



# Magontec Limited

(ASX: MGL)

First Half 2018 - Interim Result

August 2018



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## Magontec Limited – 2018 Interim Results

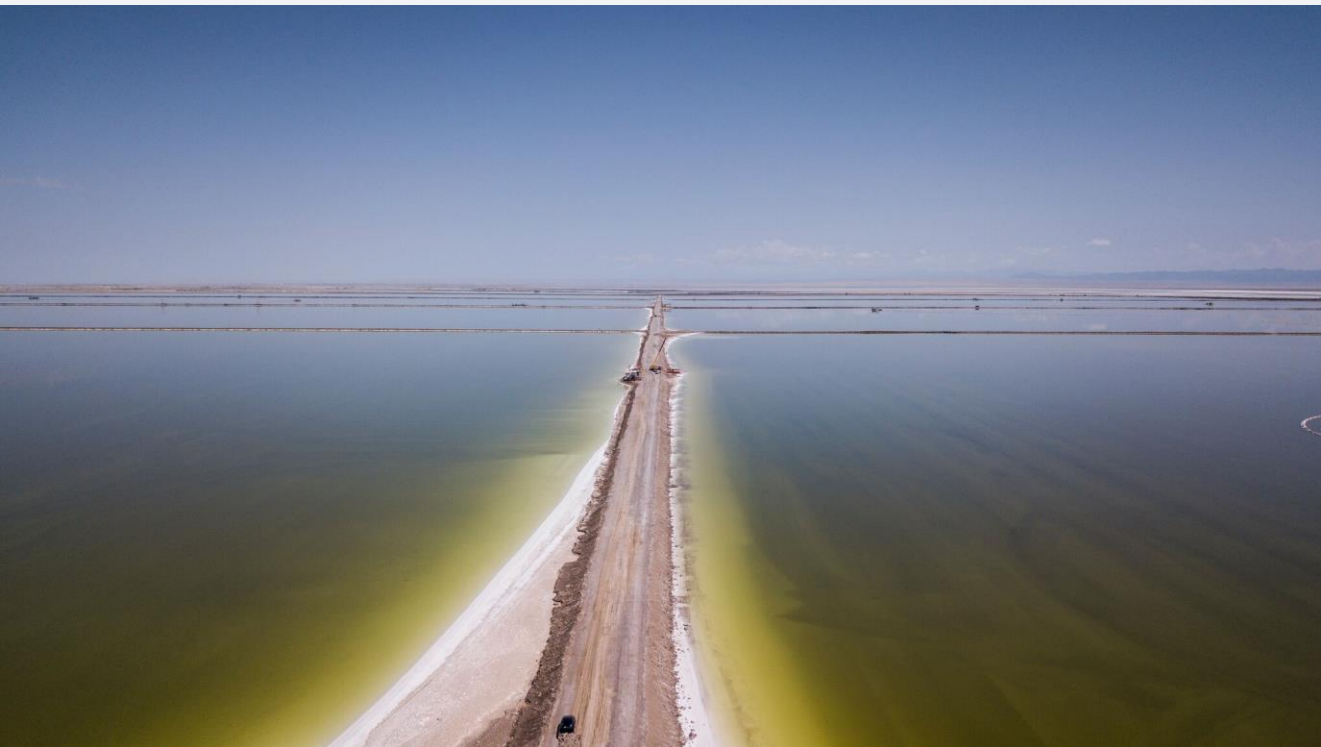


Photo: Qilai Shen



Magontec Qinghai cast house now qualified by major Chinese customers, global qualification progressing



1H18 underlying net loss of (\$0.15m)\* included \$1.3 million of non-cash depreciation.



1H18 positive underlying operating cash\*\* generated of +\$1.6m



Mg alloys produced at Magontec Qinghai:

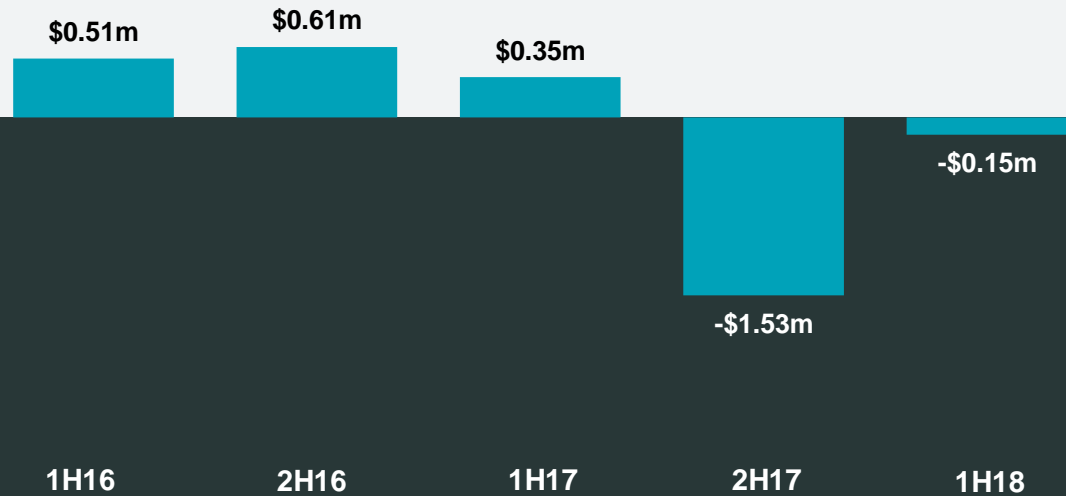
- 1,400mt to 31 August 2018
- 450mt in month of August 2018

\* Reported net loss excluding the effects of unrealised foreign exchange

\*\* Operating cash flow excluding working capital movements, interest and tax payments

FY 2018 Interim Result  
Underlying Net Loss\* reduced to (\$0.15m) during 1H18

Underlying Net Profit After Tax \* (\$M)

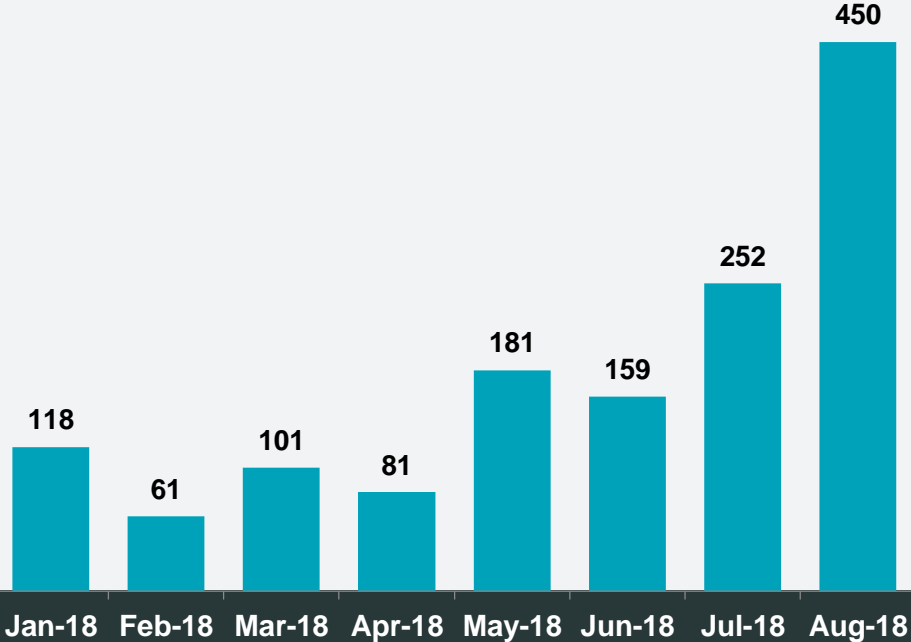


\* Reported net profit/loss excluding the effects of unrealised foreign exchange

# Magotec Qinghai production profile showing positive trend



Magotec Qinghai Production (tonnes)



## FY 2018 Interim Result

### Reconciliation of significant items in earnings

	6 months to 30-Jun-18 '\$000	6 months to 30-Jun-17 '\$000
<b>Net Profit Before Tax, unrealised FX and significant items</b>	<b>1,133</b>	<b>1,239</b>
<b>Significant items before tax</b>		
Less MAQ pre-tax losses (excluding depreciation)	(522)	-
Less MAQ depreciation (non cash)	(507)	-
Less non-cash equity expense	(28)	(159)
Less impact of fraudulent inventory loss	-	(292)
<b>Net Profit Before Tax excluding unrealised FX</b>	<b>76</b>	<b>788</b>
Less tax expense	(221)	(435)
<b>Net Profit After Tax before unrealised FX (underlying NPAT*)</b>	<b>(145)</b>	<b>353</b>
Add/(subtract) unrealised FX gains/(losses)	325	(737)
<b>Reported Net Profit After Tax</b>	<b>180</b>	<b>(384)</b>



1H18 earnings mostly impacted by \$1 million loss charged to EBIT from Magontec Qinghai (MAQ)



Charges in MAQ mostly comprise general & administration costs and depreciation. Plant not yet at sufficient scale to offset these.



