

Financial Results 2017

March 1st, 2018



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Agenda







1. Q4 results
2. 2017 results
3. Sustainability
4. Main achievements 2017
5. Questions and Answers



Q4 performance

A white line graph is positioned horizontally across the middle of the slide. The line starts at a high point on the left, drops to a sharp V-shaped dip in the center, and then rises to a high point on the right. The background is a solid dark blue.

Segments, Q4 2017

	Speciality Alloys	FerroAlloys
Production, mining (mt)	 <p>Planned maintenance works at Kavak mine, Turkey</p>	 <p>Higher level of activity at Stellite. Improved mining at Mecklenburg</p>
Production, processing (mt)	 <p>Higher production at EWW</p>	 <p>Higher productivity at Mogale</p>
Financial Performance; Revenue, EBITDA, EBIT (EUR million)	 <p>Increased performance due to higher sales volumes</p>	 <p>Improved operative performance hurt by some negative impact of the joint-venture</p>

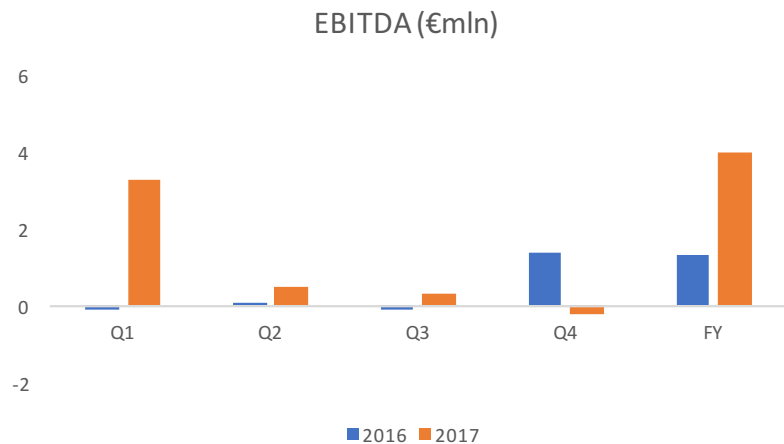
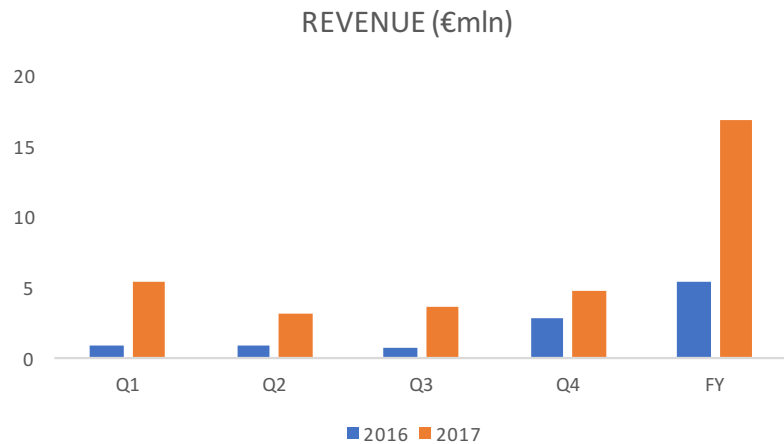


Results, Q4 2017

<i>€ million</i>	Q4 2017	Q4 2016	Y-o-Y	Comments
Revenue	50.6	44.4	↑	Higher sales volumes and prices in both Speciality and FerroAlloys segments
EBITDA	2.6	4.3	↓	Better profitability from operations. Group result was hurt by the joint-venture due to financial items and deferred tax effects
EBIT	1.2	2.7	↓	
Profit	3.5	2.0	↑	Driven by higher sales revenues due to the positive market
Material mined (<i>tonnes</i>)	154,646	114,897	↑	Rise in activity at Stellite and opencast mining at Mecklenburg
Material processed (<i>tonnes</i>)	31,528	22,833	↑	Greater production volumes in the Speciality Alloys segment, since no shutdown at EWW plant and higher productivity at Mogale on account of higher demand for our products ⁶



Focus on Joint-Venture



- Afarak has a 51% share in Synergy Africa Joint Venture which operates the Stellite and Mecklenburg mines
- Important contributor to Afarak's performance
- In Q4 2017, the JV share of profit was negatively impacted by
 - comparatively lower prices than the previous year
 - higher tax charge

