

# Precious Metals Perspective

## Precious Metals Perspective: Ride the Rally, but Watch out for 2013

- **Upgrade PGM price assumptions** — We upgrade our 2012-16 platinum and palladium price assumptions by 1.5%-7.6% and 6.3%-15.6% respectively. Our rand 4E basket price outlook increases by 0.8%-6.0% over this period. We now expect an average basket price of R11,789/ounce (\$1,363/ounce) in 2013, up 4% from our previous R11,342/ounce expectations.
- **Due to SA strikes and supply cuts** — The upgrade to our price assumptions follows the update to our supply/demand outlooks for these metals, as detailed in our 13 September 2012 note "[Back In Balance, But Hold Your Horses](#)". Illegal strikes in SA, mine closures and project delays have resulted in a balanced market outlook for platinum in 2012-14, deficit thereafter. We continue to expect a growing deficit market for palladium.
- **Ride the rally** — Ongoing illegal strikes in SA have buoyed investment demand for platinum and palladium, and prices have rallied 17% since 1 August 2012. Equity prices have responded with the FTSE/JSE platinum index up 7% over this period. We expect this momentum to continue towards the end of 2012 due to the temporary mismatch of supply and demand for platinum.
- **But beware of 2013** — We caution, however, that the recent rally in rand PGM prices may ironically be the sector's Achilles heel into 2013. This is because; 1) all SA platinum mines are cash generative after capex at current prices, potentially incentivizing companies to bring back mothballed production and reinstate capex programmes, 2) rising prices will most likely result in destocking of the past three-year's 1.2m ounces cumulative surpluses, 3) rising prices may also give AMS "false hope" which could result in sub-par restructuring towards end 2012, and 4) supply from recycling is likely to increase on higher prices. All this could add c.400k ounces (Pt) more supply in 2013 than our forecasts currently suggest.
- **Valuation and earnings changes** — We upgrade our valuation and earnings expectations for all stocks under our coverage due higher price assumptions. We upgrade AQP to Buy from Neutral, and RBP from Sell to Neutral. We maintain our preference for IMP (Buy) and NHM (Buy).

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Company	Ticker	Rating		Target Price		Current Year Earnings Estimates	
		Old	New	Old	New	Old	New
Anglo Amer Plat	AMSJ.J	3	3	R400.00	R420.00	ZA¢365	ZA¢406
Aquarius Platinum	AQP.L	2	1	£0.40	£0.59	US¢2.3	US¢2.9
Impala Platinum	IMPJ.J	1	1	R180.00	R185.00	R8.98	R8.76
Lonmin	LMI.L	2	2	£6.59	£6.59	US¢-6.4	US¢-6.4
Northam Platinum	NHMJ.J	1	1	R36.00	R38.00	ZA¢121	ZA¢133
Royal Bafokeng	RBPJ.J	3	2	R45.00	R53.00	ZA¢100	ZA¢108

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

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## Back in Balance

Pages 2-5 is an excerpt from our 13<sup>th</sup> September note "[Back In Balance, But Hold Your Horses](#)".

### Platinum market in balance in 2012-14, deficit thereafter

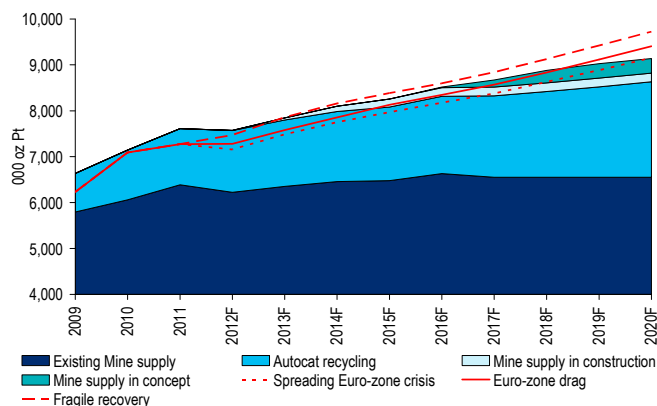
**Strikes, mine closures and project delays have pushed the platinum market in balance**

We have updated our supply/demand outlook for platinum and now expect a balanced market during FY12-14 and deficit from FY15 onwards. This contrasts to our previous 200-400k ounce p.a. surplus outlook for platinum. The change in our outlook was mainly due to lower supply from SA, which in turn was due to a combination of illegal strike action, mine closures and capex delays.

Excluding strikes, the impact of mine closures and capital delays have decreased SA's 2012-14 mine supply outlook by ~400k ounces p.a. since the start of the year. Strikes have thus far resulted in c.220k ounces of lost production in 2012.

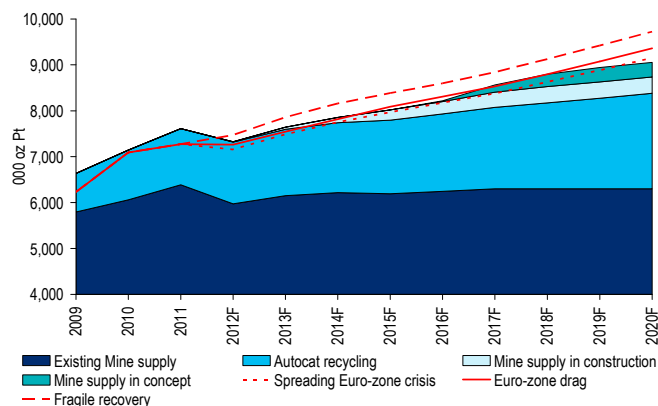
Our demand side outlook for platinum remains largely unchanged, with minor downgrades to our already depressed WE auto demand expectations. It is worth highlighting that this is the first time since October 2010 that we do not forecast a surplus market for platinum (refer [The Platinum-Palladium Dichotomy](#)).

Figure 1. Platinum supply-demand profile (old)



Source: Johnson Matthey, Citi Research

Figure 2. Platinum supply-demand profile (new)



Source: Johnson Matthey, Citi Research

Figure 3. Changes to our platinum supply outlook (000 ounces)

	2011	2012F	2013F	2014F	2015F
<b>Supply (000 ounces)</b>					
Southern Africa - New	5,195	4,719	4,896	5,067	5,192
Southern Africa - Old	5,195	4,967	5,097	5,312	5,427
% change	0.0%	-5.0%	-3.9%	-4.6%	-4.3%
Russia - New	835	815	798	767	752
Russia - Old	835	815	798	767	752
% change	0.0%	0.0%	0.0%	0.0%	0.0%
North America - New	350	325	381	376	371
North America - Old	350	325	381	376	371
% change	0.0%	0.0%	0.0%	0.0%	0.0%
Total mine supply - New	6,480	5,979	6,195	6,330	6,434
Total mine supply - Old	6,480	6,227	6,396	6,575	6,669
% change	0.0%	-4.0%	-3.1%	-3.7%	-3.5%
<b>Surplus/(Deficit) - New</b>	<b>430</b>	<b>63</b>	<b>98</b>	<b>36</b>	<b>-50</b>
<b>Surplus/(Deficit) - Old</b>	<b>430</b>	<b>293</b>	<b>264</b>	<b>243</b>	<b>141</b>
<b>% change</b>	<b>0.0%</b>	<b>-78.4%</b>	<b>-63.1%</b>	<b>-85.2%</b>	<b>-135.6%</b>

Source: Johnson Matthey, Citi Research

(Figure 4. Citi Platinum supply-demand outlook (000 ounces)

	2007	2008	2009	2010	2011	2012F	2013F	2014F	2015F
<b>Demand</b>									
Auto catalysts									
Europe	2055	1970	970	1495	1465	1320	1325	1390	1443
North America	850	505	370	405	380	440	448	491	509
China	175	145	85	100	110	121	131	140	148
Japan	610	610	395	550	500	652	618	614	610
Rest of the world	455	420	365	525	650	696	726	756	780
<b>Total</b>	<b>4145</b>	<b>3650</b>	<b>2185</b>	<b>3075</b>	<b>3105</b>	<b>3229</b>	<b>3249</b>	<b>3391</b>	<b>3491</b>
<b>Jewellery</b>									
Europe	200	205	185	175	175	184	193	197	200
North America	225	200	135	175	185	194	204	210	216
China	1070	1060	2080	1650	1680	1764	1852	1908	1965
Japan	540	530	335	325	315	302	293	293	311
Rest of the world	75	65	75	90	125	123	120	120	123
Jewellery recycled	655	695	565	735	820	726	668	659	659
<b>Net jewellery demand</b>	<b>1455</b>	<b>1365</b>	<b>2245</b>	<b>1680</b>	<b>1660</b>	<b>1841</b>	<b>1995</b>	<b>2069</b>	<b>2156</b>
<b>Investment</b>									
Europe	195	105	385	140	155	16	43	37	37
North America	30	60	105	465	10	21	27	23	23
Japan	-60	385	160	45	250	25	40	28	28
Rest of the world	5	5	10	5	45	27	30	32	32
<b>Total</b>	<b>170</b>	<b>555</b>	<b>660</b>	<b>655</b>	<b>460</b>	<b>89</b>	<b>141</b>	<b>120</b>	<b>120</b>
<b>Industrial</b>									
Europe	350	335	290	326	398	408	419	435	451
North America	420	380	250	370	452	463	476	493	511
China	295	205	0	200	244	250	257	266	276
Japan	225	210	160	205	250	256	263	272	283
Rest of the world	555	595	440	580	707	725	745	772	800
<b>Total</b>	<b>1845</b>	<b>1725</b>	<b>1140</b>	<b>1681</b>	<b>2050</b>	<b>2103</b>	<b>2160</b>	<b>2238</b>	<b>2321</b>
<b>Total platinum demand</b>	<b>7615</b>	<b>7295</b>	<b>6230</b>	<b>7091</b>	<b>7275</b>	<b>7262</b>	<b>7544</b>	<b>7818</b>	<b>8087</b>
<b>Supply</b>									
<b>Mine supply</b>									
Southern Africa	5240	4695	4865	4915	5195	4719	4896	5067	5192
Russia	915	805	785	825	835	815	798	767	752
North America	325	325	260	210	350	325	381	376	371
Rest of world	120	115	115	110	100	120	120	120	120
<b>Total</b>	<b>6600</b>	<b>5940</b>	<b>6025</b>	<b>6060</b>	<b>6480</b>	<b>5979</b>	<b>6195</b>	<b>6330</b>	<b>6435</b>
<b>Auto catalyst recycling</b>									
Europe	215	385	299	375	445	417	450	468	487
North America	605	630	421	580	640	707	750	780	811
China	10	15	23	10	10	62	74	89	102
Japan	35	60	54	65	60	90	97	105	113
Rest of the world	70	45	44	55	70	70	76	82	89
<b>Total</b>	<b>935</b>	<b>1135</b>	<b>840</b>	<b>1085</b>	<b>1225</b>	<b>1346</b>	<b>1447</b>	<b>1524</b>	<b>1602</b>
<b>Total platinum supply</b>	<b>7535</b>	<b>7075</b>	<b>6865</b>	<b>7145</b>	<b>7705</b>	<b>7326</b>	<b>7642</b>	<b>7854</b>	<b>8037</b>
<b>Supply-demand surplus/(deficit)</b>	<b>-80</b>	<b>-220</b>	<b>635</b>	<b>54</b>	<b>430</b>	<b>63</b>	<b>98</b>	<b>36</b>	<b>-50</b>

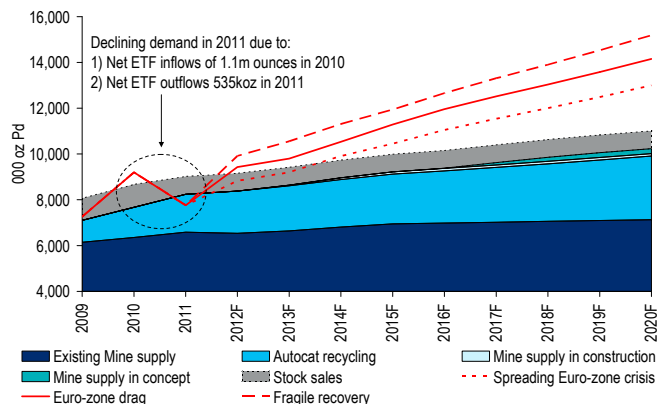
Source: Johnson Matthey, Citi Research

## Bullish outlook for palladium remain

### Growing deficit outlook for palladium maintained

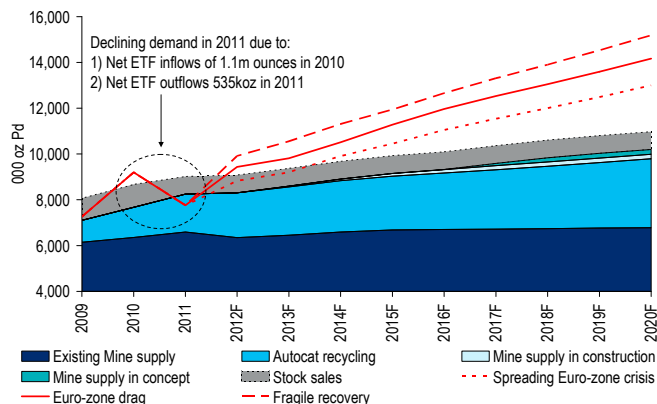
Our updated supply/demand outlook for palladium continues to suggest a growing deficit market. However, SA supply cuts have been somewhat offset by a lowered auto production outlook for China. Still, we forecast a 468k ounce deficit in 2012, rising to 579k ounces and 1,002k ounces in 2013 and 2014 respectively.

Figure 5. Palladium supply-demand profile (old)



Source: Johnson Matthey, Citi Research

Figure 6. Palladium supply-demand profile (new)



Source: Johnson Matthey, Citi Research

Figure 7. Changes to our palladium supply outlook (000 ounces)

	2011	2012F	2013F	2014F	2015F
<b>Supply (000 ounces)</b>					
Southern Africa - New	2,825	2,675	2,785	2,853	2,922
Southern Africa - Old	2,825	2,867	2,971	3,074	3,165
% change	0.0%	-6.7%	-6.3%	-7.2%	-7.7%
Russia - New	2,705	2,700	2,650	2,650	2,650
Russia - Old	2,705	2,700	2,650	2,650	2,650
% change	0.0%	0.0%	0.0%	0.0%	0.0%
North America - New	900	795	870	980	1,050
North America - Old	900	795	870	980	1,050
% change	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of world - New	155	180	180	180	180
Rest of world - Old	155	180	180	180	180
% change	0.0%	0.0%	0.0%	0.0%	0.0%
Total mine supply - New	6,585	6,350	6,485	6,663	6,802
Total mine supply - Old	6,585	6,542	6,671	6,884	7,045
% change	0.0%	-2.9%	-2.8%	-3.2%	-3.4%
Russian stock piles - New	775	775	775	775	775
Russian stock piles - Old	775	775	775	775	775
% change	0.0%	0.0%	0.0%	0.0%	0.0%
Autocatalyst Recycling - New	1,655	1,844	1,974	2,072	2,173
Autocatalyst Recycling - Old	1,655	1,844	1,974	2,072	2,173
% change	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Surplus/(Deficit) - New</b>	<b>1,255</b>	<b>-468</b>	<b>-579</b>	<b>-1,002</b>	<b>-1,530</b>
<b>Surplus/(Deficit) - Old</b>	<b>1,255</b>	<b>-271</b>	<b>-378</b>	<b>-799</b>	<b>-1,291</b>
<b>% change</b>	<b>0.0%</b>	<b>73.1%</b>	<b>53.4%</b>	<b>25.4%</b>	<b>18.5%</b>

Source: Johnson Matthey, Citi Research

Figure 8. Citi Palladium supply-demand outlook (000 ounces)

