



Magontec Limited (ASX: MGL)

Half Year 2024 Results

Investor Presentation

August 2024



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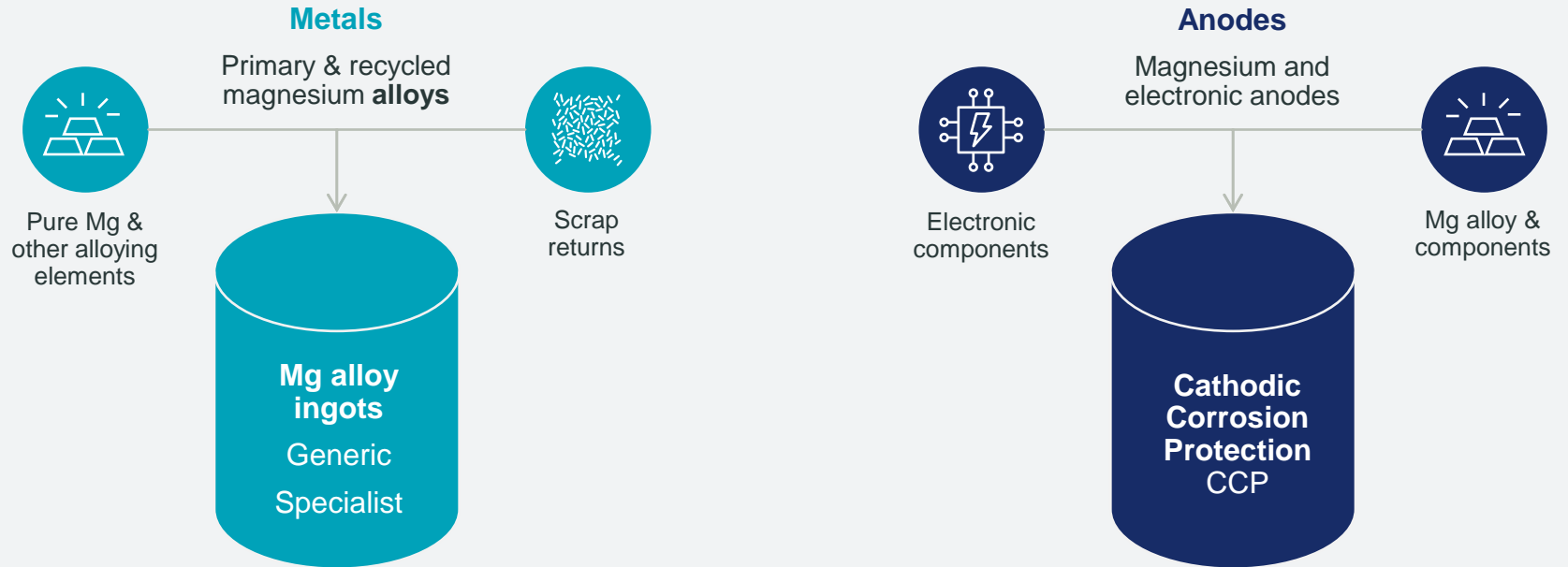
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Magontec Limited: ASX Code: MGL

Our businesses



Mg alloy recycling: At Bottrop (Germany) and Santana (Romania)

