

## OMH HOLDINGS LIMITED

### MEDIA RELEASE

#### OM HOLDINGS LIMITED TURNS CORNER WITH EBITDA OF A\$186.1M AND INCLUDING A NET PROFIT OF A\$91.4M FOR FY2017

#### HIGHLIGHTS

- Revenue increased from A\$414.2m for the financial year ended 31 December 2016 (“FY2016”) to A\$988.2m for the financial year ended 31 December 2017 (“FY2017”)
- EBITDA up from A\$35.0m in FY2016 to A\$186.1m in FY2017
- Gross profit margin increased from 14.5% in FY2016 to 21.2% in FY2017
- Borrowings to equity ratio decreased from 3.05 in FY2016 to 1.77 in FY2017

**22 February 2018** - Singapore based ASX-listed **OMH Holdings Limited**, (“**OMH**”, the “**Company**” or, together with its subsidiaries the “**Group**”) a vertically integrated manganese mining, smelting and trading company, today announced that it recorded a 139% increase in revenue from A\$414.2 million in FY2016 to A\$988.2 million in FY2017, and a net profit after tax of A\$91.4 million for FY2017, up from the loss after tax of A\$16.7 million for FY2016. This was due to increased sales volumes as well as a rise in the prices of manganese ore and ferroalloys. With this set of results, the Group has made a strong rebound which underpins the Group’s ongoing strategic direction.

During the year, the Group’s Australian subsidiary, OM (Manganese) Ltd (“**OMM**”) resumed full mining operations after a period of care and maintenance, and the smelter complex operated by OM Materials (Sarawak) Sdn. Bhd. (“**OMSA**”) successfully ramped up production from its modified furnaces. Together with steadily increasing prices, the second half of FY2017 contributed most significantly to the Group’s FY2017 financial performance. Revenue for the six months from 1 July to 31 December 2017 was AS\$725.1 million accounting for 73% of FY2017 revenue. EBITDA for the six months from 1 July to 31 December 2017 also rose to a high of A\$144.6 million accounting for 78% of FY2017 EBITDA. Net profit after tax for the second half of FY2017 was A\$112.7 million as compared to a net loss after tax of A\$21.3 million for the first half of FY2017.

Gross profit margin improved to approximately 21.2% in FY2017 from 14.5% in FY2016. This was attributed to stronger ore and alloy prices, higher volumes of ferrosilicon (“**FeSi**”), manganese alloy and manganese ore traded, as well as the improvements made to production efficiencies at the OMSA smelter.

Commenting on the Group’s FY2017 financial performance, OMH Executive Chairman, Mr Low Ngee Tong, said, “*Production at our smelter in Samalaju, Sarawak is running smoothly, with 15 of its 16 furnaces in operation, with the final remaining furnace to be brought into operation soon. With the successful execution of the*

*Sarawak project, the Group's income stream has diversified with the addition of silicon alloys and manganese alloys, and we will have the option of adding metallic silicon to this mix in the future. This reduces the risk of depending on a single commodity (manganese ore) from our Australia mine which was the case prior to 2016. The 2018 outlook for the global economy is relatively stable, and we expect ore and alloy prices to remain healthy. Barring unforeseen circumstances, we expect the Group to continue its FY2017 financial performance into FY2018."*

Mr Low added *"It is also important to highlight that the Sarawak project went from commencement of construction in the middle of 2013 to an efficient steady state production of almost half a million tonnes of alloys per annum within four and a half years. During this period, we have also successfully modified 6 of our furnaces for the production of manganese alloys. This could not have been achieved without the support of a very strong in-house engineering team and production experts."*

The Group's financial position has also improved, with the borrowings to equity ratio declining to a low of 1.77 as at 31 December 2017, from 3.05 as at 31 December 2016.

The Company's net asset backing per ordinary share was 39.34 cents per ordinary share as at 31 December 2017 as compared to 27.68 cents per ordinary share as at 31 December 2016, representing an increase of approximately 42% (or 11.66 cents per ordinary share).

Net cash generated from operating activities increased significantly to A\$133.8 million in FY2017 compared to the net cash generated of A\$22.3 million for FY2016.

The Company's strategic market and operational fundamentals and prospects have not gone unnoticed and will continue to deliver sustainable value into the future.

Commenting on the Group's strong performance for FY2017, Mr Low Ngee Tong said, *"I wish to thank all our shareholders, fellow directors and employees, partners, bankers and financial advisors for their support and trust in us, in going through the difficult times, without which we would not be where we are today. We will concentrate on reducing our debt level in 2018, which is why the Board has declared no dividend for FY2017. The Board shall continue to focus on reducing the Group's debt and further improving its cash flow, and aim to reconsider the resumption of a dividend program to shareholders in the future"*.

~End~

*This press release is to be read in conjunction with OMH FY2017 Financial Statement Announcement posted on ASX on 22 February 2018.*