



Kumba Iron Ore 2021 Annual results

22 February 2022



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Alternative Performance Measures

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 Standard), 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.

Production and sales volumes, prices and C1 costs are reported in wet metric tonnes. Kumba product is shipped with approximately 1.6% moisture content. The comparatives have been restated as Kumba previously reported on a dry basis.

Agenda

Maximising our potential

Sustainability performance

Value chain performance

Stakeholder value creation

Positioning for the future

Mpumi Zikalala

Bothwell Mazarura

Mpumi Zikalala



Maximising our potential

Near-term priorities,
building on Tswelelopele strategy

Operational
excellence

Cost
efficiencies

Realising full value
of premium product

Responsible
business

Safety, health and wellbeing of our
people, communities and environment



Continuing to deliver value

Safety

>5 years

Fatality free production

Production

40.9Mt

2020: 37.6Mt

Attributable free cashflow

R30.5bn

2020: R20.7bn

Environment

>6 years

Zero (Level 3-5) significant incidents

EBITDA

R64.6bn

2020: R45.8bn

Dividends per share

R103.20

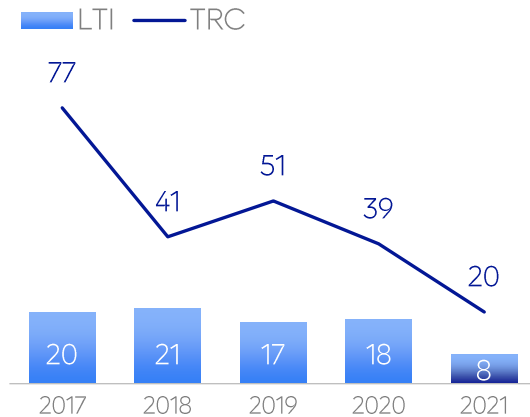
2020: R60.90

Sustainability performance



Focus on safe, healthy and sustainable future

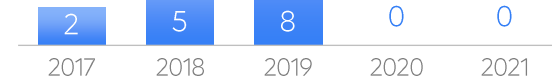
Safety



Leading indicator focus
Elimination of fatalities programme
Risk reduction and culture

Health

Occupational diseases (new cases)



More than 75% workforce fully vaccinated
No production lost due to Covid-19
Improved voluntary HIV testing

Environment

Freshwater used (BL)

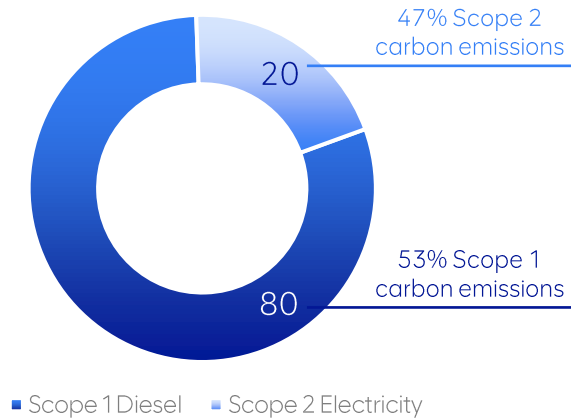


50% less freshwater used by 2030
>17 billion litres freshwater to communities
>138 hectares rehabilitated

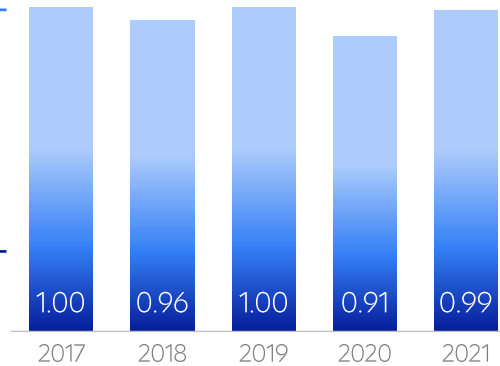
Note: LTI: Lost-time injuries; TRC: Total recordable case incidents

Towards a healthier environment

Energy usage (%)



Carbon emissions (Mt CO₂e)



Scope 1 and 2

Zero Scope 2 CO₂ emissions by 2030

Carbon neutrality by 2040

Solar PV technical & permitting study

Hydrogen truck pilot at Mogalakwena

Scope 3

UHDMS high quality lump product

Building partnerships with steel industry

LNG freight shipping vessels

Shared value created of R89 billion

	2021	2020
<hr/>		
Contributing to South Africa (Rbn)		
Income tax	16.6	10.1
Mineral royalty	4.6	6.0
<hr/>		
Providing employment (Rbn)		
Salaries and benefits	5.6	5.0
<hr/>		
Delivering shareholder returns (Rbn)		
Owners of Kumba	33.2	19.6
Empowerment partners	10.3	6.4
<hr/>		

	2021	2020
<hr/>		
Supporting local businesses (Rbn)		
BEE business suppliers	10.3	9.8
Host community suppliers	4.1	3.7
<hr/>		
Investing in South Africa (Rbn)		
Capital investment	8.0	6.1
<hr/>		
Building communities (Rm)		
Direct social investment	258.0	264.0
Covid-19 contribution	36.0	93.2
<hr/>		

Educational support of 26 schools and **>16 300** learners

Northern Cape local employment **79%**

Value chain performance



Maintaining balance within our value chain

Waste mined

209.4Mt¹

2020: 204.8Mt

Production



40.9Mt



2020: 37.6Mt

Ore railed to port

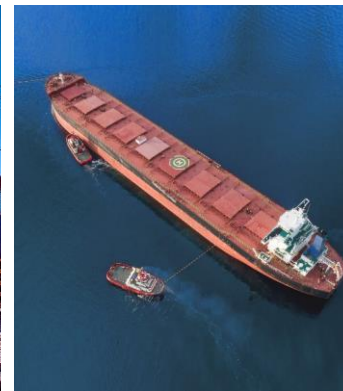


39.3Mt



2020: 38.1Mt

Export sales

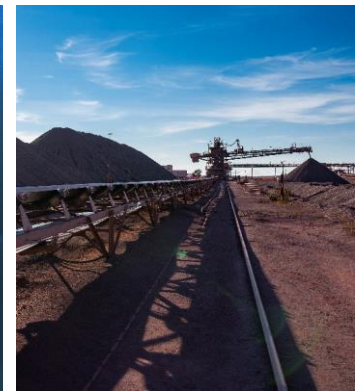


40.2Mt



2020: 40.0Mt

Finished stock



6.1Mt

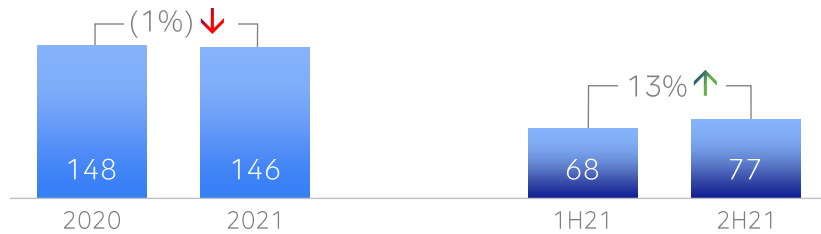


2020: 4.8Mt

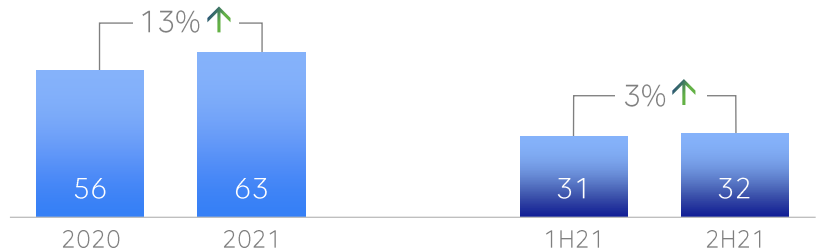
1. Includes Kapstevl South waste of 3Mt in 2020, 20.6Mt in 2021

Good H2 recovery despite weather challenges

Sishen waste movement (Mt)



Kolomela waste movement (Mt)



2021 Challenges

Excessive rain fall in Q1 and saturated clay into Q3
 Low spares availability from September
 Operational efficiencies remained under pressure

2021 Successes

Rain readiness plans mitigated rain challenges in Q4
 Completed maintenance on major shovel fleet
 Successfully ramped up Kapstevel South waste mining

