2023 Interim Results

Presentation for the six months ended 30 June 2023

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Our Purpose

To responsibly
create value
together
for a shared future

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2023 H1 Highlights:
Resilient performance amid challenging market conditions

SAFETY

Total Recordable Case Frequency Rate

1.33

(H1 2022: 1.59)

BALANCE SHEET FLEXIBILITY

Net cash at 30 June 2023

R13.6 billion (H1 2022: R14.8 billion)

bolstered by **credit facilities of R3.2 billion**

OPERATING PERFORMANCE

Export saleable production

6.1Mt (H1 2022: 6.1Mt)

Export equity sales

6.3Mt (H1 2022: 6.5Mt)

COMMITMENT TO DIVIDEND POLICY

Interim ordinary dividend

R10 per share

R1.4 billion

returned to shareholders

33% of adjusted operating free cash flow

(H1 2022: R60 per share | R8.2 billion)

FINANCIAL PERFORMANCE

Profit for the period

R3.0 billion (H1 2022: R9.6 billion)

Adjusted EBITDA

R4.4 billion (H1 2022: R16.7 billion)

Headline earnings

R22.46 per share (H1 2022: R67.23)

Adjusted operating free cash flow

R4.3 billion (H1 2022: R8.9 billion)

Executing on our strategy

DRIVING OUR ESG ASPIRATIONS

Sisonke and Nkulo trusts contribution of

R156 million

for first half of 2023

Publication of

Climate Change Report

aligned to recommendations of Task Force for Climate-related Financial Disclosures (TCFD)

MAXIMISING VALUE FROM EXISTING ASSETS

Approval of

Zibulo North Shaft

life extension project

Good progress on

Elders

production replacement project

CREATING FUTURE DIVERSIFICATION OPTIONS

Acquisition of controlling interest in

Ensham thermal coal mine in Australia

marks first step in geographic diversification plan

OPTIMISING CAPITAL ALLOCATION

Reaffirmed commitment to dividend policy by

Paying out 33%

of adjusted operating free cash flow

Continue to monitor merits and timing of potential

Share buyback

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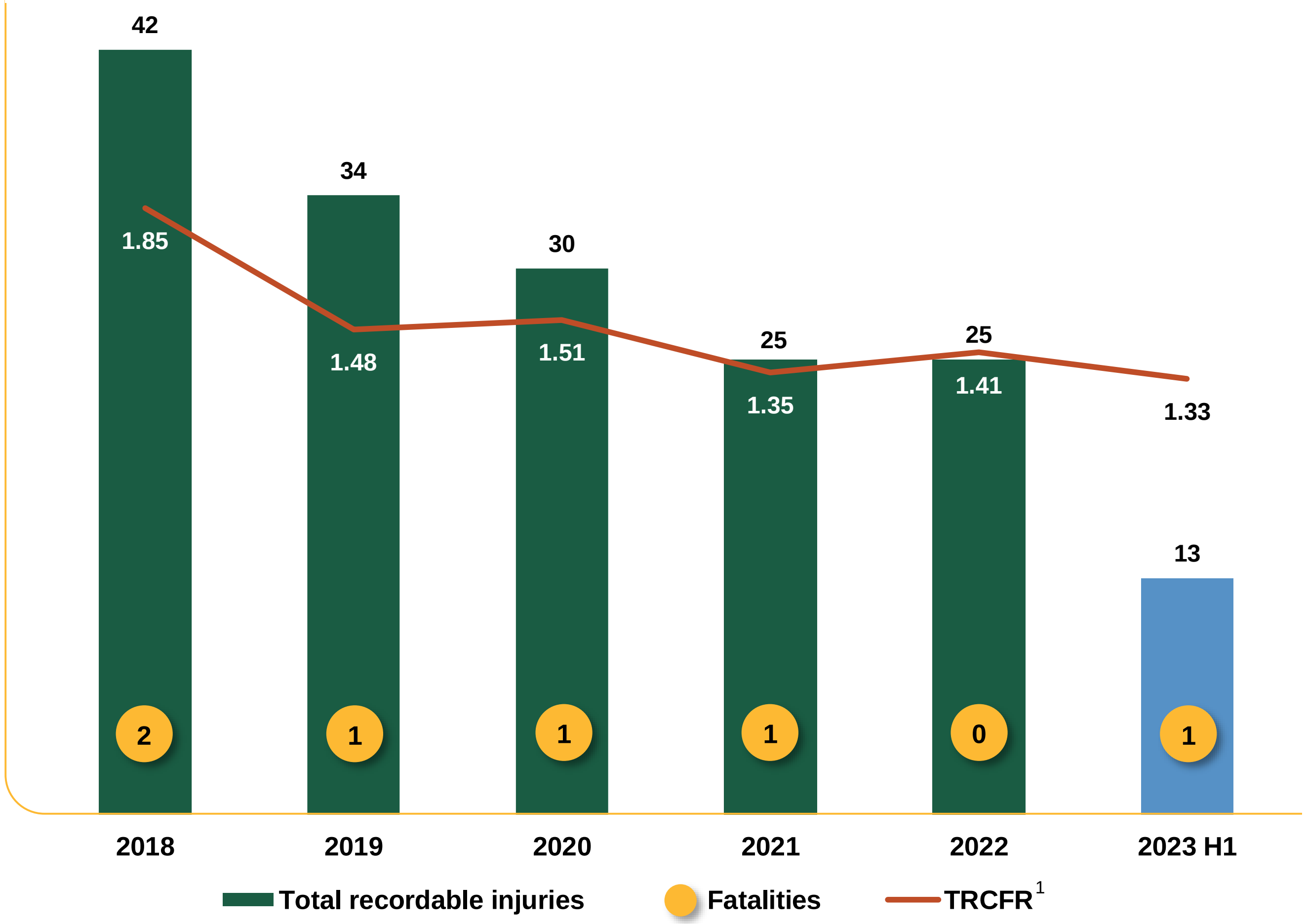
SAFETY

