



## Coal & Allied Industries Limited

Presentation to the Financial Community

Full Year Results – 31 December 2009

**Bill Champion, Managing Director**

28 January 2010





## Presentation outline

**Safety performance**

**Financial performance**

**Site performance**

**Infrastructure**

**Divestments**

**Expansion options**

**Market supply and demand**

**Risks**

**Summary**

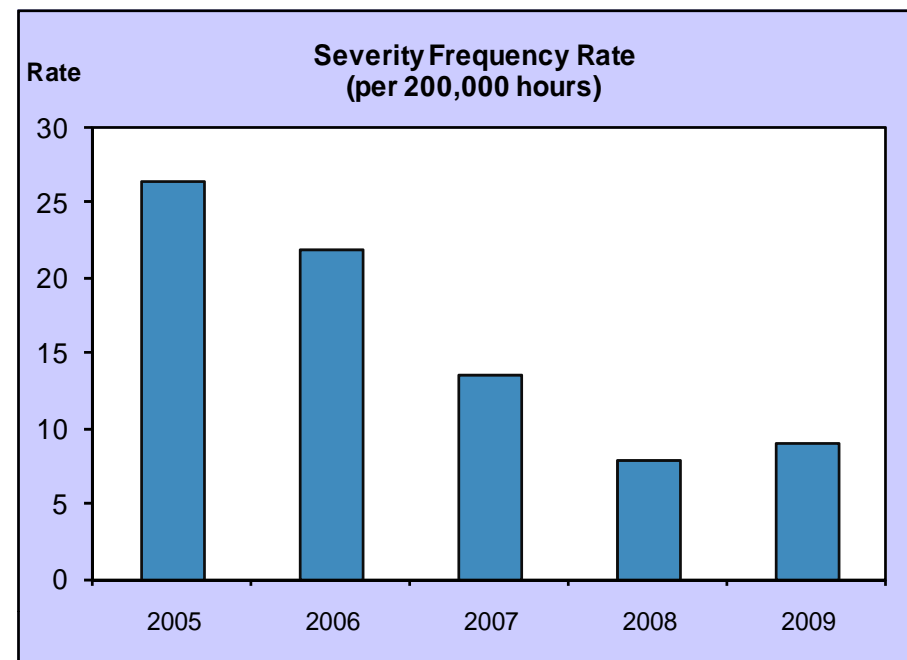
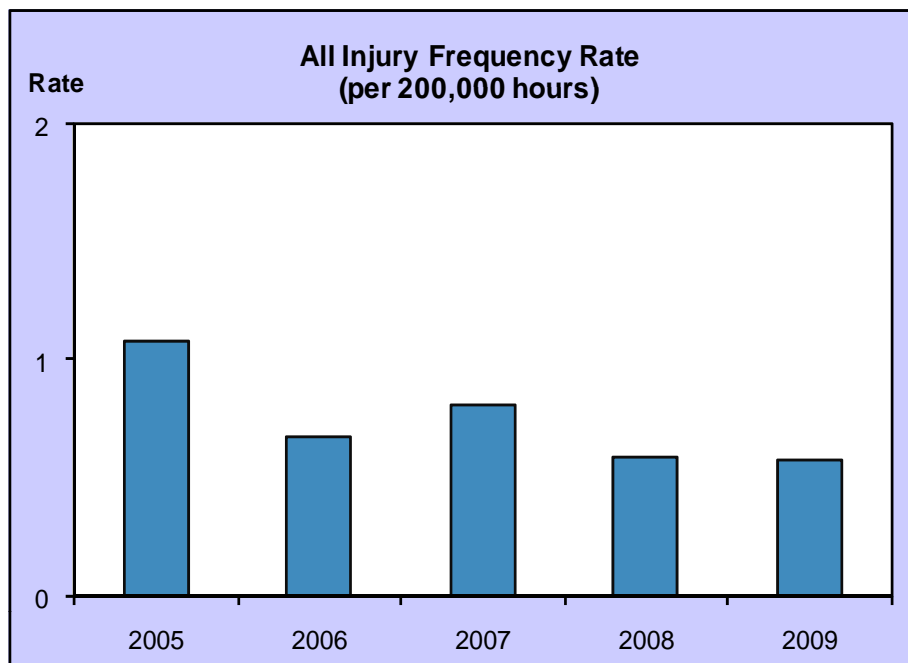
**Questions**



