



**NEW HOPE**  
GROUP



## **WILSONS ADVISORY**

### VIRTUAL RAPID INSIGHTS CONFERENCE

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

# Agenda

1. 1<sup>st</sup> Half Financial Year Summary – 3<sup>rd</sup> Quarter Update
2. COVID19 Risk Management Response
3. COVID19 Impacts on Coal Markets
4. Coal Prices
5. NAC03 Update
6. Outlook
  - Near term
  - Medium term

# 1<sup>st</sup> Half Financial Year Summary

## Increased production leads to solid half year result

Total tonnes sold

**6.4M**

▲ 42% from 2019

Revenue from operations

**\$618M**

In line with 2019

EBITDA  
(before non regular items)

**\$213M**

▼ 25% from 2019

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

**\$167M**

▼ 41% from 2019

Interim dividend

**6cps**

▼ 25% from 2019

TRIFR<sup>1</sup>

**3.6**

▼ 64% from 2019

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



<sup>1</sup> Total Recordable Injury Frequency Rate (TRIFR).

# 1<sup>st</sup> Half Financial Year Summary

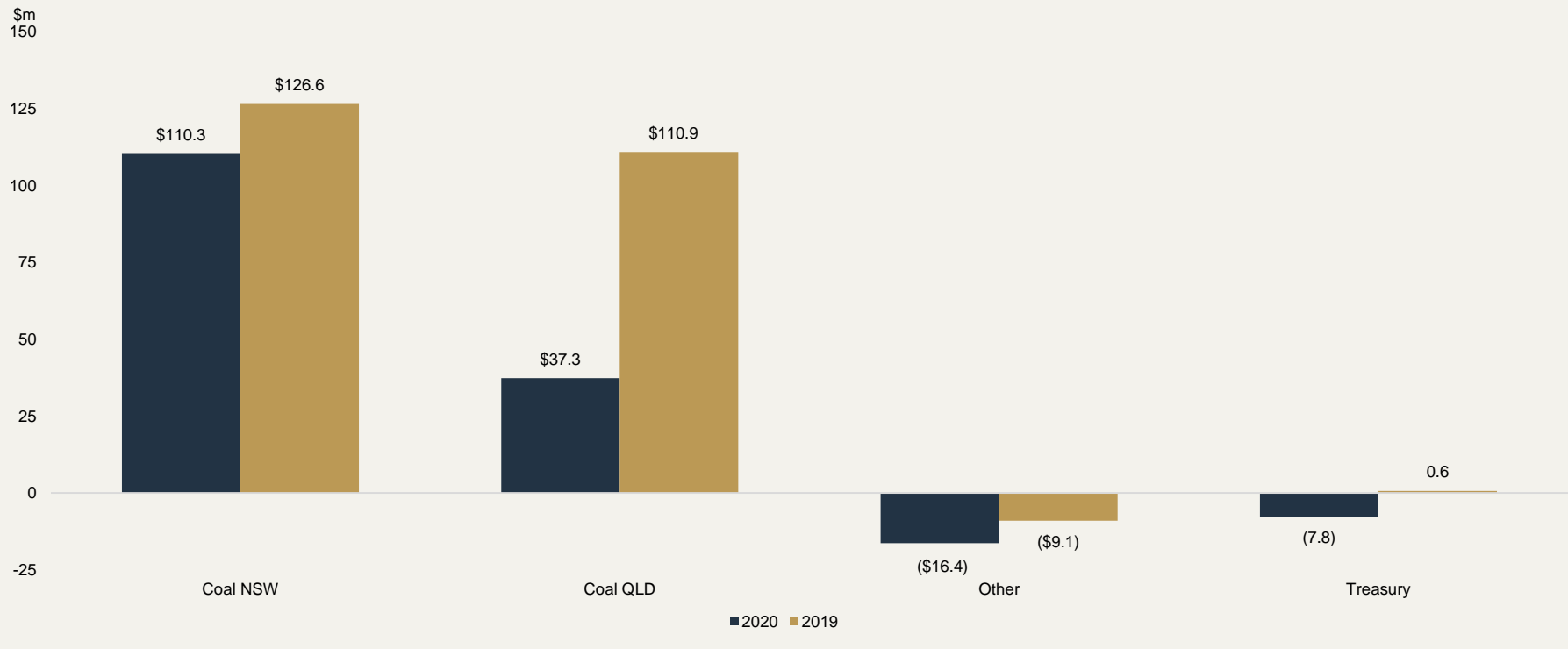
## Half Year Ended 31 January

	(A\$ millions)		
	2020	2019	Variance
Revenue from continuing operations	618.2	616.7	0.2%
EBITDA before non regular items	212.6	285.2	(25%)
Profit before tax and non regulars	123.5	228.9	(46%)
Non regular items before tax	(30.1)	(51.5)	42%
Profit before tax and after non regular items	93.4	177.4	(47%)
Profit after tax before non regulars	86.4	159.8	(46%)
Non regular items after tax	(16.6)	(39.6)	58%
Profit after tax and non regular items	69.8	120.2	(42%)

Lower coal prices per tonne (29% down on prior corresponding period) have offset the benefits of higher sales volumes (42% up on prior corresponding period) resulting in revenues remaining in line with 2019.

