



Magontec Limited

(ASX: MGL)

2017 Full Year Results
28 February 2018



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Magontec Limited – 2017 Full Year Results



Production commenced at Magontec Qinghai in 2017



Key drivers of result

- Gross profit (down \$1.9m on pcp)
- Significant items (-\$1.1m pre tax)



\$2.3m positive underlying operating cash flow in 2017, down on prior period



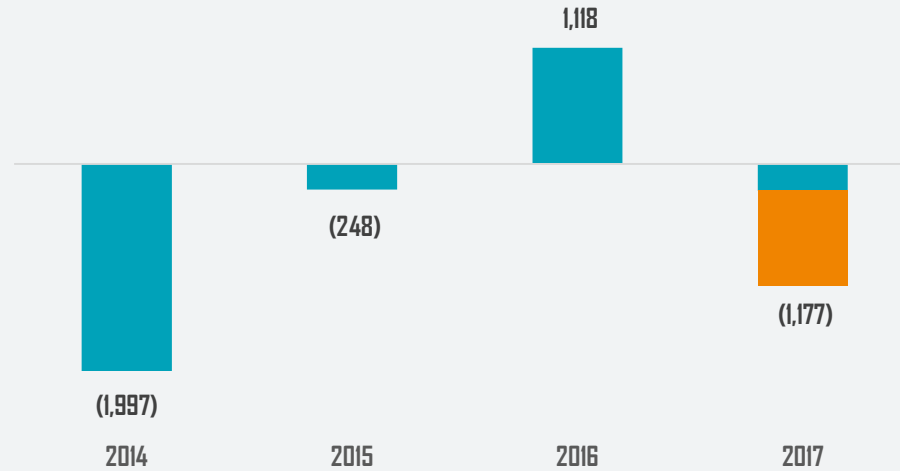
Increased banking facility with Commerzbank Germany renewed until Sep 2020

FY 2017 Full Year Result

Underlying NPAT* down on prior year due to Romanian labour issues and some significant items



Underlying Net Profit after Tax (\$m)



Includes \$0.9m of significant items (pre tax \$1.1m)

* Excluding effects of unrealised foreign exchange

FY 2017 Full Year Result

Reconciliation of significant items in earnings

Reconciliation of significant items in earnings	12 months to 31-Dec-17	12 months to 31-Dec-16
	'\$000	'\$000
Net Profit Before Tax, unrealised FX and significant items	685	2,611
Significant items before tax		
Less non-cash share issue expense (ESIP and LTI)	(191)	(325)
Less STI provision	-	(145)
Less start-up costs at Qinghai facility	(194)	-
Less Magontec US costs	(211)	-
Less one off historical real estate transfer tax	(102)	-
Less doubtful debts expense PRC	(63)	(202)
Less impact of fraudulent inventory loss	(292)	-
Net Profit Before Tax excluding unrealised FX	(368)	1,939
Less tax expense	(809)	(821)
Net Profit After Tax before unrealised FX (underlying NPAT*)	(1,177)	1,118
Add/(subtract) unrealised FX gains/(losses)	(437)	(498)
Reported Net Profit After Tax	(1,614)	620



2017 earnings reduced by \$1.1m of pre-tax significant items



Improving operating trends in 4Q17 sets platform for profit recovery



Positive profit contribution from Magontec Qinghai requires higher production volumes

