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9 June 2022

Dear Sir, Madam

### **Investor Presentation Notice**

Please find attached a presentation to be given for investors and shareholders at the MST Financial Cash Generators Forum on Thursday 9 June 2022 at 2:40pm AEST.

To join the presentation, please click the webinar link below:

[MST Financial Cash Generators Forum](#)

[https://mstfinancial-au.zoom.us/webinar/register/WN\\_qZxKEdM\\_S5mEjSYd4XusHA](https://mstfinancial-au.zoom.us/webinar/register/WN_qZxKEdM_S5mEjSYd4XusHA)

Yours sincerely



Mr Nicholas Andrews  
**Executive Chairman**  
**Magontec Limited**

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***Nicholas Andrews, Executive Chairman Magontec Limited, has authorised the release of this document to the market on 9 June 2022***

# Magontec Limited

ASX:MGL

**Nicholas Andrews**

Executive Chairman  
& CEO

June 2022



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# Magontec Limited

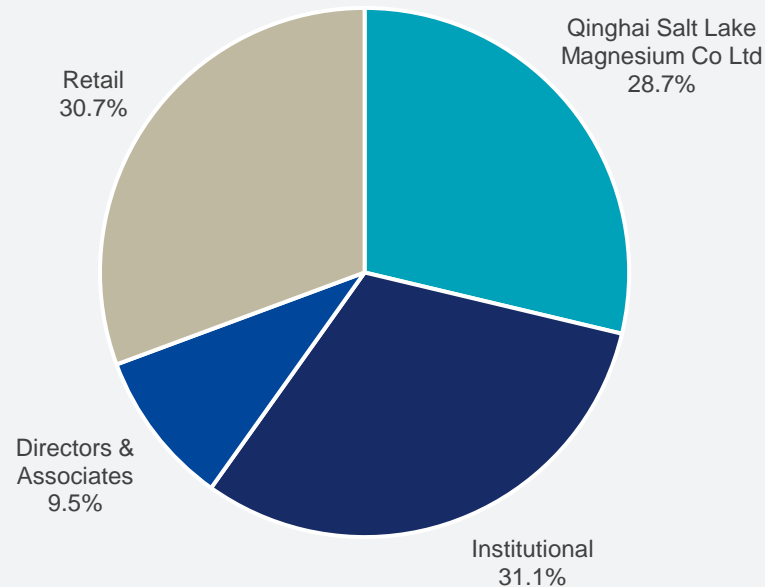
ASX Code: MGL	Total	Per Share
Ordinary shares on issue following consolidation	76,729,210	
<b>Market capitalisation<sup>1</sup></b>	<b>\$29.2 million</b>	<b>38.0 cents/share</b>
<b>Book value of net assets – 31 March 2022</b>	<b>\$41.5 million</b>	<b>54.0 cents/share</b>
Net debt – 31 March 2022	\$4.9 million	
Enterprise value	\$46.4 million	
EBITDA (FY 2021) <sup>3</sup>	\$10.1 million	
Dividend (determined): Interim		0.6 cents / 3.16% <sup>2</sup>

<sup>1</sup> Based on share price of 38c as of 7 June 2022

<sup>2</sup> Based on share price of 38c and annualised interim dividend of 1.2 cents

