

HULAMIN

Think future. Think aluminium.

Audited Financial Results
for the year ended 31 December
and Cash Dividend Declaration

2017



AUDITED RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2017

AGENDA

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- 1 OPENING REMARKS / MARKET UPDATE
- 2 FINANCIAL RESULTS
- 3 OPERATIONAL REVIEW
- 4 STRATEGIC PROSPECTS
- 5 HULAMIN IN A STRONG RAND ENVIRONMENT
- 6 PROSPECTS

Audited results for the year ended 31 December 2017

KEY POINTS IN 2017

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- Record sales of 233 000 tons (2015: 232 000 tons)
 - Rolled Products sales of 215 000 tons (2015: 214 000 tons)
- Major maintenance and upgrade outage successfully completed (12 days)
- ZAR 10% stronger in 2017– current spot 12% stronger
- Cash inflow R296 million (2016: R415 million)
 - Closing net borrowings reduced to R317 million (2016: R577 million)

Audited results for the year ended 31 December 2017

FINANCIAL HEADLINES

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- Group EBIT down 13% to R538 million, but up 27% on a comparable currency-adjusted basis
 - Strong operational performance and metal price lag gain mitigates against negative R267 million EBIT impact of the stronger currency during the year
 - Cost reduction targets achieved – R117 million net cost-out
- Headline earnings per share down 13% to 104 cents (2016: 119 cents)
- Cash generation before financing activities of R296 million supported by working capital efficiency improvements and capital discipline
- Stronger balance sheet, with closing net borrowings reducing to R317 million (2016: R577 million)
- Dividend of 15 cps declared (2016: 15 cps)

Audited results for the year ended 31 December 2017

SALIENT FEATURES

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		2017	2016	% Change
Key parameters and activities				
Average LME	US\$	1 968	1 604	23
Average exchange rate	R/US\$	13.32	14.73	(10)
Group sales volume	Tons	233 000	232 000	-
Rolled Products sales volume	tons	215 000	214 000	1
Group turnover	Rm	10 160	10 099	1
Profitability				
Group EBIT excluding MPL	Rm	388	572	(32)
Metal price lag gain	Rm	150	50	200
Group EBIT	Rm	538	622	(13)
Group EBITDA	Rm	754	808	(7)
EBITDA / turnover	%	7	8	(1)
HEPS	cps	104	119	(13)

Audited results for the year ended 31 December 2017



		2017	2016	% Change
Financial, cash flow and borrowings				
Capital expenditure	Rm	261	328	(20)
Net working capital as % of revenue	%	22	22	-
Cash flow before financing activities (free cash flow)	Rm	296	415	(28)
Net cash inflow	Rm	232	403	(42)
Closing net borrowings	Rm	317	577	(45)
Debt equity ratio	%	7	13	(6)

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FOCUSING ON THE KEY VALUE DRIVERS

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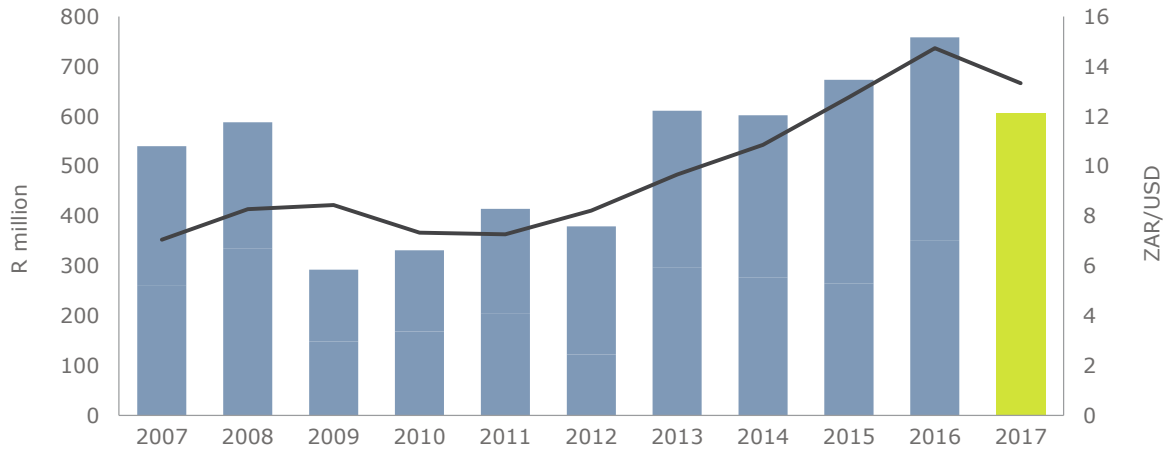
Sales volume	↑ 1kt up to record level	<ul style="list-style-type: none"> Driven by strong manufacturing performance in Rolled Products
Currency	↓ 10% stronger	<ul style="list-style-type: none"> Resulting in a R267 million negative impact on operating profit
\$ Aluminium price	↑ 23% stronger	<ul style="list-style-type: none"> Increase in metal price lag benefit of R150 million (2016: R50 million), but cash outflow of R128 million
\$ Rolling margins	= Consistent with 2016	<ul style="list-style-type: none"> Improved mix maintained rolling margins in line with 2016, despite market pressures
ZAR Conversion costs / unit	↑ Down 4% (RP down 6%)	<ul style="list-style-type: none"> Strong cost-out performance achieved in 2017
Working capital	= NWC / revenue consistent with 2016 despite higher LME	<ul style="list-style-type: none"> Sustainable cash cycle improvement delivered Working capital cash inflow despite rising LME prices
SIB* Capital expenditure	↑ Down > R30m	<ul style="list-style-type: none"> Improved capital discipline

*Stay in business

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NORMALISED EBITDA BEFORE METAL PRICE LAG

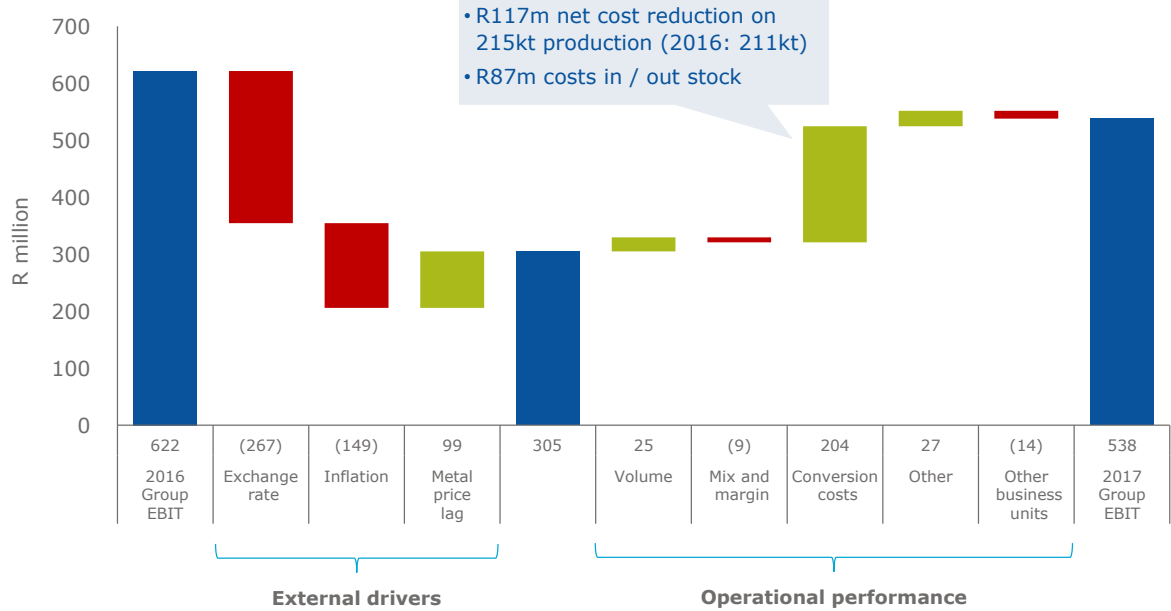
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FY 2016 V FY 2017 EBIT BRIDGE

