



# TerraCom Annual General Meeting Presentation

31 January 2022

*“The Company has initiated a Balance Sheet transformation and over the next 12 months TerraCom is focused on debt reduction and capital returns to shareholders”*

ASX : TER

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This document has been authorised for release by the Board.



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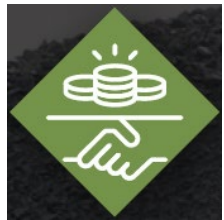
- 1** Highlights 1H FY2022
- 2** Euroclear Bond Debt Reduction
- 3** Company Trading Analysis

# HIGHLIGHTS 1H FY2022

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# KEY HIGHLIGHTS

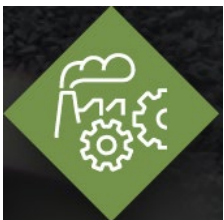
## 6 months July 2021 to December 2021



Operating EBITDA<sup>1</sup>

**\$140.6 million**

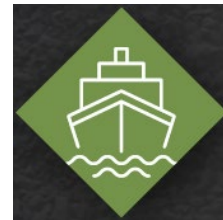
- Blair Athol \$95.3 million
- South Africa \$45.3 million



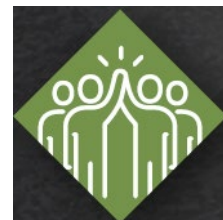
Equity<sup>2</sup> Coal Sales of **2.71 Mt**

Year to date annualised equity<sup>2</sup> coal sales total **5.4Mt** per annum.

## December 2021 Quarter



Strong export coal prices resulted in an operating (EBITDA)<sup>1</sup> cash margin of **\$118 per sold tonne** being achieved for Blair Athol.



Operating (EBITDA)<sup>1</sup> cash margin of **\$16 per sold tonne** for the South African operations, a 41% improvement compared to the September 2021 quarter.

# OPERATIONAL PERFORMANCE

- Production and sales remain solid

July to December 2021	MANAGED TONNES <sup>3</sup>				EQUITY TONNES <sup>2</sup>			
	Export (000's)	Domestic (000's)	Total (000's)	Annualised (Millions)	Export (000's)	Domestic (000's)	Total (000's)	Annualised (Millions)
<b>Australia</b>	1,067	-	<b>1,067</b>	2.13	1,067	-	<b>1,067</b>	2.13
<b>South Africa</b>	667	2,700	<b>3,367</b>	6.73	326	1,322	<b>1,648</b>	3.30
<b>Total</b>	<b>1,734</b>	<b>2,700</b>	<b>4,434</b>	<b>8.86</b>	<b>1,393</b>	<b>1,322</b>	<b>2,715</b>	<b>5.43</b>

- Blair Athol coal is fully sold until mid-May 2022.
- Blair Athol remains on track for coal sales in the 2022 Financial Year of approximately 2.3 million tonnes.
- During December 2021, Blair Athol extended its offtake with its main Japanese partner resulting in the sale of four (4) cargoes to be delivered during March to June 2022 and totalling approximately 320,000 metric tonnes<sup>4</sup>.

