

FINANCIAL RESULTS

For the half-year ended 30 June 2013

Presentation

24 and 25 July 2013



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PRESENTATION

Outline

- > Overview
- > Business environment and overall performance
- > AECI results analysed
- > Specialty chemicals
- > Explosives
- > Property
- > Outlook and focus



1

overview

PERFORMANCE

Highlights

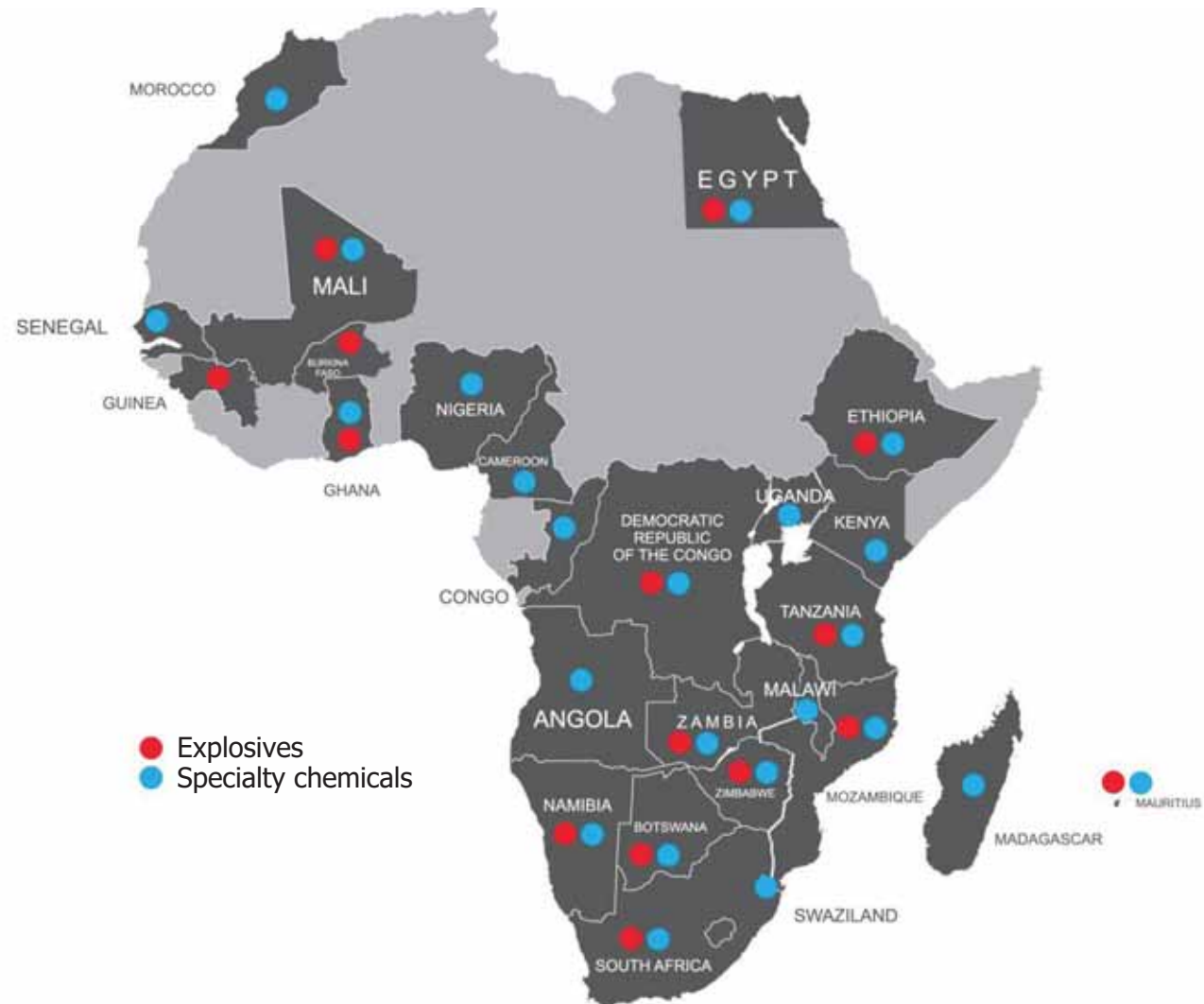


- › Revenue up 13% to R7 223m
- › Profit from operations up 28% to R612m
- › Volumes up 3,7% (excl. sulphur trading)
- › HEPS up 236% to 356c
- › Final cash dividend of 105 cps up 35% compared to 78cps in 1H12
- › Gearing at 35% from 51% in Jun '12 (33% in Dec '12)
- › BBRI investment progressing well – strategic AN supply for AEL in Indonesia

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business environment
and overall performance

GROUP AFRICAN FOOTPRINT



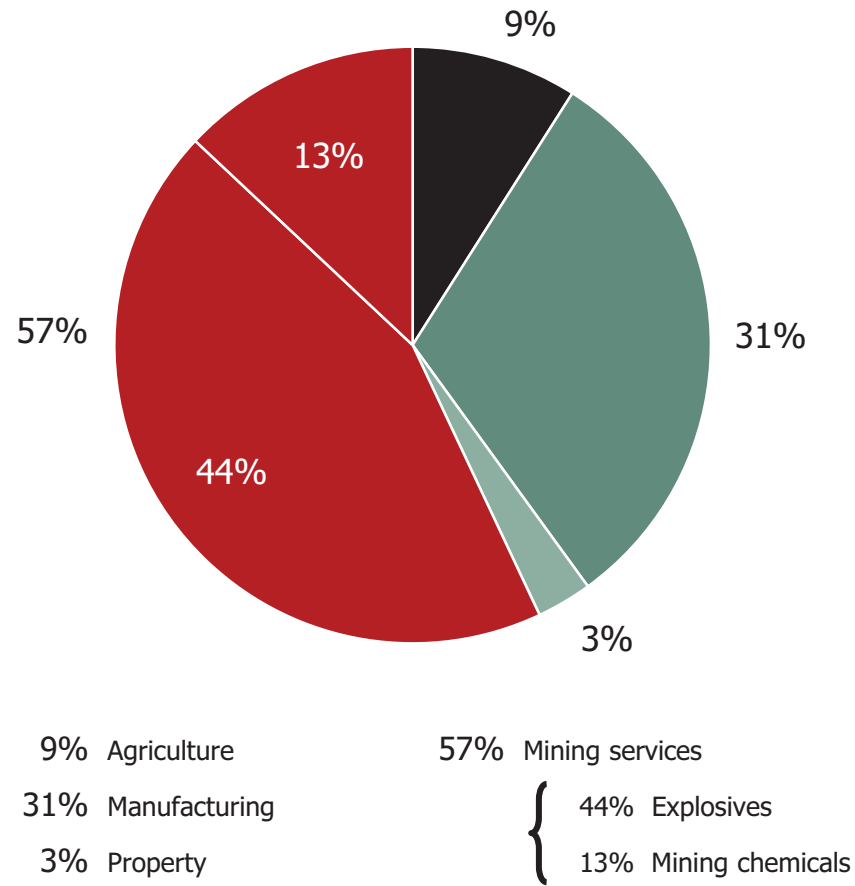
BUSINESS ENVIRONMENT AND PERFORMANCE



Summary

- › AECI delivered a good performance in a difficult trading environment
- › Depressed global growth and challenging SA mining and manufacturing sectors made Group volume growth difficult
- › Businesses again responded with tight cost management
- › Weak ZAR/US\$ exchange rate helped mining sector but had little impact on manufacturing customers
- › Prices increased mainly on back of weaker rand, but margins under pressure
- › Healthy pipeline of acquisitions and growth projects
- › Industrial relations environment remains sensitive
- › Chemicals industry wage negotiations concluded successfully

