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24 October 2022

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**MORGAN STANLEY 2022 MICRO-CAP CONFERENCE PRESENTATION
MAGONTEC LIMITED**

The attached deck is released prior to the Executive Chairman's presentation to investors at the Morgan Stanley Micro-Cap Conference tomorrow.

ENDS

Nicholas Andrews, Executive Chairman and Chief Executive Officer of Magontec Limited, has authorised the release of this document to the market on 24 October 2022

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Magontec Limited

ASX:MGL

**Morgan Stanley
Micro-Cap Conference**

25 October 2022



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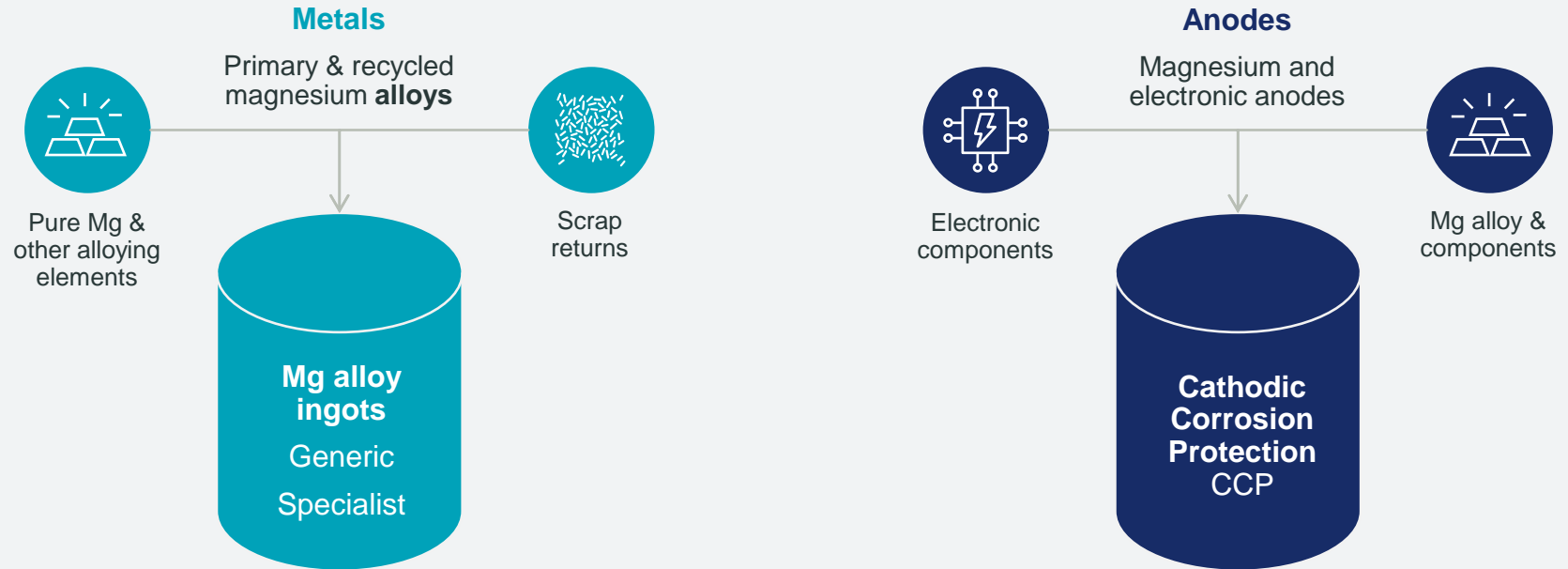
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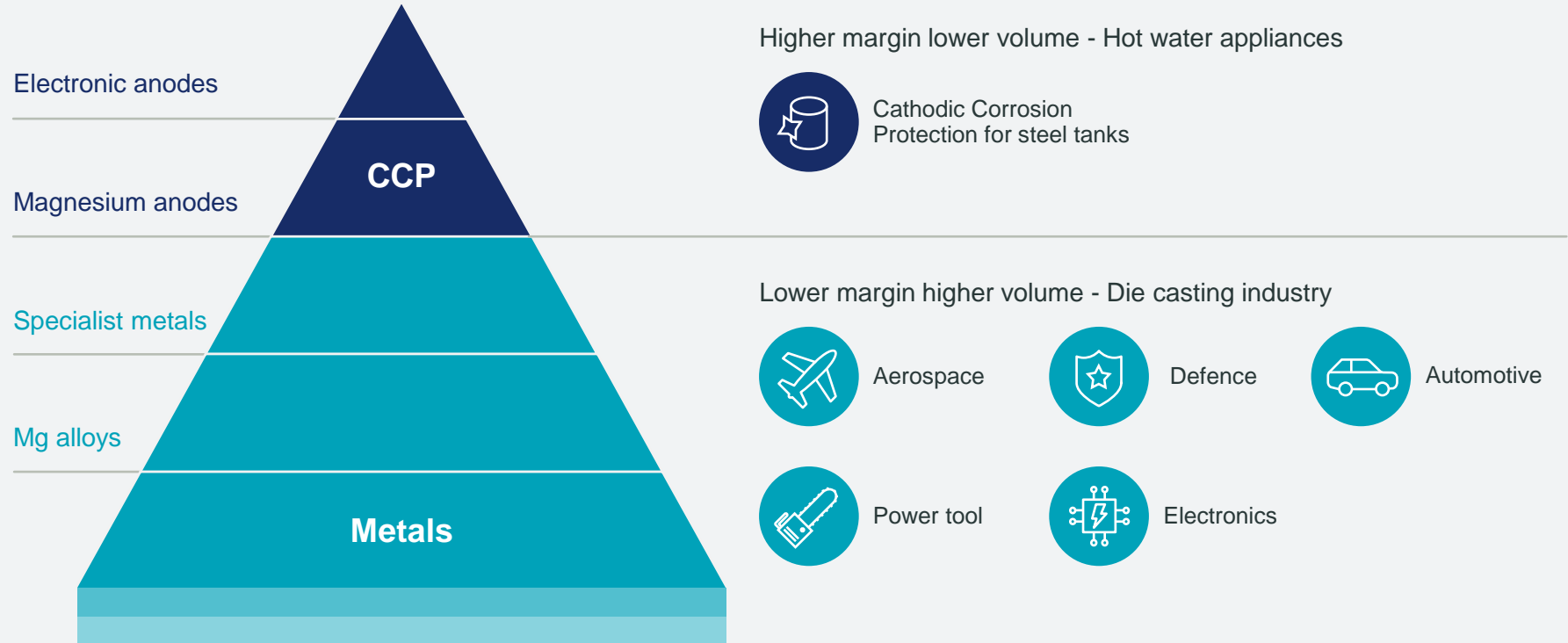
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Magontec Limited: ASX Code: MGL

