

WESCOAL

RESULTS PRESENTATION FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021



LAYING THE FOUNDATION TO GROW SUSTAINABLY

DISCLAIMER AND CONTENTS

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HY22 OPERATIONAL AND FINANCIAL OVERVIEW

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COAL MINED

4.8Mt

(HY21: 4.4Mt)

COAL SALES

4.9Mt

(HY21: 4.1Mt)

REVENUE

R2.7 billion

(HY21: R2.1 billion)

EBITDA

R416 million

(HY21: R315 million)

NET PROFIT

R81 million

(HY21: R11 million)

GEARING

49%

(FY21: 55%)

EPS

19.72 cents

(HY21: 2.62 cents)

CASH GENERATED

R288 million

(HY21: 522 million)

Highlights

- Solid contribution from Moabsvelden
- Restart of underground mining section at Elandspruit
- Arnot signed ten-year CSA with Eskom

Challenges

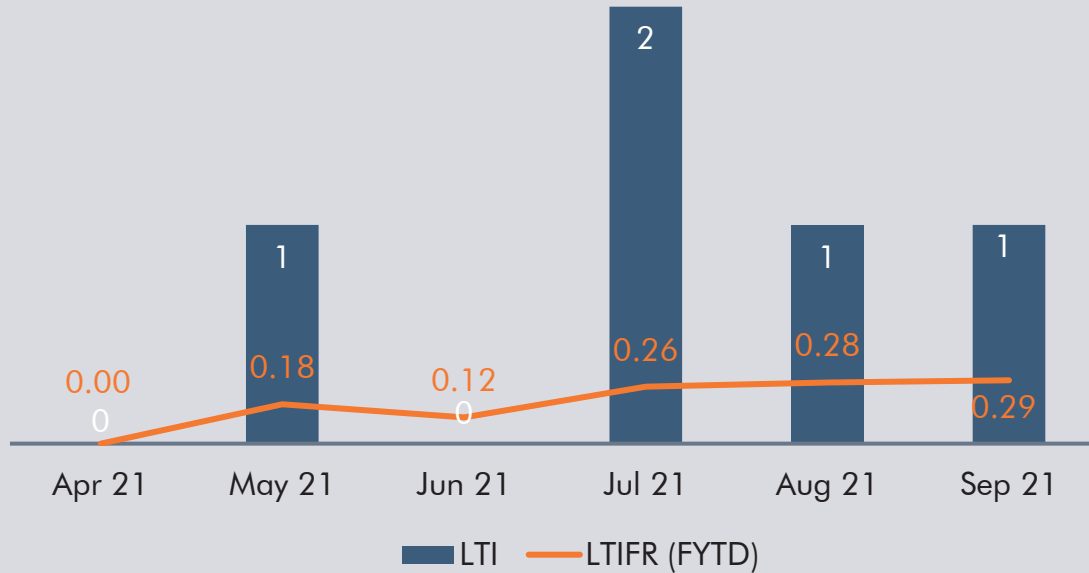
- Operating under Covid-19 conditions
- Eskom coal offtake lower than planned
- Build-up of ROM and saleable product stockpiles

STABILITY	<ul style="list-style-type: none"> Navigate through COVID-19 	<ul style="list-style-type: none"> No Covid-19 related fatalities or material work stoppages across all operations
	<ul style="list-style-type: none"> Achieve production and sales targets 	<ul style="list-style-type: none"> Record half-year production achieved in HY22 Lower offtake by Eskom impacting achievement of sales targets
SUSTAINABILITY	<ul style="list-style-type: none"> Continue to nurture a strong working relationship with Eskom 	<ul style="list-style-type: none"> Regular engagement with Eskom to maintain supply to their power stations continues
	<ul style="list-style-type: none"> Achieve an optimal balance sheet and capital structure 	<ul style="list-style-type: none"> Debt commitments were managed well in the first half of the year
	<ul style="list-style-type: none"> ESG strategy implementation 	<ul style="list-style-type: none"> Currently in full implementation phase and remains a top priority for the business. Full ESG report expected at FY22
SCALABILITY	<ul style="list-style-type: none"> Effective organic growth through current greenfield and brownfield projects 	<ul style="list-style-type: none"> Moabsvelden box-cut development progressing well Underground mining at Elandspruit has commenced Arnot Eskom CSA signed, and mine restart planned for first-quarter of calendar year 2022

