



**Q2 & H1 2015
Interim Results**

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This presentation contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within Afarak Group Plc’s (the “Company”) control or can be predicted by the Company.

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Highlights Q2/2015

Revenue ▲
53.1 EURM +12.2%

*Significant improvement
in margins during this
quarter*

EBITDA ▲
7.6 EURM +4.3 EURM

*Strong US dollar and
weak SA rand had a
positive impact on
results*

EBIT ▲
5.8 EURM +5.4 EURM

Profit ▲
5.7 EURM +4.5 EURM

*Afarak updates its
outlook for 2015*

Key focus

- No compromise on price vs volume
- Delivering on our commitments
- Zero Harm safety culture
- Continue to be an accomplished niche product producer
- Investing in technology improvements and plant efficiencies
- Creating value for all investors and stakeholders

Production ▲

*Main increase in mining
as a result of having all
mines operational*

Tonnage mined
122,081 tonnes +54.4%

*Focusing on reducing
stockpiles in all
segments*

Processing
27,856 tonnes +27.5%

Projects

- Bulk sampling commenced at Vlakpoort mine
- Commissioned the dryer at Mogale Alloys
- Investing in a fines tailing recycling plant in Kavak mine
- Investing in a new plant in Tavas mine

Group Financial Performance

FOCUS ON

ZERO
HARM

Revenue

Q2 ▲	H1 ▲
53.1 EURM	93.8 EURM
+12.2 %	+3.6 %

EBITDA

Q2 ▲	H1 ▲
7.6 EURM	12.3 EURM
+4.3 EURM	+5.9 EURM

EBITDA Margin

14.4 %	13.1 %
7.1% (2014)	7% (2014)

EBIT

Q2 ▲	H1 ▲
5.8 EURM	8.8 EURM
+4.4 EURM	+6.4 EURM

EBIT Margin

11.0 %	9.3 %
3% (2014)	2.6% (2014)

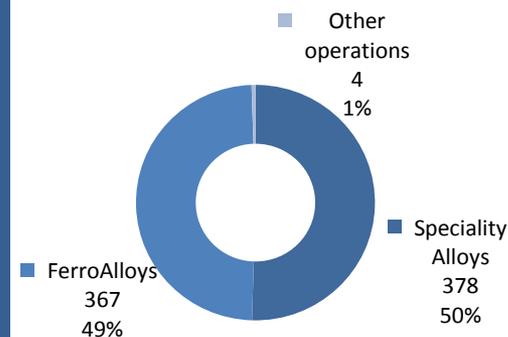
Profit for the period

Q2 ▲	H1 ▲
5.7 EURM	8 EURM
+4.6 EURM	+6.5 EURM

LTI

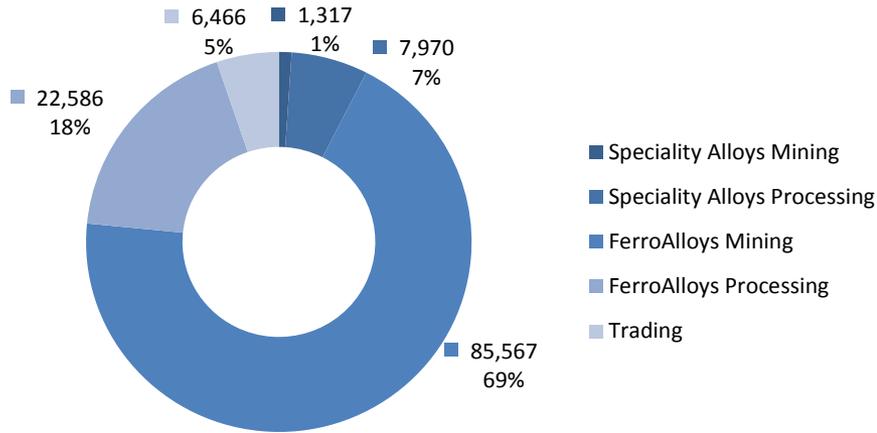
Q2 ▼	H1 ▼
6	9
0 %	-18.2 %

Group employees: 749 (2014: 712)

