09:30 WELCOME AND OVERVIEW MUCH ASPHALT PRESENTATION

11:00 DEPART FOR MUCH ASPHALT SITE TOUR 3 BUSES 3 GROUPS – COLOUR CODED

13:30 RETURN TO EMPERORS PALACE LUNCH
INTRODUCTION
BUSINESS DRIVERS
HISTORICAL PRICE PERFORMANCE – GOLD, PLATINUM AND COPPER
Source: AECI Treasury, Bloomberg

ZAR/US$ exchange rate: 16 months

- Open 18 = 12,31
- 6mo ave. = 12,30
- Jul to Oct 4mo ave. = 14,17

6mo ave. = 13,21
BRENT CRUDE OIL

US$/bbl  Source: AECI Treasury, Bloomberg

Close Dec 17 = 66.80
Jul 17 = 49.10
Close Jun 18 = 78.60

High 3 Oct 18 = 86.09
BUSINESS DRIVERS
SA MINING VOLUMES

Index

Base: 2015 = 100
Source: Stats SA

y-o-y = -9.1%
Cum change y-t-d = -1.7%

Seasonally adjusted
Trend cycle
BUSINESS DRIVERS
SA MANUFACTURING VOLUMES

Index
Base: 2015 = 100
Source: Stats SA

y-o-y = 1.3%
Cum change y-t-d = 1.1%

Seasonally adjusted
Trend cycle
MINING SOLUTIONS
US$6.3m consideration for
- 100% ownership of explosives manufacturing plant, distribution and storage facilities
- Explosives operating licences
Acquired in an auction process
Customers mainly in construction and civil blasting at present
Brazil has more than 8,000 mines and world’s third-largest production output by value
Footprint expansion for AECI Mining Solutions, in line with strategy
Effective date expected in 1Q19
Global mining activity gaining momentum
   » Positive for Group’s Mining pillar
   » New contracts and increased market share
   » Footprint expanded
   » Good order book for mining chemicals

No significant improvement in SA manufacturing sector anticipated to year-end.

However:
   » Good opportunities in Water
   » Agriculture and Food businesses seasonal – stronger 2H historically
   » Rainfall patterns will affect agricultural sector performance

Pursue further footprint and market expansion

Strong pipeline of acquisitions

Focus on working capital and capex management, and costs

Accelerate growth through Innovation projects, including AECI.GO
FOUR BROAD INNOVATION THEMES

Market Expansion
Market sector acquisition through geographic and customer segment expansion strategies in pursuit of becoming the developing world leader

Integrated Solutions
Solutions/offerings that spans across more than one business unit area by combining multiple products (new and existing) to create new and differentiated solutions

Green
Innovative solutions that result in improved human well-being over the long term, while protecting the public against significant environmental risks or ecological scarcities

Exponential Chemistry
Chemical alternatives, substitutes to chemicals and advanced solutions which have the potential to disrupt other industries and create significant value
NEW MARKET SEGMENT: INFRASTRUCTURE
SPECIFICALLY, ROAD SURFACING AND MAINTENANCE

CONSISTENT ROAD SPEND GROWTH EXPECTED

ROAD SPEND GROWTH HAS OUTPACED GDP

ROAD SPEND ESTIMATES

BITUMEN VOLUME TRENDS
STRATEGIC CONSIDERATIONS: MUCH ASPHALT

1. Strong growth, healthy margins and high cash conversion
2. Market leading position with national footprint
3. Strategic bitumen sourcing
4. Well respected and experienced management team
5. Diverse customer base
6. Independent national supplier
7. Leading technology and culture of innovation
8. Specialised and differentiated product offering
President Cyril Ramaphosa declared an end to South Africa's proverbial 'investment strike', when he unveiled firm investment commitments of R290-billion across a diverse range of sectors, from mining and energy to infrastructure and manufacturing, at a well-attended and vibrant investment conference on Friday.
2 OVERVIEW
EXECUTIVE TEAM

