

# INTERIM RESULTS

for the six months 30 June 2024



**HULAMIN**

Think future. Think aluminium.

# Agenda

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## Introduction and highlights

01

Mark Gounder  
CEO



# Group Safety: Safety Always!

“Zero harm to employee remains our primary focus, with continued efforts to enhance safety...”

	H1 2024	H1 2023	FY 2023	Target
Fatality	Nil	Nil	Nil	Nil
LTI	2	4	4	< 4
LTIFR	0.13	0.26	0.14	≤ 0.12

- 2 LTI in subsidiary divisions (Extrusions and Hulacon).
- Rolled Products division currently on 14 months without an LTI.
- Safety efforts focused on HPI’s and driving zero harm culture through safety awareness and interventions.



# H1 2024 Business performance overview

## Macro and markets

### Strong local demand

- ↑7%
- Cans 67% of local sales

Continued short term EU pressure from H2 2023

Strong plate demand in USA

Weaker ZAR/\$ ↑3%



## Operational

### Integrated shuts

- Phase 1 of wide canbody readiness completed

### Working capital impact

- Inventory build-up to support June/July integrated shut

### Capital investment ↑114%

- R99m allocated to strategic projects

### Extrusions volumes ↓15%

- Increased competition and operational challenges



## Financial outcome

Normalised EBIT ↓27%

### Cashflows

- Market driven strategic capital spend and inventory

Gearing D/E at 38,3%



## Shareholder value

### EBITDA

- R511m which will support market driven capital investment

Headline earnings ↓17%

NAV ↑8%

## Half-year 2024 financial results

02

Pravashni Nirghin  
CFO



“Performance lower than H1 2023, however improved in relation to H2 2023...”

**FINANCIAL  
OVERVIEW:  
H1 2024**

**R7bn** Turnover  
**DOWN 6%**

**87kt** Rolled Products sales  
**DOWN 3%**

**55%** Local Rolled Products mix sales  
improvement **UP 8%**

**R343m** Normalised EBITDA  
**DOWN 19%**

**R302m** Capex  
**UP 114%**

**38.3% D/E** Gearing  
**UP 10,2%**

# Salient features



		H1 2024	H1 2023	% Change	H2 2023
<b>KEY PARAMETERS AND ACTIVITIES</b>					
Average LME	US\$/ton	2 360	2 331	1 ▲	2 172
Average exchange rate	US\$/ZAR	18.73	18.20	3 ▲	18.70
Group sales volume	Tons	92 150	95 588	4 ▼	84 479
Rolled Products sales volume	Tons	87 340	90 123	3 ▼	79 026
Rolled Products sales volume (excl Hotband)	Tons	87 340	81 381	7 ▲	79 026
Revenue	R million	6 967	7 404	6 ▼	6 391
<b>PROFITABILITY</b>					
EBIT	R million	434	473	8 ▼	59
Normalised <sup>1</sup> EBIT	R million	265	365	27 ▼	121
Normalised <sup>1</sup> EBITDA	R million	343	426	19 ▼	195
Normalised <sup>1</sup> EBITDA margin	%	4.9	5.7	0.8 ▼	3.1
EPS	Cps	83	95	13 ▼	(7)
HEPS	Cps	79	95	17 ▼	(7)
Normalised <sup>1</sup> HEPS	Cps	43	70	38 ▼	7

		H1 2024	H1 2023	% Change	H2 2023
<b>FINANCIAL POSITION</b>					
Capital expenditure	R million	(302)	(141)	114 ▲	(171)
Net working capital as % of revenue	%	54	46	8 ▼	46
Net cash flow from operating activities	R million	(279)	(16)	>200 ▼	379
Closing net debt	R million	1 377	999	38 ▼	804
Debt equity ratio	%	38.3	28.1	10.2 ▼	24.9

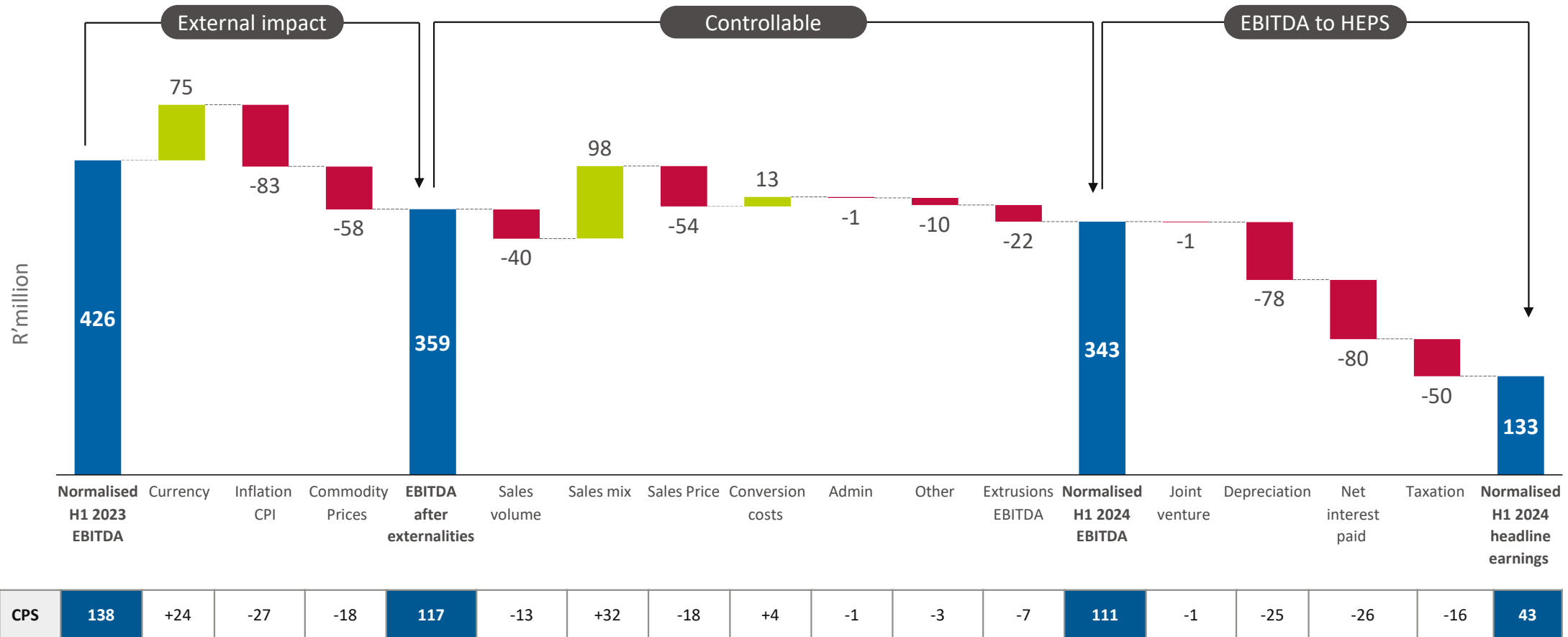
1. Normalised EBIT, EBITDA and HEPS exclude metal price lag and material non-trading items

