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# INTERIM RESULTS

for the six months ended 30 June 2021

Richard Jacob – CEO

Mark Gounder - CFO



# AGENDA

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Richard Jacob – CEO

# Introduction and highlights

01

# SALIENT FEATURES



## Manufacturing

**2021**

- Covid waves 2 and 3 manpower impact
- 96kt (192kt annualized)
- Auto technology commercialized

**2020**

- Covid-19 outbreak = plant closures
- 67kt (134kt annual)
- Auto technology project



## Sales

- US performing well
- Strong beverage can market
- Auto markets recovering but soft
- USA body sheet progress

- Rebuilding US distribution
- Temporary fall in beverage can sales (alcohol ban)
- SA Auto market closure



## Working capital

- Continued momentum
- Tight controls

- Improvements in inventory efficiency



## Costs

- Discipline maintained

- Benefits from 2019 rationalisation

Mark Gounder – CFO

02

# Interim financial results

# INTERIM FINANCIAL HIGHLIGHTS 2021

## Revenue

**R5.5bn**

vs 2020: R3.7bn

**50%**

## EBIT

**R79m**

vs 2020: (R119m)

**166%**

## Free cashflow generated

**R128m**

vs 2020: (R302m)

**142%**

## EPS & HEPS

**EPS 29 cps**

(2020: 75 cps loss)

**HEPS 15 cps**

(2020: 70 cps loss)

**139%  
& 121%**

## Net debt to equity

**28.1%**

vs 34.6% in December 2020

**7%**

## Net asset value

**R8.03 per share**

vs 2020: R7.44

**8%**

# SALIENT FEATURES

		H1 2021	H1 2020	% Change
<b>KEY PARAMETERS AND ACTIVITIES</b>				
Average LME	US\$	2 246	1 595	41 ▲
Average exchange rate	R/US\$	14.55	16.66	13 ▼
Group sales volume	Tons	102 440	71 000	44 ▲
Rolled Products sales volume	Tons	96 125	67 000	43 ▲
Revenue	R billion	5 500	3 674	50 ▲
<b>PROFITABILITY</b>				
EBIT	R million	79	(119)	166 ▲
Normalised <sup>1</sup> EBIT	R million	(64)	(126)	49 ▲
Normalised <sup>1</sup> EBITDA	R million	(32)	(96)	67 ▲
EPS	Cps	29	(75)	139 ▲
HEPS	Cps	15	(70)	121 ▲
Normalised <sup>1</sup> HEPS	Cps	(9)	(76)	88 ▲

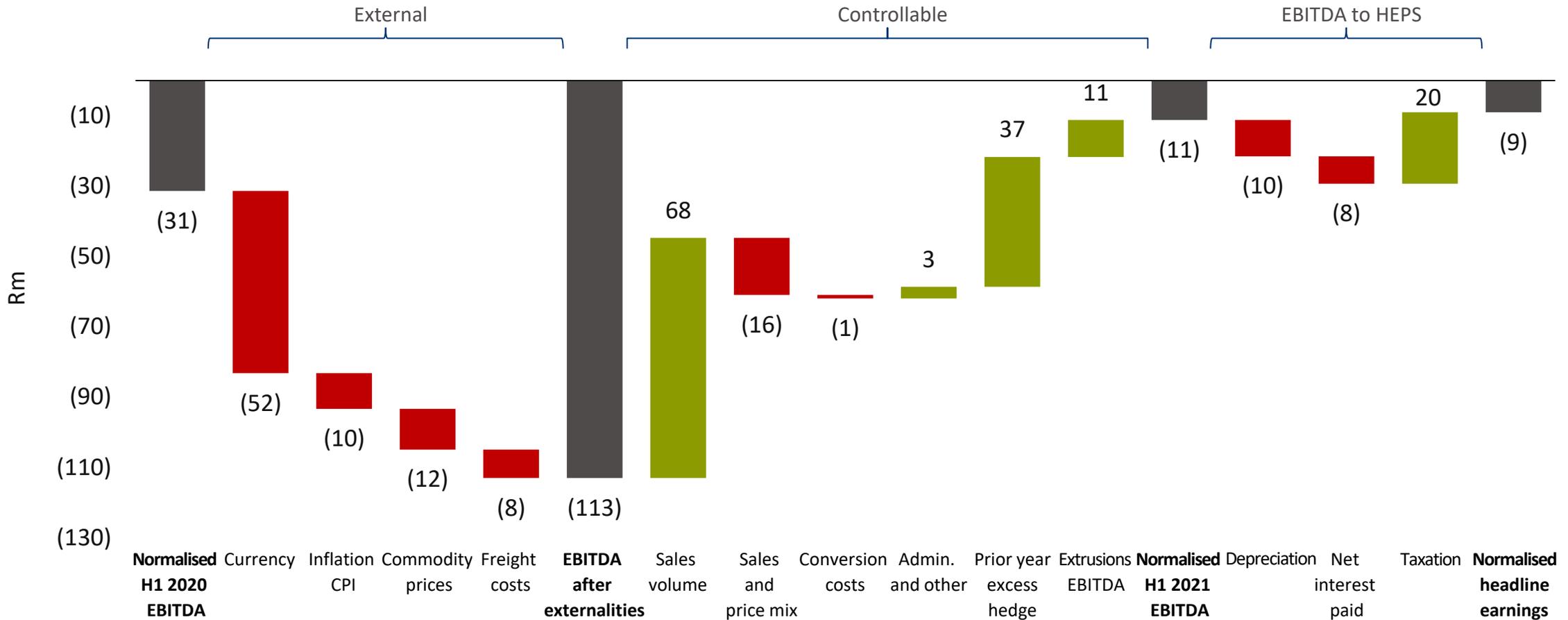
1. Normalised EBIT, EBITDA and HEPS exclude metal price lag and material non-trading items

# SALIENT FEATURES

		H1 2021	H1 2020	% Change
Capital expenditure	R million	98	92	7 ▲
Net working capital as % of revenue	%	20	29	9 ▲
Free cash flow (cash flow before financing activities)	R million	128	(302)	142 ▲
Closing net debt	R million	635	569	12 ▲
Debt equity ratio	%	28	27	1 ▲

