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**Stillwater**

# Reinventing the future: Risks and opportunities in a volatile world

*LPPM Seminar*

*Richard Stewart*

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### MINERAL RESOURCES AND MINERAL RESERVES

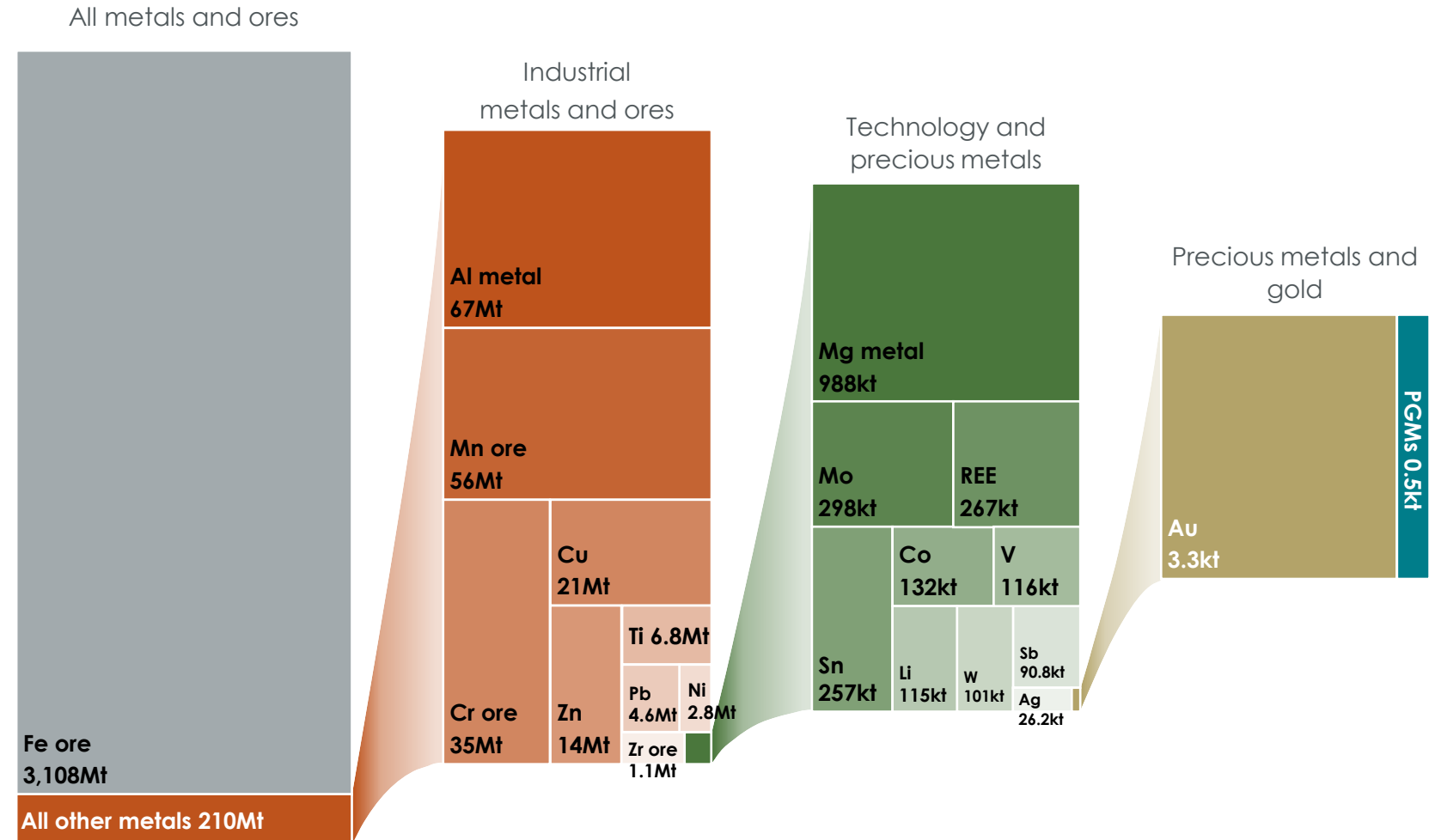
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## Introduction: PGM market fundamentals

