

Implats earnings projected to take a big hit

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Implats has reported a significant decrease in earnings for the closing six months of 2023. The driving force behind this downturn is a 37% drop in the achieved dollar revenue per 6E (platinum group metals) ounce sold, despite a 12% increase in sales from the 8% depreciation of the Rand that made the commodities cheaper for buyers using other currencies.



Implats are directly exposed to the PGMs market downturn

Sales were buoyed by the first-time inclusion of Impala Bafokeng and better operations. But the good news was overshadowed by higher costs due to the inclusion of Impala Bafokeng's costs and the weaker rand affecting the costs of Zimplats and Impala Canada.

Because of this, Implats' headline earnings for the period are expected to drop by 75% to 82%, to between R2.5bn and R3.5bn. Earnings per share are also expected to drop by 76% to 83%, to be between 279c and 391c/share.



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For comparison, the earnings and EPS for the previous period were R14bn and 1,654c, respectively.

Basic earnings for the period were further impacted by:

Impala Canada had to write down, or “impair”, the value of their property, plant, and equipment by R701m, which equates to a loss of 78c/share.

This impairment was necessary due to a significant drop in the price of palladium. Additionally, there were changes in mining and production processes. There was, however, no effect on Implats tax liabilities.

The Two Rivers Platinum joint venture also faced an impairment of R987m, or 110c/share because of the decrease in the value of the Rand platinum group metal (PGM) pricing, as well as an increase in near-term capital expenditure from the Merensky Project, which is currently under construction.

Implats anticipates its earnings to drop by 86% to 93%. This translates to earnings between R1bn and R2bn, and 112c and 224c/share. In the previous period, earnings were R14bn and 1,648c/share.

“ The average number of shares increased to 894.75 million from 847.62 million. ”

The total number of shares increased to 904.37 million from 866.40 million after issuing 37.97 million new shares for the Royal Bafokeng Platinum Limited purchase.

Official, audited results will be published around 29 February.

ABOUT LINDSEY SCHUTTERS

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

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