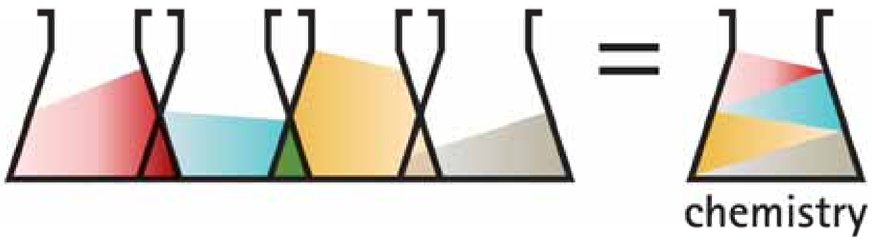
AECI

Financial results: 2007

Presentation to investors, analysts and media



26 and 27 February 2008

Summary

- Comparable HEPS -7%, if ignore Pension Fund agreement, Milnerton transaction, SANS closure costs, income on pension fund surplus
- Revenue at record levels, > R11.3b
- Impressive growth of Chemserve continues
- AEL plagued by intense competition and additional expenses associated with slower than planned ramp-up of new facility
- Major capital programme of R1.4b on track

Summary

- “Restocking” the property pipeline; development potential of portfolio communicated
- Sold Dulux
- Closed unprofitable segments of SANS; pursuing end game
- Final dividend unchanged
- Announced share buy-back

Business environment

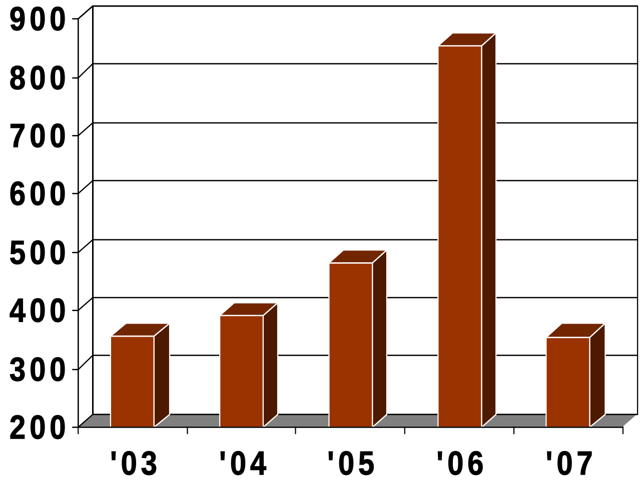
- SA economy grew 5%, but slowing
- Variable consumer-driven demand and local manufacturing slowing
- Mining patchy, aided by commodity prices
- Rand more volatile since Jan. '08
- Inflation outside target range
- Oil and other raw materials increased
- Energy crisis

Impact on AECI

- Demand for products slowed in Q4
- Volatile and rising input costs
- Margin pressures
- Production disruptions in ’08
- Numerous customers affected by power outages

Results for 2007

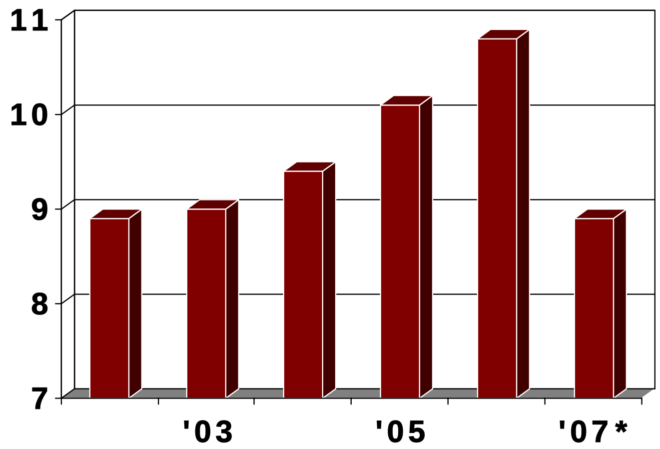
- HEPS -58%, but …
- 2006 included 210cps PRMA and 202cps from Milnerton
- 2007 includes -98cps for SANS closures and 43cps for return on pension fund assets
- Excluding these, reduction = 7%



Headline earnings per share (cents) as published

Results for 2007

- Volumes mixed
  - Chemserve +8%, explosives flat, detonators -17%
- Foreign sales +21% in rand for continuing operations

