

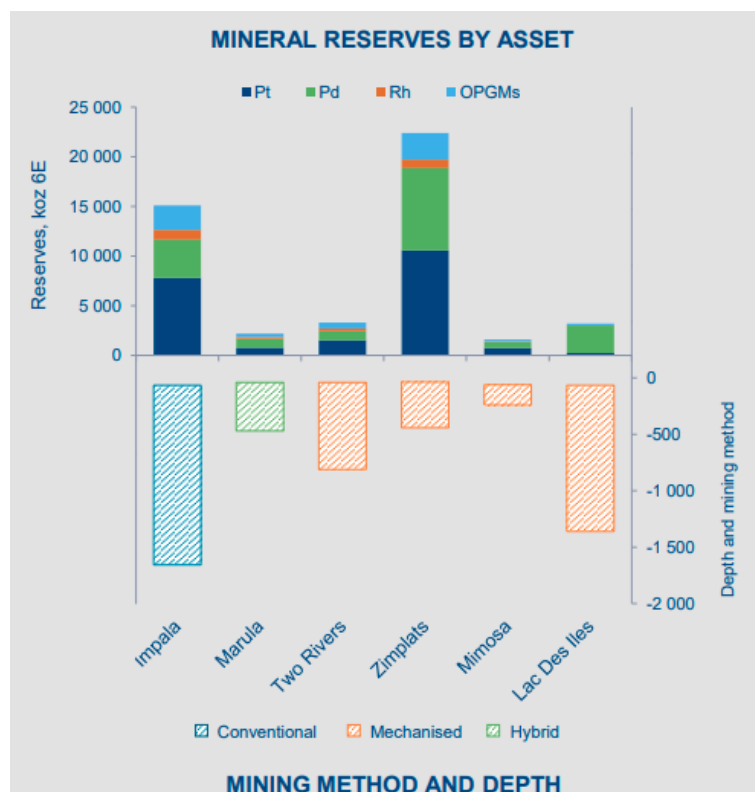
Impala Platinum Holdings Limited (**Implats**) engages in mining, processing, refining, and marketing platinum group metals (PGMs) in South Africa and Zimbabwe. The company produces platinum, palladium, and rhodium, as well as chrome and nickel ores.

Implats specializes in **6e production** (platinum, palladium, rhodium, iridium, ruthenium and gold), however, actual outputs include different kind of precious metals as by-production principle:

Platinum 1.35Moz	Palladium 0.89Moz	Rhodium 0.18Moz	Ruthenium 0.25	Iridium 63.6koz
Gold 79.5koz	Silver 108.4koz	Nickel 15.4kt	Copper 9.8kt	Cobalt 0.1kt

