

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", "the Company" or "the Group")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022 AND CASH DIVIDEND DECLARATION

Key features for the six months:

- Regrettably, two fatal injuries occurred at managed operations
- 4% deterioration in LTIFR to 4.05
- 12% improvement in TIFR to 9.16
- Social performance projects benefitted 130 000 people
- In 89th sector percentile of S&P Dow Jones Sustainability Index
- Stable 6E in concentrate production of 1.62Moz
- 9% decrease in refined and saleable 6E production to 1.48Moz
- Group unit costs per 6E rose 15% to R19 346/oz on a stock-adjusted basis
- Consolidated Group capital expenditure of R4.9bn
- Dollar revenue per 6E ounce sold 9% lower at US\$2 199/oz with broad-based weakness
- Rand revenue per 6E ounce sold increased by 5% to R38 117/oz
- Robust earnings and free cash flow generation, restrained by operational challenges, inflation and higher levels of capital investment
- Gross profit of R17.2bn and EBITDA of R24.5bn
- Headline earnings of R14.0bn (+1%) and headline earnings per share of 1 654 cents (-2%)
- Free cash flow of R11.0bn and closing net cash (excluding leases) of R27.0bn
- Interim dividend of 420 cents per share declared
- Maintained key FY2023 production parameters, with unit cost guidance impacted by rand

Commentary

Implats delivered sustained production momentum and saw strong demand for its primary products in the half year ended 31 December 2022 ("the period"), amid a robust rand PGM pricing environment, mitigating the financial impact of broad-based inflationary pressures. The benefits of a geographically diverse production footprint and initial contributions from its suite of growth projects countered the challenging operating environment, which was typified by high inflation and intensified utility-level power constraints in South Africa.

Implats' progress on its journey to achieve its purpose – creating a better future – gained momentum, and the Group was delighted to again receive several accolades recognising its excellence in environmental, social and governance (ESG) management.

Safe production remains the Group's foremost priority, with the goal of eliminating harm to the health and safety of our employees and contractors. Despite much-improved safety metrics from a focus on visible leadership and mine-safety discipline, it is with deep regret the Group reports two employee fatalities at managed operations during the period.

During the six months to end-December 2022, the Group's fatal injury frequency rate improved 60% to 0.032 per million man hours worked (H1 FY2022: 0.080). The total injury frequency rate improved 12% to 9.16 (H1 FY2022: 10.45) and the lost-time injury frequency rate deteriorated 4% to 4.05 per million man hours worked (H1 FY2022: 3.88). By year end, 13 of the Group's 17 operations had achieved millionaire or multi-millionaire status in terms of fatality free shifts.

Implats reaped the benefit of its geographically diverse production portfolio and saw maiden contributions from a suite of expansion projects in execution across the asset base during the period, despite a challenging global macro-economic and operating environment. Operating momentum was sustained during the period, and there was limited direct impact on mined volumes from escalating load curtailment in South Africa.

The South African processing assets were somewhat constrained by the timing of scheduled maintenance and the increased severity and frequency of load curtailment. In total, an estimated 9 000 6E ounces of mined volumes were foregone and circa 38 000 6E ounces of refined production deferred due to power constraints during the period.

Concentrate production at our managed operations at Impala Rustenburg, Impala Canada, Zimplats and Marula increased by 2% to 1.18 million 6E ounces (H1 FY2022: 1.16 million ounces). 6E concentrate production from JV operations was unchanged at 270 000 ounces, while Third-party 6E receipts of 169 000 ounces were 10% lower than those in the prior comparable period, with several operational challenges reported at peer group producers, including load curtailment and severe weather events. In total, 6E in concentrate volumes produced were stable at 1.62 million ounces (H1 FY2022: 1.62 million ounces).

Group refined production of 1.48 million 6E ounces, including saleable production from Impala Canada, declined by 9% (H1 FY2022: 1.62 million ounces). Smelting capacity was constrained by increased load curtailment and the scheduled rebuild of the Number 4 Furnace in Rustenburg, which started in late November 2022. Implats ended the period with circa 140 000 6E ounces of excess inventory (H1 FY2022: nil).

