

IMPALA PLATINUM HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1957/001979/06)
JSE Share code: IMP
ISIN: ZAE000083648
ADR code: IMPUY
JSE alpha code: IMPCB
("Implats")

ANNUAL RESULTS FOR THE FULL YEAR ENDED 30 JUNE 2019

Key features

Safety

- A 28% improvement in FIFR to 0.047 per million man hours worked
- A 12% improvement in LTIFR to 5.30 per million man hours worked

Operational

- Stable mine-to-market platinum in concentrate production of 1.31Moz
- 5% increase in refined PGM production of 3.10Moz, including:
 - 4% increase in refined platinum of 1.53Moz, and
 - 7% increase in refined palladium of 0.91Moz
- Industry leading cash cost performance:
 - Group unit costs per platinum ounce on a stock-adjusted basis, up 4% to R23 942
- Consolidated Group capital expenditure of R3.8bn

Financial

- Net cash from operating activities of R10.7bn
- Free cash flow of R7.7bn generated
- R2.2bn in debt repayments and a closing net cash position of R1.1bn
- Group liquidity headroom improved to R12.2bn
- Gross profit of R6.8bn and headline earnings of R3.0bn
- Incentivised US\$ bond conversion post year end

Market

- Increased catalyst loadings have tightened the market for palladium and rhodium
- Progress in R&D for the reintroduction of platinum in gasoline catalyst formulations
- Growing recognition of the potential of hydrogen to address decarbonisation
- Dollar revenue per platinum ounce sold up 11% to US\$2 237
- Rand weakness resulted in revenue per platinum ounce sold increasing by 22% to R31 765

Commentary

Implats achieved stellar results in FY2019. A strong operational performance in key areas allowed the Group to harness the benefit of improving market conditions and rising rand PGM pricing during the year and deliver a substantially improved financial result with healthy free cash flow generation and a return to a closing net cash position at year-end.

Safety remains a key business imperative for the Group. The 28% improvement in the achieved fatal injury frequency rate and a 12% improvement in the lost time injury frequency rate are a testament to the step-change in safety performance during the year. Despite this, Implats mourns the loss of five employees at managed operations. The Board and management team extend their sincere condolences to the families and friends of our late colleagues. The loss of life is extremely disappointing, especially considering the noteworthy safety improvements over the past two years.

The Group's strategic imperative to re-position the business as a high-value, profitable and competitive PGM producer was meaningfully advanced through an operational and financial turnaround at Impala Rustenburg. Gains in productivity, safety and efficiency at the Impala Rustenburg complex significantly boosted Implats' financial performance, clearly demonstrating the considerable value still to be derived from this operation.

The Group delivered stable mine-to-market platinum concentrate volumes of 1.31 million ounces, despite a challenging operating environment which included community disruptions at Marula, the impact of split-reef mining at Two Rivers, intermittent load shedding by Eskom and continued political and economic uncertainty in Zimbabwe. Mined volumes were further bolstered by a partial processing pipeline reduction and Group refined PGM production increased by 5% to 3.10 million ounces - refined platinum and palladium production increased by 4% and 7% to 1.53 million ounces and 0.91 million ounces respectively.

Costs were well controlled with unit costs increasing by 4% on a stock-adjusted basis to R23 942 per platinum ounce. Volume gains helped offset persistent inflationary pressures from rising labour and utility costs and the translation impact of a weaker rand on costs from the Zimbabwean subsidiaries.

Higher sales volumes were delivered into stronger rand PGM pricing and resulted in a significantly improved Group financial performance. Revenue improved by 36% to R48.6 billion, gross profit increased five-fold to R6.8 billion and headline earnings of R3.0 billion or 423 cents per share compared to losses of R1.2 billion or 171 cents per share in the prior year.

Net cash generated from operating activities improved to R10.7 billion, yielding R7.7 billion in positive free cash flow after capital investments of R3.9 billion. Implats made debt repayments of R2.2 billion during the year and ended the reporting period with gross cash of R8.2 billion, a net cash position of some R1.1 billion and liquidity headroom of R12.2 billion.

Strong cash generation during the year, together with the outperformance of Implats equity, allowed the Group to successfully induce early conversion of its US\$250 million convertible bonds in July 2019, further strengthening the balance sheet in line with guided capital allocation priorities.

