



# Magontec Limited

(ASX: MGL)

Full Year 2019 Result

28 February 2020

Nicholas Andrews, Executive Chairman of Magontec Limited has authorised the release of this document to the market on 28 February 2020



# Disclaimer

This Presentation has been prepared by Magontec Limited (ABN 30 147 131 977) (Magontec or the Company). This Presentation contains summary information about Magontec and its activities current as at the date of this Presentation. The information in this Presentation is of a general background nature and does not purport to be complete or to comprise all the information that a shareholder or potential investor in Magontec may require in order to determine whether to deal in Magontec shares. It should be read in conjunction with Magontec's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at [www.asx.com.au](http://www.asx.com.au). This document is not a prospectus or a product disclosure statement under the Corporations Act (Cth) 2001 (Corporations Act) and has not been lodged with the Australian Securities and Investments Commission (ASIC).

## Not investment or financial product advice

This Presentation is for information purposes only and is not financial product or investment advice or a recommendation to acquire Magontec shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. 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 financial, legal and taxation advice appropriate to their jurisdiction. Magontec is not licensed to provide financial product advice in respect of Magontec shares. Cooling off rights do not apply to the acquisition of Magontec shares.

## Financial data

All dollar values are in Australian dollars (A\$) unless stated otherwise and financial data is presented within the financial year end of 31 December unless stated otherwise. Any pro forma historical financial information included in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the US Securities and Exchange Commission.

## Past performance

Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

## Future performance

This Presentation contains certain "forward-looking statements". The words "expect", "should", "could", "may", "will", "predict", "plan", "scenario", "forecasts", "anticipates", "outlook" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Such forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements, and there are risks associated with the Company and the industry (including those set out below) which may affect the accuracy of the forward-looking statements. The Company does not undertake any obligation to release publicly any revisions to any forward looking statement to reflect events or circumstances after the date of this presentation, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

## Investment Risk and other risks

Investment in Magontec shares is subject to investment and other known and unknown risks, some of which are beyond the control of Magontec Limited, including risk factors associated with the industry in which Magontec operates and risks specific to Magontec, such as: construction, development and

operational risk associated with the Golmud Plant, fluctuations in magnesium alloy prices and exchange rates, risks associated with operating in China, financing risks, market price and demand risk and other risks generally relating to security investments.

## Not an offer

This document may not be released or distributed in the United States. This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Securities in the Company have not been, and will not be, registered under the U.S. Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States unless the securities are registered under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, registration.

To the maximum extent permitted by law, Magontec and its respective advisers and affiliates, directors, officers and employees:

Make no representation or warranty, express or implied, as to the accuracy, reliability or completeness of information in the presentation; and

Exclude and disclaim all liability, for any expenses, losses, damages or costs incurred by you as a result of your participation in the proposed offering and the information in this presentation being inaccurate or incomplete in any way for any reason, whether by negligence of otherwise.



## FY 2019 Full Year Result

### Reconciliation of significant items in earnings

	12 months to 31-Dec-19 '\$000	12 months to 31-Dec-18 '\$000
<b>Net Profit Before Tax, unrealised FX and significant items</b>	<b>440</b>	<b>2,266</b>
<b>Significant items before tax</b>		
Less non-cash equity expense	(135)	(78)
Less MAQ depreciation (non cash)	(964)	(951)
Less MAQ levies and start up costs	(416)	(101)
Less doubtful debts expense PRC	-	(32)
<b>Net Profit Before Tax excluding unrealised FX</b>	<b>(1,075)</b>	<b>1,104</b>
Less tax expense	(267)	(623)
<b>Net Profit After Tax before unrealised FX (underlying NPAT*)</b>	<b>(1,342)</b>	<b>480</b>
Add/(subtract) unrealised FX gains/(losses)	(28)	296
<b>Reported Net Profit After Tax</b>	<b>(1,370)</b>	<b>776</b>



Magontec Limited (MGL) announces a Full Year 2019 Net Profit Before Tax (excluding significant items) of \$440,000 compared with a Net Profit Before Tax of \$2.27 million in 2018.



