

# FY25 Half Year Results

## 31 January 2025

### Market call transcript

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Date:	18 March 2025
Time:	10:00am AEST/11:00am AEDT
Presenting:	Rob Bishop, Chief Executive Officer Rebecca Rinaldi, Chief Financial Officer Dominic O'Brien, Executive General Manager & Company Secretary

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**[START OF TRANSCRIPT]**

### Overview of FY25 Half Year Results

#### Rob Bishop:

Good morning, everyone. Thank you for joining us today at our FY25 half year results presentation. I'm joined by Rebecca Rinaldi on my left, our CFO, and Dominic O'Brien on my right, our Executive General Manager and Company Secretary.

Today, I'll be stepping you through our key highlights for the first half of the year, and then we'll move straight into Q&A session.

It's been a strong first half for the 2025 financial year for New Hope. Pleasingly, we've seen an improvement in safety with our 12 month moving average TRIFR decreasing by 18% over the past six months, from 4.99 to 4.08. We know we have more work to do, but it's positive to see the performance against those safety metrics improve.

Operationally, the group has reported an increase in coal volumes. ROM coal production was 8.3 million tonnes, a 56% increase on the first half of 2024. Saleable coal production was 5.4 million tonnes, up 33%, and coal sales were 5.4 million tonnes, up 44%.

This result reflects the continued execution of our organic growth plans, where we are targeting significant production increases. In terms of our financial highlights, we delivered an underlying EBITDA of \$517 million dollars, a 22% increase, and a statutory net profit after tax of \$340 million dollars, an increase of 35% compared to the first half of 2024.

In addition, our business generated \$370 million dollars of cashflow from operating activities, which funded investments in our organic growth pipeline, and has enabled us to deliver returns to shareholders.

On that matter, I'm pleased to announce the board has declared a fully franked interim dividend of 19 cents per ordinary share. In addition, we have also announced the start of an on-market buy-back of ordinary shares for up to 100 million, providing further shareholder returns.

Turning to safety. The safety of our people is paramount, and we are focused on ensuring our people go home at the end of each day unharmed. As I mentioned earlier, we have seen an improvement in our TRIFR and our all-injury frequency rate since we reported to the market six months ago. Although we still

have a long way to go, it is pleasing to see the safety program we put in place in recent months has started to have a positive impact at our sites.

Our group operational performance can be summarised in two key points, high coal production and lower unit costs. At our 80% owned and operated Bengalla Mine in New South Wales, we reported an uplift in saleable coal production to 4.2 million tonnes, with a corresponding decrease in FOB cash costs to \$68.30 per sales tonnes.

With the completion of the Bengalla growth project, the mine is now operated at the expected steady state.

Due to the combination of some timing delays and our disciplined approach, with consideration to the recent decrease in coal prices, we have revised down Bengalla sustaining capital and expenditure guidance with a focus on capital optimization. Bengalla Mine's FY25 sustaining capital guidance has reduced from \$200 to \$245 million dollars to \$185 to \$225 million dollars.

The continued ramp up of our New Acland Mine delivered a significant uplift in coal production, contributing 1.2 million tonnes of saleable coal for the first half. Importantly, the conclusion of Oakey Coal Action Alliance's legal challenge provides certainty for the community and a clear runway to increase production to around five million tonnes per annum by developing the Manning Vale West mining area.

During the half, New Hope increased its equity interest in Malabar Resources Limited from 19.97% to 22.97%.

This investment increased our exposure to high quality metallurgical coal and aligns with our strategy of investing in low-cost coal assets with long life approvals.

Overall, the strong operational performance of both Bengalla Mine and New Acland Mine provides a 33% uplift in saleable coal production to 5.4 million tonnes and a 21% decrease in group FOB cash costs to \$77.70 per sales tonne.

Turning to our financial highlights, the business generated \$317 million dollars in cashflow from operating activities, which was a significant step up compared to the first half of 2024.

