



A NAMIBIA DE BEERS PARTNERSHIP

## PAST-PRESENT-PROSPECTS

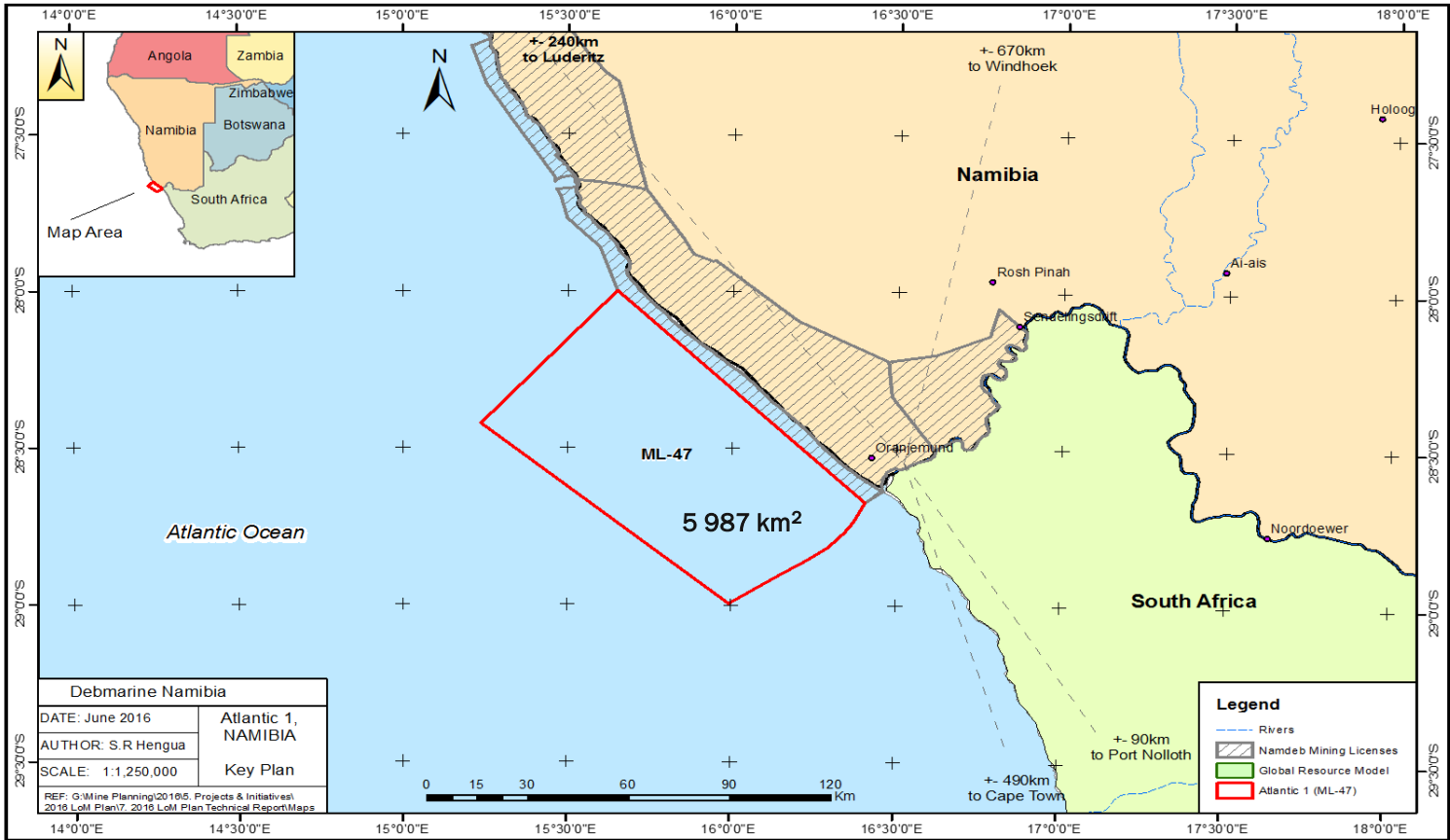
Otto N. Shikongo  
Chief Executive Officer

