

**Evolution**  
MINING



# **2018 FULL YEAR FINANCIAL RESULTS**

**17 AUGUST 2018**

**JAKE KLEIN - EXECUTIVE CHAIRMAN  
LAWRIE CONWAY - FINANCE DIRECTOR AND CFO**



# FORWARD LOOKING STATEMENT

These materials prepared by Evolution Mining Limited (or “the Company”) include forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company’s business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company’s control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

## Non-IFRS Financial Information

The Company results are reported under International Financial Reporting Standards (IFRS). This presentation also includes non-IFRS information including EBITDA and Underlying Profit. The non-IFRS information has not been subject to audit or review by the Company’s external auditor and should be used in addition to IFRS information.

# CLEAR AND CONSISTENT STRATEGY

Build a reputation for reliability and transparency

Reduce All-in Sustaining Costs

Increase free cash flow per share

Increase returns via dividends

Extend reserve life



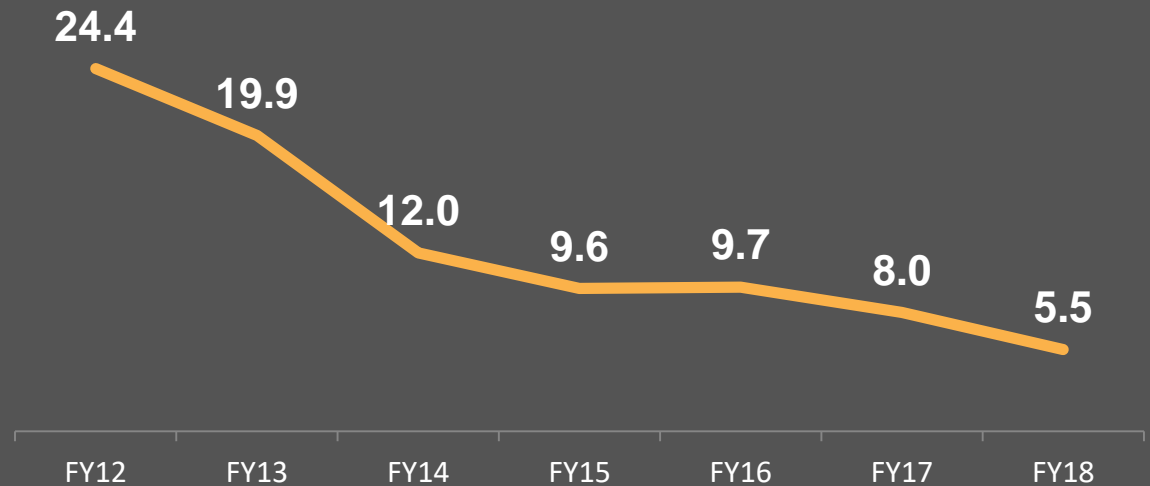


# SAFETY

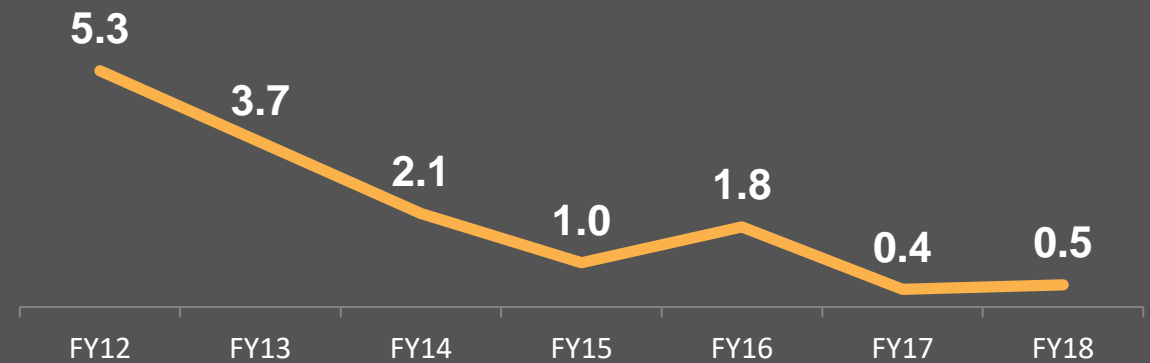
- Group total recordable injury frequency at 30 June 2018 reduced by 31% year-on-year to 5.5
- Major work undertaken to improve the quality of incident investigations
- Ongoing focus to improve safety culture within the business



### Total Recordable Injury Frequency (TRIF)



### Lost Time Injury Frequency (LTIF)



# FINANCIAL HIGHLIGHTS

Financials	Units	FY18	FY17	Change
Statutory Profit before tax	A\$M	338.9	237.3	↑ 43%
Statutory Profit after tax <sup>1</sup>	A\$M	263.4	217.6	↑ 21%
Underlying Profit after tax <sup>1</sup>	A\$M	250.8	206.6	↑ 21%
EBITDA	A\$M	795.1	713.9	↑ 11%
Operating Mine Cash Flow	A\$M	811.8	706.5	↑ 15%
Net Mine Cash Flow	A\$M	539.9	461.5	↑ 17%
Group Cash Flow <sup>2</sup>	A\$M	395.6	382.0	↑ 4%
EBITDA Margin <sup>3</sup>	%	53	49	↑ 8%
AIC Margin	A\$/oz	612	568	↑ 8%
Earnings Per Share	cps	15.6	13.3	↑ 17%
Gearing	%	2.7	15.9	↓ 83%
Final dividend (fully franked)	cps	4.0	3.0	↑ 33%

