



POWERING POSSIBILITY

CAPITAL MARKETS DAY 2021

Sustainable Growth and Impact
Just Transition

The Renewable Energy Business -
Decarbonisation and Energy Security
(Roland Tatnall, MD Cennergi)



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Exxaro Renewable Energy

Towards low carbon sustainable growth and a decarbonised Exxaro

What?



Scaling our existing renewables business

aiming to be a leading international renewable energy solutions provider by 2030

Why?



Delivering on Exxaro's ambition

carbon neutral by 2050 and powering better lives in Africa and beyond



Seizing the renewables opportunity

powering a clean world

How?



Start with own generation projects and expand services business



Leverage deep understanding of the market



Build on our mining and renewables skills and networks



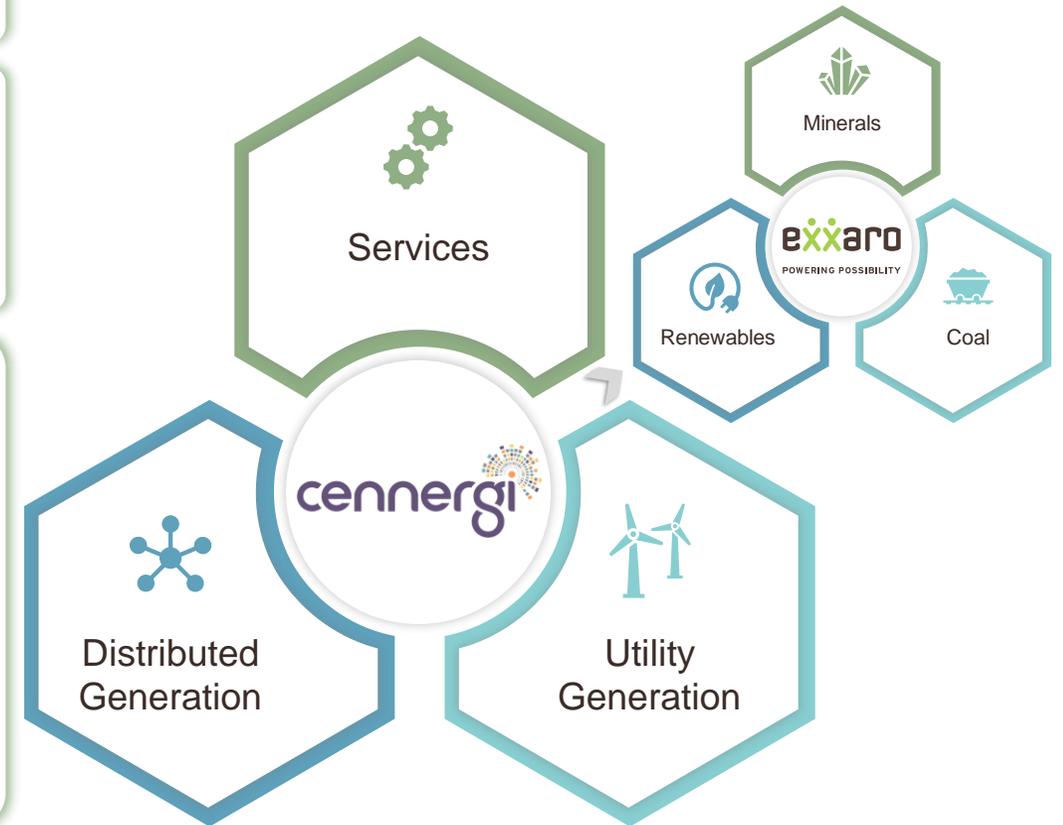
Partnerships and skills



Inorganic entry to select new growth markets



Focus and rigour





Agenda



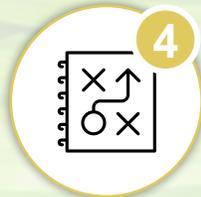
Strategy and rationale



Timing is right



How we will deliver



Measurable ambitions and next steps

Strategy at a glance



What is our plan?	Fulfil Own Generation needs	Expand South African footprint (Services and Distributed Generation)	Follow Exxaro into new markets	Inorganic new market entry for Distributed Generation and Utility	
How will we win?	Existing, sizeable renewable platform & brand	Partnerships	Organic skills development	Acquire skills and new market entries	Debt Finance energy strategy
What are our goals and aspirations?	Exxaro Decarbonisation	Capital Deployment R 15bn ^[1] by 2030	Generating Capacity 3 GW net additional (up to 6 GW gross)	Target Returns 15% IRR ^[2] on portfolio	EBITDA c. R 6bn ^[1] by 2030
How will we configure?	Fast-growing start-up culture		Simple Lean Empowered		
Where will we play?	Distributed Generation	Utility Generation	Services		

Notes: [1] Real terms; [2] ZAR

An existing energy business and a history of continuous development

231 MW

2nd Largest South African-owned renewable IPP

TSITSIKAMMA COMMUNITY WIND FARM
Capacity: 95 MW

AMAKHALA EMOYENI WIND FARM
Capacity: 134 MW

9 X PRIVATE SOLAR PV FACILITIES
Capacity: 2 MW Total

- 2009** Exxaro signs MoU to develop wind farm
- 2012** Cennergi created & bids in SA REIPPPP
Cennergi commences management of wind farms
- 2016** 229 MW of REIPPPP projects commence operations
- 2018** 9 Distributed PV facilities built through Business of Tomorrow programme
- 2019** Exxaro buys out Tata Power to become 100% owner
- 2020** Studies commence for c.70 MW Self Generation projects
- 2021** Engaged with various mines in South Africa
Cennergi commences management of PV facilities

Poised to play a strategic role in achieving Exxaro's ambitions

01



A renewable energy business that transitions Exxaro to a carbon neutral future

02



Build on our existing renewable asset base and competencies in South Africa

03



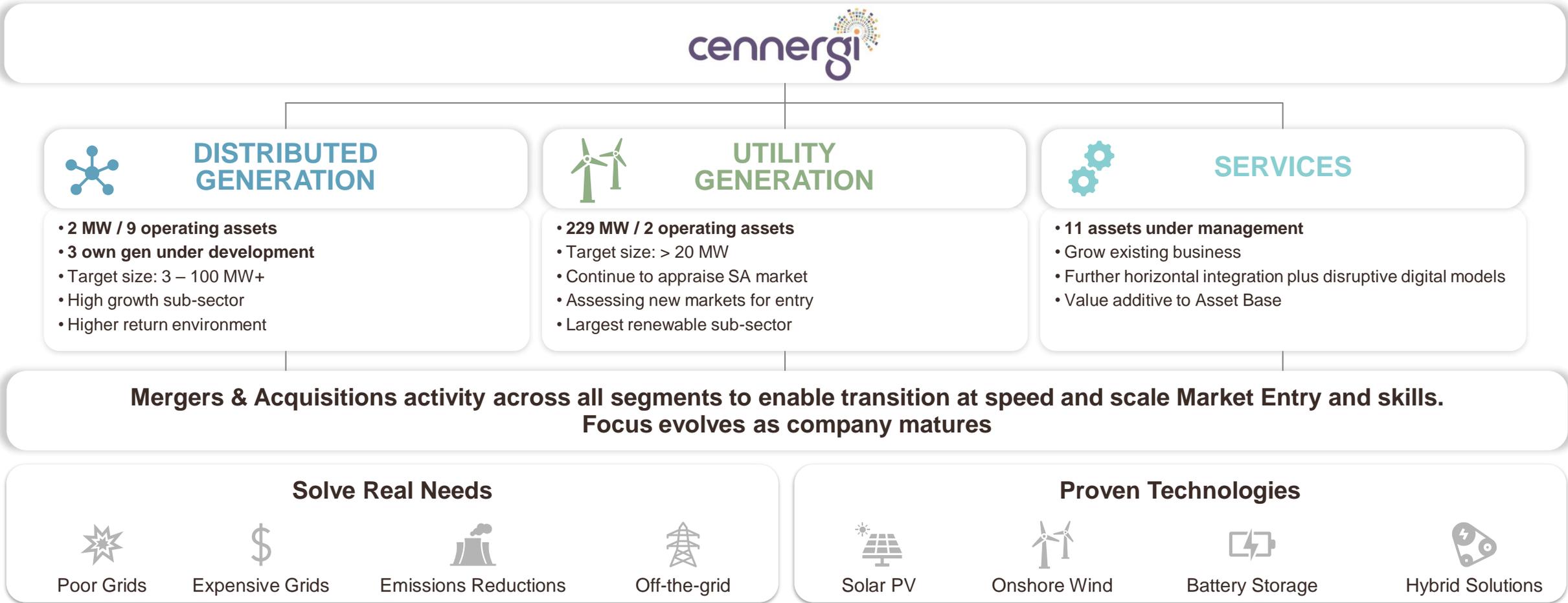
Provide renewable energy solutions (assets and services) to the private and public sectors in select markets globally