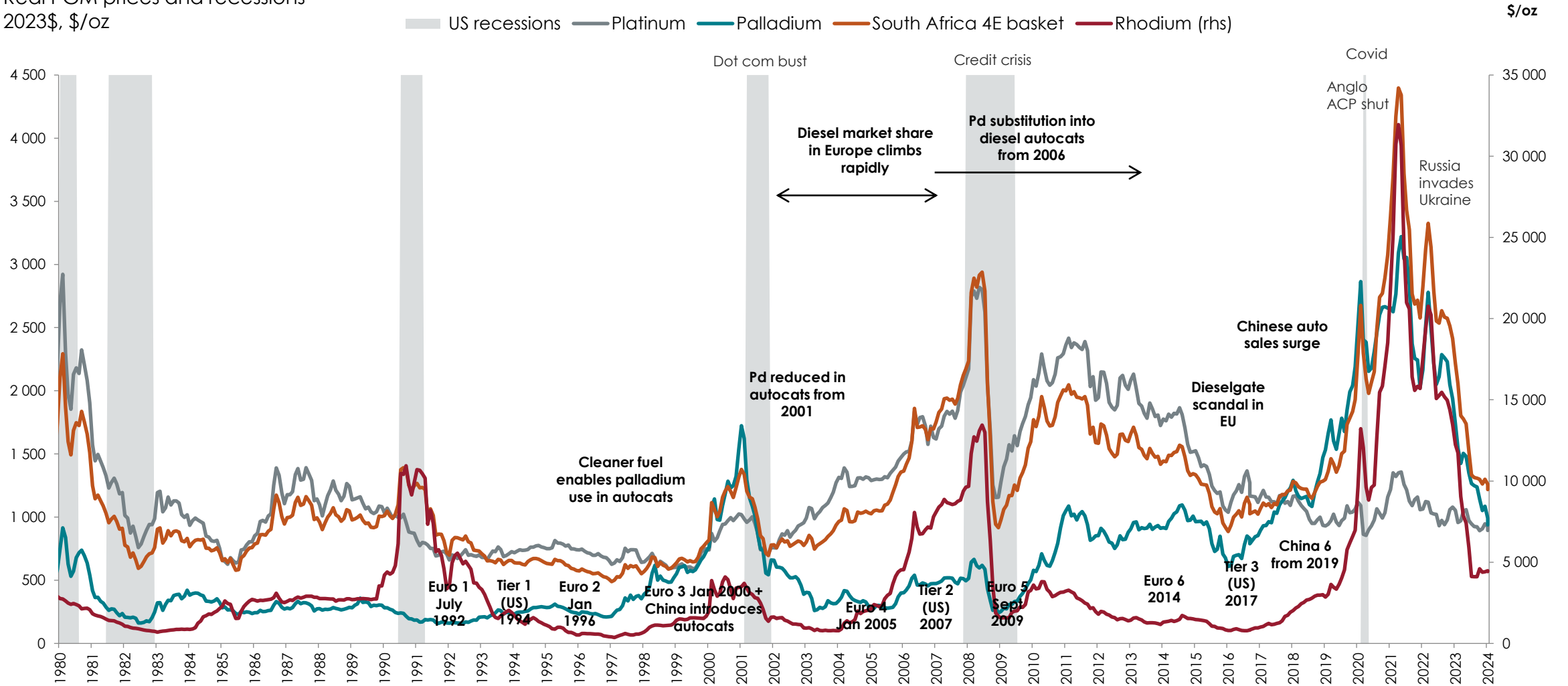
- PGMs are the most precious of metals, but the markets that drive metal prices are fundamentally industrial in nature
- Over the last 25 years, demand has primarily been driven by automobile emission legislation, at the expense of the development of other demand drivers with a long-term shift in this market occurring
- PGM supply is concentrated – in three main regions
- Recycling has become a significant source of supply
- PGMs are mined as a basket, yet individual metals have different market fundamentals
- PGMs are green metals and part of the decarbonisation solution