1. Refer to slides 16 and 17 for the statutory and underlying profit after tax reconciliations

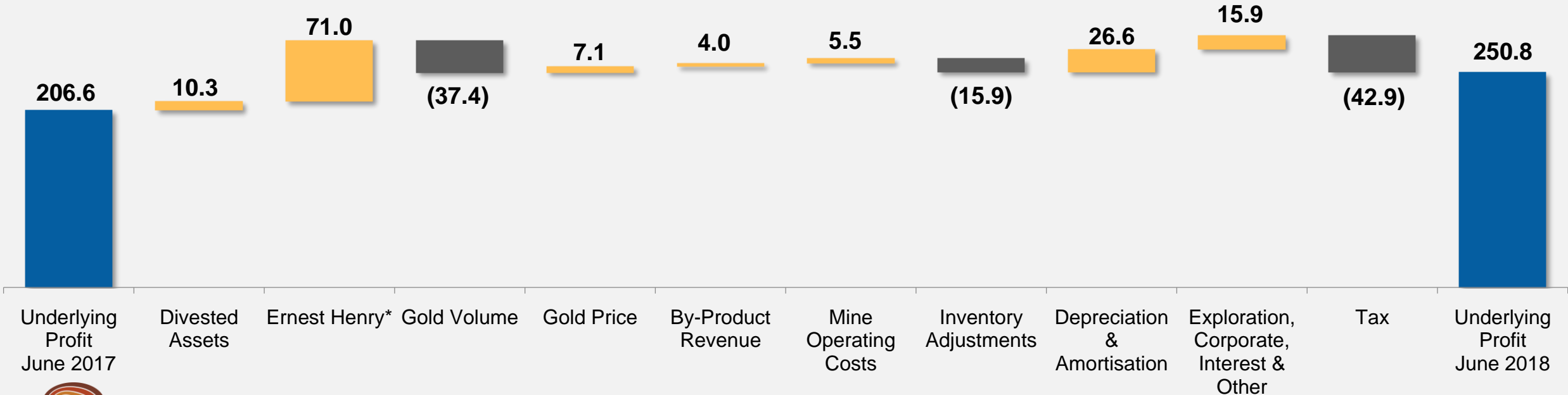
2. Excludes proceeds from Edna May (FY18) and Pajingo (FY17)

3. FY18 excludes Edna May; FY17 excludes Pajingo

# UNDERLYING NET PROFIT

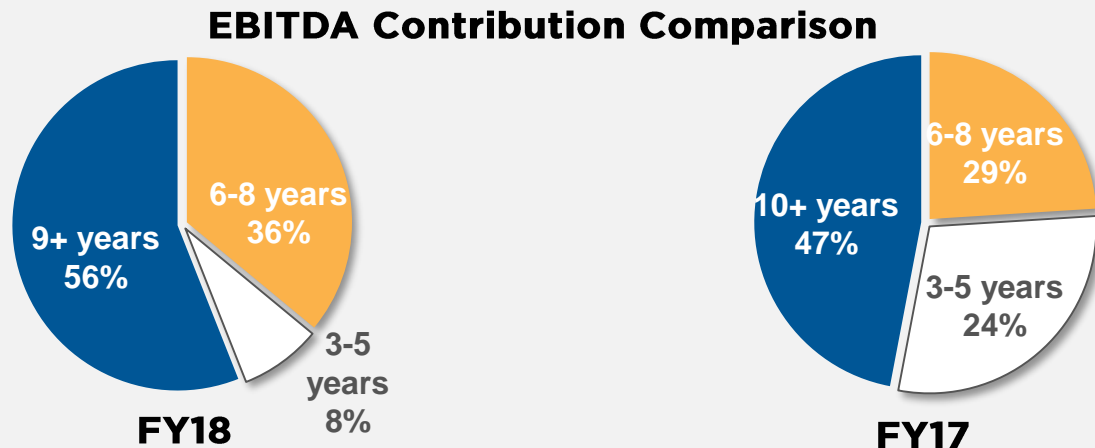
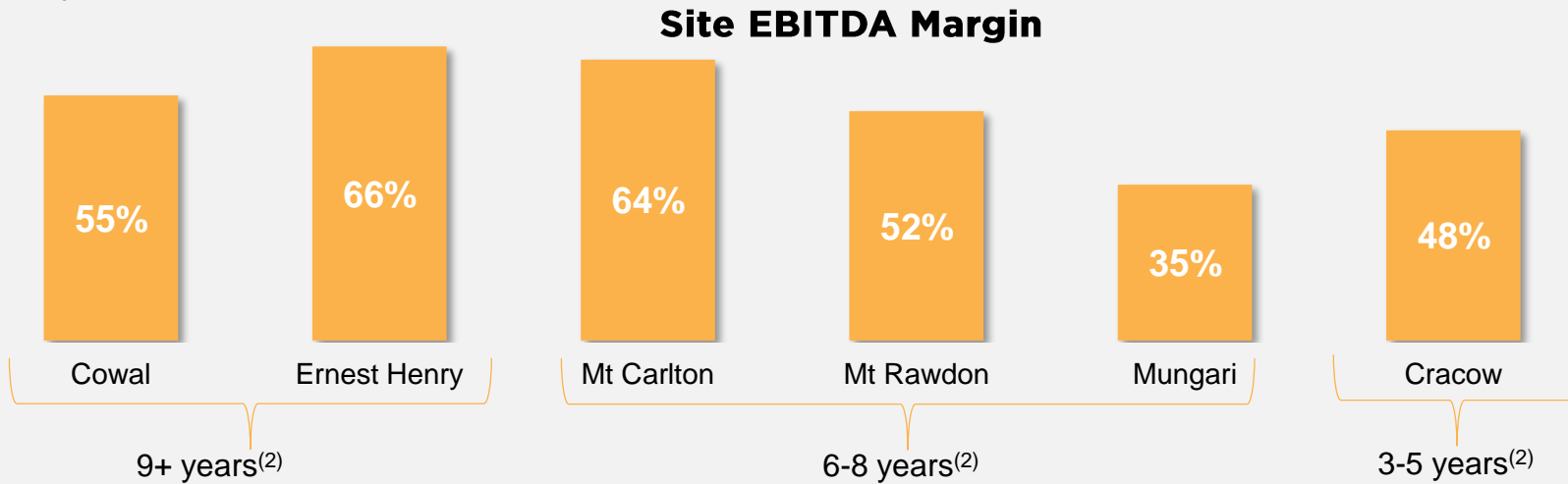
- Profit up by 21% to a record A\$250.8M
- Positive impact from divesting of Edna May
- EBITDA from Ernest Henry of A\$231.0M reflective of a full 12-month contribution
- Lower sales volume driven mainly by lower production at Mungari due to a 16% reduction in grade
- Tax expense increases in line with higher before tax profit