# NORMALISED EBITDA / HEADLINE EARNINGS PER SHARE

H1 2021 vs H1 2020 positively impacted by higher sales volumes and continued turnaround improvement



# FINANCIAL PERFORMANCE

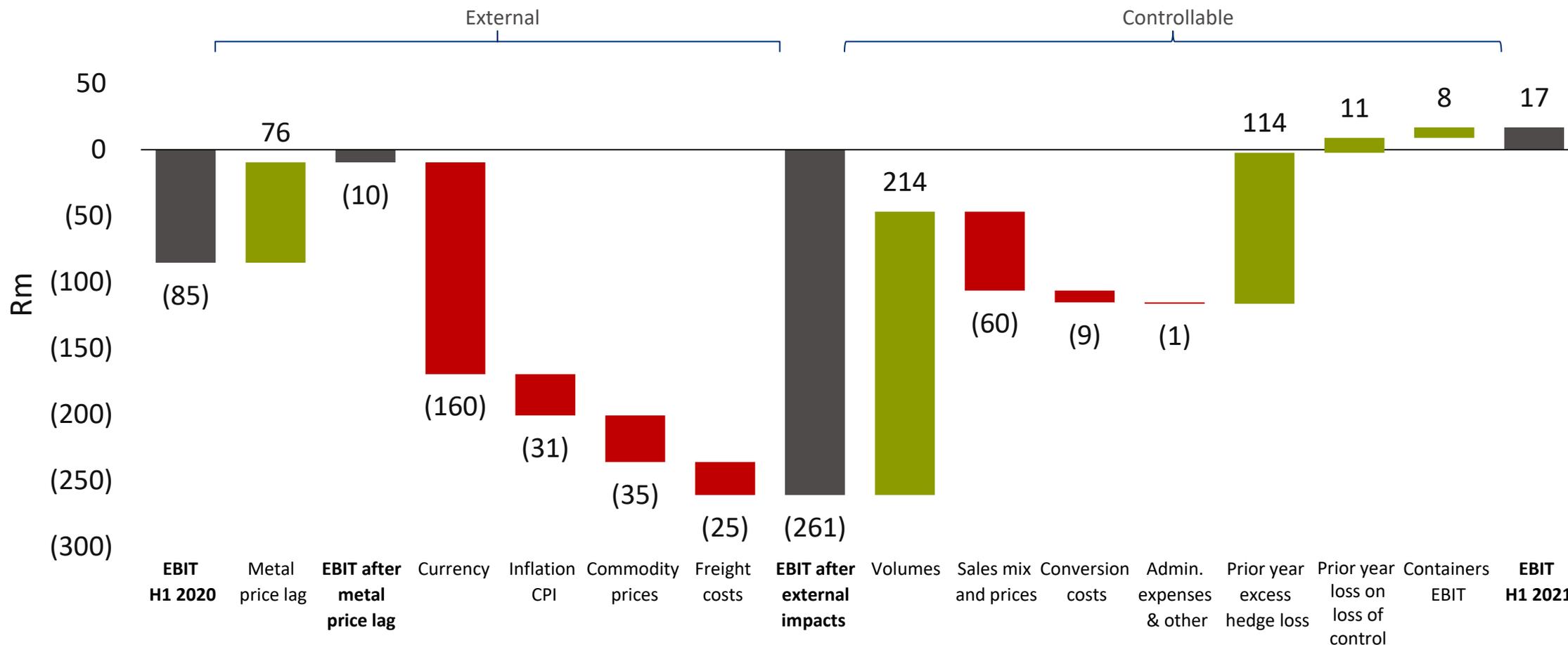


## H1 2021 Segmental performance

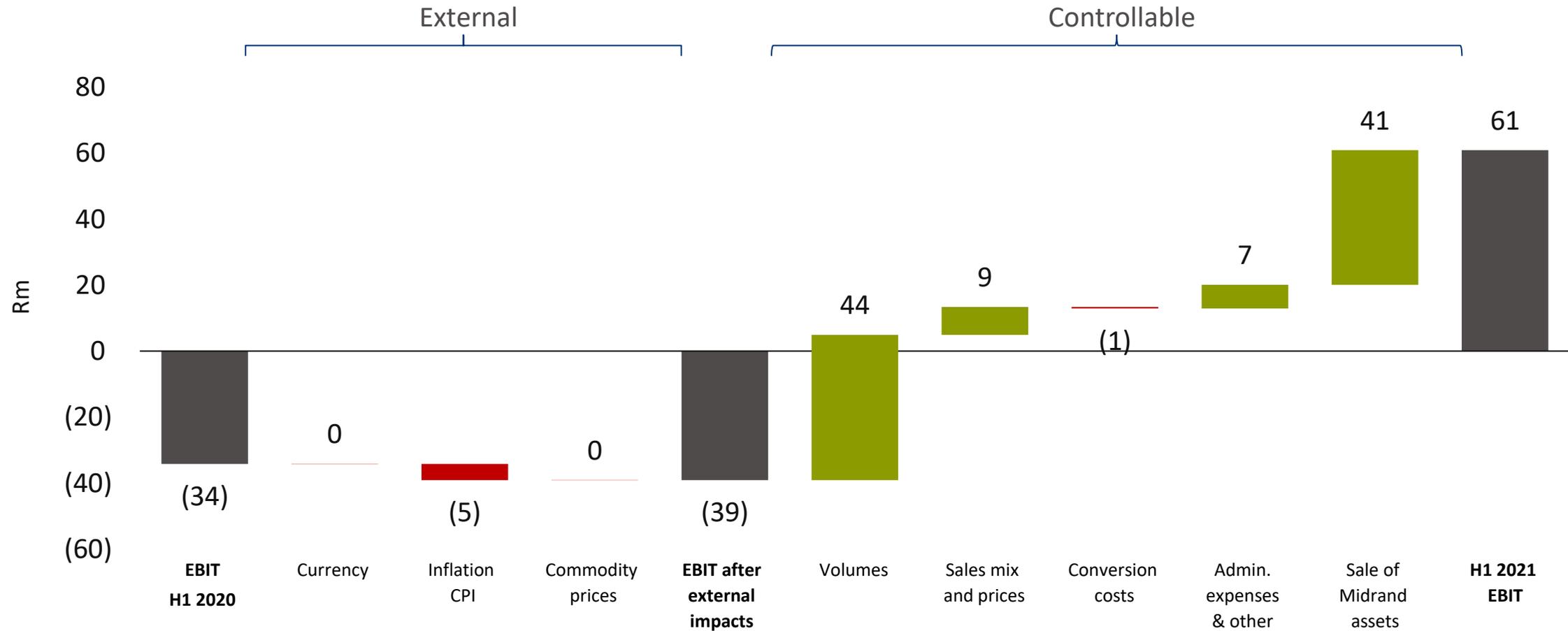
Core	Rolled Products		Extrusions	
	2021 (Rm)	2020 (Rm)	2021 (Rm)	2020 (Rm)
Revenue	5 127	3 459	372	214
EBITDA	46	(57)	64	(24)
Net profit/(loss)	21	(194)	67	(36)
Headline earnings/(loss)	19	(186)	28	(28)
Net asset value	2 342	2 222	125	39

