



# 2023 Annual results

20 February 2024

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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.



# Agenda

Business overview

Mpumi Zikalala

Financial performance

Bothwell Mazarura

Looking ahead

Mpumi Zikalala



# 2023 business overview

Safety

0.98 TRIFR

2022: 1.55 TRIFR

EBITDA

R45.7bn

2022: R37.3bn<sup>1</sup>

Attributable free cashflow

R14.9bn

2022: R10.4bn

Production

35.7Mt

2022: 37.7Mt

Enduring stakeholder value

R71.1bn

2022: R63bn

Dividend declared

R15.1bn

2022: R14.5bn

1. Adjusted EBITDA represents net operating profit before deducting interest, tax, depreciation, amortization and impairment charges or reversals

# Business reconfiguration to sustain our competitiveness

Operating context	Market volatility Logistics constraints Volume & cost pressures
Our response	Reconfigure business Cost optimisation focus Supporting logistics improvement
Value targeted	Cost efficiencies: R2.5-R3.0bn for FY2024 Product premium: ≥\$3/t above lump & Fe premium on average

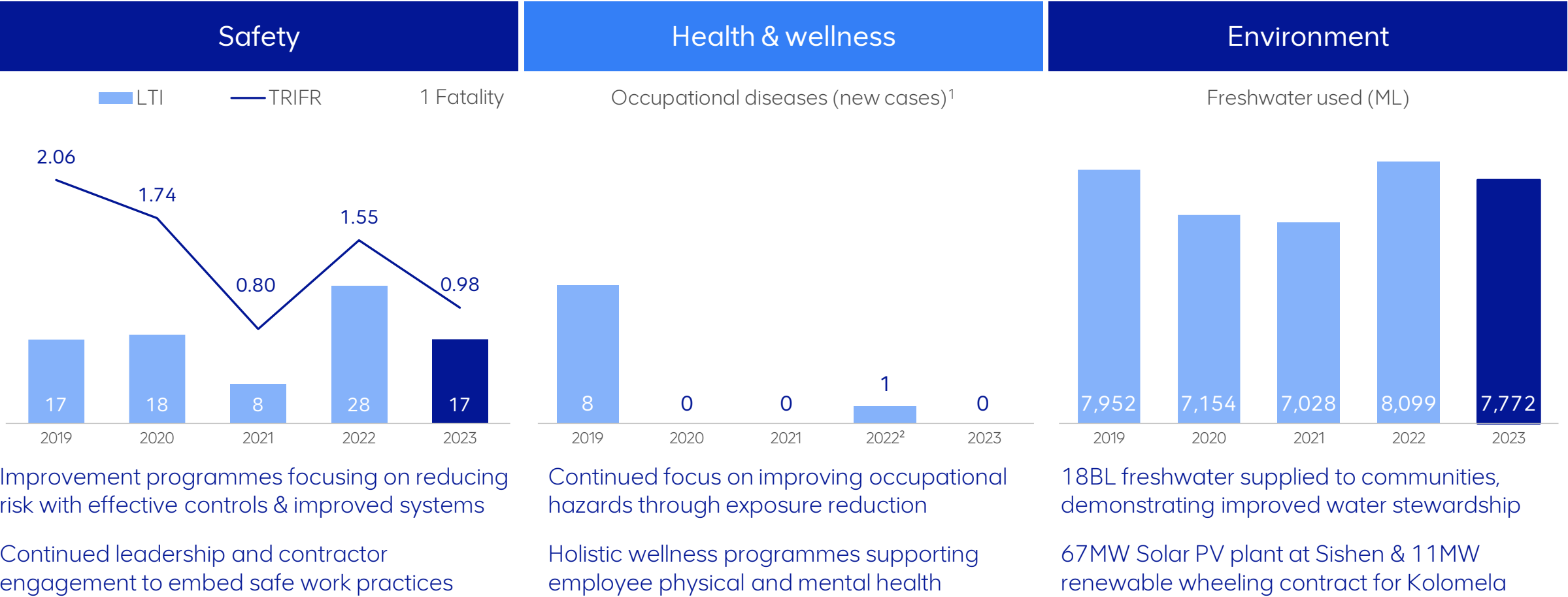




Sustainability performance



# Committed to safe & sustainable operations



Note: LTI: Lost Time Injuries; TRIFR: Total Recordable Injury Frequency Rate  
1. 2019 – 2022: Levels: 0-5; 2023: Level 4-5  
2. One occupational disease case (musculoskeletal disorder) subsequently confirmed for 2022



# Empowering & supporting our communities

85 schools &  
>76 000 learners supported



Training colleges  
>2 300 community members



Local employment  
>39 000 jobs created since 2018



Small & medium enterprises  
>500 beneficiaries incubation programme



Comprehensive health care  
& GBV support



Connecting communities  
Wi-Fi , generators & inverters





# Enduring stakeholder value of R71bn created



Income tax  
R8.9bn

Mineral royalty  
R2.0bn



BEE business  
suppliers  
R23bn

Host community  
suppliers  
R6.6bn



Capital  
investment  
R9.9bn



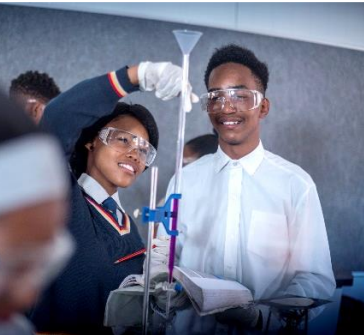
Owners of  
Kumba  
R15.1bn

Empowerment  
partners  
R4.9bn



Salaries and  
benefits  
R7.0bn

Employed from  
N. Cape  
77%



Direct social  
investment  
R376m



Operational performance





# Stable and capable operations

Waste<sup>1</sup>

216.8Mt

2022: 204.3Mt

Production

35.7Mt

2022: 37.7Mt

Ore railed to port

36.3Mt

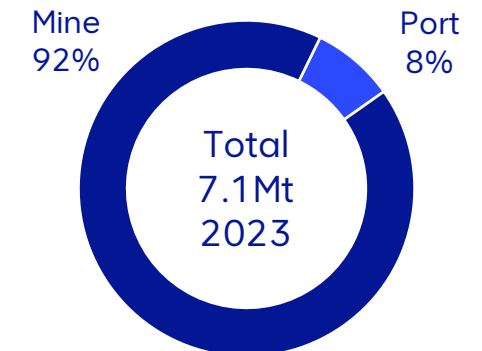
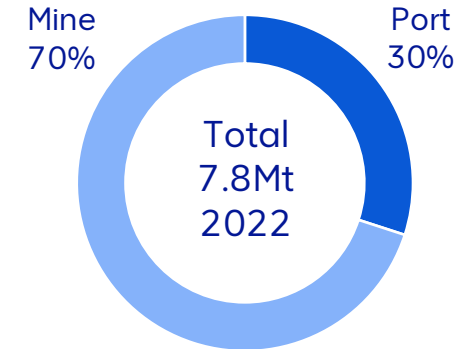
2022: 35.9Mt

Sales

37.2Mt

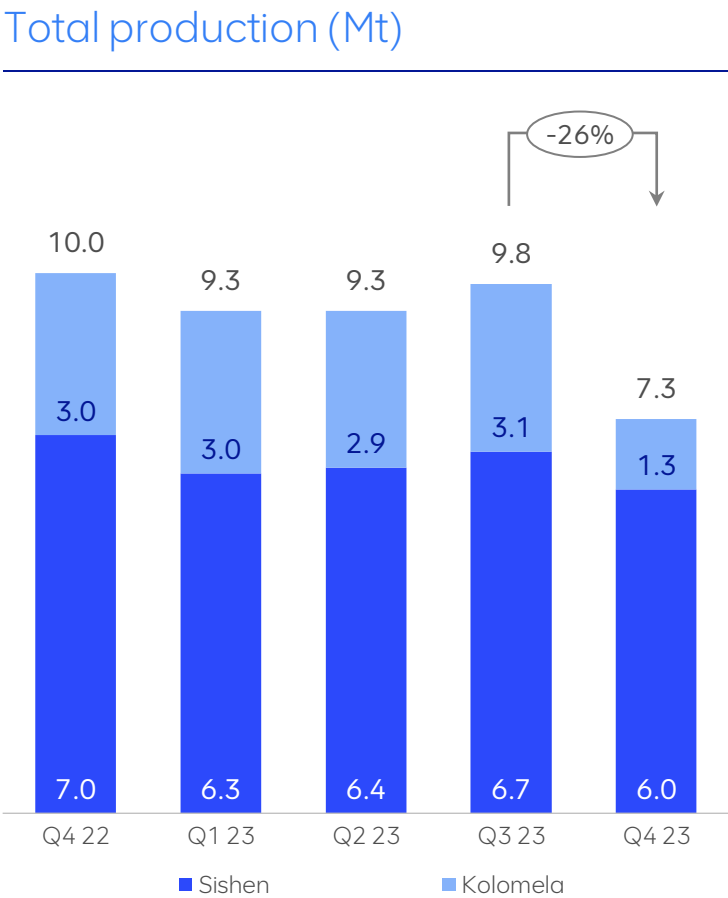
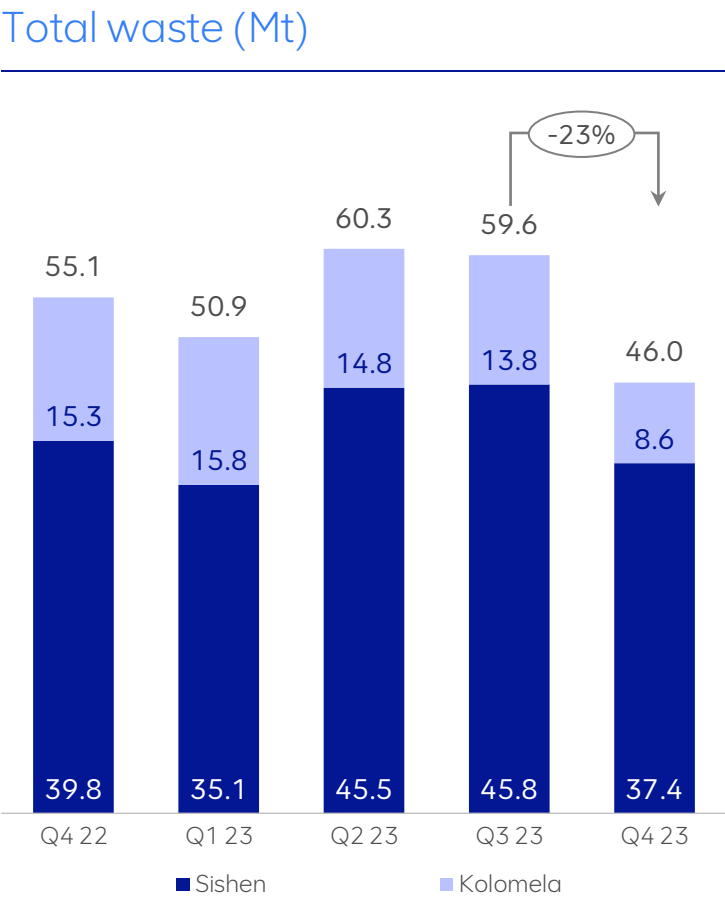
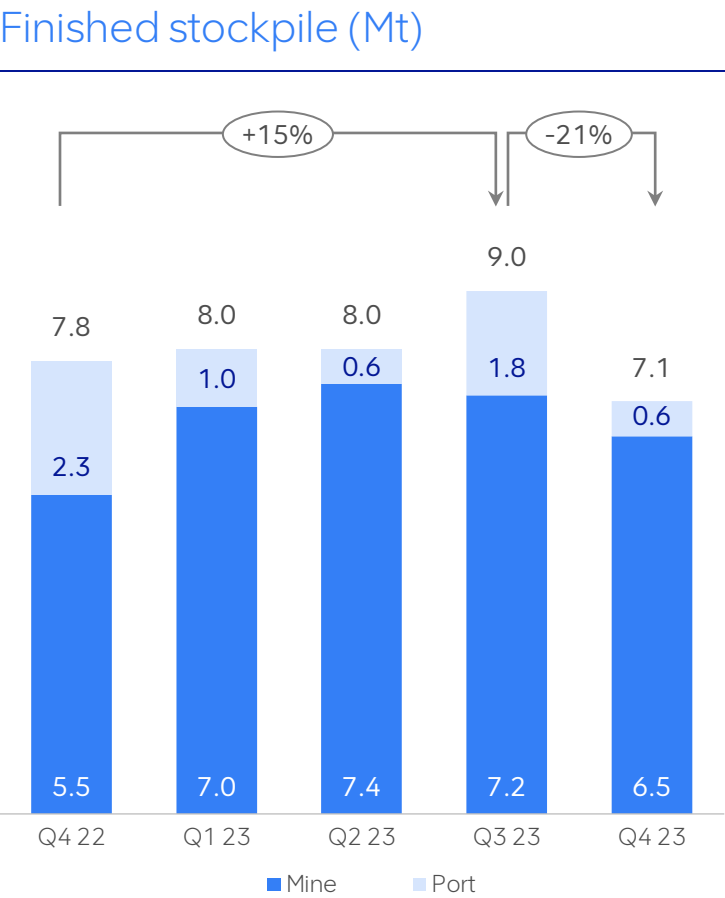
2022: 36.6Mt