## Underlying Net Profit After Tax A\$M

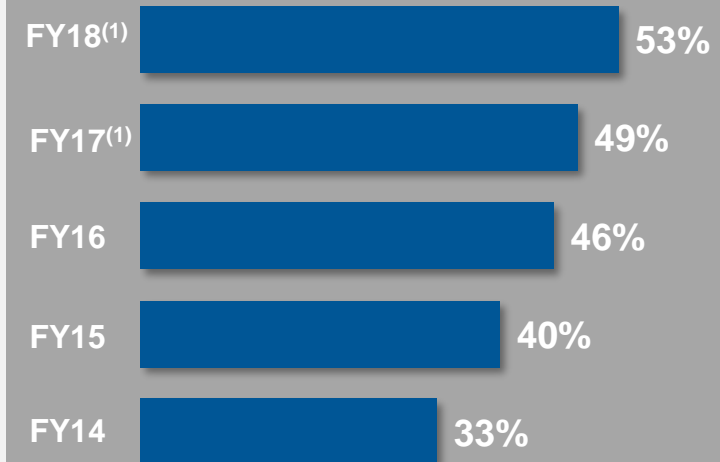


# EBITDA MARGINS

- High cash margins across the portfolio
- Portfolio contribution improved with 92% of EBITDA coming from assets with 6+ years mine life



## Group EBITDA Margin (%)



- Group EBITDA Margin up 8% from FY17 against a flat gold price
- Margin increased by 60% since FY14 (gold price up only 14%)
- Benefit of selling lower margin assets and introduction of high margin Ernest Henry with copper by-product

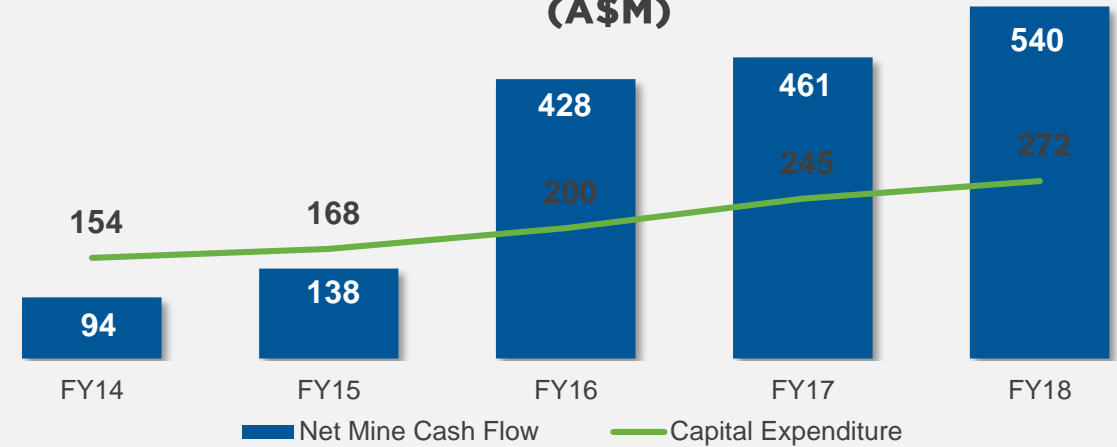
(1) FY18 excludes Edna May, FY17 excludes Pajingo

(2) Indicative reserve life based on FY19 production guidance mid-point

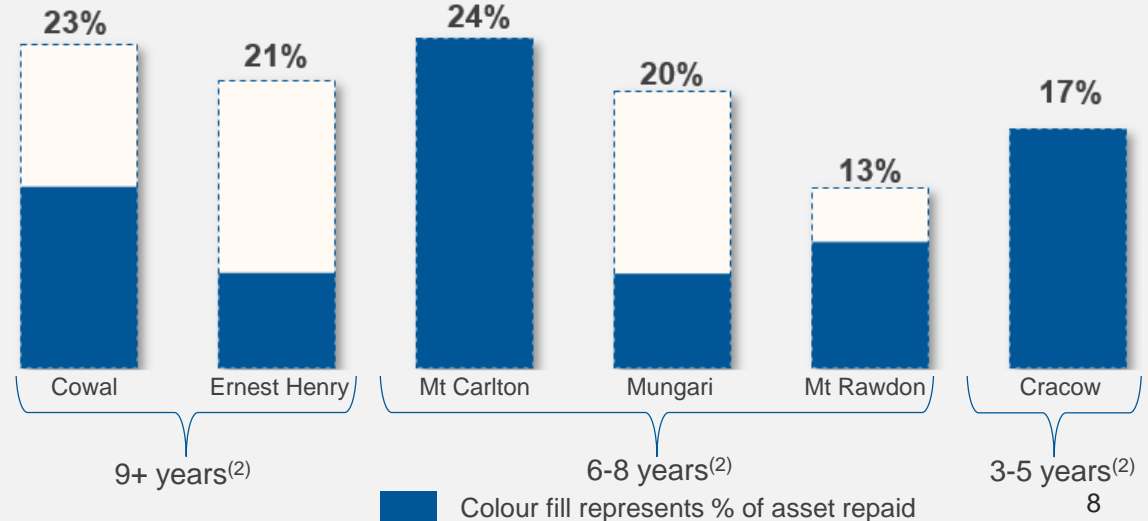
# MINE CASH FLOW AND CAPITAL

- Successfully increasing net mine cash flow while increasing investment for the future
- All assets in current portfolio have been cash positive since FY14<sup>1</sup>
- Portfolio changes since FY15 significantly increase cash generation but not capital intensity
  - Cash flow up 290%
  - Capital investment up 60%
- Assets are generating returns of 13 – 24% p.a.
- Mt Carlton averaging 34% p.a. over last 3 years
- Longer life assets delivering highest returns
- Recent acquisitions quickly paying back investment
- Mt Carlton and Cracow have fully repaid investment

