



**NEW HOPE**  
GROUP



# FINANCIAL RESULTS RELEASE

FULL YEAR ENDED 31 JULY 2019

Presented by Rob Millner, Shane Stephan, Matthew Busch and Andrew Boyd

New Hope Corporation Limited  
(ASX code: NHC)  
[newhopegroup.com.au](http://newhopegroup.com.au)



# RESULTS OVERVIEW

Robert Millner, Chairman

# Executive Summary

## Best full year profit before non regular items in Company history

Profit after income tax  
(before non regular items)

**\$268M**

▲ 3% from 2018

Cash generated from ops  
(before interest, tax and  
acquisition costs)

**\$510M**

▲ 17% from 2018

Total tonnes sold

**10.9M**

▲ 21% from 2018

EBITDA  
(before non regular items)

**\$517M**

▲ 11% from 2018

Final dividend

**9.0 cents**

▲ 13% from 2018

State Government  
Certified Rehabilitated  
Land

**349ha**

at New Acland Mine



Please refer to Appendix for reconciliation of Non IFRS Financial Information.



# FINANCIAL OVERVIEW

Matthew Busch, Chief Financial Officer

# Financial Highlights

## Increased share in Bengalla drives improved profit

Revenue from operations  
**\$1,306M**  
▲21% from 2018

Profit before income tax  
(before non regular items)  
**\$384M**  
▲3% from 2018

Profit after income tax  
(before non regular items)  
**\$268M**  
▲3% from 2018

EBITDA  
(before non regular items)  
**\$517M**  
▲11% from 2018

Final dividend  
**9.0 cents**  
▲13% from 2018

Earnings per share  
(before non regular items)  
**32.3 cents**  
▲3% from 2018

Please refer to Appendix for reconciliation of Non IFRS Financial Information



# Financial Performance

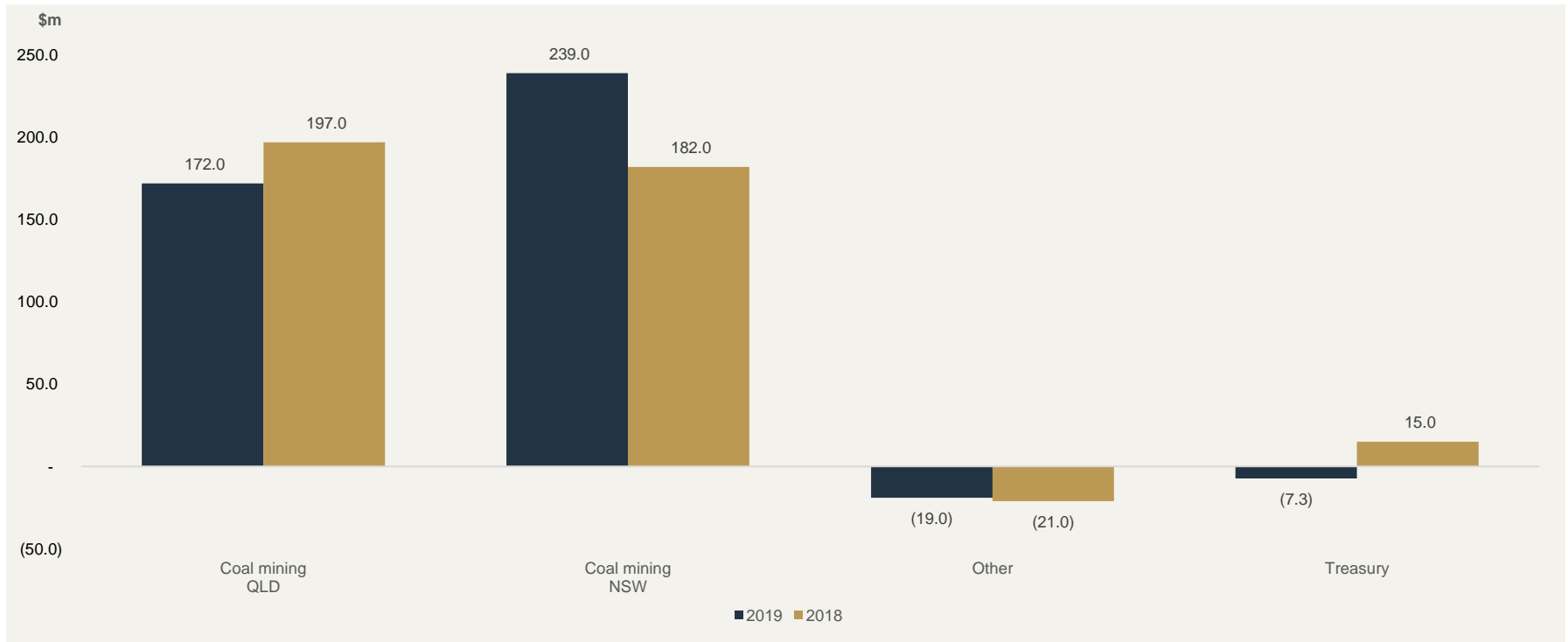
## Year Ended 31 July

|   | (A\$ millions) |                   | Variance |
|---|----------------|-------------------|----------|
|   | 2019           | Restated*<br>2018 |          |
| EBITDA before non regular items               | 517.6          | 465.5             | 11%      |
| Profit before tax and non regulars            | 384.2          | 373.2             | 3%       |
| Non regular items before tax                  | (76.3)         | (159.4)           | 52%      |
| Profit before tax and after non regular items | 308.0          | 213.8             | 44%      |
| Profit after tax before non regulars          | 268.5          | 261.2             | 3%       |
| Non regular items after tax                   | (57.8)         | (111.7)           | 48%      |
| Profit after tax and non regular items        | 210.7          | 149.5             | 41%      |



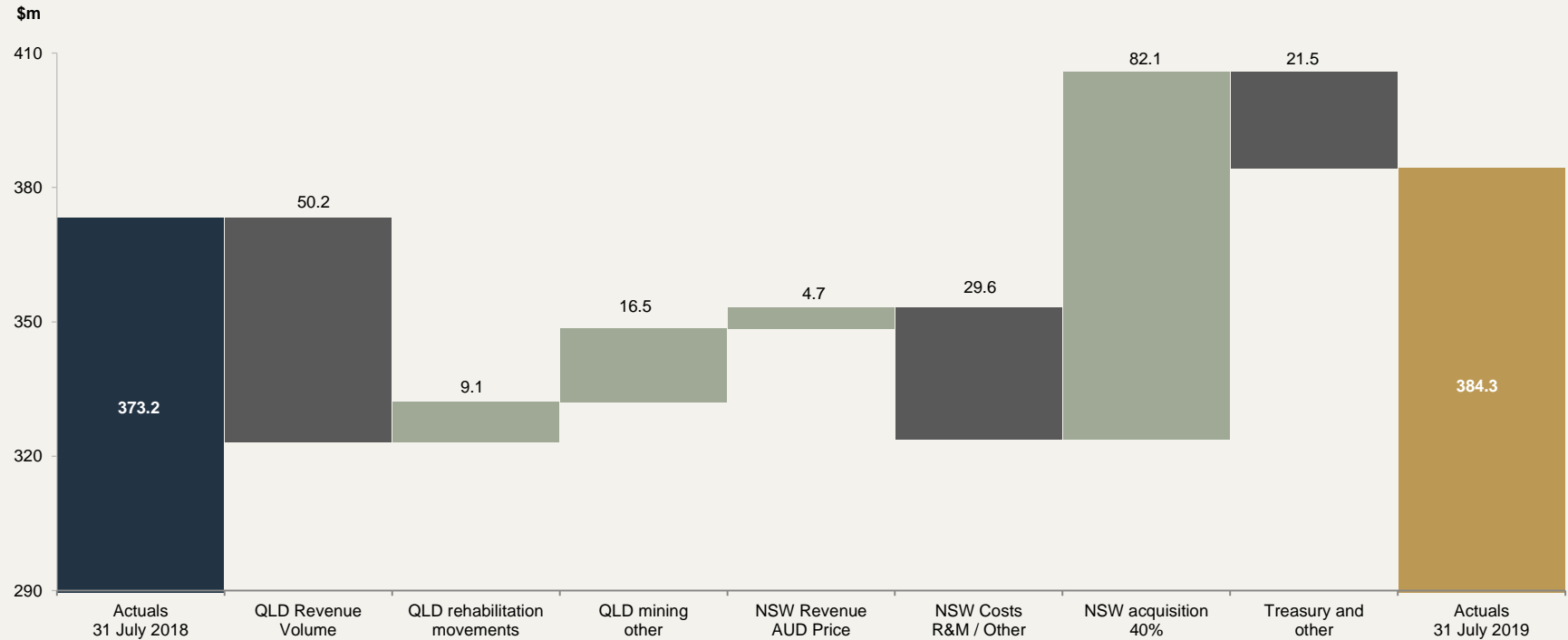
\* Comparative figures have been restated to present the impacts of the current year discontinued operations as outlined in the New Hope Corporation Limited Appendix 4E and Preliminary Financial Statements at note 24.

