

# INTERIM FINANCIAL RESULTS

PRESENTATION  
for the six-month  
period ended  
30 June 2018

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*Belfast project: dam liner installation June 2018*



## Disclaimer

*The operational and financial information on which any outlook or forecast statements are based has not been reviewed nor reported on by the group's external auditors. These forward-looking statements are based on management's current beliefs and expectations and are subject to uncertainty and changes in circumstances. The forward-looking statements involve risks that may affect the group's operational and financial information. Exxaro undertakes no obligation to update or reverse any forward-looking statements, whether as a result of new information or future developments.*

*Where relevant, comments exclude transactions which make the results not comparable. These exclusions are the responsibility of the group's board of directors and have been presented to illustrate the impact of these transactions on the core operations' performance and hence may not fairly present the group's financial position, changes in equity, results of operations or cash flows. These exclusions have not been reviewed nor reported on by the group's external auditors.*

# > Presentation outline

1

## Results overview

**Mxolisi Mgojo,**  
Chief Executive Officer

2

## Operational performance

**Nombasa Tsengwa**  
Executive Head  
Coal Operations

**exxaro**

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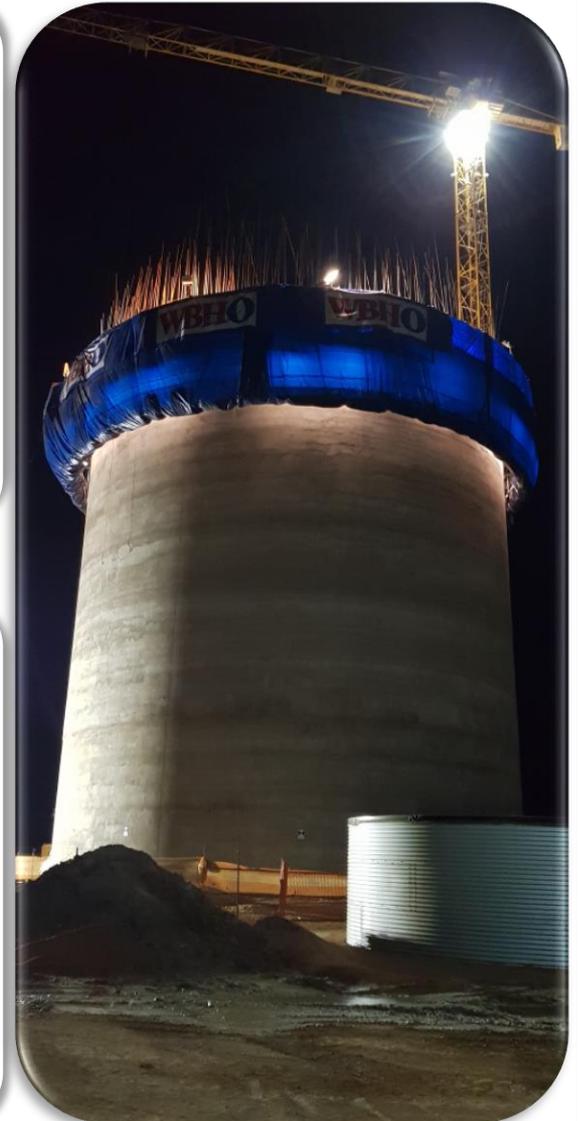
## Outlook and priorities

**Mxolisi Mgojo**  
Chief Executive Officer

3

## Financial results

**Riaan Koppeschaar**  
Finance Director



# Results overview

Mxolisi Mgojo, Chief Executive Officer



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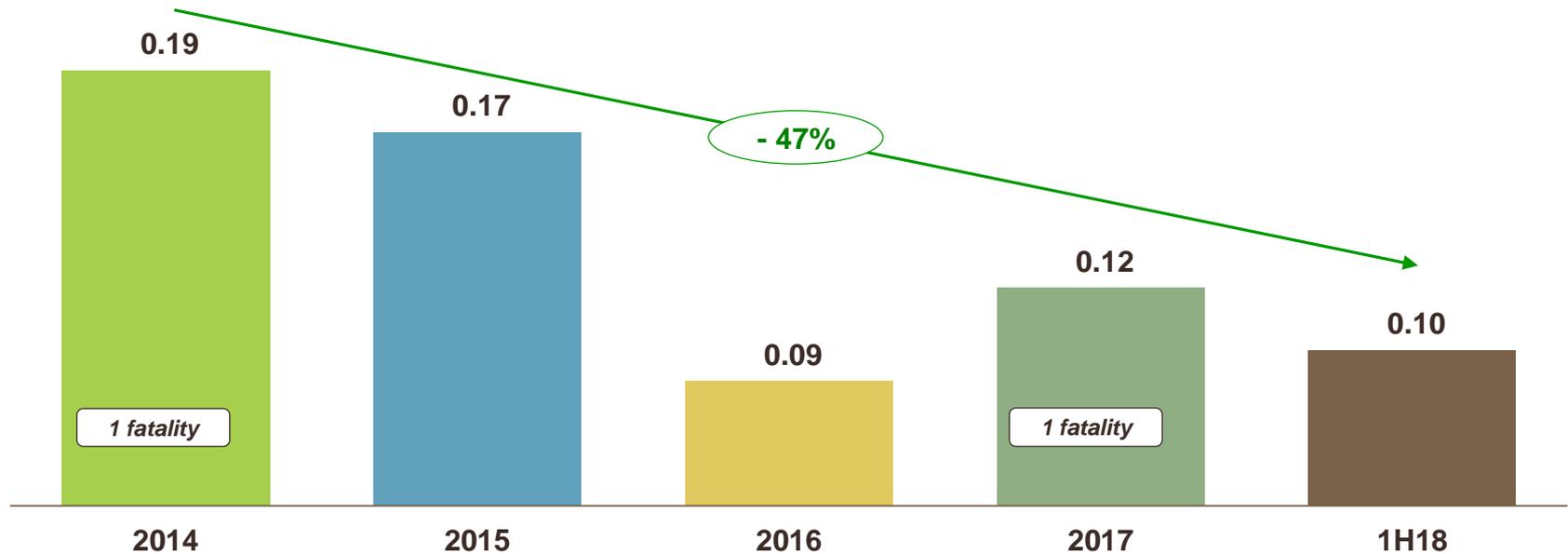
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# Safety | aim to zero harm

- Safety performance improved through 47% reduction in group LTIFR\* over 4.5 years
- Zero fatalities in the last 15 months

## LTIFR



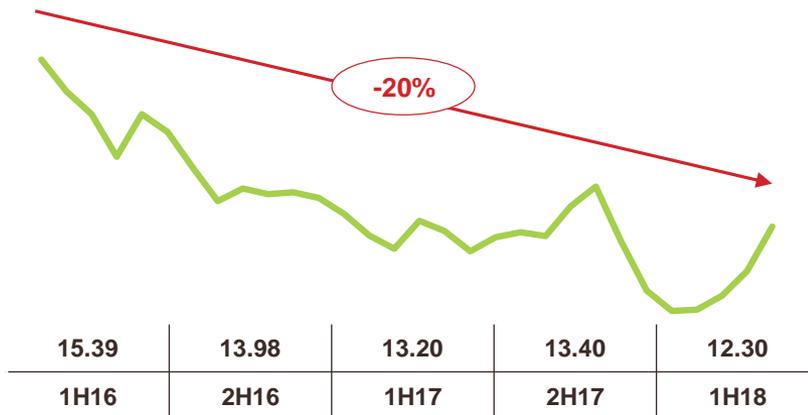
\* Lost time injury frequency rate per 200 000 man hours worked



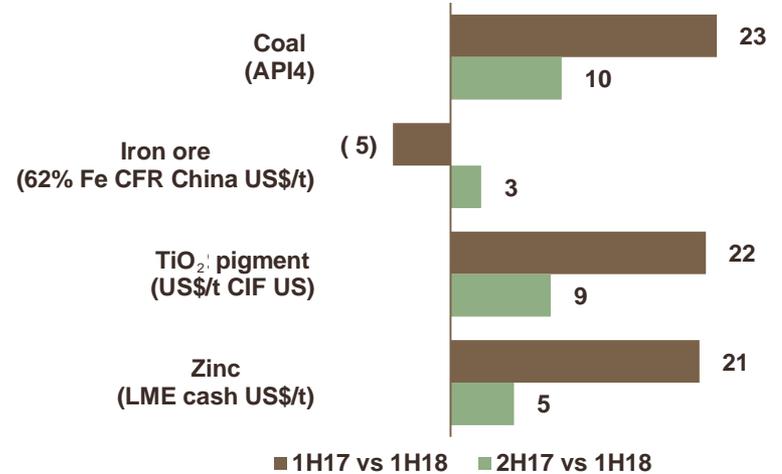
# Macro environment | broadly supportive

- Thermal coal prices buoyed by strong Chinese demand and supply side reforms
- Robust global steel production continued throughout the period
- TiO<sub>2</sub> market remained resilient
- Geopolitical risks and the impact on the brent crude oil price
- Rising US-China trade tension

## Average ZAR/US\$



## % change in market price

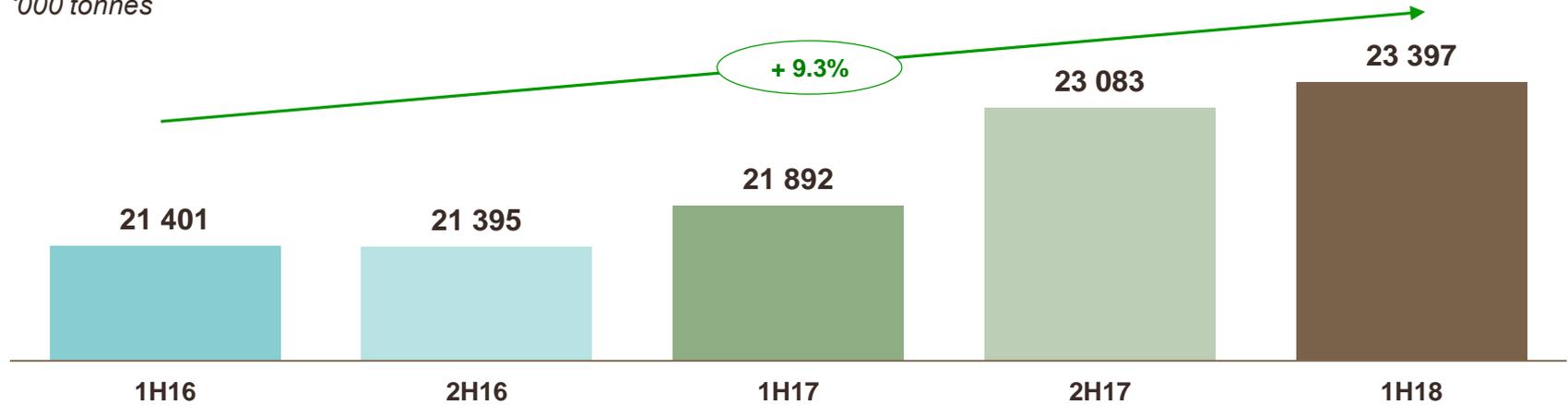


- Relatively stable world real GDP growth
- Strong 1H18 US macro economic data but financial strain on key emerging markets
- Weak RSA GDP performance 1Q18 GDP
- Mining Charter III discussions are progressing
- Constructive relationship with Eskom

