



HULAMIN

1940 ~ 2015
75

**UNAUDITED
INTERIM
RESULTS**
FOR THE
HALF-YEAR
ENDED
30 JUNE
2015

1 Introduction / market update

2 Financial results

3 Operational review

4 Strategy update

5 Outlook

KEY POINTS

- Lower sales volume at 187kt annualised (2014: 221kt)
- Weaker Rand R11.92/\$ (2014: R10.71/\$)
- 65kt Recycling plant started up on time in May 2015
- Bayside cashouse operation handed over on 1 July 2015 to Isizinda JV
- Cash outflows reflect higher capital expenditure, investments and working capital
- Metal price lag charge R55million
- Dividend declared

KEY TRENDS

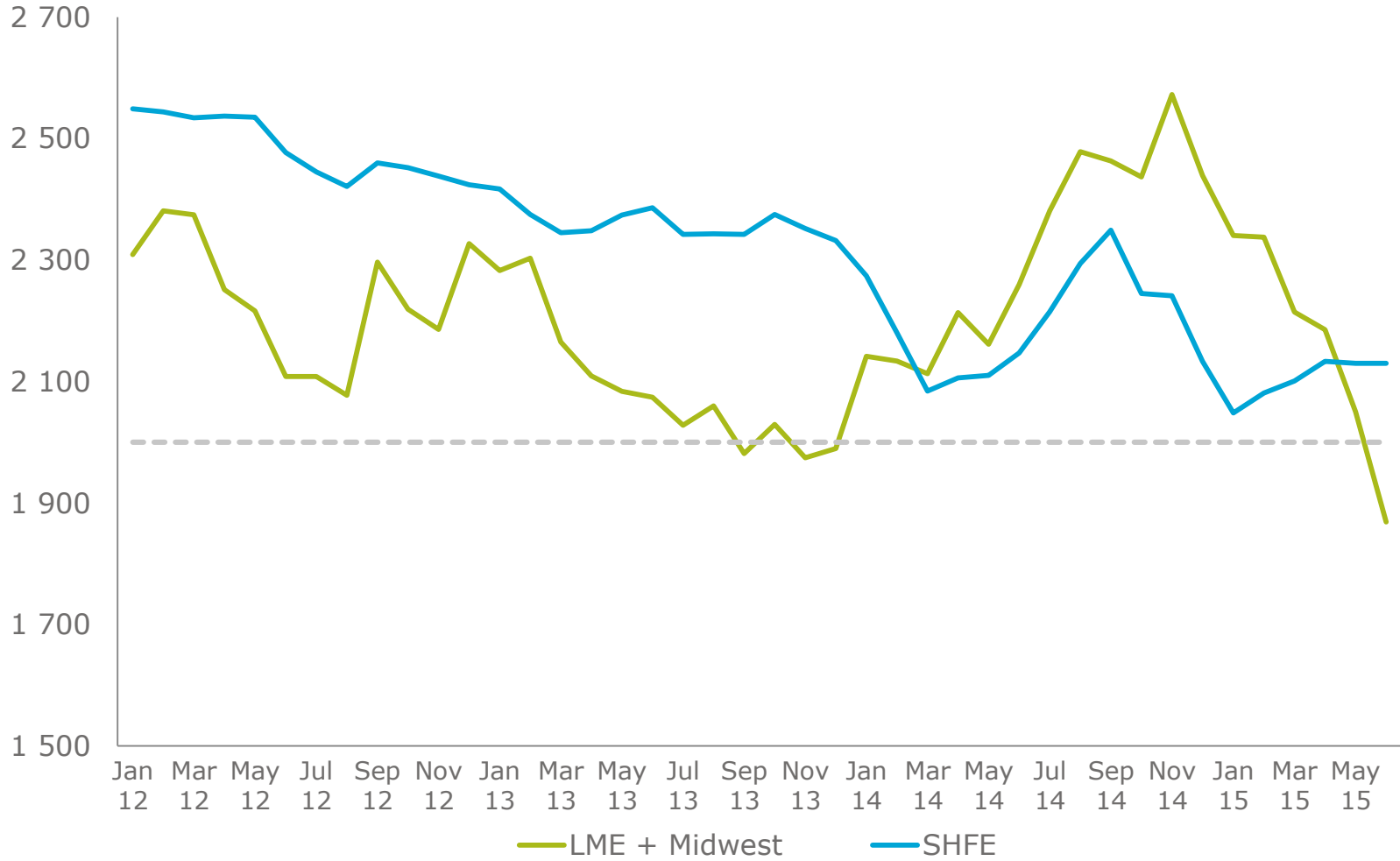
Aluminium in over-supply

- Metal is cheap – LME & geographic premiums have fallen
- China has too much capacity / Asia is now self-sufficient / weak Chinese domestic market
- Many mills under-utilised - marginal cost price model
- Many mills focusing on protecting local markets through state interventions (anti-dumping/tariff protection)

Cans to Cars

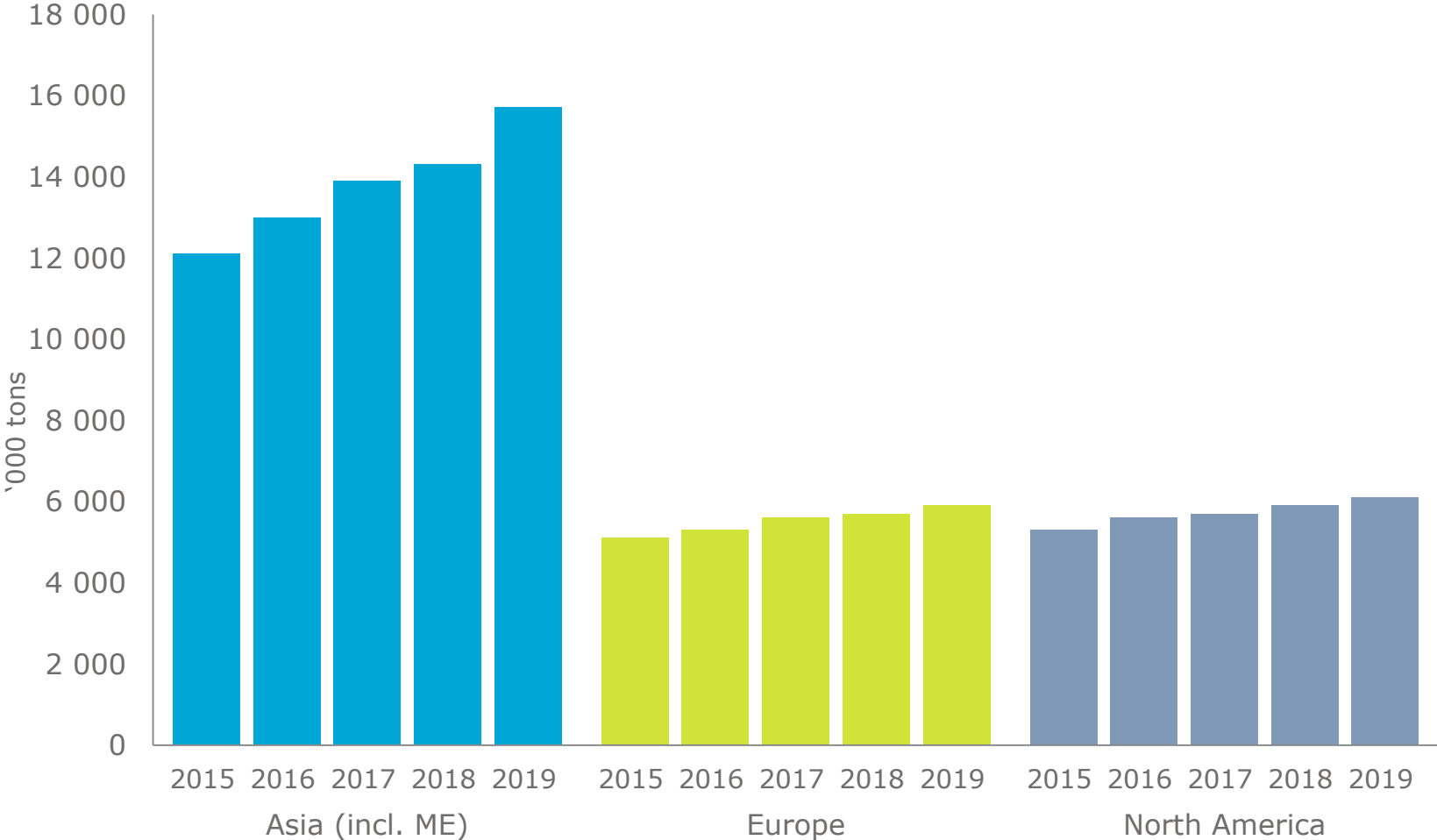
- Global shift by major players (e.g.: Alcoa, Novelis, Aleris & Constellium) to value-added higher profit auto sector