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COMPARABLE EBIT

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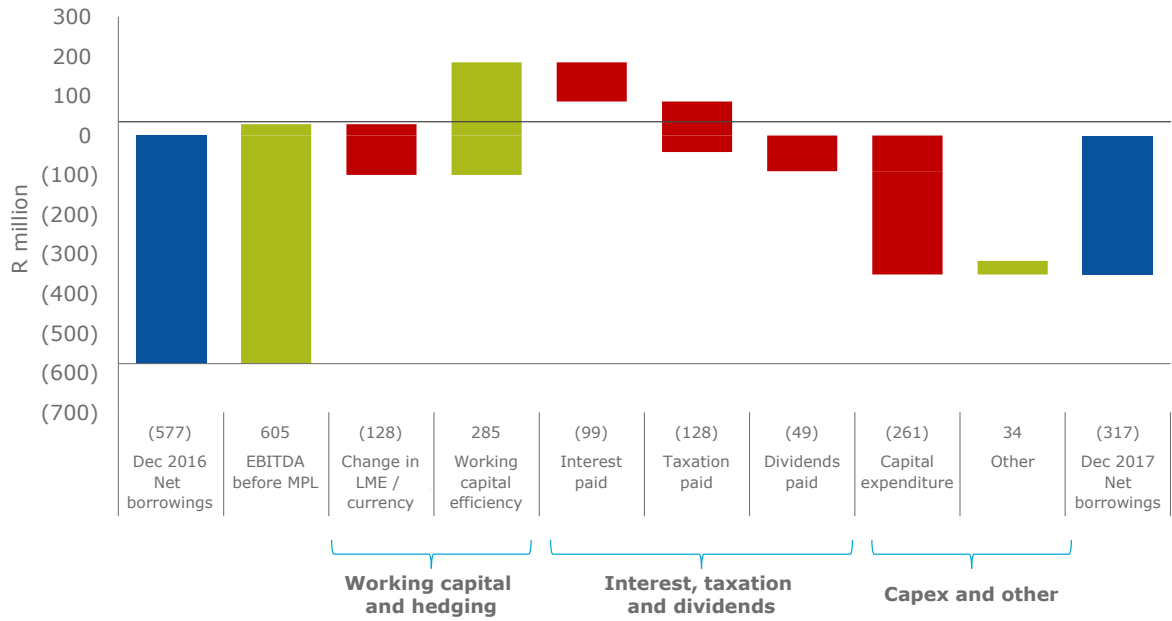


	2017 Rm	2016 Rm	Change %
Average ZAR / USD	13.32	14.73	
Operating profit	538	622	(13)
Loss / (profit) on disposal of property, plant and equipment	10	(6)	
Reversal of impairment on associate	(7)	-	
Headline EBIT	542	615	(12)
Equity-settled share-based payment: Isizinda	-	1	
Normalised EBIT	542	616	(12)
Timing mismatches: Insurance claim	(25)	-	
Comparable EBIT	517	616	(16)
Comparable EBIT (constant currency)*	784	616	27

*2017 profits rebased on 2016 currency levels
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FY 2017 CASH FLOW

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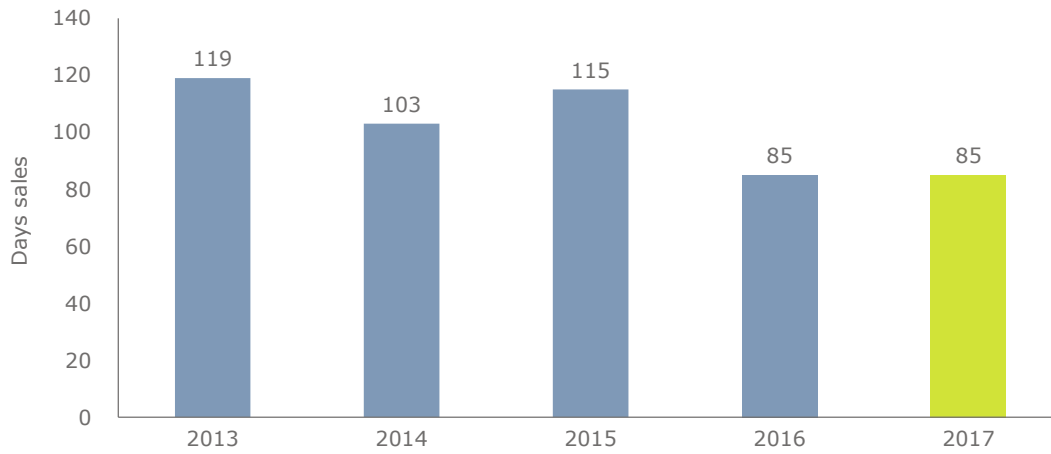
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MAINTAIN WORKING CAPITAL EFFICIENCIES

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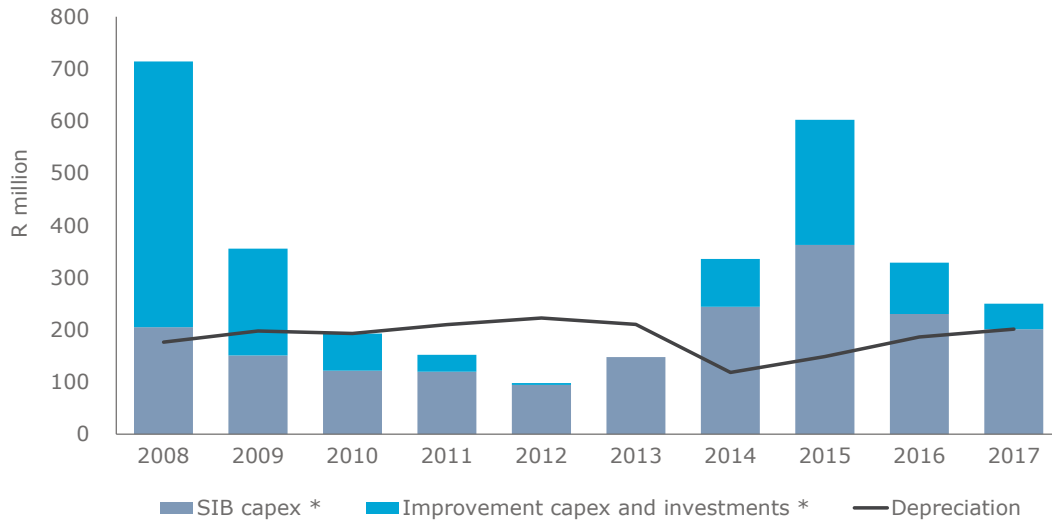
Average inventory days



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CAPITAL EXPENDITURE

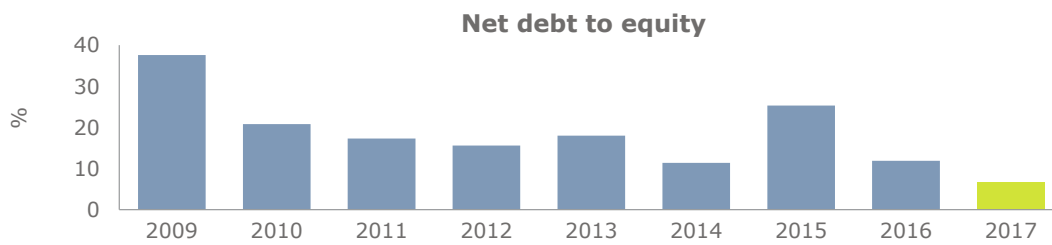
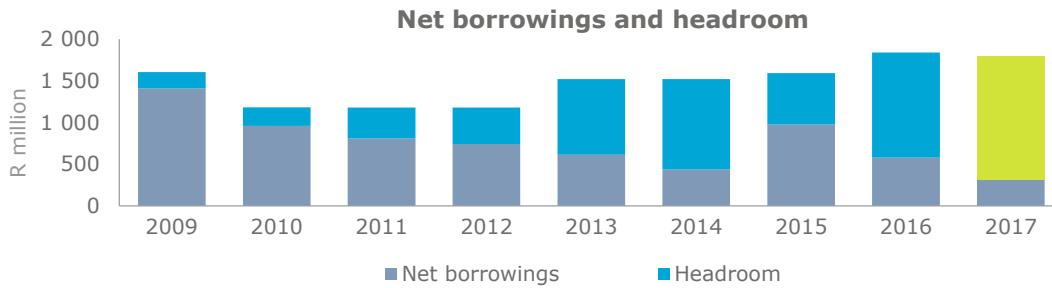
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* Excludes capitalised borrowing costs
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LIQUIDITY AND CAPITAL STRUCTURE

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Drive free cash flow generation	<ul style="list-style-type: none"> • Maximise production at optimum mix, stable flow 	●
	<ul style="list-style-type: none"> • Drive mix / margin improvement 	●
	<ul style="list-style-type: none"> • Focused, sustainable cost reduction 	●
	<ul style="list-style-type: none"> • Improve metal input mix 	●
	<ul style="list-style-type: none"> • Drive inventory efficiencies, shorten cash cycle to accelerate cash reduction 	●
	<ul style="list-style-type: none"> • Strengthen capital discipline 	●
Strengthen financial stability, lay platform for growth	<ul style="list-style-type: none"> • Reduce borrowings and improve liquidity 	●
	<ul style="list-style-type: none"> • Optimise hedging programme 	●