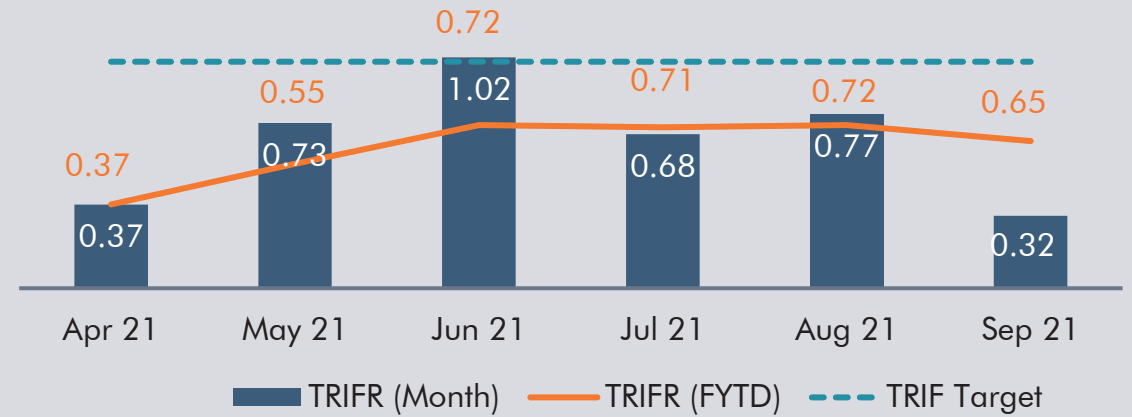
**MINING
SEGMENT**



Lost Time Injury (LTI) Performance



Total Recordable Injury Frequency Rate (TRIFR) Performance



Safety record

- No fatalities
- 5 Lost Time Injuries (LTI) recorded (HY21: 6 LTI's)
- FYTD Total Recordable Injury Frequency Rate (TRIFR) at 0.65 (HY21: 1.35)