	2007	2008	2009	2010	2011	2012F	2013F	2014F	2015F
<b>Demand</b>									
<b>Auto catalysts</b>									
Europe	920	1005	995	1330	1440	1424	1530	1646	1869
North America	1695	1290	1020	1355	1475	1711	1756	2036	2185
China	325	390	685	1005	1115	1370	1552	1675	1878
Japan	820	885	590	820	665	806	784	777	776
Rest of the world	785	895	760	1070	1335	1498	1611	1723	1821
<b>Total</b>	<b>4545</b>	<b>4465</b>	<b>4050</b>	<b>5580</b>	<b>6030</b>	<b>6809</b>	<b>7233</b>	<b>7858</b>	<b>8528</b>
<b>Jewellery</b>									
Europe	40	45	50	65	60	63	66	67	69
North America	55	60	60	65	45	47	50	51	53
China	705	740	560	360	305	320	336	346	357
Japan	125	115	80	75	70	67	65	65	69
Rest of the world	25	25	25	30	25	25	24	24	25
Jewellery recycled	235	130	70	100	210	245	236	223	210
<b>Net jewellery demand</b>	<b>715</b>	<b>855</b>	<b>705</b>	<b>495</b>	<b>295</b>	<b>277</b>	<b>305</b>	<b>331</b>	<b>362</b>
<b>Investment</b>									
Europe	280	370	525	-5	-35	77	65	52	47
North America	-20	50	95	1090	-535	214	96	82	74
Japan	0	0	0	10	5	8	6	6	6
Rest of the world	0	0	5	0	0	0	0	0	0
<b>Total</b>	<b>260</b>	<b>420</b>	<b>625</b>	<b>1095</b>	<b>-565</b>	<b>299</b>	<b>167</b>	<b>140</b>	<b>126</b>
<b>Industrial</b>									
Europe	465	375	345	366	361	371	381	395	409
North America	565	515	480	503	496	509	523	542	562
China	435	320	320	312	308	316	325	337	349
Japan	635	625	610	610	602	618	635	658	682
Rest of the world	540	585	525	571	564	579	594	616	638
<b>Total</b>	<b>2325</b>	<b>2075</b>	<b>1885</b>	<b>2025</b>	<b>2000</b>	<b>2052</b>	<b>2107</b>	<b>2183</b>	<b>2264</b>
<b>Total palladium demand</b>	<b>7845</b>	<b>7815</b>	<b>7265</b>	<b>9195</b>	<b>7760</b>	<b>9437</b>	<b>9813</b>	<b>10512</b>	<b>11280</b>
<b>Supply</b>									
<b>Mine supply</b>									
Southern Africa	2900	2570	2550	2860	2825	2675	2785	2853	2922
Russia	3050	2700	2675	2720	2705	2700	2650	2650	2650
North America	990	910	755	590	900	795	870	980	1050
Rest of world	150	170	160	185	155	180	180	180	180
<b>Total</b>	<b>7090</b>	<b>6350</b>	<b>6140</b>	<b>6355</b>	<b>6585</b>	<b>6350</b>	<b>6485</b>	<b>6663</b>	<b>6802</b>
<b>Stock sales</b>									
Russia	1490	960	960	1000	775	775	775	775	775
<b>Total stock sales</b>	<b>1490</b>	<b>960</b>	<b>960</b>	<b>1000</b>	<b>775</b>	<b>775</b>	<b>775</b>	<b>775</b>	<b>775</b>
<b>Auto catalyst recycling</b>									
Europe	300	310	330	335	385	373	403	419	436
North America	35	75	55	80	70	84	91	98	106
China	590	660	480	790	1050	1208	1280	1331	1384
Japan	20	30	35	30	35	53	63	76	87
Rest of the world	70	65	65	75	115	127	137	148	159
<b>Total</b>	<b>1015</b>	<b>1140</b>	<b>965</b>	<b>1310</b>	<b>1655</b>	<b>1844</b>	<b>1974</b>	<b>2072</b>	<b>2173</b>
<b>Total palladium supply</b>	<b>9595</b>	<b>8450</b>	<b>8065</b>	<b>8665</b>	<b>9015</b>	<b>8969</b>	<b>9234</b>	<b>9510</b>	<b>9750</b>
<b>Supply-demand surplus/(deficit)</b>	<b>1750</b>	<b>635</b>	<b>800</b>	<b>-530</b>	<b>1255</b>	<b>-468</b>	<b>-579</b>	<b>-1002</b>	<b>-1531</b>

Source: Johnson Matthey, Citi Research

## Price upgrades

We upgrade our 2012-16 platinum and palladium price assumptions by 1.5%-7.6% and 6.3%-15.6% respectively. Our rand 4E basket price outlook increases by 0.8%-6.0% over this period. We now expect an average basket price of R11,789/ounce in 2013, up 4% from our previous R11,342/ounce expectations.

Figure 9. Citi precious metals price expectations

	2011a	2012e	2013e	2014e	2015e	2016e	LT real	Long-term nominal
<b>R/USD</b>								
CIRA ZAR/USD - New	7.23	8.27	8.65	8.78	9.16	9.57	10.00	10.00
CIRA ZAR/USD - Old	7.23	8.27	8.81	8.92	9.27	9.64	10.00	10.00
% change	0.0%	0.0%	-1.8%	-1.6%	-1.2%	-0.7%	0%	0%
<b>Gold</b>								
Gold price - New (USD/ounce)	1,585	1,671	1,749	1,655	1,540	1,350	1,050	1,205
Gold price - Old (USD/ounce)	1,585	1,645	1,695	1,655	1,540	1,350	1,050	1,205
% change	0%	2%	3%	0%	0%	0%	0%	0%
Gold price - New (R/ounce)	11,460	13,819	15,129	14,531	14,106	12,920	10,500	12,050
Gold price - Old (R/ounce)	11,460	13,604	14,933	14,763	14,276	13,014	10,500	12,050
% change	0.0%	1.6%	1.3%	-1.6%	-1.2%	-0.7%	0.0%	0.0%
<b>Platinum</b>								
Platinum price - New (USD/ounce)	1,722	1,557	1,675	1,775	1,825	1,800	1,500	1,722
Platinum price - Old (USD/ounce)	1,722	1,534	1,565	1,650	1,700	1,750	1,500	1,722
% change	0.0%	1.5%	7.0%	7.6%	7.4%	2.9%	0%	0%
Platinum price - New (R/ounce)	12,450	12,876	14,489	15,585	16,717	17,226	15,000	17,220
Platinum price - Old (R/ounce)	12,450	12,686	13,788	14,718	15,759	16,870	15,000	17,220
% change	0.0%	1.5%	5.1%	5.9%	6.1%	2.1%	0.0%	0.0%
<b>Palladium</b>								
Palladium price - New (USD/ounce)	734	649	744	925	925	825	600	689
Palladium price - Old (USD/ounce)	734	659	700	800	850	775	600	689
% change	0.0%	-1.5%	6.3%	15.6%	8.8%	6.5%	0%	0%
Palladium price - New (R/ounce)	5,307	5,367	6,436	8,122	8,473	7,895	6,000	6,890
Palladium price - Old (R/ounce)	5,307	5,450	6,167	7,136	7,880	7,471	6,000	6,890
% change	0.0%	-1.5%	4.4%	13.8%	7.5%	5.7%	0.0%	0.0%
<b>Rhodium</b>								
Rhodium price - New (USD/ounce)	2,000	1,265	1,175	1,250	1,500	1,800	2,250	2,582
Rhodium price - Old (USD/ounce)	2,000	1,278	1,250	1,350	1,500	1,800	2,250	2,582
% change	0.0%	-1.0%	-6.0%	-7.4%	0.0%	0.0%	0%	0%
Rhodium price - New (R/ounce)	14,460	10,462	10,164	10,975	13,740	17,226	22,500	25,820
Rhodium price - Old (R/ounce)	14,460	10,569	11,013	12,042	13,905	17,352	22,500	25,820
% change	0.0%	-1.0%	-7.7%	-8.9%	-1.2%	-0.7%	0.0%	0.0%
<b>3PGE +Au basket price*</b>								
3PGM price - New (USD/ounce)	1,441	1,268	1,363	1,480	1,524	1,494	1,269	1,457
3PGM price - Old (USD/ounce)	1,441	1,257	1,287	1,374	1,426	1,449	1,269	1,457
% change	0.0%	0.8%	5.9%	7.7%	6.8%	3.1%	0.0%	0.0%
3PGM price - New (R/ounce)	10,418	10,483	11,789	12,991	13,957	14,298	12,690	14,568
3PGM price - Old (R/ounce)	10,418	10,395	11,342	12,257	13,221	13,968	12,690	14,568
% change	0.0%	0.8%	3.9%	6.0%	5.6%	2.4%	0.0%	0.0%

Source: Citi Research, INET, \* use a 60% Platinum, 30% Palladium, 7% Rhodium and 3% Gold split.

## TP and earnings revisions

Given the revisions to our PGM prices we adjust our FY12-14 earnings expectations for the sector by -9% to +96%.

We upgrade AMS, IMP, NHM, RBP, LON and AQP's TP to R420 (+5%), R185 (+3%), R38 (+6%), R53 (+18%), £6.59/R87.60 (flat) and £0.59/R7.80 (+48%) respectively.

Figure 10. Summary of TP and earnings changes

				HEPS		
Earnings units			TP	FY12e	FY13e	FY14e
Anglo American Platinum	New	SA cents	R 420	406	1,053	1,706
	Old	SA cents	R 400	365	895	1,177
	% change		5%	11%	18%	45%
Impala Platinum	New	SA cents	R 185	685	876	1,072
	Old	SA cents	R 180	685	898	1,039
	% change		3%	0%	-2%	3%
Northam Platinum	New	SA cents	R 38	81	133	258
	Old	SA cents	R 36	81	121	211
	% change		6%	0%	10%	22%
Royal Bafokeng Platinum	New	SA cents	R 53	108	190	279
	Old	SA cents	R 45	100	148	205
	% change		18%	8%	29%	36%
Lonmin	New	SA cents	R 87.60	-53	164	485
	Old	SA cents	R 87.60	-53	179	247
	% change		0%	0%	-9%	96%
Aquarius Platinum	New	SA cents	R 7.80	-104	24	63
	Old	SA cents	R 5.30	-104	16	54
	% change		46%	0%	50%	17%

Source: Citi Research

Note: Lonmin and Aquarius Platinum TP's are converted from actual GBP values for comparison

## Valuation & Risks

### Boring is better

For platinum we now expect a balanced market during 2012-14, and deficit from 2015 onwards. This contrast to our long-held surplus market outlook. The change in outlook was mainly due to lower supply from SA, which in turn was due to a combination of illegal strike action, mine closures and capex delays.

We believe SA platinum equities offer deep value on a P/BV basis (refer [Value Has Emerged, But Patience Required](#)), something well justified by 15-year low ROIC's. With the market back in balance, we do not expect multiples to go any lower and see upside in margins and valuations from here, however we believe the upside will be capped (refer to our note: [Back In Balance, But Hold Your Horses](#)).

As a result, we continue to prefer the less leveraged, quality companies rather than the leveraged ones. IMP (Buy) remain our preferred pick. AMS (Sell) and LON (Neutral) may see temporary margin expansion.

Figure 11. Citi SA platinum mining comps sheet (calendarised)

	TP Curr.	RIC codes	Rating	Current price	CY12e			Current P/DCF	P/E			EV/EBITDA			FCF yield (%)	
					TP	DY (%)	ETR (%)		2011	2012e	2013e	2011	2012e	2013e	2011	2012e
Aquarius	GBP	AQP.L	Buy	0.45	0.59	0.0	31.1	0.7	19.5	-13.7	17.9	3.6	12.9	5.9	-10.2	4.3
Impala Platinum	ZAR	IMP.J.J	Buy	144.46	185.00	1.8	29.8	0.7	14.1	18.0	14.8	6.8	8.6	7.2	-0.2	0.9
Northam	ZAR	NHM.J.J	Buy	29.99	38.00	0.3	27.0	0.8	30.7	27.4	15.3	16.9	14.0	8.4	-7.9	-13.9
Lonmin	GBP	LMI.L	Neutral	6.11	7.15	0.1	17.2	0.9	13.1	1333.6	43.1	3.7	8.5	6.8	-10.3	-9.0
RBPlat	ZAR	RBP.J.J	Neutral	51.01	53.00	0.0	3.9	1.2	26.6	46.1	26.8	9.5	14.4	10.7	-1.4	-3.9
Anglo Platinum	ZAR	AMS.J.J	Sell	448.70	420.00	0.0	-6.4	1.2	28.6	107.8	42.6	8.3	21.2	13.9	4.3	-0.2

Source: Citi Research, Company data, Priced as of 21/09/2012

### Risks

Key downside risks to a recovery in valuations for SA platinum equities include: 1) lower-than-expected dollar metal prices, 2) a stronger-than-expected rand, 3) lower-than-expected operational delivery and 4) a continuation or deterioration of labour and union problems in SA.

Conversely, upside risks include: 1) higher-than-expected dollar PGM prices, 2) a weaker-than-expected rand, 3) better-than-expected operational delivery, and 4) a resolution to current strikes and labour issues in SA.



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## Company Sections

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## Company Focus

- **Company Update**
- **Target Price Change**
- **Estimate Change**

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<b>Sell</b>	<b>3</b>
Price (21 Sep 12)	R448.70
Target price	R420.00
from R400.00	
Expected share price return	-6.4%
Expected dividend yield	0.4%
<b>Expected total return</b>	<b>-6.0%</b>
Market Cap	R121,006M
	US\$14,569M

### Price Performance (RIC: AMSJ.J, BB: AMS SJ)



## Anglo American Platinum Ltd (AMSJ.J) Least favoured - Sell

- **Least favored in SA platinum space** — AMS's strategic review is the key upside risk to our bearish view on the stock. However, early indications make us wonder if the review will be extensive enough to fundamentally change the story for AMS. It finds itself in a very difficult situation. If it cuts production significantly it will probably send a negative signal to the market, and de-rate. If it does not, it will likely continue to struggle and may run out of balance sheet if PGM prices deteriorate. This double-edged sword, together with a stretched valuation, suggests to us that risk is to the downside. Maintain Sell, TP R420
- **Valuation and earnings changes** — We upgrade our TP by 5% to R420. This is due to higher rand PGM price assumptions. We have adjusted our FY12, 13 and 14 earnings expectations by +11% to 406c, +18% to 1,053c and, +45% to 1,706c, respectively.
- **Operational outlook** — We expect AMS to produce 2.4m ounces (Pt) in FY12, 2.57m ounces in FY13 and 2.60m ounces in FY14. We expect unit costs to average R15,301/ounce (Pt) in FY12, R16,519/ounce in FY13 and R18,126/ounce in FY14.
- **Valuation and risks** — We value AMS on a sum-of-the-parts DCF basis. Our TP is derived by applying a 10% premium to DCF, which we justify on the basis of AMS's strategic reach in the SA platinum industry. We do not apply similar multiples to most other SA platinum companies under our coverage. Yet, AMS is still our least favoured stock on an expected total return (ETR) basis. Upside risks include higher rand-PGM prices and better-than-expected operational delivery.

### Anglo American Platinum Ltd (ZAR)

Year to 31 Dec	2010A	2011A	2012E	2013E	2014E
Sales (RM)	46,124.0	51,117.0	42,205.0	50,109.0	56,188.8
Net Income (RM)	4,930.0	3,566.0	1,060.6	2,748.5	4,455.4
Diluted EPS (¢)	1,935	1,363	406	1,053	1,706
Diluted EPS (Old) (¢)	1,935	1,363	365	895	1,177
PE (x)	23.2	32.9	110.5	42.6	26.3
EV/EBITDA (x)	11.5	9.5	21.7	13.9	10.6
DPS (¢)	665	699	0	351	683
Net Div Yield (%)	1.5	1.6	0.0	0.8	1.5

