



# Whitehaven Coal Limited ASX Investor Series Presentation

Achieving a major milestone

Sydney, Australia  
17 February 2015



**WHITEHAVEN COAL**

# Disclaimer



Statements contained in this material, particularly those regarding the possible or assumed future performance, costs, dividends, returns, production levels or rates, prices, reserves, potential growth of Whitehaven Coal Limited, industry growth or other trend projections and any estimated company earnings are or may be forward looking statements. Such statements relate to future events and expectations and as such involve known and unknown risks and uncertainties. Actual results, actions and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.

The presentation of certain financial information may not be compliant with financial captions in the primary financial statements prepared under IFRS. However, the company considers that the presentation of such information is appropriate to investors and not misleading as it is able to be reconciled to the financial accounts which are compliant with IFRS requirements.

All dollars in the presentation are Australian dollars unless otherwise noted.

# Our goal



**To become Australia's leading independent coal company**

# About Whitehaven Coal



Established in 1999 by proven coal developers and operators

Listed on the ASX in June 2007 with 323 million shares on issue, currently a total of 1025 million shares on issue and a market capitalisation of about \$1.5 billion

Whitehaven currently operates four mines – Narrabri underground mine and three open cuts – Tarrawonga, Rocglen and Werris Creek

Whitehaven is building the world class Maules Creek open cut mine – over 87% complete – with coal railed to the Port of Newcastle three months ahead of schedule

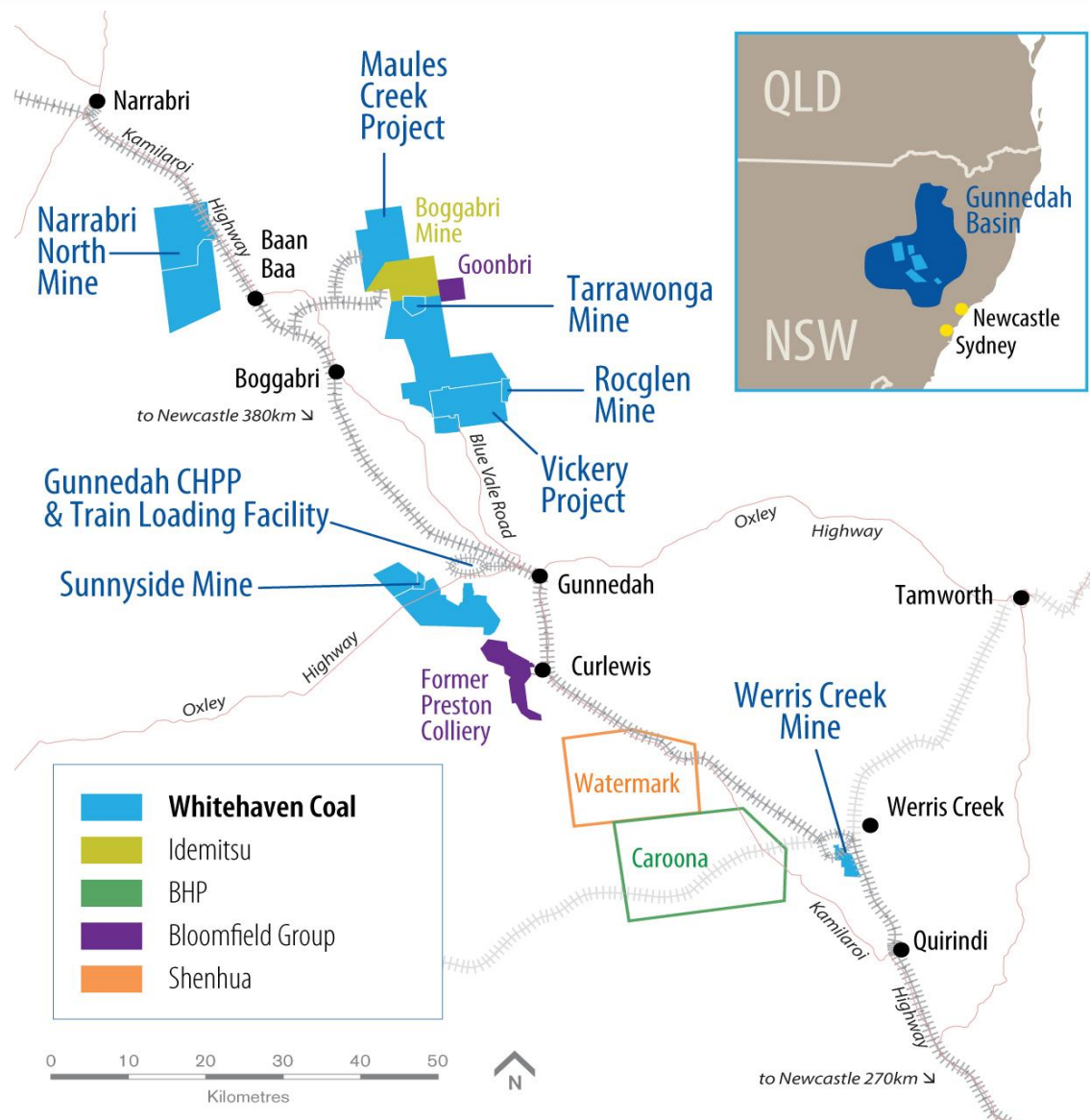
Production of 10.3Mt in FY2014 will double to over 23Mt by FY2018

