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Magontec Limited

(ASX: MGL)

Full Year 2018 Result

28 February 2019



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Magontec Limited – 2018 Full Year Results

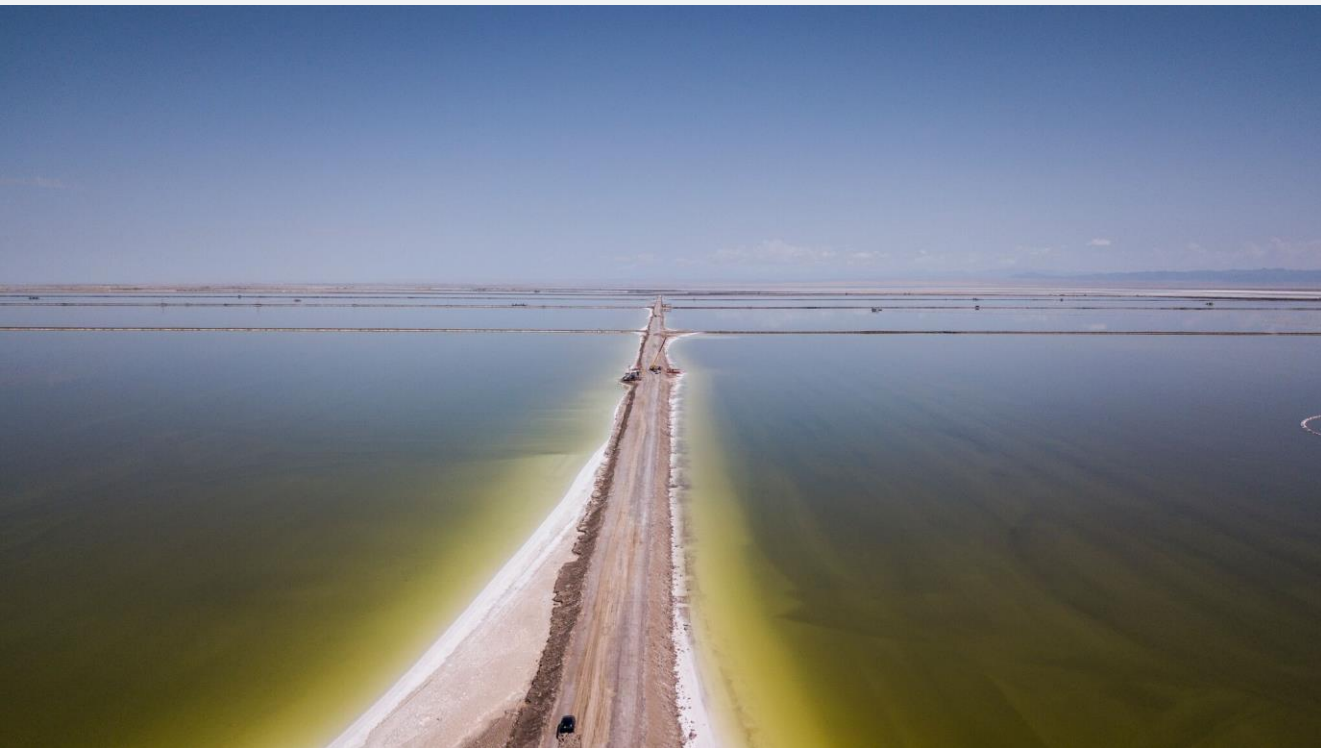


Photo: Qilai Shen



2018 underlying net profit of +\$0.5m* included \$0.95 million of extra non-cash depreciation over 2017 from the Magontec Qinghai facility



2018 positive underlying operating cash** generated of +\$5.0m



Magontec Qinghai cast house qualified by global customer base



Mg alloys produced at Magontec Qinghai:

- 3,601mt in the year to 31 December 2018
- 705mt in month of January 2019

* Reported net profit excluding the effects of unrealised foreign exchange

** Operating cash flow excluding working capital movements, interest and tax payments

FY 2018 Full Year Result

Underlying Net Profit* increased to \$0.5m in 2018, compared with \$1.2m loss in 2017

