# WHITEHAVEN COAL (WHC)

14 AUGUST 2018

| RESULTS | Full Year 2018 | Full Year 2017 | CHANGE |
|---|---|---|---|
| Net Profit After Tax (NPAT)($m) | 525.6 | 405.4 | +30% |
| Revenue ($m) | 2,257.5 | 1,773.2 | +27.3% |
| Underlying EBITDA ($m) | 940.0 | 714.2 | +32% |
| Average realised price ($/tonne) | 130.0 | 112.0 | +16% |
| Total Coal Sales (m/tonnes) | 17.37 | 15.82 | +10% |
| Special Dividend ($) | 0.13 | - | n/a |
| Final Dividend ($) | 0.14 | 0.6 | +133% |

## Whitehaven Coal (WHC) surprises investors with a special dividend

- **Whitehaven Coal (WHC)** has reported a FY18 NPAT before significant items of $525.6 million, an increase of ~30% on the previous year. A combination of robust underlying coal prices, high quality thermal coal and a strong operating result underpinned earnings growth. Underlying EBITDA increased by 32% to $940 million. This improvement was driven by an increased EBITDA margin of $59/tonne, reflecting strong operating performance, coupled with the continued strength of the coal price environment, particularly with respect to high quality thermal coal. WHC's operating cash flow for the period rose 37% to $831.5 million.
- **Total revenue increased** to $2,257.4 million from $1,773.2 million in FY17. The key driver of the improvement was an $18/t increase in the realised prices to an average $130/t. This was supported by an increase in sales of produced coal to 16.1Mt. A firmer currency offset some of the benefits of improved prices as the $AUD increased to average US$0.78 in FY18.
- **Production cuts** in key coal producing countries such as China, Indonesia, the USA and Australia were a key factor supporting prices for thermal coal. Additionally, increasing demand for high quality thermal coal in Asia remained a strong catalyst for higher prices. Supporting this thesis was the 8.5% increase in Chinese power demand during the first five months of the 2018 calendar year. Elsewhere, domestic production and infrastructure constraints in China have resulted in an increased draw on the seaborne coal market. Costs increased over the period with Free-on-board (FOB) costs per tonne rising to $62/t in FY18. Interest payments were lower as drawn debt was reduced to $382.2 million from $398.3 million.
- **Looking ahead**, WHC expects managed saleable coal production for FY19 to be in the range of 22Mt to 23Mt and deliver FY19 cost guidance of $64/t. Narrabri production should increase and Maules Creek will continue its ramp up towards its fully approved rate of 13Mtpa of coal. Production from the smaller open cuts is expected to be lower than in FY18. Maules Creek and Narrabri have scope to increase production in the near and medium term, in addition to prospects also for life mine extensions. **WHC sees continued** support for prices at elevated levels. Thermal coal prices have traded well above consensus forecasts for the past year and have reached six year highs in recent weeks. Metallurgical coal prices have also remained high for the year with hard coking coal trading above US$200/t for most of the period. These factors, in addition to unresolved rail issues in Queensland, WHC expects prices to remain supported in the near term
- **WHC declared an** unfranked dividend of $0.27 to be paid on 13 September 2018 and be comprised of a final dividend of $0.14 and a special dividend of $0.13.