AECI Limited

Presentation to
Investors and Media

27 and 28 July 2004

Summary

- Solid performance against background of strengthening rand, weak local manufacturing sector and decline in gold mining
- Improved trading profit from all businesses in portfolio, except specialty fibres
- Volumes, in aggregate, increased by 6%
- Pressure on selling prices
- Excellent results in property
- EE transaction announced in AEL

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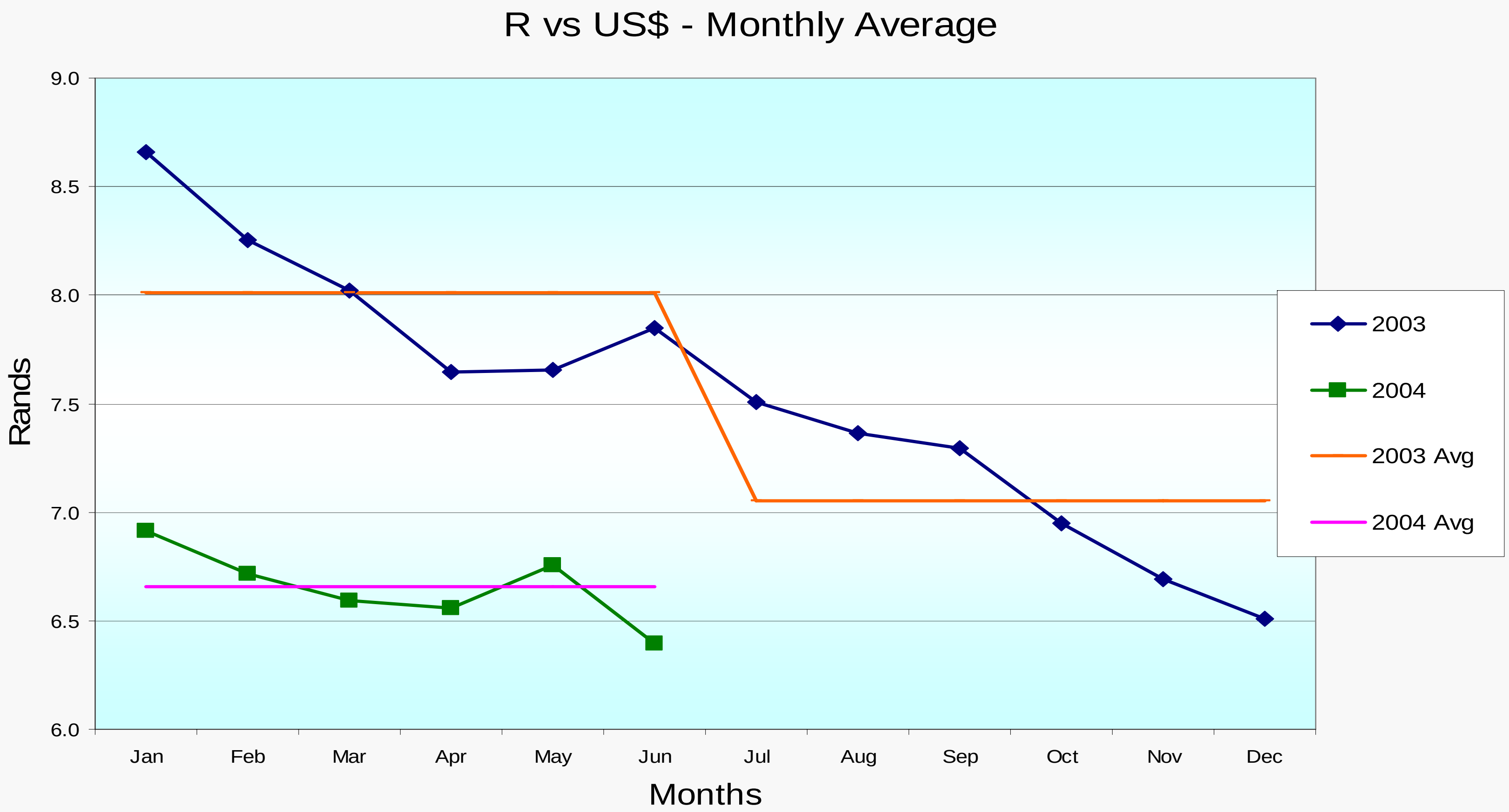
External environment