May 2019

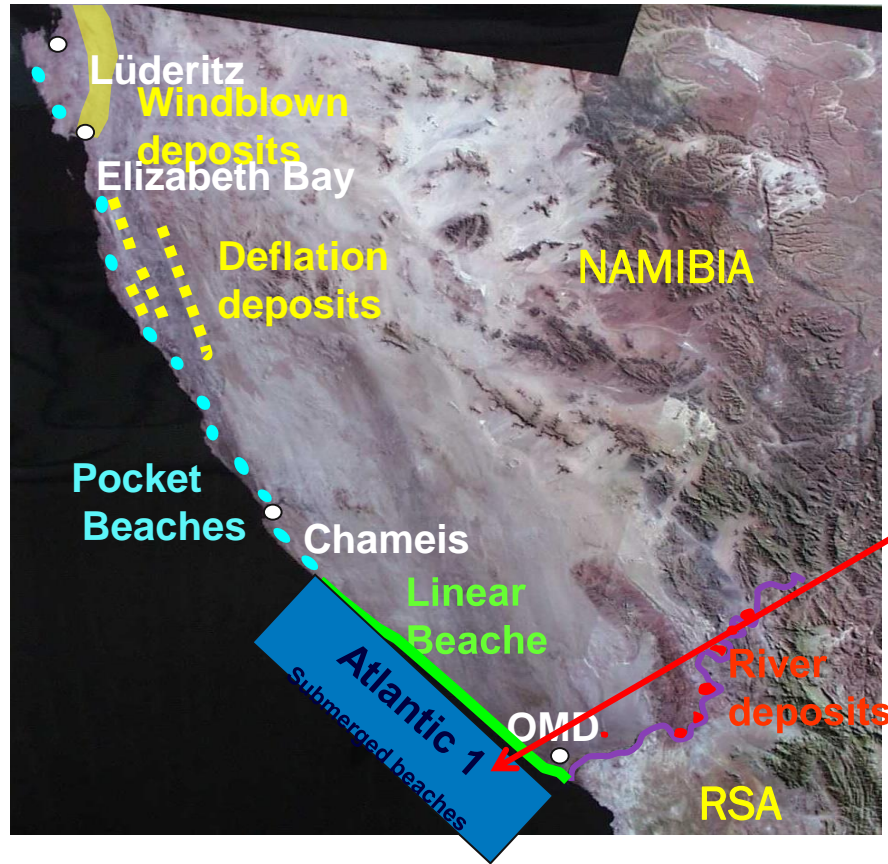


# **INTRODUCTION**

# LOCALITY MAP



# ALLUVIAL DIAMOND DEPOSITS



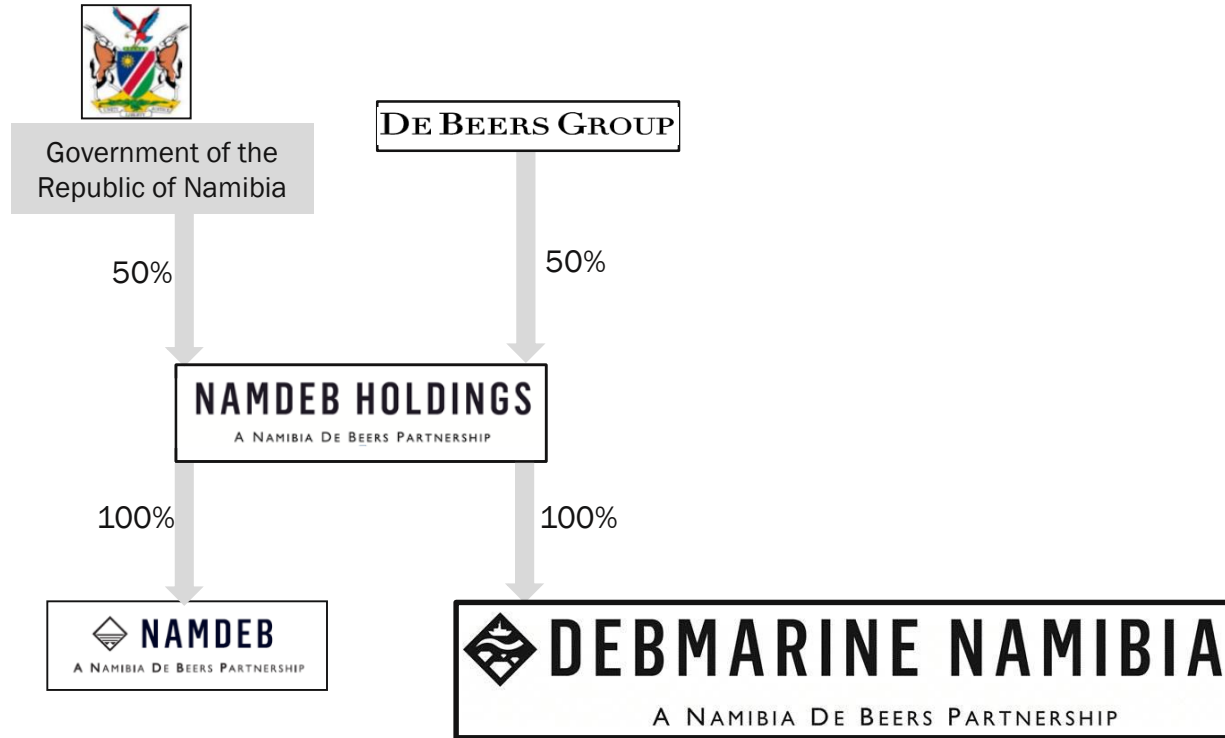
Distribution of  
diamond  
deposits

Atlantic 1 mining  
area is  
**5 987km<sup>2</sup>**

## PHENOMENAL PARTNERSHIP - DEBMARINE NAMIBIA INCEPTION – DECEMBER 2000



# SHAREHOLDING STRUCTURE

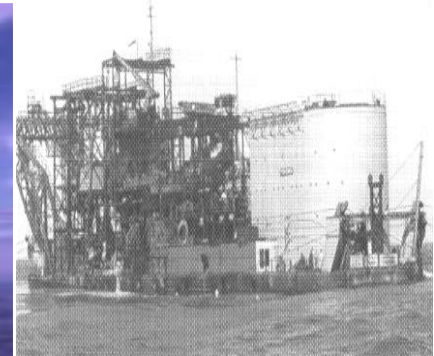


**PAST**



# HISTORY

- 1908 - Diamond found at Kolmanskop
- 1952 - Sammy Collins formed Marine Diamond Company (MDC)
- 1961 - Shallow water mining (35m) by MDC
- 1971 to 1983 - Deep water exploration (80m)
- 1983 - De Beers Marine SA is formed
- 1983 - Deep water sampling and evaluation
- 1986 - Deep water mining development
- 1990 - Louis G. Murray made the first haul of 29k carats
- 1991 onwards - Full scale deep water mining operations
- 2000 – Debmarine Namibia GRN-DB agreement





