



# RESULTS FOR THE YEAR ENDED 30 JUNE 2018

21 August 2018



## FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, with respect to our financial condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities for existing services, plans and objectives of management, markets for stock and other matters. These include all statements other than statements of historical fact, including, without limitation, any statements preceded by, followed by, or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “would”, “should”, “could”, “estimates”, “forecast”, “predict”, “continue” or similar expressions or the negative thereof.

These forward-looking statements, including, among others, those relating to our future business prospects, revenues and income, wherever they may occur in this report and the exhibits to this report, are essentially estimates reflecting the best judgment of our senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in this presentation. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation: overall economic and business conditions in South Africa, Papua New Guinea, Australia and elsewhere, estimates of future earnings, and the sensitivity of earnings to the gold and other metals prices, estimates of future gold and other metals production and sales, estimates of future cash costs, estimates of future cash flows, and the sensitivity of cash flows to the gold and other metals prices, statements regarding future debt repayments, estimates of future capital expenditures, the success of our business strategy, development activities and other initiatives, estimates of reserves statements regarding future exploration results and the replacement of reserves, the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions, fluctuations in the market price of gold, the occurrence of hazards associated with underground and surface gold mining, the occurrence of labor disruptions, power cost increases as well as power stoppages, fluctuations and usage constraints, supply chain shortages and increases in the prices of production imports, availability, terms and deployment of capital, changes in government regulation, particularly mining rights and environmental regulation, fluctuations in exchange rates, the adequacy of the Group’s insurance coverage and socio-economic or political instability in South Africa and Papua New Guinea and other countries in which we operate.

For a more detailed discussion of such risks and other factors (such as availability of credit or other sources of financing), see the Company’s latest Integrated Annual Report and Form 20-F which is on file with the Securities and Exchange Commission, as well as the Company’s other Securities and Exchange Commission filings. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events, except as required by law.

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# DELIVERING ON STRATEGIC OBJECTIVES IN FY18

## Hidden Valley

delivered safely, on schedule and within budget

## Moab Khotsonong

successfully acquired and integrated

**8%**

increase in  
underground recovered grade

**13%**

increase in  
gold production

## Improving AISC unit costs

from R517 000/kg in FY17  
to  
R509 000/kg in FY18

# HARMONY'S STRATEGY

## Strategy

**Safe, profitable  
ounces**

**and**

**Increasing  
margins**

## Strategic pillars



**Operational  
excellence**



**Cash  
certainty**



**Effective capital  
allocation**

# DELIVERY JOURNEY

## FY18

- Acquired and integrated Moab Khotsong
- Delivered Hidden Valley re-investment on schedule and budget
- Momentum maintained at SA operations



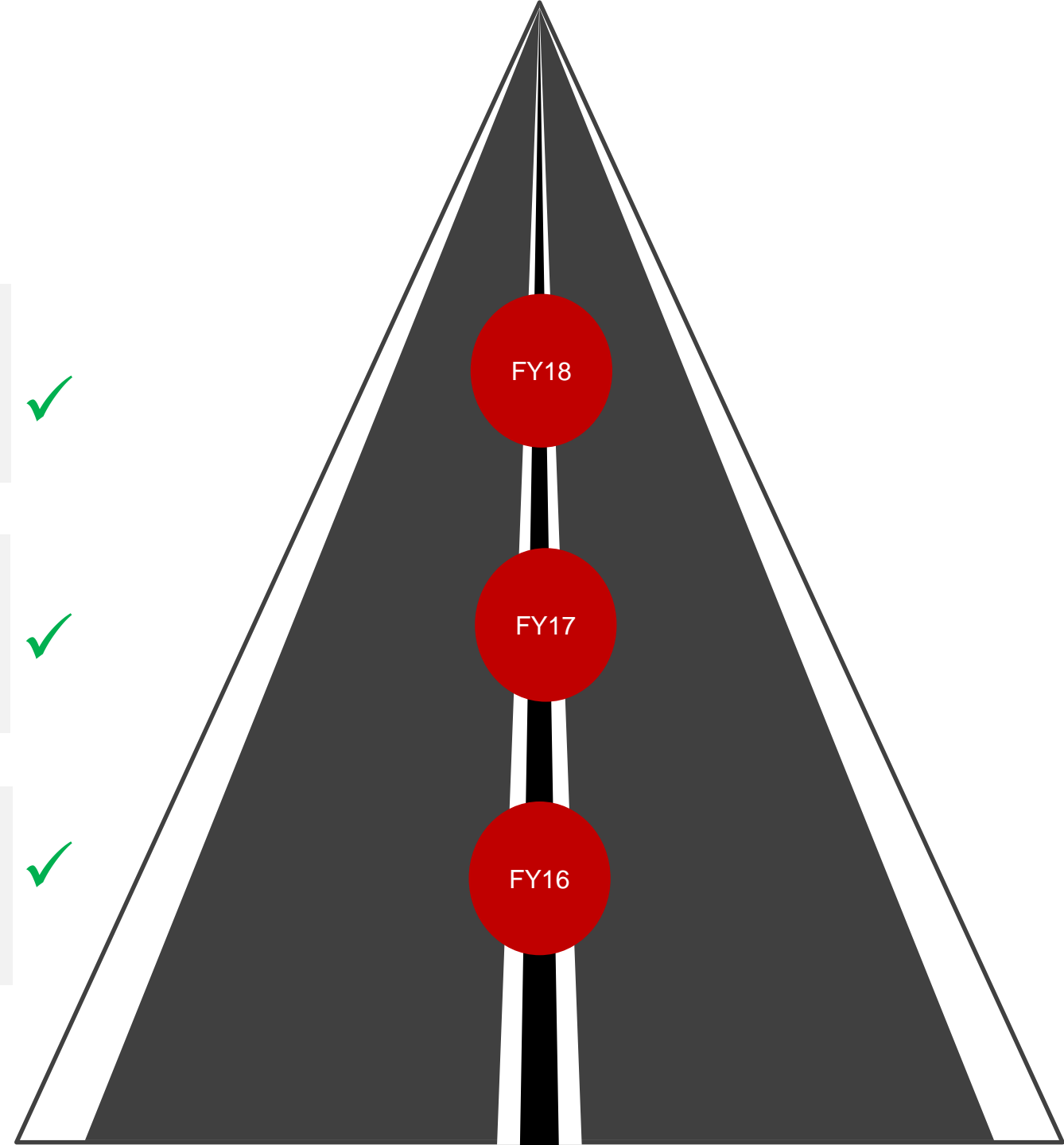
## FY17

- Acquired 100% of Hidden Valley and re-invested US\$180 million
- Delivered safer, more stable and predictable production
- Repaid debt



## FY16

- Embarked on stabilising SA operations at 1Moz
- Set out growth strategy of 1.5Moz, assets with AISC of US\$950/oz by FY19



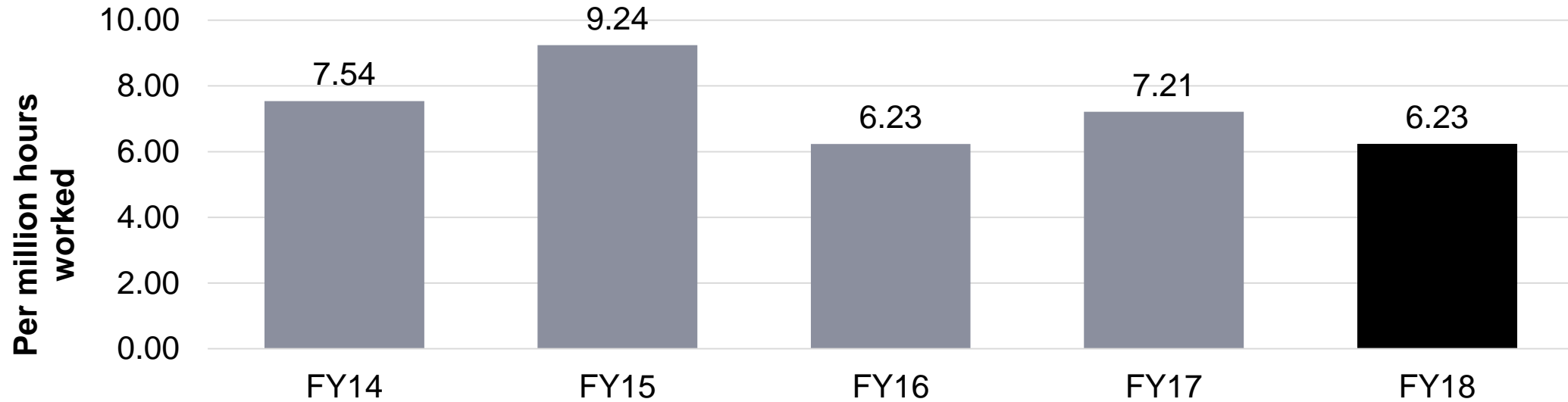


# SAFETY A TOP PRIORITY

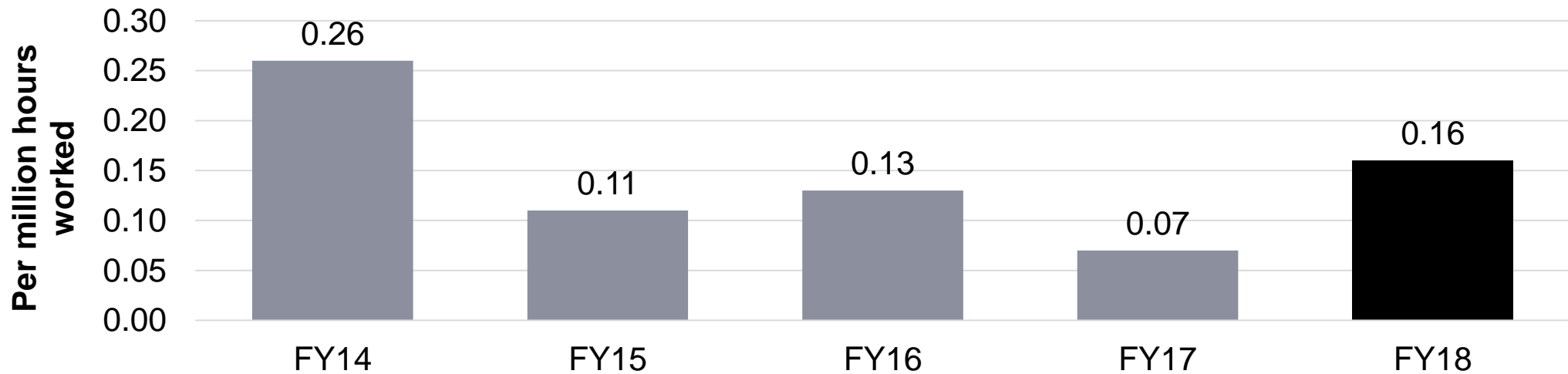
PETER STEENKAMP

# FOCUS ON SAFETY REMAINS A PRIORITY

### Group lost time injury frequency rate (LTIFR)



### Group fatality injury frequency rate (FIFR)



# KEY ASPECTS OF OUR SAFETY APPROACH

## Stop significant unwanted events

- Focus on critical control management

## Active leadership and proactive culture

- Four layered risk management process
- Asset management and move towards engineered controls
- Engaged workforce, committed to compliance

## Culture transformation

- Employee engagement, safety awareness and training
- Positive behavior reinforcement

## Implementing systems to improve risk management

- Improve system monitoring and analysis
- Learning from incidents
- Review effectiveness through second level audit process



