Magontec Limited
(ASX: MGL)

Full Year 2019 Result

28 February 2020

Nicholas Andrews, Executive Chairman of Magontec Limited has authorised the release of this document to the market on 28 February 2020

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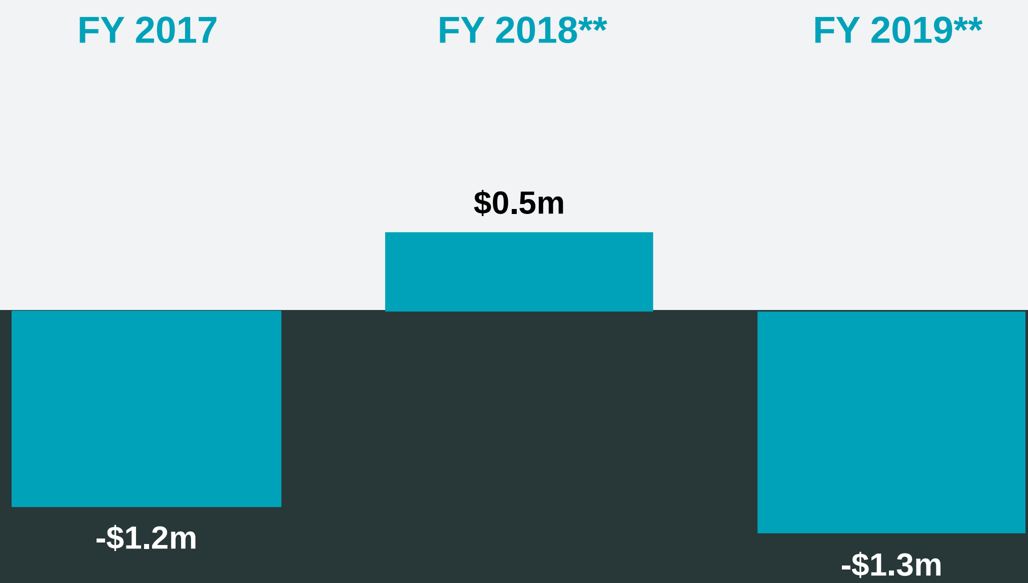
FY 2019 Full Year Result
Reconciliation of significant items in earnings

	12 months to 31-Dec-19 '$000	12 months to 31-Dec-18 '$000
Net Profit Before Tax, unrealised FX and significant items	**440**	**2,266**
Significant items before tax		
Less non-cash equity expense	(135)	(78)
Less MAQ depreciation (non cash)	(964)	(951)
Less MAQ levies and start up costs	(416)	(101)
Less doubtful debts expense PRC	-	(32)
Net Profit Before Tax excluding unrealised FX	**(1,075)**	**1,104**
Less tax expense	(267)	(623)
Net Profit After Tax before unrealised FX (underlying NPAT*)	**(1,342)**	**480**
Add/(subtract) unrealised FX gains/(losses)	(28)	296
Reported Net Profit After Tax	**(1,370)**	**776**

- Magontec Limited (MGL) announces a Full Year 2019 Net Profit Before Tax (excluding significant items) of $440,000 compared with a Net Profit Before Tax of $2.27 million in 2018.
- 2019 reported loss of $1,370k included $964k of non cash depreciation from the MAQ facility and $416k of environmental levies
- Prior year included $101k of one off costs related to the MAQ facility opening
- Magontec Qinghai main driver of profit decline during the 2019 year

