

# GEMFIELDS

## GEMFIELDS GROUP LIMITED

(Incorporated in Guernsey)

(Guernsey registration Number: 47656)

(South African external company registration number 2009/012636/10)

Share code on JSE:GML / AIM:GEM / BSX:GML.BH

ISIN: GG00BGOKTL52 LEI: 21380017GAVXTCYS5R31

("Gemfields" or the "Company")

24 March 2020

## Trading Statement and COVID-19 Update

### Year ended 31 December 2019

In accordance with paragraph 3.4(b) of the JSE Limited Listings Requirements, Gemfields is reasonably certain that its net profit after tax will be USD 39.1 million for the year ended 31 December 2019 compared to a net loss after tax of USD 60.4 million for the year ended 31 December 2018. In ZAR terms, the net profit after tax is expected to be ZAR 565 million (ZAR 801 million net loss after tax for the comparative year).

Earnings per share are expected to be USDc 2.2 for the year ended 31 December 2019 compared to a loss per share of USDc 5.0 for the comparative year. In ZAR terms, the earnings per share is expected to be ZAR 0.32 (ZAR 0.63 loss per share for the comparative period).

Gemfields' two key operating assets, MRM and Kagem, generated revenues of USD 121.5 million (USD 127.1 million for the comparative period) and USD 79.0 million (USD 60.3 million for the comparative period) respectively during the year to 31 December 2019 and Fabergé recorded revenues of USD 10.5 million (USD 13.4 million for the comparative period). Given the recent suspension of the 15% export duty payable in Zambia throughout 2019, an impairment reversal of USD 21.6 million has been recognised against our Kagem asset. During the period, the Company entered into an agreement to sell its entire stake in Jupiter Mines Ltd ("Jupiter") with the sale being structured in two phases: the first phase completed in June 2019 and the second phase completed in November 2019 with the Group receiving a total of USD 30.4 million in sale proceeds across both phases. The Company additionally received a dividend from Jupiter of USD 2.6 million and recorded mark-to-market gains of USD 4.6 million from its Jupiter holding during the period due to a rise in the Jupiter share price from the beginning of the period. A review of our shareholding in Sedibelo Platinum Mines Ltd ("Sedibelo") has resulted in a fair value gain of USD 7.1 million.

Excluding the impairment charges at Kagem and other Gemfields subsidiary companies (and including the fair value gains in Jupiter and Sedibelo), the headline earnings per share is expected to be USDc 1.0 for the year ended 31 December 2019 compared to headline loss per share of USDc 3.0 for the year ended 31 December 2018. In ZAR terms, headline earnings per share is expected to be ZAR 0.14 (ZAR 0.43 headline loss per share for the comparative period).

The Company's weighted average shares in issue during the year ended 31 December 2019 was 1,264,903,398 (1,316,580,827 for the year ended 31 December 2018).

1 Net profit after tax is reported on a 100% basis for the current period i.e. inclusive of the minority interest.

2 Per Share metrics and earnings are based on parent only figures i.e. exclusive of the minority interest.

The financial information upon which this trading statement is based has not been reviewed or reported on by Gemfields' auditors. The Company's audited financial results for the year ended 31 December 2019 are expected to be released on SENS and RNS on or around 27 March 2020.

### **COVID-19 update**

Due to the current global travel restrictions the Company cannot be certain when or if the ruby and emerald auctions scheduled for the coming months will take place. Consequently, the Company cannot at this time provide any certainty or guidance in relation to revenue generation and overall financial performance for the remainder of the year to 31 December 2020. The Board and management of the Company will continue to assess all options in relation to selling gemstones in the current climate and will provide further updates in due course.

It is important to note that the business has cash balances of approximately USD 73.5 million as at 28 February 2020.

### **Shareholder and analyst conference call**

There will be a shareholder and analyst conference call on Friday 27 March 2020 at 10.00 am (UK) / 12.00 pm (South African). Sean Gilbertson and David Lovett will present the Company's annual results for the year ended 31 December 2019 and discuss the future prospects of the business.

Please click on the link below to register for the call:

[www.diamondpass.net/7244454](http://www.diamondpass.net/7244454)

Further information on Gemfields Group Limited can be found at [www.gemfieldsgroup.com](http://www.gemfieldsgroup.com)

To join our press release mailing list, click here: [gemfields@gemfields.com](mailto:gemfields@gemfields.com)

For any press enquiries please contact us on [gemfields@camarco.co.uk](mailto:gemfields@camarco.co.uk)

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### **Additional information on Gemfields**

Gemfields is a world-leading supplier of responsibly sourced coloured gemstones. Gemfields is the operator and 75% owner of both the Kagem emerald mine in Zambia (believed to be the world's single largest producing emerald mine) and the Montepuez ruby mine in Mozambique (one of the most significant recently discovered ruby deposits in the world). In addition, Gemfields also holds controlling interests in various other gemstone mining and prospecting licenses in Zambia, Mozambique, Ethiopia and Madagascar.

Gemfields' outright ownership of Fabergé - an iconic and prestigious brand of exceptional heritage - enables Gemfields to optimise positioning, perception and consumer awareness of coloured gemstones, advancing the wider group's "mine and market" vision.

Gemfields has developed a proprietary grading system and a pioneering auction and trading platform to provide a consistent supply of coloured gemstones to downstream markets, a key component of Gemfields' business model and has played an important role in the growth of the global coloured gemstone sector.