

The top half of the slide features a close-up, high-angle photograph of numerous blue, translucent cubes. The cubes are arranged in a somewhat regular grid but have a three-dimensional, isometric appearance. They are illuminated from the top, creating highlights on their upper surfaces and shadows in the recesses between them. The overall color is a deep, vibrant blue.

# Magontec Limited

(ASX: MGL)

First Half 2017 - Interim Result

August 2017



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## Magontec Limited – 2017 Interim Results



Magontec Qinghai expected to commence production September 2017



NPAT excl unrealised FX down 31% on pcp



Fraud event impacts overall result

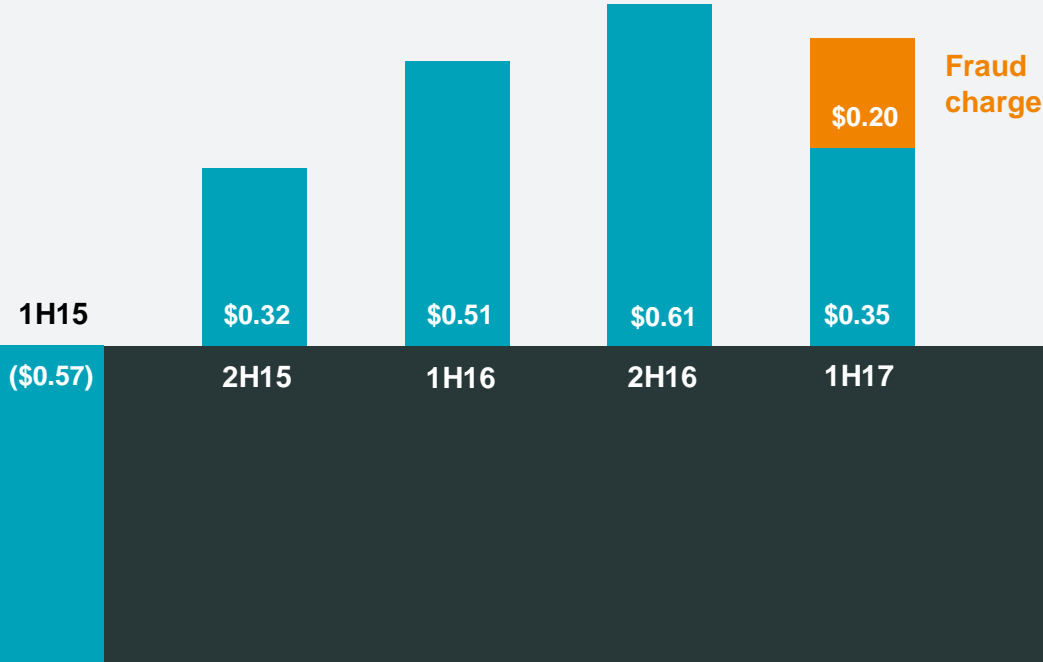


Underlying NPAT excl unrealised FX & fraud + 8% on PCP

FY 2017 Interim Result  
Underlying NPAT\* up 8% on previous corresponding period excluding impact of fraud



Underlying Net Profit After Tax\* (\$M)



\* Excluding effects of unrealised foreign exchange

## FY 2017 Interim Result

### Reconciliation of significant items in earnings

	6 months to 30-Jun-17 '\$000	6 months to 30-Jun-16 '\$000
<b>Net Profit Before Tax, unrealised FX and significant items</b>	<b>1,239</b>	<b>1,245</b>
<b>Significant items before tax</b>		
Less non-cash equity expense	(159)	(183)
Less extraordinary doubtful debts provision PRC	-	(202)
Less impact of fraudulent inventory loss	(292)	-
<b>Net Profit Before Tax excluding unrealised FX</b>	<b>788</b>	<b>859</b>
Less tax expense	(435)	(351)
<b>Net Profit After Tax before unrealised FX (underlying NPAT*)</b>	<b>353</b>	<b>509</b>
Add/(subtract) unrealised FX gains/(losses)	(737)	(428)
<b>Reported Net Profit After Tax</b>	<b>(384)</b>	<b>81</b>



