

**FINANCIAL RESULTS
FOR THE YEAR ENDED
31 DECEMBER 2009**

**PRESENTATION TO INVESTORS,
ANALYSTS AND MEDIA**

23 AND 24 FEBRUARY 2010

Highlights

- All strategic capital projects mechanically complete
- Strong cash generation from operations
- Gearing down to 53%
- Final cash dividend of 62cps declared
- Pleasing improvement in safety performance

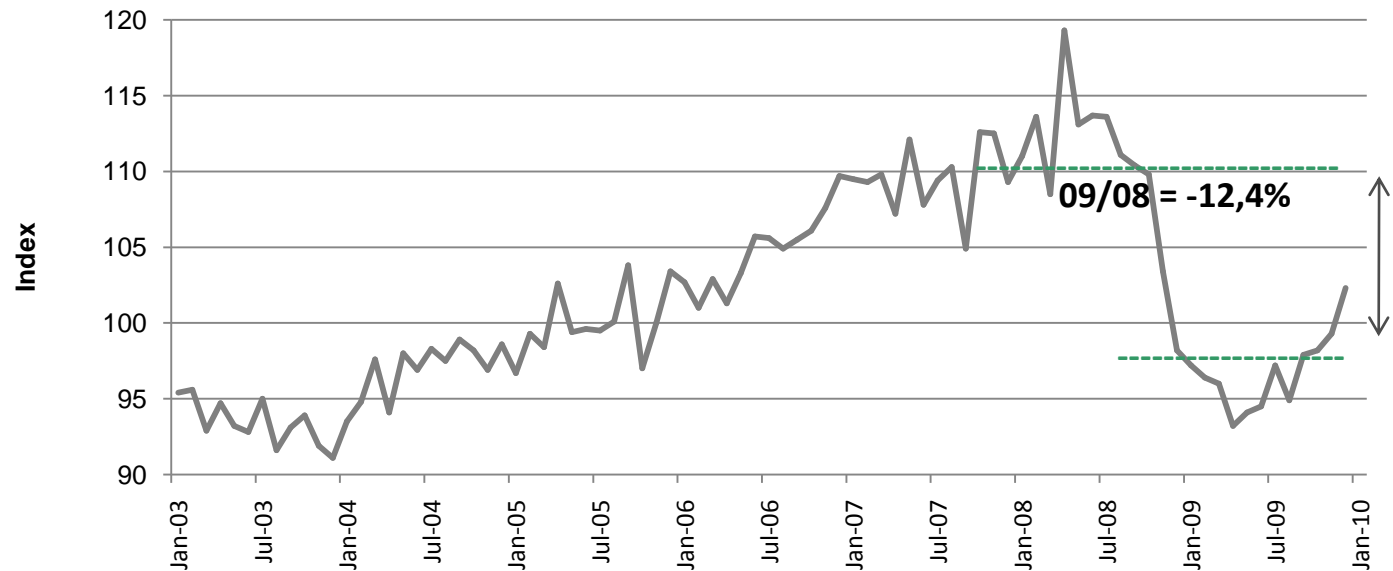
Summary

- Tough market conditions continued in H2, with rand strength a major factor
- Revenue R10,7bn, down 16,7%
- HEPS at 346c, down 16,1%
- Profit from continuing operations down 25,9%
- Net working capital improved to 15,9%, R1,1bn cash generated
- Good progress on land zoning and planning programme
- All major capex projects on track

- Major bad debt in Zambia has impacted results significantly

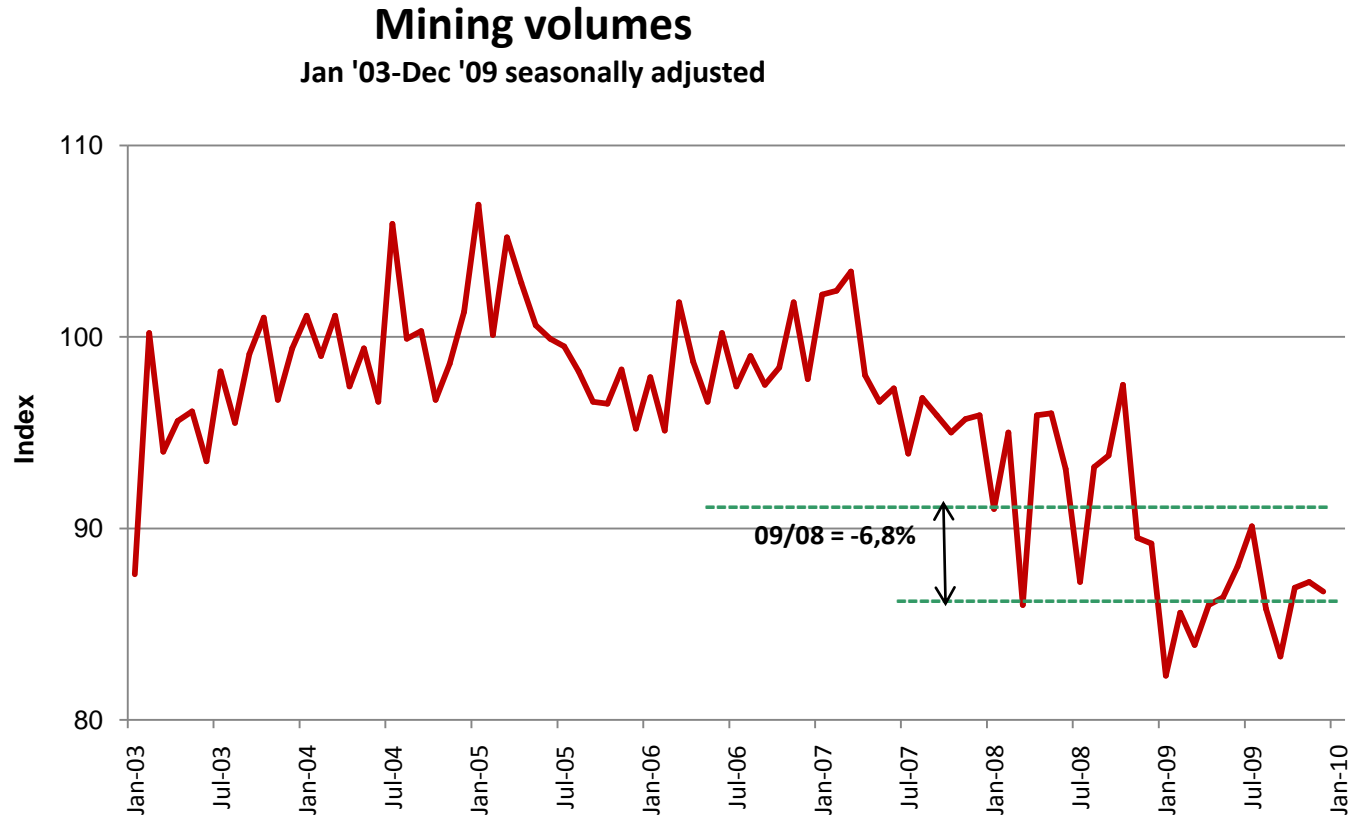
Business environment: volumes slide but start to improve in Q4

Manufacturing volumes Jan '03-Dec '09 seasonally adjusted



Source: Stats SA

Volume improvement cont.