Non regular items for the half year include Jeebropilly rehabilitation, New Acland redundancies, recovery of port costs, onerous contract and related expenses and oil exploration asset impairments. Please refer to Appendices for reconciliation of non regular items.

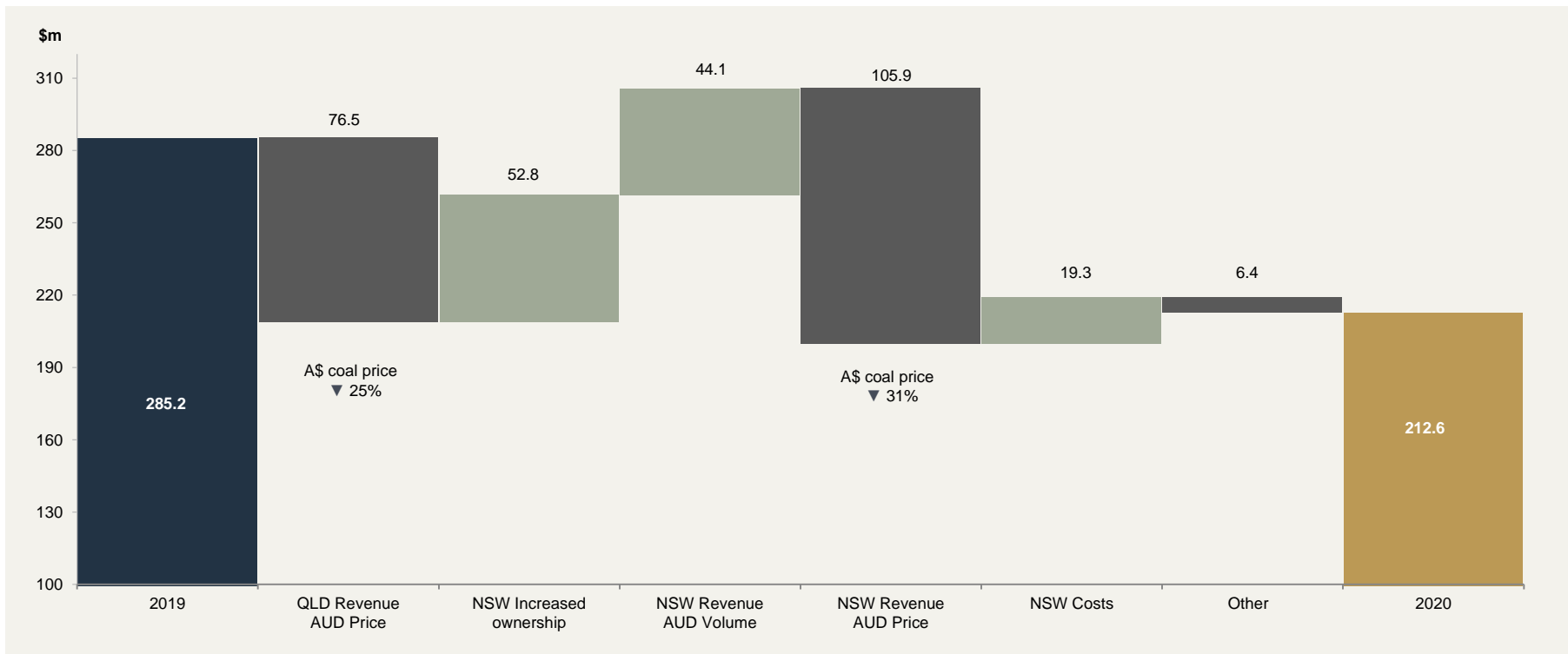
# 1<sup>st</sup> Half Financial Year Summary - Segment profit before tax and non regular items<sup>1</sup>



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

<sup>1</sup> Treasury profit before tax also included as reconciling item.

