

# INTERIM FINANCIAL RESULTS

PRESENTATION FOR THE SIX MONTHS ENDED 30 JUNE 2019

**exxaro**

POWERING POSSIBILITY

**SAFETY**

**REINVENTION**

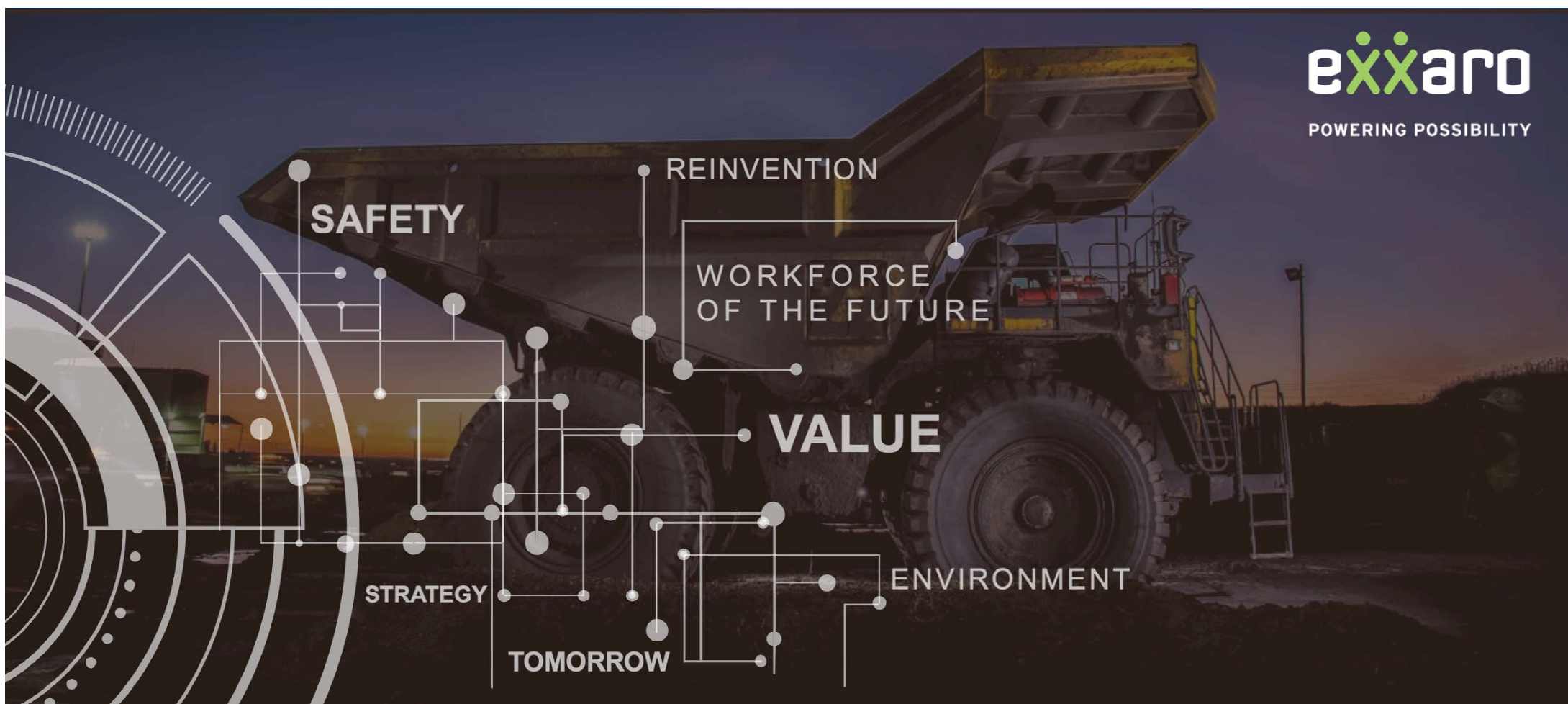
**WORKFORCE  
OF THE FUTURE**

**VALUE**

**STRATEGY**

**ENVIRONMENT**

**TOMORROW**



# Disclaimer



*The operational and financial information on which any outlook or forecast statements are based has not been reviewed nor reported on by the group's external auditors. These forward-looking statements are based on management's current beliefs and expectations and are subject to uncertainty and changes in circumstances. The forward-looking statements involve risks that may affect the group's operational and financial information. Exxaro undertakes no obligation to update or reverse any forward-looking statements, whether as a result of new information or future developments.*

*Where relevant, comments exclude transactions which make the results not comparable. These exclusions are the responsibility of the group's board of directors and have been presented to illustrate the impact of these transactions on the core operations' performance and hence may not fairly present the group's financial position, changes in equity, results of operations or cash flows. These exclusions have not been reviewed nor reported on by the group's external auditors.*

# Presentation outline



## Results Overview

Mxolisi Mgojo | Chief Executive Officer



## Operational Performance

Nombasa Tsengwa | Executive Head – Coal Operations



## Financial Results

Riaan Koppeschaar | Finance Director



## Outlook

Mxolisi Mgojo | Chief Executive Officer

# Results Overview

Mxolisi Mgojo | Chief Executive Officer



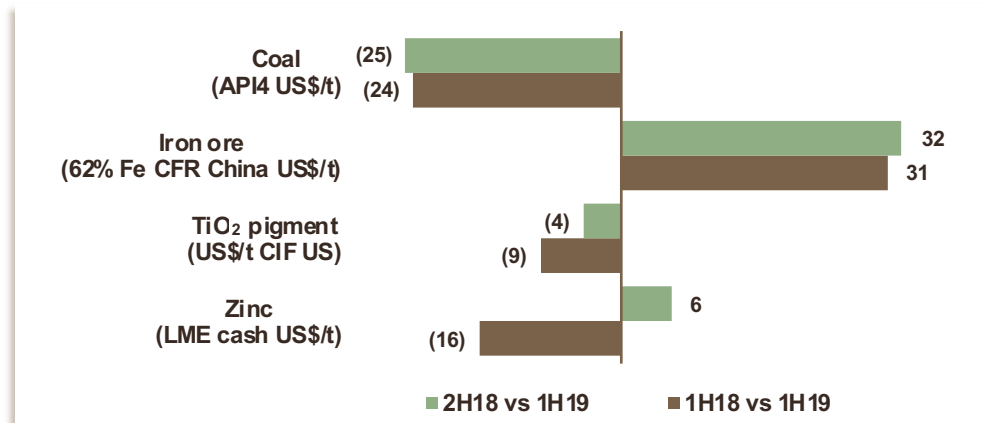


# Macro environment | global prices under pressure

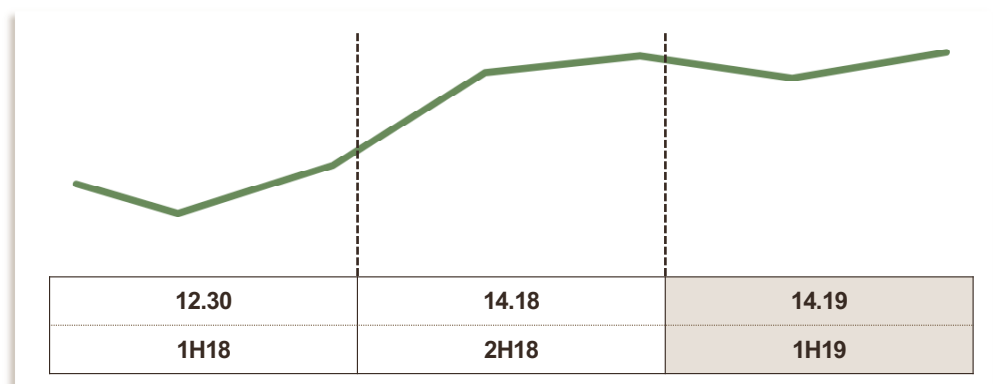


- Global economic activity and geopolitical risks continued to weigh on the global oil market
- US-China trade tension weighed on global sentiment and economic growth
- Deceleration of China's economic growth
- Disappointing RSA real GDP performance during 2Q19
- Ongoing strength in Chinese steel production, high iron ore prices with stable lump premium
- Improving titanium dioxide pigment and stable feedstocks market
- Volatile thermal coal export prices – low European gas prices, high renewables generation and thermal coal stock levels

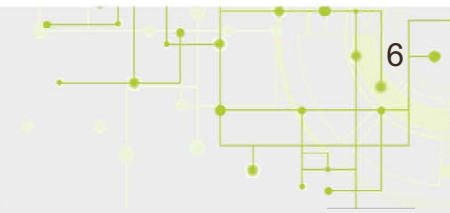
% change in market price



Average ZAR/US\$ spot rate

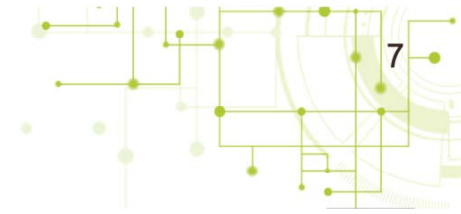


# Sustainable growth | **ESG\***



\* Environment, Social and Governance    \*\* Lost time injury frequency rate per 200 000 man hours worked    # FTSE Russell ESG Index