1. Normalised EBIT, EBITDA and HEPS exclude metal price lag and material non-trading items

# ROLLED PRODUCTS EBIT PERFORMANCE – HALF-YEAR 2020 VS 2021

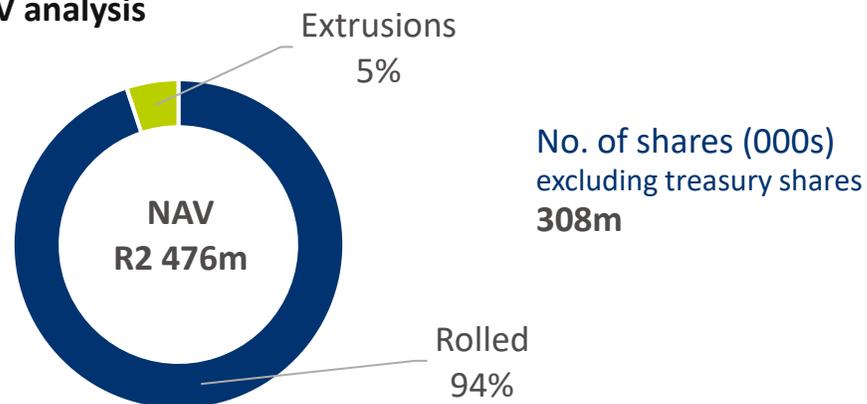


# HULAMIN EXTRUSIONS EBIT PERFORMANCE – HALF-YEAR 2020 VS 2021

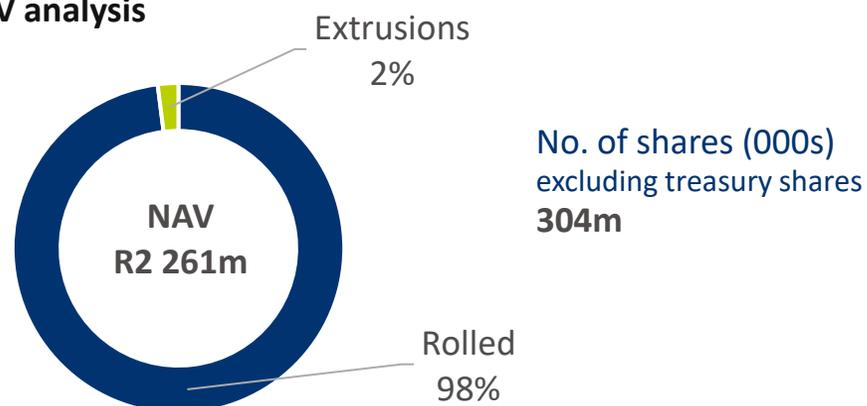


# FINANCIAL PERFORMANCE

## H1 2021 NAV analysis



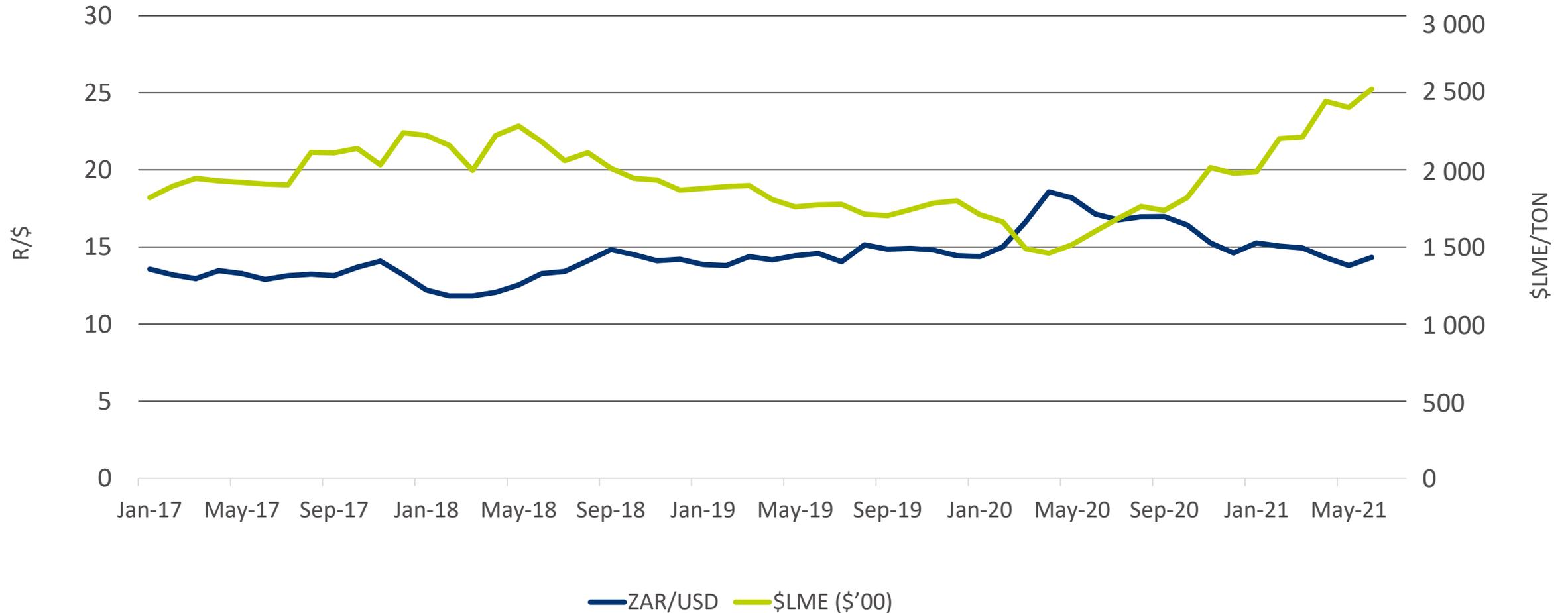
