

# FY19 FINANCIAL RESULTS

YEAR ENDED 30 JUNE 2019

29 AUGUST 2019



## OPERATIONAL PERFORMANCE DRIVES RECORD FINANCIAL RESULTS

Independence Group NL (ASX: IGO) (IGO or the Company) is pleased to report its results for the year ended 30 June 2019 (FY19). Also refer to IGO's ASX Appendix 4E and Annual Financial Report for FY19 both released on 29 August 2019.

### Highlights

- **Record revenue and other income for the year of A\$793M**
- **Record underlying EBITDA<sup>1</sup> of A\$341M at an EBITDA margin of 43% for the Group**
- **Record net cash from operating activities was A\$372M**
- **Record underlying Free Cash Flow<sup>2</sup> was A\$278M for the year resulting in year-end cash balance of A\$348M and net cash of A\$263M**
- **Net profit after tax (NPAT) for the year was A\$76M, a 44% improvement over FY18**
- **Final dividend declared of 8c per share, franked to 97%**

Peter Bradford, IGO's Managing Director & CEO said: "FY19 was a record year for IGO with record revenue and other income totalling A\$793M, generating record underlying EBITDA of A\$341M. Nova safely delivered an outstanding second year of commercial production that exceeded FY19 production guidance, while Tropicana also delivered a strong performance, comfortably meeting production guidance.

As a result of our strong operating and financial result, the IGO Board has declared a final dividend for FY19 of A\$0.08 per share, franked to 97%, bringing total dividend payments in respect of FY19 to A\$0.10 per share and returning a record A\$59M to our shareholders. This is in line with our new cash return policy to return 15% to 25% of free cash flow to shareholders by way of dividends or share buy backs.

We also delivered significant progress on optimisation and value enhancement projects. This included our downstream processing study work to extract more value from our Nova nickel sulphide concentrate. Also of note, at Tropicana, the second ball mill was successfully installed and commissioned in FY19 and the Boston Shaker underground development was commenced. At Nova, we progressed technology solutions to improve productivity and costs.

Across both our greenfields and brownfields exploration programs, we accelerated our efforts to find more nickel, copper and cobalt, all metals critical to the global shift to clean energy, which includes renewable energy, grid scale energy storage and electric vehicles.

We have built a strong portfolio of belt scale exploration projects and "best in class" geoscience and discovery team. Through the application of science, we are unlocking an understanding of the prospectivity of our portfolio and have commenced drilling targets. Most importantly, at Nova, our work has demonstrated that the search space, of favourable geology, is far greater than originally apparent and, consequently, we have increased the Nova exploration budget for FY20 to accelerate drilling. In total, we have committed A\$66M to exploration in FY20 to discover the mines of the future.

We are currently enjoying robust nickel and gold prices and this, together with our consistent, reliable production of low cost, high grade products, puts IGO in a solid position for the year ahead.

None of this would be achieved without the commitment and hard work of our people, including our contractors, suppliers and local communities, who all come together every day to make a difference."

1. EBITDA (Earnings before Interest, Tax, Depreciation & Amortisation) of A\$343M. Underlying adjustments exclude net gain on sale of subsidiaries of A\$2.6M.

2. Free Cash Flow is representative of Net Cash Inflow from Operating Activities less Net Cash Outflow from Investing Activities totalling A\$290M. Underlying adjustments exclude payments for mineral interests and financial assets (A\$14.9M), proceeds on sale of Stockman (A\$10.0M) and net proceeds on sale of Jaguar (A\$16.7M).

## GROUP FINANCIAL SUMMARY

Year ended 30 June (A\$M)	FY19	FY18	Inc/(dec)
Total Revenue and Other Income	<b>792.9</b>	780.6	2%
Underlying EBITDA	<b>340.7</b>	338.6	1%
Net Profit After Tax	<b>76.1</b>	52.7	44%
Net Cash Inflow from Operating Activities	<b>372.3</b>	277.8	34%
Net Cash Outflow from Investing Activities	<b>(82.8)</b>	(105.0)	21%
Net Cash Outflow from Financing Activities	<b>(80.8)</b>	(68.9)	(17%)
Interim and Final Dividends (A\$ per share)	<b>0.10</b>	0.03	233%

A\$M	June 2019	June 2018	Inc/(dec)
Total Assets	<b>2,190.3</b>	2,174.9	1%
Cash	<b>348.2</b>	138.7	151%
Debt	<b>85.7</b>	142.9	(40%)
Total Liabilities	<b>341.2</b>	396.1	(14%)
Shareholders' Equity	<b>1,849.1</b>	1,778.8	4%
Net tangible assets (A\$ per share)	<b>3.13</b>	3.03	3%

### Financial Summary

Independence Group NL (ASX: IGO) (IGO or the Company) finished FY19 exceeding metal production guidance at Nova and comfortably meeting production guidance at Tropicana. The Group generated a record total revenue and other income of A\$793M, slightly outperforming the prior year result of A\$781M. This was primarily due to increased product revenue from Nova, which delivered higher production year-on-year and outperformed the top end of our FY19 production guidance in its second year since declaring commercial production.

