



UNAUDITED RESULTS
FOR THE SIX MONTHS
ENDED 30 JUNE 2014



HULAMIN

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- 2 Financial report
- 3 Operational and strategic review
Progress on strategic objectives
- 4 Outlook

KEY POINTS - HALF YEAR TO 30 JUNE 2014

- Normalised earnings increase by 42% over corresponding period benefiting from continued Rand weakness.
- Headline earnings per share increase by 95% due to impact of restructuring costs on 2013.
- Much improved safety performance.
- Strong cash flow follows improved working capital management and allows substantial reduction in borrowings.
- Ongoing focus on operational performance sees 5% growth in Rolled Products sales volumes.
- Discussions continue with BHP Billiton around the future of the Bayside casthouse and the supply of rolling slab to Hulamin.
- Commercial sales of aluminium can body stock to the local market begin.
- Aluminium recycling plant progressing on schedule for mid 2015 start up.

STRATEGIC OBJECTIVES REVISED

PREVIOUS OBJECTIVES	CURRENT OBJECTIVES
1. An excellent aluminium semi-fabricator	
<ul style="list-style-type: none"> • 250 000 tons ROLLED PRODUCTS, 70% exports 	<ul style="list-style-type: none"> • 220 000 tons, light gauge can stock mix
2. Globally cost competitive	
<ul style="list-style-type: none"> • Energy, metal and employment rising at inflation and more 	<ul style="list-style-type: none"> • Competitive employee complement • Natural gas supply close to world prices • 25% of metal from recycled sources
3. Growing regional sales	
<ul style="list-style-type: none"> • Local sales growing at GDP 	<ul style="list-style-type: none"> • Rapid regional can stock, automotive, infrastructure led growth to 2020
4. Secure a competitive metal supply	
<ul style="list-style-type: none"> • Sourcing from Hillside and Bayside at LME 	<ul style="list-style-type: none"> • Hillside, Bayside and recycled metal
5. Cooperative regulatory environment	
<ul style="list-style-type: none"> • Economy open to imports and scrap exports • Imbalance in reciprocal duties 	<ul style="list-style-type: none"> • Level playing field • Ongoing demand side support, scrap restrictions • Inward investment
Consistent profit performance from multiple drivers	



FINANCIAL REVIEW

CONDENSED INCOME STATEMENT

	2014 H1 Rm	2013 H1 Rm	2013 FY Rm
Revenue	4 061	3 554	7 560
Cost of sales	(3 608)	(3 234)	(6 915)
Gross profit	453	320	645
Selling, marketing and distribution expenses	(211)	(192)	(390)
Administrative expenses	(50)	(41)	(71)
Impairment charge	-	-	(2 122)
Other gains and losses	18	35	133
Operating profit/(loss)	210	122	(1 805)
Net interest expense	(27)	(31)	(63)
Profit/(loss) before tax	183	91	(1 868)
Taxation	(53)	(25)	523
Net profit/(loss) for the year	130	66	(1 345)
EBITDA (excluding impairment)	269	233	527
EBITDA/Sales (%)	6.6	6.6	7.0

OPERATING PROFIT

	2014 H1 Rm	2013 H1 Rm	Change Rm
Operating profit	210	122	88
Severance costs	-	35	
"Normalised EBIT"	210	157	53
Metal price lag	7	29	
	217	186	31
Net effect of 2013 impairment on 2014 depreciation and amortisation charge	(30)	-	
"Comparable EBIT"	187	186	1

NORMALISED EARNINGS

Earnings and headline earnings

Abnormal items included in headline earnings:

- Severance costs

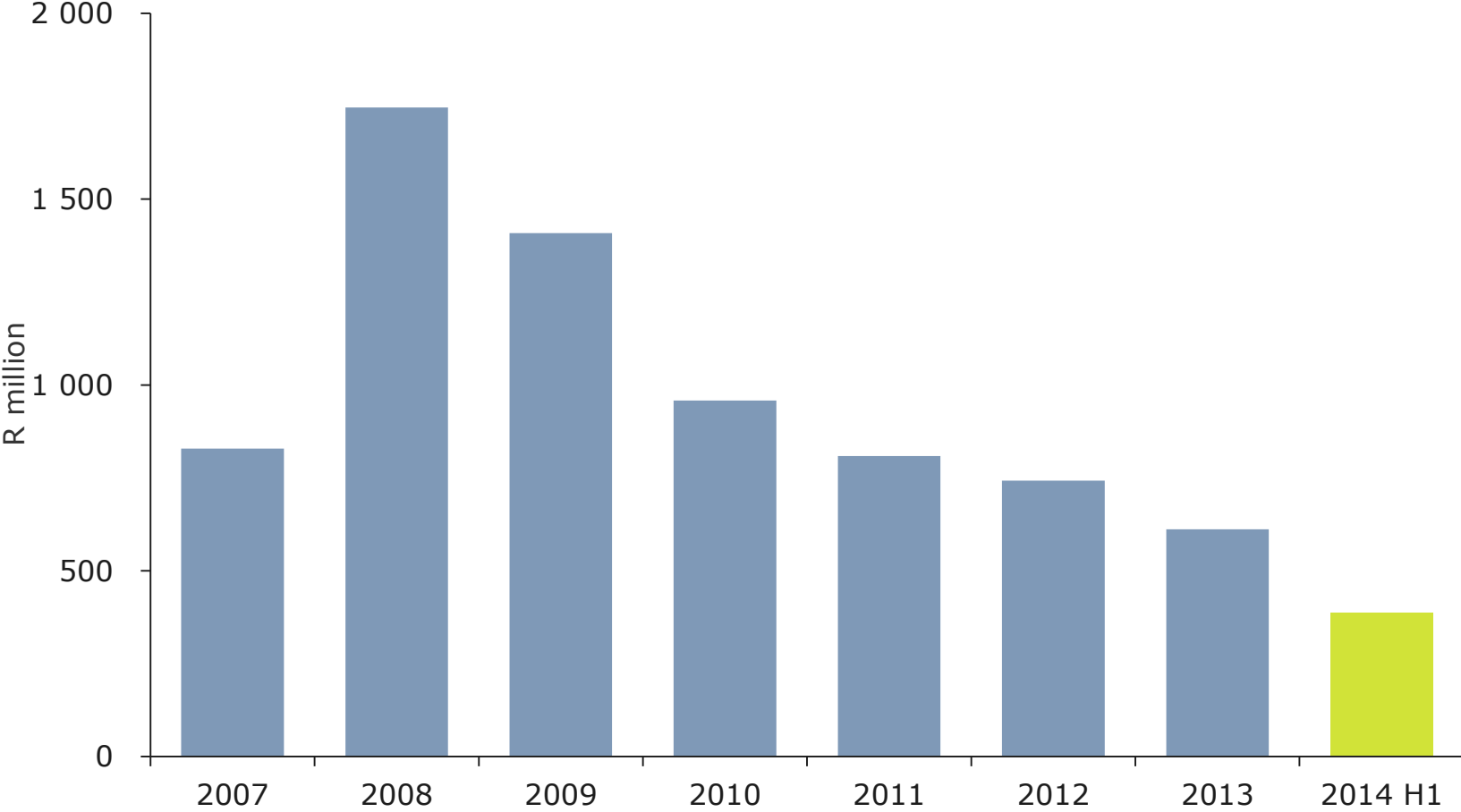
Normalised earnings

	2014 H1 Rm	2013 H1 Rm
Earnings and headline earnings	130	66
Abnormal items included in headline earnings:		
- Severance costs	-	25
Normalised earnings	130	91

BALANCE SHEET

	Jun 2014 Rm	Jun 2013 Rm	Dec 2013 Rm
Capital employed			
Equity	3 553	4 788	3 403
Net borrowings	387	799	612
	3 940	5 587	4 015
Employment of capital			
Property, plant and equipment and intangibles	2 575	4 693	2 553
Retirement benefit asset	153	160	161
Net working capital (including derivatives)	1 866	1 908	1 903
Net deferred tax liability	(422)	(935)	(377)
Retirement benefit obligations	(232)	(239)	(225)
	3 940	5 587	4 015

