

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”)

PRELIMINARY SUMMARISED CONSOLIDATED ANNUAL RESULTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 AND CASH DIVIDEND DECLARATION

Key features for FY2022:

- Regrettably, seven fatal injuries recorded at managed operations
- 14% improvement in LTIFR* to 4.21 and 1% improvement in TIFR* to 9.76
- R4.3bn allocated over next five years to energy security and decarbonisation
- MSCI ESG rating upgraded to ‘A’ from ‘BBB’
- Five-year wage agreement secured for South African operations
- 4% decrease in gross 6E concentrate volumes to 3.17Moz
- 4% decline in 6E sales volumes to 3.15Moz
- Group unit costs per 6E rose 17% to R17 364/oz (stock-adjusted)
- Consolidated Group capital expenditure of R9.1bn
- 4% increase in attributable 6E Mineral Reserves to 55.7Moz
- Dollar revenue per 6E ounce sold down 4% to US\$2 481/oz on softer rhodium and palladium prices
- Rand revenue per 6E ounce sold decreased by 4% to R37 703/oz
- EBITDA of R53.4bn with headline earnings of R32.0 billion or 3 853c per share
- Robust free cash flow of R28.8bn with closing net cash of R26.5bn
- 48% of free cash flow allocated to shareholder returns through cash dividends
- 38% holding in RBPlat secured by year end
- Final dividend of 1 050c per share, bringing total FY2022 dividend to 1 575c per share
- Tightening markets for palladium and rhodium to provide pricing support in the medium term
- Platinum prospects remain muted in the near term, but growing momentum for hydrogen economy
- Auto production recovery and investment in industrial capacity counter uncertain macro-economic outlook.

**per million man-hours worked*

Commentary

In a period typified by increasing global macro-economic headwinds, escalating geopolitical conflict, and several localised challenges, Implats continued to reap the benefit of elevated metal pricing, albeit off the record levels achieved in the prior comparable period. During the year, the Group advanced a suite of ambitious organic growth projects, pursued value-accretive acquisitive growth, concluded an historic wage agreement, strengthened its organisational flexibility, contributed to the socio-economic improvement of mine-host communities and shared significant value with its stakeholders.

Despite lower received rand PGM pricing and sales volumes, Implats delivered strong earnings and free cash flow in the year ended 30 June 2022. This was achieved while navigating numerous operational challenges, including rising input costs, constrained supply chains and labour market tightness, the impacts of which were compounded by extended safety stoppages, intermittent power supply and periods of community unrest.

Safety

Safe production is non-negotiable. Ensuring the safety of employees and contract workers is essential to delivering on Implats' commitment to zero harm. It is with deep regret that Implats reports a retracement in safety performance, with five fatal incidents resulting in seven fatalities at managed operations. This retracement comes despite the 14% improvement in the reported lost time injury frequency rate and 12 out of the Group's 17 operations finishing the year with millionaire or multi-millionaire status in terms of fatality free shifts.

Operational summary

6E concentrate production at managed operations decreased by 4% to 2.27 million ounces, while 6E concentrate production from JV operations declined by 2% to 548 000 ounces as Implats navigated several operating challenges. Third-party 6E concentrate receipts decreased by 2% to 351 000 ounces. In aggregate, total 6E concentrate production decreased by 4% to 3.17 million ounces.

Group refined 6E production of 3.09 million ounces decreased by 6%, negatively impacted by lower concentrate production and the extended maintenance required on the Number 3 furnace at Impala Rustenburg. Refined volumes in the prior comparable period benefitted from increased availability of processing capacity due to the timing of annual processing maintenance.

Inflationary pressures from energy and consumables were compounded by the additional headcount across the Group and the payment of the previously signalled discretionary employee bonus in recognition of the strong financial performance in FY2021. Total cash operating costs increased by 12%, with the impact of lower mined and refined volumes resulting in a 17% increase in unit costs to R17 364 per 6E ounce on a stock-adjusted basis.

Financial summary

Implats continued to deliver robust EBITDA, earnings and free cash flow in FY2022 despite lower rand PGM pricing and operational headwinds. Implats' strong and flexible balance sheet allowed the Group to pursue value-accretive organic and acquisitive growth, while maintaining its stated commitment to sustainable shareholder returns.

Revenue decreased by 9% to R118.3 billion, the cost of sales was 1% higher at R77 billion, and gross profit declined by 23% to R41.3 billion. Group EBITDA of R53.4 billion was achieved at an EBITDA margin of 45%.

In the prior period, Implats accounted for two significant once-off, non-cash items: an impairment reversal of R14.7 billion; and a R1.5 billion IFRS BEE charge relating to the restructuring of Marula's BEE debt, which was included in other expenses and impacted reported basic earnings.

Basic earnings declined to R32.0 billion or 3 856 cents per share, from R47.0 billion or 5 996 cents per share. Headline earnings of R32.0 billion or 3 853 cents per share were 12% and 17% lower, respectively. The weighted average number of shares in issue increased to 831.25 million from 784.43 million, with total issued capital at 30 June 2022 increasing to 850.22 million shares, including treasury shares. Implats issued 32.95 million shares, with a fair value of R6.5 billion, in part consideration for the 37.83% stake acquired in RBPlat.

