

FY25 Full Year Results

16 September 2025

Market call transcript

Date:	16 September 2025
Time:	11:00am AEST
Presenting:	Rob Bishop, Chief Executive Officer Rebecca Rinaldi, Chief Financial Officer Dominic O'Brien, Executive General Manager & Company Secretary

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Overview of FY25 Full Year Results

Rob Bishop:

Good morning everyone and apologies for the slight delay. Thank you for joining us for today's presentation. I'm Rob Bishop, Chief Executive Officer for New Hope Group. On my left I'm joined by Rebecca Rinaldi, our CFO, and Dominic O'Brien on my right, who is our Executive General Manager & Company Secretary.

This morning we released our full year results for the 2025 financial year. Hopefully you've had a chance to go through the presentation but in any case, I'll step you through our key highlights for the year before we open up the line for a Q&A session.

Despite a softening coal price and a challenging operating environment, 2025 was a strong year for New Hope, where we delivered another considerable increase in saleable coal production as we continue to execute our organic growth plans.

Pleasingly we've seen a significant improvement in safety this year with our 12-month moving average TRIFR decreasing by 35 per cent to 3.22. It's positive to see these metrics improving and we'll continue to focus on this area as we move into 2026.

During the year, we navigated significant wet weather and logistics constraints at our operations in both Queensland and New South Wales. Despite these uncontrollable factors, the Group delivered run-of-mine coal production of 16.4 million tonnes, up 33 per cent, saleable coal production of 10.7 million tonnes, up 18 per cent, and coal sales of 10.5 million tonnes up 21 per cent.

In terms of our financial highlights, we delivered an underlying EBITDA of \$766 million and a statutory net profit after tax of \$439 million.

Both earnings results were largely impacted by lower realised pricing, with the Newcastle export coal price hitting a four-year low during the 2025 financial year.

This year our business generated \$571 million in cash flow from operating activities, which funded investment in our organic growth pipeline and has enabled us to continue to deliver returns to our shareholders.

On that note I'm pleased to announce the Board has declared a fully franked final dividend of 15 cents per share. This brings total dividends for FY25 to 34 cents per share, all of which are fully franked.

Turning to safety, the safety of our people is a key priority and we are focused on ensuring our people operate in an environment where they are unharmed. As I mentioned earlier, we have seen an improvement in our TRIFR and our All-Injury Frequency Rate since we reported to the market last year. Pleasingly our TRIFR now sits below the five-year industry average for New South Wales open-cut coal mines.

While there's still opportunity for improvement, it's pleasing to see the safety programs we put in place during the year have had a positive impact across our sites.

Turning to our operational performance, this year our Bengalla Mine in New South Wales faced notable operational challenges due to significant weather events and logistics constraints across the Hunter Valley. These disruptions led to elevated shipping queues, increased rail cancellations and stock management challenges at site.

Despite these headwinds, Bengalla Mine delivered a solid performance, producing 7.9 million tonnes of saleable coal, just two per cent lower than the previous year's output.

Despite lower than expected production, Bengalla Mine achieved an FOB cash cost excluding royalties and trade coal of \$76.50 per sales tonne - within guidance range and a two per cent improvement from the previous period.

The ramp up of our New Acland Mine progressed throughout the 2025 financial year, supported by a commencement of night shift operations in the prep plant and increased workforce intake. As a result, the mine delivered 2.8 million tonnes of saleable coal and continues to ramp up towards its target of becoming a five million tonnes per annum operation.

Overall strong operational performance at both sites contributed to an 18 per cent increase in Group saleable coal production, reaching 10.7 million tonnes. Group FOB cash costs improved by eight per cent to \$82.40 per sales tonne.

In terms of our financial performance, the Group achieved an average sales price including hedging of \$161 per tonne and an underlying margin of \$64 per tonne. During the year, the thermal coal market was impacted by oversupply, economic uncertainty and a mild winter in Asia, resulting in a softening in coal price.

Despite these market conditions the Group's low-cost assets remain resilient and continue to generate solid margins through the cycle.