NET BORROWINGS



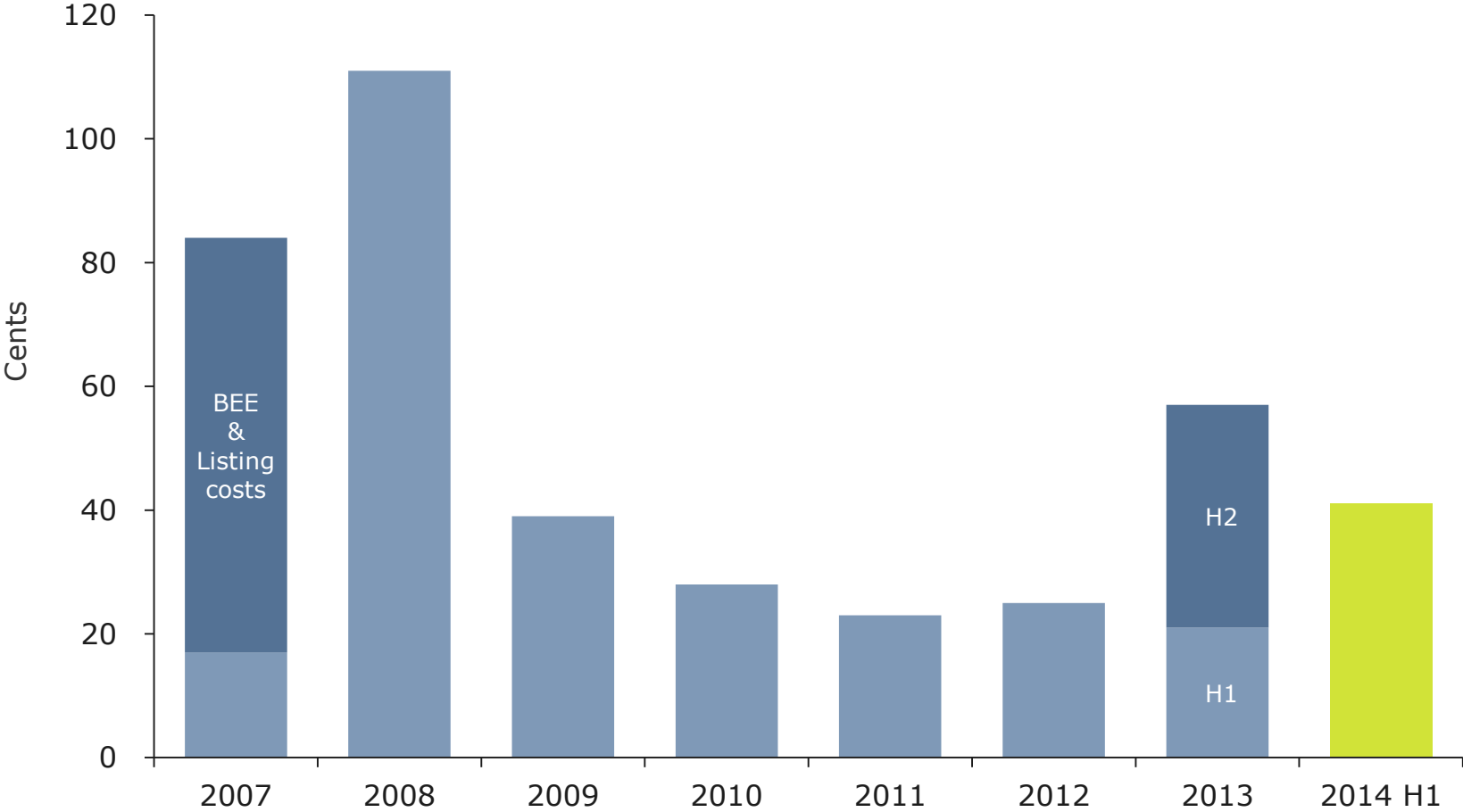
WORKING CAPITAL

	Jun 2014 Rm	Dec 2013 Rm	Change Rm	%	Jun 2014 Days	Dec 2013 Days
Inventories	1 652	1 807	(155)	(9%)	83	95
Trade and other receivables	1 050	972	78			
- Trade receivables	983	827	156	19%	44	40
- Other receivables	67	145	(78)			
Trade and other payables	(849)	(826)	(23)			
- Trade payables	(697)	(642)	(55)	9%	37	33
- Other payables	(152)	(184)	32			
	1 853	1 953	(100)	(5%)		
Net derivatives/other	13	(50)	63			
Net working capital	1 866	1 903	(37)			

CASH FLOW STATEMENT

	2014 H1 Rm	2013 H1 Rm	2013 FY Rm
Cash flows from operating activities			
Operating profit/(loss)	210	123	(1 805)
Net interest paid	(28)	(31)	(64)
Impairment charge	-	-	2 122
Depreciation and other non-cash items	43	207	269
Income tax payment	(21)	(10)	(28)
Changes in working capital	100	(280)	(211)
	304	9	283
Cash flows from investing activities			
Additions to property, plant and equipment and intangibles	(79)	(66)	(148)
	(79)	(66)	(148)
CASH FLOWS BEFORE FINANCING ACTIVITIES	225	(57)	135
Cash flows from equity transactions	-	-	(5)
NET BORROWINGS – BEGINNING OF PERIOD	(612)	(742)	(742)
NET BORROWINGS – END OF PERIOD	(387)	(799)	(612)

HEADLINE EARNINGS PER SHARE





STRATEGIC REVIEW



PROGRESS ON KEY STRATEGIC OBJECTIVES

1. OPERATIONAL PERFORMANCE

Competitors

- AMAG Rolled Products (**RP**) Q1 2014 EBITDA down 22% over Q1 2013
- Aleris RP North America Q4 2013 Adjusted EBITDA down 90%
- Aleris RP Europe Q4 2013 Adjusted EBITDA down 17.5%
- Constellium RP Q1 2014 Adjusted EBITDA down 16%
- Alcoa RP Q2 2014 Adjusted EBITDA down 1%
- Record geographic metal premium levels and lagging conversion prices – margin pressure
- Alcoa RP closing all Australian rolling operations in 2014

Economic indicators

- LME continued to fall in Q1 2014, but strengthening since April 2014 to current >\$2 000/ton
- Geographic premiums remain volatile – escalated to record highs in H1 2014 and remain at those levels
- Rand/US\$ fell by further 3% in H1 2014

Interesting developments

- Rolled products market players continue to focus and invest in automotive capability/capacity
- USA & European RP markets showing positive signs
- Local markets sees continued growth of imported extrusions and RP.

MARKET ENVIRONMENT

	Demand	Mill lead times	Domestic inventories	Margins
USA	↑	↔	↔	↑
EU	↑	↔	↔	↑
China	↑	↔	↓	↔
SA	↑	↓	↔	↑