2019 reported loss of \$1,370k included \$964k of non cash depreciation from the MAQ facility and \$416k of environmental levies



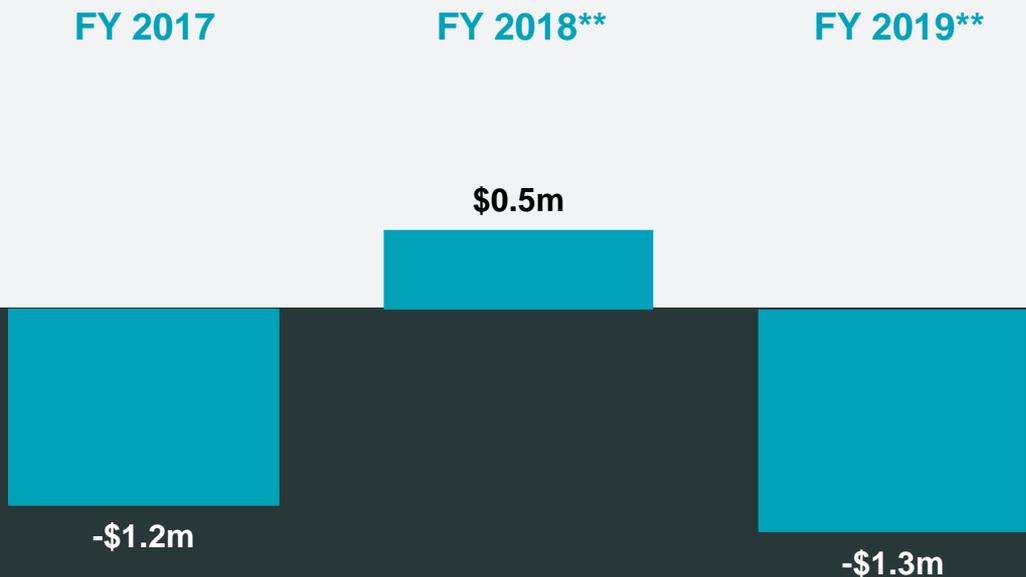
Prior year included \$101k of one off costs related to the MAQ facility opening



Magontec Qinghai main driver of profit decline during the 2019 year

FY 2019 Full Year Result  
Underlying Net Loss\* of \$1.3m in 2019

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



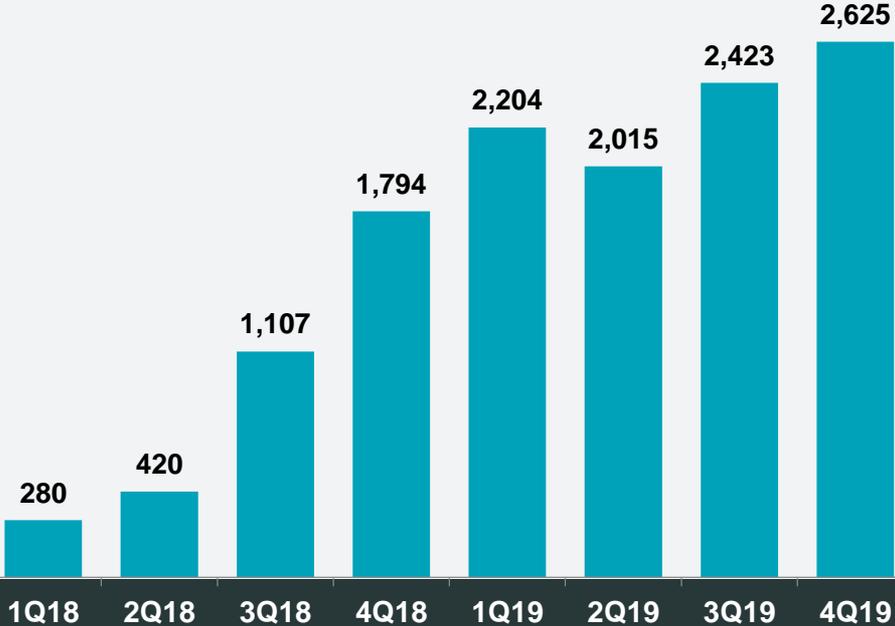
• Reported net profit/loss excluding the effects of unrealised foreign exchange