ALL-IN ALUMINIUM PRICE (USD/TON)



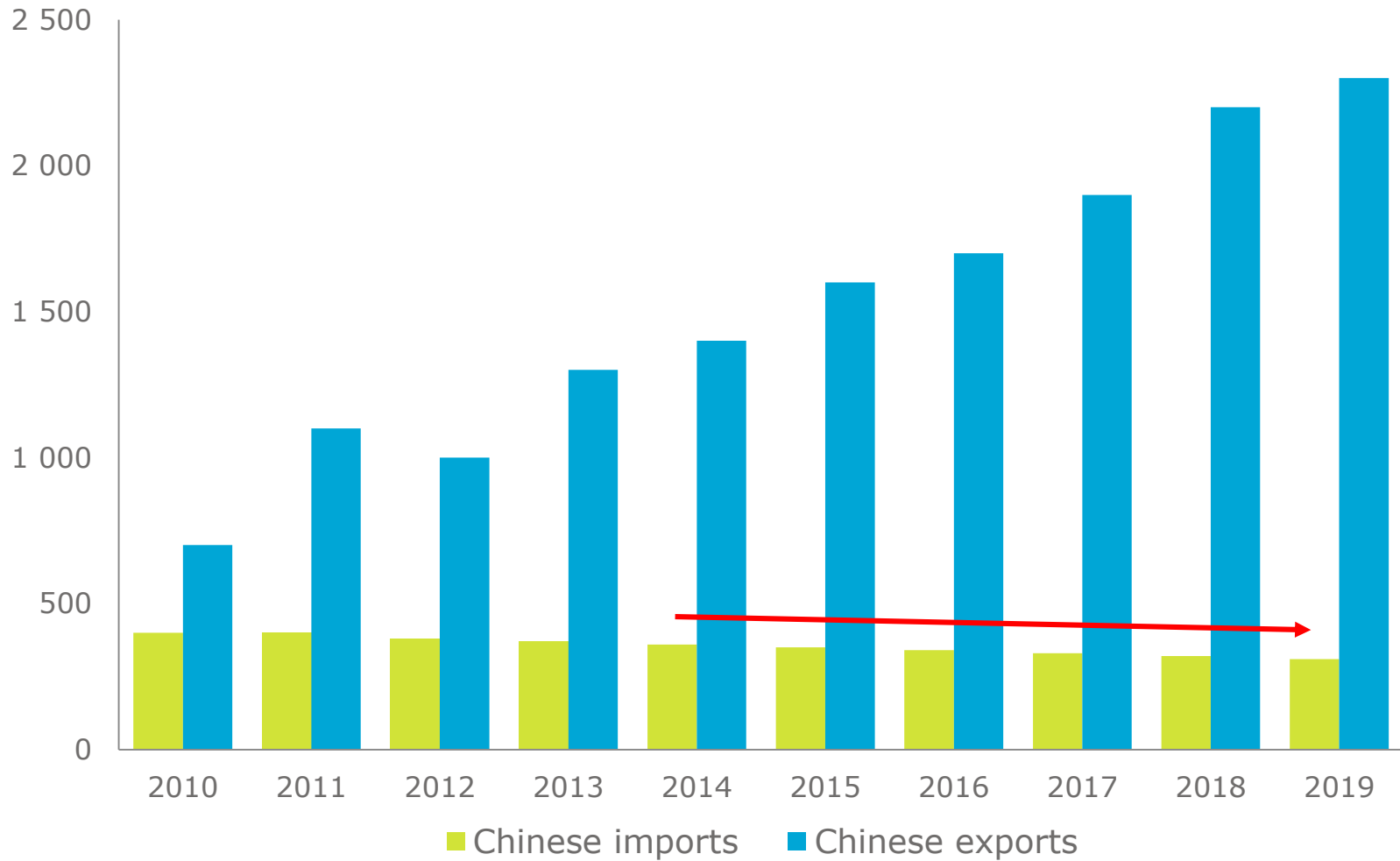
Source: Metal Bulletin

WORLD ROLLED PRODUCTS CONSUMPTION FORECAST



Source: CRU

CHINA TO DOMINATE GLOBAL EXPORTS – FORECAST



Source: CRU



FINANCIAL RESULTS

SALIENT FEATURES

		2015 H1	2014 H1
Key parameters			
Average LME	\$	1 785	1 752
Average exchange rate	R / \$	11.92	10.71
Group sales volume	tons	92 774	110 363
Rolled Products sales volume	tons	84 186	101 902
Group turnover	Rm	3 930	4 061
Profitability			
Group EBIT	Rm	138	210
Rolled Products EBIT	Rm	124	191
Group EBITDA (excluding impairment)	Rm	209	269
EBITDA / turnover	%	5.3	6.6
ROE	%	4.1	7.5
HEPS	cps	25	41
Normalised EPS	cps	26	41

