



# Kumba Iron Ore Annual General Meeting Terence Goodlace, Chairman

30 May 2023





# Kumba Iron Ore

## Annual General Meeting

Mpumi Zikalala, Chief Executive

30 May 2023



# Disclaimer

This presentation is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy shares in Kumba. Further, it does not constitute a recommendation by Kumba Iron Ore Limited or any other party to sell or buy shares in Kumba Iron Ore Limited or any other securities.

All written or oral forward-looking statements attributable to Kumba Iron Ore Limited or persons acting on their behalf are qualified in their entirety by these cautionary statements.

## Forward-looking statements

Certain statements made in this presentation constitute forward-looking statements. Forward-looking statements are typically identified by the use of forward-looking terminology such as 'believes', 'expects', 'may', 'will', 'could', 'should', 'intends', 'estimates', 'plans', 'assumes' or 'anticipates' or the negative thereof or other variations thereon or comparable terminology, or by discussions of for example, future plans, present or future events, or strategy that involve risks and uncertainties.

Such forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the company's control and all of which are based on the company's current beliefs and expectations about future events.

Such statements are based on current expectations and, by their nature, are subject to a number of risks and uncertainties that could cause actual results and performance to differ materially from any expected future results or performance, expressed or implied, by the forward-looking statement.

No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the company and its subsidiaries.

The forward-looking statements contained in this presentation speak only as of the date of this presentation and the company undertakes no duty to, and will not necessarily update any of them in light of new information or future events, except to the extent required by applicable law or regulation.

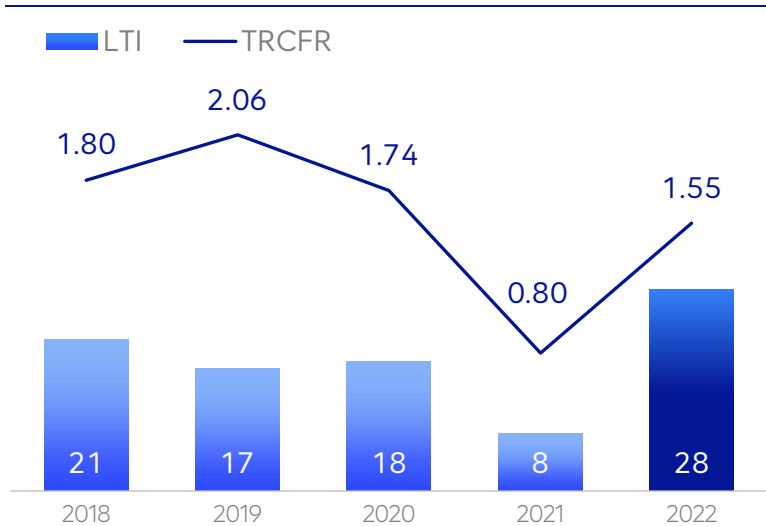
## Alternative Performance Measures

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 use 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.

# Relentless focus on safe production

## Safety



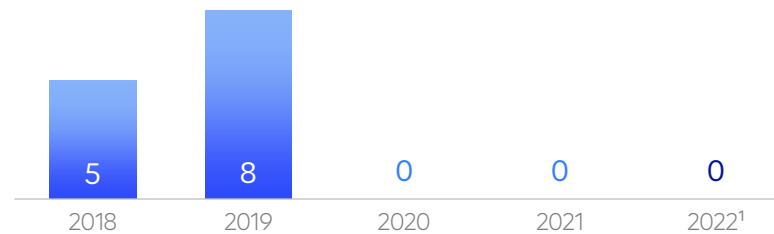
Safety reset focusing on risk reduction, culture and behaviour change

Planned work and operating model to further support safe work practices

Note: LTI: Lost Time Injuries; TRCFR: Total Recordable Case Frequency Rate  
1. One potential occupational disease case pending outcome of an assessment

