



RESULTS PRESENTATION

FOR THE YEAR ENDED 31 DECEMBER 2015

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KEY AGENDA

Introduction

01. Year in review

02. Operational review

03. Market review

04. Financial review

05. Outlook

Annexures

Introduction

- Challenging year
- Slow down in global economy
- Decline in commodity prices
- Weaker emerging market currencies



Year in review

2015 year in review

OPERATIONAL

- TRIFR of **4.17**
- Ferrochrome production of **377kt**
- **Rand production costs** well contained

MARKET

- **0.5%** decrease in global stainless steel production
- **2.2%** decrease in global ferrochrome demand
- **4.6%** decrease in global ferrochrome production
- **10.9%** increase in chrome ore imports into China

PROJECTS

- **Project Lion II** ramped up to full production

FINANCIAL

- Revenue up by **23%**
- HEPS up by **65%**
- Cash from operating activities of **R956m**
- Final cash dividend declared of **R30m**

02

Operational review

Operational review

- Increase of 13% in ferrochrome production
 - Project Lion II
- TRIFR of 4.17
- Wage negotiations
 - Western mines – agreement reached in 2014
 - Eastern and Western smelters – agreement reached in 2015
- Community unrest
- Electricity
 - Supply
 - Pricing

03

Market review

Global market review

GLOBAL STAINLESS STEEL PRODUCTION

0.5% decrease to 41.6mt

↑ **0.5%** NAFTA

↓ **8.4%** Japan

↓ **1.4%** China

↑ **6.8%** India

↑ **0.2%** EU

GLOBAL FERROCHROME DEMAND

2.2% decrease to 11.1mt

↓ **29.6%** NAFTA

↓ **4.7%** EU

↑ **2.1%** China

↑ **4.9%** India

↓ **11.9%** Japan

GLOBAL FERROCHROME PRODUCTION

4.6% decrease to 10.7mt

↓ **1.1%** South Africa

↑ **4.7%** EU

↓ **9.0%** China

↑ **11.9%** Kazakhstan

↓ **2.5%** India

Source: Heinz H. Pariser, Alloy Metals & Steel Market Research

Chrome ore imports into China

	2013 '000 t	2014 '000 t	2015 '000 t	% change 2015/2014
South Africa	6 736	5 748	7 579	31.9
Turkey	1 988	1 280	1 037	(19.0)
Albania	677	555	486	(12.4)
Iran	428	494	392	(20.6)
Oman	687	489	337	(31.1)
Pakistan	482	339	302	(10.9)
Madagascar	118	113	170	50.4
Philippines	126	67	31	(53.7)
Sudan	17	40	29	(27.5)
India	168	63	23	(63.5)
Kazakhstan	167	77	8	(89.6)
Australia	407	44	0	(100.0)
Brazil	0	12	0	(100.0)
Others	90	63	10	(84.1)
Total	12 091	9 384	10 404	10.9