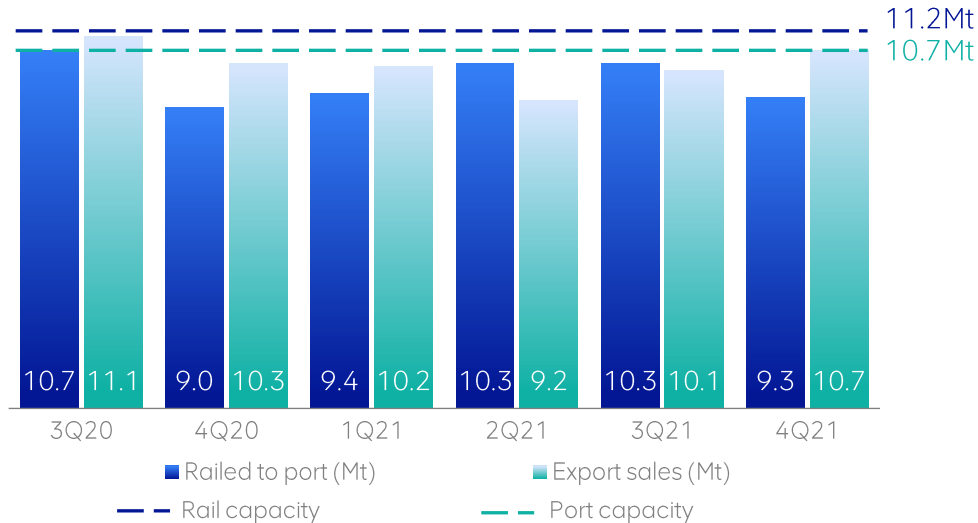
2022 and 2023 focus areas

Spares management
 Optimisation of mine plans
 Improvement in truck payloads
 FutureSmart™ mining initiatives

Improving logistics system is our biggest opportunity

Logistics performance (Mt)

Target quarterly average capacity



Short term interventions (2022)

Reduce speed restrictions

Infrastructure maintenance

Major port refurbishment completed in 2022

Larger vessels

Medium term potential uplift (2023)

Tippler 3 commissioned

Shorter annual maintenance shut down

Stakeholder value creation



Record financial performance

Average realised FOB price

US\$161/t

2020: US\$113/t

EBITDA margin

63%

2020: 57%

HEPS

R103.65

2020: R71.07

Cost savings

R0.9bn

2020: R1.3bn¹

Break-even price

US\$56/t

2020: US\$45/t

DPS

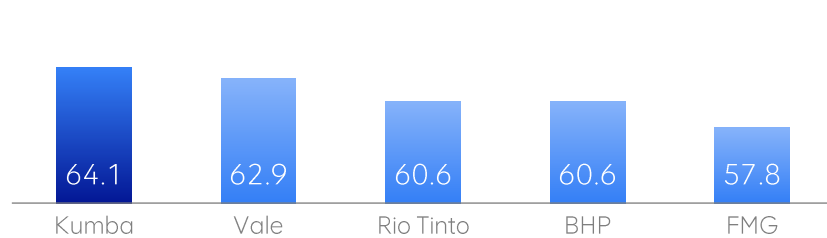
R103.20

2020: R60.90

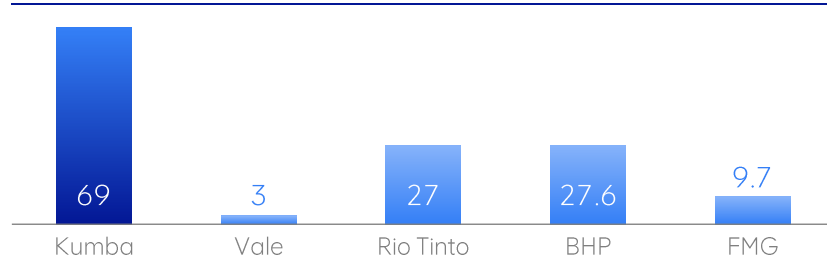
1. Includes R618 million of Covid-19 related savings

Premium prices for premium products

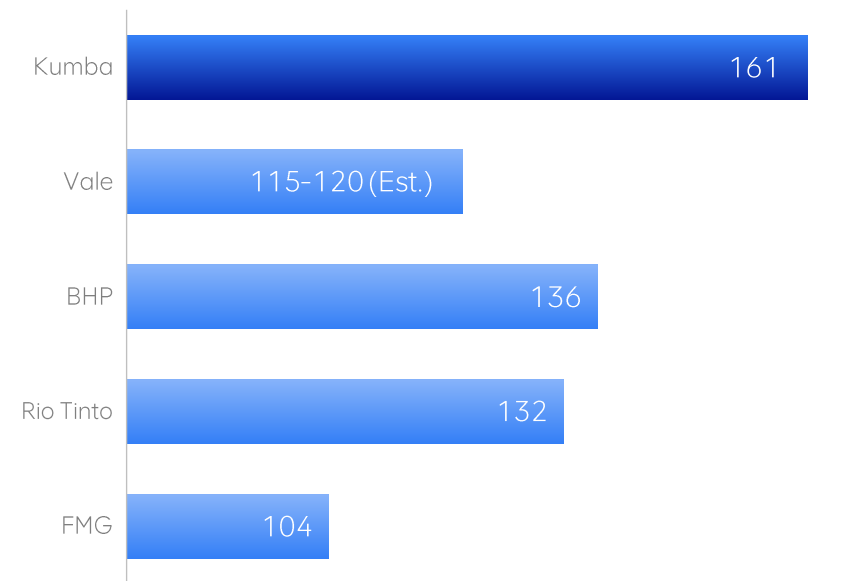
Fe qualities (%)



Lump: Fine ratio (%)



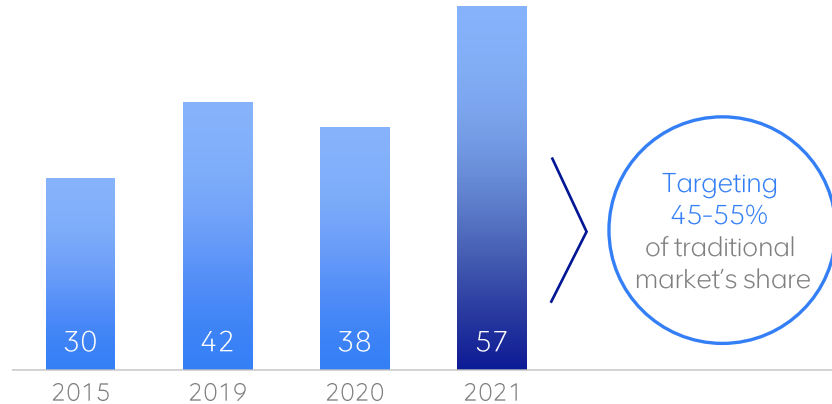
Realised price FOB (US\$/wmt)



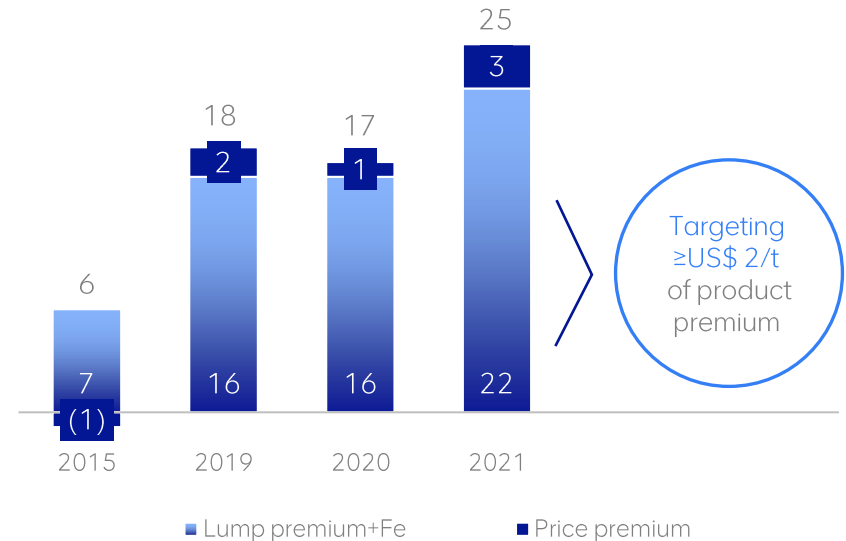
Source: Iron Ore Marketing

Premium through market diversification and quality

Traditional markets¹ share of total sales (%)



