



Magontec Limited

(ASX: MGL)

Full Year 2020 Result

26 February 2021

Nicholas Andrews, Executive Chairman of Magontec Limited has authorised the release of this document to the market on 26 February 2021



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Financial Result – 12 months to 31 December 2020

Reconciliation of significant items in earnings

	12 months to 31-Dec-20 '\$000	12 months to 31-Dec-19 '\$000
Reported Net Profit Before Tax & Significant Items	(912)	411
Significant items before tax		
Less non-cash equity writeback / (expense)	118	(135)
Less MAQ depreciation (non-cash)	(1,013)	(964)
Less MAQ levies	-	(416)
Add COVID related govt subsidies	669	
Add COVID related temporary salary and director fee reductions	923	-
Reporting Net Profit Before Tax	(214)	(1,103)
Less tax expense	(502)	(267)
Reported Net Profit After Tax	(717)	(1,370)
Add back unrealised FX losses	429	28
Underlying Net Profit/(Loss) After Tax*	(288)	(1,342)



Full Year 2020 loss:
-\$0.29m excluding unrealised FX
(2019: loss -\$1.34m)



Qinghai primary Mg alloys
business reduces group
profitability;

- -\$0.44m EBITDA &
- -\$1.01m depreciation



Announcement re QSLM
restructure expected shortly



Volumes, profitability and
cashflow recovering from
COVID-19 shut-downs



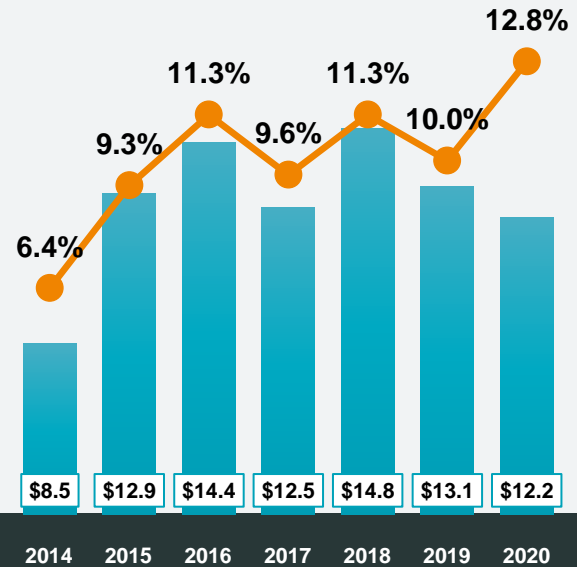
COVID related government and
salary adjustments likely to be
reduced in 2021

Higher GP margin from stronger sales of CCP (anode) and specialist metals

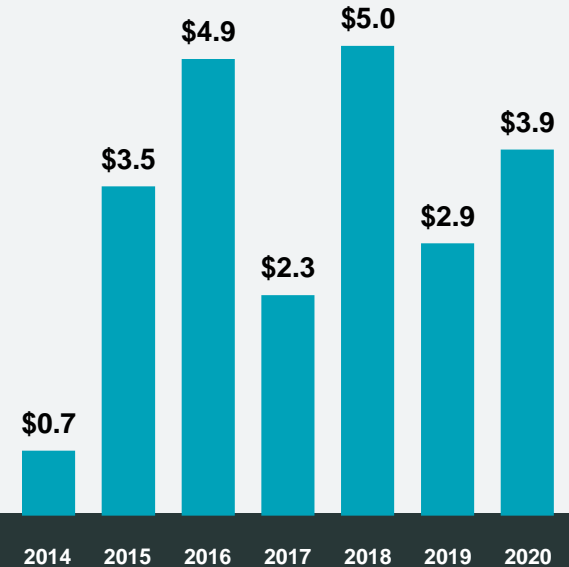
2020 profitability reduced by lower recycling and primary Mg metal sales due to COVID-19/QSLM supply



