

# FINANCIAL RESULTS RELEASE

*Full Year Ended 31 July 2015*

Presented by

Robert Millner - Chairman & Shane Stephan - Managing Director

22 September 2015



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# OVERVIEW

Mr Robert Millner - Chairman



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# EXECUTIVE SUMMARY

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- Ongoing improvement in safety performance
- Strong operating cash flow, with an increase of \$24.1 million
- Strong sales and production tonnages for the period
- Profit after tax before non-regular items totals \$51.7 million
  - \$26.0 million from coal mining, marketing and logistics
  - \$2.3 million loss from oil and gas
  - \$28.0 million from treasury and investments
- Losses from impairments and other non-regular items of \$73.6 million after tax
- After non-regular items a net loss after tax of \$21.8 million
- Sales volumes for year – 5.8 million tonnes
- New Hope is well positioned to take advantage of growth opportunities – at the right time and for the right price
- Management is sustainably reducing operating costs – Cost of Sales reduced by \$57.7m or 17.1% in comparison with the prior financial year

# SAFETY PERFORMANCE

Mr Shane Stephan - Managing Director



EMERGENCY RESPONSE TEAM TRAINING

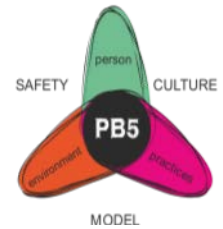


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# SAFETY PERFORMANCE

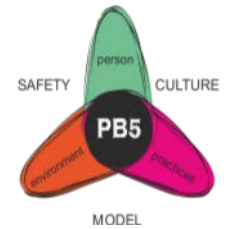
## *Principle of Safe Production*



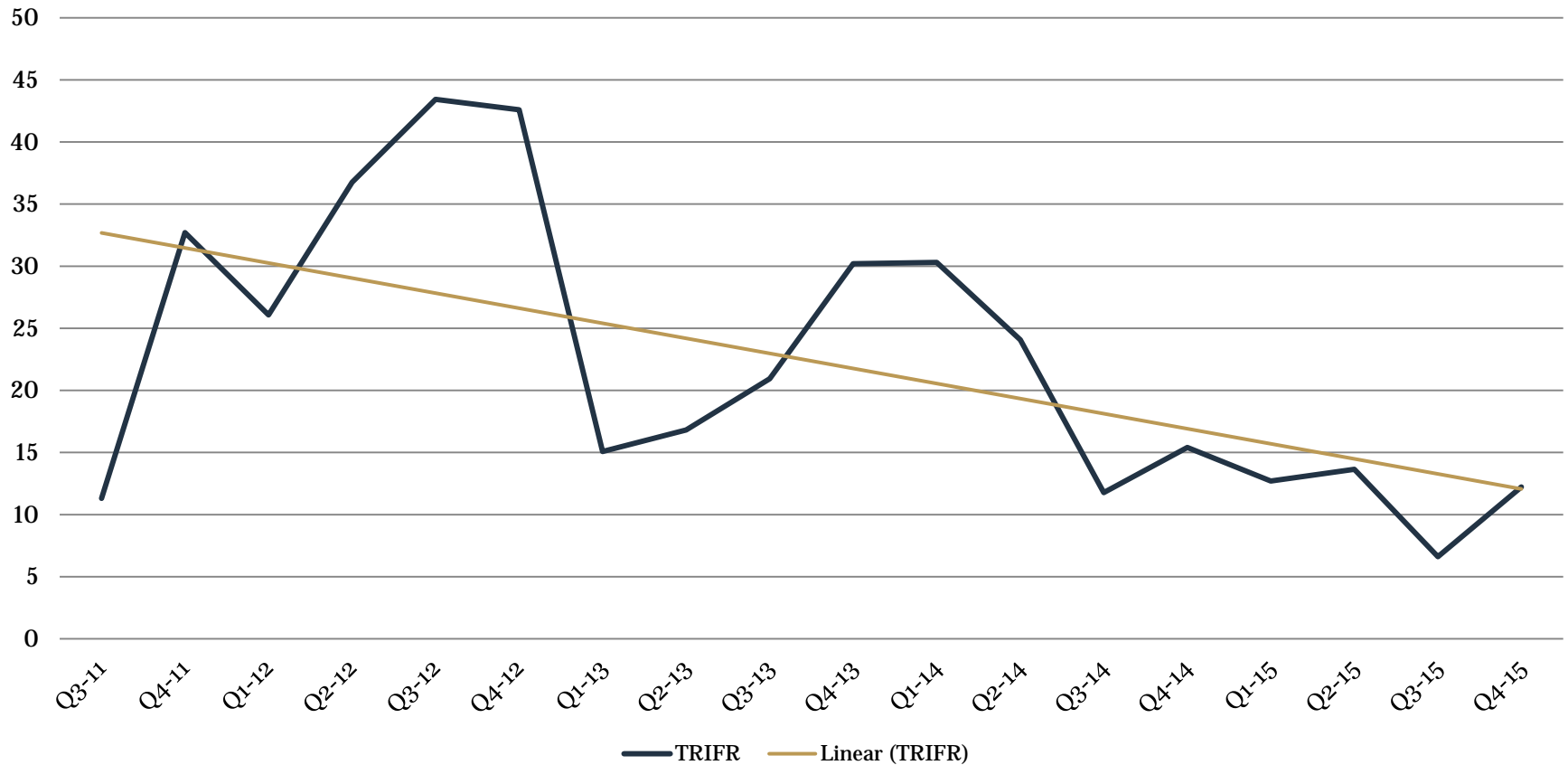
- Safety performance continues to improve in relation to FY 2014
- All lag indicators improved for FY 2015 compared to same period in 2014
  - TRI's down 50%
  - LTI's down 27%
  - HPI's down 43%
- Concentration through embedding i-Safe/We-Safe behavioural safety program
- Queensland Mining Safety Conference - Safety innovation award finalists - 2 award finalists
- Health and Wellbeing Program - Finalist Queensland Worksafe Awards *Category 7 - Best workplace health and wellbeing initiative*



# SAFETY PERFORMANCE



**Quarterly Total Reportable Injury Frequency Rate (TRIFR)**



# FINANCIAL OVERVIEW



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# FINANCIAL OVERVIEW

*FY 2015*

	12 Months Ended 31 July (A\$m)		
	2015	2014	Change %
Revenue from ordinary activities	505.8	549.0	-8%
Earnings before interest, tax, depreciation, amortisation and non regular items^	132.7	113.7	+17%
Earnings before interest, tax and non regular items^	71.6	53.9	+33%
Profit/(loss) before income tax (before non regulars items)^	71.6	53.7	+33%
Profit/(loss) before income tax	(24.7)	71.0	-135%
Net profit/(loss) after tax (before non regular items)^	51.7	41.5	+25%
Net profit/(loss) after tax	(21.8)	58.4	-137%