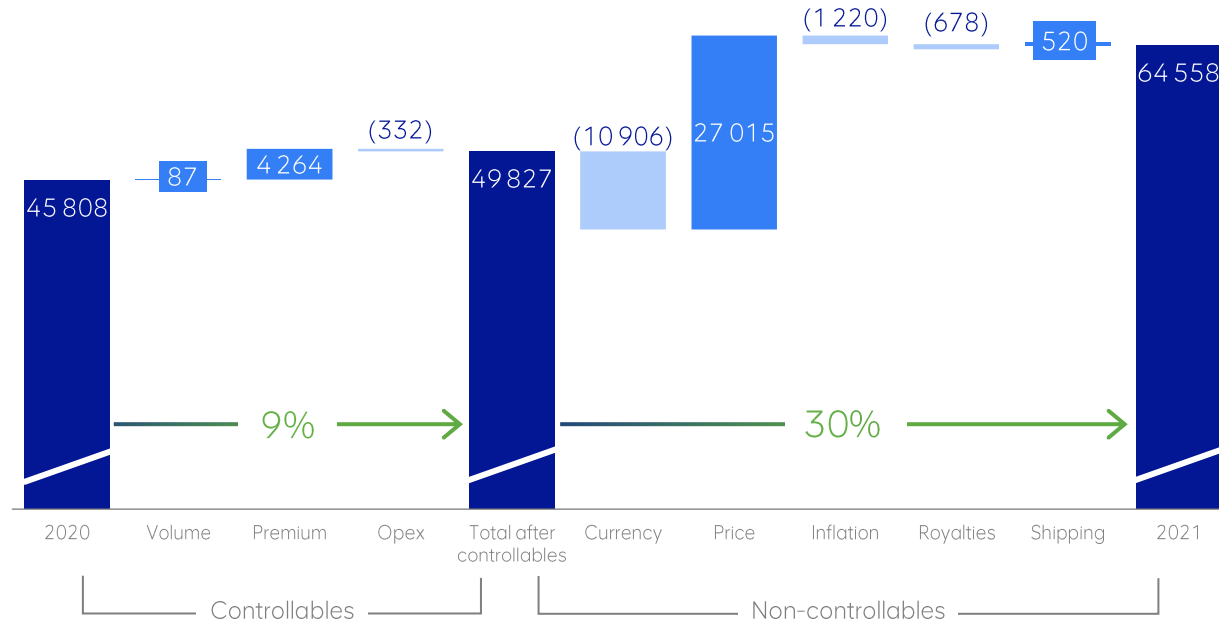
Price premium over Platts 62 FOB (US\$/wmt)



Source: Iron Ore Marketing.
1. Sales in EU/MENA/Americas, Japan and South Korea.

Strong margin driving EBITDA

Rm



Controllables

Sales flat at 40.3Mt

Price premium US\$3/t
(2020: US\$1/t)

Opex stock movement benefit

Non-controllables

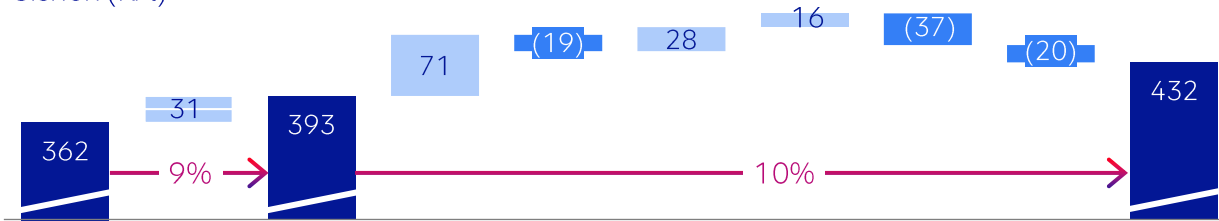
Revenue up by 27% to R102bn
(2020: R80bn)

Average Platts FOB price US\$136/t
(2020: US\$96/t)

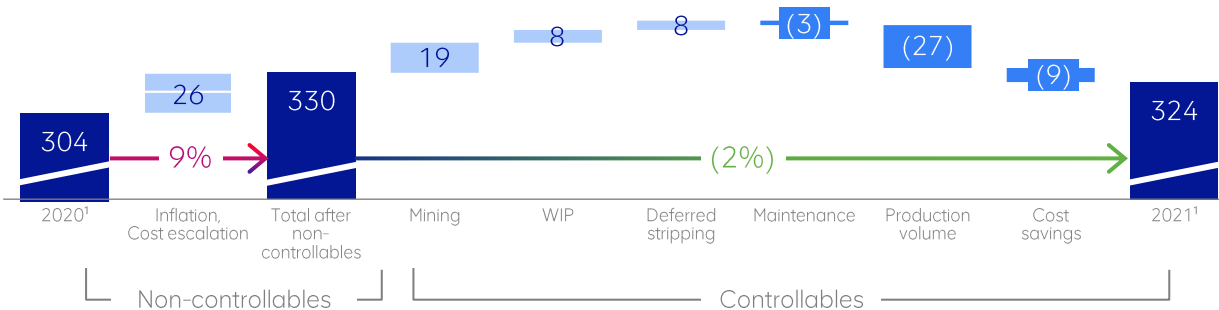
Average R/US\$ down 10% to
R14.79 (2020: R16.47)

Inflation mitigated by production gains and savings

Sishen (R/t)



Kolomela (R/t)



Cost drivers

Mining related inflation of 9%,

Higher direct mining cost driven by increased volumes, distances and vertical lifts

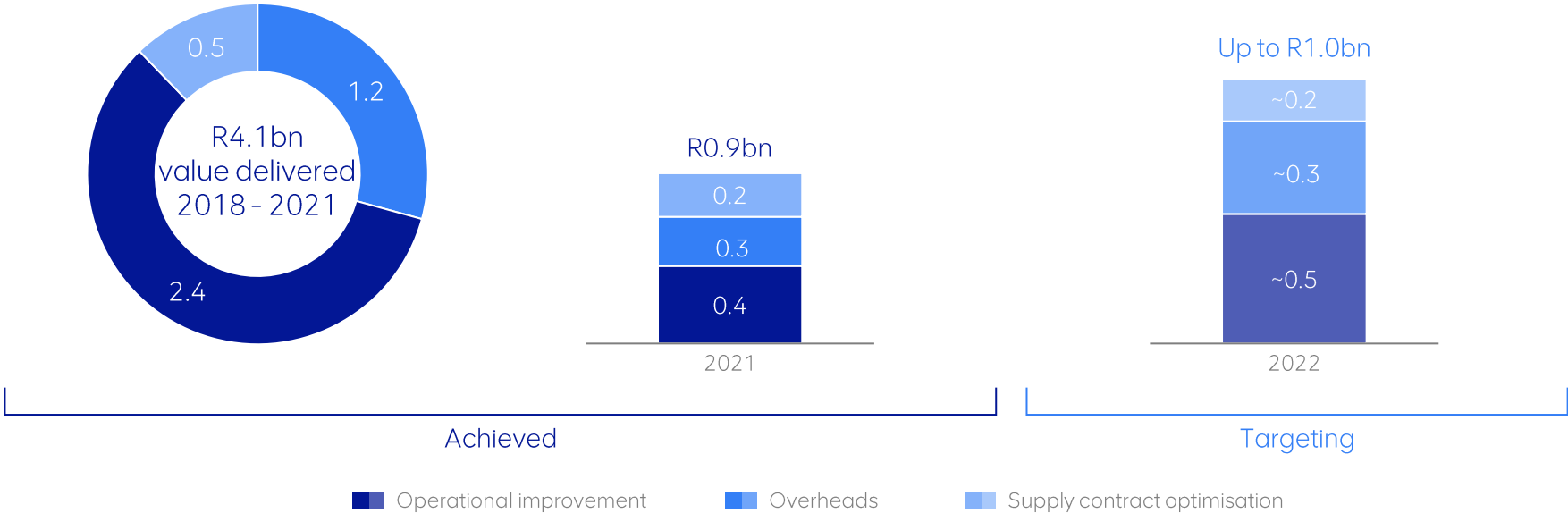
Waste mining challenges impacting efficiencies and deferred stripping