Mineral Resources and Reserves

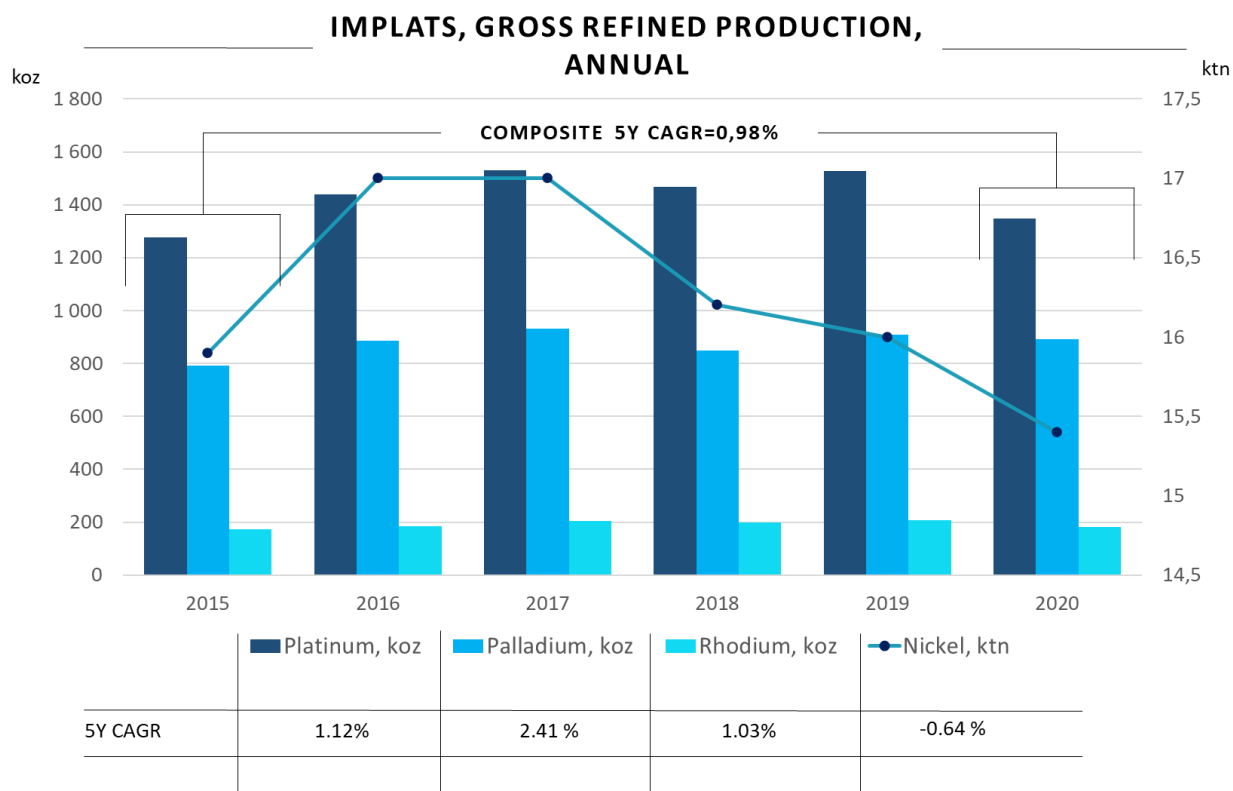
The updated allocation of Implats’ Mineral Reserves per shaft infrastructure as at 30 June 2020 is depicted below. The range in depth below the surface and quantum relating to the infrastructure demonstrates among others the advantage at Zimplats, both from a depth and a size perspective. Platinum mineral reserve and depth range for individual Implats shafts could be observed as below:



*OPGMs – other platinum group metals

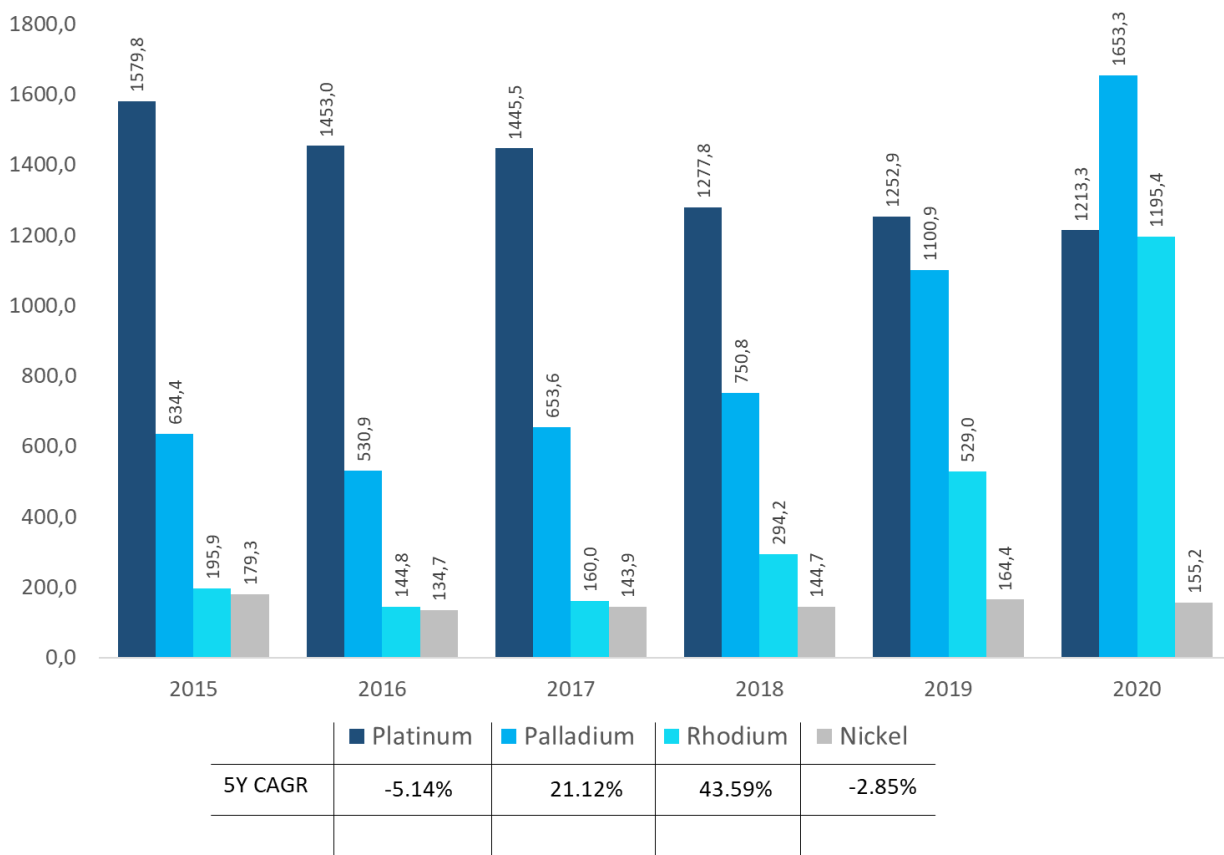
Mine name	Country	Number of employees	Years Life-of-mine
Impala	South Africa	39375	>15
Marula	South Africa	4360	>15
Two Rivers	South Africa	3329	>20
Zimplats	Zimbabwe	6130	>30
Mimosa	Zimbabwe	3522	>15
Lac Des Iles	Canada	879	>9

The company's production of platinum and rhodium over the past 5 years has been lifting up with an average annualized rate of about 1%, and an increase of 2.4% is observed for palladium. Nickel production is slightly decreasing for -0.6% per year.



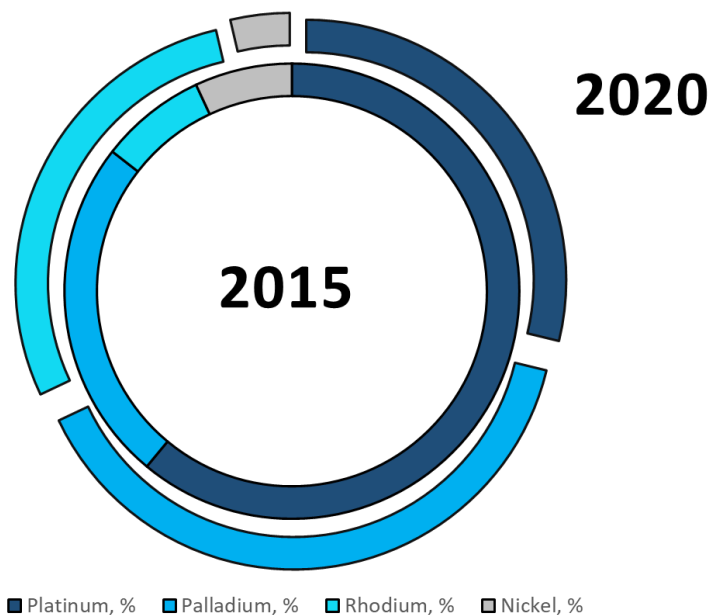
Let us implement achieved prices with sales volumes for each kind of PGMs and compare subtotal revenue structure in 2015 and 2020.

