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Global platinum market ends 2014 in deficit

The WPIC above ground stocks measure fell by more than 20 percent during 2014

2015 platinum market is forecast to be in deficit; global demand will continue to exceed supply

London, 11 March 2015: The World Platinum Investment Council (WPIC) today announces the publication of its second *Platinum Quarterly* - the first independent, freely-available, quarterly analysis of the global platinum market. The report incorporates analysis of annual platinum supply and demand for 2014, including a detailed review of the platinum market in Q4 2014, and a 2015 market forecast.

Platinum Quarterly is a WPIC publication. It is based upon research and detailed analysis commissioned with, and conducted by, SFA (Oxford), an independent authority on the platinum group metals market.

Overview of key data presented in *Platinum Quarterly*:

The global platinum market ended 2014 in deficit by an estimated 700 koz – which reduced the level of above ground stocks by 20% year-on-year, to 2,765 koz.

- 2014 was a year of two distinct halves: During the first six months of the year the unprecedented mining strike in South Africa resulted in 905 koz drawdown of stocks. The second half of 2014 was characterised by a 205 koz surplus, due, in the main, to short term investment outflows.

Total global supply of platinum was 7,225 koz in 2014, an 8% reduction on 2013.

- The five-month strike in South Africa decreased overall South African mine output by 1,285 koz when compared with 2013. Re-started production in the second half of the year was still behind 2013 levels.
- Global recycling of platinum in 2014 was marginally up on the previous year, notably buoyed by an increase of 10.7% in autocatalyst recycling.

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Total global platinum demand reached 7,925 koz for 2014, down 7% when compared with 2013.

- 2014 was a growth year for all major segments of demand (automotive, jewellery and industrial), which grew by 200 koz in total.
- Autocatalyst demand increased by 3.5%, driven primarily by legislative changes in Western Europe which came into force in September 2014. The full impact of new platinum loadings is expected to have greater influence in 2015.
- Industrial demand grew by 3% due, in large part, to increased consumption of platinum in the petroleum sector.
- A modest increase in jewellery demand during the year of 1.5% disguises a more complex situation. Exceptional structural issues subdued platinum's largest market - China, while North American recovery and increased promotional activity in India combined to add 65 koz in incremental demand for platinum.
- Nevertheless, this growth was more than offset by a significant fall in investment demand in 2014, when compared to 2013. There was not a repeat of the exceptional growth produced by the launch of a new South African ETF in 2013.

As part of WPIC's long-term commitment to increase transparency and information flows in the global platinum market, today's *Platinum Quarterly* includes a forecast for the full year 2015. Key elements of the forecast include:

- The global platinum market will remain in deficit in 2015, albeit at a lower level than in 2014 (2015: 235 koz vs 2014: 700 koz)
- A further fall in the level of global above ground stocks by an estimated 8% over the course of 2015.
- Global refined production will expand during 2015, however South African output is unlikely to exceed 2013 levels.
- Total global demand for platinum is predicted to increase in 2015, led by a growth in industrial demand of 9%.

Paul Wilson, chief executive officer of WPIC commented:

"Today's report, the second to be released by WPIC since our organisation was launched in November last year, shows that while 2014 was an atypical year in many respects, long-running themes persisted.

"Supply was uniquely impacted by a five month mining strike in South Africa, and investment demand declined as the exceptional uptake of new platinum ETFs in 2013 proved difficult to repeat. However,

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long term trends continued, with the market remaining in deficit for the second year of our data set and the third year in a row. Also, we saw continued growth in the major segments of autocatalyst, jewellery and industrial demand.

“Today’s 2015 forecast also indicates that even with a recovery in supply, the market will remain in deficit as major demand segments continue to grow. We believe the increased insight provided by our Platinum Quarterly report will enhance our ability to stimulate sustainable global investment demand.”

To download this edition of *Platinum Quarterly* and/or subscribe to receive the research in the future, please visit our website: www.platinuminvestment.com

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Notes to Editors:

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 six leading platinum producers in South Africa: Anglo American Platinum Ltd, Aquarius Platinum Ltd, Impala Platinum Holdings Ltd, Lonmin plc, Northam Platinum Ltd and Royal Bafokeng Platinum Ltd.

For further information, please visit: www.platinuminvestment.com

About SFA (Oxford)

Founded in 2001, SFA (Oxford) is regarded as one of the most important independent authorities on the platinum group metals market. The company’s in-depth market research and integrity is underpinned by extensive consulting from mine to market to recycler, as well as an unrivalled global

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industry network.

SFA have a team of eleven dedicated PGM analysts with wide and varied industry expertise and knowledge, each one specialising in a core area of the value chain, as well as many internationally-based associates. SFA is able to provide its clients with answers to the most difficult questions affecting the future of the industry.

For more information go to: <http://www.sfa-oxford.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 72% and 77% of total annual platinum supply (in refined ounces) has come from primary mining output.

Global demand for platinum is growing 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 37% and 41% of total demand in the last five years. Platinum's diverse other industrial uses account on average for a little over 20% of total global demand (five year average). Over the same period, global annual jewellery demand has averaged 34% of total platinum demand. Investment is the smallest category of platinum demand and also the most variable over the past five years, ranging between 2% and 11% of total demand.