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ASX Release:

2020 Full-year Financial Result Presentation

Authorised for lodgement by the Yancoal Disclosure Committee

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Yancoal Australia Ltd

2020 Full-year Financial Result

26 February 2021

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Robust performance through cyclical lows and COVID-19



**Effective COVID-19 response and
Sustained safety performance
7.4 TRIFR**



**38.3Mt Attributable Saleable
Production**



A\$59/tonne Operating Cash Cost



**Additional 10% stake in
Moolarben acquired**



\$3.47 billion Revenue



**\$748 million Operating EBITDA
& operating margin of 21%**



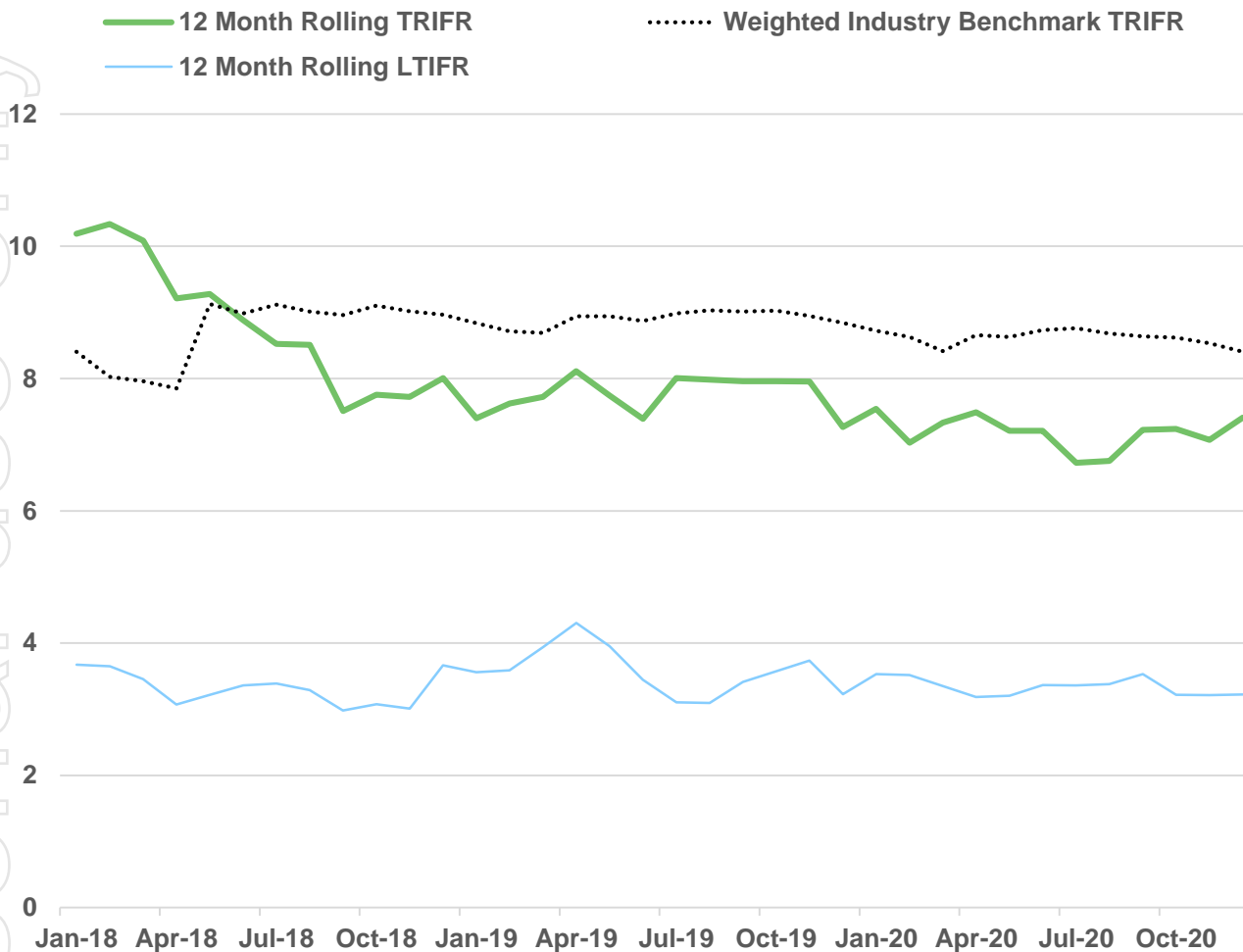
Operating cash flow of \$605 million



**2021 guidance builds on the 2020
performance**

Safety Performance

YAL SITES 12-mth Rolling TRIFR & LTIFR



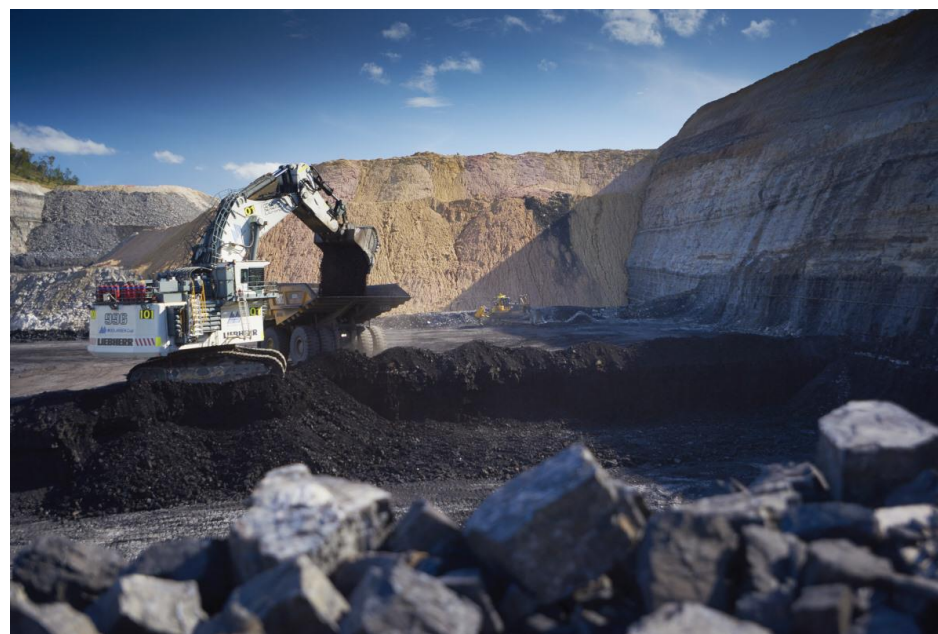
- Rapid and successful implementation of a COVID response plan.
- No COVID cases or significant operational affect at the mines.
- Met the additional challenges and kept key safety stats below our industry benchmark.

