



JSE Ticker Code: HAR  
NYSE Ticker Code: HMY

MARCH 2021

# HARMONY GOLD MINING COMPANY LIMITED

SUSTAINABLE GOLD

# PRIVATE SECURITIES LITIGATION REFORM ACT SAFE HARBOUR STATEMENT AND DISCLAIMER

## FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of the safe harbour provided by Section 21E of the Exchange Act and Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), 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 forward-looking statements, including, among others, those relating to our future business prospects, revenues, and the potential benefit of acquisitions (including statements regarding growth and cost savings) wherever they may occur in this presentation and the exhibits to this presentation, are necessarily 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 our integrated annual report. 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, impact of COVID-19 on our operational and financial estimates and results estimates of future earnings, and the sensitivity of earnings to the prices of gold and other metals prices estimates of future production and sales for gold and other metals, estimates of future cash costs, estimates of future cash flows, and the sensitivity of cash flows to the prices of gold and other metals, estimates of provision for silicosis settlement; estimates of future tax liabilities under the Carbon Tax Act, statements regarding future debt repayments, estimates of future capital expenditures, the success of our business strategy, exploration and development activities and other initiatives; future financial position, plans, strategies, objectives, capital expenditures, projected costs and anticipated cost savings and financing plans; 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, as well as at existing operation, fluctuations in the market price of gold, the occurrence of hazards associated with underground and surface gold mining, the occurrence of labour disruptions related to industrial action or health and safety incidents, power cost increases as well as power stoppages, fluctuations and usage constraints, supply chain shortages and increases in the prices of production imports and the availability, terms and deployment of capital; our ability to hire and retain senior management, sufficiently technically-skilled employees, as well as our ability to achieve sufficient representation of historically disadvantaged persons in management positions, our ability to comply with requirements that we operate in a sustainable manner and provide benefits to affected communities, potential liabilities related to occupational health diseases; changes in government regulation and the political environment, particularly tax and royalties, mining rights, health, safety, environmental regulation and business ownership including any interpretation thereof; court decisions affecting the mining industry, including, without limitation, regarding the interpretation of mining rights, our ability to protect our information technology and communication systems and the personal data we retain, risks related to the failure of internal controls, the outcome of pending or future litigation or regulatory proceedings; fluctuations in exchange rates and currency devaluations and other macroeconomic monetary policies; the adequacy of the Group’s insurance coverage; any further downgrade of South Africa’s credit rating and socio-economic or political instability in South Africa, Papua New Guinea and other countries in which we operate.

The foregoing factors and others described under “Risk Factors” in our Integrated Annual Report ([www.har.co.za](http://www.har.co.za)) and our Form 20F should not be construed as exhaustive. We undertake no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this annual report or to reflect the occurrence of unanticipated events, except as required by law. All subsequent written or oral forward-looking statements attributable to Harmony or any person acting on its behalf are qualified by the cautionary statements herein.

## Competent Person’s Statement

The information in this presentation that relates to Mineral Resources or Ore Reserves has been extracted from our Reserves and Resources statement published on 15 September 2020. Harmony confirms that it is not aware of any new information or data that materially affects the information included in the statement, in the case of Mineral Resources or Mineral Reserves, that all material assumptions and technical parameters underpinning the estimates in the original release continue to apply and have not materially changed. Harmony confirms that the form and context in which the competent person’s findings are presented have not been materially modified from the original release.





# WHO WE ARE

EMERGING MARKET MINING SPECIALIST

# FY21 FOCUS AREAS

## OUR STRATEGY

To produce safe, profitable ounces and improve margins through operational excellence and value-accretive acquisitions

## OUR VALUES



## STRATEGIC PILLARS



1

### RESPONSIBLE STEWARDSHIP

- In Phase 2 of our journey to embed a proactive safety culture
- Co-ordinated COVID-19 and health management
- Maintain strong stakeholder relationships
- Integrated and fundamental ESG\* practices



2

### OPERATIONAL EXCELLENCE

- Integrated Mponeng and MWS\*\* from 1 October 2020
- Operating our mines:
  - optimally
  - meeting/exceeding plans
  - increasing grade and production



3

### CASH CERTAINTY

- Strong cash flow generation
- Significant debt reduction
- Active cost management
- Margin protection through hedging



4

### EFFECTIVE CAPITAL ALLOCATION

- Total shareholder return
- Progress pipeline of organic projects
- Value-enhancing acquisitions
- Progress Wafi-Golpu permitting

\*ESG = Environmental, Social and Governance

\*\* MWS = Mine Waste Solutions



# H1FY21 VS H1FY20 - KEY HIGHLIGHTS (US\$)



## 1 RESPONSIBLE STEWARDSHIP

- In Phase 2 of embedding a proactive safety culture focused on leadership and behaviour
- Our health initiatives combined with the COVID-19 standard operating plans embed our commitment to the “S” in ESG\*
- Ranked first in ESG disclosure among South African mining companies
- FTSE4Good constituent
- Included in the Bloomberg Gender Equality Index (GEI) 2021
- Runner-up in the Sunday Times Top 100 Companies Award 2020



## 2 OPERATIONAL EXCELLENCE

- 49% increase in production profit to US\$418m from US\$280m
- 5% increase in underground recovered grade to 5.58g/t from 5.29g/t
- 8% increase in gold production to 745 314oz from 688 379oz
- 42% increase in total mineral resources\*\*
- 20% increase in total mineral reserves\*\*



## 3 CASH CERTAINTY

- 69% increase in operating free cash flow margin to 22% from 13%
- 291% increase in net profit to US\$356m from US\$91m
- 49% reduction in net debt to US\$40m from US\$79m
- 19% increase in gold price received to US\$1 716/oz from US\$1 447/oz
- US\$56m gain on derivatives
- HEPS increased by 182% to 48 US cents from 17 US cents
- Net debt to EBITDA at 0.1X



## 4 EFFECTIVE CAPITAL ALLOCATION

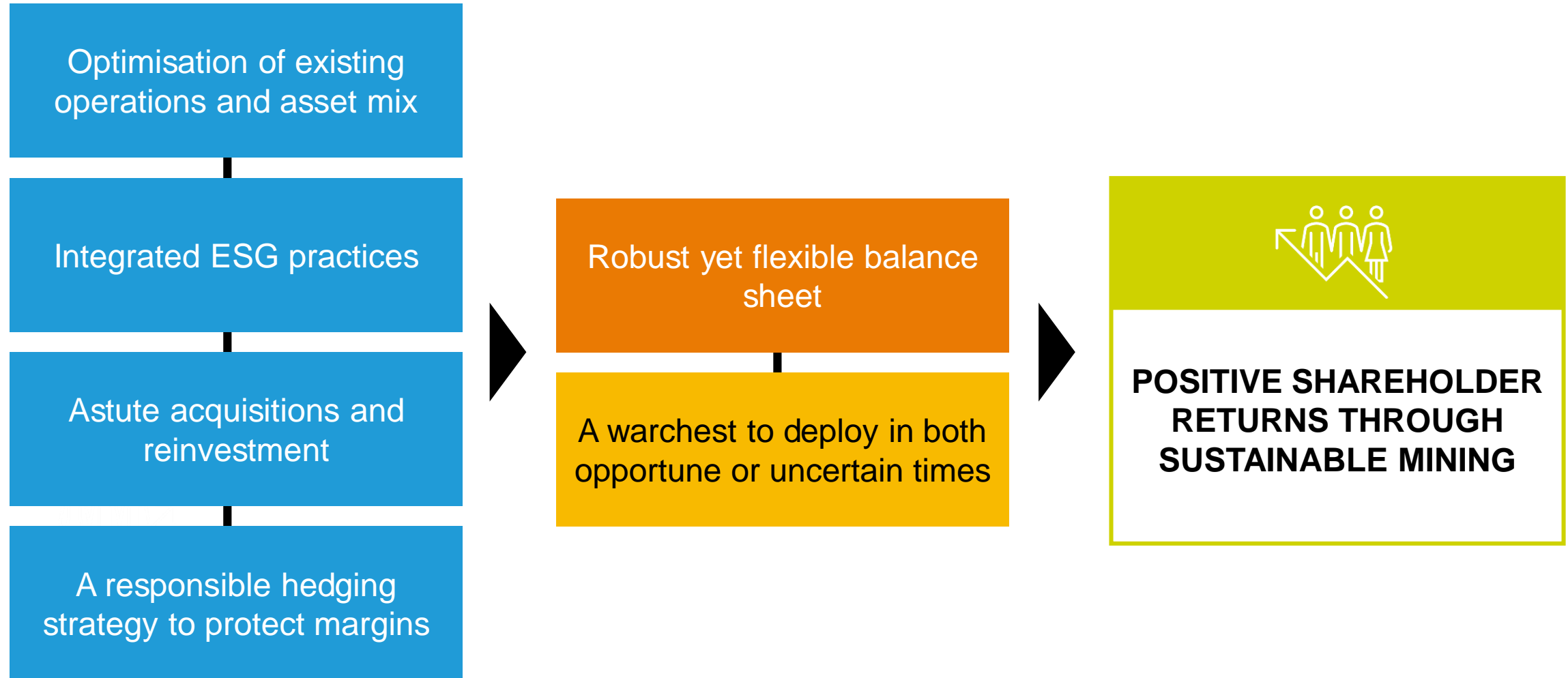
- Successful integration of Mponeng and Mine Waste Solutions
  - 3 months of production result in significant increase in our overall production, grade and cash flow
- Strong pipeline of organic projects to drive production profile and margin expansion
- Interim dividend declared of 7.5 US cents#

# Based on Rand/US\$ exchange rate of 14.64

\*ESG = Environmental, Social and Governance

\*\* The mineral reserves are included in the business valuation of the operations acquired from AngloGold Ashanti Limited, while the resources are per their mineral resources statement as at December 2019.