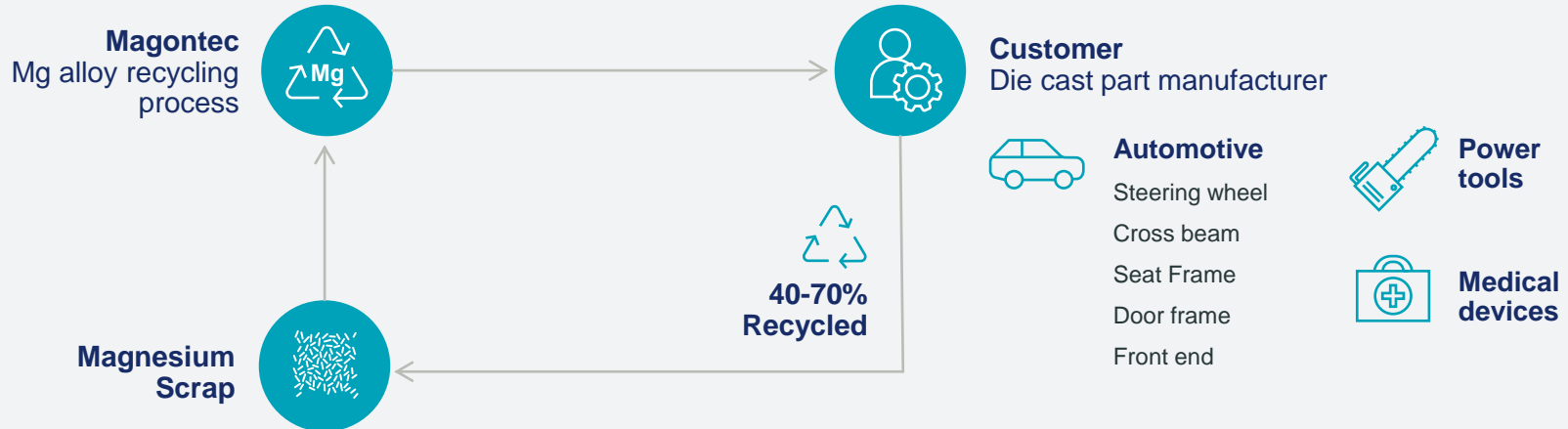
An essential part of the European and North American die casting industry

Mg is **100% recyclable**

Recycling adds just 0.59 kg CO₂ equivalent/kg of Mg*

Installed capacity 24k mtpa

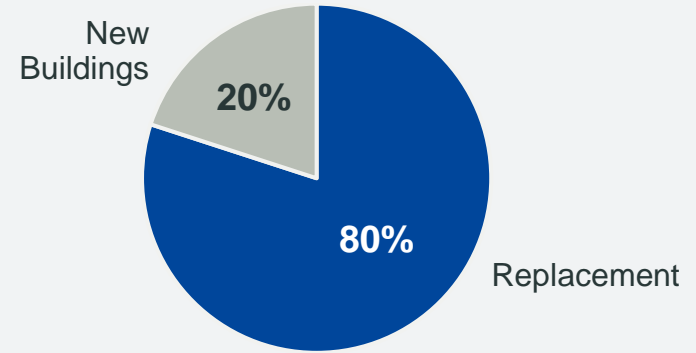
Europe's largest Mg recycler



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

Cathodic Corrosion Protection (CCP)

Every water tank in every house requires corrosion protection



Industry drivers

Urbanisation (water heater installation)
80% replacement (5 to 10 years)