Source: Heinz H. Pariser, Alloy Metals & Steel Market Research

Ferrochrome market review

European benchmark ferrochrome prices

	2014 USc/lb	2015 USc/lb	% change
Q1	118	108	(8)
Q2	122	108	(11)
Q3	119	108	(9)
Q4	115	104	(10)
Average	118.5	107.0	(10)

Average Rand/US Dollar exchange rate

2014	2015	% change
10.9	12.8	+17

04

Financial review

Key financial features

↑ 23%

↑ 38%

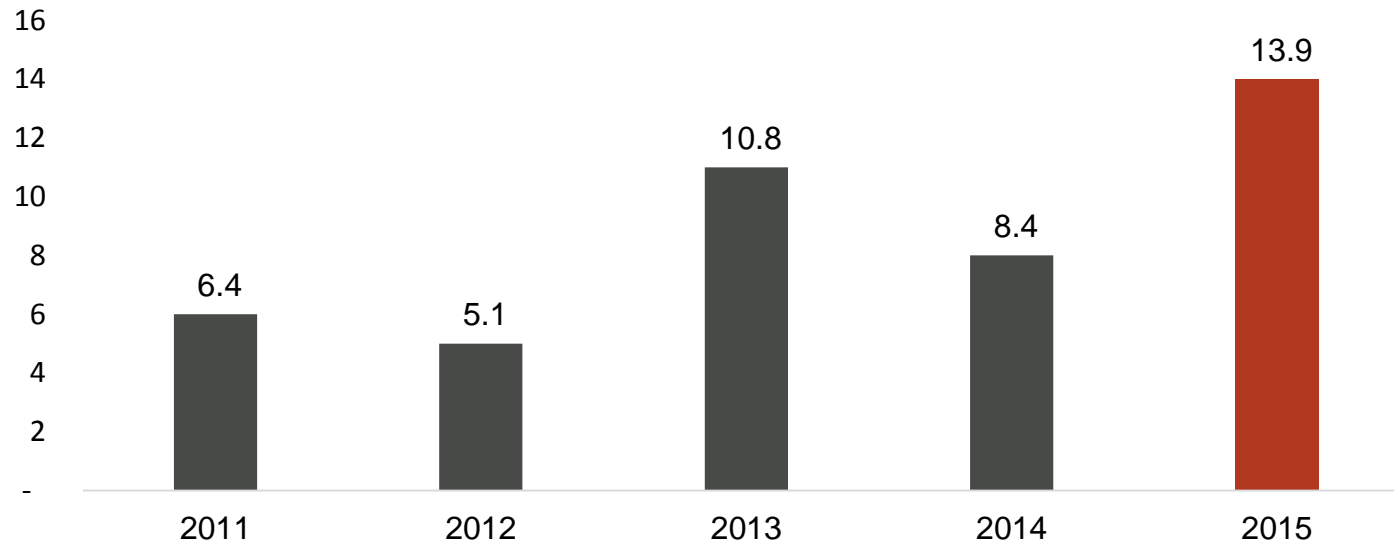
↑ 65%

REVENUE

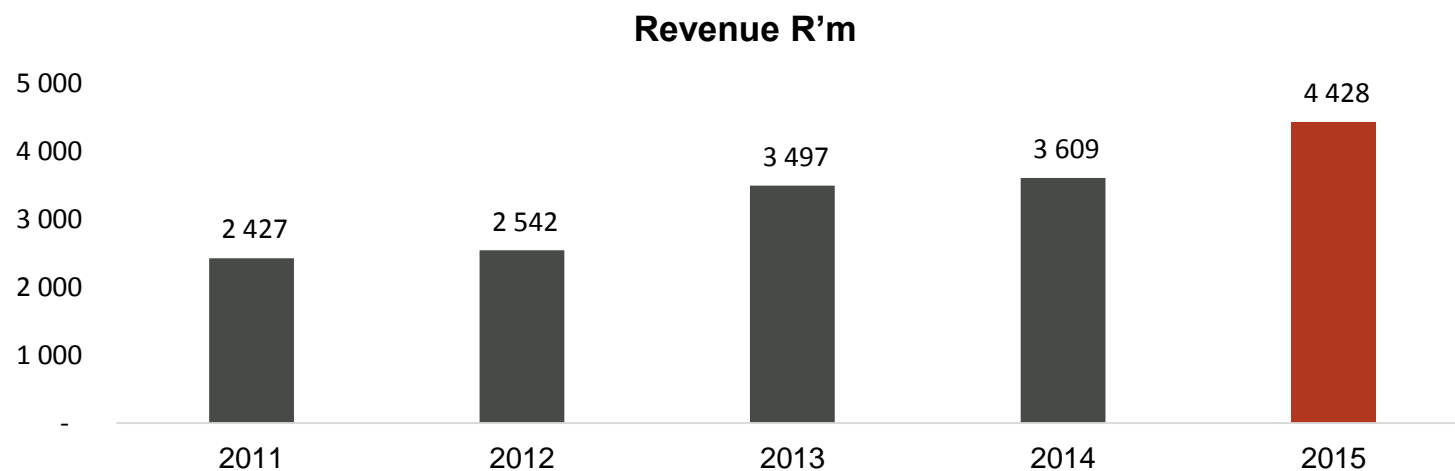
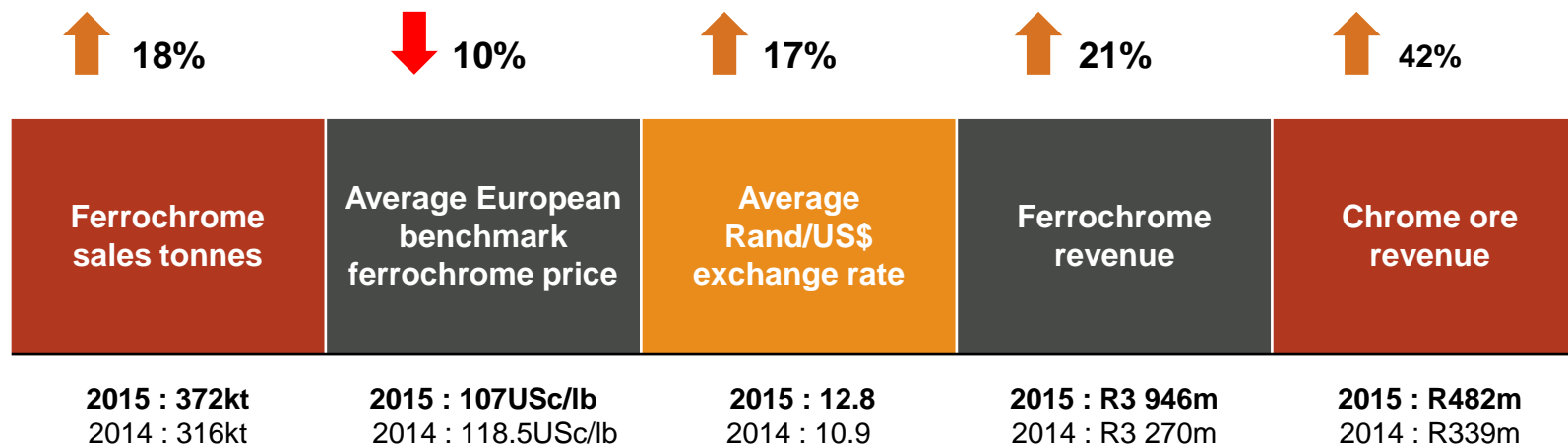
EBITDA

HEPS

HEPS (cents)