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DRIVING FREE CASH FLOW AND IMPROVING FINANCIAL STABILITY

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Focus areas	FY2017 delivery	Medium-term target
Drive cost competitiveness	<ul style="list-style-type: none"> • Cost management system rollout • Cost reduction targets for FY2017 achieved 	<ul style="list-style-type: none"> • Additional R300m cumulative cost savings (10% of costs excl. metal)
Develop and sustain manufacturing performance	<ul style="list-style-type: none"> • Record 24-month performance • Strengthening process control • Focus on equipment reliability, integrated shut in Q3 • Business improvement projects • Competency and capability development 	<ul style="list-style-type: none"> • >225kt of rolled products at optimum mix
Improve metal input mix	<ul style="list-style-type: none"> • Rapid growth in scrap utilisation • Leveraging investment in recycling 	<ul style="list-style-type: none"> • Scrap >20% of input metal
Grow rolling margins	<ul style="list-style-type: none"> • Growth in local market sales and end-user mix • Investment in sales capability 	<ul style="list-style-type: none"> • End-user mix >70% • Local market sales >50%

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Focus on three cost reduction levers to reduce the cost base, as well as enabling activities required to implement and sustain these reductions

I. Efficiency Consumption / usage / management	II. Pricing Buying power / strategic sourcing	III. Structure Product mix / production lines / other structural
Increased visibility and better cost management in terms of the consumption and usage of key cost areas	Pro-active management and tighter controls of goods and services procured	Critically assess product mix and the production lines required to ensure maximum value add , and other structural cost reduction actions <ul style="list-style-type: none"> • LPG to CNG conversion • TRC (Twin Roll Caster) rationalisation
Governance Forums, committees, cost management monitoring	<ul style="list-style-type: none"> • Cost management committee established to own Hualamin’s strategic cost agenda and to drive cost management initiatives • Enhanced zero-based budgeting process 	
Processes and controls Processes, policies, procedures, delegation of authority	<ul style="list-style-type: none"> • Increased discipline around critical processes and tightening of cost controls 	
Systems and reporting Key metrics, standardisation of reports, project management, system integration	<ul style="list-style-type: none"> • Key cost metrics defined and measured, and reported on in a standardised and consistent manner • Project management office, methodologies and toolsets established 	
Cost culture / discipline Communication, capability, accountability	<ul style="list-style-type: none"> • Cost culture embedment process 	

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DRIVING FREE CASH FLOW AND IMPROVING FINANCIAL STABILITY

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Focus areas	FY2017 delivery	Medium-term target
Reduce borrowings and cost of capital	<ul style="list-style-type: none"> Committed working capital facility in place, covenant light Adequate liquidity Medium-term funding review in progress Hedging strategy review concluded – move to 50%/50% Fx / LME hedge of metal price lag 	<ul style="list-style-type: none"> Capital structure to support growth Reduced volatility in reported profits and cash flows
Working capital	<ul style="list-style-type: none"> Maintained gains in inventory efficiencies Focus on reducing receivable days and increasing payable days Delivered cash cycle improvements – R285 million 	<ul style="list-style-type: none"> Working capital efficiency improvements >20%
Capital discipline	<ul style="list-style-type: none"> Strengthening asset management structure Optimising stay-in-business capex 	<ul style="list-style-type: none"> Discipline maintained

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METAL PRICE LAG HEDGING STRATEGY

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Hedging of metal price lag*		2007 - 2017		2018 →
LME aluminium price movements	Hedge ratio 50% Equal profit and cash flow volatility		FY2017 P&L MPL gain R150m Cash flow impact (R128m)	Hedge ratio 50% Equal profit and cash flow volatility
Currency movements	Hedge ratio 100% No profit volatility High cash flow volatility			Hedge ratio 50% Equal profit and cash flow volatility

* Metal price lag is the impact of change in Rand LME between date of purchase and sale on profit and loss
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MEDIUM-TERM TARGETS

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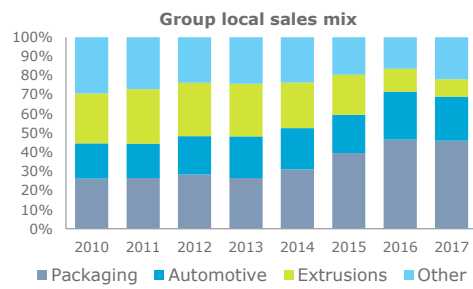
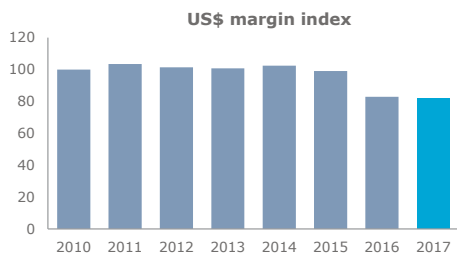
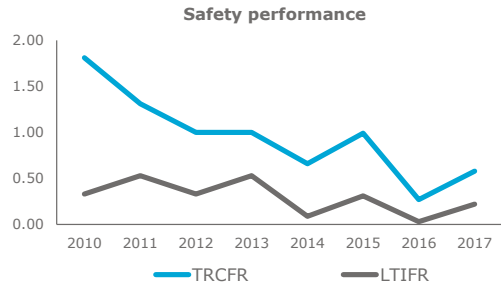
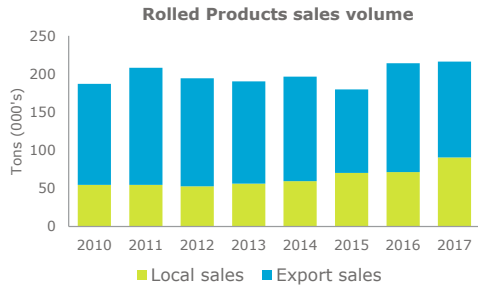


	FY2017 (Actual)	FY2018 (Target)	FY2022 (5yr target)	
NAV R14.50 > Share price R5.00 – R6.00				
ROCE – 8% Currency R13.32/USD			ROCE > 12% Currency R14.64/USD	
Sales volume (group)	Tons	233 000	236 000	>250 000
Rolling margin index (USD/t)	Index	82	87	> 100
Conversion cost reduction (annualised savings)	Rm	117	*90	*300
Scrap as % of input metal	%	11	14	> 20
Net working capital as % revenue	%	22	21	< 18

* Annualised cost savings on 2017 cost base

ROLLED PRODUCTS – KEY FEATURES

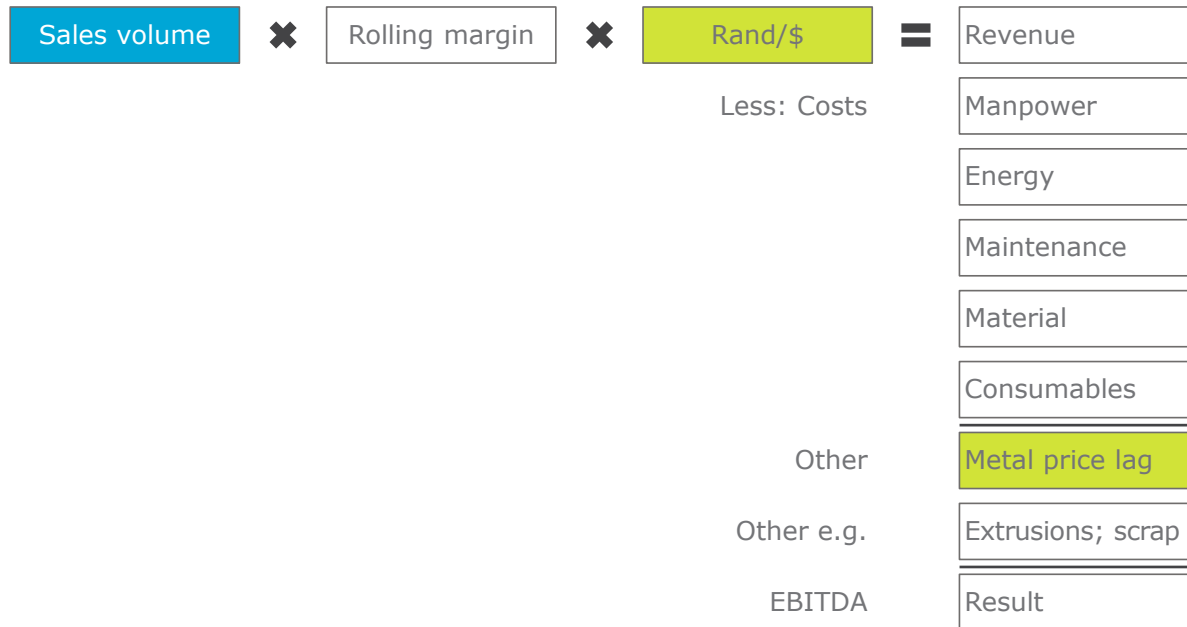
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A HULAMIN EBITDA MODEL

