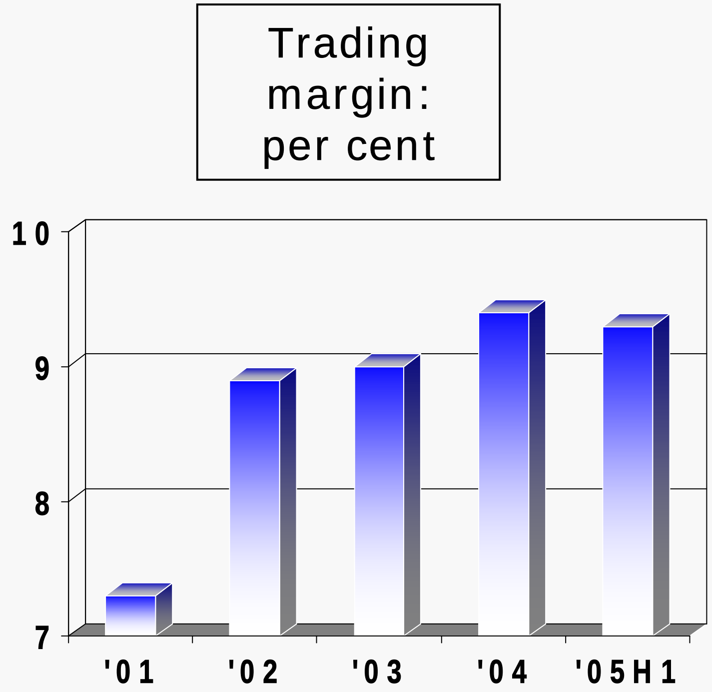
AECI Limited

Presentation to
Investors and Media

26 and 27 July 2005

Summary

- Pleasing performance from portfolio with all operations posting increased trading profits
- Progress with key strategic initiatives of margin and cost control, growth through acquisitions and innovation



Summary

- Headline earnings per share up 23 per cent
- Revenue R4 billion
- Balance sheet ratios sound; working capital increased from historic lows
- Continue to manage volatile external factors (currency and input costs)

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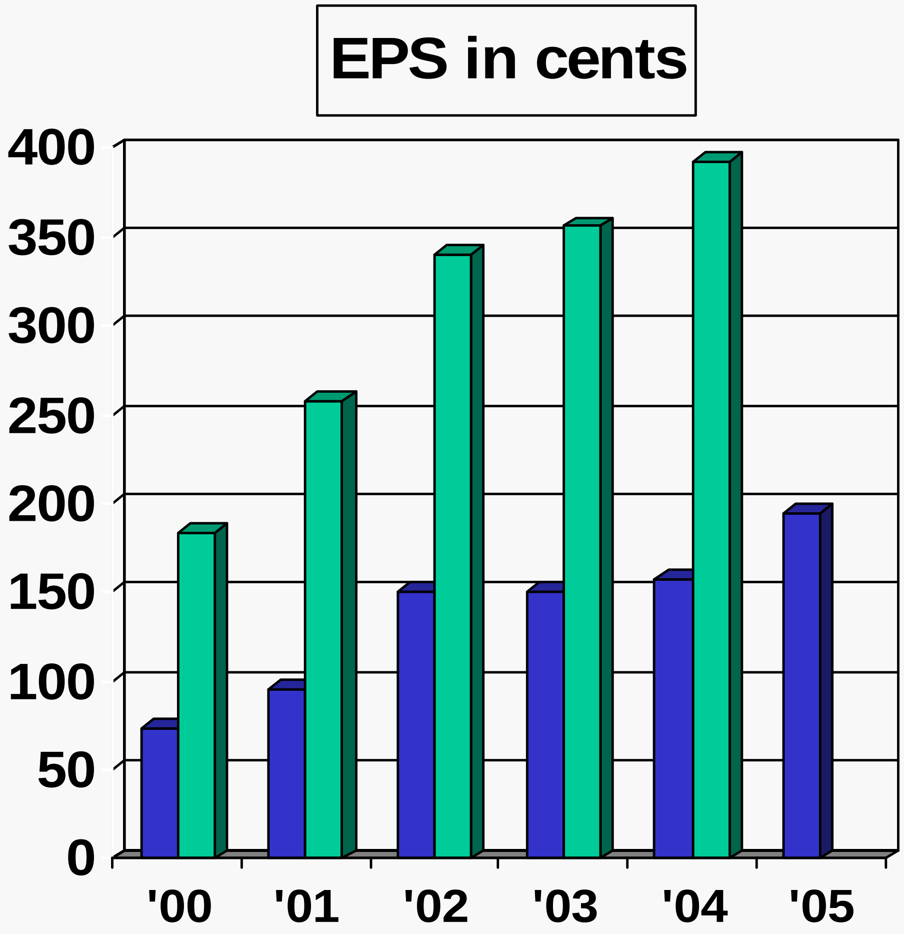
Pleasing performance

