



Solid Energy New Zealand Ltd  
**RESULTS ANNOUNCEMENT**

2012

# FY 2012 Results Summary

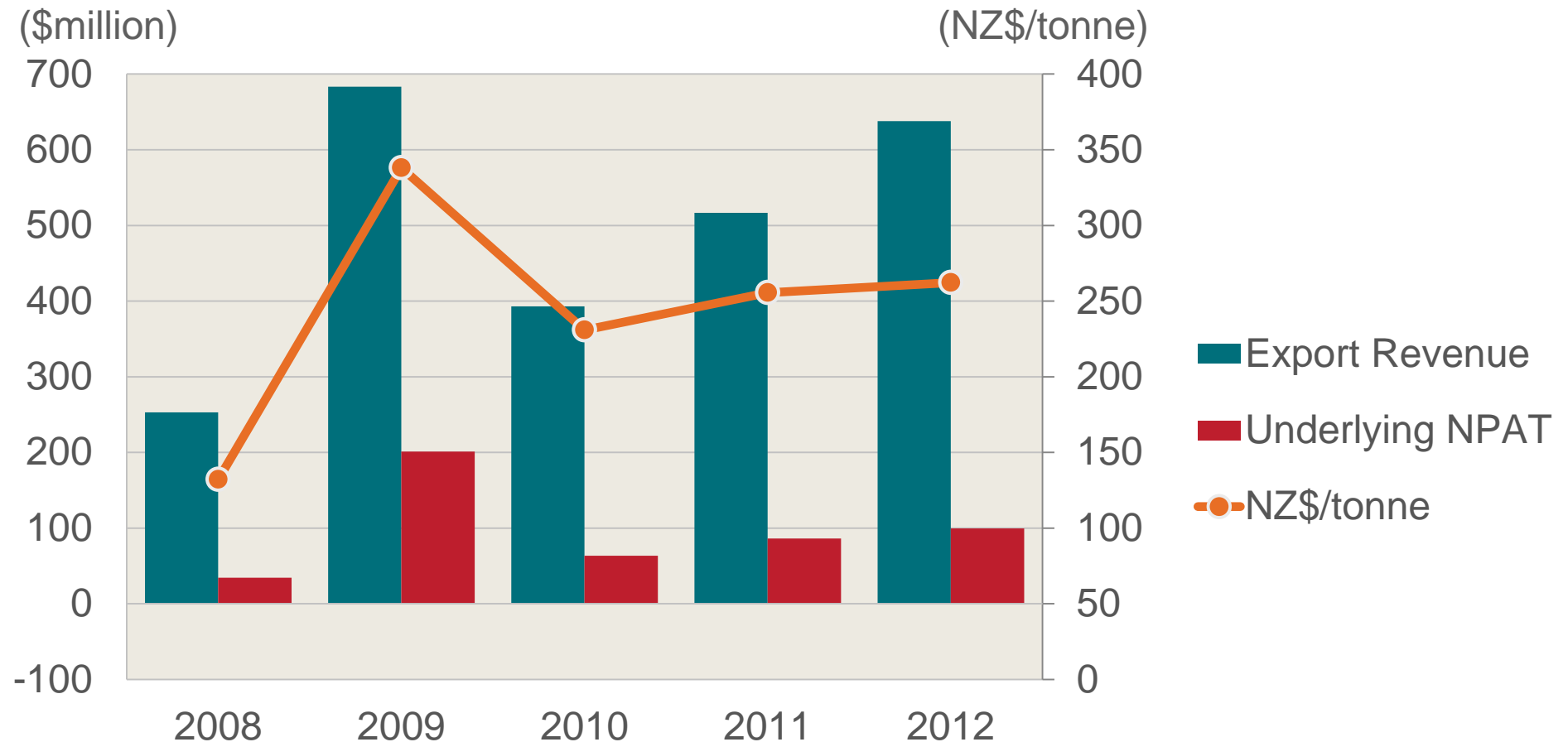
John Palmer, Chairman

# Good operating performance overtaken by asset write downs

- Trading performance was good in a deteriorating market with strong NZD. Underlying earnings were \$99.7 million (2011: \$86.2 million).
- Asset write downs of \$110.6 million net of tax and other adjustments have resulted in a \$40.2 million loss after tax (2011: \$87.2 million).
- We are reducing our exposure to underground mining, exiting renewable fuels, and moving wood pellets to a standalone operation.
- Key project milestones achieved for new developments in lignite and underground coal gasification.
- The basic business is sound but remains subject to the commodity coal cycle.