Finished stock



1. Includes Kapstevél South waste of 17.8Mt in 2022 & 24.6Mt in 2023

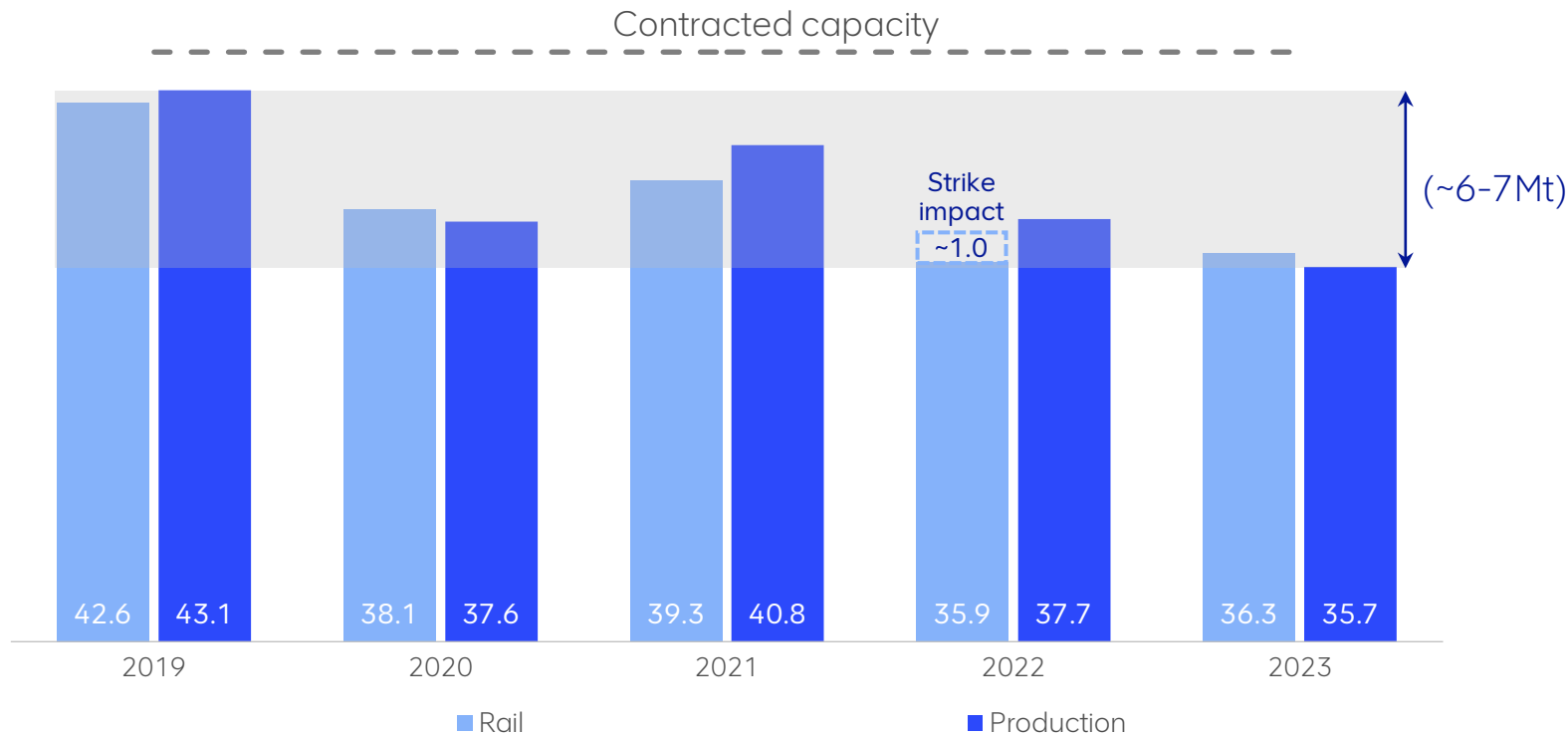
# Production slowdown to rebalance the value chain





# Ongoing logistics constraints impacting our business

## Logistics and production volumes<sup>1</sup> (Mt)



## Collaboration programme

Increasing availability of train slots, locomotives and wagons

Reducing train turnaround times

Expediting procurement of spares

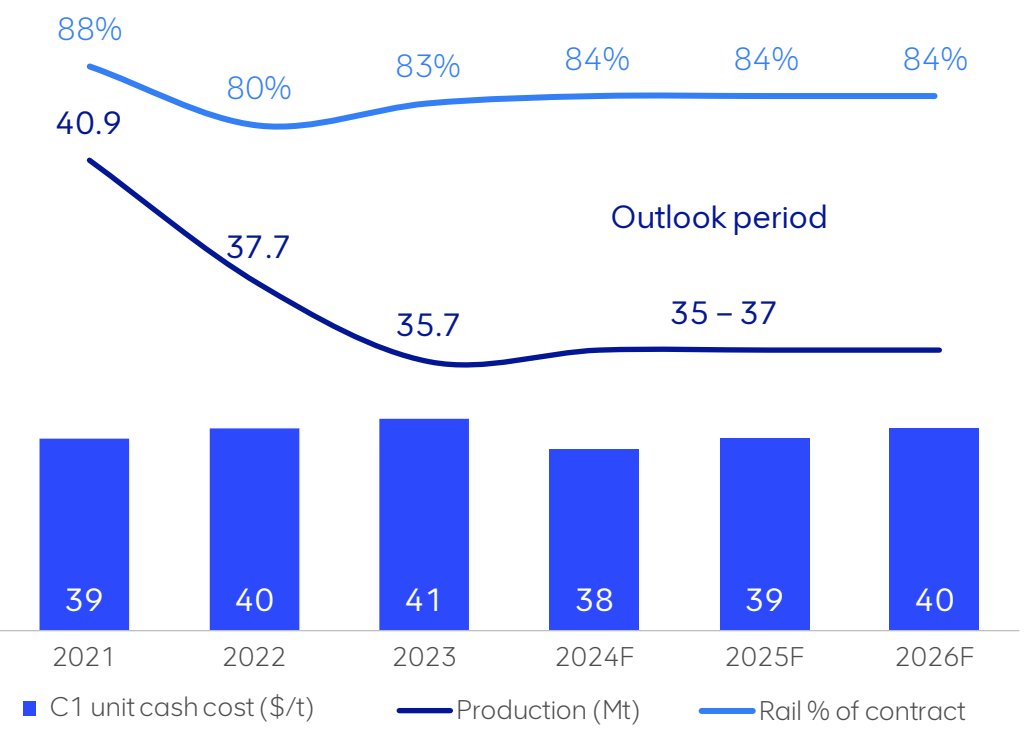
Completion of independent technical assessment & mutual collaboration agreement

NLCC supported & Cabinet approval of FLR

NLCC: National Logistics Crisis Committee; FLR: Freight Logistics Roadmap  
1: Updated to wet metric tonnes with 1.6% moisture factor

# Reconfiguring business in line with logistics outlook

## Costs to be contained despite lower production



## Cost optimisation



## Reconfiguration process

- Production ~35-37Mtpa (FY24-26)
- Waste ~155-170 Mtpa (FY24)
- Rephased Kolomela waste, lower strip ratio, optimise HME
- Enhanced sourcing model & better contractor management
- Overhead costs streamlined through reorganization of business
- Flexibility to ramp-up with logistics
- Capital discipline, continue to prioritise asset reliability & integrity



