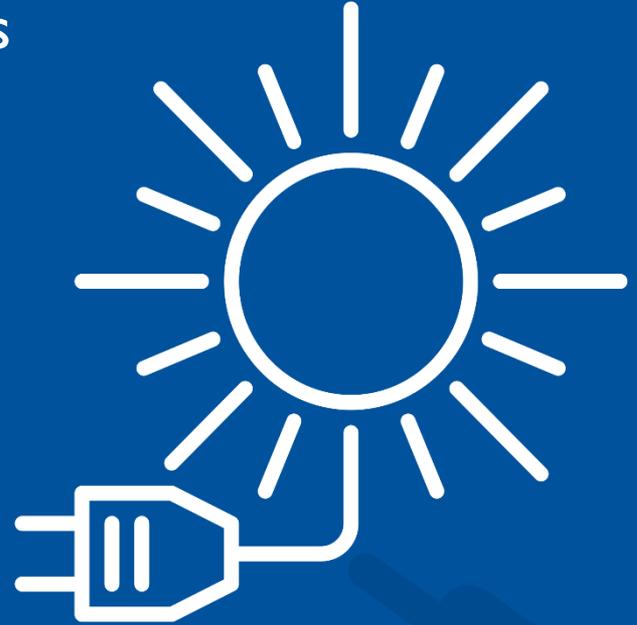


# Group interim results

for the six months ended  
30 September 2021



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Certain statements in this presentation regarding Eskom's business operations may constitute "forward looking statements". All statements other than statements of historical fact included in this presentation, including, without limitation, those regarding the financial position, business strategy, management plans and objectives for future operations of Eskom are forward looking statements.

Forward-looking statements are not intended to be a guarantee of future results, but instead constitute Eskom's current expectations based on reasonable assumptions. Forecasted financial information is based on certain material assumptions. These assumptions include, but are not limited to continued normal levels of operating performance and electricity demand in the Distribution and Transmission Divisions and operational performance in the Generation Division consistent with historical levels, and incremental capacity additions through the Group Capital Division at investment levels and rates of return consistent with prior experience, as well as achievements of planned productivity improvements throughout the business activities.

Actual results could differ materially from those projected in any forward-looking statements due to risks, uncertainties and other factors. Eskom neither intends to nor assumes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

In preparation of this document certain publicly available data were used. While the sources used are generally regarded as reliable the content has not been verified. Eskom does not accept any responsibility for using any such information.

# Key points

## Operations recovery

Generation performance

Loadshedding required

**427GWh** (Sep 2020: 443GWh)

Transmission and distribution network performance stable

Progress on new build programme and correcting new build defects

Particulate emissions

**0.32kg/MWhSO**

(Sep 2020: 0.35kg/MWhSO)

despite ongoing challenges at Kendal

## People and culture

Headcount **42 325**

(from a high of 48 628 in 2018)

mainly due to natural attrition & VSPs

## Improve the income statement

Net profit after tax **4 178%**

**R9.2 billion** (Sep 2020: R0.2 billion)

Financial results have improved across all key profitability metrics

Sales volumes **8%**

**100 901GWh**

(Sep 2020: 93 388GWh)

due to easing of lockdown restrictions

EBITDA **58%**

**R44.8 billion** (Sep 2020: R28.3 billion)

due to higher revenue and improved cost control

**15.06% tariff increase**

for the 2022 financial year due to favourable High Court judgments, and RCA and MYPD 4 decisions

## Strengthen the balance sheet

Gross debt and borrowings

**R392.1 billion** **15%**

(Sep 2020: R463.7 billion)

Capital repaid Interest paid

**R24.4 billion R16.3 billion**

Net interest-bearing debt

**R360.3 billion** **14%**

(Sep 2020: R420.6 billion)

Government support received

**R31.7 billion**

## Looking ahead

### Legal separation

Eskom's deliverables are on track, but delays in external decisions and dependencies place Transmission separation by 31 December 2021 at risk

### March 2022 outlook

Forecast net loss after tax

**R9.1 billion**

(Mar 2021: loss of R18.9 billion)

Historically lower revenue (tariffs and volumes), higher maintenance and RE-IPP use in the second half of the year, as well as significant spend expected on OCGTs due to low EAF