- Maintained earnings growth in spite of continued currency strength, volatile input costs, sluggish growth in manufacturing sector and pressure on gold mining

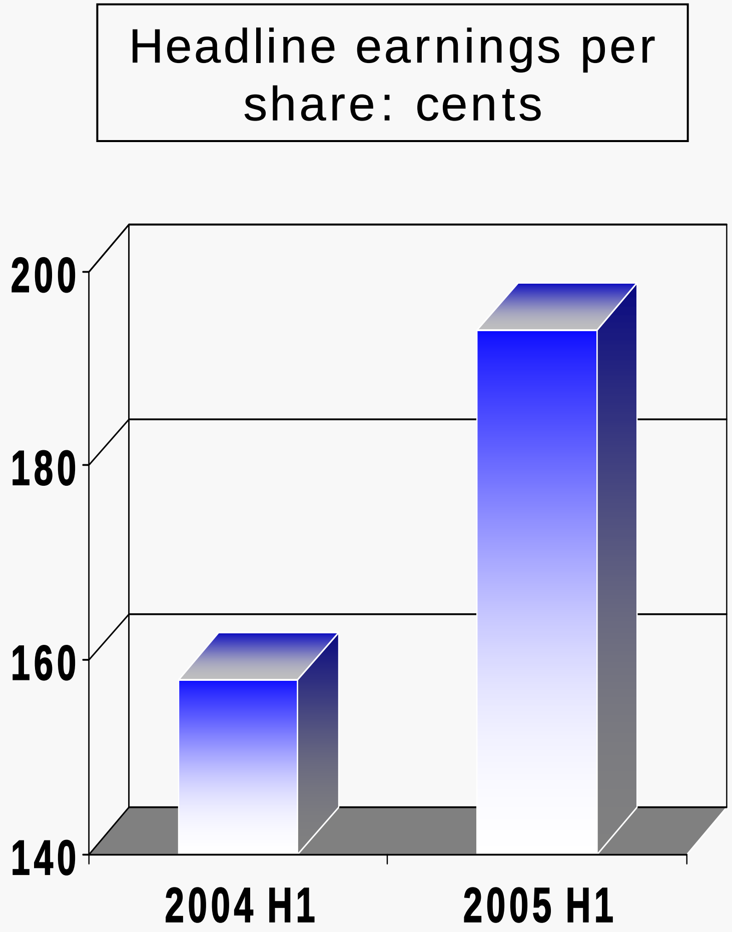


Business environment

- Much of the same
- Low inflation, low interest rates, and positive consumer confidence continued
- Mining, particularly gold, and manufacturing still under pressure from relatively strong rand
- Demand stable
- Oil price higher, some raw materials scarce but improving, prices volatile
- Rand on weaker trend?

