



**NEW HOPE**  
GROUP



# FINANCIAL RESULTS RELEASE

FULL YEAR ENDED 31 JULY 2018

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



# RESULTS OVERVIEW

Robert Millner, Chairman



# Executive Summary

## Best full year operating result in Company history

Profit after income tax  
(before non regular items)

**\$253M**

▲96% from 2017

Cash generated from ops  
(before interest and tax)

**\$434M**

▲39% from 2017

Total tonnes sold

**8.9M**

▲5% from 2017

EBITDA  
(before non regular items)

**\$453M**

▲60% from 2017

Final dividend

**8.0 cents**

▲33% from 2017

Land rehabilitated

**50ha**

at New Acland Mine

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





# FINANCIAL OVERVIEW

Matthew Busch, Chief Financial Officer

# Financial Highlights

## Increasing coal price drives profit

Revenue from  
operations  
**\$1,079M**  
▲28% from 2017

Profit before income tax  
(before non regular items)  
**\$361M**  
▲96% from 2017

Profit after income tax  
(before non regular items)  
**\$253M**  
▲96% from 2017

EBITDA  
(before non regular items)  
**\$453M**  
▲60% from 2017

Final dividend  
**8.0 cents**  
▲33% from 2017

Earnings per share  
(before non regular items)  
**30.4 cents**  
▲97% from 2017

Please refer to Appendix for reconciliation of Non IFRS Financial Information



# Financial Performance

## Year Ended 31 July

	(A\$ millions)		
	2018	2017	Variance
EBITDA before non regular items	453.1	283.1	60%
Non regular items before tax	(147.0)	17.9	(921%)
EBITDA after non regular items	306.1	301.0	2%
Profit before tax and non regulars	360.8	184.3	96%
Non regular items before tax	(147.0)	17.9	(921%)
Profit before tax and after non regular items	213.8	202.2	6%
Profit after tax before non regulars	252.6	128.7	96%
Non regular items after tax	(103.1)	11.9	(966%)
Profit after tax and non regular items	149.5	140.6	6%



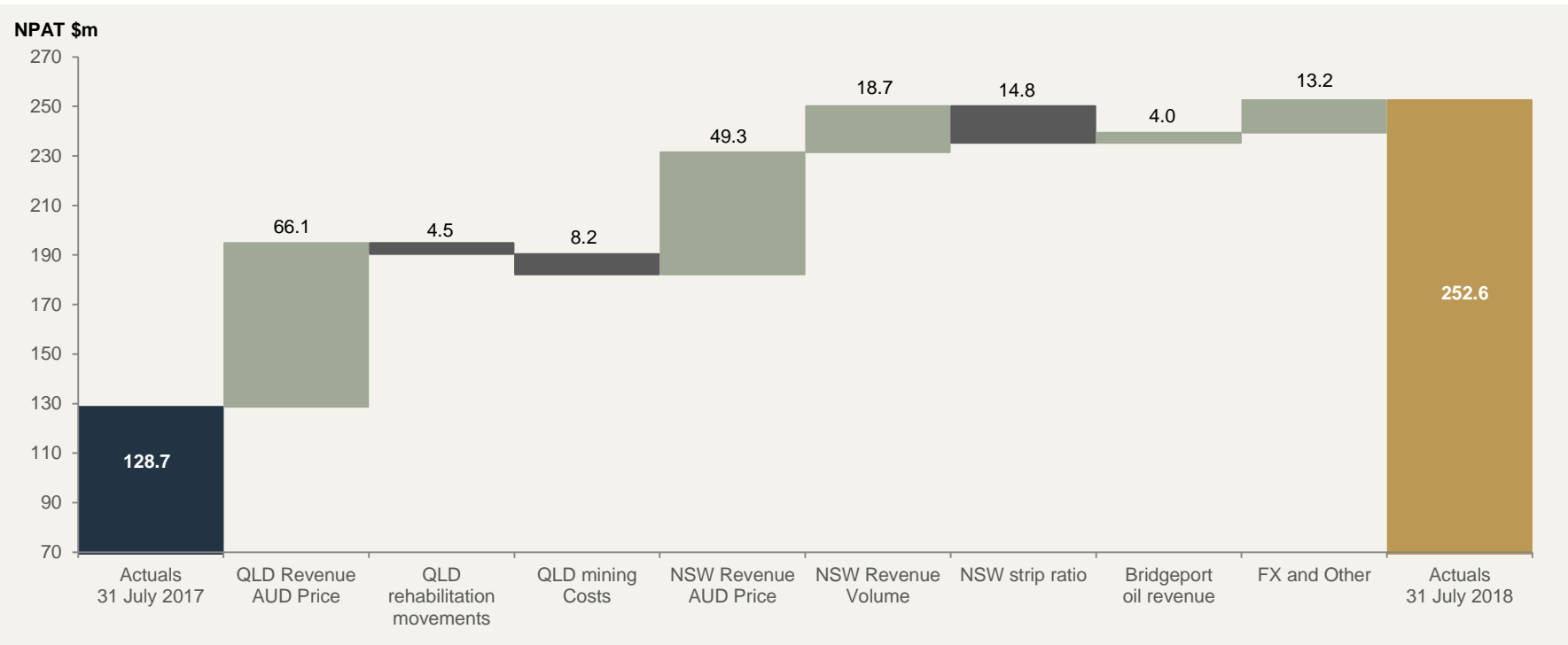
## Segment NPAT contribution (before non regular items)



