



# OM HOLDINGS LIMITED

*Investor Presentation*

October 2018

## DISCLAIMER

This presentation has been prepared and issued by OM Holdings Limited ARBN 081 028 337 ("OMH"). This presentation contains summary information about OMH. The information in this presentation does not purport to be complete or to provide all information that an investor should consider when making an investment decision. It should be read in conjunction with OMH's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange which are available at [www.asx.com.au](http://www.asx.com.au).

This presentation contains "forward-looking" statements within the meaning of securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or other similar words, and include statements regarding certain plans, strategies and objectives of management and expected financial performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside the control of OMH, and its directors, officers, employees, agents or associates. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are therefore cautioned not to place undue reliance on forward-looking statements and OMH, other than required by law, assumes no obligation to update such information.

OMH makes no representation and can give no assurance, guarantee or warranty, express or implied, as to, and takes no responsibility and assumes no liability for the authenticity, validity, accuracy, suitability or completeness of, or any errors in or omissions from, any information, statement or opinion contained in this presentation.

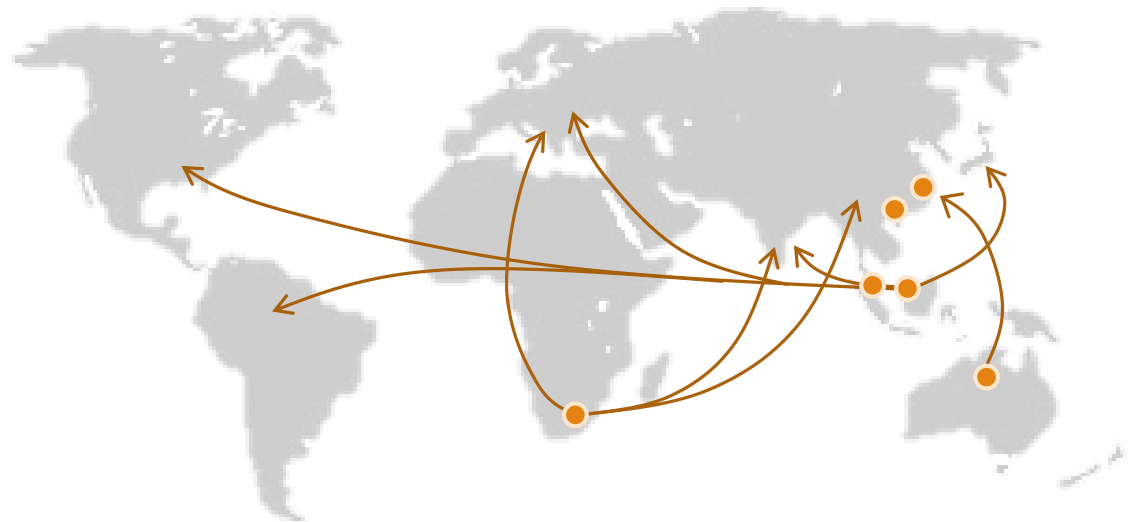
This presentation is for information purposes only and is not a financial product or investment advice or a recommendation to acquire (or refrain from selling) OMH shares. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal and taxation advice appropriate to their jurisdiction. OMH is not licensed to provide financial product advice, either generally or in respect of OMH shares.



## GROUP OVERVIEW

OM Holdings Limited with its subsidiaries, is a vertically integrated commodity player engaged in the business of **mining, smelting, trading, and marketing of ores and ferroalloys**. With an established history of over 20 years in the industry, the Group is listed on the ASX and captures value across the entire value chain through operations in Australia, China, Japan, Malaysia, Singapore, and South Africa. The Group's flagship smelter complex in Sarawak commenced production in 2014, marking a successful foray into the production of silicon based products.