## Segment profit before tax and non regular items (including Treasury reconciliation)



Please refer to Appendix for reconciliation of Non IFRS Financial Information

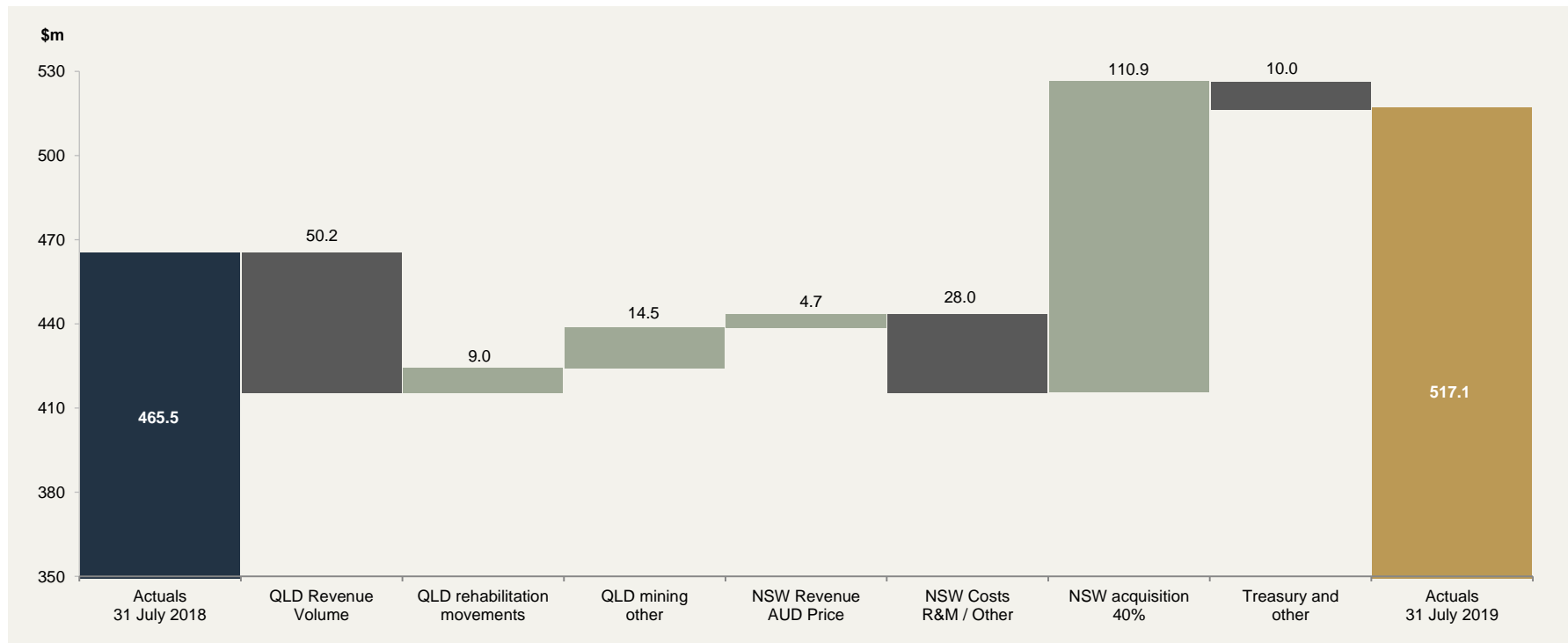
# Group profit before tax and non regular items comparison



Please refer to Appendix for reconciliation of Non IFRS Financial Information

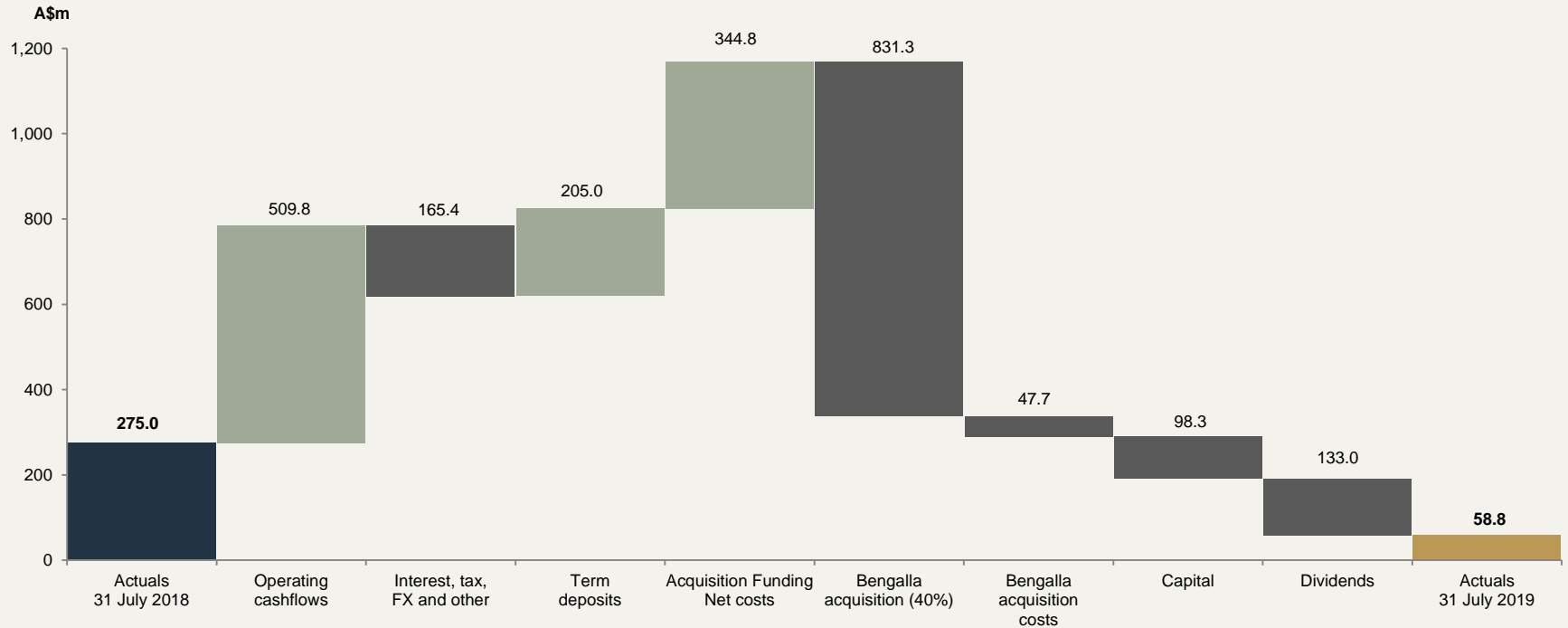


## Group EBITDA comparison (before non regular items)



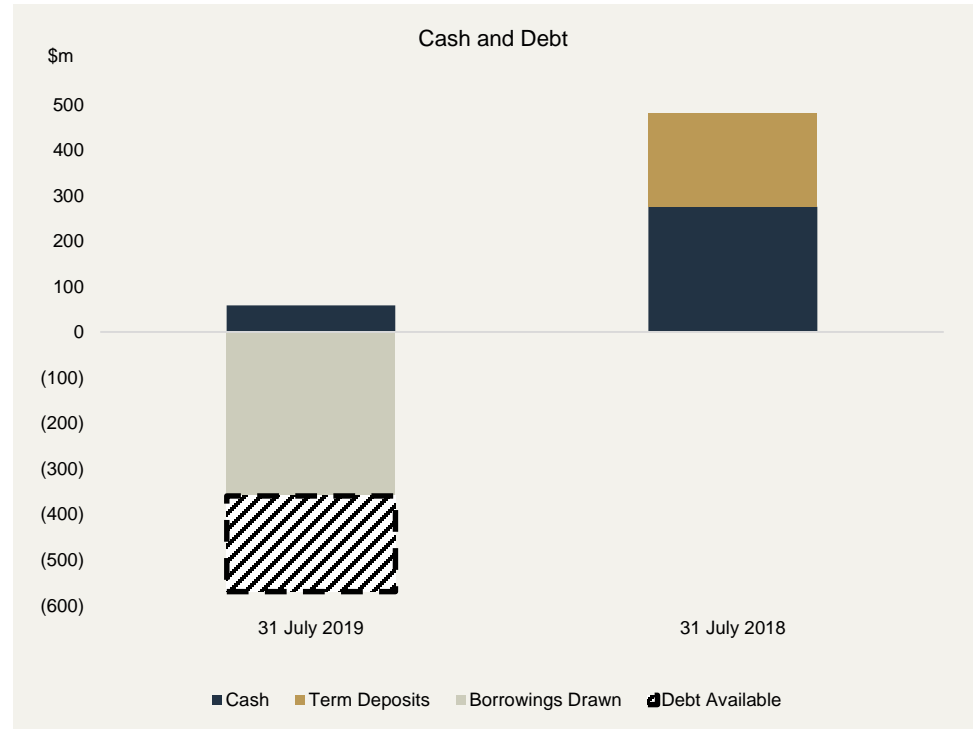
Please refer to Appendix for reconciliation of Non IFRS Financial Information

