

AUDITED RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2016



HULAMIN

Think future. Think aluminium.

- 1 Opening remarks / market update
- 2 Financial results
- 3 Operational review
- 4 Strategy update
- 5 Outlook



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OPENING REMARKS / MARKET UPDATE

- Record sales of 232 000 tons (2015: 198 000 tons)
 - Rolled Products sales of 214 000 tons (2015: 180 000 tons)
- Best ever safety performance: Total Recordable Case Frequency Rate – 0.27
 - Equivalent to global benchmark
- Much improved second half earnings: HEPS 48 cps in H1 versus 71cps in H2
- Net cash inflow R415 million for the year, after R33 million in H1

LME aluminium price rising

- China reportedly closing capacity
- Supply versus demand imbalance in the West
- LME closed at \$1 713/t (2015: \$1 508/t)
- Geographic premiums have remained stable

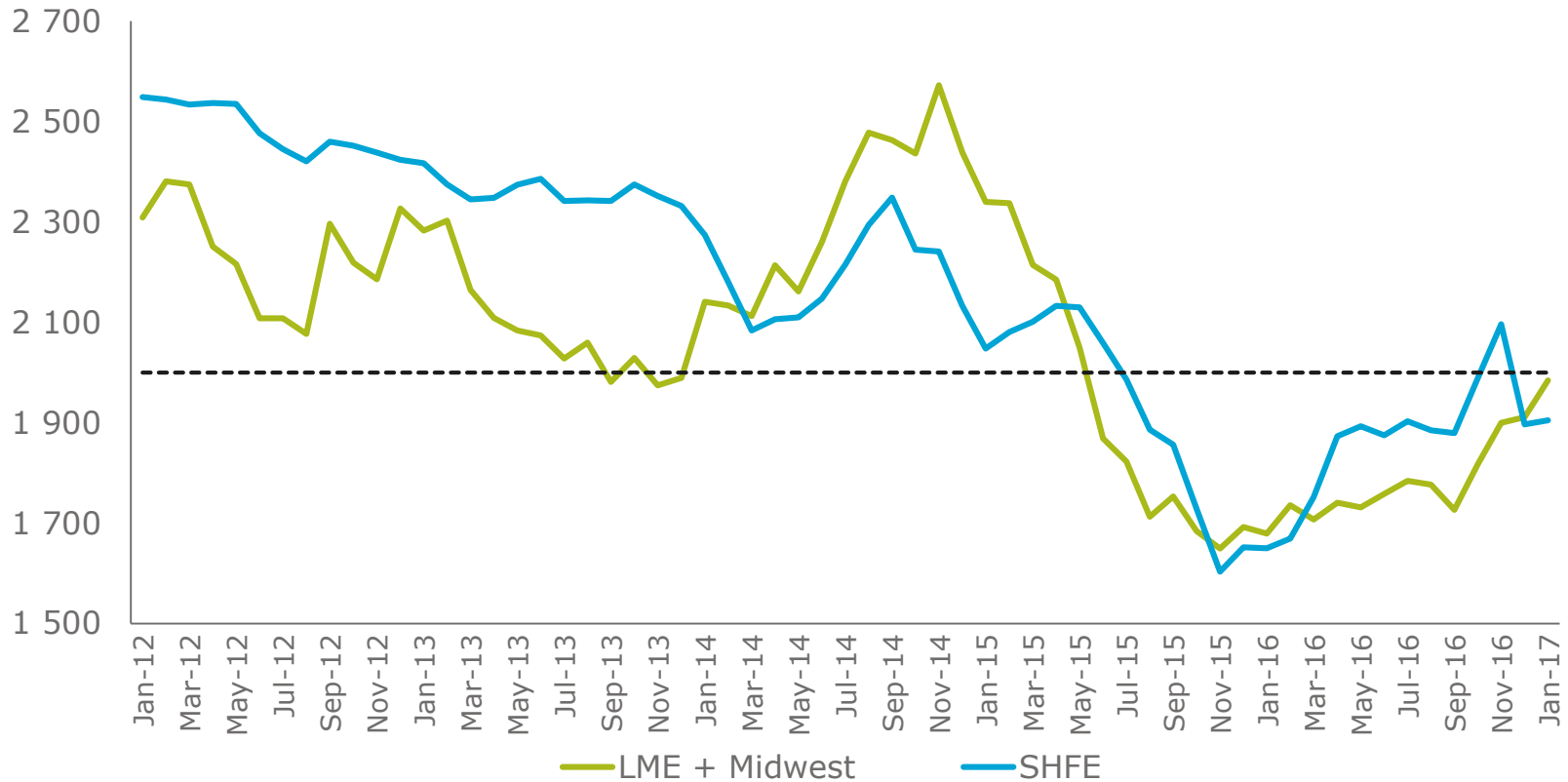
Automotive demand for aluminium continues to grow

Local economy stubbornly soft, however

- Demand for beverage cans improving
- Automotive demand improved in 2016
- Building and construction and general engineering soft

ALL-IN ALUMINIUM PRICE (USD/TON)

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Source: Metal Bulletin

Audited results for the year ended 31 December 2016

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FINANCIAL RESULTS

- Group EBIT up 110% to a record R622 million
- HEPS and normalised EPS improved to 119 cps (up 222% / 116%)
- Strong cash generation reduced borrowings to R577m (2015: R975m)
- Dividend of 15 cps declared (2015: 8 cps)

OPERATING PROFIT

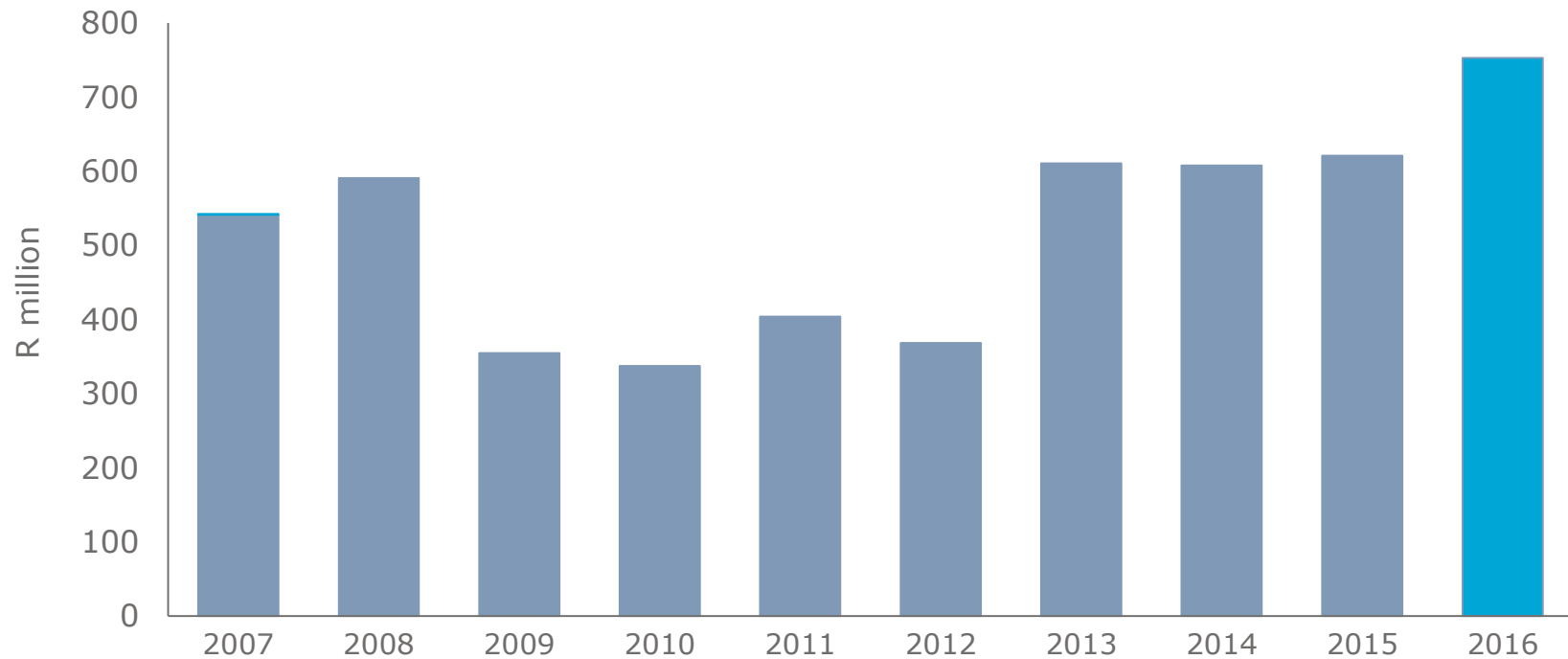
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	2016 Rm	2015 Rm	Change %
Operating profit	622	295	110
(Profit) / loss on disposal of property, plant and equipment	(6)	11	
Bargain purchase gain: Isizinda	-	(52)	
Headline EBIT	616	254	143
Share-based payment costs on 2015 BEE transaction	-	20	
Transaction costs	-	5	
Post retirement medical aid past service costs adjustment	-	5	
Equity-settled share-based payment: Isizinda	1	27	
Normalised EBIT	617	311	98
Metal price lag (gain) / loss	(50)	161	
Comparable EBIT	567	472	20

