

# Kumba Iron Ore 2024 Interim results

23 July 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

Safety, sustainability & operational performance  
Mpumi Zikalala

Markets & financial performance  
Bothwell Mazarura

Looking ahead  
Mpumi Zikalala

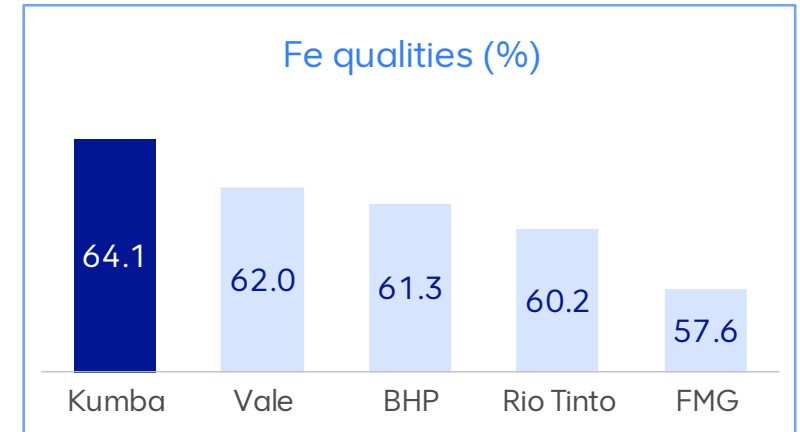




# Strong fundamentals, focused on unlocking value

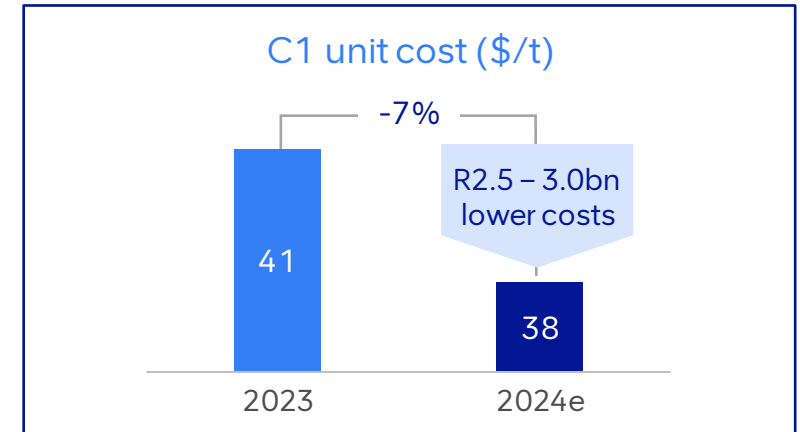
World-class  
asset quality

High quality  
iron ore



Opportunity to participate  
in the green steel value chain

Safe, stable, capable  
& cost-efficient operations



# H1 2024 business overview

Safety

**0.94** TRIFR

H1 2023: 1.20 TRIFR

EBITDA

**R15.6bn**

H1 2023: R19.8bn

Attributable free cashflow

**R9.1bn**

H1 2023: R7.9bn

Production

**18.5Mt**

H1 2023: 18.8Mt

Enduring stakeholder value

**R27.7bn**

H1 2023: R28.5bn

Dividend declared

**R6bn**

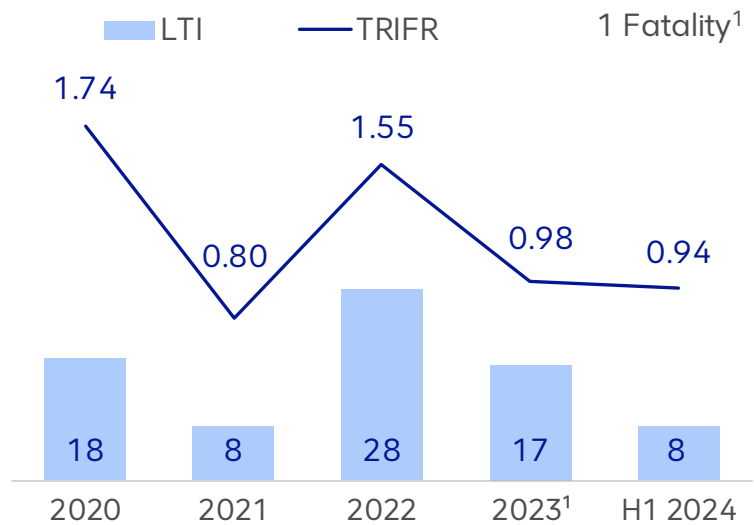
H1 2023: R7.3bn

# Safety and sustainability performance



# Relentless focus on improving safety, health & wellness

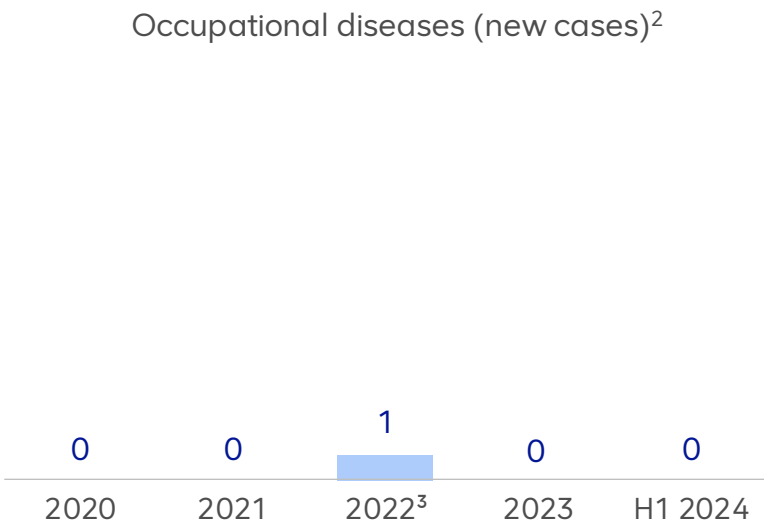
## Safety



Enhanced risk awareness, through driving leading indicators & Visible Felt Leadership

Improved safety compliance following consolidated & simplified critical controls

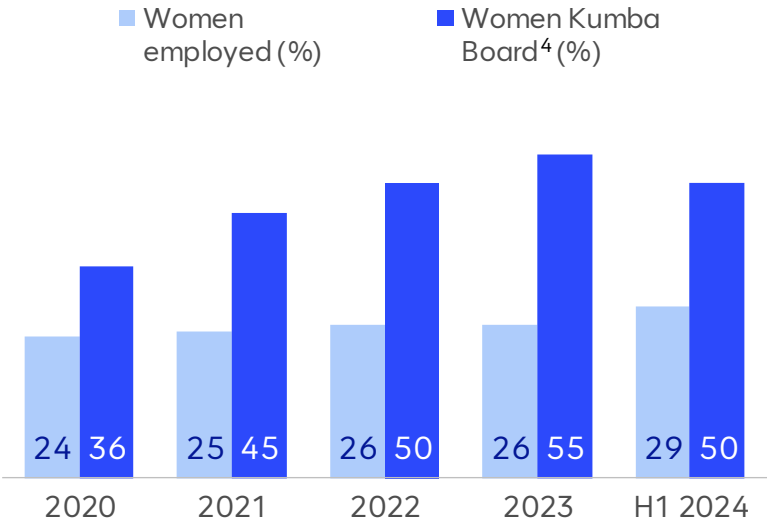
## Health and wellness



Employee assistance programme supporting staff through change with counseling & advice

Journey to Wellness programme helping employees to stay fit, healthy & resilient

## Our people



Committed to investing in our people through ongoing training & development

Inclusivity & diversity progress supported by strong talent pipeline

Note: LTI: Lost Time Injuries; TRIFR: Total Recordable Injury Frequency Rate  
1. 1 Fatality | 2. 2020 – 2022: Levels: 0-5; From 2023: Levels: 4-5 | 3. One occupational disease case (musculoskeletal disorder) subsequently confirmed for 2022 | 4. Increased to 55% on 1 July 2024, with new board member appointment



# Reimagining mining to improve people's lives

## Healthy environment



Freshwater withdrawals stable at 4.0BL & 9.9BL supplied to communities

Reduction in GHG emissions & energy consumed driven by reduced waste mining

## Thriving communities



1 748 jobs facilitated across multiple sectors, 11 088 learners & 394 teachers supported

Bulk water scheme providing water security to >6 000 people in four N. Cape villages

## Trusted corporate leader



BBBEE improved from Level 7 to Level 5 over two successive years

IRMA 75 & Valutrax™ provides transparent & verifiable sustainability assurance



# Enduring stakeholder value of R27.7bn created

Income tax  
**R3.6bn**

Mineral royalty  
**R0.7bn**



BEE business  
suppliers  
**R8.0bn**

Host community  
suppliers  
**R1.9bn**



Capital  
investment  
**R3.7bn**



Owners of  
Kumba  
**R6.0bn**

Empowerment  
partners  
**R2.0bn**



Salaries &  
benefits  
**R3.5bn**

Employed from  
N. Cape  
**76%**



Direct social  
investment  
**R153m**





Operational performance



# Progressing our business reconfiguration plan

Waste

88.5Mt

H1 2023: 111.2Mt

Production

18.5Mt

H1 2023: 18.8Mt

Ore railed to port

18.1Mt

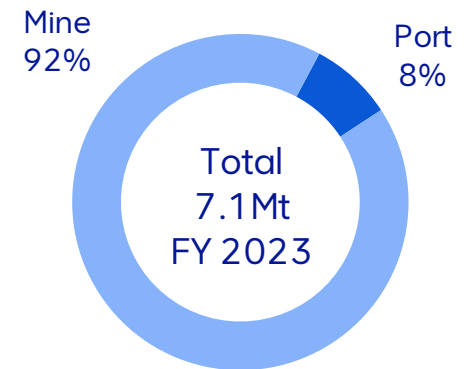
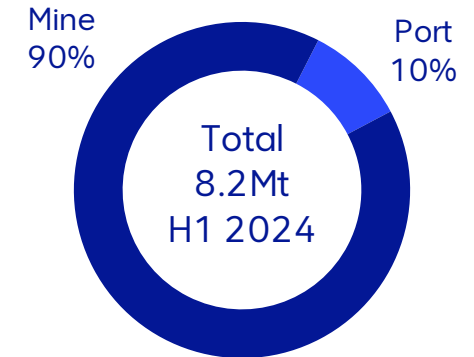
H1 2023: 18.4Mt