# Group cash comparison



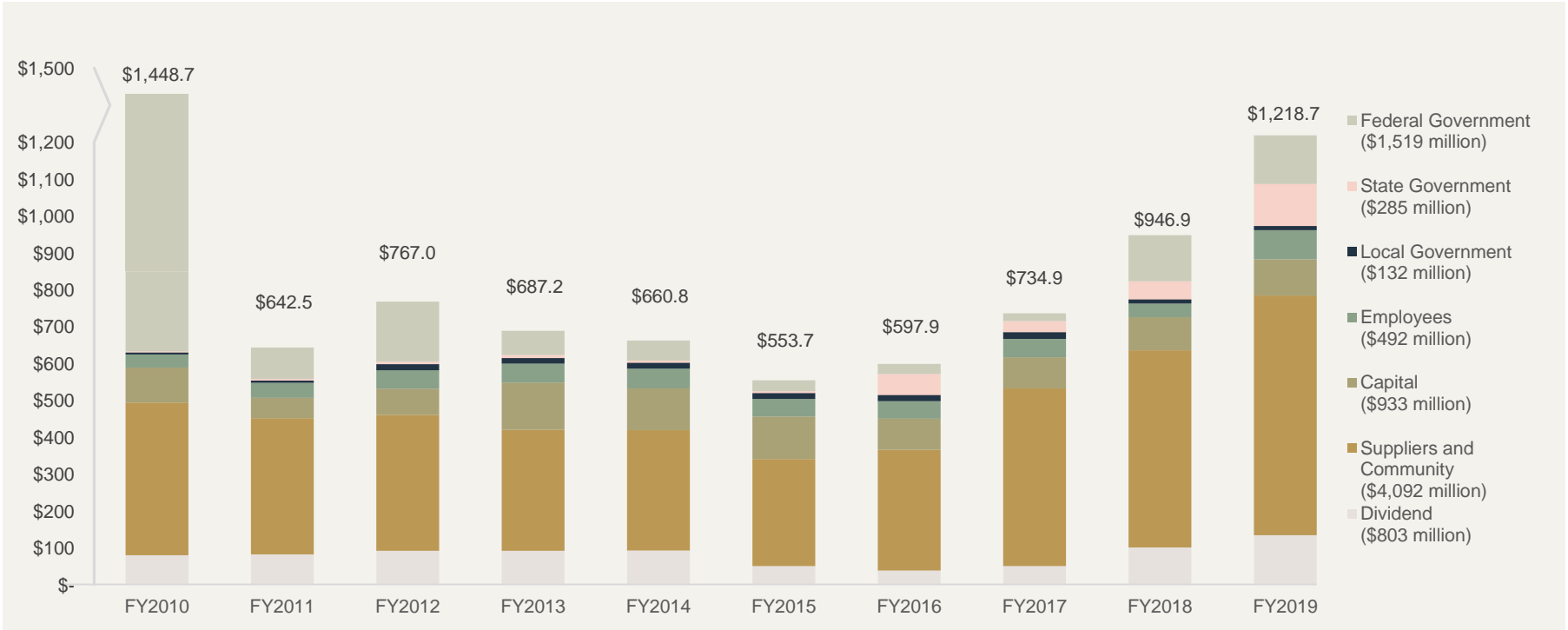
## Debt facility in place to enable future growth opportunities

- During the year, the Company entered into an amortising secured loan facility for \$600 million (amortised to \$570 million) with a syndicate of Australian and international banks. The Company had been debt free since 2006 prior to the draw down for the Bengalla acquisition.
- Net debt at 31 July 2019 \$301.2 million. The debt facility available for draw down is \$210 million.



# Economic contribution

## Bengalla acquisition sees increased economic contribution



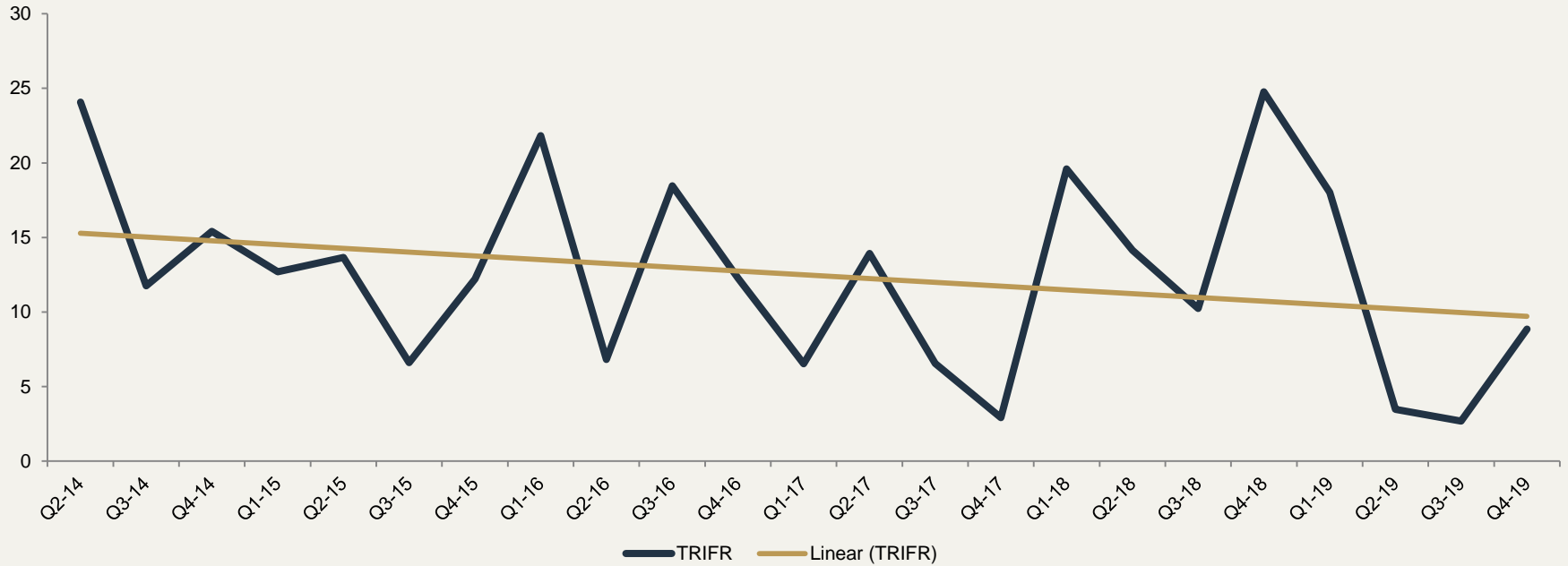


# OPERATIONAL PERFORMANCE

Andrew Boyd, Chief Operating Officer

# Safety

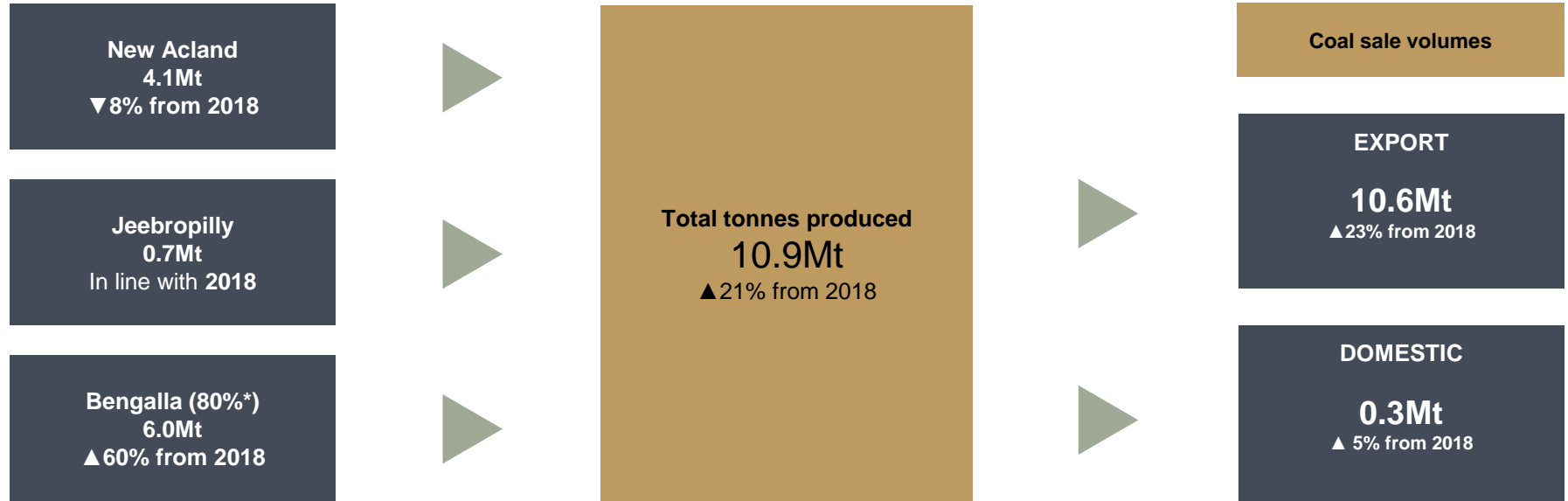
## NHG Quarterly Total Recordable Injury Frequency Rate (TRIFR)<sup>^</sup>



<sup>^</sup> Bengalla included from 1 December 2018

# Production and sales

## Year ended 31 July 2019



\* New Hope's equity share increased from 40% to 70% on 1 December 2018 and to 80% on 25 March 2019.