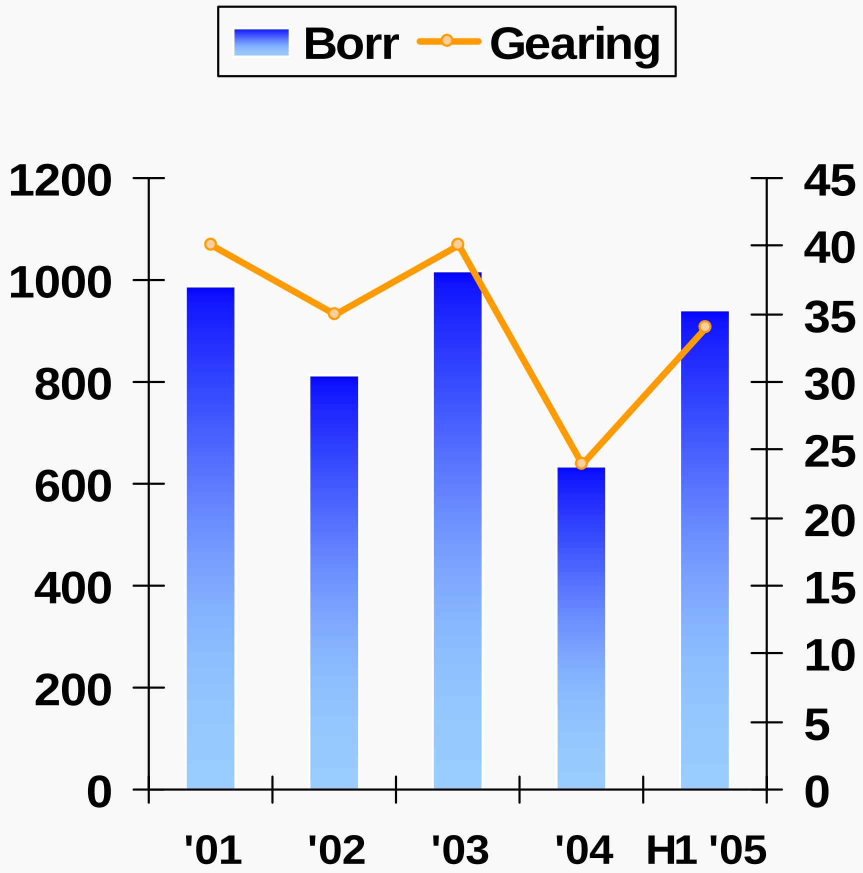
Results for 2005 H1

- HEPS +23%
- Volumes marginally lower
  - Plant shutdown, Zim, gold
- TP margin increased by 1.5 percentage points
  - CSL solid, others improved
- Revenue +3%
  - Domestic revenue unchanged
- Foreign sales +19% in rand but +28% in dollars