Sales

18.1Mt

H1 2023: 18.9Mt

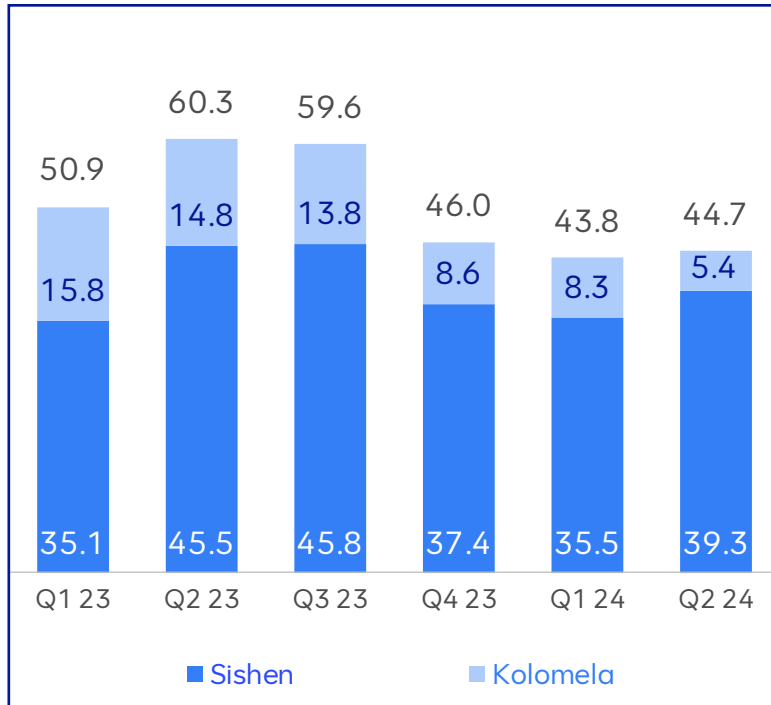
Finished stock



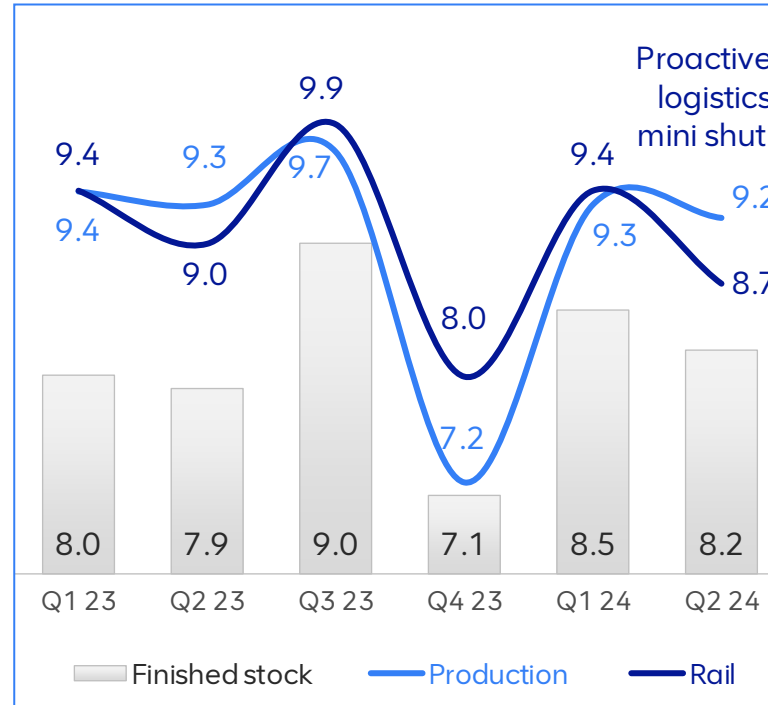


# Committed to operational excellence

## Waste mining optimisation (Mt)

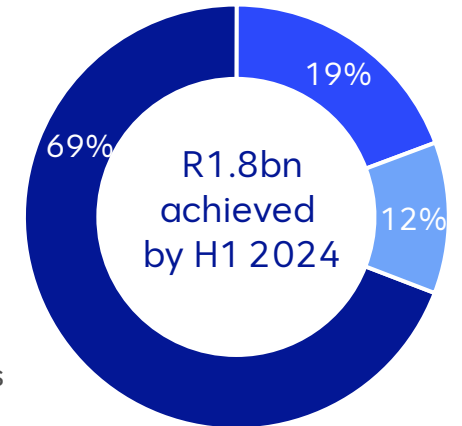


## Value-focused production (Mt)



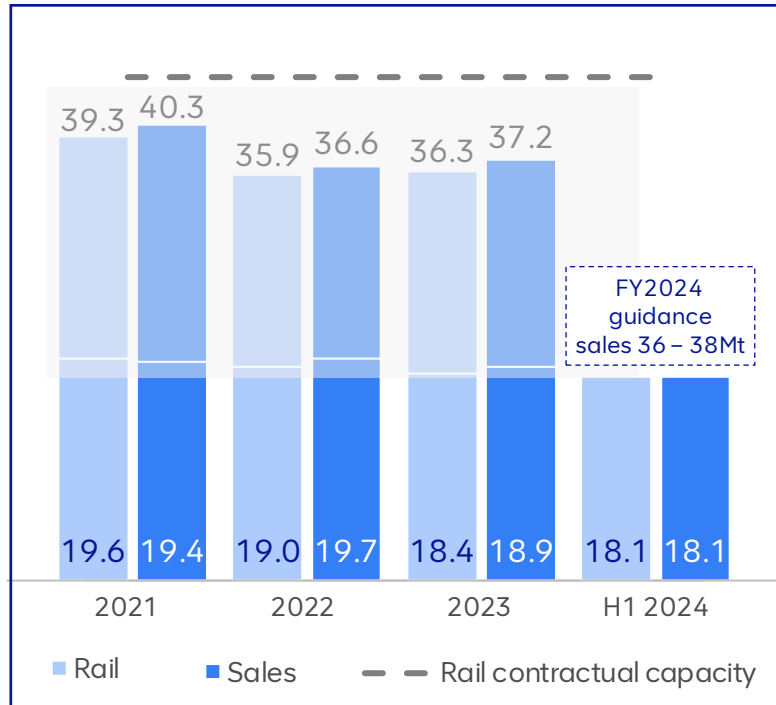
## Cost-out programme on track

- Optimised mine plan
- Operational efficiencies
- Sourcing & improved use of consumables

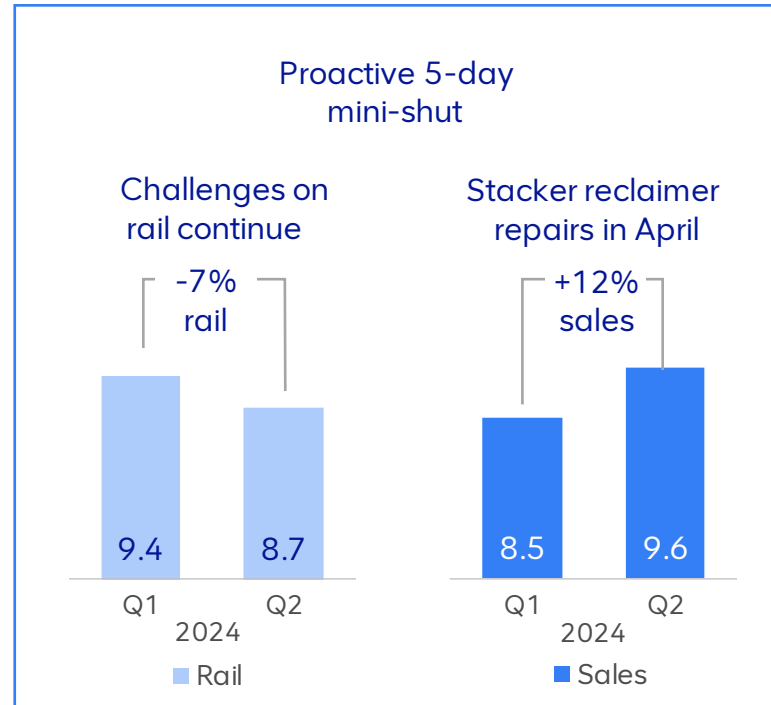


# Partnerships key to improving logistics performance

## Rail and sales performance (Mt)



## Improved sales (Mt)



Continued work with Transnet, OUF & NLCC to improve logistics performance

Conclude independent technical assessment to expedite delivery of critical projects

