

WESCOAL

RESULTS PRESENTATION FOR THE YEAR ENDED 31 MARCH 2021



LAYING THE FOUNDATION TO GROW SUSTAINABLY

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FY21 OPERATIONAL AND FINANCIAL OVERVIEW

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COAL MINED

7.7Mt

(FY20: 6.0Mt)

COAL SALES

7.9Mt

(FY20: 6.3Mt)

REVENUE

R3.9 billion

(FY20: R3.8 billion)

EBITDA

R569 million

(FY20: R332 million)

NET LOSS

R36 million

(FY20: R137 million loss)

CAPEX

R419 million

(FY20: R433 million)

CASH GENERATED

R773 million

(FY20: R183 million)

CASH GENERATED/SHARE

156 cents

(FY20: 43 cents)

Highlights

- Steady production performance across all operations
- First coal delivered to Eskom from Moabsvelden
- Improved Eskom coal offtake but still lower than pre-Covid levels
- VG5 and T2 Khanyisa LIFEX projects completed
- Restart of Arnot mine imminent
- ESG strategy implementation

Challenges

- Operating under Covid-19 conditions
- Reduced coal offtake from Eskom and other customers
- 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"> 100% recovery rate, and no work stoppages across all operations
	<ul style="list-style-type: none"> Roll-out of new operating model in Mining 	<ul style="list-style-type: none"> New mining contractor appointed at VGF with minimal disruptions New processing contractor appointed at VGF and Illovo
	<ul style="list-style-type: none"> Review of Trading business 	<ul style="list-style-type: none"> Completed as part of the group-wide process
SUSTAINABILITY	<ul style="list-style-type: none"> Continue to nurture a strong working relationship with Eskom 	<ul style="list-style-type: none"> Consultations to manage the impact of lower offtake in progress
	<ul style="list-style-type: none"> Manage debt and liquidity 	<ul style="list-style-type: none"> Debt restructure approved by lenders
	<ul style="list-style-type: none"> Unlock full value through cost saving initiatives 	<ul style="list-style-type: none"> Group restructure completed Various cost saving initiatives starting to bear fruit
SCALABILITY	<ul style="list-style-type: none"> Effective organic growth through current greenfield and brownfield projects 	<ul style="list-style-type: none"> First coal delivery from Moabsvelden to Eskom in Q4 FY21 First coal at Arnot expected in calendar year 2021
	<ul style="list-style-type: none"> Disciplined inorganic growth as opportunities arise 	<ul style="list-style-type: none"> Delmas area strategy to extract maximum value out of Moabsvelden and VGF remains a focus area No material acquisitions to be pursued in short to medium term

LAYING THE FOUNDATION TO GROW SUSTAINABLY



Stability

Navigate through COVID-19

- Health and well-being of employees, communities and service providers

Achieve production and sales targets

- Continue to sweat the current assets



Sustainability

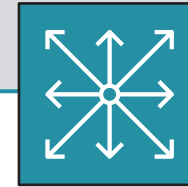
Continue to nurture a strong working relationship with Eskom

- Manage supply in line with CSA and Eskom requirements

Achieve an optimal balance sheet and capital structure

- Explore different funding options

ESG strategy implementation



Scalability

Effective organic growth through current greenfield and brownfield projects

- Moabsvelden - completion of Phase II
- Complete LIFEX projects
- Arnot mine restart
- Conclude disposal of LBC

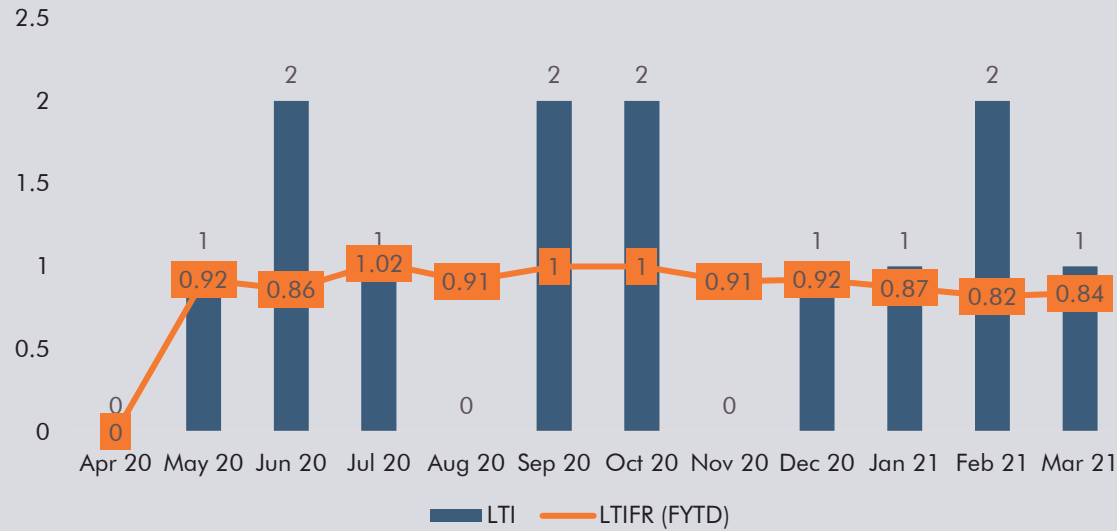
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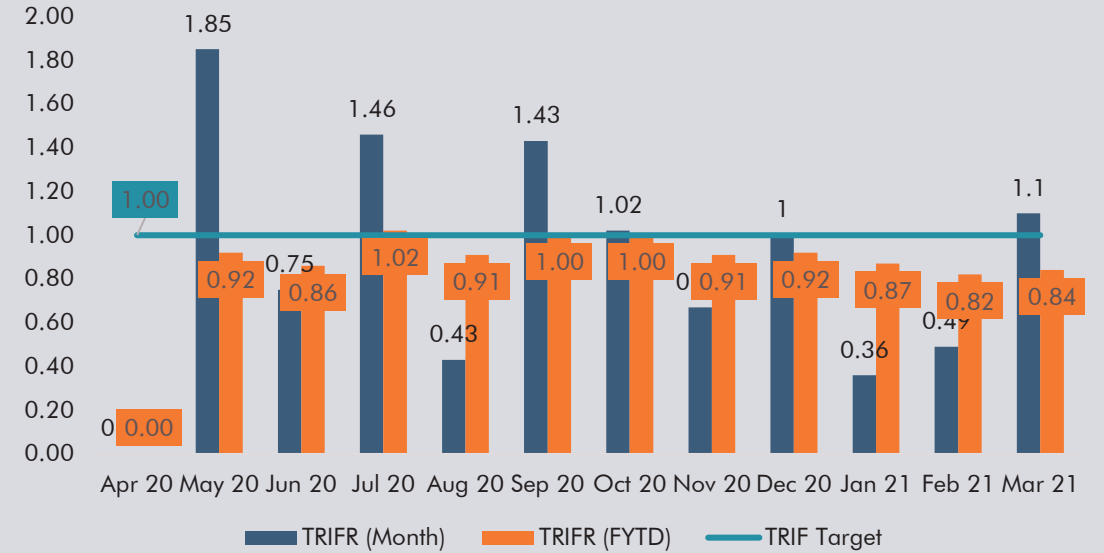
**MINING
SEGMENT**