# Operational excellence | delivering results

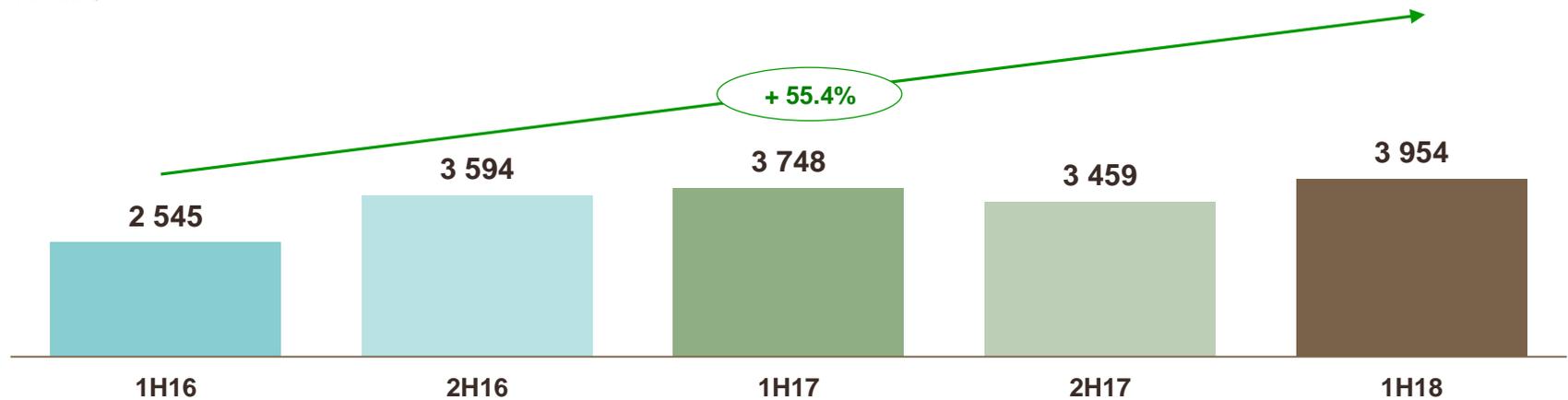
## Coal production

'000 tonnes



## Group core EBITDA

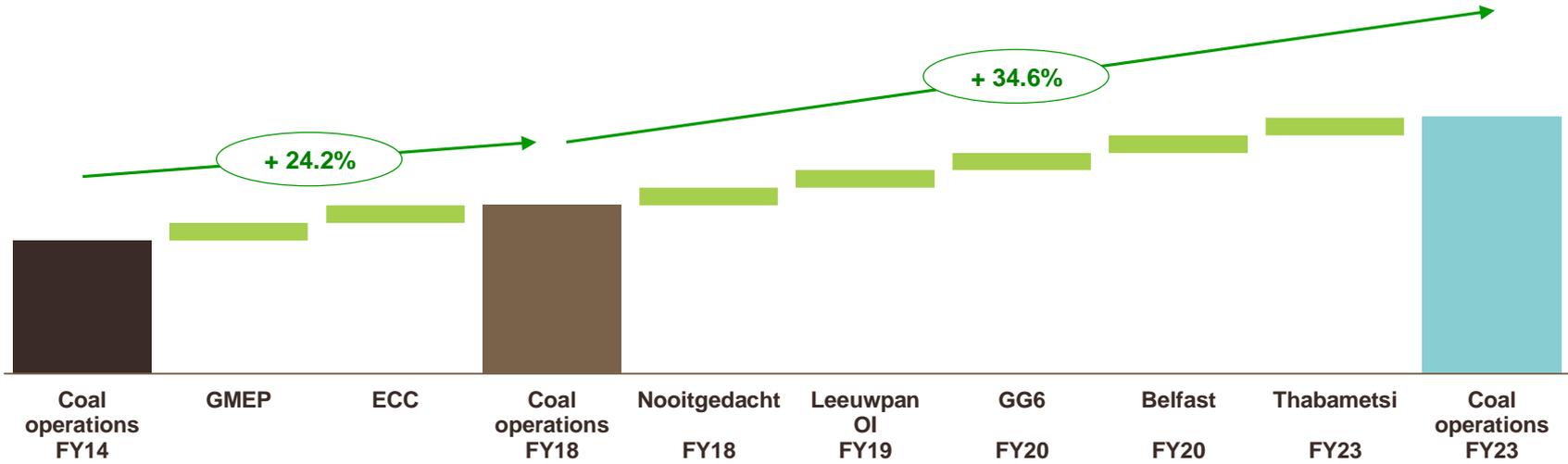
R million



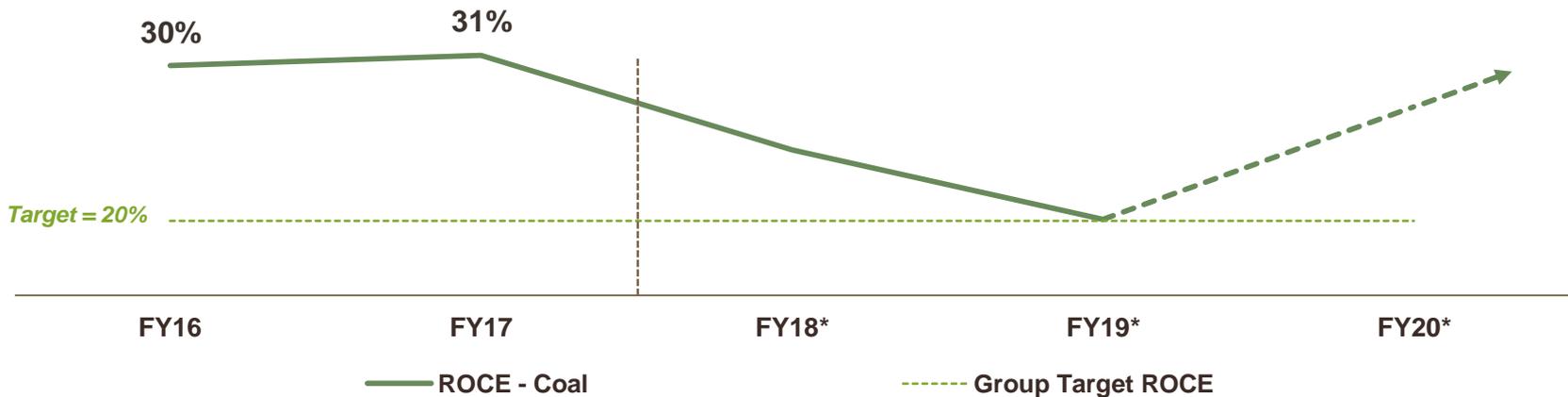


# Value added | coal operations

## Value added by coal projects



## ROCE (%)



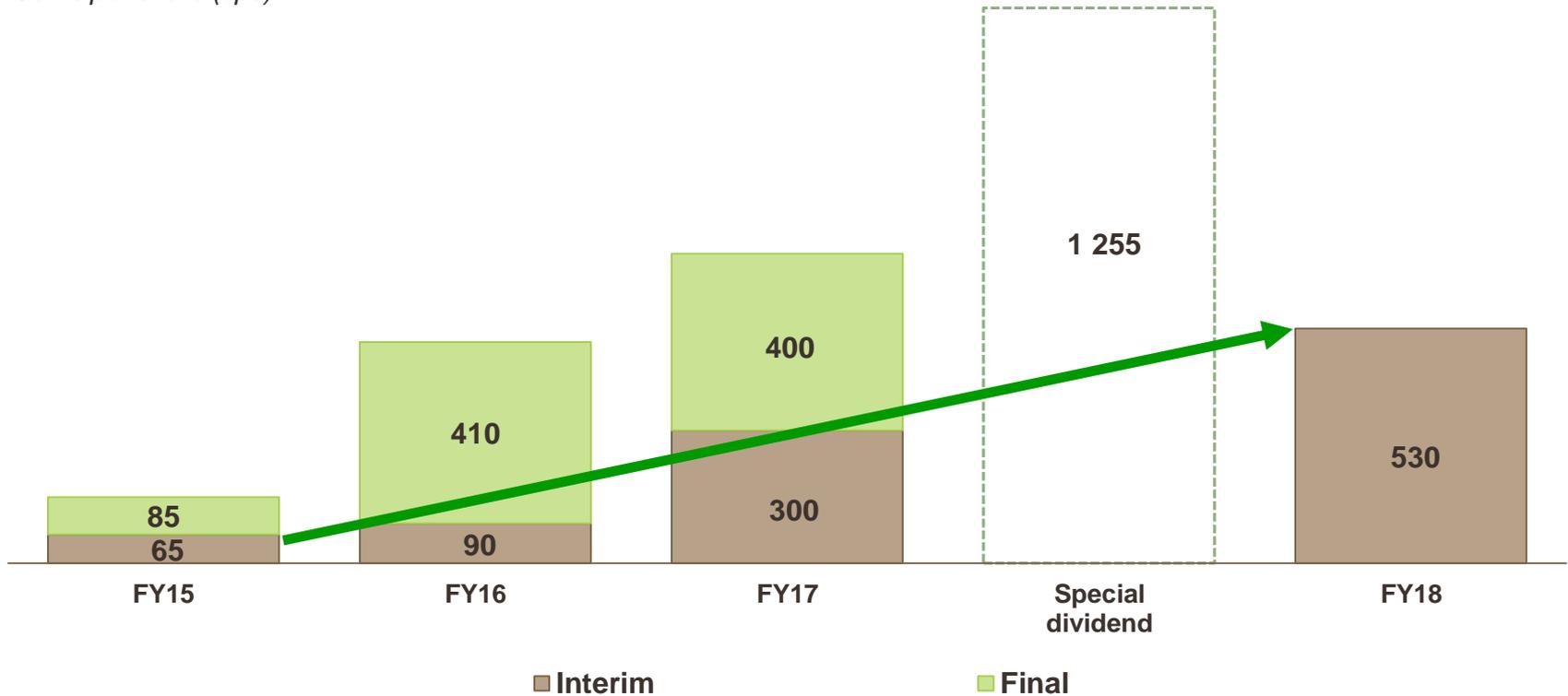
\* Based on latest internal forecast



# Revised dividend policy | higher return to shareholders

- SIOC pass through
- Coal dividend cover between 2.5 and 3.5 of coal core attributable earnings

*Cents per share (cps)*



# Operational performance

Nombasa Tsengwa, Executive Head – Coal Operations



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# > SHEC performance | we care

## Safety and health

- 0.09 LTIFR is below the target of 0.11
- The OHIFR# of 0.34 is 10% above the set target of 0.31
- Aim to achieve zero harm

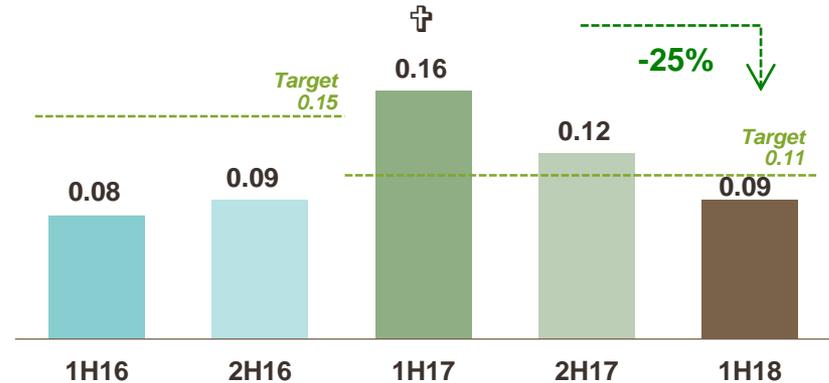
## Integrated environmental management

- All licenses and project authorisations have been received
- DMR & DWS conducted compliance inspections and no stoppage notices were issued
- 15% of total disturbed land rehabilitated with the balance provided for
- Water, CO<sub>2</sub> and energy KPIs are showing a positive trend

## Community development

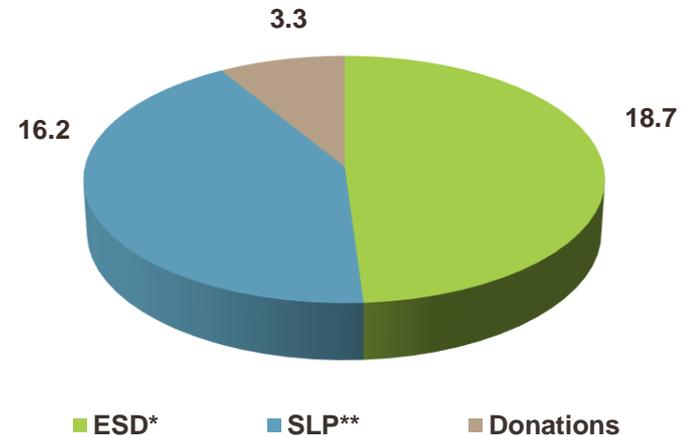
- Community activity (≈ 19 days) impacted negatively on production
- SLP\*\* spend behind by 11% (previously 15%)

## LTIFR



## Community development spend

R million



\* Enterprise and supplier Development    \*\* Social and labour plans    # Occupational Health Injury Frequency Rate    † Fatality



# Volumes | product & sales

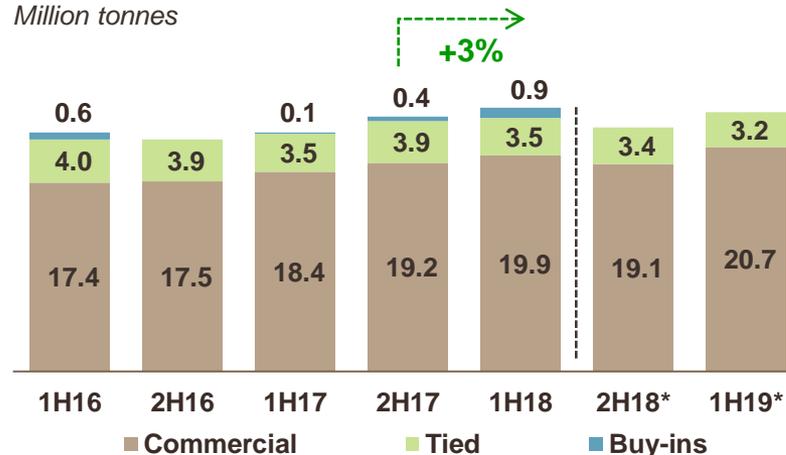
## Tonnage movement

Million tonnes

1H18 vs 2H17	Product	Sales
• <b>Grootegeluk</b> (Medupi ramp up)	1.7	0.9
• <b>Leeuwpan</b> (ROM & yield)	0.5	0.1
• <b>NBC</b> (end of reserves)	(0.6)	(0.5)
• <b>Mafube</b> (end of SBL**)	(0.5)	
• <b>ECC</b> (geology & unrest)	(0.4)	
• <b>Matla</b> (walls - move & closure)	(0.4)	(0.4)
• <b>Export</b> (production)		(0.3)
• <b>Buy-ins</b>	0.5	
<b>Total</b>	<b>0.8</b>	<b>(0.2)</b>