^ Refer to Appendix for reconciliation of non-IFRS financial information

# FINANCIAL OVERVIEW

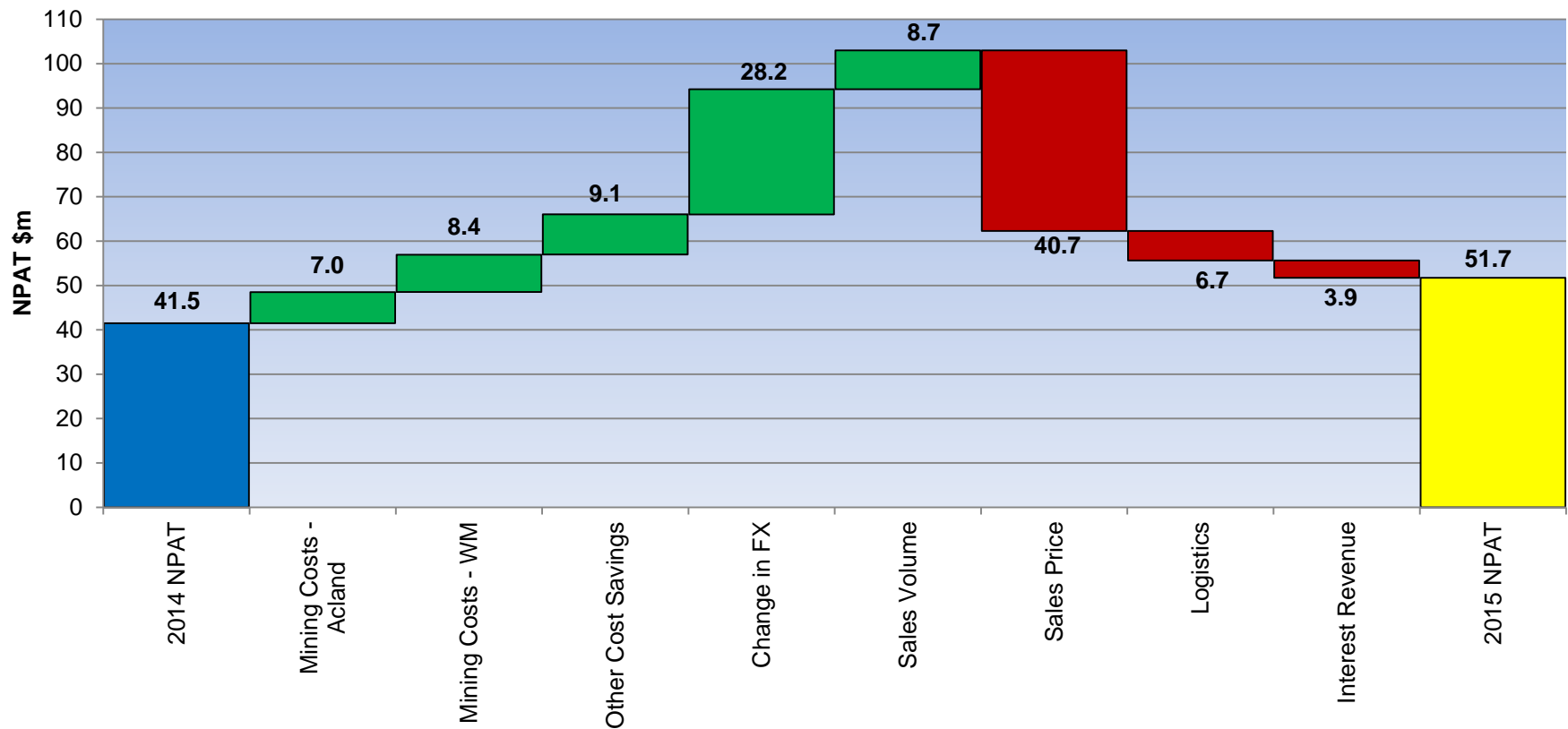
*FY 2015*

	12 Months Ended 31 July (cents per share)	
	2015	2014
Earnings per share before non regular items^	6.2	5.0
Earnings per share	(2.6)	7.0
Interim Dividend	4.0	6.0
Final Dividend to be paid in November 2015	2.5	2.0
Special Dividend to be paid in November 2015	3.5	3.5

^ Refer to Appendix for reconciliation of non-IFRS financial information

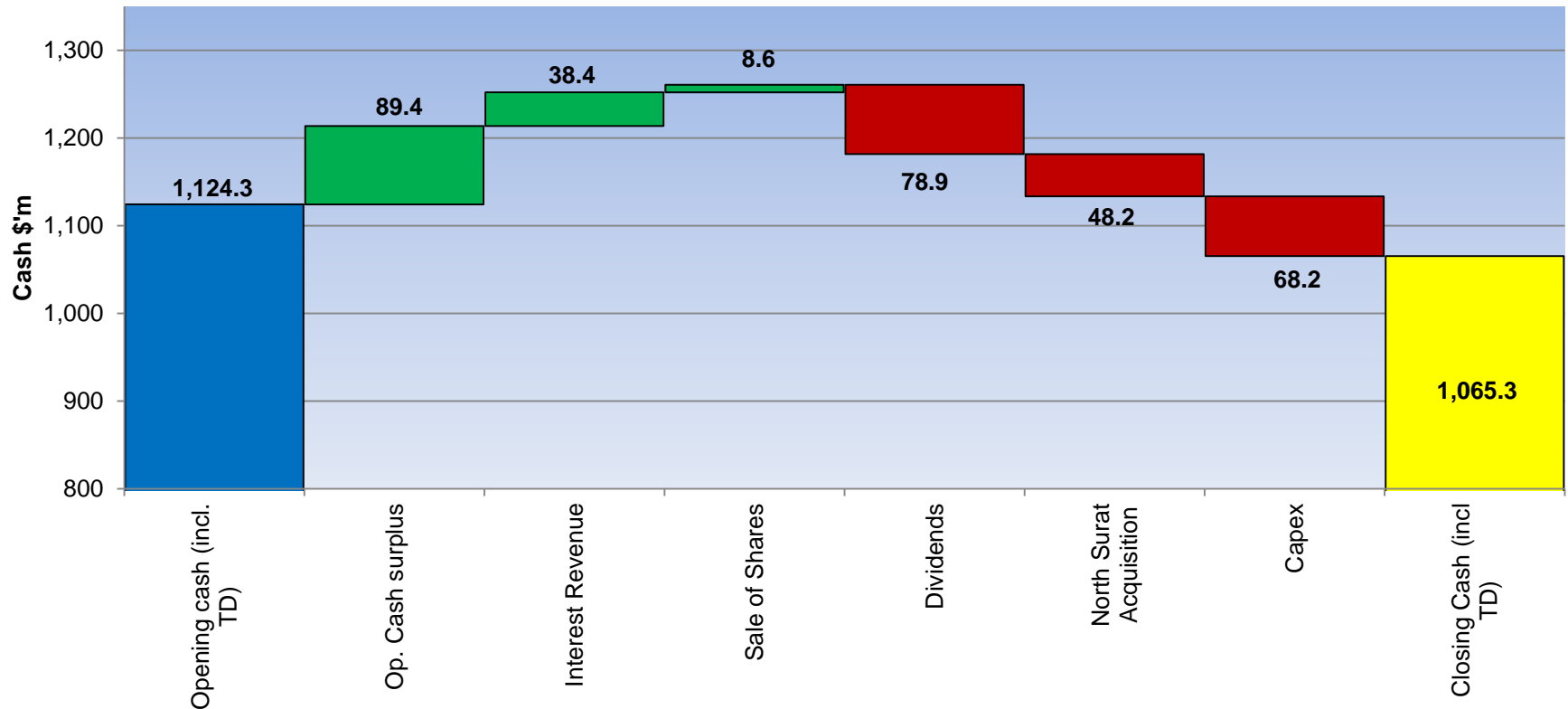
# GROUP NPAT COMPARISON

*Before non regular items*



# GROUP CASH POSITION

## *Cash Position including Term Deposits*



# SIGNIFICANT ITEMS

## *Non Cash impact on FY 15 Results*

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- There are five (5) major non-cash significant items included in the full year results with a total net impact of \$73.6m post tax
  - Impairment of coal to liquids facility (\$17.0m post tax) due to lack of commercial application in the immediate future
  - Impairment of Oil producing assets (\$36.0m post tax) due to low oil prices and resultant reduction in reserves
  - Impairment of goodwill (\$4.2m post tax) related to Oil producing assets
  - Impairment of held for sale shares in IGas and Planet Gas (\$17.6m post tax) due to prolonged depreciation in share value
  - Gain on disposal of Dart Energy Limited Shares (\$1.2m post tax) in a share swap arrangement with IGas Energy plc



