GROUP ANNUAL RESULTS
for the year ended 31 March 2024

19 December 2024

Our suite of reports and summarised performance commentary are available at
www.eskom.co.za/investors/integrated-results/

What we'll cover today …

1	2	3	4	5
INTRODUCTION	OVERVIEW OF 2024 PERFORMANCE	2024 FINANCIAL OVERVIEW	2025 HALF-YEAR PERFORMANCE	STRATEGY AND OUTLOOK

To provide stakeholders with the most up-to-date information available, this presentation covers the 2024 annual results as well as an update on performance during 2025

INTRODUCTION

Mteto Nyati

Several key challenges delayed the publication of the FY2024 results

- Bulk generation of illegal prepaid electricity tokens on Eskom's online vending system for prepaid meters
  - Collusion is suspected between Eskom staff and illicit operators who breached controls within the prepaid ecosystem to facilitate the creation and sale of fraudulent prepaid electricity tokens
  - A forensic investigation is underway to determine the root causes and make recommendations
  - Inability to reliably estimate the potential obligation from the exposure that illicit tokens can be used in the future due to the high level of uncertainty around the number of illicit prepaid electricity tokens that remain in circulation and compatible with Eskom meters
- Challenges involving NTCSA
  - Determination of take-on balances at 31 March 2024 following the disposal of the Transmission business to NTCSA
  - Subsequent derecognition of a deferred tax asset of R36.6 billion following the transaction
  - Valuation of an upstream guarantee from NTCSA for third-party debt secured by NTCSA's assets
- Responding to reportable irregularities raised by the external auditors

Operational challenges and the lack of adherence to internal controls urgently need to be addressed, to ensure that Eskom can return to a normal audit cycle, which allows for sufficient time to address audit findings

A sustainable Eskom is essential to powering growth for South Africa and the SADC region

A dysfunctional energy utility leads to economic decline

Affordable, secure and sustainable electricity fuels growth

FY2024 saw exceptionally poor performance

- 329 days of loadshedding
- OCGT spend of R33.9 billion
- Loss before tax of R25.5 billion
- Municipal arrear debt escalated to R74.4 billion
- Breakdown in internal controls and matters leading to repeat audit findings

Performance in FY2025 is much improved

- No loadshedding, with > 250 days of steady electricity supply
- Savings on OCGT spend of R11.9 billion during the first six months
- After-tax profit of > R10 billion forecast for the year
- Enforcing discipline and adherence to internal controls

Eskom must be financially and operationally sustainable to deliver on its mandate to enable growth

Eskom is facing several systemic issues, which require focus, focus and more focus to resolve

	Operational	Financial	Sustainability
Systemic issues	• Unreliable generation plant resulting in poor performance • Grid constraints to connect additional capacity • Dysfunctional organisational culture	• Weak balance sheet due to high debt burden • Tariff not reflective of prudent and efficient costs • Revenue pressure due to non-payment by customers and declining sales volumes	• Outdated vertically integrated business model • Need to transition to clean energy • Prevalent crime, fraud and corruption • Lack of adherence to internal controls and ineffective combined assurance
Interventions	• Execute Generation Recovery Plan • Curtailment and grid capacity allocation rules; execute Transmission Development Plan • Appoint strong and inspirational leaders at all levels • Drive a high-performance values-driven culture	• National Treasury debt relief programme, as well as municipal debt interventions • Migrate towards unbundled cost-reflective tariff structure • Improve revenue collection and cost-efficiency initiatives • Reduce unplanned losses and excessive OCGT usage → end loadshedding	• Drive legal separation of Eskom – settle NTCSA, unbundle Distribution and Generation • Pursue clean energy project pipeline and JET, including partnerships • Enhance governance and controls to eradicate crime, fraud and corruption

OVERVIEW OF 2024 PERFORMANCE
Dan Marokane

FY2024 was exceptionally challenging, operationally and financially. However, we have laid a solid foundation for FY2025

Plant availability declined to
54.56% (2023: 56.03%), with
15 500MW unavailability and
13.2TWh lost to loadshedding

329 days loadshedding
(2023: 280 days),
despite diesel usage of
R33.9 billion

Emissions performance worsened to
0.79kg/MWhSO
(2023: 0.70kg/MWhSO)

Transmission
network reliability
improved significantly

Distribution
network
performance improved

Distribution energy losses
escalated, with 13.9TWh
lost due to electricity theft

2 employee and
3 contractor fatalities
(2023: 2 employees and
3 contractors)

Lost-time injury rate
deteriorated to 0.29
(2023: 0.26)

Net loss before tax improved
to R25.5 billion
(2023: R34.6 billion)

Tariff increase of
18.65%,
tempered by a 3% decline in
sales volumes

Arrear municipal debt
escalated to
R74.4 billion
(2023: R58.5 billion)

R76 billion
in Government debt relief,
subsequently converted to
equity

Qualified audit opinion received, with several matters requiring intense management focus

Qualified external audit opinion based on

PFMA records were not complete or accurately maintained in line with legislative requirements relating to:

- Irregular expenditure
- Fruitless and wasteful expenditure
- Losses due to criminal conduct

Prior year audit qualification issues have not been adequately addressed and continued into 2024

Emphasis of matters, including

- Material uncertainty relating to Eskom's ability to continue as a going concern
- Impact of open internal and external investigations
- Restatement of comparative figures
- Events after the reporting date

Detailed information is available in the Report of the Audit and Risk Committee and the independent auditor's report

AFS note	Notable matter
3.2	Going concern assessment
12	Disposal of Transmission Division to NTCSA
14	Derecognition of deferred tax asset
44.2	Contingent liability relating to non-technical energy losses
47	Events after the reporting date
48	Restatement of comparative figures
51	PFMA information[1]
52	Reportable irregularities

1. Refer to the integrated report for detailed disclosure required by the Public Finance Management Act, 1999 (PFMA)

A clear time-based action plan is being rolled out to enforce controls

Reportable irregularities

1. Breaches of environmental legislation relating to emissions and water (reported from 2021 onwards)
2. Management's inability to confirm that all matters relating to PRECCA[1] were reported (2022 onwards)
3. Non-compliance with recordkeeping requirements of PFMA and Companies Act, 2008 (2022 onwards)
4. Investigations and consequence management relating to PFMA non-compliance not done timeously (2022 onwards)
5. Failure to submit complete and accurate financial statements to National Treasury and external auditors by 31 May (2022 onwards)
6. Incorrect draft information provided to the Standing Committee on Public Accounts (reported in 2023)
7. Certain prescribed officers breached their fiduciary duty relating to short-term IPP programmes (reported in 2024)

Consequence management and interventions being actioned

- Executive team strengthened with appropriate skills for internal controls, risk management and PFMA oversight
- Consolidation of Eskom's forensics, security and investigative functions under the Group Investigations and Security function reporting directly to the Group Chief Executive
- Established a dedicated project management office to address findings from data analytics as well as internal and external investigations
- Address the backlog in investigations and disciplinary action
- Strengthen the culture of accountability and consequence management
- Enforce discipline and adherence to internal controls
- Resourcing drive to adequately capacitate the finance, internal audit and forensics functions
- Comply with Eskom's environmental duty of care
- Execute Generation Recovery Plan and strengthen focus on environmental compliance

1. Prevention and Combatting of Corrupt Activities Act, 2004

We are stopping the leakage by eradicating crime, fraud and corruption

Key initiatives

Dedicated State Capture Task Team

- Instituting criminal charges
- Consequence management against employees and suppliers
- Pursuing director delinquency proceedings
- Civil recovery of financial losses suffered by Eskom

Security risks and threats to infrastructure and people

Partnerships with stakeholders and law enforcement agencies

Security Vetting Programme

Focusing on non-executive directors, executives and employees in critical areas

Optimisation of processes and technology

- Reviewing policies, processes, systems, controls and structures
- Embarking on technology optimisation, security contract management and driving integrated security strategies

Supplier consequence management

Supplier disciplinary process in place to review contracts of suppliers implicated in malfeasance

Outcomes

304 arrests

17 convictions

526 of 729 vetting cases in progress or complete

145 cases referred to the supplier disciplinary process for assessment

28 cases closed with no further action

79 suppliers received sanctions or suspended sanctions

2024 FINANCIAL OVERVIEW
Calib Cassim

Eskom's loss after tax was affected by a once-off accounting adjustment to deferred tax related to the NTCSA separation