KEY SAFETY METRICS



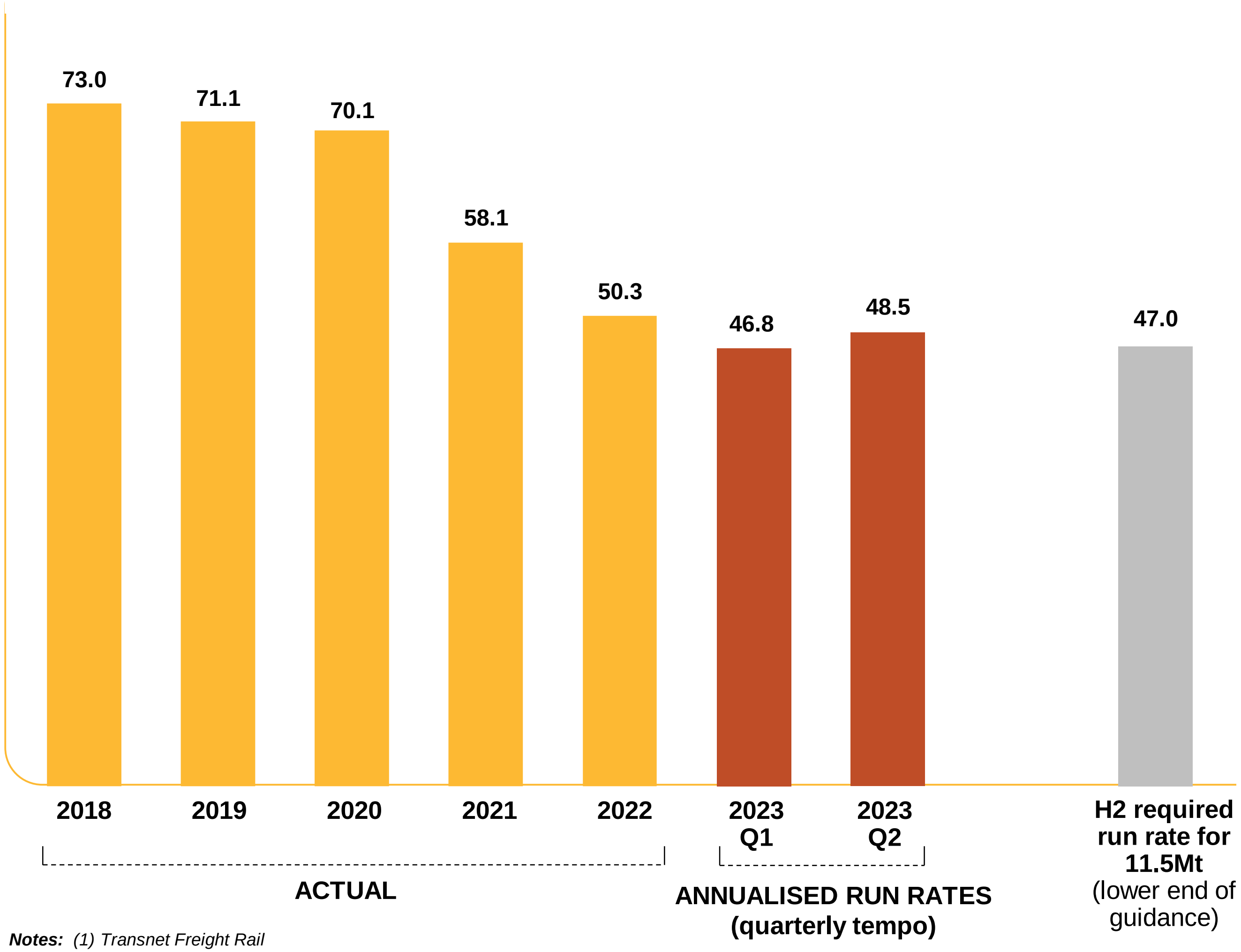
SAFETY REMAINS OUR FIRST VALUE

- **Mr Breeze Mahlangu passed away in February** following an accident in December 2022
- We continue our **relentless drive to eliminate fatalities** through:
  - Maintaining our basics
  - Work management
  - Sustainable risk reduction
- **Improvement in TRCFR to 1.33** for the first six months of 2023 is encouraging

Notes: *(1) Total Recordable Case Frequency Rate = Total number of recordable injuries per one million hours worked*

TFR PERFORMANCE

TFR[1] ANNUAL VOLUMES AND ANNUALISED AVERAGE RUN RATES (Mt per annum)



TFR PERFORMANCE REMAINS SIGNIFICANT CHALLENGE

- Annualised rate of **48Mtpa in H1 2023**
- Q1 was particularly poor, with a **limited recovery in Q2**, notwithstanding two derailments in May
- President's National Logistics Crisis Committee set up to focus on stabilisation and improvement of rail performance for TFR to deliver on **contractual 60Mtpa**
- **Operational focus** on improving incident recovery time through equipment and skills availability
- **Infrastructure focus** on improving cycle times and maintenance interventions to reduce speed restrictions on the line
- Performance also impacted by locomotive availability and **resolution of impasse with Chinese locomotive supplier is critical**
- **Bringing the long-standing locomotives back into service** has the potential to significantly improve performance

Notes: (1) Transnet Freight Rail

RESILIENCE AND READINESS

RESILIENCE PREMISED ON COMPETITIVENESS OF PORTFOLIO

RAIL PERFORMANCE

- **Removed three underground sections** in response to rail constraints
- **Continue to rail high-grade coal**

IMPROVING COMPETITIVENESS

- Comprehensive **productivity improvement initiatives** in place
- Targeted measures underway to **ensure optimal cost base**
- **Potential for further revisions to portfolio** if poor rail performance persists in a softer price environment

LONG-TERM MARKET FUNDAMENTALS REMAIN STRONG

- **Demand for coal remains robust** in developing countries, especially in Asia
- **Coal remains an underinvested industry**, global supply tightening

READINESS BY DELIVERING OUR STRATEGIC PRIORITIES

- **Strategic priorities remain unchanged**
- Continue to **drive our ESG aspirations**
- Maximising full potential from existing assets requires **investment through the cycle** into our projects (Elders and Zibulo North Shaft)
- **Ensham delivers on geographical diversification**, de-risking concentrated rail infrastructure exposure, increasing scale and providing access to new markets
- Ability to deliver on these priorities is **underpinned by disciplined capital allocation and balance sheet flexibility**
- Capital allocation decisions made on a **long-term price forecast assumption of ~$90/t**

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The Numbers

Deon Smith | Chief Financial Officer

H1 2023 Financial and Operational Highlights

NET PROFIT FOR THE PERIOD	ADJUSTED EBITDA	EARNINGS PER SHARE	NET CASH
R3.0 billion	**R4.4 billion**	**R22.45**	**R13.6 billion**
(H1 2022: R9.6 billion)	(H1 2022: R16.7 billion)	(H1 2022: R67.23)	(H1 2022: R14.8 billion)

EXPORT SALEABLE PRODUCTION	FOB COST / EXPORT TONNE		INTERIM DIVIDEND
6.1Mt	**R1,166/t**	**R1,139/t**	**R10 per share**
(H1 2022: 6.1Mt)	**including royalties**	**excluding royalties**	R1.4 billion distributed to shareholders
	(H1 2022: R1,093/t)	(H1 2022: R927/t)	33% of adjusted operating free cash flow