BENNIE GREYLING
Managing Director
Years’ service: 30

TOMMIE KOERIES
Financial Director
Joined Oct ’18

HERMAN MARAIS
Technical Director
Years’ service: 12

AYDEN VOLBRECHT
Human Resource Director
Years’ service: 9

BRIAN MCHUNU
MD East Coast Asphalt
Years’ service: 21

› Extensive management experience in sector
› Strong focus on internal career growth
› Combined Executive management team experience = 72 years
› Management are shareholders in business
› Active member of various industry bodies
**MILESTONES**

- **1965**: First asphalt premix supply plant, Peak Quarry
- **1970**: Developed first wet blend method bitumen rubber asphalt
- **1986**: Murray & Roberts acquired 100% of Much Asphalt
- **1989**: Established operations in Namibia
- **2006 to 2013**: Established East Coast Asphalt
- **2016**: Acquired by consortium led by Capitalworks
- **2018**: Acquired by AECI

**OTHER MILESTONES**

- **’16**: Commissioned bitumen converter
- **’16**: Upgraded Cape Town Cenlab
- **’17**: New technology centre in Gauteng
MUCH ASPHALT: SA MARKET LEADER

Strong brand with over 53 years’ history

Leading asphalt producer in SA
Only independent asphalt producer with a national presence

Technological capability
Proprietary technology to convert bitumen grades and produce performance grade specification binders

Only commercially-owned specialist asphalt testing laboratory

Much Asphalt team
Highly experienced management, 536 employees and high staff retention

State-of-the-art facilities
Access to Specialist Road Technology laboratory and significant bitumen storage capacity
**Production**

- c. 2m tonnes hot mix asphalt
- c. 20m litres binders

**Facilities**

- 18 static asphalt facilities
- 3 static emulsion and modified binder factories
- 4 mobile asphalt plants
- 1 bitumen convertor

**Accreditations**

- ISO 9001:2000
- OHSAS 18001:2007
- SANS ISO/IEC 17025

**B-BBEE**

- Level 3 Contributor and targeting Level 2
- Business imperative

**Capacity**

Installed production capacity can satisfy full current SA asphalt market demand
### Key Product Categories

**Full Spectrum of Road Bitumen Building Materials**

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Generic asphalt solutions</strong></td>
<td>Wide variety of generic solutions incl. various asphalt grades, mixes and courses</td>
</tr>
<tr>
<td><strong>Specialist/proprietary solutions</strong></td>
<td>Modified asphalts, proprietary products and other specialised surfacing ranges</td>
</tr>
<tr>
<td><strong>Warm mix asphalt</strong></td>
<td>Warm mix asphalt (‘WMA’) is a technology that saves energy, increases delivery and improves mix durability; Much Asphalt is a market leader</td>
</tr>
<tr>
<td><strong>Cold mix asphalt</strong></td>
<td>Commonly used on rural or low traffic roads, and for repairing worn pavement and potholes</td>
</tr>
<tr>
<td><strong>SprayPave</strong></td>
<td>Generic and specialised bituminous emulsions, modified binders, primes and application thereof</td>
</tr>
<tr>
<td><strong>Recycling</strong></td>
<td>Increased focus on product development and use of recycled materials, incl. asphalt; equipment utilised supports optimal recycled asphalt yields</td>
</tr>
<tr>
<td><strong>Performance grade bitumen</strong></td>
<td>Unique bitumen modification technology</td>
</tr>
</tbody>
</table>
3 THE MARKET
INDUSTRY DRIVERS

Road infrastructure investment is key

Public spend: new and rehabilitation

Private spend: commercial and residential

Public/private partnerships (e.g. toll concessions)