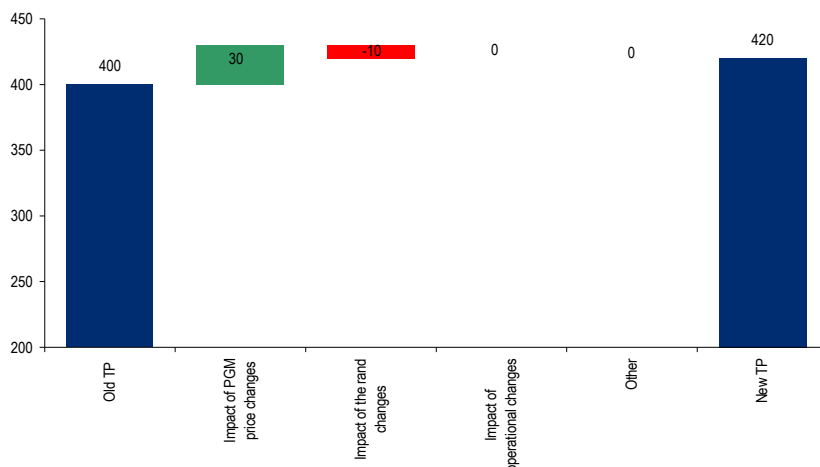
AMSJ.J: Fiscal year end 31-Dec						Price: R448.70; TP: R420.00; Market Cap: R121,006m; Recomm: Sell					
Profit & Loss (Rm)	2010	2011	2012E	2013E	2014E	Valuation ratios	2010	2011	2012E	2013E	2014E
Sales revenue	46,124	51,117	42,205	50,109	56,189	PE (x)	23.2	32.9	nm	42.6	26.3
Cost of sales	-37,991	-42,562	-39,391	-45,538	-49,017	PB (x)	2.1	2.1	2.1	2.0	1.9
Gross profit	8,133	8,555	2,814	4,571	7,172	EV/EBITDA (x)	11.5	9.5	21.7	13.9	10.6
Gross Margin (%)	17.6	16.7	6.7	9.1	12.8	FCF yield (%)	2.1	4.3	-0.2	-0.7	2.4
<b>EBITDA (Adj)</b>	<b>11,194</b>	<b>12,492</b>	<b>5,521</b>	<b>8,751</b>	<b>11,449</b>	Dividend yield (%)	1.5	1.6	0.0	0.8	1.5
EBITDA Margin (Adj) (%)	24.3	24.4	13.1	17.5	20.4	Payout ratio (%)	34	51	0	33	40
Depreciation	-4,321	-4,527	-4,622	-4,686	-4,834	ROE (%)	23.2	6.5	-0.2	4.8	7.4
Amortisation	0	0	0	0	0	<b>Cashflow (Rm)</b>	<b>2010</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>
<b>EBIT (Adj)</b>	<b>6,873</b>	<b>7,965</b>	<b>899</b>	<b>4,066</b>	<b>6,615</b>	EBITDA	11,194	12,492	5,521	8,751	11,449
EBIT Margin (Adj) (%)	14.9	15.6	2.1	8.1	11.8	Working capital	-582	527	851	-2,921	-1,182
Net interest	-70	0	-138	-100	-100	Other	-282	-707	760	-1,298	-2,127
Associates	-426	-479	-481	0	0	<b>Operating cashflow</b>	<b>10,330</b>	<b>12,312</b>	<b>7,132</b>	<b>4,533</b>	<b>8,140</b>
Non-op/Except	6,035	-825	-210	-67	-195	Capex	-7,960	-7,228	-7,331	-5,347	-5,347
<b>Pre-tax profit</b>	<b>12,412</b>	<b>6,661</b>	<b>70</b>	<b>3,899</b>	<b>6,320</b>	Net acq/disposals	743	140	270	370	370
Tax	-2,197	-2,974	-170	-1,131	-1,833	Other	176	-1,069	-426	0	0
Extraord./Min.Int./Pref.div.	-157	-96	-16	-19	-32	<b>Investing cashflow</b>	<b>-7,041</b>	<b>-8,157</b>	<b>-7,487</b>	<b>-4,977</b>	<b>-4,977</b>
<b>Reported net profit</b>	<b>10,058</b>	<b>3,591</b>	<b>-116</b>	<b>2,748</b>	<b>4,455</b>	Dividends paid	0	-3,116	-767	-916	-1,782
Net Margin (%)	21.8	7.0	-0.3	5.5	7.9	<b>Financing cashflow</b>	<b>-4,188</b>	<b>-4,393</b>	<b>3,890</b>	<b>-916</b>	<b>-1,782</b>
Core NPAT	4,930	3,566	1,061	2,748	4,455	<b>Net change in cash</b>	<b>-899</b>	<b>-238</b>	<b>3,536</b>	<b>-1,360</b>	<b>1,381</b>
<b>Per share data</b>	<b>2010</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>	<b>FCF ex acquisitions &amp; explorn</b>	<b>3,113</b>	<b>5,224</b>	<b>71</b>	<b>-444</b>	<b>3,163</b>
Reported EPS (¢)	3,947	1,373	-45	1,053	1,706						
Core EPS (¢)	1,935	1,363	406	1,053	1,706						
DPS (¢)	665	699	0	351	683						
CFPS (¢)	4,054	4,706	2,732	1,736	3,118						
FCFPS (¢)	930	1,943	-76	-312	1,070						
BVPS (¢)	21,412	21,666	21,571	22,422	23,599						
Wtd avg ord shares (m)	255	262	261	261	261						
Wtd avg diluted shares (m)	255	262	261	261	261						
<b>Growth rates</b>	<b>2010</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>						
Sales revenue (%)	25.7	10.8	-17.4	18.7	12.1						
EBIT (Adj) (%)	646.3	15.9	-88.7	352.3	62.7						
Core NPAT (%)	594.4	-27.7	-70.3	159.1	62.1						
Core EPS (%)	548.6	-29.6	-70.2	159.1	62.1						
<b>Balance Sheet (Rm)</b>	<b>2010</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>						
Cash & cash equiv.	2,534	2,296	5,832	4,471	5,852						
Accounts receivables	2,988	3,066	4,559	5,069	5,619						
Inventory	12,558	12,525	11,397	14,701	16,295						
Net fixed & other tangibles	57,500	61,439	62,883	63,544	64,057						
Goodwill & intangibles	0	0	0	0	0						
Financial & other assets	8,221	8,276	8,068	8,068	8,068						
<b>Total assets</b>	<b>83,801</b>	<b>87,602</b>	<b>92,739</b>	<b>95,853</b>	<b>99,890</b>						
Accounts payable	6,190	6,762	7,978	8,871	9,833						
Short-term debt	22	5,019	2,602	2,602	2,602						
Long-term debt	6,622	939	8,267	8,267	8,267						
Provisions & other liab	15,949	17,817	17,198	17,198	17,198						
<b>Total liabilities</b>	<b>28,783</b>	<b>30,537</b>	<b>36,045</b>	<b>36,938</b>	<b>37,900</b>						
Shareholders' equity	54,558	56,684	56,321	58,543	61,618						
Minority interests	460	381	372	372	372						
<b>Total equity</b>	<b>55,018</b>	<b>57,065</b>	<b>56,693</b>	<b>58,915</b>	<b>61,990</b>						
<b>Net debt</b>	<b>4,110</b>	<b>3,662</b>	<b>5,037</b>	<b>6,398</b>	<b>5,017</b>						
Net debt to equity (%)	7.5	6.4	8.9	10.9	8.1						

For further data queries on Citi's full coverage universe please contact Citi Research Data Services at CitiRsch.DataServices.Global@citigroup.com  
For definitions of the items in this table, please click [here](#).

## Valuation and Earnings

### Increase TP 5% to R420 (Sell)

Figure 12. AMS's TP change



Source: Citi Research

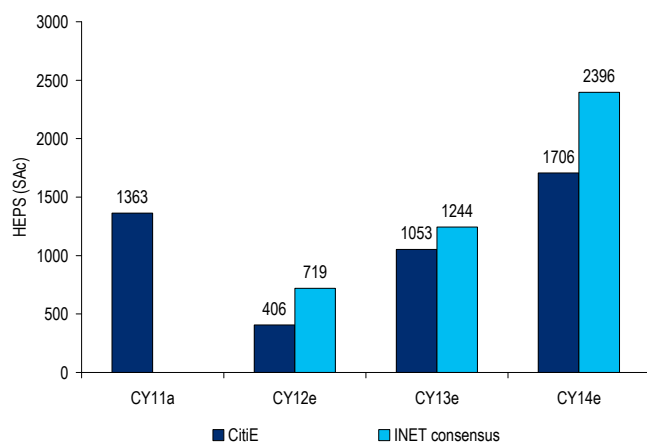
### Earnings changes

Figure 13. Changes in our production, costs and earnings expectations for AMS

	FY11a	FY12e	FY13e	FY14e
Production (koz) - new	2,410	2,397	2,574	2,600
Production (koz) - old	2,410	2,397	2,574	2,600
%change	0%	0%	0%	0%
Cash costs (R/oz) - new	13,552	15,301	16,519	18,126
Cash costs (R/oz) - old	13,552	15,301	16,519	18,126
% change	0%	0%	0%	0%
Earnings (SAc) - new	1,363	406	1,053	1,706
Earnings (SAc) - old	1,363	365	895	1,177
% change	0%	11%	18%	45%

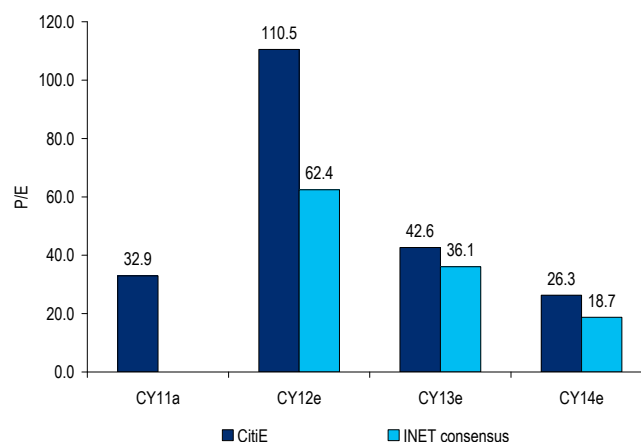
Source: Citi Research, company reports

Figure 14. AMS Citi HEPS forecast vs. consensus



Source: I-Net, Citi Research, Company reports

Figure 15. AMS Citi P/E vs. consensus



Source: I-Net, Citi Research, Company reports

## Company Focus

- **Company Update**
- **Target Price Change**
- **Estimate Change**

**Johann Steyn**  
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<b>Buy</b>	<b>1</b>
Price (21 Sep 12)	R144.46
Target price	R185.00
from R180.00	
Expected share price return	28.1%
Expected dividend yield	2.1%
<b>Expected total return</b>	<b>30.2%</b>
Market Cap	R91,257M
	US\$10,987M

### Price Performance (RIC: IMPJ.J, BB: IMP SJ)



## Impala Platinum (IMPJ.J) Top pick in the sector - Buy

- **Best in class** — As highlighted in our recent note [Hospital Pass](#), 13 August 2012, we believe current industry dynamics are playing into IMP's favour. Its low cost asset base allows it to spend capex to access high-yielding Merensky ounces, while peers are cutting back. This should put IMP in an even stronger margin position relative to its peers; something not adequately reflected by the market, in our view. Buy, TP R185.
- **Valuation and earnings changes** — We upgrade our TP 3% to R185. This is due to higher rand PGM price assumptions. We adjust our FY13, 14 and 15 earnings expectations by -2% to 876c, +3% to 1,072c and, +17% to 1,358c, respectively.
- **Operational outlook** — We expect IMP to produce 1.55m ounces (Pt) in FY13, 1.71m ounces in FY14 and 1.78m ounces in FY15. We expect unit costs to average R13,473/ounce (Pt) in FY13, R14,360/ounce in FY14 and R14,793/ounce in FY15.
- **Valuation and risks** — We value IMP on a sum-of-the-parts DCF basis, applying a nominal WACC of 11.9%. We derive our R185 TP by applying a 1x P/DCF exit multiple. We maintain our Buy recommendation. Downside risks to our view include weaker-than-expected PGM prices and worse-than-expected operational delivery.

### Impala Platinum (ZAR)

Year to 30 Jun	2011A	2012A	2013E	2014E	2015E
Sales (RM)	32,771.7	27,593.0	33,571.4	37,907.0	43,072.9
Net Income (RM)	6,638.6	4,151.1	5,312.8	6,496.3	8,232.5
Diluted EPS (R)	11.05	6.85	8.76	10.72	13.58
Diluted EPS (Old) (R)	11.05	6.85	8.98	10.39	11.65
PE (x)	13.1	21.1	16.5	13.5	10.6
EV/EBITDA (x)	6.5	10.2	7.9	6.6	5.2
DPS (R)	5.70	1.95	3.02	3.70	4.68
Net Div Yield (%)	3.9	1.4	2.1	2.6	3.2

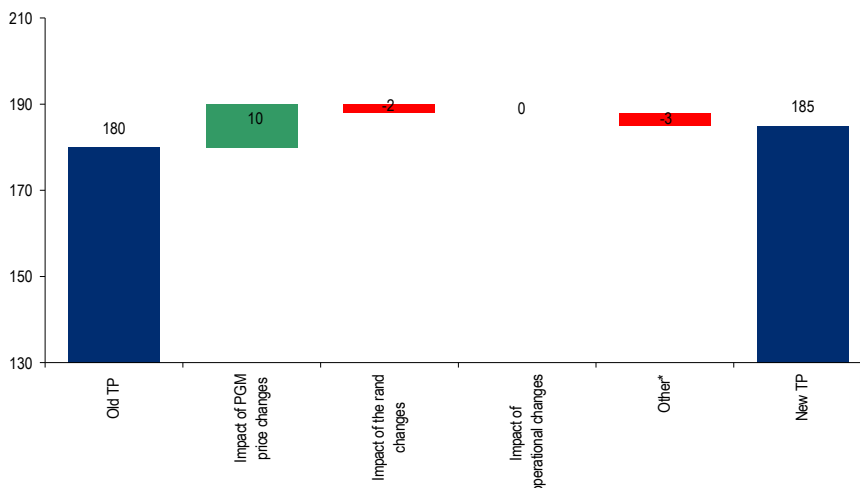
IMPJ.J: Fiscal year end 30-Jun						Price: R144.46; TP: R185.00; Market Cap: R91,257m; Recomm: Buy					
Profit & Loss (Rm)	2011	2012	2013E	2014E	2015E	Valuation ratios	2011	2012	2013E	2014E	2015E
Sales revenue	32,772	27,593	33,571	37,907	43,073	PE (x)	13.1	21.1	16.5	13.5	10.6
Cost of sales	-21,490	-20,641	-24,248	-26,994	-29,404	PB (x)	1.9	1.8	1.7	1.6	1.4
Gross profit	11,282	6,952	9,324	10,913	13,669	EV/EBITDA (x)	6.5	10.2	7.9	6.6	5.2
Gross Margin (%)	34.4	25.2	27.8	28.8	31.7	FCF yield (%)	2.2	-2.6	4.4	3.2	5.9
<b>EBITDA (Adj)</b>	<b>12,009</b>	<b>7,964</b>	<b>10,514</b>	<b>12,400</b>	<b>15,383</b>	Dividend yield (%)	3.9	1.4	2.1	2.6	3.2
EBITDA Margin (Adj) (%)	36.6	28.9	31.3	32.7	35.7	Payout ratio (%)	52	29	34	34	34
Depreciation	-1,372	-1,708	-1,816	-2,178	-2,457	ROE (%)	13.7	8.6	10.2	11.6	13.5
Amortisation	0	0	0	0	0	<b>Cashflow (Rm)</b>	<b>2011</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
<b>EBIT (Adj)</b>	<b>10,637</b>	<b>6,256</b>	<b>8,697</b>	<b>10,222</b>	<b>12,927</b>	EBITDA	12,009	7,964	10,514	12,400	15,383
EBIT Margin (Adj) (%)	32.5	22.7	25.9	27.0	30.0	Working capital	-371	-1,133	3,650	-426	0
Net interest	-187	9	0	0	0	Other	-4,452	-1,853	-3,346	-3,680	-4,636
Associates	238	117	0	0	0	<b>Operating cashflow</b>	<b>7,186</b>	<b>4,978</b>	<b>10,818</b>	<b>8,295</b>	<b>10,748</b>
Non-op/Except	-1,487	-132	-912	-1,007	-1,250	Capex	-5,293	-7,232	-6,975	-5,535	-5,542
<b>Pre-tax profit</b>	<b>9,201</b>	<b>6,250</b>	<b>7,785</b>	<b>9,215</b>	<b>11,677</b>	Net acq/disposals	-55	17	70	70	70
Tax	-2,751	-1,951	-2,434	-2,672	-3,386	Other	1,636	457	0	0	0
Extraord./Min.Int./Pref.div.	-172	-119	-39	-46	-58	<b>Investing cashflow</b>	<b>-3,712</b>	<b>-6,758</b>	<b>-6,905</b>	<b>-5,465</b>	<b>-5,472</b>
<b>Reported net profit</b>	<b>6,278</b>	<b>4,180</b>	<b>5,313</b>	<b>6,496</b>	<b>8,233</b>	Dividends paid	-2,519	-3,364	-1,832	-2,240	-2,839
Net Margin (%)	19.2	15.1	15.8	17.1	19.1	<b>Financing cashflow</b>	<b>-3,044</b>	<b>-2,264</b>	<b>-1,832</b>	<b>-2,240</b>	<b>-2,839</b>
Core NPAT	6,639	4,151	5,313	6,496	8,233	<b>Net change in cash</b>	<b>345</b>	<b>-3,959</b>	<b>2,081</b>	<b>590</b>	<b>2,437</b>
<b>Per share data</b>	<b>2011</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>FCF ex acquisitions &amp; explorn</b>	<b>1,838</b>	<b>-2,237</b>	<b>3,913</b>	<b>2,830</b>	<b>5,275</b>
Reported EPS (R)	10.45	6.90	8.76	10.72	13.58						
Core EPS (R)	11.05	6.85	8.76	10.72	13.58						
DPS (R)	5.70	1.95	3.02	3.70	4.68						
CFPS (R)	11.96	8.21	17.85	13.68	17.73						
FCFPS (R)	3.15	-3.72	6.34	4.55	8.59						
BVPS (R)	75.29	79.42	85.10	92.02	100.76						
Wtd avg ord shares (m)	601	606	606	606	606						
Wtd avg diluted shares (m)	601	606	606	606	606						
<b>Growth rates</b>	<b>2011</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>						
Sales revenue (%)	30.4	-15.8	21.7	12.9	13.6						
EBIT (Adj) (%)	46.8	-41.2	39.0	17.5	26.5						
Core NPAT (%)	40.7	-37.5	28.0	22.3	26.7						
Core EPS (%)	40.5	-38.0	28.0	22.3	26.7						
<b>Balance Sheet (Rm)</b>	<b>2011</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>						
Cash & cash equiv.	4,542	587	2,669	3,259	5,695						
Accounts receivables	4,783	5,414	5,272	5,835	5,835						
Inventory	5,471	7,081	4,454	4,930	4,930						
Net fixed & other tangibles	37,431	44,463	49,622	52,978	56,064						
Goodwill & intangibles	1,018	1,018	1,018	1,018	1,018						
Financial & other assets	14,359	13,458	13,458	13,458	13,458						
<b>Total assets</b>	<b>67,604</b>	<b>72,021</b>	<b>76,493</b>	<b>81,478</b>	<b>87,000</b>						
Accounts payable	5,656	4,858	5,739	6,352	6,352						
Short-term debt	144	121	121	121	121						
Long-term debt	1,698	2,882	2,882	2,882	2,882						
Provisions & other liab	10,496	11,685	11,685	11,685	11,685						
<b>Total liabilities</b>	<b>17,994</b>	<b>19,546</b>	<b>20,427</b>	<b>21,040</b>	<b>21,040</b>						
Shareholders' equity	47,563	50,168	53,758	58,131	63,653						
Minority interests	2,047	2,307	2,307	2,307	2,307						
<b>Total equity</b>	<b>49,610</b>	<b>52,475</b>	<b>56,065</b>	<b>60,438</b>	<b>65,960</b>						
<b>Net debt</b>	<b>-2,700</b>	<b>2,416</b>	<b>334</b>	<b>-256</b>	<b>-2,692</b>						
Net debt to equity (%)	-5.4	4.6	0.6	-0.4	-4.1						