		2015 H1	2014 H1
Financial, cash flow and borrowings			
Capital expenditure	Rm	265	79
Cash flow before financing activities (after dividend)	Rm	(575)	225
Net borrowings	Rm	1 012	387
Debt equity ratio	%	26	11
NAV per share	cps	1 203	1 112
Share price (VWAP)	cps	774	674

CONDENSED INCOME STATEMENT

	2015 H1 Rm	2014 H1 Rm
Revenue	3 930	4 061
Cost of sales	(3 642)	(3 608)
Gross profit	288	453
Selling, marketing, distribution and administrative expenses	(227)	(261)
Impairment charge	(4)	-
Other gains and losses	81	18
Operating profit	138	210
Net interest expense	(30)	(27)
Profit before tax	108	183
Taxation	(32)	(53)
Net profit for the period	76	130
EBITDA (excluding impairment)	209	269
EBITDA/turnover (%)	5.3	6.6

OPERATING PROFIT

	2015 H1 Rm	2014 H1 Rm	Change %
Operating profit	138	210	(34)
Impairment charge	4	-	
"Headline EBIT"	142	210	(32)
Transaction costs	3	-	
"Normalised EBIT"	145	210	(31)
Metal price lag	55	7	
"Comparable EBIT"	200	217	(8)

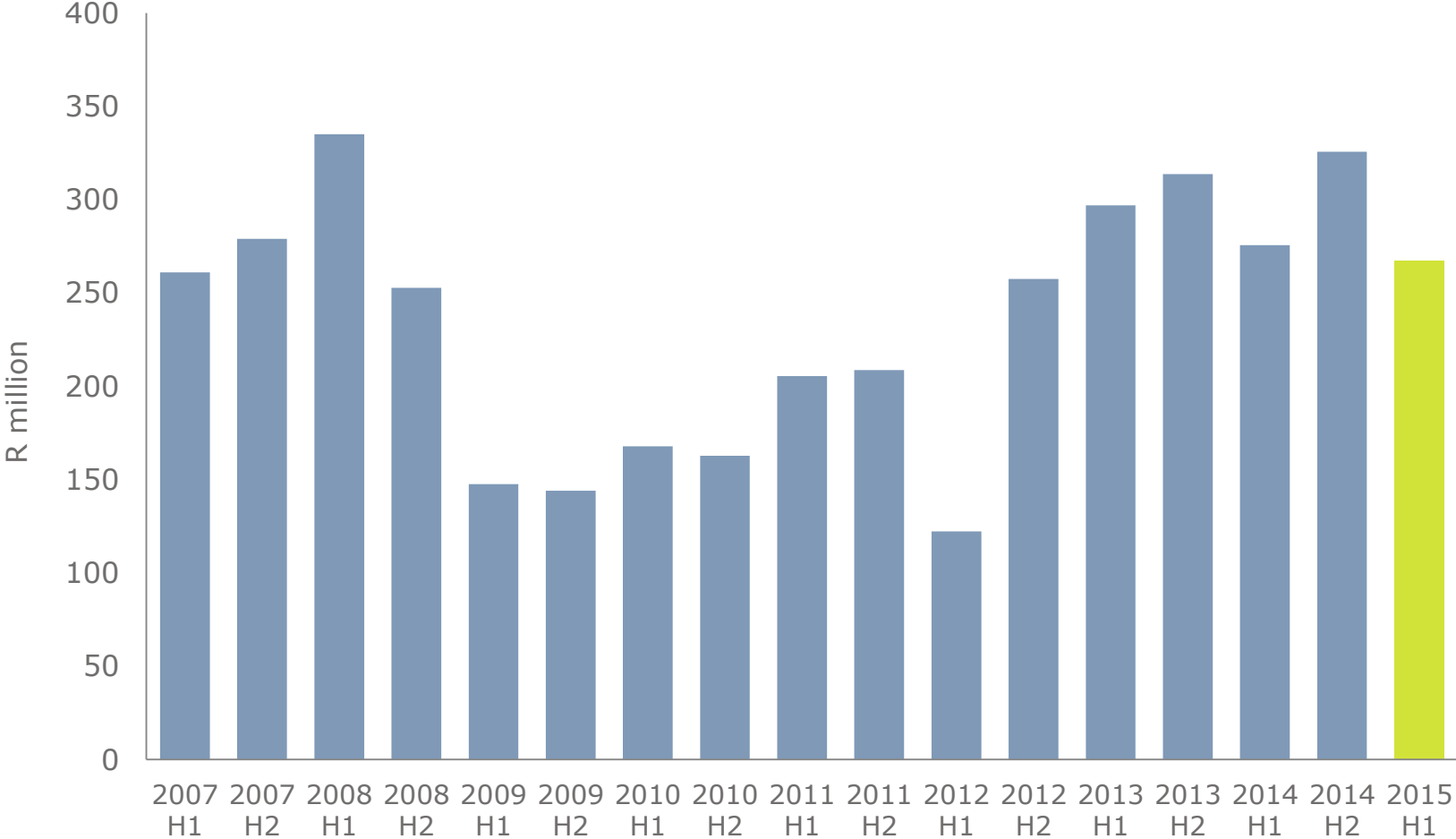
GROUP EXPENSES BY NATURE

	2015 H1 Rm	2014 H1 Rm
Aluminium and other material costs	2 716	2 643
Utilities and other direct manufacturing costs	308	311
Employment costs	436	387
Depreciation and amortisation	66	58
Repairs and maintenance	126	95
Freight and commissions	135	176
Other operating income and expenditure	82	199
	3 869	3 869
Classified as:		
Cost of sales	3 642	3 608
Selling, marketing and distribution expenses	171	212
Administrative and other expenses	56	49
	3 869	3 869

NORMALISED EARNINGS

	2015 H1 Rm	2014 H1 Rm
Earnings	76	130
Profit on disposal and impairment of assets	3	-
Headline earnings	79	130
Abnormal items included in headline earnings:		
Transaction costs	3	-
Normalised earnings	82	130

NORMALISED EBITDA BEFORE METAL PRICE LAG



BALANCE SHEET

	2015 H1 Rm	2014 H1 Rm	2014 FY Rm
Capital employed			
Equity	3 843	3 553	3 834
Net borrowings	1 012	387	437
	4 855	3 940	4 271
Employment of capital			
Property, plant and equipment and intangibles	3 016	2 575	2 812
Retirement benefit asset	140	153	139
Investments	101	-	-
Net working capital (including derivatives)	2 311	1 866	2 009
Net deferred tax liability	(473)	(421)	(453)
Retirement benefit obligations	(240)	(233)	(236)
	4 855	3 940	4 271