Revenue up by 23%



Production costs well managed and contained

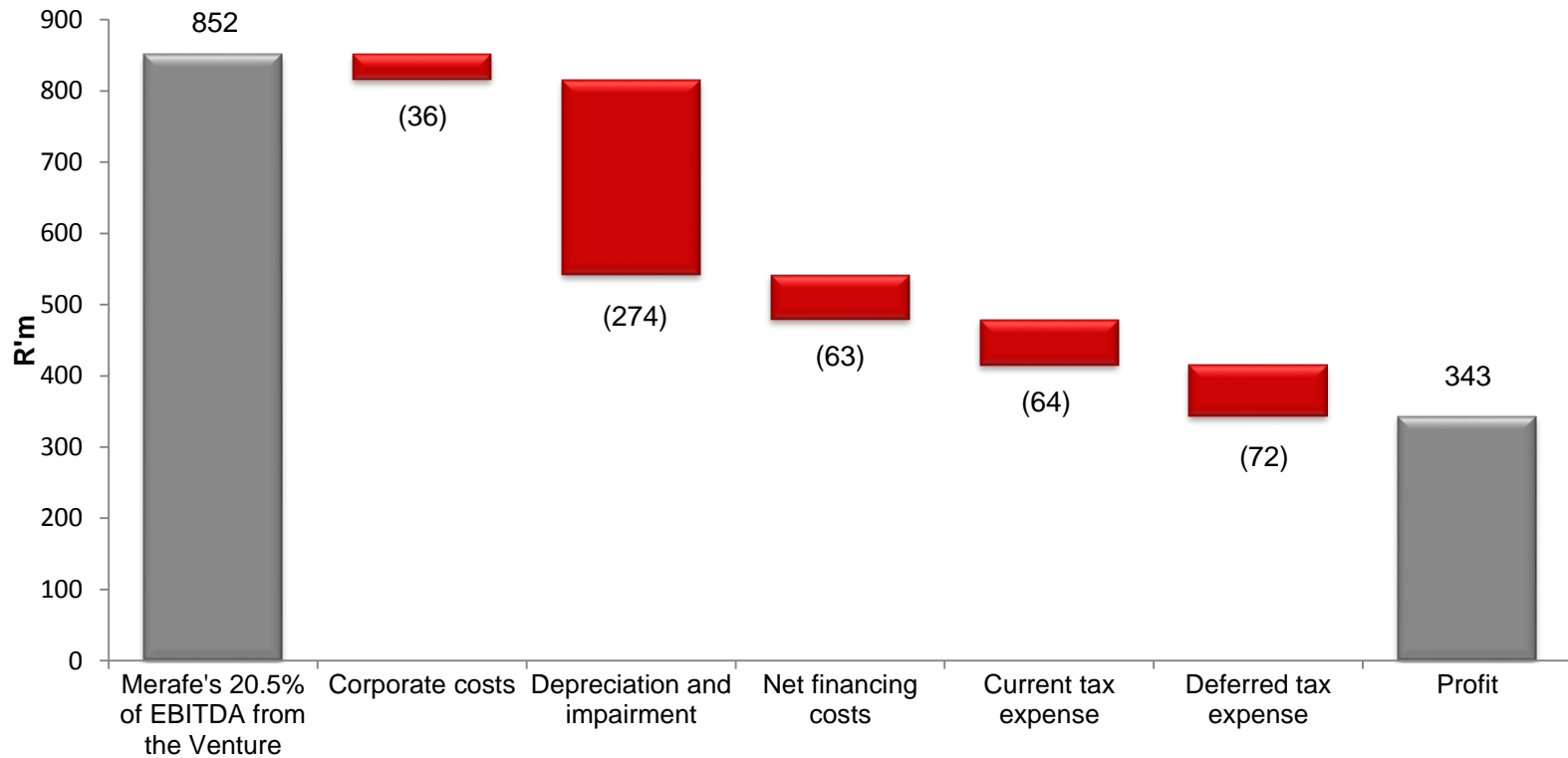
Key contributors

- Lion II
- Cost saving initiatives
- Good cost performances

Global Ferrochrome cost curve

- Glencore-Merafe Venture (second lowest cost producer)
- Three SA producers in business rescue/liquidation
- One SA producer – section 189 application