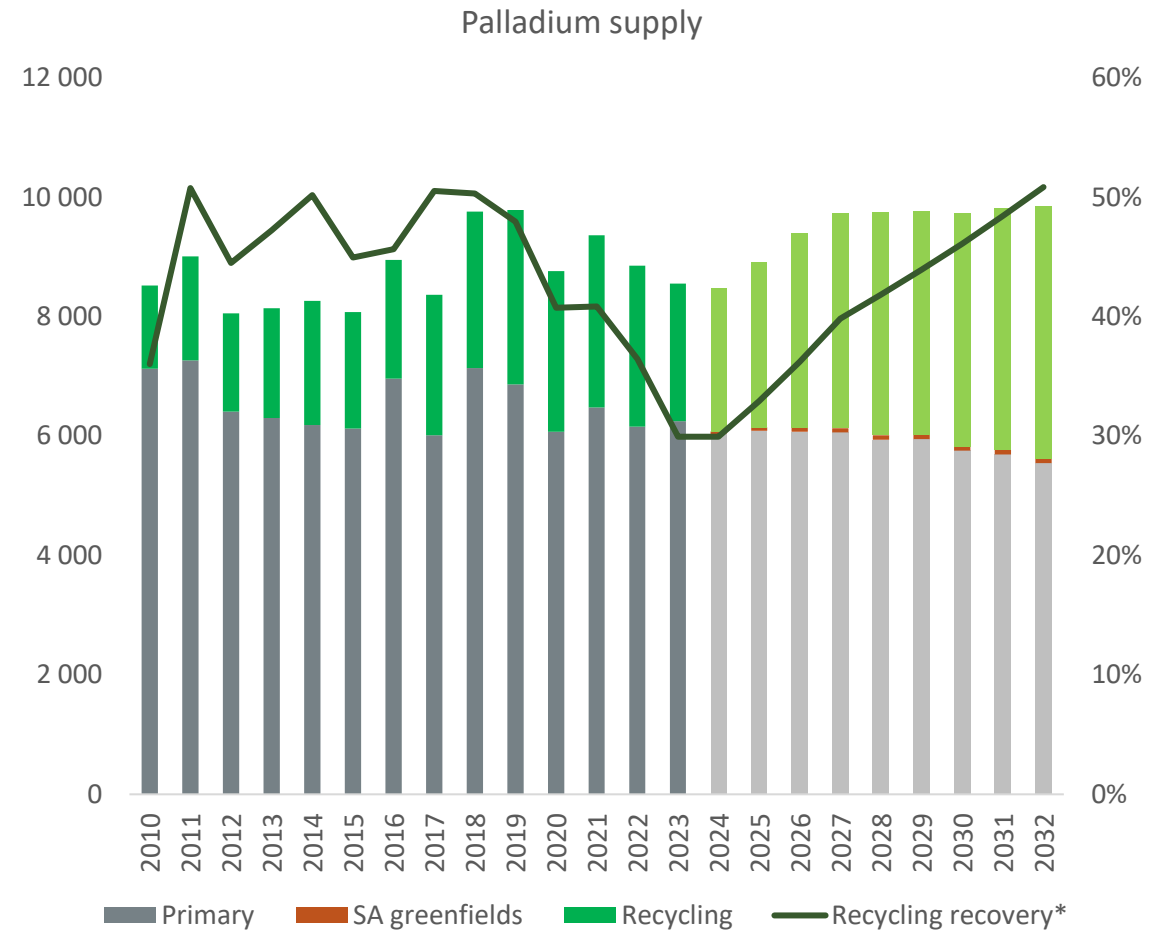
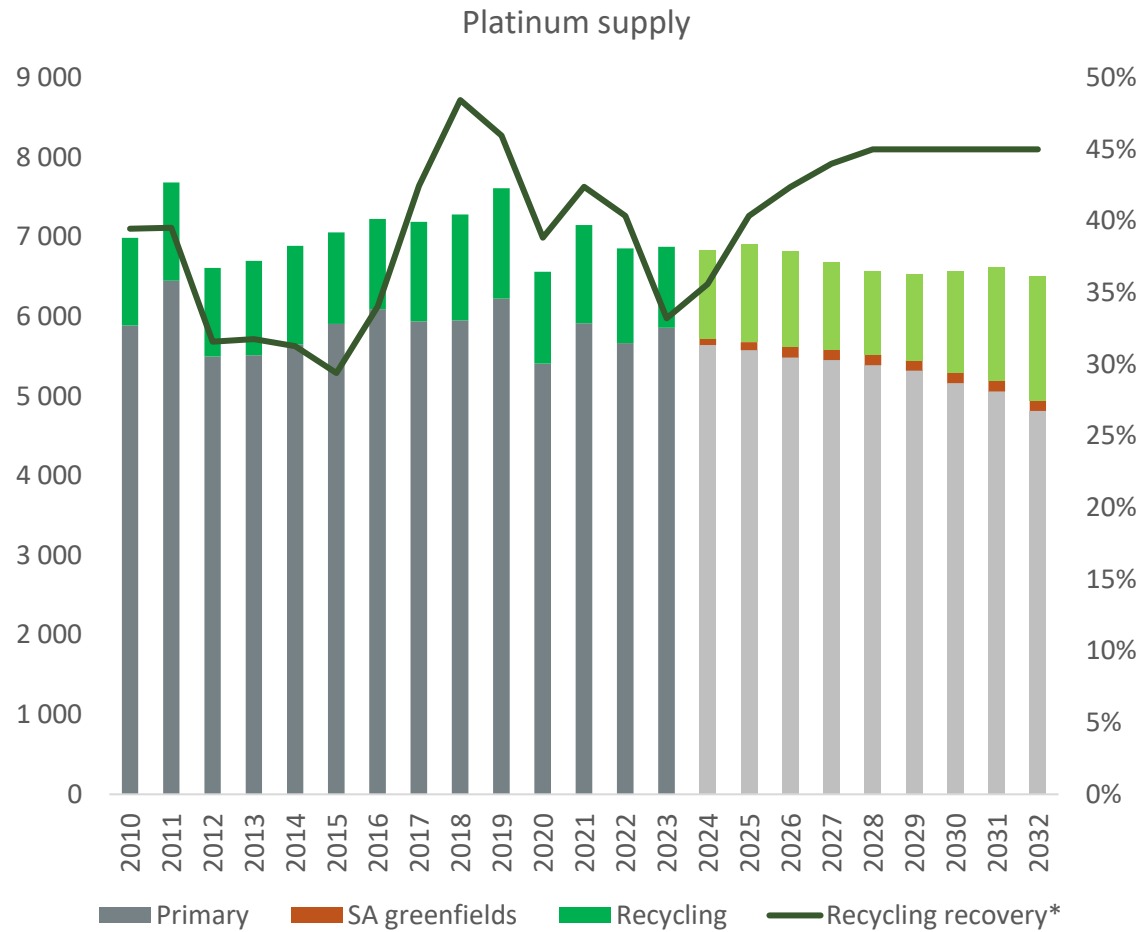
Platinum group metals and their associated markets are unique

