

**NEWS RELEASE****23 July 2019****Kumba Iron Ore Limited Reviewed Interim Results for The Six Months Ended 30 June 2019****KUMBA'S VALUE OVER VOLUME STRATEGY PAYS DIVIDENDS**

**Themba Mkhwanazi, Chief Executive of Kumba Iron Ore**, said: "Kumba delivered an exceptional financial performance in the first half of 2019 by focusing on safe, responsible and efficient production, while achieving optimal value for our premium quality products. Most importantly, we marked three years of fatality-free mining by combining local excellence and global expertise to transform productivity and safety at Sishen and Kolomela.

"Our 'value over volume' strategy has met customer demand and delivered a more than threefold increase in EBITDA to R20.1 billion. With a very strong opening cash position and attributable free cash flow of R12.7 billion, the Board has declared an interim cash dividend of R9.9 billion or R30.79 per share. This represents a payout ratio of 98% of headline earnings, above our target range of 50% to 75% of headline earnings.

"By integrating our sales and operational strategy, we achieved a 57% increase in our average realised FOB iron ore price. This reflects the strengthening of iron ore prices and quality premia, as well as the marketing and beneficiating capability of our team, which ensured that our premium product portfolio remains competitive and that we continue to create customer value.

"We are progressing at a pace towards our margin enhancement target of US\$10/tonne. Our operational efficiency increased to 67%, which, together with our focus on cost optimisation, delivered savings of R460 million, underpinning our EBITDA margin of 58% and our break-even price of US\$32/tonne.

"Operationally, Kumba experienced a challenging first half which saw production volumes decreasing by 11% to 20.1 Mt largely due to unscheduled plant maintenance in Q1 2019. We have made good progress in Q2 2019 with production increasing by 12% to 10.5 Mt from the first quarter. We remain cautious and production guidance for the year was revised down to 42 Mt to 43 Mt. Pleasingly, our logistical performance has improved significantly, supporting growth in export sales of 2% and our full year sales guidance which remains at 43 Mt to 44 Mt.

"For the second half of the year we aim to improve our safety performance, increase production volumes and deliver on our full year R700 million cost-savings target while continuing to achieve optimal market premia. Our strategy to extend the life of our mines to over 20 years remains on track, thus providing a more sustainable future for our communities which depend on us. Our commitment to disciplined capital allocation and sustainable shareholder returns, together with our flexible and resilient balance sheet, ensures that we remain well positioned to deliver sustainable returns."

## KEY FEATURES

### Delivering exceptional shareholder returns

- **Headline earnings** increased by **239%** to **R10.1 billion**
- **Strong balance sheet** with net cash up **R7.1 billion** to **R18.8 billion**
- Interim cash dividend of **R30.79** per share

### Social, safety and environmental performance

- **Fatality free** since May 2016
- Lost-time injuries **reduced by 36%**
- **No major** environmental incidents
- **R2.4 billion** paid to our employees and **R3.9 billion** to the fiscus
- **R6 billion** spent with **bee suppliers**

### Margin benefit from quality, efficiency and market conditions

- **Highly competitive** lump ore ratio **maintained at 68%**
- Average realised Free-On-Board (FOB) export price of **US\$108/tonne**
- **Operating efficiency** improved **from 63% to 67%**
- **Cost savings** of **R460 million**, on track to achieve 2019 target of **R700 million**
- EBITDA margin **up from 36% to 58%**

The full Interim Results are available on our website [\[here\]](#)

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)

For further information, please contact:

### Company Secretary

Ms Celeste Appollis

[celeste.appollis@angloamerican.com](mailto:celeste.appollis@angloamerican.com)

Tel: +27 683 7063

Mobile: +27 82 941 7535

### Investors

Penny Himlok

[penny.himlok@angloamerican.com](mailto:penny.himlok@angloamerican.com)

Tel: +27 12 622 8324

Mobile: +27 82 781 1888

### Media

Sinah Phochana

[sinah.phochana@angloamerican.com](mailto:sinah.phochana@angloamerican.com)

Tel: +27 12 683 7019

Mobile: +27 76 066 0655

### Notes to editors:

Kumba Iron Ore Limited, a member of the Anglo American plc group, is a leading value-adding supplier of high quality iron ore to the global steel industry. Kumba produces iron ore in South Africa at Sishen and Kolomela mines in the Northern Cape Province. Kumba exports iron ore

to customers in a range of geographical locations around the globe including China, Japan, Korea and a number of countries in Europe and the Middle East.

[www.angloamericankumba.com](http://www.angloamericankumba.com)

Anglo American is a leading global mining company and our products are the essential ingredients in almost every aspect of modern life. Our portfolio of world-class competitive mining operations and undeveloped resources provides the metals and minerals that enable a cleaner, more electrified world and that meet the fast growing consumer-driven demands of the world's developed and maturing economies. With our people at the heart of our business, we use innovative practices and the latest technologies to discover new resources and mine, process, move and market our products to our customers around the world – safely, responsibly and sustainably.

As a responsible miner – of diamonds (through De Beers), copper, platinum group metals, iron ore, coal and nickel – we are the custodians of what are precious natural resources. We work together with our business partners and diverse stakeholders to unlock the sustainable value that those resources represent for our shareholders, the communities and countries in which we operate, and for society as a whole. Anglo American is re-imagining mining to improve people's lives.

[www.angloamerican.com](http://www.angloamerican.com)