\*\* Includes Depreciation of \$0.95m and \$0.96m on Magontec Qinghai Magnesium Alloy Cast House assets that were not operating at full capacity in 2018 and 2019 respectively

# Magontec Qinghai production profile showing positive quarterly trend



## Magontec Qinghai Production (tonnes)

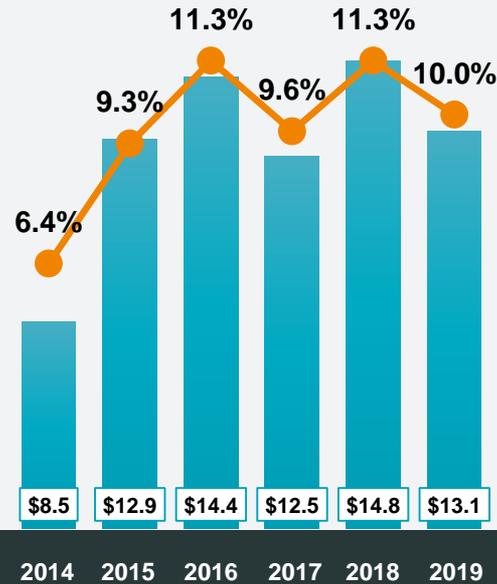


# FY 2019 Full Year Result

Overall performance showing an declining trend on 2018 due to lack of scale at Magontec Qinghai



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



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



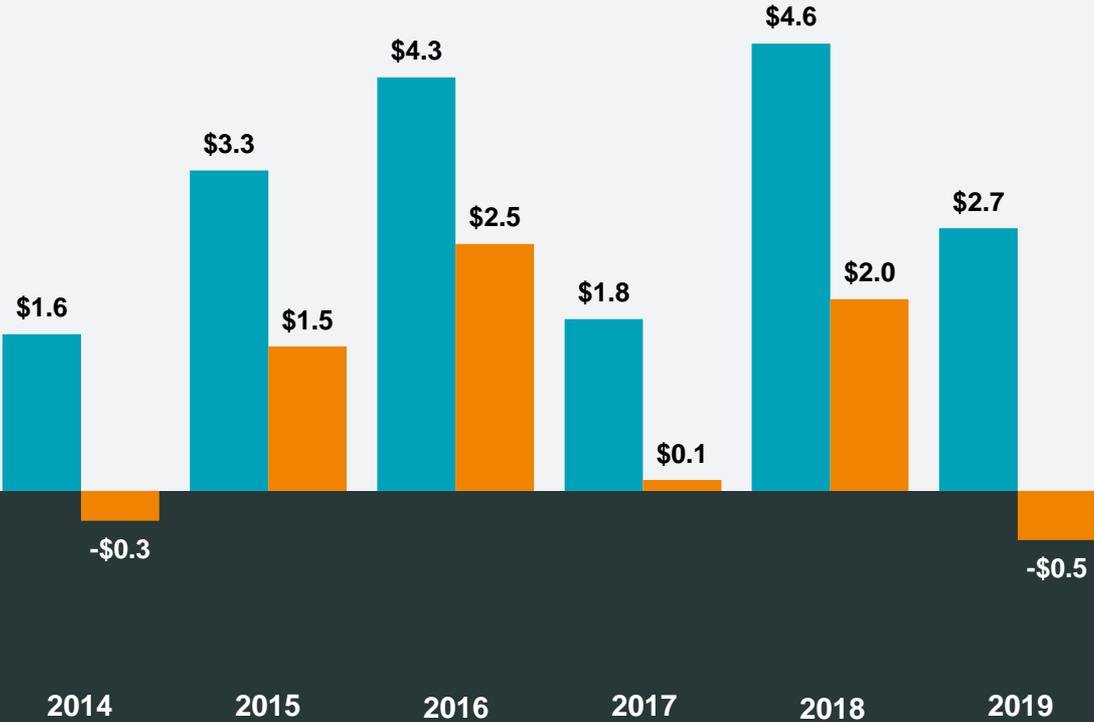
\* Operating cashflow excluding working capital movements, interest and tax payments