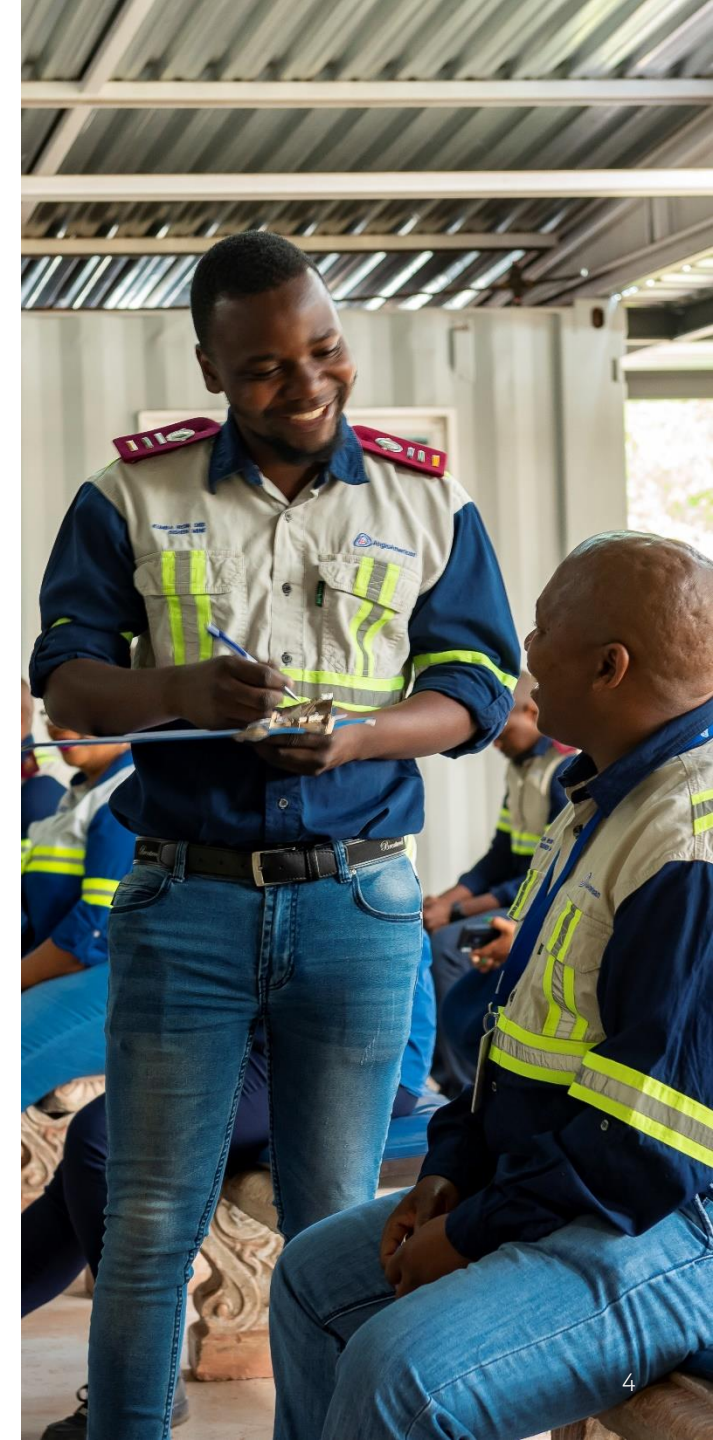
## Health and wellness

### Occupational diseases (new cases)



Reduction in exposure to occupational hazards through hierarchy of controls

Comprehensive workplace health, wellness and mental health programmes



# Challenging operating conditions in 2022

## Production

---

37.7Mt

FY2021: 40.9Mt

## Adjusted EBITDA<sup>1</sup>

---

R37.3bn

FY 2021: R64.6bn

## Attributable free cashflow

---

R10.4bn

FY 2021: R30.5bn

## Average realised prices

---

US\$113/t

FY 2021: US\$161/t

## Enduring value contribution

---

R63bn

FY 2021: R89bn

## Dividend declared

---

R14.5bn

FY 2021: R33.2bn







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















# Re-imagining mining to improve people's lives

## Tswelopele strategy

- Zero fatalities and serious injuries
- Product premium > US\$2/t ↑ Lump and Fe premium  
C1 unit costs ≤ US\$44/t
- Sustainably extend life of Northern Cape operations to 2040
- Become the employer of choice in South Africa