## H1 2020 NAV analysis



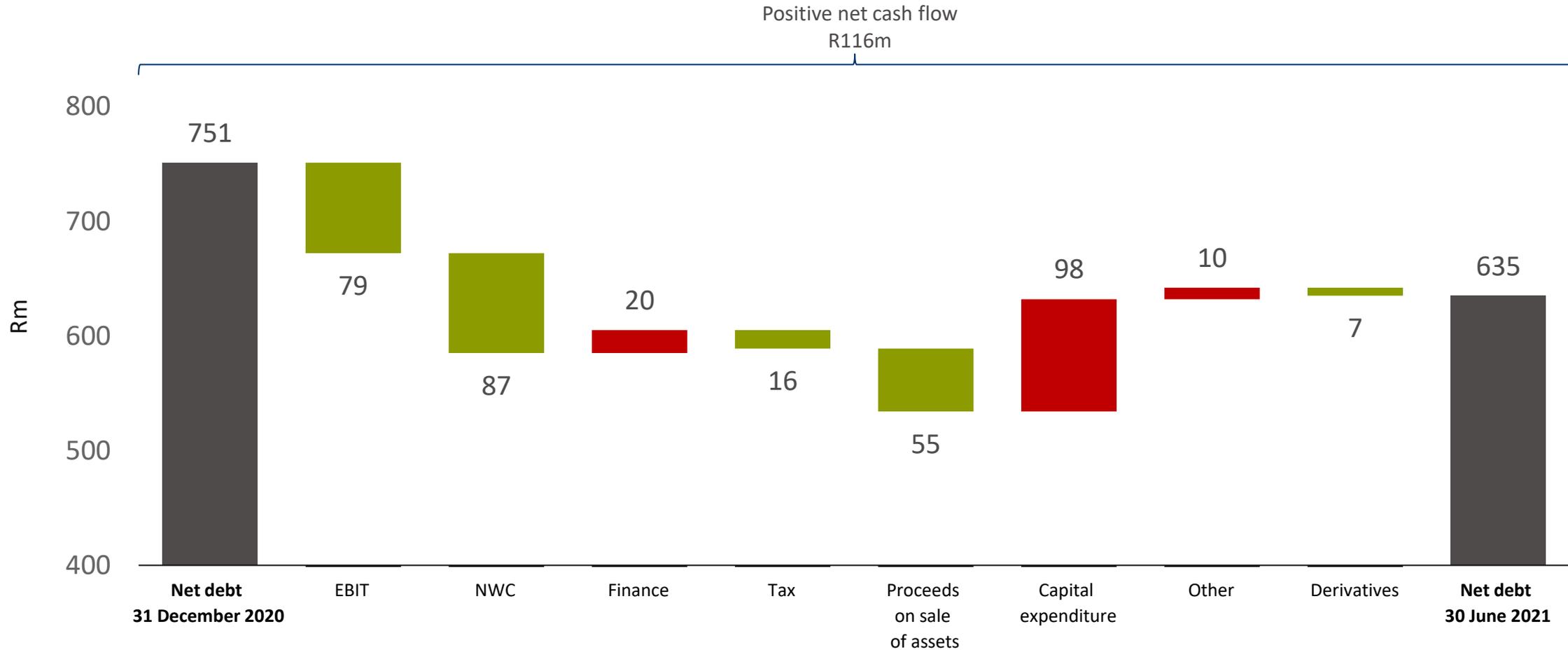
H1 2021 Division	NAV (Rand/share)	Headline earnings (Rand/share)	Return on equity (%)
Rolled Products	R7.59	6 cps	1
Extrusions	R0.44	9 cps	50

H1 2020 Division	NAV (Rand/share)	Headline earnings (Rand/share)	Return on equity (%)
Rolled Products	R7.31	(60 cps)	(9)
Extrusions	R0.13	(10 cps)	(94)