Underlying Net Profit After Tax * (\$M)

FY 2017

FY 2018**

\$0.5m

-\$1.2m



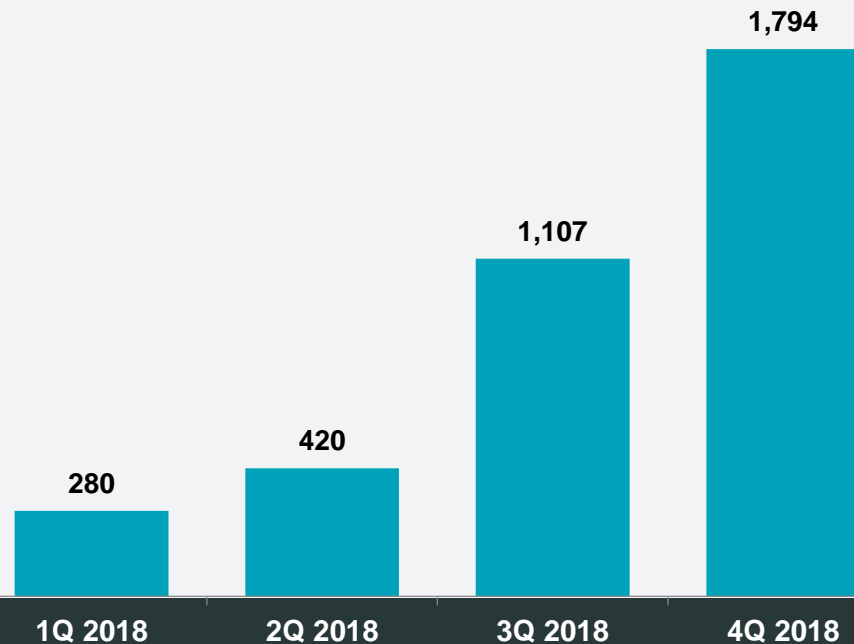
• Reported net profit/loss excluding the effects of unrealised foreign exchange

** Includes Depreciation of \$0.95m on Magontec Qinghai Magnesium Alloy Cast House assets that were not operating at full capacity in 2018

Magontec Qinghai production profile showing positive quarterly trend



Magontec Qinghai Production (tonnes)



FY 2018 Full Year Result

Reconciliation of significant items in earnings

	12 months to 31-Dec-18 '\$000	12 months to 31-Dec-17 '\$000
Net Profit Before Tax, unrealised FX and significant items	2,266	685
Significant items before tax		
Less MAQ start up costs	(101)	(194)
Less MAQ depreciation (non cash)	(951)	-
Less non-cash equity expense	(78)	(191)
Less impact of fraudulent inventory loss	-	(292)
Less one off historical real estate tax + bad debt exp	(32)	(165)
Less Magontec US start up costs	-	(211)
Net Profit Before Tax excluding unrealised FX	1,104	(368)
Less tax expense	(623)	(809)
Net Profit After Tax before unrealised FX (underlying NPAT*)	480	(1,177)
Add/(subtract) unrealised FX gains/(losses)	296	(437)
Reported Net Profit After Tax	776	(1,614)



2018 reported profit of \$776k included an additional \$951k of non cash depreciation from the MAQ facility



Prior year included significant items not repeated in the current year



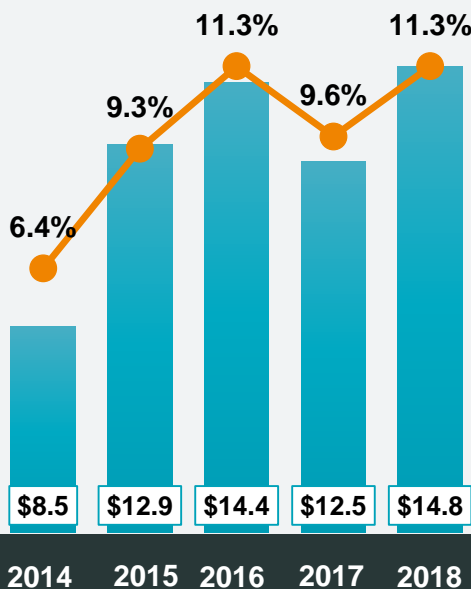
Magontec Qinghai first profit contribution in FY 2018