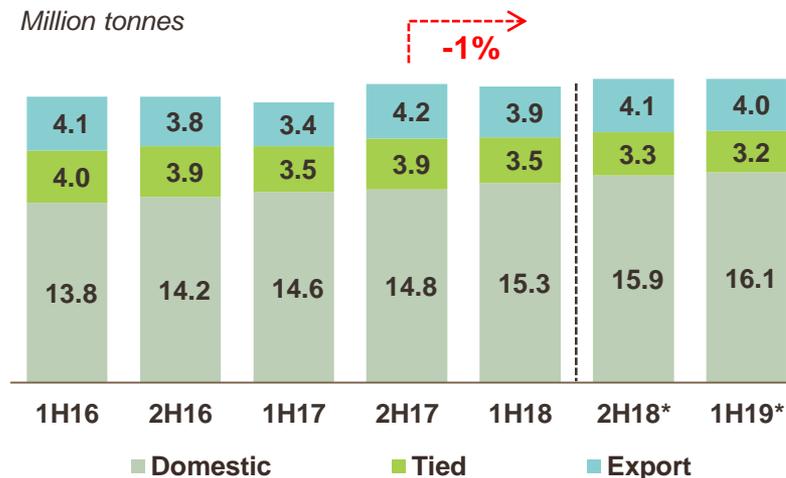
## Total coal product

Million tonnes



## Total coal sales

Million tonnes



\* Based on latest internal forecast (actual figures could vary by ± 5%)

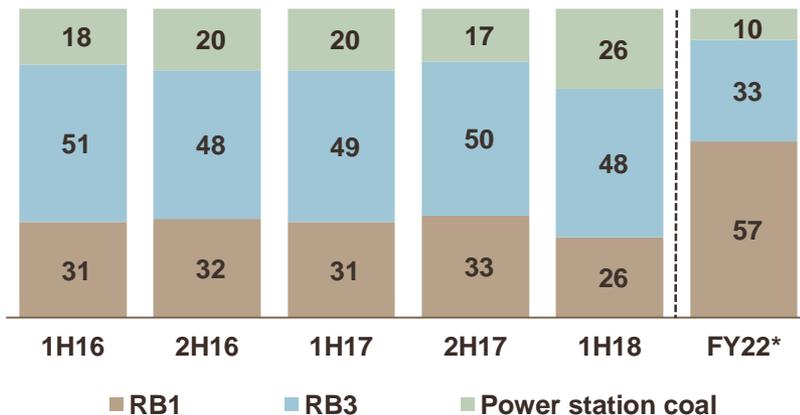
\*\* Springboklaagte

Additional information on slides 36 - 39

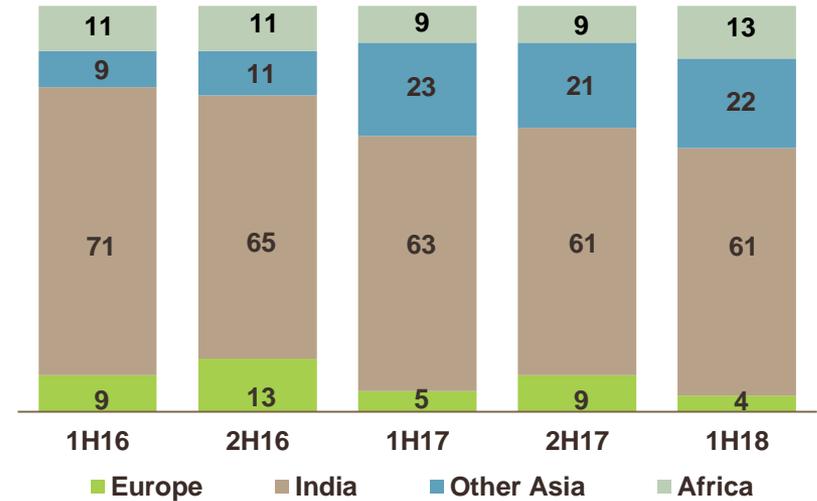
# Exports | landscape changing

- 7% less exported in 1H18 vs 2H17
- RB1 down 7% to 26% in 1H18 due to less product available mainly from Mafube
- African and Asian exposure increasing with Europe continuing downward trend
- Increased Leeuwan power station coal volumes to India
- Average realised export price a function of export product mix
- Stronger API4 prices and strengthening of the R/US\$ exchange rate in 1H18

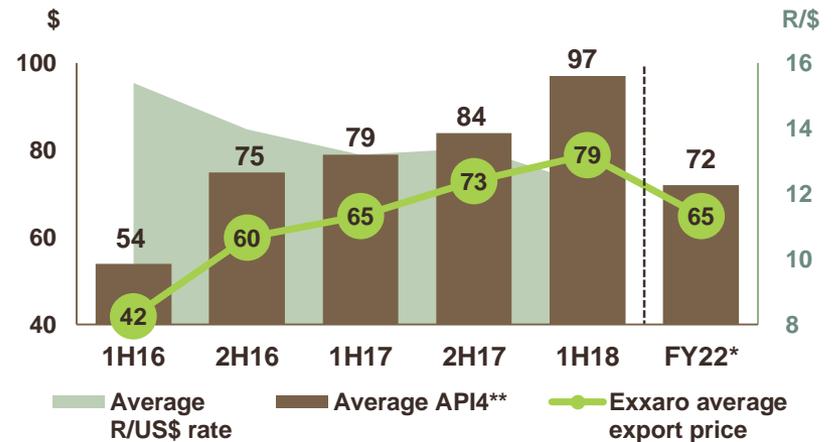
## Export product mix (%)



## Export sales destinations (%)



## Average realised prices



\* Based on latest internal forecast \*\* RB1 export price

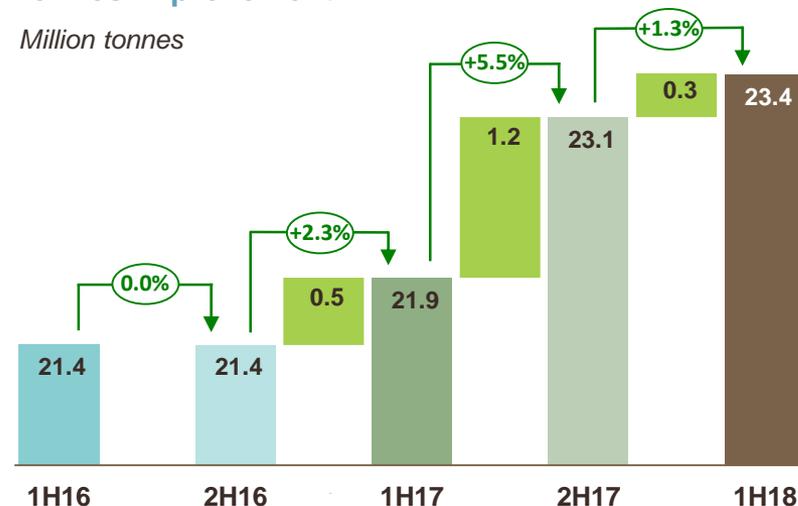


# Operational excellence | own production\* and productivity

- Steady production improvement year-on-year from 1H16 to 1H18, 1.4% from 2H17
- Improved tonnage contribution from Leeuwpan and Grootegeeluk

## Tonnes improvement

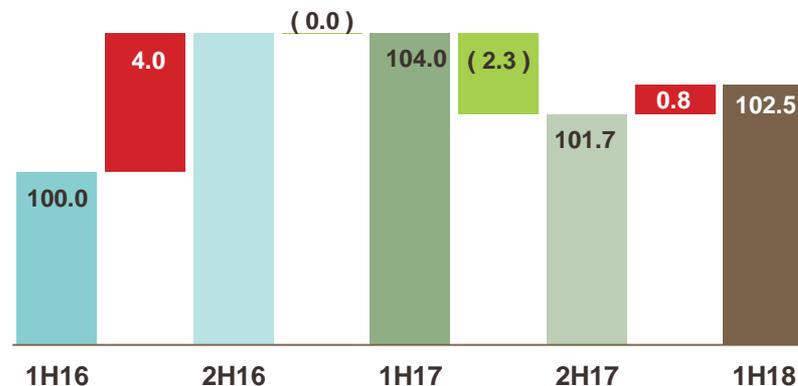
Million tonnes



- Labour cost / ROM tonne only increased 2.5% from 1H16 base to 1H18 through good labour cost control and steady improvement in ROM output

## Labour cost\*\* / ROM tonne

Rebased to 100



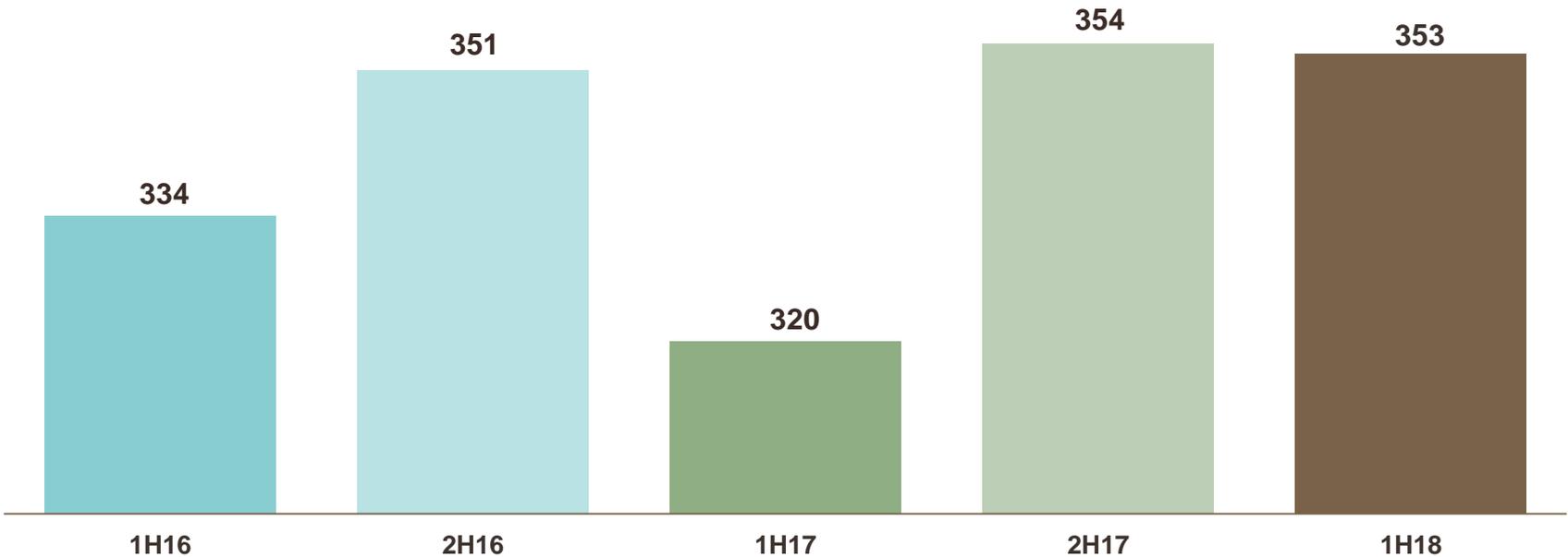
\* Own production excluding buy-ins \*\* Labour cost = Labour cost + Outside services

## Operational excellence | cash cost per tonne

- Cost per tonne increased by only 6% over 2 years
- This is commendable given the inflationary pressures the mining industry is facing
- Cost per tonne has remained flat over the last 2 reporting periods
- Achieved through a combination of volume and efficiency improvements
- The focus of operational excellence is to drive down cost per tonne, thereby protecting our margins