<b>1994</b>	Founded
<b>1998</b>	Listed on ASX
<b>2005 - 2006</b>	Started Bootu Creek mine and Qinzhou smelter
<b>2010</b>	Secured stake in Tshipi Borwa mine
<b>2011</b>	Initiated Sarawak project
<b>2014</b>	Started Sarawak smelter
<b>2017</b>	Completed furnace conversion at Sarawak



# GROUP SNAPSHOT

From Oct 2018, OMH was included in the S&P/ASX 300, and S&P/ASX Small Ords indices

## Share Metrics (as at 22<sup>nd</sup> Oct 18)

Issued Shares	738.6 million shares
Share Price	A\$ 1.685
52 weeks Low / High	A\$ 0.45 / A\$ 1.70
Market Capitalization	A\$ 1.24 billion

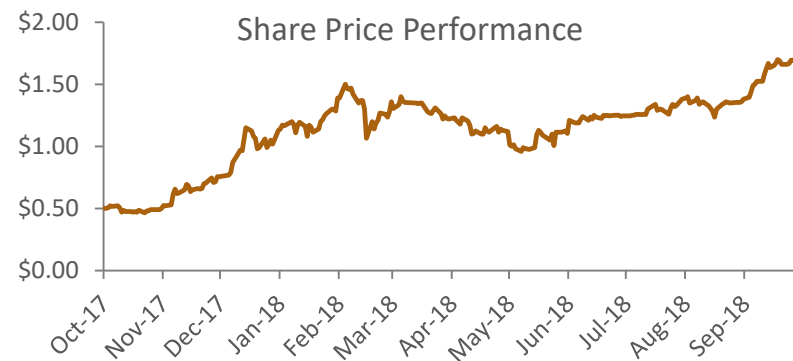
## Debt (H1 2018)

Total Borrowings	A\$ 497 million
- Sarawak Project	- A\$ 469 million
- Corporate	- A\$ 28 million

Enterprise Value	A\$ 1.74 billion
------------------	------------------

## Earnings & Key Ratios

Adj. EBITDA (Jun 2018, trailing 12 months)	A\$ 319 million
Earnings / Share (Jun 2018, trailing 12 months)	A\$ 0.25
EV : Adj. EBITDA	5.45x
PER	6.74x



## Largest Shareholders (as at 3<sup>rd</sup> Apr 18)

Huang Gang and Newtimes Marine Co Ltd	12.10%
Marc Chan, Amplewood Resources Ltd and Parfield International Ltd	10.92%
Low Ngee Tong and Ramley International Ltd	9.10%
Heng Siow Kwee and Dino Company Ltd	8.94%
Stratford Sun Limited	7.96%



\*Adjusted EBITDA is defined as operating profit before depreciation and amortisation, impairment write-back/expense, non-cash inventory write-downs, deferred stripping, and other non-cash items. Adjusted EBITDA is not a uniformly defined measure and other companies in the mining industry may calculate this measure differently. Consequently, the Group's presentation of Adjusted EBITDA may not be readily comparable to other companies' figures.