FY 2019 Full Year Result
Underlying Net Loss* of $1.3m in 2019

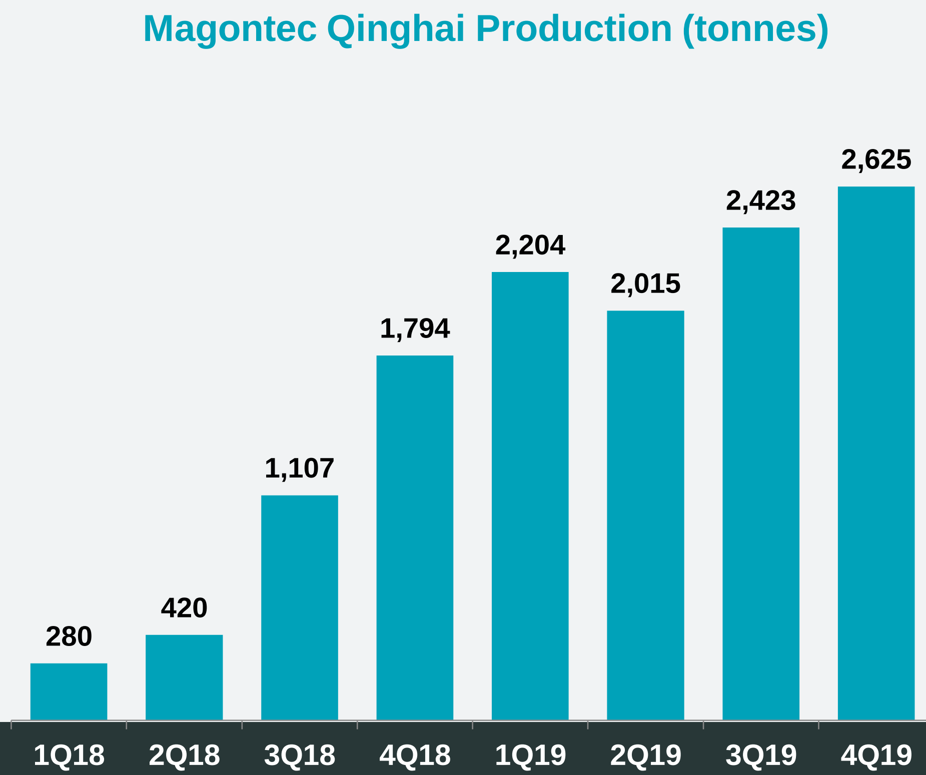
Underlying Net Profit After Tax * ($M)



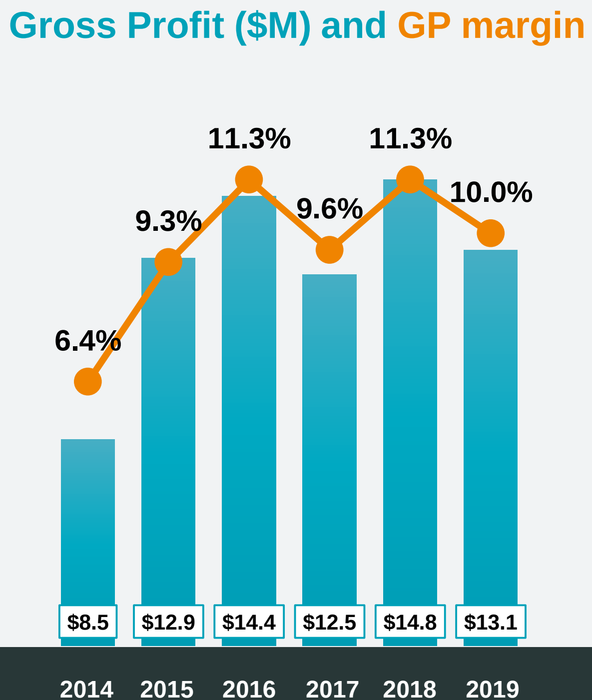
- *Reported net profit/loss excluding the effects of unrealised foreign exchange*

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

Magontec Qinghai production profile showing positive quarterly trend



FY 2019 Full Year Result
Overall performance showing a declining trend on 2018 due to lack of scale at Magontec Qinghai