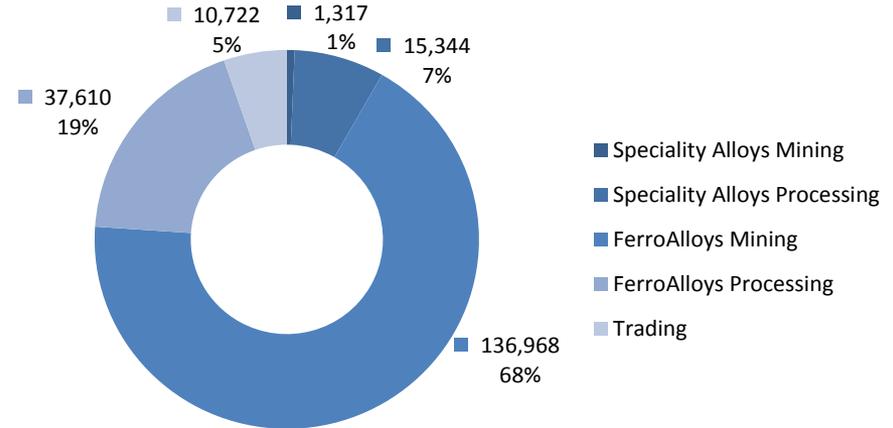


Sales

Sales (mt) Q2 2015



Sales (mt) H1 2015



Processing material

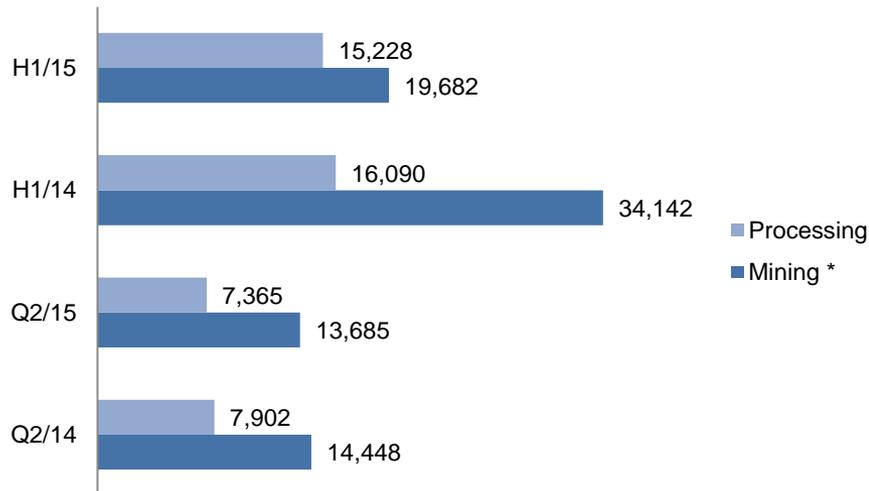
- The Group's processed material sold, which includes all the products produced at the Mogale Alloys and EWW processing plants, was 30,556 (Q2/2014: 22,901) tonnes, an increase of 33.4% compared to the equivalent period in 2014.
- This increase was mainly attributable to the FerroAlloys segment material where demand was strong following a slow start in Q1/2015.
- In the Speciality Alloys segment there was a decrease in sales volumes as a result of not compromising sales prices.

Mining material

- Mining material sold was 86,884 (Q2/2014: 45,341) tonnes, an increase of 91.6% compared to Q2 2014. This includes TMS, Stellite, Mecklenburg, and Vlakpoort.
- This increase was mainly attributable to the FerroAlloys segment where all mines were in operation, and the introduction of Vlakpoort.
- Sales of Turkish lumpy chrome ore impacted revenue negatively due to the lower demand from China.

Performance: Speciality Alloys

Production (mt)



* Mining includes both chromite concentrate and lumpy ore production.

For the second quarter of 2015 production decreased to 21,050 (2014: 22,350) tonnes, compared to the equivalent period in 2014.

Processing

- Decrease in processing was mainly due to lower production at EWW, in order to manage the level of stockpiles.

Mining

- Mining activity at TMS also reduced during this quarter, this was mainly attributable to disruptions at Tavas mine due to the development of the new plant.

Performance: Speciality Alloys

Revenue

Q2 ▼	H1 ▼
26.1 EURM	49.8 EURM
-9.8 %	-2.3 %

The decrease in revenue was mainly due to lower sales volumes traded when compared with the same period last year as a result of not compromising our prices with higher trading volume

EBITDA

Q2 ▲	H1 ▲
4.5 EURM	7.9 EURM
+1.8 EURM	+4.2 EURM

EBITDA Margin

17.2 %	15.9 %
(2014: 9.4%)	(2014: 7.3%)

Despite the lower volumes and higher production cost, revenue was positively affected by the strengthening of the USD on conversion to Euro. This positive affect followed through to EBITDA and EBIT where we could see a substantial improvement in margins.

