



**ASX Announcement**  
 19 August 2020

## **NORTHERN STAR DECLARES SPECIAL DIVIDEND AS UNDERLYING NPAT SOARS 69% TO A\$291.0M**

### **Final dividend of 9.5¢ plus special dividend of 10¢, both fully-franked**

Northern Star set for more significant growth in cashflow on back of leveraged exposure to gold price, increasing production to ~1.3Mozpa and Resources of 31.8Moz in Tier-1 locations

#### **HIGHLIGHTS**

- Record underlying net profit after tax up 69% to A\$291.0 million (FY19: A\$171.9 million)
- Record statutory net profit after tax up 67% to A\$258.3 million (FY19: A\$154.7 million)
- Underlying free cashflow surged 190% to A\$423.1M, up by A\$277.3M, on averaged realised gold price of A\$2,208/oz; free cashflow yield forecast to increase further given spot price is now A\$2,750/oz
- Group EBITDA up 55% to record A\$745.4 million (FY19: A\$479.7 million); Australian operations achieved an EBITDA margin of 49%; Pogo achieved an EBITDA margin of 22%, up from 7% in FY19
- Operating mine cash flow up 53% to record A\$901.6 million (FY19: A\$587.6 million<sup>1</sup>); Net mine cash flow up 54% to A\$559.2 million (FY19: A\$362.0 million<sup>1</sup>)
- A\$769.5 million in cash, bullion and investments at 30 June 2020 (30 June 2019: A\$361.4 million) after investing A\$1.3B in acquisition and growth comprising A\$1.1B for a 50% interest in KCGM and associated assets, A\$177.7M in takeover of Echo Resources and A\$206M in growth capital/exploration
- FY20 final fully-franked dividend increased 27% to A9.5¢ per share (FY19: A7.5¢ per share), taking full-year payout to A17¢ per share. Plus, special fully-franked dividend of A10¢ per share
- Industry-leading financial returns sustained: FY2020 average return on equity of 21% when normalised for the transformational KCGM acquisition
- Total Resources increased by 67% (12.7Moz) to 31.8Moz (after depletion of 912,000oz), Resources per share have grown by +179% over past five years; Importantly, Measured and Indicated Resources increased 94% to 20.8Moz, underpinning replacement of Reserves in coming years
- Group Reserves increased by 102% (5.5Moz) to 10.8Moz (after depletion of 912,000oz); Results underpin strong growth in forecast production and long mine life visibility, Reserves per share have grown by 348% over the past five years (despite production of 3.6Moz)
- Northern Star Shareholders now benefit from the second-biggest ASX-listed production profile underpinned by this world-class mineral inventory, significant leverage to gold price, a clear pathway to annual production of 1.3Moz and one of the lowest capital intensities in the industry
- Northern Star will host the full year results call today, 19 August 2020 at 8.30am AWST (10:30am AEST); The call can be accessed at <https://webcast.boardroom.media/northern-star-resources-ltd/20200819/NaN5f34ebbc59132c0019f81c9b>

## FINANCIAL RESULTS FOR FULL YEAR TO 30 JUNE 2020

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Northern Star Resources (ASX: NST) is pleased to announce outstanding financial results for the past financial year, including a record profit, a final dividend of A9.5¢ a share and a special dividend of A10¢ a share.

Underlying net profit after tax jumped 69 per cent to A\$291.0 million and statutory net profit increased 67 per cent to A\$258.3 million.

The strength of the Company's financial and operating performance was reflected in the 190% growth in underlying free cashflow from A\$145.8 million in FY19 to A\$423.1 million in FY20 on an average realised gold price of A\$2,208/oz. Free cashflow yield forecast to increase further in FY21 given that the spot price is now A\$2,750/oz, more than A\$500/oz higher than in FY20.

Operating mine cash flow rose 53 per cent to a record A\$901.6 million.

Group EBITDA rose 55 per cent to A\$745.4 million as the Australian operations delivered an outstanding EBITDA margin of 49 per cent. Pogo operations EBITDA margin was 22 per cent for FY20, representing a 214 per cent increase on FY19.

