



**NEW HOPE
GROUP**

NEW HOPE CORPORATION LIMITED
ABN: 38 010 653 844

MEDIA RELEASE

FY2016 Financial Results

New Hope Group positioned well for long term demand growth and global coal price recovery

New Hope Group's acquisitions over the past financial year have positioned it well to take advantage of Asia's long term growth trajectory which will require significant growth in energy consumption in particular growth in imports of high quality coal thermal.

Despite tough market conditions in what was a difficult year for the Australian coal sector, New Hope has reported a net profit after tax (NPAT) and before non-regular items of \$5.0 million for the year ended 31 July 2016 and managed to generate a significant positive Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$81.3 million.

Revenue from operations totalled \$531.5 million up \$25.7 million or 5% from the 2015 financial year. Non-regular items before tax, including \$52.1 million acquisition costs (largely stamp duty) expensed and \$33.1 million of impairments negatively impacted the Group's results.

Managing Director of New Hope Group, Shane Stephan, said while the Group continued to successfully meet the challenges of the downturn in global coal and oil prices throughout FY2016 the timing of acquisitions in relation to recent price increases was opportune.

"Our decision to invest a significant proportion of available cash funds into a forty percent interest in the Bengalla coal mine located in the Hunter Valley of New South Wales, at a time when prices were at a low, has had an immediate positive impact on Group cash flows.

"We announced the Bengalla transaction in September 2015 and it completed on 1st March this year when the benchmark Newcastle Spot price was US\$51/tonne. Since the beginning of July there has been a significant rise in coal prices with the Newcastle Spot price currently at US\$70/tonne.

"During the five months of New Hope's ownership Bengalla production contributed 1.5 million tonnes to our coal sales providing EBITDA of \$21.3 million to the group result.

"This operational performance is consistent with our pre-acquisition expectations.

For more information, please contact:

Cathy Uechtritz P: +61 7 3418 0558 M: +61 400 188 127 E: media@newhopegroup.com.au

“In the next financial year Bengalla should increase New Hope’s equity production of thermal coal by approximately 3.5 million tonnes to a total of approximately 8.9 million tonnes” he said.

Mr Stephan said acquisitions by the Group’s oil subsidiary Bridgeport Energy, had also positioned it well to improve production and financial performance in the future.

“Bridgeport is now the second largest conventional oil producer in Queensland and following significant investment in seismic studies is identifying drilling targets for oil exploration to take advantage of any increase in oil prices in the future” he said.

Mr Stephan said, “Another positive for the Group’s coal operations was the delivery of the Queensland Competition Authority’s final decision on Queensland Rail’s 2015 Draft Access Undertaking for below rail users of the Western System. Once implemented, this decision will result in a more appropriate rail tariff going forward.”

Other highlights for the year included the Group receiving two national awards.

“We’re immensely proud of winning the Australian Business Awards ABA100 2016 Sustainability award for our rehabilitation work.

“Our Live Well, Work Well program also won the 2016 Australian Mines & Metals Association (AMMA) Industry Award for Health & Wellbeing.

“The outlook for the Group is very promising. While market conditions remained challenging throughout FY2016, the recent recovery in coal prices is starting to impact results. The majority of our coal contracts have prices which are index linked and therefore increases in spot prices do start to flow through to the financial results within months. Of course should the current spot prices be maintained they will have an impact upon the annual reference price negotiations.

“The high quality coals that New Hope produces will be demanded for many decades to come, in particular in the growing economies of North Asia.

“New Hope has a significant suite of coal growth projects in the North Surat as well as at Lenton, Colton and Yamala.

“We have refined our ability to operate safe low cost operations whilst maintaining excellent standards of mine rehabilitation.

“Having made the investments in both resources and corporate capability during the recent years of cyclical downturn the Group is now in a prime position to take advantage of potential increases in future coal and oil prices” he concluded.

(ends)

For more information, please contact:

Cathy Uechtritz P: +61 7 3418 0558 M: +61 400 188 127 E: media@newhopegroup.com.au



Reconciliation of net profit after tax before and after non regular items

12 Months Ended 31 July (A\$000)	Coal Mining QLD	Coal Mining NSW	Oil and Gas	Treasury and Investment	Total
2016					
Net profit/(loss) after tax	(2,051)	(32,851)	(26,505)	7,727	(53,680)
Non regular items after tax					
Land access compensation	5,000	-	-	-	5,000
Acquisition costs expensed	-	(36,304)	(169)	-	(36,473)
Impairment of oil producing and exploration assets	-	-	(18,908)	-	(18,908)
Impairment of available for sale assets	-	-	-	(4,978)	(4,978)
Petroleum resource rent tax (recoverability)	-	-	(3,350)	-	(3,350)
Net profit/(loss) after tax before non regular items	(7,051)	3,453	(4,078)	12,705	5,029
2015					
Net profit/(loss) after tax	9,023	-	(42,459)	11,615	(21,821)
Non regular items after tax	(16,987)	-	(40,176)	(16,407)	(73,570)
Net profit/(loss) after tax before non regular items	26,010	-	(2,283)	28,022	51,749

The net profit after tax before non regular items referenced in this presentation are unaudited and unreviewed. The figures have been extracted from the reviewed financial statements and reconcile to the results presented in the Appendix 4E and Preliminary Final Report in the Consolidated Statement of Comprehensive Income.

For more information, please contact:

Cathy Uechtritz P: +61 7 3418 0558 M: +61 400 188 127 E: media@newhopegroup.com.au