Please refer to Appendix for reconciliation of Non IFRS Financial Information



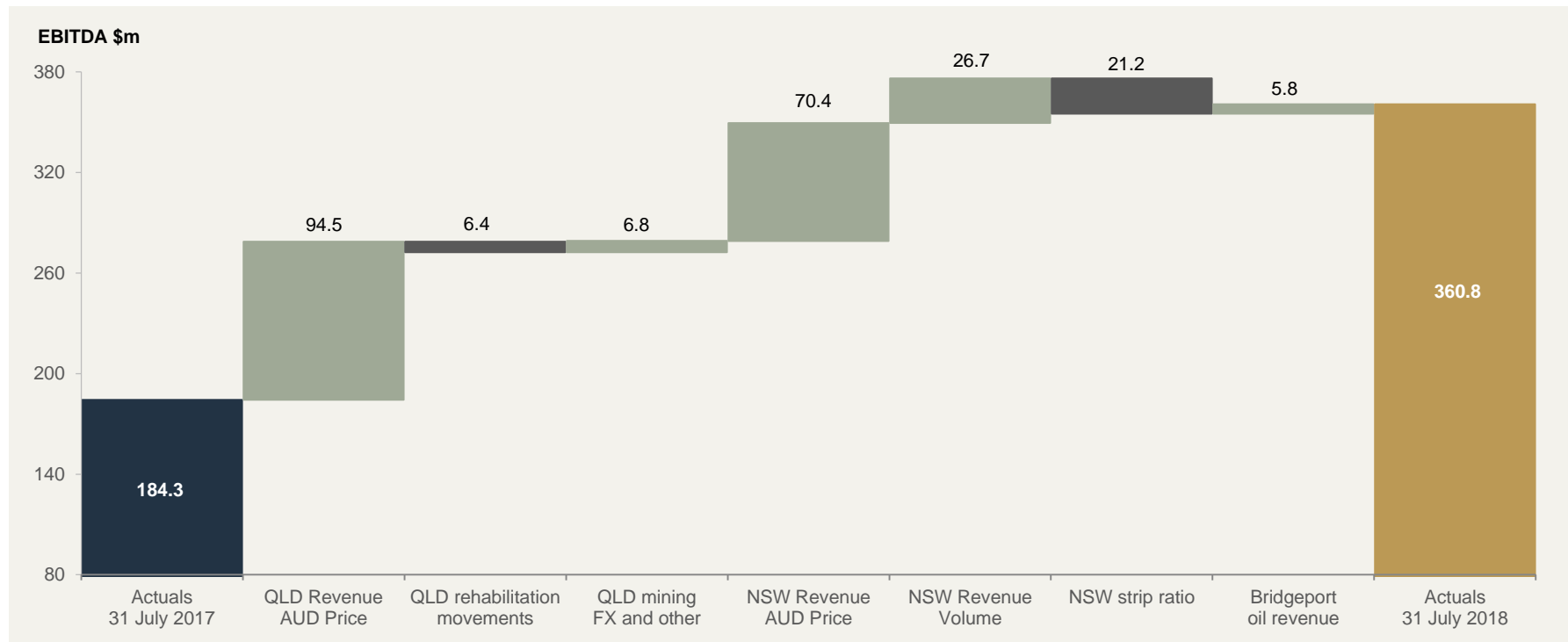
## Group NPAT Comparison (before non regular items)



Please refer to Appendix for reconciliation of Non IFRS Financial Information

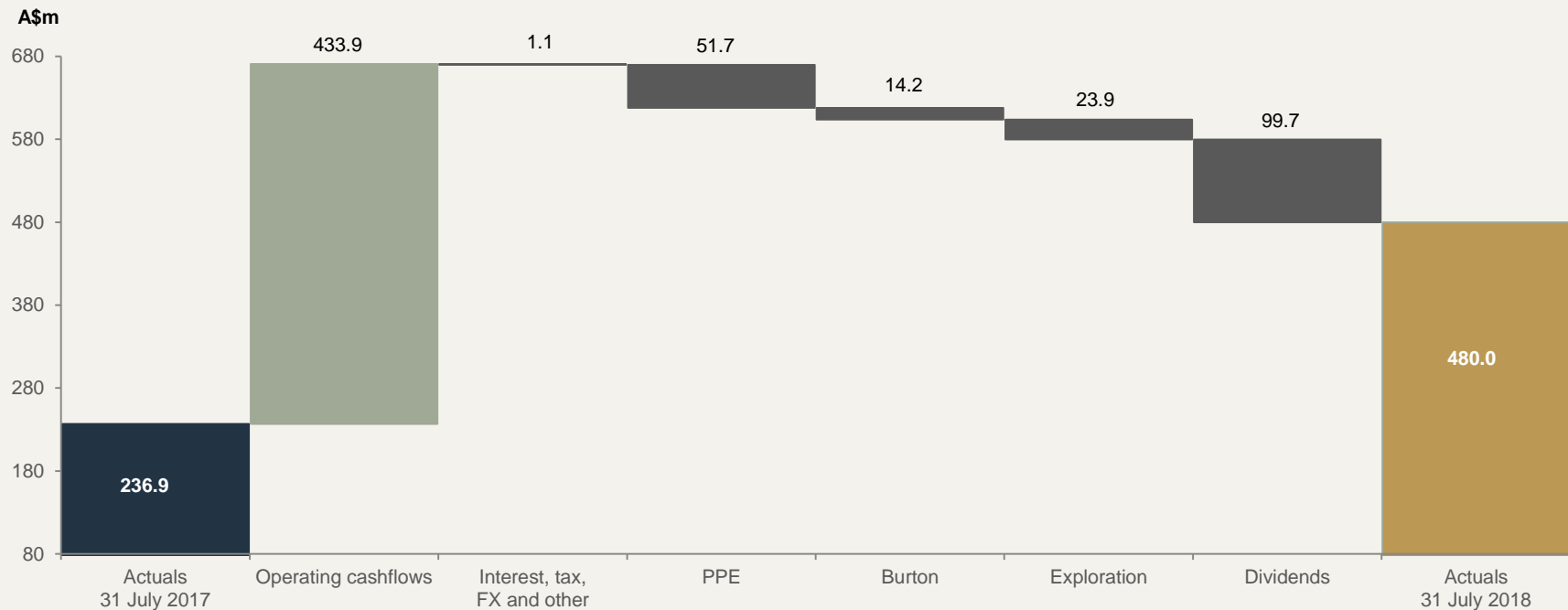


## Group EBITDA Comparison (before non regular items)



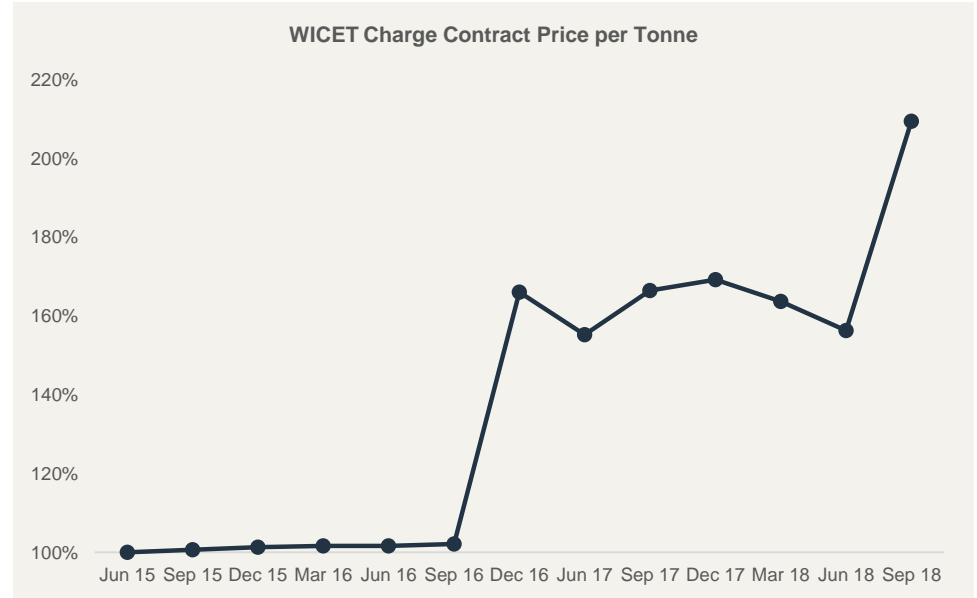
Please refer to Appendix for reconciliation of Non IFRS Financial Information

## Group Cash Comparison



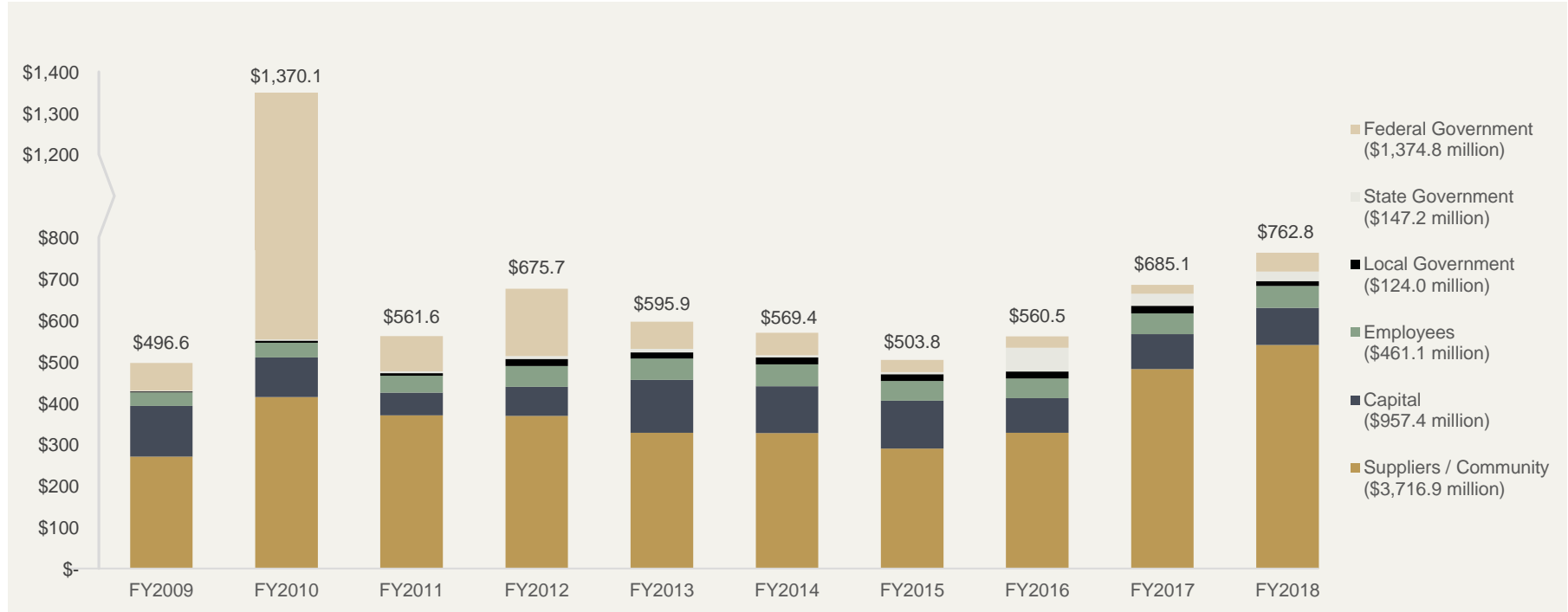
# Colton Project Impairment

- The geological model was externally reviewed and resources updated to be compliant with 2012 JORC code
- It is not anticipated that a reserve is capable of being recognised under the 2012 JORC code
- It is considered that the recently increased charges associated with Wiggins Island Coal Export Terminal (WICET) Agreement that are materially higher than previously forecast, have a material impact on the viability of that project
- As a result of the recently increased charges associated with access to WICET which are materially higher than previously forecast and updates to the JORC reserves the Directors have fully impaired the carrying value of the Colton exploration projects assets and recognised an onerous contract provision for the take or pay obligations associated with that project
- Net Profit After Tax has reduced by \$103 million as a result of the impairment and onerous contract provision



