

# Results presentation

for the half-year ended 31 December 2017 \*

21 & 22 February 2018

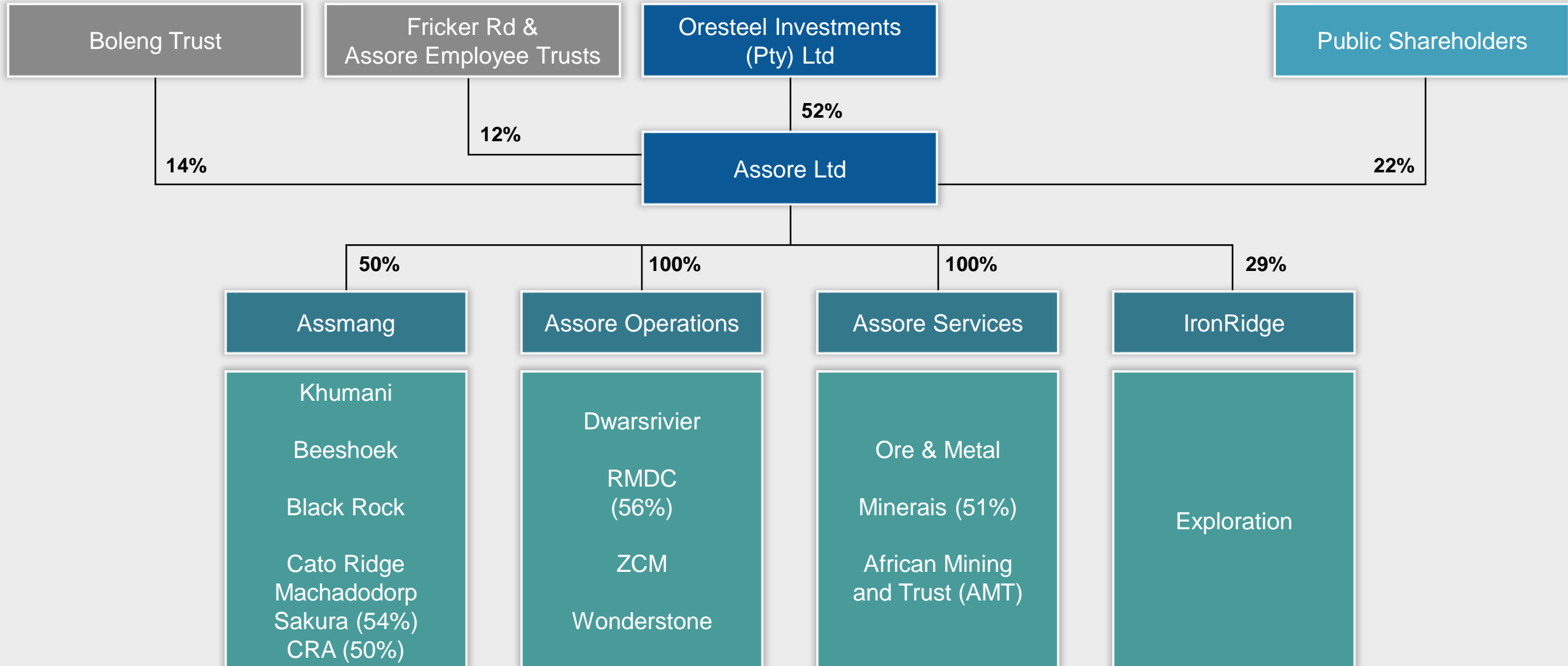


*\* Results for the half-year ended 31 December 2017 released on SENS on 21 February 2018*

- 
- Charles Walters Chief Executive Officer
  - Ross Davies Chief Financial Officer
  - Tiaan van Aswegen Director : Operations and growth
  - Patrick Sacco Director : Marketing

# GROUP STRUCTURE

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## Assmang (50%)

Iron Ore Mines <i>Beeshoek and Khumani</i>	SA	17.5 million mt	Iron ore	85% export
Manganese Ore Mines <i>Nchwaning and Gloria</i>	SA	3.3 million mt	Manganese ore	90% export
Cato Ridge Works	SA	70 kt	High carbon FeMn	95% export
Cato Ridge Alloys (50%)	SA	60 kt	Med carbon FeMn	90% export
Sakura Ferro Alloys (54%)	Malaysia	220 kt	High carbon FeMn	99% export

## Assore Operations (100%)

Dwarsrivier Mine	SA	1.5 million mt	Chrome ore	95% export
Wonderstone	SA	5,000 mt	Pyrophyllite	90% export

## Assore Services (100%)

Ore & Metal	Sales marketing and logistics services to Assmang and Assore operations
AMT	Technical and management services to Assmang and Assore operations

## Iron Ridge (29.5%)

Iron Ridge	AIM-listed exploration company
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- Zero fatalities in the period
- 6 million fatality-free shifts at Black Rock manganese mines
- Assmang safety awards (2017)
  - Black Rock Manganese Mine
    - 1<sup>st</sup> place for best safety performance in underground mines\*
    - 2<sup>nd</sup> place for best environmental performance for its rehabilitation project on the Gamagara riverbank\*
  - Beeshoek Iron Ore Mine
    - 1<sup>st</sup> place for best safety performance for base metal mines\*
    - 2<sup>nd</sup> place for best year-on-year safety improvement\*
    - Best safety performance award for achieving 16,000 fatality-free production shifts#
  - Khumani Iron Ore Mine
    - 1<sup>st</sup> place in the health and wellness category for its wellness peer educators' programme\*

*\*Awarded at the annual Mine Safe conference, arranged by the industry, the DMR and labour*

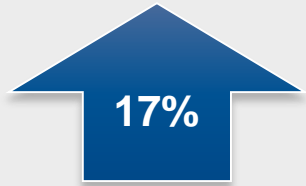
*# Awarded by the DMR*

- Headline earnings down 5% on 2016 (first half of 2017 financial year (*refer Note below*))
- Synchronised growth in the group's markets
- Prices for iron and manganese ores marginally better than 2016, but Rand 6% stronger
- Black Rock expansion project still on track for completion in 2020 (84% complete, 4 million mt)
- Capital Expenditure (for 6 months)
  - Assmang R1 166 million (2016: R1 154 million)
  - Assore Operations R167 million (2016: R38 million)
- Mining cost increases per ton below inflation in all operations
- Free cash flow after capex R1 554 million (2016: R1 730 million)
- Dividend increased to R10 per share (2016: R6 per share)