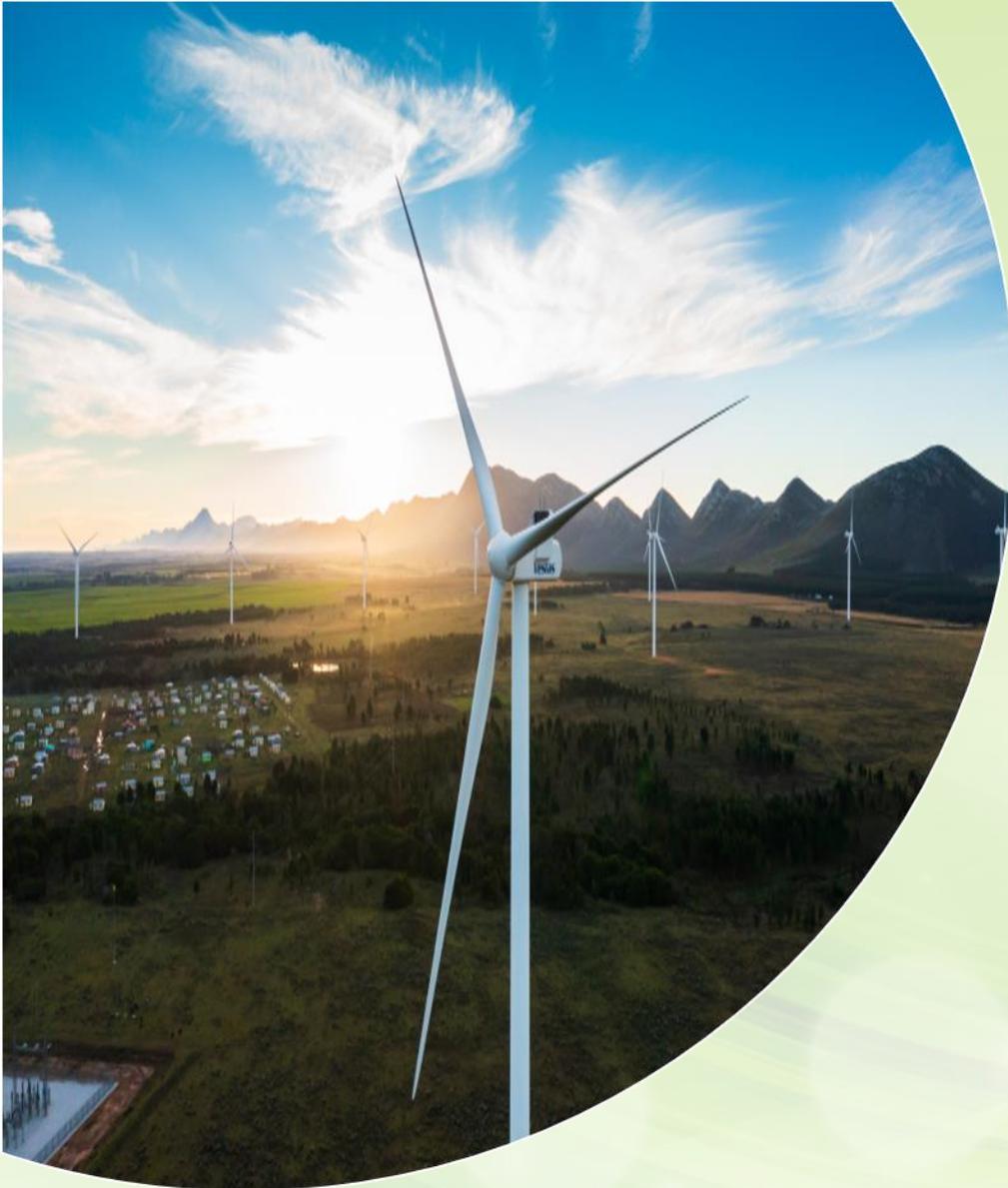


Leverage Exxaro's unique networks and skill sets to deliver **portfolio diversification** and **long-term stability** to Exxaro's **cashflows**

An established business now focused on Three Pillars . . .