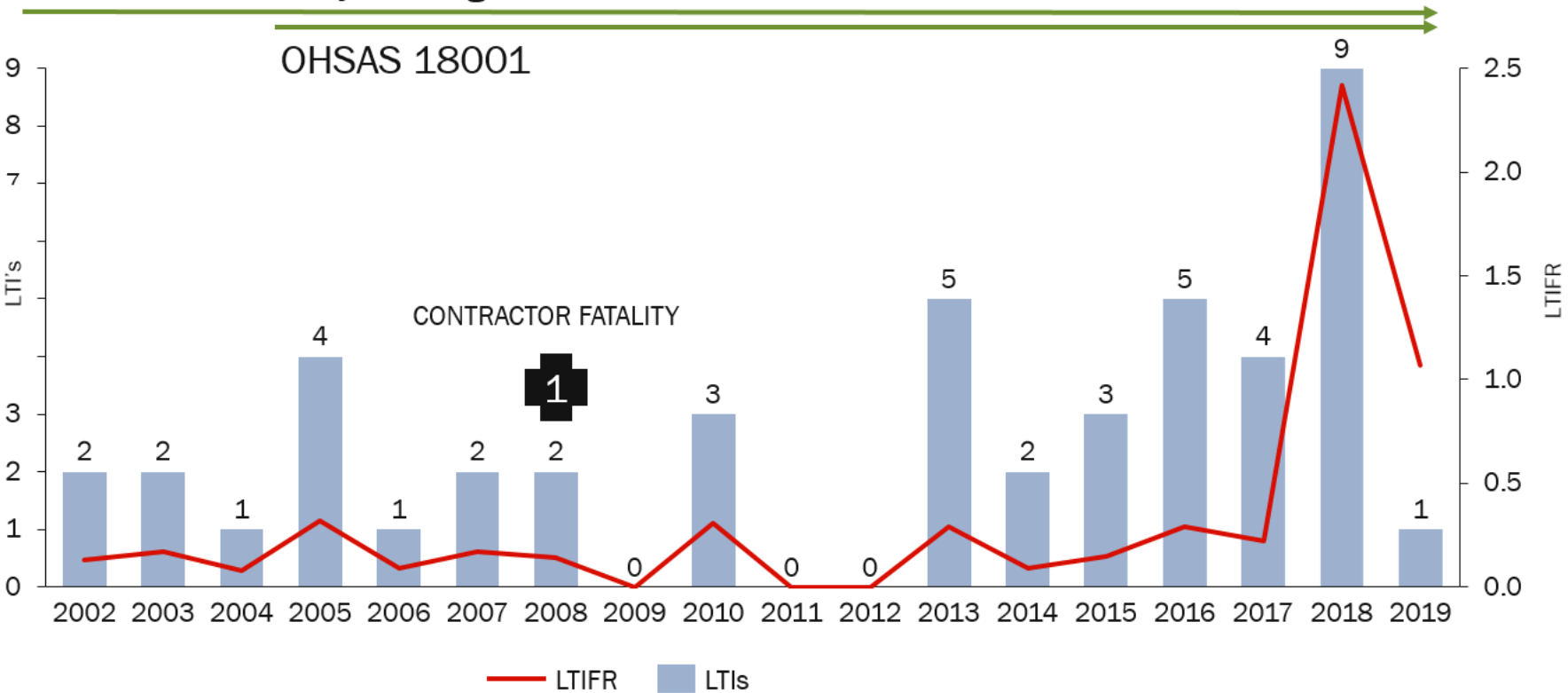
# HISTORY

- 2001 - Migration from Cape Town
- 2011 - Restructure (Namdeb Holdings formed)
- 2012 – Acquisition of mv Mafuta
- 2017 – Acquisition on the mv SSN