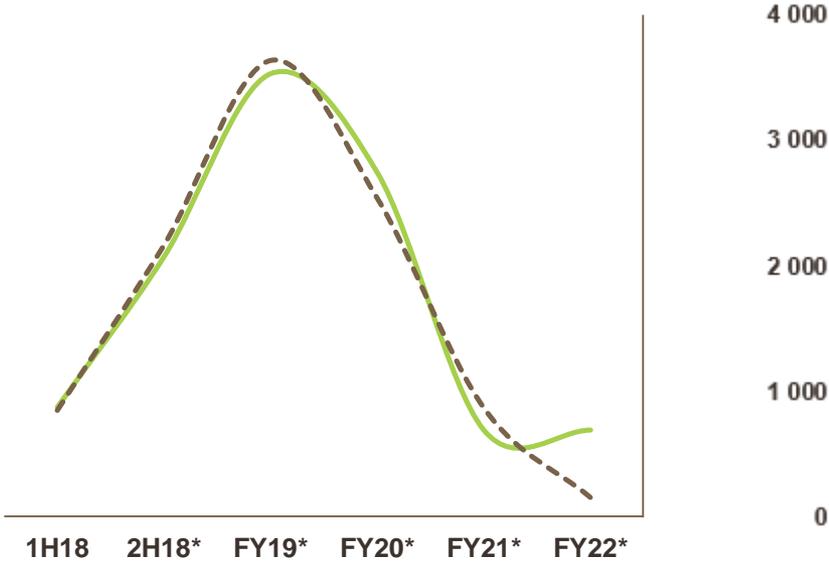
### Cash cost

Rand per tonne



# Optimisation | capital expenditure

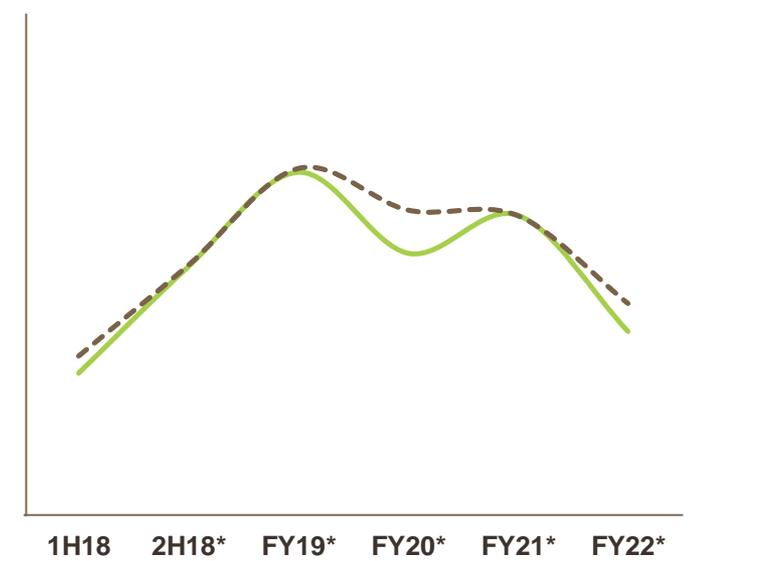
## Expansion capital profile



						-5%
622	1 403	1 816	2 197	671	680	↓
238	645	1 679	518	8		
<b>860</b>	<b>2 048</b>	<b>3 495</b>	<b>2 715</b>	<b>679</b>	<b>680</b>	
<b>1 713</b>	<b>2 143</b>	<b>3 603</b>	<b>2 514</b>	<b>856</b>	<b>148</b>	<b>10 977</b>

Waterberg  
Mpumalanga  
Other  
Total  
March guidance

## Sustaining capital profile



						-9%
807	1 104	1 720	1 304	1 790	1 000	↓
315	826	957	747	562	430	
<b>1 122</b>	<b>1 967</b>	<b>2 714</b>	<b>2 072</b>	<b>2 373</b>	<b>1 453</b>	
<b>1 731</b>	<b>1 980</b>	<b>2 745</b>	<b>2 415</b>	<b>2 370</b>	<b>1 676</b>	<b>12 917</b>

\* Based on latest internal forecast (actual figures could vary by +/-5%)

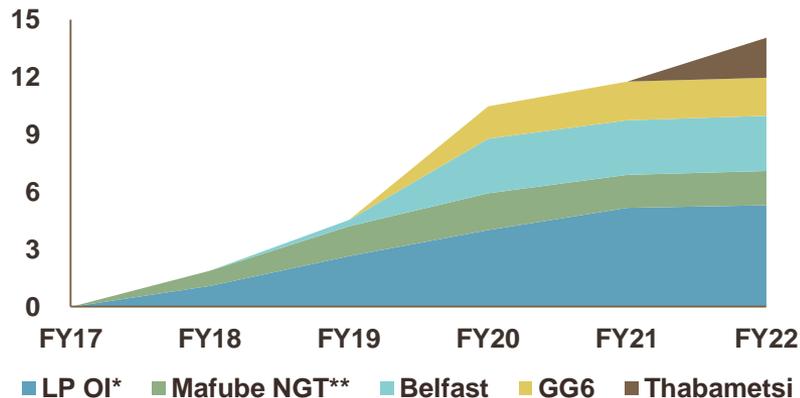
# Project execution | value creation

## Delivering value

- Capital projects delivered on time and within budget
- GG7/8 implemented successfully
- Dedicated Executive Head Projects & Technology to manage major projects
- Proven methodologies, processes and controls
- Projects adding up to 14Mt/pta to increase sales volumes to more than 60Mtpa translating into R3bn - R3.7bn EBITDA per annum being added in steady state

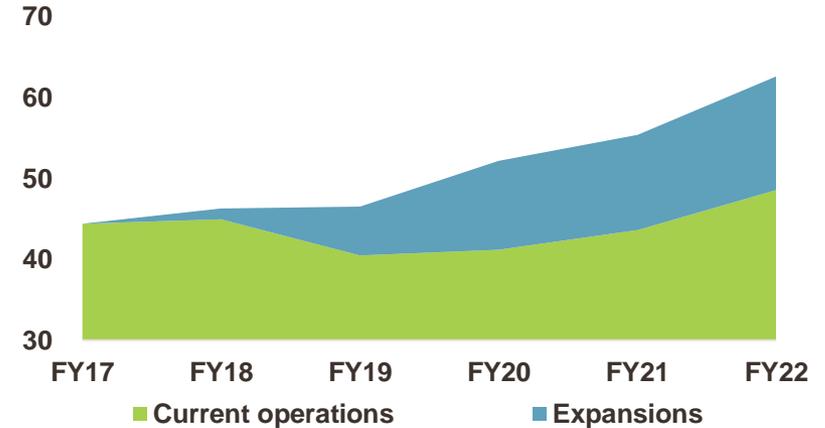
## Sales tonnes from expansion capital

Million tonnes



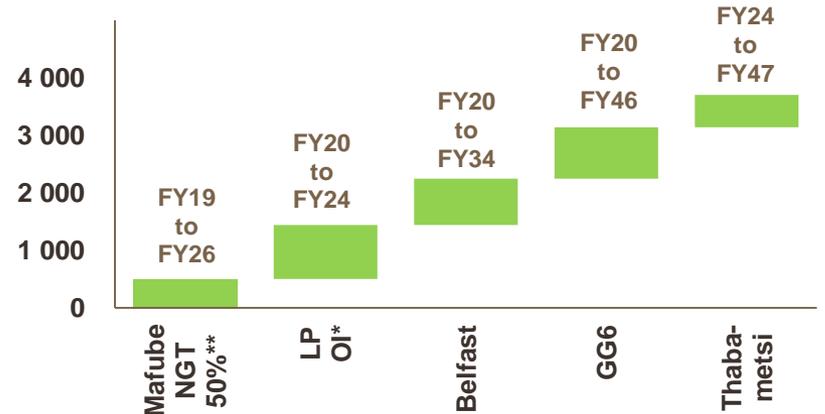
## Total sales tonnes

Million tonnes



## Steady state EBITDA contribution#

R million



\* 70% is incremental \*\* Nooitgedacht is replacement # FY18 real terms: Price = US\$72/tonne, Exchange rate = R13.27/US\$

# Financial results

Riaan Koppeschaar, Finance Director



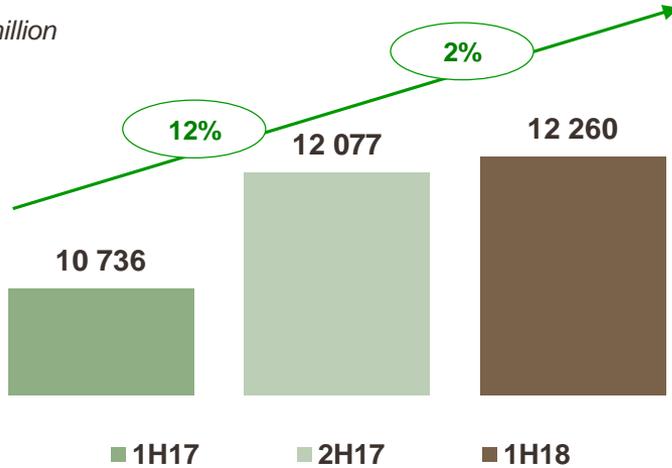
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# Financial highlights | group core\*