Standard tariff increase	Sales volumes	Revenue
18.65% ↑ (2023: 9.61%)	3% ↓ to **183.3TWh** (2023: 188.4TWh)	14% ↑ to **R295.8 billion** (2023: R259.5 billion)
Primary energy costs	**EBITDA**	**EBITDA margin**
11% ↑ **to R173.7 billion** (2023: R156.8 billion)	26% ↑ to **R43.4 billion** (2023: R34.6 billion)	**14.67%** (2023: 13.32%)
Loss before tax	**Deferred tax asset of**	**Loss after tax**
26% ↓ to **R25.5 billion** (2023: R34.6 billion)	**R36.6 billion** derecognised following NTCSA separation	2x ↑ to **R55 billion** (2023: R26.1 billion)

Strong improvement in EBITDA, reducing the loss before tax

EBITDA improved mainly due to the tariff increase, while systemic and operational challenges continued to impact profitability

Leading factors negatively affecting profitability

1. R33.9 billion spent on OCGTs (2023: R29.6 billion)
2. Estimated 13.2TWh demand not met due to loadshedding → ±R22 billion* revenue impact
3. Estimated 13.9TWh of electricity theft → ±R23 billion* revenue impact
4. Net R8.9 billion revenue not recognised due to collectability criteria not met (2023: R8.2 billion)

Regulated return on assets of 1.7% lower than nominal cost of capital of ± 11%

* Based on the average electricity price of 165.43c/kWh

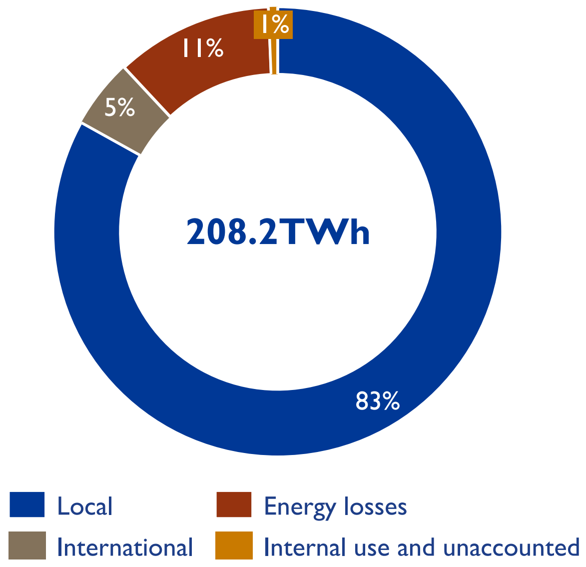
GROUP INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

R million	2024	2023	%
Revenue	**295 814**	259 543	14 ▲
Other income	**1 295**	2 742	53 ▼
Primary energy	**(173 729)**	(156 819)	11 ▲
Net employee benefit expenses	**(35 096)**	(32 321)	9 ▲
Net impairment loss and write-downs	**(3 433)**	(2 182)	57 ▲
Other operating expenses	**(41 441)**	(36 398)	14 ▲
EBITDA	**43 410**	34 565	26 ▲
Depreciation and amortisation expenses	**(33 239)**	(31 941)	4 ▲
Operating profit (EBIT)	**10 171**	2 624	288 ▲
Net fair value and foreign exchange gain/(loss)	**2 644**	(285)	1 028 ▲
Net finance cost	**(38 389)**	(37 015)	4 ▲
Share of profit of equity-accounted investees	**105**	93	13 ▲
Loss before tax	**(25 469)**	(34 583)	26 ▼
Income tax	**(29 546)**	8 501	448 ▼
Loss for the year	**(55 015)**	(26 082)	111 ▲

▲ Income/gain increased ▼ Income/gain declined ▼ Expense/loss declined ▲ Expense/loss increased

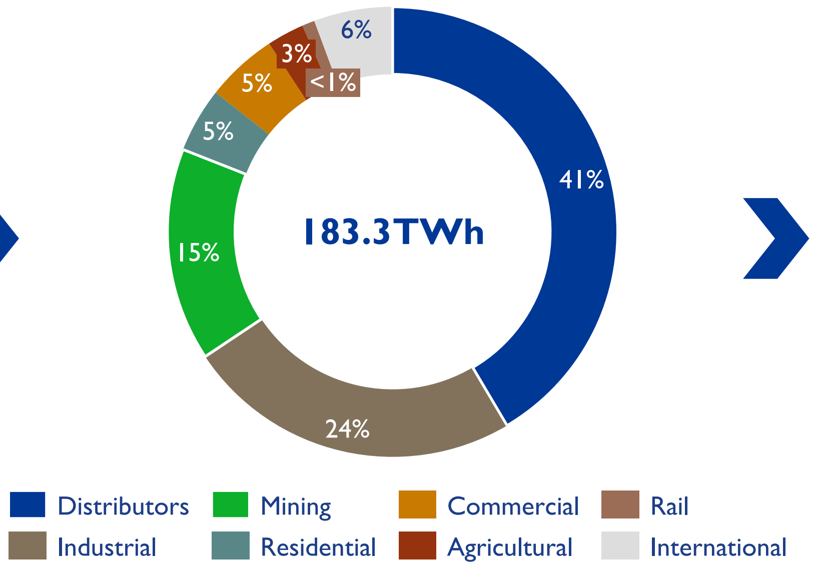
Revenue grew by 14% driven by a 18.65% tariff increase, tempered by a 3% decline in sales volumes impacted by loadshedding and self-generation

Electricity breakdown by destination[1]

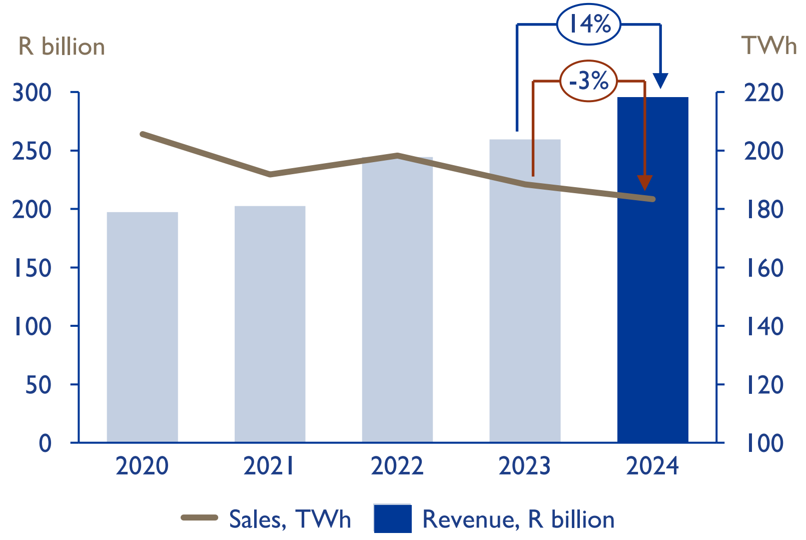


1. Net of pumping and excluding wheeling

Electricity sales by customer category



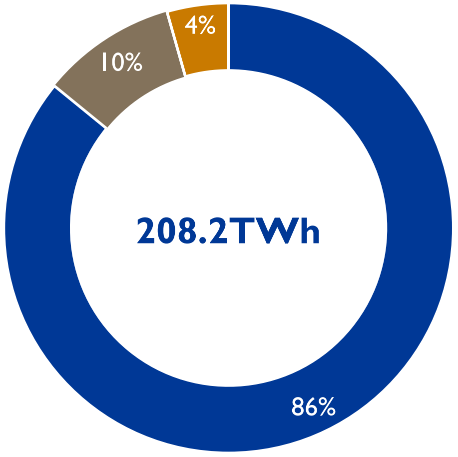
Sales and revenue trend



- Sales volumes mainly impacted by loadshedding and load curtailment of 13.2TWh (around 7% of sales volumes)
- Increase in embedded self-generation capabilities across many sectors (rooftop solar capacity estimated at 6.1GW)
- Biggest decline in distributor (4.3% ↓), international (9.4% ↓) and residential (6.7% ↓) customer segments
- International customers subjected to load curtailment given South Africa's supply constraints

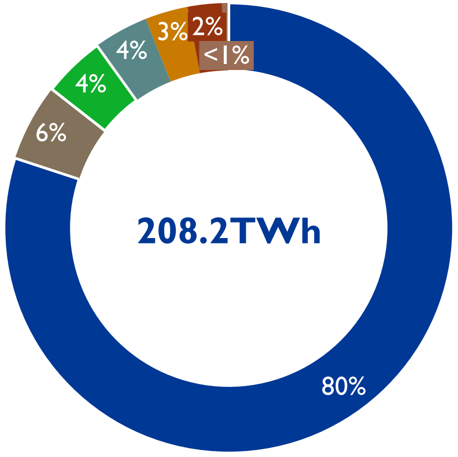
Primary energy costs increased by 11% to R174 billion due to higher OCGT usage, despite a 2% overall decrease in production