- Dominated by the strengthening rand



External environment

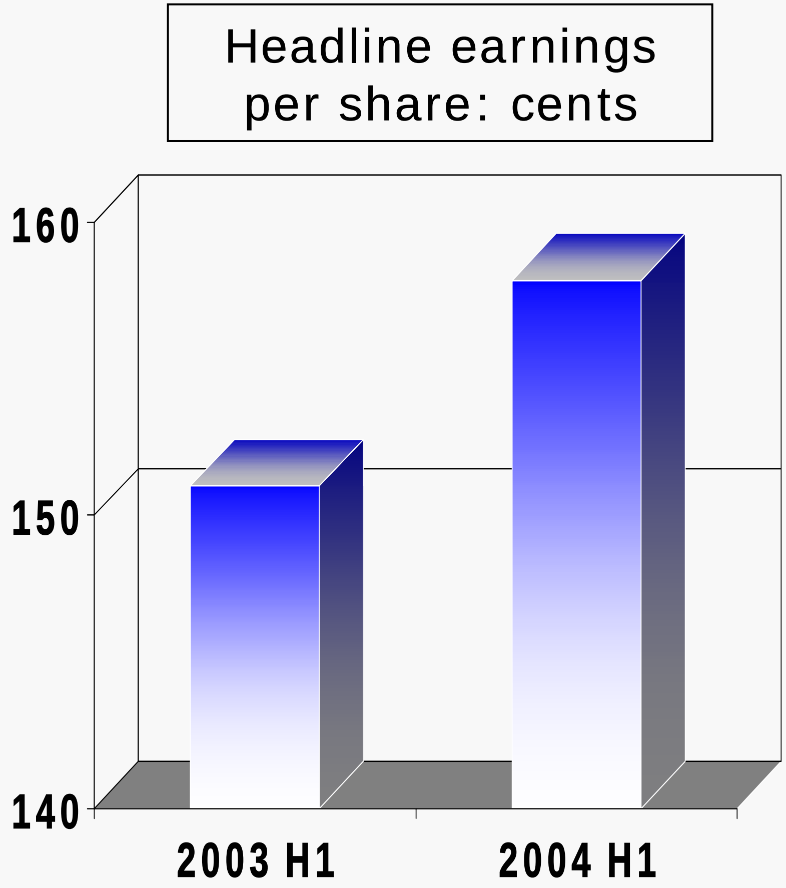
- Favourable commodity prices, lower interest rates and strong retail demand stimulated growth in real GDP
- Manufacturing volumes rose on account of domestic demand; export volumes receded
- Competition from China and eastern region
- Consumer confidence improved

External environment

- Global economy gained momentum since mid-2003, stimulated by growth in China and Asia
- Upward trend in crude oil price, supported by growth and geopolitical tensions
- High fuel prices and supply/demand imbalances caused fluctuations in certain raw materials
- This continued to moderate fortunes of chemical industry

Results for 2004 H1

- **HEPS +5%**
- **Volumes +6%**
  - **Acquisitions and PET**
- **TP margin declined by 0.4 percentage points**
  - **Much influenced by SANS**
- **Revenue +3%**
  - **Domestic revenue +5%**
- **Foreign sales -4% in rand but +16% in dollars**



Rand impact on 2004 H1

- Well managed on average; Group benefits from lower input costs; contribution margins maintained; deflationary prices
- Strong rand has negative impact on Group, particularly export revenues and margins (SANS Fibres) and African businesses (AEL and Dulux)
- Import threats increasing, but partly cushioned through value added business proposition
- Necessitates continued review of cost base

