

## WHITEHAVEN COAL H1 FY26 “H1 FY26 FINANCIAL RESULTS”

### INVESTOR CALL TRANSCRIPT

Date: 19 February 2026      Time: 10:30am

#### Introductory comments / Overview of H1 FY26 Financial Results

Paul Flynn:

Good morning all. Thanks very much for taking the time to join us for the half-year results for FY '26 for Whitehaven. I'm joined here as usual by our CFO, Kevin Ball and our COO, Ian Humphris, and we'll work our way through the presentation highlights as usual and then get ourselves across to the Q&A section of today's format. Over the page, I should bring your attention to our disclaimer as usual, we do have forward-looking statements in these presentations as a matter of course, so I bring that to your attention for the obvious reasons. And I'll move over to the highlights and I'll start by saying, look, the company, as you know, for those who've been following the quarters, we've had a good first half-year. We've laid down a pretty solid foundation for our first half of the year and sets us well up for the second half.

Now I'll start with a couple of these important highlights, which we always do with safety and then our compliance. Safety's been very good at our trip for 2.9. Now we all know that this moves around month to month a little bit here, and we finished the year at 4.6 but at 2.9, that is an excellent result. So all kudos to the team for looking after our people and making sure we're on this pathway to minimising instances and injuries in our business. Now we all know also that it's been a wet six months in various states and so despite that, our compliance has been very good, so we've had no enforcement action events at all during the last six months, which has been very positive for us also. So again, kudos to the team for keeping that up despite some weather variation, particularly in Queensland, which we'll talk to a little bit later.

Over to the highlights. The operational performance has been good as you know, 20 million tonnes has been a very nice way to set the platform for the second half of the year. Queensland at 10.3, New South Wales at 9.7, both very good results. Equity sales at 12.8 million tonnes has been strong, so that's very positive. Lower than the first half last year, but of course Blackwater is now 70% of our numbers on an equity basis rather than a hundred percent. At a group level, we've averaged a price of 189 Aussie per tonne, which includes 212 for Queensland and 168 for New South Wales. Cost base is done very well, so at \$135 per tonne as we alluded to obviously in the quarter, that is now a confirmed number as you would expect. So we can talk a little bit about that and the fact that we feel that there's upside in that also.

Revenue of 2.5 billion, 54% metallurgical coal, 46% thermal. Thermal being a strong component of the sales mix in the first half, and we can talk a little bit further about that and in a moment. The underlying EBITDA for the half at 446 was actually pretty good result. We'd have recorded an underlying net loss for the period of \$19 million and the statutory net profit after tax is actually \$69 million and Kevin will go through a bridge that helps you walk your way from one to the other shortly. We are in a good position. The balance sheet's in good shape and the market's actually improved since Q1 and Q2 have come to a conclusions. So the board has seen fit to declare a dividend, an interim dividend of 4 cents fully franked per share and we're also going to commit up to a \$32 million of a buyback of equal value over the next six months.

And now of course those who are doing the math will work out that that, when you consider on a whole of year basis, which we do when we calculate the payout ratio, given that we're seeing better market conditions in the second half, we're likely based on where things are pointing, to be at the top, if not slightly over the payout ratio, just given the fact that we are declaring a dividend at a point when technically the policy says we don't have NPAT, and therefore we don't pay a dividend. But we're doing that based on our confidence in the balance sheet strength and also obviously the underlying market improvement that we're seeing. Now just to go over that market, those market conditions. If I could for a little bit, as said, Queensland average revenue \$212 has softened, New South Wales has softened also an average of \$168 Aussie for our revenues at New South Wales.

The average for PLV across the period, 192, so that certainly started lower and has improved. So we did finish at \$212 for the end of the half, which is a positive sign to see. The new price also did a similar sort of thing with average 108, but it varied between 104 and 112 for the period. And we have seen since the half year end an improvement on both sides of things. Now it's not streaking ahead, we saw perhaps some frothiness as a result of weather related activities in Queensland. So the PLV spiked up to 250 and has eased since then, but these numbers are both much better than what we've seen over the last six

months, so that is very positive for us. Supply demand feels pretty good. Our customers are wanting the coal and so there's no concerns on our side at all in terms of moving our valuable product, so it's nice to see customers taking option tonnes as well.

I'll look over onto the next page and look at the benefits of the enlarged group and the diversification of our markets and our products. It looks pretty good. 93% of our revenues is actually in Asia, which is no surprise I'm sure to everybody, but you'll see a concentration of markets there in Japan, India, South Korea and Malaysia round out the top four of our revenue. But more generally, it's the right place to be from a growth of coal consumption perspective and so we're well positioned to take advantage of that. As I said there, the metallurgical coal and thermal coal mix being 54, 46 respectively, a little bit lower on the [inaudible 00:05:49] coal side in this six months just because we did have some very good coal production at Narrabri as you know, and so that put a bit more coal into the first half for the thermal side of the equation and well, that will balance out in the second half, but it's certainly very positive and feel like we've laid a strong platform for the second half.

Speaking of recurring slides, this slide, when I move over to the underlying supply demand outlook for both the thermal and the met with the high CV thermal and met no change in our position there, this gives us confidence that we should continue to push forward and grow and invest, acknowledging that we do have structural shortfalls on both sides of our business, so that's a very positive, but nothing that we can see points to any change in [inaudible 00:06:35] at all.

Moving over to operational results, these numbers I know you've all seen by virtue of the quarters that have gone before, but for those who haven't been watching this closely, as I say, we've rounded out a very good result for the year. So around 20 million tonnes, 10.3, 10.4 if you look at the slide with the rounding for Queensland, 9.7 for New South Wales. The sales actually, as I say, we had change in our mix there just in this half because of strong New South Wales sales, so sales New South Wales 8.5 versus Queensland 7.8. So that does change the mix a little bit for you, but that explains the 54% of met coal revenues just in this six months, as I say, the second half will see that turn around, but overall managed sales are 6.2 million tonnes is a good start to the year. Queensland, as I mentioned, excuse the rounding, there's as 10.3 as opposed to the sum of those two, which is 10.4, but we're very pleased with the results there.

Blackwater 7.3, good result and Daunia at 3.1. And these are all in the context of what's been a wet start to the year. So I think looking at those numbers, that's a solid beginning for this financial year. That's not to say New South Wales didn't have some weather either, it did. So I think that's very, very interesting given that Narrabri has had a very good contribution to the total numbers of 9.74 New South Wales. Gunnedah Open Cuts are doing what they need to do. Maules has a higher proportion back end to the second half of the year than we have in the first half.

