



KUMBA RESOURCES

HARNESSING THE POWER OF THE EARTH

GROUP FINANCIAL RESULTS
PRESENTATION 2003

For the year ended 30 June 2003

www.kumbaresources.com

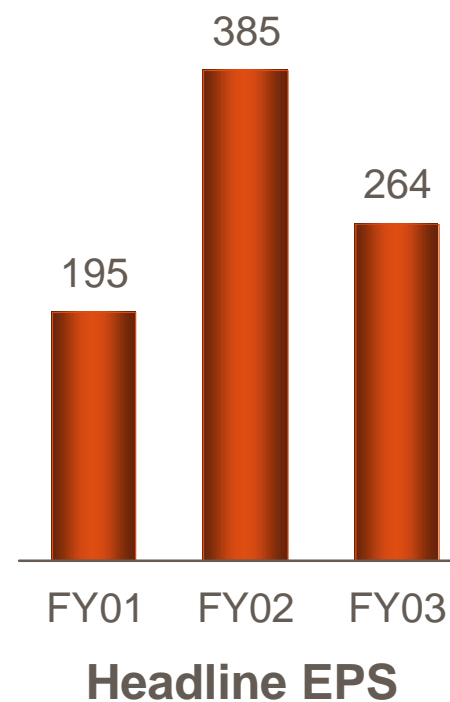
CON FAUCONNIER

CHIEF EXECUTIVE

KEY FINANCIALS



Revenue	R 7 469 m
Net operating profit	R 1 212 m
Headline earnings	R 784 m
Headline earnings per share	264 cents
Dividend per share	60 cents



Sound performance despite challenging environment

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HIGHLIGHTS



Solid operating performance

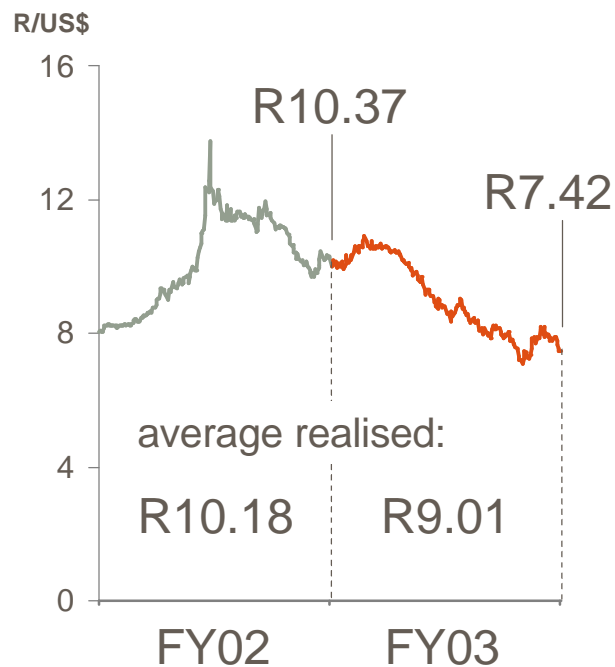
Heavy Minerals

- Acquired controlling interest in Ticor Ltd
- Furnace #1 start-up

First venture into Chinese operations

Despite adverse market conditions, 60 cents dividend declared

RAND VOLATILITY EFFECT



- Currency impact:
10c \equiv R 45 m EBIT
- Unrealised currency translation impact R 73 m
- Ongoing cost focus

Bottom line impacted by exchange rate

HEAVY MINERALS



- **Holding in Ticor Limited increased to 51.4%**
- **Ticor Limited now a subsidiary – results consolidated from 1 April 2003**
- **Ticor South Africa**
 - Mine & MSP performance
 - First production of slag and pig iron
 - First shipments

STAKEHOLDER ISSUES



- **Competition Tribunal**
- **Mineral and Petroleum Resources Development Act**
 - Mining Charter and Scorecard
 - Royalties Bill
- **Empowerment in Kumba**
- **Wage negotiations**
- **HIV/AIDS**

MIKE KILBRIDE

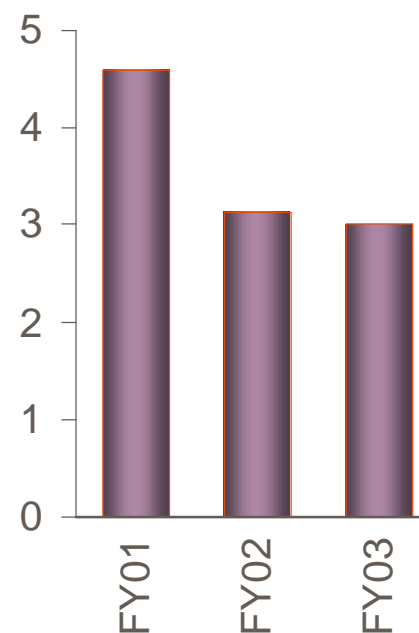
EXECUTIVE DIRECTOR OPERATIONS

SAFETY, HEALTH & ENVIRONMENT



- Fatalities reduced by 50%
- Lost time injuries sustained below industry average
- International environmental certifications at Sishen and Zincor
- Strategy to achieve international certification at all operations