Gross Profit (\$M) and GP margin



Underlying Operating Cashflow (\$M)*



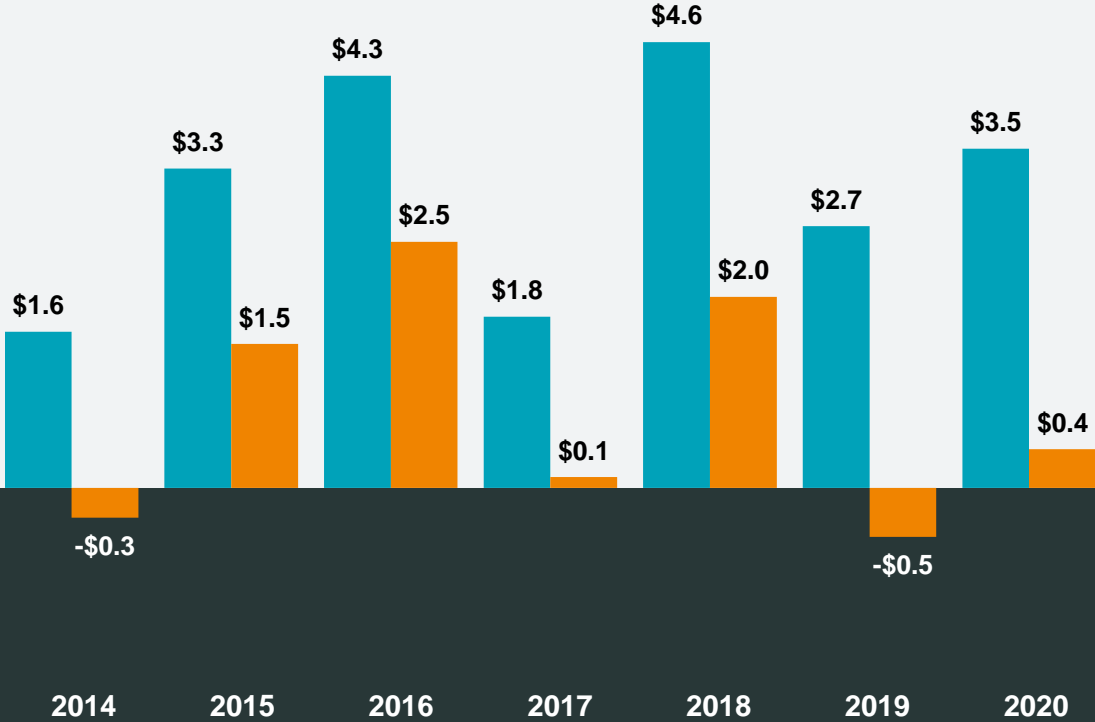
* Operating cashflow excluding working capital movements, interest and tax payments

EBITDA and EBIT stronger in 2020

2020 & 2019 results negatively impacted by Magontec Qinghai primary magnesium alloys business



EBITDA and EBIT contributions (\$M)



FY 2020 Full Year Result

Underlying Net Loss* of \$0.3m in 2020 (Loss of \$1.3m in 2019)

Underlying Net Profit After Tax * (\$M)