We're making great efforts to try and smooth that out month to month, but we do have a little bit more tonnes coming in the second half than we do in the first, and as a result we've got a little bit of a skewing there. Otherwise, we are happy with the cost reductions, we'll speak to as well, but we're well on track to deliver our 60 to \$80 million out of the business by the year end and overall we feel pretty confident about where we've been and how we set ourselves up for the second half of the year. So with that, I'll hand over to Kevin who will deal with the financial side of things.

Kevin Ball:

Thanks, Paul. So I'm over on slide 15 and it's the EBITDA bridge from half one FY '25 to half one FY '26. And not surprisingly, this tells me what happened, which is really prices were soft, so a \$35 margin or a \$35 reduction in price together with the volumes that we saw when we sold the 30% of Blackwater out of the quarter contributes to the 505 or the \$552 million decrease in sales volume and price. Costs \$2 a tonne, \$2.50, I think it rounded down to two, better. So we had a few headwinds in the costs in the first half, mainly from queuing at all the ports. So we had a strong build of low cost production in December, so that should come out in the second half and they've masked the underlying improved cost performance and held the cost improvement to that couple of dollars a tonne.

So in half one '26 we reported an underlying EBITDA of 446 million and I think what I see out of this is that calendar year '25 was the cyclical low that we've seen in the market and that's as Paul alluded to, an improving price scenario in the second half of FY '26. If I take you over the page, you can see the segment result between New South Wales and Queensland and reconciling to the group. On a revenue basis, met coal prices were a bit softer in the half than thermal coal, so Queensland contributed 1.3 billion and a half, which was 52% of overall revenues. New South Wales and thermal coal prices recovered a little earlier than the met coal prices, and so New South Wales had 48% of revenue or 1.15. The half year EBITDA contribution from Queensland of 248 million showed the effect of those lower coal prices while New South Wales delivered 215 million in EBITDA. In Queensland with acquisition accounting attributing a large proportion of the acquisition value of the property plant equipment, the depreciation charge in Queensland was 147 million while there was also \$36 million of amortisation.

Those the fixed depreciation costs at this low part in the coal price cycle had an outsized impact on NPAT at this point. So

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better prices than that impact a bit lower. Underlying net finance expense of 135 million. It largely reflects the interest on the \$1.1 billion term loan that we use to complete the acquisition of Blackwater and Daunia, but as we say, we're planning on refinancing this debt in this half and then there's a small income tax benefit of about 6 million, which you'd expect off the 25 million underlying loss before tax. If I take you over the page on costs, I'm going to say I'm pleased with the costs and the first half given the headwinds that we had in terms of weather and ports. I'm pleased and I think Paul's going to talk about the 60 to 80 million that's coming in cost outs and we're across that, but at a group level we realised an average price of \$189 a tonne for our sales and those tonnes that we sold cost us \$135 to produce.

We paid both governments an average of \$20. It was a bit more in Queensland and a bit less in New South Wales, but in Queensland the low point the cycle, that average royalty rate was about 10.6 while in New South Wales it's around the 10% level. If I look at where we're up to in the first half, we're tracking at the bottom end of guidance, so that's a good thing. 135 is at the bottom end of guidance between 130 and 145 and as I said before, costs in the half unfavourably impacted by higher vessel queues in all ports for a portion of the half year and strong production levels in Q2 meant that low-cost production was held in coal stocks at 31 December. We also have a little impact here by the high percentage of sales from New South Wales than previously and impact marginally because we had less Blackwater tonnes in the sales mix this quarter because of the 30% sell down. So margins in the half the December were 34, which is about half the margin we earned in half one FY '25, but it's just consistent with the coal price environment.

Moving forward, we have a new above-rail haulage contract kicking in in July, so we expect to save \$3 a tonne around that and we're continuing to accelerate the amortisation of additional charges at NCIG to accelerate their amortisation of debt and we should see that fix itself late in this decade. Turn the page and I'm sure everyone wants to understand how we get from an underlying net loss after tax of 19 to a statutory net profit after tax of 66 or 69 rather. So we reported 446 million of underlying EBITDA in the half, which is an improvement on half two FY '25, which you would've seen in the previous slide. Group D&A 336 million out-sized relative to EBITDA, but that's to be expected given the coal price period we've come through. And an underlying finance expense, we've talked about 135 million and we can give you the breakup of that in some slides in the appendix to this pack, which you've got.

The non-recurring items totaled \$88 million. The largest portion of that was when we reset the deferred contingent expectation of what we're going to pay BMA as a result of the price movement. And I think in there as well, there's a \$34 million technical tax accounting around de-recognition of deferred tax liability relating to expiration as part of the sell down. Sure, if you want to ask me questions about that outside of time, that would be lovely. Net debt, I got to say I'm really pleased with this. We came through this, we came through this half really well, I think. The capital allocation framework really helps us in this process. If you look at us, we've spent \$157 million on CapEx, so we're sustaining the business so we maintain the productive capacity of the business through the bottom of the cycle.

We returned \$93 million to shareholders in the form of buyback and dividends and we spent \$39 million on other investing, which is really a little bit around the rare earth side of the world. And we finished the net debt balance at 31 December '25 at 710. On any view, when we turn the next page, you'll see that Whitehaven's balance sheet is particularly strong, so we have strong balance sheet, low levels of gearing, about 11%, a low level of leverage on a trailing basis, about 0.8 at the bottom of the cycle, which is really good, and we kept one and a half billion dollars of liquidity to ensure that there was no doubt that we could comfortably meet our obligations. We've been saying this for a while. Since we sold down Blackwater, we've kept the cash reserved to meet that second payment to BMA, so the 500 million that's going to be paid on the 2nd of April is sitting on deposit and the coal price contingent payment structure associated with the acquisition has been working as intended.

We paid 9 million to BMA in July and we're at the current moment, I'd say the number that we owe calculated is about 20 million US, but it's lifting in this quarter with rising prices. But okay. We are working to refinance our 1.1 billion acquisition facility and we're just looking at the lower costs. When you look at how the company's positioned, it's a really strong credit, probably one of the best coal credits around, but the finance acquisition was a piece that we put in place. Now we want to put that in with a piece of debt that befits the quality that we have. So let me hand back to Paul for the remaining of the slides.