Hulamin half-year results for the for the six months ended 30 June 2024



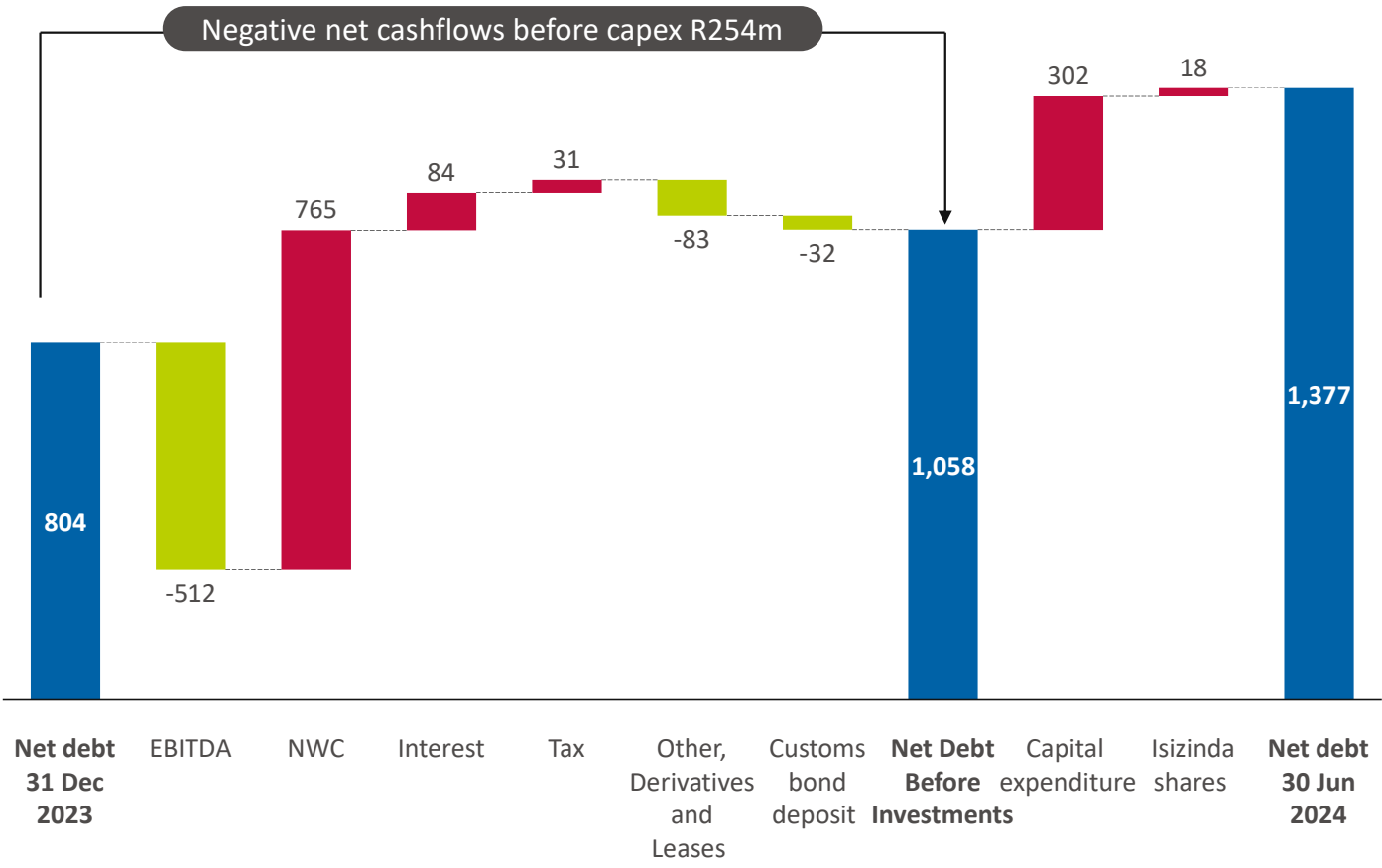
# Normalised EBITDA / Headline Earnings (R'million)

“EBITDA 19% lower, impacted by softer global demand on core streams net off rationalised product mix and cost stabilisation...”



# Focus on free cash flow generation

“Cashflow reinvested in working capital and capital expenditure...”

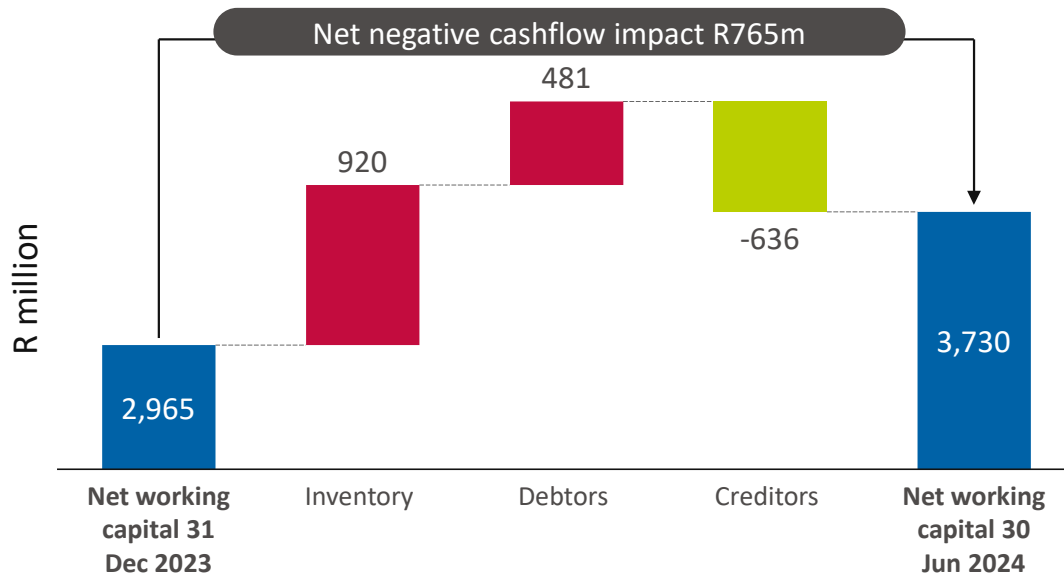


- H2 debt reduction initiatives:**
- Optimise local sales and capitalise on export plate demand
  - Reduce metal intake and improve stock turns
  - Target inventory levels ~44kts

