



## **NEW HOPE HY2015 FINANCIAL RESULTS**

24 March 2015

### **Strong operational performance delivers NPAT before non regular items of \$34.2 million**

#### **KEY HIGHLIGHTS**

- Net profit after tax (NPAT) and before non regular items of \$34.2 million, a 51% increase on 1H FY2014
- After non regular items, including a \$58.5 million after tax impairment on oil and gas operating assets and investments, New Hope recorded a net loss after tax of \$23.1 million
- 70% increase in operating cashflows for the period, equating to \$26.6 million.
- Operating performance was positively impacted by strong sales and production tonnages, easing exchange rates and lower production costs
- Conditional approval from the Queensland Coordinator-General for the New Acland Continuation Plan received; awaiting decision from the Federal Minister for the Environment
- Fully franked interim dividend of 4.0 cents per share approved by the Board
- Cash and cash equivalents of \$31.8 million and held to maturity investments of 1,076.4 million as at 31 January 2015; provides financial backing to pursue growth opportunities at a time of declining asset values
- New Hope remains well positioned to weather current market conditions.

## FINANCIAL OVERVIEW

	1H FY2015	1H FY2014
Revenue from continuing operations	\$269.1 million	\$284.9 million
Net profit after tax <sup>1</sup> before non regular items	\$34.2 million	\$22.7 million
Net profit after tax after non-regular items	(\$23.1 million)	\$22.7 million
NPAT from Coal mining and logistics operations before non regular items <sup>1</sup>	\$19.1 million	\$6.9 million
NPAT from Treasury and investments before non regular items <sup>1</sup>	\$15.2 million	\$15.4 million
Earnings per share before non regular items <sup>1</sup>	4.1 cents	2.7 cents
Dividend	4.0 cents per share	6.0 cents per share
ROM coal production	5.5 million tonnes	5.4 million tonnes
Saleable coal production	2.9 million tonnes	2.7 million tonnes
Coal sold (includes trade coal)	3.1 million tonnes	3.0 million tonnes

1. Please refer to the reconciliation of non-IFRS financial information at the end of this document.

Diversified energy company New Hope Corporation Limited (ASX: NHC) ('New Hope', 'the Company' or 'the Group') announces NPAT before non regular items of \$34.2 million for the first half of the 2015 financial year (1H FY2015), compared to \$22.7 million for the prior corresponding period.

Non regular impairments after tax of \$58.5 million were incurred during 1H FY2015 against the carrying value of assets in the group's oil and gas operations and investments. A non regular profit after tax on the disposal of Dart Energy of \$1.2 million was also realised during the half. This resulted in a net loss after tax and after non regular items of \$23.1 million.

The operating result for 1H FY2015 was positively impacted by:

- Strong sales and production values
- An easing in AUD exchange rates

- Ongoing and sustainable reductions to Free on Rail (FOR) costs of 15% compared to the prior corresponding period
- Increased oil production.

However, performance was negatively impacted by:

- Continuing weakness in export coal prices
- Significant adverse movements in the oil price.

New Hope's Managing Director, Shane Stephan, said: "This is a strong operating result at a time of continuing challenges for Australian coal producers. We have successfully managed our margins whilst simultaneously improving our safety performance, underlining the operational strength of the group.

"Our focus for the future remains on working with state and federal government agencies to assist them with their review of the next stage of the Acland development.

"We are also actively pursuing asset-level acquisition opportunities, with a focus on either adding additional near-term coal production capacity, or complementing our existing portfolio of longer-term development projects.

"Market conditions for Australian coal producers are challenging at present; however, New Hope has efficient operations and is in a robust financial position, so we are well placed to see out the current downturn and take advantage of these conditions to grow the business for the future."

## MINING OPERATIONS

New Hope's mining operations produced a total of 2.87 million tonnes of clean coal during 1H FY2015. This was 6.5% higher than 1H FY2014. Total sales for 1H FY2015 were 3.07 million tonnes, including trade coal sales of 0.04 million tonnes, a 2.1% increase on the 1H FY2014.