COMPARABLE EBITDA BEFORE METAL PRICE LAG

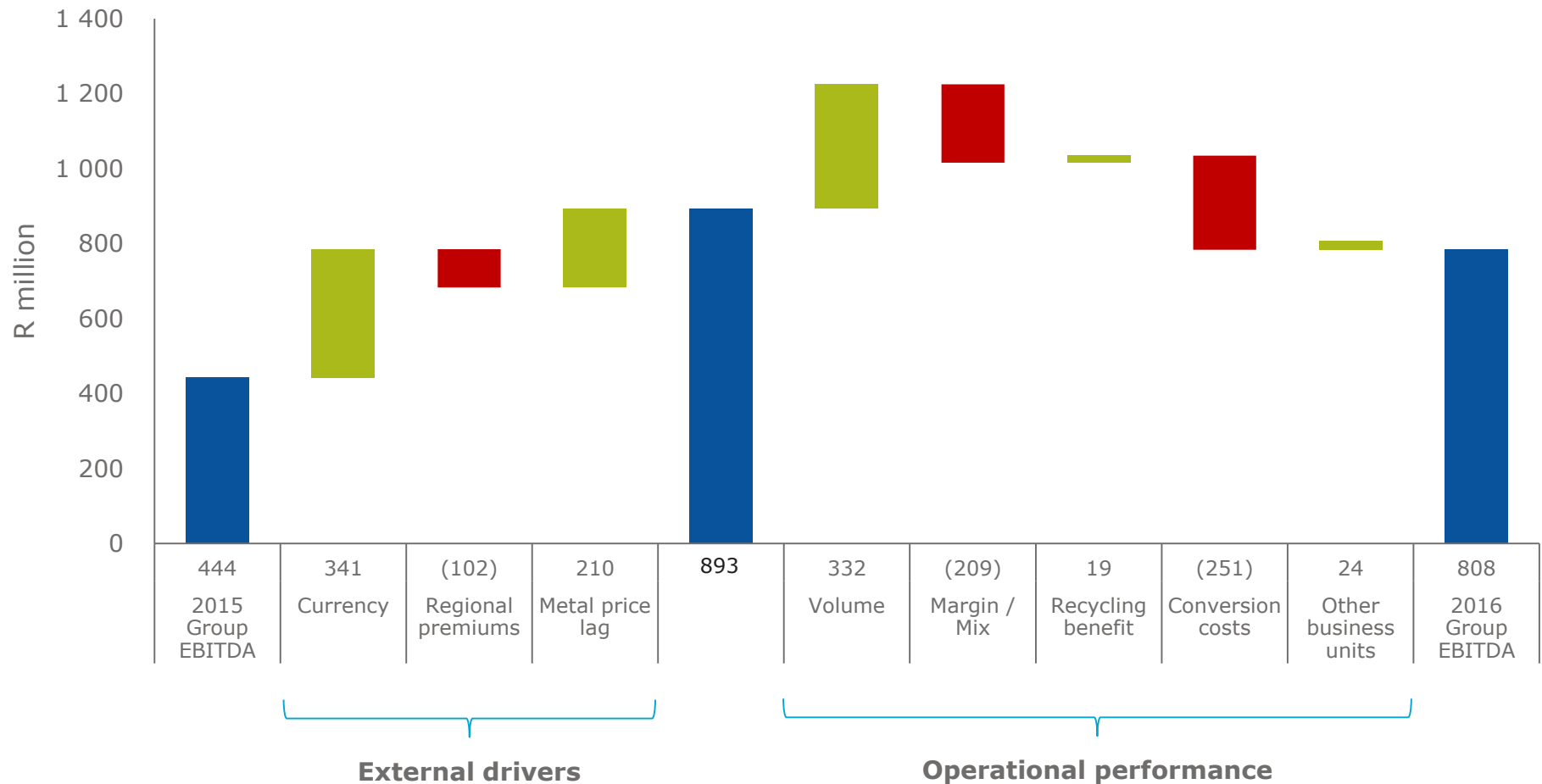
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Sales volume	↑ Up 19%	<ul style="list-style-type: none"> Driven by strong manufacturing performance in Rolled Products
Currency	↑ 15% weaker	<ul style="list-style-type: none"> Resulting in improved US Dollar cost competitiveness
\$ Aluminium price	↑ 7% stronger	<ul style="list-style-type: none"> Resulting in metal price lag benefit, after 50% hedging
\$ Rolling margins	↓ 16% weaker	<ul style="list-style-type: none"> Weaker mix, regional premiums, Euro weakness, Chinese metal arbitrage
ZAR Conversion costs / unit	↑ Down 4%	<ul style="list-style-type: none"> Volume / currency adjusted costs in line with price / commodity inflation High fixed cost base
Working capital	↑ Inventory days down 26%	<ul style="list-style-type: none"> Debtor and creditor days sales in line Significant improvements in inventory efficiencies
SIB Capital expenditure	↑ Down > R100m	<ul style="list-style-type: none"> Normalisation of stay in business capex and improved capital discipline