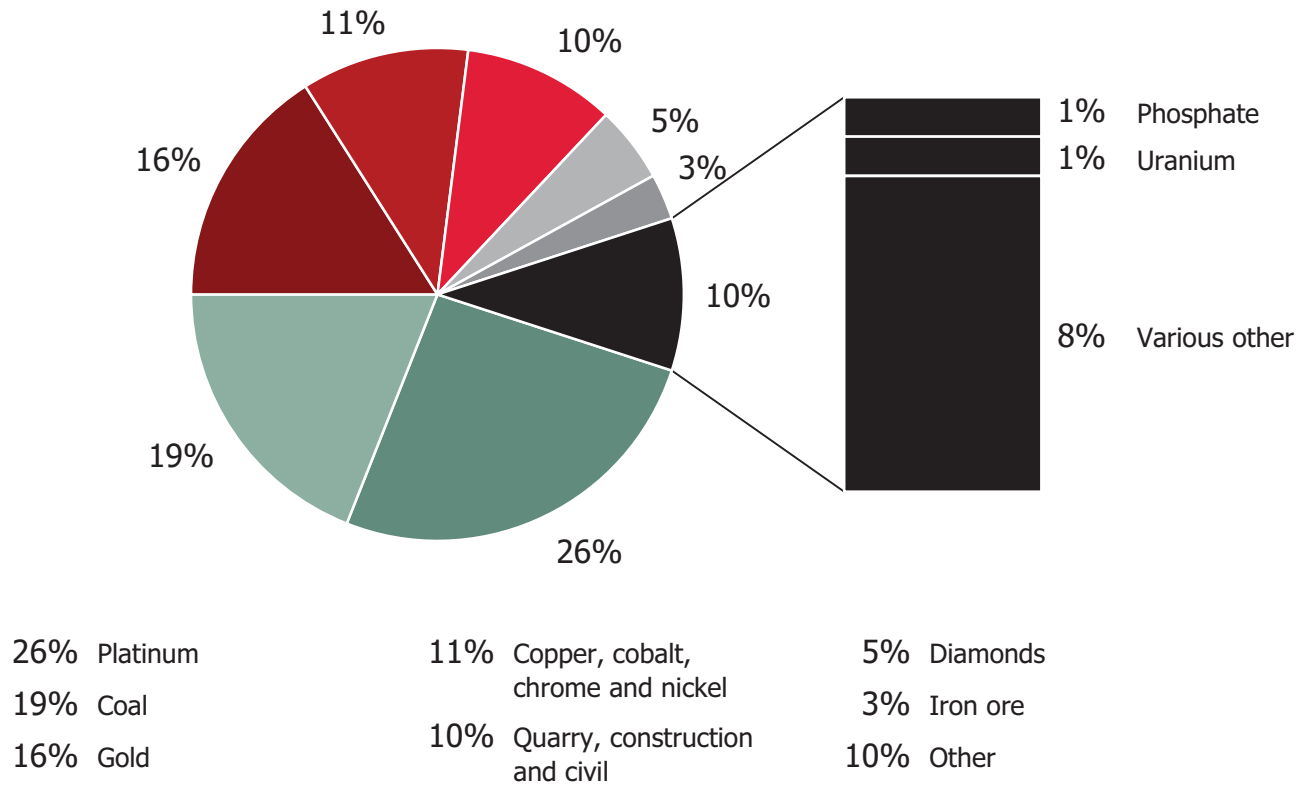
REVENUE SPLIT 1H13



GROUP MINING REVENUE



Revenue by mineral mined 1H13



BUSINESS ENVIRONMENT



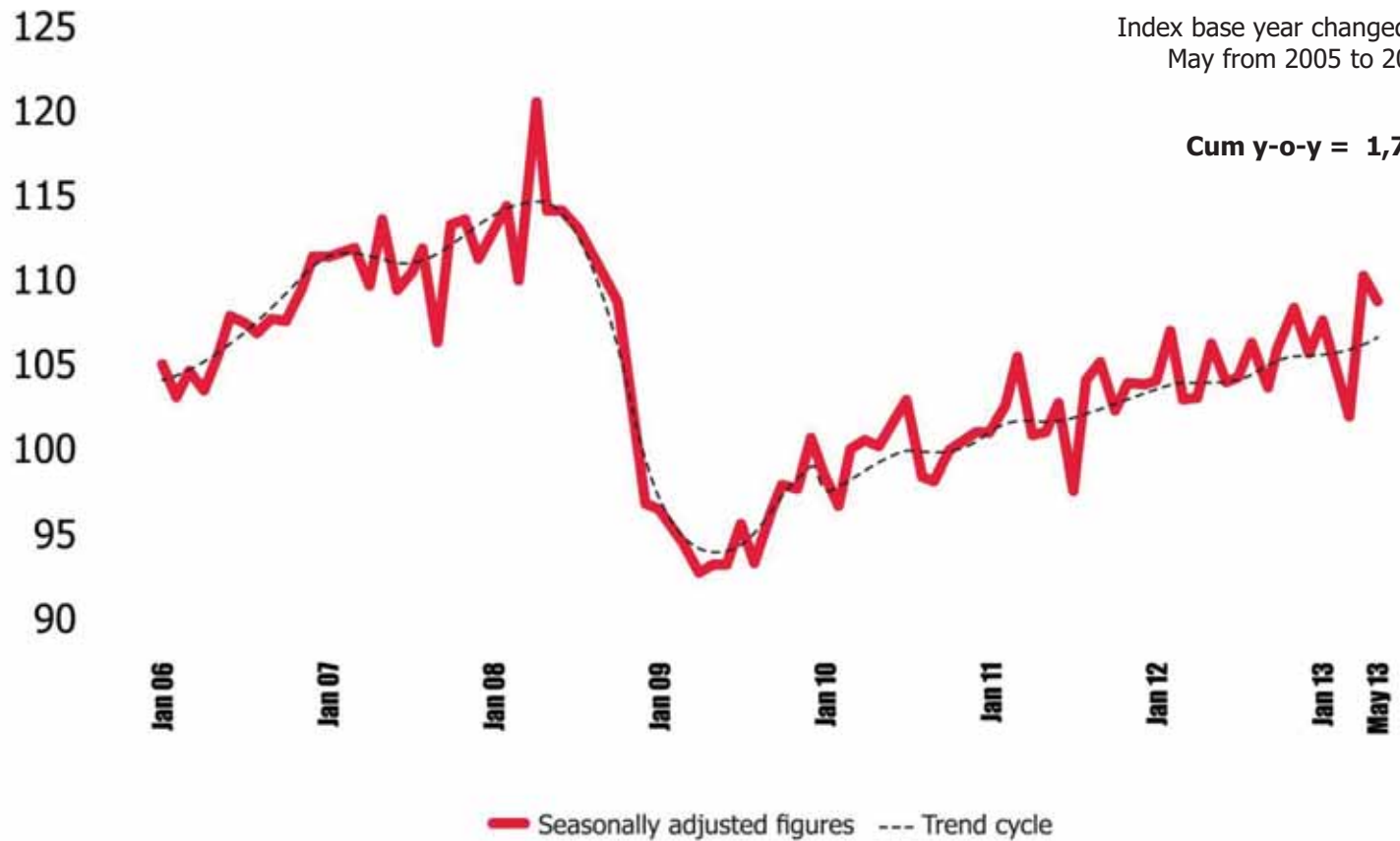
SA manufacturing volumes Jan '06 – May '13

