



thungela

ANNUAL RESULTS PRESENTATION

for the year ended
31 December 2023

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Throughout this presentation a range of financial and non-financial measures are used to assess our performance, including a number of financial measures that are not defined or specified under IFRS (International Financial Reporting Standards), which are termed 'Alternative Performance Measures' ("APMs"). Management uses these measures to monitor the Group's financial performance alongside IFRS measures to improve the comparability of information between reporting periods and business units. These APMs should be considered in addition to, and not as a substitute for, or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS. APMs are not uniformly defined by all companies, including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies.



2023 HIGHLIGHTS

July Ndlovu | Chief Executive Officer

RESPONSIBLY CREATING VALUE TOGETHER FOR A SHARED FUTURE

SAFETY

Fatality

One (2022: None)

Total Recordable Case Frequency Rate

1.40 (2022: 1.41)

OPERATING PERFORMANCE

Export saleable production

13.1Mt (2022: 13.1Mt)

Export equity sales

12.8Mt (2022: 12.2Mt)

FINANCIAL PERFORMANCE

Profit for the period

R5.0 billion (2022: R18.2 billion)

Adjusted operating free cash flow

R6.8 billion (2022: R18.1 billion)

RETURNS TO SHAREHOLDERS

Total dividend

R2.8 billion (2022: R13.8 billion)

Total ordinary dividend

R20 per share (2022: R100 per share)

Net cash

R10.2 billion (2022: R14.7 billion)

Earnings per share

R37.66 (2022: R127.08)

Share buyback

R500 million

EXECUTING ON OUR STRATEGIC PRIORITIES

SAFETY

Operate fatality free

DRIVING OUR ESG ASPIRATIONS

Employee and community trusts¹

R312 million

Education initiative

R160 million over five years

MAXIMISING VALUE FROM EXISTING ASSETS

Elders

First coal in March 2024

Zibulo North Shaft

On track and on budget

Competitiveness

Productivity improvement and cost initiatives

CREATING FUTURE DIVERSIFICATION OPTIONS

Ensham

Acquisition and integration

Thungela Marketing International

Built marketing capabilities

OPTIMISING CAPITAL ALLOCATION

Dividends

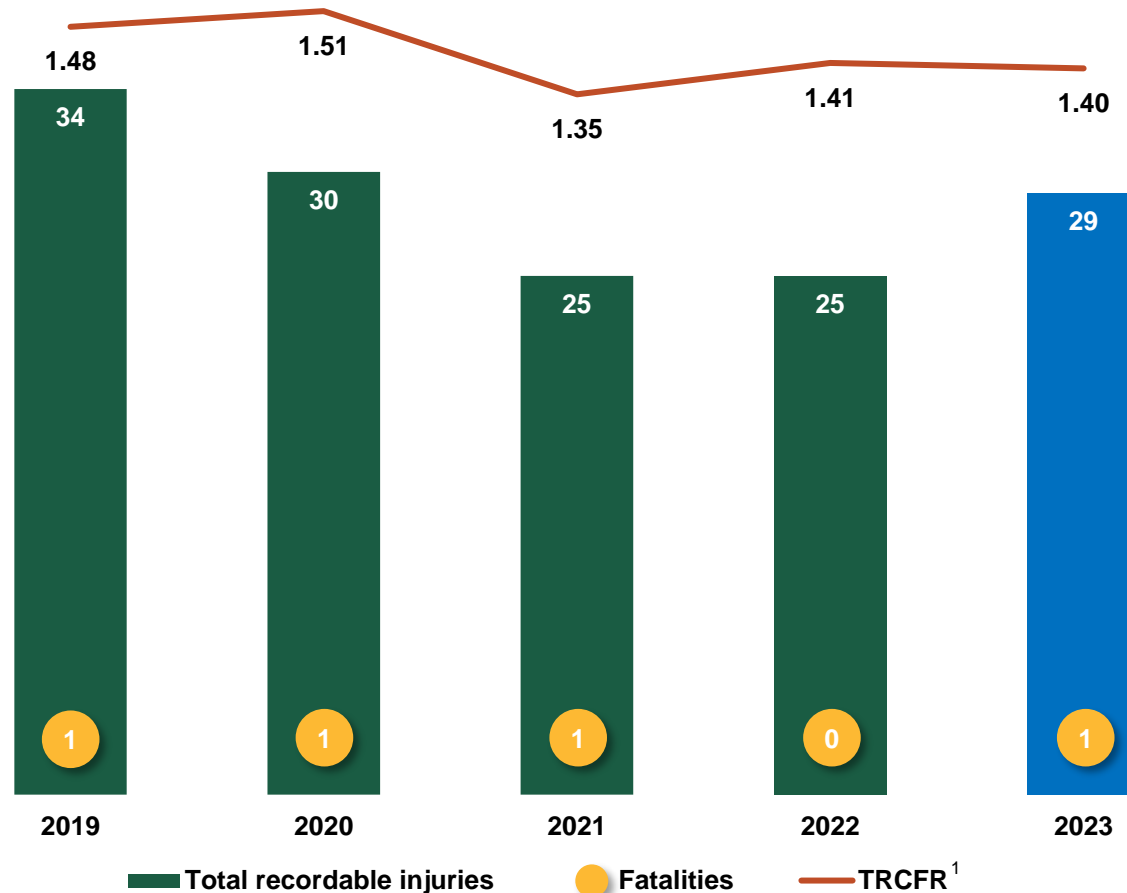
R2.8 billion

Share buyback

R500 million

SAFETY IS OUR FIRST VALUE

KEY SAFETY METRICS (South African operations)