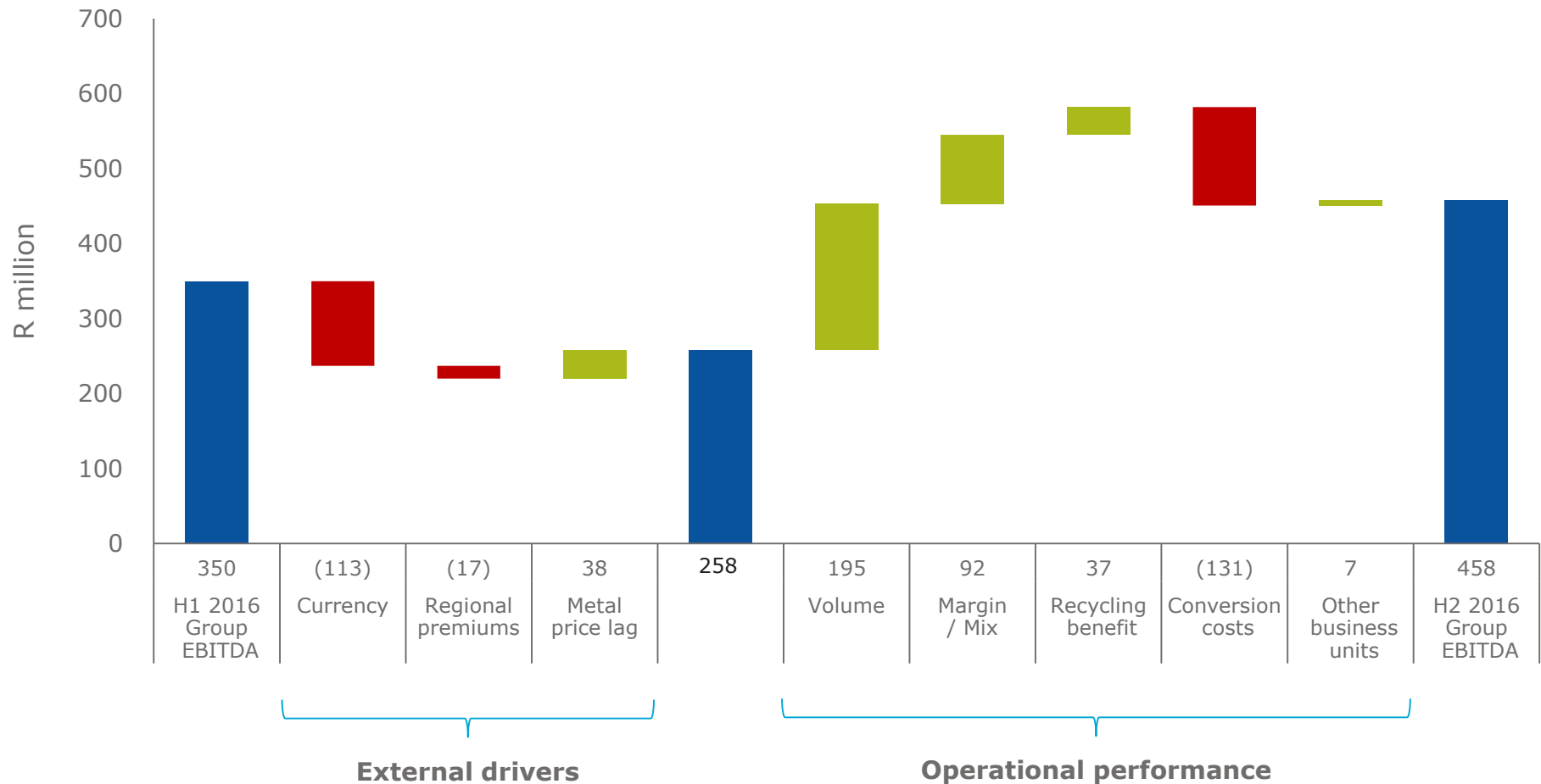
FY 2015 V FY 2016 EBITDA BRIDGE

12



H1 2016 V H2 2016 EBITDA BRIDGE

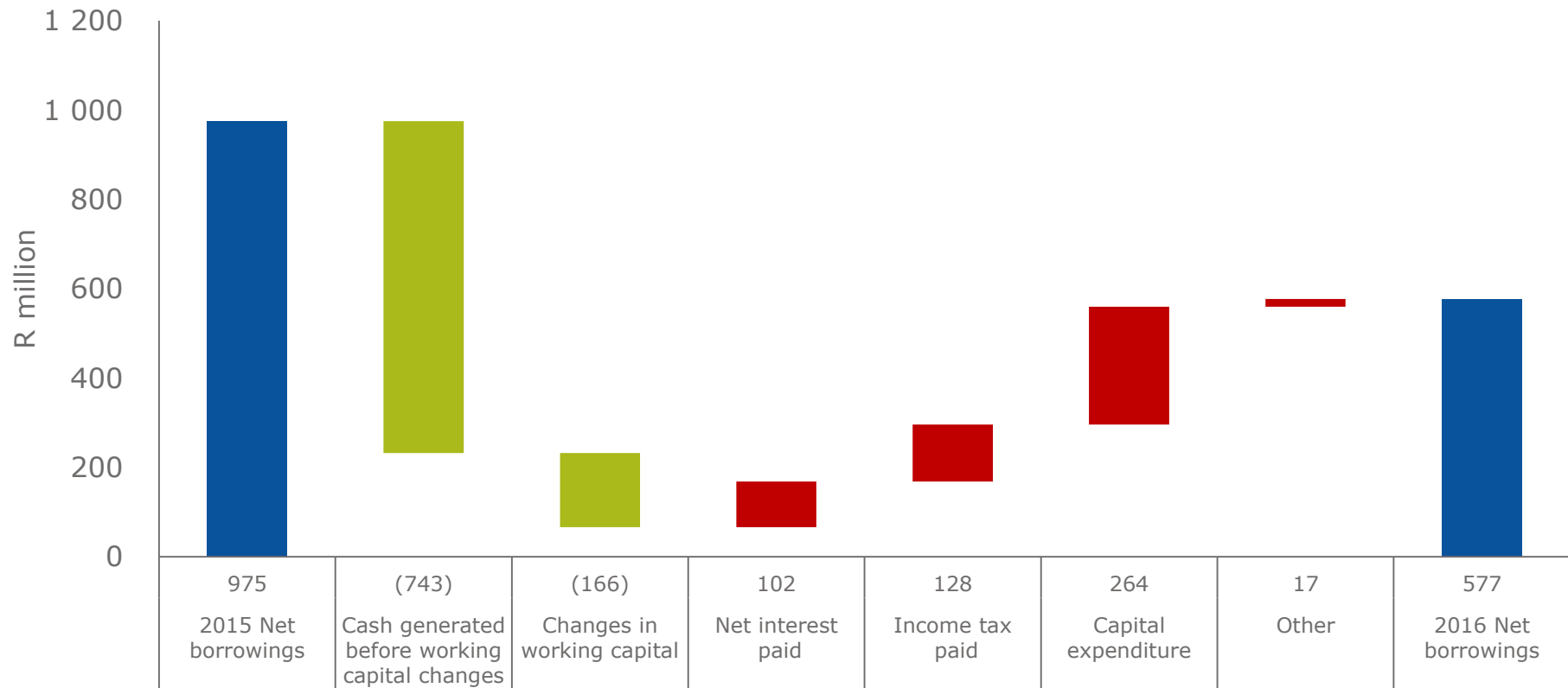
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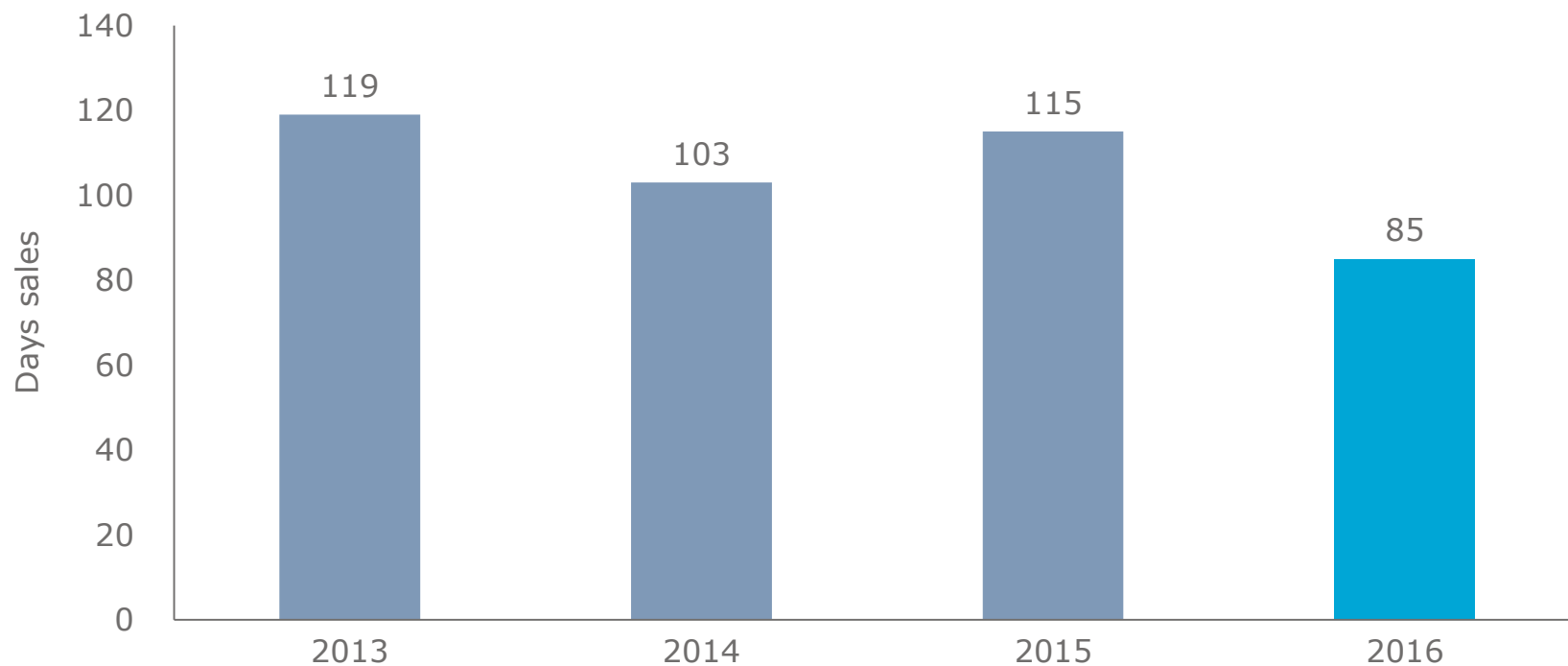
Focus areas	Delivered
Improve liquidity	<ul style="list-style-type: none"> • New 3-year working capital facility • Covenant light • R400m additional headroom
Drive operating performance	<ul style="list-style-type: none"> • EBITDA before metal price lag up 25%, driven by strong manufacturing fundamentals
Working capital	<ul style="list-style-type: none"> • Significant improvements in inventory efficiencies
Capital discipline	<ul style="list-style-type: none"> • Optimising SIB capex

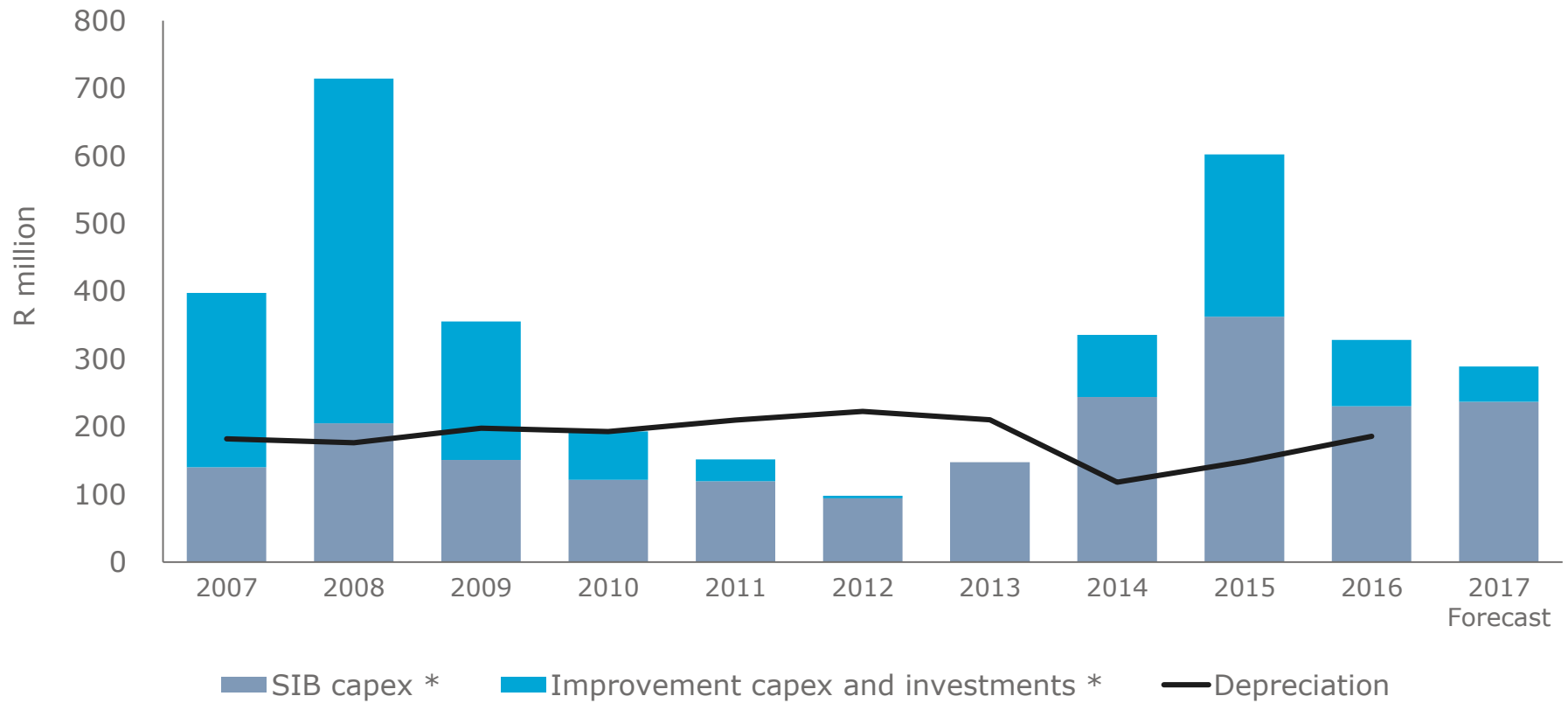
FY 2016 CASH FLOW

15



Average inventory days

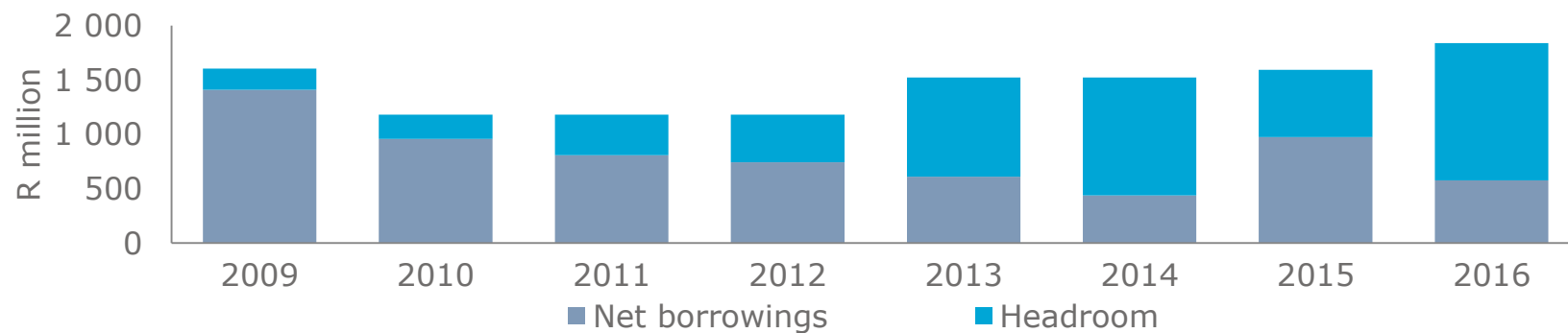




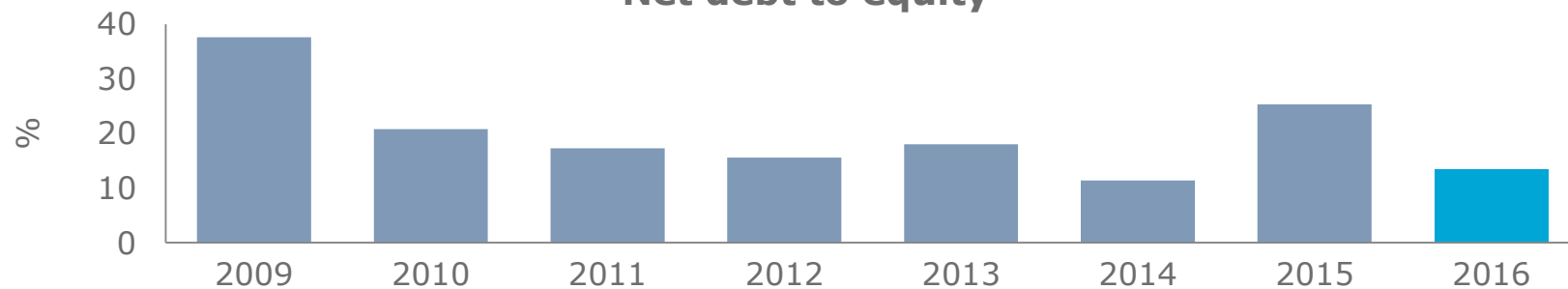
* Excludes capitalised borrowing costs

Audited results for the year ended 31 December 2016

Net borrowings and headroom



Net debt to equity



Drive free cash flow generation

- Maintain volume gains
- Drive mix / margin improvement
- Focused cost reduction
- Improved metal input mix
- Maintain working capital gains
- Prudent stay in business capex