# COST MANAGEMENT



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# COST MANAGEMENT

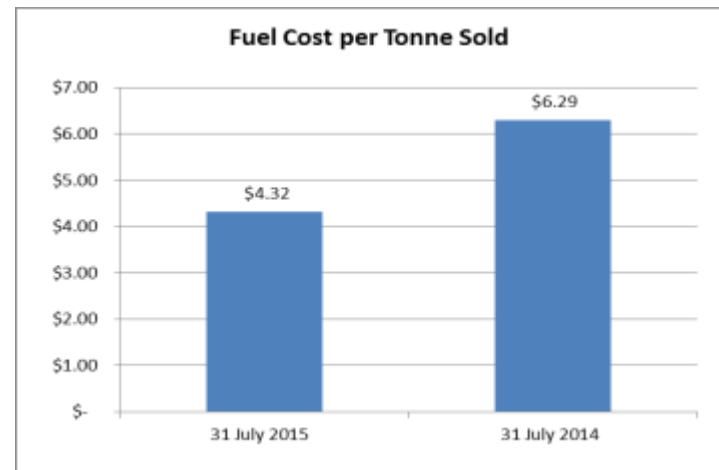
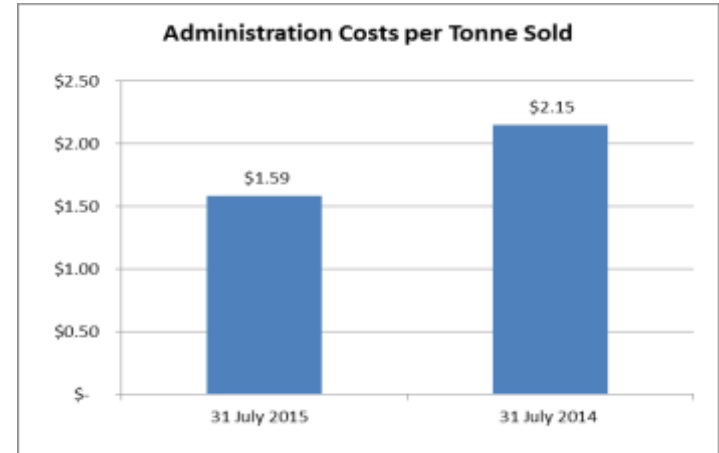
- Innovation initiatives sustainably reduce costs
- Wirtgen Surface miner purchased for Acland. Replaces two dozers and a loader, with resultant productivity improvement.
- Reduced noise, vibration and potential for vehicle collision
- Continuing to improve Wirtgen performance to maximise first mover advantage



# COST MANAGEMENT

## *Operations maintaining Cost Competitiveness*

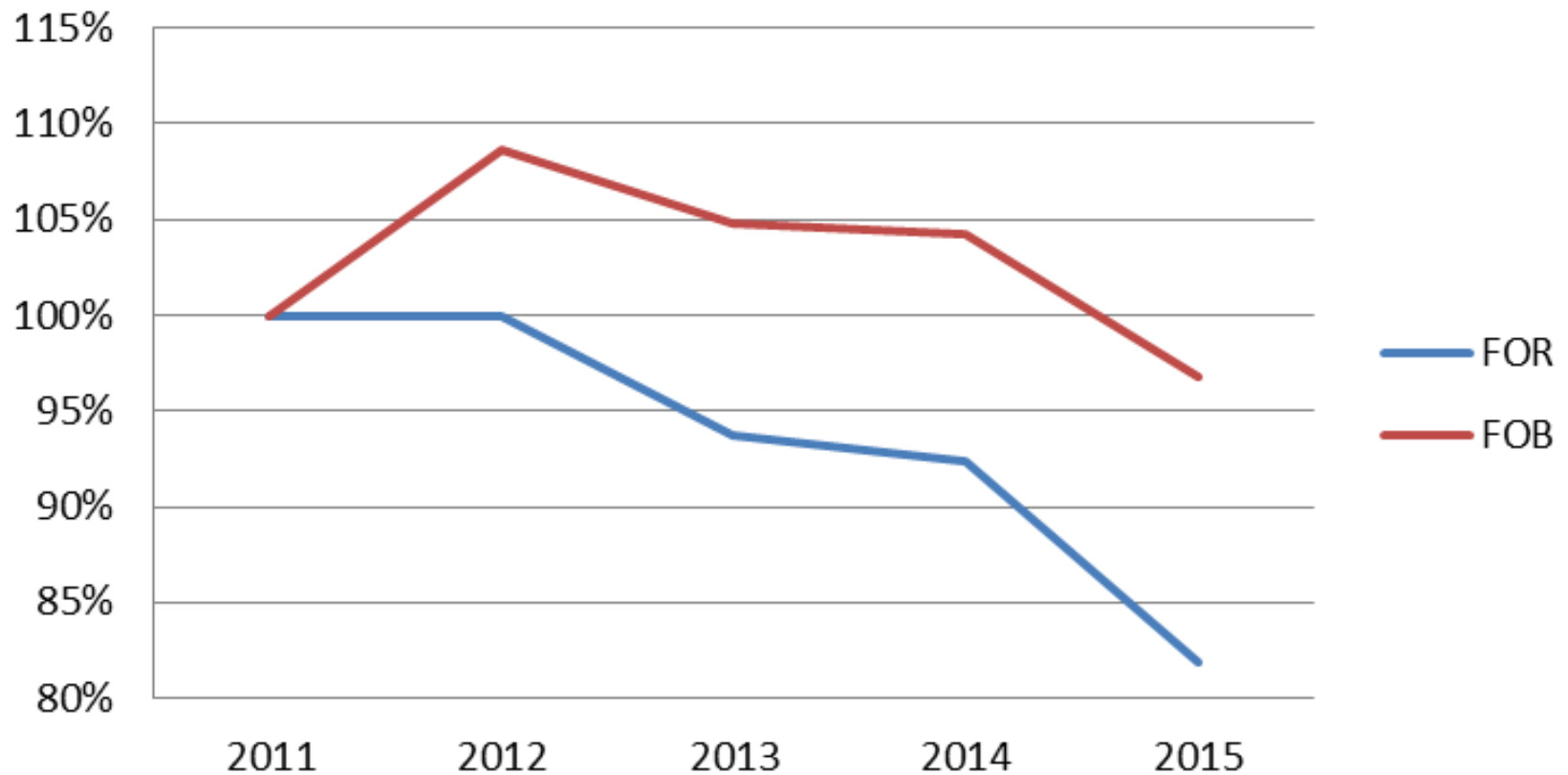
- Costs of sales reduced by \$57.7 million or 17.1%
- Administration costs reduced by \$3.2 million or 26.2%
- 2015 FOR operating costs reduced by 11.4% compared to 2014 financial year
- Fuel costs savings of \$11.2m, equating to 31.4%
- FOB costs have reduced by 7.2% from FY2014