EBIT

Q2 ▲	H1 ▲
3.9 EURM	6.8 EURM
+1.8 EURM	+4.4 EURM

EBIT Margin

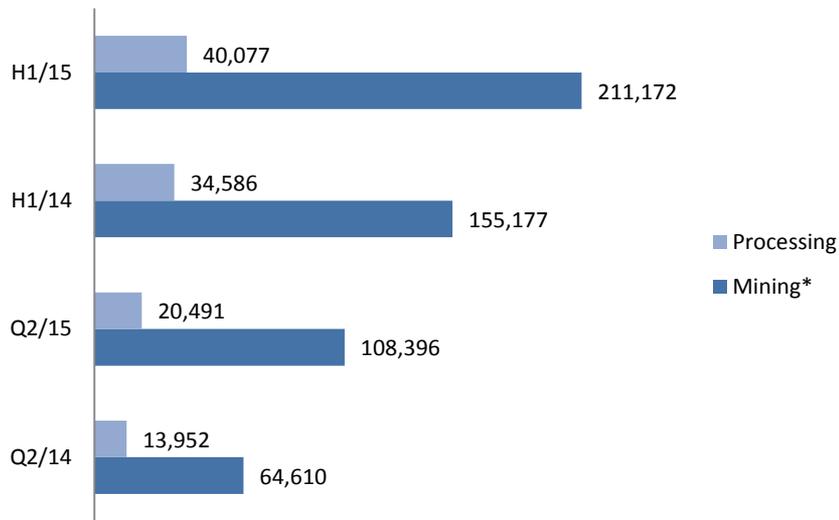
15.0 %	13.6 %
(2014: 7.3%)	(2014: 4.8%)

Employees

H1
378
(2014:375)

Performance: Ferroalloys

Production (mt)



* Mining includes both chromite concentrate and lumpy ore production.

Production in this segment increased substantially to 128,887 (2014: 78,562) tonnes in the second quarter of 2015, compared to the same period in 2014.

Processing

- Processing at Mogale Alloys was higher than last year as the shutdown of the plant for periodic maintenance is scheduled for the third quarter of 2015 instead of the second quarter in 2015.

Mining

- Operations at both Mecklenburg and Stellite mine operated at scheduled levels during the second quarter of this year as opposed to same period in 2014 where mining operations at Mecklenburg mine were suspended due to unrest in the local community.
- At the end of the second quarter Afarak commenced the bulk sampling at Vlakpoort mine.

Performance: Ferroalloys

Revenue

Q2 ▲	H1 ▲
27 EURM	43.8 EURM
+46.6%	+10.8%

This improvement in revenue is a reflection of the increase in demand for processed material following the slow start in 2015, as well as the increase in sales volumes of material from the Mecklenburg mine.

EBITDA

Q2 ▲	H1 ▲
3.9 EURM	5.7 EURM
+2.6 EURM	+2 EURM

EBITDA Margin

14.6 %	13.0 %
(2014: 7.1%)	(2014: 9.2%)

EBITDA increased as a result of

- stronger USD rate on conversion to Euro of revenue
- decrease in mining cost of production
- Increase in sales of mining material

EBITDA includes JV share of profits of EURM 0.8 (-0.0) positively affected with unrealised difference on exchanged amounting to EURM 0.5 (0.3).

EBIT

Q2 ▲	H1 ▲
2.7 EURM	3.3 EURM
+2.7 EURM	+2.3 EURM

EBIT Margin

10.1 %	7.6 %
(2014: 0.2%)	(2014: 2.4%)

Employees

H1
367
(2014:334)

Performance: Ferroalloys - Joint Venture share of profit

Revenue

Q2 ▲	H1 ▲
3.2 EURM	5.4 EURM
+220.7%	+37.6%

The substantial increase in revenue was mainly due to the increase in sales volumes from the Mecklenburg mine where mining operations were suspended in 2014 due to unrest in the local community.

EBITDA

Q2 ▲	H1 ▲
0.6 EURM	0.9 EURM
+0.8 EURM	+0.8 EURM

EBITDA Margin

18.8 %	16.9 %
(2014: -23.3%)	(2014: 2.8%)

Increase in EBITDA compared to the equivalent period in 2014 was driven by lower overhead cost per tonne produced as production volumes increased during this quarter.