Two businesses



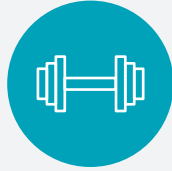
Magontec is a manufacturing business



Magnesium (Mg) alloys



Low density



Light and strong structural metal

Aluminium

2.70g/cm³

Mg 36% lighter

Iron

7.87g/cm³

Mg 78% lighter

Magnesium

1.74g/cm³

Unique properties

Specific applications



Stress resistance



Thermal conductivity



Corrosion

Mg alloy recycling: At Bottrop (Germany) and Santana (Romania)

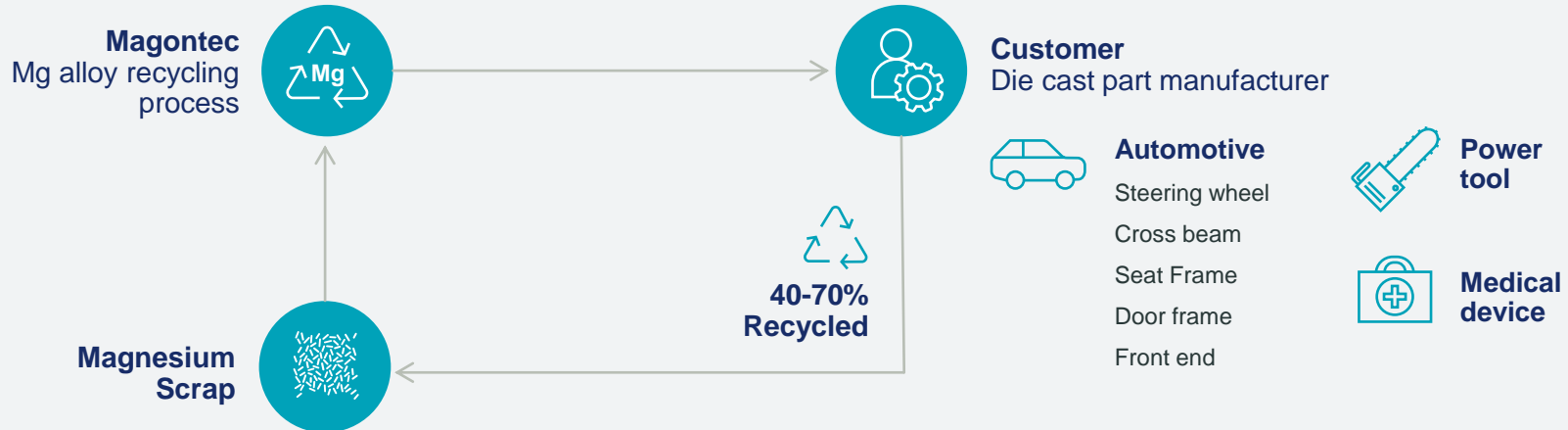
An essential part of the European and North American die casting industry

Mg is **100% recyclable**

Recycling adds just 0.59 kg CO₂ equivalent/kg of Mg*

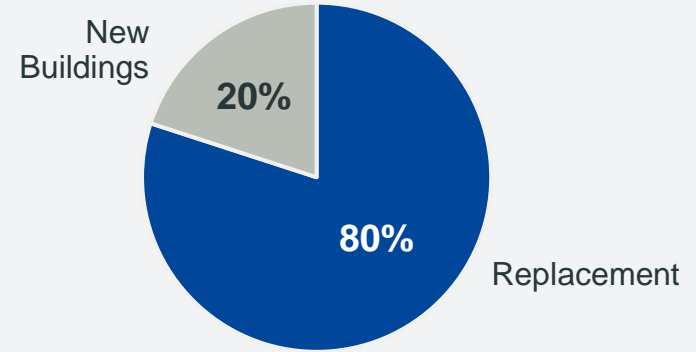
Installed capacity 24k mtpa

Europe's largest Mg recycler



Cathodic Corrosion Protection (CCP)

