

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”)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020 AND CASH DIVIDEND DECLARATION

Key features for the six months:

- Zero fatalities and a 22% improvement in TIFR to 9.34
- 9% increase in gross 6E concentrate volumes of 1.68Moz
- 29% increase in 6E refined production of 1.69Moz
- 22% increase in 6E sales volumes of 1.62Moz
- 9% increase in stock adjusted group unit costs per 6E ounce of R14 292
- 55% increase in dollar revenue per 6E ounce sold of \$2 197
- 71% increase in rand revenue per 6E ounce sold of R35 635/oz
- 231% increase in EBITDA of R25.1bn and 328% increase in headline earnings of R14.4bn or 1 855 cps
- 304% increase in free cash flow of R20.1bn with closing net cash of R20.3bn
- R10.00/ share interim dividend declared by the board
- Continued tightness in palladium and rhodium markets and improving demand outlook for platinum expected to support firm pricing
- Positive adjustments to FY2021 operational and cost guidance

Commentary

Implats delivered stellar results for its half year ended 31 December 2020 despite the challenges presented by navigating Covid-19. An improved safety performance underpinned operational momentum, while increased processing availability and the six month inclusion of contributions from Impala Canada allowed the Group to deliver higher sales volumes into robust rand PGM pricing and achieve record financial results.

Zero harm to the health and safety of Implats’ employees and contractors is a key objective for the Group, underpinned by our value to respect care and deliver. As such there is a relentless focus on safety. Implats reported zero fatalities in the period under review and improved on all safety metrics other than LTIFR which deteriorated by 6% to 5.13 per million man-hours worked.

Concentrate production at managed operations increased by 11% to 1.21 million 6E ounces, benefitting from the six-month contribution of Impala Canada, while the resolution of milling

challenges experienced at both Mimosa and Two Rivers in the prior comparable period resulted in a 9% gain in 6E concentrate production volumes of 283 000 ounces from the joint ventures. Third-party 6E concentrate receipts of 196 000 ounces were 3% higher and gross 6E concentrate volumes rose by 9% to 1.68 million ounces.

Gross refined output benefitted from improved availability at Group processing assets following scheduled maintenance in the prior comparable period and the contribution of saleable ounces from Impala Canada. Refined 6E production increased by 29% to 1.69 million ounces with excess identified stock of 100 000 6E ounces expected to be released by the end of FY2021.

Inflationary pressures were compounded by the impact of the weaker rand on the cost base at Zimplats, additional expenditure due to Covid-19, the inclusion of the cash cost at Impala Canada, development to improve mining flexibility and targeted spend on asset integrity at Impala Rustenburg. Total cash operating costs increased by 24% from the prior comparable period, while unit costs benefitted from higher volumes and increased by 9% on a stock adjusted basis to R14 292 per 6E ounce.

Pricing for the Group's primary products was robust and, together with rand depreciation, drove a record financial performance at the group. Revenue more than doubled to R58.1 billion, gross profit increased to R22.4 billion, EBITDA of R25.1 billion rose three-fold and headline earnings increased by 328% to R14.4 billion.

A R1.5 billion IFRS 2 BEE charge arising on the refinancing of the BEE partners in Marula and the establishment of an employee share ownership trust was included in other expenses. This charge has no tax impact and is included in both EBITDA and headline earnings.

Conversely, sustained improvements in both operational performance and prevailing and expected PGM pricing resulted in the Group partially reversing prior impairments of R14.7 billion. This resulted in the inclusion of an after-tax benefit of R10.6 billion in profit of R25.4 billion.

The Group generated R20.1 billion of free cash flow after capital investment of R2.7 billion and ended the period with gross cash of R24.8 billion, net cash of R20.3 billion and liquidity headroom of R28.5 billion. An interim dividend of 1 000 cents per share has been declared by the board of directors.

The factors driving current and future PGM demand and the characteristics of the economic impact of the pandemic continue to support our view that ultimately, the impact of Covid-19 will be cyclical rather than structural in nature. A strong rebound in both demand and supply is expected in PGM markets in 2021. While the expected short-term deficits in palladium and rhodium have been moderated by the anticipated release of in-process concentrate inventory accumulated in 2020, they remain meaningful and lend support to elevated pricing.