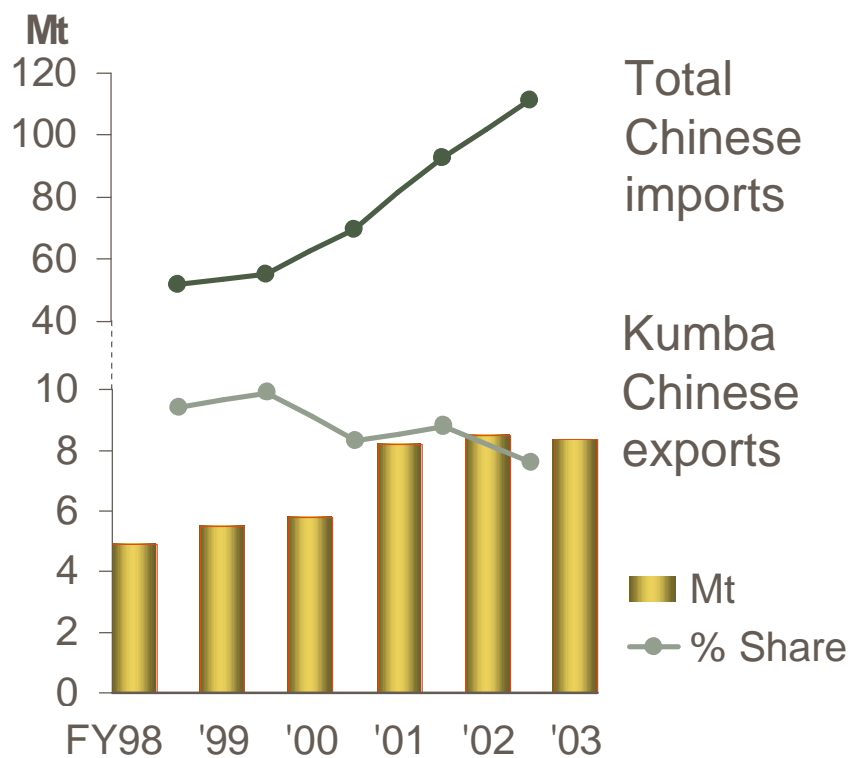
Lost day injury frequency rate



IRON ORE – MARKETS



- Strong international demand driven by China
- Kumba has 7.6% of Chinese imports
- Strong domestic sales
- 9% price increase

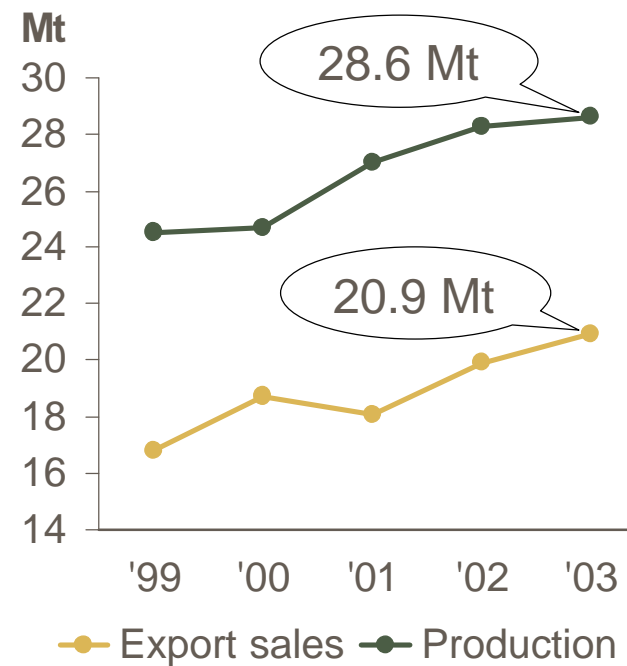


Chinese market driving growth

IRON ORE – OPERATIONS



- Total production 28.6 Mt
- Production record at Sishen 26.2 Mt
- Exports record 20.9 Mt
- Total tonnes mined +7%
- Focus on selective mining



