

New Hope Corporation Limited

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ASX & Media Release

18 September 2012

Record Production and Focus on Cost Management Deliver Increase in Full-Year Profit

Key Highlights:

- **\$171.1 million net profit after tax (NPAT) before non-recurring items in FY2012, up 16 per cent on FY2011 operating result, driven by record production, increased sales and ongoing focus on operational efficiency**
- **NPAT of \$167.1 million after non-recurring items, compared to \$503.1 million in FY2011 which included a \$369.7 million non-recurring gain from the sale of interests in Arrow Energy and the Lenton project**
- **Production volumes rose to a record 6.29 million tonnes, an increase of 11 per cent**
- **Higher sales of 6.25 million tonnes, (5.83 million tonnes export, 0.42 million tonnes domestic) compared to 5.65 million tonnes in FY2011**
- **Core focus remains on optimising business performance with next wave of efficiency improvements due in November**
- **Strong balance sheet, including \$1.5 billion of cash, provides platform to pursue acquisitions**
- **Set to maintain strong operational performance in FY2013**
- **Final fully franked dividend of 5.0 cents and a special dividend of 20.0 cents per share declared**

	FY2012	FY2011	Change
NPAT (before non-recurring items)	\$171.1 million	\$146.9 million	+ 16%
NPAT (after non-recurring items)	\$167.1 million	\$503.1 million	- 67 %
Revenue (before non-recurring items)	\$767.5 million	\$662.4 million	+ 16%
Revenue (after non-recurring items)	\$767.7 million	\$1,186.5 million	- 35 %
Basic EPS	20.6 cents per share	17.7 cents per share	+ 16 %
Production volumes	6.29 million tonnes	5.64 million tonnes	+ 11 %
Sales	6.25 million tonnes	5.65 million tonnes	+ 11 %

New Hope Corporation Limited (ASX: NHC) announces a net profit after tax (NPAT) before non-recurring items of \$171.1 million for the year ended 31 July 2012, driven by record production figures, increased sales and the Company's ongoing focus on operational efficiency. The result is 16 per cent higher than the equivalent result from FY2011 of \$146.9 million.

NPAT after non-recurring items for FY2012 was \$167.1 million, compared with \$503.1 million in FY2011 which included after-tax gains of \$369.7 million from the sale of interests in Arrow Energy and the Lenton project.

Revenue from continuing operations rose to \$767.5 million, from \$662.4 million a year earlier.

Basic earnings per share, excluding non-recurring items, were 20.6 cents per share, compared with 17.7 cents per share in FY2011.

The Company's Directors have declared a final dividend of 5.0 cents per share (5.0 cents in FY2011) and a special dividend of 20.0 per share. These dividends will be fully franked and payable on 6 November 2012, to shareholders registered at 22 October 2012.

Strong Operational Performance

New Hope's mining and port operations ran at record levels in FY2012.

Total clean coal production reached 6.29 million tonnes, an increase of 11 per cent from FY2011. On-site operating costs were well managed and increased by only 0.5 per cent from the previous year, reflecting management's ongoing and successful focus on cost management.

Total sales reached a record 6.25 million tonnes, with 5.83 million tonnes exported and 0.42 million tonnes for domestic usage.

New Hope's 100 per cent-owned Queensland Bulk Handling (QBH) facility exported 8.67 million tonnes of coal on 120 vessels during FY2012, a 33 per cent increase on the 6.52 million tonnes shipped in FY2011. QBH continues to be a demurrage-free port.

New Hope Managing Director Robert Neale said:

"New Hope's solid full-year result was driven by a record operational performance which saw both production and sales figures at all-time highs. Despite the unfavourable environment, this has enabled the Board to pay a special dividend, maintaining our track record of delivering superior shareholder returns relative to our peers."

"We remain focused on delivering shareholder value through the efficient operation of our existing assets with cost management set to remain a key ongoing focus in FY2013."