Notable rand depreciation resulted in additional inflationary pressures, compounding the impact of high energy and consumables pricing on the translated cost and capital expenditure at the Zimbabwean and Canadian operations. Total cash operating costs increased by 15%, while unit costs were further impacted by lower refined production and, on a stock-adjusted basis, increased by 15% to R19 346 per 6E ounce (H1 FY2022: R16 756 per 6E ounce).

Capital expenditure at managed operations rose by 39% to R4.9 billion (H1 FY2022: R3.6 billion) as expenditure on replacement and growth projects accelerated and the rand weakened against the dollar. Stay-in-business spend of R3.2 billion, replacement capital of R1.1 billion and expansion capital of R0.7 billion increased by 15%, 88% and 191%, respectively.

The Group's financial performance was supported by robust rand PGM pricing and destocking refined metal inventory to offset the impact of lower refined volumes, and was hampered by broad-based inflationary pressures and a marked rand depreciation. Implats delivered significant EBITDA and free cash flow generation, maintained a strong and flexible balance sheet and sustained its commitment to consistent shareholder returns - while simultaneously funding increased rates of capital expenditure across a suite of mining and processing projects.

Revenue of R57.8 billion increased by 4%, cost of sales of R40.6 billion increased by 8% and Implats delivered gross profit of R17.2 billion. EBITDA of R24.5 billion was achieved at an EBITDA margin of 42%.

Basic and headline earnings increased by 1% both to R14.0 billion. Basic and headline earnings per share of 1 648 cents per share and 1 654 cents per share were 3% and 2% lower, respectively. The weighted average number of shares in issue increased by 30.2 million to 847.6 million, with the total number of ordinary shares increasing to 852.7 million shares at period end, including treasury shares. A total of 2.5 million Implats shares, with a fair value of R454 million, were issued as part settlement for acquiring an additional 8.4 million RBPlat shares in the period.

The Group generated R11.0 billion in free cash flow, after capital investment of R4.8 billion at its managed operations and ended the period with net cash after debt of R27.0 billion and liquidity headroom of R35.1 billion. The board of directors declared an interim dividend of 420 cents per share.

Prospects and outlook

The global macro-economic backdrop is generally expected to become more benign in 2023. Dollar dominance is expected to ease, supporting a recovery in precious metal pricing which has been buffeted by rising speculative length and soft physical demand due to Chinese and OEM destocking in the opening weeks of the year.

PGM markets are expected to tighten during 2023, as auto production progressively recovers from recent supply chain constraints, China moves away from its zero-Covid policy and industrial demand remains resilient. The risk to primary global supply has been elevated by the escalation in load curtailment in South Africa and logistical and supply chain constraints in Russia. Secondary supply should deliver modest growth, but remains vulnerable to rising funding and freight costs, constrained processing capacity and weak auto sales in developed markets.

The operational focus for the remainder of FY2023 is on ensuring stability at our South African mining and processing assets during an expected period of inflationary pressure and more persistent load curtailment, and recommissioning the refurbished Number 4 smelter in Q4 FY2023. Project activity and capital spend is set to increase in H2 FY2023 as the Group progresses delivery across the mining, processing and environmental project suite currently in execution across the asset base.

Implats is committed to rigorous stakeholder engagement as we navigate the changeable socio-economic environment in South Africa and Zimbabwe and pursue the proposed acquisition of a majority stake in RBPlat.

Implats' planned production in FY2023 remains within the boundaries of previously provided key guidance parameters. While some allowance has been made for the likely impact of load curtailment on South African mining volumes and Group refined production, the severity of capacity constraints at Eskom remains a key risk to the near-term outlook. Broad-based inflationary pressures on energy and consumables were exacerbated by rand depreciation and the translation of the cost and capital base of both Zimplats and Impala Canada. A revised currency forecast has resulted in negative revisions to the unit cost outlook for the year.