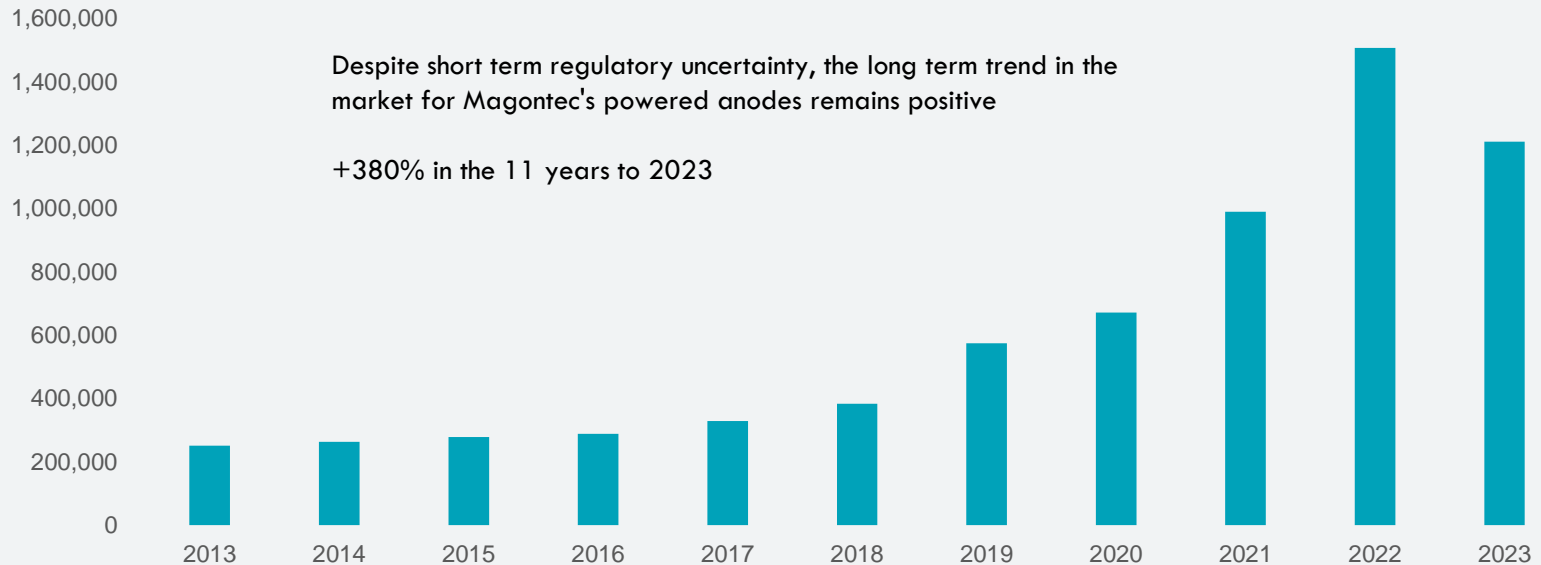


Climate change

Switch from oil/gas to electric heat pump
Accelerated replacement of installed appliances

Powered anodes a growth market

European Hydronic (water) Heat Pump Installations up to 400kW (Total Market)





Global market for powered anodes is growing quickly

Power anodes have been impacted by recent regulatory uncertainty

Emphasis on home heating climate issues to promote future growth

Overview

Dashboard for 1H 2024

	REVENUE \$41.4 mil	ADJUSTED EBITDA* \$0.5 mil	ADJUSTED UNDERLYING NPAT** (\$1.1 mil)	EPS (6.6 cents)	
	GROSS PROFIT MARGIN 14.7%	CASH FLOW FROM UNDERLYING OPERATIONS*** \$0.3 mil	NET CASH/(DEBT) \$9.5 m CASH ON HAND \$10.8 m	DIVIDEND / SHARE (UNFRANKED) 1H24 - cents 2H23 0.6 cents	

Highlights

- Net cash increased to \$9.5m at 30 June 2024 (31 December 2023: \$8.7m).
- No net debt, borrowings at low levels.
- Operating cashflow of \$2.5 million for the half despite weak trading results
- Adjusted EBITDA* of +\$0.5m and Adjusted Underlying NPAT** of (\$1.1m)
- Net Tangible Assets of 60 cents per share at 30 June 2024 following PRC impairment write off (31 December 2023: 68 cents per share)

* Adjusted EBITDA = Reported EBITDA excluding MAQ impairment loss of \$3.65 million at 30 June 2024

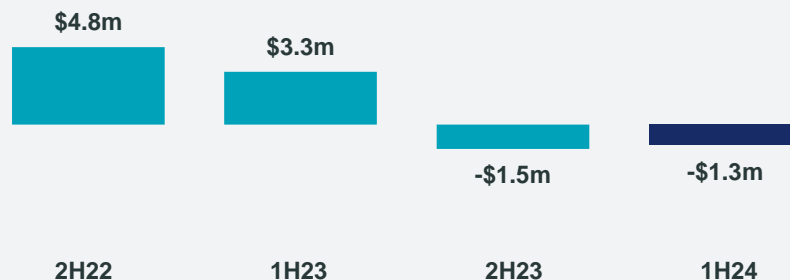
**Adjusted Underlying NPAT = Reported Net Profit after Tax excluding unrealised FX gains and losses, MAQ impairment loss (\$3.65m) and associated DTA write off (\$0.2m)

