tharisa

DISCOVER DEVELOP **DELIVER** DIVERSIFY

THARISA (THS:LSE)
YOUR LONDON EXPOSURE TO
THE PLATINUM GROUP METALS MARKET

22 October 2020

Proactive One2One Virtual Forum

proactive

Enriching lives through innovating the resources company of the future

WHY BUY THARISA?

- Exposure to growing demand in PGM and chrome market, driven by high palladium and rhodium values
- Leading producer: peer leading safety record and asset sustainability
- Committed to strong returns to shareholders through capital discipline
- Healthy balance sheet the back bone of expansion programme, targeting strategic growth
- Management team has skin in the game and has DISCOVERED, DEVELOPED and DELIVERED before
- Perfectly primed for a re-rating

EXTRACTING MAXIMUM VALUE THROUGH INNOVATIVE THINKING

OUR OPERATION

THARISA IS THE SIXTH LARGEST SOUTH AFRICAN PGM PRODUCER AND FOURTH LARGEST SOUTH AFRICAN CHROME PRODUCER

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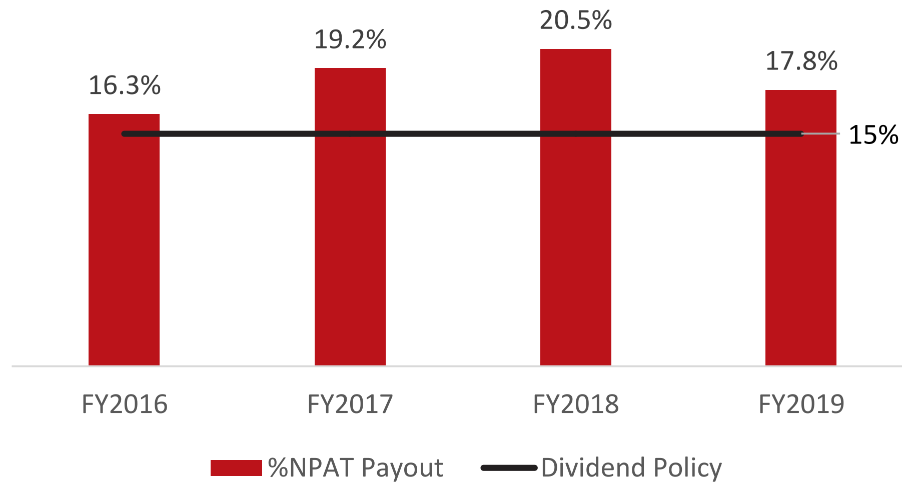
THARISA PLC (THS:LSE)

KEY MARKET DATA		20 OCTOBER 2020
Shares in issue	million	269
Share price	GBP	0.78
Market capitalisation	GBP million	209

KEY SHAREHOLDERS	HOLDING
Medway	40.8%
Rance – (New World Securities)	15.1%
Fidelity	9.9%

CONSISTENT DIVIDEND PAYER



FY2020 PRODUCTION REPORT

REEF MINED

4.97 Mt

up 7.4%

(2019: 4.62 Mt)

PGM PRODUCTION (5PGE+Au)

142.1 koz

up 1.78%

(2019: 139.7 koz)

CHROME CONCENTRATE PRODUCTION

1.34 Mt

up 4.2%

(2019: 1.29 Mt)

STRIP RATIO

12.1 m^3:m^3

up 45.7%

(2019: 8.3m^3:m^3)

PGM PRICE

US$1 704/oz

up 57.6%

(2019: US$1 081/oz)

