ASX Announcement
29 August 2022

# 2022 Half Year Financial Results

Dalrymple Bay Infrastructure Limited (ASX:DBI) ('DBI' or 'the Company') is pleased to announce its results for the period ended 30 June 2022 (1H-22).

## 1H-22 Highlights

- A 2Q-22 distribution of 4.5675 cents per security, in line with guidance of 18.27 cents per security for FY-22 representing a 1.5% increase on FY-21 distributions
- Total Income of $256.2 million with Terminal Infrastructure Charge (TIC) Revenue of $102.0 million
- Net profit after tax of $6.6 million
- Reported Borrowings of $1,999.7 million[1] at 30 June 2022, with gearing of 75.1% of asset base
- Investment grade balance sheet maintained
- $240m of bank debt refinanced and $100m DCM[2] debt repaid
- The Company remains in commercial price negotiations with customers. DBI remains optimistic it will reach pricing agreements with all or a majority of its customers but does not intend to comment on negotiations until they are concluded
- Adjustments to Access Charges payable by Users arising from the move to the light-handed regulatory framework will be backdated to an effective date of 1 July 2021

## Operational Performance

- The Dalrymple Bay Terminal (DBT) shipped 24.9Mt of coal in 1H-22
- Zero fatalities on site at DBT and a whole of site AIFR of 9.12[3]
- DBI remains committed to whole of terminal ESG principles with progress made towards alignment with TCFD recommended disclosures
- Detailed feasibility studies aimed at understanding the potential for development of a regional hydrogen production, storage and export facility located within the vicinity of the Dalrymple Bay Terminal continued during the period
- DBT continues to progress its FEL3 Studies for the 8X expansion with the technical aspects of the FEL3 study expected to be completed by late 2022, with associated economic assessments currently expected to be completed in 2H-23
- Development of DBI's overarching transition strategy has progressed and will be described in the Company's 2022 Sustainability Report

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[1] Excluding the loan notes attributable to securityholders and adding back capitalised borrowing costs of $7.3 million
[2] DCM means debt capital markets
[3] All Injury Frequency Rate (AIFR) for the 12 month period to 30 June 2022 and includes the Operator's employees and contractors

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Dalrymple Bay Infrastructure Managing Director and CEO, Anthony Timbrell said:

*"The Dalrymple Bay Terminal remains a critical link in the global steel making supply chain and a key asset in the Queensland and Australian economies. During the half we shipped 24.9 Mt of coal and while the volume shipped was down slightly on 1H-21, our long term take or pay contracts provide financial surety and allowed us to deliver a strong set of financial results for the half year.*

*The QCA's approval of a light-handed regulatory regime, effective from 1 July 2021, allows DBI to negotiate access charges directly with customers. We remain in discussion with our customers on the new pricing agreements under the light-handed regulatory framework and will update the market as appropriate.*

*We continue to advance our transition strategies including the feasibility studies for a hydrogen export facility at the terminal. We are working to formalise our transition strategy and I look forward to presenting it as part of our 2022 Sustainability Report later in the year.*

*I would like to thank all of our securityholders for your continuing support and I look forward to updating you on the outcomes of our access charge negotiations in due course."*

## Distributions

The Company has announced a 2Q-22 distribution of 4.5675 cents per security, taking the total announced distributions for 1H-22 to 9.135 cents per security. The 2Q-22 distribution will have a record date of 2 September 2022 and a payment date of 20 September 2022.

DBI's distribution guidance for FY-22 distributions remains at 18.27 cents per security.

## Operational Review

DBT is a predominantly metallurgical coal terminal that operates 24 hours a day. DBT exported more than 55 different grades of metallurgical coal to 22 countries in the 12-month period to 30 June 2022. Key 1H-2022 operating highlights for DBT include:

- total coal exports for the six months of 1H-2022 totalled 24.9mt of coal (25.3mt in 1H-2021)
- exports from DBT to India were 45% lower in 1H-2022 than in 1H-2021, with India reportedly buying significant quantities of Russian coal in recent months
- key export destinations were Japan, South Korea, Europe and Taiwan, accounting for approximately 75% of total exports (66% in 1H-2021)
- production at multiple mines in DBT's catchment were reportedly impacted by COVID-19 interruptions and general skills shortages
- exports to China continue to be impacted by the Chinese government restrictions on Australian coal imports

## Financial Review

During the reporting period, the Group made a net operating profit after income tax of $6.6 million (1H-21 $113.2 million).

| $ million | 1H-22 Statutory Results | 1H-21 Statutory Results |
|---|---|---|
| TIC revenue | 102.0 | 100.9 |
| Handling revenue | 132.3 | 118.8 |
| Revenue from capital works performed | 21.4 | 20.1 |
| **Total revenue** | **255.7** | **239.8** |
| Terminal operator's handling costs | (132.3) | (118.8) |
| G&A expenses (excluding IPO Transaction Costs)[4] | (8.1) | (7.2) |
| Capital work costs | (21.4) | (20.1) |
| G&A expenses (IPO Transaction Costs) | 3.6 | 94.0 |
| **EBITDA (non-statutory)[5]** | **97.5** | **187.7** |
| Net finance costs[6] | (61.9) | (39.3) |
| Depreciation and amortisation | (19.6) | (19.5) |
| Profit before tax | **16.0** | **128.9** |
| Income tax (expense)/benefit | (9.4) | (15.7) |
| **Net profit after tax** | **6.6** | **113.2** |