Electricity breakdown by supplier[1]



1. Net of pumping and excluding wheeling

Electricity supplied by technology[1]



Generation cost by source

Unit cost, R/MWh	2024	2023	%
Coal	**541**	503	8▲
Nuclear	**113**	106	7▲
Eskom-owned OCGTs	**6 579**	7 077	7▼
IPPs	**2 367**	2 326	2▲
IPP OCGTs	**6 348**	7 278	13▼
Renewable IPPs	**2 029**	1 986	2▲
Other IPP programmes	**1 018**	–	
Imports	**883**	748	18▲

Supply constraints due to:

- Poor Eskom generation performance (±1.7TWh shortfall against budget)
- Delays in IPP programmes (±8.8TWh shortfall)
- Lower-than-budget imports (±1.6TWh shortfall)

Higher usage of OCGTs to mitigate loadshedding, leading to a higher overall cost of production

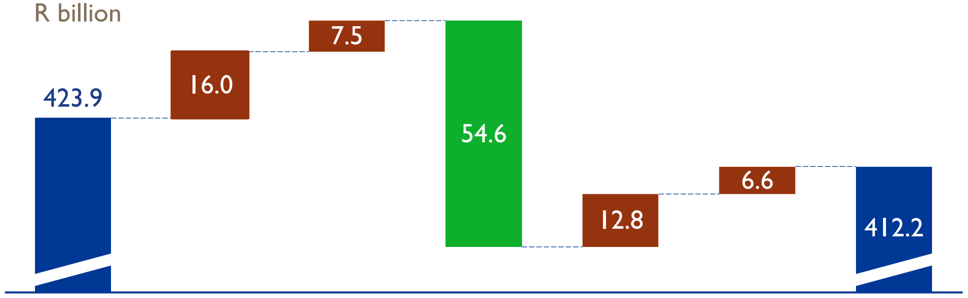
Marked improvement in primary energy costs expected in 2025 due to lower OCGT usage

Balance sheet stabilised by Government's debt relief, which enabled cash from operations to be invested in capital expenditure and working capital

Current ratio	Cash interest cover
0.98 (2023: 0.89)	**1.18** (2023: 1.29)
Debt/equity ratio	**Gross debt/EBITDA**
1.99* (2023: 1.88)	**11.58** (2023: 13.92)

* Includes subordinated shareholder loan not yet converted to equity at year end

Movement in debt securities and borrowings

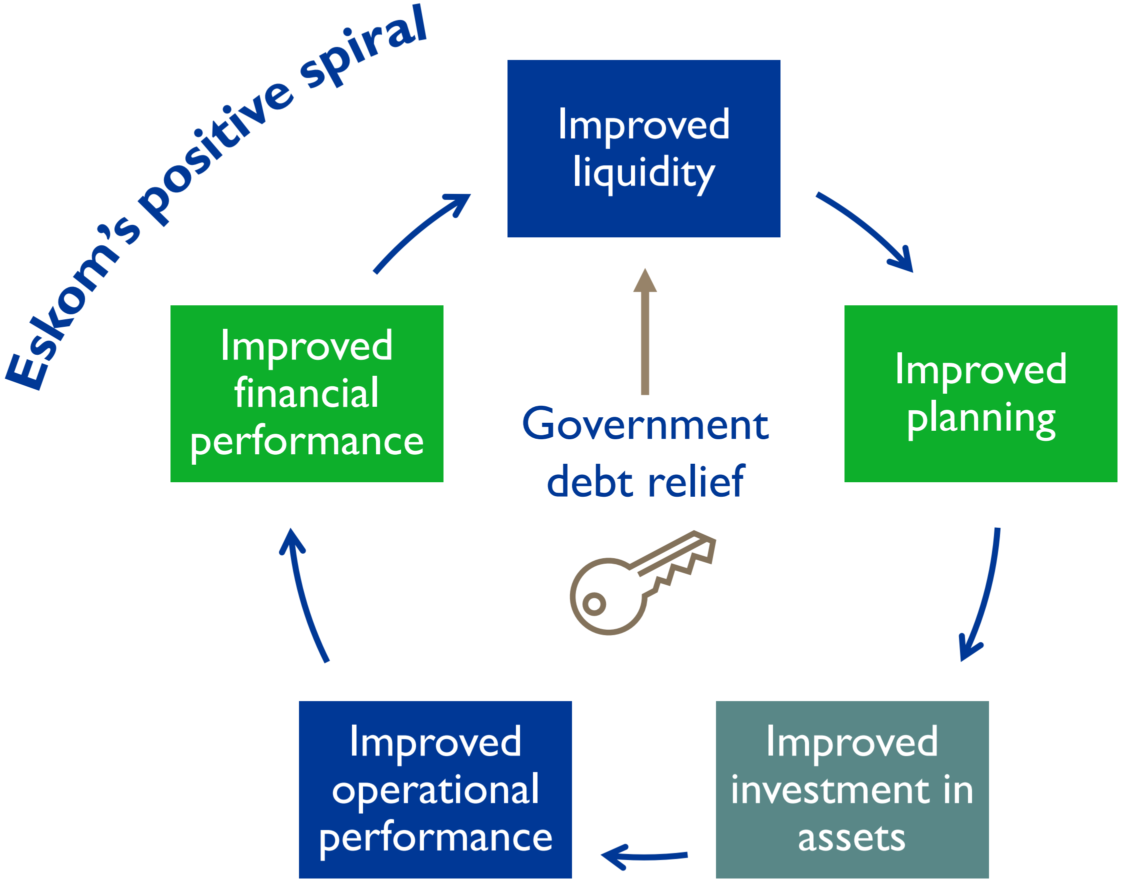


GROUP STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2024

R million	2024	2023	%
Property, plant and equipment and intangible assets	**684 388**	671 709	2▲
Working capital – current inventory and receivables	**65 692**	51 819	27▲
Liquid assets – cash and cash equivalents and investments	**40 063**	23 145	73▲
Derivatives held for risk management	**27 016**	26 992	
Other assets	**49 163**	52 079	6▼
Total assets	**866 322**	825 744	5▲
Equity	**222 858**	233 944	5▼
Debt securities and borrowings	**412 200**	423 929	3▼
Loan from shareholder	**32 000**	–	
Working capital – current payables	**67 199**	58 064	16▲
Derivatives held for risk management	**593**	2 029	71▼
Non-current decommissioning liabilities	**52 294**	50 025	5▲
Contract liabilities and deferred income	**38 371**	28 097	37▲
Other liabilities	**40 807**	29 656	38▲
Total equity and liabilities	**866 322**	825 744	5▲

▲ Asset/equity increased ▼ Asset/equity decreased ▼ Liability decreased ▲ Liability increased

Received R76 billion debt relief towards servicing debt obligations, which has improved liquidity and unlocked Eskom's positive performance spiral



Benefits of the debt relief

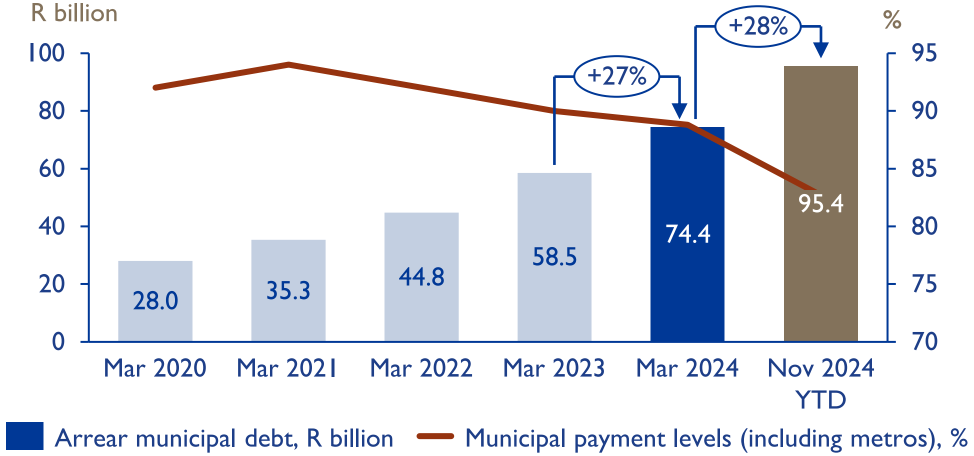
- Assisted in addressing debt servicing outflows of R89.8 billion (principal and interest)
- Allowed focus on executing strategy by freeing up cash from operations and alleviating funding challenges
- Supported cash flow certainty, unlocking improved execution of the Generation Recovery Plan
- The full R76 billion has been converted to equity since year end based on Eskom's compliance with the debt relief conditions
- Credit rating upgrades received, which will support future capital expenditure needs