***Cashflow from underlying operations = reported operating cashflow less working capital movements, interest and income tax payments

1H 2024 Half Year Result

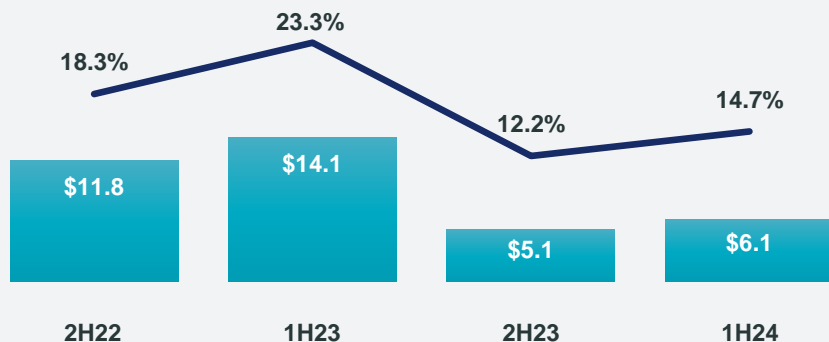
- Reported results impacted by PRC non-cash impairment of \$3.65m following QSLM developments
- Gross margin improved slightly to 14.7%, with improved Metal earnings in 1H24 over 2H23
- Excluding impairment charge, 1H24 underlying NPAT* higher than 2H23

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

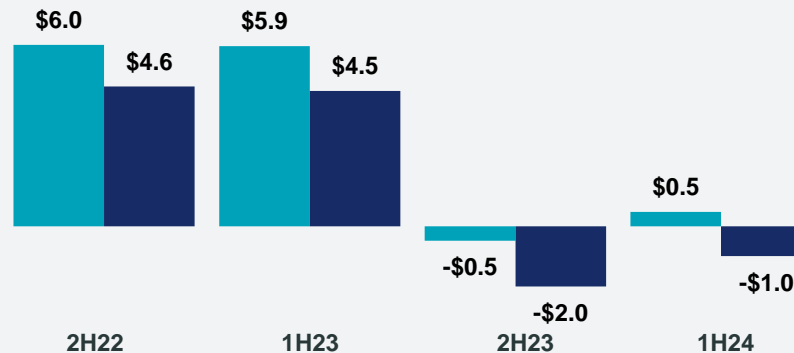


*Underlying NPAT = reported net profit after tax excluding unrealised FX gains and losses

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



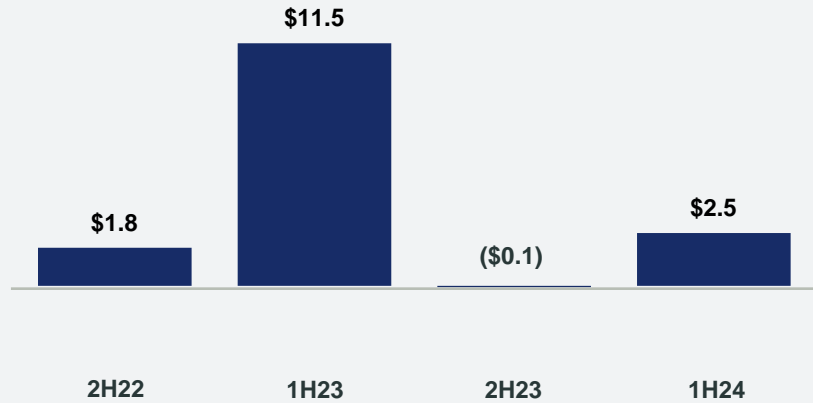
EBITDA and EBIT excluding impairment (\$M)