When comparing statutory results for 1H-22 to the comparative 1H-21 period:

- a reversal of IPO Transaction Costs of $94 million was recorded during 1H-2021. A further reversal of $3.6 million was recorded during 1H-2022 following the finalisation of various items in respect of which preliminary estimates were provided for in the Prospectus at the time of listing.
- net finance costs include interest on DBI's external borrowing, net of interest revenue plus non-cash interest on stapled loan notes, non-cash amortisation of fair value adjustments to debt and unrealised gains or losses on hedging (refer to note 6 of the Interim Financial Statements). The finance costs payable to external parties has reduced by $3.5 million, however this has been offset by the non-cash finance costs increasing by $24.5 million as a result of movements in hedge valuations and repaying debt fair valued at IPO before its maturity date during 1H-2022.

## Balance Sheet

Liquidity in the Group as at 30 June 2022 comprised $480.0 million in undrawn bank facilities (31 December 2021: $203.0 million), which includes $40 million undrawn on the liquidity facility (31 December 2021: $33 million), and $89.9 million cash at bank (31 December 2021: $42million). The Group also had $40 million held in a Debt Service Reserve account (31 December 2021: $33.0 million).

The Group's debt book comprises bank debt and fixed and floating rate bonds, with a weighted average tenor at year end of 6.98 years (31 December 2021: 5.03 years). As at 30 June 2022, total reported borrowings were $1,999.7 million (excluding the loan notes attributable to securityholders and adding back capitalised borrowing costs of $7.3 million) and non-statutory drawn debt was $1,928.2 million[7] (31 December 2021 reported borrowings: $2,046.6 million and non-statutory drawn debt: $1,870.9 million).

[4] "G&A Expenses" means general and administrative expenses and IPO Transaction Costs are detailed in note 30 to DBI's Financial Report for the year ended 31 December 2020 released to the ASX on 26 February2021 and described in the Prospectus (as released to the ASX on 8 December 2020) as "Transaction Costs"

[5] Earnings Before Interest, Tax, Depreciation and Amortisation

[6] Includes Interest expense and fair value adjustments on Stapled Loan Notes. This is net of interest received shown in the financial statements as other income.

[7] Non-statutory debt uses the foreign currency exchange rate per the CCIR swaps to translate USD denominated debt to AUD.

Currency exposure on the USD-denominated USPP notes is 100% hedged under cross currency interest rate swaps (CCIRS) transacted at the time of raising the USD debt. These CCIRS are hedged for the life of the foreign currency borrowings, removing sensitivity to foreign exchange movements for both interest and principal.

| $ million | Statutory 30 June 2022 | Statutory 31 December 2021 |
|---|---|---|
| *Short Term Debt* | | |
| Bank Facilities[1] | - | 9.0 |
| Note Facilities | 436.2 | - |
| *Long Term Debt* | | |
| Bank Facilities[1] | - | 346.2 |
| Note Facilities | 1,563.5 | 1,691.4 |
| **Total Borrowings[2,3]** | **1,999.7** | **2,046.6** |
| Restricted Cash[4] | 40.0 | 33.0 |
| Unrestricted Cash | 89.9 | 42.0 |
| **Total net debt** | **1,869.8** | **1,971.6** |

Notes:

1. The Company had $480.0 million in undrawn bank facilities at 30 June 2022 (31 December 2021: $203.0 million), which included $40 million undrawn on the liquidity facility (31 December 2021: $33 million)
2. USD borrowings expressed in AUD at the exchange rate per the cross-currency interest rate swaps transacted at the time of raising the USD debt.
3. Total statutory borrowings exclude loan establishment costs of $7.3 million (31 December 2021: $5.5 million).
4. Restricted cash is the debt service reserve account, which represents 6 months debt service.

## Regulatory and Commercial Environment

Under the regulatory regime applying to DBT and administered by the Queensland Competition Authority (QCA), DBIM[8] is required to submit a draft access undertaking to the QCA for approval every 5 years. DBIM submitted a draft access undertaking to the QCA for assessment on 1 July 2019 proposing a transition to a lighter-handed regulatory framework in the form of a 'negotiate-arbitrate' pricing regime. On 1 July 2021, the QCA approved the 2021 Access Undertaking, which endorsed the application of a lighter-handed regulatory framework.

Commercial negotiations with customers remain underway and DBI will update the market when appropriate. When agreements are reached with customers or determined by an arbitrator, the price as agreed or determined will be backdated to an effective date of 1 July 2021 and retrospective payment adjustments will be made.

## 8X Expansion

DBT retains significant expansion optionality to accommodate metallurgical coal exports from the Bowen Basin. The 8X expansion presents a well-defined technical and commercial pathway to expand capacity in 4 phases. The 8X expansion is focused on terminal optimisation by maximising storage volume as well as increasing inloading and outloading capabilities within the existing footprint of DBT and its marine facilities.

