

IMPALA PLATINUM HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1957/001979/06)
JSE Share code: IMP
ISIN: ZAE000083648
JSE Convertible Bond Stock Code: IMCB22
JSE Convertible Bond ISIN: ZAE000247458
ADR code: IMPUY

(“Implats” or “the Group”)

REVIEWED PRELIMINARY RESULTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 AND CASH DIVIDEND DECLARATION

Key features for FY2020

- 14% and 11% improvements in LTIFR and TIFR, respectively
- 6E dollar basket price up 46% to US\$1 624/oz
- Rand revenue per 6E ounce sold increased by 57% to R24 863/oz
- Record headline earnings of R16.1bn or R20.75/share
- Free cash flow of R14.4bn
- Net cash of R5.7bn after funding R9.4bn North American Palladium acquisition cost
- Board declares final dividend of R4.00/share (R5.25/share full year dividend)
- Continued tightness in palladium and rhodium markets expected to support firm pricing in the short to medium term
- Near-term platinum prospects remain muted, improving on switching, heavy duty diesel and robust industrial demand

Commentary

Safety remains the Group’s foremost priority. In a period marked by unexpected public health and associated operational challenges, Implats recorded 14% and 11% improvements in the lost-time and total injury frequency rates, respectively. Despite these gains, Implats mourns the loss of five employees at managed operations and two employees at joint ventures during FY2020.

The strategic repositioning of Implats over the past several years enabled the Group to successfully navigate the challenges created by the external shock of the Covid-19 pandemic. Operational resilience enabled sustained delivery of refined metal to customers and the Group benefitted from robust pricing for primary products and achieved record financial results.

The coronavirus pandemic significantly disrupted and impacted business performance during the second half of the financial year and resulted in an opportunity cost of mine-to-market concentrate production of 290 000 6E ounces. The release of previously identified excess inventory mitigated the impact on reported production and refined 6E production declined by 8% to 2.8 million ounces.

Reported unit costs were impacted by lower volumes, additional investment in development and changes in ore mix, which impacted yield. These compounded the impact of inflationary pressures and a weaker rand, increasing stock-adjusted unit costs by 12% to R13 345 per 6E ounce. This excludes abnormal production costs of R1.3 billion. If these were included, stock adjusted unit costs would have increased by 18% to R14 067 per 6E ounce.

Pricing for the Group's primary products was robust and, together with rand depreciation, drove substantial improvements in the Groups' financial performance. Revenue improved by 44% to R69.9 billion, gross profit increased to R23.3 billion and headline earnings increased to R16.1 billion – or R20.75 per share.

The Group generated R14.4 billion of free cash flow after capital investment of R4.2 billion and ended FY2020 with gross cash of R13.3 billion, net cash of R5.7 billion and liquidity headroom of R16.1 billion, notwithstanding the acquisition of Impala Canada, the payment of the R973 million interim dividend and expenditure incurred to induce the early conversion of the US\$250 million bond.

Gains in safety and efficiency at Impala Rustenburg resulted in upward revisions to the planned production profile at the operating complex, negating the need for large-scale retrenchments. In Zimbabwe, operations continued to excel despite increasing socioeconomic pressures. The operational turnaround and renewed social stability at Marula sustained, yielding substantial financial value and, at Two Rivers, a project to increase processing capacity was approved and advanced during the year. The competitiveness of the Groups' portfolio was enhanced by the acquisition of Impala Canada, a mechanised, high-margin primary palladium producer which further diversified Implats' operating footprint.

Strengthened relationships with key stakeholders were affirmed by a multi-year wage agreement concluded without third-party intervention. A strong environmental performance underpinned the continued commitment to responsible corporate stewardship.

Meaningful advances were made to strengthen the Group balance sheet through the reduction of debt and dividend payments were reinstated. The capital allocation framework adopted during the year will serve to guide the effective future allocation of financial resources.

Production rates at most operations normalised back to near full capacity by year end and the risk of material disruptions as a result of the pandemic are now steadily receding.

FY2021 production volumes will be supported through the planned release of accumulated inventory. Group refined production is estimated at between 2.8 and 3.4 million 6E ounces. Implats expects Group stock-adjusted operating costs of between R14 500 and R15 500 per 6E ounce and capital expenditure of between R6.0 and R6.8 billion. This guidance is based on an assumed R/US\$ and C\$/US\$ exchange rate of R16.63/US\$ and C\$1.35/US\$, respectively and does not account for further potential Covid-related public health disruptions.