# Generating plant and network performance

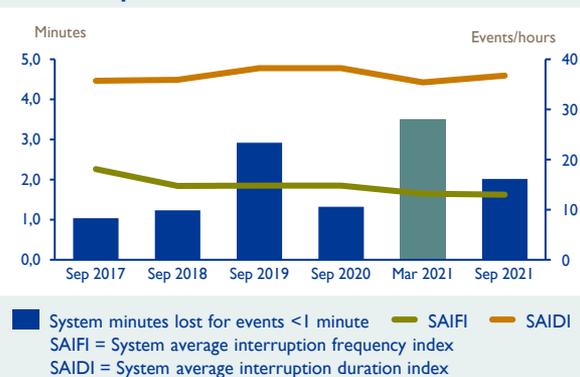
## GENERATION PERFORMANCE

- Unplanned load losses increased to 23.14% (Sep 2020: 18.64%), with plant availability declining to 65.27% (Sep 2020: 67.86%)
- Loadshedding implemented on 21 days (Sep 2020: 19 days)
- Gas turbine usage remained high, at a cost of energy (Eskom and IPP-owned OCGTs) of R4.5 billion (Sep 2020: R2.6 billion), with almost 80% being driven by volume increase
- Generation recovery plan and reliability maintenance recovery programme continue
- Major incidents at Medupi Unit 4 on 8 August 2021 (generator explosion), and at Kendal Unit 1 on 11 September 2021 (generator transformer fire)
- Koeberg Unit 1 tripped on 30 August and 24 October 2021, but was safely returned
- Average coal stock reduced to 47 days (Sep 2020: 57 days), well within Grid Code requirements

### Generation performance



### Network performance



## NETWORK AND NEW BUILD

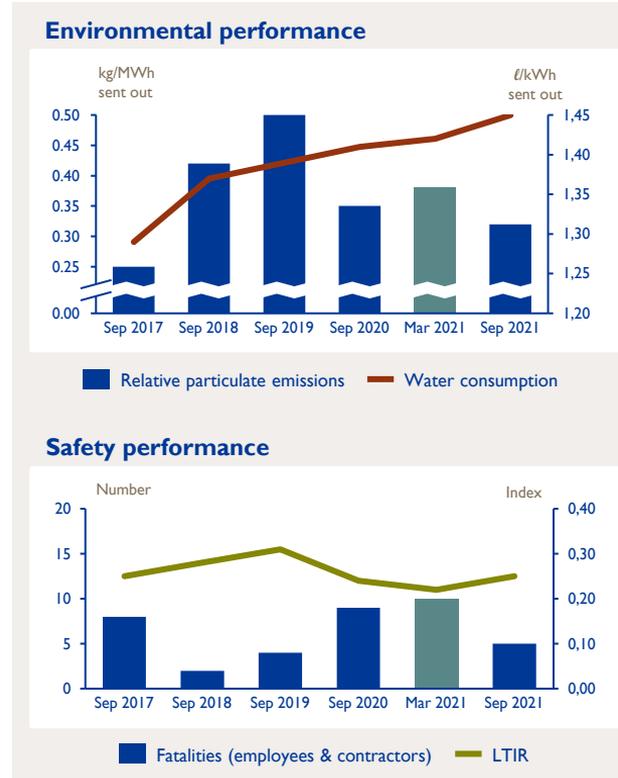
- Transmission system minutes performance deteriorated to 2.01 minutes (Sep 2020: 1.32 minutes), due to one large incident of 0.86 minutes
- Distribution network performance remained stable
- Medupi Unit 1 achieved commercial operation on 31 July 2021
- Boiler modifications completed at all six Medupi units and Kusile Unit 1, and in progress at Kusile Unit 2
- Good progress on Kusile Unit 4, targeting synchronisation by January 2022 and commercial operation by June 2022
- World Bank approved Medupi FGD implementation extension to June 2027; technology selection to be completed
- First Majuba coal train (since the fire in December 2019) successfully offloaded in early October 2021



# Environmental performance, people and society

## ENVIRONMENTAL PERFORMANCE

- Relative particulate emission performance improved to 0.32kg/MWh sent out (Sep 2020: 0.35kg/MWhSO)
- Poor performance at Matla, Lethabo, Tutuka, Kendal, Hendrina and Grootvlei, mainly due to poor coal quality and poor performing dust handling and SO<sub>3</sub> plant
- Emissions performance at Kendal has improved, but challenges continue
- Kendal pre-trial hearing postponed to January 2022
- Water consumption at power stations deteriorated slightly to 1.45ℓ/kWhSO (Sep 2020: 1.41ℓ/kWhSO)
- A total of 31 environmental legal contravention incidents recorded (Sep 2020: 37), 24 were water-related



## PEOPLE AND SOCIETY

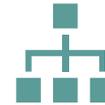
- Headcount continued to decline to 42 325 (Sep 2020: 43 795), primarily due to natural attrition and voluntary separation packages
- Group lost-time injury rate remained stable at 0.25 (Sep 2020: 0.24)
- Sadly, three employee and two contractor fatalities were recorded (Sep 2020: two employees and seven contractors)
- Racial and gender equity continued to improve, with racial equity at professional/middle management level at 80.87% (Sep 2020: 79.17%)
- Disability equity declined to 2.91% (Sep 2020: 2.97%)
- 38 256 electrification connections completed (Sep 2020: 63 909)
- Achieved preferential procurement spend of 67.65% (Sep 2020: 64.62%)



## Progress on legal separation

### ESKOM ACTIVITIES

- Functional separation has been achieved, with support staff relinked to operations ✓
- Divisional boards and separate financial statements in place ✓
- National Transmission Company South Africa SOC Ltd (NTCSA) incorporated as wholly owned subsidiary ✓
- Interim directors in place until permanent directors are appointed ✓
- External due diligence completed ✓
- Measures in place to start trading between NTCSA and the Generation and Distribution Divisions ✓
- Asset transfer agreement, with suspensive conditions, being prepared for signature by 31 December 2021. PFMA approval awaited from DPE and National Treasury →
- NTCSA is expected to be operational during the 2022 calendar year
- We continue to work on delivering those items under our control