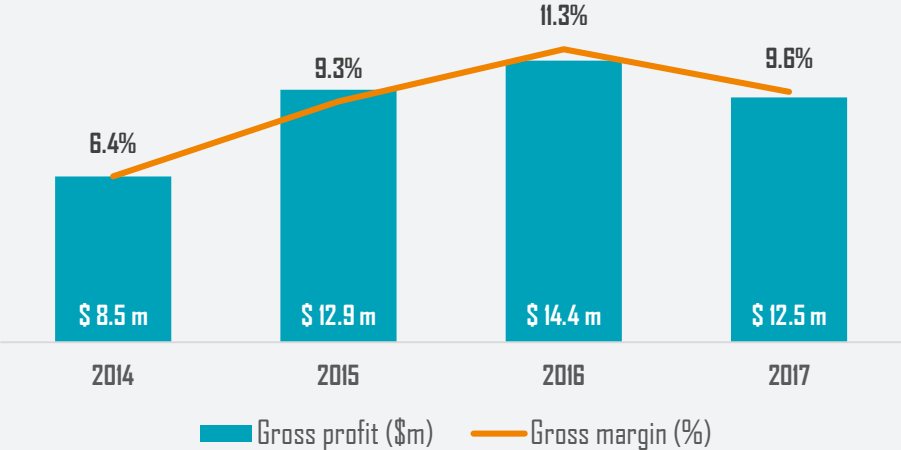
* Excluding effects of unrealised foreign exchange

FY 2017 Full Year Result – Gross Profit

Romanian recycling and Chinese anodes dragged on overall performance



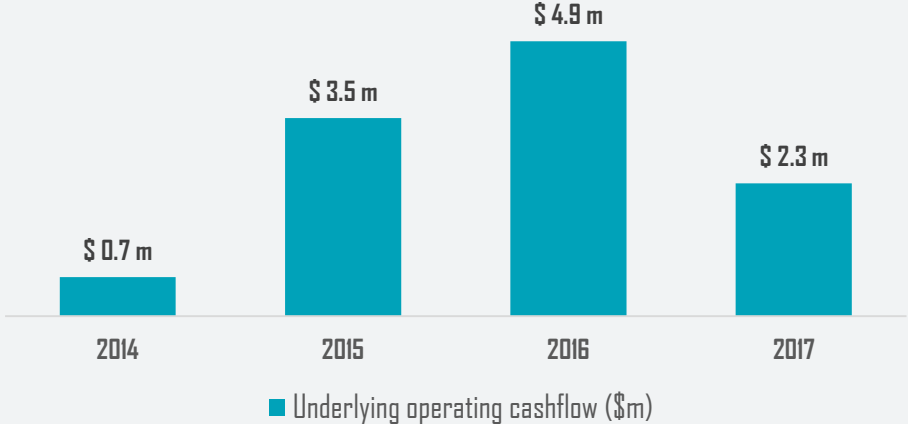
Gross profit (\$m) and Gross margin (%)



FY 2017 Full Year Result – Cash Flow
Underlying operating cash flow positive, down on prior year



Underlying operating cashflow (\$m)

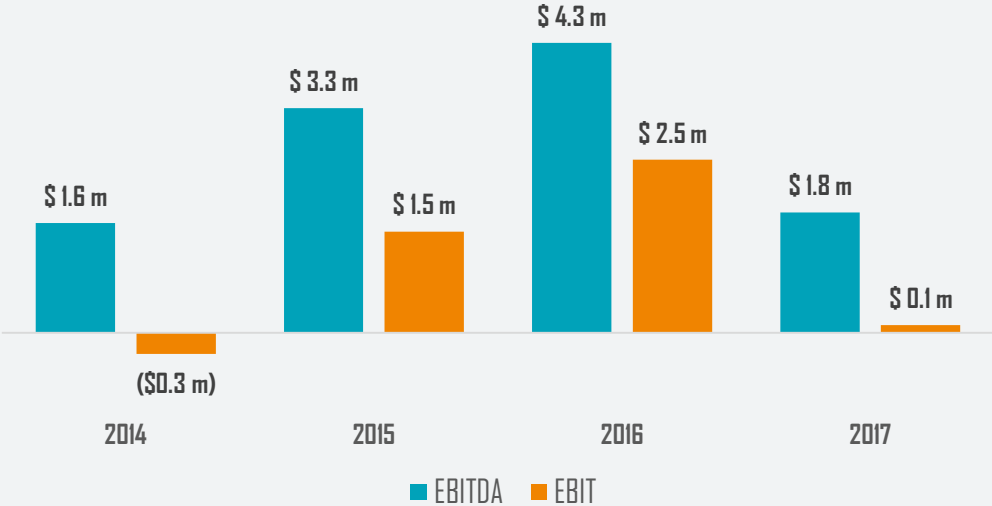


FY 2017 Full Year Result - EBITDA and EBIT

Impacted by operational issues and significant items






EBITDA (\$m) and EBIT (\$m)