Paul Flynn:

Thanks, Kevin. Just back to the cost side of things, again, as Kevin was saying and we've said earlier, we feel confident we're going to be able to deliver our 60 to \$80 million in savings by year end. This just gives you a little bit of colour in terms of where we're finding the opportunities within the business. Being split state to state, we think there's going to be about 60, 40 more or less if I divide it between the two states and that slides back a little bit because all parts of the business have to contribute not just the sites but obviously the offices as well. And so we are finding opportunities across all areas there. To just to give you a bit of colour, obviously the organisational structures of the business continue to be aligned to a wide haven model, so we seeing changes there in the operating model as we drive consistency across the business between the various operations.

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We're seeing upside in terms of maintenance strategies across our larger assets in particular with obviously there is a big level of mechanical intensity there and obviously there's a lot of money being spent on maintenance, so that is fertile ground in terms of optimising that. In New South Wales we have been moving equipment around to make sure that the implement is best deployed in the space where it can be best utilised. Tyre lives and things like that, we're certainly seeing the opportunities for improvements there. Some sites, there's good transfer of knowledge between sites in terms of how we're doing well with tyres on some sites and benefiting others.

And of course there's a major contracting arrangements are being reset and adjusted as a result of the opportunity, not just with scale but also just the parts that we've inherited. We're changing those as we go along. And so we feel that we're in good shape to be able to deliver on our commitment here for the 60 to \$80 million by the financial year end. Now I'll turn over to the slide, which is entitled the Queensland Five-year FOB Cost Estimates Adjusted for Inflation, and this is really a commitment we made to you that we would go back as you would imagine we should in any event which we have been doing, which is an acquisition this size, a post-implementation review should be done and this has been part of that.

So we knew all along that the estimates we put out at the time of the acquisition obviously were based on the work we were capable of doing during the due diligence phase, which generally has worked well and little surprises have come out of it, so quality work was done, but inflation has done its ugly work for the business. So we've called that out. We've said that we were going to adjust it at this half year and reset these numbers, which we are now doing. So definitely when we've gone back and looked at purchase price indices and obviously wage inflation indices, there's about \$10 in that. So coming off the 120 average base if you like, for what we gave you as the five-year averages at the time of the acquisition, you should add \$10 in there in terms of inflation. And then learnings and observations that we've made since, as I say in that post-acquisition review, there are a number of observations that we can see that have changed the cost base and I'll divide them if I can into temporary and then permanent matters.

So I'll go through the bullet points that we've got there, but I'll firstly deal with the temporary ones. As you all know, we are definitely working hard to reinstate a comfortable level of stripped inventory that we feel like we should have in order to run at a higher degree of operation. Now we've been producing higher than what the mine has historically been doing in more recent years, so we are consuming the stripped overburdened advance at a higher rate, so this is going to take us a little bit longer than expected to do that. This is a high quality problem I have to say, but until we get to that point where we're satisfied that we have an inventory strip ground enabling the efficient deployment of drag lines and obviously the elimination of downtime, whether it's been parked up because the bench is not ready, we will continue to have this effect in our business.

And relatedly with that, there's a higher degree of rehandle that goes with the dragline fleet whilst we're in that situation. So that is a feature which we'll have for a little while yet to go. Look, the other thing we've observed, and that's just part of experience now, we've certainly observed a backlog of maintenance that's needed to be done and so the major shutdowns for the big implements, so the draglines and shovels in particular at Blackwater have certainly featured and it's important work and obviously not work that you can do with any great detail. You can review the records and so on shutdowns and things in the DD phase, but we found that we've needed to put some more money into that. And there are other examples of that. The [inaudible 00:20:47], we'll say for instance, we had to do quite a bit of work on them to ensure that utilisation has improved. It has improved dramatically, which is very good, but that has required some work to get that fleet into the right shape and fit for purpose.

The AHS isn't, we had assumed a better level of productivity from AHS at the time of the acquisition. It's not there yet, and so we are working with CAT on that and we are pushing hard to ensure that we can get to a level of satisfaction with the productivity across the autonomous fleet that we think it should be. Now the summary of those ones, those four features I've just mentioned, they're the temporary ones. A couple of which are permanent more in nature, the same job, same pay, that is definitely an adjustment that was obviously occurring at the time of the acquisition and so we weren't able to size that. Now we have embedded that in our business. Now sadly, the cost of labour is going up as a result of all that as everybody well knows. So that is influential in our cost base as is the higher level of demurrage in particular out of Daunia, but certainly Blackwater as well.

The Queensland logistics chain does not work with the efficiency that we're accustomed to in New South Wales. I'm sure no one likes me saying that if you're a Queensland, but that is a fact. And so the assumptions on demurrage have been adjusted accordingly. Now, the cost base 135 that we've talked about, very happy with that even given, as Kevin mentioned, the delays in ports and shipping in logistics in Queensland particular, that 135 does include a couple of extra bucks there just for those influences, which should unwind. That part of it should unwind, but the reality is demurrage is going to be higher than we budgeted for in Queensland. So those are the two permanent ones I want to call out. The four preceding were temporary in nature and will be alleviated as we continue to drive.

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So as a result of all of that, we're now giving you a range. I reset that range 24 to 28. Obviously there's only a few more years left in this of 140 to 145. Now we've been doing well on cost outs as everybody understands with the business since we've acquired it and we're only six or seven weeks away from crossing the second anniversary. So I feel like we're making really good progress there and we get ourselves down to 140 in this period, I think that would be an excellent outcome. That's not to say we stopped trying because as I say, the first four aspects of that I've mentioned are temporary. We consider those to be temporary in nature and so we'll continue to push and drive greater productivity and lower costs as a result.

Now over to the capital allocation framework. Nothing new there for you encompassed in this. So this has served us well and we feel confident that even in this instance, so again, if you were to apply this framework slavishly, then we wouldn't be paying a dividend because we have an underlying net loss, minor as it is, it is one. However, reflecting the balance sheet strength that we have and the improving market environment that we're experiencing, we feel confident to recommend it to our board that we pay modest dividend and the board has accepted that proposition and declared the 4 cents as we mentioned earlier. So 4 cents fully franked is a modest dividend reflective of the fact that we come through the bottom of the cycle, but paying a dividend through a period that represents the outcomes from the bottom of the cycle I think is a very good outcome.