Net Mine Cash Flow vs Capital Expenditure (A\$M)



Average Return on Invested Capital and Asset Payback



<sup>1</sup> Since FY14, or under Evolution ownership

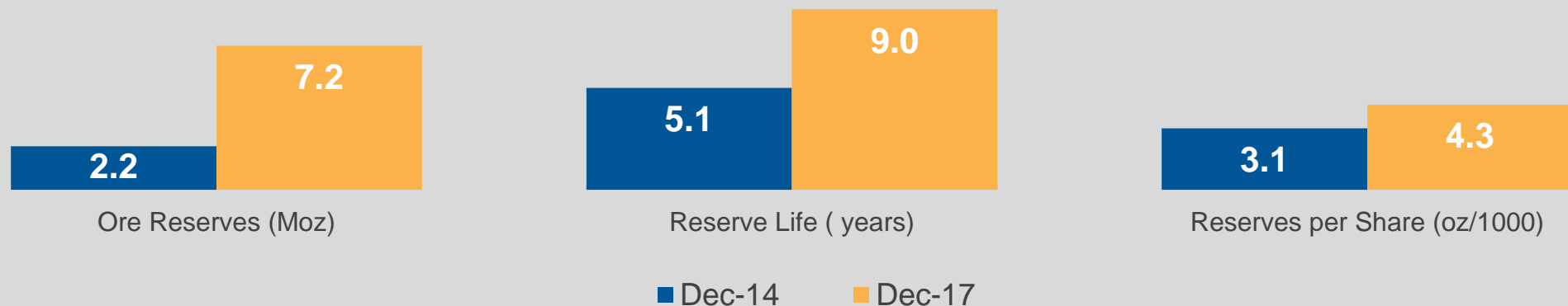
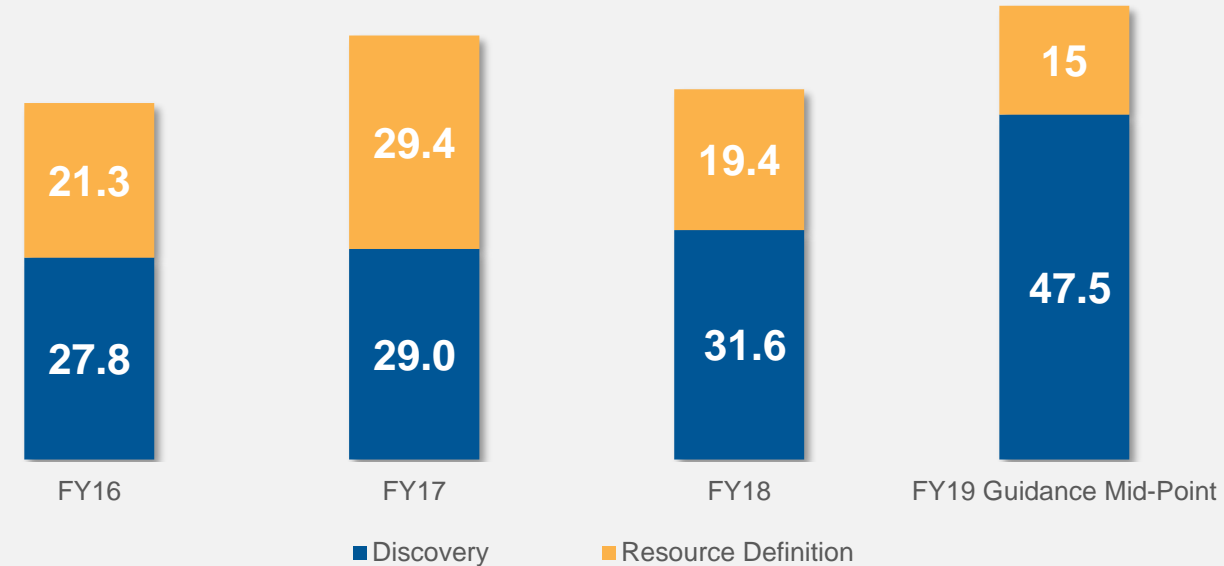
<sup>2</sup> Reserve life based on FY19 guidance mid-point



# DISCOVERY AND RESOURCE DEFINITION

- Successful replenishment of resources and reserves
- Group average mine life improved to over 9 years
- Reserves per share up 39% over the last 3 years
- FY19 discovery investment increased to A\$40 – A\$55 million
  - Cowal increased to A\$15 – A\$20 million
  - Mungari increased to A\$15 – A\$20 million
- Cracow's continued reserve growth delivering mine life extensions

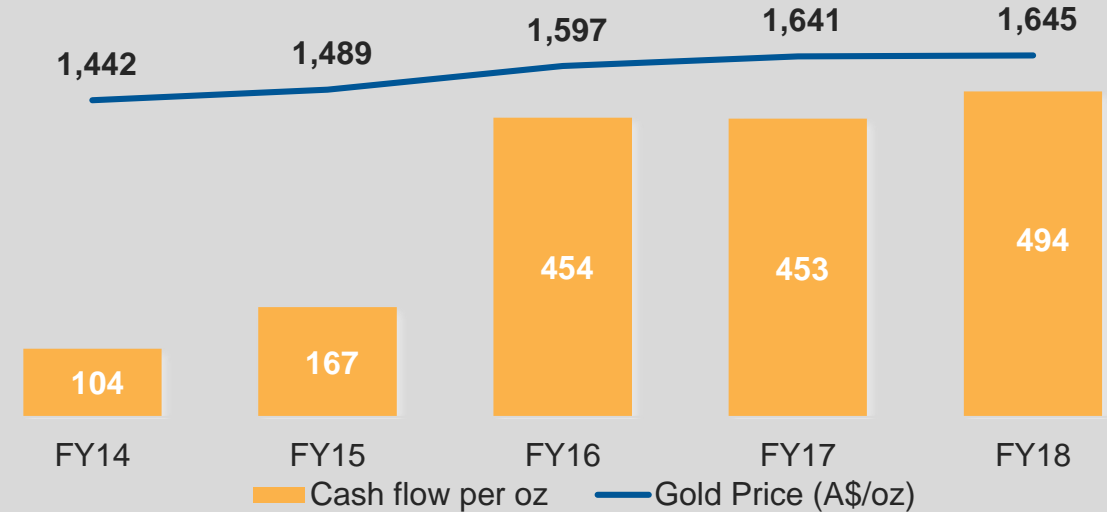
**Discovery & Resource Definition Expenditure (A\$M)**