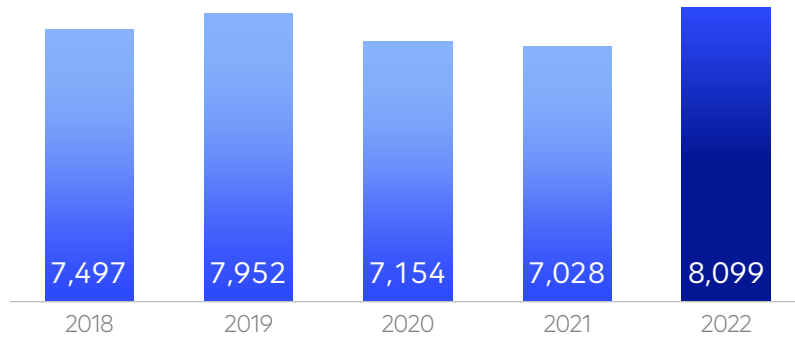
## Our values

 Safety	 Care and respect	 Accountability
 Integrity	 Innovation	 Collaboration

<h3>Healthy Environment </h3> <ul style="list-style-type: none"> <li>30% ↓ GHG emissions</li> <li>Carbon neutral operations (2040)</li> <li>30% ↑ energy efficiency</li> <li>40% ↓ fresh water withdrawals</li> <li>Net Positive Impact on biodiversity</li> </ul>	<h3>Thriving Communities </h3> <ul style="list-style-type: none"> <li>5 jobs supported off-site for every job on site</li> <li>SDG 3 health targets in host communities</li> <li>Host communities schools in top 20% nationally</li> </ul>	<h3>Trusted Corporate Leader </h3> <ul style="list-style-type: none"> <li>Establish local and national accountability forums</li> <li>Leadership in policy advocacy</li> <li>3<sup>rd</sup> party mine certification (2025)</li> </ul>						
   	   	   						
<p>Supported by Collaborative Regional Development &amp; underpinned by our Critical Foundations</p>								
<h3>Our Critical Foundations</h3> <table border="1"> <tr> <td>Leadership and culture</td> <td>Zero harm</td> <td>Human rights</td> <td><b>Inclusion and diversity</b></td> <td>Group standards and processes</td> <td>Compliance with legal requirements</td> </tr> </table>			Leadership and culture	Zero harm	Human rights	<b>Inclusion and diversity</b>	Group standards and processes	Compliance with legal requirements
Leadership and culture	Zero harm	Human rights	<b>Inclusion and diversity</b>	Group standards and processes	Compliance with legal requirements			

# Environmental sustainability

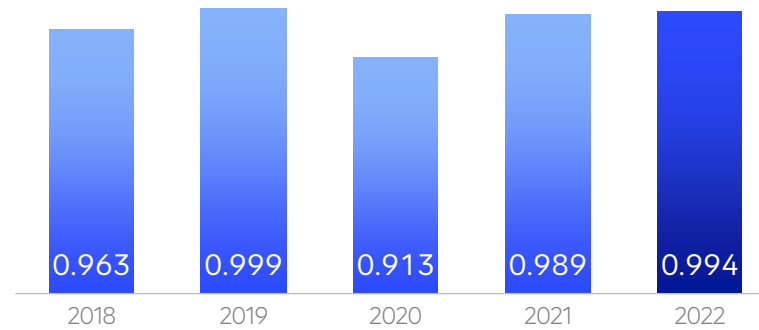
Freshwater used (ML)



Freshwater used driven by high rainfall and municipal water channel capacity constraints

>7 years no major environmental risk through focused reduction of high potential hazards

Carbon emissions (MtCO<sub>2</sub>)



Carbon emissions driven primarily by longer haul distances and increased diesel consumption

