

The top half of the slide features a background image of numerous blue, translucent cubes or blocks stacked together, creating a geometric pattern. The lighting is soft, highlighting the edges and faces of the cubes.

Magontec Limited

(ASX: MGL)

First Half 2019 - Interim Result

29 August 2019



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Magontec Limited – 2019 Half Year Result Reporting Highlights



ANODES (CATHODIC CORROSION PROTECTION - CCP)

- Gross Profit up 15% across all CCP businesses
- Increased market share and expansion to new markets
- Higher volumes and improved competitiveness through automation



PRIMARY MAGNESIUM ALLOYS

- Magontec Qinghai continues to operate at low levels of supply and production
- Business unit loss making in 1H 2019 and incurred depreciation of \$651,000 in the period



MAGNESIUM ALLOY RECYCLING

- Romania returns to profit
- Total European volumes down 6% on PCP - reflects automotive volume declines
- European Gross Profit up 11% versus prior corresponding period (PCP), largely due to Romanian recovery

2019 Half Year Result Financial Highlights

	6 months to 30-Jun-19	6 months to 30-Jun-18
Gross Profit	\$7.96m	\$7.30m
Gross Profit Margin	11.8%	11.1%
Net Profit Before Tax, unrealised FX, significant items*	\$1.533m	\$0.611m
Reported Net Profit After Tax	\$0.254m	\$0.180m
Underlying NPAT**	\$0.404m	(\$0.145m)
Underlying Operating Cashflow***	\$2.7m	\$1.6m
Net Debt to Net Debt + Equity	21.9%	21.3%



Gross Profit up 9% on higher margins. Gross Profit increase overall driven by CCP businesses



Underlying NPAT of +\$0.40m** includes \$0.65 million of non-cash depreciation from the Magontec Qinghai facility



1H 2019 positive underlying operating cash*** generated of +\$2.7m



Net Debt of \$9.5m and Net Cash of \$10.6m

* MAQ pre-tax losses disclosed in the pcg have been removed from significant items as it is now part of recurring business

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

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

2019 Half Year Result

Reconciliation of significant items in earnings

	6 months to 30-Jun-19 '\$000	6 months to 30-Jun-18 '\$000
Net Profit Before Tax, unrealised FX and significant items*	1,533	611
Significant items before tax		
Less non-cash equity expense	(65)	(28)
Less MAQ depreciation (non cash)	(651)	(507)
Net Profit Before Tax excluding unrealised FX	818	76
Less tax expense	(414)	(221)
Net Profit After Tax before unrealised FX (underlying NPAT**)	404	(145)

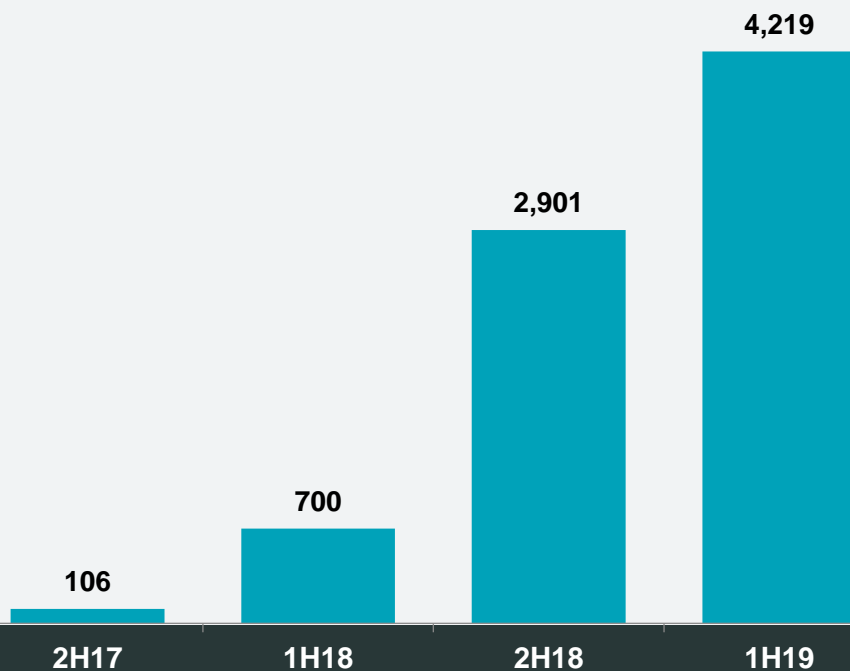
* MAQ pre-tax losses disclosed in the pcip have been removed from significant items as it is now part of recurring business

