

GOLD: HARMONY

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Harmony Gold Mining Company Limited

OVERVIEW

	unit	F2019	F2018 Restated
Gold produced	kg	44 734	38 193
	000oz	1 438 231	1 227 934
Cash operating costs	R/kg	439 722	421 260
	US\$/oz	965	1 018
Financial performance			
Revenue	R million	26 912	20 452
Costs of sales	R million	(28 869)	(23 596)
Impairment of assets	R million	(3 898)	(5 336)
Gross profit	R million	(1 957)	(3 144)
Net profit/(loss) for the year	R million	(2 607)	(4 473)
Total headline earnings per share	cents per share	204	171
Total capital expenditure	R million	5 036	4 571
Market performance			
Average gold price received	R/kg	586 653	570 709
	US\$/oz	1 287	1 380
Market capitalisation	R billion	17.1	10.6



Revenue

Revenue increased by R6 460 million or 32% mainly due to an 18% increase in gold sold and a R515 million increase in silver sales. The average gold price received increased by 3% to R586 653/kg (from R570 709/kg in F2018). Forward gold sale contracts of 6 998kg (or 225 000oz) with an average price of R638 007/kg matured during F2019.

Production costs

Production costs increased by R5 240 million or 35% during F2019 mainly due to the inclusion of Moab Khotsong for the full year as well as continuing production at Hidden Valley for the full year.

Amortisation and depreciation

Amortisation and depreciation is R1 484 million higher for F2019 owing mainly to full-year production at Hidden Valley (R1 604 million increase) as well as Moab Khotsong (R178 million increase) included for the full year.

Gains on derivatives

Gains on derivatives recorded a net gain of R484 million (US\$34 million) for F2019 (F2018: R99 million). The gains relate primarily to foreign exchange derivatives entered into during the year when the spot US\$/Rand exchange rate was weaker than the closing rate of US\$/R14.13. The hedging programmes realised cash gains of R477 million (US\$34 million) for F2019.

Management continues to top-up these programmes when the market presents attractive opportunities to do so.

Net loss and headline earnings

The net loss for F2019 was R2 607 million (US\$185 million), compared to a loss of R4 473 million (US\$321 million) for F2018. Moab Khotsong and Hidden Valley's inclusion for a full financial year as well as lower impairments recorded in F2019 contributed to the improvement. Headline earnings amounted to 204 SA cents (14 US cents) compared to 171 SA cents (13 US cents) in F2018.

Borrowings

Borrowings as at 30 June 2019 include US\$175 million utilised on the US\$ term facility and US\$120 million on the US\$ revolving credit facility (RCF). The group's south-east Asia operations have an outstanding loan of US\$20 million used to finance the acquisition of fleet equipment. R1.5 billion has been utilised on the group's R2 billion facility. Net debt remained stable at R4 922 million at 30 June 2019 compared to R4 908 million at 30 June 2018 (in US\$ terms a decrease of US\$8 million from US\$356 million to US\$348 million).

Harmony's results for the financial year ended 30 June 2019 can be viewed on Harmony's website at www.harmony.co.za.

ARM owns 13.83% of Harmony's issued share capital.