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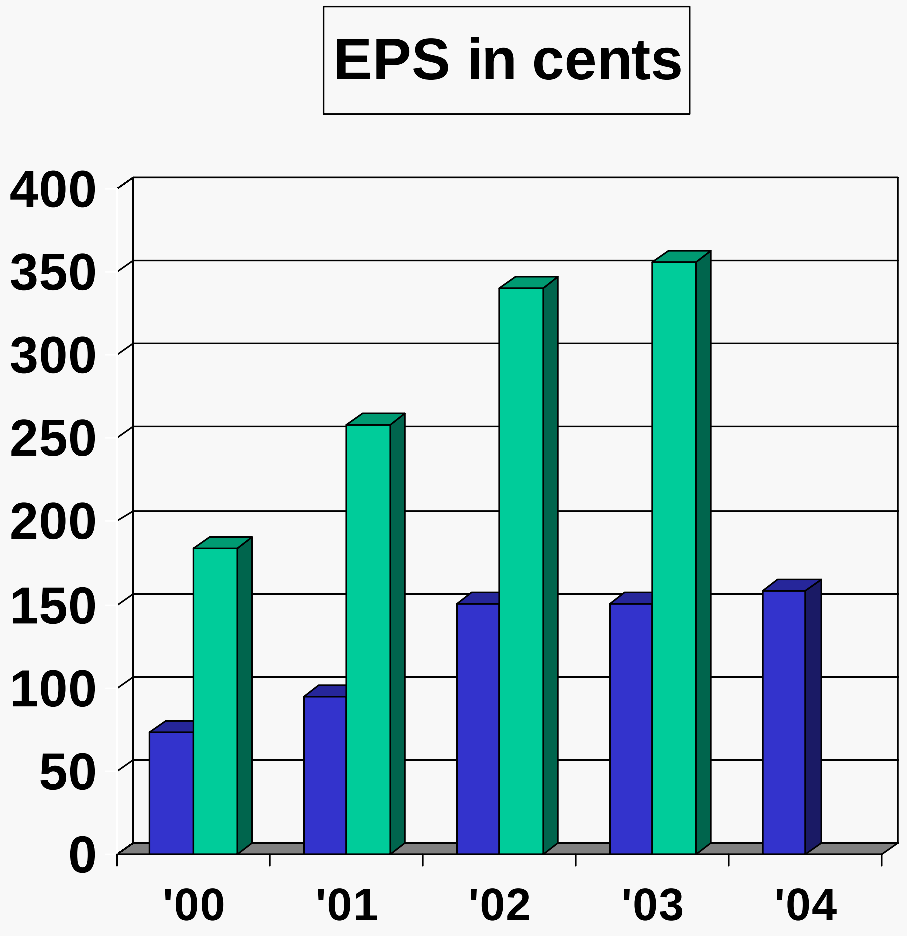
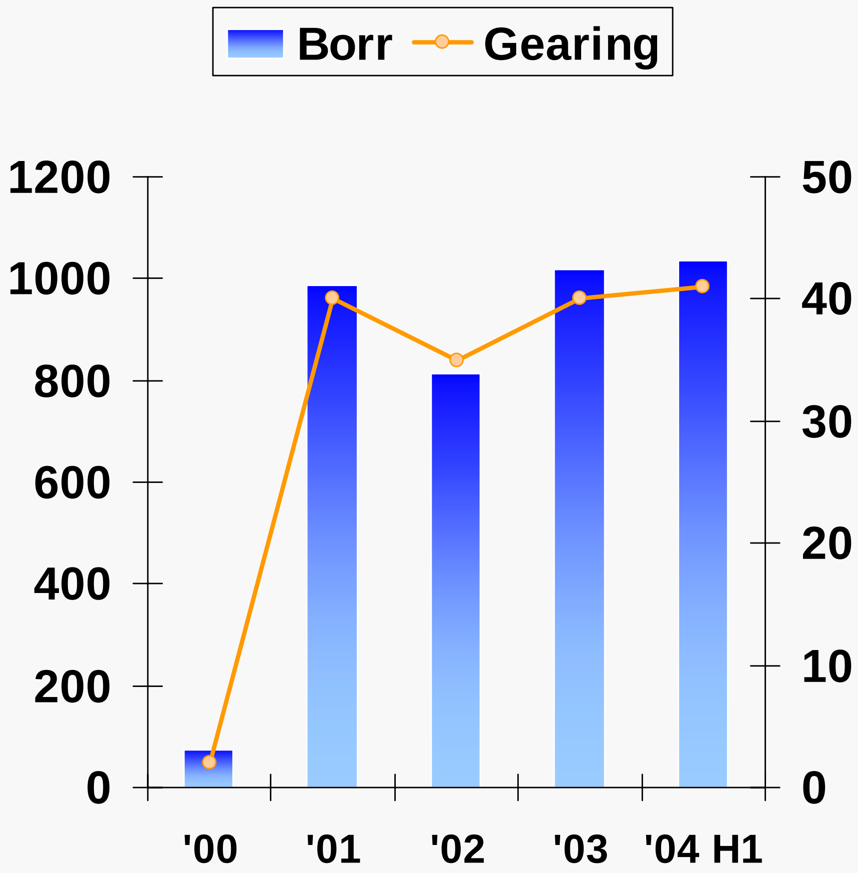
Solid performance

