

WESCOAL

RESULTS PRESENTATION FOR THE YEAR ENDED 31 MARCH 2020



LAYING THE FOUNDATION TO GROW SUSTAINABLY

DISCLAIMER AND CONTENTS

Ref	Title	Slide
1	Overview	03
2	Mining Segment	10
3	Trading Segment	24
4	Financials	27
5	Looking Ahead	41
6	Q&A	45

This presentation is published solely for informational purposes and does not constitute investment, legal, tax or other advice nor is it to be relied upon in making an investment decision. Information contained herein has been taken from sources considered by Wescoal Holdings Limited to be reliable, but no warranty is given that such information is accurate or complete and it should not be relied upon as such. Views and opinions expressed in this presentation reflect the judgement of Wescoal Holdings Limited as of the date of this presentation and are subject to change. Wescoal Holdings Limited will not be responsible for any liability for loss or damage of any kind which arises, directly or indirectly, and is caused by the use of any of the information provided. The entire presentation is subject to copyright with all rights reserved. The information contained herein shall not be published, rewritten for broadcast or publication or redistributed in any medium without prior written consent from Wescoal Holdings Limited. Prospective investors should seek appropriate investment advice and inform themselves as to applicable legal requirements, exchange control regulations and tax considerations in the countries of their citizenship, residence or domicile. The distribution of the information contained in this presentation in certain countries may be restricted by law and persons who access it are required to inform themselves and to comply with any such restrictions. This information does not constitute an offer or solicitation in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation. Past performance is not a guarantee of future performance. The price of shares may fluctuate and may be affected by changes in exchange rates, market conditions and risks associated with the mining industry. 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 auditor. 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. Wescoal Holdings Limited undertakes no obligation to update or reverse forward-looking statements, whether as a result of new information or future developments.



WESCOAL

OVERVIEW

FY20 OPERATIONAL AND FINANCIAL OVERVIEW

WESCOAL

COAL MINED

6.0Mt

(FY19: 5.9Mt)

COAL SALES

6.3Mt

(FY19: 6.0Mt)

REVENUE

R3.8 billion

(FY19: R3.9 billion)

CAPEX

R433 million

EBITDA

R332 million

(FY19: R456 million)

NET LOSS

R136 million

(FY19: NPAT R88 million)

CASH GENERATED

43 cents

(FY19: 103 cents)

INVESTORS

Share buy back

No Dividend

Early headwinds - Vanggatfontein

- Poor contractor transition
- Regrettable fatal incident - June 2019
 - Production stoppage
- Unprotected prolonged strike
- Contractor underperformance
- Fixed costs continue to be incurred

Challenges continued

- Trading volumes began to decline - H2 FY20
- Excessive rainfall - December 2020
 - Production stoppages at all operations
- Employee unrest and dismissal (Khanyisa)
- Eskom extended December closure

Encouraging end

- Q4 best quarter of FY20
- Internal extension projects producing coal
 - T2 and VG5
- Moabsvelden box cut phase commenced
 - Greenfield project
- Arnot transaction progressing well

STABILITY	<p>Sweat current operations, manage business well to maintain steady state TARGET: 8Mt ROM FY20</p>	<ul style="list-style-type: none"> • 6Mt ROM in FY20 • FY20 Q4 ROM annualised – 7.3Mt • FY21 Q1 ROM annualised – 8.1Mt • 65% Eskom sales backed by CSA's
	<p>Customer-centric; balance between Eskom, domestic and export coal TARGET: 60% Eskom</p>	
SUSTAINABILITY	<p>Optimal balance sheet and capital structure TARGET: Sustained shareholder returns</p>	<ul style="list-style-type: none"> • Long-term funding secured • FY20 share buybacks = R35.6 million • Internal extension projects delivered coal – T2 and VG5 • R433 million invested in FY20 • Delivered on all Social Labour Plan's (SLP's) • ESG framework confirmed for implementation
	<p>Regulatory and social licence to operate TARGET: Develop Group ESG framework</p>	
SCALABILITY	<p>Fast-track development of organic growth projects TARGET: Increase ROM to 10Mt FY21</p>	<ul style="list-style-type: none"> • Moabsvelden project off the ground <ul style="list-style-type: none"> - Box cut construction underway • Significant strides made at Arnot <ul style="list-style-type: none"> - Eskom CSA discussions commenced • Leeuw Braakfontein Colliery disposal underway
	<p>Continue to evaluate available inorganic (M&A) growth opportunities TARGET: Investment evaluation criteria</p>	

CURRENT MARKET CONDITIONS

COVID-19 IMPACTS

ESKOM

- 7.5 - 9.0GW drop in power usage on national lockdown
- Force Majeure notices issued to coal suppliers, incl. Wescoal
- Sales to Eskom slightly down but still within contractual volumes
- Electricity demand returning as lockdown eases

DOMESTIC MARKET

- Exporters forced to supply into domestic market due to weak export prices - oversupply locally and further price depression
- Severe negative impact on Trading Segment
- Local industries brought to a halt during lockdown - reduced demand
- Economic activity slowly recovering as lockdown eases

EXPORT MARKET

- Seaborne prices highly volatile
- At the current \$50-\$55 RB1 price range, an increase of over \$20 per ton will be required for exporters to stop diverting coal in to the inland market
- Volatility expected to prevail as demand continues to fluctuate

The future impact of COVID-19 on the coal markets is imprudent to predict in these unprecedented times

WESCOAL'S EFFECTIVE RESPONSE TO COVID-19

"ESSENTIAL SERVICE PROVIDER"

WESCOAL

WORKPLACE MEASURES ACROSS ALL OPERATIONS

- Operate from 10 sites across the group
 - Corporate offices – 2
 - Mining – 3 mines, 1 processing, 1 project
 - Trading – 3 depots
- Developed COVID-19 Workplace Plan as per regulations
- Appointed COVID-19 Committee and Compliance Officer(s)
- Business Continuity Plan in place

MINING-SPECIFIC MEASURES

- Early implementation of SOP's based on industry
- Implemented COP in-line with MHSA
- Secured quarantine facilities in use

COMMUNITY SUPPORT

- Refocused SLP's for COVID-19 relief interventions
 - Victor Khanye Municipality (Delmas)
 - Emalahleni Municipality (Witbank)
 - Steve Tshwete Municipality (Middelburg)
- Donated to Mpumalanga Provincial Department of Health
- Distributed food parcels

STATUS QUO

- Positive cases – 14
- Recoveries - 1
- Suspect cases - 18
- Designated isolation and medical facilities at all operations

Zero fatalities and no work stoppages linked to COVID-19 across all operations

LAYING THE FOUNDATION TO GROW SUSTAINABLY



Stability

Navigate through COVID-19

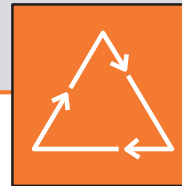
- Health and wellbeing of employees, communities and service providers

Roll-out of new operating model in Mining

- Single contractor instead of multiple contractors
- Management and cost rationalization
- Significant economies of scale

Review of Trading business

- Potential re-structuring options being investigated:
 - Closure of loss-making depot(s)
 - Integration of sales into mining sales
 - Integration of finance function into group finance
 - Potential sale of part or complete business



Sustainability

Continue to nurture a strong working relationship with Eskom

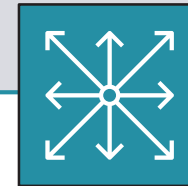
- Manage supply in line with CSA and Eskom requirements

Manage debt and liquidity

- Debt covenants
- Working capital optimisation
- Off balance sheet equipment funding

Unlock full value through cost saving initiatives

- Mining optimisation
- Trading optimisation
- Strategic sourcing
- Cash clearance office
- Organisation structure right sizing



Scalability

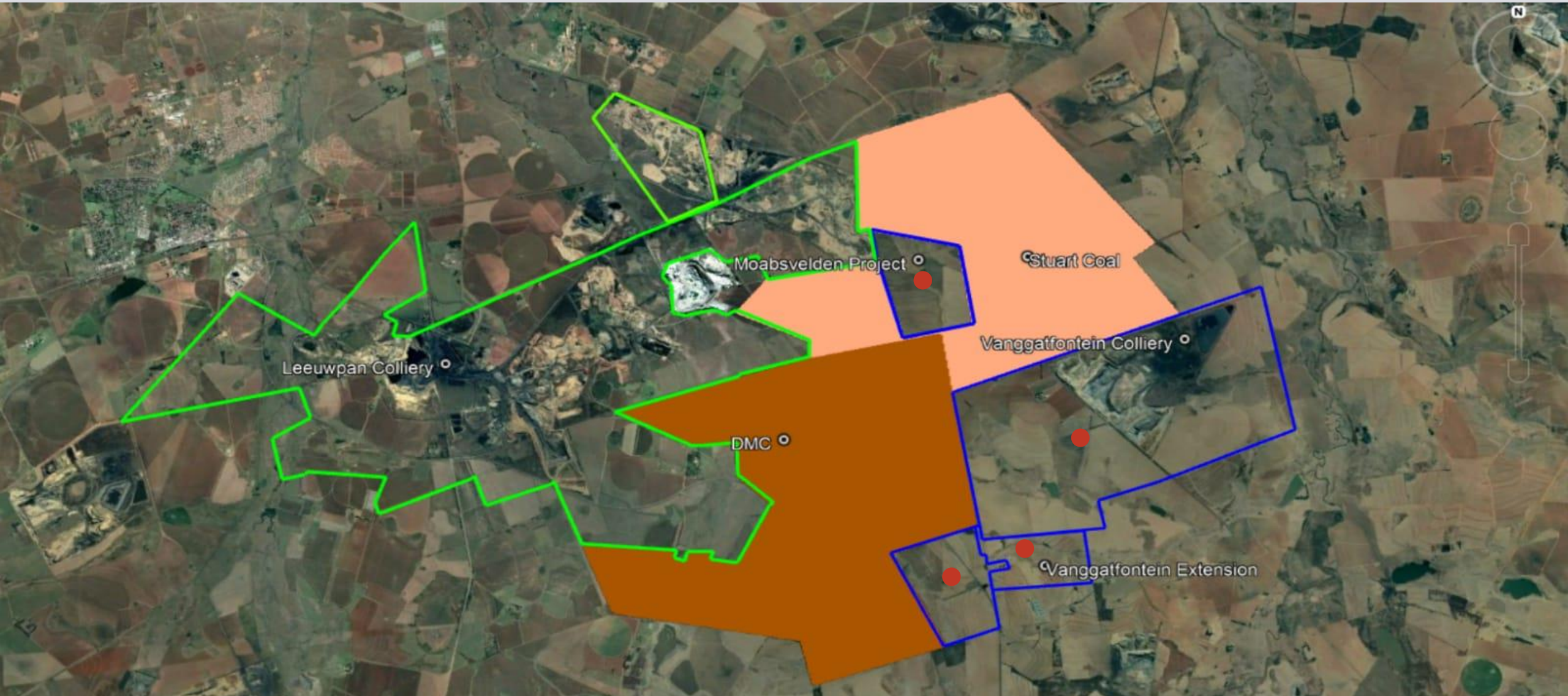
Effective organic growth through current greenfield and brownfield projects