. . . leveraging proven technology, solving real needs





Agenda



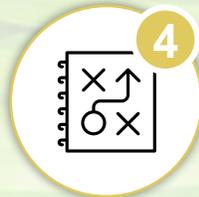
Strategy and rationale



Timing is right

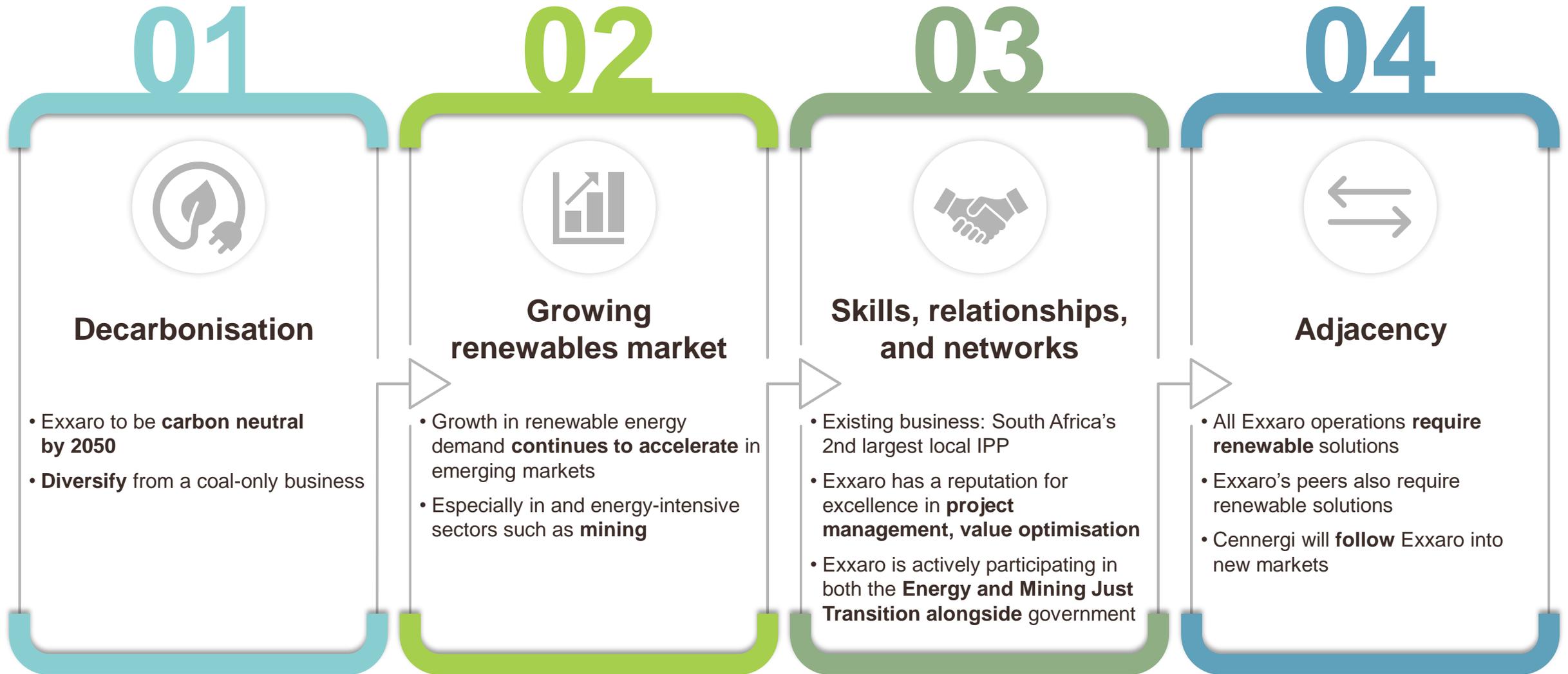


How we will deliver



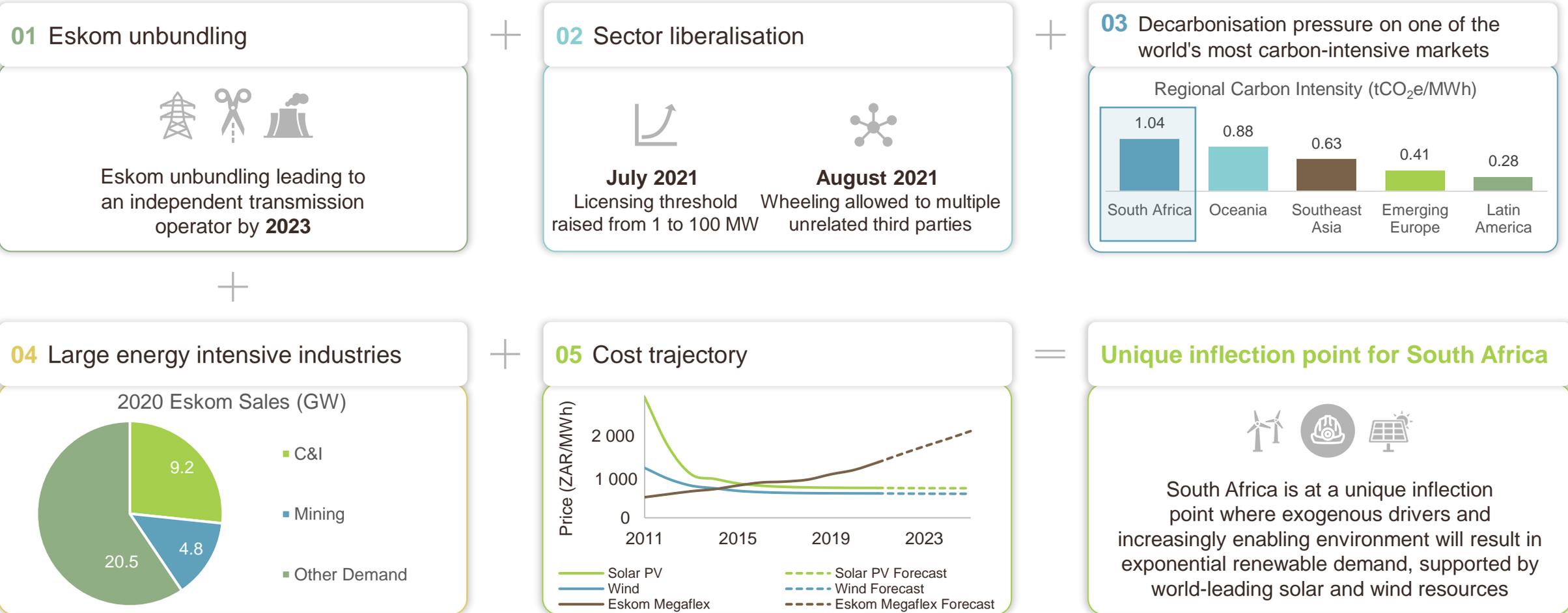
Measurable ambitions and next steps

A pathway to Exxaro's decarbonisation



New local market opportunities driven by policy and exogenous factors

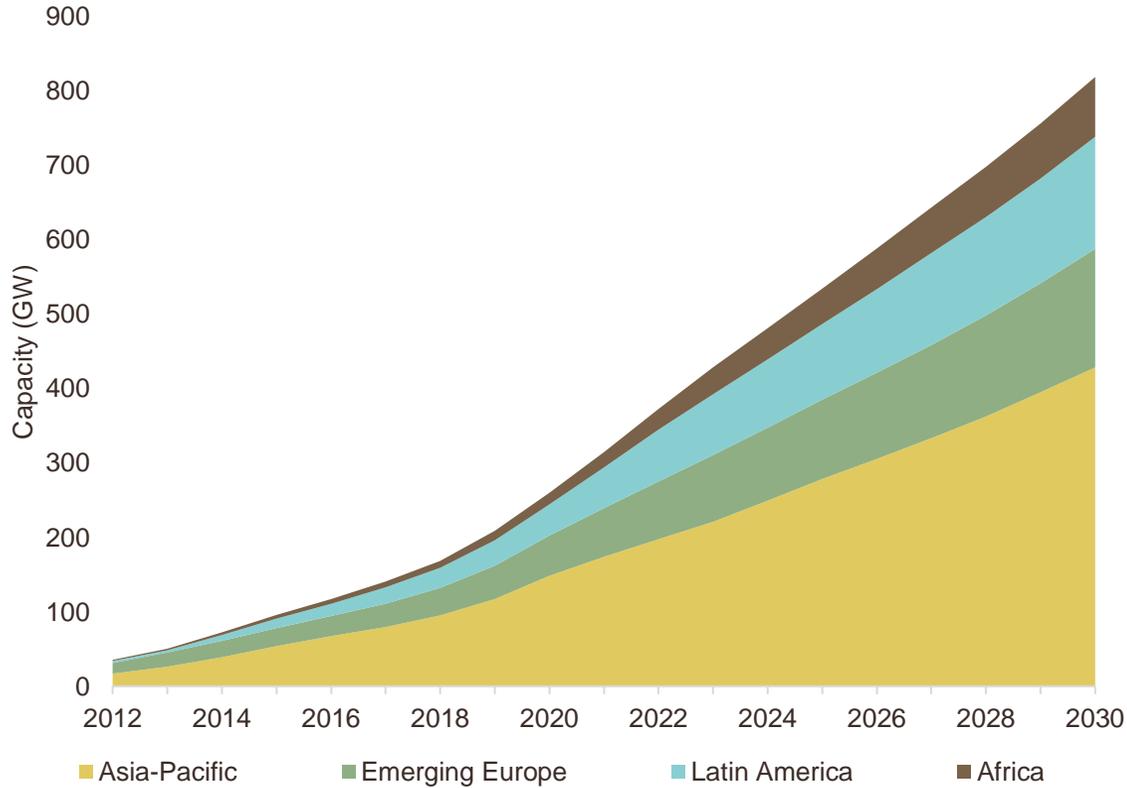
New models catalysed by enabling sector legislation, decarbonisation and competitive renewable energy costs



And continued renewables growth in other emerging markets

Opportunity to enter other growth markets for further diversification

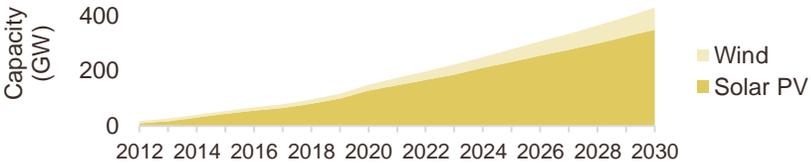
Exponential Emerging Market Renewable Growth:



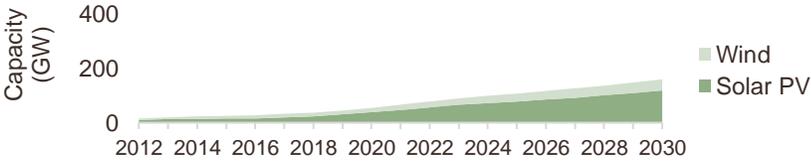
By Region:

Excluding China & India

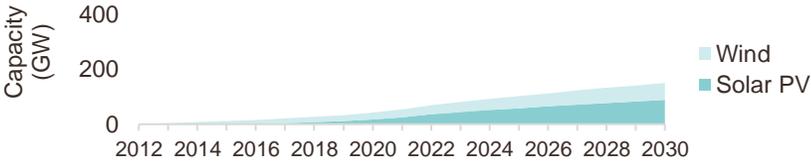
Asia-Pacific
Wind & Solar PV CAGR 18.5%



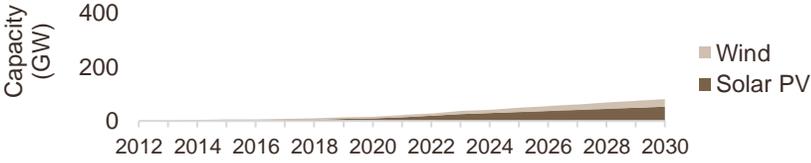
Emerging Europe
Wind & Solar PV CAGR 13.4%