**Bill Champion**  
Managing Director  
Coal & Allied Industries Limited



## Safety performance

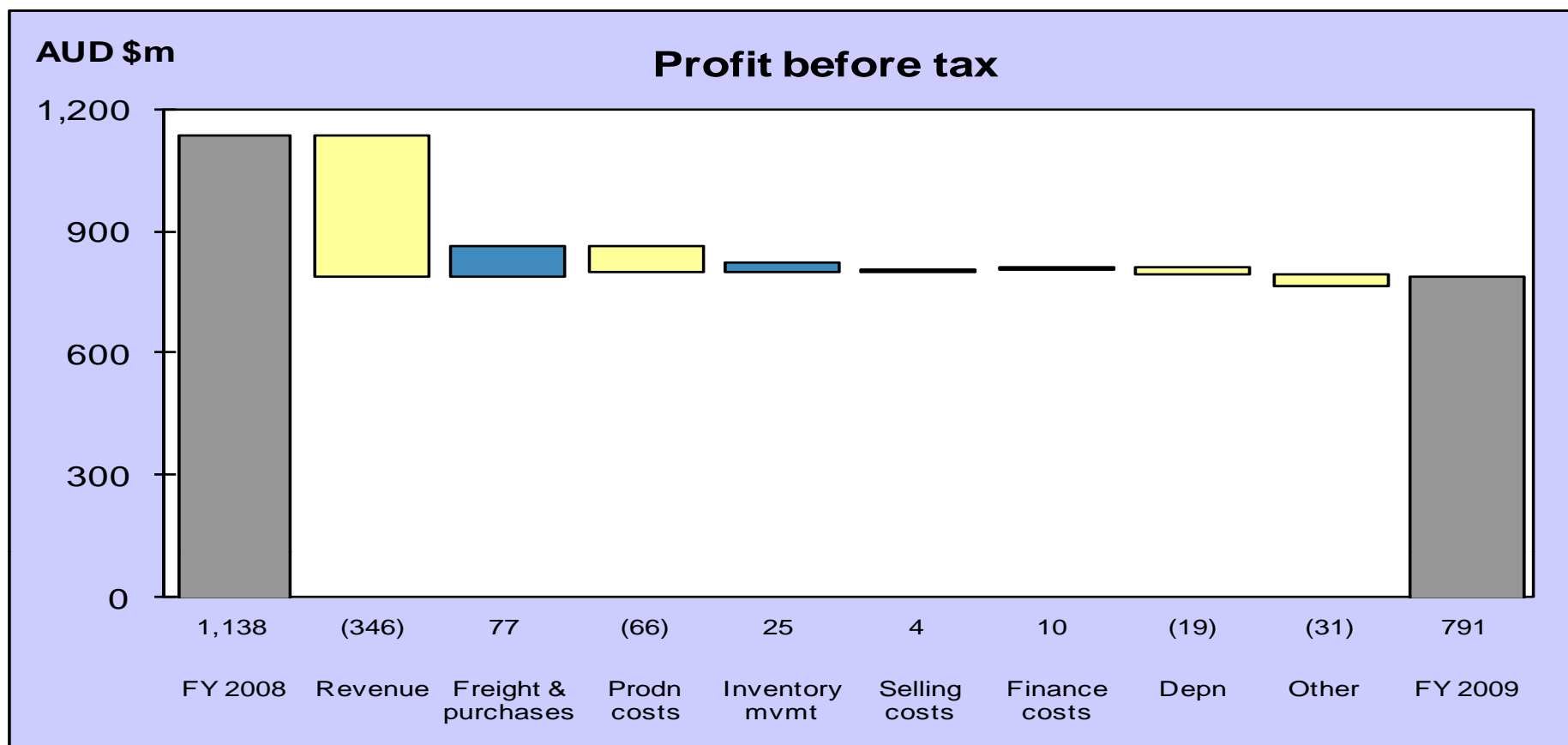


## Financial performance - overview

Year ended December	2009	2008	Change %
<b>Coal sales (million tonnes) – 100% basis</b>	<b>25.0</b>	25.1	-
	<b>\$m</b>	<b>\$m</b>	<b>Change %</b>
<b>Revenue</b>	<b>2,319</b>	2,665	(13)
<b>EBITDA</b>	<b>925</b>	1,262	(27)
<b>Profit before tax</b>	<b>791</b>	1,138	(31)
<b>Net profit after tax</b>	<b>586</b>	804	(27)
	<b>Cps</b>	<b>Cps</b>	<b>Change %</b>
<b>Ordinary dividends declared</b>			
<b>Interim</b>	<b>160</b>	160	-
<b>Final</b>	<b>350</b>	550	(36)
<b>Total</b>	<b>510</b>	710	(28)
<b>Earnings per share</b>	<b>676</b>	928	(27)