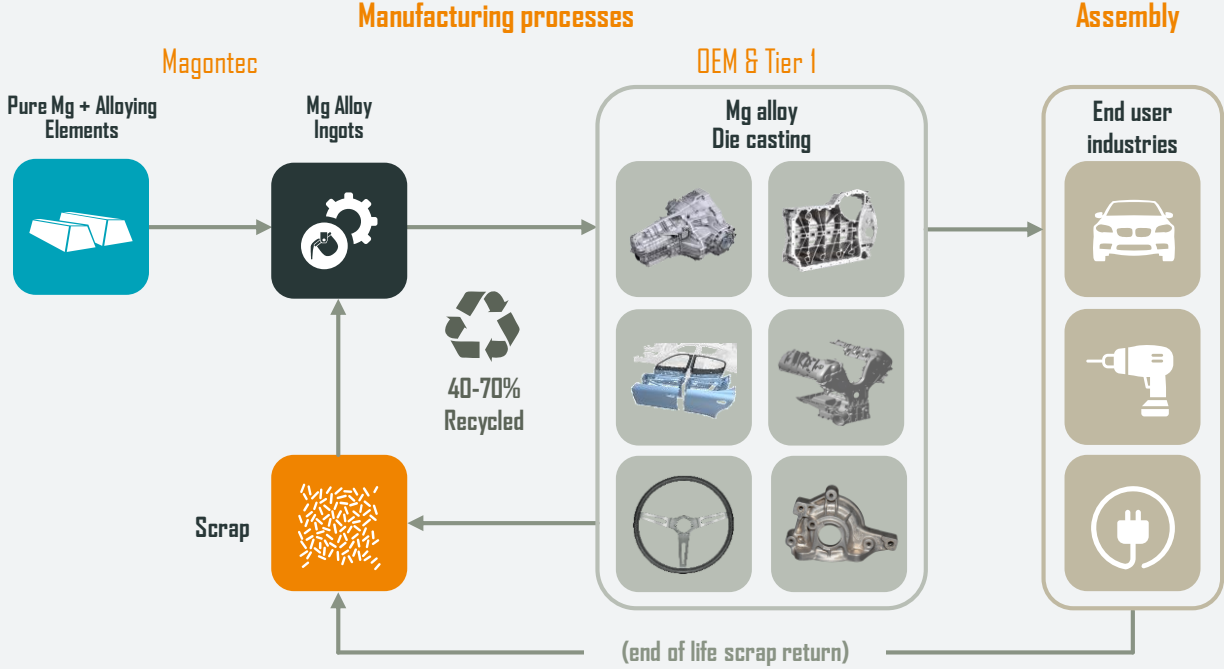


Magontec Limited – a leading producer of magnesium alloys

Magnesium alloy is sold to die-cast manufacturers, largely into the automotive industry

Magontec develops, manufactures and recycles magnesium alloys for end-user industries that place a high value on environmental performance and provenance

-  Automotive
-  Power tools
-  Electronics



Magontec has five recycling and manufacturing facilities in
China, Germany and Romania
and a global sales distribution network



Production



Sales Office



Technology Centre



Cast House Project



Headquarters

Qinghai electrolytic magnesium smelter complex (Golmud)