Ongoing focus resulted in a better than industry benchmark performance

• TRIFR = Total Recordable Injury Frequency rate, and LTIFR = Lost Time Injury Frequency Rate. Both exclude data from Hunter Valley Operations, Middelmount and Watagan assets (Austar, Ashton and Donaldson). The weighted industry average combines NSW open-cut, NSW underground and Queensland open-cut data.

Controllable and Uncontrollable factors

Operating factors	2019	2020	Change	Observations
Average realised sales price (A\$/t)	111	82	-26%	Set by market conditions
Attributable production (million tonnes)	35.6	38.3	+8%	Increased Moolarben stake
Attributable sales (million tonnes)	35.6	37.9	+6%	No sales volume disruption
Operating cash costs (A\$/t) *	64	59	-8%	Optimisation and deferrals



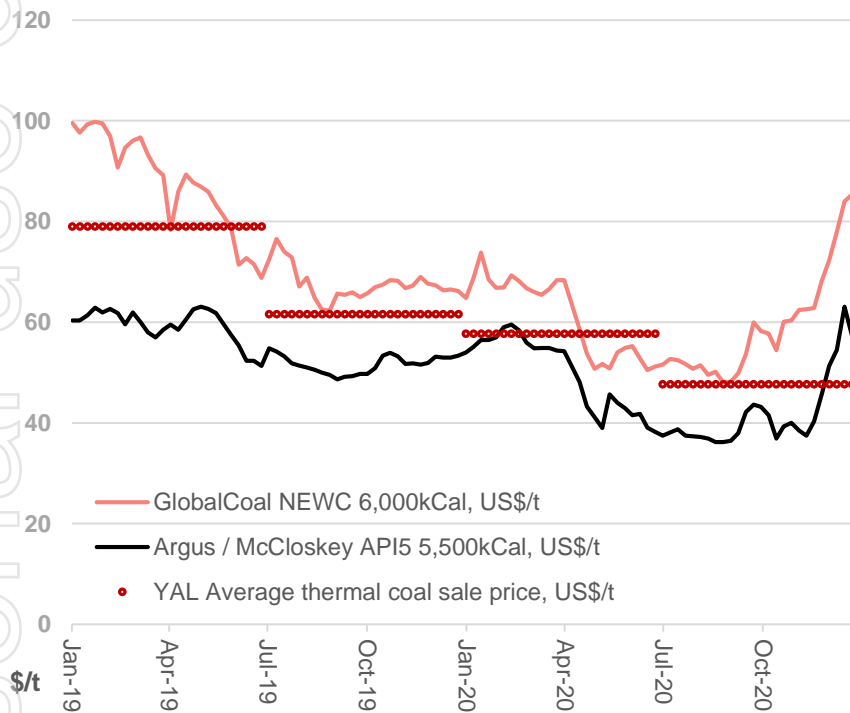
Moolarben's underground and open-cut mines produced a record 19.7 million tonnes of saleable coal in 2020

* Operating cost costs revised to include other operating expenses. Prior period figures have been similarly adjusted.

Coal market conditions

- Average realised thermal coal price of A\$76/t was down 24% from 2019 as lower economic activity affected demand for thermal coal.