# COST CONTROL

## *Trend Analysis*

### 5 year trend analysis FOR/FOB costs



# PRODUCTION AND SALES



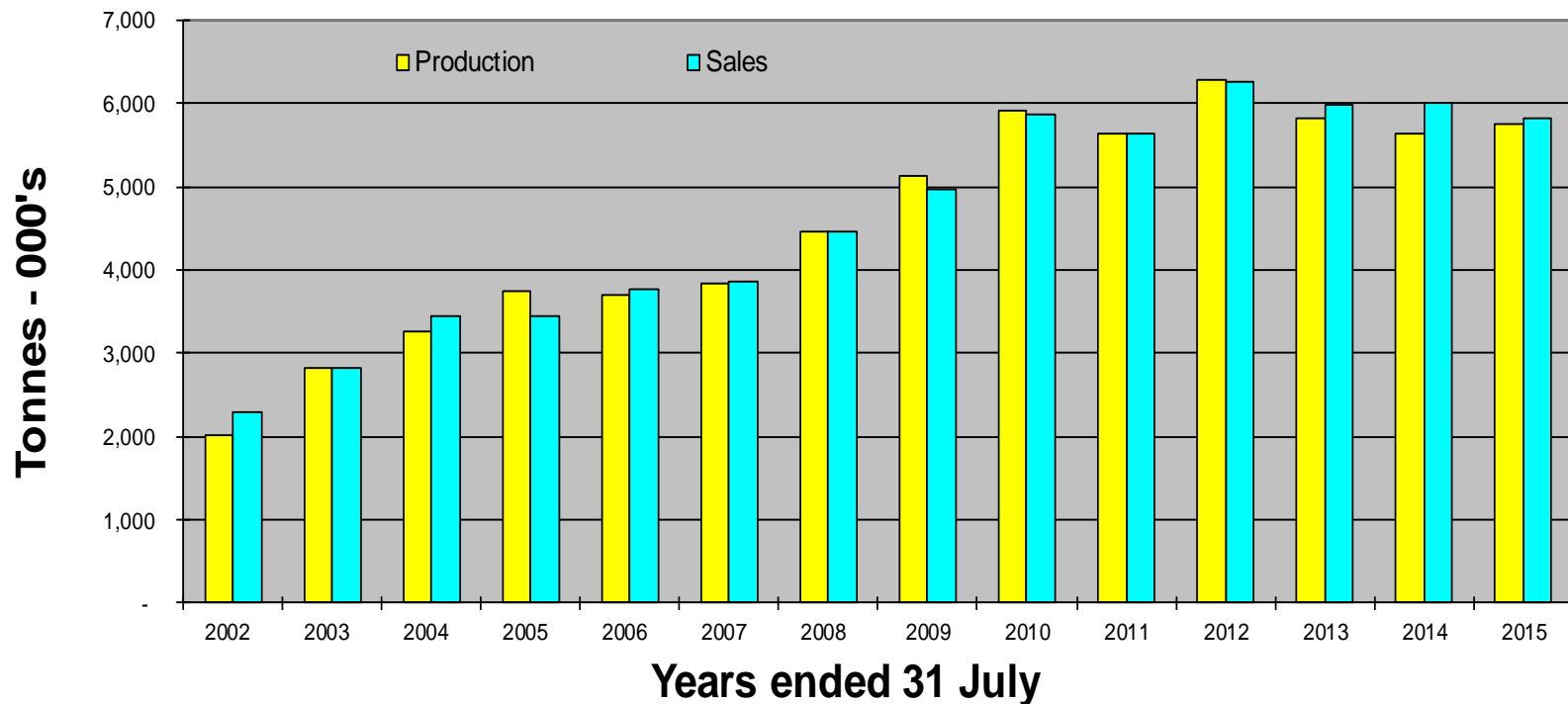
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# PRODUCTION & SALES PERFORMANCE

*FY 2015*

## Australian Operating Results



# PRODUCTION & SALES TONNAGES

*FY 2015*

	12 Months Ended 31 July (million tonnes)		
	2015	2014	Change
ROM Coal Processed	11.140	11.046	+1%
Saleable Coal Production	5.747	5.637	+2%
Export Sales *	5.681	5.846	-3%
Domestic Sales	0.145	0.158	-6%
<b>TOTAL SALES *</b>	<b>5.827</b>	<b>6.003</b>	<b>-3%</b>

\* Includes trade coal

# NORTH SURAT PROJECTS



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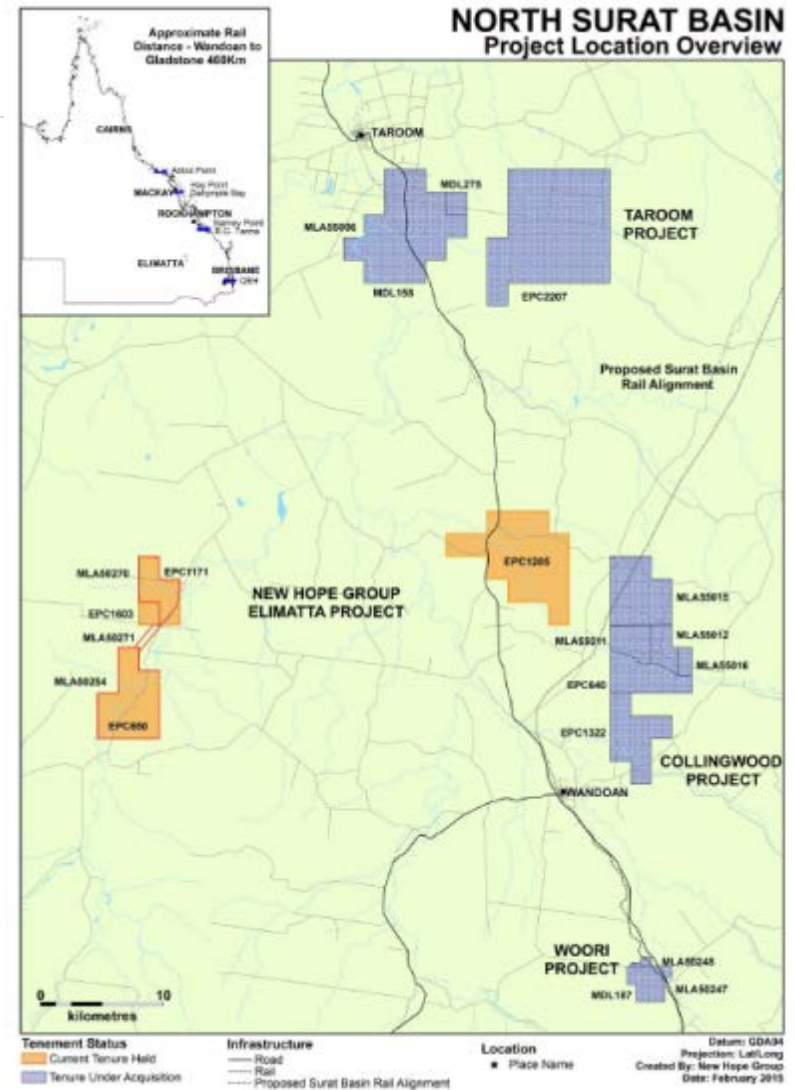
# NORTH SURAT PROJECTS



- In Dec 2014 acquired Cockatoo Coal's 51% of North Surat Joint Venture for \$25m
- In Feb 2015 acquired Mitsui's 49% of North Surat Joint Venture on similar terms
- Long term strategic investment in a large tonnage of low ash open cut thermal coal

# NORTH SURAT PROJECTS

- The three projects acquired from Cockatoo/Mitsui are Taroom, Collingwood and Woori
- In combination with New Hope's existing Elimatta project, the projects contain total resources of over 1 billion tonnes \*
- In the short term, New Hope will focus on project development studies including evaluating a range of coal transport alternatives



\* As reported in the New Hope Annual Report, released to ASX on 22 September 2015



# COMMUNITY AND SUSTAINABILITY



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# OUR VISION

New Hope is a successful diversified mining and energy business. We are proud of our achievements and care about people and the environment.