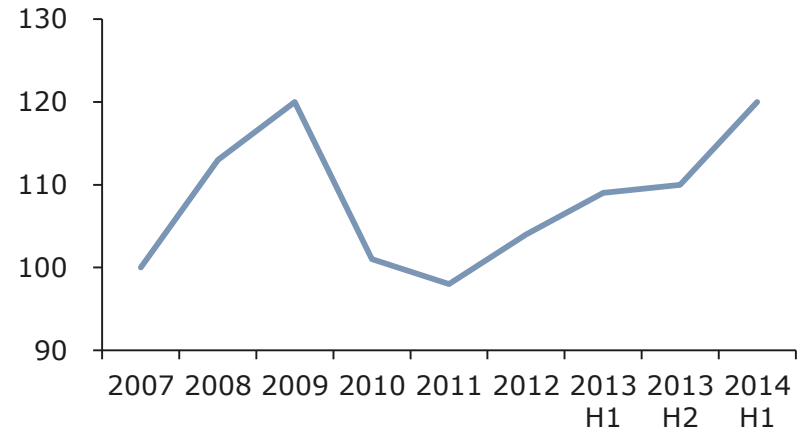
Ref: CRU and Hualamin own views

ROLLED PRODUCTS – KEY FEATURES

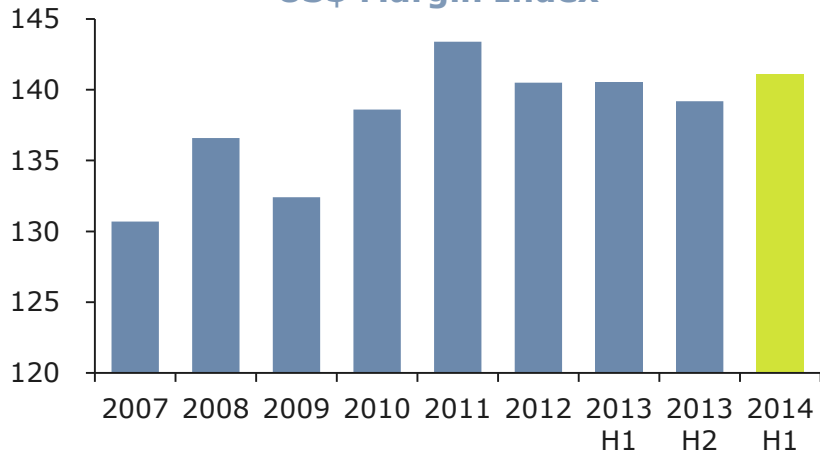
Sales Volume



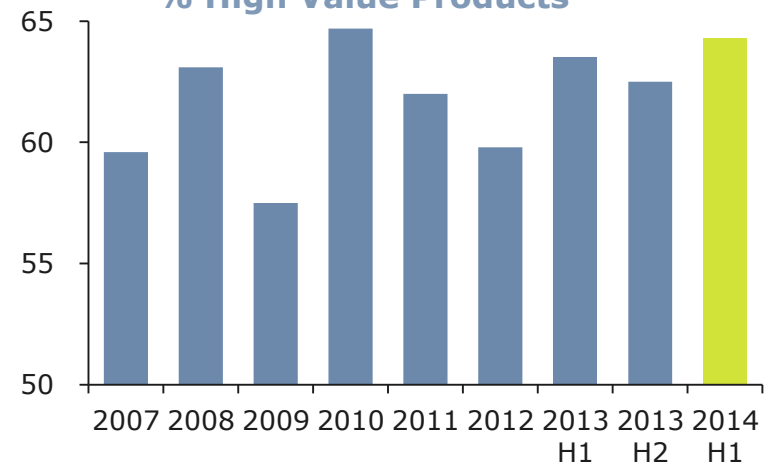
Unit Cost Index in 2007 Rands



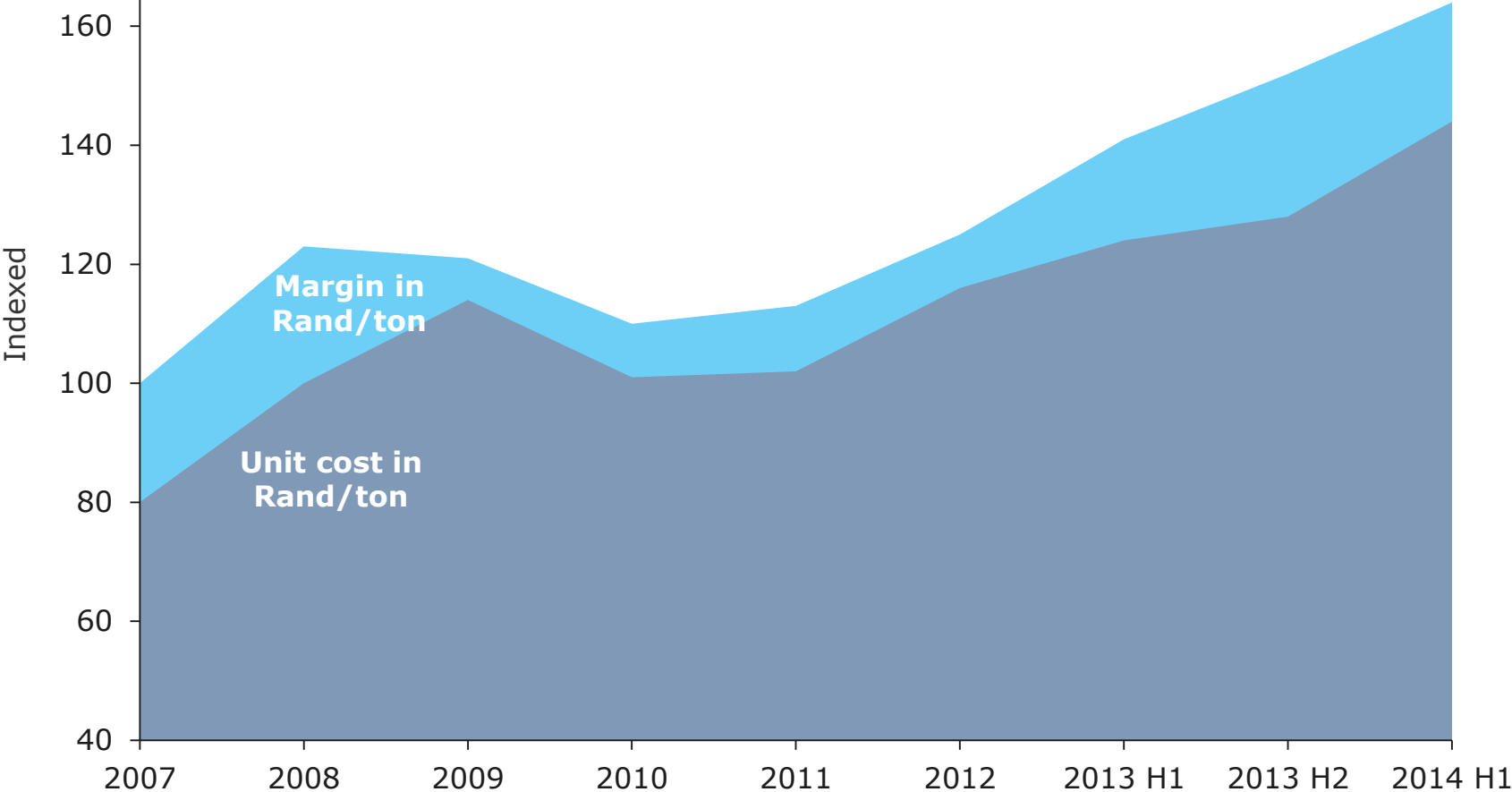
US\$ Margin Index



% High Value Products



ROLLED PRODUCTS OPERATING MARGIN IN RAND



REVIEW OF HULAMIN ROLLED PRODUCTS

Increased sales due to

- Rightsizing impacted H1 & H2 2013 negatively
- Yields slightly improved
- Some green shoots in manufacturing performance but early days