This result reflects the continued execution of our organic growth plans, but also demonstrates our resilience to coal price fluctuations, which we have detailed on slides nine and ten.

Our cash generation supported further investment in our organic growth plans, allowing us to increase our equity interest in Malabar and most importantly, return value to shareholders.

During the half, we returned \$186 million in dividends to shareholders, representing a 10.3% gross dividend yield for the 12 months to the 31st of January 2025.

Here on slide eight, we have outlined our approach to capital management, which ensures we can deliver sustainable and significant returns to shareholders through a range of methods that we actively review. One of these methods is the on-market buy-back of ordinary shares of up to \$100 million that we announced to the ASX today. The buy-back represents an opportunity to enhance the value of the remaining shares on issue, given our view that the current share price undervalues the company.

We will apply the same discipline as our previous buy-back, with the buy-back working in conjunction with dividends.

On that note, our board has declared a fully franked interim dividend of 19 cents per ordinary share, which is allied to the strong half-year results.

New Hope has a significant franking account balance and using this account is a key priority. Therefore, dividends will continue to be the predominant form of capital returns to shareholders.

Looking ahead to the second half of the financial year, our focus is on the safe production ramp up at New Acland and maintaining the increased production levels at Bengalla.

Our performance in the first half of the year has us on track very well in terms of our guidance ranges. Beyond this financial year, we remain focused on our organic growth profile. This includes the continued ramp up of New Acland mine to five million tonnes per annum operation, the sustained production at Bengalla Mine, and the development of Malabar's Maxwell Underground Mine, all of which are low unit cost, low risk assets.

Our targeted production increases require limited capital expenditure. This will support increased levels of free cashflow, ultimately creating additional value to return to our shareholders.

Thank you very much. We'll now open up the lines to Q&A.

## Q&A

### Operator:

Thanks, Rob. One of the first questions to come through does relate to New Acland. So, with the OCAA appeal now resolved, how long will it take for New Acland to become a five million tonne operation?

### Rob Bishop:

So, I think the conclusion of the OCAA appeal now we've got through that. We're working through ramping up that pit. So around about FY27, we expect to get to a five million tonne per annum run rate.

### Operator:

Thank you. With the growth project now complete at Bengalla mine, what's next for the site?

### Rob Bishop:

So, as we discussed, we've really bedded down that growth project. So, we're consistently producing at that 13.4 million tonnes and washing just shy of 13 million ROM tonnes to get to around about 11 million tonnes of product.

That will take us through at that run rate to around about 2037 for that permitted area.

As we've announced previously, we have EL 9431, which is just to the west of Bengalla.

And then further out to the west, couple of years ago, we acquired AL19.

We're actively drilling both of those areas. And the intention is to provide optionality to extend the life of Bengalla should permitting and the community support that extension.

### Operator:

This one relates to the cyclone that impacted south east Queensland recently. Did the cyclone itself impact any of New Hope's operations?

### Rob Bishop:

Yeah, so I guess from New Hope's perspective, the safety of our people is paramount and we're happy to share that all of our people remain safe. Some of them had to stay away from the operation at QBH, given it's close to the coast and was probably in the main firing line compared to the rest of our assets.

We suffered no infrastructure damage at QBH, which was great. And all of our workforce are back on site there.

The real impact we had was due to the fact that we couldn't ship during that period, which makes sense. And then also the rail corridor suffered some flooding and delays, which we're getting towards the end of now and raiiling will start up. And that comes down from not only New Acland, which is New Hope's mine, but also Cameby Downs.

Operator:

A couple more questions to go, but this one from online, why a share buy-back rather than a larger dividend?

Rob Bishop:

Do you want to answer that, Bec?

Rebecca Rinaldi

Yeah, thanks. So, I guess we actively review all opportunities to return capital to our shareholders. And as you would see, the current value, the current share price really materially undervalues our company's assets.