1H 2024 Half Year Result

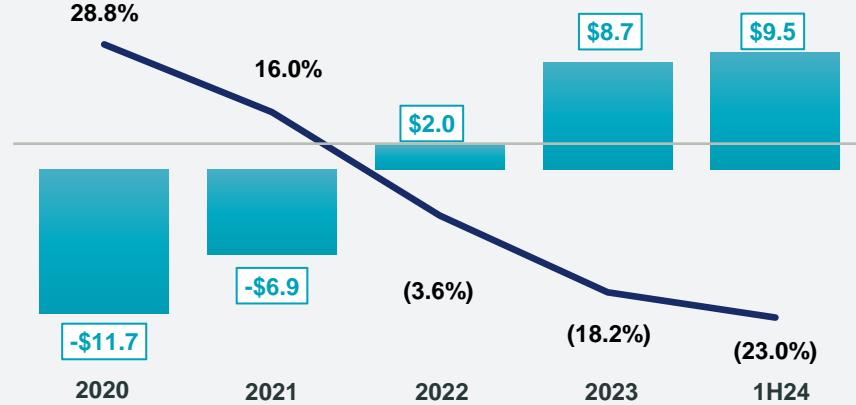
- Net cash position (cash less bank borrowings on balance sheet) increased to \$9.5m as at 30 June 2024.
- No net debt. Gearing ratio** of (23.0%)
- Positive Operating Cashflow and Underlying Operating Cashflow* in the half despite difficult trading conditions

Reported Operating Cashflow (\$M)



Net Cash (\$M) and Gearing** (%)

Net cash = Cash less bank borrowings



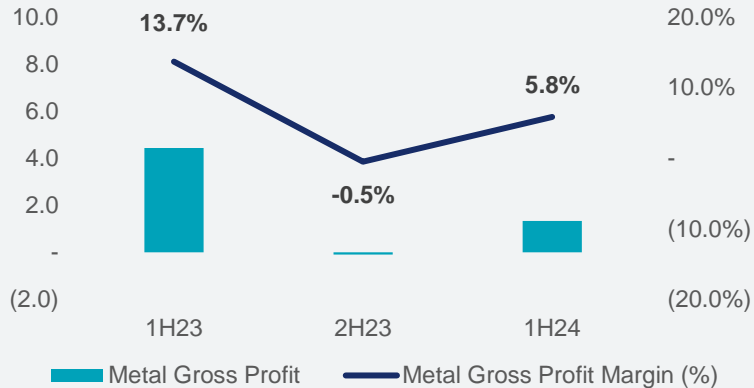
* Underlying Operating Cashflow = Operating cashflow excluding working capital movements, interest and tax payments

**Gearing = net debt / (net debt + equity)

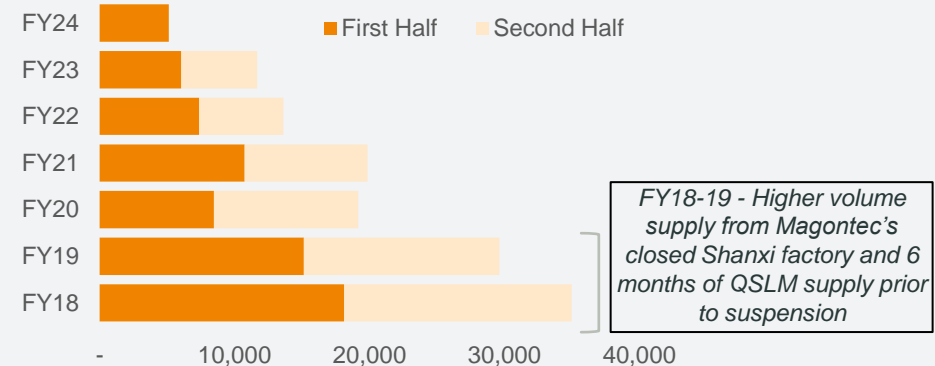
1H 2024 Half Year Result - Metals

Some recovery in GP trends in the half for EUR, but Magontec Qinghai situation will impact 2H volumes