# PGM basket price: driven by technology, legislation and economic cycles

Real PGM prices and recessions  
2023\$, \$/oz



# Primary and secondary PGM supply evolution



Historically, supply has been relatively stable and inelastic. Future supply response likely to differ due to increase in recycling supply

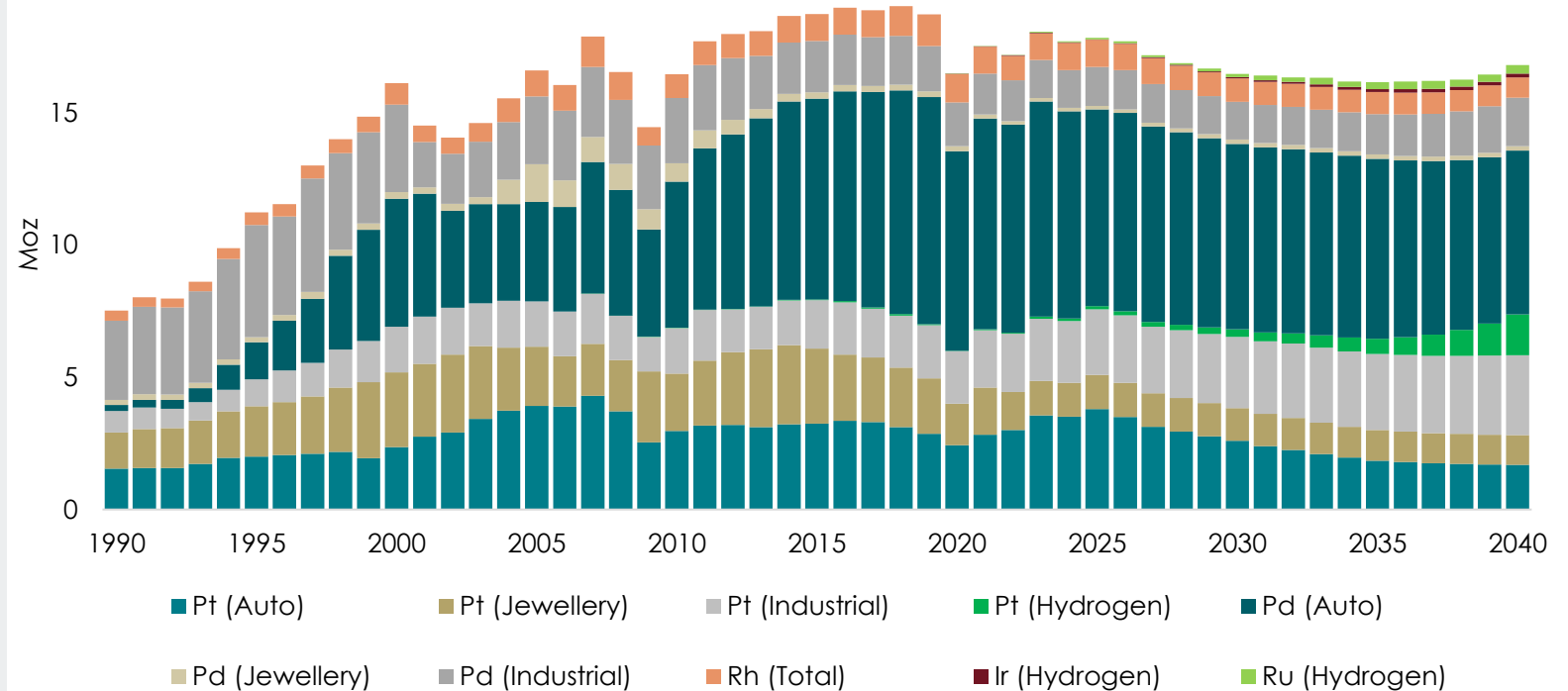
\* Recycle recovery is the % of PGM recovered from automobiles produced on average 7-9 years prior to being recycled  
 Source: Company information

## PGM demand has, and will, continue to evolve

- Autocatalytic demand and associated legislation have driven demand growth for the last three decades
  - Automotive palladium demand has come at the expense of other industrial uses
- Future 3E demand is still heavily supported by autocatalysts, however likely to gradually decline as BEVs gain market share
- Shrinking jewellery demand since its peak in 2000, primarily driven by changing demand dynamics in China and Japan
- Pt, Ir and Ru demand growth expected from the hydrogen economy
- Greatest 3E future demand growth is forecast to come from diversified industrial applications

PGM demand by metal and application

Demand "basket"	2000	2010	2019	2030	2040
Automobile	47%	55%	65%	61%	49%
Industrial (+H <sub>2</sub> )	34%	28%	23%	30%	43%
Jewellery	19%	17%	12%	9%	8%