Organisation restructured for new realities

- Separation of metal supply and rolling into distinct operations
- New skills including introducing global expertise
- Metal sourcing/recycling start-up
- Market development
- Clear focus on the customer

Slab agreement to December 2014

- Bayside smelter shut 30 June 2014
- Bayside casthouse continues to operate with liquid metal from Hillside
- Discussions around long-term slab supply continue

RESTRUCTURING OF ROLLED PRODUCTS

Focus on manufacturing performance turnaround

- Asset management strategy being rolled out
- Accelerated capital expenditure
- Upliftment of manufacturing skills
- Simplification

Growth of can body stock from 2013 to largest single product by 2018

- Light gauge – cold rolling intensive
- Investment in recycling infrastructure (R300m), sorting, cleaning and melting
- Slab self-sufficiency to 190 000 tons sales

Change to product mix and plant loading from 2013 to 2018

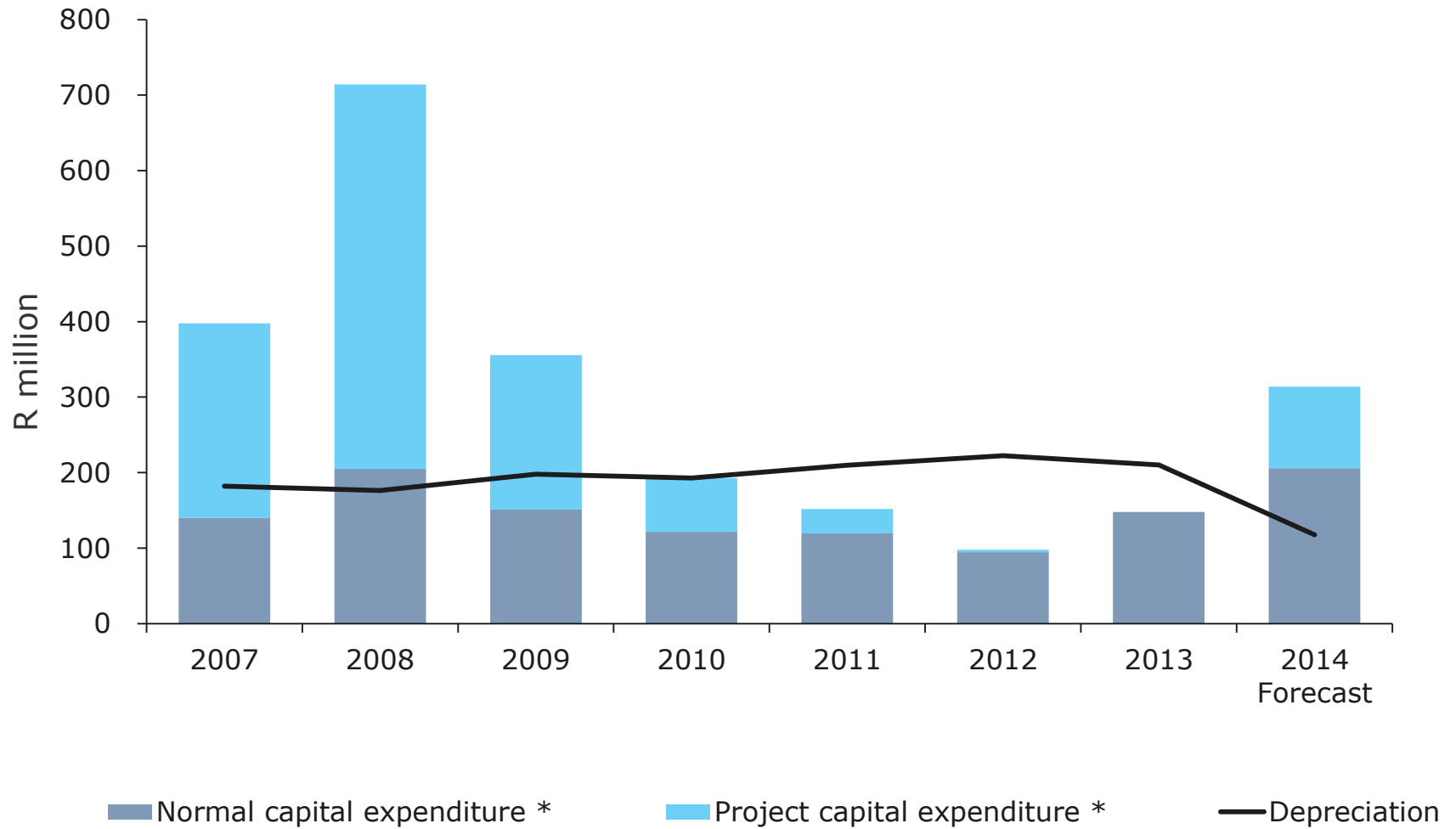
- New state of the art manufacturing scheduling systems

ROLLED PRODUCTS OPERATIONAL PERFORMANCE TARGETS

Progress on targets

	Revised assumptions	2014 H1 (annualised)
Sales volume	220 000 tons	203 800 tons
Yield	>67%	65%
Unit cost	US\$1 175 per ton	US\$1 237 per ton
Rolling margin	US\$1 400 per ton	US\$1 411 per ton
Working capital cash cycle	120 days	135 days