Latin America
Wind & Solar PV CAGR 23.4%

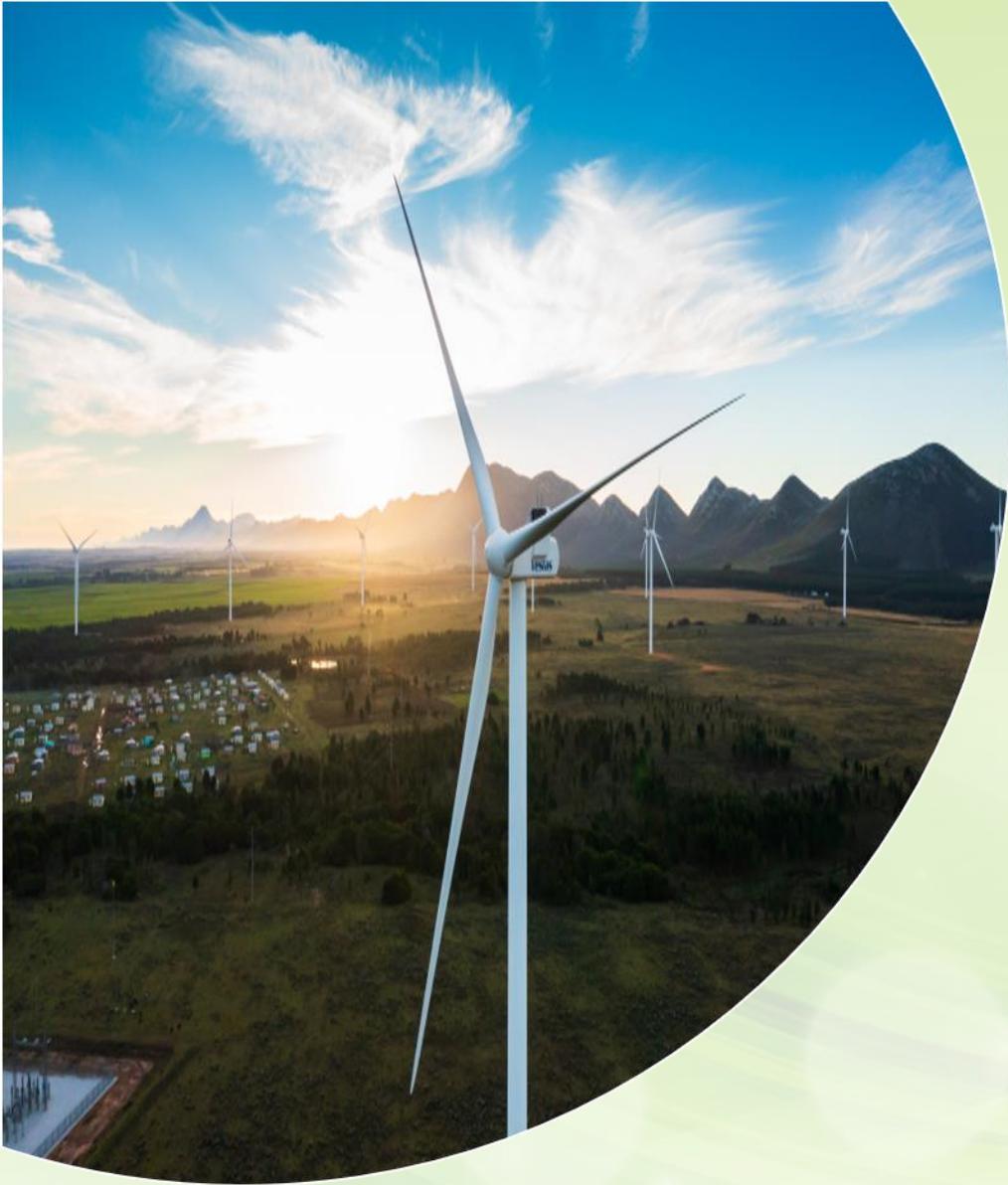


Africa
Wind & Solar PV CAGR 24.5%



Sources: Bloomberg NEF New Energy Outlook

CAGR is calculated over 19 years from 2012 to 2030



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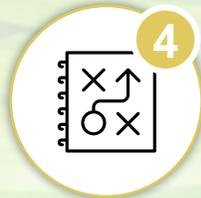
Strategy and rationale



Timing is right



How we will deliver



Measurable ambitions and next steps

Leveraging our skills and experience

Competitive advantage stems from our roots in renewable energy and innovation plus our position at the heart of the mining industry



Notes: [1] Exxaro, Delivering A Digital Twin To South Africa; [2] Ultra high dense medium separation

A phased approach building on internal needs and external growth

Initial focus on increasing generation asset base in South Africa and internationally, followed by growth of the Services pillar

DISTRIBUTED GENERATION

- Own Generation
- South African Mining Sector
- Enter Select New Markets

Return on Capital Business

UTILITY GENERATION

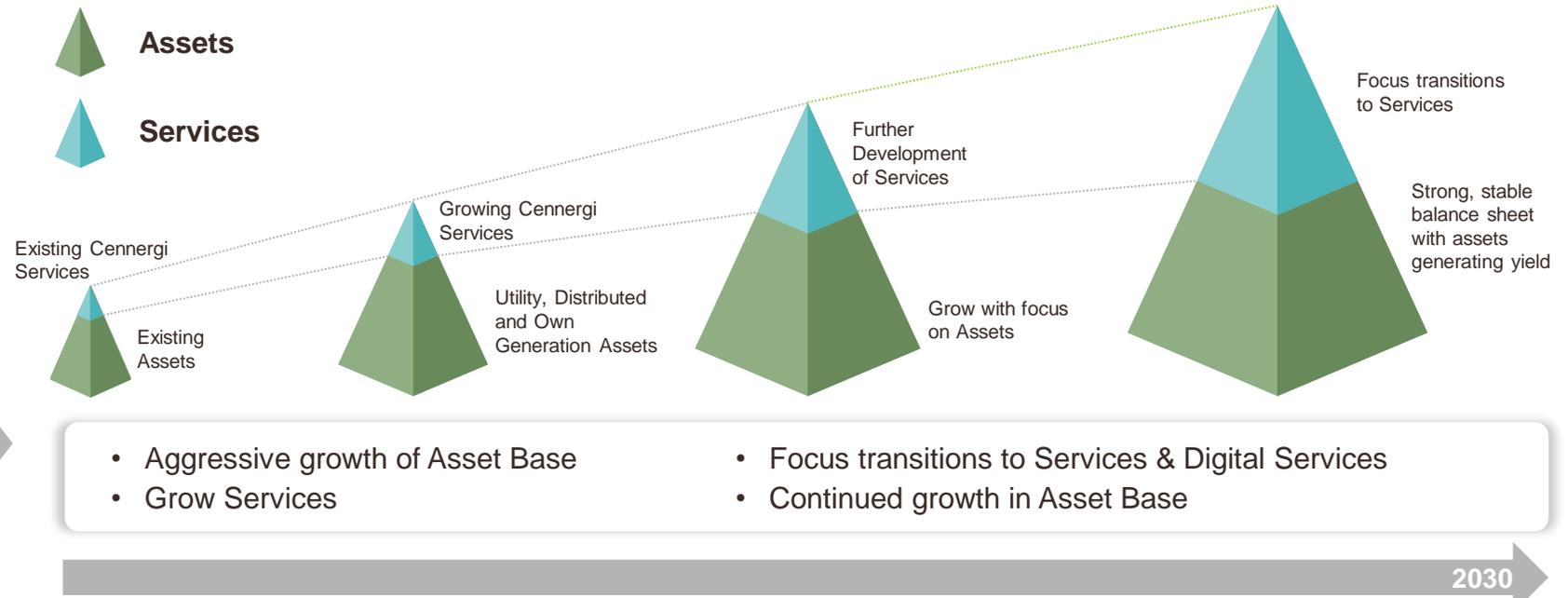
- Enter Select New Markets

Return on Capital Business

SERVICES

- Cennergi Services
- Add differentiation
- Add value to customer across asset base

Margin Business



- Aggressive growth of Asset Base
- Grow Services

- Focus transitions to Services & Digital Services
- Continued growth in Asset Base



Target
3 GW

Net additional generation capacity

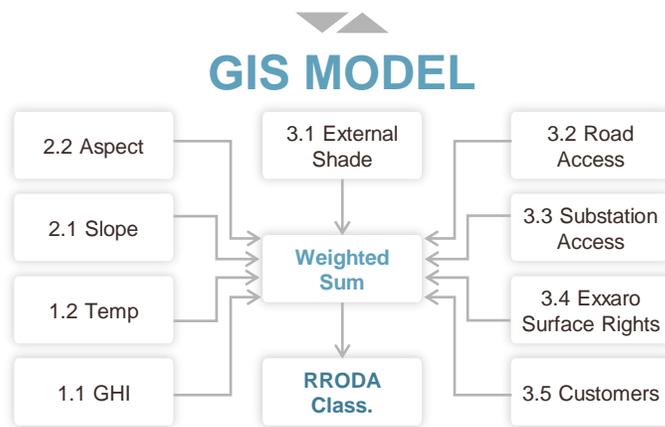
We will build the business in a focused, phased approach using a combination of organic and inorganic growth

Proprietary renewable digital project assessment tool

- RRODA^[1] – proprietary algorithmic project assessment tool utilising renewable and mining data
- RRODA considers all above and below-surface constraints & factors that may impact the levelised cost of energy through risk-based scenario analysis

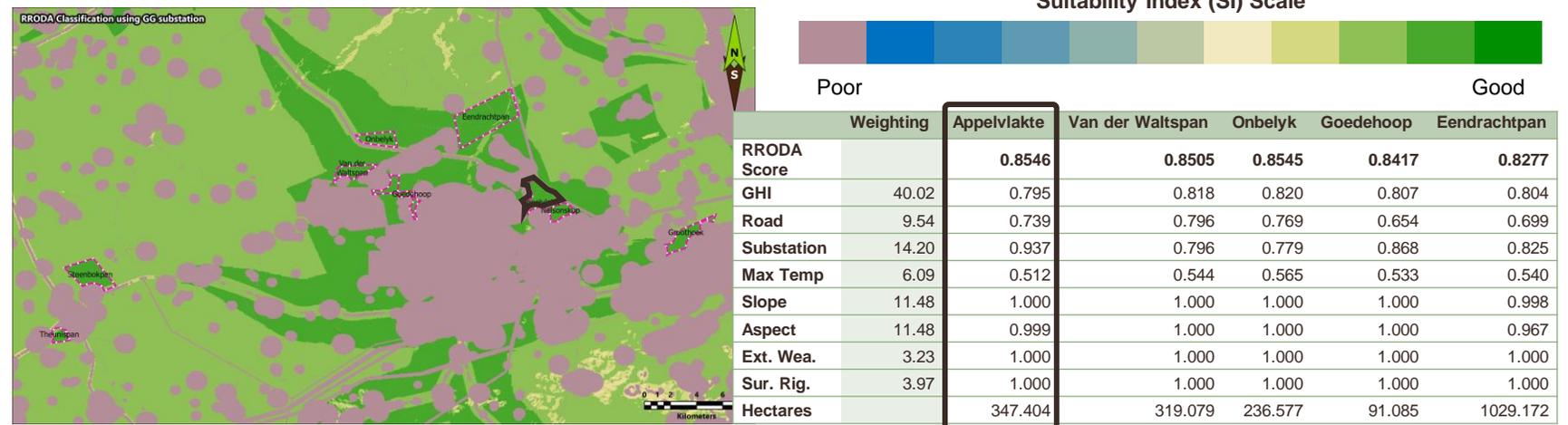
5-STEP PROCESS

- 01 Identify sites of interest
- 02 Define site suitability factors & criteria
- 03 Identify variables to model & data sources
- 04 Create algorithms & GIS model
- 05 Determine site suitability



