

Press release
28 February 2019

MAGONTEC LIMITED announces profit of \$0.5m Underlying NPAT*

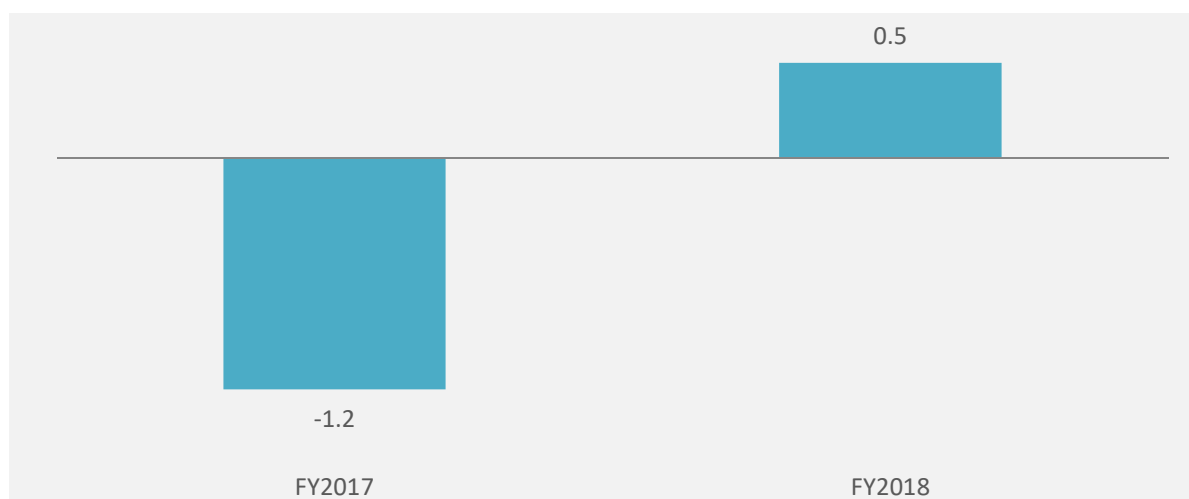
FY2018 ANNUAL RESULT

Magontec Limited (MGL) announces a Full Year 2018 Underlying Net Profit After Tax* of \$0.5m, up \$1.7m on the loss recorded in the previous corresponding period. The FY 2018 result is inclusive of \$0.95m of depreciation through its investment in the Magontec Qinghai Magnesium Alloy Cast House. This asset did not operate at full capacity through the reporting period.

In 2018 the Company generated \$5.0m of cash from underlying operations and a Gross Profit of \$14.8m, up 18.4% on the previous corresponding period.