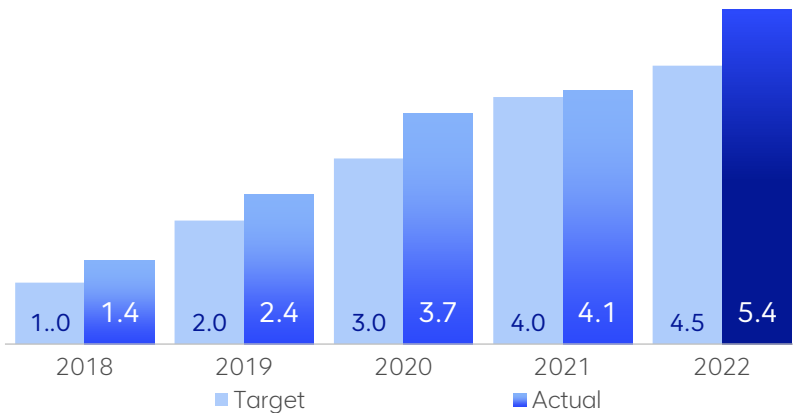
Renewable energy programmes driving reductions in the medium term



# Building thriving host communities

Host community spend (Rbn)

\*Rm



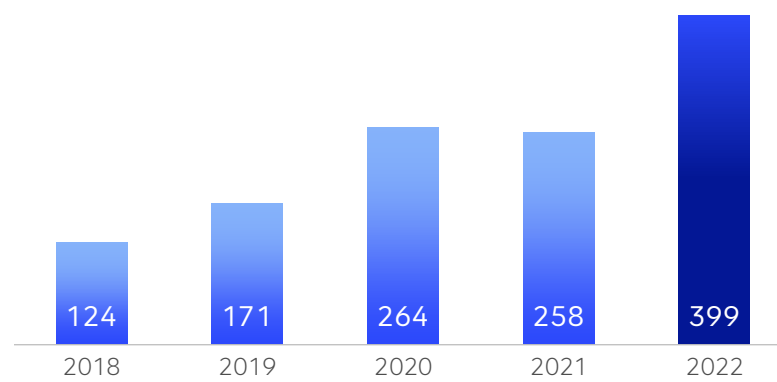
Targeting five jobs offsite for every onsite job by 2030 and three jobs offsite for 2025

Over 29 000 jobs supported since 2018, including Zimele programmes

1. Localised spend excludes sub-contractors

Direct social investment (Rm)

\*Rm



Targeting 80% of local schools to perform within top 20% of state schools by 2030