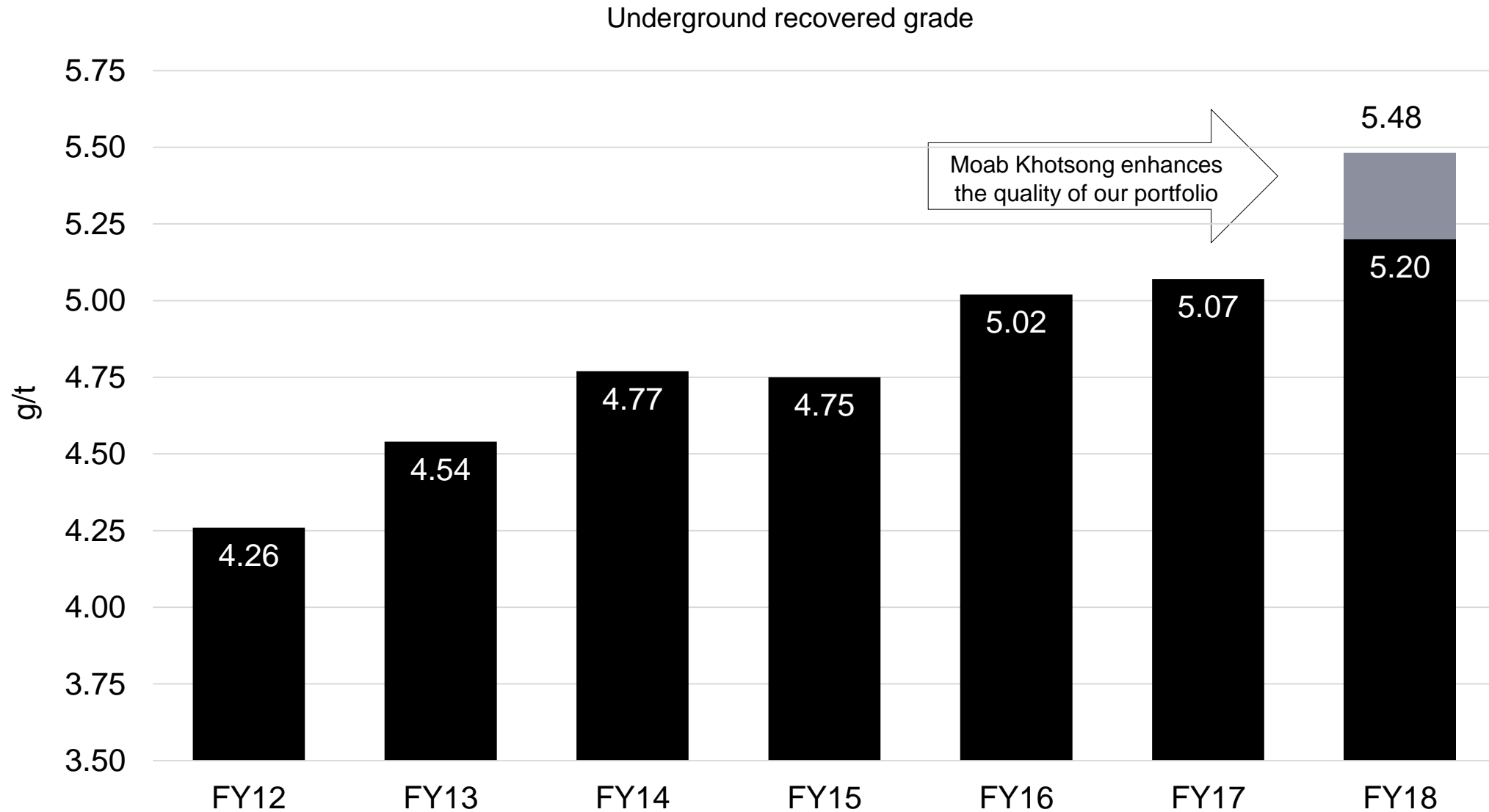




# HARMONY DELIVERS OPERATIONAL EXCELLENCE

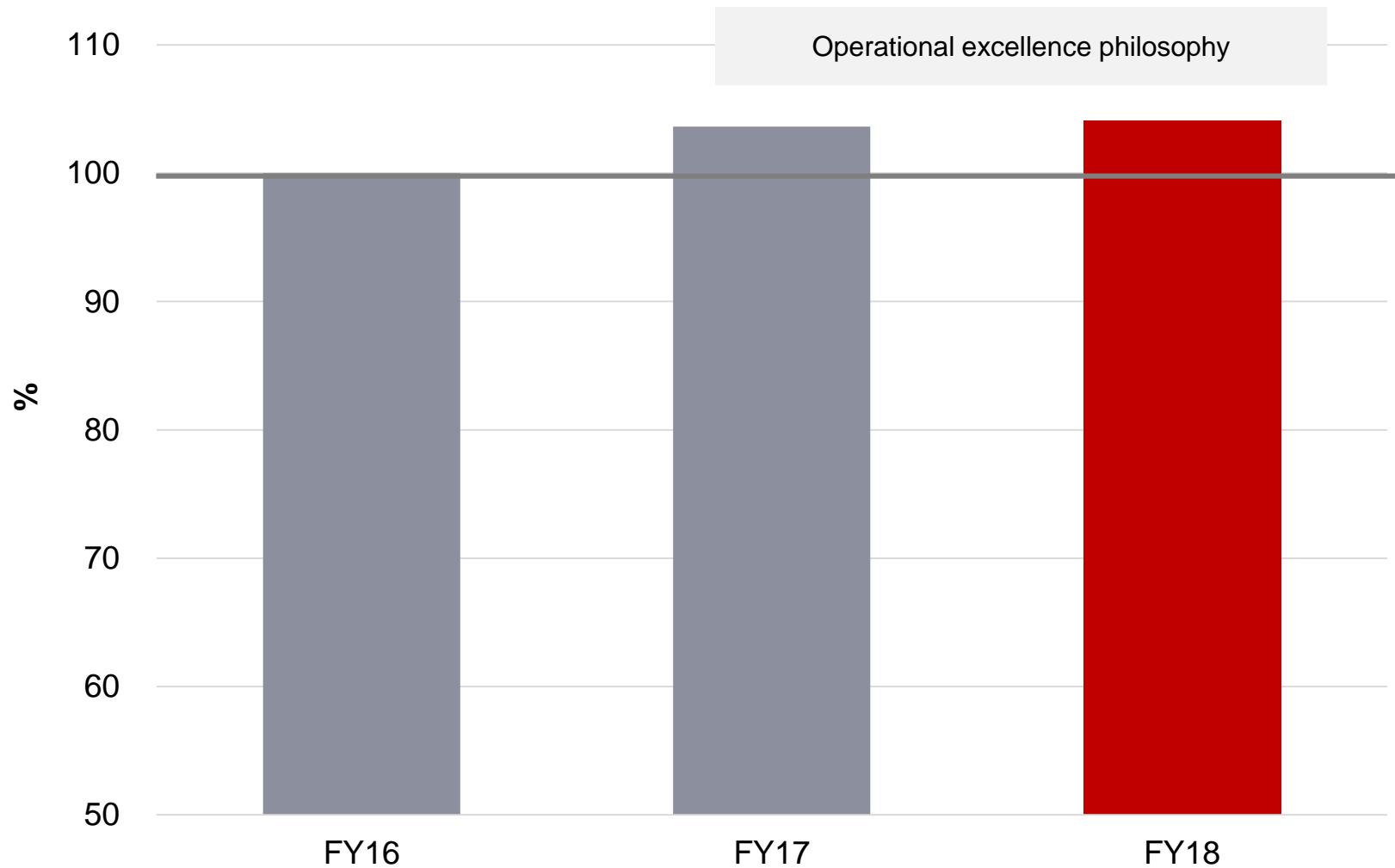
PETER STEENKAMP

# SIXTH CONSECUTIVE YEAR OF INCREASING GRADE



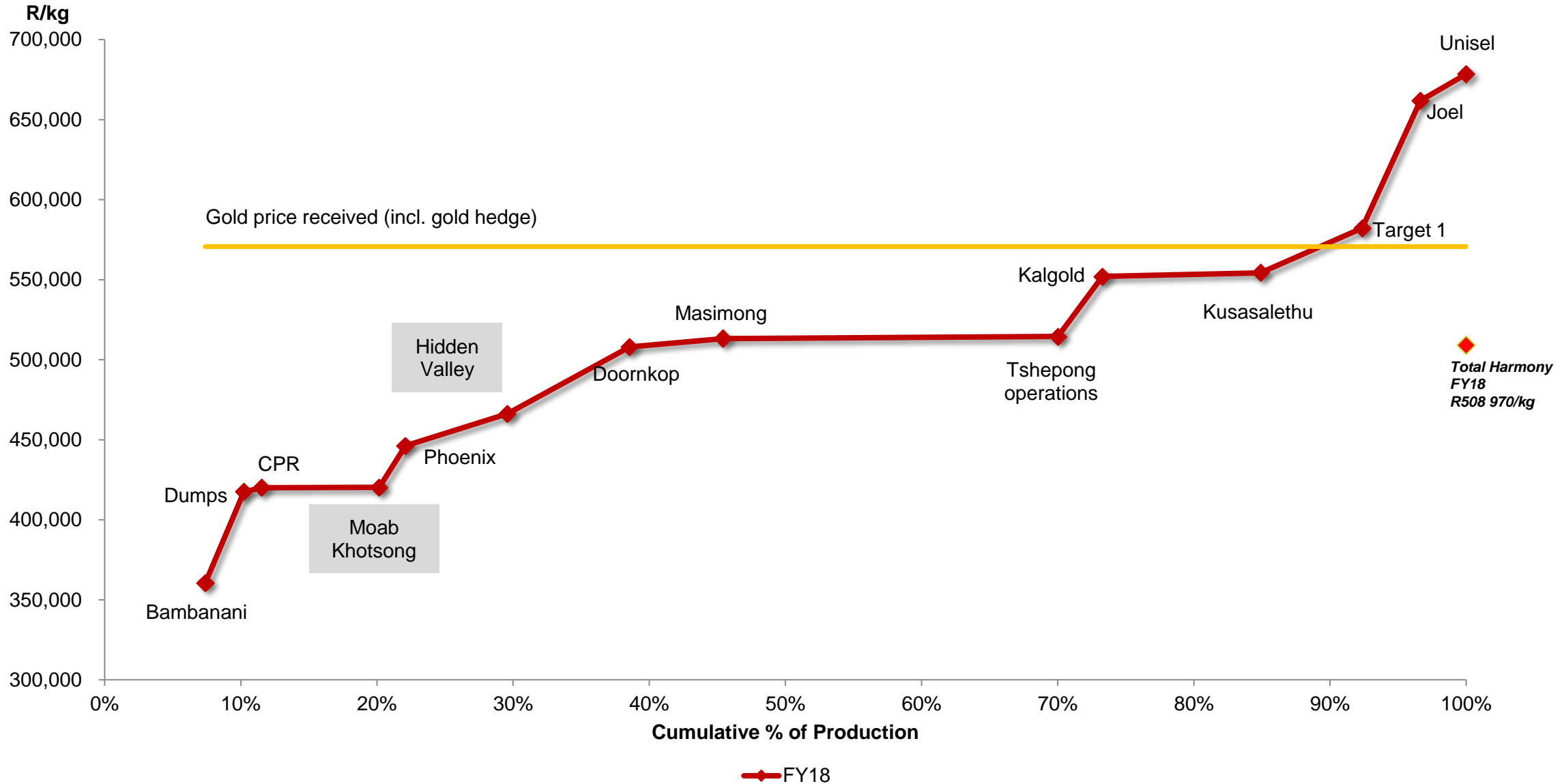
# TRACK RECORD OF DELIVERING ON GUIDANCE