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

Magontec Qinghai production continues to rise – albeit below expectations



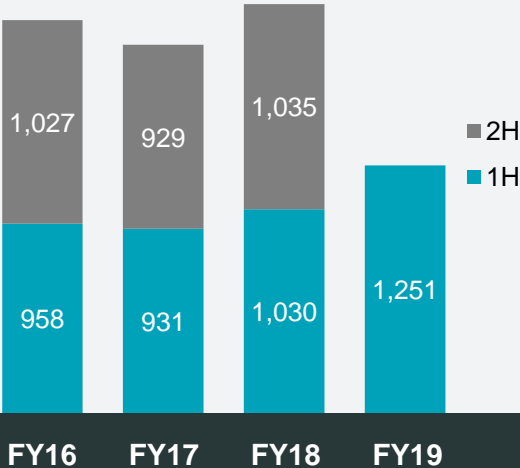
Magontec Qinghai Production (tonnes)



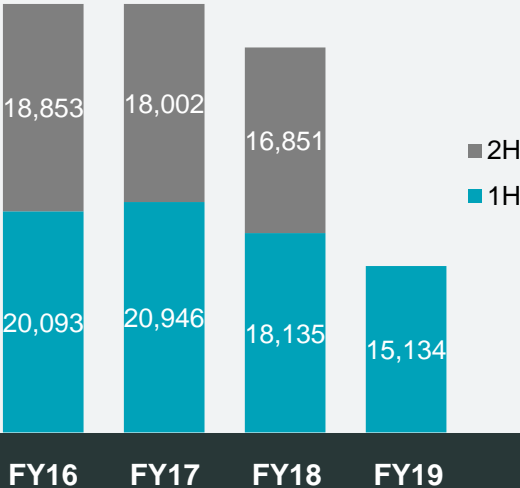
2019 Half Year Result

Magnesium Anode Volumes continues to increase, Metal Volumes lower

Magnesium Anode
Sales Volumes (mt)



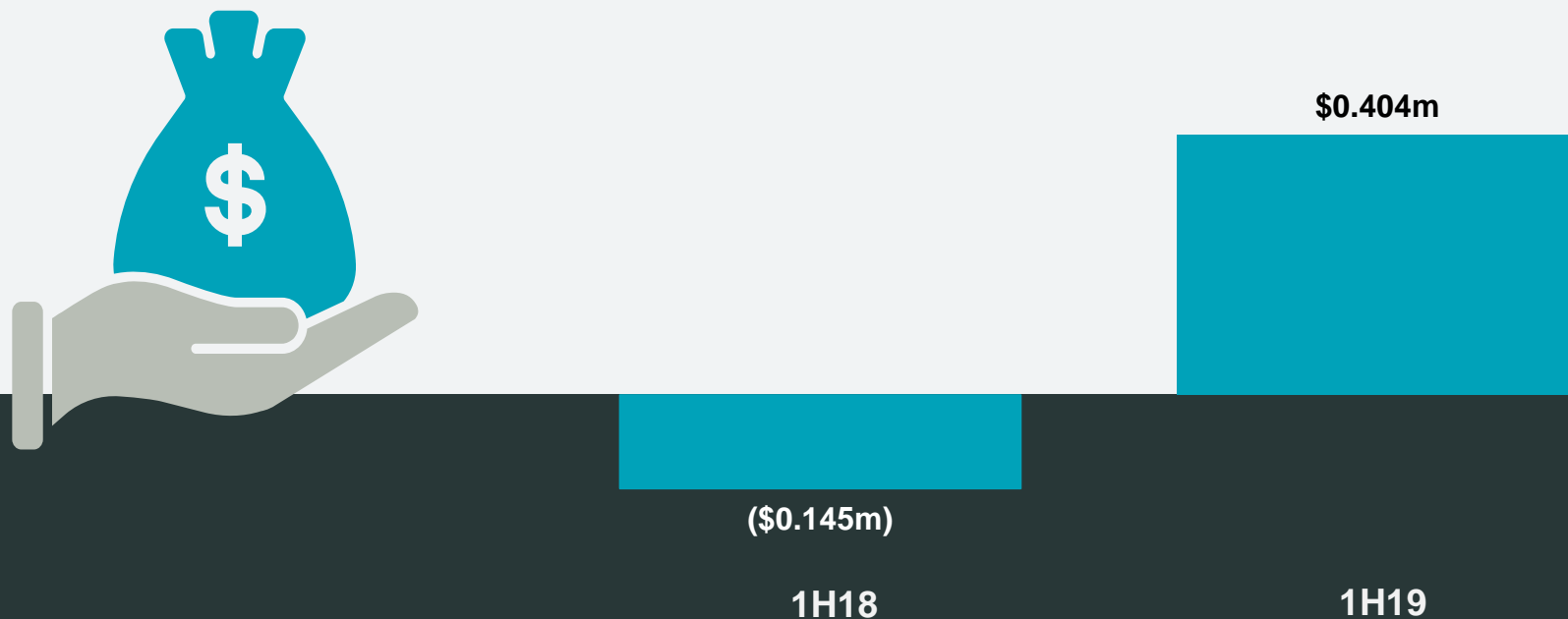
Magnesium Alloy
Metal Sales Volumes (mt)