1H17 earnings impacted by one-off items



Operational profit deterioration expected to be recoverable



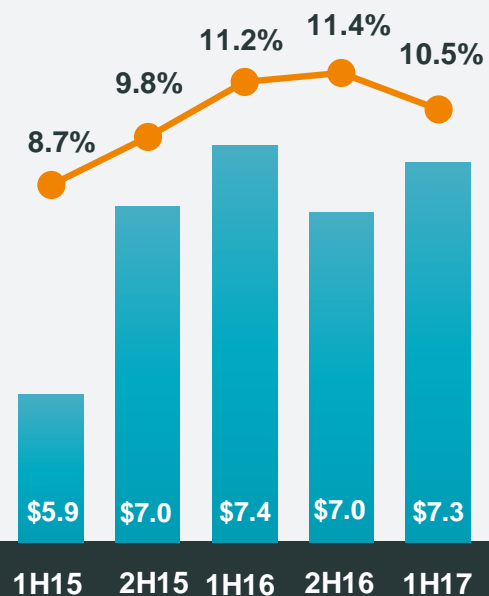
Magontec Qinghai expected to make first profit contributions in FY18

## FY 2017 Interim Result

Chinese anode volumes and Romanian recycling drag on overall performance



Gross Profit (\$M) and GP margin



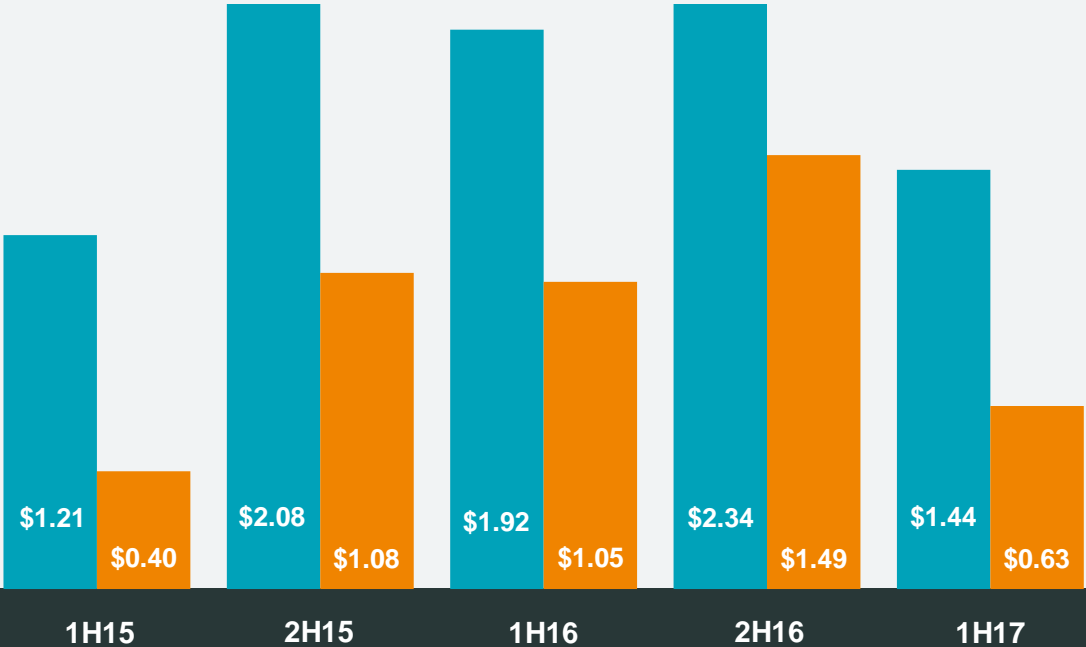
Cashflow (\$M)



