MAGONTEC Limited
ABN 51 010 441 666

Registered office
Suite 1.03, 46A Macleay Street
Potts Point, Sydney NSW 2011
T: +61 2 8084 7813

6 September 2023

Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
Sydney, NSW, 2000

**HALF YEAR 2023 RESULTS INVESTOR PRESENTATION
MAGONTEC LIMITED**

The attached deck is released prior to meetings between the Company and Investors.

ENDS

Nicholas Andrews, Executive Chairman and Chief Executive Officer of Magontec Limited, has authorised the release of this document to the market on 6 September 2023

Investor enquiries

Kirsten Thomson

Symbol Strategic Communications

E: magontec@symbolstrategic.com.au

Media enquiries

Louise Watson

Symbol Strategic Communications

E: magontec@symbolstrategic.com.au

Magontec Limited

ASX:MGL

Half Year 2023 Results

Investor Presentation

August 2023

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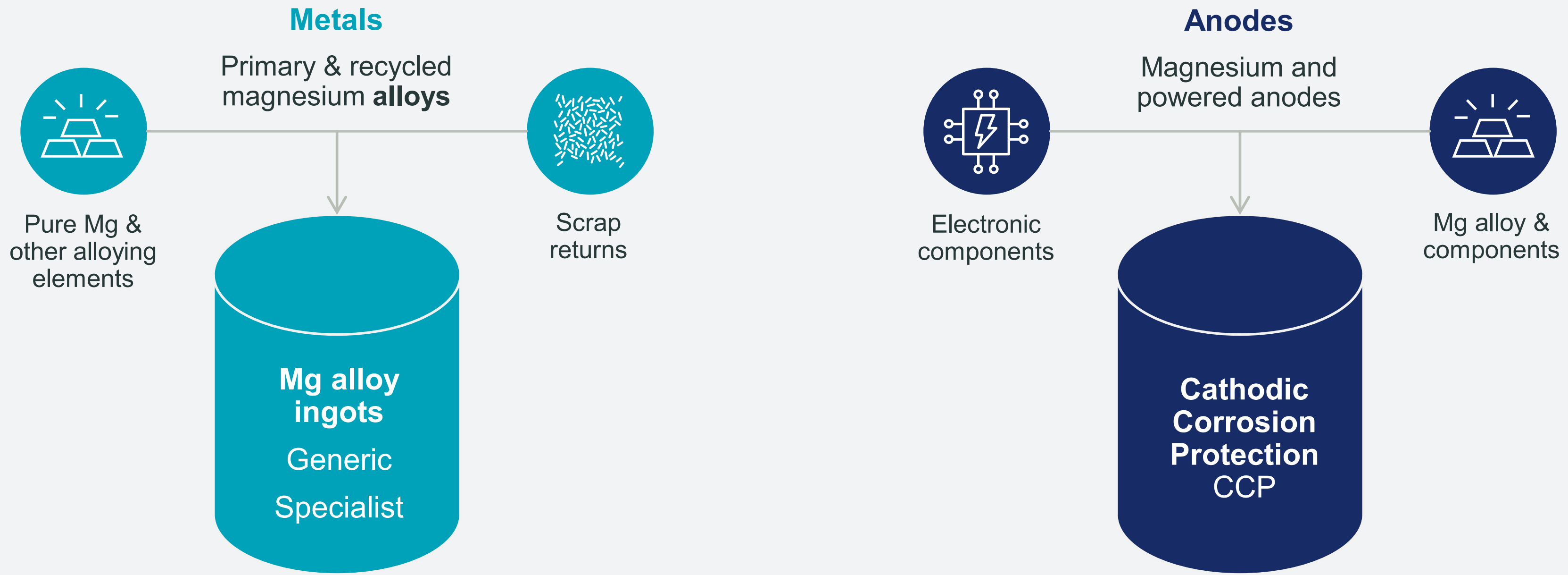
Magontec Limited: ASX Code: MGL

Our businesses



Overview

Dashboard for 1H 2023

REVENUE $60.6 mil	EBITDA $5.9 mil	UNDERLYING NPAT* $3.3 mil	EPS 3.1 cents	
GROSS PROFIT MARGIN 23.3% HY22 28.5%	CASH FLOW FROM UNDERLYING OPERATIONS** $6.0 mil	NET CASH/(DEBT) $12.0 m CASH ON HAND $15.4 m	HALF YEAR DIVIDEND / SHARE (UNFRANKED) 0.6 cents 1H22 0.6 cents	