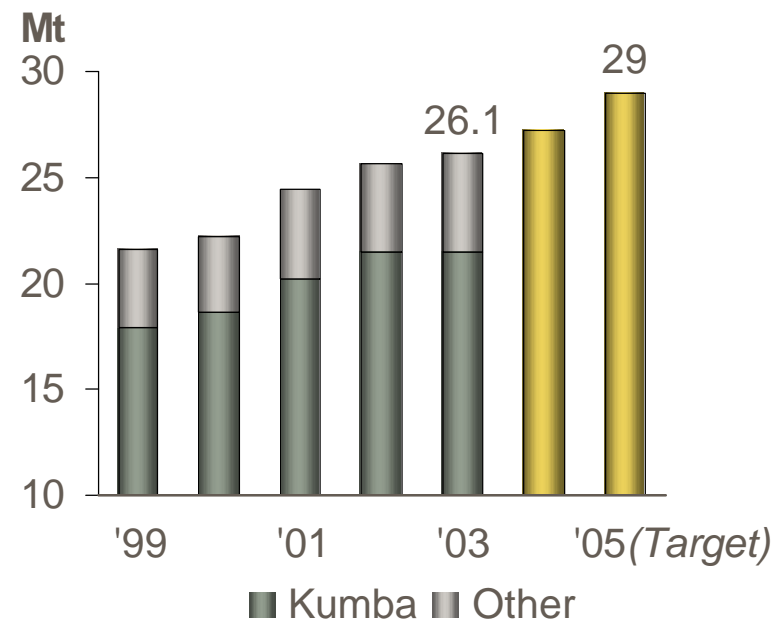
Steady increase in output

IRON ORE - LOGISTICS



- Railage record 26.1 Mt
- 29 Mtpa expansion in progress
- Further expansion under investigation

Sishen-Saldanha rail performance



Expansion critical for further growth in exports

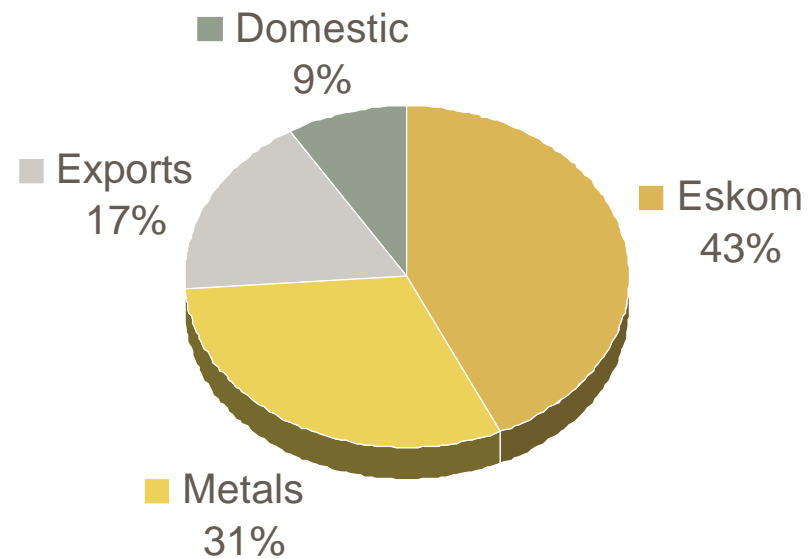
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COAL – MARKETS



- Strong demand from metals market
- High volumes to Matimba sustained - 13.1 Mt
- Record demand from Iscor - 2.8 Mt
- Improved sales mix

