

# Analyst Presentation for six months to September 2008



*creating customer wealth by leveraging knowledge*

# Group at a Glance

## GROUP KEY FACTS

Revenue of  
R5,5 billion

Employees  
2 388

Customers  
+ 8 000

Countries  
16

(6 Months)

### OMNIA GROUP (PTY) LTD

#### CHEMICALS



#### MINING



#### AGRICULTURE



\*the science of growing • wetenskap vir groei



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# Overview of Results

Revenue



78% to R 5.5 billion

Operating profit



209% to R 594 million

Headline earnings per share



281% to 839 cents

Interim dividend declared



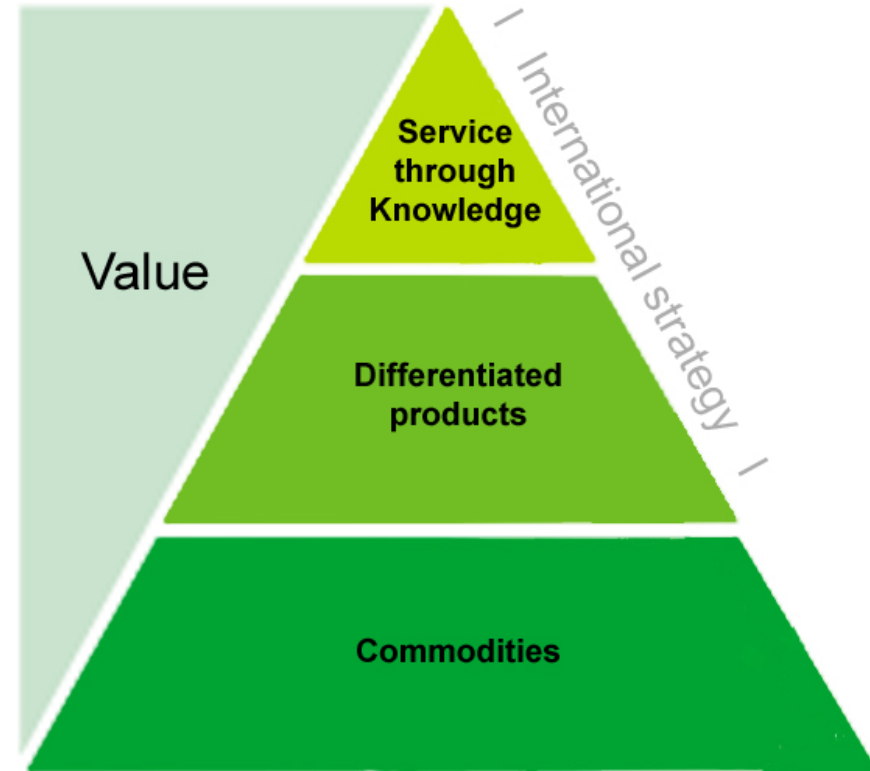
20% to 100c per share



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# The Omnia Proposition

- Leverage intellectual capital and technology to create customer value
- Innovate with differentiated products and services
- Develop offerings further up the pyramid to broaden value add
- Continued commitment to sustainable business practices and Responsible Care



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# Operating Environment

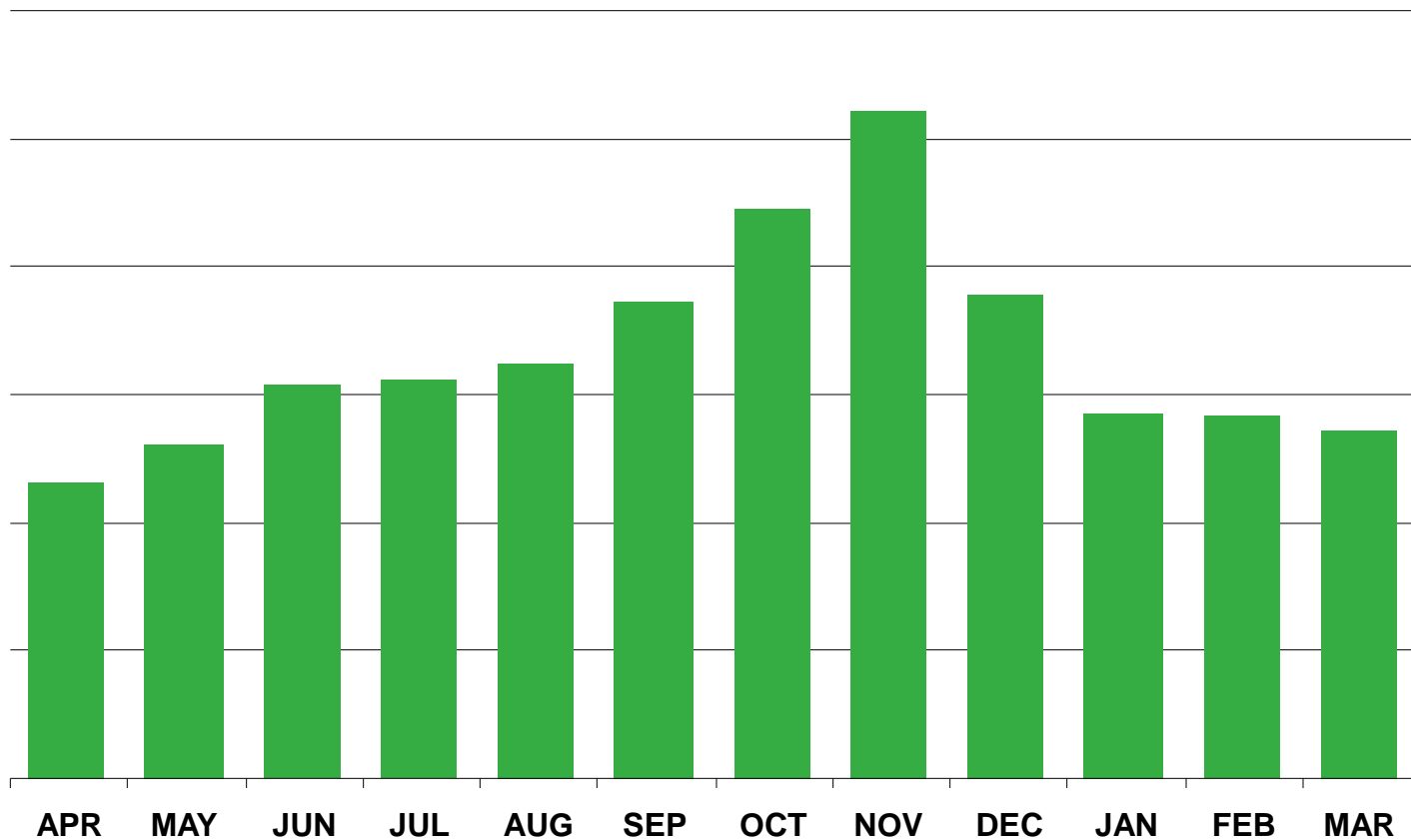
- Positive macro environment for Omnia
- Strong demand in all three of Group's major markets
- Extraordinary market conditions
  - Demand for coal, copper, uranium remained robust
  - Unprecedented oil and gas pricing
  - Dramatic increase in key input costs
  - Dramatic changes within agriculture
  - Internationally determined fertilizer raw material prices reached unprecedented highs
- Rising procurement costs impacted working capital for the first 6 months



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# Monthly Sales Profile

The seasonal nature of agriculture typically impacts the balance sheet at the interim stage



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# Operational Highlights

- Chemicals
  - Unprecedented demand drove both commodity and speciality chemical prices upwards
  - Weaker rand boosted revenue
- Mining
  - Continued volume growth in mining chemicals, explosives and related products and services
  - Demand for coal, copper, uranium remained robust
- Agriculture
  - Supply and demand imbalances during period under review
  - Fertilizer raw material prices reached unprecedented highs
  - Early fertilizer purchases in order to fix prices
  - International operations contributed significantly to operating profit



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# Chemicals Division

	<b>2008</b>	<b>%</b>	<b>2007</b>
Revenue	R 2.3 billion	 52%	R 1.5 billion
Operating profit	R 156 million	 160%	R 60 million
Operating margin	6.9%		4.0%
Contribution to Group	26%		31%