Government Infrastructure Plan
<table>
<thead>
<tr>
<th>Economic regulation and infrastructure</th>
<th>Revised estimate</th>
<th>Medium-term estimates</th>
<th>Total MTEF allocation (%)</th>
<th>Average annual MTEF growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017/18</td>
<td>2018/19</td>
<td>2019/20</td>
<td>2020/21</td>
</tr>
<tr>
<td>Economic regulation and infrastructure</td>
<td>87 347</td>
<td>97 925</td>
<td>102 465</td>
<td>111 420</td>
</tr>
<tr>
<td>of which: Water resource and bulk infrastructure</td>
<td>23 208</td>
<td>29 011</td>
<td>28 510</td>
<td>34 122</td>
</tr>
<tr>
<td>Road infrastructure</td>
<td>46 726</td>
<td>50 504</td>
<td>51 755</td>
<td>54 592</td>
</tr>
<tr>
<td>Job creation and labour affairs</td>
<td>20 663</td>
<td>23 281</td>
<td>24 793</td>
<td>26 332</td>
</tr>
<tr>
<td>of which: Employment programmes¹</td>
<td>20 172</td>
<td>22 768</td>
<td>24 251</td>
<td>25 755</td>
</tr>
<tr>
<td>Industrialisation and exports</td>
<td>32 432</td>
<td>32 896</td>
<td>37 279</td>
<td>38 965</td>
</tr>
<tr>
<td>of which: Economic development and incentive programmes</td>
<td>13 406</td>
<td>14 533</td>
<td>15 285</td>
<td>16 207</td>
</tr>
<tr>
<td>Innovation, science and technology</td>
<td>15 826</td>
<td>15 756</td>
<td>17 089</td>
<td>18 546</td>
</tr>
<tr>
<td>of which: Environmental programmes</td>
<td>5 499</td>
<td>5 910</td>
<td>6 521</td>
<td>6 876</td>
</tr>
<tr>
<td>Total</td>
<td>156 267</td>
<td>169 857</td>
<td>181 627</td>
<td>195 263</td>
</tr>
</tbody>
</table>

Source: National Treasury, July ’18
<table>
<thead>
<tr>
<th>Programme</th>
<th>Revised estimate</th>
<th>2014/15 to 2017/18</th>
<th>Average: expenditure/total (%)</th>
<th>Medium-term expenditure estimate</th>
<th>2017/18 to 2020/21</th>
<th>Average growth rate (%)</th>
<th>Average: expenditure/total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>R million</td>
<td>2017/18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>403,1</td>
<td>(1,7)</td>
<td>0,7</td>
<td>430,1</td>
<td>460,0</td>
<td>490,2</td>
<td>6,7</td>
</tr>
<tr>
<td>Integrated Transport Planning</td>
<td>82,6</td>
<td>0,6</td>
<td>0,1</td>
<td>90,0</td>
<td>95,7</td>
<td>102,0</td>
<td>7,3</td>
</tr>
<tr>
<td>Rail Transport</td>
<td>17 467,7</td>
<td>5,1</td>
<td>32,2</td>
<td>18 887,3</td>
<td>20 493,3</td>
<td>21 590,1</td>
<td>7,3</td>
</tr>
<tr>
<td>Road Transport</td>
<td>27 131,3</td>
<td>7,8</td>
<td>44,9</td>
<td>27 098,8</td>
<td>31 246,4</td>
<td>32 983,8</td>
<td>6,7</td>
</tr>
<tr>
<td>Civil Aviation</td>
<td>164,3</td>
<td>3,0</td>
<td>0,3</td>
<td>182,3</td>
<td>192,9</td>
<td>204,4</td>
<td>7,6</td>
</tr>
<tr>
<td>Maritime Transport</td>
<td>119,3</td>
<td>2,6</td>
<td>0,2</td>
<td>119,9</td>
<td>131,8</td>
<td>139,2</td>
<td>5,3</td>
</tr>
<tr>
<td>Public Transport</td>
<td>12 561,7</td>
<td>3,5</td>
<td>21,5</td>
<td>12 990,0</td>
<td>13 237,1</td>
<td>14 050,9</td>
<td>3,8</td>
</tr>
<tr>
<td>Subtotal</td>
<td>57 930,0</td>
<td>5,9</td>
<td>100,0</td>
<td>59 798,3</td>
<td>65 857,1</td>
<td>69 560,5</td>
<td>6,3</td>
</tr>
<tr>
<td>Direct charge against the National Revenue Fund</td>
<td>10,0</td>
<td>–</td>
<td>0,0</td>
<td>10,2</td>
<td>10,4</td>
<td>11,0</td>
<td>3,2</td>
</tr>
<tr>
<td>International Oil Pollution Compensation Fund</td>
<td>10,0</td>
<td>–</td>
<td>0,0</td>
<td>10,2</td>
<td>10,4</td>
<td>11,0</td>
<td>3,2</td>
</tr>
<tr>
<td>Total</td>
<td>57 940,0</td>
<td>5,9</td>
<td>100,0</td>
<td>59 808,5</td>
<td>65 867,6</td>
<td>69 571,4</td>
<td>6,3</td>
</tr>
<tr>
<td>Change to 2017 budget estimate</td>
<td></td>
<td></td>
<td></td>
<td>(5 151,9)</td>
<td>(2 688,8)</td>
<td>(2 841,5)</td>
<td></td>
</tr>
</tbody>
</table>