The Group is pleased to largely reiterate the operational guidance provided with the FY2020 results release with upward adjustments reflecting the strong operational performance delivered in the six-month period. Group refined production is estimated at between 3.2 and 3.5 million 6E ounces. Implats expects Group stock-adjusted operating costs of between R14 600 and R15 100 per 6E ounce and capital expenditure of between R5.8 and R6.2 billion.

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

Key financial metrics

		Six months ended 31 December 2020	Six months ended 31 December 2019
Revenue	Rm	58 121	28 019
Gross profit	Rm	22 366	6 166
EBITDA	Rm	25 064	7 569
Profit for the year	Rm	25 417	3 467
Headline earnings	Rm	14 441	3 378
Free cash flow	Rm	20 145	4 989
Basic earnings	Rm	25 078	3 403
Net cash (excluding leases)	Rm	20 282	(1 943)
Earnings per share	cents	3 222	439
Headline earning per share	cents	1 855	436
Dividends declared	cps	1 000	125

Operating statistics

		Six months ended 31 December 2020	Six months ended 31 December 2019
Gross refined production			
6E	(000oz)	1 694.2	1 316.7
Platinum	(000oz)	787.0	657.7
Palladium	(000oz)	576.4	391.1
Rhodium	(000oz)	102.5	85.2
Nickel	(tonnes)	7 989	8 126
Sales volumes			
6E	(000oz)	1 621.4	1 327.9
Platinum	(000oz)	691.8	675.2
Palladium	(000oz)	580.4	396.6
Rhodium	(000oz)	103.8	91.5
Nickel	(tonnes)	5 811	5 198
Prices achieved			
Platinum	(US\$/oz)	915	888
Palladium	(US\$/oz)	2 265	1 647
Rhodium	(US\$/oz)	12 454	4 491
Nickel	(US\$/t)	14 351	14 772
Consolidated statistics			
Average rate achieved	(R/US\$)	16.22	14.71
Closing rate for the period	(R/US\$)	14.67	13.98
Revenue per 6E ounce sold	(R/oz)	35 635	20 888
	(US\$/oz)	2 197	1 420
Tonnes milled ex-mine	(000t)	11 789	10 305
Gross 6E concentrate receipts	(000oz)	1 684	1 539
Capital expenditure	(Rm)	2 667	1 925
Group unit cost per 6E ounce stock adjusted	(R/oz)	14 292	13 157
	(US\$/oz)	879	896

DECLARATION OF DIVIDEND

Shareholders are advised that the board has resolved to declare an interim cash dividend of 1 000 cents per ordinary share amounting to R7.9 billion at the date of declaration for the six months ended 31 December 2020. In terms of the approved dividend policy, a minimum dividend of 30% of free cash flow pre-growth capital should be declared. The board has discretion to vary this percentage depending on the current and forecasted financial performance, as well as market and other factors, including sufficiently capitalising the business to allow the Group to take advantage of future value accretive growth opportunities. As a result of improved profitability and strong cash flow generation on the back of strong metal pricing, a weaker rand and sustained operational performance, the board has increased the dividend to approximately 40% of free cash flow, pre-growth capital, in line with its commitment to prioritising returns to shareholders. The dividend has been declared from retained earnings.

Implats has 793 037 170 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 800 cents per ordinary share for shareholders liable to pay the dividend withholding tax and 1 000 cents 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, 25 February 2021
Last day for trading to be eligible for cash dividend:	Tuesday, 16 March 2021
Trading ex-dividend commences	Wednesday, 17 March 2021
Record date:	Friday, 19 March 2021
Dividend payment date:	Tuesday, 23 March 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 17 March 2021 and Friday, 19 March 2021, 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/2021/jse/isse/IMPE/ie2020.pdf>. The full announcement is also 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.

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25 February 2021

Johannesburg

Sponsor to Implats

Nedbank Corporate and Investment Banking