- Moabsvelden - completion of Phase I and Phase II
- Arnot – commence mining and first delivery of coal to Eskom

Disciplined inorganic growth as opportunities arise

- Investigating potential expansion and consolidation opportunities within Delmas area

DELMAS AREA MAP

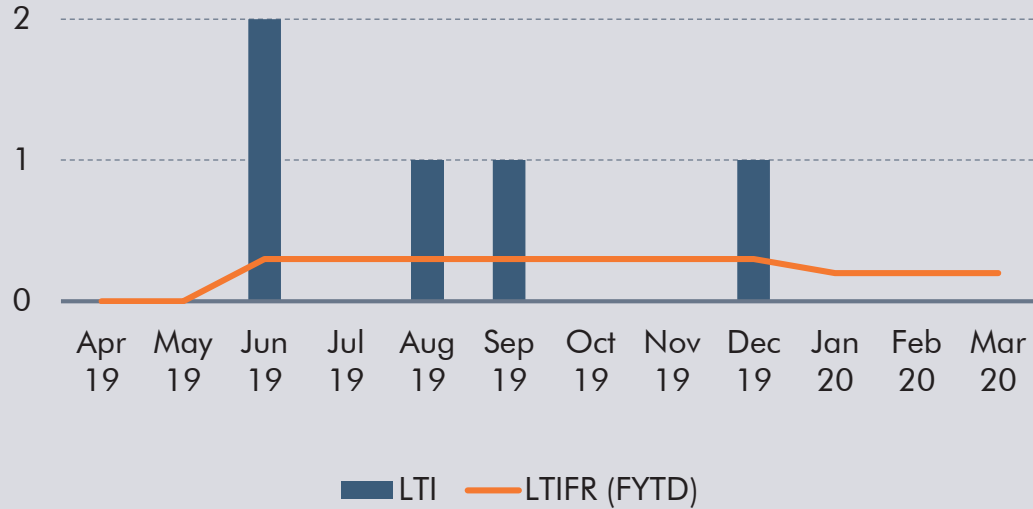


WESCOAL

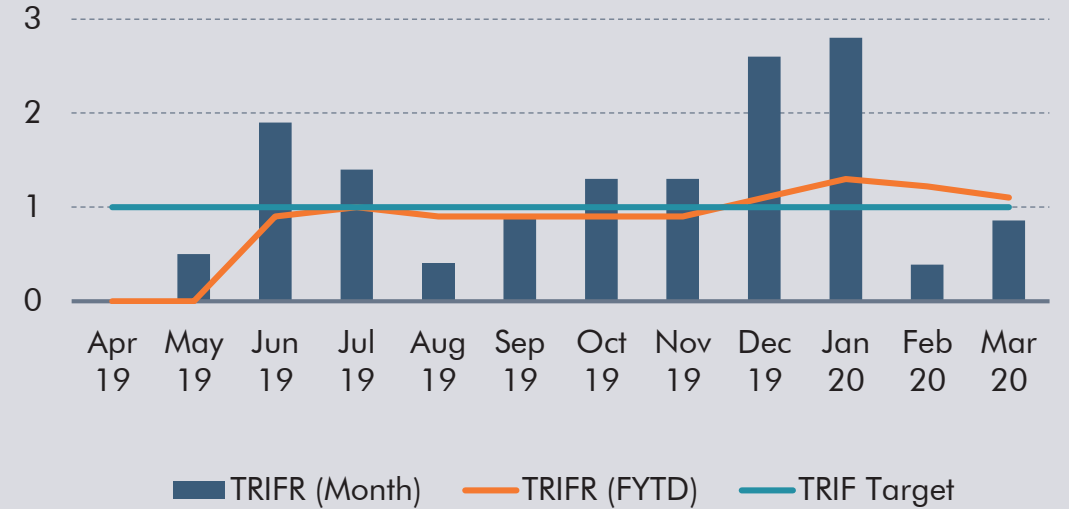
**MINING
SEGMENT**



Lost Time Injury (LTI) Performance



Total Recordable Injury Frequency Rate (TRIFR) Performance



Safety record

- Regrettable fatal incident – June 2019 (VGF)
- 5 Lost Time Injuries (LTI) recorded
- FYTD Total Recordable Injury Frequency Rate (TRIFR) at 1.1

Health & Hygiene

- No Compensable Occupational Illnesses FYTD
- Increased focus on chronic disease monitoring
- Continuous monitoring of personal exposure

Safety interventions

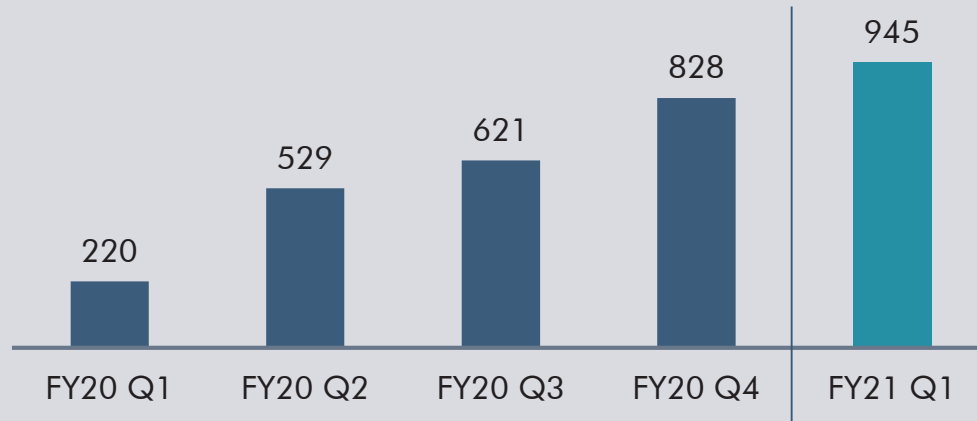
- COVID-19 Health and Safety protocol
- Visible Felt Leadership
- Proximity detection system installed

VANGGATFONTEIN ROM & SALES PERFORMANCE TREND

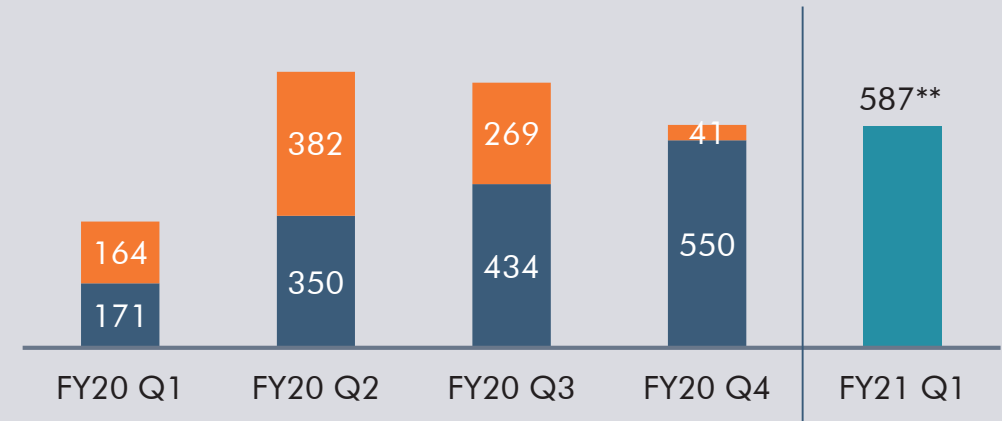
RAMP-UP PROGRESSING WELL

WESCOAL

ROM Production - Kt



Sales – Kt



■ Own sales ■ Buy-ins*

Factors impacting production

Q1

- Poor contractor transition
- Mine stoppage due to fatality

Q2

- Unprotected prolonged strike
- Low equipment availability

Q3

- Unprecedented rainfall
- Equipment purchased
- CAPEX investments

Key focus areas

- Manage COVID-19 risks
- Manage contractor transition
- Sustain ROM production – 300Ktpm
- VG5 common box cut handover - August 2020
- Conveyor connection for 5 Seam plant

