

Saracen

FY20 FULL YEAR RESULTS

RALEIGH FINLAYSON - Managing Director

MORGAN BALL - Chief Financial Officer

TROY IRVIN - Corporate Development Officer

Presentation

19th August 2020

Qualification



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Record profit, production and cash flow:

	FY20	FY19	% Variance
Key financials (A\$m)			
Revenue	1074.0	555.6	93%
EBITDA	447.6	219.5	104%
Underlying EBITDA	530.9	221.2	140%
Profit before income tax	284.8	131.4	117%
NPAT	189.7	92.5	105%
Underlying NPAT	257.5	94.2	173%
Operating cash flow	478.2	228.1	110%
Net cash at end	47.8	129.1	-63%
Margins (%)			
Underlying EBITDA	49%	40%	
Underlying NPAT ¹	24%	17%	
Production			
Gold produced (koz)	520.4	355.1	47%
AISC (A\$/oz)	1101	1030	7%
Average gold price realised (A\$/oz)	2142	1722	24%

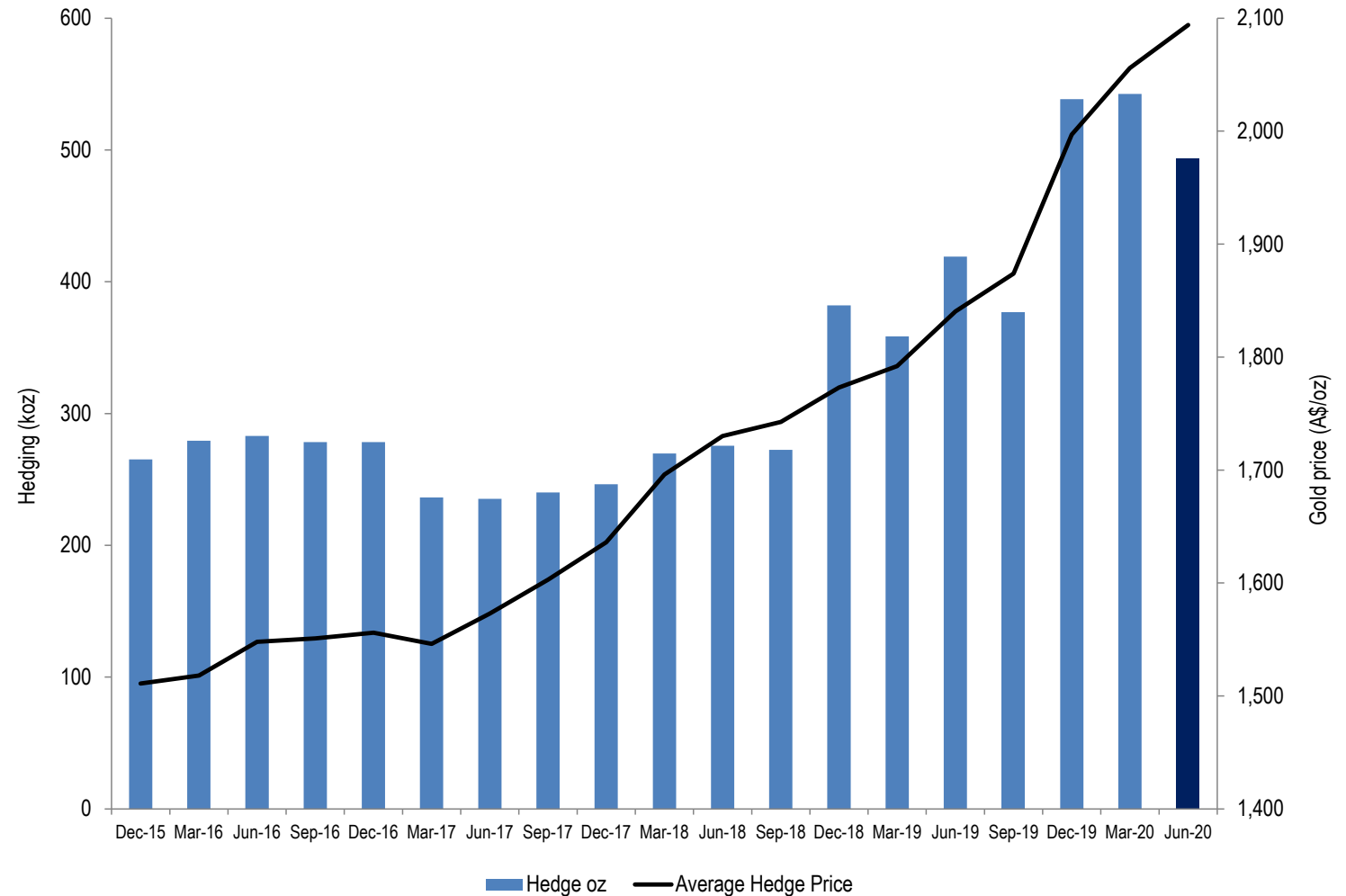
- ▲ Record FY20 production
- ▲ Record FY20 profit...
- ▲ ...despite investing A\$273m on exploration and growth to “future-proof” our business
- ▲ Returned to a net cash position...
- ▲ ...just seven months after drawing down A\$400m (net debt ~\$200m) to partly fund the acquisition of 50% of the Kalgoorlie Super Pit
- ▲ Superior EBITDA and NPAT margins