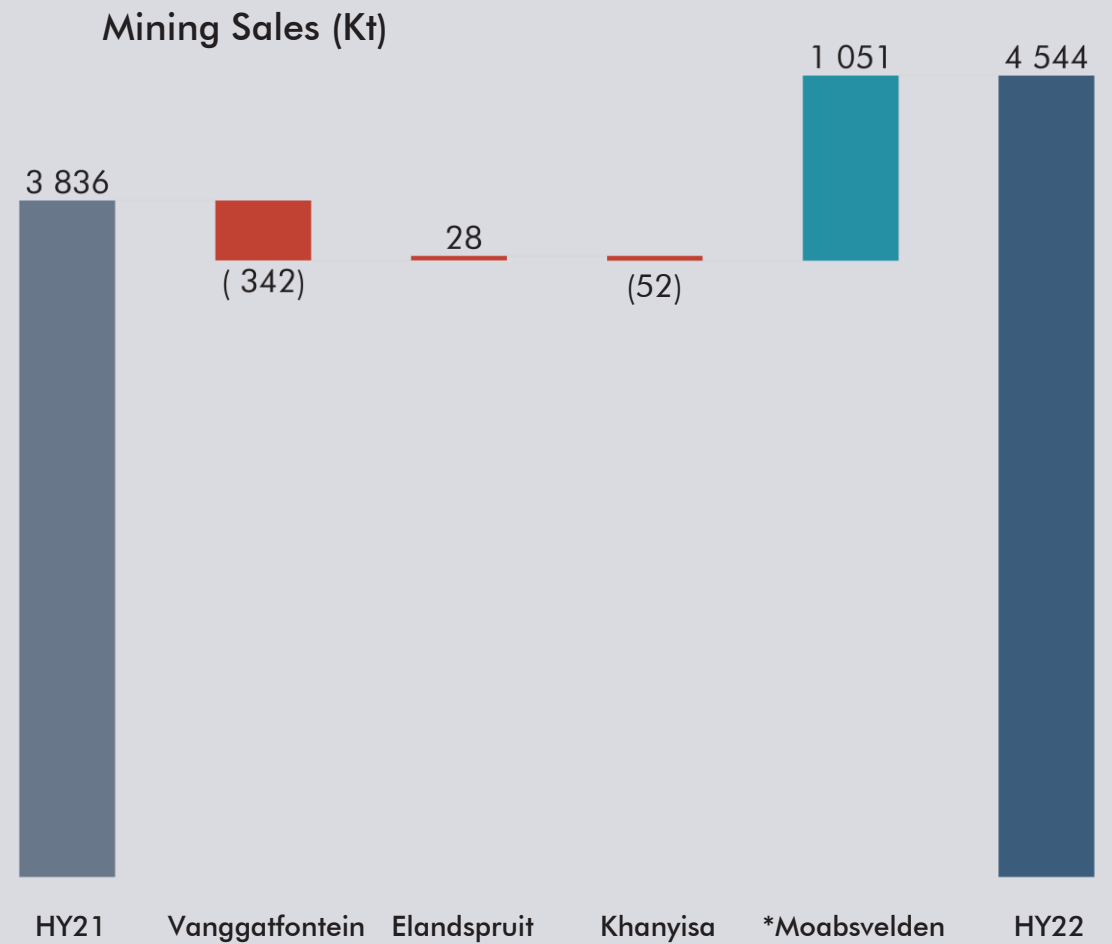
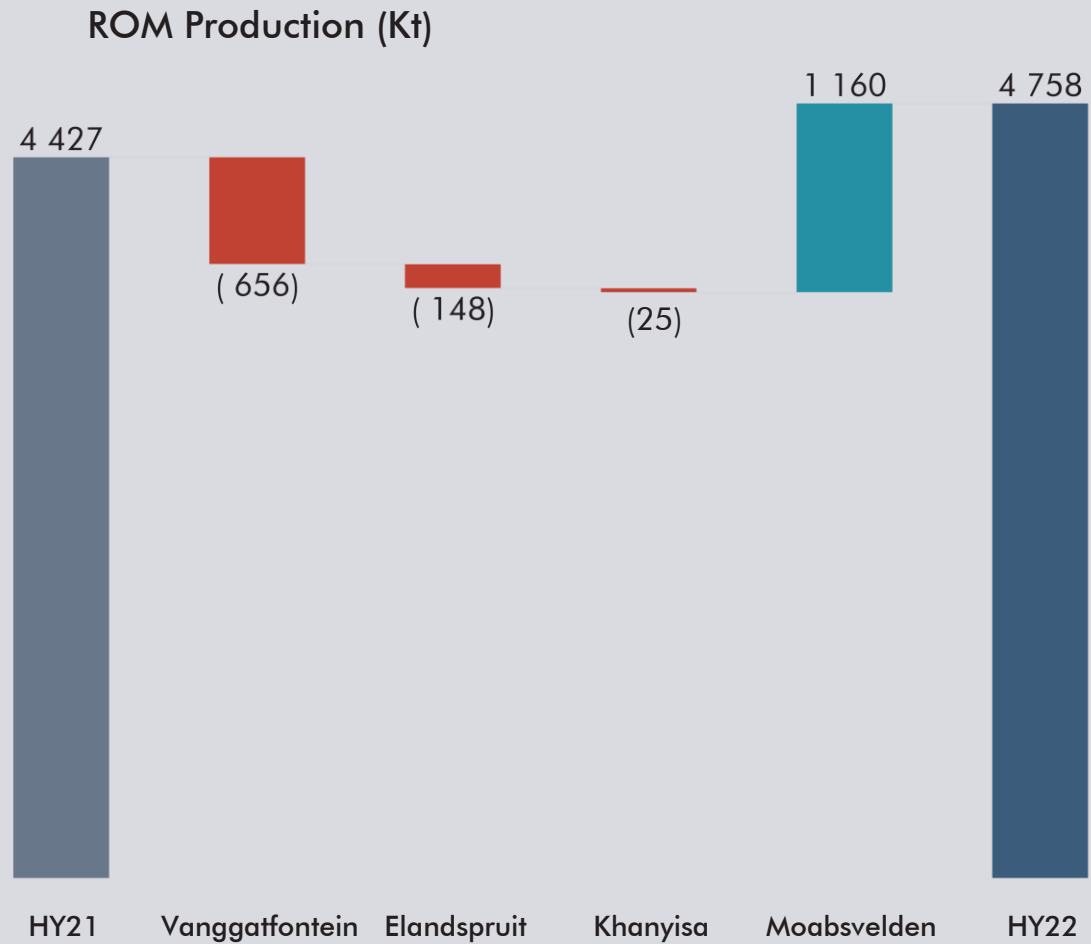
Health & Hygiene

- No Compensable Occupational Illnesses
- Increased focus on chronic disease monitoring and COVID protocol
- Continuous monitoring of personal exposure

Safety interventions

- COVID-19 health and safety protocol sustained
- Visible felt leadership and planned task observation is ongoing
- Proximity detection systems installed

