



HULAMIN

Interim Results Presentation

Hulamin Limited

For the half-year ended 30 June 2007

# Salient features

- Continuing volume growth
- Sustained improvement in underlying performance by Rolled Products
- Operating profit of R171 million before once off corporate structuring costs
- Once off corporate structuring costs of R160 million led to headline loss of R70 million
- Interim dividend of 18 cents per share



# Income Statement

R'million	Half Year ended:	30 June 2007	30 June 2006
<b>Revenue</b>		<b>3,296.7</b>	2,405.8
<b>Operating profit before corporate structuring costs</b>		<b>170.9</b>	190.0
Corporate structuring costs		<b>(159.9)</b>	-
<b>Operating Profit</b>		<b>11.0</b>	190.0
Share of associate company's loss		<b>(0.5)</b>	-
Finance costs		<b>(46.6)</b>	(66.5)
<b>(Loss)/Profit before tax</b>		<b>(36.1)</b>	123.5
Tax		<b>(34.2)</b>	7.9
<b>Net (loss)/profit</b>		<b>(70.3)</b>	131.4
<b>Headline (loss)/earnings per share (cents)</b>		<b>(33.0)</b>	62.0
Earnings per share excl. corporate costs:		<b>40</b>	
<b>Dividend per share (cents)</b>		<b>18</b>	-

# Balance Sheet

	Half year ended:	
R'million	30 June 2007	30 June 2006
<b>Non-current assets</b>	<b>4,052.5</b>	3,921.9
<b>Current assets</b>	<b>2,106.6</b>	1,938.4
Inventories	930.9	906.2
Trade and other receivables	1,175.7	1,032.2
<b>TOTAL ASSETS (excl cash)</b>	<b>6,159.1</b>	5,860.3
<b>Total Equity</b>	<b>3,435.4</b>	2,683.7
<b>Non-current liabilities</b>	<b>1,823.8</b>	2,337.1
Total net borrowings	832.5	1,317.6
Deferred income tax liabilities	886.7	922.0
Retirement benefit obligations	104.6	97.5
<b>Current Liabilities</b>	<b>899.9</b>	839.5
Trade and other payables	847.1	839.5
Income tax liability	52.8	0.0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,159.1</b>	5,860.3
<b>Net debt to equity</b>	<b>24.2%</b>	49.1%