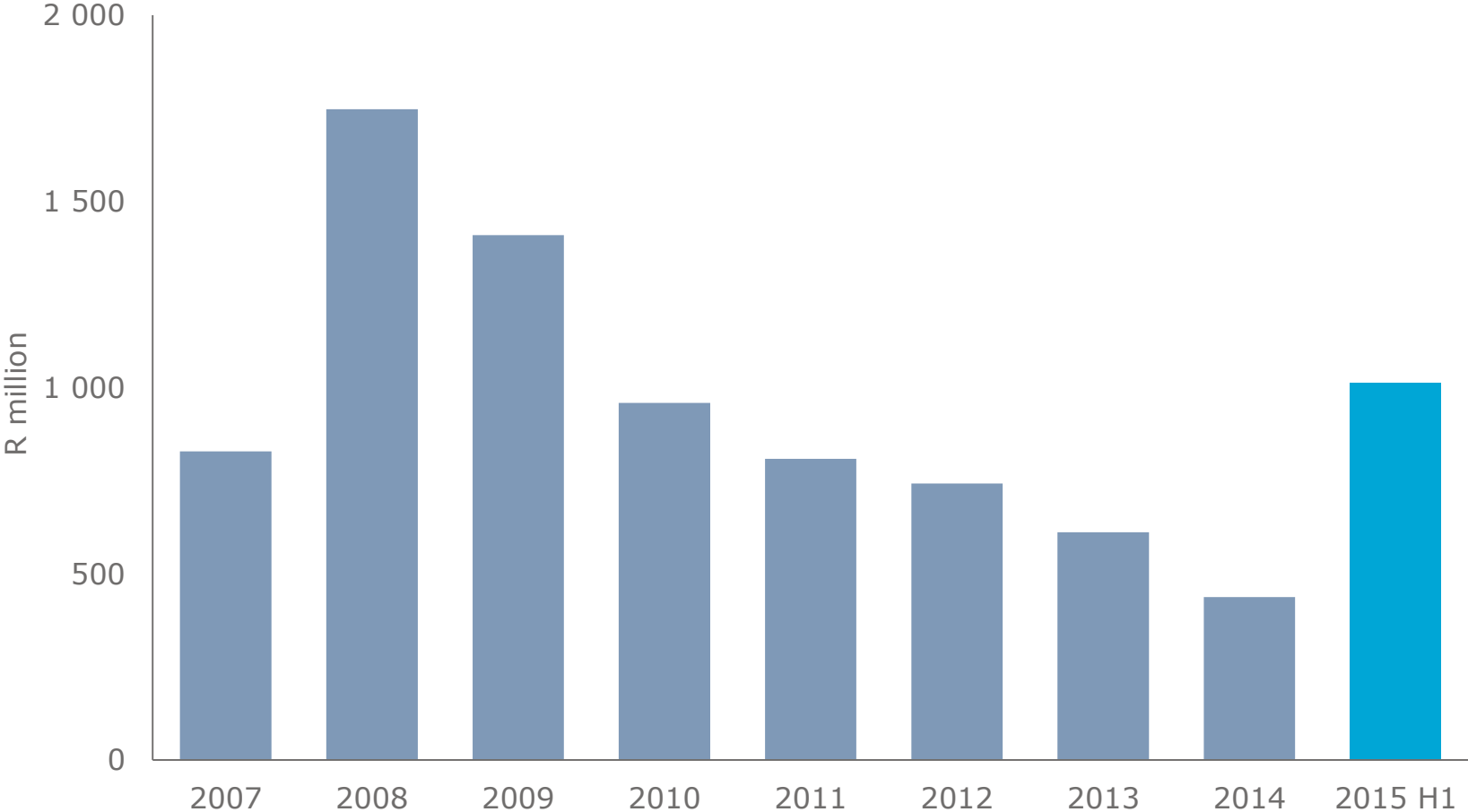
WORKING CAPITAL

	Jun 2015 Rm	Dec 2014 Rm	Change Rm
Inventories	1 996	1 959	37
Trade and other receivables	1 123	1 038	85
- Trade receivables	1 001	931	70
- Other receivables	122	107	15
Trade and other payables	(836)	(965)	129
- Trade payables	(598)	(780)	182
- Other payables	(238)	(185)	(53)
Working capital	2 283	2 032	251
Net derivatives/other	28	(23)	51
Net working capital	2 311	2 009	302

CASH FLOW STATEMENT

	2015 H1 Rm	2014 H1 Rm	2014 FY Rm
Cash flows from operating activities			
Operating profit	138	210	585
Net interest paid	(39)	(29)	(51)
Impairment charge / (reversal)	4	-	(43)
Depreciation and other non-cash items	56	44	191
Income tax payment	(37)	(21)	(85)
Changes in working capital	(251)	100	(79)
	(129)	304	518
Cash flows from investing activities			
Additions to property, plant and equipment and intangibles	(265)	(79)	(335)
Investments	(101)	-	-
	(366)	(79)	(335)
CASH FLOWS BEFORE FINANCING ACTIVITIES	(495)	225	183
Dividends paid and equity transactions	(80)	-	(8)
CASH FLOWS FOR THE PERIOD	(575)	225	175
NET BORROWINGS – BEGINNING OF PERIOD	(437)	(612)	(612)
NET BORROWINGS – END OF PERIOD	(1 012)	(387)	(437)