Regulatory reform enabling Private Sector Participation

# Financial performance





# H1 2024 financial results

Average realised FOB price

**US\$97/t**

H1 2023: US\$106/t

EBITDA margin

**44%**

H1 2023: 52%

HEPS

**R22.27**

H1 2023: R30.04

C1 costs

**US\$38.5/t**

H1 2023: US\$39.0/t

Break-even price

**US\$76/t**

H1 2023: US\$65/t

DPS

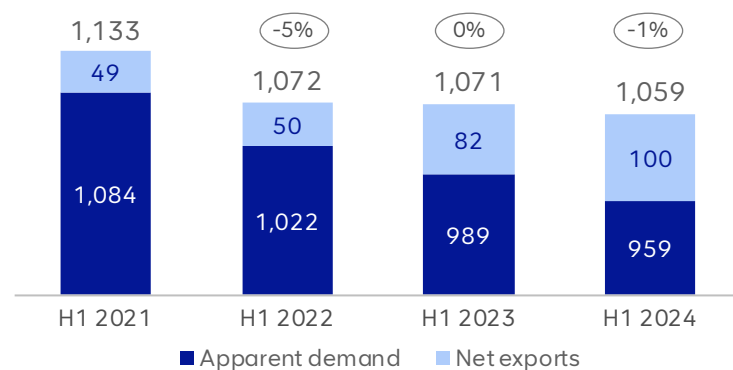
**R18.77**

H1 2023: R22.60

# Iron ore prices remain rangebound

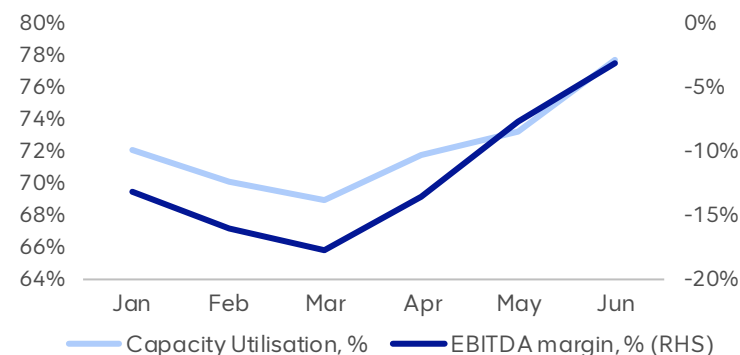
## Strong exports offset weak domestic demand

China steel production, Mtpa



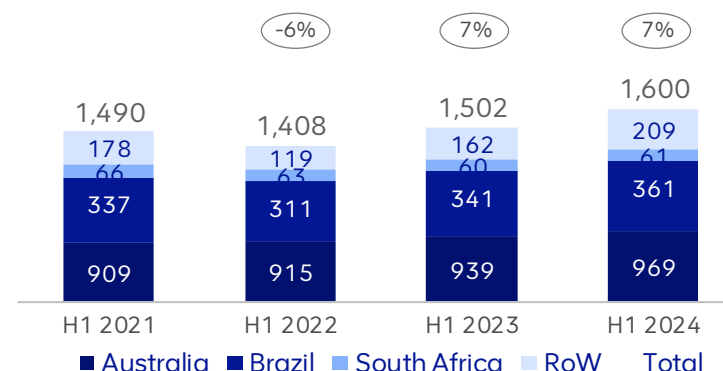
## Steel output improving in line with margins