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## Valuation and Earnings

### Increase TP 3% to R185 – Maintain Buy

Figure 16. IMP's TP change



Source: Citi Research, \*Change in refining cost assumptions

### Earnings changes

Figure 17. Changes in our production, costs and earnings expectations for IMP

	FY12a	FY13e	FY14e	FY15e
Production (koz) - new	1,448	1,548	1,707	1,779
Production (koz) - old	1,448	1,548	1,707	1,779
%change	0%	0%	0%	0%
Cash costs (R/oz) - new	13,450	13,454	14,314	14,747
Cash costs (R/oz) - old	13,450	13,454	14,314	14,747
% change	0%	0%	0%	0%
Earnings (SAc) - new	685	876	1,072	1,358
Earnings (SAc) - old	685	898	1,039	1,165
% change	0%	-2%	3%	17%

Source: Citi Research, company reports

Figure 18. IMP Citi HEPS forecast vs. consensus

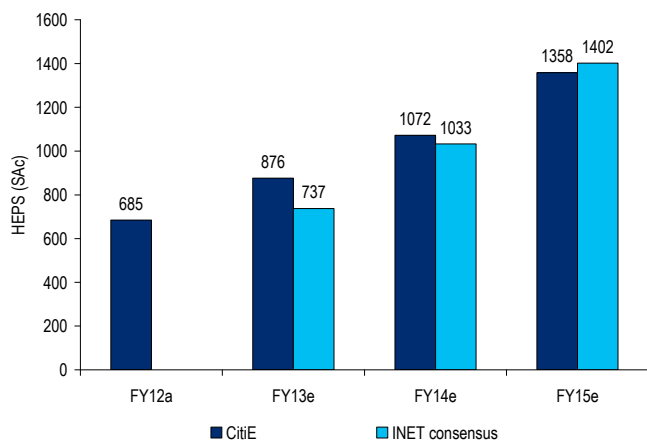
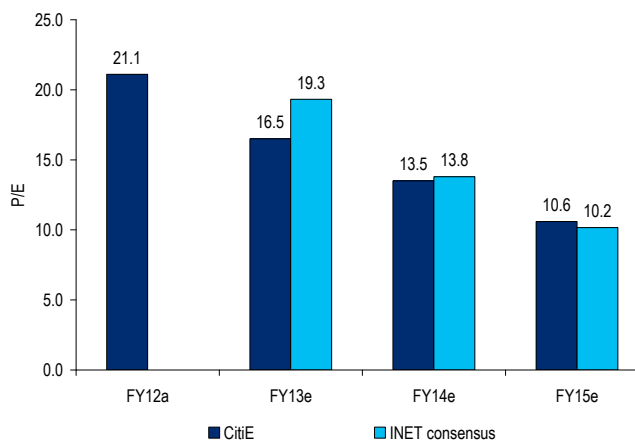


Figure 19. IMP Citi P/E vs. consensus



Source: I-Net, Citi Research, Company reports

Source: I-Net, Citi Research, Company reports

## Company Focus

- Company Update
- Estimate Change

**Johann Steyn**  
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<b>Neutral</b>	<b>2</b>
Price (21 Sep 12)	£5.95
Target price	£6.59
Expected share price return	10.8%
Expected dividend yield	0.0%
<b>Expected total return</b>	<b>10.8%</b>
Market Cap	£1,206M US\$1,955M

### Price Performance (RIC: LMI.L, BB: LMI LN)



## Lonmin PLC (LMI.L) Higher revenue, higher costs

- **Reviewing Capex** — Lonmin recently announced the cessation of development of the K4 shaft as part of its program to keep trimming capex. We had assumed that K4 would only contribute to production as from FY 2014.
- **Wages** — The new Lonmin wage agreement includes a signing bonus of R2,000 and an average rise in wages of between 11% and 22% for all employees falling within the Category 3-8 bargaining units, effective from 1 October 2012. This includes the previously agreed 9-10% rises for these employees due to come into effect in October 2012.
- **Production** — We have reduced our 2013E Pt production to 719k oz from 750k oz and our 2014E production from 754k oz to 741k oz.
- **Valuation and earnings changes** — Our EPS changes are a function of assumed higher revenue from our new higher PGM prices and assumed higher costs from the wage settlement. As Lonmin has a September year-end, our FY 12 EPS is unchanged, our FY13E EPS falls from \$0.22 to \$0.20 and our FY14E EPS rises from \$0.26 to \$0.51. Our TP is unchanged as operational changes net off our increased PGM price assumptions.
- **Valuation and risks** — We maintain our Neutral recommendation, and TP of £6.59 (R87.60). Upside/downside risks to our view include stronger/weaker-than-expected PGM prices, capex cuts and operational delivery.

### Lonmin PLC (USD)

Year to 30 Sep	2010A	2011A	2012E	2013E	2014E
Sales (\$M)	1,579.3	1,975.2	1,491.7	1,663.9	1,818.4
Profit Before Tax (\$M)	231.1	296.8	8.4	61.7	158.0
Diluted EPS (¢)	67.7	103.1	-6.4	19.9	50.9
Diluted EPS (Old) (¢)	67.7	103.1	-6.4	22.0	25.7
PE (x)	14.2	9.4	-151.5	48.6	19.0
EV/EBITDA (x)	3.7	2.9	9.0	6.9	4.9
DPS (¢)	15.0	26.1	0.1	1.4	8.7
Net Div Yield (%)	1.6	2.7	0.0	0.1	0.9



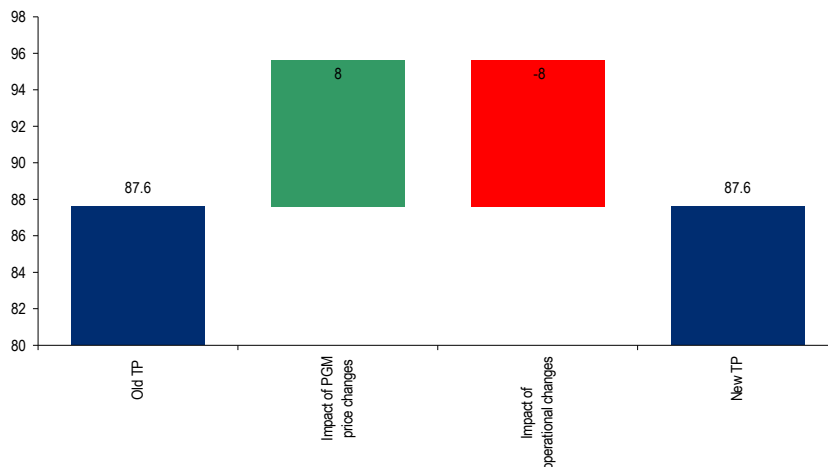
LML.L: Fiscal year end 30-Sep						Price: £5.95; TP: £6.59; Market Cap: £1,206m; Recomm: Neutral					
Profit & Loss (US\$m)	2010	2011	2012E	2013E	2014E	Valuation ratios	2010	2011	2012E	2013E	2014E
Sales revenue	1,579.3	1,975.2	1,491.7	1,663.9	1,818.4	PE (x)	14.2	9.4	nm	48.6	19.0
Cost of sales	-1,207.2	-1,557.9	-1,346.5	-1,452.8	-1,506.9	PB (x)	0.7	0.7	0.7	0.7	0.6
Gross profit	372.1	417.4	145.2	211.1	311.5	EV/EBITDA (x)	3.7	2.9	9.0	6.9	4.9
Gross Margin (%)	23.6	21.1	9.7	12.7	17.1	FCF yield (%)	18.3	-9.9	-12.5	0.5	2.8
EBITDA (Adj)	342.1	414.4	140.5	208.1	308.5	Dividend yield (%)	1.6	2.7	0.0	0.1	0.9
EBITDA Margin (Adj) (%)	21.7	21.0	9.4	12.5	17.0	Payout ratio (%)	22	25	-2	7	17
Depreciation	-122.0	-122.3	-111.0	-118.9	-118.0	ROE (%)	5.1	7.4	-0.4	1.4	3.4
Amortisation	0	0	0	0	0	Cashflow (US\$m)	2010	2011	2012E	2013E	2014E
EBIT (Adj)	220.1	292.1	29.6	89.2	190.5	EBITDA	342.1	414.4	140.5	208.1	308.5
EBIT Margin (Adj) (%)	13.9	14.8	2.0	5.4	10.5	Working capital	218.0	-319.0	27.0	50.8	53.8
Net interest	11.0	-5.3	-21.2	-27.5	-32.5	Other	-54.8	-95.4	26.2	-26.1	-62.7
Associates	0	0	0	0	0	Operating cashflow	505.3	0.0	193.8	232.8	299.6
Non-op/Except	0	10.0	0	0	0	Capex	-164.0	-194.1	-438.3	-223.5	-244.0
Pre-tax profit	231.1	296.8	8.4	61.7	158.0	Net acq/disposals	285.0	0	0	0	0
Tax	-79.3	-56.6	-26.6	-14.9	-38.6	Other	-10.0	-10.0	-10.0	-10.0	-10.0
Extraord./Min.Int./Pref.div.	-21.1	-31.0	5.3	-6.5	-16.1	Investing cashflow	111.0	-204.1	-448.3	-233.5	-254.0
Reported net profit	130.7	209.2	-12.9	40.3	103.2	Dividends paid	-22.0	-53.0	-30.5	-1.3	-8.7
Net Margin (%)	8.3	10.6	-0.9	2.4	5.7	Financing cashflow	333.0	-320.5	220.5	98.7	121.3
Core NPAT	130.7	209.2	-12.9	40.3	103.2	Net change in cash	949.3	-524.6	-34.0	98.0	166.9
Per share data	2010	2011	2012E	2013E	2014E	FCF ex acquisns & explorn	616.3	-204.1	-254.5	-0.7	45.6
Reported EPS (¢)	67.7	103.1	-6.4	19.9	50.9						
Core EPS (¢)	67.7	103.1	-6.4	19.9	50.9						
DPS (¢)	15.0	26.1	0.1	1.4	8.7						
CFPS (¢)	261.8	0.0	95.5	114.7	147.6						
FCFPS (¢)	176.8	-95.6	-120.4	4.6	27.4						
BVPS (¢)	1,400.5	1,443.8	1,452.1	1,479.1	1,534.3						
Wtd avg ord shares (m)	193	203	203	203	203						
Wtd avg diluted shares (m)	193	203	203	203	203						
Growth rates	2010	2011	2012E	2013E	2014E						
Sales revenue (%)	48.7	25.1	-24.5	11.5	9.3						
EBIT (Adj) (%)	332.0	32.7	-89.9	201.6	113.6						
Core NPAT (%)	223.0	60.0	-106.2	411.8	156.1						
Core EPS (%)	214.8	52.1	-106.2	411.8	156.1						
Balance Sheet (US\$m)	2010	2011	2012E	2013E	2014E						
Cash & cash equiv.	143.3	76.0	107.9	107.2	169.5						
Accounts receivables	414.0	154.0	97.6	110.9	122.9						
Inventory	396.0	384.0	460.6	523.0	579.8						
Net fixed & other tangibles	2,199.0	2,567.0	2,890.9	2,995.5	3,121.5						
Goodwill & intangibles	113.0	113.0	113.0	113.0	113.0						
Financial & other assets	1,553.0	1,568.0	1,585.0	1,585.0	1,585.0						
Total assets	4,818.3	4,862.0	5,255.0	5,434.6	5,691.7						
Accounts payable	381.0	354.0	313.3	338.1	353.1						
Short-term debt	66.0	10.0	215.0	215.0	215.0						
Long-term debt	457.0	300.0	358.0	458.0	588.0						
Provisions & other liab	838.0	856.0	1,019.0	1,019.0	1,019.0						
Total liabilities	1,742.0	1,520.0	1,905.3	2,030.1	2,175.1						
Shareholders' equity	2,703.3	2,931.0	2,947.7	3,002.5	3,114.6						
Minority interests	373.0	411.0	402.0	402.0	402.0						
Total equity	3,076.3	3,342.0	3,349.7	3,404.5	3,516.6						
Net debt	379.7	234.0	465.1	565.8	633.5						
Net debt to equity (%)	12.3	7.0	13.9	16.6	18.0						

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For definitions of the items in this table, please click [here](#).

## Valuation and Earnings

TP maintained at £6.59 (R87.60)

Figure 20. LMI's TP change



Source: Citi Research

## Earnings changes

Figure 21. Changes in our production, costs and earnings expectations for LMI

	FY11a	FY12e	FY13e	FY14e
Production (Pt 000 ounces) - new	721	686	719	741
Production (Pt 000 ounces) - old	721	686	750	754
%change	0%	0%	-4%	-2%
Cash costs (R/5PGE+Au oz) - new	7,534	8,410	9,110	9,505
Cash costs (R/5PGE+Au oz) - old	7,534	8,410	8,780	9,270
% change	0%	0%	4%	3%
Earnings (SAc) - new	784	-53	164	485
Earnings (SAc) - old	784	-53	179	247
% change	0%	0%	-9%	96%
Earnings (USc) - new	103	-6	20	51
Earnings (USc) - old	103	-6	22	26
% change	0%	0%	-9%	96%

Source: Citi Research, company data

Figure 22. LMI Citi HEPS forecast vs. consensus

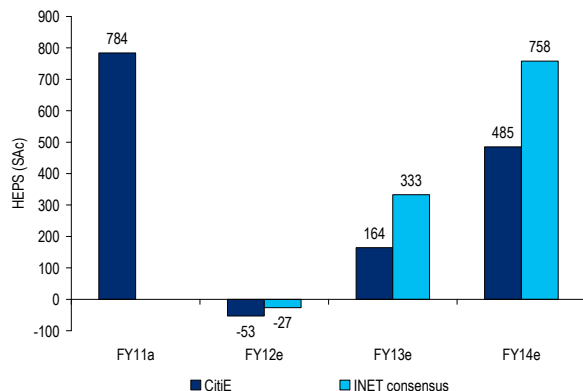
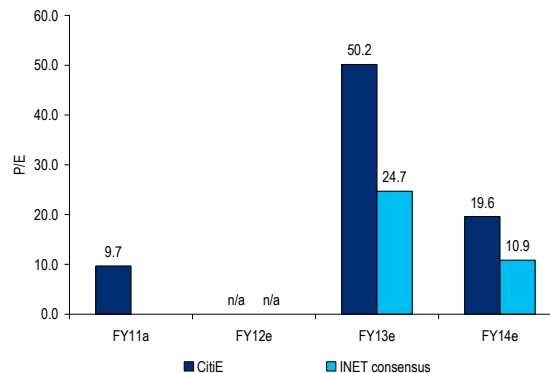


Figure 23. LMI Citi P/E vs. consensus



Source: I-Net, Citi Research, Company reports

Source: I-Net, Citi Research, Company reports

## Company Focus

- **Company Update**
- **Target Price Change**
- **Estimate Change**

**Johann Steyn**  
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<b>Buy</b>	<b>1</b>
Price (21 Sep 12)	R29.99
Target price	R38.00
from R36.00	
Expected share price return	26.7%
Expected dividend yield	0.4%
<b>Expected total return</b>	<b>27.1%</b>
Market Cap	R11,471M
	US\$1,381M

### Price Performance (RIC: NHMJ.J, BB: NHM SJ)



## Northam Platinum (NHMJ.J) Low cost growth not priced in - Buy

- **Near-term challenges overplayed** — We maintain that NHM provides superior near-term production and earnings growth relative to peers, all of which will likely be funded internally and through debt financing. Its market value does not fully reflect this, in our view. Maintain Buy, TP R38.
- **Valuation and earnings changes** — We upgrade our TP 6% to R38. This is due to higher rand PGM price assumptions. Our FY13, 14 and 15 earnings expectations have increased by 10% to 133c, 22% to 258c and 35% to 335c respectively.
- **Operational outlook** — We expect NHM to produce 320k ounces (3PGE+Au) in FY13, rising to 453k ounces in FY14 and 482k ounces in FY15 as Booyssendal comes on line. We expect unit costs to average R14,442/ounce (Pt) in FY13, R14,498/ounce in FY14 and R15,017/ounce in FY15.
- **Valuation and risks** — We value NHM on a sum-of-the-parts DCF basis, applying a nominal WACC of 11.9%. We derive our R38 TP by applying a 1x P/DCF exit multiple. We maintain our Buy recommendation. Downside risks include weaker rand-PGM prices, problems at Zondereinde escalating, and negative deviations from Booyssendal's feasibility numbers.