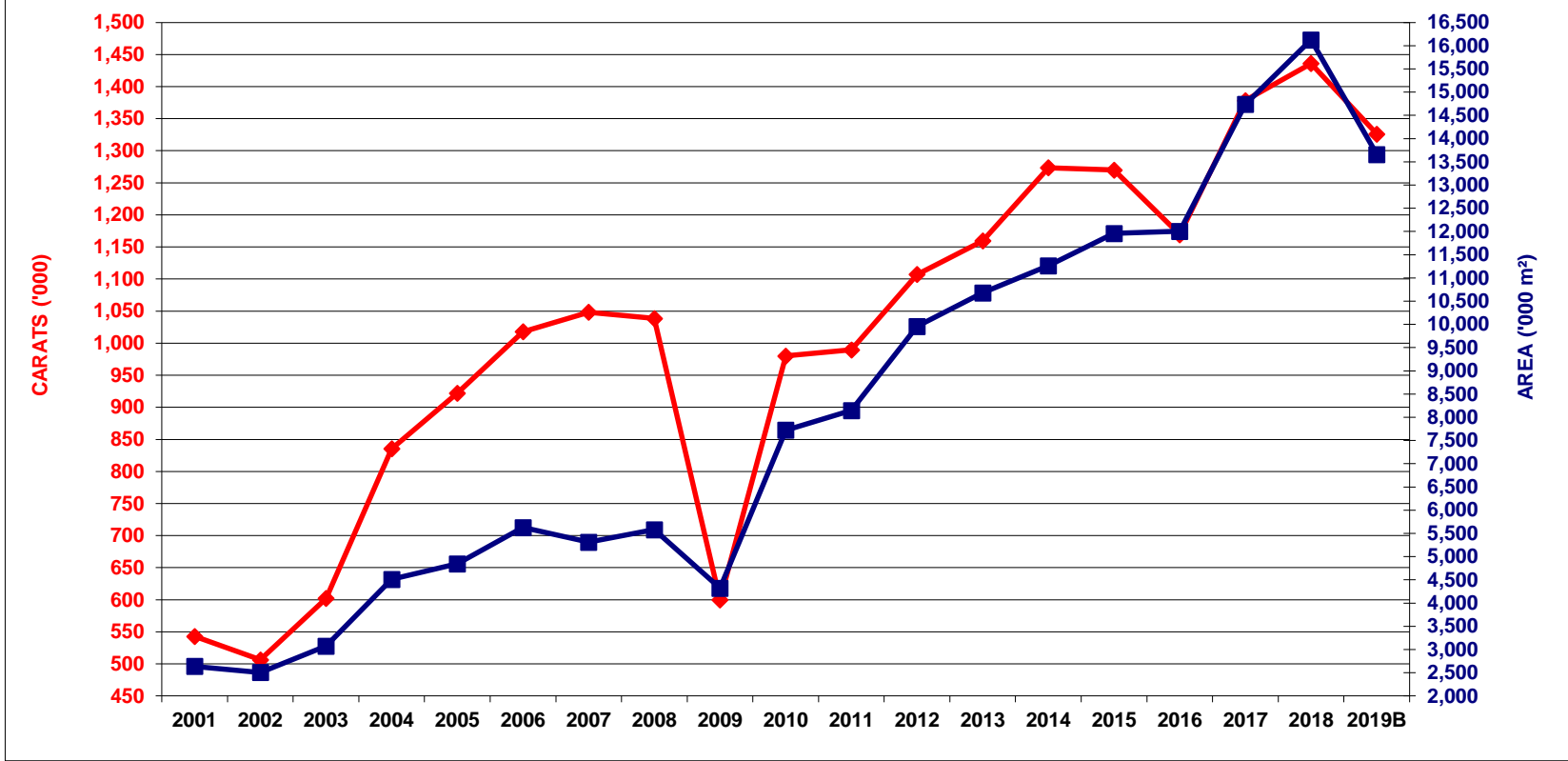
SAFETY

International Safety Management Certificate



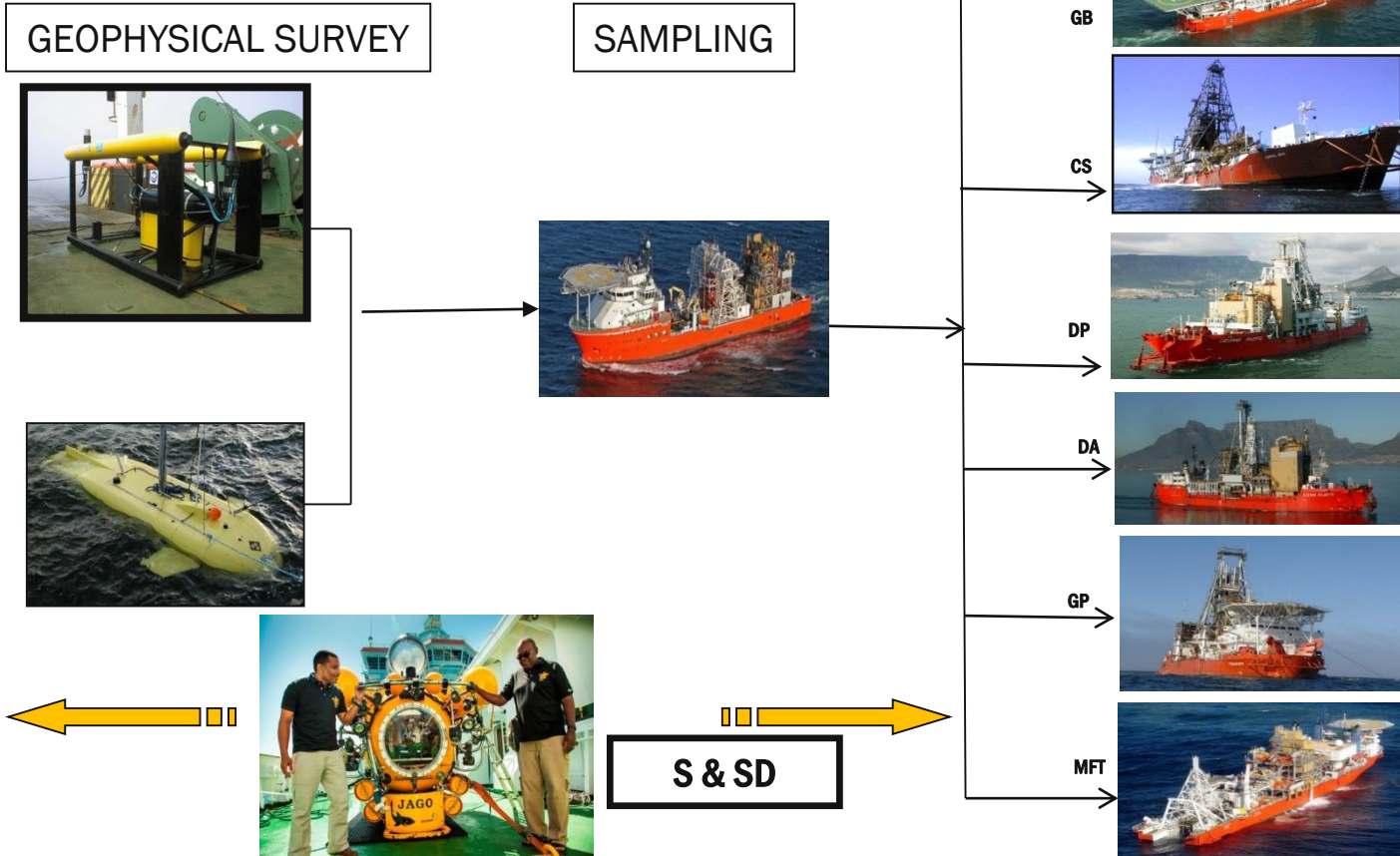
# MARINE PRODUCTION MORE THAN DOUBLED SINCE 2002