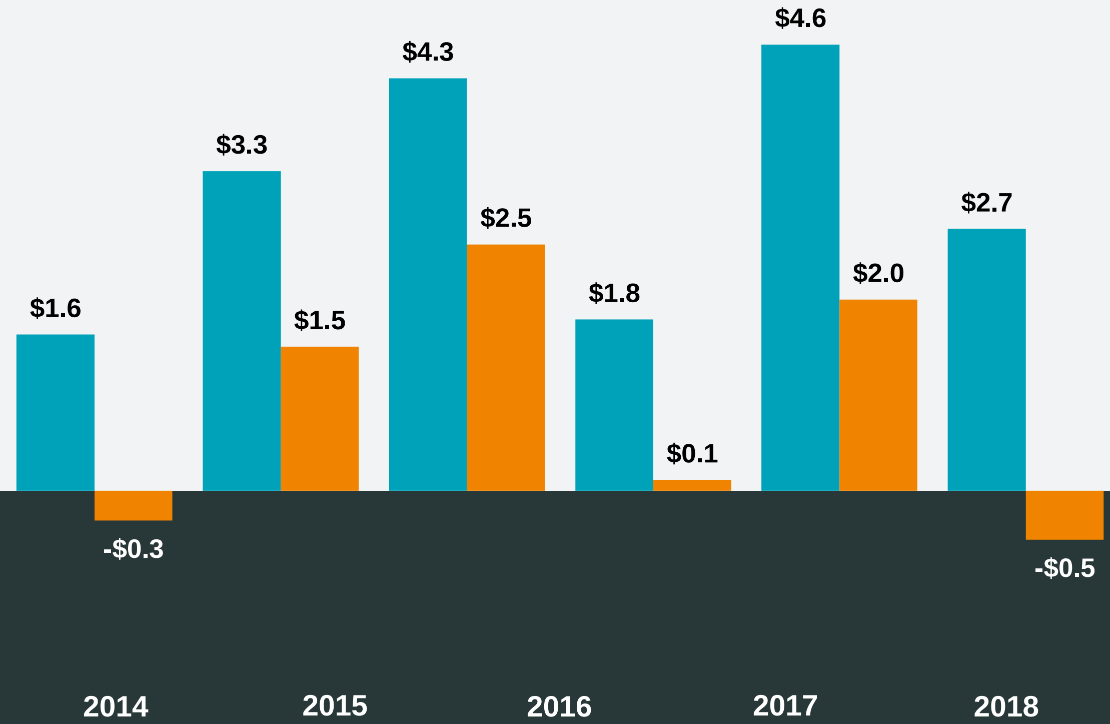


* Operating cashflow excluding working capital movements, interest and tax payments