NET BORROWINGS





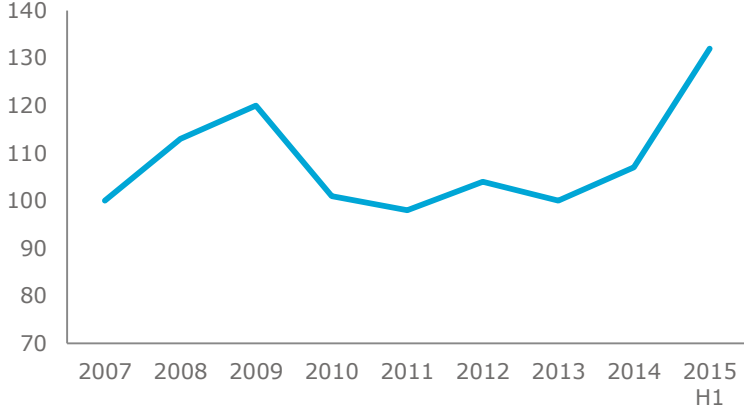
OPERATIONAL REVIEW

ROLLED PRODUCTS – KEY FEATURES

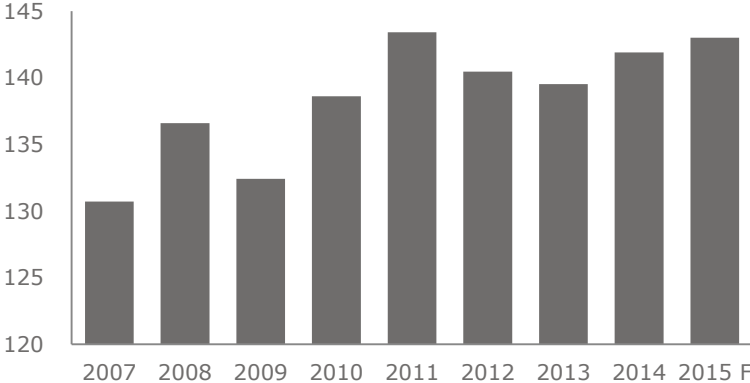
Sales Volume



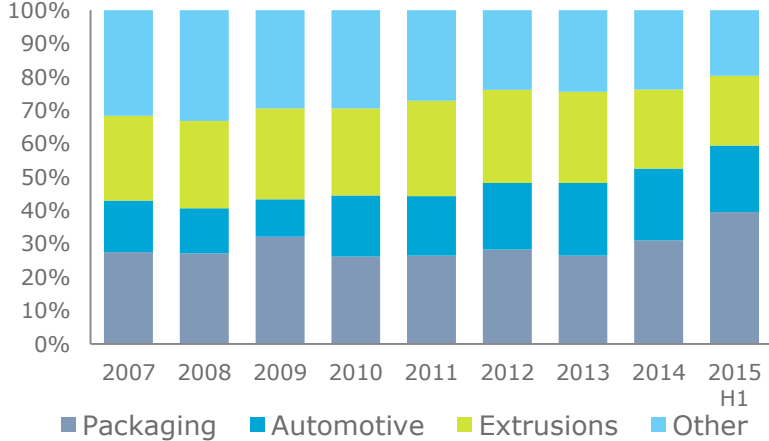
Unit cost index in 2007 Rands