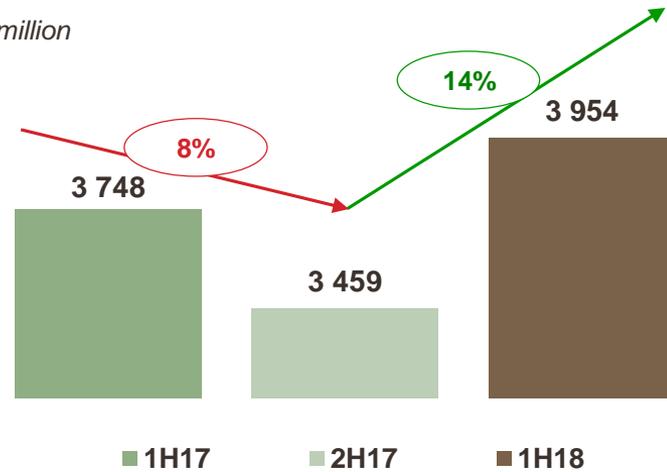
## Revenue

R million



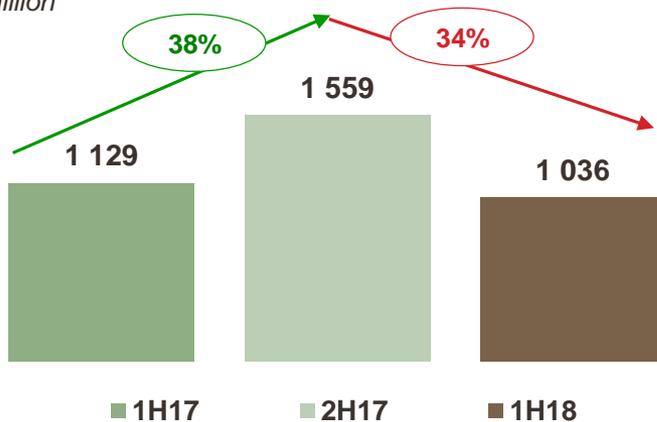
## EBITDA

R million



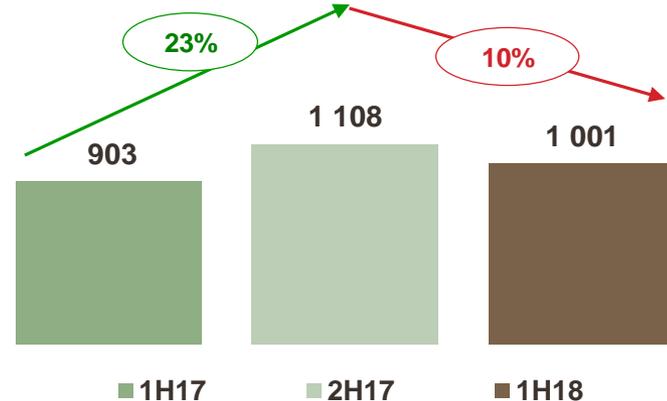
## Equity income

R million



## HEPS

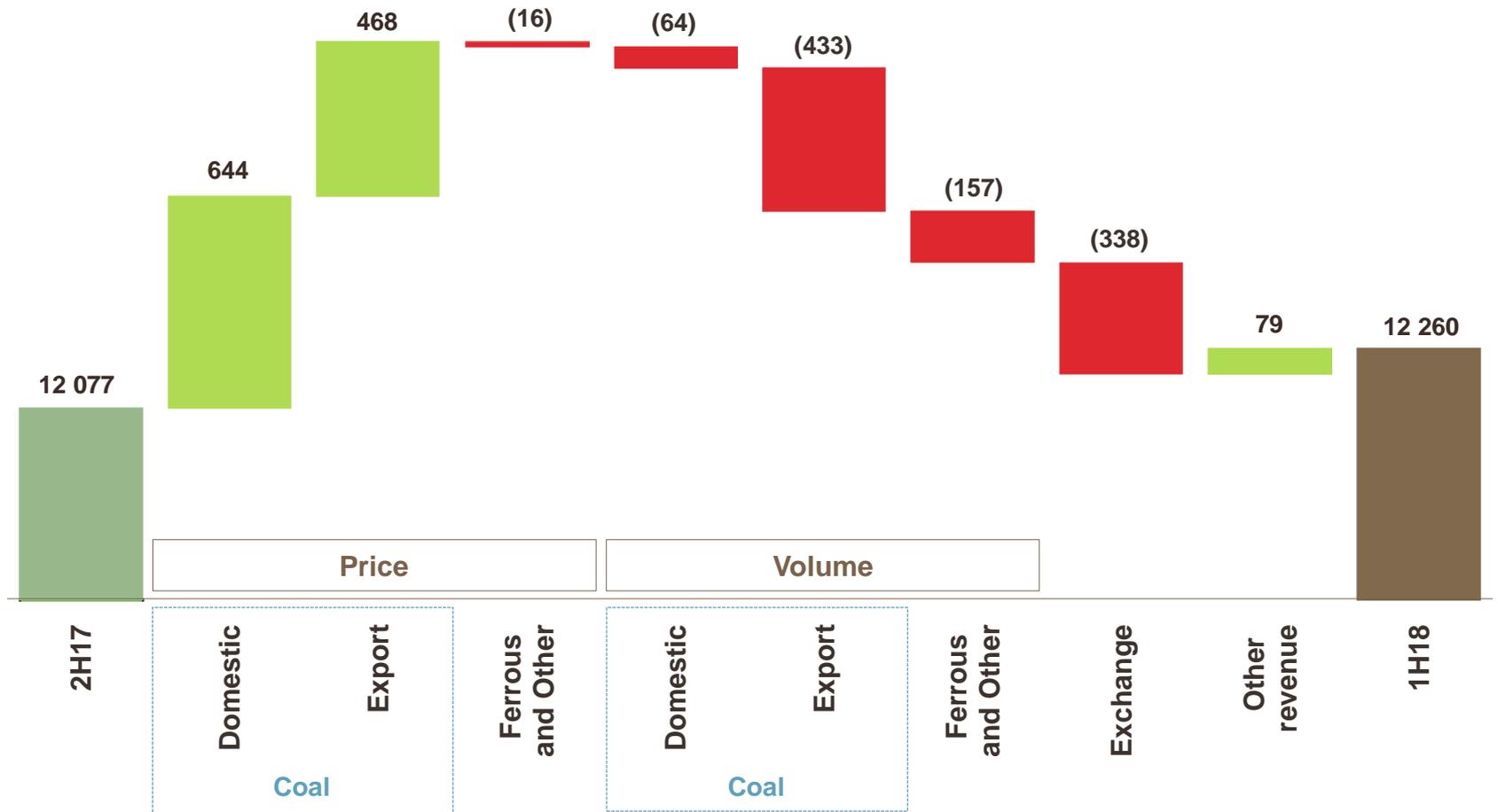
Cents per share



\* Detail on calculation of core results on slides 43 to 45

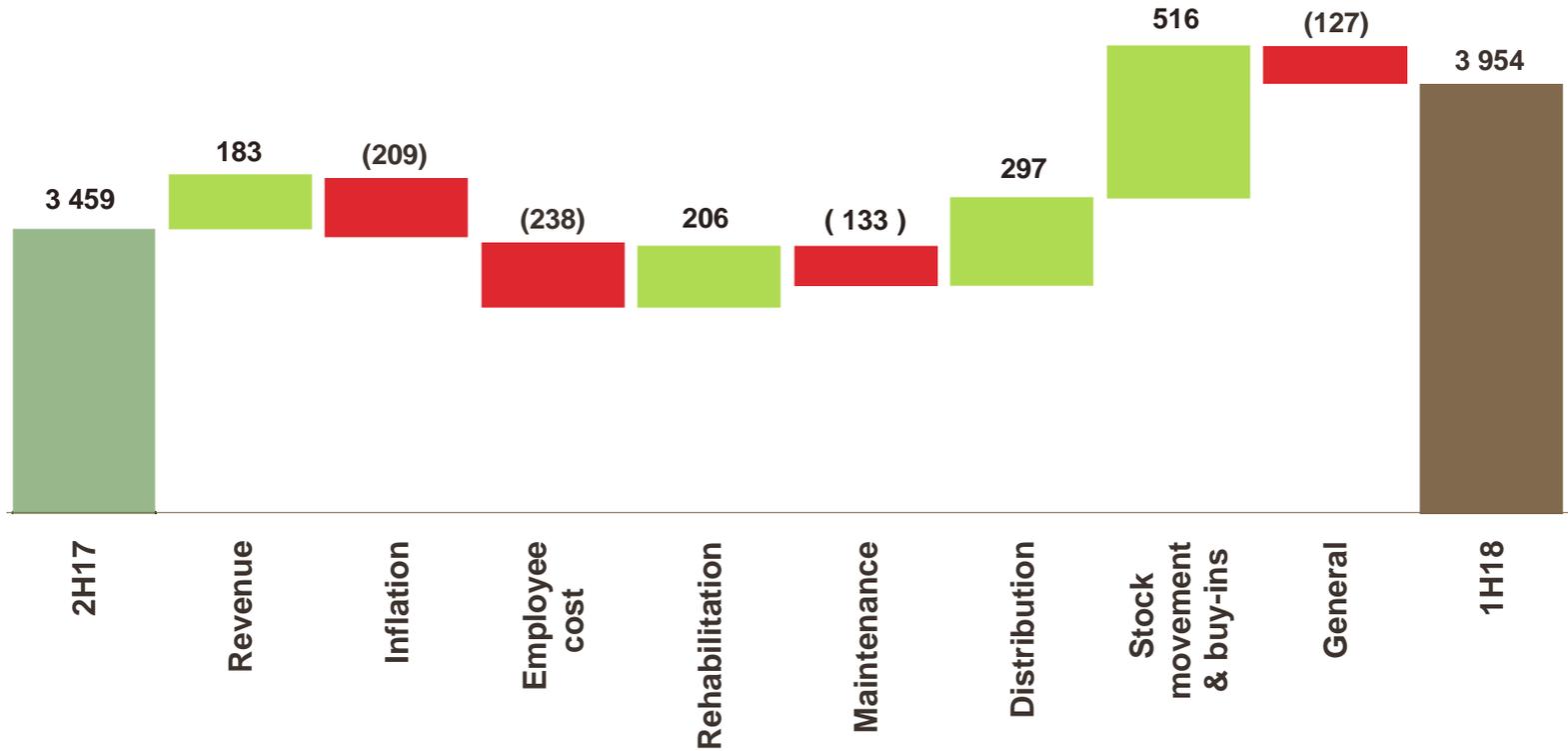
# > Revenue 2H17 vs 1H18 | group core

R million



# > EBITDA 2H17 vs 1H18 | group core

R million

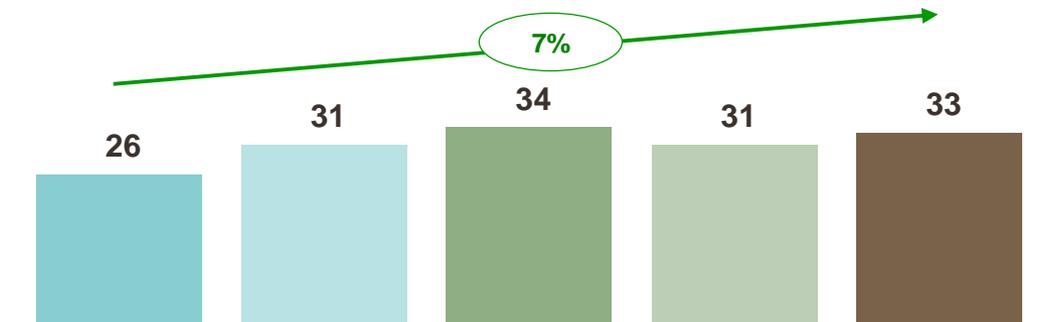


Coal	3 707	357	(203)	(136)	207	(131)	297	367	(485)	3 980
Ferrous	53	(175)	(3)	5				139	(12)	7
Other	(301)	1	(3)	(107)	(1)	(2)		10	370	(33)
	3 459	183	(209)	(238)	206	(133)	297	516	(127)	3 954

## > Revenue and EBITDA | coal core

<i>R million</i>		1H16	2H16	1H17	2H17	1H18
<b>Revenue</b>		9 718	10 955	10 670	11 883	<b>12 240</b>
Commercial operations:	Waterberg	4 764	5 414	5 712	5 616	<b>6 538</b>
	Mpumalanga	3 294	3 718	3 367	4 603	<b>3 865</b>
	Other					<b>10</b>
Tied operations:	Matla	1 290	1 515	1 382	1 455	<b>1 639</b>
	Other	370	308	209	209	<b>188</b>
<b>EBITDA</b>		2 561	3 441	3 667	3 707	<b>3 980</b>
Commercial operations:	Waterberg	2 554	3 033	3 286	3 175	<b>3 632</b>
	Mpumalanga	243	879	576	812	<b>774</b>
	Other	(364)	(581)	(348)	(269)	<b>(504)</b>
Tied operations:	Matla	72	74	76	64	<b>72</b>
	Other	56	36	77	(75)	<b>6</b>

### EBITDA margin (%)



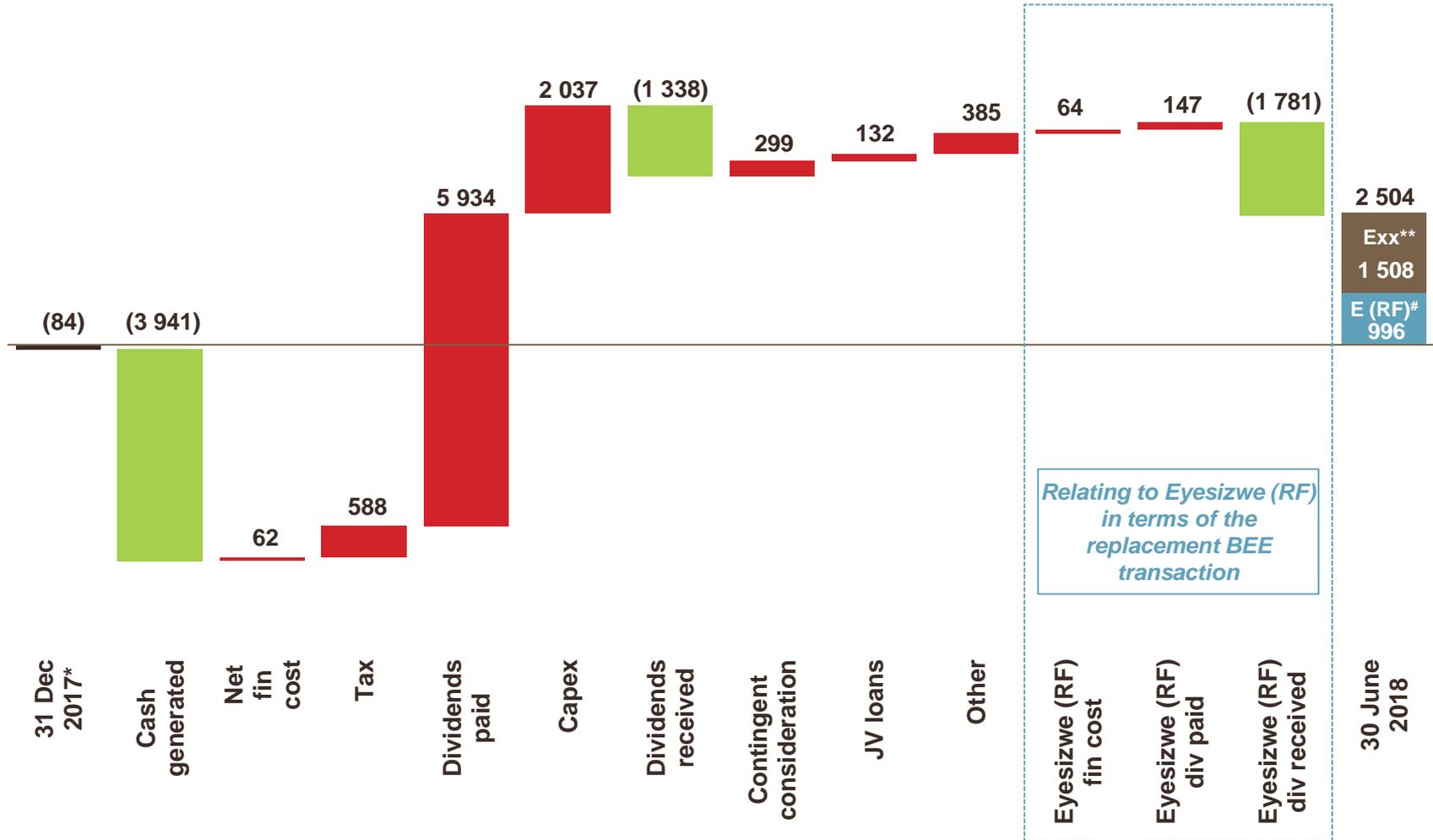
## > Attributable earnings | group core

<i>R million</i>	1H18	2H17	% change	1H17	% change
<b>Net operating profit</b>	<b>3 210</b>	2 741	17	3 073	4
<b>Income from investments</b>	<b>32</b>	2			
<b>Net financing cost</b>	<b>(110)</b>	(149)	26	(451)	76
<b>Post-tax equity-accounted income</b>	<b>1 036</b>	1 559	(34)	1 129	(8)
SIOC	<b>784</b>	1 366	(43)	1 232	(36)
Tronox SA & UK operations (26%)	<b>224</b>	117	91	68	
Tronox Limited		(195)		(363)	
Mafube	<b>(31)</b>	141	(122)	118	(126)
Cennergi	<b>20</b>	13	54	(11)	
Black Mountain	<b>57</b>	127	(55)	99	(42)
RBCT	<b>(18)</b>	(10)	(80)	(14)	(29)
<b>Tax</b>	<b>(810)</b>	(692)	(17)	(867)	7
<b>Non-controlling interest</b>	<b>(36)</b>	(19)	(89)	(31)	(16)
<b>Attributable earnings</b>	<b>3 322</b>	3 442	(3)	2 853	16
<b>Attributable earnings per share* (cents)</b>	<b>1 001</b>	1 108	(10)	903	11