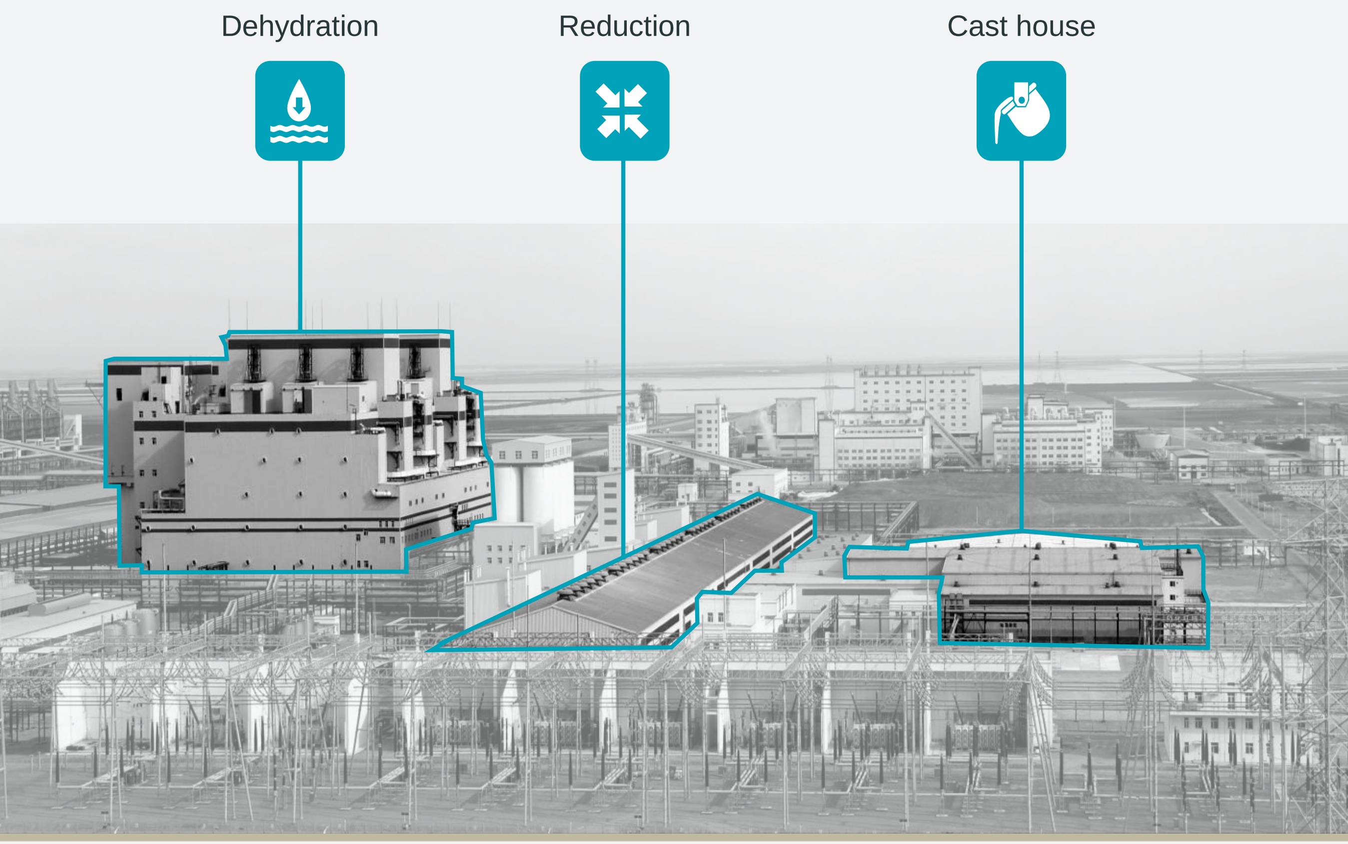
FY 2019 Full Year Result

EBITDA and EBIT trend – EBITDA remains positive, EBIT impacted by $0.96m of non cash depreciation

EBITDA and EBIT contributions ($M)



Qinghai electrolytic magnesium smelter complex (Golmud)