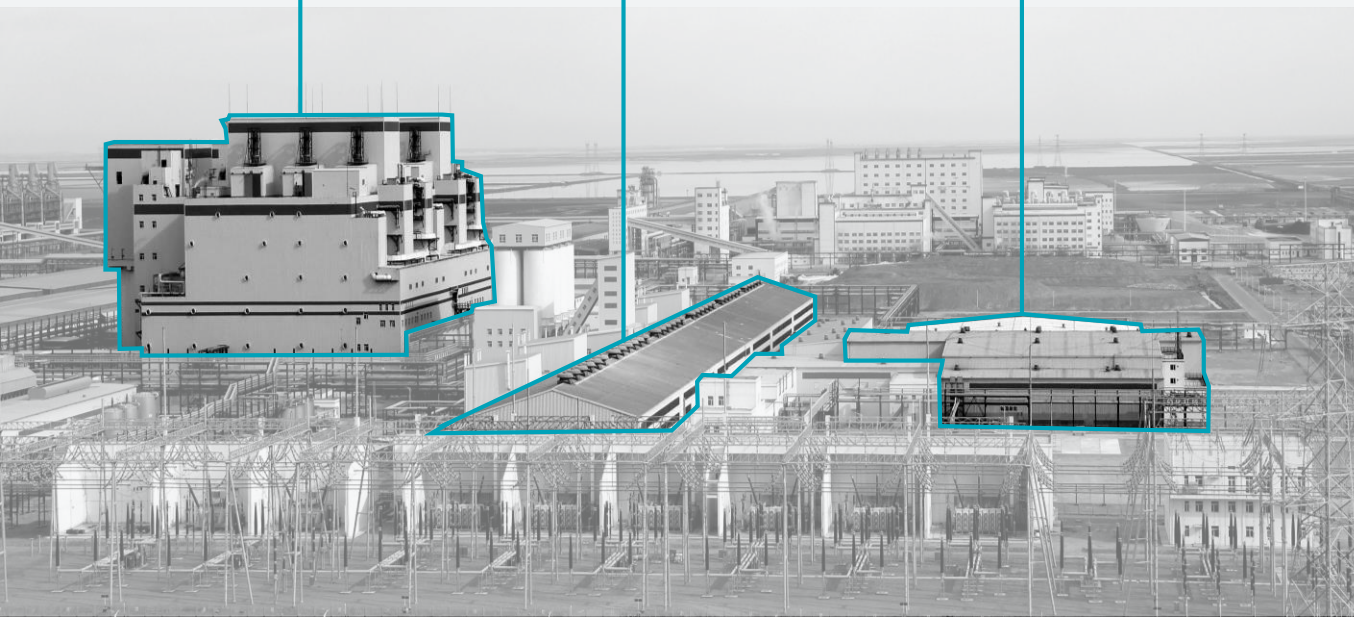
Dehydration



Reduction



Cast house



Magontec Qinghai

Magontec operates a new magnesium alloy cast house at Golmud in Qinghai Province, China



Agreements

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



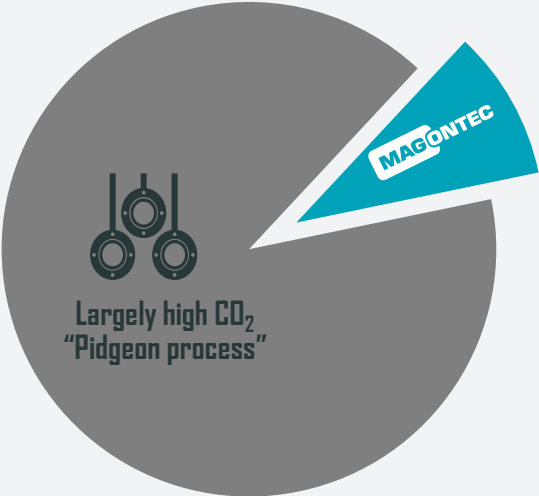
Production

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

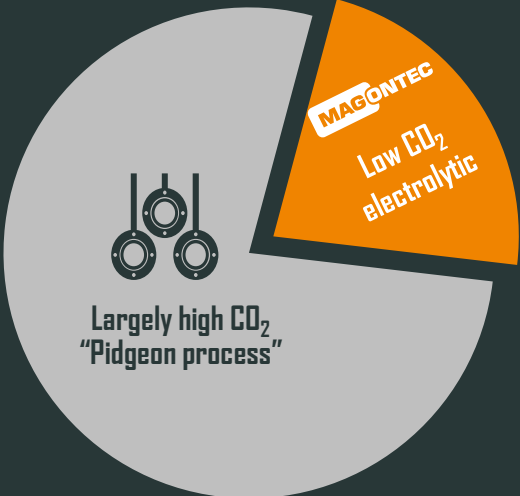
For more information on Magontec Qinghai go to www.magontec.com