China mill utilisation and EBITDA margins



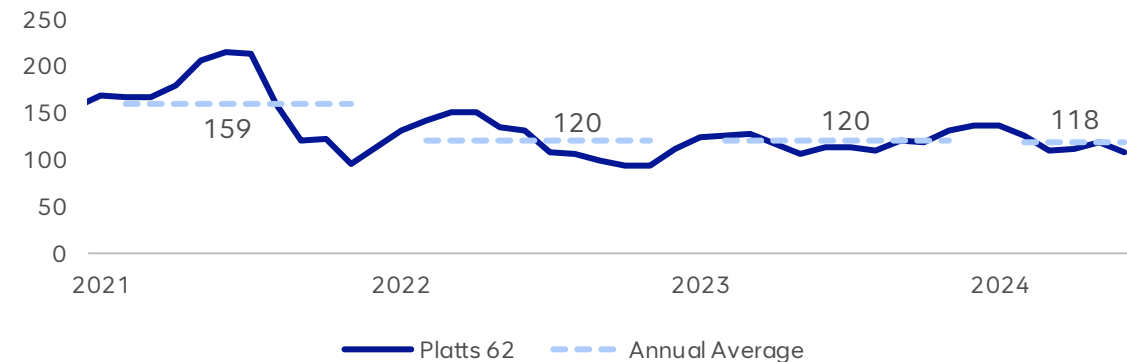
## Less iron ore supply disruptions

Wet Mtpa

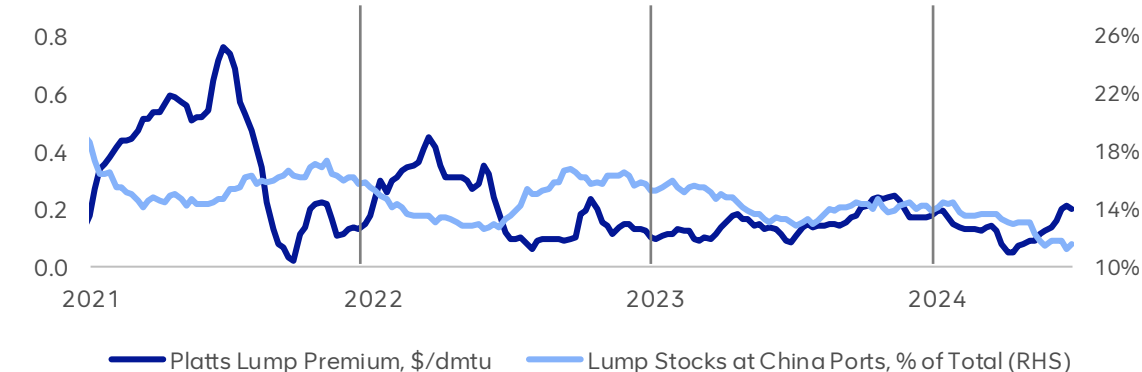


## Iron ore prices remain rangebound

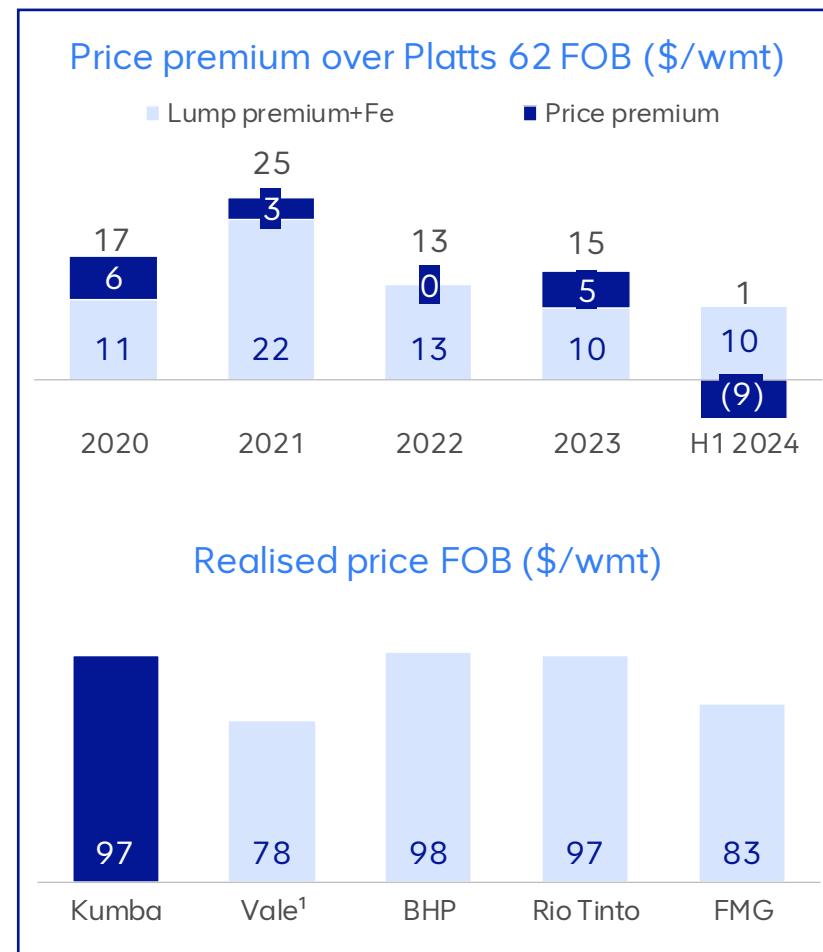
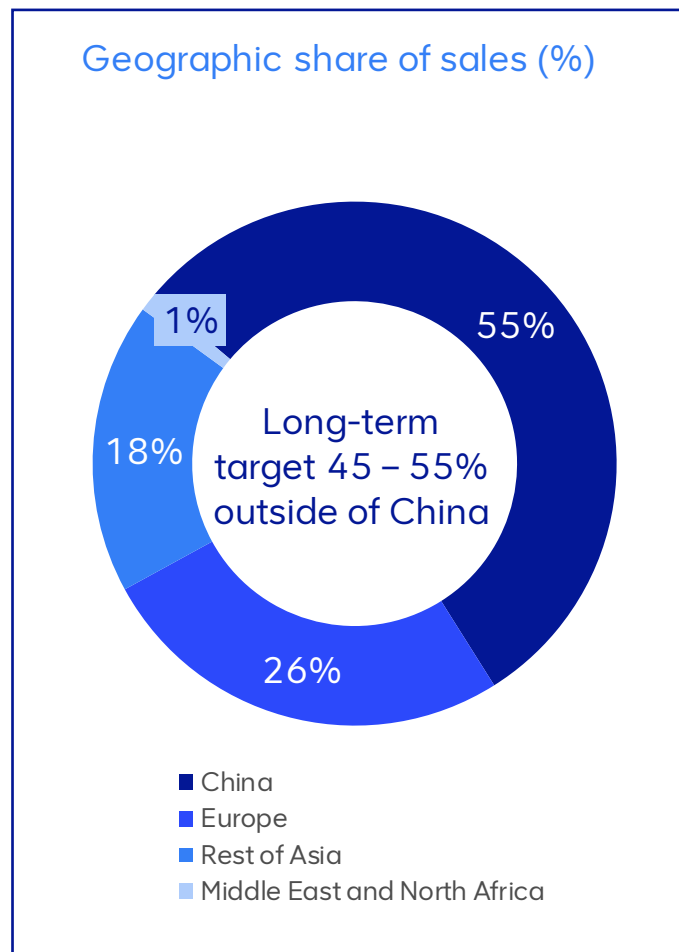
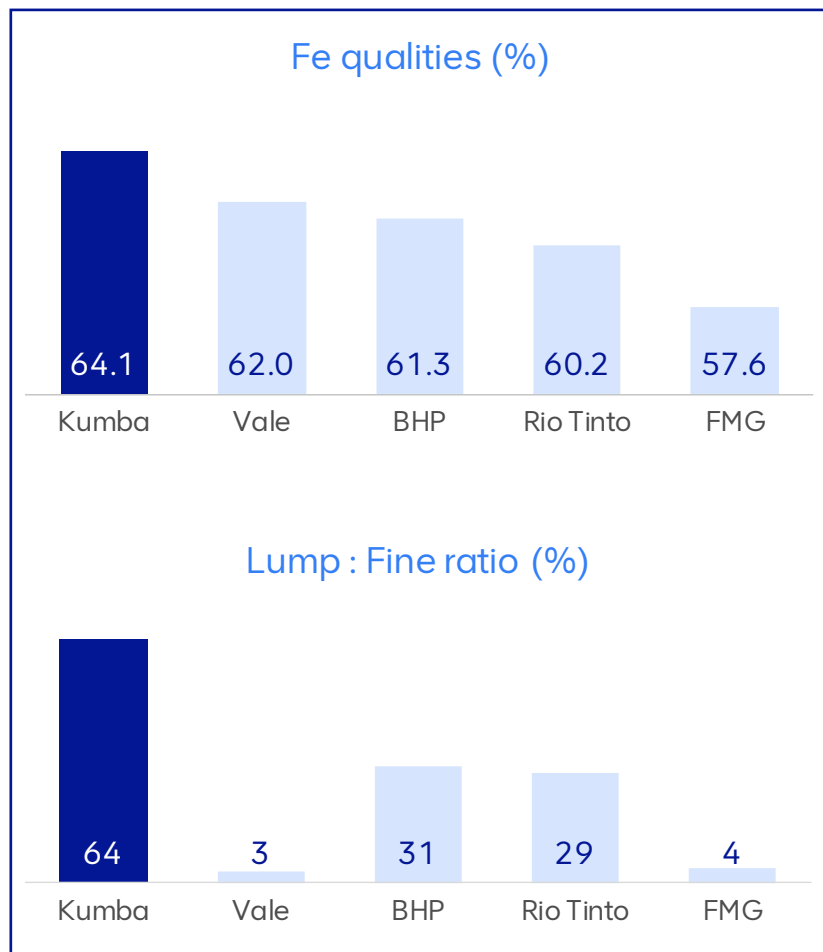
Platts 62 \$/t



## Lower stocks supporting lump premia



# Product & customer strategy

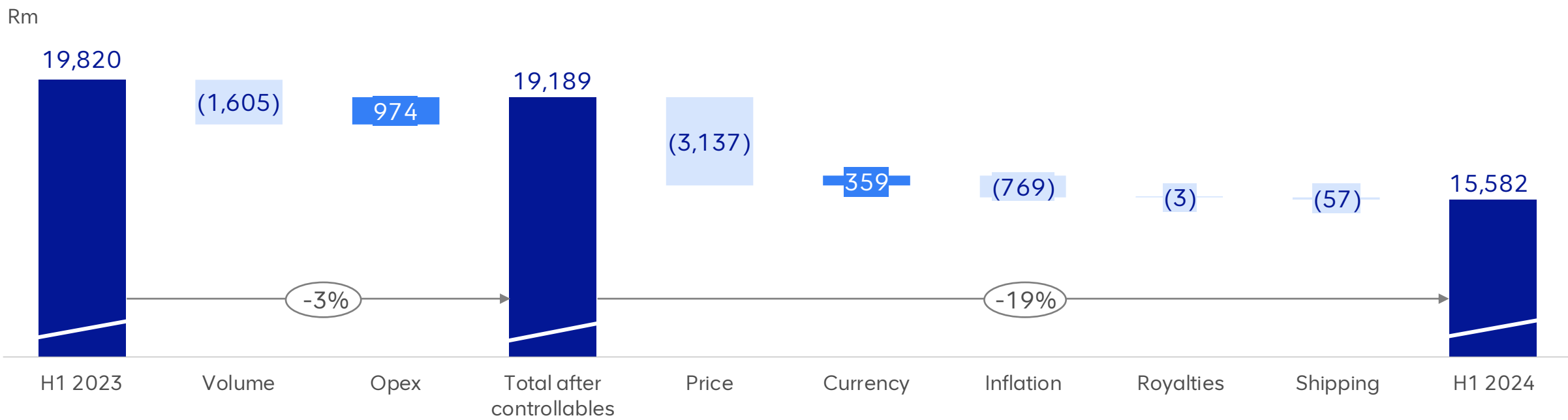


<sup>1</sup> Vale excludes pellets, realised price calculation basis reported CFR China price – C3 freight rate  
Source: Kumba Iron Ore Marketing



# EBITDA reflects lower prices & sales with cost benefit

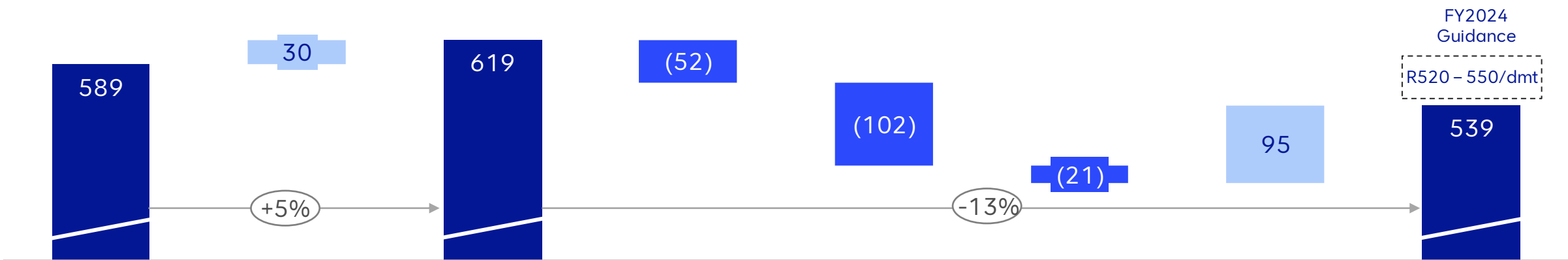
	Sales volumes	C1 costs	Average FOB price	Price premium <sup>1</sup>	Average R/US	Inflation	Freight rates
H1 2024	18.1Mt	US\$38.5/t	US\$97/wmt	US\$1/t	R18.73	5.1%	US\$20/t
H1 2023	18.9Mt	US\$39.0/t	US\$106/wmt	US\$4/t	R18.21	6.9%	US\$14/t



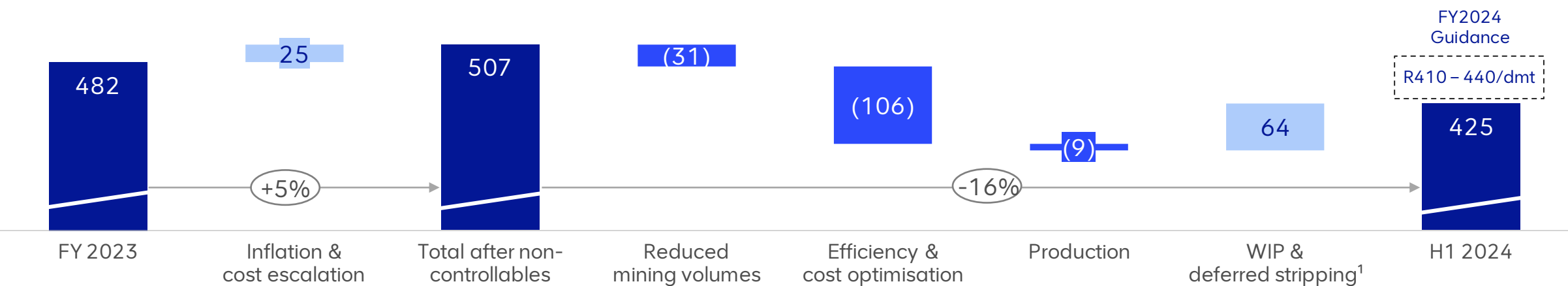
1. Price premium includes marketing and timing effects