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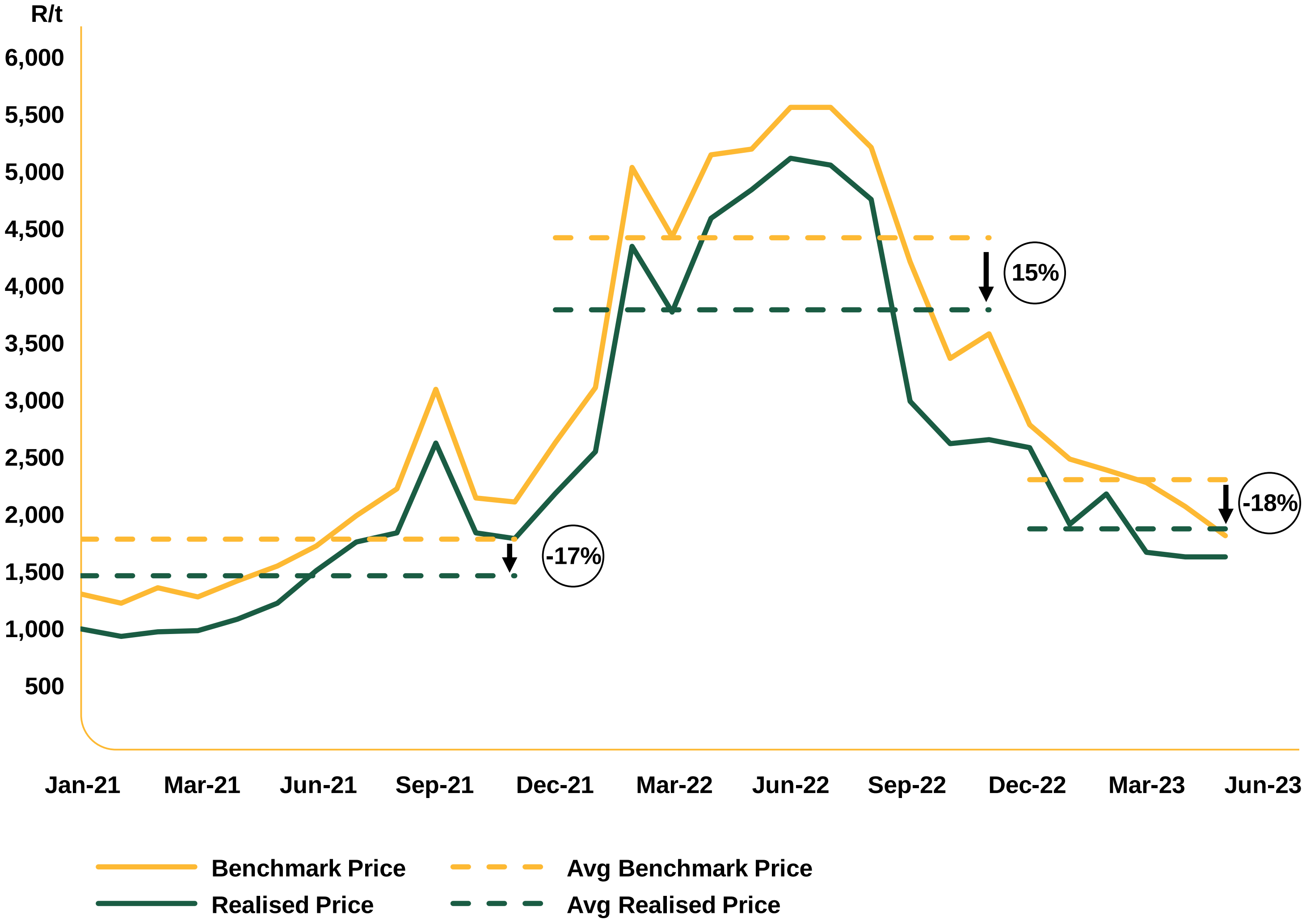
BENCHMARK AND REALISED PRICES

BENCHMARK AND REALISED THERMAL COAL PRICES (R/t)



EXPORT MARKETS

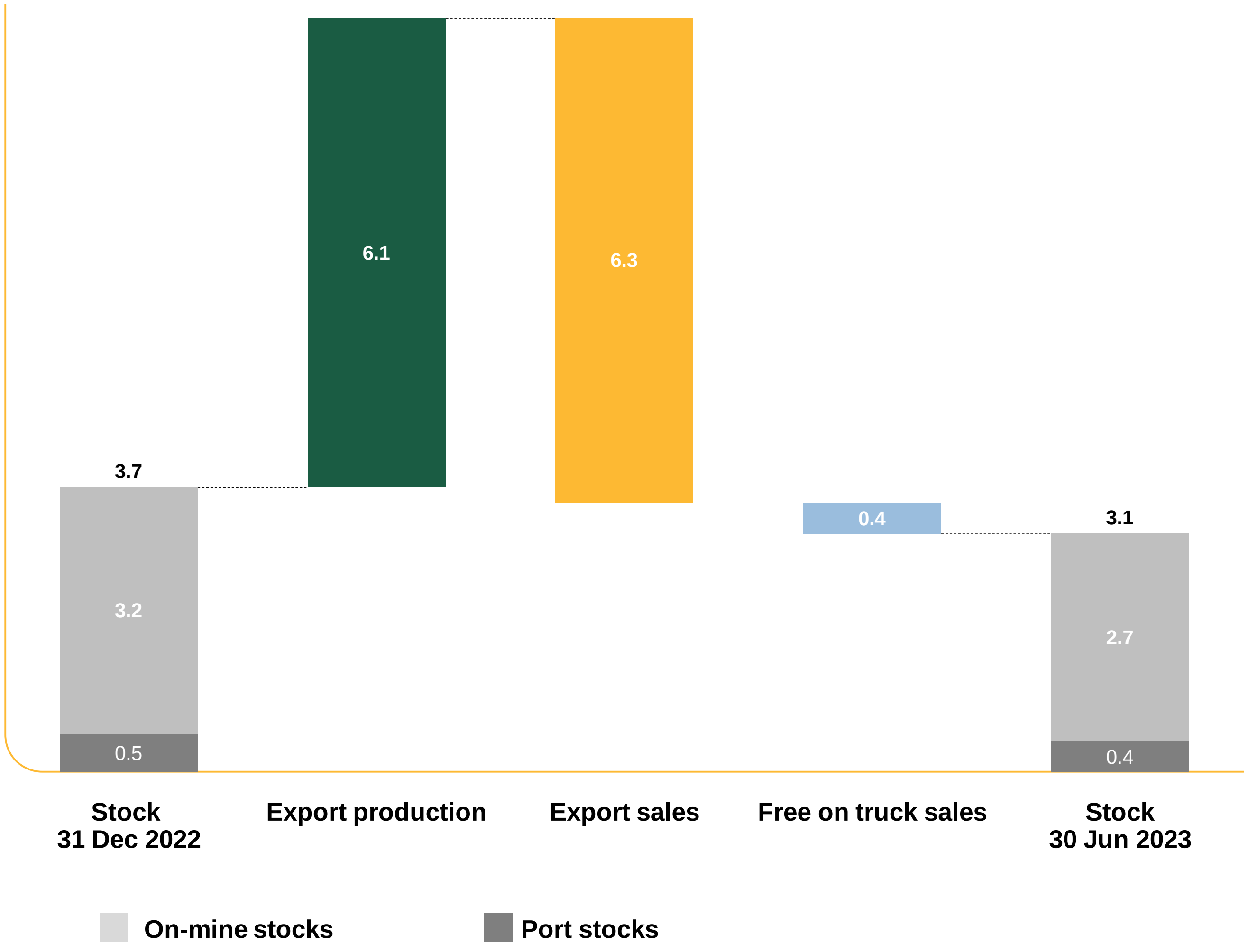
- Global economic pressures and **high gas and coal stocks in key demand regions** placed downward pressure on coal prices
- **Milder winter in Europe**, coupled with redirection of coal flows following EU ban on Russian coal also resulted in **displacement of SA coal in India**
- Lower energy prices starting to **impact supply** as we see tightening in supply regions
- China is securing increased LNG volumes which should improve gas prices and **ensure that coal remains competitive in the energy mix**
- **Long-term outlook remains firm**