Interim highlights

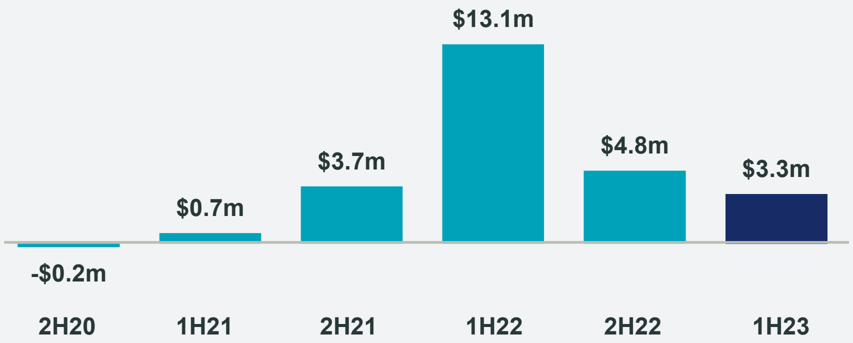
- Net cash balance increased to $12.0m as at 30 June 2023 compared to $1.2m at the end of the previous corresponding period (pcp).
- Operating cashflow of $11.5 million for the half, compared to $8.9 million in the pcp – lower working capital requirement.
- Board declares 1H23 interim dividend (unfranked) of 0.6 cents per share, in line with HY22.
- No net debt.
- EBITDA of $5.9m and Underlying NPAT* of $3.3m, despite a 41% fall in average Pure Mg prices compared to pcp.
- Net Tangible Assets per share have increased to 71.6 cents compared to 62.8 cents per share in the pcp.

**Underlying NPAT = reported net profit after tax excluding unrealised FX gains and losses*
***Cashflow from underlying operations = reported operating cashflow less working capital movements, interest and income tax payments*

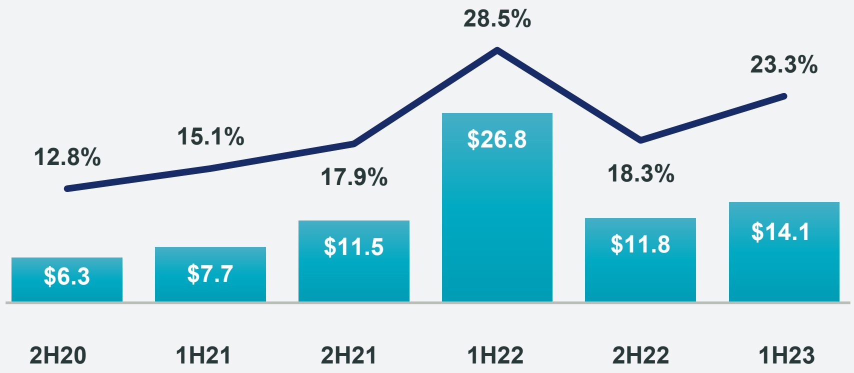
FY 2023 Half Year Result

- Mg price declined 41% from pcp, reducing inventory value
- High inventories in China, widespread temporary pure Mg plant closures
- Strong market positions in each product
- Refurbishment of Xi'an Mg anode factory boost to 2H productivity
- Global heat pump sales rising sharply

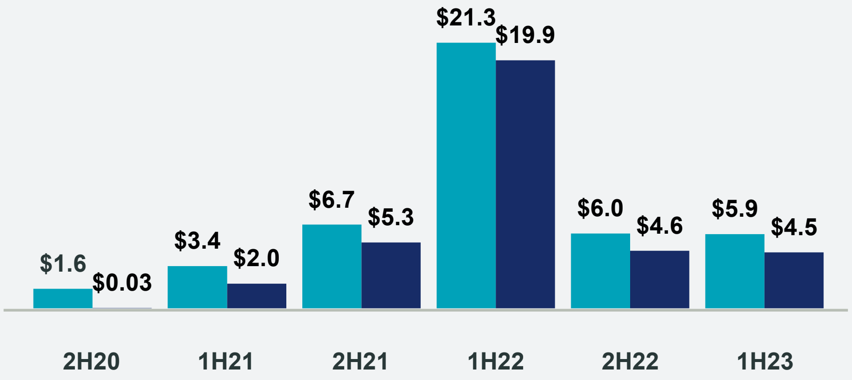
Underlying Net Profit After Tax * ($M)



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



Reported EBITDA and EBIT ($M)

