

Implats reports lower earnings and production after fatal accident

 By [Lindsey Schutters](#)

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Implats [published its midyear trading statement](#) on Wednesday with headline earnings and production for the six months ended 31 December 2023 at least 20% lower than the previous comparative period, mainly due to weaker dollar prices and the impact of a tragic accident at its 11 Shaft complex in Rustenburg.



Implats midyear trading statement shows increased unsold inventory of PGMs.

The accident, which occurred on 27 November 2023, resulted in the death of 13 employees and the injury of 73 others, as well as the suspension of operations at the site for several weeks. The company said it was conducting investigations and repairs, and expected to resume full production capacity by April 2024.

Despite the challenges, Implats said it delivered strong production volumes and cost control at its other managed and joint venture operations, as well as the maiden contribution from its newly acquired subsidiary, Impala Bafokeng, formerly Royal Bafokeng Platinum.



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Refined 6E production: The production of refined platinum group metals (6E), which includes saleable ounces from Impala Bafokeng and Impala Canada, increased by 19% to 1.75 million 6E ounces. On a like-for-like basis, this increase was 4%.

Load shedding impact: The period saw a significant reduction in the frequency and intensity of load shedding which led to minimal production loss across southern African managed and JV operations.

Number 5 furnace at Impala Rustenburg: A scheduled rebuild of this furnace was initiated in mid-December 2023, with recommissioning planned for April 2024.

Excess inventory: At the end of H1 FY2024, the company had an excess inventory of approximately 330,000 6E ounces.

Unit costs per 6E ounce: These costs are expected to increase by 5% to around R20,350 on a stock-adjusted basis. The benefit of volume gains, discretionary bonuses paid in H1 FY2023, and cost containment initiatives were offset by the inflationary pressures of rand depreciation on the translated dollar cost base of Implats and Impala Canada, and the inclusion of Impala Bafokeng unit costs in the period.

Dollar pricing: There was a notable decline in US dollar basket pricing, which was only partially offset by the depreciation in the Rand exchange rate.

As a result, Implats sales revenue decreased to around R25,795 per 6E ounce sold.

Group capital expenditure is expected to have increased to around R6.8bn from R4.95bn in the comparative period due to the consolidation of capital expenditure from Impala Bafokeng and higher levels of growth and replacement capital. The company incurred growth capital of around R2.2bn in H1 FY2024.

The company said it ended the period with a net cash position of R5.2bn and holds a large amount of unsold platinum group metal inventory. Sales volumes of 1.7 million 6E ounces increased by 12% but were 2% lower on a like-for-like basis.

Implats will release its audited results on or about 29 February 2024.

ABOUT LINDSEY SCHUTTERS

Lindsey is the editor for ICT, Construction&Engineering and Energy&Mining at Bizcommunity

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