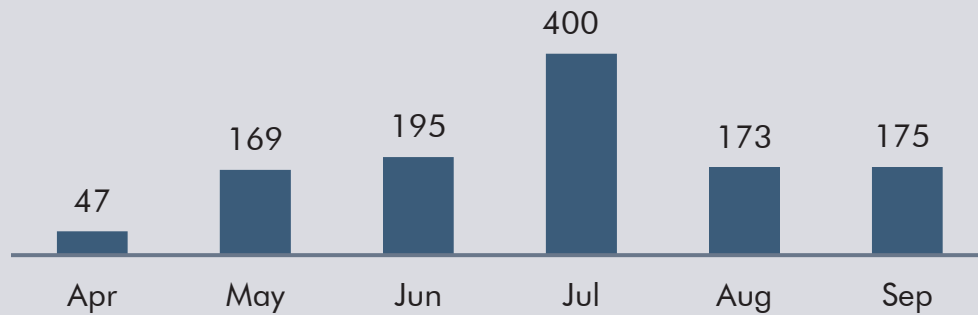
MINING SEGMENT ROM AND SALES PERFORMANCE



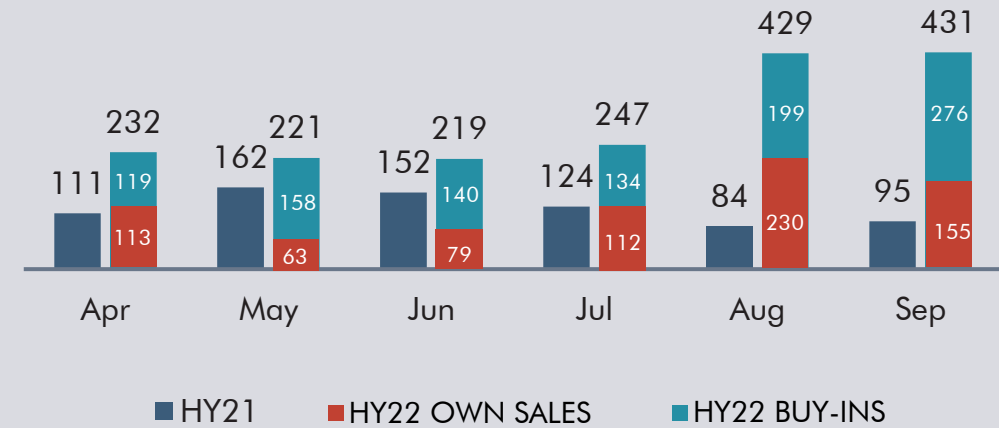
*Includes own and third-party sales

MOABSVELDEN PERFORMANCE UPDATE

Monthly ROM (Kt) - HY22



Monthly Sales (Kt)



- Box cut development progressing and delivering good ROM production

- Solid sales performance consisting of a combination of own sales and third-party buy-ins

MOABSVELDEN

PROJECT DEVELOPMENT STATUS

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KHANYISA	VG3 UG AND DRILLING CAMPAIGN
<p>Boundary coal mining</p> <ul style="list-style-type: none">• Reserves lying within mine reserves boundary• Boundary mining is currently in progress• Reserves of about 500kt <p>Pipeline East and Pipeline West</p> <ul style="list-style-type: none">• Reserves lying underneath Transnet pipelines• Reserves of about 4mt• Potential to increase LOM by 3.5 years <p>Catwalk (CW) 3 Extension</p> <ul style="list-style-type: none">• Reserves locked in UG pillars on the southern side of Catwalk 2• Coal reserves about 300kt in old pillars• Potential to increase Khanyisa LOM by 6 months	<ul style="list-style-type: none">• Drilling campaign to start in Q3'FY22• A drilling contractor has been selected• Capex approval signed and completed



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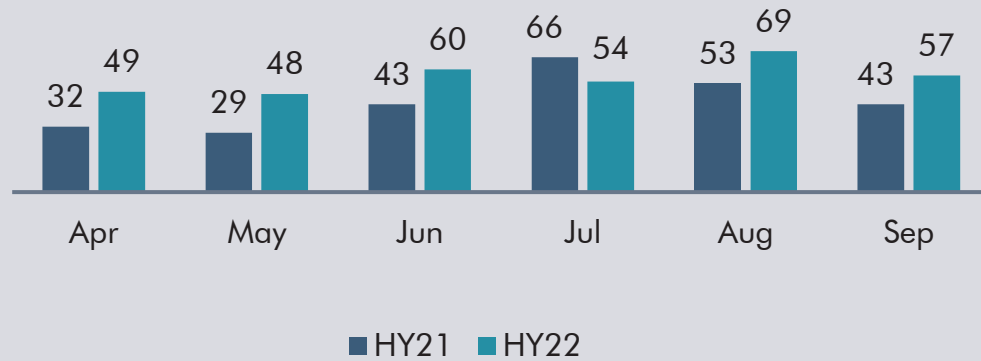
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**TRADING
SEGMENT**