Lost Time Injury (LTI) Performance



Total Recordable Injury Frequency Rate (TRIFR) Performance



Safety record

- 1 fatality for FY21
- 13 Lost Time Injuries (LTI) recorded
- FYTD Total Recordable Injury Frequency Rate (TRIFR) at 0,84

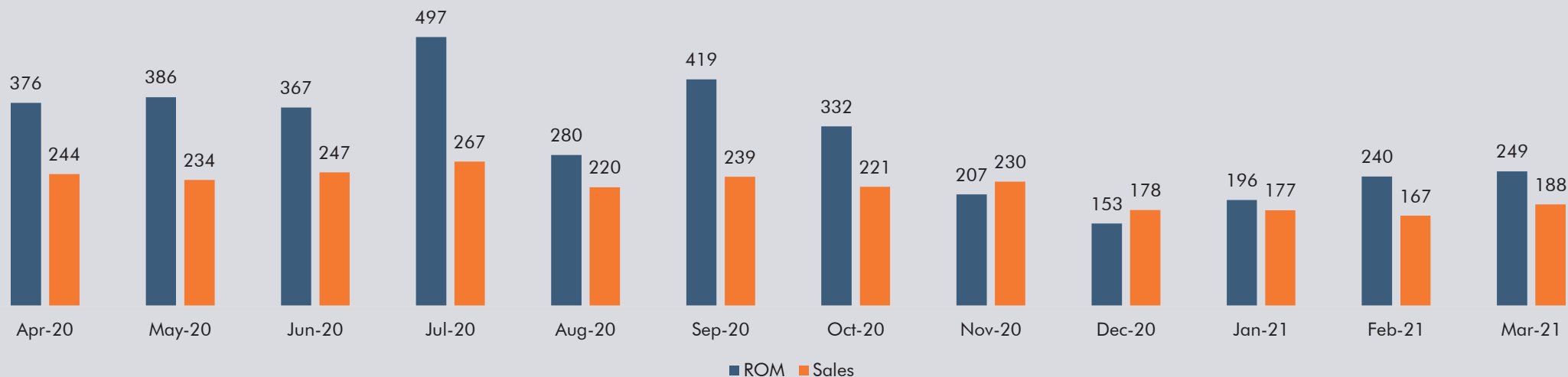
Health & Hygiene

- No Compensable Occupational Illnesses FYTD
- Continuous monitoring of personal exposure

Safety interventions

- COVID-19 Health and Safety protocol
- Visible Felt Leadership
- Proximity detection system installed
- Wellness days (chronic disease management)
- Health and Safety campaigns.

ROM Production and Sales (Kt)



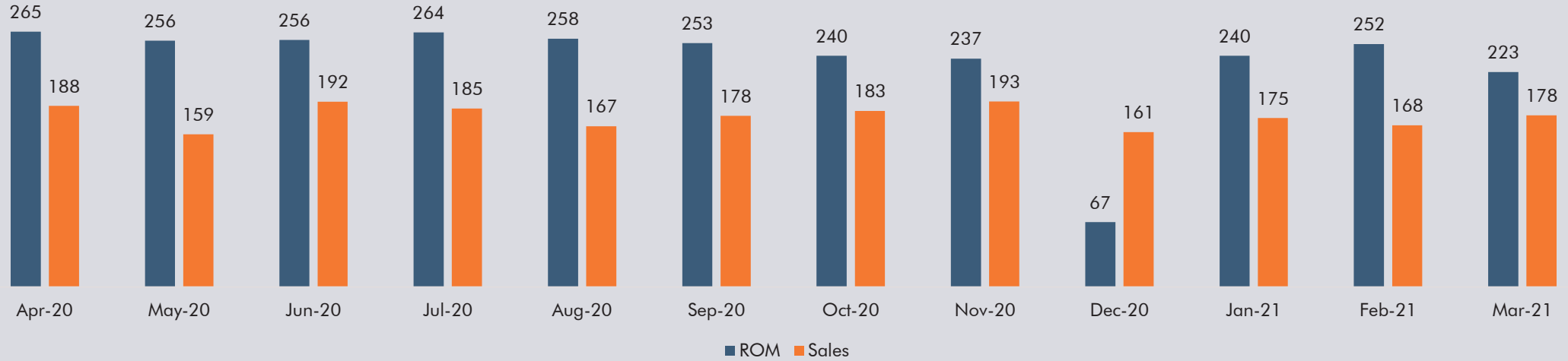
Factors impacting production

- VGF extension strategy to extend the entire life of VGF complex
- Successful onboarding of new mining contractor in August 2020
- VG5 production brought online
- Q3 and Q4 production reduced to manage stock build-up

