



# Magontec Limited

(ASX: MGL)

Full Year 2019 Result

28 February 2020

*Nicholas Andrews, Executive Chairman of Magontec Limited has authorised the release of this document to the market on 28 February 2020*



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operational risk associated with the Golmud Plant, fluctuations in magnesium alloy prices and exchange rates, risks associated with operating in China, financing risks, market price and demand risk and other risks generally relating to security investments.

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## FY 2019 Full Year Result

### Reconciliation of significant items in earnings

	12 months to 31-Dec-19 '\$000	12 months to 31-Dec-18 '\$000
<b>Net Profit Before Tax, unrealised FX and significant items</b>	<b>440</b>	<b>2,266</b>
<b>Significant items before tax</b>		
Less non-cash equity expense	(135)	(78)
Less MAQ depreciation (non cash)	(964)	(951)
Less MAQ levies and start up costs	(416)	(101)
Less doubtful debts expense PRC	-	(32)
<b>Net Profit Before Tax excluding unrealised FX</b>	<b>(1,075)</b>	<b>1,104</b>
Less tax expense	(267)	(623)
<b>Net Profit After Tax before unrealised FX (underlying NPAT*)</b>	<b>(1,342)</b>	<b>480</b>
Add/(subtract) unrealised FX gains/(losses)	(28)	296
<b>Reported Net Profit After Tax</b>	<b>(1,370)</b>	<b>776</b>



Magontec Limited (MGL) announces a Full Year 2019 Net Profit Before Tax (excluding significant items) of \$440,000 compared with a Net Profit Before Tax of \$2.27 million in 2018.



2019 reported loss of \$1,370k included \$964k of non cash depreciation from the MAQ facility and \$416k of environmental levies



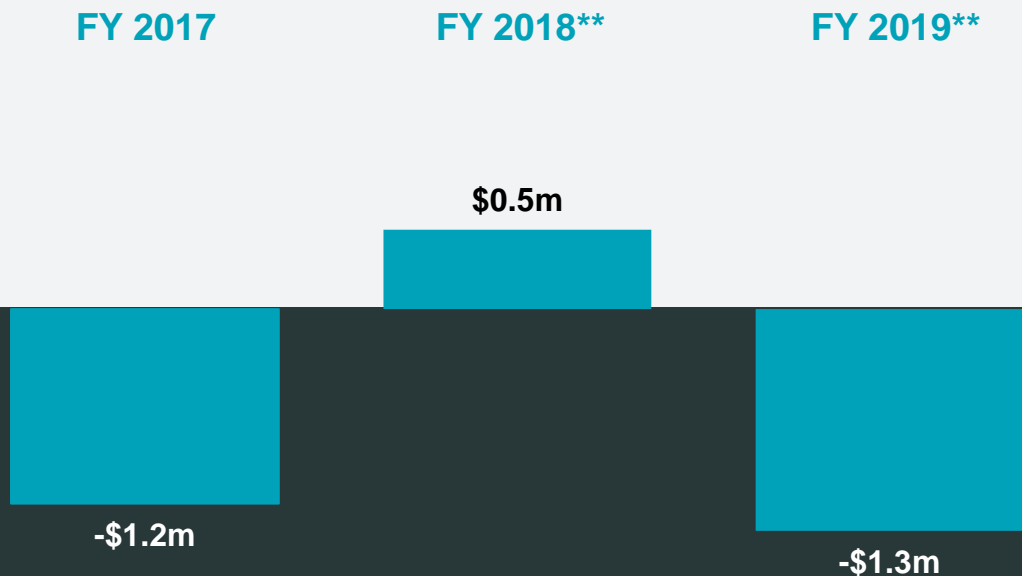
Prior year included \$101k of one off costs related to the MAQ facility opening