Cost pressure partially offset by production gains and cost savings

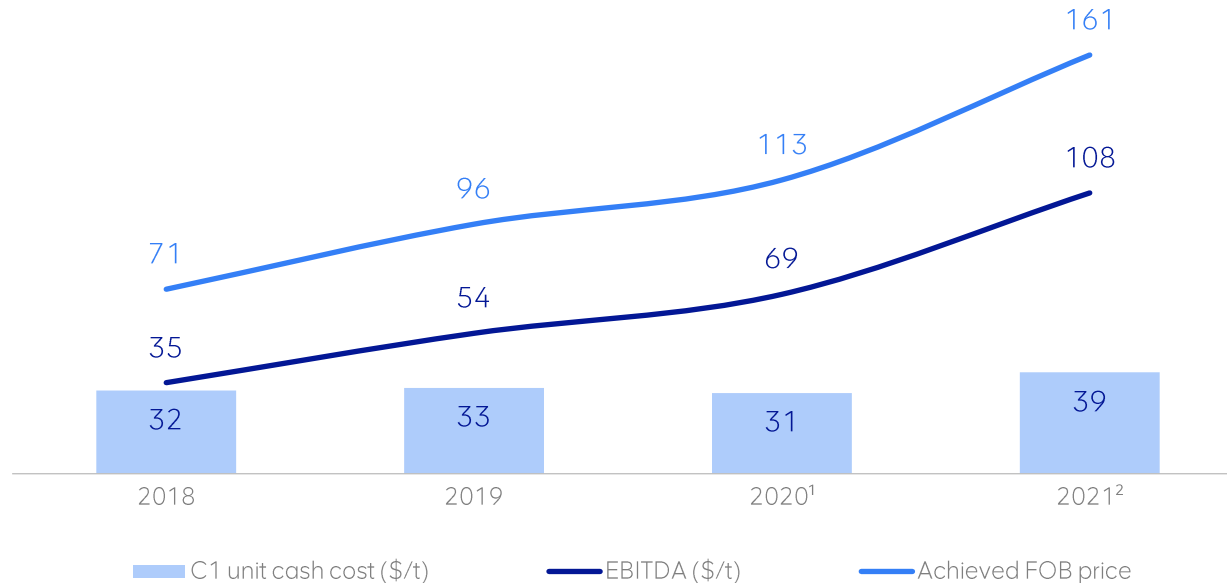
Continuing to unlock savings opportunities

Cost saving

Rbn



Value-focused strategy driving margin gains



1. Includes R618 million of Covid-19 related savings
 2. Includes FX impact of US\$4/t relative to 2020
 3. Based on R16.00/US\$

TSWELELOPELE

Delivery by 2022

Enhanced price premium

≥US\$2/t above lump & Fe premium

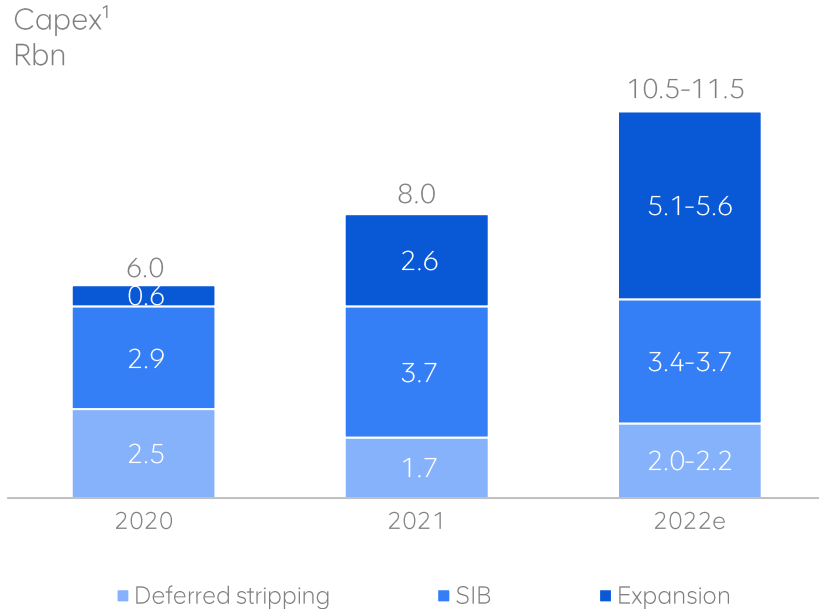
Improve operational efficiency

P101 benchmark performance

Cost savings initiatives

C1 unit cash cost ≤US\$41/t³

Investing in our business, securing our future



Expansion capex

Kapsteevel South

UHDMS

P101 efficiency programme

SIB capex

Asset availability and reliability

Plant and infrastructure upgrades

Technology and FutureSmart™ mining

1. Capital Expenditure includes capital creditors, further details available in annexures

Life extension projects on track for delivery in 2023



Kapstevl South pit at Kolomela mine

>35% complete, on track for first ore in 2H23
 23.6Mt of waste stripped
 Construction of workshops and infrastructure in progress
 Total capex: ~R7bn
 IRR: >20%
 EBITDA margin: >35%



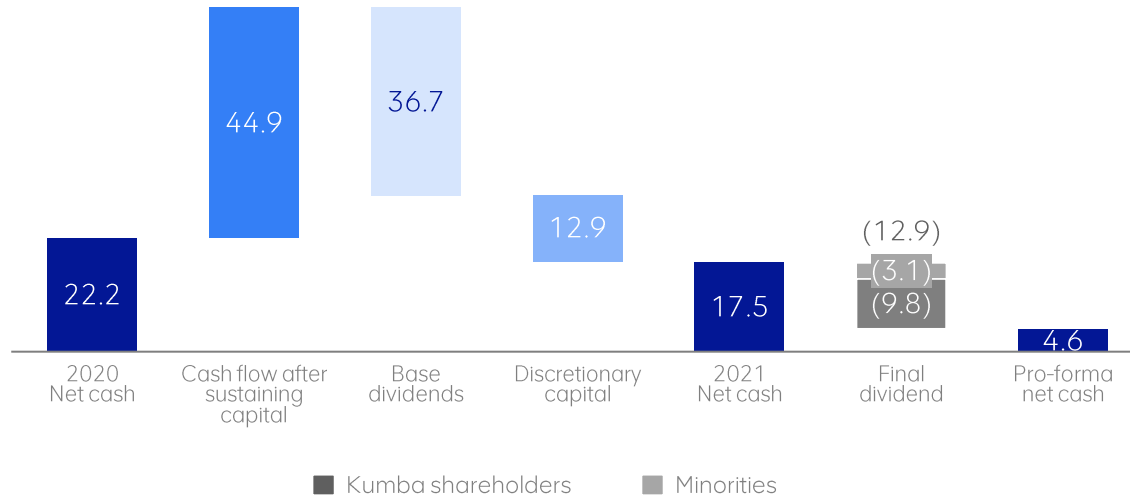
Ultra high dense media separation plant at Sishen mine

70% of all procurement packages placed
 Site establishment and breaking ground in 1H22
 Commissioning commences 2H23, with final handover in 1H24
 Total capex: ~R3.6bn
 IRR: >30%
 EBITDA margin: >40%

Robust, efficient balance sheet

Disciplined capital allocation

Rbn



2021 total dividend

Up 69%

Dividend payout ratio

100%

Dividend yield¹

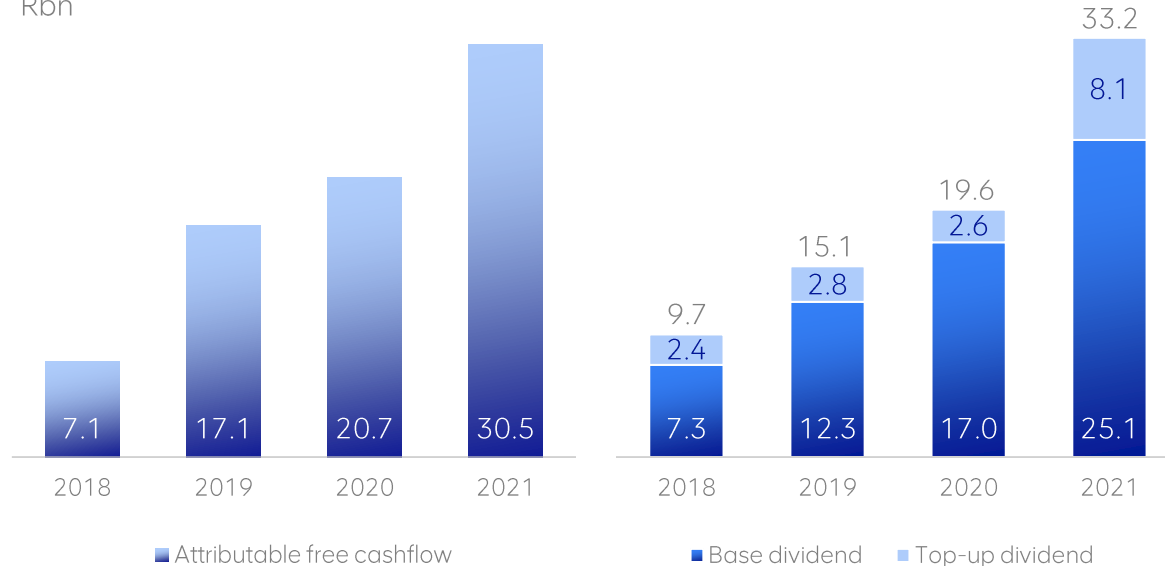
22%

1. Based on Kumba's share price on 31 December 2021 of R460.09

Maximising value and delivering sustainable returns

Shareholder value creation (2018 – 2021)

