CHAPTER 5:
EARNINGS

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Earnings

5.1 ACCOUNTING POLICY RELATING TO EARNINGS

5.1.1 DIVIDEND DISTRIBUTIONS

Dividends are recognised in the period in which the dividends are declared. These dividends are recorded and disclosed as dividends paid in the statement of changes in equity. Dividends proposed or declared subsequent to the year end are not recognised at the financial year end, but are disclosed in the notes to the annual financial statements as an event after reporting period.

All unclaimed dividends are held in a trust until claimed by the relevant shareholder or the relevant shareholder's claim to such dividends prescribes. In total 75% of the unclaimed dividends which have prescribed are allocated to be utilised by the Exxaro Chairman's Fund, while 25% of the unclaimed dividends are retained in the company to allow funding for any future dividend claims which the company might want to settle despite the prescription period having lapsed.

5.2 ATTRIBUTABLE EARNINGS PER SHARE

	Group	
For the year ended 31 December	2020	(Re-presented)[1] 2019
Profit for the year attributable to equity holders of the parent (Rm)	7 283	9 809
Continuing operations (Rm)	7 229	7 699
Discontinued operations (Rm)	54	2 110
Weighted average number of ordinary shares in issue (million)	251	251
Basic earnings per share (cents)[2]	2 902	3 908
Continuing operations (cents)	2 880	3 067
Discontinued operations (cents)	22	841
Diluted weighted average number of ordinary shares (million)	251	251
Diluted earnings per share (cents)[2]	2 902	3 908
Continuing operations (cents)	2 880	3 067
Discontinued operations (cents)	22	841
[1] *Refer note 18.3.*		
[2] *The number of months in the year for which the BEE Parties have shared in the consolidated Eyesizwe results is:*	*12*	*2*

Exxaro did not issue any ordinary shares during 2020 nor 2019.

5.3 RECONCILIATION OF HEADLINE EARNINGS

	Group			
For the year ended 31 December 2020	Gross Rm	Tax Rm	NCI Rm	Net Rm
Profit attributable to owners of the parent				7 283
Adjusted for:	560	(258)	(168)	134
– IFRS 11 Gain on disposal of joint operation	(17)		4	(13)
– IAS 16 Gain on transfer of operation	(4)		1	(3)
– IAS 16 Net losses on disposal of property, plant and equipment	92	(29)	(14)	49
– IAS 16 Compensation from third parties for items of property, plant and equipment impaired, abandoned or lost	(18)	5	3	(10)
– IAS 21 Net gains on translation differences recycled to profit or loss on deregistration and liquidation of foreign entities	(103)		23	(80)
– IAS 21 Net gains on translation differences recycled to profit or loss on disposal of associate	(13)		3	(10)
– IAS 28 Losses on dilution of investments in associate	20		(5)	15
– IAS 28 Net gain on deemed disposal of JV	(1 321)		298	(1 023)
– IAS 28 Share of equity-accounted investments' separately identifiable remeasurements	42	2	(10)	34
– IAS 36 Net impairment charges of non-current assets	1 882	(236)	(471)	1 175
Headline earnings				7 417
Continuing operations				7 348
Discontinued operations				69

5.3 RECONCILIATION OF HEADLINE EARNINGS continued

For the year ended 31 December 2019 (Re-presented)[1]	Group Gross Rm	Tax Rm	NCI Rm	Net Rm
Profit attributable to owners of the parent				9 809
Adjusted for:	(2 286)	62	14	(2 210)
– IFRS 10 Loss on loss of control of subsidiary	35			35
– IAS 16 Gain on disposal of operation	(76)		17	(59)
– IAS 16 Net gains on disposal of property, plant and equipment		(3)	(3)	(6)
– IAS 16 Compensation from third parties for items of property, plant and equipment impaired, abandoned or lost	(49)	14	8	(27)
– IAS 21 Net gains on translation differences recycled to profit or loss on partial disposal of associate	(832)			(832)
– IAS 21 Net gains on translation differences recycled to profit or loss on dilution of associates	(1)			(1)
– IAS 21 Net gains on translation differences recycled to profit or loss on liquidation of foreign subsidiary	(10)			(10)
– IAS 21 Net loss on translation differences recycled to profit or loss on deregistration of foreign entity	3		(1)	2
– IAS 28 Losses on dilution of investments in associates	42			42
– IAS 28 Net gains on disposal of associates[2]	(1 504)	65		(1 439)
– IAS 28 Share of equity-accounted investments' separately identifiable remeasurements	71	(14)	(12)	45
– IAS 36 Net impairment charges of non-current assets	35		5	40
Headline earnings				7 599
Continuing operations				7 488
Discontinued operations				111