Financial performance



# 2023 financial results

Average realised FOB price

US\$117/t

2022: US\$113/t

EBITDA margin

53%

2022: 50%

HEPS

R70.80

2022: R56.19

C1 costs

US\$41/t

2022: US\$40/t

Break-even price

US\$62/t

2022: US\$68/t

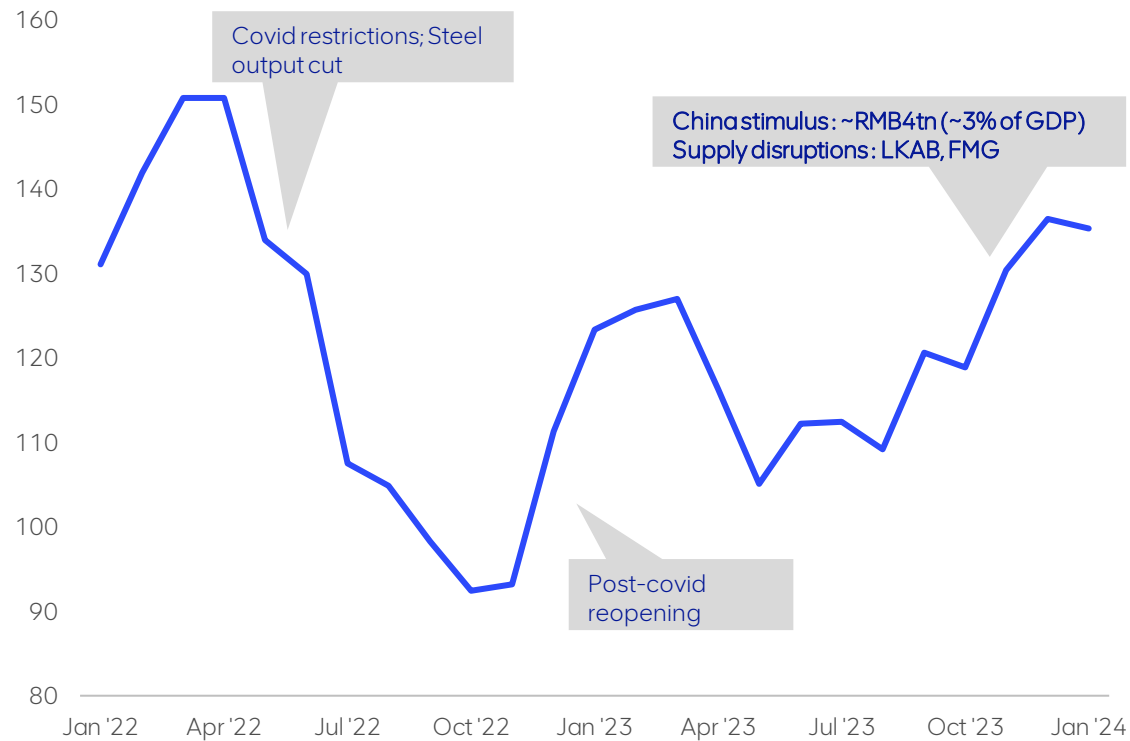
DPS

R46.80

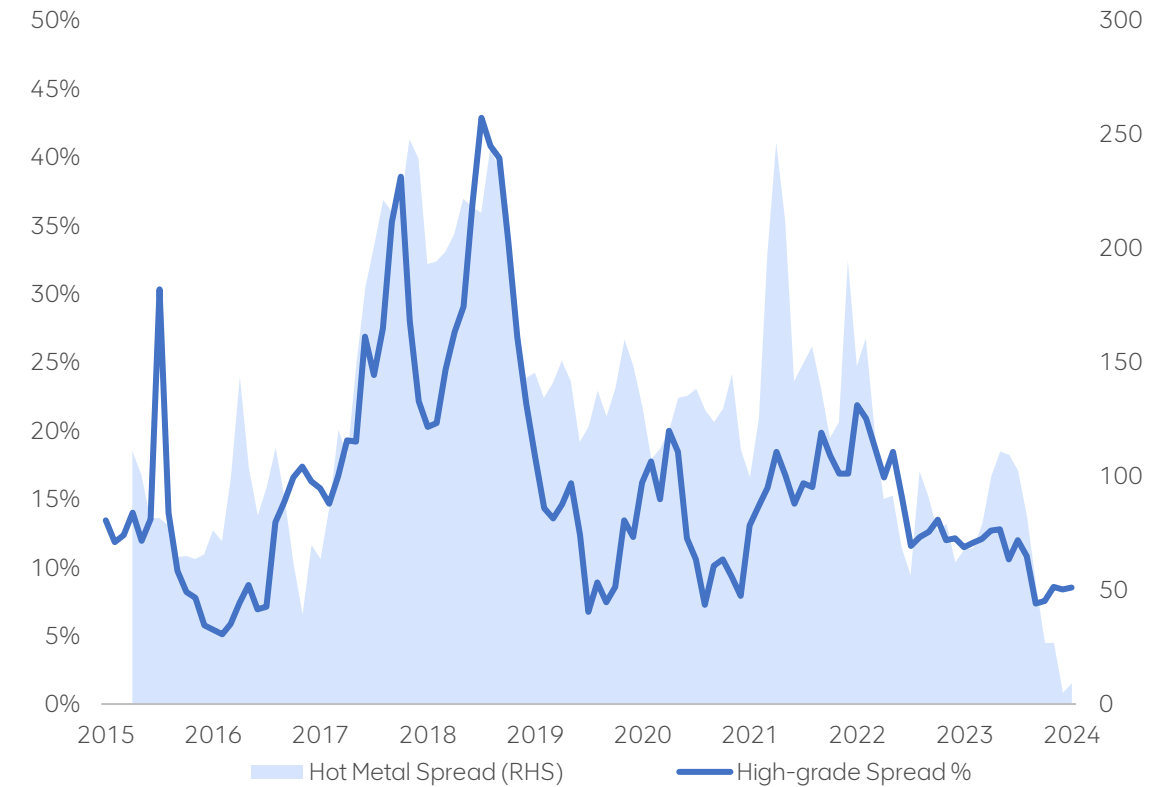
2022: R45.00

# Prices supported by stimulus; margins limited premia

Platts 62 Fe Index, Monthly Average \$/t



Mill margins (\$/t)

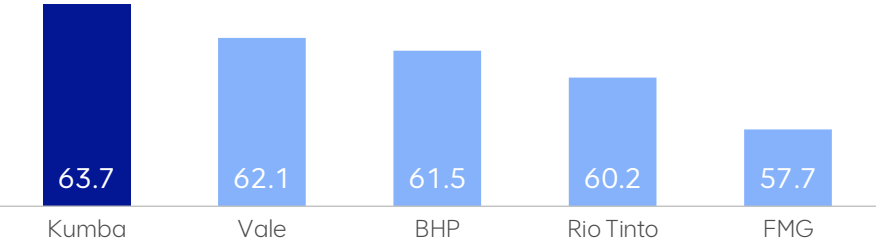


Source: Platts, Fastmarkets  
 Hot metal spread : Billet – 1.6\*Iron Ore – 0.72\*Shanxi Coking Coal

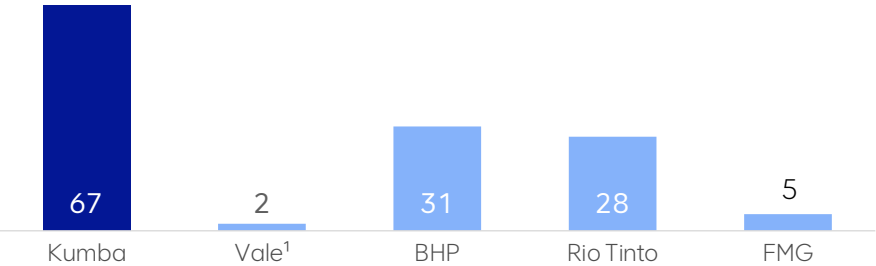


# Product & customer strategy

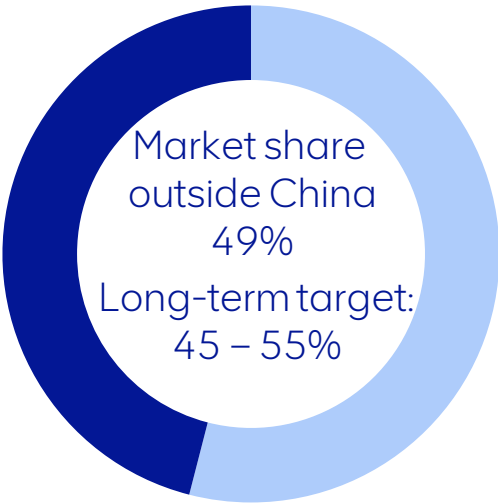
Fe qualities (%)



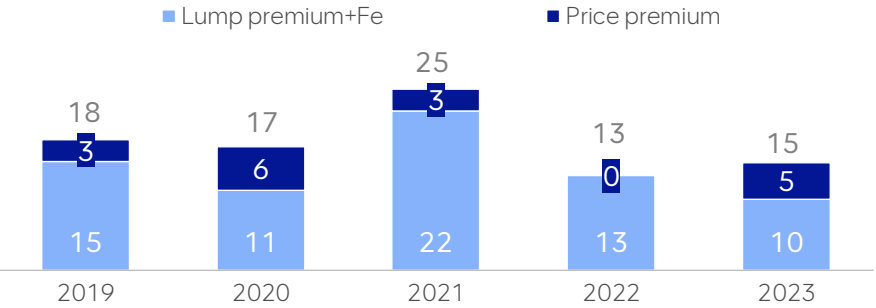
Lump : Fine ratio (%)



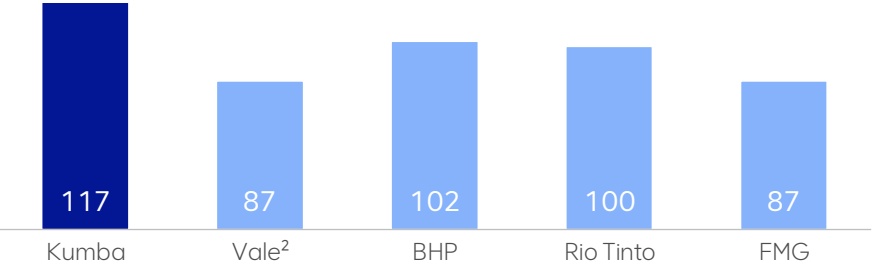
1. Estimated  
 2. Vale excludes pellets  
 Source: Kumba Iron Ore Marketing



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



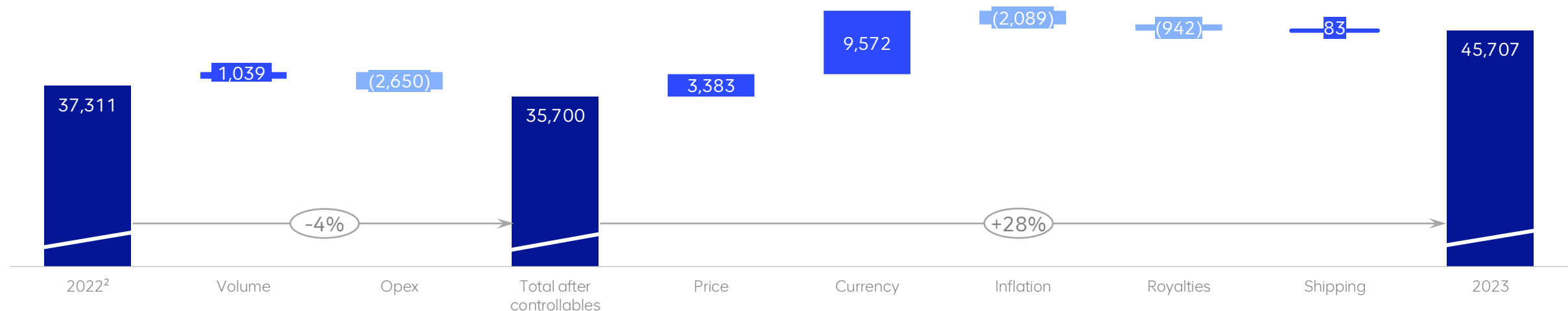
2023 Realised price FOB (\$/wmt)



# EBITDA reflects currency & price benefits

	Sales volumes	C1 costs	Average FOB price	Price premium <sup>1</sup>	Average R/US	Inflation	Freight rates
2023	37.2Mt	US\$41/t	US\$117/wmt	US\$5/t	R18.45	6.1%	US\$16/t
2022	36.6Mt	US\$40/t	US\$113/wmt	US\$0/t	R16.37	6.7%	US\$18/t