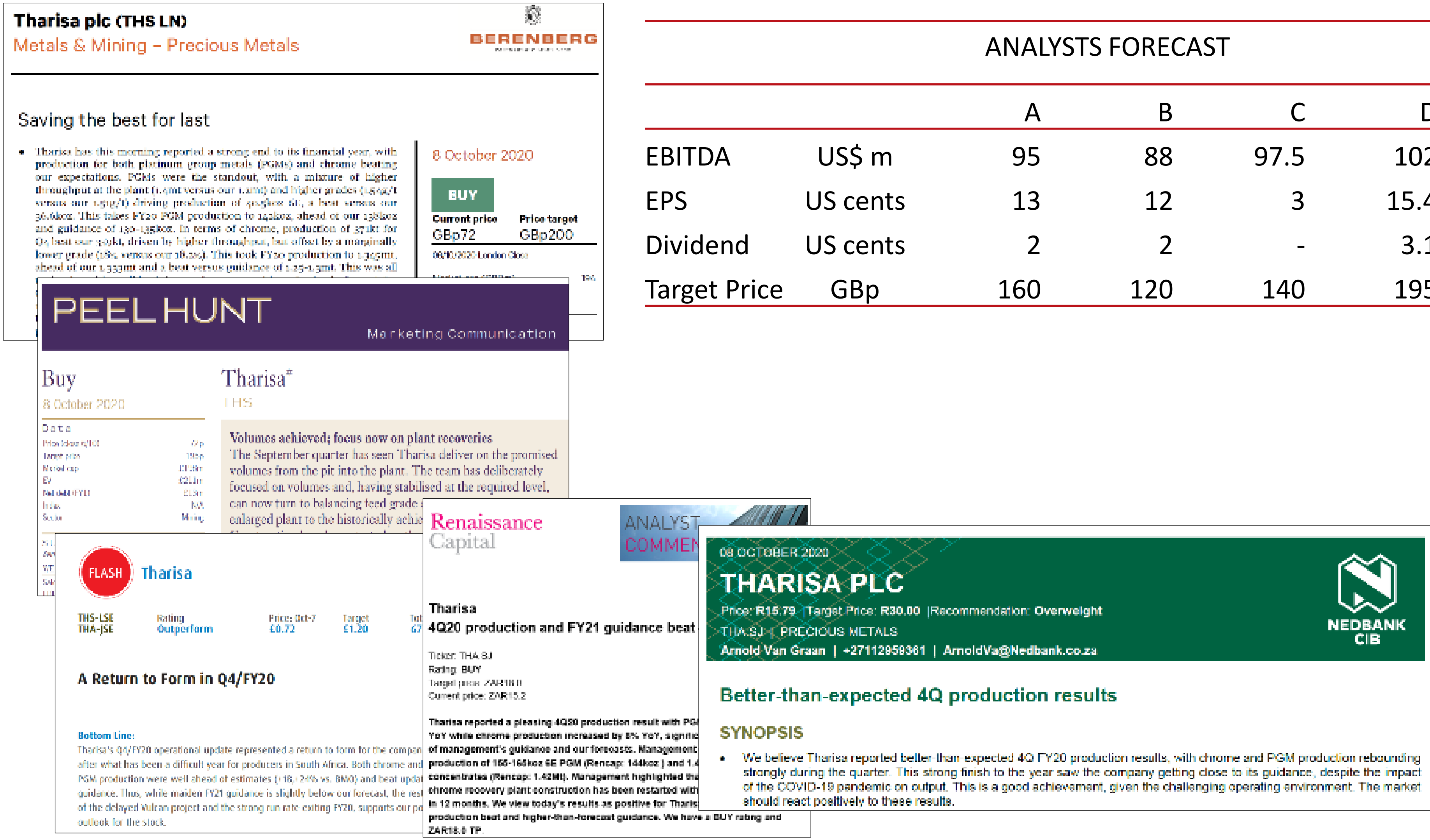
CHROME CONCENTRATE PRICE

US$140/t

down 13.5%

(2019: US$162/t)