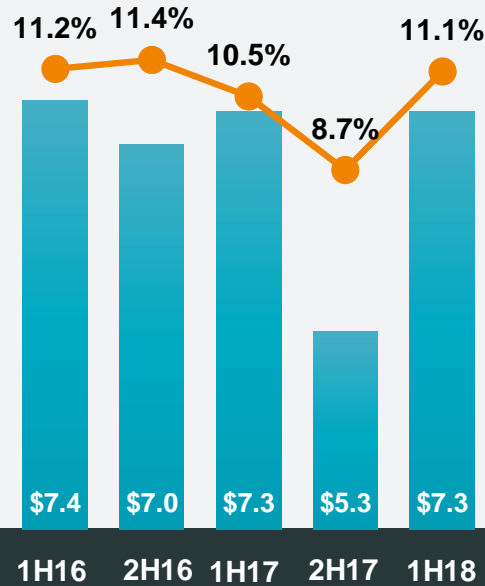
Magontec Qinghai first profit contribution expected over the next 6-12 months

# FY 2018 Interim Result

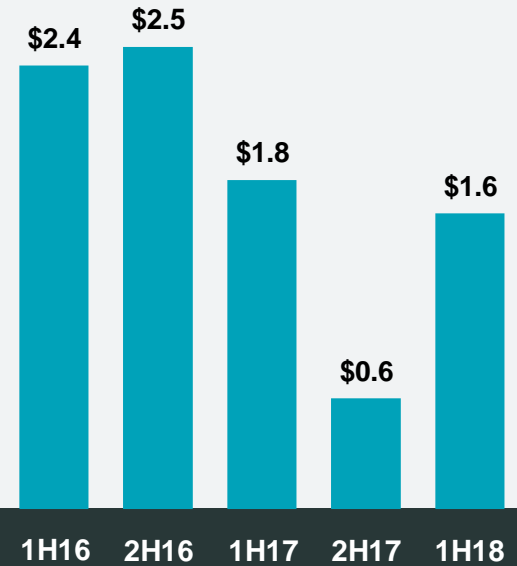
Overall performance showing an improving trend on 2H17



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



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

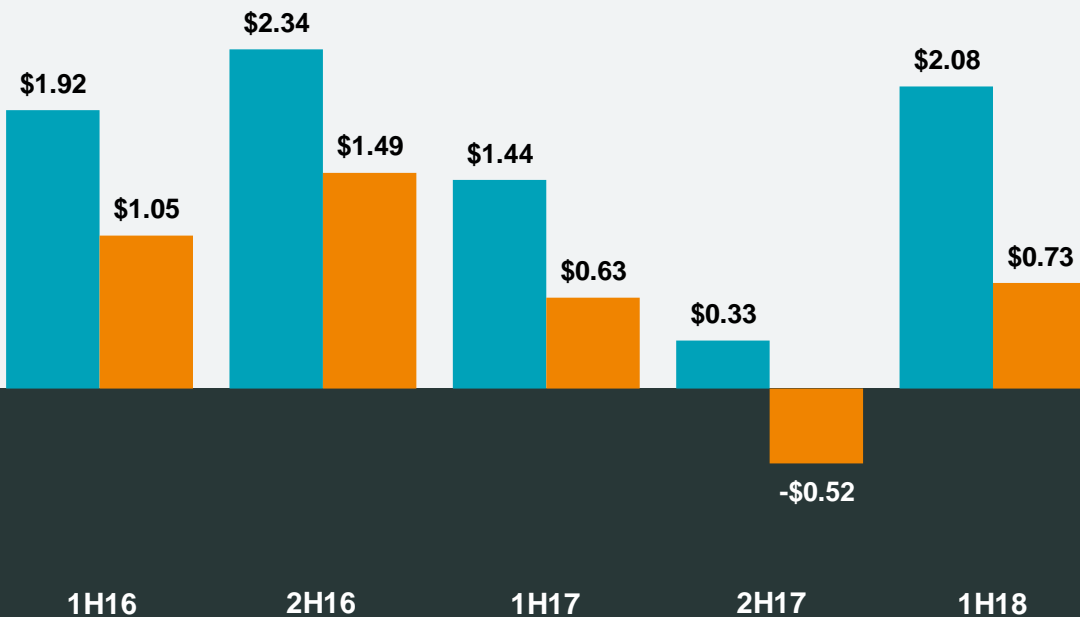


\* Operating cashflow excluding working capital movements, interest and tax payments