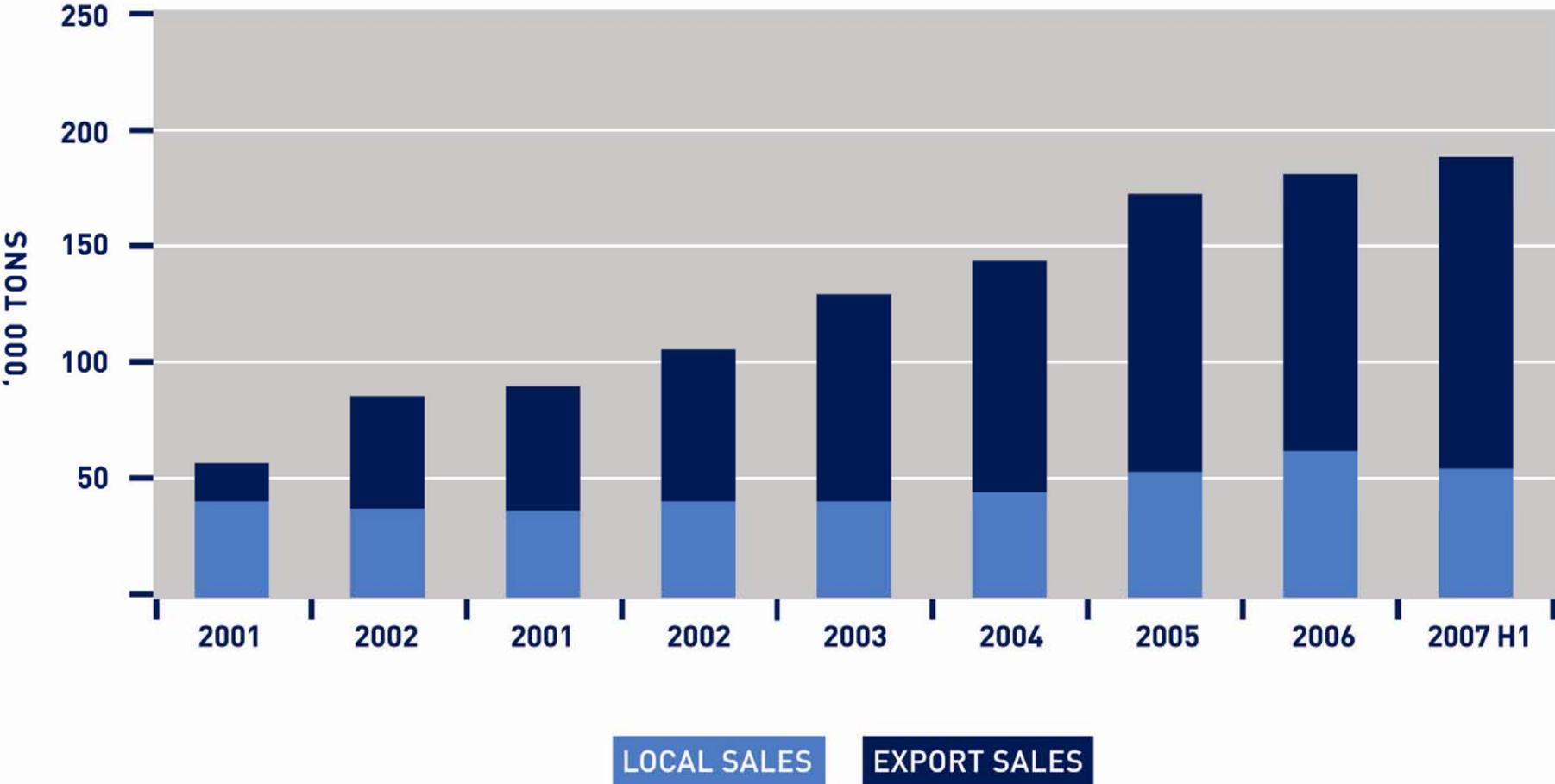
# Cash Flow

	Half year ended:	30 June	30 June
R'million		2007	2006
<b>Cash flows from operating activities</b>		<b>60.6</b>	(6.5)
<b>Cash outflows from investing activities</b>		<b>(179.3)</b>	(113.3)
Rolled Products Expansion		(98.3)	
Other capital expenditure		(81.0)	(113.3)
<b>Net cash flow</b>		<b>(118.7)</b>	(119.8)

# Analysis of Operating Income

R'million	Half year ended:	30 June	30 June
		2007	2006
Rand / US\$ average		7.16	6.31
Rand / US\$ closing		7.05	7.15
<b>Rolled Products</b>			
- Sales volumes ('000 tons)		95	89
- EBIT excluding metal price lag (R'm)		152	32
- Metal price lag (R'm)		8	128
- EBIT (R'm)		<u>160</u>	<u>160</u>
<b>Extrusions and Commercial Products (R'm)</b>		11	30
<b>Operating Profit before corp. structuring costs (R'm)</b>		<u><u>171</u></u>	<u><u>190</u></u>

# Rolled Products sales volumes



# Industry developments

- Hindalco acquisition of Novelis
- Rio Tinto acquisition of Alcan
- Coega smelter
- China – threat and opportunity
  - Aluminium semis output and exports
  - Rolled Products industry structure
  - Government export policies
  - Opportunities
- Effects of energy costs

