



**FINANCIAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

PRESENTATION

22 AND 23 FEBRUARY 2011

EXECUTIVE TEAM



- Graham Edwards

Chief Executive

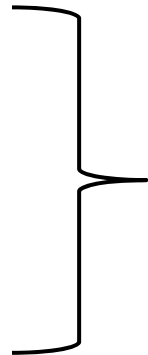
- Mark Kathan

Financial Director and CFO

- Mark Dytor

- Edwin Ludick

- Schalk Venter



Chemical Executives

- Tobie Louw

Managing Director, AEL Mining Services

- Anthony Diepenbroek

Managing Director, Heartland

OVERVIEW



PERFORMANCE HIGHLIGHTS



- Best ever safety performance
- HEPS +67%, in line with guidance
- Overall volumes +11%
- Operating profit from continuing operations +38%
- Overall margin improvement to 9,2%
- Final cash dividend of 135 cps declared
- Ramp-up of strategic projects making good progress

SUMMARY



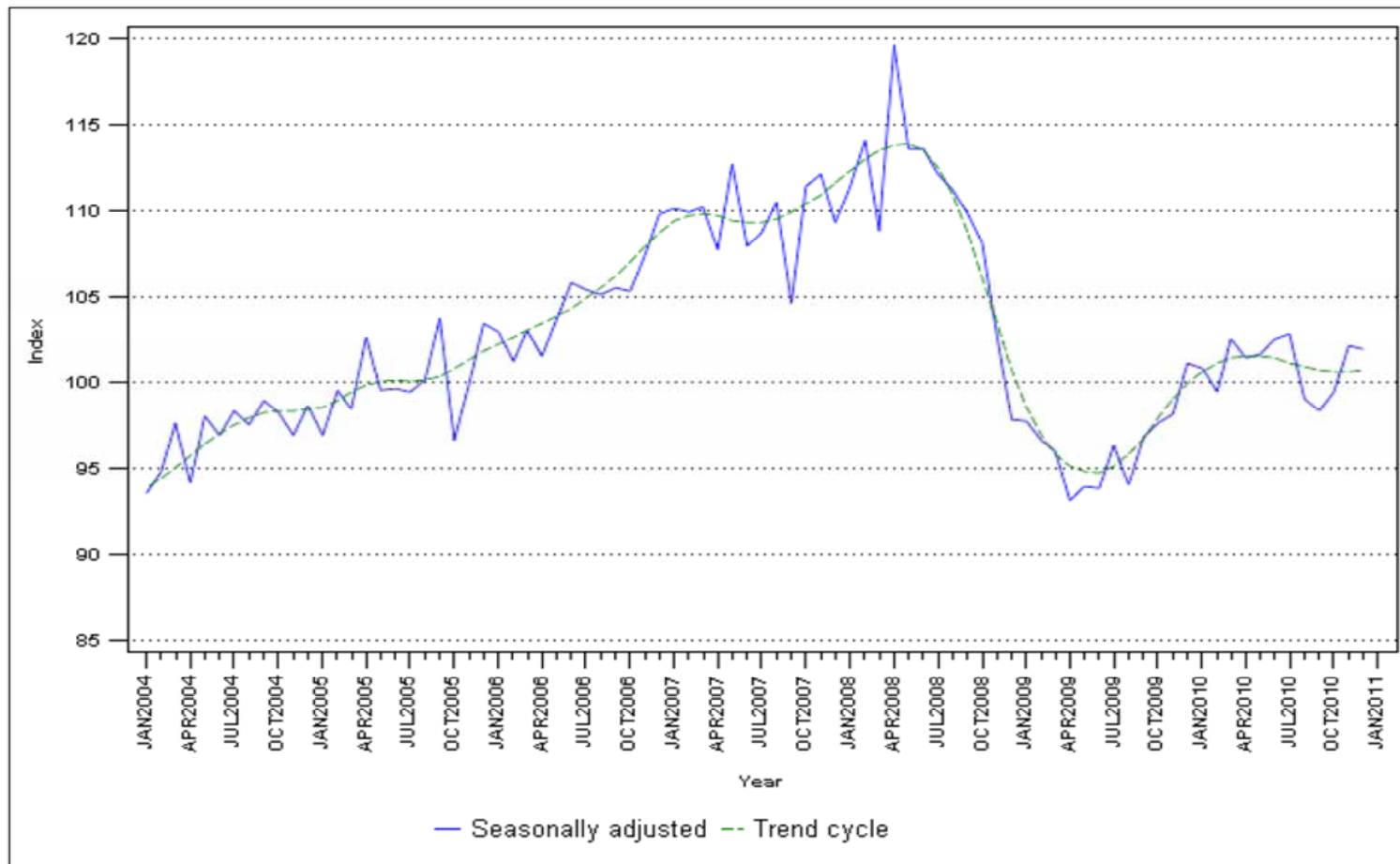
- Global economy stronger and commodity prices increasing sharply
- Improvement in mining volumes and manufacturing now more robust
- Revenue R11,6bn +8%
- Profit from continuing operations R1 062m +38%
- Net working capital management sustained
- Gearing improved to 40%
- Stronger currency of R7,32 ave for '10 ('09: R8,27 ave)

BUSINESS ENVIRONMENT VOLUME IMPROVEMENT



SA manufacturing volumes
January '04 – December '10

Source: StatsSA

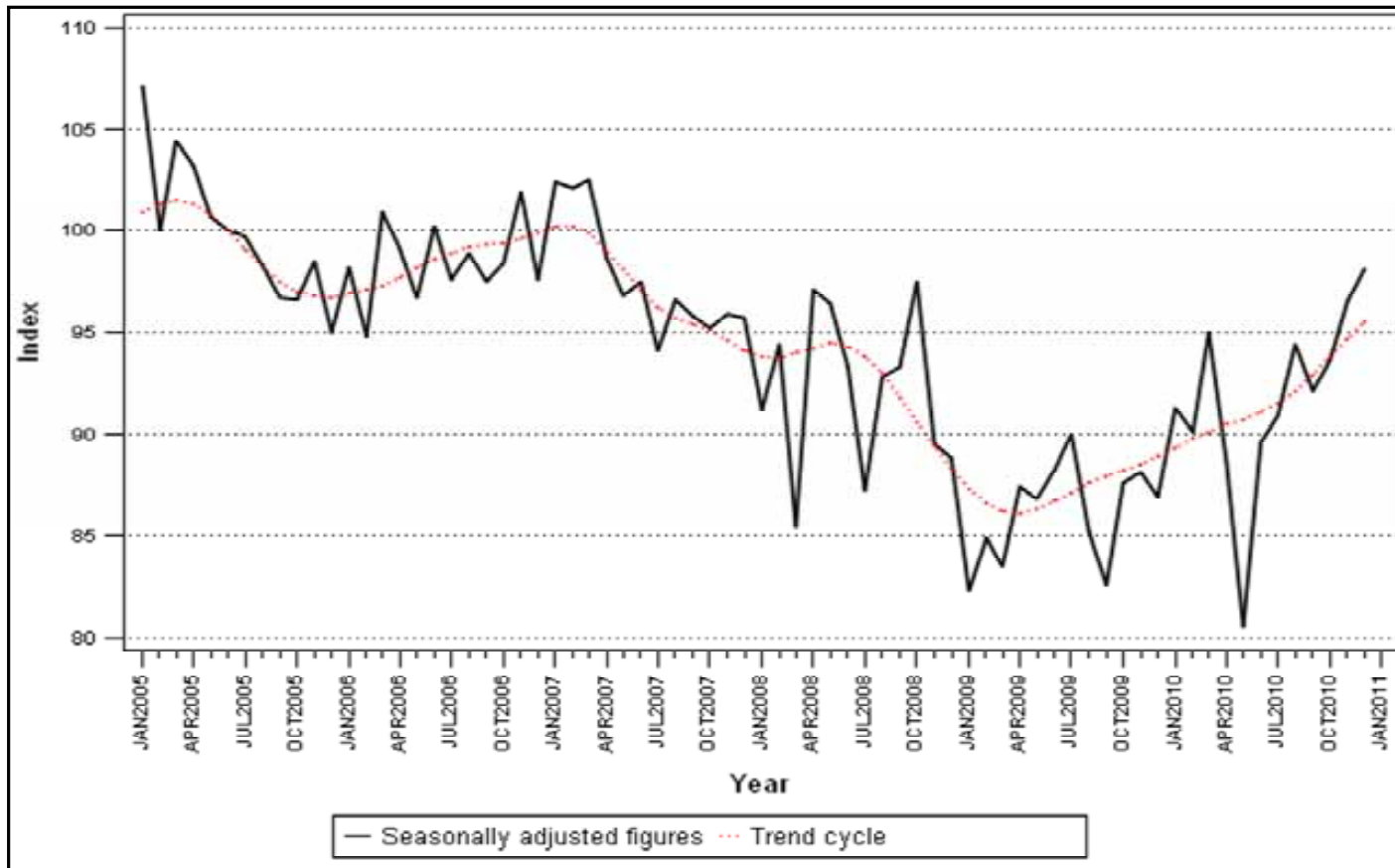


BUSINESS ENVIRONMENT VOLUME IMPROVEMENT CONT.