# 1<sup>st</sup> Half Financial Year Summary - Group EBITDA comparison (before non regular items)



Please refer to Appendix for reconciliation of Non IFRS Financial Information

## 3<sup>rd</sup> Quarter Production Update

	Quarter Ended			Nine Months Ended		
	Apr-20 ('000t)	Apr-19 ('000t)	Change (%)	Apr-20 ('000t)	Apr-19 ('000t)	Change (%)
<u>Saleable Coal Production</u>						
QLD 100% owned and operated	576	1,227	(53.0%)	2,443	3,527	(30.7%)
NSW 80% owned operations**	1,706	1,686	1.2%	6,050	4,035	49.9%
<b>Total Saleable Coal Production</b>	<b>2,282</b>	<b>2,913</b>	<b>(21.7%)</b>	<b>8,493</b>	<b>7,562</b>	<b>12.3%</b>
<u>Coal Sold</u>						
QLD 100% owned and operated*	866	1,343	(35.5%)	2,973	3,510	(15.3%)
NSW 80% owned operations**	1,937	1,722	12.5%	6,193	4,076	51.9%
<b>Total Coal Sold</b>	<b>2,804</b>	<b>3,065</b>	<b>(8.5%)</b>	<b>9,166</b>	<b>7,586</b>	<b>20.8%</b>
QBH Export Throughput	1,240	1,653	(25.0%)	4,108	4,874	(15.7%)

\* Includes Trade Coal Sales.

\*\* NSW ownership 40% up to November 2018, December 18 - 25 March 19 70% and 25 March 19 - July 19 80%.

# COVID19 Risk Management Response

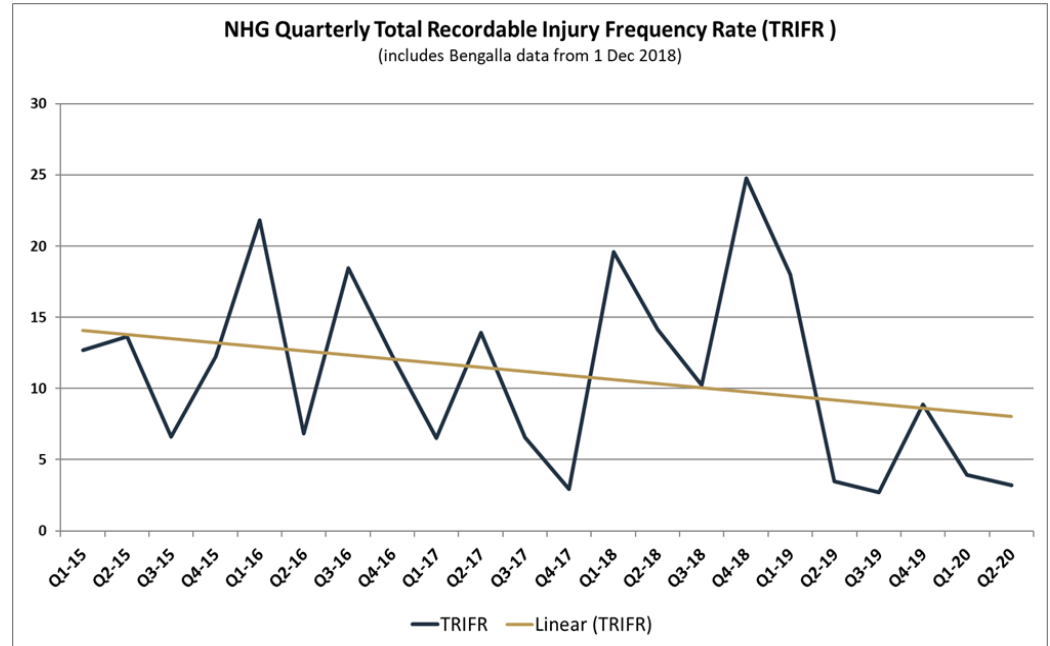
- Followed Government advice and that of our nominated medical advisor along with industry consultation groups.
- Implemented a COVID management group to coordinate company wide response, site implemented risk management processes similar to standard hazard management processes.
- Internal communication to staff increased in frequency through use of corporate intranet and Konnective internal social media app.
- No COVID positive cases have been detected at any of our worksites.
- Some control measures implemented at sites include:
  - Toolbox and pre-start meetings in open air and socially distant,
  - Work vehicles are cleaned prior to shift changes,
  - Crib room breaks are staggered to ensure social distancing,
  - Limits on meeting, lunch rooms and quiet rooms,
  - Work stations sanitized each day,
  - Hand sanitizer stations throughout each premise,
  - Increased COVID19 deep cleaning of office furniture,
  - Social distancing and personal hygiene messages,
  - Do not come to work if unwell,
  - Complimentary influenza shots for employees and their families,
  - Work from home arrangements for those who are vulnerable; and
  - Encouraged to download the Australian Government App.





## Continued improvement in injury rates

- TRIFR has continued to decrease to 3.6 per million exposure hours currently, well below the Opencut Mining Industry of 6.3.
- Queensland Bulk Handling (QBH) continued to build on its record of safe operations and is now over six years lost time injury free (LTI) while Bridgeport is over five years LTI free.
- The improvement in safety performance across operations continues.
- Current improvement initiatives include a focus on critical control management.