# FY 2019 Full Year Result

EBITDA and EBIT trend – EBITDA remains positive, EBIT impacted by \$0.96m of non cash depreciation



EBITDA and EBIT contributions (\$M)



# Qinghai electrolytic magnesium smelter complex (Golmud)

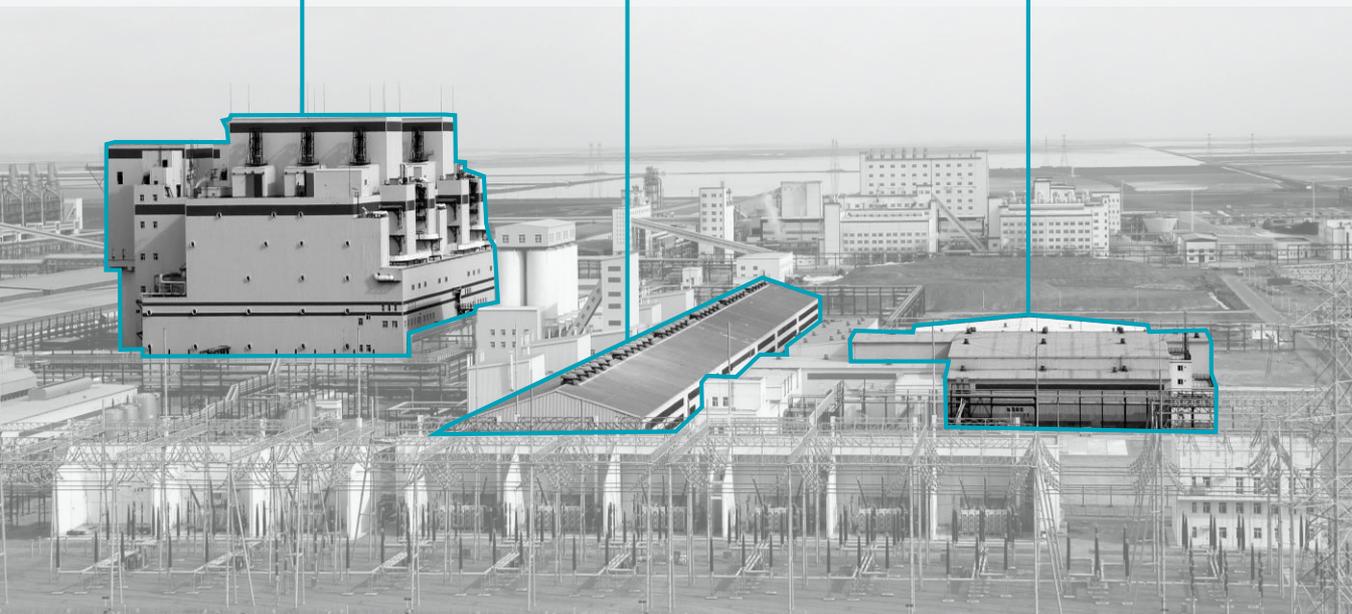
Dehydration



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)