80.7% of high schools supported achieved above national matric pass rate



# Enduring shared value of R63bn

## Contributing to South Africa (Rbn)

---

Income tax	7.1
Mineral royalty	1.8

## Delivering shareholder returns (Rbn)

---

Owners of Kumba	14.5
Empowerment partners	4.7

## Investing in South Africa (Rbn)

---

Capital investment	10.2
--------------------	------

## Supporting local businesses (Rbn)

---

BEE business suppliers	18.0
Host community suppliers	5.4

## Investing in our people (Rbn, %)

---

Salaries and benefits	6.5
Employed from N. Cape	79

## Building communities (Rm)

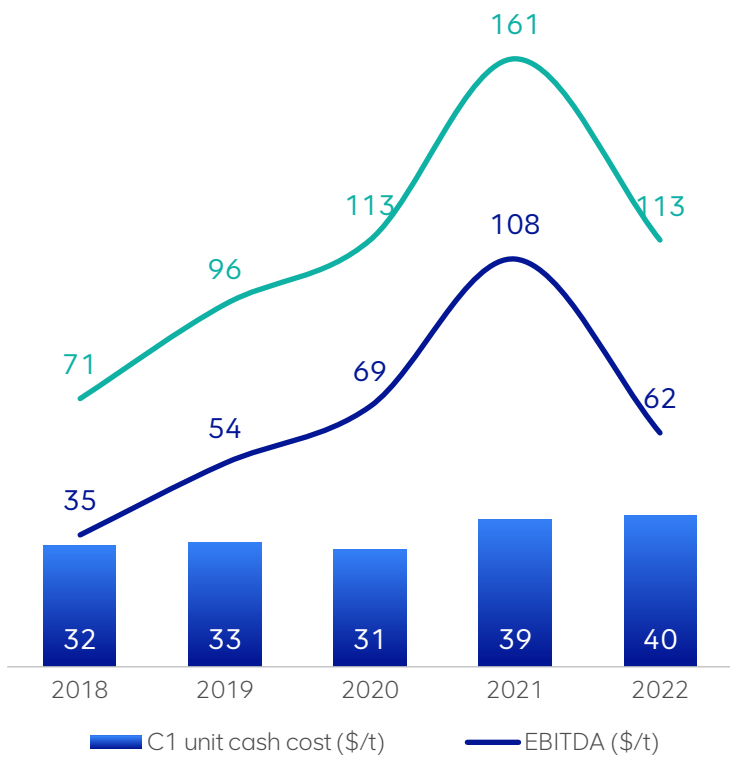
---

Direct social investment	399
--------------------------	-----

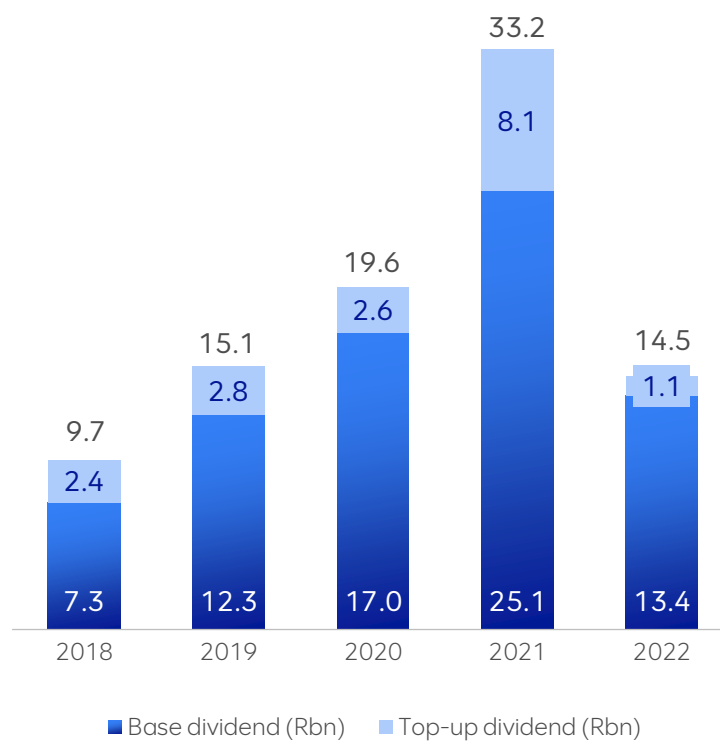


# Value delivered through our Tswelelopele strategy

## Margin enhancement strategy



## Creating shareholder value



## Value delivered since 2018:

- Product premium on average: **+US\$3/t**
- Cumulative cost savings: **R5.2bn**
- Life of Sishen to 2039: **+323Mt reserves**
- Total attributable cashflow: **R85.8bn**
- Total dividends paid: **R92.1bn**
- Average payout ratio: **92%**

Based on exchange rate of R16.37/US\$1

# Our refreshed strategy



## Unlock full potential of the core

- **Zero** fatalities and harm
- **Maximise business performance** with an optimal mine plan and sourcing model
- Improve **operational efficiencies** through **advanced analytics** and achieve **P101**
- Partner with Transnet to **deliver contracted rail tonnages**
- **Operational innovation**, enabled by fast-tracked capex
- Build further on **leadership and culture** programmes