Coal revenue profile



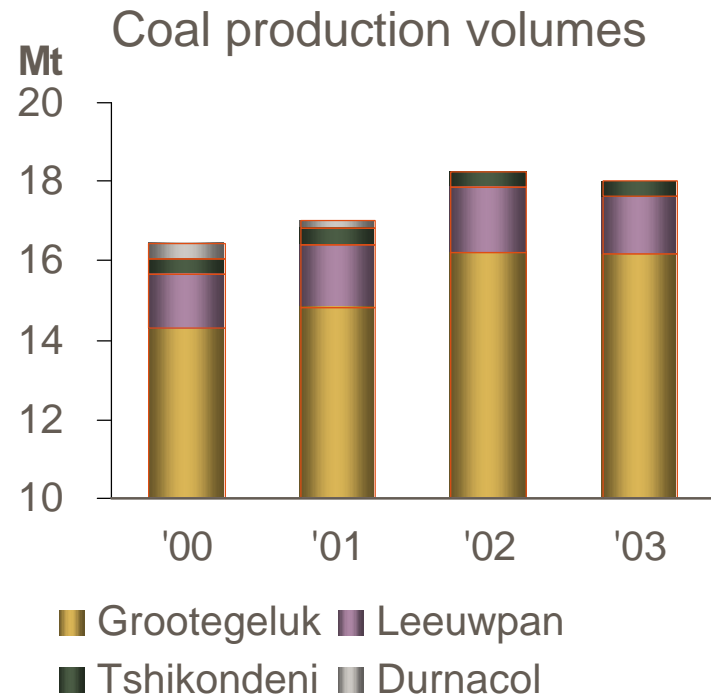
Valuable earnings contributor

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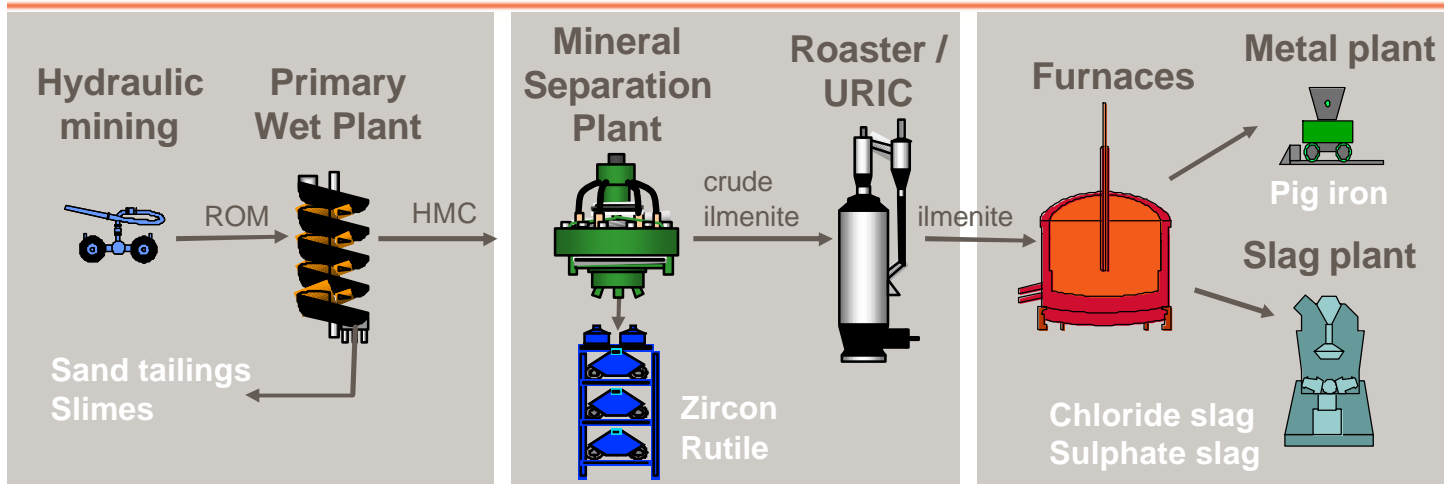
COAL – OPERATIONS



- Good operational performance
- Strong continuous improvement focus
- Threat from rail tariffs



TICOR SA - PROCESS OVERVIEW



- Mine/PWP and MSP have met all performance tests
- Furnace #1 ramp-up on schedule
- Slag plant in process of ramp-up
- Furnace #2 construction ahead of schedule

HEAVY MINERALS – OPERATIONS



Ticor SA (60%)

- Successful ramp-up
- Zircon production 53 kt
- Rutile production 20 kt
- Ilmenite production 91 kt

Ticor Ltd (51.4%)

TiWest results:

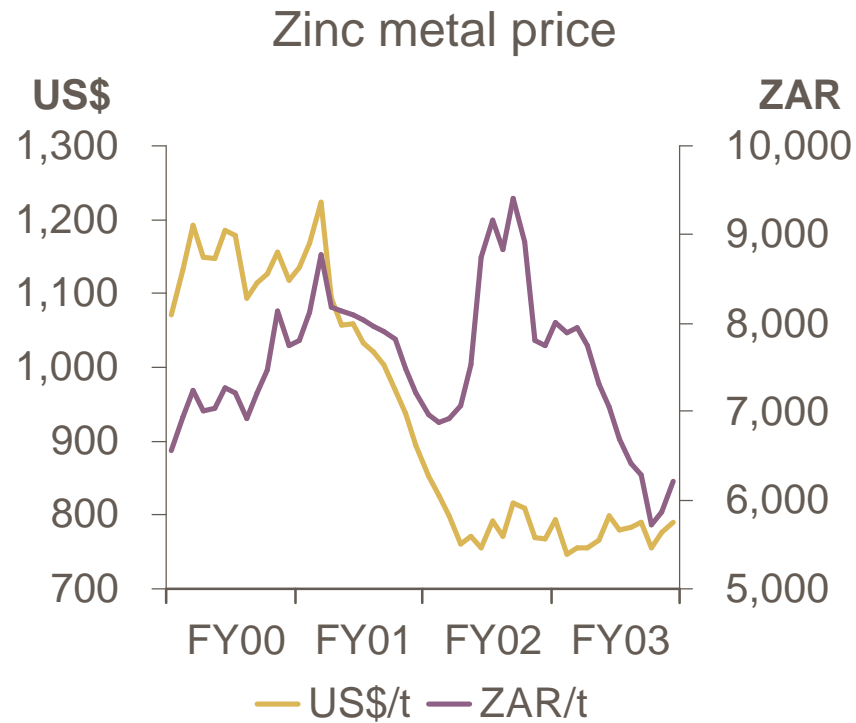
- Zircon production 80 kt
- Rutile production 36 kt
- Synthetic rutile production 179 kt
- Pigment production 94 kt