Base: 2005=100

Source: StatsSA

Index base year changed in
May from 2005 to 2010

Cum y-o-y = 1,7%

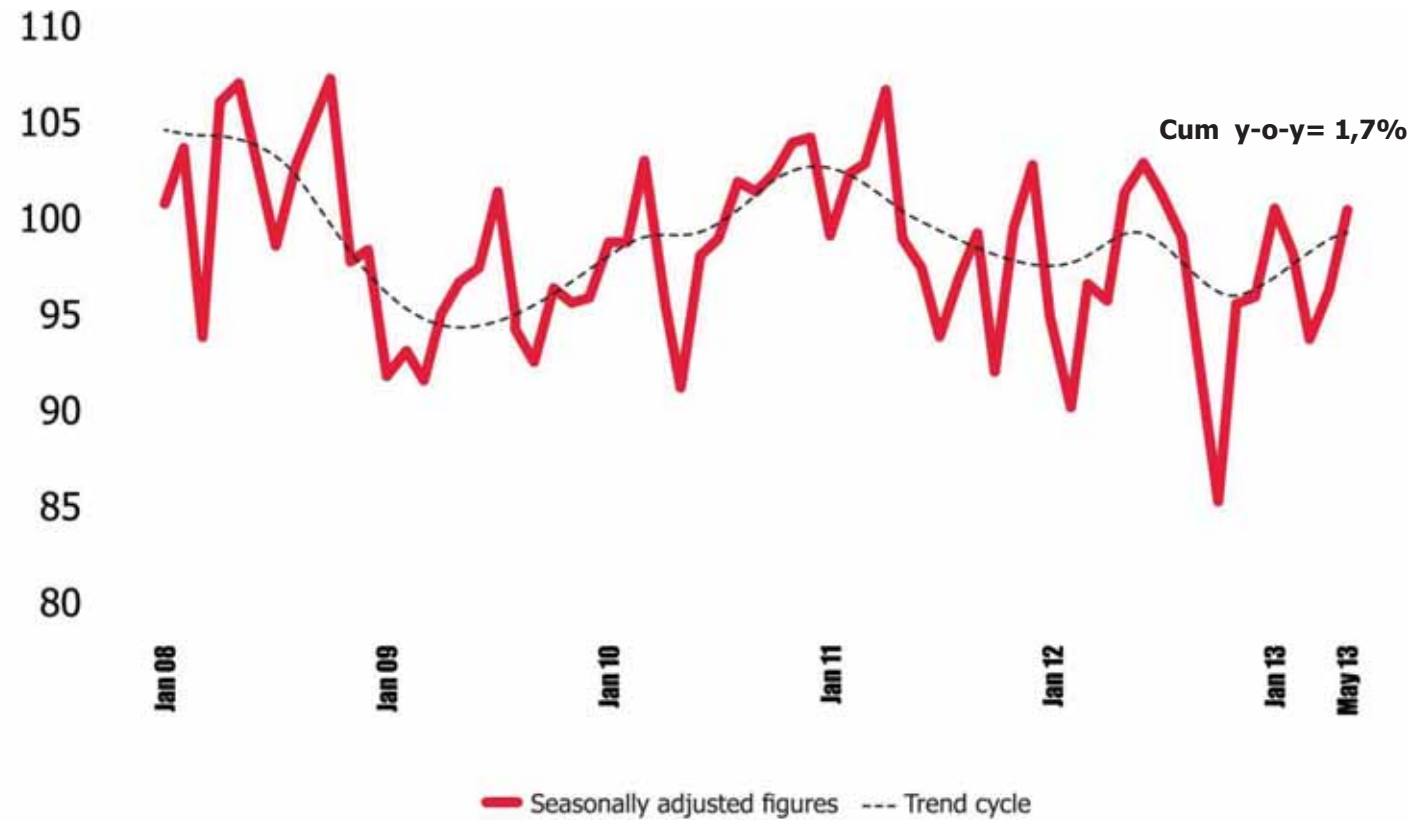


BUSINESS ENVIRONMENT

SA mining volumes Jan '08 – May '13

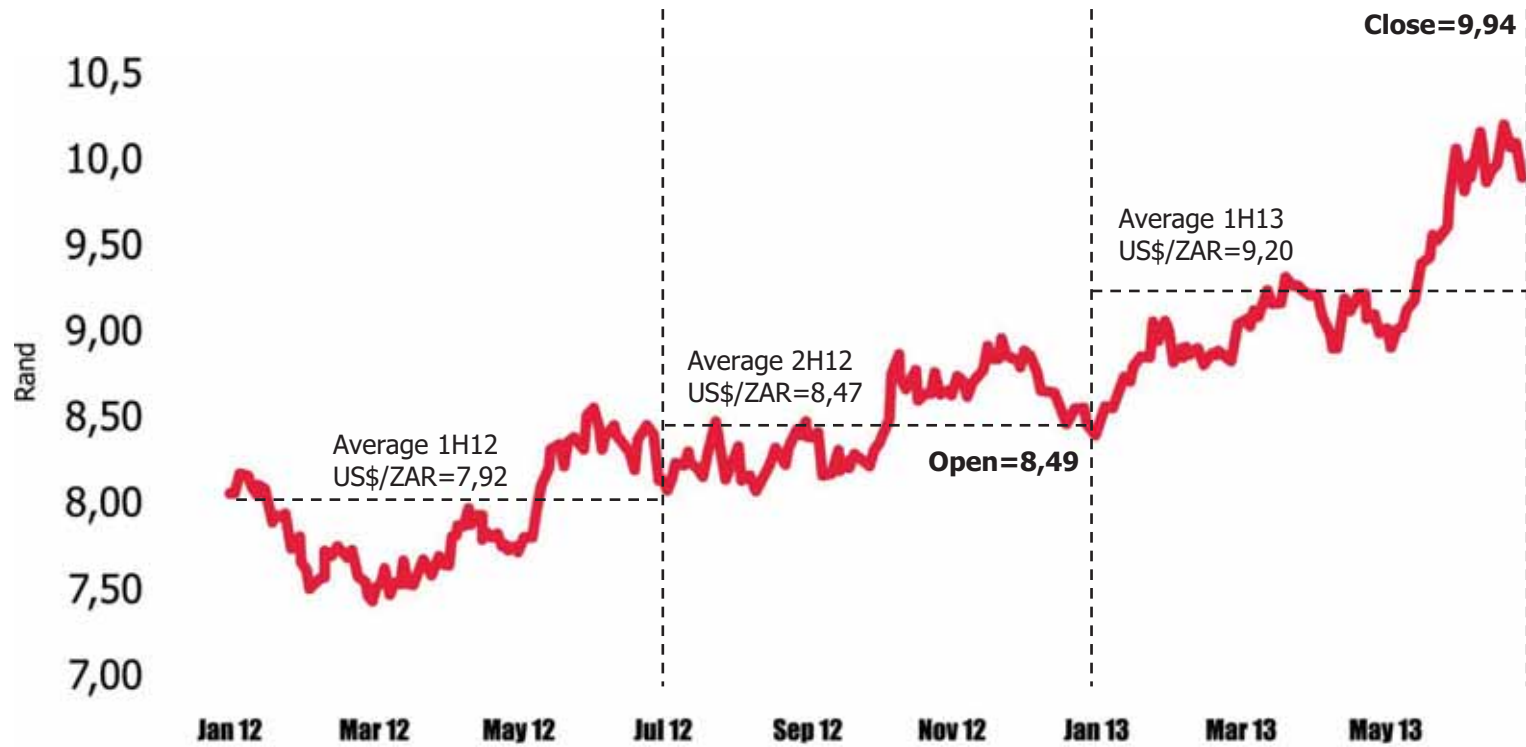
Base: 2010=100

Source: StatsSA



BUSINESS ENVIRONMENT

ZAR/US\$ exchange rate



3

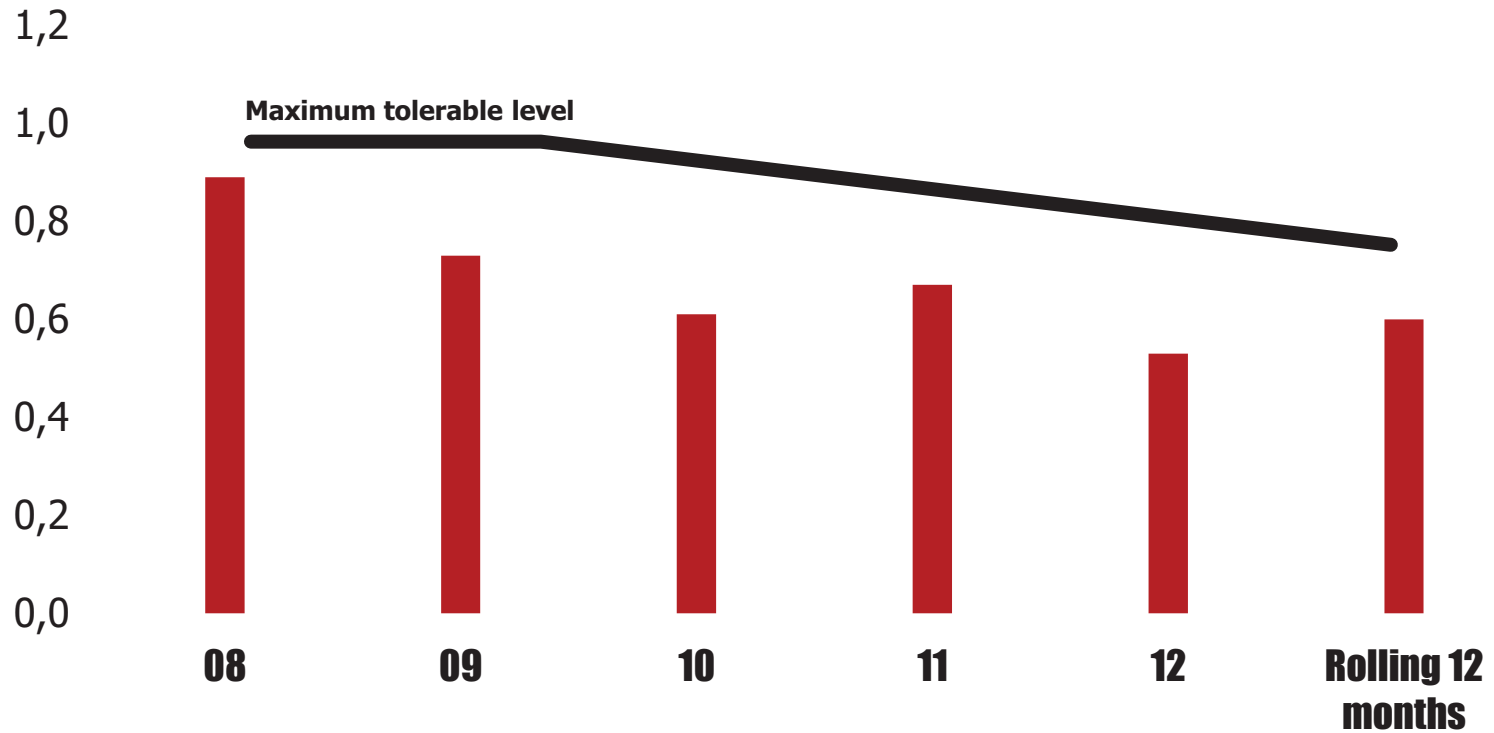
AECI results analysed

SAFETY AND HEALTH

Performance



ALL WORKERS TRIR



RESTATEMENTS

Revised and new accounting standards

- › Revised IAS 19 and new IFRS 10 and 11 effective 1 Jan '13
- › Applied retrospectively – restated comparatives
- › Year-on-year impact less than 2%

- › IAS 19 Employee benefits
 - » Defined-benefit pension funds and PRMA
 - » Actuarial gains and losses to other comprehensive income instead of profit and loss
 - » Actuarial valuations once a year
 - » HEPS
 - net 2cps reduction 1H12
 - net 44cps reduction full-year '12

RESTATEMENTS



Revised and new accounting standards

- › IFRS 10 Consolidated financial statements
 - » No effect on consolidation for the AECI Group
- › IFRS 11 Joint arrangements
 - » Changed the definition and accounting for joint arrangements
 - » 3 joint arrangements now equity accounted
 - » Single line in income statement and statement of financial position – not line by line
 - Investment at our share of NAV at 1 Jan '12
 - Add share of profit after tax each year

RESTATEMENTS



Revised and new accounting standards

- > Joint ventures: Crest, Resinkem, SMSA, Resitec (from '12 until date sold)
- > Financial effects: AECI's share not proportionately consolidated

Financial statement area	1H13 Rm	1H12 Rm	FY12 Rm
Revenue	430	549	1 089
Profit from operations	27	35	79
Non-current assets	157	206	165
Current assets	407	307	355
Non-controlling interest	13	11	11
Non-current liabilities	33	1	37
Current liabilities	186	160	153

- > New disclosure: Investment in Joint Ventures and included in profit from equity accounted investees