* Low margins earned on buy-in sales

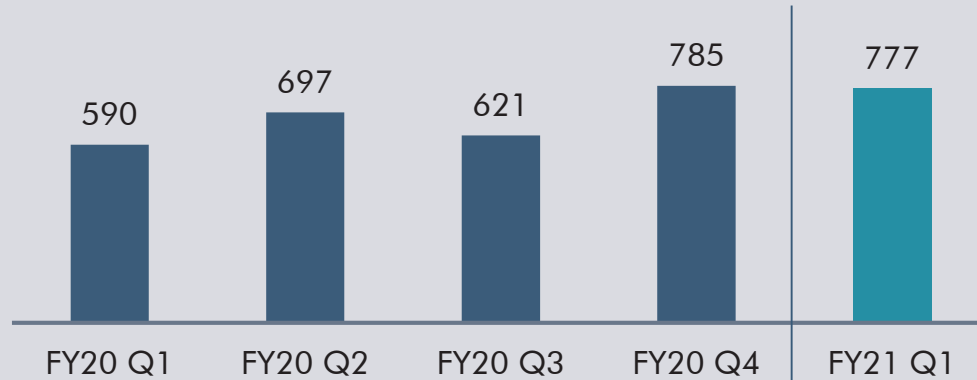
** Own sales only

ELANDSPRUIT ROM & SALES PERFORMANCE TREND

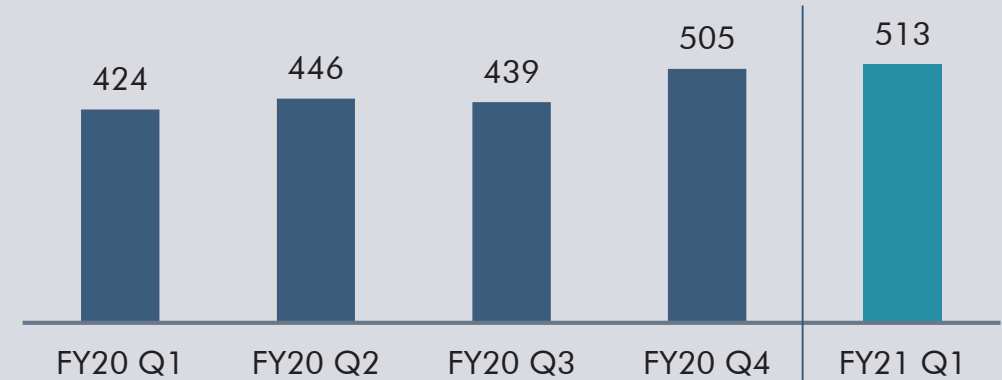
STEADY ROM PRODUCTION

WESCOAL

ROM Production - Kt



Sales – Kt *



Factors impacting production

Q3

- Unprecedented rainfall
- Eskom extended December closure

Q4

- Record ROM production in March 2020

Key focus areas

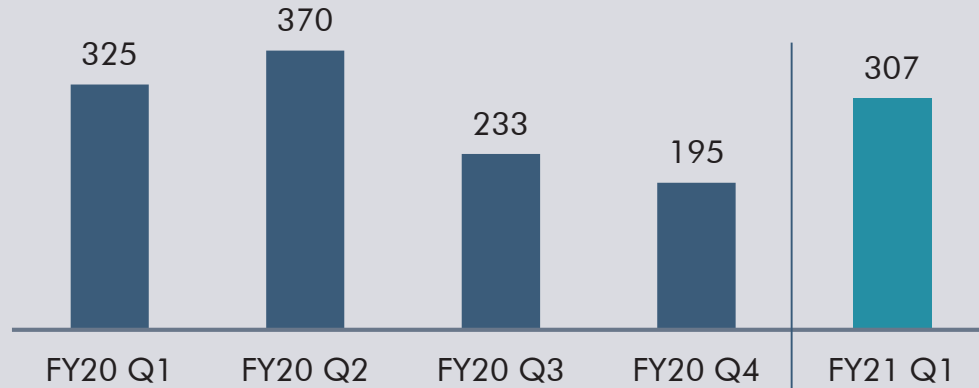
- Manage COVID-19 risks
- Underground start-up
- Optimise middling's (discard) washing
- Optimise fines blending

* Includes intercompany sales

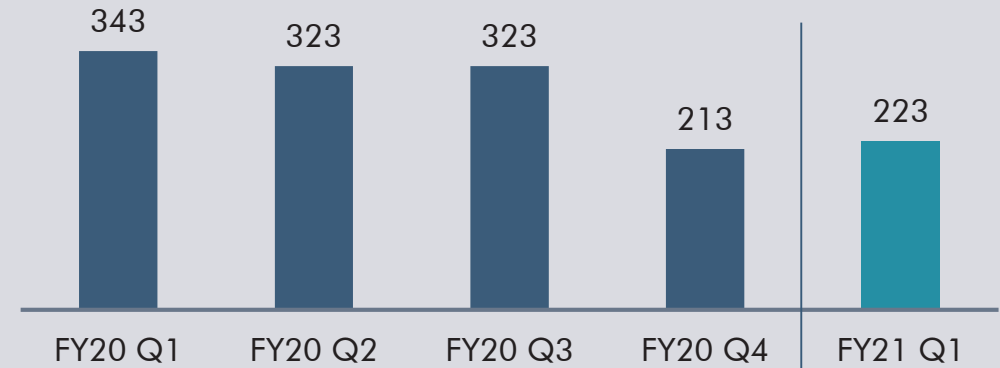
KHANYISA ROM & SALES PERFORMANCE TREND

RAMP-UP GAINING TRACTION AGAIN

ROM Production - Kt



Sales – Kt *



Factors impacting production

- Q3 - Unprecedented rainfall
- Q4 - Employee unrest and dismissal

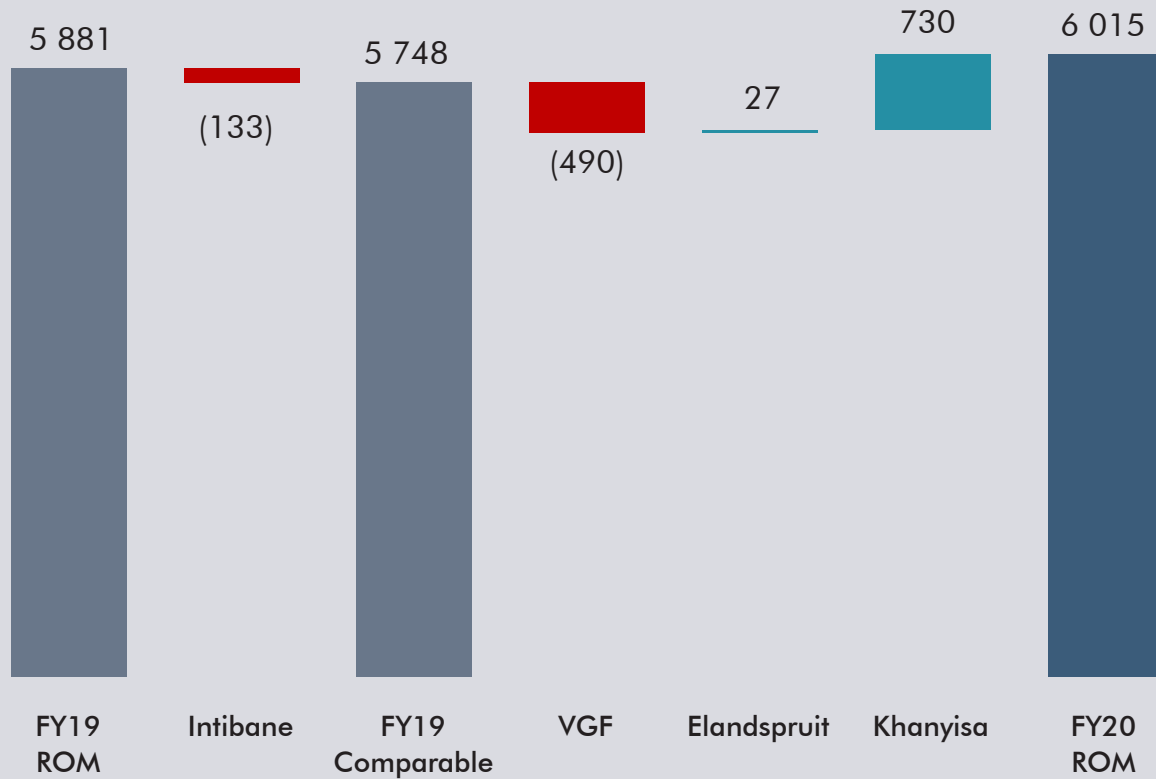
Key focus areas

- Manage COVID-19 risks
- Fast track production ramp-up
- Finalise Eskom CSA
- T2 box cut commissioning

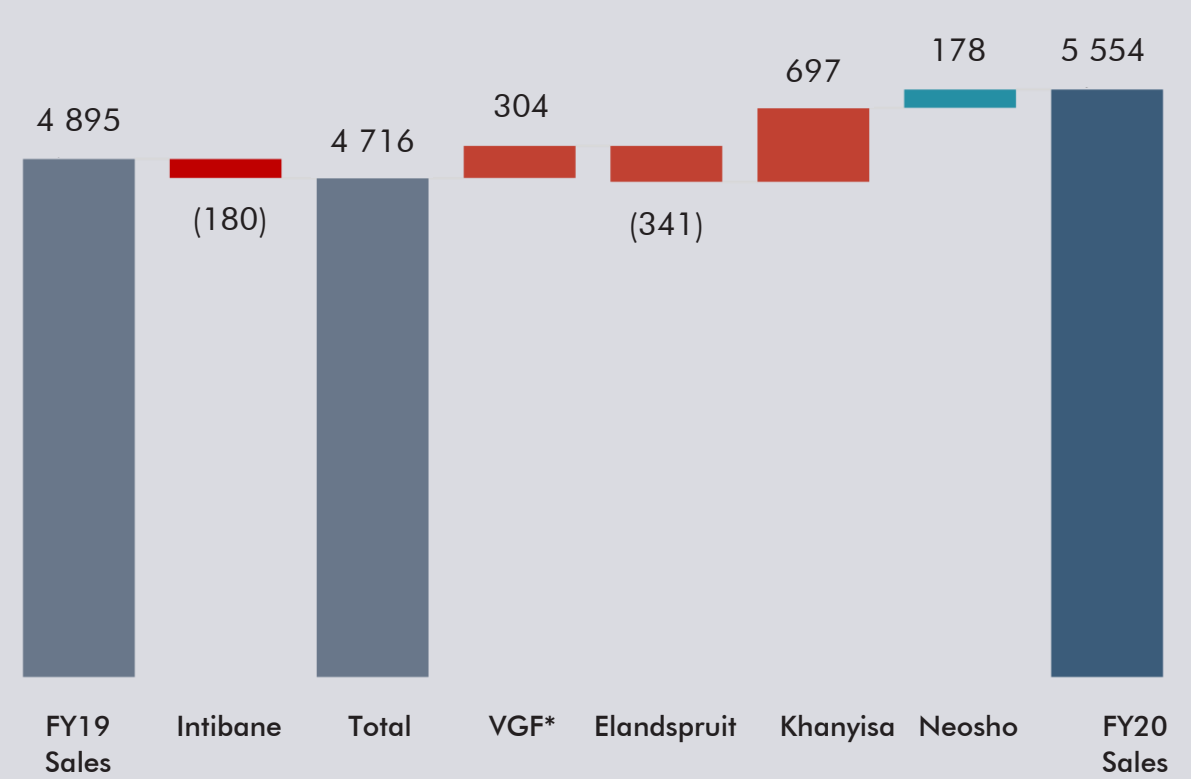
* Includes intercompany sales

MINING SEGMENT ROM AND SALES PERFORMANCE

ROM Production (Kt)