De-risk the balance sheet

- Reduce borrowings and maintain sufficient facility headroom

Invest in growth opportunities

- Grow return on capital employed

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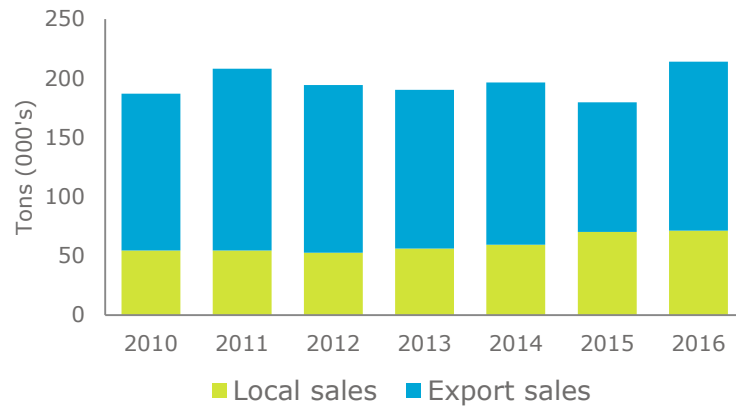
OPERATIONAL REVIEW

ROLLED PRODUCTS – KEY FEATURES

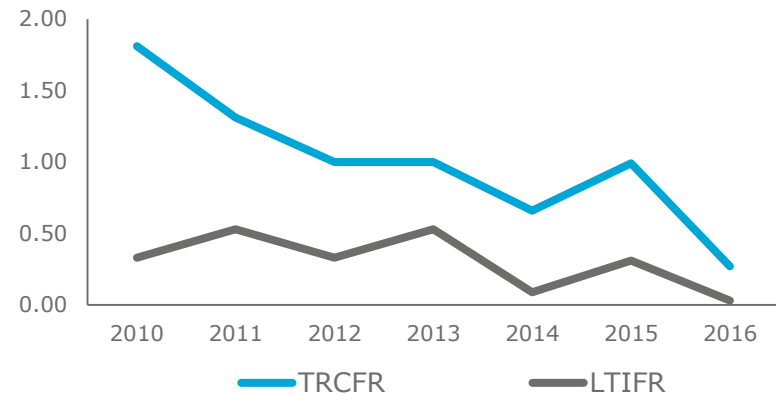
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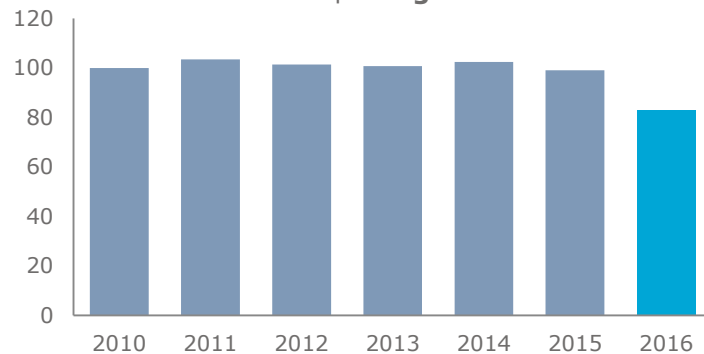
Rolled Products sales volume