Source: Stats SA

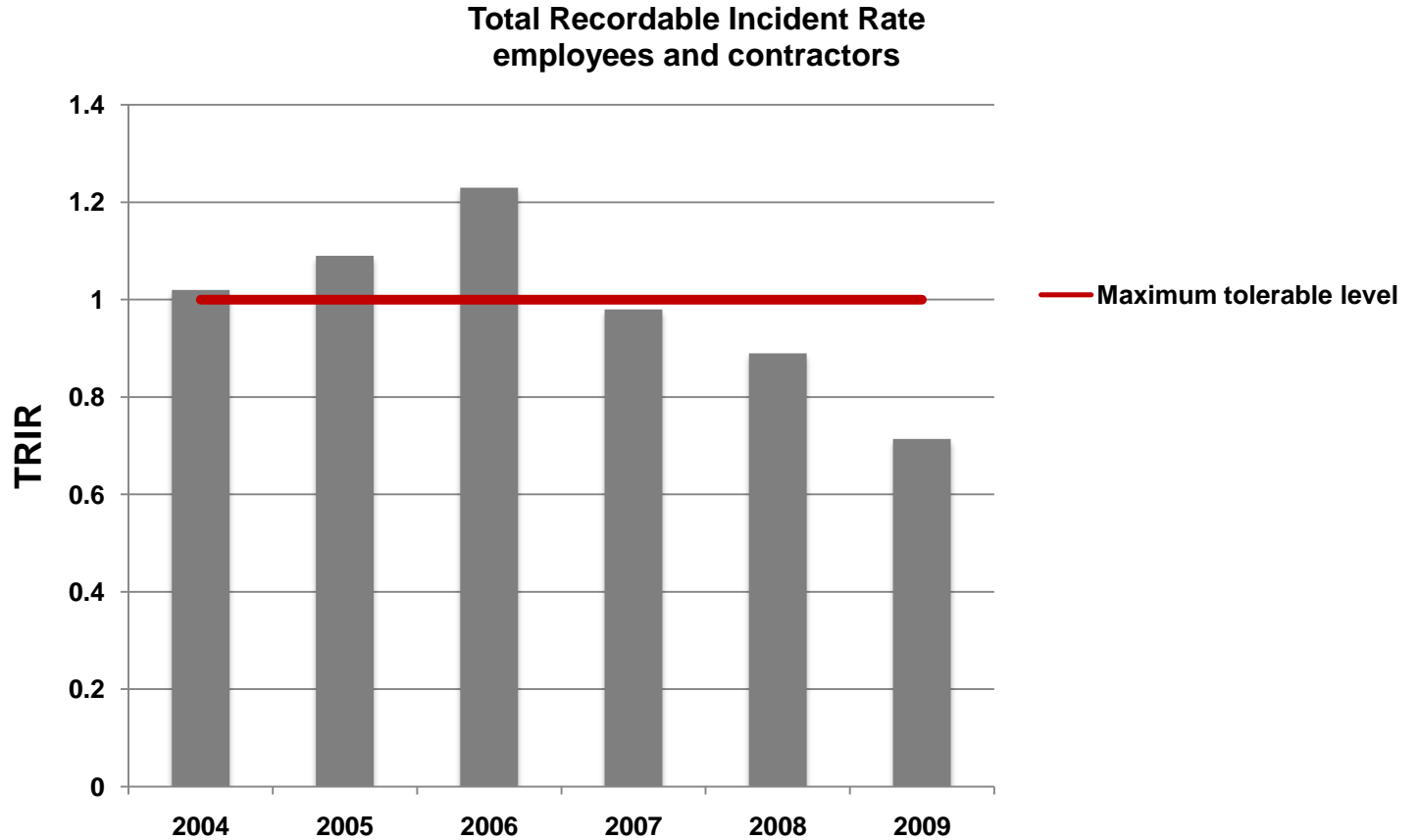
Business environment cont.

- Volumes recovered off mid-year lows, but recovery subdued
 - Rand strength from Q2 put manufacturing and exports under pressure
 - SA consumer spending still depressed
 - Mining volumes improved in H2 but still down
- Property cycle downturn more prolonged and severe than expected
- Commodity prices increased off the lows of Q1
- Customers under extreme cash flow pressures – destocking, focused working capital management the norm

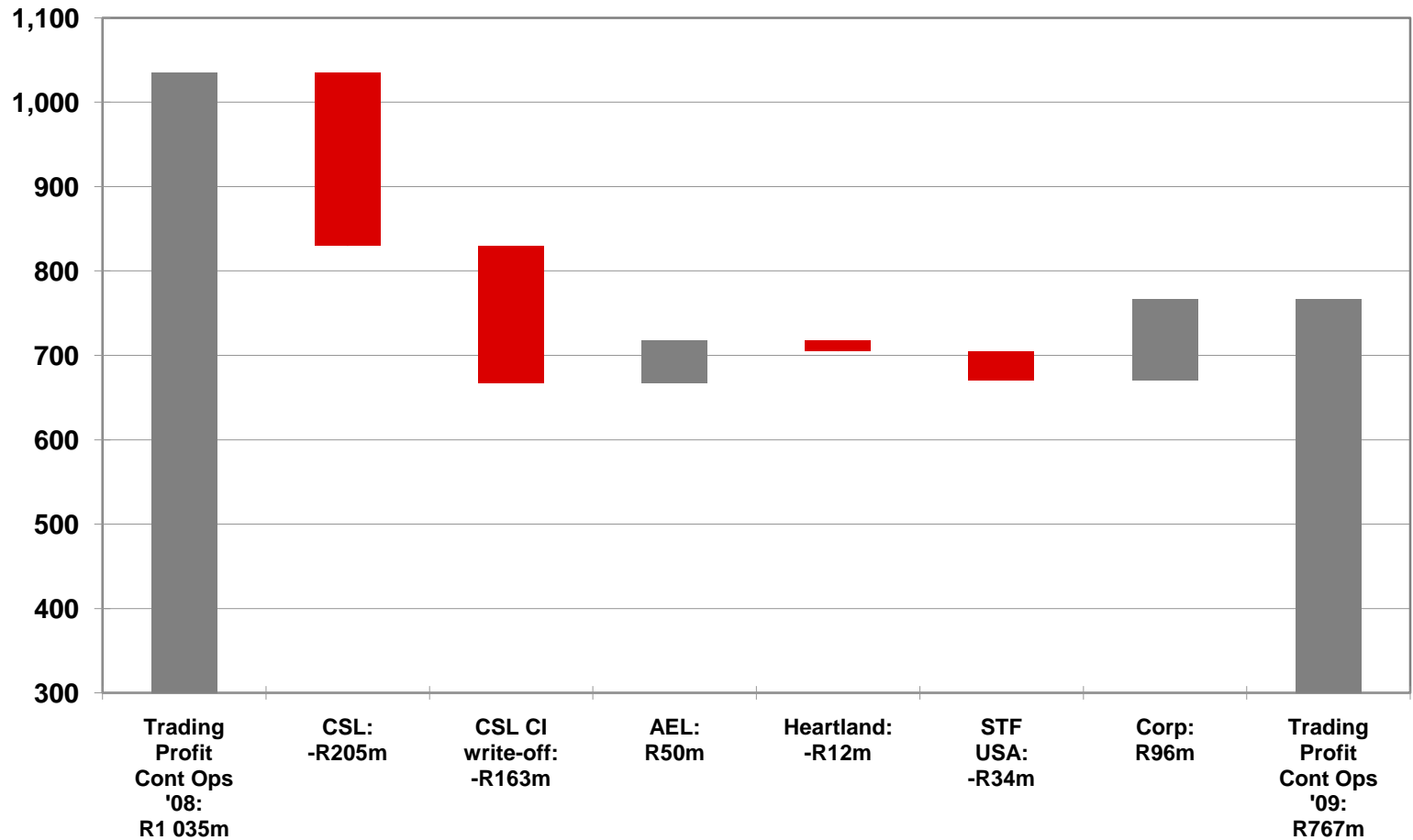
Impact on AECI

- Strengthening of R/US\$ exchange rate caused forex losses in Q2
- Crash in commodity prices caused NRV write-offs (mainly H1)
- Volume drop, severe decline in commodity prices and aggressive cash management by end customer caused bad debt write-off
- Margin pressures continue
- Lack of liquidity impacting on customers, particularly in Heartland where some sales made in '08 were cancelled