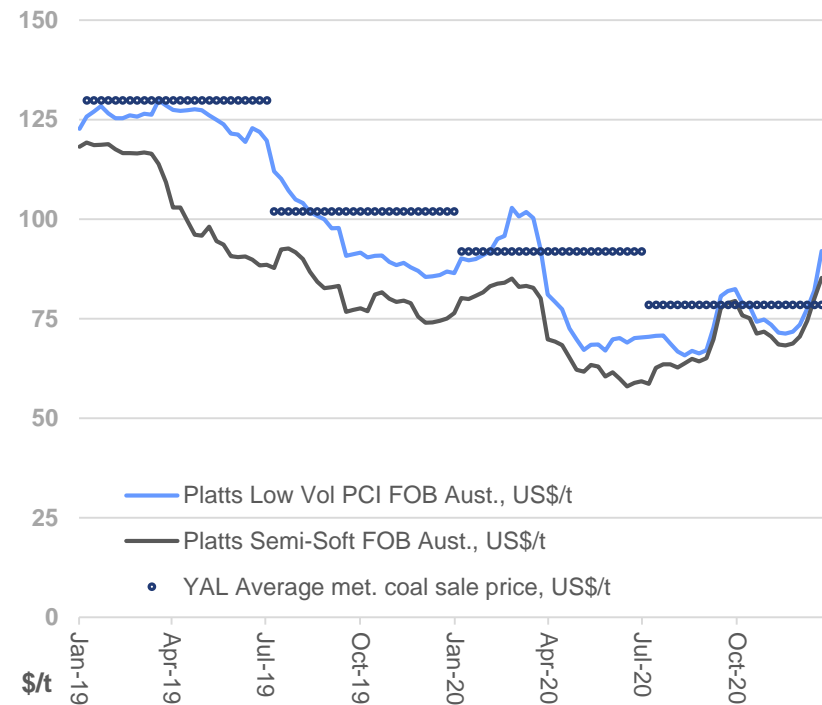
Thermal benchmarks (US\$/t), YAL Average thermal coal sale price (US\$/t)*



Source: Argus/McCloskey, GlobalCOAL

- Average realised met. coal price of A\$124/t was down 26% from 2019 as low-grade met. coal prices declined due to reduced steel making activity.

Met. coal benchmarks (US\$/t) & YAL Average met. coal sale price (US\$/t)*



Source: Platts

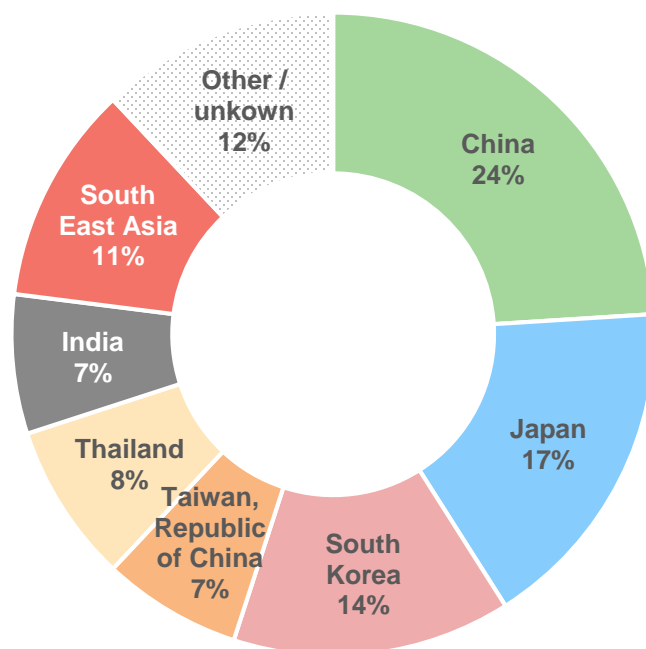
Index prices now benefiting from supply restructure and improved demand

Customer base and product mix

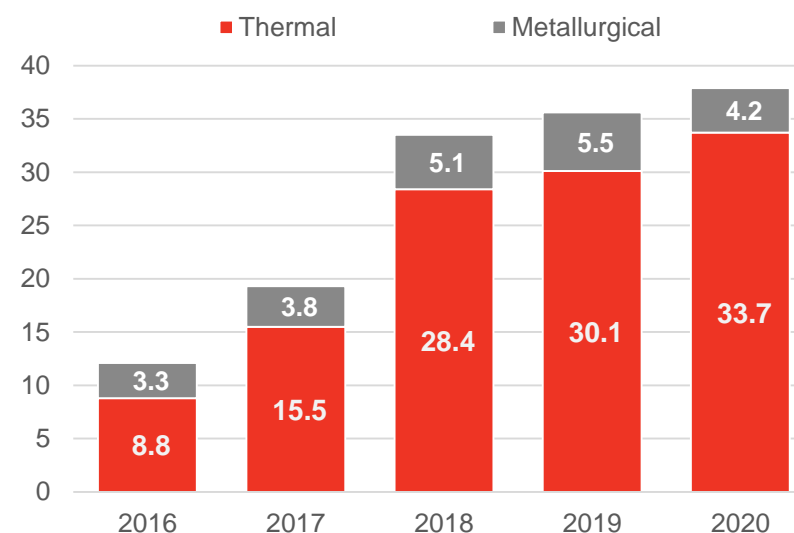
- Diverse customer base limits the impact from disruption from any one market.
- 2020 Product mix was 89% thermal coal with some PCI and semi-soft coking coal.