Source: National Treasury, July ’18
## Expenditure trends and estimates

Expenditure trends and estimates – Road Transport Programme by sub-programme

<table>
<thead>
<tr>
<th>Sub-programme</th>
<th>Audited outcome</th>
<th>Adjusted appropriation</th>
<th>Average growth rate (%)</th>
<th>Average: expenditure/total (%)</th>
<th>Medium-term expenditure estimate</th>
<th>Average growth rate (%)</th>
<th>Average: expenditure/total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R million</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Road Regulation</td>
<td>521,9</td>
<td>158,0</td>
<td>309,6</td>
<td>41,4</td>
<td>(57,0)</td>
<td>1,1</td>
<td>41,9</td>
</tr>
<tr>
<td>Road Infrastructure and Industry Development</td>
<td>35,8</td>
<td>39,1</td>
<td>24,9</td>
<td>29,0</td>
<td>(6,8)</td>
<td>0,1</td>
<td>32,2</td>
</tr>
<tr>
<td>Road Oversight</td>
<td>21 625,9</td>
<td>22 669,0</td>
<td>24 699,7</td>
<td>27 024,6</td>
<td>7,7</td>
<td>98,7</td>
<td>26 988,2</td>
</tr>
<tr>
<td>Road Administration Support</td>
<td>6,7</td>
<td>10,6</td>
<td>7,1</td>
<td>7,9</td>
<td>5,6</td>
<td>–</td>
<td>8,3</td>
</tr>
<tr>
<td>Road Engineering Standards</td>
<td>12,5</td>
<td>12,4</td>
<td>14,1</td>
<td>26,8</td>
<td>28,9</td>
<td>0,1</td>
<td>28,2</td>
</tr>
<tr>
<td>Total</td>
<td>22 202,9</td>
<td>22 889,2</td>
<td>25 055,4</td>
<td>27 129,6</td>
<td>6,9</td>
<td>100,0</td>
<td>27 098,8</td>
</tr>
<tr>
<td>Change to 2017 budget estimate</td>
<td>1,1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(2 511,8)</td>
</tr>
</tbody>
</table>

**Source:** National Treasury, July ‘18
4 SUPPLY CHAIN
SUPPLY CHAIN OVERVIEW

ASPHALT MANUFACTURERS

KEY SUPPLIERS

BITUMEN

- Shell
- Chevron
- bp
- Puma Energy
- Total
- Sasol
- Engen

AGGREGATES

- AfriSam
- LafargeHolcim

MODIFIED BINDERS

- Spray Pave
- Colas
- Tosas
SUPPLY CHAIN OVERVIEW

END USERS/SPECIFIERS
- Plan and drive infrastructure spend
- Determine timeframe and letting of projects
- Technical and commercial outcomes
- Drive transformation
- Overseen by qualified engineer

