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KUMBA IRON ORE SWOT & PESTLE ANALYSIS

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Company Name : Kumba Iron Ore

Company Sector : Iron Ore Mining

Operating Geography : South Africa, Africa, Global

About the Company : Kumba Iron Ore is a South African iron ore mining firm based in Gauteng. Kumba Resources has been replaced by Kumba Iron Ore. Coal and heavy minerals businesses were spun off to newly formed firms Kumba Iron Ore (Heavy minerals) and Exxaro Resources (coal) in November 2006, reorganising the company. The business of the company is iron ore exploration, beneficiation, marketing, sale, and shipping. The company's main assets are three South African mines that generate around 40 million tonnes of ore each year. Kumba sells around three-quarters of its ore to 30 clients, predominantly in Asia and Europe, through its 74 per cent-owned subsidiary Sishen Iron Ore Company (SIOC), which operates the Sishen mine. In South Africa, it also runs the Kolomela and Thabazimbi mines. In addition to mining, the firm operates the Saldanha Port Operations, a rail line, and other infrastructure. Kumba is owned by Anglo American, a global mining conglomerate. Kumba Iron Ore announced on December 15, 2021, that a new black-owned and community-based joint venture will be awarded an industry-first R1.6 billion mining contract to mine iron ore at its Kolomela Mine in the Northern Cape. Kumba Iron Ore's USP lies in its being the fourth largest iron-ore producer in the world and the largest in Africa. The mission statement of Kumba Iron Ore reads, "To be a successful and sustainable African supplier of quality iron ore to global and local markets while delivering superior value to our stakeholders".

Revenue :

ZAR 80,104 million – FY ended 31 December 2020

ZAR 64,285 million – FY ended 31 December 2019

SWOT Analysis :

The SWOT Analysis for Kumba Iron Ore is given below:

Strengths	Weaknesses
<ul style="list-style-type: none"> 1.UHDMS project to enhance the operations product quality and extend the life of mine. 2.Fifth largest iron ore producing company in the world. 3.Acquiring Sole Ownership of Sishen mine 4.Price differential due to higher lump: fine ratio (69:31 vs global average 20:80) 5.Strong safety culture resulting in over five years of fatality-free production 6.Consistent high dividend yield and Low debt to Equity Ratio 	<ul style="list-style-type: none"> 1.High Reliance on China for Exports (61%) 2.Slowing down production owing to poor performance from TFR (possibly Threat) 3.Sustainable development drive by parent company Anglo American.
Opportunities	Threats
<ul style="list-style-type: none"> 1.Acquiring stake in Transnet Freight Rail to optimize logistic channel. 2.FutureSmartMining program integrated with technology and sustainability to improve efficiency. 	<ul style="list-style-type: none"> 1.Aluminium and scrap as substitute for steel in automobiles and steel industry respectively. 2.Perception that mining has adverse impact on Environment and Health 3.Falling prices of Iron Ore Globally 4.Closure of the Saldanha steel plant by Arcelor Mittal 5.New large scale global Iron ore deposits

PESTLE Analysis :

The PESTLE Analysis for Kumba Iron Ore is given below:

<p style="text-align: center;">Political</p> <ol style="list-style-type: none"> 1.High risk to business due to socio economic challenges in South Africa 2.Political unrest due to trial against Ex-President Zuma 3.Carbon Act Tax introduced in 2019 	<p style="text-align: center;">Economical</p> <ol style="list-style-type: none"> 1.Evergrande Crisis to impact iron ore demand
<p style="text-align: center;">Social</p> <ol style="list-style-type: none"> 1.Kumba Iron Ore supports local community through local procurement. 2.Rising crimes may affect company's business activities 	<p style="text-align: center;">Technological</p> <ol style="list-style-type: none"> 1.Next Gen exploration drill rig to boost productivity. 2.UDMHS technology to increase the life of mine
<p style="text-align: center;">Legal</p> <ol style="list-style-type: none"> 1.Largest class action lawsuit against Parent company Anglo American 	<p style="text-align: center;">Environmental</p> <ol style="list-style-type: none"> 1.EU regulation of emissions for airlines may increase costs for Ryanair 2.FutureSmart Mining to reduce environmental footprint

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