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Magontec Limited

(ASX: MGL)

First Half 2017 - Interim Result

August 2017



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Magontec Limited – 2017 Interim Results



Magontec Qinghai expected to commence production September 2017



NPAT excl unrealised FX down 31% on pcp



Fraud event impacts overall result

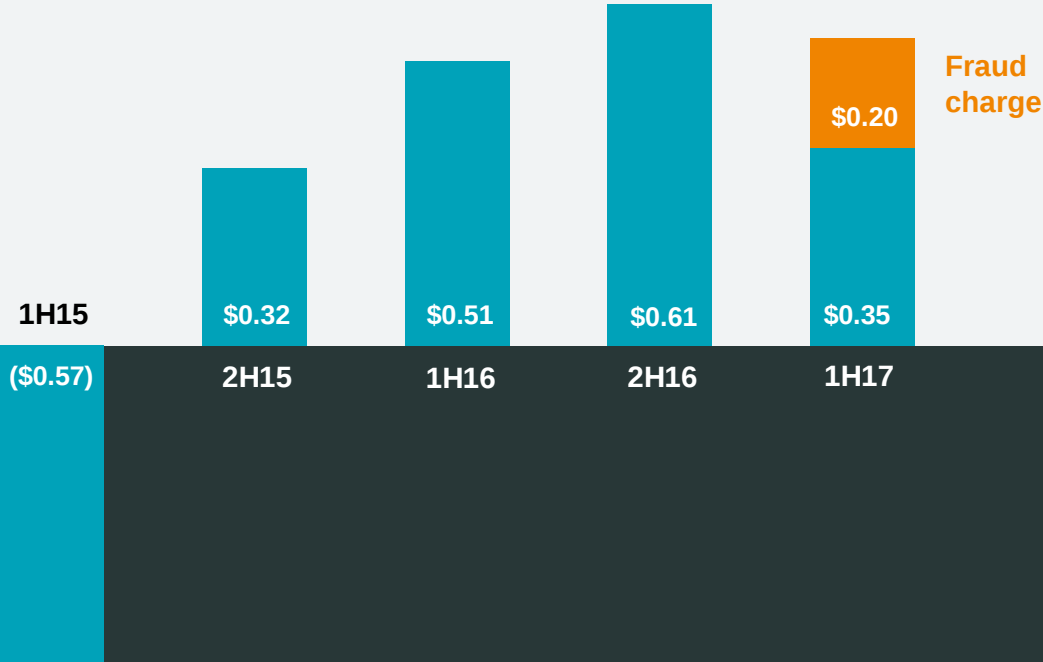


Underlying NPAT excl unrealised FX & fraud + 8% on PCP

FY 2017 Interim Result
Underlying NPAT* up 8% on previous corresponding period excluding impact of fraud



Underlying Net Profit After Tax* (\$M)



* Excluding effects of unrealised foreign exchange

FY 2017 Interim Result

Reconciliation of significant items in earnings

	6 months to 30-Jun-17 '\$000	6 months to 30-Jun-16 '\$000
Net Profit Before Tax, unrealised FX and significant items	1,239	1,245
Significant items before tax		
Less non-cash equity expense	(159)	(183)
Less extraordinary doubtful debts provision PRC	-	(202)
Less impact of fraudulent inventory loss	(292)	-
Net Profit Before Tax excluding unrealised FX	788	859
Less tax expense	(435)	(351)
Net Profit After Tax before unrealised FX (underlying NPAT*)	353	509
Add/(subtract) unrealised FX gains/(losses)	(737)	(428)
Reported Net Profit After Tax	(384)	81



1H17 earnings impacted by one-off items



Operational profit deterioration expected to be recoverable



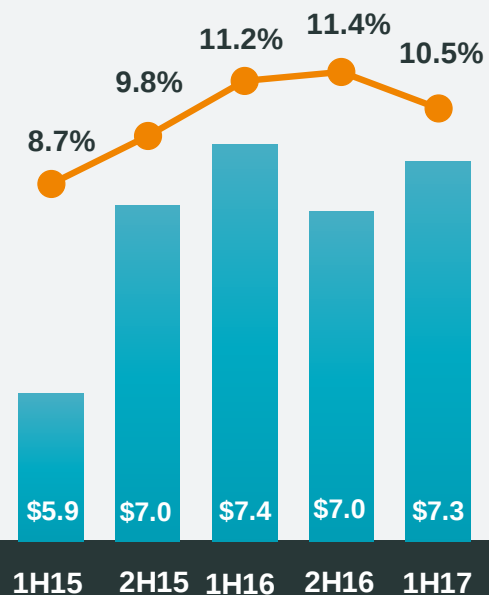
Magontec Qinghai expected to make first profit contributions in FY18