### EXTERNAL DEPENDENCIES

- Licences to be granted → NERSA
- Lender consent required
- Amendment of the Electricity Regulation Act, 2006 to support the ultimate industry structure → DMRE



Timelines according to the DPE Roadmap  
 Transmission to be separated by 31 December 2021  
 Generation and Distribution to be separated by 31 December 2022

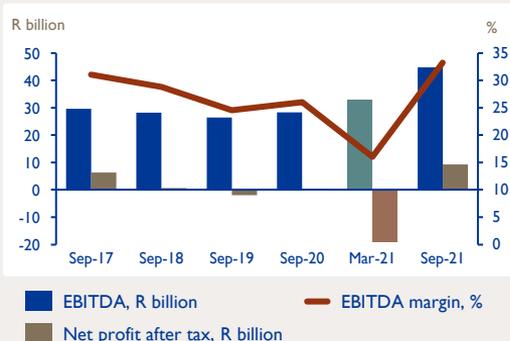
# Key financial indicators



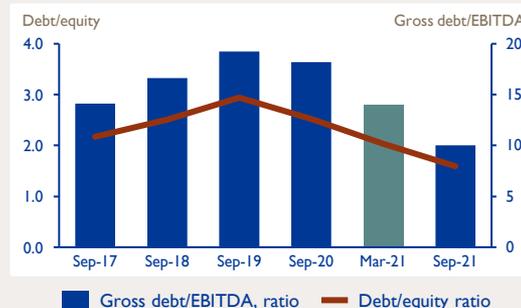
Financial indicator	Unaudited Sep 2021	Restated Sep 2020 <sup>1</sup>
Revenue, R million	134 982 ↑	108 723
EBITDA, R million	44 836 ↑	28 336
EBITDA margin, %	33.22 ↑	26.06
Operating profit (EBIT), R million	29 253 ↑	14 515
Net profit after tax, R million	9 241 ↑	216
Pre-tax nominal return on assets, %	4.88 ↑	2.45
Cash interest cover, ratio	2.20 ↑	1.00
Debt service cover, ratio	0.88 ↑	0.44
Net debt/EBITDA, ratio	9.12 ↑	16.65
Debt/equity (including long-term provisions), ratio	1.59 ↑	2.52
Gearing, %	61 ↑	72
Free funds from operations (FFO) as % of gross debt	10.35 ↑	6.48

↑ Performance improved    ↓ Performance declined

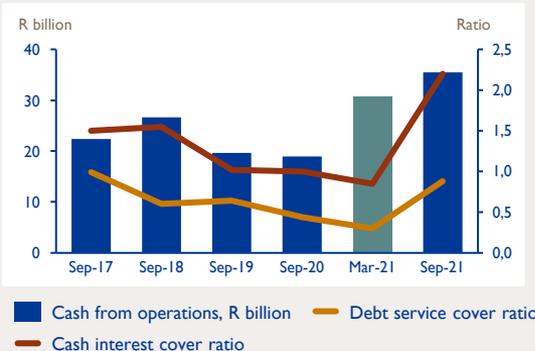
## Profitability



## Gearing



## Solvency



- Financial indicators improved significantly despite navigating a challenging and uncertain operating environment
- Increase in tariffs and recovery of sales volumes contributed to enhanced profitability and improved operating cash flows
- Gearing ratios improved due to Government equity support and enhanced profitability
- Solvency ratios improved due to a recovery in operating cash flows, although cash flows remained inadequate to meet debt servicing requirements on a standalone basis

1. Restatements are disclosed in note 17 of the interim financial statements

## Group income statement for the period ended 30 September 2021



R million	Unaudited Sep 2021	Restated Sep 2020 <sup>1</sup>	%
Revenue	134 982	108 723	24▲
Other income	849	637	33▲
Primary energy	(61 766)	(54 318)	14▲
Net employee benefit expenses	(16 762)	(16 415)	2▲
Net impairment (loss)/reversal	(214)	102	
Other expenses	(12 253)	(10 393)	18▲
<b>EBITDA</b> (before net fair value)	<b>44 836</b>	<b>28 336</b>	<b>58▲</b>
Depreciation and amortisation expenses	(15 583)	(13 821)	13▲
<b>Operating profit (EBIT)</b>	<b>29 253</b>	<b>14 515</b>	<b>102▲</b>
Net fair value and foreign exchange gain on financial instruments and embedded derivatives	373	1 091	
Net finance cost	(16 621)	(15 354)	8▲
Share of profit of equity-accounted investees	36	47	
<b>Profit before tax</b>	<b>13 041</b>	<b>299</b>	
Income tax expense	(3 800)	(83)	
<b>Net profit for the period</b>	<b>9 241</b>	<b>216</b>	<b>4 178▲</b>

▲ Income/gain increased  
▼ Expense/loss declined

▼ Income/gain declined  
▲ Expense/loss increased

## FINANCIAL COMMENTARY

- **Revenue:** 15.06% tariff increase for 2022, supported by an 8% growth in sales volumes
- **Primary energy cost:** higher production required to meet the recovery in demand, particularly by OCGTs and IPPs, coupled with substantial diesel price increase
- **Employee benefit cost:** higher contract labour and overtime costs; costs controlled through headcount reduction and no managerial salary increases
- **Other expenses:** R1.9 billion increase in repairs and maintenance to address plant performance, coupled with write-offs due to damage at Medupi Unit 4 and Kendal Unit 1
- **Depreciation:** increase due to commissioning of new plant
- **Net finance cost:** less finance costs capitalised as new build units are completed; gross finance costs were contained through an overall reduction in debt

Based on preliminary assessments, **R0.9 billion** written off relating to the explosion at **Medupi Unit 4** and **R86 million** written off relating to the transformer fire at **Kendal Unit 1**

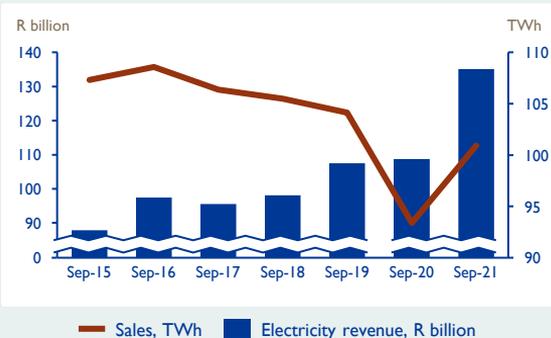
## Sales and revenue



Revenue, R million	Sep 2021	Sep 2020	%
Local	133 748	108 923	23▲
International	6 219	5 163	20▲
<b>Gross electricity revenue</b>	<b>139 967</b>	<b>114 086</b>	<b>23▲</b>
Net revenue not recognised (IFRS 15)	(5 480)	(4 639)	18▲
Capitalised	(404)	(1 373)	71▼
<b>Net electricity revenue</b>	<b>134 083</b>	<b>108 074</b>	<b>24▲</b>
Other revenue	899	649	39▲
<b>Total revenue</b>	<b>134 982</b>	<b>108 723</b>	<b>24▲</b>
<b>Sales volumes, GWh</b>	<b>2021</b>	<b>2020</b>	<b>%</b>
Local	94 087	86 903	8▲
International	6 814	6 485	5▲
<b>Total sales</b>	<b>100 901</b>	<b>93 388</b>	<b>8▲</b>

▲ Revenue/sales increased    ▲ Non-recognition/capitalisation increased  
 ▼ Revenue/sales declined    ▼ Non-recognition/capitalisation declined

## Sales and revenue



Sales volumes per category, GWh	Sep 2021	Sep 2020	%
Distributors	44 071	41 760	5.5▲
Residential <sup>1</sup>	5 489	5 661	3.0▼
Commercial	5 006	4 737	5.7▲
Industrial	21 610	18 473	17.0▲
Mining	14 316	12 807	11.8▲
Agriculture	2 592	2 549	1.7▲
Rail	1 003	916	9.5▲
International	6 814	6 485	5.1▲
<b>Total</b>	<b>100 901</b>	<b>93 388</b>	<b>8.0▲</b>

1. Prepaid electricity and public lighting are included under the residential category

- Recovery of 7.5TWh (8%▲) in sales volumes due to the phased easing of COVID-19 lockdown restrictions and the return to operations of many sectors of the economy
- Improvement in sales seen across nearly all customer categories, with the industrial (17%▲) and mining (11.8%▲) sectors most positively affected by the recovery of global commodity markets
- While electricity demand has increased when compared to level 5 and level 4 lockdown restrictions in the prior year, sales are not expected to recover to pre-COVID-19 levels for the foreseeable future



# Primary energy analysis

	COST	PRODUCTION	UNIT COST		
BASE-LOAD	COAL <sup>1</sup>	R39 929 million (Sep 2020: R36 227 million)	99 658GWh (Sep 2020: 94 047GWh)	R401/MWh (Sep 2020: R385/MWh)	4% ▲
	NUCLEAR	R616 million (Sep 2020: R461 million)	6 205GWh (Sep 2020: 4 374GWh)	R99/MWh (Sep 2020: R105/MWh)	6% ▼
DIESEL	ESKOM OCGTs <sup>2</sup>	R2 464 million (Sep 2020: R1 391 million)	772GWh (Sep 2020: 496GWh)	R3 118/MWh (Sep 2020: R2 722/MWh)	15% ▲
	IPP OCGTs <sup>3</sup>	R2 102 million (Sep 2020: R1 259 million)	463GWh (Sep 2020: 291GWh)	R4 107/MWh (Sep 2020: R3 648/MWh)	13% ▲
	RENEWABLE IPPs	R14 205 million (Sep 2020: R12 456 million)	6 998GWh (Sep 2020: 5 551GWh)	R2 030/MWh (Sep 2020: R2 244/MWh)	10% ▼
IMPORTS	R2 450 million (Sep 2020: R2 524 million)	4 061GWh (Sep 2020: 4 474GWh)	R603/MWh (Sep 2020: R564/MWh)	7% ▲	
<b>TOTAL</b>	<b>R61 766 million</b> (Sep 2020: R54 318 million)	<b>118 157GWh</b> (Sep 2020: 109 233GWh)	<b>R523/MWh</b> (Sep 2020: R497/MWh)	<b>5% ▲</b>	