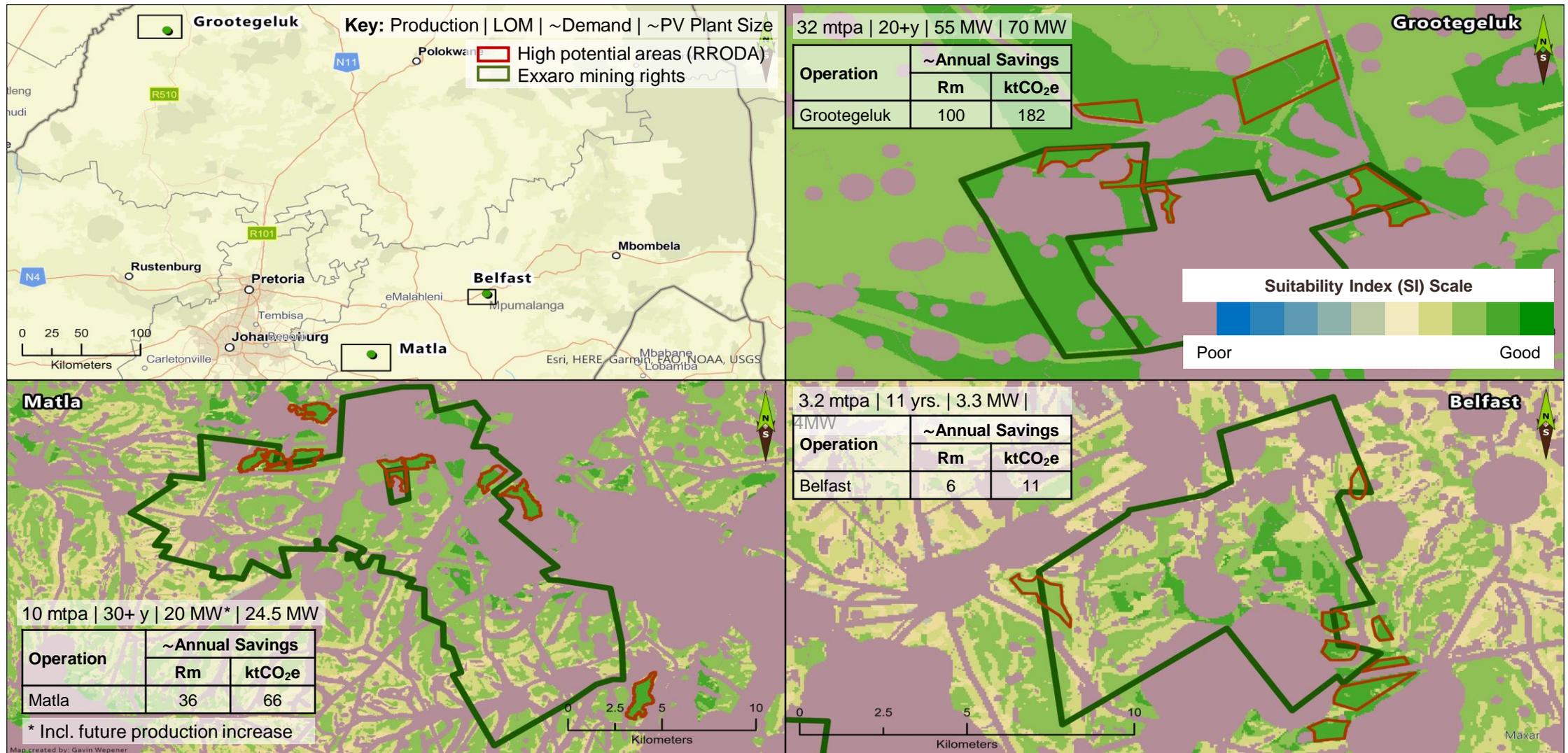
Only renewable developer to combine mining and renewable datasets to optimise site selection and high-level design parameters with quantification of tariffs and savings

RRODA Used to Select Lephalale Solar Project Site



[1] Renewable Energy Risk & Opportunity Domain Analysis

Example: Desktop view of our own requirements

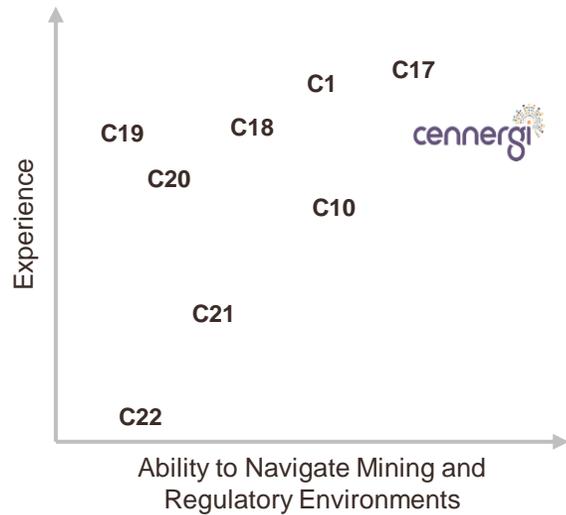


Disclaimer: Indicative values

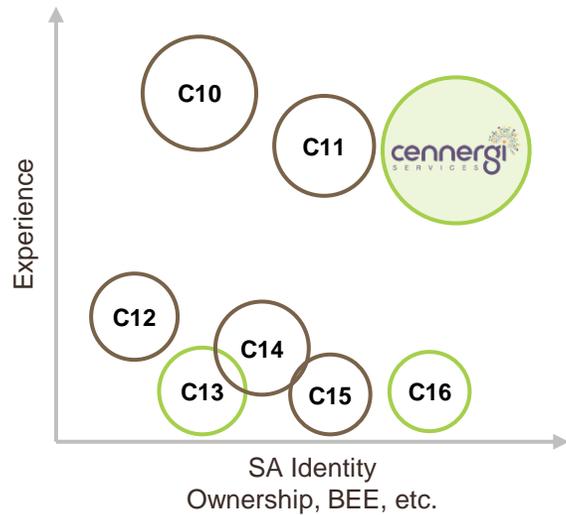
Build on strong positioning in South Africa

cennergi is extremely well positioned for growth in two pillars and is observing and assessing other markets in the third

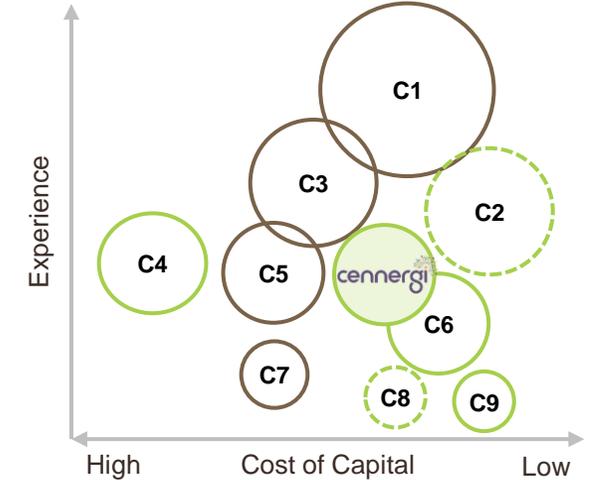
SA Distributed Generation (Mining)



SA Services (No. of Facilities)



SA Utility (Net MW)



- CREDENTIALS**
- 9 DG projects completed and regulated
 - 3 projects under development
 - Only developer at **centre of Renewables and Mining Communities**

- COMMENT**
- Solutions-driven
 - Higher returns than Utility
 - New sector with GW potential

No operational assets – no bubbles

- 11 renewable assets managed
- Strong **Local & BEE** credentials vs other parties

- Brand & value-driven
- Margins

Bubble size = Nr. of Facilities managed

- Although we are the second largest local renewable IPP, participation in future bid windows is dependent on investment criteria being met

- Cost of capital is a factor
- Risk adjusted returns in South Africa questionable at current time

Bubble size = Net generating capacity

LEGEND		
C# : Competitor number	Local IPP	Local Fund
	International Competitor	

CREDENTIALS
COMMENT

Internally led growth | Lephalale Solar Project (Grootegeluk own generation)

Sizeable, bespoke PV project that enables cost savings and carbon reduction

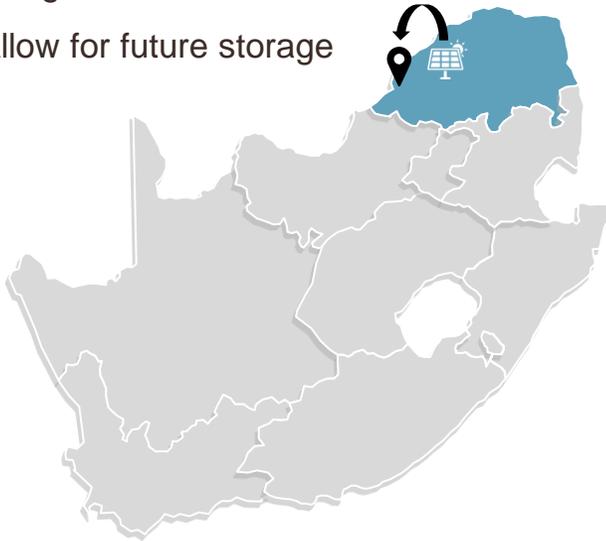
Customer

Characteristics:

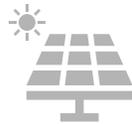
- Large, long-life mining customer

Requirements:

- Reduce cost of electricity
- Hedge future Eskom tariff hikes
- Allow for future storage



Phase 1 - 70 MWp PV Plant



- 20+ years PPA
- Solar PV
- Behind the meter solution
- Optimised for tariff environment



Phase 2 - Storage



Designed for phase 2 storage addition



Phase 3 - Expansion



Designed for future expansion



Benefits



One of the largest private offtake Solar PV facilities of its kind in Africa



36% reduction in Grootegeluk Scope 2 emissions when all power generated is used



>12% electricity cost savings per year from full production



Internally led growth (continued) | Belfast own generation

Smaller PV project with alternative options

Customer

Characteristics:

- Smaller mining company

Requirements:

- Reduce cost of electricity
- Hedge future Eskom tariff hikes
- Allow for future storage



3.25 MWp PV Plant

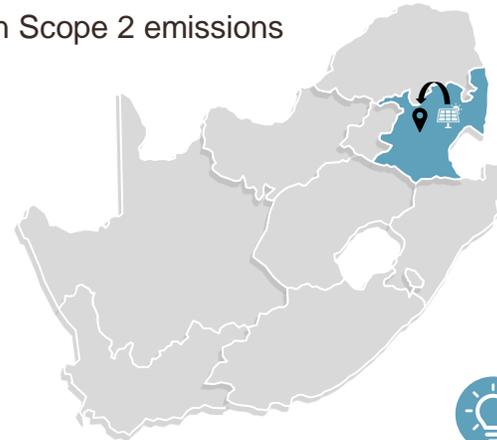
- Solar PV
- Single axis tracking
- Optimised for Eskom tariff structure
- **2 Options being considered**
 - On-site vs Wheeling



Two Options Under Consideration

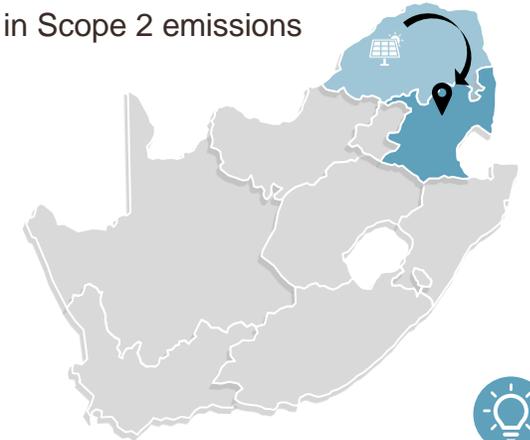
On site

- On-site behind the meter solution
- Plant located close to mine
- Direct mine connection
- Higher CAPEX due to smaller scale
- No wheeling risks or extra costs
- Reduction in Scope 2 emissions



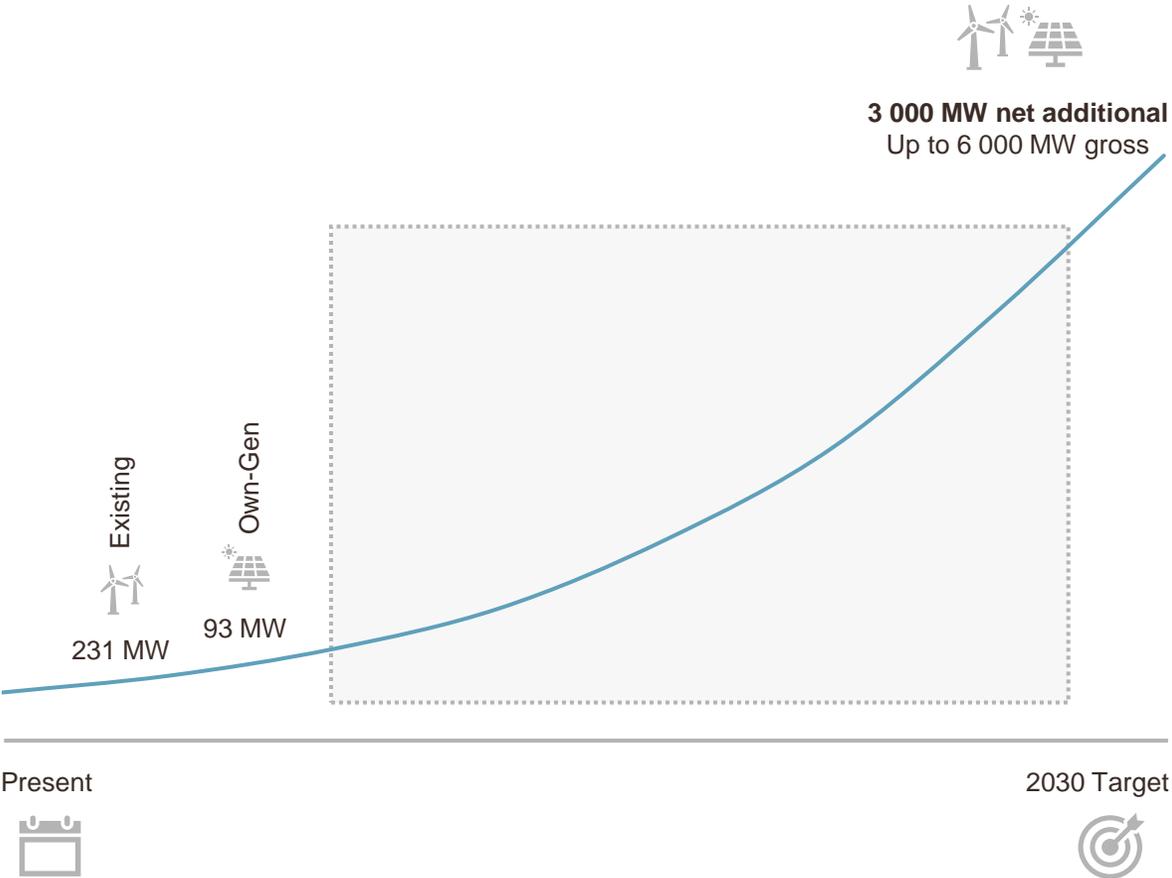
Wheeling

- Off-site wheeling solution
- Expansion of Lephalale Solar Project to allow for wheeling
- Direct Eskom connection
- Scale reduces CAPEX
- Wheeling costs incurred
- Reduction in Scope 2 emissions