EBITDA reconciliation to profit



Balance sheet

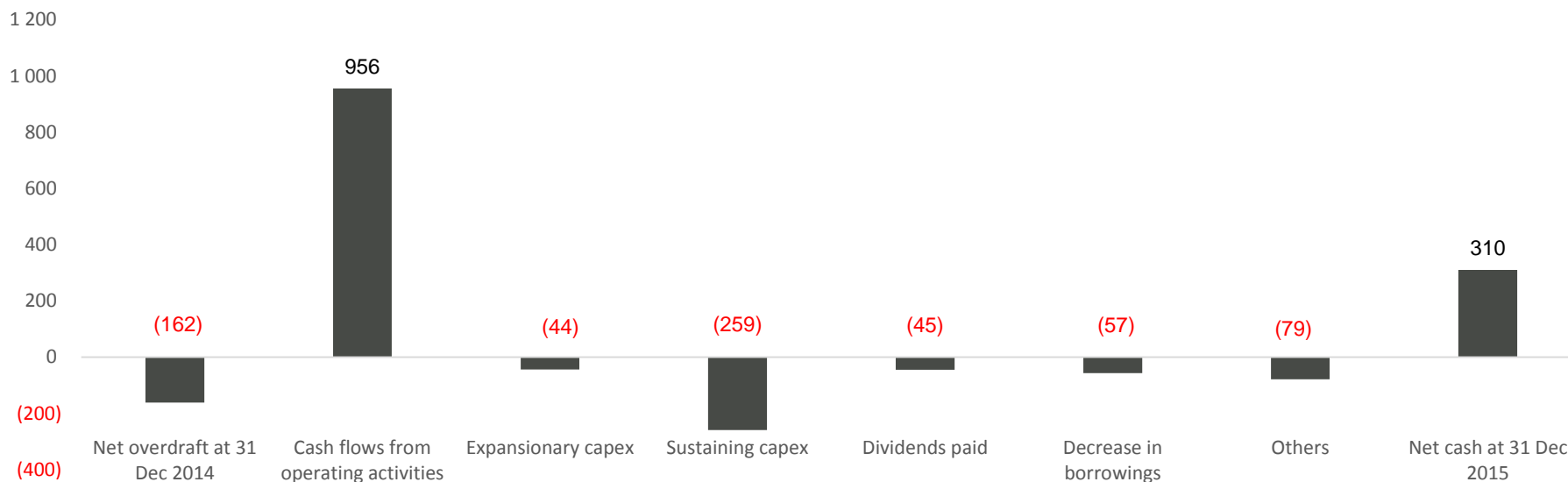
	As at 31 December 2015 Audited R'000	As at 31 December 2014 Audited R'000
Total non-current assets	3 258 365	3 252 680
Property, plant and equipment	3 240 370	3 239 162
Deferred tax assets	17 995	13 518
Total current assets	2 099 240	2 148 467
Inventories	1 445 887	1 435 799
Current tax asset	10 773	15 485
Trade and other receivables	317 454	652 642
Cash and cash equivalents	325 126	44 541
Total assets	5 357 605	5 401 147

Balance sheet

	As at 31 December 2015 Audited R'000	As at 31 December 2014 Audited R'000
Total non-current liabilities	1 378 977	1 366 153
Loans and borrowings	472 755	549 909
Share based payment liability	3 147	–
Provision for close down and restoration costs	139 351	129 029
Deferred tax liability	763 724	687 215
Total current liabilities	563 939	911 492
Loans and borrowings	101 176	80 778
Trade and other payables	444 314	615 773
Provision for close down and restoration costs	–	7 932
Share based payment liability	2 893	–
Bank overdraft	15 556	207 009
Total liabilities	1 942 916	2 277 645

Cash flow, debt and facilities

Net (overdraft)/cash movement R'm



	2015		2014	
	Utilised facility	Headroom	Utilised facility	Headroom
	R'm	R'm	R'm	R'm
ABSA/Standard Bank Loan	559	191	617	173
Overdraft facilities	16	562	207	222
Inventory facility	–	–	189	47
Debtors facility	411	97	283	153
Total	986	850	1 296	595

Note: USD facilities converted at the closing rate of R15.5 (2014: R11.5)

05

Outlook

Conclusion and outlook

- Short-term (2016 – 2017)
 - Weaker prices
 - Modest growth in stainless steel production
 - Reducing debt to R300m
 - Stable to increasing dividends
- Long-term (2018 onwards)
 - Stainless steel production – healthy growth rates
 - Free cash-flow applied to returning cash to shareholders