FY 2017 Interim Result

Chinese anode volumes and Romanian recycling drag on overall performance



Gross Profit (\$M) and GP margin



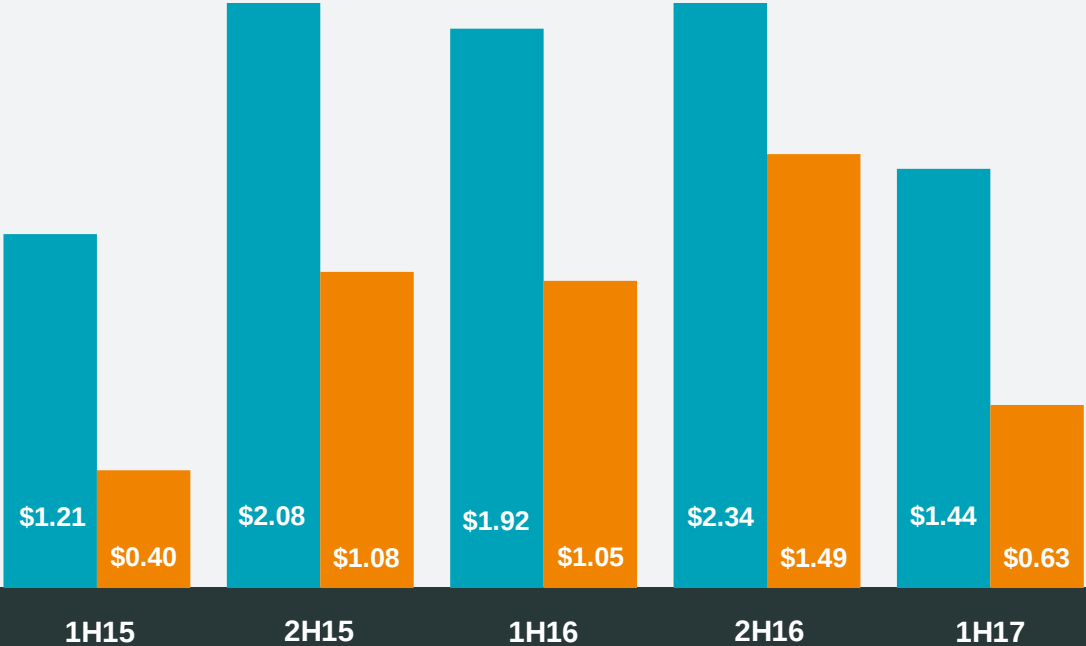
Cashflow (\$M)



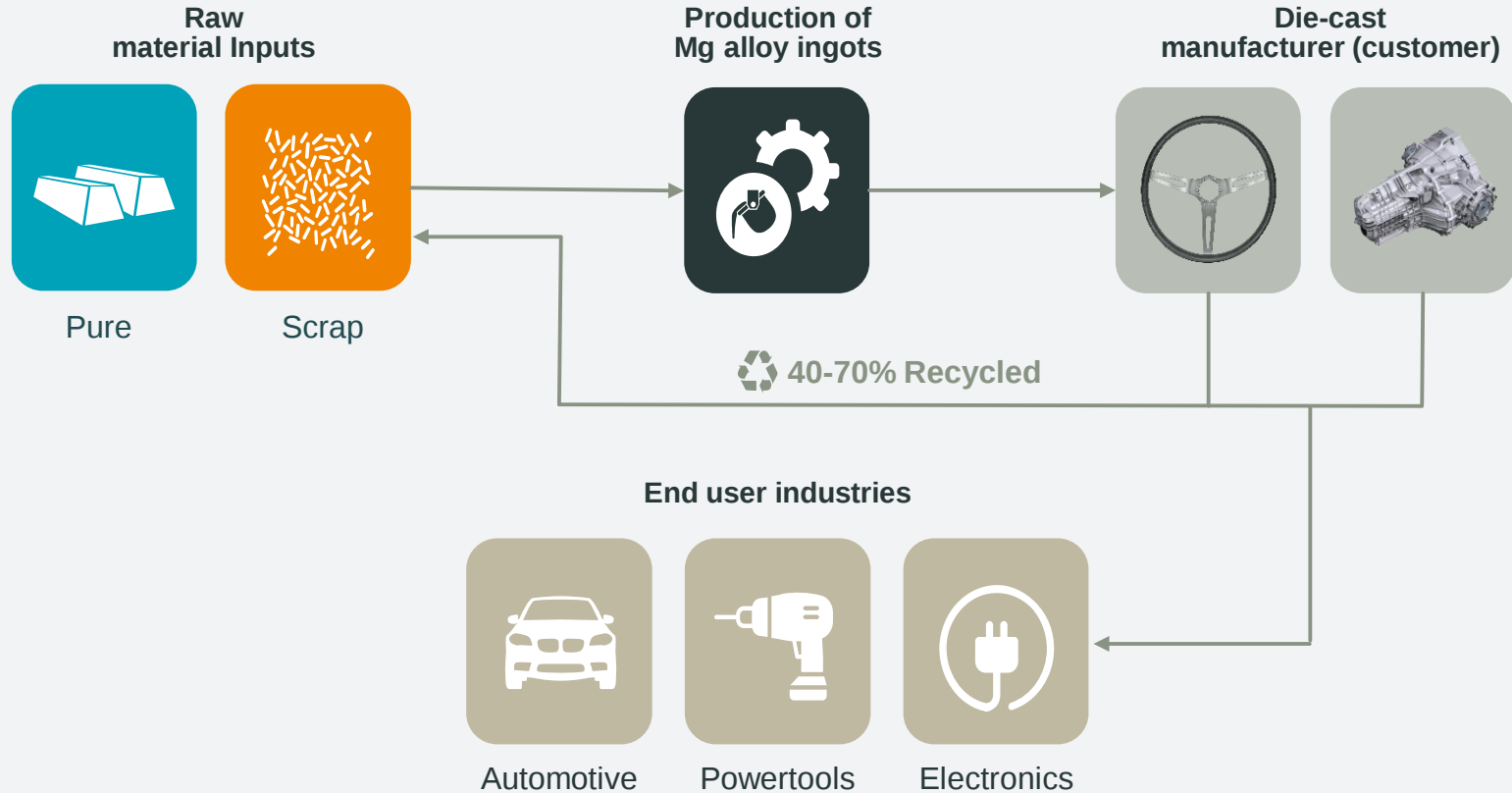
FY 2017 Interim Result
EBITDA and EBIT impacted by one-off charges