# GROUP OVERVIEW

## OMH's Board of Directors

<b>Low Ngee Tong</b> (Executive Chairman & CEO)	<ul style="list-style-type: none"> <li>○ A qualified mechanical engineer, having graduated from the National University of Singapore</li> <li>○ Has over 38 years of experience in the steel, ferroalloy and building materials industries in Asia</li> <li>○ Founded OMH and held the position of CEO from incorporation to subsequent listing on the ASX in 1998. In October 2008, became the Executive Chairman of OMH</li> </ul>
<b>Zainul Abidin Rasheed</b> (Independent Deputy Chairman)	<ul style="list-style-type: none"> <li>○ Graduated with Bachelor of Arts (Honours) in Economics and Malay Studies from the University of Singapore</li> <li>○ Had an extensive career in journalism and served as a Member of the Parliament of Singapore and in a number of government agencies</li> <li>○ Non-resident Ambassador to the State of Kuwait and the Foreign Minister's Special Envoy in the Middle East</li> </ul>
<b>Julie Wolseley</b> (Independent Non-Executive Director & Joint Company Secretary)	<ul style="list-style-type: none"> <li>○ Holds a Bachelor of Commerce degree and is a Chartered Accountant</li> <li>○ Has over 26 years experience as Company Secretary to a number of ASX listed companies operating primarily in the resources sector</li> <li>○ Previously an audit manager both in Australia and overseas for an international accounting firm as well as a Member of the Australian Institute of Company Directors</li> </ul>
<b>Tan Peng Chin</b> (Independent Non-Executive Director)	<ul style="list-style-type: none"> <li>○ Founded Tan Peng Chin LLC, a Singapore based law firm, and was formerly its Managing Director and consultant until he retired from the firm on 31 December 2015</li> <li>○ Legal expertise includes corporate finance, banking, company and commercial laws, international trade, joint ventures, and shareholder issues</li> <li>○ Currently holds a number of directorships on a number of companies in Asia</li> </ul>
<b>Thomas Teo Liang Huat</b> (Independent Non-Executive Director)	<ul style="list-style-type: none"> <li>○ Holds a Master of Business in Information Technology from the Royal Melbourne Institute of Technology and a Bachelor of Accountancy from the National University of Singapore</li> <li>○ A Fellow member of the Institute of Singapore Chartered Accountants and the CFO of G.K. Goh Holdings Limited</li> <li>○ Current executive responsibilities extend to the financial and investment management as well as being a board representative on various subsidiaries and associates</li> </ul>
<b>Peter C. Church</b> (Independent Non-Executive Director)	<ul style="list-style-type: none"> <li>○ An Australian commercial lawyer with over 30 years of experience providing legal and corporate advisory in South East Asia and India</li> <li>○ Also holds various executive roles as the Chairman of AFG Venture Group, Special Counsel to Stephenson Harwood, and a non-executive director of a number of corporations and not for profit organisations</li> <li>○ Awarded the Medal of Order of Australia (OAM) by the Australian Government for his promotion of business between Australia and South East Asia, and is a Fellow of the Australian Institute of Company Directors</li> </ul>



# ACTION AND STRATEGY

## Delivered (2017 – 2018)

- Mn furnace conversion at OM Sarawak: Gains in total return
- Achieved cost competitive production for 16 furnaces, run on green and sustainable hydropower
- Secured 50 MW (total of 350 MW) additional power to support high production rates

## Short-term / Actionable

- Sinter plant for cost reduction
- Tailings retreatment to efficiently produce ore fines
- Secure additional 100 MW power to fuel future growth
- Continuous product development at OM Sarawak to capture full market value

