

## **FOR IMMEDIATE RELEASE**

### **Set for Moeijelijk underground production ramp-up, wash plant commissioning**

#### **CHROME PRODUCER BAUBA OPTIMISTIC ABOUT FY2019**

**Johannesburg, South Africa. 30 August 2018.** JSE-listed chrome producer Bauba says it is optimistic about prospects for FY2019, the possibility of a weaker chrome market notwithstanding.

Commenting on Bauba's results for the financial year ended 30 June 2018 released today, CEO Nick van der Hoven cites as reasons for the company's optimism, ramp-up of underground production to 30 000tpm of LG6 chrome ore from the Moeijelijk Mine before the end of the first half of FY 2019 and commissioning of the mine's new wash plant.

Once operational, van der Hoven says, the wash plant will diversify Bauba's revenue stream away from the Chinese metallurgical market into less volatile chemical and foundry grade chrome ore concentrate markets, thus enhancing profit margins.

In FY2018, performance was negatively impacted primarily by a weaker chrome market and zero opencast production during May and June due to a delay by the Department of Water & Sanitation in granting an application for an amended water use license (WULA).

While revenue was 14.1% higher at R234.261 million (2017: R205.318 million), due to increased production partially offset by a lower average realised selling price, profit before tax was 27.9% lower at R104.857 million (2017: R134.144 million) and headline earnings per share 31.4% lower at 10.09 cents (2017: 14.71 cents).

Some R75.101 million (2017: R12.474 million) of operating cashflow (before working capital changes) of R107.075 million (2017: R140,909 million) was invested in property, plant and equipment and intangible assets for the future profitability of Moeijelijk. Consequently, no distribution has been declared.

The investment in fixed assets – together with 37 200t of inventory on hand at the end of FY2018 – will help generate improved future performance through increased sales in a favourable market, van der Hoven says.

There was a weak start to the chrome market in FY2019 however, with record inventory levels in Chinese ports, due partly to higher imports from South African producers and lower consumption in June, a consequence of environmental inspections.

Further, market confidence was negatively impacted by the US-China 'trade war'.