CAPITAL EXPENDITURE



* Excludes capitalised borrowing costs

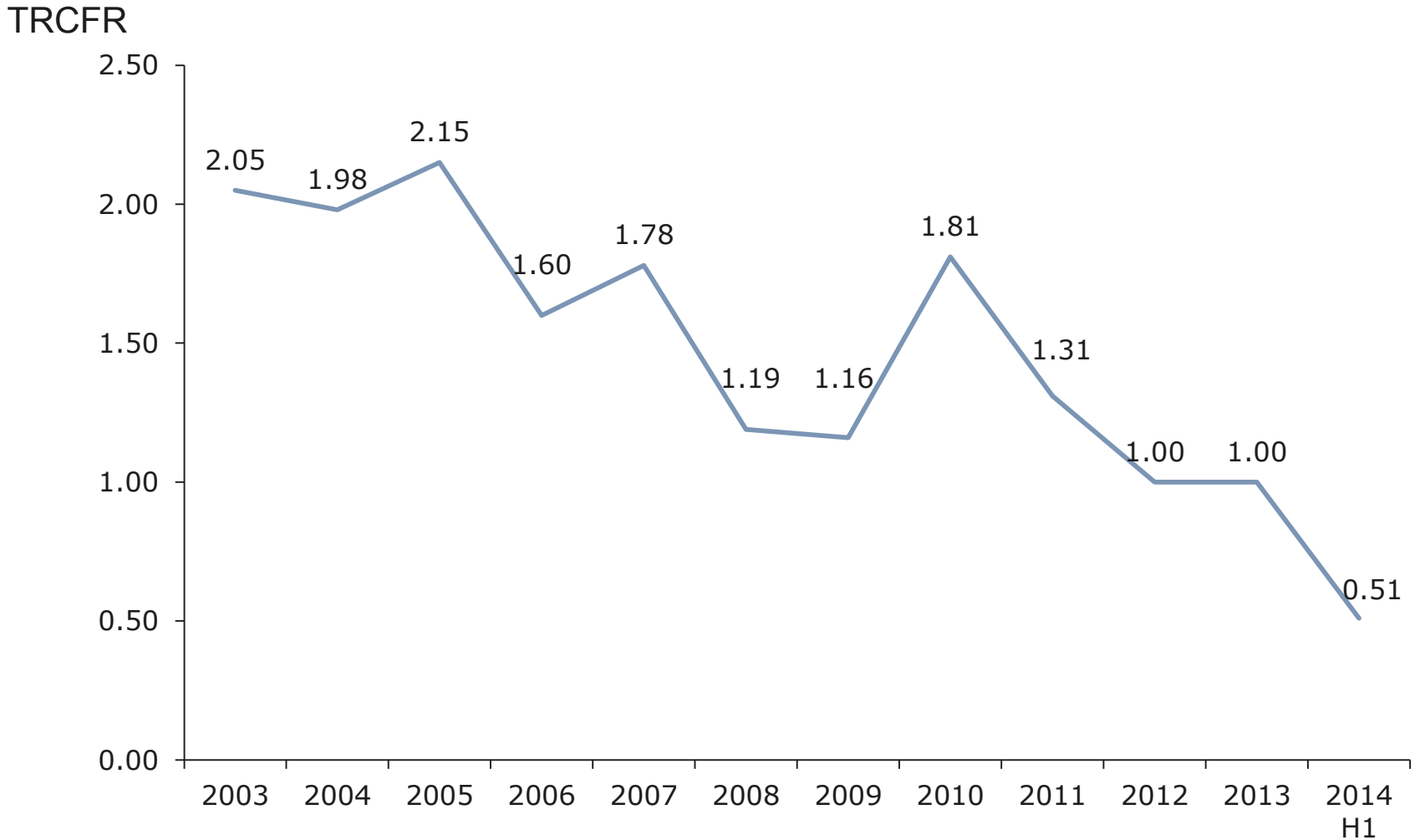
Key indicators for 2014

- Revenue down 10%
- Sales volume down 18%
- Margins stable but under pressure
- Unit costs up 20%, as a result of low throughput, absolute costs down 2%
- Operating profit down by R5m

Strategic themes in 2014

- Focus on sales to grow volumes
 - Architectural market needs to be resurrected
 - Expand participation in renewable energy programmes
 - New opportunities in automotive and transport sectors
- Manage changes in anodising and powder coating industry
- Continued operational and cost focus
- Billet supply security and opportunities
- Customer service ambition – to be supplier of choice

SAFETY – TOTAL RECORDABLE CASE FREQUENCY RATE (TRCFR)



* The Total Recordable Case Frequency Rate is the number of recordable injuries divided by the number of hours worked, multiplied by 200 000