SA mining volumes
January '05 – December '10

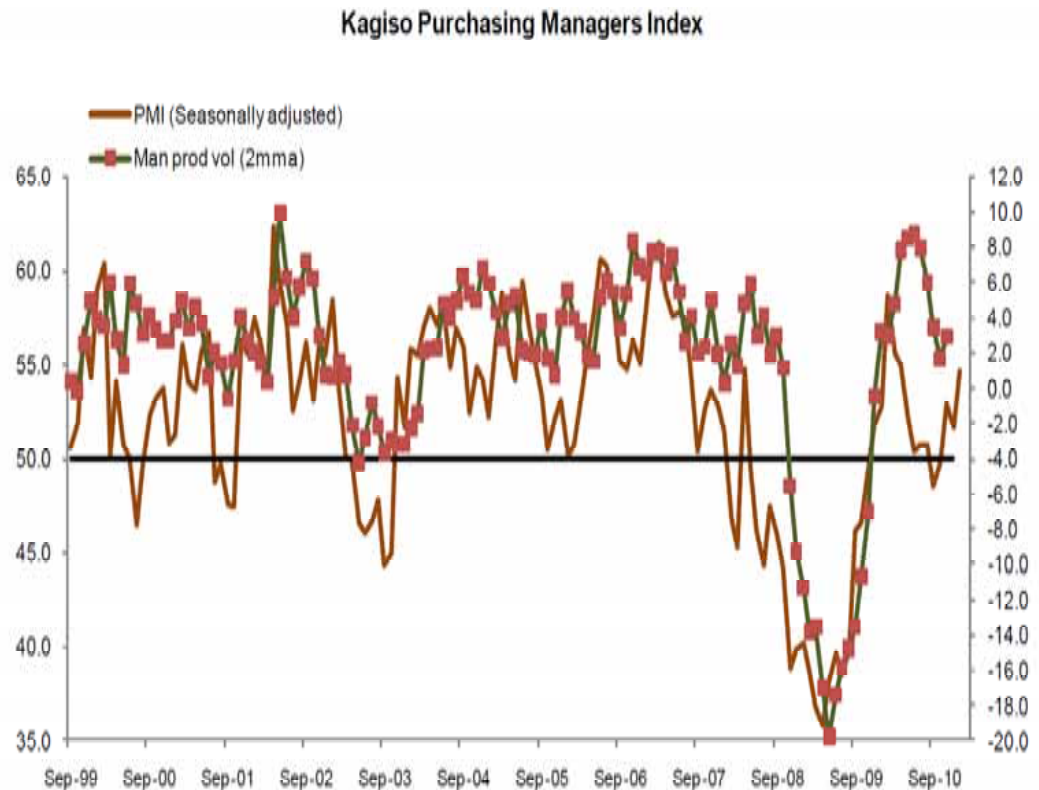
Source: StatsSA



BUSINESS ENVIRONMENT CONT.



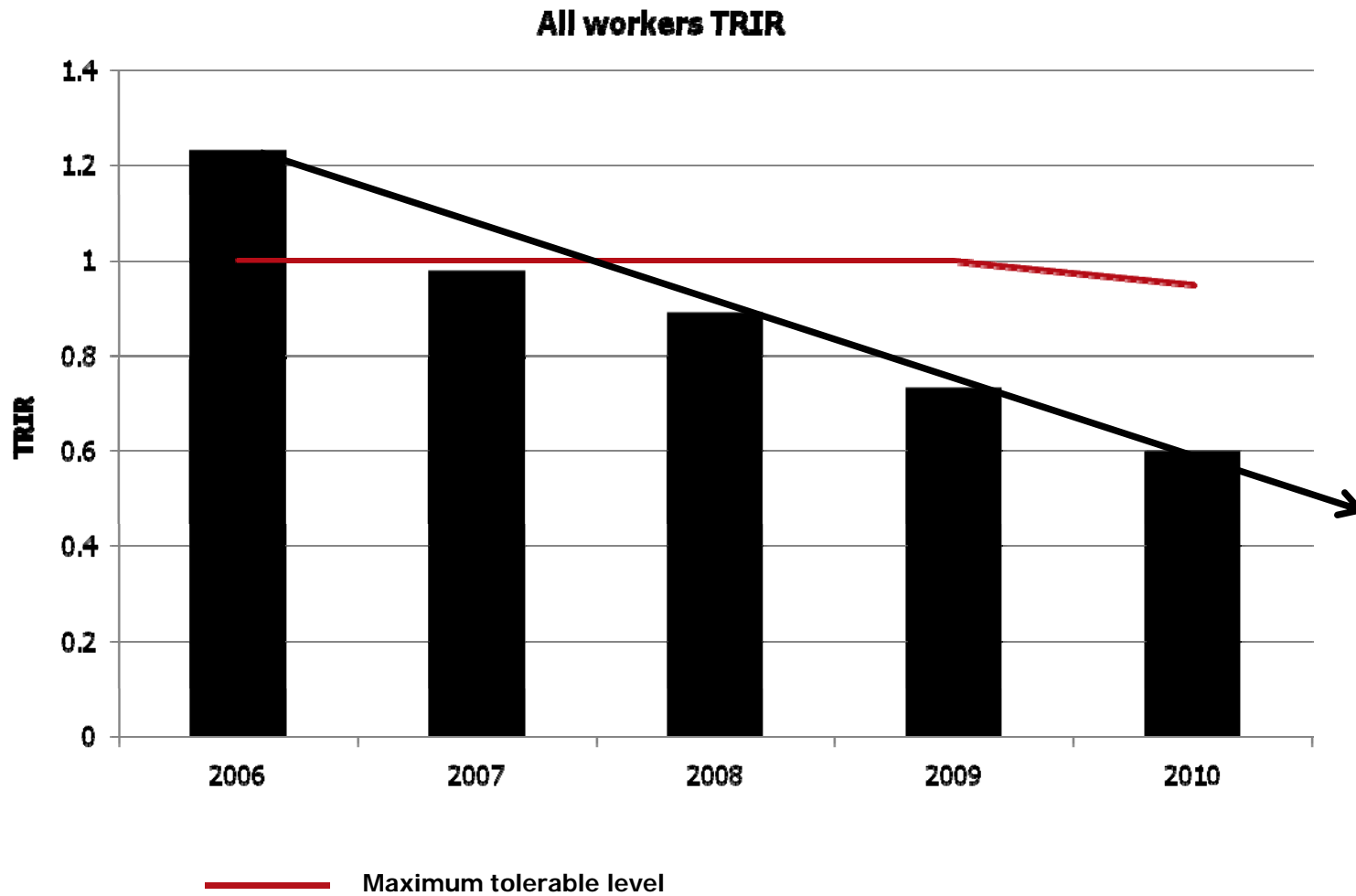
- Volume recovery in mining and manufacturing
 - Low inflation and strong rand suppressing prices
 - Inventory pipeline normalised
- Commodity prices increasing in line with Brent Crude
- Customers remain cautious and not making large commitments
- Property market
 - Impacted by financial institutions' credit policies
 - Lagging the economic recovery