RESTATEMENTS



Industry segment analysis – current estimates

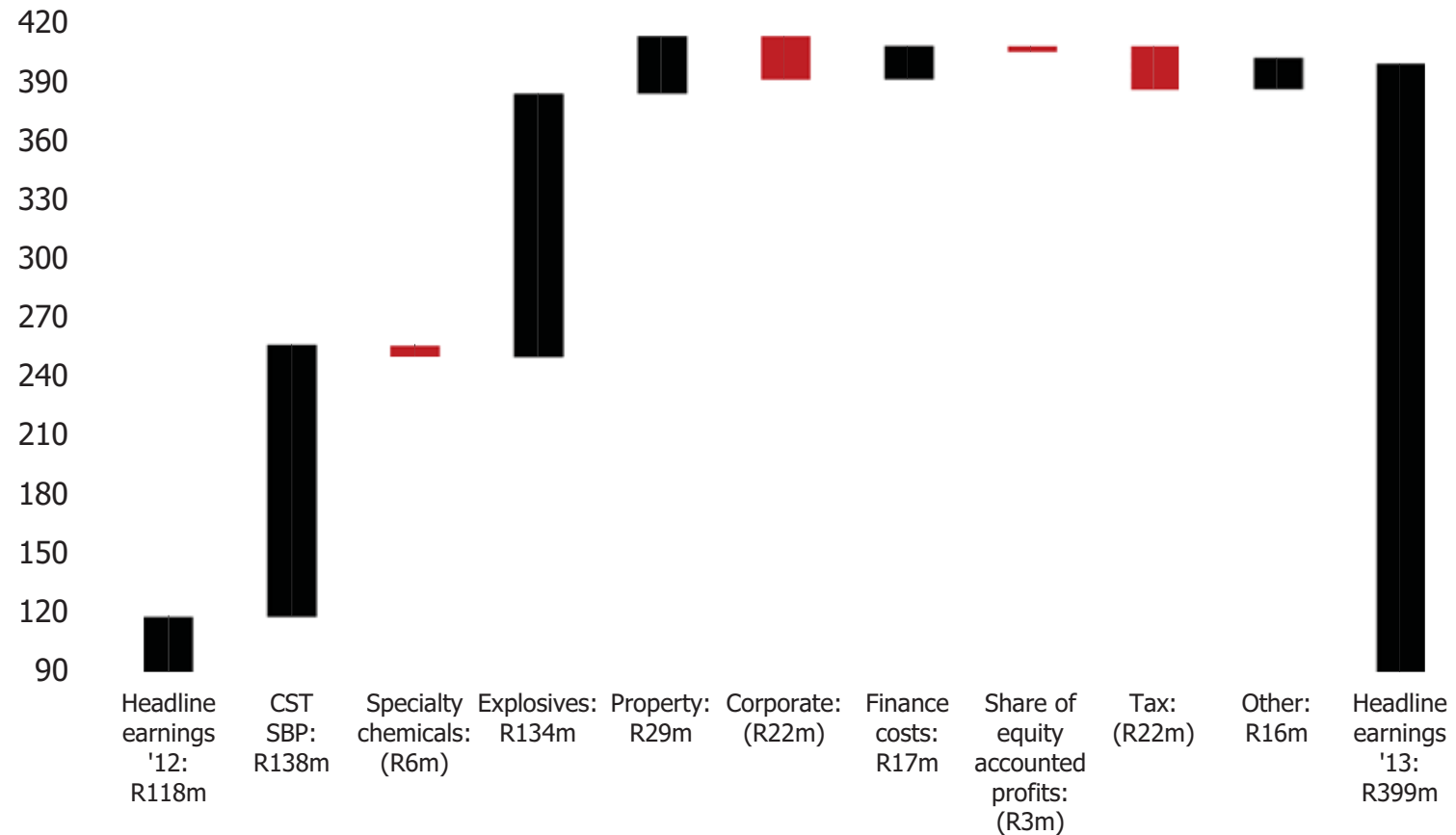
	Revenue FY12 Restated Rm	Profit from operations FY12 Restated Rm	Net assets FY12 Restated Rm
Explosives	6 327	417	2 837
Specialty chemicals	7 647	891	4 374
Property	400	33	808
Group services and inter-segment	(547)	(144)	(94)
	13 827	1 197	7 925

Note: the allocation of primary and other IAS 19 effects to the segments has yet to be finalised. Joint venture restatements only affect the specialty chemicals cluster.

RESULTS 1H13



Headline earnings (Rm)



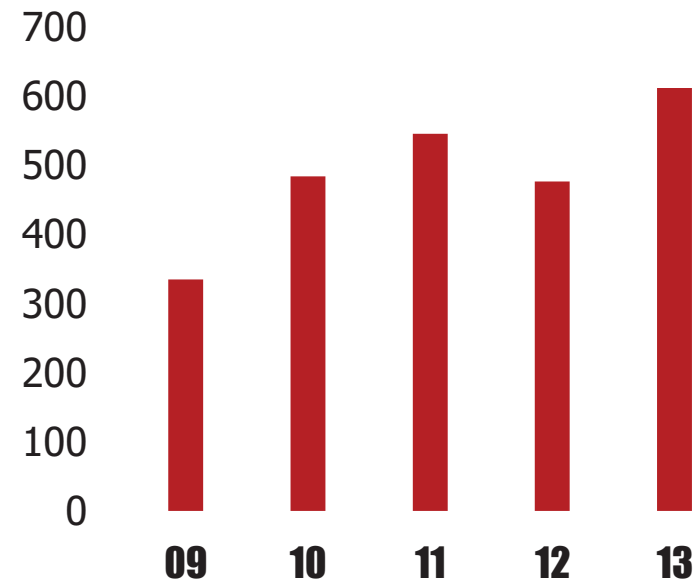
RESULTS 1H13

Operating profit

- > Operating profit up 28% to R612m
- > Volumes declined by 6% (+3,7% excl. sulphur)
- > Chemicals volumes -14,5% (+5% excl. sulphur)
 - » Manufactured +5,1%
 - » Traded -31,6%
- > Bulk explosives +3%
- > Foreign revenue +25,4% to R2 348m



OPERATING PROFIT (Rm)



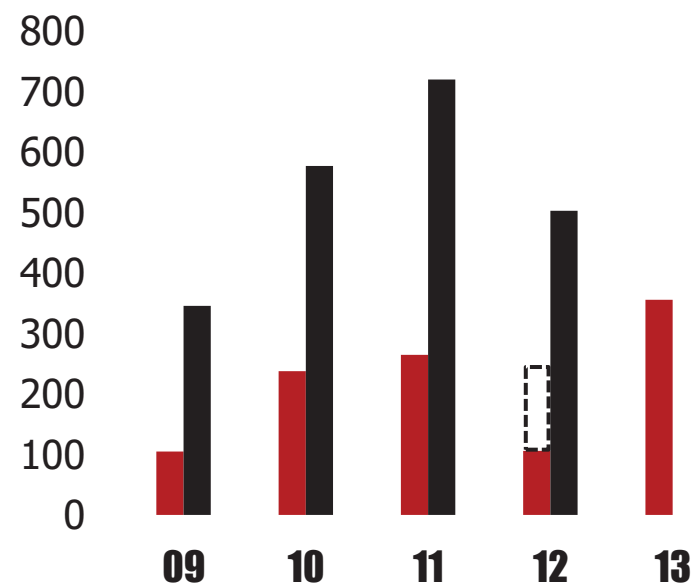
RESULTS 1H13

HEPS

- > HEPS at 356cps up 236%
 - » Excluding B-BBEE charges up 55%
 - » Economic value added remains positive
 - » Operating margin improved from 7,5% to 8,5%
 - Explosives 8,8% (1H12: 6,1%)
 - Specialty chemicals 10,6% (1H12: 11,0%)
 - Improvement in Property



HALF- AND FULL-YEAR HEPS (cps)