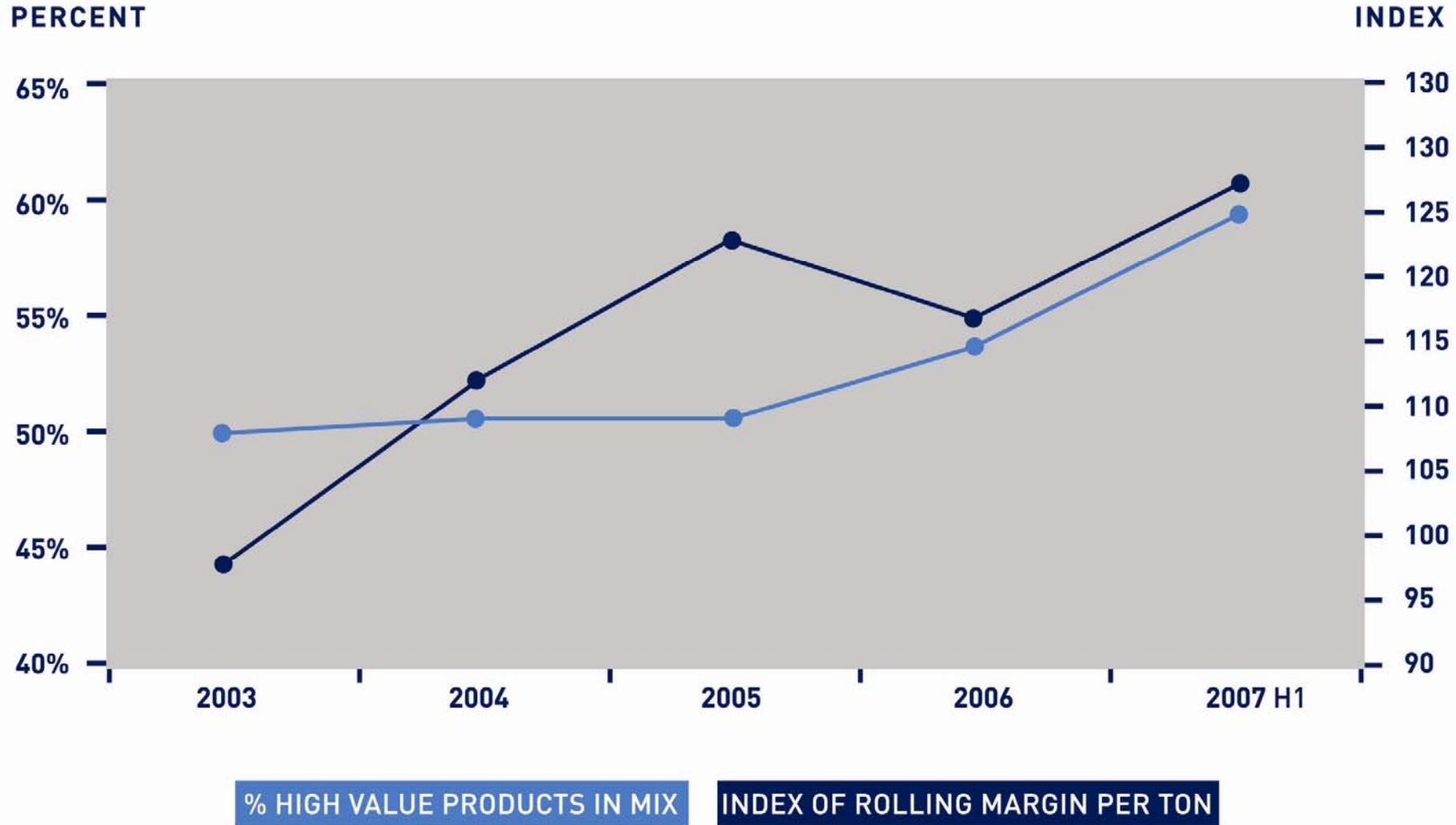


# Mix and margins

- Overall market margins
  - -2% in USA ; 6-10% in Europe
- Lower growth in local demand, although more promising in H2
- Sustained growth in high value sectors
  - Can end stock
  - Heat treated plate
  - Brazing sheet
- Medium term opportunities
  - Local market
  - Can and plate products
  - Geographic mix