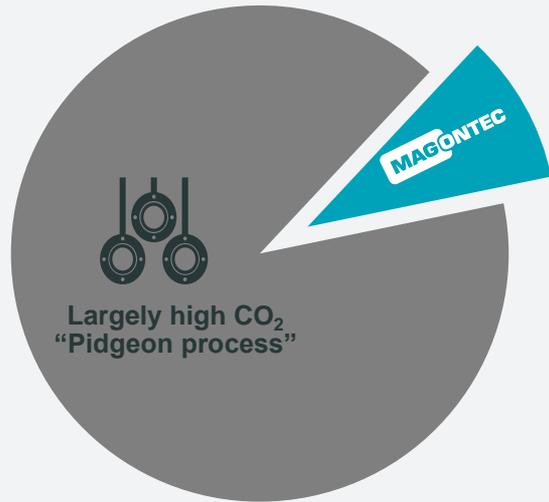


## Production

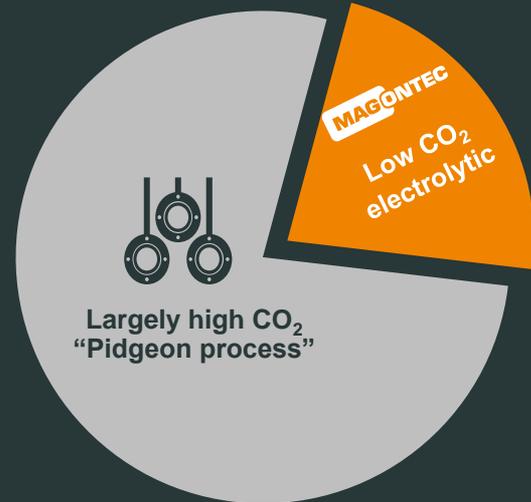
4\* Mg alloy cast lines  
85% renewable energy  
Future growth options

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

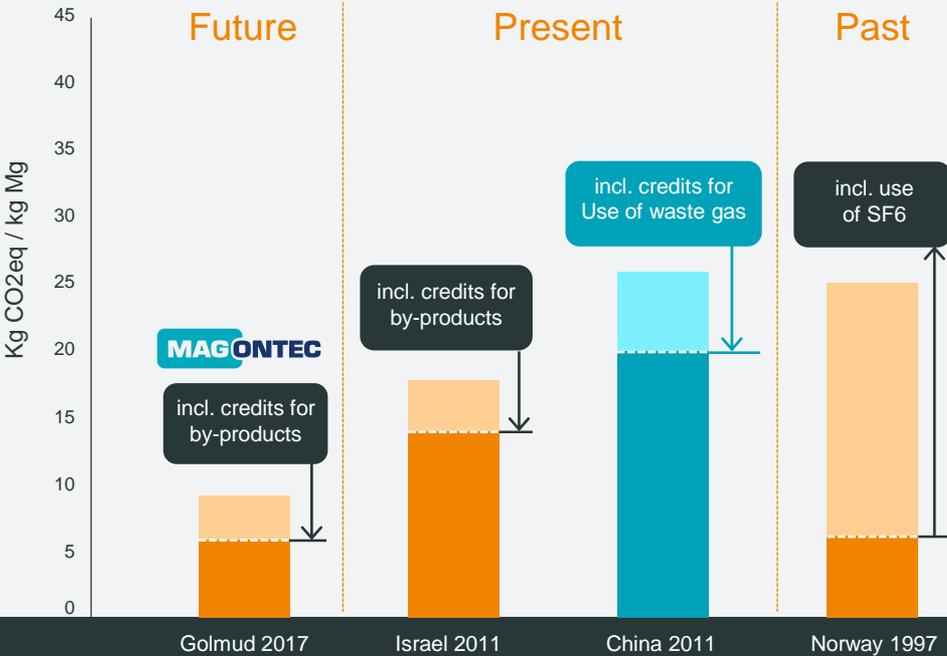
~10% Mg alloy market share 2015



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 four 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)



# Magontec Limited

(ASX: MGL)

Full Year 2019 Result

28 February 2019