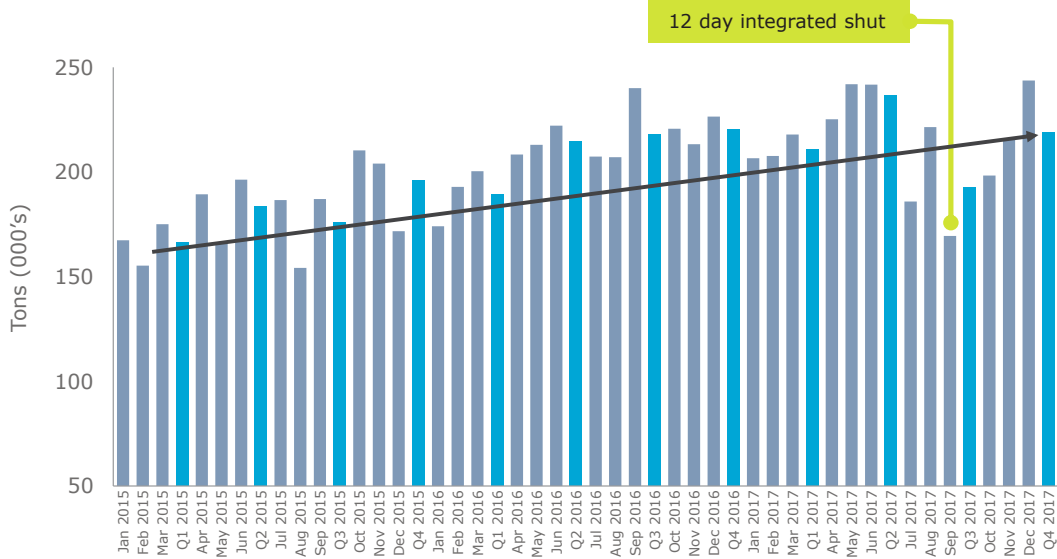
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ROLLED PRODUCTS PRODUCTION (ANNUALISED)

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STRONG SALES AND PRODUCTION PERFORMANCE

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Record sales volume in Rolled Products – 215 000 tons

- In spite of 12-day planned shutdown for maintenance and upgrades

Strong can stock production and sales

- Local End and tab stock sales up 49%
- Can Body Stock sales up 63% (supports further scrap purchases)

Commodity exports down 18%

- Deliberate action to increase volume of high value products

Automotive sales continue to grow

- Heat exchanger products up 7%

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NO EXTERNAL DISRUPTION

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No externally imposed disruptions

- Gas supply risk largely mitigated by CNG as LPG alternative
- Electricity in SA in oversupply

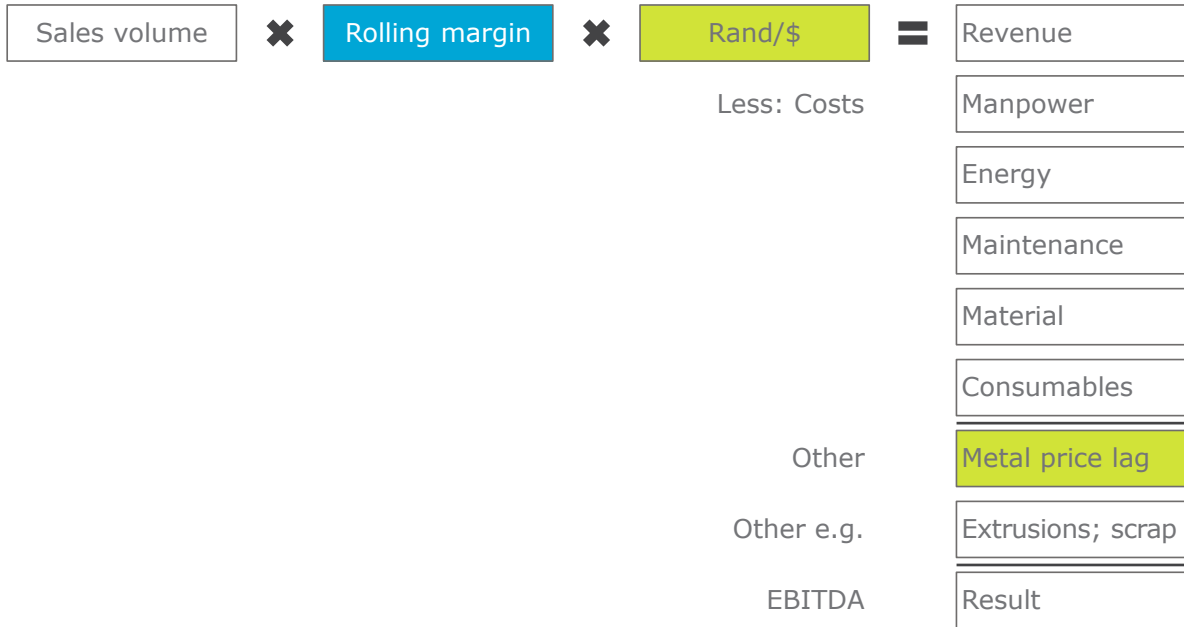
12-day shutdown successfully completed

- Planned maintenance and plant upgrade
- Further conversion from LPG to CNG
- Recycling furnace improvements
- Hot Mill drive and Coil Coating upgrades
- Impact: approx. 7 200 tons lost sales

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A HULAMIN EBITDA MODEL

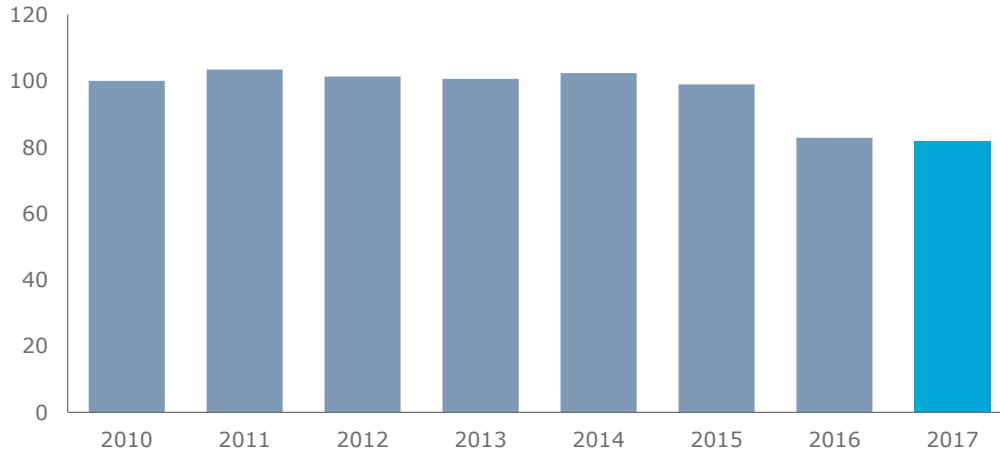
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ROLLING MARGIN IN US DOLLARS INDEX

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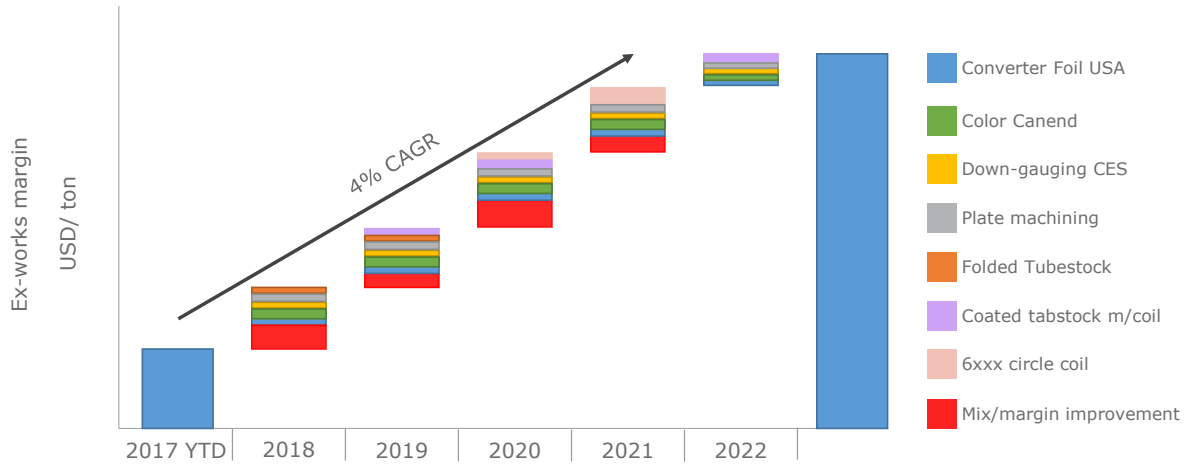
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EFFECT OF MARGIN OPPORTUNITIES ON THE AVERAGE ROLLING MARGIN