## Bengalla's contribution grows

- New Hope share of saleable coal production 6.0Mt
- Profit before income tax and non regular items of \$239.1 million
- Cash contribution since 1 March 2016 \$631.1 million (before tax)
- Continued focus on operational efficiency
- The Company acquired an additional 40% interest in the Bengalla Joint Venture effective December 2018
- Joint venture ownership structure now simplified with New Hope at 80% and Taipower 20%
- On an annualised basis Bengalla is now producing at 10 million tonnes of product coal per annum





## Welcome to Bengalla

Please find a video of the Bengalla mine at: <https://www.youtube.com/watch?v=MoMLTk8nXIU&feature=youtu.be>



## Bengalla - a New Hope operation

- A major focus during the second half of 2019 has been the integration of Bengalla into the New Hope business
- Key activities have been focused on marketing, finance, human resources, procurement and systems with a range of support functions now provided to site from New Hope's corporate center
- Opportunities for learning and continuous improvement are being identified and actioned through a range of cross functional teams and forums
- New Hope's exploration and agricultural teams are now engaged at Bengalla
- Opportunities for asset transfer are also being identified and actioned particularly in relation to Jeebropilly end of mine life
- Objective is to improve efficiency and lower unit costs across the business



## Update on Stage 2 operations and Stage 3 approvals

- Environmental Authority granted March 2019
- Court of Appeal ruled in favour of New Hope in September 2019
- Mining Leases and Associated Water Licence still under consideration
- Production and employment levels to reduce on 1 November 2019 due to inaction from Government on approvals, 150 direct jobs lost
- 4.1mt coal produced, 8% less than previous year
- Production levels for 2020 are expected to be around 60% of 2019 levels in the absence of Stage 3 approvals
- Stage 2 reserve areas exhausted in early 2021

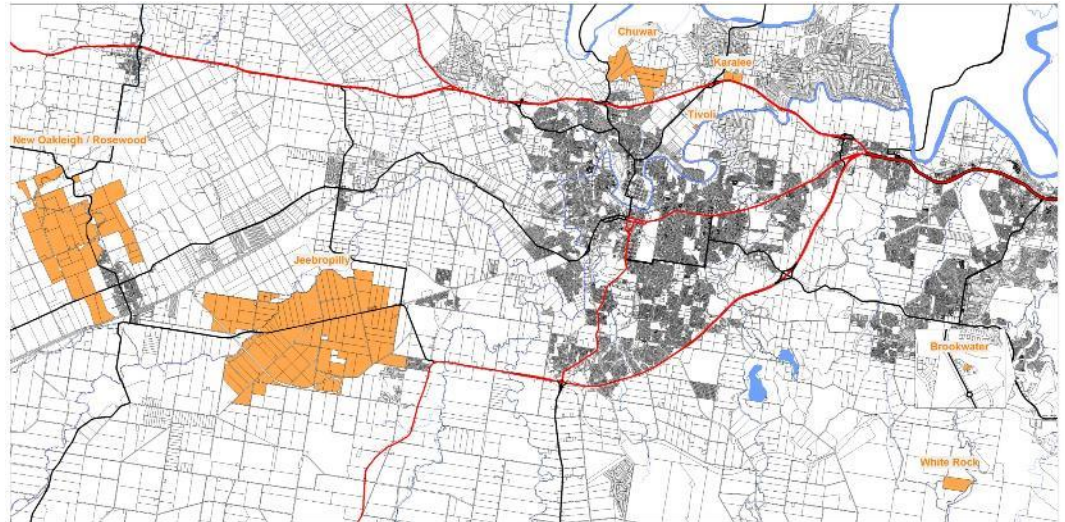


# West Moreton operations

## Transitioning to post-mine opportunities

- FY2019 focus has been on Finishing Well and leaving a positive legacy in the region
- Jeebropilly Mine last coal expected before end of calendar 2019
- Rehabilitation works being undertaken at New Oakleigh East
- Continued maintenance of rehabilitated New Oakleigh West and Chuwar sites
- Future land use opportunities for all of the West Moreton sites and land holdings are currently being evaluated
- The closure of Jeebropilly marks the end of coal mining in the Ipswich region, the end of an era

## New Hope Group Ipswich land holdings (shown in orange)



## Safety and innovation underpin success

- Excellent safety record with over 7 years worked without a lost time injury
- Strong environmental performance achieved through extensive dust monitoring and water management practices
- One of Australia's most efficient coal terminals
- Coal through put in FY2019 was 6.7 million tonnes
- Operating below 10mtpa nameplate capacity with potential to expand to 14mtpa subject to market demand



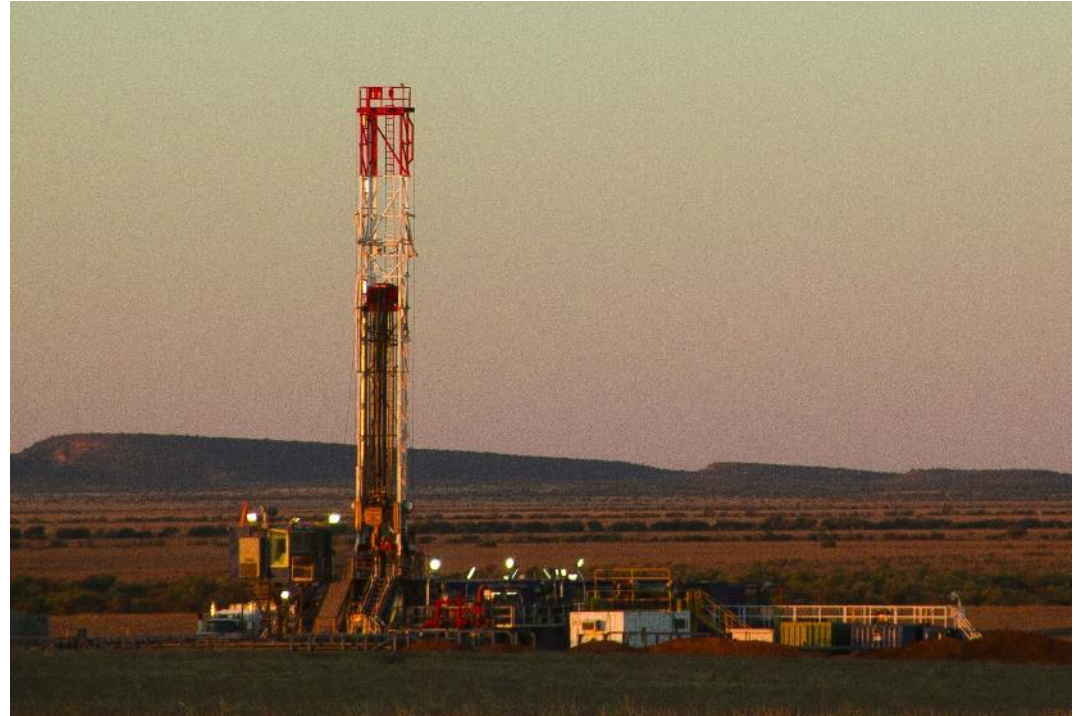
## A mature farming operation

- 349ha of progressive rehabilitated land certified by the Queensland State Government
- 180ha of rehabilitated mined land handed over to pastoral operations
- Pasture management strategy, including use of rehabilitated land for grazing is ongoing
- Continued to build size and quality of breeding herd
- Herd numbers at 2,585
- Irrigated oats and barley crops progressing well under new 72ha pivot footprint
- Fencing upgrades undertaken
- Acland Pastoral agricultural expertise is being applied to the buffer land surrounding the Bengalla operation



## Achievements for 2019

- The drilling of five development wells (three successful and on production)
- Production optimisation from well workovers resulting in increased production
- Progressing feasibility studies for the enhanced oil recovery project at the Moonie field in the Surat Basin
- Successfully de-risking our exploration portfolio with farm-out of work programme activities
- Achieving the grant of an additional exploration tenement, ATP 2036 in the Surat Basin