EBITDA and EBIT contributions (\$M)



Magontec Limited – a leading producer of magnesium alloys
Magnesium alloy is sold to die-cast manufacturers who make sophisticated products



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



Production



Sales Office



Technology Centre



Cast House Project



Headquarters

Qinghai electrolytic magnesium smelter complex (Golmud)

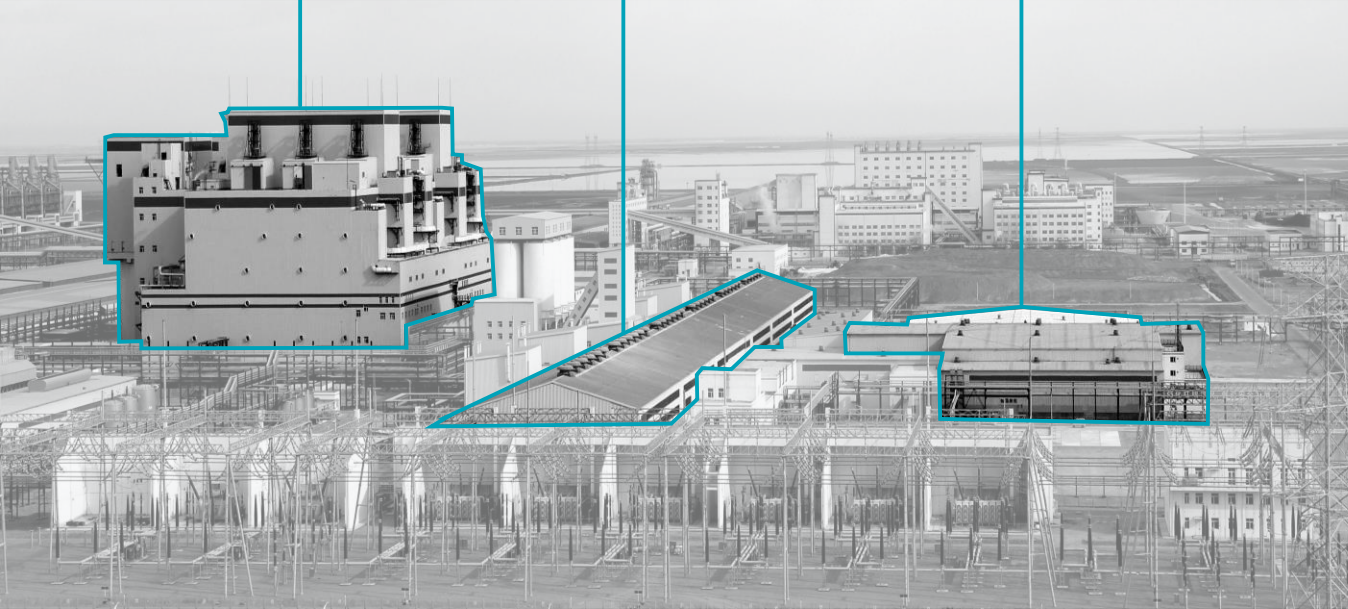
Dehydration



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)