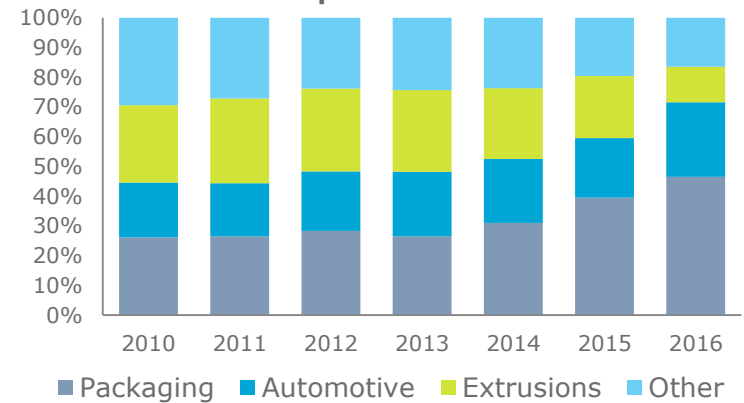
Safety performance



US\$ margin index

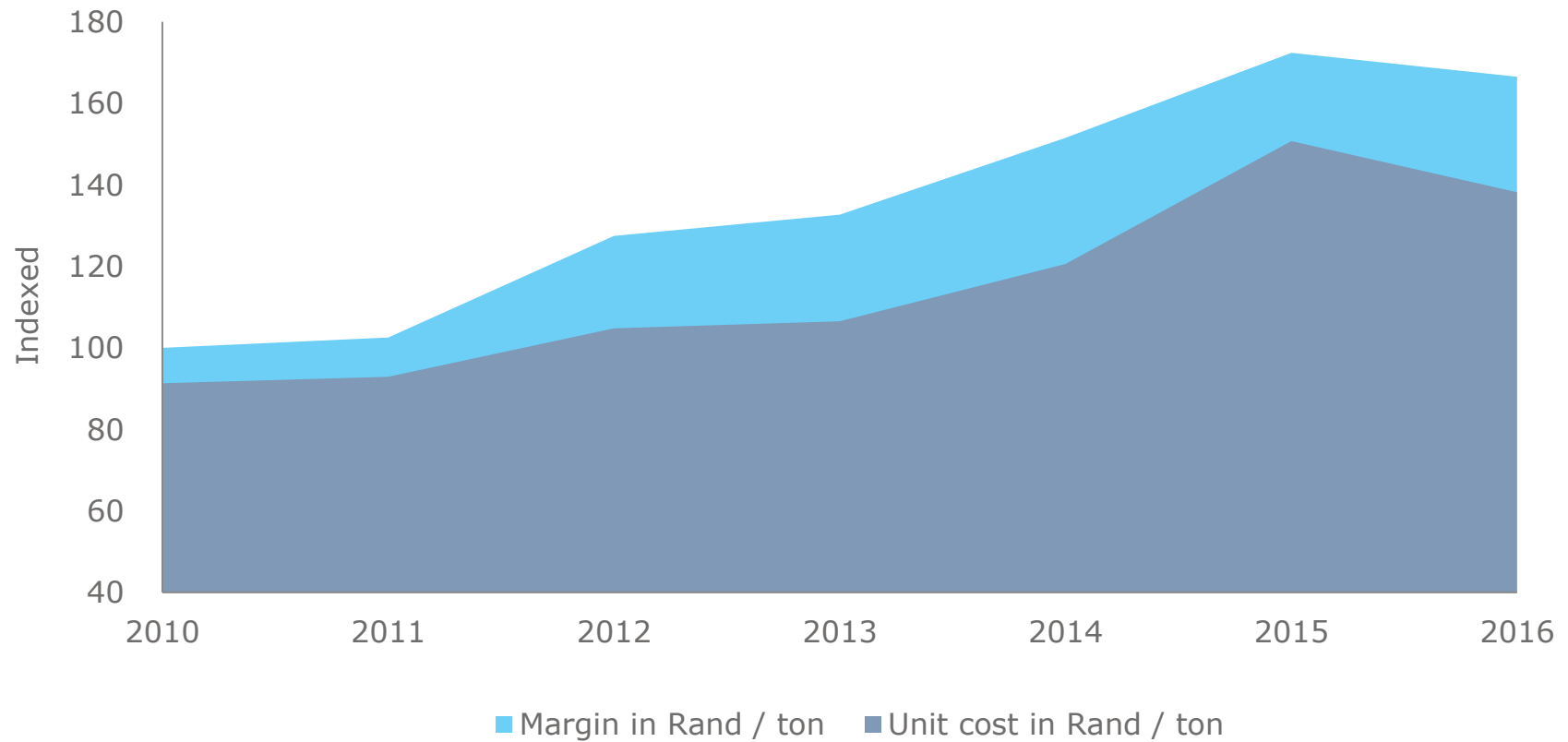


Group local sales mix

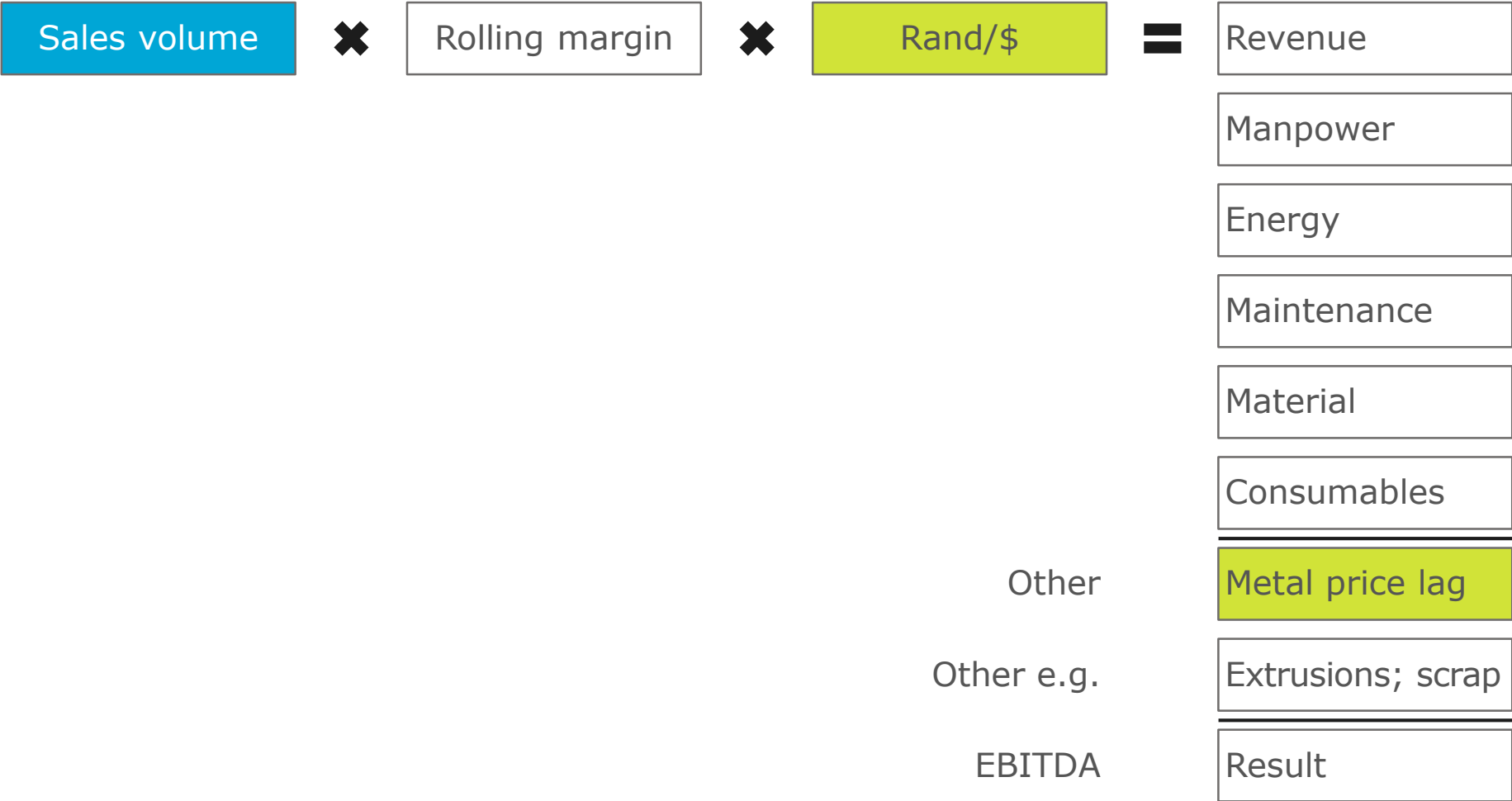


ROLLED PRODUCTS OPERATING MARGIN IN RAND

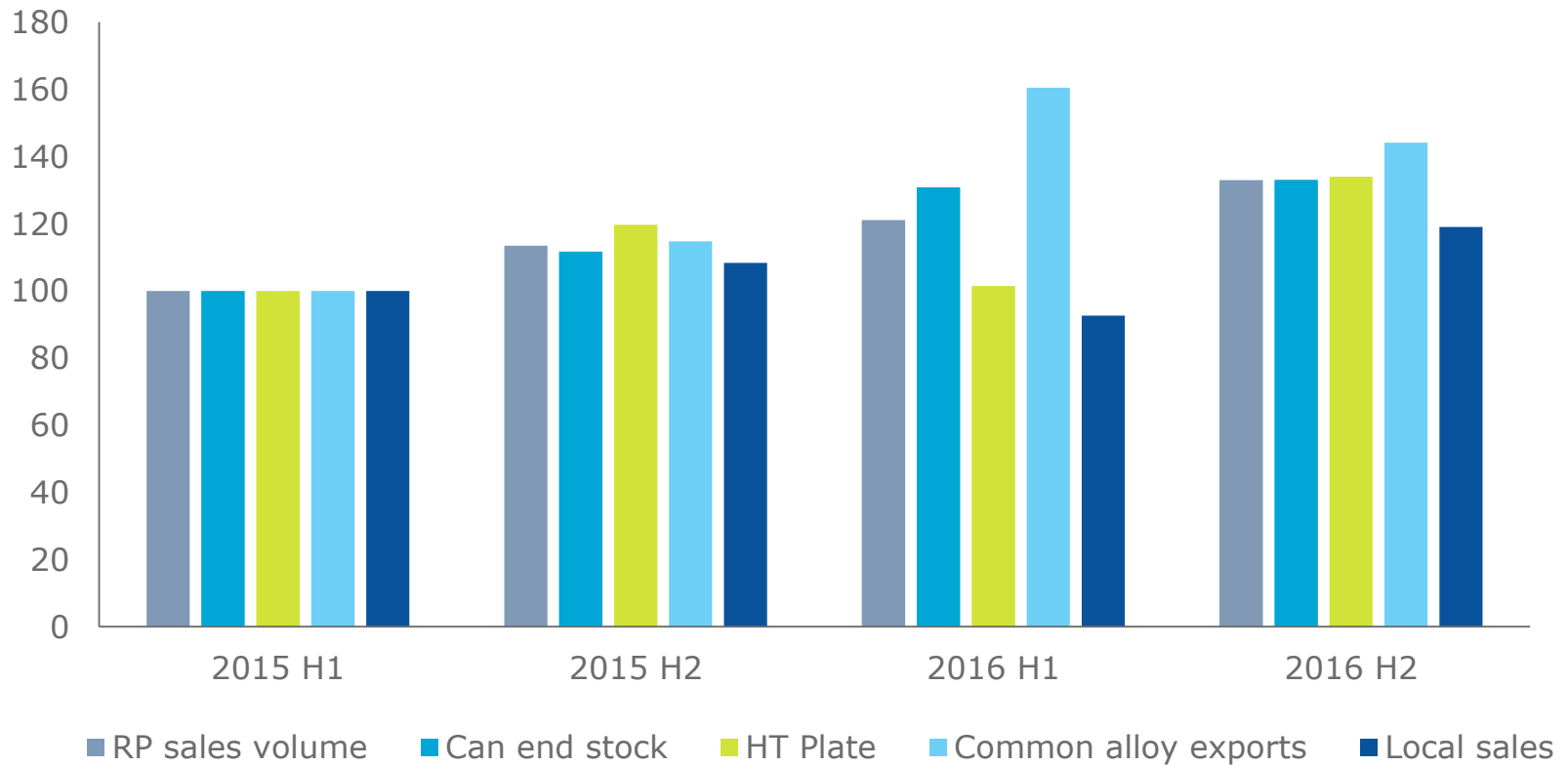
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A HULAMIN EBITDA MODEL



RP sales and product volume index

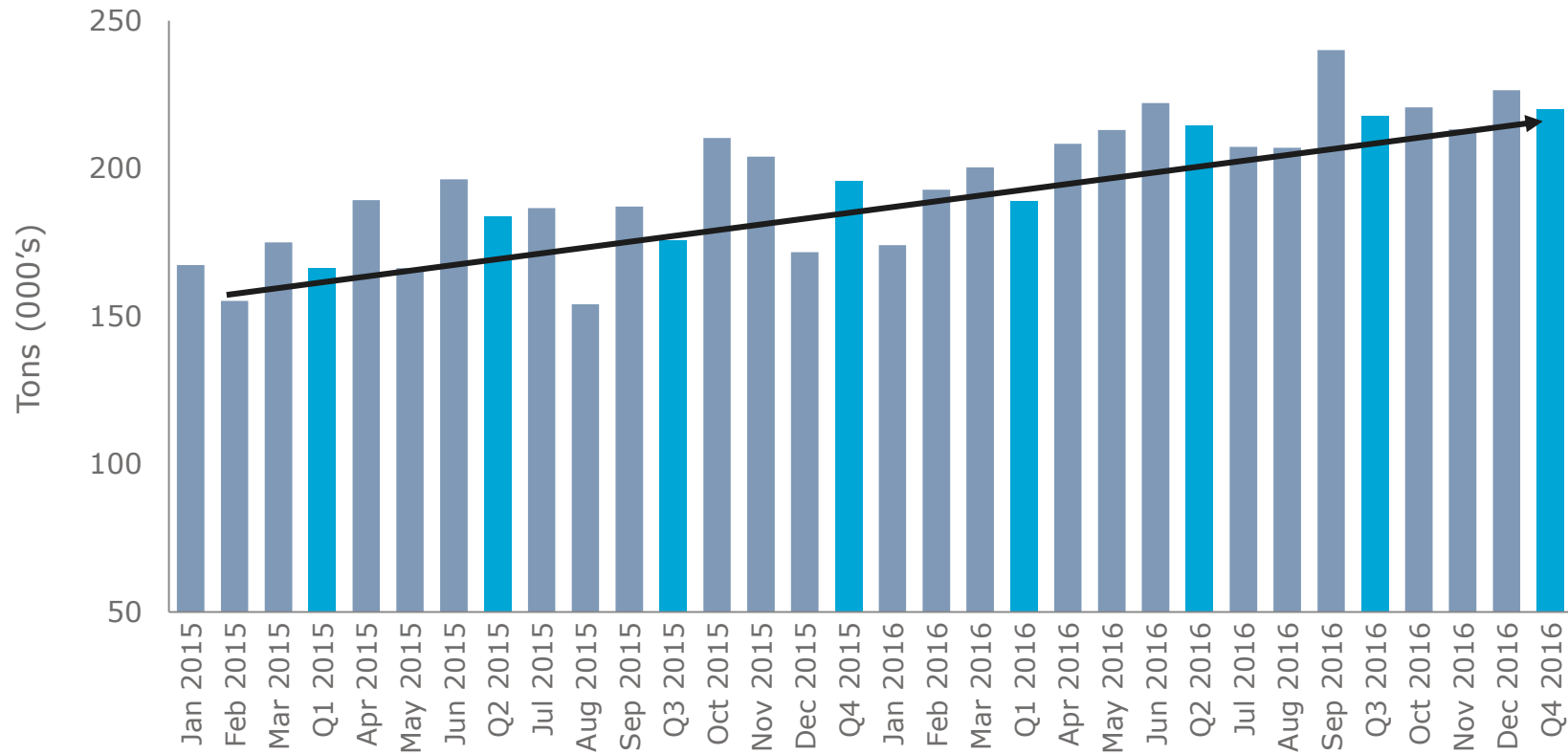


Internal issues

- Improved plant performance including
 - Lean manufacturing performance – Kaizan
 - Product yield
 - Rolling productivity
 - Improved reliability
- Slab supply from Isizinda
- Manpower stability