PROGRESS ON KEY STRATEGIC OBJECTIVES

2. INPUT COST COMPETITIVENESS

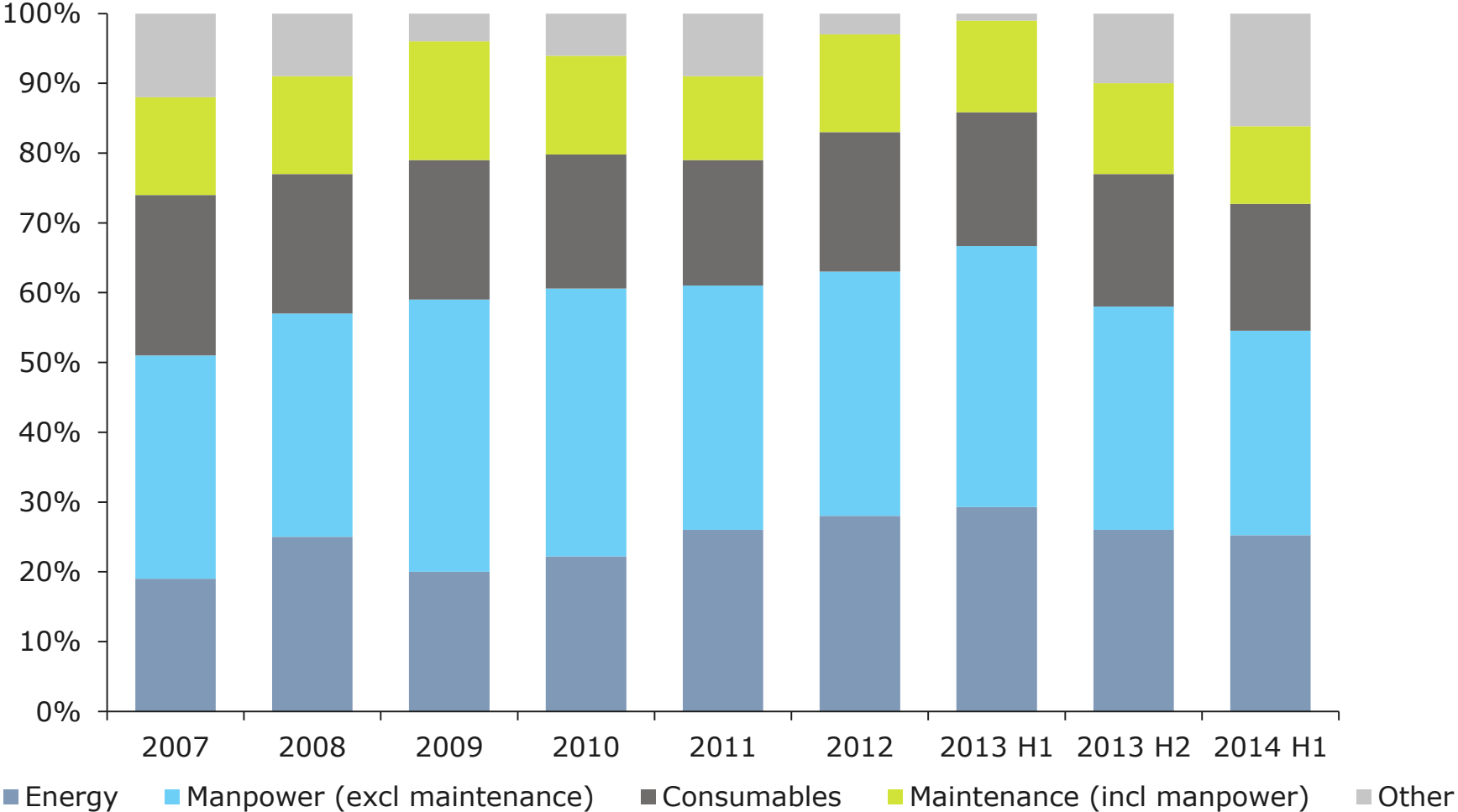
Manpower

- Broad restructuring across all levels
 - Splits rolling and metal supply operations
 - Local and Regional Market Development bolstered
- Comprehensive rightsizing completed in 2013
 - Overall numbers reduced by 211 people
 - Once-off cost of <R35m
 - Overall savings of around R25m achieved in H1 2014
- Three year deal with hourly paid employees 2013 to 2016

Energy

- Gas (cost) dominates Hulamín energy mix
- LPG supply risk and cost uncompetitiveness
- New possibilities for alternative gas sourcing

MANUFACTURING COST ANALYSIS





PROGRESS ON KEY STRATEGIC OBJECTIVES

3. GROWING THE REGIONAL MARKET

GROWING REGIONAL AND NICHE EXPORT SALES

Beverage can market growth in progress

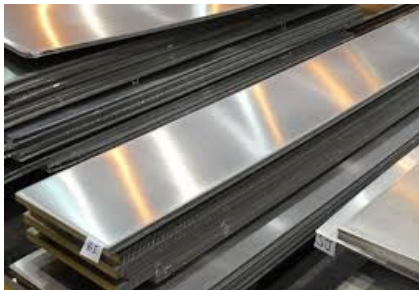
- Aluminium cans in SA successfully introduced, Angola and East Africa to follow
- Initial qualification process successfully completed, production ramp-up process underway
- Over 900 tons of can body stock successfully supplied in H1 2014. Demand is strong and growing

