

HULAMIN LIMITED

(Incorporated in the Republic of South Africa)

Registration number 1940/013924/06

JSE Code: HLM

ISIN: ZAE000096210

("Hulamin" or "the Company")



BUSINESS REVIEW AND TRADING STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

BUSINESS REVIEW

Hulamin has responded to the tough trading conditions of 2019 and 2020, producing improved results in 2021.

The focus in 2021 included increasing volumes, realising higher prices and growing local sales. Both a higher Rand London Metal Exchange ("LME") Aluminium price and the recognition of assessed losses of R115 million (37 cents per share) contributed to the improved profitability. Group sales totalled 222 000 tons, including 209 000 tons from Hulamin Rolled Products. Local can stock sales grew by 109%. Total local rolled products sales reached close to 90 000 tons, up by 54% from 2020.

Hulamin and South32 signed updated conditional agreements in 2020 for the period 2020 to 2024 for the supply of molten and solid ingot aluminium. This agreement was subject to the conclusion of an electricity supply agreement between Hillside and Eskom by the National Energy Regulator of South Africa. This approval was published during 2021.

Rolled Products

Hulamin Rolled Products grew its local sales by 65% on the back of the increase in can stock and other rolled sheet and plate products and local foil by 30% and 35%, respectively. Sales in the second half of the year amounted to 112 000 tons, an increase of 17% from 96 000 tons in the first half. The increase in local beverage can stock demand is in line with global trends, driven by the environmental impact of single use plastics (largely in the carbonated soft drink market) and the recognition of aluminium as a 100% recyclable material as well as a shortage of glass in the region.

Hulamin Extrusions

Following the implementation of our 2020 turnaround plans, Hulamin Extrusions performed well in 2021, with sales growing by 17% resulting in a meaningful increase in profits. The business finalised its sale of the Olifantsfontein property, which contributed to this profit.

Conclusion

Hulamin's underlying business health has improved. Increases in the LME price of Aluminium will likely constrain the balance sheet and may constrain volumes should further increases occur. This risk is heightened by the energy crisis and Aluminium supply constraints arising from the Ukraine conflict. Hulamin anticipates that the disruptive effect of Covid-19 related lockdowns will continue to subside during 2022. Order books are healthy going into 2022, supported by a firm market for beverage can products.

TRADING STATEMENT

In terms of paragraph 3.4(b) of the JSE Limited Listings Requirements, Hulamin advises that there is a reasonable degree of certainty that the financial results for the year ended 31 December 2021 will differ by at least 20% when compared with the restated published financial results for the financial year ended 31 December 2020 as follows:

	31 December 2021 Range	31 December 2020 Restated²	31 December 2020 Previously Reported
Profit/(loss) for the year	R576 million to R606 million	(R239 million)	(R230 million)
Headline earnings/(loss)	R546 million to R574 million	(R219 million)	(R210 million)
Normalised earnings/(loss)	R245 million to R258 million	(R291 million)	(R282 million)
Earnings/(loss) per share	187 cents to 197 cents	(78) cents per share	(75) cents per share
Headline earnings/(loss) per share	176 cents to 186 cents	(71) cents per share	(68) cents per share
Normalised headline earnings/(loss) per share ¹	80 cents to 84 cents	(94) cents per share	(91) cents per share

¹ Normalised headline earnings per share is calculated in a consistent manner as per the latest annual financial statements, by dividing normalised headline earnings by the weighted average number of ordinary shares in issue during the year.

Normalised headline earnings is defined as headline earnings excluding (i) metal price lag and (ii) material non-trading expense or income items which, due to their irregular occurrence, are adjusted for in order to better present earnings attributable to the ongoing activities of the group. The presentation of normalised headline earnings is not an IFRS requirement and may not be directly comparable with the same or similar measures disclosed by other companies.

² Hulammin embarked upon a remediation project in 2021 arising from the ongoing internal controls assessment performed as reported on in the 31 December 2020 Report of the Audit Committee. The outcome of this project was a revision of the nature of costs capitalised to inventory at year-end, which resulted in a restatement of previously reported results as noted in the above table.

Shareholders are advised that Hulammin will release its financial results for the year ended 31 December 2021 on or about Monday, 28 March 2022.

The information contained in this announcement has not been reviewed nor reported on by the Company's external auditors.

By order of the Board

Pietermaritzburg
14 March 2022

Sponsor



Questco Corporate Advisory Proprietary Limited