

RESULTS Q3 2016

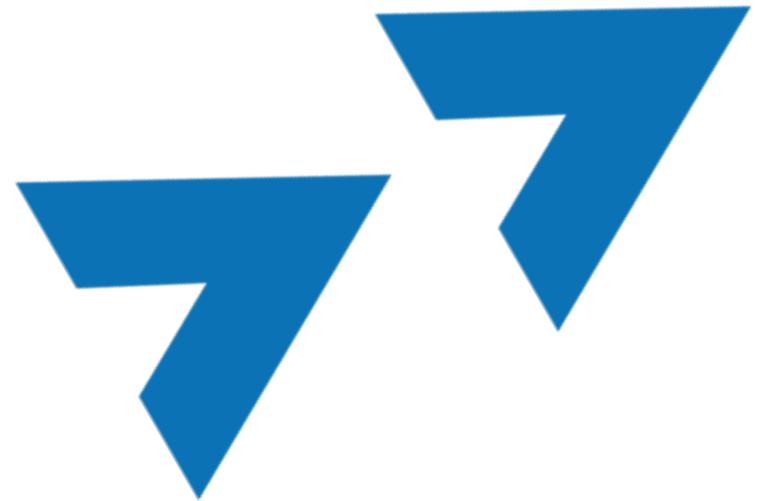
Investor Call Presentation

11 November 2016



A F A R A K
THE SPECIALIST ALLOY PRODUCER

Afarak displayed **resilience** in the face of a challenging quarter and is **well-positioned** to benefit from the current market upswing.



Introductory remarks

- Markets remained subdued as prices for many of our products continued to slide during the quarter accompanied by tepid demand
- Afarak focused its efforts on prudent working capital management, the procurement of strategic raw materials at competitive prices and debt collection



Safety, Health & Sustainable Development



ZERO HARM



2

injuries
caused
loss of
time



**1 fatality at
Mogale**



Global market overview

	Q3 Demand	Q3 Price	Outlook – Q4	Outlook – Q1
Stainless steel				
Ferrochrome – Speciality Segment				
Ferrochrome – Ferroalloys Segment				
Silico Manganese				



Group sales (mt)

Mining



10,981
-89.4%

- Effected by the depletion of open-cast mine at Mecklenburg
- DMR Section 54 closure for a short period at Stellite due to minor issues, now resolved
- No mining activity at Vlakpoort during the quarter

Processing



18,024
-11.7%

- Decision not to compromise on selling price led to lower sales of speciality alloy segment
- Increased sales in charge chrome and medium carbon ferrochrome were outweighed by lower sales of silico manganese



Speciality Alloys Segment

Production



17,534 mt
+7.9%

Mining



Increase in chromite due to new processing plant at TMS

Processing



Higher processing levels of specialised low carbon ferrochrome in preparation of expected increased US sales

Performance

Revenue



€11.4 million
(€24.5 million)*

EBITDA



-€0.7 million
(€1.4 million)

EBIT



-€1.4 million
(€0.7 million)

Mainly driven by lower sales volumes due to weak demand and lower prices on account of market destocking & higher imports from BRIC countries

*Figures in () relate to 2015 Q3 figures.



FerroAlloys Segment

Production



46,442 mt
-64.3%

Mining



Depletion of open cast mine
at Mecklenburg and DMR
Section 54 closures

Processing



Safety stoppages at plants
due to fatality at Mogale and
conversion of one SiMn
furnace to ChCr

Performance

Revenue



€17.5 million
(€20.2 million)*

EBITDA



-€1.6 million
(€0.7 million)

EBIT



-€2.7 million
(-€0.5 million)

**Driven by lower margins on account of
lower market selling prices and
increased costs of energy & raw
materials**

*Figures in () relate to 2015 Q3 figures.



Update on Shaking Table project



- The operation had a great start in terms of plant availability.
- Shaking Tables continue to produce good quality product on a consistent basis.
- Our target remains of +15,000 tons concentrate at the end of the month



Overview of results

<i>€ million</i>	Q1 2016	Y-o-Y	Comments
Revenue	28.9	⬇️	<ul style="list-style-type: none"> • Lower trading volumes in speciality segment • Lower sales prices in both segments
EBITDA	-2.8	⬇️	<ul style="list-style-type: none"> • Lower margins due to lower sales prices in both segments • Higher energy tariffs & raw material cost in the ferroalloy segment
EBIT	-4.5	⬇️	
Profit	-2.2	⬇️	
Material mined (<i>tonnes</i>)	45,487	⬇️	<ul style="list-style-type: none"> • Depletion of open-cast pit at Mecklenburg + safety plant closures
Material processed (<i>tonnes</i>)	18,489	⬇️	<ul style="list-style-type: none"> • Closure at Mogale due to fatality



Looking ahead

- Improved benchmark prices for charge chrome and demand is gaining traction
- The improved market sentiment together with our strong managerial and production capabilities should further support our efforts to generate value for our shareholders
- Increased business from the US with respect to special grade ferrochrome and expected increase in demand



DISCLAIMER

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Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from those set out in the forward-looking statements. Save as required by law (including the Finnish Securities Markets Acts (746/2012), as amended, or by the Listing Rules or the Disclosure and Transparency Rules of the UK Financial Services Authority), the Company undertakes no obligation to update any forward-looking statements in this report that may occur due to any changes in the Directors' expectations or to reflect events or circumstances after the date of this report.

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