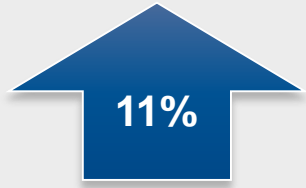
*Note: unless otherwise stated, 2016 refers to the half-year ended 31 December 2016*

# RESULTS HIGHLIGHTS

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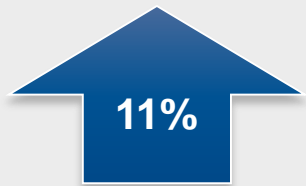
Revenue  
**R3 842 m**



Attributable earnings  
**R2 454 m**



Cash generated by operations  
**R983 m**



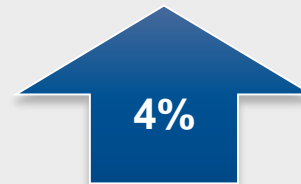
EPS  
**R23.79**



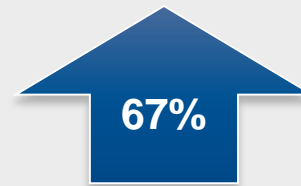
Profit before tax  
**R1 024 m**



Headline earnings  
**R2 429 m**



Free cash flow  
(before dividends)  
**R2 314 m**



DPS  
**R10.00**



# SALES VOLUMES ('000 metric tons, 100% basis)

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Commodity	Half –year ended 31 December 2017	Half –year ended 31 December 2016	% change
<b>Iron Ore</b>	9 130	8 805	<b>+4%</b>
<b>Manganese Ore*</b> <i>* excluding sales to Cato Ridge Works</i>	1 556	1 417	<b>+10%</b>
<b>Manganese Alloys</b>	162	139	<b>+17%</b>
<b>Chrome Ore</b>	794	733	<b>+8%</b>

