



Whitehaven sets out a 20-year future for its premium coal

Company/ASX Code	Whitehaven Coal Ltd/WHC
AGM date	Thursday 17 October 2019
Time and location	The Mint
Registry	Computershare
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Geoff Orrock
Pre AGM Meeting?	Yes via teleconference with Chair Mark Vaile

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

Statutory NPAT (net profit after tax) for FY19 (financial year 2019) was \$527.9m, a marginal increase on FY18. EPS (earnings per share) was 53.5 cps. Statutory Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was \$1001M, in line with FY18.

Record coal production of 18.4Mt was up 4% on FY18 with a strong finish at both Narrabri and Maules Creek. Total coal sales for the year were 17.6Mt, and high coal inventories at those two operations will support sales in Q1 FY2020. However, an increase in free on board (FOB) cost to \$67/t, 8% higher than the prior year, was due to both higher operating costs and production choices.

Operating cash flow was \$916.4m, up 2.7% on FY18, reflecting higher realised coal prices achieved during this financial year. Net debt of \$161.6m was down \$109m. Gearing decreased to 4%.

Dividends totalling 47cps were paid during FY19 (33cps in FY 2018). One-year total shareholder return (TSR) was \$(1.61) or (28.0%) a marked contrast to 3-year TSR of \$3.38 cps or 308%.

Planning continued for Winchester South prospect in Queensland and for Vickery which the company says will significantly increase the metallurgical coal exposure in the portfolio and take saleable coal production towards 40Mt by 2030.

WHC forecasts that thermal coal markets and future prices will soften further due to lower seaborne prices for gas (power generators shift from coal to gas where this is possible) and the impacts of international trade tensions and Chinese import customs clearance delays. However demand will continue to grow due to an increasing appetite for high quality thermal coal in WHC premium markets of Japan, Korea and Taiwan. Market opportunities in India for metallurgical coal accounted for 40% of the total metallurgical coal sales.

Summary

(As at FYE)	2019	2018	2017	2016
Stat NPAT (\$m)	527.9	524.5	405.4	20.5
Stat EBITDA (\$m)	1001.2	1002.2	714.2	224.1
Share price (\$)	3.66	5.78	2.87	1.08
Dividend (cents)	47	33	-	-
TSR (%)	(28.0)	128.9	165.7	(18.2)
EPS (cents)	53.5	53.1	40.7	2.1
CEO total remuneration, actual (\$m)	6.25	7.53	4.33	2.43

For FY 2019, the CEO's total actual remuneration was **71 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2018 data from the Australian Bureau of Statistics).

Note - For May 2019, the Full-time adult average weekly total earnings (annualised) was \$88,150 pa.

Item 2	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

The key elements of WHC's FY19 remuneration components were:

- Fixed remuneration (FR) benchmarked against peer companies. In FY19 the Managing Director's (MD) Fixed Remuneration (FR) was increased from \$1.353m to \$1.5m
- Short term incentive (STI) opportunity equal to FR for the MD if target performance in financial and non-financial goals are achieved, and 125% maximum, delivered 50% in cash and 50% in deferred equity with a service-based condition tested after one and two years
- Long term incentive (LTI) opportunity equal to 120% of FR for the MD is awarded as performance rights at no cost. Vesting is subject to Relative TSR hurdles tested after 3 and 4 years and a Cost Target hurdle to be tested in Jun 2021.

The TSR (Total Shareholder Return) comparator group of more than 20 mining companies was listed in the Annual Financial Report. The company also included Tables of Realised Pay, and STI and LTI Outcomes.

The ROM (run of mine) Production and Cost Targets were not achieved and the MD received an STI of \$1.208m which was 64% of maximum with other executives receiving commensurate amounts against their personal KPIs.

In the 4-year TSR period 2015 - 2019 WHC ranked fifth in a peer group of 23. In the 3-year TSR period 2016 - 2019 WHC ranked first in a peer group of 22. These two tranches vested fully. The Cost Hurdle target was not achieved and the tranche lapsed. Vested LTI at face value of the

awards was \$0.95m. Vested LTI due to share price appreciation was \$2.59m. The total LTI paid was \$3.54m, with commensurately lower amounts to other key management personnel (KMP).