# Economic contribution

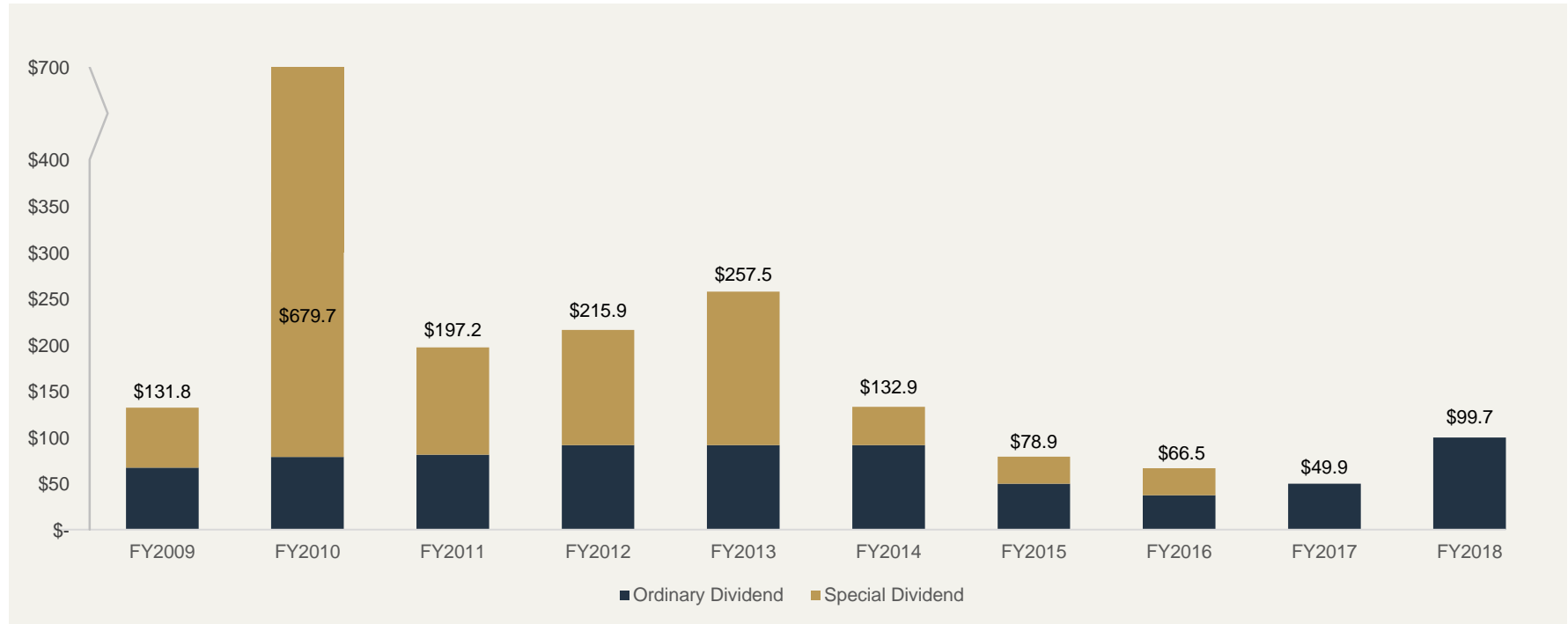
## Record result sees increased economic contribution over the last ten years