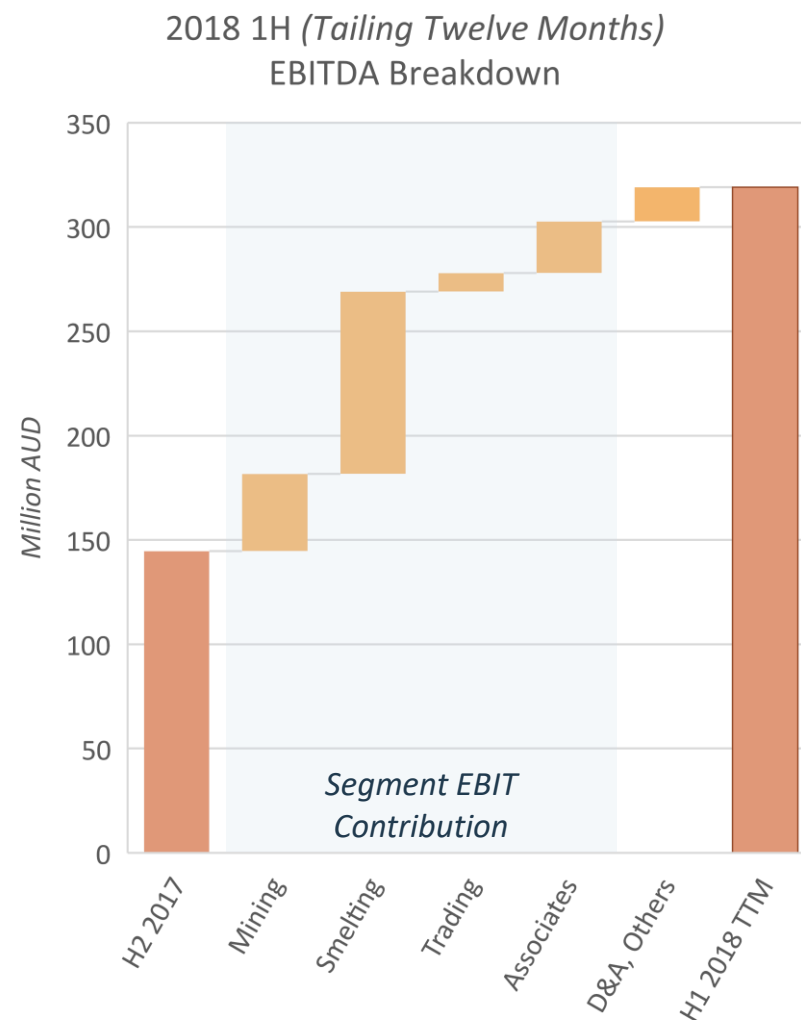
## Long-term / Strategic

- Expand Mn alloy capacity
- Develop Silicon metal production
- Raw material development
- Trading based on long-term relationships



# FINANCIAL HIGHLIGHTS

A\$'million	2015	2016	2017	H1 2018
Revenue	338.5	414.2	988.2	828.3
Gross Profit	6.1	60.1	209.6	184.6
GP Margin (%)	1.8	14.5	21.2	22.3
Adjusted EBITDA*	(37.6)	35.0	186.1	174.5
Profit/(Loss) before tax	(131.6)	(8.1)	72.6	125.8
Profit/(Loss) Attributable to Owners	(122.1)	7.9	92.7	90.4
Shareholders' Funds	87.2	139.7	228.0	329.9
Borrowings	570.1	617.6	510.7	496.6
Borrowings to Equity ratio (times)	4.76	3.05	1.77	1.22
Basic Earnings/(Loss) per Share (AUD cents)	(16.69)	1.08	12.67	12.32
Cash and equivalent	12.7	20.6	29.9	63.6
Dividend (AUD cents)	0	0	0	3.0



\*Adjusted EBITDA is defined as operating profit before depreciation and amortisation, impairment write-back/expense, non-cash inventory write-downs, deferred stripping, and other non-cash items. Adjusted EBITDA is not a uniformly defined measure and other companies in the mining industry may calculate this measure differently. Consequently, the Group's presentation of Adjusted EBITDA may not be readily comparable to other companies' figures.



# WHAT WE DO

## Raw Materials

Manganese Ore

Quartz

## Products

Ferromanganese

Silicomanganese

Ferrosilicon (incl. Refined Grade)

## Customers

Steel Mills

Foundries

Magnesium  
Production

Crude Steel

- Flat products
- Long products

Stainless Steel

High-tech Steels

- Electrical steels
- High strength steels

Cast Products

- Machinery parts
- Consumer good parts





# WHAT WE DO

## One-stop source of crucial ferroalloys to top regional and global steel-makers

- **Manganese ferroalloys (Silicomanganese and Ferromanganese)** are smelted from **manganese ore**, and are essential to the production of steel with no known substitutes. Manganese ferroalloys are added to deoxidize molten steel, remove sulphur, and act as a hardening agent.
- **Ferrosilicon** is an irreplaceable raw material for all steel making. It is also used to deoxidize molten steel, and to maintain the temperature of molten steel during refining. Ferrosilicon is used in higher concentrations in specialty steel products especially in the automotive industry.



### Our Customers:

China Steel Corporation (Taiwan)  
Erdemir (Turkey)  
Formosa Ha Tinh Steel (Vietnam)  
Gerdau (Americas)  
Hyundai Steel (South Korea)

JFE Steel Corporation (Japan)  
JSW (India)  
Nippon Steel & Sumitomo Metal (Japan)  
POSCO (South Korea)  
Thyssenkrupp (Germany)