EBIT

Q2 ▲	H1 ▲
0.3 EURM	0.3 EURM
+0.7 EURM	+0.6 EURM

EBIT Margin

9.8 %	5.7 %
(2014: -39.4%)	(2014: -8.8%)

Profit for the period

Q2 ▲	H1 ▲
0.8 EURM	0.9 EURM
+0.8 EURM	+1.1 EURM

Investment projects: Speciality Alloys Segment

Tavas mine - New concentration plant

Classification: Green project, recycling

Objectives

- Recycle tailings in a flexible manner
- Increase throughput
- Reduce COP

Status: The plant is in commissioning as scheduled, production expected to start in September

Kavak mine - Upgrade of the concentration plant

Classification: Green project, recycling

Objectives

- Increase the plant efficiency and recycle very fine tailings
- Increase throughput
- Reduce COP

Status: The installation of the equipment is in processes. Plant commissioning scheduled for Q4/2015 with production commencing in December 2015

TMS expects that the annual production volume to increase by 15,600 tonnes following the commissioning of these plants.

Investment projects: FerroAlloys Segment

Vlakpoort mine - New mining operation

Classification: Expansion project

Objectives:

- Open a new mine in South Africa to increase sales volumes

Status:

- Bulk sampling commenced in June 2015 and is expected to continue to Q3/2015
- Mining licence is expected to be issued during second half of 2015
- Production is expected to go up to 30,000tn/mt

Mogale Alloys - Installation of reductant dryer

Classification: Green project, energy saving

Objectives:

- Reduce specific energy consumption (Mwh/ton) in the DC furnaces
- Increase throughput
- Reduce COP

Status: The dryer was commissioned in Q2/2015

Safety, health and sustainable development

- Afarak has set up a Health Safety, Environment and Communities committee (HSEC) with the aim of integrating the Group operations to address the social, environment, health and safety position of all stakeholders.
- While fully respecting all the current legal requirements concerning Safety, Health and Environment, the Group aims to further integrate maintenance and enhancement of social, safety, health, quality, environmental and community factors into the company's planning, decision-making, implementation and operation so as to ensure that development meets the present needs of Afarak without compromising the ability of future generations to meet their own needs.
- Safety, Health and Environment are pivotal to our wellbeing as individuals, communities and Afarak as a whole.

Global Market Review

Stainless Steel

Demand has been showing signs of improving, as has rolling capacity which is being booked further in advance. Basis prices are steady with end-users being reasonable with less imported material being supplied in the European market.

Selling values have been low and profit margins have been lower than expected. Sales activity slowed down by end of the quarter. Stockholders and service centres were purchasing only small amounts of material as they are still concerned about market conditions.

The European antidumping action on Chinese and Taiwanese supply has reduced the volume of imported material in Europe, but did not have a material impact on prices. The Stainless steel mills are offering very low prices which as a result is leaving very low profit margin to distributors.

Ferrochrome

The spot market prices for most of the standard South African charge chrome were stable to slightly lower over the quarter. Despite the reduction in South African benchmark price, major mills still negotiate discounts with their suppliers for volumes and long term loyalty. Today, spot prices in Europe, China and Japan are roughly at the same level when all terms are considered.

Ultra-low phosphors and low silica charge chrome

Afarak's supply continued to the speciality stainless steel producers, with good demand but slightly lower prices due to the pressure from the standard charge chrome weakening prices and increasing discounts.

Medium carbon charge chrome ("MCC")

Afarak's MCC, which is produced at Mogale Alloys in South Africa, has become more stable and trial lots have been forwarded to several major customers worldwide.

Low carbon ferrochrome

Afarak's speciality low carbon ferrochrome, which is produced at EWW in Germany, has been increasing in market share.

Silico Manganese

Demand for silico manganese seemed to be improving when the market appeared to be slightly stronger following the lower inquiries for the lower grade silico manganese being exported from India. The main concern of market participants was due to the decision on the introduction of an antidumping duty against Indian silico manganese in Europe.

The South African market continued to be stable with producers pricing being competitive.

The US market continues to be a premium market, but producers worldwide are careful in exporting large tonnages to USA at low prices as a result of taking into consideration that the US International Trade Commission (ITC).

Outlook for 2015

- The global growth in stainless steel production is expected to lead an increase in demand for chrome products in 2015. However, as occurred in 2014 where the chrome industry has not been able to increase chrome product prices it is unclear whether this upswing in prices will occur in 2015.
- At Mogale Alloys, part of the FerroAlloys division, the Company started production of medium carbon ferrochrome during the fourth quarter of 2014, this is expected to make a positive contribution towards the Company's profit margins in 2015.
- In the Speciality Alloys division Afarak expects to continue to see an increase in raw materials costs.
- The strengthening of the US dollar is also expected to improve the financial performance of the Company as compared to 2014.
- Afarak's Group expectations for 2015 are
 - Revenue to remain at the same levels of 2014
 - EBIT to significantly improve as compared to 2014
- Fluctuations of exchange rates between the Euro, the South African Rand, the Turkish Lira and the US Dollar can significantly impact the Company's financial performance.