# HARMONY 2021: VALUE CREATION THROUGHOUT THE CYCLE



# OUR INVESTMENT CASE

01



**~1.6\*Moz** gold  
producer in FY21

02



**Leveraged**  
to the R/kg gold price

03



**Quality  
growth**  
prospects

04



balance sheet  
positioned for  
**shareholder  
returns**

\* Including Mponeng and related assets



# RESPONSIBLE STEWARDSHIP

SUSTAINABLE GOLD



# SAFETY – A MORAL IMPERATIVE

## OUR STRATEGY



Pursue continual improvement in the health and safety performance with the ultimate goal of zero harm

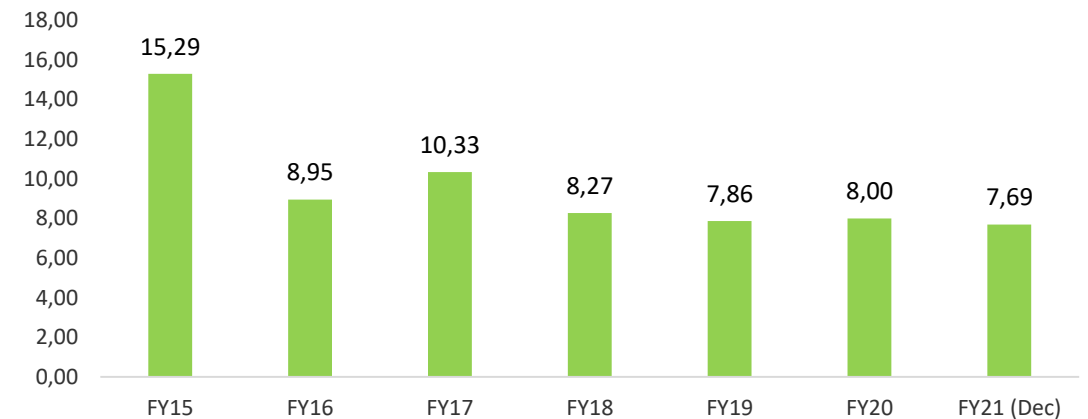


Safe, profitable ounces



Keeping our employees healthy and mitigating the impact of COVID-19

Group Total Injury Accident Frequency Rate



# SAFETY: OUR PEOPLE ARE OUR PRIORITY

## ZERO LOSS OF LIFE AND PREVENT INJURIES



Development of safety leadership capability and credibility



Embedded practices – routines and habits



Improve employee engagement and development



Positively impacting employee's relationship to safety

Creating a pro-active culture so that Zero Harm becomes a fundamental belief among leaders and employees of Harmony, underpinning all actions and initiatives.



# AGILE HEALTHCARE PRACTICES RESULT IN EFFECTIVE COVID-19 RESPONSE



Multi-disciplinary response team established at start of pandemic



Return-to-work process designed, implemented to ensure safe return of all employees (number of active cases: 94\*; 0.2% of total workforce)



Harmony to play an important role in accelerating vaccination programme on our mines (medical hubs) and communities (medical clinics)



We will continue to prioritise our other healthcare initiatives, particularly those relating to occupational and lifestyle diseases