The largest operator in the Gunnedah Basin, producing high quality thermal and metallurgical coals

Founding shareholder of the NCIG coal terminal in Newcastle

**Low cost mines producing high quality coal**

# Where we operate



## Maules Creek (75%)

- Reserves to support ~ 30 years
- Permitted & Planned : 13 Mtpa ROM
- SSCC, PCI and high energy thermal

## Narrabri North (70%)

- Reserves to support ~ 25 years
- Permitted : 8 Mtpa ROM
- Planned : 6 Mtpa ROM
- PCI & low ash thermal coals

## Tarrawonga (70%)

- Reserves to support > 20 years
- Permitted : 3 Mtpa ROM
- Planned : 2 Mtpa ROM
- SSCC, PCI and high energy thermal

## Rocglen (100%)

- Reserves to support ~ 3 years
- Permitted & Planned to 1.5 Mtpa ROM
- Mainly thermal coals

## Vickery (100%)

- Reserves to support ~ 30 years
- SSCC, PCI and high energy thermal
- Approved for 4.5 Mtpa ROM

## Gunnedah CHPP (100%)

- Permitted to 4 Mtpa

## Werris Creek Mine (100%)

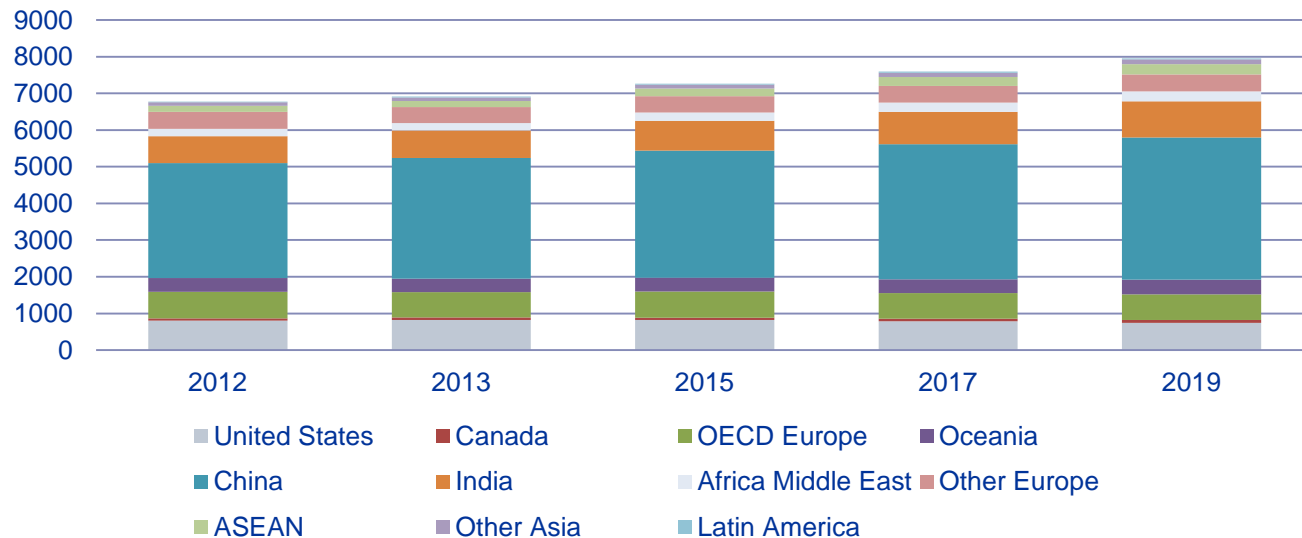
- Reserves to support ~ 8 years
- Permitted & Planned to 2.5 Mtpa
- PCI and thermal coals