# ESG | striving for zero harm

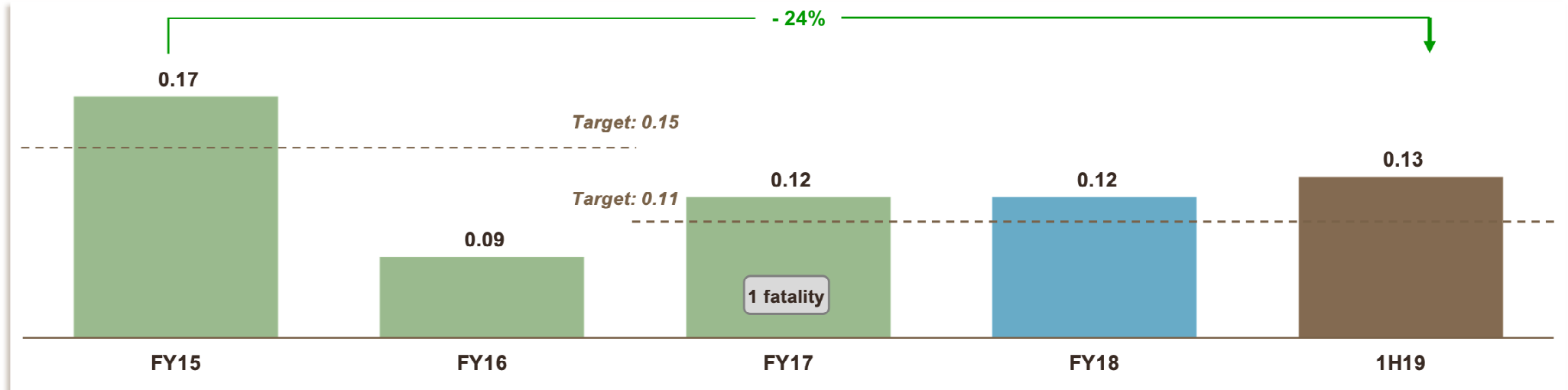


## CoalSafe Awards 2019



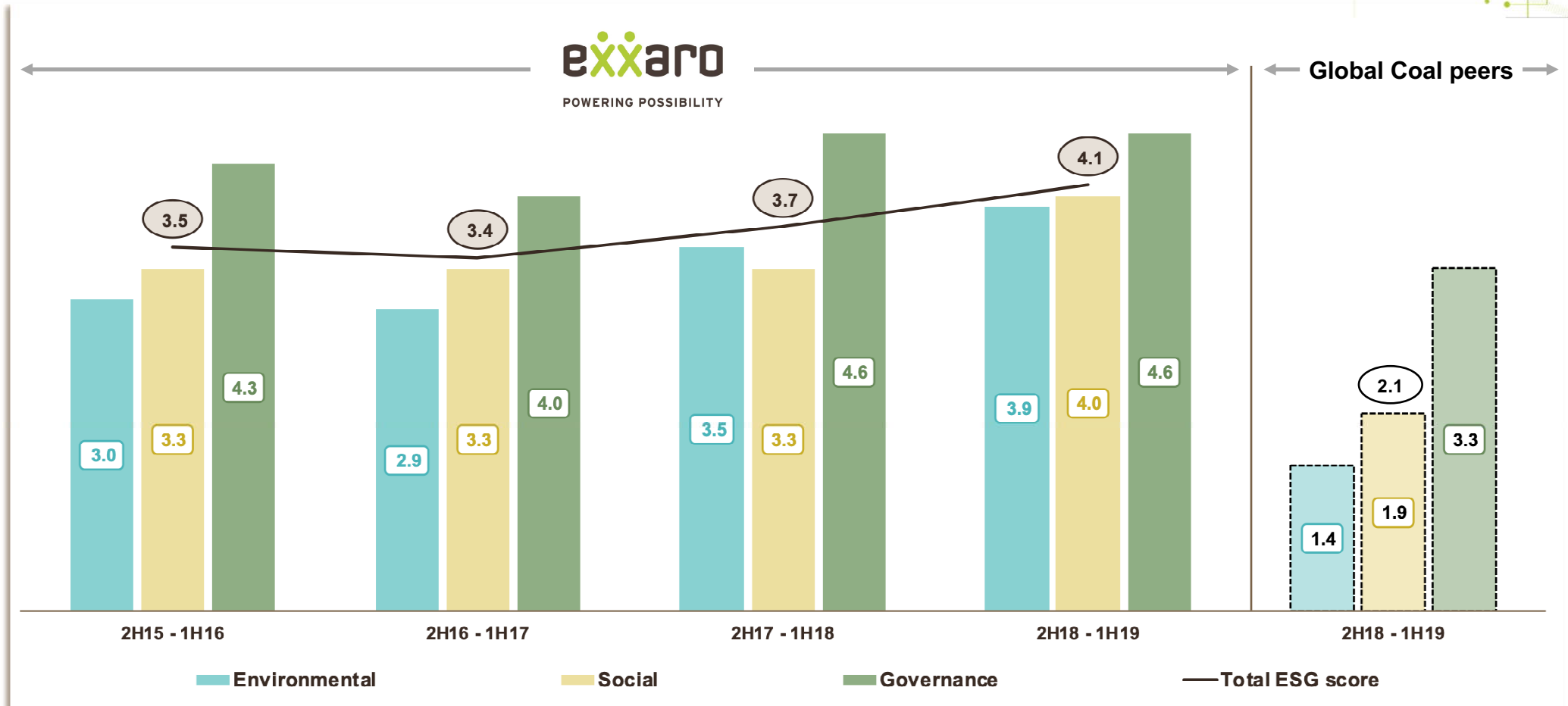
- Exxaro: Achievement Award – Two Fatality Free years for companies employing 8 000 to 10 000 employees
- Matla Central Engineering & Plant: Safety Award – 21 Fatality Free years
- Leeuwpan: Safety Award – 29 Fatality Free years

## LTIFR – Group\*



\* Group includes Coal operations, FerroAlloys and Corporate office

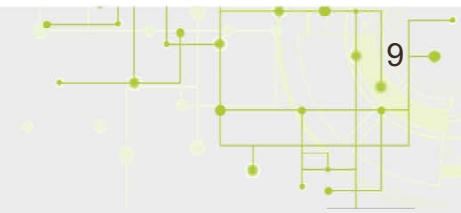
# ESG | leading performance\*



\* Score out of 5 per FTSE Russell ESG index



# Sustainable growth | portfolio optimisation



- Thermal Coal – **early value strategy**
- **Investments – unlocking value**
  - Tronox
  - SIOC
  - Black Mountain Mining
- Cennergi – **energy** ambitions

# Sustainable growth | **operational performance**



- Reserve **flexibility**
- **Product quality/sales mix**
- **Cost management**



# Sustainable growth | **capital allocation**

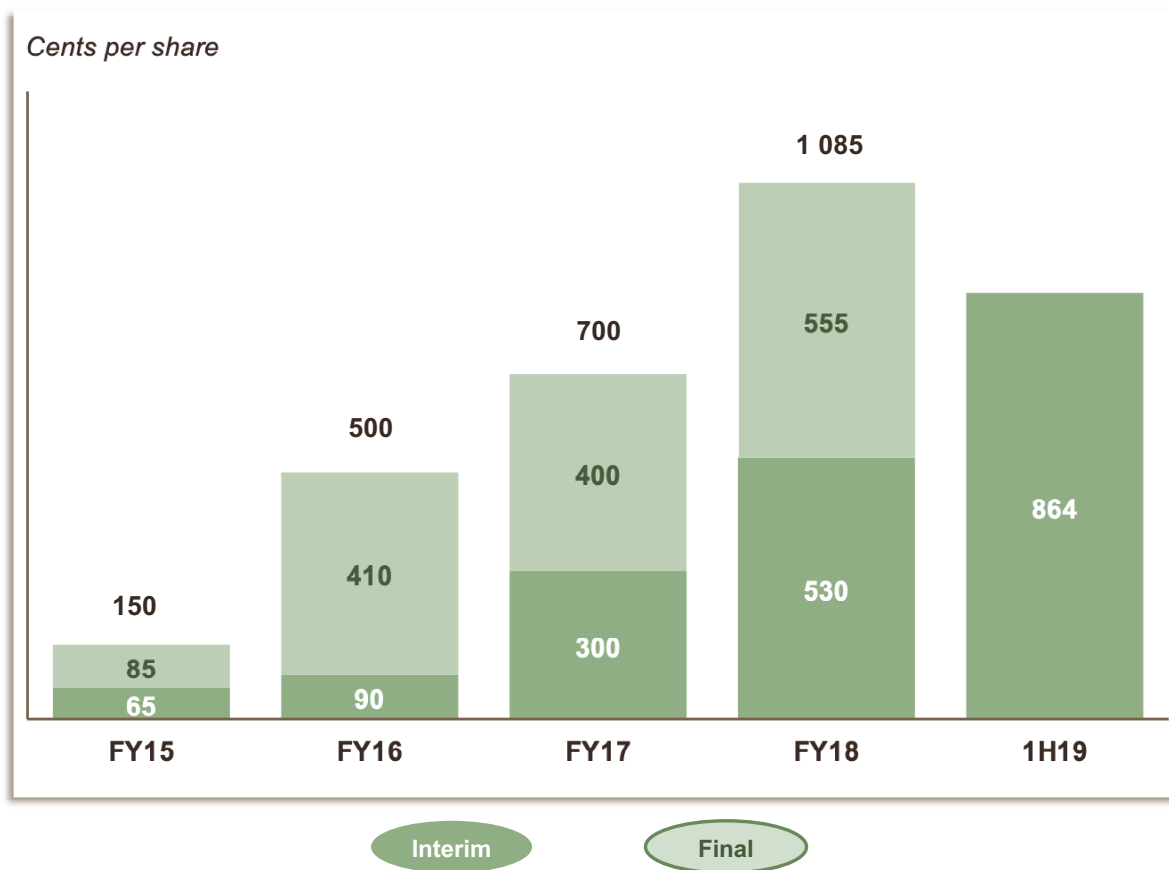
- Capex **delivering growth**
- **Shareholder returns**



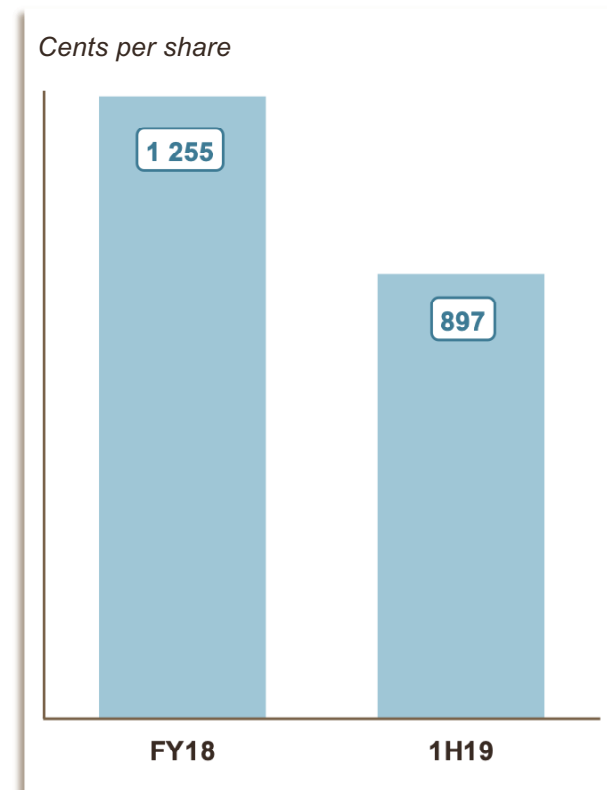
# Capital allocation | shareholder returns



## Regular dividend declared



## Special dividend declared





# Operational Performance

Nombasa Tsengwa | Executive Head - Coal Operations

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POWERING POSSIBILITY

digital@exxaro

MAJOR PROJECTS

VALUE

VOLUMES

MARKETS

SAFETY

PRODUCT  
MIX

OPERATIONAL  
EXCELLENCE

# SHEC performance | sustaining our future



## Safety and health

- 0.14 LTIFR is a 7% improvement
- 29 months fatality free
- Aim to achieve zero harm

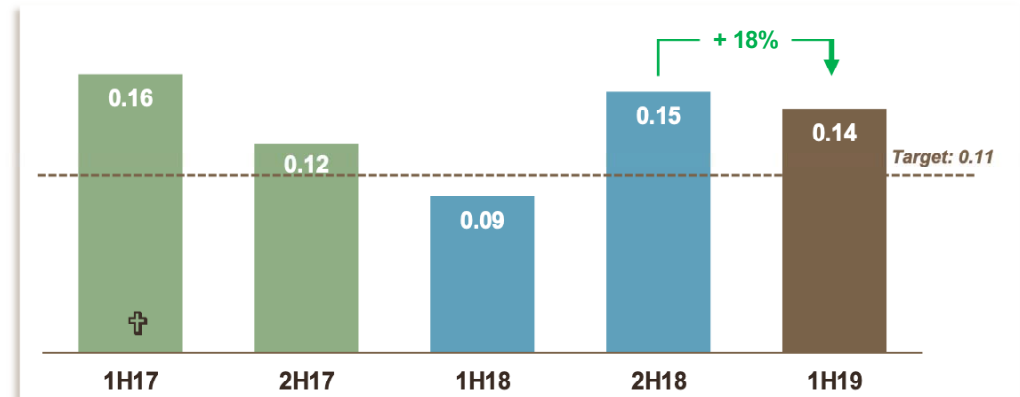
## Integrated environmental management

- 25% of total disturbed land rehabilitated – 4% improvement
- Water intensity improved by 18% due to Grootegeeluk increasing pit water utilisation
- Electricity intensity increased by 11% due to various expansion projects in the Waterberg
- 3 out of 8 mine residue facilities recommended for upgrade

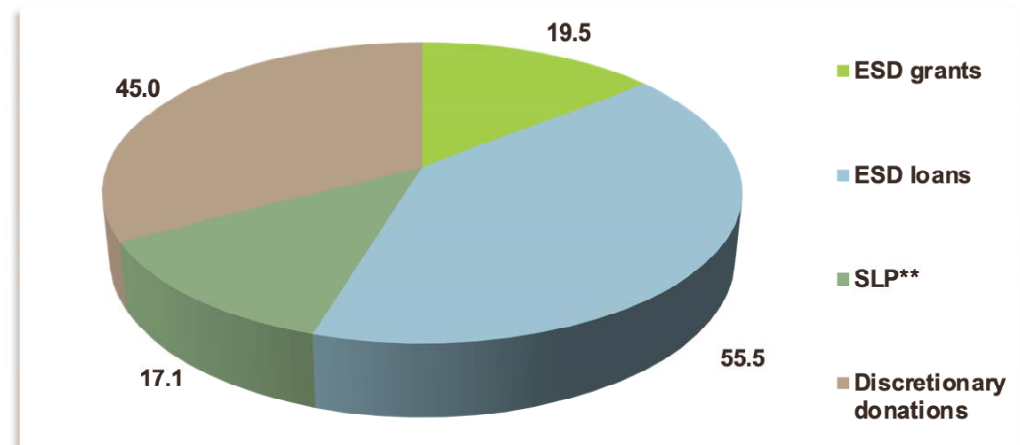
## Social investment

- ESD\* support of R75m disbursed
- R30.5m to majority female owned businesses
- 178 permanent jobs created