And of course we're aligning that with an equal sum of our buyback over the next six months, up to \$32 million with a total of \$64 million in dividends and buybacks out of the first six months, which again, I think is a solid result. Over to guidance. Look, you can see we're tracking well in our guidance, certainly the ROM targets to do 20 of the first half, the upper end of our group guidance there obviously at the managed level is 41. We would dearly like to make sure we can get close to that if not surpass it so we feel like we're in good shape. The challenge there of course is of course weather and that's the major caveat, but otherwise we feel we're in decent shape. The last quarter you saw run rate 11 million tonnes in the quarter. We're carrying that momentum into the new quarter, so it's nice to see things moving along which are very positive.

The costs, as I mentioned earlier, and as Kevin spoke about, we've seen good progress on the cost side of things and 135 out of a half that was weather affected and had some extra costs in it, I think is really good. And we can see when month to month when we're doing the sales volumes that we and production volumes that we expect, we can see the upside associated with that. And so we feel positive that we can drive our costs down to the lower end of the range if we hit that top, that top end of the ROM production. And so we feel pretty good about that. CapEx as is our way, we're spending a little bit less than the range we've given you. So at 157 for the six months, I'm sure there'll be a little bit of extra capital to come out in the second six months as people want to finish up projects and so on. But we're tracking obviously to the bottom of that range.

And so again, that is reflective a bit of history I suppose, but the conservatism that we brought into our guides will continue to apply. But overall, no change to our guidance and moreover, we're tracking to the right end of the top end and we're tracking to the lower end of costs, which is very positive. But overall, good solid six months and we're looking forward to the second half. So I think we're in decent shape. So with that, I might hand back to the operator and we can get some questions going.

#### **Question and answers:**

Operator:

Thank you. Sell side analysts, if you wish to ask a question, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star two. If you're on the speakerphone, please pick up the headset to ask your question. Your first question comes from Dan Roden with Jefferies. Please go ahead.

Dan Roden:

Hey, thanks Paul, Kevin, and Ian. Thanks for taking my question. Just wanted to probably kick it off with the potential re-fi of the 1.1 billion term loan. Can you remind us what the timeline is with the non-call approaching and I guess do you have any revised expectations around the 10.5% in the current period? What cost do you think is, or what rate do you think is realistic when you are looking at refining that and what gating items for lenders would you expect are I guess the considered important factors?

Kevin Ball:

Paul just pointed to me, Dan, so I'm the guy who gets to answer that one. We're well down this path and we've been working on this for probably six or eight months, to be honest with you, in anticipation of the first call period, it's about the 12th of March. Expectations are, we'll refinance this out before 30 June, and I think I said on the last call that if I had a seven handle in front of

it, I'd probably be okay. If I had a six handle in front of it, I'd be delighted. And I don't think my expectations have changed. Markets are improving.

The ESG, the benefit in Whitehaven Coal of having half the business in met coal or over half the business in met coal is really helpful when it comes to this financing and the structure of the financing lends itself to using those assets for that security and providing those funding. So Dan, my expectation, I said if it starts with a six, I'll be delighted. If it has a seven, I'll probably be disappointed, but it's still 300 basis points cheaper than what we're currently paying on 1.1, which is 30 million US to 40 million US in savings. So that's the program.

Dan Roden:

Yep, yep. No, definitely. And maybe a quick follow up. I guess, are you seeing the markets are supportive around those rates at the moment? You're obviously confident you can get something close to that, but if you aren't getting something close to that, how do you think about, I guess paying down debt in terms of the capital management framework? Do you pay down debt more aggressively if, I guess rates are higher or if you aren't able to refi the debt in half two when you are restructuring that?

Kevin Ball:

I think I'd answer that question by saying this. I mean in the back of the capital allocation framework, you'll see that we're talking about a double B plus rating. We're an organisation that's had conservative credit metrics. In fact, the credit metrics we run are typically you'd classify them as investment grade. So we really are at the top end, we're at the top end of the high yield piece or we're at the bottom end of the investment grade piece. And if you talk to your debt guys, they'll tell you what that rate should be, even with a coal premium attached to it. I'm not really in the conversation at the moment about entertaining a discussion around not being successful in that because I don't think that's helpful and I don't think it's realistic either, to be honest with you. We've had a number, several, many inbound inquiries about helping out the financing and it feels like that ESG overlay that existed maybe four or five years ago is abating. It hasn't disappeared, but it's less than it previously was.

Dan Roden:

That makes a lot of sense. Thanks mate. And I might just ask on I guess the unit cost guidance as well, and I'm sure there'll be a lot of follow-ups on this, so I'll keep to my two questions and hand it over, but just with you've outlined the '24 to '28 cost guidance at 10 to 15 on top of that, that's the new expectation, but just trying to unpack, you mentioned the rate that we've had at the moment from the Queensland assets is around 140. Some of the historical costs there become a bit obfuscated just in terms of the reporting structure. So I just wanted to very clearly articulate what the expectation is on those Queensland assets over I guess into half two '26 and then '27, '28. What cost rates are you expecting in the Queensland assets?

Paul Flynn:

Yeah, thanks Dan. Yeah, look, what we are obviously highlighting today is the resetting of those five-year averages based on what we can see the inflation. So what we are saying for those Queensland assets is an average of 140 to 145. That is what we explicitly are saying. And so that obviously, and you can do the math in terms of how our numbers have been looking for the first, almost the first two years of our operations. Obviously there's no surprise. You can get our segment note, and you can pull that apart. And so you can see that there's still cost upside in this business and based on the things that we've highlighted that we feel are temporary, that are keeping it a little higher than where it should be, we think we can continue to pressure this down. Say for instance, you get to the bottom end of that range at 140, I think that's a very good outcome in this context given the inflationary impacts that we've seen.

And so the problem with this is that inflationary impacts can abate, you never get that cost out of your business from the labour perspective in the first instance. So you do see inflation rise and fall on services for sure, but once baked into your cost base from the labour side of things and in addition to same job, same pay, you're never going to get rid of that. And so that is a problem and something that we need to work on from a productivity perspective. But yeah, explicitly that's what we're saying, 140 to 145 for Queensland, I think that is just reflective of the reality that we've inherited. As I say, I've tried to divide that up into temporary impacts versus ones that are baked in and hopefully that's useful for you all in terms of your calculations for Queensland assets.

Dan Roden:

Yeah. And then I was more trying to get a trajectory on that. You obviously talked about this true ratio and OVIA impacts were transitory. I guess coming out maybe asking a different way, when you come out of that guidance range, would you be

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expecting the costs are higher or lower than that 141, 145 range?

Paul Flynn:

Dan, you're going to have to hand this over to someone, but just to answer your question here, we're not giving guidance past that point. And so we'll deal with that on an annual basis once we're outside this acquisition, the remnants of this acquisition data that we gave you two years ago.