We will deliver sustainable growth and enduring shareholder value through our people and quality assets.

## INTEGRITY

We are *ethical, honest* and can be *trusted* to do the right thing

## RESPECT

We *listen* to our stakeholders and treat others as we expect to be treated ourselves

## ACCOUNTABILITY

We *act* in accordance with our obligations, *deliver* on our commitments and *take responsibility* for our actions

## SAFETY

We share a mutual responsibility to *prevent harm* and *promote wellbeing*

## RESILIENCE

We strive to *achieve long term sustainability* by navigating through change and uncertainty

## SUCCESS

We take pride in the *achievement of our goals*, being *innovative* and *making a positive difference*





# COMMUNITY & SOCIAL RESPONSIBILITY

## *Working together to maintain our Social Licence to Operate*

- We contribute around \$600,000 pa to local community projects and not-for-profit groups through our Sponsorship Program and Community Investment Fund
- Our Community Reference Group at Acland provides insights on local issues to help inform company decision making
- We work with local schools to provide skills development and training opportunities such as the Oakey High School Seedling program
- We have an ongoing partnership with CareFlight Rescue to ensure emergency medical services are available for the local regional area



# COMMUNITY ENGAGEMENT

## *New Acland mine Family Support Walk*

- Over 800 New Acland employees and supporters turned out in force in Oakey on 15 March to show their support for the coal mine with a Family Support Walk through the town
- Employees at the mine came up with the idea for the event to show their pride in working and living in the region
- Employees were joined by their families, community members, contractors and local business owners





# NEW ACLAND COAL MINE STAGE 3 PROJECT

## *Highlights*

- Continue the mine until approximately 2029, supporting approximately 435 operational jobs at peak, construction jobs of up to 260, plus thousands of indirect jobs
- Potential expansion of the mine to 7.5 Mtpa product
- Contribute \$300 million per annum to the South East Queensland economy, \$100 million per annum of which goes to the Darling Downs
- Relocate Jondaryan Rail Loading Facility to a remote site on lease
- Maintain Acland town area through the Acland Management Plan
- Strong community support for the project

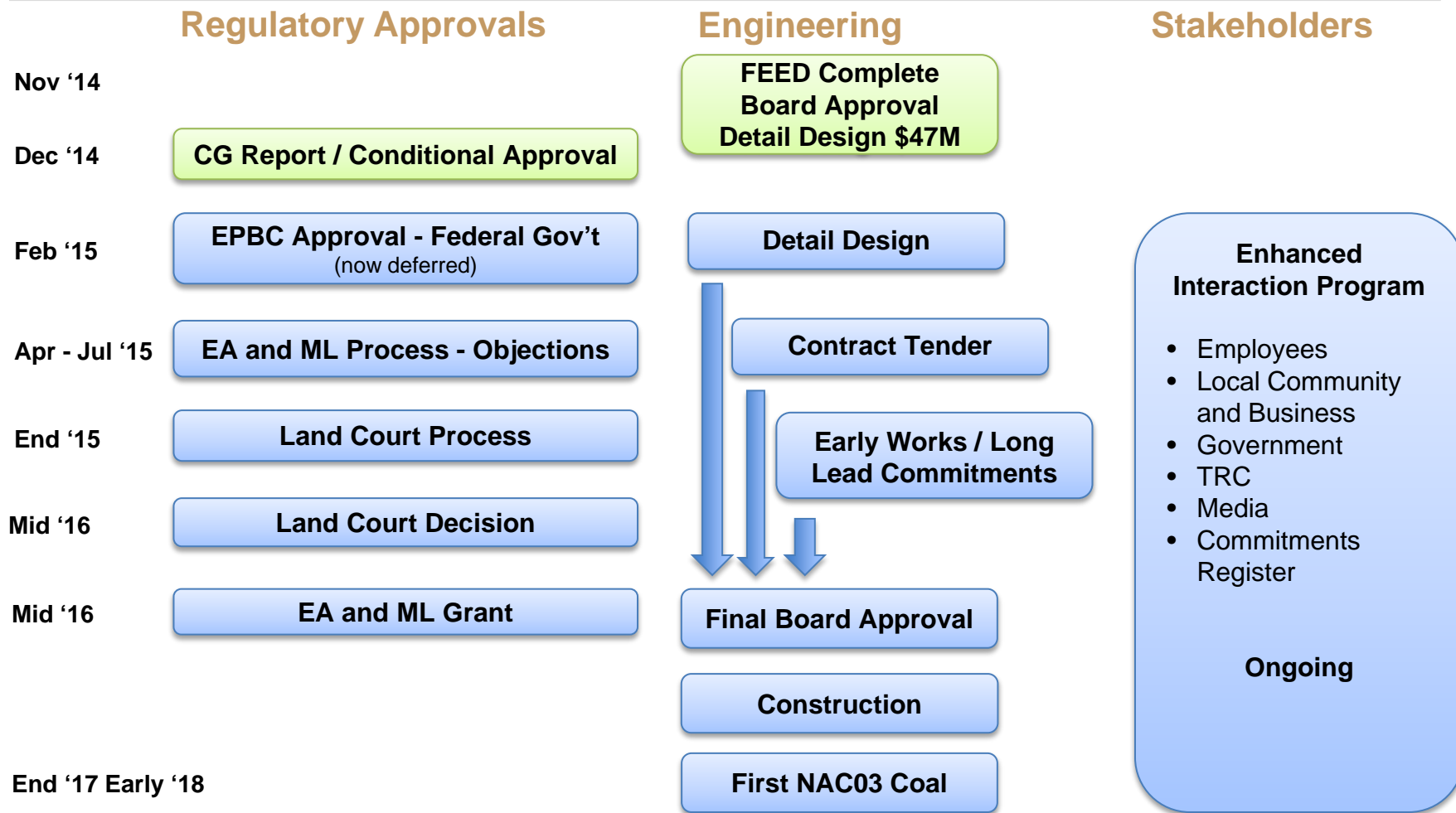




# NEW ACLAND COAL MINE

## STAGE 3 PROJECT

### *Project Timeline*



# REHABILITATION

## *Land Management*

- New Hope is committed to the progressive rehabilitation of land across its operations
- Rehabilitation is progressive and occurs right behind the mining activities
- To date 405 Ha of land has been fully rehabilitated at Acland
- Clear demonstration of the compatibility of mining and agriculture