BENCHMARK COAL PRICES AND DISCOUNT

- **Average Benchmark price declined sharply** in H1 2023 to $129.50 per tonne (H1 2022: $276.54 per tonne)
- **Discounts widened** from an average of 15% in 2022 **to 18%** in H1 2023

Export saleable production and export sales

INVENTORY MOVEMENT (Mt)

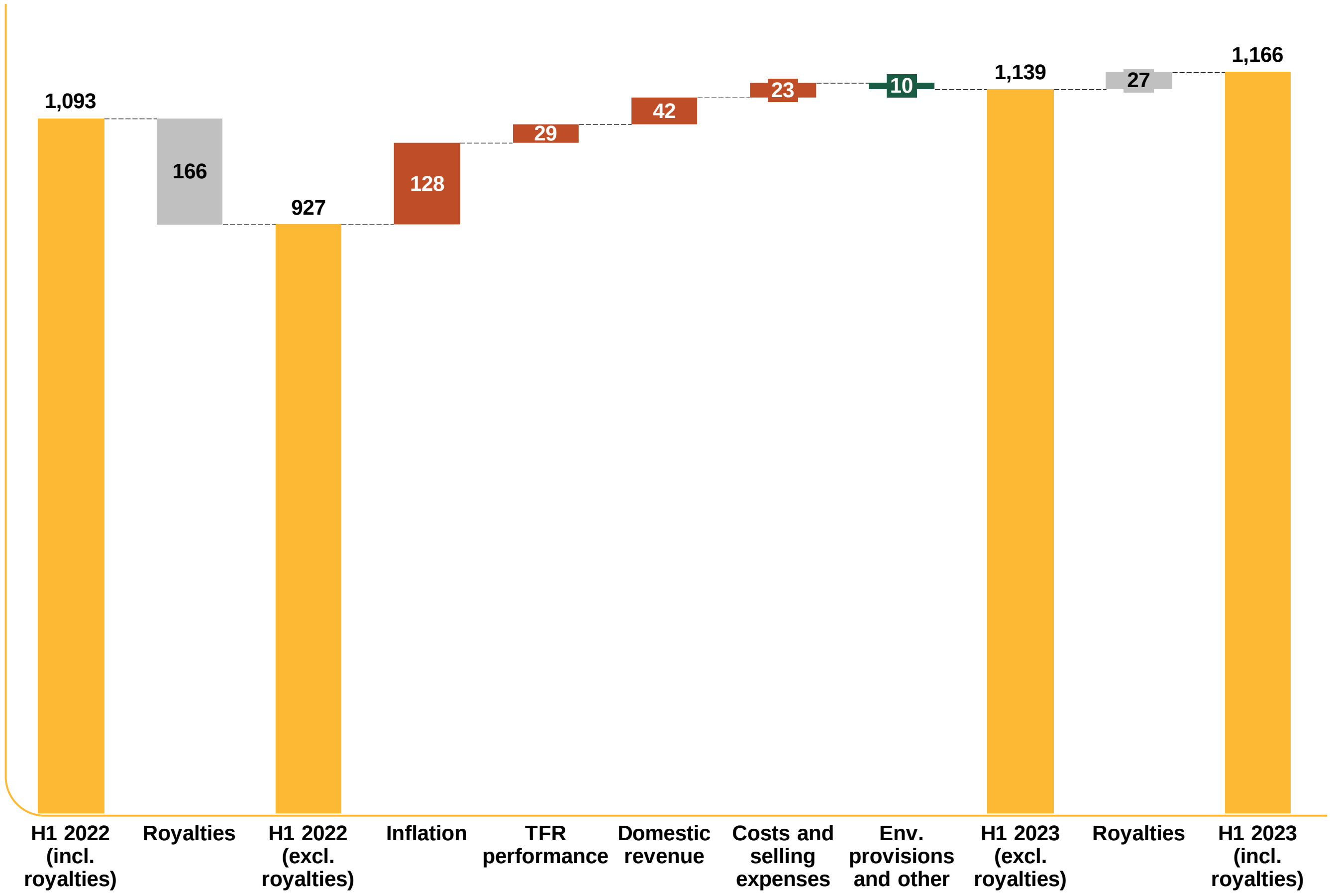


CONTINUED HIGH ON-MINE STOCKS DUE TO RAIL PERFORMANCE

- **Export saleable production of 6.1Mt** in H1 2023 (H1 2022: 6.1Mt)
- **6.2Mt railed to RBCT** in H1 2023 (H1 2022: 6.5Mt)
- **Export sales of 6.3Mt** in H1 2023 (H1 2022: 6.5Mt)
- Free on truck sales initiated to **generate cash and manage stockpiles**
- **On-mine stockpiles remain elevated**