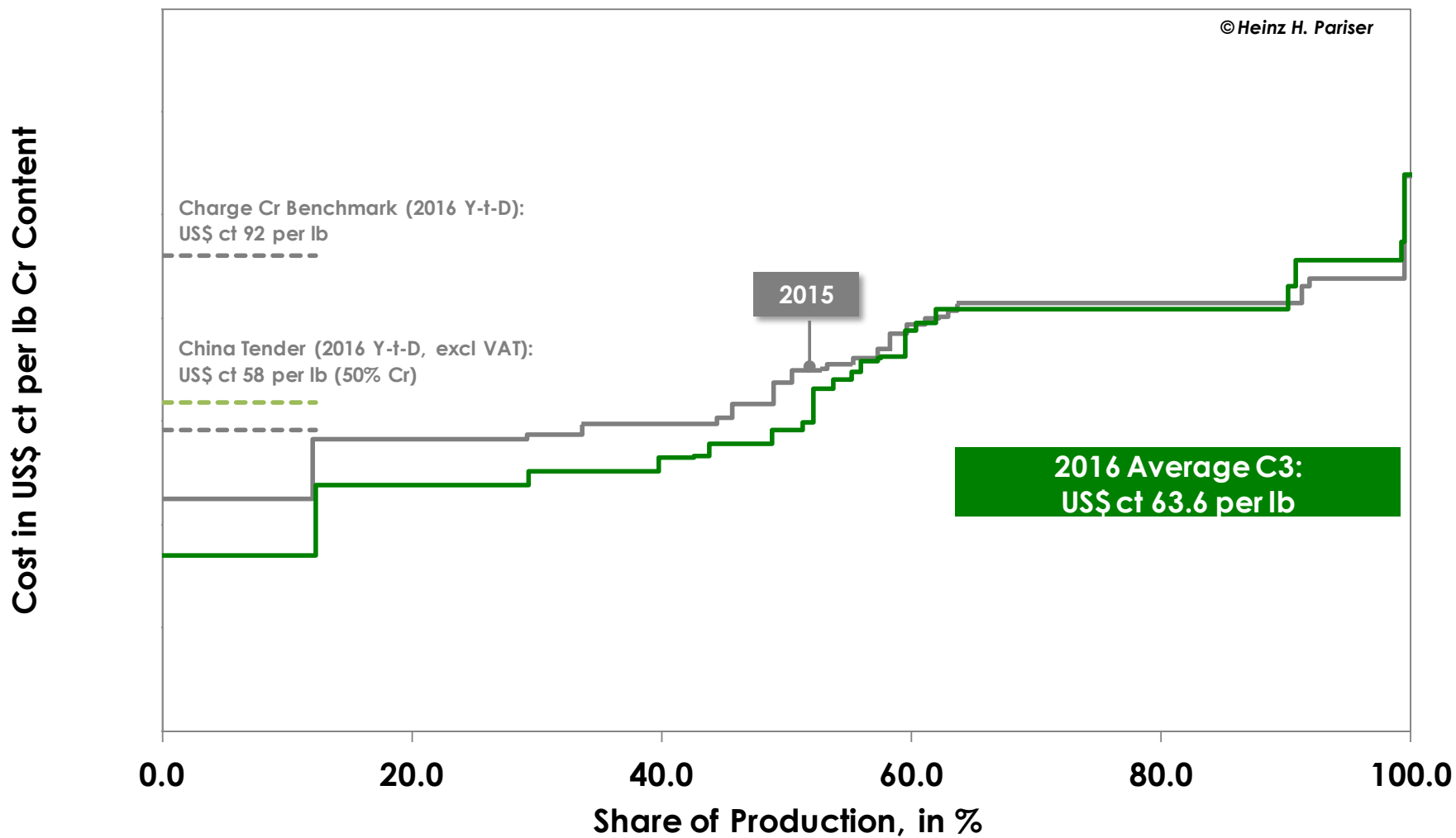
Questions



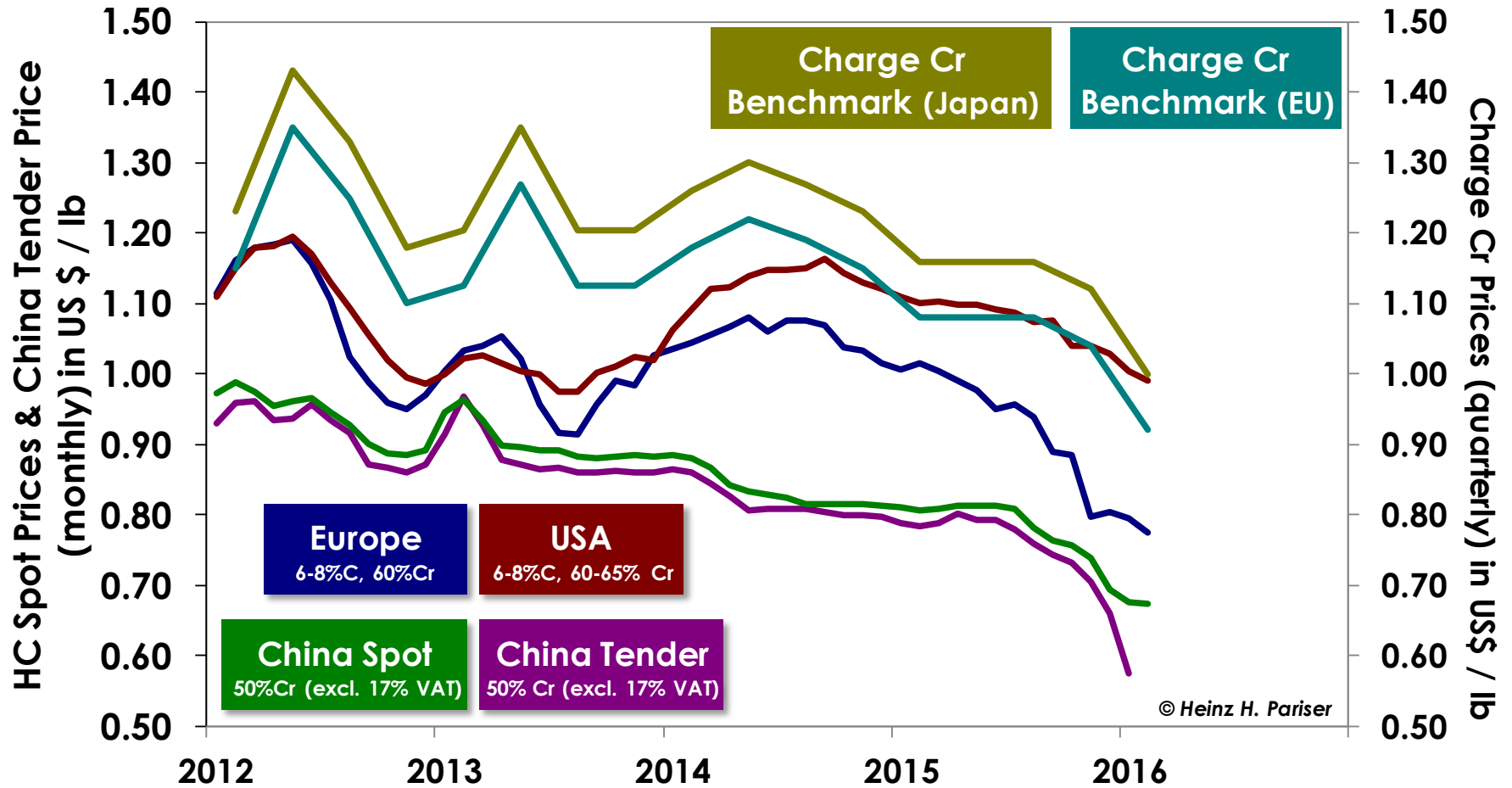


Annexures

Global Ferrochrome cost curve



Ferrochrome prices



Source: China Ferroalloy Industry Association, Metal Bulletin, Heinz H. Pariser