# CURRENCY VS COMMODITY TREND 2017 TO 2021

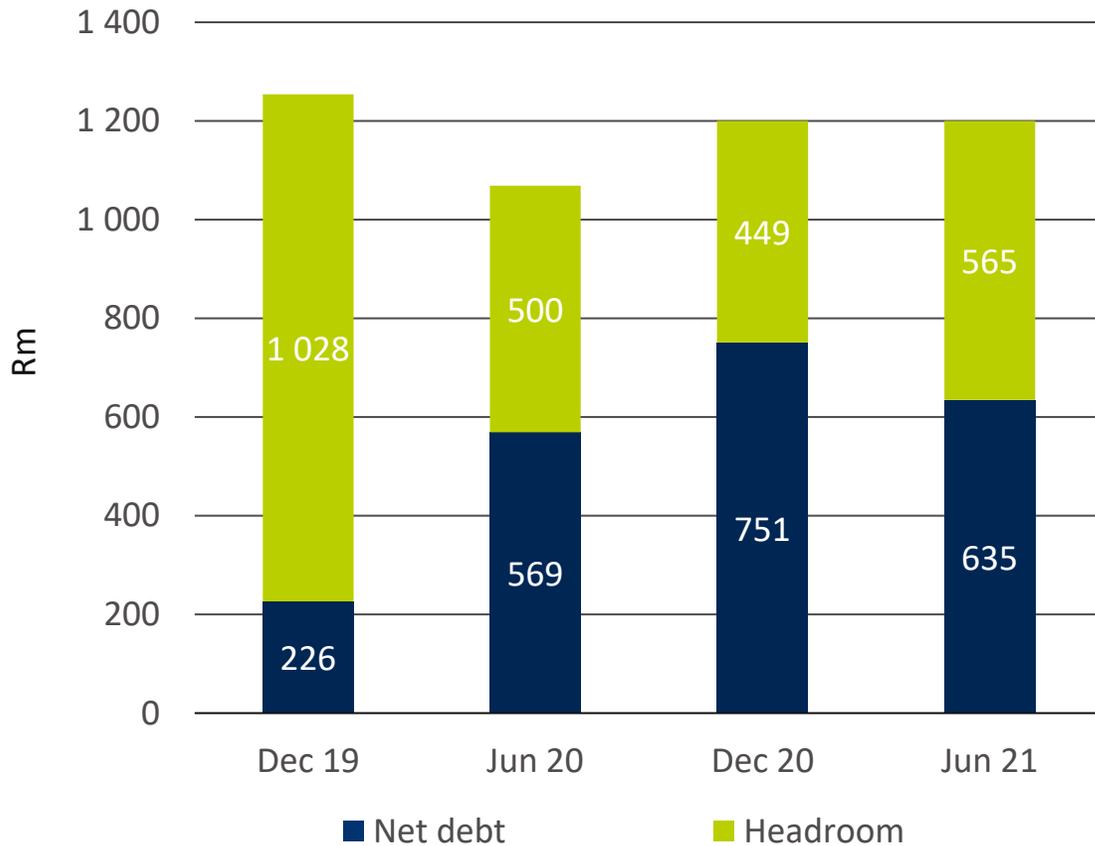


# H1 2021 ANALYSIS OF NET CASH FLOW

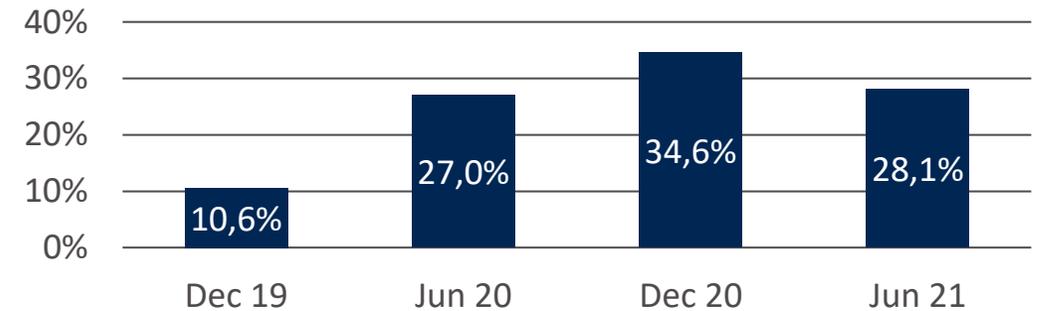


# 2021 LIQUIDITY AND CAPITAL STRUCTURE

Net borrowings and headroom



Net debt to equity (gearing)