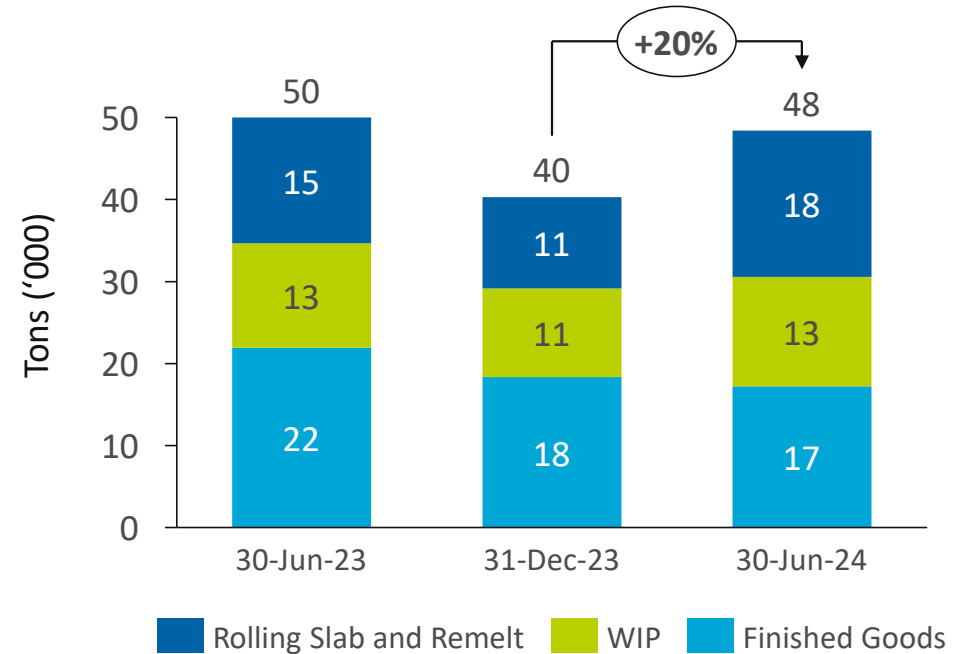
\* To reconcile to financial statement disclosure, adjust for lease repayments and exchange rate impact on cash and cash equivalents

# 2024 analysis of net working capital

“Focused on maintaining appropriate working capital mix...”



## Aluminium Inventory Summary



### Inventory:

- 8kt ↑ holdings in prep of June/July
- Plant adequately loaded across all systems + ZAR LME 4%

### H2 focus on reducing overall holdings to targeted levels ~44kt through:

- Improve stock turns / reliable plant performance
- Reduce metal intake considering CCL2 fire

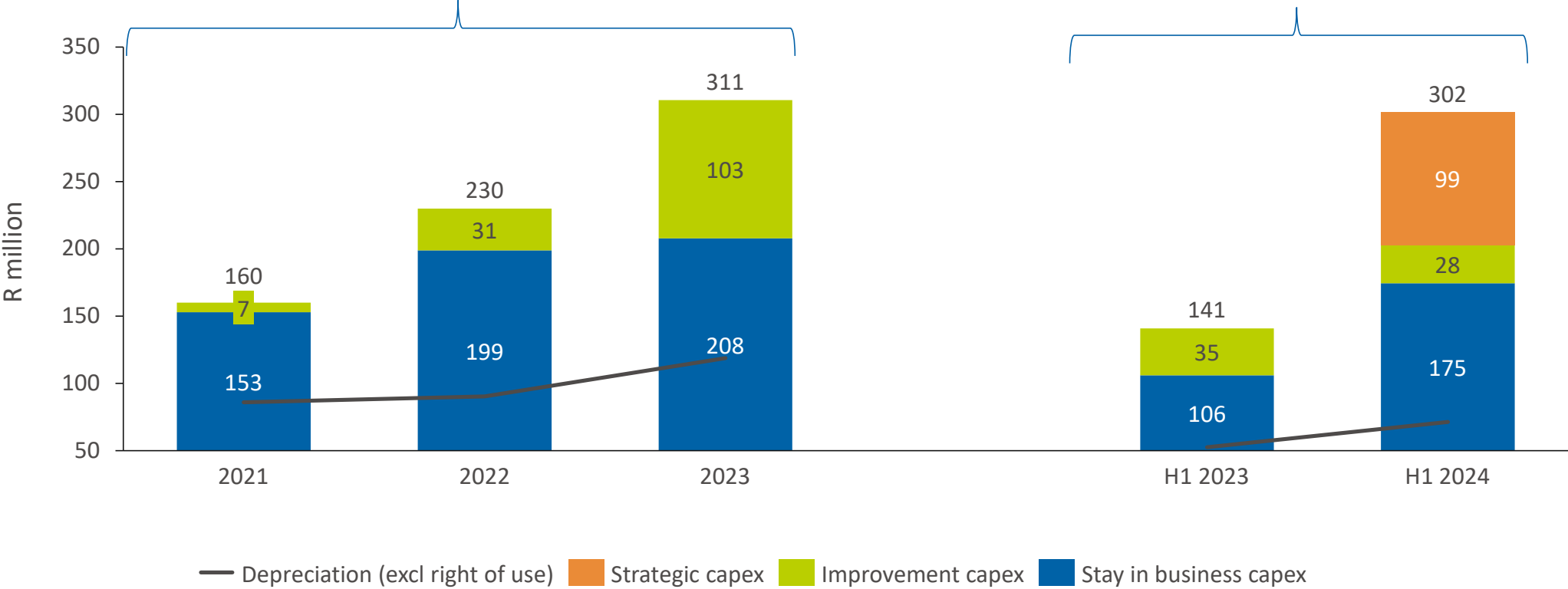
# Analysis of capital expenditure

“Continued investment in market driven capital to ensure long term sustainable earnings...”