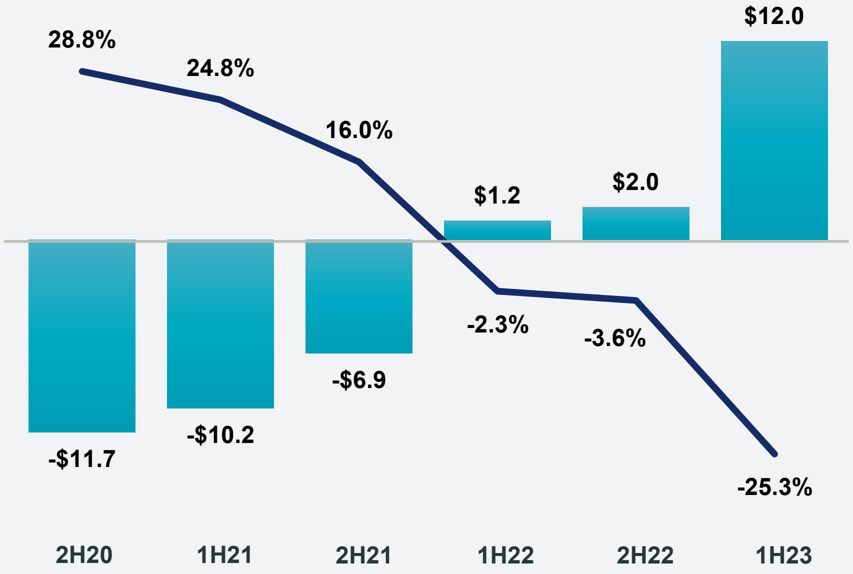


Underlying NPAT = reported net profit after tax excluding unrealised FX gains and losses

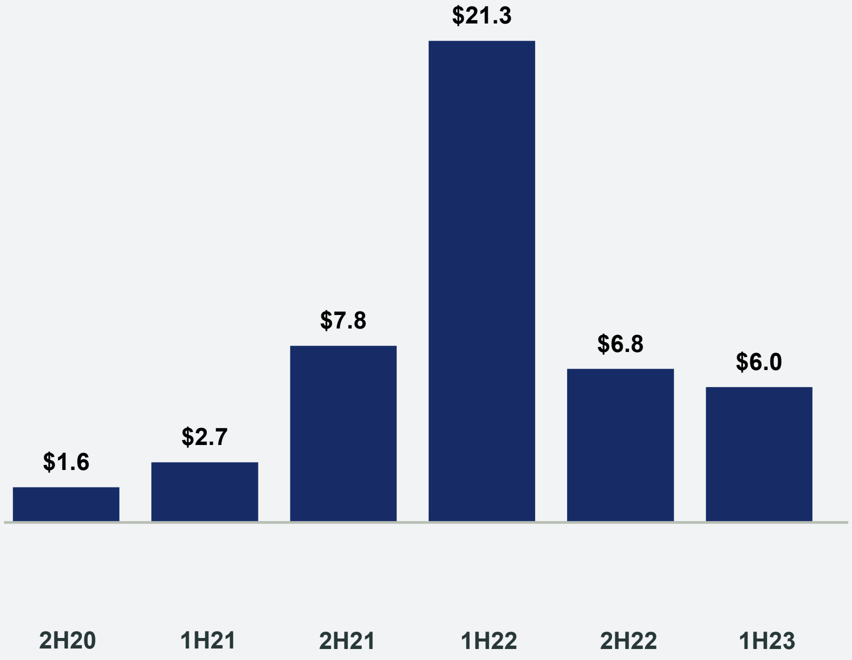
FY 2023 Half Year Result

Net cash position of $12.0 million as at 30 June 2023 provides balance sheet flexibility

Net Cash/(Net Debt) ($M) and Gearing* (%)



Underlying Operating Cashflow ($M)**



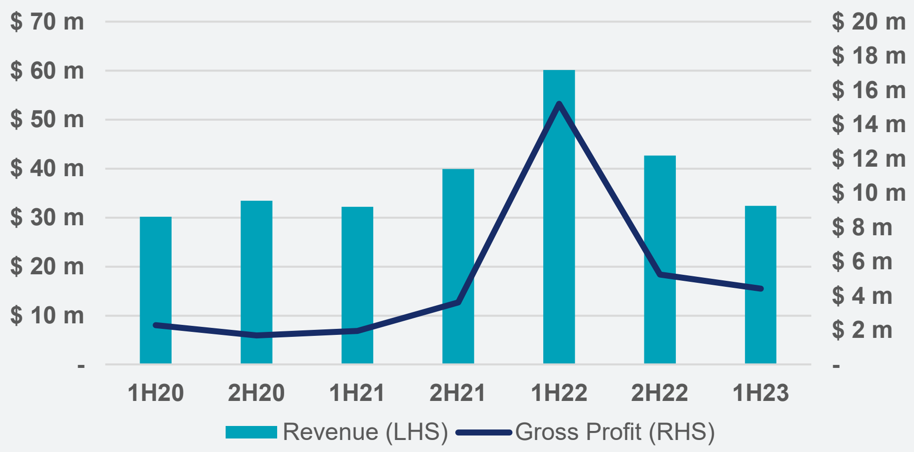
*Gearing = net debt / (net debt + equity)
** Operating cashflow excluding working capital movements, interest and tax payments