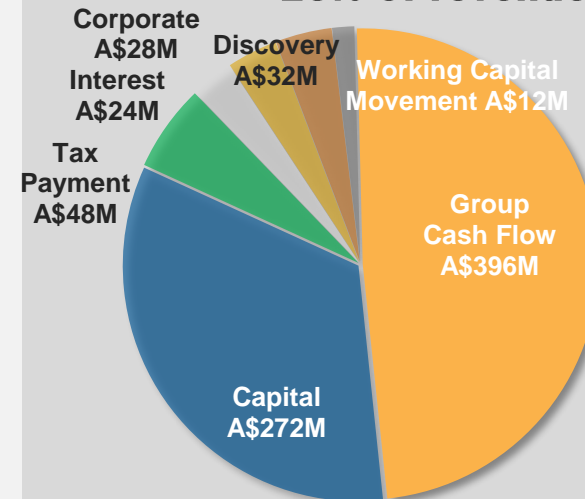
# GROUP CASH FLOW

- Record group cash flow up 4% to A\$396M
- Gold price flat year-on-year
- Benefited from copper contribution
  - Copper price up 17%
  - Volume up 53% mostly due to full year from Ernest Henry
- Initial income tax payments of A\$48.4M
- Cash flow per ounce up 9% to A\$494/oz
- High cash margin of 26%
  - Adequately covers debt servicing
  - Increase balance sheet flexibility
  - Allows for increased shareholder returns

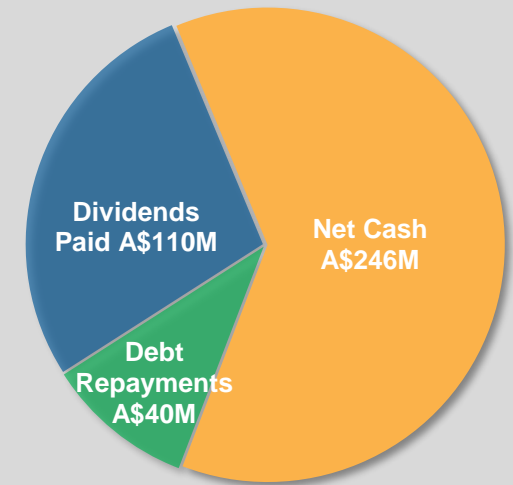
Group Cash Flow per oz produced vs Gold Price



Free Cash Flow (A\$M)  
26% of revenue



Net Cash (A\$M)  
16% of revenue



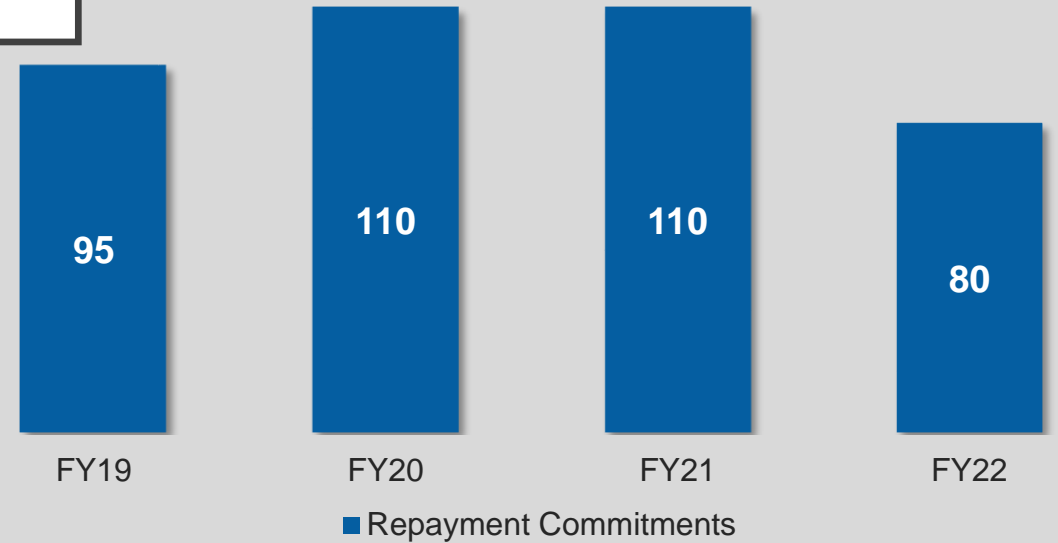
Cash flow excludes proceeds from Edna May sale