2012 New Oakleigh



2015 New Oakleigh



# THERMAL COAL MARKETS



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# COAL DEMAND

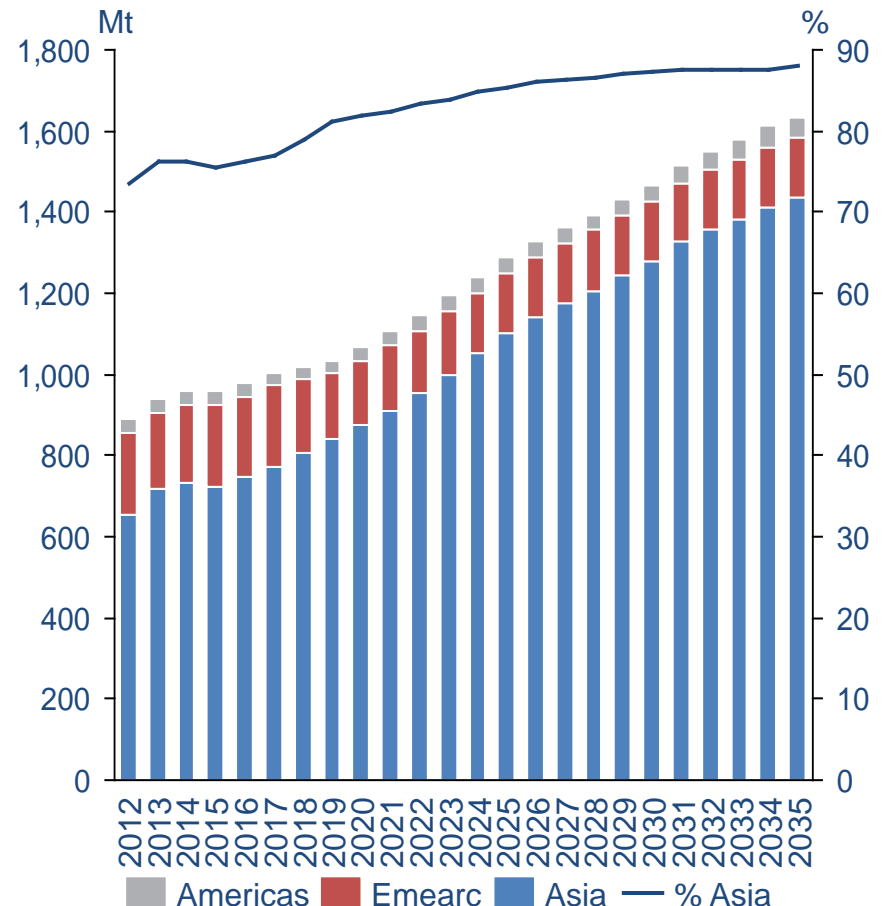
## Market Context

SOURCE: Wood Mackenzie

### Demand

- ❖ China import demand declining, however high quality Australian thermal coal is still in demand
  - ❖ 1<sup>st</sup> Half 2015 China imports down 31% to 139Mt
  - ❖ 1<sup>st</sup> Half 2015 China imports from Australia down 20% to 22.8Mt
- ❖ India is expected to increase coal fired power generation by > 80% over the next 6 years
- ❖ India is adding > 5GW of annual coal fired power capacity each year for the foreseeable future
- ❖ Vietnam, Philippines and Korea are growing markets
  - ❖ Philippines to triple coal fired power demand over the next 5 years from 5.8GW to 18GW
- ❖ Coal is the preferred fuel for electricity in Asia due to both availability and economics – gas fuelled electricity generation is still more than twice the cost of coal fuelled electricity generation in Asia

### Thermal Coal Demand



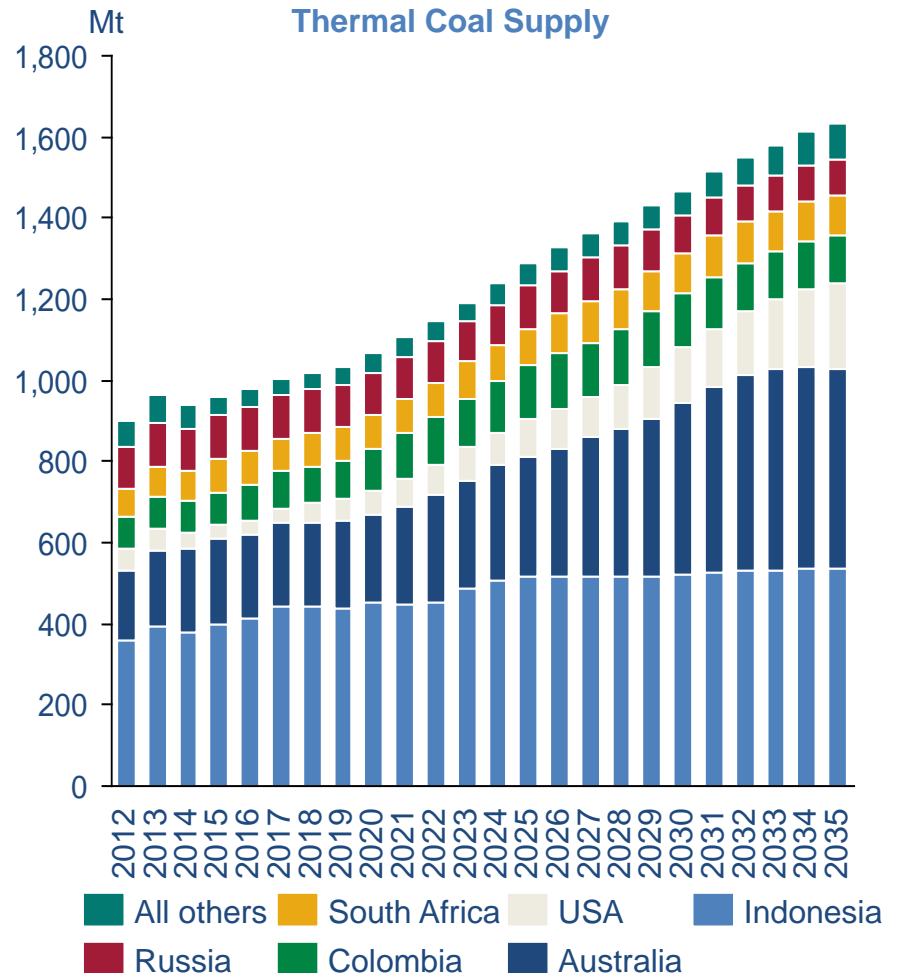
# COAL SUPPLY

## Market Context

SOURCE: Wood Mackenzie

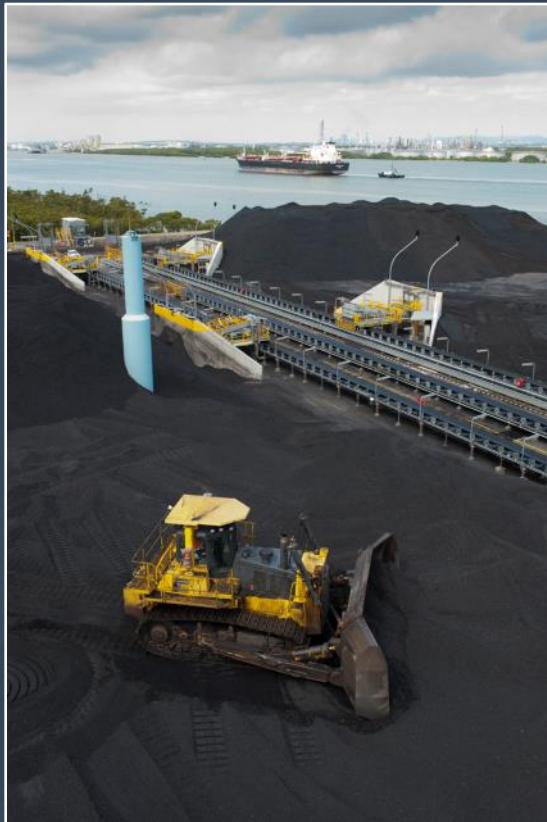
### Supply

- ❖ Seaborne thermal coal supply growth is moderating particularly from Indonesia
- ❖ Australian thermal coal supply 1<sup>st</sup> Half 2015 increased by only 1.8% to 115Mt
- ❖ Currency depreciation is impacting producing countries differentially, Russia and Australia benefit
- ❖ Price is currently below that required to incentivise new production
- ❖ Most large thermal coal producers are not profitable at current prices