Key focus areas

- VGF extension strategy to extend the entire life of the VGF complex

ROM Production and Sales (Kt)



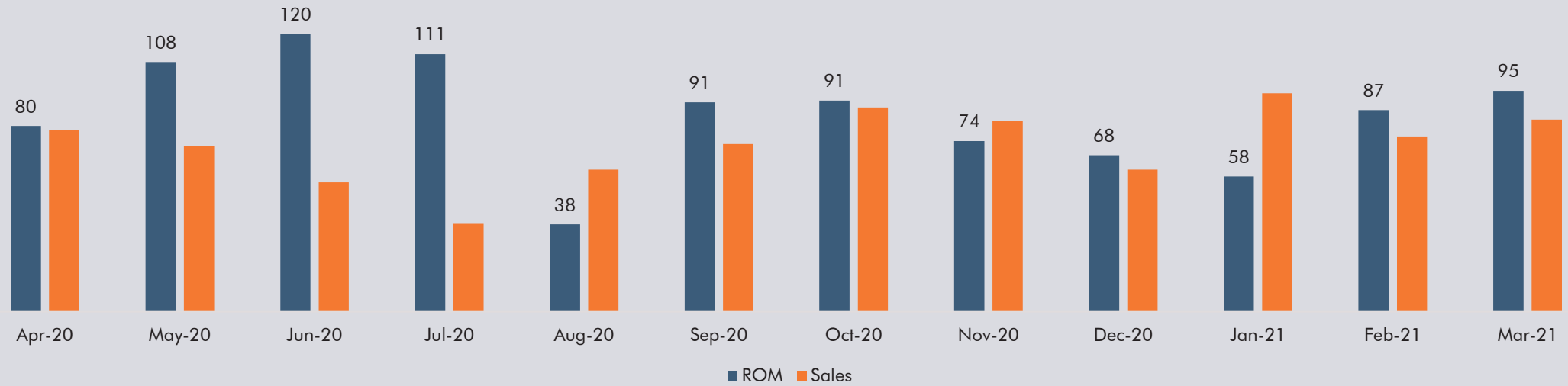
Factors impacting production

- Q3 and Q4 production reduced to manage stock build-up

Key focus areas

- Restart of the underground mining section

ROM Production and Sales (Kt)



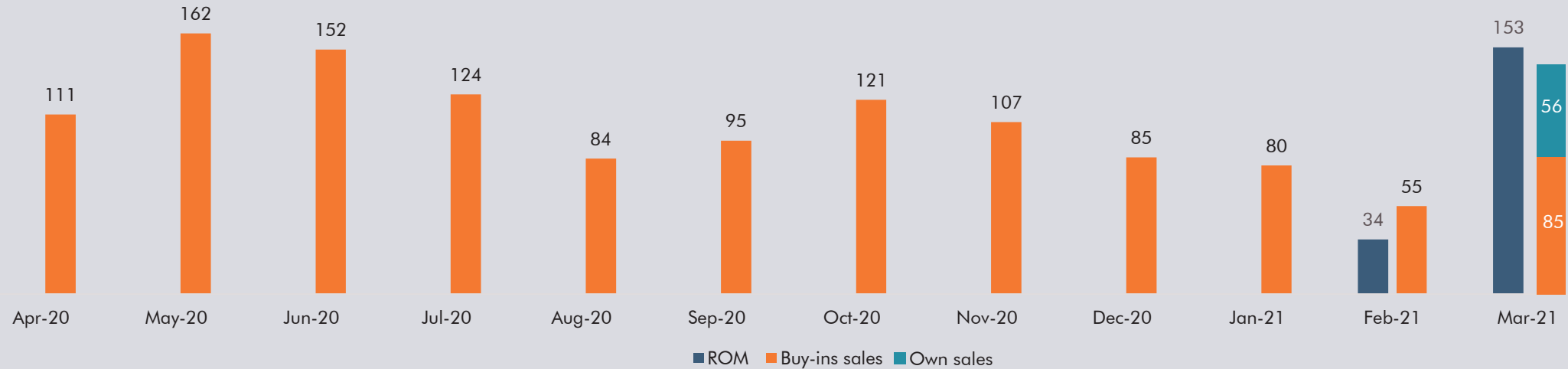
Factors impacting production

- Safety stoppages

Key focus areas

- Recovery of roof coal in the Khanyisa Catwalk Mine
- LIFEX project's

ROM Production and Sales (Kt)



Key milestones achieved

- Project commenced in June 2020
- First waste blasted in October 2020
- First coal blasted in January 2021
- First coal delivered to Eskom in March 2021