% Production guidance met

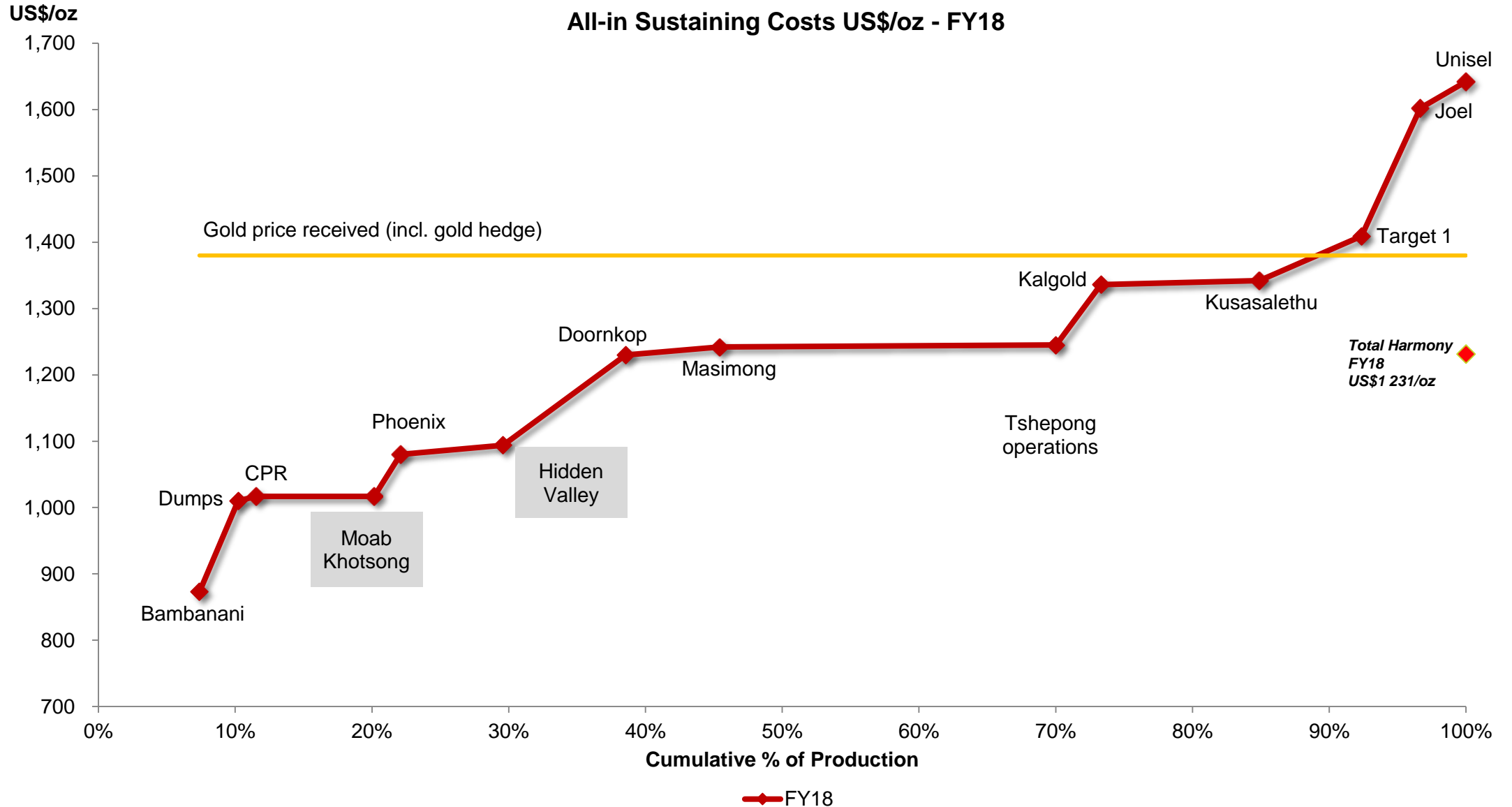


- **Achieved production guidance for third consecutive year**
- **Operational excellence philosophy**
  - Safe, predictable production
  - Asset management and maintenance approach reduces unplanned stoppages
  - Grade management

# QUALITY OUNCES REDUCE ALL-IN SUSTAINING UNIT COSTS (R/KG)



# QUALITY OUNCES REDUCE ALL-IN SUSTAINING UNIT COSTS (US\$/OZ)



# HIDDEN VALLEY – EXCELLENT PROJECT DELIVERY

Safe



Fatality free, no lost time injuries in FY18

Below budget



Budget: net investment of US\$180 million  
Actual: net investment of US\$175 million

On schedule



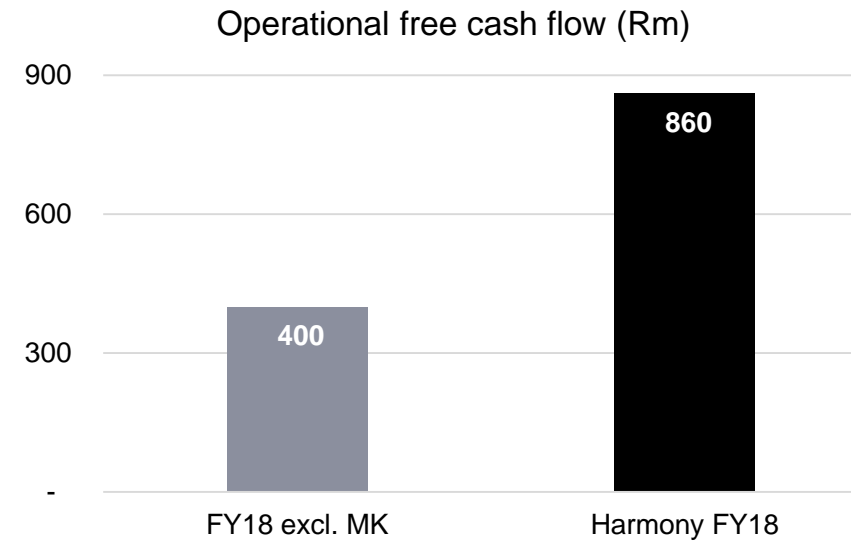
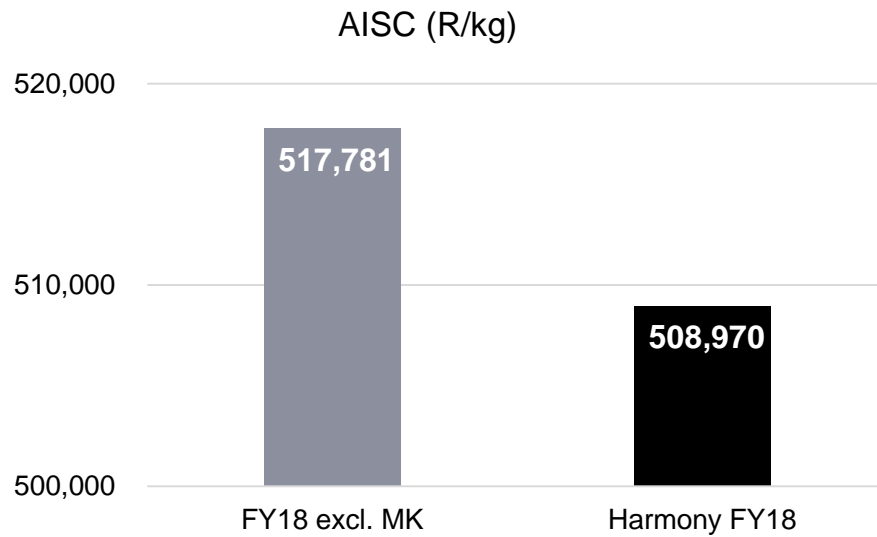
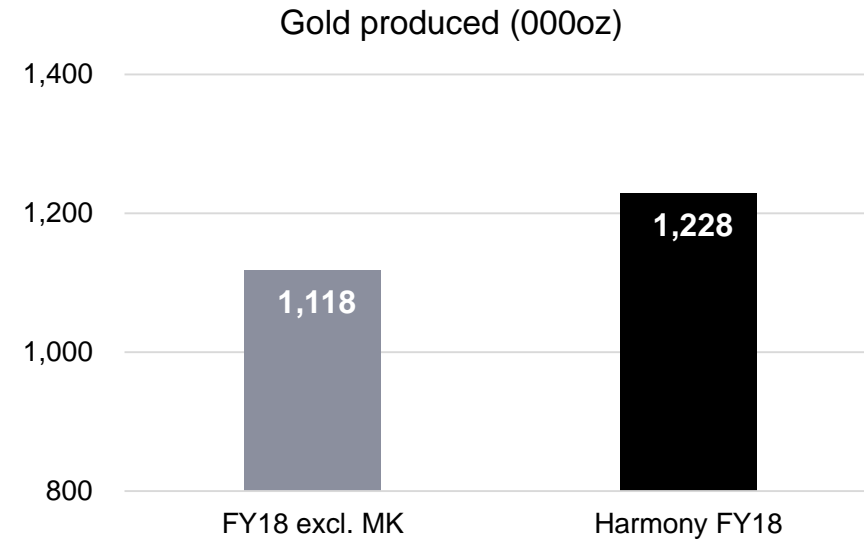
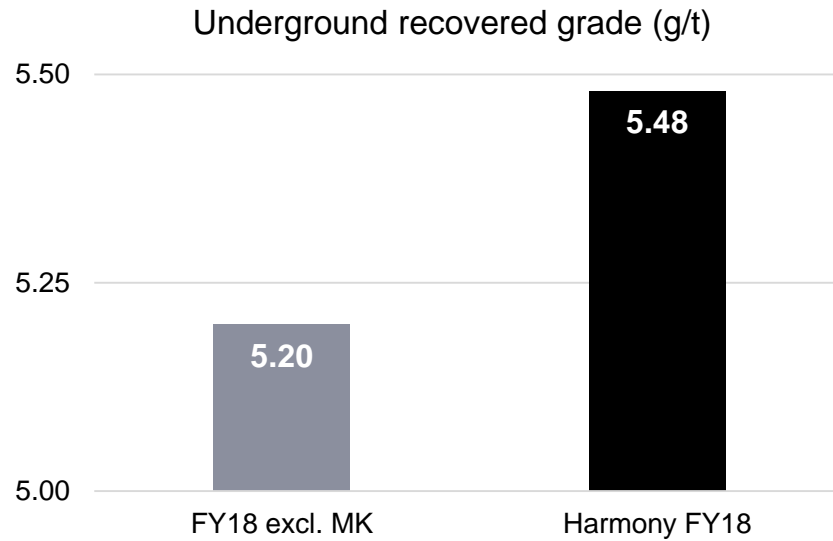
Commercial levels of production achieved in the June 2018 month