Annual Capital Spend

Half-Year Capital Spend



## Rolled Products operational review

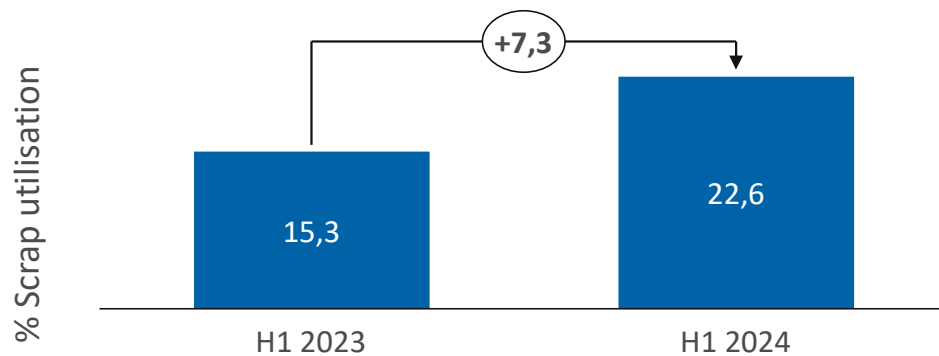
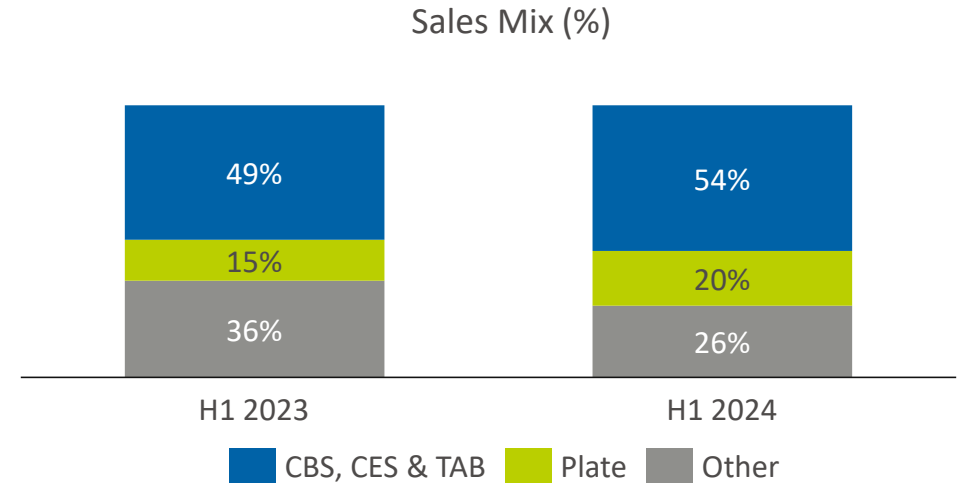
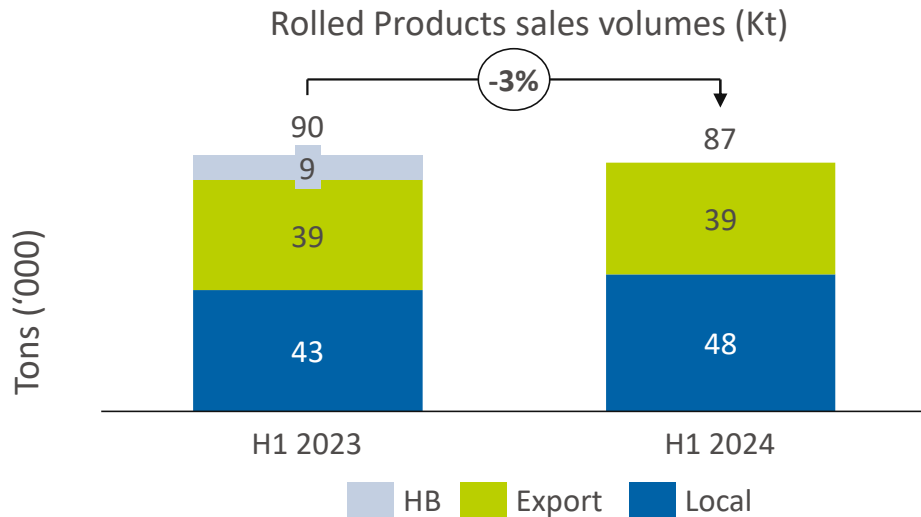
03

Mark Gounder  
CEO



# Rolled Products half year operational highlights

“Local can market remains strong enabling increased scrap utilisation...”