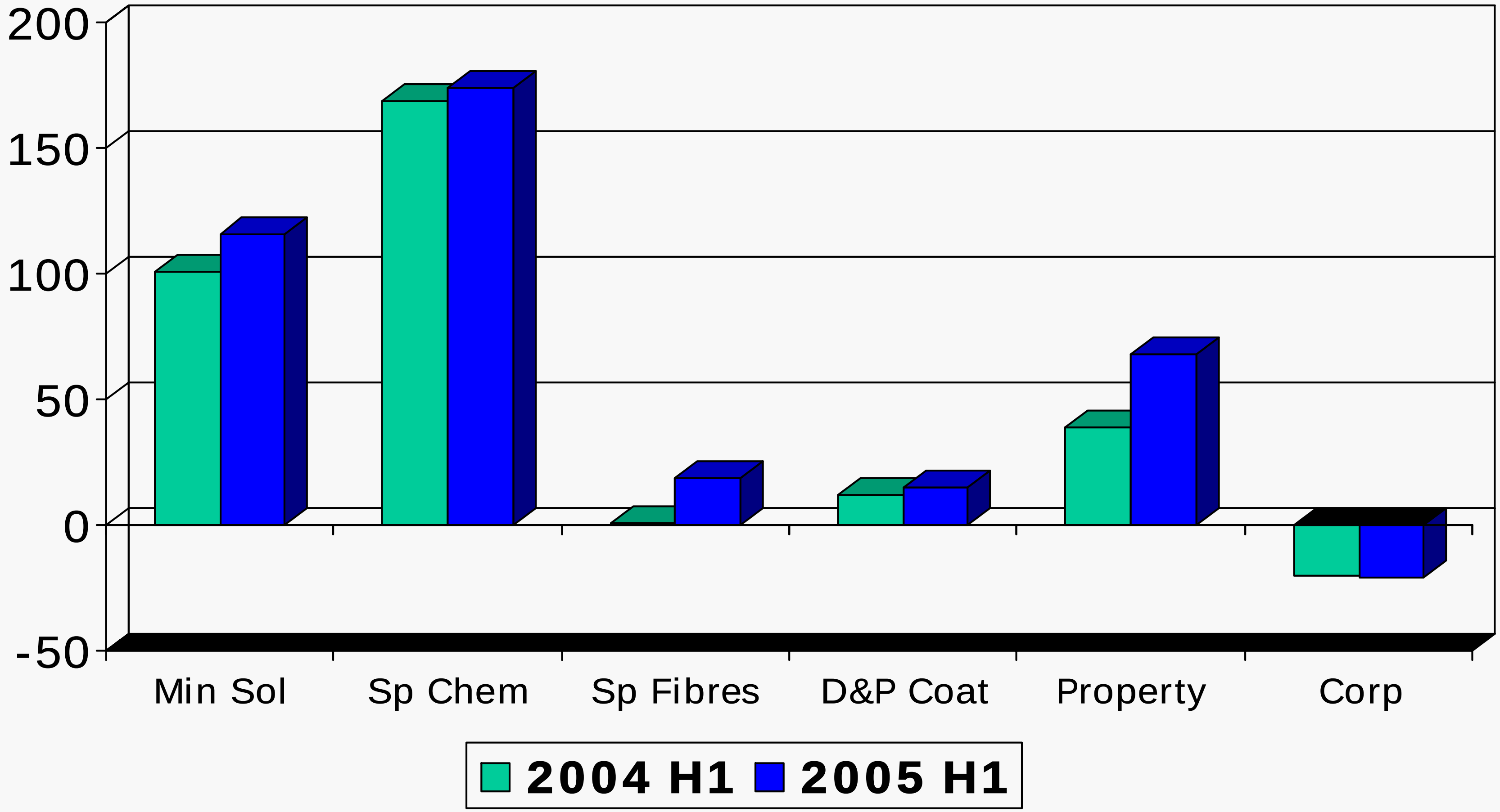


Financial

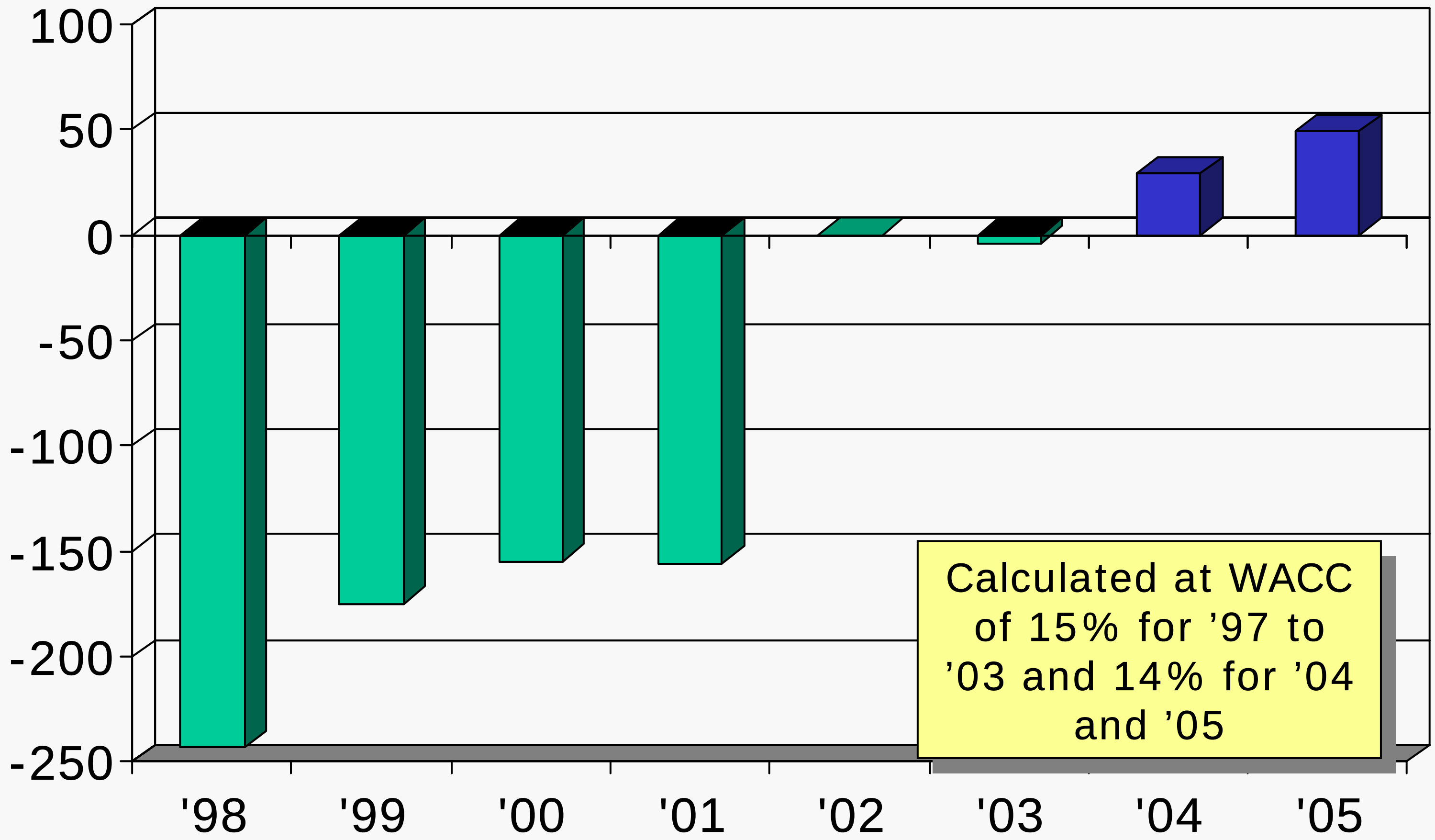
- Net borrowings R941m, gearing 34% (41% in June 2004)
- Capital expenditure R152m, mainly expansion projects, and R39m higher than depreciation charge
- WC 17% compared to 15% in June 2004
- Cash interest cover improved to 10.3 times