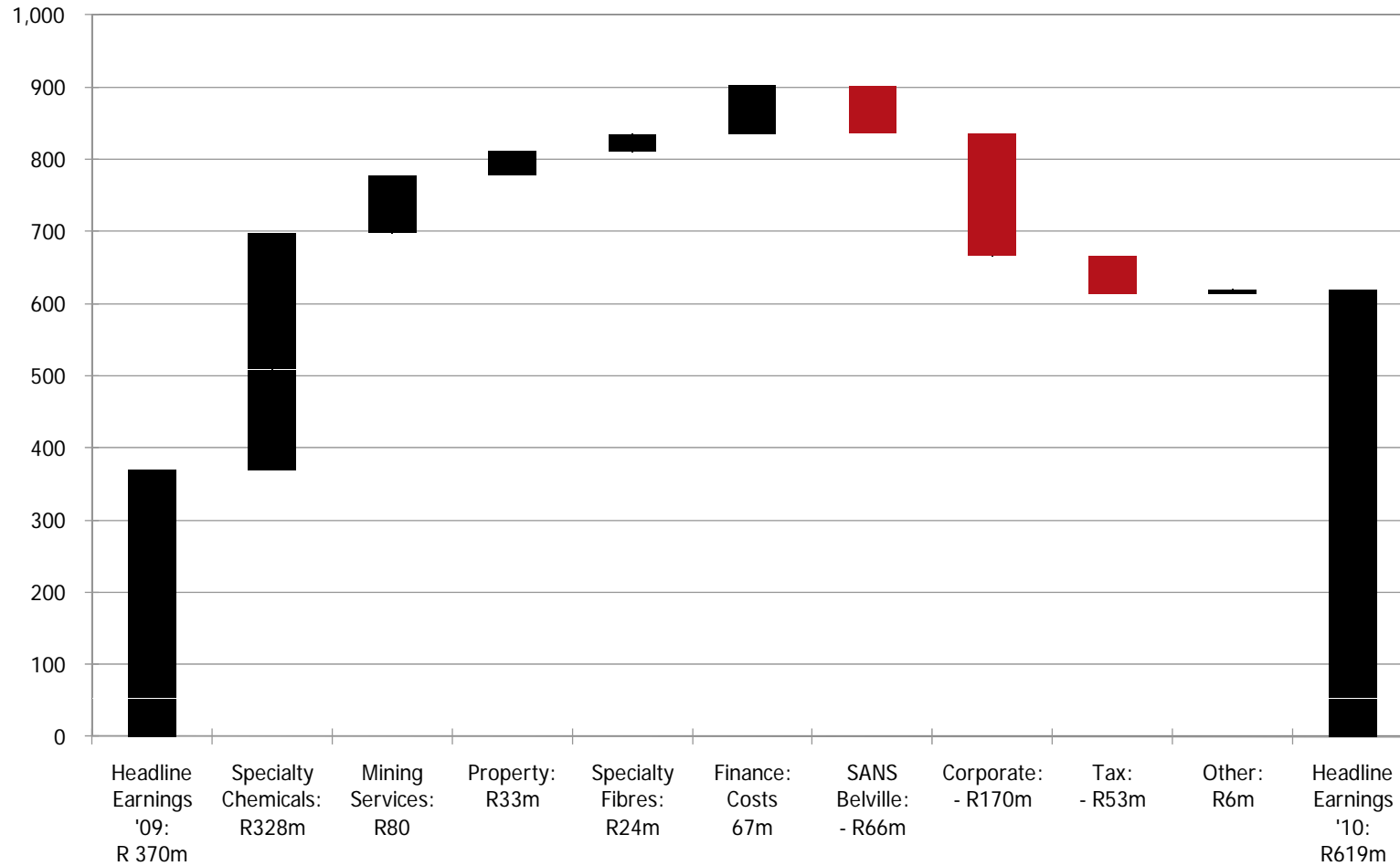
PERFORMANCE

SAFETY AND HEALTH PERFORMANCE



RESULTS

HEADLINE EARNINGS



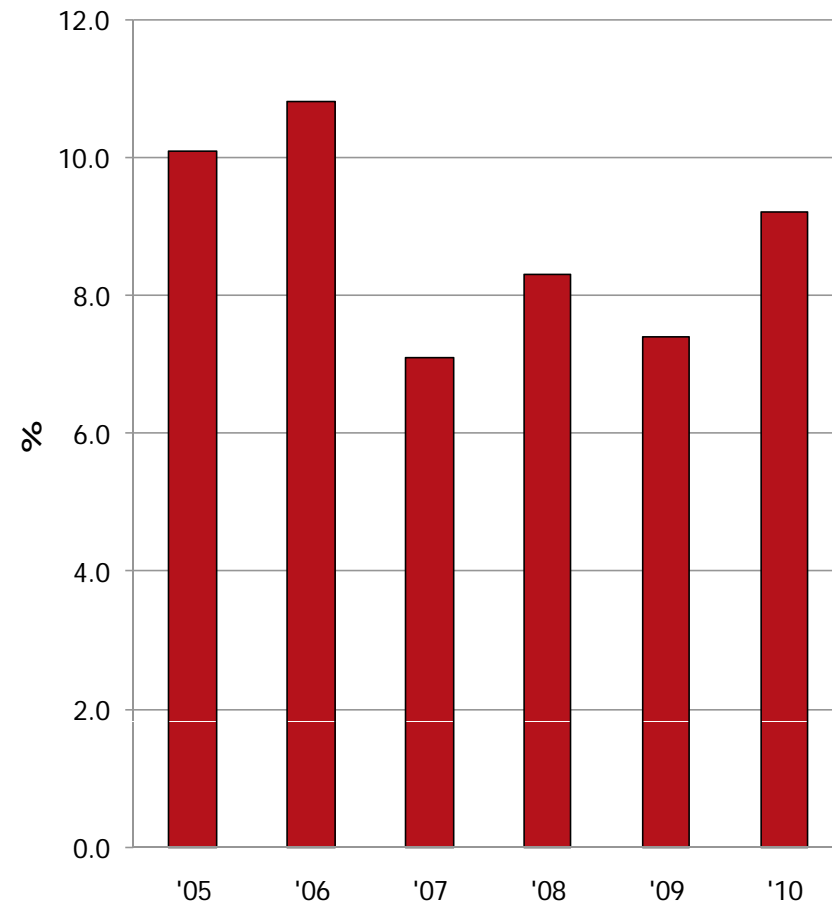
RESULTS

OPERATING MARGIN AND VOLUMES



- Operating margin improved to 9,2%
- Volumes +11% overall
 - Chemicals volumes +10%
 - Manufactured volumes +3%
 - Traded volumes +19%
 - Explosives volumes +13% due to foreign expansion and African growth
- Foreign sales +23,5% in rand terms (39% in US\$) largely due to improved explosives volumes outside of SA
- In general, market share maintained or improved in a competitive environment

Operating margin

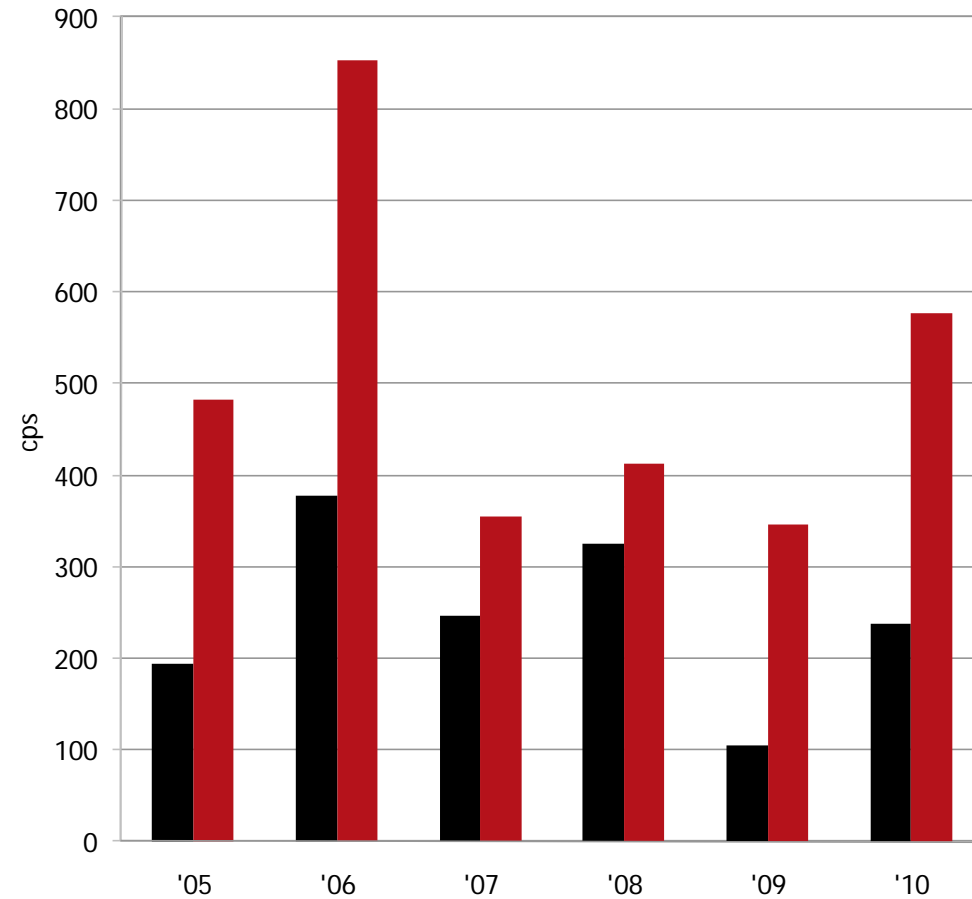


RESULTS HEPS



- HEPS at 577 cps up 67%
- Abnormally high corporate charge of R226m
- Retrenchment costs R67m
- Interest R80m lower, R13m less capitalised
- Operating profit from continuing operations up 38%

