

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

("Implats" or "the Group")

AUDITED PRELIMINARY RESULTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 AND CASH DIVIDEND DECLARATION

Key features for FY2021:

- Regrettably, three fatal injuries recorded at managed operations
- 48% improvement in FIFR to 0.026 and a 13% improvement in TIFR to 9.84
- Successfully navigated Covid-related operational challenges
- 16% increase in gross 6E concentrate volumes to 3.29Moz
- 17% increase in 6E sales volumes to 3.27Moz
- Group unit costs per 6E rose 11% to R14 840/oz on a stock-adjusted basis
- Consolidated Group capital expenditure of R6.4bn
- 6E dollar basket pricing up 59% to US\$2 587/oz driven by record rhodium and palladium prices
- Rand revenue per 6E ounce sold increased by 59% to R39 478/oz
- 109% increase in EBITDA to R61.4bn and 125% increase in headline earnings to R36.4bn or 4 635c per share
- 166% increase in free cash flow of R38.3bn with closing net cash of R23.5bn
- 70% of free cash flow allocated to shareholder returns through convertible bond repurchases and cash dividends
- Final dividend of 1 200c per share, bringing total FY2021 dividend to 2 200c per share
- Continued tightening in markets for palladium and rhodium to support higher pricing in the medium term
- Platinum prospects remain muted in the near term, but growing momentum for development of hydrogen economy
- Increasing focus on critical role South Africa plays in PGM supply

Commentary

Implats harnessed the benefit of improved operational momentum and record rand pricing for its primary products to deliver stellar results for the year ended 30 June 2021 (the period). This was achieved despite the challenges presented by Covid-19 and the erratic provision of essential services required to operate the Group's globally diverse suite of mining and processing assets.

Safe production is non-negotiable. Ensuring the safety of employees and contract workers is essential to delivering on Implats' commitment to zero harm. Implats recorded an improved safety performance with a 13% and 48% improvement in the total injury frequency and fatal injury frequency rates, respectively. Despite this, regrettably, three employee fatalities were recorded at managed operations in the period.

6E concentrate production from mine-to-market operations, including the JVs at Two Rivers and Mimosa, increased by 16% to 2.93 million ounces, as production from managed operations (Impala Rustenburg, Zimplats, Marula and Impala Canada) improved 18% to 2.37 million ounces. In the prior comparable period, total 6E production losses of 248 000 ounces in concentrate were directly attributed to the impact of Covid-19 on mine-to-market operations. Third-party 6E concentrate receipts increased by 9% to 358 000 ounces. In aggregate, total 6E concentrate production of 3.29 million ounces increased by 16%.

Gross refined output of 3.27 million 6E ounces increased by 16% (including saleable production from Impala Canada) with excess identified stock of 80 000 6E ounces expected to be released by the end of FY2022.

Inflationary pressures were compounded by additional expenditure due to Covid-19, once-off safety bonuses, development to improve mining flexibility and targeted spend on asset integrity at Impala Rustenburg. On a stock-adjusted basis, unit costs increased by 11% to R14 840 per 6E ounce, with Covid-related expenditure amounting to R563 million or R240 per

6E ounce.

Implats achieved record financial results, driven by higher sales volumes delivered into a robust rand PGM pricing environment. The increased profitability and strong free cash flow generation enabled further proactive debt reduction while providing strong shareholder returns in line with the Group's capital allocation framework.

Revenue of R129.6 billion increased by 86%, gross profit increased by 130% to R53.5 billion and EBITDA of R61.4bn was achieved at an EBITDA margin of 47%.

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

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 for the year of R47.9 billion.

The Group generated R38.3 billion in free cash flow, after capital investment of R6.3 billion at its managed operations, and ended the period with net cash after debt of R23.5 billion and liquidity headroom of R30.9 billion. The board of directors declared a final dividend of 1 200 cents per share, bringing the total dividend for the year to 2 200 cents per share.

In calendar 2021, a moderation in investment demand is likely to result in the platinum market returning to surplus. The supply impact of the release of in-process inventory by South African producers will be compounded by the demand impact of the global semi-conductor chip shortage on automotive production. In the case of palladium, reduced Russian supply should result in a persistent but moderated deficit, while in rhodium a more balanced market in 2021 is expected before demand growth in 2022 results in continued market tightness and a fundamental deficit.

Prospects and outlook

Internal planning to secure operational resilience during the pandemic has been ongoing since its emergence in early 2020 and vigilance in protecting the safety and health of employees will be maintained in FY2022 as the Group completes its planned vaccination programme for employees.