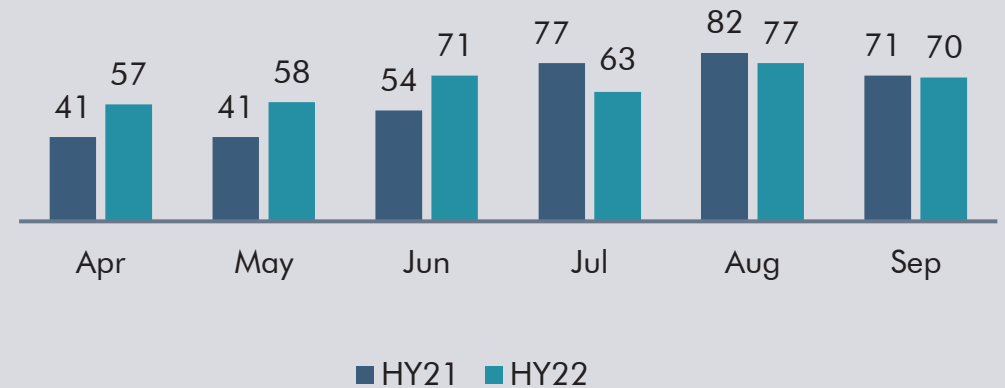
- Performance continued during the various levels of COVID-19
- No reportable HSEC incidents
- Major customer increased coal consumption, albeit at reduced pricing and margins
- In general, improved margins and volumes were achieved compared to the prior period, except for supply to the major customer
- Continued focus on debtors' book
- Sustained regional footprint
- Ongoing working relationship with Mining to continue enhancing operational flexibility and pricing optimisation



Sales (Kt)



Sales (Rm)



- HY22 sales volumes increased by 27% to 338Kt (HY21: 266Kt)
- HY22 revenue increased by 8.0% to R396m (HY21: R367m)
- Volumes to a major customer have begun to increase albeit at lower margins.



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FINANCIALS

FINANCIAL SALIENT FEATURES

REVENUE

R2.7 billion

(HY21: R2.1 billion)

GROSS PROFIT

R342 million

(HY21: R252 million)

EBITDA

R416 million

(HY21: R315 million)

CASH GENERATED

R288 million

(HY21: R522 million)

NET DEBT

R905 million

(HY21: R1.1 billion)