World no 3 in TiO₂ units

BASE METALS - MARKETS



- Price remains depressed
- Rand price down 13%
- Lower treatment charges



BASE METALS - OPERATING RESULTS

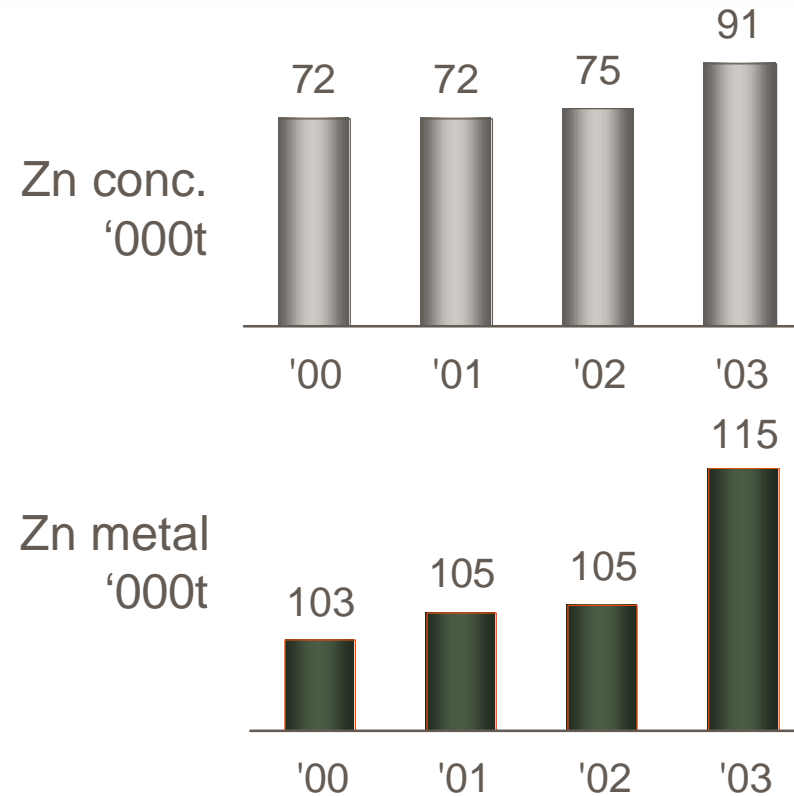


Rosh Pinah

- Record concentrate output from Rosh Pinah

Zincor

- Record zinc metal production 115 kt
- Sales increased by 5%

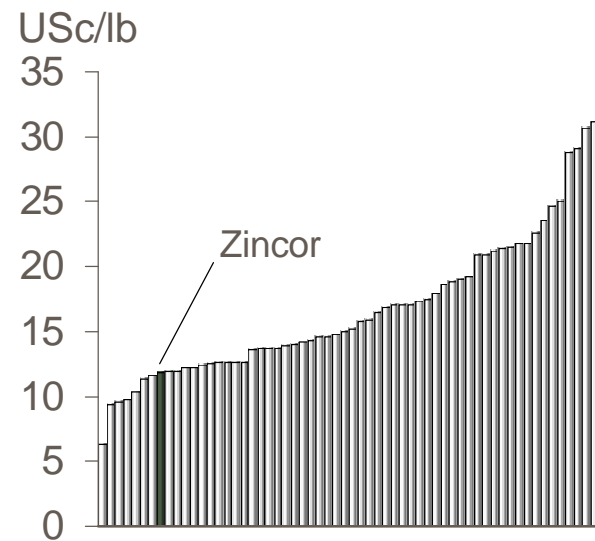


ZINC BUSINESS IMPROVEMENT



- Despite low cost operations, margin under pressure
- Initiative to target R 100 m improvement

Zn refinery cost curve

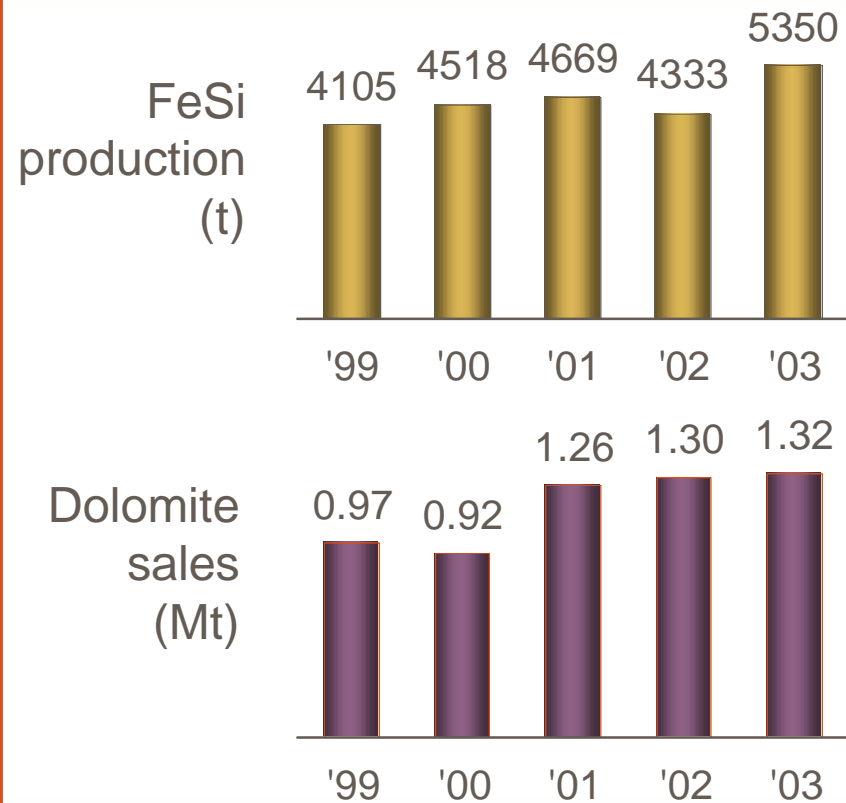


Source: Brooke Hunt

INDUSTRIAL MINERALS



- Record ferrosilicon production
- Good market share growth
- Record dolomite sales