Outlook in line with investment plan



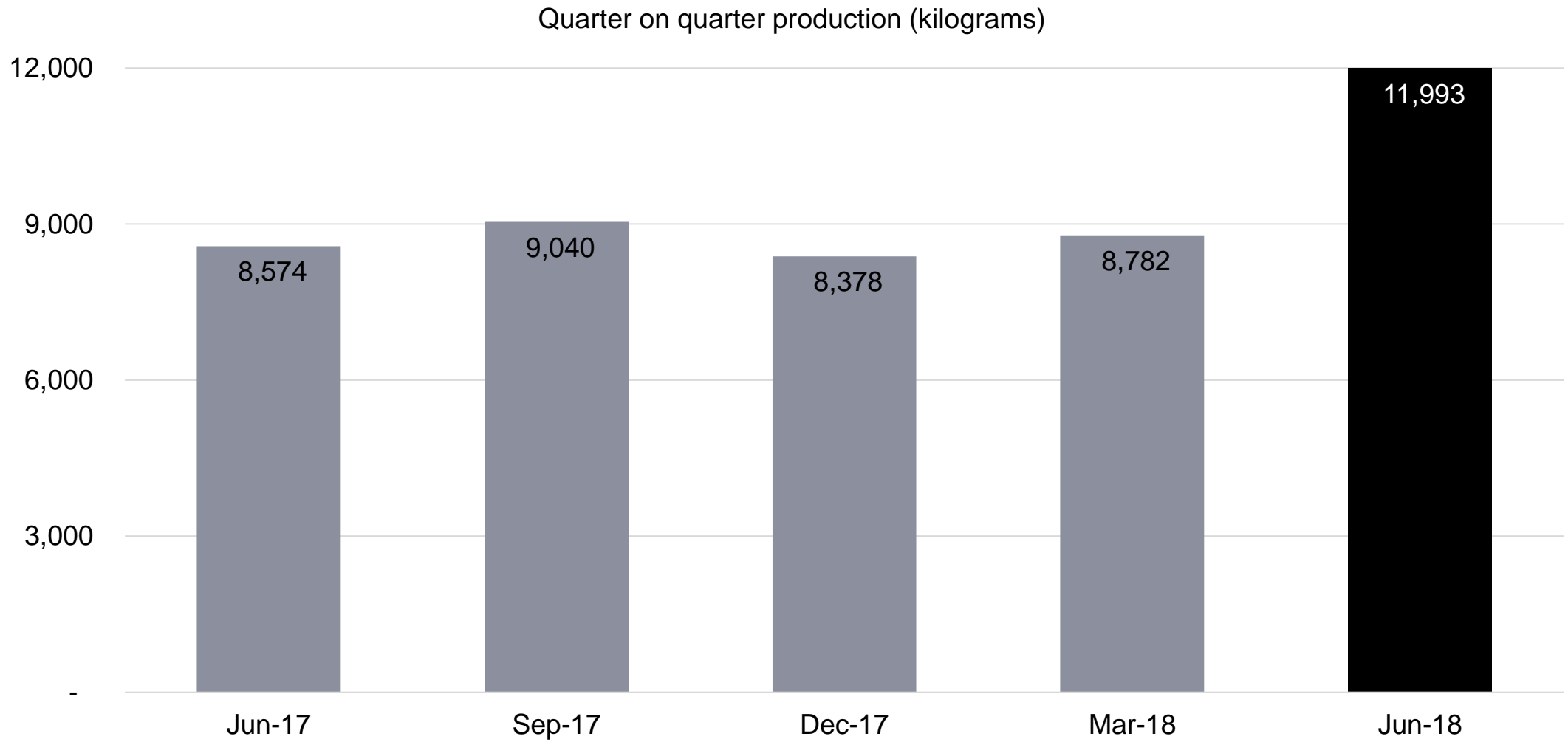
FY19 guidance of approximately 200 000oz at an all-in sustaining cost (AISC) of less than R515 000/kg

# MOAB KHOTSONG'S IMPACT IN FOUR MONTHS



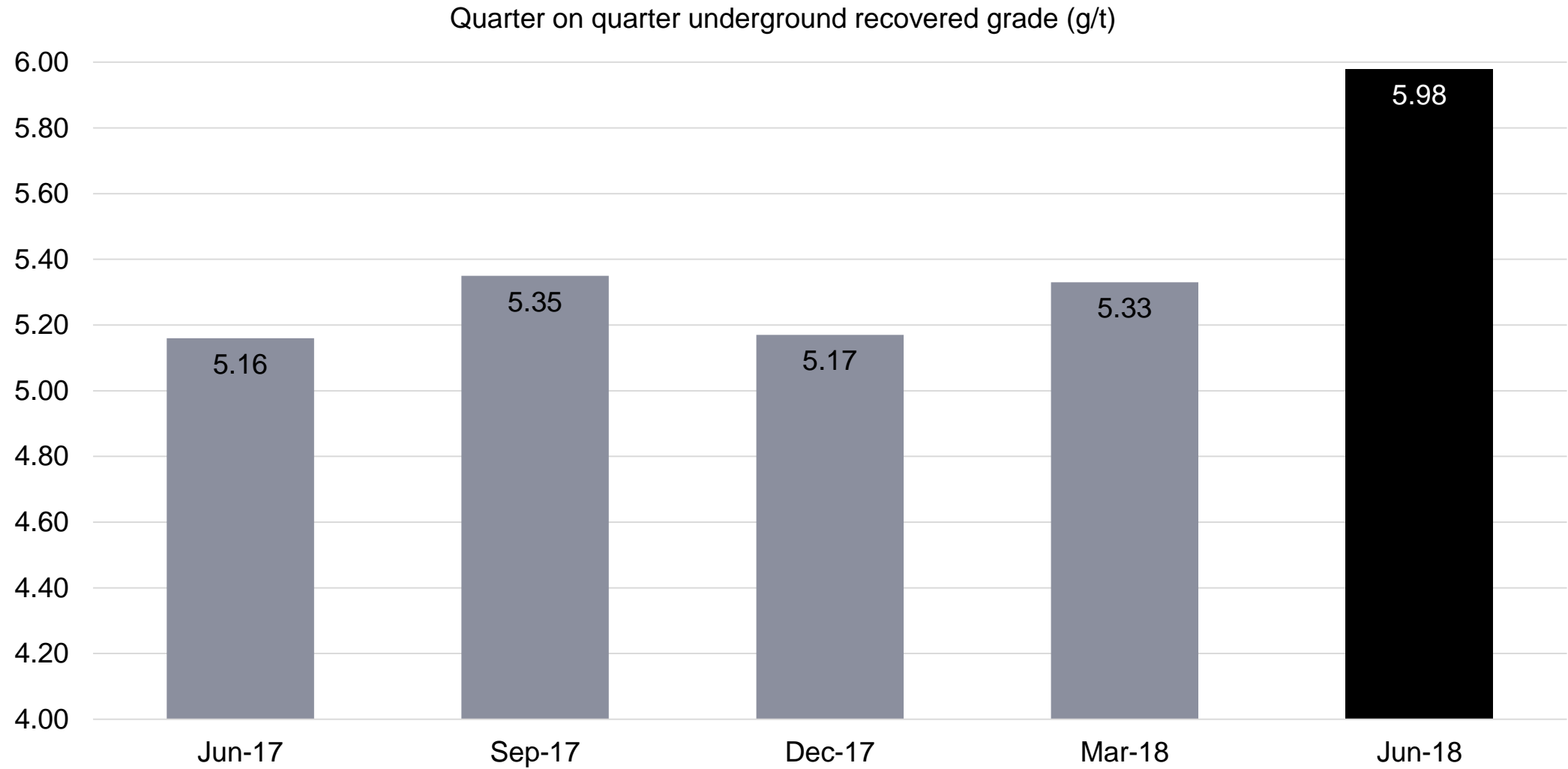
Operational free cash flow = Revenue – cash operating cost – capital expenditure

# MOAB KHOTSONG BOOSTS PRODUCTION



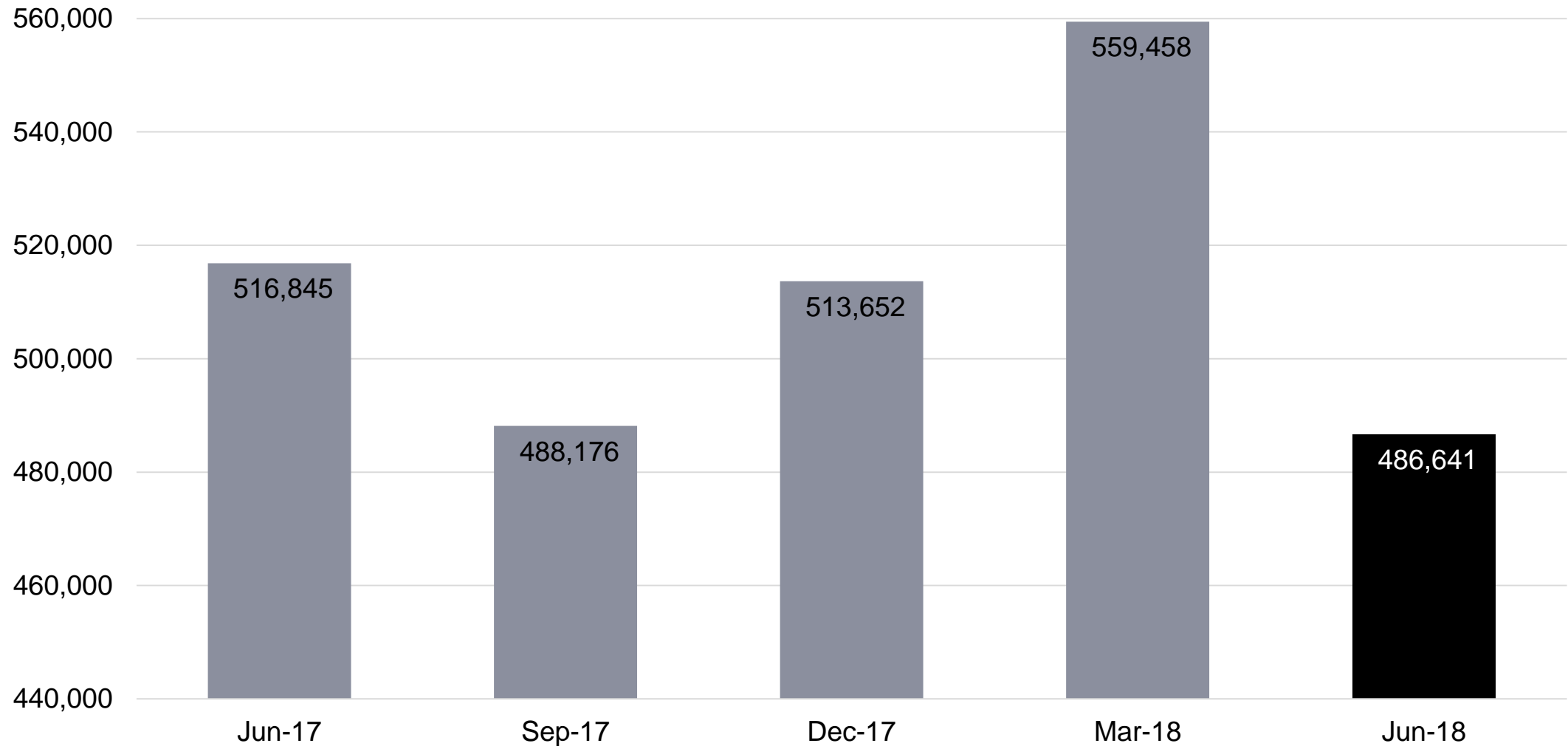


# MOAB KHOTSONG ENHANCES UNDERGROUND GRADE



# MOAB KHOTSONG DRIVES DOWN ALL-IN SUSTAINING UNIT COSTS

Quarter on quarter all-in sustaining cost (R/kg)





# CASH CERTAINTY AND EFFECTIVE CAPITAL ALLOCATION

FRANK ABBOTT

# KEY FINANCIAL FEATURES (RAND)

		Year ended June 2018	Year ended June 2017	% change
Gold produced	kg	38 193	33 836	13
Production profit	Rm	5 356	4 452	20
Impairment	Rm	(5 336)	(1 718)	>(100)
Gains on derivatives	Rm	99	1 025	90
Translation gain/(loss) on US\$ borrowings	Rm	(669)	215	>(100)
Net profit/(loss)	Rm	(4 473)	362	>(100)
Headline earnings	Rm	763	1 306	(42)
All-in sustaining costs	R/kg	508 970	516 687	1
Cash generated by operating activities	Rm	3 884	3 804	2
Net debt	Rm	4 908	887	>(100)
Net debt/EBITDA ratio	Times	1.0x	0.3x	