FY 2018 Full Year Result

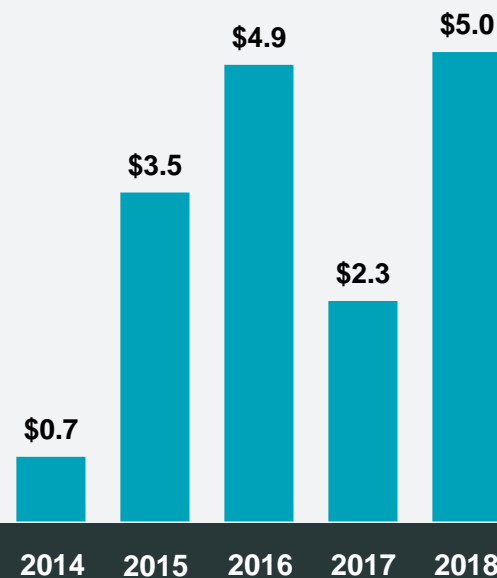
Overall performance showing an improving trend on 2017



Gross Profit (\$M) and GP margin



Underlying Operating Cashflow (\$M)*

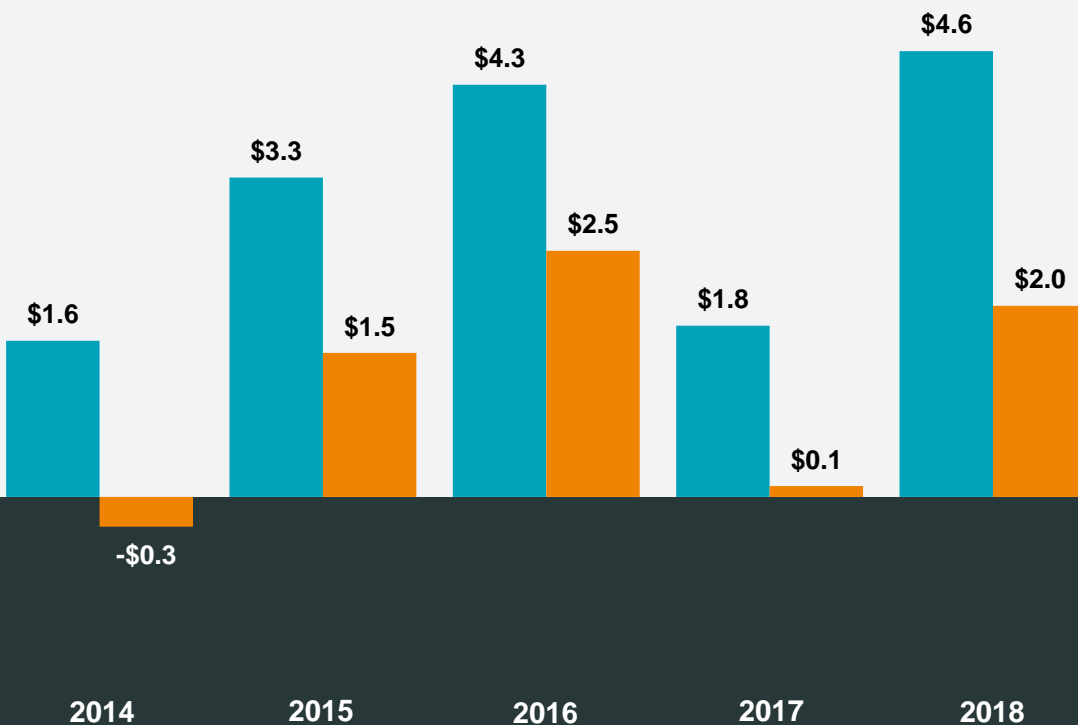


* Operating cashflow excluding working capital movements, interest and tax payments