Rm

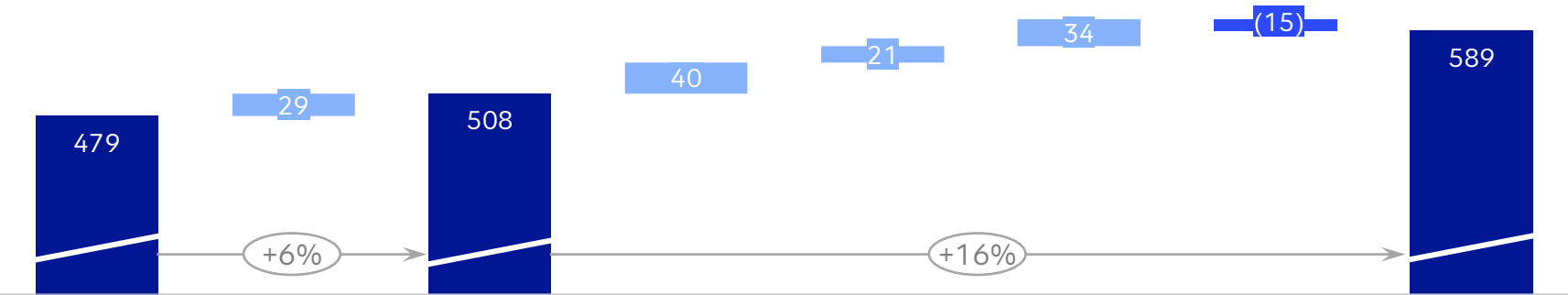


1. Price premium includes marketing and timing effects

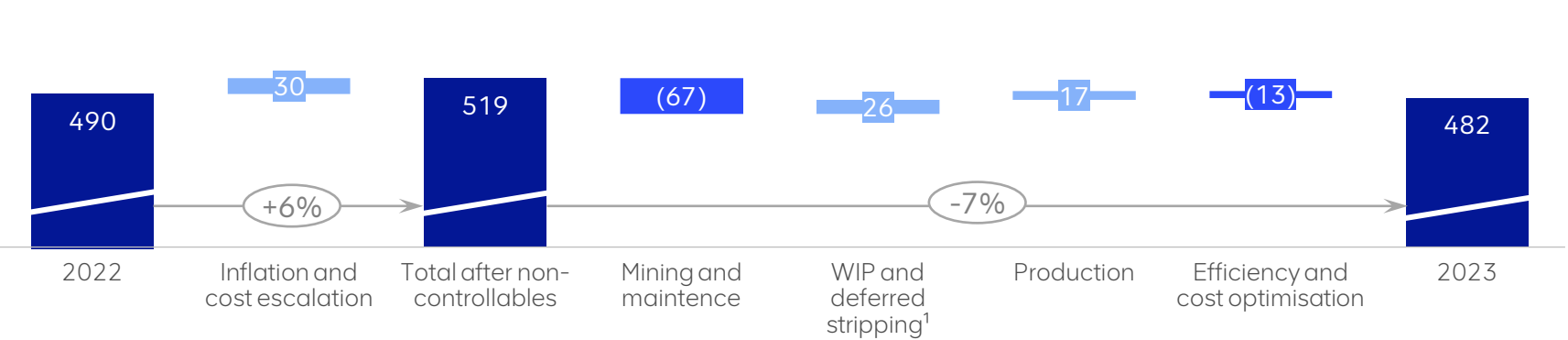
2. Adjusted EBITDA represents net operating profit before deducting interest, tax, depreciation, amortization and impairment charges or reversals

# Continued focus on costs

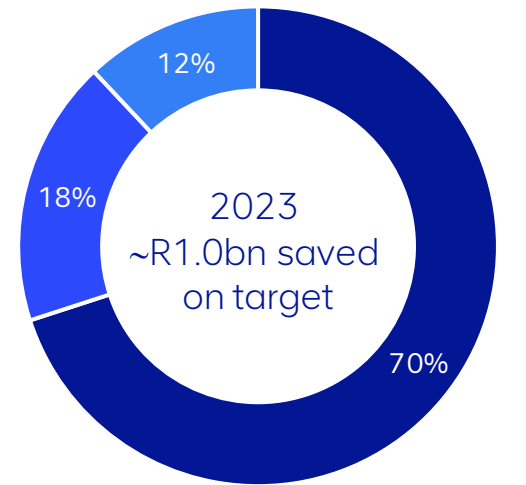
Sishen unit cost (R/t)



Kolomela unit cost (R/t)



Cost optimisation programme

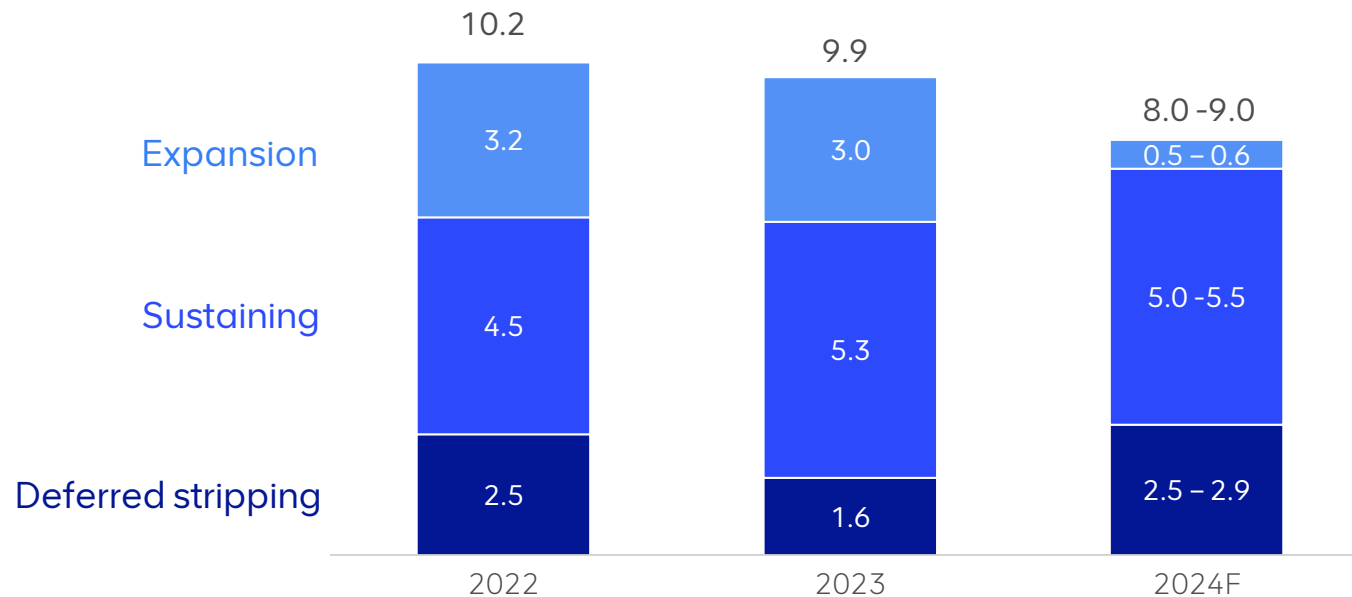


- Optimised mine plan
- Contractor optimisation
- Efficient utilisation of consumables

1. Excluding the impact of deferred stripping on unit cost: Sishen = FY 2023: R58/t (FY 2022: R60/t); Kolomela = FY 2023: R13/t (FY 2022: R88/t)

# Capital expenditure focus on safety & asset integrity

Capex<sup>1</sup>  
Rbn



Capex guidance ~R1bn lower in 2024

Discretionary capex streamlined,  
while preserving optionality

Safety, asset integrity & reliability prioritised

Medium-term sustaining capex ~R5bn p.a.

1. Capital expenditure before capital creditors



# Disciplined capital allocation

Cashflow after sustaining capital

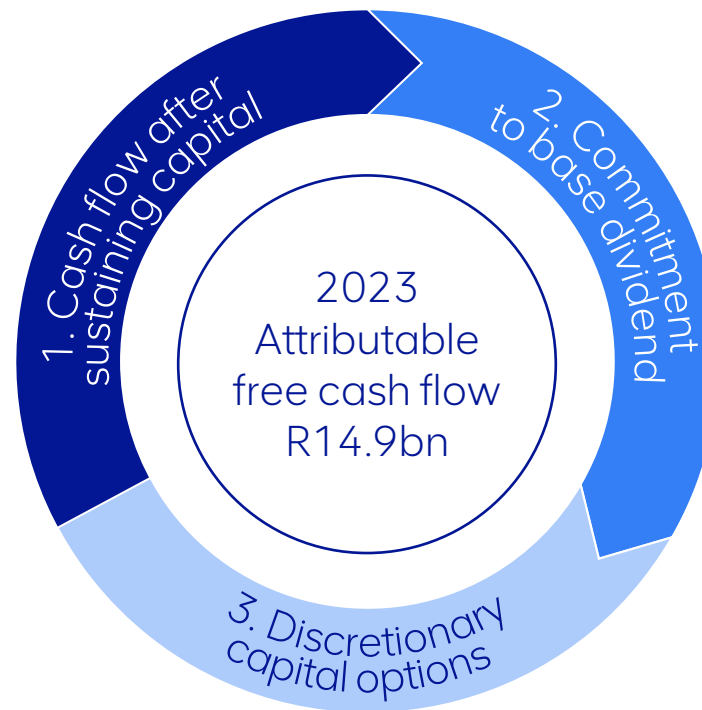
R23.3bn

Base dividends

R15.9bn

Discretionary capital

R3.0bn



Additional shareholder returns

R0.5bn cash dividends

Net cash

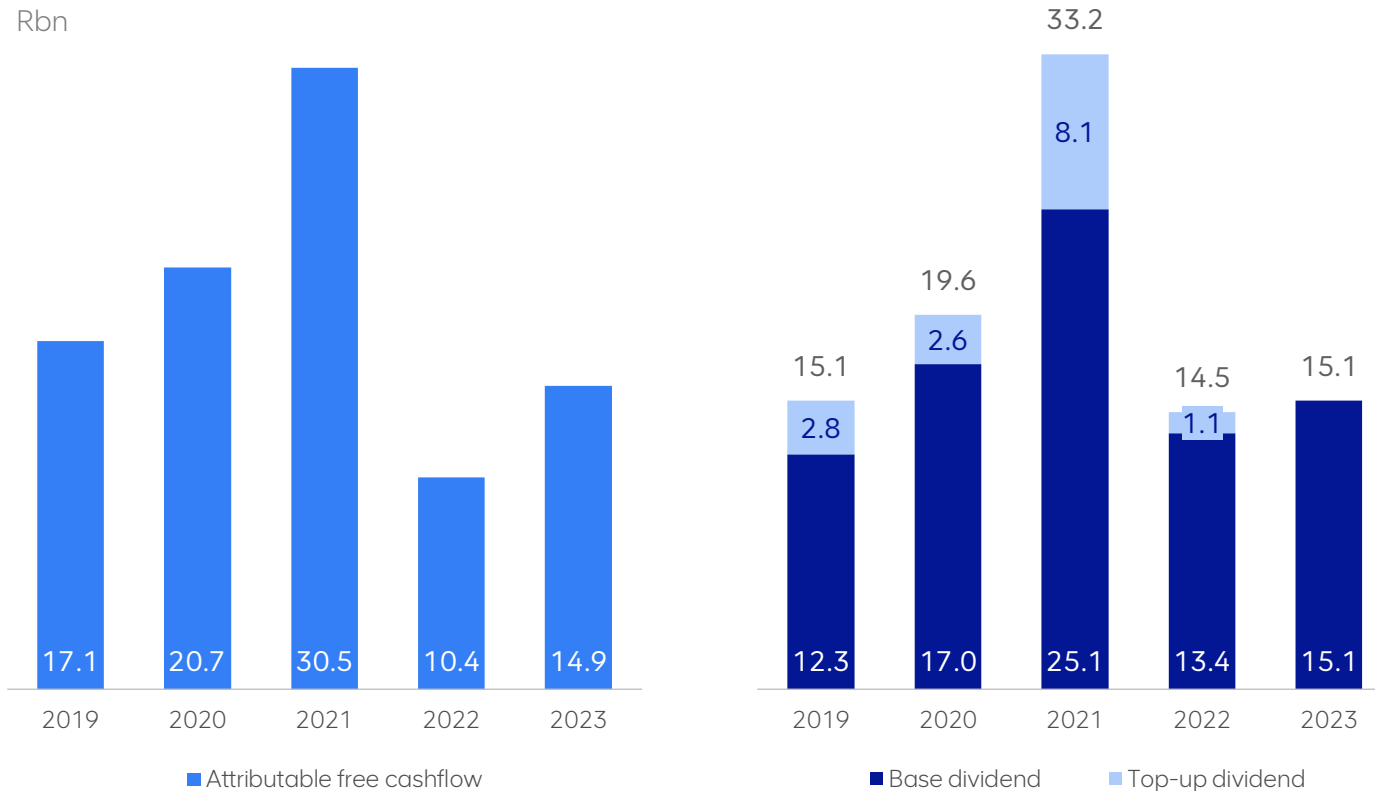
R13.2bn end of period

Final cash dividend declared<sup>1</sup>

R10.3bn

1. Including R2.5 billion to minority shareholders

# Efficient balance sheet



## Working capital

Optimise finished stock & WIP stock

Streamline & improve supply chain efficiency

## Liquidity well managed

R16bn of revolving credit facilities

Linked to balance sheet covenants

## Balance sheet supports business sustainability

ROCE 82%, up from 76% in 2022

1. Excluding dividends declared to minorities

Looking ahead



# Green steel transition & quality underpin premia

## 2030 emission reduction goals & decarbonisation projects<sup>1</sup>



The base line for each of the target varies.