Mining Sales (Kt)



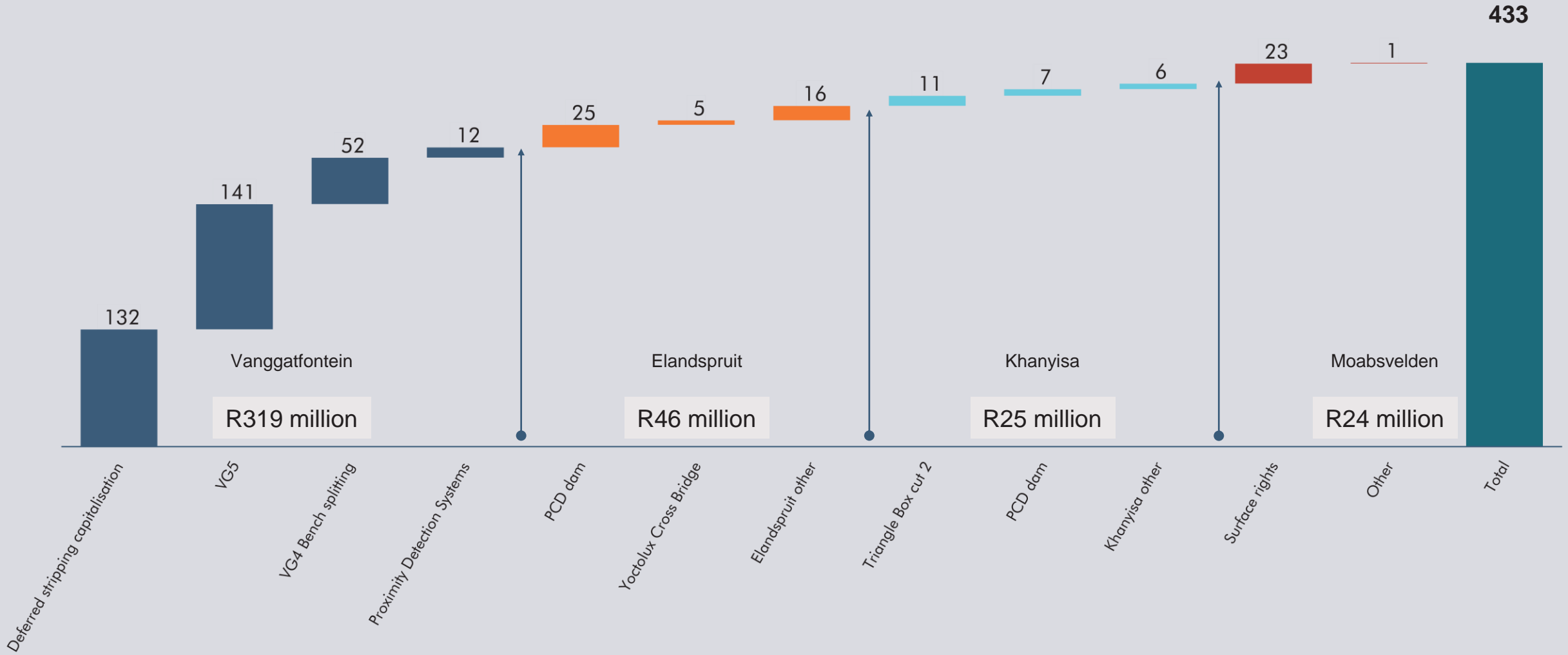
Intibane disposal - June 2018

Neosho sales relate to Moabsvelden Eskom rectification plan
VGF sales boosted by buy-ins

FY20 MAJOR CAPEX PROJECTS

LAYING THE FOUNDATION FOR GROWING SUSTAINABLY

FY20 Major CAPEX Projects (Rm)



FY20 LIFE EXTENSION (LIFEX) PROJECTS

ALREADY DELIVERING COAL

VG5 – VANGATTFONTEIN

- 17.8Mt of reserves
- 8 years LOM
- Steady state ROM production of 150Ktpm
- Planned CAPEX spend of R11 million for FY21



T2 – KHANYISA

- 2Mt of reserves
- 2 years LOM
- Steady state ROM production of 100Ktpm
- Planned CAPEX spend of R15 million for FY21



MOABSVELDEN

KEY HIGHLIGHTS

RESERVES
29.0Mt

LOM
10-year

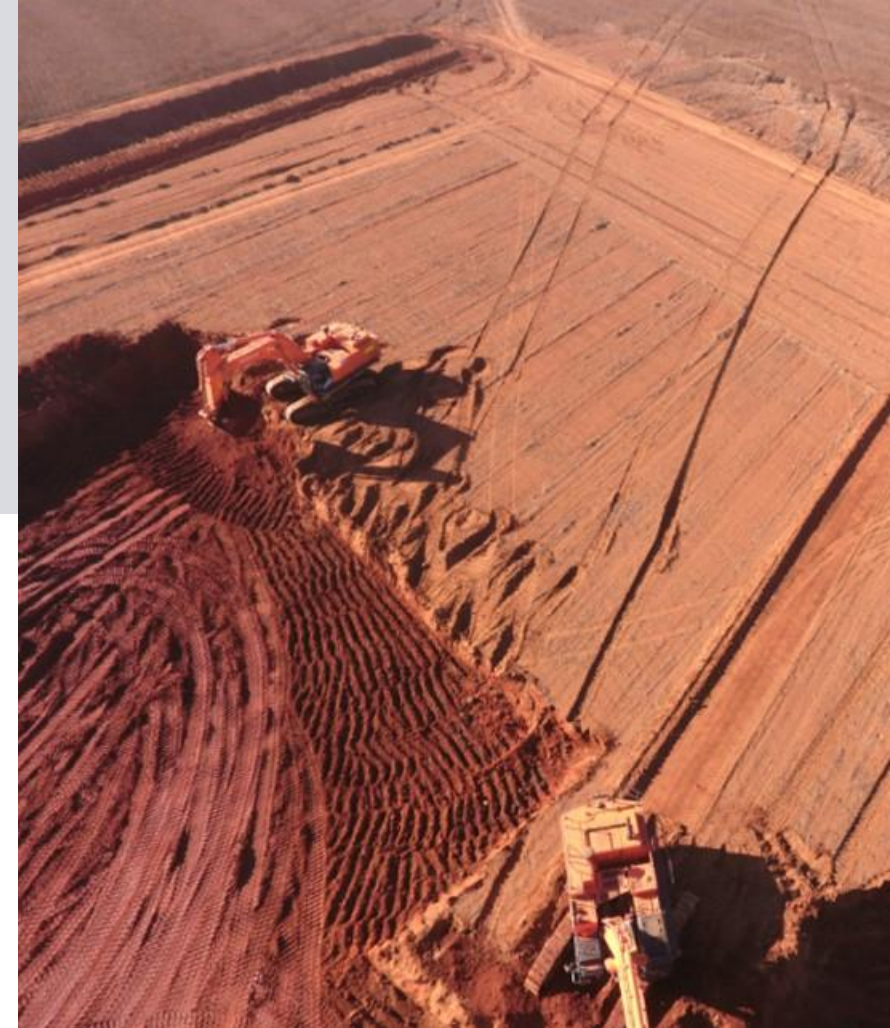
ROM
2.4Mtpa

ESKOM CSA
10-year

PHASE I & II CAPEX
R464 million

FIRST COAL
H2 2020

- Project commenced in June 2020
- Offers attractive returns well above our cost of capital
- Further optimisation work to reduce CAPEX spend underway
- Significant LOM extension opportunities into contiguous farms using existing infrastructure



PHASE
1

Box cut and mine development

- Contractor mobilisation and site establishment
- FY21 CAPEX R250 million - R290 million
- Major CAPEX items include box cut mining and ramps, stormwater management and community projects

Key dates

- Commenced June 2020
- Produce ROM product in early calendar H2 2020
- First delivery to Eskom by calendar H2 2020

PHASE
2

Reach steady state

- Achieve steady state of 200Ktpm ROM
- FY21 CAPEX R120 million - R170 million

Key dates

- Steady state ROM production by early calendar H1 2022

PHASE
3

Development of VG6 UG project

- VG6 UG project to reach the full Eskom contractual supply of 3.0Mtpa sales
- CAPEX TBC
- Major CAPEX items – Crush and screen plant, VG6 UG development, coal handling and processing plant
- Investigating potential synergies with neighboring operations which may lead to CAPEX reduction