Dan Roden:

Yep, no worries. I hand it over to you guys.

Paul Flynn:

Thanks, Dan.

Operator:

Your next question is from Chen Jiang with Bank of America. Please go ahead.

Chen Jiang:

Morning Paul and Kevin. Thank you for taking my question. Maybe first question to Kevin about your buyback. So your original buyback program of 72 million, you only have 4 million buyback left from that original program announced and today you announced 32 million buyback to match with the interim dividend. So is that fair to say actually you added incremental buyback of 28 million in addition to your original 72 million? Thank you.

Kevin Ball:

Chen, this has been a pain for a number of years. It's just the way in which the legislation comes. So what we've done now is we've said, "Each half we'll tell you what the buyback is up to, what that amount is going to be, and then we will close the buyback from the previous." So you should think that 72 is dead, never to come back alive again, and the 48 is never to come back alive again. And then the 32 will be the buyback for the next six months up to that number. And we're just trying to make this a lot easier for people to work their way, work it into their models.

Chen Jiang:

So every six months you will have some sort of number.

Paul Flynn:

Yeah, that's right. The problem is the regulator gets a bit confused about this.

Chen Jiang:

Okay.

Paul Flynn:

And so that's why we've had to close a buyback, the previous chapter of buyback and open a new one. And that's what we're going to have to do in order to assist people in avoiding confusion as to is there some tail that was unexpended during that period, is that going to be added to this? Unfortunately, just the way the regulation works, it's needed to just close it off and then announce the next one. And then at the end of that period then you'll have to say whether we did or didn't expend at all. But you'll close that one and then open a new one.

Chen Jiang:

Sure, that's very clear. I mean your previous buyback of that 72 million is almost completed. So anyway, thank you for that.

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Paul Flynn:

Yeah, we got close.

Chen Jiang:

Yeah, yeah, 94% completed. Yeah. And then if I can have a follow up on the cost, please. Understand it's an average of the five years, but looking at FY '24, FY '25, even FY '26, I guess those Queensland costs much higher, right? So it's like 147 or 145. So take an average. How should we think about this? I mean is that like FY '27, FY '28 should be averaged down to get that 140, 145 or the way to think is FY '27, FY '28 should be the range of 140 to 145? Thank you.

Paul Flynn:

Yeah, look, I think, Chen, as you would've expected with the first range we gave you and now with the reset, the higher cost period is the early years as we're getting our hands around things and then you would expect us to continue to improve through that five years period. And so obviously we're a couple of years in now, so we've got essentially three more to get within this range and we feel confident we can do that. But yeah, I would imagine the end, so the FY '28 period is going to be the cheaper, if I could say, the lower cost period and obviously first year of our operation being the higher, so the same philosophy applies to this new range that we've given you.

Chen Jiang:

Right. So averaging down from the five-year average.

Paul Flynn:

Yeah, more expensive in the early years, cheaper in the later years for sure.

Chen Jiang:

That's very clear. Thank you so much, Paul. I will pass it on. Thank you.

Paul Flynn:

Thank you.

Operator:

Our next question is from Paul Young with Goldman Sachs. Please go ahead.

Paul Young:

Yeah. Morning Paul and Kevin. First question again on these Queensland medium-term costs. There's really no real surprise here. I guess from the inflation standpoint and also the operations are doing well, but not as well as you expected at the time of acquisition. But one thing you haven't mentioned here is actually it's all about moving dirt and coal and actually what the production assumptions are. So if you go back to the time of acquisition, I think you were forecasting that Blackwater get to around 15 million tonnes of ROM on a hundred percent basis and I think Daunia at six.

Paul Flynn:

Yeah.

Paul Young:

Do you still think that's achievable or and by the way, the Street doesn't have it, those numbers, Paul, so the Street's shy of that. So just curious around the volumes because ultimately unit costs are just a distant function of obviously production.

Paul Flynn:

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Yeah, yeah. It's a good point, Paul. Thank you. Yeah. The reason why we didn't change it, because we actually feel good about the physical side of things and we've been saying that along the way. We're making good progress. The numbers you just recounted, we feel good about those numbers. So we've got a couple of years to get to it. Daunia has been doing well and is approaching those numbers as you can see already, so that's very nice. Blackwater obviously is a bigger ship and requires a little bit more time to allow the benefits of the initiatives we've put in place to turn around.

But the physical side of things we actually haven't been concerned about. It's just once we bought it, of course, we were able to lift the hood and look in a more detailed fashion. We can see the temporary things that we've got to deal with, so we feel positive about that. We're not disappointed about it. Obviously the revenue assumptions that we used to justify the acquisition we're obviously much less than the prices even you seen today. And so from a valuation perspective, we feel very good about the acquisition and what it's been able to do for our shareholders, but overall the physical we feel good about and we're just going to continue to drive these costs down.

Paul Young:

Yep, understood. No, that makes sense. And then moving to New South Wales and can I ask about Vickery again? I mean you talk about structural deficit in thermal coal. Vickery has been, I guess shovel ready or I know you guys are still working through the capital estimates and so if you can remind me where you're at with that, but also just on the formal process, is there a formal process? I know you've had it open and it's closed previously, but where are you at with that? And then also with the new rail contract, does it make room for the larger Vickery project?

Paul Flynn:

Yeah. Okay. Look, Vickery first, Vickery is fully approved just to remind everybody. Fully approved. The only official parts that are remaining of that is obviously FID. And so that's obviously manageable internally completely. So the board is given that we've just come through the bottom of the cycle, we're not minded to address that in the next six to 12 months, but we are doing lots of work in the background on funding for Vickery. So that's important to us because lots of people have expressed interest in us bringing that forward and we've said to them, "Fine, we're not going to take all the risks. You've got to help us with it if you want the coal." Which I think is the right thing, posture for us to take. So we had interesting inbound inquiries on the sales side. We've had interesting inbound inquiries on the infrastructure side. People wanted to help us build and operate that.

So I think that's really... That'll be... An extra six to 12 months would actually be really interesting to see how we can bottom all that and obviously minimise the funding ask from the cash flows of the business. So that all looks pretty good. The rail contract is a really interesting reset. I mean that obviously was a product of a 10-year contract and you only get that opportunity once to come along every 10 years, so we've taken it. The \$3 we've mentioned to you per tonne is actually on the New South Wales business. So on a group basis that's a 1.50 off the cost base from 01 July onwards, just to be clear. So that's very, very positive. And in fact we've actually started the process in Queensland as well because there is a renewal up there in another 18 month's time, more or less. So interested to see where that goes.