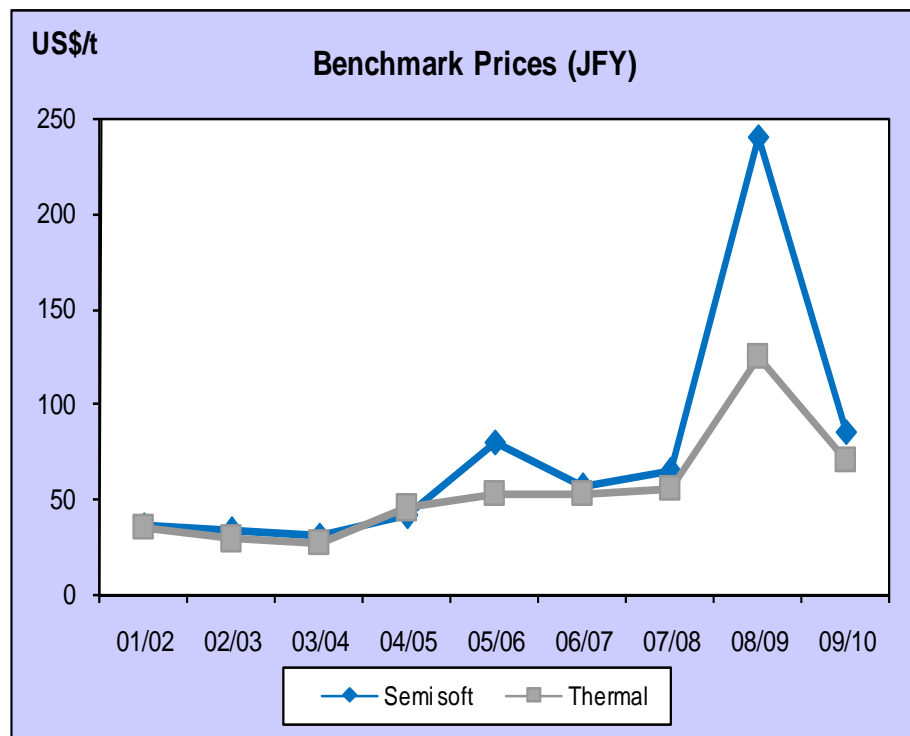


## Profit before tax

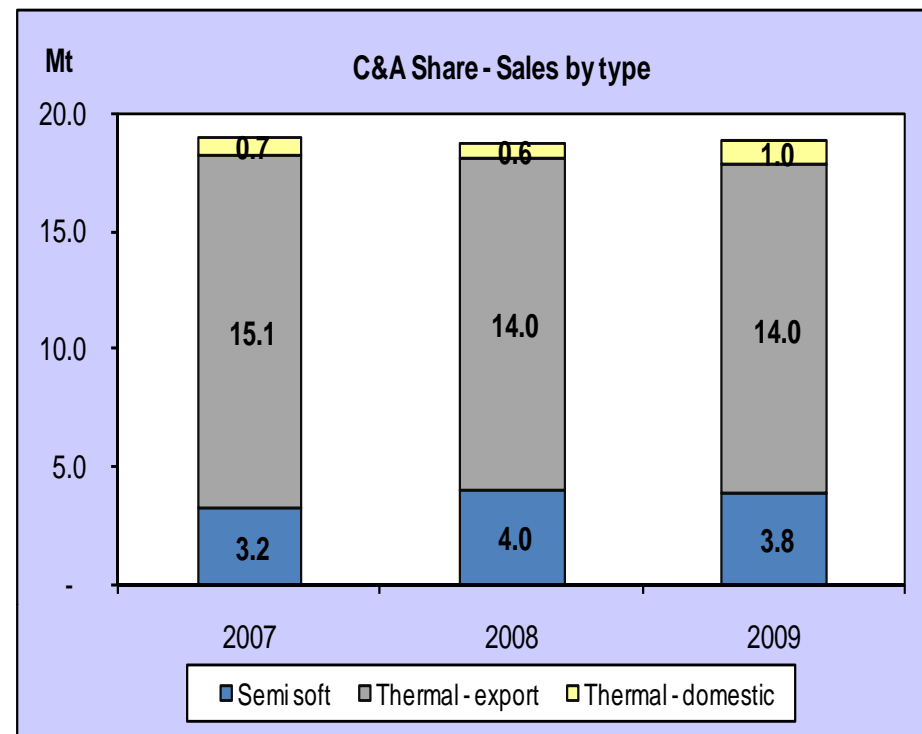




## Benchmark prices and sales mix

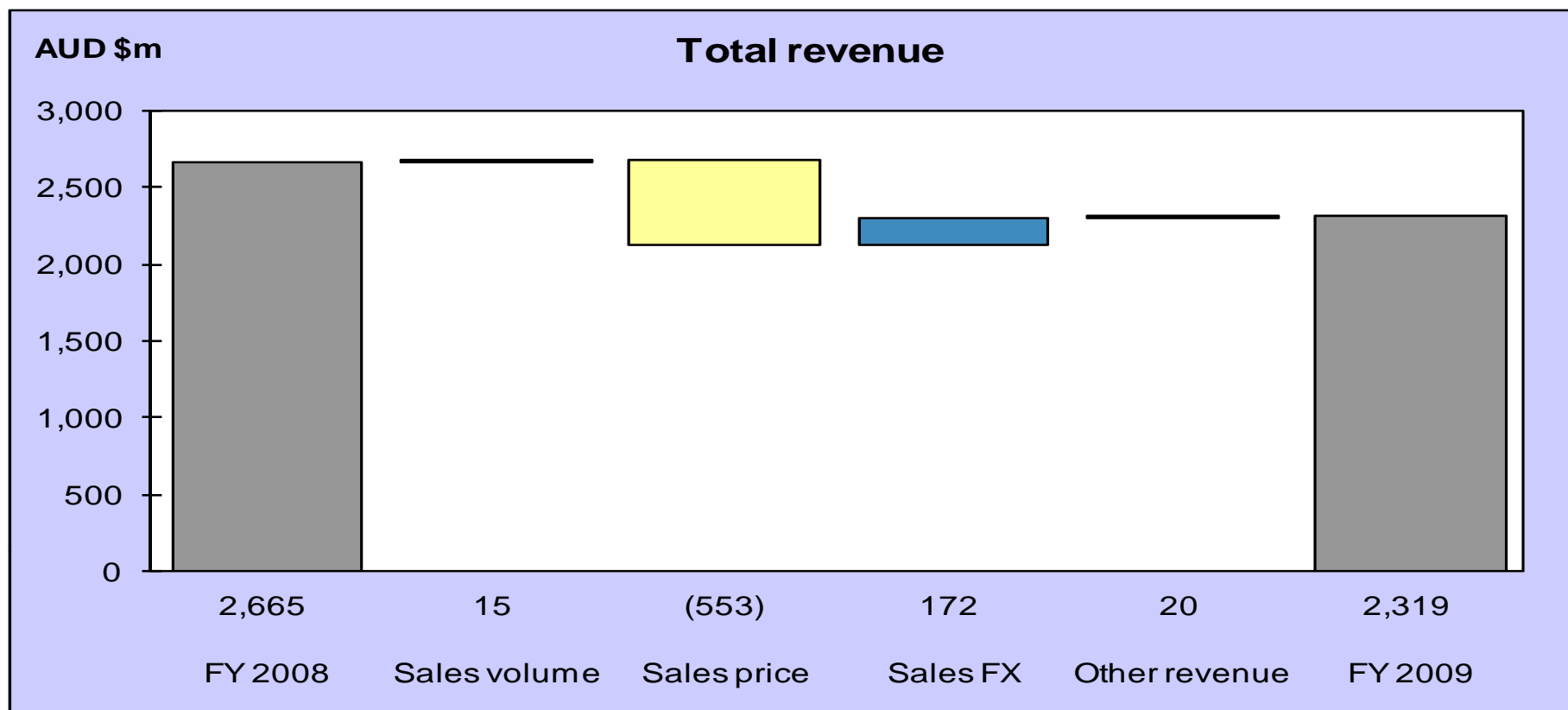


Source: ABARE export data





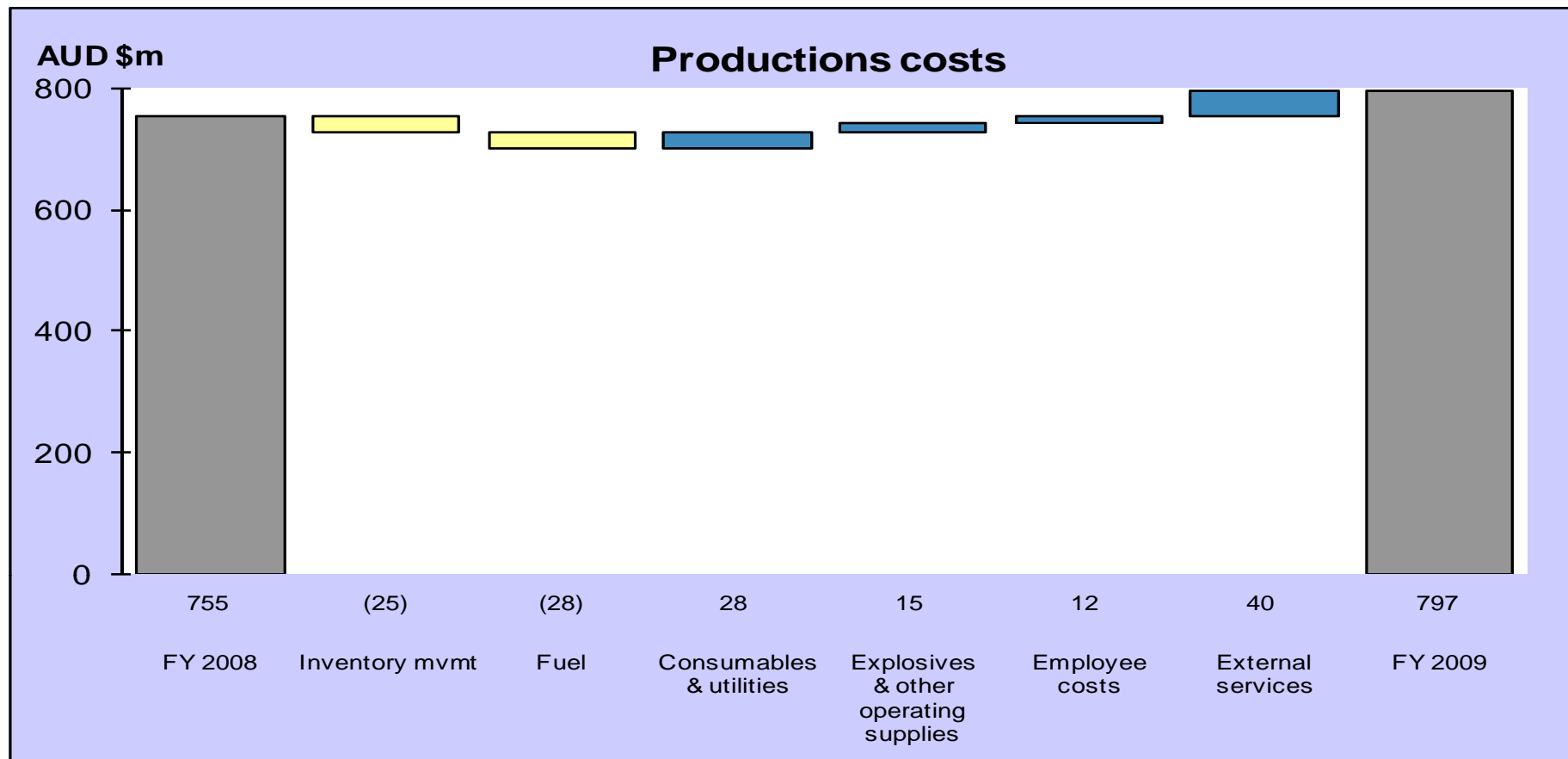
## Revenue



Note: Sales price variance includes sea freight and purchased coal