Key dates

- Timing TBD

Access road



Hard Park



Box cut topsoil removal



Mining contractor office

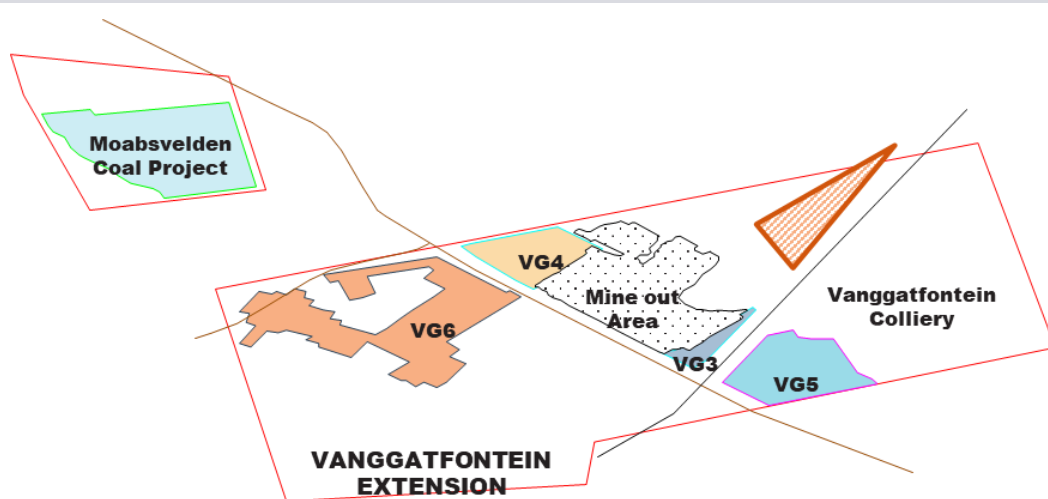


VG6 - VANGATTFONTEIN

- 3.6Mt of reserves
- 3 years LOM
- Steady state ROM production of 80Ktpm
- First coal in 2023

UG - ELANDSPRUIT

- 1.0Mt of reserves
- 4 years LOM
- Steady state ROM production of 20Ktpm
- First coal in calendar H2 2020



ARNOT

'FIRST OF ITS KIND' EMPOWERMENT DISPOSAL

WESCOAL

RESOURCES

210Mt

LOM

7-year (Phase I)

23-year (Lifex)

EQUITY

50%

ESKOM CSA

**Negotiations
commenced**

FY21F CAPEX

**R80 -100
million**

FIRST COAL

H2 2021

- Resources increased from 190Mt to 210Mt
- Well-positioned to supply Eskom Arnot power station primarily via conveyor belt
- Alternate markets for coal available as secondary market
- Rehabilitation cost settlement discussions with Eskom and DMRE well-advanced
- UG steady state production of 1-1.2Mtpa Q3 2021
- Opencast steady state production of 1-1.2Mtpa Q4 2021
- Low capital intensity approach adopted



PRODUCTION AND SALES TARGET

OPERATION	ROM				SALES			
	Mt ROM				Mt Sales			
	FY20A	FY21 – Q1A	FY21F	FY22F	FY20A	FY21 – Q1A	FY21F	FY22F
VANGGATFONTEIN	2.2	0.9	3.2 - 4.4	3.5 – 4.0	2.4	0.6	2.2 - 2.7	2.4 - 2.8
ELANDSPRUIT	2.7	0.8	2.5 – 3.2	2.5 – 3.0	1.8	0.5	1.8 – 2.3	2.0 - 2.4
KHANYISA	1.1	0.3	0.8 – 1.0	0.9 – 1.2	1.1	0.2	0.8 - 1.1	0.8 - 1.1
MOABVELDEN	-	-	0.5 – 1.0	2.2 – 2.4	0.3	0.4	0.5 - 1.0	1.9 - 2.2
BUY-INS							1.6 – 2.0	1.6 – 2.0
ARNOT (Wescoal attributable)	-	-	-	1.7 – 2.2	-	-	-	1.4 – 1.8
TOTAL	6.0	2.1	7.0 – 10.2	10.8 – 12.8	5.6	1.8	6.9 - 9.1	9.4 – 11.4

WESCOAL

**TRADING
SEGMENT**

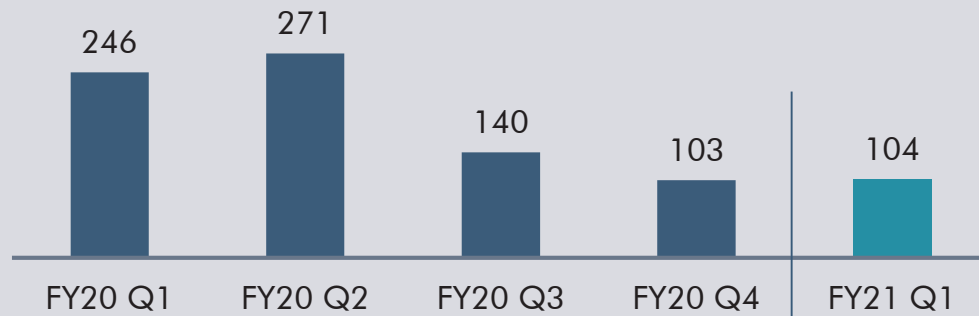


- No reportable HSEC incidents
- Performance affected by strong local headwinds prior to COVID-19
- Major customer reduced coal consumption in H2 FY20
- Reduced pricing and extra coal availability depressed overall margins
- Continued focus on debtors' book
- Sustained regional footprint
- Ongoing working relationship with Mining to continue enhancing operational flexibility and pricing optimisation
- Comprehensive business review underway in light of current Trading environment

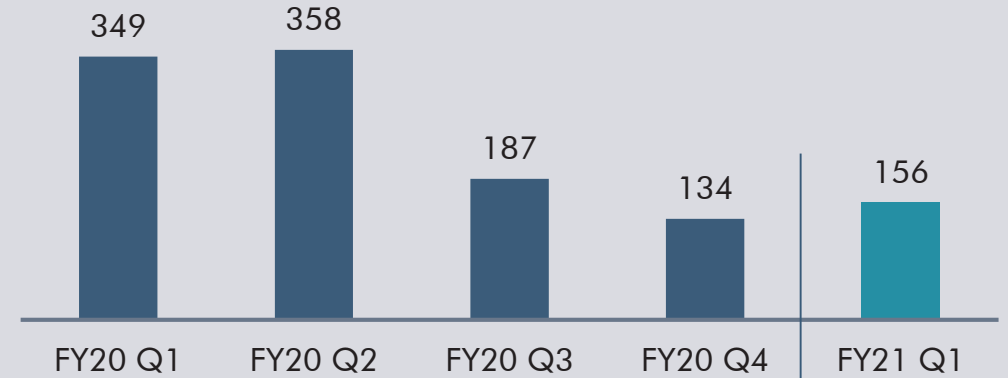


VOLUMES AND REVENUE PERFORMANCE TREND

Volumes – Kt



Revenue – Rm



- Reduced sales volumes and revenue
- FY20 sales volumes decreased by 29.2% to 759Kt (FY19: 1,072Kt) - 43% reduction to 415Kt (FY19: 727k tonnes) reduced demand from a major client
- FY20 revenue decreased by 30.1% to R1.03 billion (FY19: R1.47 billion) - 45% reduction to R515 million (FY19: R925 million) reduced demand from major client
- Volumes to major customer have begun to increase albeit at lower margins (drop in API4 price and increased product availability)
- FY21F and FY22F sales volumes of 450Kt - 500Kt
- Forecast revenue: FY21F R620 million - R690million; FY22F - R650 million - R725 million

WESCOAL

FINANCIALS



FINANCIAL SALIENT FEATURES

REVENUE
R3.8 billion
(FY19: R3.9 billion)

EBITDA
R332 million
(FY19: R456 million)

NET DEBT
R1.2 billion

GROSS PROFIT
R333 million
(FY19: R462 million)

CASH GENERATED
R183 million
(FY19: R462 million)

GEARING*
58%
(FY19: 29%)

- Many challenges at VGF = R75 million impact yoy
- Elandspruit incurred additional stripping costs yoy of R61 million
- Projects to grow production output delivered first coal during Q4 FY20
- Productivity successfully restored, evident from Q4 production numbers
- Optimisation and cost processes underway and envisaged to deliver significant synergies

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

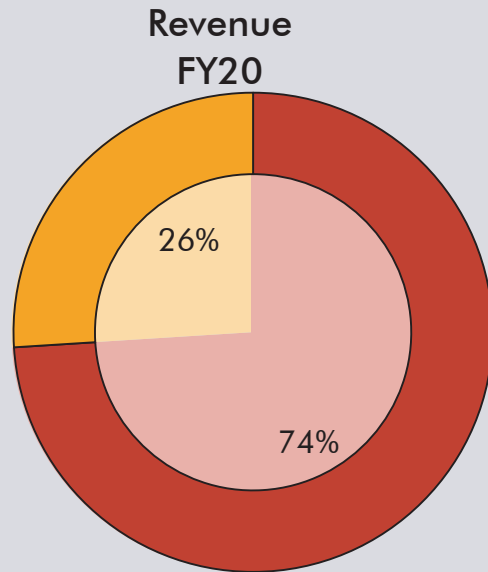
STATEMENT OF COMPREHENSIVE INCOME – EXTRACTS

	FY20 Rm	FY19 Rm
Revenue	3 810	3 965
Gross profit	333	462
Operating profit	(3)	224
Net finance cost	130	77
Taxation	(4)	59
Total comprehensive income	(136)	88
EPS (cents per share)	(32.5)	20.2