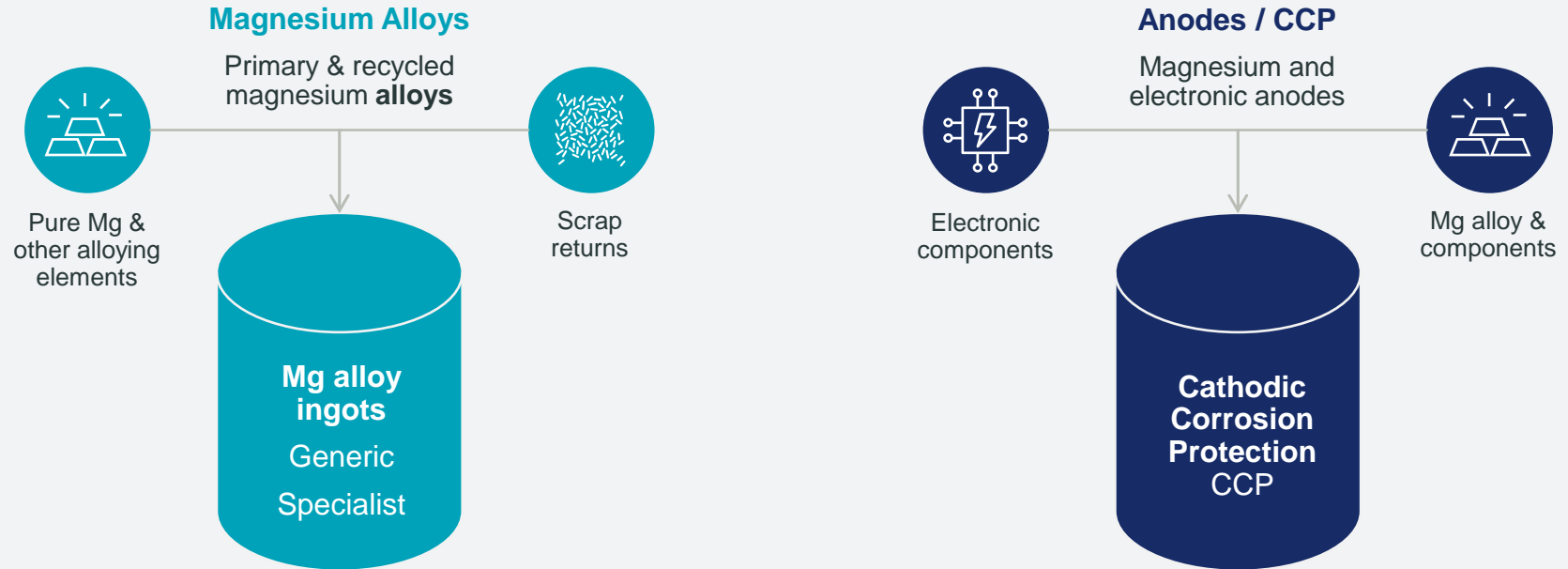
<sup>3</sup> Financial Year to 31 December 2021

## Shareholder Structure



# Magontec Limited: ASX Code: MGL

Two businesses



# Magnesium Alloys: Primary production and Recycling

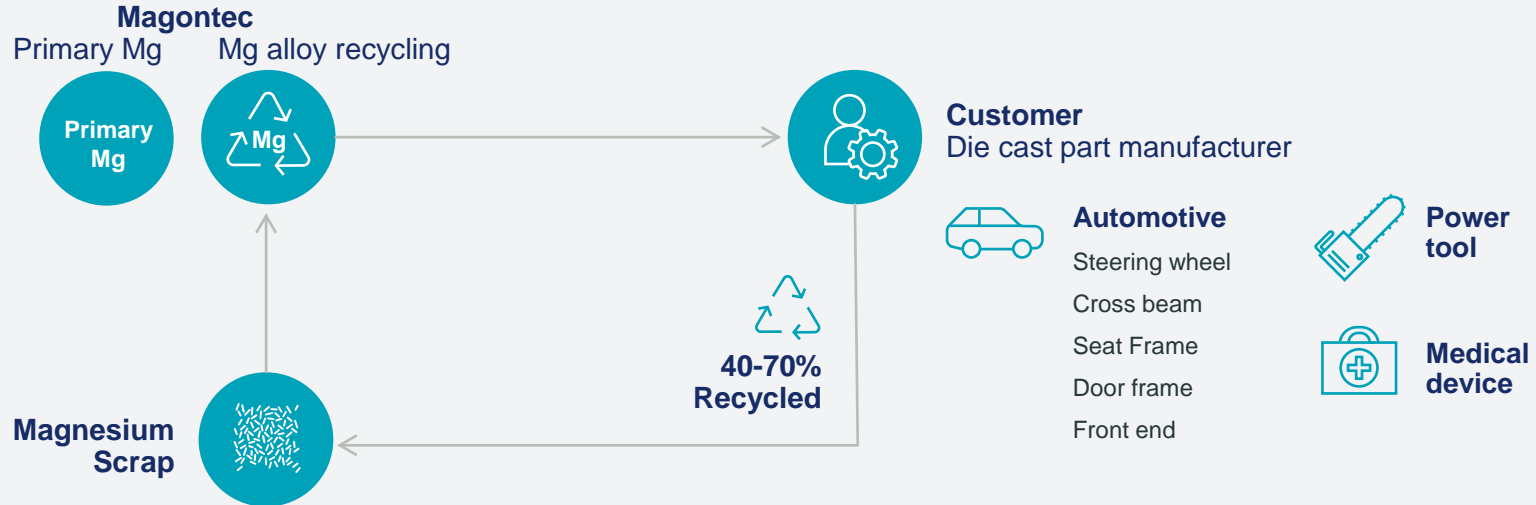
A supplier to the global magnesium die casting industry

