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AGENDA: PLATINUM QUARTERLY
Q1 2017, 2016 AND 2017 REVISED FORECAST

1. Introduction
Paul Wilson, CEO

2. Market Development update
Marcus Grubb, Director of Market Development

3. Fundamentals review and insights
Trevor Raymond, Director of Research

4. Questions
Paul Wilson
Trevor Raymond
Marcus Grubb
CUMULATIVE DEFICITS LIFT INTEREST IN PLATINUM

• Resurgent interest in platinum – extensive investor engagement
• Price discovery still dominated by short term views but growing scrutiny of fundamentals
• Supply weakness, demand growth potential and deep discount make platinum interesting
• Game changing C40 action at city level likely to change automaker behaviour – another trigger to invest

Platinum vs. Gold – Spread

Discount / Premium (Jan 2012 – Mar 2017)

Source: Bloomberg, WPIC research
WPIC PORTFOLIO OF MARKET DEVELOPMENT PROJECTS IS GROWING

- WPIC partners and potential partners see latent demand for platinum
- Partner co-investment in our growing portfolio confirms their commitment to new products
- These are adding to the platinum held as an investment by investors around the world
- Market gaps being filled across demand segments – adding to global market tightness
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• Innovative Mandate
• Joint Venture Partnerships
• Future Initiatives
Marcus Grubb, Director of Market Development

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UNIQUE WPIC MANDATE - PROVIDES ACCESS TO TOP INVESTORS AND PARTNERS GLOBALLY

Investment products

- Coins and bars
- Accumulation plans
- Physically backed ETPs
- Vaulted physical
- Other (BCCC etc.)
AN EXPANDING PORTFOLIO

Markets

Existing

New

Products

Existing

New

GEOGRAPHIC EXPANSION

INNOVATION

TURBOCHARGING

PRODUCT EXTENSION

Valcambi

Mitsubishi ETF

Rand Merchant Bank

Muthoot Exim

BullionVault

The Royal Mint

AN EXPANDING PORTFOLIO

GEOGRAPHIC EXPANSION

INNOVATION

TURBOCHARGING

PRODUCT EXTENSION

Valcambi

Mitsubishi ETF

Rand Merchant Bank

Muthoot Exim

BullionVault

The Royal Mint
INNOVATION IN PLATINUM INVESTMENT

**BullionVault**
- Partnered BullionVault to offer platinum for the first time
- The product facilitates VAT-free investor purchases and sales
- Since launch in March platinum volume to date of 175kg

**Muthoot**
- Partnered Muthoot to launch India’s first platinum savings scheme using a platinum deity
- A pilot in 625 branches across India
- New platinum products coming

**The Royal Mint**
- Partnered the Royal Mint to launch the Mint’s first platinum bullion coin and bar products
- March launch of the Beast, more retail platinum products to follow
- International distribution

---

**Performance Since Launch**

<table>
<thead>
<tr>
<th>Client holdings (kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>14-Mar</td>
</tr>
</tbody>
</table>

- 10
- 20
- 30
- 40
- 50
- 60
- 70
- 80

---

9
### Stakeholder Needs to Increase Demand

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Need to Increase Demand</th>
</tr>
</thead>
</table>
| **Household Consumers & Retail Investors**                                  | • Quality assurance e.g. Pt 950  
• Consistent availability with transparent, competitive pricing and buyback  
• New brands and channels                                                  |
| **Institutional Investors & Fund Managers (Selected Markets)**              | • New fund products utilising platinum  
• New alpha generation products  
• Products that provide easy addition of platinum as an asset class         |
| **Wholesale & Retail Dealers**                                              | • Consistent supply of metal  
• Competitive leasing and wholesale pricing  
• Access to liquid hedging products and markets  
• New brands and products                                                   |
| **Financials, NBFCs & Internet channels**                                   | • New platinum savings and trading products                                 |
| **Refineries & Mints**                                                      | • New customers and new products  
• Higher value add  
• Metal leasing                                                                |
| **Exchanges**                                                               | • New contracts/products  
• Use as collateral                                                             |
| **Regulators, Treasury & Government**                                        | • Organised markets  
• Ease of import and export  
• Equitable taxation                                                            |
The Indian economy is the fastest growing economy in the G20, with a middle class that is expected to hit 200m by 2020\(^2\).

<table>
<thead>
<tr>
<th>Metric</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>1.3 Bn</td>
</tr>
<tr>
<td>GDP</td>
<td>$2.1 Tn</td>
</tr>
<tr>
<td>Growth p.a.</td>
<td>7.93%(^1)</td>
</tr>
</tbody>
</table>

\(^1\)2015-16 annual GDP growth rate  
\(^2\) EY Rapid Growth Forecast

...with the platinum market significantly lagging behind gold in terms of both existing product sales and overall product range.