Municipal debt challenges are undoing the positive benefits of Government's debt relief

Government debt relief, together with cost-reflective tariffs and an ongoing focus on cost efficiencies, are anchoring enablers for Eskom's financial and operational recovery

The municipal debt relief programme is not delivering the desired results. Unless a new solution is found, the separation of Distribution is in jeopardy

Arrear municipal and metro debt



Municipal debt relief programme

71 municipalities participating → Accounting for **95%** of March 2023 arrear debt targeted for write-off

HOWEVER

By March 2024, only **23 municipalities** honouring current accounts (12% of the arrear debt)

By November 2024, only **10 municipalities** honouring current accounts (2% of the arrear debt)

Top 10 defaulting municipalities and metros at Nov 2024

R billion	Mar 2023	**Mar 2024**	%	Nov 2024	%
Emalahleni Local Municipality*	7.4	**8.5**	15▲	9.9	17▲
Maluti-A-Phofung Local Municipality*	7.2	**8.0**	10▲	8.6	7▲
Emfuleni Local Municipality*	5.9	**7.1**	19▲	8.1	15▲
City of Tshwane Metro	1.1	**3.1**	194▲	6.7	114▲
Matjhabeng Local Municipality*	5.3	**5.8**	10▲	6.3	9▲
City of Johannesburg Metro	–	**1.1**		5.3	393▲
Govan Mbeki Local Municipality*	3.7	**4.5**	20▲	5.2	17▲
Lekwa Local Municipality*	1.9	**2.2**	18▲	2.6	17▲
City of Matlosana Local Municipality*	1.4	**1.8**	22▲	2.3	33▲
Ngwathe Local Municipality*	1.7	**2.0**	17▲	2.3	15▲
Total	**35.6**	**44.1**	23▲	**57.3**	30▲

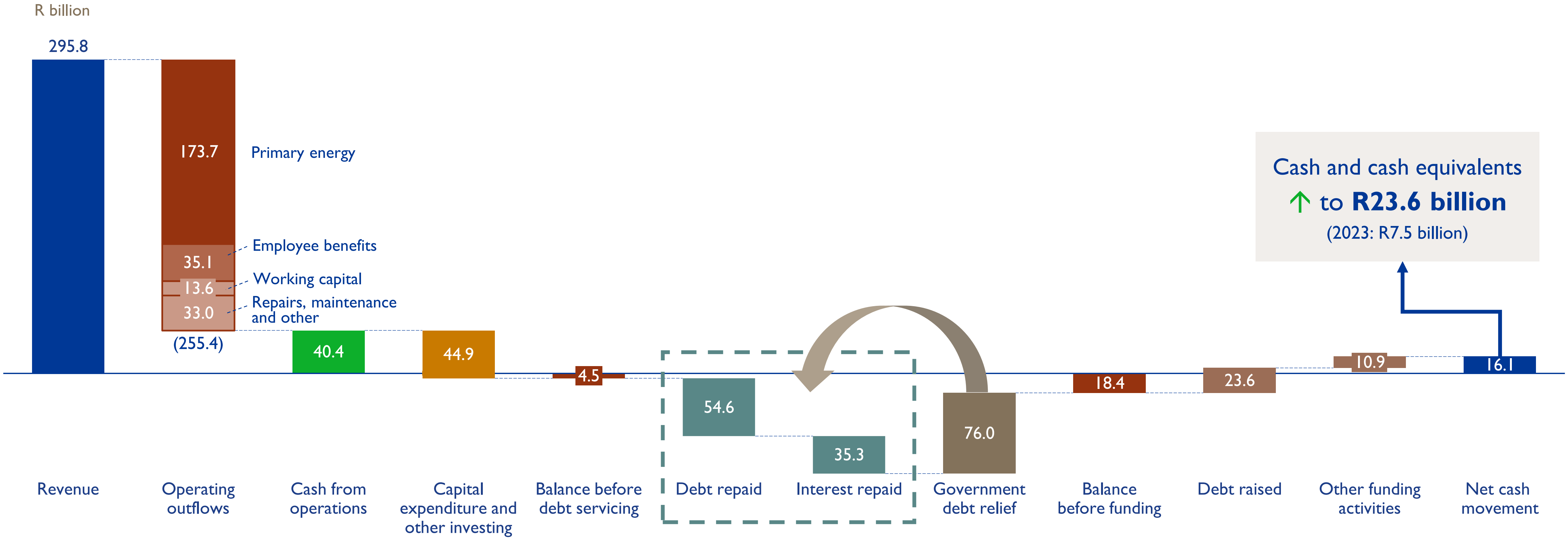
* Participating in the municipal debt relief programme

Arrear debt continues to escalate due to poor adherence to the municipal debt relief conditions, with more recent challenges with metros

Liquidity improved on the back of the debt relief from Government, addressing most of Eskom's R89.8 billion debt servicing obligations

Eskom

CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

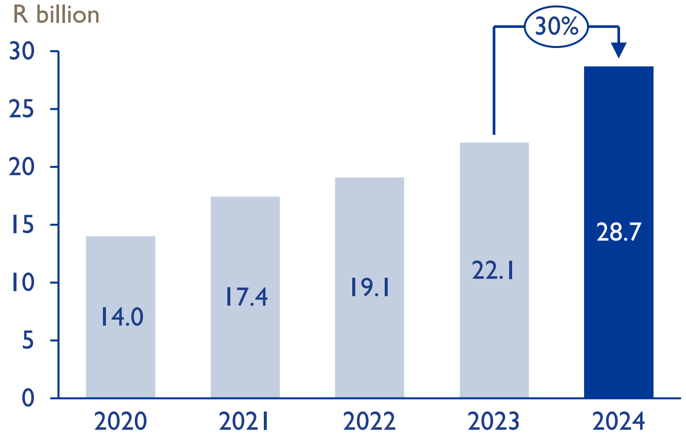


Cash and cash equivalents
↑ to **R23.6 billion**
(2023: R7.5 billion)

Sufficient liquidity is essential to ensure a consistent runway of capex execution and planned maintenance, to support sustainable operational performance

We increased our investment into existing generation infrastructure to address poor plant performance and lay a solid foundation for the future

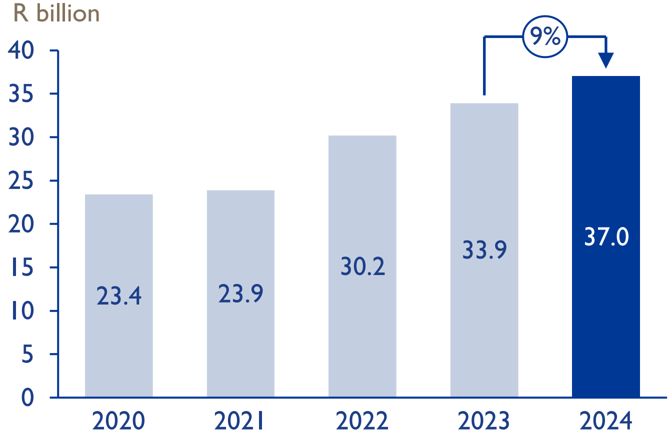
Repairs and maintenance expenditure



Repairs and maintenance breakdown

R billion	2024	2023	%
Generating plant	**22.8**	16.6	38 ▲
Transmission network	**1.1**	1.2	3 ▼
Distribution network	**4.8**	4.4	8 ▲
Total repairs and maintenance	**28.7**	22.1	30 ▲

Eskom funded capex



Capex breakdown

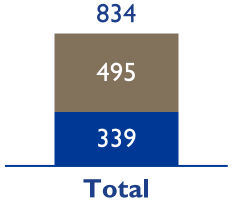
R billion	2024	2023	%
Generating plant (including future fuel)	**29.3**	27.4	7 ▲
Transmission network	**4.3**	3.5	20 ▲
Distribution network	**2.9**	2.6	11 ▲
Other	**0.6**	0.4	35 ▲
Total group funded capex	**37.0**	33.9	9 ▲