Primary Mg  
supplier ex-PRC

Mg scrap recycling  
in Europe

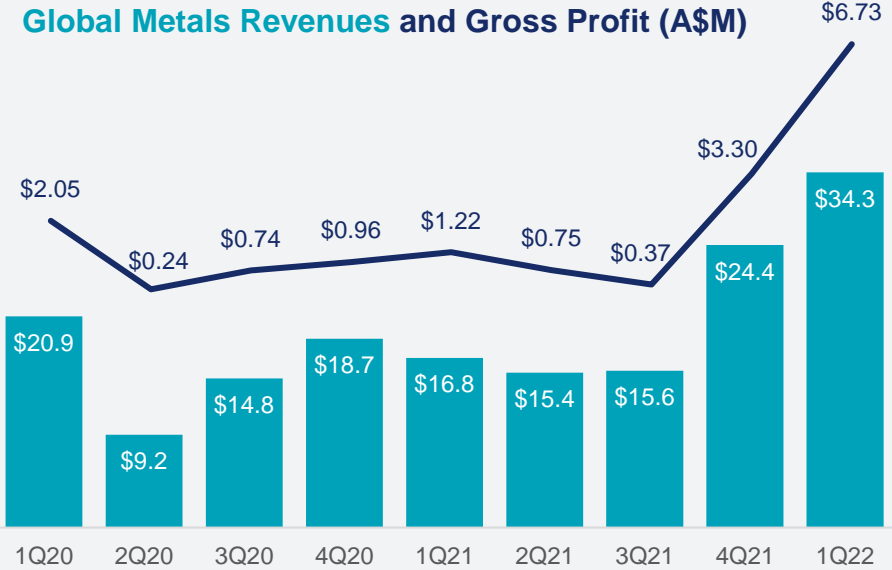
Installed capacity  
24k mtpa

Europe's largest  
Mg recycler

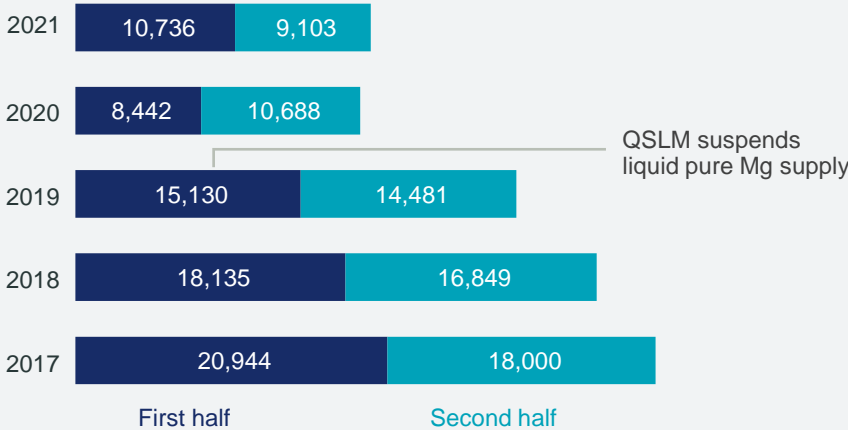


# Magnesium Alloy Revenues, Profit and Volumes

Global Metals Revenues and Gross Profit (A\$M)



Global Mg alloy and specialist metals sales volumes (metric tonnes)



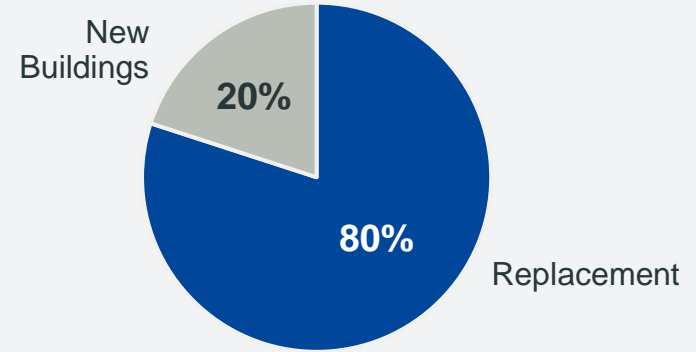
Profit boost from  
Mg price rise

Volumes reduced due  
to Qinghai hiatus

Continued innovation to reduce  
conversion costs

# Cathodic Corrosion Protection (CCP)

Every water tank in every house requires corrosion protection



## Industry drivers

Urbanisation (water heater installation)  
80% replacement (5 to 10 year c)