\*As at 19 February 2021



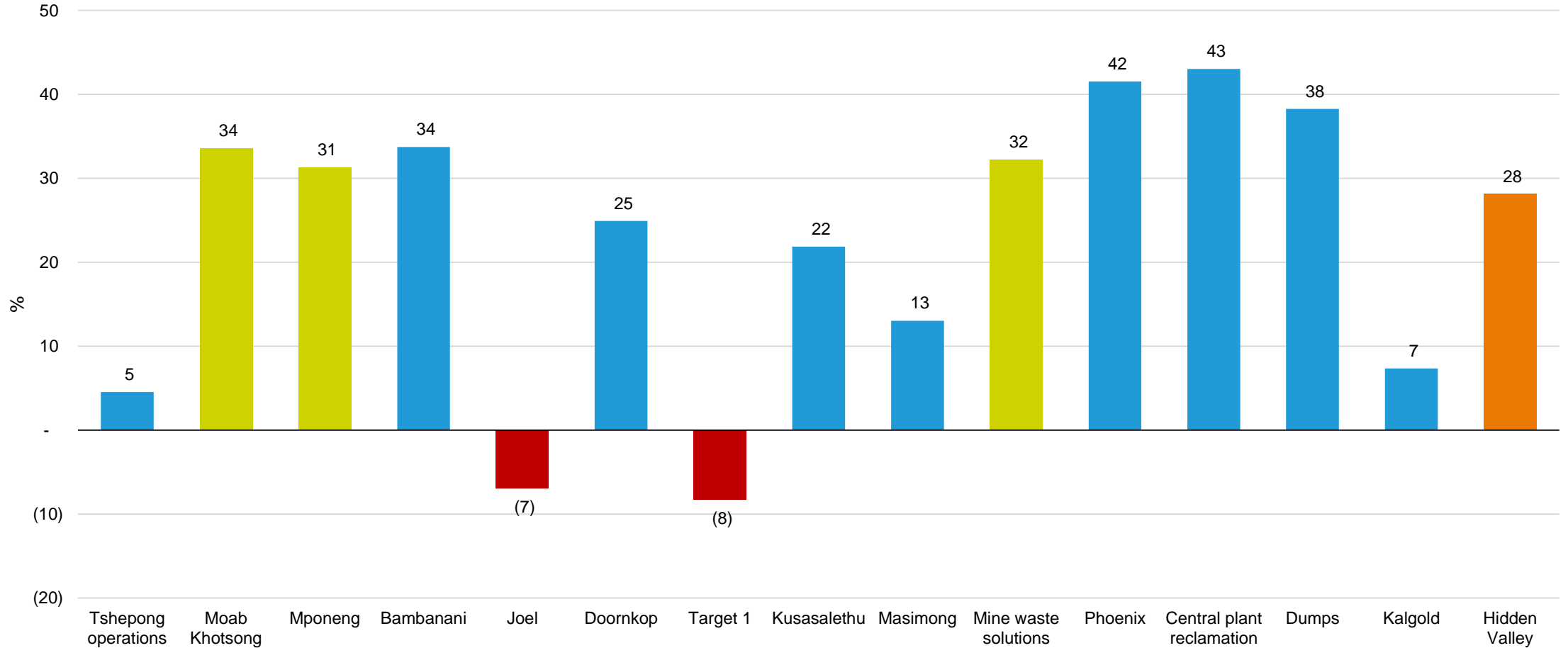
# OPERATIONAL EXCELLENCE

DOING WHAT WE DO BEST



# ASTUTE ACQUISITIONS RESULT IN IMPROVED CASH FLOW MARGINS (H1FY21)

Operating free cash flow margin

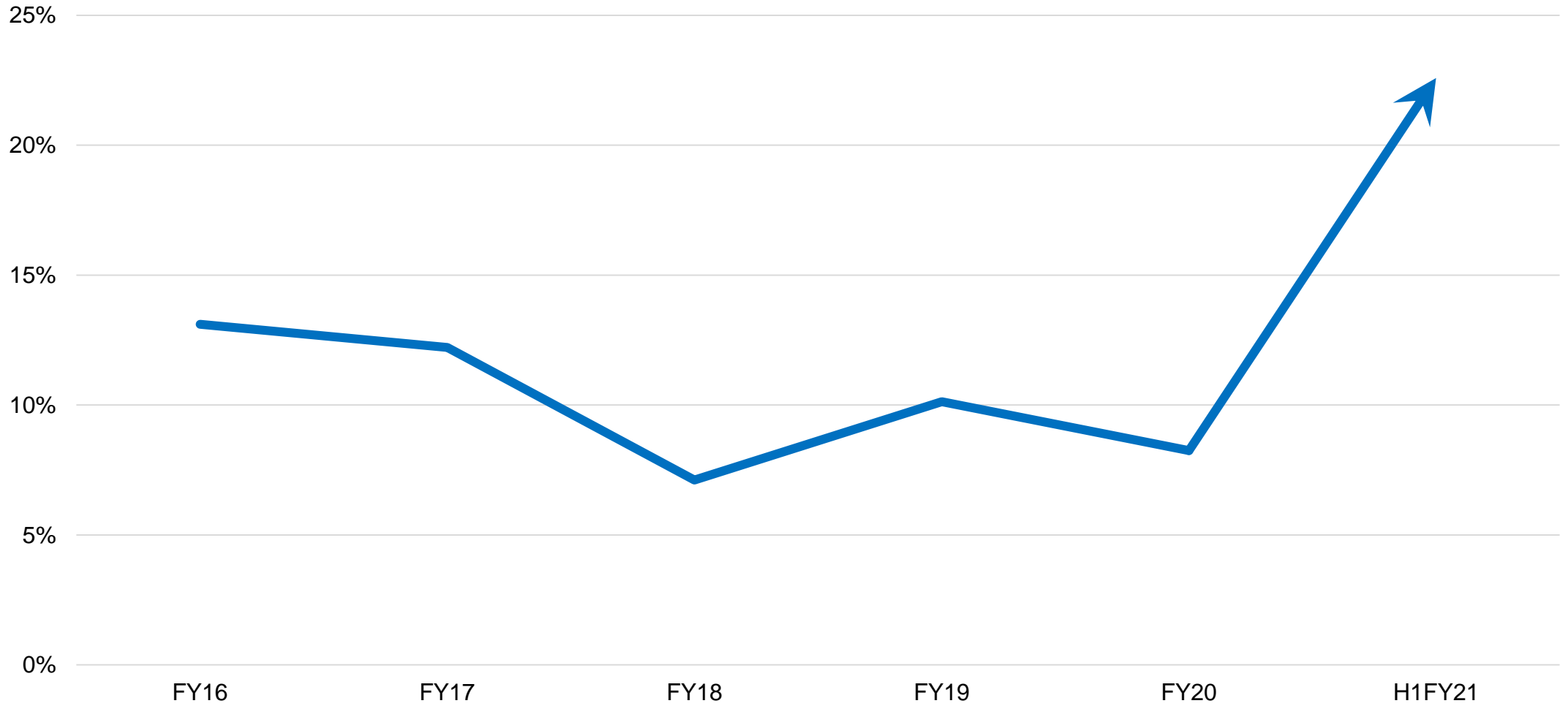


- SA underground operations
- Acquisitions
- Cash flow negative
- Papua New Guinea

Surface operations



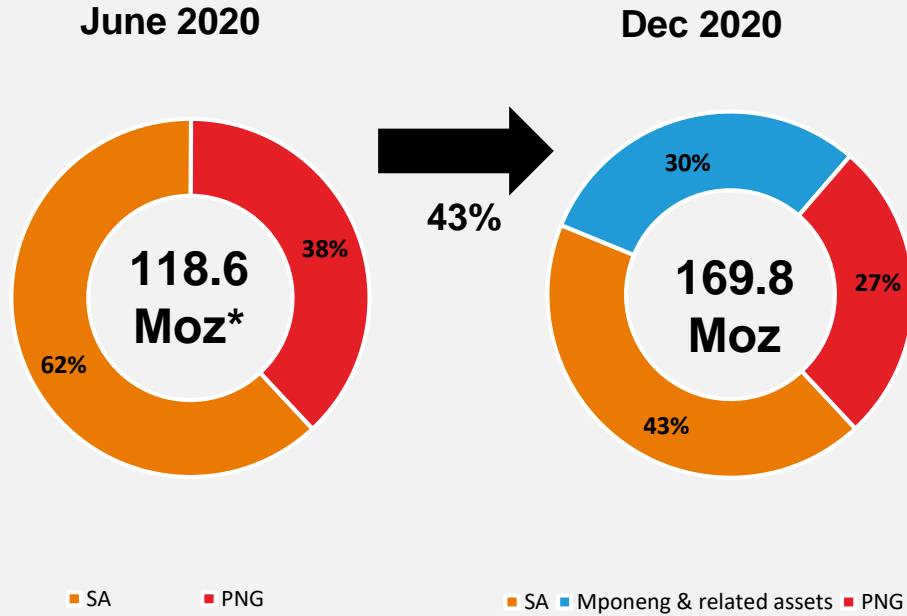
# OPERATING FREE CASH FLOW YIELD



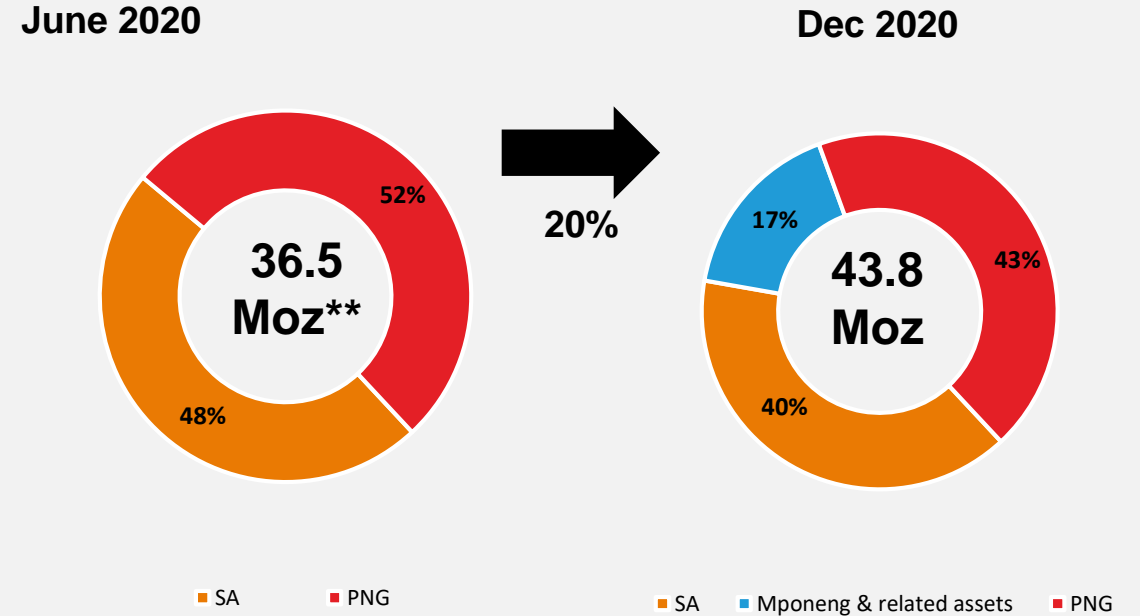


# ADDING QUALITY RESOURCES AND RESERVES JUNE 2020 TO DECEMBER 2020

## TOTAL GROUP MINERAL RESOURCES



## TOTAL GROUP MINERAL RESERVES



### Resources:

Mponeng and surface sources: 51.2Moz  
 SA operations: 73.3Moz  
 PNG: 45.4Moz

### Reserves:

Mponeng (above infrastructure) and surface sources: 7.3Moz  
 SA operations: 17.4Moz  
 PNG: 19.1Moz

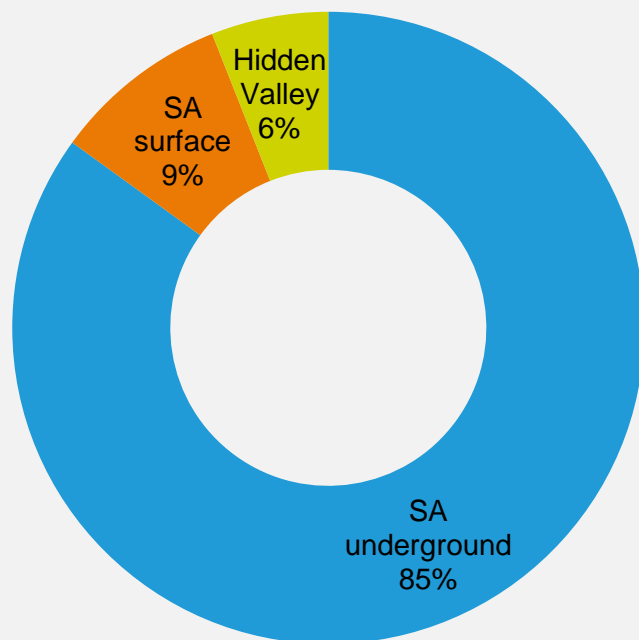
\*Attributable gold and gold equivalent Mineral Resources as at 30 June 2020

\*\* Attributable gold and gold equivalent Mineral Reserves as at 30 June 2020

Mponeng and surface sources figures as per AngloGold Ashanti Limited's declaration December 2019. The detailed Mineral resources and reserves statements can be downloaded from Harmony's and AngloGold Ashanti Limited's respective websites

