

Sibanye profits up 60%

Sibanye soared further into the black for the second half of 2016 with a record annual operating profit of R10,5bn for the six months, a 60% increase on the previous year.



Source: Sibanye

Group operating profit of R5,1bn for the second half of 2016, was 29% higher than for the comparable period in 2015, with the gold division contributing R4,8bn and the platinum division adding R304m, including a positive R74m contribution from Rustenburg for November and December 2016.

Sibanye's 50% JV in Mimosa, which is equity accounted and therefore not included in operating profit contributed a further R186m profit to the group.

Normalised earnings, increased by 52% compared to the same period in 2015 to 163 cents per share. Normalised earnings of 397 cents per share for F2016 were 196% higher year-on-year.

Salient features for the year ended 31 December 2016:

- Record operating profit of R10,5bn (\$717m)
- Headline earnings of R2,5bn (\$169m)- represents a 269% increase year-on-year
- Normalised earnings per share increased by 196% to 397 cents (ZAR) (27 US cents)

- Total dividend of 145 cents per share (ZAR) for the year, representing 37% of normalised earnings

Commenting on the result, Neal Froneman, CEO of Sibanye said: “It is pleasing to report such solid financial results and again be able to deliver an industry leading dividend yield of over 5% to our shareholders.

The positive contribution from the platinum division is notable, with the Aquarius assets continuing to operate well and the Rustenburg operations showing a solid turnaround and returning to profitability.”

The Stillwater acquisition

Regarding the proposed acquisition of Stillwater, which was announced on 9 December 2016, Froneman said: “the acquisition of this Tier 1, low cost PGM producer is expected to significantly enhance Sibanye’s asset base and create a globally competitive South African mining champion.

Stillwater’s low-cost, high grade operations and reserves with near term organic growth through the Blitz Project.

“The transaction will attractively position Sibanye’s platinum division on the global cost curve, is value accretive and will enhancing our ability to sustain industry-leading dividends,” he said.

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