

HULAMIN LIMITED

(Incorporated in the Republic of South Africa)

Registration number 1940/013924/06

JSE Code: HLM

ISIN: ZAE000096210

("Hulamin" or "the Company")



CHAIRMAN'S STATEMENT AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

Following the Covid-19 related operational volatility in 2019, 2020 and 2021, and implementation of its turnaround actions, Hulamin presented improved operational and financial performance in 2021.

Through late 2019 to 2021, Hulamin Rolled Products improved its sales volumes and rolling margins. These improvements were achieved on the back of more stable manufacturing performance, growth in local beverage can sales, improving prices and a lower cost base. Despite a 125% increase in the Rand price of Aluminium and related working capital absorption, Hulamin generated free cash flows of almost R240m in 2021.

Although manufacturing consistency improvement is yet to regain full momentum, financial performance has continued its positive trajectory. This has been supported by steady demand for Hulamin products, ongoing strength in the Rand Aluminium price and consistently firm rolling margins. Hulamin Containers and Hulamin Extrusions are both performing well.

Rises in the Rand Aluminium price through 2021 and 2022 continue to stretch our cash resources. We are, however, appreciative of the support of our funders, who have increased facilities to match the Rand Aluminium price pressures on working capital. As a result of tightness in liquidity, Hulamin exposure to the Rand Aluminium price remains unhedged. We will therefore remain fully exposed to movements in the Rand value of the underlying commodity.

Global demand for aluminium flat rolled products continues to exceed supply across most markets. We see ongoing extended lead times in the industry, and particularly in the beverage can sector. In Europe and the USA, trade barriers continue to tighten. Supply in Hulamin's traditional global markets remains tight. Demand from Hulamin Rolled Products customers therefore is firm and Hulamin's order book is currently full; demand is likely to remain solid for the balance of 2022.

Hulamin Extrusions continues to perform well in 2022, supported by steady volumes, cost controls, metal price lag and ongoing favourable supply/ demand dynamics in the local market.

The Rand-US Dollar exchange rate has weakened recently following a short period below R15/USD in March and April 2022. This will remain a key driver of profits in the balance of the year ahead, alongside sales volumes and firmer rolling margins currently being recorded. Cash flows will continue to be affected by the Rand Aluminium price.

Any forward-looking information contained in this announcement has not been reviewed or reported on by the Company's external auditors.

Pietermaritzburg

25 May 2022

Sponsor



Questco Corporate Advisory Proprietary Limited