- Maintained earnings in spite of large currency effect, particularly in SANS



Balance sheet

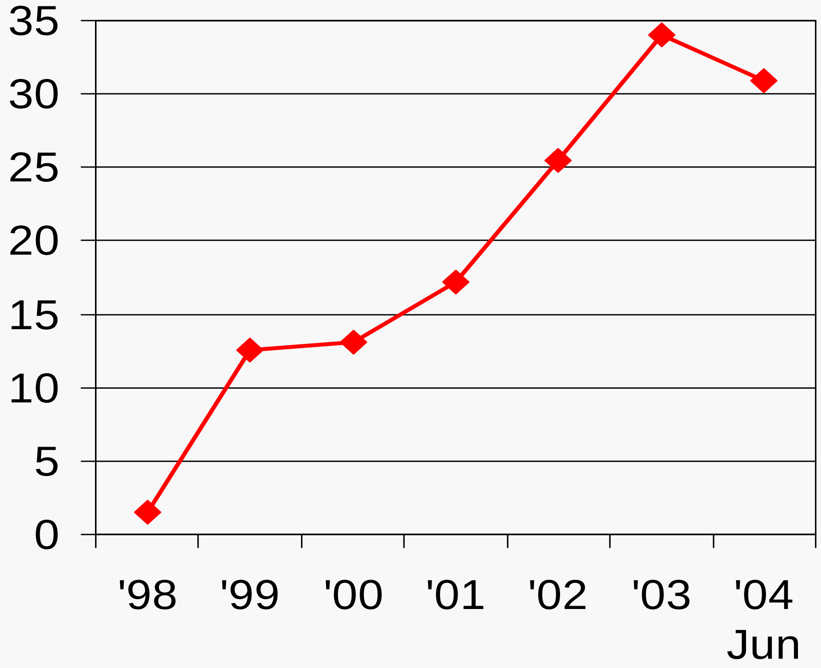
- Net borrowings R1 034m, gearing 41%
- Capital expenditure R116m
- WC 15%
- Cash interest cover improved further to 6.7 times
- Tiso transaction effective 1 July



Share price

- Graph adjusted for R6 special dividend, November 1999
- Declined relative to industrial index