Magontec Qinghai main driver of profit decline during the 2019 year

FY 2019 Full Year Result  
Underlying Net Loss\* of \$1.3m in 2019

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



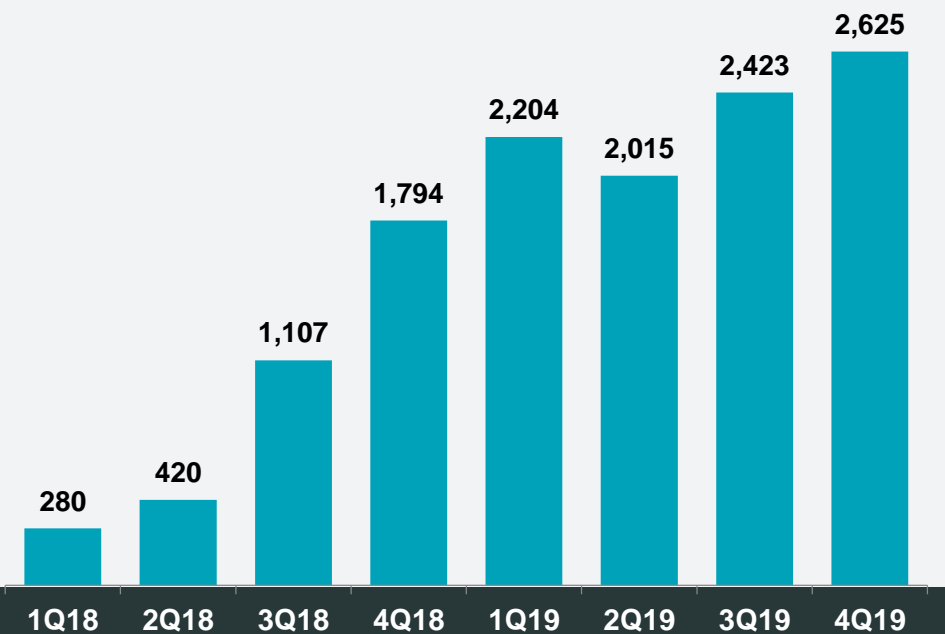
• Reported net profit/loss excluding the effects of unrealised foreign exchange

\*\* Includes Depreciation of \$0.95m and \$0.96m on Magontec Qinghai Magnesium Alloy Cast House assets that were not operating at full capacity in 2018 and 2019 respectively

Magontec Qinghai production profile showing positive quarterly trend



Magontec Qinghai Production (tonnes)

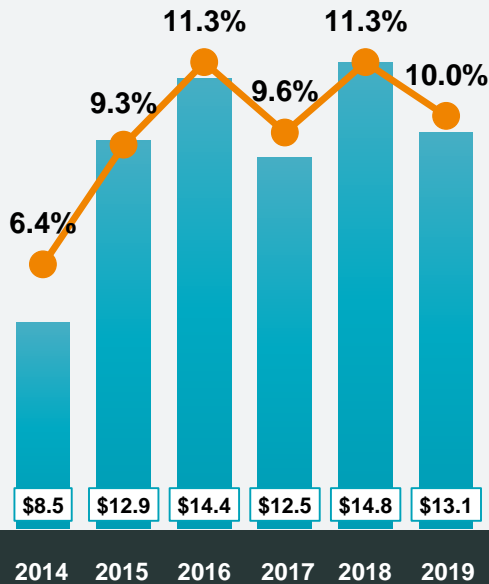


# FY 2019 Full Year Result

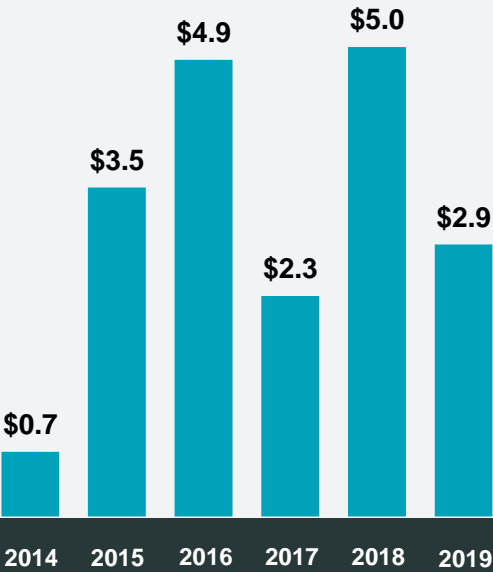
Overall performance showing a declining trend on 2018 due to lack of scale at Magontec Qinghai