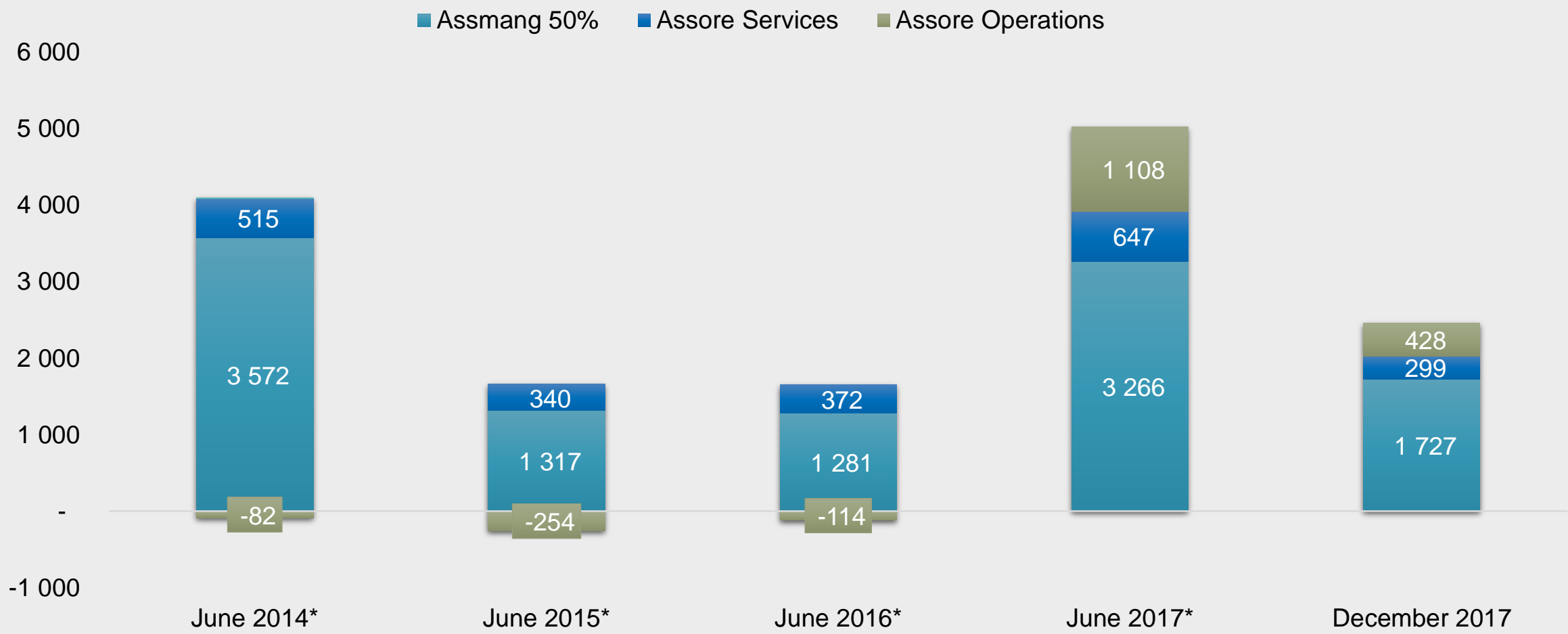


# AVERAGE INDEX PRICES (USD)

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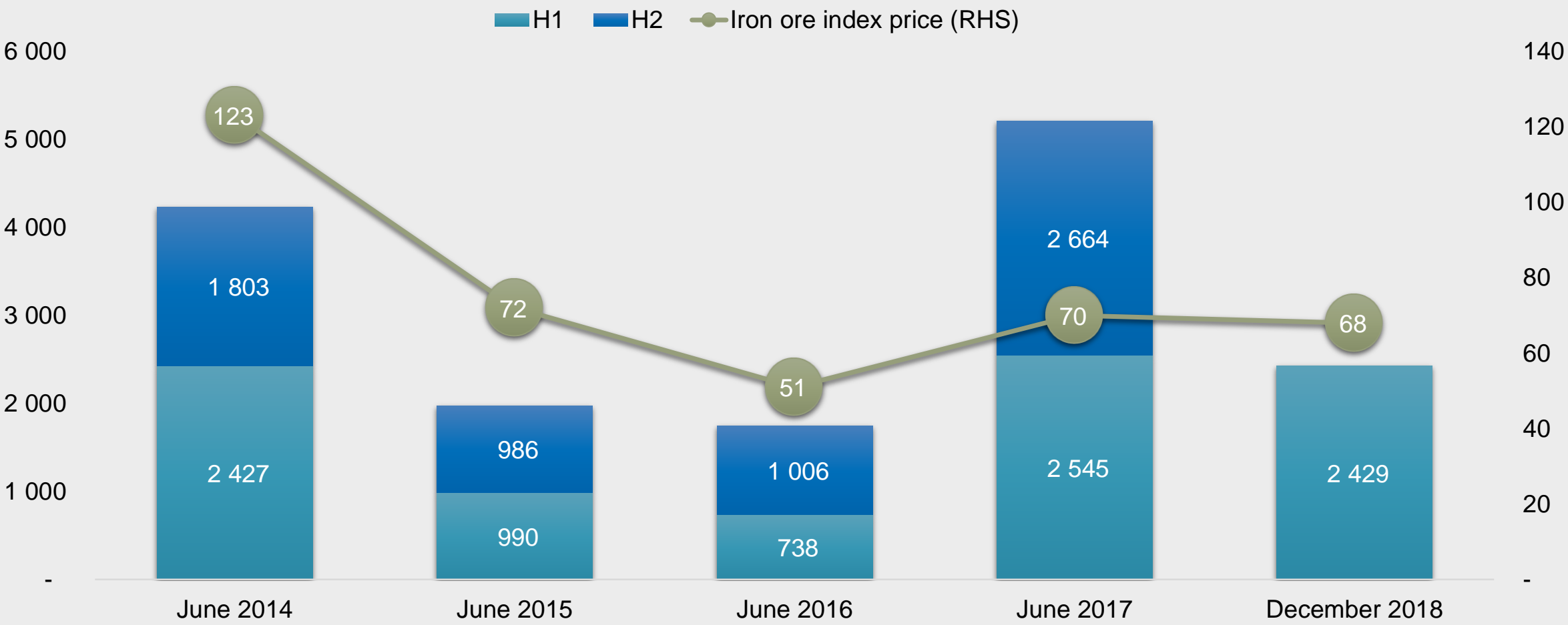
Commodity	Half –year ended 31 December 2017	Half –year ended 31 December 2016	% change
<b>Iron Ore</b> (62% Fe CFR China) <i>USD/mt</i>	68	65	<b>+5%</b>
<b>Manganese Ore</b> (44% Mn CIF China) <i>USD/dmtu</i>	6.30	6.02	<b>+5%</b>
<b>Chrome Ore</b> (44% Cr CIF China) <i>USD/mt</i>	195	224	<b>-13%</b>