## Economic contribution over ten years

Ten year total dividend return of \$1,910 million



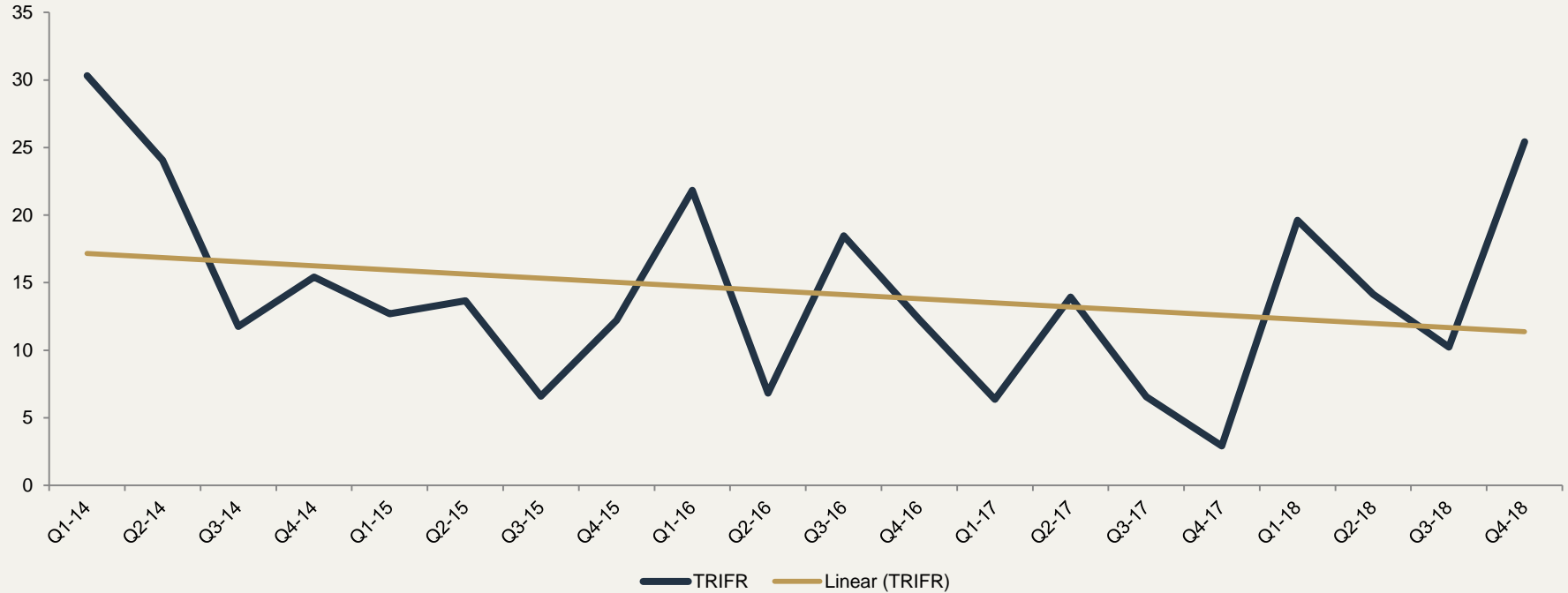


# SAFETY AND SALES PERFORMANCE

Andrew Boyd, Chief Operating Officer

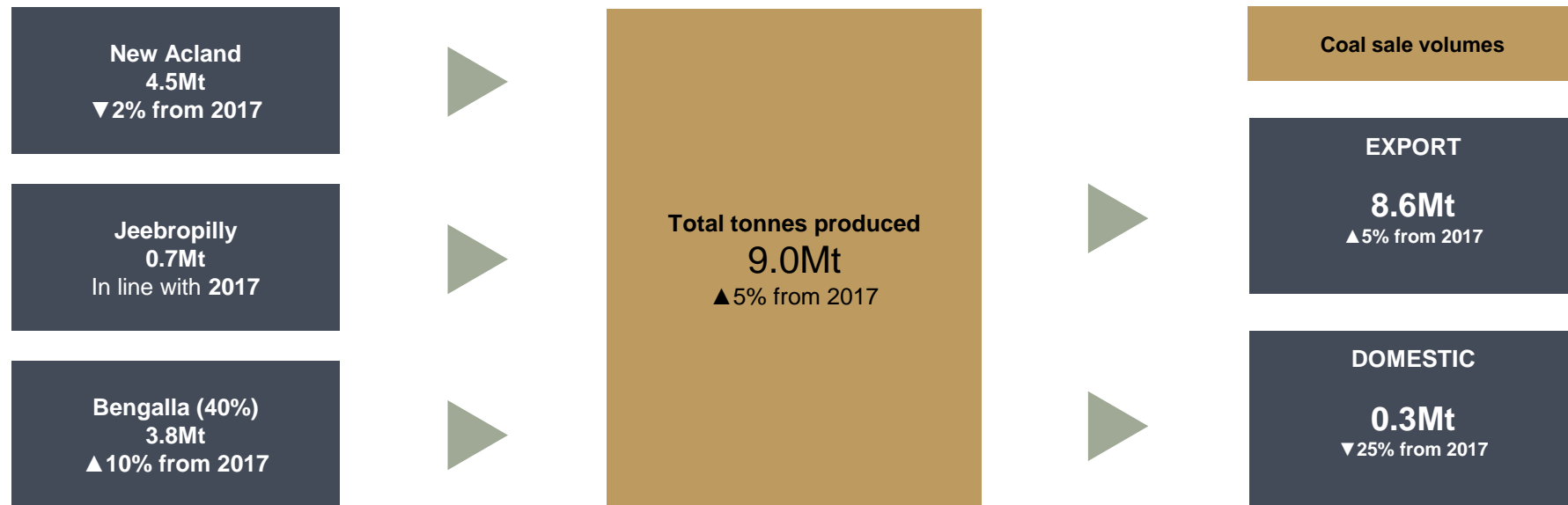
# Safety Performance

Quarterly Total Recordable Injury Frequency Rate (TRIFR )



# Production and sales tonnage

Year ended 31 July 2018







**OPERATIONS**

## Bengalla's contribution grows

- New Hope share of saleable coal production 3.8Mt
- Profit before income tax of \$181.9 million
- Cash contribution since 1<sup>st</sup> March 2016 \$322.7 million (before tax)
- Continued focus on operational efficiency
- Commencement of new water management and diversion project
- Resolved dispute with neighbouring Mt Pleasant operation
- The Company will acquire up to an additional 40% interest in the Bengalla Joint Venture (subject to the pre-emptive rights of existing Joint Venturers)



## Update on Stage 2 operations and Stage 3 approvals

- Investigating options to extend Stage 2 mining operations
- Currently working through community consultation, economic viability and operational considerations
- Seeking to avoid gap in production between Stage 2 and 3 to safeguard existing workforce – 288 FTE, around 500 contractors
- Favourable Supreme Court Judicial Review decision on Land Court recommendation in May 2018
- Land Court remittal hearing in October 2018
- Associated Water Licence application progressing
- Timing of Stage 3 approvals critical
- Production and employment levels expected to reduce in FY2020 if approvals not secured during FY2019



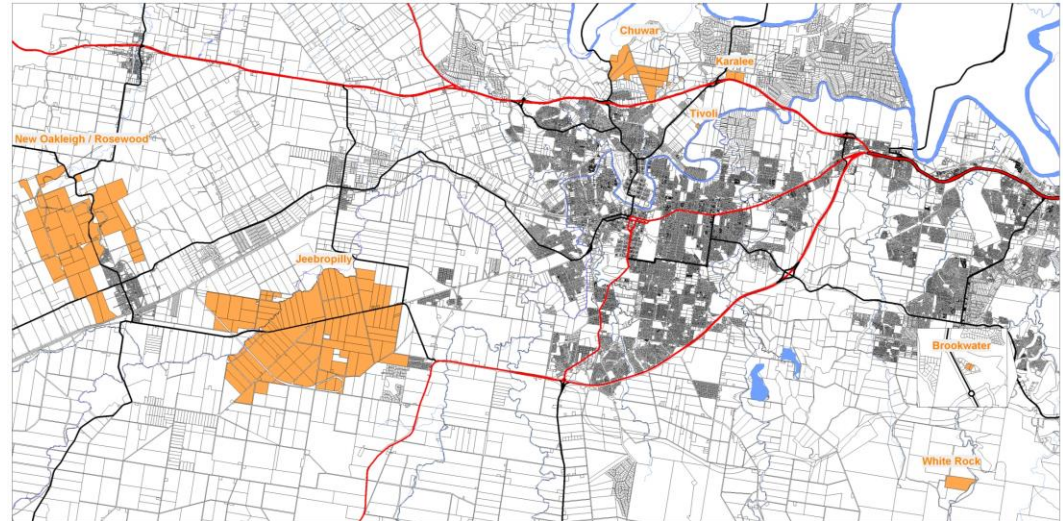


# West Moreton Operations

## Transitioning to post-mine opportunities

- Jeebropilly Mine last coal expected before end of calendar 2019
- 459ha rehabilitated, cattle grazing on western areas of the mining lease for more than 15 years
- FY2019 focus on Finishing Well
- Introduction of monitoring programs and on-going maintenance at rehabilitated New Oakleigh West and Chuwar sites
- Progressing detailed plans for the New Oakleigh East rehabilitation area with work expected to begin in FY2019
- Coal to Liquids plant sold and currently being removed