Rand per share



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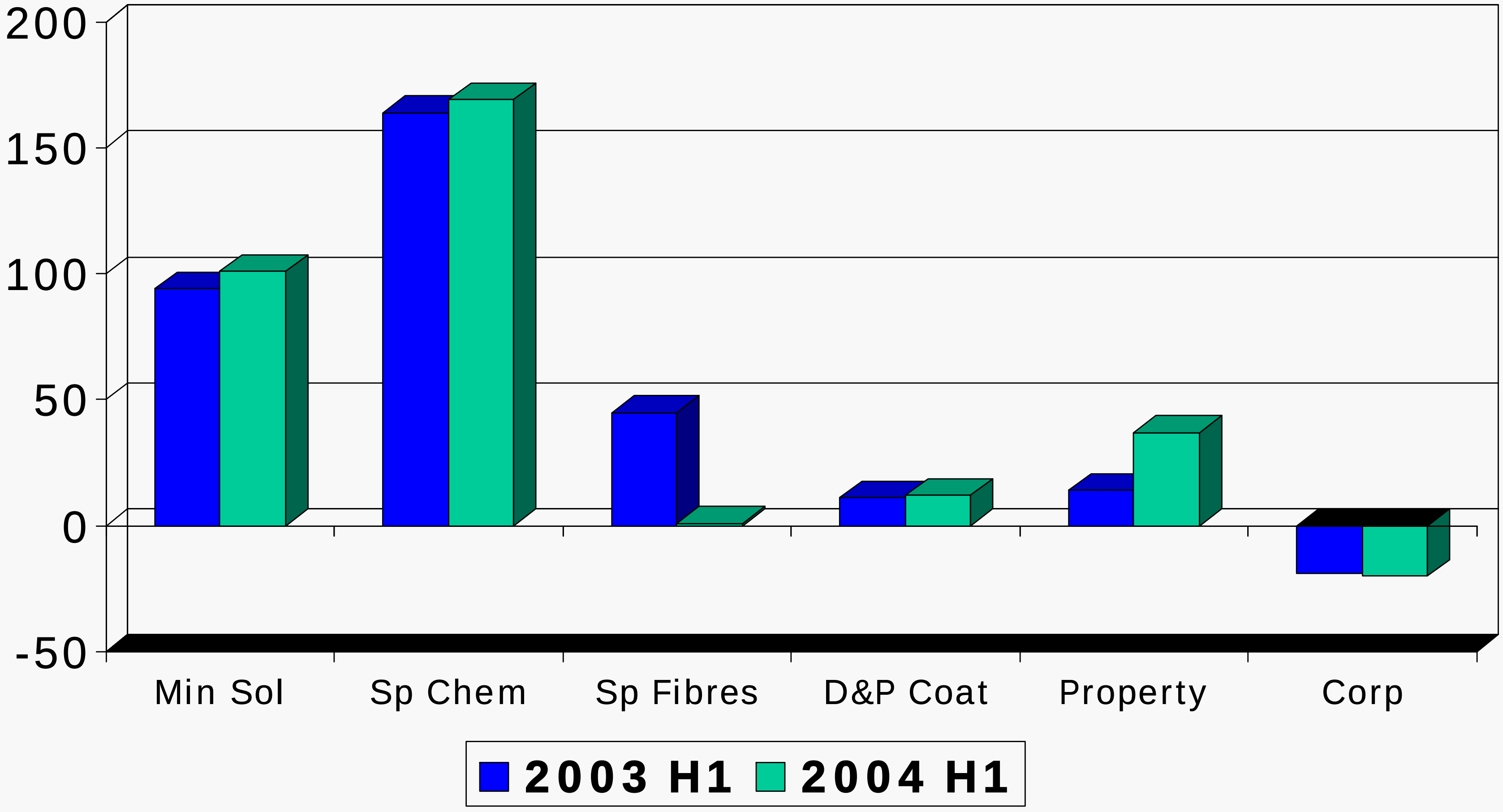
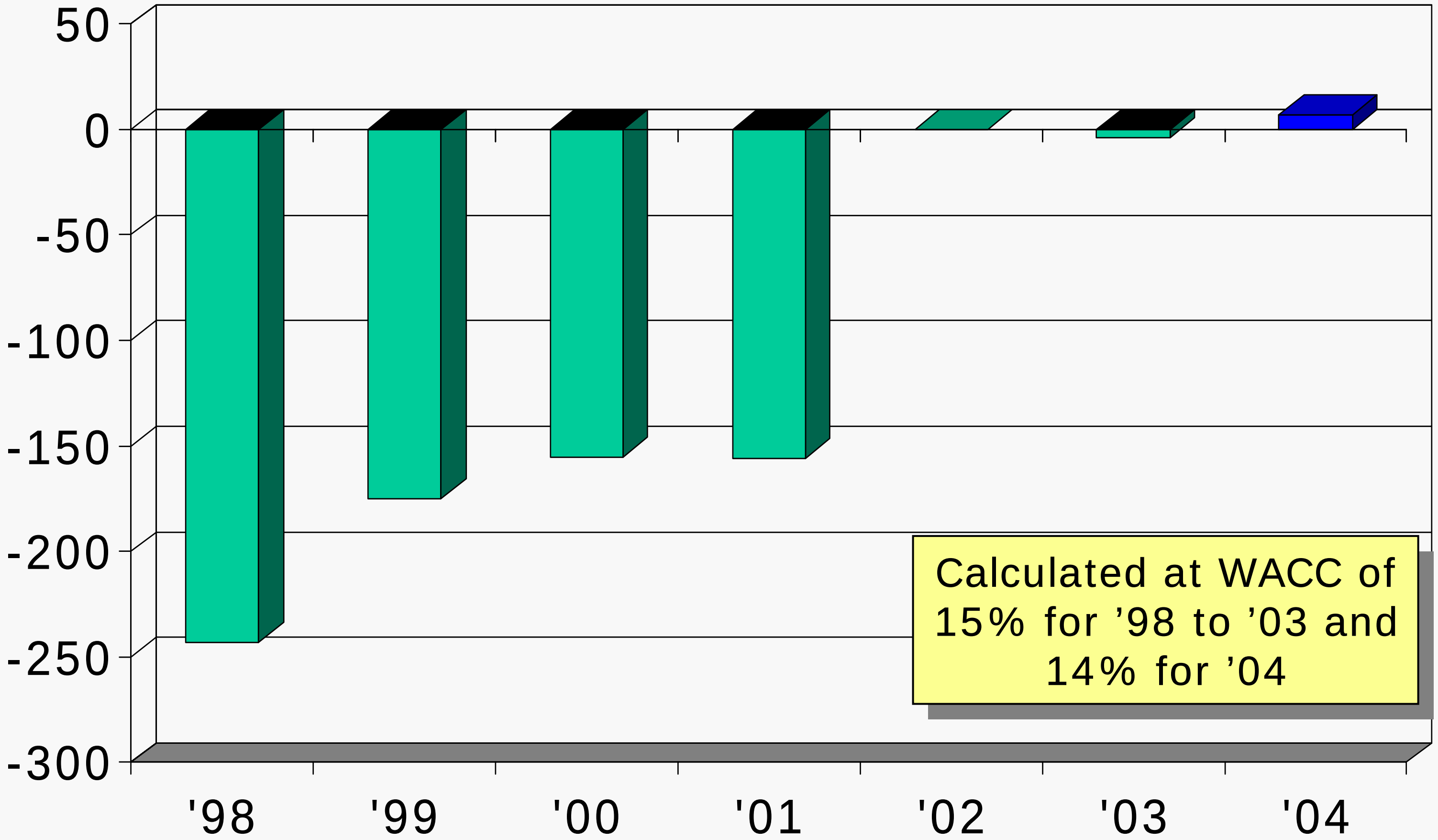
Segmental trading profit