Gross Profit (\$M) and GP margin



Underlying Operating Cashflow (\$M)\*

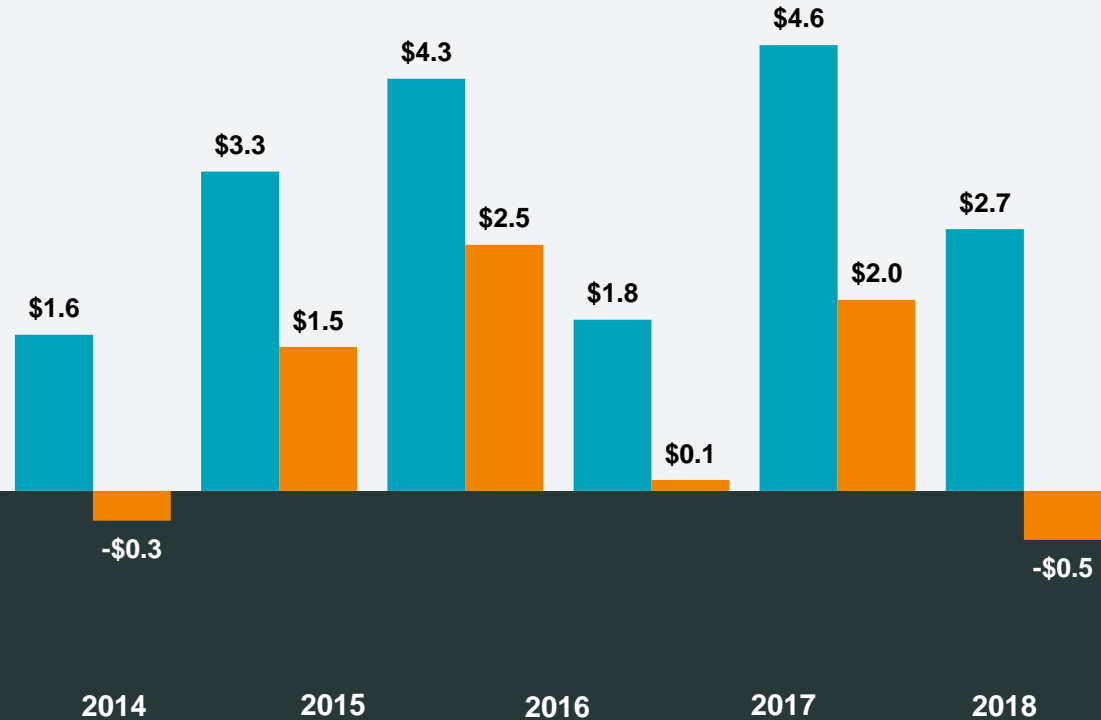


\* Operating cashflow excluding working capital movements, interest and tax payments

## FY 2019 Full Year Result

EBITDA and EBIT trend – EBITDA remains positive, EBIT impacted by \$0.96m of non cash depreciation

EBITDA and EBIT contributions (\$M)





## Qinghai electrolytic magnesium smelter complex (Golmud)

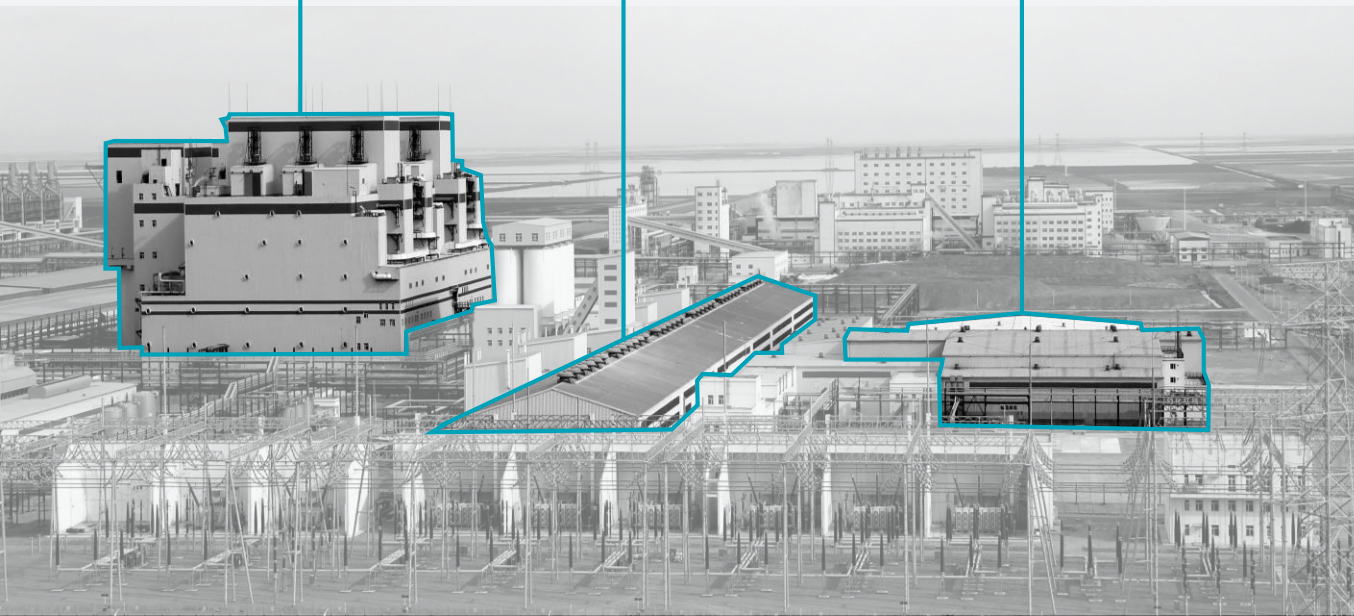
Dehydration



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)