Safety and health performance

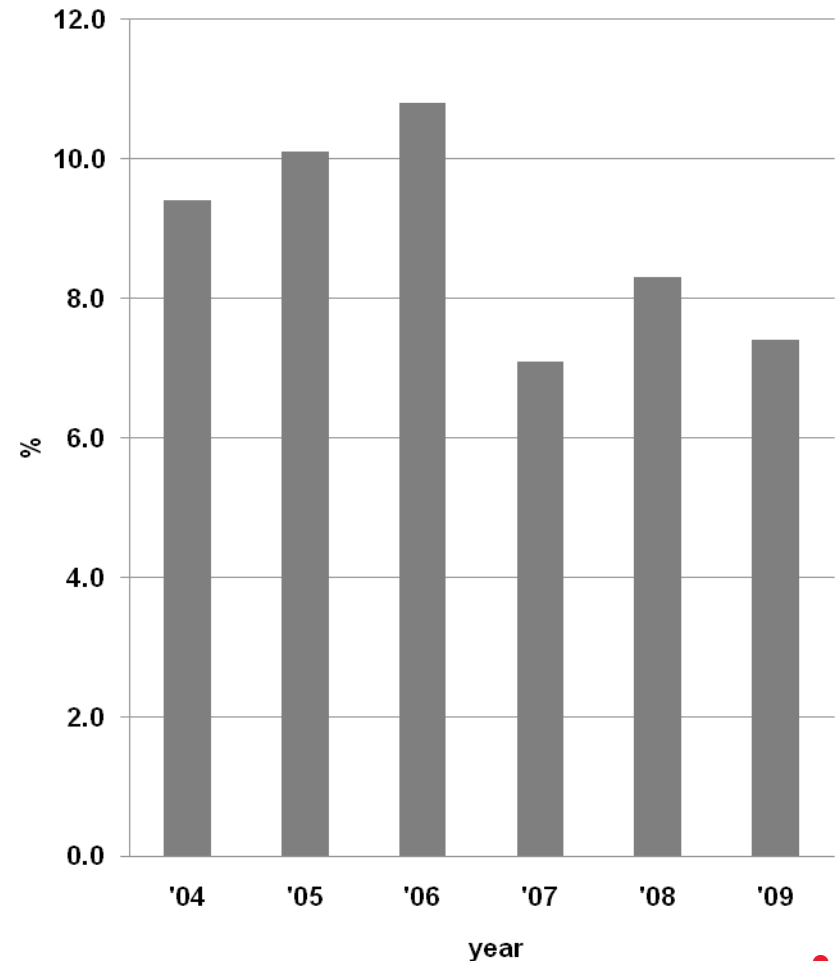


Results '09: profit from continuing operations



Results '09: trading margin and volumes

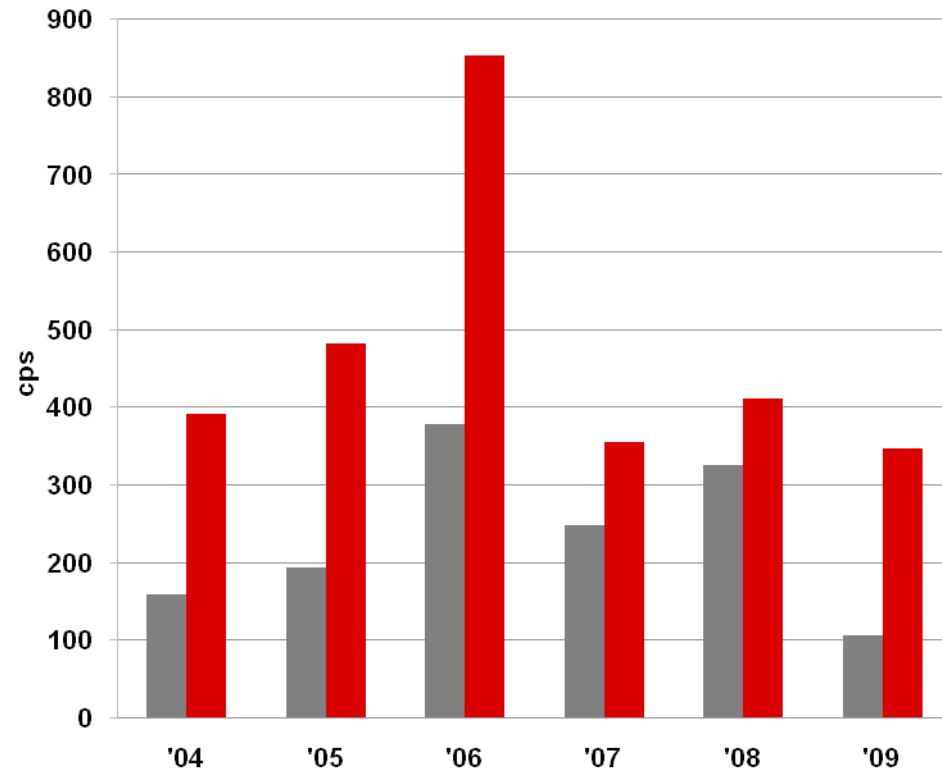
- Trading margin remained depressed
- Chemserve volumes -27%
 - Biggest drop in sulphur sales
 - Manufactured volumes down 10,1%
 - Traded volumes down 41,8%
- AEL volumes up 2,7% due to foreign expansion
- Foreign sales down 25,4% in rand terms largely due to reduced sulphur prices
- In general, market share maintained or improved



HEPS

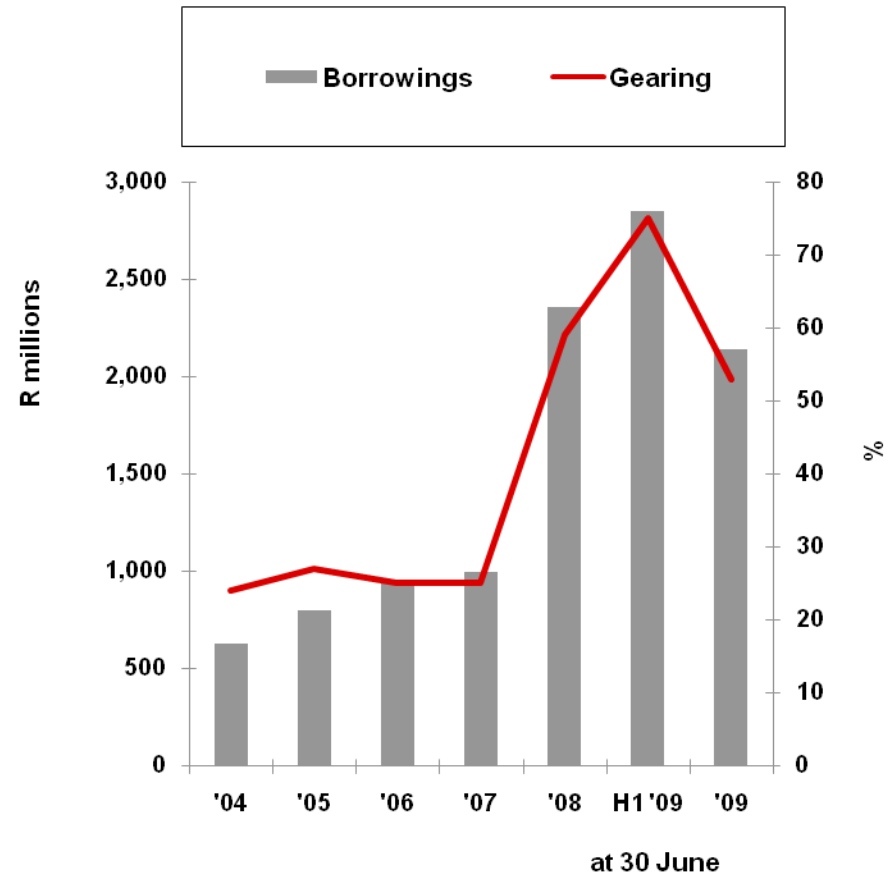
- HEPS down 16%
- “Non-trading” effects
 - CI write-off: 110cps
 - Forex and inventory revaluation adjustments: 84cps (77cps)
 - Restructuring costs: 34cps
 - PRMA liability increase: 50cps (82cps)
 - PF assets: 23cps (-47cps)
- Trading profit from continuing operations down 25,9%