- Fatality in 2023 following December 2022 incident
- We remain committed to operating a fatality-free business
- Levers to improve safety performance include:
 - Continued focus on three safety pillars:
 - Back to basics
 - Work management
 - Culture of sustainable risk reduction
 - Further integration of safety metrics and behaviours into performance contracts
 - Independent third-party assurance on execution of critical controls

Notes: 1) Total recordable case frequency rate: Total number of recordable injuries per one million hours worked

ELDERS PROGRESSING WELL

FIRST COAL DELIVERED AHEAD OF SCHEDULE

- First bord and pillar coal delivered ahead of initial estimates on 1 March 2024
- Zero lost-time injuries
- Tracking on budget

Spent
R1.2 billion

Expected capex in 2024
R800 million

KEY FIGURES (approximately)

Capex	R2.0 billion
LOM	12 years steady-state (2 seam)
Production profile	4Mtpa ROM (2 seam)
Quality	5,500kcal/kg



ZIBULO NORTH SHAFT PROJECT COMMENCED

ON TRACK AND ON BUDGET

- Life extension of Zibulo underground operation to 2038
- Underground development to start in Q3 2024
- Zero lost-time injuries

Spent
R590 million

Expected capex in 2024
R950 million

Expected capex in 2025
R870 million

KEY FIGURES (approximately)

Capex	R2.4 billion
LOM extension	Through to 2038
Production profile	Maintain 8Mtpa ROM
Quality	6,000 and 5,700kcal/kg



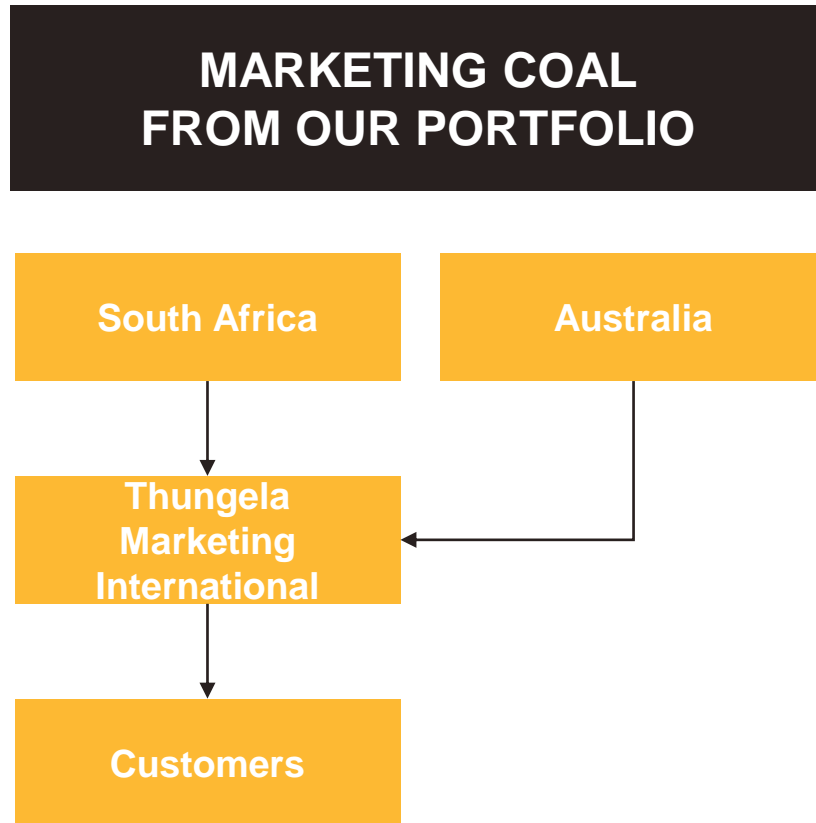
ENSHAM: A MILESTONE ACQUISITION

LOCATION OF ENSHAM IN THE STATE OF QUEENSLAND, AUSTRALIA



- Sungela purchased 85% interest in the Ensham Mine for net cash outflow of R2.8 billion
 - Remaining 15% interest owned by LX International
- Thungela owns 73.5% of Sungela, with balance held by co-investors Audley and Mayfair
 - Co-investors' consideration partially funded by a loan of R809 million from Thungela, repayable by February 2025
- Annualised production improved to 3.2Mt (from 2.7Mtpa when we assumed operational control on 1 September 2023)
- Ensham resource approximately 1 billion tonnes
- Comprehensive review of costs, productivity and brownfield opportunities underway