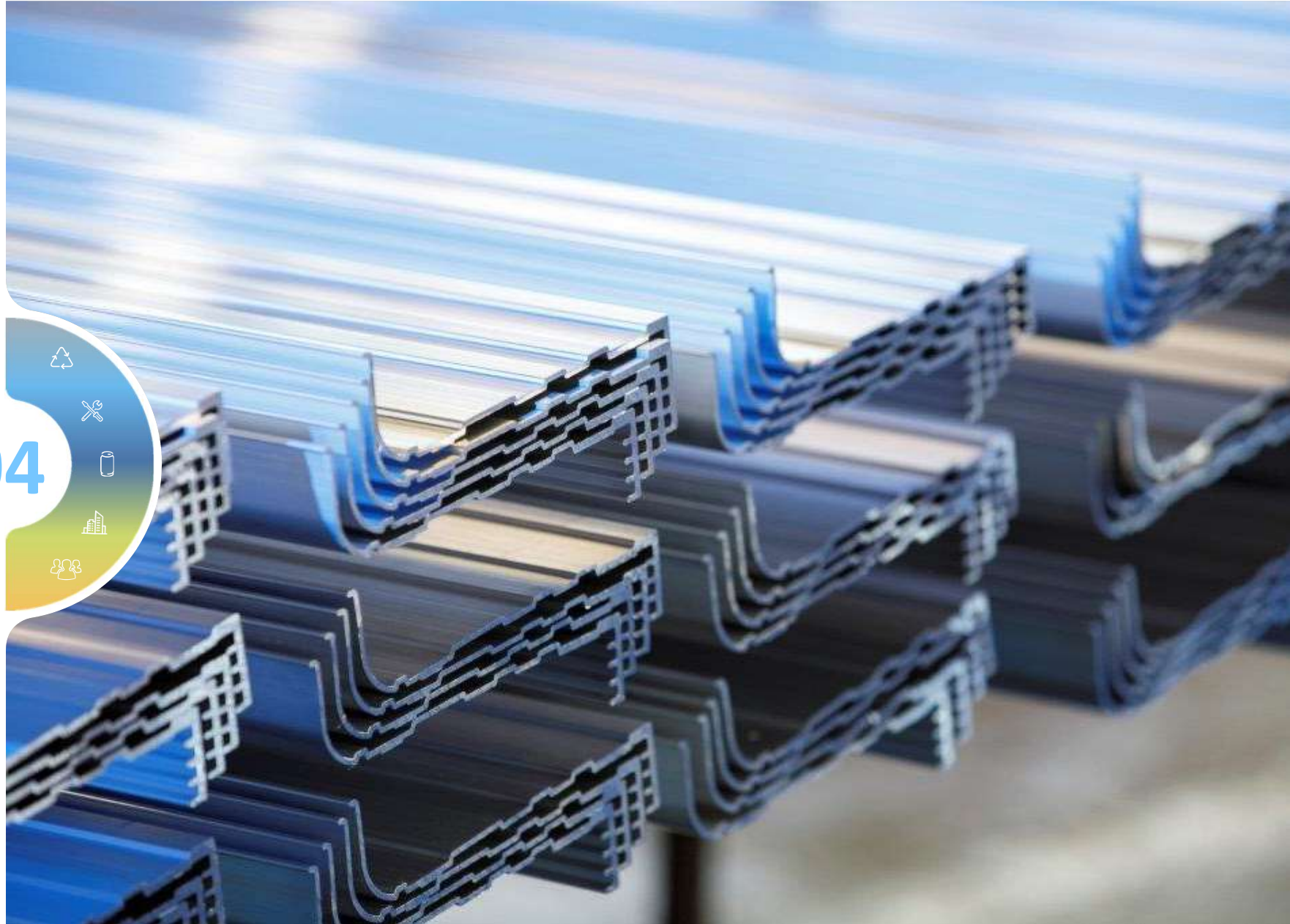


<b>Volumes Down 3%</b>	<ul style="list-style-type: none"> <li>• 9kts displaced hotband allocated to higher margin products</li> <li>• Core volumes (excl HB) ↑ 7% benefiting from strong local can and automotive demand</li> </ul>
<b>Improved can mix and 54% local</b>	<ul style="list-style-type: none"> <li>• Strong local demand</li> <li>• Plate market recovery and benefit from new route to market distribution (pricing control retained)</li> </ul>
<b>Scrap utilisation UP 7% at 22,6%</b>	<ul style="list-style-type: none"> <li>• Improved can stock mix at 54% enabled improved third-party scrap utilisation</li> </ul>

**Extrusions  
operational review**

**04**

Mark Gounder  
CEO



# Extrusions half year operational highlights

## H1 2024 Overview:

- Volumes down 15% in H1 2024 due to
  - Market challenges, lower automotive volumes
  - Operational challenges
- South African National election uncertainty impacted H1 volumes outlook, expected recovery in H2

## H2 2024 Forward view:

- Plant operational challenges have been addressed
- Focus is now on capturing market opportunities
- Review cost base to improve competitiveness
- Remelt efficiencies