## Debmarmine Namibia Production



**PRESENT**

# PRODUCTION PIPELINE



# DEBMARINE NAMIBIA - DIAMOND RECOVERY FLEET

**GRAND BANKS**



**DEBMAR PACIFIC**



**DEBMAR ATLANTIC**



**!GARIEP**



**MAFUTA**



**SS NUJOMA**



**CORAL SEA**



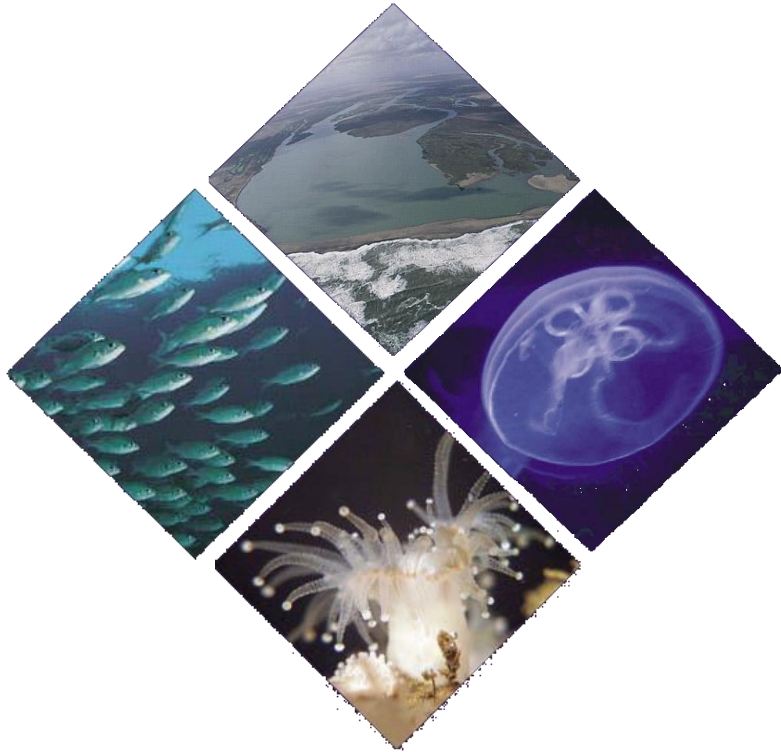




“Do no dishonour to the earth, lest you dishonour the spirit of man”

*Henry Besson*





## Environmental Impact Assessment

1991 - 1996

13 Specialists

16 Researchers

from 9 institutions

## ENVIRONMENTAL STEWARDSHIP

- Atlantic 1 is part of the Benguela Current Large Marine Ecosystem (BCLME) that stretches for ~3 500km.
- Considering the size of the ecosystem (BCLME), mining impacts a very small area of the ecosystem and is deemed to be of low significance at a regional scale (ML = 1.2% of BCLME).
- The BCLME has relatively high abundance of organisms but a low diversity of species.
- Natural variability is very high in both space and time and can have as significant an impact as mining or greater at times.



## ENVIRONMENTAL STEWARDSHIP

- The seabed organisms are hardy and well adapted to the high natural variability and thus recover comparatively rapidly after being disturbed.
- There is no direct overlap between commercial fishing grounds, or known fish spawning, feeding or nursing areas and the mining license.
- 99% of the sediment mined that is on average 0.5m thick is discharged and settles back to the seabed.
- Seabed recovery is defined as the re-establishment of the ecological function of the seabed. Where species composition at the disturbed sites having reached 80% similarity to equivalent undisturbed sites for a period of three consecutive years.



# ENVIRONMENTAL STEWARDSHIP

- Functional recovery occurs:
  - Within 3 years where abundant sediment occurs (close to River Mouth),
  - Within 3-10 years in sparser sediment areas, and
  - >10 years in rocky terrain (or no to very low sediment areas)
- Debmarmine Namibia is ISO14001 certified and has a seabed monitoring programme guided by a committee that includes independent scientist from academia and industry.



# LOGISTICS & OPERATIONAL SUPPORT

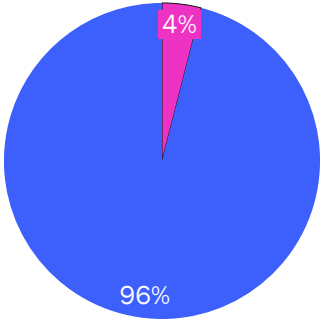
- Vessels remain at sea on average for 2.5 years before inport maintenance
- 24 / 7 / 365
- Vessels supported via launch and helicopter operations
- Refuelling conducted at sea
- Fresh water produced on-board (desalination)
- Crew of 100 – 130 people
- Crew rotates 28 days on, 28 days off
- Crew changes by helicopters