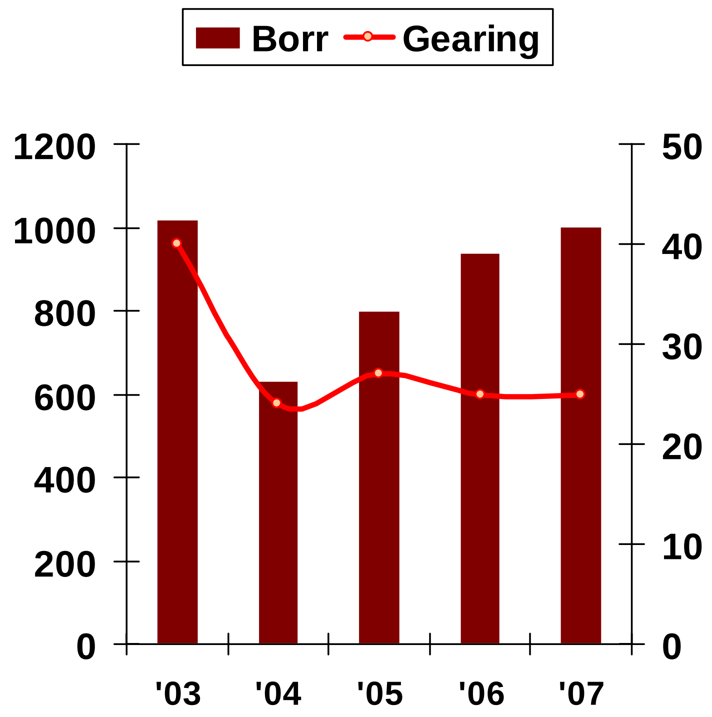


Trading margin (%)