[1] *Refer note 18.3.*
[2] *Includes a gain of R1 234 million on the partial disposal of Tronox Holdings plc and a gain of R270 million on the redemption of the membership interest in Tronox UK.*

5.4 HEADLINE EARNINGS PER SHARE

For the year ended 31 December	Note	Group 2020	(Re-presented)[1] 2019
Headline earnings (Rm)	5.3	7 417	7 599
Continuing operations (Rm)		7 348	7 488
Discontinued operations (Rm)		69	111
Weighted average number of ordinary shares in issue (million)		251	251
HEPS (cents)		2 955	3 027
Continuing operations (cents)		2 928	2 983
Discontinued operations (cents)		27	44
Diluted weighted average number of ordinary shares (million)		251	251
Diluted HEPS (cents)		2 955	3 027
Continuing operations (cents)		2 928	2 983
Discontinued operations (cents)		27	44

[1] *Refer note 18.3.*

5.5 DIVIDEND DISTRIBUTIONS

For the year ended 31 December	2020 cents	2019 cents
Dividends declared		
Dividend per share in respect of the interim period	643	864
Final dividend per share in respect of the financial year	1 243	566
Dividend per share in respect of the special dividend	543	897
Total dividends per share declared for the financial year	2 429	2 327

Total dividends paid in 2020 amounted to R3 034 million. This amount was made up of:

- A final dividend relating to the 2019 financial year of 566 cps (amounting to R1 420 million to external shareholders) paid in May 2020
- An interim dividend of 643 cps (amounting to R1 614 million to external shareholders) paid in September 2020.

A final cash dividend, number 36, for 2020 of 1 243 cps, was approved by the board of directors on 16 March 2021. The dividend is payable on 3 May 2021 to shareholders who will be on the register on 30 April 2021. This final dividend, amounting to approximately R3 119 million (to external shareholders), has not been recognised as a liability in 2020. It will be recognised in shareholders' equity in the year ending 31 December 2021.

The final dividend declared will be subject to a dividend withholding tax of 20% for all shareholders who are not exempt from or do not qualify for a reduced rate of dividend withholding tax. The net local dividend payable to shareholders, subject to dividend withholding tax at a rate of 20% amounts to 994.40000 cps. The number of ordinary shares in issue at the date of this declaration is 358 706 754 (including treasury shares of 107 770 244).

Taking into account the proceeds of R5 763 million received from the disposal of Exxaro's shareholding in Tronox Holdings plc (as approved by the Financial Surveillance Department of the South African Reserve Bank), the board of directors has approved to pay a special dividend of 543 cps. The special dividend is payable on 3 May 2021 to shareholders who will be on the register on 30 April 2021. This special dividend, amounting to approximately R1 363 million (to external shareholders), has not been recognised as a liability in 2020. It will be recognised in shareholder's equity in the year ending 31 December 2021.

The special dividend declared will be subject to a dividend withholding tax of 20% for all shareholders who are not exempt from or do not qualify for a reduced rate of dividend withholding tax. The net local dividend payable to shareholders, subject to dividend withholding tax at a rate of 20%, amounts to 434.40000 cps. The number of ordinary shares in issue at the date of this declaration is 358 706 754 (including treasury shares of 107 770 244).

Exxaro company's tax reference number is 9218/098/14/4.

The salient dates for the payment of final and special dividends are:

Last day to trade cum dividend on the JSE	Monday, 26 April 2021
First trading day ex dividend on the JSE	Wednesday, 28 April 2021
Record date	Friday, 30 April 2021
Payment date	Monday, 3 May 2021

No share certificate may be dematerialised or re-materialised between Wednesday, 28 April 2021 and Friday, 30 April 2021, both days inclusive. Dividends for certificated shareholders will be transferred electronically to their bank accounts on payment date. Shareholders who hold dematerialised shares will have their accounts at their central securities depository participant or broker credited on Monday, 3 May 2021.

5.6 NOTES TO THE STATEMENTS OF CASH FLOWS RELATING TO EARNINGS

	Group		Company	
For the year ended 31 December	2020 Rm	2019 Rm	2020 Rm	2019 Rm
Dividends paid				
Final dividend (relating to prior year)	(1 420)	(1 393)	(2 030)	(1 991)
Special dividend		(2 251)		(3 218)
Interim dividend (relating to current year)	(1 614)	(2 168)	(2 307)	(3 099)
Total dividends paid for the financial year	(3 034)	(5 812)	(4 337)	(8 308)

The group dividends paid is different from the company dividends paid due to the dividends on treasury shares, which are eliminated on consolidation.