## LTIFR - Coal



## Social investment disbursements (Rm)

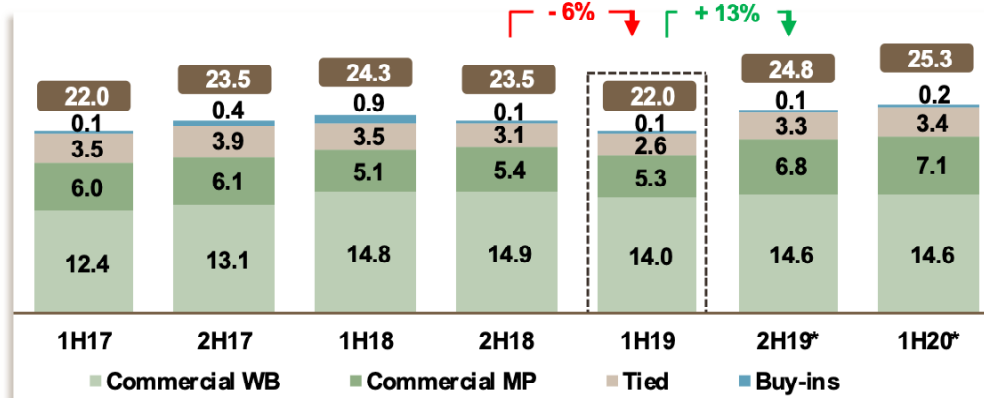


\* Enterprise and Supplier Development \*\* Social and Labour Plans † Fatality

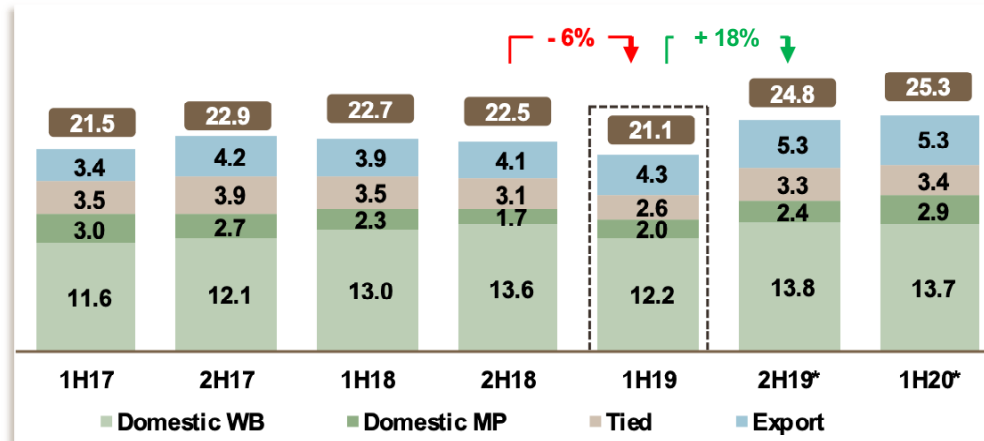
# Volumes | product and sales



Total coal product (Mt)



Total coal sales (Mt)



\* Based on latest internal forecast (actual figures could vary by  $\pm 5\%$ )

Tonnage movement (Mt)

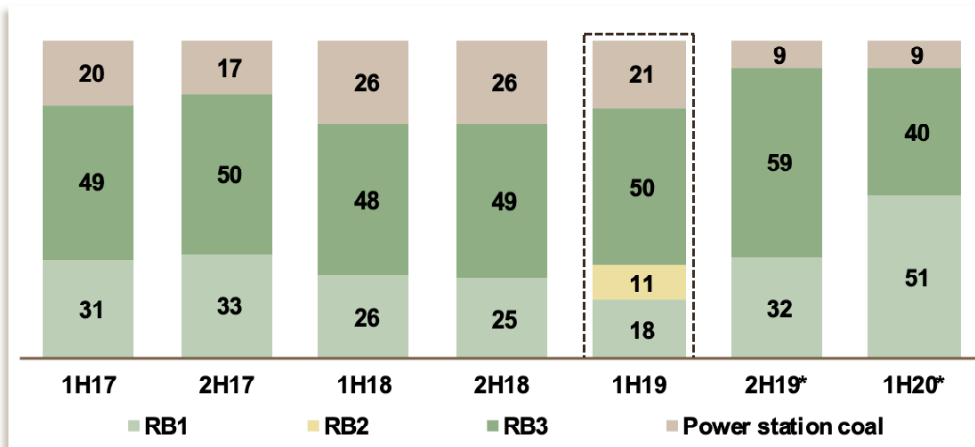
1H19 vs 2H18:		Product	Sales
Waterberg (WB)	• Grootegeluk (GG) (Medupi offtake impacted production plan)	(0.8)	(1.3)
	• Matla (Mine 3 wall stop & Mine 2 wall delay)	(0.5)	(0.5)
	• NBC (Divestment)	(0.5)	(0.5)
	• Mafube (Nooitgedacht ramp up)	0.2	
	• Belfast (Ramp up)	0.2	
	• Leeuwpan		0.4
Mpumalanga (MP)	• ECC (Forzando North start & Dorstfontein West Seam 4 ramp up)		0.3
	Export	Increased availability of own production	0.2
Buy-ins		(0.1)	
Total		(1.5)	(1.4)

Additional information on slides 35 to 39

# Exports | price pressure continues

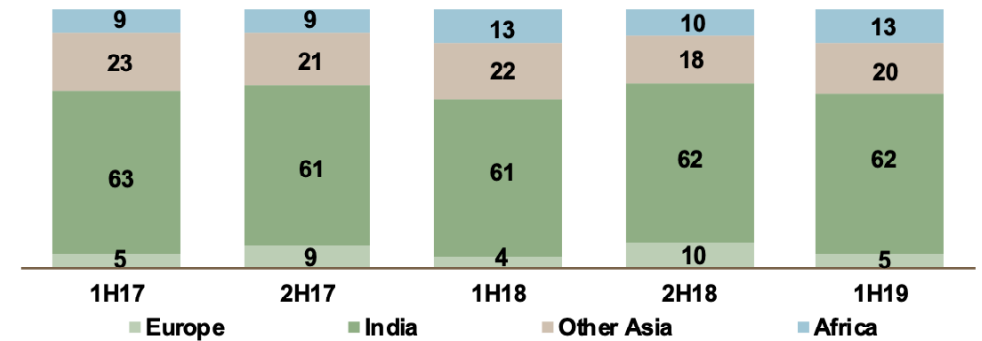
- Exported 5% more at 4.3Mt
- Thermal coal in oversupply globally
- Sharp decline in prices and volatility in discounts on sub-grades
- Softer RB1 demand created market opportunity in RB2
- Realised export price a reflection of the lower proportion of RB1 in the export product mix

Export product mix (%)

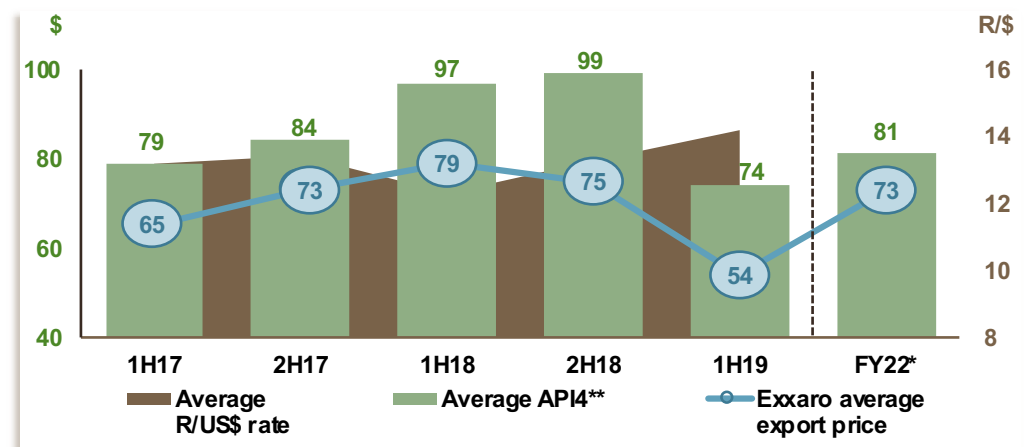


\* Based on latest internal forecast \*\* RB1 export price

Export sales destinations (%)



Average realised prices



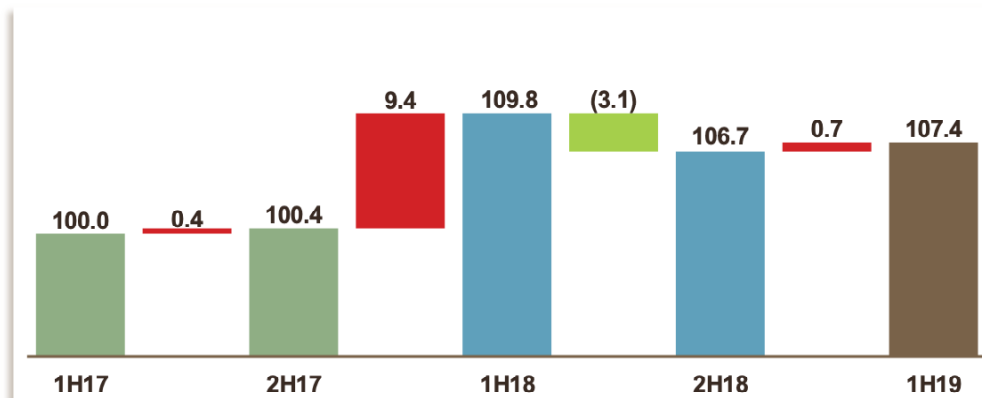
Additional information on slide 38



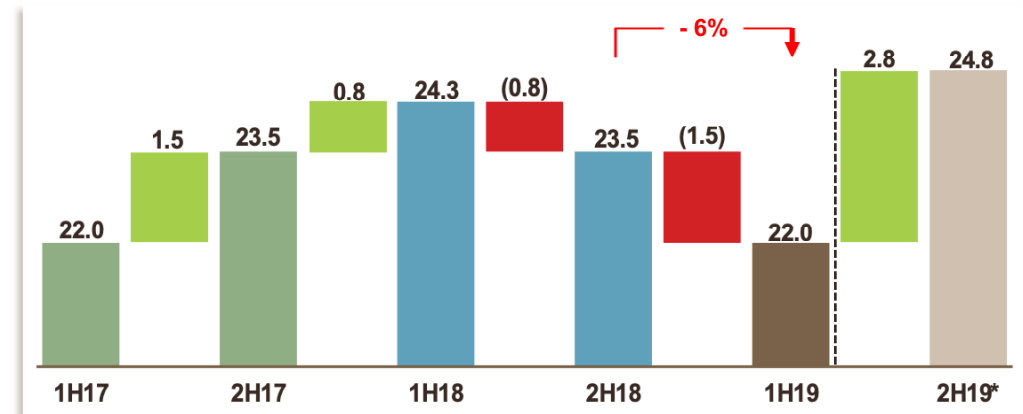
# OE\* | labour cost productivity

- Product tonnes down 6% in 1H19, due to low Medupi offtake at Grootegeluk and Matla wall challenges
- Product tonnes expected to improve from all mines, with Belfast ramping up
- Labour cost\*\* per TTH# showed below inflation of 0.7% increase in 1H19
- Below inflation increase of 1.5% on labour cost per ROM## tonne due to minor reduction in ROM output

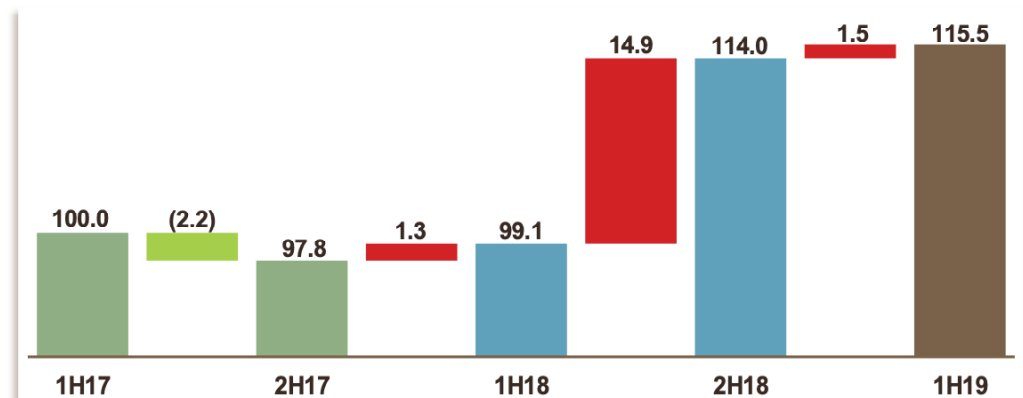
Labour cost / TTH tonne (rebased to 100)