WHAT THE ANALYSTS HAD TO SAY AFTER THE RESULTS

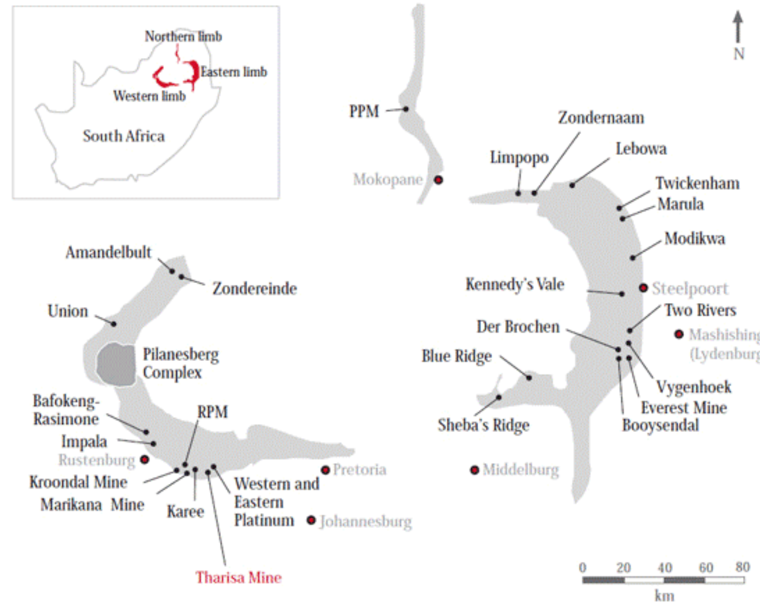


ANALYSTS FORECAST

		A	B	C	D	E
EBITDA	US$ m	95	88	97.5	102	110
EPS	US cents	13	12	3	15.4	16
Dividend	US cents	2	2	-	3.1	-
Target Price	GBp	160	120	140	195	84

LOCATED IN THE MAIN PGM AND CHROME PRODUCING AREAS

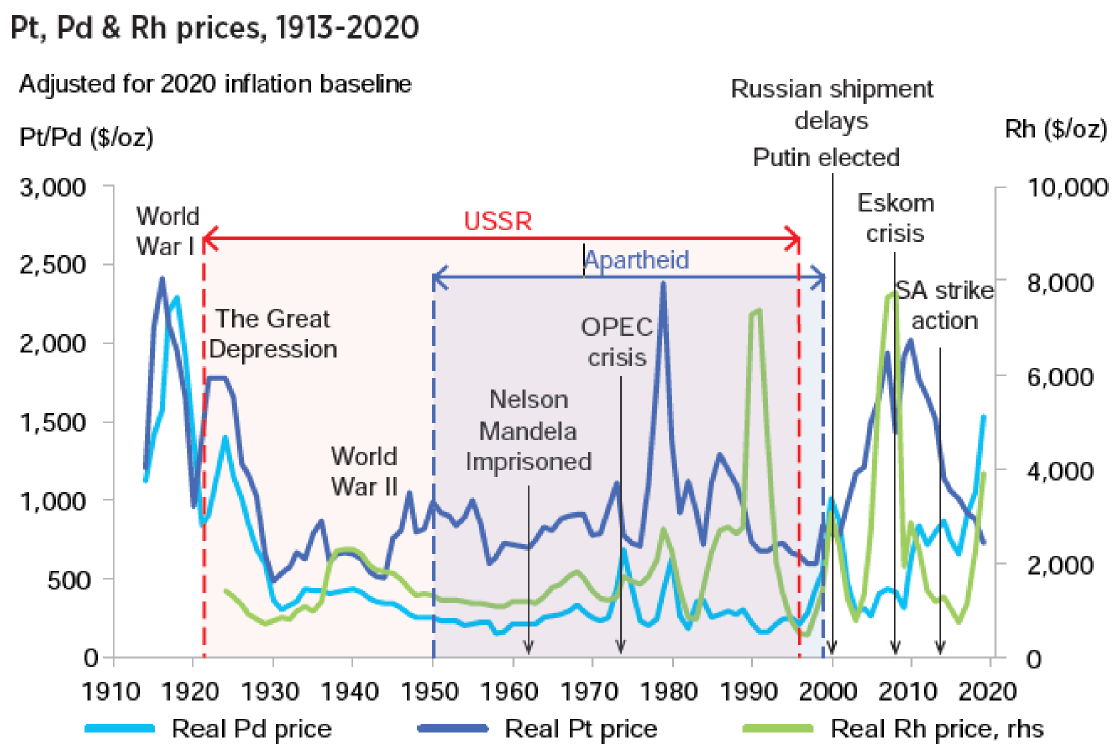
- In the heart of the PGM and chrome country, host to over two thirds of the world's PGMs and chrome
- Close to infrastructure, road, rail and power
- Tharisa a product of the new mining code - fully compliant
- Mechanised, open pit operation with a highly skilled workforce
- Drive to add value to the product we mine and capture more margin
- R&D team have developed exposure to the chemical chrome market, Vulcan fine chrome recovery technology, applications for chrome and new smelting opportunities in the PGM market