GEARING*

49%

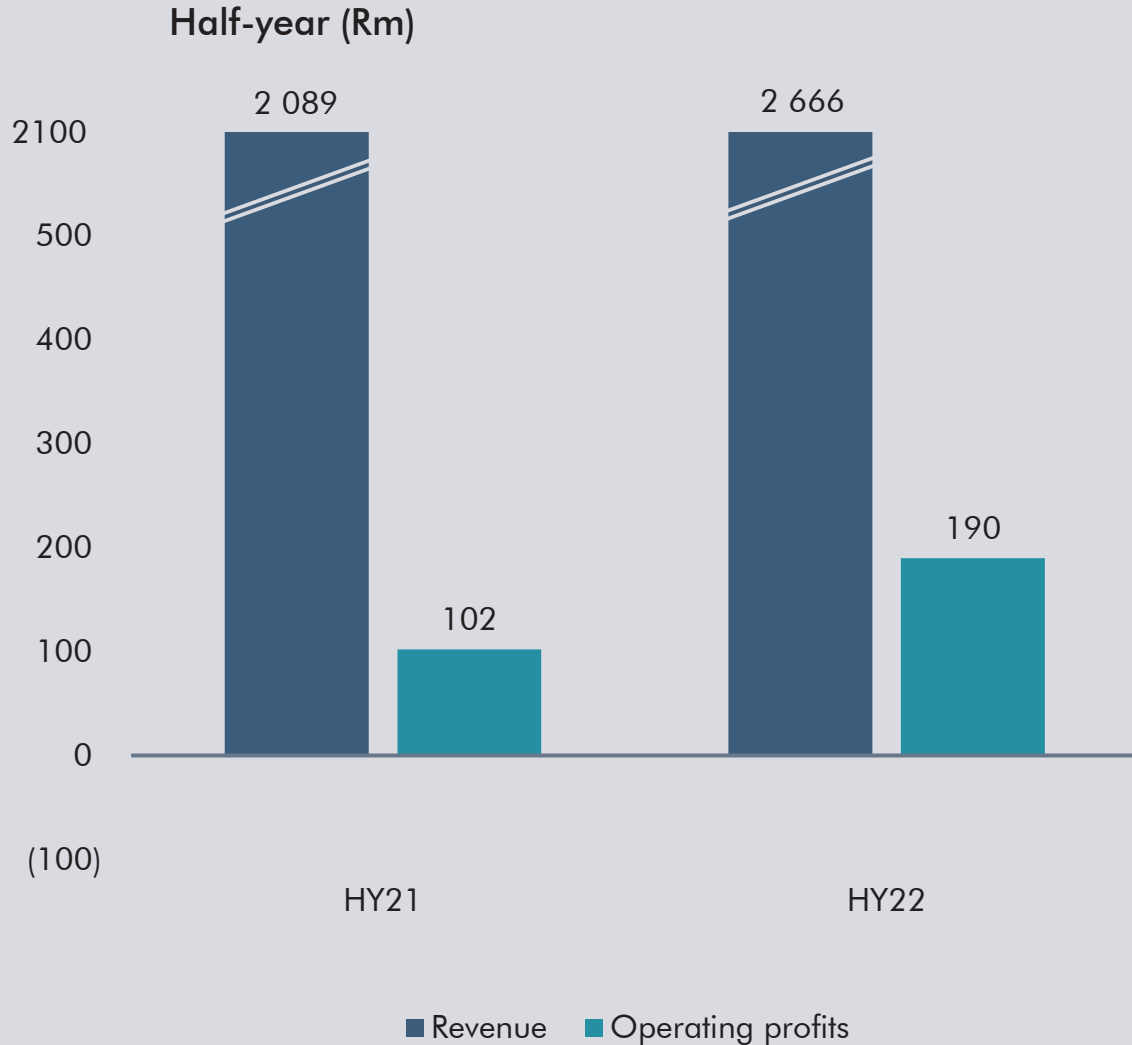
(FY21: 55%)

- Improvement in all indicators primarily due to ramp up at the Moabsvelden operation
- Continuous review and optimization of costs
- Reduction in net debt position due to repayments of debt in the period resulting in improvement of gearing ratio

* Gearing ratio: Net debt divided by sum of net debt and equity

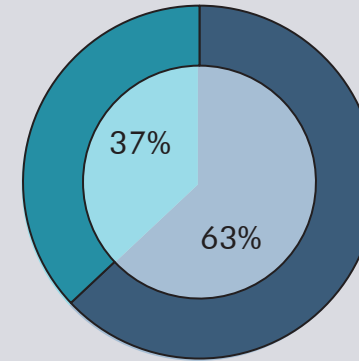
REVENUE AND OPERATING PROFIT

MAINTAINED SALES REVENUE



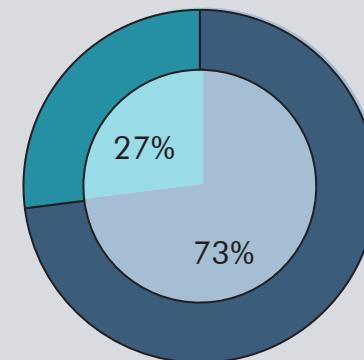
Revenue Diversity

HY22



■ Eskom
■ Other

HY21



STATEMENT OF COMPREHENSIVE INCOME – EXTRACTS

	HY22 Rm	HY21 Rm
Revenue	2 666	2 089
Gross profit	342	252
Operating profit	190	102
Net finance cost	(80)	(85)
Taxation	(29)	(6)
Total comprehensive income	81	11
EPS (cents per share)	19.72	2.62

- Revenue increased due to higher sales volumes
- Gross profit margin at 12.8% from 12.0% in the prior period, due to higher production, cost optimisation, ramp up of Moabsvelden and improvement in Trading segment performance
- Net finance cost decreased due to a reduction in long-term borrowings as a result of repayments in the reporting period
- Total comprehensive income significantly higher than prior year, resulting in EPS increase from 2.62 cps to 19.72 cps

