

## **AFRIMAT LIMITED**

Incorporated in the Republic of South Africa  
(Registration number: 2006/022534/06)  
Share code: AFT  
ISIN: ZAE000086302  
("Afrimat" or "the Company")



---

## **AFRIMAT BUSINESS UPDATE AND PRE-CLOSE BRIEFING SESSION**

---

### **Background**

The build-up to the first half of the 2025 financial year ("HY2025") is best characterised by two distinct quarters. In the first quarter (March, April, May) ("Q1") the bulk commodity market was lacklustre. The continued underperformance of the iron ore export corridor, together with ArcelorMittal South Africa Limited's ("ArcelorMittal") well-documented issues (specifically the *force majeure* being declared at the Vanderbijlpark facilities due to the freeze of two furnaces), impacted Afrimat volumes in Q1.

By the second quarter (June, July and the first week of August) ("Q2"), volume increases were evident, as domestic customers with furnaces started up again, and tender activity increased in road, rail and small infrastructure projects. However, the increase in volumes in Q2 is not sufficient to make up for the volume decline in Q1.

### **Construction Materials**

Volume levels across the segment were maintained in Q1. By Q2, the integrated Lafarge quarries increased volumes. Afrimat is thrilled to announce that our ethos of job creation and economic empowerment continues with 34 new appointments in the Lafarge business of which 25 are fixed-term contracts, 5 are permanent and 4 learners were taken on.

The loss-making cement component in the Lafarge business has been reduced but remains loss-making at this point in time. At the time of the acquisition, the cement kilns were extremely unreliable, and a highly experienced team is working on the turnaround. Although an improvement is already visible, this business component is expected to remain loss-making by the end of Q2. Innovative strategic initiatives are expected to turn this business unit into a good contributor in future.

### **Industrial Minerals**

The suspension of loadshedding is positive for both the segment and its customers. Starting from a low baseline, the volume increase is encouraging and was further supplemented through strategic marketing initiatives into new markets.

### **Bulk Commodities**

Afrimat remains encouraged by Transnet's new management team's cooperation. However, the limited availability of locomotives, derailments and maintenance downtime at Transnet continue to constrain the performance of export iron ore. The HY2025 volumes are down by 20% when compared against the HY2024 volumes. The international iron ore price, which has remained in a low trading band, remains attractive to Afrimat, which has positioned itself as a low-cost operator.

Local iron ore volumes suffered a 70% retraction in Q1. This was due to significantly reduced volumes taken by ArcelorMittal. Pleasingly, volumes for Q2 began increasing and are tracking at normal levels, correlating with ArcelorMittal's business update and trading statement released on 2 July 2024. Afrimat expects volumes to ArcelorMittal to return to normal ranges for the remainder of the financial year.

At the Nkomati Anthracite Mine, the production rate at the open pits have been ramped up. An Eskom powerline is being moved after a frustratingly long approval time, further enhancing the ease of the open cast mining operations. Afrimat continues to find underground operations difficult due to geological limitations.

### **Future Materials and Metals**

With the single super phosphate plant commissioned, sales volumes for fertiliser are coming through and ramped up to achieve the planned volumes of 30 000 tons by 2025, which will then contribute positively to the 2026 financial year. The rare earth component continues to be diligently researched.

### **Looking forward to the second half of FY2025 (“HY2”)**

The suspension of loadshedding and the established Government of National Unity have had a positive effect on Afrimat and its customers. Afrimat and its subsidiaries (“**the Group**”) hopes that the political parties will collaborate, focusing on critical projects, initiatives and maintenance to ensure infrastructure is maintained and economic growth is achieved.

Afrimat continues to engage with Transnet and participates in the Ore User’s Forum to assist Transnet as much as possible.

In HY2, Afrimat is expecting to dispatch at least 3 shipments of export anthracite in addition to normal local sales.

The Group is satisfied with the steady progress being made in respect of the Lafarge integration. The team's successful mitigation of losses in certain operations is a testament to our confidence in this strategic acquisition, an essential component of Afrimat’s ongoing diversification.

### **Pre-close briefing session**

Afrimat shareholders are advised that the Company will host a pre-close briefing session relating to its business activities for the period ended 31 August 2024 and provide feedback on the first 100 days of the Lafarge integration via a virtual discussion from 11:00 to 12:00 on Friday, 23 August 2024.

Shareholders interested in attending the briefing session should contact Keyter Rech Investor Solutions at [antoINETTE@kris.co.za](mailto:antoINETTE@kris.co.za) for the link.

A recording of the session can be requested by contacting Keyter Rech Investor Solutions at the abovementioned email address.

### **Further update**

Afrimat will update the market in September 2024 once management has greater certainty on the financial position.

This announcement contains forward-looking statements based on the Group’s current beliefs and expectations of future events. The financial information contained in this announcement has not been reviewed by the Group's external auditors.

Cape Town  
6 August 2024

Sponsor  
Valeo Capital (Pty) Ltd

