project initiated

### Plant & Animal Health
**Nulandis**
- Outlook for Western Cape promising, given rainfall so far this season

**Schirm**
- Product registrations in progress by customer and new contracts secured for new season
Food & Beverage
» Trading environment, including retail sector, expected to remain difficult
» Agreements signed with major customer for significant volume offtake

Chemicals
» Growth in SA’s manufacturing sector remains subdued and customers are under pressure
» Outlook for Much Asphalt is more promising, into ’20

» Historically, stronger 2H for Group as a whole
» Maintain focus on cost efficiencies and diligent cash management, including WC claw-back
» Ongoing portfolio management in context of business environment
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