# OPERATIONAL DIVISIONS

Exploration & Mining	Smelting & Sintering	Marketing & Trading
<p><b>Mining - Australia (100%)</b></p> <ul style="list-style-type: none"> <li>◦ Bootu Creek: Manganese ore production target of 0.8 million MT per annum</li> </ul> <p><b>Mining - South Africa (13%*)</b></p> <ul style="list-style-type: none"> <li>◦ Tshipi Borwa: Manganese ore production target of 3.6 million MT per annum</li> </ul> <p><b>Mining - Malaysia (Under Development) (60%)</b></p> <ul style="list-style-type: none"> <li>◦ Lasah/Lawin: Quartzite production</li> </ul>	<p><b>Smelting - China (100%)</b></p> <ul style="list-style-type: none"> <li>◦ OM Qinzhou: Production capacity of 80k MT manganese alloy and 300k MT sinter</li> </ul> <p><b>Smelting - Malaysia (75%)</b></p> <ul style="list-style-type: none"> <li>◦ OM Sarawak: Ferrosilicon and manganese alloys</li> <li>◦ Production capacity of 200-210k MT of ferrosilicon alloy and 250-300k MT of manganese alloys</li> <li>◦ 75% owned, J/V with Cahya Mata Sarawak Berhad, a listed Malaysian conglomerate</li> </ul>	<p><b>Marketing and Trading - Singapore/China (100%)</b></p> <ul style="list-style-type: none"> <li>◦ Procurement and sales for Group companies</li> <li>◦ Products: Manganese ore, Ferrosilicon, Silicomanganese, Ferromanganese, Quartz, Reductants (coke, coal), Fe units</li> </ul>



\* Effective interest held via J/V with Nstimbintle (a BEE group)

# FUTURE ORGANIC GROWTH

Creating value by doing simple things right

## 1. OM Manganese – Tailings Retreatment Plant

- Beneficiation of existing fines stockpile, proven technology
- Cost effective production, ore fines production of 250k metric tons per annum
- Capex: ~A\$12m, Operational in Q2 2019

## 2. OM Sarawak - Sinter plant

- On-site sinter production, synergies with Tailings Retreatment
- Raw material cost savings, capacity of 250k metric tons per annum
- Synergies with OM Manganese project
- Capex: ~A\$20m, Operational in Q2 2019

## 3. OM Sarawak - Expansion

- Power purchase agreement – Clawed back to 350 MW, seeking additional 100 MW (in principle agreement subject to necessary approvals)
- Lateral diversification into Silicon Metal (diversify customer base, uncorrelated returns)



# MINING OVERVIEW

Revenue contribution of A\$136.4m in 2017, a significant turn around from 2016

## OM Manganese Ltd (“OMM”)

**Mine:** Bootu Creek

**Location:** Northern Territory, Australia

**Product:** ~36% Grade Siliceous Manganese Ore

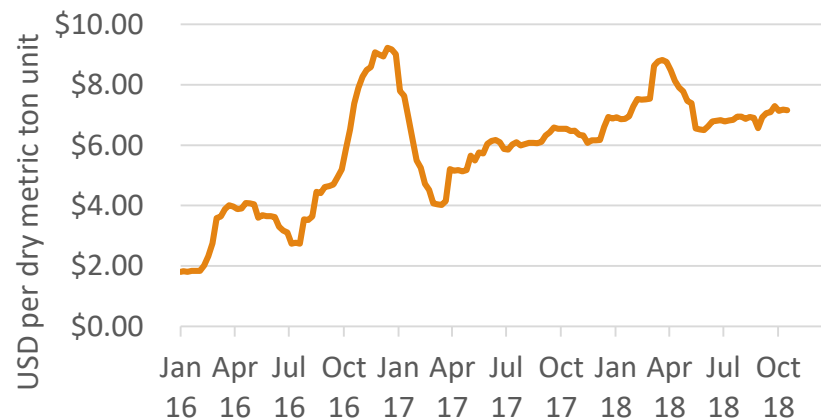
**Capacity:** Up to 0.8 million mt per annum

**Plants:** 1 x Primary Processing Plant, 1 x Secondary Processing Plant

## Brief History

- Exploration commenced in 2001
- Commenced mining at end of 2005, with first lot processed and shipped in 2006.
- As a result of global slow down, put into voluntary administration in 2016
- Exited administration in Q3 2016
- Restarted mining in Q1 2017

Mn Ore Price (Metal Bulletin 44% CIF)



# SMELTING OVERVIEW

Green field projects developed in-house, organically grown revenue of A\$545.6m in 2017

## OM Materials (Sarawak) Sdn Bhd (“OMSA”)

75% owned, J/V with Cahya Mata Sarawak Berhad, a leading industrial conglomerate listed on Bursa Malaysia

**Location:** Sarawak, Malaysia

**Product:** FeSi, Manganese alloys (SiMn, HCFeMn)

**Furnaces:** 16 x 25.5 MVA furnaces

**Capacity:** 200-210k mtpa of FeSi, 250-300k mtpa of manganese alloys

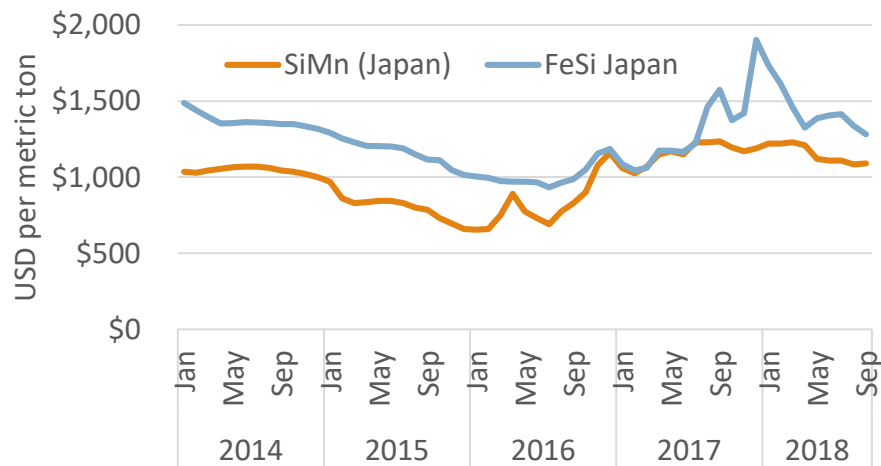
## OM (Qinzhou) Co Ltd (“OMQ”)

**Location:** Guangxi, China

**Product:** HCFeMn, Sinter ore

**Furnaces:** 2 x 16.5 MVA furnaces, 1x 3.5 MVA furnace

**Capacity:** 80k mtpa of HCFeMn, 300k mtpa of Sinter ore



## Brief History - OMQ

- 2002: Commenced OMQ project, constructed based on in-house design and engineering
- 2004: First tapping at OMQ

## Brief History - OMSA

- Apr 2013: Execution of EPC contract for OMSA
- Sep 2014: First tapping of FeSi at OMSA
- Dec 2016: Successful modification and first tapping of manganese alloy at OMSA

Notes:

FeSi – Ferrosilicon, SiMn – Silicomanganese, HCFeMn – High Carbon Ferromanganese, mtpa – metric tons per annum

Prices in chart as assessed by Platts and CRU

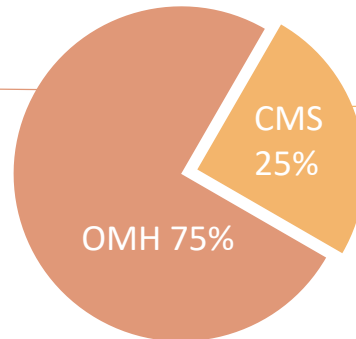


# SMELTING – OM SARAWAK FUNDAMENTALS

## Project rests on strong fundamental pillars

### OM Holdings Limited (“OMH”)

*Experience, operational track record  
Access to raw materials  
Access to markets*



### Cahaya Mata Sarawak Berhad (“CMSB”)

- Conglomerate listed on Bursa Malaysia
- Major presence in Sarawak
- Wide portfolio ranging from construction, materials, and trading to financial services and education

*Local connectivity and support  
Access to regional industry  
Local risk mitigation*

#### Competitive Hydro Power

- 20-year Power Purchase Agreement
- Competitive with fixed escalation factor
- Stable supply