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

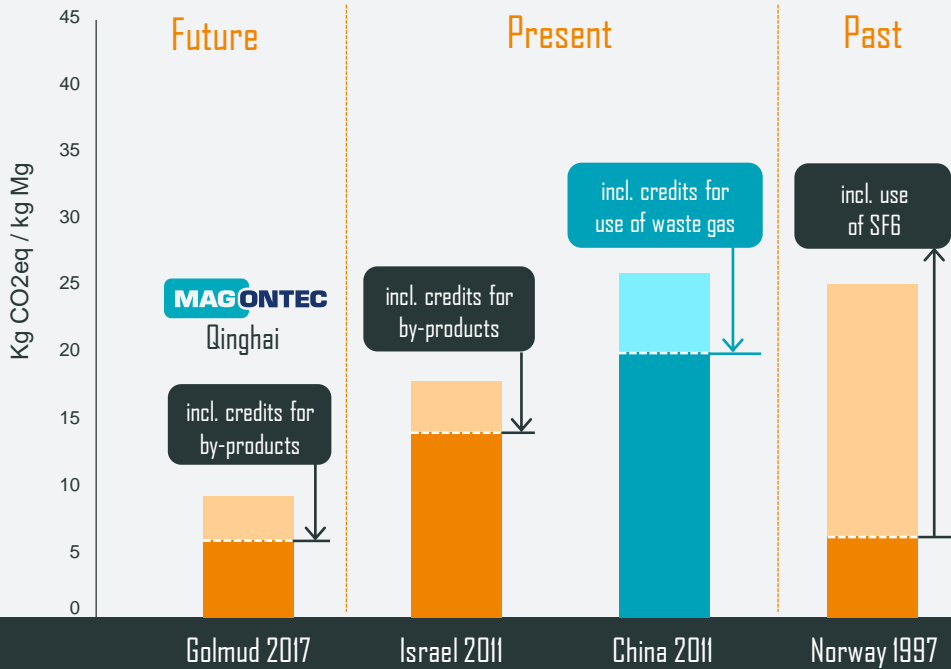
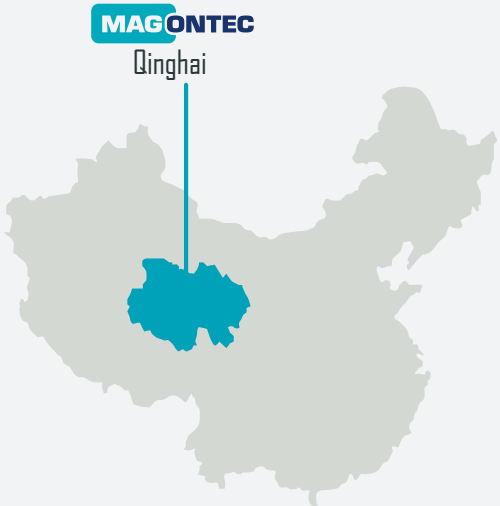
~10% Mg alloy market share 2015



Target > 20% Mg alloy market share



Magontec Qinghai will use the lowest CO2 Mg ever produced*
 Chart shows Kilograms of CO2 emissions per Kilogram of Magnesium produced



Electrolysis Pidgeon process

*German Aerospace Institute of Vehicle Concepts survey on CO₂ emissions from magnesium smelters around the World

Magontec's corporate transformation

An exceptional platform for growth



Target improving
operating outlook



Primary Mg alloy
production volumes
to triple



"Green"
magnesium



Profit
"inflexion" point



ASX Listed
Capitalisation
\$40m







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