CUSTOMERS/CONTRACTORS
- Contract with end users
- Deliver on project via contractors and suppliers
- Assume construction and contractual risk
- Satisfy transformation targets

SMMEs
Pavers

Private
N3TC
SANRAL
AIRPORTS COMPANY SOUTH AFRICA
TRAC
CONCOR
ROADMAC SURFACING
WBHO
H&I
City of Ekurhuleni
BOITSHOKO ROAD SURFACING & CIVIL WORKS

Pavers

SMMEs
SUPPLY CHAIN OVERVIEW CONT.

CUSTOMERS/CONTRACTORS

- Contract with end users/specifiers
- Deliver on project via contractors and suppliers
- Assume construction and contractual risk
- Satisfy transformation targets
- Overseen by qualified engineer

ASPHALT MANUFACTURERS

- Generic asphalt solutions
- Specialist/proprietary technology
- Warm/cold asphalt
- Emulsions
- Modified binders
- Multigrade bitumen
5 DIFFERENTIATORS
DIFFERENTIATORS

Geographic footprint

Leading technical and R&D capability

Unique bitumen converter

Leader in use of recycled asphalt

Commercial model

People
Much Asphalt
SprayPave

17 static production facilities across SA and 1 in Namibia
3 static emulsion and modified binder factories
4 mobile asphalt plants
1 bitumen converter
LOCATED STRATEGICALLY
SA ROAD CURRENT AND FUTURE NETWORK

Benoni
Pomona
Eikenhof
Roodepoort
Polokwane
Witbank
Bloemfontein
Coedmore
Pietermaritzburg
Empangeni
George
Port Elizabeth
Eersterivier
Contermanskloof
Saldanha
East London
Mthatha
Windhoek

Risks still to be incorporated (km)
- SANRAL roads
- Primary roads still to incorporate
- Strategic roads still to incorporate
Highly skilled and experienced R&D, technical and quality teams

Create new products in line with customer requirements

Investment in specialised road technology gives further access to R&D

Product development – own laboratories in Cape Town and Benoni and through CSIR

Move towards performance grade specification and certified mixes

Plant optimisation

» State-of-the-art technology for automation, operation and process control of asphalt plants
Asphalt performance material tester (AMPT) – flow number and dynamic modulus testing
Universal testing system (UTS) – dynamic creep testing and flexural stiffness
Double wheel tracking tester – permanent deformation and moisture sensitivity testing
Automatic maximum density device
Sample preparation equipment
Ageing ovens: long- and short-term binder performance and testing
Flash point testing device for safety evaluation
Low and high temperature binder rheology testing devices
Bitumen converter – 2nd of its kind in the world

Multigrading unit

Rearrange chemical structures

Loop columns
> Leader in processing, screening and use of recycled asphalt
  » Maximise yield, economic benefits
> 4 dedicated mobile RA processing plants
> RA utilisation 5% – 50% in asphalt blends
> Fractionated and utilised 254 000t recycled material in asphalt last 2 years
  » Significant environmental and economic benefits
Much Asphalt has acted exclusively as an asphalt supplier since its establishment in 1965
SA’s only commercial asphalt supplier independent of any downstream activity and hence does not compete with customers/contractors
- Maintain neutral position in the supply chain
- Higher probability of securing asphalt supply contracts
GOVERNANCE FRAMEWORK