\* Based on a core number of shares of 332 million in 1H18

# Net (cash)/debt | core group 1H18

R million



\* Eyesizwe (RF) debt = R2 478 million; Exxaro cash = R2 562 million \*\* Exxaro net debt excl. Eyesizwe (RF) # Eyesizwe (RF) debt



# Dividend | change in policy

## Consideration

- Strong cash flow generation
- Healthy balance sheet structure

## Net debt : Core EBITDA

Times



## Change in policy

### Previous

2.5 – 3.5 core attributable GROUP earnings

Net debt : Core EBITDA target 1.0 – 1.5

Excess cash to shareholders

- special dividends
- buy-backs

### Revised

2.5 – 3.5 core attributable COAL earnings

Pass through of SIOC dividend

Net debt : Core EBITDA target < 1.5

Excess cash to shareholders

- special dividends
- buy-backs

\* Based on latest internal forecast

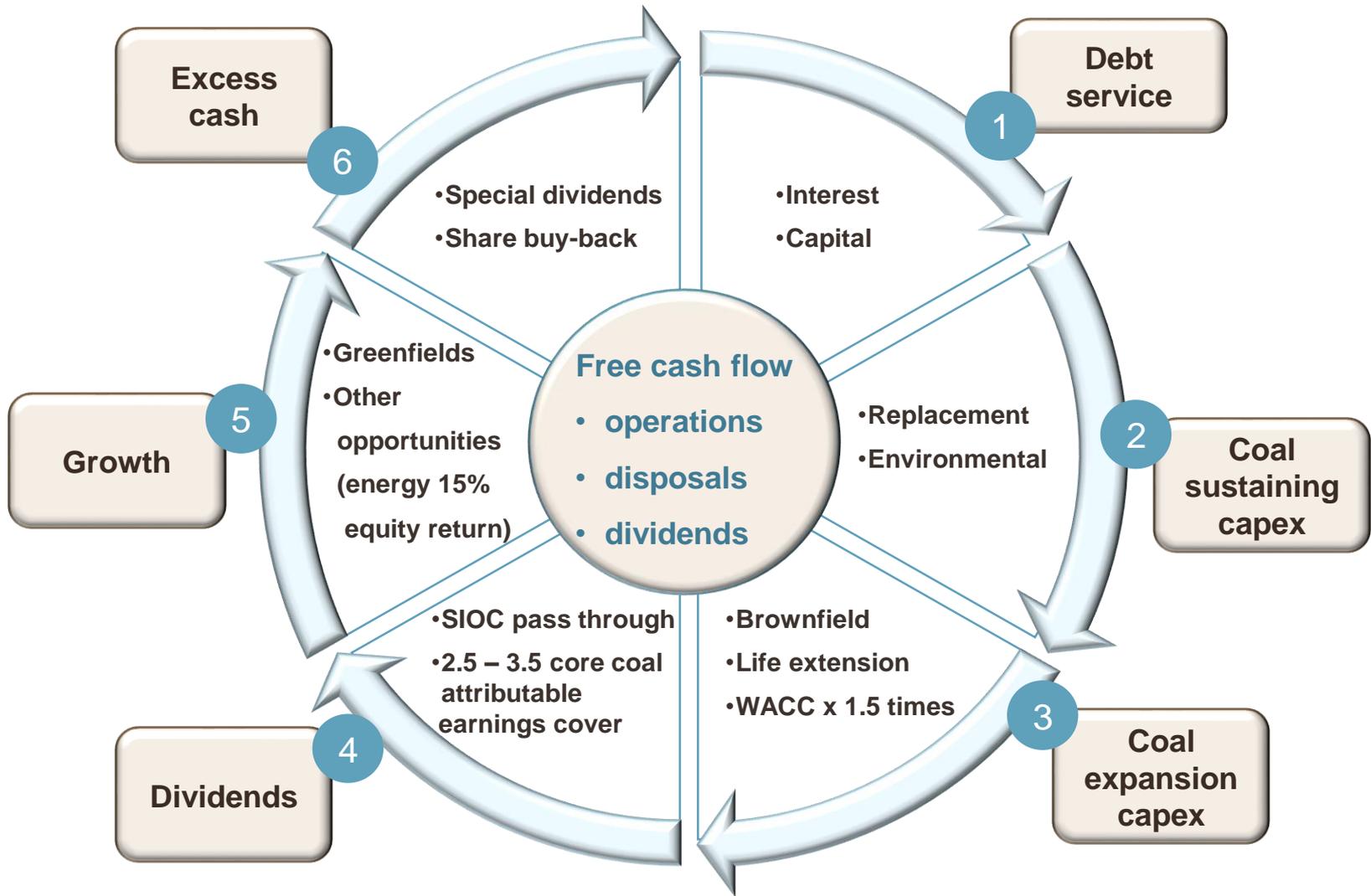


## Dividend | shareholder returns

	<b>Interim 1H18</b>	<b>Special 1Q18</b>	Interim 1H17	Final 2H17	Total FY17
<b>Dividend cover* - Group (times)</b>	<b>1.9</b>		3.0	2.7	2.9
<b>Dividend cover* - Coal (times)</b>	<b>3.3</b>				
<b>SIOC dividend declared (Rm)</b>	<b>1 263</b>				
<b>Dividend declared per share (cents)</b>	<b>530</b>	<b>1 255</b>	300	400	700
<b>Dividend declared (Rm)</b>	<b>1 901</b>	<b>4 502</b>	943	1 435	2 378
Main Street 333			355		355
Eyesizwe (RF) Pty Ltd**	<b>570</b>	<b>1 350</b>		430	430
Other	<b>1 331</b>	<b>3 152</b>	588	1 005	1 593

\* Cover calculated on core attributable earnings    \*\* Formerly known as NewBEECo

# > Capital | allocation framework



**Targeted net debt : core EBITDA < 1.5 times**

## **Tronox | future expectation**

- **Exxaro remains committed to monetise its Tronox shares over time, as previously stated**
- **FTC (antitrust authority) preliminary injunction hearing regarding the Tronox/Cristal merger has commenced**
- **Decision expected on the preliminary injunction within weeks, although litigation with the FTC may continue**
- **Decisions by Exxaro regarding monetisation strategies will depend, amongst others, on:**
  - **FTC process**
  - **prevailing market conditions**
  - **applicable securities law**

# Outlook and priorities

Mxolisi Mgojo, Chief Executive Officer

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*Belfast project: run of mine silo at 37 meters July 2018*

## > Outlook | 2H18



- Stable global economic growth, with US-China trade tension and high oil prices slowing momentum
- Strong international coal markets anticipated to continue
- A more balanced iron ore market expected
- Overall, stable titanium dioxide pigment market; regionally, mixed



- Albeit weak, positive South Africa economic growth prospects
- Favourable thermal coal trading conditions anticipated
- Policy uncertainty in the run-up to the 2019 national elections
- Volatile rand exchange rate



- Deliver expansion projects
- Drive results from operational excellence
- Continue portfolio optimisation
  - Tronox disposal
  - SIOC flip up
  - Coal

# Exxaro | investment highlights



# Thank you



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*Belfast project: wetland crossing July 2018*

# Additional information



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# Coal | major projects

<b>2H18</b>	<ul style="list-style-type: none"> <li>• GG6 Expansion construction continues with first GG2 Plant shut planned for 3Q18</li> <li>• Belfast construction continues</li> <li>• GG Rapid Load Out Station construction continues</li> <li>• Leeuwpan Life Expansion first coal expected 2H18</li> <li>• Matla Mine 1 Relocation awaiting Eskom funding approval</li> </ul>	<b>GG6 Expansion</b> <ul style="list-style-type: none"> <li>• Capex: R4.8bn</li> <li>• Product: 1.7 – 2.7 Mtpa of semi soft coking coal</li> <li>• In construction</li> <li>• 1<sup>st</sup> production: FY20</li> </ul>
<b>FY19</b>	<ul style="list-style-type: none"> <li>• GG6 Expansion construction continues</li> <li>• Belfast construction continues with start of cold commissioning</li> <li>• Thabametsi Mine Phase 1 construction commences pending notice to proceed</li> <li>• GG Rapid Load Out Station project close expected 2H19</li> <li>• Leeuwpan Life Expansion project close expected 1H19</li> </ul>	<b>Belfast</b> <ul style="list-style-type: none"> <li>• Capex: R3.3bn</li> <li>• Product: 2.7 Mtpa of thermal coal</li> <li>• In construction</li> <li>• 1<sup>st</sup> production: 1H20</li> </ul>
<b>FY20</b>	<ul style="list-style-type: none"> <li>• GG6 Expansion construction and commissioning concluded</li> <li>• GG6 Expansion first coal expected 2H20</li> <li>• Belfast commissioning concludes</li> <li>• Belfast first coal expected 1H20</li> <li>• Thabametsi Mine Phase 1 construction continues</li> </ul>	<b>Thabametsi Phase 1</b> <ul style="list-style-type: none"> <li>• Capex: R3.2bn</li> <li>• Product: 3.9 Mtpa of thermal coal</li> <li>• 1<sup>st</sup> production: FY21</li> </ul>
<b>FY21</b>	<ul style="list-style-type: none"> <li>• Thabametsi Mine Phase 1 first coal expected 2H21</li> </ul>	<b>Matla Mine 1 Relocation</b> <ul style="list-style-type: none"> <li>• Capex: R1.8bn</li> <li>• Construction start pending Eskom funding approval</li> </ul>
<b>FY22</b>	<ul style="list-style-type: none"> <li>• Matla Mine 1 relocation first coal expected 1H22</li> </ul>	<b>Grootegeluk Rapid Load Out Station</b> <ul style="list-style-type: none"> <li>• Capex: R1.3bn</li> <li>• Load capacity: 12Mtpa</li> <li>• In construction</li> <li>• Commissioning: 1H19</li> </ul>
		<b>Grootegeluk Discard Inpit Phase 2</b> <ul style="list-style-type: none"> <li>• Capex: R0.6bn</li> <li>• Project in close out phase</li> </ul>
		<b>Leeuwpan Lifex</b> <ul style="list-style-type: none"> <li>• Capex: R0.6bn</li> <li>• Product: 2.7Mtpa of thermal coal</li> <li>• In construction</li> <li>• 1<sup>st</sup> production: 2H18</li> </ul>

# > Coal | capital expenditure

R million

	Actual			Forecast*				
	1H17	2H17	1H18	2H18	FY19	FY20	FY21	FY22
<b>Sustaining</b>	1 209	1 994	<b>1 122</b>	1 967	2 714	2 072	2 373	1 453
GG load out station	111	200	<b>164</b>	342	410	15		
GG trucks, shovels and stacker reclaimers	140	641	<b>229</b>	306	355	410	192	372
GG discard and backfill	50	308	<b>1</b>	135	318	344	344	107
GG other	679	558	<b>413</b>	321	637	535	1 254	521
Leeuwpan OI reserve	4	33	<b>148</b>	181	96	3		
Leeuwpan other	105	80	<b>62</b>	154	404	239	209	130
ECC	115	153	<b>104</b>	490	457	505	353	300
Other	5	21	<b>1</b>	38	37	21	21	23
<b>Expansion</b>	96	505	<b>860</b>	2 048	3 495	2 715	679	680
GG6 phase 2	65	323	<b>610</b>	995	1 225	1 012	8	
GG other	1	(1)		394	5	150		
Thabametsi phase 1	14	38	<b>12</b>	14	586	1 035	663	680
Belfast	16	145	<b>238</b>	645	1 679	518	8	
<b>Total coal capital expenditure</b>	1 305	2 499	<b>1 982</b>	4 015	6 209	4 787	3 052	2 133
Waterberg	1 060	2 067	<b>1 429</b>	2 507	3 536	3 501	2 461	1 680
Mpumalanga	245	432	<b>553</b>	1471	2 636	1 265	570	430
Other				37	37	21	21	23
<b>March guidance</b>			<b>3 444</b>	4 123	6 348	4 929	3 226	1 824