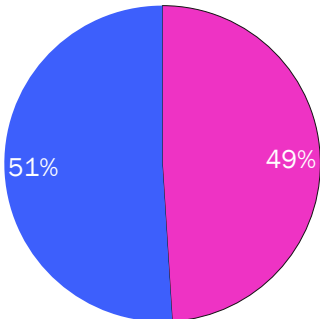


# 1000 EMPLOYEES

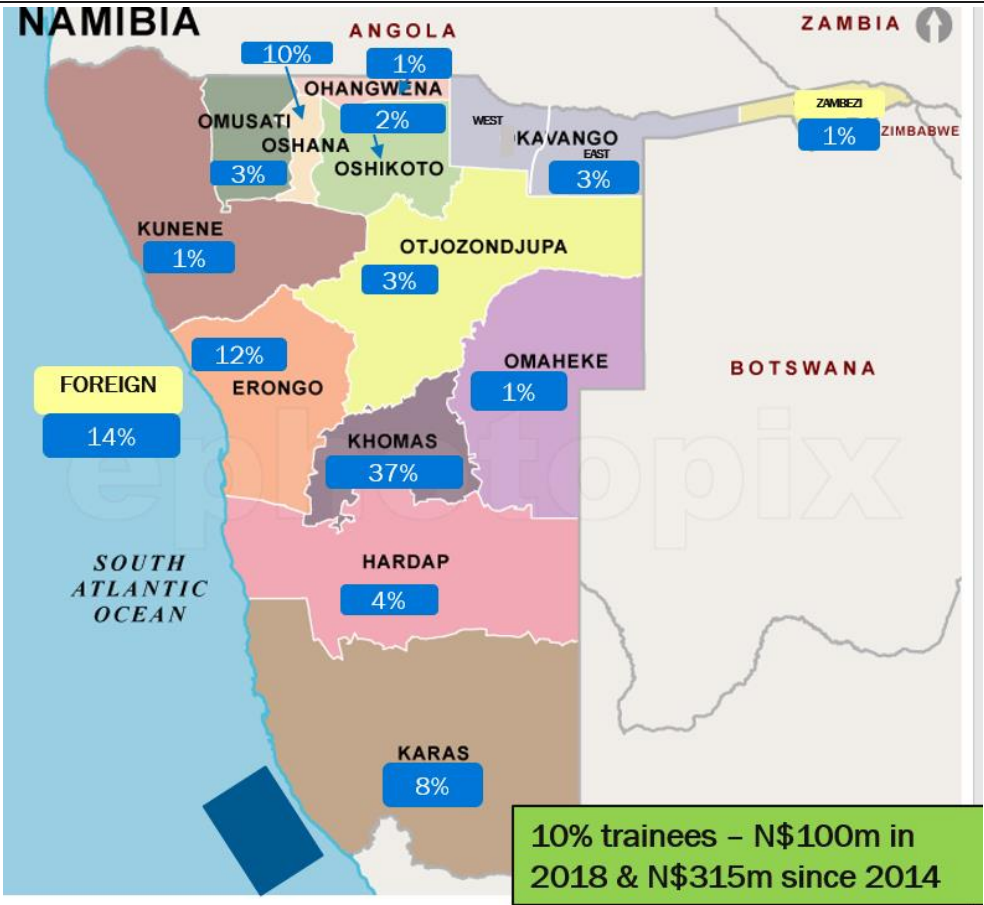
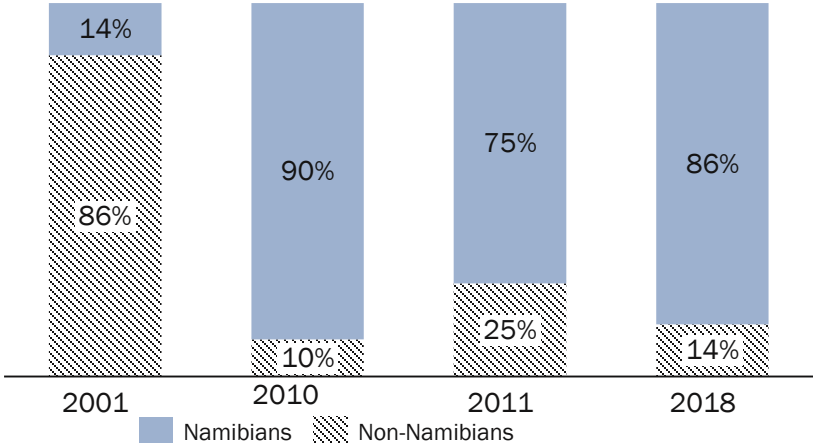
Seagoing



Shorebased



Women Men



10% trainees – N\$100m in 2018 & N\$315m since 2014

## SKILLS DEVELOPMENT

Six out of 12 Captains  
and 3 out of 12 Chief  
Engineers are Namibians





# SUPPLY CHAIN

## NAMIBIANISATION OF BIG 5 STRATEGIC CONTRACTS

- Helicopter operations
- Fixed wing operations
- Fuel supply Lüderitz
- Food supply
- Tug supply

## LÜDERITZ LOGISTICS AND SUPPLY BASE

The Lüderitz Logistics and supply base was established in order to service the fleet of vessels and support local business: **N\$137m invested in Lüderitz during 2018 through procurement of goods & services**

### Logistics

To provide a physical presence to facilitate the process of waste disposal, scrap handling & disposal

### Local Spend

To serve as a delivery point where locally procured items can be landed, warehoused and shipped to the vessels



# CORPORATE SOCIAL INVESTMENT – N\$9M PER ANNUM

## • EDUCATION

- UNAM Centre of Maritime Studies
- UNAM & Ministry of Fisheries – Benthic Samples

## • STEM Girls

- Namibia Society for Engineers

## • HEALTH

- Oshakati Hospital
- Tangi Heart Transplant

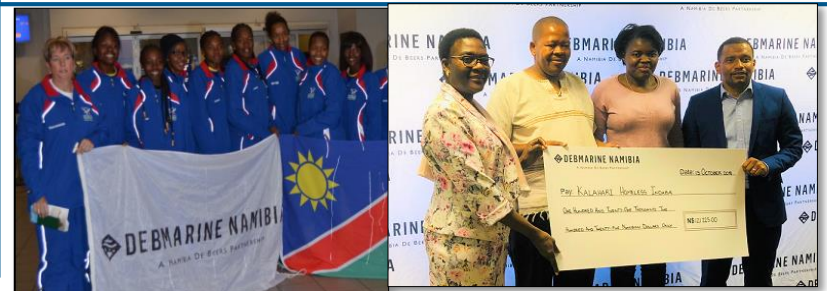
## • SAFETY AND SECURITY

- NAMPOL Road Safety
- Scanners to the Namibian Police Force Criminal Record Bureau (NPCRB).