FY 2017

FY 2018**

FY 2019**

FY 2020**

\$0.5m

-\$0.3m

-\$1.2m

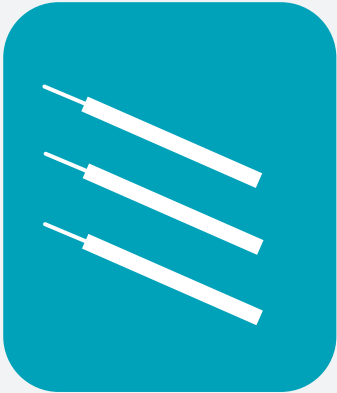
-\$1.3m

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

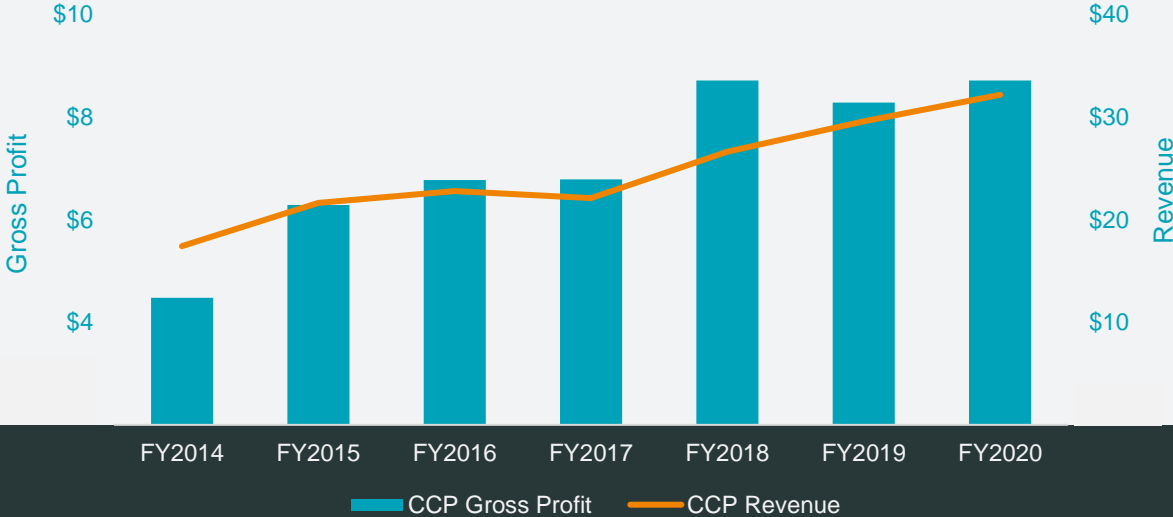
** Includes Depreciation of \$0.95m, \$0.96m and \$1.01m on Magontec Qinghai Magnesium Alloy Cast House assets that were not operating at full capacity in 2018, 2019 and 2020 respectively

Cathodic Corrosion Protection (CCP) – a growing contribution to Magontec profit

Magnesium and electronic anodes contribute around 70% of global Gross Profit



Cathodic Corrosion Protection



Growing penetration of N American markets for all CCP products



Utility industry profile. An essential item, not a consumer discretionary product



Magontec is a global leader in electronic and magnesium CCP products

Qinghai electrolytic magnesium smelter complex (Golmud)