Key focus areas

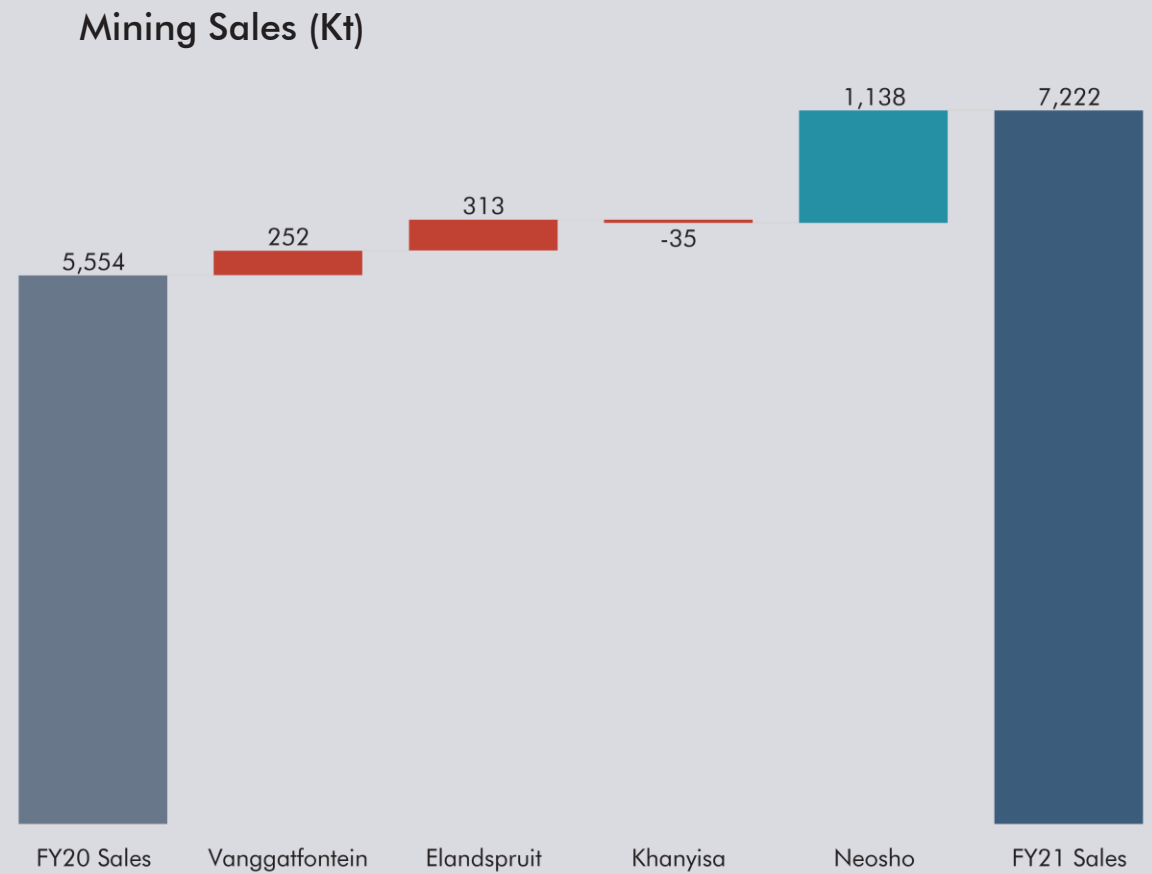
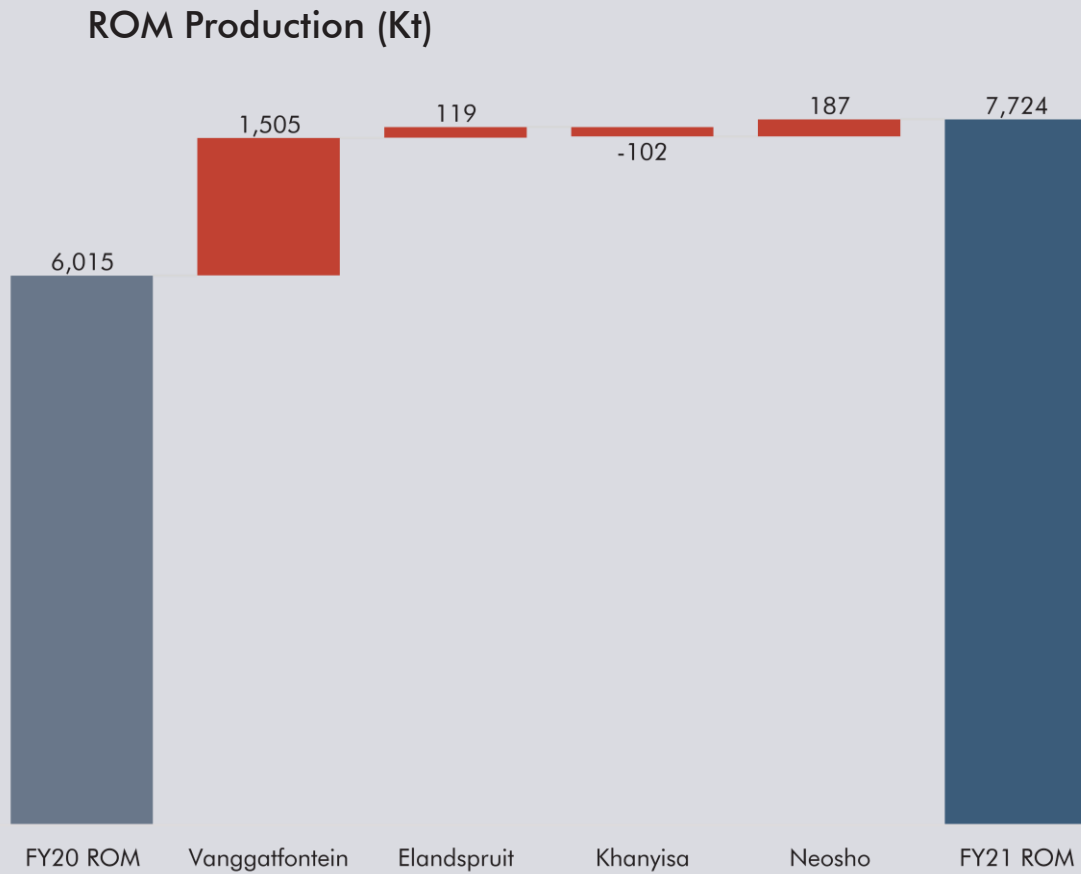
- Rescheduling and further optimisation of capex underway
- Continued ramp-up to sustained coal production and Eskom Sales
- Crushing and screening operations underway

