



SARACEN MINERAL HOLDINGS LIMITED

ACN: 009 215 347

FY2017 Financial Results

EBITDA surges 54% to A\$113m

Saracen set for further earnings growth, with production now running at ~300,000ozpa target rate and costs falling to just A\$950/oz by FY20

Corporate Details:

23rd August 2017

ASX code: SAR

Corporate Structure:

Ordinary shares on issue: 812.9m

Unvested employee performance rights: 8.7m

Market Capitalisation: A\$1.1b
(Share price A\$1.40)

Cash & Bullion (30 June): A\$45.2m

Debt: Nil

Directors:

Mr Geoff Clifford
Non-Executive Chairman

Mr Raleigh Finlayson
Managing Director

Mr Mark Connelly
Non-Executive

Mr Martin Reed
Non-Executive

Dr Roric Smith
Non-Executive

Ms Samantha Tough
Non-Executive

Substantial Shareholders:

Van Eck Global 11.1%

Wroxby 6.0%

Registered Office:

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Key Points

- EBITDA¹ rises 54% to a record A\$113.4m (FY16: A\$73.5m)
- NPAT rises 10% to A\$28.4m (FY16: A\$25.9m)
- Underlying NPAT² rises 25% to A\$33.7m (FY16: A\$26.9m)
- Revenue up 53% to A\$423.1m (FY16: A\$276.5m)
- Gold production rises 45% to a record 272,807 ounces (FY16: 188,656 ounces)
- ~300,000oz/pa production target achieved in the June quarter 2017; forecast all-in sustaining cost (AISC) declining to A\$950/oz in FY20
- Cash and bullion of A\$45.2m at June 30, 2017 (A\$40.3m at June 30, 2016), after spending A\$138.9m on growth project development and exploration
- Strengthening balance sheet supports ongoing aggressive exploration to continue growing Reserves beyond 2.1Moz (FY17 +40%) and production beyond 300,000ozpa

Saracen Mineral Holdings (ASX: SAR) is pleased to report record financial and operational results for the year to 30 June 2017. The substantial increase in cashflow and earnings marks a pivotal year of transition for Saracen and highlights the extent to which the Company is set to grow over the next three years as production increases and costs fall.

Net profit after tax (NPAT) rose 10 per cent to A\$28.4 million. This came on the back of a 53% jump in sales revenue to A\$423.1 million and increased gold sales of 266,556 ounces (FY16: 188,024 ounces) (see Table 1 below for key results).

Underlying NPAT² increased 25% to A\$33.7 million (refer to Table 2 below for derivation).

Depreciation and amortisation more than doubled to A\$74.7m (FY16: A\$33.9m) primarily due to Thunderbox A Zone, Karari and Deep South operations being in commercial production for their first full financial year in FY2017.

EBITDA¹ rose by 54% to A\$113.4 million reflecting record production volumes and a strong Australian-dollar gold price.

At the end of the year, the Company held cash and bullion of \$45.2 million, up from A\$40.3 million a year earlier, with no debt. This was after spending A\$138.9m during the period on project development and exploration (refer to Table 3 below for further details).

Saracen Mineral Holdings (ASX: SAR) is pleased to report strong operational and financial results for FY17, headlines include:

- 54% increase in EBITDA¹ to A\$113.4 million; and
- 25% increase in underlying NPAT² to A\$33.7 million.

Key financial and operating results are presented below.

Table 1 – Key financial and operating results for the financial year ended 30 June 2017

	FY17	FY16	% Variance
Key financials (A\$m)			
Revenue	423.1	276.5	53%
EBITDA ¹	113.4	73.5	54%
Profit before income tax	33.0	38.3	-14%
NPAT	28.4	25.9	10%
Underlying NPAT ²	33.7	26.9	25%
Operating cash flow	125.6	109.8	14%
Net cash at end	33.7	34.3	-2%
Production			
Gold produced (koz)	272.8	188.7	45%
AISC (A\$/oz)	1348	1095	23%
Average gold price realised (A\$/oz)	1642	1629	1%

Calculation of underlying NPAT is presented below.

Table 2 – Reconciliation of underlying NPAT to statutory NPAT

	FY17	FY16
Reconciliation		
Underlying NPAT	33.7	26.9
Adjust for:		
- Expensing of deferred exploration costs	2.5	1.0
- Impairment of available-for-sale assets	2.8	0.0
Statutory NPAT	28.4	25.9

During the year, approximately A\$15.7 million of gold sales were made from gold recovered from development activities at the King of the Hills underground mine. This amount was offset against the project's capital development costs and is not accounted for as sales revenue.

Depreciation and amortisation more than doubled to A\$74.7 million primarily due to Thunderbox A Zone, Karari and Deep South operations being in commercial production for the full FY17. This compares to only a portion of FY16 in relation to Karari and Thunderbox A Zone (commercial production declared December quarter 2015 and June quarter 2016 respectively) and none of FY16 in relation to Deep South (commercial production declared September quarter 2016).

Growth related project development and exploration expenditure totalled A\$138.9 million.

Table 3 – Project development and exploration expenditure for the financial year ended 30 June 2017

	A\$m
Project development and exploration	
Bannockburn water pipeline	10.6
Kailis acquisition	2.7
Kailis development	4.8
KOTH underground	19.6
Other growth items	11.3
Exploration	31.7
Thunderbox C Zone pre-strip*	21.1
Karari dual decline*	20.2
Deep South underground*	16.9
TOTAL	138.9

* Note – these costs were included in the calculation of FY2017 AISC of A\$1,348/oz

Saracen Managing Director Raleigh Finlayson said it had been a highly successful year for Saracen, with the Company set for further growth.

“The substantial investment we have made in growing our inventory and production is now reaping rich rewards,” Mr Finlayson said.

“We are growing our mine lives towards 10-years, we are producing at our targeted rate of 300,000oz a year and we are reducing our costs to just A\$950/oz by FY20.

“This operational performance will continue to grow our earnings and cashflow.”

For further information please contact:

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Notes:

¹ EBITDA stands for Earnings Before Interest, Tax, Depreciation and Amortisation and is a financial measure which is not prescribed by the International Financial Reporting Standards (IFRS). EBITDA has not been subject to any specific review procedures by the auditor but has been extracted from the full year financial statements by the Company.

² Underlying NPAT stands for Underlying Net Profit After Tax. Underlying NPAT is a financial measure which is not prescribed by the International Financial Reporting Standards (IFRS) and represents the net profit after tax under IFRS, adjusted for specific items. The Directors believe that Underlying NPAT is an appropriate measure to assist investors with their understanding of the Company's operational performance in FY2017. Underlying NPAT has not been subject to any specific review procedures by the auditor but has been extracted from the full year financial statements by the Company as set out in Table 2 above.