

# RESULTS Q2 2016



**Investor Call Presentation**

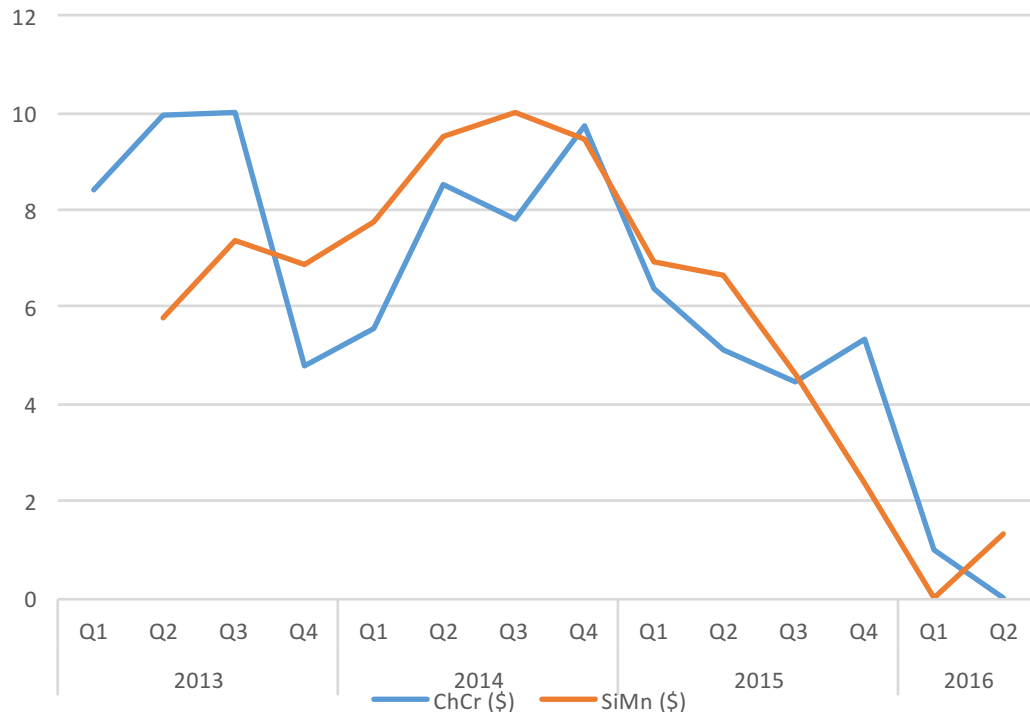
17 August 2016



**The external environment in quarter two  
was one of most challenging ever.**



# Market is characterised by plummeting prices...

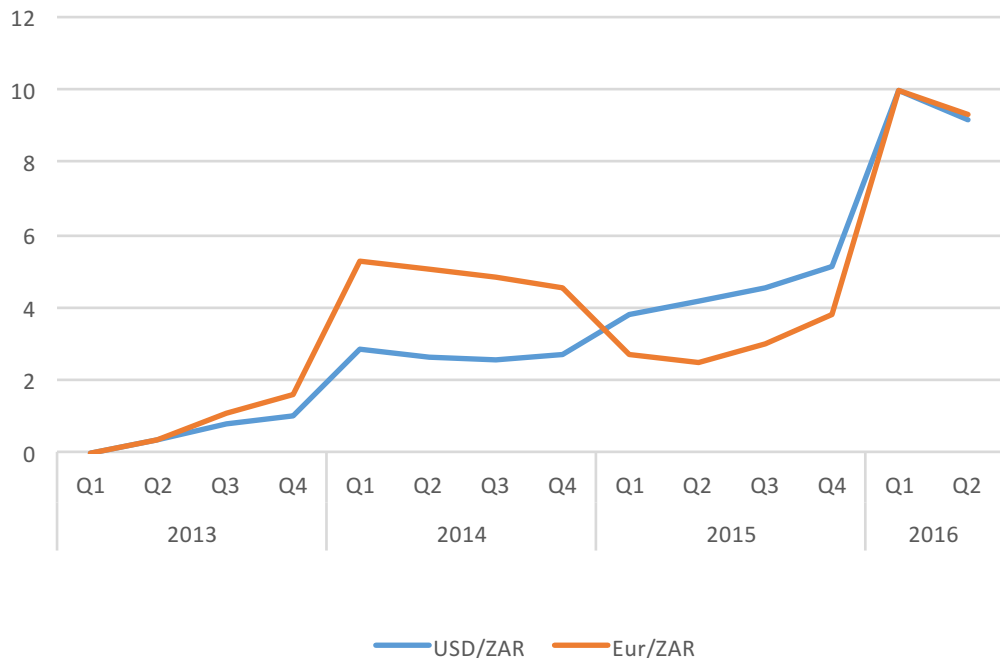


- Prices are at their lowest since 2013
- Despite the price fall, Afarak did not compromise its selling price in favour of volumes
- Speciality alloy sales were particularly effected
- Looking ahead, Afarak has a significant upside potential based on historical price ranges
- We are also expecting increased business from the US

*Prices are measured on a scale of 0 to 10, representing the minimum and maximum average quarterly prices occurring since 2013*



# ...and a rallying ZAR.



*Rates are measured on a scale of 0 to 10, representing the minimum and maximum average quarterly rates occurring since 2013*

- Exchange rates are at their highest since 2013
- This has a direct negative effect on our operations in South Africa through its impact on selling prices
- This had a particular strong negative impact on silico manganese production in the FerroAlloys business segment
- As a result, we are switching a silico manganese furnace to charge chrome



# Overview of results

<i>€ million</i>	Q2 2016	Y-o-Y	Drivers
Revenue	39.5	⬇️	Lower sales volume & lower prices
EBITDA	0.8	⬇️	Lower sale prices & low volumes of silico manganese, low carbon ferrochrome and special grade ferrochrome
EBIT	-0.9	⬇️	
Profit	-1.0	⬇️	
Material mined ( <i>tonnes</i> )	56,395	⬇️	Depletion of open cast pit at Mecklenburg
Material processed ( <i>tonnes</i> )	26,786	⬇️	Lower sale volumes, mainly of silico manganese



# Group sales (mt)

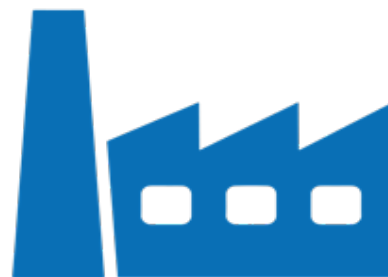
## Mining



40,618  
-55.4%

- Effected by the depletion of open cast mine at Mecklenburg

## Processing



28,214  
-11.2%