## Production costs

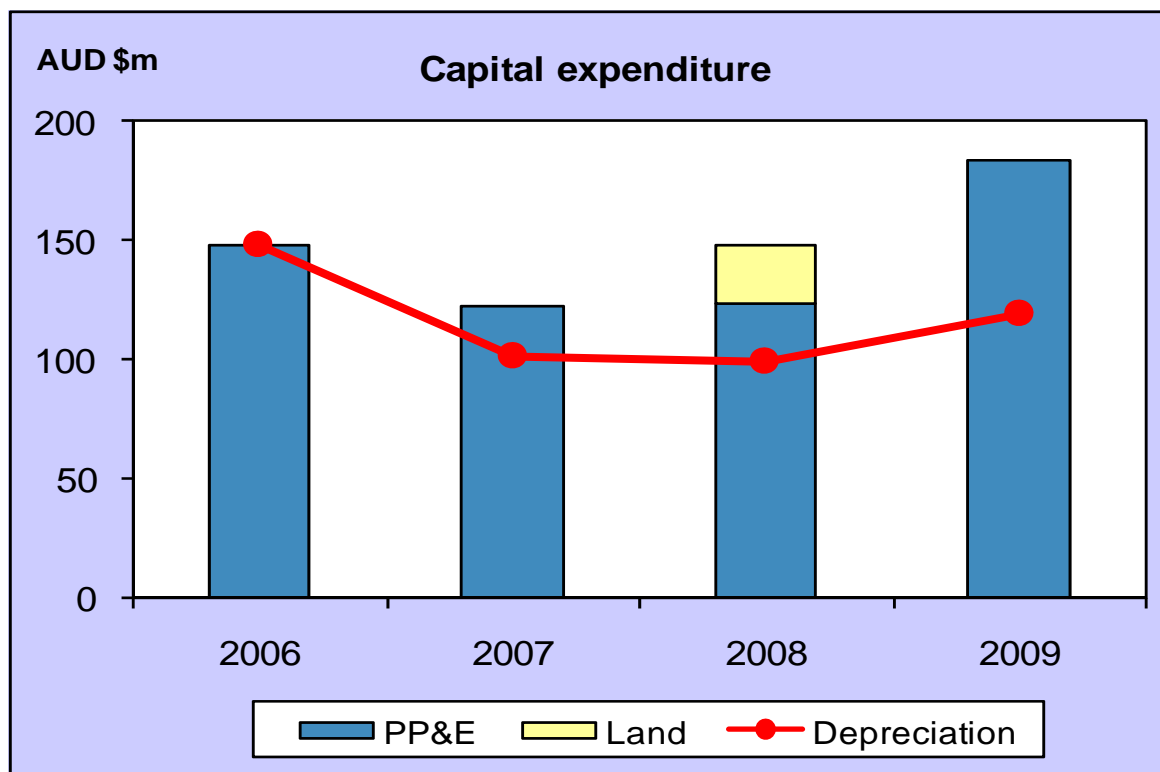


## 2009 one-off transactions

Year ended December	PBT \$m	Tax \$m	NPAT \$m
Reversal of Maules Creek impairment	10	(3)	7
Recognition of capital tax losses	-	23	23
Insurance settlement	11	(3)	8
Settlement of commercial and other matters	4	(2)	3
Redundancy payments	(6)	2	(4)
<b>TOTAL ONE-OFF TRANSACTIONS</b>	<b>19</b>	<b>17</b>	<b>36</b>



## Capital and depreciation



### Capital spend – C&A share

FY 2009	FY 2008
<b>\$183 million</b>	\$149 million

- Replacement of heavy mobile equipment, including trucks, dozers and excavator
- Bengalla ROM Hopper
- Major cyclical maintenance

## Cash flow

Year ended December	2009 \$m	2008 \$m
Cash from operations before tax	888	1,282
Tax payments	(357)	(76)
<b>Net operating cash flow</b>	<b>531</b>	<b>1,206</b>
Net capital expenditure	(180)	(149)
<b>Free cash inflow</b>	<b>351</b>	<b>1,057</b>
Dividends paid	(615)	(160)
Net repayment of borrowings and lease liabilities	(170)	(128)
<b>Net cash (outflow) inflow</b>	<b>(434)</b>	<b>769</b>
<b>Cash net of debt at year end</b>	<b>293</b>	<b>523</b>