# Business reconfiguration delivering cost benefits

Sishen unit cost (R/t)



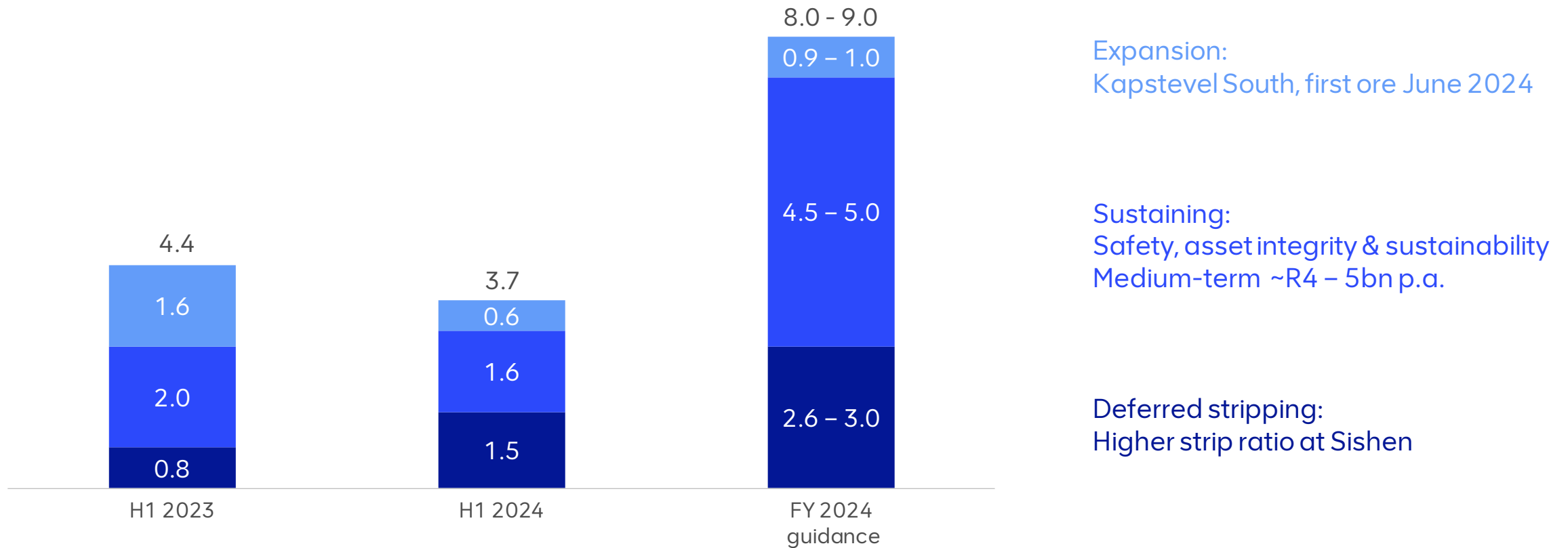
Kolomela unit cost (R/t)



1. Excluding the impact of deferred stripping on unit cost: Sishen = H1 2024: -R55/t (H1 2023: R25/t); Kolomela = H1 2024: R3/t (H1 2023: R16/t)

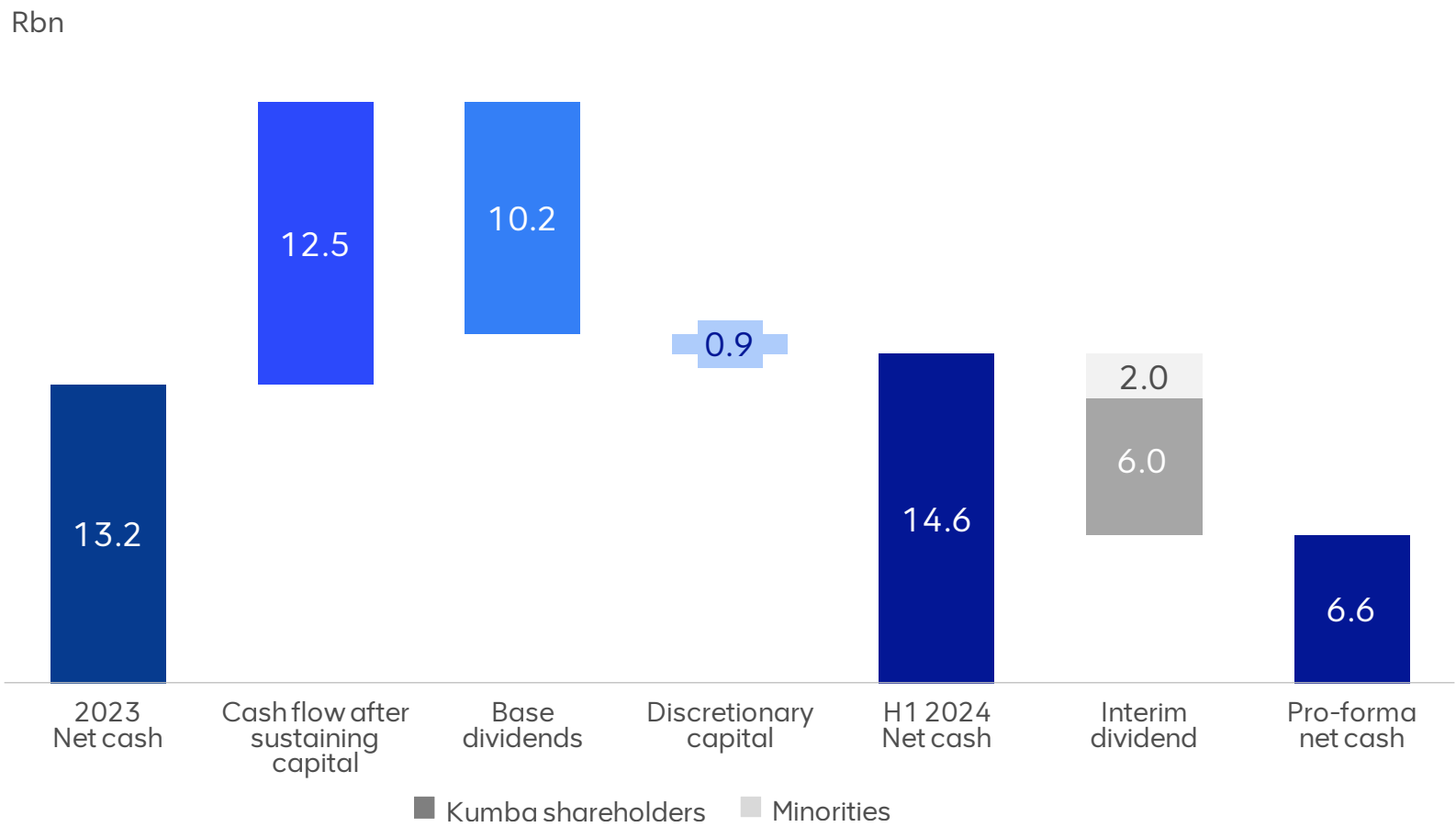
# Capital expenditure supports our strategy

Capex<sup>1</sup>  
Rbn





# Disciplined capital allocation



Interim dividend declared  
R6bn

Dividend payout ratio  
85%

Dividend yield<sup>1</sup>  
4%

1. Based on Kumba's share price on 30 June 2024 of R439.63

# Flexible & efficient balance sheet

Strong  
free cashflow

Disciplined  
capital allocation

Healthy  
liquidity position

Sustainable returns  
to shareholders





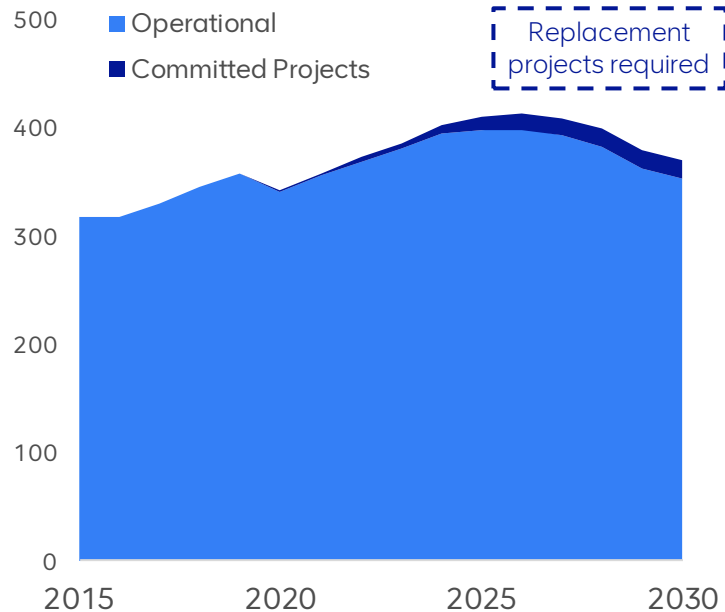
Looking ahead



# Long-term, lump premia underpinned by limited supply & higher sintering costs

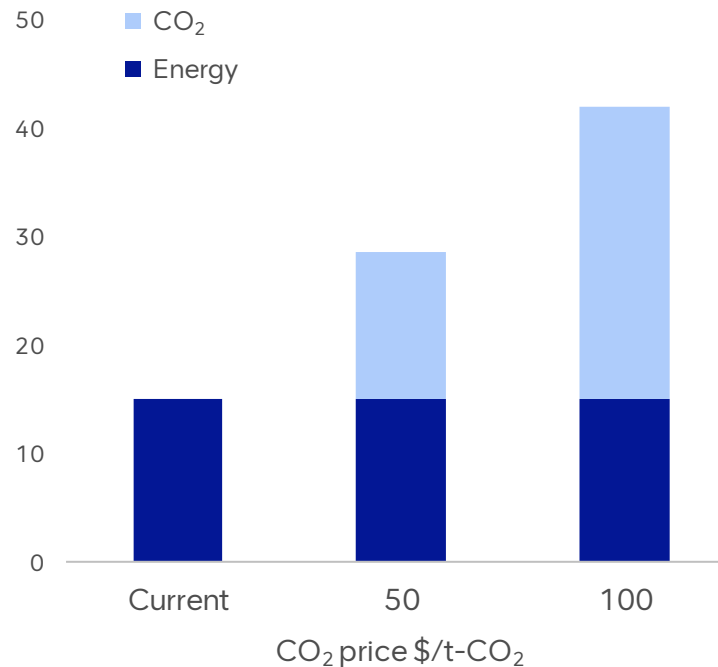
## Lump supply growth limited

Lump production (Mt)