In December 2020, DBI completed the technical aspects of a FEL2 Study (pre-feasibility) for the 8X expansion which was fully underwritten by access seekers. The study revealed that the 8X expansion can expand the system capacity to 99.1Mtpa at a cost of $1,276 million[9].

[8] Dalrymple Bay Infrastructure Management Pty Ltd, a wholly owned subsidiary of DBI

[9] Based on FEL2 at a P50 confidence level. The cost estimate will be updated during FEL3

DBI commenced the fully underwritten FEL3 (full feasibility study) in April 2021. The technical aspects of the FEL3 study are expected to be complete by late 2022, with associated economic assessments currently expected to be completed in 2H-2023.

## ESG Performance

The Company takes a direct approach to reporting Environment, Social and Governance (ESG) disclosures to stakeholders with the publication of its annual Sustainability Report and strives to achieve continuous improvement in its sustainability reporting on key ESG priorities over time. Together, DBI and the Operator remain committed to leading environmental management practices, a low carbon future and strong partnerships and engagement with their communities. DBI and the Operator recognise that DBT's unique location within the Great Barrier Reef World Heritage Area and its proximity to residential communities bring responsibility to ensure operations continue to minimise the potential for any detrimental impacts on people or the unique ecosystem.

In 2022, DBI conducted a new sustainability materiality assessment which considers the key issues raised by stakeholders regarding DBI's impacts on the economy, environment and people. DBI received more than 300 responses to the survey and will be incorporating the feedback into its Sustainability Strategy over the next year. DBT continues to report zero reportable environmental incidents and exceedances, zero fatalities and an All Injury Frequency Rate (AIFR) of 9.12.[10]

DBI also committed to its recently agreed voluntary Cultural Heritage Management Plan (CHMP) with the Yuwibara Aboriginal Corporation (the traditional owners of the land at DBT) and is developing an Indigenous and Cultural Partnerships strategy for the terminal.

Recognising DBI and the Operator's joint commitment to reducing energy and emissions intensity at DBT, DBT secured arrangements for 100% of its electricity requirements with 100% renewable benefits in the form of renewable electricity large scale generation certificates (LGCs) from 1 January 2023. This is a major step toward DBI's commitment to achieve net zero Scope 1 and Scope 2 emissions at DBT by 2050 with DBT's scope 2 electricity emissions representing approximately 98% of DBT's greenhouse gas emissions each year.

DBI has made initial qualitative disclosures against the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in its 2021 Annual Report and intends to improve on its disclosures over time with the publication of its second annual Sustainability Report for DBT expected 4Q-22.

## Outlook

The Company will continue to focus on its core investment drivers including:

- progressing the transition to a lighter-handed regulatory framework
- progressing the opportunities to capture long-term growing Bowen Basin metallurgical coal production via growth options such as the 8X expansion
- delivering on DBI's whole-of-terminal commitment to ESG and sustainability
- maintaining stable, predictable cash flows, via our long-term take-or-pay contracts
- progress hydrogen feasibility studies
- growing the asset base through continued investment in sustaining capital expenditure; and
- maintaining an investment grade balance sheet.

[10] For the 12 month period to 30 June 2022 and includes the Operator's employees and contractors

-ENDS-

Authorised for release by the Board of Dalrymple Bay Infrastructure Limited

More information


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### About Dalrymple Bay Infrastructure

Dalrymple Bay Infrastructure (DBI) through its foundation asset, the Dalrymple Bay Terminal (DBT), aims to provide safe and efficient terminal infrastructure and services for producers and consumers of high quality Australian coal exports. DBT, as the world's largest metallurgical coal export facility, serves as a global gateway from the Bowen Basin and is a critical link in the global steelmaking supply chain. By providing operational excellence and options for capacity expansions to meet expected strong export demand, DBI intends to deliver value to security holders through distributions, ongoing investment and capital growth. dbinfrastructure.com.au

### Forward Looking Statements

This announcement contains certain forward-looking statements with respect to the financial condition, operations and business of the Company and certain plans and objectives of the management of DBI. Forward-looking statements can be identified by the use of forward-looking terminology, including, without limitation, the terms "believes", "estimates", "anticipates", "expects, "predicts", "intends", "plans", "goals", "targets", "aims", "outlook", "guidance", "forecasts", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Such forward looking statements involve known and unknown risks, uncertainties and other factors which because of their nature may cause the actual results or performance of the Company to be materially different from the results or performance expressed or implied by such forward looking statements. Actual results may materially vary from any forecasts in this announcement. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement. To the maximum extent permitted by law, none of DBI, its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising out of fault or negligence, for any loss arising from the use of the information contained in this announcement. In particular, no representation or warranty, express or implied is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in this announcement nor is any obligation assumed to update such information. Such forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies. Before making an investment decision, you should consider, with or without the assistance of a financial adviser, whether an investment is appropriate in light of your particular investment needs, objectives and financial circumstances.