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





# Queensland Bulk Handling

## Safety and innovation underpin success

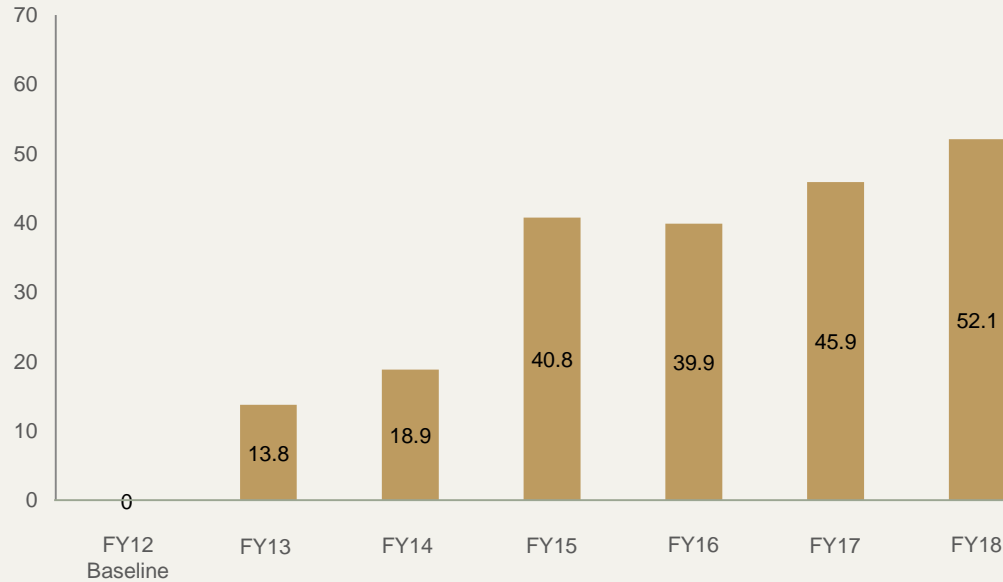
- 6 years Lost Time Injury Free
- One of Australia's most efficient coal terminals
- Implemented technology that provides remote and semi-automated inbound transfer systems
- Maximised customer throughput through flexible work practices and stockpile availability
- Providing reliable delivery options for customers
- Currently operating below 10mtpa nameplate capacity with potential to expand to 14mtpa subject to market demand



## Dozer improvement project

17,388 dozer hours and over 1.7M diesel litres saved over 7 years

Dozer Tonnes Per Hour Improvement



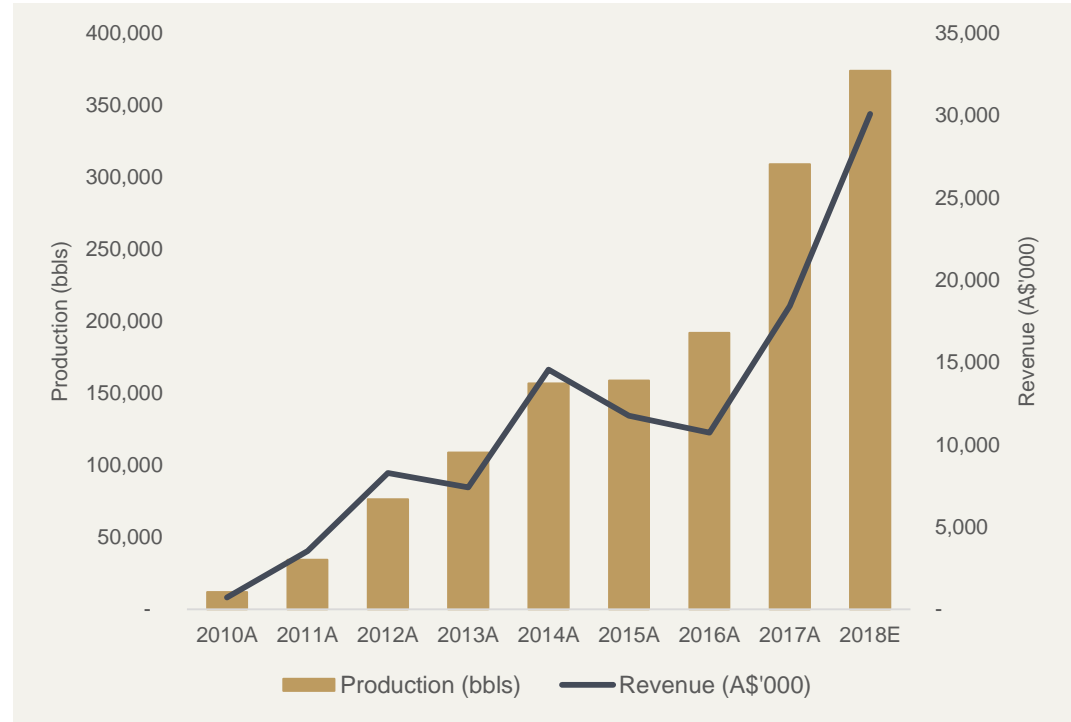
## A mature farming operation

- 180ha of rehabilitated mined land handed over to pastoral operations
- Completion of a five year cattle grazing trial on rehabilitated mined land shows cattle on mined land perform as well as, or better, than cattle on unmined land
- Continued to build size and quality of breeding herd
- Breeder numbers at 2,529
- 13,930 tonne sorghum and 794 tonne corn silage sold
- Fencing upgrades undertaken
- Long term weed and pest control program continued with 571ha now complete and plans for 167ha in FY2019



## Record oil production

- Record production performance 373,875 barrels
- 21% increase in oil production
- 56% increase in revenue
- EBITDA contribution of \$8 million
- Continued donation of water to local landholders
- Additional donation of water to affected farmers for drought-relief effort



## In the community

### \$50,000 donation for drought-affected farmers on the Darling Downs

#### Over the last five years...

Taxes paid to  
federal  
government<sup>^</sup>  
**\$298.9M**

Payments made  
to employees  
**\$251.4M**

Payments for  
goods & services  
**\$1.9B\***

Donations and  
sponsorships  
**\$2.9M**

<sup>^</sup> Additional \$76 million payable in January 2019 in respect of 2018

\* Payments for goods and services excludes capital expenditure

#### Continued access to STEM education



#### New Hope and LifeFlight's rural safety partnership tailored for students



Please refer to Appendix for reconciliation of Non IFRS Financial Information





## PROJECTS

Managing Director and Chief Executive Officer, Shane Stephan

# Lenton Joint Venture Burton Mine

## Central Qld presents opportunity

- Burton purchase completed November 2017
- Combined project including former Burton Mine and New Hope's neighbouring Lenton Project
- 90% joint venture participant
- Even split of coking/thermal coal
- 380 million tonne resource\*
- ~1.5 million tonne per annum for approx. 16 years
- Operational readiness planning underway
- First coal estimated for calendar 2019 subject to port and rail access



\* The information is extracted from the New Hope FY2018 Annual Report 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 in mid 2020's
- Pre-Feasibility Study progressing
- Elimatta Mining Lease application advancing
- Resource definition drilling commenced in late July 2018, to continue into 2019