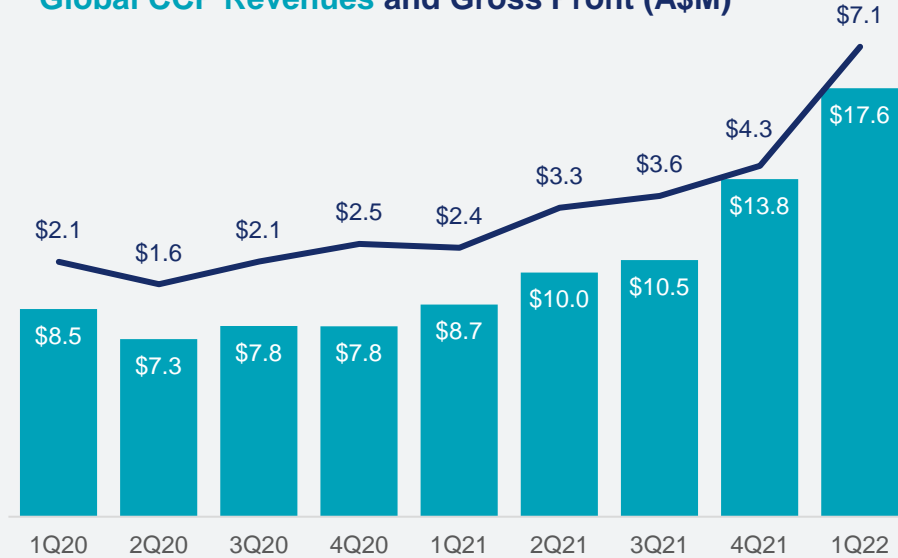
## Climate change

Switch from oil/gas to electric heat pump  
Accelerated replacement of installed appliances

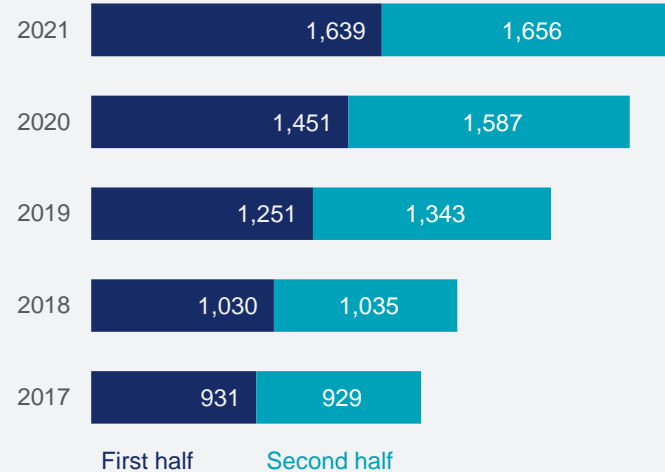


# Cathodic Corrosion Protection (CCP) / anodes

Global CCP Revenues and Gross Profit (A\$M)



Global magnesium anode sales volumes (metric tonnes)