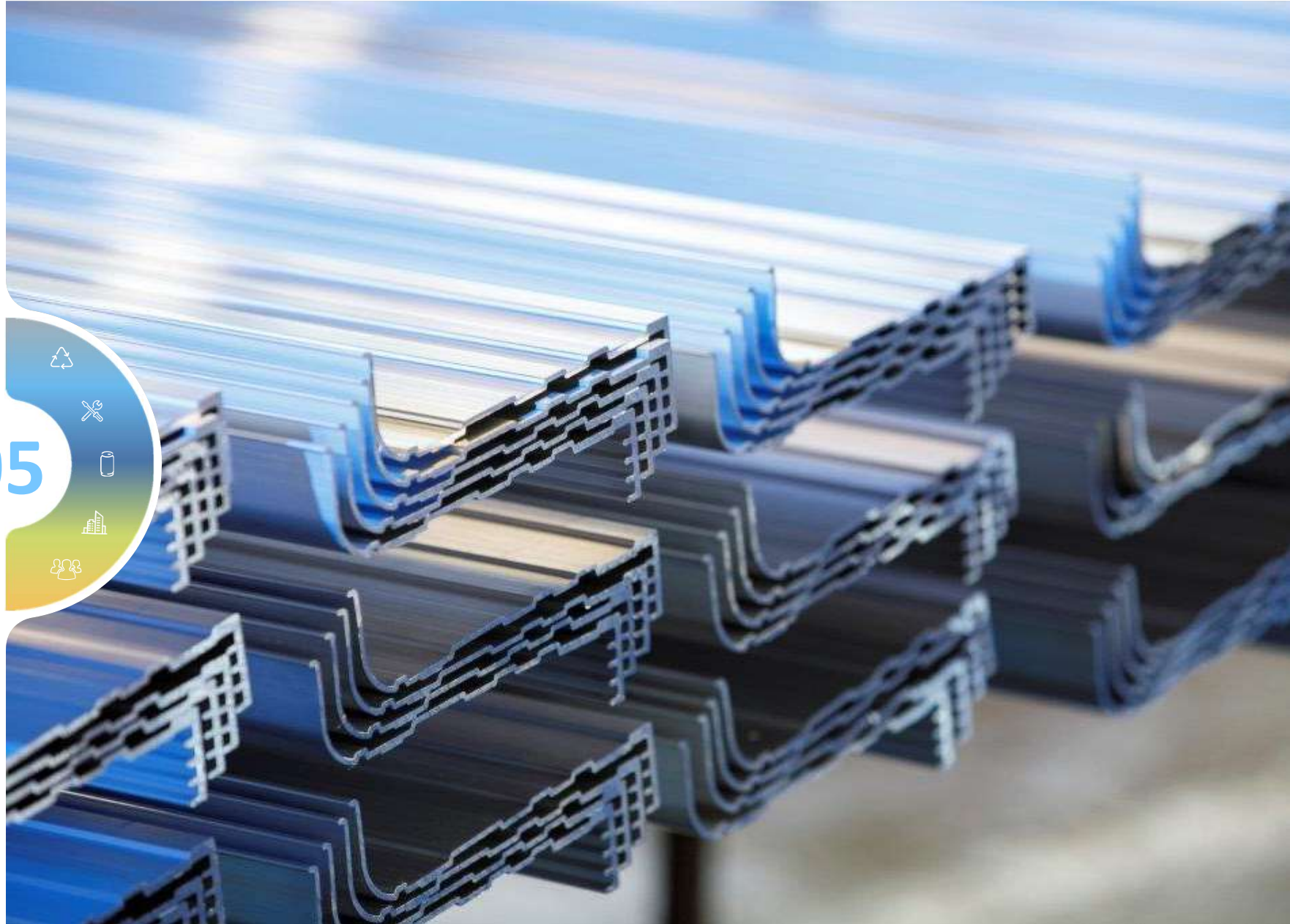




## STRATEGIC PROGRESS AND GROWTH OPPORTUNITIES

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Mark Gounder  
CEO



# Hulamin's strategic focus

## STRATEGY

Support the growing local market demand through a simplified, agile and reliable plant while positioning our business for future growth.

## BUSINESS MODEL

- Simplification
- On time delivery
- Focus on local market
- Can stream a priority
- Align cost base to benchmark
- Create capacity through continuous improvement
- Investment in reliable plant performance
- Sustainability- recycled content

## OUTCOMES

- **Stabilised and strengthen core business**
- **Market driven capital investment**
- **Reliable plant performance**
- **Reduced cost base**

# Context for market driven capital investment: Current State

*“Capitalising on growing Can Market, to enable supply up to 85% of market share...”*



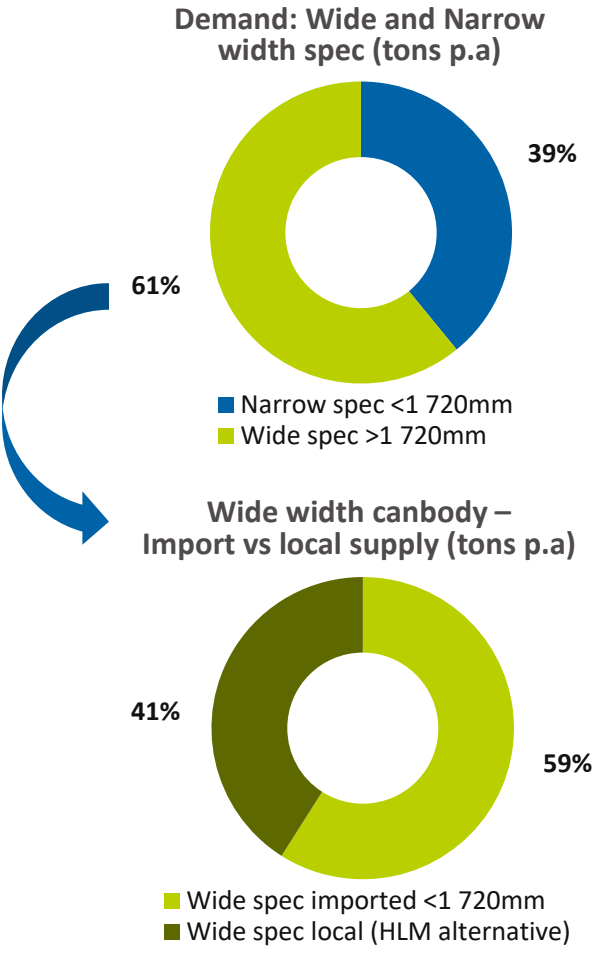
## Our business case for investing in wide canbody



Current SA consumption ~66kt growing @ 5% CAGR

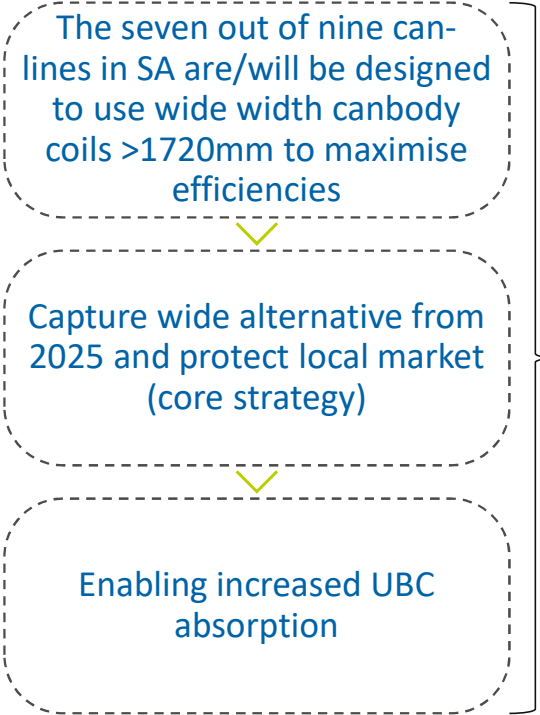
Hulamin supplies 60% of canbody stock (canbody)  
The 40% imported is wide width canbody (> 1 720mm)

Hulamin is currently only able to produce narrow canbody

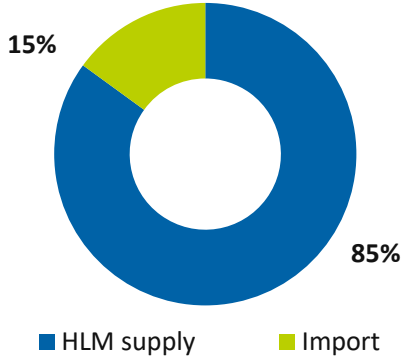


# Context for market driven capital investment: Opportunity

“Capitalising on growing Can Market, to enable supply up to 85% of market share...”