Mg prices rising as Fugu plants close for emissions upgrade / coal prices falling

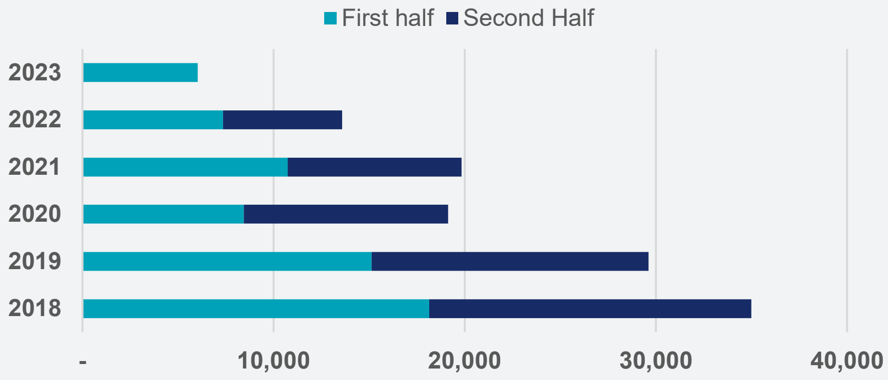
FY 2023 Half Year Result - Metals

Lower Gross Profit contribution from Metals division as pure Mg prices subside

Global metals gross profit (A$M)



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



Volumes lower / economic pressures

Production costs steady

Energy costs moderating

Primary Mg alloy manufacturing: At Golmud in Qinghai province PRC

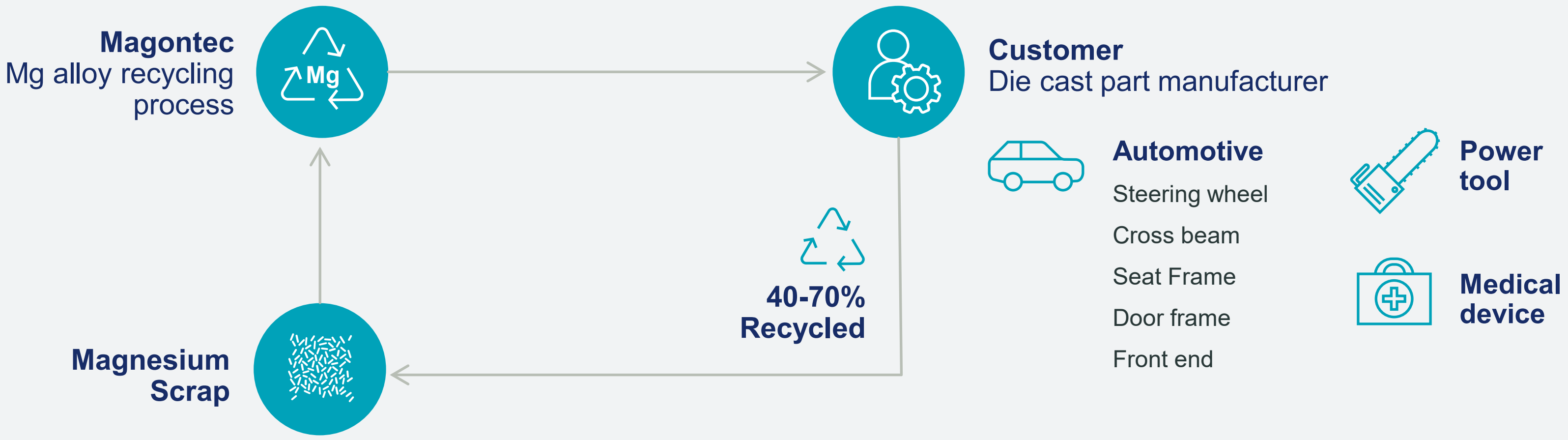
Manufactures Mg alloys from pure Mg and other alloying element raw material