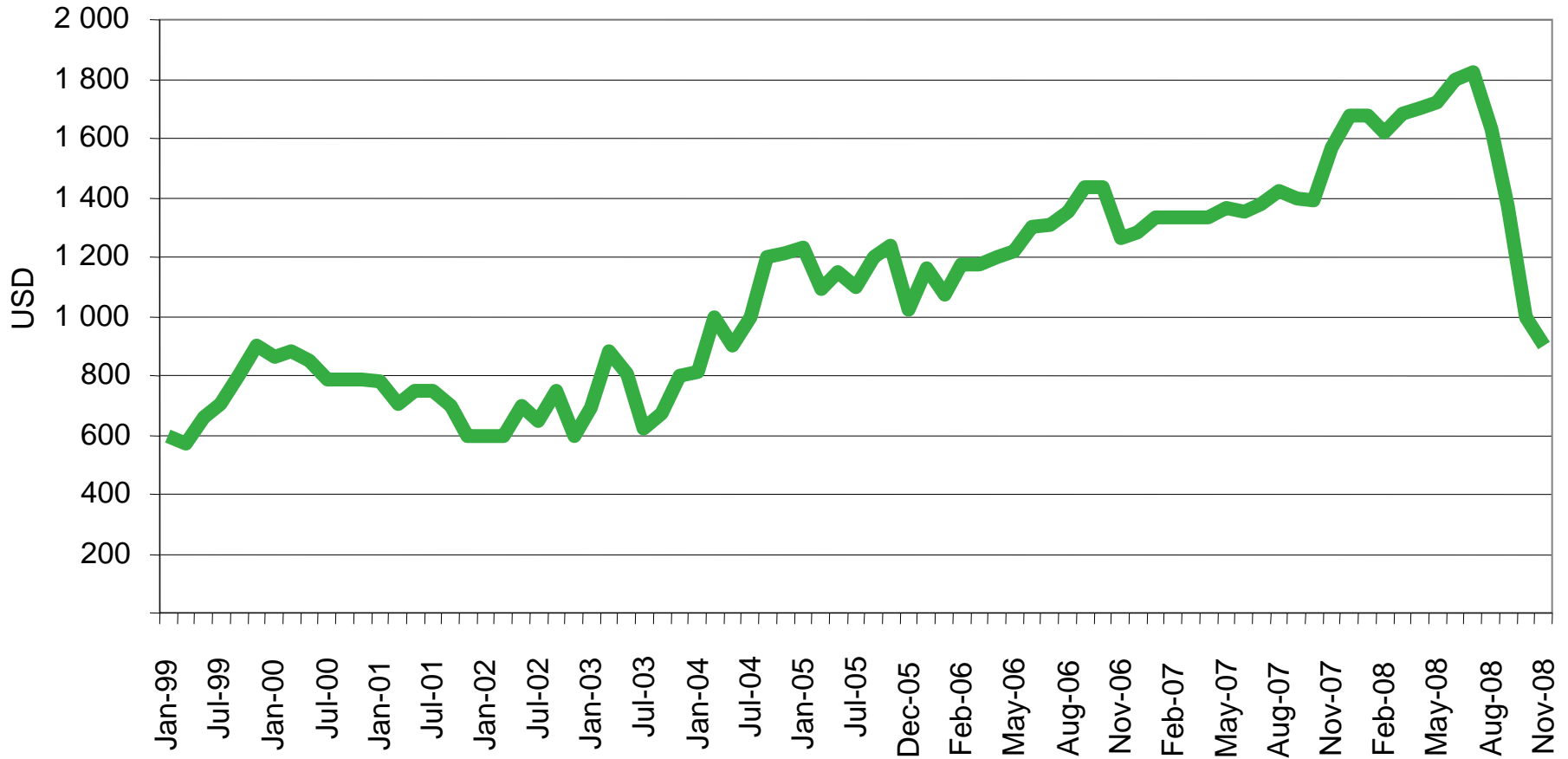
- Revenue increase due to traditional volume growth, rising international chemical prices, and weaker rand
- Renewed focus on operating margin
- Relative contribution to Group reduced due to strong Agriculture performance



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# Polymer Price Trends - LLDPE



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# Mining Division

	2008	%	2007
Revenue	R 1 billion	▲ 73%	R 581 million
Operating profit	R 126 million	▲ 125%	R 56 million
Operating margin	12.5%	▲	9.7%
Contribution to Group	21%	▼	29%

- Robust demand for mining chemicals
- Recovery in margin as anticipated
- Rapidly increasing international prices, particularly of nitrate products
- Industry skills shortage
- Relative contribution to Group reduced due to strong Agriculture performance



# Agriculture Division

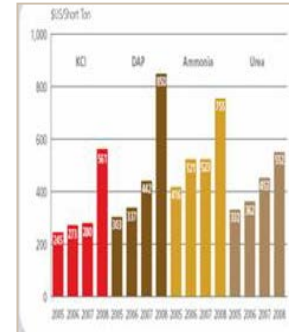
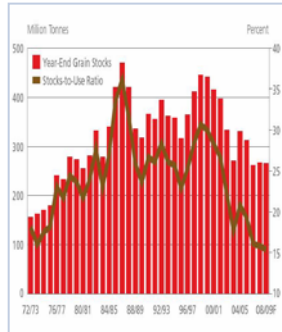
	2008	%	2007
Revenue	R2.2 billion	▲ 122%	R 971 million
Operating profit	R 312 million	▲ 311%	R 76 million
Operating margin	14.4%	▲	7.8%
Contribution to Group	53%	▲	40%

- Sales that traditionally occur during second half shifted to the period under review, increasing margins
- Strong performance in international markets, particularly Australasia
- Unprecedented increase in international raw material prices impacted fertilizer prices and drove revenue



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# What Drove High Raw Material Prices?



**Global food shortages**

**High crop prices**

**Biofuels**

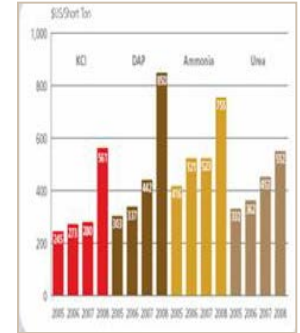
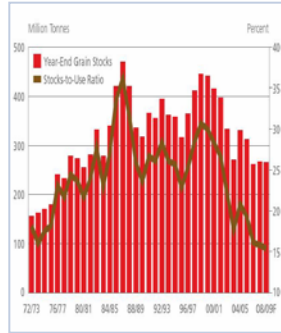
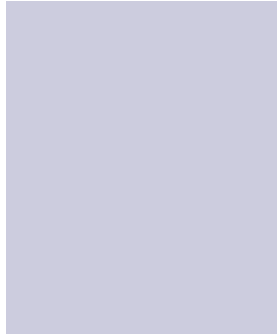
**Chinese Export Tax**

**Fertilizer demand has outstripped supply**



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# What factors have changed?



**Global credit crunch**

**Global food shortages**

**Crop prices plummeted with credit crisis**

**Biofuels are under pressure with the drop in energy prices & food shortages**

**Chinese Export Tax**

**Fertilizer demand has been affected by looming recession**



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# The Harsh Reality

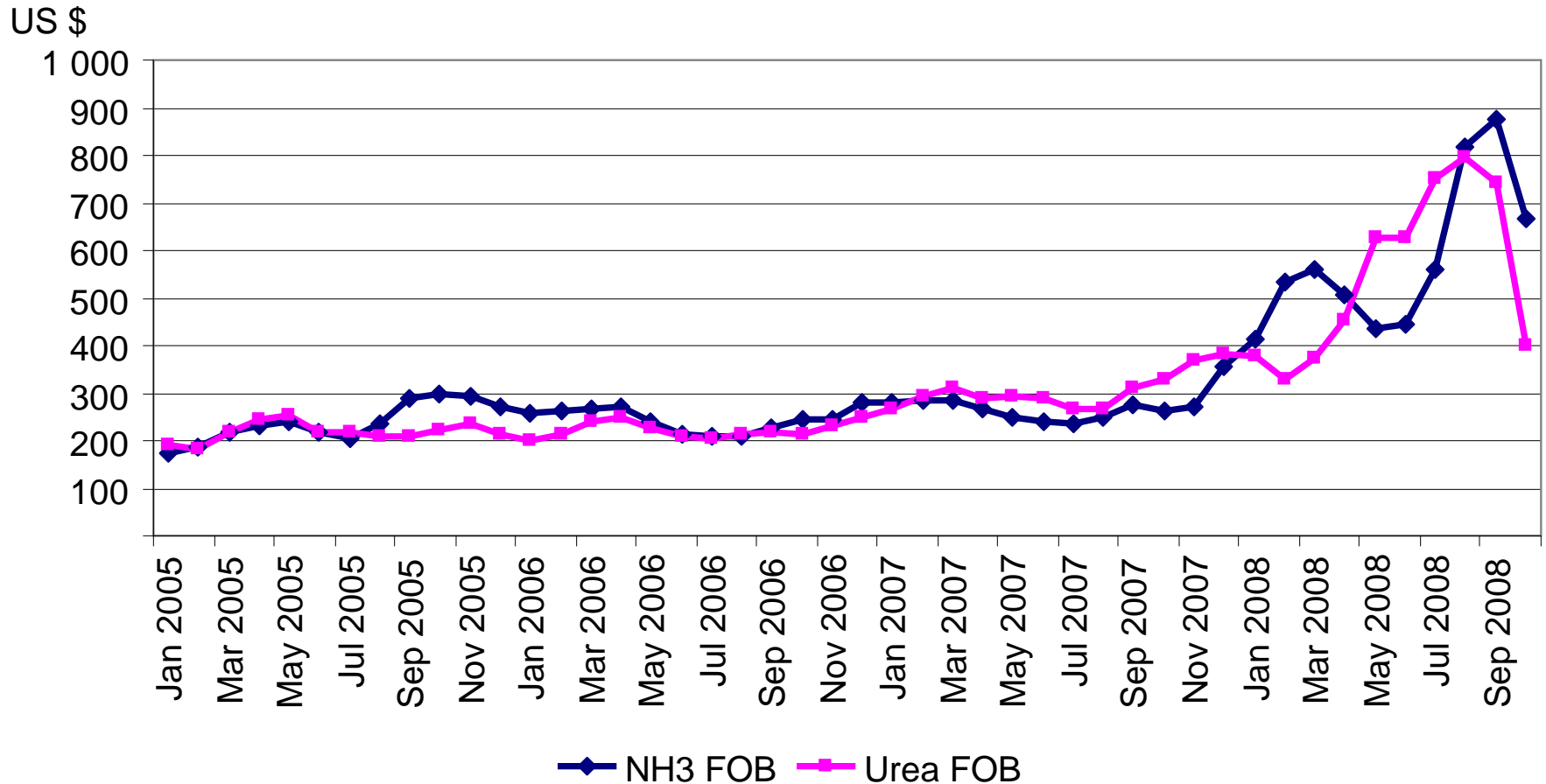
	R/\$	Ammonia fob Yuz	Urea Gran fob ME	Ratio	DAP fob Tampa	Phos Rock cfr India	Sulphur fob Vancouver	MOP fob NW Europe
Average F2007	7.11	326	337	1	557	162	222	265
Average YTD F2008	8.17	615	624	1.06	1122	397	602	745
Peak F2009	11.02	885	826	2.4	1200	490	815	893
Current Prices	10.27	280	278	1.58	750	353	50	893