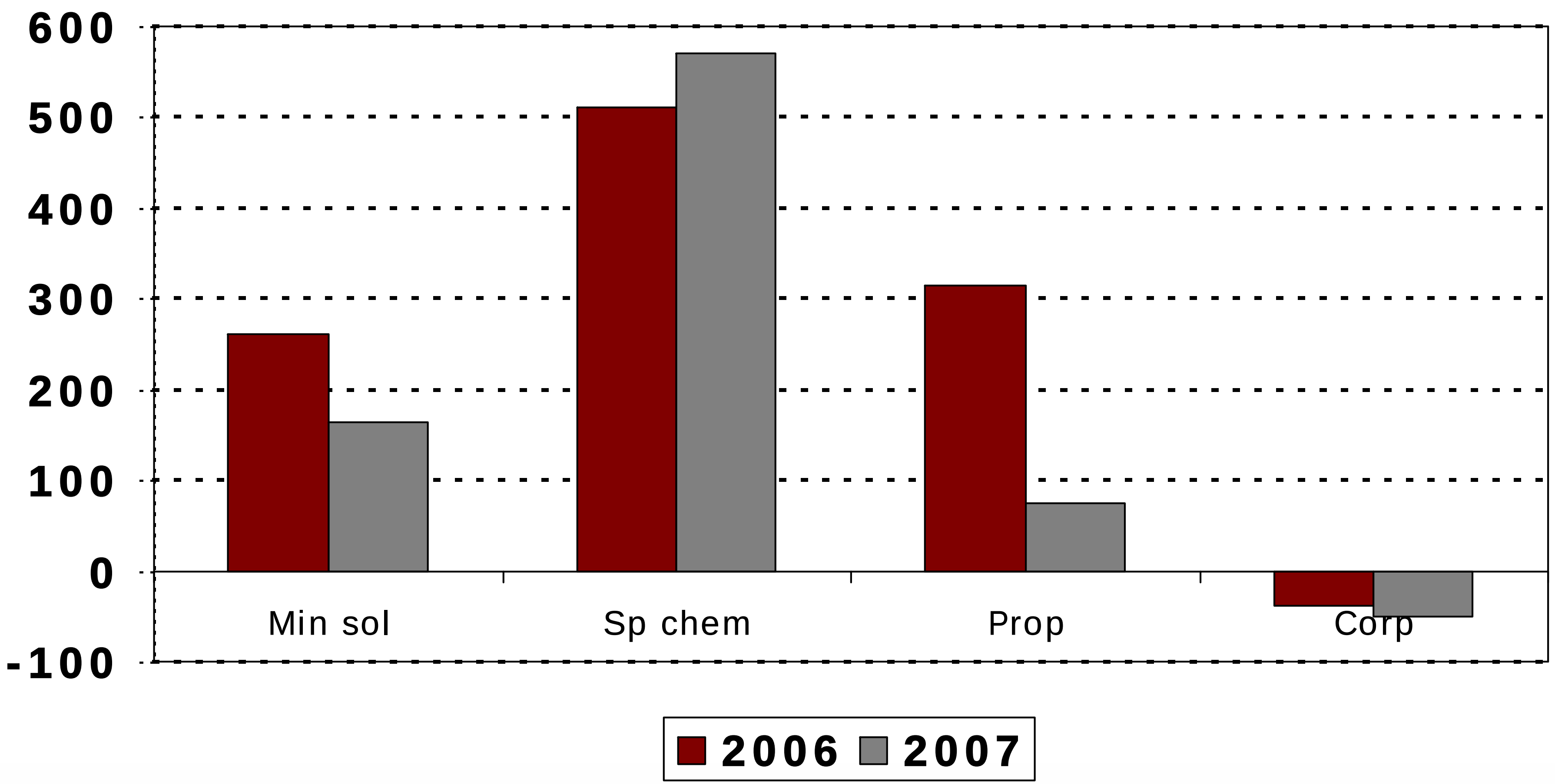
*** '07 - continuing operations**

Financial

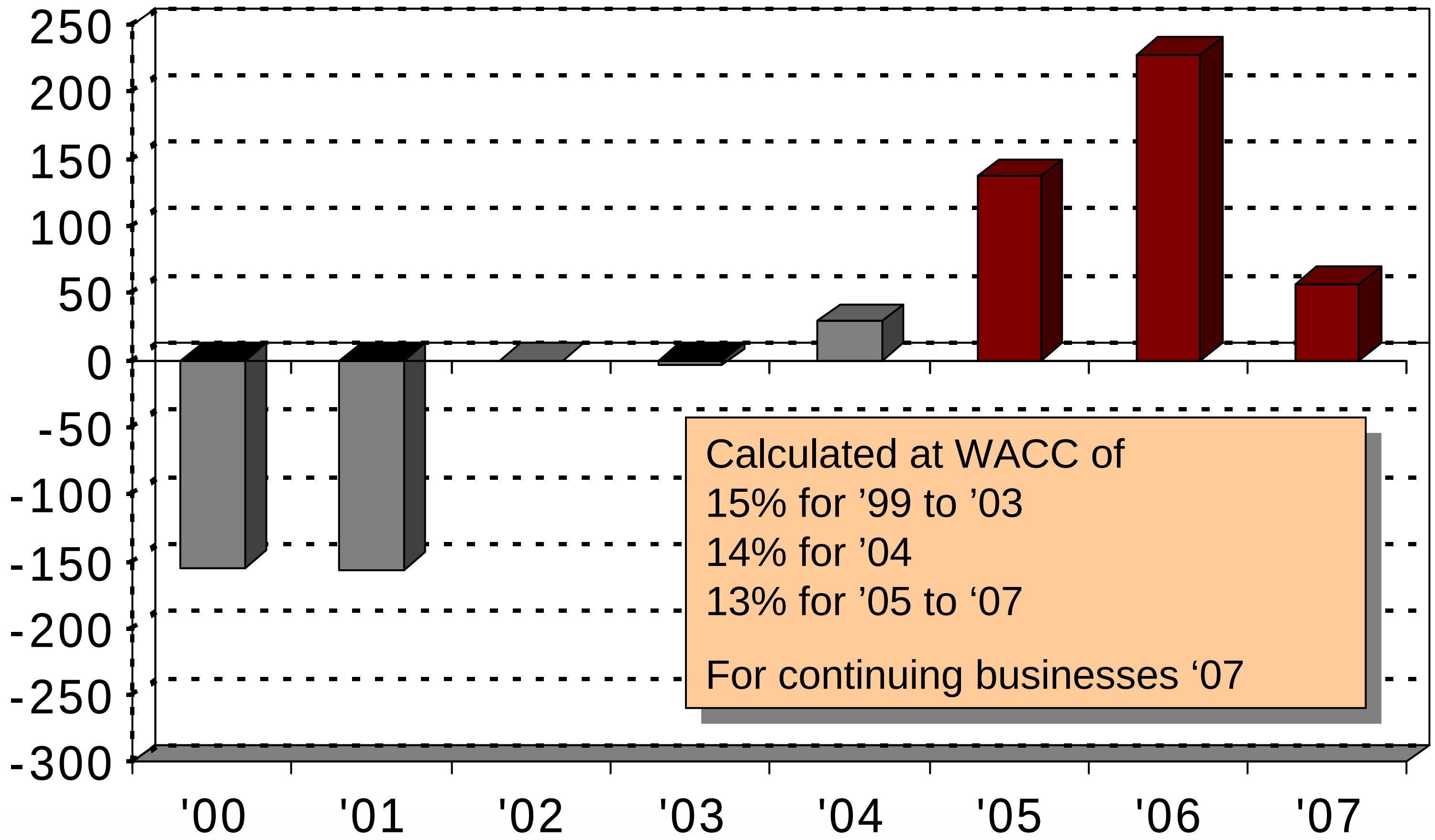
- Capex R688m, including R380m for expansion projects; R455m higher than depreciation charge
- Capex will peak at R1bn this year
- WC 17.8% at year-end, in target range
- Borrowings up by R61m to R1 001m = unchanged gearing ratio of 25%
- Cash interest cover 7x