MOABSVELDEN

PROJECT DEVELOPMENT STATUS



MINING SEGMENT ROM AND SALES PERFORMANCE



VG3 UG AND DRILLING CAMPAIGN	ELANDSPRUIT UG	KHANYISA
<ul style="list-style-type: none"> • Drilling campaign to start in Q2'FY22 • A drilling contractor has been selected • Capex approval signed and completed 	<ul style="list-style-type: none"> • 1.0Mt of reserves • 4 years LOM • Steady state ROM production of 20Ktpm • First coal in calendar H2 2021 	<p>Boundary coal mining</p> <ul style="list-style-type: none"> • Reserves lying within mine reserves boundary • 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 CW2 • Coal Reserves about 300kt in old pillars • Potential to increase Khanyisa by another 6 months



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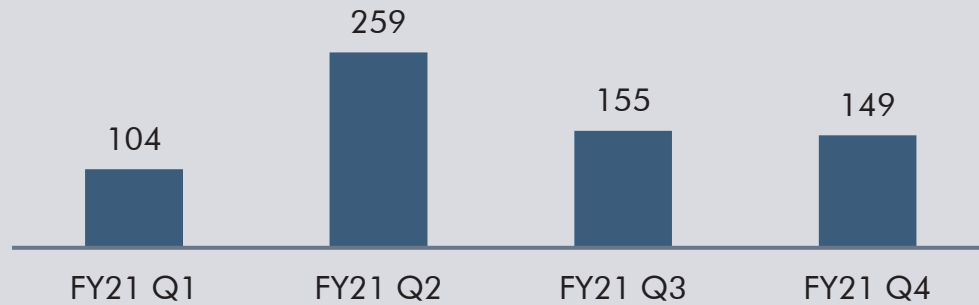
**TRADING
SEGMENT**

- Performance affected by COVID-19
- No reportable HSEC incidents
- Major customer reduced coal consumption, pricing and margins
- 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 undertaken, and Section 189 process implemented in Q3 resulting in a reduction of 33% of the workforce to recognise seasonal requirements and operational requirements of the business.

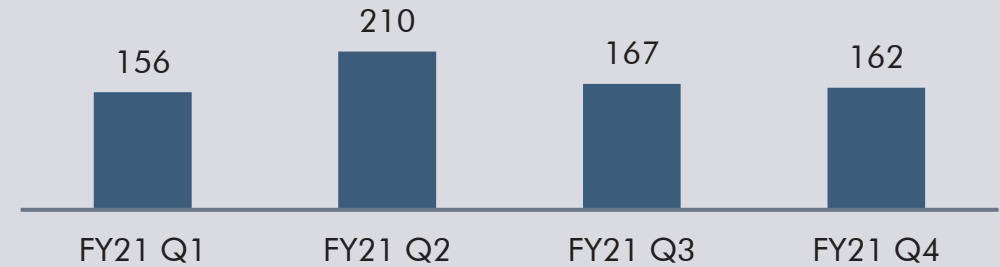


VOLUMES AND REVENUE PERFORMANCE TREND

Volumes – Kt



Revenue – Rm



- Reduced sales volumes and revenue against a background of COVID-19
- FY21 sales volumes decreased by 12.1% to 667Kt (FY20: 759Kt)
- FY21 revenue decreased by 32.5% to R696 million (FY20: R1.03 billion) as a result of reduced pricing from a major client
- Volumes to a major customer have begun to increase albeit at lower margins



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FINANCIALS

FINANCIAL SALIENT FEATURES

REVENUE
R3.9 billion
(FY20: R3.8 billion)

EBITDA
R569 million
(FY20: R332 million)

NET DEBT
R1.0 billion
(R1.2 billion)

GROSS PROFIT
R411 million
(FY20: R333 million)

CASH GENERATED
R773 million
(FY20: R183 million)

GEARING*
55%
(FY20: 58%)

- Significant improvement compared to FY20 mainly at VGF
- Moabsvelden sales contribution for full year
- Improvement in production contributed to higher GP & more own sales volumes from VGF
- Optimisation of costs
- Significant cash generated under current economic conditions. Cash generated of R419 million excluding ad-hoc working capital movement due to late supplier payment
- Lower net debt due to higher cash balance compared to PY
- Reduction in gearing due to lower net debt

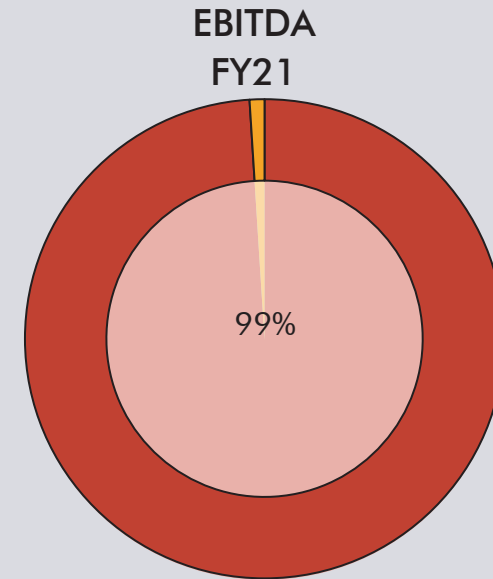
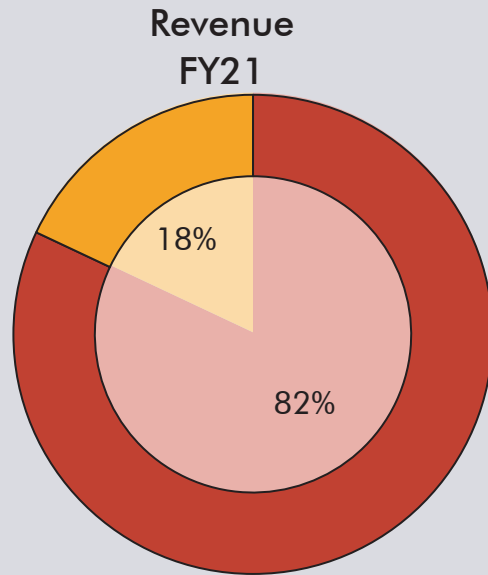
* Gearing ratio: Net debt divided by sum of net debt and equity