# DIVERSIFIED AND DE-RISKED PORTFOLIO OF ASSETS (Q2FY16 VS Q2FY21)

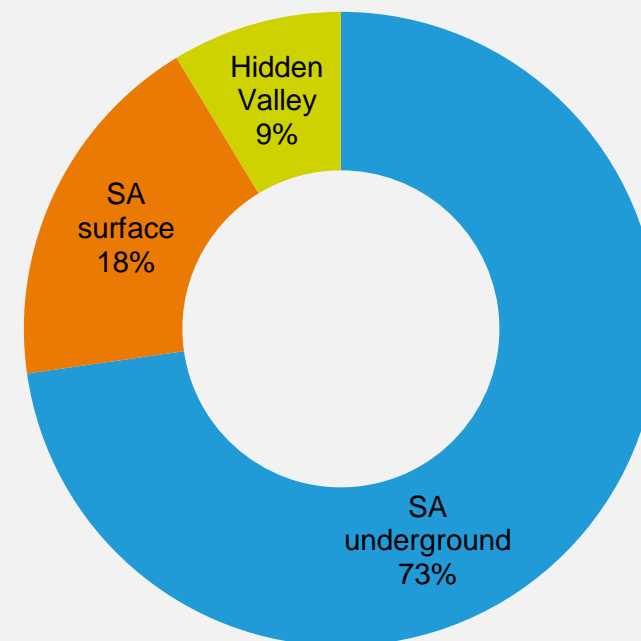
Production profile – Q2FY16



Doubled our surface operations, which offers:

- Better safety
- Lower risk
- Longer life
- Increased margins
- Lower AISC/kg
- Increased operational cash flow

Production profile – Q2FY21



## Updated guidance for FY21

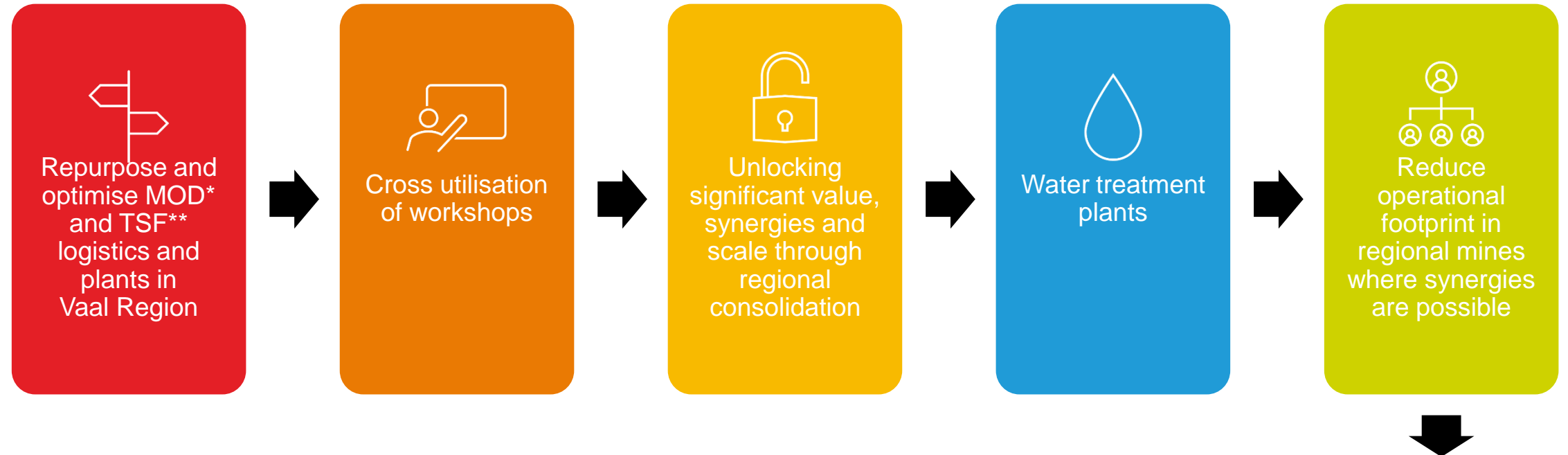
Plan to produce ~1.56 Moz to 1.60 Moz in FY21, at

- an average underground recovered grade of ~5.47g/t to 5.64g/t, and
- an all-in sustaining cost of R700 000/kg to R720 000/kg

\*SA surface sources= Kalgold, waste treatment, tailings and waste rock dumps



# NEWLY ACQUIRED ASSETS ALLOW OPPORTUNITIES FOR SERVICE AND SURFACE SYNERGIES



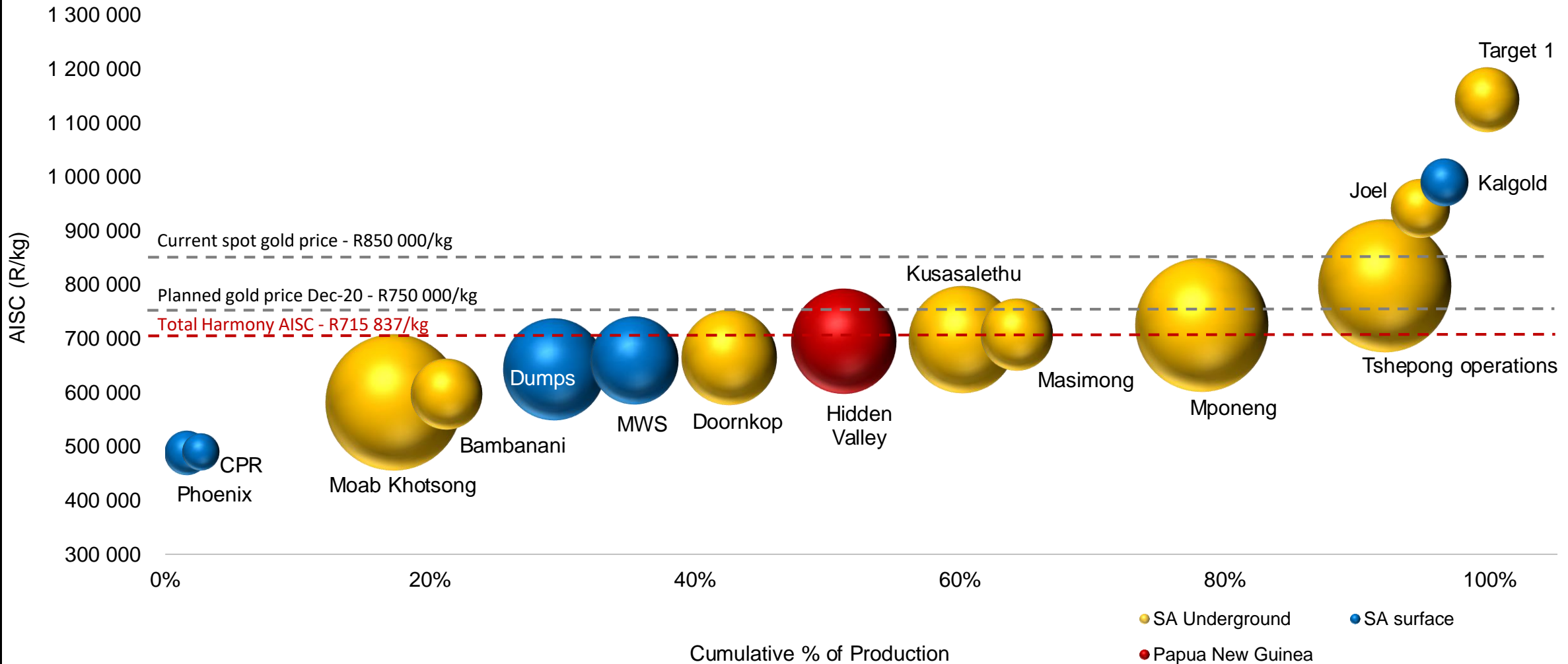
**POTENTIAL OVERALL 10% REDUCTION IN ALL-IN SUSTAINING COST PER KG AS WE OPTIMISE SURFACE OPERATIONS**  
(subject to further feasibility studies)