Product tonnes (Mt)



Labour cost / ROM tonne (rebased to 100)



\* Operational excellence \*\* Labour cost + outside services # Total tonnes handled ## Run of mine

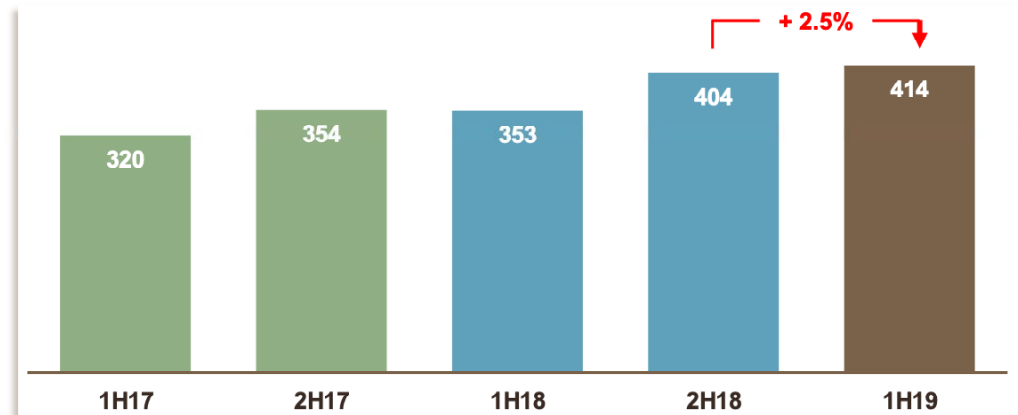


# OE | cost per tonne

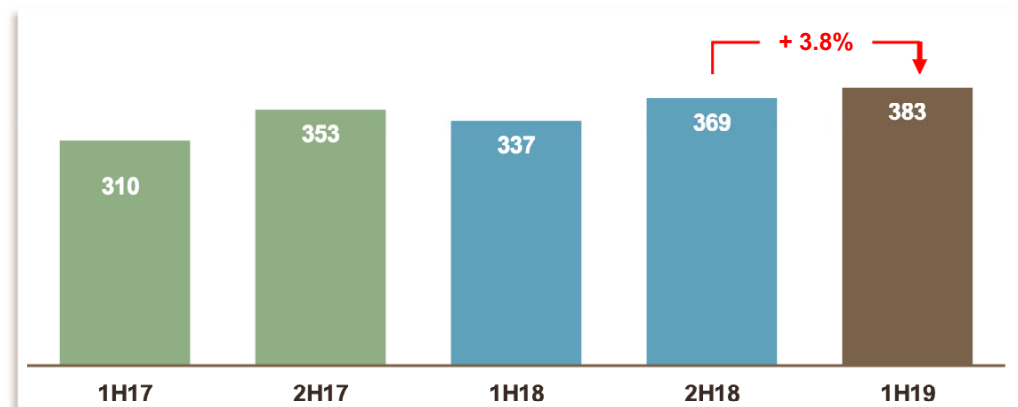
- Volume impact 1H19 main driver
- Higher fixed cost allocation exacerbated by lower volumes
- Additional overburden moved at Belfast and Leeuwpan
- Dorstfontein East and Forzando North contractor cost
- Reduced development work at Matla
- Lower contractor, maintenance and other savings at Grootegeeluk
- Driving down production cost remains one of our top priorities, tracked through our OE and Digital programmes
- The 2.5% and 3.8% increases remain within mining inflation guidance as previously indicated



Cost per tonne – Total (R/t)



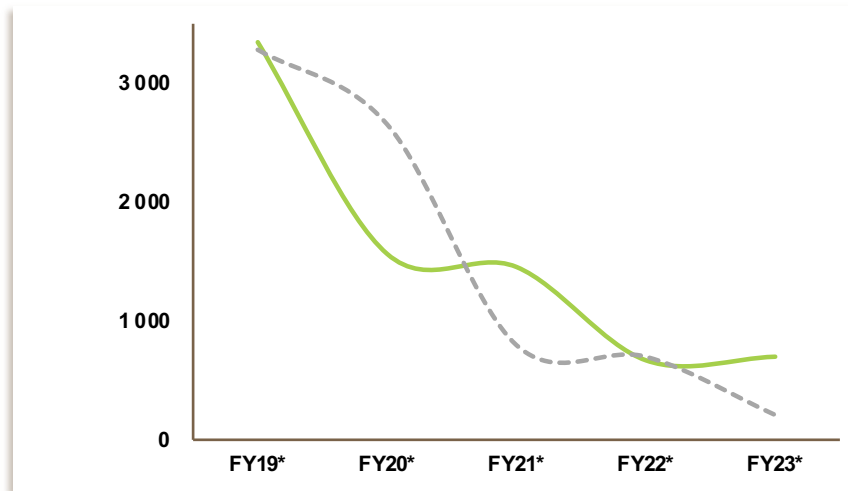
Cost per tonne - Excluding Matla (R/t)



# Optimisation | disciplined capital expenditure



Expansion capital profile (Rm)



1H19	2H19*						
477	717	1 194	1 394	1 426	669	699	
1 107	1 044	2 151	170	28			
1 584	1 761	3 345	1 564	1 454	669	699	7 731
							↑ 1%
1 740	1 541	3 281	2 654	796	699	209	7 639

Waterberg

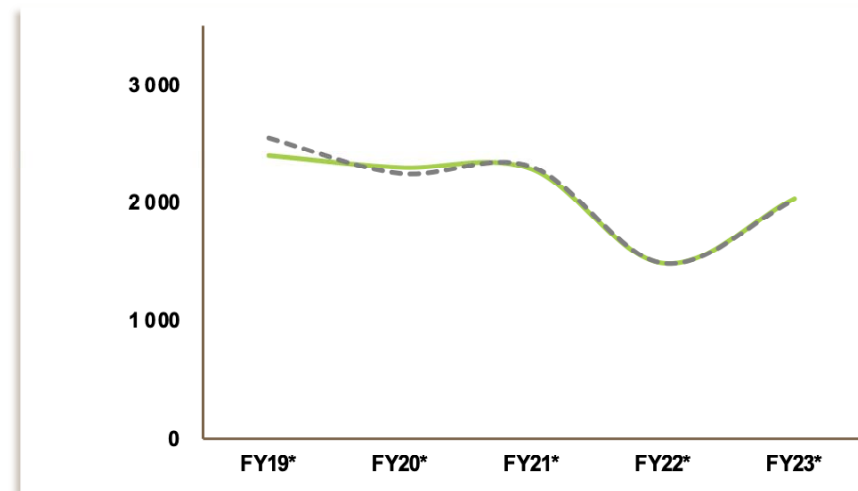
Mpumalanga

Other

Total

Previous guidance

Sustaining capital profile (Rm)

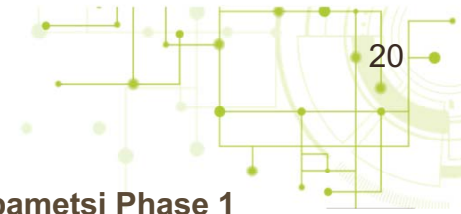


1H19	2H19*						
753	935	1 688	1 550	1 671	1 051	1 634	
205	462	667	713	585	410	372	
	41	41	34	26	27	29	
958	1 438	2 396	2 297	2 282	1 488	2 035	10 498
							↓ 1%
1 013	1 530	2 543	2 246	2 303	1 488	2 024	10 604

\* Based on latest internal forecast (actual figures could vary by  $\pm 5\%$ ), Moranbah South not included

[Additional information on slide 34](#)

# Coal | positioned to grow



## 1 GG6 Expansion

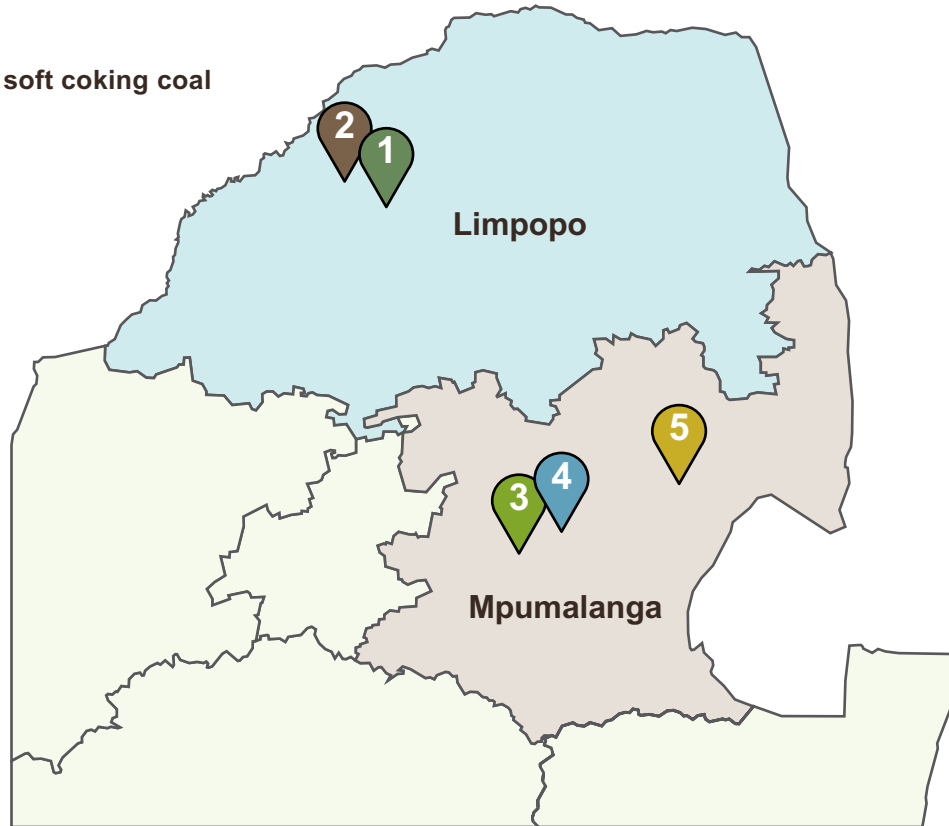
- Capex: R4.8bn
- Product: 1.7 – 2.7Mtpa of semi soft coking coal
- In construction
- 1<sup>st</sup> production: 2H19
- Full production FY20

## 1 GG Rapid Load Out Station

- Capex: R1.3bn
- Load capacity: 12Mtpa
- In construction
- Commissioning: 2H19

## 3 Leeuwpan Lifex

- Capex: R0.6bn
- Product: 2.7Mtpa of thermal coal
- 1<sup>st</sup> production: 2H18



## 2 Thabametsi Phase 1

- Capex: R3.2bn
- Product: 3.9Mtpa of thermal coal
- Awaiting notice to proceed

## 4 Matla Mine 1 Relocation

- Capex: R1.8bn
- Access to reserve at Mine 1
- Construction starts: 2H19
- 1<sup>st</sup> production: 1H22

## 5 Belfast

- Capex: R3.3bn
- Product: 2.7Mtpa of thermal coal
- In construction
- 1<sup>st</sup> production: 1H19
- Full production: FY20