FOB COST PER EXPORT TONNE

FOB COST PER EXPORT TONNE (R/t) - H1 2022 vs H1 2023



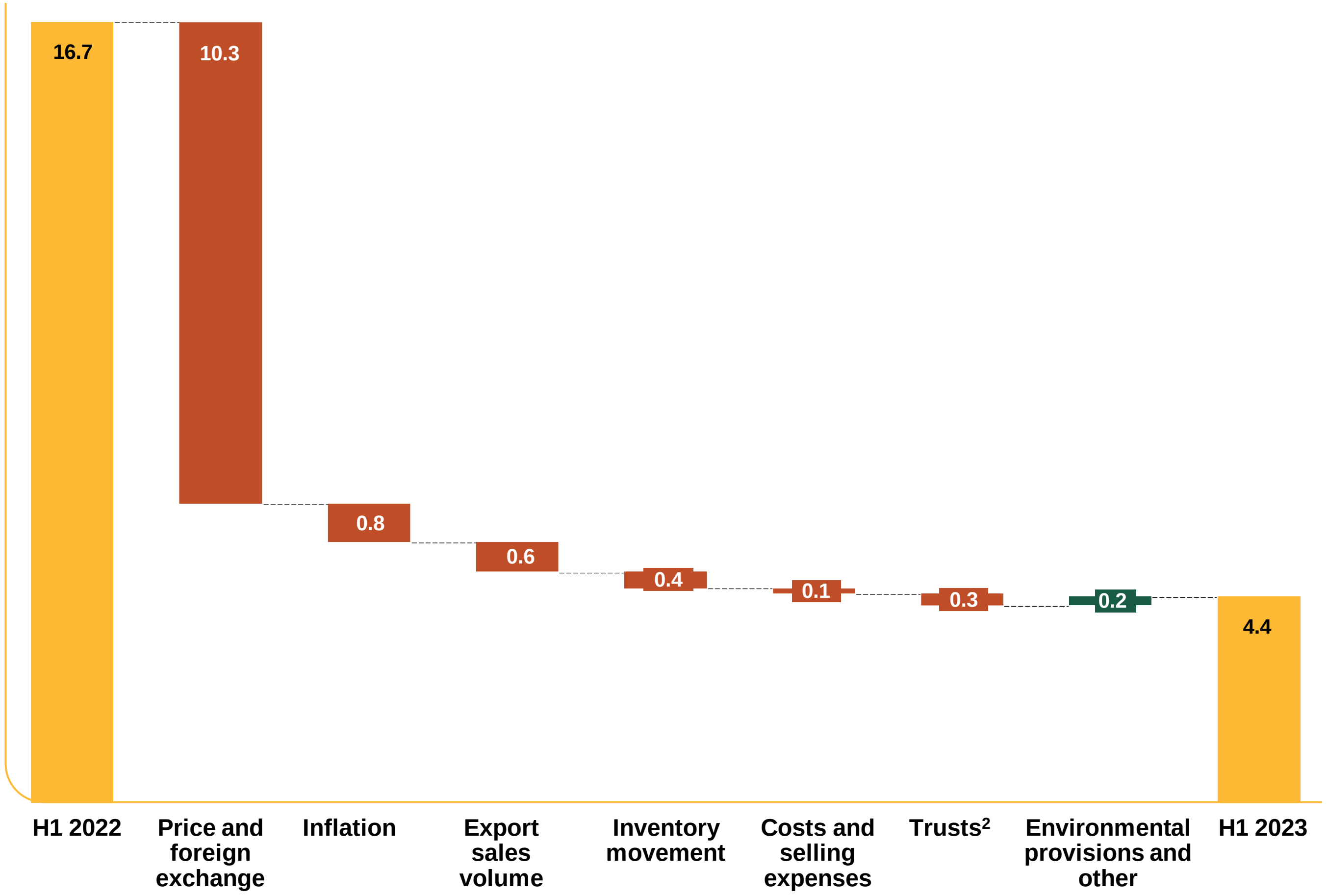
COST PERFORMANCE (H1 2023 on H1 2022)

- Significant **inflationary pressure** following increase in electricity, explosives and rail costs in H2 2022
- **Production curtailment** due to rail performance
- Costs relating to domestic production form part of total operating costs. In calculating FOB cost per export tonne[1], domestic revenue is offset against that total
- **Domestic revenue was lower in H1 2023**, compared to the same period last year, driven by lower revenue as a result of lower Isibonelo sales and export-linked prices at Mafube

Notes: *(1) Refer to Interim Financial Statements – Annexure 1: Alternative Performance Measures – FOB Cost*

ADJUSTED EBITDA

ADJUSTED EBITDA[1] (R billion)



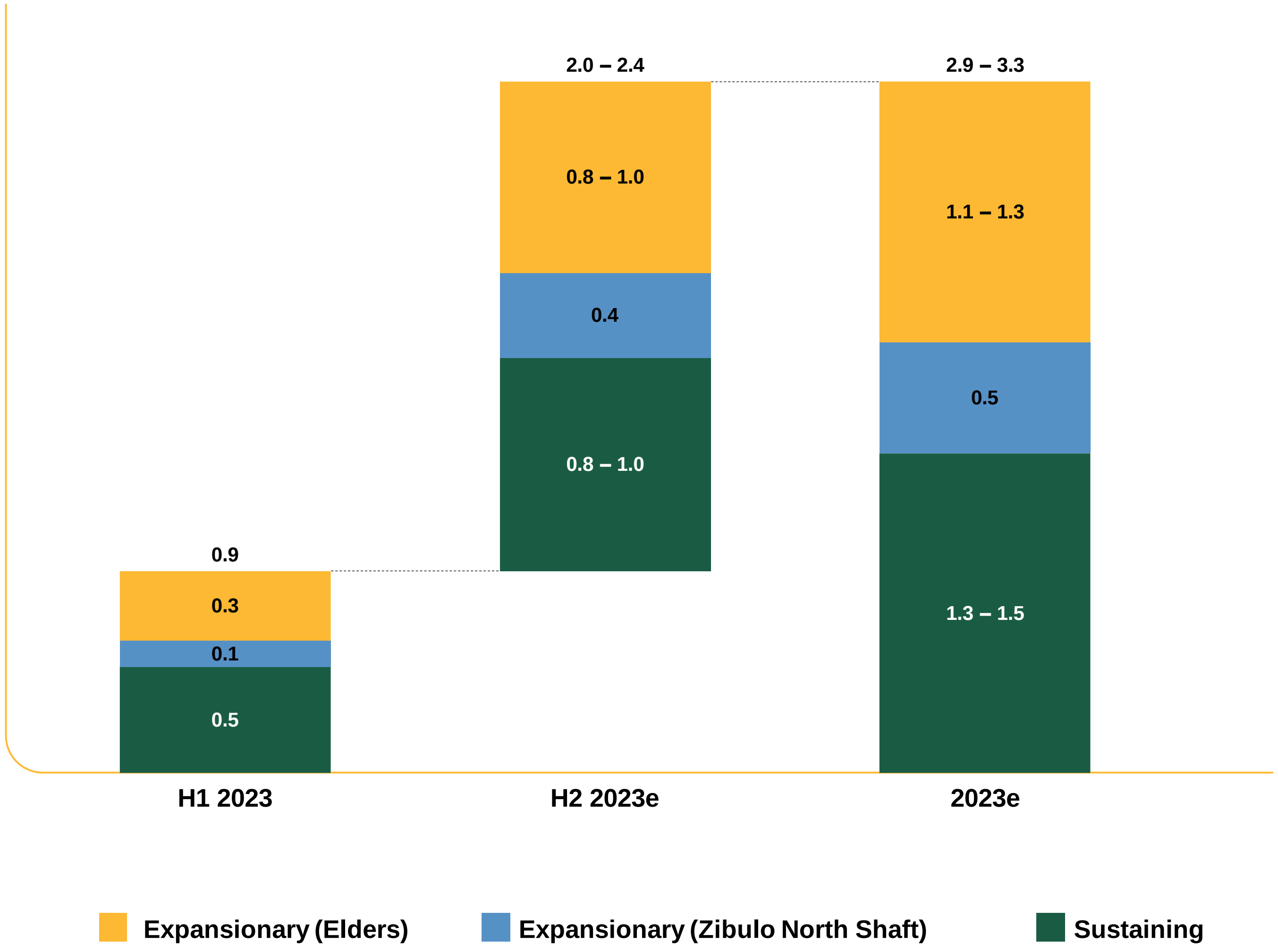
DECREASE IN ADJUSTED EBITDA DRIVEN BY LOWER PRICES

- **Average realised prices decreased by 48%** compared to H1 2022
- The **ZAR weakened opposite the USD** – from R15.41 per dollar in H1 2022 to R18.22 per dollar in H1 2023
- The **impact of global inflationary pressures and energy input costs** continued in H1 2023
- Poor TFR performance resulting in **lower export sales and continued elevated stockpile levels**
- Contributions of R400 million to the trusts relate to expenses based on the Group's 2022 performance, but paid to beneficiaries in the first half of 2023 – in H1 2022 this amounted to R145 million[3]