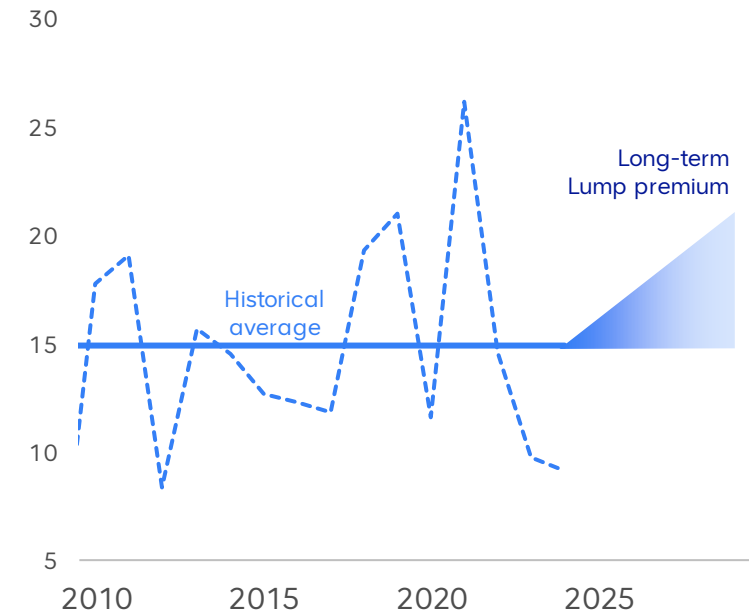
## Sintering, costs increase with CO<sub>2</sub> costs

Global indicative sintering (conversion) cost augmented by CO<sub>2</sub> pricing (\$/t-sinter)



## Lump premium evolution

Lump premium to 62% (Real 2024 \$/dmt)





# Our priorities for delivering sustainable value

Safe, stable, capable &  
cost efficient operations



Building high-performance, results-driven, resilient teams

Improving mining operational efficiencies

Transnet logistics  
performance improvement



Supporting Transnet to prepare for annual maintenance shut

Conclude technical assessment to expedite delivery of critical projects

Progress  
sustainability projects



Progressing renewable energy projects at Sishen & Kolomela

Supporting our communities through livelihoods programme

# 2024 full year guidance

Total production

35 – 37Mt

Total sales

36 – 38Mt

C1 cash costs

≤US\$38/t<sup>1</sup>

Capital expenditure

R8.0 – 9.0bn

	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>

# Consistent execution of our strategy to unlock value

Business fundamentals

Unlock value & position for the future



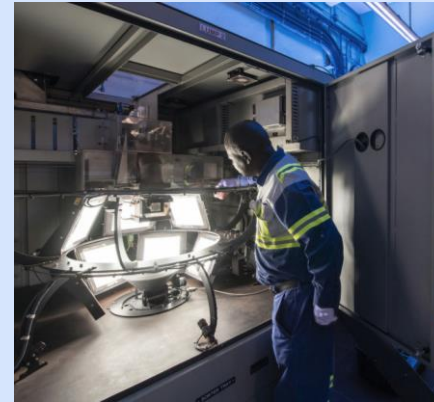
Premium iron ore,  
green steel value  
chain opportunity



Safe, stable  
operations, value-  
based production



Operational  
excellence &  
cost optimisation



Maximise  
premium &  
sustainability focus



Long-term  
stakeholder  
value



Thank you



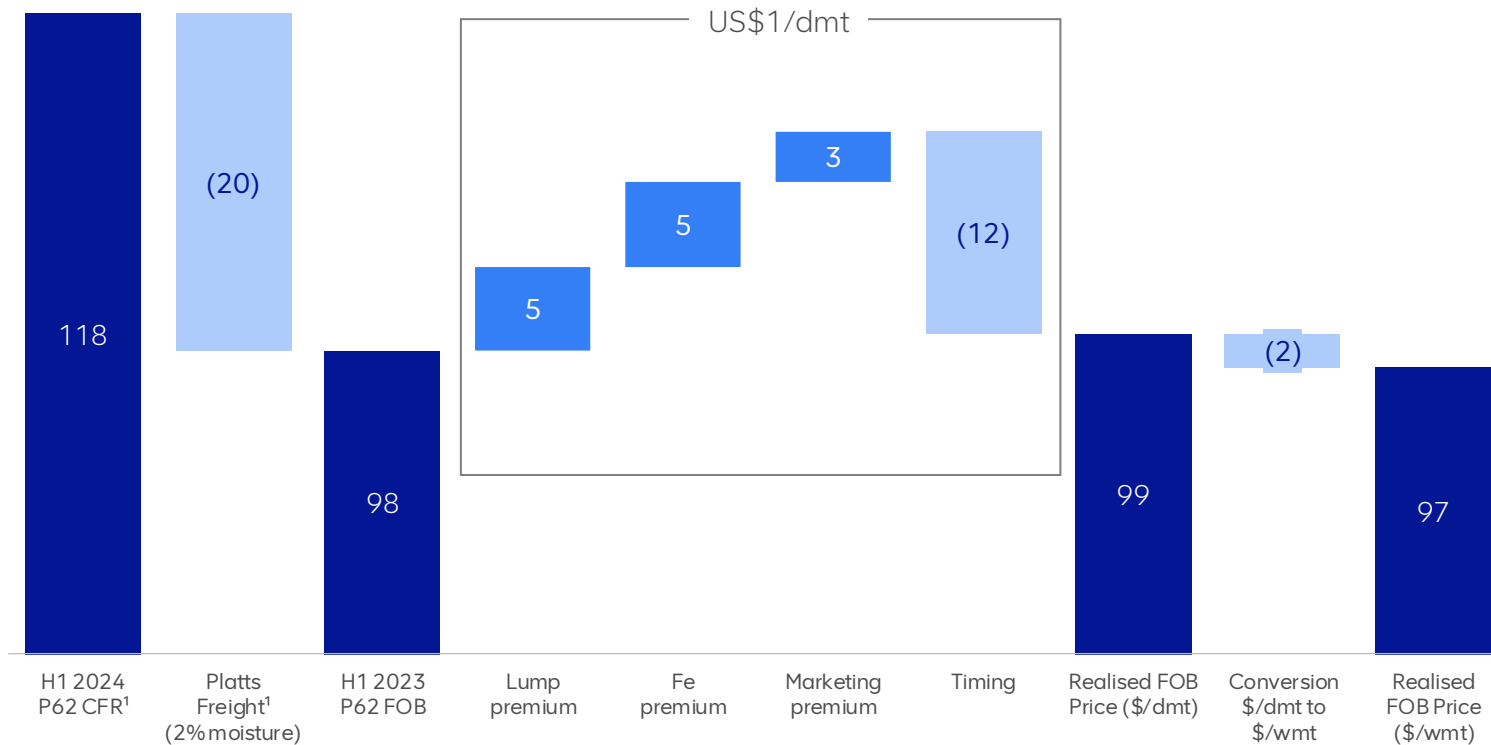


# Annexures



# Average realised price of US\$97/wmt

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



## Price drivers

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

P62 CFR China price average: US\$118/t  
(H1 2023: US\$118/t)

Fe premium average: ~US\$1.95 per 1% Fe  
(H1 2023 ~US\$1.96 per 1% Fe)

Lump premium average: US\$0.13/dmtu  
(H1 2023: US\$0.13/dmtu)

### Marketing:

Price premium on high quality products

### Timing effects:

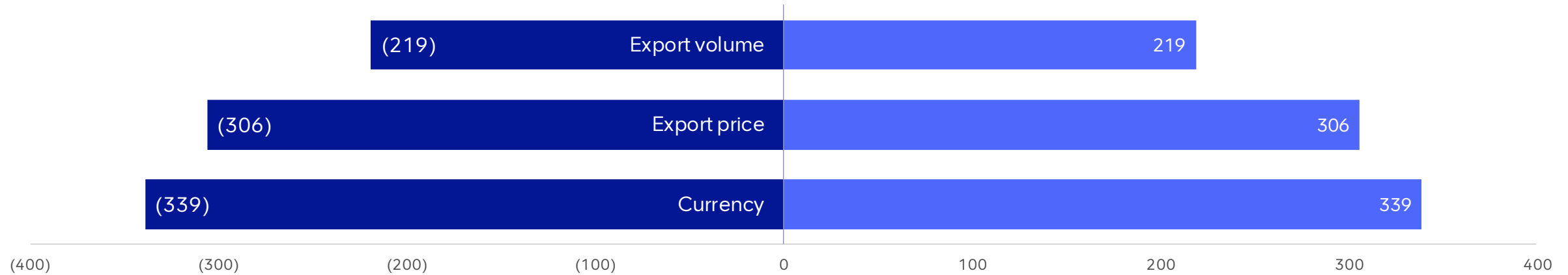
Products generally priced in month  
after arrival, provisional pricing adjustments