		2020	2019	% Change
Thermal coal price achieved	A\$/t	76	100	-24%
Metallurgical coal price achieved	A\$/t	124	167	-26%
Combined coal price achieved	A\$/t	82	111	-26%

Yancoal 2020 Sales volumes by country of final destination*
(%)



Attributable sales volume**
(Million tonnes)



The proportion of revenue from any one country is usually less than 25%

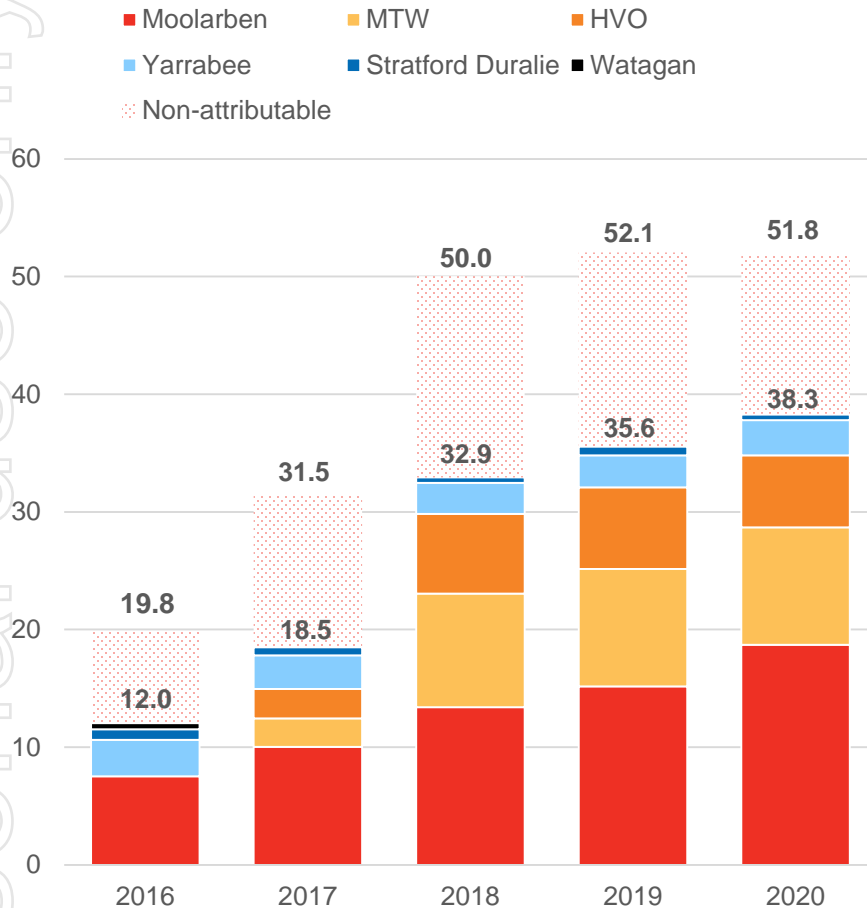
* Final destination is an internal assessment determined by Yancoal. This differs from the segment reporting provided in Note B2 to the Annual Financial Report.

** Excludes purchased coal tonnage. Excludes Middelmont (equity-accounted) and Watagan (equity-accounted from 31 March 2016 up to and including 16 December 2020).

Coal Production

Attributable Saleable Production by Asset *

(Million tonnes)



- Delivered on 2020 guidance of ~38Mt of attributable saleable coal production.
- The 8% increase in attributable saleable coal includes the benefit of the additional 10% stake in Moolarben.
- Large-scale, low-cost and long-life mines underpin performance :
 - Moolarben,
 - Mount Thorley Warkworth (MTW),
 - Hunter Valley Operations (HVO).

Large-scale, low-cost mines represent about 90% of attributable production

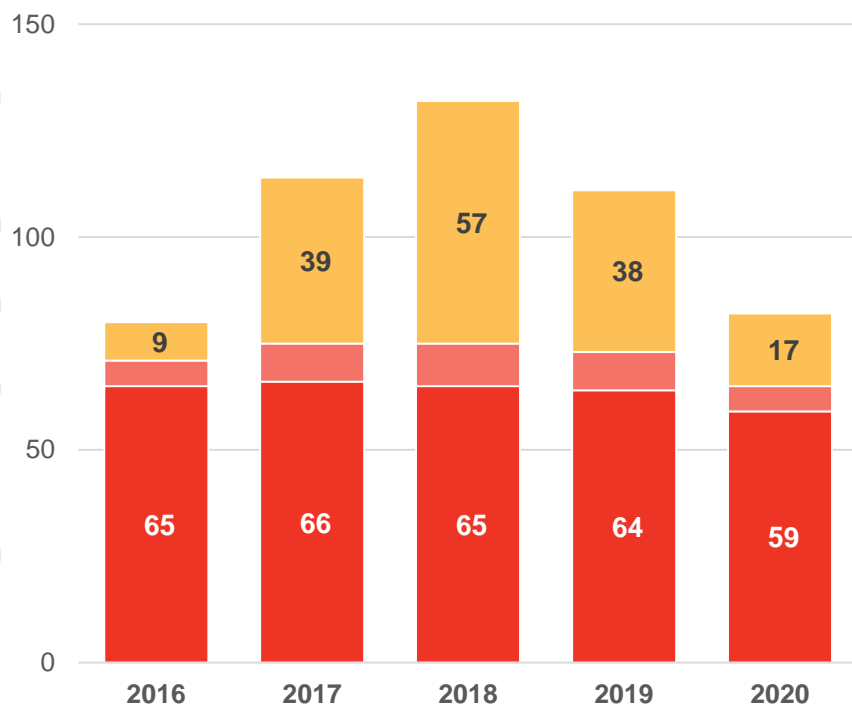
* Attributable figures include: Mount Thorley Warkworth (82.9%); Hunter Valley Operations (51%); Stratford Duralie (100%), Yarrabee (100%) and Moolarben (81% - up to and including 30 November 2018, then 85% up to and including 31 December 2019, then 95% thereafter). Note the economic benefit from Moolarben increased from 85% to 95% from 1 April 2020 onwards, with the 3 month difference captured in the transaction terms. Watagan contribution changes from equity accounted to attributable from 17 December 2020 onwards.