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

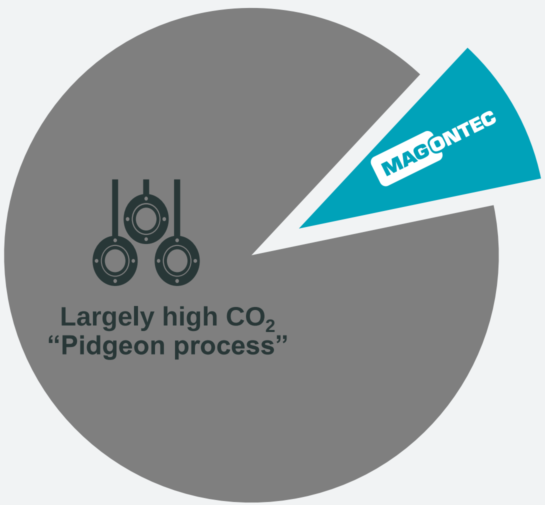
4* Mg alloy cast lines

85% renewable energy

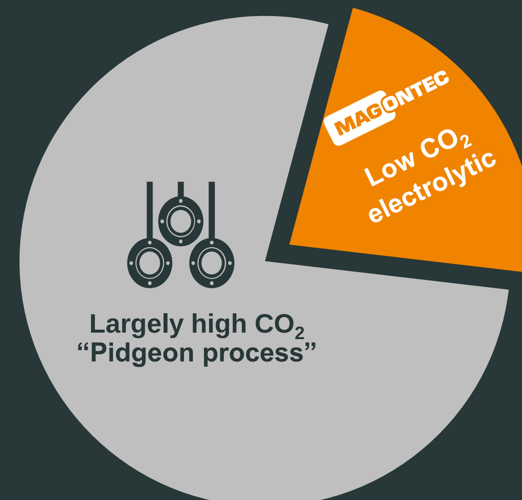
Future growth options

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

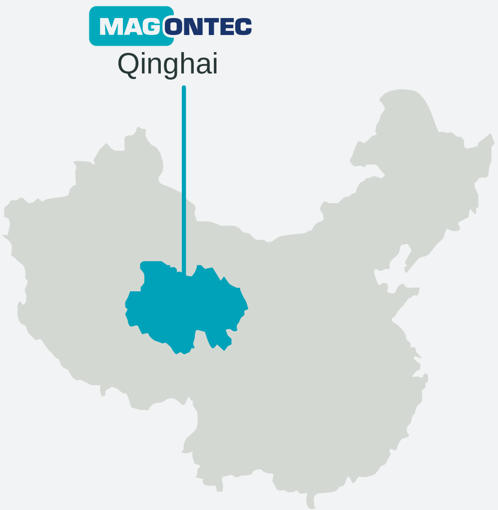
~10% Mg alloy market share 2015

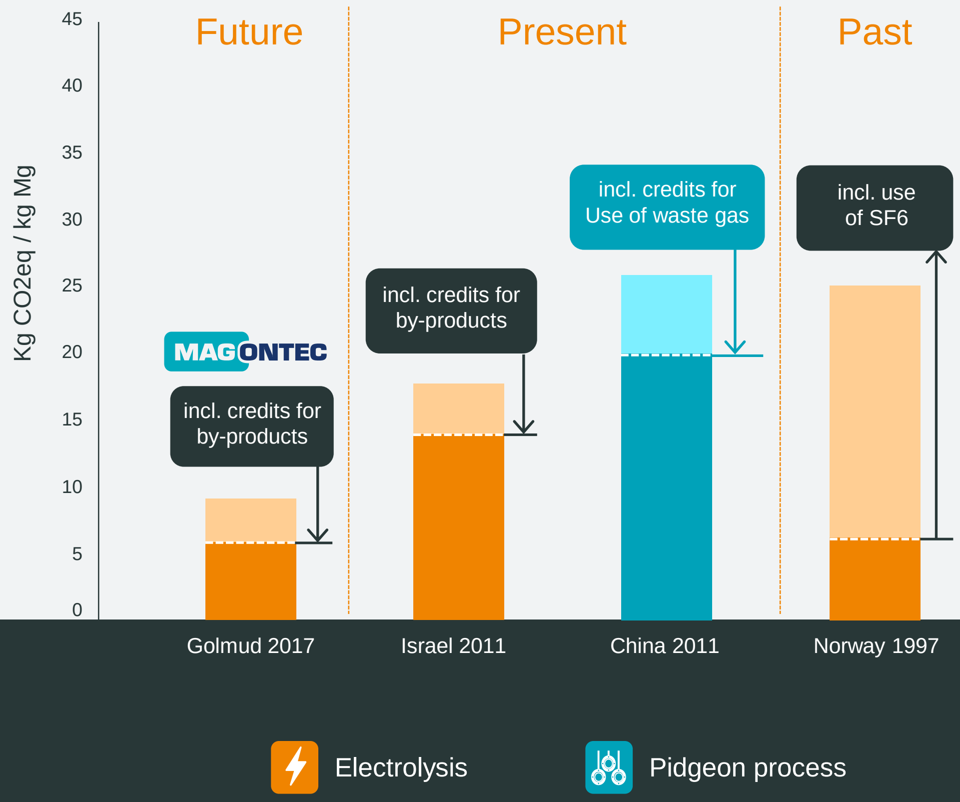


Target > 20% Mg alloy market share



Magontec Qinghai will use the lowest CO2 Mg ever produced*





*German Aerospace Institute of Vehicle Concepts survey on CO_2 emissions from magnesium smelters around the World

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

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

Magontec Limited

MAGONTEC

Head Office, Sydney
Suite 1.03 46a Macleay St
Potts Point Sydney NSW
AUSTRALIA 2011

Tel +61 2 8005 4109
Fax +61 2 9252 8960
corporate@magontec.com
www.magontec.com

MAGONTEC GmbH

Industriestraße 61
46240 Bottrop
Germany

Tel +49 (0) 20 41 / 99 07-0
Fax +49 (0) 20 41 / 99 07 99
europe@magontec.com
www.magontec.com

MAGONTEC Xian Co., Ltd

No. 40, Feng Cheng 3 Road,
Xian Economic and
Development Zone
Xian, China, 710021

Tel. +86 29 / 86 52 68 78
Fax +86 29 / 86 52 37 22
china@magontec.com
www.magontec.com

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