**First mover advantage in the Gunnedah Basin**

# Thermal coal – IEA forecasts



## Global Thermal Coal Demand (Mt)



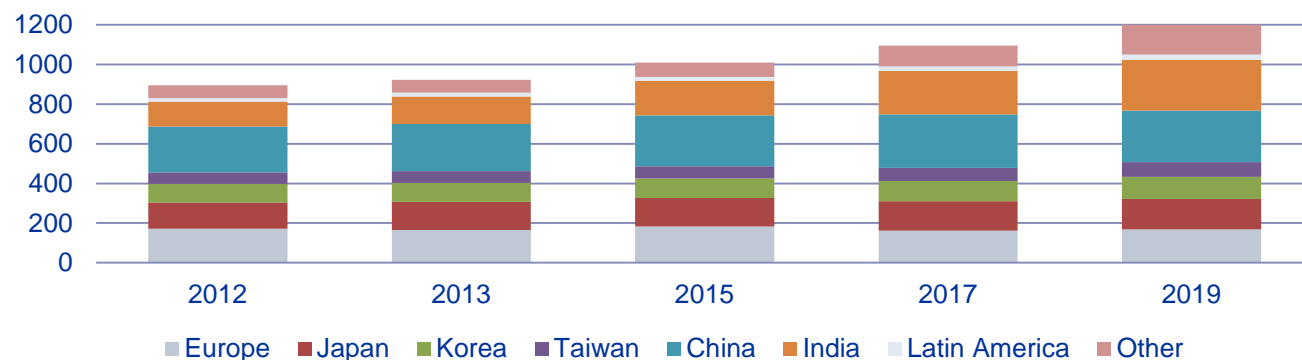
Whitehaven sells its coal to Japan, Korea, Taiwan and India

Global thermal coal demand is expected to grow to 8.0Bt by 2019

Seaborne thermal coal demand is expected to grow to 1201Mt in 2019 a growth rate of 4.5%

The growth rate in demand from the Asian region (Whitehaven's market) is forecast to be significantly higher than the global average

## Global Seaborne Thermal Coal Imports (Mt)



Source: International Energy Agency's Medium-Term Market Report 2014

**Stronger growth in seaborne demand**

# Financial highlights



Headlines	H1 FY2015	H1 FY2014	Comment
EBITDA before significant items (\$'m)	52.1	55.0	<ul style="list-style-type: none"> <li>Lower average coal price offset by higher sales volume and reduced costs</li> </ul>
EBITDA including significant items (\$'m)	(39.4)	51.1	<ul style="list-style-type: none"> <li>Impacted by impairment of MRRT goodwill following repeal of the MRRT by Australian Government</li> </ul>
Operating cash flow (\$'m)	54.1	78.3	<ul style="list-style-type: none"> <li>Operating cash flow in line with first half FY2015 EBITDA</li> </ul>
Average unit cost per tonne excl. significant items (\$ / tonne)	63	71	<ul style="list-style-type: none"> <li>Significant improvement due to increased production and cost savings at each mine and across entire supply chain</li> </ul>
Balance Sheet	Dec 2014	June 2014	
Net debt (\$'m)	887.4	685.2	<ul style="list-style-type: none"> <li>The increase reflects senior facility drawings of \$225m to fund Maules Creek cash construction costs</li> </ul>
Gearing (%)	22%	18%	<ul style="list-style-type: none"> <li>Gearing remains modest</li> </ul>

**Sound underlying fundamentals positions Whitehaven for growth**



# Costs continue to be driven down



		H1 FY2015	H2 FY2014	H1 FY2014 <sup>(1)</sup>
<b>Coal Sales (equity basis, excl. purchased coal)</b>	<b>'000t</b>	<b>4,713</b>	<b>3,913</b>	<b>4,302</b>
Average revenue (excl. purchased coal & net of NSW royalties)	\$A/t	73	77	81
<b>Average cost of sales (excludes significant items)</b>	<b>\$A/t</b>	<b>63</b>	<b>67</b>	<b>71</b>
EBITDA Margin on Coal Sales	\$A/t	10	10	10
<b>EBITDA Margin on Coal Sales</b>	<b>%</b>	<b>14%</b>	<b>13%</b>	<b>13%</b>
Unutilised Take or Pay charges for port and rail included above	\$A/t	1	2	2
<b>Average cost of sales (excludes significant items and Take or Pay)</b>	<b>\$A/t</b>	<b>62</b>	<b>65</b>	<b>69</b>

Note 1: H1 FY 2014 adjusted to reflect presentation of Narrabri mains amortisation costs in the amortisation line (i.e. excluded from mining costs)

Average revenue per tonne was lower with the reduction in coal prices only partly offset by a weakening of the AUD

Fully absorbed unit costs fell by 11% from the previous corresponding half

Management's continued focus on cost efficiencies has been fundamental to the improvement in EBITDA margins

Further cost reductions in the range of \$1/t to \$2 expected for the second half

Whitehaven's costs are positioned in the lowest quartile of the cost curve

**Established record of delivering sustainable cost reduction**



# Maules Creek mining progress



Coal mining began in the Braymont and Onavale seams which contain high quality, low ash coal