# Financial Results

Riaan Koppeschaar | Finance Director

**exxaro**

POWERING POSSIBILITY

**GROWTH**

**PERFORMANCE**

**EARNINGS**

**CAPITAL ALLOCATION**

**INVESTMENTS**

**PRICE**

**MARKETS**

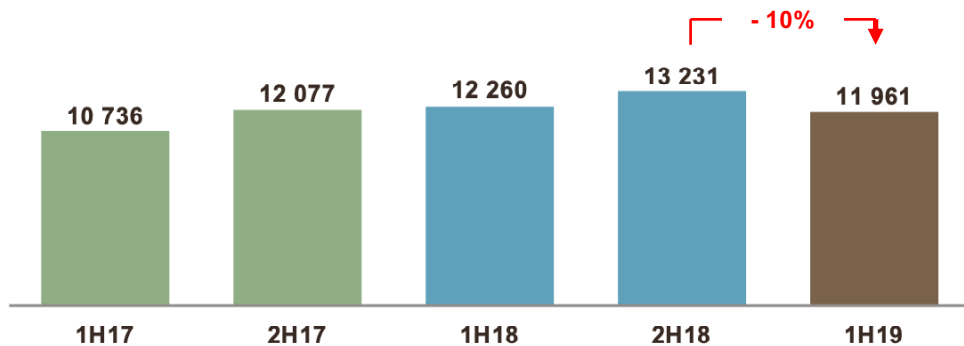
**RETURN**



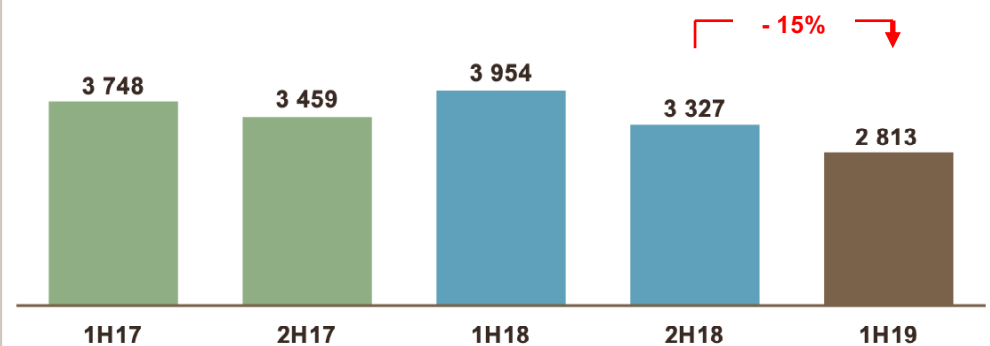
# Group core | financial highlights



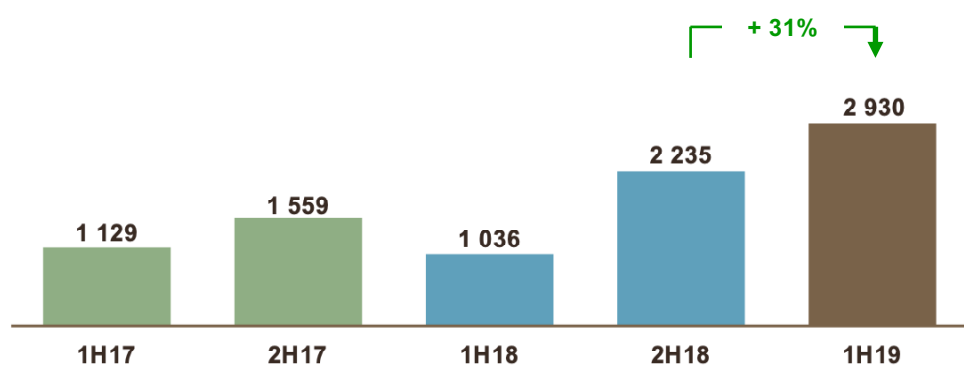
Revenue (Rm)



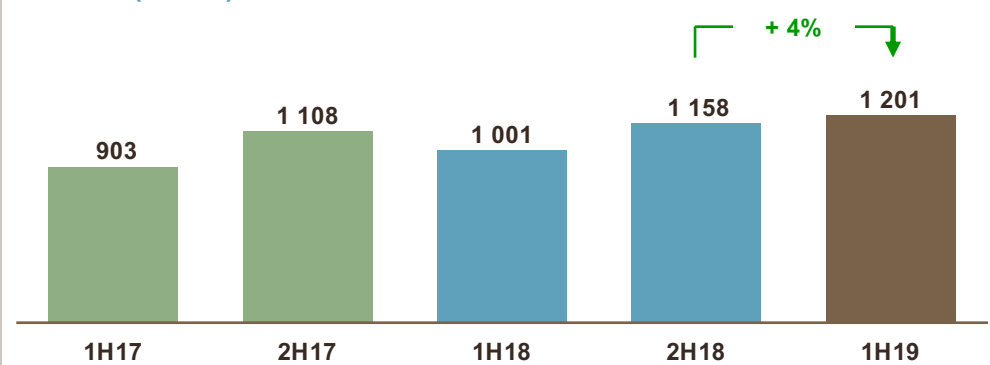
EBITDA (Rm)



Equity income (Rm)



HEPS (cents)

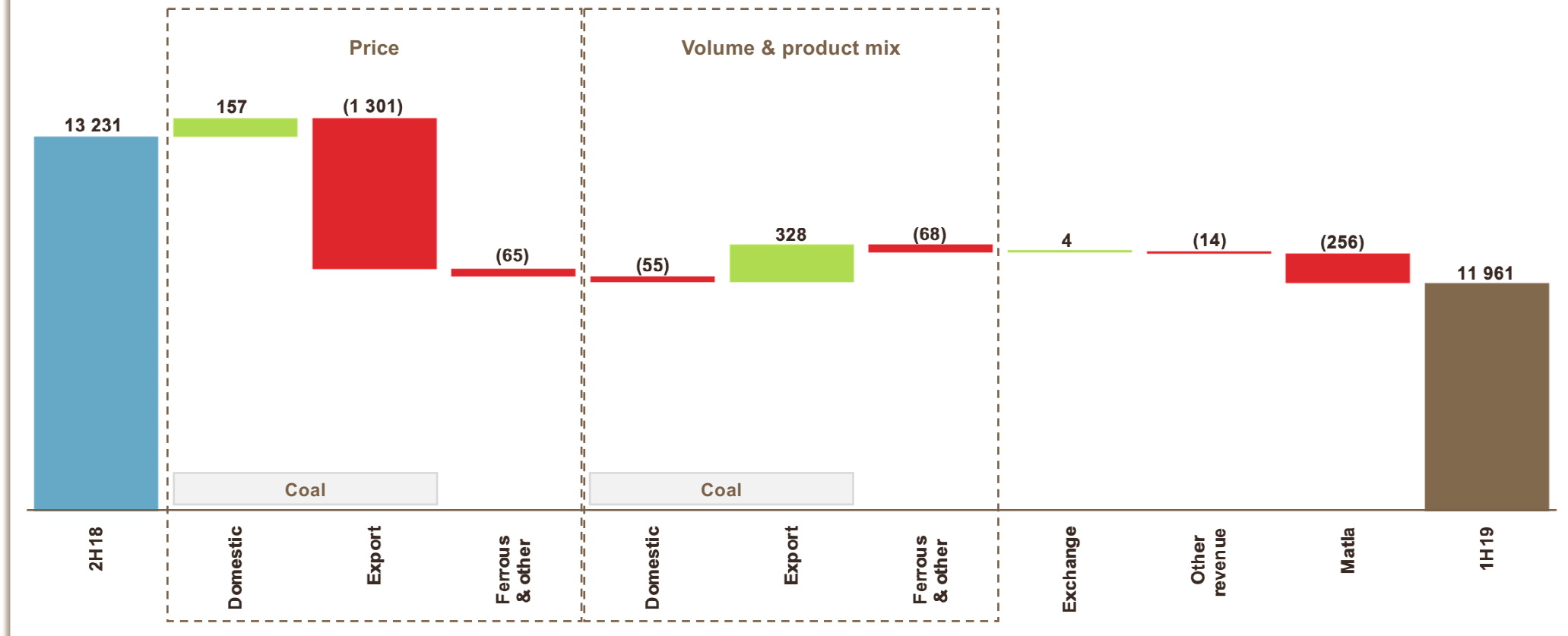


*Detail on calculation of core results on slides 41 to 43*

# Group core | revenue – 2H18 vs 1H19



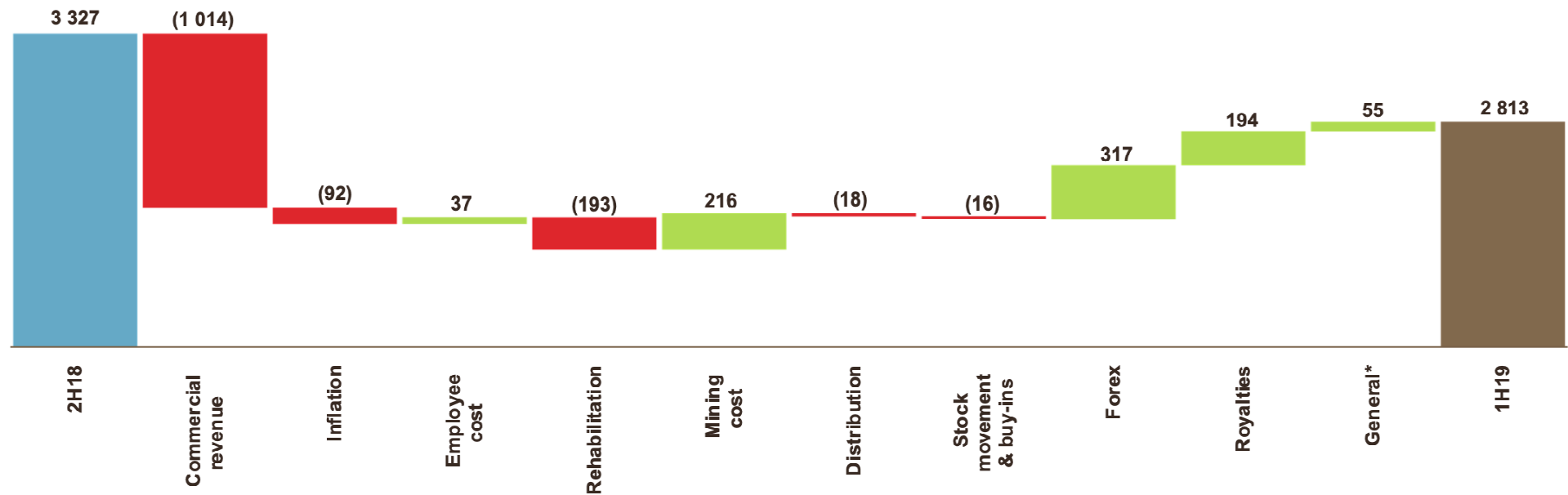
R million



# Group core | EBITDA – 2H18 vs 1H19



R million



Coal	3 637	(878)	(89)	51	(195)	205	(18)	(115)	99	194	(62)	2 829
Ferrous	8	(129)	(3)	1	2	15		98			13	5
Other	(318)	(7)		(15)		(4)		1	218		104	(21)
	3 327	(1 014)	(92)	37	(193)	216	(18)	(16)	317	194	55	2 813

\* Total EBITDA variance for Matla included in General = R7 million

# Coal core | revenue and EBITDA



<i>R million</i>	1H17	2H17	1H18	2H18	1H19
<b>Revenue</b>	10 670	11 883	12 240	13 062	<b>11 927</b>
Commercial Waterberg	5 712	5 616	6 548	6 741	<b>6 726</b>
Commercial Mpumalanga	3 367	4 603	3 865	4 119	<b>3 293</b>
Tied Mpumalanga	1 382	1 455	1 639	2 026	<b>1 769</b>
Other	209	209	188	176	<b>139</b>
<b>EBITDA</b>	3 667	3 707	3 980	3 637	<b>2 829</b>
Commercial Waterberg	3 286	3 175	3 632	3 250	<b>3 574</b>
Commercial Mpumalanga	576	812	774	784	<b>(251)</b>
Tied Mpumalanga	76	64	72	72	<b>79</b>
Other	(271)	(344)	(498)	(469)	<b>(573)</b>
<b>EBITDA margin (%)</b>	34	31	33	28	<b>24</b>