# PORT OPERATIONS

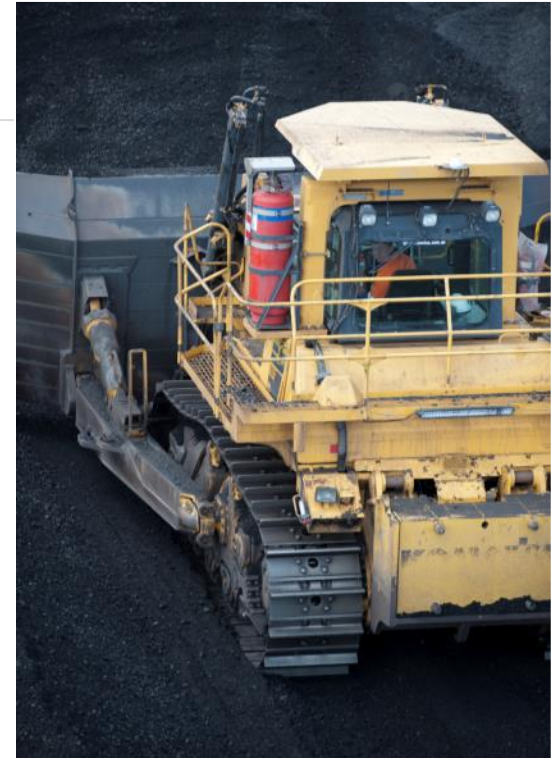


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# PORT OPERATIONS

## *Queensland Bulk Handling*

- QBH exported 7.1Mt for the year on 89 vessels
- QBH is a despatch port
- QBH management and staff maintained the strong safety performance, this year delivering over 3 years Lost Time Injury (LTI) free
- Strong focus on cost control through productivity improvement, management of maintenance and reduction of raw material inputs





# OIL AND GAS



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# OIL AND GAS

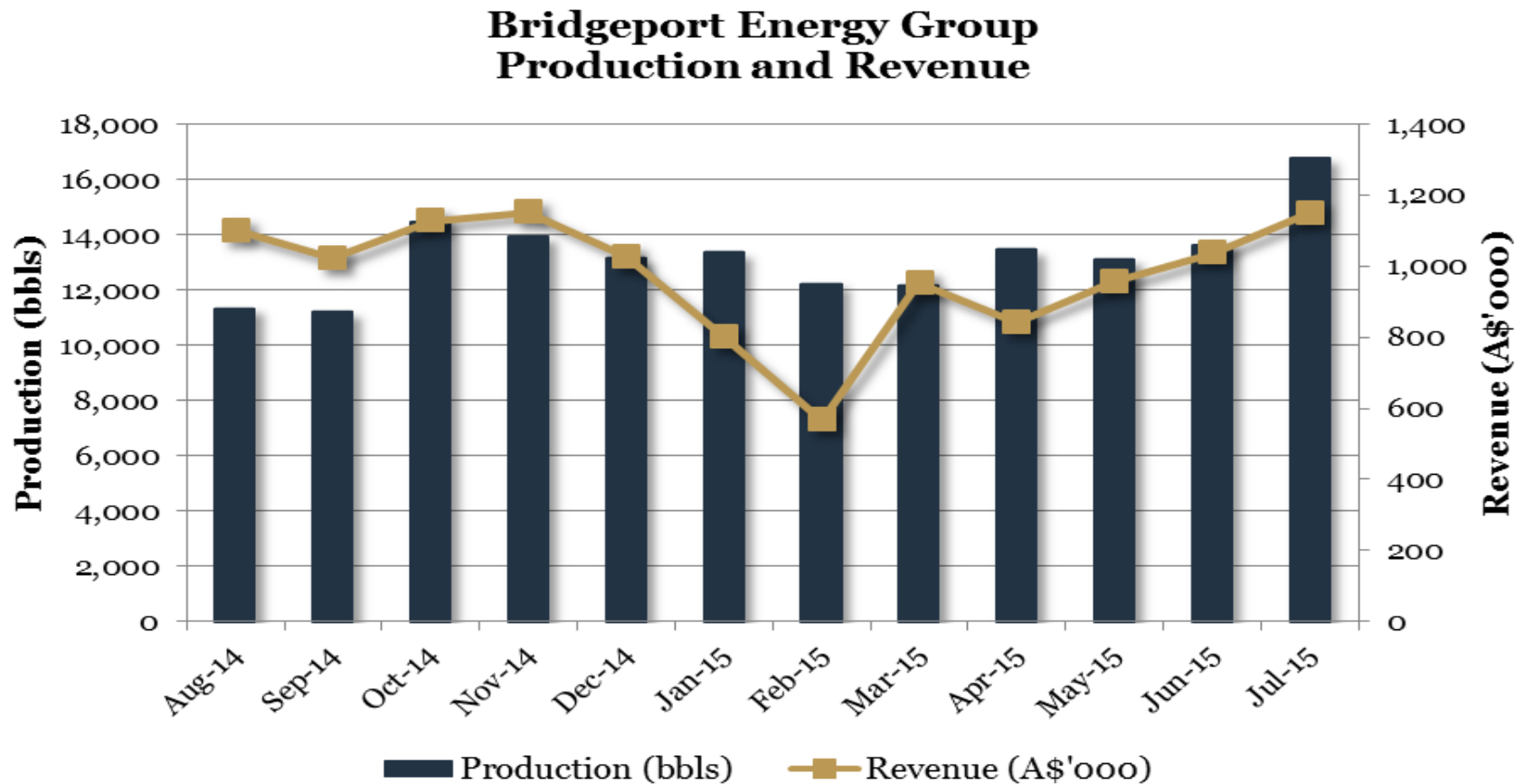
## *Bridgeport Energy*

	12 Months Ended 31 July (\$000)	
	2015	2014
Total Revenue	11,955	14,153
Earnings Before Interest Tax Depreciation Amortisation and non regular items^	(621)	200
Profit Before Tax (after non regular items)^	(59,862)	(2,240)
Less Income Tax Benefit (expense)	16,442	(1,662)
Less Petroleum Resources Rent Tax Benefit	961	7,317
Profit After Tax (after non regular items)^	(42,459)	3,415
Non regular items^	(40,176)	-
Profit After Tax (before non regular items)^	(2,283)	3,415