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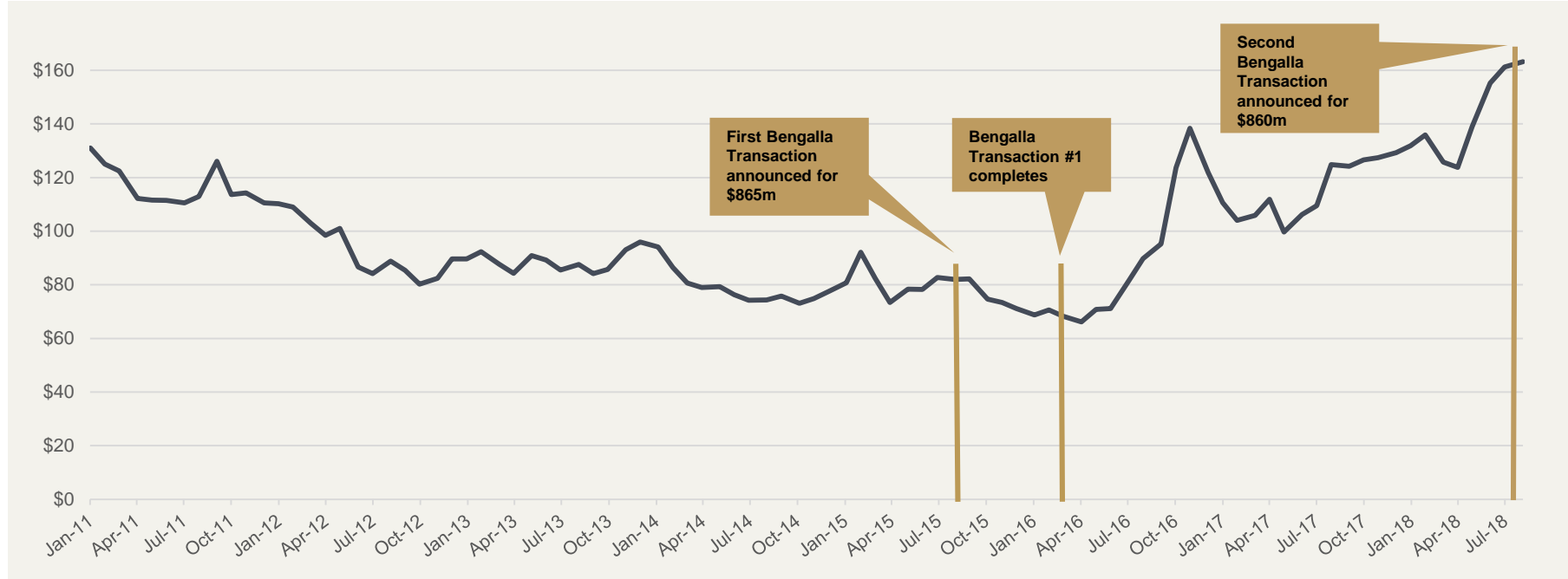
## GROUP OUTLOOK

# 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>• Reached agreement to acquire up to an additional 40% interest in Bengalla</li> </ul>

## Bengalla acquisition timing

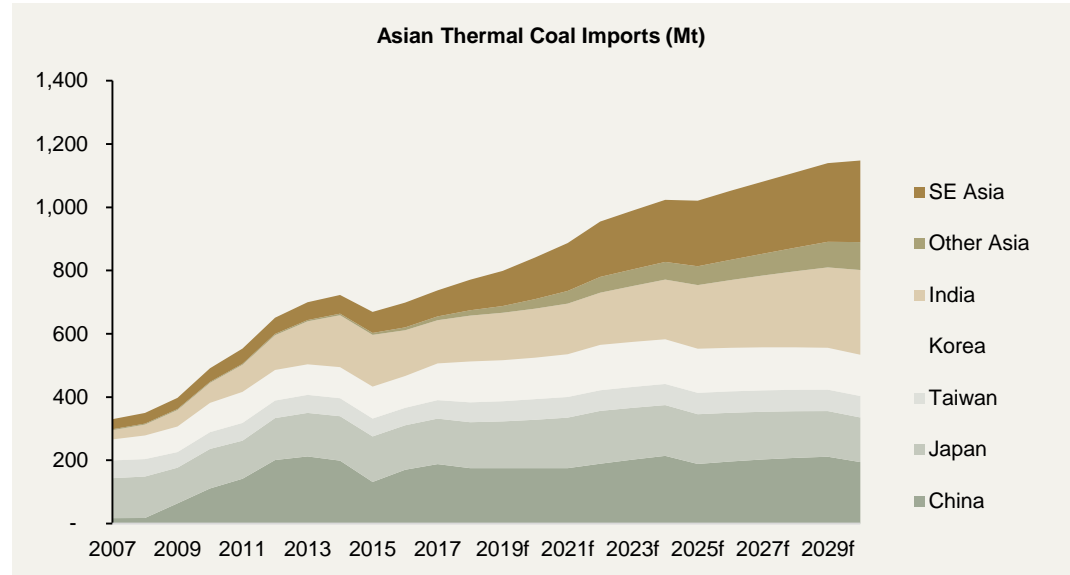
### AUD Newcastle Thermal Coal Price





## Asian thermal coal import growth

- Chinese coal importers currently have >20mt/month of import quotas remaining this year, compared with actual imports of 25mt/month in Jan-July 2018
- China's thermal power sector recorded earnings of RMB11.82bn (\$1.73bn) in the first half of this year, surging 85% year on year, as a result of strong power consumption in the period and increases in tariffs last year
- Of China's 29 listed thermal power companies, only four recorded losses in the first half, compared to nine in the same period last year



Source: IHS Markit: China Coal Daily

Source: Commodity Insights, Market Demand Study: Australian Export Thermal Coal

## Forecast of Asian thermal coal import demand

Country	(imports Mt)				Growth
	2017	2020	2025	2030	
China	188	175	188	194	6
India	137	155	201	268	131
Japan	144	153	157	141	(3)
Korea	116	131	140	131	15
Taiwan	58	65	67	68	10
Malaysia	26	33	38	45	19
Thailand	22	26	40	54	32
Philippines	21	40	58	74	53
Vietnam	15	33	71	85	70
Other Asia	12	30	60	88	76
Total	740	841	1,020	1,147	407

- Thermal coal exports from Australia in Jan-July fell 5% or 2.61mt year on year to 45.7mt from 48.48mt, while imports from Indonesia fell 13% or 2.51mt year on year to 16.33mt from 18.83mt
- China's total thermal coal imports in Jan-July stood at 133mt, a 20% increase from 110mt in the same period in 2017
- Chinese power consumption was 648.4 TWh in July, growing 6.8% year on year, and expanding 14.5% from 566.3TWh in June, the National Energy Administration said. Consumption averaged 20.9TWh/d, up 10.8% from 18.9TWh/d in June, and also the highest level in history