STATEMENT OF FINANCIAL POSITION

	Reviewed 30 Sep 2021 Rm	Audited 31 March 2021 Rm
Non-current assets	2 918	2 849
Property, plant and equipment	2 480	2 450
Investments	76	28
Goodwill and intangible assets	66	62
Other non-current assets	102	92
Finance lease receivables	150	184
Restricted cash	8	7
Deferred taxation	34	26
Current assets	1 637	1 190
Inventories	315	266
Trade and other receivables	1 013	559
Cash and cash equivalents	184	239
Other current assets	125	126
Total assets	4 555	4 039

Investments

Increase in investments due to subscription into Arnot joint venture

Finance lease receivable

Reduction due to payments received for the lease of yellow equipment at VGF

Inventory

Increase due to stable production; inventory is strategic stock to support sales during rainy season and closure period

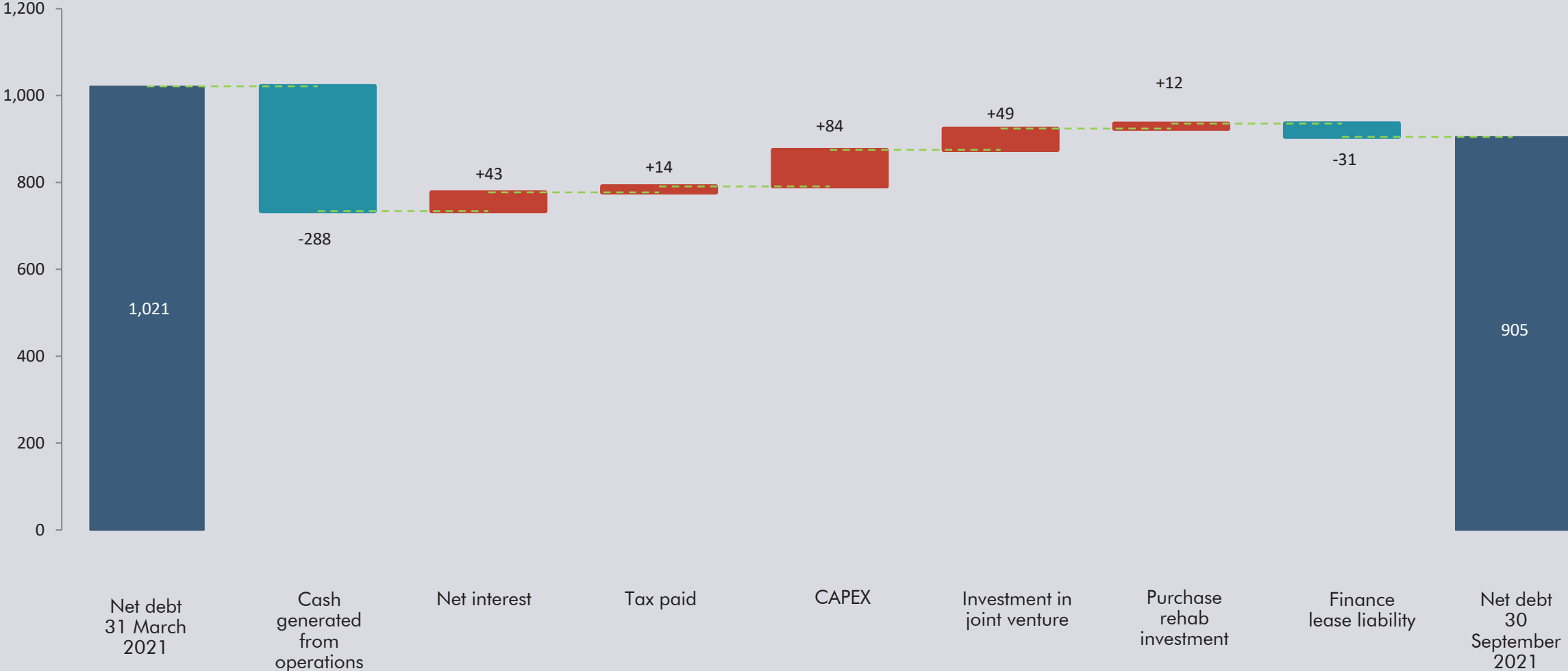
Trade & other receivables

Due to increase in sales mainly from Moabsvelden

STATEMENT OF FINANCIAL POSITION | CONTINUED

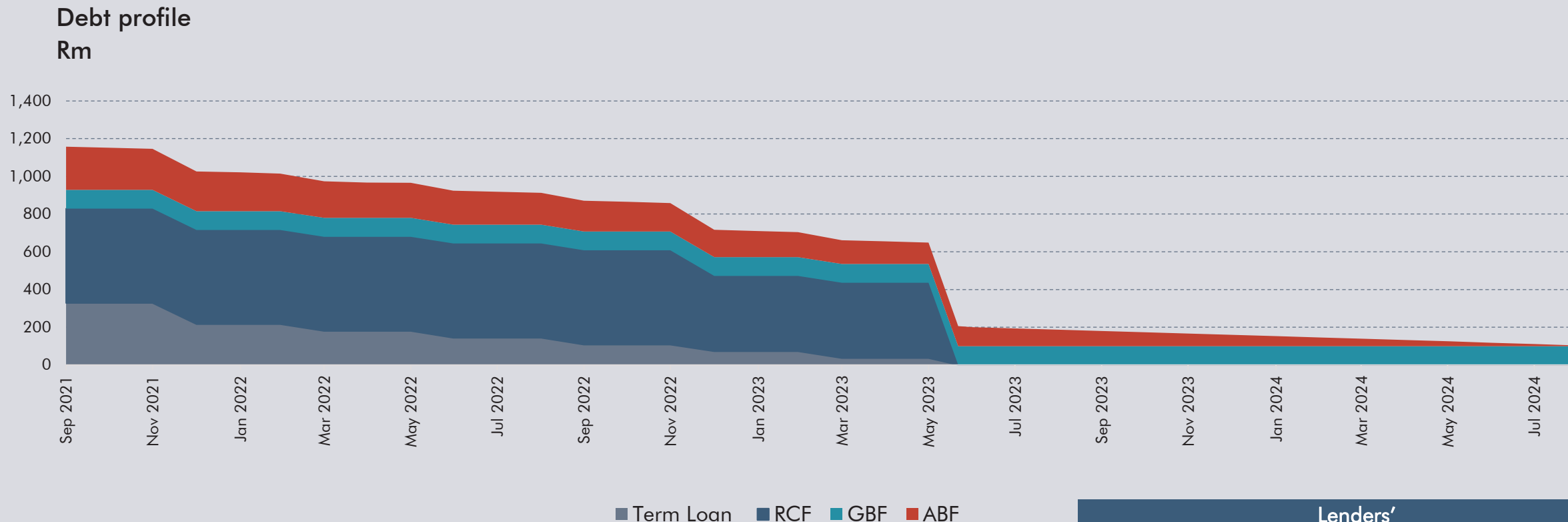
	HY 2022 Rm	Audited 31 March 2021 Rm	
Total shareholders' funds	930	849	
Non-current liabilities	1 553	1 421	
Finance lease liabilities	159	191	Rehabilitation liability
Rehabilitation provision	1 174	999	Increase due to additional disturbance primarily at Moabsvelden
Deferred tax	220	231	
Current liabilities	2 072	1 769	Trade and other payables
