

## Appendix 4D

### Half Year Report

Zimplats Holdings Limited





ARBN: 083 463 058

Australian Stock Exchange code: **ZIM**


### Results for announcement to the market

Reporting period: 1 July 2018 to 31 December 2018

Previous reporting period: 1 July 2017 to 31 December 2017

			<b>2018 US\$000</b>	<b>2017 US\$000</b>
1.	Revenue	 2%	291 844	286 149
2.	Profit before income tax	 60%	98 480	61 360
3.	Income tax expense	 55%	(18 123)	(40 312)
4.	Profit for the half year attributable to shareholders	 282%	80 357	21 048
5.	Dividend per share (cents)		18.58	-

### Net tangible asset backing

		<b>2018</b>	<b>2017</b>
Net tangible assets per security	 0.3%	US\$9.39	US\$9.42

The directors' report and the condensed consolidated interim financial statements of Zimplats Holdings Limited ('Zimplats' or the 'Company') and its subsidiaries (together the 'Group') for the half year ended 31 December 2018, which have been reviewed by auditors, have been released and are available on the Company's website ([www.zimplats.com](http://www.zimplats.com)).

## Commentary on results

Below are key highlights for the half year ended 31 December 2018.

### Finance

- Revenue for the half year increased by 2% to US\$291.8 million compared to the same period last year driven by a 1% increase in both metal prices and 4E sales volumes. The gross revenue per platinum ounce for the half year at US\$2 186 was 1% higher than the US\$2 154 reported during the same period last year.
- Cost of sales at US\$187.1 million was 2% higher than the same period last year's US\$184 million mainly due to inflation. This was partly offset by the substitution of open-pit ore with lower cost underground ore following the closure of the South Pit Mine in April 2018 and decrease in depreciation arising from the conversion of upper ores resources to reserves.

Resultantly, the gross profit margin of 36% was the same as the prior comparative period.

- Administrative expenses for the half year at US\$28.1 million were 22% higher than the US\$23 million reported during the same period last year mainly due to higher insurance premiums in the current period.
- Selling and distribution expenses for the half year at US\$1.1 million were 80% lower than same period last year due to the decrease in transport cost in line with the volume of material moved as no concentrates were exported in the current half year. Transportation of concentrates typically costs more than transportation of matte.
- Royalty and commission expense for the half year increased by 74% from US\$7 million reported in the same period last year to US\$12.2 million mainly due to an increase in royalty rates after migrating from a special mining lease to a mining lease on 31 May 2018.
- The half year ended 31 December 2018 benefited from export incentive of US\$29.4 million (2017: US\$5.6 million) and the recognition of a US\$9.6 million refund due from the Zimbabwe Revenue Authority (ZIMRA). The refund arose from a court ruling in favour of the Group in respect of fines inappropriately levied by ZIMRA on the disputed customs duty rebates case.
- Cash operating cost per platinum ounce produced improved by 3% to US\$1 295 from US\$1 331 reported in the same period last year due to the substitution of open-pit ore with lower cost underground ore, decrease in selling expenses as detailed above and lower cost of consumables sourced from South Africa which benefited from the weakening of the South African Rand against the United States Dollar.

Resultantly, profit before income tax for the period at US\$98.5 million was 60% higher than US\$61.4 million recorded in the same period last year. Income tax for the half year at US\$18.1 million (2017: US\$40.3 million) resulted in a profit after tax for the period of US\$80.4 million compared to US\$21 million achieved in the same period last year.

- At 31 December 2018, the Group had bank borrowings of US\$62.5 million (30 June 2018: US\$85 million and 31 December 2017: US\$85 million) and a cash balance of US\$99.5 million (30 June 2018: US\$119 million and 31 December 2017: US\$106.9 million).

### Safety, Health and Environment

- There were no fatalities reported during the half year increasing the number of fatality free shifts to 9.8 million as at 31 December 2018.
- Two lost-time injuries were reported during the half year resulting in a lost-time injury frequency rate of 0.26, similar to the comparative period last year.

- The Group's employee wellness programmes continued to be effective during the half year focusing on the following:
  - HIV and AIDS
  - Mental health
  - Occupational hygiene
  - Non-communicable diseases
- Rehabilitation of the old open-pit mines progressed well with 1 175 741 loose cubic meters moved to cover the voids compared to 179 020 loose cubic metres for the same period last year.
- The Group's water conservation programmes worked well during the half year maintaining recycled water at 34% of the total water consumed.

### **Operations**

- Tonnes mined during the half year decreased by 5% to 3.3 million tonnes compared to the same period last year mainly due to the closure of the South Pit Mine in March 2018. The increase in production from underground mines (mainly from Mupfuti and Bimha mines) of 266 300 tonnes was less than the contribution from the South Pit Mine (456 200 tonnes) in the same period last year.
- Tonnes milled decreased by 1% to 3.31 million tonnes compared to the same period last year. This was mainly due to a decrease in the milling rates at the Selous Metallurgical Complex (SMC) concentrator arising from the change in particle size distribution after the closure of the South Pit Mine in April 2018.
- Four elements (platinum, palladium, rhodium and gold) (4E) mill head grade at 3.23g/t remained largely unchanged from the same period last year reflecting sustained grade control at the Group's operations.
- Platinum production for the half year decreased by 1% to 135 430 ounces from 136 152 ounces in line with the decrease in the volume of ore milled. 4E metal production for the half year also decreased by 1% to 273 655 ounces from 275 224 ounces in line with mill volumes.

### **Capital Projects**

- As previously reported, Bimha Mine which is undergoing redevelopment achieved design production capacity in April 2018 as planned. Installation of the north underground crusher and the ore-conveyancing system were completed during the period under review while the south underground crusher and ore-conveyancing system are scheduled for commissioning in August 2019. A total of US\$76 million had been spent as at 31 December 2018 against a total project budget of US\$101 million.
- The development of Mupani Mine (the replacement for Ngwarati and Rukodzi mines) is ahead of schedule, targeting ore contact by August 2019 and full production in August 2025. A total of US\$51 million had been spent as at 31 December 2018 against an approved total project budget of US\$264 million.

### **Mineral Resources and Ore Reserves**

- There have been no material changes in the Group's Mineral Resources and Ore Reserves compared to those reported in the annual integrated report for the financial year ended 30 June 2018.

### **Dividend**

- The board of directors declared an interim dividend of US\$20 million (equating to 18.58 US cents per share) on 8 February 2019.
- The ex-dividend and record dates for the dividend are 19 and 20 February 2019 respectively.
- The financial statements for the half year ended 31 December 2018 do not reflect this dividend payable in accordance with the requirements of International Accounting Standard ("IAS") 10, 'Events after the reporting period' and IAS 1, 'Presentation of financial statements'.