Rbn



Attributable free cashflow

R75.4bn

Total dividends paid¹

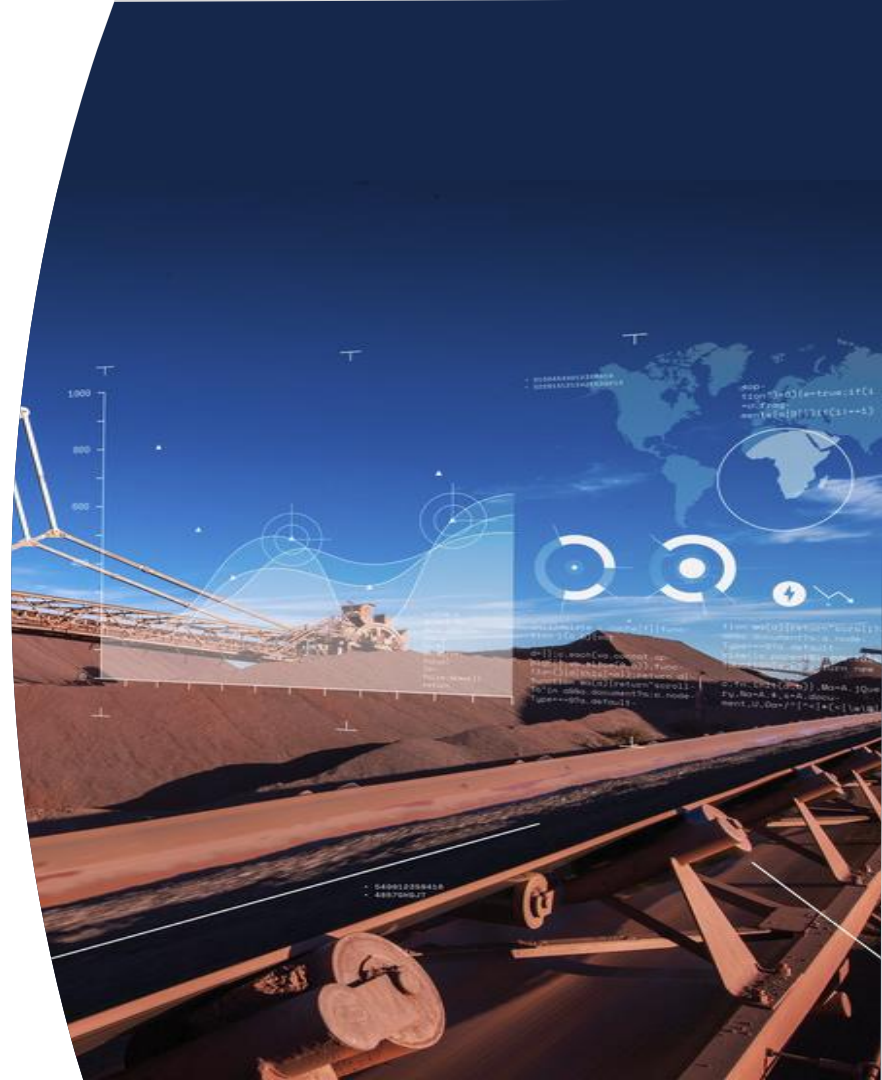
R77.6bn

Dividend payout ratio

95%

1. Excluding dividends declared to minorities

Positioning for the future



Life extension with focus on quality and sustainability



Tswelelopele ambition – 200Mt of additional reserves

Exceeded target by 50%, delivered additional reserves of 323Mt¹

Sishen life of mine to 2039²

Increasing premium products from 18% - 50%

Supports Scope 3 CO₂ emission reduction³

Optimisation of UHMDS potential

Kolomela life of mine ambition to 2040

Heuningkranz opportunity

Ploegfontein concept

Determining optimal beneficiation and quality scenarios

Exploration on high potential targets (>R1.5bn spent in last 10 years)

1. 50% increase expressed on a 2017 base, excluding depletion of 199Mt

2. Sishen UHMDS feasibility study: Production from processing Sishen low grade stockpile between 2036 – 2039 of ~10Mtpa

3. Utilising high grade iron ore in the blast furnace burden results in a reduction in CO₂ emissions. For every 1% increase in Fe there is a 2.5% saving in CO₂

2022 full year guidance



Production¹

39-41Mt

Sishen: ~27Mt

Kolomela: ~13Mt

Unit cash costs

≤US\$41/t²

Sishen: R490 – 520/t

Kolomela: R350 – 370/t

Sales

39-41Mt

Capital expenditure

R10.5-11.5bn

1. Production: 39-41Mt in 2023 and 41-43Mt in 2024

2. Based on R16.00/US\$

Kumba's value proposition

Well positioned to continue delivering stakeholder value

Assets



High margin assets
Life extension opportunities

Capabilities



Integrated marketing & operations
Sustainability leadership

Sustainable returns



EBITDA margin enhancement
Disciplined capital allocation



Annexures



2022 full year guidance

Total production

39 – 41Mt

Total sales

39 – 41Mt

C1 cash costs

≤US\$41/t¹

Capital expenditure

R10.5-11.5bn

2023

39 – 41Mt

2024

41 – 43Mt

Sishen

Production

~27Mt

Waste

140 - 160Mt

Unit costs

R490 – 520/dmt

Strip ratio

4.5, LoM ~3.9² | 3.7, LoM ~3.3³

LoM

~18 years⁴

Kolomela

~13Mt

55 – 65Mt

R350 – 370/dmt

To exceed ~4, LoM ~4.5⁵

13 years

1. Based on R16.00/US\$ | 2. Excluding UHDMS | 3. Sishen (C-grade as ore) including UHDMS from 2024 | 4. Including UHDMS with 2036 – 2039 production being ~10 – 15Mtpa | 5. Including Kapstevel South

Logistics performance impact on sales

Mt	2021	2020	% change	2H21	1H21	% change
Railed to port (incl. Saldanha Steel)	39.3	37.5	3.1	19.6	19.7	(0.5)
Sishen mine (incl. Saldanha Steel)	27.3	25.5	5.0	13.6	13.7	(0.7)
Kolomela mine	12.0	12.0	-0.8	6	6	(1.7)
Total sales	40.3	39.7	-0.1	20.8	19.5	6.7
Export	40.2	39.3	0.5	20.8	19.4	7.2
Domestic	0.1	0.4	-70.1	-	0.1	(100)
Total ore shipped	40.2	39.3	0.5	20.8	19.4	7.2
CFR (shipped by Kumba)	23.4	27.0	-11.5	12.1	11.3	6.9
FOB (shipped by customers)	16.8	12.3	23.2	8.7	8.1	6.9
Finished product inventory	6.1	4.8	27.0	6.1	6.1	0

DMT to WMT conversion rates. 1H20 1.62. 2H20 1.57. Avg 2020 1.59. 1Q21 1.64. 2Q21 1.63. Avg 2021 1.635.