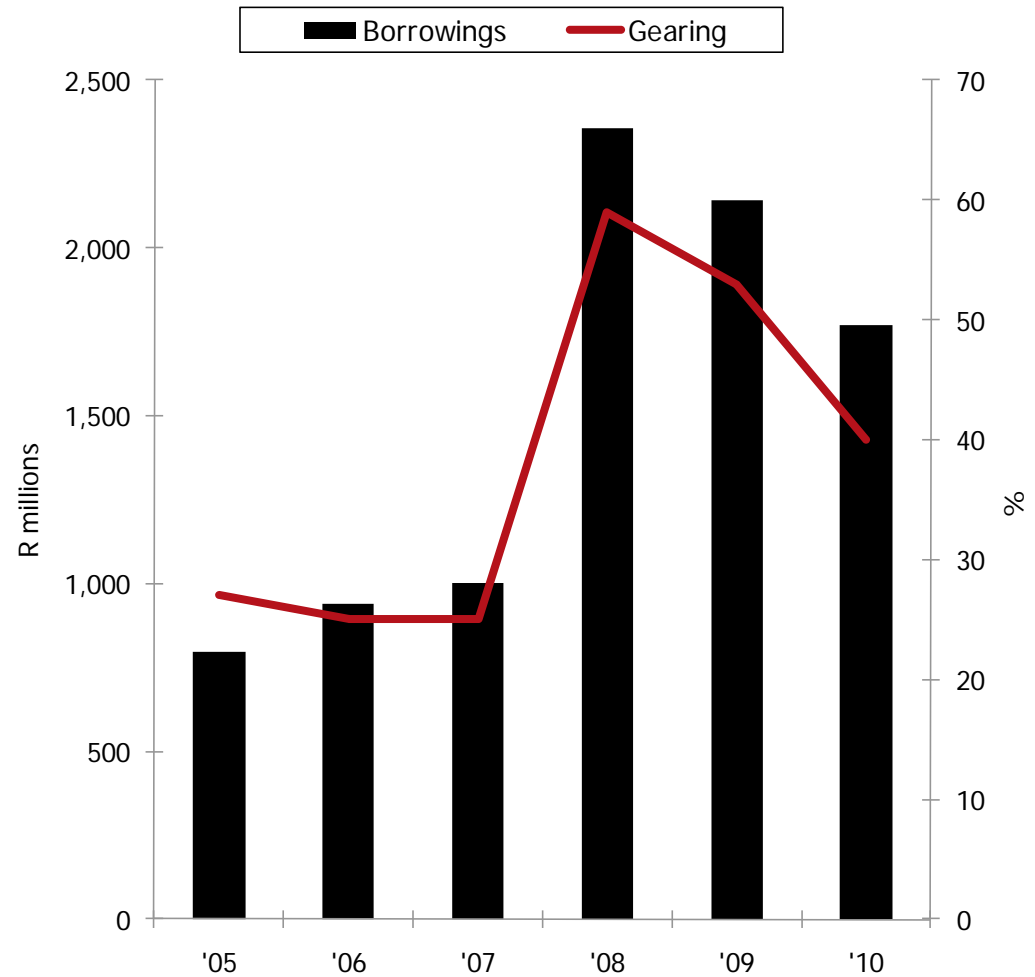
Half- and full- year HEPS



RESULTS CONT.

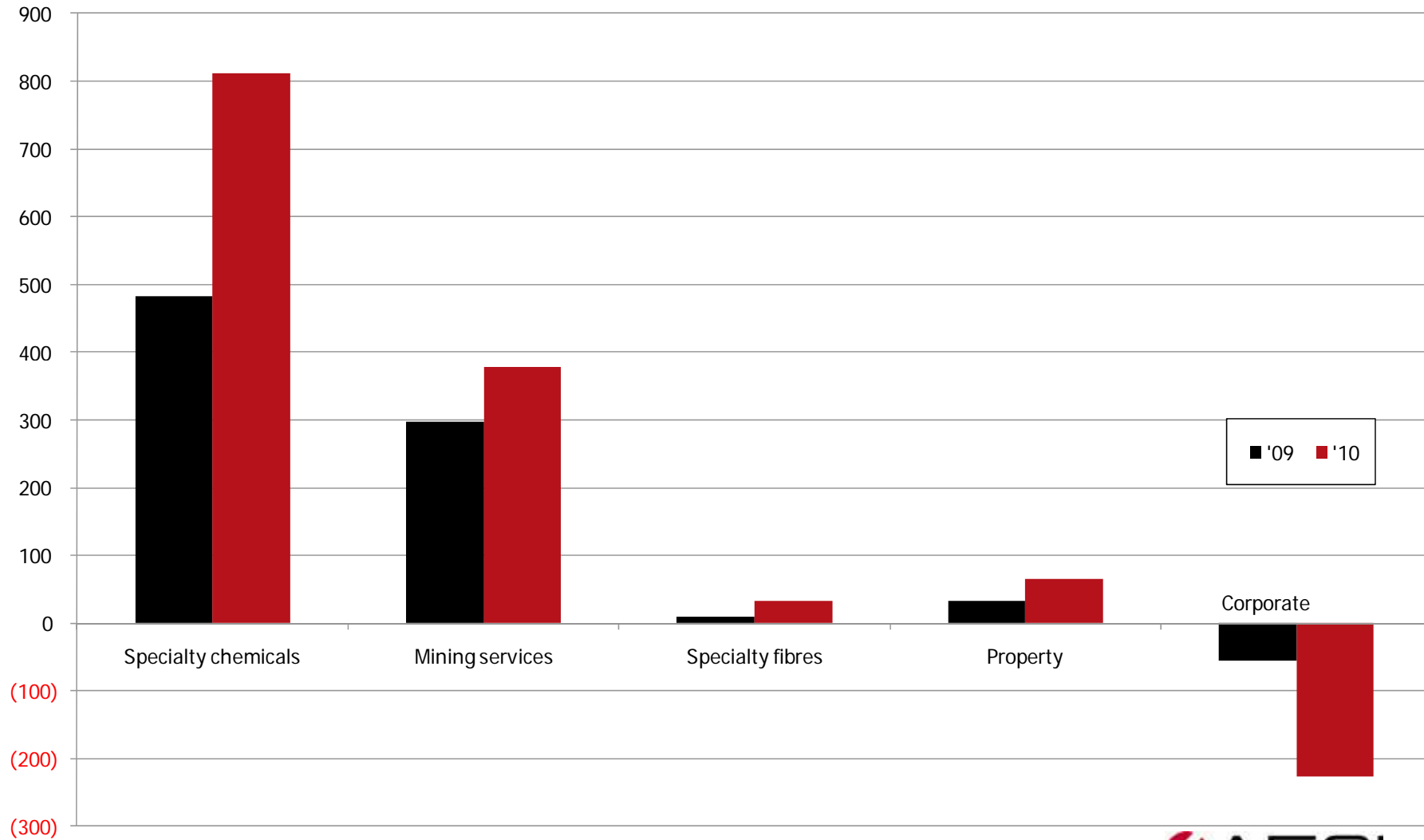


- Capex R634m – incl R385m for expansion projects
- NWC to sales at 15,1%
- Borrowings at R1 769m
- Gearing 40%
- Cash interest cover 5,6x
- All loan covenants met
- Cash dividend 135 cps