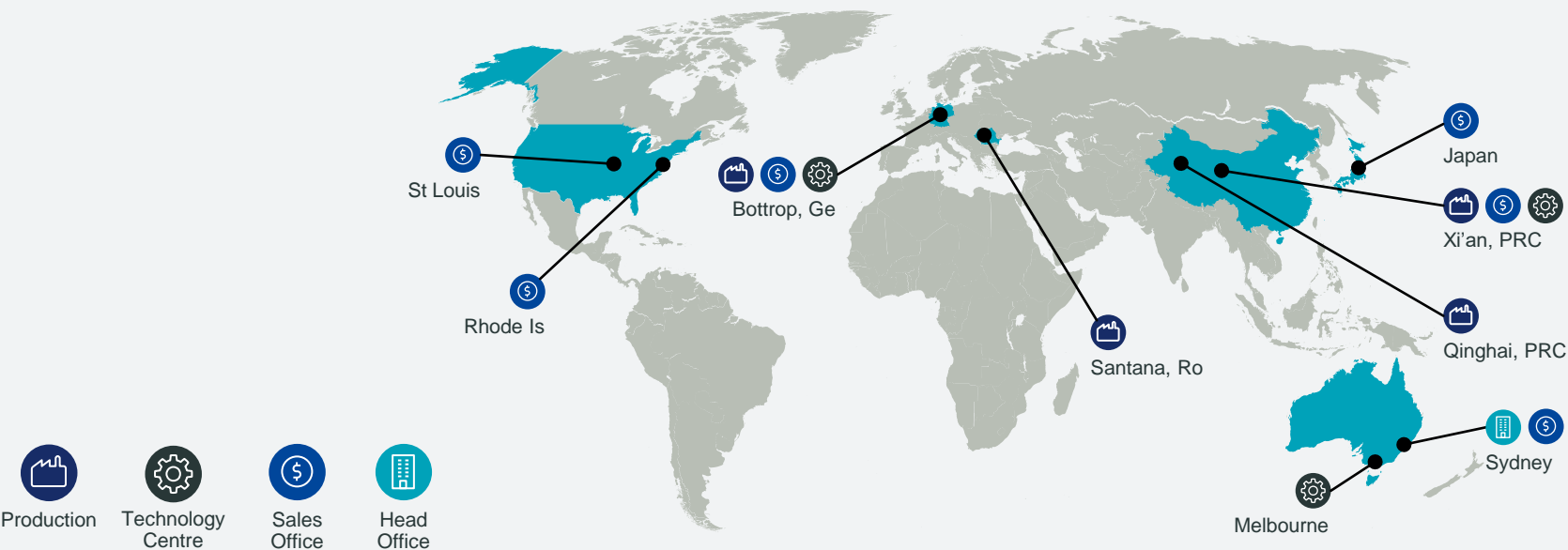


Magontec market share growth in Europe and North America

Steady capex driving cost efficiencies and competitiveness

Flexible global production base and price makes Magontec #1

# Global Manufacturing & Distribution Platform



4 manufacturing locations in  
Germany, Romania and China

Sales distribution  
in all major markets

Research activities/  
Technology associations

# Magnesium (Mg) alloys



Low density



Light and strong structural metal

Aluminium

2.70g/cm<sup>3</sup>

Mg 36% lighter

Iron

7.87g/cm<sup>3</sup>

Mg 78% lighter

**Magnesium**

**1.74g/cm<sup>3</sup>**

Unique properties

Specific applications



Stress resistance



Thermal conductivity

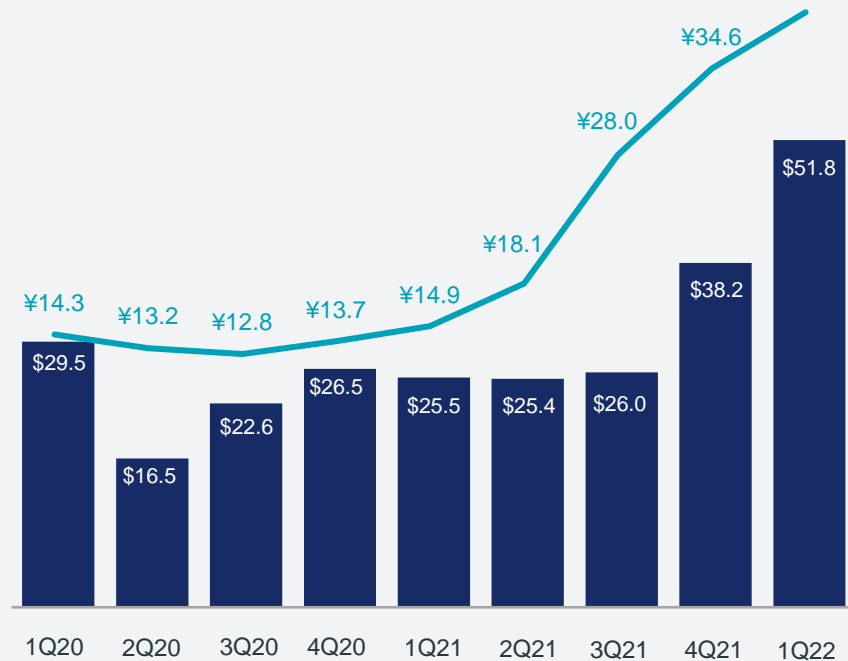


Corrosion

# Revenue & Gross Profit - 9 Quarters to 1Q 2022

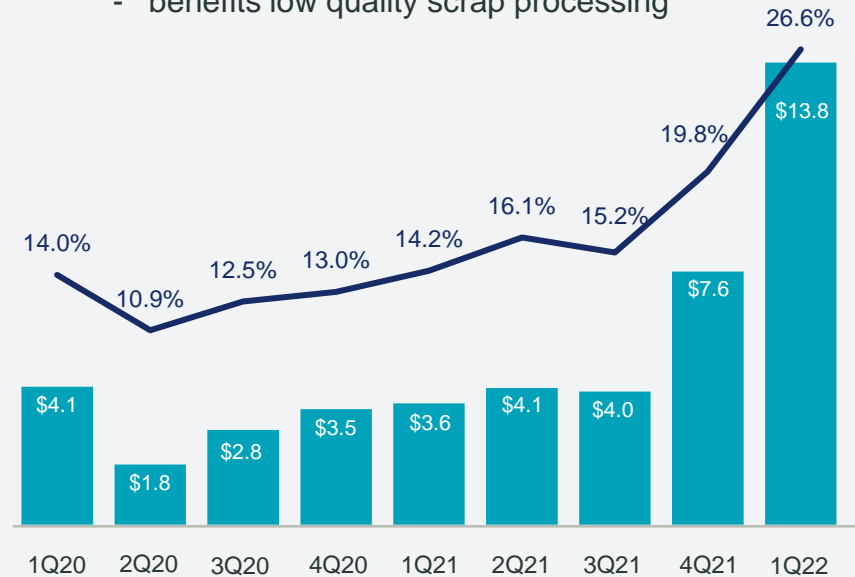
Sharply rising magnesium price driving revenue and profitability