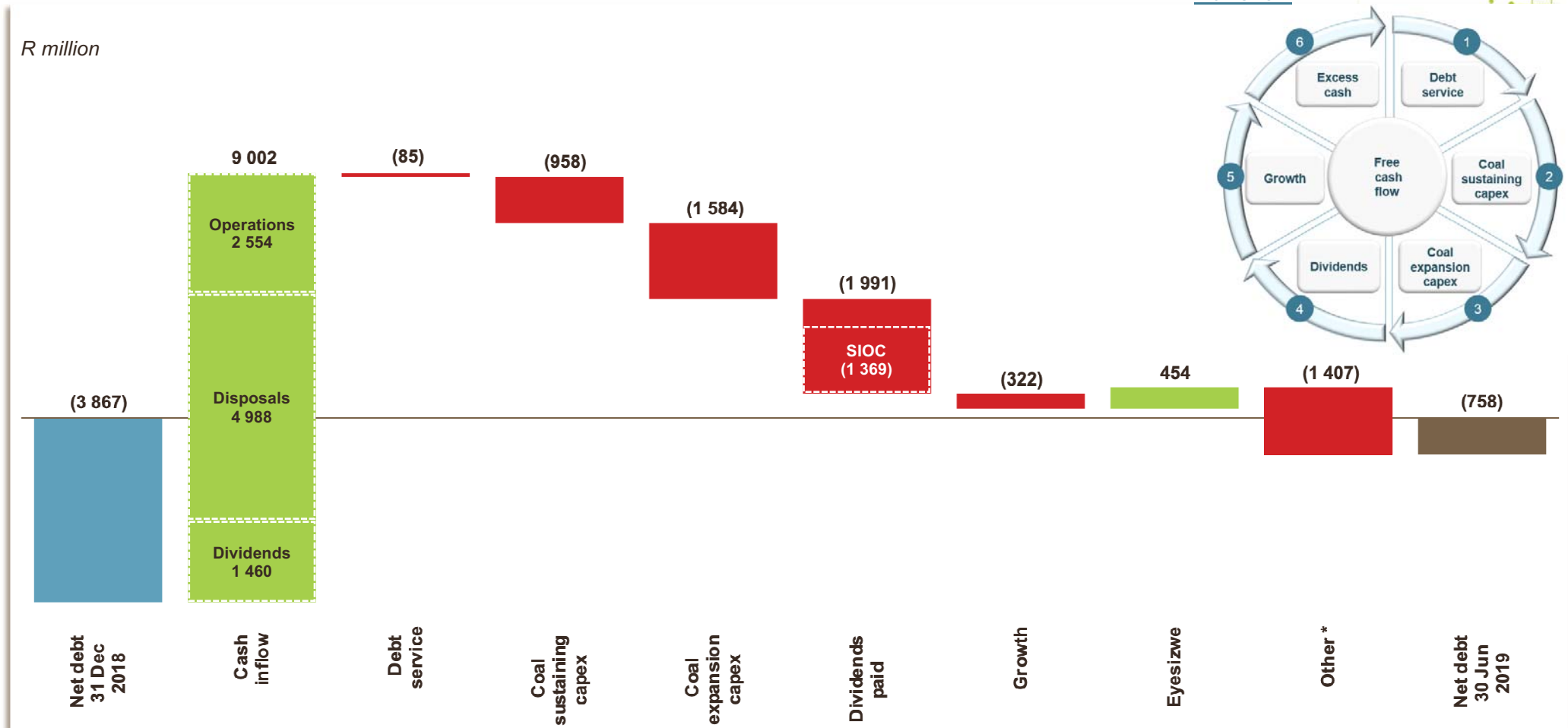
# Group core | attributable earnings



<i>R million</i>	1H18	1H18 vs 1H19 % change	2H18	2H18 vs 1H19 % change	1H19
<b>Net operating profit</b>	3 210	(41)	2 489	(24)	1 900
<b>Income from investments</b>	32	(13)	43	(35)	28
<b>Net financing (cost)/income</b>	(110)	127	(112)	127	30
<b>Post-tax equity-accounted income</b>	1 036	183	2 235	31	2 930
Coal: RBCT	(18)	122	(16)	125	4
Mafube	(31)		144	(27)	105
Ferrous: SIOC	784		1 821	50	2 727
TiO <sub>2</sub> : Tronox SA & UK operations	224	(50)	267	(58)	111
Energy: Cennergi	20	(165)	45	(129)	(13)
LightApp			(5)		(15)
Other	57	(81)	(21)	152	11
<b>Tax</b>	(810)	(18)	(814)	(17)	(955)
<b>Non-controlling interest</b>	(36)		4		55
<b>Attributable earnings</b>	3 322	20	3 845	4	3 988
<b>Attributable earnings per share* (cents)</b>	1 001	20	1 158	4	1 201

\* Based on a core number of shares of 332 million in 1H19 (1H18 = 332 million; 2H18 = 332 million)

# Group | capital allocation 1H19



\* Mainly shares acquired to settle vested share-based payment schemes, IFRS 16 implementation and ECC contingent consideration paid [Detail net debt movement graph on slide 45](#)



# Dividend | shareholder returns



	Special 1Q18	Interim 1H18	Final 2H18	Total FY18	Interim 1H19	Special 1H19
<b>Dividend cover* - Coal (times)</b>		3.3	3.3	3.3	<b>3.3</b>	
<b>SIOC dividend declared (Rm)</b>		1 263	1 369	2 632	<b>2 680</b>	
<b>Dividend declared per share (cents)</b>	1 255	530	555	1 085	<b>864</b>	<b>897</b>
<b>Dividend declared (Rm)</b>	4 502	1 901	1 991	3 892	<b>3 099</b>	<b>3 218</b>
Eyesizwe	1 350	570	597	1 167	<b>930</b>	<b>965</b>
Other	3 152	1 331	1 394	2 725	<b>2 169</b>	<b>2 253</b>



POWERING POSSIBILITY

\* Cover calculated on core attributable earnings

# Outlook

Mxolisi Mgojo | Chief Executive Officer



# Outlook | 2H19



- **Global economic growth** is slowing due to trade tensions
- **Unlikely recovery** from current pricing and demand balance – China influence to continue
- **API4 Price** to remain under pressure
- **Expected recovery** in Iron ore seaborne supply to dampen price



- **Disappointing South African economic growth**
- Risk of **sovereign rating down grade** in 2H19
- Volatile **Rand exchange rate**
- Domestic **coal demand and pricing** to remain **stable**
- **Encouraged by** developments in relation to **capitalisation of Eskom** - **BUT long-term and structural reforms** are required for economic growth and employment creation



- The **Coal business remains core**
- **Better performance** expected in 2H19 attributable to the **ramp up of projects** and **benefits from digitalisation**
- **Maintain strategy** in relation to **Tronox disposal**
- **Assess potential development plan** for **Moranbah South**
- We acknowledge the **risks and opportunities from climate change**



# Thank you



REINVENTION

LARGEST BEE

FUTURE

STRATEGY

PERFORMANCE

SUSTAINABILITY

TOMORROW



# Additional information

**exxaro**

POWERING POSSIBILITY

MACROECONOMIC

**.SKILLS**

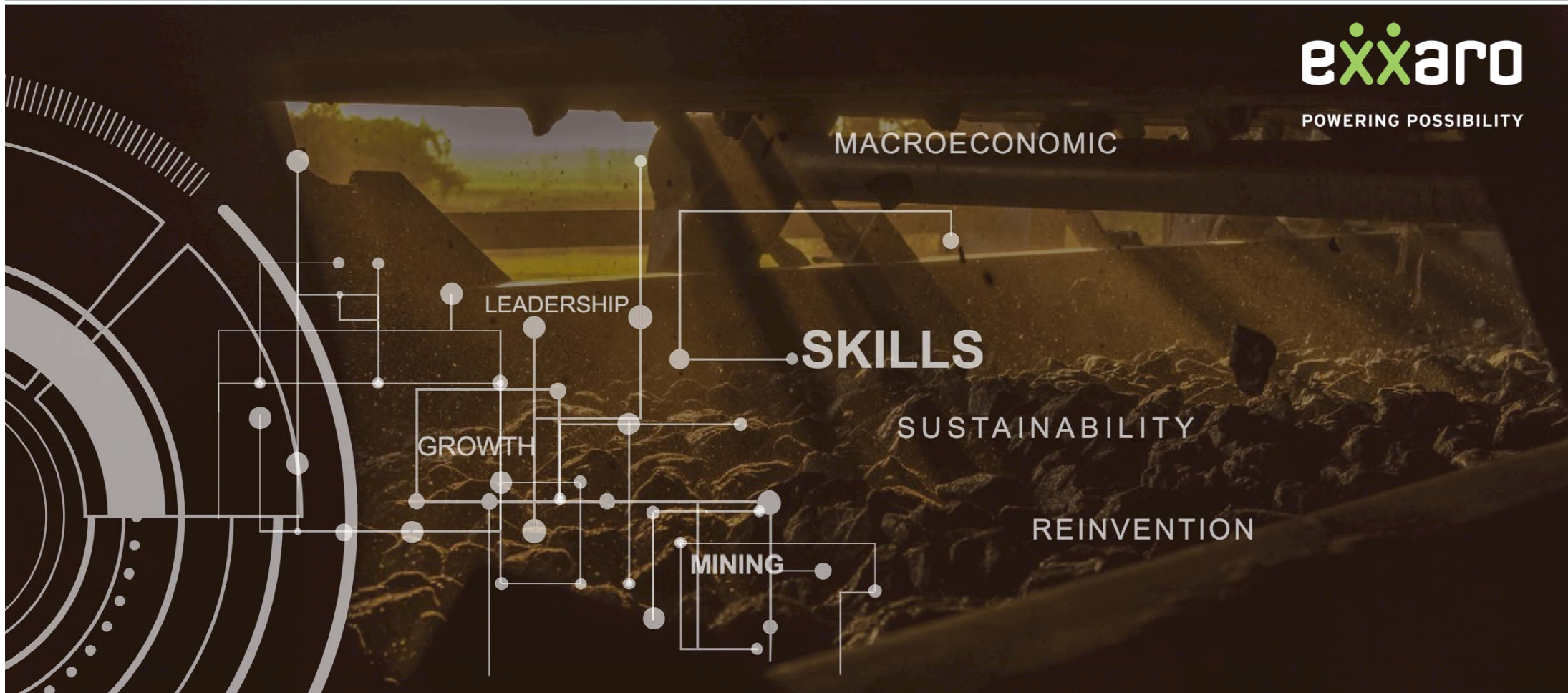
LEADERSHIP

GROWTH

SUSTAINABILITY

REINVENTION

MINING



# Coal | major projects



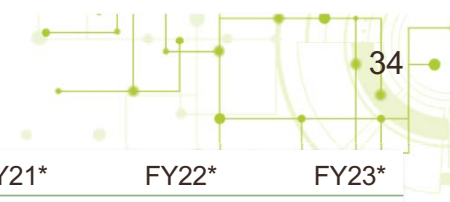
## Pipeline:

<b>GG6 Expansion</b>	<ul style="list-style-type: none"> <li>• Capex: R4.8bn</li> <li>• Product: 1.7 – 2.7Mtpa of semi soft coking coal</li> <li>• In construction</li> <li>• 1<sup>st</sup> production: 2H19</li> <li>• Full production FY20</li> </ul>
<b>Belfast</b>	<ul style="list-style-type: none"> <li>• Capex: R3.3bn</li> <li>• Product: 2.7Mtpa of thermal coal</li> <li>• In construction</li> <li>• 1<sup>st</sup> production: 1H19</li> </ul>
<b>Matla Mine 1 Relocation</b>	<ul style="list-style-type: none"> <li>• Capex: R1.8bn</li> <li>• Construction start: 2H19</li> <li>• Commissioning: 1H22</li> </ul>
<b>GG Rapid Load Out Station</b>	<ul style="list-style-type: none"> <li>• Capex: R1.3bn</li> <li>• Load capacity: 12Mtpa</li> <li>• In construction</li> <li>• Commissioning: 2H19</li> </ul>
<b>Leeuwpan Lifex</b>	<ul style="list-style-type: none"> <li>• Capex: R0.6bn</li> <li>• Product: 2.7Mtpa of thermal coal</li> <li>• 1<sup>st</sup> production: 2H18</li> </ul>
<b>Dorstfontein West Seam 4</b>	<ul style="list-style-type: none"> <li>• Capex: R0.3bn</li> <li>• Product: 0.8Mtpa of thermal coal</li> <li>• 1<sup>st</sup> production: 2H19</li> </ul>