- ▲ Previous policy 20-40% of NPAT based on minimum A\$150m cash balance
- ▲ As part of the Super Pit acquisition in November 2019, Saracen borrowed A\$400m
- ▲ ~A\$430million of growth capital will be invested during FY21 to increase production and lower costs in the future
- ▲ Given this material change to the Balance Sheet and in light of the FY21 growth capital, the Board has amended the Policy such that a **dividend is declared** when the Company has a **minimum net cash balance of A\$150m**
- ▲ **Target payout ratio of 20%-40% of NPAT** remains
- ▲ No dividend declared FY20
- ▲ The Board retains absolute discretion as to the timing and size of any dividend payments and will monitor the Company's financial performance during FY21 in light of the strong gold price environment

Hedge Book

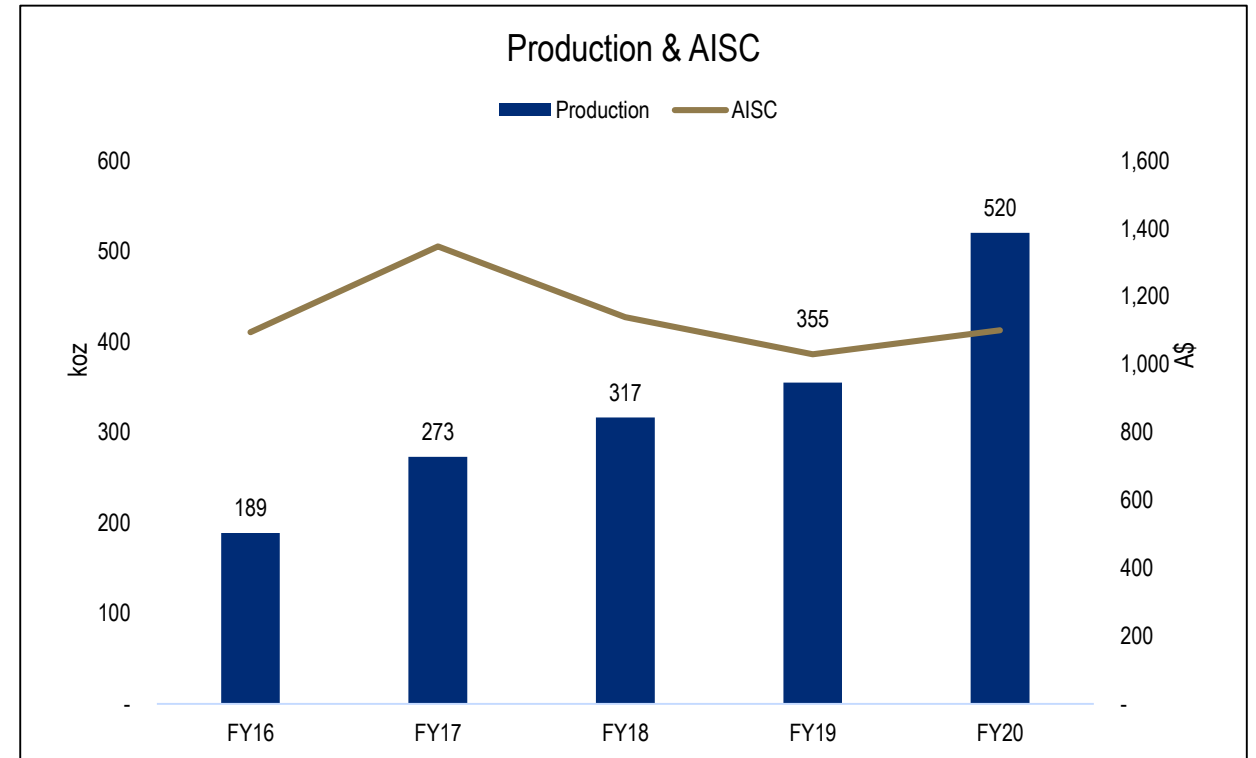
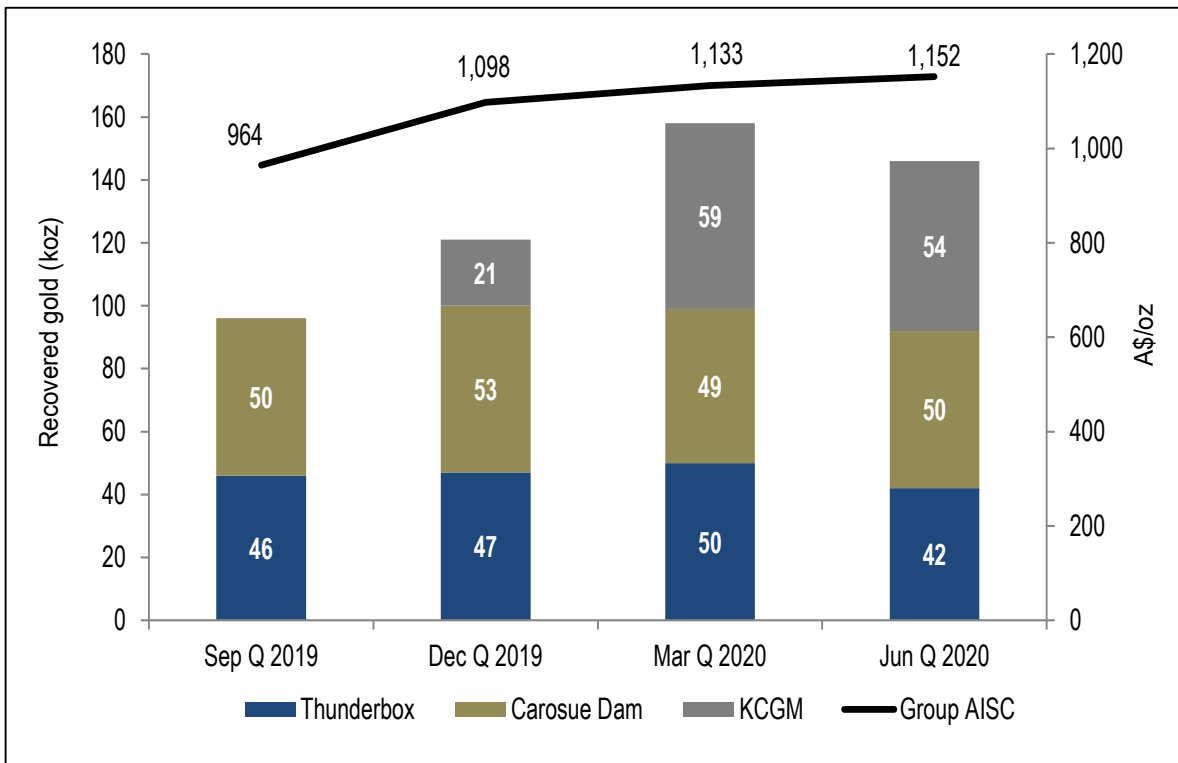


- ▲ Previous philosophy ~ 1 year's production hedged over a 3 year period (~33% of production hedged)
- ▲ At 30 June 2020, the hedge book comprised 493,200 ounces at an average delivery price of A\$2,094/oz
- ▲ Based on FY21 guidance and the future outlook, the current levels are below 33% of production reflecting the intention to reduce to less than 25% of production
- ▲ Lower risk profile due to:
 - Ongoing future proofing strategy
 - Acquisition of the Tier 1 Super Pit asset
 - Early debt repayments
 - Strong current gold price environment