## In the community

More than \$300,000 towards community projects neighbouring our New Acland Mine

### Over the last five years...

Taxes paid to  
federal  
government

**\$335M**

Payments made  
to employees

**\$261M**

Payments for  
goods & services

**\$2.8B**

Donations &  
sponsorships

**\$4.6M**

### New Hope supporting local its communities



### Supporting Aboriginal education through a partnership with the Graham (Polly) Farmer Foundation



Please refer to Appendix for reconciliation of Non IFRS Financial Information





# PROJECTS

Shane Stephan, Managing Director and Chief Executive Officer

# Lenton Joint Venture Burton Mine

## Central Qld presents opportunity

- Combined project including former Burton Mine and New Hope's neighbouring Lenton Project
- 90% joint venture participant
- Even split of coking / thermal coal
- 412 million tonne resource\*
- Planned ~1.5 million tonne per annum for approximately 16 years
- First coal estimated for calendar 2022 subject to port and rail access
- The mine is currently under care and maintenance with detailed operational readiness plans being developed



\* The information is extracted from the JORC reserve and resource release available on the company website at [newhopegroup.com.au](http://newhopegroup.com.au). The Company can confirm that it is not aware of any new information or data that materially affects the information included in the original announcement and that all technical parameters underpinning the estimate continue to apply. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original publication.

# North Surat Project

## Planning for the future...

- 1 billion tonnes of thermal coal resource\*
- Four project areas - Elimatta, Collingwood, Taroom and Woori
- To meet anticipated market demand from mid 2020s
- Finalising Pre-Feasibility Study
- Elimatta Mining Lease application advancing
- Completed resource definition exploration drilling at Taroom and Woori over the FY19.



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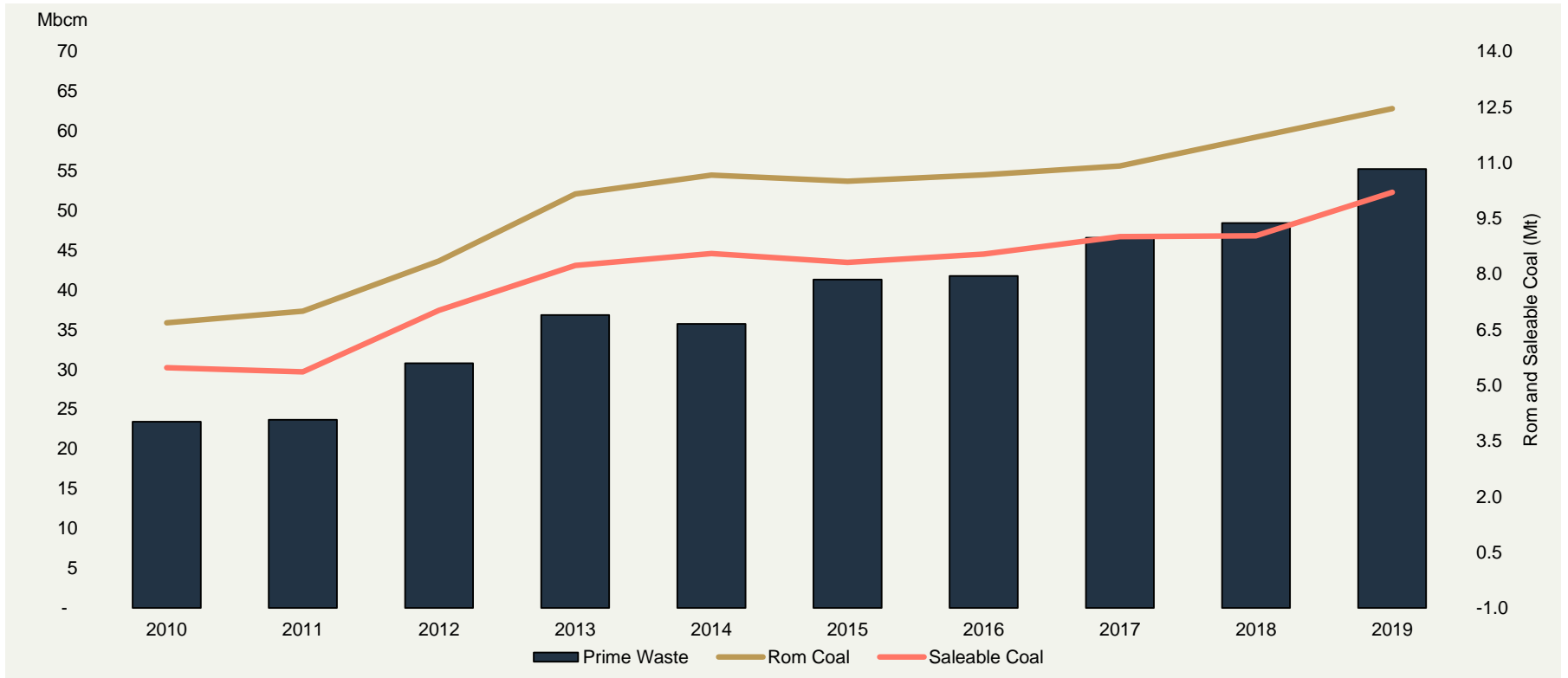
# GROUP OUTLOOK

Shane Stephan, Managing Director and Chief Executive Officer

# A history of success

|           |   |
|-----------|---|
| 1952-1980 | <ul style="list-style-type: none"><li>• New Hope commenced operations in Ipswich, Queensland in 1952</li></ul>  |
| 1980-1990 | <ul style="list-style-type: none"><li>• Commenced the West Moreton mining operations at Jeebropilly Mine in 1982</li><li>• Acquired 50% stake in QBH in 1983</li><li>• Interest acquired in PT Adaro Indonesia in 1989</li></ul>  |
| 1990-2000 | <ul style="list-style-type: none"><li>• Purchased the Rhonnda Collieries operation in 1995</li><li>• Acquired the Acland deposit and Oakleigh Collieries in 1999</li></ul>  |
| 2000-2010 | <ul style="list-style-type: none"><li>• New Acland Mine commissioned at an initial production rate of 2Mtpa (marketable coal) in 2002</li><li>• New Hope listed on the ASX in 2003</li><li>• Sold Indonesian operations in 2005 for US\$406m</li><li>• Acland Pastoral established in 2006</li><li>• Acquired the remaining 50% stake in QBH in 2007</li><li>• Sold its interest in the New Saraji project to BMA for A\$2.45b in 2008</li></ul>  |
| 2010-Now  | <ul style="list-style-type: none"><li>• Arrow Energy divestment in 2010/2011 with gain of A\$466 million realised</li><li>• FPG acquired interest in the Lenton Joint Venture</li><li>• Acquired oil &amp; gas company Bridgeport Energy in 2012</li><li>• Reached agreement to acquire North Surat JV (key tenements Taroom, Collingwood, Woori) in 2014</li><li>• Completed the acquisition of a 40% stake in the Bengalla thermal coal mine in the Hunter Valley in 2016</li><li>• Acquired Burton infrastructure (mining leases and assets) from Peabody in 2017</li><li>• Acquired an additional 40% interest in Bengalla 2019 – total ownership 80%</li></ul> |

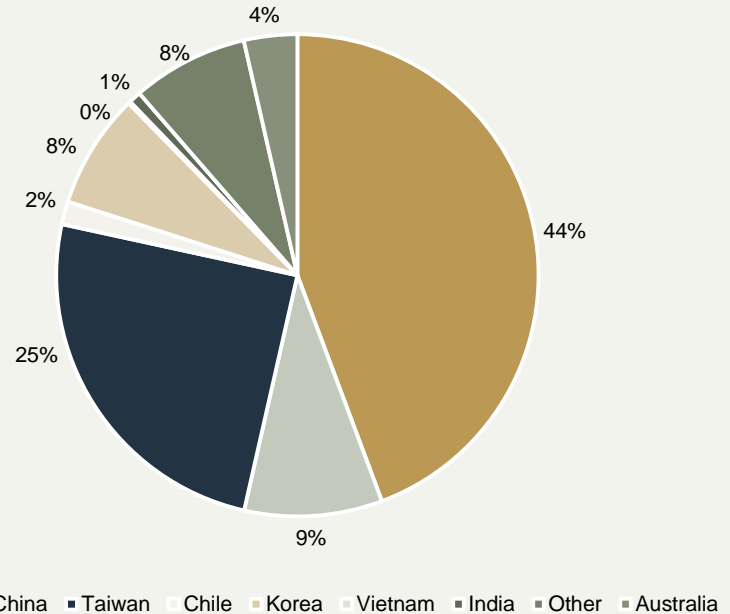
# Bengalla production history and target 2019 Calendar Year