New Acland produced 2.54 million tonnes of product coal during 1H FY2015, an increase of 9.2% on the prior corresponding period. This was mainly driven by rationalised maintenance programs, mine plan modifications and higher coal yields.

Jeebropilly produced 0.33 million tonnes of coal during the period. This is an 10.6% reduction over the prior corresponding period, mainly due to a change of rosters and development work to open up the Under Pass Pit ahead of future coal mining.

Rehabilitation works at New Oakleigh and Chuwar were limited during the half, with personnel transferred to Jeebropilly to support the development works. Rehabilitation activities will resume at both Oakleigh and Chuwar during 2H FY2015.

## BRIDGEPORT ENERGY

Oil production totalled 77,457 barrels during 1H FY2015, a 62% increase over 1H FY2014. During the half, oil prices decreased by approximately 54%, impacting all oil producers globally.

Mechanical repair workovers at the Inland and Utopia fields were completed which has lifted production by 35-40 barrels of oil per day (bopd), taking Bridgeport's share of current production from these fields to approximately 136 bopd.

### **QUEENSLAND BULK HANDLING (QBH)**

3.6 million tonnes of coal was exported through New Hope's 100% owned QBH coal terminal at the Port of Brisbane in 1H FY2015, compared to 4.2 million tonnes in 1H FY2014.

Upgrade works on the train unloader and related systems was completed during the half. Engineering studies on expansion and cost reduction opportunities are ongoing.

### **EXPLORATION**

New Hope drilled 10,724 meters during 1H FY2015 compared to 9,673 in the prior corresponding period. Work focused on the analysis and updating the geological models with data obtained from previous drilling campaigns.

### **PASTORAL OPERATIONS**

The five-year development plan for Acland Pastoral is now being implemented with further investment in fencing and water points underway. Recent rains have improved the feed situation at Acland. The herd size has been sold down during the half due to dry conditions in the district and now sits at 1,472 head. A second crop of mung beans has been planted under the new pivot irrigator and is progressing well.

### **DEVELOPMENT PROJECTS**

New Hope continued to advance approvals at a number of development projects during 1H FY2015, although the timetable for some projects has been amended.

The company remains committed to delivering the New Acland Continuation Plan and is actively working with all key stakeholders to deliver a satisfactory and timely resolution. In December 2014 the Queensland Coordinator-General (COG) conditionally approved the project. The Federal Minister for the Environment was due to make a decision on the project in February, but has required a three-month extension following the change of Government in Queensland and is now set to make a decision before 30 April 2015.

The revised New Acland project will increase local jobs in mining operations to 435, with another 260 jobs to be created during construction. Substantial flow-on benefits for local communities will include indirect jobs of more than 2,850 and a \$530 million injection into the south-east Queensland economy each year. This equates to a boost of \$12 billion to the local, state and national economies over the life of the mine. New Hope has listened to community and government concerns relating to the previous proposal and has developed a revised version of this plan that addresses these issues.

At Lenton, baseline studies for the Environmental Impact Statement (EIS) have now been completed, with the exception of ground water monitoring which is ongoing. The EIS is planned to be completed by mid-2016.

At Colton, routine field monitoring of air quality, surface and river water continued. Work progressed on the Environmental Management Plan (EMP) update. At Elimatta, work continued on updating the EMP.

As previously announced, New Hope, through a wholly owned subsidiary, acquired three coal projects in the Northern Surat Basin region of Central Queensland. The assets acquired included coal tenements over the Taroom, Collingwood and Woori projects as well as some rural property associated with the projects.

New Hope views its investment in the Surat Basin as a long term strategic play that provides a meaningful exposure to a new thermal coal basin that is expected to be developed in the future. The key to unlocking the potential of the Surat Basin is finding an economic coal transport solution. New Hope's initial focus with these projects will be to understand the optimal development profile for the four Surat Basin assets and to work on a range of coal transport alternatives.