Post wide width investment target Hualamin market position

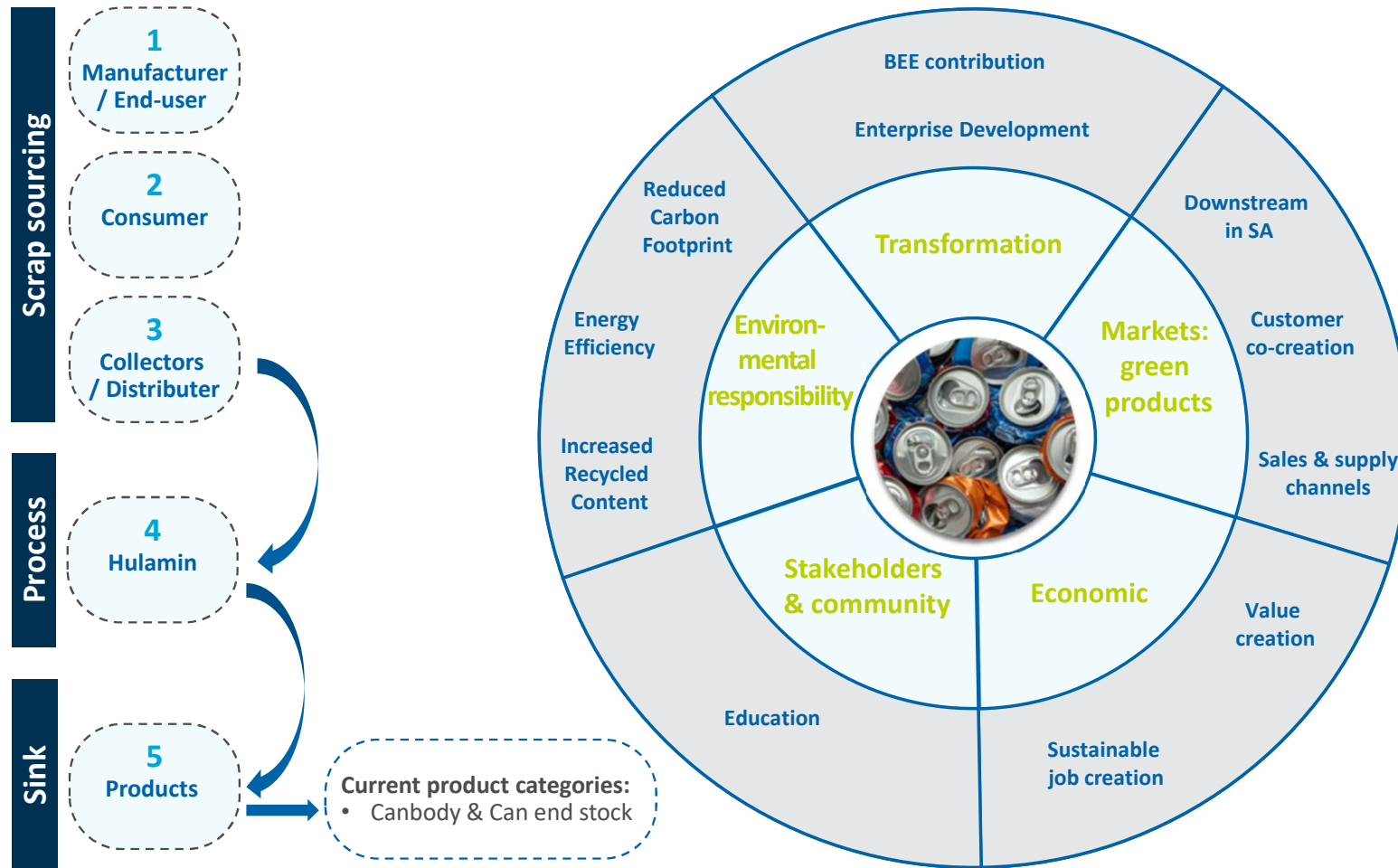


### Beverage can industry benefits

- On time delivery
- Sustainable growth
- Operational efficiencies
- Developing recycling eco system