Current applicable legislation

Health and Safety policy

Environmental policy

Risk and Compliance

Audit
6 OPERATIONS
Load bitumen at refinery → Offload bitumen

Mill material from road → Process mill material

Load aggregate at the quarry → Stockpile aggregate

Test all incoming material

Pave asphalt

Manufacture asphalt

Test asphalt

Deliver asphalt

Offload bitumen

Load aggregate at the quarry

SUCCESS
Modified binder solutions and emulsions facilities

- Load bitumen at refinery
- Offload bitumen and heat to blending temperature
- Allow product to mature
- Test modified product
- Customer blends asphalt for road application
- Test bitumen
- Blending process
- Load tanker with product
- Once approved, released for despatch

SprayPave converter

- Multigrading unit
- Re-arrange chemical structures
- Loop columns
SOME CURRENT PROJECTS

ASPHALT PAVING NEAR JEFFREYS BAY INTERCHANGE, N2
SOME CURRENT PROJECTS CONT.
BLACK BASE, SANDTON
SOME CURRENT PROJECTS CONT.
COMPACTION NEAR UITENHAGE ON R75
N5 resurfacing Harrismith
› N7 sections between Atlantis and Malmesbury
› N2 sections between CTIA and Houwhoek
› N2 sections between Houwhoek and Swellendam
› N2 sections between Mossel Bay and George
› R75 sections between PE and Despatch
› R23 sections between Standerton and Greylingstad
› N3 sections Malanskraal and Vaal River
› N3 section from Villiers and Skaapkraal
› R42 section on Ascot-on-Vaal
› N2 section Kei Cuttings
› R72 section between Fish River and Port Alfred
› N2 section between Butterworth and Toleni
7 OUTLOOK
Current hiatus in expenditure driven by good governance considerations

Strong project pipeline

Market dynamic more supportive of growth

Government Infrastructure Plan
Roads still to be incorporated (km)

- SANRAL roads
- Primary roads still to incorporate
- Strategic roads still to incorporate
This region currently has 183 projects in the planning, design, construction and maintenance phases - which amounts to about R10.3bn to be spent over the next three years. There are 83 projects due to start their design phase within the next three years at an estimated construction cost of R17.15bn.
Infrastructure at the heart of Ramaphosa’s plan to boost the economy
#StimulusPackage: Infrastructure fund in the pipeline

ECONOMY / 21 SEPTEMBER 2018, 12:05PM / SIPHELELE DLUDLA
SA geographic footprint

Expanded product offering

Develop distribution channels with emerging partners

Opportunities in rest of Africa
SOME SHORT-TERM OPPORTUNITIES

Eastern Cape, Buffalo City Municipality

- Municipalities jointly account for 30% of sales
- 1,230km gravel roads – Mdansane Urban Renewal programme
- 1,502km surfaced roads – 61% in fair to very poor condition
- Spatial Development Framework – demand for housing and roads
- R400m road maintenance backlog in ’12
- R164m potential annual spend over 10 years
SIGNIFICANT SHORT-TERM OPPORTUNITIES

- MR385 Hammarsdale upgrade
- R82 Walkerville to De Deur
- ORTIA Major rehab of runway 03L/21R
- R63 Buffalo River to Dimbaza
- N2 Breidbach I/C upgrade
- Wild Coast Toll Concession
N3 Packages between Durban and Pietermaritzburg

CTIA construction of new runway
› Securing a site between Msikaba Bridge and Lusikisiki
› Bypass construction projects in towns along N2 (Butterworth, Idutywa, Mthatha)
› 112km green fields Port St Johns to Mtamvuna River
› 5 road phases (potentially c. 800 000t)
› R61 and N2 provide long-term rehabilitation opportunities
› Assessing 3 significant contracts in East Africa
› Good potential also identified in SADC region
› Partnerships are key
› Robust risk assessment processes in place
› Benefits of leveraging AECI Group footprint
› Benefits of leveraging AECI brand and history
8 SAFETY INDUCTION
BENONI SITE VISIT
SAFETY INDUCTION

THREE GROUPS
MOVING VEHICLES
STAY IN GROUP
CLOSED SHOES
HOT SURFACES
THANK YOU