So, we see a really good opportunity to enhance the value of the remaining shares on issue, as Rob touched on. But this will be done in conjunction with dividends. So, we really want to utilise that franking credit, but at the moment we do see a lot of, I guess, value in turning back on the buy-back. Now we'll be very disciplined with our approach to the buy-back as we were last time and continually monitor what is in the best interests of returning capital to our shareholders.

Operator:

Thank you, Bec. A few more coming in online now. This one relates to Malabar. What is the end game for Malabar? If you want to bid, why would you wait until it's de-risked? What does the 20% give or take give New Hope Group?

Rob Bishop:

So, as the market would have seen, we entered into Malabar at a 15% stake, and then due to a capital raise within that group, we stepped up to just under 20%. And then more in recent times, we were approached by another shareholder, and we took advantage of that. And that was capped out at the 3% per the creep rules.

We weren't interested in forming a takeover, hence the reason why we stuck to the 3%. And as I've said before, the team on site and the other shareholders in that asset are very supportive, and we want to continue to work with that group. And the end game is really to see out the development of that asset to its full potential, which is around about that 7 million product tonnes, and it'll become one of the lowest cost producers of metallurgical coal within Australia. So, it's very exciting. We're happy to be a part of that, and we're looking forward to seeing that come to fruition with our shareholders.

Operator:

Thank you, Rob. One more from online. And it's a three-part question. So mainly interested in comments on the pricing dynamics in the export thermal coal market. Has recent weakness, or has the recent weakness been driven by more excess supply, or is there a demand issue and what do you expect for coming season?

Rob Bishop:

Yeah, it's a good question. I'm sure we'll get asked that a lot over the next few days.

It's probably a mix of both. As you've seen with our result, we've had a strong first half from a production perspective, and I think a lot of our peers are achieving the same thing. Where good quality thermal coal comes is predominantly the Hunter Valley. And we've had advantageous conditions for good production. So, you're seeing good supply into the market. And then on the flip side, demand has been a bit soft. We've had a pretty mild northern hemisphere winter. So, demand, both from domestic and general industry, has been a bit soft. And there's, I guess there's general unease economically around the world. So, demand has been soft and coupled that with good supply, that will push price down.

Looking forward, I think we will see a bit of a balancing and potentially a bit of a move north in price. And that'll be, in our view, driven by the fact that at current prices, circa \$100 US, which has sort of stuck around for a while now, there's quite a few producers which are losing money at that price. And some supply is actually coming out of the market, predominantly from overseas jurisdictions. So, as you'd expect, if supply is coming out, that should see a bit of a tightening and potentially pushing up the price. We also see a bit of restocking coming into the northern hemisphere summer.

Understand stocks have gone down, particularly in Asia. So as that happens, again, we may see a bit of an uptick, but I guess our view is, it's probably not going to decline too much further. But if we put that into context, New Hope's very resilient to these prices and even further softening of prices. As you see from our unit costs, we've improved that. And with the exchange rate complimenting to the realised Australian dollar for coal at the moment, still very strong for a company like New Hope. So, it's a bit of a crystal ball, but that's, I think, our assessment of the current situation.

Operator:

Thanks, Rob. This is the last question. Why did you revise down Bengalla's capex guidance?

Rob Bishop:

Basically, really due to timing. So, as you know, we're at sort of the pointy end of the growth project. We have some fleet replacement and really it's just a deferral due to timing rather than cutting CAPEX, so to speak.

Operator:

Actually, there's one more late question. What is New Hope's split of sales between spot and contracted please? Is this expected to change over time?

Rob Bishop:

Most of our coal is on contract, on term contracts, whether that be pegged to the gC NEWC Index or API 5. Very little of it's pegged to JRP now that we've turned some of those contracts to a gC NEWC linked price. And we've also got some domestic sales, which is on an annual fixed basis. We do have some spot sales, but it's very minor. So that's how it is at the moment, and we don't expect that to change materially.

Operator:

Okay, thank you.

Rob Bishop:

Thank you everyone for dialling in and have a great day.

**[END OF TRANSCRIPT]**