## Bengalla - 3<sup>rd</sup> Quarter Update

- New Hope's share (equal to 6.05 million tonnes) of Bengalla's production for the nine months ended 30 April 2020 up to 49.9% on the prior corresponding period.
- Most recent quarterly production 21% lower than average of the prior two quarters due to mine sequencing, wet weather and a localised geotechnical issue.
- Unit costs of production were impacted during the most recent quarter due to lower production.
- Preparations are well advanced for a major maintenance shutdown of the dragline that is scheduled to commence in July 2020 and run for 80 days.
- Proximity detection and fatigue management systems were installed across the heavy equipment fleet.



## New Acland production drops on Qld Government inaction

- New Acland produced 2.44 million tonnes for the nine months ended 30 April 2020, a decrease of 30.7% on the prior corresponding period.
- Production for the third quarter was 0.58 million tonnes compared to 1.23 million tonnes in the prior corresponding quarter down 53%.
- Unit costs of production at New Acland are being significantly impacted by the lower production rate.
- The remaining workforce of 150 permanent employees continue to anxiously await the decision of the Queensland Government in relation to Stage 3 approvals.
- New Acland was successful in the Queensland Court of Appeal proceedings relating to the Stage 3 project, opponents of the project have sought special leave to appeal to the High Court scheduled for 5 June 2020.
- The Queensland Government has stated that it will wait for the High Court before making a decision on the project.



## Bridgeport Energy - Responding to volatile market conditions

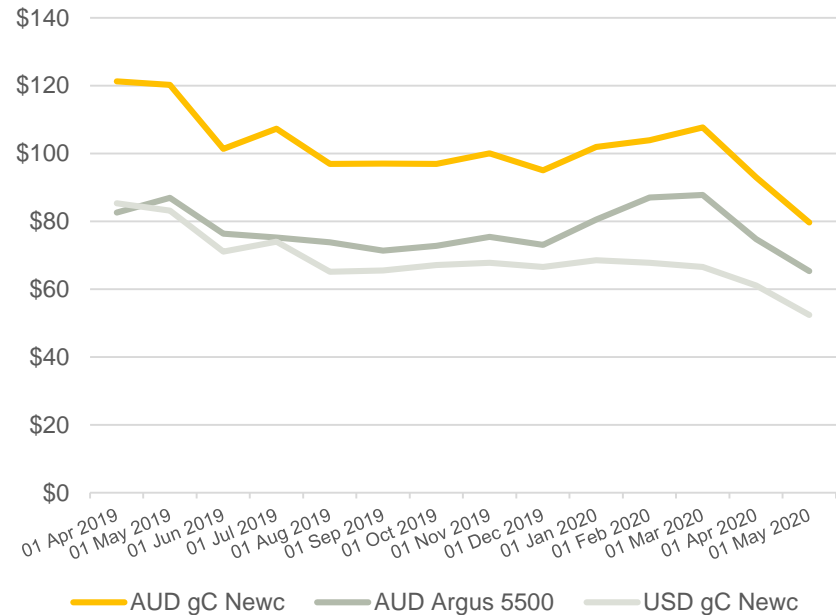
- Approximately 80,290 barrels of oil were produced in the third quarter down 14% on the equivalent quarter in 2019.
- Forward capital and operating expenditures have been reduced due to the significant recent drop in oil price.
- The firm's drilling rig completed six workovers across the Kenmore, Bodalla and Inland fields with two cased and suspended wells being brought online.
- The Vali 1 well (ATP 2021, Bridgeport 25%), is preparing for flow testing of this discovery. Vintage Energy (the tenement operator) has reported independently verified gross 2C resource estimate for the field of 37.7 billion cubic feet of gas.



# COVID19 Impacts on Coal Markets

- Thermal coal prices were resilient until the end of March however fell quickly due to reduced electricity demand across most markets.
- Thermal coal demand and price has dropped sharply since the beginning of April which will negatively impact financial results for the company in the second half of this financial year.
- Australia was the only major exporting country to increase supply in the first quarter of the calendar year climbing 2.6Mt to 51.8 Mt. However since the start of April several Australian produces have announced supply reductions due to recent pricing.
- The past week has seen the first improvement in coal pricing of approximately US\$4/tonne with current Newcastle standard coal being approximately US\$54/tonne.

