

# Australian Securities Exchange Notice



18 August 2022

ASX: DRR

## Full Year Report for the period to 30 June 2022

Deterra Royalties Limited (ASX: DRR) (**Deterra** or **Company**) is pleased to release its full year results for the financial year ended 30 June 2022 (FY22).

### Highlights:

- Royalty business model continues to deliver strong financial performance:
  - revenue of \$265.2 million, an increase of 83% on the prior year, includes \$46 million capacity payment from Mining Area C
  - EBITDA of \$256.8 million at an EBITDA margin of 97%
  - NPAT of \$178.5 million
- Fully franked final dividend of 22.08 cents per share declared (100 per cent of NPAT):
  - total full year FY22 dividend of 33.76 cents per share, fully franked (interim dividend of 11.68 cents per share)
- Significant organic growth from Mining Area C with South Flank expansion ahead of schedule:
  - annual production of 111 million wet metric tonnes, up 80 per cent on the prior year
- \$350 million undrawn credit facility provides liquidity to act on value accretive transactions
- Net-zero operational Greenhouse Gas footprint

### Key Points of Note:

\$ million, unless otherwise stated	FY22	FY21 <sup>1</sup>	Increase/(decrease)
Revenue	265.2	145.2	83%
Underlying EBITDA <sup>2</sup>	256.8	135.5	90%
Underlying EBITDA Margin	97%	97%	0%
Net Profit After Tax (NPAT)	178.5	94.3	89%
Dividends paid and declared (cps) <sup>3</sup>	33.76	17.83	89%

<sup>1</sup>Comparisons to the prior year are made to the non-standard period of 15 June 2020 to 30 June 2021. This non-standard period includes 12 months of royalty revenue and only eight months of operating expenses to account for the series of intercompany transactions that occurred as part of the demerger of Deterra from Iluka Resources Limited. Further details describing the demerger transactions can be found on page 96 of Deterra's 2022 Annual Report.

<sup>2</sup>Non-IFRS measures are unaudited but derived from the audited accounts and reconciliations included in Deterra's Annual Report 2022. See Deterra's 2022 Annual Report for earnings adjustments.

<sup>3</sup>Dividend per share is calculated on the Group's number of shares at the time the dividend was declared. Pre-demerger dividends per share shown based on the share count for the period immediately following demerger and is included in total dividends on this same basis.

## Overview of Financial Performance

Revenue for the period was \$265.2 million, an increase of 83% on the prior year. This increase in revenue is attributable to increased production at Mining Area C (MAC), which was up 80 per cent in the same period due to the continued ramp-up of the South Flank expansion. Revenue royalties from MAC were up 57 per cent to \$218.8 million and a capacity payment of \$46 million was received for the period. An additional \$0.4 million was received from ongoing operations at the Yalyalup and Wonnerup mineral sands assets.

Total operating expenses for the period were \$8.4 million, inclusive of business development expenditure. The increase on the prior year reflects the inclusion of a full year of costs as well as an increase in business development activity as the Company continues to assess investment opportunities.

## Dividend

The Board has determined to pay a fully franked, final dividend of \$116.7 million or 22.08 cents per share. Together with the interim dividend of \$61.7 million or 11.68 cents per share this brings the total FY22 dividend to \$178.4 million or 33.76 cents per share equal to 100 per cent of NPAT. The dividend is expected to be paid on 21 September 2022 to shareholders of record on 26 August 2022.

Deterra's Managing Director, Julian Andrews, commented on the results:

*"Deterra's full year results for FY22 once again reflect the quality of our assets and the operation of our business model.*

*"In particular, our cornerstone asset, the Mining Area C (MAC) royalty, had an outstanding year, with MAC producing 111 million wet metric tonnes (Mwmt), an increase of 80% on the prior year as the South Flank expansion continued its ramp up to full production. The expansion is now ahead of its schedule to increase overall MAC production to 145 Mwmt per year by mid-2024 and BHP is to be credited for impressive execution of this US\$3.6 billion capital project which will grow Mining Area C into the world's largest iron ore hub.*

*"This record production resulted in record revenues and earnings for the Company and I am pleased to note the Directors have declared a fully franked dividend of 22.08 cents per share, which combined with the 11.68 cents per share interim dividend brings the total dividend for FY22 to 33.76 cents per share, 100 per cent of net profit after tax.*

*"We continue to look for opportunities to add to our portfolio and our team has evaluated a large number of potential acquisitions and investments, although value accretive opportunities have been limited. However, we do believe the current macroeconomic environment will create more opportunities for our business as miners and developers look beyond traditional debt and equity markets for additional sources of funding.*

*"We recognise our role as financier in a cyclical industry and maintain a long term focus in our investment decisions. Deterra has maintained a strong balance sheet and has significant liquidity to be able to make value-accretive investments for the benefit of its shareholders throughout the commodity cycle."*

## **FY22 Financial Results Teleconference**

Deterra's Managing Director and Chief Executive Officer, Julian Andrews, and Chief Financial Officer, Brendan Ryan, will host a conference call for equity markets participants to discuss the FY22 financial results. The conference call will take place at 9:00am (AEST) on Thursday, 18 August 2022. The live audio webcast and on-demand replay of the results briefing will be available at [www.deterraroyalties.com](http://www.deterraroyalties.com) and via the following link:

<https://edge.media-server.com/mmc/p/prhvhv6n>

This document was approved and authorised for release by Deterra's Managing Director.

**Bronwyn Kerr**  
Company Secretary

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