▼ Unit cost declined ▲ Unit cost increased

- Controllable costs such as coal-fired and nuclear production contained below inflation
- Average coal purchase price is down (0.7% ▼), which will help further control future coal generation costs
- Improved availability of nuclear plant led to increased production
- Diesel production sources account for 7.4% of total cost but only 1% of total GWh produced; it is unsustainable to continue to rely on diesel
- Average diesel purchase price increased (21.3% ▲) to R14.41/ℓ (Sep 2020: R11.88/ℓ), driving around 20% of diesel cost increase
- Total energy produced (excluding pre-comm production) increased by 8.9TWh (8.2% ▲) to meet higher electricity demand
- Total primary energy costs increased (13.7% ▲) due to increased use of more expensive OCGT and IPP sources to alleviate supply constraints experienced during the period, and to avoid or minimise loadshedding

1. Excluding Medupi and Kusile pre-commissioning production of 571GWh (Sep 2020: 1 845GWh) for units synchronised to the grid, but not yet commissioned

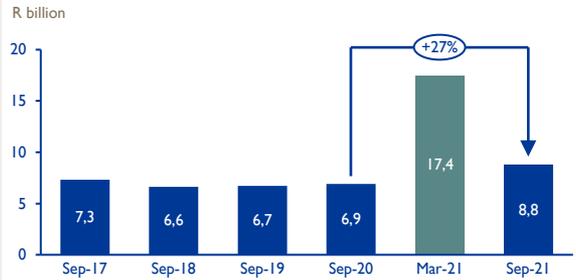
2. OCGT unit cost is calculated on fuel and start-up cost, and excludes storage and demurrage charges. Storage and demurrage of R58 million (Sep 2020: R41 million) is included in the total cost shown

3. The IPP OCGT unit cost is calculated on fuel cost (variable cost) only, and excludes maintenance and capacity charges. Maintenance of R202 million (Sep 2020: R198 million) is included in the total cost shown

## Investment in infrastructure



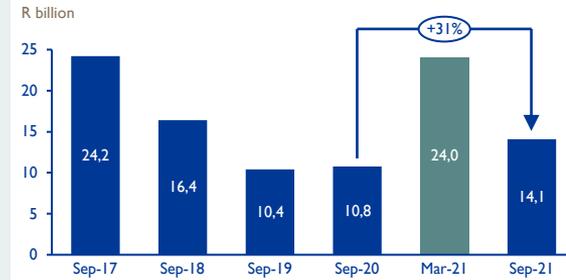
## Repairs and maintenance expenditure



Repairs and maintenance per division, R million	Sep 2021	Sep 2020	%
Generation	6 760	5 133	31.7 ▲
Transmission	301	330	8.8 ▼
Distribution	1 744	1 454	19.9 ▲
<b>Total</b>	<b>8 805</b>	<b>6 917</b>	<b>27.3 ▲</b>

- Net repairs and maintenance comprised planned maintenance of R6.7 billion and unplanned maintenance of R2.1 billion (Sep 2020: R5.4 billion and R1.5 billion, respectively)
- Typically, higher repairs and maintenance are carried out in the second half of the year, during the summer months

## Eskom funded capital expenditure



- Capital maintenance spend, relating to outage and refurbishment projects, increased to R4.1 billion (Sep 2020: R2.9 billion)
- Total capital expenditure has declined since 2017 due to the ramping down of projects as new build units are commissioned
- Liquidity constraints and procurement challenges have resulted in delays in the release of capital funds and procurement of long-lead items, leading to the deferral of projects, thereby exacerbating operational challenges
- Capital savings and enhanced management of the capital portfolio are being implemented to deliver improved capital efficiency



# Group statement of financial position at 30 September 2021

R million	Unaudited Sep 2021	Restated Sep 2020 <sup>1</sup>	%
Property, plant and equipment and intangible assets	<b>667 554</b>	659 959	1 ▲
Working capital – inventory and current receivables	<b>73 627</b>	66 352	11 ▲
Liquid assets – cash and cash equivalents and investments	<b>36 396</b>	24 929	46 ▲
Derivatives held for risk management	<b>14 693</b>	36 856	60 ▼
Other assets <sup>2</sup>	<b>19 448</b>	16 379	19 ▲
<b>Total assets</b>	<b>811 718</b>	804 475	1 ▲
Equity <sup>3</sup>	<b>258 603</b>	187 036	38 ▲
Debt securities and borrowings	<b>392 109</b>	463 703	15 ▼
Working capital – current payables	<b>53 007</b>	51 300	3 ▲
Derivatives held for risk management	<b>3 310</b>	5 475	40 ▼
Other liabilities <sup>4</sup>	<b>104 689</b>	96 961	8 ▲
<b>Total equity and liabilities</b>	<b>811 718</b>	804 475	1 ▲

