WHITEHAVEN COAL

HALF YEAR RESULTS FY2020

20 February 2020

Lower coal prices impact H1 earnings

SAFETY PERFORMANCE

The safety outcome for the Group for the 12 months ending 31 December 2019 was a total recordable injury frequency rate (TRIFR) of 5.72. Group TRIFR remains well below the New South Wales (NSW) coal mining average of 14.64.

The company is committed to the goal of achieving zero harm to its people and environment.

Comments from the MD and CEO Paul Flynn

"The first half result has been impacted by a softening of the Newcastle Index thermal coal price."

"More subdued pricing, in combination with a number of transient production challenges and higher unit costs, has given rise to a more testing first half.

"The payment of a modest dividend reflects our confidence in the fundamentals of the business and the prospects of a stronger second half."

"The successful refinancing is a strong endorsement of Whitehaven's medium to long term growth profile and the cash flow generation potential of our quality assets."

FINANCIAL HIGHLIGHTS

- Revenue of $885.1 million, down 30% on pcp reflecting a lower average achieved price for H1 FY2020 of A$108/t vs H1 FY2019 A$155/t
- EBITDA of $177.3 million, down 68% on pcp due to the softening of achieved prices and the impact on ROM production of previously reported labour shortages and dust events at our largest mine, Maules Creek, and the scheduled eight week Narrabri mine longwall move.
- Net profit after tax of $27.4 million, down 91%
- Cash generated from operations of $122.3 million, down 74%
- Net debt increased to $587.2 million[1] at 31 December 2019, reflecting the dividend payment of $297.0 million and reinvestment of cash generated from operations
- The Board has proposed to pay an unfranked dividend of 1.5 cents per share to shareholders
- Refinanced our AUD1.0bn secured bank debt facility and is now maturing in July 2023

Results Summary	H1 FY2020	H1 FY2019	% change
Revenue	885.1	1,270.1	(30%)
EBITDA ($m)	177.3	550.8	(68%)
Net profit after tax ($m)	27.4	305.8	(91%)
Cash generated from operations ($m)	122.3	466.7	(74%)
Dividends (cps)	1.5	20	
Unit cost per tonne ($/t)	76	69	10%
	31 Dec 2019	**30 June 2019**	
Net debt ($m)	587.2	161.6	
Gearing (%)	15%	4%	

[1] Excludes IFRS 16 Right of Use Lease Liabilities

OPERATING HIGHLIGHTS

Equity ROM coal production for the half was 6.0Mt, 30% below pcp, reflecting both the eight week Narrabri longwall change out and the challenging production conditions at Maules Creek due to labour shortages and production disruption due to drought and bushfires.

Equity coal sales, including purchased coal, were 8.5Mt, which was in line with the pcp. Sales for the period were supported by stock draw downs and an increase in purchased coal.

Equity own metallurgical coal sales were 21% of total sales during the half, 2% above pcp at 19%.

Consolidated Equity Production and Sales

Whitehaven Total (000's t)	H1 FY2020	H1 FY2019	% change
ROM Coal Production	6,039	8,590	(30%)
Saleable Coal Production	6,527	7,616	(14%)
Sales of Produced Coal	7,065	7,600	(7%)
Sales of Purchased Coal	1,393	774	80%
Total Coal Sales	8,458	8,374	1%
Coal Stocks at Period End	800	2,662	(70%)

CORPORATE HIGHLIGHTS

On 2 January, Whitehaven announced it had completed the acquisition of EDF Trading Australia Pty Limited, which owns a 7.5% interest in the Narrabri underground mine. Closing the acquisition brings Whitehaven's ownership interest in the mine to 77.5%, effective as of 1 July 2019. Narrabri JV Participants have elected not to exercise their pre-emptive rights in connection with the transaction.

On 19 February, Whitehaven refinanced its senior bank debt facility with a syndicate of Australian and international banks.

The new facility is a senior secured syndicated revolving corporate debt facility with an aggregate limit of AUD1.0bn and able to be utilised for general corporate purposes with bilateral bank guarantee capacity. The term has been extended to now mature in July 2023.

The facility, which is on terms comparable with the one it replaces, was oversubscribed, demonstrating Whitehaven's enhanced credit profile and the strong and continued support shown to Whitehaven by its financiers.

FY2020 GUIDANCE & OUTLOOK

The following FY20 guidance remains unchanged from December market update.

Item		Range	Comments
Managed ROM Coal Production	Mt	20.0 – 22.0	Production weighted to second half (H2 60%)
Maules Creek	Mt	10.0 – 11.0	Skilled labour shortages and drought impacts
Narrabri	Mt	6.0 – 6.5	Longwall changeout Q2 FY20
Gunnedah Open Cuts	Mt	4.0 – 4.5	Rocglen closed; Tarrawonga ramping up to 3.0Mt ROM
Managed Coal Sales	Mt	19.0 – 20.0	Excludes coal purchases
Unit cost (excluding royalties)	$/t	73 - 75	Includes labour shortage at Maules Creek, impact of dust events, underutilization of logistics, higher strip ratios (Maules Creek and Tarrawonga) and lower yields at Maules Creek (deeper seams)
Sustaining Capital	$m	55 – 63	
Narrabri Mains Development	$m	22 – 26	Current Narrabri mains development completed in FY21
Expansion & Growth Capital			
Operating Mine Projects	$m	50 – 58	Tarrawonga expansion to 3.0Mtpa, Narrabri hydraulic cylinders, Maules Creek AHS project
Growth Projects	$m	80 – 90	Vickery, Winchester South and Narrabri Stage 3

The trade dispute between the United States of America (USA) and China during FY2019 contributed to softness in global demand and in demand for thermal coal; it has also contributed to weakness in the seaborne thermal coal price, while low European gas prices, an increase in the European price of carbon and relatively low seaborne spot LNG prices have also weighed upon coal prices over the past two years. However, the recent Phase 1 trade deal between the USA and China is expected to provide a boost to global trade.

The coronavirus has caused a temporary loss of demand for coal in China, however the supply of coal in China has also been reduced as a result of the virus. During February 2020 the loss of demand in China has been offset by the loss of domestic supply leading to a strengthening of China domestic prices and seaborne coal prices.

Whitehaven continues to see strong end user and trader demand for its high quality thermal coal. The gC Newc coal price has found a floor in the second half of CY19 of circa US$67/t, while API 4 pricing is now above ~ US$80/t. There is strength in the physical Richards Bay market as it rallied strongly at the end of CY19. The gC Newc price levels have seen ‘swing’ suppliers from Colombia, Canada and the USA withdraw from the market which has led to a rebalancing of the fundamentals, and pricing being well supported in a range around the high US$60’s.

Spot LNG pricing has recovered from lows experienced in early 2019, but the incentive remains to switch fuel sources for those generators who can. Market expectations remain that spot LNG prices are likely to rebound in the medium term as consuming nations, including China, expand their capacity to receive imported LNG and the current LNG development project pipeline is completed and brought onstream.

Investor and Analyst briefing webinar

Chief Executive Officer, Paul Flynn, will host a webinar to provide an overview of the half year financial results.

Time: 10:30 ADST (Sydney time)

Date: Thursday, 20 February 2020

Webinar registration: https://login.redbackconferencing.com.au/landers/page/b99a78

This document is authorised for release to the market by the Board of Directors of Whitehaven Coal Limited.

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