Sufficient liquidity will enable the necessary investments to sustain and expand infrastructure over the next decade

Indicative view, including aspirational and unfunded projects

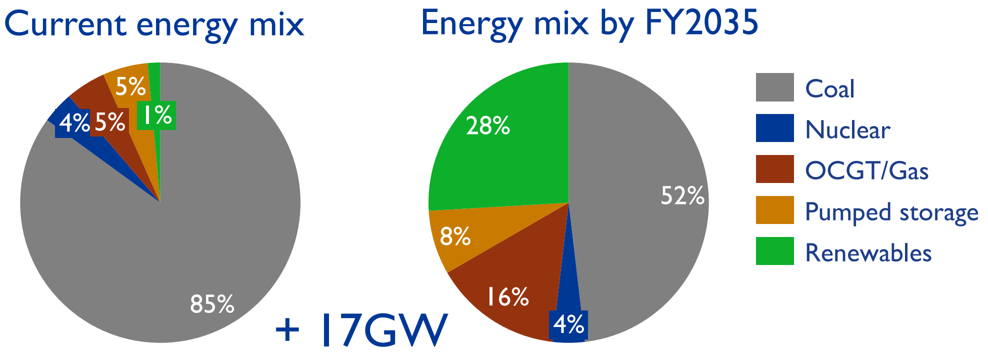
Generation capex requirements (FY2025 to FY2035)

R billion



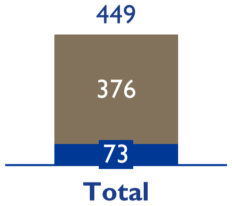
Average expansionary capex of ±R45 billion p.a.

Average sustaining capex of ±R31 billion p.a.



NTCSA capex requirements (FY2025 to FY2035)

R billion



Average expansionary capex of ±R34 billion p.a.

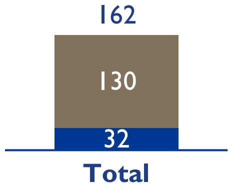
Average sustaining capex of ±R7 billion p.a.

+ 15 446km lines ↑ 46%

+ 151 550MVA capacity ↑ 97%

Distribution capex requirements[1] (FY2025 to FY2035)

R billion



Average expansionary capex of ±R12 billion p.a.

Average sustaining capex of ±R3 billion p.a.

+ 13 807km lines ↑ 4%

+ 7 270MVA capacity ↑ 5%

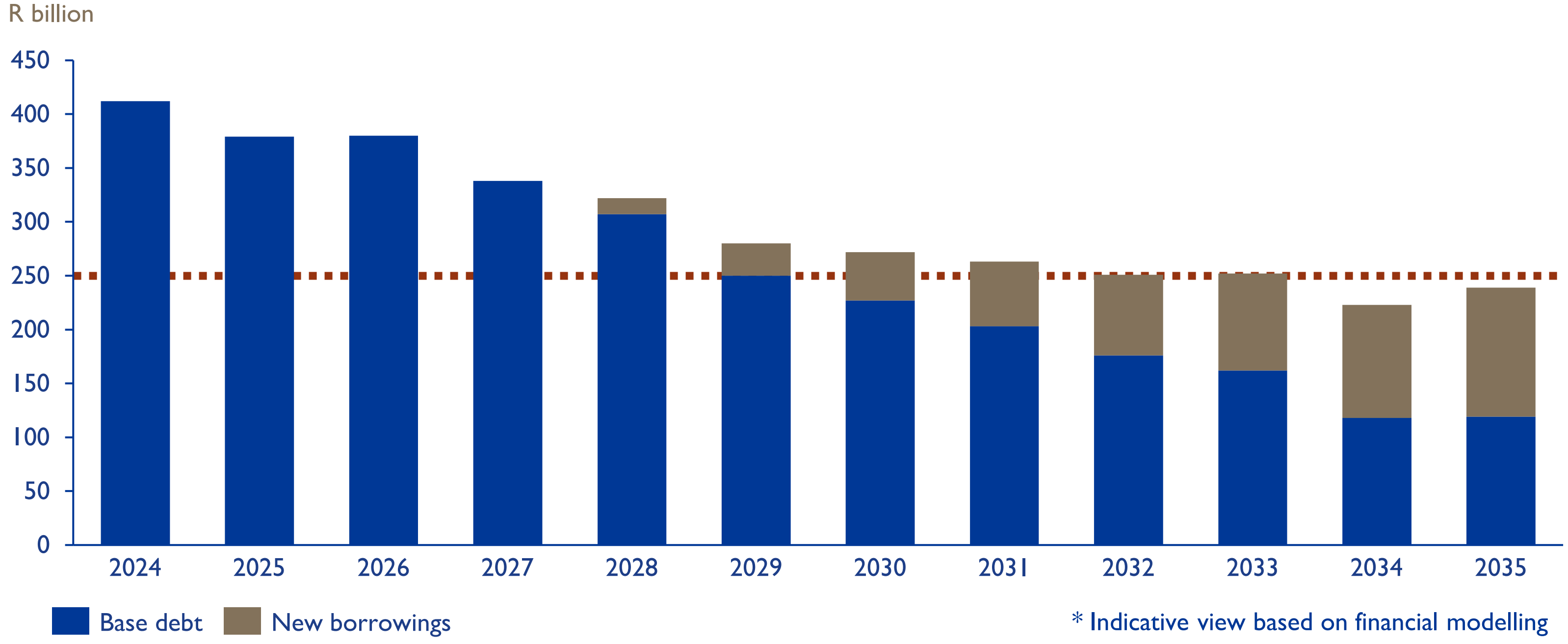
+ 7 million smart meters, microgrids, grid modernisation, rooftop solar and fleet (electric vehicles and charging stations)

Expansionary capex   Sustaining capex

1. Excluding Government-funded electrification connections

Borrowings must be limited beyond the three-year debt relief period, to move Eskom to a more sustainable debt level of R250 billion over time

Debt securities and borrowings (including new borrowings from FY2028)*



* Indicative view based on financial modelling

- New projects will require extensive funding, through a combination of on-balance sheet funding and partnerships with external parties
- New borrowings must be limited to **±R15 billion** per year to ensure that debt service costs are capped at **±R50 billion** per year

We must generate sufficient operating cash flows to fund most of our capital expenditure requirements, without further leveraging the balance sheet. This is highly dependent on achieving an adequate tariff path, resolving the municipal arrear debt challenge and achieving cost efficiencies

All four pillars of the financial strategy must be addressed to support the positive spiral that will lead to sustainable performance

Eskom

Our financial strategy

Improve income statement

REVENUE SECURITY AND ENHANCEMENT
Cost-reflective tariffs
Unbundled tariffs
New products and services

BALANCE SHEET OPTIMISATION
R250 billion debt relief
Dispose non-core assets
Diversify funding mix

Operations

COST EFFICIENCIES
Review cost trajectories and drive efficiencies
Enhance financial controls
Root out crime, fraud and corruption

MUNICIPAL DEBT REDUCTION
Improve payment levels
Pursue legal rights
Address poor adherence to municipal debt relief conditions

Strengthen balance sheet

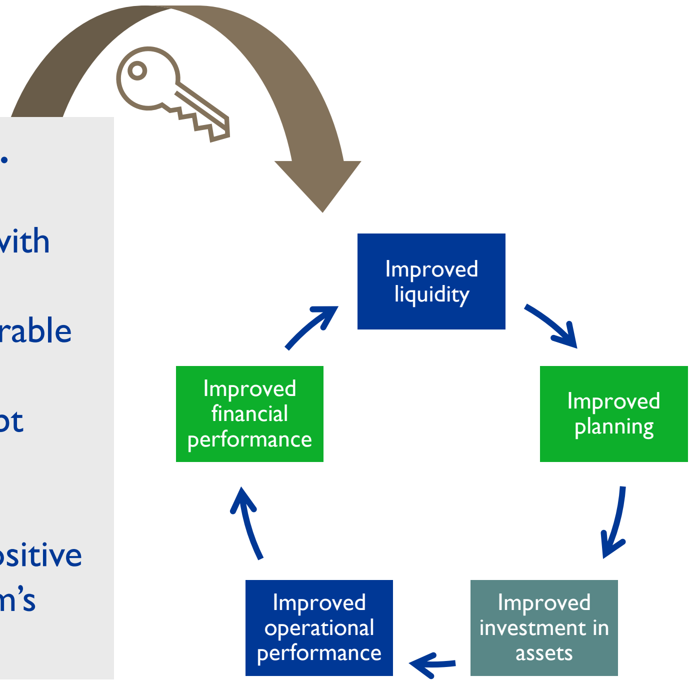
The path to investment-grade credit ratings is dependent on all four pillars being executed within appropriate timeframes

