

# Implats sees 80% profit drop as PGM crisis deepens

By [Lindsey Schutters](#)

1 Mar 2024

Impala Platinum (Implats) has reported a sharp decline in earnings for the first half of its fiscal year, driven by significantly lower prices for the metals. The company is forecasting a challenging year due to the weak global economy, but remains optimistic and expects the supply of these metals to remain tight, which could eventually lead to higher prices.



The platinum group metals crisis is set to deepen in 2024.

Revenue fell by 25% year-on-year to R43.4bn, primarily due to weaker dollar pricing despite higher sales volumes. Implats did benefit from a depreciation in the rand exchange rate, which helped offset weaker dollar prices.

Costs were tightly controlled, with cost of sales declining 2% to R40bn. Stock-adjusted unit cost increases were limited to just 5% per 6E ounce, reaching R20,334.



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Lindsey Schutters 31 Jan 2024



Despite these efforts, Implats' gross profit slumped to R3.4bn from R17.2bn in the previous comparable period. The gross profit margin narrowed to 8% from 30%.

The company stated that the "retracement in PGM pricing was the defining feature of the Group's financial performance in the period."

## Investor concerns

While the company has seen some easing of inflationary pressures, rising operating and capital costs remain a concern.

The PGM markets are likely to stay in deficit in 2024, although deficits are expected to be smaller than those seen in 2023. This is due to slowing automotive production growth and modestly increased supply from auto catalyst scrap.

Implats has revised its production and cost guidance for fiscal year 2024 downwards in light of continued pressure on PGM prices and economic headwinds.

They are reviewing their spending plans and taking steps to make sure they have enough cash to stay afloat – this could include mine closures and job cuts.

## ABOUT LINDSEY SCHUTTERS

Lindsey is the editor for ICT, Construction&Engineering and Energy&Mining at Bizcommunity

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