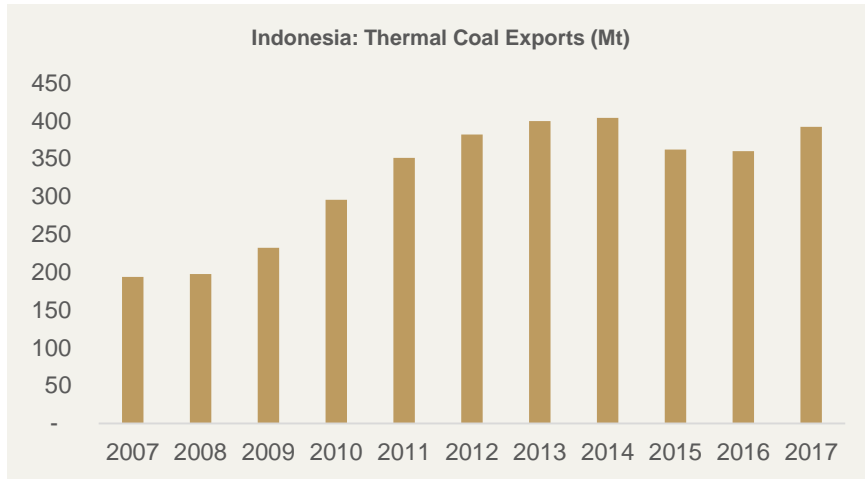
Source: Commodity Insights, Market Demand Study: Australian Export Thermal Coal

Source: IHS Markit: China Coal Daily

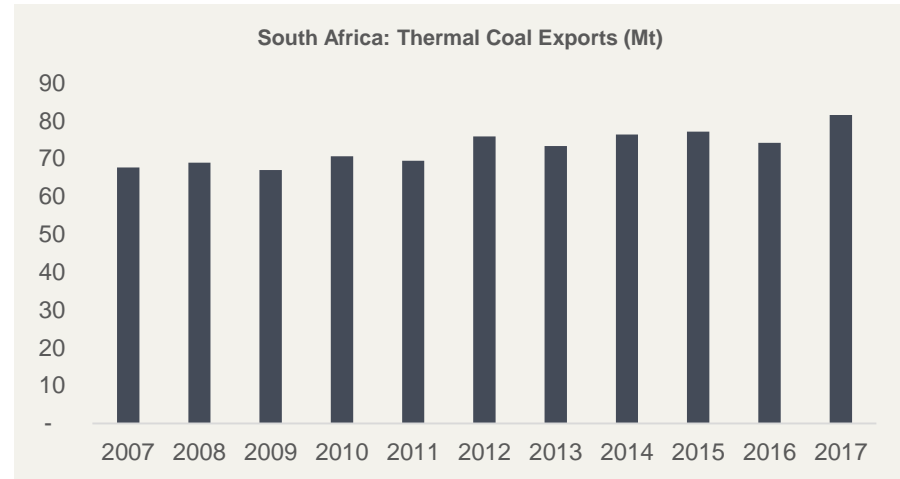
## Asian thermal coal supply growth

- Australia's 5,500 NAR is making its way to Europe – attractive because of its relatively low sulphur and its ability to blend with Illinois Basin coal
- Australia has not shipped thermal coal to Europe since August 2016
- According to South Africa's Department of Energy's new Integrated Resource Plan (IRP), around 45% of South Africa's energy from now to 2030 will be sourced from coal-fired power
- Colombian thermal coal shipments in the first seven months of 2018 totaled 47mt, down 6% from 49mt in the same period in 2017

Source: IHS Markit: McCloskey Fax, McCloskey Coal Report, China Coal Monthly



Source: Commodity Insights, Market Demand Study: Australian Export Thermal Coal



# 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**

**Seeking to extend New Acland's  
Stage 2 operations**

**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)

	2018	2017	Variance (%)
Profit after tax	149.5	140.6	6%
Income tax expense	(64.3)	(61.6)	4%
Profit before income tax	213.8	202.2	6%
Non regular items before tax	(147.0)	17.9	(922%)
Profit before income tax and non regular items	360.8	184.3	96%
Interest expense	0.1	0.9	(89%)
Earnings before interest tax and non regular items	360.9	185.2	95%
Depreciation and amortisation	92.2	97.9	(6%)
Earnings before interest tax depreciation amortisation and non regular items	453.1	283.1	60%

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.



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

	(A\$ million)			
	Coal Mining QLD	Coal Mining NSW	Oil and Gas	Total
<b>Year Ended 31 July 2018</b>				
Net profit / (loss) after tax	22.3	127.4	(0.2)	<b>149.5</b>
Non regular items after tax:				
Impairment of property, plant and equipment	(0.6)	-	-	<b>(0.6)</b>
Impairment of coal exploration and evaluation assets	(92.6)	-	-	<b>(92.6)</b>
Reversal of impairment of coal to liquids facility assets	0.6	-	-	<b>0.6</b>
Handling charges future obligations	(10.5)	-	-	<b>(10.5)</b>
Net profit / (loss) after tax before non regular items	125.4	127.4	(0.2)	<b>252.6</b>
<b>Year Ended 31 July 2017</b>				
Net profit / (loss) after tax	70.4	74.6	(4.4)	<b>140.6</b>
Non regular items after tax				
Recovery of below rail access charge	13.9	-	-	<b>13.9</b>
Impairment of available for sale investments	(2.0)	-	-	<b>(2.0)</b>
Net profit / (loss) after tax before non regular items	58.5	74.6	(4.4)	<b>128.7</b>

# Reconciliation of non IFRS Financial Information

## Year Ended 31 July

(cents per share)

	2018	2017
<b>Basic earnings per share (cents) (before non regular items)</b>	<b>30.4</b>	<b>15.4</b>
Impairment of property, plant and equipment	(0.1)	-
Impairment of coal exploration and evaluation assets	(11.1)	-
Reversal of impairment of coal to liquids facility assets	0.1	-
Handling charges future obligations	(1.3)	-
Recovery of below rail access charge	-	1.7
Impairment of available for sale investments	-	(0.2)
<b>Basic earnings per share (cents) (after non regular items)</b>	<b>18.0</b>	<b>16.9</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.