During the year, Northern Star continued to invest heavily in its growth strategy through the A\$1.14 billion acquisition of a 50 per cent interest in KCGM and associated assets. In addition, the Company invested a further A\$177.7 million in completing the takeover of Echo Resources Limited.

The acquisition of the interest in KCGM was included in Northern Star's accounts from January 1, 2020.

This increased revenue base led to a 27 per cent rise in the final dividend to A9.5¢, fully-franked, which is in line with the Company's policy of paying dividends equal to 6 per cent of revenue.

Northern Star has also declared a special dividend of A10¢ a share, fully-franked. The decision to pay the special dividend reflects the Company's strong financial and operating position and the Board's underlying belief that surplus cash should be returned to those who own it.

Northern Star Executive Chair Bill Beament said the Company was strategically placed to capitalise on the strong gold price.

"We are on track to generate further significant increases in cashflow thanks to our substantial leverage to the gold price, our growing production profile and having one of the lowest capital intensity in the industry," Mr Beament said.

"We have Resources of almost 32Moz, including Reserves of 10.8Moz, in Tier-1 locations and we are generating strong organic growth as the result of our investment in exploration and development.

"The increased inventory, including our 9.5Moz Resource and 4.85Moz Reserve announced at KCGM this week, underpins our plan to grow production to 1.3Moz a year.

"We also have a pipeline of future growth opportunities in and around our other assets and infrastructure, which will help us drive ongoing increases in cashflow while maintaining our superior financial returns."

Mr Beament said Northern Star's decision to pay a special dividend reflected its robust financial position and growth outlook.

"At June 30, Northern Star held cash, bullion and investments of A\$769.5million. The Company also had bank debt of A\$700 million, which we subsequently paid down to A\$500 million in early July" Mr Beament said.

"Given the current gold price and the Company's FY21 production guidance, Northern Star is set to generate strong free cashflow this financial year.

"This forecast of strong cash generation is after allowing for the A\$198 million budgeted for capital growth in FY21 and another A\$101 million for exploration.

# FINANCIAL RESULTS FOR FULL YEAR TO 30 JUNE 2020

“With all the Company’s growth strategies, including an aggressive exploration and development program, as well as an increase in processing capacity at the Yandal Operations, expected to be comfortably funded from cashflow, the Board was faced with the option of accelerating debt reduction, retaining a large cash holding or increasing the return to Shareholders.

“The Board believes that given the historically-low interest rate environment and the Company’s relatively low gearing levels, accelerated debt repayment is an inefficient use of capital.

“In light of all these factors, and in recognition of the growing calls among both institutional and retail Shareholders for companies to return excess cash to Shareholders, the Board opted to declare a special dividend.”

The record date for the final and special dividends is 9 September 2020 with the payment date 30 September 2020.

Authorised for release to ASX by Bill Beament, Executive Chair.

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<sup>1</sup> Mine Operating cash flow is revenue minus site operating cash costs. Net mine cash flow is mine operating cash flow minus sustaining and non-sustaining capital (excluding Exploration investment and corporate allocation).

**Forward Looking Statements**

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**Mineral Resources and Ore Reserves**

The Mineral Resources, Ore Reserves and exploration results information reported in accordance with the 2012 edition of the Joint Ore Reserves Committee’s Australasian Code for Reporting of Mineral Resources and Ore Reserves (“JORC Code”) in this announcement for all the Company’s projects (excluding KCGM Operation) is extracted from the report entitled “Resources and Reserves, Production and Cost Guidance Update (ex-KCGM)” dated 13 August 2020, available at [www.nsrltd.com](http://www.nsrltd.com) and [www.asx.com](http://www.asx.com). For the purposes of ASX Listing Rule 5.23, Northern Star confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. Northern Star confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcements.

The Mineral Resources, Ore Reserves and exploration results information reported in accordance with the 2012 edition of the Joint Ore Reserves Committee’s Australasian Code for Reporting of Mineral Resources and Ore Reserves (“JORC Code”) in this announcement for the KCGM Operation is extracted from the report entitled “KCGM Reserves, Resources and Guidance Update” dated 18 August 2020, available at [www.nsrltd.com](http://www.nsrltd.com) and [www.asx.com](http://www.asx.com). For the purposes of ASX Listing Rule 5.23, Northern Star confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. Northern Star confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcements.