



## Media Release

13 August 2021

### **Thungela Resources reports solid performance in first Interim Results since listing**

- Operating profit of R990 million for the reporting period
- Adjusted EBITDA of R1,888 million
- Robust financial position with net cash of R3 billion

Thungela Resources Limited (“Thungela” or the “Company”) today reports a strong set of interim results for the six months ended 30 June 2021. This follows the successful listing on the Johannesburg Stock Exchange and the London Stock Exchange on 7 June 2021.

July Ndlovu, CEO of Thungela, commented: *“I am pleased to report that after one month of operating as an independent business, we are well-positioned to deliver on our targets. Although we are in the early days of independence, we continue to remain focused on running a fatality-free business, delivering productivity and cost improvements. With our strong balance sheet, we believe that we are in a good place. Our financial performance is buoyed by the recent recovery of global thermal coal prices and the active steps we have taken to upgrade our portfolio. We experienced firm demand from South Asia including India, Pakistan, Sri Lanka and Vietnam. Thungela's high quality coal is well placed to continue capitalising on significant market demand in this region. Coal prices were supported by supply constraints from South Africa, Colombia and Australia, with the latter still facing an ongoing ban on imports into China.”*

Regrettably, we had a loss of life at our Goedehoop Colliery. Our condolences go to the family, friends and colleagues of Moeketsi Mabatla. Thungela reaffirms its commitment to achieving a fatality-free business.

Benefitting from higher global thermal coal prices driven by the continued demand from South Asian markets for high quality thermal coal and global supply constraints, Thungela generated operating profit of R990 million and Adjusted EBITDA for the six months ended 30 June 2021 close to R1.9 billion, while the statement of financial position showed a strong net cash position of R3 billion.

Thungela delivered earnings per share of 313 cents and headline earnings per share of 305 cents for the reporting period. This includes the impact of two significant once-off adjustments; the restructuring costs and termination benefits of R386 million, as well as the fair value adjustment of R584 million on the derivative relating to the Capital Support Agreement with Anglo American.

The majority of Thungela's coal is exported and its revenue was positively impacted by the benchmark thermal coal price which strengthened by 47% compared to H1 2020, however, the strengthening of the Rand offset some of the gains.

Thungela implemented actions prior to the Demerger which has improved the quality of its portfolio by taking higher cost production out of the business. In particular, the Bokgoni pit of the Khwezela operation was placed on care and maintenance during Q1 of this year.

Export saleable production volumes, on a comparable basis, decreased by 9% to 7.1Mt mainly as a result of the Bokgoni pit being placed on care and maintenance, offset by the ramp up at the Navigation pit at Khwezela. Equity export sales also declined by 8% to 6.6Mt, primarily as a result of the lower saleable production volumes for the six months ended 30 June 2021, and also as a result of lower than planned railings due to the underperformance of Transnet Freight Rail. The rail line operator's performance challenges are attributable to theft of infrastructure and equipment failures mainly related to locomotives.

Thungela ended the period with a strong net cash position of R3.0 billion. From 1 June 2021, Thungela operated as a standalone business having received an initial cash injection of R2.5 billion.

In a landmark empowerment transaction, Thungela's Employee and Community Partnership Plans each hold a 5% fully funded interest in Thungela's coal operations in South Africa and are set to benefit from the financial value that the company will generate.

The first distribution of R6 million to the Community Partnership Plan was made on 30 June 2021. Trustees have been appointed and plans are underway to appoint an administrator to ensure the Trust delivers on its mandate.

Thungela's results are not directly comparable with the prior period as a result of an internal restructuring process which separated the South African Thermal Coal Operations, and the various non-thermal coal operations within Anglo American in preparation for the Demerger. One mine is included in the comparative period versus the seven mining operations which currently form part of Thungela. This impacts on both the operational and financial performance and hence Thungela also developed pro forma financial information which seeks to compare the current reporting period with the prior period on a like for like basis.

## **Outlook**

We confirm the guidance for Export Saleable Production of between 15Mt and 16Mt and flat FOB cost per export tonne of R830 for the full year.

Capital expenditure is now expected to be on the low end of the range (R2.6 billion to R3 billion) previously provided for the full year.

With continued strong prices as well as improved performance by TFR through the remainder of the year, Thungela is set to achieve a positive adjusted operating free cash flow for the remainder of 2021.

We are committed to the stated dividend policy of paying 30% of the cash flows from operating activities, after funding our sustained capital expenditure and a strong balance sheet coupled with the above paves the way for Thungela to consider the declaration of a maiden dividend at the annual results for 2021.

*“Looking ahead, we will continue to focus on what we can control. We commit to operating a fatality free business. We are continually reviewing our capital expenditure plans, our teams are focused on delivering cost efficiencies and we are poised to take advantage of the booming commodity cycle. Our foundations are in place. We are confident based on market fundamentals,”* Ndlovu concluded.

ENDS

### **Forward-looking statement**

This document includes forward-looking statements. All statements other than statements of historical facts included in this document, including, without limitation, those regarding Thungela’s financial position, business, acquisition and divestment strategy, dividend policy, plans and objectives of management for future operations (including development plans and objectives relating to Thungela’s products, production forecasts and Reserve and Resource positions) and environmental, social and corporate governance goals and aspirations, are forward-looking statements. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Thungela or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

The Group assumes no responsibility to update forward-looking statements in this announcement except as required by law. Investors are cautioned not to rely on these forward-looking statements and are encouraged to read the full reviewed condensed consolidated interim financial statements for the six months ended 30 June 2021, which are available on <https://www.thungela.com/investors/results>.

**Editor's note:**

**Thungela**, which means “to ignite” in isiZulu, is a leading South African thermal coal business, focused exclusively on thermal coal production. It is one of the largest pure-play producers and exporters of thermal coal in South Africa based on aggregate coal reserves and marketable coal production.

The Group owns interests in and produces its thermal coal predominantly from seven mining operations, namely Goedehoop, Greenside, Isibonelo, Khwezela, AAIC (operating the Zibulo colliery), Mafube Coal Mining (operating the Mafube colliery) and Butsanani Energy (owning the independently operated Rietvlei colliery) which consist of both underground and opencast mines located in the Mpumalanga province of South Africa.

Thungela's operations are among the highest quality thermal coal mines in South Africa by calorific value.

Thungela also holds a 50% interest in Phola, which owns and operates the Phola Coal Processing Plant, and a 23% indirect interest in RBCT. The Richards Bay Coal Terminal is one of the world's leading coal export terminals, with an advanced 24-hour operation and a design capacity of 91 Mtpa.

Thungela is committed to operating in a sustainable way to ignite value for a shared future, to the benefit of the communities in which it operates, its employees, shareholders and society as a whole.

A virtual presentation of the full set of results will take place at 10:00 on 13 August.

Attend via webcast [https://ccwebcast.eu/links/thungela210813\\_1000/index.php](https://ccwebcast.eu/links/thungela210813_1000/index.php) or teleconference <https://services.choruscall.za.com/DiamondPassRegistration/sessionExpired.html>.

The full interim report, SENS announcement and presentation of the interim results are available on <https://www.thungela.com/investors/results>

For more information, please visit [www.thungela.com](http://www.thungela.com).

Contact Information

**Media**

Tarryn Genis | 082 324 4650  
tarryn.genis@thungela.com

**Investor Relations**

Ryan Africa  
ryan.africa@thungela.com