Half- and full-year HEPS

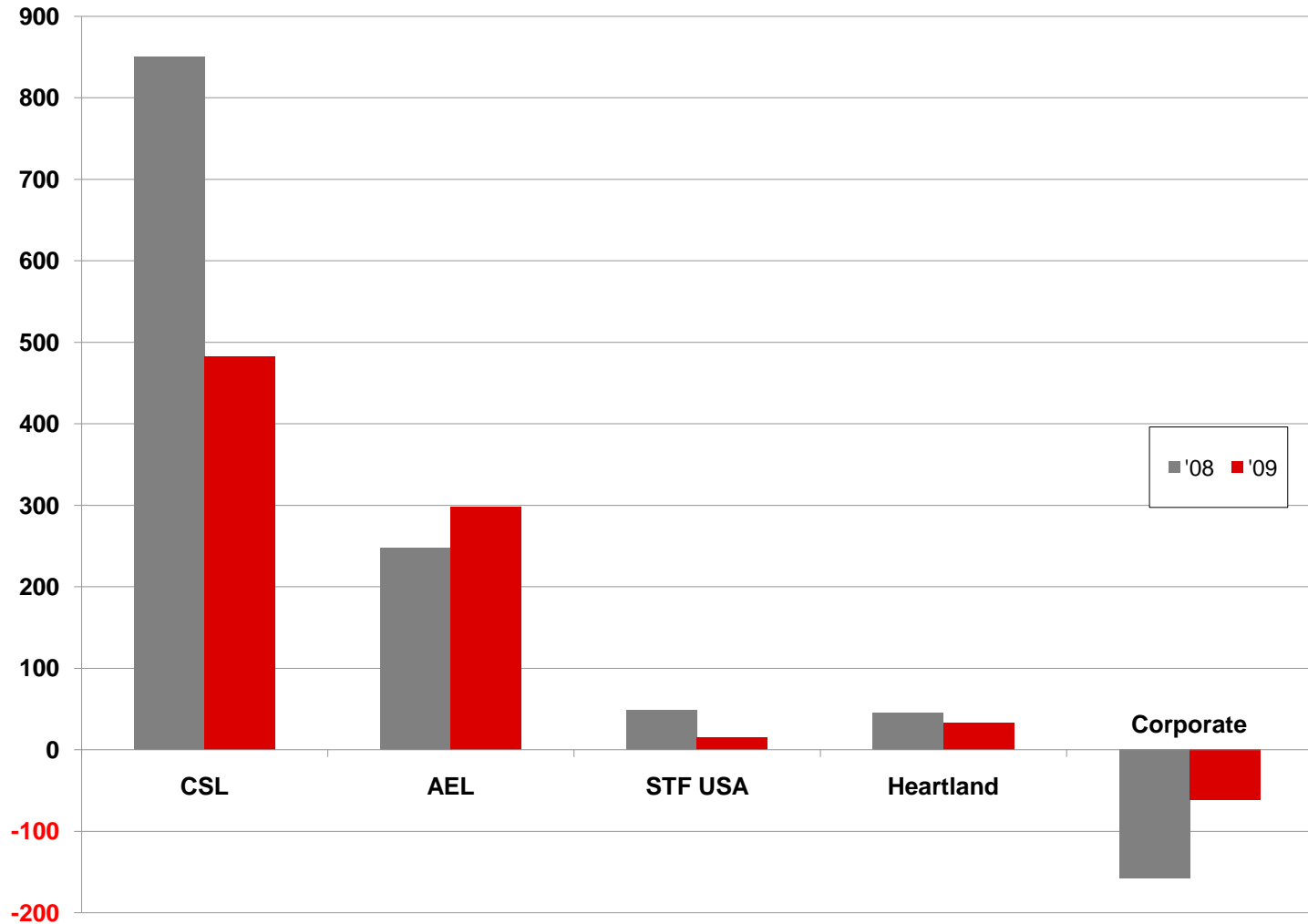


Results '09 cont.

- Capex R1,2bn – incl. R963m for expansion projects
- NWC improved to 15,9% from 19,2%
- Borrowings down R216m to R2 143m
- Gearing 53%
- Cash interest cover 3,5x
- All loan covenants met
- Dividend 62 cps



Results '09: profit from continuing operations





CHEMICAL SERVICES

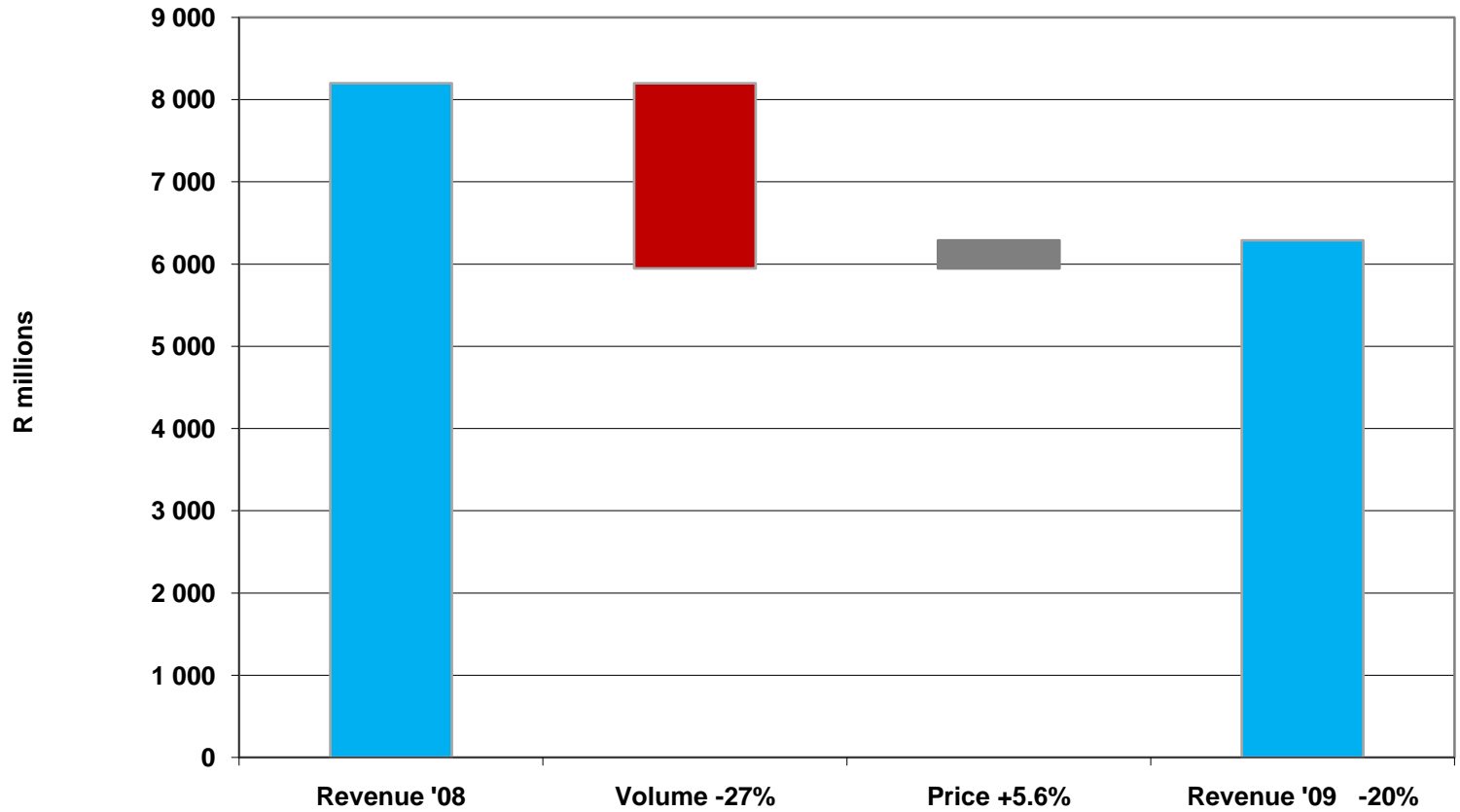
Chemical Services: environment

- Very slow start to the year - mining treatment activities severely curtailed, and heavy manufacturing on short time
- Prices supported by weak rand in Q1, and by stronger oil price from Q2, but put under pressure by strong rand

Chemical Services: Zambian bad debt

- CI traded large volumes of sulphur with a distributor in Zambia in '08 for mines in the region
- The price of sulphur declined rapidly and severely between Aug and Dec '08
- The large debt was assessed to be sound and collectible at that time
- During '09 part of the debt was recovered in cash and inventory
- In the latter part of '09 it became apparent that the balance of the debt could not be recovered
- Management has provided R125m in respect of the probable bad debt
- Further adjustments in price, foreign exchange revaluations and NRV inventory adjustments amount to R38m