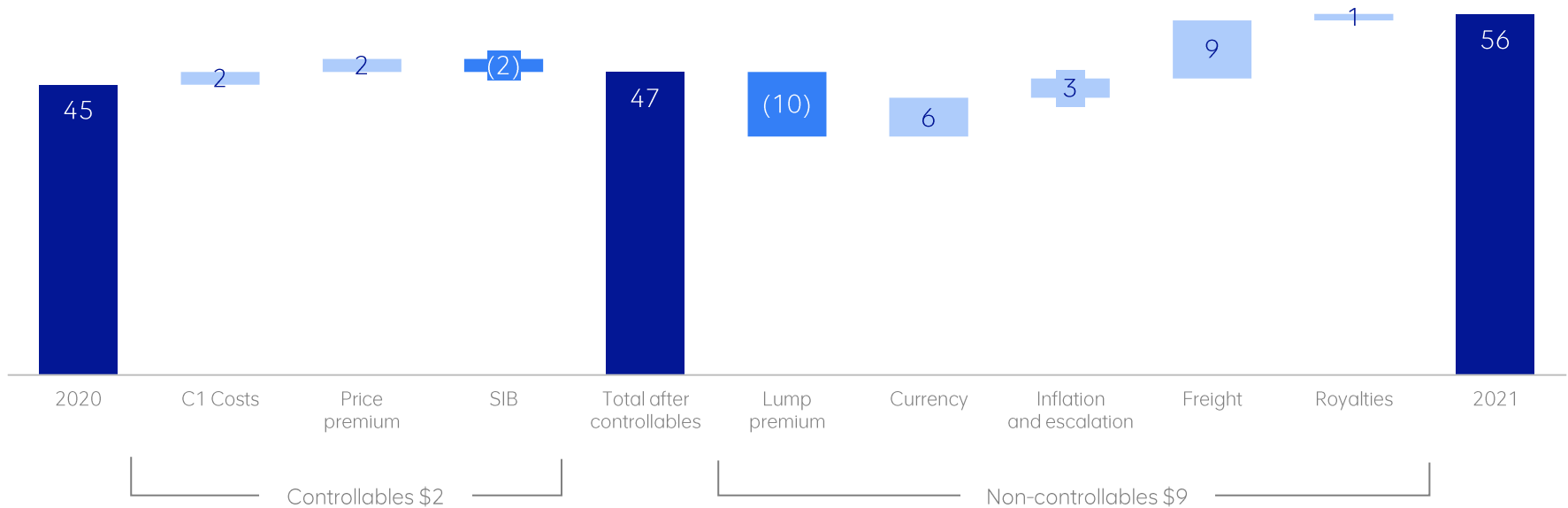
Operating margin driven by strong revenue growth

Rm	2021	2020	% change	2H21	1H21	% change
Revenue	102 092	80 104	27	38 476	63 616	(40)
Operating expenses ¹	(42 584)	(39 266)	8	(20 892)	(21 692)	(4)
Operating profit	59 508	40 838	46	17 584	41 924	(58)
Operating margin (%)	58	51	14	(8)	66	>(100)
Profit for the period	43 657	29 841	46	13 036	30 621	(57)
Equity holders of Kumba	33 266	22 779	46	9 913	23 353	(58)
Non-controlling interest	10 391	7 062	47	3 123	7 268	(57)
Effective tax rate (%)	27	28	(4)	0	27	(100)
Cash generated from operations	64 970	40 339	61	19 242	45 728	(58)

1. Includes expected credit losses

Break-even price impacted by non-controllables

Platts 62%
break-even price (US\$/t)

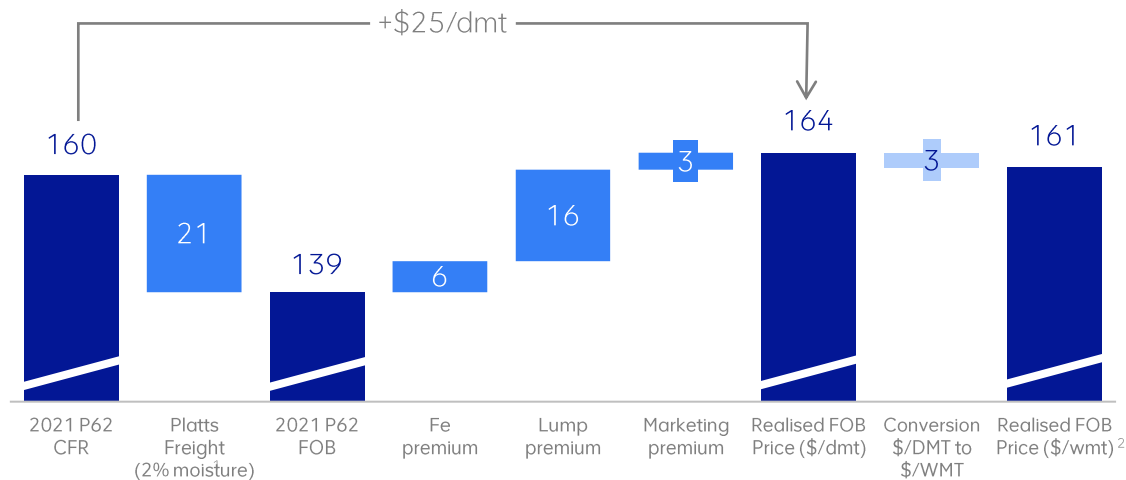


Revenue analysis

	2021	2020	% change	2H21	1H21	% change
Export (Rm)	94 886	74 115	37	34 078	60 808	(44)
Tonnes sold (Mt)	40.2	40.0	2	21.1	19.1	10
US Dollar per tonne	161	113	40	109	220	>(100)
Rand per tonne	2 363	1 855	36	(822)	3 185	>(100)
Domestic (Rm)	237	409	(42)	2	235	(99)
Shipping operations (Rm)	6 969	5 580	25	4 396	2 573	71
Total revenue	102 092	80 104	27	38 476	63 616	(40)
Rand/US Dollar exchange rate	14.79	16.47	(10)	15.03	14.54	(98)

Average realised price 18% above benchmark price

Average realised FOB price (US\$/t)



Price drivers

Average market prices¹:

P62 CFR China price average: US\$160/t
(2020: US\$109/t)

Fe premium average: ~US\$2.62 per 1% Fe
(2020 ~US\$1.76 per 1% Fe)

Lump premium average: US\$0.37/dmtu vs
(2020: US\$0.15/dmtu)

Marketing:

Price premium on high quality products

Timing effects:

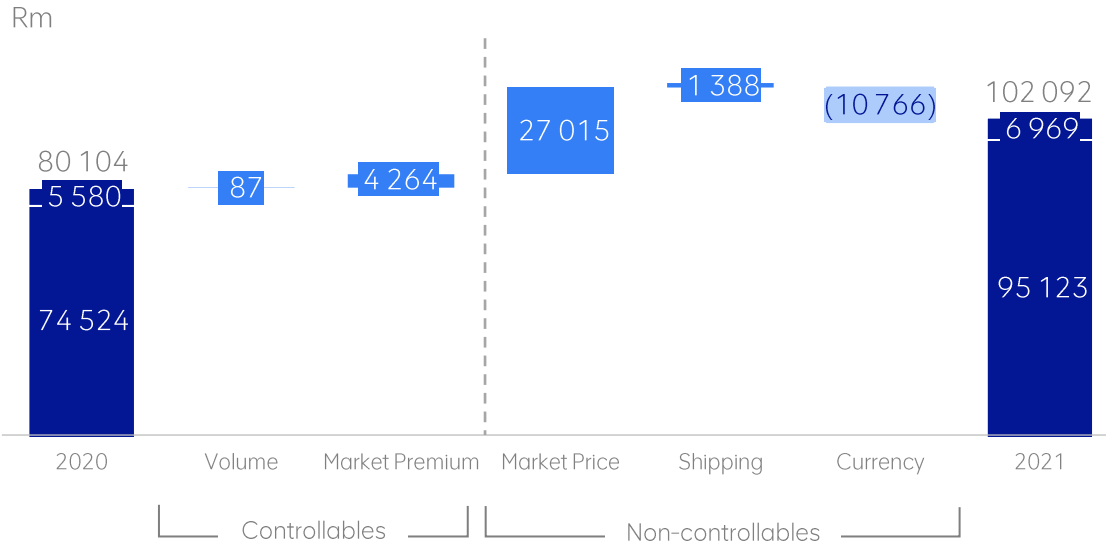
Products generally priced in month
after arrival

Source: Iron Ore Marketing.