Revenue (\$M) and Magnesium price (¥'000)



Gross Profit (\$M) and GP margin (%)

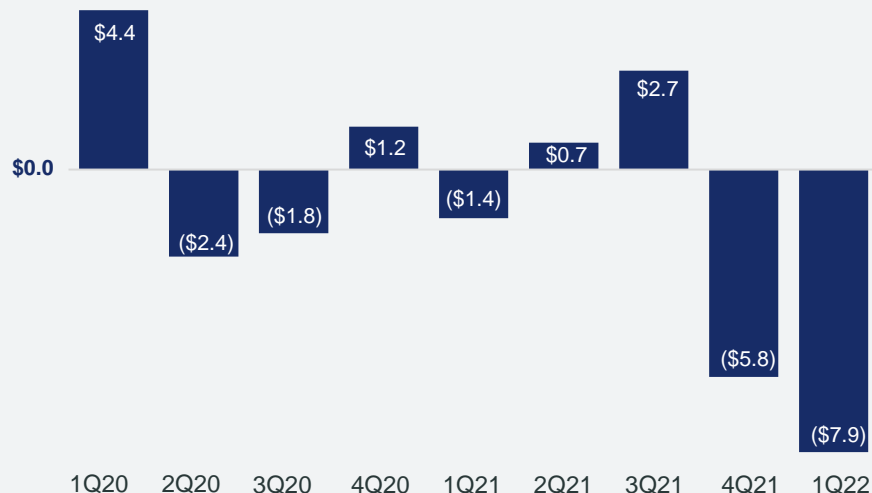
- inventory effect
- benefits low quality scrap processing



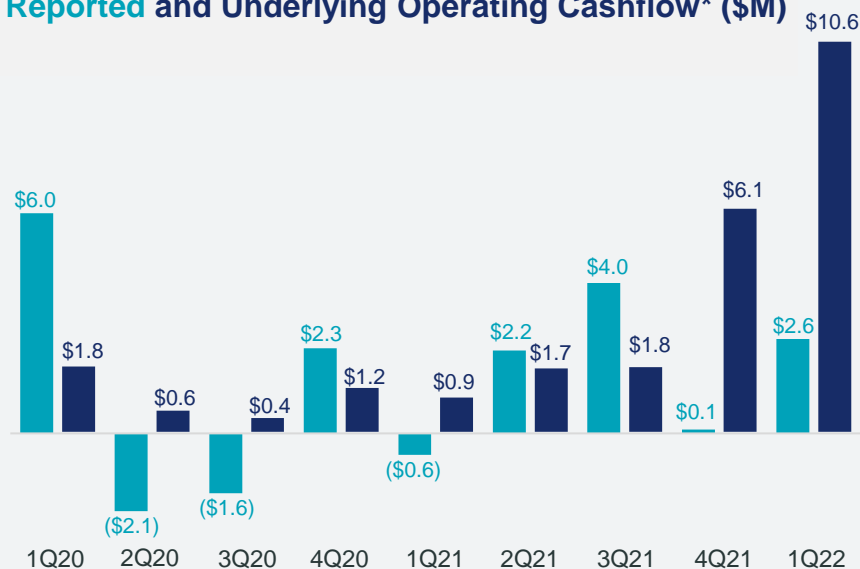
# Working Capital & Cashflow - 9 Quarters to 1Q 2022

Rising Mg price also increases working capital requirement but underlying cash generation up strongly