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# Raw Material Fundamentals

## International cost per ton ammonia vs urea

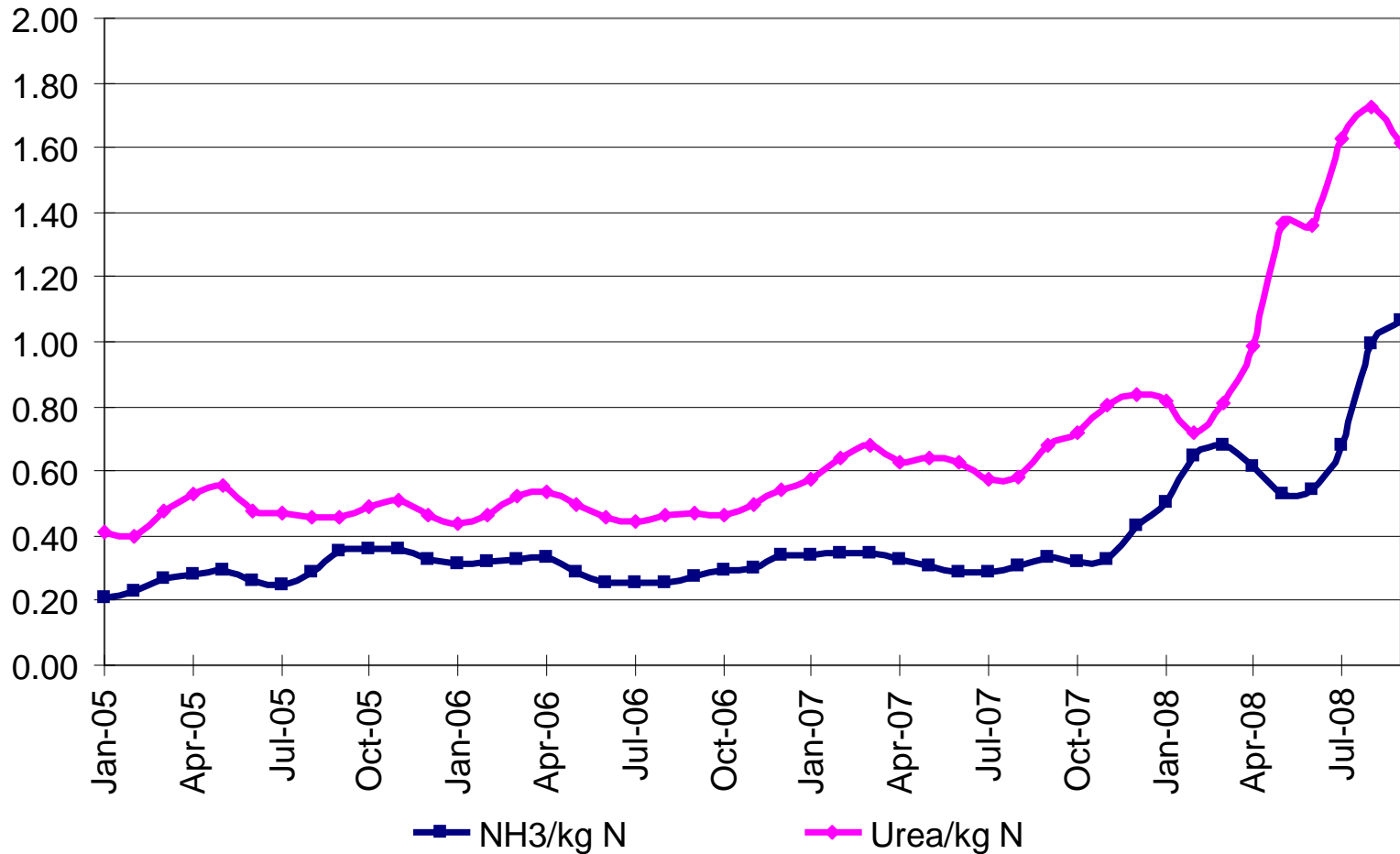


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# Raw Material Fundamentals

## International cost per Kg Nitrogen ammonia vs Kg Nitrogen urea

CENTS

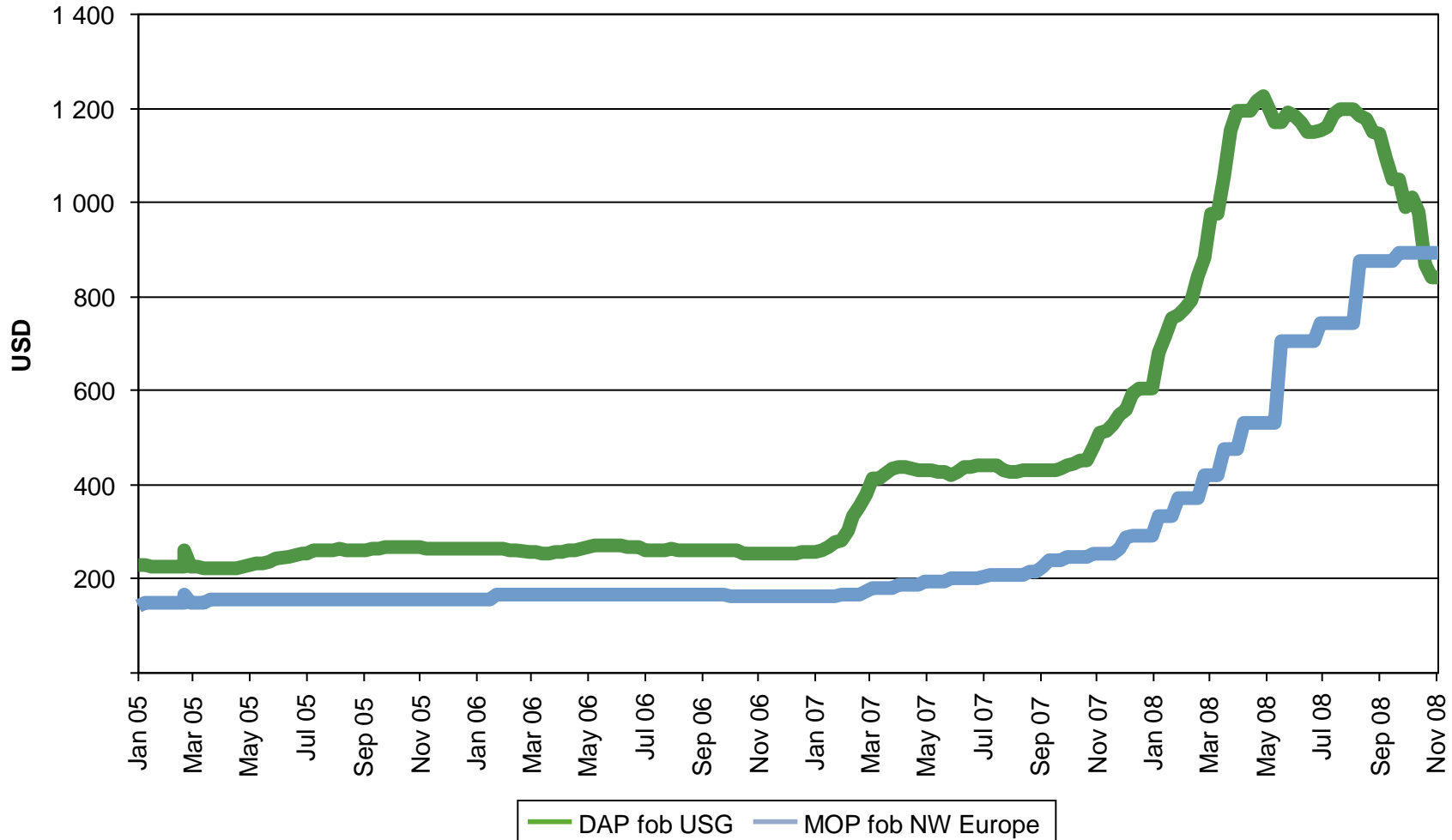