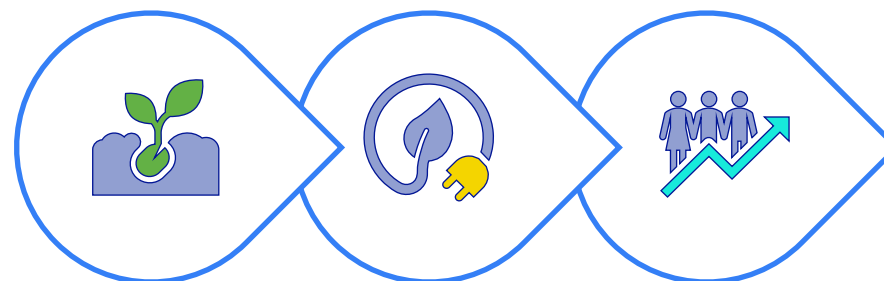
## Develop new avenues for growth

- **Identify opportunities** beyond our existing operations, based on our **asset base** and **competencies** to sustain and **expand the business**



## Position for a sustainable future

- **Maximising our premium product offering** (>30%)
- **Extend the life of the business**
- Develop a sustainable and **competitive logistics network**
- Integrate **renewable energy and hydrogen** to unlock **green steel value chain** aspirations and **carbon neutrality**
- Deploy **green technology-powered fleet**
- Ensure **thriving local communities**
- Develop **future-focused skills** and capabilities

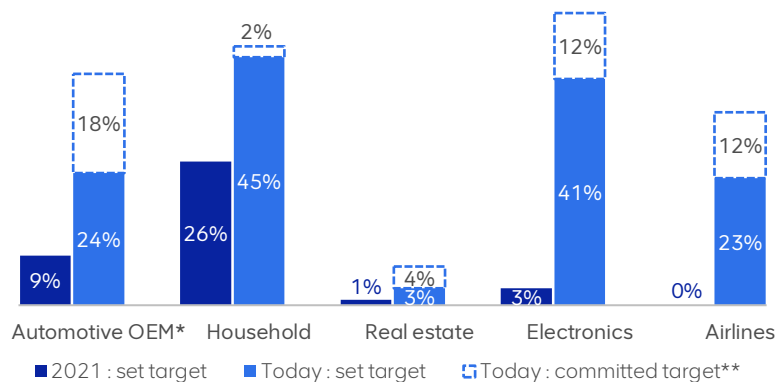


Positioning for the global green steel transition

# Supply chain decarbonisation to boost demand for premium ores

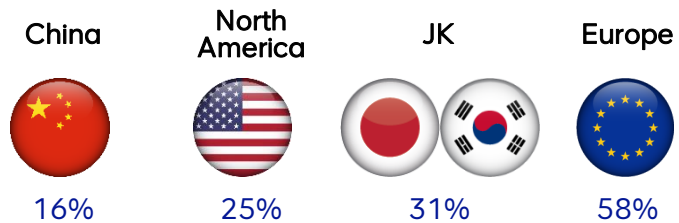
## Supply chain decarbonisation commitments are growing quickly

Market share of global companies with upstream scope 3 sustainability commitments in different sectors (% by revenue, 2021)