REASONS TO BE BULLISH ON THARISA COMMODITY BASKET

PGMs are the 'catalyst' for a sustainable future

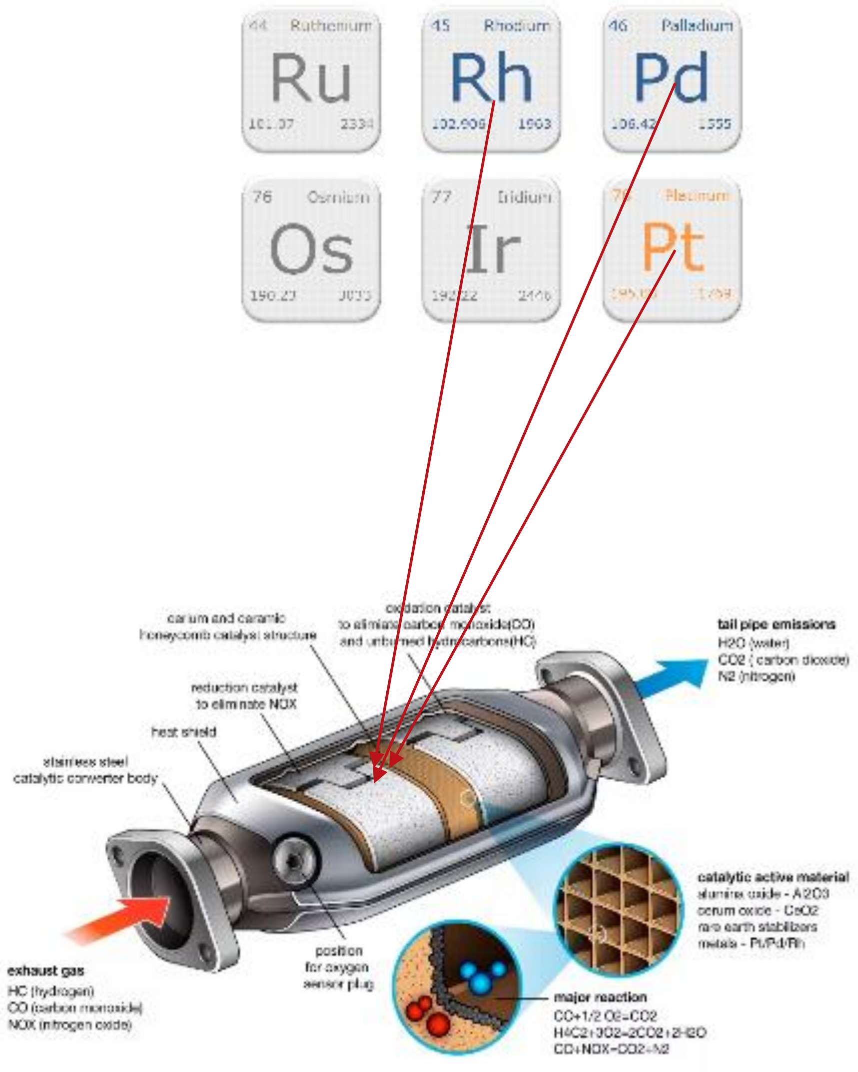
The PGM industry has persisted for the past century, against a backdrop of political upheaval and technological revolution. Today, the unique chemical and physical properties of PGMs mean they are ideal for the many modern specialist technologies needed for a sustainable future, such as **automotive catalytic converters, electronic components, chemical catalysts** and **hydrogen fuel cells**