An additional excavator and trucks are being assembled and will increase the installed mining capacity to 6.0Mtpa from mid-March

Capex has been reduced by \$25 million from the original estimate of \$767 million



**Mining rate ramping up to 6.0Mtpa**

# Community contribution



Whitehaven employed 761 people as at 31 December 2014 with 74% living in the region surrounding its operating mines

Wages paid to employees in the region were over \$65 million in the half year to 31 December 2014

Recruitment at Maules Creek progressively increasing (150 new employees at 31 December 2014 increasing to 450 people when at full capacity)

Whitehaven is focused on widening the diversity of the workforce and is hiring more women and aboriginal employees as part of the Maules Creek project. Exceeding 10% employment target for local Aboriginal community

Donations and sponsorships of \$50k to 31 December 2014 - including support for Prostate Cancer Foundation of Australia through painting of truck 104 blue

Increased engagement with local Aboriginal community includes working with Reconciliation Australia on development of Reconciliation Action Plan



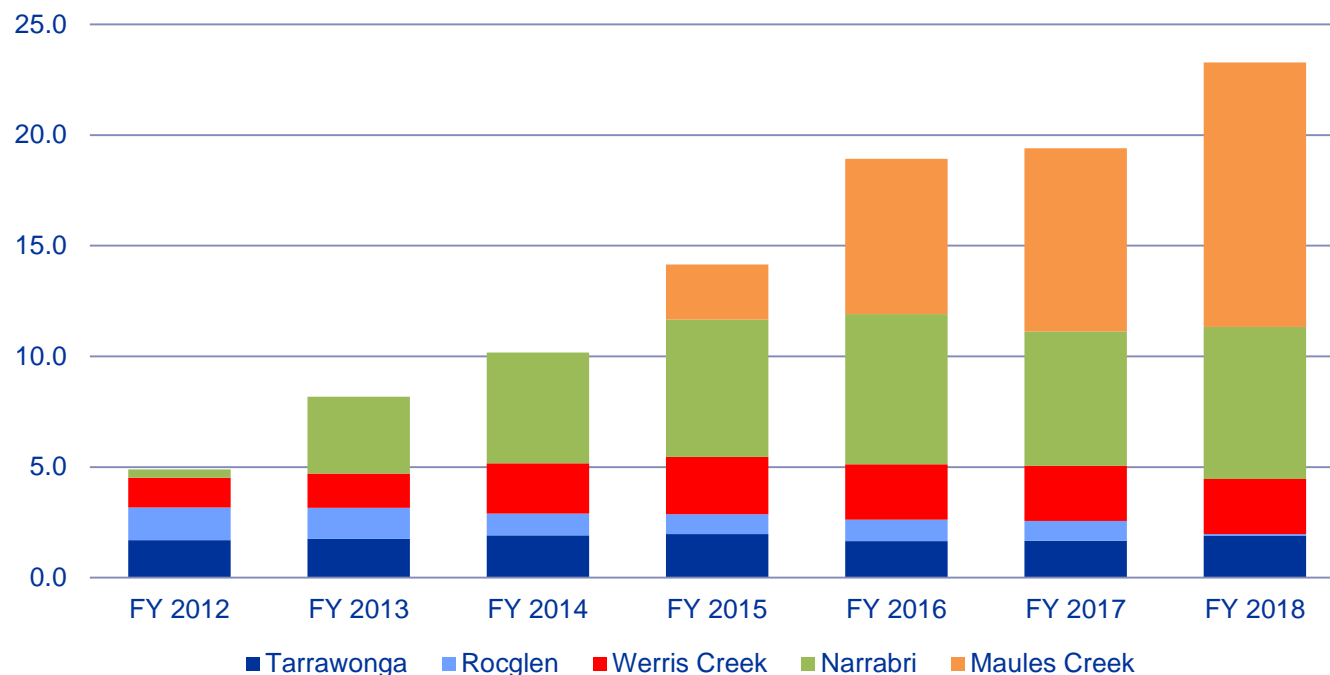
**Significant contribution to the local community**



# Investment proposition – low cost growth



## Saleable Coal Production by Mine (Mt)



Production is expected to more than double by FY2018 as Maules Creek ramps up

Saleable production in FY2015 is expected to be about 14Mt on a 100% basis (includes 2.5Mt pre-commercial sales from Maules Creek)

The Vickery project provides another growth option beyond FY2018

Note: Graph depicts saleable coal on a 100% basis including coal destined for domestic and export sales and excludes coal purchases

Data shown for the year ending 30 June. These estimates relate to planned future events and expectations and as such, involve known and unknown risks and uncertainties. The actual production is likely to vary on an annual basis as a function of supply, demand and other market conditions.

**Production to double in three years**

# Thank you

[www.whitehavencoal.com.au](http://www.whitehavencoal.com.au)