Adjacent to electrolytic Mg smelter Installed capacity 60k mtpa	~ 90% renewable energy	Auto / other Mg alloy die cast customers	Re-supply from QSLM anticipated in 2024

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 CO_2 equivalent/kg of Mg*	Installed capacity 24k mtpa	Europe's largest Mg recycler

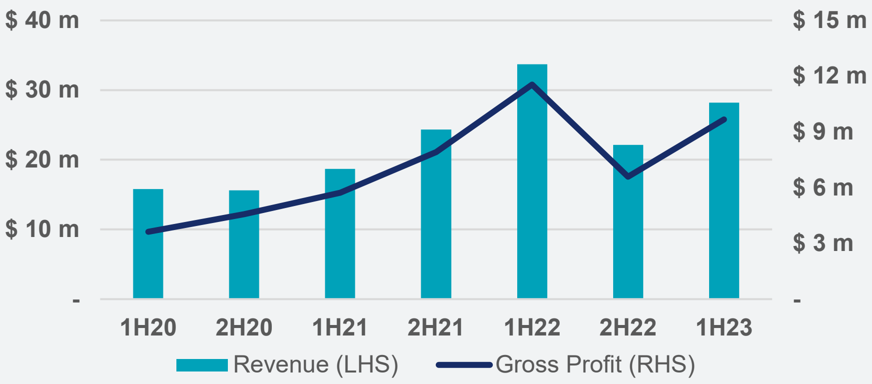


*German Aerospace Institute of Vehicle Concepts survey on CO_2 emissions from magnesium smelters around the World

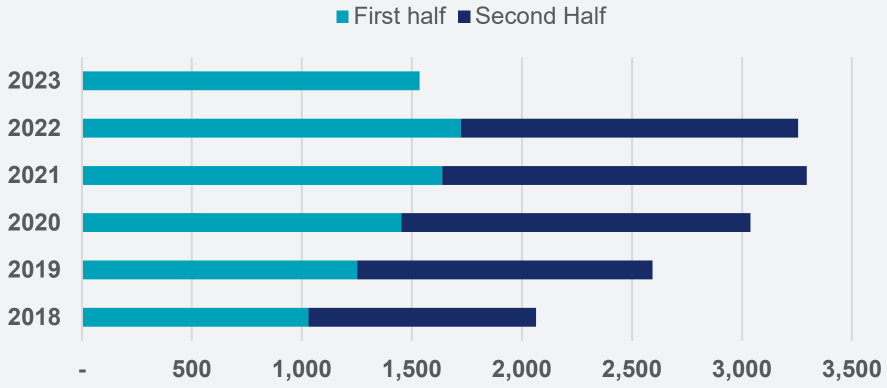
FY 2023 Half Year Result – CCP / anodes

Gross profit saw increase over 2H22

Global CCP gross profit (A$M)



Global magnesium anode sales volumes (metric tonnes)



Strong market shares in China, Europe and North America

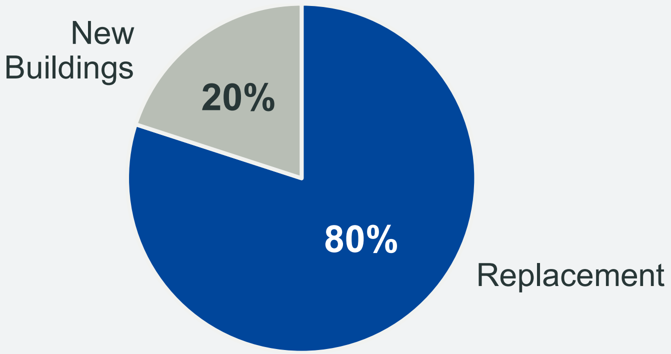
Steady capex driving cost efficiencies and competitiveness

Flexible global production base and price

Cathodic Corrosion Protection (CCP)

Every water tank in every house requires corrosion protection

CCP = Magnesium + Electronic anodes



Industry drivers

Urbanisation (water heater installation)

80% replacement (5 to 10 year c)

