

SE News  
 HD **Yancoal narrows H1 loss to \$179 million, sees weak coal prices ahead**  
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Australian **coal** producer Yancoal Wednesday posted a net loss of A\$192.7 **million** (\$179 **million**) for January-June, narrowing from a net loss of A\$522.7 **million** in the same period a year earlier, but warned it expected oversupply to continue to keep seaborne **coal** prices weak.

The miner, considered a bellwether for the Australian **coal** industry, attributed the loss to an overly strong Australian dollar and a prolonged downturn in seaborne **coal** prices in H1, but noted the loss had narrowed from a year earlier after it improved the operational performance of its mines and implemented a new regional reporting structure.

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"We are maximizing yields via product optimization and responding to new marketing opportunities for Yancoal's existing blending strategies," **company** CEO Reinhold Schmidt said in a half-year financial report to the Australian Securities Exchange.

Yancoal's **equity** share of saleable production from its mines rose 4% year on year to 7.9 **million** mt in H1, of which 4.2 **million** mt was thermal **coal** and 3.7 **million** mt coking **coal**.

The **company's coal operations** in the state of New South Wales -- Austar, Ashton, Moolarben, Gloucester and Donaldson -- produced 8.4 **million** mt of saleable **coal** in H1, while its Yarrabee and 50%-owned Middlemount **operations** in neighboring Queensland produced 3.1 **million** mt. The **company** did not provide year-on-year comparative data in the report.

Yancoal said it was now sharing rail and port facilities to reduce contract overhangs and associated costs and increasing blending opportunities to optimize its product mix.

The **company** confirmed its production target for the 2014 calendar year at 16.5 **million**-17 **million** mt.

Revenue from Yancoal's **coal** sales fell 9% in H1 to A\$654.5 **million** from A\$718.3 **million** in the same period a year earlier.

Oversupply to prompt mergers

The **company** said it expected oversupply would continue to weaken prices in the seaborne **coal** market in the coming year and could result in mergers in the global **coal** industry.

"Current pricing versus cost of production challenges are expected to drive further consolidation within the market, specifically among smaller operators, in the year ahead, and may provide some new marketing opportunities as Yancoal continues to maximize its existing blending strategies," the **company** said in the report.

Yancoal said its priorities for fiscal 2014-15 were to progress the expansion of its flagship Moolarben thermal **coal** mine, as well as its Stratford and Ashton mines in New South Wales.

Yancoal's 78% shareholder, **Chinese** miner Yanzhou **Coal**, scrapped plans in March to acquire the remaining 22% of shares it did not already own.

Mike Cooper

**CO** yaptyl : Yancoal Australia Limited | yankua : Yankuang (Group) Corp | ynzmn : Yanzhou Coal Mining Co Ltd

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