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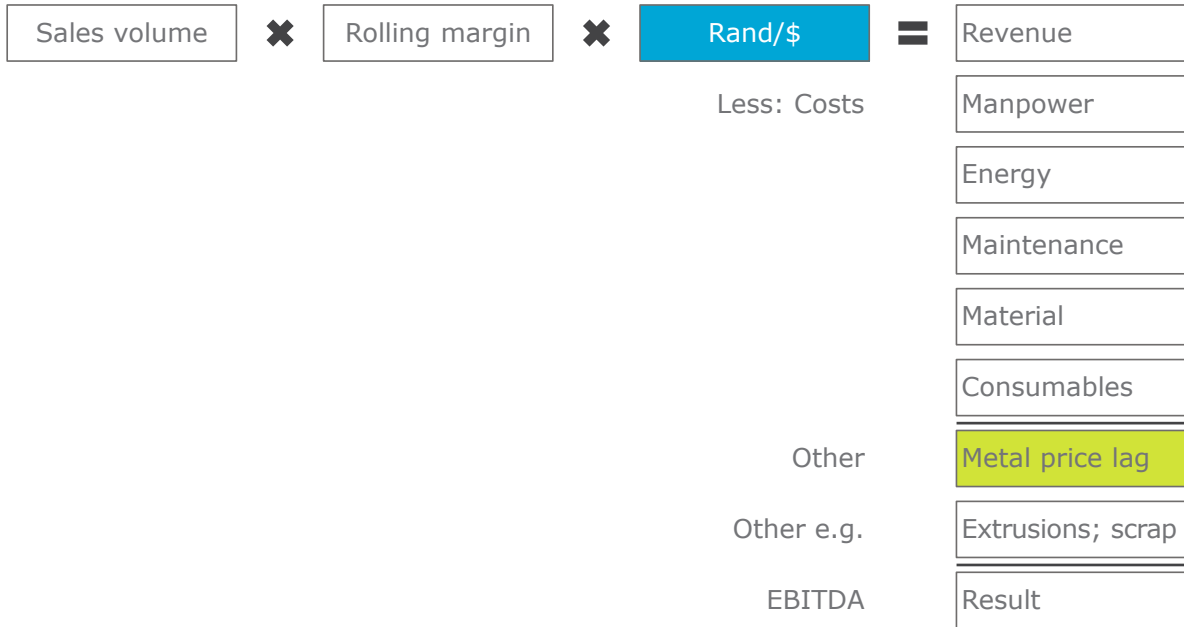
A summary of the specific higher margin opportunities to drive improvements in overall margins is summarised below



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A HULAMIN EBITDA MODEL

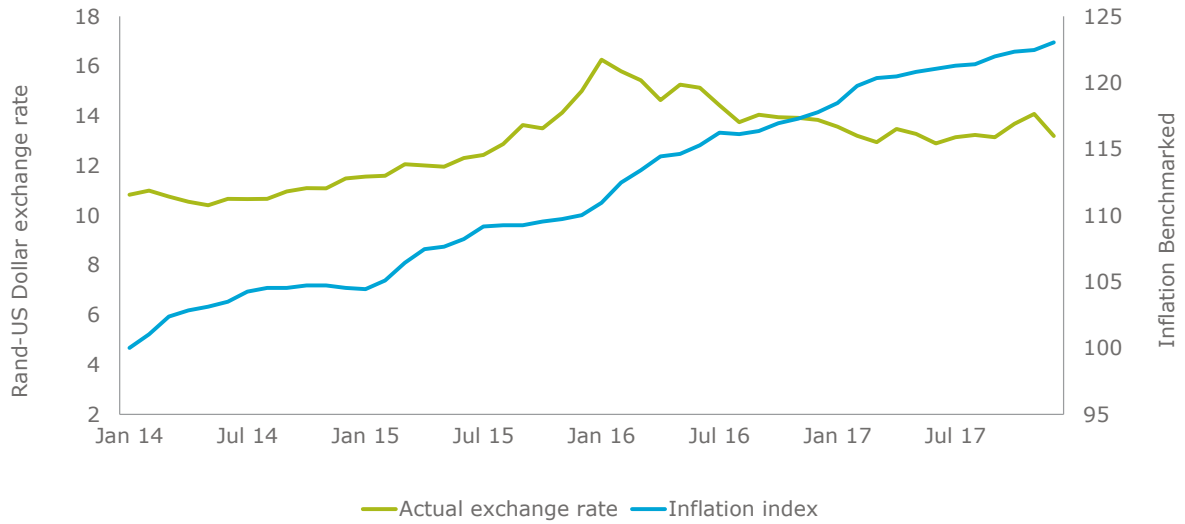
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RAND VS. US DOLLAR 2014 TO 2017

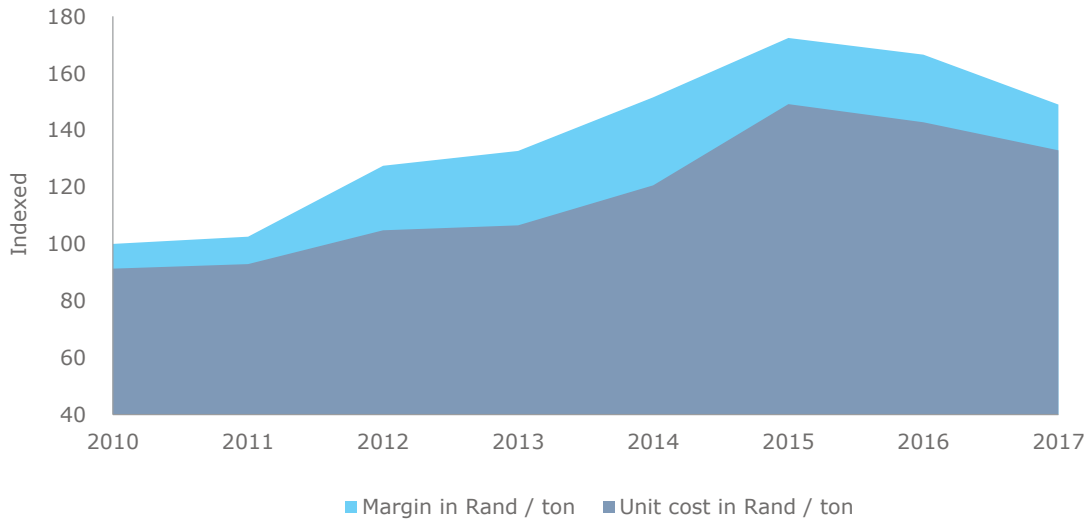
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ROLLED PRODUCTS OPERATING MARGIN IN RAND

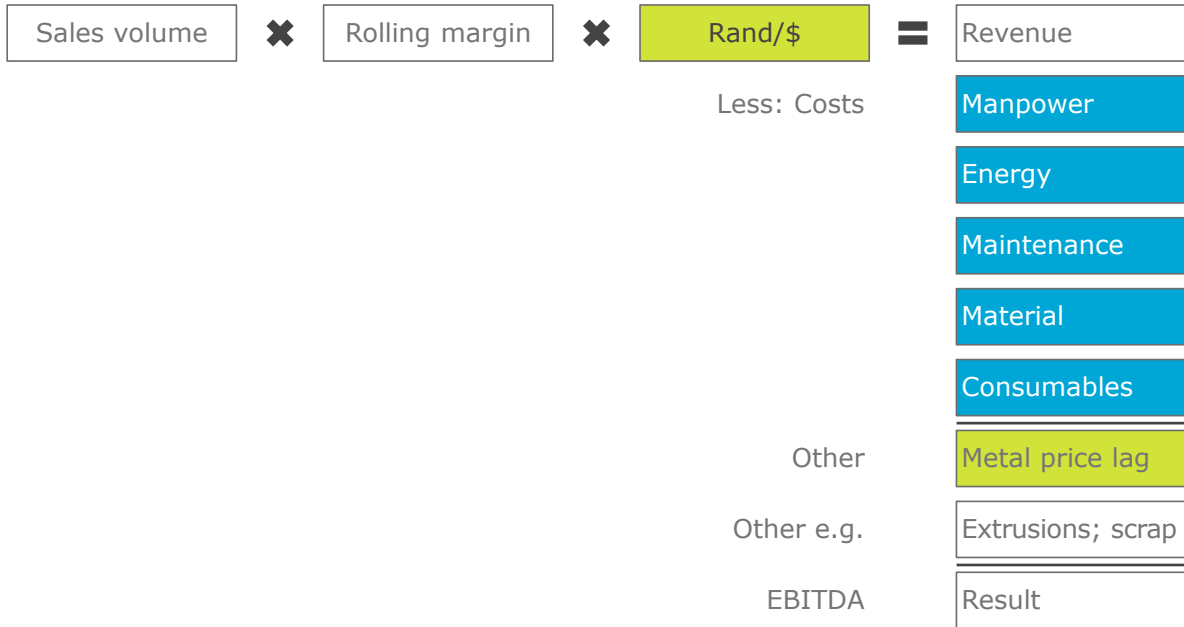
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A HULAMIN EBITDA MODEL