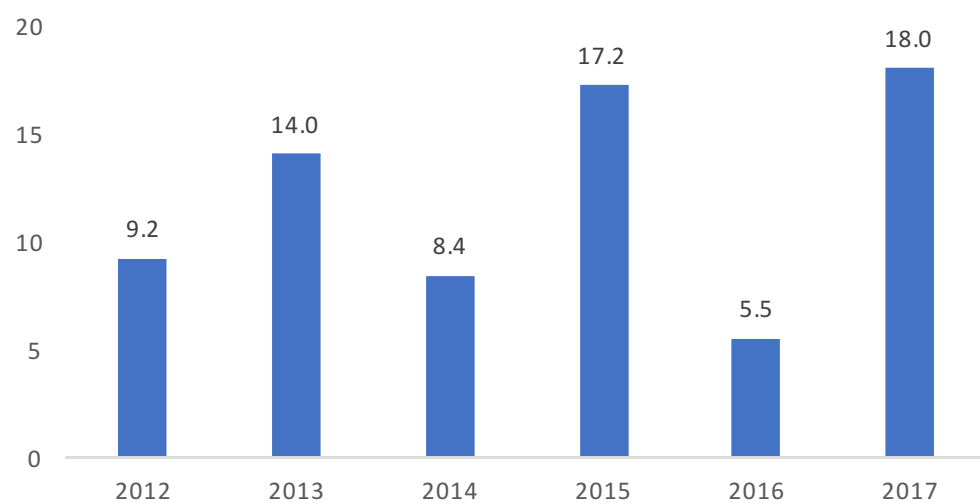
2017 results



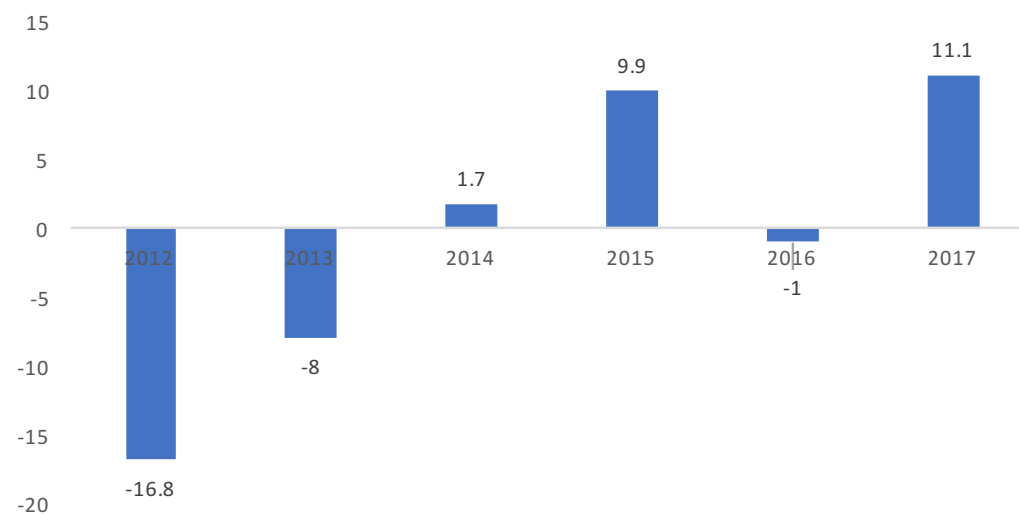
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Record performance in 2017

EBITDA (€ mln)