Given an uncertain and volatile local and global economic outlook and the ongoing restructuring underway at Impala Rustenburg, the board resolved not to declare a dividend for the full year ended 30 June 2019.

Operating statistics

		Year ended 30 June 2019	Year ended 30 June 2018
Gross refined production			
Platinum	(000 oz)	1 526.2	1 468.1
Palladium	(000 oz)	909.6	849.3
Rhodium	(000 oz)	205.9	198.5
Nickel	(t)	16 049	16 227
IRS metal returned (toll refined)			
Platinum	(000 oz)	0.7	140.2
Palladium	(000 oz)	2.9	67.0
Rhodium	(000 oz)	0.0	23.4
Nickel	(t)	3 516	3 557
Sales volumes			
Platinum	(000 oz)	1 515.2	1 354.7
Palladium	(000 oz)	928.8	769.9
Rhodium	(000 oz)	205.5	196.1
Nickel	(t)	12 954	12 648

Prices achieved			
Platinum	(\$/oz)	827	943
Palladium	(\$/oz)	1 185	975
Rhodium	(\$/oz)	2 568	1 501
Nickel	(\$/t)	12 649	11 488
Consolidated statistics			
Average rate achieved	(R/\$)	14.20	12.82
Closing rate for the period	(R/\$)	14.09	13.73
Revenue per platinum ounce sold	(\$/oz)	2 237	2 023
	(R/oz)	31 765	25 935
Tonnes milled ex mine	(000 t)	19 469	19 355
PGM refined production	(000 oz)	3 073.5	2 924.6
Capital expenditure	(Rm)	3 786	4 606
Group unit cost per platinum ounce refined	(R/oz)	22 673	24 660
Group unit cost per platinum ounce stock adjusted	(R/oz)	23 942	22 931

Key financial performance

		June 2019	June 2018
Revenue	Rm	48 629	35 854
Gross profit	Rm	6 838	1 137
Profit/(loss) for the period	Rm	1 179	(10 793)
Headline earnings	Rm	3 038	(1 228)
Dividends	cps	-	-
Gross profit margin	%	14.1	3.2
Capital expenditure	Rm	3 786	4 606
Cash net of debt/(Net debt) excluding leases	Rm	1 075	(5 327)
Net asset value	Rm	41 080	39 593
Share performance			
Earnings per share	cps	205	(1 486)
Headline earning per share	cps	423	(171)

Short form announcement approval

This announcement is a summarised version of the Group's full announcement and, as such, it does not contain full or complete details pertaining to the Group's results. Investment decisions should be made after taking into consideration the full announcement.

Implats' results were released on the JSE Stock Exchange News Service (SENS) on 5 September 2019 and are available on the Group's website www.implats.co.za and <https://senspdf.jse.co.za/documents/2019/jse/isse/impe/ye2019.pdf>. They are available for inspection, at no charge, at our registered office (2 Fricker Road, Illovo) and the office of our sponsor (Nedbank Corporate and Investment Banking, 135 Rivonia Road, Sandton) from 09:00 to 16:00 weekdays.

This summarised announcement is the responsibility of the board of directors. A copy of the full announcement may be requested from the company secretary.

Transfer secretaries

South Africa: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Bierman Ave, Rosebank, Johannesburg, 2196, (PO Box 61051, Marshalltown, 2107)
 United Kingdom: Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol, BS13 8AE

Sponsor: Nedbank Corporate and Investment Banking

Directors: MSV Gantsho (Chairman), NJ Muller (Chief Executive Officer), M Kerber (Chief Financial Officer), PW Davey*, D Earp, BT Koshane, AS Macfarlane*, FS Mufamadi, B Ngonyama, MEK Nkeli, LN Samuel, PE Speckmann, ZB Swanepoel
(*British)

Queries:

Johan Theron

E-mail: johan.theron@implats.co.za

T: +27 (0) 11 731 9013/43

M: +27 (0) 82 809 0166

Emma Townshend

E-mail : emma.townshend@implats.co.za

T : +27 (0) 21 794 8345

M : +27 (0) 82 415 3770

Alice Lourens

E-mail: alice.lourens@implats.co.za

T: +27 (0) 11 731 9033/43

M: +27 (0) 82 498 3608

5 September 2019

Johannesburg

Sponsor to Implats

Nedbank Corporate and Investment Banking