Every water tank in every house requires corrosion protection



Industry drivers

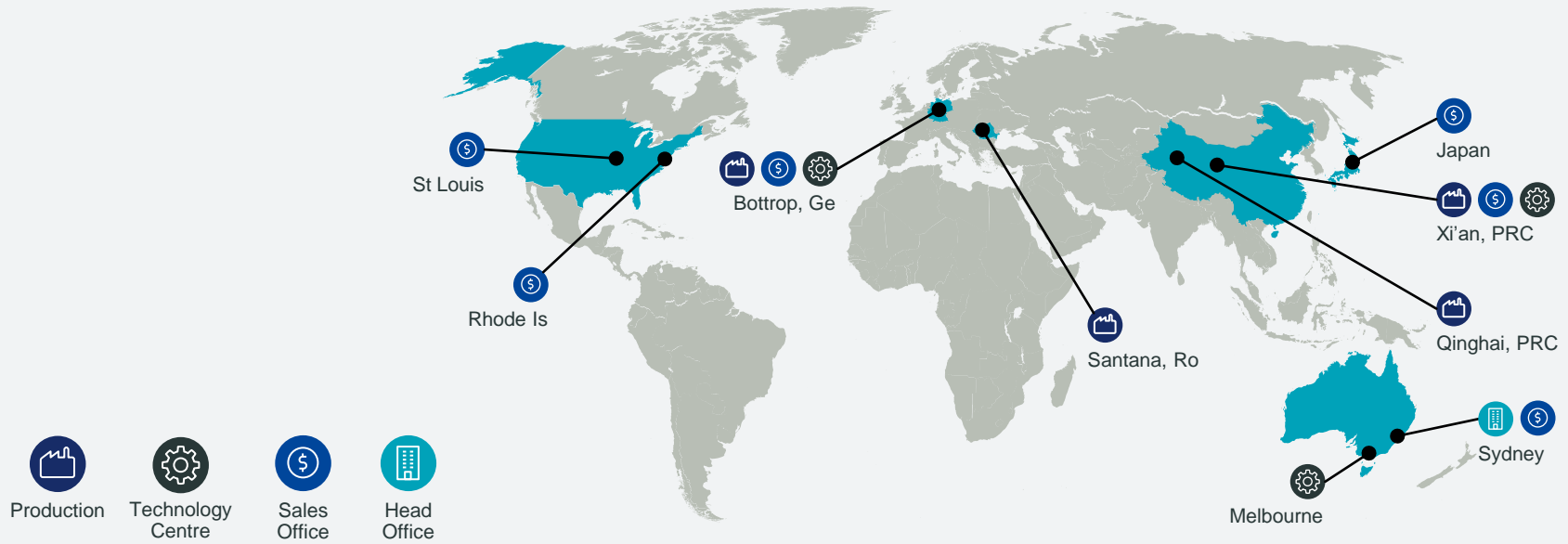
Urbanisation (water heater installation)
80% replacement (5 to 10 year c)



Climate change

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

Global Manufacturing & Distribution Platform



4 manufacturing locations for:

Mg alloys

Mg anodes

Sales distribution in all major markets

Research activities/
Technology associations

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

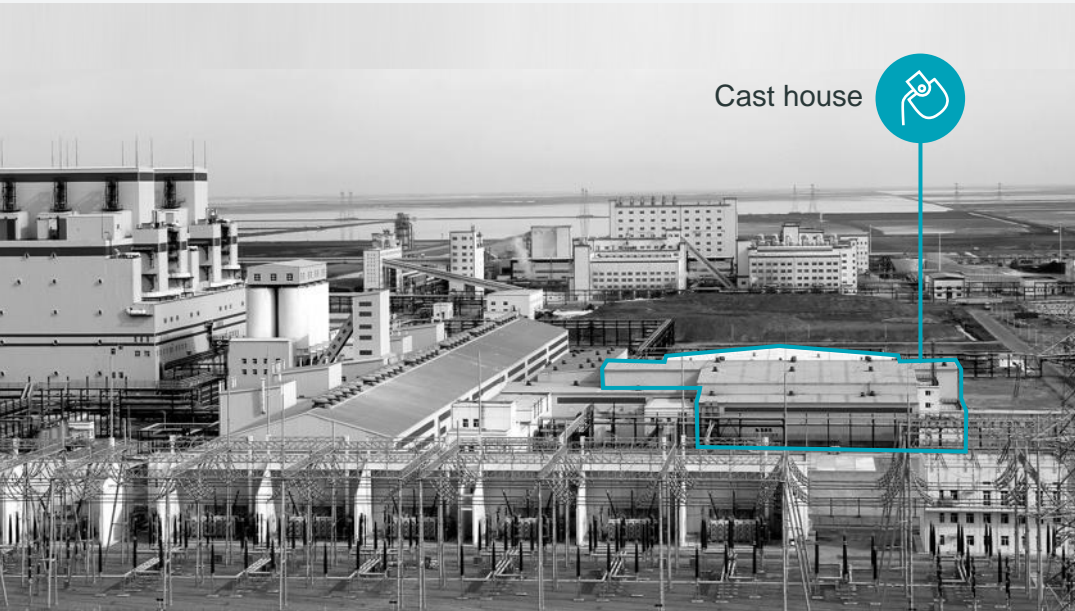
Off Take Price formula

Magontec Qinghai magnesium alloy cast house

Revenue and profit opportunity

Delayed SOP

Currently operating at low levels



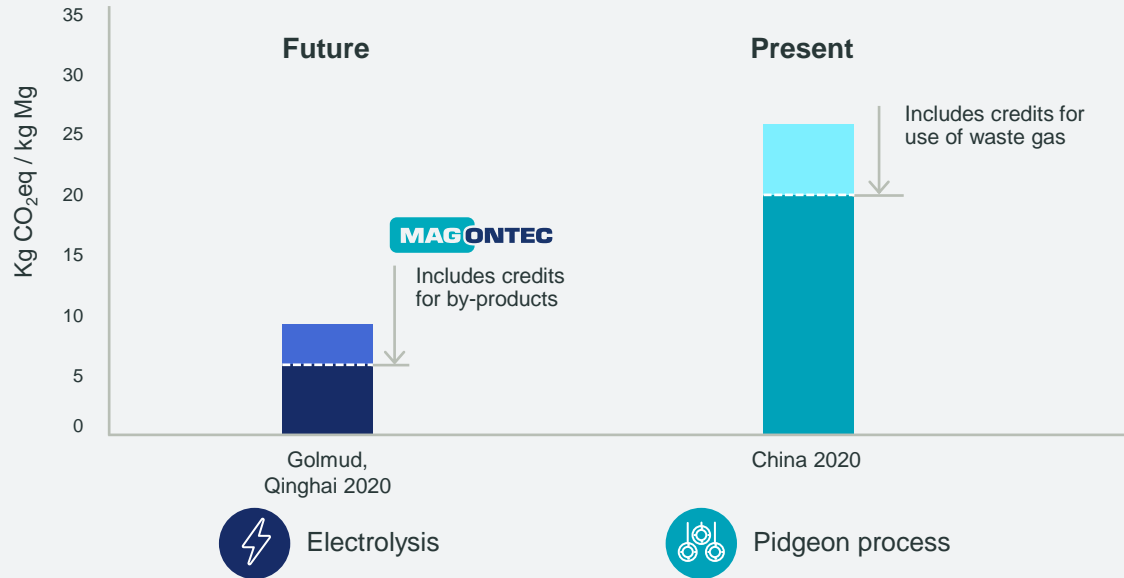
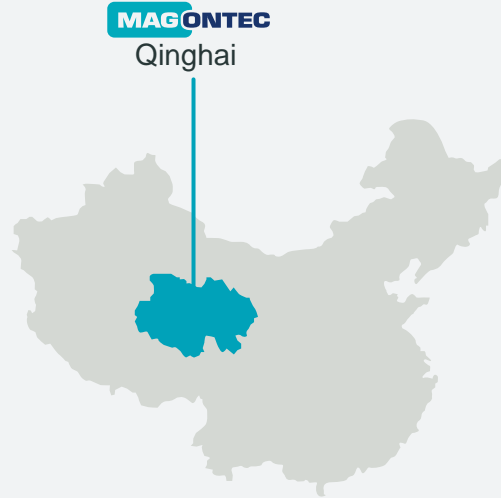
Cast house impact

	2021		Target
Mg production mtpa	7k	>	56k
Revenue A\$	\$30m	>	\$250m+*
Contribution	Loss	>	Profit
Industry CO ₂ output	High	>	Low

SOP Timetable

Production restart	>	End 2023
Full production	>	2-to-3 years

Magontec Qinghai will use the lowest CO₂ Mg ever produced*



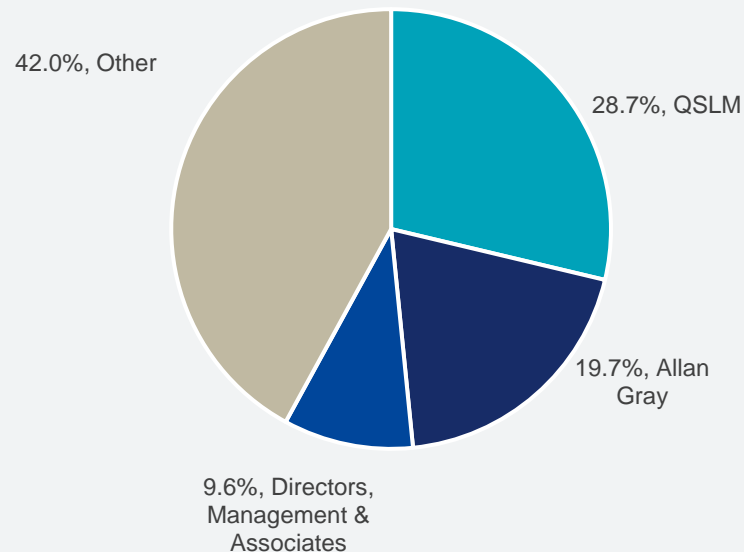
Magontec Limited Market Information

ASX Code: MGL	Total	Per Share
Ordinary shares on issue	76,729,210	
Market capitalisation¹	\$26.1 million	34.0 cents/share
Book value of net assets – 30 June 2022	\$51.8 million	67.6 cents/share
Net debt/(cash) – 30 June 2022	(\$1.2 million)	
Enterprise value	\$50.7 million	
LTM ² EBITDA to 30 June 2022	\$28.0 million	
LTM² Reported NPAT to 30 June 2022	\$17.7 million	23.0 cents/share
<i>Performance rights on issue 30 June 2022</i>	<i>7,210,560</i>	

¹ Based on share price of \$0.34 as of 24 October 2022

² LTM = Last 12 Months

Shareholder Structure 30 June 2022



FY 2022 Half Year Result

Income statement

(AUD '000)	6 months to 30 Jun 22	6 months to 30 Jun 21	
Revenue	93,807	50,863	84.4%
Cost of Sales	(67,053)	(43,161)	55.4%
Gross Profit	26,753	7,702	247.4%
<i>Gross Profit margin (%)</i>	<i>28.5%</i>	<i>15.1%</i>	
Other income	230	447	(48.6%)
Other operating expenses*	(5,714)	(4,769)	19.8%
EBITDA	21,269	3,381	529.2%
Depreciation and amortization	(1,397)	(1,400)	(0.2%)
EBIT	19,872	1,981	903.4%
Interest	(385)	(250)	53.6%
Tax	(5,688)	(600)	847.8%
Reported Net Profit After Tax	13,799	1,130	1,121.2%

Gross margin expansion to
28.5%

Revenue growth driven by higher Mg
prices

Underlying Operating Cashflow**
of +\$21.3m

* In 1H22, Other operating expenses included add back of \$1.1m of D&A contained in Cost of Sales (1H21: \$1.1m)

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

FY 2022 Half Year Result

Reconciliation of significant items in earnings

(AUD '000)	6 months to 30-Jun-22	6 months to 30 June-21
Reported Net Profit Before Tax, unrealised FX & Significant Items	19,611	1,792
Significant items before tax		
Less non-cash equity writeback / (expense)	(266)	(150)
Less MAQ depreciation (non-cash)	(460)	(442)
Less MAQ Primary Mg Alloy EBITDA losses	(146)	(143)
Add writeback on Romanian VAT legal win	-	226
Reported Net Profit Before Tax excl. unrealised FX	18,739	1,284
Less tax expense	(5,688)	(600)
Reported Net Profit After Tax excl. unrealised FX (underlying NPAT)	13,051	684
Add/Less unrealised FX gains / (losses)	748	446
Reported Net Profit After Tax	13,799	1,130