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FURTHER ROLLED PRODUCTS COST REDUCTIONS IN 2017

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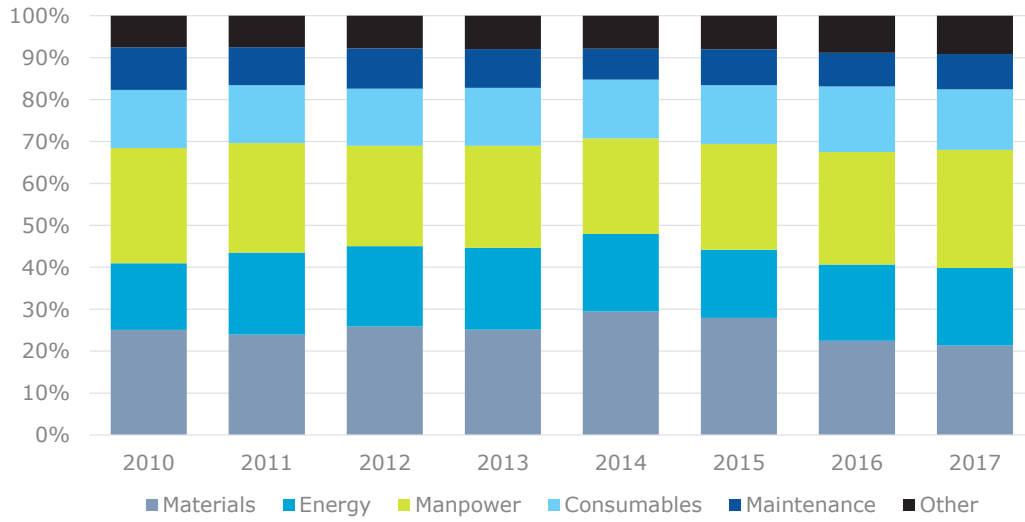
Conversion cost reduction efforts delivered net R117 million savings in 2017 from

- Operating supplies
 - Down 11.5% (16.8% in real terms)
- Salaries and wages
 - Up 5.3% (down 1% in real terms)
- Energy, oils and chemical cost savings
 - Up 1.7% (down 3.6% in real terms)
 - Energy consumption improved by 1.2% (GJ/ton)
 - Conversion from Liquid Petroleum Gas (LPG) to Compressed Natural Gas (CNG)

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RP MANUFACTURING COSTS EXCL. METAL

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I. Strengthen the core to compete today

- Cost competitiveness
- Operational performance
- Risk management
- Maximise asset productivity
- Product mix optimisation
- Leverage existing Hulamín brand strength for better margins
- Rationalise product portfolio
- Capital discipline



II. Improve rolling margins to grow

- Leverage Hulamín brand strength for better margins
- Develop new niche products
- Existing products
- New markets
- New channels
- Local and regional opportunities
- Increase scrap input
- Other business models e.g. trading of selected products in niche markets



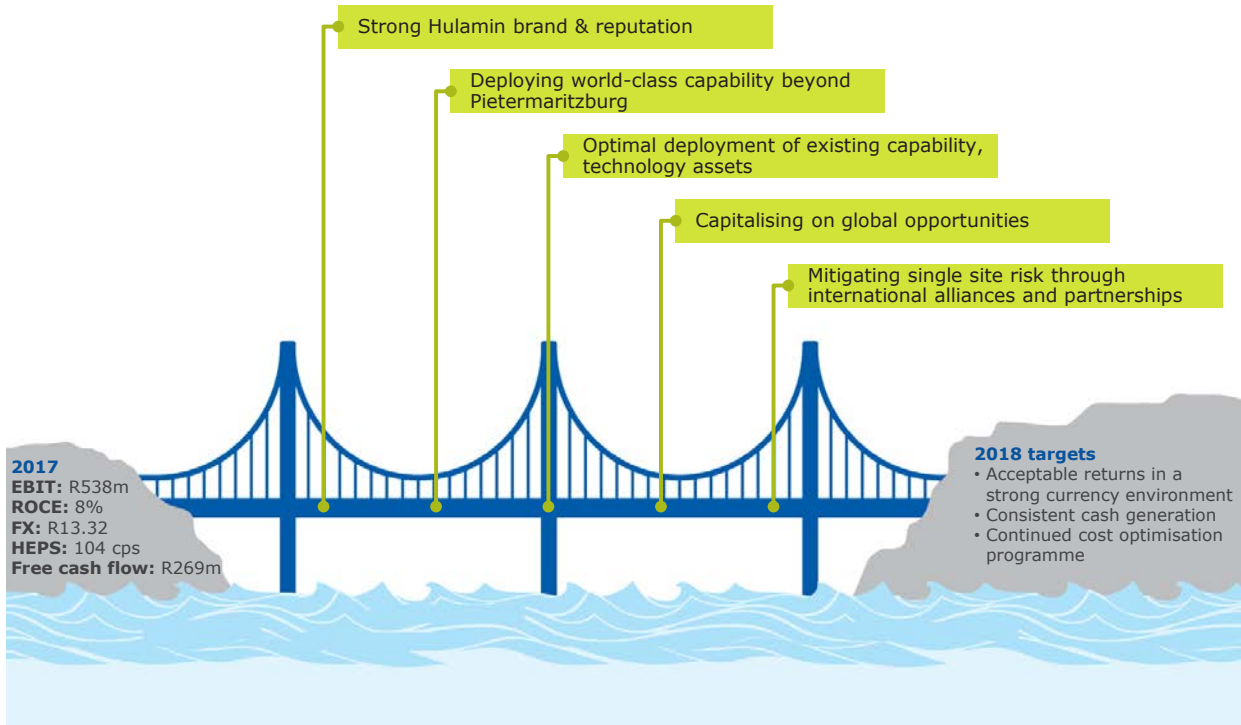
III. Build the assets of tomorrow to win

- Equipment to create niche differentiated positions for higher margins
- Scrap and recycling
- Vertical integration
 - Isizinda
 - On site / downstream
 - Richard Bay IDZ
- Drive industry transformation for improved market position
- Alliances with international players

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SEEKING / CAPITALISING ON EXPANSION OPPORTUNITIES

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HULAMIN IN A STRONG RAND ENVIRONMENT



The stronger currency

- Squeezing the operating margin
 - Rises in US Dollar rolling margins insufficient to counter strong Rand
 - Disciplined management of working capital and discriminate cost cutting

Further effort to increase US Dollar margins

Identify and deliver complementary investments

Primary metal supply negotiations

US trade ruling?

Audited results for the year ended 31 December 2017

CONDENSED INCOME STATEMENT

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	2017 Rm	2016 Rm
Revenue	10 160	10 099
Cost of sales	(9 115)	(8 958)
Gross profit	1 045	1 141
Selling, marketing, distribution and administrative expenses	(599)	(588)
Other gains and losses	92	69
Operating profit	538	622
Net interest expense	(78)	(87)
Profit before tax	460	535
Taxation	(128)	(150)
Net profit for the period	332	385
EBITDA	754	808
EBITDA / Sales (%)	7.4	8.0

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GROUP EXPENSES BY NATURE

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	2017 Rm	2016 Rm
Aluminium and other material costs	6 509	6 627
Utilities and other direct manufacturing costs	775	774
Employment costs	1 145	1 048
Depreciation and amortisation	216	186
Repairs and maintenance	282	258
Freight and commissions	361	366
Other operating income and expenditure	426	288
	9 714	9 546
Classified as		
Cost of sales	9 115	8 958
Selling, marketing and distribution expenses	450	444
Administrative and other expenses	149	145
	9 714	9 546

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CONDENSED BALANCE SHEET

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	2017 Rm	2016 Rm
Capital employed		
Equity	4 648	4 347
Net borrowings	317	577
	4 965	4 924
Employment of capital		
Property, plant and equipment and intangibles	3 389	3 333
Retirement benefit asset	127	117
Net working capital (incl. derivatives)	2 274	2 224
Net deferred tax liability	(557)	(491)
Retirement benefit obligations	(267)	(259)
	4 965	4 924

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CONDENSED CASH FLOW STATEMENT

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	2017 Rm	2016 Rm
Cash flows from operating activities		
Operating profit	538	622
Net interest paid	(99)	(102)
Depreciation and other non-cash items	178	121
Income tax payment	(128)	(128)
Changes in working capital	68	166
	557	679
Cash flows from investing activities		
Net additions to property, plant and equipment and intangibles and investments	(261)	(264)
Cash flows before financing activities	296	415
Cash flows – equity, dividend and other transactions	(36)	(17)
Cash flows for the period	260	398
Net borrowings – beginning of period	(577)	(975)
Net borrowings – end of period	(317)	(577)

Audited results for the year ended 31 December 2017

HIGHLIGHTS

- Record sales of 233 000 tons
- Record production and sales in Hulamin Rolled Products of 215 000 tons
- Improved liquidity following strong cash flow of R296 million
- Comparable earnings up 33%, in constant currency terms, on strong operational performance
- Headline earnings per share lower by 13% due to stronger currency
- Dividend of 15 cents per share maintained

Richard Jacob, CEO, commented:

“We report another year of record sales and improved manufacturing performance following the previous record set in 2016, against a backdrop of continuing tough market conditions and a stronger Rand. This was achieved through an ongoing focus on manufacturing excellence with a specific emphasis on cost reduction and tight capital discipline. This resulted in a second consecutive year of strong cash flows and a further reduction in borrowings.”