IMPLATS, PGMS ANNUAL SUBTOTAL REVENUE, M\$



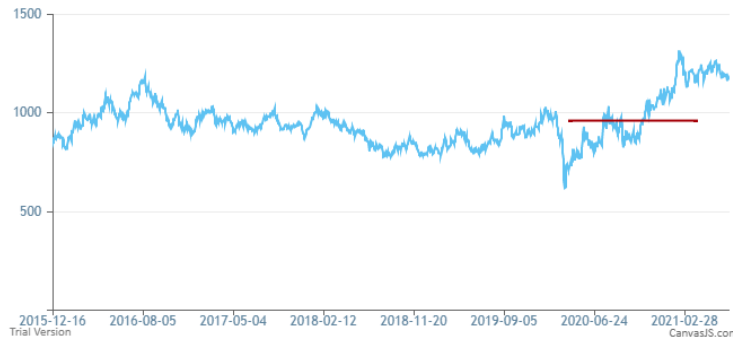
As one can observe the common downside trend in platinum pricing and uptrend in palladium and rhodium pricing, with relatively constant production volumes of the above metals, the company's revenue structure has changed significantly compared to 2015.

IMPLATS, SUBTOTAL REVENUE STRUCTURE 2015/2020



Platinum

Daily price chart and average LTM level



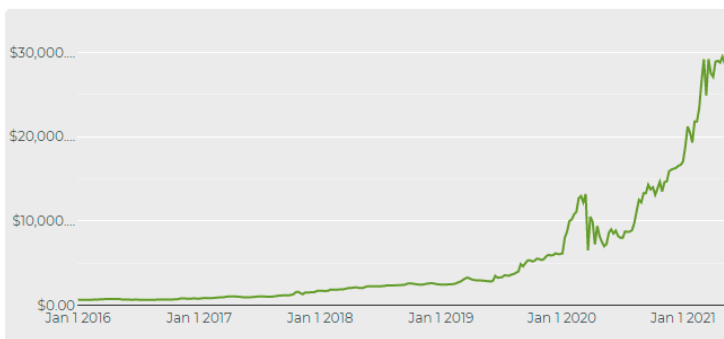
Palladium

Daily price chart and average LTM level



Rhodium

5 Years Rhodium Price
22,500.00 USD/ozt



Nickel

Daily price chart and average LTM level



PGMs growth key factors:

1. More than 90% of the palladium consumed by industry is used in the manufacture of exhaust gas control systems (**automotive catalysts**). The steady growth in demand for these products was associated with the phased tightening of automotive environmental standards in the EU, the US and China.
2. Volkswagen emission scandal, - **Dieselgate**.
3. **Hybrid vehicles** also include a PGM catalyzed gasoline engine.
4. All three major PGM markets recorded **fundamental deficits** in 2020.

PGMs risk factors:

1. Difficulties in the automotive market.
2. Manufacturers' pandemic regime and shortage of automotive parts.
3. US restriction for home market protection.

Combining markets conjecture and good conditions for further growth in PGMs one can perceive that Implants a successful business at the moment.

The company gave the following production guidance for 2021:

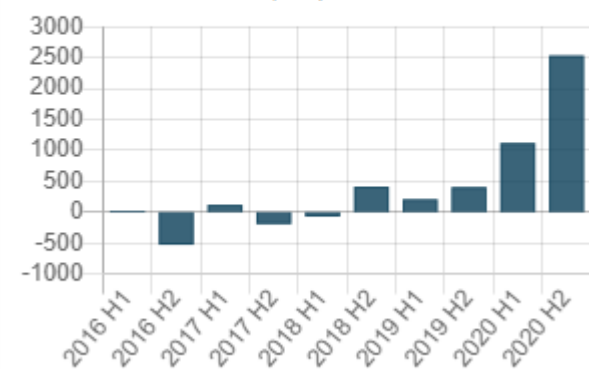
Tonnes milled from the managed operations were bolstered by the six-month contribution from Impala Canada and increased by 14% to 11.79 million tonnes (H1 FY2020: 10.31 million tonnes). **Concentrate production** at managed operations increased by **11%** to 1.21 million 6E ounces (H1 FY2020: 1.09 million ounces). **Refined 6E production** increased by **29%** to 1.69 million ounces (H1 FY2020: 1.32 million ounces).