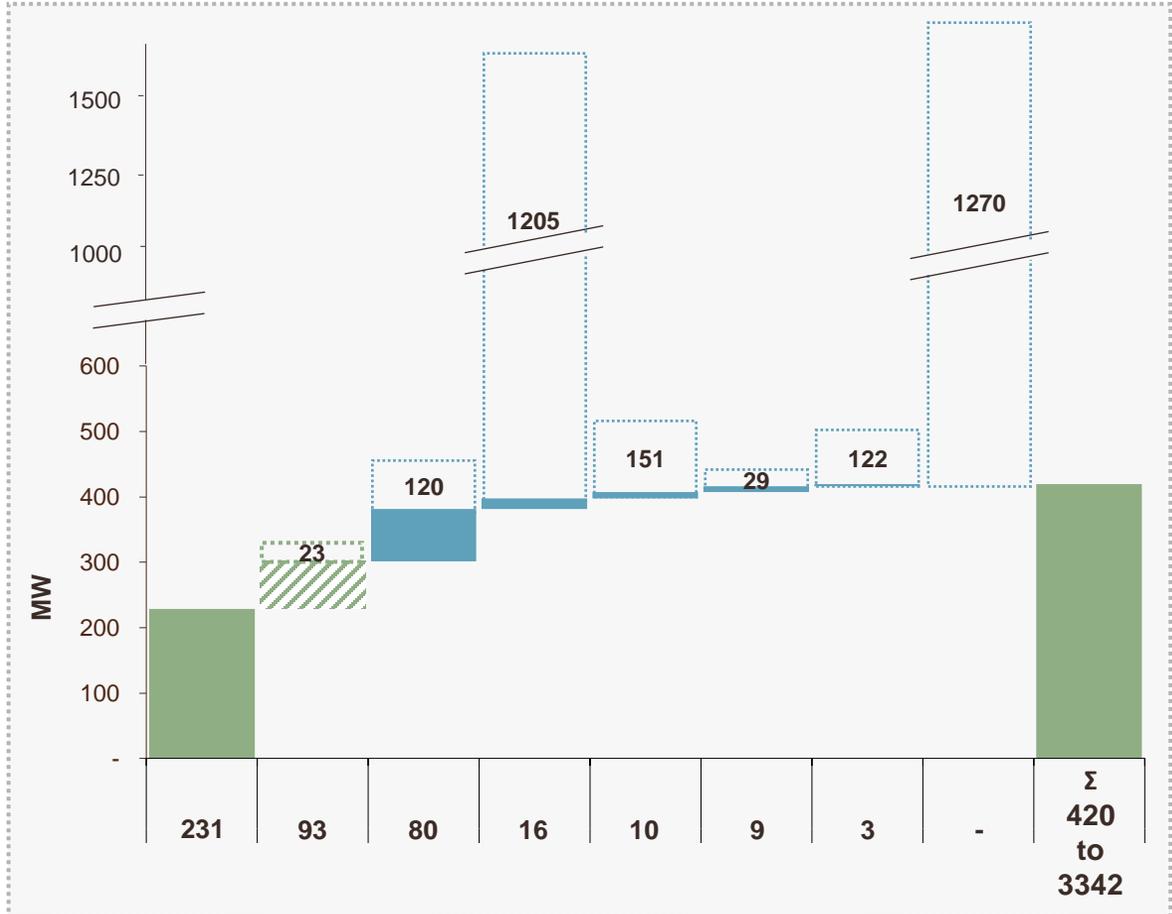


Leveraging mining relationships to drive a strong South African pipeline

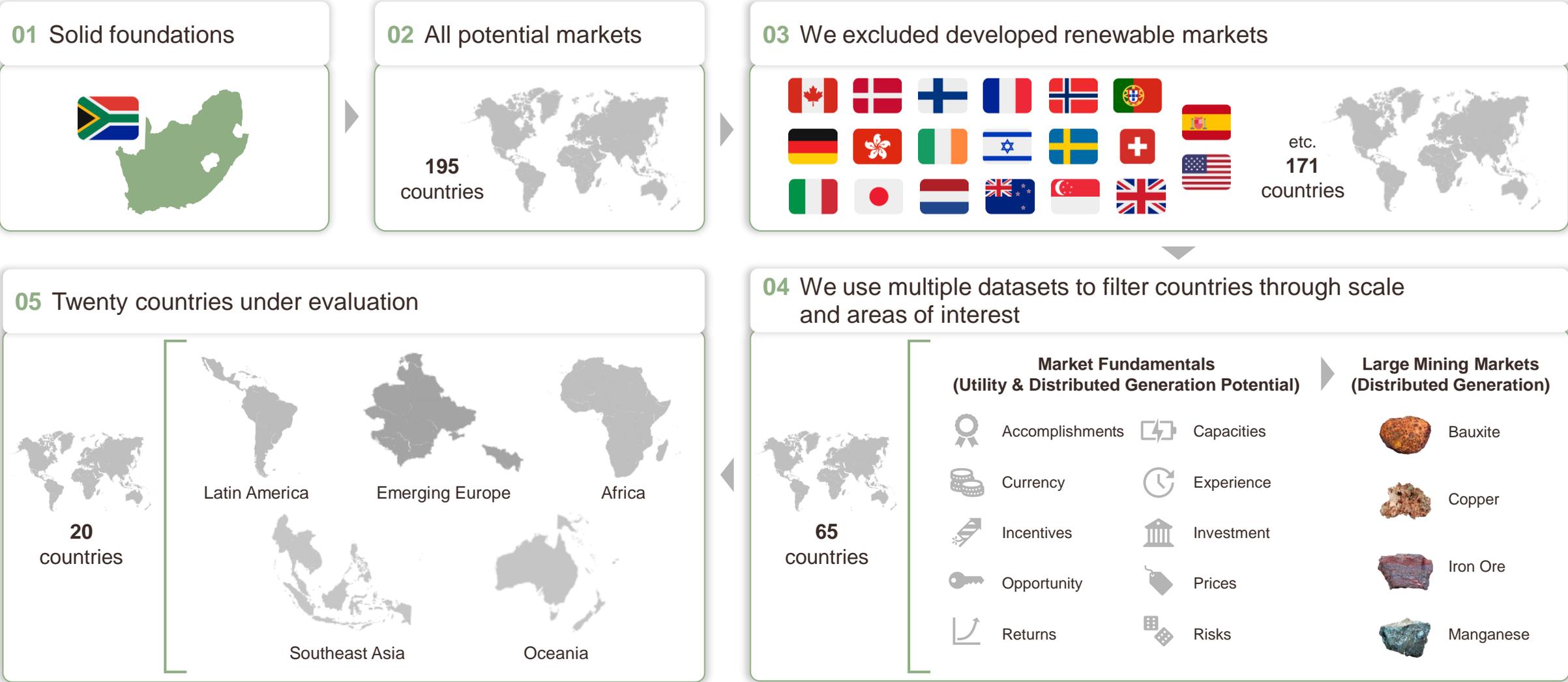
A South African platform for our ambitions



Current South African pipeline



And entering select other growth markets in a disciplined manner





Agenda



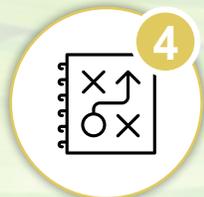
1 Strategy and rationale



2 Timing is right



3 How we will deliver



4 Measurable ambitions and next steps

What we aim to achieve

Financial and non-financial targets for 2030

COMPANY TARGETS

2030



Generation Capacity^[1]

3 GW net additional
15x existing



New Markets Entered

3 – 5



Portfolio Equity IRR

15% ZAR



Equity / Own Capital Deployment

R 15bn^[2]



Total Capital Deployment

c. R 45bn^{[2][3]}



Peak EBITDA

R 6.2bn^[2]

Notes: (1) up to 6GW gross; (2) Real terms; (3) Estimated average portfolio leverage of 66%

Emissions reduction

We are committed to carbon reduction and our renewable energy strategy is a fundamental driver

Avoided emissions using **cennergi power**



Own Generation
259k tCO₂e/yr.



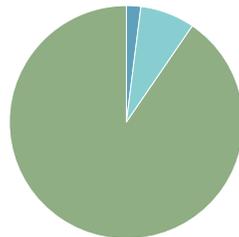
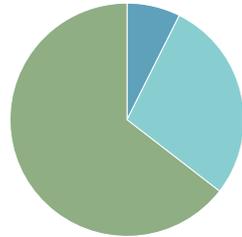
Existing Assets
696k tCO₂e/yr.

+

**New Investments
Low Scenario^[1]**
Up to 1.6m tCO₂e/yr.



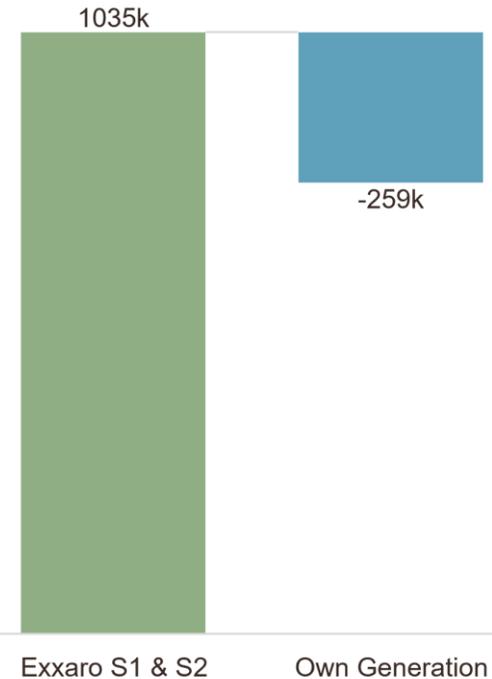
**New Investments
High Scenario^[2]**
Up to 8.3m tCO₂e/yr.



2.5m
TO
9.2m
tCO₂e/yr.