Supply of QSLM liquid pure Mg to Magontec cast house remains suspended

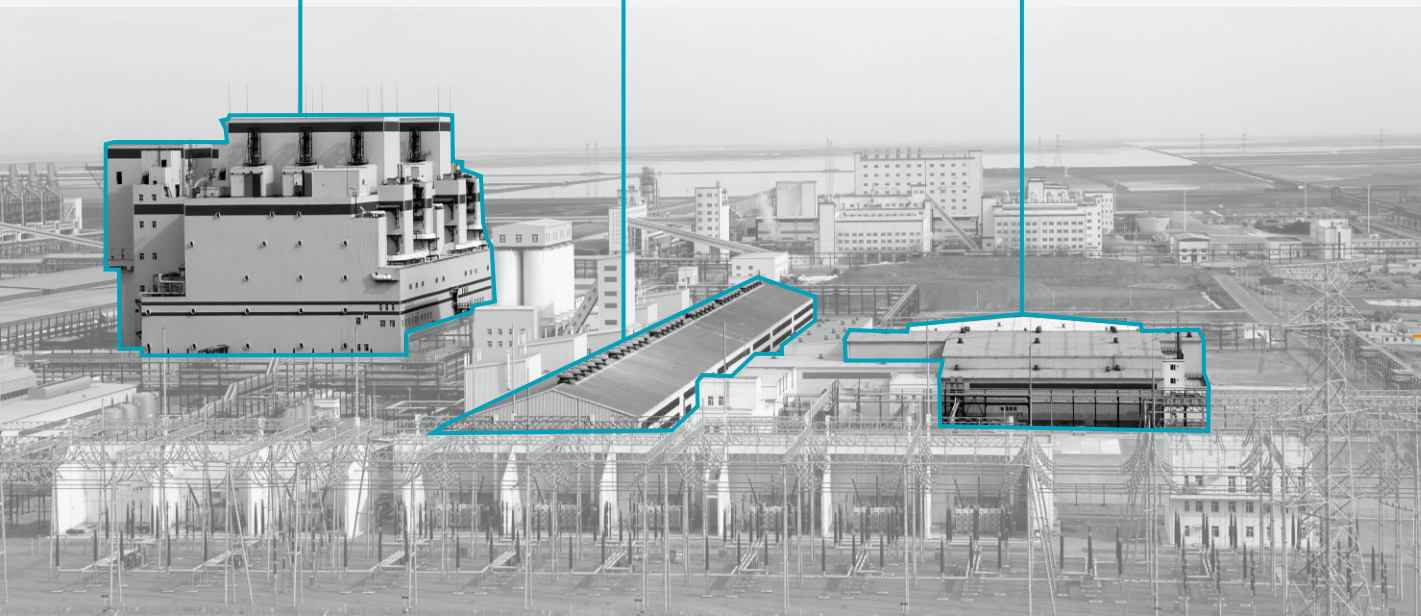
Dehydration



Reduction



Cast house



Magontec Qinghai

MGL operates an Mg 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

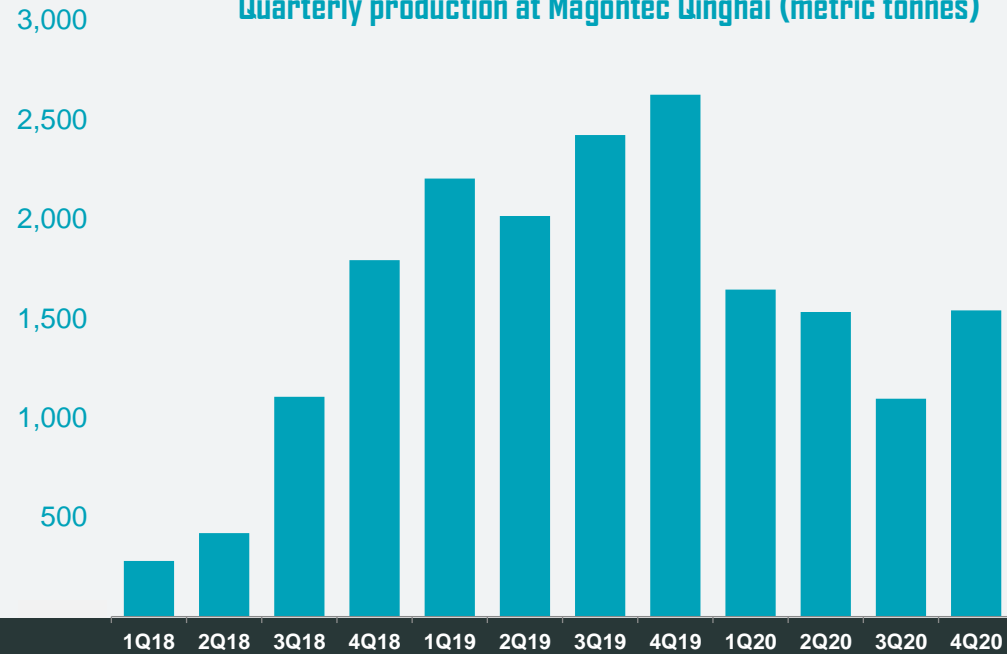
4* Mg alloy cast lines
85% renewable energy
Future growth options

Magontec Qinghai production steady at lower levels

- Output reduced in 2020
- All raw material currently from external sources
- Volumes recovering post-COVID