## Newcastle thermal coal prices

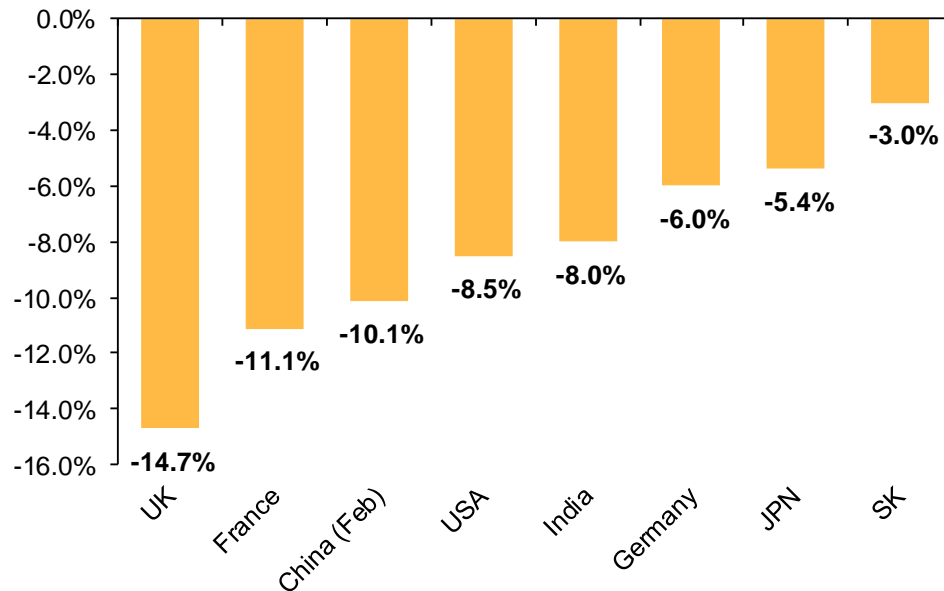


Sources: globalCOAL – a division of Global Commodities Holdings Ltd  
Argus

## COVID19 Impacts on Coal Markets - Global power demand

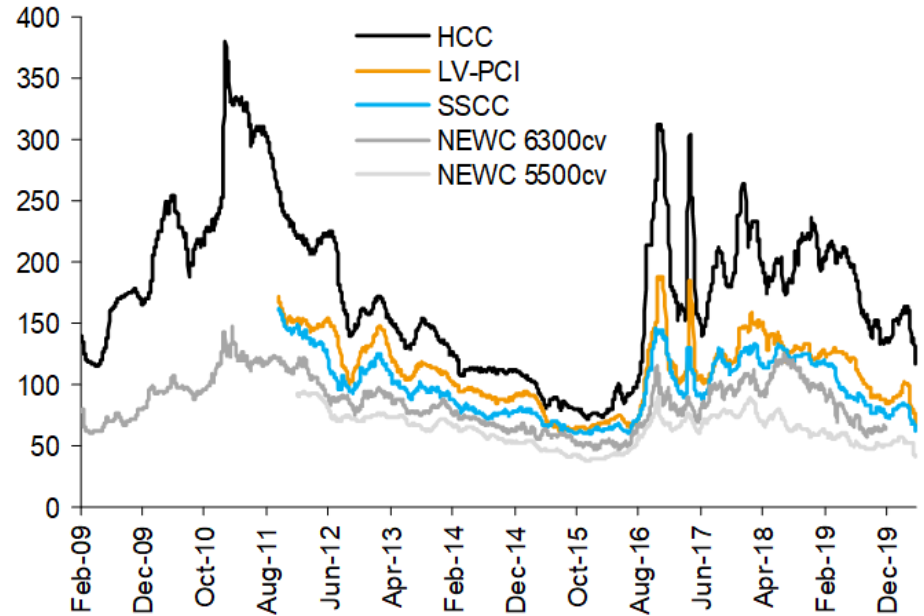
- Global power demand destruction more rapid and greater than during GFC.
- Some markets are delaying cargos, currently fluid market conditions.
- China power consumption is currently higher than this time last year.

Daily power consumption in April (YoY change, %)



## COVID19 Impacts on Coal Markets – Testing 2016 lows

- All markets and coal types affected by COVID
- Large scale redirection of trade in coal markets with Asian markets materially less impacted than Europe and the Americas.
- Markets are extremely dynamic with demand in Vietnam and Taiwan strong, Korea firm and China recovering quickly.



# COVID19 Impacts on Coal Markets

## Positives and Negatives in the Current Thermal Coal Market

Chinese industrial activity and power consumption picking up, warmer weather than usual, coal stocks declining

Supply is starting to come out of the market

Australia/China relations

Uncertainty about Japan's pace of recovery

Korea, Vietnam and Taiwan appear not to have been badly affected at this time

Japan's state of emergency being lifted

Indian coal stocks highest ever recorded and lockdown extended to 31 May

Australian supply is sticky – only some supply cuts being announced

Pricing for thermal coal ticked up in recent weeks

Spot coal competitive with spot gas at current prices & limited ability to take advantage of lower gas prices