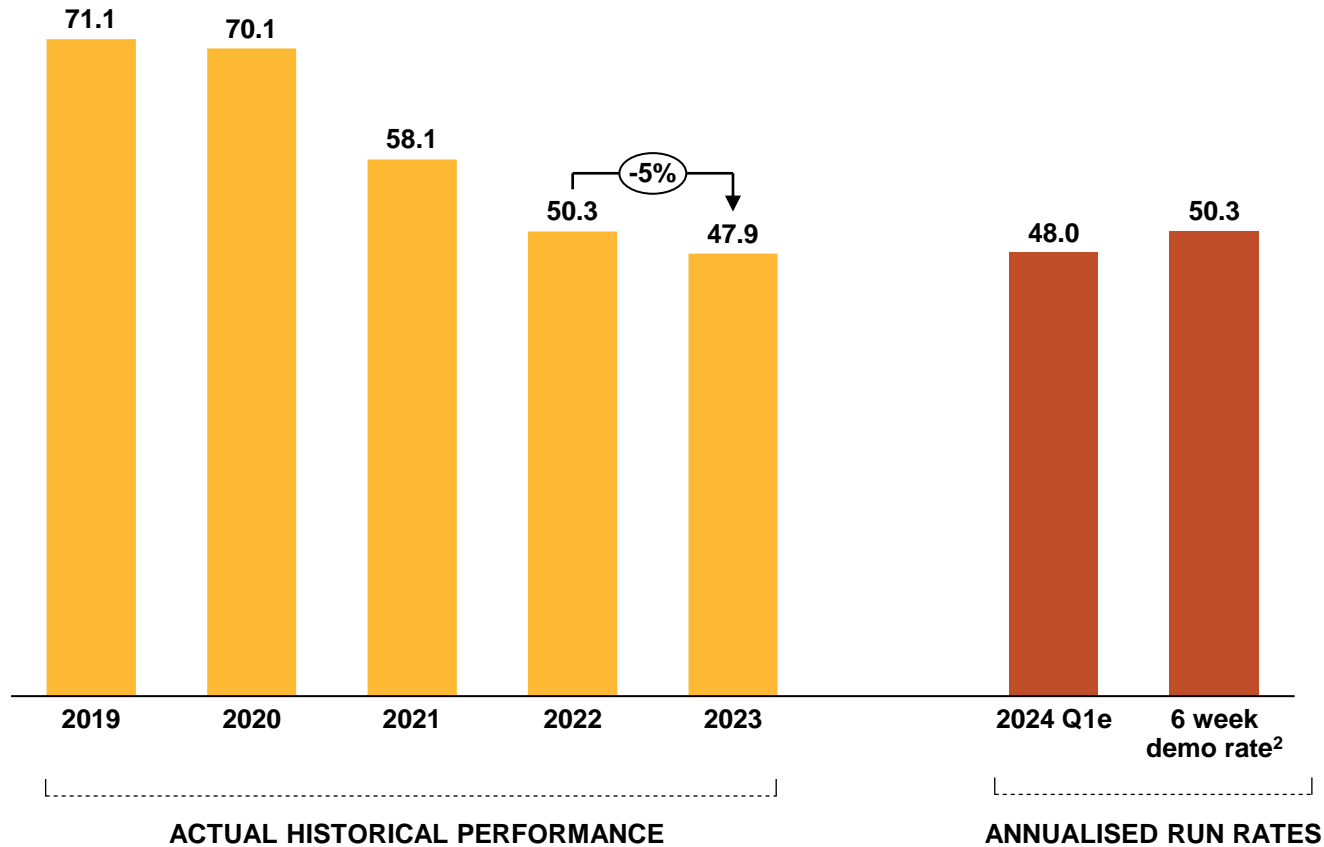
BUILDING OUR EXPORT MARKETING CAPABILITY



- Marketing agreement with Anglo American Marketing Limited will conclude at end of May 2024
- Thungela Marketing International (TMI) will assume responsibility for management of integrated export marketing activities for South African and Australian assets
- Based in Dubai, a leading commodity trading center
- Team has successfully been marketing Ensham coal since September 2023

WORKING TO ADDRESS RAIL PERFORMANCE

TFR¹ ANNUAL VOLUMES AND ANNUALISED AVERAGE RUN RATES (Mt per annum)



- Industry railed volume of 47.9Mtpa in 2023, deterioration of 5% from last year
- Mutual cooperation agreement establishes framework for procurement of critical spares on behalf of TFR
- Industry deployed additional security on coal line
- Working on further improvements, including fixing signaling which has been hard-hit by cable theft
- Long-term agreement extended by one year to afford TFR time to demonstrate sufficient stability
- Steady improvement since start of 2024
 - Most recent 6-week demo rate of 50.3Mtpa

Notes: 1) Transnet Freight Rail
2) Average demonstrated performance for the most recent 6-week period



FINANCIAL REVIEW

Deon Smith | Chief Financial Officer

2023 RESULTS

ADJUSTED EBITDA

R8.5 billion

(2022: R29.5 billion)

ADJUSTED OPERATING FREE CASH FLOW

R6.8 billion

(2022: R18.1 billion)

EARNINGS PER SHARE

R37.66

(2022: R127.08)

EXPORT SALEABLE PRODUCTION

SOUTH AFRICA

12.2Mt

(2022: 13.1Mt)

ENSHAM

0.9Mt

(85% basis)

EXPORT EQUITY SALES

SOUTH AFRICA

11.9Mt

(2022: 12.2Mt)

ENSHAM

0.9Mt

(100% basis)

FOB COST PER EXPORT TONNE (excluding royalties)

SOUTH AFRICA

R1,084/t

(2022: R929/t)

ENSHAM

R1,544/t

SHAREHOLDER RETURNS

TOTAL SHAREHOLDER RETURNS

R3.3 billion (2022: R13.8 billion)