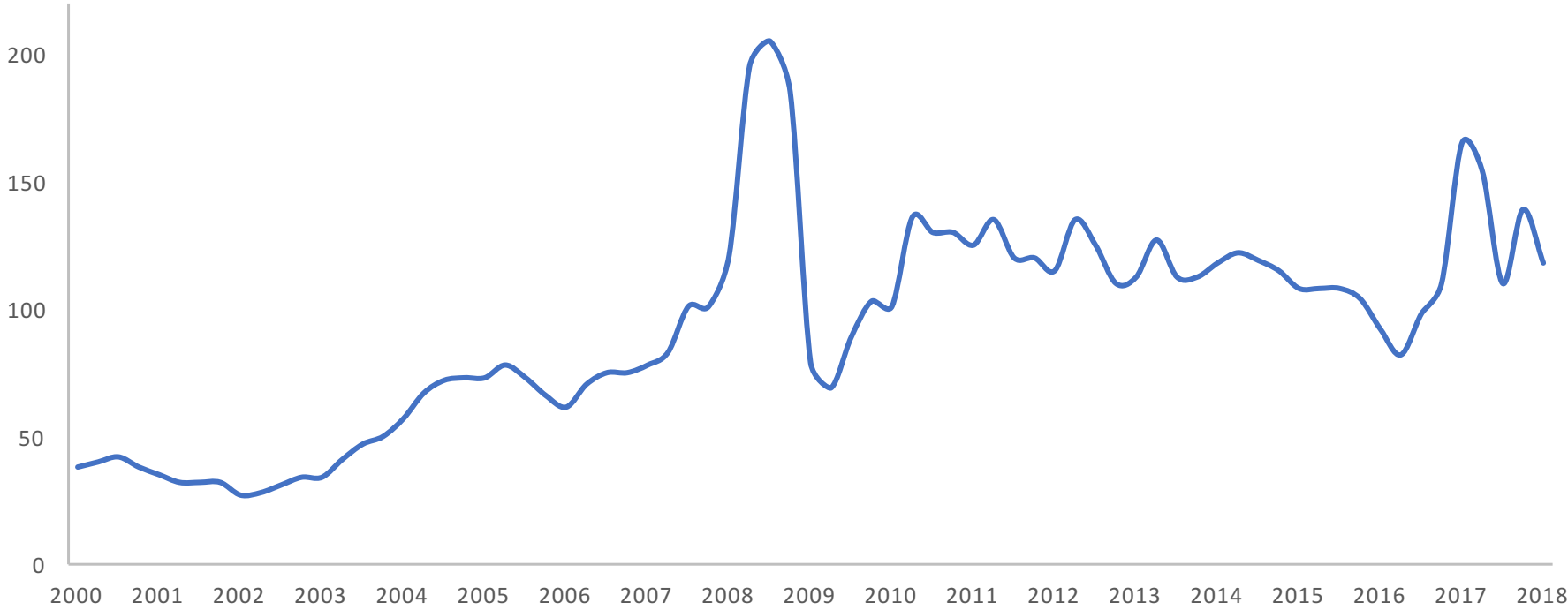


EBIT (€ mln)



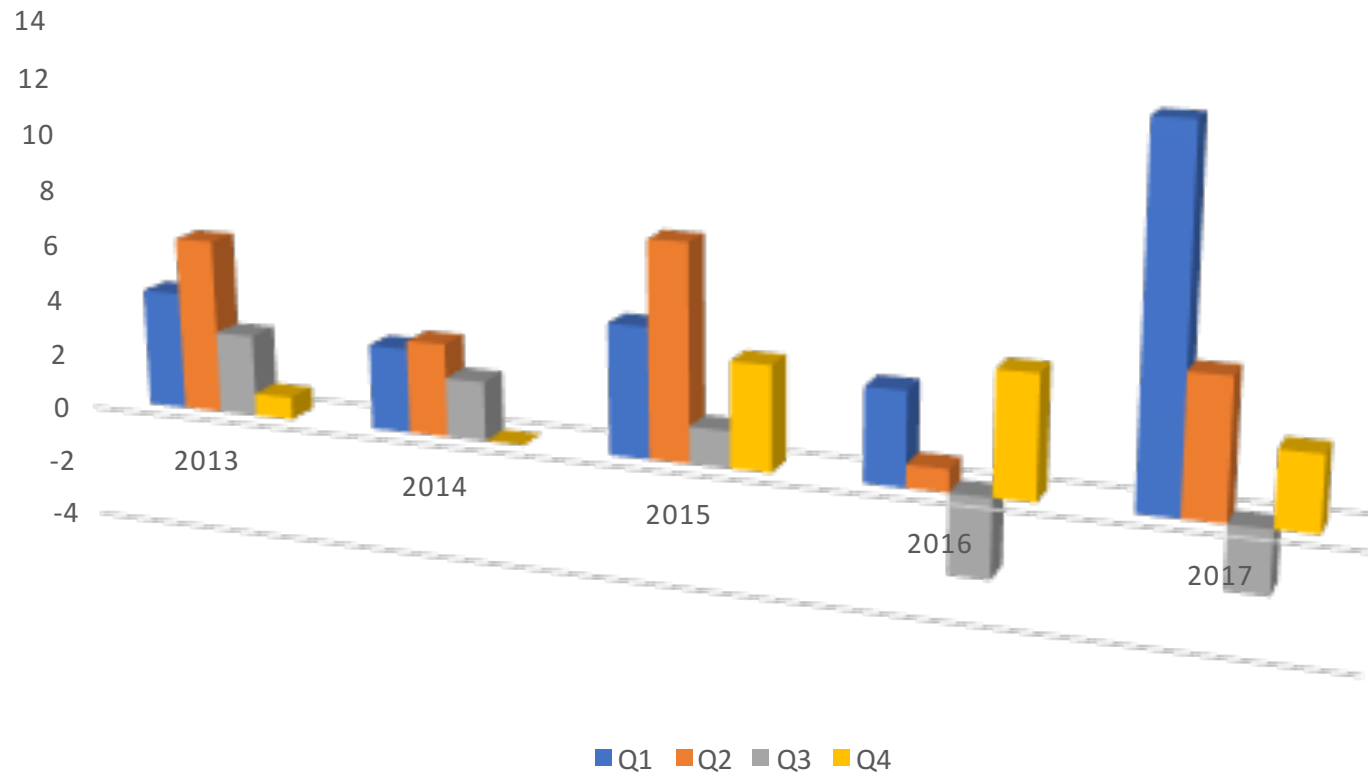
Volatility persists...