Chemical Services: price and volume analysis



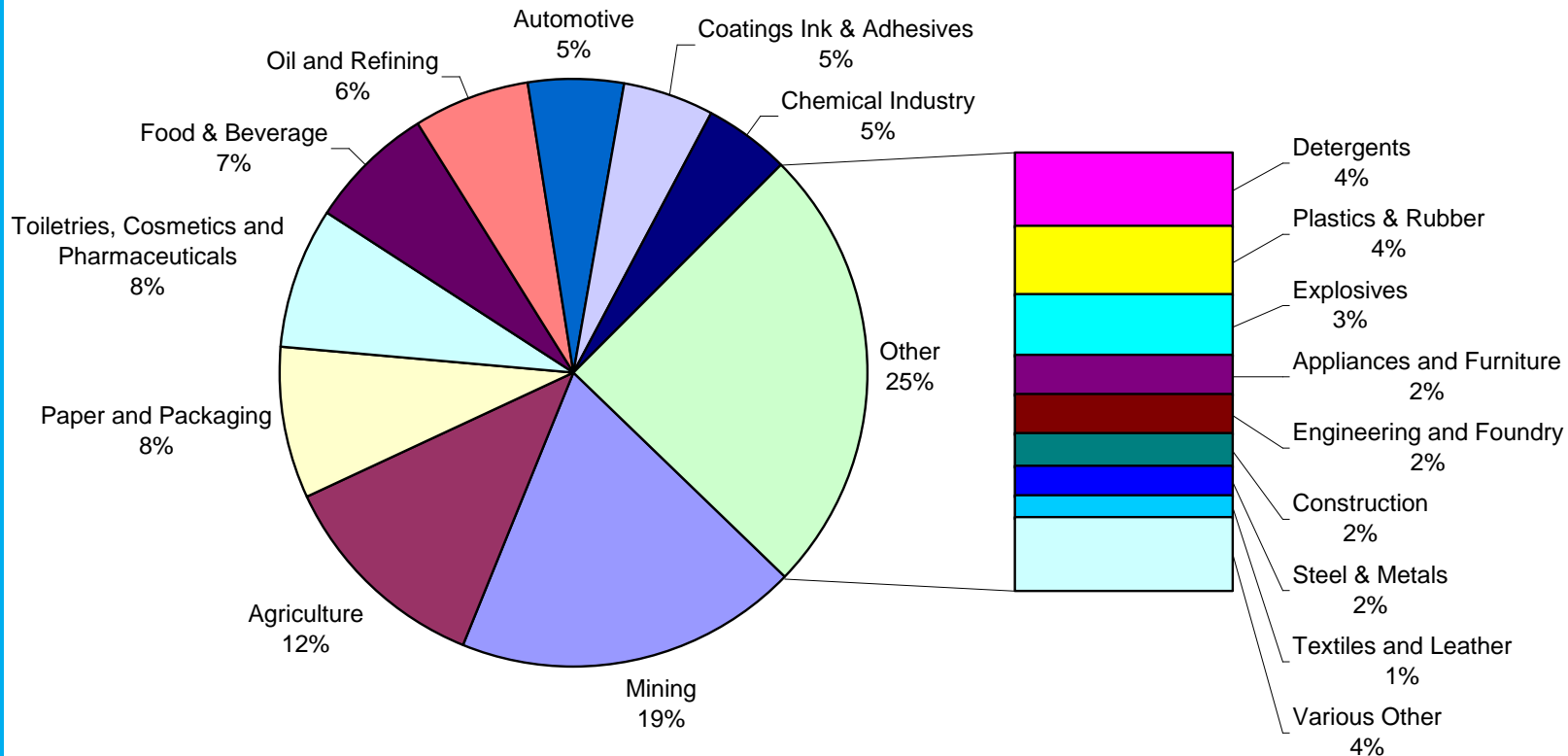
Chemical Services: performance

- Volumes -27% on '08 (excl. CI volumes: -8,4%)
- Prices up 5,6%, manufactured down 5,1%, traded up 18,5%
- Working capital reduced by R1 022m over the year in line with demand
- Excellent performances from Crest, IOP, Lake and Perlite
- Good performance from Senmin in a difficult environment
- Gross margin percentage up
- Considerable costs taken out
 - Restructuring of companies
 - Production costs fell by R31m

Chemical Services: performance

- Revenue R6 524m -23%
 - TP R483m -43%
 - Trading margin 7,4% ('08: 10,1%)
-
- Majority of inventory and foreign debtors revalued in H1
 - Inventory write-down in '09 on NRV R88m
 - Exchange losses and fair value adj. R14m
 - Zambian distributor bad debt written off R125m

Chemical Services: '09 sales by industry



Up: paper and packaging, food and beverage, personal care, oil and refining, coatings and adhesives

Down: automotive, appliances, detergents, agriculture and mining

Chemical Services: growth strategies

- CS₂ plant commissioned and run at nameplate capacity
- Xanthate plants technology proved, rates limited by dryer operation, project underway to remove bottleneck
- Capital programme in final stage:
- AM and PAM
 - Under commissioning
 - Currently the fermentation sterility guarantee and tank farm commissioning underway
 - Product verification trials start in April

Chemical Services: growth strategies CS₂



Chemical Services: growth strategies PAM



Chemical Services: growth strategies cont.

- Resitec fractionation column running
 - Certain products not yet at required quality
 - JV partners collaborating to fix
 - Market exists for products
- Sulphonation plant complete, final stage of exiting Wynberg site underway
- Focus is now on commercialisation and optimisation of completed plants
- '09 acquisitions of Cobito and CH Chemicals satisfactorily merged into Lake and Crest
- Cautious re-entry to acquisitions market

Chemical Services: growth strategies sulphonation



Chemical Services: outlook

- Lessons learnt from the bad debt implemented
- Underlying Chemserve model remains appropriate
- Strategy reviewed and confirmed
- Businesses restructured
- Cost base improved
- Mining and manufacturing sectors improving
- Capital spent and contribution from those investments expected in '10
- Contribution and gross margin up in '09
- At September '09 presentation
 - Trading margin to improve to above long-term levels
 - Management target set back by 12 to 18 months