# EUROCLEAR BOND DEBT REDUCTION

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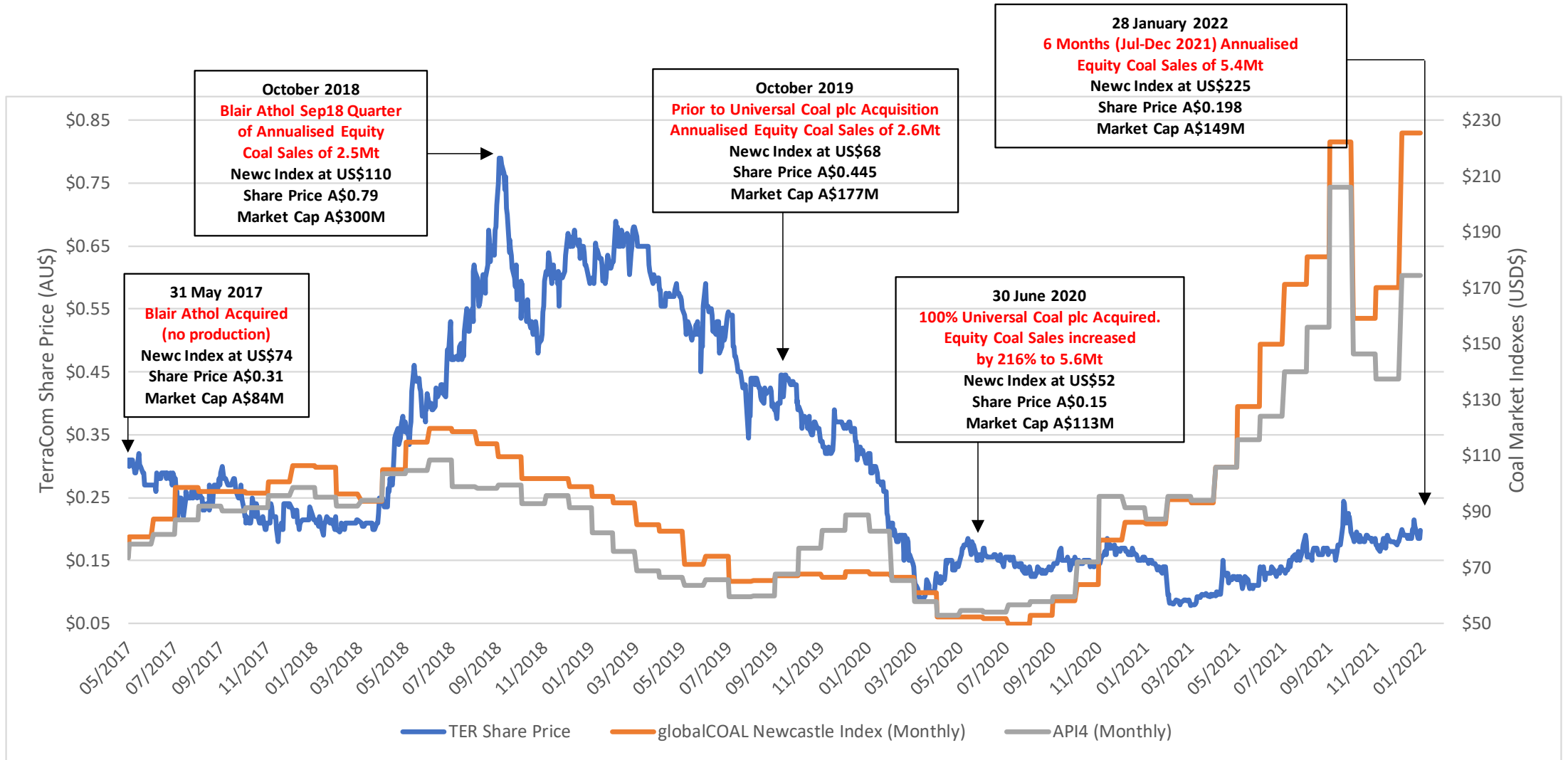
- Bond long form documents executed reflecting an extended maturity date of the existing Euroclear Bond to 31 December 2022. No change to the commercial terms of the facility, except principal and interest to be repaid monthly via cash sweep based on financial performance.
- Total Redemption value of the Euroclear Bond as at 30 June 2021 = **US\$167.1 million**.
- During the 6-month period, 1 July 2021 to 31 December 2021, the Company repaid a total of **US\$44.1 million** in interest (including special interest), fees and principal.
- Principal owing on the Euroclear Bond as at 31 December 2021 = **US\$134.9 million**. This represents a reduction of **US\$32.2 million**, equivalent to 19% of the facility balance as at 30 June 2021.
- Additional payments made in January 2022 total **US\$15.3 million** plus an additional **US\$5 million** is scheduled to be paid this week meaning the Company will have repaid a total of **USD\$64.4 million** as at 4 February 2022 and the total principal owing on the Euroclear Bond at this date will be **US\$116.4 million**.



# COMPANY TRADING ANALYSIS

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- **31 May 2017**

- Blair Athol Acquired (no production)
- Newc Index at US\$74
- Share Price A\$0.31
- **Market Cap A\$84M**

- **October 2018**

- Blair Athol Sep18 Quarter of Annualised Equity Coal Sales of 2.5Mt<sup>2</sup>
- Newc Index at US\$110
- Share Price A\$0.79
- **Market Cap A\$300M**

- **October 2019**

- Prior to Universal Coal plc Acquisition
- Annualised Equity Coal Sales of 2.6Mt<sup>2</sup>
- Newc Index at US\$68
- Share Price A\$0.445
- **Market Cap A\$177M**

- **30 June 2020**

- 100% Universal Coal plc Acquired.
- Equity Coal Sales increased by 216% to 5.6Mt<sup>2</sup>
- Newc Index at US\$52
- Share Price A\$0.15
- **Market Cap A\$113M**

- **28 January 2022**

- 6 Months (Jul-Dec 2021) Annualised Equity Coal Sales of 5.4Mt<sup>2</sup>
- Newc Index at US\$225
- Share Price A\$0.198
- **Market Cap A\$149M**
- **Market Cap / Operating EBITDA (TerraCom attributable) for 6 months (Jul-Dec 2021) = 1.27**

# REFERENCES & APPENDICES

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# REFERENCES

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1. Non IFRS measure. Based on management accounts. The data presented represents 100% of the result from the South Africa Business Unit and therefore includes other equity holders, noting TerraCom's equity interest in the operating mines ranges from 48.9% to 49.0%. The data presented does not include the TerraCom corporate costs.
2. The data represents equity tonnes, being the attributable tonnes to TerraCom's equity ownership.
3. The data represents total tonnes and assumes 100% ownership of the South African operations, noting TerraCom's interest in the operating mines ranges from 48.9% to 49.0%.
4. The final tonnage to be delivered for each cargo is subject to vessel intake capacity.



# THANK YOU

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