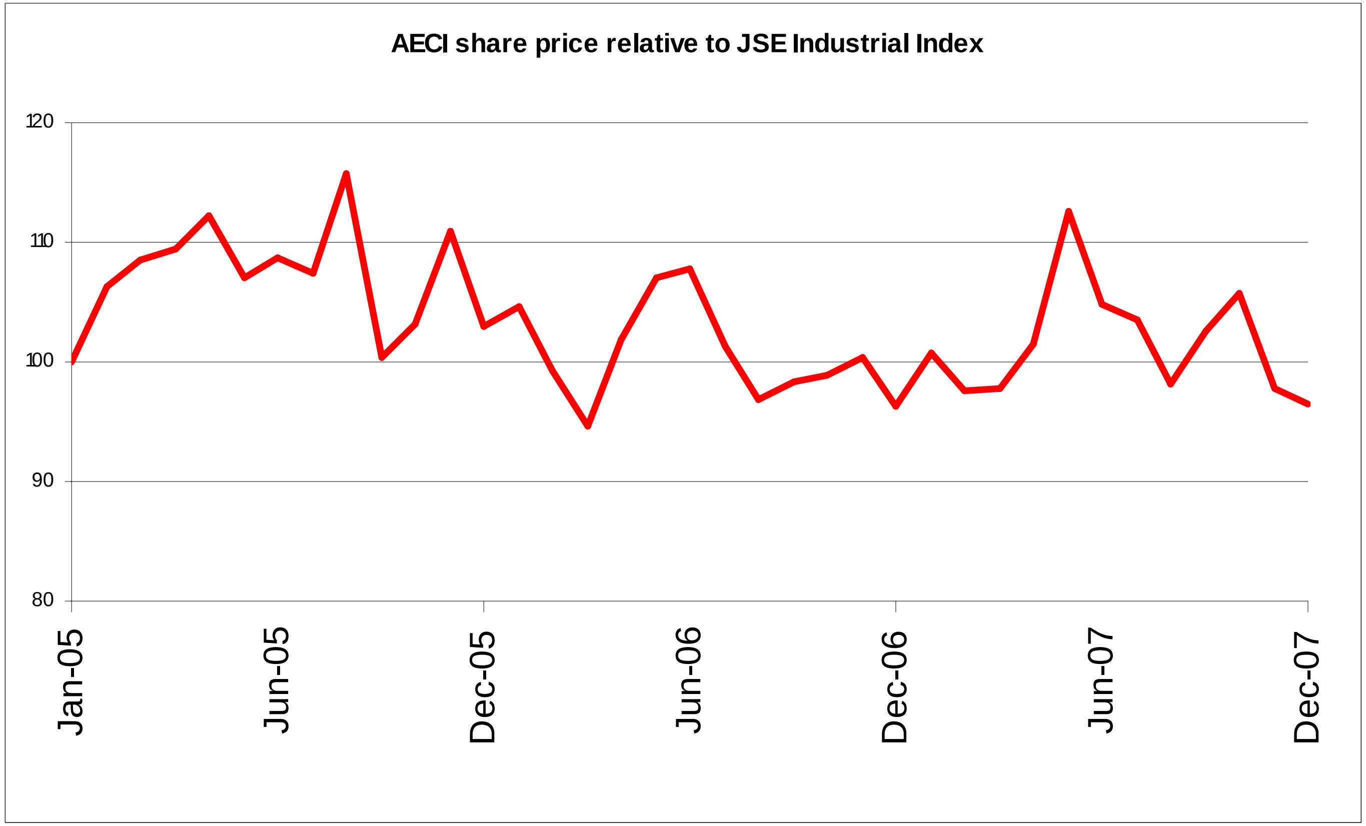
Segmental trading profit (Rm)



Group EVA® (Rm) = update graph



Share price


AECI share price relative to JSE Industrial Index
120
110
100
90
80
Jan-05
Jun-05
Dec-05
Jun-06
Dec-06
Jun-07
Dec-07

Chemserve

- Revenue R5 633m (+19.2%);   TP R567m (+13.2%)
  - margin 10.1% (10.6%)
  - mainly organic growth, small contribution from two small acquisitions
- Relentless increase in oil, chemical, energy and transport costs
- Relatively steady rand and weakening dollar pressured manufacturing sector - cost increases difficult to recover in full
- Attention to fixed costs helped maintain margins
- Demand driven by precious and base metal mining, infrastructure and construction, some consumer sectors