## Quarterly movements in Working Capital (\$M)



## Reported and Underlying Operating Cashflow\* (\$M)



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

Working capital requirements rising as Mg price increases

Positive “Reported” CF despite increased working capital

Consistently positive “Underlying” CF through COVID and very strong 4Q21/1Q22

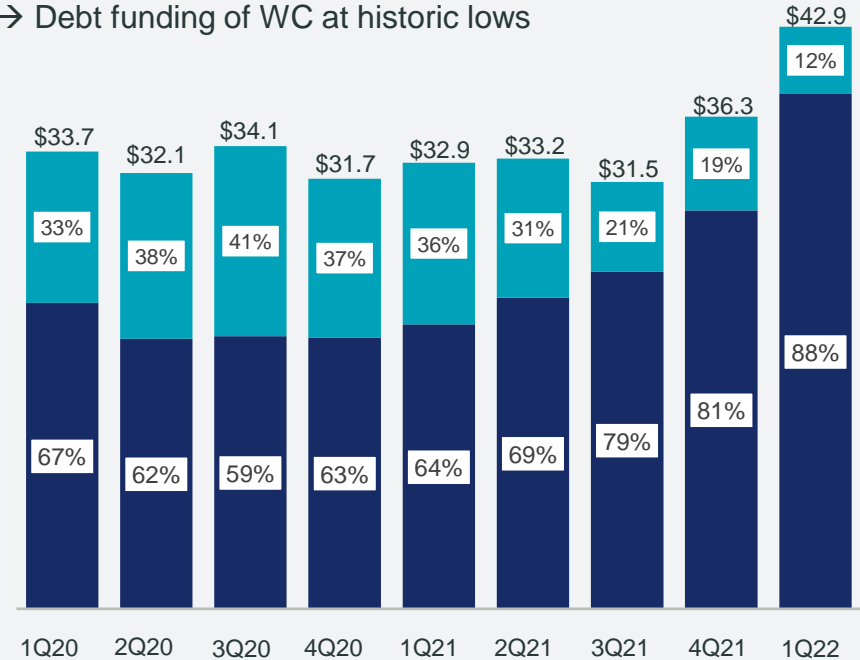
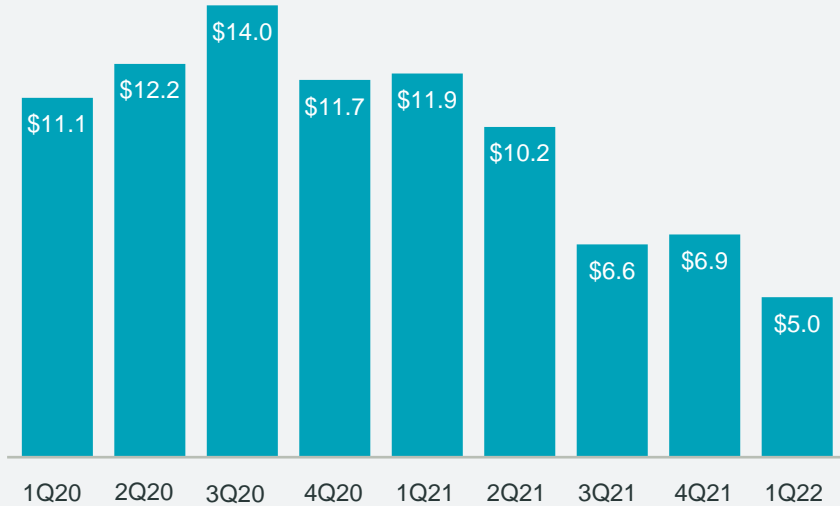
# Net Debt and Working Capital Funding - 9 Quarters to 1Q 2022