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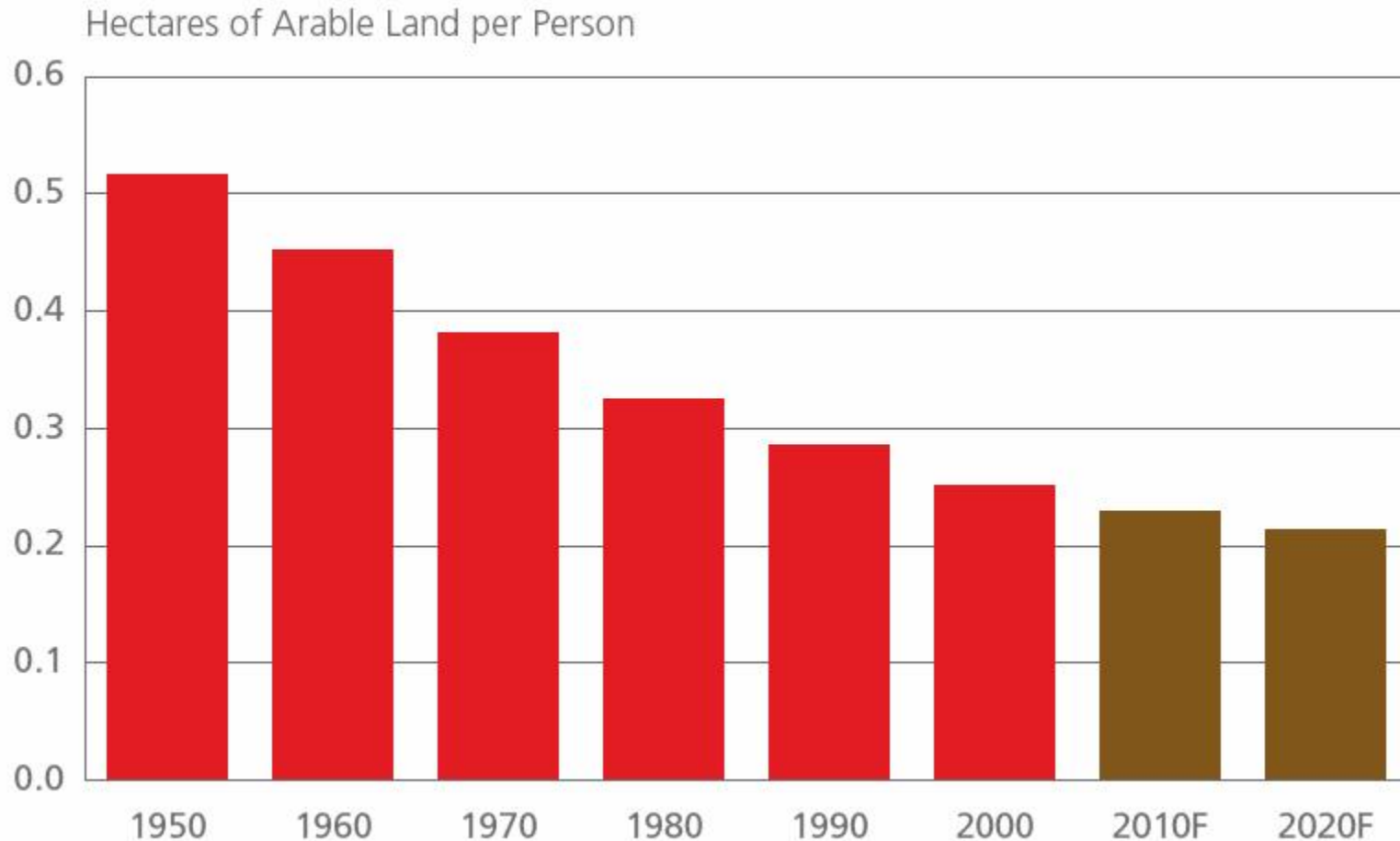
# Raw Material Fundamentals

## Rising raw material prices – DAP & MOP



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# Arable Land Per Capita



Source: FAO, PotashCorp



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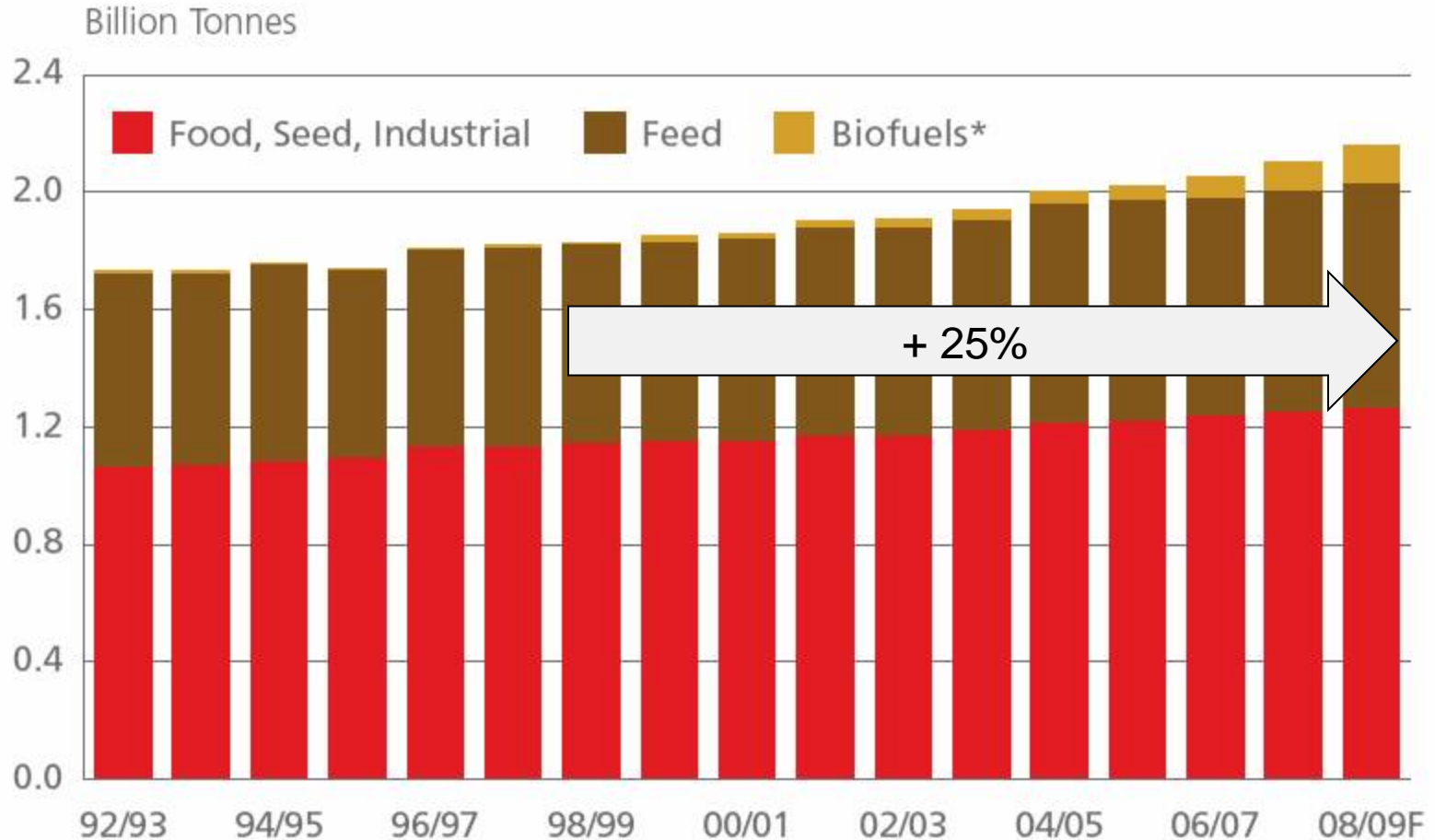
# Ethanol Production and Trade Projections