# KEY FINANCIAL FEATURES (US\$)

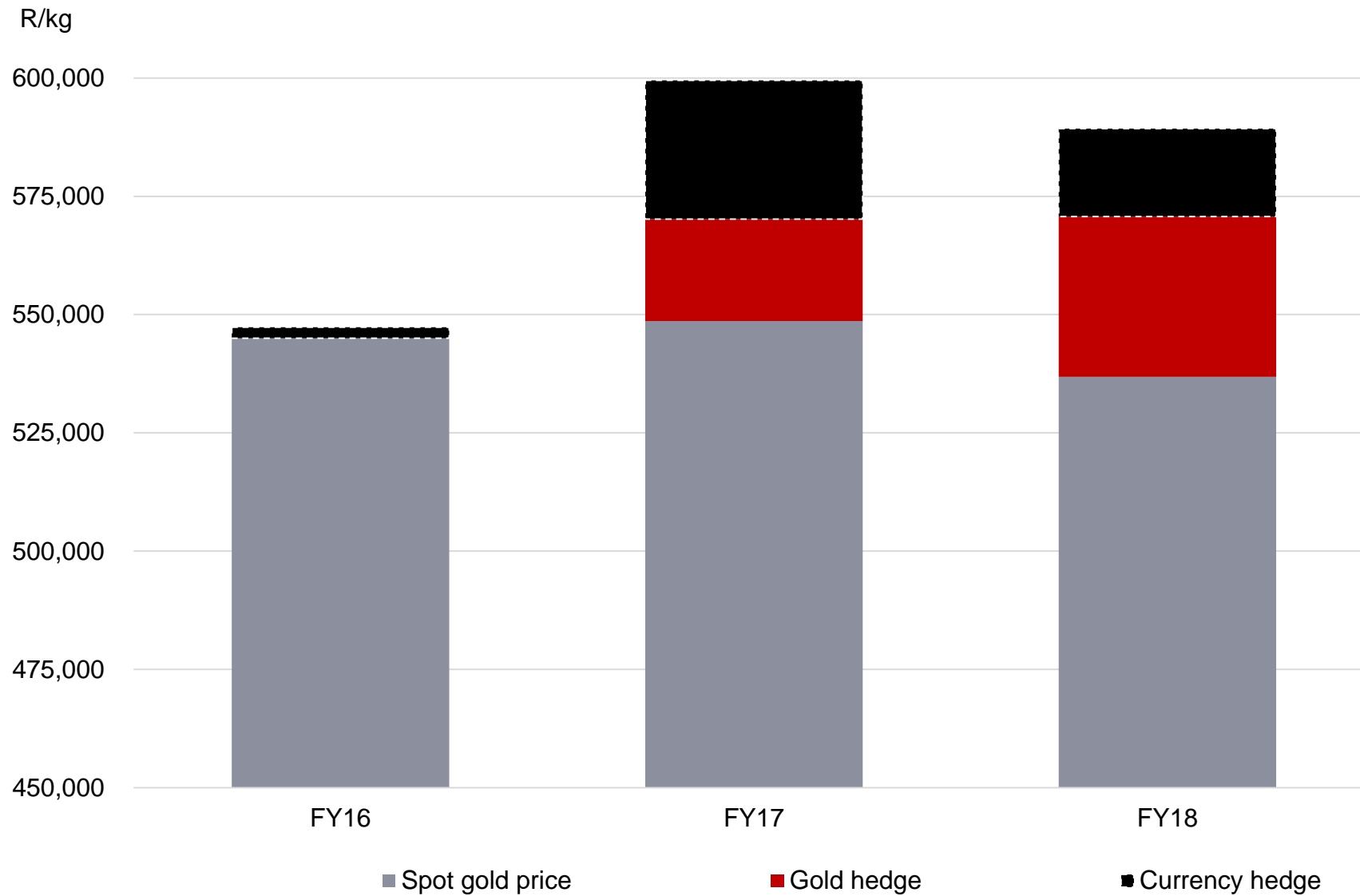
		Year ended June 2018	Year ended June 2017	% change
Gold produced	oz	1 227 934	1 087 852	13
Production profit	US\$m	416	327	27
Impairment	US\$m	(386)	(131)	>(100)
Gains on derivatives	US\$m	8	75	(89)
Translation gain/(loss) on US\$ borrowings	US\$m	(52)	16	>(100)
Net profit/(loss)	US\$m	(321)	17	>(100)
Headline earnings	US\$m	59	93	(37)
All-in sustaining costs	US\$/oz	1 231	1 182	(4)
Cash generated by operating activities	US\$m	302	280	8
Net debt	US\$	356	68	>(100)
Net debt/EBITDA ratio	Times	1.0x	0.3x	
Average exchange rate	R/US\$	12.85	13.60	(6)

## FY18 IMPAIRMENT RECOGNISED

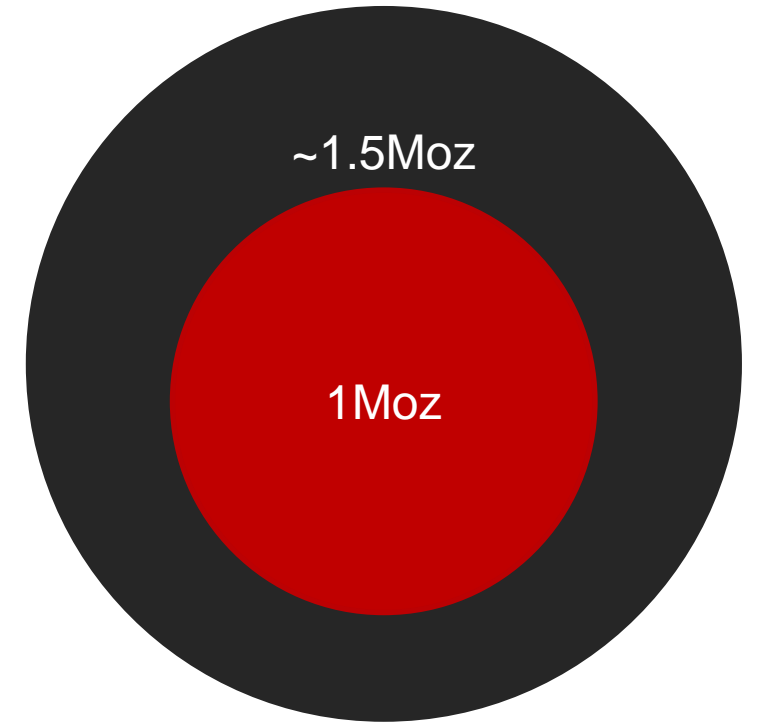
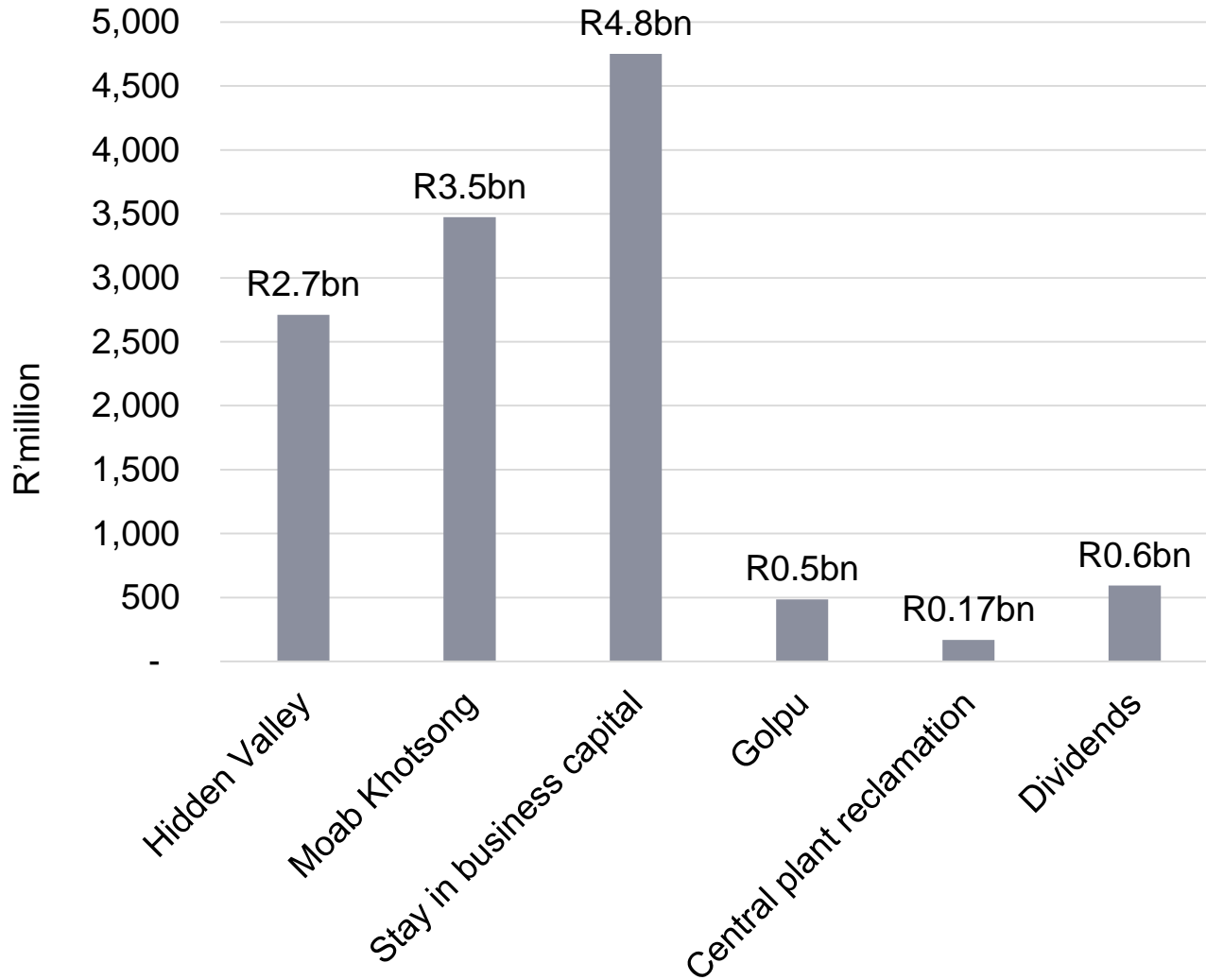
- Impairments mainly driven by cost inflation, a subdued gold price of R535 000/kg (\$1 250 at R/\$13.30) applied in the life-of-mine plans and the resulting impact on margins; and
- Lower resource multiples applied to estimate the value of the resources due to low levels of merger and acquisition gold transactions in South Africa

	Rm
Impact on margins	3 561
Lower resource multiples	1 775
<b>Total impairment</b>	<b>5 336</b>