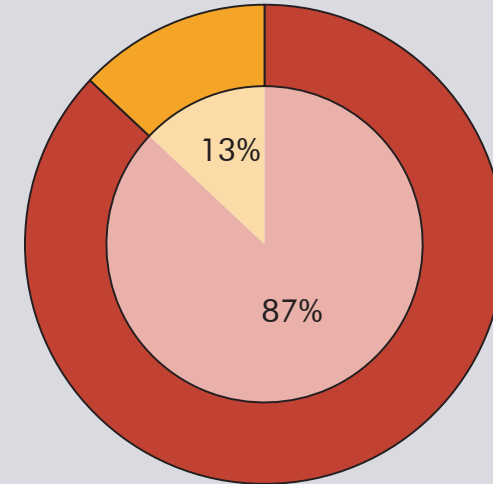
- Revenue largely maintained - 4% reduction as increased sales volumes in Mining offset by lower volumes of higher priced products in Trading
- Profits impacted by cost pressures and lower production volumes (VGF)
- Finance cost increased and borrowings increased to fund extension projects - includes rehabilitation liabilities charge of R51.5 million (FY19: R39.7 million)

SEGMENTAL CONTRIBUTIONS AND REVENUE DIVERSITY

Segmental contribution FY20

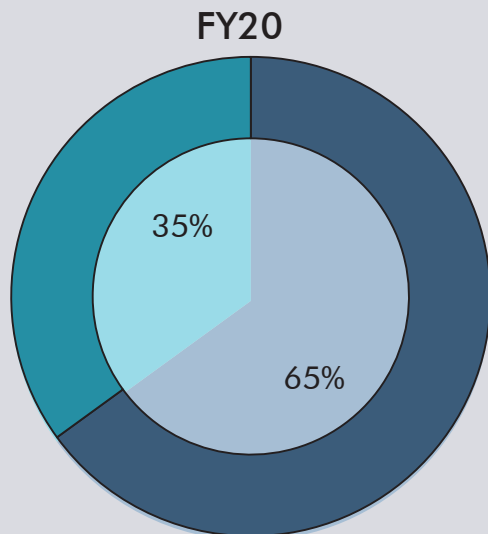


Operational EBITDA FY20

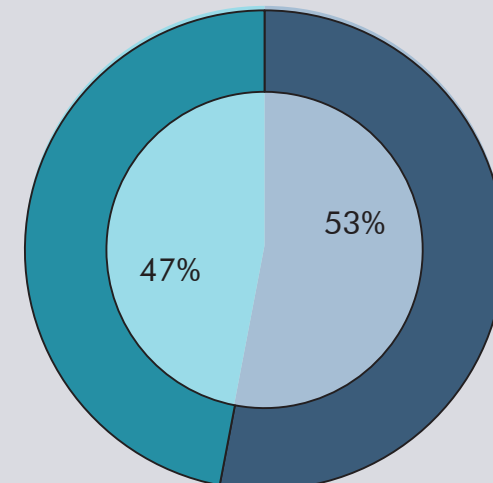


- Mining
- Trading

Revenue diversity yoy

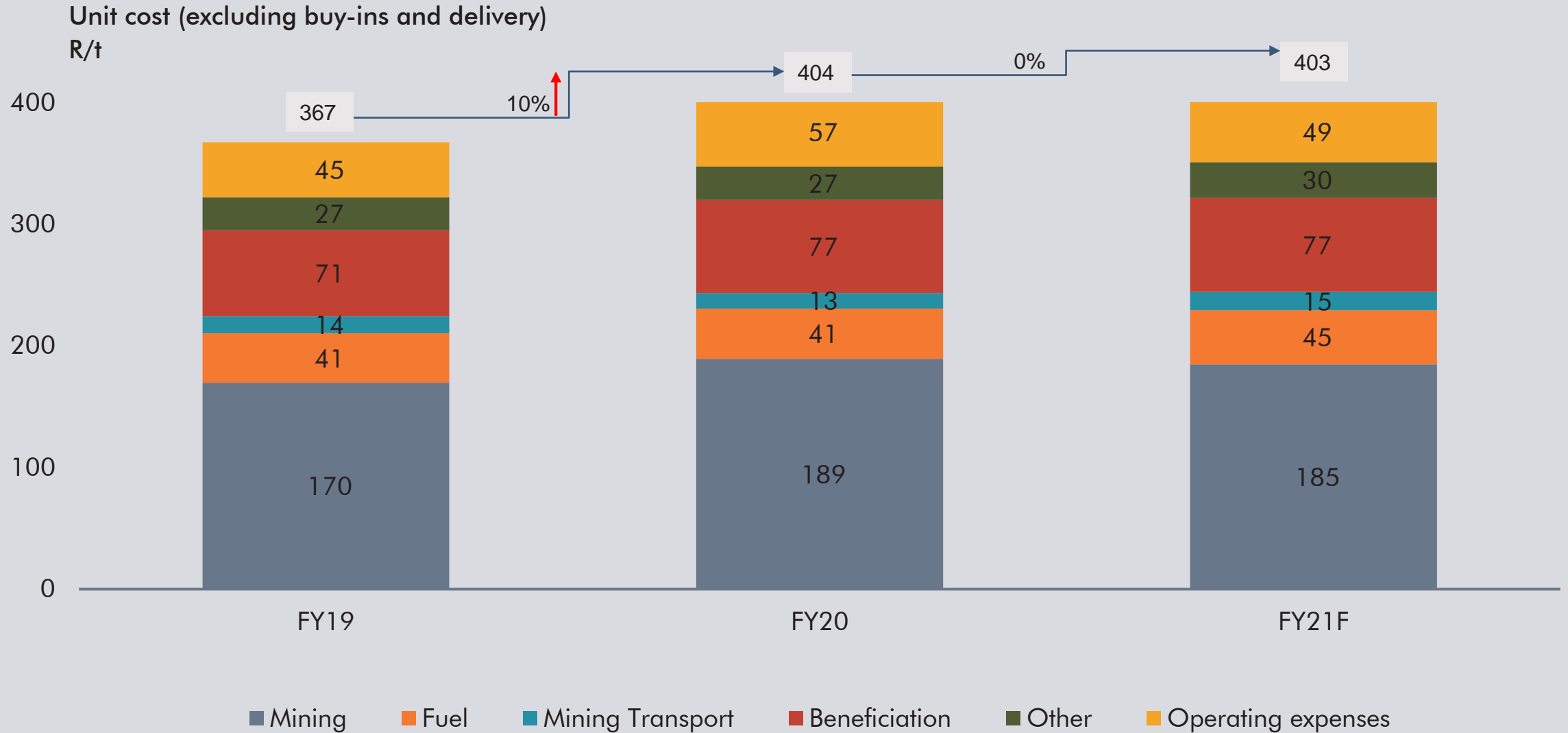


FY19



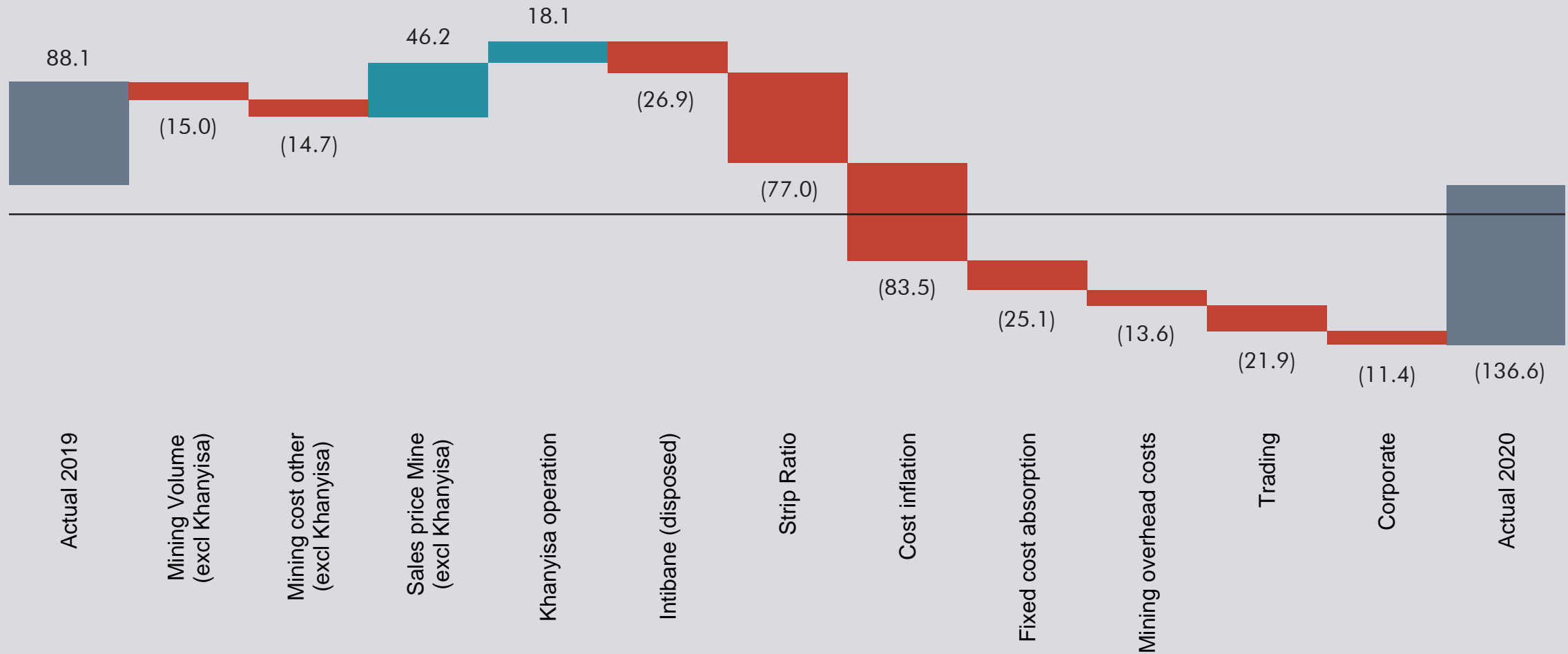
- Eskom
- Other

MINING UNIT COST



NPAT VARIANCE GROUP

NPAT – YoY 2019 to 2020
Rm



STATEMENT OF FINANCIAL POSITION

	Audited 31 Mar 2020 Rm	Audited 31 Mar 2019 Rm
Non-current assets	2 703	2 168
Property, plant and equipment	2 205	1 954
Investments	-	-
Goodwill and intangible assets	82	84
Other non-current assets	369	100
Restricted cash	6	6
Deferred taxation	41	24
Current assets	1 258	1 184
Inventories	131	83
Trade and other receivables	961	700
Cash and cash equivalents	45	116
Other current assets	121	153
Non-current assets held-for-sale	-	131
Total assets	3 961	3 352