TOTAL DIVIDEND

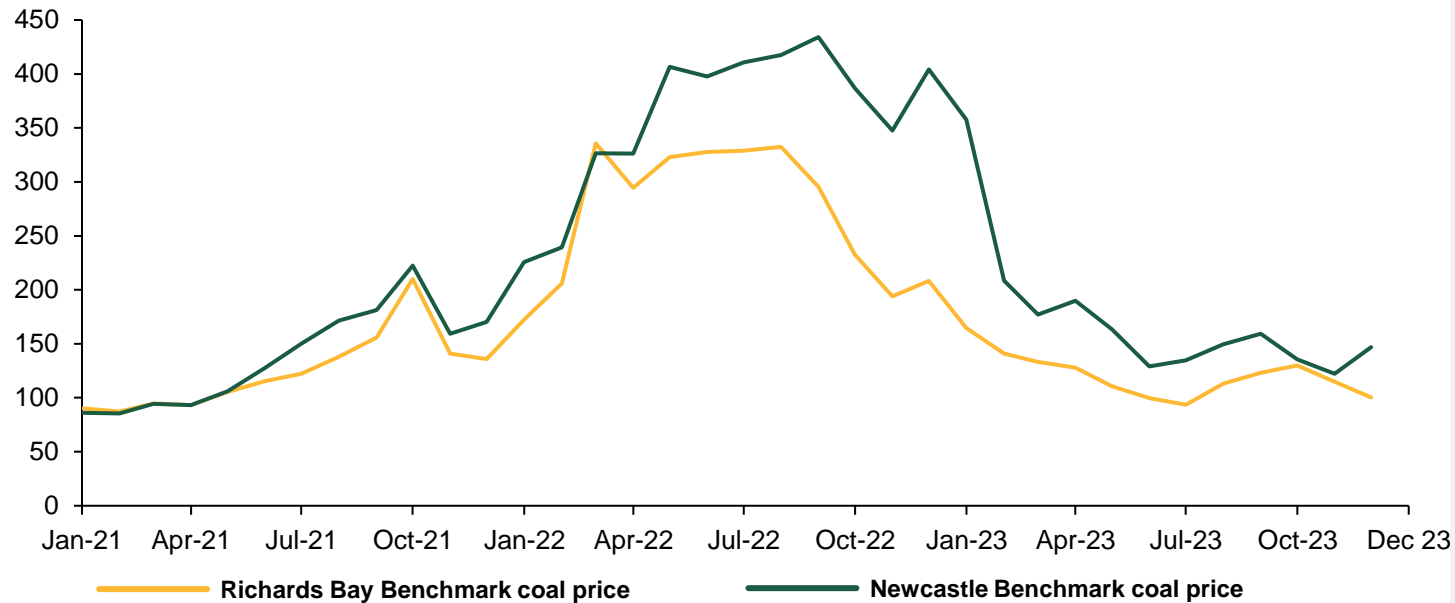
R2.8 billion (2022: R13.8 billion)

SHARE BUYBACK

R500 million

BENCHMARK AND REALISED COAL PRICES

BENCHMARK THERMAL COAL PRICES (USD per tonne)



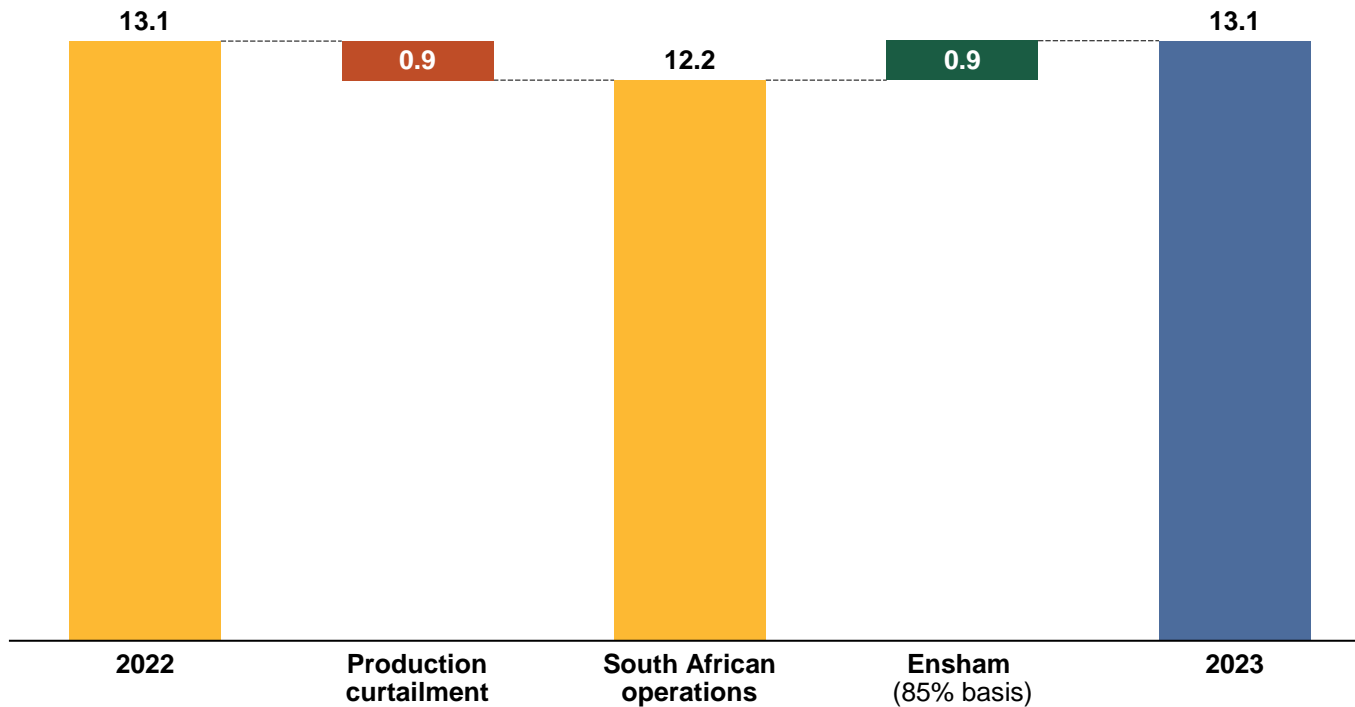
USD per tonne	2021	2022	2023
Richards Bay Benchmark coal price	124.11	270.87	121.00
Richards Bay realised coal price	103.82	229.21	103.69
Newcastle Benchmark coal price	137.28	360.20	172.79
Newcastle realised coal price	-	-	155.85 ¹

Notes: 1) For the four months from acquisition date to 31 December 2023

- South African coal markets softened due to subdued European demand driven by mild winter and high coal and gas stocks
- Australian coal markets shaped by high stocks in Japan and South Korea and slow recovery in industrial demand, particularly in Japan
- Record realised prices in South Africa in 2022 came down to an average of USD103.69/t in 2023
 - SA discount narrowed to 10% in H2, from 18% in H1 2023, resulting in full year discount of 14%
- Ensham realised coal price was USD155.85/t for the four months ended 31 December 2023
 - Ensham coals attracted a premium of 11% over this period, attributed to higher proportion of fixed-price agreements in sales book

EXPORT SALEABLE PRODUCTION

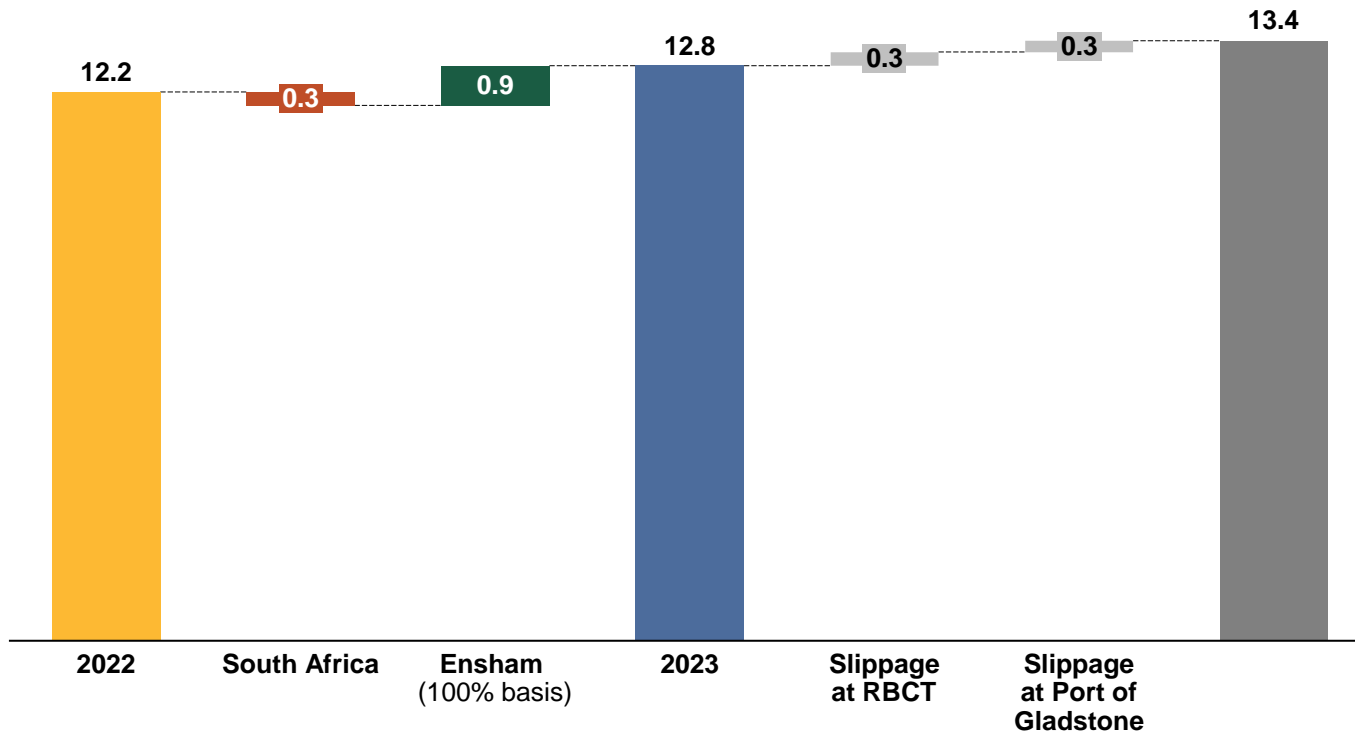
EXPORT SALEABLE PRODUCTION (Mt)



- SA export saleable production 6.9% lower year-on-year due to TFR rail underperformance
 - Curtailed production by stopping three underground sections
- Ensham production of 860kt for the four months since acquisition
 - Run rate reflecting step up since completion

EXPORT SALES

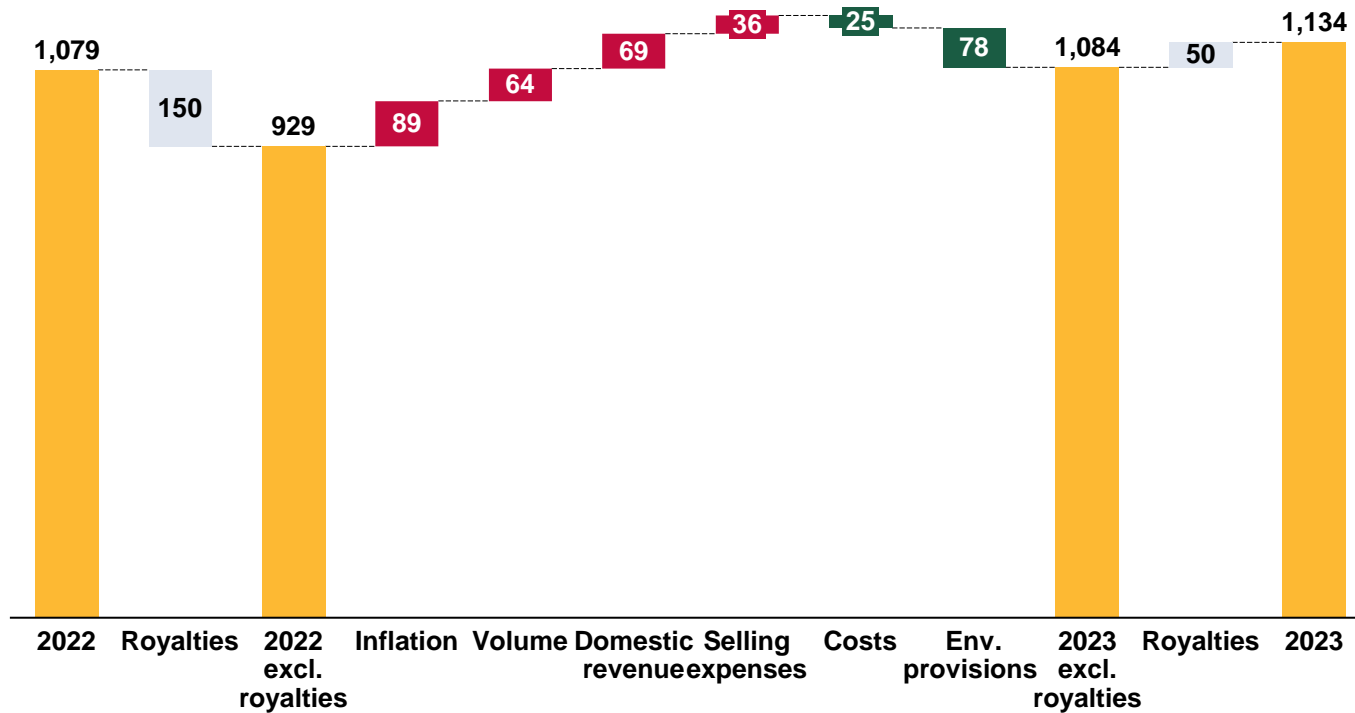
EXPORT EQUITY SALES (Mt)