Looking forward, the entire 5E basket becomes increasingly relevant

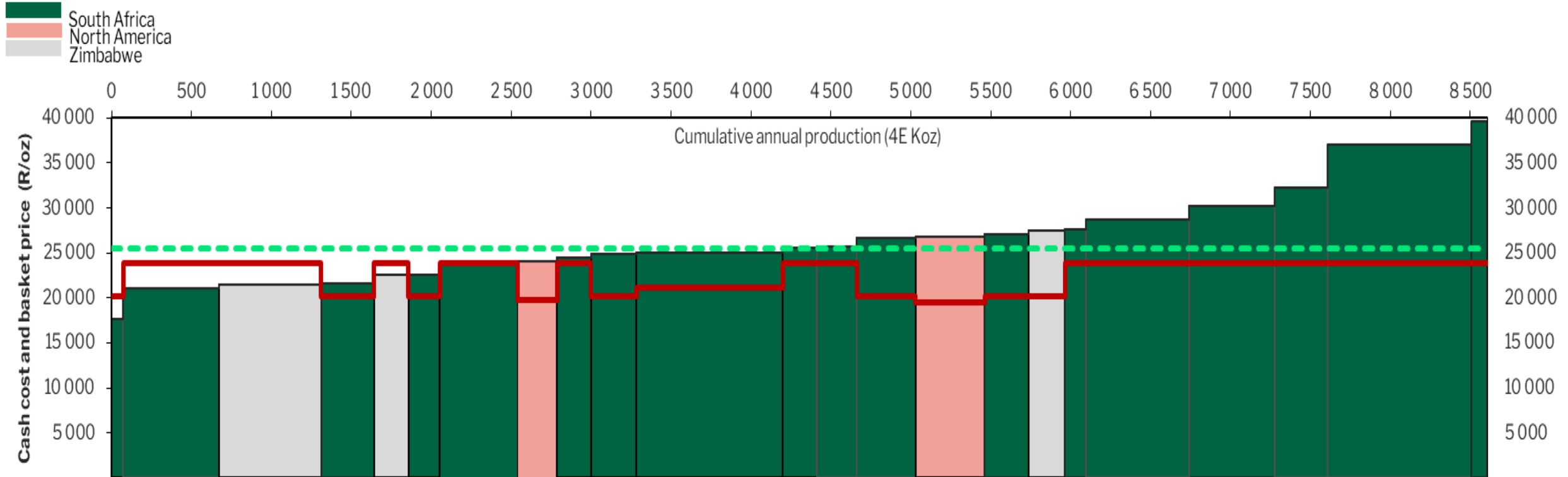
## Current market sentiment drivers

- Market share of electric powertrains is expected to increase in coming years
- Vehicle powertrains will remain a mix of technologies including ICE, Hybrids, Fuel Cells, and pure BEVs
- Sentiment largely driven by forecasting sustained rapid growth in BEV's off a low base, however economic and technical constraints, consumer preferences and global geopolitics are starting to drive and provide new insights into the direction of powertrain demand
- Layered on top of this negative sentiment are shorter term impacts that have driven volatility
  - Destocking of inventories post Covid and Chip Shortage periods
  - Lower automobile demand driven by high interest rate cycles
  - Geopolitics have impacted established supply chains
  - Market speculators



Long-term demand and supply fundamentals are not driving the current market volatility

# Today's industry context



Current prices place longer term supply security at risk. How will the industry respond?



## “Tactical” response to current economic environment



### South African challenges

#### Electricity

- Expansion of renewable programs to reduce reliance on Eskom and reduce carbon footprint
- Sibanye-Stillwater has 632MW of renewable power planned for 2026 that will provide 30% of demand and reduce scope 2 emissions by in excess of 30%
- Demand side management enhanced through technology implementation
- Industry wide initiatives to support Eskom through BLSA

#### Crime

- Enhanced intelligence, use of technology and coordinated “Business against Crime” through BLSA

#### Cost Inflation

- Largest cost driver is labour cost
- Address through inflation linked increases, productivity and safety linked incentives and profit sharing to align with other stakeholders

### Sibanye-Stillwater Response

#### Re-structuring of loss-making operations

- Closure of operations that are near the end of their lives
- Right sizing of loss-making operations
- Total supply cut from Sibanye-Stillwater South African operations is estimated at less than 4% of annual production