Global metals gross profit (\$M)



Global Mg alloy and specialist metals sales volumes (metric tonnes)



QSLM sought to terminate agreements with Magontec

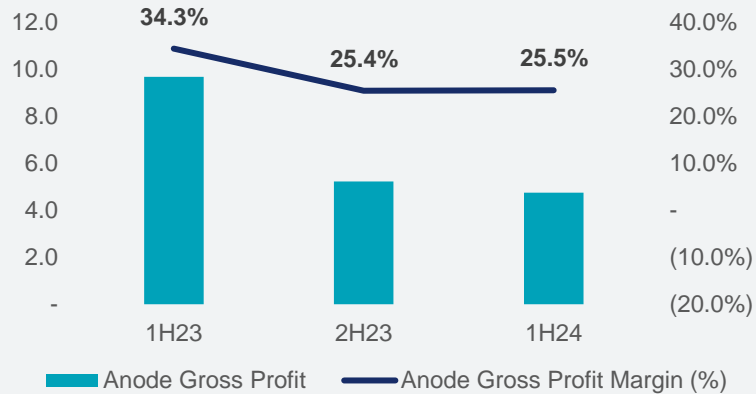
Some higher volumes expected in EUR in 2H

Global Metal strategy under review

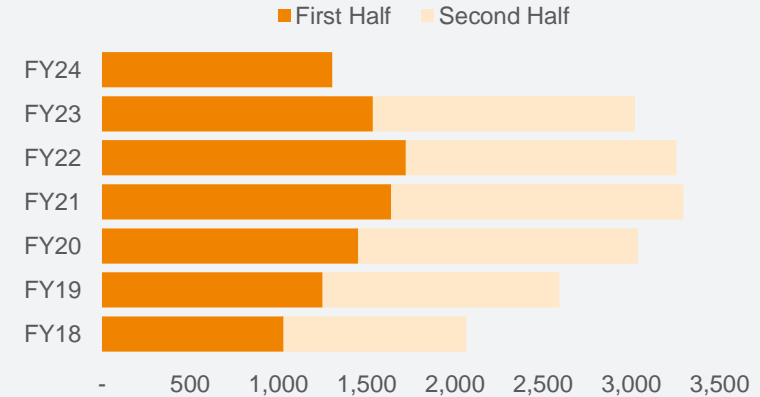
1H 2024 Half Year Result – CCP / anodes

Soft trading in CCP business continued during the half

Global CCP gross profit (A\$M)



Global magnesium anode sales volumes (metric tonnes)



Home building slowdown and high interest rates impacted volumes

Regulatory uncertainty in EU added to cyclical headwinds

Magontec remains well positioned when market recovers

1H 2024 Half Year Result – Financial summary

Equity, Borrowings, Cashflow

(AUD '000)

	6 months to 30 June 2024	6 months to 30 June 2023
Equity		
EBITDA excluding MAQ impairment loss	473	5,949
Reported EBITDA	(3,179)	5,949
Underlying NPAT* ex MAQ impairment and DTA write off	(1,093)	3,250
NPAT excl unrealised FX (Underlying NPAT*)	(4,937)	3,250
Reported Net Profit After Tax	(5,250)	2,397
Earnings per share (cents)	(6.6)	3.1
Dividend per share (cents, unfranked)	-	0.6
Net tangible assets per share (cents)	60	72
Cashflow		
Reported Operating Cashflow	2,528	11,472
Cash from Underlying Operations*	251	5,984
Borrowings		
Net cash (Cash less bank borrowings)	9,544	8,717
Net debt to net debt + equity (%)	(23.0%)	(18.2%)