## ALTERNATIVE ENERGY ACTIVITIES

Commissioning of the coal gasification phase of the Jeebropilly indirect liquefaction proof-of-concept plant was successfully completed during the first half of the year. The plant is now able to successfully convert coal into gas which is, in turn, used to power a gas engine to generate electricity.

New Hope has suspended the installation of the liquefaction phase of the plant. Work to optimise the existing gasification plant is ongoing with a view to exploring alternative products which may provide a commercially viable project. The company has also completed its laboratory-scale carbon conversion research work.

## OUTLOOK

The short term outlook for global coal markets remains challenging, although positive signs are beginning to reappear in some markets. Prices realised by New Hope in 2H FY2015 are likely to be lower than 1H FY2015 in US dollar terms, although this will be partially offset by a weaker Australian Dollar.

Full-year FY2015 coal sales are set to reach 5.8 million tonnes, a slight reduction on the 6.0 million tonnes achieved in FY2014. Production for the full year is expected to be at similar levels to FY2014, with potential for some modest increases.

Management remains focused on securing approval for the New Acland Continuation Plan and delivering both safe production and sustainable operating cost reductions.

Weakness in both the coal and oil markets will continue to provide potential opportunities to grow the business via asset-level acquisitions. New Hope is actively pursuing acquisitions that present both short and longer term value and will continue to review opportunities that could add to its competitive portfolio of producing and development projects.

Reconciliation of Non-IFRS Financial Information	Six Months Ended 31 January (A \$M)	
	2015	2014
Net profit/(loss) after tax	(23.139)	22.663
Income Tax expense/(benefit)	2.449	10.967
Petroleum Resource Rent Tax expense/(benefit)	(0.816)	1.020
Profit before income tax	(26.404)	34.650
Non-regular items before tax	70.020	0.000
Profit before income tax and non regular items	45.616	34.650
Interest Expense	0.000	0.002
Earnings before interest tax and non regular items	45.616	34.652
Depreciation and Amortisation	30.046	29.353
Earnings before interest tax depreciation amortisation and non regular items	75.662	64.005

*Earnings before interest tax and non regular items (EBIT) and earnings before interest 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 4D and Interim 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**

Six Months Ended 31 January (A\$m)	Coal Mining	Oil and Gas	Marketing and Logistics	Treasury and Investment	Total
<b>2015</b>					
Net profit/(loss) after tax	3.524	(41.079)	15.569	(1.153)	(23.139)
Non regular items after tax					
Gain on disposal of Dart Energy Limited Shares	-	-	-	(1.151)	(1.151)
Impairment of oil producing and exploration assets	-	36.795	-	-	36.795
Impairment of goodwill	-	4.157	-	-	4.157
Impairment of available for sale investments	-	-	-	17.558	17.558
Total non regular items after tax	-	40.952	-	16.407	57.359
Net profit/(loss) after tax before non regular items	3.524	(0.127)	15.569	15.254	34.220
<b>2014</b>					
Net profit/(loss) after tax	(9.453)	0.341	16.394	15.381	22.663
Non regular items after tax	-	-	-	-	-
Net profit/(loss) after tax before non regular items	(9.453)	0.341	16.394	15.381	22.663

Reconciliation of Non-IFRS Financial Information	Six Months Ended 31 January (A \$M)	
	2015	2014
<b>Basic earnings per share (cents) (before non regular items)</b>	<b>4.1</b>	<b>2.7</b>
Gain on disposal of Dart Energy Limited Shares	0.1	-
Impairment of oil producing and exploration assets	(4.4)	-
Impairment of goodwill	(0.5)	-
Impairment of available for sale investments	(2.1)	-
<b>Basic earnings per share (cents) (after non regular items)</b>	<b>(2.8)</b>	<b>2.7</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 4D and Interim Report in the Consolidated Statement of Comprehensive Income.*

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