\*Marginal Ore Deposits

\*\*Tailings Storage Facilities

# 90% OF TOTAL OUNCES PROFITABLE AT CURRENT SPOT

## AISC - December 2020 quarter

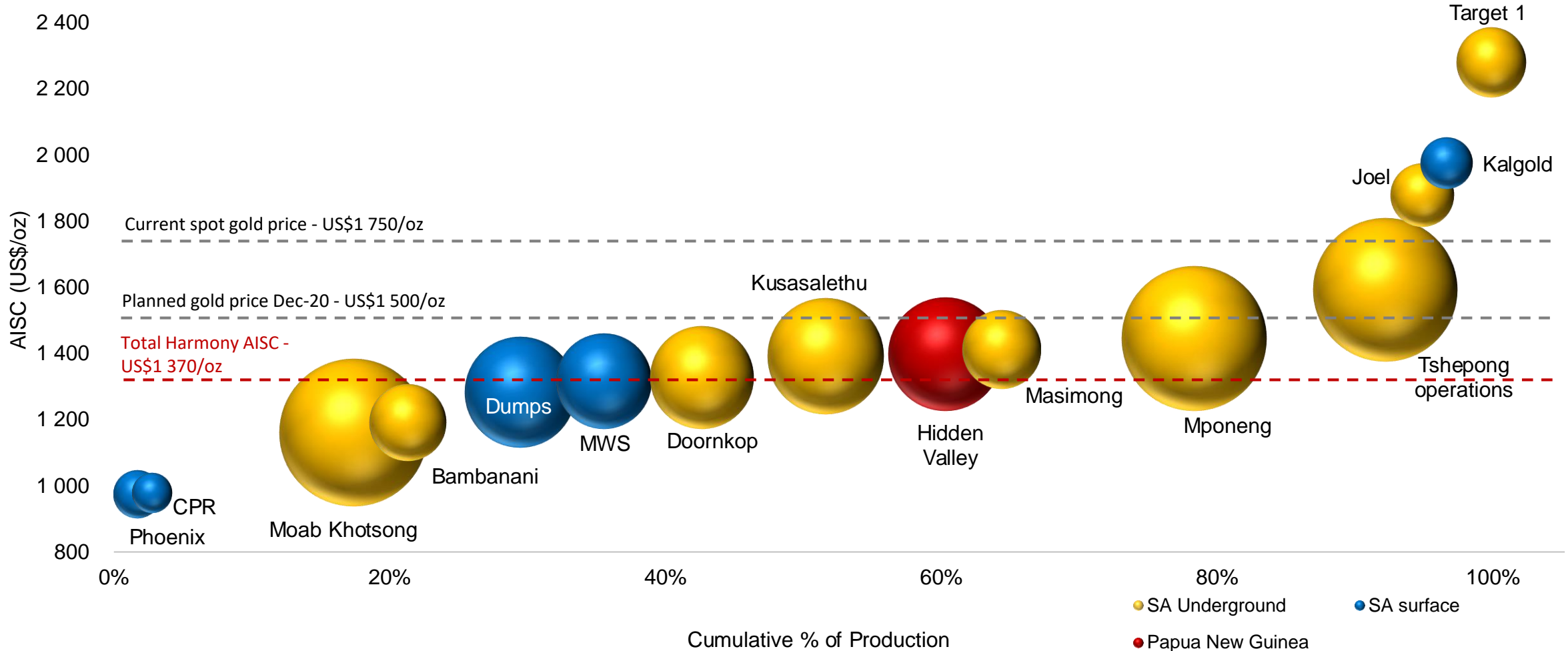


Note: bubble size indicates quarterly production

- AISC = All-in sustaining costs
- Mponeng bubble= 1 quarter of production

# 90% OF TOTAL OUNCES PROFITABLE AT CURRENT SPOT

AISC - December 2020 quarter



Note: bubble size indicates quarterly production

- AISC = All-in sustaining costs
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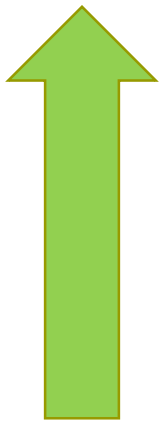


# CASH CERTAINTY

HEADROOM INCREASED

# EARNINGS GROWTH (US \$)

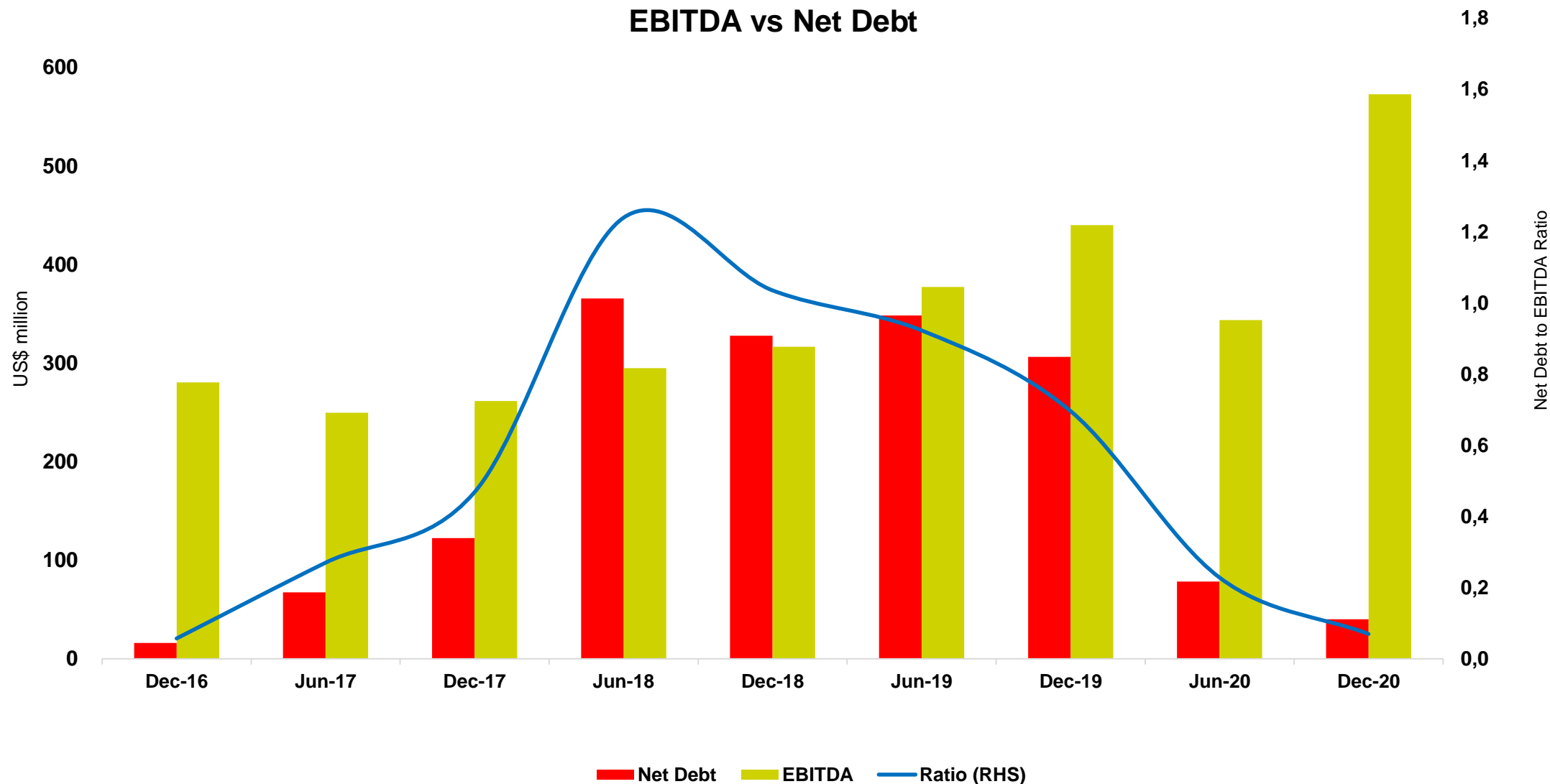
**HEPS increased by 182% to 48 US cents from 17 US cents**  
**Basic EPS increased by 247% to 59 US cents from 17 US cents**



- 69% increase in operating free cash flow margin to 22% from 13%
- 291% increase in net profit to US\$356m from US\$91m
- 19% increase in gold price received to US\$1716/oz from US\$1447/oz
- US\$56m gain on derivatives