But the question on Vickery, it does cater for, we've got upside potential for the tonnes now. We haven't contracted those tonnes. So just to be clear, we've gone from being long above rail to matched, if not slightly short with surge capacity attached to it. So we've flipped this on its head nicely, so we're not carrying any extra cost in the business for above rail, but we have upside opportunity with both the haulage providers that are in place there to be able to add the Vickery tonnes as required.

Paul Young:

Yeah, okay. That's good. Thanks, Paul. Appreciate it.

Paul Flynn:

Thank you.

Operator:

Your next question is from Rob Stein with Macquarie. Please go ahead.

Rob Stein:

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Paul and team. First one on the dividend, the full cents per share, does that... Because that obviously heavily borrows from what you're expecting to pay in next half. How should we think about the decision around the next half in terms of your capital allocation framework and sticking to that payout ratio? Are we still to expect that payout ratio to apply? I.e. we can deduct the next half's dividend, our expectations versus this half's?

Paul Flynn:

Yeah, Rob, look, we don't feel like we're borrowing from the next half. The balance sheet is in really good shape. So we feel like the capacity exists already from what we've been able to do. Now, the fact if we're just purely following the calculation basis in our framework, because we're paying a dividend at a period when we recorded a loss, then reasonable expectations would say based on even pricing today that you're going to generate significantly more cash today and through this next six months than we have in the first half. So all things being equal, there will be obviously this discussion in six months' time about the divvy and there'll be a reasonable divvy. And most permutations that we've looked at says that you're probably going to be over the 60% of impact level simply by dint of the fact that you paid a divvy in the first half when there was no impact. It's just a calculation outcome, but we're not taking now from what we think should be, we are expecting to derive from operations in the second half.

Prices, obviously today, even as if you were seeing them soften a little bit off their 250 down to the 220. So March is about 220, 225, I think in terms of looking at the outlook, those numbers are much better than what we've experienced over the first six months. So cash generation has been good. We've seen good production in December. We've seen that good production followed with the momentum into January. Cash generation has been solid. So it's very good to see and we feel like we'll be able to continue to make a second half decision around dividends when the time comes.

Rob Stein:

Okay. So consider it more as, for want of a better word, a special allocation rather than a shifting in time period allocation. You're going to take an independent decision in the second half.

Paul Flynn:

No, we don't consider it special at all.

Rob Stein:

Based on [inaudible 00:44:48]. Okay.

Paul Flynn:

That's not a characterization we would give it either. Obviously the framework we've set up, we want to be paying dividends through the cycle. The fact that we actually can after we've just experienced the bottom of the cycle, I think is excellent. So I don't consider it special.

Rob Stein:

Yeah.

Paul Flynn:

But the payout ratio is calculated on a whole of year basis, just to be clear.

Rob Stein:

Cool. Okay. And then just on.. Yeah. And you can probably, the key topic of today, the Queensland cost guidance, just to try to get a bit of a feeling for FX impacts on that cost guidance. If FX were to hang at current levels or potentially even strengthen, how should we think about the cost sensitivity of this number to that?

Paul Flynn:

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Yeah, look, not much I'd have to say because by and large, there are a couple of exceptions as you can imagine, by and large, we're an Aussie dollar cost based business. So currency affects the revenue line, affects our interest costs. To a degree, it affects the coal price itself and oil, but that's it. The rest of it is Aussie dollar based.

Rob Stein:

Perfect, thank you.

Operator:

Your next question is from Lyndon Fagan with JP Morgan. Please go ahead.

Lyndon Fagan:

Thanks very much. Paul, obviously a lot of focus on the Queensland costs, but wondering if you're willing to share a medium term outlook for the New South Wales business. I mean, is a number in the mid-120s around the ballpark?

Paul Flynn:

Thanks, Lyndon. Someone was bound to ask that, wasn't it? It was always going to happen. But look, I think we all understand the history why we have these five-year averages for the acquisition. It's just because you've never seen these assets before because they're obviously consolidated within the broader BMA unit and no one got to see them. So we needed to give you something that you could use. So we did that. Once we're outside of this five year period and those averages, we plan to go back to the normal guidance setting arrangements that we have, which New South Wales is indicative of.

So no, we won't be doing that, but New South Wales has done very well. I thought you were going to go and point to another area so you didn't, so I'll do it myself. The costs in New South Wales have been good, and production when you have Narrabri spitting out lots of tonnes, everybody knows Narrabri's are our cheapest tonnes, and so when Narrabri production is good, the average costs do well. And so we feel pretty good about that and production continues to go well there. And we are reviewing our costs in New South Wales as we have been in Queensland, and we are finding savings there as well. And that's outside the resetting of the above rail haulage contract we just referred to. So that is positive.

Kevin Ball:

And if you don't mind, I'd step in and say, I think if you look at the New South Wales business, you've got a pretty strong contribution from Narrabri. You've got an underweighted contribution from Maules Creek relative to the year, and you've got a pretty strong contribution from the Gunnedah open cuts who are performing well, but they're probably our highest cost operation. So there's a few moving parts in how you assemble the New South Wales costs. And if you look forward over time to that earlier question about Vickery, Vickery in its bigger form will help drive costs down in the business. So it's a bit difficult to give you that conversation. I think you need to almost deconstruct it and then reconstruct it based on volumes that contribute.

Lyndon Fagan:

No worries. I suspected I wasn't really going to get an answer, but thanks anyway.

Kevin Ball:

You're just fishing.

Lyndon Fagan:

I just thought I'd-

Kevin Ball:

You'd give it a go.

Lyndon Fagan:

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I just thought I'd ask about the met coal outlook. We've obviously lost a little bit on the hard coking coal price. I'm just wondering how you're feeling about the current market tightness and near term outlook.

Paul Flynn:

Yeah. Look, the market, the underlying market has been pretty good. And when I say underlying, our interactions with customers, the demand has been good. People are chasing our coal, which is nice. Obviously prices took a bit of a leap there based on concerns around weather and so on, and supply side constraints. We understand in the Bowen Basin, there's still people dealing with a lot of water in their pits. And so whilst we have water too, we did manage ourselves very well through that rain. And so we're not seeing negative impacts as a result of that that are material to our guidance for the year. So we are in good shape. But there is some supply side constraint in Queensland. Now there have been a few, there's been obviously with a few more tonnes coming onto the market as a result of a couple of mines, the underground mines Centurion has restarted.