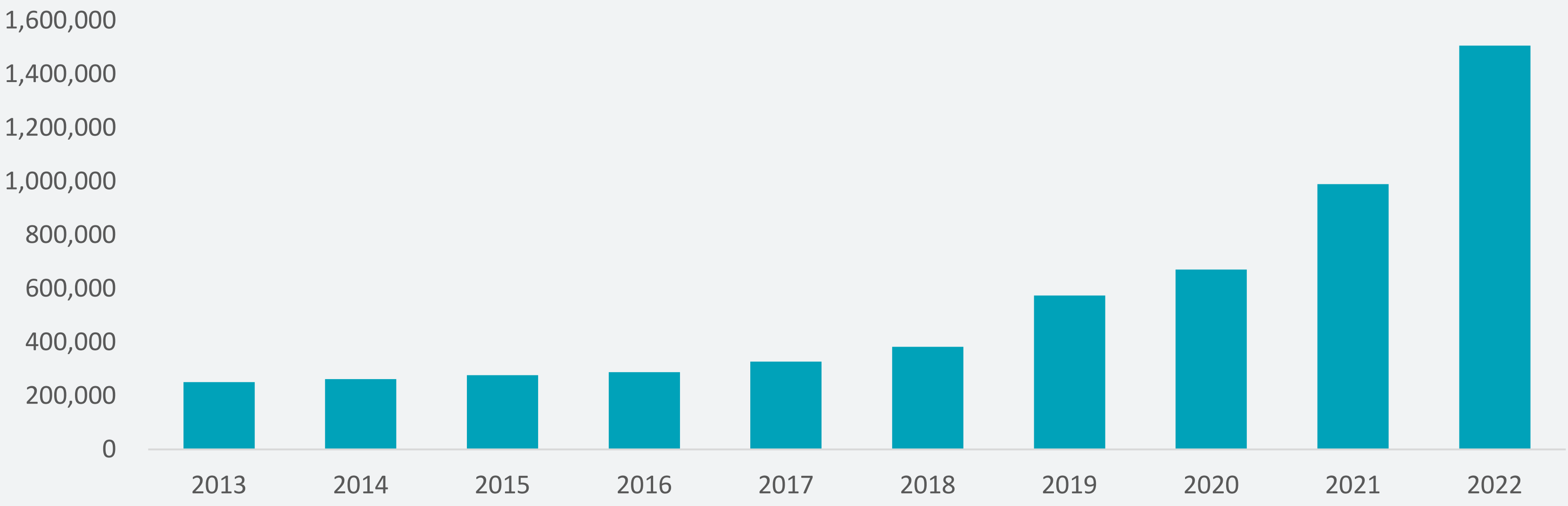
Climate change

Switch from oil/gas to electric heat pump

Accelerated replacement of installed appliances

Powered anodes a growth market

European Hydronic (water) Heat Pump Installations up to 400kW (Total Market)