- PPE increased as a result of recapitalization mainly at VGF
- Other assets include finance lease receivable in terms of VGF fleet
- Inventories increased in line with restored production rate (Q4)
- Trade receivables increased as a result of specific delayed receipts on main offtake (now recovered). Underlying remains strong with timely payments
- Assets held-for-sale in March 2019 relate to LBC

STATEMENT OF FINANCIAL POSITION | CONTINUED

	Audited 31 Mar 2020 Rm	Audited 31 Mar 2019 Rm	Pro-forma* 31 Mar 2020 Rm	
Total shareholders' funds	883	1 092	883	
Non-current liabilities	1 218	1 050	2 031	
Interest-bearing loans	-	148	813	• Debt balance of R813 million under Term Loan and revolving credit facilities classified as current (covenant position)
Rehabilitation provision	700	625	700	
Deferred tax	287	273	287	• Pro-forma indicates position acknowledging covenant waiver following receipt of delayed year-end receivable
Other non-current liabilities	231	3	231	
Current liabilities	1 861	1 210	1 048	
Trade and other payables	743	555	743	• Other liabilities include VGF fleet acquired September 2019
Bank overdraft	97	147	97	
Taxation payable	62	48	62	• Payables increased as a result of higher production levels and increased project-related expenditure
Interest-bearing loans and financial liabilities	904	422	91	
Liabilities of disposal groups	-	37	-	
Finance lease liabilities	55	1	55	
Total equities and liabilities	3 961	3 352	3 961	

*The pro-forma information has been prepared for illustrative purposes only, is the responsibility of the directors and because of its nature, may not fairly present the financial position of the company.

EBITDA TARGET

OPERATION	EBITDA /Sales tonne				
	R/t				
	FY18A	FY19A	FY20A	FY21 – Q1A	FY21F range
VANGGATFONTEIN	130.7 (34%)	80.1 (20%)	51.1 (12%)	114 – 126 (26 - 28%)	100 - 116 (24 - 26%)
ELANDSPRUIT	89.8 (23%)	65.2 (15%)	31.7 (7%)	66 – 73 (15 - 17%)	65 – 76 (15 - 17%)
KHANYISA	-	-	111.5 (33%)	144 – 159 (43 - 48%)	146 – 169 (45 - 50%)
MOABSVELDEN PROJECT	-	-	42.6 (7%)	37 – 41 (8 - 9%)	68 – 79 (16 - 18%)

CAPITAL EXPENDITURE

Operation	FY21F Rm	FY20A Rm	FY19A Rm
Moabsvelden	250 - 290	23	8
VGF	56	336	170
Khanyisa	20	25	209
Elandspruit	16	40	16
Wescoal Trading	5	2	-
Processing	4	4	13
Mining HO	4	2	-
Corporate	3	1	1
Total	358 - 398	433	417

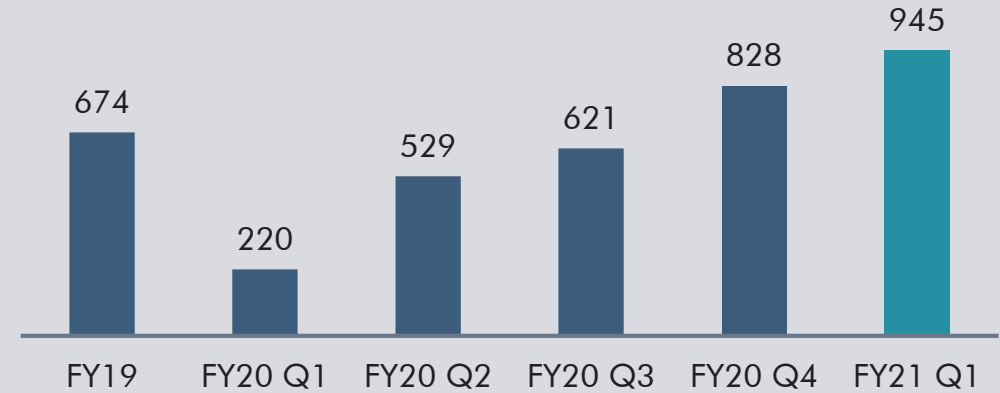
FY21 Major CAPEX Projects (Rm)		
Operation	Project	Rm
Moabsvelden	Phase I and II	250 - 290
Khanyisa	T2	15
Elandspruit	Western pit	10
All Operations	Proximity Detection Systems	10
Vanggatfontein	VG5	11

CAPEX SPEND BENEFIT

VGf

CAPEX	ROM increase	ROM margin	EBITDA benefit
<i>Rm</i> 336	<i>Ktpa</i> 750 - 830	<i>R/t</i> 90 - 110	<i>Rmpa</i> 67 - 91

ROM - Kt



VG4

- Bench separation to enable access to multiple coal faces, enabling improving optionality of production profile and consistent qualities
- Pre-stripping to optimise pit configuration and monthly sequence of mining activities
- New mining equipment fleet dedicated to new mining contractor model

VG5

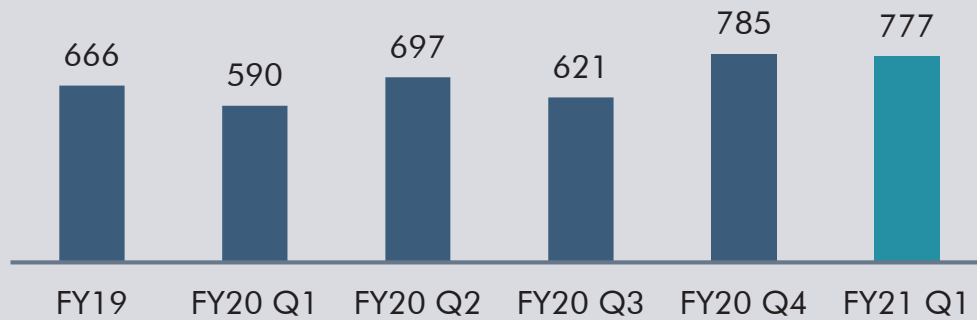
- VG5 box cut establishes an access point, enabling extraction of 12Mt coal and extending LOM by 8 years, producing 150 – 180Ktpm with a yield in excess of 30%

CAPEX SPEND BENEFIT | CONTINUED

ELANDSPRUIT

CAPEX	ROM increase	ROM margin	EBITDA benefit
Rm 41	Ktpa 160 - 240	R/t 65 - 75	Rmpa 10 - 18

ROM - Kt

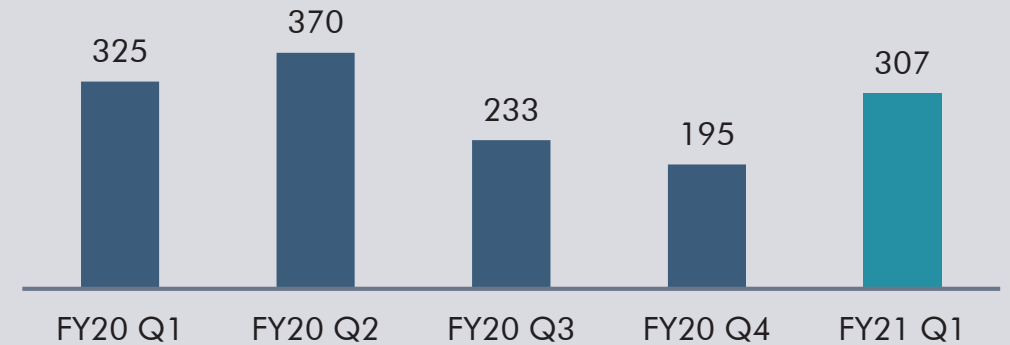


- Investment mostly compliance and de-risk, with R36 million for pollution control, dam fire protection and anti-collision (PDS)
- Improvement projects incl. Western pit enhancement of coal access, Eskom power and plant upgrades of R7 million

KHANYISA

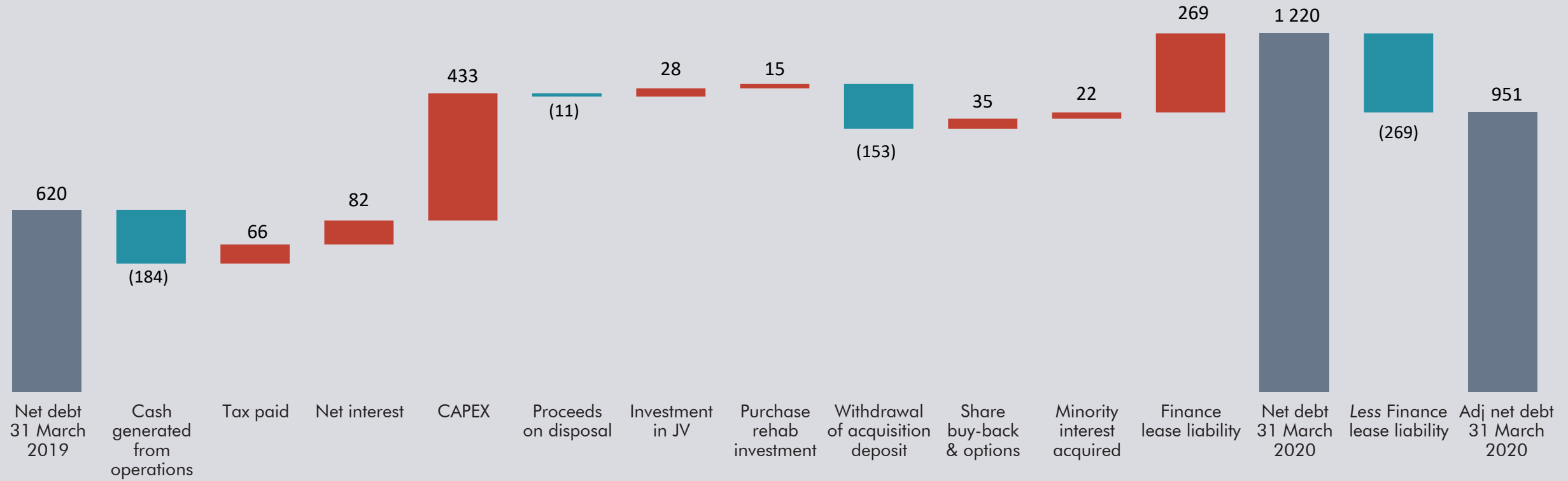
CAPEX	ROM increase	ROM margin	EBITDA benefit
Rm 46	Ktpm 90 - 100	R/t 110 - 130	Rmpm 10 - 14