<table>
<thead>
<tr>
<th>Product / sales</th>
<th>Gold</th>
<th>Platinum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jewellery sales p.a.</td>
<td>514 t</td>
<td>7.6 t</td>
</tr>
<tr>
<td>Bars &amp; coins p.a.</td>
<td>160 t</td>
<td>Not known</td>
</tr>
<tr>
<td>Domestic contract</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>Domestic price</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>Indian ETF</td>
<td>✓</td>
<td>X</td>
</tr>
</tbody>
</table>
“The WPIC has a broad portfolio of new market development initiatives aimed at increasing the range of sustainable platinum investment products globally.”
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Marcus Grubb, Director of Market Development

3. Fundamentals review and insights
• Supply, demand and balance
• 2013 to 2017f and Q1 2017
• Investment case for platinum
Trevor Raymond, Director of Research

4. Questions
Paul Wilson
Trevor Raymond
Marcus Grubb
SUPPLY WEAKER AND DEMAND STRONGER THAN PREVIOUS FORECASTS

### SUPPLY

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017f</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refined Production</td>
<td>6,070</td>
<td>4,880</td>
<td>6,150</td>
<td>6,025</td>
<td>5,960</td>
</tr>
<tr>
<td>South Africa</td>
<td>4,355</td>
<td>3,115</td>
<td>4,465</td>
<td>4,245</td>
<td>4,200</td>
</tr>
<tr>
<td>Other</td>
<td>1,500</td>
<td>2,115</td>
<td>1,730</td>
<td>1,810</td>
<td>1,770</td>
</tr>
<tr>
<td>Total Mining Supply</td>
<td>5,855</td>
<td>5,230</td>
<td>6,195</td>
<td>6,055</td>
<td>5,970</td>
</tr>
</tbody>
</table>

|                | 1,980  | 2,035  | 1,710  | 1,865  | 1,760  |
| Recycling      |        |        |        |        |        |
| Autocatalyst   | 1,120  | 1,255  | 1,190  | 1,235  | 1,255  |
| Jewellery      | 855    | 775    | 515    | 625    | 500    |
| Total Supply   | 7,835  | 7,265  | 7,905  | 7,920  | 7,730  |

### DEMAND

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017f</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>3,180</td>
<td>3,305</td>
<td>3,390</td>
<td>3,435</td>
<td>3,405</td>
</tr>
<tr>
<td>Jewellery</td>
<td>2,945</td>
<td>3,000</td>
<td>2,880</td>
<td>2,565</td>
<td>2,530</td>
</tr>
<tr>
<td>Industrial</td>
<td>1,530</td>
<td>1,545</td>
<td>1,670</td>
<td>1,775</td>
<td>1,610</td>
</tr>
<tr>
<td>Investment</td>
<td>935</td>
<td>150</td>
<td>305</td>
<td>505</td>
<td>250</td>
</tr>
<tr>
<td>Total Demand</td>
<td>8,590</td>
<td>8,000</td>
<td>8,245</td>
<td>8,280</td>
<td>7,795</td>
</tr>
</tbody>
</table>

### Balance

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017f</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above Ground Stocks</td>
<td>3,385</td>
<td>2,650</td>
<td>2,310</td>
<td>1,950</td>
<td>1,885</td>
</tr>
</tbody>
</table>

Source: WPIC Platinum Quarterly Q1 2017, SFA (Oxford)

- **Refined production**: Downward trend continues - capex down and opex up
- **Recycling**: 2016 an outlier. Slow growth continues
- **Demand**: Jewellery weakness, automotive and investment strength
- **Deficits revises higher in 2016 and 2017**
- **Stocks at historic lows**
LARGEST QUARTER DEFICIT SINCE Q3’14

**SUPPLY**

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refined Production</td>
<td>1,270</td>
<td>1,490</td>
<td>1,390</td>
</tr>
<tr>
<td>Inc (-)/Dec (+) in Producer Inventory</td>
<td>150</td>
<td>-75</td>
<td>-60</td>
</tr>
<tr>
<td>Recycling</td>
<td>395</td>
<td>480</td>
<td>420</td>
</tr>
<tr>
<td>Total Supply</td>
<td>1,815</td>
<td>1,895</td>
<td>1,750</td>
</tr>
</tbody>
</table>

**DEMAND**

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>875</td>
<td>875</td>
<td>895</td>
</tr>
<tr>
<td>Jewellery</td>
<td>600</td>
<td>680</td>
<td>620</td>
</tr>
<tr>
<td>Industrial</td>
<td>445</td>
<td>400</td>
<td>455</td>
</tr>
<tr>
<td>Investment</td>
<td>155</td>
<td>220</td>
<td>80</td>
</tr>
<tr>
<td>Change in Bars, Coins</td>
<td>140</td>
<td>110</td>
<td>25</td>
</tr>
<tr>
<td>Change in ETF Holdings</td>
<td>-25</td>
<td>115</td>
<td>65</td>
</tr>
<tr>
<td>Change in Stocks Held by Exchanges</td>
<td>40</td>
<td>-5</td>
<td>-10</td>
</tr>
<tr>
<td>Total Demand</td>
<td>2,075</td>
<td>2,175</td>
<td>2,050</td>
</tr>
<tr>
<td>Balance</td>
<td>-260</td>
<td>-280</td>
<td>-300</td>
</tr>
</tbody>
</table>