# EBITDA analysis

Rm	H1 2024	H1 2023	% change
Total sales volumes <sup>1</sup> (Mt)	17.8	18.7	(5)
Benchmark price (\$/t)	118	118	-
Product premiums (\$/t)	1	4	(75)
Freight (\$/t)	(20)	(14)	43
Realised FOB price (\$/dmt)	99	108	(8)
On-mine unit costs (\$/t)	(27)	(28)	(4)
Logistics (rail & port) (\$/t)	(11)	(11)	-
Royalties (\$/t)	(3)	(1)	(>100)
Other costs (\$/t)	(13)	(11)	(18)
FOB margin (\$/t)	45	57	(21)
Average Rand/US Dollar exchange rate (ZAR/US\$)	18.73	18.21	3
EBITDA (Rbn)	15 582	19 820	(21)

# Sensitivity analysis H1 2024

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\$)	R0.10/US\$	R181m
Export Price (US\$/t)	US\$1/t	R325m
Volume (kt)	100kt	R123m
		Breakeven price impact
Currency (Rand/US\$)	R1/US\$	US\$3/t



# Logistics constraints impact on sales & inventory

Mt	H1 2024	H1 2023	% change	H2 2023	% change
Railed to port (incl. Saldanha Steel)	18.1	18.4	(2)	17.9	(3)
Sishen mine	12.8	13.2	(3)	12.9	(2)
Kolomela mine	5.3	5.2	2	5.0	(4)
Total sales	18.1	18.9	(5)	18.3	(3)
Total ore shipped	18.3	18.9	(3)	18.3	(3)
CFR (shipped by Kumba)	12.2	11.1	10	10.9	(2)
FOB (shipped by customers)	6.1	7.8	(22)	7.4	(5)
Finished product inventory	8.2	7.9	4	7.1	10

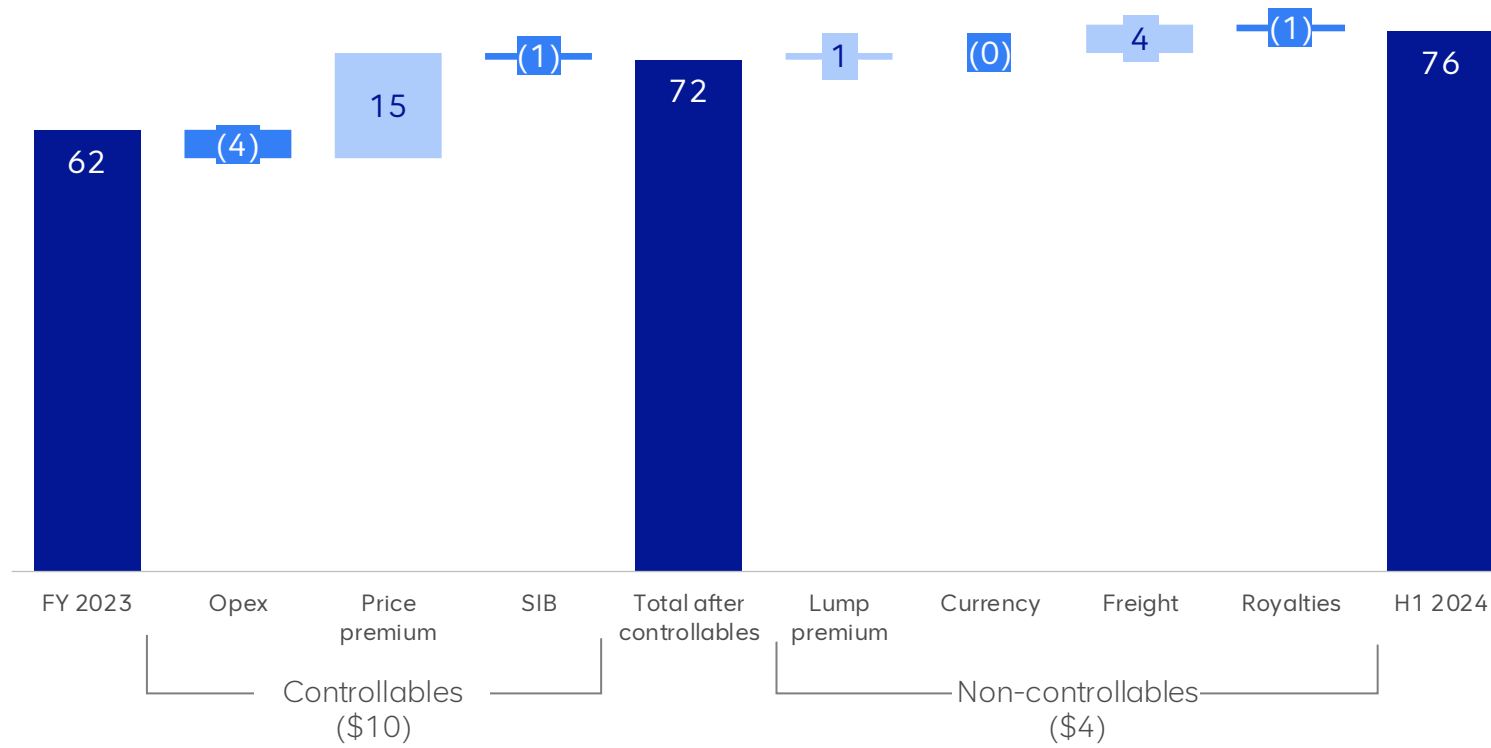
# Operating margin reflects lower revenue

Rm	H1 2024	H1 2023	% change	H2 2023	% change
Revenue	35 802	38 279	(6)	47 955	(25)
Operating expenses	(22 868)	(20 748)	10	(24 781)	(8)
Operating profit	12 934	17 531	(26)	23 174	(44)
Operating margin (%) <sup>1</sup>	36.1	45.8	(9.7)	48.3	(12.2)
Profit for the period	9 373	12 668	(26)	17 137	(45)
Equity holders of Kumba	7 147	9 642	(26)	13 083	(45)
Non-controlling interest	2 226	3 026	(26)	4 054	(45)
Effective tax rate (%)	28.3	27.4	0.9	26.9	1.4
Cash generated from operations	20 337	17 530	16	20 727	(2)

1. Includes expected credit losses and impairment charges

# Break-even price – cost benefit offset by freight

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



## Controllables

Opex: Lower on-mine unit cost at both mines

Price premium: Timing effect of lower prices

SIB capex: Increase at Sishen, offset by reduction at Kolomela

## Non-controllables

Lump premium: US\$5.44/t (FY23: US\$6.54/t)

Currency: R18.73/US\$ (FY23: R18.45/US\$)

Freight: US\$20/t (FY23: US\$16/t)

Royalties: US\$2.5/t (FY23: US\$3.6/t)

# Revenue analysis

	H1 2024	H1 2023	% change	H2 2023	% change
Total sales (Rm)	31 458	35 335	(11)	44 987	(30)
Tonnes sold (wmt)	18.1	18.9	(5)	18.3	(1)
US Dollar per tonne (wmt)	97	106	(8)	128	21
Rand per tonne (wmt)	1 817	1 930	(6)	2 335	21
Shipping operations (Rm)	4 344	2 944	48	2 968	46
Total revenue	35 802	38 279	(6)	47 955	(25)
Rand/US Dollar exchange rate	18.73	18.21	3	18.69	-



# Operating expenditure analysis

Rm	H1 2024	H1 2023	% change	H2 2023	% change
Raw materials & consumables	1 018	1 495	(32)	1 141	(11)
Net movement in inventories	120	(2 115)	(>100)	(1 164)	(>100)
Reversal of inventory written down to NRV	(68)	(19)	>100	(44)	55
Contractors' expenses	1 866	2 537	(26)	2 619	(29)
Deferred waste stripping costs	(1 466)	(835)	76	(753)	95
Staff costs	3 465	3 139	10	3 842	(10)
Shipping services rendered	4 218	2 762	53	2 894	46
Depreciation of fixed assets	2 648	2 289	16	2 716	(3)
Mineral royalty	826	823	-	1 601	(48)
Repairs & maintenance	1 717	2 155	(20)	2 012	(15)
Petroleum products	1 564	1 859	(16)	1 808	(13)
Corporate costs	528	672	(21)	1 032	(49)
Energy costs	358	317	13	353	1
Net finance (gains)/loss	(55)	(654)	(92)	11	(>100)
Transportation & selling costs	4 035	3 822	6	3 707	9
Other expenses <sup>1</sup>	2 094	2 501	(16)	3 006	(30)
<b>Operating expenses<sup>2</sup></b>	<b>22 868</b>	<b>20 748</b>	<b>10</b>	<b>24 781</b>	<b>(8)</b>