1. Straight average of the daily indices between 1 Jan. – 31 Dec. 2021

Revenue benefit of higher prices offset by currency

Revenue increase of 27%



Revenue drivers

Controllables

Total sales volumes: Flat at 40.3 Mt
(2020: 40.3Mt)

Lump premium: Average US\$16/dmtu
(2020: US\$6/dmtu)

Market premium: \$3/t
(2020: US\$1/t)

Non-controllables

Average Platts FOB price US\$138.8/dmtu vs.
US\$97.4/dmtu in FY20

Average R/US\$ down 10% to R14.79
(2020: R16.47)

Operating expenditure analysis

Rm	2021	2020	% change	2H21	1H21	% change
Raw materials and consumables	2 178	2 046	6	1 052	1 126	(7)
Inventory movement in finished product	(808)	909	<(100)	(1 267)	459	<(100)
Inventory movement in WIP	(893)	(1 745)	(49)	(1170)	277	<100
Inventory written down to NRV	170	902	(81)	87	83	5
Contractors' expenses	4 305	3 817	13	2 366	1 939	22
Deferred stripping costs capitalized	(1 725)	(2 502)	(31)	(783)	(942)	(17)
Staff costs	5 620	5 006	12	2 794	2 826	(1)
Shipping services rendered	6 464	5 598	15	3 977	2 487	60
Depreciation of fixed assets	5 050	4 970	2	2 608	2 442	7
Mineral royalty	4 171	3 493	19	1 058	3 113	(66)
Repairs and maintenance	3 020	2 479	22	1 534	1 486	3
Petroleum products	2 530	1 985	27	1 420	1 110	28
General expenses ¹	3 602	4 156	(13)	2 534	1 068	>100
Corporate costs	953	788	21	468	485	(4)
Energy costs	521	439	19	282	239	18
Net finance losses/(gains)	215	184	17	130	85	53
Transportation and selling costs	7 068	6 580	7	3 659	3 409	7
Operating expenses²	42 441	39 105	9	20 749	21 692	(4)

1. Includes the following significant items: lease payments, IT costs, donations, consulting and audit fees and expected credit losses, insurance costs. Technical services and project costs and administration expenses.

2. Total operating expenses includes expected credit losses.

Operating expenditure driven by higher mining cost

Rm



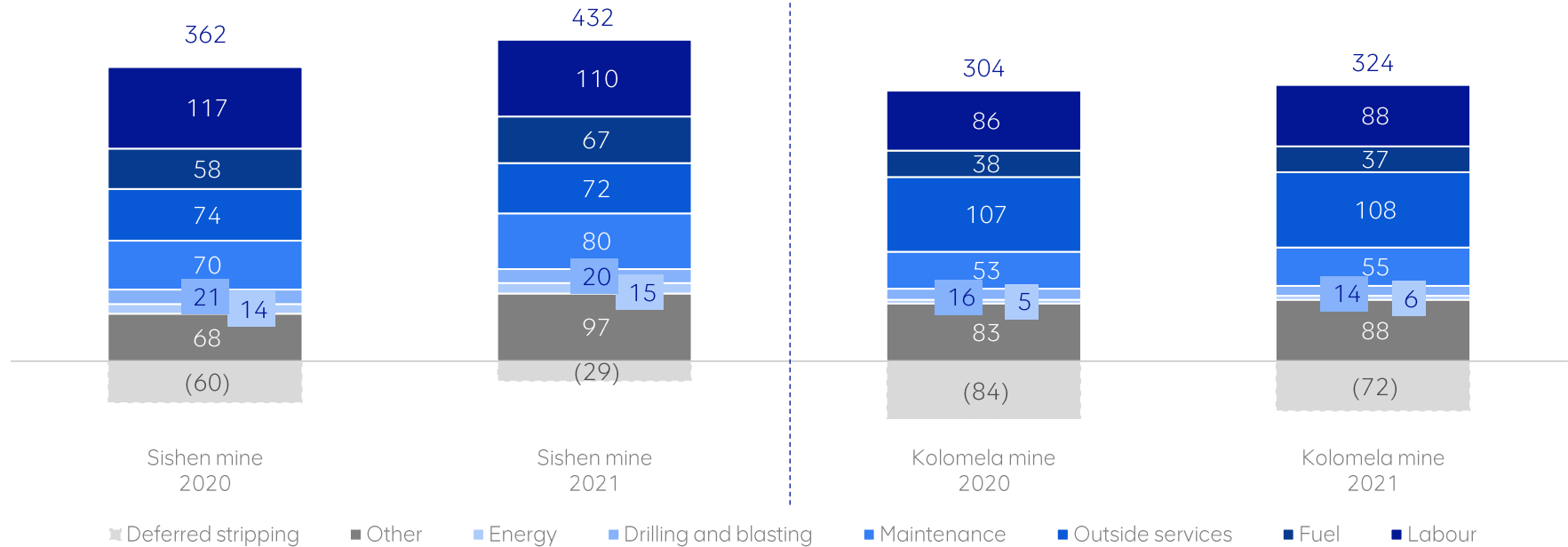
1. Excluding mineral royalty and impairment

EBITDA analysis

Rm		2021	2020	% change
Total sales volumes (Mt)	a	39.6	39.7	(0.1)
Benchmark price (\$/t)		159	109	50
Product premiums (\$/t)		25	17	8
Freight (\$/t)		(21)	(11)	(10)
Realised FOB price(\$/t)		163	115	48
On-mine unit costs (\$/t)		(27)	(21)	(6)
Logistics (rail and port) (\$/t)		(12)	(10)	(2)
Royalties (\$/t)		(7)	(5)	(2)
Other costs (\$/t)		(7)	(9)	2
FOB margin (\$/t)	b	110	70	40
Average Rand/US Dollar exchange rate (ZAR/US\$)	c	14.79	16.47	(1.68)
EBITDA	a x b x c	64 558	45 808	18 750

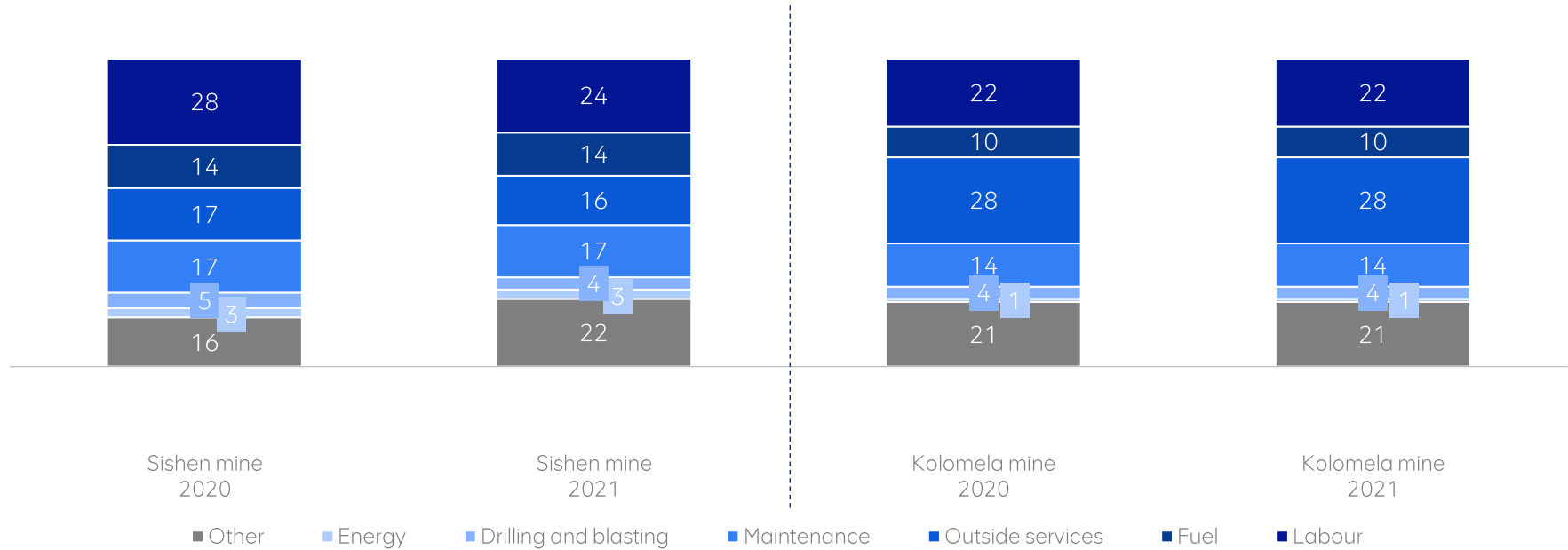
Sishen and Kolomela mines

Unit cash cost structure (R/t)



Sishen and Kolomela mines

Unit cash cost structure (%)