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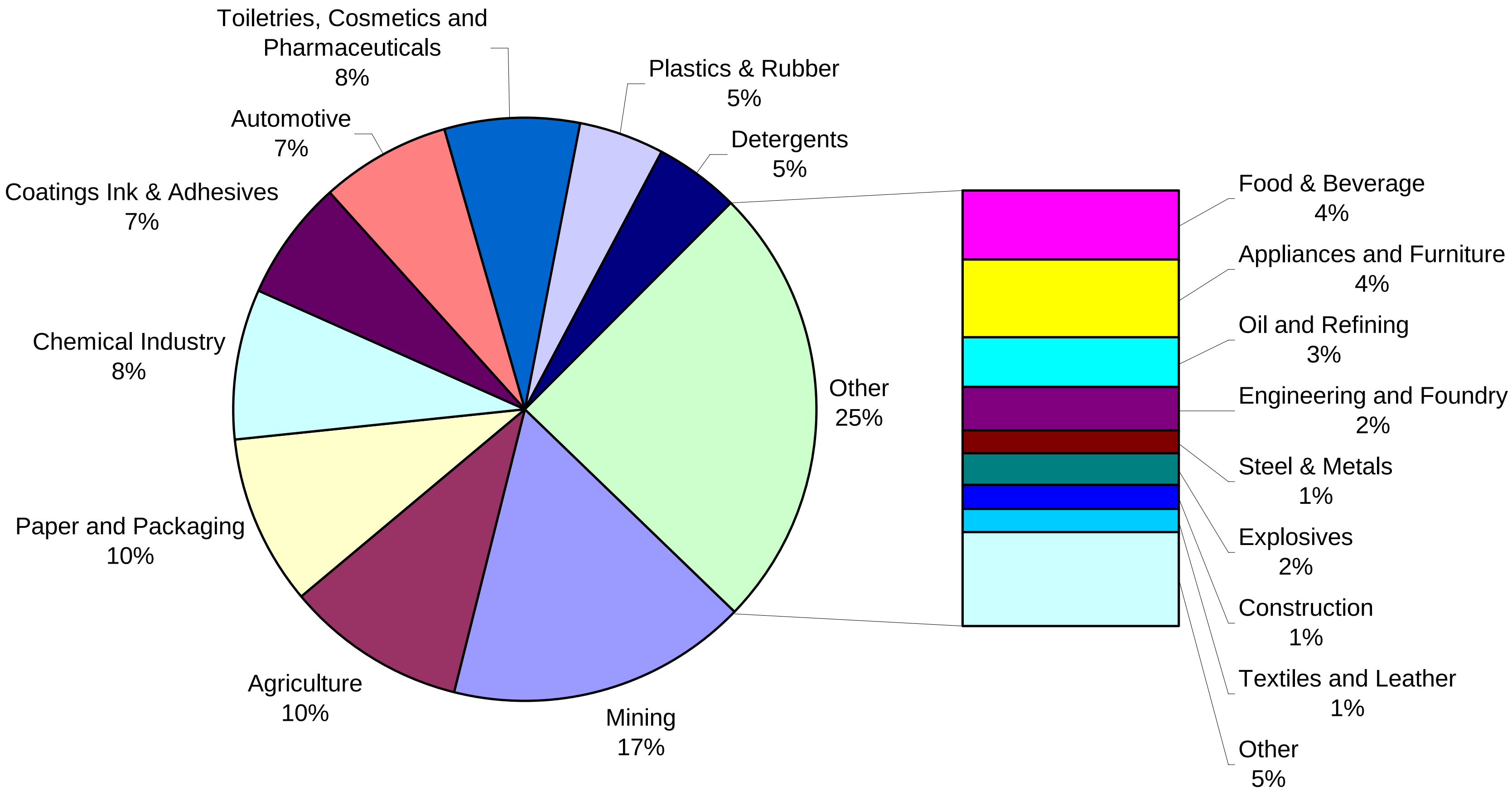
Chemserve



Sales by industry

Chemserve growth strategies

- Mining chemicals
  - Vendor management projects continue
- Acquisitions
  - In discussions with parties in RSA and abroad
- Brazilian country strategy
  - Column and expansions at Resitec progressing well
- African step out strategy
  - Business in Southern Africa growing

Chemserve capital investment programme

Mining chemicals

AM & PAM	R387m	Q1'09
CS_2 & xanthates	R265m	Sep'08 – Q1'09
Guar expansion	R30m	Aug '08

Other capital investments

Akulu sulphonation	R75m	Q4'08
Fractionation column	R$19m (R80m)	Q4'08

Chemserve

Mining chemicals installations

Chemserve

Mining chemicals installations

Chemserve

Fractionation plant, Lages, Brazil

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Chemserve outlook

- Electricity shortage expected to impact on markets and costs in ’08
- Greater benefits from previous investments and growing market for mining chemicals
- Expansions and market development in Resitec expected to show results
- Steady increase in Southern African business anticipated

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AEL context

- In middle of 5-year strategic journey
- Historical high market share in capped fuse being converted to shocktube
- Major capital programme (R560m) underway - re-invents production platform
- Strategic logic of projects remains compelling
  - World class facility
  - Critical mass (100m shocktube units)
  - Large local market
  - Export potential