# Mix and margins

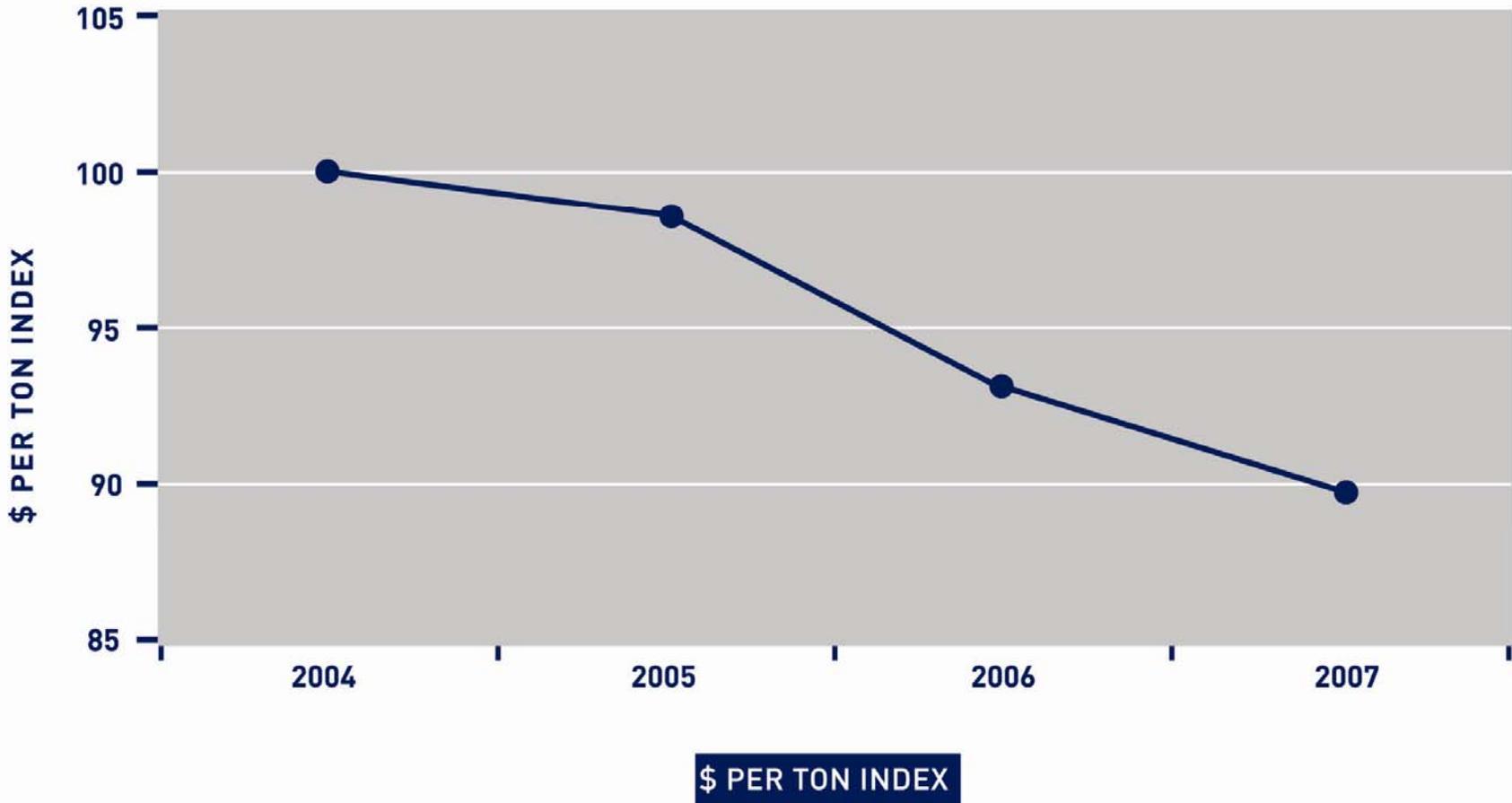


# Manufacturing costs

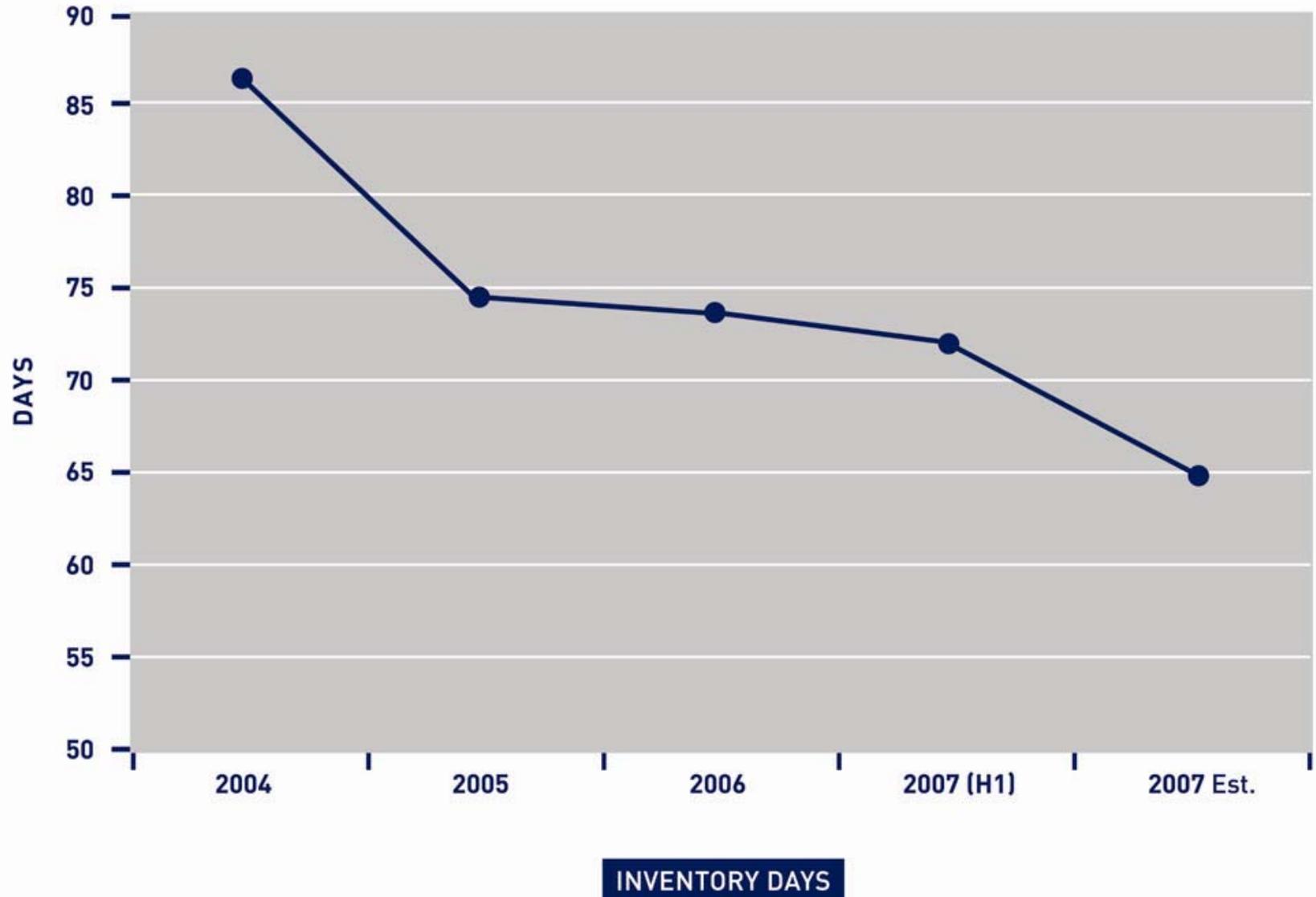
- Costs, excluding metal, paints and lacquers, increased by 8%
- Sharp increases in energy and packaging costs
- Unit costs increased by 2% in nominal Rand terms and reduced in \$ terms
- Cost targets are being achieved in the ramp up to >200 000 tons
- Short and medium term opportunities to reduce energy consumption and metal recycling costs



# Cost performance



# Inventory Management



# Expansion Project

- Increase rolled products capacity from 210 000 tons to 250 000 tons per annum
- Improved mix and reduced unit costs
- Full benefits by 2011
- Current status
  - Work underway on many fronts
  - 160 people on site
  - Within budget and schedule



# Expansion project cash flows

- R533 million committed to date
- R142 million spent to date

Capex timing	Rm
• 2006	44
• 2007	240
• 2008	572
• 2009	94
TOTAL	950



# Extrusion Performance

- Local market flat after 4 years of strong growth
- Lower volumes but revenue increase as a result of higher metal prices
- Margins under pressure in architectural segment
- Start-up costs on Midrand powder coating plant
- Increased expenditure on product development and distribution infrastructure
- EBIT down from R24 million to R6 million



# Extrusions outlook

- Second half traditionally stronger in architectural sector
- Hulamin Building Systems distribution improved to 9 outlets
- Export rebates removed by Chinese government, effective 1 July
- Increased sales into industrial segments on the back of contracts already in place



# Focus areas for H2 and beyond

- Accelerating Rolled Products growth to 250 000 tons
- Improved mix with current product range
- Enhancing the product range
- Improved service levels
- Cost reduction opportunities
- Rolled Products growth beyond 250 000 tons
- Extrusion growth strategy