## Covenant ratio

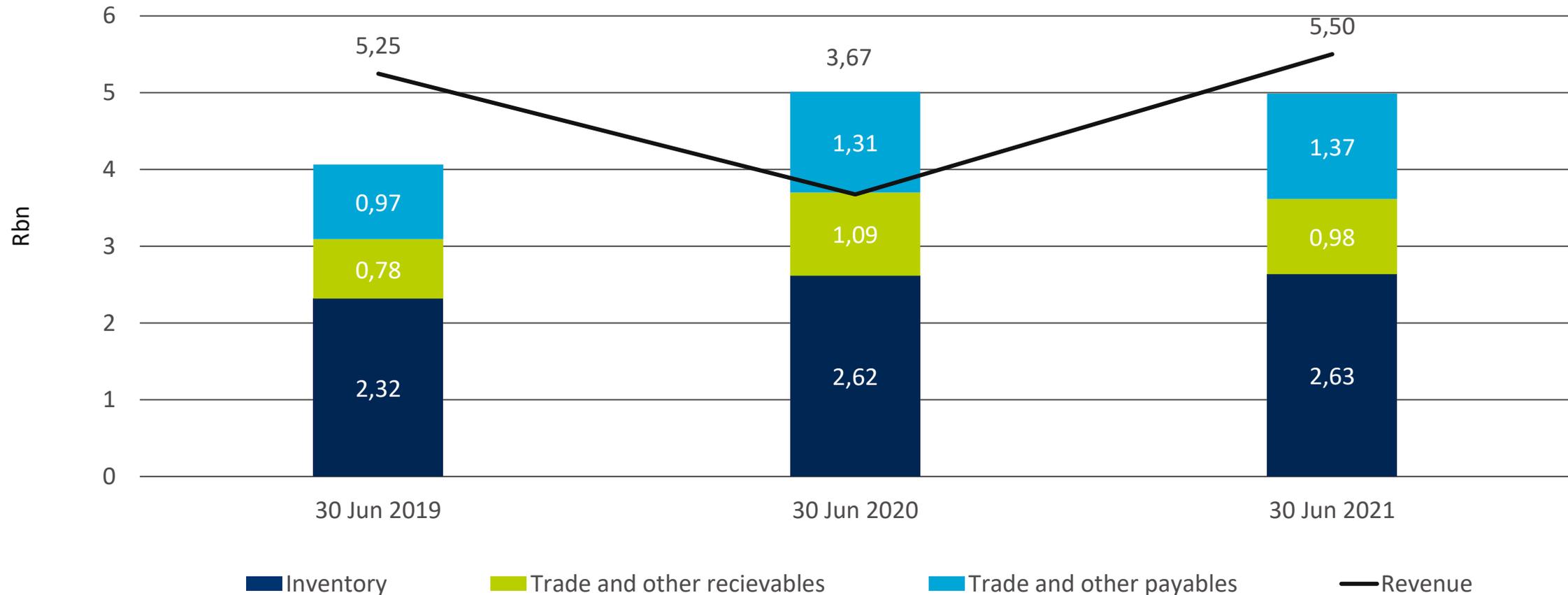
### Collateral cover ratio

Minimum required	1.20
<b>June</b>	<b>1.94</b>

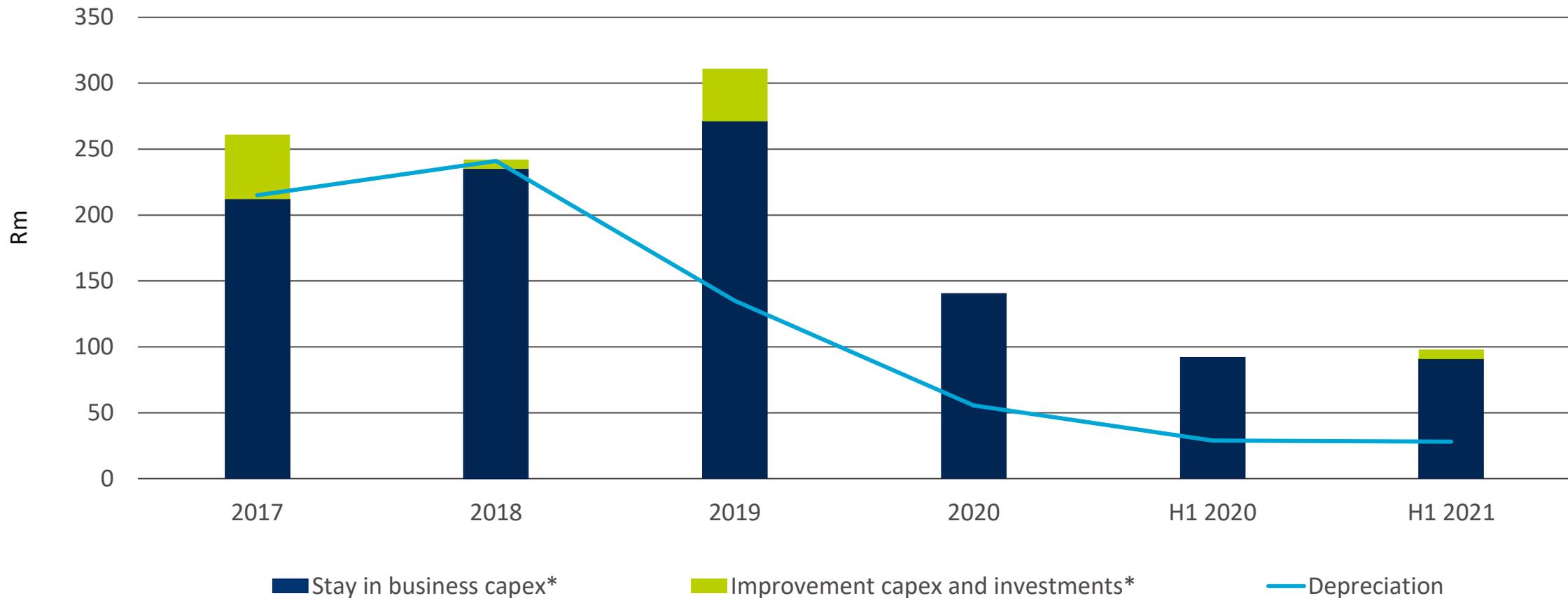
### Debt to equity

Maximum	50%
<b>June</b>	<b>28.1%</b>

# NET WORKING CAPITAL VS REVENUE PERFORMANCE



# CAPITAL EXPENDITURE



\* Excludes capitalised borrowing costs

Richard Jacob – CEO

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# Operational review – Rolled Products

# ROLLED PRODUCTS

## H1 2021 OPERATIONAL HIGHLIGHTS

- **Sales volumes 43% higher** than H1 2020
- World class **safety record maintained**
- **Planned maintenance shutdown** successfully completed
- Strong demand – local and global
- 15% Local import duty effective from January – local sales boosted
  - **Local market sales 90% up** on H1 2020
- Stronger ZAR/USD and other disruptions (e.g., Covid-19 ) impacted profitability
- New automotive products launched in USA Electric Vehicle market



# ROLLED PRODUCTS

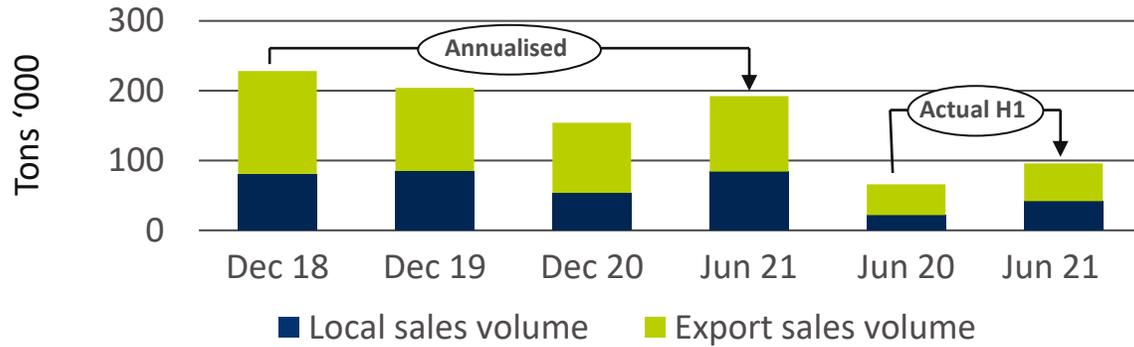
## H2 2021 KEY FOCUS AREAS

- Continue to **improve manufacturing** performance
- Drive **cost reduction** actions / strengthen cost controls
- **Maximise local sales**, particularly beverage can sheet
- Continue ramping up new **automotive sheet volumes** in USA
- Continue **unique technology developments**
- Drive increased **scrap consumption**
- **Working capital** reduction