^ Refer to Appendix for reconciliation of non-IFRS financial information

# OIL AND GAS

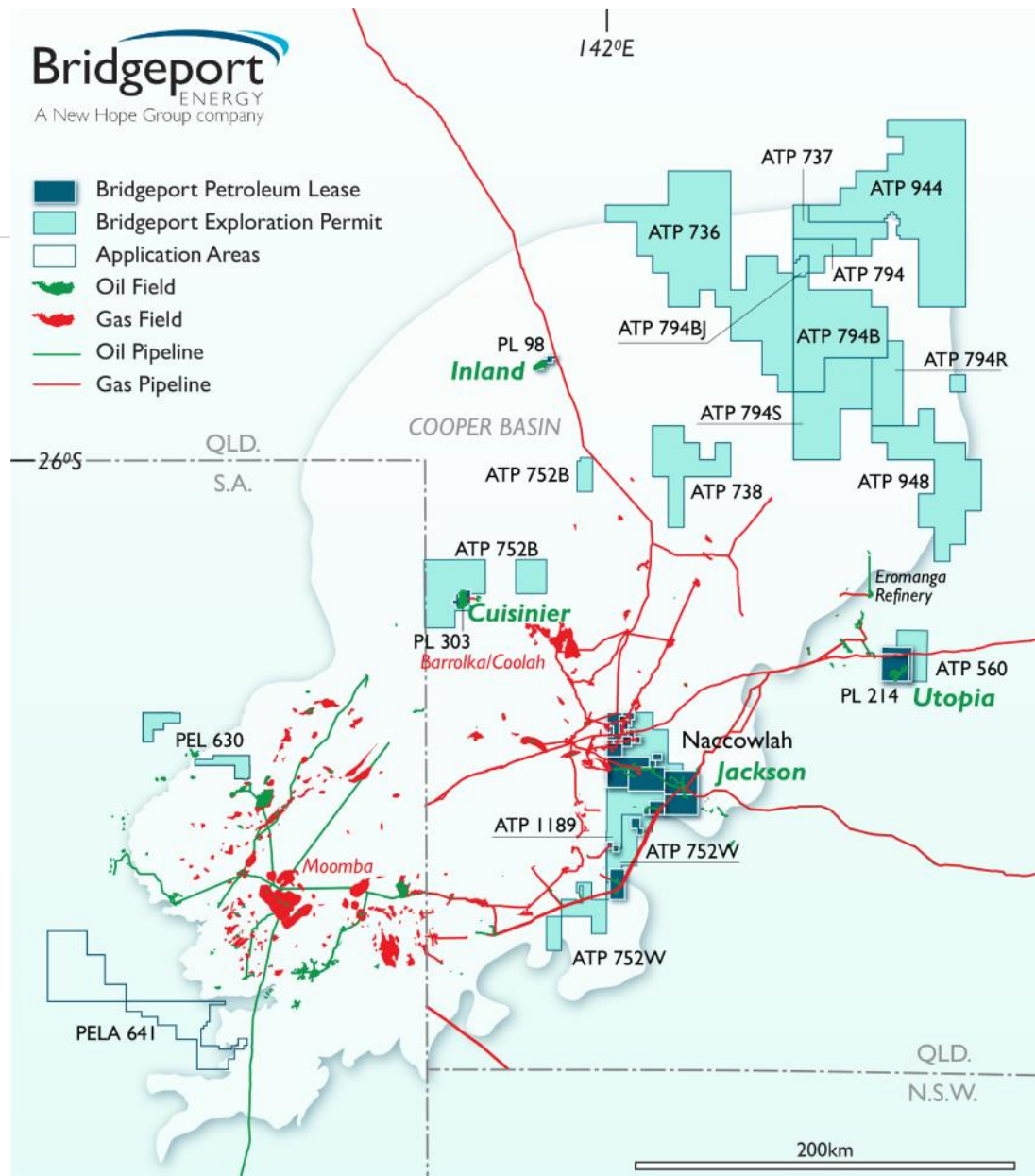
## *Production and Revenue*



# OIL AND GAS

## *Growth Projects*

- Inland, Utopia and Cuisinier fields – Production enhancement program
  - Well cleanouts, descaling wells, re-perforating and fracture stimulation of some wells on existing production fields
- 3D Seismic Program
  - PEL 630
  - ATP 794 and ATP 805P
- A number of potential asset acquisitions are under active review
- Bridgeport is the holder of a large area of exploration interests in the Cooper Basin



# OUTLOOK



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# OUTLOOK AND FOCUS

## *New Hope has a long term Growth Strategy*

- ❖ Markets are changing however high quality thermal coal will remain in demand in Asia for many decades to come – there remains no economically sustainable substitute for coal in Asia
- ❖ Prices will continue to fluctuate and it will be critical to maintain a cost competitive position on the Asian energy supply curve. Australia needs to maintain its competitiveness in production, transport, and regulation.
- ❖ Deliver safe, efficient and cost effective production outcomes through retaining a high calibre team with the right culture
- ❖ Achieve an excellent reputation in our local communities and be respected by all our stakeholders
- ❖ Secure the future of New Acland and realise full value from our existing assets
- ❖ Apply our balance sheet to facilitate growth



# APPENDIX



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# RECONCILIATION OF NON-IFRS FINANCIAL INFORMATION

	12 Months Ended 31 July (A\$m)	
	2015	2014
<b>Net profit / (loss) after tax</b>	<b>(21.8)</b>	<b>58.4</b>
Income Tax expense / (benefit)	(1.9)	19.9
Petroleum Resource Rent Tax expense / (benefit)	(1.0)	(7.3)
<b>Profit before income tax</b>	<b>(24.7)</b>	<b>71.0</b>
Non regular items before tax	96.3	(17.3)
<b>Profit before income tax and non regular items</b>	<b>71.6</b>	<b>53.7</b>
Interest Expense	0.0	0.2
<b>Earnings before interest tax and non regular items</b>	<b>71.6</b>	<b>53.9</b>
Depreciation and Amortisation	61.2	59.8
<b>Earnings before interest tax depreciation amortisation and non regular items</b>	<b>132.8</b>	<b>113.7</b>

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

12 Months Ended 31 July (A\$000)	Coal Mining	Oil and Gas	Marketing and Logistics	Treasury and Investment	Total
<b>2015</b>					
Net profit/(loss) after tax	(17,858)	(42,459)	26,881	11,615	<b>(21,821)</b>
Non regular items after tax					
Gain on disposal of Dart Energy	-		-	1,151	<b>1,151</b>
Impairment of oil assets	-	(36,019)	-	-	<b>(36,019)</b>
Impairment of goodwill	-	(4,157)	-	-	<b>(4,157)</b>
Impairment of available for sale investments	-	-	-	(17,558)	<b>(17,558)</b>
Impairment of Coal to Liquids	(16,987)	-	-	-	<b>(16,987)</b>
Net profit/(loss) after tax before non regular items	(871)	(2,283)	26,881	28,022	<b>51,749</b>
<b>2014</b>					
Net profit/(loss) after tax	(21,800)	3,415	32,584	44,250	<b>58,449</b>
Non regular items after tax	-	-	-	16,959	<b>16,959</b>
Net profit/(loss) after tax before non regular items	(21,800)	3,415	32,584	27,291	<b>41,490</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.

# RECONCILIATION OF NON-IFRS FINANCIAL INFORMATION

	12 Months Ended 31 July	
	2015	2014
<b>Basic earnings per share (cents) (before non regular items)</b>	<b>6.2</b>	<b>5.0</b>
Disposal of investments	0.1	2.0
Impairment of oil assets	(4.3)	-
Impairment of goodwill	(0.5)	-
Impairment of available for sale investments	(2.1)	-
Impairment of coal to liquids facility	(2.0)	-
<b>Basic earnings per share (cents) (after non regular items)</b>	<b>(2.6)</b>	<b>7.0</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.



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