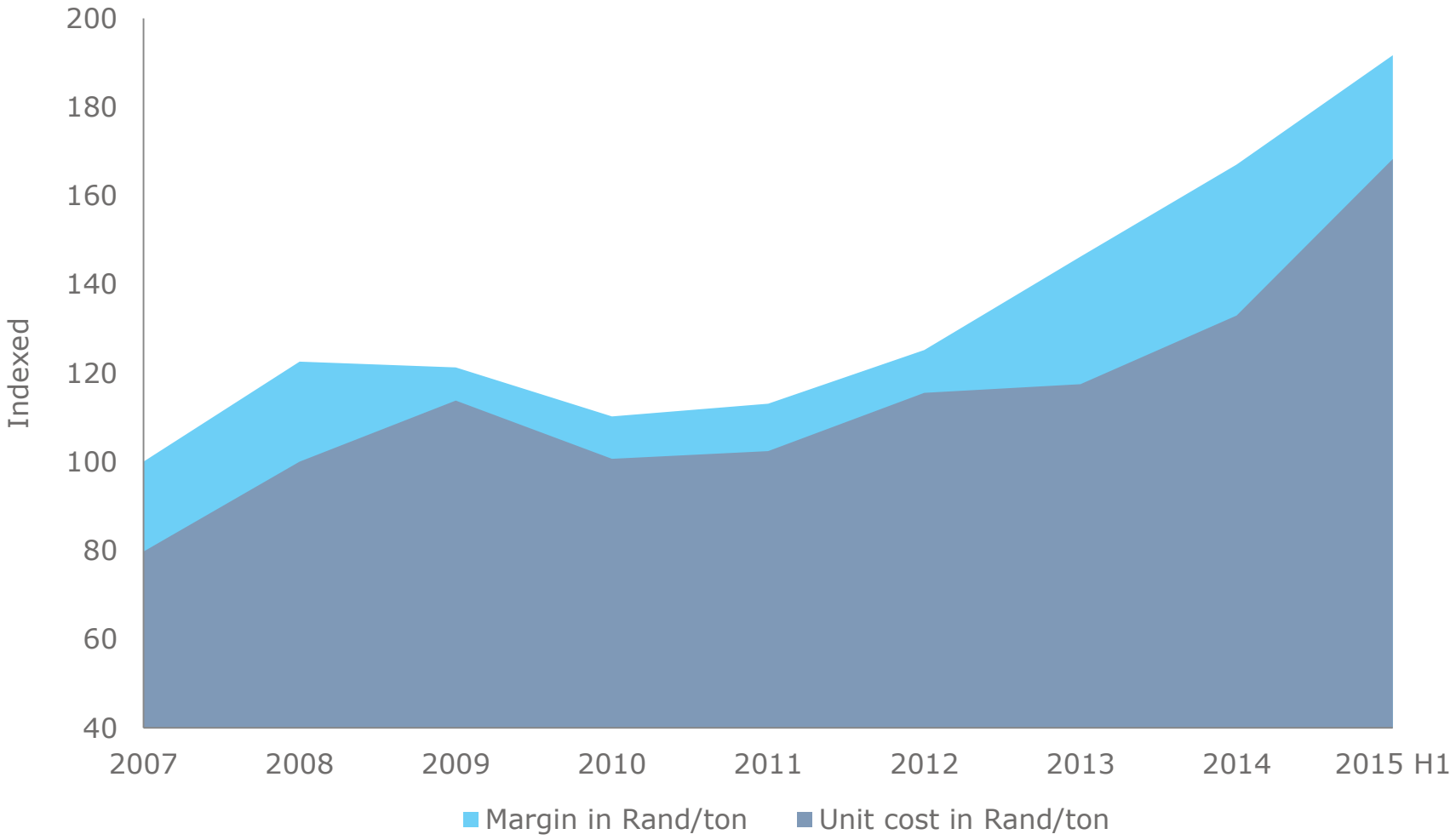
\$ margin index



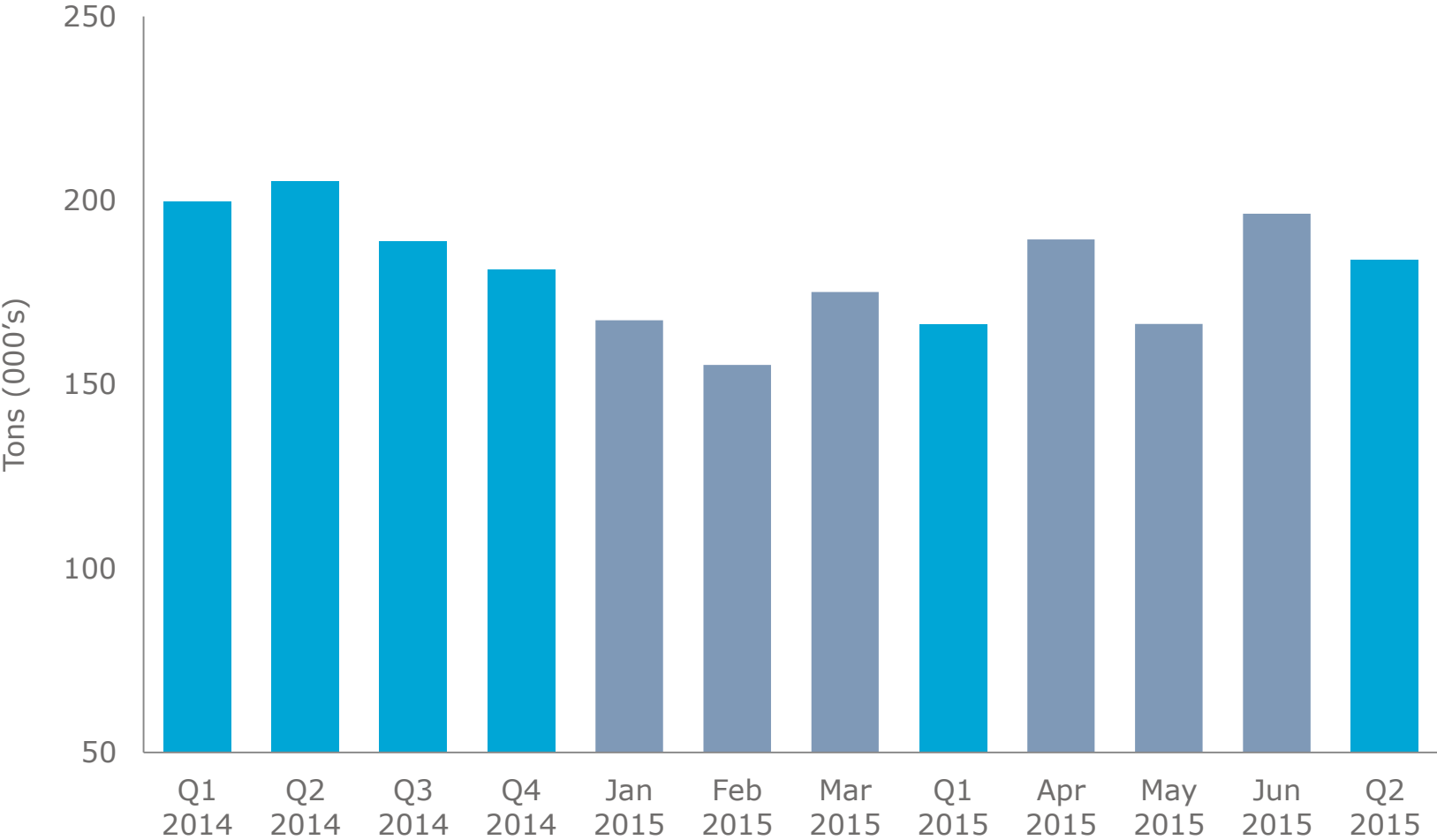
Local sales mix



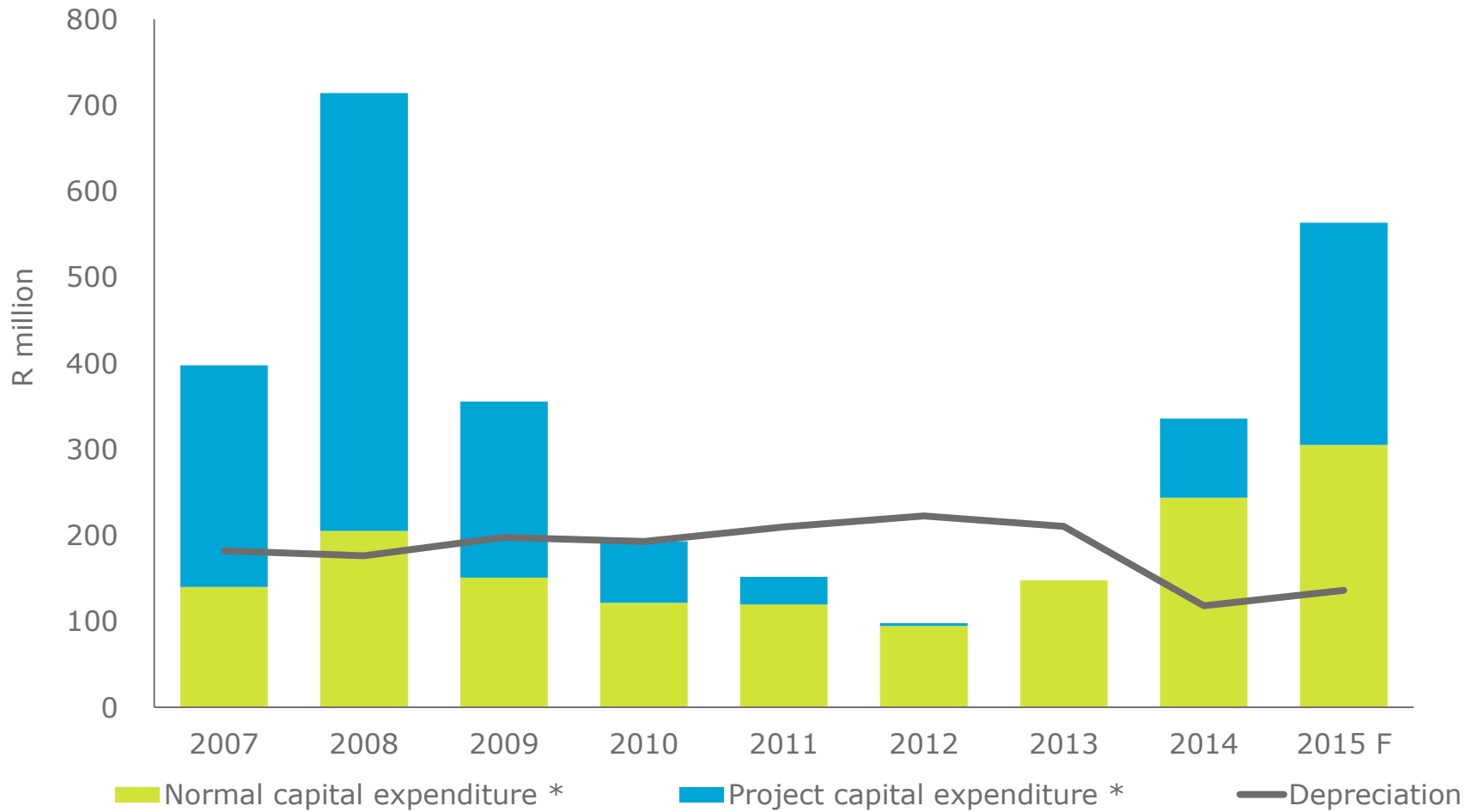
ROLLED PRODUCTS OPERATING MARGIN IN RAND



ROLLED PRODUCTS PRODUCTION (ANNUALISED)

