

**HULAMIN LIMITED**

(Incorporated in the Republic of South Africa)

Registration number 1940/013924/06

JSE Code: HLM

ISIN: ZAE000096210

("Hulamin", the "Group" or the "Company")




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**OPERATIONAL UPDATE**


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This announcement gives shareholders and other stakeholders an update on Hulamin's operational performance up to the end of Q4 2020, the current status of demand for Hulamin products, confirmation that a 15% import duty on aluminium rolled products into South Africa has been imposed, as well as a liquidity status update.

Performance continued to improve through October to December 2020 as markets stabilized following Covid-19 disruptions. Hulamin Rolled Products sold almost 46 000 tons (185 000 tons annualized). Both Hulamin Containers and Hulamin Extrusions performed better than expected and contributed positively to overall Group performance.

In line with aluminium trade actions throughout the Western world (most notably in the USA and EU), the South African government announced late in 2020 that a 15% import duty on rolled aluminium products would be imposed from January 2021. With the major international markets now having significant duty barriers (most notably the USA, EU and Japan), competition from low cost countries has targeted unprotected markets such as South Africa. Following more than 24 months of consultation with the full range of local stakeholders, the International Trade Administration Commission (ITAC) has now ruled that Hulamin has faced significant hardship as a result of unfair competition. It is noteworthy that importers will be able to continue to trade free of duty from countries located within the four existing free trade agreements, including the EU and SADC.

In mid-September 2020, Hulamin reported its first half financial results performance. The table below summarizes sales already reported as well as the continued improvement through Q3 and Q4:

	<b>Group</b>	<b>Rolled Products</b>
Q1 Sales	<b>41 000</b>	<b>38 000</b>
Q1 Sales Annualized	<b>165 000</b>	<b>153 000</b>
Q2 Sales	<b>29 000</b>	<b>28 000</b>
Q2 Sales Annualized	<b>116 000</b>	<b>112 000</b>
Q3 Sales	<b>45 000</b>	<b>42 000</b>
Q3 Sales Annualized	<b>179 000</b>	<b>166 000</b>
Q4 Sales	<b>55 000</b>	<b>46 000</b>
Q4 Sales Annualized	<b>219 000</b>	<b>184 000</b>
<b>Total 2020</b>	<b>170 000</b>	<b>155 000</b>

Order books in Hulamin Rolled Products and Hulamin Extrusions have continued to remain full through Q4, while forecasts indicate demand remaining firm in the short term. Local demand for rolled

products has improved since the duty announcement in late December. Following the preliminary USA Anti-Dumping outcome (which was relatively positive for Hulamin), demand in this market has returned and prices are rising. Hulamin expects its position in USA common alloy markets to settle from neutral to positive once equilibrium returns over the coming six to nine months.

Debt increased through 2020 following the slowdown in business activity, in spite of a significant reduction in capital expenditure. Subsequently, rising activity levels have intensified pressure on working capital. The sale of the Olifantsfontein property has been concluded and R55 million proceeds received. Nevertheless, borrowing levels are forecast to remain elevated above the levels maintained through 2018 and 2019, yet within facility limits, and with sufficient headroom. We remain in regular communication with debt providers. We do not anticipate that any relaxation of covenants will be required.

The information contained in this operational update has not been reviewed and reported on by the Company's external auditors.

Pietermaritzburg  
3 February 2021

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