Although Government debt relief is essential in the short term, it is unsustainable for the country in the long term. Systemic challenges must be addressed to achieve standalone financial sustainability

Fix systemic issues …

- ✓ Obtain cost-reflective tariff path, with measures to address affordability for vulnerable sectors
- ✓ Resolve municipal debt challenge

… to enable Eskom's positive spiral and remove Eskom's burden on the fiscus



2025 HALF-YEAR PERFORMANCE
Dan Marokane

The first six months of FY2025 showed remarkable improvement, with substantial efficiencies achieved

Eskom

Plant availability improved significantly to **62.97%** (Sep 2023: 55.27%), with significantly higher planned maintenance

No loadshedding
(Sep 2023: 183 days),
with diesel usage reducing by R11.9 billion YOY

Emissions performance improved to
0.55kg/MWhSO
(Sep 2023: 0.92kg/MWhSO)

Transmission
network reliability
performance declined

Distribution
network
performance improved

Distribution energy losses escalated to **10.42%** (Sep 2023: 9.64%), with 8.7TWh lost due to theft

1 employee and
2 contractor fatalities
(Sep 2023: 1 employee)

Lost-time injury rate worsened to **0.30**
(Sep 2023: 0.28)

Net profit after tax
significantly ↑
(profit after tax of > R10 billion* forecast for FY2025)

* Unaudited

Tariff increase of **12.74%** (Sep 2023: 18.65%) coupled with 4% YOY increase in sales volumes

Arrear municipal debt escalated to
R90.1 billion
(Mar 2024: R74.4 billion)

R64 billion
Government debt relief committed for FY2025
(Mar 2024: R76 billion)

Customers have reported a positive outlook on the back of the suspension of loadshedding for more than 250 days

Eskom

Sentiment towards the real estate sector has improved dramatically. With more than 230 days with **no loadshedding** … contributing to improved business confidence with is evident in our operational performance. The prospect of imminent interest rate cuts … together with **no loadshedding since March 2024**, will positively influence retailers' operations and performance
~ Growthpoint

In South Africa, … consumer sentiment is improving, supported by … the **prolonged suspension of loadshedding**
~ Woolworths

Consumer confidence has been buoyed by … the **suspension of loadshedding**
~ Lewis Stores

The **suspension of loadshedding** in South Africa resulted in significant savings on diesel and other generator-related costs. These savings of R243 million were fully reinvested into lower prices for customers, particularly on essential food and grocery items
~ Pick n Pay

In South Africa, the outlook is positively buoyed by the formation of the Government of National Unity, **suspension of loadshedding** …
~ TFG

… the **suspension of loadshedding** will enhance customers' ability to earn an income [supporting] an optimistic consumer outlook
~ Pepkor

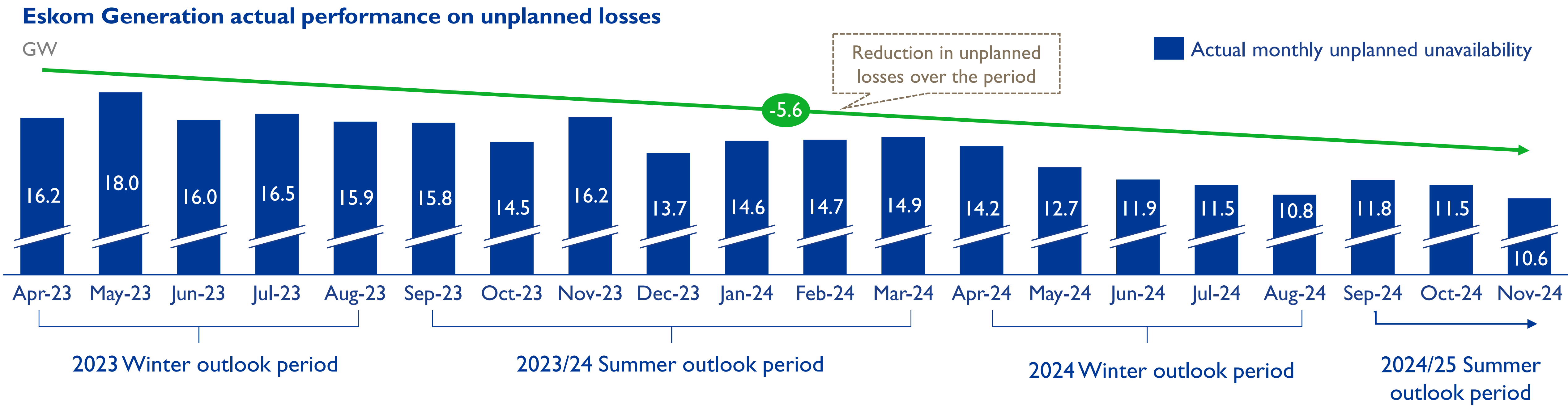
While there were macroeconomic positives of **no loadshedding**, increased political stability …
~ Mr Price

Generator diesel costs declined from R124 million in FY2023 to R47 million, mostly due to **reduced loadshedding** during the year. Key indicators such as a significant **reduction in energy loadshedding** … provide a more favourable outlook for consumers and signal improvements in both the economic and operating environment
~ Netcare

This has had a positive impact on Sovereign credit ratings and the country's growth prospects

The suspension of loadshedding is due to a reduction in unplanned losses, driven by disciplined execution of planned maintenance

Eskom



- Downward trend observed in unplanned losses from base-load capacity, specifically driven by eight priority stations (Tutuka, Majuba, Kusile, Kendal, Matla, Duvha, Arnot and Kriel)
- Unplanned unavailability over the summer period has reduced by about 4GW since the prior year
- Unplanned losses are better than anticipated in the Summer outlook, with no loadshedding required since 26 March 2024

To ensure overall supply adequacy, Eskom's base-load capacity needs to perform

STRATEGY AND OUTLOOK
Dan Marokane

Our strategy embraces the essential role we play in South Africa and the need to balance turnaround and long-term strategic objectives

Eskom

Commercial mandate
Providing electricity in an efficient and sustainable manner

Our mandate

Social mandate
Lower the cost of doing business in South Africa, enabling economic growth

Our vision
Sustainable power for a better future

Our purpose
Powering growth sustainably

Strategic objectives

Pursue financial and operational sustainability	Facilitate a competitive future energy industry	Modernise our power system	Strive for net zero emissions by 2050
Implement Generation Recovery Plan with EAF to 70% during March 2025 Reduce arrear municipal debt and energy losses Rebase costs towards profitability Improve controls to address crime, fraud and corruption Improve leadership stability and skills development	Operationalisation of Distribution business; followed by Generation Fine-tune Generation and Distribution business models Establish new holding company Accelerate clean energy project development	Accelerate Transmission Development Plan execution, including alternative funding models Modernise distribution network development, including rollout of smart meters and microgrids Increase flexibility of power system infrastructure	Accelerate Komati, Grootvlei, Hendrina and Camden repowering and repurposing initiatives Implement optimised emissions reduction technology to achieve Minimum Emission Standards compliance Participate in distributed energy resources and drive eMobility

Create a high-performance ethical culture	Use data analytics to create value and enhance decision-making	Improve procurement and governance processes	Obtain NERSA approval of unbundled tariffs	Drive socio-economic transformation

We have established a new executive structure to embed operational recovery and future-proof Eskom for long-term growth and sustainability

Dan Marokane
Group Chief Executive

Supported by the following permanent invitees:
Tembela Kulu **Group Investigations and Security**
Mlawuli Manjingolo **Company Secretary**
Jerome Mthembu **Legal and Compliance**
Ureka Rangasamy **Chief Audit Executive**

Calib Cassim
Group CFO

Bheki Nxumalo
Generation

Segomoco Scheppers
NTCSA interim CEO
Permanent invitee

Monde Bala
Distribution and acting Human Resources

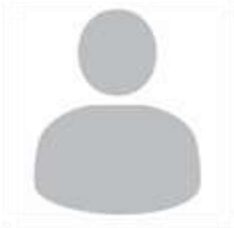
Roman Crookes
Group Capital

Nontokozo Hadebe
Strategy and Sustainability

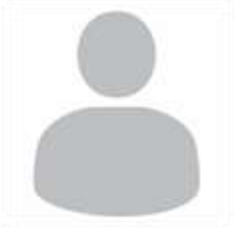
Portia Mngomezulu
Corporate Services

Alfred Seema
Strategic Delivery

Len de Villiers
Chief Technology and Information Officer



Vacant
Chief People Officer



Vacant
Eskom Renewables

The legal separation will benefit the electricity supply industry and has gained traction with the operationalisation of NTCSA in July 2024

Objectives of the legal separation process

1. Drive operational performance
2. Strengthen governance
3. Improve financial management
4. Prepare for a liberalised electricity market
5. Attract investment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MENU

Eskom-owned transmission company officially commences trading

Monday, July 1, 2024

The National Transmission Company South Africa (NTCSA) has officially commenced trading, marking the company's establishment as a distinct and wholly owned subsidiary of Eskom.