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

2. Total operating expenses include expected credit losses

# Operating expense reconciliation

Rm	H1 2024	H1 2023	% change	H2 2023	% change
Cost of goods sold	13 789	13 341	3	16 579	(17)
Cost of goods produced	11 636	11 761	(1)	13 007	(11)
Production costs	11 126	13 852	(20)	14 256	(22)
Sishen mine	7 920	10 386	(24)	10 480	(24)
Kolomela mine	3 206	3 466	(8)	3 776	(15)
Movement in WIP inventory <sup>1</sup>	510	(2 091)	(>100)	(1 249)	(>100)
Movement in finished product inventory	(390)	(24)	>100	85	(>100)
Corporate support and studies	347	219	58	793	(56)
Forex and other	2 196	1 385	59	2 694	(18)
Mineral royalty	826	823	-	1 601	(48)
Selling and distribution	4 035	3 822	6	3 707	9
Shipping services rendered	4 218	2 762	53	2 894	46
<b>Operating expenses<sup>2</sup></b>	<b>22 868</b>	<b>20 748</b>	<b>10</b>	<b>24 781</b>	<b>(8)</b>

1. Movement in WIP inventory for H1 2023 comprises of: A grade – R285m; B grade – R383m; C grade – (R158m)

2. Total operating expenses include expected credit losses.

# Unit cost analysis by mine

	Sishen					Kolomela				
(Rm)	H1 2024	H1 2023	% change	H2 2023	% change	H1 2024	H1 2023	% change	H2 2023	% change
Production costs	7 920	10 386	(24)	10 480	(24)	3 206	3 466	(8)	3 776	(15)
WIP	602	(1 966)	(>100)	(564)	(>100)	(92)	(125)	(26)	(685)	(87)
Non-cash costs	(1 684)	(1 748)	(4)	(2 155)	(22)	(959)	(761)	26	(866)	11
Depreciation	(1 712)	(1 478)		(1 766)		(787)	(672)		(762)	
Other non-cash items <sup>1</sup>	29	(270)		(389)		(172)	(89)		(104)	
Other <sup>2</sup>	163	164	(1)	153	7	44	42	5	42	5
Total cash costs	7 002	6 836	2	7 914	(12)	2 199	2 622	(16)	2 267	(3)
Production volumes <sup>3</sup>	13.0	12.6	3	12.4	5	5.2	5.9	(12)	4.3	22
<b>Cash unit cost per tonne<sup>3</sup></b>	<b>539</b>	<b>543</b>	<b>(1)</b>	<b>636</b>	<b>(15)</b>	<b>425</b>	<b>447</b>	<b>(5)</b>	<b>531</b>	<b>(20)</b>

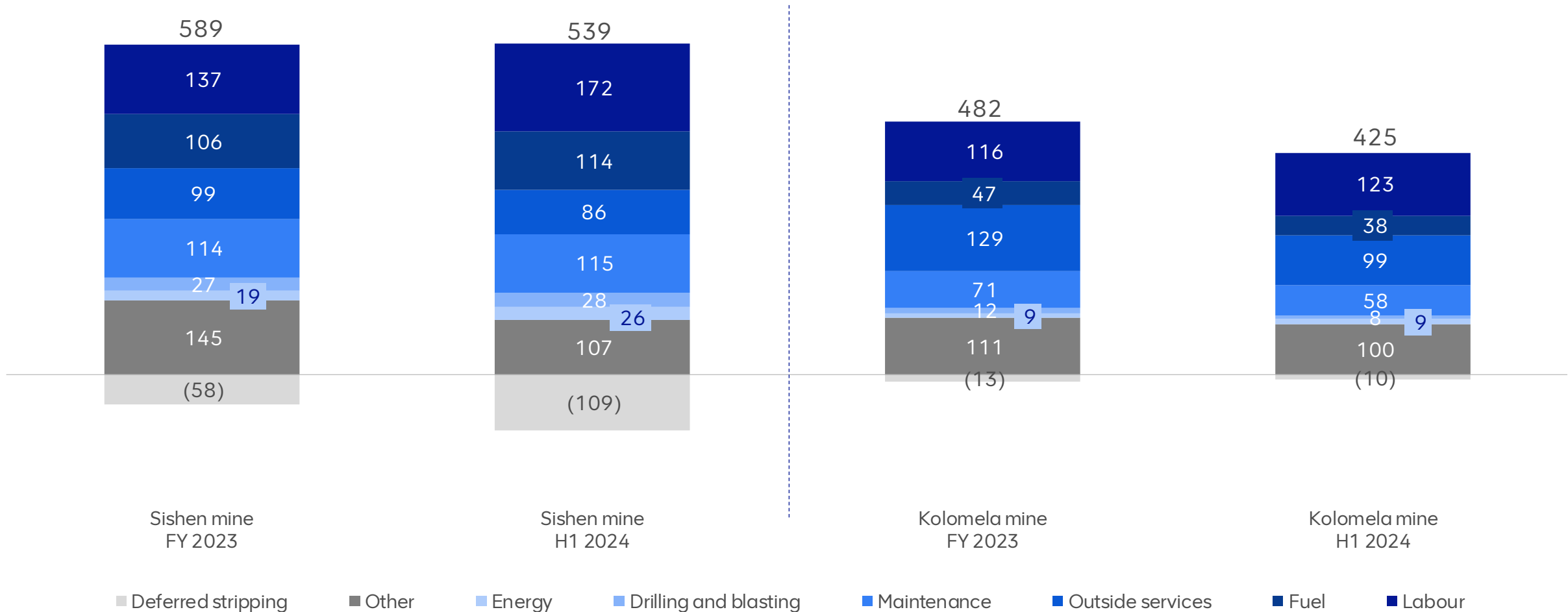
1. Other non-cash costs mainly includes rehabilitation provision and share-based payments

2. Other relates to Kumba logistics costs

3. Dry metric tonnes

# Sishen & Kolomela mines

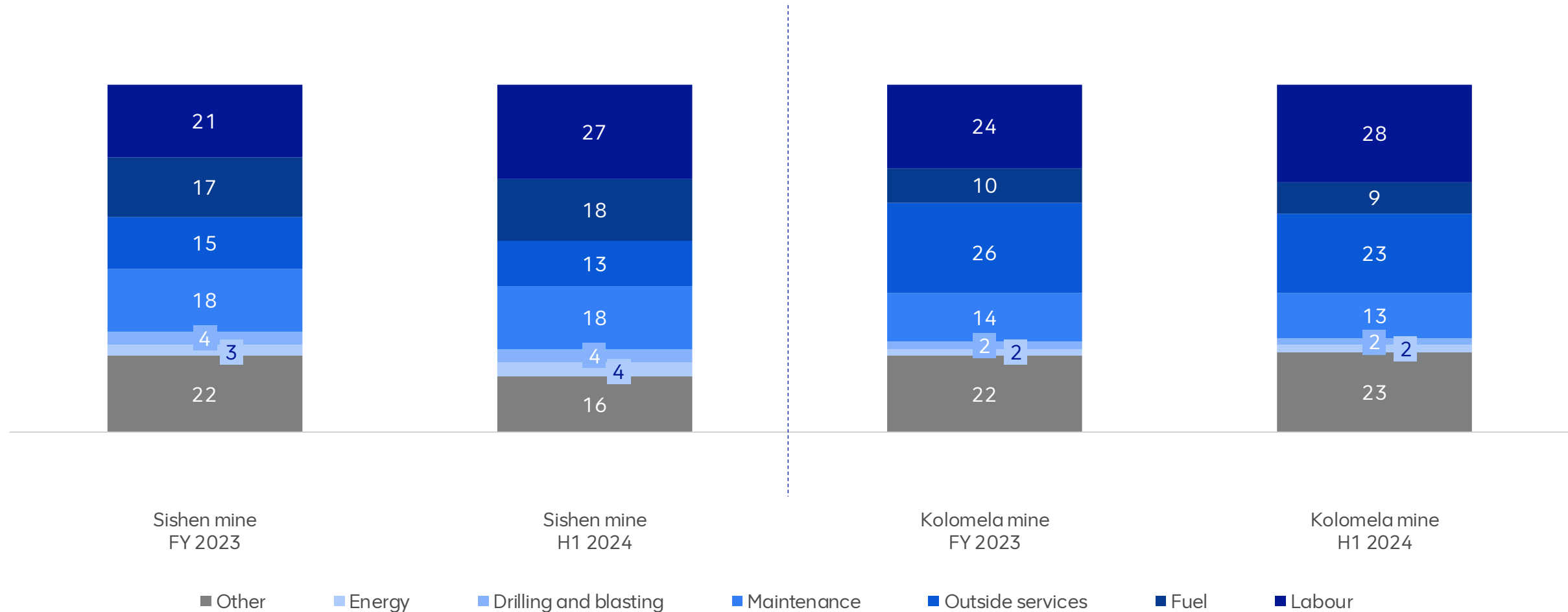
Unit cash cost structure (R/t)





# Sishen & Kolomela mines

Unit cash cost structure (%)



# Capital expenditure analysis

Rm	H1 2024	H1 2023	2024e
Expansion	649	1 587	900 – 1 000
Deferred stripping	1 466	835	2 600 – 3 000
Sishen	1 412	456	2 500 – 2 700
Kolomela	54	379	100 – 300
SIB	1 598	1 936	4 500 – 5 000
Sishen	1 299	1 355	3 600 – 4 000
Kolomela	299	581	900 – 1 000
Total approved & unapproved capital expenditure	3 713	4 358	8 000 – 9 000
Capital Creditors	1 287	641	700 – 800
Cash Capex	5 000	4 999	8 700 – 9 800

# Working capital decreased due to lower receivables, partially off-set by lower payables

(Rm)