#### Access to Raw Material

- Sited along major sea route
- Access to global seaborne Mn Ore supply
- Access to regional raw materials (e.g. Borneo coal)

#### Access to Global Markets

- Multiple transshipment hubs and logistic options
- Competitive freight to Western markets
- Key end-user partners

#### Operational Experience

- All OM assets were owner developed and are currently owner operated (with the exception of Tshipi mine)

#### Strategic Flexibility

- Able to convert furnaces freely between silicon and manganese
- Option of silicon metal production

#### Sustainability

- Sustainable and clean energy source
- Sustainable smelting hub (20-year agreement)





# SMELTING – OM SARAWAK

## Aerial View

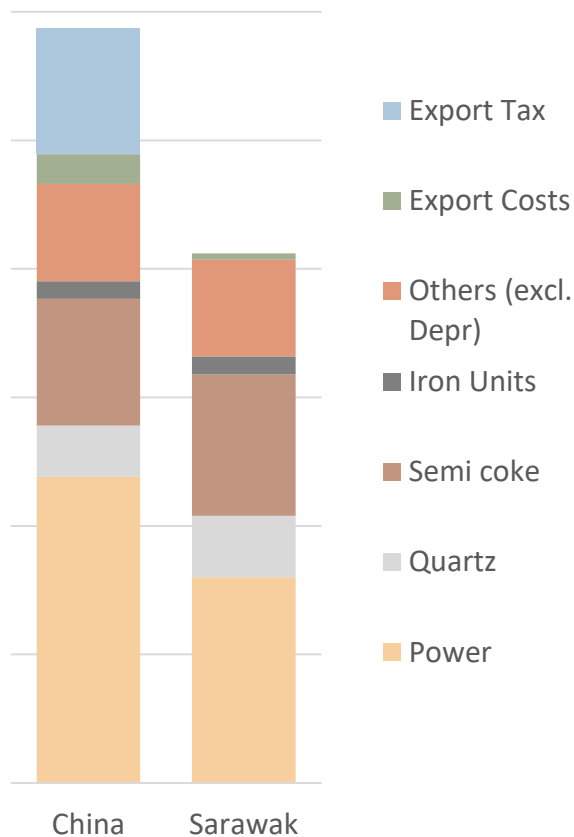




# SARAWAK'S STRUCTURAL COMPETITIVENESS

OM Sarawak is positioned in the bottom quartile of the global cost curve

## FeSi Production Cost Comparison



## Competitive Advantage

- Marginal producers in China operate on higher power costs (main cost component)
- OM Sarawak has a cost advantage over current marginal suppliers, even without Chinese export duty
- Long-term, sustainable plant with 20-year fixed-escalation power tariff
- China's environmental policy stance clear:
  - Enforcement by ministry inspectors, fines levied by tax bureau
  - Quarrying/mining increasingly restrictive
  - Emissions cap and trade to be implemented

### *Sources and assumptions:*

- Chinese production costing based on research by CNFEOL (Sep 2017)
- Costing adjusted to account for grade differences
- Diagram not drawn to scale and purely for illustrative purposes only



# SARAWAK'S OPERATING ENVIRONMENT

One of two Malaysian states on the island of Borneo



## Sarawak, Malaysia

- Culturally diverse state, unique demographics
- Low population density
- Stable operating environment

## Sarawak Corridor of Renewable Energy (SCORE)

- Samalaju Industrial Park - supported by 3,344 MW\* of hydropower

## Samalaju Port

- Purpose built port for Samalaju Industrial Park
- 7km from OM Sarawak
- Capable of berthing vessels up to 58,000 DWT ("Supramax")

\*Installed capacity of Bakun and Murum dams. Source: <https://www.sarawakenergy.com/>