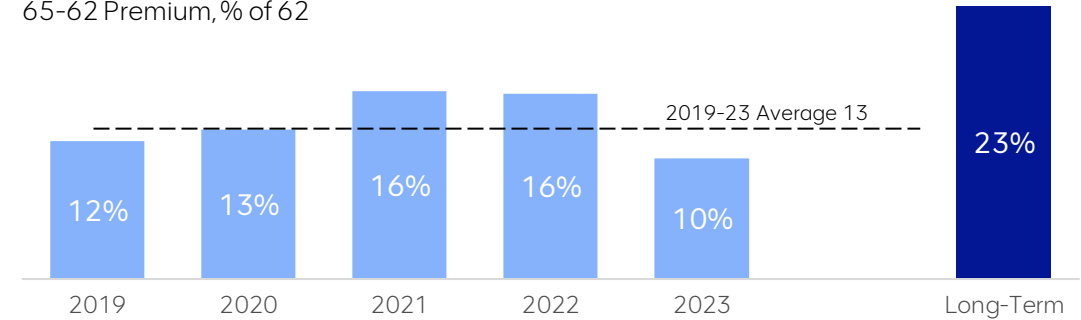
Source: Company public reports, January 2024

1. Selection of mills and projects, non-comprehensive

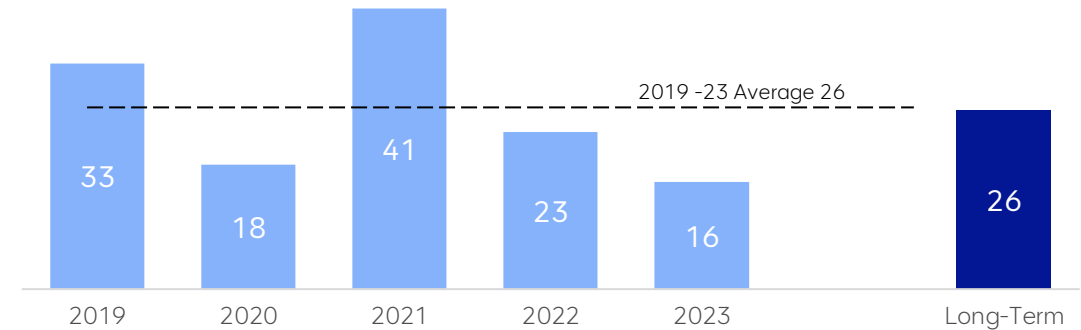
## Positive outlook on product quality premiums

Long-term real (2023\$) price forecasts by Wood Mackenzie (December 2023)

65-62 Premium, % of 62



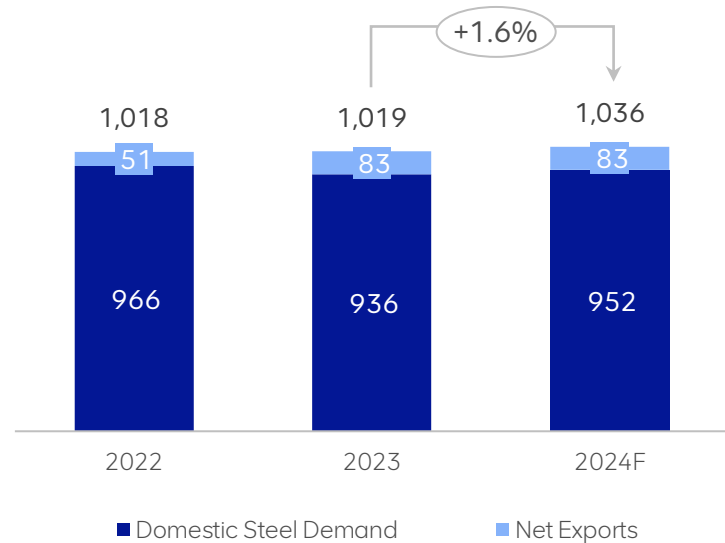
Lump Premium, c/dmtu





# Global steel production to grow this year

## Crude steel production in China (Mt)

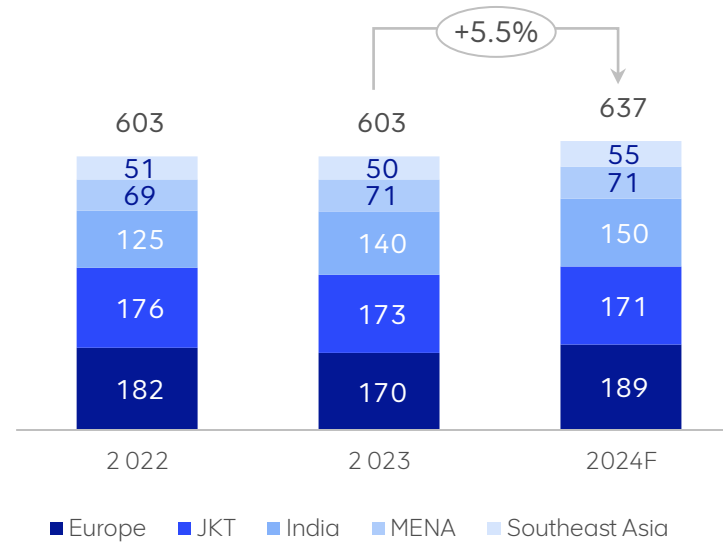


Steel exports surge offsetting weakness in China property sector

Pig iron share in total steel output rose on lowered scrap usage

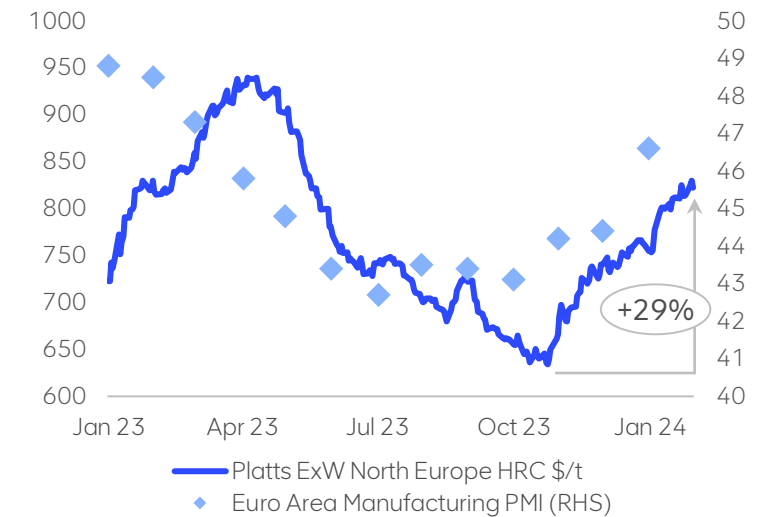
1. Key iron ore import regions  
Source: Platts, World Steel Association

## Rest of World<sup>1</sup> crude steel production (Mt) and steel prices (\$/t)



Europe steel production to rise on resumption of blast furnaces

Capacity expansions in Southeast Asia buoying production outlook



Sequential improvement in the Eurozone Manufacturing PMI

Steel prices have bottomed out since Oct 2023

# 2024 full year guidance

	Total production (Mt)	Total sales (Mt)	C1 cash costs ( $\leq$ US\$/t <sup>1</sup> )	Capital expenditure (Rbn)
2024	35 – 37	36 – 38	38	8.0 – 9.0
2025	35 – 37		39	
2026	35 – 37		40	

	Production	Waste	Unit costs	Strip ratio	LoA
Sishen	~26Mt	135 – 145Mt	R520 – 550/dmt	~4   LoA ~3.3 <sup>2</sup>	~15 years <sup>4</sup>
Kolomela	~10Mt	20 – 25Mt	R410 – 440/dmt	~2   LoA ~4.4 <sup>3</sup>	11 years <sup>3</sup>

1. Based on R19/US\$ | 2 including C-grade | 3. Including Kapstevel South | 4. Including UHDMs with 2035 – 2038 production being ~15Mtpa