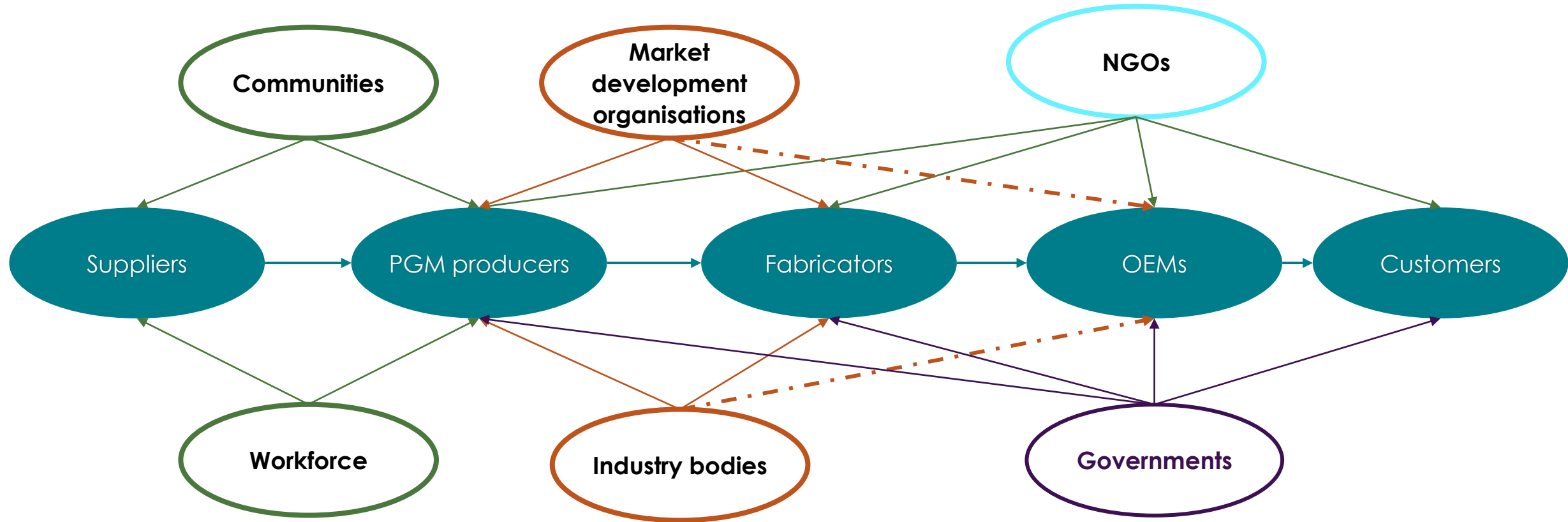
#### Capital reduction

- Selected brownfield expansions have been delayed
- Stillwater reduction of 300,000 2E ounces or 25% of future forecast Pd production
- Greenfields and expansion projects unlikely to be advanced

#### Operational efficiencies

- Reduction in operating and overhead costs through various initiatives

## The PGM industry ecosystem: interdependencies support a more structured response



To be successful, interdependencies between stakeholders need to be appreciated and explored for shared value

## Building antifragility in the PGM ecosystem (1 of 2)

### PGM producers

- Optimize operational environment to enhance efficiencies and resilience
- Explore shared infrastructure opportunities and innovative operational partnerships
- Position PGMs as green metals through superior ESG initiatives
- Develop sustainable future demand to ensure security of supply

### Governments

- Support industry as strategic and fundamental to economic growth and sustainability
- Recognize complexity and unknowns of solving climate change crisis and adopt multiple scientific based solutions approaches

### Labour and communities

- Acknowledge role as stakeholders in business rather than just beneficiaries
- Align with business cycles enabling shared value during upcycles and contributing to sustainability in down cycles
- Facilitate sustainable post mining economies

Sustainability will be driven by antifragile ecosystems and a growth mindset

## Building antifragility in the PGM ecosystem (2 of 2)

### Industry bodies

- Play a strategic role in promoting and securing industry resilience
- More than just advocacy, but alignment of multiple stakeholders underpinned by commercial shared value that drives positive change
- Develop targeted and measurable value adding strategies to sustain and grow the industry

### Market development organisations

- Strategic market development initiatives that have clear objectives, including financial returns
- Recognition of appropriate strategies for growth markets compared to declining and stable markets
- Integrated development involving multiple stakeholders in the value chain