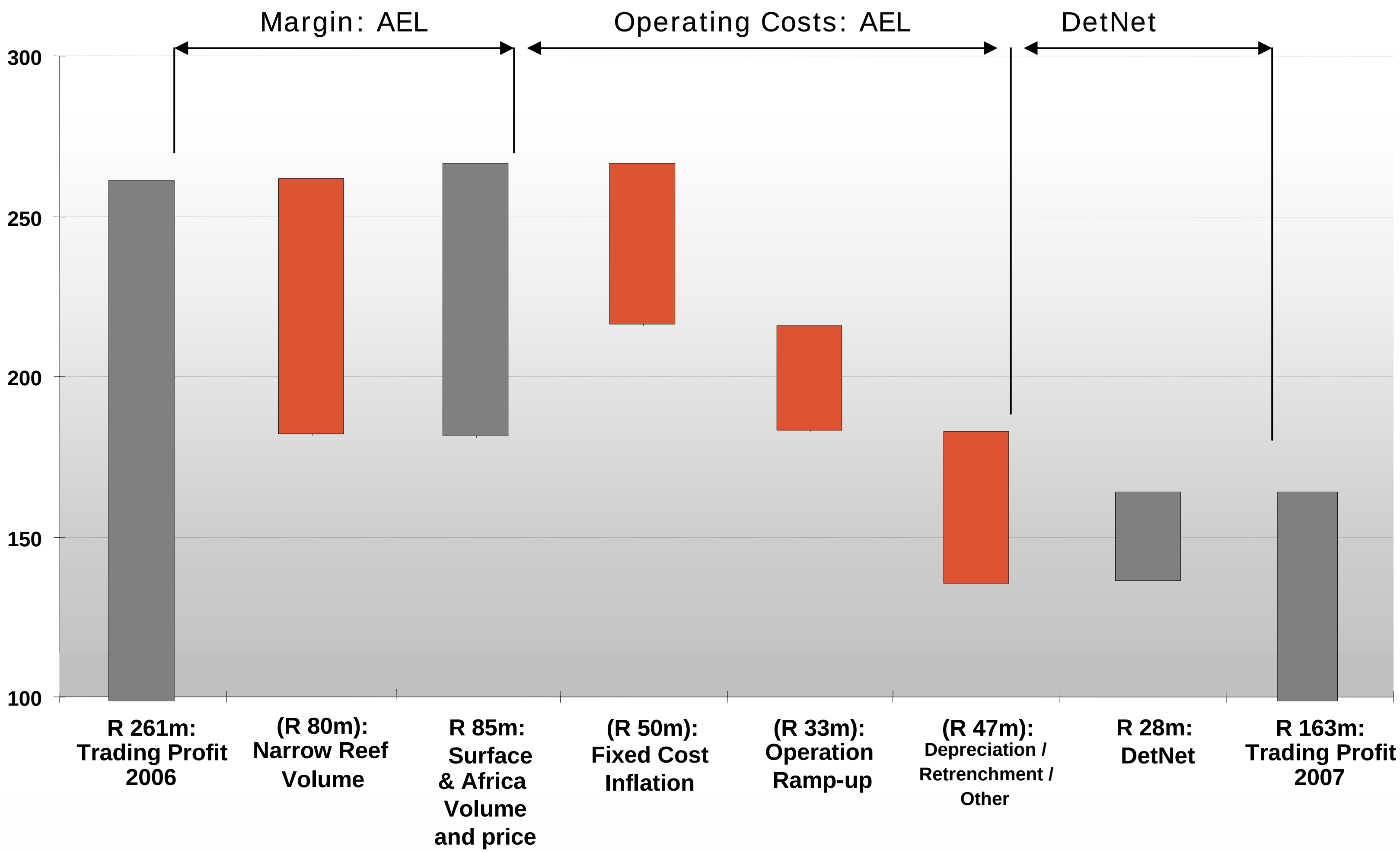
AEL context

- Expected financial return of projects remains attractive
  - Operating cost savings: R120m pa, and
  - Margin improvement: R80m pa
- Slower ramp-up of first phase has not delayed expected completion date of mid ’10
- First off-shore shocktube assembly operation being established in SE Asia, commissioning in Q3’08
- Reduced market share and mining volumes in narrow reef make transition more difficult, but have not changed fundamentals of the journey

AEL results

- Revenue R2 699m (+8.4%);   TP R163m (-37.5%)
- Margin 6.0% (10.6%)
- Volumes in SA surface business grew strongly
- Volumes in rest of Africa: pleasing growth, even better potential in ’08
- Weaker 2H’07 compared to ’06 in narrow reef
- Market share loss and mining volume decline in narrow reef had major negative effect
- Ammonia prices steady in ’07 with little “ammonia squeeze”; volatile in ’08
- Fixed costs well controlled, but additional expenses for running old and new plants impacted negatively

AEL 2006 - 2007



AEL project update

- Modernisation and automation programme in full swing
- First phase, project Bernice (R77m), commissioned Q1’07; ramped up to 60% of design capacity
- Ramp up slower than expected due to inter-batch powder variation
- Technical solution found, being installed
- Bernice expected to ramp up to full design capacity in Q3’08
- Next automation phase, project Charlize (R104m), designed to double Bernice’s detonator capacity, manufacture shocktube, install automated assembly