## Market diversification

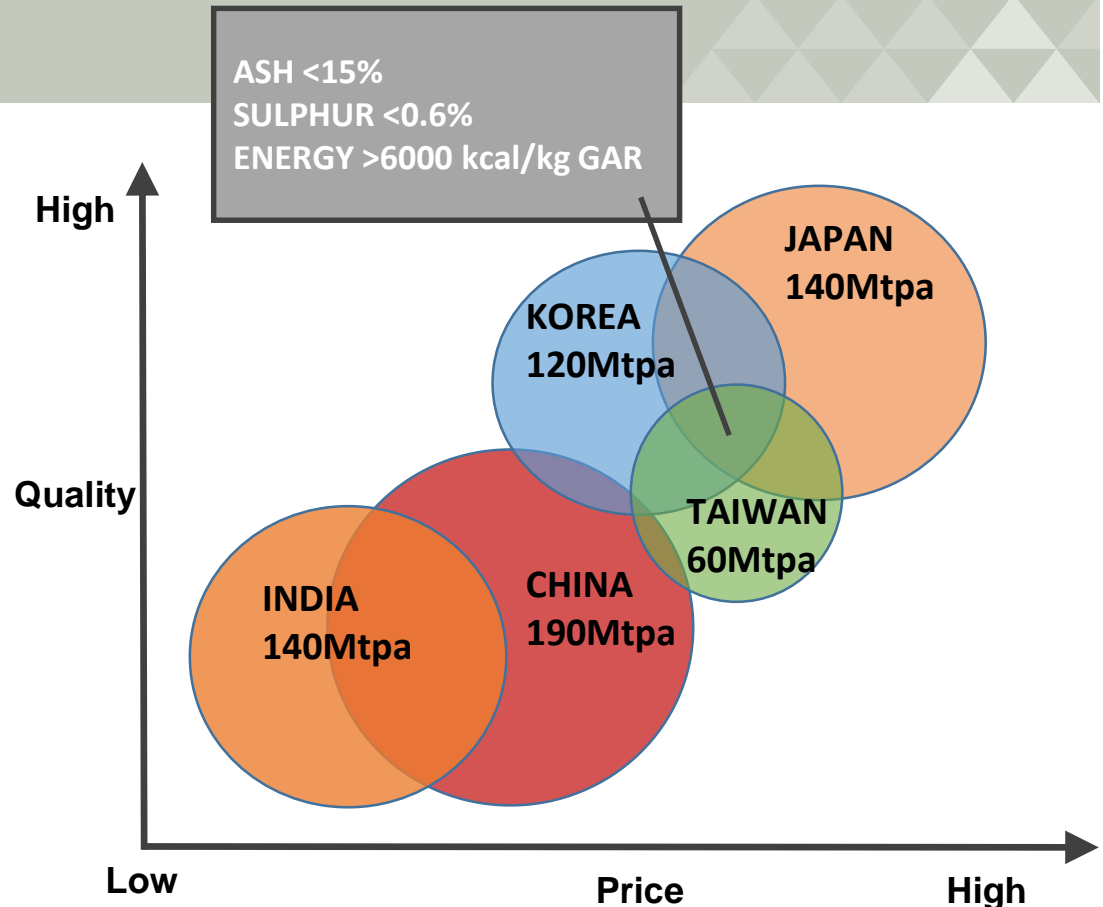
- Diversified revenue base – lowering market risk
- Over 70% of revenue derived from stable, developed economies looking for higher quality coals
- Growth markets being pursued but not at the expense of quality of revenue
- Vietnam and India will become increasingly important to the seaborne thermal coal market but are very price driven buyers
- New Hope is the market leader for high quality, low HGI coal from Queensland and continues to promote this coal into new markets, experimenting with new products
- Bengalla mine has significant production optionality and is able to switch between products and markets depending on margins
- New Lenton coking coal will add further diversity to the portfolio

Group Coal Revenue by Jurisdiction



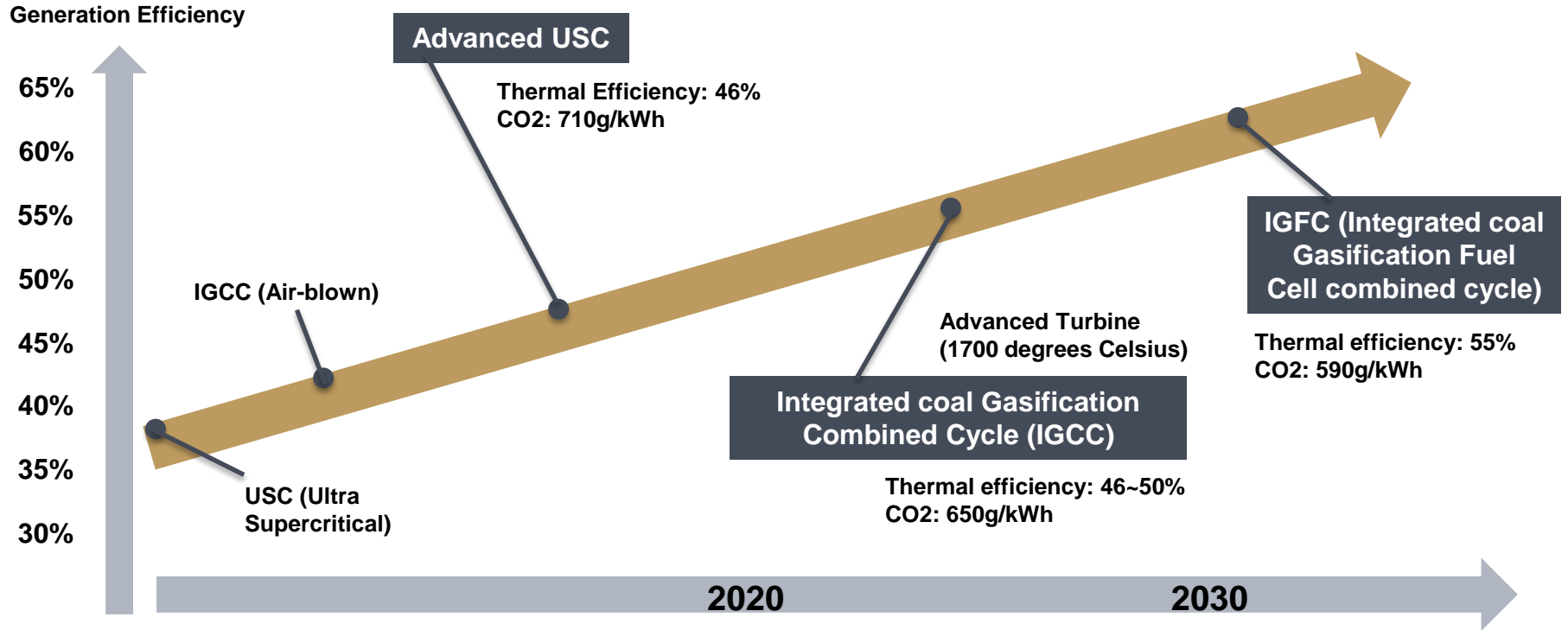
## Asian markets move to quality

- Traditionally Japan has demanded the highest quality coal in the world due to ash disposal costs, and a drive to clean-up industry in the 1970's
- Taiwan is now seeking lower ash, higher energy coals for environmental reasons
- Korea is seeking lower sulphur and considering tighter controls on ash
- The commonality on coal quality between JKT is increasing
- Positive for Australian coals in general; and
- Positive outlook for coals of Surat Basin quality which have low ash and sulphur, comparatively high energy and low emissions



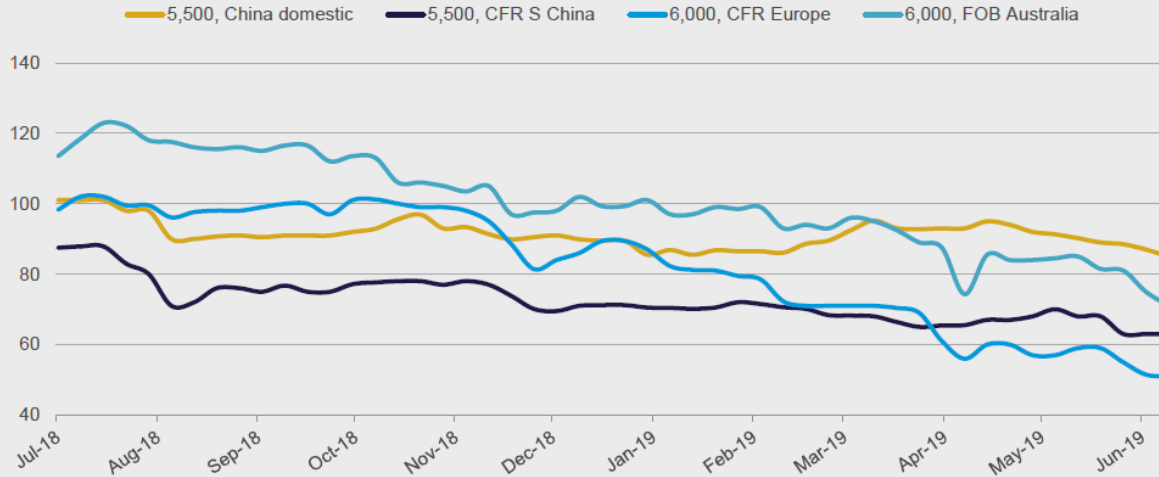


# Plans for decarbonisation



# Thermal coal price decline 2019

Thermal coal prices, apart from those in China, fell in Q2  
Thermal coal prices, \$/t