## Timeline:

<b>2H19</b>	<ul style="list-style-type: none"> <li>• <b>GG6 Expansion</b> construction continues with first coal expected</li> <li>• <b>Belfast</b> construction continues with start of hot commissioning</li> <li>• <b>Matla Mine 1 Relocation</b> construction commences 4Q19</li> <li>• <b>GG Rapid Load Out Station</b> commissioning complete and project close expected <b>4Q19</b></li> <li>• <b>Leeuwpan Lifex</b> Relocation Action Plan continues</li> <li>• <b>Dorstfontein West Seam 4</b> commissioning complete</li> </ul>
<b>FY20</b>	<ul style="list-style-type: none"> <li>• <b>GG6 Expansion</b> construction and commissioning complete</li> <li>• <b>Belfast</b> hot commissioning concludes</li> <li>• <b>Matla Mine 1 Relocation</b> construction continues</li> </ul>
<b>FY21</b>	<ul style="list-style-type: none"> <li>• <b>Matla Mine 1 Relocation</b> construction concludes and commissioning commences</li> </ul>
<b>FY22</b>	<ul style="list-style-type: none"> <li>• <b>Matla Mine 1 Relocation</b> project close expected 1H22</li> </ul>

# Coal | capital expenditure



<i>R million</i>	1H18	2H18	1H19	2H19*	FY20*	FY21*	FY22*	FY23*
<b>Sustaining</b>	1 122	1 657	<b>958</b>	1 438	2 297	2 282	1 488	2 035
GG rapid load out station	164	300	<b>175</b>	246				
GG trucks, shovels and stacker reclaimers	229	307	<b>107</b>	233	553	594	463	549
GG discard and backfill	1	129	<b>183</b>	172	245	218	150	194
GG other	413	361	<b>288</b>	284	752	859	438	891
Leeuwpans Lifex reserve	148	152	<b>1</b>	67	80			
Leeuwpans other	62	150	<b>44</b>	151	208	201	117	113
ECC	104	259	<b>160</b>	244	425	384	293	259
Other	1	(1)		41	34	26	27	29
<b>Expansion</b>	860	2 083	<b>1 584</b>	1 761	1 564	1 454	669	699
GG6 Expansion phase 2	610	1 354	<b>475</b>	659	727	465		
GG other		4		58	142			
Thabametsi phase 1	12	7	<b>2</b>		525	961	669	699
Belfast	238	718	<b>961</b>	900	140	28		
ECC			<b>146</b>	144	30			
<b>Total coal capital expenditure</b>	1 982	3 740	<b>2 542</b>	3 199	3 861	3 736	2 157	2 734
Waterberg	1 429	2 462	<b>1 230</b>	1 652	2 944	3 097	1 720	2 333
Mpumalanga	553	1 278	<b>1 312</b>	1 506	883	613	410	372
Other				41	34	26	27	29
<b>Previous guidance</b>			<b>2 753</b>	3 071	4 900	3 099	2 187	2 233

\* Based on latest internal forecast (actual figures could vary by ± 5%)



# Coal | product volumes



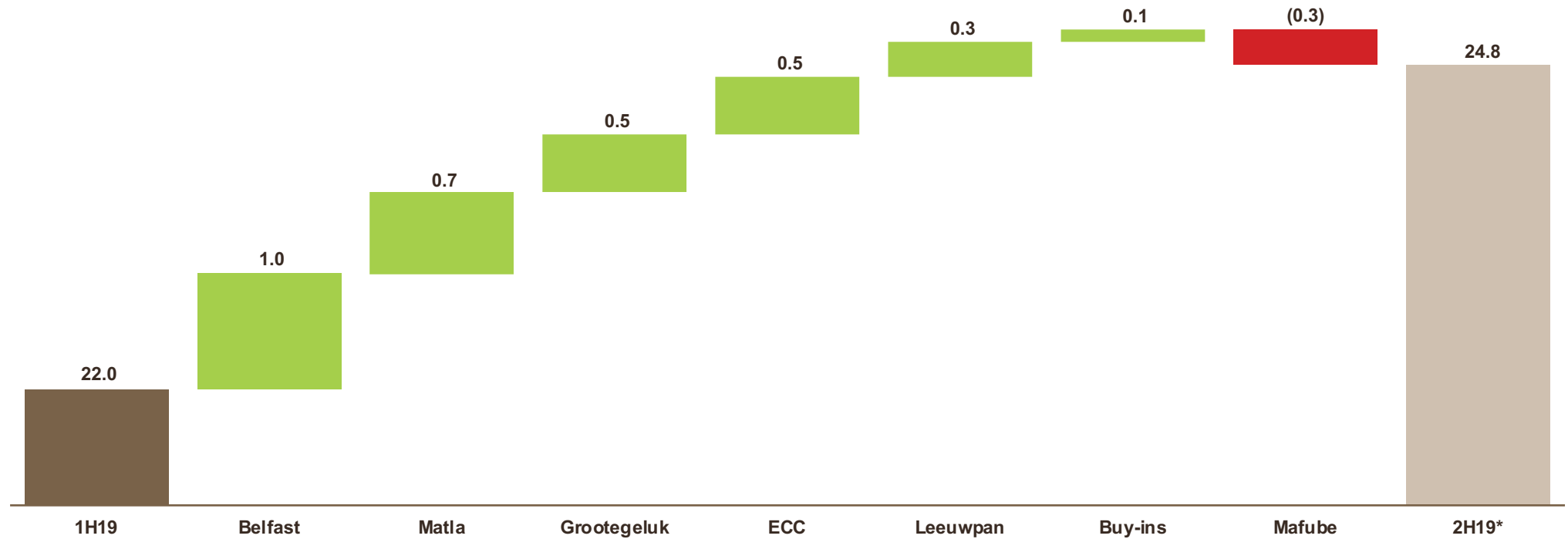
'000 tonnes	1H18	2H18	1H19	2H19*	1H20*
<b>Thermal Production</b>	22 218	22 200	<b>20 819</b>	23 535	23 784
GG	13 650	13 725	<b>12 857</b>	13 423	13 232
Matla	3 538	3 071	<b>2 609</b>	3 274	3 461
Leeuwpán	1 978	2 242	<b>2 186</b>	2 489	2 416
ECC	1 837	1 961	<b>2 002</b>	2 457	2 354
Mafube (buy-ins from Mafube JV)	270	721	<b>1 001</b>	736	899
Belfast			<b>164</b>	1 156	1 422
NBC	945	480			
<b>Buy-ins**</b>	868	181	<b>61</b>	124	214
<b>Total thermal product</b> (including buy-ins)	23 086	22 381	<b>20 880</b>	23 659	23 998
<b>Total metallurgical production - GG</b>	1 179	1 143	<b>1 167</b>	1 104	1 327
<b>Total product</b>	24 265	23 524	<b>22 047</b>	24 763	25 325

\* Based on latest internal forecast (actual figures could vary by  $\pm 5\%$ ) \*\* Tumelo buy-ins included from 1H19

# Coal | production volume increase 2H19



Million tonnes



\* Based on latest internal forecast

# Coal | sales volumes



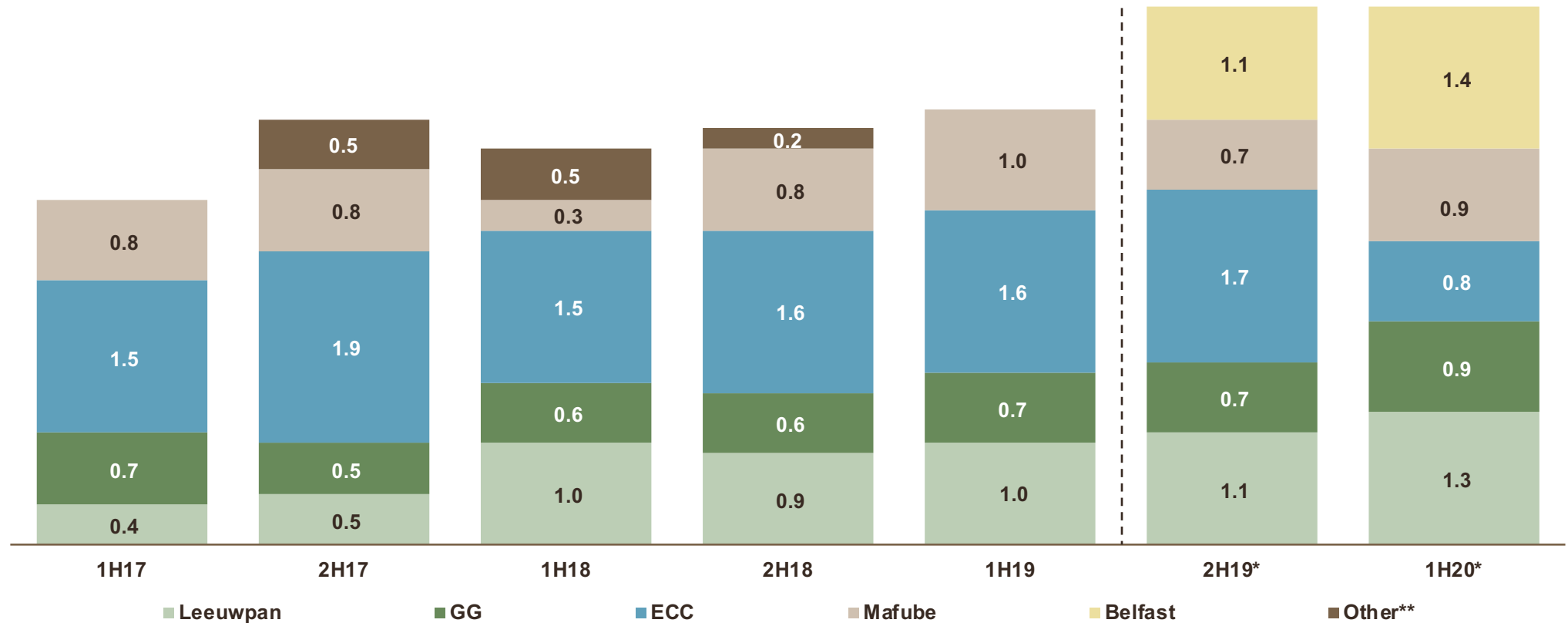
'000 tonnes	1H18	2H18	1H19	2H19*	1H20*
<b>Sales to Eskom</b>	15 883	15 582	<b>14 676</b>	17 284	18 234
GG	11 769	12 290	<b>11 068</b>	12 593	12 561
Matla	3 538	3 067	<b>2 617</b>	3 264	3 447
Leeuwpán			<b>647</b>	722	720
ECC			<b>344</b>	705	1 506
NBC	576	225			
<b>Other domestic thermal coal sales</b>	2 321	2 215	<b>1 611</b>	1 584	1 027
<b>Exports</b>	3 921	4 045	<b>4 265</b>	5 347	5 327
<b>Total thermal coal sales</b>	22 125	21 842	<b>20 552</b>	24 215	24 588
<b>Total domestic metallurgical coal sales</b>	584	613	<b>550</b>	539	725
<b>Total sales</b>	22 709	22 455	<b>21 102</b>	24 754	25 313

\* Based on latest internal forecast (actual figures could vary by  $\pm 5\%$ )