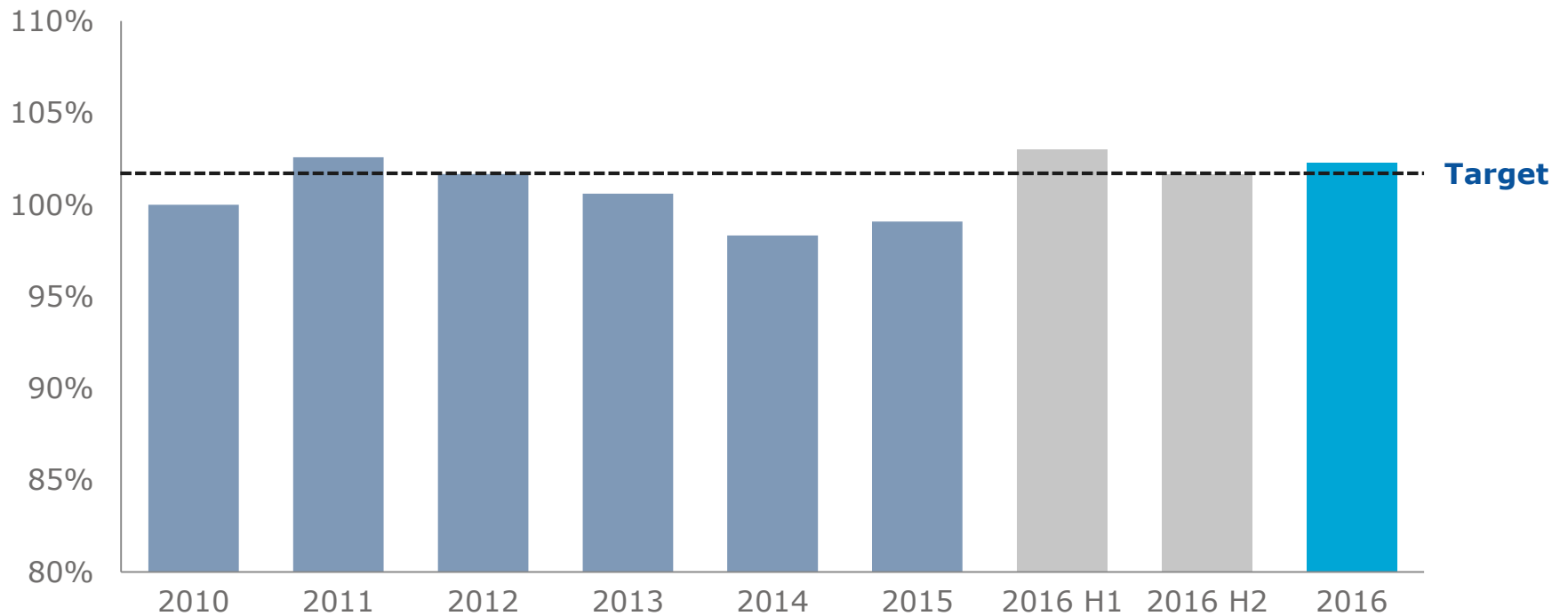
External issues

- Supply of services
 - Energy
 - Logistics
 - Other infrastructure e.g. water



ROLLED PRODUCTS YIELD INDEX

27

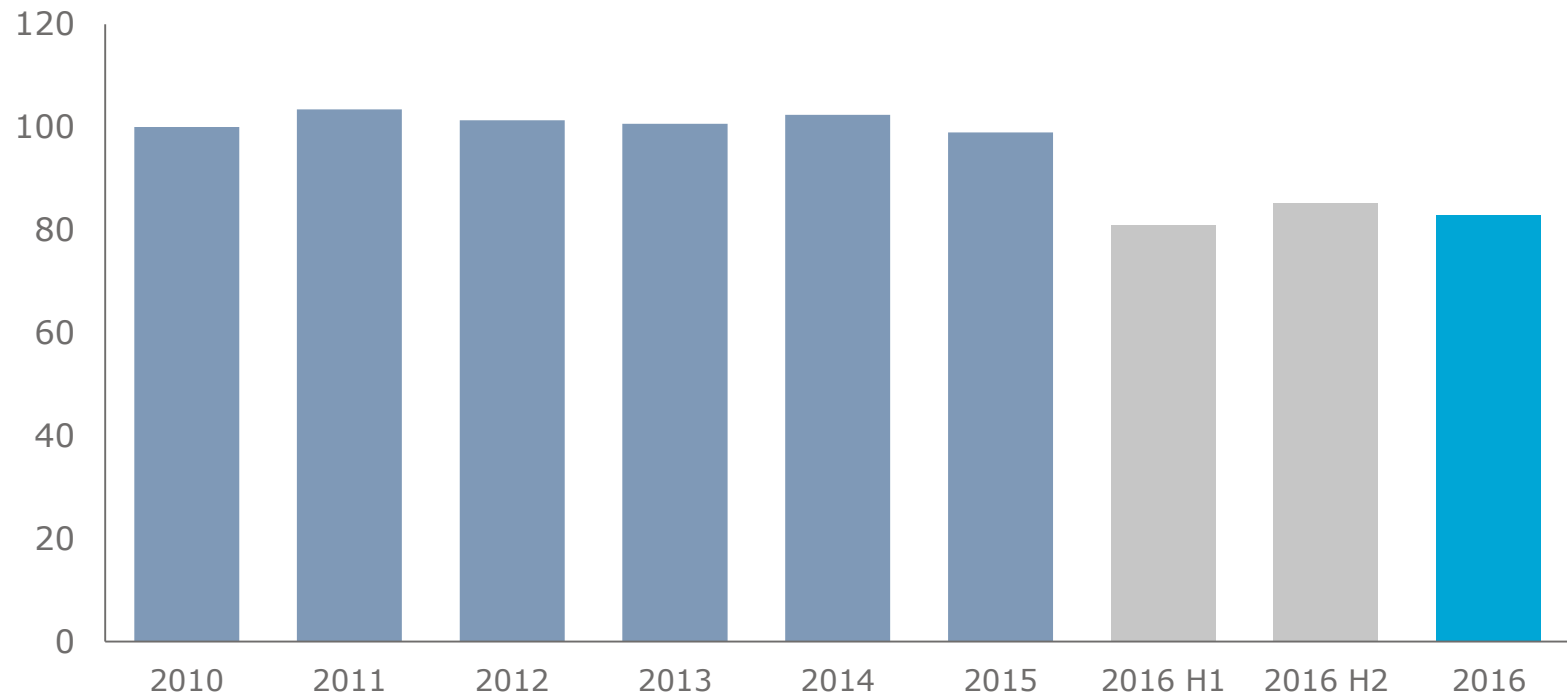


A HULAMIN EBITDA MODEL



ROLLING MARGIN IN US DOLLARS INDEX

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Strong sales and production of