Source: SFA Oxford

WHY DO WE NEED PGMs

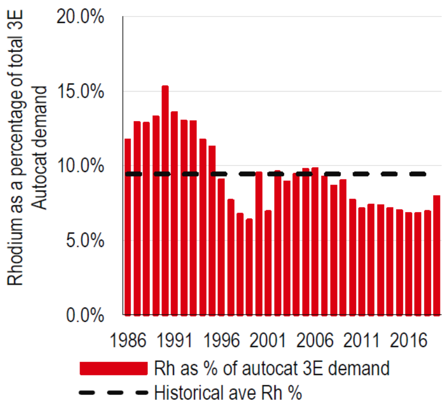
- Known for their purity, high melting points and unique catalytic properties
- Extremely resistant to corrosion
- Play a critical role in autocatalysis and pollution control in the automotive sector
- Used in a number of industrial applications from flat screens to medical
- Strong demand for platinum jewellery



Source: cars.com

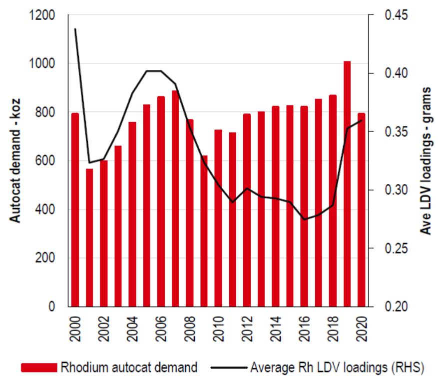
HEADWINDS FROM DEEP MINES TO RHODIUM SUPPLY GROWTH

Rhodium auto-catalyst demand relative to platinum and palladium at 7.9% is below the historical 9.4%



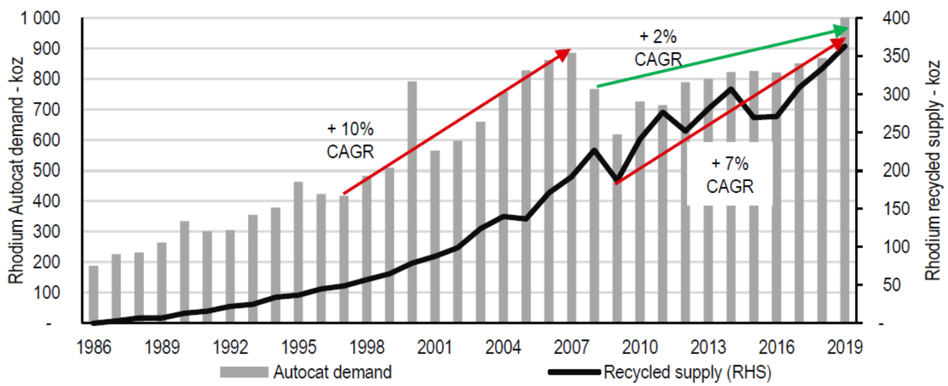
Source: Johnson Matthey, HSBC estimate (2020)

Average LDV rhodium loadings at 0.36 g/vehicle are below 2004-08 average of 0.39 grams despite tighter emissions



Source: Johnson Matthey, IHS Markit, HSBC estimate (2020)

Slower growth in rhodium loadings since 2008 is likely to lead to slower growth in recycled supply over the next 6 years



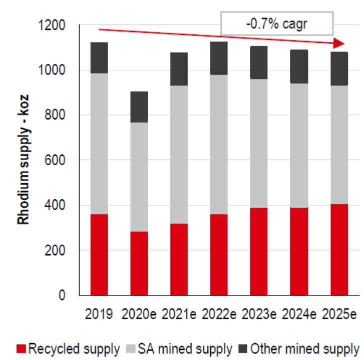
Source: Johnson Matthey

PRIMARY DEMAND OUTSTRIPPED BY PRIMARY SUPPLY

Supply '000 oz	2017	2018	2019
South Africa	611	618	624
Russia	78	69	68
Others	70	70	65
Total primary supply	**759**	**757**	**757**

Gross demand '000 oz	2017	2018	2019
Autocatalyst	834	883	1 008
Other	207	170	137
Total gross demand	**1 041**	**1 053**	**1 145**
Recycling	(310)	(335)	(363)
Total net demand	**731**	**718**	**782**
Movements in stocks	28	39	(25)

Overall rhodium supply is expected to decline 4% or -0.7% CAGR over the next 6 years