## FY 2018 Interim Result

EBITDA and EBIT trend stabilising, EBIT impacted by additional depreciation from Magontec Qinghai

EBITDA and EBIT contributions (\$M)





## Qinghai electrolytic magnesium smelter complex (Golmud)

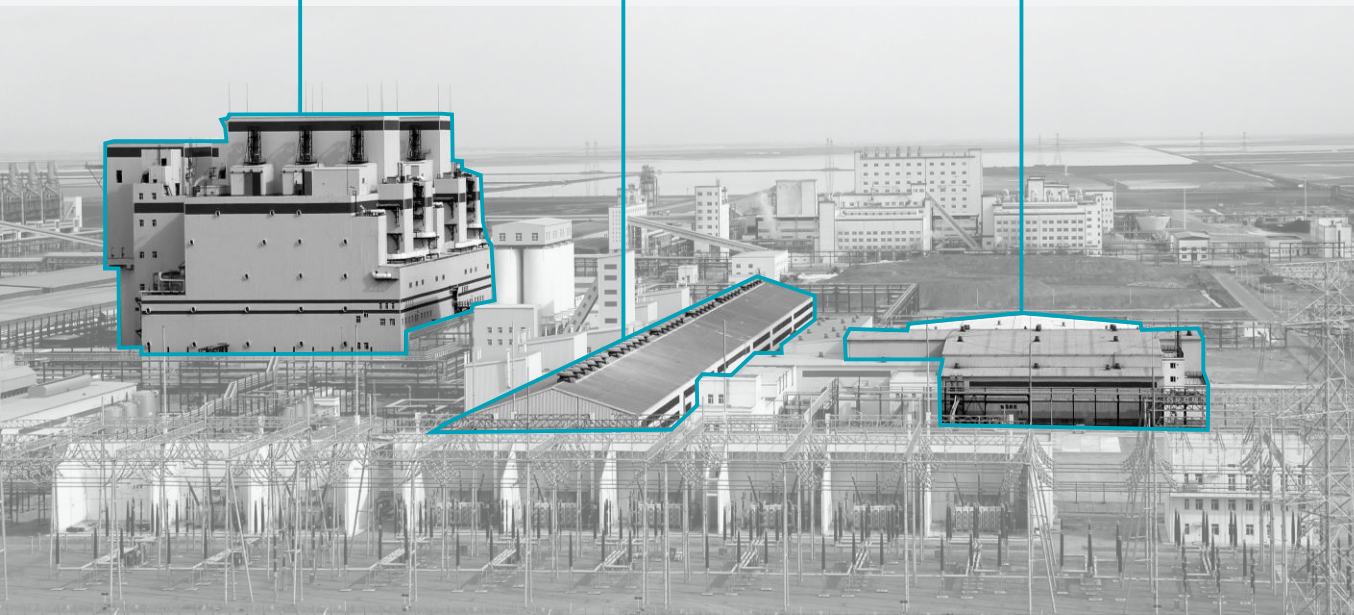
Dehydration



Reduction



Cast house



### Magontec Qinghai

MGL operates a new magnesium alloy cast house at Golmud in Qinghai Province PRC



### Agreements

Supply of 56,000 mtpa  
Exclusive Mg alloy rights  
Fixed off-take price metrics  
Lease (10+10 years)

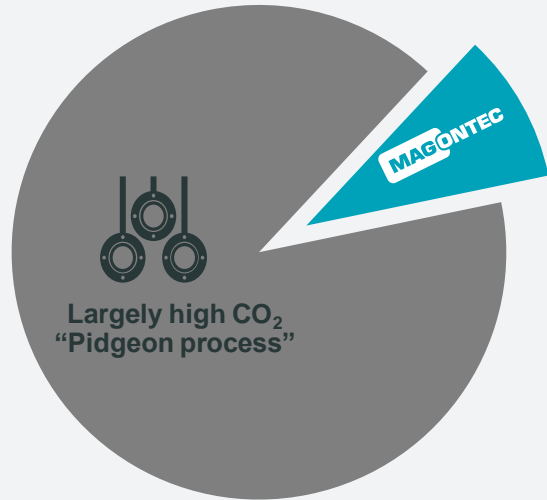


### Production

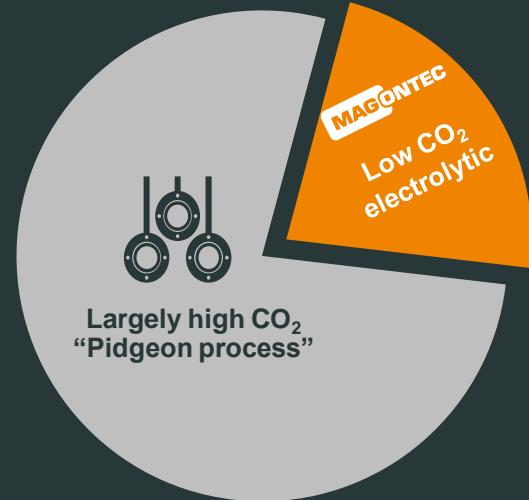
4\* Mg alloy cast lines  
85% renewable energy  
Future growth options