STATEMENT OF COMPREHENSIVE INCOME – EXTRACTS

	FY21 Rm	FY20 Rm	
Revenue	3 902	3 810	<ul style="list-style-type: none"> Higher revenue due to higher sales volumes due to full year contribution from Moabsvelden
Gross profit	411	333	<ul style="list-style-type: none"> Higher gross profit due to improved production volumes, realized cost savings, higher own sales volumes
Operating profit	135	(3)	<ul style="list-style-type: none"> Significant improvement in operating profit due to improved GP and lower operation costs. Operating profit net of impairment on trading goodwill of R21.0 million.
Net finance cost	155	130	<ul style="list-style-type: none"> Higher net finance cost due to full utilisation of facilities & higher unwinding of rehabilitation liability
Taxation	(16)	(4)	
Total comprehensive income	(36)	(136)	<ul style="list-style-type: none"> Above resulted in 73% improvement in NPAT & earnings per share.
EPS (cents per share)	(8.74)	(32.5)	

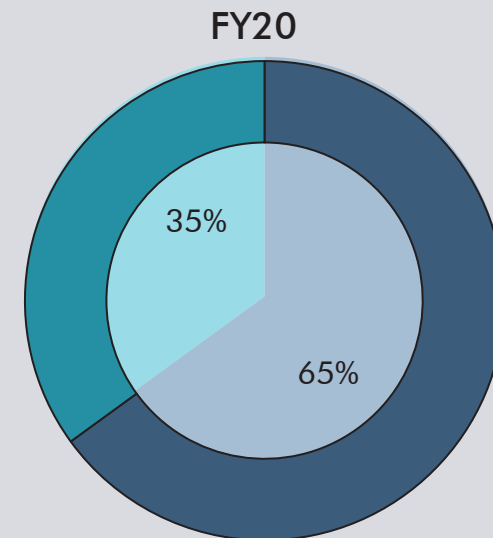
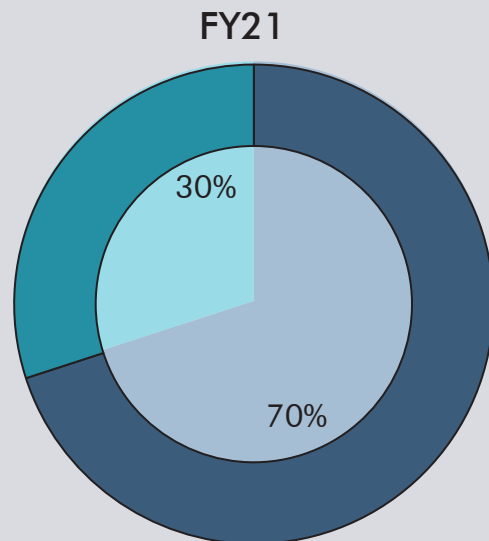
SEGMENTAL CONTRIBUTIONS AND REVENUE DIVERSITY