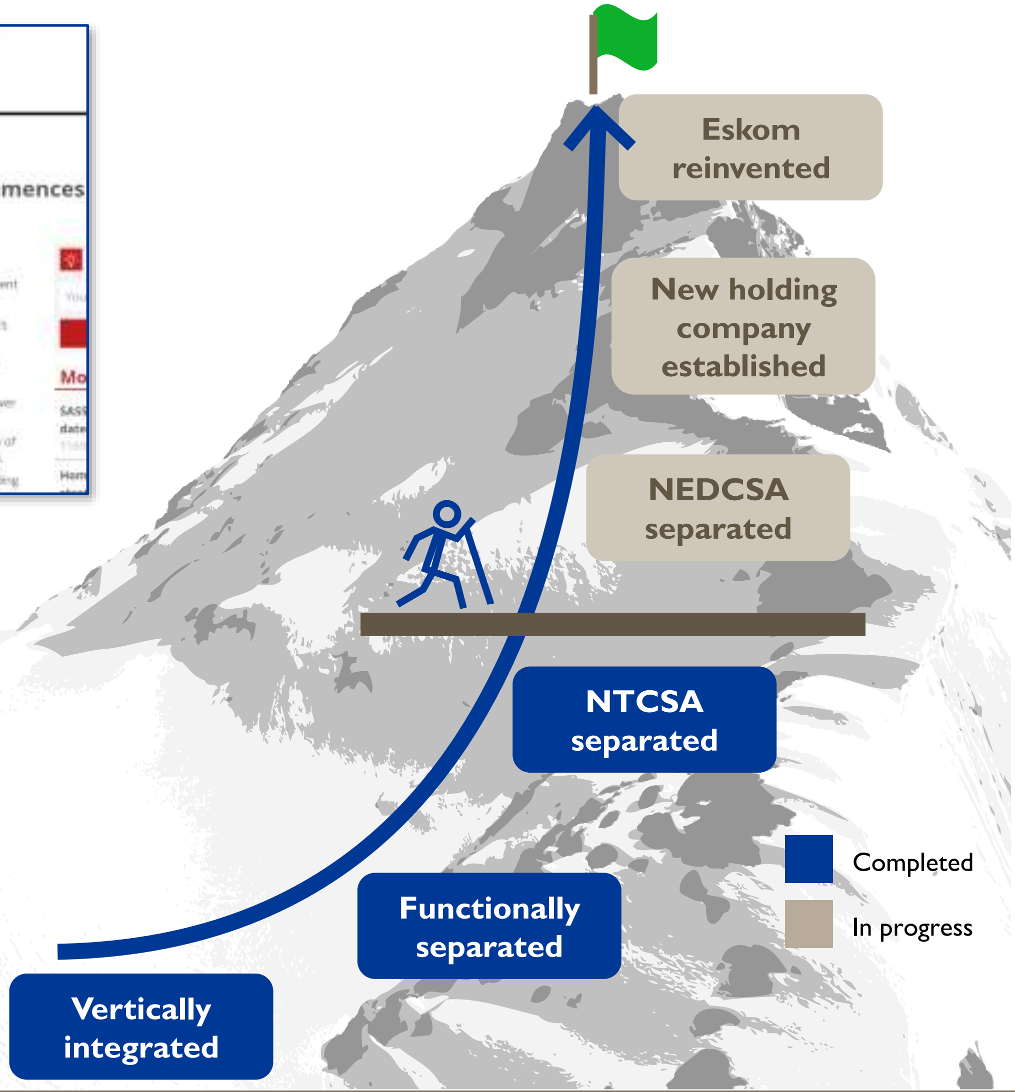
The move is a also a significant step in the reform of South Africa's electricity supply industry.

This is according a joint media statement released by Eskom, the NTCSA and the Department of Public Enterprises.

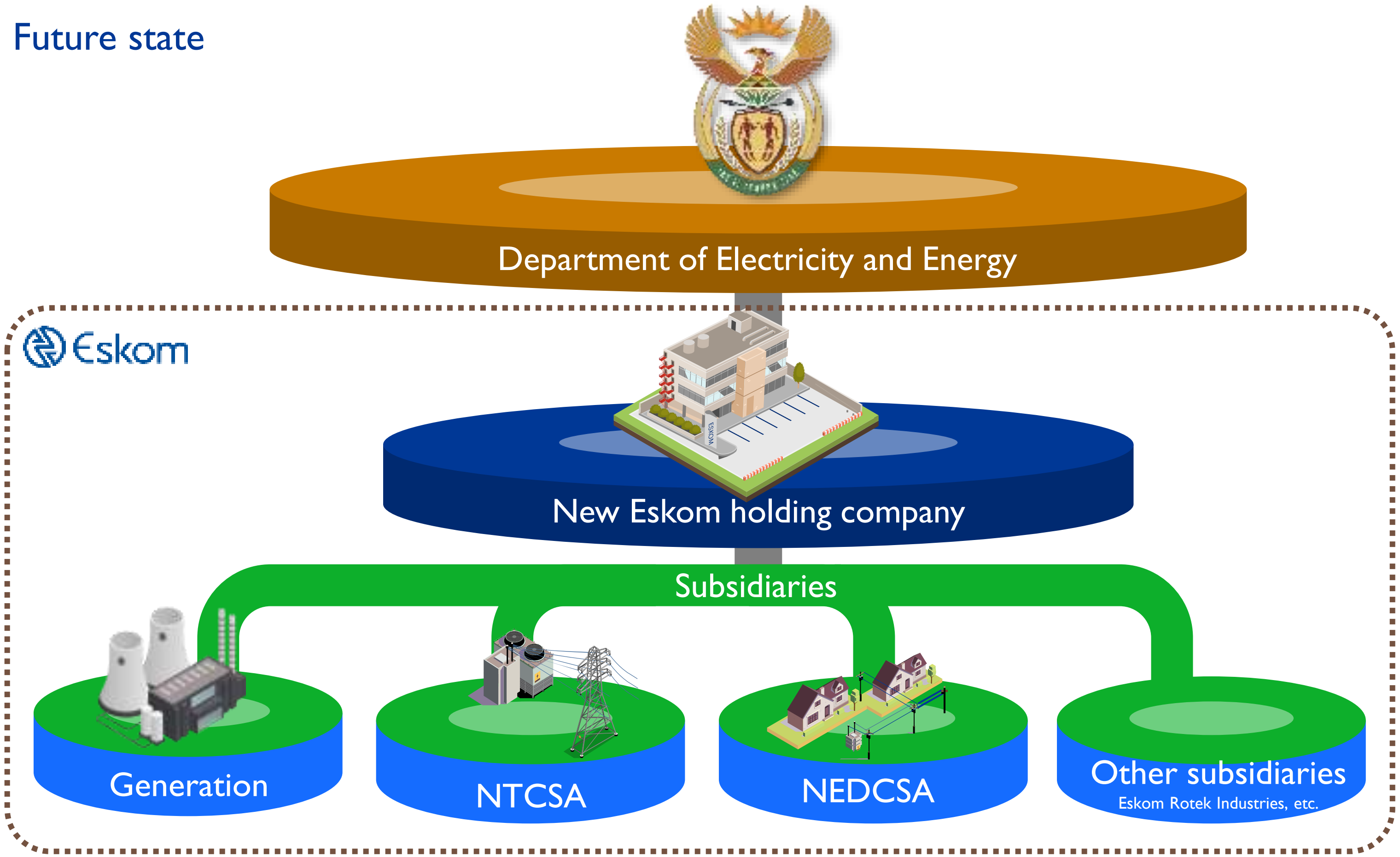
Eskom Board chairperson Mteto Nyati said the entity will focus on adding capacity to South Africa's power grid.