2019 Half Year Result

Underlying Net Profit* increased to +\$0.4m in 1H 2019, compared with -\$0.145m loss in 1H 2018

Underlying Net Profit After Tax * (\$M)



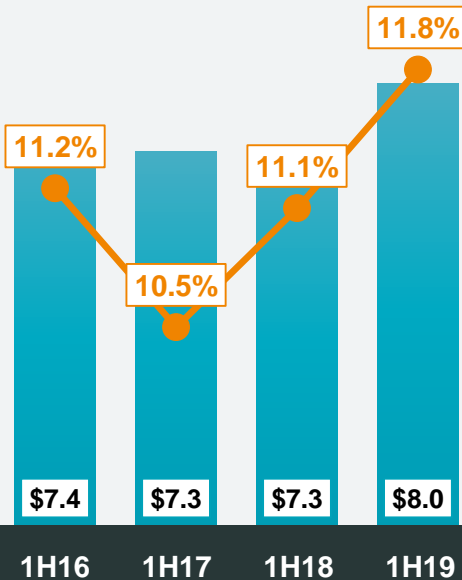
• Reported net profit/loss excluding the effects of unrealised foreign exchange

2019 Half Year Result

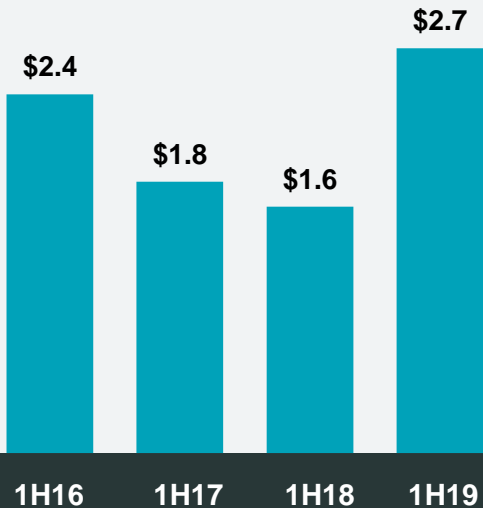
Overall performance continues to show an improving trend



Gross Profit (\$M) and GP margin



Underlying Operating Cashflow (\$M)*



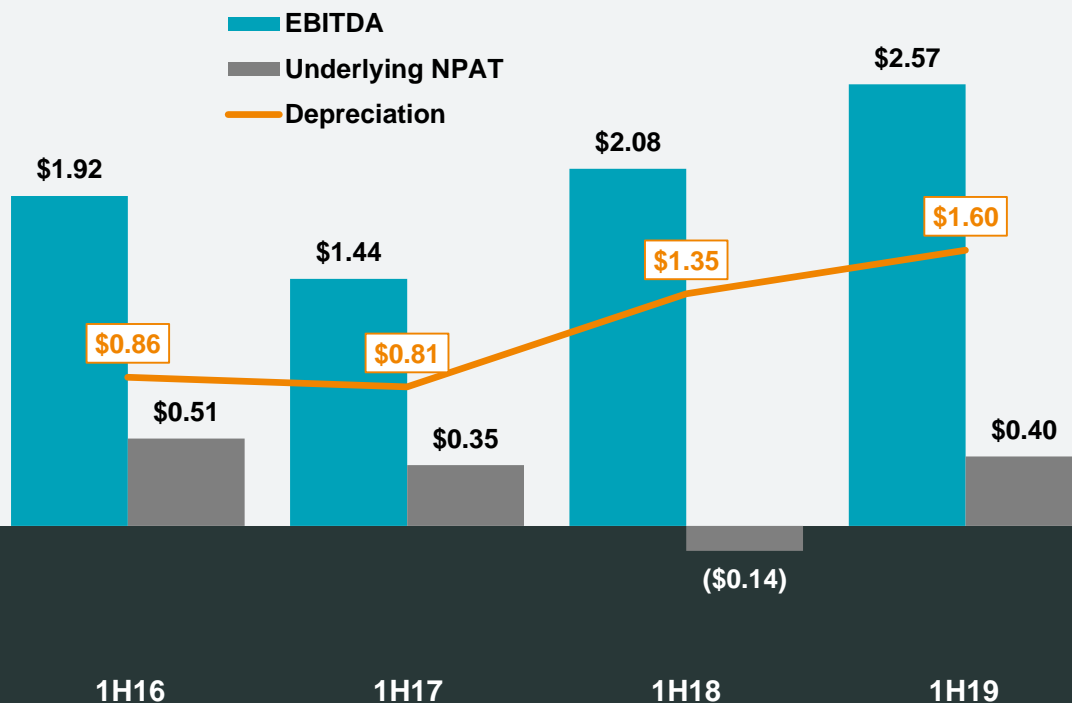
* Operating cashflow excluding working capital movements, interest and tax payments

