

Investment case

Global macro trends

Omnia's growth and prospects are fuelled by the following macro factors:

- Growth in global population
- Rising prosperity in emerging economies especially China and India
- Increasing pace of urbanisation in emerging economies especially in China
- Economic growth in African economies.

These factors are driving increased demand for food and mining commodities, much of which will be supplied from the regions in which Omnia operates.

In this world in which growing demand is being strained by a limited supply of resources, significant investment into food, mining resources, water and alternative energies will be required as it is clear 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 the fast-growing Chinese and other Asian middle classes is accelerating the global need for efficient utilisation of resources and commodities.

Against this background, Omnia is well 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.

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. Across Africa intense exploration for coal, iron ore,

copper, uranium, platinum and gold is under way and new mines are commencing operations each year.

Food security is increasingly at risk as land available for agricultural production in traditional agricultural areas shrinks 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. Omnia's Agriculture division is at the fore of efforts to improve food security and crop yields with its unique Nutriology® offering which is gaining increased recognition 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 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 source feedstock

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. In March 2012, Omnia commissioned its second nitric acid complex and the related imported ammonia supply chain capability, which

Share price and market capitalisation history

DAILY CLOSING SHARE PRICE
from 1 April 2009



Source: inet bridge

DAILY MARKET CAPITALISATION
from 1 April 2009



Investment case continued

has resolved the shortage but more importantly has placed it in a leading position in southern Africa in the ammonia, nitric acid and ammonium nitrate supply chain capability. This has significantly improved security of supply to the mining and agricultural market, reduced Omnia's cost of inputs and allows 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 22 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, central and west Africa. The Agriculture division has a strong presence in southern Africa. The Chemicals division is strongly represented in southern 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
- South Africa's new coal-fired power stations will require increased quantities of thermal coal
- 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.

Food security is a global priority

- As the availability of agricultural land diminishes, 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 biofuel research and development.

The water opportunity

- Water scarcity is an alarming global problem that is becoming critical. 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 offers several technologies for treating water to make it suitable for drinking. The Agriculture division has extensive experience in advising on efficient water use and conservation through its innovative Nutriology® offering to the agricultural sector.