Unit costs beat the 2020 guidance

Cash operating costs (per production tonne)

(A\$/tonne)

■ Cash operating costs ■ Royalty ■ Implied operating cash margin



- A\$59/t Cash operating costs, -8% YoY, and below the original target of A\$63/t set 12 months ago.*
- 2020 Unit costs had the temporary benefit of lower diesel costs and deferred costs associated with our COVID-19 response.
- 2021 costs will include the Ashton underground mine which was previously equity accounted.
- All these factors contribute to an increased unit cost forecast in 2021.

Disciplined cost management delivered a better than targeted outcome

• Operating cash costs include mining, processing, and logistics charges to the port, it excludes royalties. The 2020 guidance and past periods have been restated to include other operating expenses. All reported figures are on a consistent basis.

Financial Summary – Price impact cascades through

Income Statement (\$ millions)	2019	2020	Change	Observations
Revenue	4,459	3,473	-22%	Correlated to realised sales price
Operating EBITDA	1,654	748	-55%	Lower revenue directly impacts the EBITDA
Depreciation and amortisation	(607)	(804)	32%	Increased output and Moolarben revaluation
Operating EBIT	1,047	(56)	-105%	Combines the revenue and depreciation affects
Net Profit / (Loss) after Tax	719	(1,040)	-249%	Includes one-off, non-cash, non-operating items

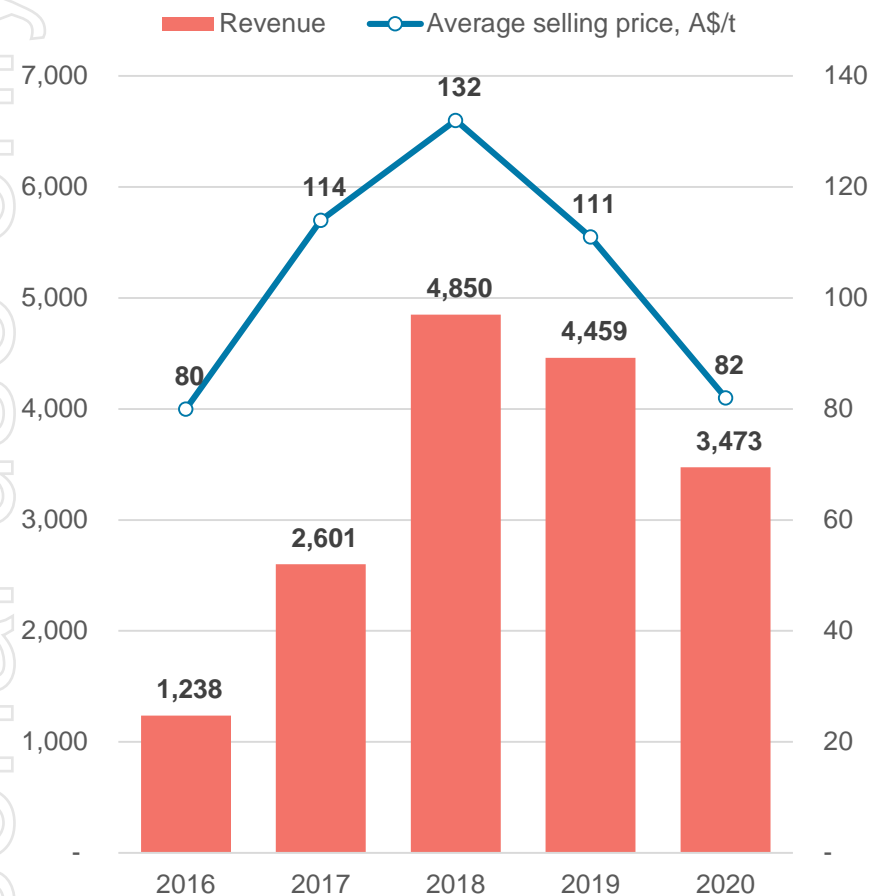


Mining and rehabilitation work continue through the coal price cycle at all our assets