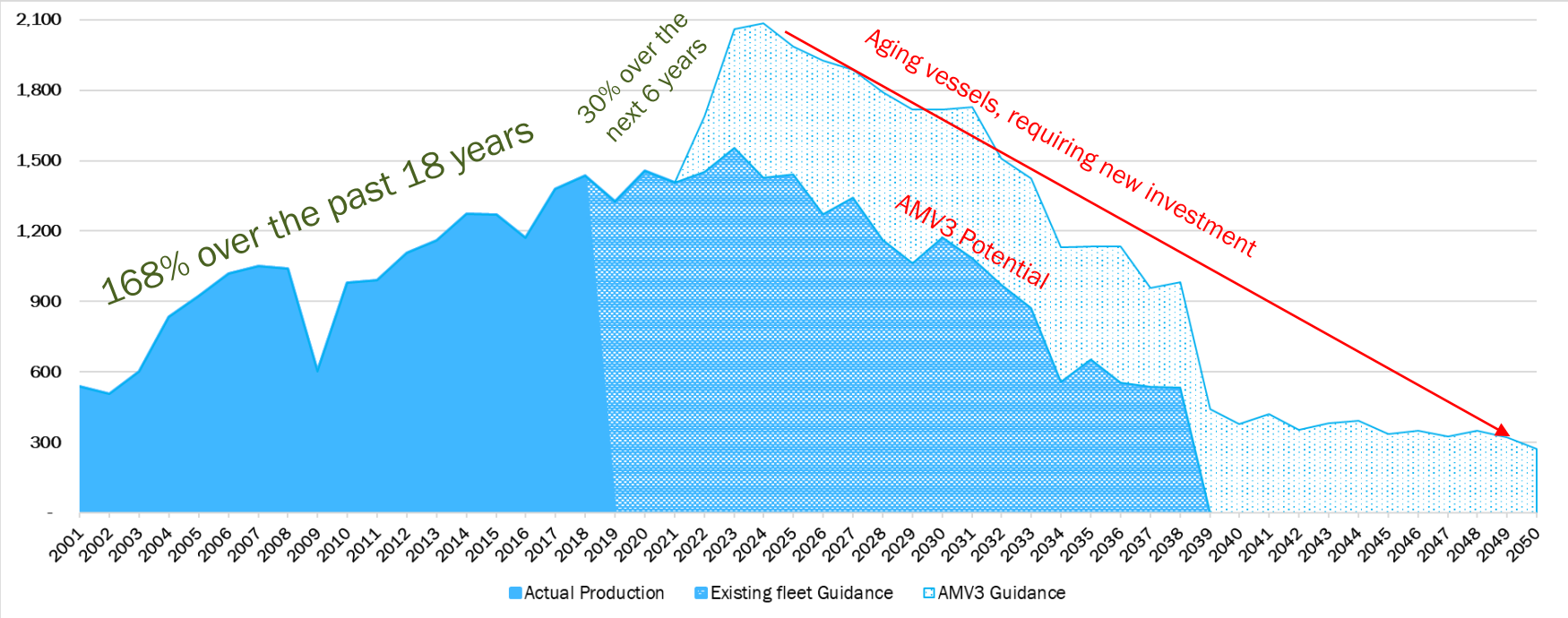
## • SPORT

- Debmarine Namibia Cup (Nationwide)
- African Stars (CAF Club competitions)
- Harders Cup – Lüderitz
- Netball Namibia National Team
- Netball Namibia Regional Championships
- Netball Namibia International Pent Series