Segmental trading profit (Rm)

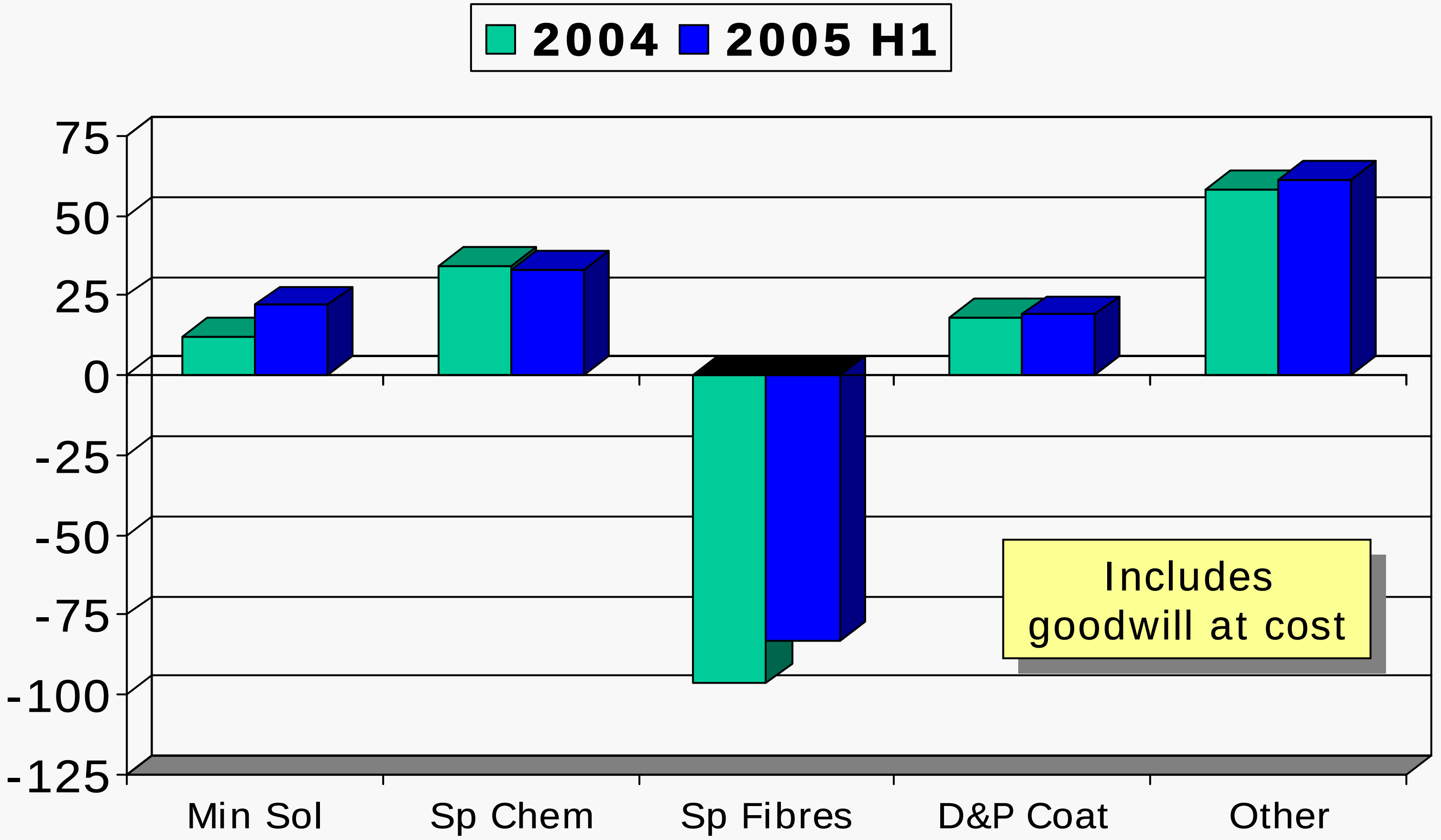


Group EVA® (Rm)



100
50
0
-50
-100
-150
-200
-250
'98
'99
'00
'01
'02
'03
'04
'05
Calculated at WACC of 15% for '97 to '03 and 14% for '04 and '05

EVA® by business (Rm)



Mining solutions

- Revenue R1 089m (+4%); TP R116m (+15%)
- Margin up 1.0% to 10.7%
- Volumes flat in South Africa; growth in other sectors and territories offset decline in local gold mining
- Pleasing performance from rest of Africa, good growth in west Africa, Botswana and Zambia
- Satisfactory progress on restructuring of business. Footprint reduction at Modderfontein well advanced; new bulk emulsion and Anfex plants commissioned

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Mining solutions

- Cost reduction exercise of 2004 completed successfully. Resulted in better fixed cost to sales ratio
- Imports of state-subsidised initiators from China continued but well contained through a range of actions
- However, Chinese imports and extreme cost pressures in gold mining resulted in gross margins declining
- Investigation into alleged dumping of Shocktube detonators by China announced by ITAC
- Exports of ammonium nitrate to Australia underway, and expected to continue in 2006

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Mining solutions

- DetNet progress
  - Joint venture operating well; not expected to be affected by the proposed sale of Dyno Nobel
  - Product development slightly behind initial estimates, but first international product (HotShot) now being shipped to 4 continents for simultaneous market introduction
  - Production being ramped up to satisfy global demand; regional assembly under consideration to overcome logistical delays

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Mining solutions

- Strategy
- Development, manufacture and supply of value-adding services, initiating systems and explosives to the mining, quarrying and allied industries
- Modernisation of initiating systems manufacturing at Modderfontein to create world-class base for growth
- Investigating opportunities to lessen dependence on South African gold mining industry by taking business model to other regions through an acquisition strategy
- Rapid growth and international expansion of electronic detonators

Specialty chemicals

- Revenue R1 670m (+3%); TP R174m (+3%)
- Trading margin maintained in narrow range, supported by robust value-add service model
- Solid result despite adverse trading conditions as customers in mining and manufacturing wrestled with effects of the strong currency
- Volumes down with plant shutdown at CI and exports to Zimbabwe, otherwise stable
- Input costs variable with currency, global demand and oil price, but gross margins maintained

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Specialty chemicals

- Costs remain high on agenda; Isithebe site almost vacated and closure of alum plant in Springs announced
- AECI Coatings returns improved significantly; alternative broad supplier technology strategy implemented, sales to OEM automotive sector increasing
- Acquisitions; UAP (distributor of specialty agro-chemicals) in January 2005 and Chemiphos (producer of food-grade phosphates) in May; Orlik (metal treatment) with regulatory authorities

Chemiphos plant

Specialty chemicals

- Negotiations well-advanced regarding sale of 25.1% equity interest in ImproChem (water treatment) to the Tiso Group
- Other sectors being investigated for BEE opportunities

