

24 July 2018

**Kumba's reviewed interim results for the six months ended 30 June 2018 and interim cash dividend declaration**

***CONTINUED SAFETY, PRODUCTIVITY AND EFFICIENCY GAINS***

**Key Features**

- Safety performance improved:
  - Remain fatality free
  - High potential incidents reduced by 77%
  
- Productivity and efficiency increases:
  - Product quality at 64.5% Fe
  - Production up by 3% to 22.4 Mt
  - Realised cost savings of R415 million
  - Break-even price of US\$46/tonne
  
- Well positioned to continue delivering sustainable shareholder returns:
  - Headline earnings of R3 billion
  - Strong balance sheet with net cash of R11.7 billion
  - Interim cash dividend of R14.51 per share
  
- Challenging operating environment:
  - Iron Ore Export Channel derailments
  - Market volatility

Themba Mkhwanazi, Chief executive of Kumba, said, "Kumba's strategy of 'Transformation to full potential', called 'Tswelelopele', resulted in a solid operating performance across the value chain and continued to deliver shareholder returns. Attributable free cash flow of R2.8 billion and a strong opening cash position translated into an interim cash dividend of R4.7 billion, despite the impact of a stronger rand and softer iron ore prices".

"Total tonnes mined increased by 12%, while production increased by 3% with 11% more ex-pit waste moved. Continued productivity and efficiency improvements on the back of the Operating Model have enabled the removal of more ex-pit waste while containing unit costs".

"Rail challenges have resulted in lost opportunities to achieve higher export sales volumes. This, coupled with a stronger Rand and lower iron ore export prices, resulted in revenue of R19.5 billion. Our operational improvements, coupled with strong cost discipline, led to cost savings of R415 million which contributed to headline earnings of R3 billion. We ended the period with a strong net cash position of R11.7 billion".

"The next six months will be focused on delivering further operational and financial gains through our strategy, which comprises three horizons. Under Horizon 1, our focus is on margin

enhancement through cost saving initiatives and further productivity and efficiency improvements, and on the revenue side, maximising realised prices”.

“Alongside this, work is being done under Horizon 2 to leverage our endowment and we see further life of mine extension opportunities through our resource development programme. We are primarily focused on Horizon 1 and 2 where value can be unlocked in the short to medium term while we are opportunistic about long-term growth options under Horizon 3”.

“Based on the solid operating platform and strong balance sheet, the Board has approved a dividend policy which targets a pay-out ratio range of 50 - 75% of headline earnings. The new policy reflects our commitment to shareholder returns while balancing the capital requirements of sustaining and growing our business.”

### **Download the Interim Results for the six months ended June 2018**

For further information, please contact:

#### **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)

#### **Notes to editors:**

Anglo American is a global diversified mining business 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 to meet the 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.

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

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