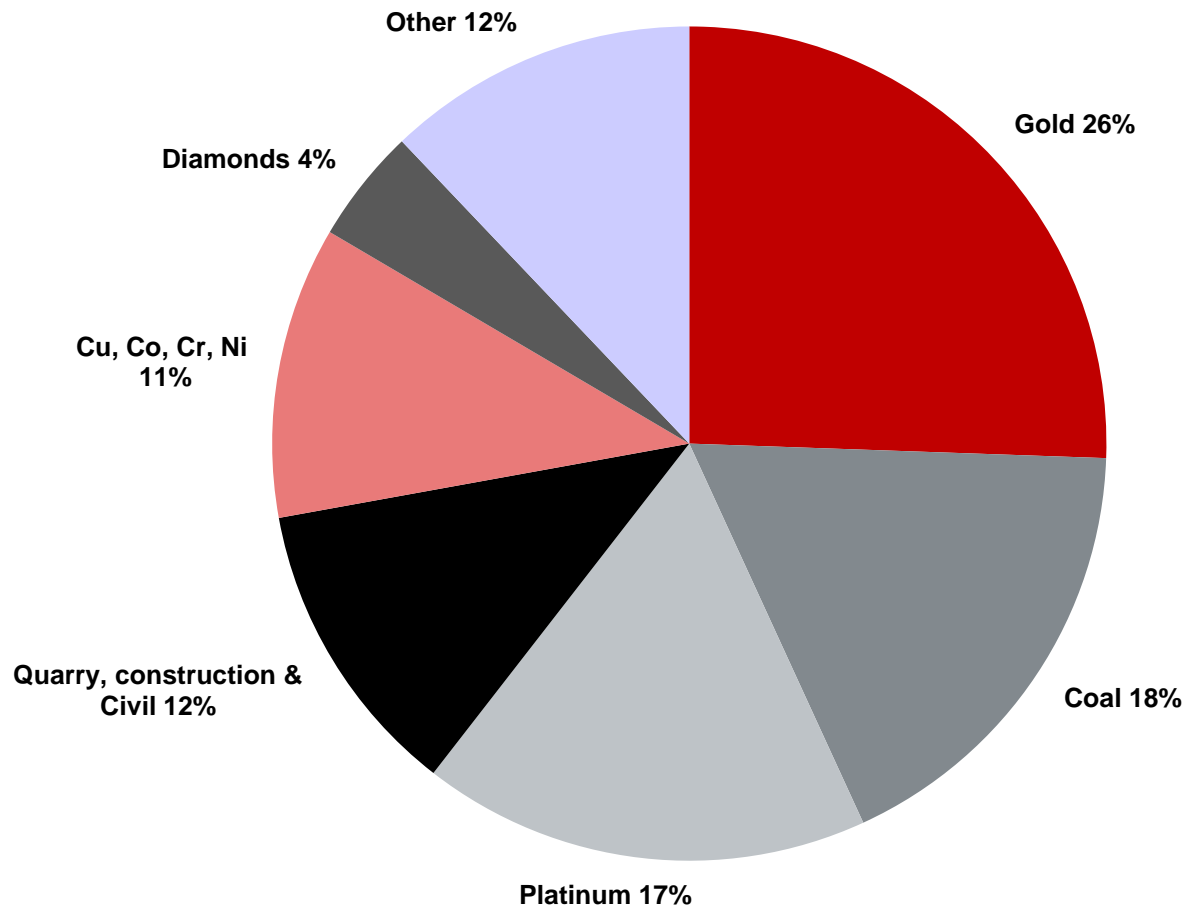


**AEL
MINING SERVICES**

AEL Mining Services: environment

- Selective recovery evident in H2
- Ammonia price declined off November '08 peak
- Rand strength diluted Africa and International earnings
- Price pressures prevailed as demand softened
- Foreign demand for AEL products remained firm
- Surface gold, coal and copper held up
- Platinum, diamonds, quarrying and industrial nitrate sales down
- SA narrow reef volumes continued to soften

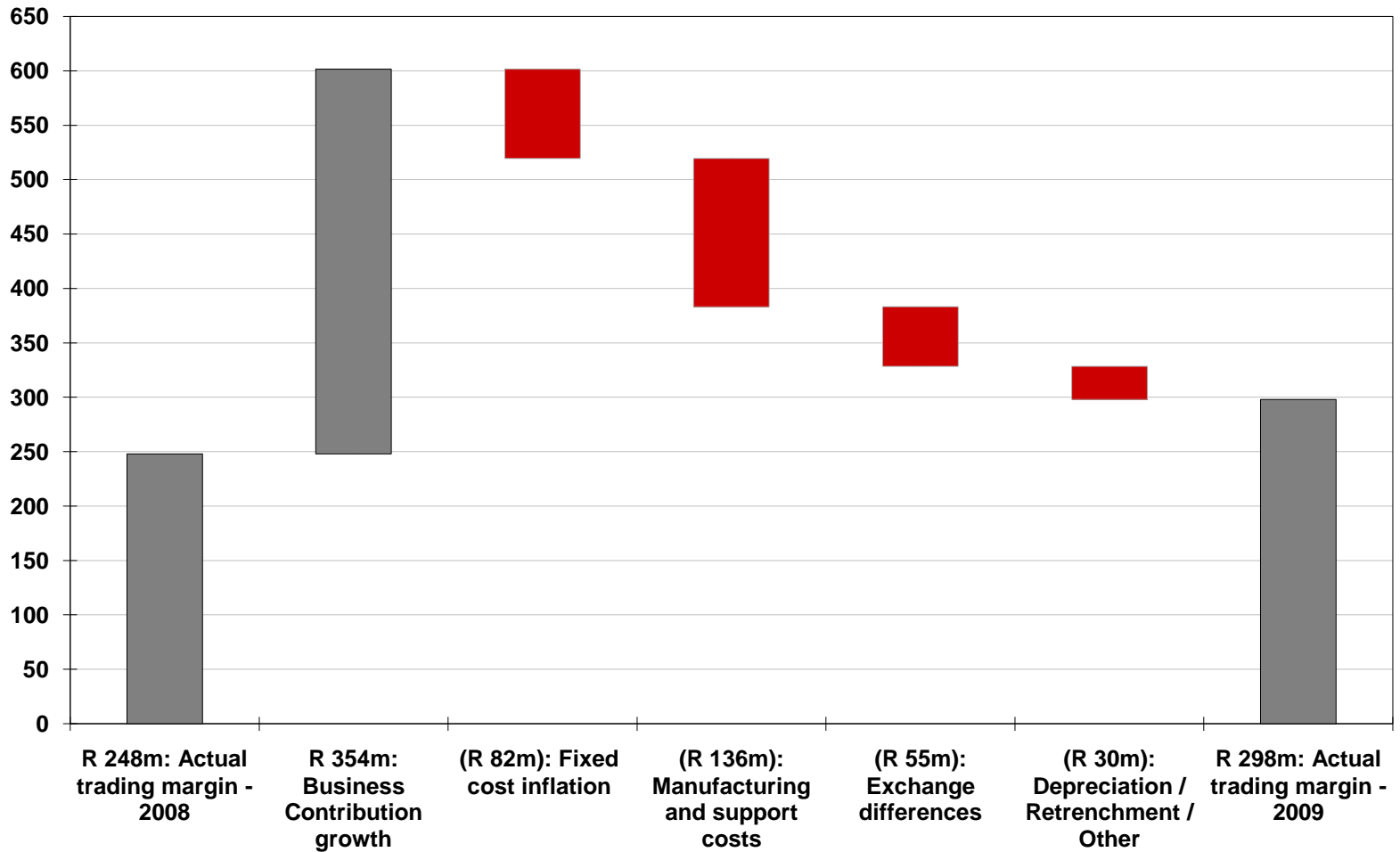
AEL Mining Services: sales by industry



AEL Mining Services: '09 performance

- Reacted fast to market changes – grew foreign operations
- Revenue R4 091m flat
- TP R298m +20%
- Trading margin 7,3% ('08: 6,1%)
- Year-on-year weighted volumes up 2,7%
- Working capital down from '08 peak of 21,9% to 15,7%
- Cash flows improved despite capital and growth programme

AEL Mining Services: '09 performance



AEL Mining Services: projects

- Capital investment programme – R439m
- ISAP automated shocktube plant – R170m
 - All operating plants installed – peripherals during ramp-up
 - Extruded shocktubing plant running at 95% efficiencies
 - +280m metres sold
 - Detonator plants ramping up
 - +60m detonators produced
 - All auto assembly lines ramping up
 - +1,8m final products sold
- Converted 18m more narrow reef holes to shocktube
 - Ahead of target; product well received
 - Customer conversion 85% complete – balance in '10
 - Focus on ramp-up in '10



AEL Mining Solutions: International

- Pleasing progress
- SE Asia focus:
 - Indonesian coal
- 4 contracts: largest is 50% of Kaltim Prima Coal
- KPC (Oct '09):
 - World's largest thermal coal exporter
 - Successfully deployed plant and set up full service offering
 - Fastest deployment of an operation of its kind
 - All start-up targets met
 - More than US\$15m invested – over 80 000tpa



AEL Mining Services: strategy and focus

- Value and growth strategy: balanced, healthy portfolio; increased foreign focus
- AEL Southern Africa
 - Continually improved value propositions
 - Progressive hi-tech mining optimisation solutions
 - Product and service innovation - performance contracting
- AEL Africa
 - Established quality positions; deliver value; selective expansion
 - Central Africa growth evident
- AEL International
 - SE Asian hub expansion; consolidation in '10
 - South American and European channel partnerships
 - Innovative hi-tech products for wholesale