# ATTRIBUTABLE EARNINGS (R'm)



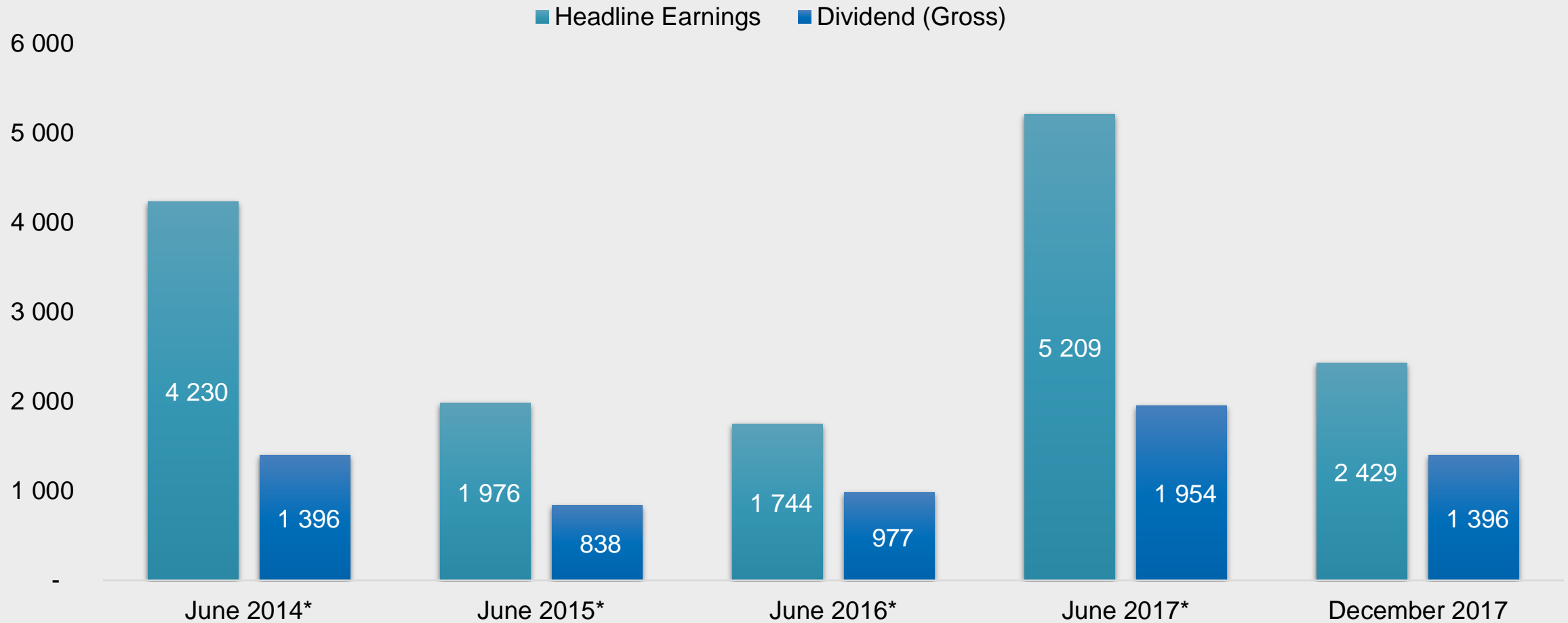
\* full-year results

# HEADLINE EARNINGS (R'm) v IRON ORE PRICE (USD/mt)



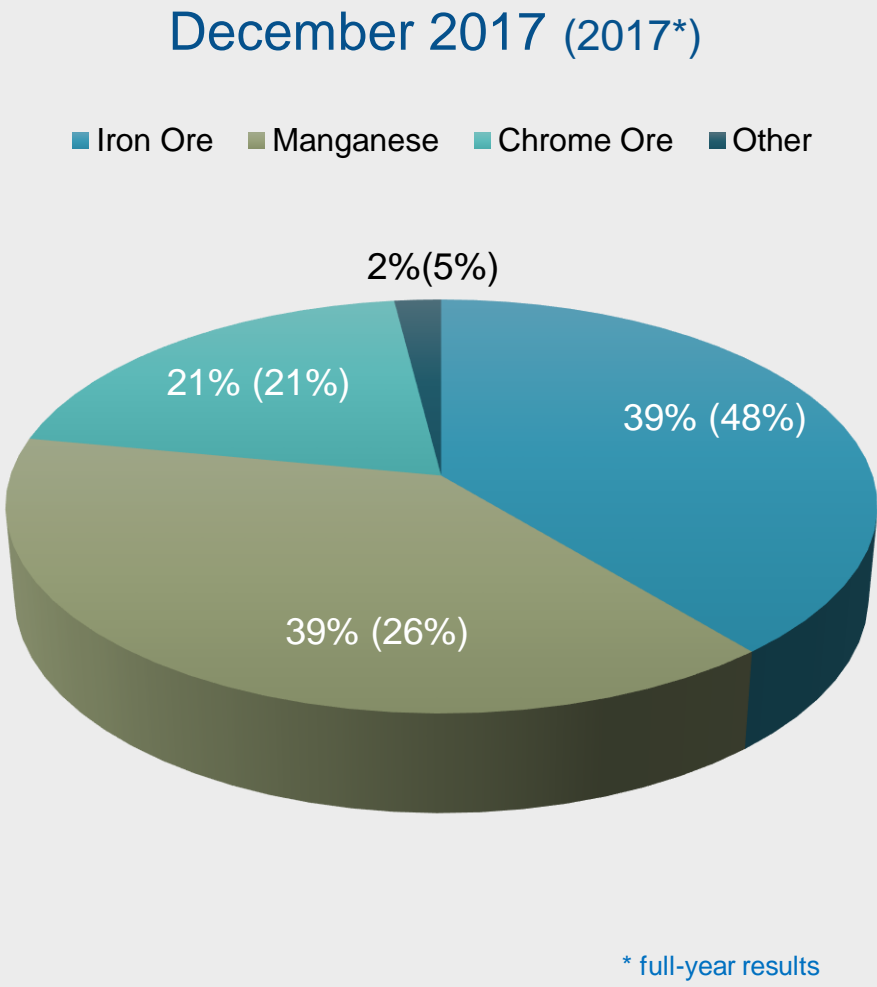
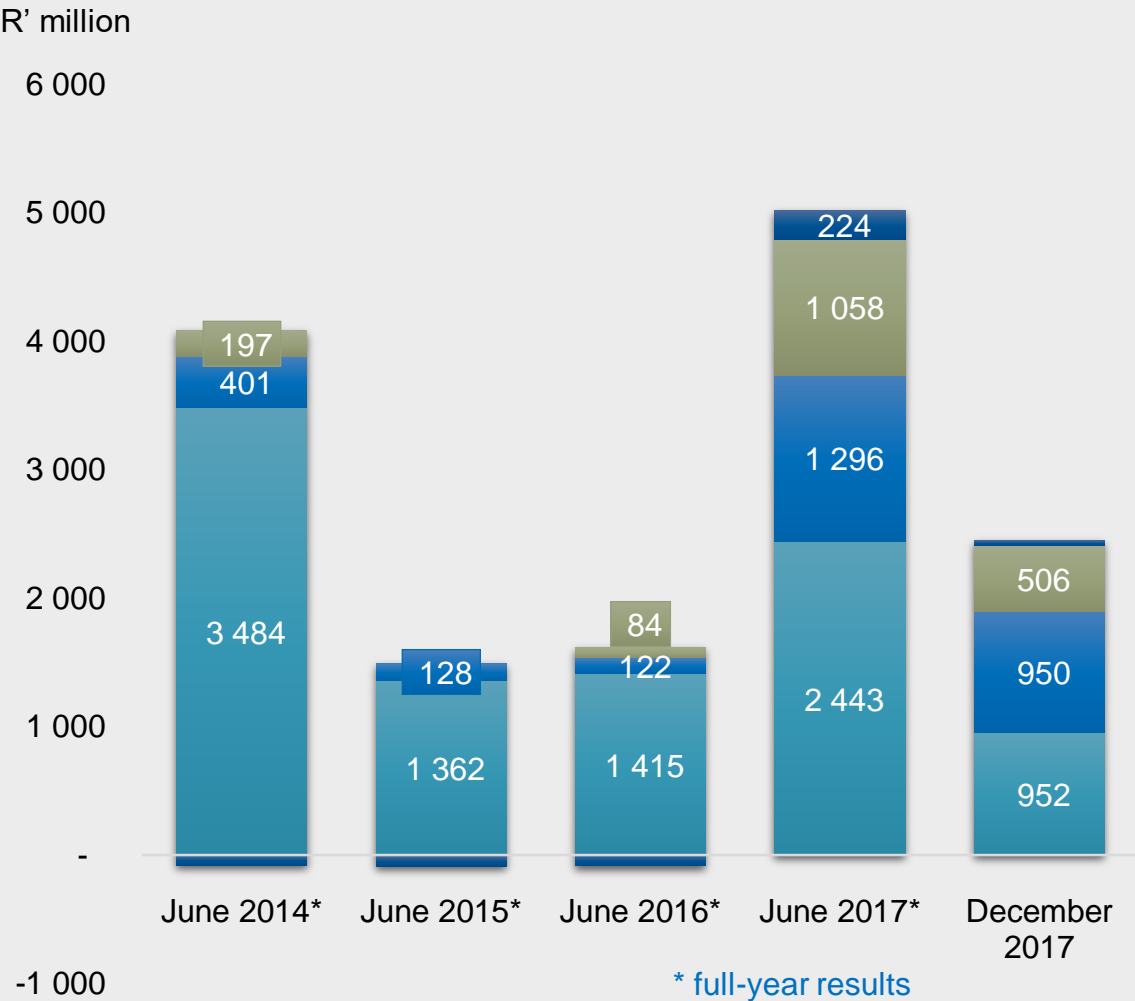
# HEADLINE EARNINGS & DIVIDEND DECLARED (R'm)