Group 6E refined production in FY2023 is estimated to be between 3.0 and 3.15 million ounces. Group operating costs are forecast to be between R18 500 and R19 500 per 6E ounce on a stock-adjusted basis (from R18 200 and R19 200 per ounce). Group capital expenditure is forecast to be between R11.5 and R12.5 billion, including growth capital, of between R2.3 and R2.8 billion. This guidance assumes exchange rates of R17.00/US\$ and C\$1.26/US\$ respectively (from R16.00/US\$ and C\$1.26/US\$).

Key financial metrics

		Six months ended 31 December 2022	Six months ended 31 December 2021	Variance %
Revenue	Rm	57 797	55 620	3.9
Gross profit	Rm	17 194	17 945	(4.2)
EBITDA*	Rm	24 506	23 992	2.1
Profit for the six months	Rm	14 827	14 383	3.1
Basic earnings	Rm	13 973	13 838	1.0
Headline earnings	Rm	14 020	13 814	1.5
Free cash flow*	Rm	11 001	15 149	(27.4)
Net cash (excluding leases)	Rm	27 023	18 537	45.8
Basic earnings	cps	1 648	1 693	(2.7)
Headline earnings	cps	1 654	1 690	(2.1)
Dividend	cps	420	525	(20.0)

*Non-International Financial Reporting Standards metrics

Operating statistics

		Six months ended 31 December 2022	Six months ended 31 December 2021	Variance %
Gross refined production				
6E	(000oz)	1 476.0	1 616.6	(8.7)
Platinum	(000oz)	684.8	759.6	(9.8)
Palladium	(000oz)	519.7	551.2	(5.7)
Rhodium	(000oz)	85.8	92.6	(7.3)
Nickel	(tonnes)	7 944	8 223	(3.4)
Sales volumes				
6E	(000oz)	1 515.2	1 545.7	(2.0)
Platinum	(000oz)	729.1	741.0	(1.6)
Palladium	(000oz)	528.7	529.5	(0.2)
Rhodium	(000oz)	84.7	84.3	0.5
Nickel	(tonnes)	5 791	6 111	(5.2)
Prices achieved				
Platinum	(US\$/oz)	927	1 022	(9.3)
Palladium	(US\$/oz)	2 009	2 200	(8.7)
Rhodium	(US\$/oz)	13 805	16 036	(13.9)
Nickel	(US\$/t)	23 568	18 476	27.6
Consolidated statistics				
Average rate achieved	(R/US\$)	17.36	15.00	15.7
Closing rate for the period	(R/US\$)	17.04	15.94	6.9
Revenue per 6E ounce sold	(US\$/oz)	2 199	2 417	(9.0)
Revenue per 6E ounce sold	(R/oz)	38 117	36 230	5.2
Tonnes milled ex-mine*	(000t)	11 815	11 301	4.5
6E in concentrate production	(000oz)	1 615.6	1 615.8	-
Capital expenditure*	(Rm)	4 949	3 568	(38.7)
Group unit cost per 6E ounce (stock adjusted)*	(R/oz)	19 346	16 756	(15.5)
Group unit cost per 6E ounce (stock adjusted)*	(US\$/oz)	1 116	1 114	(0.2)

*Managed operations

DECLARATION OF DIVIDEND

Shareholders are advised that the board has resolved to declare an interim cash dividend of 420 cents per ordinary share amounting to R3.6 billion at the date of declaration for the half year ended 31 December 2022. 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. The dividend has been declared from retained earnings.

Implats has 852 729 255 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 336 cents per ordinary share for shareholders liable to pay the dividend withholding tax and 420 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 March 2023
Last day for trading to be eligible for cash dividend	Monday, 20 March 2023
Trading ex-dividend commences	Wednesday, 22 March 2023
Record date	Friday, 24 March 2023
Dividend payment date	Monday 27 March 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 22 March 2023 and Friday, 24 March 2023, 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 extracted from the reviewed results.

The financial information on which the above-mentioned prospects and outlook is based has not been reviewed 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/2023/jse/isse/IMPE/ie2023.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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Johannesburg

Sponsor to Implats

Nedbank Corporate and Investment Banking, a division of Nedbank Limited