
PRESS RELEASE

London, 00.01 9 March 2022

Platinum surplus of 1,232 koz in 2021 forecast to reduce by 47% in 2022 as COVID-related and operational disruptions gradually settle

- Increase in supply in 2021 forecast to plateau in 2022, as last of additional semi-finished material is processed
- Significant rises in automotive (+11%), industrial (+27%), and jewellery (+5%) demand in 2021 set to remain strong in 2022
- Fall in investment demand from historic highs of 2020 brought overall demand down in 2021
- Imports into China, significantly above identified demand, absorb full 2021 surplus, maintaining tightened conditions in the platinum bullion market

The World Platinum Investment Council (WPIC) today publishes its *Platinum Quarterly* for the fourth quarter of 2021, with a full year review of 2021 and revised forecast for 2022.

COVID-related factors and operational disruptions played out particularly during the second half of 2021, having a huge impact on both the supply of and demand for platinum. Despite significant demand growth in most sectors, strong supply levels – boosted by a production surge from the accelerated processing of the backlog of semi-finished material – combined with the reduction in NYMEX stocks and net negative ETF demand saw a platinum surplus of 1,232 koz, with total platinum supply increasing by 21% and total demand decreasing by 9% year-on-year. As these issues normalise in 2022, this surplus is forecast to reduce by 47% in 2022 to 652 koz, as demand increases 7% (+520 koz), while supply declines 1% (-61 koz).

Supply levels remain bolstered by unprocessed backlog

Mining supply in 2021 continued to enjoy further improvement despite a COVID- and operationally-impaired backdrop. Production stability accelerated the processing of semi-finished inventory built up during the 2020 Anglo American Platinum converter plant (ACP) shutdowns, which was largely completed earlier than expected. As a result, Q4'21 saw refined production jumping 30% (+392 koz) year-on-year, with the total supply for the year increasing 21% (+1,411 koz). Meanwhile, recycling increased modestly by 3% (+59 koz) during 2021.

For 2022, the decline in supply is expected to be softened as the last of the semi-finished material bolstering supply levels is refined, while the additional work the producers have put into preventative maintenance and stope development helps maintain output levels. Total supply is expected to decline 1% (-61 koz), with a 2% decline in mining supply partially offset by a 4% increase in platinum recycling (+78 koz).

Strong momentum in automotive, industrial and jewellery demand

Despite well-documented semiconductor shortages limiting automotive production globally, automotive platinum demand grew 11% (+250 koz) in 2021 lifted by implementation of more stringent emissions legislation and substitution of platinum for palladium. For 2022, a rise in vehicle production, a bigger share of heavy-duty vehicles being fitted with platinum-loaded aftertreatment systems and continued substitution of platinum for palladium will see automotive demand increase 19% (+509 koz), breaching the 3 Moz mark for the first time since 2018.

Healthy gains were seen in the industrial sector both in Q4'21 (+17%, +90 koz) and for the 2021 full year (+27%, +537 koz). For 2022, with the completion of plant expansions in the glass, chemical and petroleum sectors that took demand to record levels in 2021, industrial demand will contract 15% (-387 koz). However, demand growth is expected from the petroleum (6%, +12 koz), medical (1%, +4 koz) and Other industrial (6%, +33 koz) sectors in 2022.

Demand for jewellery in 2021 increased by 5% (+95 koz), driven by strong performances in European (+32%, +64koz) North American (+48%, +133 koz) and Indian (+77%, +37 koz) markets, offsetting lower demand in China (-15%, -128 koz) and Japan (-6%, -18koz). A healthy recovery in Japan, combined with strong growth in India, is expected to help drive modest overall growth of 1% (+25 koz) in 2022.

Investment demand settles after historic highs

ETF investment demand was negative in 2021 (-237 koz), after two years of exceptional growth. As seen during much of last year, the contraction in ETF holdings was driven, in part, by funds rotating to platinum mining equities, as record dividend yields were expected. Additionally, talk of tapering and hawkish Fed signals were notable drivers behind ETF liquidations during the second half of the year. European ETF investment demand continued to grow. Investor interest in bars and coins was strong overall and saw a 58% (+35 koz) increase in Q4'21, although the full year total was down -43% (-247 koz) from the record levels of investment seen in 2020. Bar and coin demand is expected to increase by 29% (+97 koz) this year.

The investment outflows seen in the second half of the year resulted in full-year 2021 investment demand being net negative (-43 koz), versus the exceptional record demand in 2020 (+1,546 koz). Following unprecedented ETF demand in 2019 and 2020, and despite the liquidations seen in 2021, ETF holdings are forecast to rise by a net 50 koz in 2022.

