ASX Announcement

28 February 2020

universal coal plc

**Companies Announcement Platform Australian Securities Exchange**
**20 Bridge Street**
**Sydney NSW 2000**
**28 February 2020**

# Appendix 4D
# Results for announcement to market

**Review of financial results**

| | Six months ended 31-Dec-19 A$'000 | Six months ended 31-Dec-18(*) A$'000 | Movement % |
|---|---|---|---|
| Revenue from ordinary activities | 217 400 | 200 744 | 8% |
| Operating profit | 9 679 | 40 535 | (76%) |
| Profit for the period before taxation | 8 080 | 60 998 | (87%) |
| Taxation | (5 380) | (1 441) | (273%) |
| Net profit for the period attributable to members | 2 700 | 59 557 | (95%) |
| Total comprehensive income for the period attributable to equity shareholders | 2 286 | 61 442 | (96%) |

*December 2018 results was restated to reflect the amended NBC Bargain purchase as per the June 2019 Annual Report. Refer to note 3 and note 24 of the Interim Financial Statement as at 31 December 2019.

**Explanation of the above results**

Universal Coal Plc ("Company" or "Universal") increased its total coal sales by 21% from the previous corresponding period ('pcp') of 31 December 2018. Domestic coal sales volumes increased by 32% and export coal sales volumes reduced by 34% over the pcp. The increase in domestic coal sales volume was due to the inclusion of the North Block Complex ('NBC') volumes for the entire six month period. In the pcp, only two months of coal sales from NBC were reported as the operation was acquired on 1 November 2018.

The increased sales volumes contributed to an overall increase of 8% in revenue from ordinary activities compared with the pcp. A 16% reduction in export pricing during the HY2019, at an average price of A$96/t, resulted in a 10% reduction in the total revenue per tonne[1] sold for the period.

The operating profit for HY2019 was A$9.7 million, a 76% decrease from the pcp. The decrease is due to greater exposure to the lower margin domestic market and the decline in export coal pricing, particularly in the first quarter of the reporting period. The operating profit was also negatively affected by a 19% increase in mining costs for the period, due to a changeover of mining contractors at New Clydesdale Colliery ('NCC') and the delay in receiving the Section 11 approval (granting of transfer of ownership approval by the Department of Mineral Resources) at the Paardeplaats project which is part of NBC. This Section 11 delay resulted in coal extraction continuing from the remaining opencut areas within the Glisa operation at a higher unit stripping cost, over a resource producing lower product yields. These mining costs are anticipated to return to forecasted levels for the remainder of the FY2020. The increase in Operational expenses since the pcp is due to the inclusion of NBC operational expenses for the entire six months.

The gross profit percentage reduced from 30% in the pcp to 16% for the HY2019 as a result of the effect of the export pricing

[1] Total revenue per tonne is calculated as the total revenue from ordinary activities divided by total tonnes sold (export and domestic).

environment, change in sales mix, replacement of mining contractor at NCC and approval delays at NBC.

Universal reported a decrease in net profit after tax (‘NPAT’) of 95% to A$2.7 million (HY2018: restated A$59.6 million) for the six months ending 31 December 2019. The NPAT in the previous year was impacted by the A$20.7 million bargain purchase of NBC (see note 3 of the interim financial statements for disclosure). Excluding this bargain purchase would have resulted in a normalised NPAT of A$38.9 million for the pcp.

Finance income for HY2019 decreased from A$3.0 million to $1.6 million due to the reduction in interest received on the Ndalamo financing facility and available cash balance. Finance expenses relating to the outstanding funding facilities decreased due to the depletion of the outstanding loan amounts. The unwinding of interest on the rehabilitation liabilities has remained consistent with the previous reporting period, at approximately A$1.3 million.

After translating foreign operations, and accounting for the effects of exchange rate differences, the Company has reported a comprehensive profit of A$2.3 million for the half-year ended 31 December 2019 (31 Dec 2018: restated profit of A$61.4 million). This is after a negative foreign exchange loss of A$0.4 million (31 Dec 2018: profit of A$1.9 million).

**Dividends**

During the period, the Company paid a total of A$5.2 million in dividends to shareholders (A$0.01 per share final dividend declared as part of the 30 June 2019 financial results).

The Company has not declared an interim dividend for the period ending December 2019 owing to the current corporate action from TCIG Resources Pte Ltd, a wholly owned subsidiary of Terracom Limited. The December 2018 dividend was delayed due to a pending revised takeover offer from Ata Resources Proprietary Limited at that time.

**Net tangible asset per share**

| | 31-Dec-19 | 31-Dec-18 |
|---|---|---|
| Net tangible asset per share (cents per share) | 25.8 | 12.73 |

Increase in net tangible asset per share is due to the large investment in development during the period and the transfer of the Ubuntu and Paardeplaats Mining rights from Intangibles to Property Plant and Equipment.

**Earnings result**

The total comprehensive income of Universal Coal for the six months ended 31 December 2019 after providing for taxation was A$2.3 million (31 Dec 2018: A$61.4 million).

| | Six months ended 31-Dec-19 A$'000 | Six months ended 31-Dec-18 A$'000 |
|---|---|---|
| Basic and diluted earnings per share (cents per share) | 0.45 | 5.73 |
| Weighted average number of ordinary shares used in the calculation of basic and diluted EPS | 522 471 758 | 522 471 758 |

**Changes in Group entities**

Effective 31 October 2019, UCD IV, Eloff and Manyeka entered into an implementation agreement where Manyeka's 51% shareholding in Eloff is unbundled in terms of the group-rollover relief provisions of section 45 of the South African Income Tax Act. This transaction resulted in UCD IV owning 100% of the ordinary shares in Eloff. Manyeka is to be deregistered with the South African Companies and Intellectual Property Commission ("CIPC") after 18 months from the effective date.

The interim financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRS). Additional 4D disclosure requirements can be found in the notes to the Consolidated Unaudited Half year financial statements for the six months ended 31 December 2019.

The consolidated unaudited half year financial statements have been authorised for issue by the directors on 28 February 2020. No authority was given to anyone to amend the consolidated unaudited half year financial statements after the date of issue.

For further information please contact:

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Authorised by: Universal Coal Plc Board

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