Specialty chemicals

- Strategy
- Managing a portfolio of companies built on chemistry and strong service element
- Strength is sound business management, service models, appetite for growth, successful acquisition history, attraction to global alliances, and regional knowledge
- Seeks to expand out of sub-Saharan region, with technology unrestricted by licences; strong focus on mining chemicals
- Presentation 18 October

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Specialty fibres

- Revenue R828m (+2%); TP R19m
- In dollar terms revenue and contribution margin (+9%) increased
- Progress towards positive EVA® on track
  - Cost optimisation
  - Product development
- USA JV now profitable, good volume growth
- Apparel market continues to suffer
- LDI nylon growth in Europe, US, India and China
- Commissioned enviro-friendly steam project

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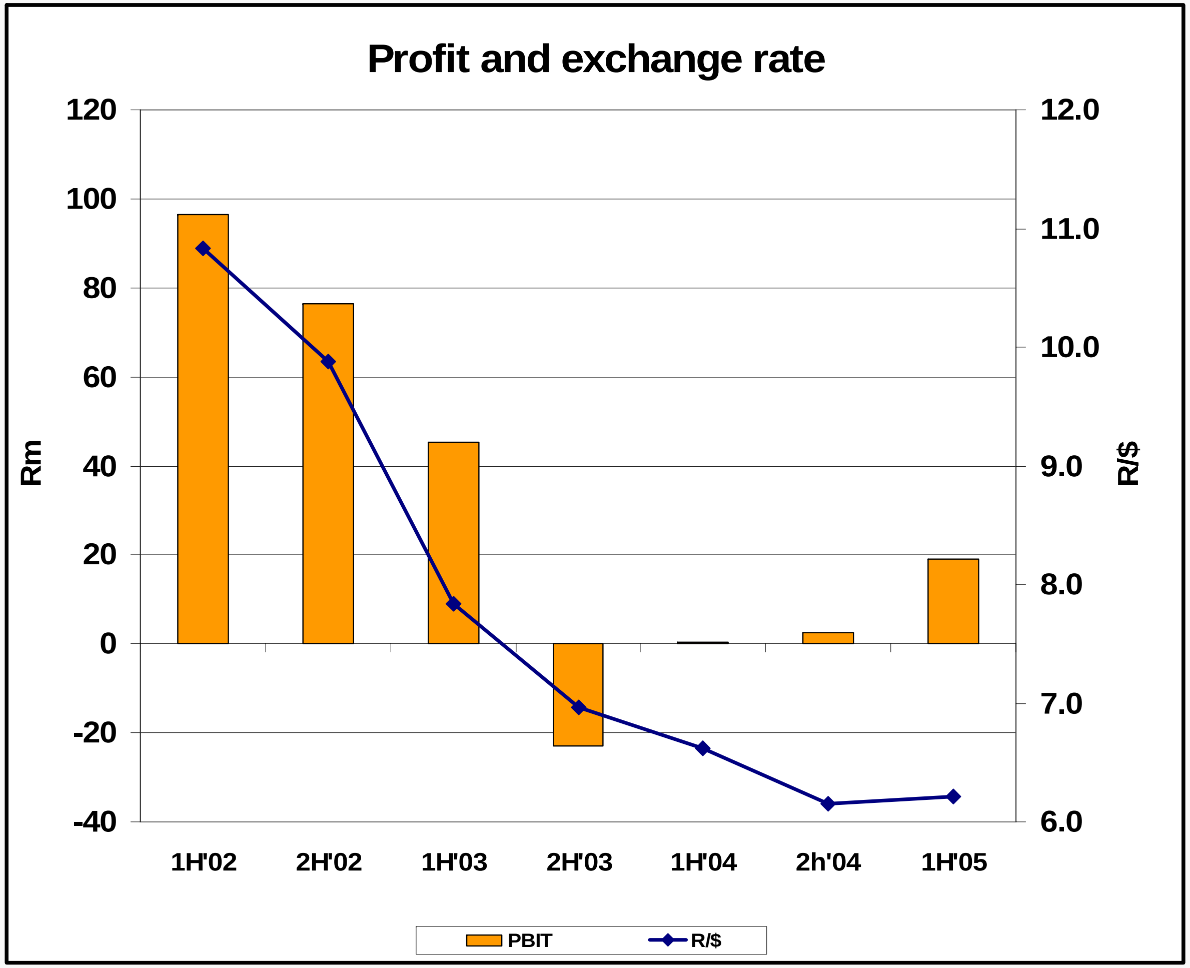
Specialty fibres