Strategically important

OPERATIONAL EXCELLENCE



Kumba continues to drive initiatives associated with the performance improvement programme

	2003 actuals	2004 targets
Throughput	Increased sales tonnage to the value of R 429 m	Targeted increase in sales tonnage of 2% to the value of R 426 m
Costs	Contained production costs below inflation - R 29 m	Targeted reduction in real production costs of 2% to the value of R 123 m

DIRK VAN STADEN

EXECUTIVE DIRECTOR FINANCE

REVENUE



<i>R million</i>	FY03	FY02	% Change
Iron ore	4 234	4 340	(2)
Coal	1 638	1 489	10
Base metals	892	941	(5)
Heavy minerals	587	227	159
Industrial minerals	78	57	37
Other	40	128	(69)
Total	7 469	7 182	4

5 year compound annual growth rate of 14%

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OPERATING PROFIT / MARGIN



	FY03		FY02		% Change in R-value
	Rm	(%)	Rm	(%)	
Iron ore	882	21	1 221	28	(28)
Coal	279	17	255	17	9
Base metals	15	2	102	11	(85)
Heavy minerals	59	10	54	24	9
Industrial minerals	21	27	15	26	40
Other	(44)		36		
Total EBIT	1 212	16	1 683	23	(28)
Total EBITDA	1 744	23	2 137	30	(18)
US\$/R exchange rate realised	9.01		10.18		
Valuation rate at end of period	7.42		10.37		

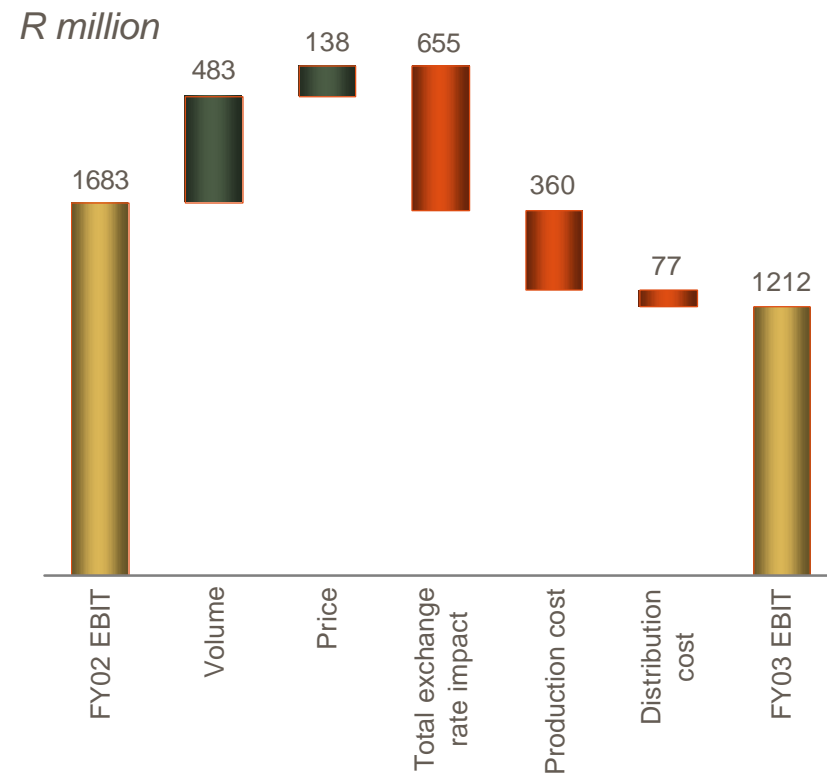
5 year compound annual growth rate of 21%

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EBIT COMPARISON



- Higher iron ore and heavy minerals volumes
- Lower iron ore prices
- Higher coal prices
- Stronger currency impact
- Higher production costs:
 - volumes
 - maintenance, stripping, environmental, insurance



Significant currency impact

CURRENCY IMPACT



<i>R million</i>	FY03	FY02
EBIT	1 212	1 683
Unrealised translation loss/(gain)	73	(9)
Currency exchange movements	92	
Derivatives	(19)	
Realised exchange rate impact	573	
EBIT excluding exchange rate impact	1 858	1 674
Margin excl. exchange rate (%)	23	23

Rand appreciation reduces margin

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EARNINGS



<i>R million</i>	FY03	FY02	% Change
Net operating profit (EBIT)	1 212	1 683	(28)
Net financing cost	(244)	(242)	(1)
Goodwill and impairment	(23)	(75)	70
Equity income	2	83	(98)
Taxation	(229)	(465)	51
Profit after taxation	718	984	(27)
Outside shareholders' interest	-	(8)	
Attributable earnings	718	976	(26)
Adjustments	66	122	
Headline earnings	784	1 098	(29)
Headline earnings per share (cents)	264	385	(31)
Excluding after tax currency impact	432	383	13
Average number of shares in issue (million)	297	285	4

HEPS 264 cents

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CASH FLOW



<i>R million</i>	FY03	FY02
Opening net debt	(1 143)	(2 541)
Net cash flow from operating activities	780	2 175
Net cash used in investing activities		
Heavy minerals project capital	(923)	(631)
Other capital expenditure	(463)	(454)
Net impact of consolidation of Ticor Ltd	(510)	
Other	2	(25)
Other cash flow movements		349
Non-cash flow movements in net debt	(117)	(16)
(Increase)/decrease in net debt	(1 231)	1 398
Closing net debt	(2 374)	(1 143)

Net debt / equity ratio 39%

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DEBT STRUCTURE



<i>R million</i>	Drawn	Undrawn	Maturity profile	
Long term			2004	407
Corporate	1 403		2005	697
Heavy minerals project finance	1 059	60	2006	1 126
Ticor Ltd	746		2007	273
	3 208			
Short term	130	1 820	After 2007	705
Total debt	3 338			3 208
Cash and cash equivalents	(964)			
Net debt	2 374			

Post FY03 pre-tax divestment inflow: R 100 million

CAPITAL EXPENDITURE



<i>R million</i>	FY04(E)	FY03	FY02
Iron ore	241	211	254
Coal	205	125	99
Base metals	127	73	90
Heavy minerals - Ticor SA	480	923	631
- Ticor Ltd	32	25	-
Industrial minerals	4	5	3
Other	42	24	8
Total	1 131	1 386	1 085

TICOR LTD CONSOLIDATION IMPACT



R million

Revenue

EBIT

Equity income

Attributable earnings

Headline earnings

Net debt

**Consolidated
Group**

**Ticor Ltd
effect**

7 469

275

1 212

35

2

57

718

49

784

46

2 374

432

RATIOS



R million

Margin excluding captive arrangements

EBIT (%)

22

30

EBITDA (%)

28

35

Net financing cost cover

EBIT (times)

5.0

7.0

EBITDA (times)

7.1

8.8

Return on equity - attributable income (%)

15

20

Net debt / equity (%)

39

22

CON FAUCONNIER

CHIEF EXECUTIVE

STRATEGY



- **Strategic thrusts**
 - Empowerment
 - Northern Cape iron ore industry
 - Heavy minerals
 - China opportunities
 - RBCT Phase 5 expansion
- **Review of non-core assets**
 - Mincor
 - Safore
 - AST

OUTLOOK

- **Business climate remains challenging**
 - Strong Rand environment
 - Pedestrian global growth
 - High oil prices
 - Continued domestic cost pressures
- **Given these assumptions, earnings are likely to be adversely affected**
- **But, earnings will be underpinned by:**
 - Solid operational performance
 - Higher iron ore prices
 - Growing contribution from heavy minerals
 - Continued strong focus on cost and operating efficiencies



KUMBA RESOURCES

HARNESSING THE POWER OF THE EARTH

THANK YOU.

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ADDITIONAL SLIDES

KEY DATES



Financial year end	30 June 2003
Dividend declaration	19 August 2003
Last date to trade cum dividend	18 September 2003
Ex dividend trade commences	19 September 2003
Record date	26 September 2003
Dividend payment	29 September 2003
Annual Report distribution	30 September 2003
Annual General Meeting	19 November 2003

CAPITAL EXPENDITURE



<i>R million</i>	FY04 (E)	FY03	FY02
Sustaining and environmental Expansion	394	264	308
• Heavy minerals			
- Ticor SA	480	923	631
- Ticor Ltd	-	-	-
• Group (other)	257	199	146
	1 131	1 386	1 085