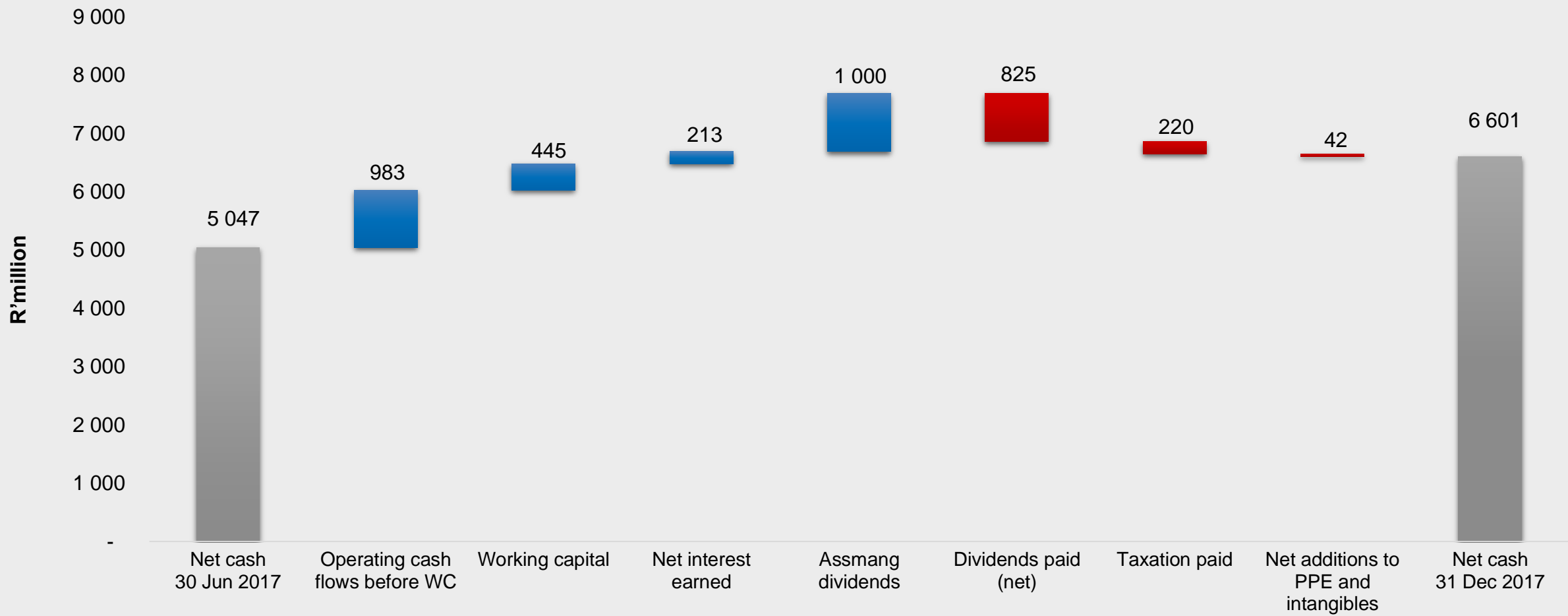
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\* full-year results