# FY 2012 in context

## Export Revenue, Underlying NPAT





# Impairments \$1 10.6 million after tax

Underground mines: Spring Creek, Huntly East	\$71 million
Renewables	\$26 million
Coal Seam Gas, Huntly	\$13 million

# FY 2012 Results

Dr Don Elder, Chief Executive Officer

Anthony Burg, Chief Financial Officer

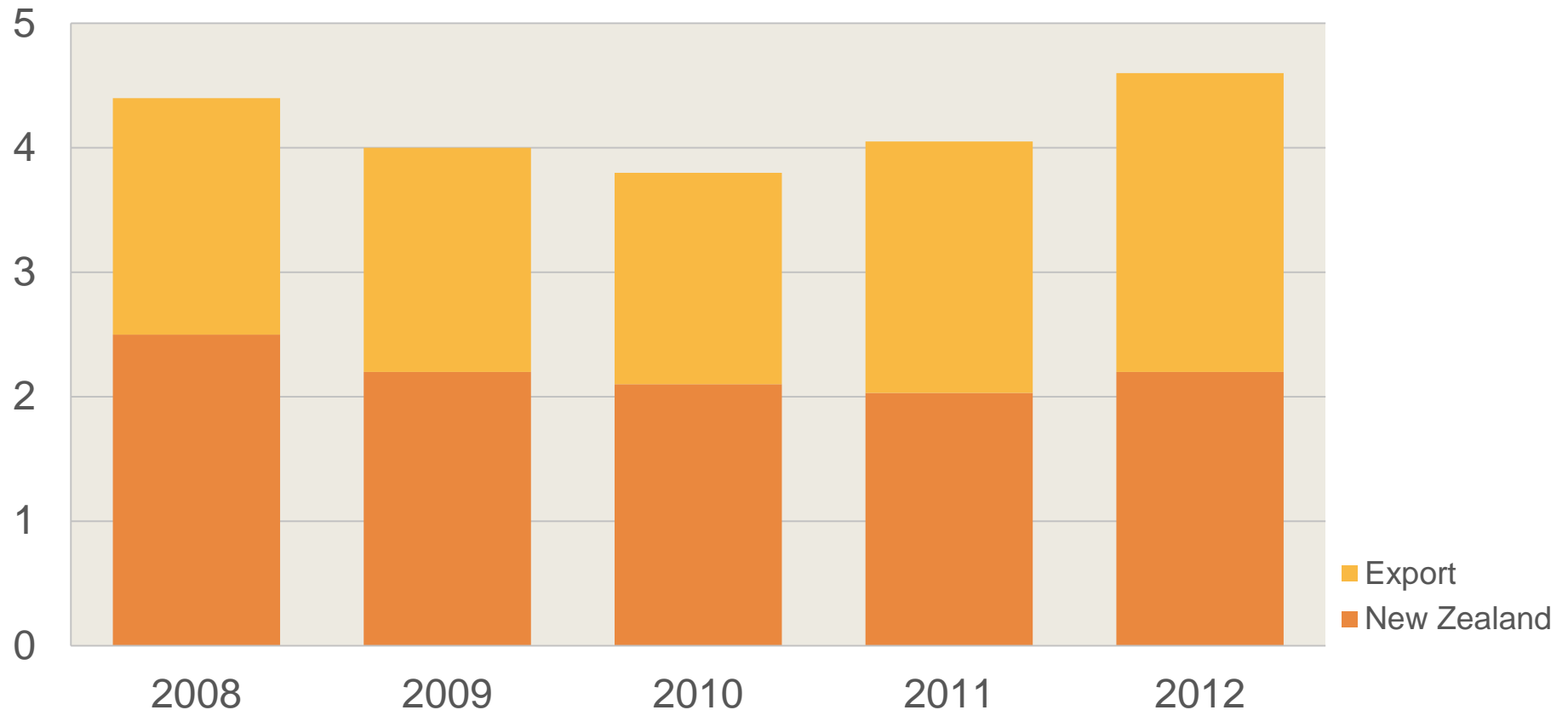
# Good earnings in difficult market

Revenue	\$978.4 million	↑ 18%
EBIT	(\$27.7 million)	↓ 120%
Net loss after tax	(\$40.2 million)	↓ 146%
Underlying earnings after tax	\$99.7 million	↑ 16%