2019 Half Year Result

EBITDA and Underlying NPAT trend stable despite rising non-cash depreciation from Magontec Qinghai



EBITDA, Underlying NPAT and Depreciation (\$M)



Qinghai electrolytic magnesium smelter complex (Golmud)

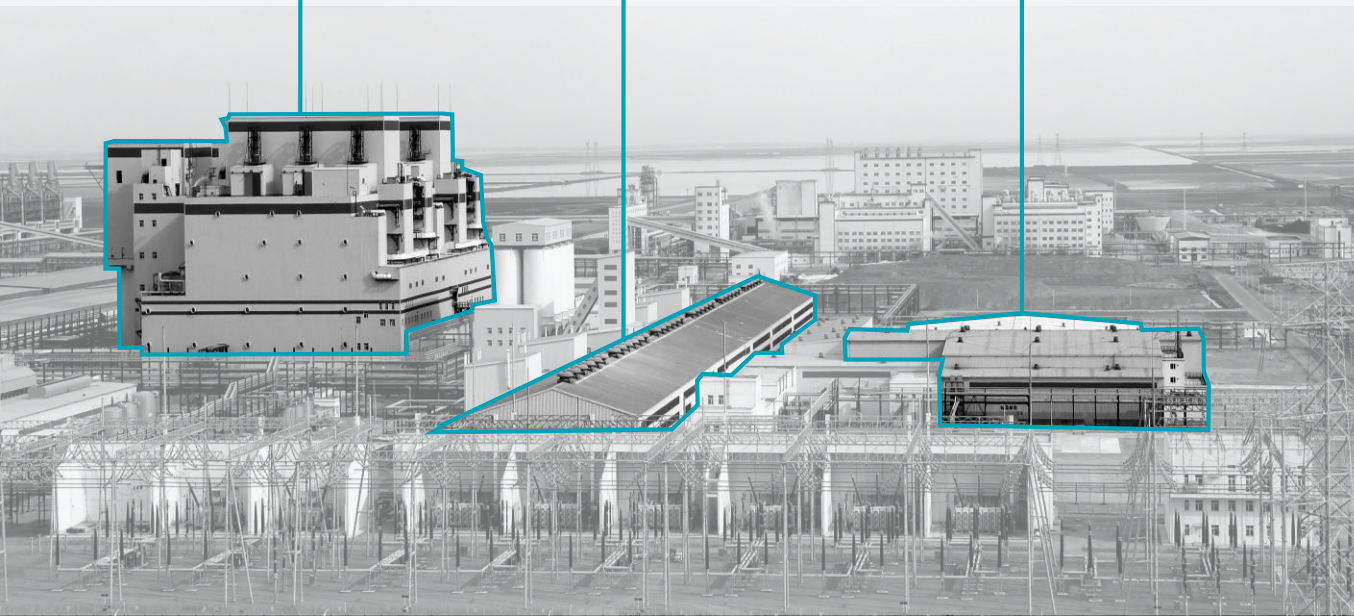
Dehydration



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)