1H22 NPAT of \$13.8 million

MAQ EBITDA losses and non-cash depreciation costs reduced NPBT by \$0.6 million

Prior year 1H21 included gain from Romanian VAT dispute in Magontec's favour of \$226k

FY 2022 Half Year Result – Key financial highlights

Equity, Borrowings, Cashflow

(AUD '000)

Equity

	6 months to 30 Jun 22	6 months to 30 Jun 21	
EBITDA	21,269	3,381	529.2%
Reported Net Profit After Tax	13,799	1,130	1,121.2%
Earnings per share (cents)	18.0	1.5	
Dividend per share (cents) – unfranked	0.6	-	
Return on Equity (%)	31.3%	3.8%	
Net tangible assets per share (cents)	62.8	35.3	77.9%

Borrowings

Net debt/(net cash)	(1,160)	10,232	(111.3%)
Net debt to net debt + equity (%)	(2.3%)	24.8%	

Cashflow

Cash from Underlying Operations**	21,251	2,655	700.6%
Reported Operating Cashflow	8,914	1,657	438.0%

Earnings per share of 18.0 cents for 1H22

Maiden dividend of 0.6 cents per share for 1H22 declared (unfranked)

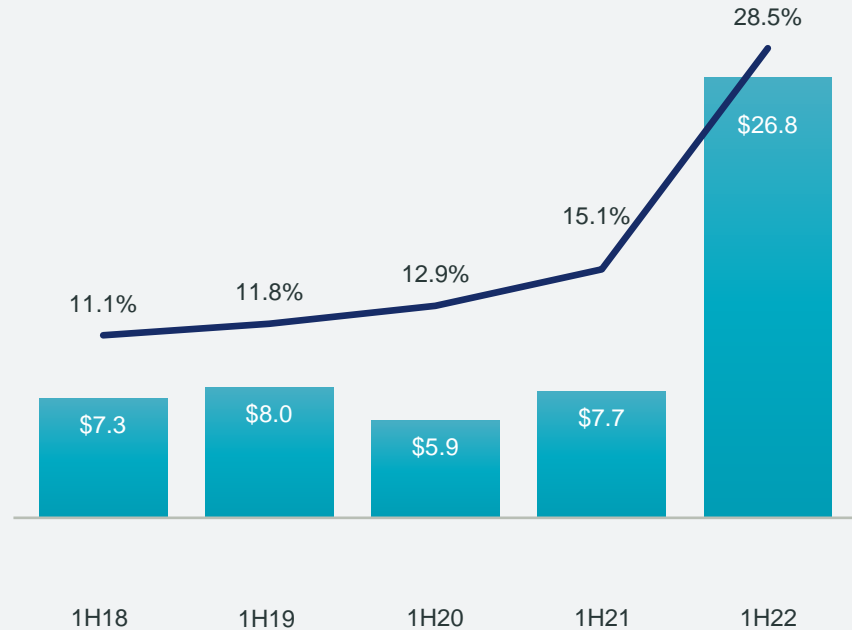
Net tangible assets of 62.8 cents per share as at 30 June 2022

FY 2022 Half Year Result

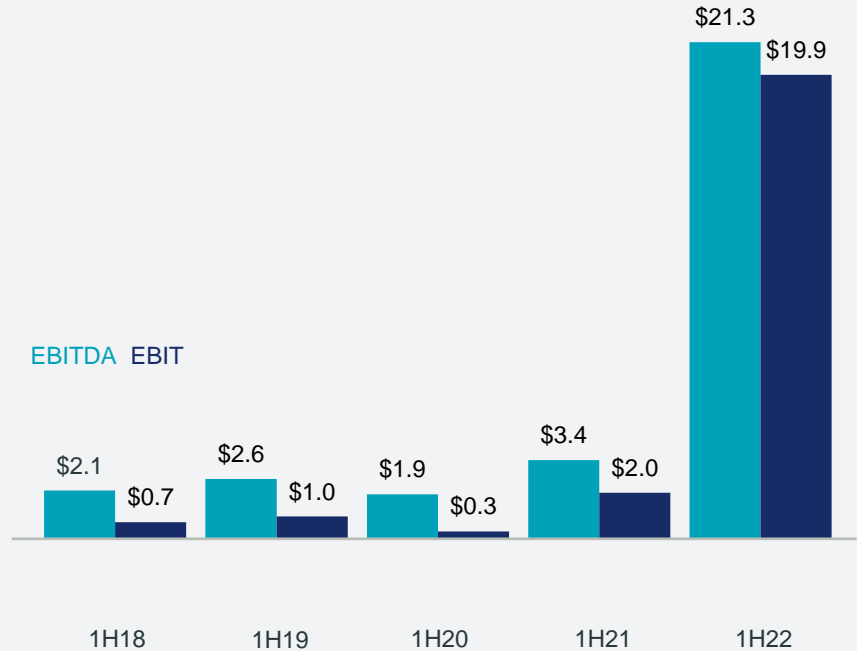
Continuation of strong performance in both Metals and Anodes segment