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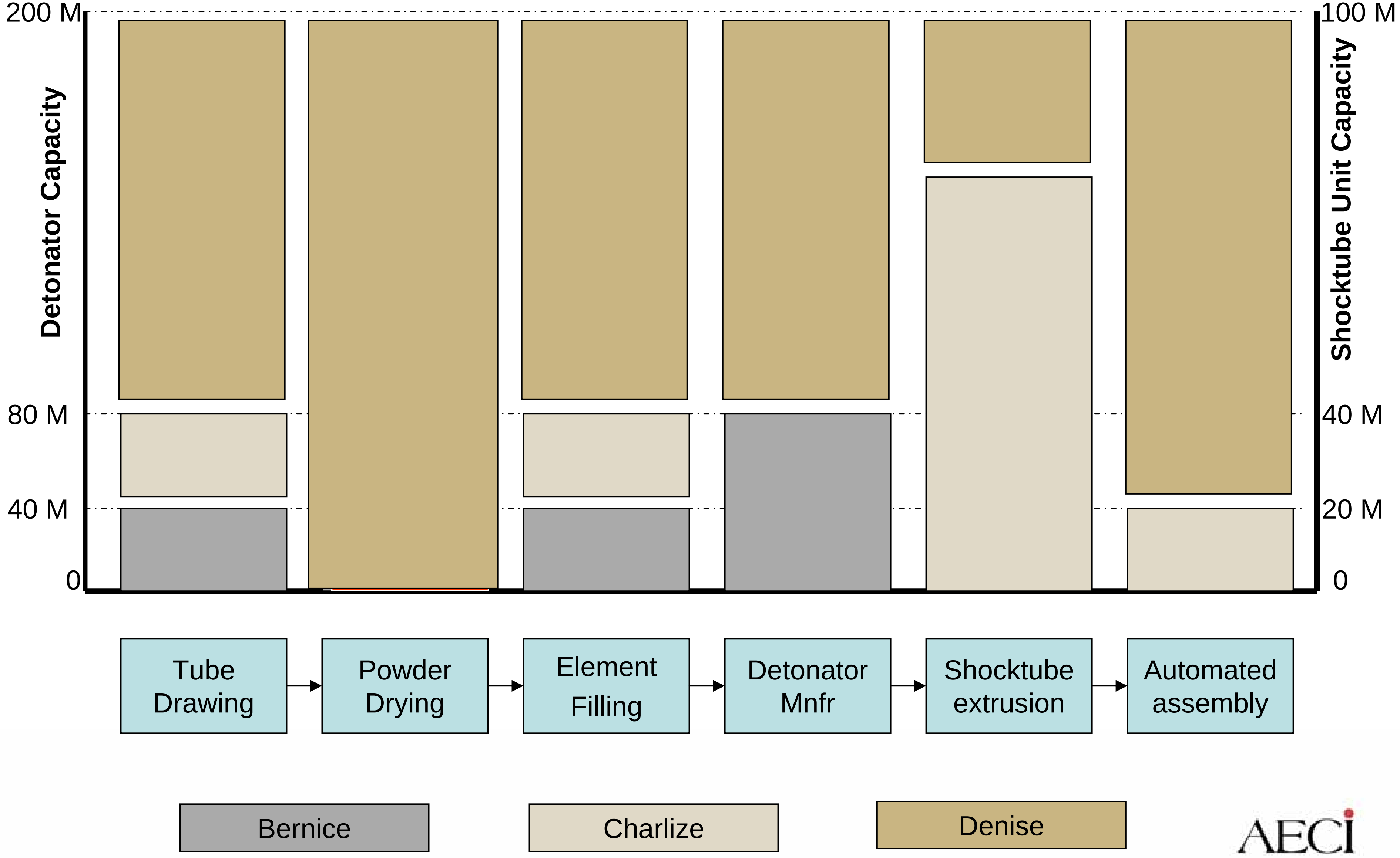
Project update: capacities



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AEL: Factory of the Future

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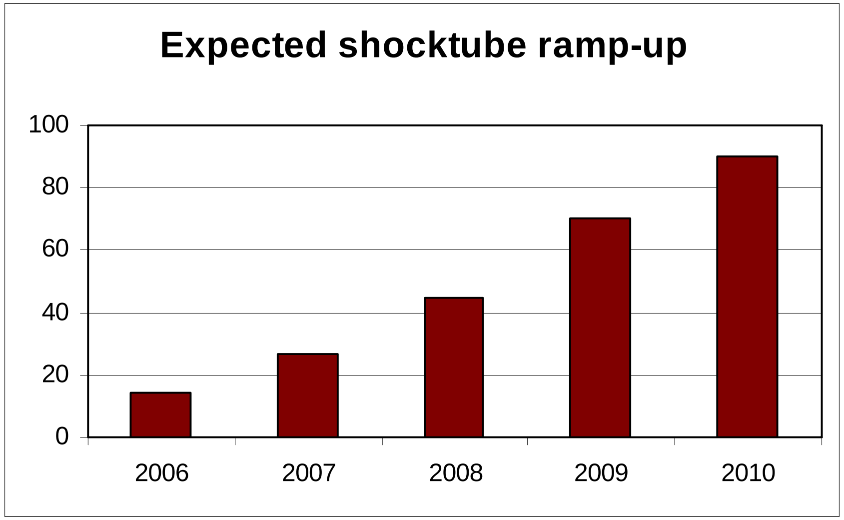
AEL project update