ROM - Kt



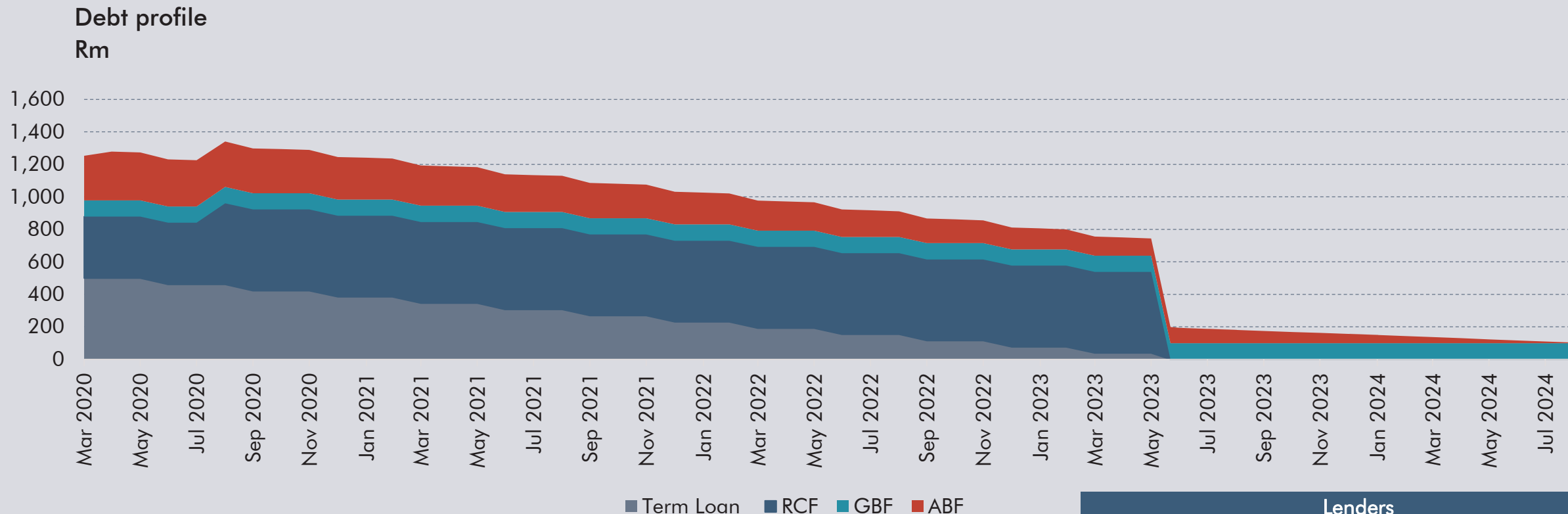
- New box cut access point enabling extraction of 2Mt coal with a strip ratio of -2BCM/t and extending the LOM by 2 years (FY20 R11 million; FY20 R22 million)

CAPITAL ALLOCATION



LENDING STRUCTURE

DEBT PROFILE OF CURRENT FACILITIES



Debt facilities:

- R1.1bn facilities secured during Jun19
- R300m ABF, the VGF mining fleet
- R150m unutilized as at 31 March 2020

Debt covenants:

- Covenant breach due to delay of R404 million debtor receipts (Net debt to EBITDA)
- Covenant waiver received in light of non-controllable event

	Lenders requirement	FY20	FY19
Debt service cover	> 1.3	2.01	2.98
EBITDA interest cover	> 3.5	3.83	9.25
Net debt to equity	< 1.5	1.38	0.29
Net debt to EBITDA	< 2.5	3.36	1.02

A construction worker wearing a white hard hat, safety glasses, and a high-visibility yellow and blue work jacket is walking along a narrow steel walkway on a bridge. The worker is holding a walkie-talkie to his mouth. The bridge's steel truss structure is visible on the left, and the sky is blue with scattered white clouds. On the right side of the image, there is a dark blue vertical overlay containing the company name and slogan.

WESCOAL

**LOOKING
AHEAD**

STRUCTURED COST REDUCTION PROGRAMME

APPROACH

Drive EBITDA improvement of R102 million – R136 million by FY21



Mining optimisation

- Execute optimisation “quick wins” for mining operations
- Plan & execute operational improvement initiatives
- Benchmark performance

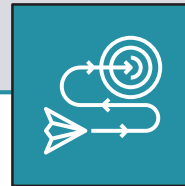
Improve mining practices to increase profitability



Trading optimisation

- Execute cost-saving “quick wins”
- Plan and execute strategic cost-saving initiatives

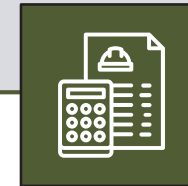
Generate cost-savings and improve profitability



Strategic sourcing

- Analyse all spend for procurement saving opportunities
- Implement “quick wins”
- Plan and execute high impact strategic sourcing initiatives

Generate sustainable cost savings



Cash clearance office

- Improve spend transparency and control
- Enhance daily cash management
- Improve spend discipline

Drive compliance & effective spend management



Organisation

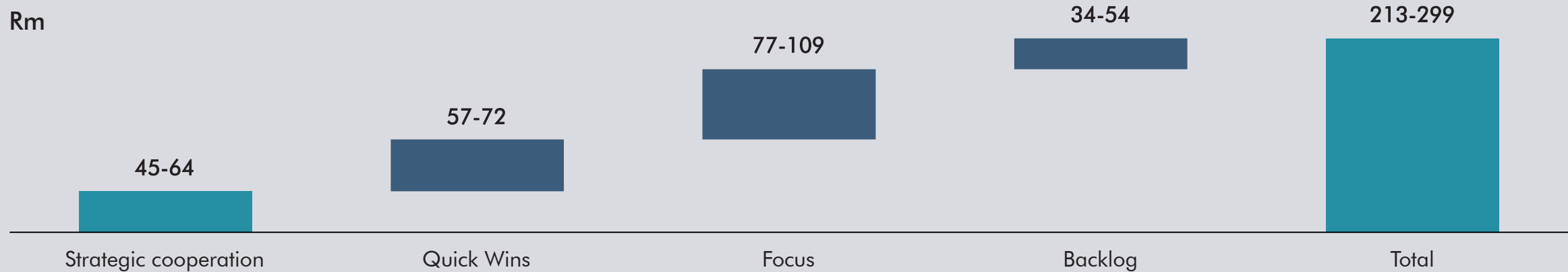
- Identify right-sizing opportunities
- Evaluate structure against strategic intent and identify improvement opportunities

Ensure a fit-for-purpose organization of the right size

STRUCTURED COST REDUCTION PROGRAMME | CONTINUED

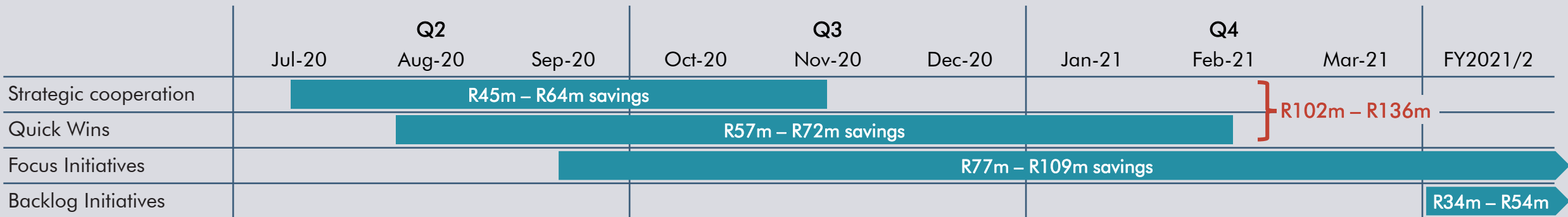
TIMELINES AND BENEFITS

Estimated value of initiatives
Rm



Number of initiatives	7	16	10	17	50
	Strategic cooperation	Quick Wins	Focus	Backlog	Total

Estimated benefit realisation over time
Rm



Risk management

- COVID-19
- Debt and liquidity management
 - Covenants
 - Working capital optimisation – reducing inventory
- Mining contractor transition (VGF)
- Eskom's CSA requirements

General costs and overheads

- Reap savings from cost reduction programme

Trading business review

- Potential re-structuring options being investigated
 - Closure of loss-making depots
 - Integration of sales into Mining sales
 - Finance division integrated into group finance
 - Potential sale of part or complete business

Strategy and growth

- Sweat current assets
- LOM extensions
 - Elandspruit
 - Khanyisa
- Select M&A opportunities in coal
 - Expand within Delmas area
- Consider diversification potential
 - Other commodities
 - Mining services

WESCOAL

Q&A



LAYING THE FOUNDATION TO GROW SUSTAINABLY