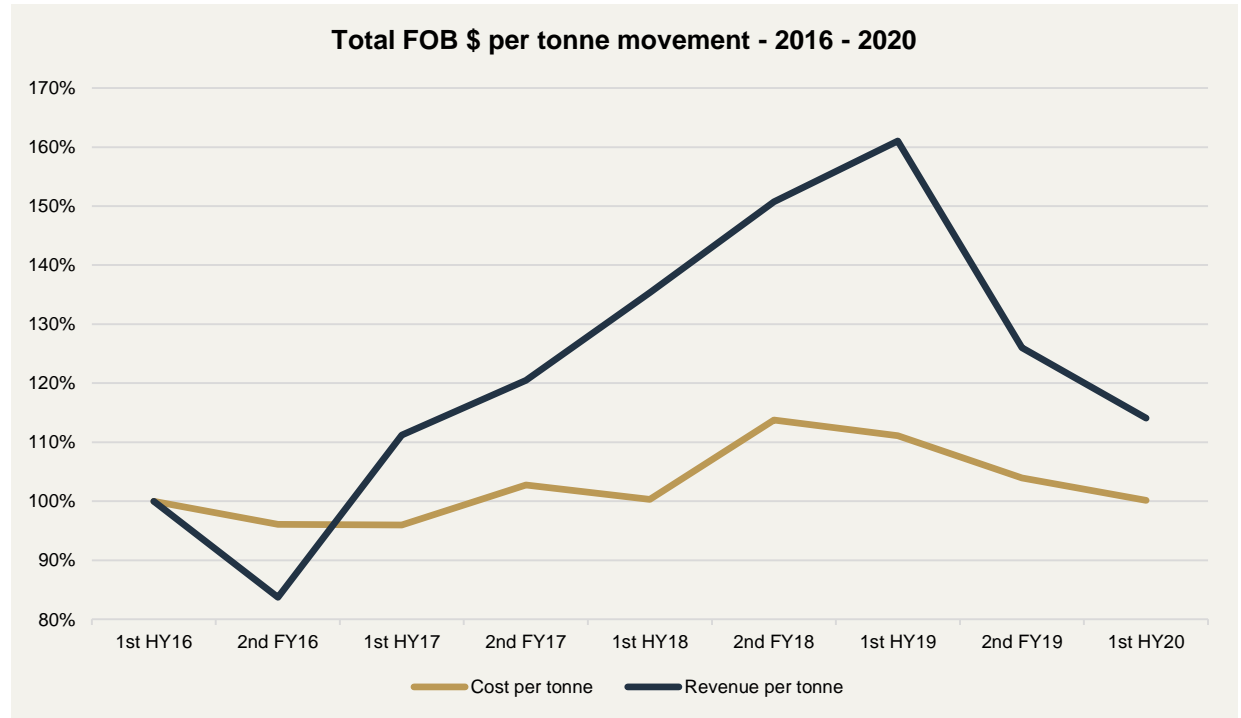
Impact of COVID on coal supply has been much less than on demand as coal industry has been considered essential business

Europe – lowest level of coal imports for 30 years



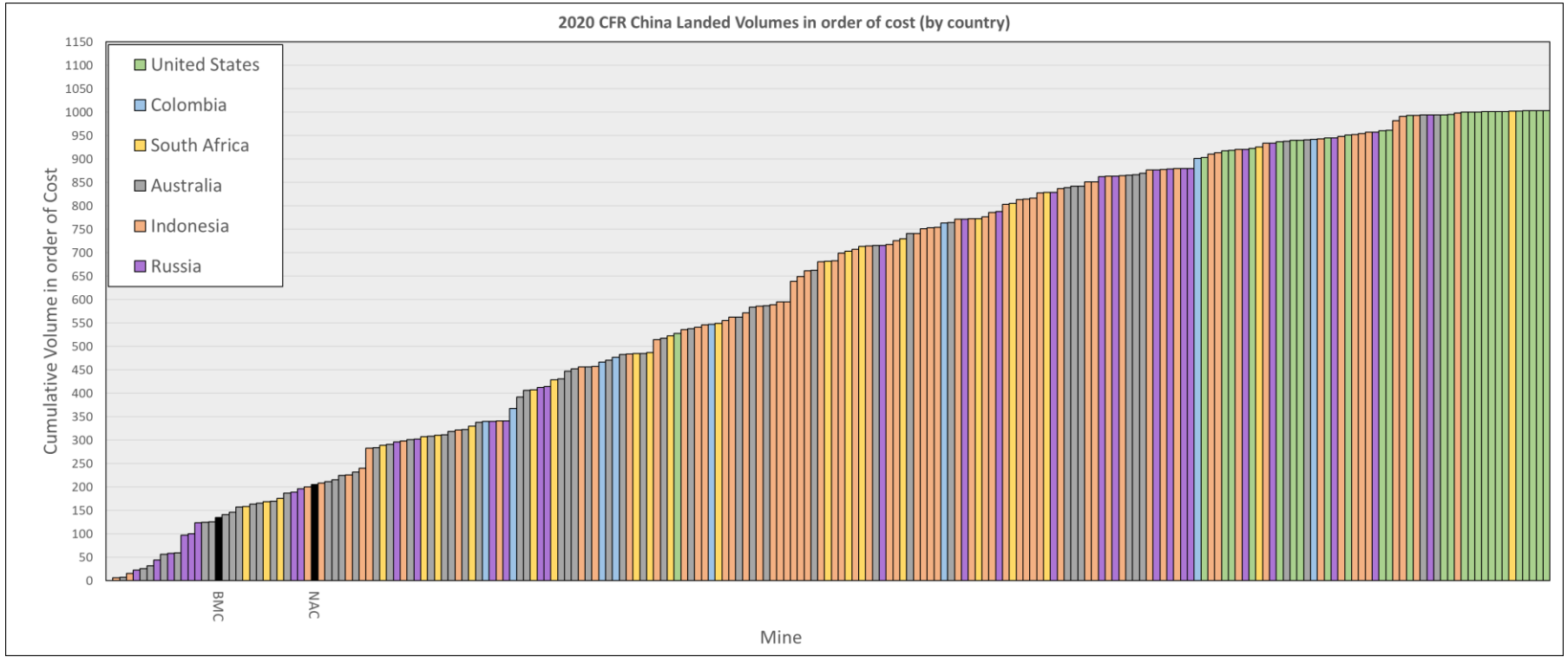
## Organisational Resilience – Cost control through cycle