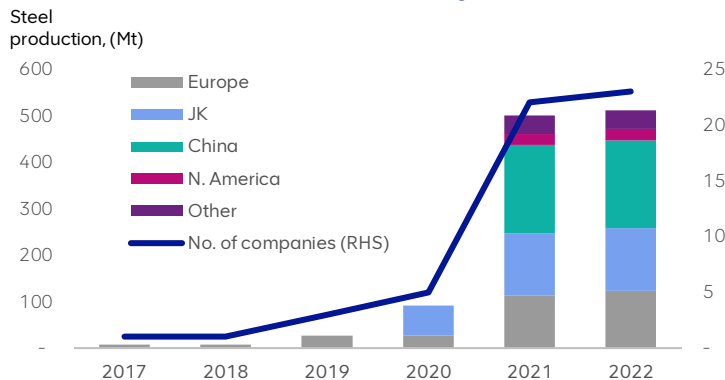
## European mills are most ambitious

Average emission cut targets of top 5 mills in each region in 2030



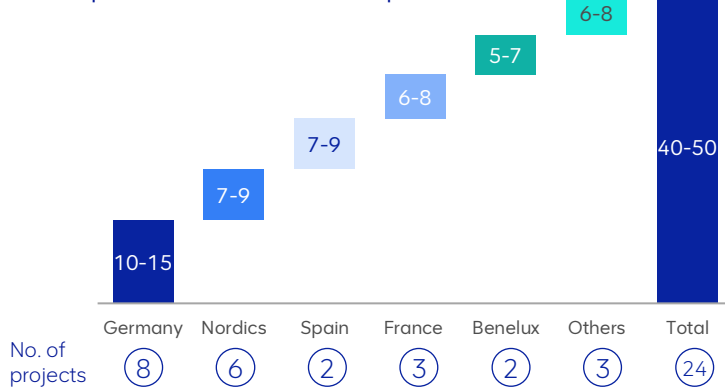
## Steelmaker decarbonisation commitments are rising alongside

Steelmakers with emissions reduction targets



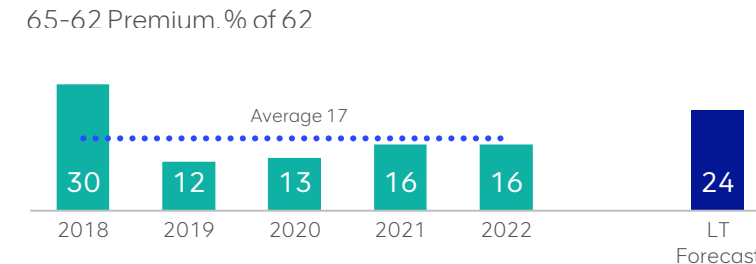
## Europe is leading the way on DRI

DRI capacities announced in Europe, Mt

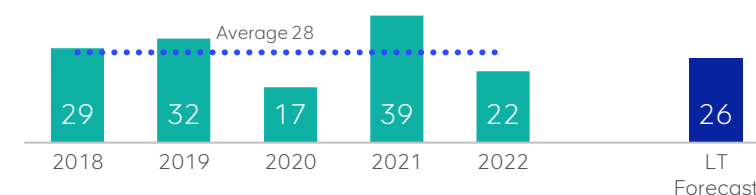


## Driving long-term quality premia

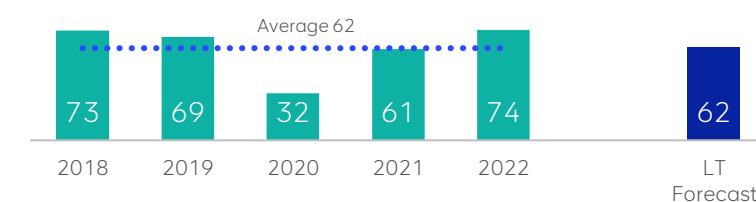
Long-term price forecasts by Wood Mackenzie (Dec 2022)



Lump Premium, c/dmtu\*\*\*



DR Pellet Premium, \$/dmt\*\*\*



Source: Platts, WEF Jan 2023, WSA, Mckinsey

\*Automotive Original Equipment Manufacturer

\*\*contains unverified targets, intention is to develop targets and submit these for validation within 24 months