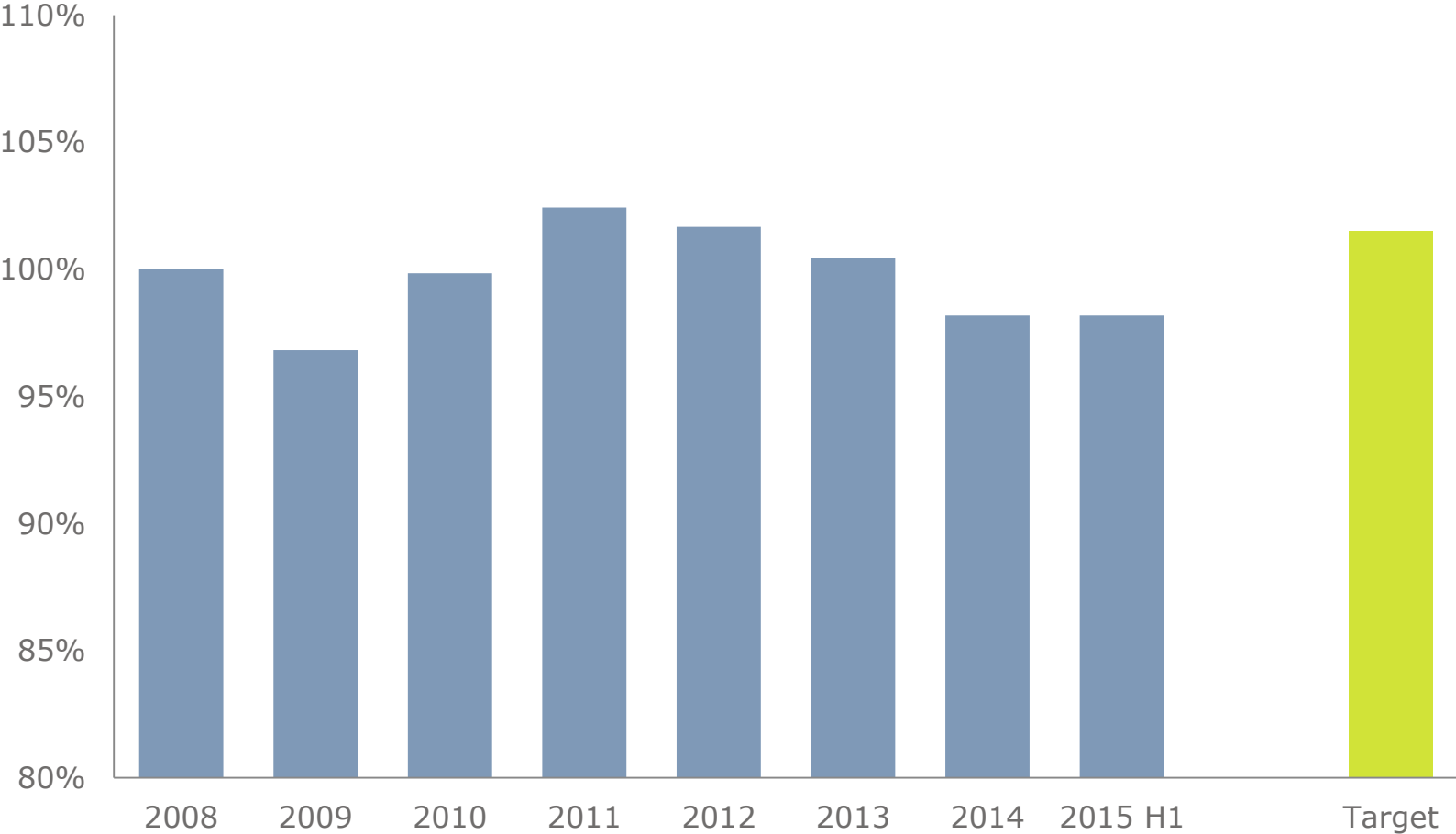


CAPITAL EXPENDITURE

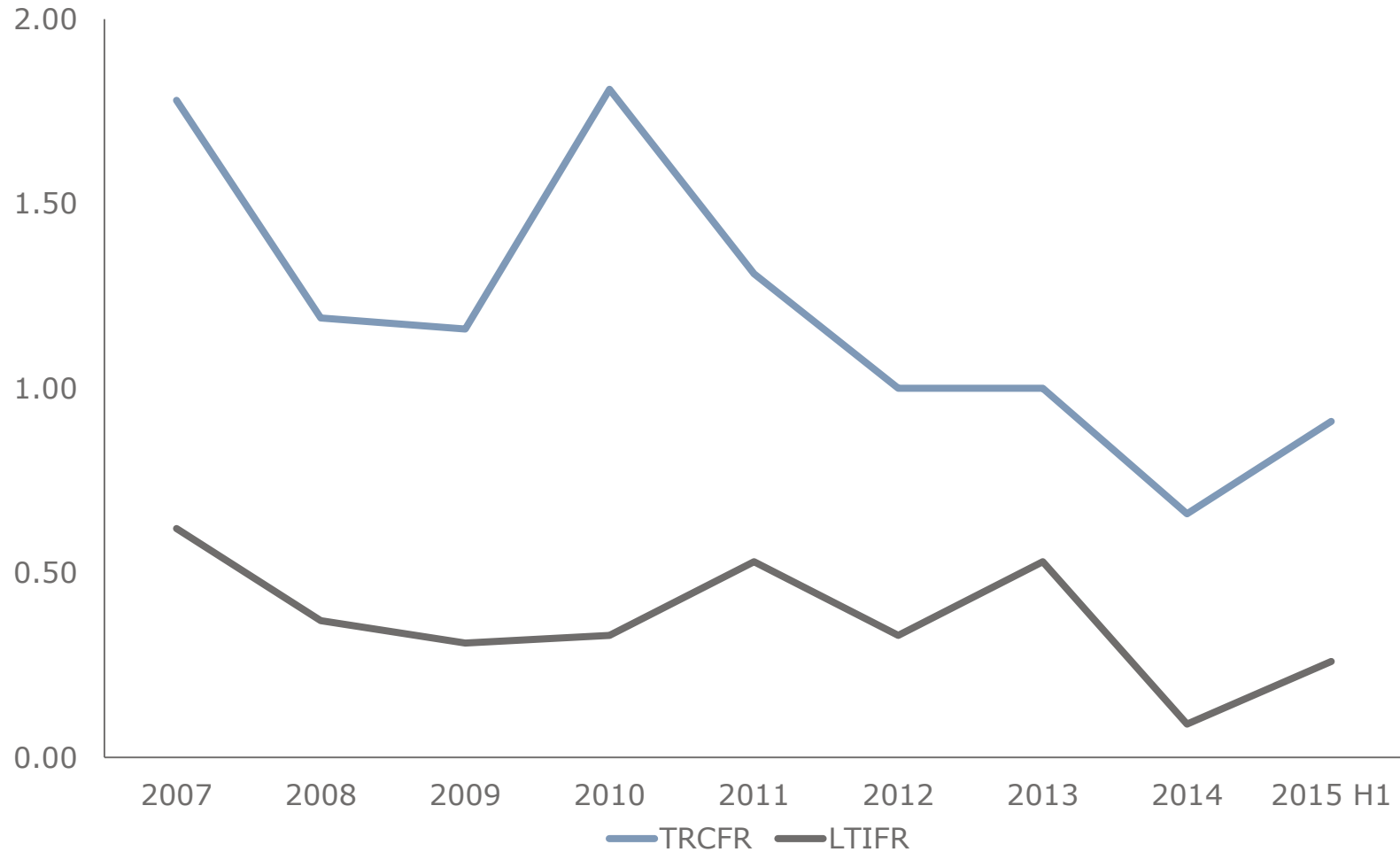


* Excludes capitalised borrowing costs

ROLLED PRODUCTS YIELD INDEX



HULAMIN SAFETY PERFORMANCE



*The Total Recordable Case Frequency Rate (TRCFR) and the Lost Time Injuries Frequency Rate (LTIFR) is the number of recordable injuries divided by the number of hours worked, multiplied by 200 000