Implats Group refined **6E production** is expected to be between 3.2 million - 3.4 million ounces for FY2021.

Implats Financials

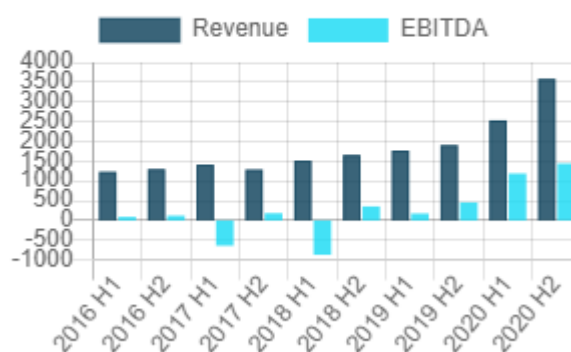
Cash Flow

FCF / Free Cash Flow (\$m)



Revenue and EBITDA

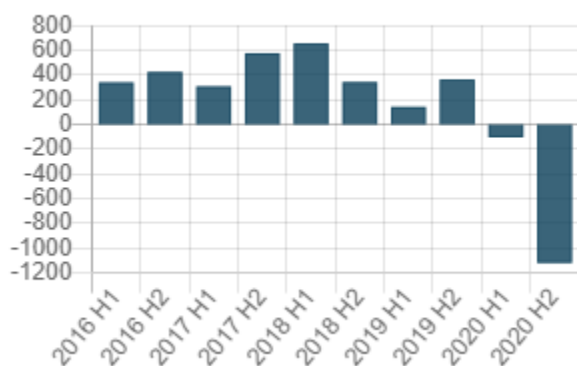
Semi-Annual values (\$m)



Since the 2nd half of 2018 Implats has been showing great results – steady uptrend in revenue and EBITDA, as well as growing Free Cash Flow indicator.

Running in debts?

Net Debt / Cash and Equivalents (\$m)



Impala Platinum has declared a **record interim dividend** and plans to invest **R10 billion (737 M\$)** in the expansion of its existing projects to bolster output - with a focus on shallow and mechanised operations.

The expansion of the **Two Rivers** mine, which is a joint venture between African Rainbow Minerals and Implats, is expected to take place over the next four to five years, and the **Zimbabwe mine** investment will involve the expansion of its two biggest shaft, as well as a new concentrator plant for \$70 million.

Such kind of structural investments will form a good base for further development with increasing both 6e production and revenues respectively.

Implats EV/EBITDA comparison to competitors

The selection includes the most relevant market competitors (clickable!)

Ticker	Company	MCap, B\$	EV, M\$	EV/EBITDA
IMPUY	Impala Platinum Holdings Limited	14.6	13.5	5.1x
VALE	Vale S.A.	115.6	114.1	5.8x
MNOD	Norilsk Nickel	56.8	62.2	3.9x
AAL	Anglo American plc	56.3	69.3	8.4x
ANGPY	Anglo American Platinum Limited	32.5	31.2	11.2x
SBSW	Sibanye Stillwater Limited	14.0	14.0	4.5x
SCCO	Southern Copper Corporation	53.2	58.0	12.1x
	Selection Average	49	51.8	7.3x

Impala Platinum Holdings Limited has a lower EV/EBITDA multiple than selection average which indicates the undervaluation of the company.



Company's share price is near LTM highs but is far from ATH, which took place in 2008.

As for the moment, the company has good revenue, EBITDA and FCF indicators. Implats costs less than average EV/EBITDA and has a good growth room with its recent mining development.

Rising inflation, which threatens tech markets, could generate additional revenue for the company.

Taking into account all points we do believe that Impala Platinum Holdings is undervalued and worth buying.

Kind Regards,
Enhanced Investments Team
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