- Swift and decisive response to TFR's persistent poor performance:
 - Curtailed production at three of our underground mines
 - Improved rail distribution pattern through additional sidings
 - Efficiencies at our rapid loading terminals
- Late arrival of seven vessels in December led to slippage of export sales into January 2024
 - 300kt in South Africa at RBCT
 - 255kt in Australia at Port of Gladstone

FOB COST PER EXPORT TONNE FOR SOUTH AFRICA

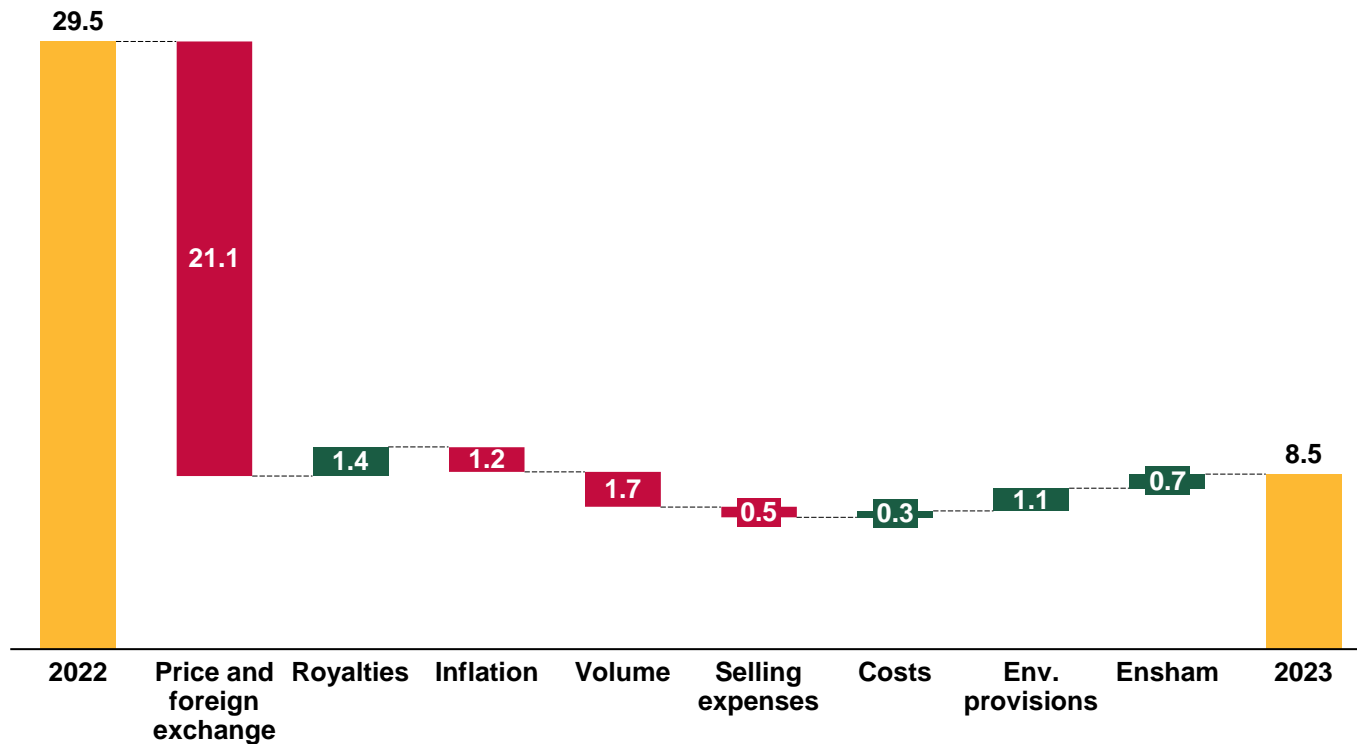
FOB COST PER EXPORT TONNE (R per tonne)



- FOB cost per tonne increased mainly due to:
 - Impact of lower volumes
 - Inflation on our operating costs of 9.6%
 - Lower domestic sales revenue offset
- Achieved R500 million cost savings through cost optimisation programme, partially offset by higher stockpile management costs and maintenance costs
- Lower non-cash charge related to the annual assessment of environmental provisions