Net Debt continues to fall even as Working Capital demand rises

**Net Debt - Down from \$10m to \$5m**

**Working Capital Funded by Debt & Equity(\$M)**

→ Debt funding of WC at historic lows



# Qinghai electrolytic magnesium smelter complex

100,000 tonnes per annum > ~ 10% of global production

Dehydration\*



Reduction\*



Cast house#



## Agreements

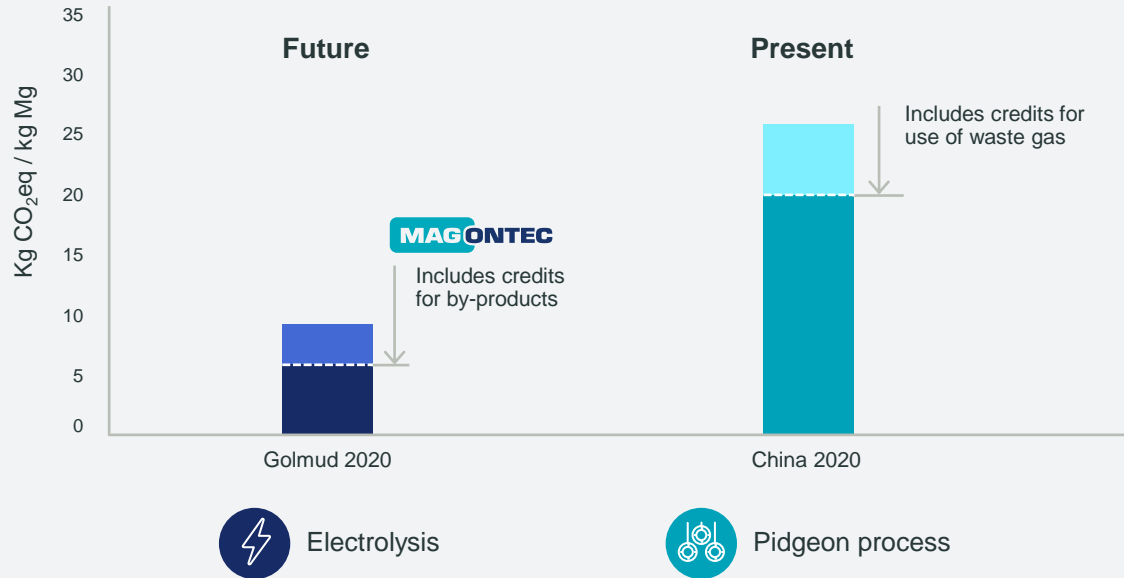
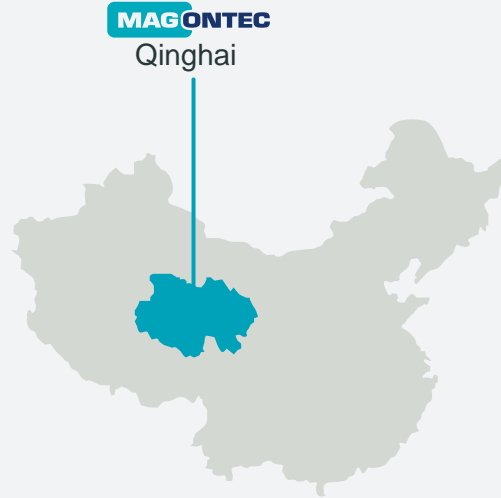
Lease Agreement 10 + 10 Year option

56,000 mtpa supply

Mg alloys exclusivity

Off Take Price formula

# Magontec Qinghai will use the lowest CO<sub>2</sub> Mg ever produced\*



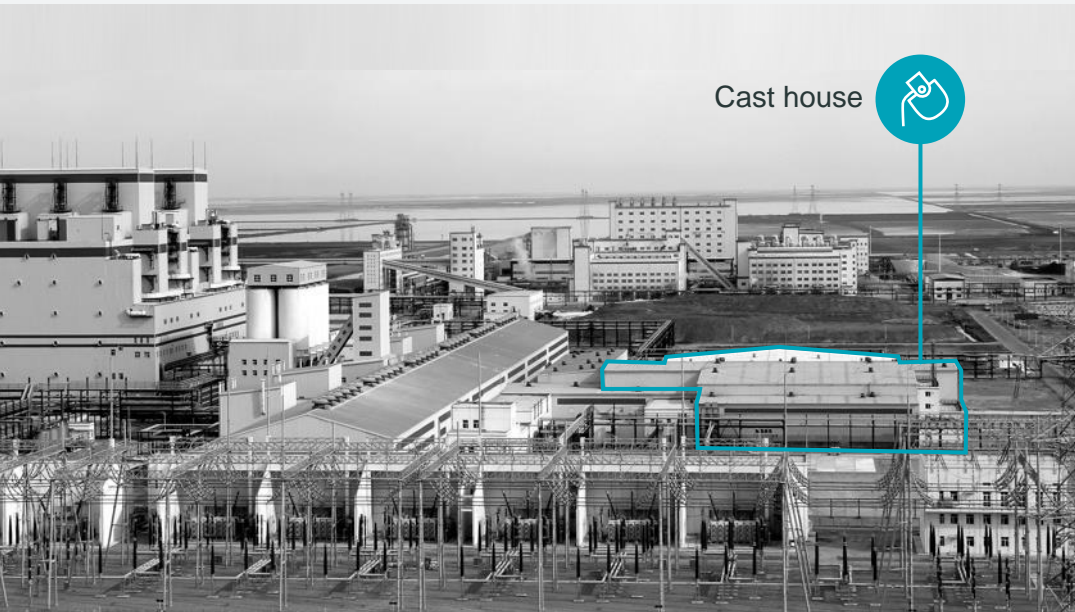


# Magontec Qinghai magnesium alloy cast house

Revenue and profit  
opportunity

Delayed SOP

Currently operating  
at low levels



## Cast house impact

	2021		Target
Mg production mtpa	7k	>	56k
Revenue A\$	\$30m	>	\$300m*
Contribution	Loss	>	Profit
Industry CO <sup>2</sup> output	High	>	Low

## SOP Timetable

Production restart	>	2H 2022
Initial volumes	>	~1k mt/month
Full production	>	2 years ?

\* At ¥26,000 per metric tonne

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



ASX Listed  
Capitalisation  
**\$30m**



**Improving**  
financial  
fundamentals



**Primary Mg alloy**  
production growth



**"Green"**  
magnesium



Profit  
**"inflexion"** point

# Thank You



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