▲ Asset increased      ▼ Asset declined  
 ▼ Liability declined    ▲ Liability increased

## FINANCIAL COMMENTARY

- **Liquidity:** improved largely due to Government support and enhanced profitability, although cash remained constrained due to debt servicing and working capital requirements
- **Working capital:** growth in municipal and metro debt, coupled with an increase in inventories (coal stock, maintenance spares and consumables)
- **Derivatives:** derivatives used in hedging activities declined due to strengthening of the Rand
- **Equity:** share capital of R31.7 billion issued in exchange for Government support, coupled with the profit recorded for the period
- **Debt:** focused reduction, with repayments exceeding debt raised. Foreign-denominated borrowings declined due to the strengthening of the Rand

USD/ZAR exchange rate  
**R15.10** (Sep 2020: R16.82)

EUR/ZAR exchange rate  
**R17.48** (Sep 2020: R19.67)

The largest movement was the **reduction of R71.6 billion** in debt securities and borrowings

1. Restatements are disclosed in note 17 of the interim financial statements

2. Mainly comprises future fuel and non-current receivables

3. Includes Government support of R31.7 billion received for the period (Sep 2020: R6 billion)

4. Mainly comprises non-current provisions, employee benefit obligations, contract liabilities and lease liabilities



## Net interest-bearing debt and net finance cost overview

R million	Unaudited Sep 2021	Restated Sep 2020 <sup>1</sup>	%
Debt securities and borrowings	392 109	463 703	15▼
Net market making liabilities	2	20	
Cash and cash equivalents <sup>2</sup>	(20 411)	(11 774)	73▲
Net derivatives held for risk management <sup>2</sup>	(11 383)	(31 381)	64▼
<b>Net interest-bearing debt</b>	<b>360 317</b>	<b>420 568</b>	<b>14▼</b>

▼ Asset declined    ▼ Liability declined

R million	Unaudited Sep 2021	Restated Sep 2020 <sup>1</sup>	%
Gross finance cost	21 777	23 181	6▼
Finance income	(1 050)	(1 091)	4▼
Borrowing costs capitalised to assets	(4 106)	(6 736)	39▼
<b>Net finance cost</b>	<b>16 621</b>	<b>15 354</b>	<b>8▲</b>

▲ Income/capitalisation increased    ▼ Income/capitalisation declined  
▼ Expense declined    ▲ Expense increased

- Efforts to reduce Eskom's debt burden were possible through Government support, leading to an overall reduction in gross debt of R71.6 billion (15%▼)
- Foreign-denominated borrowings (approximately 40% of portfolio) impacted by the strengthening of the Rand, with derivatives held for risk management similarly impacted by exchange rate movements
- Despite a reduction (6%▼), gross finance costs remain the second largest cost after primary energy

Debt securities and borrowings, R billion (Sep 2020 to Sep 2021) <sup>3</sup>	
Opening balance	463.7
Debt raised (net of commercial paper)	13.2
Debt repaid	(66.3)
Exchange rate and other movements	(18.5)
<b>Closing balance</b>	<b>392.1</b>

Average cost of debt  
**9.85%** ▼ (Sep 2020: 9.89%)

Average investment return  
**3.64%** ▼ (Sep 2020: 5.26%)

1. Restatements are disclosed in note 17 of the interim financial statements

2. In this table, assets are reflected as negative amounts

3. Reconciliation based on movements over the past 12 months. Debt raised and debt repaid for the six months to September 2021 amount to R10.5 billion and R24.4 billion respectively