ENQUIRIES

Hulamin	033 395 6911
Richard Jacob, CEO	082 806 4068
Anton Krull, CFO	071 361 0622
CapitalVoice	
Johannes van Niekerk	082 921 9110

COMMENTARY

Hulamin delivered another year of record sales in Hulamin Rolled Products. Hulamin Extrusions sales were flat. Both businesses faced challenging local market conditions, although improved demand for beverage can products enabled Hulamin Rolled Products to increase its local sales by 22%.

Manufacturing output benefitted from a continued and consistent focus on lean manufacturing, while cost reduction initiatives, higher volumes, improved efficiencies and a substantial metal price lag benefit largely compensated for the reduction in Rand rolling margin, driven by the stronger currency. US Dollar rolling margins were in line with 2016.

Market conditions, both in South Africa and in export markets, remained uncertain throughout 2017. Local demand was particularly subdued, driven by the fall-off in fixed capital investment. In the USA, conditions are particularly uncertain following the imposition by the International Trade Commission of actions against the import of aluminium foil, and standard sheet and coil from China.

During the year under review, the London Metal Exchange (LME) aluminium price continued to rise averaging at \$1 968 per ton (2016: \$1 604) and closing at \$2 242 per ton (2016: \$1 713). This resulted in a metal price lag benefit of R150 million for the full year (2016: R50 million).

Turnover increased modestly to R10,2 billion (2016: R10,1 billion) driven by the higher sales volume, flat US Dollar rolling margins, and the higher average LME aluminium price. These increases were however countered by the 10% stronger average Rand exchange against the US Dollar to R13,32 recorded during the year (2016: R14,73).

Demand for beverage packaging continued to increase following the upturn in the second half of 2016. This increase facilitated further improvements in aluminium recycling and Hulamin's contribution to entrepreneurial and enterprise development in this segment. Commissioning of the scrap cleaning line was completed in the first half of the 2017 year. This together with

efficiency and process improvements allowed for record scrap volumes being processed during 2017 and lays the foundation for further increases in the ramp-up to full design capacity.

Conversion costs in Rolled Products decreased by 5,3% to R2,9 billion, representing a reduction of 10,1% in real terms. Manufacturing costs per unit contracted by 5,9% (2016: 4,3%). A further conversion of gas supply to compressed natural gas, reducing waste and rightsizing manpower and outside contracting costs, operating supplies and material costs contributed to the reduced manufacturing cost.

Earnings before interest and taxation (EBIT) declined by 13% to R538 million, and decreased by 16% to R517 million on a comparable basis, after adjusting for a R25 million insurance receipt in 2017. Comparable operating profit (assuming constant R/USD) was 27% higher at R784 million (comparable earnings, on a constant currency basis, were 33% higher at R507 million). Net interest charges decreased by 10% to R78 million, mainly due to the capitalisation of borrowing costs attributable to capital work in progress. Attributable earnings were 14% lower at R332 million for the year. Headline earnings per share (HEPS) and normalised HEPS declined by 13% to 104 cents.

Cash flow before financing activities amounted to R296 million (2016: R415 million), after R261 million capital expenditure and interest payments of R99 million (including capitalised interest of R21 million).

Operational performance at the Isizinda cast house maintained its high level. This operation forms an important part of Hulamin's metal supply and recycling operations. Initiatives to capitalise on a range of aluminium processing opportunities at Isizinda continue in association with the Richards Bay Industrial Development Zone.

Hulamin Extrusions performance was disappointing in tough trading conditions. During 2016, we approved a capital investment plan for Hulamin Extrusions and the repositioning of the business in the very dynamic local market.

COMMENTARY CONTINUED

DIVIDEND

The board has declared a final dividend of 15 cents per share for 2017 (before withholding tax) (2016: 15 cents per share) payable on Monday, 26 March 2018 to shareholders included in the share register on Friday, 23 March 2018.

Last day to trade	Monday, 19 March 2018
Shares trade ex dividend	Tuesday, 20 March 2018
Record date	Friday, 23 March 2018
Payment date	Monday, 26 March 2018

Share certificates may not be dematerialised or rematerialised between Tuesday, 20 March 2018 and Friday, 23 March 2018, both days inclusive.

Shareholders are advised of the following information:

- the dividend has been declared out of the 2017 profits;
- the local dividend tax rate is 20%;
- the gross local dividend is 15 cents per share;
- the net dividend amount for local shareholders is 12 cents per share:
 - exempt from payment of dividend tax is 15 cents per share;
 - liable to pay dividend tax is 12 cents per share;
- the issued share capital of the company is 319 596 836 ordinary shares and 4 721 600 A1 ordinary shares;
- the company's tax number is 9522526715.

PROSPECTS

Efforts continue to maintain the improved sales and manufacturing performance in 2018. Further initiatives to improve rolling margins through focussing on a higher margin product mix are gaining momentum. The firming Rand will continue to impact financial performance negatively as foreign-denominated selling prices translate to lower Rand rolling margins.

Tade actions between the USA and China are currently creating positive demand momentum for Hulamin products in the USA. Hulamin's strong brand and reputation for good quality products and service, places the company in a good position to capitalise on improving US market conditions.

Hulamin enjoys the benefits of duty free access to the USA as a result of both the Africa Growth and Opportunities Act (AGOA) and General System of Preferences (GSP) legislation.

Hulamin notes with caution the proposed aluminium trade restricting recommendations issued by the US Commerce Secretary on 16 February 2018 that may impose value and/or volume constraints on aluminium imports into the USA. With 20% sales exposure to the USA, these recommendations may impact on Hulamin if and when adopted.


ME Mkwanzani

Chairman

Pietermaritzburg
22 February 2018



RG Jacob

Chief Executive Officer

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31 December 2017

	Note	2017 R'000	2016 R'000
Revenue		10 159 698	10 099 349
Cost of sales		(9 115 128)	(8 957 621)
Gross profit		1 044 570	1 141 728
Selling, marketing and distribution expenses		(450 277)	(443 881)
Administrative and other expenses		(148 653)	(144 892)
Other gains and losses		92 326	68 559
Operating profit		537 966	621 514
Interest income		3 079	1 309
Interest expense		(80 704)	(88 005)
Profit before tax		460 341	534 818
Taxation	3	(128 109)	(149 885)
Net profit for the year attributable to equity holders of the company		332 232	384 933
Headline earnings			
Net profit for the year attributable to equity holders of the company		332 232	384 933
Loss/(profit) on disposal of property, plant and equipment		10 188	(6 093)
Reversal of impairment		(6 529)	–
Tax effects of adjustments		(2 852)	897
Headline earnings attributable to equity holders of the company		333 039	379 737
Normalised earnings			
Headline earnings attributable to equity holders of the company		333 039	379 737
Equity-settled share-based payment: Isizinda		–	552
Normalised earnings		333 039	380 289
Earnings per share	4		
Basic (cents)		104	120
Diluted (cents)		100	117
Headline earnings per share	4		
Basic (cents)		104	119
Diluted (cents)		101	116
Normalised earnings per share	4		
Basic (cents)		104	119
Diluted (cents)		101	116
Dividends per share	5		
Final (cents)		15	15
Currency conversion			
Rand/US dollar average		13,32	14,73
Rand/US dollar closing		12,38	13,61

SUMMARISED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2017

	2017 R'000	2016 R'000
Net profit for the year attributable to equity holders of the company	332 232	384 933
Other comprehensive income for the year	3 635	93 851
Items that may be reclassified subsequently to profit or loss	(3 976)	107 628
Cash flow hedges transferred to income statement	(21 536)	127 947
Cash flow hedges created	16 014	21 536
Income tax effect	1 546	(41 855)
Items that will not be reclassified to profit or loss	7 611	(13 777)
Remeasurement of retirement benefit obligation	8 782	(14 032)
Remeasurement of retirement benefit asset	1 753	(5 103)
Income tax effect	(2 924)	5 358
Total comprehensive income for the year attributable to equity holders of the company	335 867	478 784