### Northam Platinum (ZAR)

Year to 30 Jun	2011A	2012A	2013E	2014E	2015E
Sales (RM)	3,570.5	3,683.2	4,684.1	6,800.7	7,721.0
Net Income (RM)	324.3	308.7	507.8	984.9	1,280.9
Diluted EPS (¢)	90	81	133	258	335
Diluted EPS (Old) (¢)	90	81	121	211	248
PE (x)	33.5	37.2	22.6	11.6	9.0
EV/EBITDA (x)	19.1	20.3	11.4	6.8	5.5
DPS (¢)	21	5	13	25	32
Net Div Yield (%)	0.7	0.2	0.4	0.8	1.1

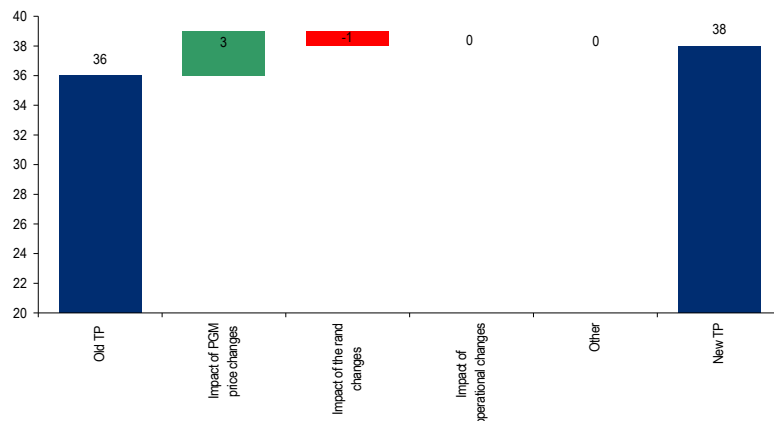
NHMJ.J: Fiscal year end 30-Jun						Price: R29.99; TP: R38.00; Market Cap: R11,471m; Recomm: Buy					
Profit & Loss (Rm)	2011	2012	2013E	2014E	2015E	Valuation ratios	2011	2012	2013E	2014E	2015E
Sales revenue	3,570	3,683	4,684	6,801	7,721	PE (x)	33.5	37.2	22.6	11.6	9.0
Cost of sales	-3,186	-3,345	-3,900	-5,323	-5,886	PB (x)	1.1	1.1	1.0	0.8	0.7
Gross profit	385	338	784	1,478	1,835	EV/EBITDA (x)	19.1	20.3	11.4	6.8	5.5
Gross Margin (%)	10.8	9.2	16.7	21.7	23.8	FCF yield (%)	-1.6	-13.7	-14.0	1.1	6.7
<b>EBITDA (Adj)</b>	<b>533</b>	<b>528</b>	<b>1,081</b>	<b>1,958</b>	<b>2,395</b>	Dividend yield (%)	0.7	0.2	0.4	0.8	1.1
EBITDA Margin (Adj) (%)	14.9	14.3	23.1	28.8	31.0	Payout ratio (%)	24	6	10	10	10
Depreciation	-148	-190	-297	-480	-560	ROE (%)	3.7	3.0	4.6	7.7	8.4
Amortisation	0	0	0	0	0	Cashflow (Rm)					
<b>EBIT (Adj)</b>	<b>385</b>	<b>338</b>	<b>784</b>	<b>1,478</b>	<b>1,836</b>	EBITDA	533	528	1,081	1,958	2,395
EBIT Margin (Adj) (%)	10.8	9.2	16.7	21.7	23.8	Working capital	234	-90	-463	-238	0
Net interest	86	54	-69	-91	-32	Other	18	0	-276	-493	-555
Associates	7	17	0	0	0	Operating cashflow					
Non-op/Except	53	43	0	0	0	Capex	-957	-2,009	-1,950	-1,097	-1,070
<b>Pre-tax profit</b>	<b>531</b>	<b>452</b>	<b>715</b>	<b>1,387</b>	<b>1,804</b>	Net acq/disposals	-29	10	0	0	0
Tax	-182	-142	-207	-402	-523	Other	773	-11	0	0	0
Extraord./Min.Int./Pref.div.	0	0	0	0	0	Investing cashflow					
<b>Reported net profit</b>	<b>349</b>	<b>311</b>	<b>508</b>	<b>985</b>	<b>1,281</b>	Dividends paid	-90	-57	-49	-95	0
Net Margin (%)	9.8	8.4	10.8	14.5	16.6	Financing cashflow					
Core NPAT	324	309	508	985	1,281	Net change in cash	510	-1,592	346	-165	576
Per share data						FCF ex acquisitions & explorn					
Reported EPS (¢)	96	81	133	258	335		-201	-1,560	-1,608	130	771
Core EPS (¢)	90	81	133	258	335						
DPS (¢)	21	5	13	25	32						
CFPS (¢)	217	115	89	321	481						
FCFPS (¢)	-48	-411	-420	34	202						
BVPS (¢)	2,717	2,723	3,045	3,612	4,375						
Wtd avg ord shares (m)	362	382	382	382	382						
Wtd avg diluted shares (m)	362	382	382	382	382						
Growth rates											
Sales revenue (%)	-9.5	3.2	27.2	45.2	13.5						
EBIT (Adj) (%)	-51.0	-12.2	132.0	88.5	24.2						
Core NPAT (%)	-49.3	-4.8	64.5	94.0	30.1						
Core EPS (%)	-49.4	-9.9	64.5	94.0	30.1						
Balance Sheet (Rm)											
Cash & cash equiv.	1,698	105	451	287	862						
Accounts receivables	411	303	334	468	468						
Inventory	605	811	785	1,099	1,099						
Net fixed & other tangibles	3,436	6,403	8,056	8,673	9,183						
Goodwill & intangibles	5,706	4,537	5,321	6,799	8,633						
Financial & other assets	61	84	71	71	71						
<b>Total assets</b>	<b>11,917</b>	<b>12,244</b>	<b>15,019</b>	<b>17,396</b>	<b>20,316</b>						
Accounts payable	972	981	524	733	733						
Short-term debt	84	96	96	96	96						
Long-term debt	0	0	0	0	0						
Provisions & other liab	758	753	2,753	2,753	2,753						
<b>Total liabilities</b>	<b>1,814</b>	<b>1,831</b>	<b>3,373</b>	<b>3,582</b>	<b>3,582</b>						
Shareholders' equity	10,103	10,413	11,647	13,814	16,734						
Minority interests	0	0	0	0	0						
<b>Total equity</b>	<b>10,103</b>	<b>10,413</b>	<b>11,647</b>	<b>13,814</b>	<b>16,734</b>						
<b>Net debt</b>	<b>-1,614</b>	<b>-9</b>	<b>-355</b>	<b>-190</b>	<b>-765</b>						
Net debt to equity (%)	-16.0	-0.1	-3.0	-1.4	-4.6						

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For definitions of the items in this table, please click [here](#).

## Valuation and Earnings

### Increase TP 6% to R38 – Maintain Buy

Figure 24. NHM's TP change



Source: Citi Research

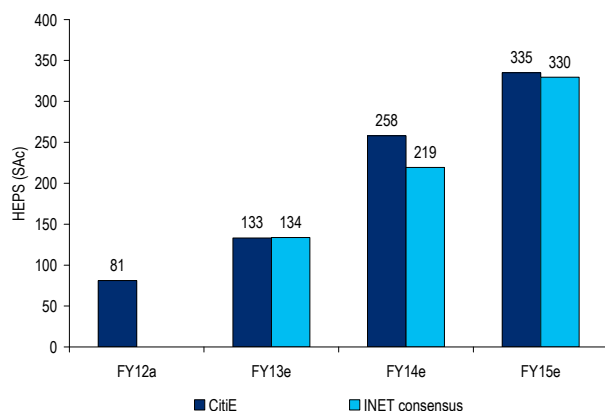
### Earnings changes

Figure 25. Changes in our production, costs and earnings expectations for NHM

	FY12a	FY13e	FY14e	FY15e
Production (000 ounces)- new	289	320	453	482
Production (000 ounces) - old	289	320	453	482
%change	0%	0%	0%	0%
Cash costs (USD/ounce) - new	1,137	1,019	999	1,004
Cash costs (USD/ounce) - old	1,137	1,019	999	1,004
% change	0%	0%	0%	0%
Cash costs (R/oz) - new	14,550	14,442	14,498	15,017
Cash costs (R/oz) - old	14,550	14,442	14,498	15,017
% change	0%	0%	0%	0%
Earnings (SAC) - new	81	133	258	335
Earnings (SAC) - old	81	121	211	248
% change	0%	10%	22%	35%

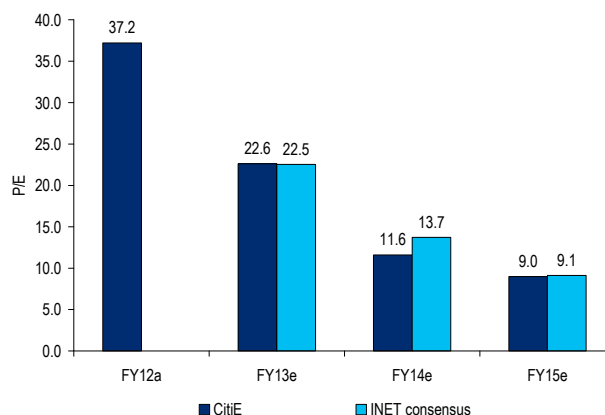
Source: Citi Research, company reports

Figure 26. NHM Citi HEPS forecast vs. consensus



Source: I-Net, Citi Research, Company reports

Figure 27. NHM Citi P/E vs. consensus



Source: I-Net, Citi Research, Company reports

## Company Focus

- Company Update
- Rating Change
- Target Price Change
- Estimate Change

**Johann Steyn**  
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johann.steyn@citi.com

<b>Neutral</b>	<b>2</b>
from Sell	
Price (21 Sep 12)	R51.01
Target price	R53.00
from R45.00	
Expected share price return	3.9%
Expected dividend yield	0.0%
<b>Expected total return</b>	<b>3.9%</b>
Market Cap	R8,445M
	US\$1,017M

### Price Performance (RIC: RBPJ.J, BB: RBP SJ)



## Royal Bafokeng Platinum (RBPJ.J) Upgrade to Neutral

- **Bigger levers to pull** — We maintain that significant headcount reductions are needed at Boschkoppe, something management suggests is on the cards, but is against the trend observed over the past year (refer “[More aggressive cost cutting strategy required](#)” and “[Protecting its Balance Sheet](#)”). Excluding the potential of corporate action, we view RBP as fairly valued and upgrade to Neutral, TP R53.
- **Valuation and earnings changes** — We upgrade our TP 18% to R53. This is due to higher rand PGM price assumptions. We adjust our FY12, 13 and 14 earnings expectations by +8% to 108c, +29% to 190c and +36% to 279c, respectively.
- **Operational outlook** — We expect RBP to produce 271k ounces (3PGE+Au) in FY12, 278k ounces in FY13 and 297k ounces in FY14. We expect unit costs to average R11,962/ounce (Pt) in FY12, R12,328/ounce in FY13 and R12,988/ounce in FY14.
- **Valuation and risks** — We upgrade our TP by 18% to R53 and our Sell to a Neutral recommendation. Our TP is based on a 1.2x P/DCF exit multiple, which we view as applicable given its favorable strategic position within the SA platinum sector. Barring lower rand-PGM prices, the main downside risk to our view is RBP’s management failing to control costs. We believe a more aggressive cost management approach is needed in order to achieve optimal value for shareholders.

### Royal Bafokeng Platinum (ZAR)

Year to 31 Dec	2010A	2011A	2012E	2013E	2014E
Sales (RM)	2,106.1	2,975.3	3,052.7	3,529.5	4,050.3
Net Income (RM)	271.3	273.9	177.1	312.0	457.9
Diluted EPS (¢)	192	167	108	190	279
Diluted EPS (Old) (¢)	192	167	100	148	205
PE (x)	26.6	30.6	47.3	26.8	18.3
EV/EBITDA (x)	11.7	10.3	14.7	10.7	9.2
DPS (¢)	0	0	0	0	0
Net Div Yield (%)	0.0	0.0	0.0	0.0	0.0

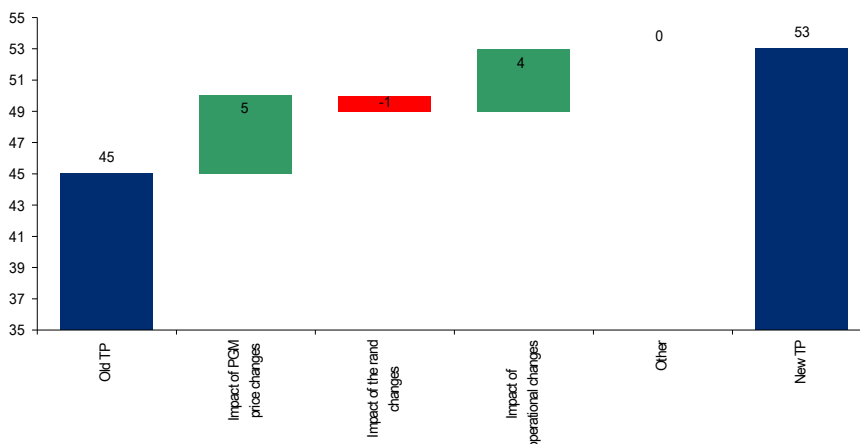
RBPJ.J: Fiscal year end 31-Dec						Price: R51.01; TP: R53.00; Market Cap: R8,445m; Recomm: Neutral					
Profit & Loss (Rm)	2010	2011	2012E	2013E	2014E	Valuation ratios	2010	2011	2012E	2013E	2014E
Sales revenue	2,106	2,975	3,053	3,530	4,050	PE (x)	26.6	30.6	47.3	26.8	18.3
Cost of sales	-1,217	-1,842	-2,158	-2,282	-2,460	PB (x)	0.8	0.7	0.8	0.7	0.7
Gross profit	889	1,133	894	1,248	1,590	EV/EBITDA (x)	11.7	10.3	14.7	10.7	9.2
Gross Margin (%)	42.2	38.1	29.3	35.4	39.3	FCF yield (%)	0.9	-1.4	-3.9	-11.5	-20.9
<b>EBITDA (Adj)</b>	<b>830</b>	<b>1,084</b>	<b>778</b>	<b>1,124</b>	<b>1,459</b>	Dividend yield (%)	0	0.0	0.0	0.0	0.0
EBITDA Margin (Adj) (%)	39.4	36.4	25.5	31.8	36.0	Payout ratio (%)	0	0	0	0	0
Depreciation	-373	-518	-490	-600	-600	ROE (%)	35.7	2.5	1.6	2.8	3.9
Amortisation	0	0	0	0	0	<b>Cashflow (Rm)</b>	<b>2010</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>
<b>EBIT (Adj)</b>	<b>457</b>	<b>565</b>	<b>288</b>	<b>524</b>	<b>859</b>	EBITDA	823	1,051	778	1,124	1,459
EBIT Margin (Adj) (%)	21.7	19.0	9.4	14.8	21.2	Working capital	-51	-94	222	176	143
Net interest	3	58	0	-25	-125	Other	13	69	-72	-152	-312
Associates	0	0	0	0	0	<b>Operating cashflow</b>	<b>785</b>	<b>1,025</b>	<b>927</b>	<b>1,147</b>	<b>1,290</b>
Non-op/Except	2,886	-14	-38	-60	-89	Capex	-719	-1,147	-1,255	-2,111	-3,044
<b>Pre-tax profit</b>	<b>3,339</b>	<b>576</b>	<b>249</b>	<b>439</b>	<b>645</b>	Net acq/disposals	0	0	0	0	0
Tax	-172	-164	-72	-127	-187	Other	-162	-5	0	0	0
Extraord./Min.Int./Pref.div.	-2	-138	0	0	0	<b>Investing cashflow</b>	<b>-880</b>	<b>-1,151</b>	<b>-1,255</b>	<b>-2,111</b>	<b>-3,044</b>
<b>Reported net profit</b>	<b>3,166</b>	<b>274</b>	<b>177</b>	<b>312</b>	<b>458</b>	Dividends paid	0	0	0	0	0
Net Margin (%)	150.3	9.2	5.8	8.8	11.3	<b>Financing cashflow</b>	<b>943</b>	<b>326</b>	<b>0</b>	<b>500</b>	<b>2,000</b>
Core NPAT	271	274	177	312	458	<b>Net change in cash</b>	<b>847</b>	<b>200</b>	<b>-328</b>	<b>-463</b>	<b>246</b>
<b>Per share data</b>	<b>2010</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>	<b>FCF ex acquisns &amp; explorn</b>	<b>66</b>	<b>-121</b>	<b>-328</b>	<b>-963</b>	<b>-1,754</b>
Reported EPS (¢)	2,241	167	108	190	279						
Core EPS (¢)	192	167	108	190	279						
DPS (¢)	0	0	0	0	0						
CFPS (¢)	556	625	565	699	786						
FCFPS (¢)	47	-74	-200	-587	-1,069						
BVPS (¢)	6,686	6,890	6,541	6,904	7,345						
Wtd avg ord shares (m)	141	164	164	164	164						
Wtd avg diluted shares (m)	141	164	164	164	164						
<b>Growth rates</b>	<b>2010</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>						
Sales revenue (%)	82.4	41.3	2.6	15.6	14.8						
EBIT (Adj) (%)	146.3	23.8	-49.1	82.1	63.9						
Core NPAT (%)	320.9	1.0	-35.3	76.2	46.8						
Core EPS (%)	118.0	-13.1	-35.3	76.2	46.8						
<b>Balance Sheet (Rm)</b>	<b>2010</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>						
Cash & cash equiv.	899	1,099	772	309	555						
Accounts receivables	1,047	996	611	706	810						
Inventory	48	31	31	31	31						
Net fixed & other tangibles	7,441	8,126	8,891	10,401	12,845						
Goodwill & intangibles	8,760	8,976	8,976	8,976	8,976						
Financial & other assets	256	265	265	265	265						
<b>Total assets</b>	<b>18,451</b>	<b>19,493</b>	<b>19,545</b>	<b>20,688</b>	<b>23,481</b>						
Accounts payable	415	240	863	913	984						
Short-term debt	0	0	0	0	0						
Long-term debt	0	0	0	500	2,500						
Provisions & other liab	3,684	4,116	4,116	4,116	4,116						
<b>Total liabilities</b>	<b>4,099</b>	<b>4,355</b>	<b>4,979</b>	<b>5,528</b>	<b>7,600</b>						
Shareholders' equity	10,944	11,278	10,707	11,300	12,023						
Minority interests	3,407	3,859	3,859	3,859	3,859						
<b>Total equity</b>	<b>14,352</b>	<b>15,137</b>	<b>14,566</b>	<b>15,159</b>	<b>15,882</b>						
<b>Net debt</b>	<b>-899</b>	<b>-1,099</b>	<b>-772</b>	<b>191</b>	<b>1,945</b>						
Net debt to equity (%)	-6.3	-7.3	-5.3	1.3	12.2						