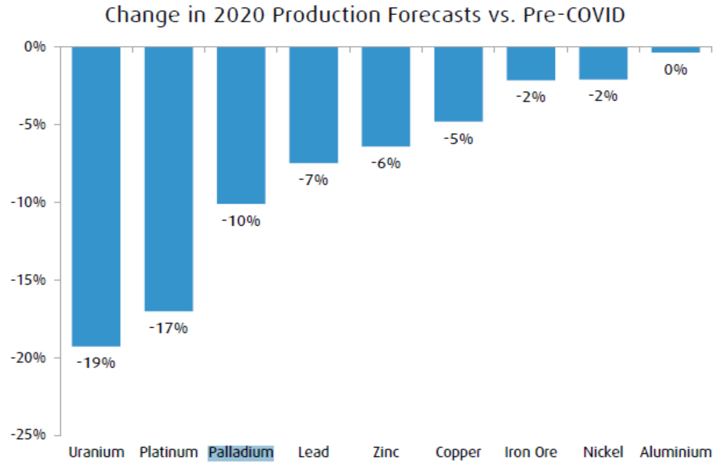
Source: HSBC estimates, Johnson Matthey

Source: HSBC, JM

WHAT ABOUT PALLADIUM

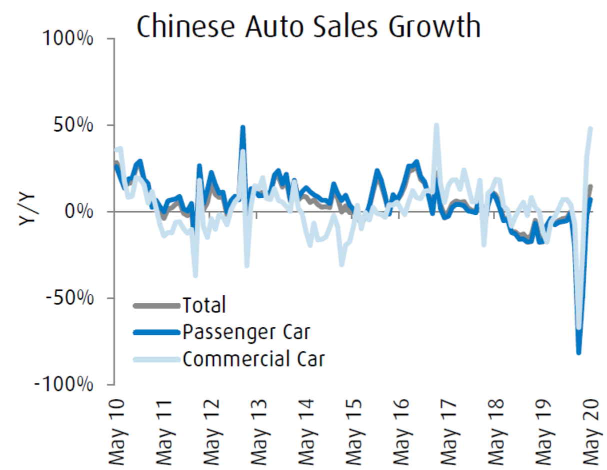
- Critical component in auto catalytic converters
- Reduced output from RSA should ensure at least a balanced market in 2020

Exhibit 5: ... though with government restrictions impacting supply, such excess material has not always been available



- Car sales in China are picking up

Exhibit 1: Commercial Car Sales Growth Has Outstripped That of Passenger Cars...



Key forecast drivers

Year to	12/2019a	12/2020e	12/2021e	12/2022e
USD:ZAR	14	17	18	18
Platinum price (USD/oz)	863	847	925	1,005
Palladium price (USD/oz)	1,537	2,064	2,240	2,210
Rhodium price (USD/oz)	3,883	8,850	8,550	9,750

Source: BMO, HSBC, Macquarie

PLATINUM – SOON TO SOAR AGAIN

Source: SFA Oxford

CHROME – VITAL FOR STAINLESS STEEL

- Chrome is what makes ***steel*** stainless
- South Africa hosts 72% of the global chrome reserves
- Assuming a 5% CAGR in Stainless Steel:

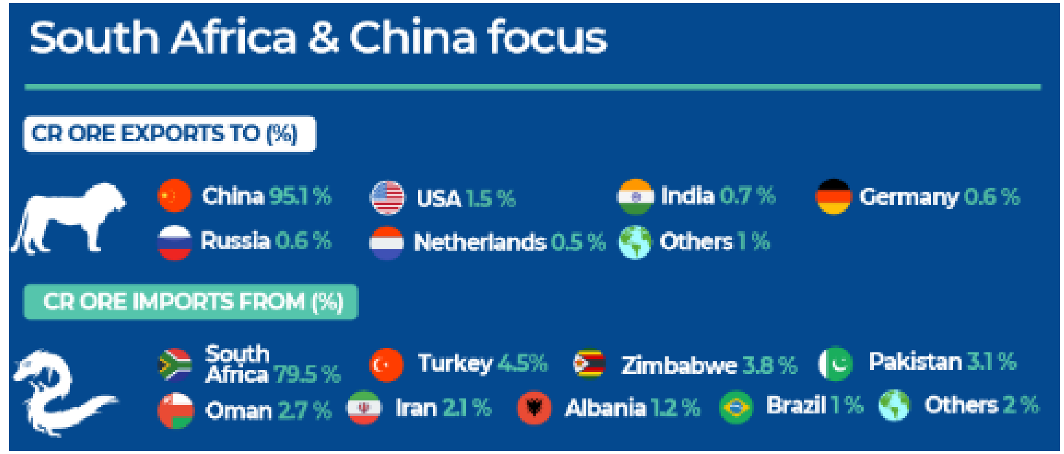
GLOBAL STAINLESS STEEL CAGR
+5.0%

ADDITIONAL STAINLESS STEEL
2.7 Mtpa

ADDITIONAL FERROCHROME
0.7 Mtpa

ADDITIONAL CHROME
1.8 Mtpa

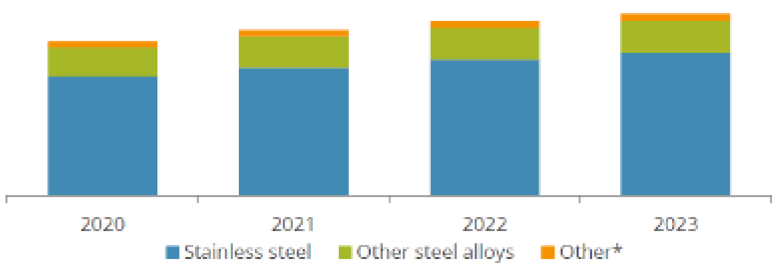
= tharisa



Ores and concentrates

		Turkish lump	RSA primary	RSA UG2	Spec grade	Chem grade
2020	Q1	188	148	130	204	177
	Q2	197	163	153	206	181
	Q3	190	158	137	206	180
	Q4	186	155	133	197	178
2019	annual	211	173	156	330	213
2020	annual	190	156	138	203	179
2021	annual	199	163	147	212	184
2022	annual	206	172	155	223	194
2023	annual	207	175	158	228	198
2024	annual	214	182	164	233	205

Chromium demand forecast



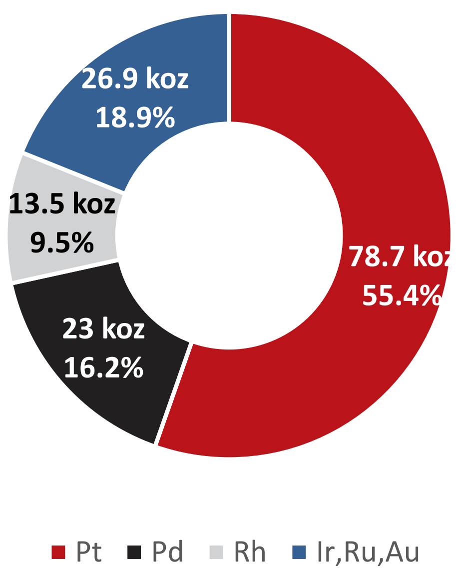
Source: ICDA, Roskill, Minerals Council

HOW IS THARISA POSITIONED

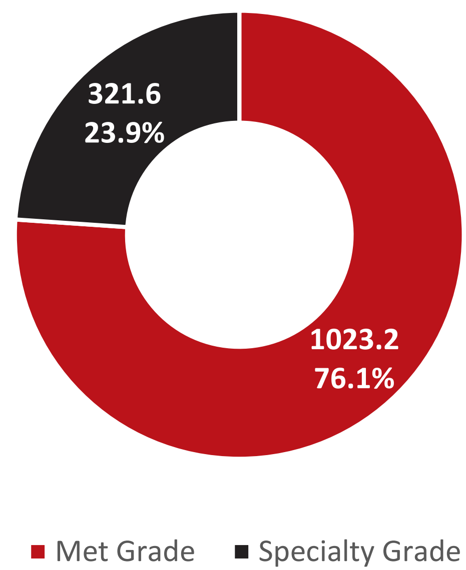
- Sixth largest South African PGM producer
  - 142 100 ounces per annum of PGM
- Tharisa position in terms of global demand
  - ~1.3% of platinum demand
  - ~0.3% of palladium demand
  - ~2% of rhodium demand