- Producer inventories stretched
- Weak supply – decline continues
- Automotive, jewellery and industrial all firm
- Investment demand falls from strong Q4’16

Source: WPIC Platinum Quarterly Q1 2017, SFA (Oxford)
MINING SUPPLY DECLINE CONTINUES

- Pipeline movements reflect tightness
- Lowest total supply in 11 quarters – Q1 seasonally weak
- Zimbabwe returns to normal levels in Q1’17
- Q1’17 similar to Q1’15 as Q1’16 outlier due to refinery outage
AUTOMOTIVE DEMAND: SURPRISING TO THE UPSIDE AND REVISED HIGHER

- Q1 Automotive demand was 895 koz. 20 koz higher YoY
- Q2’16 and Q4’16 revised higher by combined 25 koz on back of both stronger sales and higher loadings
- All quarterly revisions were positive to date
- Low NO\textsubscript{x} strategies not yet visible in data
WEAKNESS IN CHINA JEWELLERY ABATES - INDIA CONTINUES TO GAIN

- Jewellery demand remained weak, despite gaining 20 koz YoY from a weak Q1’16
- 2016 average of 641 koz per quarter – down 80 koz
- Demand in India up 10 koz, maintaining double digit growth
- SGE buying reflects slower stock purchasing by manufacturers
Industrial demand segment is the most correlated to global growth.

Petroleum plant closures in Q4’16 reduced net demand.

Volatility of industrial demand should not be used as a proxy for platinum use.

Source: WPIC Platinum Quarterly Q1 2017
• Bar and coin demand tapered in Q1’17, falling 115 koz YoY
• 7 quarters of exceptional buying
• Regional opportunity for wider marketing
• The US Mint saw its limited issue of 20k Eagle coins sell out within three days
• ETF asset growth continued for second consecutive quarter
Platinum ETFs have grown through the tough times and have not collapsed like gold.

- Physically backed ETFs are purchased to match AUM.
- 4 year average investment demand over 450 koz per annum.
- 7 out of 11 quarters net increases.

Source: Bloomberg, WPIC Platinum Quarterly Q1 2017
APPLICATION OF INCENTIVE / BREAKEVEN PRICING TO PLATINUM IS UN_SOUND

Refined production, Pt price and ZAR

- Since 2011, South African production has fallen by 615 koz, almost 13%
- At the same time the ZAR has depreciated by more than 50% against the US dollar
- Many participants still trade on a perceived link between the ZAR, production and price
- Supply reduction when ZAR strengthened in 2016

Source: Bloomberg, WPIC Platinum Quarterly Q1 2017
2014 strike may have misled incentive price trading
No response in 2015 to ZAR weakness
Supply reduction when ZAR strengthened in 2016
The weakening correlation on daily returns suggest that this proxy is being questioned

Source: Bloomberg, WPIC Platinum Quarterly Q1 2017
INFLUENCE OF DISTRESSED PRODUCER BREAKEVEN PRICE REDUCED

2016 Pt and Cu cost curves

- For many investors, fundamentals have been discounted in favour of proxies
- By inferring producer bankruptcy would reduce supply so breakeven price became a value proxy
- Reduced influence as supply and demand is re-examined

Source: Bloomberg, www.angloamericanplatinum.com, Nevada Copper, WPIC research
ACTION BY CITIES TO DRIVE AUTOMAKERS TO LOWER NOX – HIGHER PLATINUM

- C40 action at city level to drive change in automaker action
- Many cars launched ahead of Sept 2017 RDE test have ‘on-road’ NO\textsubscript{x} well over 10 times ‘lab test’

Source: Emissions Analytics (EQUA, Aq)
AUTOMOTIVE DEMAND GROWTH IS LIKELY – HIGHER LOADINGS ALREADY IN PLACE?

- Euro 6c RDE starts in September 2017
- Existing car platforms must achieve lower NO\textsubscript{x}
- Increasing Urea (AdBlue) dosing can reduce NO\textsubscript{x} but requires larger DOC with higher platinum loading
- Higher loadings already in place?
- Automakers and fabricators unable to disclose proprietary loadings

Source: WPIC research
• Increased engagement with investors pays off
• Data starts to influence sentiment
• Tighter market enhances platinum's investment case
• WPIC Market Development gains traction
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