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For definitions of the items in this table, please click [here](#).

## Valuation and Earnings

### Increase TP 18% to R53 (Neutral)

Figure 28. RBP's TP change



Source: Citi Research

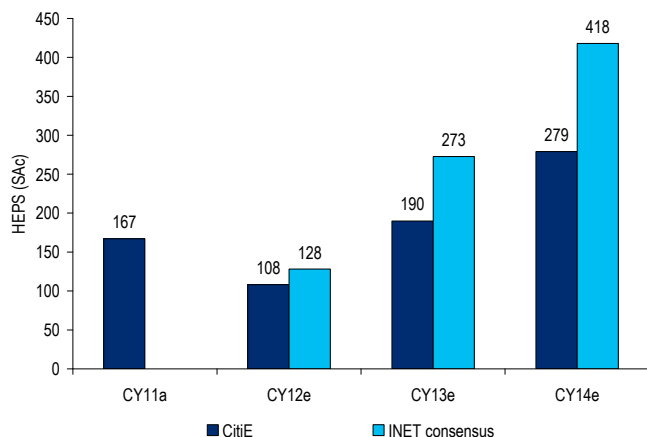
### Earnings changes

Figure 29. Changes in our production, costs and earnings expectations for RBP

	FY11a	FY12e	FY13e	FY14e
Production (koz) - new	282	271	278	297
Production (koz) - old	282	271	278	297
%change	0%	0%	0%	0%
Cash costs (R/oz) - new	9,863	11,962	12,328	12,988
Cash costs (R/oz) - old	9,863	11,962	12,328	12,988
% change	0%	0%	0%	0%
Earnings (SAC) - new	167	108	190	279
Earnings (SAC) - old	167	100	148	205
% change	0%	8%	29%	36%

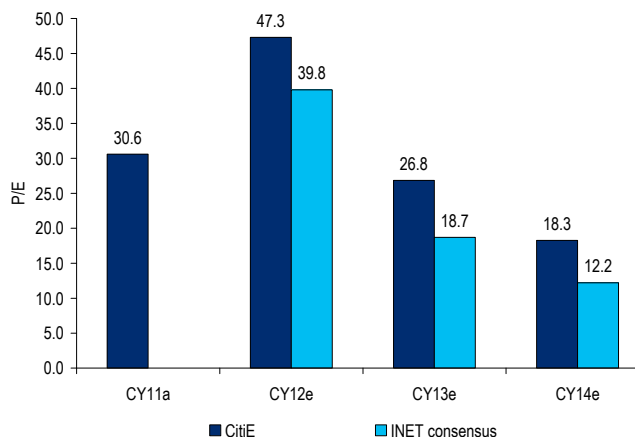
Source: Citi Research, company reports

Figure 30. RBP Citi HEPS forecast vs. consensus



Source: I-Net, Citi Research, Company reports

Figure 31. RBP Citi P/E vs. consensus



Source: I-Net, Citi Research, Company reports



## Company Focus

- Company Update
- Rating Change
- Target Price Change
- Estimate Change

### Jon H Bergtheil

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jon.bergtheil@citi.com

<b>Buy</b>	<b>1</b>
from Neutral	
Price (21 Sep 12)	£0.45
Target price	£0.59
from £0.40	
Expected share price return	31.6%
Expected dividend yield	0.0%
<b>Expected total return</b>	<b>31.6%</b>
Market Cap	£212M
	US\$344M

### Price Performance

(RIC: AQP.L, BB: AQP LN)



## Aquarius Platinum Ltd (AQP.L)

### Zimbabwe Looks Better – upgrade to Buy

- **Big Recent Changes** — The AQP of FY13 will be an entirely different group to the AQP of FY12, given the closure of the high-cost Marikana and Everest mines. AQP is also now an owner operator and so the market is having to assess an almost entirely new group for FY13. We believe that AQP will end FY 13 stronger than it began, primarily because it has reduced its cost base by shutting high cost operations.
- **The FY12 Numbers** — AQP recently reported FY12 EBITDA of \$29m vs consensus at a negative \$6m. Mine operating net cash flow decreased by 85% to \$26 million (FY2011: \$176 million) and the group cash balance at FY close was \$180m. AQP's higher-than-expected costs were mainly due to: 1) underperformance of its concentrators, 2) problems experienced with the implementation of the underground hanging wall safety support regime, and 3) a significant increase in Section 54 stoppages, especially towards the end of 1H12.
- **Booysendal** — AQP has highlighted that it will need to arrange additional finance if it would proceed with the R1.2bn acquisition of Booysendal South. We question whether AQP will be able to raise additional debt (given its R2.0bn "out of the money" convertible bond) and view a rights issue as more likely.
- **EPS and Valuation** — Our FY13E EPS moves from \$0.02 to \$0.03 while our FY14 EPS moves from \$0.06 to \$0.07 and FY15E moves from \$0.09 to \$0.13, on higher prices and higher costs. Our base case NPV for AQP is £0.65 and we set our target price at 0.9x NPV because of the residual risk of expropriation of Zimbabwean assets. We had previously set our valuation at 0.8x P/NPV but the risk differential between Lonmin (1.1x P/NPV) and AQP has closed following the SA labour challenges that Lonmin has faced. We upgrade AQP to a Buy, TP £0.59 (R7.80).

### Aquarius Platinum Ltd (USD)

Year to 30 Jun	2011A	2012A	2013E	2014E	2015E
Sales (\$M)	667.6	477.5	397.5	444.3	593.2
Net Income (\$M)	97.1	-61.0	13.4	33.5	60.7
Diluted EPS (¢)	21.0	-13.1	2.9	7.1	12.9
Diluted EPS (Old) (¢)	21.0	-13.1	2.3	5.8	9.1
PE (x)	3.5	-5.6	25.6	10.2	5.6
EV/EBITDA (x)	1.4	124.5	6.8	4.4	2.4
DPS (¢)	4.0	0.0	0.0	0.0	0.0
Net Div Yield (%)	5.5	0.0	0.0	0.0	0.0

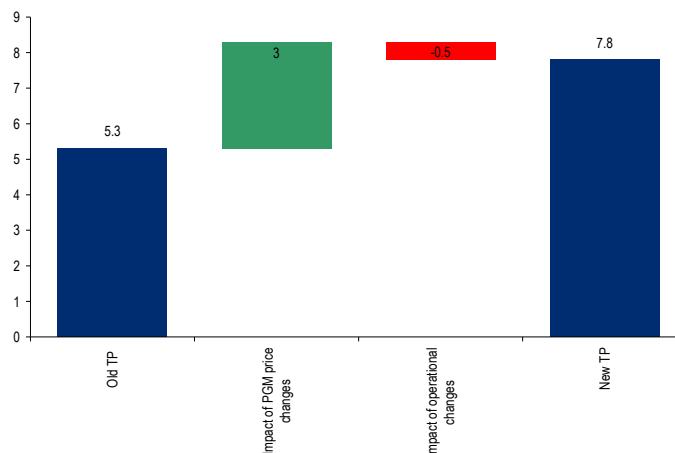
AQP.L: Fiscal year end 30-Jun						Price:£0.45; TP:£0.59; # Shares: 473m; Market Cap: A\$331m; Recomm: Buy					
Profit & Loss (US\$m)	2012	2013E	2014E	2015E	2016E	Comdty & FX Forecasts	2012	2013E	2014E	2015E	2016E
Sales revenue	477.5	397.5	444.3	593.2	666.8	Platinum price (US\$/oz)	1,634.5	1,604.5	1,725.0	1,825.0	1,800.0
Cost of sales	-531.2	-351.6	-376.4	-496.5	-569.9	Palladium price (US\$/oz)	685.5	677.0	825.0	962.5	875.0
<b>EBITDA</b>	<b>3.7</b>	<b>75.0</b>	<b>105.2</b>	<b>153.1</b>	<b>160.1</b>	Rhodium price (US\$/oz)	1,624.3	1,142.0	1,225.0	1,375.0	1,650.0
Depreciation/Amortization	-60.4	-41.0	-49.2	-68.4	-75.2	USDZAR (analyst) (x)	8.1	8.8	9.0	9.1	9.5
<b>EBIT</b>	<b>-56.7</b>	<b>34.0</b>	<b>55.9</b>	<b>84.7</b>	<b>84.9</b>	<b>Long Term Forecasts</b>					
Net interest	-34.0	-19.3	-9.8	-2.8	4.4	Platinum Price (US\$/oz)					1,500.0
<b>Earnings before tax</b>	<b>-90.7</b>	<b>14.7</b>	<b>46.2</b>	<b>81.9</b>	<b>89.3</b>	Palladium Price (US\$/oz)					600.0
Tax	29.7	-1.3	-12.7	-21.1	-24.6	Rhodium Price (US\$/oz)					na
Exceptional/Other	0	-20.0	0	0	0	USDZAR average					10.00
<b>Reported net profit</b>	<b>-61.0</b>	<b>-6.6</b>	<b>33.5</b>	<b>60.7</b>	<b>64.8</b>						
Core NPAT	-61.0	13.4	33.5	60.7	64.8	<b>Production Volumes</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
<b>Balance Sheet (US\$m)</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	Total Production (koz)	413.5	341.6	349.2	444.6	515.8
Cash & cash equiv.	180.0	182.9	217.3	361.3	372.2	<b>Production Costs</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
Net fixed & other tangibles	803.0	796.9	781.1	746.5	705.8	Platinum C1 (R/oz)	8,491.4	7,771.6	8,146.8	8,795.8	9,131.7
<b>Total assets</b>	<b>1201.2</b>	<b>1199.4</b>	<b>1227.3</b>	<b>1401.4</b>	<b>1372.4</b>	Cash Cost (US\$/oz)	1,052.9	880.6	910.3	966.6	963.8
Short-term debt	33.4	33.4	33.4	33.4	33.4	<b>Earnings Sensitivity</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
Long-term debt	266.0	226.0	206.0	206.0	106.0	EPS%Δ/10% ZARUSD (%)	0.0	0.0	0.0	0.0	0.0
<b>Total liabilities</b>	<b>522.8</b>	<b>451.3</b>	<b>435.7</b>	<b>457.1</b>	<b>358.3</b>	EPS%Δ/10% Platinum (%)	-10.6	-151.9	86.5	73.0	73.3
Shareholders' equity	678.5	748.1	791.6	944.3	1014.1	EPS%Δ/10% Palladium (%)	-2.5	0.0	0.0	0.0	0.0
<b>Total equity</b>	<b>678.5</b>	<b>748.1</b>	<b>791.6</b>	<b>944.3</b>	<b>1014.1</b>	EPS%Δ/10% Rhodium (%)	-1.7	0.0	0.0	0.0	0.0
<b>Net debt</b>	<b>119.4</b>	<b>76.5</b>	<b>22.1</b>	<b>-121.8</b>	<b>-232.8</b>						
<b>Cashflow (US\$m)</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>						
<b>Operating cashflow</b>	<b>97.8</b>	<b>91.9</b>	<b>91.8</b>	<b>186.8</b>	<b>149.4</b>						
Capex	-119.5	-35.0	-33.4	-33.8	-34.4						
Net acq/disposals	0	0	0	0	0						
Exploration exp/Other	-10.2	-4.0	-4.0	-4.0	-4.0						
<b>FCF ex acqns &amp; explor exp</b>	<b>-32.0</b>	<b>52.9</b>	<b>54.4</b>	<b>149.0</b>	<b>111.0</b>						
<b>Net change in cash</b>	<b>-50.5</b>	<b>12.9</b>	<b>34.4</b>	<b>149.0</b>	<b>11.0</b>						
<b>Per share data</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>						
Reported EPS (¢)	-13.1	-1.4	7.1	12.9	13.8	<b>Reserves &amp; Resources</b>	<b>Reserves</b>	<b>Resource</b>			
Core EPS (¢)	-13.1	2.9	7.1	12.9	13.8		Amount	Grd.((g/t))	Amount	Grd.((g/t))	
DPS (¢)	0	0	0	0	0	Total (moz)	17.5	3.17	41.2	4.08	
CFPS (¢)	20.9	19.5	19.5	39.7	31.8						
BVPS (¢)	145.4	159.2	168.4	200.9	215.8						
Wtd avg ord shares (m)	467	470	470	470	470						
Wtd avg diluted shares (m)	467	470	470	470	470						
<b>Valuation ratios</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>Valuation</b>					
PE (x)	-5.6	25.6	10.2	5.6	5.3	WACC (%)					12.0
EV/EBIT (x)	-8.1	15.1	8.3	4.3	2.8						
EV/EBITDA (x)	nm	6.8	4.4	2.4	1.5	<b>NPV Valuation</b>					
FCF yield (%)	-6.4	16.6	17.0	44.6	33.5	Kroondal				US\$m	£/sh.
Dividend yield (%)	0	0	0	0	0	Marikana				195.9	0.26
Payout ratio (%)	0	0	0	0	0	Everest				47.2	0.06
<b>Operating performance</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	Mimosa				46.1	0.06
EBITDA margin (%)	0.8	18.9	23.7	25.8	24.0	OtherOps				232.2	0.31
Operating ROE (%)	-8.0	1.9	4.3	7.0	6.6	Corporate				111.1	0.15
Operating ROIC (%)	-2.7	3.4	4.5	6.6	6.4	Net (debt)/cash				-29.1	-0.04
Net debt to equity (%)	17.6	10.2	2.8	-12.9	-23.0	<b>Total</b>				-120.4	-0.16
Debt to total capital (%)	30.6	25.7	23.2	20.2	12.1					<b>482.8</b>	<b>0.65</b>

For further data queries on Citi's full coverage universe please contact Citi Research Data Services at CitiRsch.DataServices.Global@citi.com

## Valuation and Earnings

TP increased 46% to £0.59 (R7.80)