- Can stock products
- Automotive
- Heat Treated Plate

Market conditions remain uncertain

- Over-supply remains
- Political uncertainty in UK and USA

Year-on-year mix % changes 2016 vs. 2015

- Low volume in 2015 with high value mix

Improvement in H2 2016

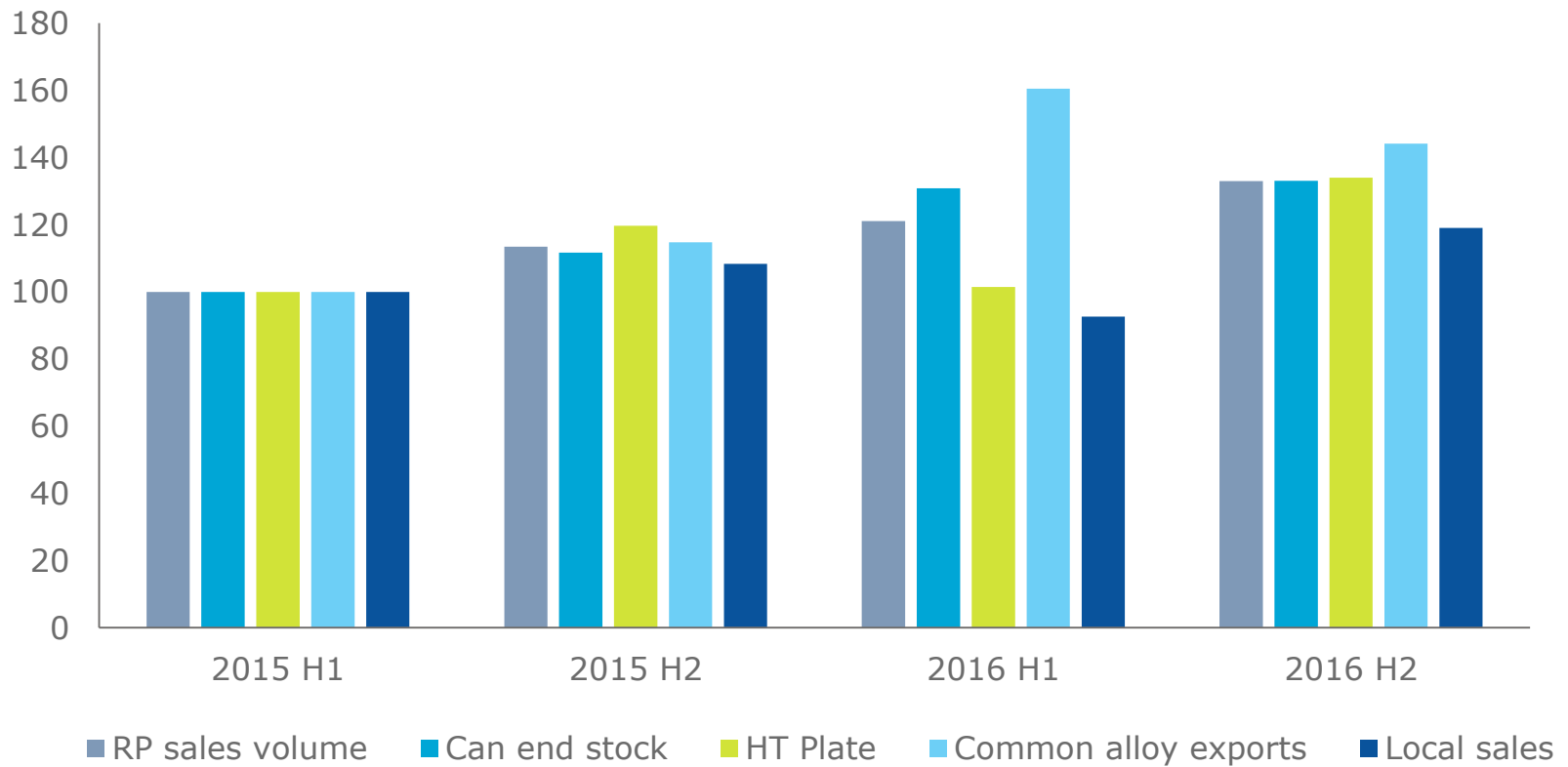
- Approx. \$50 / ton

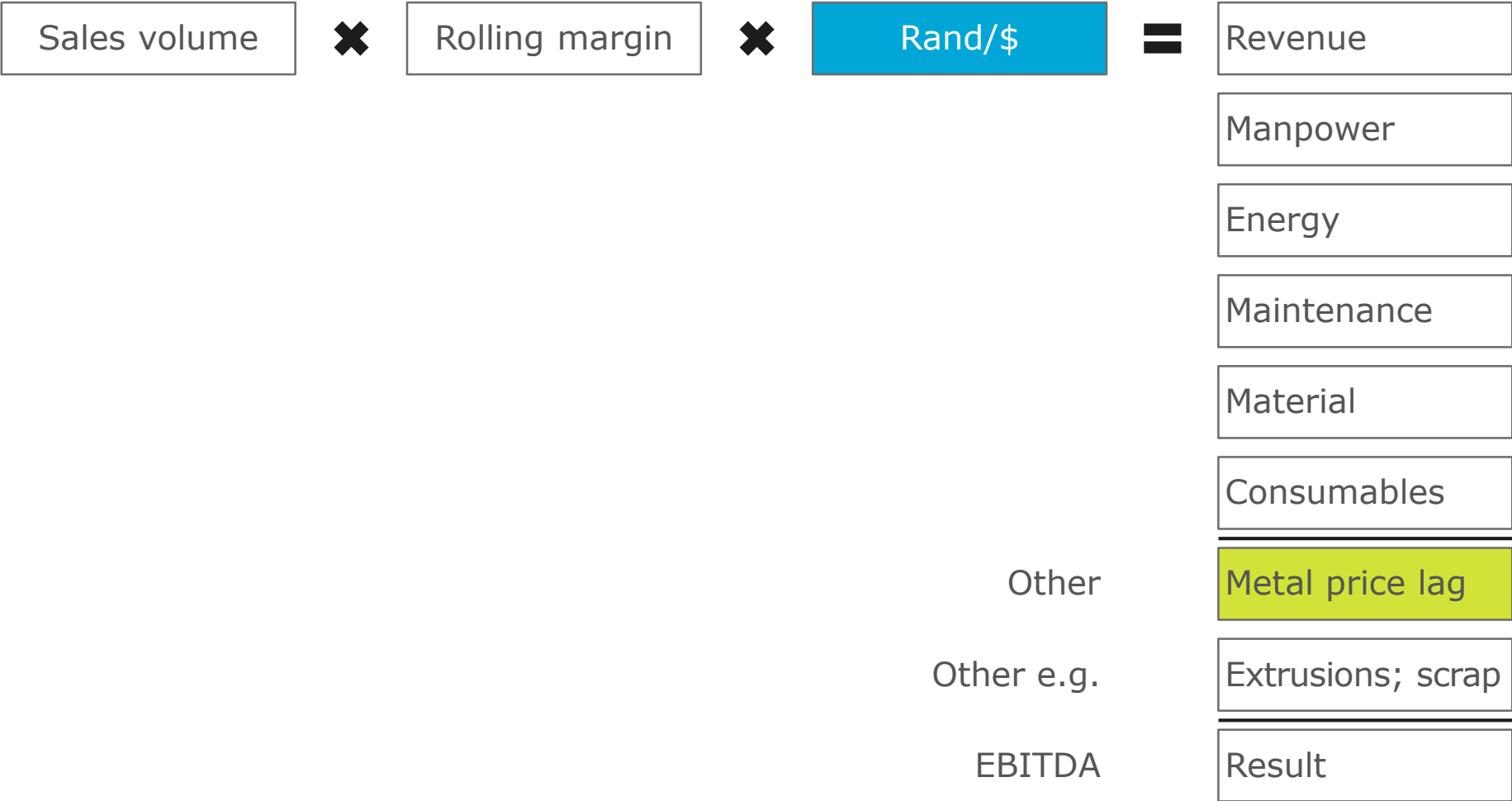
Weaker Euro vs. US Dollar

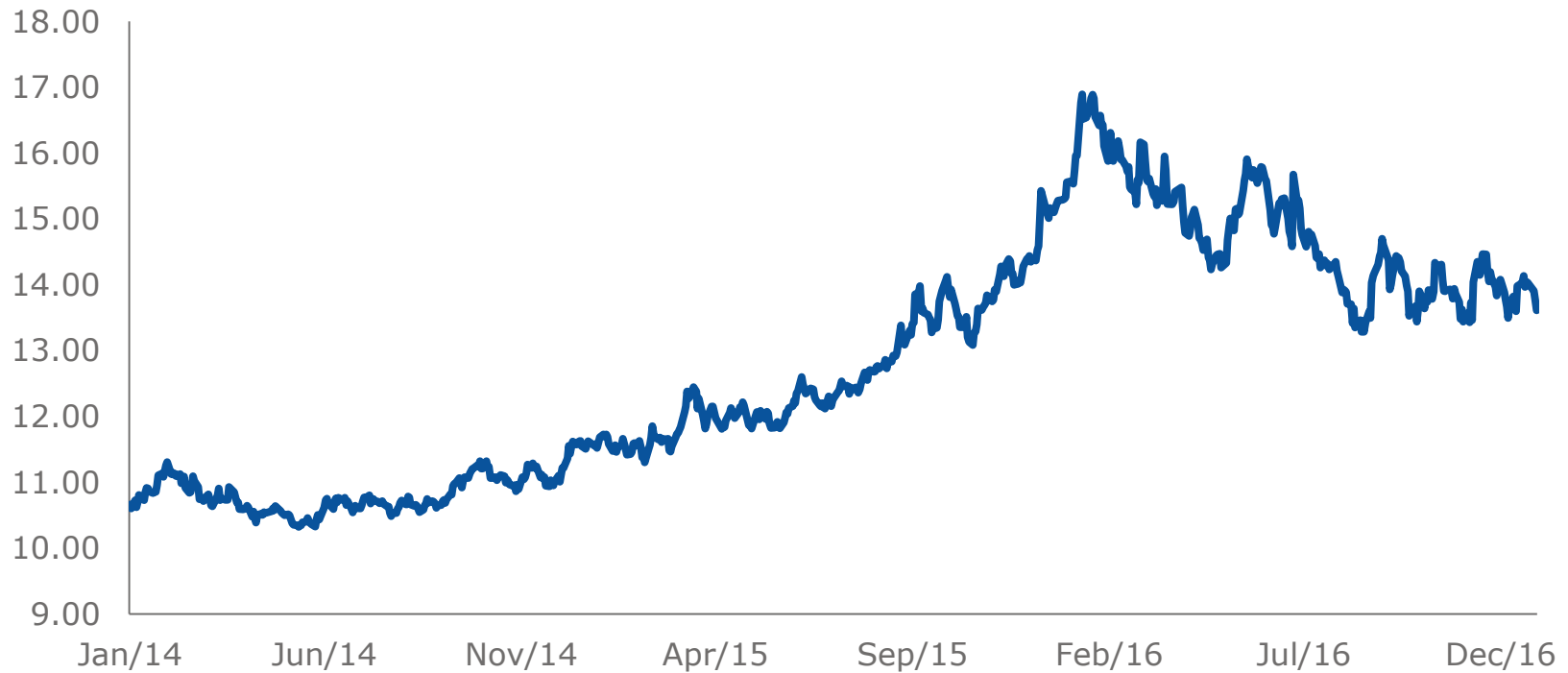
Aluminium price translation into rolling margins

- Massive fall in geographic premiums – now stable since Q2 2015
- Low SHFE vs. LME aluminium in 2015

RP sales and product volume index







A HULAMIN EBITDA MODEL

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Sales volume



Rolling margin



Rand/\$



Revenue

Manpower

Energy

Maintenance

Material

Consumables

Other

Metal price lag

Other e.g.