Magontec Qinghai will triple production and make  
Magontec the world's largest supplier of electrolytic  
Mg alloy

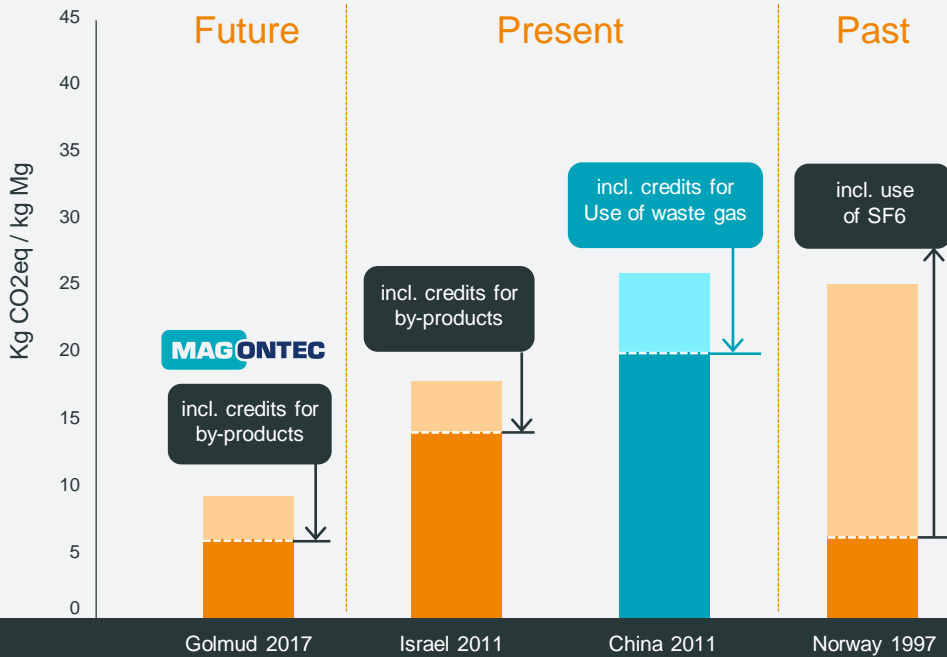
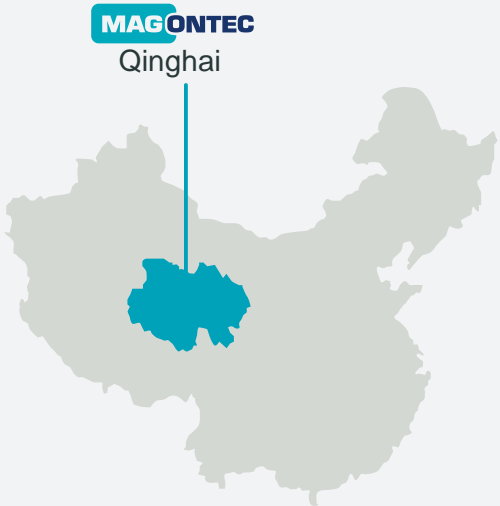
~10% Mg alloy market share 2015





Target > 20% Mg alloy market share



# Magontec Qinghai will use the lowest CO2 Mg ever produced\*



 Electrolysis
  Pidgeon process

\*German Aerospace Institute of Vehicle Concepts survey on CO<sub>2</sub> emissions from magnesium smelters around the World

# Magontec has five recycling and manufacturing facilities in China, Germany and Romania



Production



Sales Office



Technology Centre



Cast House Project



Headquarters

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



Improving  
financial  
fundamentals



Primary Mg alloy  
production  
volumes to triple



"Green"  
magnesium



Profit  
"inflexion" point



ASX Listed







## MAGONTEC

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

 Tel +61 2 8005 4109  
 Fax +61 2 9252 8960  
 [corporate@magontec.com](mailto:corporate@magontec.com)  
 [www.magontec.com](http://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](mailto:europe@magontec.com)  
 [www.magontec.com](http://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](mailto:china@magontec.com)  
 [www.magontec.com](http://www.magontec.com)



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