# MARGINS ENHANCED THROUGH SUCCESSFUL HEDGING STRATEGY



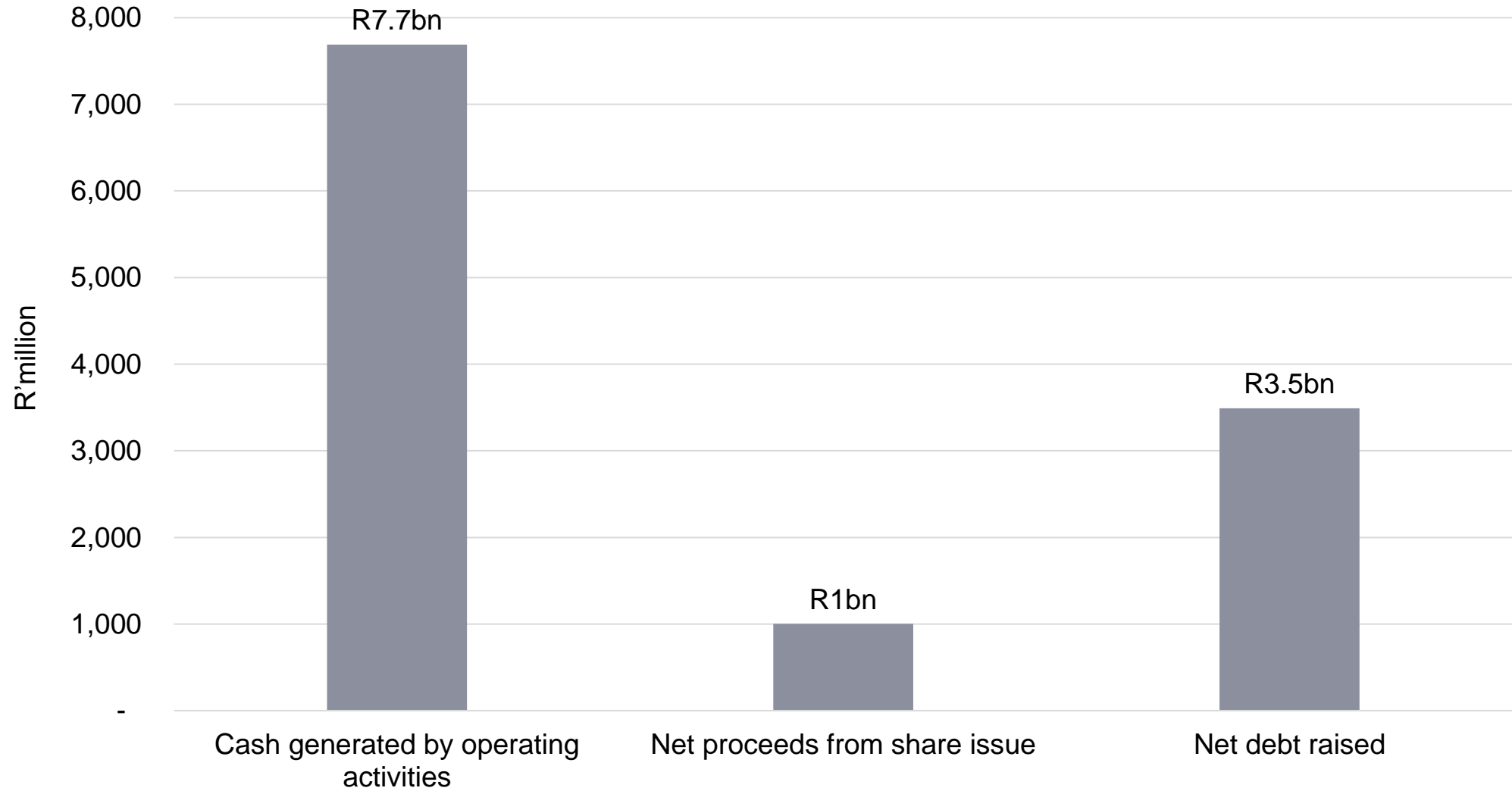
# FY17 AND FY18 CAPITAL ALLOCATION



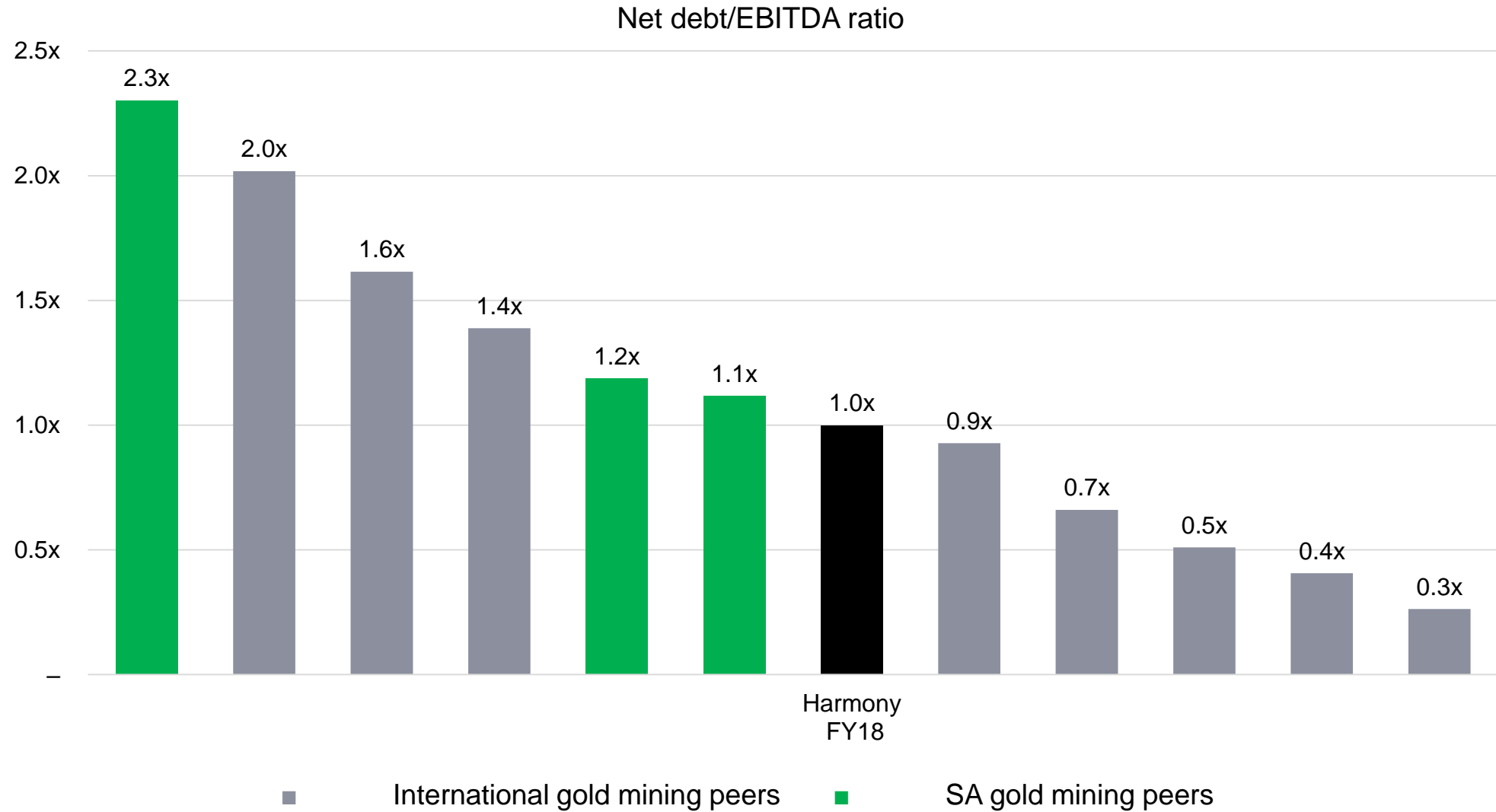
Growing ounces



# FY17 AND FY18 FUNDING SOURCES



# TARGETING NET DEBT/EBITDA RATIO BELOW 1.0X



Source: Company filings



# LOOKING FORWARD

PETER STEENKAMP

# KEY FOCUS AREAS FOR FY19

## Strategy

**Safe, profitable ounces**  
and  
**Increasing margins**

## Strategic pillars



**Operational excellence**



**Cash certainty**



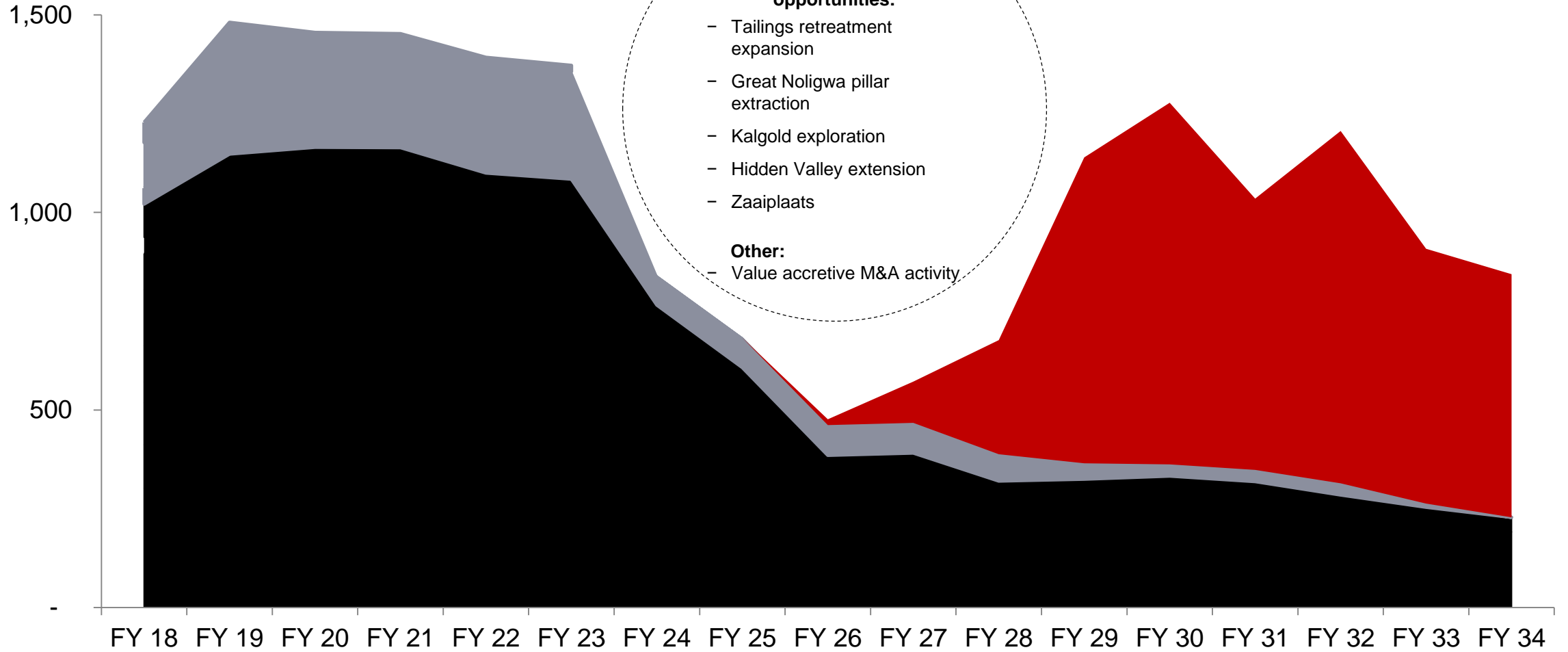
**Effective capital allocation**

## Focus areas

- Improve safety performance
  - Realise synergies of Moab Khotsong operations
  - Deliver on Hidden Valley plan
- 
- Exceeding operational plans (generate free cash flow)
  - Focus on repaying debt
  - Continue hedging strategy
- 
- Secure Wafi-Golpu permitting and funding
  - Evaluate organic growth opportunities

# QUALITY GROWTH OPPORTUNITIES

Ounces'000



■ Underground    ■ Surface    ■ Wafi-Golpu (Au-equivalent)

# WAFI-GOLPU REMAINS A GAME CHANGER



Large resource

- 18.6Moz gold, 8.6Mt copper
- Steady state production: 161 000t of copper, 266 000oz of gold (in excess of 1.4 million gold equivalents ounces per annum)