The financial information on which this outlook is based has not been reviewed and reported on by Implats' external auditors.

Key financial metrics

		Year ended 30 June 2020	Year ended 30 June 2019
Revenue	Rm	69 851	48 629
Gross profit	Rm	23 271	6 838
Profit for the year	Rm	16 484	1 179
Headline earnings	Rm	16 126	3 038
Dividends proposed	cps	525	-
Capital expenditure	Rm	4 488	3 786
Net cash (excluding leases)	Rm	5 748	1 075
Share performance			
Earnings per share	cents	2 066	205
Headline earning per share	cents	2 075	423

Operating statistics

		Year ended 30 June 2020	Year ended 30 June 2019
Gross refined production			
6E	(000oz)	2 812.7	3 073.5
Platinum	(000oz)	1 349.3	1 526.2
Palladium	(000oz)	892.0	909.6
Rhodium	(000oz)	180.6	205.9
Nickel	(tonnes)	15 387	16 049
Sales volumes			
6E	(000oz)	2 792.9	3 049.1
Platinum	(000oz)	1 371.0	1 515.2
Palladium	(000oz)	871.7	928.8
Rhodium	(000oz)	174.0	205.5
Nickel	(tonnes)	10 973	12 954
Prices achieved			
Platinum	(US\$/oz)	885	827
Palladium	(US\$/oz)	1 896	1 185
Rhodium	(US\$/oz)	6 870	2 568
Nickel	(US\$/t)	14 109	12 649
Consolidated statistics			
Average rate achieved	(R/US\$)	15.31	14.20
Closing rate for the period	(R/US\$)	17.38	14.09
Revenue per 6E ounce sold	(R/oz)	24 863	15 790
	(US\$/oz)	1 624	1 112
Tonnes milled ex-mine	(000t)	19 576	19 469
Capital expenditure	(Rm)	4 488	3 786
Group unit cost per 6E ounce stock adjusted	(R/oz)	13 345	11 886
	(US\$/oz)	851	838

DECLARATION OF DIVIDEND

Shareholders are advised that the board has resolved to declare a final gross cash dividend of R4.00 per ordinary share for the financial year ended 30 June 2020. The final dividend has been declared in terms of the dividend policy previously communicated to shareholders. The dividend policy states that a dividend will be declared from 30% of free cash flow, pre-growth capital, for any given period, subject to the board's discretion. The final cash dividend is in addition to the interim cash dividend of R1.25 declared in February 2020, bringing the total dividend for the financial year to R5.25 per ordinary share.

Implats has 799 034 147 ordinary shares in issue and the Company's tax reference number is 9700178719. The cash dividend will be subject to a 20% dividend withholding tax for shareholders who are not exempt from, or do not qualify for, a reduced rate of withholding tax. Therefore, the net dividend amount is R3.20 per ordinary share for shareholders liable to pay the dividend withholding tax and R4.00 per ordinary share for shareholders exempt from dividend withholding tax. Shareholders are advised to complete the requisite declaration form to make the Company aware of their tax status. The salient dates are as follows:

Declaration date:	Thursday, 3 September 2020
Last day for trading to be eligible for cash dividend:	Monday, 21 September 2020
Trading ex-dividend commences:	Tuesday, 22 September 2020
Record date:	Friday, 25 September 2020
Dividend payment date:	Monday, 28 September 2020

Share certificates may not be dematerialised or rematerialised between Tuesday, 22 September 2020 and Friday, 25 September 2020, both days inclusive.

Short form announcement

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. Deloitte & Touche, the auditors, have issued an unmodified review conclusion relating to the reviewed results. This announcement is not reviewed, but is extracted from the reviewed results.

The full announcement is available on Implats' website at www.implats.co.za and on the JSE's website at <https://senspdf.jse.co.za/documents/2020/jse/isse/IMPE/ye2020.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. A copy of the full announcement may also be requested from the company secretary at investor@implats.co.za.

This short form announcement is the responsibility of the board of directors.

Transfer secretaries

South Africa: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann 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, NDB Orleyn, MEK Nkeli, LN Samuel, PE Speckmann, ZB Swanepoel

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3 September 2020

Johannesburg

Sponsor to Implats

Nedbank Corporate and Investment Banking