Notes: *(1) EBITDA adjusted for the impacts of once-off transactions, or transactions which are outside the core operations of the Group*
(2) Trusts refer to the Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust
(3) Difference is reflected as the period-on-period movement in the graph

CAPITAL EXPENDITURE

CAPITAL EXPENDITURE (R billion)

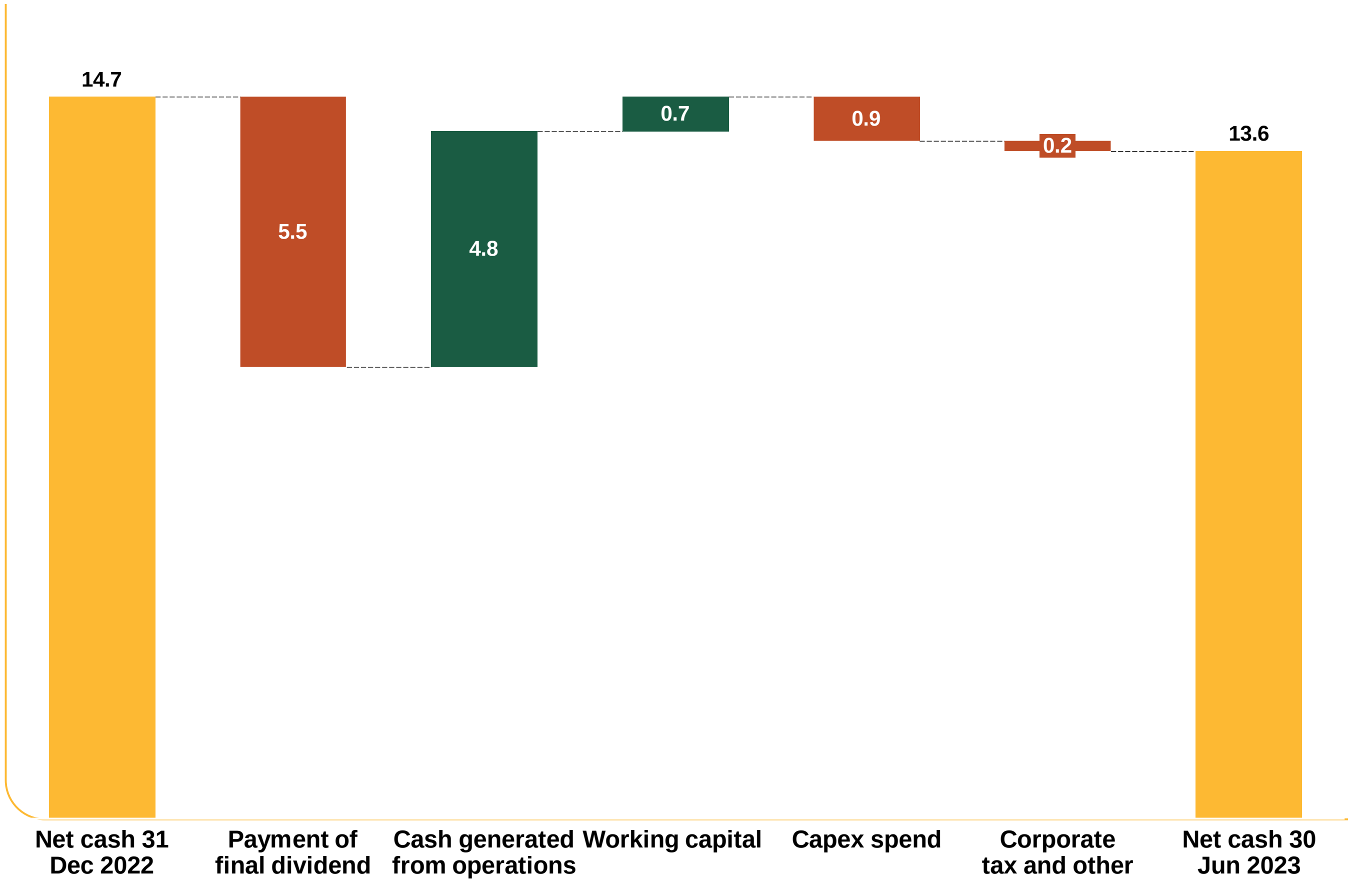


CAPITAL EXPENDITURE

- **Capex spend of R893 million** up to 30 June 2023
  - R339 million spent on stay-in-business capital
  - R105 million spent on stripping and development activities
  - R449 million expansionary capital spent on Elders (R327 million) and feasibility studies and early development for Zibulo North Shaft (R122 million)
- **Zibulo North Shaft project** was approved by the board in the second quarter of 2023
- **Sustaining capital expenditure skewed towards second half** of 2023, consistent with spend schedule in prior years
- **Ramp-up of expansionary capital** also expected in H2 2023, in line with project development programmes

NET CASH

RECONCILIATION OF NET CASH (R billion)