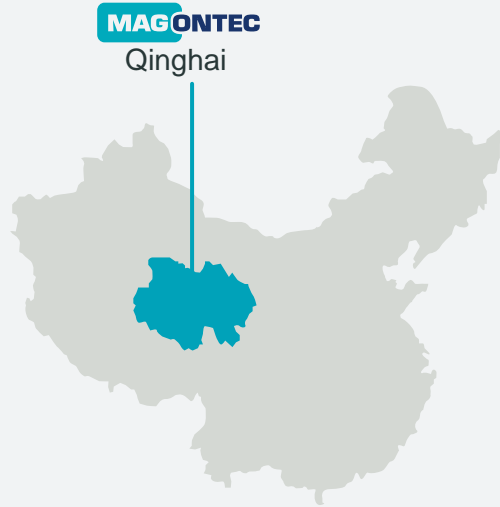


Quarterly production at Magontec Qinghai (metric tonnes)

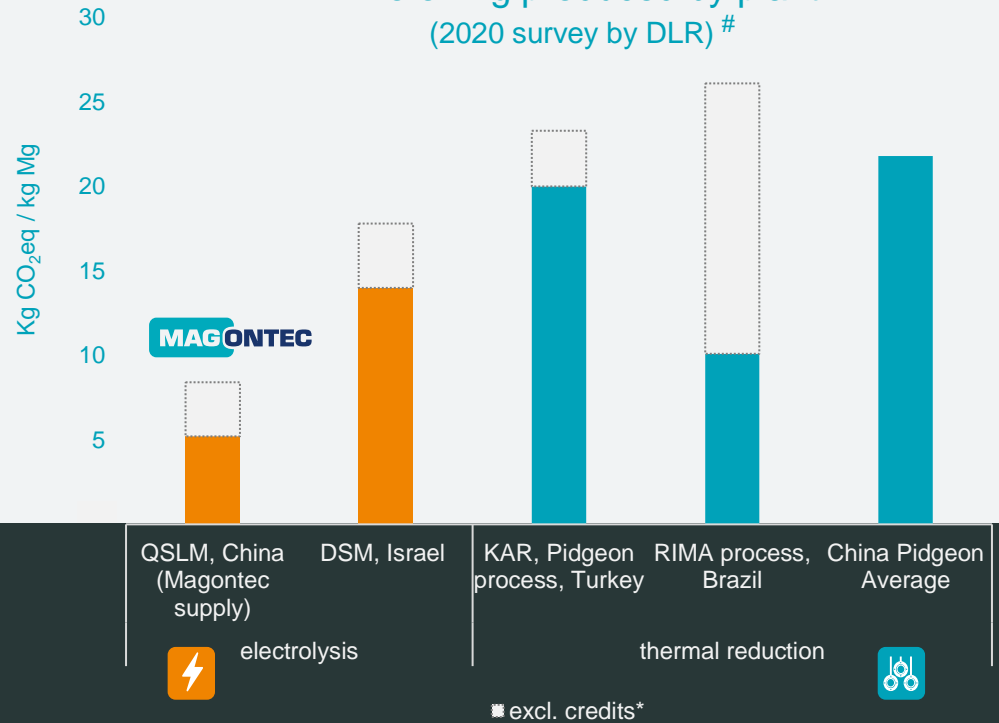


Magontec Qinghai's pure Mg supplier has the lowest CO₂ footprint of any Mg plant

New survey from DLR# underlines strong competitive position of QSLM's Qinghai Project



Kilos of CO₂ emissions per Kilo of Mg produced by plant (2020 survey by DLR)



* Credits are attributed for by products generated in the manufacturing process or environmental offsets

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

Magontec operates:

- 4 recycling and manufacturing facilities in China, Germany and Romania
- A global sales and technical support network



Production



Sales Office



Technology Centre



Mg Alloy Cast House



Headquarters

Rising profit contribution from CCP and specialist metals in 2020

Resolution of Qinghai pure Mg raw material supply a critical metric for 2021



A much improved financial
result ex-Qinghai



A strong and growing
global CCP business



Industry-leading
environmental credentials







ASX Listed







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