



SARACEN MINERAL HOLDINGS LIMITED

FY2018 Financial Results

Net profit surges 166% to A\$76m

Cash and equivalents up A\$73m to A\$118m on record production and sharply lower costs; Further substantial growth forecast for FY19

Corporate Details:

22nd August 2018

ASX code: SAR

Corporate Structure:

Ordinary shares on issue: 820.2m

Unvested employee performance rights: 6.9m

Market Capitalisation: A\$1.6b
(Share price A\$1.94)

Cash, bullion and investments (30 June): A\$118.3m

Debt: Nil

Directors:

Mr Geoff Clifford
Non-Executive Chairman

Mr Raleigh Finlayson
Managing Director

Mr Martin Reed
Non-Executive

Dr Roric Smith
Non-Executive

Ms Samantha Tough
Non-Executive

Substantial Shareholders:

Van Eck Global 12.1%

Wroxby 6.0%

Paradise 5.1%

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Key Points

- **NPAT** up 166% to a **record A\$75.6m** (FY17: A\$28.4m)
- Underlying NPAT² (which excludes abnormal profit on King of the Hills sale) up 100% to A\$67.3m (FY17: A\$33.7m)
- **EBITDA**¹ up 75% to a **record A\$198.7m** (FY17: A\$113.4m)
- Revenue up 21% to A\$511.0m (FY17: A\$423.1m)
- **Gold production** up 16% to a **record 316,453 ounces** (FY17: 272,807 ounces); All-in sustaining costs down to A\$1,139/oz (FY17: A\$1,348/oz)
- **Cash and equivalents of A\$118.3m** at June 30, 2018 (A\$45.2m at June 30, 2017), after spending A\$71.8m on exploration and growth; no debt
- Strong balance sheet supports significant investment in exploration and growth as part of strategy to **continue growing Reserves beyond 2.5Moz** (FY18 +20%) and **production to 400,000ozpa**

Saracen Mineral Holdings (**ASX: SAR**) is pleased to report record financial and operational results for the year to 30 June 2018.

Net profit after tax (**NPAT**) rose 166 per cent to A\$75.6 million. The outstanding result stemmed from increased gold sales of 317,675oz (FY17: 266,556oz) and sharply lower AISC of A\$1,139/oz (FY17: A\$1,348/oz). Revenue rose 21% to A\$511 million (see *Table 1 below for key results*).

Underlying NPAT², which excludes the A\$10.6 million abnormal profit booked on the sale of King of the Hills, doubled to A\$67.3 million (refer to *Table 2*). EBITDA¹ rose 75% to A\$198.7 million, reflecting record production volumes, lower costs and a strong Australian-dollar gold price.

At June 30, Saracen held cash and equivalents of \$118.3 million, up from A\$45.2 million a year earlier, with no debt. This was after spending A\$71.8m during the period on project development and exploration (see *Table 3*).

Saracen Managing Director Raleigh Finlayson said the strong results were particularly pleasing given the Company is in the midst of a major growth phase.

“Profit and free cashflow surged as we grew production and reduced costs,” Mr Finlayson said. “This combination stemmed in part from our huge exploration success. This is the key to our ongoing growth and therefore we have committed A\$60 million to exploration in FY19. Continued growth in our inventory will underpin our push to become a 400,000ozpa producer with 10-year mine lives at both operations.”

Saracen Mineral Holdings (ASX: SAR) is pleased to report strong operational and financial results for FY18, headlines include:

- 75% increase in EBITDA¹ to A\$198.7 million; and
- 100% increase in underlying NPAT² to A\$67.3 million.

Key financial and operating results are presented below.

Table 1 – Key financial and operating results for the financial year ended 30 June 2018

	FY18	FY17	% Variance
Key financials (A\$m)			
Revenue	511.0	423.1	21%
EBITDA ¹	198.7	113.4	75%
Profit before income tax	113.3	33.0	243%
NPAT	75.6	28.4	166%
Underlying NPAT ²	67.3	33.7	100%
Operating cash flow	191.4	125.6	52%
Net cash at end	99.8	33.7	196%
Production			
Gold produced (koz)	316.5	272.8	16%
AISC (A\$/oz)	1,139	1,348	-16%
Average gold price realised (A\$/oz)	1,606	1,642	-2%

Calculation of underlying NPAT is presented below.

Table 2 – Reconciliation of underlying NPAT to statutory NPAT

	FY18	FY17	% Variance
Reconciliation			
Underlying NPAT	67.3	33.7	100%
Adjust for:			
Expensing of deferred exploration costs	-1.4	2.5	
Impairment of available-for-sale assets	-0.9	2.8	
Profit on the sale of King of the Hills	10.6	-	
Statutory NPAT	75.6	28.4	

Depreciation and amortisation increased by 26% to A\$94.3 million primarily due an increase in overall production which was mainly driven by the declaration of commercial production at Thunderbox C Zone and Kailis Stage 1 open pits during FY2018.

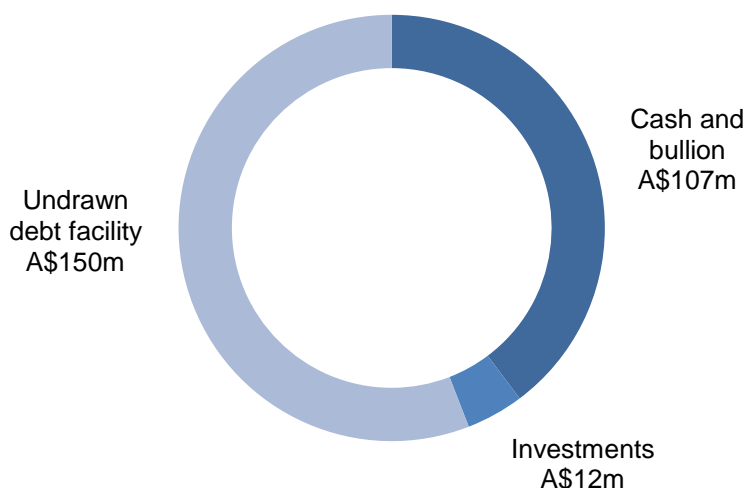
Growth related project development and exploration expenditure totalled A\$71.8 million.

Table 3 – Project development and exploration expenditure for the financial year ended 30 June 2018

	A\$m
Growth and exploration	
Thunderbox underground	2.8
Kailis development	15.8
Karari underground	4.4
Whirling Dervish underground	8.1
CDO Exploration	13.3
TBO Exploration	4.0
Borefields & pipeline	1.7
Other growth capital items	21.7
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TOTAL	71.8

There was no corporate debt drawn at the end of the full year. At 30 June 2018 Saracen had A\$269m of available liquidity.

Figure 1 – Available funding at 30 June 2018



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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 FY2018. 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.