

# Investment case

## Delivering growth for “Bringing balance to life”

In a world in which a limited supply of resources is being strained by insatiable and growing demand, Omnia is positioned in its markets as a leading provider of high-value and specialised solutions to businesses that mine metal and mineral resources, grow agricultural products and operate in the industrial sector.

The world of tomorrow will require significant investment into food, mining resources, water and alternative energies, all of which are encapsulated by the phrase “Bringing balance to life.” The new nitric acid complex is a significant platform for delivering growth in the Group’s pursuit of “Bringing balance to life.”

It is evident that current and anticipated levels of consumption cannot be sustained with existing resources and capacities, particularly as emerging economies are lifting millions of people out of poverty into expanding middle classes that swell the rate of economic consumption. Meeting the demands of North America and Europe’s middle classes is already a stiff challenge – although their consumption rates have slowed since the 2008 recession – but the fast-growing Chinese and other Asian middle classes are accelerating the global need for efficient utilisation of resources and commodities.

In the mining sector, fast-growing economies such as China and India require increasing quantities of commodities to supply their industrial and energy sectors, which will ensure that demand for Omnia’s high-value mining products will continue to grow. Intense exploration for coal, iron ore, copper, uranium, platinum and gold is underway across Africa and new mines are commencing operations each year.

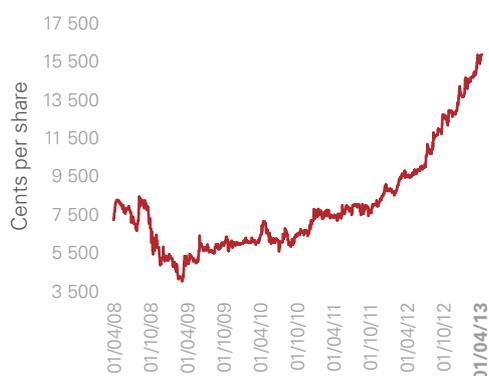
The world faces the prospect of insufficient food supplies as land available for agricultural production in traditional agricultural areas shrink due to urbanisation and mining, water becomes scarcer and changing global weather patterns disrupt agricultural production. These challenges are compelling food producers to produce higher yields from existing resources.

Future prospects for the Agriculture division remain bright, as its market-leading range of fertilizers and added-value services are making the brand increasingly visible in markets throughout southern Africa, Australasia and Brazil.

The Chemicals division sources, manufactures and distributes chemicals to the industrial sector. It offers a range of over 10 000 products to more than 6 000 clients. With a well-established and superior supply chain across Africa, the Chemicals division is well

## Share price and market capitalisation history

Daily closing share price from 1 April 2008



Daily market capitalisation from 1 April 2008



positioned to expand along with Africa's developing economies (currently six out of the world's 10 fastest growing economies are in Africa) and South Africa's National Development Plan. The division's innovative range of water treatment chemicals is anticipated to be an increasingly important source of revenue.

### Nitric acid – the feedstock source

Nitric acid and the downstream product of ammonium nitrate are key feedstock materials in the production of mining explosives and fertilizers.

Nitric acid is produced from ammonia and for the past decade South Africa's annual production of ammonia, nitric acid and ammonium nitrate was well below demand, with the result that Omnia and other companies had to import other nitrate-based products to meet market demand. This shortage was particularly acute for Omnia due to growth experienced over the last decade. To address this shortage, Omnia commissioned its new R1,4 billion nitric acid complex and the related imported ammonia supply chain capability in March 2012, which placed it in a leading position in southern Africa in the ammonia, nitric acid and ammonium nitrate supply chain. This has significantly improved security of supply to the mining and agricultural market, reduced Omnia's cost of inputs and will allow the Group to more aggressively broaden its product range and expand into African markets.

The new nitric acid complex and the development of the imported ammonia supply chain capability has taken Omnia a giant step forward in being able to deliver growth and secure its long-term sustainability.

### Growing African economies

- Long regarded as a slow-developing continent beset by socio-economic and political challenges, increasing political stability has accelerated several African economies onto a fast growth track.

Stable and growing economies offer attractive opportunities for long-term investment in their infrastructure, industrial and commercial sectors

- These countries are stimulating their economic growth through legislative reform and investor-friendly policies to encourage direct foreign investment
- Africa is a treasure trove of metal and minerals that are required across the globe
- Africa has vast tracts of underutilised yet fertile land. The continent could – and should – easily feed its own populations and still be a major food exporter to the rest of the world
- African governments and businesses are now actively working to reduce water wastage and pollution.

Omnia has a physical presence in 23 countries in Africa and is involved in trade with several other African countries. Omnia's Mining division has the most extensive African presence and is particularly well represented in southern and West Africa. The Agriculture division has a strong presence in southern Africa. The Chemicals division is strongly represented in southern and East Africa.

### Local solutions for efficient mining

- Unlocking Africa's vast mineral wealth is vital to the continued prosperity of developed countries and emerging economic giants such as China, India, Brazil and Malaysia
- The world's spiralling demand for energy will continue to grow global demand for coal and uranium, which is in plentiful supply in Africa
- Iron ore, copper, platinum and "rare earth" minerals are in great demand and require chemical processing.

Omnia is recognised for its expertise in developing quality and cost-effective solutions that enhance safety and productivity in recovering and processing essential mining commodities.

# Investment case continued

## Food security is a global priority

- As the availability of agricultural land becomes less, populations increase, urbanise and upscale their dietary demands
- Changing weather patterns are affecting the supply of grain and cereal crops while global demand for these increase, resulting in rising prices and food inflation
- Enhancing agricultural yields and the productive use of farmland has become an international focus
- Public-private partnerships and non-governmental organisations have ever more important roles in finding solutions to food security challenges, creating sustainable agricultural models, and assisting emerging farmers to develop sustainable commercial farming enterprises.



Strategically positioned as a leading supplier of fertilizer and agronomic expertise, Omnia's holistic and specialist offerings intensify agricultural yields in an environmentally sound manner that helps reduce rural poverty.

## The push for alternative and renewable energy

- The world is searching for viable forms of energy not derived from oil, as international oil supplies are becoming limited and overly vulnerable to political influence and conflict. Over-reliance on oil is damaging economies through volatile pricing for goods, services and transport
- In future, sustainable and clean power will increasingly be sourced from biofuels – energy produced from biomass waste – and hydro, wind, solar and wave power
- Nuclear power will continue to be used as a sustainable source of power.

Omnia is well positioned to be involved in biofuel production and the supply of products to uranium mines in Africa. It is already engaging in promising biofuel research and development.

## The water opportunity

- Water scarcity is an alarming global problem that is becoming urgent. Over the last century, water use has grown at more than twice the rate of population increase and an increasing number of regions are chronically short of water. About 1,2 billion people live in areas of physical scarcity, and 500 million people are approaching this situation. Another 1,6 billion people, or almost one quarter of the world's population, face economic water shortages due to countries not having the necessary infrastructure to take water from rivers and aquifers
- The deterioration of water quality is an increasing global problem caused by inadequate environmental practices.

In the Chemicals division, Zetachem and the Nalco associate offer several technologies for treating water to make it suitable for drinking and for use in industrial applications. The Agriculture division has extensive experience in advising on efficient water use and conservation through its innovative Nutriology™ offering to the agricultural sector.