



**AFRIMAT<sup>®</sup>**  
LIMITED

# Announcement of audited summary consolidated financial statements

for the year ended 28 February 2021

## HIGHLIGHTS

Operating profit  
up **47,5%** to  
R886,3 million

Revenue up  
**11,8%** to  
R3,7 billion

HEPS up  
**27,0%** to  
441,7 cents

Net debt:equity  
ratio improved  
from 8,2%  
to **3,8%**

Return on net  
operating  
assets  
**34,0%**

## DIVERSIFICATION DRIVING GROWTH

Afrimat Limited ('Afrimat' or 'the Company' or 'the Group') (Incorporated in the Republic of South Africa) (Registration Number: 2006/022534/06) Share code: AFT ISIN code: ZAE000086302

## COMMENTARY

### BASIS OF PREPARATION

The short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement and does not contain full or complete details. The full announcement was released on SENS on 27 May 2021. The full announcement can be found at: <https://senspdf.jse.co.za/documents/2021/jse/isse/AFT/FY21H2.pdf>

Copies of the full announcement is also available for viewing on the Company's website at [www.afrimat.co.za](http://www.afrimat.co.za) or may be requested at the Company's registered office, at no charge, during office hours and are also available for inspection at the offices of the sponsor.

Any investment decision should be based on the consideration of the full announcement published on SENS and the Company's website.

The financial statements have been prepared under the supervision of the Chief Financial Officer, PGS de Wit CA(SA).

While the short-form announcement itself is not audited or reviewed, the full announcement of which this announcement is a summary, has been independently audited by the Company's auditor, PricewaterhouseCoopers Inc. The Company's annual financial statements for the year ended 28 February 2021 have been audited by the Company's auditors, PricewaterhouseCoopers Inc., who expressed an unmodified audit opinion thereon. The full auditor's report includes details of key audit matters and is available, along with the annual financial statements, on the Company's website at [www.afrimat.co.za](http://www.afrimat.co.za).

### INTRODUCTION

The Group delivered strong results despite the effect caused by the sudden and unexpected global Covid-19 pandemic and hard lockdown levels imposed during the first half of the financial year. This disruption was countered by the implementation of proactive measures to manage and minimise the impact of this pandemic. The Group's strategy of diversification enabled the Group to continue delivering growth.

### FINANCIAL RESULTS

Operating profit increased by an impressive 47,5% from R601,0 million to R886,3 million. Headline earnings per share grew by 27,0% from 347,7 cents to 441,7 cents per share and revenue increased by 11,8% from R3,3 billion to R3,7 billion.

Net cash from operating activities increased by 13,4% to R767,6 million, which resulted in an improvement of the net debt:equity ratio from 8,2% in the prior year to 3,8% in the current year.

The effective tax rate of the Group increased from 18,9% to 30,5% in the current period, mainly due to the utilisation of previously unrecognised assessed losses of R288,3 million, in Afrimat Demaneng Proprietary Limited ('Demaneng iron ore mine'), in the prior year. No deferred tax assets were recognised on the start-up losses and assessed losses of Nkomati Anthracite Proprietary Limited ('Nkomati anthracite mine').

### OPERATIONAL REVIEW

Afrimat entered the national lockdown with a very strong balance sheet, positioning it strongly for the uncertainty that was lying ahead. The negative impact of the national lockdown on the Group was dampened by the partial reopening of the Demaneng iron ore mine and certain Industrial Minerals operations early during the lockdown period. The reopening was undertaken with utmost care to ensure the safety and well-being of all employees. From 20 April 2020, as gazetted by the government, industries in the mining and quarrying sector were granted permission to resume operations. Afrimat ramped up operations according to market demand and in line with government regulations. The Construction Materials and Industrial Minerals segments returned to profitability once the hard lockdown levels imposed during the first half of the financial year were lifted.

In the second half of the year, the Construction Materials segment achieved good growth compared to the corresponding period in the previous financial year, whilst the Industrial Minerals segment experienced satisfactory results. The Bulk Commodities segment benefited strongly from favourable iron ore pricing, which contributed to exceptional growth in profits during the year.

All operating units are strategically positioned to deliver excellent service to the Group's customers, whilst acting as an efficient hedge against volatile local business conditions. The product range is well diversified to include Construction Materials consisting of aggregates and concrete-based products, Industrial Minerals consisting of limestone, dolomite and silica, and Bulk Commodities made up of iron ore and anthracite.

During the year under review, good labour and community relations continued with no labour action or community grievances having occurred. The Group remains committed to creating and sustaining harmonious relationships in the workplace and addressing issues proactively. Afrimat continues to prioritise staff development, training and education on the human capital agenda.

The **Bulk Commodities** segment, consisting of the Demaneng iron ore mine and Nkomati anthracite mine (included in the full year results for three months), delivered an exceptional contribution to the Group results of 42,9% of revenue. Operating profit increased by 128,4% from R321,7 million to R734,7 million, as a result of favourable iron ore pricing during the year. This translated into an increase in the operating margin from 31,0% to 46,4%. The Nkomati anthracite mine contributed start-up losses of R33,8 million for the three months, December 2020 to February 2021, included in these results.

The **Industrial Minerals** businesses, across all regions, delivered satisfactorily results. The segment was able to sell limited quantities of product into certain essential services markets during the national lockdown. It was, however, impacted by the national lockdown and this caused a decrease in operating profit of 41,9% from R95,6 million to R55,5 million.