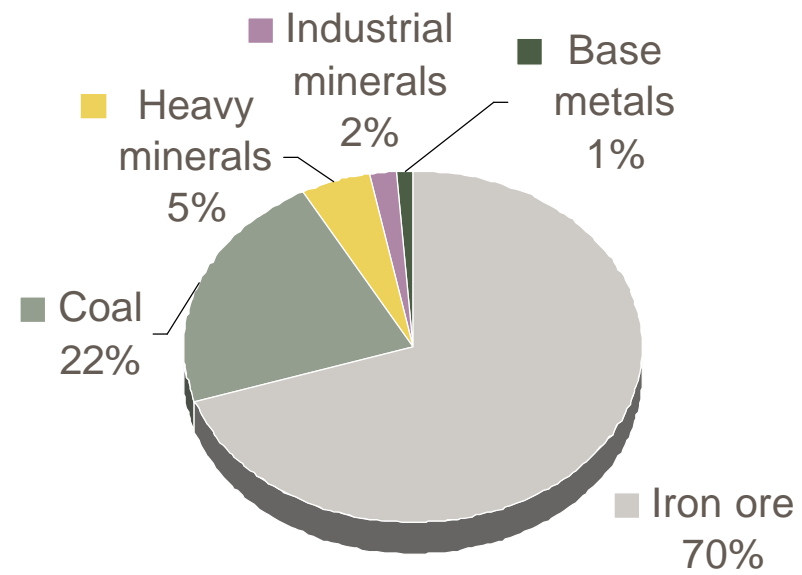
DEPRECIATION PER SEGMENT



R million

	FY03	FY02
Iron ore	235	215
Coal	137	130
Heavy minerals	92	47
Base metals	41	29
Industrial minerals	6	6
Corporate	21	27
Total	532	454

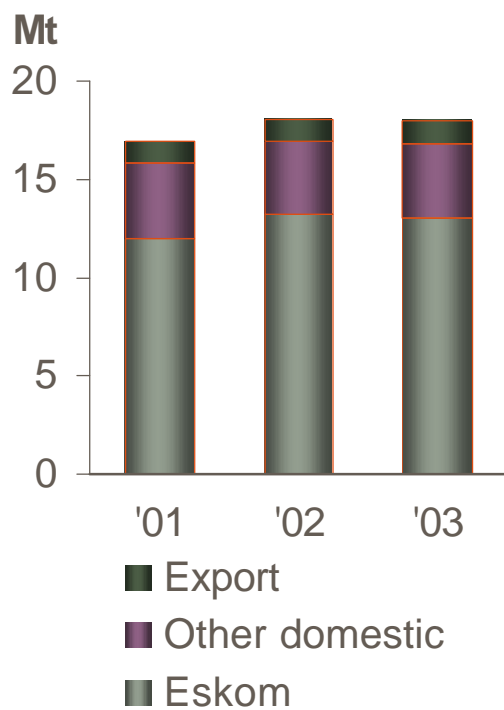
EBIT CONTRIBUTION FY03



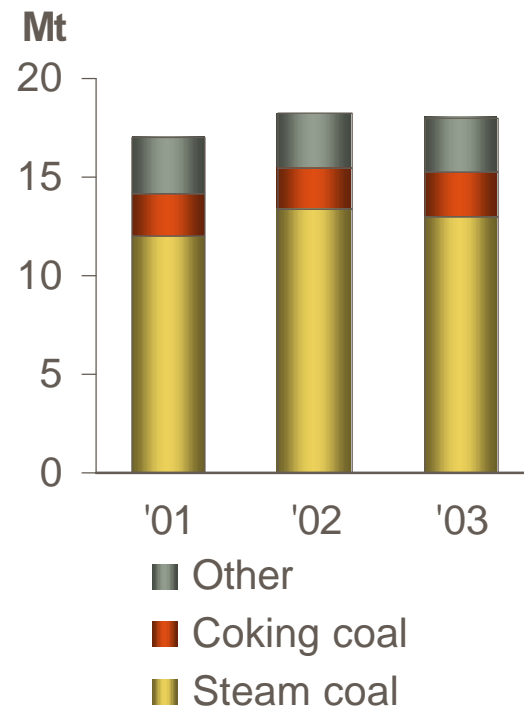
COAL – PHYSICAL INFORMATION



Coal sales volumes



Coal production volumes

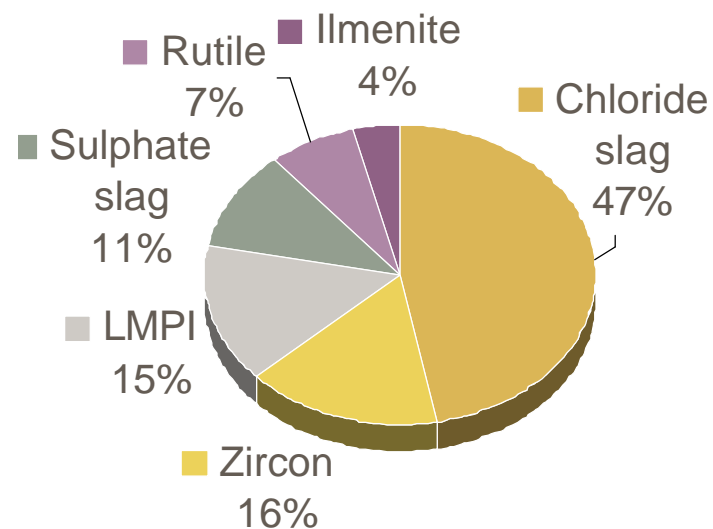


HEAVY MINERALS – MARKETS



- Strong Chinese demand for Zircon
- Flat US economic activity

Indicative steady state Ticor SA revenue contribution



Will develop into second largest business