- Attached is a chart of the Company's unit cost and revenue on a total cost basis each half year since the 1<sup>st</sup> half of 2016.
- It should be noted that unit costs in this latest half year are the same as those from the 1<sup>st</sup> half of 2016.
- A proportion of the cost increases experienced during 2018/19 were due to revenue related costs such as royalties.
- A focus on the importance of unit cost management is part of the New Hope DNA.



# Organisational Resilience – Cost curve analysis

## 2020 Volume by Origin Cost Landed to China – Energy adjusted



Source: CRU International Ltd & NHG Analysis

NEW ACLAND MINE  
18 MONTH RAMP UP

487  
NEW JOBS

At 3 months  
60 new jobs  
created

At 6 months  
187 new  
jobs created

At 12 months  
258 new jobs  
created

At 18  
months 487  
new jobs  
created

NEW JOBS - Projects and Operations

AT APPROVAL  
274 WORKERS

AT 18 MONTHS  
761 WORKERS



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## Queensland Economic Opportunity

- The resources sector has been a standout success story during the COVID19 lockdown managing to safely maintain sizeable workforces.
- The resources sector is poised to create 12,000 jobs and pump more than \$24billion in to the Queensland economy as we come out of lockdown.
- Projects are waiting for Government approval including 6 major coal projects.
- New Acland Stage 3 Project (NAC03) sits at the top of wish list of resource projects.
- When approved NAC03 will secure 150+ existing jobs, create 487 new full time jobs and over 230 construction jobs over the life of the project.
- It will also provide energy security for our domestic customers who employ over 14000 Queenslanders.

Next 12 months

Beyond 12 months

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

Coal operations – goal is safe production

Developing projects when markets demand

Managing costs and risks across the business

Obtaining Acland Stage 3 approvals

Carefully budgeting resources to future projects with a risk managed approach

Burton/Lenton

Being flexible to respond to dynamic thermal coal markets

North Surat

Bridgeport

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## APPENDICES

# Reconciliation of non IFRS financial information

## Half Year Ended 31 January (A\$ million)

	2020	2019	Variance
Profit after tax	69.8	120.2	(42%)
Income tax expense	23.6	57.2	(59%)
Profit before income tax	93.4	177.4	(47%)
Non regular items before tax	30.1	51.5	(42%)
Profit before income tax and non regular items	123.5	228.9	(46%)
Interest expense	10.3	3.5	194%
Earnings before interest, tax and non regular items	133.8	232.4	(42%)
Depreciation and amortisation	78.8	52.8	49%
Earnings before interest, tax, depreciation, amortisation and non regular items	212.6	285.2	(25%)

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 4D and Interim 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.