EBITDA and EBIT reflected favourable supply & pricing conditions

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

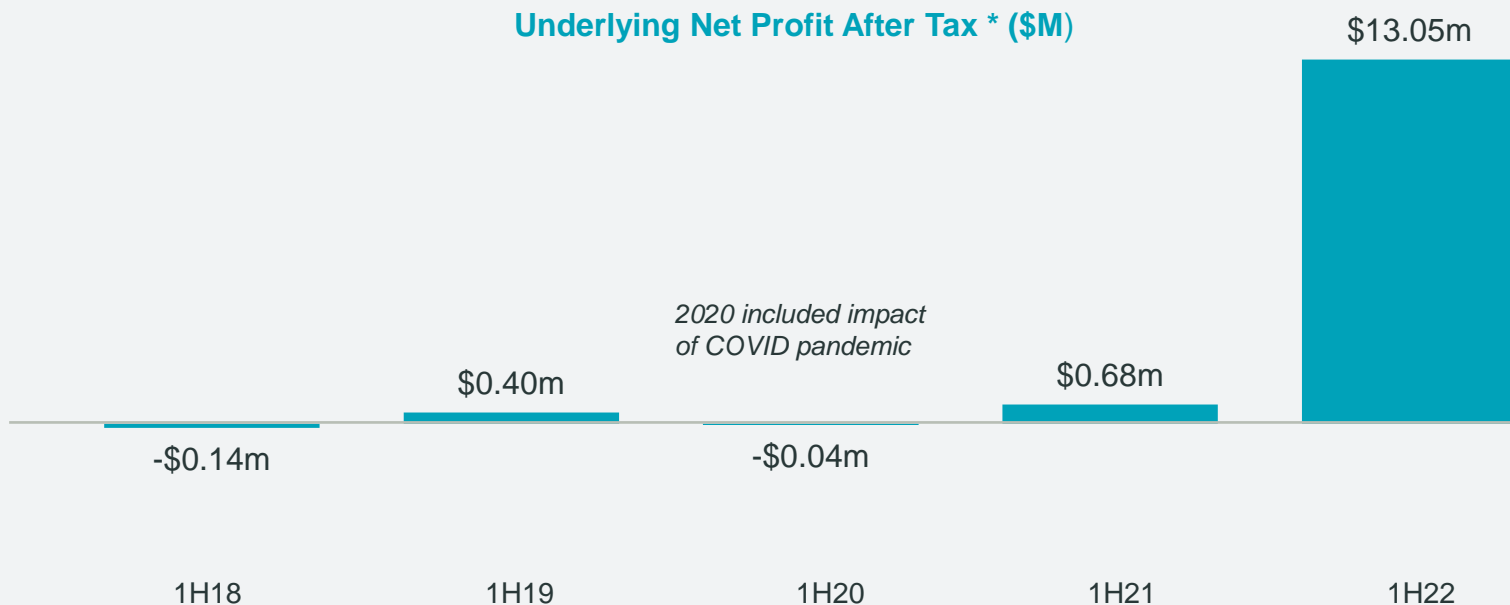


Reported EBITDA and EBIT (\$M)