So I think that a little bit of excitement around that has tempered the price outlook for March and April. Say for instance, if we're going to see some tonnes start to emerge from these restarted operations. So I think that's weighed on that a little bit. So I think the spot's down to, what, 240 or somewhere around there. March is around 220, 225, somewhere in that region. But these still much better numbers and where we've obviously been for the last six months, so we welcome all of it, but the underlying conversation with our customers, they want more tonnes. So we're keen to try and satisfy those needs.

Lyndon Fagan:

Thanks.

Operator:

Your next question is from Lachlan Shaw with UBS. Please go ahead.

Lachlan Shaw:

Morning, Paul, Kevin, and team. Thanks for taking my two questions. First one, just on the Queensland costs, we've covered it at length. I wanted to just unpack a little bit though. So you have used language extended period of higher dragline re-handle, is that to the end of FY '28? And I suppose part of that then is from FY '28. Is there more do you think that you can pull out of these assets here or is the FY '28 baseline to get your five year average to 145? Is that FY '28 endpoint then the appropriate jump off point beyond that? And I'll come back with my second. Thanks.

Paul Flynn:

Yeah. Thanks, Lachlan. The challenge there for us is that, as you know, we put more capacity into the pre-ship fleet to try and make up this ground, and that's been going well. But now you've got the drag lines chasing down the pre-ship fleet. So that's again, a good quality problem, but it is going to take longer to get ourselves, and as we increase production, which we have been, the inventory also needs to increase. And so that's just the slightly circular dynamic we find ourselves in. So yes, I think for another couple of years we're going to be doing that. And so that brings us into the end of this outlook period. But that's taken into account the cost we could have... Yeah.

Lachlan Shaw:

Yep, yep. Okay. And so the inference is then, FY '28 is the appropriate jumping off point beyond that, or is it more do you think that, do you look out that far and think, okay, well what more can we do?

Paul Flynn:

I think that you should take that as the jumping off point because if we want to expand materially further post, then we'll tell you. It is really just about volume. We obviously want, as I said earlier, we feel good about the physical volumes in terms of five-year outlook. So if we want to go bigger than that, that will require some capital and that'll be a different conversation we'll have with you at the time.

Lachlan Shaw:

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Great, that's helpful. Thank you. And then my second question, so I just wanted to talk to met coal pricing and realisations. I guess just interested in your perspectives at the moment. We're seeing a bit of disruption in the US met coal market in terms of high-vol A, high-vol B, know widening to mid-vol, hard-coking coal. And then obviously there's been, I suppose, soft recent mid-vol prices out of Queensland too. What are you seeing in terms of the different markets across the met coal quality fraction, and how do you anticipate that to impact realisations for you guys going forward? Thank you.

Paul Flynn:

Yeah. Yeah, and what we're at the moment, and look, we all observe the ups and downs of the market. We see what you've just described. Obviously we are generally playing in the low to mid-vol space, if I can use the US vernacular. But generally our products are all low-vol other than the ones out in New South Wales, if we're talking about semi-soft out of Maules or Tarrawonga. The annoying part for us really is just trying to drag up realisations for the lower two products, if I can call them the secondary products, the semi-soft and the PCI. The relativities of PLV to low-vol, I think that's okay, but we would like to see improvements and we're pushing our negotiations hard to improve the realisations for our semi-soft, say for instance, that's really important to Blackwater.

And so pushing that hard in the market where steel makers are struggling a bit, that's not easy. That's not an easy conversation, but the fact that we've got a couple of important steel makers in our tent now that helps them understand obviously the economics of the project itself. But then again, they've got the tricky balance of the external market that they face for their product. So of all the things I'd like to see a bit more of improvement in those realisations. That'd be my question.

Lachlan Shaw:

All right. Thank you.

Operator:

Your next question comes from Glyn Lawcock with Barrenjoey. Please proceed.

Glyn Lawcock:

Morning, Paul. I'm going to try and ask Queensland costing in another way. So if I heard you correctly, you want to jump off in '28 at 140 and that is a real number in December '25 dollars. So you've given us today \$10 inflation over the last two and a half years. Your jump off point is two and a half years from now. Do you think we should be thinking about another \$10 inflation adjustment over the next two and a half years? Just what's your sense inflation? So do we actually jump off in June '28 at 150 adjusted for inflation?

Paul Flynn:

Yeah, that's a really good question, Glyn. We haven't assumed in our calculations that we would go through a similar period of inflation. Now obviously that's a very topical question on a macroeconomic level or political level in this country at the moment. We're not seeing inflation. I don't think we should assume the same is my bottom line here. The labour inflation that we've seen over the last two years has been quite extraordinary. Now I don't expect that's going to continue at the same way. We are in negotiations that we've undertaking at the moment are reflective of a more realistic market where the industry is struggling a little bit and some players are really struggling. And so job losses have occurred. And so that inflation, at least at the EA level is better.

Now having said that, our own personal or company specific experience during that period was also affected by the fact that we'd just grown, we'd just doubled and people's jobs had grown as well. So the amount of out of cycle remuneration changes that we saw during that period isn't indicative of where we're going to go going forward. And so that's settled down. And general on the supplier side, so on the PPI side of things, that shift, that has moderated slightly, so I don't think we should be assuming the same, a replication of the same period over the last two and a half years. I don't think we should. [inaudible 00:57:20] might have to say about that.

Glyn Lawcock:

Yeah. And I saw the federal government just me now health cover is going up four plus percent, so I don't think that matches inflation, but that's another discussion.

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Paul Flynn:

Yeah, yeah. Yeah.

Glyn Lawcock:

But if I even take two and a half percent inflation, right, I mean that's \$3.50 a year. I mean that's two and a half years. That means I'm up for about eight bucks a tonne increase just at an average two and a half percent inflation rate.

Paul Flynn:

Yeah, I understand the math. If you did nothing else, then that math makes sense.

Glyn Lawcock:

I guess I'm just trying to understand, can you fight inflation on top of everything else you're fighting just to get down to the 140, the non-permanent issues you're dealing with?

Paul Flynn:

Yeah. That's right.

Glyn Lawcock:

I think that gets you down to 140, but now I was just wondering if you've got other labour to combat inflation. I guess we'll see. But yeah.

Paul Flynn:

That's why I called out the temporary components of it. Those are the areas where we really can work. Same job, same pay labour costs. The only way to deal with labour costs is to have less labour. And so that's a challenge. We need a certain amount of people to man all the equipment we've got and of course we need to use it more productively and we're striving to do that. But the four areas we mentioned are ones we are working on because we certainly believe that we can alleviate some of the pressure we've seen on that in recent times. But it's a constant battle with inflation as you know.