- Fourth largest South African Chrome Producer
  - 1 344 800 tonnes of chrome per annum
  - One third specialty and foundry grade chrome
  - Largest global chemical grade chrome producer
  - Specialty chrome market trades at a premium

THARISA PRILL SPLIT



CHROME PRODUCTION FY2020 (kt)



SUSTAINABLE BUSINESS EVEN IN TIMES OF COVID-19

CO-PRODUCT AND **EXCHANGE RATE** BENEFITS

- Exposure to multiple revenue streams coupled with US$ revenues and ZAR costs

HEALTHY CASH GENERATION

- Exposure to the right commodities coupled with low operating costs generates strong margins

CONTINUED INVESTMENT

- Investment in people, fleet and mining and product value add

LIQUIDITY MANAGEMENT

- Proactive management of the balance sheet during COVID-19

ROBUST BALANCE SHEET

- Low gearing and a dividend payer

GUIDANCE FOR FY2021 OF 155koz TO 165koz OF PGMs (6E BASIS) AND 1.45Mt TO 1.55Mt OF CHROME CONCENTRATES

VALUE POTENTIAL

- Exposure to growing demand in PGM and chrome market, driven by high palladium and rhodium values
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- Healthy balance sheet the back bone of expansion programme, targeting strategic growth
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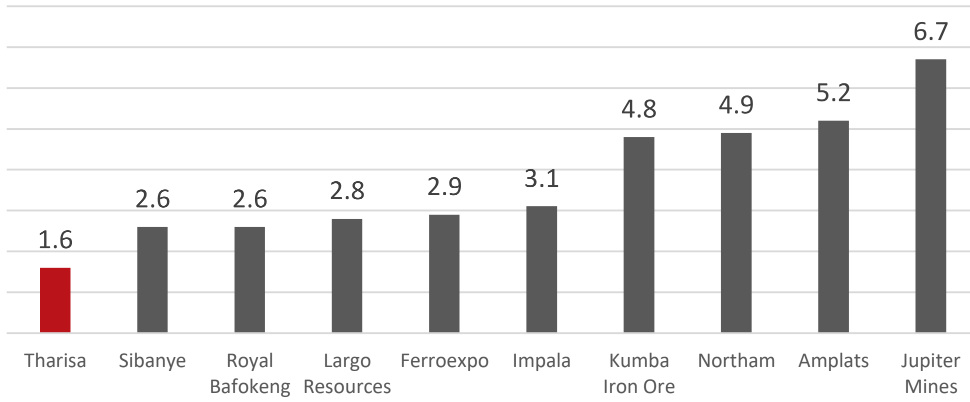
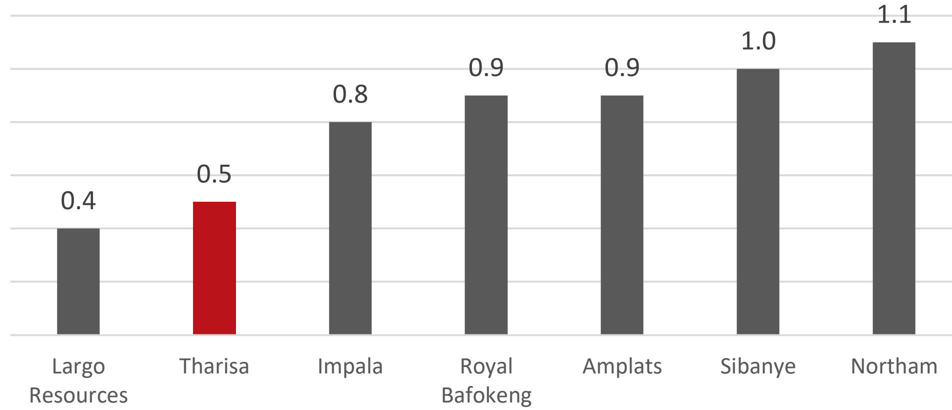
EV/EBITDA (2021E)



P/NAV



Source: BMO

TIMING IS EVERYTHING

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