Price, Revenue and EBITDA

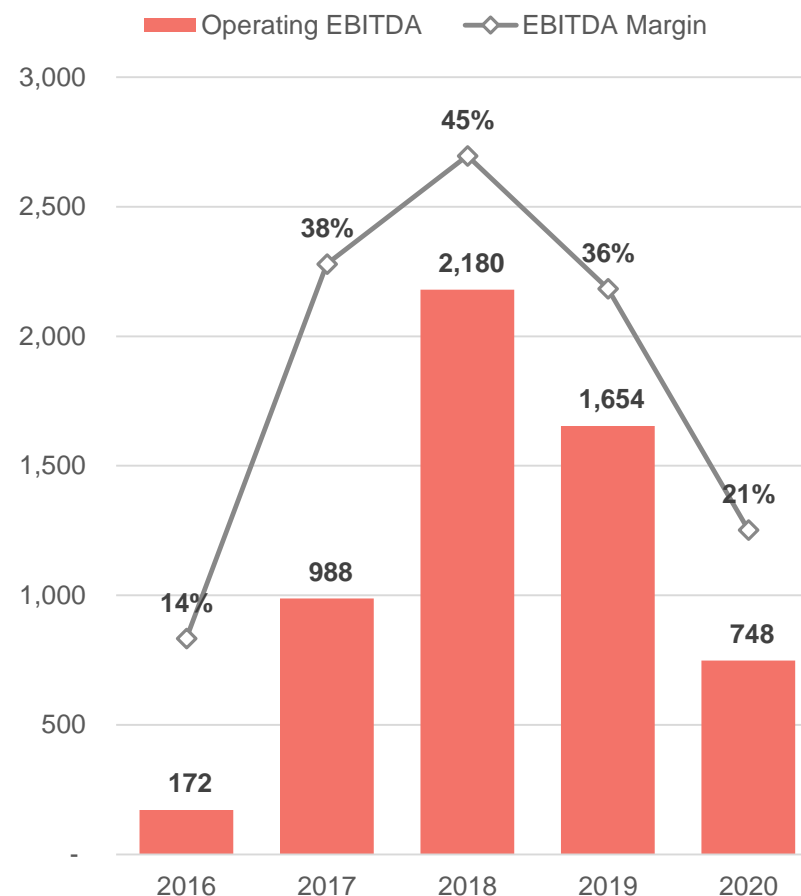
Revenue and Average realised price

(A\$ Million) | (A\$/tonne)



EBITDA and Margin

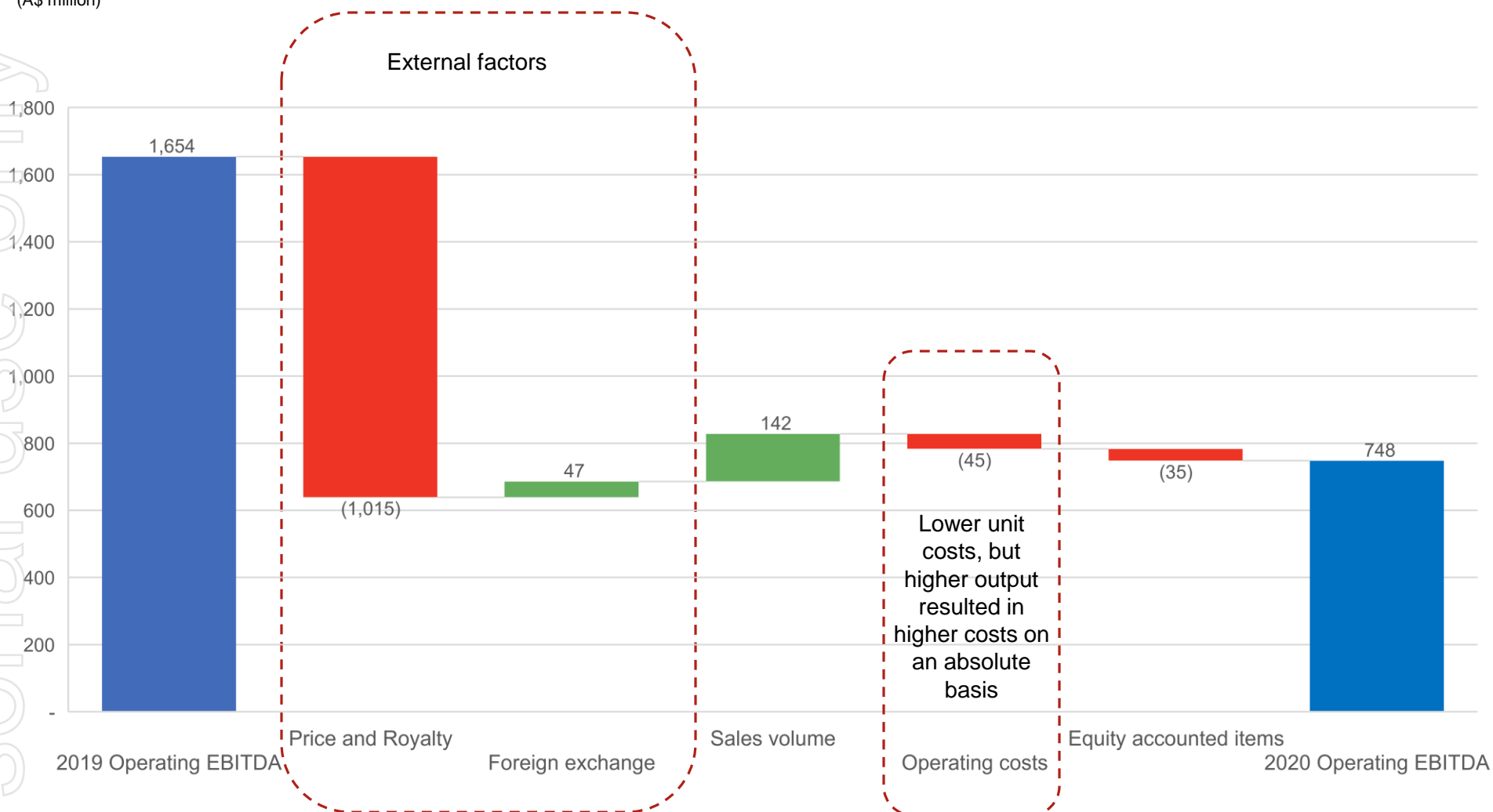
(A\$ Million) | (%)