- 49% reduction in net debt to US\$40m from US\$79m

# NET DEBT: EBITDA RATIO WELL BELOW TARGET OF 1x (US\$)

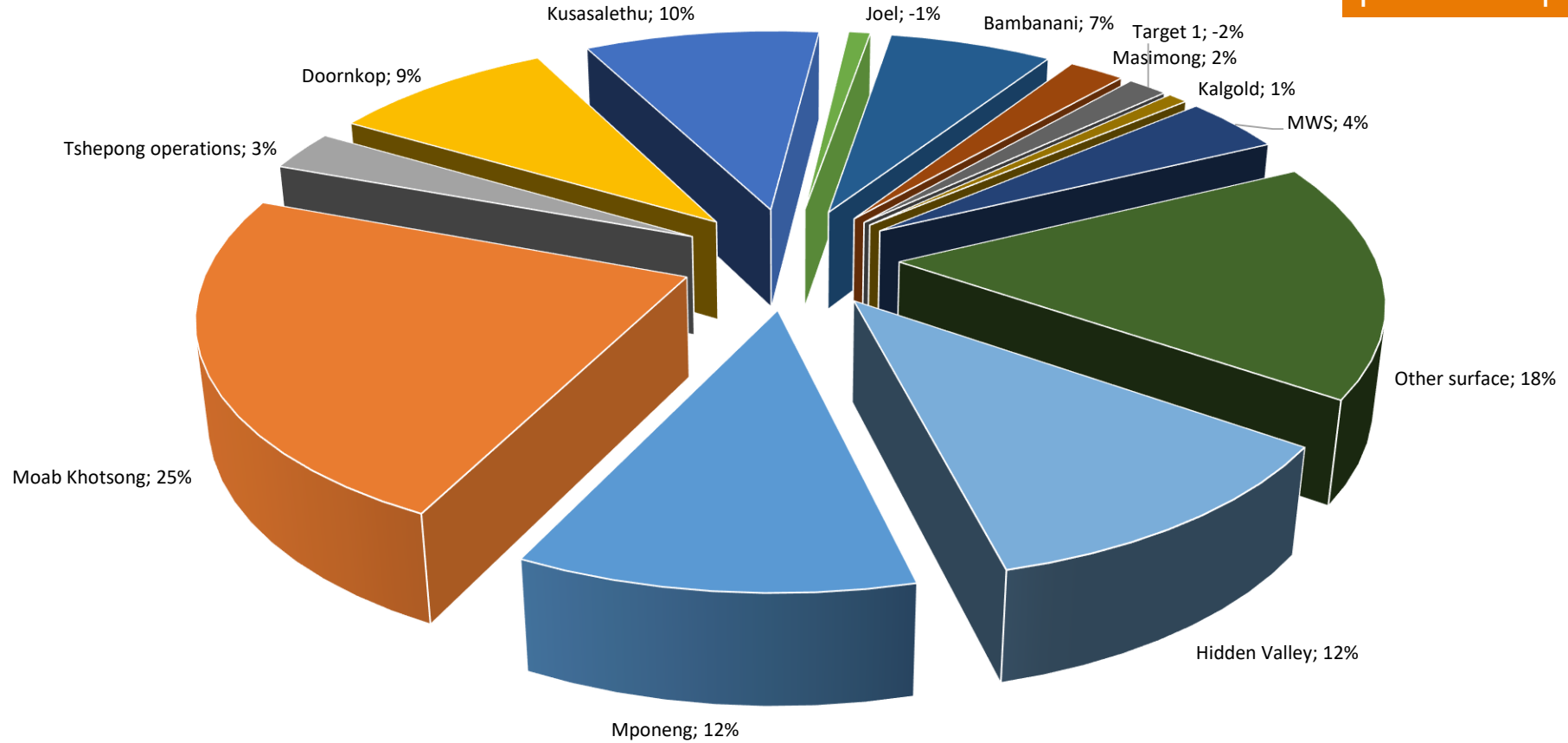




# HIGHER QUALITY ASSETS = STRONGER OPERATIONAL FREE CASH FLOWS

Operational free cash flow % of total H1FY21

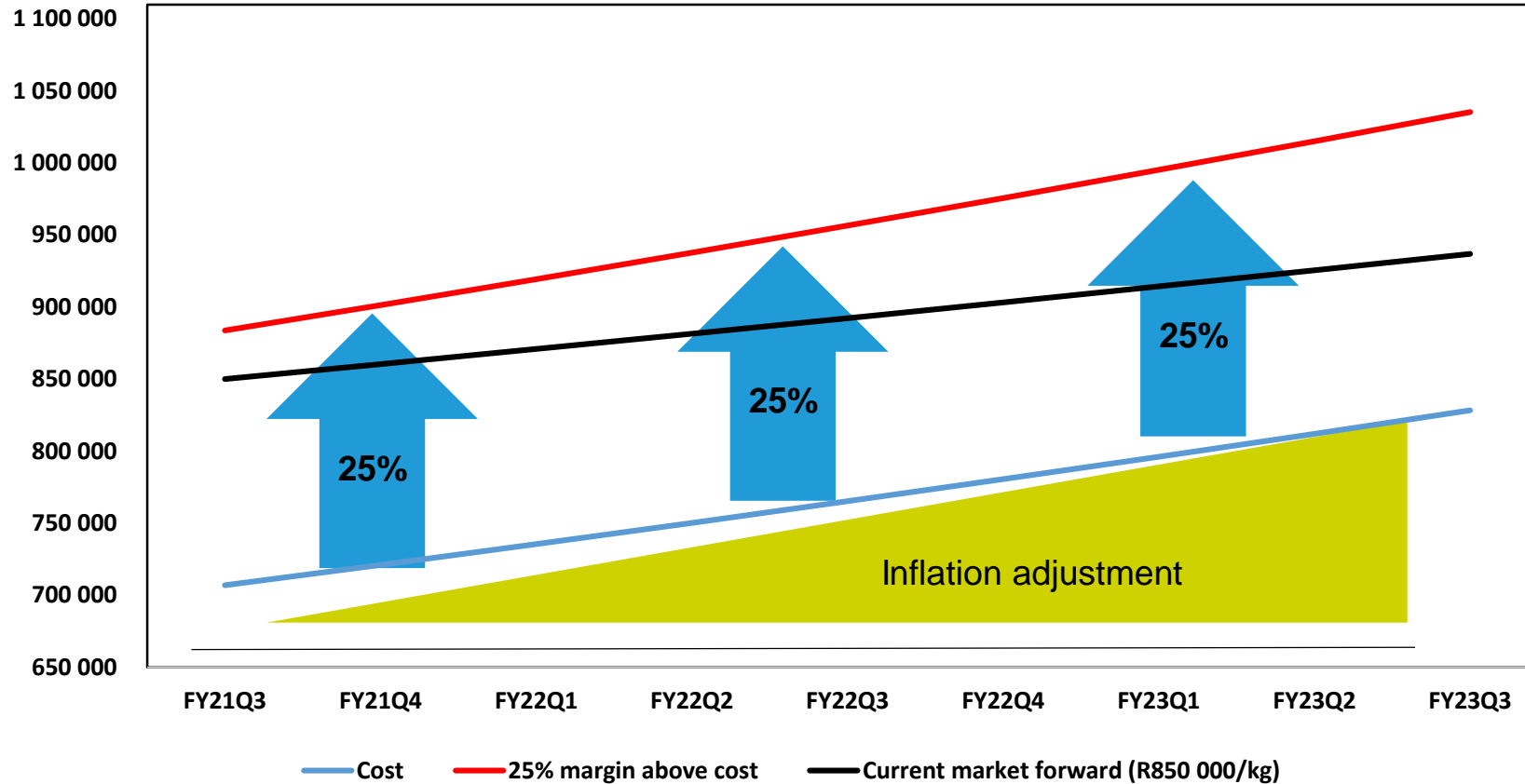
136% increase in gross production profit



Note: Total operational free cash flow R4.7 billion (US\$289 million)

# ADAPTING OUR HEDGING STRATEGY TO SECURE STRONGER MARGINS

Rand gold cost and market price



**How and when** we hedge determined by:

- being more selective before entering into hedges
- only hedging when a margin of 25% above cost can be locked in (12% previously)
- include inflation in the future estimated cost base

The existing hedging policy stipulates the following:

Gold: Up to 20% of exposure over 24 months; Silver: Up to 50% of exposure over 24 months; Foreign exchange: Up to 25% of exposure over 24 months



# EFFECTIVE CAPITAL ALLOCATION

AIMED AT GROWTH AND SHAREHOLDER RETURN



# GOOD STEWARDS OF FINANCIAL CAPITAL

## Capital allocation



### Debt repayment

Target:  
<1x net debt/EBITDA

## Deliverables achieved

- 58% reduction in net debt to R580m (US\$40m) in December 2020 from R1.4bn\*(US\$79m) in June 2020
- Net debt to EBITDA ratio of 0.1X well below our target of 1x



### Re-investment

- Taking full ownership and re-investing in Hidden Valley
- Acquisition of value-enhancing assets:
  - Moab Khotsong in March 2018
  - Mponeng and related assets in October 2020



### Returns

- Total shareholder return in share price uplift and dividend
  - share price uplift since January 2016
  - Interim dividend of 110 SA cents (7.5 US cents) declared
- Positioned to benefit from higher gold prices to fund future growth