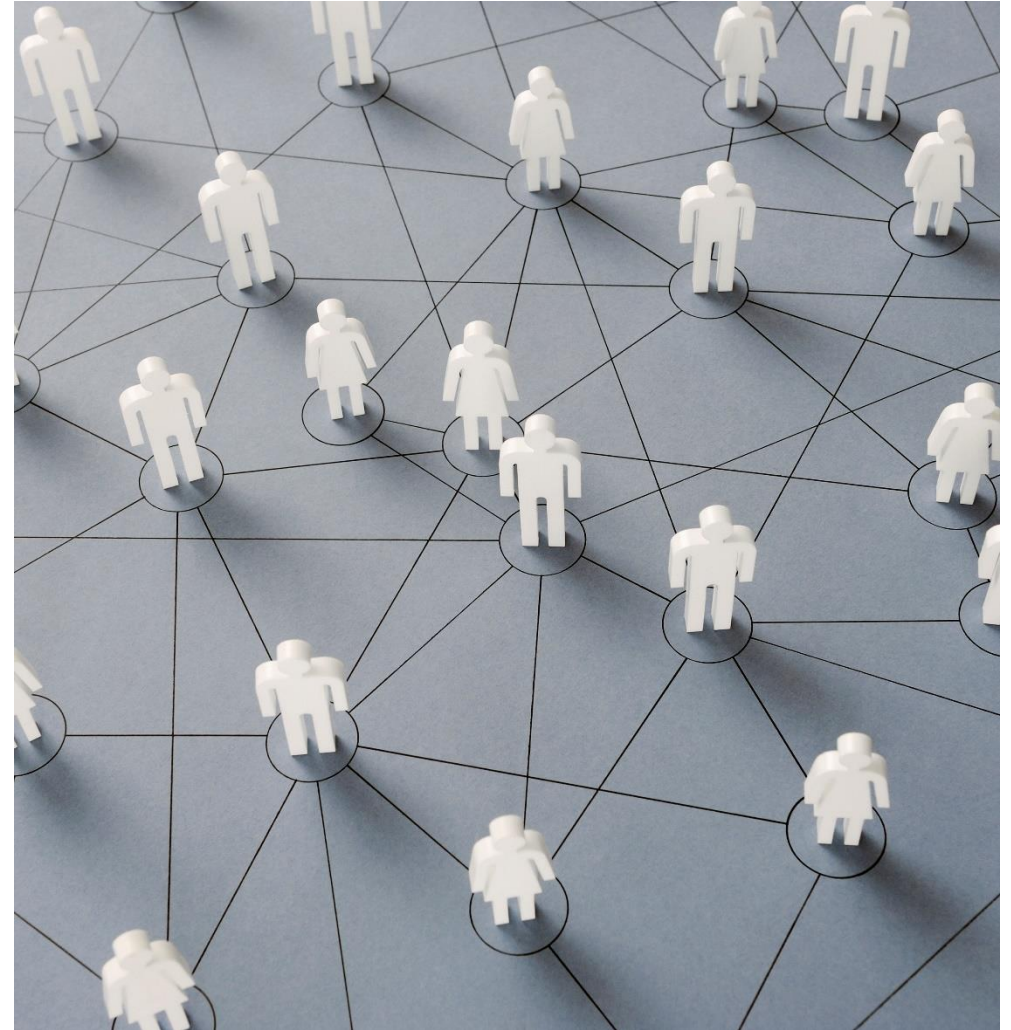
### OEMs and customers

- Recognition of the value chain, rather than just the supply chain
- Develop understanding of PGM basket supply opportunities and risks and co-develop long term, resilient supply chain strategies

Sustainability will be driven by antifragile ecosystems and a growth mindset

## A strategic approach to market development

- Acknowledging that PGMs are industrial metals as opposed to precious metals
- Developing demand aligned with the global PGM supply basket creates sustainability
- Market development is required for all the metals in the basket as opposed to the historical dominant SA PGM industry focus on platinum
- Investment in 'sticky' industrial demand applications to reduce the over reliance on the auto sector
- Recognize changing consumer preferences as it relates to jewelry demand
- Working together with like-minded, strategic partners across the value chain (fabricators and end users) is more likely to align demand with supply and result in mutually beneficial outcomes
- Market development should be focused on a low carbon future including circularity
- Lowest cost/highest impact opportunities



**Market development needs to recognize the changing mobility landscape**

# Driving innovative market development for balanced demand

Tri-metal catalyst<sup>1</sup> with BASF in 2020 enabled partial substitution of palladium with platinum

- A more sustainable approach to the international Pt and Pd basket weighting
- **Allows for continued switching between Pt and Pd, underpinning the long-term demand for Pd**



Partnering with Heraeus Precious Metals on two projects

- Ruthenium-based catalyst for PEM electrolysis developed, reducing future reliance on scarce iridium<sup>2</sup>
  - Ruthenium use mitigates expected iridium supply bottlenecks as production is 3.5x that of iridium
  - Catalyst achieves 50x higher mass activity than iridium oxide and remains stable after 30,000 cycles
  - Implementation leads to 90% reduction in capital expenditure, making hydrogen production more feasible
- Exploring new applications for palladium in the hydrogen economy<sup>3</sup>
  - Unique physical and chemical characteristics of palladium lend themselves to wider industrial applications
  - Palladium, having a high selectivity for hydrogen, may be used in a broad range of applications incl. the purification of hydrogen for various use cases



## Market development leveraging the ecosystem

1. Picture of tri-metal catalyst sourced from the BASF website at [https://catalysts.basf.com/files/literature-library/BF-10654\\_US\\_TMC\\_Datasheet-08202020.pdf](https://catalysts.basf.com/files/literature-library/BF-10654_US_TMC_Datasheet-08202020.pdf)  
2. Full release: [https://thevault.exchange/wp-json/tv/https://thevault.exchange?get\\_group\\_doc=245%2F1699954050-JointPressRelease-Ruthenium-Catalyst-Heraeus-Sibanye-Stillwater14Nov2023.pdf&tvh=MzY1](https://thevault.exchange/wp-json/tv/https://thevault.exchange?get_group_doc=245%2F1699954050-JointPressRelease-Ruthenium-Catalyst-Heraeus-Sibanye-Stillwater14Nov2023.pdf&tvh=MzY1)  
3. Full release: [https://thevault.exchange/wp-json/tv/https://thevault.exchange?get\\_group\\_doc=245%2F1707987012-JointPressReleasePalladium-Heraeus-Sibanye-Stillwater15Feb2024.pdf&tvh=MzY1](https://thevault.exchange/wp-json/tv/https://thevault.exchange?get_group_doc=245%2F1707987012-JointPressReleasePalladium-Heraeus-Sibanye-Stillwater15Feb2024.pdf&tvh=MzY1)