Glyn Lawcock:

Yeah, sure. And then just on the balance sheet, I mean you call out net debt 700 million, but that's going to double on the 2nd of April when you pay your next instalment to BMA. Are you still comfortable with 1.4 billion in net debt, which will jump up the next time you report?

Kevin Ball:

I don't expect it'll jump to 1.4 billion next time we report.

Paul Flynn:

Yeah.

Kevin Ball:

I think what you're missing in that conversation is what's the cash that gets generated between now and 30 June? So by the time-

Kevin Ball:

No, no, let me finish. By the time you do that, I think where you get to is probably off an EBITDA number that I think Visible Alpha has about 1.3 or 1.4, Kylie?

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Kylie:

Yes.

Kevin Ball:

Around there. Then I think you are probably again, 0.8, 0.8-ish leverage would be where I expect it's going to fall. And those metrics, Glyn, as I said, what I want to draw out is really when we talk about that capital allocation framework, it's a business that operates on investment grade credit metrics, perhaps not yet at the scale needed to be investment grade, but has those metrics in it and is firmly in the high end of the sub investment grade debt. So from a business, we don't want to run a business that's completely unlevered, that's not the intention. And so we think we've got a capital allocation framework that drives a pretty prudent conservative level of leverage and level of gearing the business. And yeah.

Glyn Lawcock:

Yeah. Sorry I should have said pro forma as you pay it today, but no, you're right. You will generate a fair bit of cash if prices stay where they are by 30 June. So no worries, but I'm happy to hear you explain how you're happy to run with a bit of leverage. Thanks for your time.

Paul Flynn:

No, thank you.

Kevin Ball:

Thank you.

Operator:

Your next question is from Chris Creech with the Morgans. Please go ahead.

Chris Creech:

Hey Paul and team, thanks for your time this morning. Just two quick questions for you, if you wouldn't mind. Paul, you spoke before about potential expansion of Blackwater into the future, but I see that the Blackwater North extension project was withdrawn in November last year. I know that BMA submitted that. So is it more about you wanting to optimise before you proceed with Blackwater or was there something else that drove that withdrawal, that project?

Paul Flynn:

I'll try and answer that as best I can. Chris, look, we've got... That site can grow substantially. We are in the approvals process for the expansion of the northern area of Blackwater. But don't forget, there was actually an approval request put in place for a broader expansion to the south and that obviously covered what we call Blackwater South. And there's obviously a significant area there which has anywhere between 50 and a hundred years of coal still in that southern region. So we have two areas if you like, in terms of what we can do for incremental expansion over and above the improvement in the existing footprint of operational pits. So the northern areas, as I say, that's currently on foot with our approvals processes. The Southern area, BHP did lodge an application there and we are looking at that very closely in terms of what we think is the Whitehaven version of that same future.

The expansion I was referring to isn't actually about either of those. It's just actually about us thinking we can get more tonnes out of the existing footprint that's operational today. And so there's plenty of ground which is open at Blackwater, which has been left at different times in history when prices were low. Now those prices obviously bear no resemblance to even the low prices today. And so a lot of those areas are capable of going back in relatively quickly to get back in and get extra tonnes. And so our view is we can get more out of what we've got even before we consider that northern approvals process opportunity or obviously a whole of process approval submission for the southern areas of Blackwater South.

Chris Creech:

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Yep. Gotcha. Awesome. Thank you for that. And just a second one, and not to flog a horse so to speak, but I did ask you after the first quarter result about Daunia and its AHS performance and you say there's still obviously that performance difference between where you want, where manned it would otherwise be. Is it still tracking where you want it or does there come a time where what you guys did at Maules where you move it back to a fully manned operation to achieve that cost guidance that you guys have set?

Paul Flynn:

Yeah, Ian's been waiting very patiently for a question to come his way. So look, it's not where we want it to be. We assumed it would go better. It's not bad, don't give me that. I'm not saying that. It's just that we think it should do better and we obviously have that experience that you just described at Maules Creek, so we know what the benefit is of going back to manned with a system. Now in fairness to Hitachi, that wasn't a commercial system, this one is. And so that was still a development project in Maules Creek. This one is by all accounts a commercialised system, but because of our history, we're able to very quickly benchmark what the difference is between humans and not. And we can see that this is not there yet. And so the key question is how quickly can we get to where we're satisfied that we're doing the right thing for our shareholders, which is obviously the lowest cost, most productive iteration of Daunia we could possibly imagine. Ian?

Ian Humphris:

Yeah, I love it when my boss covers everything and hands it over, but look over and above that we are engaged with Caterpillar at all levels through our organisations to improve it. I mean, as Paul said, we have seen improvement, but there is more to go there. So we are working on them. And I think we've got to be careful to differentiate Maules Creek and the CAT system at Daunia. I mean even if we went a hundred percent at Maules Creek, the whole site was not an autonomous site. And I guess that interface and the difficulties around that. And then for those that are familiar with Maules Creek, it's an extremely highly intensive mine with a whole lot of interaction. So I guess our decision, I guess the maturity of that system, the fact it was never going to be a hundred percent AH mine site, even if we ramped up to what we called a hundred percent AH, and that interaction is why we made the call that we never thought it would work at Maules Creek and be as efficient as a manned operation.

Chris Creech:

No worries at all. Thank you for your time.

Operator:

Your next question is a follow up from Rob Stein with Macquarie. Please proceed.

Rob Stein:

Thanks for the follow up. Just to try to extract Glyn's question a bit further. So there's inflation which we can forecast, macroeconomic driven, US, et cetera. And then there's escalation, which is industry specific, regionally specific labour costs, construction costs, et cetera. Does the 140 to 145 target have inflation, is it inflation adjusted but not escalation adjusted out past '26, '27, '28?

Paul Flynn:

Yeah, it is inflation adjusted, but we're not passed on escalations. No. We're not changed any escalation, just standard inflation.

Rob Stein:

Okay. Thank you.

Operator:

We have reached the end of our question and answer session. I would like to turn the call back over to Mr. Flynn for closing remarks.

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Paul Flynn:

Thanks everyone for taking the time to listen in today and the questions that you've asked. If there's any further questions, you know where to find us. We look forward to seeing many of you obviously in the follow-up post this presentation. And thanks very much for your attendance once again.

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