"We are pleased to announce that NTCSA begins trading today and will focus on increasing the capacity of the national transmission grid to allow the connection of much-needed new power generation capacity.

"As a wholly owned subsidiary, it will operate under the direction of an independent board while providing



Legal separation will create subsidiaries with operational independence while still under Eskom's corporate structure



The Department of Electricity and Energy is the ultimate shareholder of the Eskom group and is accountable to Parliament for the group's performance and strategic direction

The new holding company will be accountable to the ultimate shareholder for consolidated group performance and will set the group's strategic direction and oversee subsidiary performance

Legally separate subsidiaries, owned by and accountable to the holding company, will drive subsidiary-specific strategy, aligned to the group's direction, and be responsible for day-to-day subsidiary operations

All subsidiaries will remain under the Eskom umbrella, but have the freedom to operate their independent businesses within the applicable regulatory and governance boundaries to achieve the outcomes of Government's Roadmap

Despite good progress, more effort is needed to recover sustainably

This will be achieved with greater focus on …

±2 500MW to be brought online by March 2025 (return of Koeberg 2 and Medupi 4, also Kusile 6 synchronisation)

R250 billion debt relief to reduce debt levels. Will be converted to equity by continuing to fulfil Government's debt relief conditions

Municipal debt requires structural reforms. We are working with Government to address the escalating municipal and metro debt

Unbundling National Energy Distribution Company South Africa (NEDCSA) and establishing a new Eskom holding company

Infrastructure execution of capital projects (Transmission Development Plan, distribution network and clean energy)

Our people driving several people-focused interventions towards a high-performance ethical culture to ensure the success of Eskom's turnaround

Local communities increase focus on socio-economic initiatives in communities impacted by planned shutdown of coal-fired stations

Stabilised leadership, increased accountability and autonomy, and the commitment of Eskom's employees are key enablers for our success

We have launched a programme to return Eskom to profitability, by enabling targeted efficiencies of R21.5 billion in FY2025

Revenue growth

- Drive short-term growth with pricing incentives
- Grow cross-border sales
- Pursue growth opportunities in new energy
- Dispose of non-core assets

Cost efficiency

- Reduce the cost of producing electricity
- Optimise the cost to serve
- Drive procurement excellence
- Reduce costs
- Invest in skills and tools

Primary energy optimisation

- Obtain savings through procurement and demand management
- Contract negotiation
- Optimise energy mix

Digital transformation

- Prioritise digital initiatives
- Ensure connectivity between processes, technology, data and people
- Improve processes and systems using technology
- Live up to our value of innovation

Capital productivity

- Efficient spend on critical growth investments
- Reduce project costs and timelines

We aim to add 2 500MW to the grid by March 2025 to support security of supply with continued suspension of loadshedding

Eskom

Return to service of units on long-term outage

Koeberg 1 **930MW**	Kusile 1, 2, 3, 5 **~2 880MW**	Tutuka 1, 2, 4, 5 **~1 500MW**	Koeberg 2 **~930 MW**	Kusile 6 1st sync **~800 MW**	Medupi U4 **~794 MW**
Nov 2023	Dec 2023	May 2024	Early Jan 2025	Feb 2025	Mar 2025

Following the construction of temporary stacks, Units 3, 1 and 2 were returned to the grid and are providing power up to 2 160MW

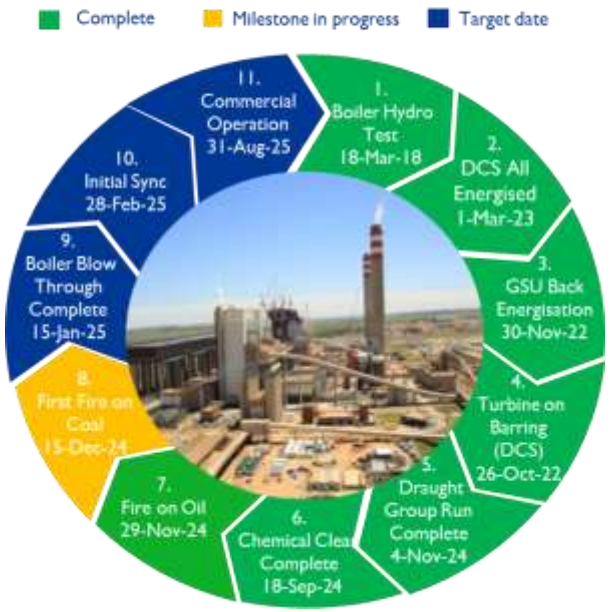
Unit 5 achieved commercial operation on 30 June 2024

Unit 1 completed on 12 January 2024

Unit 2 returned on 27 December 2023

Unit 4 returned on 22 April 2024

Unit 5 returned on 7 July 2024



Kusile Unit 5 synchronised to the grid on 31 December 2023. Commercial operation achieved on 30 June 2024 → Completed

Tutuka return to service

- Unit 4 planned outage for LP turbine rotor and HPH replacement → Completed
- Unit 5 on major outage → Completed

Despite some delays, three units are expected to return to service by March 2025

Koeberg Unit 2 weld defects on the main steam pipes required additional inspection and weld repairs. Revised date caters for challenges arising during commissioning

Kusile Unit 6 synchronisation experienced some delays due to material availability and delays in acid clean

Medupi Unit 4 return to service delayed by unexpected design issues on the second-hand stator

Update on Matla Unit 6 incident: nine people confirmed injured, with the investigation underway, but no impact on the Summer Outlook

- Preliminary investigations indicate the rupture of a high-pressure steam steel pipe above the Unit 6 transformer on Thursday 12 December 2024
- Emergency plans were activated accordingly
- Technical teams remain on site, to assess the extent of the damage, the scope of work and the time required for repairs and restoration
- At this stage, there is no evidence of sabotage
- Unit 5, which was taken offline to ensure the safety of all employees, was due to be shut down for planned maintenance on Monday 16 December → brought forward to Saturday 14 December
- Minster of Electricity and Energy, Dr Kgosientsho Ramokgopa, Dr Tsakani Mthombeni, non-executive director, the GCE, Group Executive: Generation and Group Executive: Strategic Delivery visited the station the following day to offer support and assistance to the Matla leadership team and employees

The Summer Outlook, for the period from 1 September 2024 to 31 March 2025 predicted a likely scenario of a loadshedding-free summer.
This outlook remains unchanged

9 injuries confirmed

Alberton Trauma ICU, Gauteng

3 admitted to ICU

- 2 now in general ward
- 1 still intubated but stable

Trichardt Hospital, Mpumalanga

2 remain in hospital

3 discharged

1 transferred to local hospital burns unit

Uninjured members of the work team, the next of kin of the injured and the Matla staff are receiving counselling and support

Eskom has been positioned to deliver positive performance in FY2025, to support 2% economic growth for South Africa

- Operational and financial performance has improved significantly, although further work is required to ensure sustainability
- We are focusing on the following priorities for FY2025 and beyond
  - EAF of 70% during March 2025 (average 62% projected for FY2025)
  - Return to profitability due to operational stability and primary energy savings
  - Renewed focus on internal controls to shift overall organisational performance
  - Legal separation to create greater performance transparency, promote efficiency and attract investment into the industry
  - Pipeline of clean energy projects and revised approach to the Just Energy Transition, to mitigate the socio-economic impact of the transition
- Improved performance will support investor sentiment and a better economic outlook
- Enhanced liquidity allows investment into infrastructure to support security of supply
- Beyond Government's debt relief and our efficiency measures, resolving the municipal debt challenge and an appropriate tariff path which supports vulnerable sectors are critical to standalone financial sustainability
- Leadership stability and recognising and rewarding performance to improve staff morale are fundamental to the turnaround

Financial outlook for FY2025

Sales volumes **2 – 3% higher**	Tariff increase **12.74%**
OCGT spend **60 – 80% lower**	Primary energy costs **10 – 20% lower**
Operating expenses **20 – 30% higher**	Debt servicing requirements **5 – 15% lower**

EBITDA
R85 billion – R95 billion
(2024: R43.4 billion)

Debt service cover ratio
0.90 – 1.10
(2024: 0.46)

Gross debt / EBITDA ratio
5.00 – 6.00
(2024: 11.58)

Arrear municipal debt balance
R95 billion – R110 billion
(2024: R74.4 billion)

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