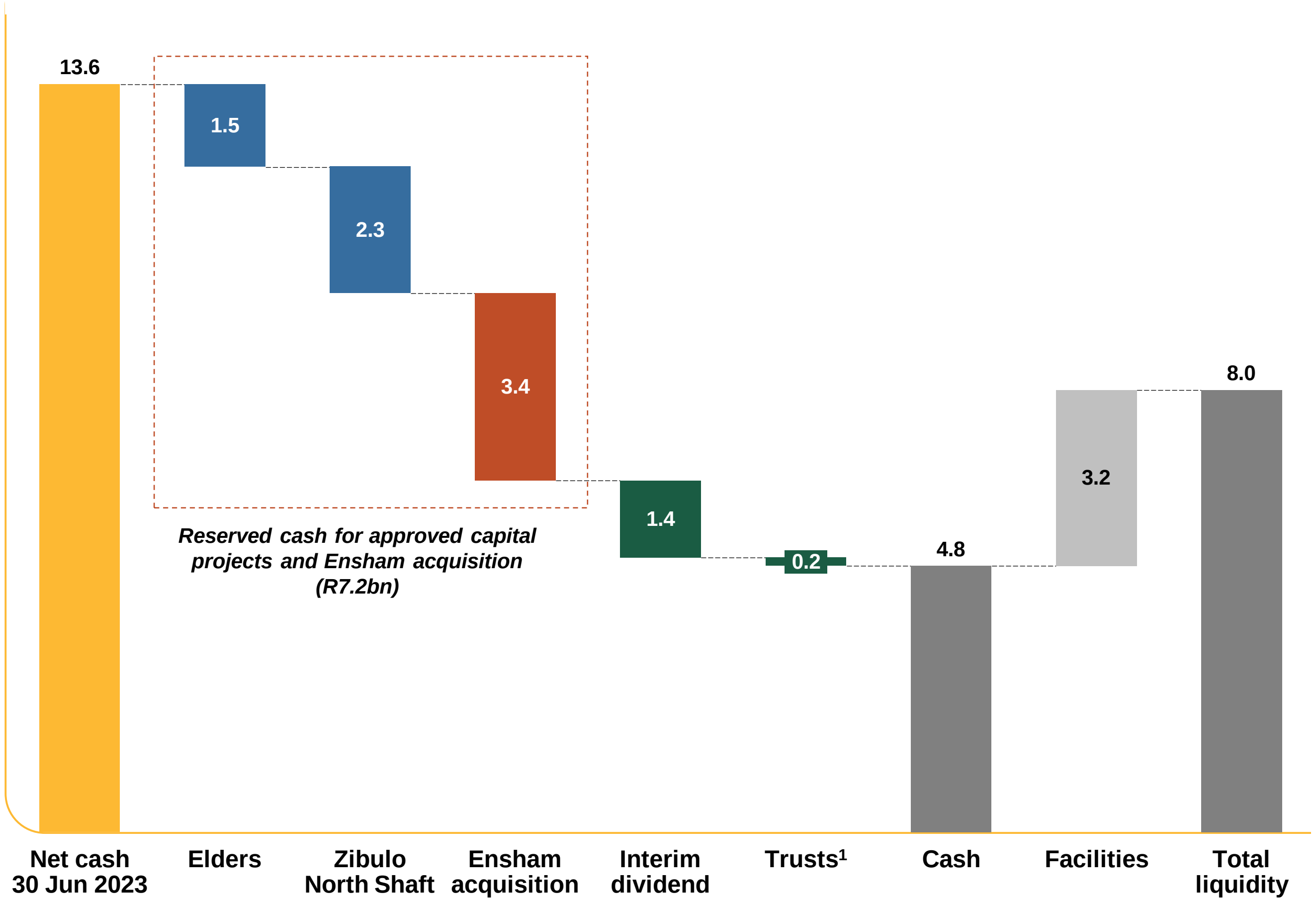


MAINTAINED ROBUST NET CASH POSITION

- **Paid 2022 final dividend in H1 2023**
- **Cash generated from operations impacted by lower realised prices**
- **Working capital unwind** driven by reduction in trade receivables as a result of lower realised prices
- Capital expenditure includes sustaining and expansionary capex

Commitment to dividend policy

DIVIDEND AND CAPITAL ALLOCATION (R billion)



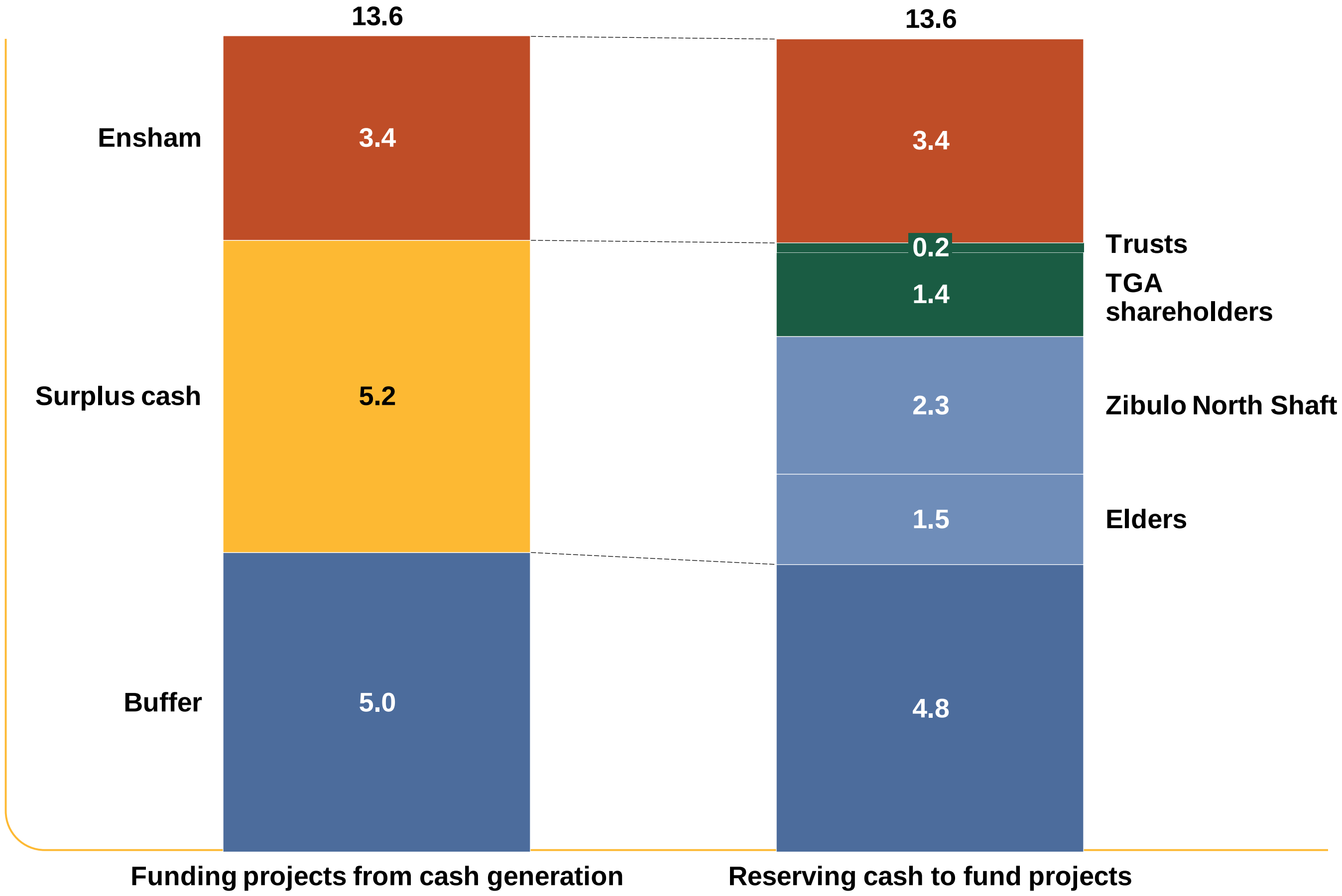
REAFFIRMING THE DIVIDEND POLICY

- **Cash reserved for key approved projects and acquisition:**
  - **Investing through the cycle in Elders and Zibulo North Shaft** will enhance the portfolio and extend life of our business
  - **Ensham acquisition** - net of economic benefit participation
- **Interim dividend at 33% of adjusted operating free cashflow (in excess of dividend policy of 30%) - R10 per share**
- **Contribution of R156 million** to the Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust
- Remaining **liquidity sufficient to weather market conditions** while executing on our strategy
- Continue to evaluate merits and timing of a **potential share buyback**