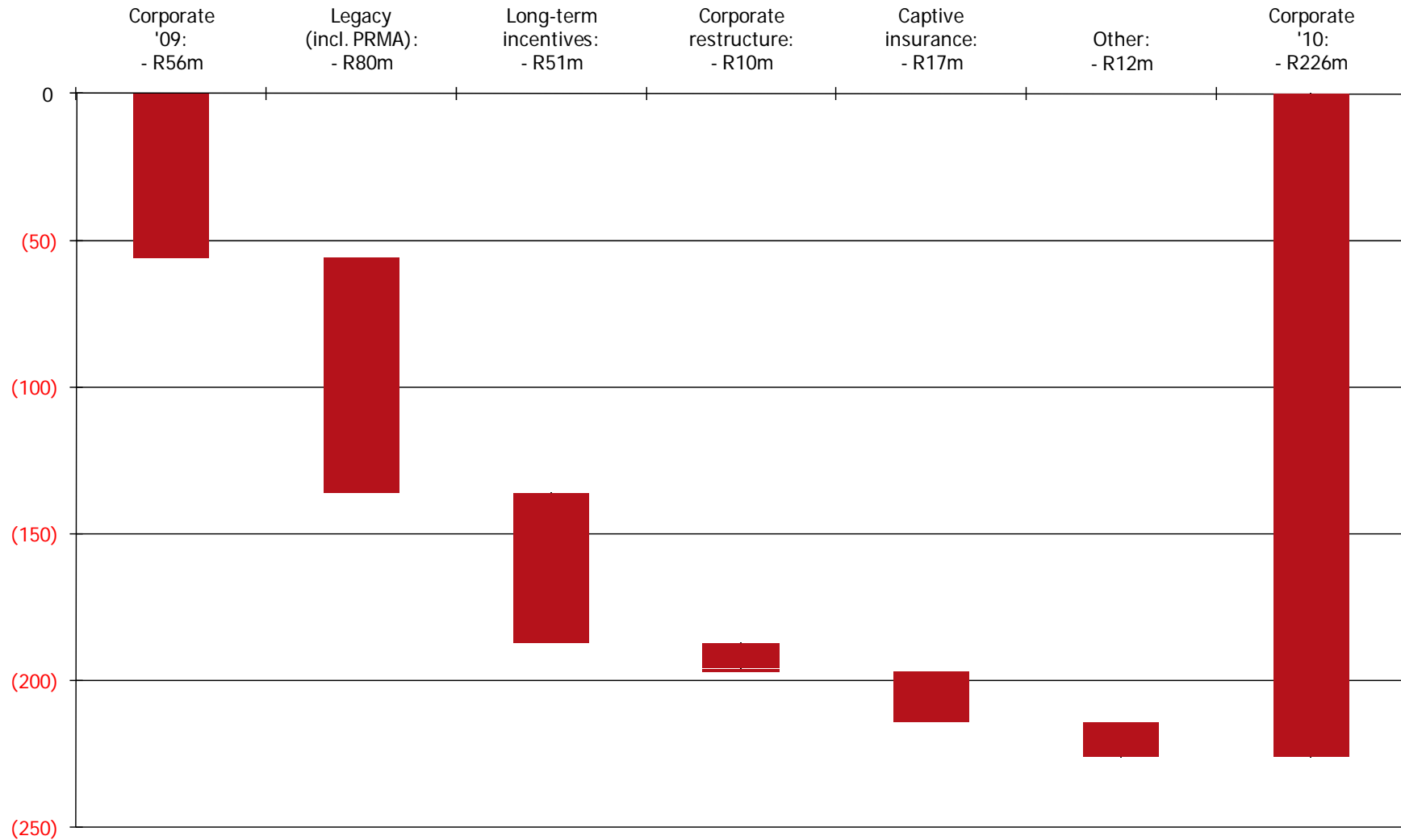
RESULTS

PROFIT FROM CONTINUING OPERATIONS (Rm)



RESULTS

CORPORATE COSTS



CORPORATE COSTS ANALYSIS



Group services R226m R56m ('09)

- PRMA
 - Closed scheme of 4 400 members (pensioners and current employees)
 - Reduction in net discount rate to 1,75%
 - Medical aid increase 9,5% for '11
 - Additional members
- LTI
 - Earnings-based and share price-based
 - Provision driven by increases in above components
- Captive insurance company liquidated listed investments in '09 for a profit

MINING SERVICES ENVIRONMENT



- Recoveries in global volumes and prices
- Diamonds, surface platinum, iron ore, coal and copper showed strong growth
- Earnings diluted by rand strength
- High rainfall in SA and Indonesia
- SA deep level mining remains challenging
- Key input costs up - ammonia and fuel increasing

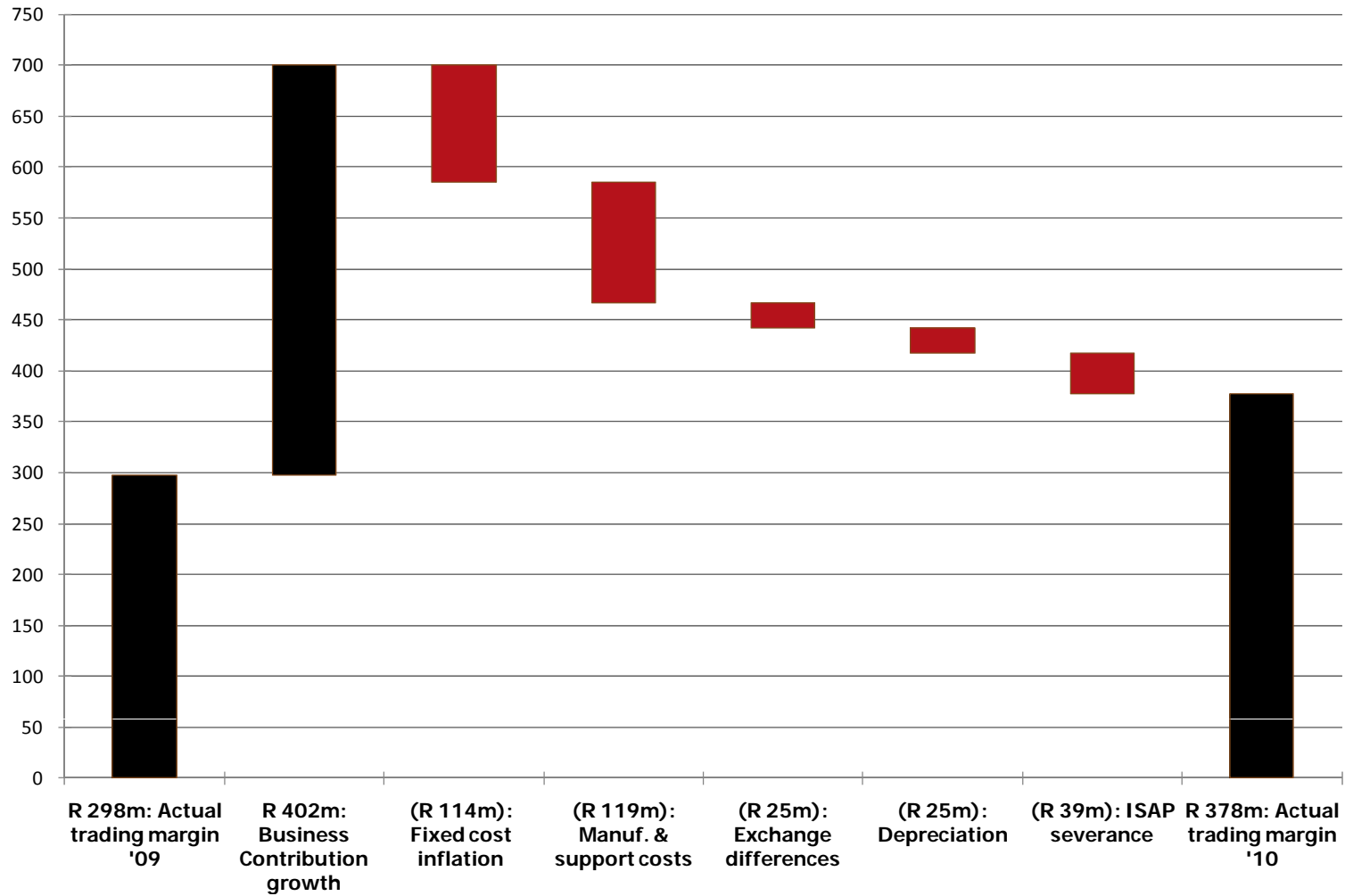
MINING SERVICES PERFORMANCE



• Revenue	R4 832m	+19%
• TP	R378m	+27%
• Trading margin (%)	7,8	7,3 in '09

- Stronger second half than first half – good momentum from investment projects
- Includes R39m shocktube-related retrenchment provision for '11
- Year-on-year weighted volume growth of 13%
- Good progress on input cost management
- WC tightly managed despite growth: 16,9% to 14,0%