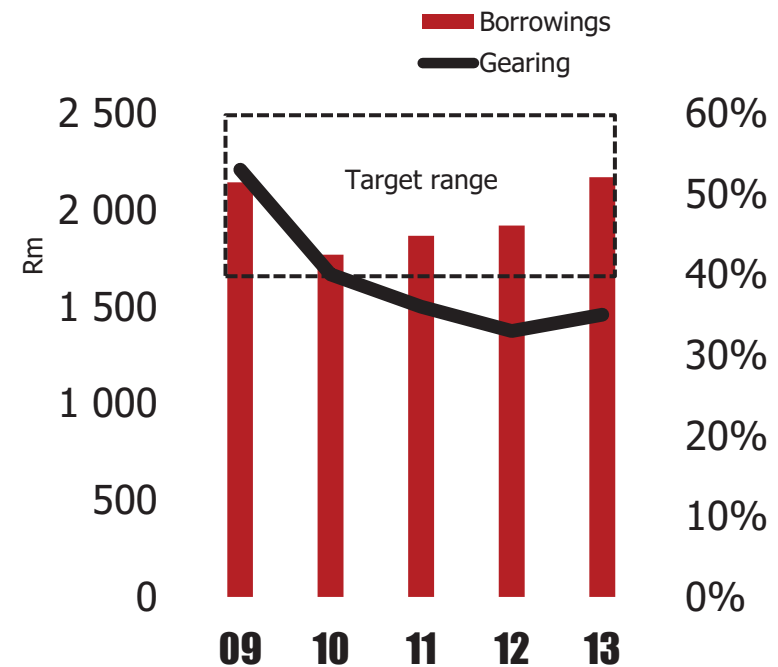


RESULTS 1H13

Cash utilisation

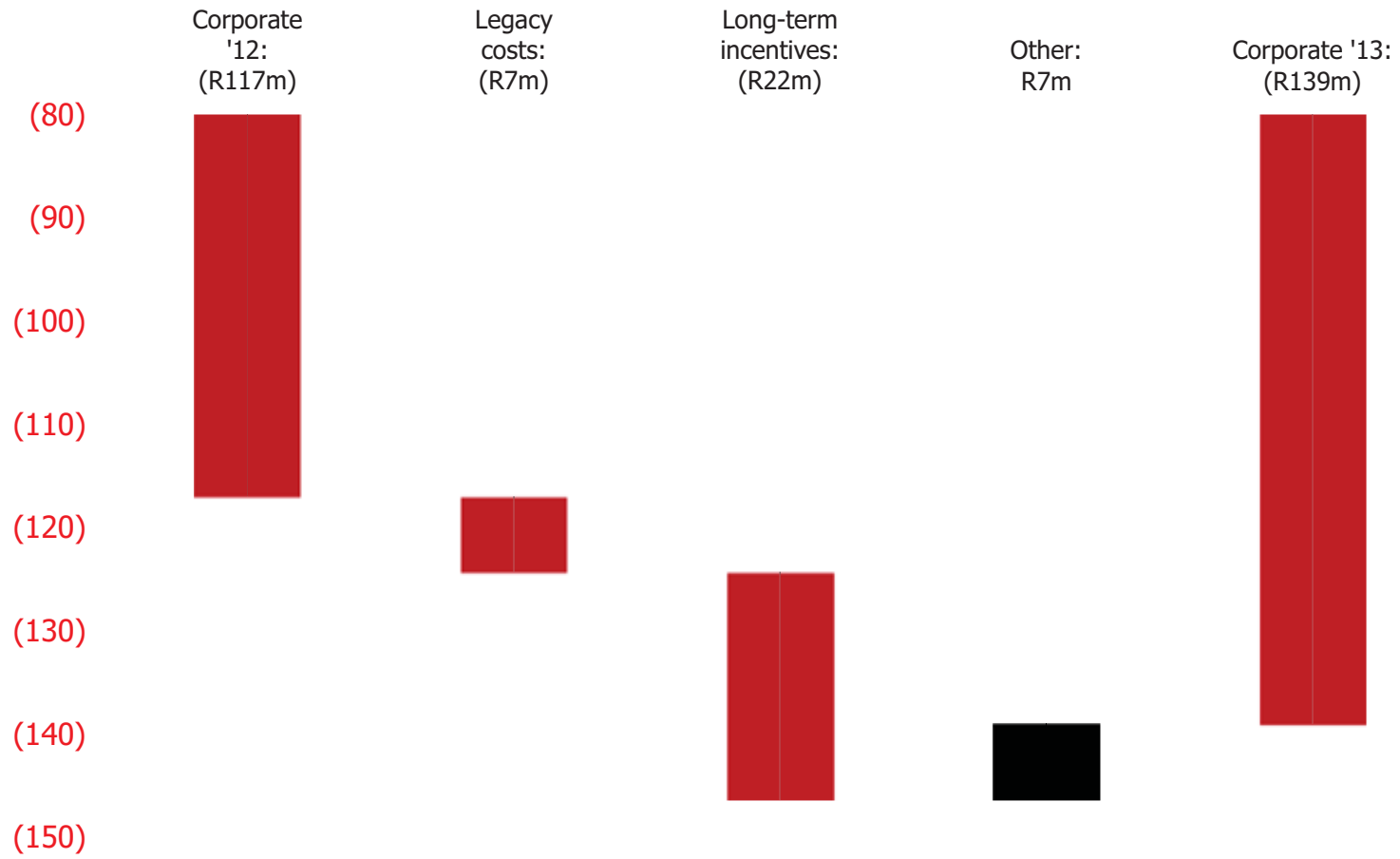
- > Capex: R216m – no major projects for expansion projects
- > NWC to revenue: 21,8% ('12: 21,2%)
- > Net borrowings: R2 169m
- > Gearing at 35% vs 51% (Dec '12: 33%)
- > Cash interest cover: 9,3x
- > Interim cash dividend: 105 cps

AS AT JUNE 2013



RESULTS 1H13

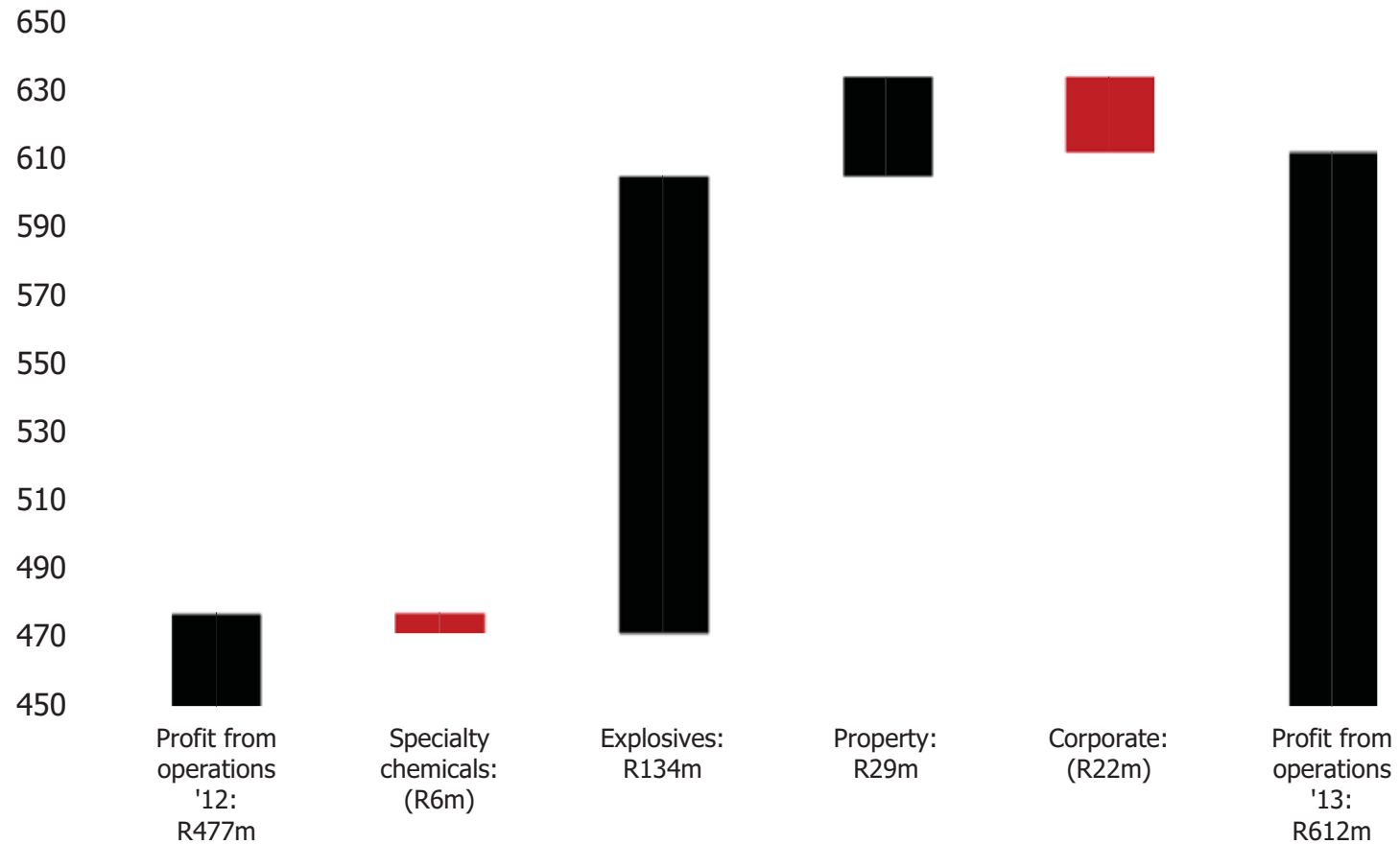
Corporate



RESULTS 1H13



Profit from operations (Rm)