# MID-TERM OUTLOOK

## Macroenvironment

- Continued infrastructure support a boon to steel given trade tensions

## Manganese

- Demand supported in spite of record exports, due to mining controls in China

## Ferroalloys

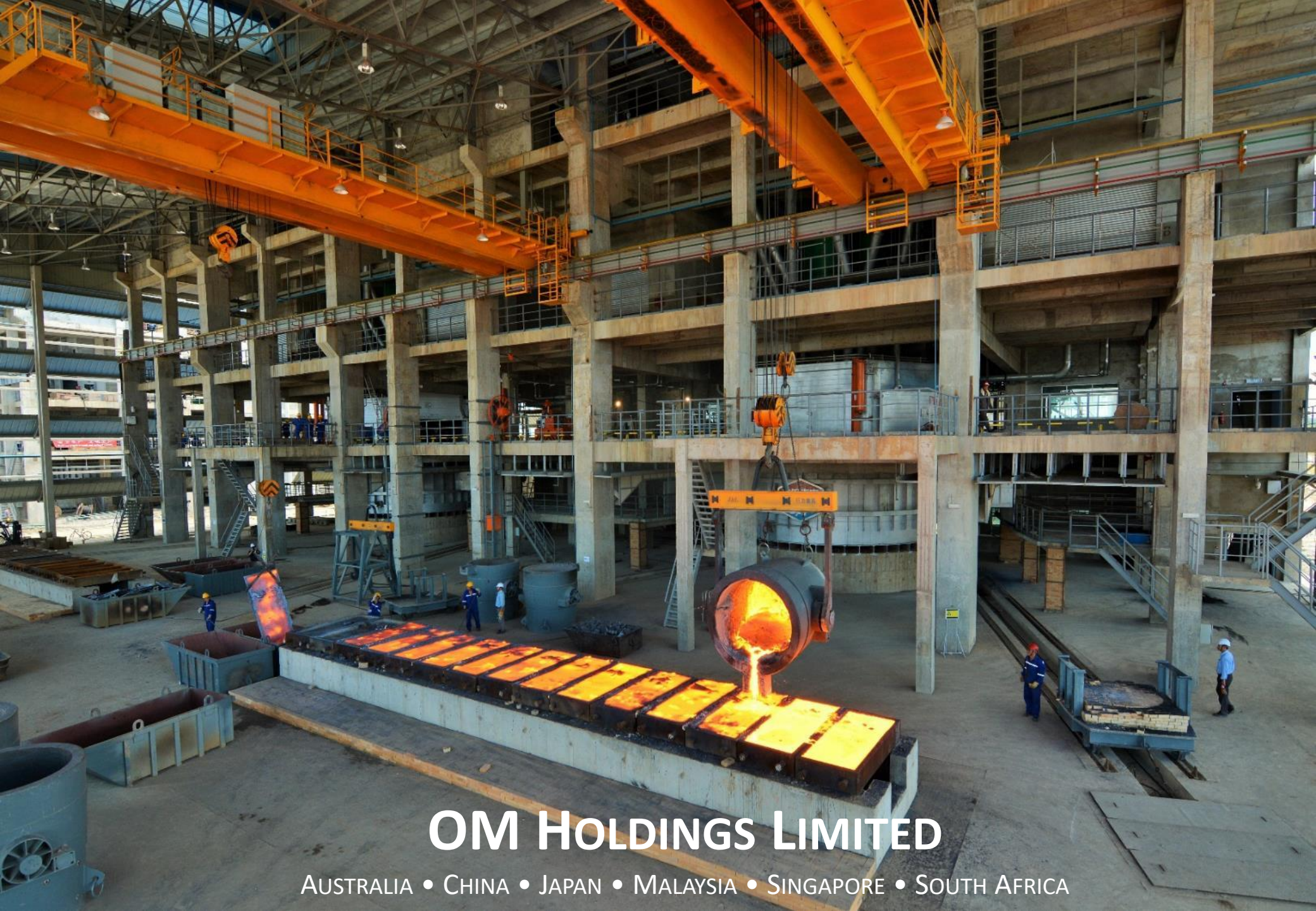
- Global Mn alloy prices slipping but demand in China remains high due to new rebar standards

## Corporate

- Refinance Sarawak project loan
- Debt repayment at corporate level
- Sustainable dividends







# OM HOLDINGS LIMITED

AUSTRALIA • CHINA • JAPAN • MALAYSIA • SINGAPORE • SOUTH AFRICA