FY 2018 Full Year Result

EBITDA and EBIT trend stabilising, EBIT impacted by additional depreciation from Magontec Qinghai

EBITDA and EBIT contributions (\$M)



Qinghai electrolytic magnesium smelter complex (Golmud)

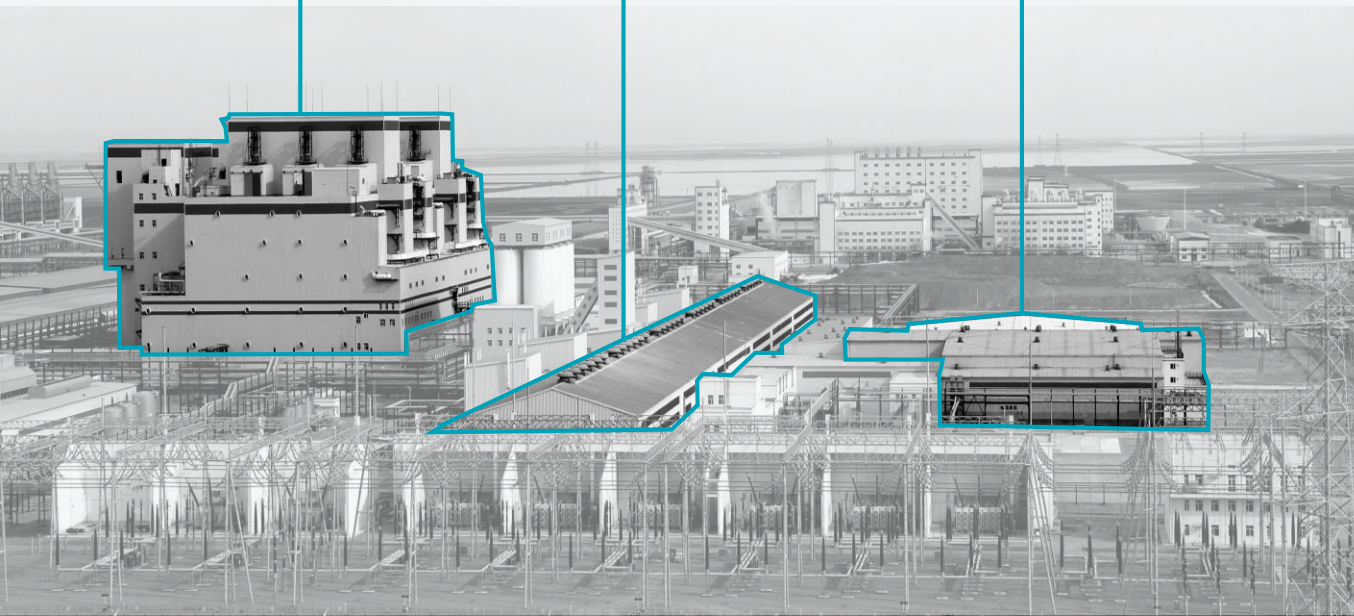
Dehydration



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)