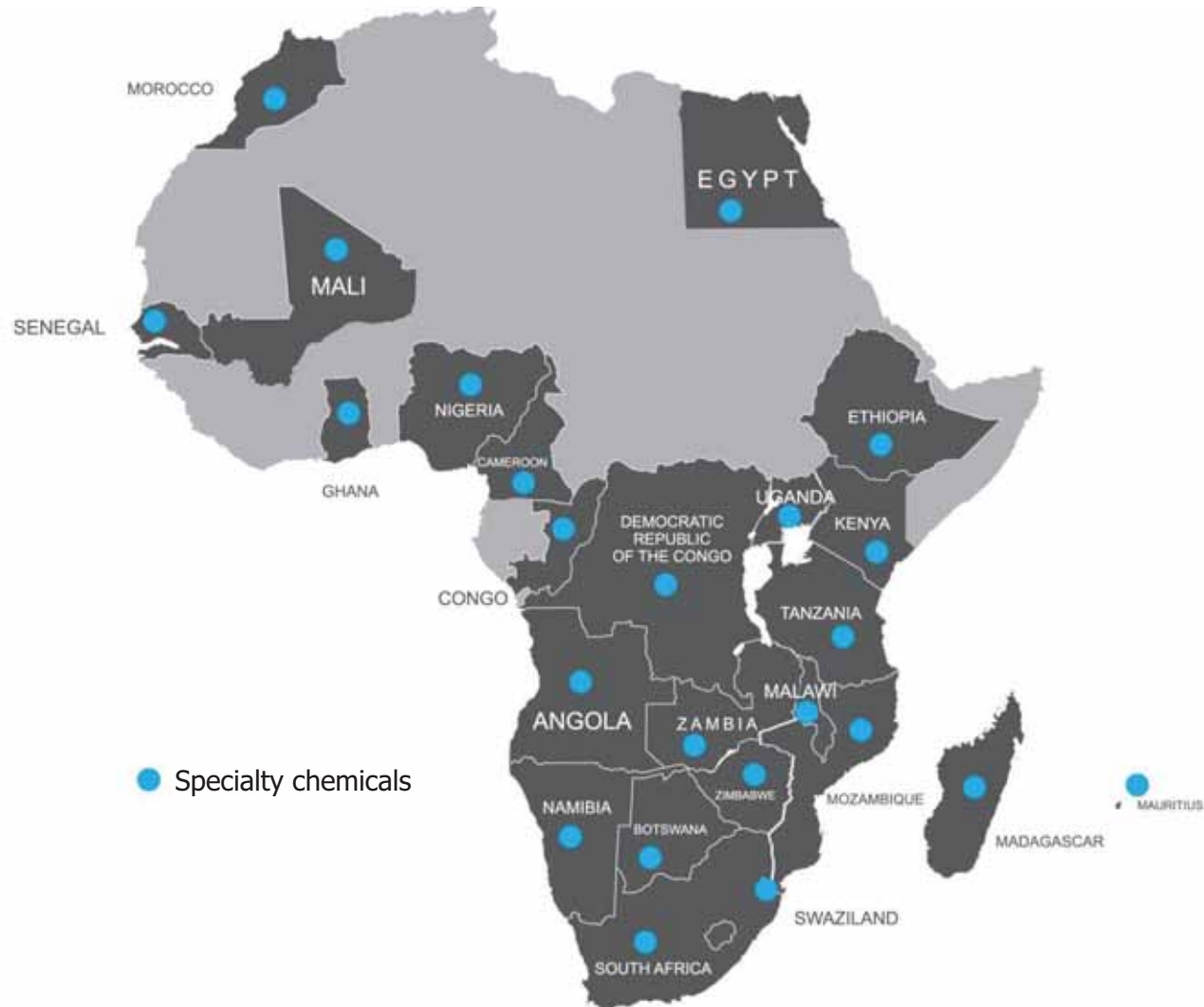


4

specialty
chemicals

SPECIALTY CHEMICALS

African footprint



SPECIALTY CHEMICALS CLUSTER

15 businesses



Akulu Marchon



Chemfit



Chemical Initiatives



Chemisphere Technologies



ChemSystems



Crest Chemicals



ImproChem



Industrial Oleochemical Products



Lake Chemicals



Nulandis



Resinkem



Senmin



SANS Technical Fibers



Specialty Minerals SA

SPECIALTY CHEMICALS

Strategy



- > Diverse South African specialty chemicals cluster is key to Group strategy
- > African specialty chemicals business focused on

- » Mining chemicals



- » Water, oil, energy and gas



- » Agriculture



- » Food additives



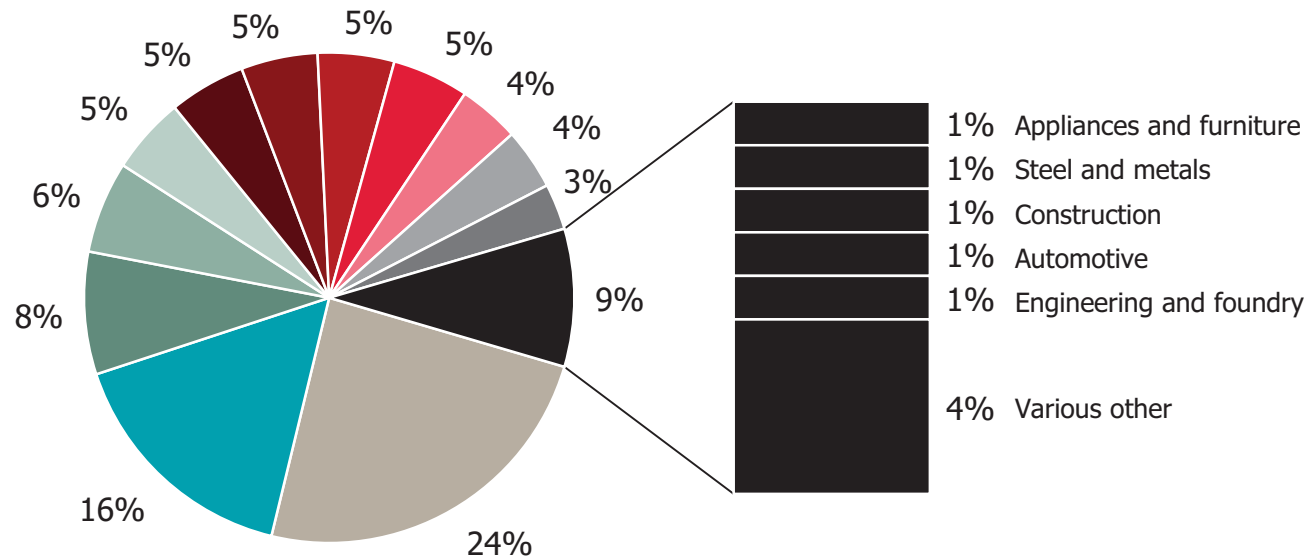
- » Personal and home care



SPECIALTY CHEMICALS CLUSTER



Sales by market sector 1H13



24% Mining

16% Agriculture

8% Food and beverage

6% Chemical industry

5% Detergents

5% Oil and refining

5% Explosives

5% Paper and packaging

5% Textiles and leather

4% Toiletries, cosmetics and pharmaceuticals

4% Coatings, ink and adhesives

3% Plastics and rubber

9% Other

SPECIALTY CHEMICALS

Business environment



- › Firm commodity prices in US\$ terms and weak ZAR/US\$ supported prices
- › SA manufacturing sector still pedestrian
- › However, stronger growth in food and beverage, agricultural and mining chemicals sectors
- › Competition from international entrants remains intense

SPECIALTY CHEMICALS



Performance

Revenue	R3 667m	+3%
Operating profit	R389m	-2%
Operating margin (%)	10,6	('12: 11,1)
Average WC (%)	24	('12: 20)

- > Volumes
 - » Manufactured +5,1%
 - » Traded -31,6%
- > Prices +17,1%
- > Excellent results from Chemfit, Lake Foods, Lake Specialties, Nulandis, Senmin
- > R24m profit from sale of Bryanston office in '12 not repeated
- > No sulphur sales into Central Africa
- > Margins under pressure as price attempt to keep up with weak ZAR

SPECIALTY CHEMICALS

Acquisitions update



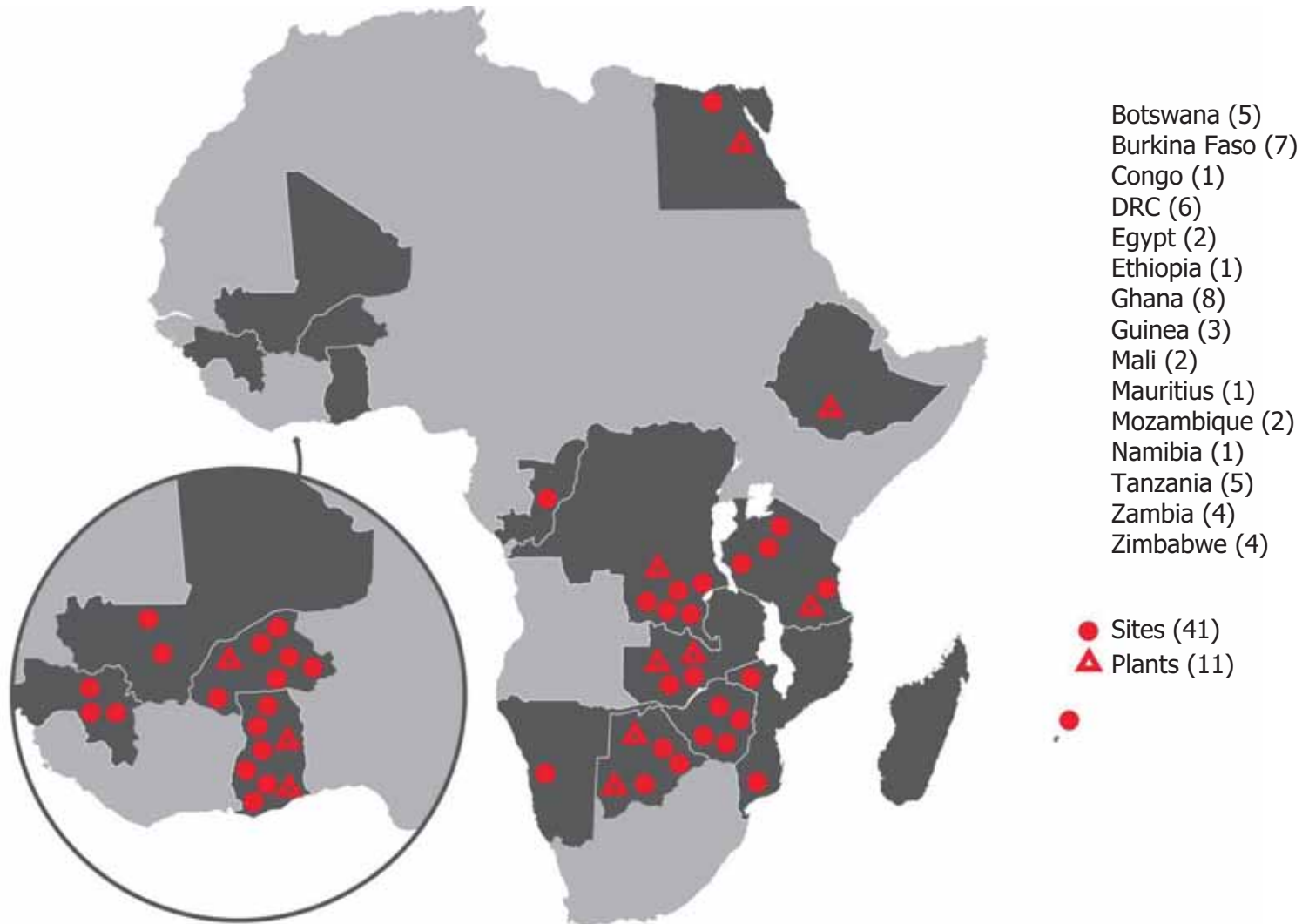
- > Numerous evaluations undertaken
- > SA Premix acquired
 - » Animal health and nutrition
 - » Competition Commission approval awaited
- > Promising possibilities in Africa, for agricultural markets
- > Disappointment in Brazil – “seller’s remorse”
- > Alternatives being evaluated