'Excess' imports into China point to tight bullion market

Despite the surplus in 2021, the spot platinum market remained tight. EFPs moving from a premium to a discount resulted in withdrawals from NYMEX-approved inventories during 2021. In part, some of these outflows were fuelled by the EFP discounts driven by a shortage of metal in the spot market due to exceptionally high imports into China. Imports into China of unwrought platinum alone amounted to 2.75 Moz, an increase of 45% on the already elevated levels in 2020 - and more than twice the average annual flows over 2016 to 2019. Importantly, total net platinum imports into China exceeded its visible demand needs, with these 'excess' imports enough to absorb the full 1.2 Moz surplus in 2021. The ongoing tightness in the physical market and NYMEX stock drawdowns, suggest that the trends that dominated 2021 are set to continue in 2022.

Paul Wilson, CEO of the World Platinum Investment Council commented:

"While global economic growth in 2021 surprised to the upside and was expected to stay strong in 2022, with the IMF projecting a growth rate of 4.4%, the consequences of the Russian invasion of Ukraine are difficult to predict at this juncture. However, early indications are that supply disruption of palladium from Russia may well enhance platinum demand.

"Exceptionally strong imports of platinum into China, are obscuring the true market balance, and must be factored in. Platinum imports into China in 2021 were higher than its identified demand and enough to absorb all of the annual global surplus. Importantly, the definition of demand in our projections does not include speculative positions outside of bar and coin, ETFs and exchange stocks, therefore this additional 'demand' from China is not captured in our published demand, hence the 2021 surplus. Limited travel in China is hampering detailed insight into excess imports, but we expect details of the split between speculative and other demand segments to become clearer over the course of 2022, particularly demand associated with higher heavy-duty vehicle loadings.

"The role of green hydrogen is now more widely accepted as being part of the route to decarbonisation, which has benefits for platinum, being used in both electrolyzers to produce green hydrogen and in hydrogen fuel cells. Investors are becoming increasingly aware of

platinum's key strategic role in unlocking hydrogen's crucial contribution to achieving global net zero targets. Furthermore, the role of green hydrogen in reducing European gas imports could drive a strategic acceleration of electrolyser construction, which would benefit platinum directly but also support the infrastructure needed for broad-based commercial adoption of FCEVs.”

| Platinum Supply-demand Balance (koz) | 2019 | 2020 | 2021 | 2022F | 2021/2020 Growth % | 2022F/2021 Growth % | Q4 2020 | Q3 2021 | Q4 2021 |
|--|----------------|--------------|--------------|--------------|-----------------------|------------------------|--------------|--------------|--------------|
| SUPPLY | | | | | | | | | |
| Refined Production | 6,075 | 4,989 | 6,317 | 6,119 | 27% | -3% | 1,303 | 1,592 | 1,695 |
| South Africa | 4,374 | 3,298 | 4,711 | 4,431 | 43% | -6% | 873 | 1,228 | 1,280 |
| Zimbabwe | 458 | 448 | 475 | 465 | 6% | -2% | 115 | 111 | 121 |
| North America | 356 | 337 | 271 | 358 | -20% | 32% | 82 | 50 | 63 |
| Russia | 716 | 704 | 652 | 661 | -7% | 1% | 182 | 153 | 178 |
| Other | 170 | 202 | 208 | 205 | 3% | -1% | 51 | 51 | 52 |
| Increase (-)/Decrease (+) in Producer Inventory | +2 | -84 | -59 | +0 | N/A | N/A | -51 | -28 | -21 |
| Total Mining Supply | 6,077 | 4,906 | 6,258 | 6,119 | 28% | -2% | 1,252 | 1,565 | 1,674 |
| Recycling | 2,129 | 1,926 | 1,984 | 2,063 | 3% | 4% | 573 | 463 | 461 |
| Autocatalyst | 1,584 | 1,438 | 1,495 | 1,559 | 4% | 4% | 422 | 341 | 341 |
| Jewellery | 476 | 422 | 422 | 434 | 0% | 3% | 134 | 104 | 103 |
| Industrial | 69 | 66 | 67 | 69 | 1% | 3% | 17 | 17 | 17 |
| Total Supply | 8,206 | 6,832 | 8,242 | 8,182 | 21% | -1% | 1,825 | 2,027 | 2,135 |
| DEMAND | | | | | | | | | |
| Automotive | 2,831 | 2,370 | 2,621 | 3,129 | 11% | 19% | 712 | 582 | 656 |
| Autocatalyst | 2,831 | 2,370 | 2,621 | 3,129 | 11% | 19% | 712 | 582 | 656 |
| Non-road | † | † | † | † | † | † | † | † | † |
| Jewellery | 2,099 | 1,820 | 1,915 | 1,940 | 5% | 1% | 529 | 481 | 497 |
| Industrial | 2,127 | 1,982 | 2,519 | 2,132 | 27% | -15% | 525 | 596 | 615 |
| Chemical | 694 | 596 | 684 | 632 | 15% | -8% | 178 | 156 | 199 |
| Petroleum | 219 | 109 | 182 | 194 | 68% | 6% | 36 | 46 | 54 |
| Electrical | 144 | 130 | 135 | 135 | 4% | 0% | 36 | 35 | 32 |
| Glass | 236 | 407 | 715 | 331 | 75% | -54% | 73 | 164 | 121 |
| Medical | 249 | 239 | 247 | 251 | 4% | 1% | 60 | 64 | 61 |
| Other | 584 | 500 | 555 | 588 | 11% | 6% | 143 | 132 | 147 |
| Investment | 1,237 | 1,546 | (43) | 329 | N/A | N/A | 135 | (282) | (108) |
| Change in Bars, Coins | 266 | 578 | 332 | 429 | -43% | 29% | 60 | 110 | 95 |
| Change in ETF Holdings | 991 | 509 | -237 | 50 | N/A | N/A | 76 | (219) | (155) |
| Change in Stocks Held by Exchanges | -20 | 458 | -139 | -150 | N/A | N/A | (1) | (173) | (48) |
| Total Demand | 8,294 | 7,718 | 7,010 | 7,530 | -9% | 7% | 1,901 | 1,377 | 1,660 |
| Balance | -87 | -886 | 1,232 | 652 | N/A | -47% | -76 | 650 | 475 |
| Above Ground Stocks | 3,563** | 2,677 | 3,908 | 4,560 | 46% | 17% | | | |