Trade and other payables	1 105	690	Increase due to higher production primarily at Moabsvelden
Bank overdraft	30	73	
Taxation payable	35	8	
Interest-bearing loans and financial liabilities	830	928	
Other current liabilities	2	1	
Finance lease liabilities	70	69	
Total equities and liabilities	4 555	4 039	

CAPITAL ALLOCATION



LENDING STRUCTURE

DEBT PROFILE OF CURRENT FACILITIES



Debt facilities:

- R1.1bn facilities secured during Jun19
- R300m ABF, the VGF mining fleet
- Facilities fully drawn down

Debt covenants:

- All Financial covenants met
- Information and General undertaking outstanding as at 31 March 2021 & 30 September 2021

	Lenders' requirement	HY22	FY21
Debt service cover	> 1.3	1.83	2.01
EBITDA interest cover	> 3.5	7.80	5,69
Net debt to equity	< 1.5	0.96	1.18
Net debt to EBITDA	< 2.5	1.19	1,58



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**LOOKING
AHEAD**

Risk management

- COVID-19
- Debt and liquidity management
 - Covenants
 - Working capital optimisation
- Eskom's CSA requirements

Improve profitability

- Continue to reap savings from cost reduction initiatives
- Benefit from improved yields as a result of the adoption of Acrux sorting technology

ESG

- Full implementation in FY22
- Underpinned by a strategy review

Strategy and growth

- Sweat current assets
- LOM extensions
- Restart of Arnot mine
- Become a diversified investment company with diversified portfolios in the medium to long-term