5

explosives

EXPLOSIVES

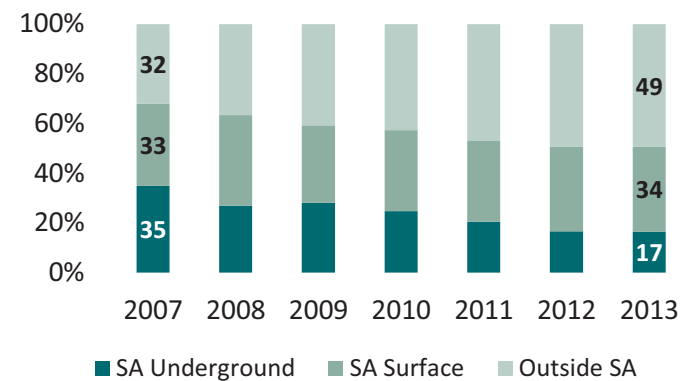
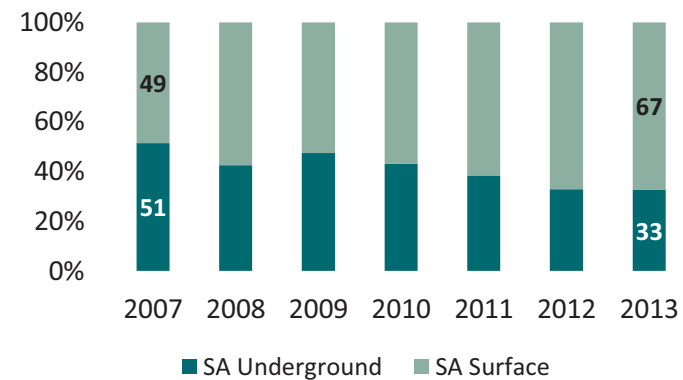
Expansion and growth in Africa



EXPLOSIVES

Revenue split

- > Portfolio has been diversified – decrease in dependence on SA narrow reef sought
- > AEL has deliberately grown its share of the SA surface open-cast mining market substantially in past 5 years
- > Business outside SA strategically grown to constitute almost 50% of current revenue
- > Strategic alignment with SA's narrow reef sector continues



EXPLOSIVES

Africa expansion

EXXARO DRC SITE

- > Construction by mine underway
- > Container magazines and MMU delivered to enable issuing of explosives permits to mine
- > Human resource mobilisation underway
- > First explosives delivery expected in Aug '13



SUKARI EGYPT SITE

- > Expansion completed
- > Operational



EXPLOSIVES

Africa expansion

BURKINA FASO BISA SITE

- > Security report by government complete and licence expected in 2 weeks
- > Commissioning to resume in Aug '13



DRC KANSUKI SITE

- > Dry run commissioning complete
- > Official commissioning during Aug '13



EXPLOSIVES

Indonesian update

- › KPC: Contract extension until '18 and ANS supply from BBRI
 - » Shock tube assembly plant in progress
 - » New prospects during 2H13
 - » Plant construction complete
- › Commissioning in progress
- › ANS supply to KPC in 4Q13

Compressor house
(Jun '13)



Boiler and demin plant
(Jun '13)



ANS plant level 3
(Jun '13)



EXPLOSIVES

Business environment

- › Weaker commodity prices, pressurising the viability of certain mines globally
- › SA mining: good demand in coal and iron ore
- › Fewer instances of industrial action in the platinum sector resulted in higher volumes mined
- › Continued growth in the rest of Africa, tempered by strike action in West Africa and power supply issues in DRC
- › Indonesia continued strong growth even if some projects were put on hold due to weaker thermal coal prices

EXPLOSIVES

Performance

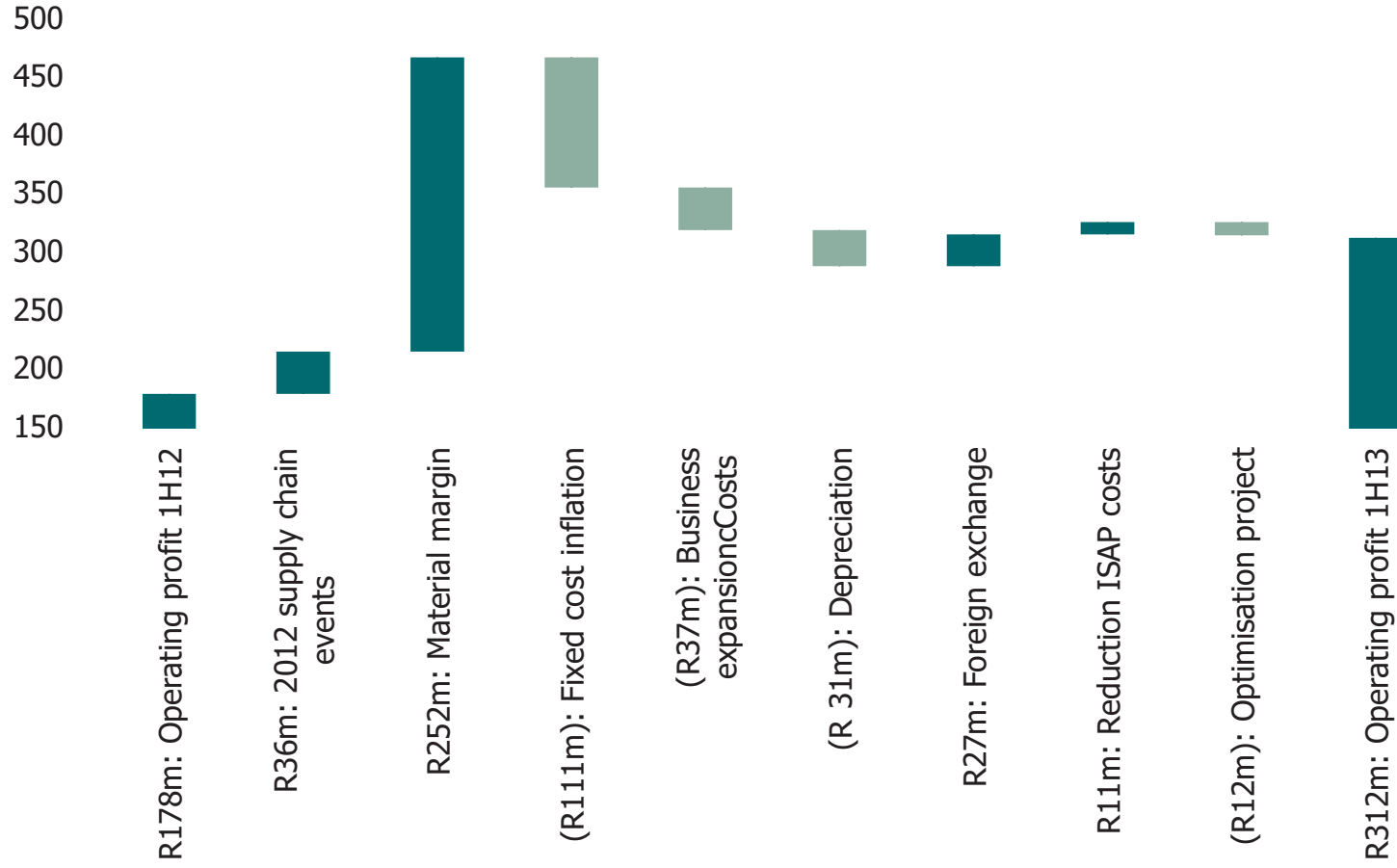


Revenue	R3 551m	+22%
Operating profit	R312m	+75%
Operating margin (%)	8,8	('12: 6,1)
Average WC (%)	20	('12: 21)

- › Best first-half results delivered
- › Bulk explosives volume growth of 3%
 - » SA's Surface and Massive market grew by 7%
 - » Africa flat, power issues in DRC and labour strike in Ghana
 - » Indonesian volumes grew by 14%, mainly at KPC
- › Initiating systems volumes down
 - » Narrow reef gold and platinum mining under pressure
- › Ammonia price increased by 44% on average
- › Net positive forex impact of R27m in 1H13

EXPLOSIVES

Half-year comparison

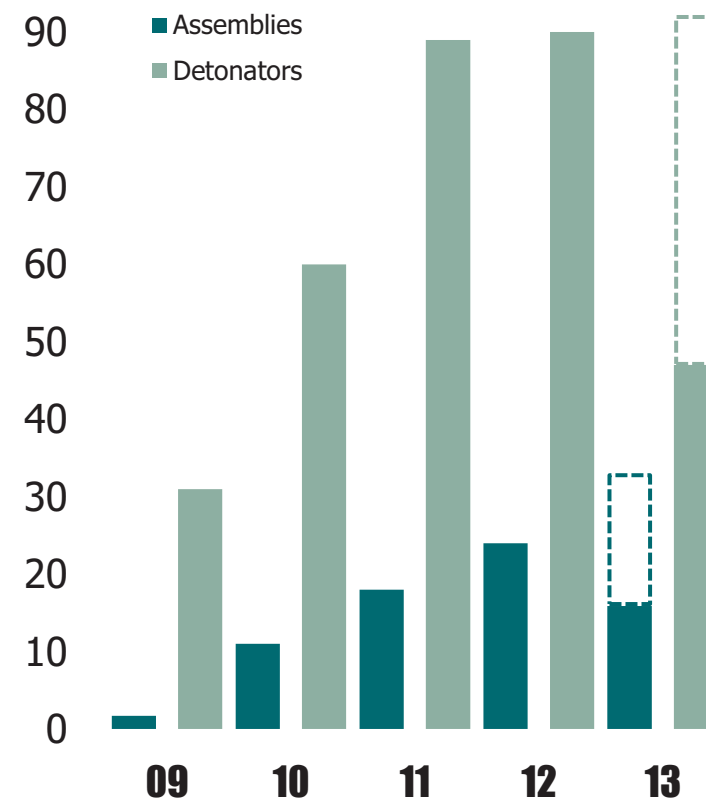


EXPLOSIVES

Project update: initiating systems

- > ISAP's operating performance on target
- > Quality issues resolved
- > All underground narrow reef units produced on ISAP
- > All pyrotechnic powder development for surface markets complete; scale-up to commercial production in progress
- > ISAP savings for '13 anticipated to be R30m
 - » Closure of old plants and ISAP restructuring hampered

