

# FULL YEAR RESULTS FY22

25 August 2022

## Record earnings and shareholder returns, and a strong balance sheet, underpinned by record coal prices and solid operational performance

Whitehaven Coal (ASX:WHC) has reported a record net profit after tax (**NPAT**) of **\$2.0 billion** for the year ended 30 June 2022, and earnings before interest, tax, depreciation and amortisation (**EBITDA**) of **\$3.1 billion**, which is a significant increase on the \$204.5 million of EBITDA in the prior year.

Whitehaven's **FY22 results highlights** also include:

- An **8% improvement in safety performance** as measured by a total recordable injury frequency rate (**TRIFR**) of **5.4**
- Run-of-mine (**ROM**) managed production volumes of **20.0M tonnes**, which was within guidance range
- Record **revenue of \$4.9 billion** underpinned by an **achieved average coal price of A\$325/t** (compared with \$1.56 billion revenue and A\$95/t average price in the prior year)
- **Cash generated from operations of \$2.6 billion** compared with \$169.5 million in the prior year.

During FY22, all senior bank debt was repaid and **\$1.0 billion of net cash** was held on the balance sheet at 30 June 2022, versus \$808.5 million of net debt at 30 June 2021.

A **fully franked final dividend of 40 cents** per share will be paid on 16 September, taking the full year dividend to 48 cents per share.

After announcing a 10% on-market share buy-back in February 2022, **76.37 million shares** (or ~7% of issued share capital) **were bought back in H2 FY22** for an average price of \$4.75 and a total investment of **\$362.6 million**. In H1 FY23, Whitehaven aims to complete the 10% buy-back within the previously announced cap of \$550 million. The Board will seek shareholder approval to increase its share buy-back programme at the Company's Annual General Meeting in October.

The aggregate of the interim and final dividends totalling \$449 million and the \$550 million buy-back represents a total **payout ratio of 51%** of FY22 NPAT, which is in line with the Company's policy.

**Commenting on market conditions and Whitehaven's FY22 results**, Paul Flynn, CEO & Managing Director said:

*"The longer-term under-investment in energy sources needed to supply baseload capacity to growing populations and economies has contributed to a widening gap between supply and demand. In FY22, we saw global energy shortages intensify as a result of the tragic conflict in Ukraine and associated sanctions against Russian coal and gas.*

*"Coal prices are at record levels and customers are focused on energy security now more than ever before.*

*"We have worked hard to position ourselves to maximise the opportunity arising from historically high prices. We achieved a record realised average price of A\$325 per tonne in FY22, compared with A\$95 per tonne in the prior year.*

*"Despite COVID related absences, labour constraints and weather interruptions, our team delivered solid operational and product quality improvements in FY22.*

*"Pleasingly our safety results also reflected the improved operational performance and focus of our people. In FY22 we reported a recordable injury frequency rate of 5.4, which was 8% better than last year and compared to where we were five years ago – represents a 22% improvement.*

*“With the significant increase in Whitehaven’s earnings including a \$2 billion NPAT, and exceptionally strong operating cash flows, we are maintaining a disciplined approach to capital allocation to build business resilience and deliver shareholder value in the near- and longer-term.*

*“We are successfully executing a 10% on-market buy-back programme and we are commencing paying fully franked dividends.*

*“With strong cash flows expected to continue, we will use capital to maintain and optimise our existing operations, retain cash on the balance sheet for future optionality, and return surplus capital to shareholders through franked dividends and share buy-backs.”*

Commenting on FY23 market outlook and guidance, Mr Flynn added:

*“Demand for high-quality seaborne thermal coal is expected to remain strong throughout FY23 and high-CV coal prices should continue to be well supported.*

*“We expect to deliver higher ROM production and coal sales in FY23 compared with FY22, and we are focused on maximising margins including managing inflationary cost pressures.*

*“We will also continue to progress and refine plans for our Vickery and Winchester South development projects in FY23 to position the company to bring on additional capacity if the Board determines appropriate returns can be delivered.”*

## Outlook and FY23 Guidance

Energy security is expected to remain a key priority while there is a continuing global energy supply shortfall – particularly for high quality thermal coal. It is likely to take several years before additional supply or alternative energy sources are available to rebalance global supply and demand dynamics.

Throughout the coming multi-decade energy transition reliable baseload fuels will be required. This will underpin continued demand for coal and, in particular, for the high-CV coal Whitehaven produces on account of its higher energy content and lower emissions profile relative to other coal products.

In the near term, thermal coal prices are expected to remain elevated as a result of the incoming sanctions on Russian coal into Europe and supply side disruptions arising from heavy rainfall in the Hunter Valley in early July.

In metallurgical markets, while pricing is strong compared to historical levels, further volatility is expected due to global economic pressures in the near term. While longer-term, there is a positive demand outlook for metallurgical coal and underlying prices, in the near term we will continue to leverage opportunities to maximise volumes of higher priced thermal coal sales.