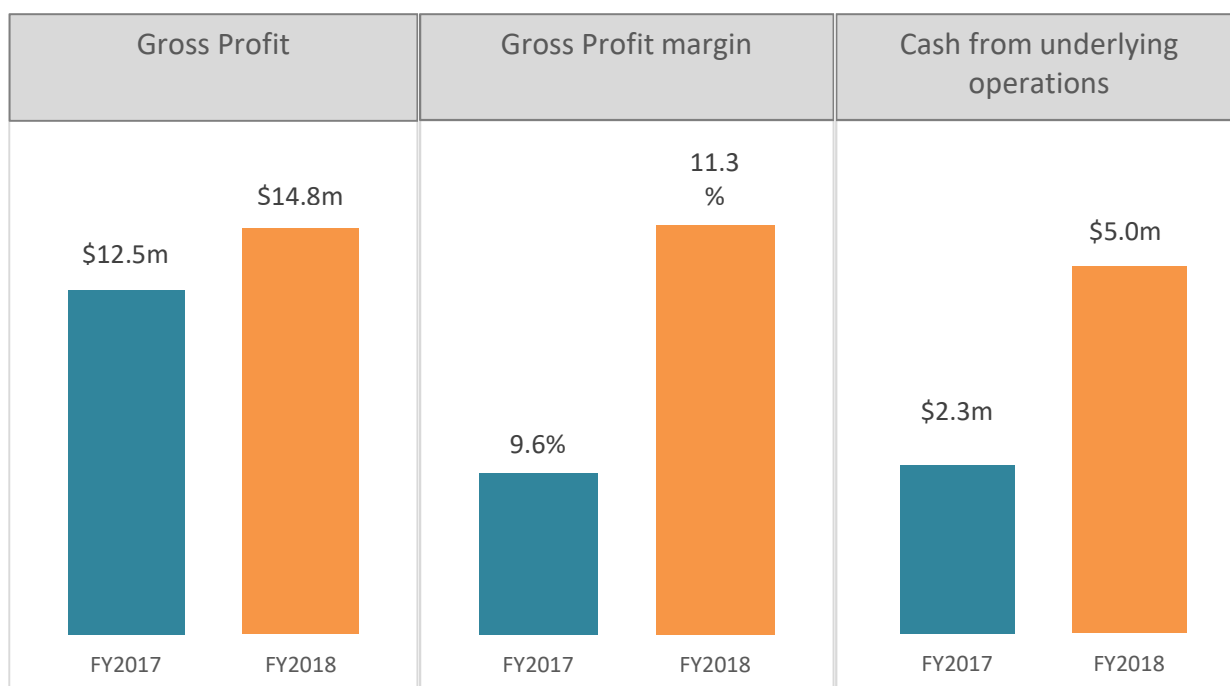
Over the period under review the Company experienced a sharp improvement in the operating performances of its Cathodic Corrosion Protection businesses and the Chinese primary alloy manufacturing business, despite a slower than anticipated increase in supply of raw material to the new Magnesium Alloy Cast House at Qinghai.

Underlying NPAT* (\$m)



*Underlying Net Profit After Tax is defined as Reported Net Profit After Tax excluding unrealised foreign exchange gains and losses.

FY2018 Financial & Operational Highlights



Magontec Qinghai Magnesium Alloy Cast House

The new Magnesium Alloy Cast House at Qinghai commenced production

Production of 3,601mt in 2018 expected to rise significantly in 2019

Metals Division Magnesium Alloys

2019 was a challenging year for magnesium alloy recycling in Europe.

Magontec has gained market share in Europe overall and continues to invest in new technologies and improve competitiveness

Cathodic Corrosion Protection (Anodes)

Gross Profit for the global anodes business up 23%. New markets opened in North America and Middle East.

New investment in plant and equipment during 2019 designed to reduce production costs and raise competitiveness

Outlook

The new magnesium alloy cast house at Magontec Qinghai remains the key focus for the Company in 2019. As noted in the 2018 Annual Report the last 12 months has been a frustrating period in which insufficient supply has reduced forecast volumes and profitability.

In Europe the magnesium alloy recycling businesses have strong market shares and have won new contracts for supply in 2018. This is expected to provide some comfort in what will likely be a more difficult year for Magontec's key customers in the automotive industry.

The global anodes business enjoyed a much stronger than anticipated year in 2018 and anticipates a steady or improved result in 2019. New contracts in China and the USA together with a more stable production platform in Europe is likely to see Magontec's global anode output rise to well over 2,000 metric tonnes per annum. The European and Chinese production teams have delivered greater efficiencies in 2018 and further investment in 2019 will make the Magontec product more competitive again.

The volume of output at Magontec Qinghai is the critical element of our Business Plan. However, while the global economy is perhaps less buoyant than it was 12 months ago, Magontec's wider business platform is considerably stronger and more competitive at the start of 2019.

Nicholas Andrews

Executive Chairman

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To view the FY2018 Magontec Limited Annual Report and for more information on Magontec Limited please visit our website at www.magontec.com



Picture: Qinghai Salt Lake Magnesium Co. Ltd electrolytic magnesium project at Golmud in Qinghai Province PRC. The Magontec Qinghai magnesium alloy cast house is part of this complex.