

Summarised Group results

for the year ended 31 December
2017



SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2017

R'million	31 Dec 2017 Audited	31 Dec 2016 Audited
Non-current assets	3 566	3 497
Current assets	3 390	2 950
Total assets	6 956	6 447
Total equity	4 034	3 684
Non-current liabilities	1 611	1 579
Current liabilities	1 311	1 184
Equity and liabilities	6 956	6 447

SUMMARISED CONSOLIDATED INCOME STATEMENT

R'million	31 Dec 2017 Audited	31 Dec 2016 Audited
Revenue	5 693	5 537
EBITDA	1 183	1 237
Depreciation, amortisation and impairments	(328)	(389)
Earnings before interest and taxation	855	848
Headline earnings	620	585

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

R'million	31 Dec 2017 Audited	31 Dec 2016 Audited
Cash generated from operations before restructuring costs	997	1 159
Restructuring costs paid	-	(60)
Cash generated from operations	997	1 099
Interest, taxation and dividends paid	(583)	(526)
Net cash inflow from operating activities	414	573
Net investment activities	(223)	(272)
Free cash flow	191	301
Cash and cash equivalents	1 344	1 153

Performance highlights

During the year under review, Afrox increased revenue by 2.8% from improved volumes in the segments Atmospheric Gases and LPG and effective price cost recovery across all four segments. Adjusting for non-recurring item (2016 litigation settlement with ArcelorMittal South Africa Limited), Afrox Group revenue increased by 6% on a comparable basis. The growth in revenue was achieved despite the continued weakness of the South African economy.

Earnings before interest, tax, depreciation and amortization (EBITDA) margin reduced by 160 basis points (bps) to 20.8% (2016: 22.3%) resulting in a 4.4% reduction in reported EBITDA. However, on a comparable basis EBITDA improved by 9.9%, adjusted for the impact from the non-recurring item in 2016. Despite the reduction in EBITDA, headline earnings per share increased by 6.1% to 201.0 cents (2016: 189.4 cents), and basic earnings per share increasing by 5.3% to 203.6 cents (2016: 193.3 cents) with an underlying growth in headline earnings per share of 32.3% and 30.7% growth in earnings per share, adjusting for the 2016 litigation settlement.

Effective balance sheet management and cost containment resulted in a further increase in the cash position to R1 344 million (December 2016: R1 153 million). Included in net investment activities is capital expenditure of R350 million (2016: R389 million), and reflects the adequate production capacity of the Group at present and the expected relatively low economic growth.

Return on capital employed (ROCE) as reported, reduced by 90 bps to 23.7% (2016: 24.6%), adjusting for the impact of the 2016 settlement however, ROCE improved by 370 bps compared to 2016. The adjusted improvement in ROCE reflects the continued balance sheet optimisation.

Outlook

Afrox believes in its products, people and its strong value contribution to its customers. Despite the expected continued low economic growth in 2018 Afrox will continue to seek specific growth opportunities, maintain its control over cost increases and continue its productivity improvement initiatives.

About this short-form announcement

The short-form announcement is the responsibility of the directors. It should be noted that this announcement is only a summary of the information included in the detailed SENS announcement, and therefore does not include complete or full details. Any investment decision by investors and/or shareholders should be based on the information in the full announcement. The full announcement has been published on SENS and the Group's website on www.afrox.com and is available for inspection at the registered offices of the Company during business hours. Copies of the full announcement can be requested from the Company by emailing investor.relations@afrox.linde.com.

Executive directors: S Venter (Managing Director), M Vogt* (Group Financial Director)

Non-executive directors: B Eulitz* (Chairman), M von Plotho*

Independent non-executive directors: Dr KDK Mokhele, CF Wells**, NVL Qangule, GJ Strauss, NV Fakude

*German **British



Revenue
R5 693 million

Increase of 2.8%
from R5 537 million at 31 December 2016



Earnings per share
203.6 cents

Increase of 5.3%
from 193.3 cents at 31 December 2016



Headline earnings per share
201 cents

Increase of 6.1%
from 189.4 cents at 31 December 2016



2017 Dividend
100 cents per share

Increase of 6.4%
from 94 cents at 31 December 2016

IMPACT OF NON-RECURRING ITEM

R'million	2017	2016	Adjustment*	2016 Normalised	% change
Revenue	5 693	5 537	(165)	5 372	6.0%
Earnings per share (cents)	203.6	193.3	37.6	155.7	30.7%
Headline earnings per share (cents)	201.0	189.4	37.6	151.8	32.4%
Dividend for the year (cents)	100.00	94.00	18.00	76.0	31.6%

* Litigation settlement of R165 million received from ArcelorMittal in 2016