FY 2022 Half Year Result

Underlying Net Profit* of \$13.1m for the 6 months to 30 June 2022

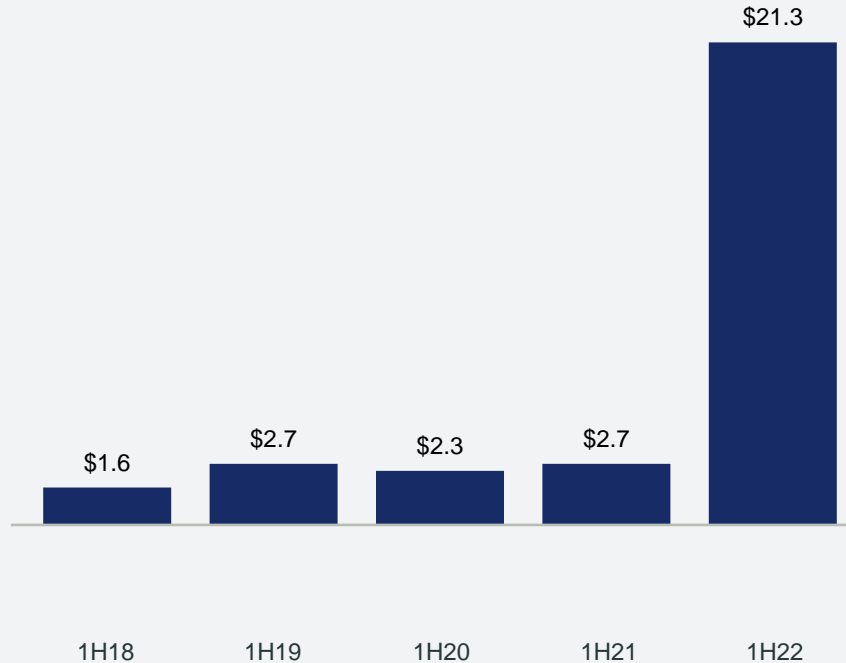


* Reported net profit/loss excluding the effects of unrealised foreign exchange

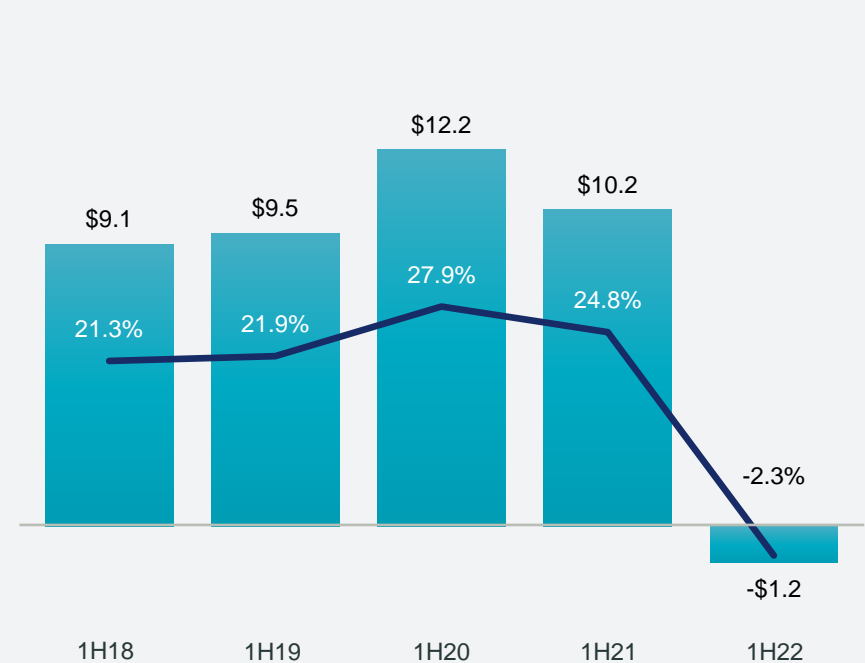
FY 2022 Half Year Result

Strong cashflows and positive working capital swing produced a net cash position at 30 June 2022

Underlying Operating Cashflow(\$M)*



Net Debt (\$M) and Gearing** (%)

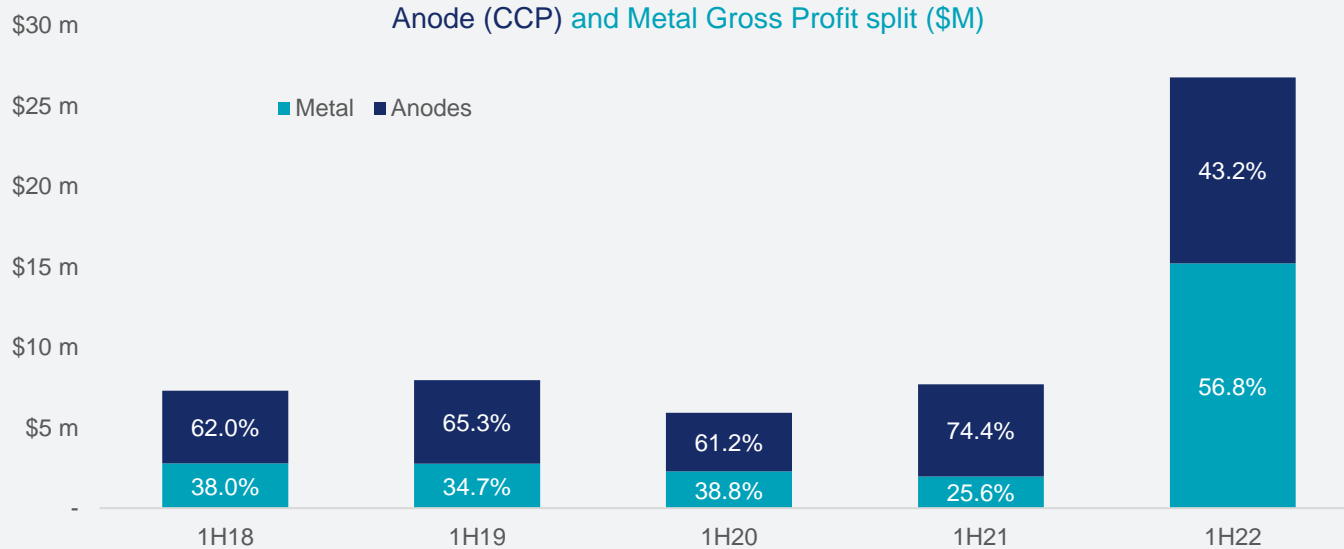


* Operating cashflow excluding working capital movements, interest and tax payment

**Gearing = net debt / (net debt + equity)

FY 2022 Half Year Result

Metal business contributed 57% of Gross Profit in 1H22



Metals driven by higher pure Mg price in EU

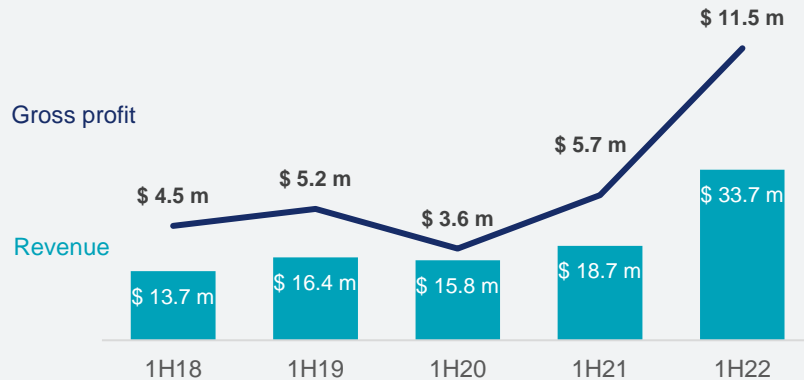
Mg Anodes business also benefitted from higher Mg pricing environment

MAQ at full production will increase Metals contribution above CCP

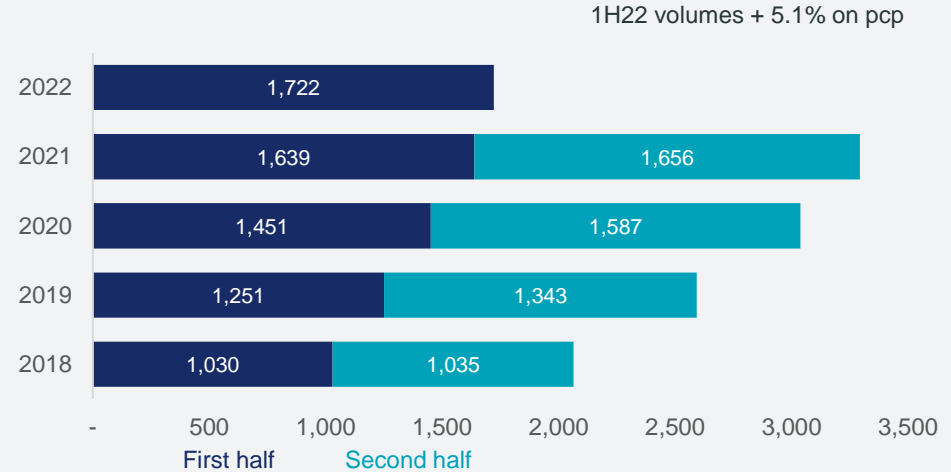
FY 2022 Half Year Result – CCP / anodes

67% sales growth in 1H22 over 5 years since 1H18

Global CCP revenues and gross profit (A\$m)