MINING SERVICES PERFORMANCE

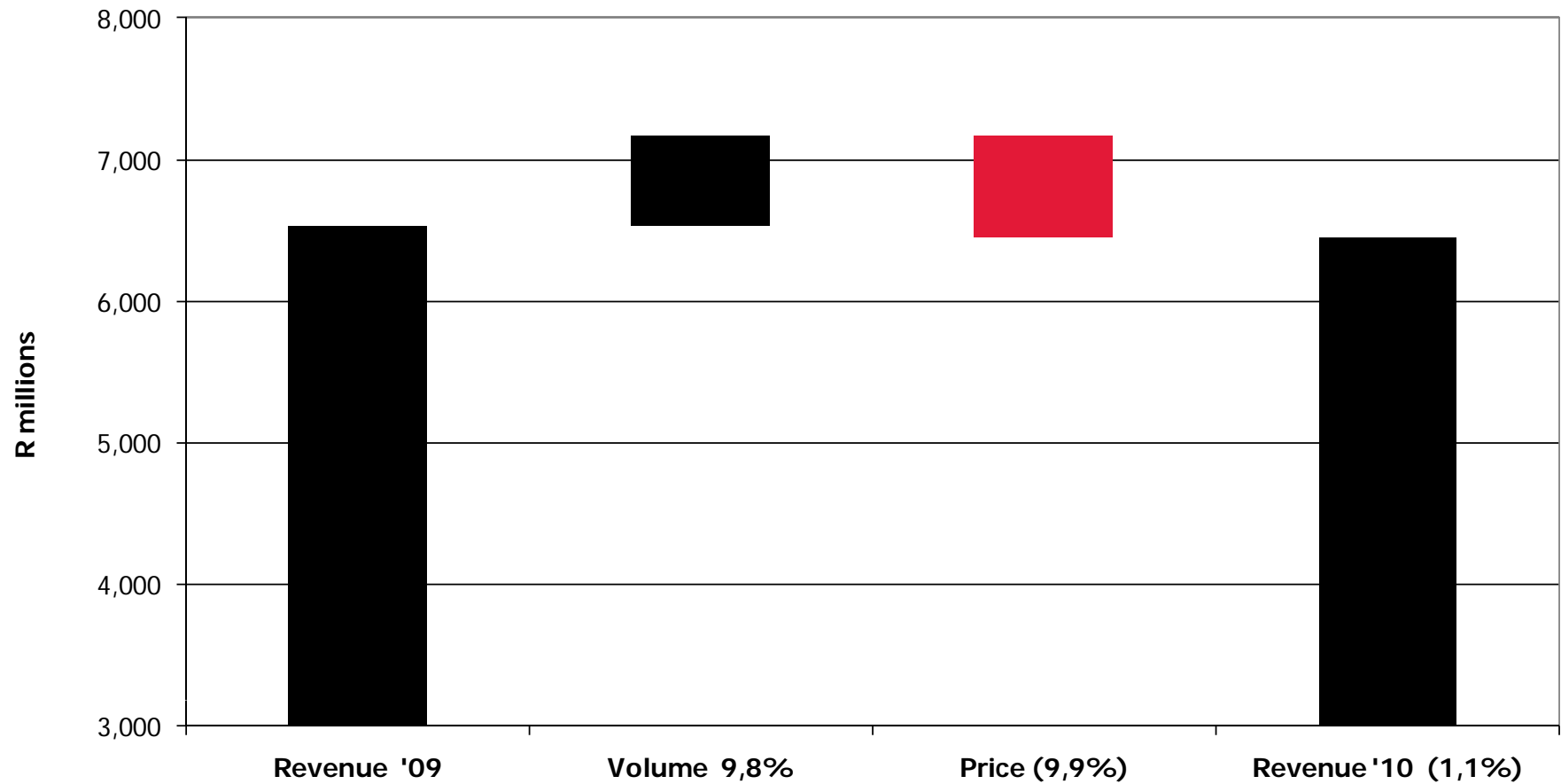


SPECIALTY CHEMICALS ENVIRONMENT



- Good start to the year from a low base in 1H09
- More consistent volume growth in 2H10
- Prices remained under pressure
- Commodity prices started increasing in 2H10
- Strong growth in agriculture, food and mining sectors in the second half
- Quality of business remains solid; earnings improvement on volume growth and non-recurrence of the bad debt of '09

SPECIALTY CHEMICALS PRICE AND VOLUME ANALYSIS



SPECIALTY CHEMICALS PERFORMANCE



• Revenue	R6 453m	-1%
• TP	R811m	+68%
• Trading margin (%)	12,6	7,4 in '09

- Volumes +10%: manufactured +2,7%; traded +18,9%
- Prices down 10%
- Good cash generation on the back of stronger profitability
- Excellent performances from Akulu, ImproChem, IOP, Lake, Resinkem
- Good recoveries from CI, Duco, Plaaskem
- Positive signs from Resitec (Brazilian JV)
- Senmin produced a solid performance considering
 - high start-up costs of PAM facility
 - xanthate dryer underperforming
 - strong rand

SPECIALTY FIBRES PERFORMANCE



• Revenue	US\$40,2m	+48%
• TP	US\$4,5m	+309%
• Trading margin (%)	11,2	4,1 in '09

- Recovery in global automotive market - volumes +48%
- Margins under pressure
- New capacity, additional 33% came on line in Sept '10
- Demand remained strong, more than 50% of sales outside the US
- Cash positive and self-sustaining



- No real growth year-on-year across the spectrum of residential sector
- Industrial and commercial sectors hampered by lack of investment in manufacturing and oversupply of office space, respectively
- Discreet activity in prime nodes based on tenants consolidating activities
- Rate of increase of vacancies reduced
- Downward pressure on rentals remains but bad debts and delinquencies reducing