STRATEGY UPDATE

HULAMIN FIVE STRATEGIC PILLARS

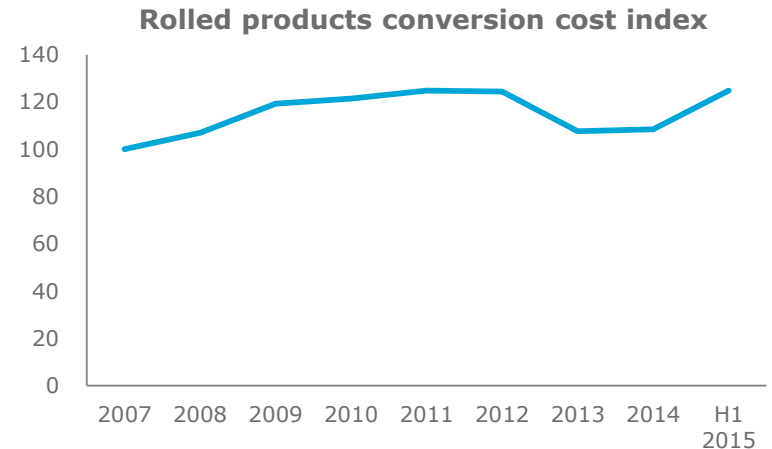
1	Operational performance	Important KPIs: Margins, yield, on time delivery, volume, inventory
2	Cost competitiveness	Important KPIs: Energy and manpower per ton
3	Growth in regional sales	Increasing importance
4	Secure and competitive metal supply	Hillside (melting ingot); Bayside (slab and billet) and scrap (25%)
5	Supportive regulatory environment	Trade, demand, infrastructure and investment

PILLAR ONE: H1 2015 OPERATIONAL PERFORMANCE

- Key skills in place
- Planned maintenance in Q2
- Capital investments in 2015 including:
 - Bayside acquisition
 - CNG conversion
 - Strategic spares
 - Upgrades and improvements to all key equipment
- LPG and electricity supply disruption in H1 – mitigating actions underway or complete
- Consistent roll out of manufacturing excellence

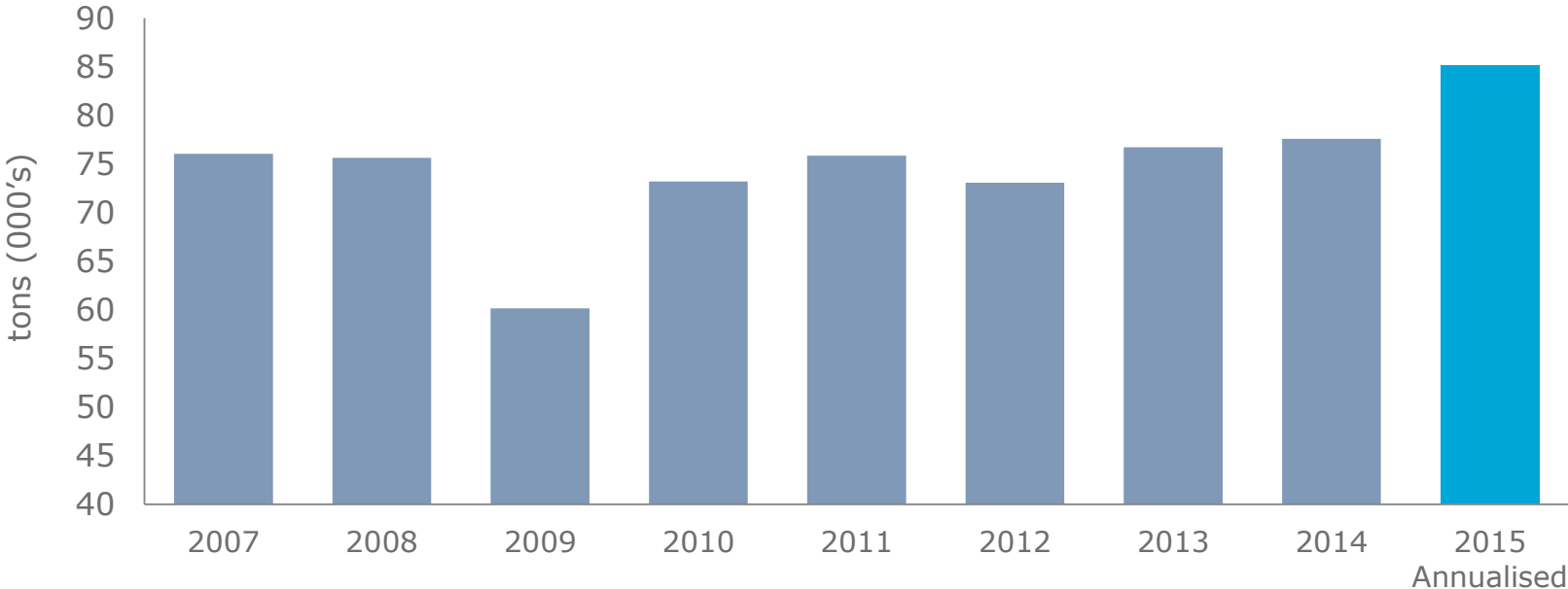
PILLAR TWO: COST COMPETITIVENESS

- LPG and electricity costs rising – mitigating actions underway
- CNG conversion in Q4 2015 to diversify risk
- Melt loss and energy benefits of recycling investment started in Q2



PILLAR THREE: LOCAL MARKET GROWTH

- Demand for beverage can stock driving local sales growth
- Automotive body sheet opportunity locally
- Despite very weak local economy and Chinese imports, Hualamin sales growing due to beverage can stock demand



PILLAR FOUR: SECURE AND COMPETITIVE METAL SUPPLY

- Recycling furnace started up on time and budget in May 2015
- Approx. 5000 tons scrap sourced locally in H1
 - Meeting performance (cost and volume) targets
- Bayside casthouse handed over to Isizinda consortium on 1 July 2015





Property size

Total Bayside site: 157 ha	Isizinda site: 17 ha
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PILLAR FIVE: SUPPORTIVE REGULATORY ENVIRONMENT

- Africa Growth and Opportunities Act (AGOA) and Generalized System of Preferences (GSP) renewed on 29 June 2015
- Import duty applications progressing: rolled and extruded products
- Scrap export controls improving



OUTLOOK

- Energy supply uncertainty – mitigations implemented
 - LPG and electricity
 - First phase of conversion to Natural Gas in Q4
- Improving operational performance – corrective measures implemented
- Challenging market conditions regionally and internationally
- Chinese products flooding all markets



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