FeCr Benchmark price (USD/lb)









... as well as seasonality

EBITDA (€ MLN)



Segments, FY 2017

	Speciality Alloys	FerroAlloys
Production, mining (mt)	 <p>Scheduled stoppages at TMS mines, Turkey</p>	 <p>Increased activity at Stellite; higher yields from beneficiation technology. Gradually improving mining at Mecklenburg</p>
Production, processing (mt)	 <p>Higher productivity at EWW due to raised demand for its products</p>	 <p>Higher productivity at Mogale, South Africa</p>
Financial Performance; Revenue, EBITDA, EBIT (EUR million)	 <p>Improved performance due to higher sales volumes and prices</p>	 <p>The strong ferrochrome and chrome markets led to a record year</p>



Results, FY 2017

<i>€ million</i>	2017	2016	Y-o-Y	Comments
Revenue	198.8	153.6	⬆️	
EBITDA	18.0	5.5	⬆️	Better performance reflects higher production levels and strong market conditions.
EBIT	11.4	-1.0	⬆️	Increased sales volumes and better prices in both Speciality and FerroAlloys segments
Profit	6.7	-0.9	⬆️	
Material mined (<i>tonnes</i>)	503,914	262,266	⬆️	Stronger activity at Stellite, higher yields from shaking tables and opencast mining at Mecklenburg
Material processed (<i>tonnes</i>)	107,630	95,739	⬆️	Increased production volumes in the Speciality Alloys segment on account of higher demand and higher productivity at Mogale



Financial indicators & balance sheet

	2017	2016	Comments
Return on Equity (ROE), %	3.0	-1.6	Significantly improved, due to strong performance during 2017
Return on Capital Employed (ROCE), %	8.2	0.9	
Equity ratio, %	66.3	67.7	Balance sheet remains robust, slight change due to increase in external financing
Gearing ratio, %	0.7	-3.3	
Inventories, EUR million	49.9	48.4	Increased marginally despite strong revenue. Successful working capital management
Turnover on inventory	4	3.2	Moved more material during the year with the same inventory levels
Trade receivables, EUR million	24.0	23.6	Increased only slightly despite stronger turnover
Cash balance, EUR million	10.7	9.7	Reflects EUR 5.2 million capital redemption



Sustainability



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Health & Safety

- In 2017, no fatalities were reported
- During quarter four 2017, there were 15 (Q4/2016:21) recordable injuries, of which 2 (Q4/2016:2) were lost-time injuries
- These injuries resulted in 135 (Q4/2016: 630) lost days due to injury, reducing the lost time injury frequency rate to 3.2, from 4.1 a year earlier
- During the quarter, the Company invested in sound abatement equipment at its EWW plant



Environment

- Mine rehabilitation and water management, conservation & recycling play a key role in the Company's environmental strategy
- We are investing in a 2.8MW heat recovery unit in Mogale, reducing CO2 emissions and saving energy
- During 2017, the Company is investing in projects that will enable the rehabilitation of mines through Community-based tree nursery projects
- The Company is investing in press filters in Turkey to allow water recycling and a storm water dam, which will harvest all rain water. Afarak is installing a new water processing system at its Mogale plant in South Africa



Community investment

- Afarak strongly cares for the Magakala Community in the areas of Sefara and Madifahlane in South Africa
- Afarak is currently financing a road-building project which will connect the main road to the local school
- Afarak Group continues to support the Magakala Community in various other ways including educational and training initiatives



Main achievements 2017



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- More vertical-integration
- Additional cycles of beneficiation in Stellite
- Introduction of higher added value products
- Preparation for underground mining in Mecklenburg
- The acquisition of the Zeerust Chrome Mine will further extend Afarak's production capacity
- Vlakpoort mining licence expected during quarter one



Zeerust Chrome Mine

- ZCM mine has an opencast ore resource of about 2 million tons if mined up to 35 metres high wall. Additional capacity exists in the 1.2 million tons tailings dump
- Through its beneficiation technology, Afarak will be able to produce significant quantities of concentrate at comparatively low cost from the tailings
- Tentative start of production in the second half of 2018
- Due to the high quality ore of ZCM, Afarak would become the only South African producer of high carbon ferrochrome, further differentiating its product range



2017: A good year for Afarak



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