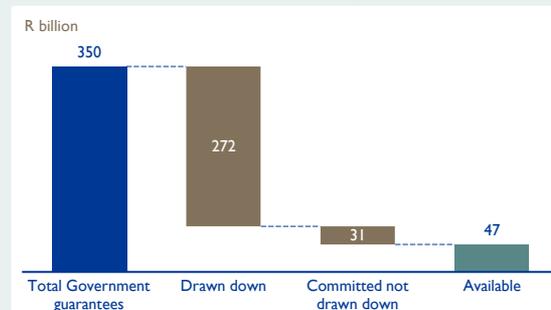


# Funding plan progress

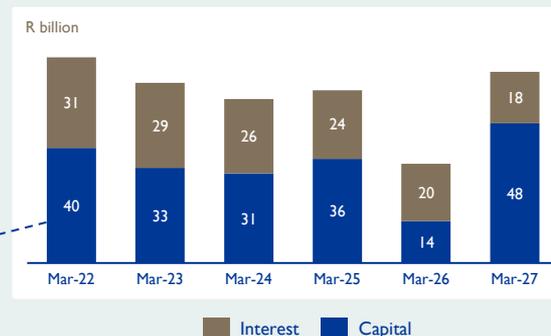
R billion	2022		2023	
	Funding plan <sup>1</sup>	Committed at Sep 2021	Funding plan <sup>1</sup>	Committed at Sep 2021
DFIs	8.8	8.5	18.4	11.5
ECAs	0.5	0.5	–	–
Domestic bonds and notes	3.1	0.1	6.0	–
Commercial paper	0.5	0.5	–	–
International bond	7.0	–	–	–
Private placement	7.0	7.0	–	–
Syndicated loan	15.0	–	–	–
<b>Total funding <sup>2</sup></b>	<b>41.9</b>	<b>16.6</b>	<b>24.4</b>	<b>11.5</b>
<b>% secured</b>		<b>40%</b>		<b>47%</b>

Debt servicing costs of **R71 billion for 2022**, reducing to an average of around **R60 billion per year to 2025**

## Guarantee utilisation at 30 September 2021



## Debt maturity profile at 30 September 2021 <sup>3</sup>



1. Funding sources targeted are subject to change depending on requirements

2. The table above includes gross commercial paper and committed funding, whereas the debt raised figure in the statement of cash flows is net of commercial paper and accounts for amounts drawn down

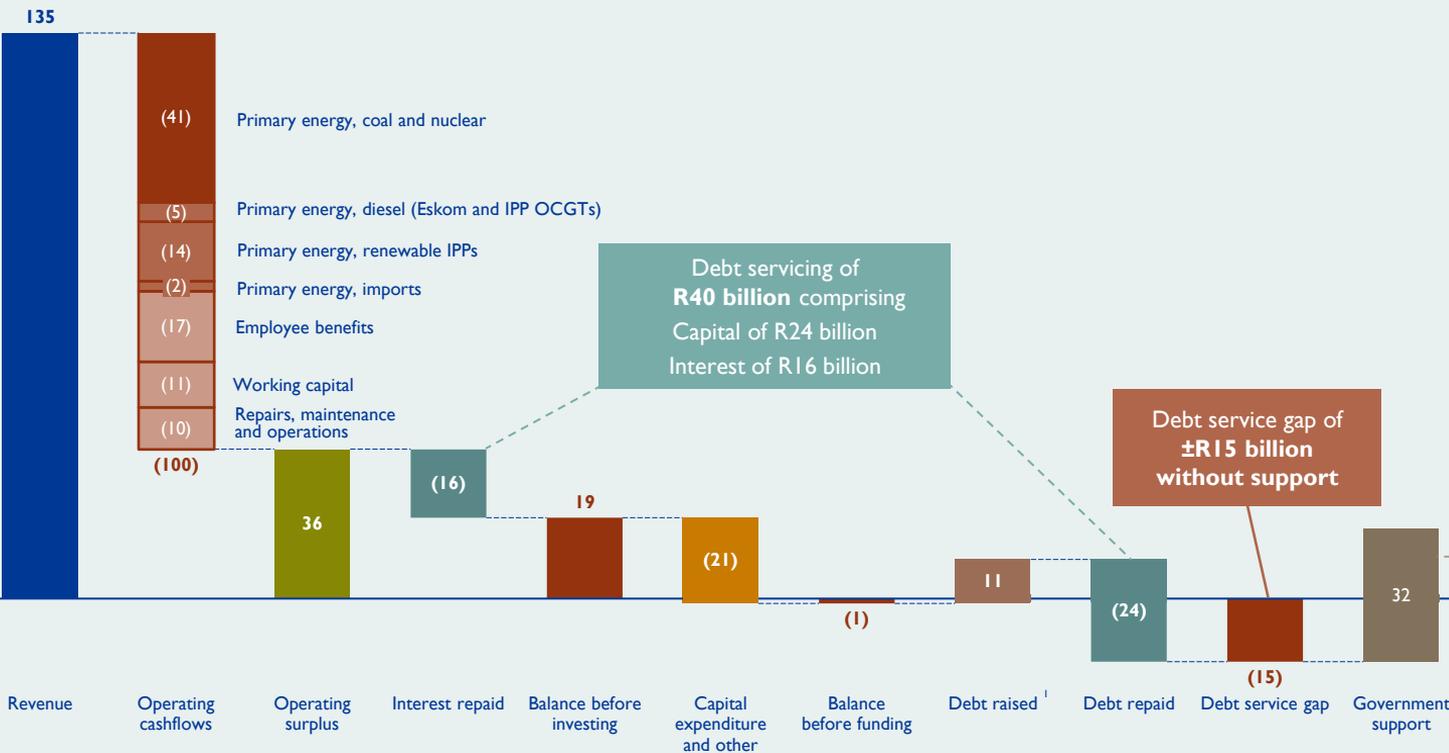
3. Based on existing debt only, using forward rates and net of swaps