- Overriding factor remains currency strength against dollar; break even now R6.00/dollar



Specialty fibres

- Strategy
  - Product development to fill LDI yarn plants
  - HDI polyester yarn margin focus in selected markets
  - Cost, efficiencies, yields
  - Plant restoration and improvement
- Progress
  - Product development strategy on track, particularly airbag and weaving yarns
  - Good HDI polyester & LDI nylon performance
  - Approved limited investments to increase LDI nylon drawing and PET capacity

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Decorative & packaging coatings

- Revenue R293m (-3%); TP R15m (+25%)
- Seasonal business
- Satisfactory performance in South Africa continues, Botswana disappointing and closed Mozambique operations
- New agreement with ICI allows further expansion in Africa and Indian Ocean islands for use of Dulux trade name

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Decorative & packaging coatings

- Strategy
- Build on brand image to be first choice for customers in chosen market segments
- Increase distribution outlets; “Partner of choice in channel of choice”
- Develop ICI relationship and opportunities

Property

- Revenue R174m (+4%); TP R68m (+84%)
- Healthy demand continued, particularly in Modderfontein, for commercial, residential and retail sectors
- Gautrain project slow, and final route required to facilitate future plans
- Will start Somerset West legacy remediation in summer dry season

Property

- Strategy
- Manage the realisation of land and related assets that have become surplus to the Group's requirements in a responsible and controlled way

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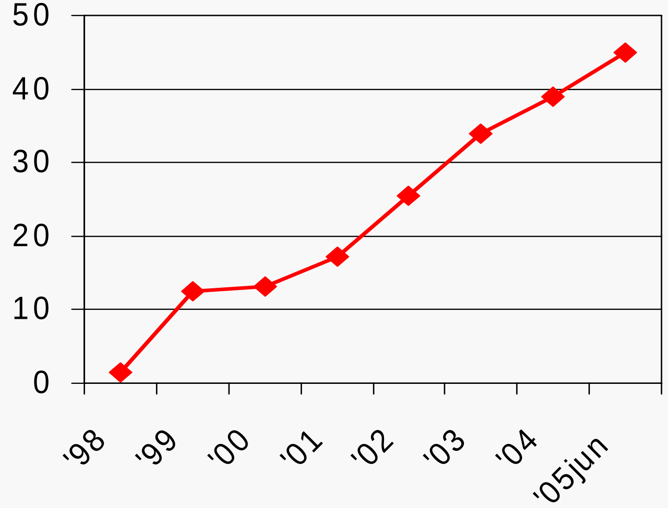
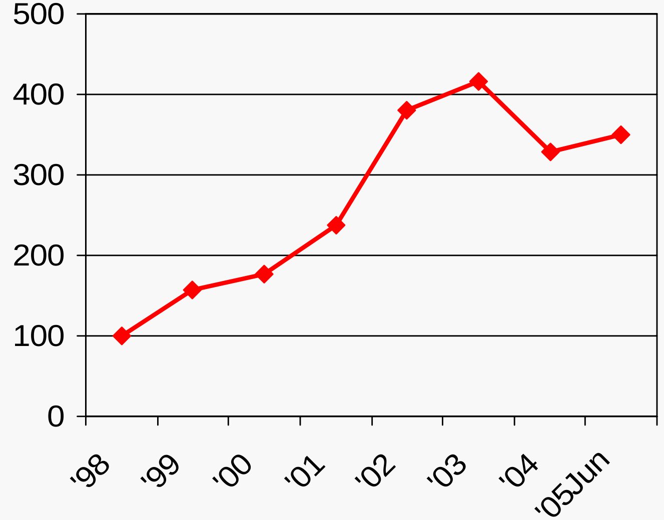
Share price

Rand per share



AECI share price
relative to JSE Ind index



- Relative rating to industrials improved since year-end 2004

Graph adjusted for R6 special dividend (November 1999)

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Outlook

- Positive
- Progressive benefits of prior actions to continue
- Weaker rand is helpful
- Business model of margin management offsets input (raw material) volatility
- Acquisitions in Chemserve
- Management targets real increase in headline earnings

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