Long mine life

- Over 28 years



Low cost production

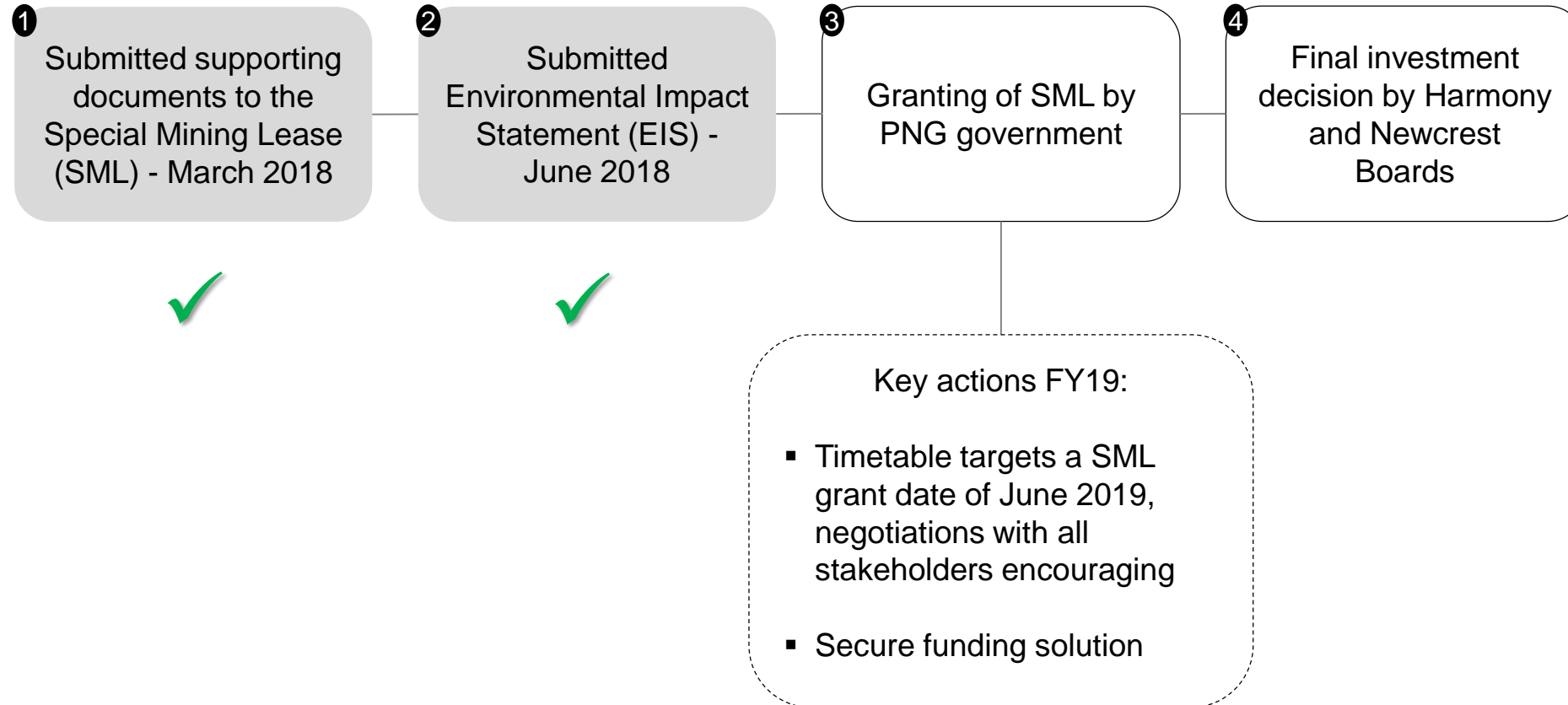
- High average recovery grades: Au = 0.90g/t, Cu = 1.27%
- Lowest decile C1 cost copper production of US\$0.26/lb, AISC of minus US\$2 128/oz in gold production terms



Close to infrastructure

- Near to city of Lae: industrial hub, large cargo port, airport

# WAFI-GOLPU NEXT STEPS



\*Progression through stages of the project, and the timing of those stages is subject to market and operating conditions and receipt of all necessary approvals, including board approvals

## **On track**

**to deliver a sustainable  
production performance**

## **Driving**

**unit costs down by  
producing quality  
ounces**

## **Delivering**

**on our strategy of  
increasing margins**

## **Cash flow**

**to be effectively  
allocated to growth  
opportunities**





# APPENDICES

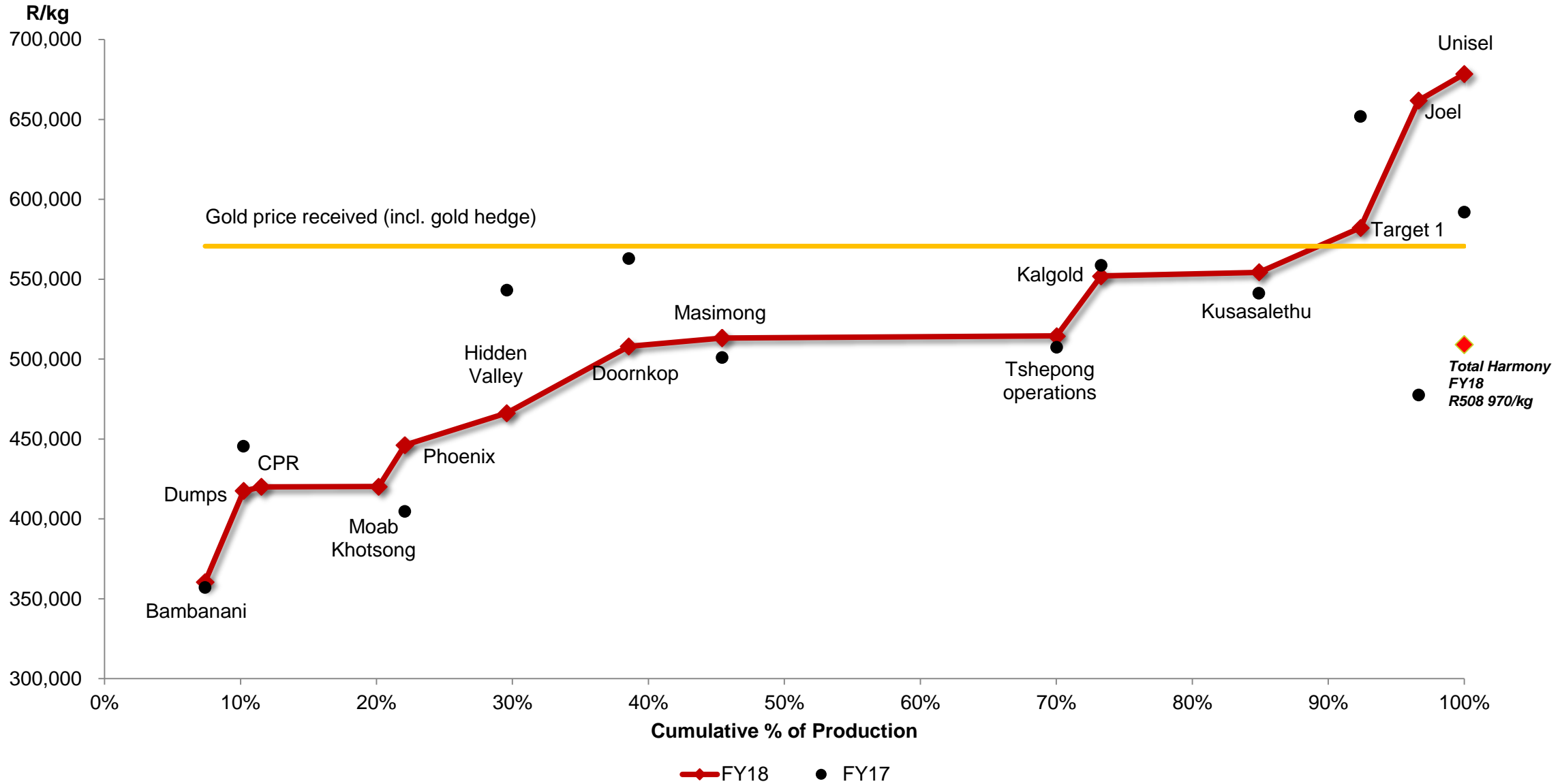
# OPERATIONAL RESULTS YEAR-ON-YEAR

		Year ended June 2018	Year ended June 2017	% change
Gold produced	kg	38 193	33 836	13
	oz	1 227 934	1 087 852	13
Gold price received	R/kg	570 709	570 164	-
	US\$/oz	1 380	1 304	6
Cash operating costs	R/kg	421 260	436 917	4
	US\$/oz	1 018	1 000	(2)
Underground recovery grade	g/t	5.48	5.07	8
Production profit	Rm	5 356	4 452	20
	US\$m	416	327	27
All-in sustaining costs	R/kg	508 970	516 687	1
	US\$/oz	1 231	1 182	(4)
Average exchange rate	R/US\$	12.85	13.60	(6)

# QUALITY OUNCES REDUCE ALL-IN SUSTAINING UNIT COSTS (RAND)

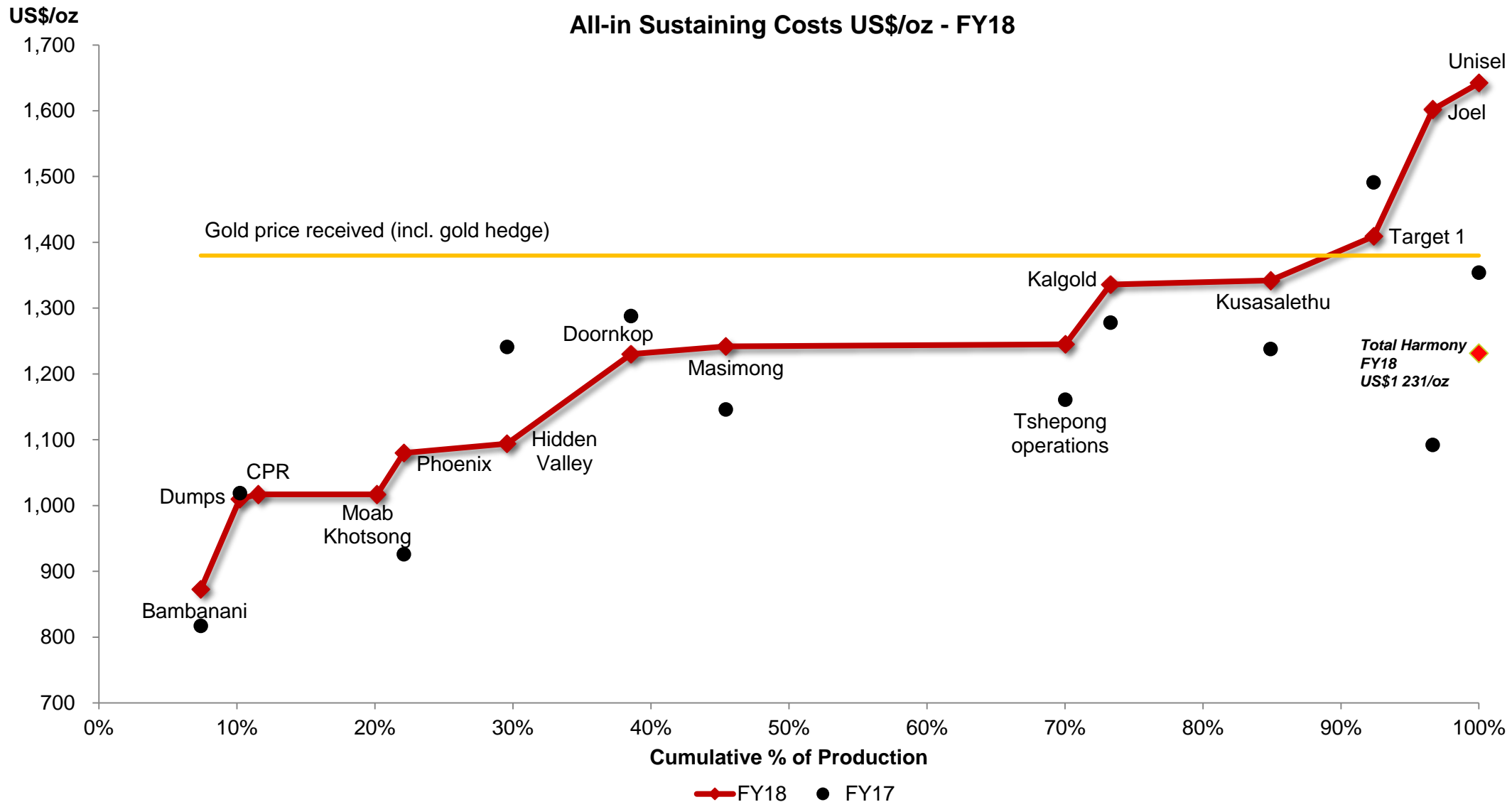
Results for the year ended 30 June 2018

© Harmony



Total Harmony  
FY18  
R508 970/kg

# FY18 ALL-IN SUSTAINING COST PERFORMANCE (US\$)



# FY19 PRODUCTION GUIDANCE (per operation)

Operation	FY18 production (oz)	FY19 guidance (oz)	Life of mine (years)
Tshepong operations	302 026	287 000	17
Moab Khotsong	105 969	248 000	7
Bambanani	90 698	82 000	5
Target 1	91 758	86 500	7
Doornkop	110 245	106 500	16
Joel	52 566	50 000	9
Kusasaletu	142 395	155 500	5
Masimong	84 332	72 500	3
Unisel	41 152	32 000	2
<b>Underground operations</b>	<b>1 021 141</b>	<b>1 120 000</b>	
SA surface (tailings and waste rock dumps)	74 589	84 500	14+
Kalgold	40 189	39 000	15
Hidden Valley	92 015	201 500	5
<b>Total</b>	<b>1 227 934</b>	<b>~1.45Moz</b>	

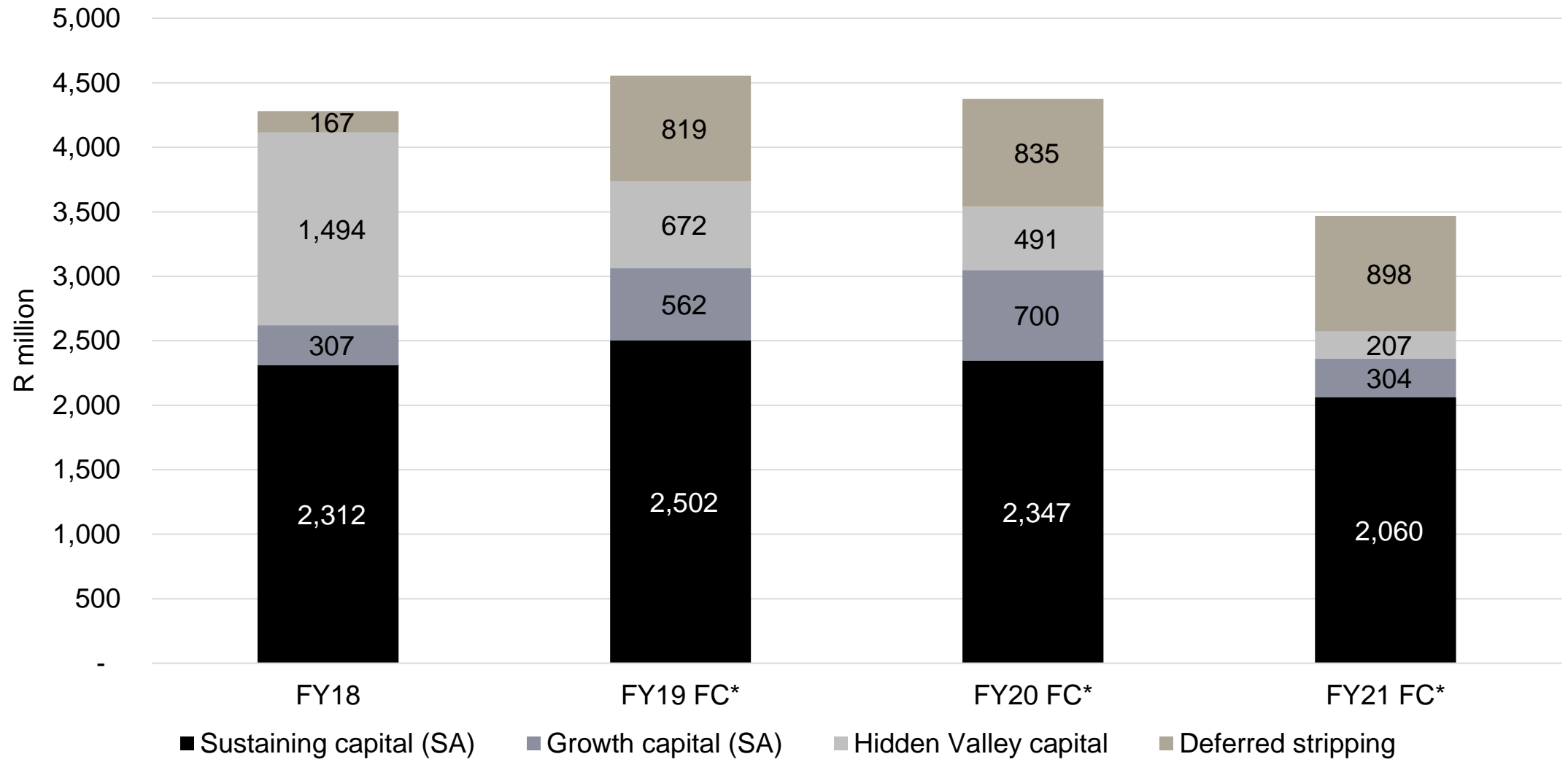
# FY19 COST AND GRADE GUIDANCE

Plan to produce ~1.45 Moz in FY19, at

- an average underground recovered grade of ~5.85g/t, and
- an all-in sustaining cost of R515 000/kg

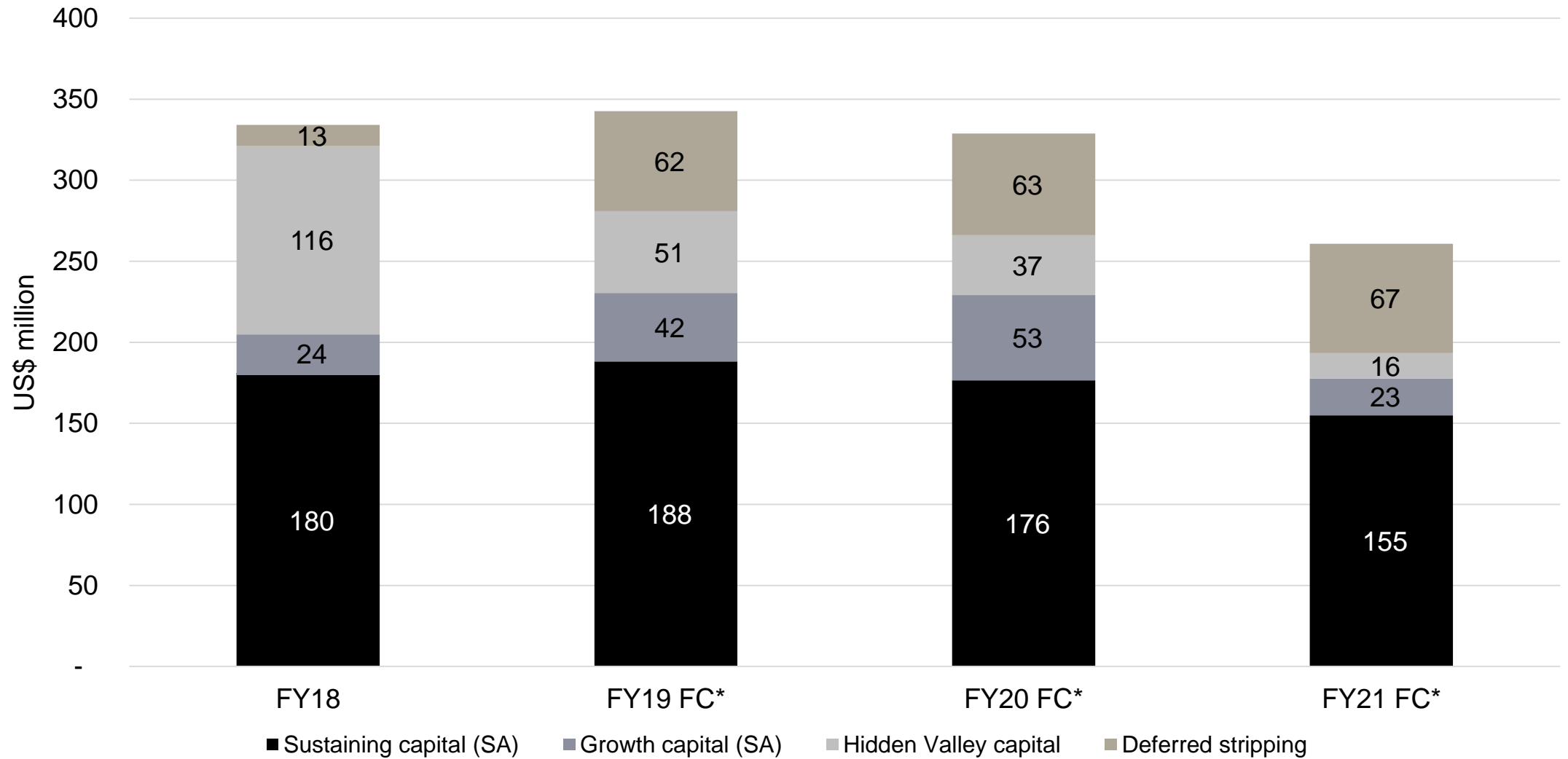
Operation	Reserve grade (g/t)	Adjusted reserve grade (-5%)	FY18 grade (g/t)	FY19 grade guidance (g/t)
Tshepong operations	5.76	5.47	5.47	5.29
Moab Khotsong	9.87	9.38	10.08	9.49
Bambanani	12.08	11.48	12.11	11.40
Target 1	4.32	4.10	4.20	3.98
Doornkop	5.05	4.80	4.93	4.79
Joel	4.99	4.74	3.60	4.02
Kusasaletu	7.00	6.65	6.61	6.90
Masimong	4.23	4.02	4.05	4.00
Unisel	5.02	4.77	3.40	4.81
<b>Underground operations</b>	<b>6.02</b>	<b>5.72</b>	<b>5.48</b>	<b>~5.85</b>

# CAPITAL GUIDANCE (RAND)



\* Excluding Golpu (subject to granting of SML and board approval)

# CAPITAL GUIDANCE (US\$)



\* Excluding Golpu (subject to granting of SML and board approval)

The exchange rate used for the US\$ conversion for FY19 to FY21 is R13.30/US\$



# ORGANIC GROWTH OPPORTUNITIES

Opportunity	Nature	Current status	Next phase
Kalgold	Open-pit	15 829m drilling completed, encouraging drill results	Mineral resource update and pre-feasibility study to optimise Kalgold operation
Central Plant tailings expansion (a)	Tailings retreatment	(a) Feasibility study (expand from 300ktpm to 500ktpm)	Review and investment decision
Mispah tailings (b)		(b) Pre-feasibility study	Pre-feasibility study to be completed in FY19
Hidden Valley stage 7	Open-pit	Pre-feasibility study	Pre-feasibility study to be completed in FY19
Great Nologwa pillar extraction	Underground	Studies being conducted on optimal solutions to extract pillar	Complete study phase and project gate review in the first half of FY19
Zaaiplaats project	Underground – high grade resource	Conceptual study work completed, commenced with pre-feasibility study	Pre-feasibility study to be completed in FY19
Target North	Underground	Three exploration boreholes planned for FY19 to assess potential of VCR	Exploration to determine way forward

# HEDGING PROGRAMME AT 30 JUNE 2018

	FY 2019		FY2020		TOTAL	
	H1	H2	H1	H2		
<b>Rand Gold</b>						
Forward Contracts	koz	105	94	77	24	<b>300</b>
	R'000/kg	660	623	631	640	<b>639</b>
<b>Dollar Gold</b>						
Forward Contracts	koz	48	38	10	-	<b>96</b>
	US\$/oz	1,290	1,336	1,382	-	<b>1,318</b>
<b>Total Gold Contracts</b>	koz	<b>153</b>	<b>132</b>	<b>87</b>	<b>24</b>	<b>396</b>
<b>Currency Hedges</b>						
<b>Rand Dollar</b>						
Zero Cost Collars	\$m	147	105	-	-	<b>252</b>
	Floor (R/US\$)	14.11	13.11	-	-	<b>13.69</b>
	Cap (R/US\$)	15.09	13.78	-	-	<b>14.54</b>
Forward Contracts	\$m	67	134	36	36	<b>273</b>
	R/US\$	13.51	13.69	14.68	15.03	<b>13.95</b>
<b>Total Rand Dollar</b>	\$m	<b>214</b>	<b>239</b>	<b>36</b>	<b>36</b>	<b>525</b>
<b>Dollar Silver</b>						
Zero Cost Collars	koz	480	180	90	-	<b>750</b>
	Floor (US\$/oz)	17.10	17.30	17.40	-	<b>17.19</b>
	Cap (US\$/oz)	18.10	18.30	18.40	-	<b>18.19</b>

Hedging programmes topped-up as and when opportunities arise to lock in attractive margins for the business.



## CONTACT US

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