**Position Hualamin to support growing local market and improved scrap utilisation**

# Why recycling is important to Hualamin?



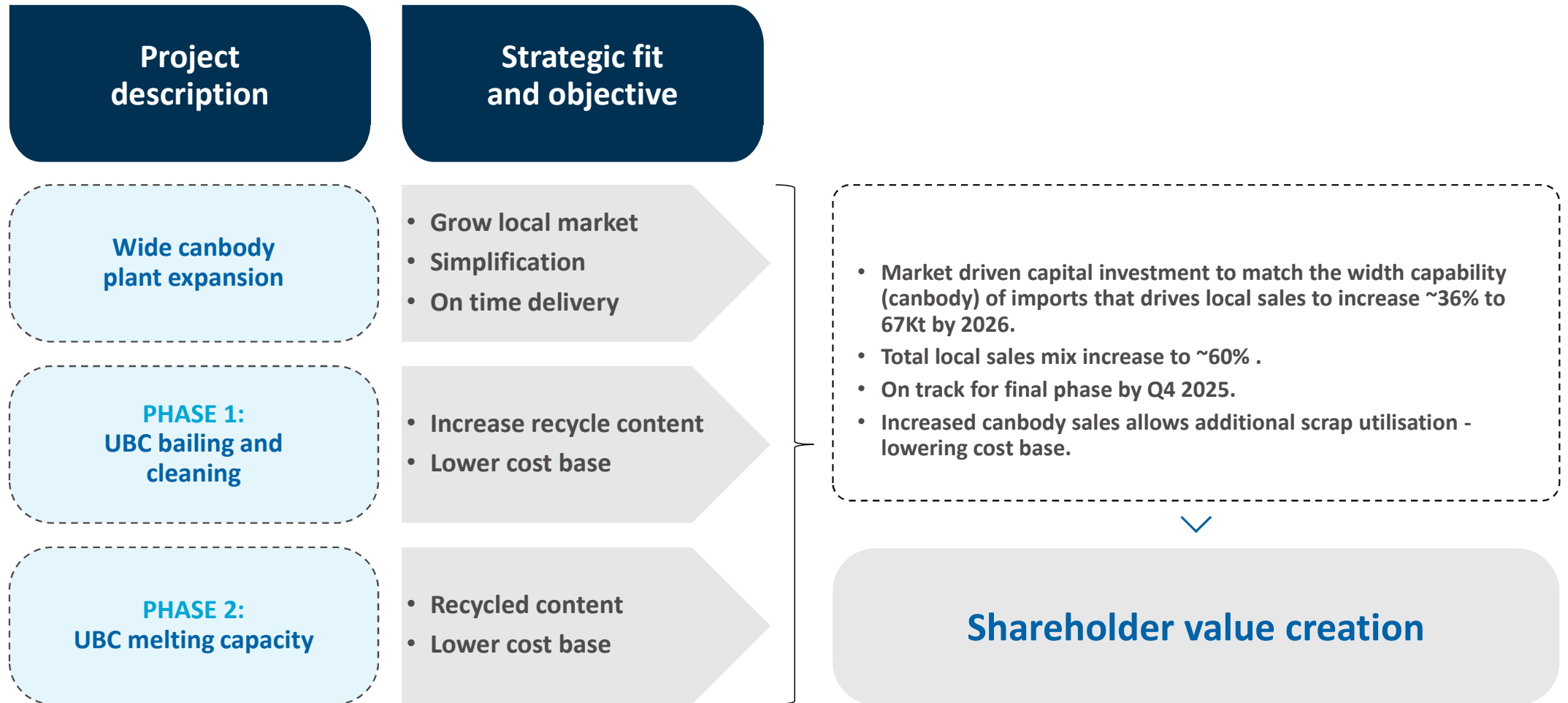
## Hualamin impact

- Growing canbody market enables increased scrap utilisation rate to unlock value through:
- Improve metal efficiency (optimise liquid metal utilisation/availability)
- Margin optimisation (lower input costs)
- Social investment
- Recycled content and decarbonisation

↓

- ~R150m 3-year investment in additional absorption and melting capacity

# Investment Summary





OUTLOOK

07

A circular graphic with a blue-to-green gradient. It contains five white icons arranged vertically: a recycling symbol, a wrench and screwdriver, a battery, a factory, and a group of three people.

Mark Gounder  
CEO

## H2 2024 Outlook

- Phase 2 of market driven wide canbody implementation to be completed
- Local market conditions predicted to remain resilient
- Export demand has recovered
- Export can end and tab production will resume in Mid-September post line 2 repairs
- Continued cost focus, working capital and efficiency improvement with net debt reduction is a priority
- The group continues to focus on stable plant performance and effective working capital management
- Our roadmap remains unchanged and is being implemented.







**HULAMIN**  
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**Questions?**

Appendices



# Condensed statement of profit or loss



	H1 2024	H1 2023
<b>Revenue</b>	<b><sup>1</sup> 6 967</b>	7 404
Cost of sales	<b>(5 903)</b>	(6 203)
<b>Gross profit</b>	<b>1 064</b>	<b>1 201</b>
Selling, marketing, distribution and administrative expenses	<b><sup>2</sup> (650)</b>	(752)
Other gains and losses	<b><sup>3</sup> 19</b>	24
<b>Operating profit</b>	<b>434</b>	<b>473</b>
Net interest expense	<b><sup>4</sup> (80)</b>	(70)
<b>Profit before tax and joint venture earnings</b>	<b>349</b>	<b>404</b>
Share of net profit/(loss) of joint ventures	<b>(1)</b>	<b>(1)</b>
<b>Profit before tax</b>	<b>353</b>	<b>403</b>
Taxation	<b>(96)</b>	<b>(108)</b>
<b>Net profit for the period</b>	<b>257</b>	<b>294</b>
<b>EBITDA</b>	<b>512</b>	<b>534</b>
<b>EBITDA / Sales (%)</b>	<b>7%</b>	<b>7%</b>

1. % lower volumes coupled with H2 2023 export pricing pressure continued into H1 2024.
2. Selling and distribution expenses lower due to lower volumes and more local sales at 55% (up 8% from prior comparable period).
3. Prior period included unrest insurance proceeds of R24m.
4. Higher interest rates and higher daily average net debt due to H1 increased working capital requirements.

# Condensed statement of financial position



	H1 2024	H1 2023	FY 2023
<b>Capital employed</b>			
Equity	3 809	3 536	3 539
Net debt	<sup>1</sup> 1 377	999	804
Lease liability	57	65	64
	<b>5 243</b>	<b>4 600</b>	<b>4 406</b>
<b>Employment of capital</b>			
Property, plant and equipment and intangibles	<sup>2</sup> 1 644	1 221	1 385
Other investments	<sup>3</sup> 50	113	115
Net working capital (incl. derivatives)	<sup>4</sup> 3 756	3 391	2 984
Net deferred tax asset	14	83	72
Income tax liabilities	(14)	(47)	-
Retirement benefit obligations	(207)	(161)	(149)
	<b>5 243</b>	<b>4 600</b>	<b>4 406</b>

1. Increased working capital requirements and 4% higher R/LME at R44 198/ton.
2. Increase capex investment in strategic projects:
  - CBS wide
  - UBC additional cleaning and bailing
  - Plant reliability investment
3. Remaining shareholding in Isizinda acquired for R18m, resulting in joint venture investment being eliminated ~R70m.
4. ~R772m increase in net working capital impacted by:
  - Increased inventory holding at 48kt (up 8kts from Dec 2023) in preparation of June/July integrated shut down.
  - Introduced consignment arrangement with key local customers to support improved OTD.
  - Change in debtors mix (towards more local) impacting cash conversion due to longer payment terms.

# Condensed cash flow statement



	H1 2024	H1 2023	FY 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Earning before interest and taxation	433	472	528
Net interest paid	(84)	(68)	(155)
Depreciation and other non-cash items	<sup>1</sup> 165	62	149
Income tax payment	<sup>2</sup> (31)	(125)	(168)
Changes in working capital, net of movement in derivatives	(767)	(370)	(13)
	<b>(285)</b>	<b>(27)</b>	<b>340</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net additions to PPE, intangibles and investments	<sup>3</sup> (302)	(141)	(311)
Other investments	13	5	2
<b>Net Cash flows</b>	<b>(573)</b>	<b>(163)</b>	<b>31</b>
<b>Net debt –beginning of period</b>	<b>804</b>	<b>836</b>	<b>836</b>
<b>Net borrowings – beginning of period</b>	<b>1 377</b>	<b>999</b>	<b>804</b>

1. Non-cash items include reversal and unwind of investment in joint venture of R79m.
2. Lower tax payment in 2023 included top-up payment.
3. Strategic focus on expansion capital in CBS and UBC melting.