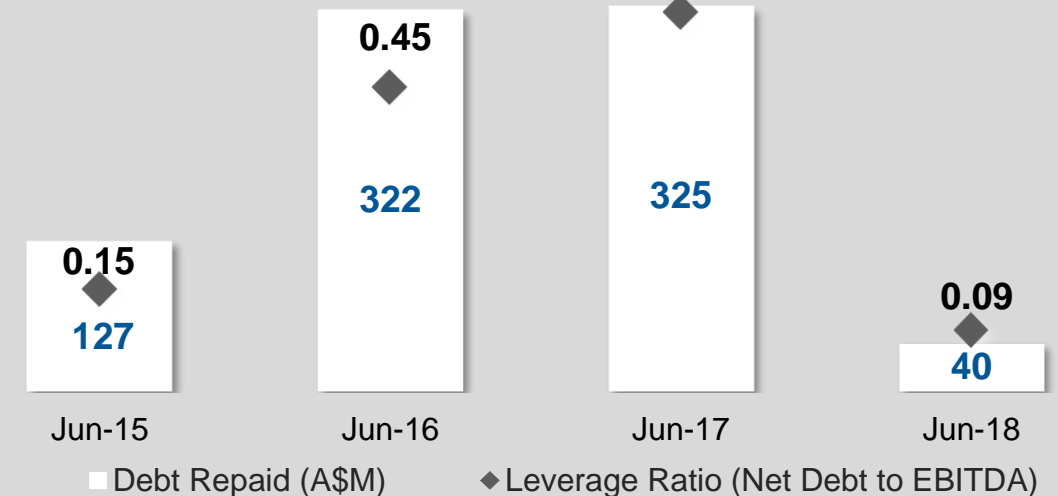
# ROBUST BALANCE SHEET

- Net bank debt position: A\$72M
  - Cash balance: A\$323M
  - Term Facility D: A\$395M
- Debt facilities renewed during the year
  - Revolver Facility of A\$350M to July 2021 (undrawn)
  - Performance Bonds Facility of A\$175M
  - Saving of ~A\$6M over term of facilities
- Leverage up for acquisition on basis of ability to rapidly reduce to acceptable levels
- Debt repaid since September 2015: A\$687M
- Gearing reduced by 83% to 2.7%
- Hedge book: 250,000oz at A\$1,711/oz to June 2020

## Facility D Amortisation Profile (A\$M)



## Debt Repayments (A\$M) and Leverage Ratio



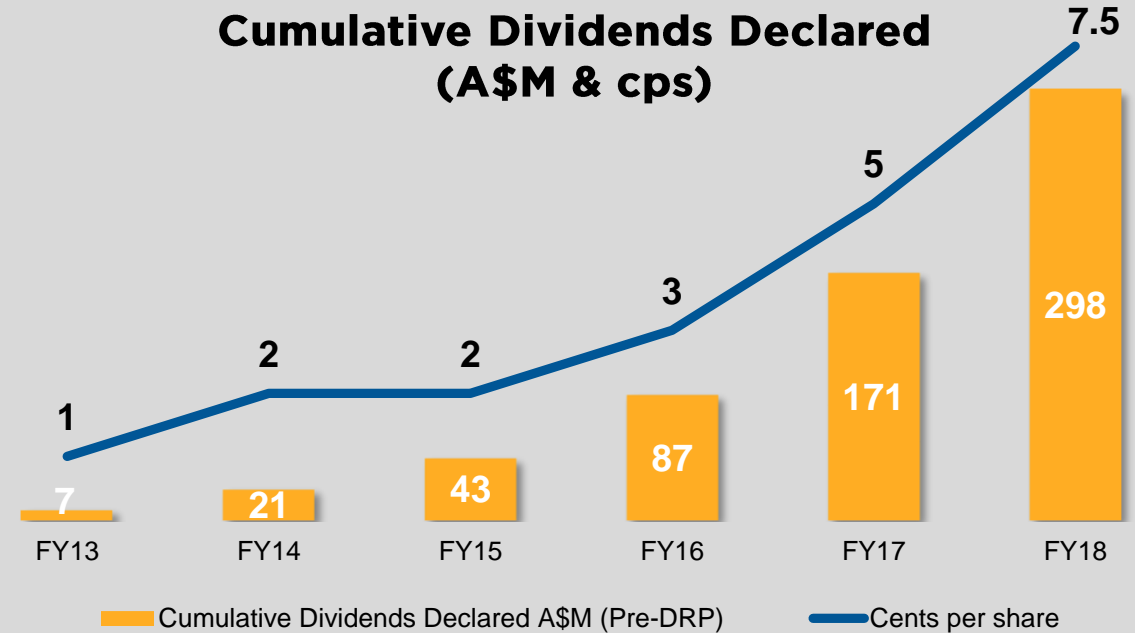
# DIVIDENDS

- Final dividend increases returns to shareholders
  - Fully franked 4 cents
  - Increase of 33% over FY17 final
  - A\$67.7M to be paid on 28 September 2018
- Full year dividend of 7.5 cents up 50% on FY17
  - Equal to 8.25% of revenue
  - Dividend yield of 2.6%<sup>1</sup>
  - Gross yield of 3.7% with franking credits
- Nearly A\$300M returned via 11 consecutive dividends
- Franking credit balance to increase during FY19
- Dividend yield has increased despite material growth in share price

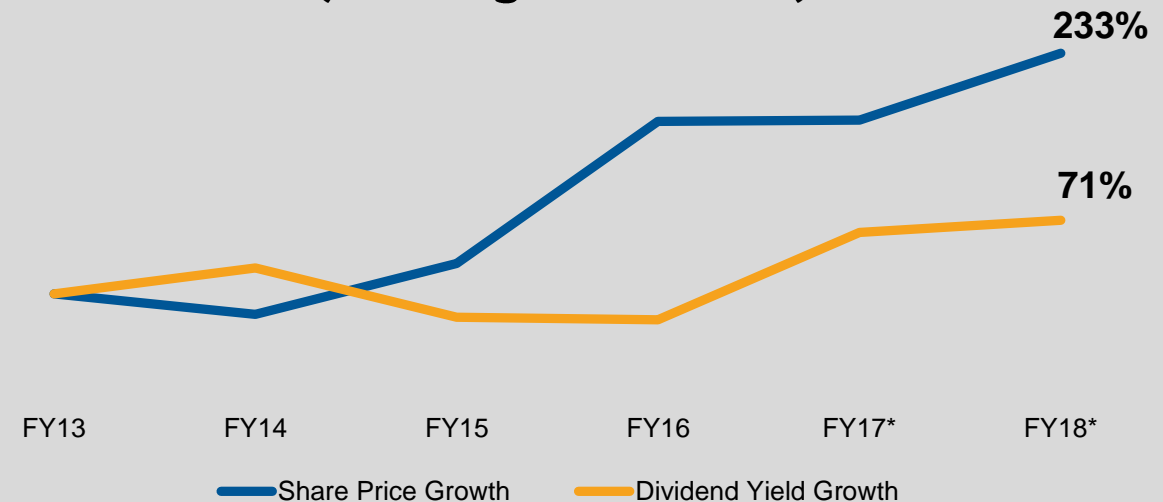


<sup>1</sup> Based on a closing share price of A\$2.91 on 15 August 2018.