Our business generated \$571 million in cash flows from operating activities, enabling continued investment in our assets, allowing us to return \$347 million to our shareholders by way of fully franked dividends. This represents 41 cents per share paid during the period, which equates to a gross dividend yield of 12 per cent.

Our approach to capital management is underpinned by a disciplined focus on delivering sustainable returns to shareholders. Our two forms of capital returns are fully franked dividends and on-market share buy-backs. As at the end of 2025, the pace of the share buy-back has slowed in conjunction with increases in the Company's share price. As previously mentioned, our Board has declared a fully frank dividend of 15 cents per share. New Hope has a significant franking account balance and we continue to utilise this value for our shareholders.

Today, and in conjunction with our results release, we announced the introduction of a Dividend Reinvestment Plan (DRP) providing shareholders with the option to reinvest their dividends. The DRP is in operation for the 2025 final dividend.

Our Group strategy is to safely, responsibly and efficiently operate our low-cost, long-life assets with a focus on disciplined capital management providing valuable returns to our shareholders. We believe our investment proposition is underpinned by these six key areas which I'll briefly touch on in the following slides.

The outlook for our industry is strong. Our strategy is underpinned by the belief that demand for thermal coal produced from Australian operations will continue to play a vital role in providing reliable and secure energy supply to the world. Whilst we expect coal's share of global power generation to reduce over time, the sheer increase in global power demand will continue to support seaborne thermal coal exports into the future.

In addition, the ageing of existing thermal coal assets, combined with underinvestment in new projects, suggest a potential supply shortfall and attractive pricing outlook for the industry.

Regardless of pricing dynamics, our low-cost assets produce high-quality coal, providing resilience in a cyclical environment and ensuring continued margin generation.

In a year where the coal price has touched multi-year lows, our assets were still able to generate margins of circa 40 per cent, which showcases our low-cost nature as well as the significant upside potential available to New Hope and ultimately our shareholders.

New Hope holds a key focus on delivering returns to shareholders. In the last four years, fully franked dividends have totalled \$1.9 billion, which equates to nearly 55 per cent of the Company's market capitalisation as at 31 July 2025. In addition, New Hope's share price has outperformed the ASX All Ordinaries by nearly eight times since its initial public offering in 2003.

At New Hope, we take pride in our people and the communities in which we operate. We aim to effectively manage our economic, social and environmental impacts to ensure the resilience of our business so that we can continue to create stakeholder value.

A key aspect of being a responsible operator is rehabilitation. At our Bengalla and New Acland mines, we have disturbed approximately 3,000 hectares of land for mining operations, and rehabilitated 36 per cent of that disturbance. In addition, the majority of our land is used for agricultural operations, once successfully rehabilitated.

Looking ahead, we remain focused on the organic growth of our business throughout the continued ramp up of New Acland Mine, the sustained production at Bengalla Mine and the development of Malabar's Maxwell underground mine, all of which are low unit cost assets.

Our pipeline targets a significant increase in coal production over the next three years, which represents low-risk, cost-effective growth.

Looking ahead to the 2026 financial year, we are focused on remaining a resilient, low-cost coal producer while executing our organic growth plans, which will enable us to continue to deliver shareholder value.

Thank you very much. I will now hand over to the operator to start the Q&A session.

Q&A

Operator:

Thank you. If you wish to ask a question via the phones, you will need to press the star key followed by the number one on your telephone keypad. If you wish to ask a question via the webcast, please type your question into the 'ask a question' box.

Your first question is a phone question from Rob Stein from Macquarie. Please go ahead.

Rob Stein:

Thanks for the opportunity. Just looking at slide 14 of your presentation, you've outlined a growth program or a growth profile.

Just sort of chipping into it a little bit more, I notice the Maxwell Mine progressive ramp up and the long-term rates there providing an indication of absolute volumes. Just wondering if you could comment on that as to how you see the ramp up potential of the mine. And then similarly, just looking at the constant sustained basis for Bengalla, just thinking through the long-term capex requirements there.

Rob Bishop:

Sure. I guess with our organic ramp up, we're looking to double our production from, I think your first question was in relation to Maxwell Mine, Malabar's mine. That is already in ramp up. The bord and pillar pit is fully operational, and really the material increase in tonnes will come from the longwall pit, or the Woodlands Hill Pit, when we should see first longwall coal first quarter calendar year 2026. From that projection, and you can see the uplift on that chart, that should get up to around sort of six to seven million product tonnes from that operation around about sort of FY29 onwards.