CONTRIBUTION TO
GLOBAL CARBON
FOOTPRINT REDUCTION

Annual Exxaro Scope 2
emissions reductions through
Own Generation portfolio

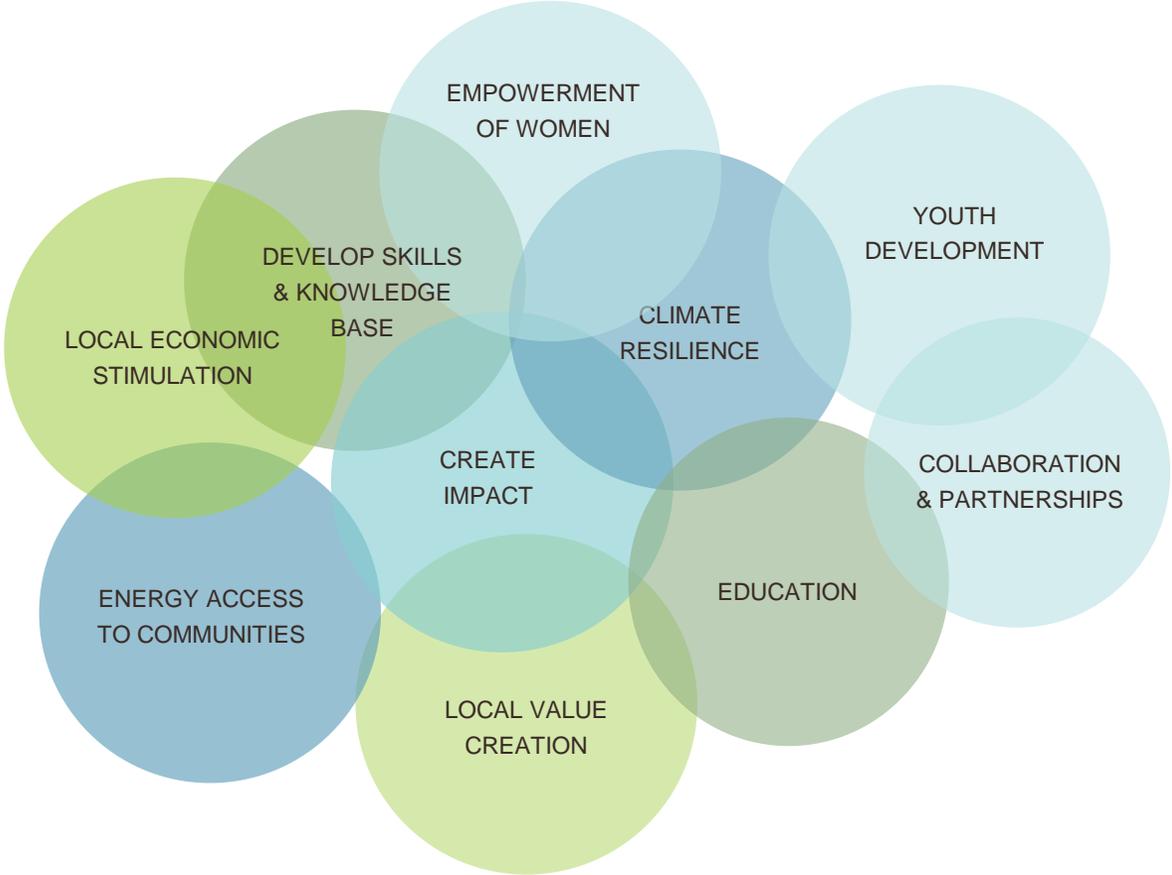


Notes: [1] Latin America with an emissions factor of 0.28 tCO₂e/MWh; [2] South Africa with an emissions factor of 1.04 tCO₂e/MWh

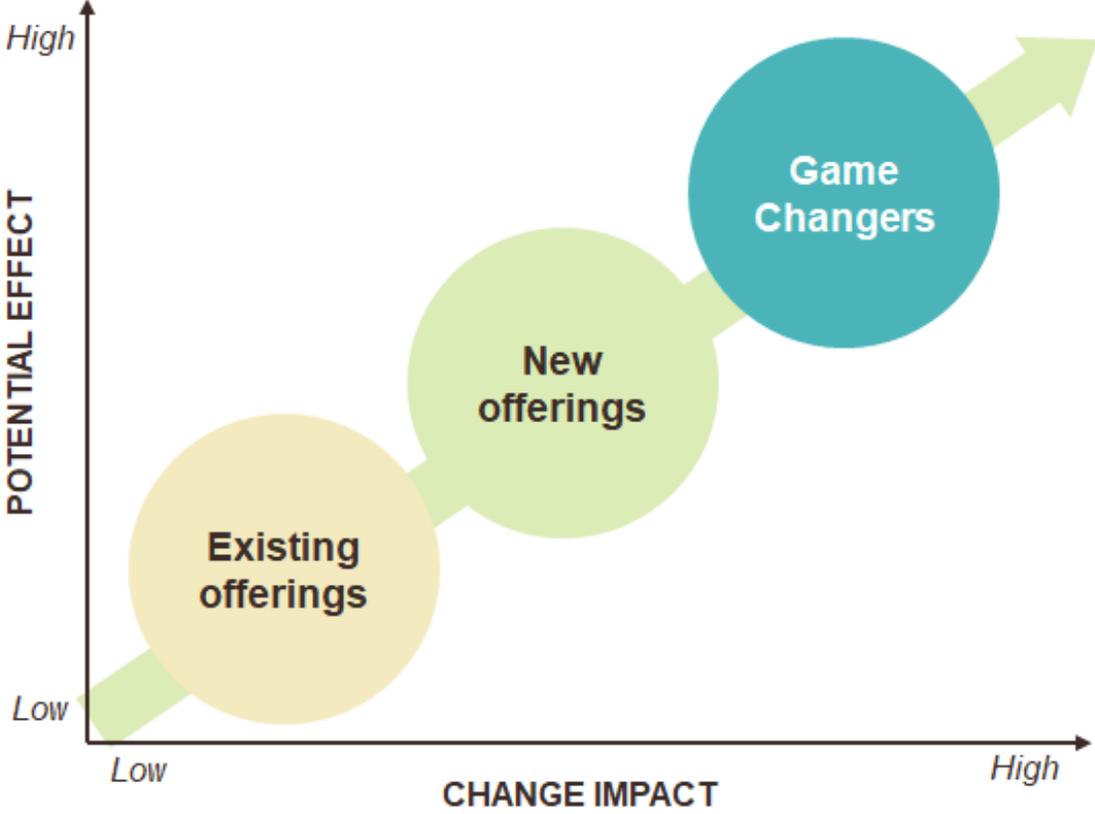
Disclaimer: Numbers are indicative

Just Energy Transition is central to our business case

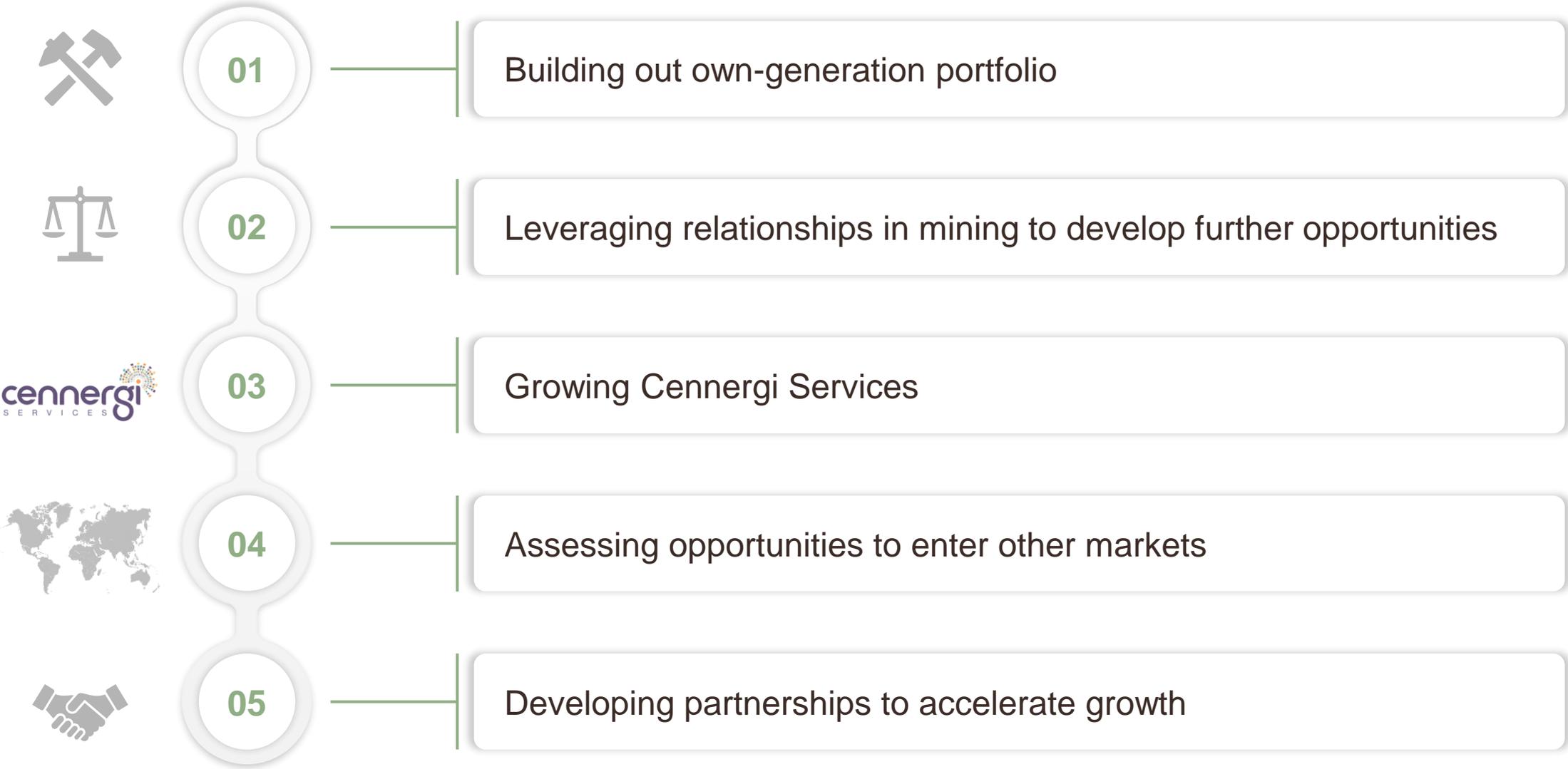
Sustainable impact across multiple dimensions in communities



Leveraging Exxaro's model of Impact at Scale



Next Steps: Already executing on our Strategy





Accelerating a Renewable Energy **Value Proposition** that started in 2009



Future-proof Exxaro



Fast-track decarbonisation



Predictable long-term **cash flows**



Increase portfolio diversification



Future value uplift