ASSEMBLIES/DETONATORS (millions)



6

property

PROPERTY

Performance



Revenue	R278m	+58%
Operating profit	R50m	+138%

- › Industrial vacancies decreased – encourages new development
- › House price growth improving and better access to finance is promoting sales
- › Surplus remains in office accommodation
- › Leasing and services portfolio
 - » R82m revenue
 - » Vacancy rate unchanged at 20%

PROPERTY

Longlake sales: current phase

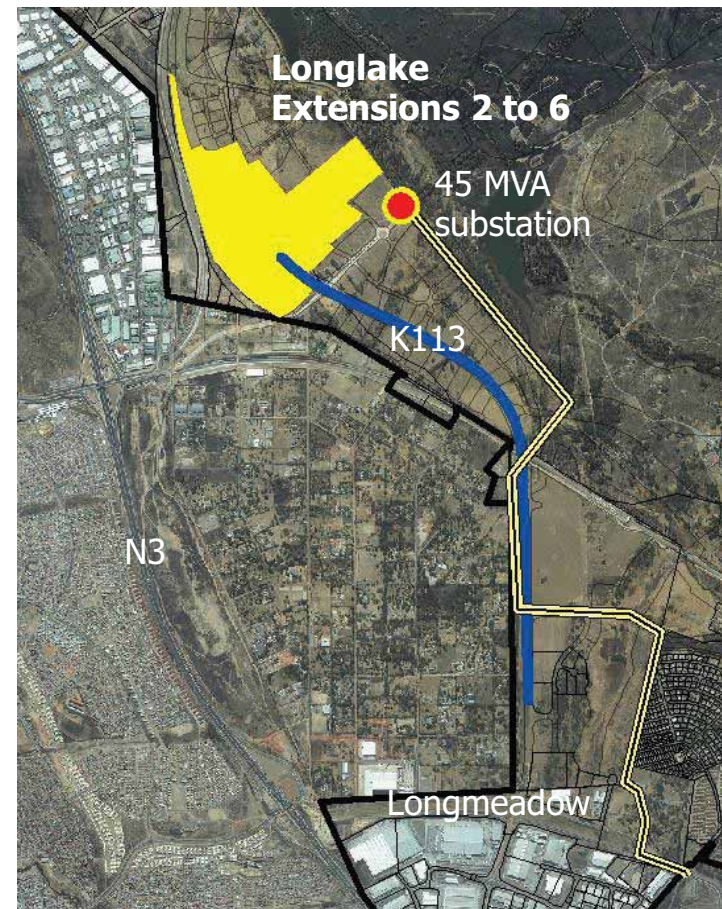
- > Extension 1: 31,5ha
- > Extension 12: 2,5ha



PROPERTY

Longlake: next infrastructure phase

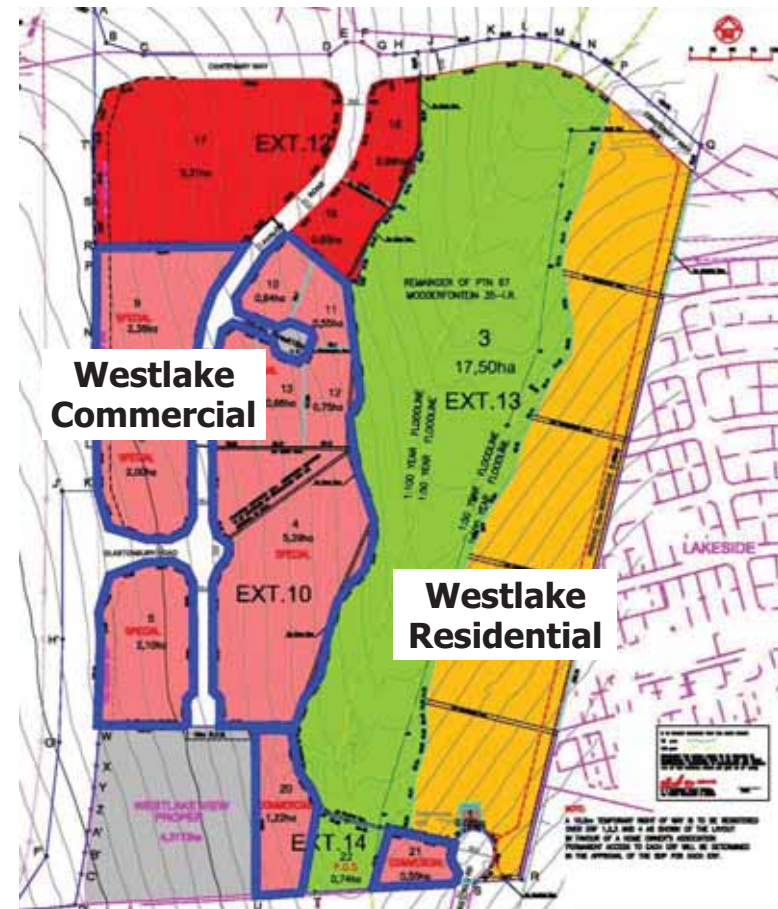
- > Phase A: 64ha
- > Phase B: 84ha
- > Phase C and D: 86ha



PROPERTY

Westlake: next phase for sale

- › Commercial: 16,9ha
- › Residential: 12,4ha
(future, not serviced)



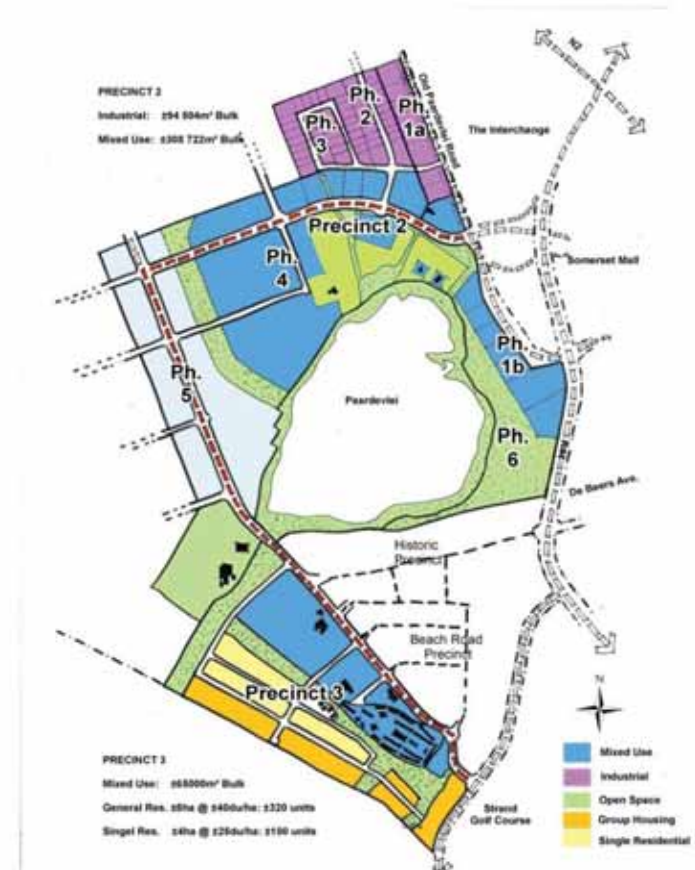
**Westlake
Commercial**

**Westlake
Residential**

PROPERTY

Somerset West

- › Planning in response to market demand
 - » Industrial: 18ha, in 3 phases
 - » Mixed use to follow in phases as regional commercial market improves
 - 308 000m² of bulk
 - Beach front residential in pre-planning
 - » 100 single residential units
 - » 350 apartment-type units



7

focus and
outlook

CAUTIONARY ANNOUNCEMENT



- › Strategy: optimise the realisation of real estate assets surplus to operational requirements by selling land and selectively investing in top structures
- › Continue to evaluate all options in respect of surplus real estate assets in Modderfontein and Somerset West
- › Have entered into discussions for the disposal of a large proportion of the surplus property assets at Modderfontein
- › Intention is to have finality on the proposed transaction by 4Q13
- › Further details will be announced when appropriate

OUTLOOK AND FOCUS



- › SA manufacturing volumes expected to track GDP growth
- › Further sales of land for industrial end uses are expected
- › Strong focus on operational excellence in AEL
 - » Cost reduction
 - » Continue to improve AEL's profitability
- › Sales to the mining sector in Africa and Indonesia expected to grow on the back of new projects and contracts
- › SA narrow reef – platinum and gold mining – expected to remain challenging
- › Potential for growth in sales of mining chemicals
- › Strong focus on strategic pillars in specialty chemicals cluster for growth in Africa
- › Acquisition activity expected locally and in Africa and South America

INVESTORS' CALENDAR



- | | |
|---|------------|
| > AEL Mining Services presentation and update | 6 Nov '13 |
| > Financial year-end | 31 Dec '13 |
| > 2013 results released | 25 Feb '14 |
| » JHB presentation | 25 Feb '14 |
| » CT presentation | 26 Feb '14 |

thank you