Additional focus on other markets

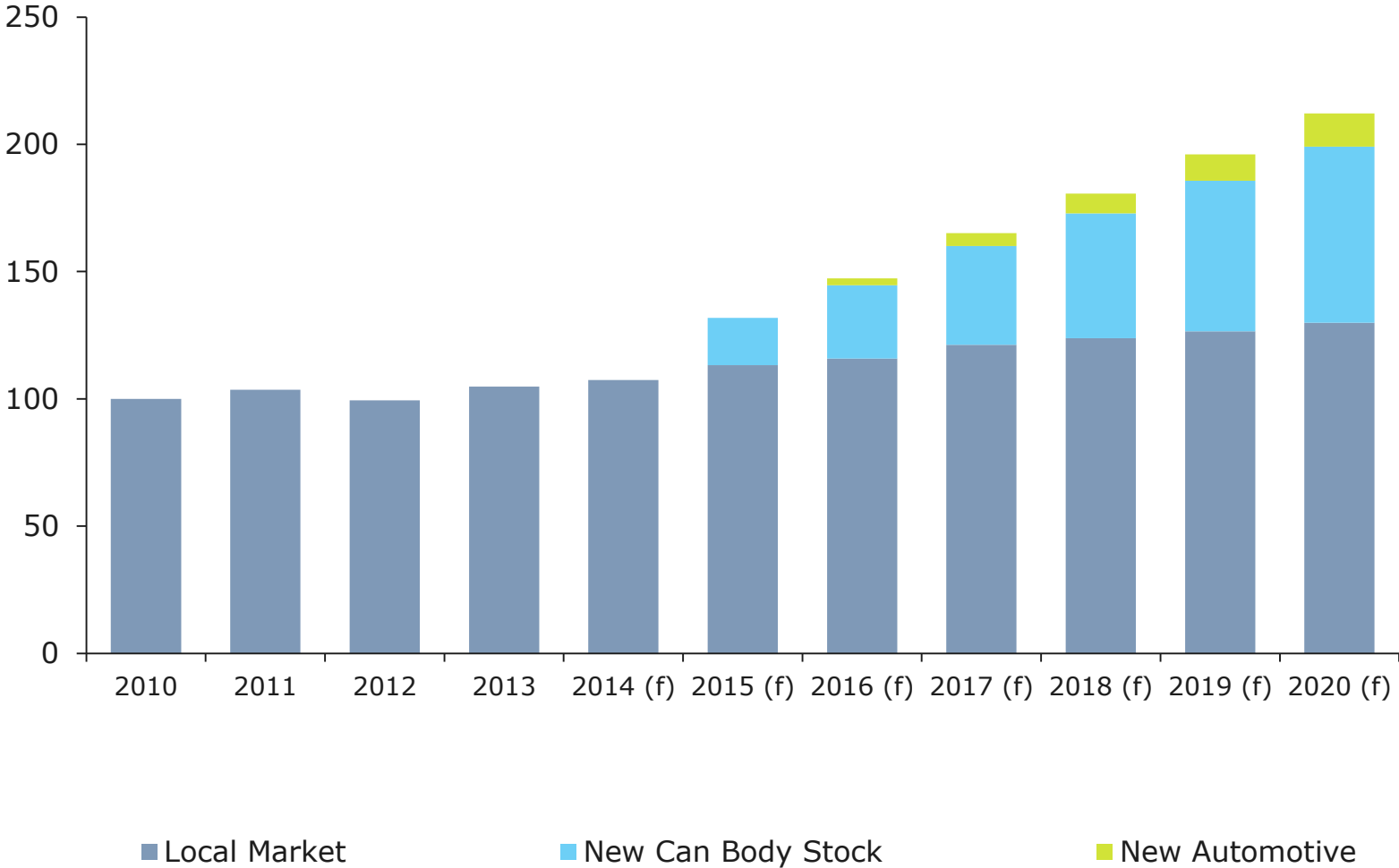
- Global acceleration of aluminium in automotive continues (e.g. auto body-sheet)
- Regional automotive strategy being reviewed - import replacement opportunities
- Fabrication and entrepreneurship programme being planned
- Targeted exports
 - Major Can makers
 - High tech applications(Tesla 6061 unique specifications)

Regional market development strategy being rolled out

- Reviewing regional opportunities in can stock, solar and distributor products



REGIONAL SALES VOLUME GROWTH POTENTIAL





PROGRESS ON KEY STRATEGIC OBJECTIVES

4. SUSTAINABLE COMPETITIVE METAL SUPPLY

LONG-TERM METAL SUPPLY

Slab supply from Bayside casthouse runs to December 2014

- Bayside smelter closed June 2014
- Bayside casthouse supplied with liquid metal from Hillside
- Discussions progressing over future of slab supply beyond 2014

Goal: To source 25% of metal units from third party scrap by 2018

- R300m investment in recycling capability approved and underway
- Increases Hulamín on site slab capacity to 190 000 tons sales
- Project includes scrap storage, separation, cleaning and melting
- Planned start-up Q2 2015; interim plans in place

Aluminium and Electricity

- Aluminium supply security and beneficiation growth (slab, billet, melting ingot)
- Strategic cooperation/alignment with stakeholders – Government and BHP Billiton



PROGRESS ON KEY STRATEGIC OBJECTIVES

5. SUPPORTIVE REGULATORY ENVIRONMENT

Scrap export legislation promulgated in August 2013

Goal alignment with Government

- Growth in regional beneficiation of Aluminium/Electricity in progress
- Local/Regional sales growth (fabrication)
- Growth in recycling of aluminium
- Improvements to Non-ferrous/Aluminium scrap export restrictions underway

Important regulatory outcomes

- Gas pipeline infrastructure and internationally competitive gas pricing envisioned
- Equitable and symmetrical import duty regime to be submitted
- Non-punitive and competitive carbon tax/pricing to be lobbied
- Continued competitiveness investment support (e.g. MCEP)

A CASE FOR IMPORT TARIFF PROTECTION

In 2011 ITAC

- Awarded partial relief to extrusions, and
- Rejected rolled products application

Post 2011

- Imports of extruded and rolled products continued to increase
- Uneven tariff regimes in SA trade partners especially in BRICS remain
- A group of products sold by Hualamin in Brazil attract 12% duty, whilst similar imports from Brazil attract zero duty in SA
- Examples of import duties in rolled products

	BRAZIL	RUSSIA	CHINA	INDIA	SA
Duty (%)	12	20	5	6	0

- Hualamin will apply to ITAC in Q3 2014 for import tariff increases



OUTLOOK

OUTLOOK

- Growth in local and export sales
- Improved manufacturing performance from Rolled Products
- Longer-term rolling slab supply
- Mix optimisation
- Expanding capital expenditure
 - Further up-scaling of maintenance capex
 - Recycling project
- Continued focus on costs and efficiencies