	Production (million gallons)		
	2006	2011	2016
United States	4,856	13,950	22,250
Brazil	4,763	5,922	7,524
EU-25	864	1,157	1,458
China	1,083	1,146	1,214
India	486	520	569



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# Accelerating Growth in World Total Grain Consumption



\* Includes distillers dried grains with solubles (DDGS)

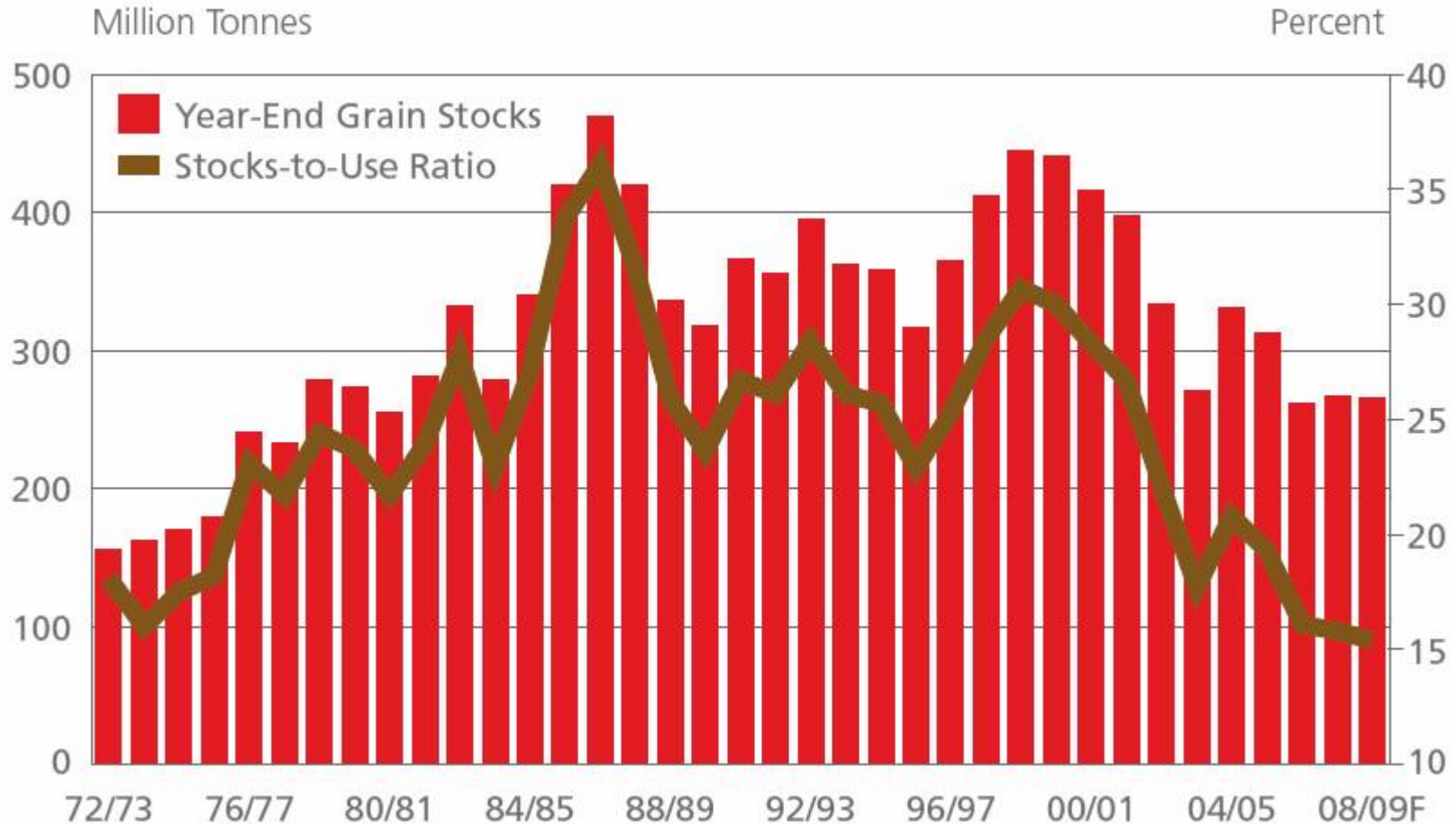
Source: USDA, PIRA, PotashCorp

[www.omnia.co.za](http://www.omnia.co.za)