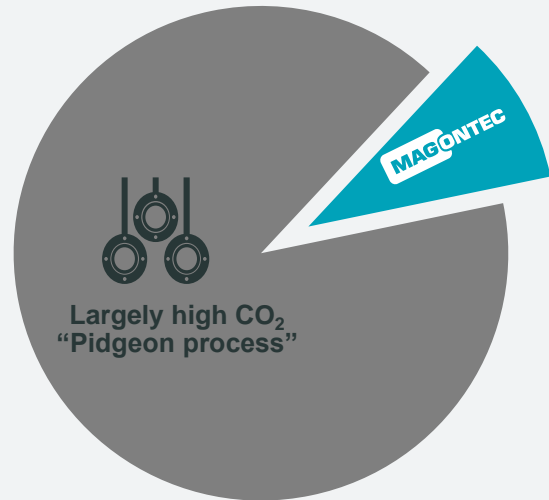
### Production

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

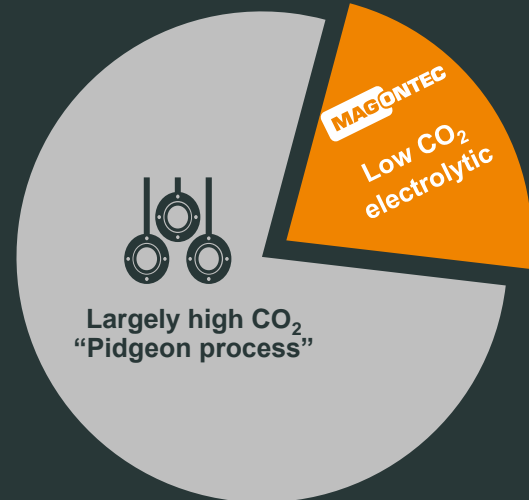


Magontec Qinghai will triple production and make  
Magontec the world's largest supplier of electrolytic  
Mg alloy

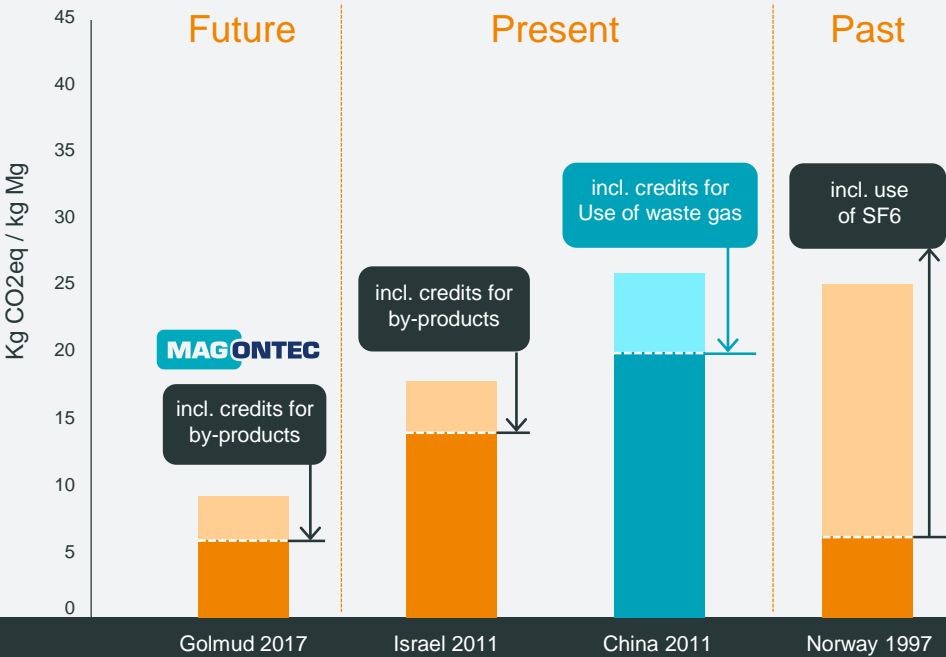
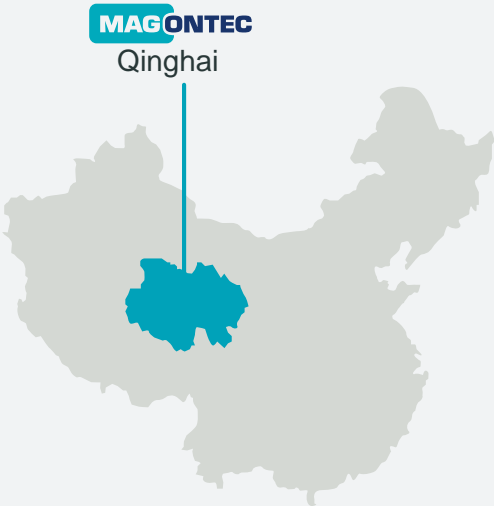
~10% Mg alloy market share 2015



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 CO<sub>2</sub> 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 with some offset, creating a 3D effect. The lighting is soft, highlighting the edges and faces of the cubes. The color is a deep, vibrant blue.

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