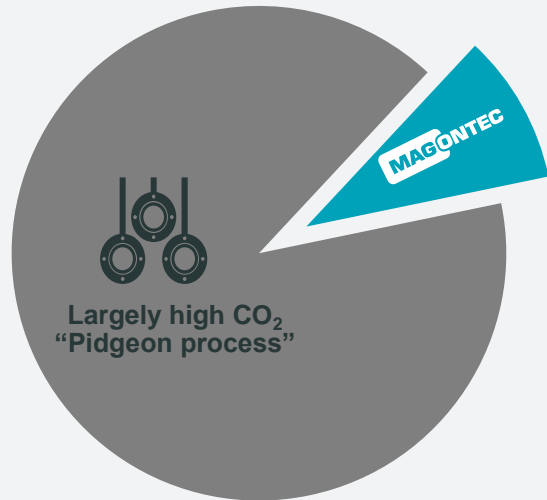


Production

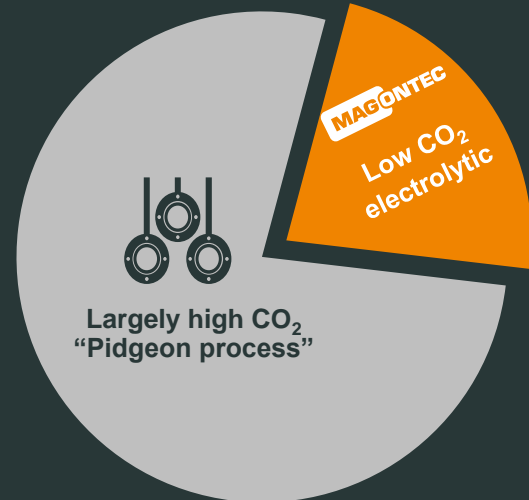
4* Mg alloy cast lines
85% renewable energy
Future growth options

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

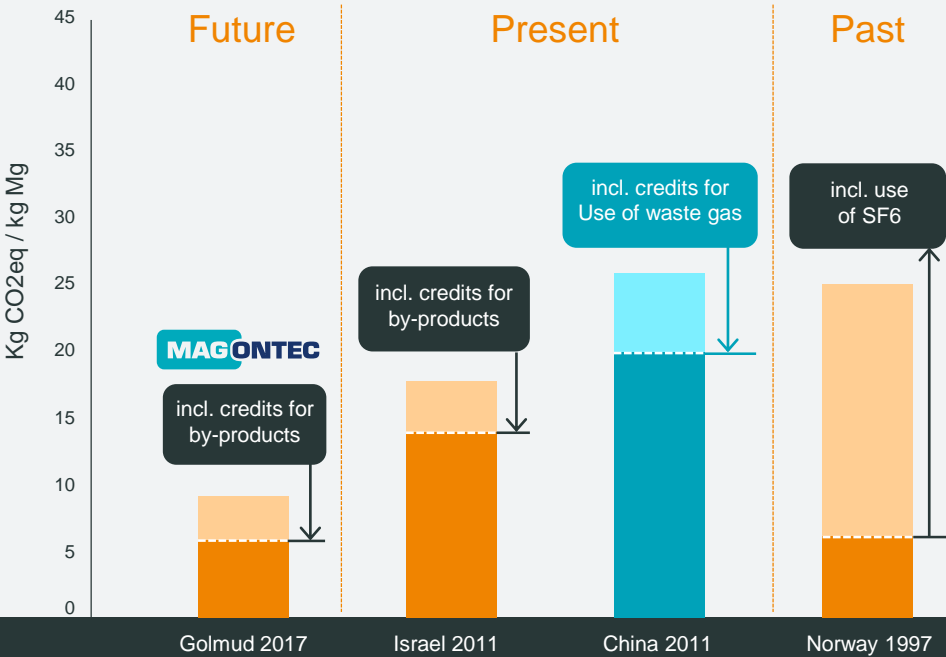
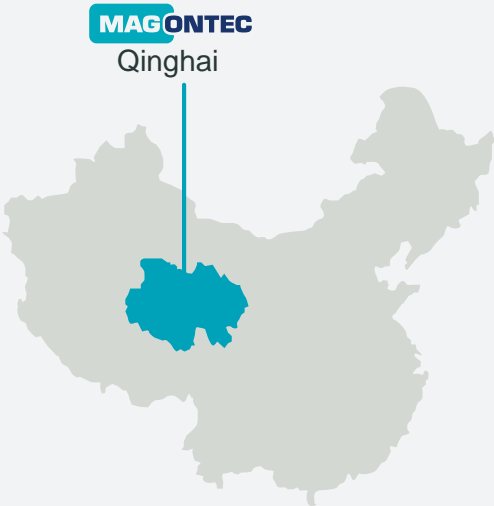
~10% Mg alloy market share 2018



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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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.

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