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# World Grain Stocks

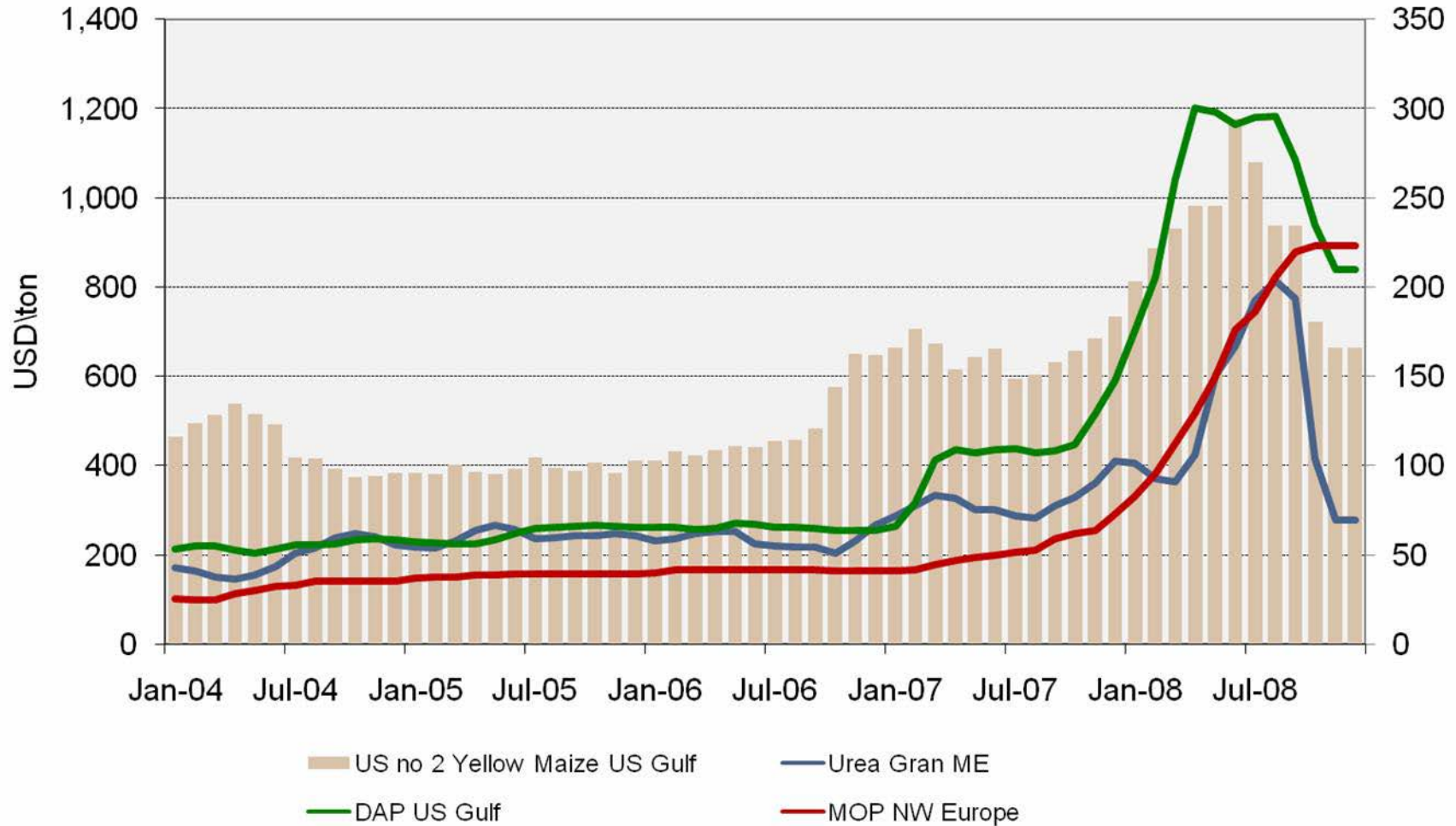


Source: USDA, July 2008



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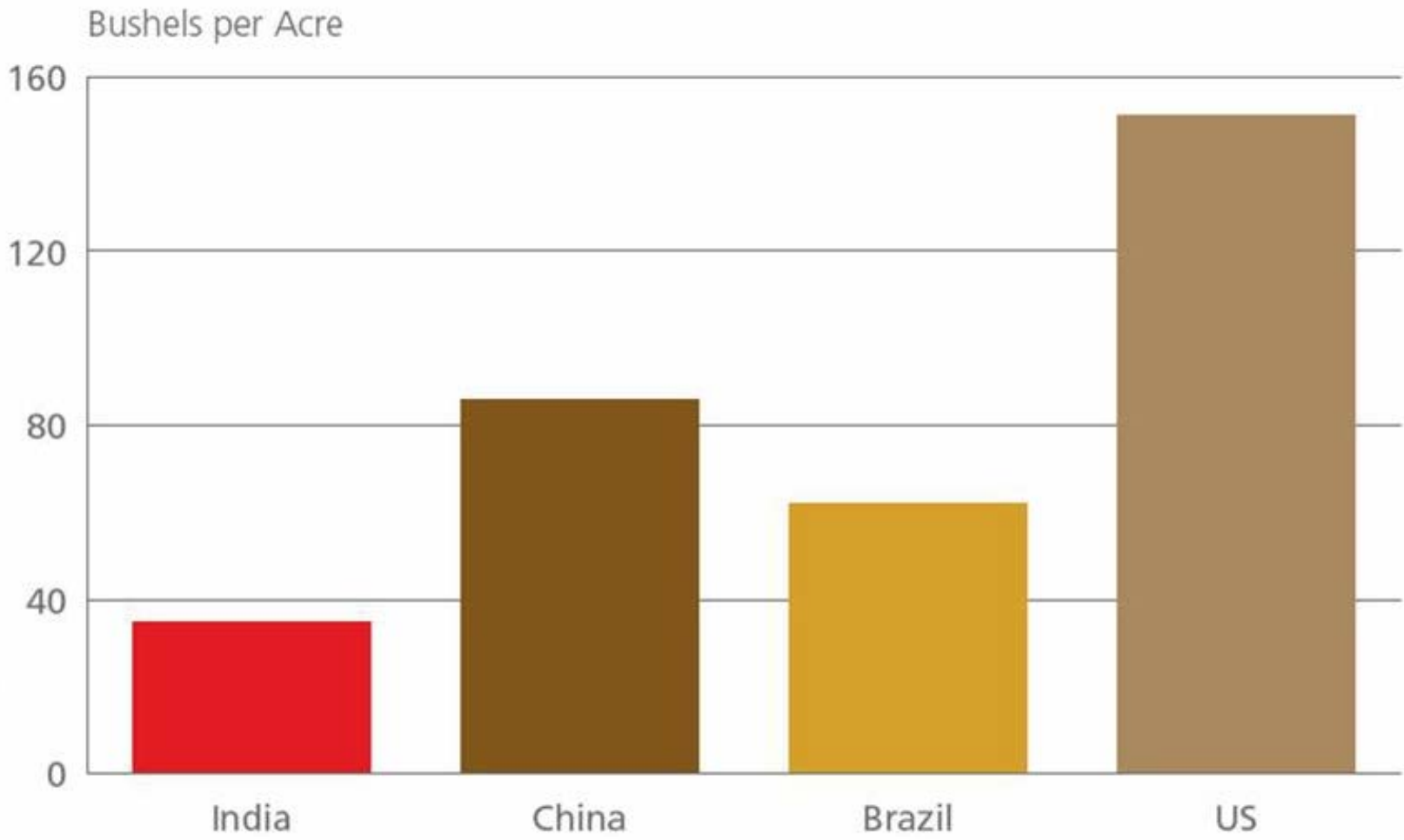
# Corn Price vs N,P & K prices



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# Significant Room for Improvement in Corn Yields



Source: IFA, USDA, PotashCorp



# Financial Review





# Income Statement

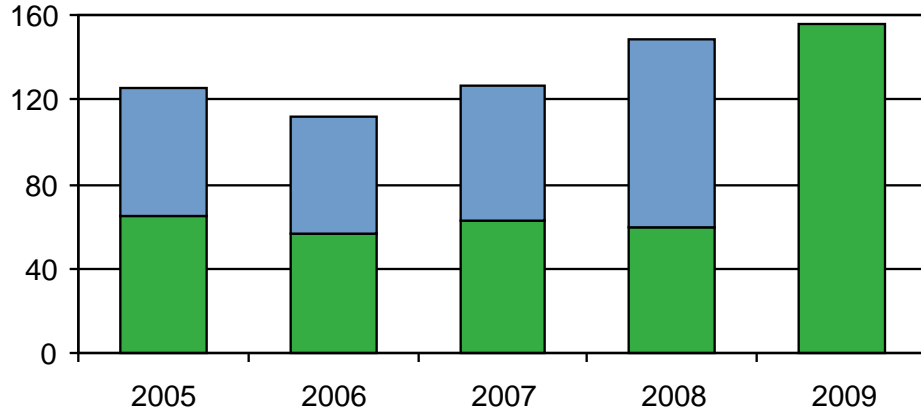
R million	6 Months		6 Months		Full year
	Sept		Sept		Mar
	2008		2007		2008
<b>SALES</b>	<b>5,454</b>	<b>78%</b>	<b>3,061</b>		<b>7,340</b>
Operating expenses	493	38%	356		915
<b>OPERATING PROFIT</b>	<b>594</b>	<b>209%</b>	<b>192</b>		<b>584</b>
<b>Finance costs</b>	<b>(61)</b>		<b>(45)</b>		<b>(112)</b>
- Interest paid	(65)	48%	(44)		(143)
- Interest received	2		1		25
- Forex gain/(loss)	2		(2)		6
<b>Taxation</b>	<b>(160)</b>		<b>(50)</b>		<b>(159)</b>
Normal taxation	(160)	256%	(45)		(144)
Secondary tax on companies	-		(5)		(15)
<b>Net profit after taxation</b>	<b>373</b>	<b>285%</b>	<b>97</b>		<b>313</b>



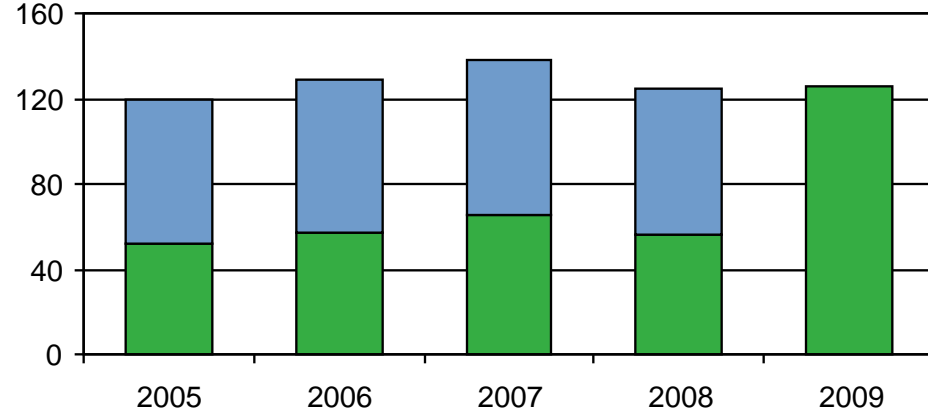
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# Strong Performance from all Divisions