Segmental contribution FY21



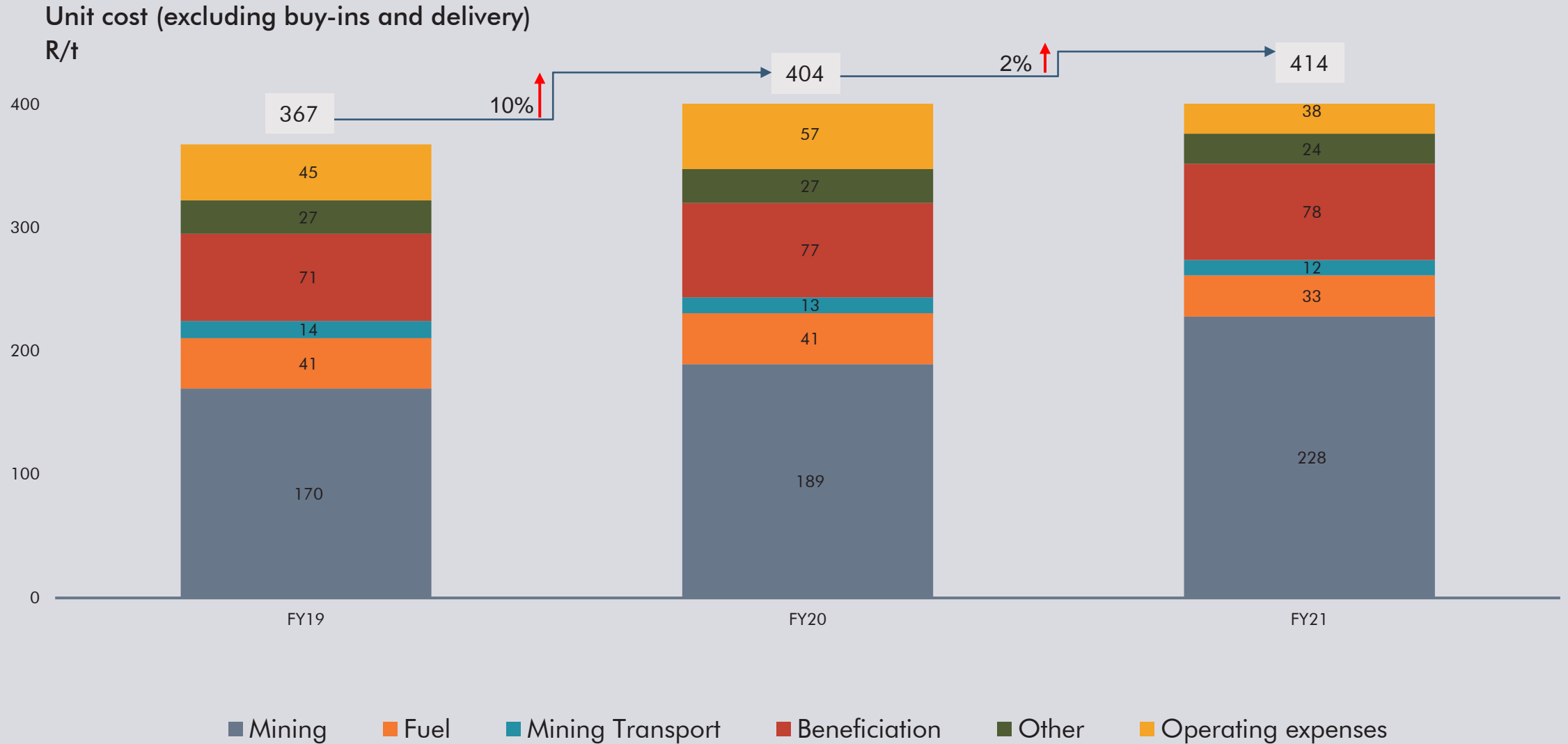
- Mining
- Trading

Revenue diversity yoy



- Eskom
- Other

MINING UNIT COST



STATEMENT OF FINANCIAL POSITION

	Audited 31 Mar 2021 Rm	Audited 31 Mar 2020 Rm
Non-current assets	2 849	2 703
Property, plant and equipment	2 450	2 205
Investments	-	-
Goodwill and intangible assets	62	82
Other non-current assets	303	369
Restricted cash	7	6
Deferred taxation	27	41
Current assets	1 190	1 258
Inventories	266	131
Trade and other receivables	558	961
Cash and cash equivalents	239	45
Other current assets	127	121
Total assets	4 039	3 961

- Increase in PPE due to expansion projects and due to reassessment of rehabilitation liability
- Reduction in goodwill due to impairment of R21.0 million on Trading goodwill
- Other non-current assets includes lease asset, preference share, investment in JV
- 103% increase in inventory due to improved production and lower sales due to COVID-19 downturn impact
- Prior year receivables were significantly higher than normal due to late payment by Eskom

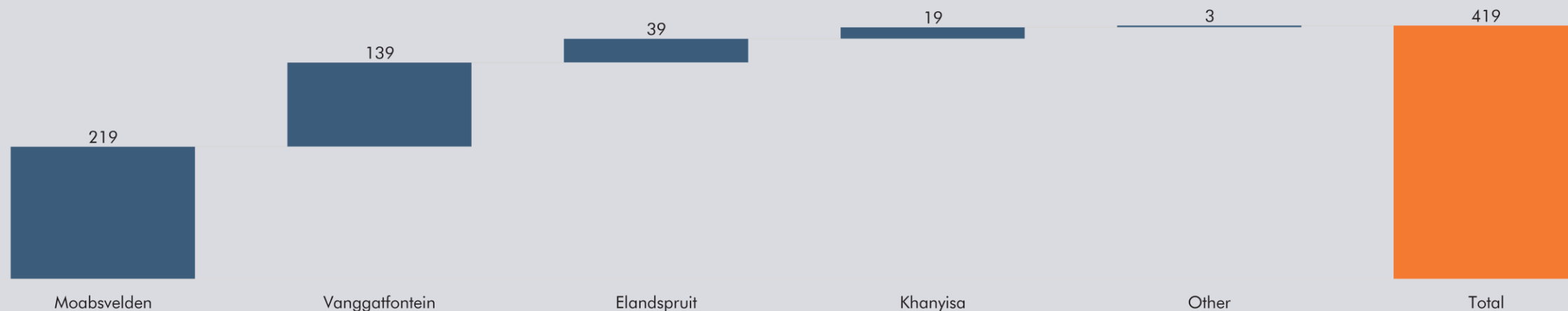
STATEMENT OF FINANCIAL POSITION | CONTINUED

	Audited 31 Mar 2021 Rm	Audited 31 Mar 2020 Rm
Total shareholders' funds	849	883
Non-current liabilities	1 420	1 218
Rehabilitation provision	998	700
Deferred tax	231	287
Other non-current liabilities	191	231
Current liabilities	1 769	1 861
Trade and other payables	690	743
Bank overdraft	73	97
Taxation payable	8	62
Interest-bearing loans and financial liabilities	928	904
Finance lease liabilities	69	55
Total equities and liabilities	4 039	3 961

- Increase in rehabilitation provision due to increase in void and additional provision at Moabsvelden