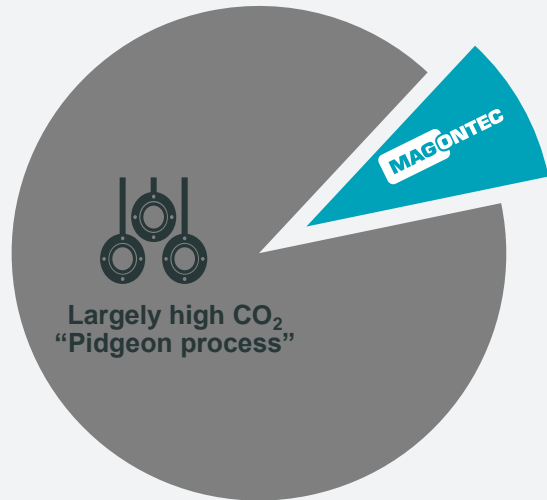


Production

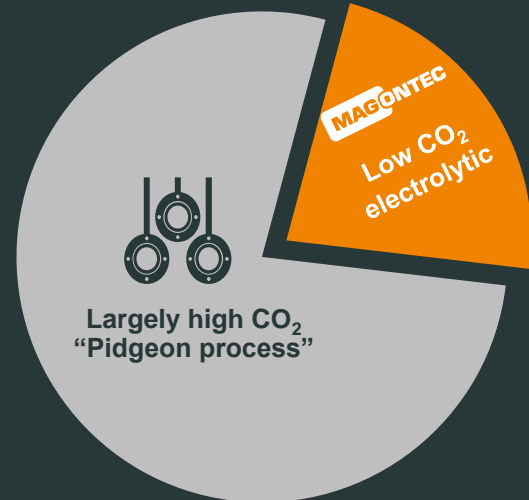
4* Mg alloy cast lines
85% renewable energy
Future growth options

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

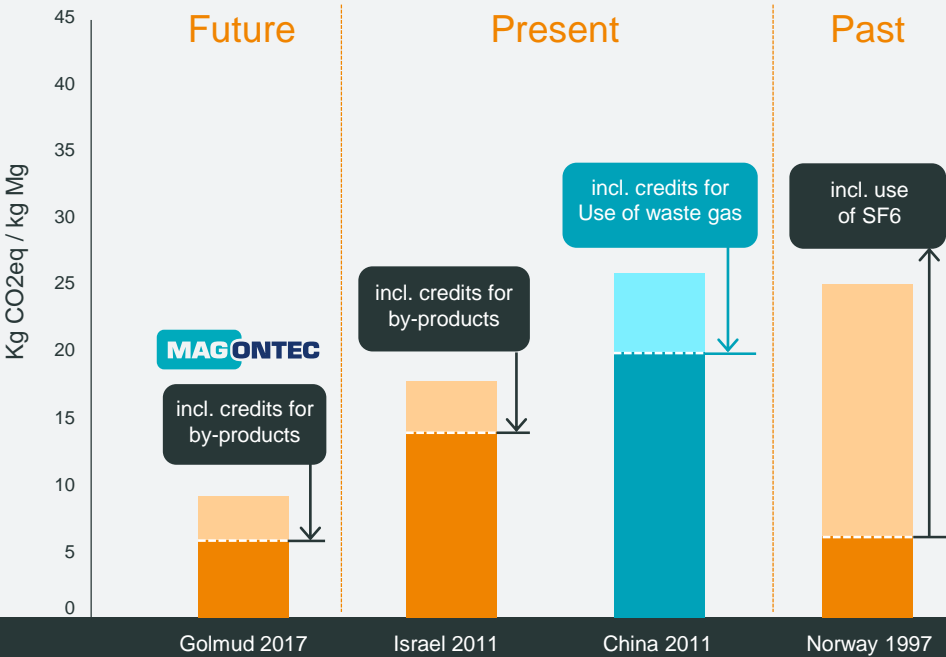
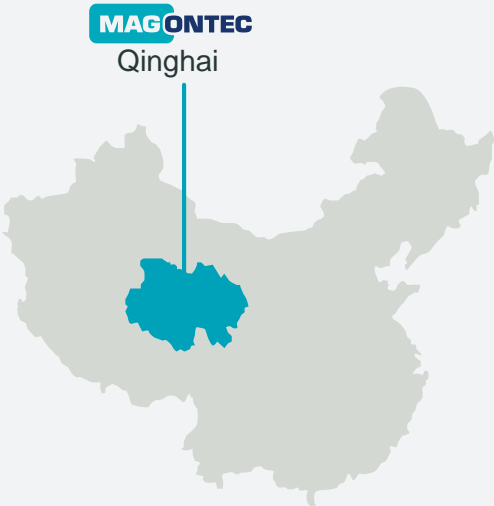
~10% Mg alloy market share 2015



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 CO₂ emissions from magnesium smelters around the World

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



Production



Sales Office



Technology Centre



Cast House Project



Headquarters

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




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