## Hunter Valley Operations – 100%

Key statistics	2009 (kt)	2008 (kt)
- Thermal	<b>8,606</b>	7,886
- Semi-soft	<b>2,626</b>	2,865
<b>Total production</b>	<b>11,232</b>	10,752
Sales	<b>11,078</b>	10,783
Capex (\$m)	<b>109</b>	89

- 2009 capex included new heavy mobile equipment – additional excavator and replacement trucks, loaders, scrapers and dozers
- Lower semi soft coking coal production in response to reduced demand in H109



## Mount Thorley Warkworth 80% Mount Thorley, 56% Warkworth

Key statistics	2009 (kt) 100% basis	2008 (kt) 100% basis
- Thermal	<b>6,861</b>	7,432
- Semi-soft	<b>1,643</b>	1,554
<b>Total production</b>	<b>8,504</b>	8,986
Sales	<b>8,577</b>	8,966
Capex (\$m) C&A share	<b>49</b>	22



- 2009 capex included new heavy mobile equipment – 8 new replacement trucks and additional short term hire trucks
- Increased stripping ratio continued to impact production levels. Higher proportion of truck/shovel activity
- Restructure of workforce



## Bengalla Operations – 40%

Key statistics	2009 (kt) 100% basis	2008 (kt) 100% basis
<b>Production - Thermal</b>	<b>5,467</b>	5,357
Sales	<b>5,321</b>	5,335
Capex (\$m) C&A share	<b>25</b>	12



- 2009 capex included replacement dozers and dragline overhaul
- New ROM Hopper completed in June 2009
- Bengalla Link Road officially opened in September 2009

## Infrastructure improvements

- 2009 signing of PWCS and NCIG port access agreements
- \$5 billion in new infrastructure is planned for delivery over the next 4 years at Newcastle:
- PWCS \$458 million expansion to 113mtpa was completed in late 2009
- PWCS is examining options to expand port capacity up to 145Mtpa
- PWCS has started prefeasibility work on a fourth coal loading facility (T4)
- NCIG terminal under construction - 30Mtpa, Stage I – plans to load first ship Qtr 1 2010





## Divestments

### Maules Creek Coal Project

- Agreement entered into to sell undeveloped Maules Creek Coal Project in Gunnedah Basin to Aston Resources Pty Limited for \$480 million in cash.
- Completion of transaction expected in early 2010 following regulatory approvals

### Vickery Coal Project

- Agreement entered into to sell Vickery Coal Project in Gunnedah Basin to Whitehaven Coal Mining Ltd for \$31.5 million in cash and 1,156ha parcel of land.
- Transaction expected to complete February 2010

## Expansion options

	Wash plant	Production capacity (Mtpa)	Rail load-out capacity (Mtpa)	2009 Production (Mt)
<b>HVO</b>	HVO	12	20	11
	Howick	2		
<b>MTW</b>	North	6	20	9
	South	6		
<b>Bengalla</b>	BEN	6	15	5
<b>Total</b>		<b>32</b>	<b>55</b>	<b>25</b>

### Mount Pleasant

- Update feasibility study
- Port nominations
- Regulatory approvals



## Market supply and demand

### Thermal

- Global trade up an estimated 4.5% in 2009; China and India imports up significantly, weighting to second half
- Demand in 2010 remains positive with continued recovery in Asia, India import growth and sustained demand from China. Australian shipping will have to compete with metallurgical coal for supply chain capacity

### Semi soft

- Global trade in 2009 down 5%, but strong demand in second half
- 17.2Mt shipped ex-Newcastle in 2009; 10.5Mt was in second half
- Expect tight supply-demand balance in 2010



## Risks

- Carbon Pollution Reduction Scheme
- Henry Review
- Industrial relations legislation
- Communities



## Summary

- Strong results for 2009
- Continuing strong coal demand in 2010
- Improving infrastructure
- Focus on core assets
- Positioned for growth
- Risks



# COAL & ALLIED

*Managed by Rio Tinto Coal Australia*