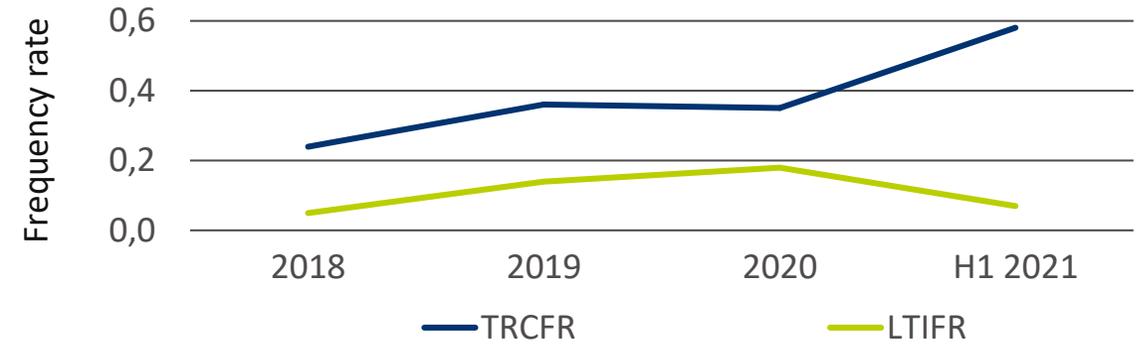


# KEY FEATURES

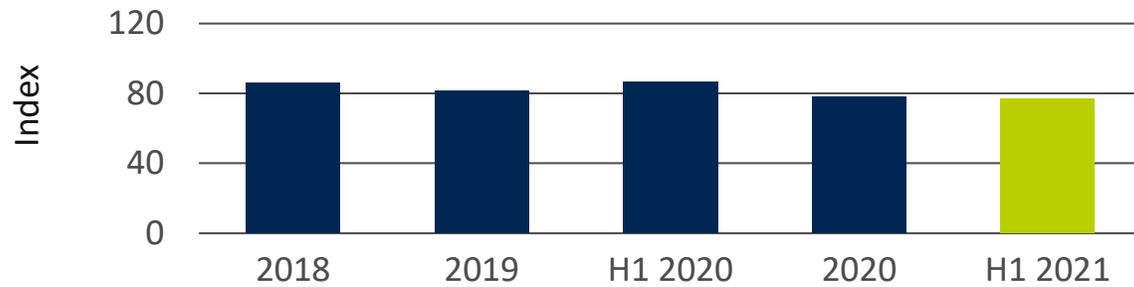
### Annualised sales volumes (Tons '000)