ADJUSTED EBITDA

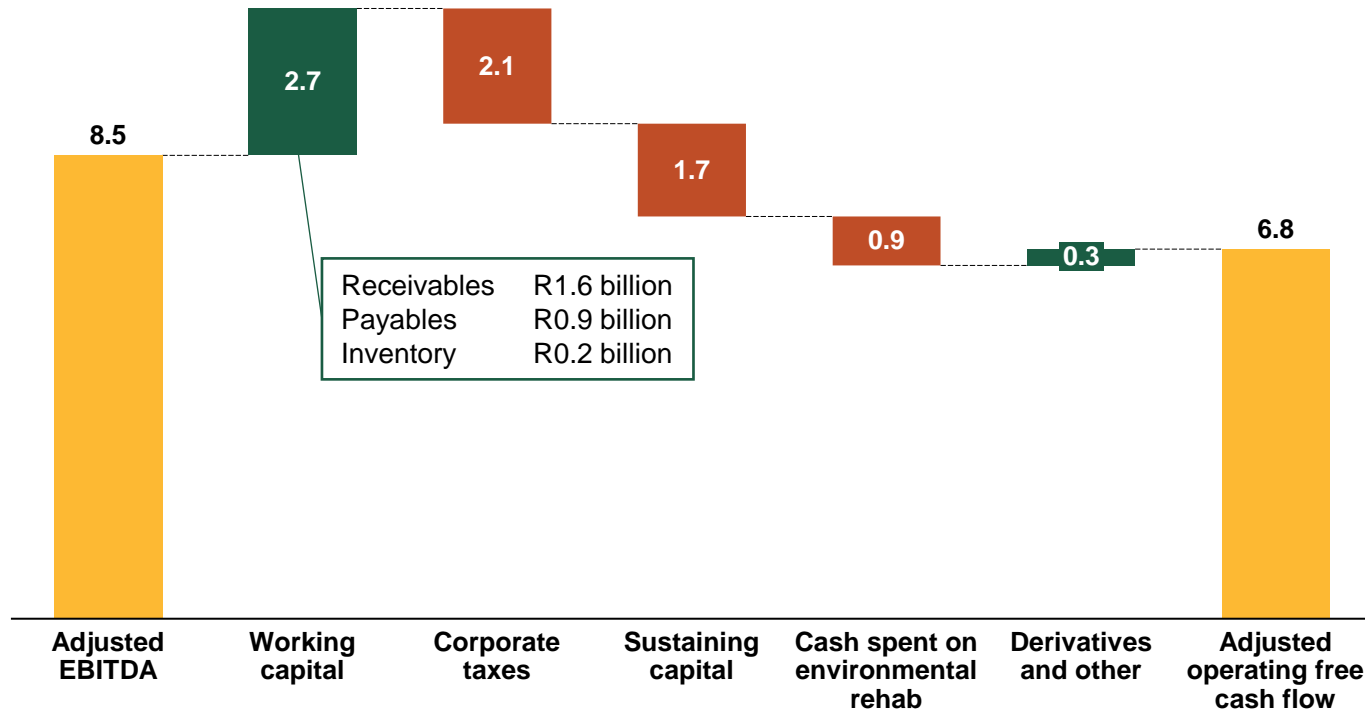
ADJUSTED EBITDA (R billion)



- Decline in earnings mainly driven by lower benchmark coal prices
- Partially offset by weaker average exchange rate, and lower royalty expenses
- Ensham contribution to adjusted EBITDA of R738 million
- EBITDA margin of 28% (2022: 58%)
 - South Africa 27.5%
 - Ensham 28.5% (for four months)

ADJUSTED OPERATING FREE CASH FLOW

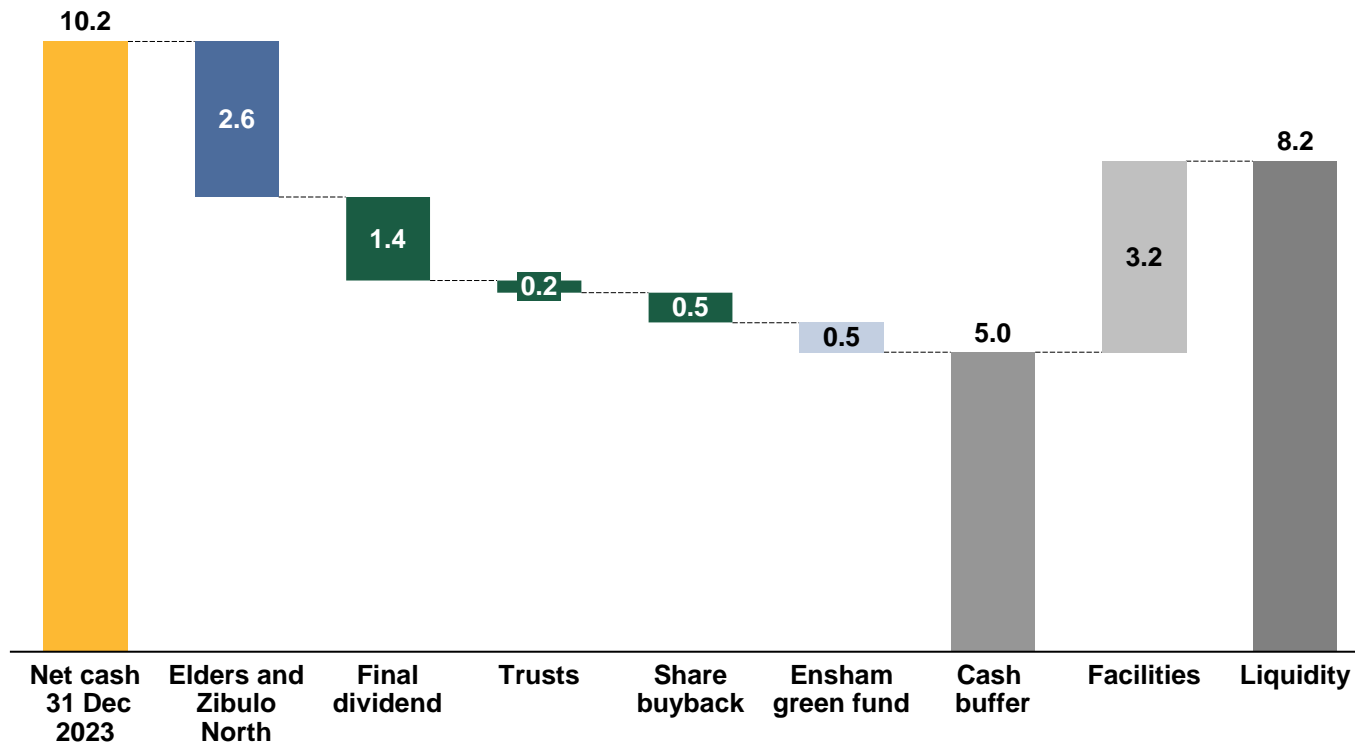
ADJUSTED EBITDA TO ADJUSTED OPERATING FREE CASH FLOW (R billion)