Group EVA® (Rm)



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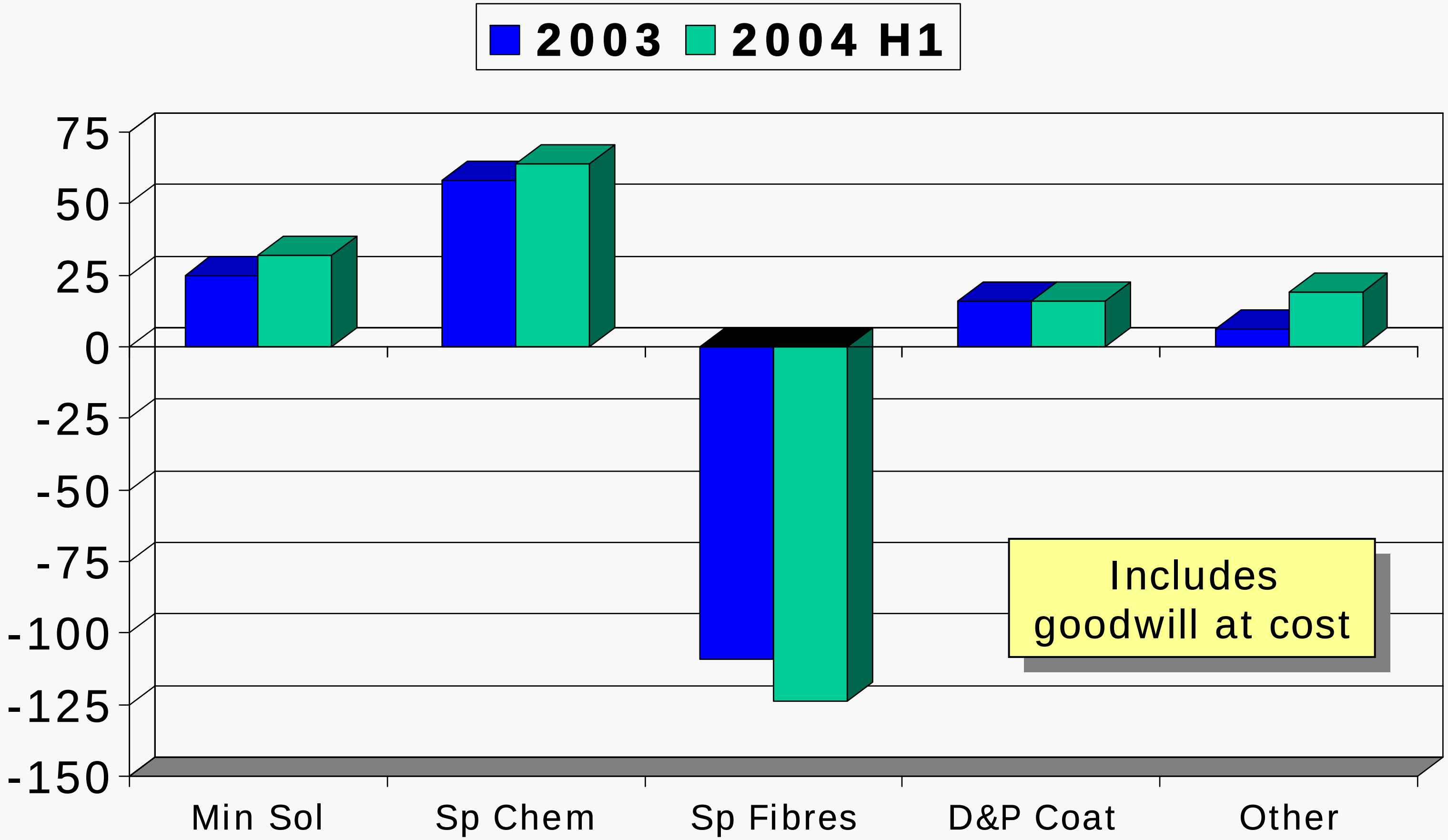
EVA® by business (Rm)