- Increased sales in charge chrome and medium carbon ferrochrome were outweighed by lower sales of silico manganese, low carbon ferrochrome & special grade ferrochrome



# Speciality Alloys Segment

## Production



22,487 mt  
+6.8%

Mining



Increase in chromite  
due to new plant at  
TMS

Processing



Weak market  
conditions

## Performance

Revenue



€18.4 million  
(€26.1 million)\*

EBITDA



€1.5 million  
(€4.5 million)

EBIT



€0.9 million  
(€3.9 million)

**Mainly driven by lower sales volumes &  
prices of processed material**



\*Figures in () relate to 2015 Q2 figures.

# FerroAlloys Segment

## Production



60,694 mt  
-55.8%

Mining



Depletion of open cast mine at Mecklenburg

Processing



SiMn furnace at Mogale switched to ChCr

## Performance

Revenue



€21.1 million  
(€27 million)\*

EBITDA



€0.5 million  
(€3.9 million)

EBIT



-€0.5 million  
(€2.7 million)

**Driven by lower prices & volumes of silico manganese & lost profits from Mecklenburg**



\*Figures in () relate to 2015 Q2 figures.



# Safety, Health & Sustainable Development



ZERO HARM



3

injuries  
caused  
loss of  
time



LOCAL COMMUNITY  
DEVELOPMENT



# Looking ahead

- Improved benchmark prices for charge chrome
- Switch one of silico manganese furnaces to charge chrome
- Increased business from the US with respect to special grade ferrochrome
- Evaluation to further streamline internal cost structures and business processes



# Concluding remarks

- The challenging external environment impacted Afarak's performance
- Despite the weak operating environment, EBITDA remained positive at EUR 0.8 million
- The Group also managed to reduce its debt by EUR 4.7 million due to its strong cash position and pay out EUR 2.6 million capital redemption
- Approval of additional capital redemption of EUR 0.01 per share



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