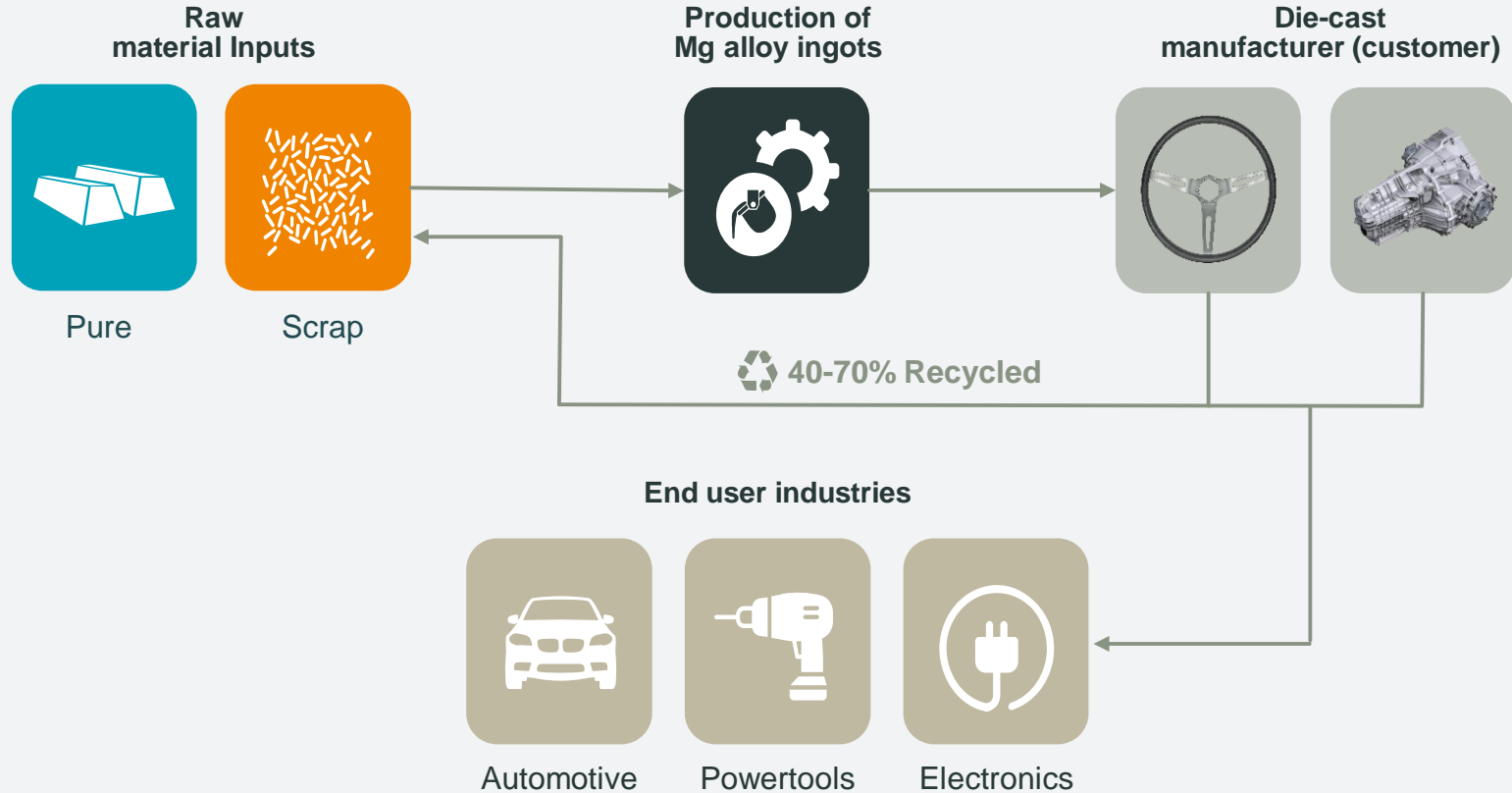
FY 2017 Interim Result  
EBITDA and EBIT impacted by one-off charges



EBITDA and EBIT contributions (\$M)



Magontec Limited – a leading producer of magnesium alloys  
Magnesium alloy is sold to die-cast manufacturers who make sophisticated products





Magontec has five recycling and manufacturing facilities in China, Germany and Romania