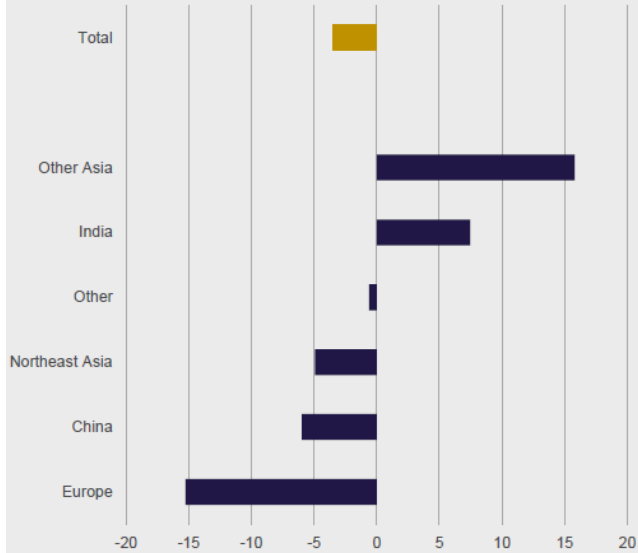


- Thermal coal has not been competitive against cheap gas into Europe
- China's total thermal coal imports are flat year on year with increased domestic supply and slower growth in demand. Domestic Chinese coal prices held up
- Newcastle thermal coal prices appear to have found a bottom over the past few weeks with price recovery likely to be impacted by the timing and severity of the north Asian winter and LNG pricing into Asia

# Lower seaborne demand in 2019 is forcing cuts in supply

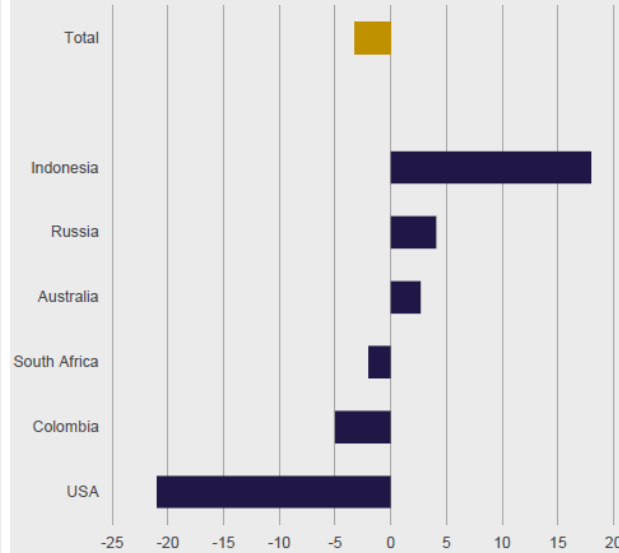
## Import demand has weakened overall

Seaborne thermal coal imports, Mt



## Exporters will have to reduce shipments

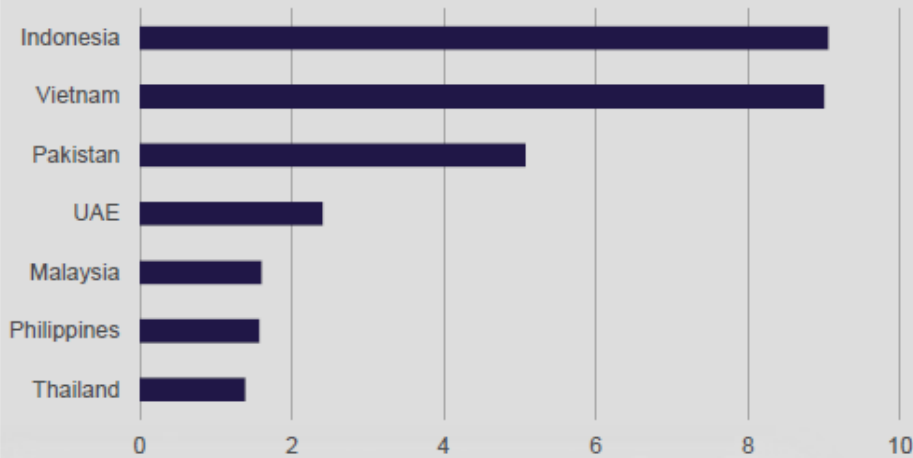
Thermal coal exports, Mt



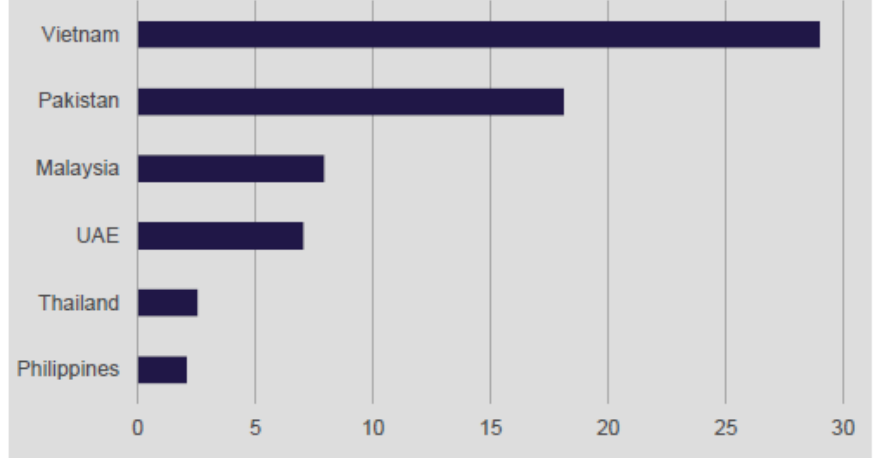
- Thermal coal imports to Vietnam and Pakistan have been growing strongly
- USA, Columbia and South Africa have suffered cuts to thermal coal exports as reliant upon European market
- Russia and Australia increasing exports of higher energy coal whilst Indonesia continues to increase supply of lower energy product