Tropicana production was also higher than the previous year, driven by higher throughput, grade and a higher realised gold price. During the year, together with our Joint Venture partner, AngloGold Ashanti Australia (AGAA), we commenced development of the Boston Shaker Underground at Tropicana, with the firing of the first blast for the portal taking place on 8 May 2019. The Boston Shaker Underground has an estimated capital cost of A\$105M (including contingency), with IGO's share being A\$32M.

Exploration expenditure increased by A\$17M in FY19 compared to FY18, as the Group ramped up its pursuit of an exploration discovery through numerous prospective targets in its portfolio of high quality belt scale tenement holdings.

IGO generated record underlying EBITDA of A\$341M (FY18: A\$339M), and net profit after tax (NPAT) of A\$76M (FY18: A\$53M).

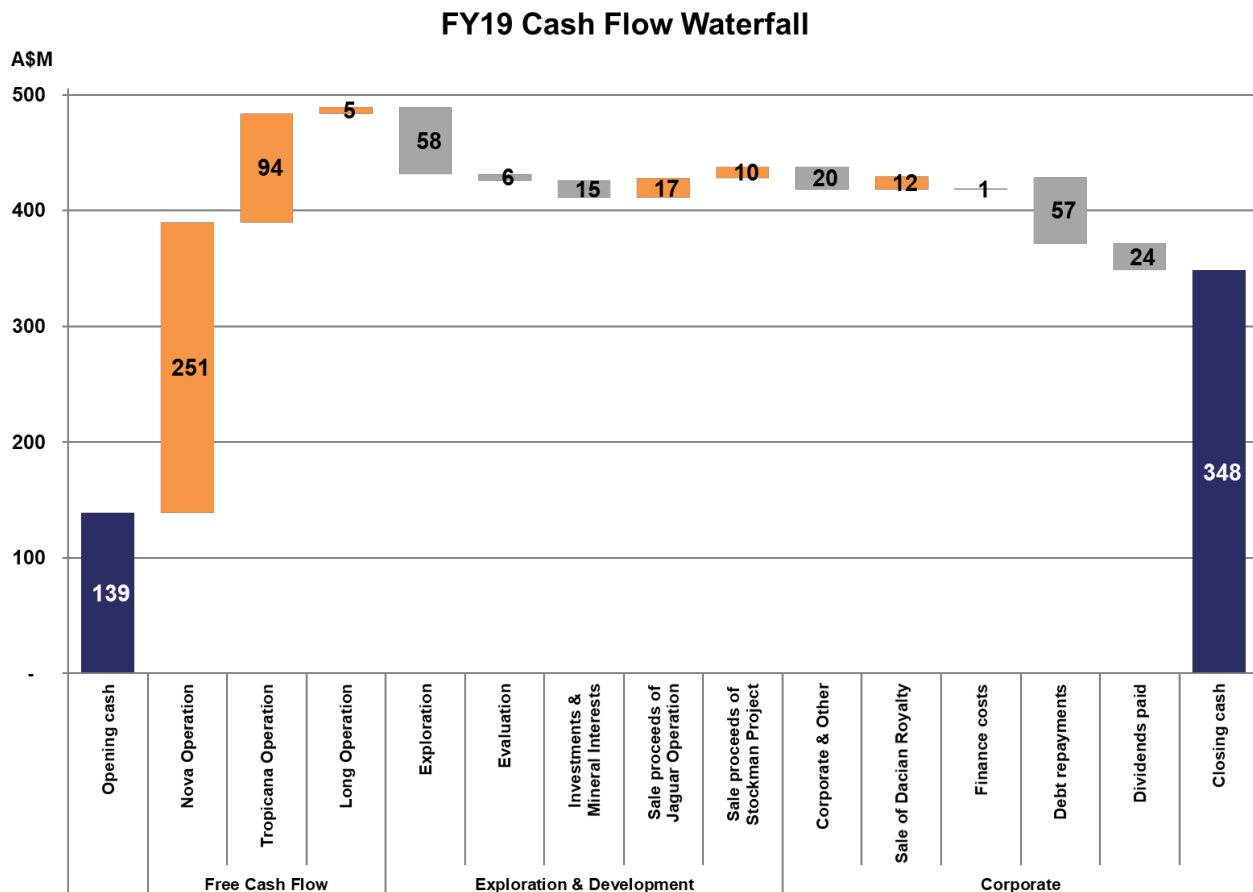
The Company's net cash position strengthened during the year to A\$263M (from A\$4M net debt at the end of FY18). Cash flows from operating activities for the Group were A\$372M, compared to the FY18 year of A\$278M. This was predominantly the result of higher production from Nova, together with increased production and a higher realised gold price at Tropicana. Year-end cash balances were A\$348M and the Company's outstanding debt was A\$86M.