**Cumulative Dividends Declared (A\$M & cps)**



**Share Price and Dividend Yield Growth (% change from FY13)**



\*Fully franked dividends



# FY19 GUIDANCE: PRODUCTION, COSTS & CAPITAL

FY19 Guidance	Gold Production (oz)	C1 Cash Costs (A\$/oz)	All-in Sustaining Cost* (A\$/oz)	Sustaining Capital (A\$M)	Major Capital (A\$M)
Cowal	240,000 – 250,000	765 – 840	975 – 1,075	55 – 60	90 – 100
Mungari	125,000 – 135,000	875 – 925	1,050 – 1,100	10 – 15	0 – 5
Mt Carlton	95,000 – 105,000	470 – 520	670 – 720	7.5 – 12.5	25 – 30
Mt Rawdon	95,000 – 105,000	815 – 865	1,000 – 1,050	5 – 10	25 – 30
Cracow	80,000 – 85,000	850 – 900	1,250 – 1,300	17.5 – 22.5	10 – 15
Ernest Henry	85,000 – 90,000	(875) – (825)	(575) – (525)	10 – 15	0
Corporate			45 – 50		
<b>Group</b>	<b>720,000 – 770,000</b>	<b>560 – 610</b>	<b>850 – 900</b>	<b>105 – 135</b>	<b>150 – 180</b>
Ernest Henry (Cu t)	19,000 – 21,000				
Mt Carlton (Cu t)	800 – 1,000				

# GENERATING SUPERIOR FINANCIAL RETURNS

<p>Low cost</p>	<p><b>AISC</b> A\$797/oz</p> <p>↓ 12%</p>	<p><b>AIC</b> A\$1,033/oz</p> <p>↓ 4%</p>
<p>High margin</p>	<p><b>EBITDA</b> 53% margin</p> <p>↑ 8%</p>	<p><b>AIC</b> A\$612/oz margin</p> <p>↑ 8%</p>
<p>High cash generation</p>	<p><b>Group cash flow</b> A\$396M</p> <p>↑ 4%</p>	<p><b>Cash flow per share</b> 23 cents</p> <p>↑ 2%</p>
<p>Strong balance sheet</p>	<p><b>Gearing</b> 2.7%</p> <p>↓ 83%</p>	<p><b>Final dividend</b> 4.0 cents</p> <p>↑ 33%</p>



# APPENDIX

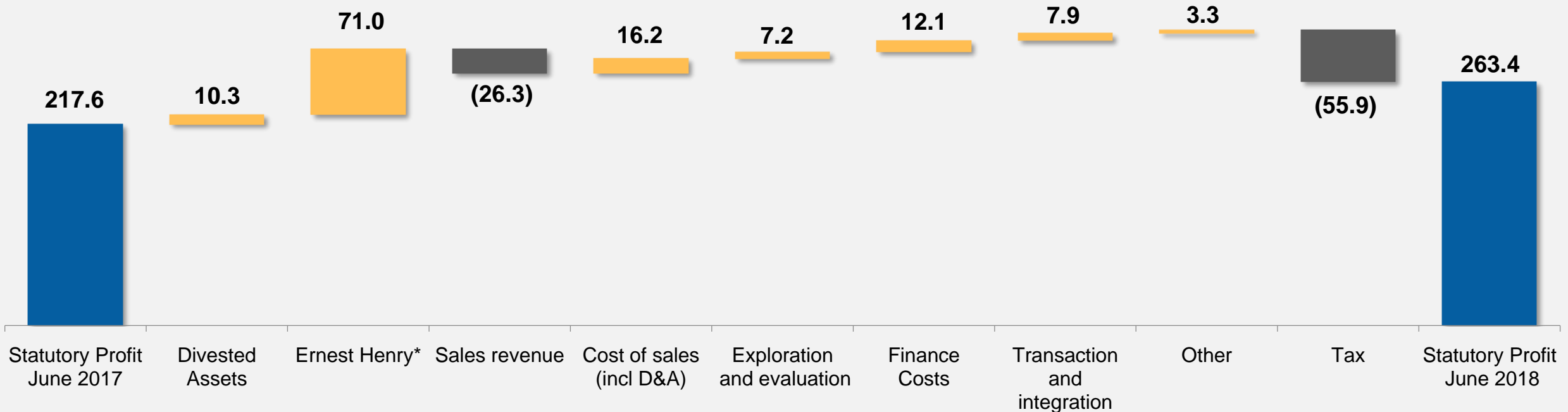


**Evolution**  
MINING

# STATUTORY PROFIT

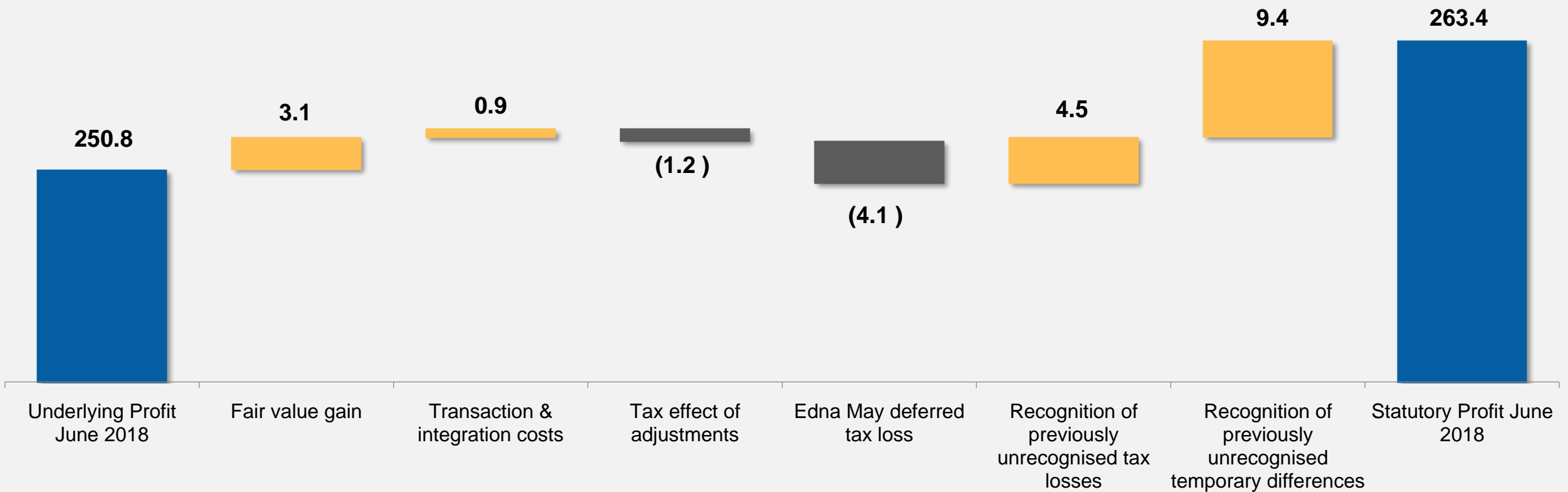
- Higher contribution from Ernest Henry offset by lower production at Mungari
- Lower finance costs due to lower debt levels and lower debt facility rates
- Lower transaction & integration costs by A\$7.9M
- Tax expense increases in line with higher before tax profit