## A solid base to build on

### Established relationships between producers, fabricators and OEMs resulting in successful collaboration

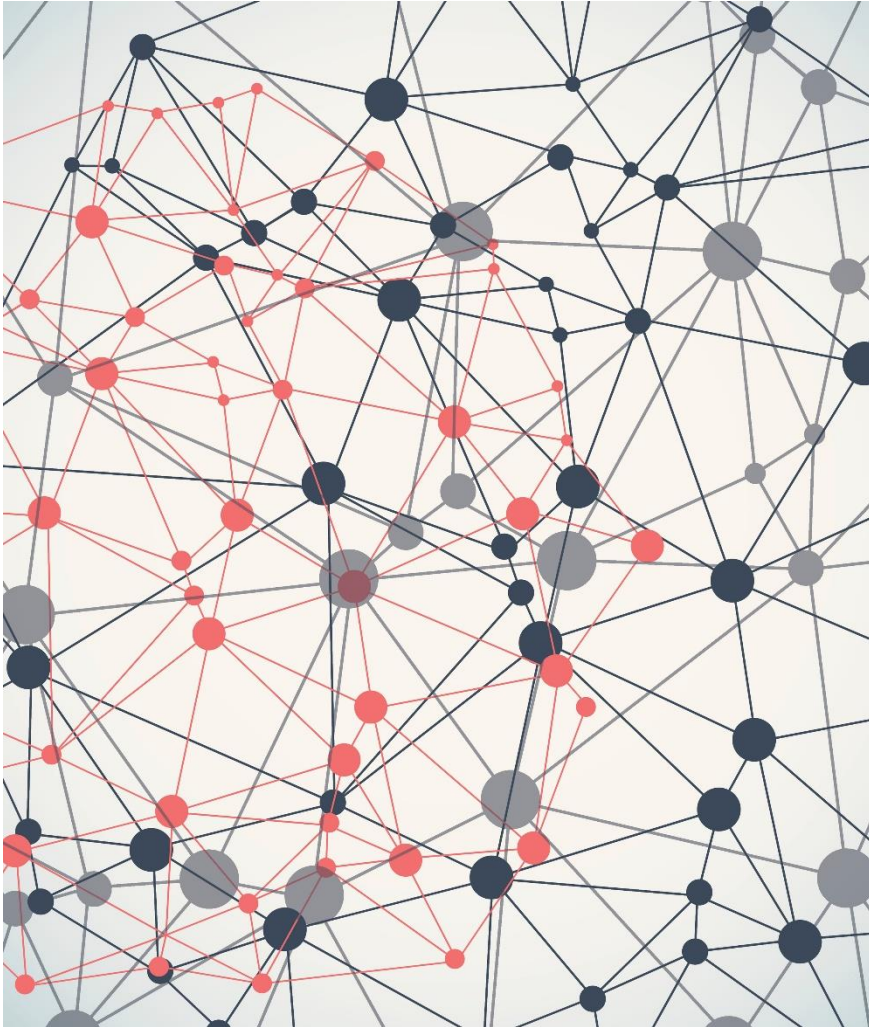
- Pt/Pd substitution
- Ir/Ru catalysts for PEM electrolyzers
- Japanese OEMs historically buying in prill split
- Formalised relationships (Johnson Matthey and Anglo Platinum) drove significant industry developments

### Industry bodies

- International PGM Association (IPA)
  - Drive strategic value adding industry initiatives and greater integration across the ecosystem and geographical footprints
- Minerals Council and Business Leadership South Africa (BLSA)
  - Addressing South African business challenges to ensure security of supply

### Collaborative market development

- Historical models demonstrated success of collaboration (e.g. PGI)
- New models adapting to market dynamics and funding models (e.g. AP Ventures)
- Collaboration across the value chain has yielded optimal results (alignment of supply demand and technology solutions)



- PGM metals and markets are unique, but the industry has been spoilt over the past 30 years by significant growth and fundamental demand driven primarily by legislation and automobiles
- Sustainability will be driven by demand, not by supply responses
- As an integrated eco-system, we can impact demand trends
- The industry has not undergone a structural change
- Long term demand shifts present a significant opportunity to impact on the world's greatest existential threat - climate change
- Adopting a collaborative ecosystem approach will enhance our resilience, ensure sustainability and maximise value for all stakeholders
- We have a strong ecosystem base to work off however we need a strategic shift in thinking, learning from past successes, building on current initiatives and re-inventing ourselves to deliver into changing market dynamics
- As stakeholders in the PGM industry, we are not just beneficiaries but rather, custodians of these very precious metals





# Questions?

Email: [ir@sibanyestillwater.com](mailto:ir@sibanyestillwater.com)

James Wellsted +27(0)83 453 4014

Henrika Ninham +27(0)72 448 5910

Chris Law

+44(0)792 312 6200

Sarel Barnard

+27(0)82 376 9445

Tickers: JSE: SSW and NYSE: SBSW  
Website: [www.sibanyestillwater.com](http://www.sibanyestillwater.com)