Figure 32. AQP's TP change



Source: Citi Research

## Earnings changes

Figure 33. Changes in our production, costs and earnings expectations for AQP

	FY12a	FY13E	FY14E	FY15E
Production (Pt k oz, attributable) -new	232	186	190	248
Production (Pt k oz, attributable) -old	232	186	190	248
% change	0%	0%	0%	0%
Cash Costs/oz - new	8,250	7,772	8,147	8,796
Cash Costs /oz - old	8,250	7,668	7,770	8,330
% change	0%	1%	5%	6%
Earnings SAc - new	-104	24	63	124
Earnings SAc - old	-104	16	54	86
% change	0%	50%	17%	44%
Earnings USc - new	-13	3	7	13
Earnings USc - old	-13	2	6	9
% change	0%	50%	17%	44%

Source: Citi Research, company reports

Figure 34. AQP Citi HEPS forecast vs. consensus

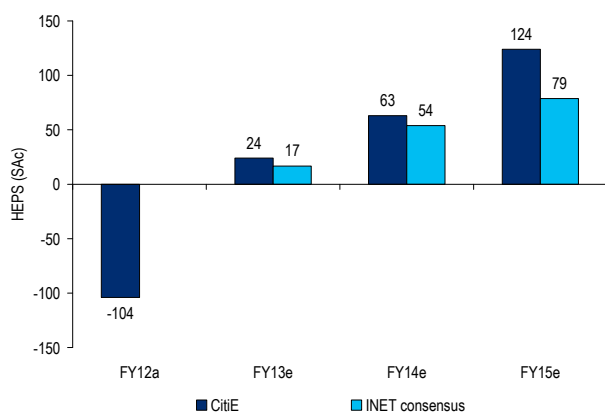
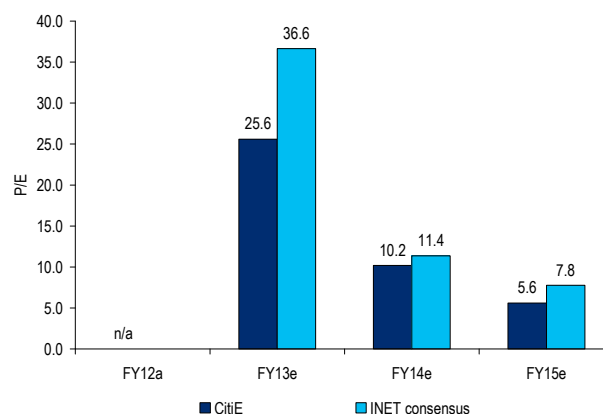


Figure 35. AQP Citi P/E vs. consensus



Source: I-Net, Citi Research, Company reports

Source: I-Net, Citi Research, Company reports

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## Company Narratives

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## Anglo American Platinum Ltd

### Company description

Anglo Platinum (AMS) is the world's largest platinum producer, with 41% global market share. The company holds 17 operating assets located in South Africa. The Rustenburg and Amandelbult assets currently make up 43% of AMS's production and constitute 39% of AMS's NAV, on our estimates. AMS holds a strategically important open pit mine, Mogalakwena, which currently forms only 13% of production, but 23% of our NAV estimate.

### Investment strategy

We rate AMS Sell. We see limited volume expansion opportunities for AMS and believe the risks to the achievement of its cost targets are skewed to the downside. This is as all the low-hanging fruit (labour reductions) has now been picked and significant on-the-ground operational improvements are required going forward. With limited catalysts from here, we view the stock as fully priced at current levels.

### Valuation

Our target price for AMS is R420. We derive our valuation by applying a nominal WACC of 11.9% (beta 1.0, ERP 5.0%, RFR 8.5%), and discounting cash flows over the life of the group's individual assets. We apply a 10% premium to our valuation of AMS relative to its peers to account for its strategic advantage due to its control of 55% of sector reserves.

### Risks

Our valuation of AMS is exposed to macroeconomic developments affecting PGM prices and exchange rates, operational risks that might affect volumes and input costs, and political and regulatory risks that might affect costs and the company's reputation.

**Macroeconomic risks:** Our valuation on AMS is highly dependent on input assumptions of the platinum, palladium, and rhodium prices, as well as the rand-dollar exchange rate. Upside risks to our view include higher-than-expected PGM prices and a weaker-than-expected rand. Conversely, downside risks to our view include lower-than-expected PGM prices and a stronger-than-expected rand.

**Operational risks:** We base our production and cost outlook for AMS's individual mines on management guidance and by applying our discretion to management's guidance and targets. The main downside risk to our view is that significantly more capex would be required in order to sustain current production levels than that assumed in our valuation model. We also caution downside risk to our generally favorable cost assumptions, given the inflationary environment AMS operates in. The main upside risk to our view is the platinum market moving into deficit, in which case AMS would be able to expand production above the current 2.5m ounce (Pt) level.

**Political and regulatory risks:** The company is subsequently exposed to government and regulatory-related risks in those countries it operates in. Specific risks include higher-than-expected royalties, production delays from government intervention and labour unrest.

If the impact from any of these factors proves to be more negative than we anticipate, the stock will likely have difficulty achieving our financial and price targets. However, if any of these factors proves to have less of an effect than we anticipate, the stock could materially outperform our target.

## Impala Platinum

### Company description

Impala Platinum (IMP) is the world's second-largest platinum producer, with a 30% global market share. The company is based primarily in South Africa, from which it currently sources 89% of its production. The 11% balance is sourced from its operations in Zimbabwe. In the longer term, Zimbabwe offers strategic low-cost growth potential for IMP, but this is constrained at present by unstable political conditions.

### Investment strategy

We rate IMP Buy. We consider IMP to have been the best-in-class SA platinum company over the past 10 years. Despite the near-term operational challenges facing the company, we believe little has changed. Going forward, we think IMP's favourable position on the cost curve and longer-term low-cost growth optionality should continue to drive superior economic value creation.

### Valuation

Our target price for IMP is R185/share. We value IMP based on a sum-of-the-parts discounted cash flow (DCF) analysis. Our model uses a nominal WACC of 11.9% (beta 1.0, ERP 5.0%, RFR 8.5%) and discounts forecast cash flows over the life of the group's individual assets. We apply a 1.0x P/DCF exit multiple as we do not expect near- to medium-term PGM prices to rise substantially above our long-term price assumptions.

### Risks

Our valuation of IMP is exposed to macroeconomic developments affecting PGM prices and exchange rates, operational risks that might affect volumes and input costs, and political and regulatory risks that might affect costs and the company's reputation.

**Macroeconomic risks:** Our valuation on IMP is highly dependent on input assumptions of the platinum, palladium, and rhodium prices, as well as the rand-dollar exchange rate. Downside risks to our view include lower-than-expected PGM prices and a stronger-than-expected rand.

**Operational risks:** We base our production and cost outlook for IMP's individual mines on management guidance and by applying our discretion to management's guidance and targets. The main downside risk to our view is that significantly more capex would be required in order to sustain current production levels than that assumed in our valuation model. Other operational risks include IMP failing to ramp up its Merensky shafts on time, and a deterioration in the political conditions in Zimbabwe that could prevent further growth for IMP in this country (note that we only include Zimplats phase II into our valuation).

**Political and regulatory risks:** IMP's operations and future projects are based in SA and Zimbabwe. The company is subsequently exposed to government and

regulatory-related risks in these countries. Specific risks include higher-than-expected royalties, production delays from government intervention and labour unrest.

If the impact from any of these factors proves to be more negative than we anticipate, the stock will likely have difficulty achieving our financial and price targets. However, if any of these factors proves to have less of an effect than we anticipate, the stock could materially outperform our target.

## Lonmin PLC

### Company description

Lonmin is the world's third-largest primary producer of PGMs. Platinum production is expected to be in the region of 750koz in 2012. Lonmin's operations are located in South Africa.

### Investment strategy

We rate Lonmin Neutral. We think that management is steadily gaining market confidence following a consistently improving trend in operational efficiency. However, a strong SA rand is tending to offset the recent strength in the US\$ price of platinum. The entire industry is facing cost challenges.

### Valuation

Our target price for Lonmin is £6.59. We value Lonmin based on a sum-of-the-parts discounted cash flow (DCF) analysis. Our model uses a nominal WACC of 9% and discounts forecast cash flows over the life of the group's individual assets. We apply a 1.10 P/NPV multiple to our £5.98 NPV, a slight premium to the 1.0x which we use for South African listed platinum producers, as Lonmin has always commanded a premium for its London listing. However, we do not consider this premium to be a permanent feature for Lonmin.

### Risks

Our valuation of LON is exposed to macroeconomic developments affecting PGM prices and exchange rates, operational risks that might affect volumes and input costs, and political and regulatory risks that might affect costs and the company's reputation.

**Macroeconomic risks:** Our valuation of LON is highly dependent on input assumptions for platinum, palladium, and rhodium prices, as well as the rand-dollar exchange rate. Upside risks to our view include higher-than-expected PGM prices and a weaker-than-expected rand. Conversely, downside risks to our view include lower-than-expected PGM prices and a stronger-than-expected rand.

**Operational risks:** We base our production and cost outlook for LON's individual mines on management guidance and by applying our discretion to management's guidance and targets. The main downside risk to our view is that significantly more capex is required in order to sustain current production levels than that assumed in our valuation model. We also caution downside risk to our generally favorable cost assumptions, given the inflationary environment in which LON operates. The main upside risk to our view is the platinum market moving into deficit, in which case LON might be able to expand production above our forecast levels.



**Political and regulatory risks:** LON's operations and future projects are based in SA. The company is subsequently exposed to government and regulatory-related risks in SA. Specific risks include higher-than-expected royalties, production delays from government intervention and labour unrest.

If the impact from any of these factors proves to be more negative than we anticipate, the stock will likely have difficulty achieving our financial and price targets. However, if any of these factors proves to have less of an effect than we anticipate, the stock could materially outperform our target

## Northam Platinum

### Company description

Northam Platinum (NHM) currently holds one operating asset in South Africa (SA) called Zondereinde, which produces approximately 330,000 ounces (4E) under normal conditions (although it is currently facing operational difficulties). The company holds a strategic low-cost project, Booyssendal, that is likely to nearly double NHM's production over the next 5 to 6 years.

### Investment strategy

We rate NHM Buy. We believe NHM is uniquely positioned as a low-cost, low-capex, medium-term growth story in a fundamentally attractive PGM market. Its current market valuation does not reflect the full upside potential, in our view.

### Valuation

Our target price for NHM is R38. We value NHM based on a sum-of-the-parts discounted cash flow (DCF) analysis. Our model uses a nominal WACC of 11.9% (beta 1.0, ERP 5.0%, RFR 8.5%) and discounts forecast cash flows over the life of the group's individual assets. We apply a 1.0x P/DCF exit multiple as we do not expect near- to medium-term PGM prices to rise substantially above our long-term price assumptions.

### Risks

Our valuation of NHM is exposed to macroeconomic developments affecting PGM prices and exchange rates, operational risks that might affect volumes and input costs, and political and regulatory risks that might affect costs and the company's reputation. Given NHM's position as a junior platinum mining company with what we see as attractive low-cost growth potential, our valuation is also exposed to corporate activity risk.

## Royal Bafokeng Platinum

### Company description

RBP is a mid-tier platinum company listed on the JSE. It currently has one operating mine called Boschkopie and is in the process of developing a greenfield project called Styldrift. RBP is 57% owned by Royal Bafokeng Platinum Holdings, 13% by Anglo Platinum and has 30% free float.

## Investment strategy

We rate RBP Neutral. It has a highly cash-generative existing asset base, an attractive low-cost growth project through Styldrift, and is geographically well-located to partake in industry consolidation. However on valuation grounds, we believe all this is currently priced in.

## Valuation

We value RBP on a sum-of-the parts DCF basis. We apply a R-nominal WACC of 11.9% (ERP 5%, RFR 8.5%, beta 1.0) to discount the future cash flows from its individual assets over their operational lives. In deriving our R53 TP, we apply a 1.2x P/DCF exit multiple to our valuation of RBP. This represents a 20% premium to our 1.0x benchmark multiple for the SA platinum sector, which is mainly to account for RBP's superior strategic position within the SA platinum space. We believe that this position provides RBP with significant future value-enhancing optionality, something that is not accounted for in our DCF of its current operations. Our valuation is net of cash, investments, and corporate and exploration costs.

## Risks

Upside/downside risks include a weaker/stronger-than-expected rand, stronger/weaker-than-expected PGM prices, a better/worse-than-expected operational performance at Boschkoppie, and Styldrift coming online earlier and under budget. Other risks include corporate activity and dilution risk given the need to fund the projected funding gap over the next five years. These risks could impede the share price from reaching our target price.

## Aquarius Platinum Ltd

### Company description

Aquarius Platinum has interests in five operations. Operations and projects are located on both the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe. The primary operation is at Kroondal, one of the lowest-cost and most efficient PGM producers in the world. In Zimbabwe, AQP holds a 50% interest in the Mimosa Mine, arguably the lowest-cost primary PGM mine in the world. Mimosa has a mine life in excess of 30 years. AQP recently put its Marikana and Everest mines on care and maintenance.

### Investment strategy

We rate AQP as a Buy. AQP has put two high cost mines on care and maintenance in so doing has lowered its operating cost, especially as one of its two mines, Mimosa, is a very low cost operation. In the process, capex has been contained as well and the balance sheet is therefore more robust.

In the long term, we think Aquarius should benefit from a structurally supportive outlook for PGM prices. We use lower valuation parameters for AQP because of the residual risk of asset expropriation in Zimbabwe.

### Valuation

Our £0.59 target price is based on our NPV valuation, given the current uncertainty over the macro outlook and likelihood of depressed earnings near term. Our base case NPV for the stock of £0.65 is derived from a DCF model that assumes a

discount rate for the UK listing of 9% (in line with that which we use for its closest UK peer). We set our target price at 0.9x NPV.

## Risks

Aquarius faces risks given that group earnings are all generated from a single commodity and mining is limited to one African region.

Key risks to Aquarius failing to achieve our projected earnings, cash flows and target price relate to the following:

**Rand strength.** A stronger-than-expected rand would continue to depress rand-denominated cash flows.

**Cost pressures.** Cost pressures continue to be a feature in the industry.

**Geopolitical exposure.** Mining is limited to one region, Southern Africa. Aquarius has considerable investment at Mimosa in Zimbabwe. Any further deterioration in the political situation there and/or inability to expand the production assets could be a big problem for the company.

However, if the impact of these risk factors is less negative than we currently anticipate, then the share price could exceed our target price.

# Appendix A-1

## Analyst Certification

The research analyst(s) primarily responsible for the preparation and content of this research report are named in bold text in the author block at the front of the product except for those sections where an analyst's name appears in bold alongside content which is attributable to that analyst. Each of these analyst(s) certify, with respect to the section(s) of the report for which they are responsible, that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc and its affiliates. No part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst in this report.