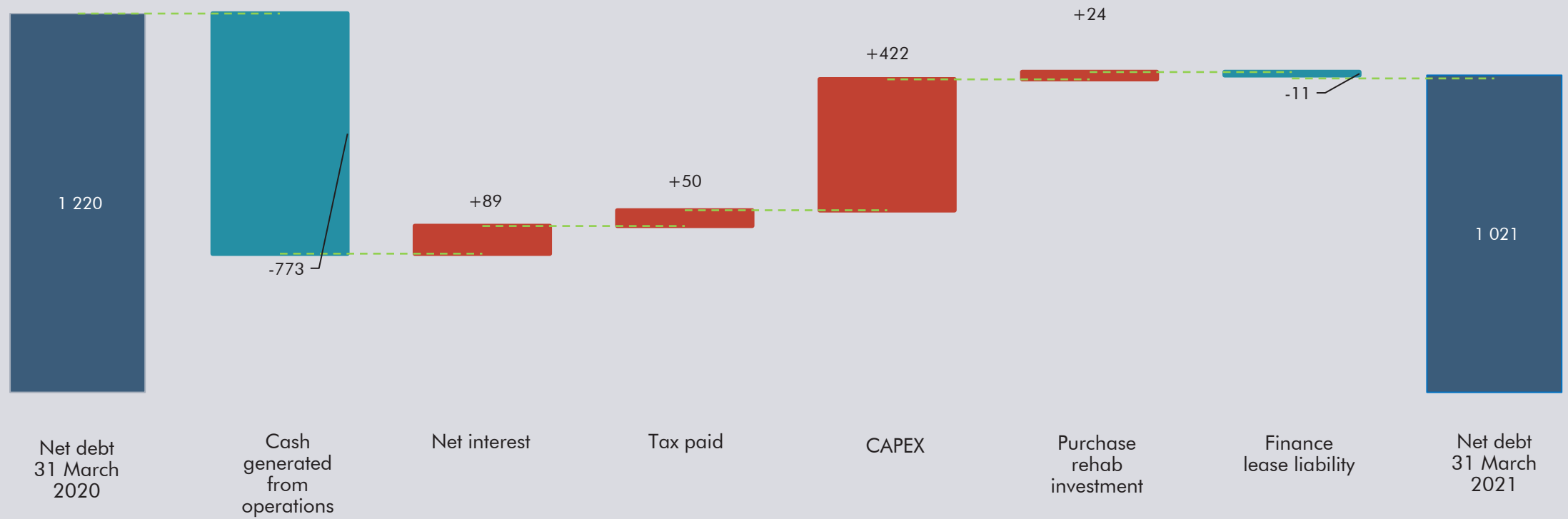
CAPITAL EXPENDITURE

FY21 CAPEX – Rm



Operation	FY22F Rm	FY21A Rm	FY20A Rm	FY19A Rm
Moabsvelden	68-86	219	23	8
VGF	39-49	139	336	170
Khanyisa	4-5	19	25	209
Elandspruit	69-87	39	40	16
Wescoal Trading	5-10	2	2	-
Processing	7-9	1	4	13
Mining HO	1-2	-	2	-
Corporate	1-2	-	1	1
Total	188-240	419	433	417

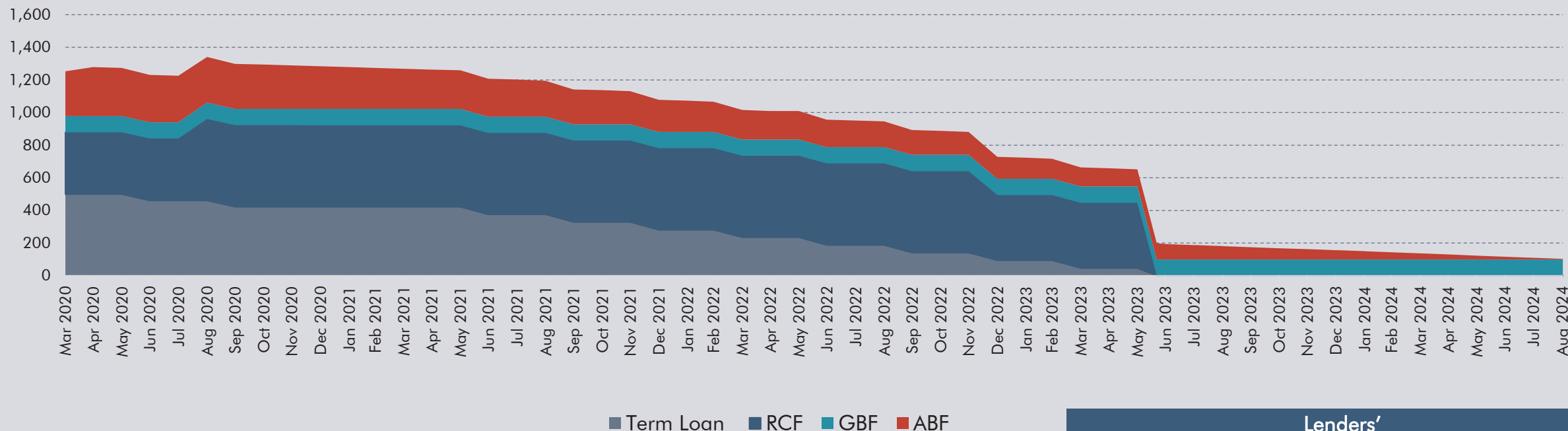
CAPITAL ALLOCATION



LENDING STRUCTURE

DEBT PROFILE OF CURRENT FACILITIES

Debt profile
Rm



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

	Lenders' requirement	FY21	FY20
Debt service cover	> 1.3	2.01	2.01
EBITDA interest cover	> 3.5	5.46	3.83
Net debt to equity	< 1.5	1.18	1.38
Net debt to EBITDA	< 2.5	1.65	3.36



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**LOOKING
AHEAD**

Risk management

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

General costs and overheads

- Reap savings from cost reduction initiatives
 - Group restructure
 - New operating model
 - Coal processing contractor change

ESG

- Full implementation in FY22
- Underpinned by a strategy review

Strategy and growth

- Sweat current assets
- LOM extensions
- Restart of Arnot mine
- Consider diversification potential
 - Other commodities
 - Mining services
 - Renewables