HEARTLAND

Heartland: business environment

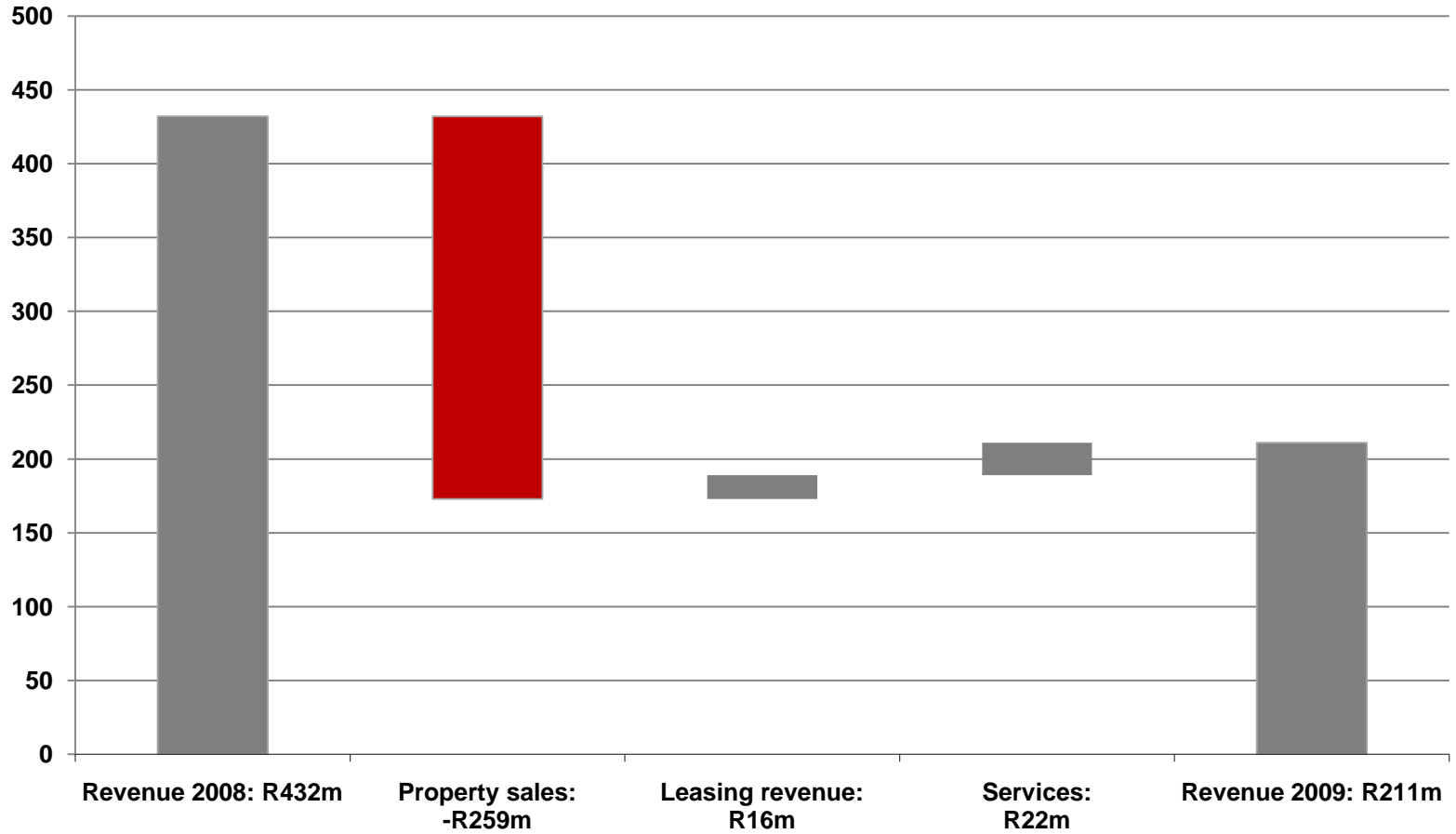
- Financial institutions re-evaluating exposure to property
- Loan conditions for property subject to more stringent terms
- Downward pressure on rentals and increases in vacancies
- Increasing levels of bad debts

Heartland: performance in context

- Disappointing performance
- Property lags economy and recovery is slow
- Cancelled/defaulted sales R104 m
- Negotiations ongoing with a reputable developer and a national group
- Shopping centre transaction cancelled in favour of redevelopment and later review
- Portfolio performed well – 9,8% growth in net rental
- Bulk of environmental management work completed

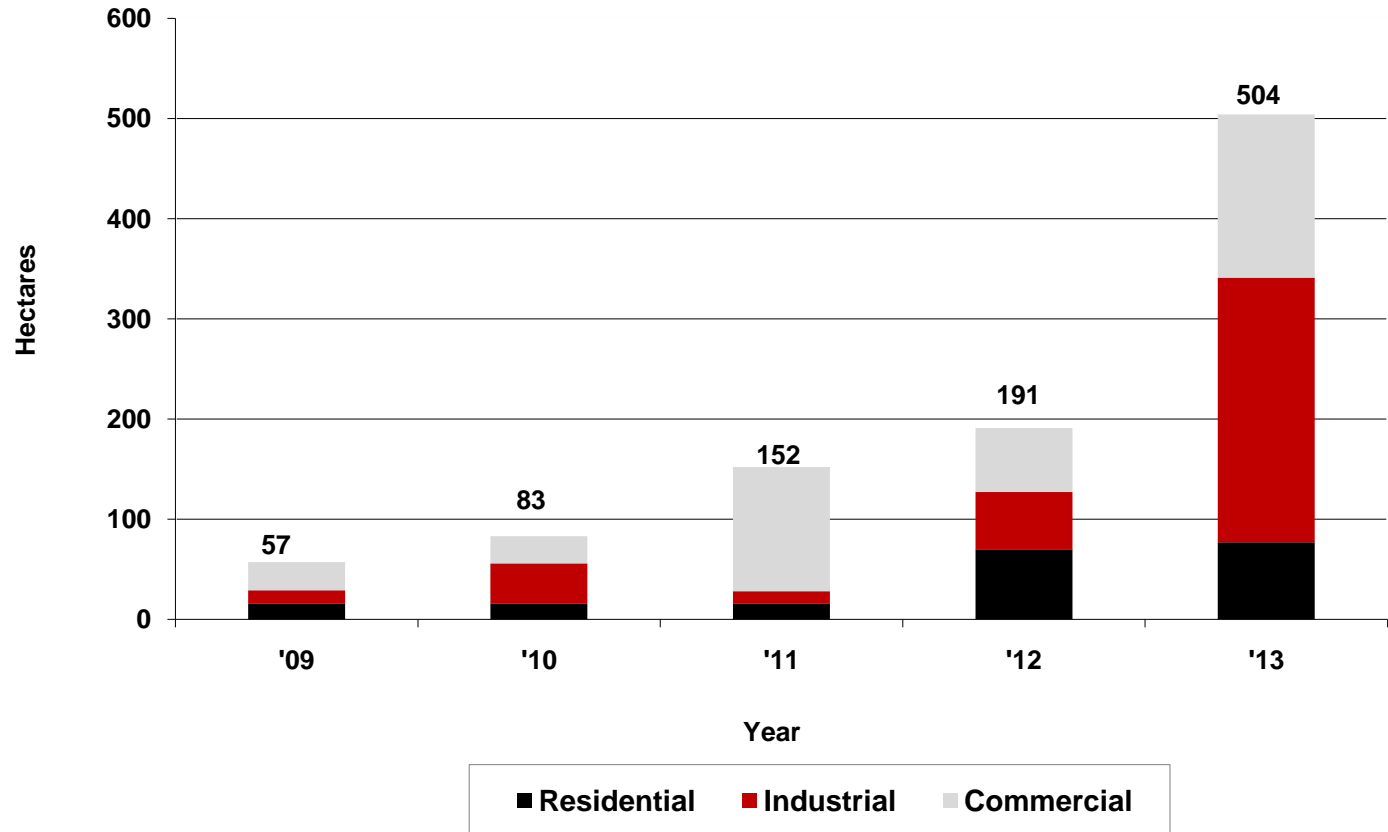
Heartland: '09 performance cont.