# Sustaining our competitiveness & unlocking value

Business fundamentals

Unlock value & position for the future



Organisational effectiveness



Operational safety, stability & capability



Improving cost competitiveness



High quality product premium



Long-term stakeholder value



MSCI  
ESG RATINGS



ISS-oekom



ICMM  
International Council  
on Mining & Metals



IRMA  
INITIATIVE FOR RESPONSIBLE  
MINING ASSURANCE



Sunday Times  
TOP 100  
COMPANIES

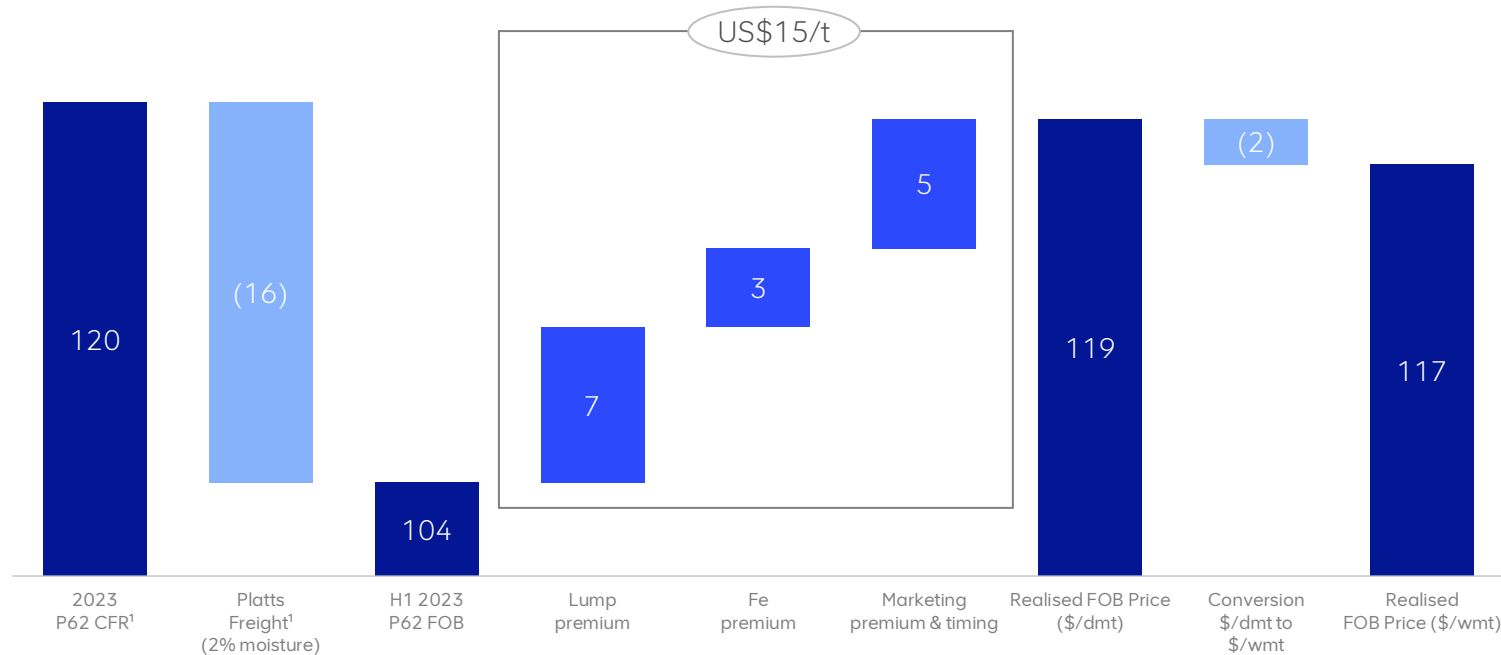


# Annexures



# Average realised price reflects weaker steel demand

## Average realised FOB export price (US\$/t)



## Price drivers

### Average market prices<sup>1</sup>:

P62 CFR China price average: US\$120/t  
(2022: US\$120/t)

Fe premium average: ~US\$3 per 1% Fe  
(2022 ~US\$4 per 1% Fe)

Lump premium average: US\$0.15/dmtu  
(2022: US\$0.20/dmtu)

### Marketing:

Price premium on high quality products

### Timing effects:

Products generally priced in month  
after arrival, provisional pricing adjustments

Source: Iron Ore Marketing.

1. Straight average of the daily indices between 1 Jan – 31 Dec 2023

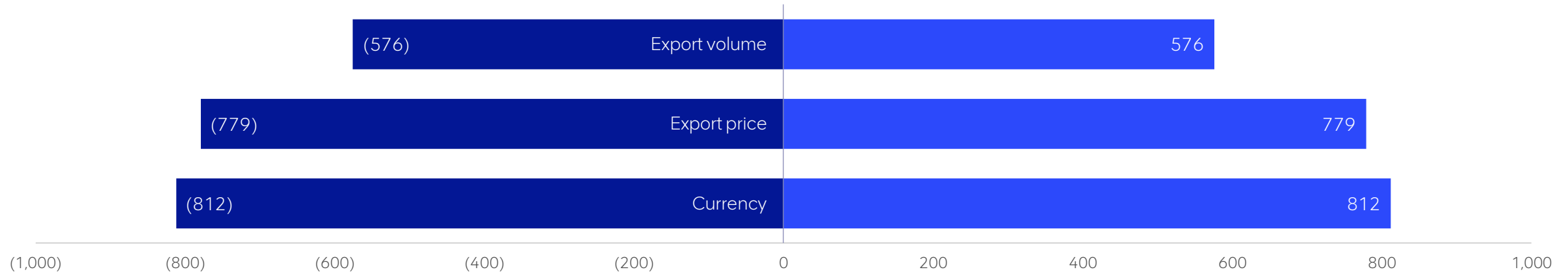
# EBITDA analysis

Rm		2023	2022	% change
<b>Total sales volumes (Mt)</b>	a	37	36	2
<b>Benchmark price (\$/t)</b>		120	123	(2)
Product premiums (\$/t)		15	11	37
Freight (\$/t)		(16)	(19)	(14)
<b>Realised FOB price (\$/dmt)</b>		119	115	4
On-mine unit costs (\$/t)		(30)	(29)	3
Logistics (rail & port) (\$/t)		(10)	(12)	(10)
Royalties (\$/t)		(3)	(3)	3
Other costs (\$/t)		(15)	(17)	(15)
FOB margin (\$/t)	b	61	54	13
<b>Average Rand/US Dollar exchange rate (ZAR/US\$)</b>	c	18	16	13
<b>EBITDA (Rbn)</b>	a x b x c	45 710	37 311	23

Note: Sales volumes and all prices reported as dry metric tonnes

# Sensitivity analysis

Sensitivity analysis (1% change) – EBITDA impact (Rm)



## Change per unit of key operational drivers, each tested independently

Sensitivity analysis	Unit change	EBITDA impact
Currency (Rand/US\$)	R0.1/US\$	R439m
Export Price (US\$/t)	US\$1/t	R646m
Volume (kt)	100kt	R157m
Breakeven price impact		
Currency (Rand/US\$)	R1/US\$	US\$3/t



# Logistics constraints impact on sales

Mt	2023	2022	% change	H2 23	H1 23	% change
Railed to port (incl. Saldanha Steel)	36.3	35.9	1	17.9	18.4	(3)
Sishen mine (incl. Saldanha Steel)	26.1	25.6	2	12.9	13.2	(2)
Kolomela mine	10.2	10.3	(1)	5.0	5.2	(4)
Total sales	37.2	36.6	2	18.3	18.9	(3)
Total ore shipped	37.2	36.6	2	18.3	18.9	(3)
CFR (shipped by Kumba)	22.0	22.6	(3)	10.9	11.1	(2)
FOB (shipped by customers)	15.2	14.0	9	7.4	7.8	(5)
Finished product inventory	7.1	7.8	(9)	7.1	7.9	(10)

Conversion rates dmt to wmt: Moisture: 2023 1.5%. 2022: 1.6%

3<sup>rd</sup> Party stock purchases included in export sales: 2023: 0.7MT. 2022: 0.8MT

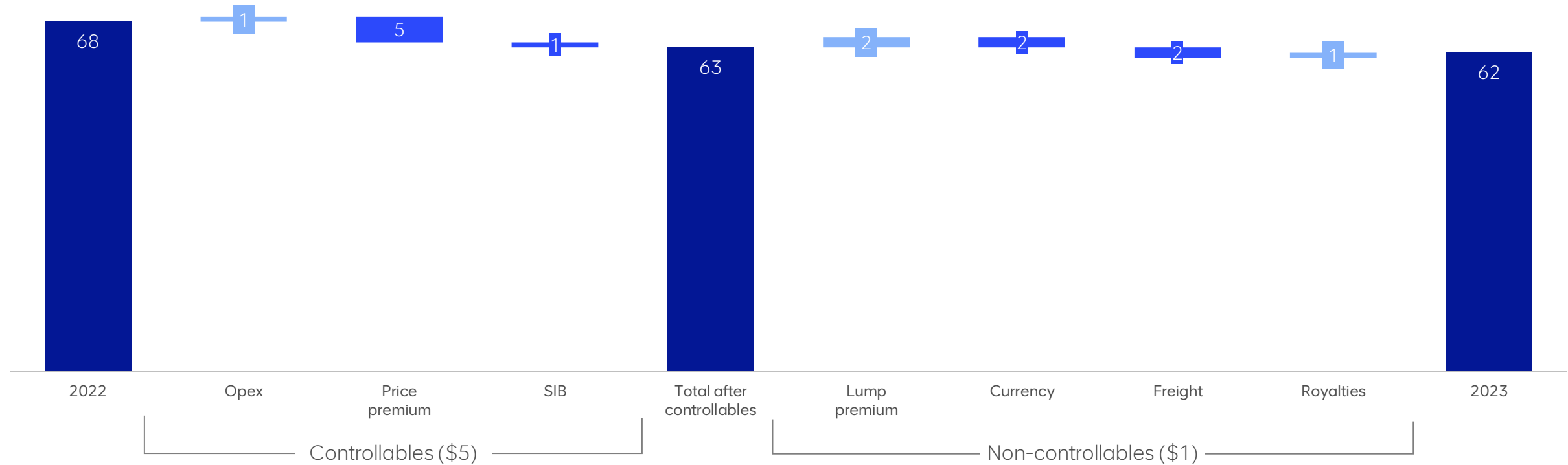
# Operating margin reflects lower revenue

Rm	2023	2022	% change	H2 2023	H1 2023	% change
Revenue	86 234	74 032	16	47 955	38 279	25
Operating expenses <sup>1</sup>	(45 529)	(47 152)	(3)	(24 781)	(20 748)	19
Operating profit	40 705	26 880	51	23 174	17 531	32
Operating margin (%) <sup>1</sup>	47.2	36.3	10.9	48.3	45.8	2.5
Profit for the period	29 805	19 655	52	17 137	12 668	35
Equity holders of Kumba	22 725	14 968	52	13 083	9 642	36
Non-controlling interest	7 080	4 687	51	4 054	3 026	34
Effective tax rate (%)	26.9	26.6	0.3	26.9	27.4	(0.5)
Cash generated from operations	38 257	34 835	10	20 727	17 530	18

1. Includes expected credit losses and impairment charges

# Break-even price driven by lower costs, weaker rand

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



# Revenue analysis

	2023	2022	% change	H2 2023	H1 2023	% change
Total sales (Rm)	80 322	66 824	20	44 987	35 335	27
Tonnes sold (wmt)	37.2	36.6	2	18.3	18.9	(3)
US Dollar per tonne (wmt)	117	113	4	132	103	28
Rand per tonne (wmt)	2 159	1 826	18	2 458	1 870	31
Shipping operations (Rm)	5 912	7 208	(18)	2 968	2 944	1
Total revenue	86 234	74 032	16	47 955	38 279	25
Rand/US Dollar exchange rate	18.45	16.37	13	18.69	18.21	3



# Revenue impacted by price and sales

Rm



## Revenue drivers

### Controllables

Total sales volumes: Increased to 37.2Mt  
(2022: 36.6Mt)

Lump premium: Average US\$0.15/dmtu  
(2022: US\$0.20/dmtu)

Market premium: US\$5.4/t<sup>1</sup>  
(2022: US\$4/t)

### Non-controllables

Average Platts FOB price US\$102/wmt  
(2022: US\$100/wmt)

Average R/US\$ down 12.7% to R18.45  
(2022: R16.37)