\* Based on latest internal forecast (actual figures could vary by  $\pm 5\%$ )



## Coal | product volumes

'000 tonnes	Actual			Forecast*		
	1H17	2H17	1H18	2H18	FY19	FY20
<b>Thermal Production</b>	20 823	22 020	<b>22 218</b>	21 284	45 088	48 539
Grootegeluk	11 362	12 043	<b>13 650</b>	12 883	27 806	27 050
Matla	3 542	3 858	<b>3 538</b>	3 357	6 493	6 458
Leeuwan	1 818	1 537	<b>1 978</b>	2 176	4 439	5 369
ECC	1 856	2 204	<b>1 837</b>	2 025	4 469	5 205
NBC	1 359	1 604	<b>945</b>			
Mafube (production by Mafube JV)	886	774	<b>270</b>	843	1 552	1 615
Belfast					329	2 842
<b>Buy-ins</b>	105	399	<b>868</b>	80		
<b>Total thermal product (including buy-ins)</b>	20 928	22 419	<b>23 086</b>	21 364	45 088	48 539
<b>Total metallurgical production - Grootegeluk</b>	1 069	1 063	<b>1 179</b>	1 150	2 708	4 207
<b>Total product</b>	21 997	23 482	<b>24 265</b>	22 514	47 796	52 746

\* Based on latest internal forecast



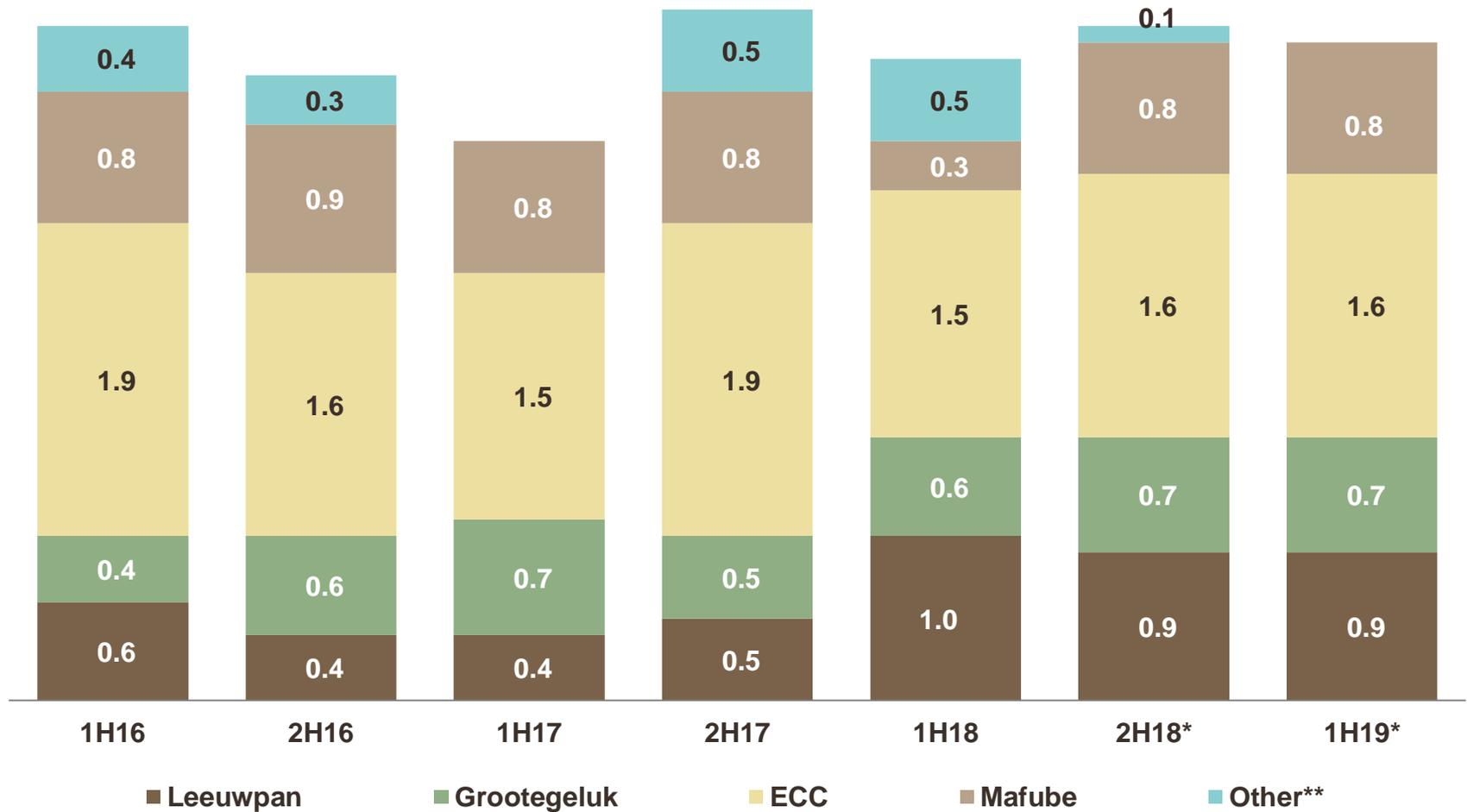
## Coal | sales volumes

'000 tonnes	Actual			Forecast*		
	1H17	2H17	1H18	2H18	FY19	FY20
<b>Sales to Eskom</b>	14 974	16 080	<b>15 883</b>	15 909	31 599	34 768
Grootegeluk	10 261	10 883	<b>11 769</b>	12 560	25 122	25 122
Matla	3 542	3 861	<b>3 538</b>	3 349	6 477	6 442
NBC	1 171	1 336	<b>576</b>			
ECC						3 204
<b>Other domestic thermal coal sales</b>	2 541	2 051	<b>2 321</b>	2 601	5 583	7 804
<b>Exports</b>	3 396	4 216	<b>3 921</b>	4 078	8 023	8 015
<b>Total thermal coal sales</b>	20 911	22 347	<b>22 125</b>	22 588	45 205	50 587
<b>Total domestic metallurgical coal sales</b>	566	624	<b>584</b>	717	1 331	1 517
<b>Total sales</b>	21 477	22 971	<b>22 709</b>	23 305	46 536	52 104

\* Based on latest internal forecast

# > Coal | export market volumes per mine

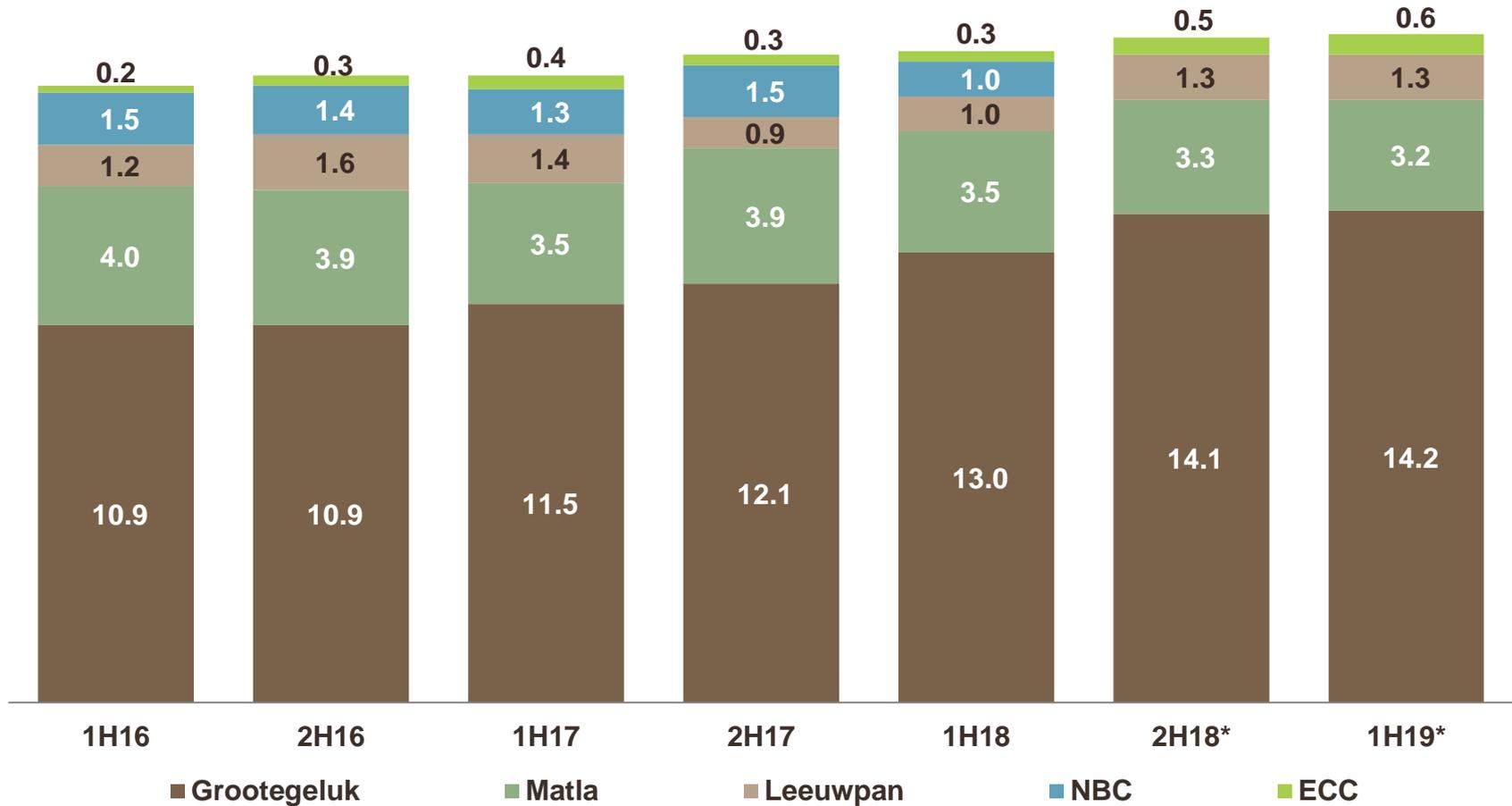
Million tonnes



\* Based on latest internal forecast \*\* Buy-ins and inventory

# > Coal | domestic market volumes per mine

Million tonnes



\* Based on latest internal forecast

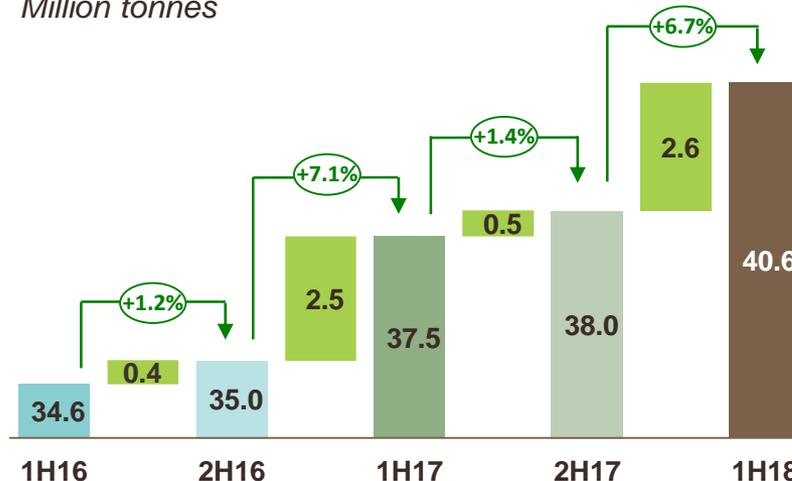


# Operational excellence | ROM tonnes 2H17 vs 1H18

- Good improvement in ROM tons growth for coal operations
- Improvement from 2H17 to 1H18 achieved from Leeuwan and GG
- Various production challenges experienced at Mafube, Matla, NBC and ECC
- Several interventions launched to assist improvement across BUs in 2H18