Production



Sales Office



Technology Centre



Cast House Project



Headquarters

## Qinghai electrolytic magnesium smelter complex (Golmud)

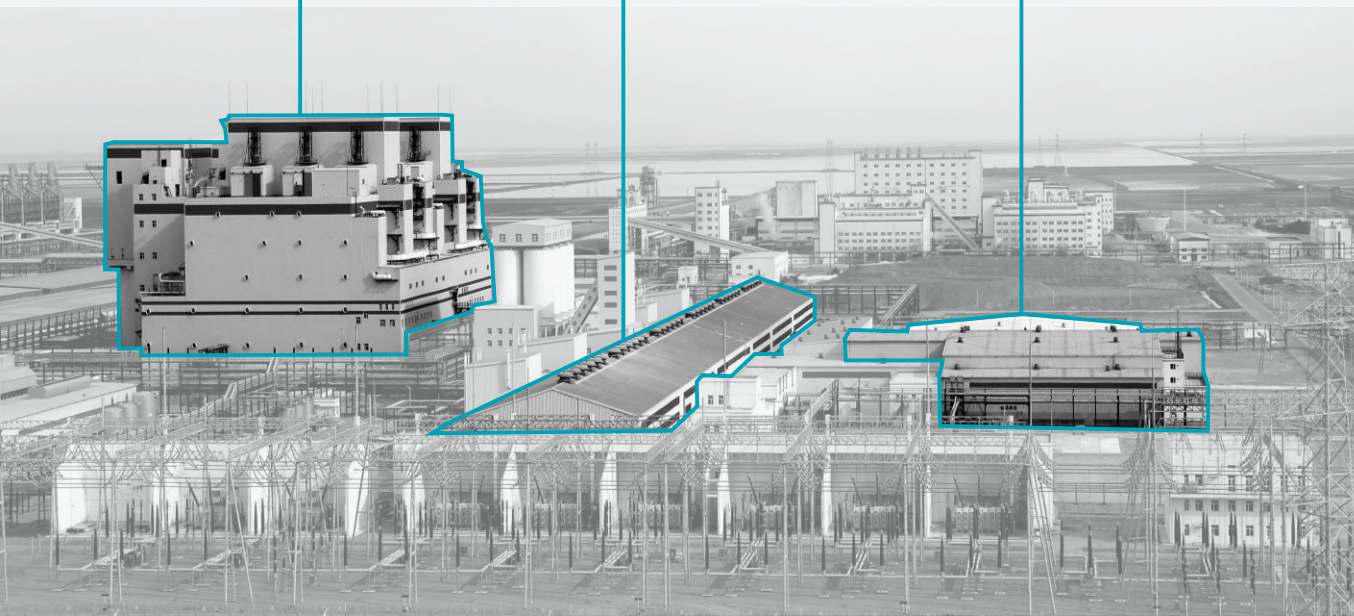
Dehydration



Reduction



Cast house



### Magontec Qinghai

MGL operates a new magnesium alloy cast house at Golmud in Qinghai Province PRC



### Agreements

Supply of 56,000 mtpa  
Exclusive Mg alloy rights  
Fixed off-take price metrics  
Lease (10+10 years)

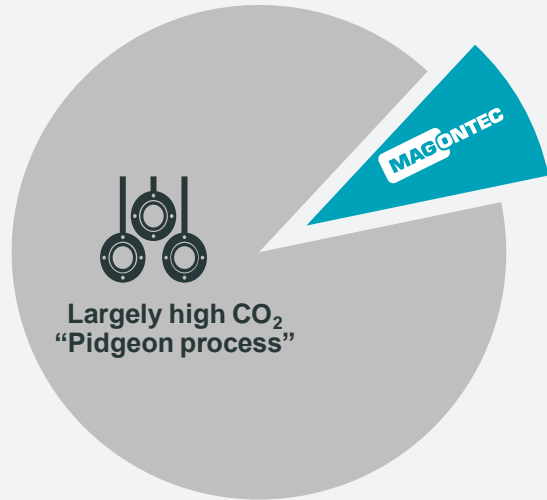


### Production

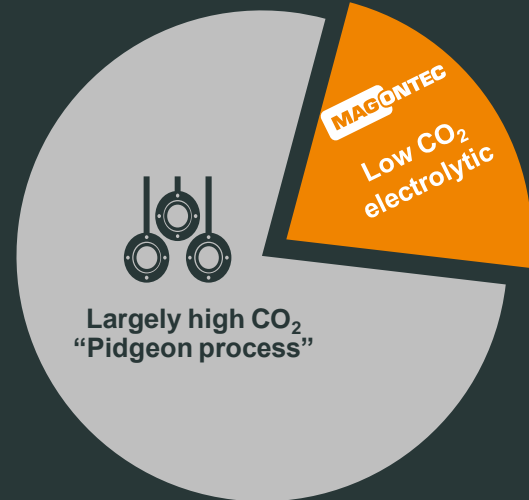
4\* Mg alloy cast lines  
85% renewable energy  
Future growth options