PROPERTY PERFORMANCE



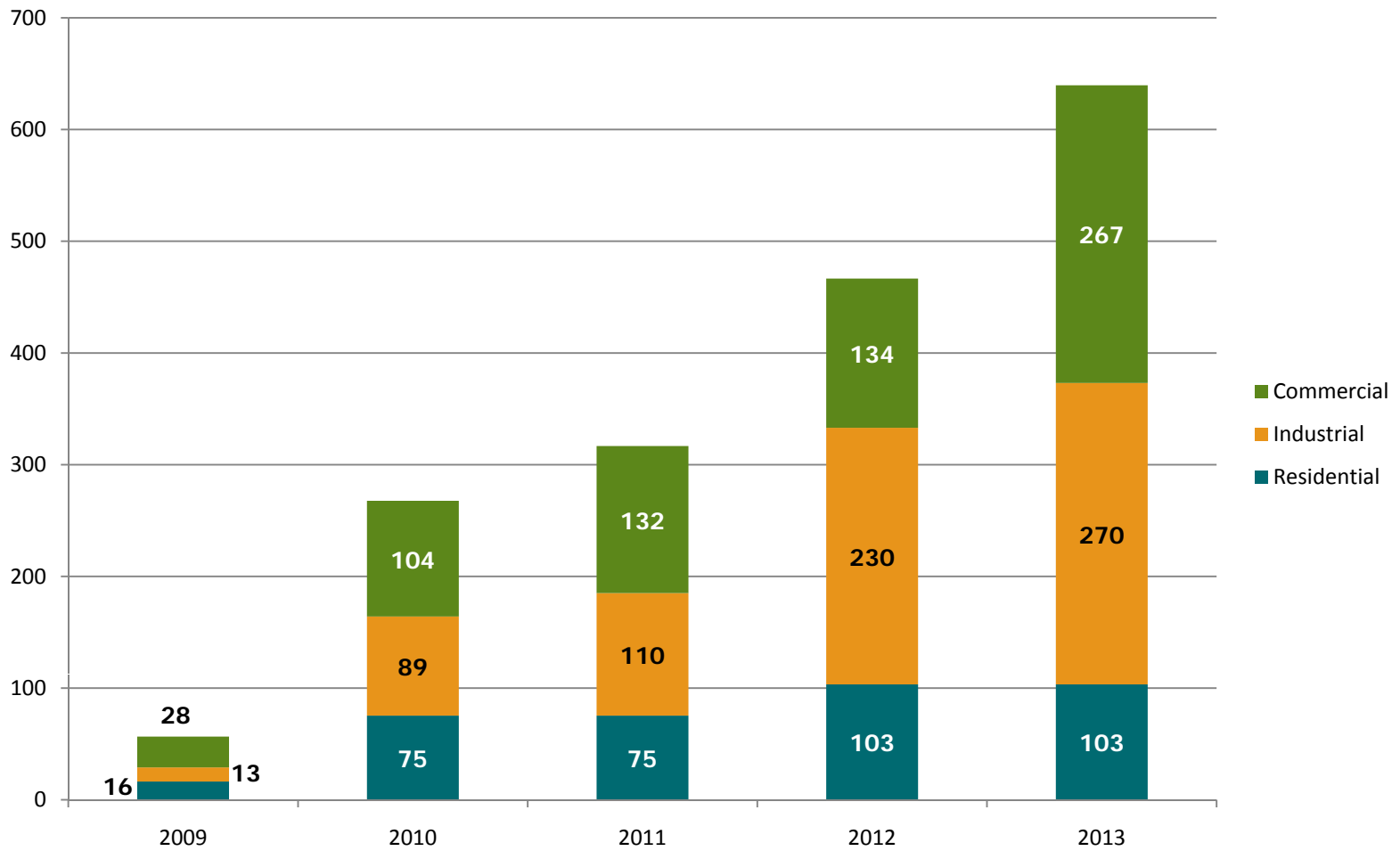
• Revenue	R370m	+75%
• TP	R66m	+100%


- 3 commercial sales transacted
 - Somerset West 2,8ha
 - Modderfontein 1,25ha and 0,47ha
- Longlake township approvals for 220ha saleable land achieved; release in phases
- Infrastructure installation implementation to market demand
- First top structure development in joint venture
- Leasing portfolio performed well

PROPERTY FILLING THE PIPELINE (zoned land ready for sale)



Pipeline (cumulative)





PROJECTS UPDATE

SPECIALTY CHEMICALS GROWTH STRATEGIES



- CS₂ plant commissioned and run at nameplate capacity
- Solid xanthate pellet plant technology proved
 - Production rates limited by dryer operation
 - New dryer designed and being fabricated
 - Now planned to be operational by July '11
- AM and PAM
 - Biofermentation process fully operational
 - Acrylamide produced successfully (bioconversion)
 - Polyacrylamide production commissioned successfully
 - Final process guarantees underway
 - On target to ramp-up in '11

SPECIALTY CHEMICALS CS₂ PLANT



SPECIALTY CHEMICALS PAM PLANT



SPECIALTY CHEMICALS SHORT-TERM STRATEGIC OBJECTIVES



- Optimise current businesses
- Sell excess capacity from new plants
- Market and customer focus
- Expand vendor management models into the rest of Africa
- Water, oil, gas and energy driven by ImproChem
- Develop and grow food additives and agriculture
- Acquisitions authorised in '10 (approx R180m)
 - Toll manufacturing: SAPC (completed)
 - Agricultural chemicals distribution: Plaaskem (completed)
 - Bulk caustic soda business: Crest (sale agreement signed)
 - Mine/effluent water technology: ImproChem (heads of agreement signed)

MINING SERVICES CAPITAL PROJECTS



Total major capital project spend	R344m
• Ammonia storage inspection	R36m (R13m in '10)
• ISAP	R695m (R102m in '10)
• Indonesian plants	R130m (R41m in '10)
• Africa infrastructure capital	contributed well and bedded down

MINING SERVICES ISAP (three plants)



- Tubing plant running to 100% design output
- Detonator plant: record output in Sept – 7,5 million
 - Further upgrade and debottlenecking Oct - Dec
- Auto-assembly plant doubled in '10
- Products well received – spray-dried delay powder technology commercialised
- Developed and introducing lower cost raw materials
- Export orders for shocktube continue to grow
- New generation ISAP shocktube to be launched in '11

MINING SERVICES MAJOR PROJECTS - OUTLOOK



- Investment programme has been significant
- International company structure working well
- Continued capital investment in Modderfontein base
- Consolidating Africa and International investments
- Much activity in customer tenders
- Africa in the global spotlight – new entrants
- Expecting dynamic market in Africa – strong rand, capacities
- More growth projects in the pipeline

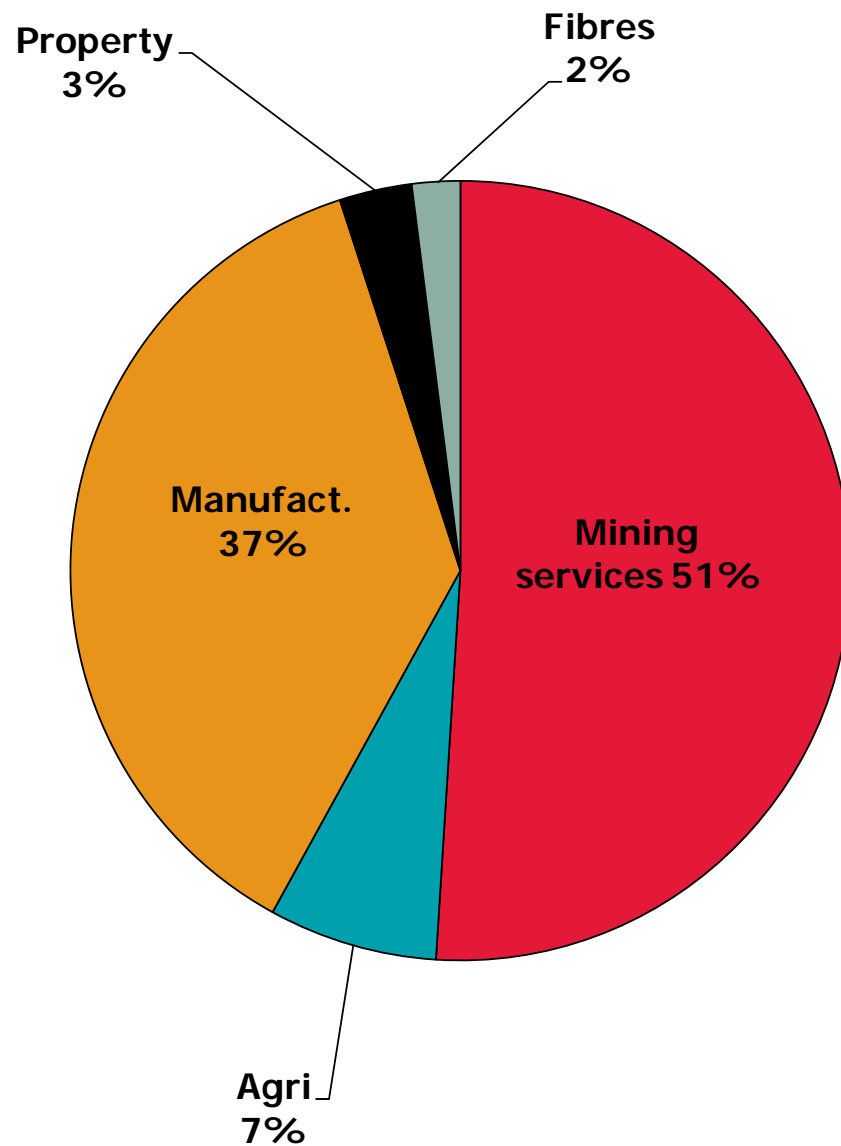
The background of the slide is a close-up photograph of water droplets on a blue, textured surface. The droplets are in various stages of motion, with some showing clear ripples and others appearing as soft, out-of-focus blurs. The lighting is bright, creating highlights on the droplets' surfaces.

CONCLUSION AND OUTLOOK

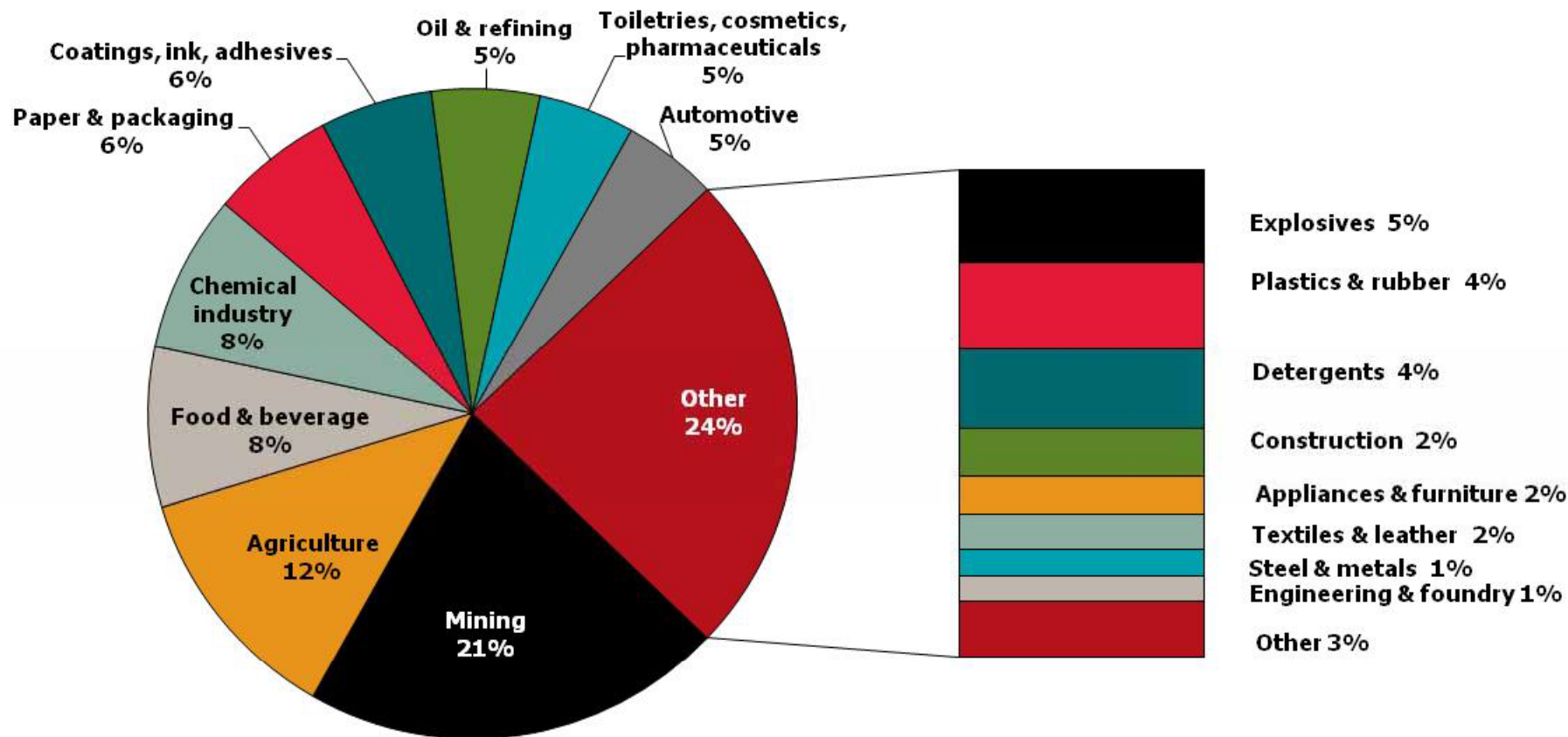


- BBEE transaction to be announced in 1H11
 - Employee and community trust share schemes
 - 10% planned
 - Shareholder approval will be sought
- Corporate restructuring complete and working well
- Active portfolio management continues

AECI '10 REVENUE SPLIT

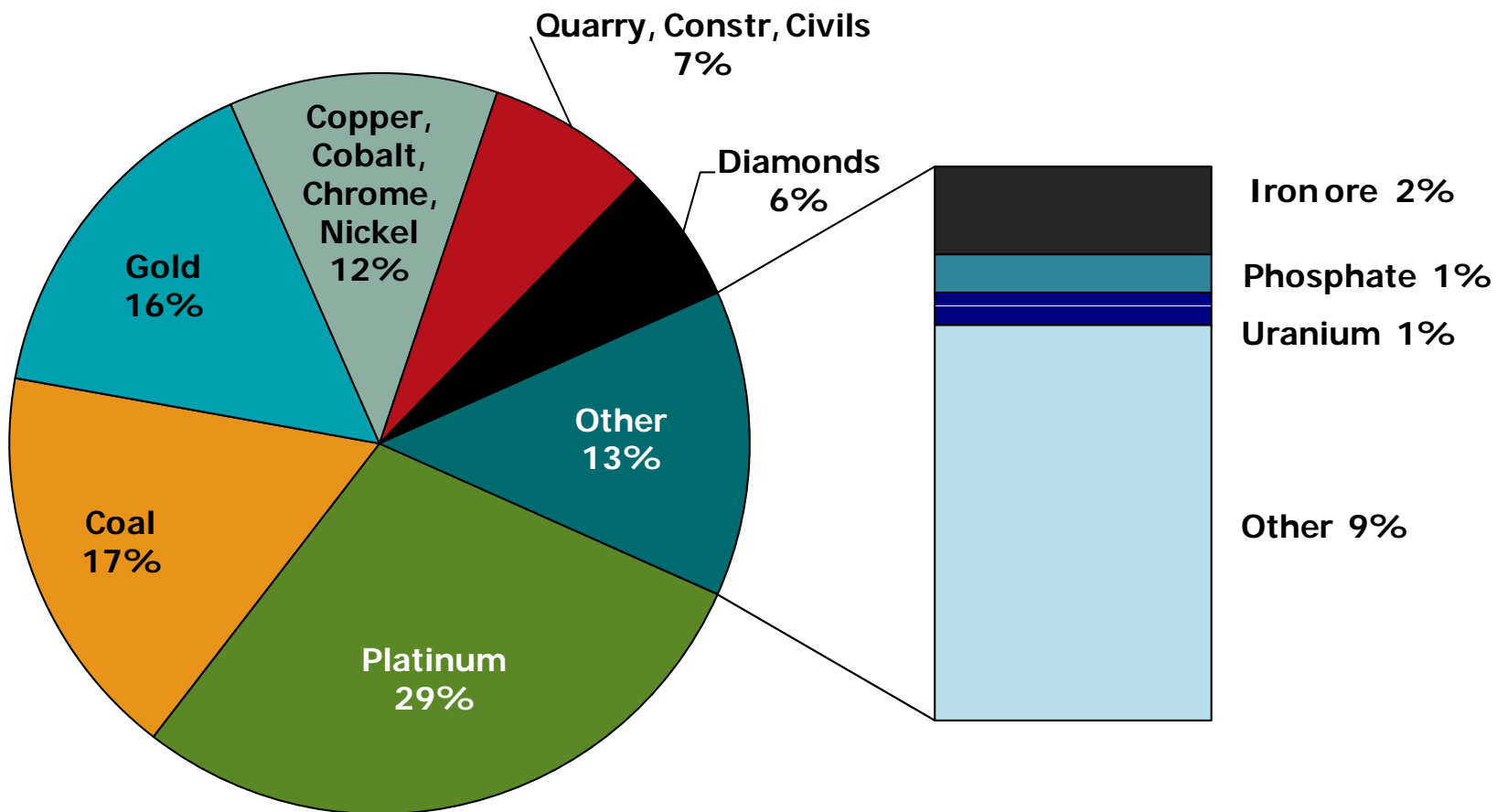


SPECIALTY CHEMICALS REVENUE BY MARKET SECTOR



MARKETS

'10 MINING SALES SPLIT



OUTLOOK



- Mining volumes appear robust globally
- Manufacturing volumes in SA appear to have stabilised
- R/US\$ rate remains a challenge but likely to be less of an issue in '11
- Property likely to remain unexciting for the next 12 months
- Businesses well positioned to take advantage of market growth
- Ramp-up of new plants will have positive impact on margins over next 12 - 18 months

INVESTORS' CALENDAR



- 87th Annual General Meeting 30 May
- 1H11 results released 26 July
 - Presentation in JHB 26 July
 - Presentation in Cape Town 27 July



THANK YOU