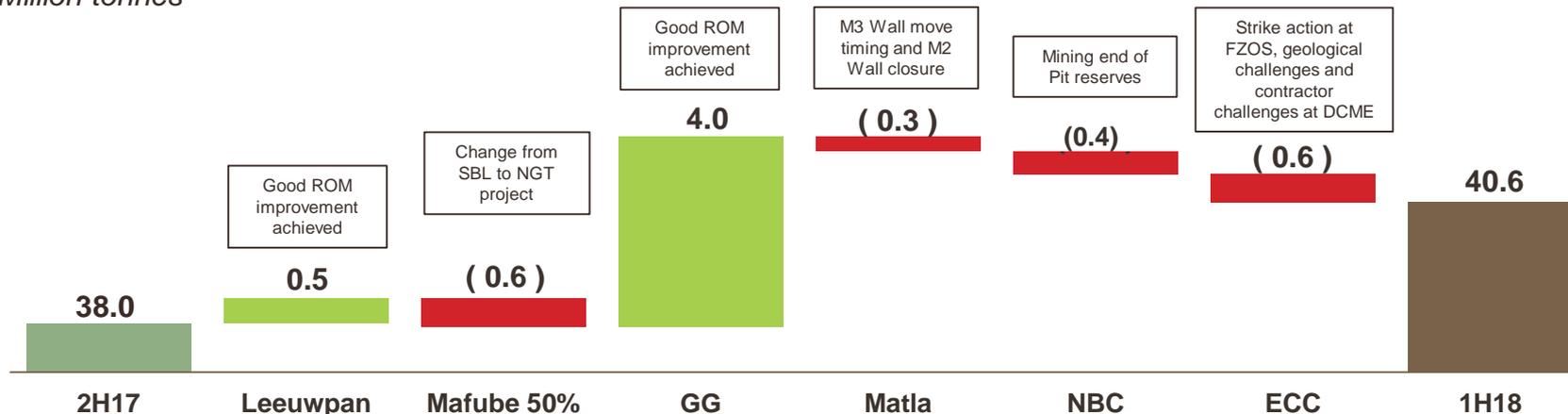
## Coal ROM tonnes improvement

Million tonnes



## Coal ROM tonnes movement per BU

Million tonnes

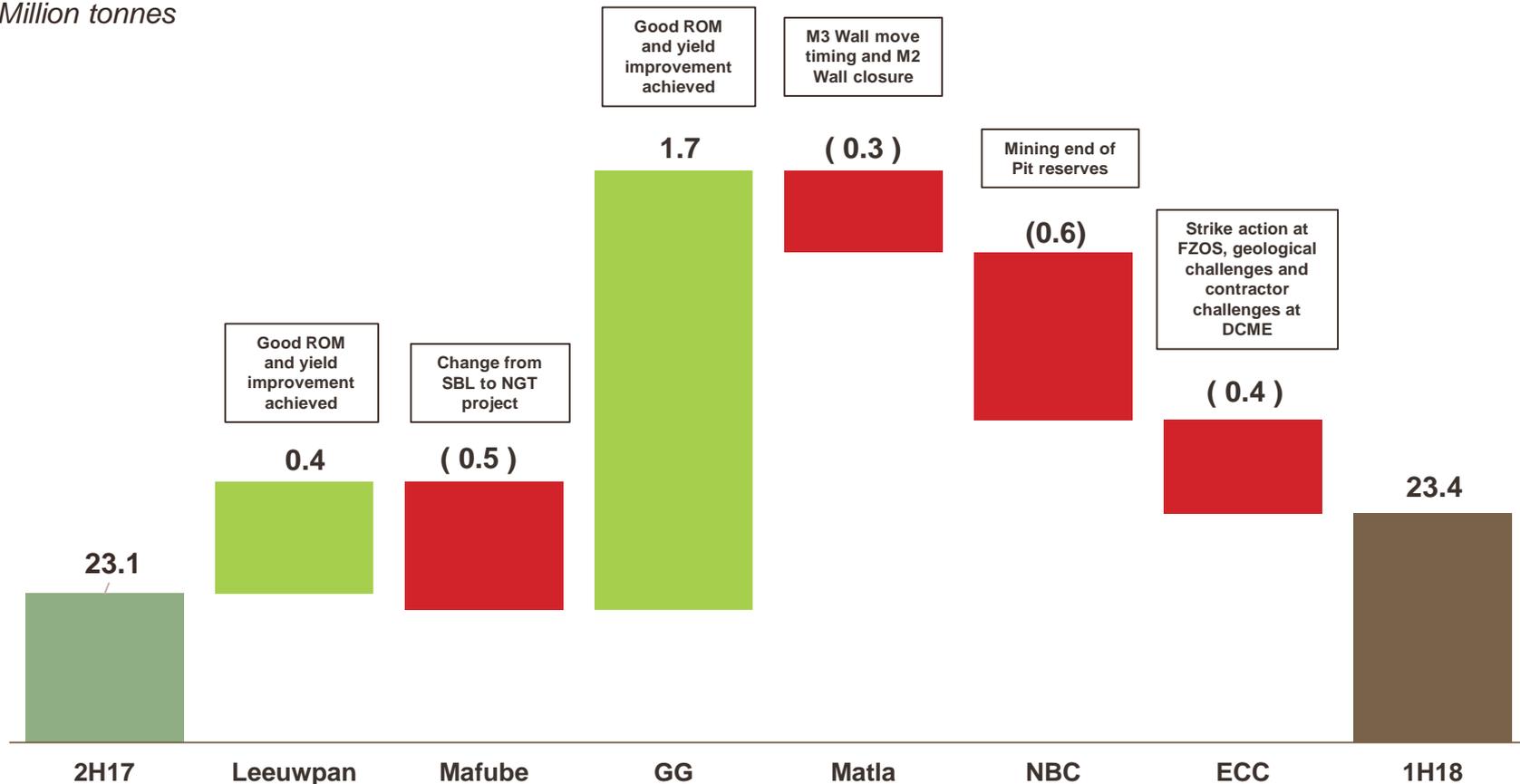




# Operational excellence | product\* tonnes 2H17 vs 1H18

## Coal product tonnes movement per BU

Million tonnes



\* Own production excluding buy-ins



# Coal | sensitivities 1H18

Measure	Sensitivity	Impact on NOP* (Rm)
Environmental rehabilitation discount rate	1%	( 220)  205
Domestic sales volumes	1%	( 50)  50
Export sales volumes	1%	( 48)  48
Export price per tonne	US\$1	( 28)  28
Exchange rate	10 cents	( 18)  18
Labour	1%	( 11)  11
Selling and distribution	1%	( 8)  8
Fuel	1%	( 4)  4
Electricity	1%	( 2)  2

\* Net operating profit



## Financial overview | group IFRS

<i>R million</i>	1H18	2H17	% change	1H17	% change
Revenue	12 260	12 077	2	10 736	14
Operating expenses	(9 134)	(8 927)	(2)	(7 826)	(17)
Net operating profit	3 126	3 150	(1)	2 910	7
Net operating profit margin (%)	25	26	(1)	27	(2)
Post-tax equity-accounted income	1 046	998	5	1 125	(7)
Attributable earnings: owners of parent	3 182	3 290	(3)	2 692	18
Headline earnings*	3 067	(1 227)		2 787	10
EBITDA	3 766	(1 197)		3 683	2
Cash generated from operations	3 941	3 166	25	3 660	8
Capital expenditure	2 037	2 607	(22)	1 314	55
Net debt/(cash)*	2 504	(84)		4 349	(42)
Attributable earnings per share (cents)	1 268	1 071	18	852	49
Headline earnings per share (cents)	1 222	(380)		882	39

\* Non-IFRS number

## > Financial overview | non-core adjustments

<i>R million</i>	1H18	2H17	1H17
<b>Coal</b>	<b>117</b>	(35)	(24)
Sale of mineral rights	<b>115</b>		
Loss on disposal of non-core assets	<b>2</b>	(35)	(24)
<b>TiO<sub>2</sub></b>		5 160	(75)
Loss on dilution of investment in Tronox		(31)	(75)
Partial disposal of investment in Tronox Limited		5 191	
<b>Other</b>	<b>(201)</b>	(4 716)	(64)
ECC contingent consideration adjustment	<b>(188)</b>	(317)	(37)
Replacement BEE Transaction		(4 339)	
Mayoko iron ore project			(27)
Loss on disposal of non-core assets and other	<b>(13)</b>	(60)	
<b>Non-core adjustment impact on net operating profit</b>	<b>(84)</b>	409	(163)
<b>Net financing cost - Replacement BEE Transaction</b>	<b>(67)</b>	(11)	
<b>Tax on items with impact on net operating profit</b>	<b>1</b>	11	6
<b>Post-tax equity-accounted income</b>	<b>10</b>	(561)	(4)
<b>Total non-core adjustment impact on attributable earnings</b>	<b>(140)</b>	(152)	(161)



## Financial overview | group core\*

<i>R million</i>	1H18	2H17	% change	1H17	% change
<b>Revenue</b>	<b>12 260</b>	12 077	2	10 736	14
Operating expenses	<b>(9 050)</b>	(9 336)	3	(7 663)	(18)
Add back: Depreciation	<b>744</b>	718	4	675	10
<b>EBITDA</b>	<b>3 954</b>	3 459	14	3 748	5
<b>EBITDA margin (%)</b>	<b>32</b>	29	3	35	(3)
<b>Post-tax equity-accounted income</b>	<b>1 036</b>	1 559	(34)	1 129	(8)
<b>Headline earnings</b>	<b>3 322</b>	3 442	(3)	2 853	16
<b>Headline earnings per share (cents)</b>	<b>1 001</b>	1 108	(10)	903	11
<b>Average R/US\$ rate</b>					
Realised	<b>12.33</b>	13.52	(9)	13.42	(8)
Spot	<b>12.30</b>	13.40	(8)	13.20	(7)
<b>Average API4 export price (US\$/tonne)</b>	<b>97</b>	89	9	79	23
<b>Average coal export price realised</b>					
US\$/tonne	<b>79</b>	73	8	65	22
R/tonne	<b>976</b>	972		860	13

\* Non-IFRS number

# > ECC | return and contingent consideration

## Return on investment

	<i>R million</i>
At acquisition cash cost price	3 381
Contingent consideration	683
Paid up to 30 June 2018	373
Accrued with reference to 2018	310
<b>Total cost as on 30 June 2018</b>	<b>4 064</b>
<b>ECC average annual core EBITDA since acquisition</b>	<b>676</b>
<b>EBITDA multiple (times)</b>	<b>6.0</b>

## Remaining contingent consideration

	API4 coal price range (US\$/tonne)		Deferred payments (US\$m)	Expected coal price (US\$/tonne)*	Discount factor of 3%	Fair value adjustment (US\$m)	Net present value of fair value adjustment (US\$m)
	Min	Max					
FY18	60	90	25	88.06	0.97	23.38	22.61
FY19	60	90	35	82.50	0.93	26.25	24.53
<b>Total</b>			<b>60</b>				<b>47.14</b>
						<b>Total ZAR**</b>	<b>647</b>
						Payable January 2019	310
						Payable January 2020	337

\* Based on latest internal forecast    \*\* Based on US\$ exchange rate of R13.72 at 30 June 2018

# > Capital funding structure

R million

## Facilities available

	<i>Drawn</i>	<i>Undrawn/ committed</i>	<i>Undrawn/ unissued</i>
Term loan and revolving facility*	3 500	4 500	
DMTN** programme	520		4 480
Interest bearing borrowings	4 020		
Eyesizwe (RF) preference share liability	1 017		
Interest capitalised	65		
Finance lease liabilities	11		
Capitalised transaction costs	(52)		
<b>Total interest bearing borrowings</b>	<b>5 061</b>		
Current	581		
Non-current	4 480		
<b>Net cash and cash equivalents</b>	<b>(2 557)</b>		
<b>Net debt</b>	<b>2 504</b>		

## Maturity profile of debt

Repayment year	5 061
Less than 6 months	68
6 – 12 months	513
1 – 2 years	(12)
2 – 3 years	(13)
3 – 4 years	3 305
4 – 5 years	1 139
> 5 years	61

\* Excludes additional R2bn accordion option    \*\* Domestic medium-term note

# > Debt and key performance indicators

	Target	1H18	2H17	1H17
<b>Bank covenants*</b>				
Net debt: equity (%)	<80	10	3	17
EBITDA interest cover (times)	>4	22	15	13
Net debt: EBITDA (times)	<3	0.4		0.9
<b>Internal key performance indicators</b>				
EBITDA interest cover (times)	>4	21		8
Return on capital employed** (%) (12 months)	>20	24	25	28
Net debt: equity (%)	<40	6.5		12.0
Net debt: EBITDA (times) (12 months)	<1.5	0.7		0.6

\* Including contingent liabilities except DMR guarantees, as well as dividends received from associates

\*\* Excluding impairments