# Coal | export market volumes per mine



Million tonnes

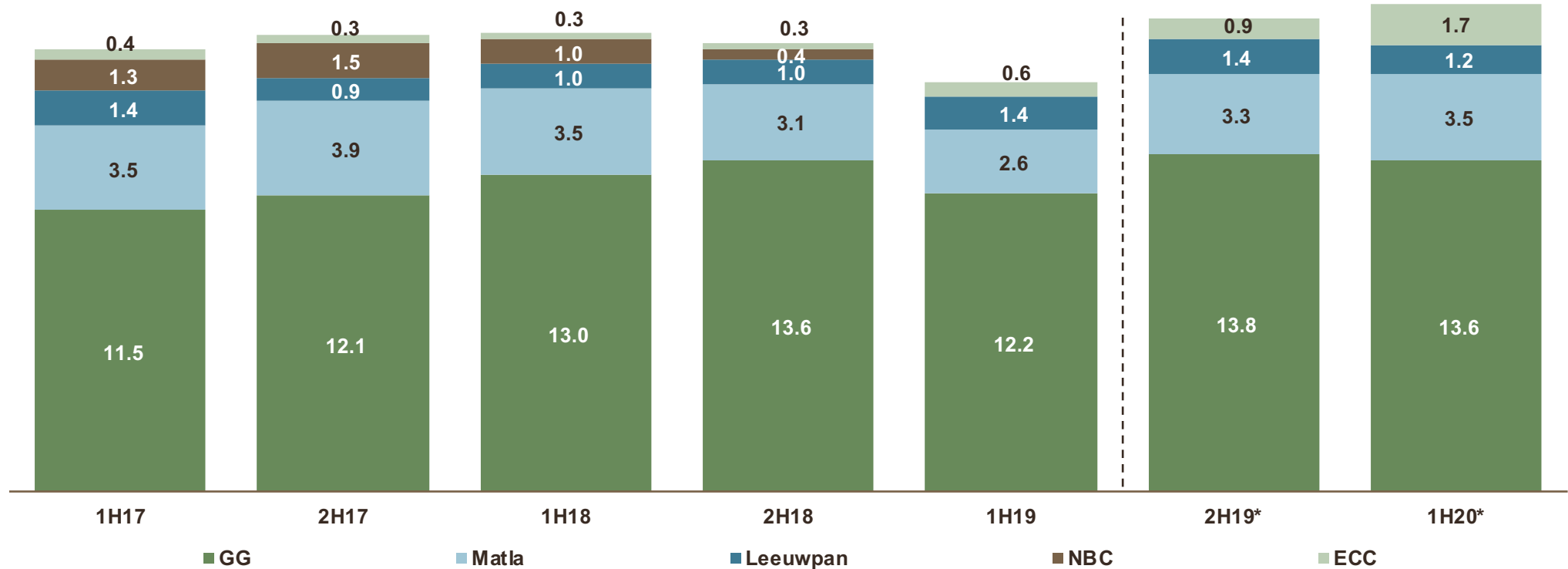


\* Based on latest internal forecast \*\* Buy-ins and inventory

# Coal | domestic market volumes per mine



Million tonnes



\* Based on latest internal forecast

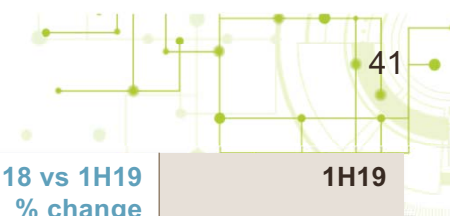
# Coal | sensitivities 1H19\*



Measure	Sensitivity	Impact on NOP** (Rm)	
Environmental rehabilitation discount rate	1%	(332)	294
Export price per tonne	US\$1	(61)	61
Domestic sales volumes	1%	(49)	49
Exchange rate	10 cents	(19)	19
Labour	1%	(12)	12
Export sales volumes	1%	(10)	10
Railage	1%	(10)	10
Fuel	1%	(5)	5
Electricity	1%	(2)	2

\* 6-month impact \*\* Net operating profit

# Financial overview | group IFRS



<i>R million</i>	1H18	1H18 vs 1H19 % change	2H18	2H18 vs 1H19 % change	1H19
<b>Revenue</b>	12 260	(2)	13 231	(10)	11 961
<b>Operating expenses</b>	(9 134)	19	(10 654)	30	(7 433)
<b>Net operating profit</b>	3 126	45	2 577	76	4 528
<b>Net operating profit margin (%)</b>	25	13	19	19	38
<b>Post-tax equity-accounted income</b>	1 046	180	2 213	32	2 924
<b>Attributable earnings: owners of parent</b>	3 182	104	3 848	69	6 499
<b>Headline earnings*</b>	3 067	42	3 640	19	4 342
<b>EBITDA</b>	3 766	(15)	3 158	1	3 188
<b>Cash generated from operations</b>	3 941	(18)	3 083	5	3 228
<b>Capital expenditure</b>	2 037	32	3 753	(28)	2 698
<b>Net debt</b>	2 504	(70)	3 867	(80)	758
<b>Attributable earnings per share (cents)**</b>	1 268	104	1 533	69	2 589
<b>Headline earnings per share (cents)**</b>	1 222	42	1 450	19	1 730

\* Non-IFRS number \*\* Based on weighted average number of shares of 251 million (1H18 = 251 million; 2H18 = 251 million)

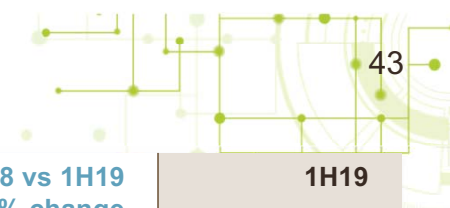


# Financial overview | non-core adjustments



<i>R million</i>	1H18	2H18	1H19
<b>Coal</b>	117	232	(51)
Sale of mineral properties	115		(67)
Loss on loss of control of Tumelo			
Disposal of operations		171	
Insurance claims received		57	1
Gain on termination of a lease			1
Gain on disposal of non-core assets	2	4	14
<b>TiO<sub>2</sub></b>			2 421
Disposal of Tronox investments			2 335
Indemnity from tax consequence on disposal of Tronox Holdings plc shares			86
<b>Other</b>	(201)	(144)	258
ECC contingent consideration adjustment	(188)	(169)	232
Loss on dilution of equity-accounted investments			(43)
Fair value adjustment of debt			58
(Loss)/gain on disposal of non-core assets and other	(13)	25	11
<b>Non-core adjustment impact on net operating profit</b>	(84)	88	2 628
<b>Net financing cost – Replacement BEE Transaction</b>	(67)	(33)	(21)
<b>Tax on items with impact on net operating profit</b>	1	(30)	(90)
<b>Post-tax equity-accounted income</b>	10	(22)	(6)
<b>Total non-core adjustment impact on attributable earnings</b>	(140)	3	2 511

# Financial overview | group core\*



<i>R million</i>	1H18	1H18 vs 1H19 % change	2H18	2H18 vs 1H19 % change	1H19
<b>Revenue</b>	12 260	(2)	13 231	(10)	11 961
Operating expenses	(9 050)	(11)	(10 742)	6	(10 061)
Add back: Depreciation	744	23	838	9	913
<b>EBITDA</b>	3 954	(29)	3 327	(15)	2 813
<b>EBITDA margin (%)</b>	32	(8)	25	(1)	24
<b>Post-tax equity-accounted income</b>	1 036	183	2 235	31	2 930
<b>Headline earnings</b>	3 322	20	3 845	4	3 988
<b>Headline earnings per share (cents)**</b>	1 001	20	1 158	4	1 201
<b>Average R/US\$ rate</b>					
Realised	12.33	17	13.51	7	14.44
Spot	12.30	15	14.18		14.19
<b>Average API4 export price (US\$/tonne)</b>	97	(24)	99	(25)	74
<b>Average coal export price realised</b>					
US\$/tonne	79	(32)	75	(28)	54
R/tonne	976	(22)	1 070	(29)	764

\* Non-IFRS number \*\* Based on core weighted average number of shares of 332 million (1H18 = 332 million; 2H18 = 332 million)

# Capital | funding structure



R million

## Facilities available

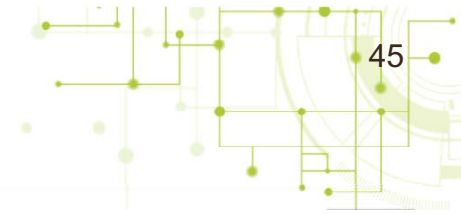
	<i>Drawn</i>	<i>Undrawn/ committed</i>	<i>Undrawn/ unissued</i>
Term loan and revolving facility*	3 250	4 500	
DMTN** programme	1 000		4 000
Interest bearing borrowings	4 250		
Eyesizwe preference share liability	188		
Interest capitalised	61		
Finance lease liabilities	499		
Capitalised transaction costs	(25)		
<b>Total interest bearing borrowings</b>	<b>4 973</b>		
Current	79		
Non-current	4 894		
<b>Net cash and cash equivalents</b>	<b>(4 215)</b>		
<b>Net debt</b>	<b>758</b>		

## Maturity profile of debt

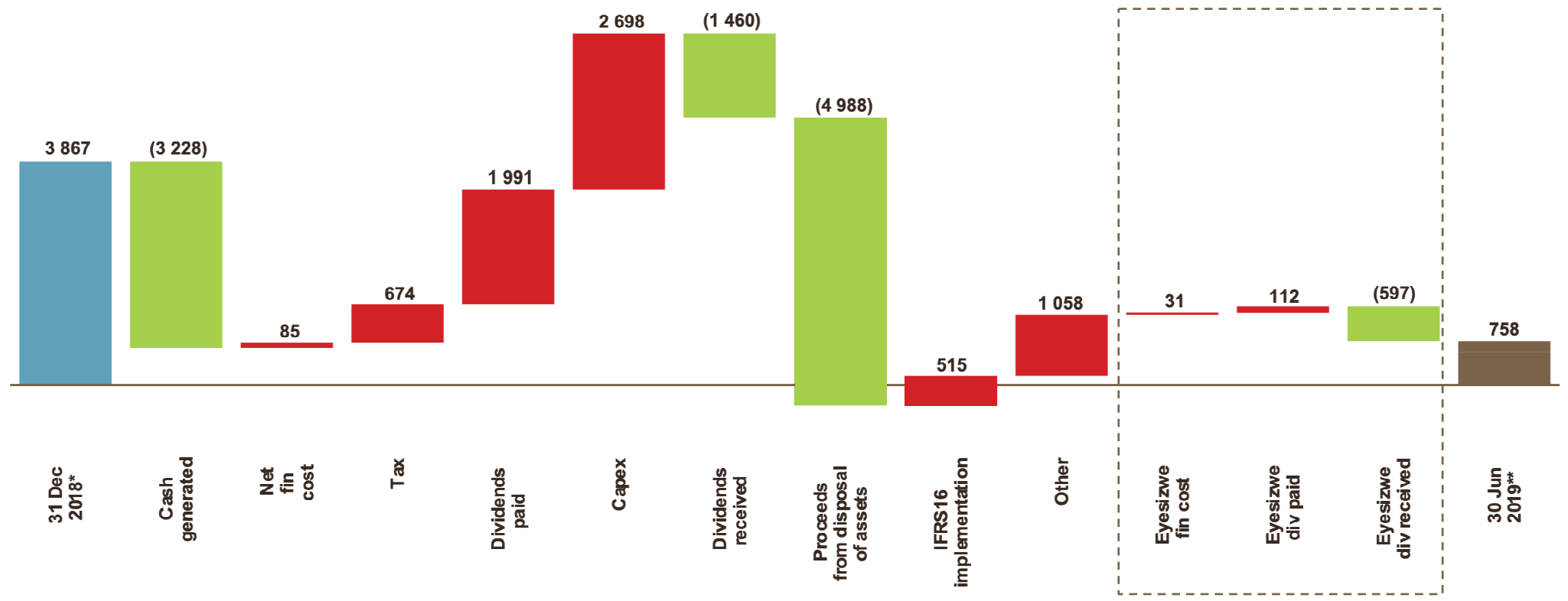
Repayment year	4 973
Less than 6 months	69
6 – 12 months	10
1 – 2 years	18
2 – 3 years	3 278
3 – 4 years	573
4 – 5 years	681
> 5 years	344

\* Excludes additional R2 billion accordion option    \*\* Domestic Medium-Term Note

# Group 1H19 | net debt



R million



\* Eyesizwe debt = R609 million; Exxaro net debt = R3 258 million \*\* Eyesizwe debt = R186 million; Exxaro net debt = R572 million

# Performance | key indicators



	Target	1H18	2H18	1H19
<b>Internal key performance indicators</b>				
EBITDA interest cover (times)	>4	21.3	21.5	46.7
Return on capital employed (%) (12 months)	>20	24.1	22.8	28.8
Net debt: equity (%)	<40	6.5	9.2	1.7
Net debt: EBITDA (times) (12 months)	<1.5	0.7	0.6	0.1
<b>Bank covenants*</b>				
Net debt: equity (%)	<80	9.8	12.4	5.0
EBITDA interest cover (times)	>4	22.2	20.4	19.3
Net debt: EBITDA (times)	<3	0.4	0.5	0.3

\* Including dividends received from associates and contingent liabilities except DMR guarantees