Market for powered anodes is growing quickly

Government incentives and the climate emergency driving installations

+500% in the 10 years to 2022

Magontec Qinghai magnesium alloy cast house

Revenue and profit opportunity | Delayed SOP | Currently operating at low levels

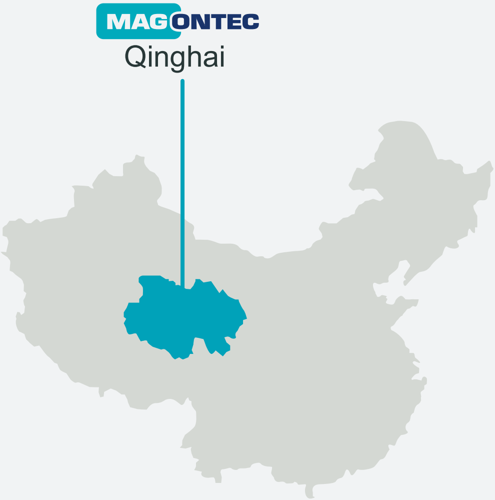
Cast house impact

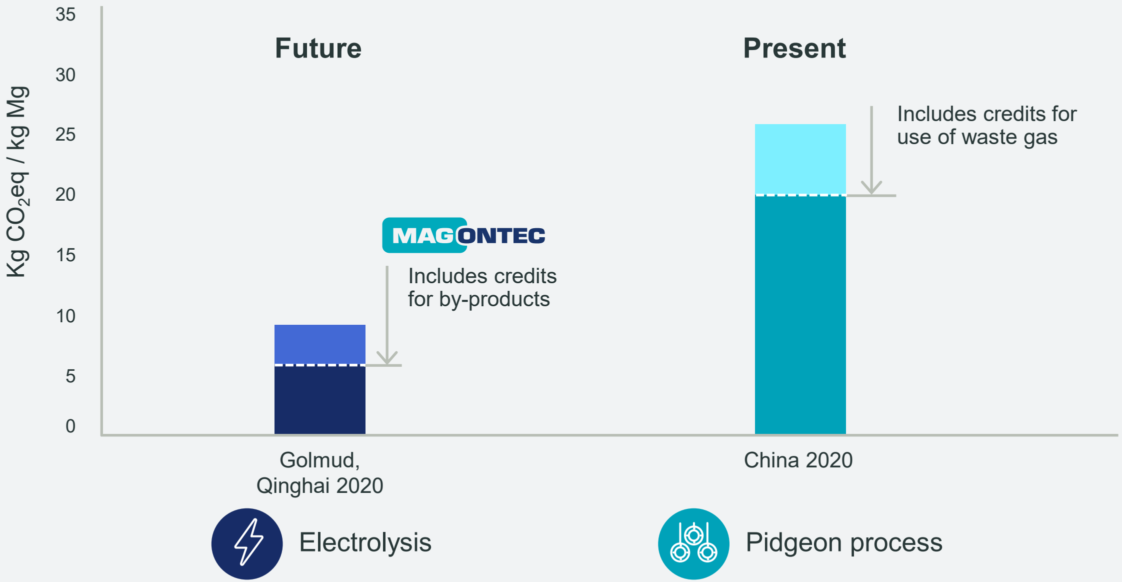
	2022		Target
Mg production mtpa	5k	›	56k
Revenue A$	$37m	›	$200m+*
Contribution	Loss	›	Profit
Industry CO^2 output	High	›	Low

SOP Timetable		
Production restart	›	2024
Initial volumes	›	~1k mt/month
Full production	›	2+ years

* assumes pure magnesium price of A$4,000 per tonne

Magontec Qinghai will use the lowest CO_2 Mg ever produced*





*German Aerospace Institute of Vehicle Concepts survey on CO_2 emissions from magnesium smelters around the World

FY 2023 Half Year Result – Key financial highlights

Equity, Borrowings, Cashflow

(AUD '000)	6 months to 30 June 23	6 months to 30 June 22	
Equity			
EBITDA	5,949	21,269	(72.0%)
Reported Net Profit After Tax	2,397	13,799	(82.6%)
Earnings per share (cents)	3.1	18.0	(82.8%)
Dividend per share (cents) – unfranked	0.6	0.6	-
Return on Equity (%)	4.1%	31.3%	
Net tangible assets per share (cents)	71.6	62.8	14.0%
Cashflow			
Cash from Underlying Operations**	5,984	21,251	(71.8%)
Reported Operating Cashflow	11,472	8,914	28.7%
Borrowings	**30 June 23**	**31 Dec 22**	
Net debt/(net cash)	(12,025)	(1,964)	
Net debt to net debt + equity (%)	(25.3%)	(3.6%)	

Net cash position improved to A$12 million as at 30 June 2023.

1H23 EPS 3.1 cents. Dividend maintained at 0.6 cents per share (unfranked)

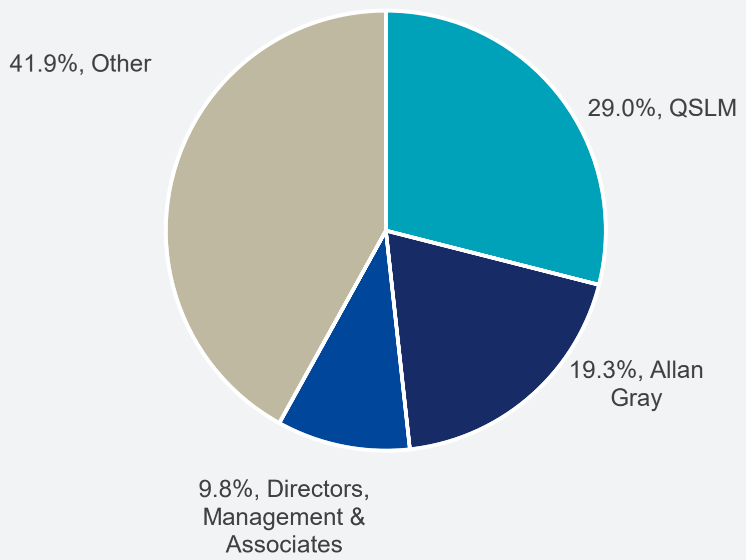
Net tangible assets increased 14.0% over pcp to 71.6 cents per share as at 30 June 2023

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

Magontec Limited Market Information

ASX Code: MGL	Total	Per Share
Ordinary shares on issue	78,310,543	
Book value of net assets – 30 June 2023	**$59.5 million**	**76.0 cents/share**
Market capitalisation[1]	**$29.4 million**	**37.5 cents/share**
Net debt/(cash) – 30 June 2023	($12.0 million)	
Enterprise value	**$17.3 million**	
LTM[2] EBITDA to 30 June 2023	$11.9 million	
LTM[2] Reported NPAT to 30 June 2023	**$5.1 million**	**6.5 cents/share**
Performance rights on issue 30 June 2023	*8,955,793*	