The business is more robust than during the last coal price cycle

Operating EBITDA Drivers

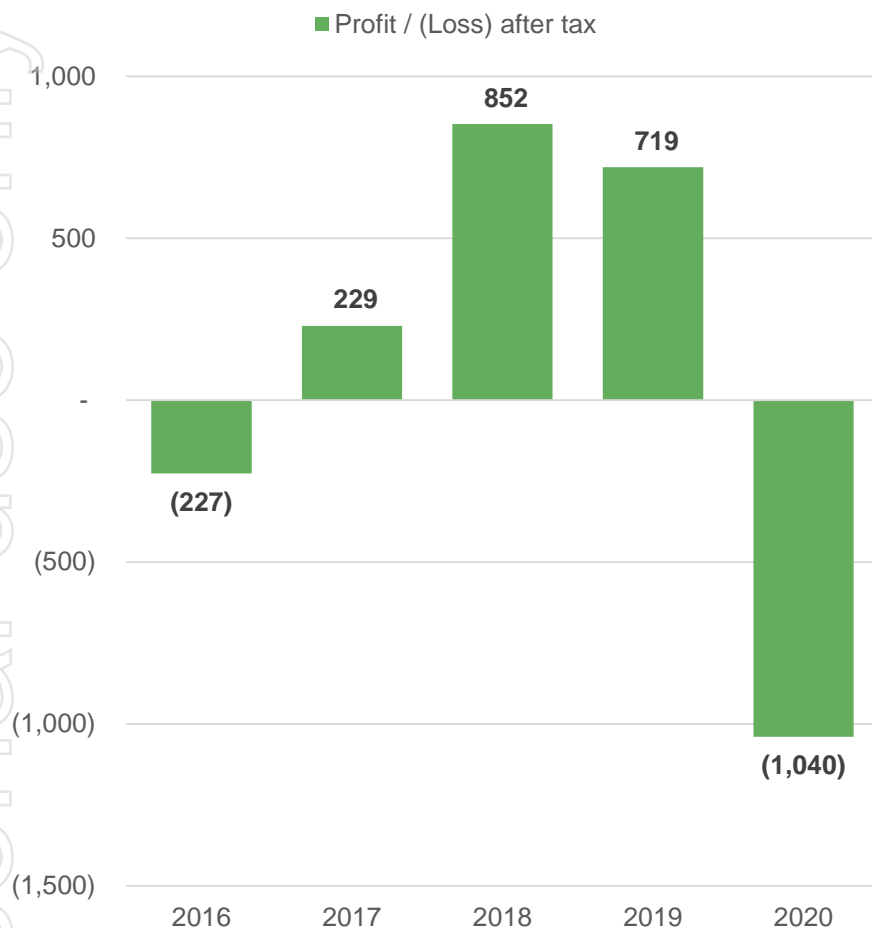
2019 to 2020 drivers of the change in Operating EBITDA
(A\$ million)



The lower coal price was the most significant factor

2020 Loss After Tax has non-operating items

Profit / (Loss) after tax
(A\$ Million)



- Reported Loss includes two sizable non-cash, non-operating items; a \$653 million gain on the Moolarben revaluation in 1H20 and \$1,383 million accounting loss on the Watagan reconsolidation in the second half.
- These are one-off items. Accounting treatments do not reflect any long-term structural changes in Yancoal's outlook for the coal industry or markets.

The 2020 reported loss includes one-off, non-cash, non-operating items

Fiscal position affected but not compromised

Cashflow and Balance Sheet	2019	2020	Change	Observations
Operating cash flow (\$ million)	1,548	605	-61%	Cash flow still sound
Cash at end of period (\$ million)	962	637	-34%	After Moolarben stake and 2019 Final dividend
Gearing ratio (%) *	29%	41%	-	Post Watagan reconsolidation
Leverage ratio (x) **	1.5	4.8	-	Change in the Operating EBITDA the main factor



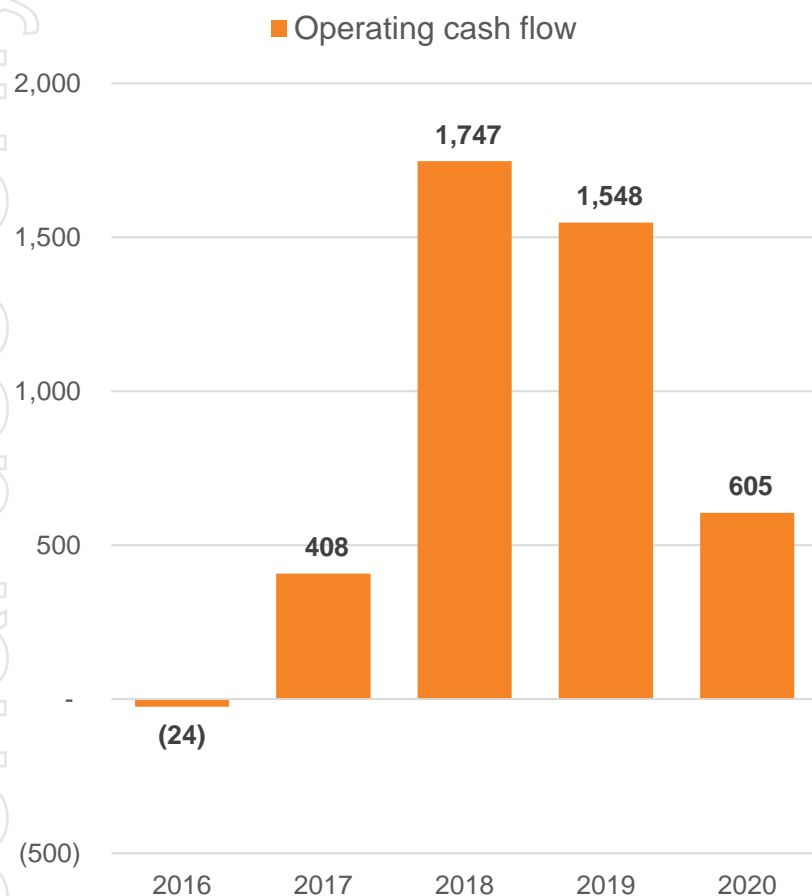
Yancoal continually invests in its assets and infrastructure