Underlying earnings adjustments	\$139.9 million	
Operating cash flow	\$142.2 million	↑ 10%

# Strong coal sales

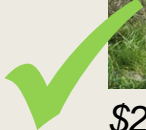
4.6 million tonnes, up 13% (2011: 4.1 million)

(million tonnes)





# Delivered and prioritised key projects



*\$22M UCG pilot plant producing syngas*



*\$29M briquette plant entering production*



*Proved coal seam gas technology*



*No longer investing in renewable energy*

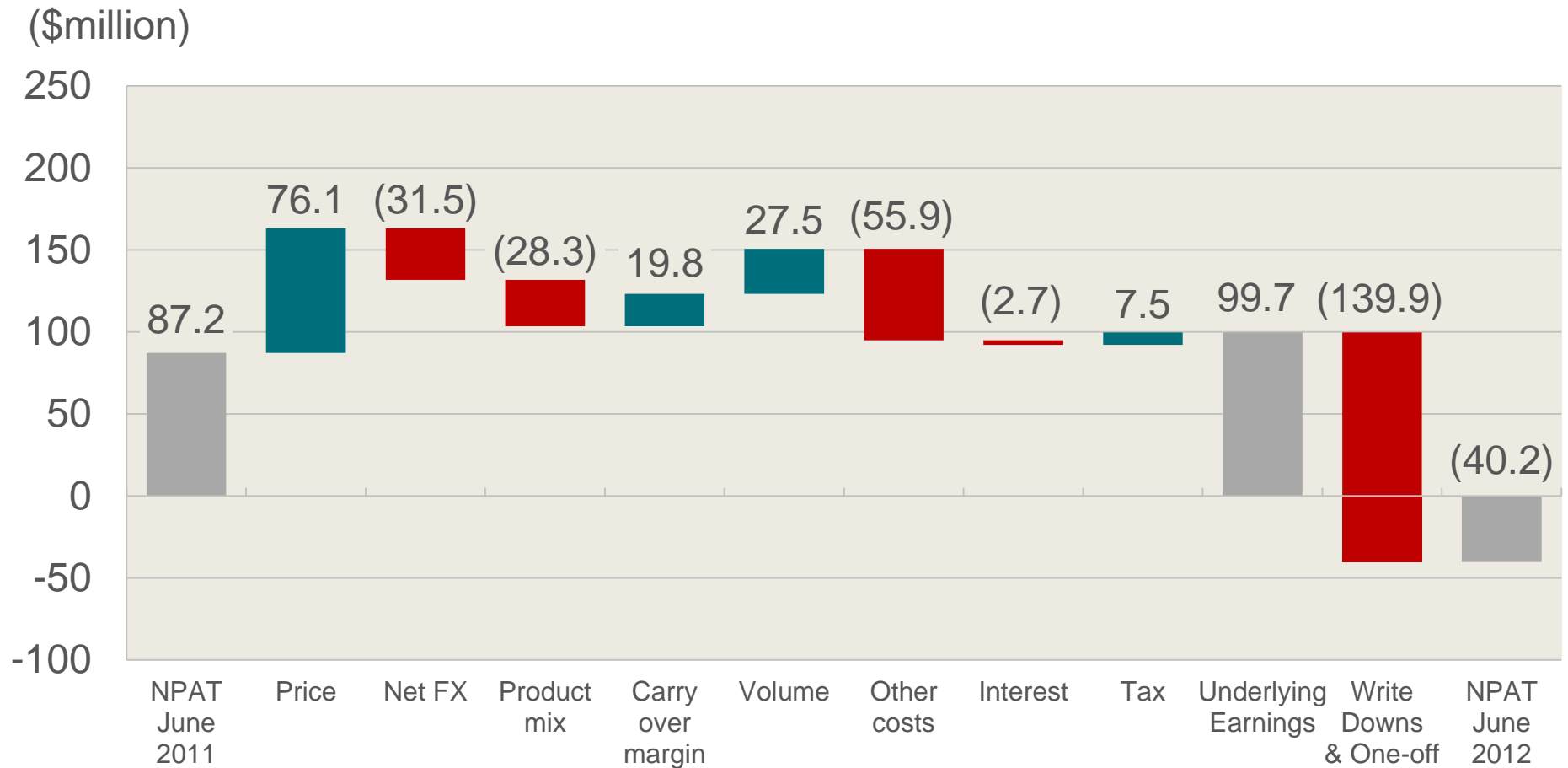
# Solid Energy's response to a very tough market