The operational focus in the near term will be on the continued optimisation of Impala Canada, leveraging enhanced mining flexibility established at Impala Rustenburg to deliver further growth, and advancing projects across mine-to-market operations where Implats seeks to capitalise on inherent mining efficiencies and flexibilities at its low-cost assets to capture quick-to-market production growth to harness the benefit of a robust PGM pricing cycle.

The Group's processing assets are a key competitive differentiator. The changing ore mix of its growing production profile and the aspiration to improve the energy efficiency and environmental impact of its value chain will result in a series of studies aimed at proposing the optimal route for expansion.

Implats' balance sheet is strong, with a substantial closing net cash balance and increased funding flexibility through upsized and refinanced facilities. In line with Implats' capital allocation priorities, this will allow the Group to increase shareholder returns and fund the sustainable and efficient growth potential of its asset base.

Key financial metrics

		Year ended 30 June 2021	Year ended 30 June 2020
Revenue	Rm	129 575	69 851
Gross profit	Rm	53 455	23 271

EBITDA*	Rm	61 442	29 386
Profit for the year	Rm	47 855	16 484
Headline earnings	Rm	36 359	16 126
Free cash flow*	Rm	38 304	14 395
Basic earnings	Rm	47 032	16 055
Net cash (excluding leases)	Rm	23 473	5 748
Basic earnings per share	cents	5 996	2 066
Headline earning per share	cents	4 635	2 075
Dividends declared			
Interim	cps	1 000	125
Final	cps	1 200	400
Total	cps	2 200	525
*Non-International Financial Reporting Standards metrics			

Operating statistics

		Year ended 30 June 2021	Year ended 30 June 2020
Gross refined production			
6E	(000oz)	3 270.6	2 812.7
Platinum	(000oz)	1 516.6	1 349.3
Palladium	(000oz)	1 121.4	892.0
Rhodium	(000oz)	193.4	180.6
Nickel	(tonnes)	15 443	15 387
Sales volumes			
6E	(000oz)	3 274.4	2 792.9
Platinum	(000oz)	1 396.5	1 371.0
Palladium	(000oz)	1 092.8	871.7
Rhodium	(000oz)	200.2	174.0
Nickel	(tonnes)	13 111	10 973
Prices achieved			
Platinum	(US\$/oz)	1 043	885
Palladium	(US\$/oz)	2 419	1 896
Rhodium	(US\$/oz)	17 610	6 870
Nickel	(US\$/t)	15 621	14 109
Consolidated statistics			
Average rate achieved	(R/US\$)	15.26	15.31
Closing rate for the period	(R/US\$)	14.32	17.38
Revenue per 6E ounce sold	(R/oz)	39 478	24 863
	(US\$/oz)	2 587	1 624
Tonnes milled ex-mine*	(000t)	23 210	19 576
Gross 6E concentrate receipts	(000oz)	3 292	2 849
Capital expenditure*	(Rm)	6 437	4 488
Group unit cost per 6E ounce stock adjusted*	(R/oz)	14 840	13 345
	(US\$/oz)	964	851

*Managed operations

Declaration of dividend

Shareholders are advised that the board has resolved to declare a final gross cash dividend of 1 200 cents per ordinary

share amounting to R9.8 billion at the date of declaration for the financial year ended 30 June 2021. 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 forecast 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 and sustained operational performance, the board has increased the dividend to approximately 50% of adjusted free cash flow in line with its commitment to prioritise returns to shareholders. The dividend has been declared from retained earnings.

Implats has 817 268 148 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 960 cents per ordinary share for shareholders liable to pay the dividend withholding tax and 1 200 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, 2 September 2021
Last day for trading to be eligible for cash dividend	Monday, 20 September 2021
Trading ex-dividend commences	Tuesday, 21 September 2021
Record date	Thursday, 23 September 2021
Dividend payment date	Monday, 27 September 2021

Share certificates may not be dematerialised or rematerialised between Tuesday, 21 September 2021 and Thursday, 23 September 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 considering the full announcement. Deloitte & Touche, the auditors, have issued an unmodified audit opinion, which included key audit matters on the consolidated financial statements. The audit opinion, which contains key audit matters, together with the annual consolidated financial statements, are available on Implats' website at www.implats.co.za.

This announcement is not audited but is extracted from the audited results.

The financial information on which the above-mentioned prospects and outlook is based has not been audited and reported on by Implats' external auditors.

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/ye2021.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.

Queries:

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Johannesburg

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