

Solid Energy says firming in coking coal prices will be positive

6 November 2009 - A firming in coal prices in recent months will be positive for Solid Energy, the energy producer's chairman John Palmer told the company's annual meeting in Wellington.

But he said the financial performance for the coming year will be behind the record result in the latest year to June 2009 where total revenue was over \$1 billion for the first time and after-tax profit of \$111 million was more than triple the 2008 profit of \$34 million.

Solid Energy described the 2009 result as "disappointing" despite the record earnings because plummeting coal prices and deferred shipments from halfway through the year meant profit was less than half the earlier forecast.

Record international prices were achieved in the first five months of the year with hard coking coal at US\$300/tonne. But by November international steel makers were running down coal stockpiles and cutting production. This was followed by cancelled or deferred export shipments for the rest of the financial year which impacted heavily on all parts of the business.

Solid Energy's coal exports for the year were down slightly at 1.8 million tonnes (2008: 1.9 million tonnes) and domestic coal sales were 2.2 million tonnes (2008: 2.5 million tonnes).

An additional 0.2 million tonnes, the company's 51% share of Spring Creek Mine sales lifted Solid Energy's total coal sales for the year to 4.2 million tonnes (2008: 4.5 million tonnes).

International coking coal prices dropped by more than half in the April 2009 to March 2010 year to between US\$120-130 a tonne.

Sources: Solid Energy and Lindsay Clark

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