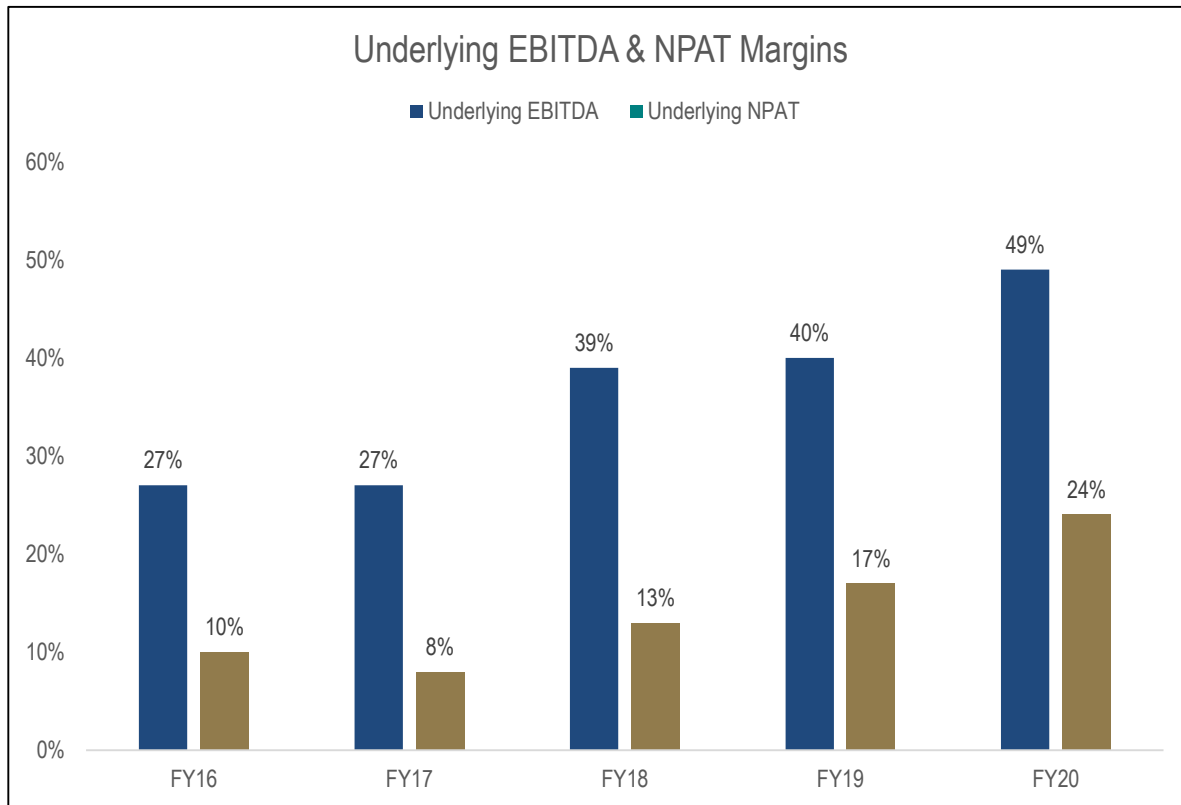


Record FY20 production:

- ▲ FY20 production – **520,414oz** up 47% from 355,077 in FY19
- ▲ Steady AISC's Y-o-Y



Underlying EBITDA & NPAT Margins

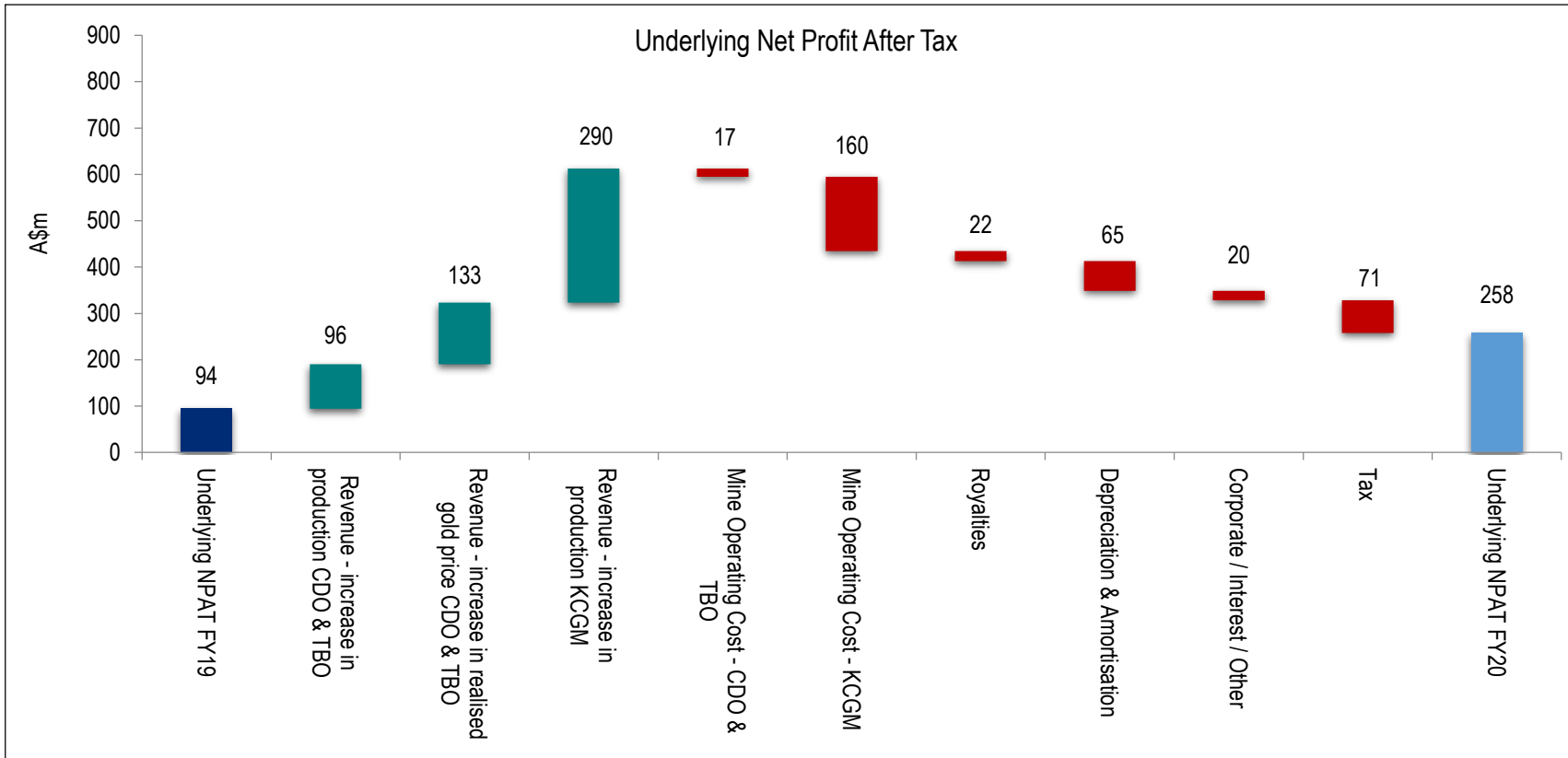


- ▲ Group Margins continuing positive trend
 - Sector leading costs at TBO - mining at the bottom of the C Zone pit
 - Steady overall cost base
 - Increased production
 - Higher gold price
- ▲ Underlying EBITDA margin **up 23% to 49%**
- ▲ Underlying NPAT margin **up 41% to 24%**

Underlying Net Profit After Tax (“NPAT”)



Record Underlying NPAT:



▲ Record underlying NPAT **up 173%** to **\$257.5M**

▲ Revenue **up 93%**:

- Increased production at CDO & TBO
- KCGM 7 month contribution
- Higher gold price

▲ TBO and CDO operating costs steady

▲ Inclusion of mine operating costs at KCGM

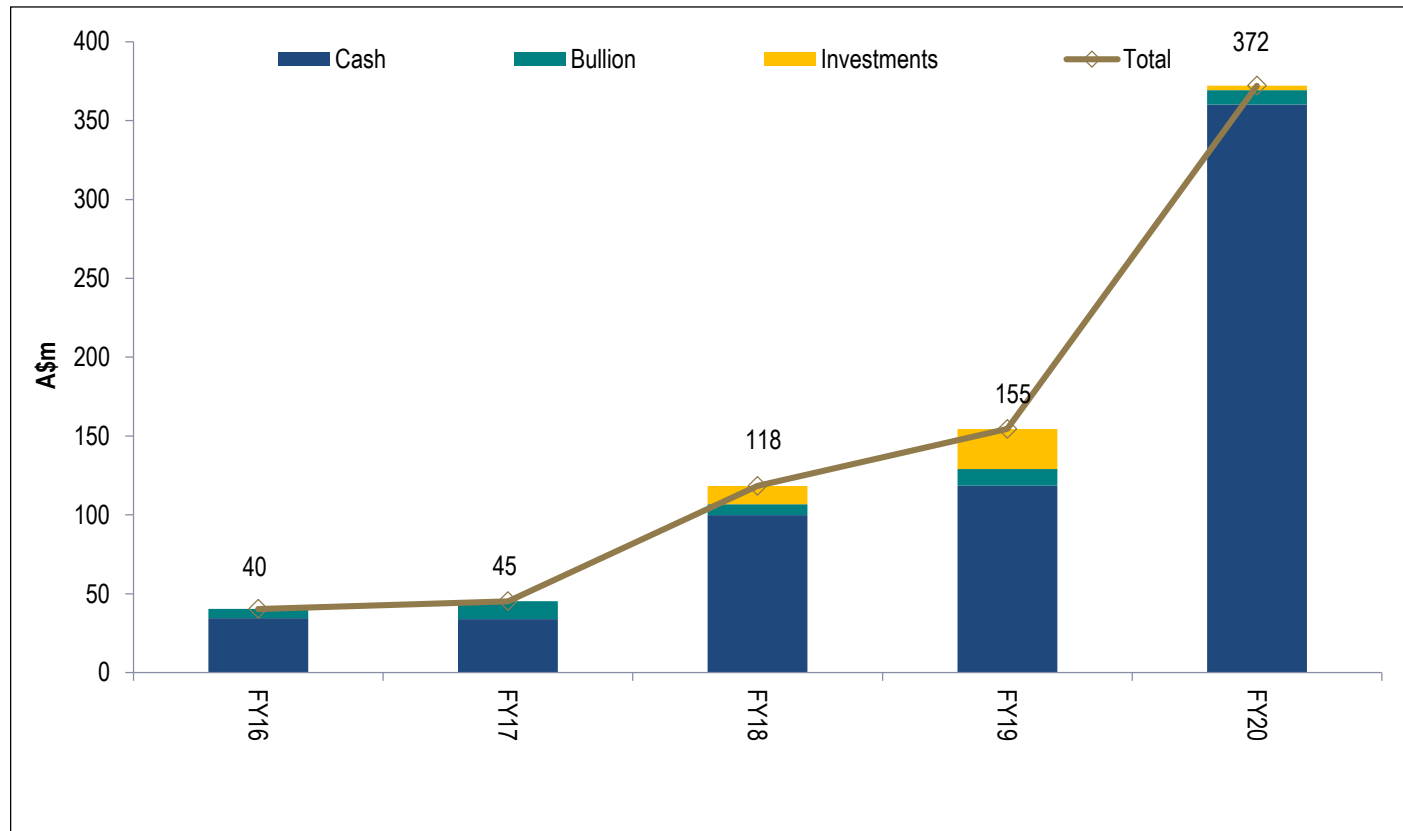
▲ Higher royalties given gold price strength

Impact of KCGM acquisition:

	FY20	FY19	% Variance
Reconciliation			
Underlying EBIT DA	530.9	221.2	140%
Adjust for:			
- Expensing of deferred exploration costs	0.7	0.4	
- Loss on disposal of fixed assets	0.3	0.4	
- Obsolete stock write down	0.6	0.9	
- KCGM stamp duty	31.7	0.0	
- KCGM transaction cost	15.6	0.0	
- Impact of fair value uplift on KCGM stockpiles	34.4	0.0	
EBIT DA	447.6	219.5	104%

- ▲ Material “one-off” impact on statutory accounts as a result of the KCGM acquisition:
 - A\$32 million stamp duty and A\$16 million in transaction costs expensed to the Profit & Loss rather than capitalised to the Balance Sheet
 - Incremental A\$35 million non-cash operating charge expensed to the Profit & Loss after Fair Value uplift of existing stockpiles due to statutory purchase price accounting

Strong cash build, net cash position of A\$48m



▲ Cash and equivalents of A\$372m at 30 June 2020 after:

- Debt repayments of A\$78.5m
- Paying A\$52.6m tax
- Investing A\$272.6m on exploration and growth

▲ **Net cash position of A\$48m**, just seven months after drawing down A\$400m to partly fund the acquisition of 50% of the Super Pit

▲ Gross debt of A\$321.5m at 30 June 2020 representing a comfortable **20% gearing level***

* Gearing = Debt/Equity

Contact Details:

Morgan Ball

Chief Financial Officer

phone: +61 8 6229 9100

email: info@saracen.com.au

www.saracen.com.au



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SARACEN.COM.AU

ABN: 52 009 215 347