Net cash position increased slightly to \$9.5 million at 30 June 2024

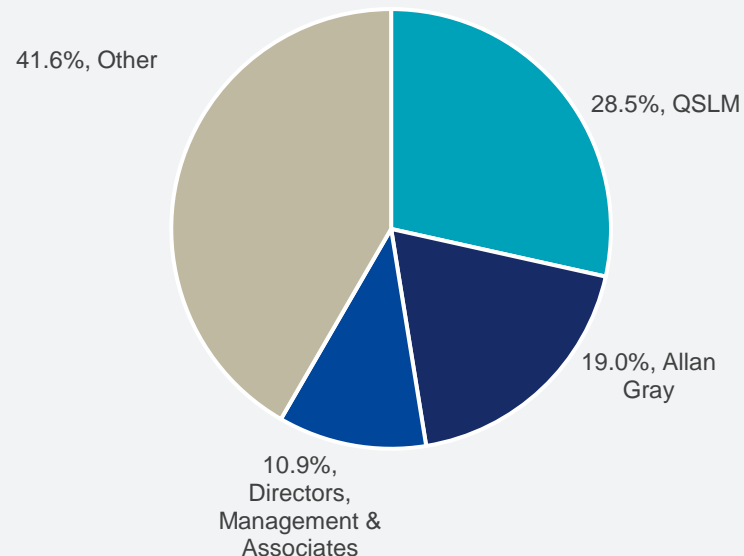
Net tangible assets of 60 cents per share at 30 June 2024

Operating cashflow remained positive in 1H 2024

Magontec Limited Market Information

ASX Code: MGL	Total	Per Share
Ordinary shares on issue	79,643,766	
Book value of net assets – 30 June 2024	\$51.1 million	64.1 cents/share
Market capitalisation¹	\$20.3 million	25.5 cents/share
Net debt/(cash) – 30 June 2024	(\$9.5 million)	
Enterprise value	\$10.8 million	
LTM ² Adjusted EBITDA to 30 June 2024	\$0.2 million	
<i>Performance rights on issue</i> 30 June 2024	9,888,481	

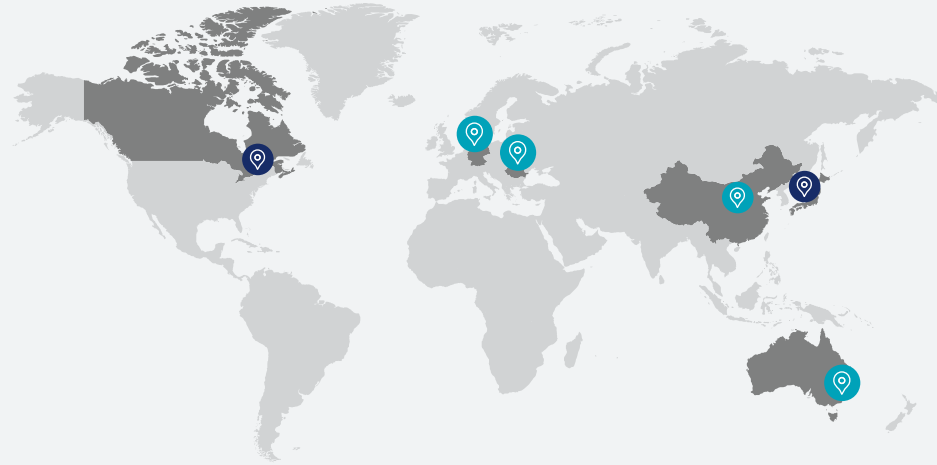
Shareholder Structure 30 June 2024



¹ Based on share price of \$0.255 as at 20 August 2024 (close)

² LTM = Last 12 Months, excluding \$3.85m of PRC impairment and deferred tax write off (\$0.2m) at 30 June 2024

Thank You



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Appendix - FY 2024 Half Year Result Summary

Income statement

(AUD '000)