Nova generated A\$289M cash flows from operating activities, which was a result of 22,434 tonnes of payable nickel sold (FY18: 14,074 tonnes), 12,208 tonnes of payable copper (FY18: 8,455 tonnes) and 372 tonnes of payable cobalt (FY18: 217 tonnes) sold during the year. Tropicana generated cash from operating activities of A\$148M following the sale of 154,402 ounces of gold refined and sold. Cash flow from operating activities also included A\$54M cash outflow for exploration expenditure and A\$6M for evaluation expenditure. Operating cash flows also include A\$12M cash inflow for the sale of a royalty and A\$18M cash outflow for corporate, net borrowing and other costs.

Cash outflows from investing activities decreased to A\$83M for the year, down from A\$105M for the FY18 year. The Company spent A\$78M on development expenditure of which A\$51M was for waste stripping at Tropicana and the balance for underground mine development at Nova. During the year, IGO received scheduled deferred consideration totalling A\$27M in respect of the sale of Jaguar and the Stockman Project in FY18.

Cash flows from financing activities during the year included two semi-annual repayments of borrowings totalling A\$57M and dividends totalling A\$24M.

The chart below outlines the significant Cash Flows for the Company during FY19:



## FY20 GUIDANCE

### Guidance commentary

IGO's guidance was previously announced in its Quarterly Report for the period ended 30 June 2019. This has been summarised below and should be read in conjunction with the aforementioned report:

- Nova, at the midpoint of FY20 guidance, is expected to produce 28,500t nickel, 11,750t copper and 900t cobalt at a cash cost of A\$2.25/lb payable nickel, inclusive of royalties and by-product credits. Total capital expenditure for Nova is expected to be lower year-on-year at A\$32M.
- Tropicana, at the mid-point of FY20 guidance, is expected to produce 475,000oz of gold (100% ownership basis) at an All-in Sustaining Cost of A\$1,150/oz of gold sold. Total IGO share of capital expenditure not included in All-in Sustaining Cost is expected to be A\$28M and this is for the development of the Boston Shaker Underground.
- Exploration expenditure and Evaluation expenditure for FY20, at the midpoint of guidance, is expected to be A\$66M and A\$7M respectively.

## FORWARD-LOOKING STATEMENTS

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Independence Group NL's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should", and similar expressions are forward-looking statements. Although Independence Group NL believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

## INVESTOR CALL AND WEBCAST

An investor call and webcast has been scheduled for 8.00am Perth time, Thursday 29 August 2019. Dial-in details for the call and the webcast link can be found below.

### Investor Audio Call

Meeting title: Independence Group Conference Call  
 Date: 29 August 2019  
 Conference ID: 10000641  
 Dial-in Numbers:  
 Australia Toll Free 1 800 558 698 or 1 800 809 971  
 Australia 61 2 9007 3187

Belgium	0800 72 111	Norway	800 69 950
Canada	1855 8811 339	Philippines	1800 1110 1462
China Wide	4001 200 659	Singapore	800 101 2785
France	0800 913 848	South Korea	00 798 142 063 275
Germany	0800 182 7617	Sweden	020 791 959
Hong Kong	800 966 806	South Africa	800999976
India	0008 0010 08443	Switzerland	800820030
Indonesia	001 803 019 3275	Taiwan	008 0112 7397
Ireland	1800 948 625	Thailand	001800 156 206 3275
Italy	800 793 500	UAE	8000 3570 2705
Japan	0053 116 1281	United Kingdom	0800 051 8245
Malaysia	1800 816 294	United States	1855 8811 339
New Zealand	0800 453 055		

### Webcast Details

To listen in live, please click on the link below and register your details:

<https://webcasting.boardroom.media/broadcast/5cee186fe06ef06151e9dc88>

Please note it is best to log on at least 5 minutes before 10am AEST (8am WST) on Thursday morning, 29 August 2019 to ensure you are registered in time for the start of the presentation.

Investors are advised that, in addition to the live webcast, a recording of the presentation will be available on the IGO website [www.igo.com.au](http://www.igo.com.au) approximately one hour after the conclusion of the webcast.

## INVESTOR AND MEDIA ENQUIRIES:

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