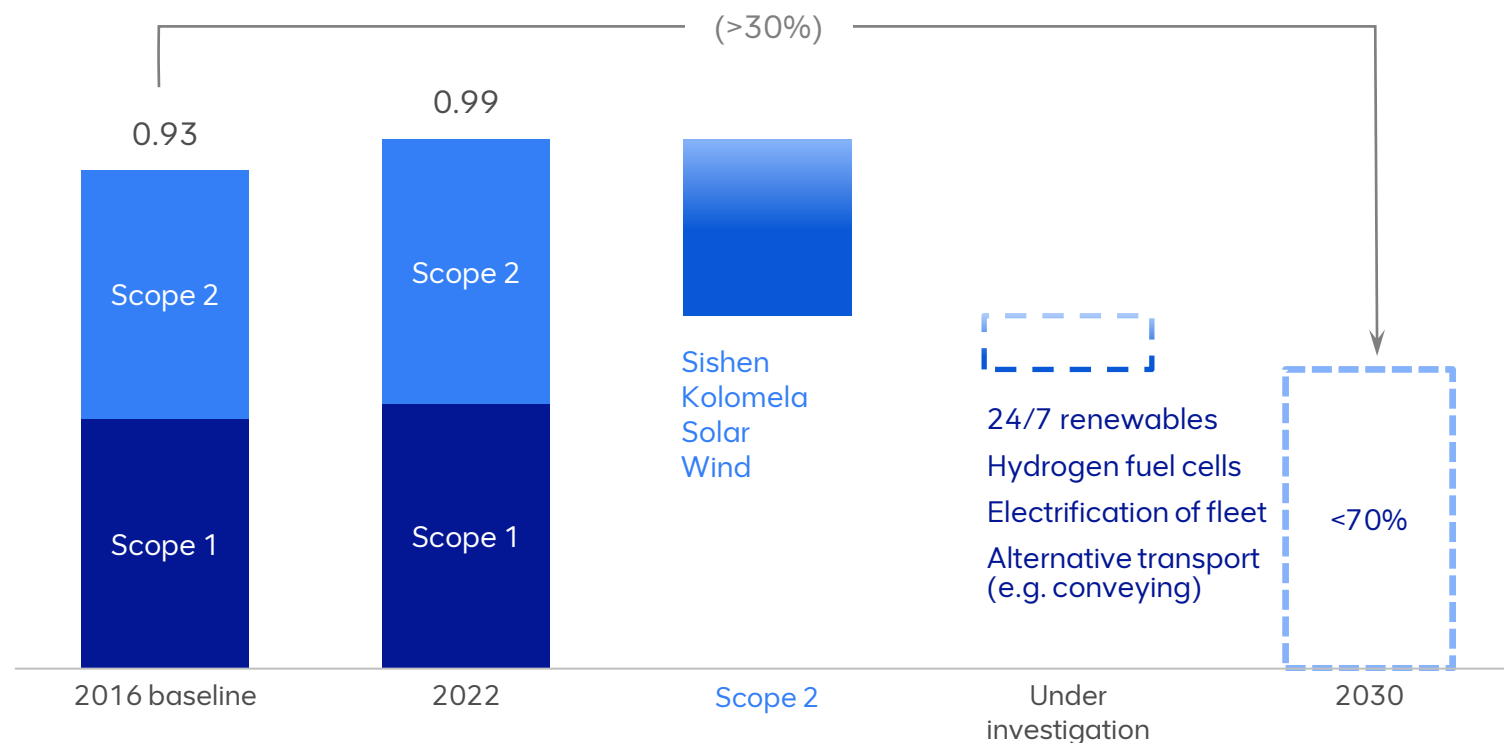
\*\*\*Real (2022\$), Lump basis 63% Fe, DR Pellet basis 67.5% Fe

# Our pathway to green steel operations

## Scope 1 and 2 carbon emissions reduction target of 30% by 2030

Carbon emissions (Mt CO<sub>2</sub>)

Total emissions by energy usage (%)



## Scope 3 opportunities

### Product evolution

Increase share of high-quality iron ore sales

### Downstream logistics

Convert ocean freight to low carbon fuels

### Upstream emissions

Low carbon supply chain

### Sector decarbonization

Transition in partnership with customers

# Reimagining mining to improve people's lives

Strong foundation for sustainable value delivery

## Assets

Premium quality,  
high margin assets

Life extension opportunities

50%  
EBITDA  
margin

## Capabilities

Operational resilience  
and marketing strength

Efficient capital allocation

76%  
ROCE

## Sustainability

Continued delivery  
of stakeholder value

Sustainable Mine Plan integrated

R63bn  
Shared  
value



MSCI  
ESG RATINGS



ISS-oekom



IRMA  
INITIATIVE FOR RESPONSIBLE  
MINING ASSURANCE