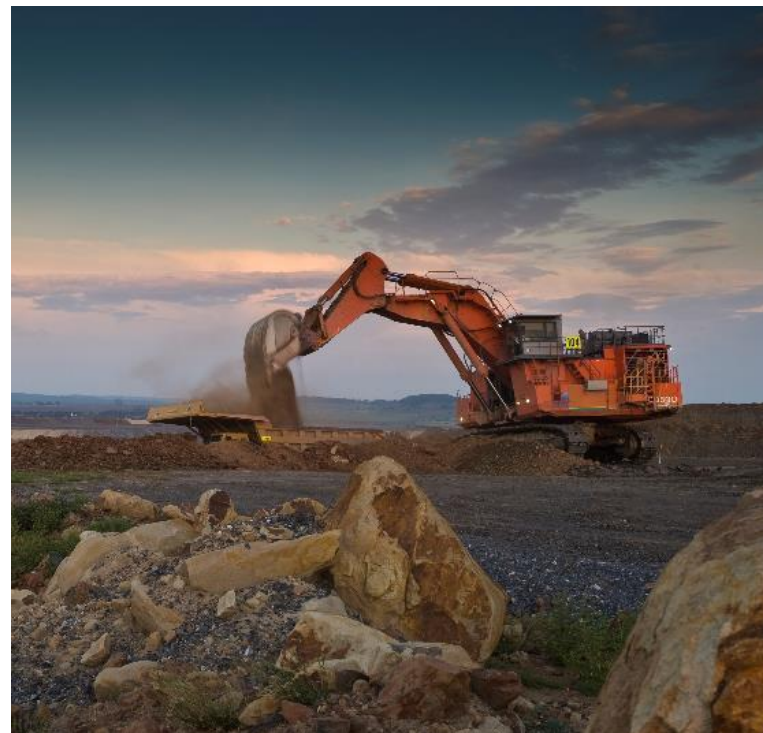
## Reconciliation of non IFRS financial information

### Half Year Ended 31 January (cents per share)

	2020	2019	Variance
Basic earnings per share (cents) (after non regular items)	10.4	14.4	(46%)
Jeebropilly rehabilitation\	(1.8)	-	(100%)
New Acland redundancies	(0.5)	-	(100%)
Recovery of Port costs	0.2	-	100%
Oil exploration asset impairments	(0.3)	-	(100%)
Onerous contract and related expenses	0.4	(1.4)	129%
Insurance proceeds	-	0.2	(100%)
Gain / (loss) on discontinued operation	-	-	-
Acquisition costs expensed	-	(3.2)	100%
Transaction costs on guarantee facility	-	(0.4)	100%
Basic earnings per share (cents) (before non regular items) <sup>1</sup>	8.4	19.2	(42%)

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 4D and Interim Report in the Consolidated Statement of Comprehensive income.

<sup>1</sup> Totals may not reconcile due to rounding.



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

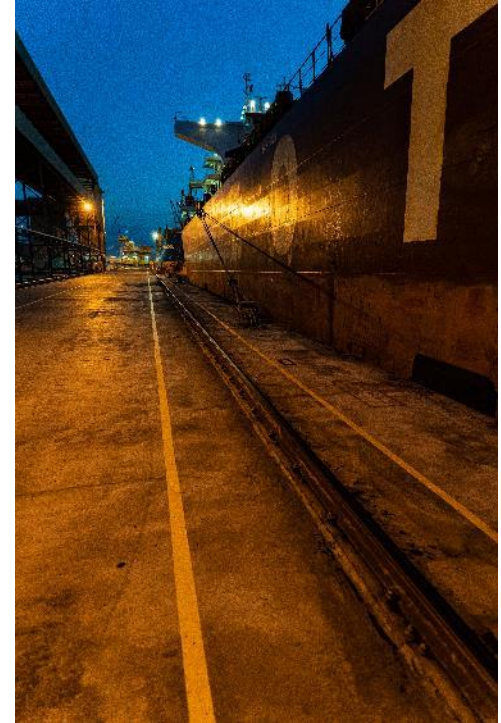
Half year ended 31 January 2020 (A\$ million)	Coal NSW	Coal QLD	Other	Treasury	Total <sup>1</sup>
Profit / (loss) before tax from continuing operations after non regular items	112.2	10.2	(21.4)	(7.8)	93.4
Non regular items before tax:					
Jeebropilly rehabilitation	-	(21.0)	-	-	(21.0)
New Acland redundancies	-	(6.1)	-	-	(6.1)
Recovery of port costs	1.9	-	-	-	1.9
Onerous contract and related expenses	-	-	(2.0)	-	(2.0)
Oil exploration asset impairments	-	-	(3.0)	-	(3.0)
Profit / (loss) before tax and non regular items	110.3	37.3	(16.4)	(7.8)	123.5



<sup>1</sup> Totals may not reconcile due to rounding.

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

Half year ended 31 January 2019 (A\$ million)	Coal NSW	Coal QLD	Other	Treasury	Total <sup>1</sup>
Profit / (loss) before tax from continuing operations after non-regular items	88.7	113.3	(21.1)	(3.8)	177.4
Non-regular items before tax:					
Insurance proceeds ship-loader	-	2.4	-	-	2.4
Onerous contract and related expenses	-	-	(11.9)	-	(11.9)
Acquisition costs expensed	(37.8)	-	-	-	(37.8)
Transaction cost on guarantee facility	-	-	-	(4.4)	(4.4)
Profit / (loss) before tax and non-regular items	126.6	110.9	(9.2)	0.6	228.9



<sup>1</sup> Totals may not reconcile due to rounding.