

**IPO FACT SHEET**
**Yancoal Australia Ltd (3668 HK)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$1,395.7m – HK\$1,536.0m
<b>Placement Tranche:</b>	59.4419m
<b>Price:</b>	HK\$23.48 – HK\$25.84
<b>Board lot:</b>	100
<b>Entry fee:</b>	HK\$2,610.04
<b>Historical PE</b>	21.9x – 24.1x
<b>Net tangible asset per share:</b>	HK\$23.54 – HK\$23.65
<b>Market Cap (post-IPO):</b>	HK\$30,888m – HK\$33,993m
<b>Open:</b>	26 Nov 2018
<b>Close:</b>	12.00 noon on 29 Nov 2018
<b>Trading:</b>	6 Dec 2018
<b>Sponsor:</b>	Morgan Stanley, CMB International, BOC International

Year ended 31 Dec	(A\$m)	yoy % chg
Revenue		
2016	1,238	-6.1%
2017	2,601	110.1%
Profit/loss after income tax		
2016	-227	-22.0%
2017	246	N.A.

**BACKGROUND**

- The Group is Australia's largest pure-play coal producer based on aggregate Coal Reserves and marketable coal production, and has been listed on the ASX since 2012. Of all Australian coal producers, it ranks third on both these aforementioned metrics, behind only Glencore and BHP.
- Its principal business activity is the production of thermal and metallurgical coal for use in the power generation and steel industries in Asian markets. All of the coal it produces is sold for export to customers located overseas.
- It has ownership interests in, and operates, five coal mine complexes across New South Wales and Queensland, and manages five others across New South Wales, Queensland and Western Australia.

**BUSINESS STRATEGY AND FUTURE PLANS**

- Evaluate and execute portfolio expansion through value accretive organic and inorganic opportunities.
- Continued focus on operational efficiencies to increase mine productivity and reduce operating costs.
- Grow its business in existing markets and new markets, aided by a dynamic product mix strategy.
- Sustain financial discipline and strengthen its balance sheet to support future growth.
- Maintain high standards of safety and responsible working practices.

**COMPETITIVE STRENGTHS**

- Australia's largest pure-play coal producer with a seaborne business focused on major Asian export markets including the PRC.
- It has a diversified portfolio of world class assets that produce high value coal products for its major export markets.
- It has a sustainable platform for future growth.
- Its experienced management team is well positioned to pursue growth opportunities and create further shareholder value.
- It has valuable and strategic operational and trade relationships as well as strong support from its key shareholders.

**KEY RISKS**

- Its coal production is subject to conditions and events beyond its control that could result in high expenses and decreased supply.
- Multiple coal bursts and other incidents have occurred at the Austar mine which have resulted in property and site damage, production

shutdowns and fatalities, and further such incidents and outcomes may occur, including permanent shutdown. Investigations into challenging geological structures at Austar may lead to similar outcomes, including permanent shutdown.

- The Group will be required to re-consolidate Watagan once it re-acquires control of it, which could result in adverse consequences to financial condition and results of operations.
- Its existing and future indebtedness could restrict its financial and operational flexibility and adversely affect its financial condition.
- It may not be able to meet its capital expenditure requirements or secure additional financing on favourable terms, whether from external sources or its major shareholders, in the future.
- It has had negative reserves and accumulated losses during the Track Record Period, and did not declare or pay any dividends for 2015, 2016 or 2017.

#### DIVIDEND POLICY

- (i) subject to (ii) below, pay as interim and/or final dividends not less than 40% of net profit after tax (pre-abnormal items) in each financial year; and
- (ii) if the Directors determine that it is necessary in order to prudently manage its financial position, pay as interim and/or final dividends not less than 25% of net profit after tax (pre-abnormal items) in any given financial year.

#### USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
To repay outstanding indebtedness of the Group under the Syndicated Facility and, potentially, unsecured loans from related parties.	600.7	48.0%
To finance potential acquisitions (as at the Latest Practicable Date, the Company has not identified any targets to be acquired).	375.4	30.0%
To finance the acquisition of an additional 4% interest in the unincorporated Moolarben joint venture.	150.2	12.0%
For working capital and general corporate purposes.	125.1	10.0%
<b>Total:</b>	<b>1,251.4</b>	<b>100.0%</b>

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