Development and exploration

New Hope continues to maintain a portfolio of development assets, that are well funded by a strong balance sheet that included \$1.5 billion of cash at the end of the reporting period. The development portfolio includes the Acland Project, the projects acquired as part of our takeover of Northern Energy Corp. and our energy business that was bolstered recently by the acquisition of Bridgeport Energy Limited.

While New Hope remains committed to delivering on its expansion program, it is also committed to seeking prudent growth. In line with that approach, New Hope is reviewing the pace at which it progresses a number of its development projects following the recent deterioration in seaborne coal prices and amid the ongoing strength in the Australian dollar. The company remains well funded to develop all of its projects, as well as to pursue acquisition opportunities that may arise.

New Hope's exploration program in FY2012 has focused on resource definition in the Bowen Basin (Lenton) and Surat Basin (MDL244 for the continuation of the New Acland mine).

Alternative Energy Activities

New Hope's energy business continues to provide diversification and also a number of opportunities to add new cashflow to our existing coal assets.

New Hope's carbon-to-energy and coal-to-liquids programs continue to progress well, with the ACT 'Proof of Concept' indirect coal conversion plant expected to be delivered to the Jeebropilly mine site by the end of the 2012 calendar year.

Work on the direct coal liquefaction process also continues to progress well, with the commissioning of a 1 tonne per day POC plant underway in the USA. Diesel production from the liquids will be evaluated over the next six months.

New Hope's research and development program into carbon-to-energy and coal-to-liquids remains on-budget, despite some delays caused by design modifications and equipment availability.

In addition, New Hope recently acquired the shares it didn't already own in Bridgeport Energy which has operations in the Eromanga and Otway Basins. These assets, which include three operated fields, are currently being integrated to the portfolio, following which New Hope plans to develop and implement a strategy to significantly increase production, both from the existing fields and potentially from acquisitions.

Pastoral operations

The New Acland Pastoral Company continues to play an important role in supporting land management activities at Acland. In FY2012, 2,138 head of stock were sold, and 2,336 head of stock were purchased. At year end 1,996 head of stock were grazing on 3,752 hectares of land.

An assessment of the commercial productivity of rehabilitated mining land was undertaken during FY2012 and further third party supervised trials will be undertaken during the 2013 financial year in order to verify the viability of rehabilitated land and optimise rehabilitation practice.

Corporate

New Hope's key strategic focus continues to be to develop its portfolio of coal projects and energy technologies, while maintaining a focus on operational excellence and safety performance.

Outlook

New Hope is poised to deliver another year of solid operational performance in FY2013. New Acland has demonstrated its capability to run at design capacity and is well-placed to achieve similar levels of production in the current year. Production from West Moreton will be similar in 2013 to levels achieved in 2012, with the closure of New Oakleigh in January 2013 offset by increased production from Jeebropilly.

QR National continues to perform rail services at or above contract levels, while the QBH port facility has the capacity and demonstrated monthly performance to handle up to 10 million tonnes in 2013.

All of New Hope budgeted 2013 production is contracted under multi-year long term contracts.

In addition, production from the newly acquired Bridgeport Energy assets will add to revenue, with the potential for an increase in earnings in the coming years.

Mr Neale said:

"Currently the coal sector is under margin pressure from high AUD:USD exchange rates and offsite cost increases including government taxes and charges.

“Despite the near-term unfavourable outlook, New Hope remains in an enviable position to take advantage of future opportunities and to manage through this phase of the cycle. We continue to maintain our unswerving focus on cost management and remain low on the cost curve relative to our peers, with a further wave of efficiency improvements due to be implemented in November.

“In addition, our balance sheet means that New Hope is well positioned to move on acquisition opportunities that would be immediately accretive to earnings, either within our coal business or within our expanding energy portfolio.”

“New Hope has a strong history of successfully managing through adversity, and management remains focused on maintaining our disciplined approach in FY2013.”

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For further information, please contact:

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