1. Including (US\$3.2) timing effect

# Operating expenditure analysis

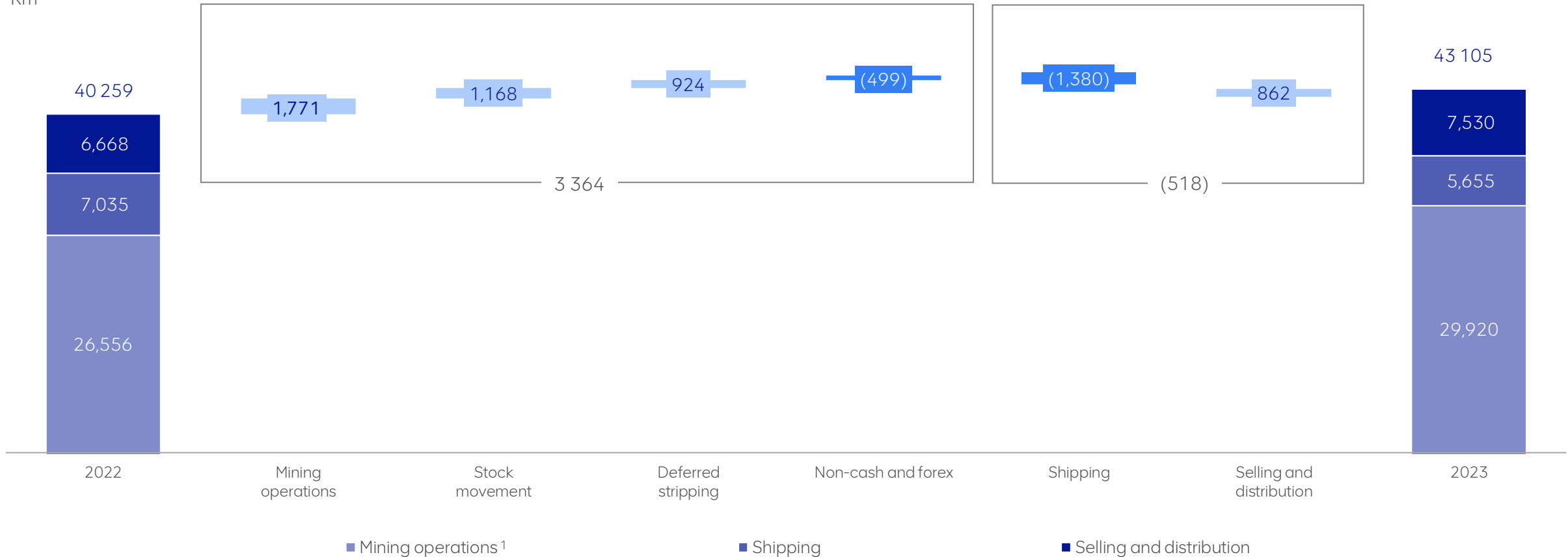
Rm	2023	2022	% change	H2 2023	H1 2023	% change
Raw materials & consumables	2 636	2 472	7	1 141	1 495	(24)
Net movement in inventories	(3 279)	(4 633)	(29)	(1 164)	(2 115)	(45)
Inventory written down to NRV	(63)	185	(>100)	(44)	(19)	>100
Contractors' expenses	5 156	5 133	-	2 619	2 537	3
Deferred stripping costs	(1 588)	(2 512)	(37)	(753)	(835)	(10)
Staff costs	6 981	6 529	7	3 842	3 139	22
Impairment charge	-	5 411	(100)	-	-	-
Shipping services rendered	5 656	7 035	(20)	2 894	2 762	5
Depreciation of fixed assets	5 005	5 020	-	2 716	2 289	19
Mineral royalty	2 424	1 482	64	1 601	823	95
Repairs & maintenance	4 167	3 644	14	2 012	2 155	(7)
Petroleum products	3 667	3 923	(7)	1 808	1 859	(3)
Other expenses <sup>1</sup>	5 507	5 173	6	3 006	2 501	20
Corporate costs	1 704	1 244	37	1 032	672	54
Energy costs	670	587	14	353	317	11
Net finance gains	(643)	(209)	>100	11	(654)	(>100)
Transportation & selling costs	7 529	6 668	13	3 707	3 822	(3)
<b>Operating expenses<sup>2</sup></b>	<b>45 529</b>	<b>47 152</b>	<b>(3)</b>	<b>24 781</b>	<b>20 748</b>	<b>(19)</b>

1. Includes the following significant items: administration expenses, expected credit losses, third-party purchases and lease expenses

2. Total operating expenses include expected credit losses

# Opex benefit of stock, forex and lower shipping costs

Rm



1. Excluding mineral royalty & impairment

# Operating expense reconciliation

Rm	2023	2022	% change	H2 2023	H1 2023	% change
Cost of goods sold	29 920	26 556	13	16 579	13 341	24
Cost of goods produced	26 124	22 572	16	13 507	12 617	7
Production costs	28 108	25 619	10	14 256	13 852	3
Sishen mine	20 866	18 620	12	10 480	10 386	1
Kolomela mine	7 242	6 999	3	3 776	3 466	9
Movement in WIP inventory	(3 340)	(3 253)	3	(1 249)	(2 091)	(40)
A grade	(1 241)	(562)	>100	(465)	(776)	(40)
B grade	(1 599)	(1 134)	41	(535)	(1 064)	(50)
C grade	(500)	(1 557)	(68)	(249)	(251)	(1)
Movement in plant spares and stores movement	1 356	206	>100	500	856	(42)
Movement in finished product inventory	61	(1 380)	(100)	85	(24)	(>100)
Corporate support and studies	1 900	1 539	23	1 172	728	61
Forex and other <sup>1</sup>	1 835	3 825	(52)	1 815	20	>100
Mineral royalty	2 424	1 482	64	1 601	823	95
Impairment charge	-	5 411	(100)	-	-	-
Selling and distribution	7 529	6 668	13	3 707	3 822	(3)
Shipping services rendered	5 656	7 035	(20)	2 894	2 762	5
<b>Operating expenses<sup>2</sup></b>	<b>45 529</b>	<b>47 152</b>	<b>(3)</b>	<b>24 781</b>	<b>20 748</b>	<b>19</b>

<sup>1</sup> Includes the raw materials and consumables, contractors' expense, staff costs, depreciation, repairs and maintenance, petroleum, sublease rental and other expenses.

<sup>2</sup> Total operating expenses include expected credit losses and impairment charge.



# Unit cost analysis by mine

	Sishen						Kolomela					
(Rm)	2023	2022	% change	H2 2023	H1 2023	% change	2023	2022	% change	H2 2023	H1 2023	% change
Production costs	20 866	18 620	12.1	10 480	10 386	0.9	7 242	6 999	3.5	3 776	3 466	8.9
WIP	(2 530)	(2 969)	(14.8)	(564)	(1 966)	(71.3)	(810)	(290)	179.1	(685)	(125)	445.6
Non-cash costs	(3 903)	(3 193)	22.3	(2 155)	(1 748)	23.3	(1 626)	(1 642)	(1.0)	(866)	(760)	13.9
Depreciation	(3 244)	(3 181)		(1 766)	(1 478)		(1 434)	(1 592)		(762)	(673)	
Other non-cash items <sup>1</sup>	(659)	(12)		(389)	(270)		(192)	(50)		(104)	(87)	
Other <sup>2</sup>	317	283	12.2	153	164		84	80	4.9	42	42	
Total cash costs	14 750	12 740	15.8	7 914	6 836	15.8	4 889	5 147	(5.0)	2 267	2 622	(13.5)
Production volumes <sup>3</sup>	25.0	26.6	(5.8)	12.4	12.6	(1.1)	10.1	10.5	(3.6)	4 266	5.9	(27.3)
Cash unit cost per tonne <sup>3</sup>	589	479	22.9	636	543	17.1	482	490	(1.5)	531	447	19.0

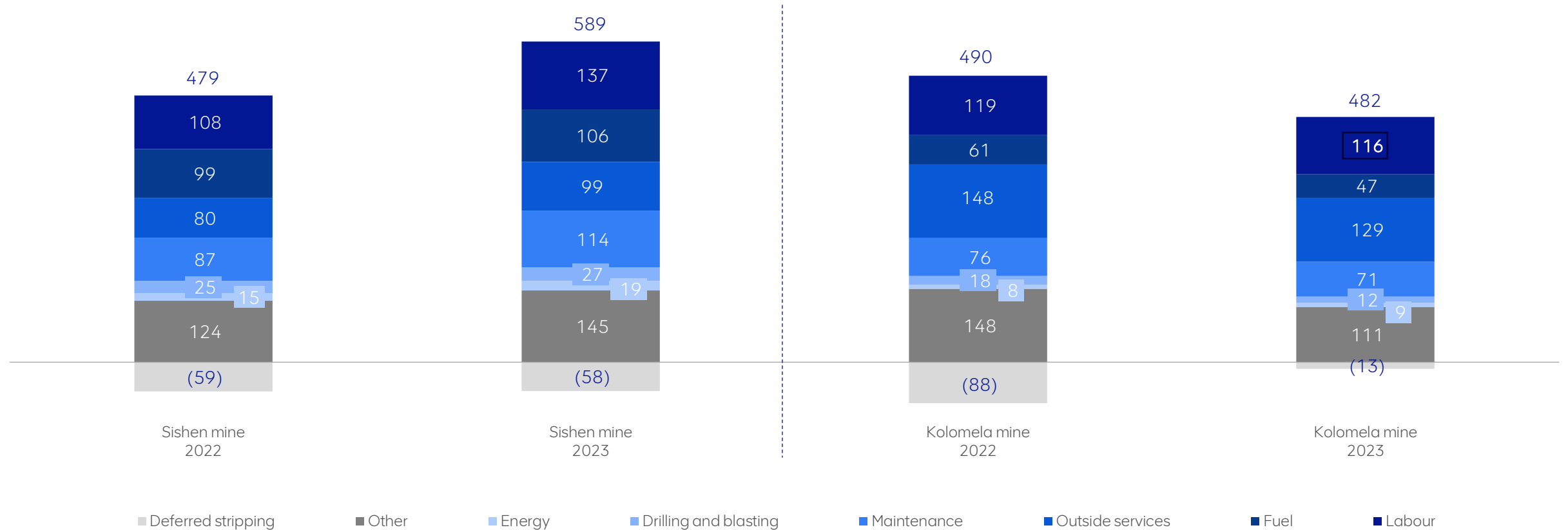
1. Other non-cash costs mainly includes rehabilitation provision and share-based payments

2. Other relates to Kumba logistics costs

3. Dry metric tonnes

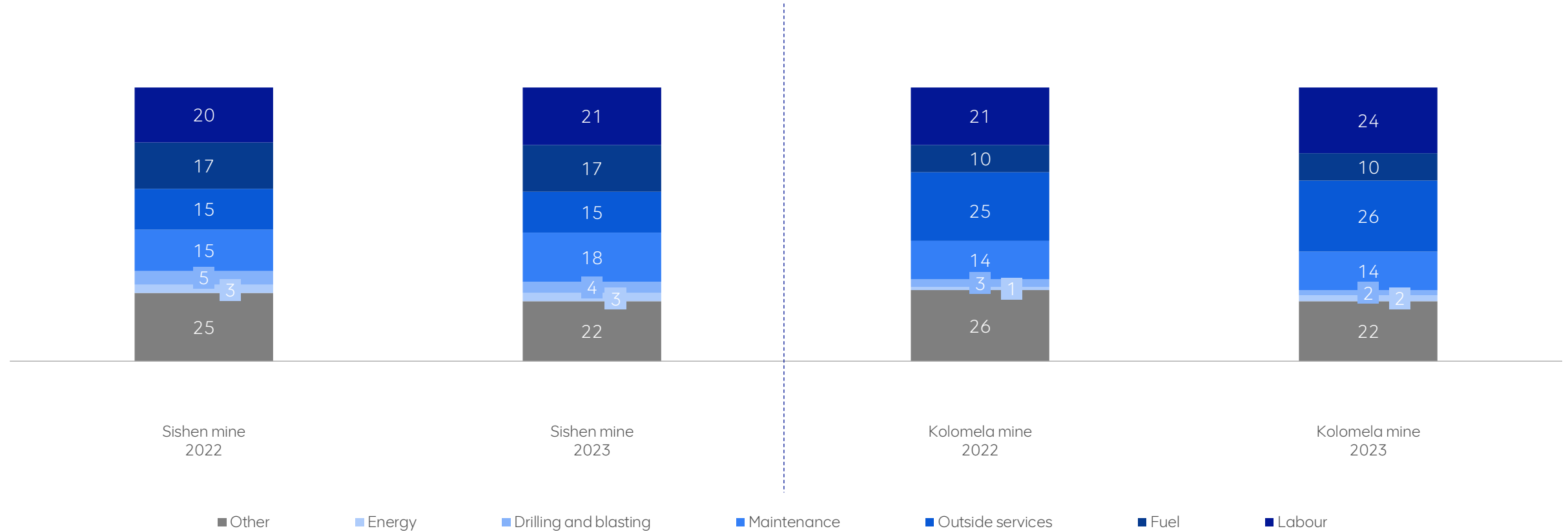
# Sishen and Kolomela mines

Unit cash cost structure (R/t)