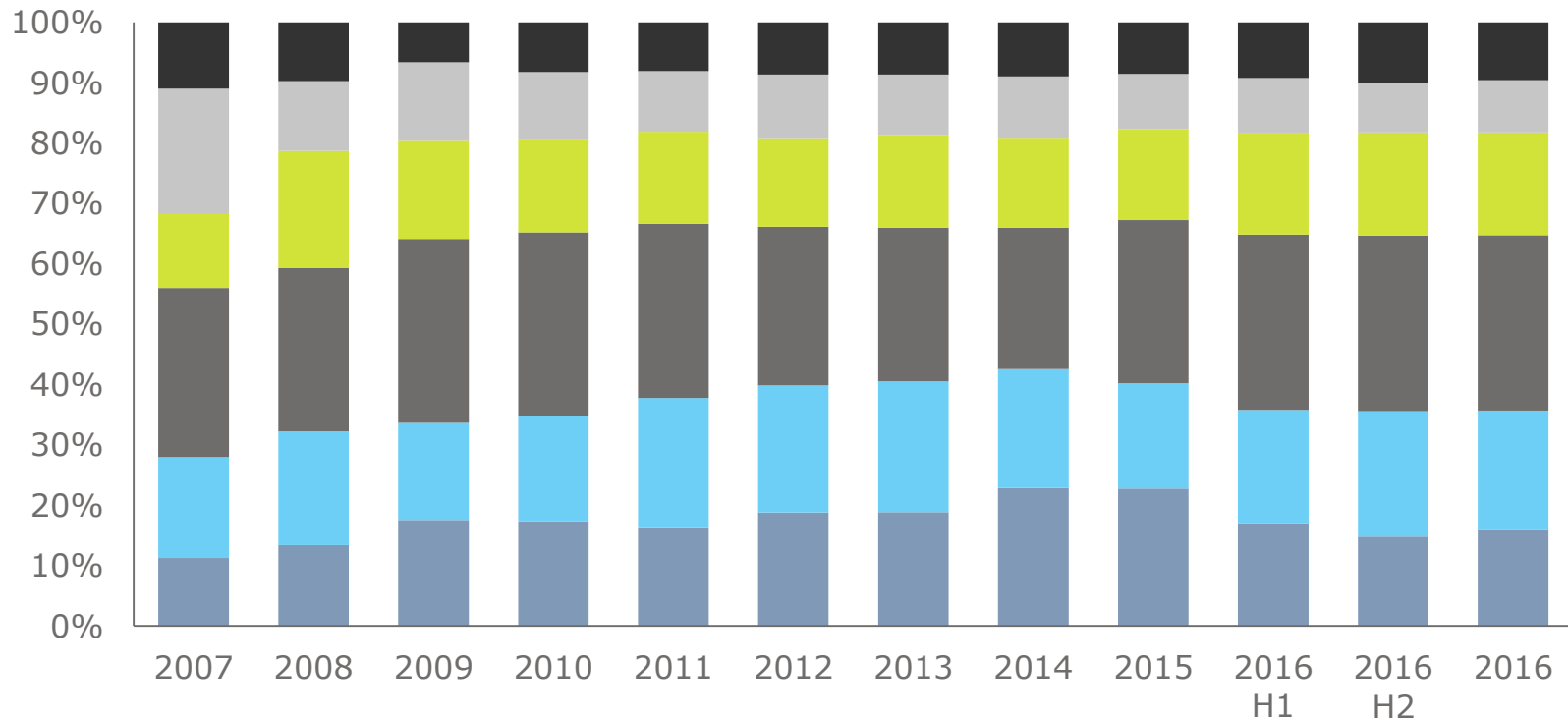
Extrusions; scrap

EBITDA

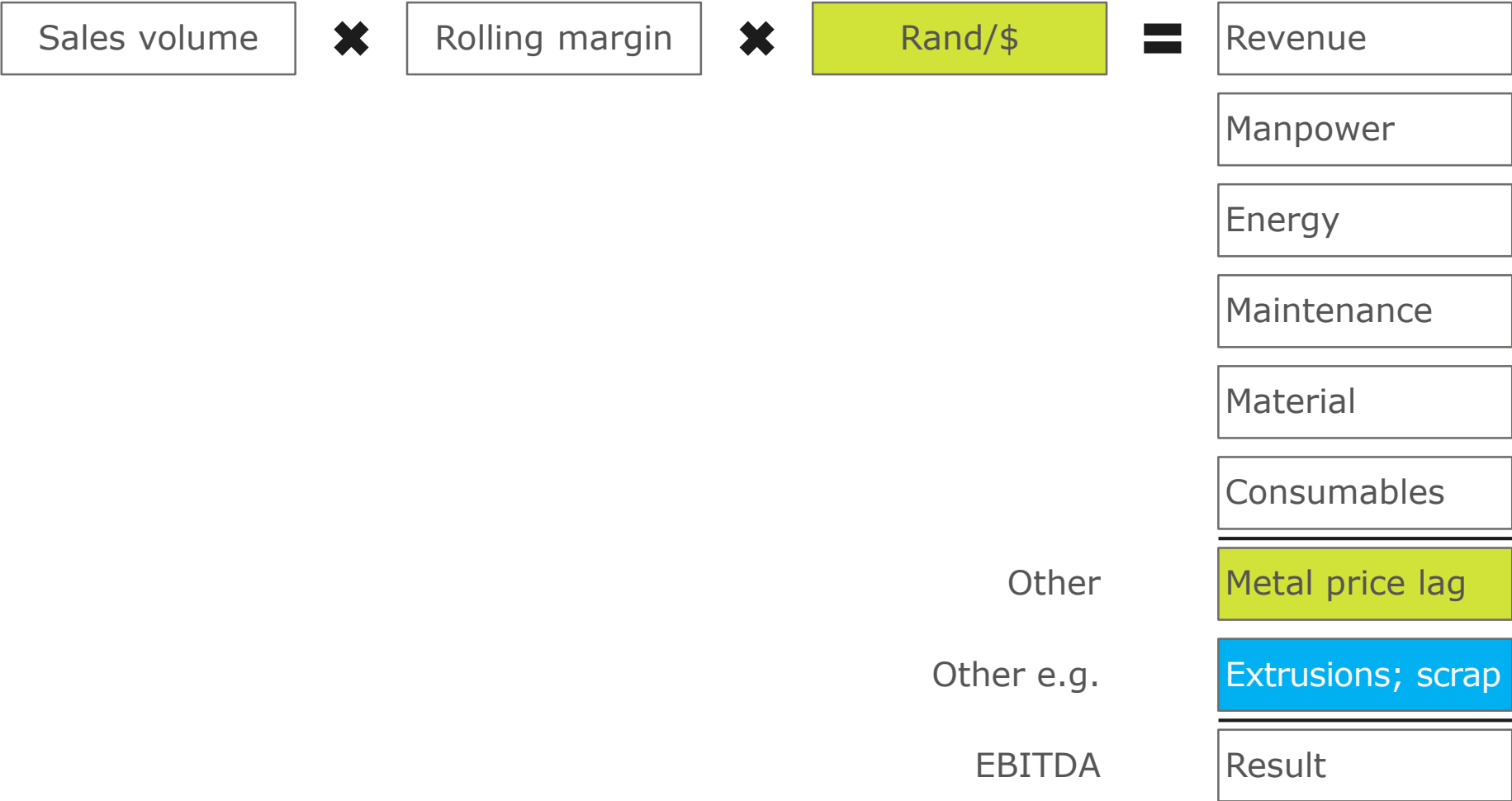
Result

RP MANUFACTURING COSTS EXCL. METAL

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■ Materials ■ Energy ■ Manpower (excl maintenance) ■ Consumables ■ Maintenance (incl manpower) ■ Other



Purchases include

- Used beverage cans
- Can makers scrap
- Other customer's scrap
- Other scrap available in market

Sales include

- Light (thin) scrap
- Alloy contaminated scrap

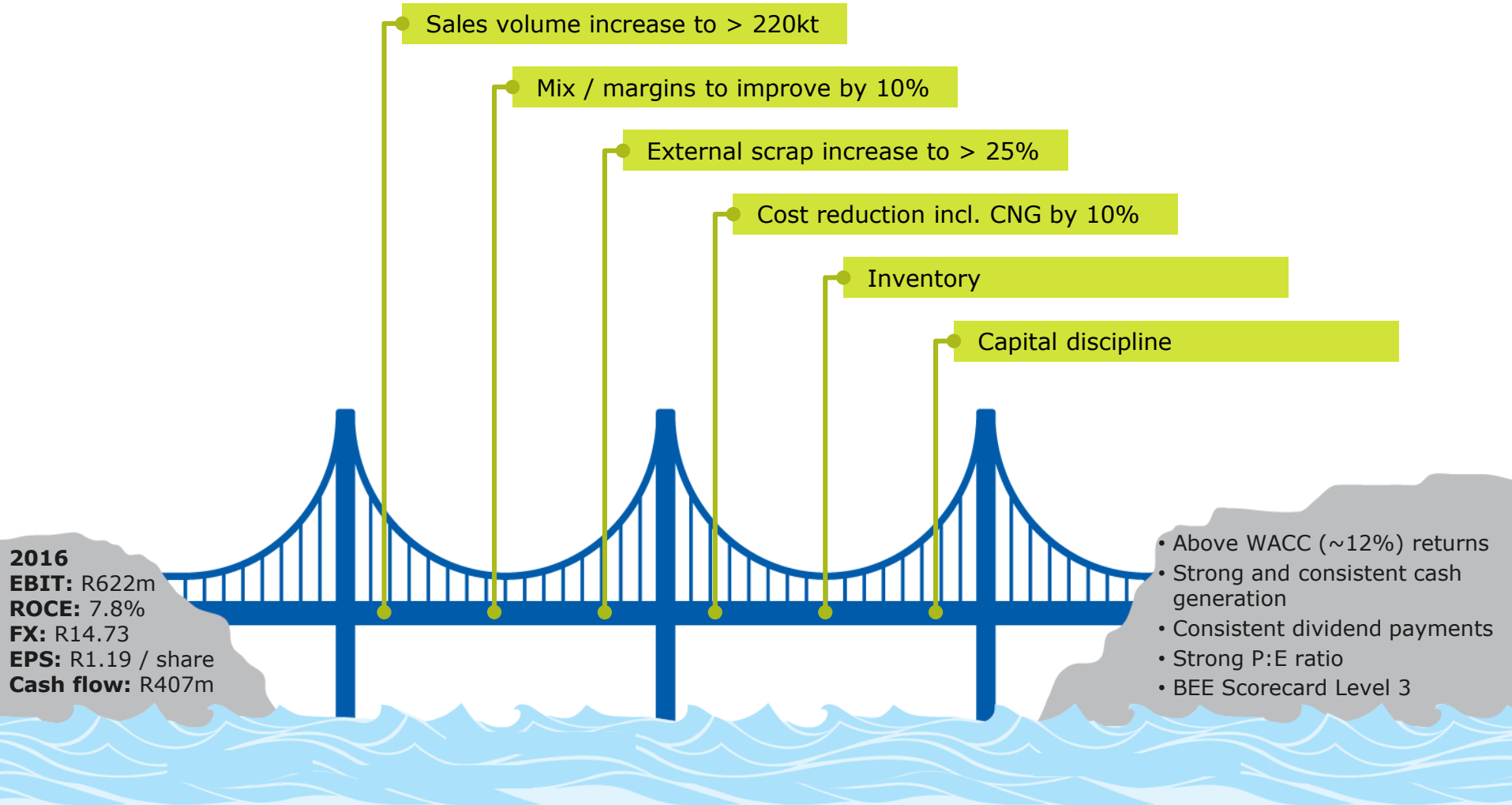
2016 scrap purchases

- >16 000 tons (11 000 in H2)
- Limited by sales of can body stock

- R30 million capital investment approved
 - Value added products (architectural)
 - Cost reduction
- Go-To-Market strategy upgrade
- Operating profit improvement 133% off low base
- Low priced imports continue to erode local manufacturing
- Low GDP growth (demand) undermining sales volume growth



STRATEGY UPDATE



	① <u>Strengthen the core to compete today</u>	② <u>Improve rolling margins to grow</u>	③ <u>Build assets of tomorrow to win</u>
Benchmark operational performance	✓		✓
Cost competitiveness	✓		
Grow local and regional sales		✓	✓
Secure, competitive aluminium supply	✓		
Supportive regulatory environment	✓	✓	✓

- 
- A close-up photograph of a metal surface with a diamond plate pattern. The surface is dark and reflective, with the diamond shapes creating a series of highlights and shadows. The pattern is consistent across the entire image.
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OUTLOOK

- Continue focus on operational performance
- Strong demand for Hulamin products in subdued market conditions
- Scrap sourcing and optimisation
- Resources deployed on rolling margin and mix improvement
- Impact of Rand / US Dollar



APPENDIX

		2016	2015	% Change
Key parameters and activities				
Average LME	US\$	1 604	1 494	7
Average exchange rate	R/US\$	14.73	12.76	15
Group sales volume	tons	232 000	198 000	17
Rolled Products sales volume	tons	214 000	180 000	19
Group turnover	Rm	10 099	8 395	20
Profitability				
Group EBIT	Rm	622	295	110
Group EBITDA	Rm	808	444	82
EBITDA / turnover	%	8.0	5.3	51
ROE	%	9.3	3.1	200
HEPS	cps	119	37	222
Normalised EPS	cps	119	55	116

		2016	2015	% Change
Financial, cash flow and borrowings				
Capital expenditure	Rm	328	488	(33)
Cash flow before financing activities	Rm	415	(420)	
Net borrowings	Rm	577	975	(41)
Debt equity ratio	%	13	25	(48)
NAV per share	cps	1 360	1 206	13
Share price (VWAP)	cps	545	656	

CONDENSED INCOME STATEMENT

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	2016 Rm	2015 Rm
Revenue	10 099	8 395
Cost of sales	(8 958)	(7 855)
Gross profit	1 141	540
Selling, marketing, distribution and administrative expenses	(588)	(494)
Impairment charge	-	-
Other gains and losses	69	249
Operating profit	622	295
Net interest expense	(87)	(66)
Profit before tax	535	229
Taxation	(150)	(65)
Net profit for the period	385	164
EBITDA (excluding impairment)	808	444
EBITDA / Sales (%)	8.0	5.3

GROUP EXPENSES BY NATURE

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	2016 Rm	2015 Rm
Aluminium and other material costs	6 627	5 667
Utilities and other direct manufacturing costs	774	657
Employment costs	1 048	930
Depreciation and amortisation	186	149
Repairs and maintenance	258	255
Freight and commissions	365	309
Other operating income and expenditure	288	381
	9 546	8 348
Classified as		
Cost of sales	8 958	7 855
Selling, marketing and distribution expenses	444	382
Administrative and other expenses	144	111
	9 546	8 348

CONDENSED BALANCE SHEET

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	2016 Rm	2015 Rm
Capital employed		
Equity	4 347	3 855
Net borrowings	577	975
	4 924	4 830
Employment of capital		
Property, plant and equipment and intangibles	3 333	3 234
Retirement benefit asset	117	142
Net working capital (incl. derivatives)	2 224	2 149
Net deferred tax liability	(491)	(467)
Retirement benefit obligations	(259)	(228)
	4 924	4 830

CONDENSED CASH FLOW STATEMENT

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	2016 Rm	2015 Rm
Cash flows from operating activities		
Operating profit	622	295
Net interest paid	(102)	(87)
Impairment charge	-	-
Depreciation and other non-cash items	121	246
Income tax payment	(128)	(50)
Changes in working capital	166	(280)
	679	124
Cash flows from investing activities		
Net additions to property, plant and equipment and intangibles and investments	(264)	(543)
Cash flows before financing activities	415	(419)
Cash flows – equity, dividend and other transactions	(17)	(119)
Cash flows for the period	398	(538)
Net borrowings – beginning of period	(975)	(437)
Net borrowings – end of period	(577)	(975)