## Statutory Profit After Tax A\$M



# PROFIT RECONCILIATION

## Reconciliation of Underlying to Statutory Profit (A\$M)

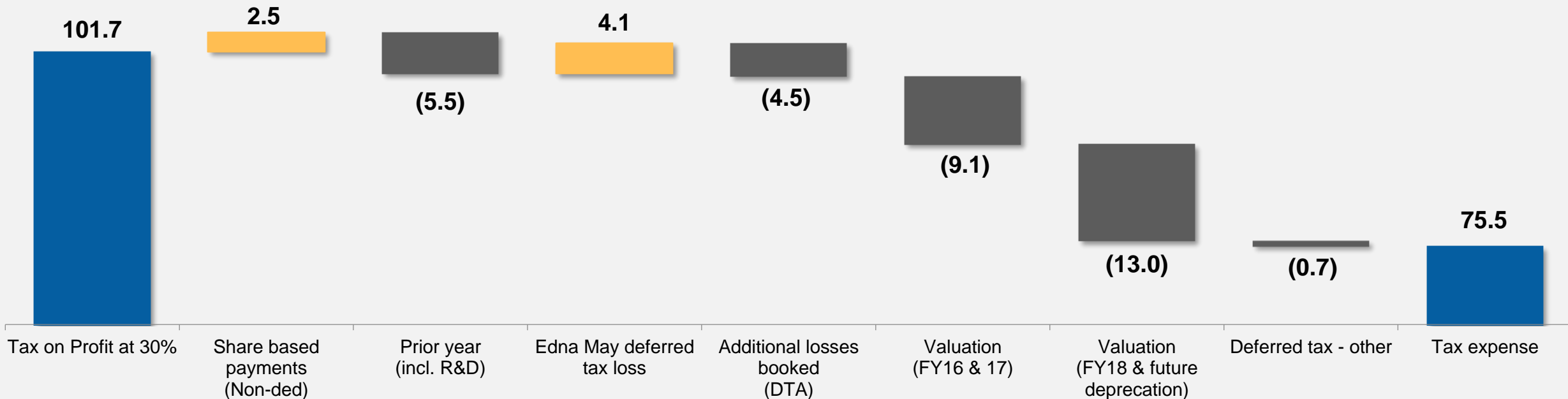




# TAXATION

- All unrestricted tax losses utilised during the year to June 2018
- As at 30 June 2018: Tax Provision of A\$47.3M and Franking Credit balance of A\$1.3M
- Restricted tax losses recorded on balance sheet as an asset at 30 June 2018 amount to A\$13.6M
  - La Mancha (A\$8.0M) acquired tax losses restricted by an available fraction of 16.4%
  - Phoenix Gold (A\$5.6M) acquired tax losses restricted by an available fraction of 2.7%

## Income Tax Reconciliation (A\$M)



# FY19 GUIDANCE - CAPITAL

## Major project capital items

- Cowal:
  - Stage H cut-back (A\$70 – A\$75M)
  - Float Tails Leach (A\$6 – A\$9M)
  - Other process plant projects (A\$14 – A\$16M)
- Mt Carlton
  - Open pit mine development (A\$20 – A\$23M)
  - Underground Infrastructure (A\$5 – A\$7M)
- Mt Rawdon
  - Mine Development (A\$25 – A\$30M)
- Cracow
  - Underground development (A\$10 – A\$15M)

FY19 Guidance	Sustaining Capital (A\$M)	Major Capital (A\$M)
Cowal	55 – 60	90 – 100
Mungari	10 – 15	0 – 5
Mt Carlton	7.5 – 12.5	25 – 30
Mt Rawdon	5 – 10	25 – 30
Cracow	17.5 – 22.5	10 – 15
Ernest Henry	10 – 15	0
<b>Group</b>	<b>105 – 135</b>	<b>150 – 180</b>

# FY19 GUIDANCE – DISCOVERY AND NON-CASH

FY19 Guidance	Depreciation & Amortisation* (A\$/oz)	Fair Value Unwind (A\$M)	Resource Definition** (A\$M)	Discovery (A\$M)
Cowal	430 – 480	10 – 15	3 – 7	15 – 20
Mungari	500 – 550	10 – 15	2 – 4	15 – 20
Mt Carlton	580 – 630		0 – 1	1 – 2
Mt Rawdon	550 – 600		0 – 1	0 – 1
Cracow	320 – 370		3 – 7	1 – 3
Ernest Henry	1,320 – 1,360		0	0
Corporate			0	8 – 9
<b>Group</b>	<b>575 – 625</b>	<b>20 – 30</b>	<b>10 – 20</b>	<b>40 – 55</b>

\* Depreciation & amortisation FY19 guidance includes fair value unwind and amortisation of Ernest Henry prepayment (10-12%)

\*\* Resource definition is included in the Sustaining Capital guidance



# Evolution

MINING