- Key parts of project Charlize commissioned; preparation for field trialing and ramp-up underway
- Expenditure on final phase, project Denise (R375m) including new powder drying system brought forward
- Achieved 85% increase in shocktube production in ’07; targeting similar increase for ’08



DetNet

- New business model implemented
- International volumes up sharply (280%), off a low base
- SmartShot introduced in Australia; 100 000+ units sold
- African sales of electronic detonators continued to grow
- Small trading profit in ’07

Heartland

- Revenue: R451m; TP R75m
  - Property sales R220m
    (86 hectares; 160 000m^2 bulk + rights for 500 residential units)
  - Leasing revenue R127m
  - Services R104m
- Includes R83m for environmental remediation
- Net cash outflow of R48m, after expenditure of R67m on remediation and R70m on infrastructure

Heartland

- Two property sale transactions in progress but not completed by end '07 as anticipated
- These expected to take place in '08
- Gautrain
  - Good progress
  - Planning for basic infrastructure for station in progress

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Gautrain station at Modderfontein

Gautrain works at Modderfontein

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Bulk sewer at Somerset West

Heartland

- Conservation park
  - Final area of about 275ha surveyed
  - Subdivision and rezoning application submitted
  - In line with AECI’s policy of social responsibility
  - Aim: have an ecological and aesthetic resource with organised access

Heartland outlook

- 2 320ha of original 4 300ha excess land available remain; most will be sold over next 10-15 years
- Estimated that total developable bulk, with current town planning principles, is about 14 million m^2
- Third party valuation in progress
- Next 3 years: approvals from planning authorities expected for
  - 1 250 000m^2 of commercial and industrial bulk rights, plus
  - 10 000 residential opportunities
  - over 400ha
- R150m earmarked for infrastructure investment in ’08

SANS Fibres

- USA
  - Acquired remaining 50% (R60m) when Unifi Inc exercised put option as per shareholders’ agreement
  - Total ownership simplified search for alternative owners
- Closures
  - Decided to close polyester and nylon HDI at end ’07
  - Major reasons: operational losses from ongoing over-investment in polyester yarn plants in Far East; closure of NHDI local customer
  - 770 staff retrenched

SANS Fibres

- Status
  - Continue search for new owners for PET
  - In negotiations for NLDI
  - Assets have been impaired to indicative sales offers for NLDI and valuations for PET
  - Finality expect in ’08

SANS Fibres

Financial impact	Rm
• Retrenchment and closure cost	117
• Impairment of plant, spares & other	314
• Total (pre tax)	431

Remaining net asset value 31 Dec ’07: 358

Net cash impact: anticipated net inflow in ’08 300

Dulux

- Sale
  - Effective 1 October
  - Cash consideration R745m
  - Gain less than previously expected – seasonal surge in working capital

Power crisis

- Apart from SANS, the recent outages had limited impact on Group's manufacturing plants
- Delivery of products, particularly mines, adversely affected
- AECI participating in number of task teams to deal with crisis
- Member of Energy Intensive User Group
- Evaluating response to 10% load reduction target
- Unscheduled and unannounced load shedding highly disruptive
- Evaluating co-generation projects; depends on availability of gas
- Electricity for expansion projects expected to be available
- After closures at SANS, Group consumption currently 24% lower than Eskom baseline period

Strategy

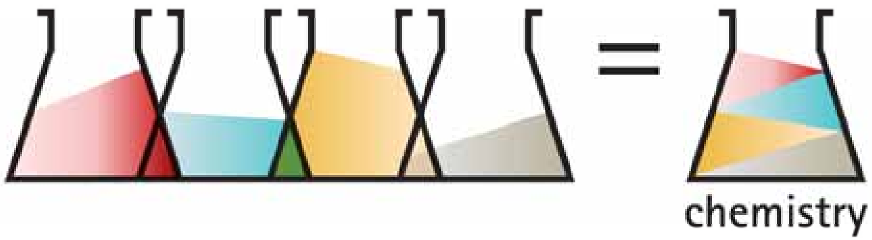
- Focus on specialty products and services for manufacturing and mining industries
- Africa and selected other regions
- World class facilities
- Quality people
- Superior returns
- Unlock property value

Outlook

- Trading outlook for next year challenging with high energy costs, high interest rate environment, weaker rand and uncertainty regarding power supply
- Expect improved results from Chemserve and Heartland in ’08
- Beyond ’08, benefits of capital investments and remediation and infrastructure spend should deliver significantly improved results

Calendar

- 15 May: AEL presentation, Johannesburg
- 26 May: AGM
- 29 July: Half-year results released
- 29 July: Presentation, Johannesburg
- 30 July: Presentation, Cape Town
- Q3: Heartland presentation, Cape Town


chemistry