# Overview of cash flow movements

## Cash flows for the six months ended 30 September 2021

R billion



### KEY TAKEAWAYS

- Net cash increase of R16.4 billion during the period
- Cash from operations remained insufficient to meet debt servicing and some capital investment requirements
- Eskom's capital and tariff structure must be resolved to ensure long-term financial sustainability

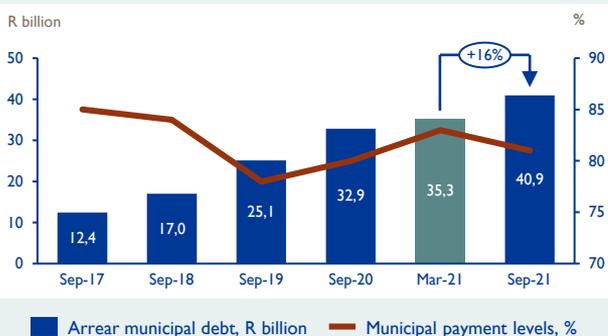
Government support of R31.7 billion was received to alleviate some of the cash flow pressure

1. Debt raised for the year is reported net of commercial paper in the statement of cash flows

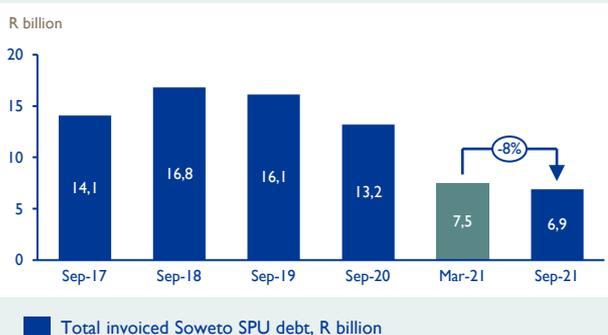
## Arrear debt management



## Municipal arrear debt



## Soweto small power user (SPU) debt



- Since March 2021, municipal arrear debt grew by R5.6 billion (15.8% ▲)
- Payment level of 81% by municipalities, excluding metros (Sep 2020: 80%). Payment level of 50% for top 20 defaulting municipalities (Sep 2020: 49%)
- Eskom is fully participating in the work of the Eskom Political Task Team and its Multidisciplinary Revenue Committee
- A proposal to assist municipalities in crisis is under discussion with stakeholders
- Invoiced Soweto SPU debt (including interest) decreased to R6.9 billion, due to write-off of prescribed debt and “*in duplum*” interest
- Other than municipal and residential arrear debt, only two large customers owe amounts in excess of R100 million, with combined debt of R785 million

Our municipal debt management strategy focuses on

## CURRENT ACCOUNT MANAGEMENT

Stop defaulting and enforce payment of current amounts

## FUTURE DEBT MANAGEMENT

Reduce and/or eliminate overdue debt

## ARREAR DEBT MANAGEMENT

Prevent future defaulting through pre-emptive action

We have engaged with **45 municipalities** on our **active partnering model**, including **all of the top 20** defaulting municipalities

**Maluti-A-Phofung**, our largest defaulter, did not agree to the terms of the proposed partnering agreement. We have approached the court to resolve this matter

# Financial outlook for the remainder of the 2022 financial year

Financial indicator	Actual Sep 2021		Projection March 2022
Revenue, R million	134 982		246 253
EBITDA, R million	44 836	↗	53 325
EBITDA margin, %	33.22	↘	21.65
Operating profit (EBIT), R million	29 253	↘	21 779
Net profit/(loss) after tax, R million	9 241	↘	(9 122)
Cash interest cover, ratio	2.20	↘	1.53
Debt service cover, ratio	0.88	↘	0.69
Net debt/EBITDA, ratio	9.12	↗	8.23
Debt/equity (including long-term provisions), ratio	1.59	↘	1.83
Free funds from operations (FFO) as % of gross debt	10.35	↗	12.22

↗ Positive trend forecast    ↘ Negative trend forecast

- Historically, financial performance in the first half of the year is better than the second half as the winter period is characterised by higher tariffs and sales volumes, as well as lower maintenance
- Cost pressures remain in the second half of the year due to summer maintenance requirements and production costs associated with ensuring security of supply
- Lack of generation reliability and low EAF is costing us dearly, with anticipated spend of R16.1 billion on OCGTs contributing significantly to the expected loss
- The lack of cost-reflective tariffs and unsustainable debt burden also contribute to the anticipated loss after tax of R9.1 billion, although this is an improvement from the previous financial year (Mar 2021: loss of R18.9 billion)
- Sales of 197.1TWh (2.8%▲) are expected by year end (Mar 2021: 191.9TWh)
- Gross debt is expected to increase to R416.4 billion by year end (Mar 2021: R401.8 billion) largely due to funding postponed from the prior year

NERSA’s decision to reject our MYPD 5 revenue application poses a significant risk to revenue certainty, operations and profitability in future years. We welcome the High Court decision ordering NERSA to process our revenue application and make a revenue decision for the 2023 financial year by 25 February 2022

Government support of R21.9 billion and R21 billion committed for 2023 and 2024