Despite a sharp fall in share price during FY19, the 3-year TSR was 308%. There was satisfactory alignment between executive remuneration and shareholder reward and the ASA intends to support the remuneration report resolution.

Item 2	Approval of LTI grant to CEO/Managing Director Paul Flynn
ASA Vote	For

Summary of ASA Position

The Company proposes to grant Mr Flynn a long-term incentive allocation comprised of 497,561 Rights. Vesting of these rights is subject to achieving the performance hurdles set out below. The rights will be tested in June 2022 and Jun 2023.

The value of the LTI Awards to be granted to Mr Flynn is \$1,836,000 (equal to 120% of his annual fixed remuneration for FY20). The number of LTI Awards to be granted was calculated by dividing \$1,836,000 (the total value of Mr Flynn's LTI Awards) by the volume weighted average price of ordinary shares in the Company over the 20 trading day period that commenced 10 trading days prior to 30 June 2019, being \$3.69.

Mr Flynn's LTI Awards will vest and become exercisable subject to two performance hurdles. As per the remuneration report, 50% of the LTI Awards will be subject to a relative total shareholder return performance hurdle and 50% will be subject to the Company achieving a defined cost per tonne target. The awards will be tested on performance over periods of three and four years (respectively), with both performance periods commencing on 1 July 2019.

ASA will support this resolution.

Item 3	Election of Lindsay Ward BAppSc (Hons I), GradDip (Mgt), GAICD
ASA Vote	For

Summary of ASA Position

Mr Ward was appointed as a NED (non-executive director) by the Board on 15 February 2019. He is a member of the Remuneration Committee and the Health, Safety, Environment & Community Committee.

Lindsay has more than 30 years' experience in a wide range of operational and leadership roles across industries including mining, port management, rail haulage, power generation, gas transmission and logistics.

He is currently CEO of Palisade Integrated Management Services, which has 8 diverse infrastructure assets under management.

Mr Ward does not yet have an interest in ordinary shares in the Company.

Item 4	Re-election of The Hon. Mark Vaile
ASA Vote	For

Summary of ASA Position

Mark Vaile has served as Chair of the Board since joining the Company as an Independent NED on 3 May 2012. He is Chair of the Governance and Nomination Committee, a member of the Audit and Risk Management Committee, and a member of the Remuneration Committee.

As Deputy PM of Australia and Leader of the National Party from 2005 to 2007 he has established an extensive network of contacts in Australia and in East Asia.

Mark has significant experience as a company director and Chair, having been Chair of Ashton Resources Ltd and CBD Energy Ltd and a former NED of Virgin Airlines.

He has a relevant interest in 1,509,317 ordinary shares in the Company.

Item 5	Re-election of Mr John Conde BSc, BE (Electrical) (Hons), MBA (Dist)
ASA Vote	For

Summary of ASA Position

Mr Conde joined the company as an Independent NED and Chair of the Board on 3 May 2007 and has served as Deputy Chair since 3 May 2012. He is Chair of the Remuneration Committee and a member of both Governance and Nomination Committee and Audit and Risk Management Committee.

John has over 30 years of broad-based commercial experience across a number of industries including the energy sector and was Chair of the company prior to its merger with Ashton Resources Ltd. He is Chair of Cooper Energy Ltd and The McGrath Foundation and is President of the Commonwealth Remuneration Tribunal.

He has a relevant interest in 708,620 ordinary shares in the Company.

Item 6	Amendments to the Constitution
ASA Vote	For

Summary of ASA Position

The Company seeks approval to amend the Company's Constitution as follows:

- (a) Update the relevant rule relating to payments of dividends to reflect the current test for paying dividends contained in the Corporations Act;

- (b) Introduce a new provision to give the Board flexibility to transition to mandatory payment of dividends electronically;
- (c) Update the name of the Company in the Constitution to 'Whitehaven Coal Ltd'; and
- (d) Update definitions in the Constitution to reflect current ASX terminology.

ASA supports items (a), (c) and (d) as they are maintenance issues.

ASA also supports item (b) as it is a significant cost saving issue.

The individual who prepared these voting intentions has a shareholding in this company.

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