The **Construction Materials** segment was impacted considerably by the national lockdown, which resulted in no revenue for the month of April, as well as limited revenue during May and June 2020. The segment recovered post the hard lockdown levels to achieve good growth in the second half of the financial year compared to the corresponding period in the previous financial year. This resulted in a decrease in operating profit of 45,5% being recorded from R192,4 million to R104,9 million.

### BUSINESS DEVELOPMENT

New business development remains a key component of the Group's growth strategy. The dedicated business development team continues to successfully identify and pursue opportunities in existing markets, as well as in anticipated new high growth areas in southern Africa.

### PROSPECTS

The Group is well positioned to capitalise on strategic initiatives and future opportunities. The Group's future growth will still be driven by the successful execution of its proven strategy, recent acquisitions and a wider product offering to the market. Many exciting opportunities are being investigated. Operational efficiency initiatives aimed at expanding volumes, reducing costs and developing the required skill levels across all employees, remains a key focus in all operations.

These financial statements may contain forward-looking statements that have not been reviewed nor reported on by the Company's auditors.

On behalf of the Board

**MW von Wielligh**  
Chairman

**AJ van Heerden**  
Chief Executive Officer

Wednesday, 26 May 2021

## DIVIDEND DECLARATION

Notice is hereby given that a final gross dividend, No 28 of 112,0 cents per share, in respect of the year ended 28 February 2021, was declared on Wednesday, 26 May 2021. There are 146 144 764 shares in issue at reporting date, of which 8 545 257 are held in treasury. The total dividend payable is R163,7 million (2020: R116,0 million). The Board has confirmed by resolution that the solvency and liquidity test as contemplated by the Companies Act, No 71 of 2008 has been duly considered, applied and satisfied. This is a dividend as defined in the Income Tax Act, 1962, and is payable from income reserves. The South African dividend tax rate is 20,0%. The dividend payable to shareholders who are subject to dividend tax and shareholders who are exempt from dividend tax is 89,6 cents and 112,0 cents per share, respectively. The income tax number of the Company is 9568738158.

Relevant dates to the final dividend are as follows:

Last day to trade <i>cum</i> dividend	Monday, 14 June 2021
Commence trading <i>ex</i> dividend	Tuesday, 15 June 2021
Record date	Friday, 18 June 2021
Dividend payable	Monday, 21 June 2021

Share certificates may not be dematerialised or rematerialised between Tuesday, 15 June 2021 and Friday, 18 June 2021, both dates inclusive.

## FINANCIAL SUMMARY\*

	Audited year ended 28 February 2021 R'000	Audited year ended 29 February 2020 R'000	Change %
Revenue	3 693 759	3 304 376	11,8
Operating profit	886 291	600 952	47,5
Profit attributable to shareholders	603 827	465 176	29,8
Earnings per ordinary share (cents)	444,1	341,6	30,0
Diluted earnings per ordinary share (cents)	434,6	337,7	28,7
Headline earnings per ordinary share ('HEPS') (cents)	441,7	347,7	27,0
Diluted HEPS (cents)	432,2	343,6	25,8
Dividends per share (cents)	112,0	81,0	38,3
Net cash from operating activities	767 580	676 810	13,4
Net asset value per share ('NAV') (cents)	1 635	1 246	31,2
Net debt:equity ratio (%)	3,8	8,2	(53,7)
<b>SEGMENTAL INFORMATION</b>			
<b>External revenue</b>			
Construction Materials	1 595 055	1 714 180	
Industrial Minerals	514 291	552 683	
Bulk Commodities	1 584 413	1 037 513	
	3 693 759	3 304 376	
<b>Operating profit</b>			
Construction Materials	104 906	192 438	
Industrial Minerals	55 481	95 568	
Bulk Commodities	734 675	321 665	
Services	(8 771)	(8 719)	
	886 291	600 952	
<b>Operating profit margin on external revenue (%)</b>			
Construction Materials	6,6	11,2	
Industrial Minerals	10,8	17,3	
Bulk Commodities	46,4	31,0	
Overall contribution	24,0	18,2	

\* This information has not been audited or reviewed, but is extracted from audited/reviewed financial statements/reports.

Announcement date: 27 May 2021

#### Directors

MW von Wielligh\*\* (Chairman), AJ van Heerden (CEO), PGS de Wit (CFO), C Ramukhubathi, GJ Coffee\*, L Dotwana\*, PRE Tsukudu\*\*, JF van der Merwe\*\*, HJE van Wyk\*\*, JHP van der Merwe\*\*, HN Pool\*\*, FM Louw\*\*

\* Non-executive director ^ Independent

#### Registered office

Tyger Valley Office Park No. 2, Corner Willie van Schoor Avenue and Old Oak Road, Tyger Valley, 7530 (PO Box 5278, Tyger Valley, 7536)

#### Sponsor

PSG Capital Proprietary Limited, 1st Floor, Ou Kollege Building, 35 Kerk Street, Stellenbosch, 7600 (PO Box 7403, Stellenbosch, 7599)

#### Auditor

PricewaterhouseCoopers Inc., PWC Building – Capital Place, 15 – 21 Neutron Avenue, Technopark, Stellenbosch, 7600 (PO Box 57, Stellenbosch, 7599)

#### Transfer secretaries

Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132)

#### Company Secretary

C Burger, Tyger Valley Office Park No. 2, Corner Willie van Schoor Avenue and Old Oak Road, Tyger Valley, 7530 (PO Box 5278, Tyger Valley, 7536)

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