Shareholder Structure 30 June 2023



1 Based on share price of $0.375 as at 6 September 2023 (intraday)
2 LTM = Last 12 Months

Thank You

MAGONTEC

Head Office, Sydney
Suite 1.03 46a Macleay St
Potts Point Sydney NSW
AUSTRALIA 2011

☎ Tel +61 2 8084 7813
Fax +61 2 9252 8960
✉ corporate@magontec.com
www.magontec.com

MAGONTEC GmbH

Industriestraße 61
46240 Bottrop
Germany

☎ Tel +49 (0) 20 41 / 99 07-0
Fax +49 (0) 20 41 / 99 07 99
✉ europe@magontec.com
www.magontec.com

MAGONTEC Xian Co., Ltd

No. 40, Feng Cheng 3 Road,
Xian Economic and
Development Zone
Xian, China, 710021

☎ Tel. +86 29 / 86 52 68 78
Fax +86 29 / 86 52 37 22
✉ china@magontec.com
www.magontec.com

Magontec Limited

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Half Year 2023 Results

Investor Presentation

August 2023

Appendix – 1H 2023 Half Year Result Summary

Income statement

(AUD '000)	6 months to 30 June 2023	6 months to 30 June 2022	
Revenue	**60,550**	**93,807**	**(35.5%)**
Cost of Sales	(46,447)	(67,053)	(30.7%)
Gross Profit	**14,103**	**26,753**	**(47.3%)**
Gross Profit margin (%)	*23.3%*	*28.5%*	
Other income	290	230	26.4%
Other operating expenses*	(8,445)	(5,714)	47.8%
EBITDA	**5,949**	**21,269**	**(72.0%)**
Depreciation and amortization	(1,479)	(1,397)	5.8%
EBIT	**4,470**	**19,872**	**(77.5%)**
Interest	(288)	(385)	(25.0%)
Tax	(1,784)	(5,688)	(68.6%)
Reported Net Profit After Tax	**2,397**	**13,799**	**(82.6%)**

Gross margin in 1H23 of 23.3%

Revenue decline driven by lower pure Mg prices

Net profit excluding unrealised FX $3.3 million in 1H23

* In 1H23, Other operating expenses included add back of $1.1m of D&A contained in Cost of Sales (1H22: $1.1m)

Appendix – 1H 2023 Half Year Result

Reconciliation of significant items in earnings

(AUD '000)	6 months to 30-Jun-23	6 months to 30-Jun-22
Reported Net Profit Before Tax, unrealised FX & Significant Items	**5,570**	**19,611**
Significant items before tax		
Less non-cash equity writeback / (expense)	(278)	(266)
Less MAQ depreciation (non-cash)	(463)	(460)
Less MAQ Primary Mg Alloy EBITDA profit/ (loss)	205	(146)
Reported Net Profit Before Tax excl. unrealised FX	**5,034**	**18,739**
Less tax expense	(1,784)	(5,688)
Reported Net Profit After Tax excl. unrealised FX (underlying NPAT)	**3,250**	**13,051**
Add/Less unrealised FX gains / (losses)	(853)	748
Reported Net Profit After Tax	**2,397**	**13,799**

1H23 Reported NPAT of $2.4m

MAQ EBITDA positive $205k during 1H 2023, prior to non cash $463k depreciation charge

1H23 Reported NPAT of $5.6m excluding these significant items and unrealised FX

Appendix Half Year 2023 Result by Region

Segment P&L

(AUD '000)	EUR	PRC	Head office	6 months to 30 June 2023
Gross Profit	**11,935**	**2,168**	**-**	**14,103**
Other income	127	162	2	290
Operating expenses	(6,053)	(2,144)	(1,371)	(9,568)
Add back D&A in Cost of Sales	554	568	-	1,123
EBITDA	**6,564**	**754**	**(1,369)**	**5,949**
Depreciation and amortization	(882)	(597)	-	(1,479)
EBIT	**5,682**	**157**	**(1,369)**	**4,470**
Interest	(164)	(125)	-	(288)
Tax	(1,703)	(80)	-	(1,784)
Reported Net Profit After Tax	**3,815**	**(48)**	**(1,369)**	**2,397**

EUR remains key driver of Group result in 1H23

PRC close to break even despite anode factory shutdown for upgrade works

Head office costs $1.37 m in 1H23

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