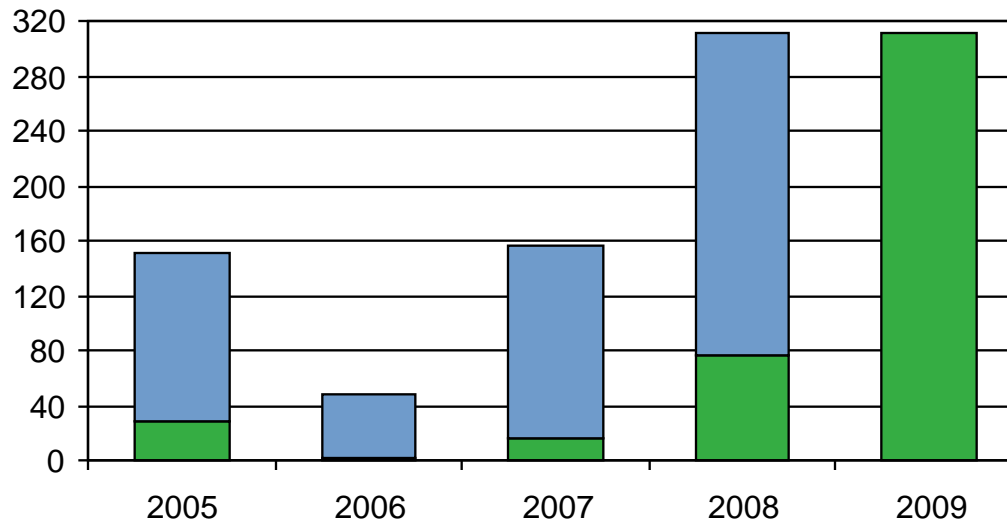
Chemicals



Mining

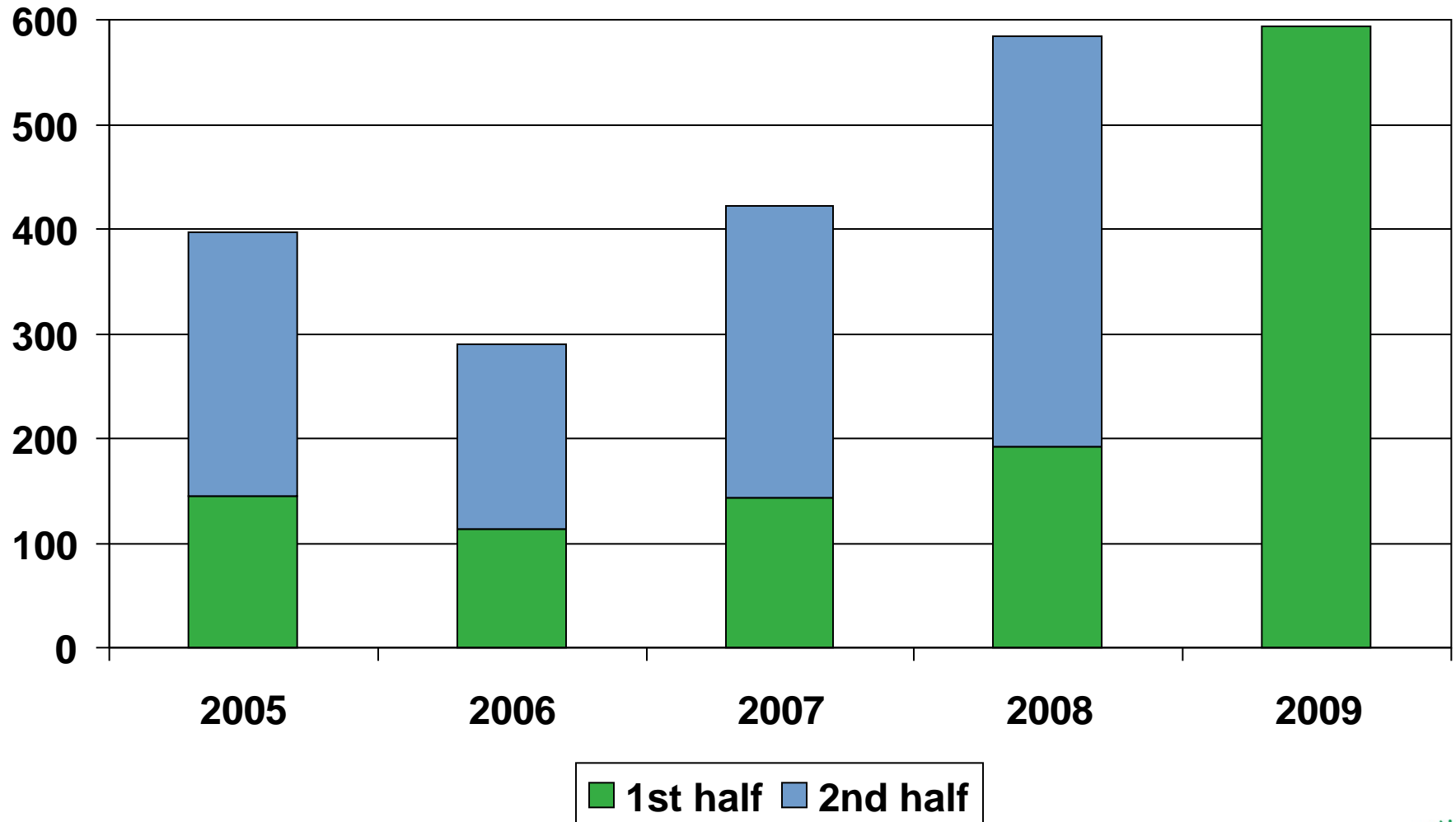


Agriculture



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# Operating Profit History - Consolidated



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# Balance Sheet

R million	Sept 2008	Sept 2007	Mar 2008
<b>CAPITAL AND RESERVES</b>			
Stated capital	191	186	188
Non-distributable reserves	78	(13)	82
Share-based payment reserve	63	31	45
Retained earnings	1,585	1,085	1,268
Minority interest	(2)	2	(2)
<b>Shareholders' equity</b>	<b>1,915</b>	<b>1,291</b>	<b>1,581</b>
<b>Closing R/\$ exchange rate</b>	<b>8.30</b>	<b>6.87</b>	<b>8.10</b>



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# Balance Sheet

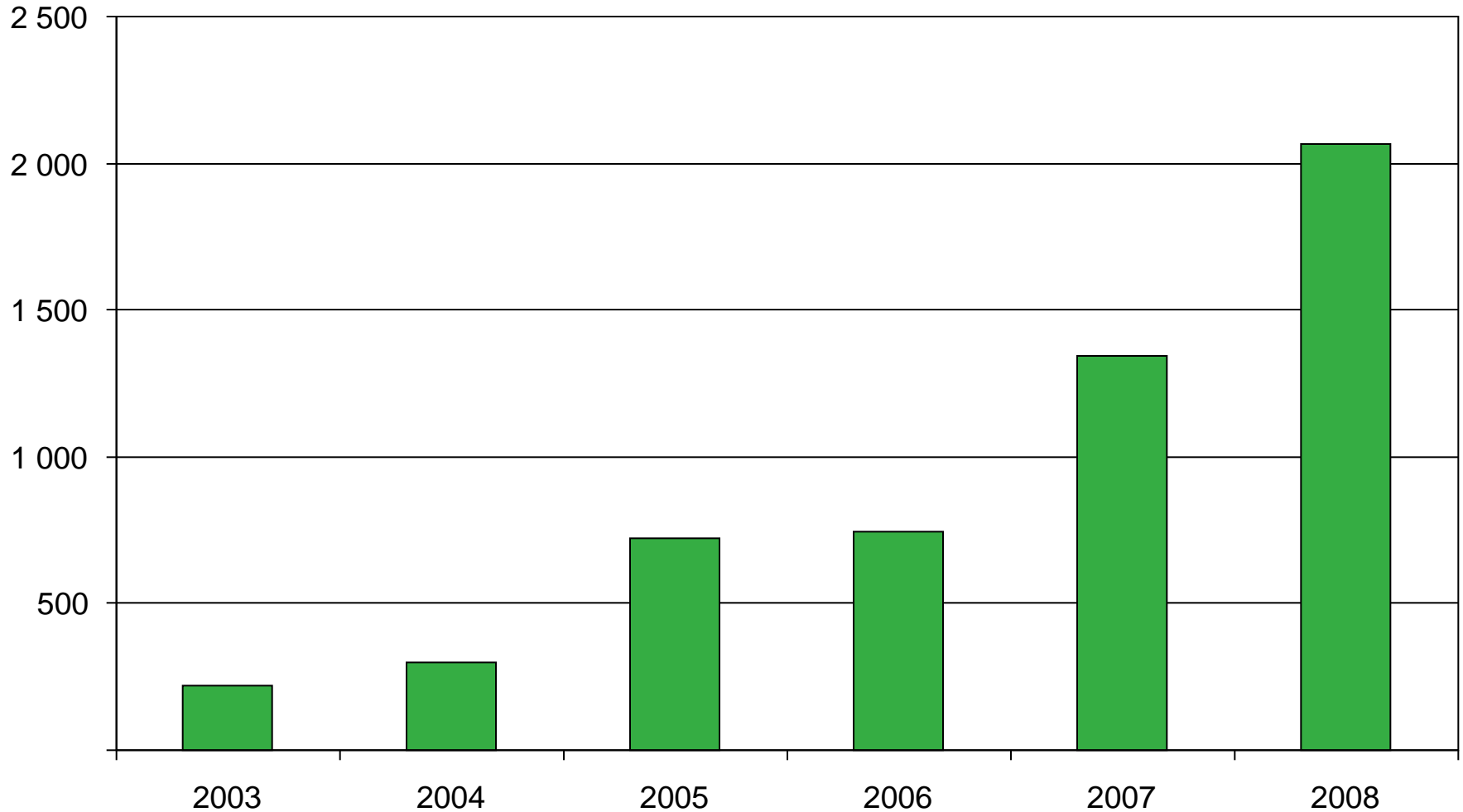
R million	Sept 2008	Sept 2007	Mar 2008
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>1,025*</b>	<b>819</b>	<b>965</b>
<b>INTANGIBLE ASSETS</b>	<b>507</b>	<b>429</b>	<b>517</b>
<b>NET WORKING CAPITAL</b>	<b>2,064</b>	<b>1,345</b>	<b>695</b>
Inventories	2,855	1,446	1,380
Trade and other receivables	1,937	1,373	1,457
Trade and other payables	2,728	1,474	2,142
<b>Taxation</b>	<b>69</b>	<b>31</b>	<b>79</b>
<b>Net interest bearing debt</b>	<b>1,542</b>	<b>1,184</b>	<b>451</b>
<b>Debt : Equity</b>	<b>80.5%</b>	<b>91.7%</b>	<b>28.5%</b>

*\*The insured value of the plant and equipment is R 5,7 billion*



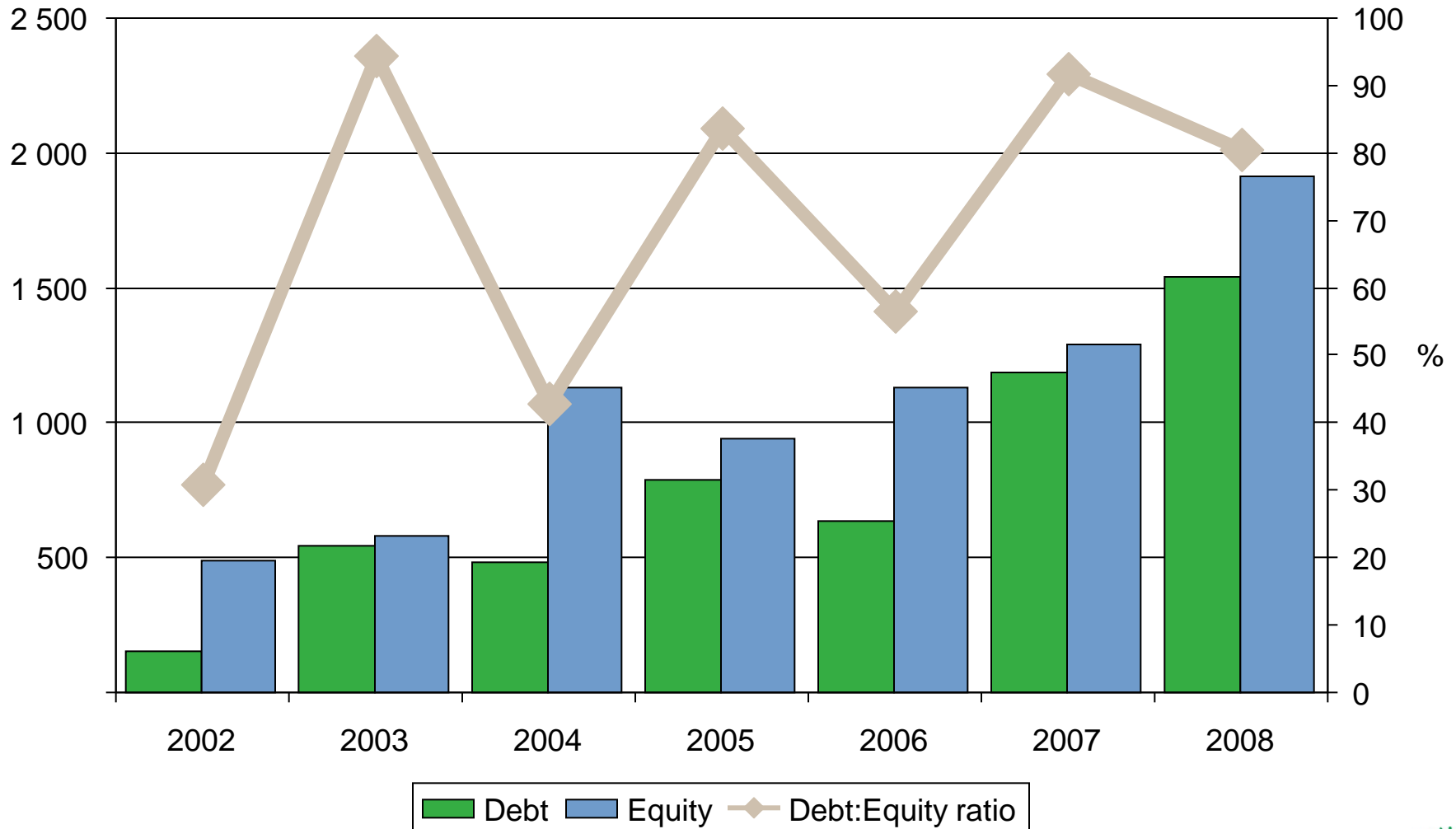
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# Working Capital at the Interim Stage



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# Debt : Equity at the Interim Stage



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# Cash Flow Statement

R million	6 Months Sept 2008	6 Months Sept 2007	Full year Mar 2008
Operating profit	594	192	584
Depreciation and amortisation	54	38	92
Finance cost	(63)	(43)	(118)
Taxation paid	(167)	(61)	(134)
Utilised by working capital	(1,369)	(889)	(138)
Non-cash items	(17)	(31)	11
	<b>(968)</b>	<b>(794)</b>	<b>297</b>
Dividends paid	(55)	(39)	(76)
<b>(Utilised by)/generated from operations</b>	<b>(1,023)</b>	<b>(833)</b>	<b>221</b>
Net cash outflow from investing activities	(83)	(86)	(413)
Net cash inflow from financing activities	17	228	323
<b>(Decrease)/increase in funds available</b>	<b>(1,089)</b>	<b>(691)</b>	<b>131</b>



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# Salient Financial Features

	Sept 2008		Sept 2007	Mar 2008
Basic earnings per share (cents)	839.04	281%	220.30	718.20
Fully diluted basic earnings per share (cents)*	804.98	269%	218.30	687.90
Final dividend paid per share (cents) in respect of prior year	117		90	90
Interim dividend declared per share (cents) in respect of current year	100		83	83
Weighted average number of fully diluted shares in issue ('000)	46,241		44,448	46,073
Number of shares in issue ('000)	44,321		44,189	44,263

\* Fully diluted EPS is after allowance for the additional shares that are expected to be awarded to management and senior staff after March 2009.



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Prospects

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# Current Environment

- Mining and Agriculture are the fundamental industries in Africa
- Omnia well positioned in these markets
- Investments in African agricultural land to secure food for the Middle East
- Omnia has a diverse customer base:
  - Industrial
  - Mining
  - Fertilizer
- The global food shortages to continue
- Biofuels will maintain momentum



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# General Outlook

- Weakening rand will benefit our customers and Omnia
- Frost & Sullivan – positive outlook for SA chemical industry
- Momentum in mining division, supplemented by strong demand for energy products, will drive sales
- Agriculture fundamentals are strong
- Recent drop in raw material prices likely to generate significant cash



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# Chemicals : Divisional Outlook

- Infrastructure spend to support demand for Group's chemical products
- Weaker rand will buffer drop in international chemical prices
- Natural gypsum shortage will increase EcoGypsum™ volumes
- Zetachem will make a full year contribution to divisional results as at March 2009
- Sasol Turbo project contributes to higher polymer volumes



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# Mining : Divisional Outlook

- Coal and uranium demand remains strong
- Mining chemicals set to benefit from increased uranium and copper mining
- Increasing opportunities arising from growing presence in Africa



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# Agriculture : Divisional Outlook

- The landscape has fundamentally changed
- World food shortages continue
- Sudden decrease in raw material prices, coupled with reduced volumes, will place fertilizer operating margins under pressure
- Omnia Fertilizer to benefit from reduction in raw material cost with phased implementation of Nitrophosphate process
- Omnia Fertilizer studying jatropha agronomics



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# EnviNox™ Clean Air Plant



- Omnia Fertilizer expecting first delivery of CER's end November
- Will result in R 30 million for the current year
- Going forward, on track to deliver R 60 million annually



# Long Term Group Outlook

- Macro environment in mining and agriculture expected to be positive for the next decade
- New business process system, QAD, which will improve business information, logistics and productivity
- Carbon credits will add at least R 60 million to income per year, from next year, until end 2012 - greenhouse gas abatement pressure will increase
- Detailed study underway for second nitric acid plant and expanded nitrate production capacity at Sasolburg



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# Group Management Target

- Overall compound growth in revenue 14% in real terms over 10 years
- Target set by shareholders at 10% real growth in earnings - R 1.237 bn for the 5 years
- Management on track to achieve 5 year cumulative earnings target
  - Successive 3<sup>rd</sup> five year target achieved
- Ranked in Top 100 Companies 12 times over past 18 years
- Ranked 54<sup>th</sup> in Empowerdex survey
- Free Float at 100 %



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Thank You

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