# Sishen and Kolomela mines

Unit cash cost structure (%)



# Capital expenditure analysis

Rm	2023	2022	2024F
Approved expansion	3 055	3 181	500 – 600
Deferred stripping	1 588	2 512	2 500 – 2 900
Sishen	1 455	1 585	2 000 – 2 200
Kolomela	133	927	500 – 700
SIB	5 300	4 457	5 000 – 5 500
Sishen	4 268	2 879	3 800 – 4 200
Kolomela	1 032	1 578	1 200 – 1 300
Unapproved expansion	–	–	–
Total approved & unapproved capital expenditure	9 943	10 150	8 000 – 9 000
Capital Creditors	(81)	934	700 – 750
Cash Capex	9 862	11 084	8 700 – 9 750

All guidance based on current forecast exchange rates



# Life extension projects



## Kolomela: Kapstevel South (KSS) pit

Construction of Major Mining Infrastructure completed

Rephased a portion of waste mining

Waste stripping in progress with first ore in 2024

- Total capex: ~R7bn
- IRR: >20%
- EBITDA margin: >30%



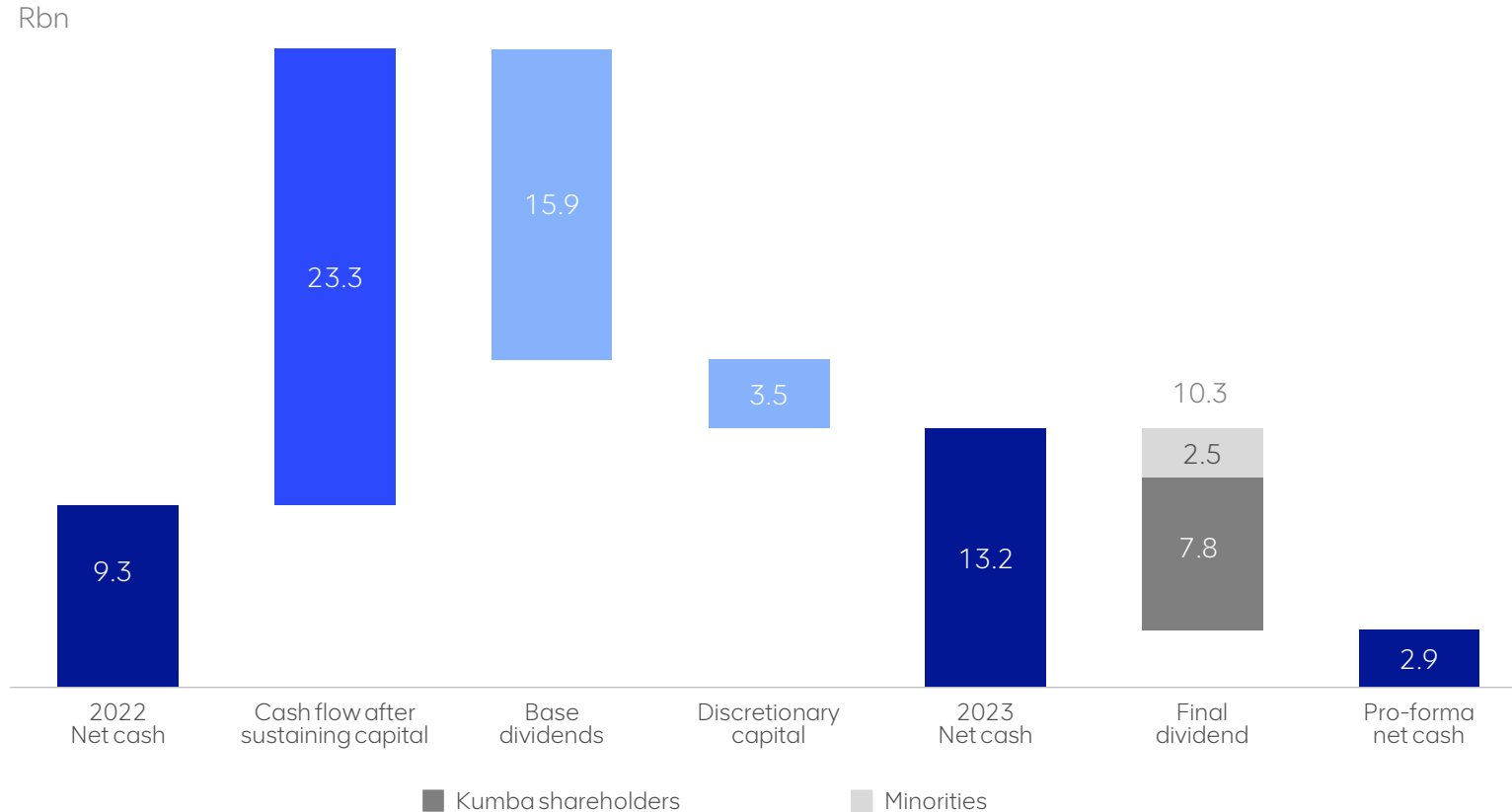
## Sishen: Ultra high dense media separation (UHDMS) plant

Under review due to the business reconfiguration process

The value drivers include:

- Lower cut-off grade (stripping ratio)
- Increased premium quality
- Extends Sishen's life of mine
- Reduces mining unit costs

# Robust, efficient balance sheet



2023 total dividend declared

R46.80 per share

Dividend payout ratio

66%

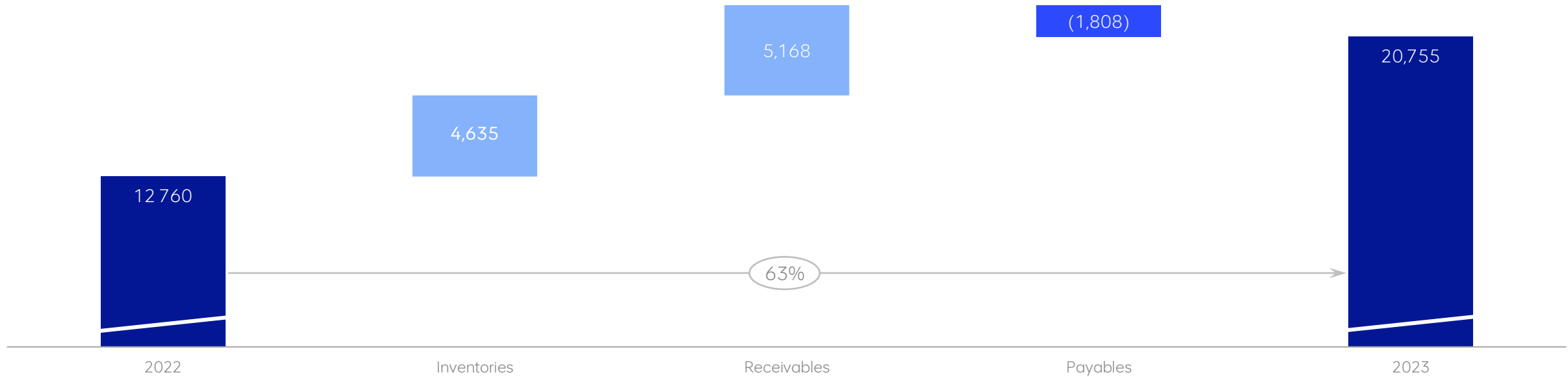
Dividend yield<sup>1</sup>

7.6%

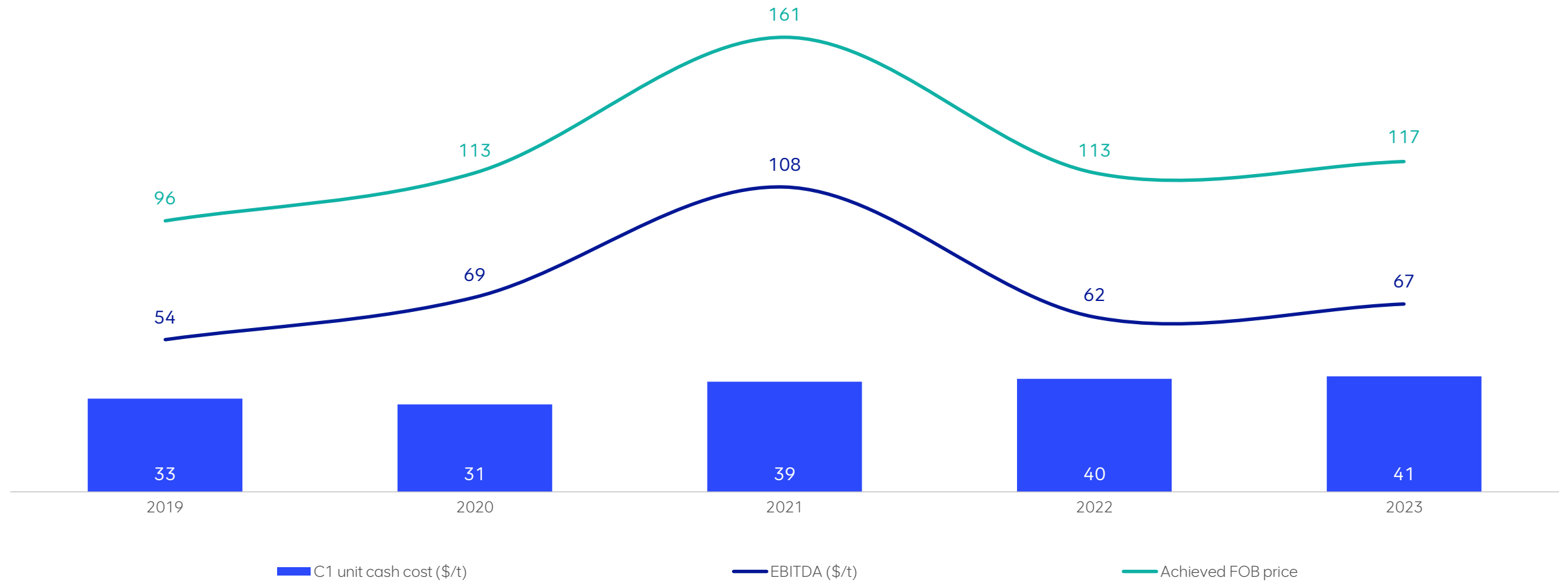
1. Based on Kumba's share price on 31 Dec 2023 of R615

# Working capital driven by higher inventories & receivables

Rm



# Margin analysis



Based on exchange rate of R18.45/US\$1