# Significant growth forecast in South East Asia

Change in coal power capacity, 2023 vs 2018, GW

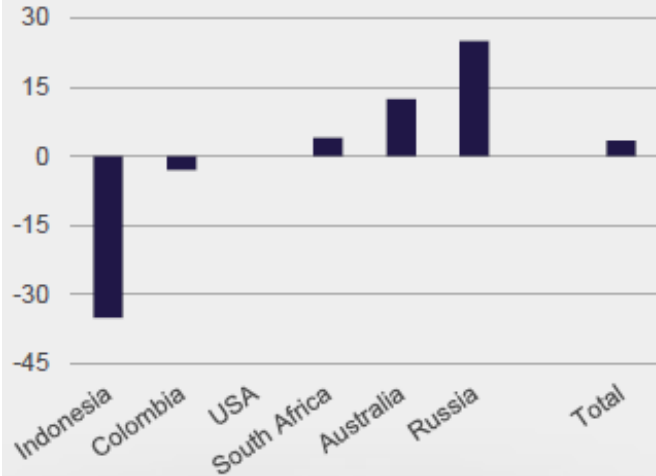


Change in thermal coal imports, 2023 vs 2018, Mt



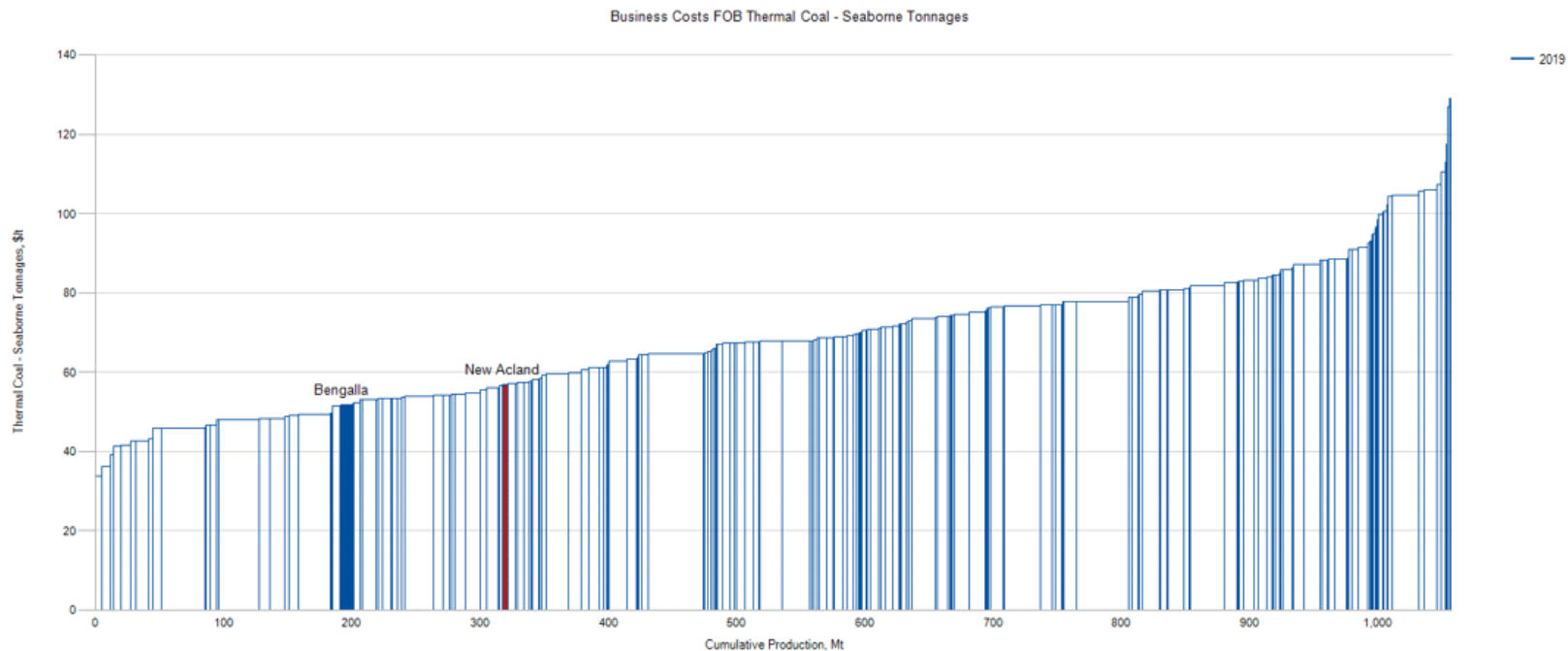
## Growth forecast in medium term for Australia and Russian thermal coal

Russian and Australian supply to grow  
Seaborne thermal coal imports, 2023 vs 2019, Mt



- Russia is a growing competitor in the Seaborne thermal coal market
- Indonesian exports are expected to decrease due to increasing domestic demand

# FOB Seaborne thermal coal cost curve (US\$/tonne)



# Future focus

**New Hope is well positioned to meet the growing energy demands of its Asian customers**

## Coal operations

**Growing production levels**

**Improving safety performance**

**Careful cost management**

## Projects and development

**Developing Lenton Joint Venture Burton Mine**

**Obtaining approvals to meet future demand**

**Bengalla Growth / Efficiency Options**

**Securing approval for New Acland Stage 3 Project**

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## APPENDICES

# Reconciliation of non IFRS financial information

## Year Ended 31 July

(A\$ millions)

|  | 2019   | *Restated<br>2018 | Variance (%) |
|--|--------|-------------------|--------------|
| Profit after tax   | 210.6  | 149.5             | 41%          |
| Income tax expense   | (97.4) | (64.3)            | 51%          |
| Profit before income tax   | 308.0  | 213.8             | 44%          |
| Non regular items before tax   | (76.3) | (159.4)           | (52%)        |
| Profit before income tax and non regular items                               | 384.3  | 373.2             | 3%           |
| Interest expense   | 12.2   | 0.1               | 12,051%      |
| Earnings before interest tax and non regular items                           | 396.4  | 373.3             | 6%           |
| Depreciation and amortisation  | 120.6  | 92.2              | 31%          |
| Earnings before interest tax depreciation amortisation and non regular items | 517.1  | 465.5             | 11%          |

Earnings before interest tax and non regular items (EBIT) and earnings before interest tax depreciation amortisation and non regular items (EBITDA) figures 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. The presentation of the EBIT and EBITDA is to provide a measure of new Hope's performance prior to the impact of financing and non cash depreciation and amortisation.

\* Comparative figures have been restated to present the impacts of the current year discontinued operations as outlined in the New Hope Corporation Limited Appendix 4E and Preliminary Financial Statements at note 24.



# Reconciliation of Net Profit after tax before and after non regular items

## Year Ended 31 July

|  | (A\$ millions) |                   |
|--|----------------|-------------------|
|  | 2019           | *Restated<br>2018 |
| Profit after tax before non regular items                | 268.5          | 261.2             |
| Insurance proceeds from shiploader                       | 1.7            | -                 |
| Gain / (loss) on discontinued operation                  | 0.2            | (37.8)            |
| Onerous contract and related expenses                    | (19.7)         | (10.5)            |
| Acquisition costs expensed                               | (33.4)         | -                 |
| Establishment costs on guarantee facility                | (3.1)          | -                 |
| West Moreton redundancies                                | (3.6)          | -                 |
| Impairment of coal exploration and evaluation assets     | -              | (64.0)            |
| Reversal of impairment of coal to liquids facility asses | -              | 0.6               |
| Profit after tax and non regular items                   | 210.7          | 149.5             |



\* Comparative figures have been restated to present the impacts of the current year discontinued operations as outlined in the New Hope Corporation Limited Appendix 4E and Preliminary Financial Statements at note 24.

## Reconciliation of Net Profit before Tax – before and after non regular items

| Year Ended 31 July 2019   | (A\$ million)   |                 |        |          | Total         |
|---|-----------------|-----------------|--------|----------|---------------|
|   | Coal Mining QLD | Coal Mining NSW | Other  | Treasury |               |
| Profit / (loss) before tax from continuing operations after non regular items | 169.2           | 191.4           | (41.0) | (11.7)   | <b>307.8</b>  |
| Non regular items before tax:   |                 |                 |        |          |               |
| Insurance proceeds from shiploader  | 2.4             | -               | -      | -        | <b>2.4</b>    |
| Onerous contract and related expenses   | -               | -               | (21.7) | -        | <b>(21.7)</b> |
| Acquisition costs expensed  | -               | (47.7)          | -      | -        | <b>(47.7)</b> |
| Establishment costs on guarantee facility                                     | -               | -               | -      | (4.4)    | <b>(4.4)</b>  |
| West Moreton redundancies   | (5.1)           | -               | -      | -        | <b>(5.1)</b>  |
| Profit / (loss) from continuing operations before tax and non regular items   | 171.9           | 239.1           | (19.3) | (7.3)    | <b>384.3</b>  |

## Reconciliation of Net Profit before Tax – before and after non regular items

| Year Ended 31 July 2018   | Coal Mining QLD | Coal Mining NSW | Other   | Treasury | Total         |
|---|-----------------|-----------------|---------|----------|---------------|
| Profit / (loss) before tax from continuing operations after non regular items | 196.5           | 181.9           | (126.1) | 15.3     | <b>267.6</b>  |
| Non regular items before tax  |                 |                 |         |          |               |
| Impairment of coal exploration and evaluation assets                          | -               | -               | (91.5)  | -        | <b>(91.5)</b> |
| Reversal of impairment of coal to liquids facility assets                     | -               | -               | 0.9     | -        | <b>0.9</b>    |
| Onerous contract and related expenses   | -               | -               | (15.0)  | -        | <b>(15.0)</b> |
| Profit / (loss) from continuing operations before tax and non regular items   | 196.5           | 181.9           | (20.5)  | 15.3     | <b>373.2</b>  |

Figures for the year ended 31 July 2018 have been restated to present the impacts of the current year discontinued operations as outlined in the New Hope Corporation Limited Appendix 4E and Preliminary Financial Statements at note 24.

# Reconciliation of non IFRS financial information

**Year Ended 31 July**  
(cents per share)

|  | 2019        | Restated*<br>2018 |
|--|-------------|-------------------|
| <b>Basic earnings per share (cents) (before non regular items)</b> | <b>32.3</b> | <b>31.5</b>       |
| Insurance proceeds from shiploader                                 | 0.2         | -                 |
| Gain / (loss) from discontinued operations                         | -           | (4.6)             |
| Onerous contract and related expenses                              | (2.4)       | (1.3)             |
| Acquisition costs expensed   | (4.0)       | -                 |
| Establishment costs on guarantee facility                          | (0.4)       | -                 |
| Weston Moreton redundancies  | (0.4)       | -                 |
| Impairment of coal exploration and evaluation assets               | -           | (7.7)             |
| Reversal of impairment of coal to liquids facility assets          | -           | 0.1               |
| <b>Basic earnings per share (cents) (after non regular items)</b>  | <b>25.3</b> | <b>18.0</b>       |

Basic earnings per share 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.



\* Comparative figures have been restated to present the impacts of the current year discontinued operations as outlined in the New Hope Corporation Limited Appendix 4E and Preliminary Financial Statements at note 24.