Source: Metals Focus 2019 - 2022

Notes:

1. **Above Ground Stocks 3,650 koz as of 31 December 2018 (Metals Focus).
2. † Non-road automotive demand is included in autocatalyst demand.

For media requests, please contact Elephant Communications
Guy Bellamy / Jim Follett / Charlotte Raisbeck
wpic@elephantcommunications.co.uk

ENDS-

Notes to Editors:

About Platinum Quarterly

Platinum Quarterly is the first independent, freely available, quarterly analysis of the global platinum market. Platinum Quarterly is a World Platinum Investment Council publication. It is

largely based upon research and detailed analysis commissioned with, and conducted by, Metals Focus, an independent authority on the platinum group metals markets.

About the World Platinum Investment Council

The World Platinum Investment Council Ltd. (WPIC) is a global market authority on physical platinum investment, formed to meet the growing investor demand for objective and reliable platinum market intelligence. WPIC's mission is to stimulate global investor demand for physical platinum through both actionable insights and targeted product development. WPIC was created in 2014 by the leading platinum producers in South Africa. WPIC's members are: Anglo American Platinum, Impala Platinum, Northam Platinum, Royal Bafokeng Platinum, Sedibelo Platinum and Tharisa.

For further information, please visit www.platinuminvestment.com

WPIC's offices are located at: World Platinum Investment Council, Foxglove House, 166 Piccadilly, London, W1J 9EF

About Metals Focus

Metals Focus is one of the world's leading precious metals consultancies. They specialise in research into the global gold, silver, platinum and palladium markets producing regular reports, forecasts and bespoke consultancy. The Metals Focus team, spread across eight jurisdictions, has an exhaustive range of contacts across the world. As such, Metals Focus is dedicated to delivering world-class statistics, analysis and forecasts for the precious metals markets.

For more information go to: www.metalsfocus.com

About Platinum

Platinum is one of the rarest metals in the world with distinctive qualities making it highly valued across a number of diverse demand segments. Platinum's unique physical and catalytic properties have established its value in industrial applications. At the same time, its unique precious metal attributes have made it the premier jewellery metal.

Platinum's supply comes from two main sources: primary mining output, and recycling, which typically comes from end-of-life auto catalysts and jewellery recycling. Over the last five years, between 73% and 76% of total annual platinum supply (in refined ounces) has come from primary mining output.

Global demand for platinum is robust and becoming more diverse. There are four core segments of platinum demand: automotive, industrial, jewellery and investment demand.

Platinum demand from autocatalysts has equated to between 31% and 42% of total demand in the last five years. Platinum's diverse non-automotive industrial uses account on average for 28% of total global demand (five-year average). Over the same period, global annual jewellery demand has averaged 28% of total platinum demand. Investment demand is the most variable category over the past five years, ranging between -1% and 20% of total demand (excluding movements in unpublished vaulted investor holdings).

Disclaimer

Neither the World Platinum Investment Council nor Metals Focus is authorised by any regulatory authority to give investment advice. Nothing within this document is intended or should be construed as investment advice or offering to sell or advising to buy any securities or financial instruments and appropriate professional advice should always be sought before making any investment. For further information, please visit www.platinuminvestment.com