Notes: *(1) Trusts refer to the Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust*

RETURNS TO SHAREHOLDERS

NET CASH (R billion)



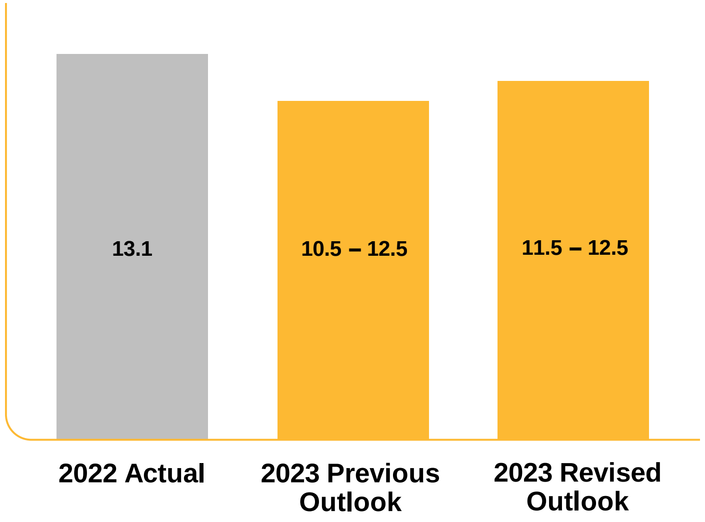
LIQUIDITY CONSIDERATIONS AND DIVIDEND

- Dividend policy is to target a minimum payout of **30% of adjusted operating free cash flow**
- **H1 2023 dividend of R10 represents payout of 33%**
- **Additional 4% to creating shared value** through contribution to the Sisonke Employee Empowerment Scheme and Nkulo Community Partnership Trust
- **Ensham outflow (R4.1bn) is imminent**, inflow of economic benefit will flow approximately three months after completion
- **Cash reserved to fund Elders and Zibulo North Shaft** projects given short-term commitments

OUTLOOK FOR FY2023[1]

EXPORT SALEABLE PRODUCTION (Mt)

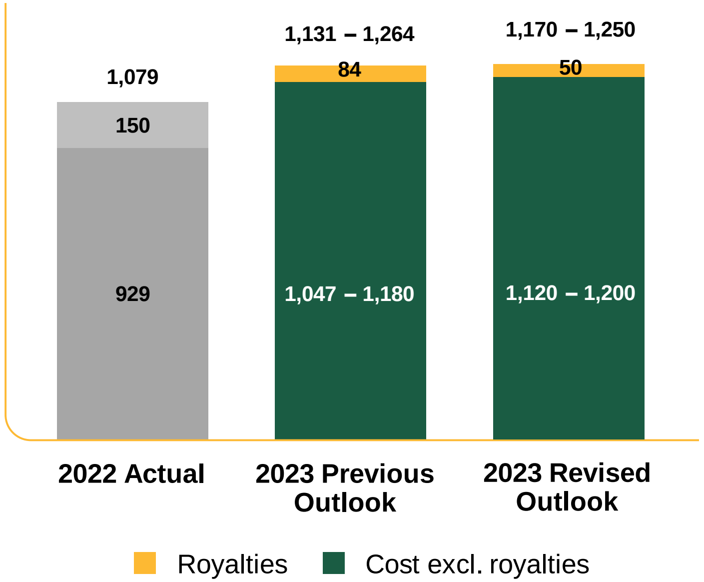
Guidance



- Constrained production due to rail issues
- Guidance range narrowed

FOB COST PER EXPORT TONNE (R/t)

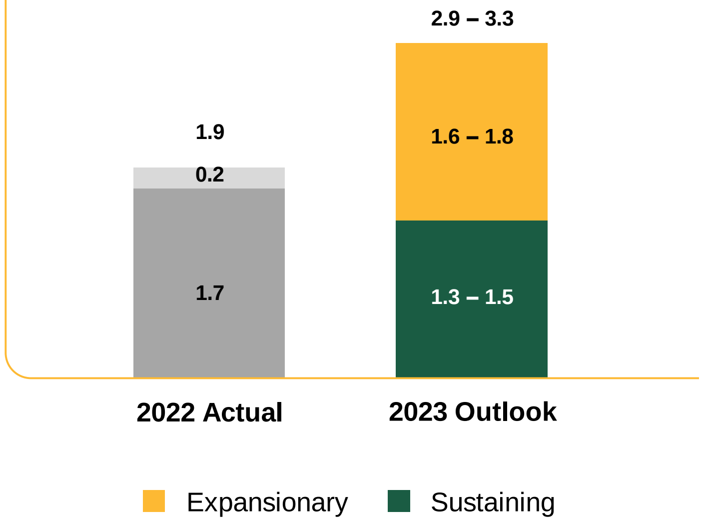
Guidance



- Guidance impacted by lower domestic revenue offset[2] as a result of softer prices
- Guidance including royalties[3] assumes royalty charge reduces in line with lower Benchmark coal prices

CAPITAL EXPENDITURE (R billion)

Guidance



- Capex run rate traditionally skewed towards second half of the year
- Expansionary capital reflects ramp-up of Elders and Zibulo North Shaft spend

Notes: *(1) Outlook does not include Ensham*
(2) Refer to Interim Financial Statements – Annexure 1: Alternative Performance Measures – FOB Cost
(3) Royalty charge = Gross revenue, less transport and port costs, multiplied by the royalty rate (%).

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Ensham transaction update

Product stockpiles at Ensham

COMPLETION EXPECTED 31 AUGUST 2023

- Thungela will assume **operational control of Ensham from 1 September 2023**
- **Comprehensive integration roadmap** in place to ensure alignment on priorities and governance
- Ensham will be **proportionately consolidated** from completion
- Determination of the economic benefit ("lock box") and customary working capital adjustments will be **finalised over a period of three months following completion**
- **Thungela will assume responsibility for the marketing and trading of Ensham coal**

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CONCLUSION

Operating a fatality free business

Ensure that everyone returns home safely every day

Solid performance in first half of 2023

Notwithstanding substantially softer prices and weaker rail performance

Balanced capital allocation

R1.4 billon interim dividend (33% of adjusted operating free cash flow)

Continue to evaluate potential share buyback

Market fundamentals remain robust

Coal remains structurally attractive in the long term

Building out our own export marketing capabilities

Resilience and readiness

Focus on factors we can control

Safeguard performance

Ensure long-term competitiveness

Continue to execute on strategy

Driving ESG aspirations

Maximising value from existing assets

Creating diversification options

Optimising capital allocation

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Thank you