Magontec Qinghai will triple production and make  
Magontec the world's largest supplier of electrolytic  
Mg alloy

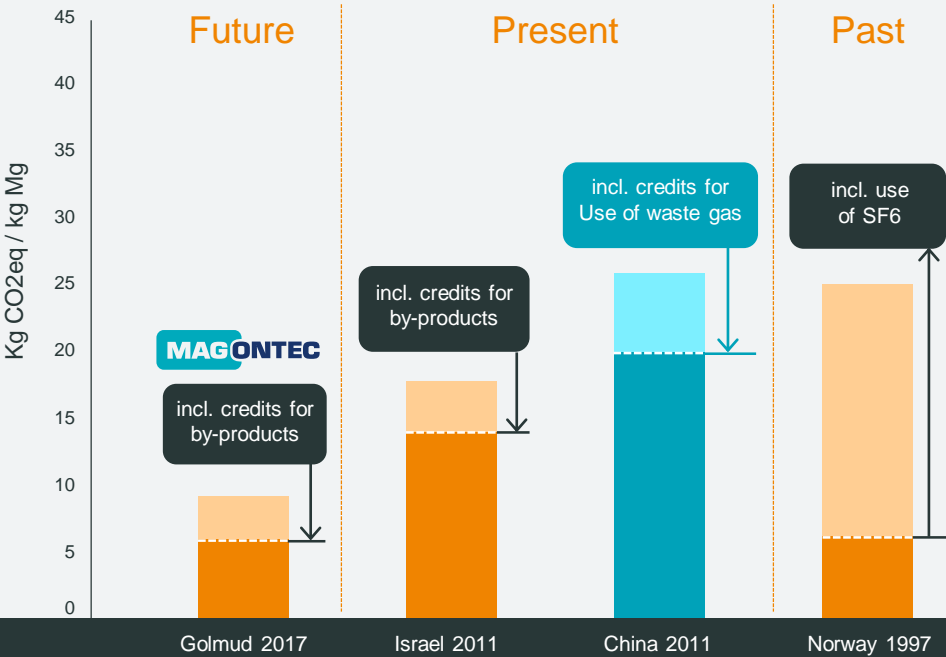
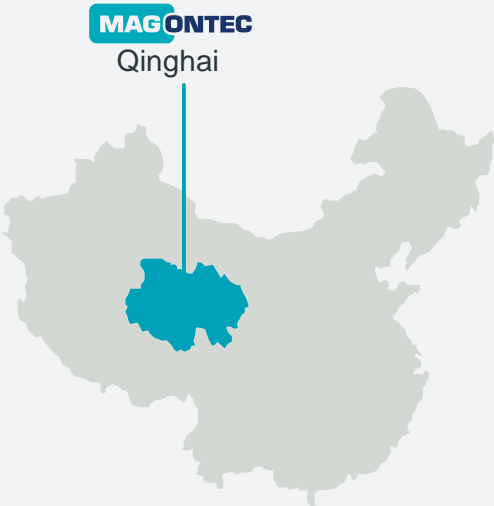
~10% Mg alloy market share 2015



Target > 20% Mg alloy market share



# Magontec Qinghai will use the lowest CO2 Mg ever produced\*



Electrolysis



Pidgeon process

\*German Aerospace Institute of Vehicle Concepts survey on CO<sub>2</sub> emissions from magnesium smelters around the World

## Magontec's corporate transformation creates an exceptional platform for growth



Improving  
financial  
fundamentals



Primary Mg alloy  
production  
volumes to triple



"Green"  
magnesium



Profit  
"inflexion" point







ASX Listed  
Capitalisation  
**\$45m**





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