\*Post paying for the acquired Mponeng and related assets

# CAPITAL ALLOCATION AIMED AT VALUE CREATION: MEASURED AGAINST CLEAR CRITERIA

## Lower risk profile

- Prioritise safety
- Rank surface projects higher
- Assess overall risk impact

## Improving margins

- Replace marginal ounces, reduce costs and increase margins

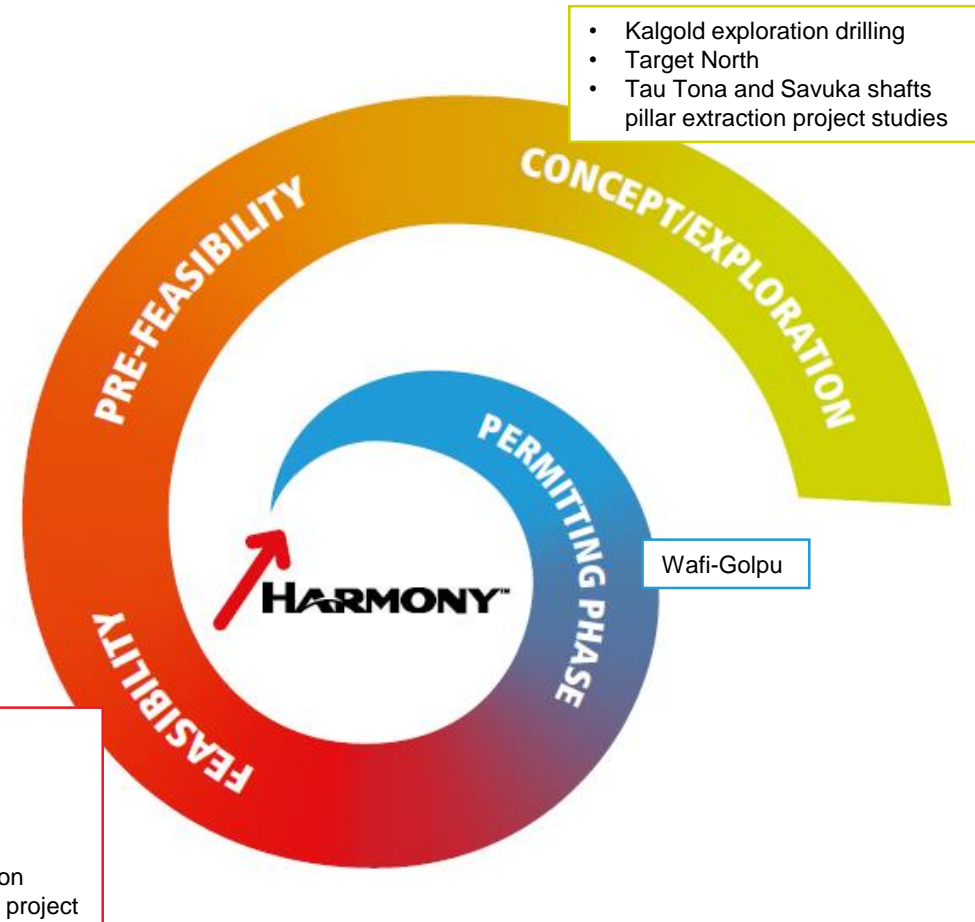
## Generating returns

- IRR target of >15%
- Paying sustainable dividends

## Affordability

- Weigh capital intensity against group cash flow projections and requirements

## Pipeline of projects

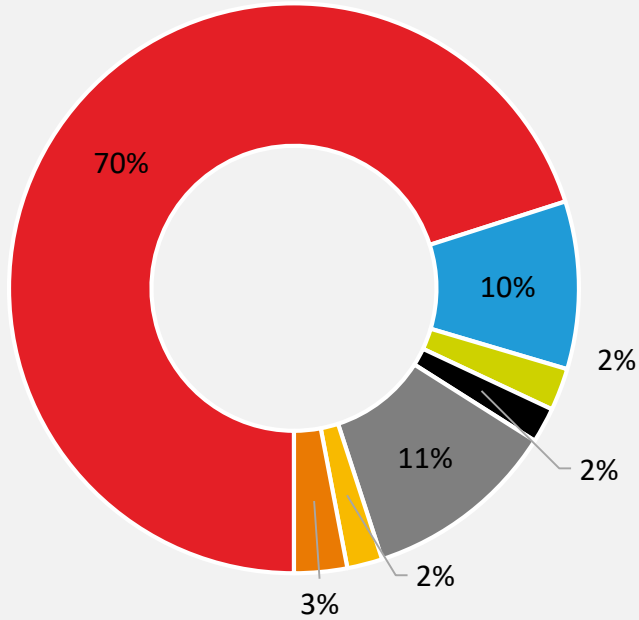


# INTERIM DIVIDEND DECLARED DEFINITIVE POLICY INTRODUCED

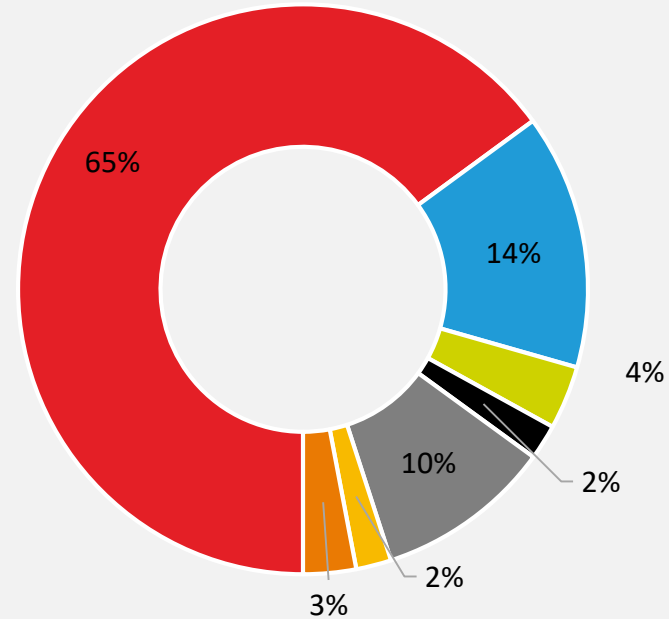
*Harmony's dividend policy is to pay a return of 20% of net free cash\* generated to shareholders, at the discretion of the board of directors\*\**

## Revenue item by use (%)

FY21E @ US\$1,500/oz gold price



FY21E @ US\$1,800/oz gold price



*Paying dividends alongside growth aspirations*

\*Net free cash is defined as operating free cash flow after capital, interest, tax, corporate and other expenses

\*\* The board will take the following into account when considering a dividend:

- 1) Future major capital expenditure,
- 2) Net debt to EBITDA not being greater than 1.0x,
- 3) Solvency and liquidity requirements in line with the SA Companies Act and
- 4) Current banking covenants.





# ANNEXURES

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MOBILE: 082 759 1775

# FY21 COST AND GRADE GUIDANCE

- Plan to produce ~1.56 Moz to 1.60 Moz in FY21, at
  - an average underground recovered grade of ~5.47g/t to 5.64g/t, and
  - an all-in sustaining cost of R700 000/kg to R720 000/kg

Operation	Reserve grade June 2020 (g/t)	Adjusted reserve grade June 2020 (-5%)	FY20 grade (g/t)	FY21 grade guidance (g/t)
Tshepong operations	5.80	5.51	5.15	4.66 - 4.80
Moab Khotsong	8.26	7.85	8.84	7.97 - 8.22
Mponeng	-	-	-	7.43 - 7.66
Bambanani	10.99	10.44	10.66	9.12 - 9.41
Target 1	4.28	4.07	4.13	3.52 - 3.63
Doornkop	5.19	4.93	4.40	4.37 - 4.50
Joel	4.80	4.56	3.99	4.01 - 4.14
Kusasaletu	7.24	6.88	4.90	5.99 - 6.17
Masimong	4.23	4.02	4.09	3.80 - 3.92
<b>Underground operations</b>	<b>5.87</b>	<b>5.58</b>	<b>5.45</b>	<b>~5.47 - 5.64</b>

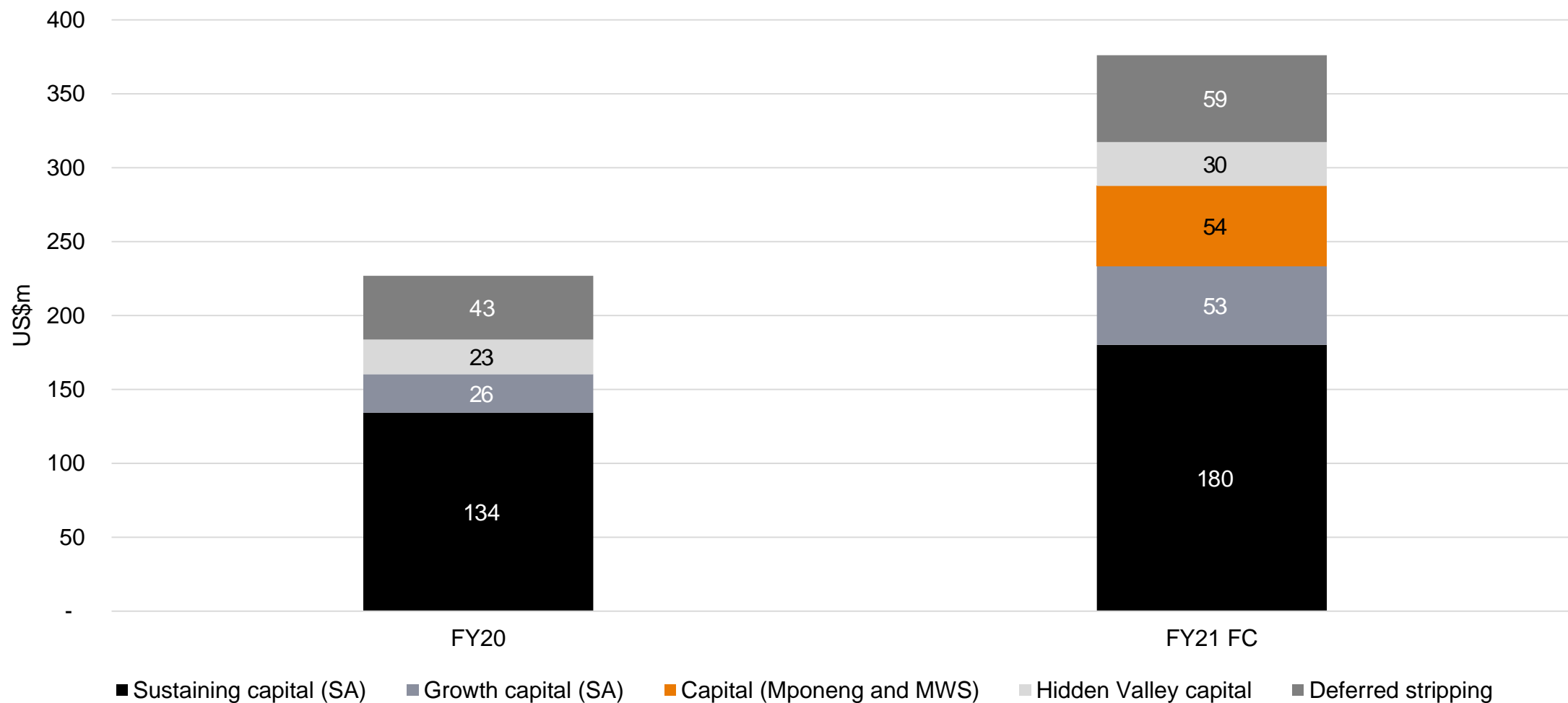


# FY21 PRODUCTION GUIDANCE (PER OPERATION)

Operation	FY20 production (oz)	FY21 guidance (oz)	Life of mine (years)
Tshepong operations	234 475	232 700 - 238 700	20
*Mponeng	-	162 800 - 167 000	9
Moab Khotsong	211 938	234 500 - 240 500	8
Bambanani	68 545	66 000 - 67 700	3
Target 1	72 146	62 800 - 64 400	7
Doornkop	96 259	122 000 - 125 200	16
Joel	44 722	48 100 - 49 300	10
Kusasaletu	96 934	137 100 - 140 700	4
Masimong	64 269	63 000 - 64 600	1.5
<b>Underground operations</b>	<b>920 861</b>	<b>1 137 000 - 1 166 000</b>	
SA surface (tailings, waste rock dumps, MWS)	102 753	215 400 - 221 000	14+
Kalgold	37 070	38 500 - 39 500	13
Hidden Valley	156 639	169 100 - 173 500	4
<b>Total</b>	<b>1 217 323</b>	<b>1.56Moz- 1.6Moz</b>	

\*Planned production for 9 months in FY21

# CAPITAL GUIDANCE\* (US\$)



\*Excluding Golpu

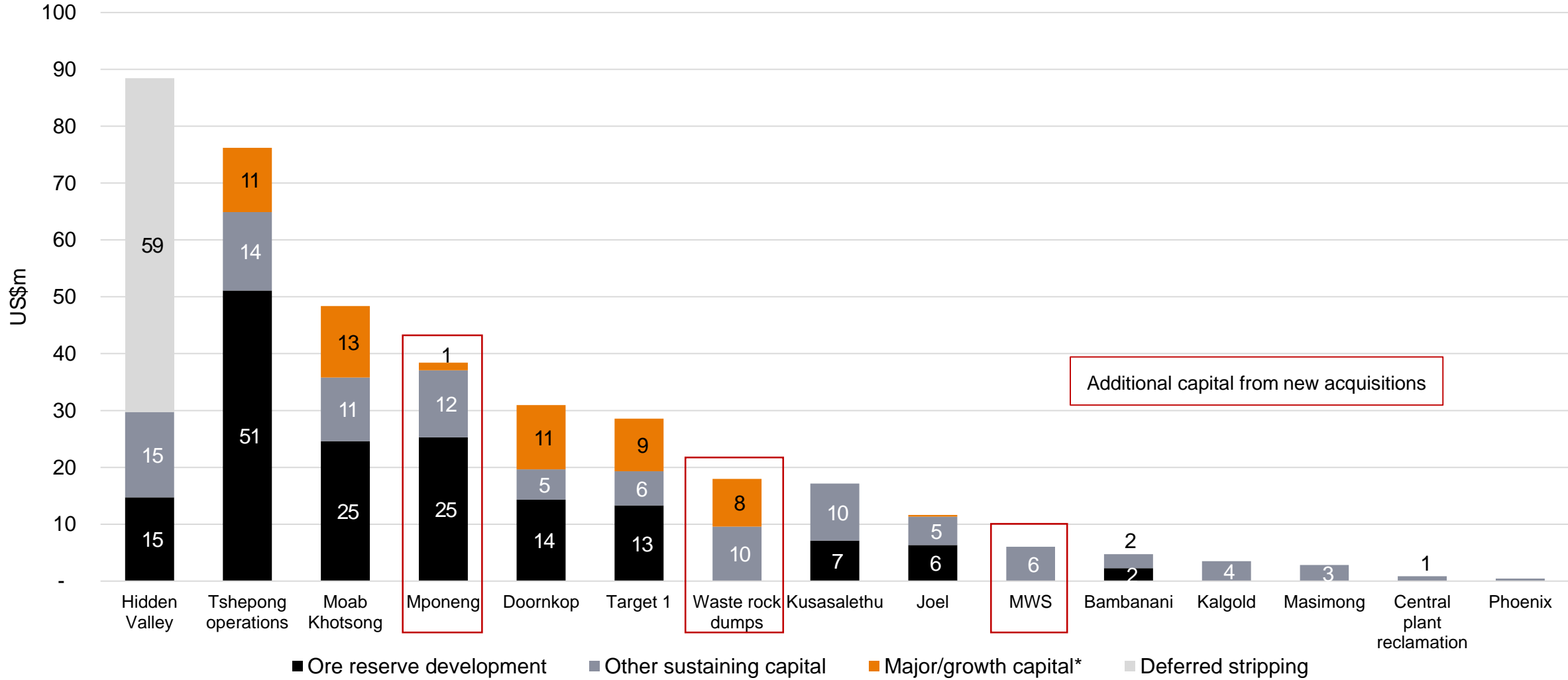
Mponeng and surface related operations as well as Mine waste solutions included for 9 months

The exchange rate used for the US\$ conversion for FY21 to FY23 is US\$=R15.55

Hidden Valley capital expenditure guidance based on exchange rate for FY21FC onwards: 1PGK = R4.2573 or 1US\$ = R15.55



# FY21 CAPITAL GUIDANCE PER OPERATION (US\$)



\*Excluded from all-in sustaining cost

#Excluding Golpu

Mponeng and surface related operations as well as Mine waste solutions included for 9 months

The exchange rate used for the US\$ conversion for FY21 is R15.55/US\$

# HEDGING TABLE AS AT 31 DECEMBER 2020

		FY2021		FY2022				FY2023		Total
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
<b>Rand gold</b>										
Forward contracts	koz	100	86	79	70	58	48	29	1	471
	R'000/kg	742	790	863	932	1 025	1 076	1 109	1 081	892
<b>Dollar gold</b>										
Forward contracts	koz	12	12	12	12	11	10	9	3	81
	US\$/oz	1 489	1 521	1 561	1 606	1 723	1 802	1 911	1 883	1 654
<b>Total gold</b>	koz	<b>112</b>	<b>98</b>	<b>91</b>	<b>82</b>	<b>69</b>	<b>58</b>	<b>38</b>	<b>4</b>	<b>552</b>
<b>Currency hedges (Rand Dollar)</b>										
Zero cost collars	\$m	84	61	47	42	27	-	-	-	261
	Floor R/\$	15,44	15,91	16,32	16,93	17,99	-	-	-	16,17
	Cap R/\$	16,62	17,28	17,90	18,54	19,65	-	-	-	17,57
Forward contracts	\$m	18	12	9	9	8	-	-	-	56
	R/\$	16,90	16,93	18,18	18,41	18,71	-	-	-	17,76
<b>Total Rand Dollar</b>	\$m	<b>102</b>	<b>73</b>	<b>56</b>	<b>51</b>	<b>35</b>	-	-	-	<b>317</b>
<b>Dollar silver</b>										
Zero cost collars	koz	375	375	365	335	315	285	175	25	2 250
	Floor \$/oz	18,29	18,42	18,61	19,52	20,05	20,43	23,13	24,24	19,51
	Cap \$/oz	19,84	20,02	20,26	21,35	22,05	22,49	25,45	26,84	21,32