- Release of working capital of R2.7 billion
 - Reduction in receivables mainly driven by lower export prices
 - Increase in payables due to inflation and ramp-up in capex spend
- South African income tax payments of R2.1 billion
- Sustaining capex of R1.7 billion, including sustaining capex of R299 million from Ensham

PRIORITISING RETURNS TO SHAREHOLDERS

CAPITAL ALLOCATION¹ (R billion)



- **Cash reserved for key approved projects**
 - Elders and Zibulo North Shaft underpin the long-term cost competitiveness of the portfolio
- **Final dividend of R10 per share**
 - Total dividend (interim + final) of R20 per share (R2.8 billion) for 2023
 - Further R156 million contribution to Sisonke Employee Empowerment Scheme and Nkulo Community Partnership Trust
- **Share buyback of up to R500 million**
 - Execution on JSE through a subsidiary
 - Shares in treasury reduce WANOS²
- **Total shareholder returns of R3.3 billion** (49% of adjusted operating free cash flow)
- **Green fund contribution** of R500 million required in Australia until acceptance of Ensham into Queensland Financial Provisioning Scheme
- **Cash buffer of R5 billion** remains appropriate

Notes: 1) This is a conceptual representation, the graph does not reflect historical financial information (other than the net cash balance)
 2) Weighted average number of ordinary shares outstanding

OUTLOOK FOR 2024



SOUTH AFRICA

	Metric	2023 Actual	2024
Export saleable production	Mt	12.2	11.5 - 12.5
FOB cost per export tonne	R/tonne	1,134	1,180 – 1,300 ¹
FOB cost per export tonne (excl. royalties)	R/tonne	1,084	1,170 – 1,290
Sustaining capital	R million	1,398	900 – 1,100
Expansionary capital	R million	1,591	1,600 – 1,900

ENSHAM



	Metric	2023 Actual	2024
Export saleable production ²	Mt	2.9	3.2 - 3.5
FOB cost per export tonne	AU\$/tonne	155	150 - 160 ³
FOB cost per export tonne (excl. royalties)	AU\$/tonne	129	130 - 140
Sustaining capital (on an 85% basis)	AU\$ million	25 ⁴	40 - 70
Expansionary capital	AU\$ million	Nil	Nil

Notes: 1) Royalties calculated using an assumed Richards Bay Benchmark coal price of USD100 per tonne
 2) Based on 100% for the full year
 3) Royalties calculated using an assumed Newcastle Benchmark coal price of USD120 per tonne
 4) Based on 85% for the four months from completion date to 31 December 2023

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CONCLUSION

July Ndlovu | Chief Executive Officer

DELIVERING ON OUR PURPOSE

Responsibly

- Unwavering commitment to eliminate fatalities and injuries
- Make a lasting impact
- Drive our ESG aspirations

Creating value together

- Optimise capital allocation and generate superior shareholder returns
- Maximise value from existing assets
- Capture full potential of Elders, Zibulo North and Ensham

For a shared future

- Build an international, sustainable and long-life business
- Prepare to capitalise on long-term fundamentals for coal
- Selectively seek opportunities for future diversification

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Q&A

ANNEXURE 1: ENSHAM ACCOUNTING

STRUCTURE: LEGAL OWNERSHIP AND EFFECTIVE ECONOMIC INTEREST

		Effective economic share of earnings (%)	Effective economic share of cash flows (%)
Legal ownership	A	73.5	73.5
Option provided to the co-investors (for accounting purposes)	B	20	-
Repayments on loan due to Thungela (reflecting 90% of 26.5% distributions to be received by the co-investors)	C	-	23.9
Effective economic interest in Sungela Holdings	$D = (A+B) \mid (A+C)$	93.5	97.4
Legal ownership of Ensham Mine	E	85	85
Effective economic interest in Ensham Mine	D x E	79.5	82.8

- **Income Statement**

- Revenue consolidated at 100% (incl. 15% related to LX International)
- Operating and other costs recognised at 85%
- Proportion of costs related to sales from LX International shown as commodity purchases at relevant realised prices
- Non-controlling interest (NCI) recognised at 5%:
 - Loan granted to co-investors to fund 20% shareholding in Sungela Holdings is considered a share option
 - Repayment of loan due February 2025, following which NCI will more closely reflect legal ownership

- **Balance Sheet**

- Balance sheet consolidated at 85% on line-by-line basis, reflecting ownership of underlying tenements