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

	Stated capital and consolidated shares R'000	Hedging reserve R'000	Employee share- based payment reserve R'000	BEE reserve R'000	Retained earnings R'000	Total equity R'000
Balance at 31 December 2015	1 817 580	(92 122)	45 707	51 224	2 032 128	3 854 517
Net profit for the year					384 933	384 933
Other comprehensive income net of tax		107 628			(13 777)	93 851
Equity-settled share-based payment schemes			10 145		2 690	12 835
Equity-settled share-based payment: Isizinda				552		552
Balance at 31 December 2016	1 817 580	15 506	55 852	51 776	2 405 974	4 346 688
Net profit for the year					332 232	332 232
Other comprehensive income net of tax		(3 976)			7 611	3 635
Equity-settled share-based payment schemes			15 349		(720)	14 629
Dividend paid					(48 507)	(48 507)
Balance at 31 December 2017	1 817 580	11 530	71 201	51 776	2 696 590	4 648 677

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	2017 R'000	2016 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	3 324 593	3 263 500
Intangible assets	64 144	69 086
Retirement benefit asset	127 054	117 397
Deferred tax asset	21 152	25 463
	3 536 943	3 475 446
Current assets		
Inventories	2 150 061	1 825 221
Trade and other receivables	1 241 963	1 513 096
Derivative financial assets	143 767	64 445
Cash and cash equivalents	111 472	75 627
Income tax asset	39 331	2 603
	3 686 594	3 480 992
Non-current assets held for sale	6 529	–
Total assets	7 230 066	6 956 438
EQUITY		
Share capital and share premium	1 817 580	1 817 580
BEE reserve	51 776	51 776
Employee share-based payment reserve	71 201	55 852
Hedging reserve	11 530	15 506
Retained earnings	2 696 590	2 405 974
Total equity	4 648 677	4 346 688
LIABILITIES		
Non-current liabilities		
Non-current borrowings	108 000	162 000
Deferred tax liability	578 568	516 533
Retirement benefit obligations	266 767	258 879
	953 335	937 412
Current liabilities		
Trade and other payables	1 262 967	1 141 011
Current borrowings	320 699	490 444
Derivative financial liabilities	43 267	15 168
Income tax liability	1 121	25 715
	1 628 054	1 672 338
Total liabilities	2 581 389	2 609 750
Total equity and liabilities	7 230 066	6 956 438
Net debt to equity	% 6,8	13,3

SUMMARISED CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2017

	2017 R'000	2016 R'000
Cash flows from operating activities		
Operating profit	537 966	621 514
Net interest paid	(99 113)	(101 792)
Loss/(profit) on disposal of property, plant and equipment	10 188	(6 093)
Non-cash items:		
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	216 374	186 000
Other non-cash items	(48 830)	(58 308)
Income tax payment	(127 669)	(127 972)
Changes in working capital	68 250	165 679
	557 166	679 028
Cash flows from investing activities		
Additions to property, plant and equipment	(256 427)	(314 856)
Government grant	–	57 047
Additions to intangible assets	(4 607)	(13 551)
Proceeds on disposal of property, plant and equipment	–	7 681
	(261 034)	(263 679)
Cash flows before financing activities	296 132	415 349
Cash flows from financing activities		
Proceeds from non-current borrowings	(54 000)	(54 000)
Repayment of current borrowings	(169 745)	(338 957)
Settlement of employee share incentives	(15 153)	(12 436)
Dividends paid	(48 507)	–
	(287 405)	(405 393)
Net increase in cash and cash equivalents	8 727	9 956
Cash and cash equivalents at beginning of year	75 627	70 158
Effects of exchange rate changes on cash and cash equivalents	27 118	(4 487)
Cash and cash equivalents at end of year	111 472	75 627

NOTES

for the year ended 31 December 2017

1. BASIS OF PREPARATION

These summarised financial statements, although not audited, have been derived from the group's audited financial statements and are consistent, in all material respects, with the group's audited financial statements. The directors take full responsibility for the preparation of this announcement, including ensuring that the summarised consolidated financial statements are correctly extracted from the underlying audited financial statements.

These summarised consolidated financial statements have been prepared in accordance with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council, the framework concepts and the measurement and recognition requirements of the International Financial Reporting Standards (IFRS), the Companies Act 71 of 2008 and the JSE Listings Requirements, under the supervision of the Chief Financial Officer, Mr AP Krull CA(SA).

The accounting policies and methods of computation adopted are in terms of IFRS and are consistent with those used in the preparation of the group's 2016 financial statements.

Hulamin believes normalised earnings to more accurately reflect operational performance and is arrived at by adjusting headline earnings to take into account non-operational and abnormal gains and losses.

	2017 R'000	2016 R'000
2. OPERATING SEGMENT ANALYSIS		
The group is organised into two major operating segments, namely Hulamin Rolled Products and Hulamin Extrusions. The reporting segments are consistent with those reported in the group's 2016 financial statements.		
REVENUE		
Hulamin Rolled Products	9 284 845	9 237 127
Hulamin Extrusions	874 853	862 222
Group total	10 159 698	10 099 349
OPERATING PROFIT		
Hulamin Rolled Products	522 544	587 318
Hulamin Extrusions	15 422	34 196
Group total	537 966	621 514
Interest income	3 079	1 309
Interest expense	(80 704)	(88 005)
Profit before tax	460 341	534 818
TOTAL ASSETS		
Hulamin Rolled Products	6 870 355	6 663 575
Hulamin Extrusions	359 711	292 863
Group total	7 230 066	6 956 438

3. TAXATION

The tax charge included within these condensed consolidated financial statements is:

	2017 R'000	2016 R'000
Normal	66 347	163 518
Deferred	61 762	(13 633)
	128 109	149 885
Normal rate of taxation	%	28,0
Adjusted for:		
Exempt income, non-allowable deductions and other items	%	(0,2)
Effective rate of taxation	%	27,8

NOTES

for the year ended 31 December 2017

4. EARNINGS PER SHARE (EPS)

The weighted average number of shares used in the calculation of basic and diluted earnings per share, headline earnings per share and normalised earnings per share are as follows:

	Number of shares 2017	Number of shares 2016
Weighted average number of shares used for basic EPS	319 596 836	319 596 836
Share options	11 471 925	9 064 508
Weighted average number of shares used for diluted EPS	331 068 761	328 661 344
Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the year and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 2/2015 issued by the South African Institute of Chartered Accountants (SAICA).		
Headline earnings		
Net profit for the year	332 232	384 933
Adjustments	807	(5 196)
– Reversal of impairment on associate	(6 529)	–
– Loss/(profit) on disposal of property, plant and equipment	10 188	(6 093)
– Tax effect	(2 852)	897
Headline earnings	333 039	379 737

5. DIVIDENDS PER SHARE

Dividends per share declared:

	2017 R'000	2016 R'000
Final dividend: 15 cents on 319 596 836 ordinary shares (2016: 15 cents on 319 596 836)	47 940	47 940
Final dividend: 15 cents on 4 721 600 A1 ordinary shares (2016: 15 cents on 4 721 600 A1 ordinary shares)	708	708
Total	48 648	48 648

The final dividend was declared subsequent to year end and therefore has not been provided for in the group financial statements.

6. COMMITMENTS AND CONTINGENT LIABILITIES

	2017 R'000	2016 R'000
Capital expenditure contracted for but not yet incurred	42 527	109 734
Operating lease commitments	53 573	30 782

CORPORATE INFORMATION

HULAMIN LIMITED

("Hulamin", "the company" or "the group")

Registration number: 1940/013924/06

Share code: HLM

ISIN: ZAE000096210

BUSINESS AND POSTAL ADDRESS

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PO Box 74, Pietermaritzburg, 3200

CONTACT DETAILS

Telephone: +27 33 395 6911

Facsimile: +27 33 394 6335

Website: www.hulamin.co.za

Email: hulamin@hulamin.co.za

SECURITIES EXCHANGE LISTING

South Africa (Primary), JSE Limited

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited

Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

SPONSOR

Questco Corporate Advisory Proprietary Limited

1st Floor, Yellowwood House, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston, 2191

DIRECTORATE

Non-executive directors

ME Mkwanazi* (Chairman),

CA Boles*

RL Larson*

VN Khumalo

TP Leeuw*

N Maharajh*

NNA Matyumza*

Dr B Mehlomakulu*

SP Ngwenya

AT Nzimande*

PH Staude*

GHM Watson*

GC Zondi#

* Independent non-executive directors

Alternate non-executive director

Executive directors

RG Jacob, Chief Executive Officer

AP Krull, Chief Financial Officer

MZ Mkhize

COMPANY SECRETARY

W Fitchat

