

Solid operational performance; growth in line with objectives

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Impala Platinum Holdings Limited (Implats) reported a solid operational performance for the year ended 30 June 2003, with growth in line with the company's stated objectives.

CEO Keith Rumble noted that, "Implats has continued to deliver value to shareholders in terms of not only increased production but also in bringing to the group blue sky potential through our Zimplats acquisition. In terms of total return to shareholders, which is a combination of share price appreciation and dividends paid, Implats has delivered compound growth of 64% per annum over the past five years."

Review of the year

Implats' gross platinum production rose by 21% to 1.67 million ounces, 1.04 million ounces of which was produced on the Impala lease area where production increased during the year despite the 10-day work stoppage in March 2003.

The group's major metals enjoyed varying fortunes. The platinum market continued to be underpinned by fundamental demand which led to a fourth consecutive year of platinum deficits, which boosted the price. Palladium and rhodium were less fortunate as palladium demand continued to retract and producer selling of rhodium flooded the market. Although dollar revenue held up well, the average rand revenue received per platinum ounce decreased by 11%. Sales revenue declined by 1% to R11.8 billion, as a result of the rand appreciation which was offset by the volume increase.

Cash operating cost per ounce of refined platinum rose by 11% at Impala Platinum which remains one of the most efficient and lowest cost operations in the industry.

Implats continues to be a strong generator of cash, with the margin for the year remaining healthy at 43%.

Owing primarily to the significant appreciation of the rand, net profit decreased by 25% to R3.4 billion.

The board has declared a final dividend of 1 750 cents per share, bringing the dividend for the year to 2 650 cents per share. The total dividend for shareholders amounts to R1.8 billion for the 2003 financial year.

Unlocking shareholder value

Shareholder value remains an important value driver for the group.

"One of the most significant events of the year was the unbundling of Gencor's 46.3% shareholding in Implats to its underlying shareholders. Implats had put in place measures to mitigate any significant impact of the unbundling on its own share price, including a share buy-back facility in the event that this was required. Other than to immediately improve Implats' liquidity, the transition has been exceptionally smooth, with long-term holders having consolidated and rationalised their positions ahead of the unbundling.

"Apart from removing the perceived holding company value trap, the increased liquidity has enhanced Implats' position in various international benchmarks, such as the MSCI Emerging Market Index where Implats has risen from a ranking in the mid-50s, prior to the Gencor unbundling, to a ranking of about 27 today. We anticipate that, combined with ongoing performance and investor relations activities, this rating will assist in attracting more global value-seeking funds to the company.

"Already Implats' shareholder register has changed significantly. Whereas just 31% of shares were held offshore a year ago, this had climbed to over 45% by year-end. This rise is also partly attributed to the upgraded Level 1 sponsored ADR programme initiated in January 2003. Further ADR programme upgrades are being reviewed."

Growth strategy remains on track

Implats' growth strategy remains on track to deliver 2 million ounces of platinum by the 2006 financial year.

The growth strategy has taken on a new dimension since the acquisition of increased stakes in two Zimbabwean operations early in FY2003. These have yielded significant new avenues for growth on which the company is now capitalising.

Implats signalled the way forward with two company-transforming transactions in July 2002 when it acquired increased stakes in Mimosa Platinum and Zimplats. On 30 June 2003, Implats announced an offer to Zimplats minority shareholders to acquire all of their Zimplats shares for a cash consideration of A\$4.08 per share. Having also acquired Absa Bank's interest, Implats became the controlling shareholder with an

effective holding of 50.53%. By the close of business in Australia yesterday, this stake had risen to 68%. The offer closes on 29 August 2003 and Implats has indicated that it is not obliged to, nor will it, extend the offer.

"We are comfortable that we have gained for Implats shareholders a strategic advantage for the group, as we have extended Implats' effective resource base. In addition, Zimplats has title to extensive tenements, on a known, shallow, accessible orebody that has the potential to rival that of the Bushveld Complex.

"Although we believe that the offer to Zimplats minorities was fair given the perceived risk in operating in Zimbabwe and Zimplats' capital-hungry expansion plans, from an Implats perspective, the transaction will be value-accretive at a cost of just \$1.35 per platinum ounce.

Continued rationalisation of structure

Implats has continued to rationalise its corporate structure as the opportunity has arisen. The interests in Mimosa and Zimplats have been consolidated for a full year for the first time. Although currently these contributions are small, as Implats' interest in Zimplats rises and as expansions at both these operations progress, these are expected to become more significant in the future.

In the interests of simplifying operational structures and creating clarity for investors, further changes can be expected in the near and medium term, if an analysis of these opportunities proves to be value-enhancing to shareholders.

Prospects

Looking forward, the prospects for Implats remain good both in the short and medium term, as existing operations continue to perform well and new projects come on stream, and with continued strong fundamental demand for our products.

"Predicting the performance of the rand is not something we profess to be expert at. Although we believe that further strengthening of the rand in the year ahead is unlikely, the anticipated exchange rate for the forthcoming year is still expected to be stronger than the average rate of R9.06/\$ achieved this year.

Shareholders should note that the average exchange rate prevailing for the second half of the year of the 2003 financial year was R8.08/\$

"In the absence of a sudden and unexpected weakening of the currency, earnings for the coming year are likely to be lower than the results we have reported. Nonetheless, shareholders can continue to expect strong cash flows, substantial earnings, and continued good dividend payouts going forward."

Implats' fully interactive annual report for the year-ended June 2003 is available on the company's website at www.implats.co.za. For a print version of the annual report contact investor@implats.co.za.

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