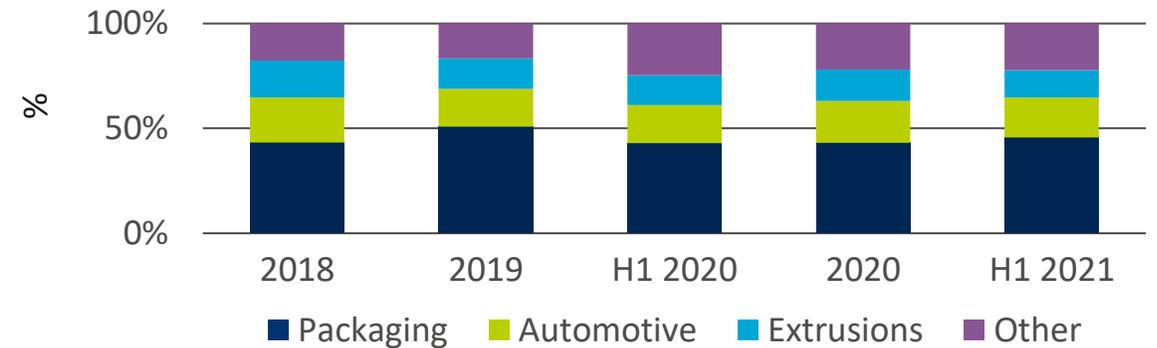
### Safety



### US\$ Rolling margin index

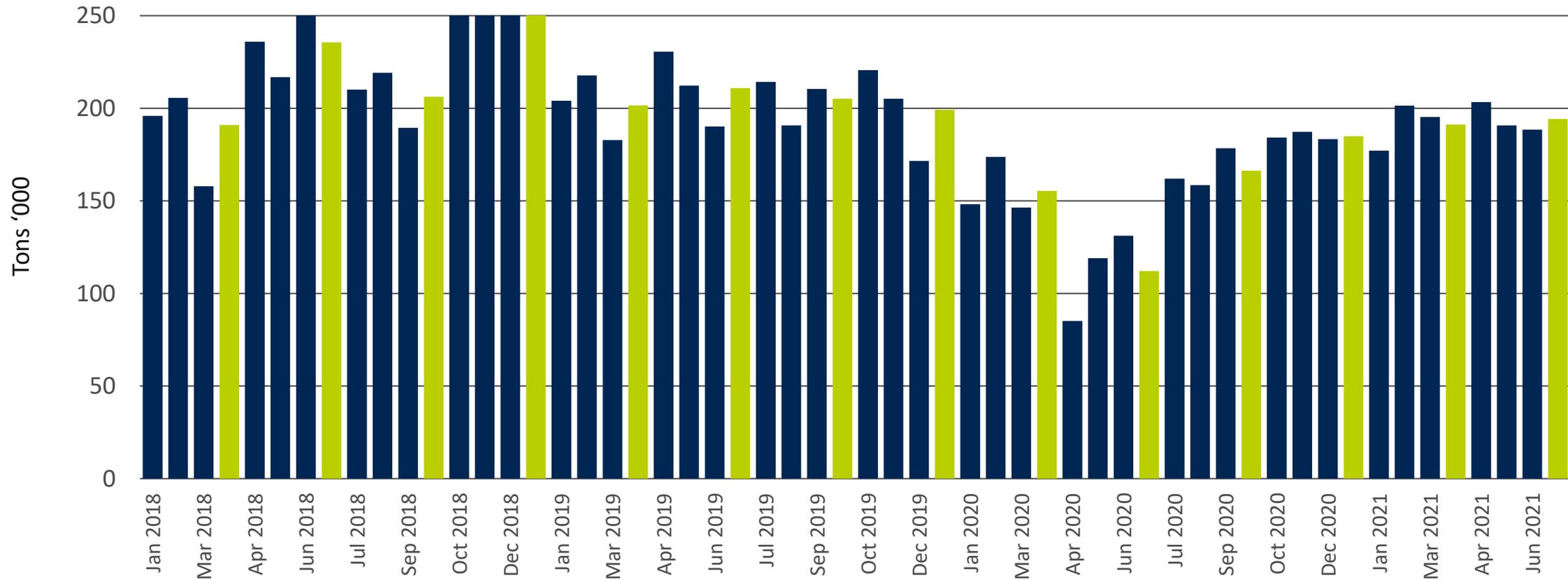


### Group local sales mix (%)

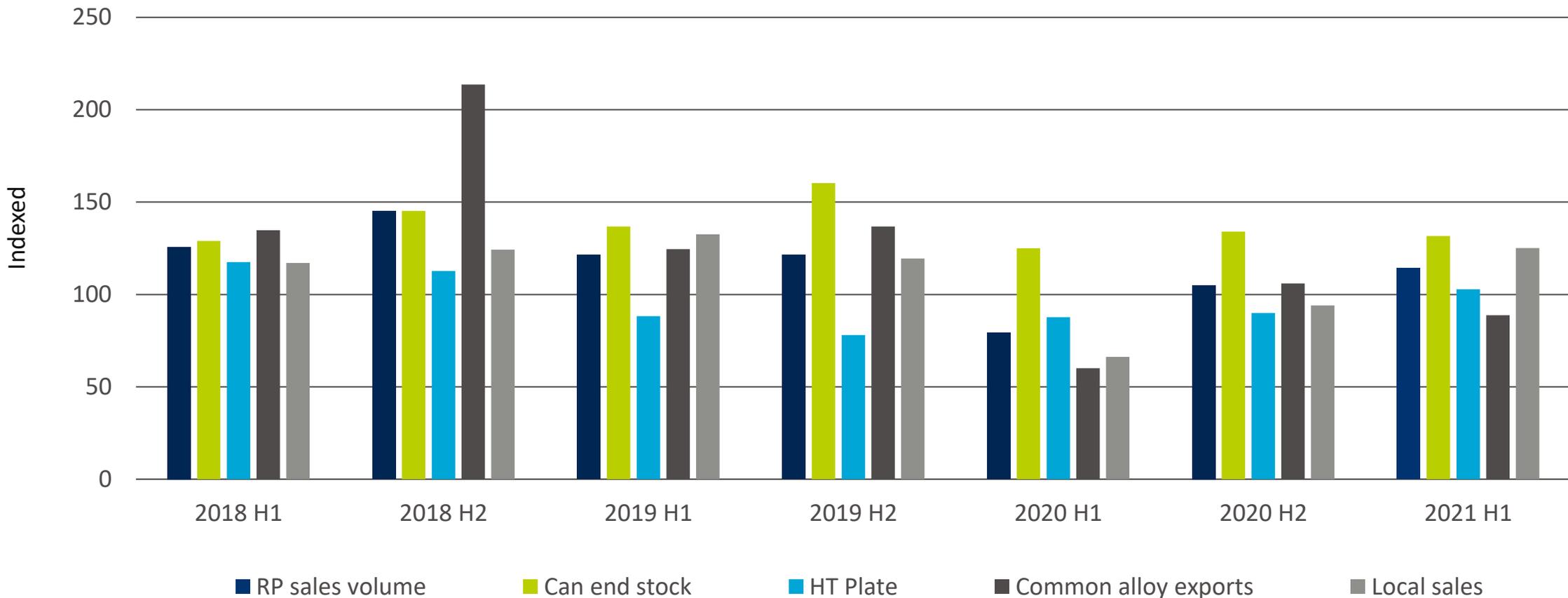


# ROLLED PRODUCTS SALES

## ANNUALISED



# ROLLED PRODUCTS HALF-ON-HALF SALES AND PRODUCT MIX



\* Excludes capitalised borrowing costs

Richard Jacob – CEO

# Operational review – Extrusions

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# EXTRUSIONS

## H1 2021 OPERATIONAL HIGHLIGHTS

- Benefits of restructuring – Lower unit cost
  - Reduced overhead costs
  - Improved manpower productivity
- Improved capacity utilisation and operational efficiency (reduced Covid-19 impact) compared to 2020



## EXTRUSIONS H2 2021 KEY FOCUS AREAS

- Continue to improve productivity
- Focusing on key market segments (improved margin management)
- Customer focus through improved quality, On Time Delivery and Customer service



Richard Jacob – CEO

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# Outlook

## UPDATE ON EVENTS POST – JUNE 2021

- One week production lost 12-19 July 2021 to local unrest
  - ±4 000 tons
  - No damage to plant, property, equipment
- Transnet Durban Port cyberattack (25-28 July 2021)
  - Approx. 2 000 tons July sales delayed into August
  - Cash flow impact >R200 million



# ON GOING TURNAROUND ACTIONS AND BENEFITS

## Rolled Products

- Focus on cost management
- Continued volume ramp-up
- Capacity utilisation to > 105 000 tons for H2
- Commercialisation of new products (technology)
- Currency, geographic premium and commodity impacts on margins and costs
- Healthy order book at rising prices
- Local sales growth especially beverage

## Extrusions

- Consolidate improved profits and cash flows
- Evaluation of medium to long term capacity and capability investments
- Retain and uplift cost controls

## Group

- Focus and cash flow, funding and working capital
- Portfolio rationalisation