* Gearing calculated as the ratio of Net Debt to Net Debt plus Equity

** Leverage ratio calculated as the ratio of Net Debt to Operating EBITDA

Operating Cash flow

Operating Cash flow
(A\$ Million)



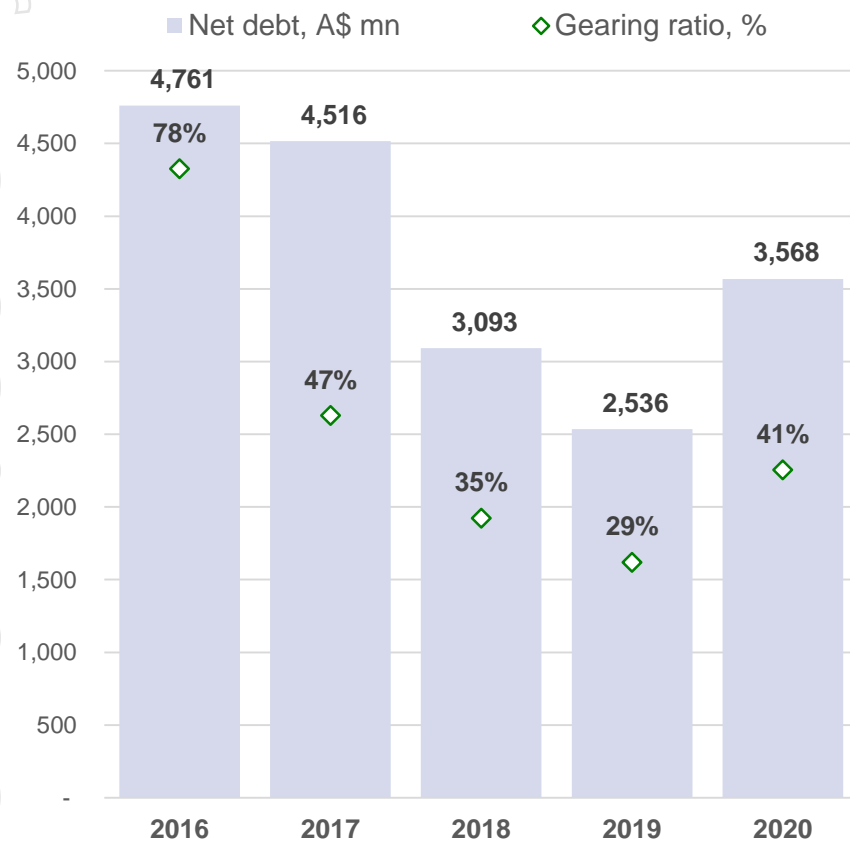
- \$3.0bn in payments to suppliers and employees in 2020 was similar to 2019.
- The ~\$900 million reduction in revenue is reflected in the Operating Cash flow
- At 31 December 2020 the 'cash and cash equivalents' balance was \$637 million after completing the \$280 million dividend payment in April and purchasing the additional 10% stake in Moolarben - \$300 million total price with \$200 million paid during 2020.

The business is fundamentally sound throughout the coal price cycle

Debt and Distributions

Annual Net Debt* and Gearing Ratio**

(A\$ Million) | (%)



- Debt and gearing levels now include Watagan components that were previously held off-balance sheet.
- A US\$1.275 billion debt facility that had repayments due in 2020 and 2021 was replaced mid-year.
- \$924 million was returned to shareholders over the past two years. The decision not to pay a dividend for 2020 was prudent given coal markets and coal prices.

Financial flexibility utilised in response to lower coal prices

* Net debt does not include debt and earnings associated with Watagan arrangements between 2016 and 2019.

** Gearing calculated as the ratio of Net Debt to Net Debt plus Equity

Guidance for 2021

Guidance component	Original 2020 Guidance	2020 Outcome	2021 Guidance
Attributable saleable coal production	Around 38 million tonnes	38.3 million tonnes	Around 39 million tonnes
Attributable cash operating cost (excl. government royalties) *	Around \$63/tonne	\$59/tonne	\$60 to 62/tonne
Attributable capital expenditure **	\$380 million	\$279 million	\$360 to 380 million

Yancoal's portfolio of low-cost mines is viable throughout the coal price cycle. The management team remains focused on the controllable aspects of our business and maximising the operational performance every year.

* 2020 Attributable cash operating cost guidance restated to include other operating expenses; this figure is consistent with the reported outcome and the 2021 guidance.

** Capital expenditure guidance revised down twice during 2020.

The case for investment



Three low cost, large-scale assets underpin the business, especially during cyclical downturns



Diverse customer base continues to demonstrate appetite for Yancoal product



Asset reinvestment and shareholder returns are a priority



Debt optimisation and reduction is an ongoing focus



Capturing further value-add growth opportunities remains a key objective