	6 months to 30 June 2024	6 months to 30 June 2023
Revenue	41,411	60,550
Cost of Sales	(35,344)	(46,447)
Gross Profit	6,067	14,103
<i>Gross Profit margin (%)</i>	<i>14.7%</i>	<i>23.3%</i>
Other income	734	290
Impairment – Inventory, fixed assets, doubtful debts	(3,687)	(941)
Other operating expenses*	(6,293)	(7,503)
EBITDA	(3,179)	5,949
Depreciation and amortisation	(1,456)	(1,479)
EBIT	(4,635)	4,470
Interest	(182)	(288)
Tax	(434)	(1,784)
Reported Net Profit After Tax	(5,250)	2,397

MAQ non-cash impairment was \$3.65 million in 1H24 – project fixed assets fully written down

Excluding the impairment, EBITDA was \$473k

Overhead costs trending down compared with pcg

* In 1H24, Other operating expenses included write back of \$1.1m of D&A contained in Cost of Sales (1H23: D&A \$1.1m).

Appendix - FY 2024 Half Year Result Significant Items

Reconciliation of significant items in earnings

(AUD '000)	6 months to 30-Jun-24	6 months to 30-Jun-23
Reported Net Profit After Tax	(5,250)	2,397
Add/Less unrealised FX losses / (gains)	313	853
Reported Net Profit After Tax excl. unrealised FX (underlying NPAT)	(4,937)	3,250
Add back tax expense	434	1,784
Reported Net Profit Before Tax excl. unrealised FX	(4,503)	5,034
Significant items before tax		
Add back MAQ impairment loss	3,652	-
Add MAQ Primary Mg Alloy EBITDA loss / (gain)	174	(205)
Add MAQ depreciation (non-cash)	451	463
Add non-cash equity expense	337	278
Reported Net Profit Before Tax, unrealised FX & Significant Items	110	5,570

PRC impairment of \$3.65 million taken against Qinghai project

1H24 NPAT \$110k after excluding the significant items above

DTA of \$0.2m related to MAQ also written down in the tax expense line

Appendix – FY24 Half Year Result by Region

Segment P&L

(AUD '000)	EUR	PRC	Head office	6 months to 30 June 2024
Gross Profit	5,259	808	-	6,067
Other income	181	553	-	734
Impairment – Inventory, fixed assets, doubtful debts	(35)	(3,652)	-	(3,687)
Operating expenses	(4,691)	(1,488)	(1,270)	(7,449)
FX	319	(331)	36	24
Add back D&A in Cost of Sales	528	604	-	1,132
EBITDA	1,560	(3,506)	(1,233)	(3,179)
Depreciation and amortisation	(827)	(629)	-	(1,456)
EBIT	733	(4,135)	(1,233)	(4,635)
Interest	(146)	(36)	-	(182)
Tax	(239)	(195)	-	(434)
Reported Net Profit After Tax	349	(4,366)	(1,233)	(5,250)

EUR result still positive despite weak trading conditions

PRC impacted by \$3.65m impairment – non-cash

Head office costs stable compared with prior corresponding period

Appendix – FY23 Half Year Result by Region

Segment P&L

(AUD '000)	EUR	PRC	Head office	6 months to 30 June 2023
Gross Profit	11,935	2,168	-	14,103
Other income	127	162	2	290
Impairment – Inventory, fixed assets, doubtful debts	(750)	(191)	-	(941)
Operating expenses	(5,116)	(1,748)	(1,271)	(8,135)
FX	(186)	(204)	(100)	(491)
Add back D&A in Cost of Sales	554	568	-	1,123
EBITDA	6,564	754	(1,369)	5,949
Depreciation and amortisation	(882)	(597)	-	(1,479)
EBIT	5,682	157	(1,369)	4,470
Interest	(164)	(125)	-	(288)
Tax	(1,703)	(80)	-	(1,784)
Reported Net Profit After Tax	3,815	(48)	(1,369)	2,397

EUR key driver of Group result in 1H23

PRC close to break even in 1H23 despite anode factory shutdown for upgrade works

Head office costs \$1.27m in 1H23 excluding FX