# ATTRIBUTABLE EARNINGS BY COMMODITY







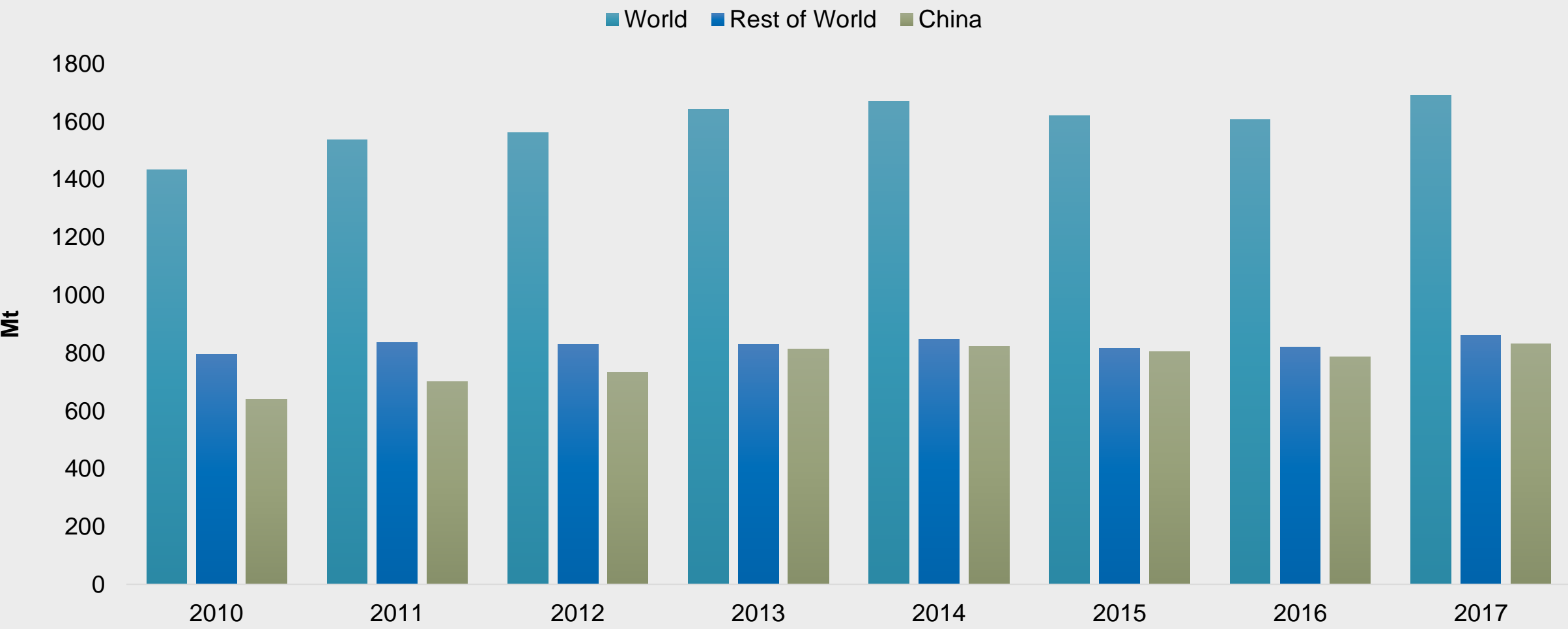


# MARKET TRENDS

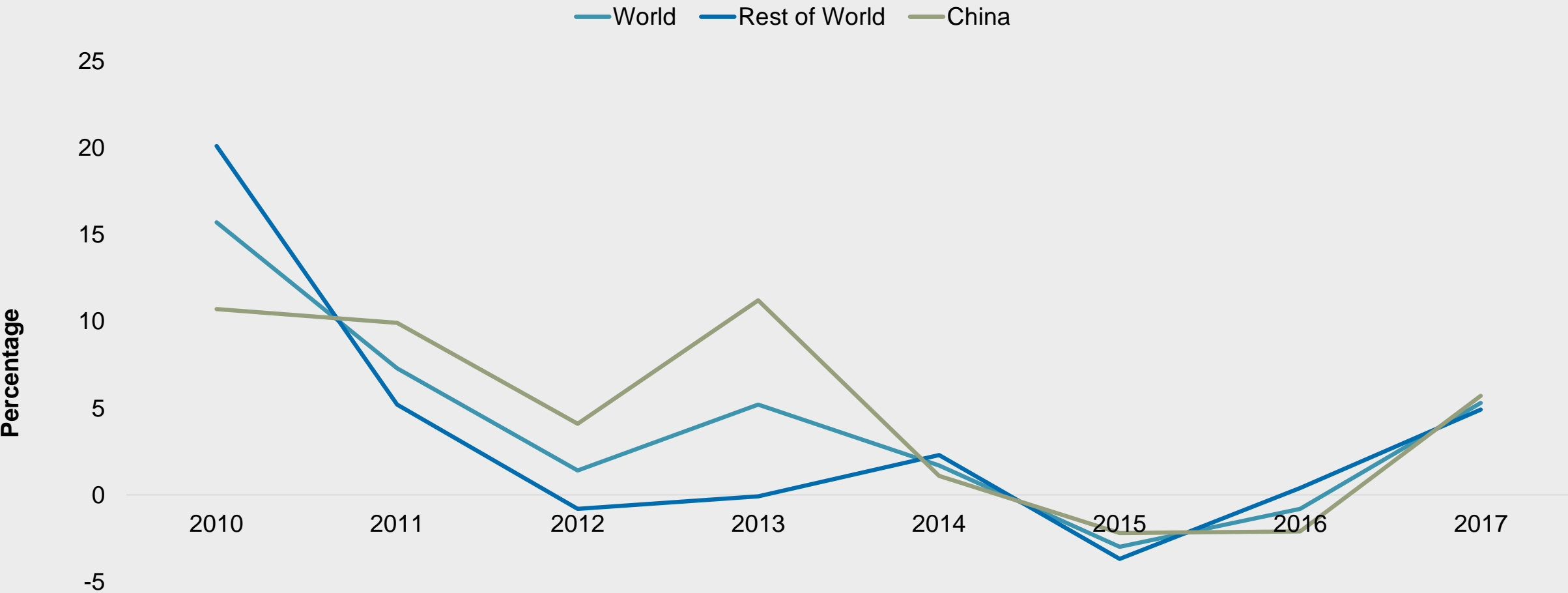




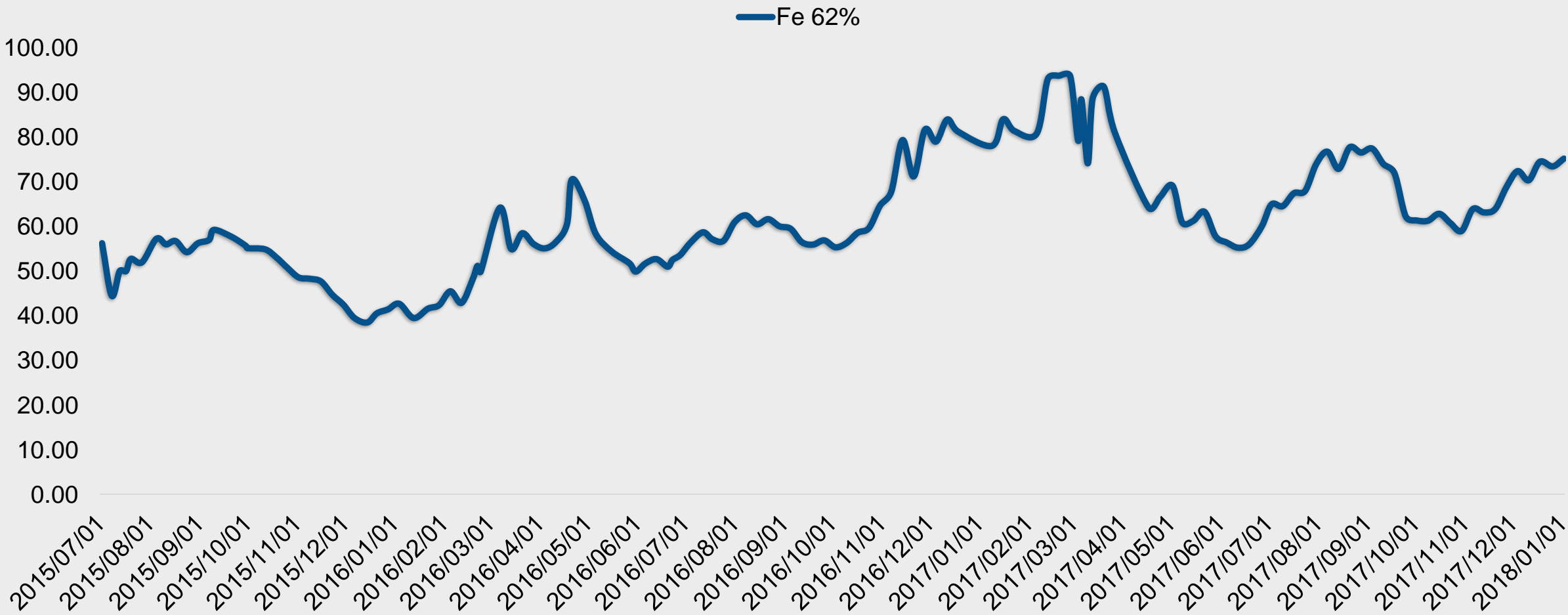
# World crude steel output increases by 5.3% in 2017