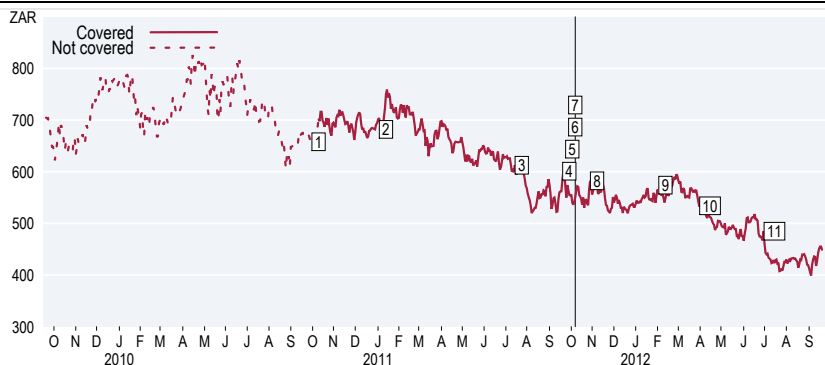
## IMPORTANT DISCLOSURES

### Anglo American Platinum Ltd (AMSJ.J)

#### Ratings and Target Price History Fundamental Research

Analyst: Johann Steyn

Covered since October 12 2010



	Date	Rating	Target Price	Closing Price
1	11-Oct-10	*2M	*730.00	701.00
2	13-Jan-11	*3M	*650.00	750.00
3	25-Jul-11	3M	*610.00	600.00
4	29-Sep-11	*2M	610.00	555.00

\* Indicates change

	Date	Rating	Target Price	Closing Price
5	4-Oct-11	2M	*580.00	540.00
6	7-Oct-11	Stock rating system changed		
7	7-Oct-11	*2	580.00	550.50
8	8-Nov-11	*3	*550.00	572.79

	Date	Rating	Target Price	Closing Price
9	13-Feb-12	3	*510.00	548.00
10	15-Apr-12	3	*500.00	514.98
11	16-Jul-12	3	*400.00	423.10

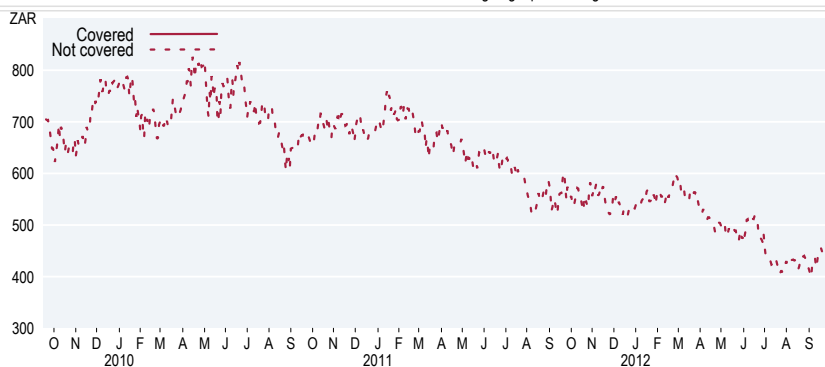
Rating/target price changes above reflect Eastern Standard Time

### Anglo American Platinum Ltd (AMSJ.J)

#### Ratings and Target Price History Best Ideas Research Relative Call (3 Month)

Analyst: Johann Steyn

Covered since October 12 2010



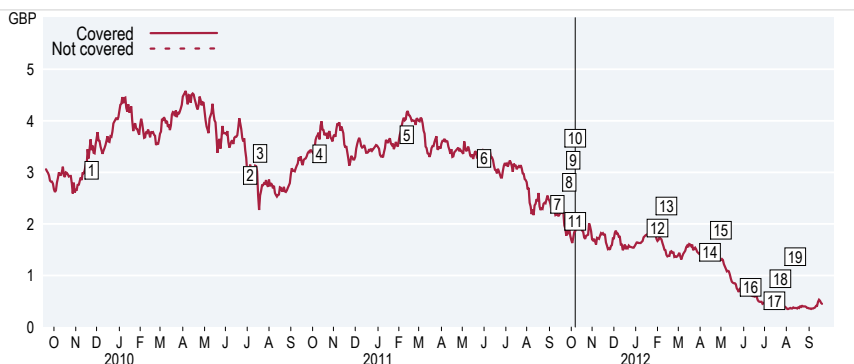
\* Indicates change

Rating/target price changes above reflect Eastern Standard Time

## Aquarius Platinum Ltd (AQP.L)

### Ratings and Target Price History Fundamental Research

Analyst: Jon H Bergtheil



	Date	Rating	Target Price	Closing Price
1	24-Nov-09	1H	*4.45	3.43
2	6-Jul-10	1H	*4.20	3.15
3	20-Jul-10	1H	*3.80	2.55
4	12-Oct-10	1H	*4.10	3.64
5	11-Feb-11	*2H	4.10	4.16
6	1-Jun-11	2H	*3.57	3.41
7	13-Sep-11	2H	*2.61	2.19

\* Indicates change

	Date	Rating	Target Price	Closing Price
8	29-Sep-11	2H	*2.00	1.90
9	5-Oct-11	2H	*1.89	1.73
10	7-Oct-11	Stock rating system changed		
11	7-Oct-11	*2	1.89	1.86
12	1-Feb-12	2	*1.80	1.67
13	14-Feb-12	2	*1.65	1.40
14	16-Apr-12	2	*1.51	1.30

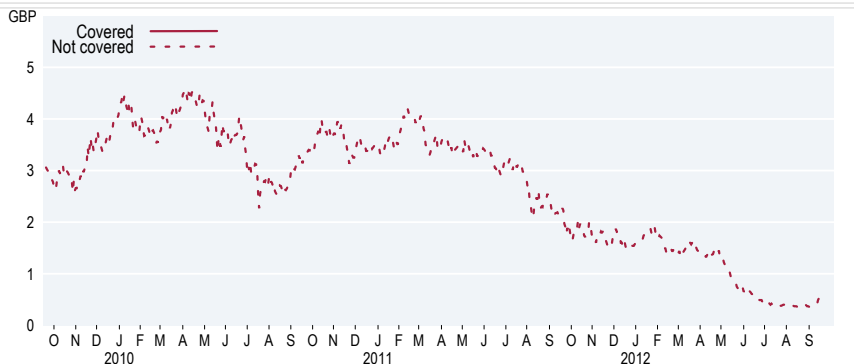
	Date	Rating	Target Price	Closing Price
15	1-May-12	2	*1.40	1.30
16	12-Jun-12	2	*0.80	0.64
17	16-Jul-12	2	*0.44	0.41
18	24-Jul-12	2	*0.41	0.38
19	14-Aug-12	2	*0.40	0.37

Rating/target price changes above reflect Eastern Standard Time

## Aquarius Platinum Ltd (AQP.L)

### Ratings and Target Price History Best Ideas Research Relative Call (3 Month)

Analyst: Jon H Bergtheil



\* Indicates change

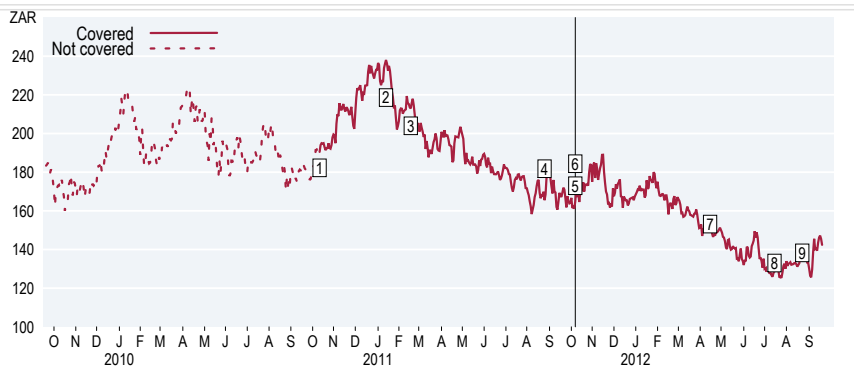
Rating/target price changes above reflect Eastern Standard Time

## Impala Platinum (IMPJ.J)

### Ratings and Target Price History Fundamental Research

Analyst: Johann Steyn

Covered since October 12 2010



	Date	Rating	Target Price	Closing Price
1	12-Oct-10	*1M	*230.00	190.50
2	13-Jan-11	*2M	*240.00	238.05
3	17-Feb-11	*1M	240.00	213.00

\* Indicates change

	Date	Rating	Target Price	Closing Price
4	25-Aug-11	1M	*220.00	165.50
5	7-Oct-11	Stock rating system changed		
6	7-Oct-11	*1	220.00	165.00

	Date	Rating	Target Price	Closing Price
7	16-Apr-12	1	*205.00	153.15
8	16-Jul-12	1	*190.00	128.60
9	23-Aug-12	1	*180.00	135.60

Rating/target price changes above reflect Eastern Standard Time

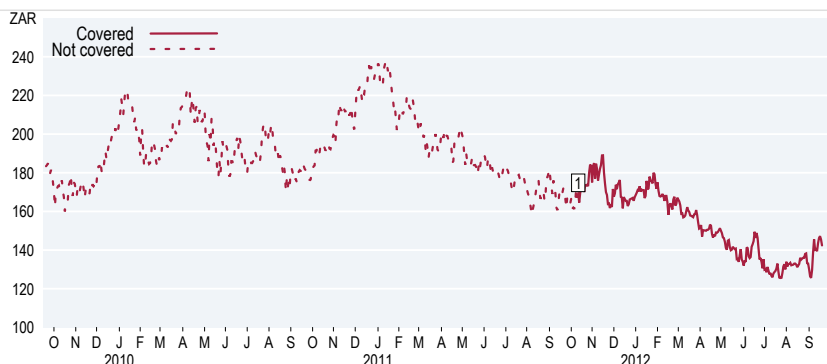
## Impala Platinum (IMPJ.J)

### Ratings and Target Price History

### Best Ideas Research

### Relative Call (3 Month)

Analyst: Johann Steyn  
Covered since October 12 2010



	Date	Rating	Target Price	Closing Price
1	12-Oct-11	*ADD MP	-	169.50

\* Indicates change

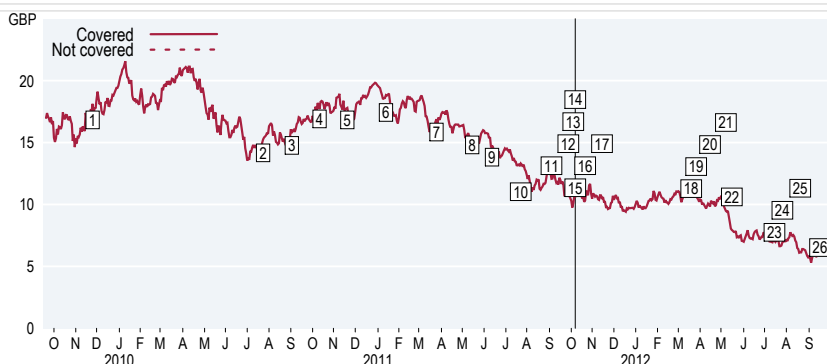
Rating/target price changes above reflect Eastern Standard Time

## Lonmin PLC (LMI.L)

### Ratings and Target Price History

### Fundamental Research

Analyst: Jon H Bergtheil



	Date	Rating	Target Price	Closing Price
1	25-Nov-09	1M	*21.00	18.13
2	23-Jul-10	1M	*19.25	15.25
3	2-Sep-10	*2M	*16.80	15.77
4	12-Oct-10	2M	*17.45	17.70
5	19-Nov-10	2M	*18.00	17.80
6	13-Jan-11	2M	*19.85	18.84
7	25-Mar-11	2M	*18.56	16.88
8	16-May-11	2M	*17.00	15.18
9	13-Jun-11	2M	*16.88	14.76

\* Indicates change

	Date	Rating	Target Price	Closing Price
10	22-Jul-11	2M	*15.35	13.31
11	5-Sep-11	2M	*13.63	12.07
12	28-Sep-11	2M	*12.37	10.98
13	5-Oct-11	2M	*11.31	10.09
14	7-Oct-11	Stock rating system changed		
15	7-Oct-11	*2	11.31	10.63
16	21-Oct-11	2	*10.67	10.33
17	15-Nov-11	2	*11.05	10.44
18	20-Mar-12	2	*11.25	11.09

	Date	Rating	Target Price	Closing Price
19	27-Mar-12	2	*11.12	10.92
20	16-Apr-12	2	*11.00	9.83
21	8-May-12	2	*10.96	9.48
22	16-May-12	2	*9.71	7.94
23	16-Jul-12	2	*7.76	7.08
24	26-Jul-12	2	*7.60	6.94
25	21-Aug-12	2	*6.53	6.13
26	18-Sep-12	2	*6.59	6.50

Rating/target price changes above reflect Eastern Standard Time

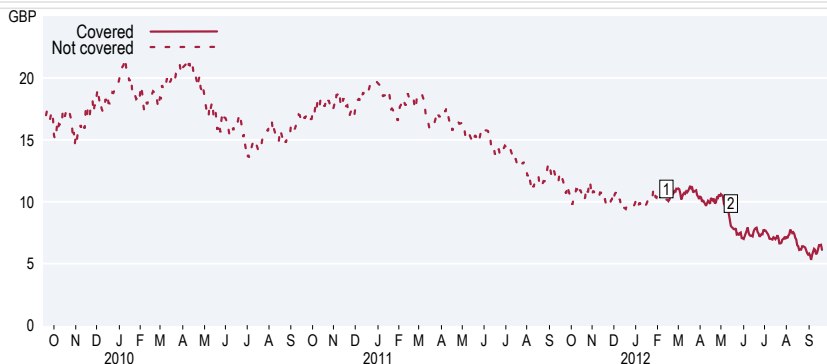
## Lonmin PLC (LMI.L)

### Ratings and Target Price History

### Best Ideas Research

### Relative Call (3 Month)

Analyst: Jon H Bergtheil



	Date	Rating	Target Price	Closing Price
1	14-Feb-12	*ADD LP	-	10.17

\* Indicates change

	Date	Rating	Target Price	Closing Price
2	15-May-12	*REM LP	-	8.05

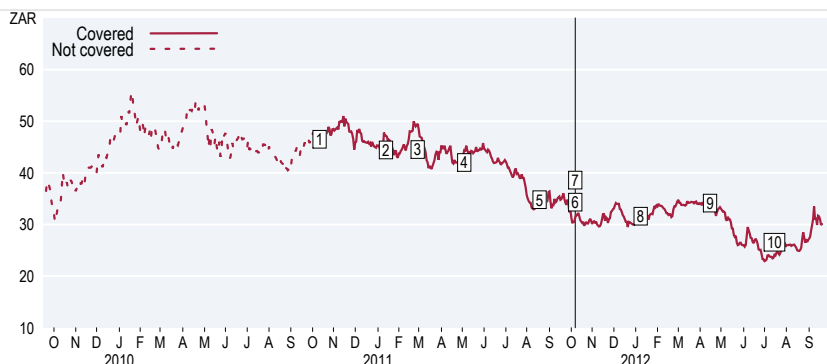
Rating/target price changes above reflect Eastern Standard Time

## Northam Platinum (NHMJ.J)

### Ratings and Target Price History Fundamental Research

Analyst: Johann Steyn

Covered since October 12 2010



	Date	Rating	Target Price	Closing Price
1	12-Oct-10	*2M	*50.00	46.80
2	13-Jan-11	*1M	*53.00	47.19
3	28-Feb-11	*2M	53.00	49.50
4	4-May-11	*1M	*56.00	44.40

\* Indicates change

	Date	Rating	Target Price	Closing Price
5	18-Aug-11	1M	*50.00	34.00
6	7-Oct-11	Stock rating system changed		
7	7-Oct-11	*1	50.00	31.35
8	9-Jan-12	1	*45.00	31.00

	Date	Rating	Target Price	Closing Price
9	16-Apr-12	1	*42.00	33.50
10	16-Jul-12	1	*36.00	24.13

Rating/target price changes above reflect Eastern Standard Time

## Northam Platinum (NHMJ.J)

### Ratings and Target Price History Best Ideas Research Relative Call (3 Month)

Analyst: Johann Steyn

Covered since October 12 2010



	Date	Rating	Target Price	Closing Price
1	13-Jul-11	*ADD MP	-	39.50

\* Indicates change

	Date	Rating	Target Price	Closing Price
2	12-Oct-11	*REM MP	-	32.25

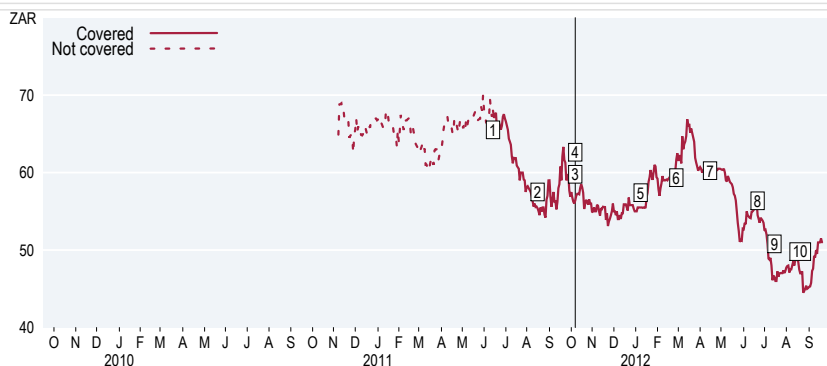
Rating/target price changes above reflect Eastern Standard Time

## Royal Bafokeng Platinum (RBPJ.J)

### Ratings and Target Price History Fundamental Research

Analyst: Johann Steyn

Covered since June 15 2011



	Date	Rating	Target Price	Closing Price
1	14-Jun-11	*2M	*70.00	68.00
2	16-Aug-11	*1M	70.00	55.39
3	7-Oct-11	Stock rating system changed		
4	7-Oct-11	*1	70.00	56.39

\* Indicates change

	Date	Rating	Target Price	Closing Price
5	9-Jan-12	1	*65.00	55.49
6	28-Feb-12	*2	65.00	61.71
7	16-Apr-12	2	*60.00	60.69
8	21-Jun-12	2	*57.00	54.50

	Date	Rating	Target Price	Closing Price
9	16-Jul-12	2	*52.00	46.50
10	21-Aug-12	*3	*45.00	47.00

Rating/target price changes above reflect Eastern Standard Time

## Royal Bafokeng Platinum (RBPJ.J)

### Ratings and Target Price History

#### Best Ideas Research

#### Relative Call (3 Month)

Analyst: Johann Steyn

Covered since June 15 2011



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The Firm is a market maker in the publicly traded equity securities of Anglo American Platinum Ltd, Impala Platinum.

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### Citi Research Ratings Distribution

#### Data current as of 30 Jun 2012

	12 Month Rating			Relative Rating		
	Buy	Hold	Sell	Buy	Hold	Sell
Citi Research Global Fundamental Coverage	53%	37%	10%	10%	80%	10%
% of companies in each rating category that are investment banking clients	44%	43%	40%	48%	43%	45%

#### Guide to Citi Research Fundamental Research Investment Ratings:

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