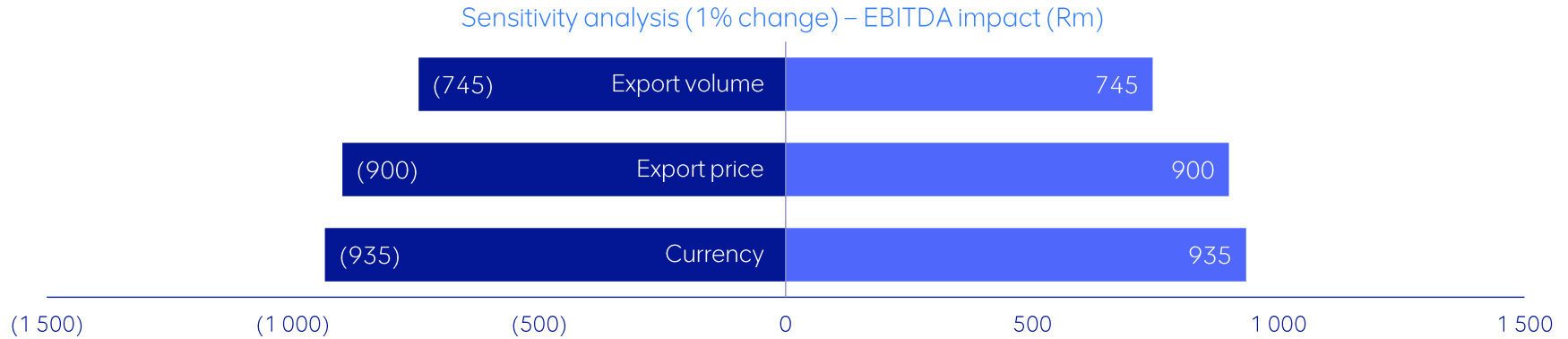


Capital expenditure analysis

Rm	2021	2020	2022e
Approved expansion	2 566	632	5 100–5 600
Deferred stripping	1 725	2 502	2 000–2 200
Sishen	814	1 523	1 200–13200
Kolomela	911	979	800–900
SIB	3 717	2 952	3 400–3 700
Sishen	2 687	2 007	2 400–2 600
Kolomela	1 030	945	1 000–1 100
Unapproved expansion	—	—	—
Total approved and unapproved capital expenditure	8 008	6 086	10 500–11 500
Capital Creditors	(1 755)	(340)	
Cash Capex	6 253	5 746	

All guidance based on current forecast exchange rates

Sensitivity analysis 2021

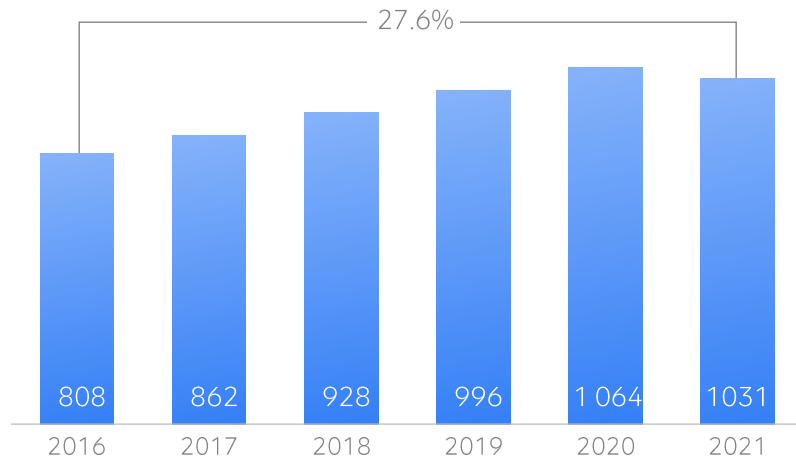


Change per unit of key operational drivers, each tested independently

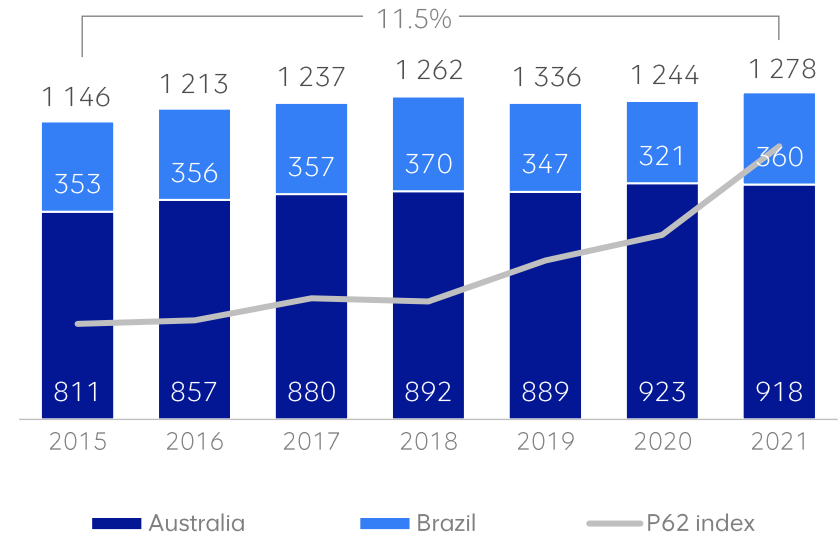
Sensitivity analysis	Unit change	EBITDA impact
Currency (Rand/US\$)	R0.10/US\$	R630m
Export Price (US\$/t)	US\$1.00/t	R560m
Volume (kt)	100kt	R190m
		Breakeven price impact
Currency (Rand/US\$)	R1.00/US\$	US\$4/t

Markets | China steel production slowing down

China Crude Steel Production (Mt)



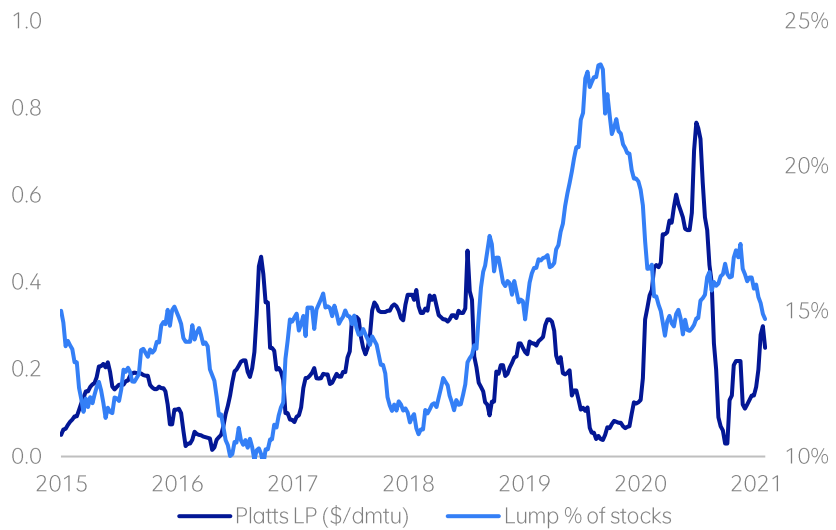
Global Seaborne Iron Ore Supply (Wet Mt)



Source: World Steel Association (WSA)

Lump remained favored on tight supply

Lump premium and stocks at Chinese ports



Platts 62 price (\$/dmt)



Source: Platts, Mysteel

Image descriptions

Slide 1	Saldanha Port. Bucket-wheel stacker and reclaimer.	Slide 23	Kolomela mine. Kapstevél South pit.
Slide 3	Kolomela mine, conveyor.		Kolomela mine. Dense media separation plant.
Slide 4	Kolomela mine. Exco and staff dancing the Jerusalema dance outside of the Fatigue Centre.	Slide 25	Kolomela mine. Process plant.
Slide 6	Sishen rehabilitation nursery cultivating indigenous tree seedlings for planting in rehabilitated mine areas.	Slide 26	Kolomela mine. Processing, mining.
Slide 8	Aerial view of windmill and Solar PV panel.	Slide 27	Saldanha Port. Bucket-wheel stacker and reclaimer.
Slide 10	Kolomela Mine process plant.	Slide 28	Spinning wind turbines against blue sky shown in slow motion to capture the effect of the moving blades.
Slide 11	Kolomela mine, trucks lined up – Primary cone crush, front-end of the plant.	Slide 28	Kolomela mine, stacker reclaimer section. Ore is stored and blended in this area.
	Kolomela mine, views of stock yard, stacker and reclaimer.		Sishen mine. The Sishen iron ore mine rehabilitation nursery was established to cultivate indigenous tree seedlings for planting in rehabilitated mine areas. Pictured is environmental officer Jabulani Dlongo.
	Sishen load out station. Ore is transported to the port in Saldana, where it is exported to customers.		Kolomela mine, stacker reclaimer section. Ore is stored and blended in these areas. Pictured is stacker reclaimer operator, Playa Masimola.
	Aerial shot of a cargo ship approaching port with help of towing ship.		
	Kolomela mine, stacker reclaimer section. Ore is stored and blended in this area.	Annexures	Kolomela mine, primary cone crush, front-end of the plant.
Slide 14	Kolomela mine, stacker reclaimer section. Ore is stored and blended in these areas. Pictured is stacker reclaimer operator, Playa Masimola.		