# Crude steel production annual growth trend

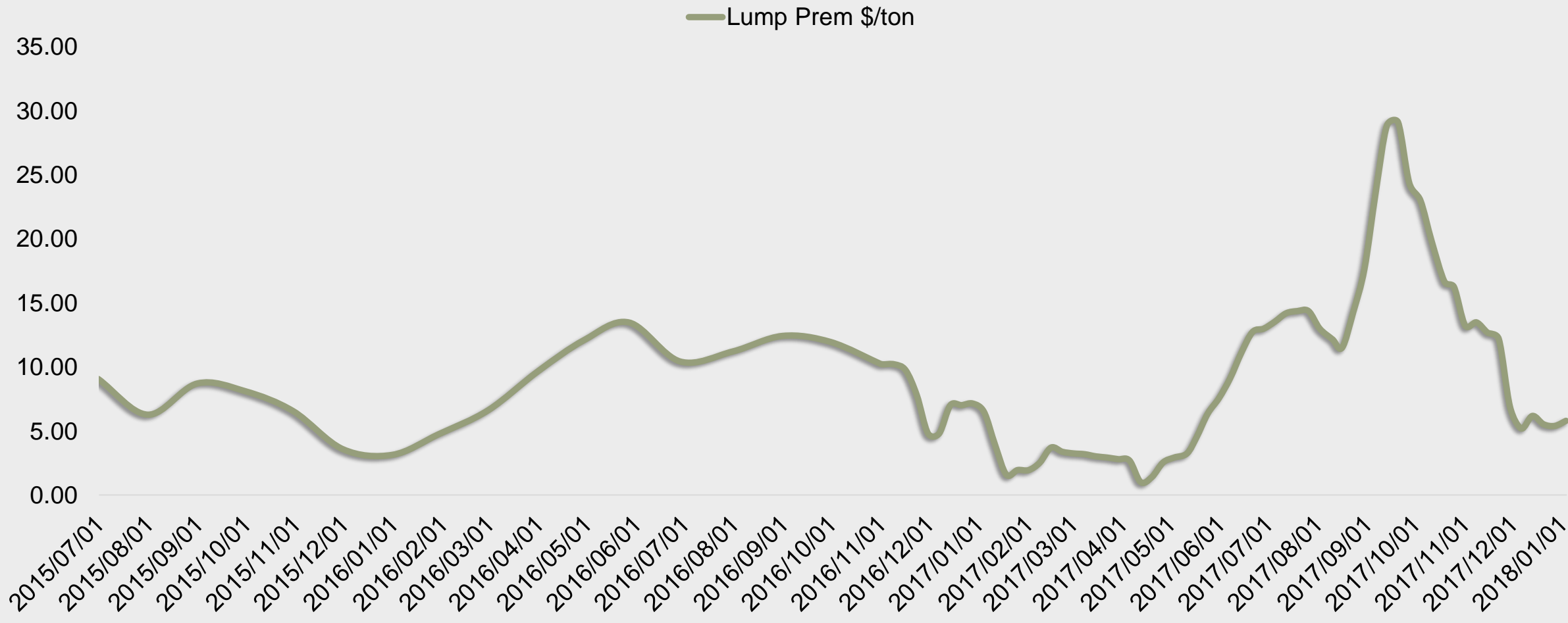


# IRON ORE PRICE (Fe 62% Fines CFR China USD / mt)



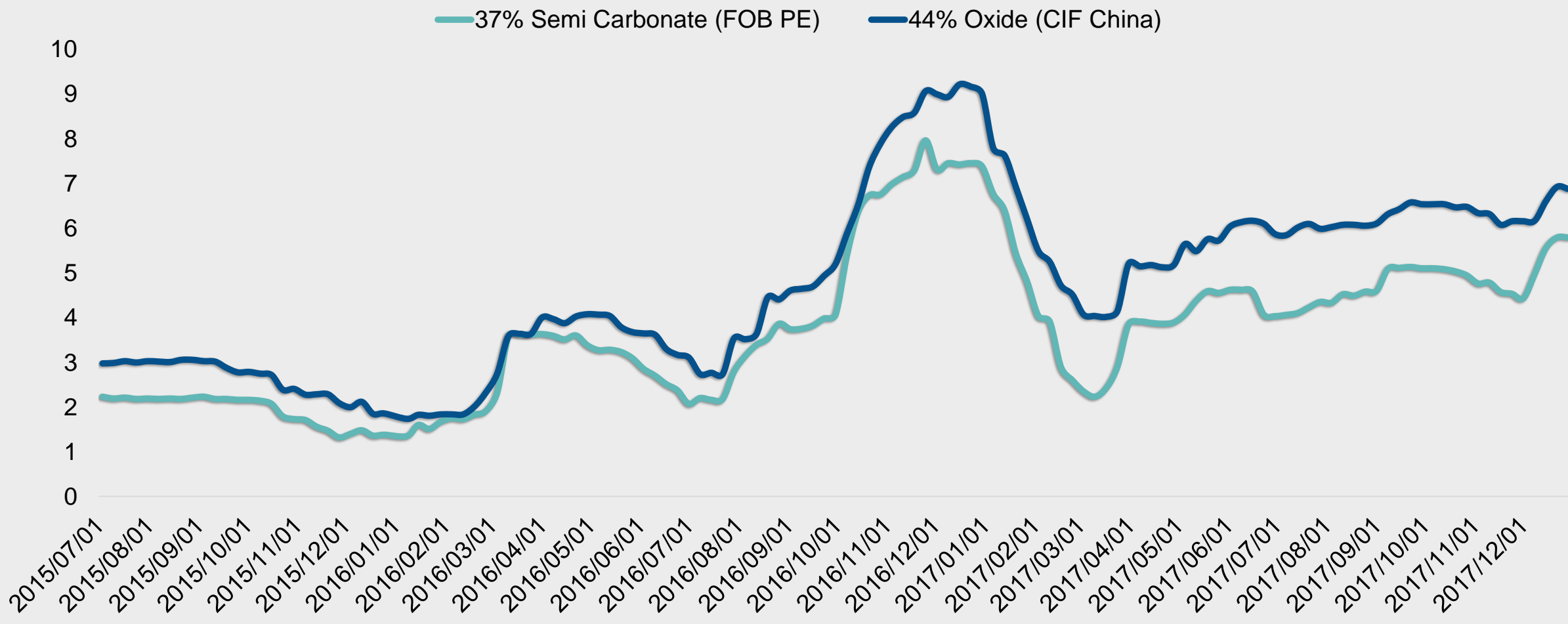
Source: Platts

# IRON ORE LUMP PREMIUM (USD / mt – monthly average)



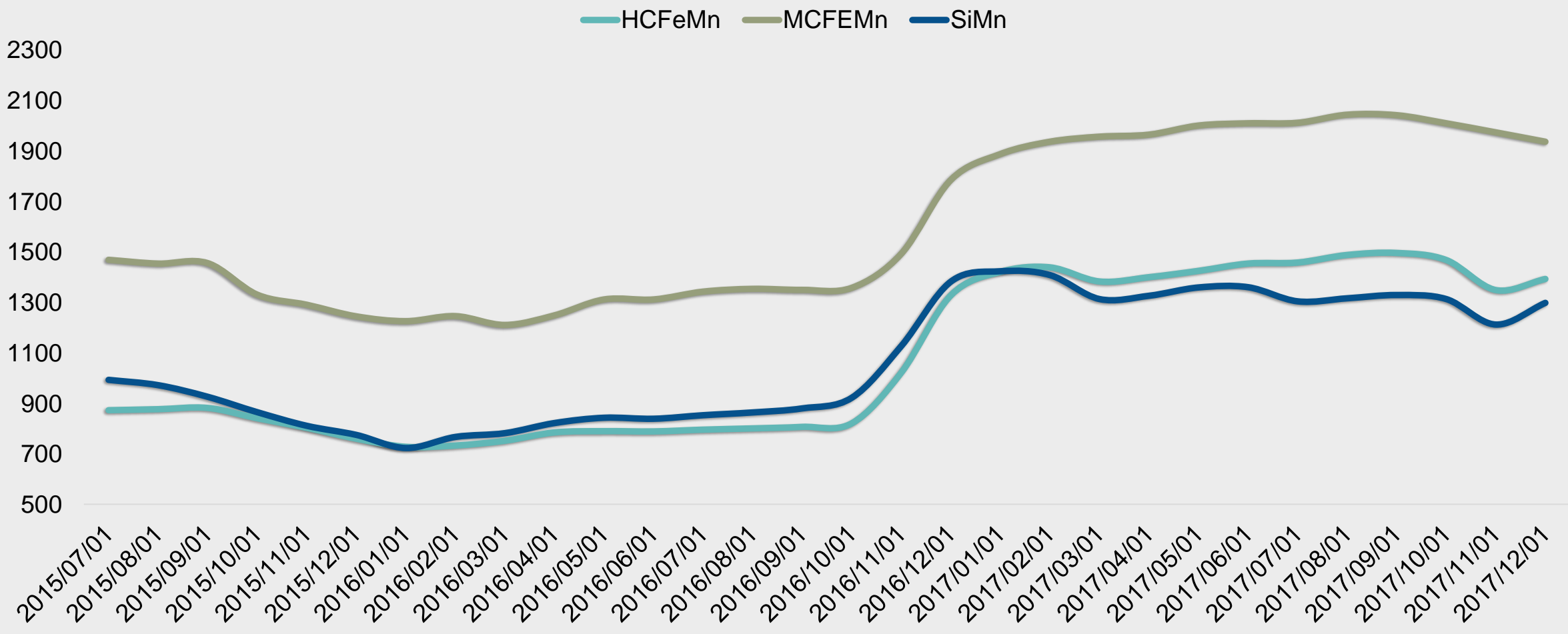
Source: Platts

# MANGANESE ORE PRICES (USD / dmtu)



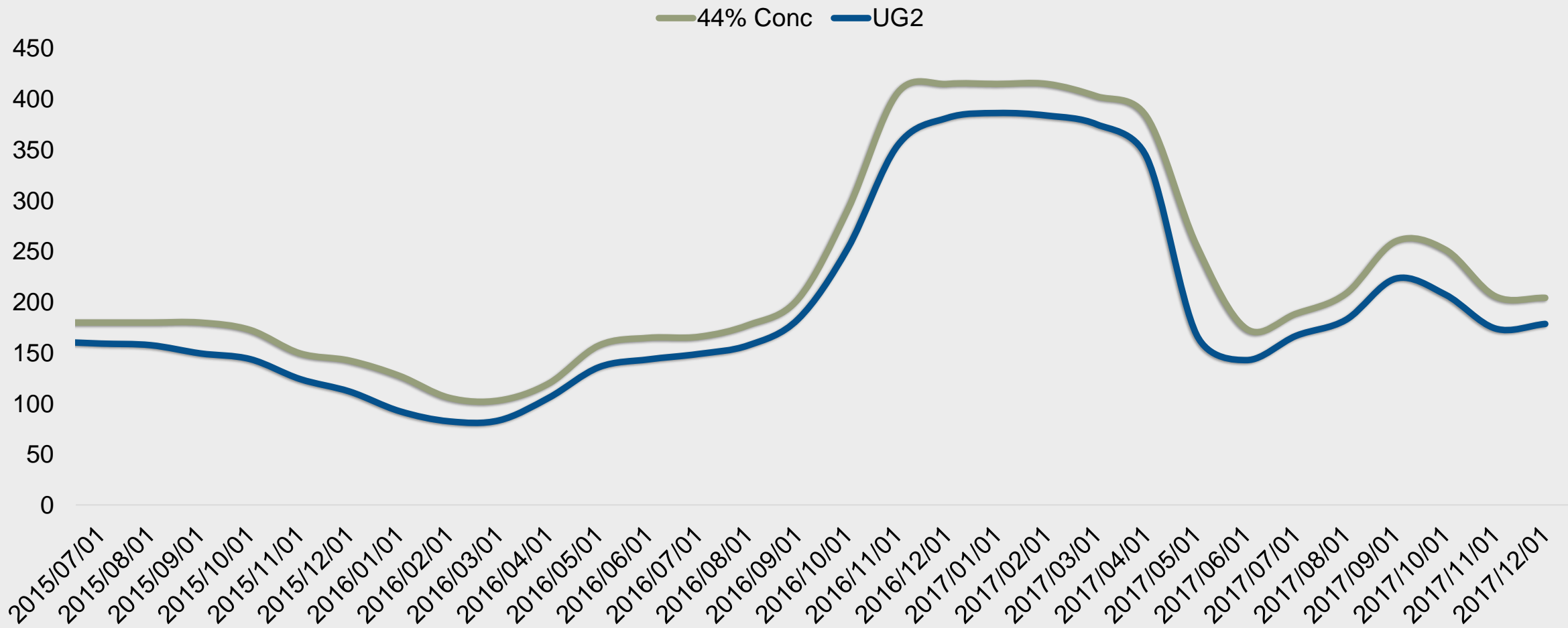
Source: Metal Bulletin

# MANGANESE ALLOY PRICES (USD / mt)



Source: CRU

# CHROME ORE PRICES (USD / mt)



Source: CRU





# OUTLOOK



- Improved world economic growth (expected 3,7%)
- World economic growth appears to be well synchronised
- Prices in the short-term are expected to remain strong
- Good demand expected for high-quality raw materials
- Recent political events perceived to be positive for South Africa - regulatory uncertainty negative for the industry





# QUESTIONS