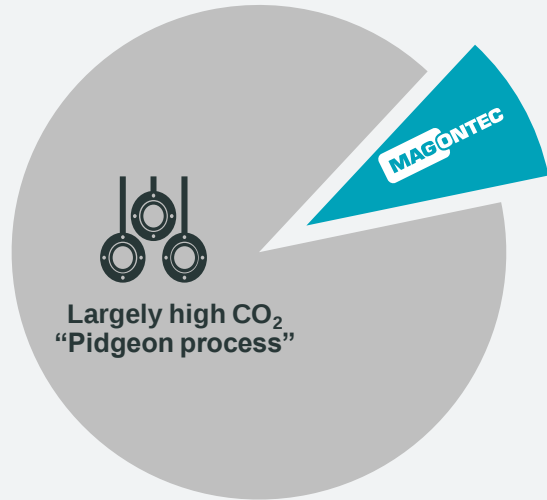


Production

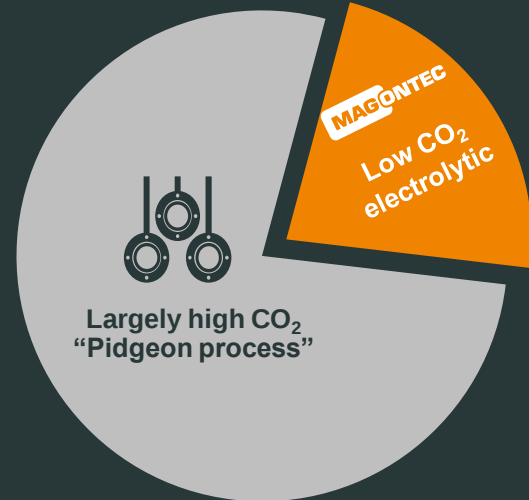
4* Mg alloy cast lines
85% renewable energy
Future growth options

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

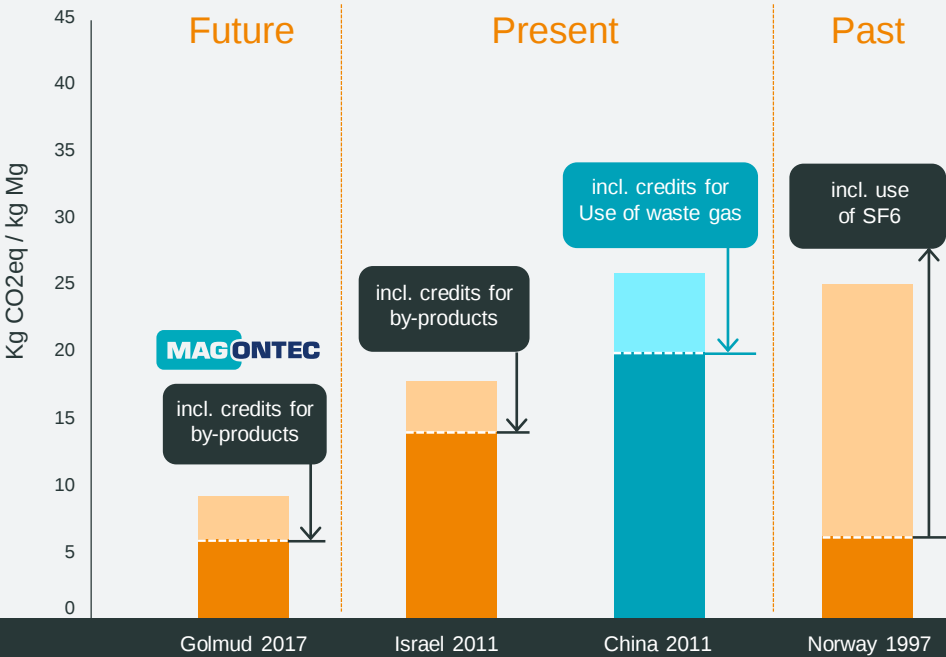
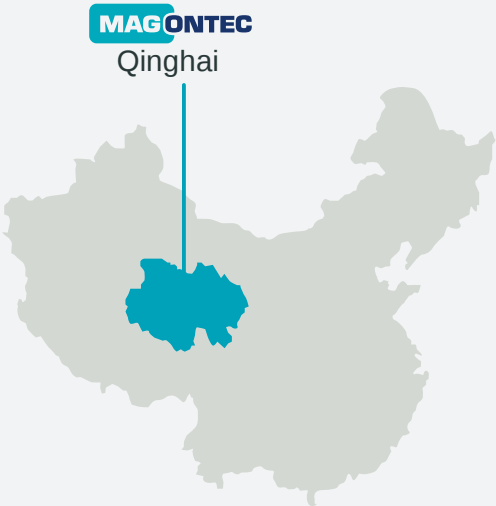
~10% Mg alloy market share 2015



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 CO₂ emissions from magnesium smelters around the World

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
Capitalisation
\$45m



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