“Reduce exposure to underground coal mining and exit renewable fuel production. Concentrate on lower-cost opencast coal mining — conventional and upgrading — and harnessing gas from deep coal seams”.

- Spring Creek Mine under review.
- Suspend ventilation upgrade at Huntly East Underground Mine, and reduce operations to extract developed reserves.
- Optimise Stockton Opencast Mine for cash in FY 2013.
- Divest biodiesel business and operate Nature's Flame wood pellet business as a stand-alone operation.
- Reduce capital expenditure by \$100 million in FY 2013.
- Refocus CSG to Taranaki.
- Reaffirm the importance of diversifying revenue streams - UCG and lignite.
- Accelerate commercialisation of underground coal gasification (UCG).
- Restructure the business.

# NPAT analysis

Full year ended 30 June 2012 versus 2011



# FY 2012 earnings adjustments

## Summary

(\$ million)	Pre Tax	Tax	Post tax
NPAT as reported	(40.1)	(0.1)	(40.2)
Asset impairments	151.7	(41.1)	110.6
Impairment reversal	(2.5)	0.7	(1.8)
One-off items	22.0	9.1	31.1
Total underlying earnings adjustments	171.2	(31.3)	139.9
Underlying earnings	131.1	(31.4)	99.7

# FY 2012 earnings adjustments

## Asset Impairments

(\$ million)	Book value		Impairment
	Pre impairment	Post impairment	
Spring Creek Mine	137.3	73.0	64.3
Huntly East Mine	65.9	32.1	33.8
Nature's Flame	37.5	13.0	24.5
Huntly Coal Seam Gas	18.5	-	18.5
Biodiesel	17.7	8.7	9.0
Switch	1.6	-	1.6
<b>Total asset impairments</b>			<b>151.7</b>
Tax on impairments			(41.1)
<b>Net impairment</b>			<b>110.6</b>

# FY 2012 earnings adjustments

## One-off items

(\$ million)	Pre Tax	Tax	Post tax
Contractor claim settlements	12.5	(3.5)	9.0
Spring Creek stores write down	3.6	(1.0)	2.6
Nature's Flame inventory write downs and provision for onerous contracts	5.9	(1.6)	4.3
Spring Creek tax losses derecognised	-	15.2	15.2
<b>Total one-off items</b>	<b>22.0</b>	<b>9.1</b>	<b>31.1</b>

# Outlook

John Palmer, Chairman

# Questions

John Palmer, Chairman





**SOLID ENERGY**  
Coals of New Zealand