Global magnesium anode sales volumes (metric tonnes)



Magontec market share growth in Europe and North America

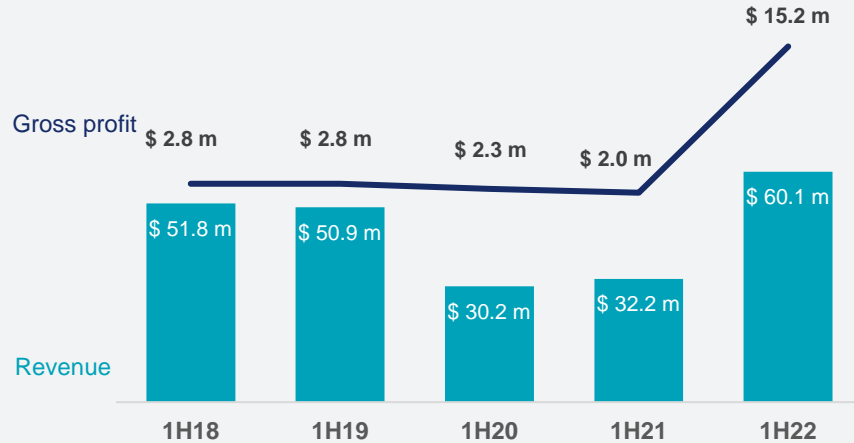
Steady capex driving cost efficiencies and competitiveness

Flexible global production base and price makes Magontec #1

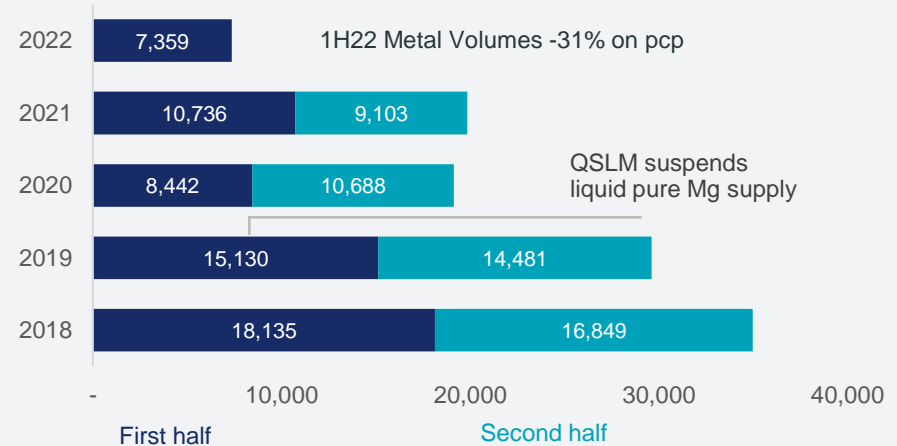
FY 2022 Half Year Result - Metals

Metals division GP up to \$15.2 million in 1H22 supported by strong pricing environment for pure Mg

Global metals revenues and gross profit (A\$M)



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



Volumes down but pricing was strong during the half

Continued innovation to reduce conversion costs

Magontec's corporate transformation creates an exceptional platform for growth



ASX Listed
Capitalisation*

\$26.1m



Strong
financial
fundamentals



Primary Mg alloy
production



"Green"
magnesium



Profit
"inflexion" point

Thank You



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Appendix Half Year 2022 Result by Region

Segment P&L

(AUD '000)	EUR	PRC	Head office	6 months to 30 June 2022
Gross Profit	24,143	2,610	-	26,753
Other income	125	104	-	230
Operating expenses	(3,784)	(1,781)	(1,238)	(6,804)
Add back D&A in Cost of Sales	540	550	-	1,090
EBITDA	21,024	1,484	(1,238)	21,266
Depreciation and amortization	(792)	(582)	(23)	(1,397)
EBIT	20,232	902	(1,262)	19,872
Interest	(126)	(259)	-	(385)
Tax	(5,509)	(179)	-	(5,688)
Reported Net Profit After Tax	14,596	465	(1,262)	13,799

EUR key driver of Group result in 1H22

PRC business profitable, but impacted by Xi'an lockdown

Head office costs \$1.26 m in 1H22

Appendix Prior Half Year 2021 Result by Region

Segment P&L

(AUD '000)	EUR	PRC	Head office	6 months to 30 June 21
Gross Profit	6,209	1,493	-	7,702
Other income	329	118	-	447
Operating expenses	(3,465)	(1,563)	(820)	(5,848)
Add back D&A in Cost of Sales	531	549	-	1,079
EBITDA	3,604	596	(820)	3,381
Depreciation and amortization	(796)	(593)	(12)	(1,400)
EBIT	2,809	4	(832)	1,981
Interest	(175)	(75)	(1)	(250)
Tax	(502)	(98)	-	(600)
Reported Net Profit After Tax	2,131	(169)	(832)	1,130

EUR profit of \$2.1m in 1H21 included \$226k gain from Romanian VAT

PRC business made a 1H21 loss of \$169k, which included \$593k of depreciation (pre tax)

HO expense was \$0.83m in 1H21

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