## • DEBMARINE-NAMDEB FOUNDATION

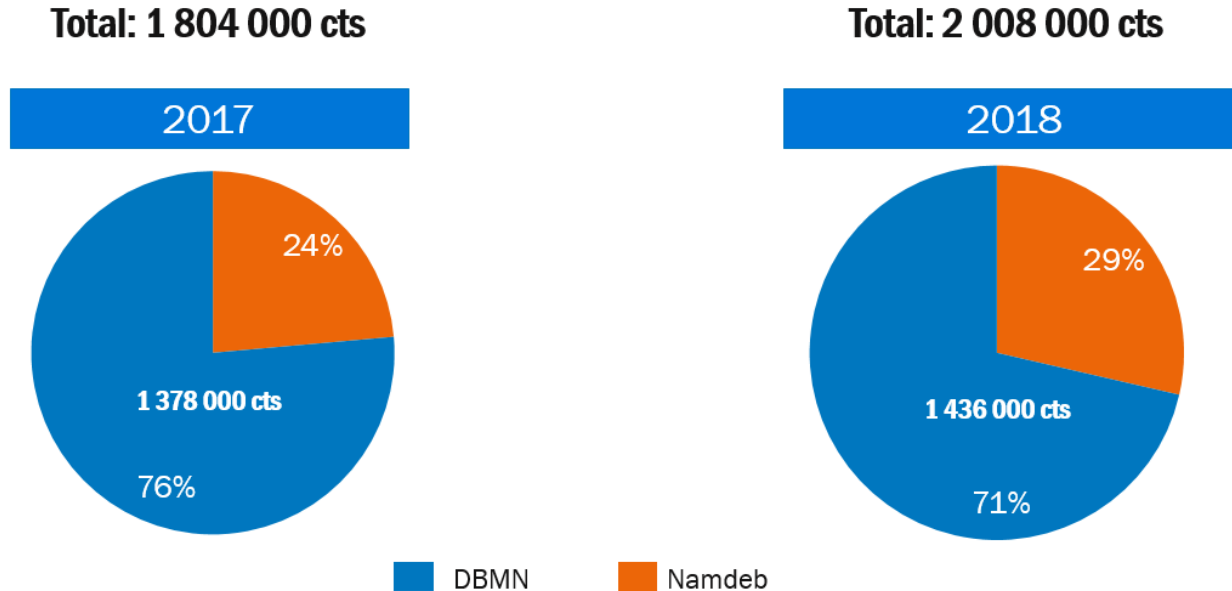


# DEBMARINE NAMIBIA – TO 2050



## STRONG OPERATIONAL PERFORMANCE

### Debmarine Namibia carats contribution to NAMDEB HOLDINGS



# DEBMARINE NAMIBIA - STRONG PERFORMANCE: 2018 VS 2017

Production volumes

**1 436k carats**

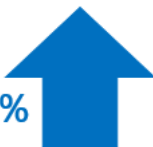
4%



REVENUE

**N\$8.9bn**

11%



EBITDA

**N\$4.6bn**

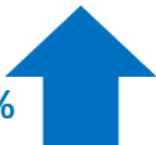
6%



Capital expenditure

**N\$847m**

27%



Dividends paid

**N\$700m**

59%



Royalties & Income Tax

**N\$2.4bn**

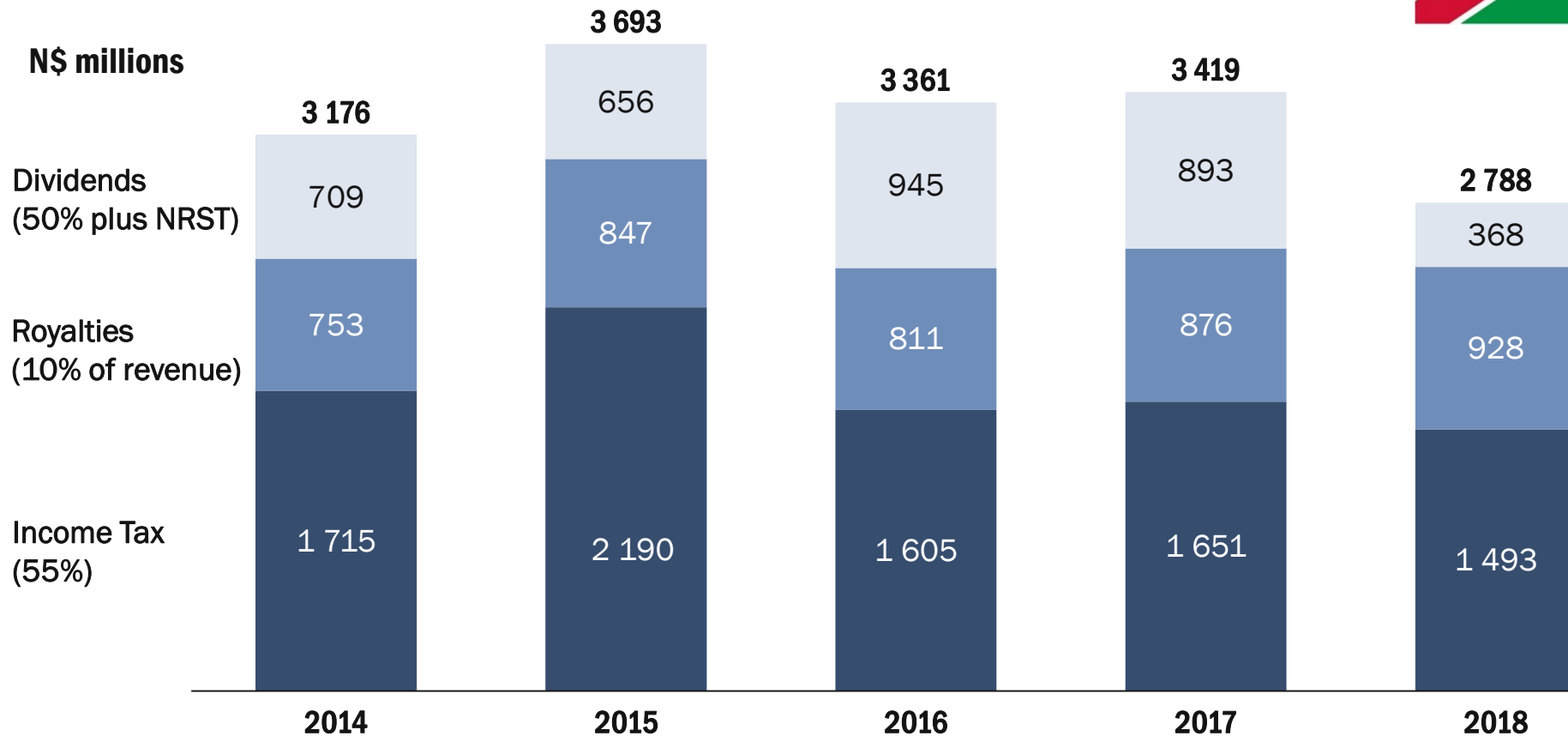
4%



# DEBMARINE NAMIBIA - DIRECT CONTRIBUTION TO NAMIBIA: 2014-2018: N\$16.4BN



N\$ millions



**FUTURE**



## GROWTH POTENTIAL: ADDITIONAL DIAMOND RECOVERY VESSEL 3 (AMV3)



# OUR ONLY SOURCE OF VALUE IS CONSUMER DESIRE

- ❖ World economic growth slowing, with key lead indicators suggesting a further slowdown.
- ❖ Although recession risk is low, lower **World GDP growth of about 3%** will impact growth in demand for luxury items, including diamond jewellery.

## USA (FY2018 GDP Growth – 2.9%)

- Escalating ‘trade war’ with China, stronger USD, 3 interest rate hikes expected in 2019

## China (FY2018 GDP Growth – 6.5%)

- Growth will be challenged by the impact of US tariffs.

## India (FY2018 GDP Growth – 7.6%)

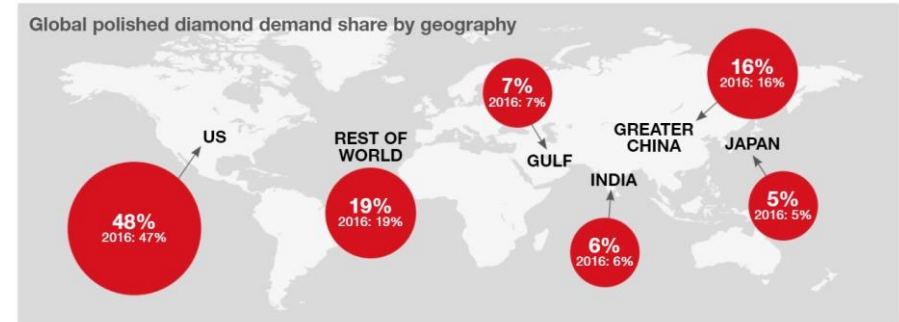
- Global trade tensions put downward pressure on economy

## Japan (FY2018 GDP Growth – 1.1%)

- Series of natural disasters impacted growth
- Protectionism is a key long term risk

## Gulf (FY2018 GDP Growth – 2.3%)

- Rising crude production and oil price should support GDP growth.
- Possible sanctions against Saudi Arabia could impair regional growth



# CHALLENGES & OPPORTUNITIES

## Challenges

- Diamond prices
- N\$/US\$ exchange rate volatility
- Inflationary pressures
- Fuel prices



### Rough Diamond Prices Have Slumped

A credit crunch in the major diamond trading hubs and weak retail demand has sent prices lower



## Opportunities

- Production expansion (AMV3)
- SSN sampling capacity





**DEBMARINE NAMIBIA**

A NAMIBIA DE BEERS PARTNERSHIP



VIDEO