Mining solutions

- Revenue R1 045m (+6%); TP R101m (+7%)
- Margin 9.7% (9.5%)
- Further growth in local platinum partly offset decline in gold mining and currency effects
- African markets stable except Zimbabwe
- Imports of state-subsidised initiators from China: Response
  - **Aggressive cost reduction options**
  - **Dumping and other regulatory protection being sought**

Mining solutions

- Restructuring: R11m charge recognised in period and a possible additional R20m expected over next 18 months
- EE update
- DetNet progress
  - **Technology development on track**
  - **Joint venture and approvals**
  - **Launch of international product planned for Q4 2004**

Specialty chemicals

- Revenue R1 615m (+5%); TP R169m (+3%)
- Margin 10.5% (10.7%)
- Pressure on rand prices; gross margins maintained
- Intensified imported competition
- AECI Coatings update and future strategy
- Mining chemical cluster; merged Senmin and Pelichem, service package development and growth options

Specialty chemicals

- Continue with exploratory phase for EE opportunities
- Operational options; restructuring, plant relocations and/or selective closure
- Active working platform for acquisition growth

Specialty fibres

- Revenue R810m (-13%); TP R1m (-98%)
- Margin 0.1% (4.8%)
- Overriding factor remains currency strength against dollar(R8.02 in H1 2003 compared to R6.65 in H1 2004)
- In dollar terms revenue increased by 8% and gross margin by 1%. (Mix effect; larger growth in PET than yarn)
- Restructuring on schedule: nylon apparel plant closed end 2003
- Employee numbers reduced by 17% year-on-year
- New product/market development on schedule

Specialty fibres

- Break-even at Stoneville compared to R6m loss in H1 2003: improved volumes, prices
- Future strategy
- Product development to fill LDI plants on track
- Improved margin on HDI yarns by moving into more specialised end uses; market short
- Further debottlenecking on PET to meet growing local demand
- Further cost savings

Specialty fibres

- Strengthening of rand could put further pressure on profitability at SANS
- Invited to visit on 3 September for detailed discussion on actions, strategy, product development and plant tour

Decorative & packaging coatings

- Revenue R301m (+3%); TP R12m (+9%)
- Margin 4.0% (3.8%)
- Seasonal business
- Strong performance in South Africa, volume growth

Property

- Revenue R168m (+100%); TP R37m (+164%)
- Healthy demand continues in low interest rate environment and improved business confidence
- Good long-term prospects at Modderfontein and Somerset West, depending on demand, remediation and other issues eg. Gautrain

In conclusion

- Currency strength had significant impact on results
- Portfolio performed well on balance; property activities compensated for reduction in fibres
- Several cost control measures introduced and ongoing
- EE deal announced for AEL

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