Then I guess with regards to Bengalla, the growth project there has been very successful. Both the prep plant and the pit have achieved targeted production from that growth project, albeit hampered by uncontrollable events off-site. So you would have seen in the report, we touched on weather events and resulting logistics impacts. That's hampered us in the final quarter of the FY25 year, and it continued to hamper us into the beginning of this year, and we'll be putting out guidance for this year I think in mid-November.

Rob Stein:

So just as a brief follow up, then Maxwell you've got six, sort of ramping up to the six million tonne rate there, that's what we should be looking at modelling and taking forward in terms of the mine's potential?

Rob Bishop:

Yeah I think somewhere in the six to seven million is what the expectation is. I guess where that asset is at the moment, it's developing up the first longwall panel. So obviously when you get into a longwall pit, despite all the exploration you can do, you don't really get to understand geological conditions until you're down there. So that's progressing well and like I said, we're expecting to get the first shear of the longwall in the first quarter of next year. So assuming everything goes to plan, that should get up to sort of that circa six to seven million product per annum.

Rob Stein:

Thanks, I'll pass it on.

Rob Bishop:

No problem.

Operator:

Thank you. Once again, if you do wish to ask a question via the phone, you'll need to press the star key followed by the number one on your telephone keypad.

We'll now move to our webcast questions while we wait for any other phone questions to register. Your first webcast question reads: with thermal coal now having retraced back to US\$102 per tonne, what are your views on the state of the market? Anything we could look out for into the second half other than typical seasonality in coal demand in industrial production and renewable energy generation? Thank you.

Rob Bishop:

Yeah, that's quite right, and I think we've almost dipped under US\$100 for the Newcastle index, so pricing is certainly challenging at the moment.

We've seen good consistent supply, across the globe, of thermal coal. And we've also seen the impact of low coking coal prices affecting thermal coal, with some semi-soft product being pushed into the thermal coal market. So if you overlay a fairly soft demand for this calendar year, that's obviously put downward pressure on pricing.

As to what that's going to do moving forward, it's a good question. I think there could be some restocking as we go into the northern hemisphere winter, which is those typical cyclical changes which you mentioned.

But I think our view is we don't see a significant increase in coal prices in sort of the next six months or so. I think that oversupply, which I talked about, that really needs to push itself out of the market, and we'll see what this northern hemisphere winter brings.

Operator:

Thank you. Your next webcast question asks: during the new year, New Hope Group increased its equity interest in Malabar Resources Limited by three per cent to 22.98 per cent. Is the business looking to increase its equity interest in Malabar again this year?

Rob Bishop:

So I guess, overarching, our key focus is our organic growth, which we've touched on, at both Bengalla and Acland. Yes, we did take an additional three per cent in the financial year just gone, and that was really off the back of an approach from another major shareholder.

I guess with all M&A, we consider acquisitions as they are put forward, but obviously any acquisition we do would need to meet stringent returns, et cetera. And obviously, with the soft market at the moment, we'd need to take that into account.

Operator:

Thank you. Your next webcast question asks: your final dividend is much higher compared to what your peers have announced. Are you able to sustain this level of dividends in the current coal price environment?

Rob Bishop:

Yeah, that's a good question. As always, we like to reward our shareholders with dividends and I think the 15 cents fully franked, which we announced today, has been well received.

I guess our underlying assets really put us in the position to reward shareholders. They are low strip ratio, and as a result, low-cost. We put a lot of focus on cost control and as a result, we continue to make a strong margin even in the cyclical lows, which we're seeing right now. We're confident that's going to continue and we'll see what this year lies ahead for us.

Operator:

Thank you. There are no further webcast or phone questions at this time. I'll now hand back for any closing remarks.

Rob Bishop:

Well, thank you for joining, and again, apologies for the delay in our start - a few technical issues. It's been a pleasure delivering this result and we'll see you next time. Thank you.

[END OF TRANSCRIPT]