### FY23 Guidance

Item		FY23 Guidance Range	FY22 Actual	Comments
<b>Managed ROM coal production</b>	Mt	<b>20.0 – 22.0</b>	20.0	
Maules Creek	Mt	11.7 – 12.6	11.2	
Narrabri	Mt	5.0 – 5.7	4.8	
Gunnedah O/C	Mt	3.3 – 3.7	4.0	
<b>Managed coal sales</b>	Mt	<b>17.5 – 18.5</b>	17.6	Excluding purchased coal
<b>Equity coal sales</b>	Mt	14.1 – 14.9	14.2	
<b>Unit cost of coal</b> (excl. royalties)	\$/t	89 – 96	84	
<b>Capital Expenditure</b>	\$m	287 – 360	154	Excl. \$22m in FY22 and ~\$30m in FY23 for acquisitions of EDF Trading Australia and Narrabri private royalty

## FY22 RESULTS AT A GLANCE

### Financial Results summary

(\$m)	FY22	FY21	% change
Revenue	4,920.1	1,557.0	216%
EBITDA	3,060.1	204.5	1,396%
Net profit/(loss) after tax before significant items	1,952.0	(87.3)	
Significant items – impairments of assets after tax	-	(456.6)	
Net profit/(loss) after tax	1,952.0	(543.9)	
Cash generated from operations	2,582.0	169.5	1,423%
Unit cost per tonne (\$/t)	84	74	14%
	30 Jun 2022	30 Jun 2021	
Net cash/ (debt)	1,037.8	(808.5)	

### Whitehaven Managed Production and Sales

Thousands of tonnes	FY22	FY21	% change
Managed ROM Coal Production	20,003	20,555	(3%)
Managed Saleable Coal Production	17,274	16,923	2%
Managed Sales of Produced Coal	17,573	17,775	(1%)
Managed Sales of Purchased Coal	1,247	2,027	(38%)
Total Managed Coal Sales	18,820	19,802	(5%)
Managed Coal Stocks at period end	2,379	3,330	(29%)

### Consolidated Equity Production and Sales

Thousands of tonnes	FY22	FY21	% change
Equity ROM Coal Production	16,117	16,476	(2%)
Equity Saleable Coal Production	13,852	13,692	1%
Equity Sales of Produced Coal	14,166	14,425	(2%)
Equity Sales of Purchased Coal	1,247	2,007	(38%)
Total Equity Coal Sales	15,413	16,432	(6%)
Equity Coal Stocks at period end	2,065	2,704	(24%)

### Development projects

In FY22, \$34 million of expenditure was incurred on development projects, primarily for land purchases, approvals work and studies, and engineering design work relating to the Vickery Extension Project, as well as the Winchester South Project and the Narrabri Stage 3 Extension Project. The following milestones were achieved in FY22:

- On 16 September 2021, the Federal Minister for the Environment approved the Vickery Extension Project under the Commonwealth's Environment Protection and Biodiversity Conservation Act 1999. Secondary Approvals such as water, noise, air quality, cultural heritage and traffic management are being sought and additional geological drilling and geotechnical works are underway to refine the mine plan and infrastructure designs.
- On 20 April 2022, an update to the Resources and Reserves Statement for the Winchester South Project in accordance with the JORC Code (2012) was released. The Project continues to progress through the Queensland Government's Coordinated Project approval process.
- On 1 April 2022, the NSW Independent Planning Commission (IPC) announced it had approved the State Significant Development Consent for the Narrabri Underground Mine Stage 3 Extension (Consent), subject to meeting a range of IPC conditions, including in relation to emissions mitigation technology and measures. Federal EPBC approval and an

application for a mining lease are being finalised along with required secondary approvals prior to project commencement. Meanwhile, judicial review proceedings in the NSW Land and Environment Court in respect of the Consent granted by the IPC are being undertaken by a client of the Environmental Defenders Office (EDO). Whitehaven will defend the proceedings vigorously.

All of Whitehaven's Development Projects remain subject to the Company's strict capital allocation framework. Under this framework each project must pass through a series of tollgates (PFS, DFS, FID) and greenfield projects (i.e. Vickery and Winchester South) will be constructed sequentially.

## **Investor and Analyst briefing webcast/teleconference**

Managing Director and CEO, Paul Flynn will host a webcast/teleconference to provide an overview of the FY22 Results, followed by a Q&A session.

Time: 9:30 AEST (Sydney time) Date: Thursday, 25 August 2022

Participants can either dial in to the teleconference or join the webcast. To pre-register use one of the following links:

**Pre-registration for teleconference:** <https://register.vevent.com/register/BI869e89c5093e4753a406ce6bb2651250>

**Pre-registration for webcast:** <https://edge.media-server.com/mmc/p/qr5bqnr>

*This document is authorised for release to the market by the Board of Directors of Whitehaven Coal Limited.*

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