The Group generated R28.8 billion in free cash flow, after capital investment of R9.1 billion at its managed operations, and ended the period with net cash (after debt) of R26.5 billion. The board of directors declared a final dividend of 1 050 cents per share, bringing the total dividend for the year to 1 575 cents per share.

Market summary

2022 has seen several revisions to forecast PGM demand and supply: supplies will be impacted by operational challenges at South African and North American operations, refined volumes will be affected by required maintenance at several major processing complexes, and the pattern of Russian sales is complicated by the potential impact of restrictions on routes to market.

From a demand perspective, auto volumes have been downgraded by the lingering impact of supply chain challenges, the lockdown in China in the first six months of the year and the deteriorating outlook for global growth, in Europe in particular. Industrial demand is expected to soften off the high base of 2021 and a weaker Chinese jewellery market will offset growth elsewhere.

Group forecasts indicate tight rhodium and palladium markets and continued surpluses in the platinum market in 2022.

Prospects and outlook

Macro-economic uncertainty, inflationary pressures and geopolitical challenges are likely to persist in FY2023 and the Group remains vigilant in timeously assessing and responding to the risks this uncertain environment presents to its people, operations and the implementation of its strategy.

The operational focus in the near term will be the re-establishment of positive operational momentum at Impala Canada and Impala Rustenburg, the ramp-up of installed milling capacity at Zimplats and Two Rivers, and the timeous and cost-effective advancement of the Group's significant suite of life-of-mine extension and growth projects across its mining and processing assets.

Implats continues to proactively pursue the conclusion of the offer process associated with the proposed acquisition of RBPlat, with a key focus on securing outstanding regulatory approval from the Competition Tribunal.

PGM pricing remains robust, and the Group has retained a strong and flexible balance sheet which provides a meaningful underpin to its ability to withstand short-term headwinds and fluctuations in consumer and industrial demand, while pursuing its capital investment programme and sustaining attractive shareholder returns.

Key financial metrics

		Year ended 30 June 2022	Year ended 30 June 2021
Revenue	Rm	118 332	129 575
Gross profit	Rm	41 285	53 455
EBITDA*	Rm	53 375	61 442
Profit for the year	Rm	33 139	47 855
Basic earnings	Rm	32 049	47 032
Headline earnings	Rm	32 028	36 359
Free cash flow*	Rm	28 840	38 304
Net cash (excluding leases)	Rm	26 505	23 473
Basic earnings per share	cents	3 856	5 996
Headline earning per share	cents	3 853	4 635
Dividends declared			
Interim	cps	525	1 000
Final	cps	1 050	1 200
Total	cps	1 575	2 200

*Non-International Financial Reporting Standards metrics

Operating statistics

		Year ended 30 June 2022	Year ended 30 June 2021
Gross refined production			
6E	(000oz)	3 086.6	3 270.6
Platinum	(000oz)	1 426.1	1 516.6
Palladium	(000oz)	1 071.4	1 121.4
Rhodium	(000oz)	180.7	193.4
Nickel	(tonnes)	16 520	15 443
Sales volumes			
6E	(000oz)	3 146.8	3 274.4
Platinum	(000oz)	1 492.6	1 396.5
Palladium	(000oz)	1 087.6	1 092.8
Rhodium	(000oz)	177.3	200.2
Nickel	(tonnes)	13 094	13 111
Prices achieved			
Platinum	(US\$/oz)	1 008	1 043
Palladium	(US\$/oz)	2 211	2 419
Rhodium	(US\$/oz)	16 544	17 610
Nickel	(US\$/t)	21 150	15 621
Consolidated statistics			
Average rate achieved	(R/US\$)	15.22	15.26
Closing rate for the period	(R/US\$)	16.27	14.32
Revenue per 6E ounce sold	(R/oz)	37 703	39 478
Revenue per 6E ounce sold	(US\$/oz)	2 481	2 587
Tonnes milled ex-mine*	(000t)	22 363	23 210
Gross 6E concentrate receipts	(000oz)	3 170.6	3 291.9
Capital expenditure*	(Rm)	9 081	6 437
Group unit cost per 6E ounce stock-adjusted*	(R/oz)	17 364	14 840
Group unit cost per 6E ounce stock-adjusted	(US\$/oz)	1 141	964

*Managed operations

DECLARATION OF DIVIDEND

Shareholders are advised that the board has resolved to declare a final gross cash dividend of 1 050 cents per ordinary share, amounting to R8.9 billion at the date of declaration, for the financial year ended 30 June 2022. The dividend has been declared from retained earnings.

Implats has 850 702 822 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 840 cents per ordinary share for shareholders liable to pay the dividend withholding tax and 1 050 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, 1 September 2022
Last day for trading to be eligible for cash dividend	Tuesday, 20 September 2022
Trading ex-dividend commences	Wednesday, 21 September 2022
Record date	Friday, 23 September 2022
Dividend payment date	Monday, 26 September 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 21 September 2022 and Friday, 23 September 2022, 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 external auditors, have issued an unmodified audit opinion, which includes key audit matters on the consolidated annual 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/2022/jse/isse/IMPE/ye2022.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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1 September 2022

Johannesburg

Sponsor to Implats

Nedbank Corporate and Investment Banking, a division of Nedbank Limited