Revenue



Heartland: land development

Filling the pipeline

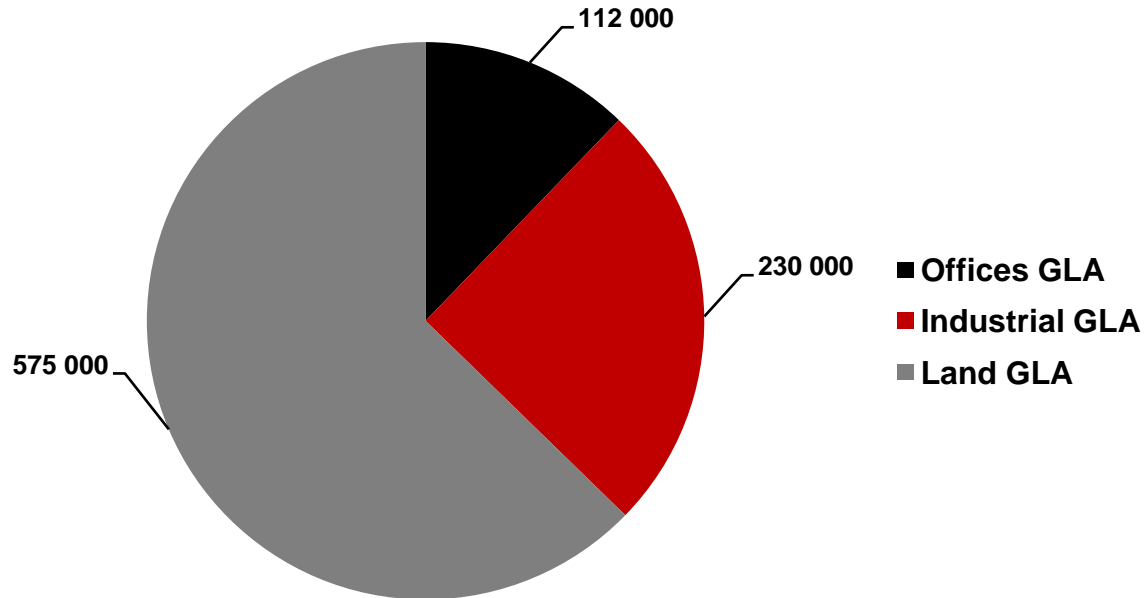


Gautrain



Heartland: property portfolio

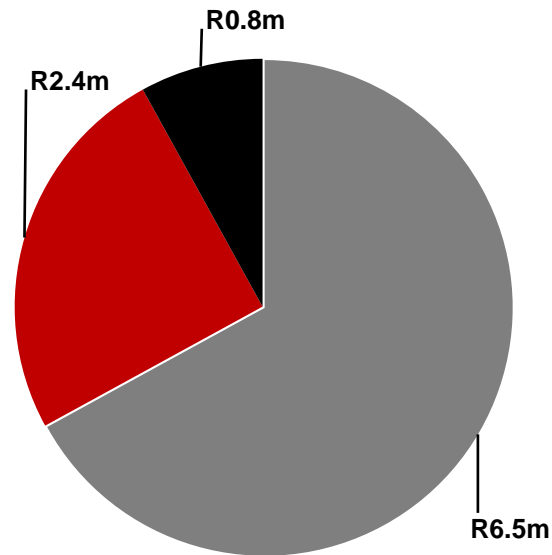
Gross lettable areas (GLA) m²



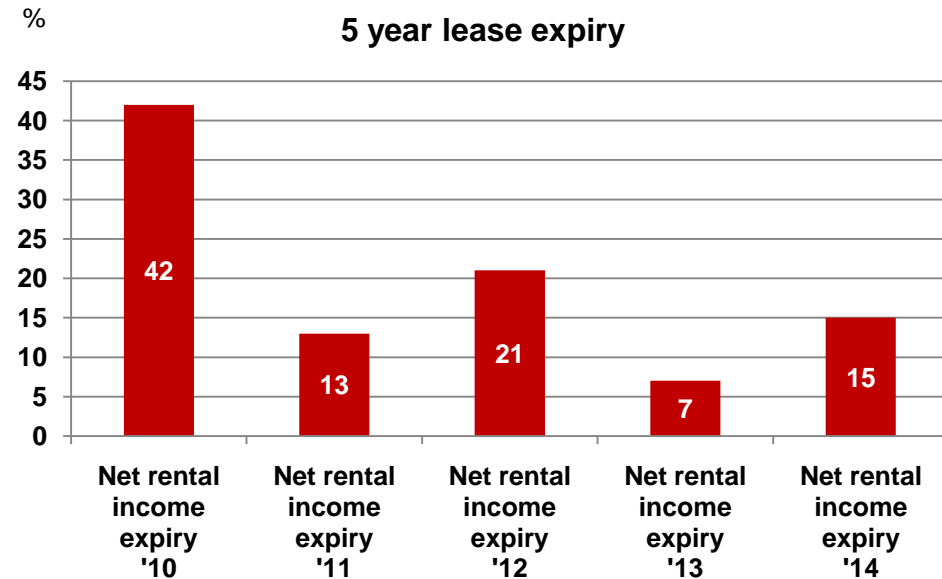
- B and C grade properties – R480m
- Average net rental
 - Offices R37/m²
 - Industrial R29/m²
 - Land R5/m² (not in statistics)
- Ops costs recovered R6–8/m²

Heartland: property portfolio income potential

Net rental income from occupied GLA



■ Gauteng ■ KwaZulu-Natal ■ Western Cape



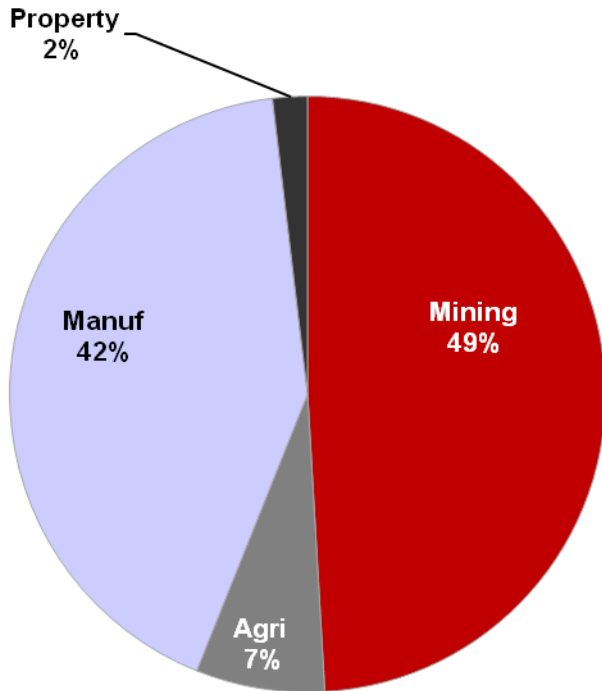
- Vacancy: 21,40% R2,6m
- Capex required to lease, so only done to tenant requirements
- Create strategic industrial park
- Excellent property management

SANS Technical Fibers: review

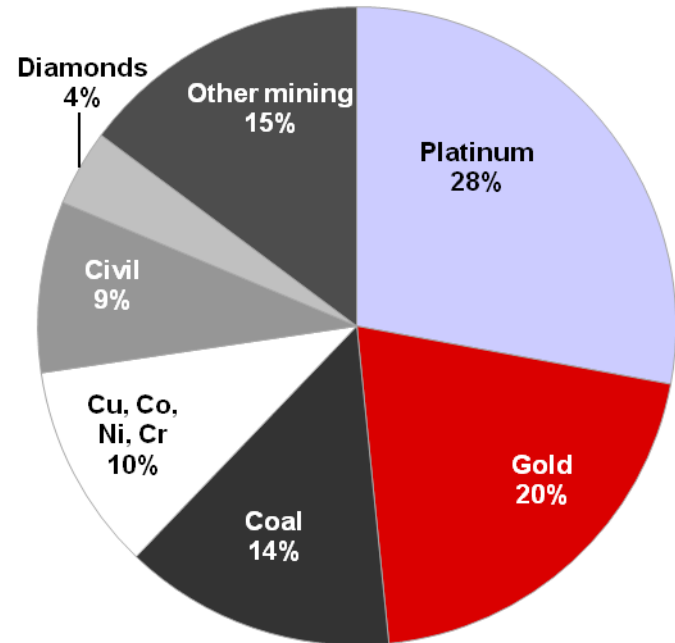
- Revenue US\$27m -25%
 - TP US\$1,1m -77%
-
- Volumes down 12%
 - Business turnaround from loss position in H1
 - Strong cash generation: US\$5,2m
 - Order book full for Q1 '10
 - Successful export market developed in Europe and Asia
 - Capex spend of US\$1,4m and forecast capex of \$2,7m in '10, largely for installation of Bellville spinning plant
 - Completion in Q4
 - Output expected to increase by 30%

Positioning, drivers of growth and outlook

'09 revenue split



'09 mining sector sales



Positioning, growth drivers and outlook

- Mining volumes appear to have bottomed
- Manufacturing volumes fragile at current R/US\$ rates but also appear to have bottomed
- Property unlikely to recover significantly in next 12 months
- Cost base of all businesses now in line with current levels of throughput
- Market share and margins have been (at least) maintained
- Businesses well positioned to take advantage of market growth
- Ramp-up of new plants will have positive impact on margins and revenue

Calendar

- 24 May: AGM
- 30 June: financial half-year end
- 28 July: '10 interim results released
presentation, Johannesburg
- 29 July: presentation, Cape Town
- September: presentation and site visit
AEL Mining Services