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13 March 2024

Company Announcements Office
Australian Securities Exchange Limited
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**FULL YEAR 2023 RESULTS INVESTOR PRESENTATION
MAGONTEC LIMITED**

The attached deck is released prior to meetings between the Company and Investors.

ENDS

Nicholas Andrews, Executive Chairman and Chief Executive Officer of Magontec Limited, has authorised the release of this document to the market on 13 March 2024

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Magontec Limited

ASX:MGL

Full Year 2023 Results
Investor Presentation

March 2024



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Overview

Dashboard for 2023

	REVENUE \$102.4 mil	EBITDA \$5.5 mil	UNDERLYING NPAT* \$1.7 mil	EPS 0.6 cents	
	GROSS PROFIT MARGIN 18.8%	CASH FLOW FROM UNDERLYING OPERATIONS** \$6.1 mil	NET CASH/(DEBT) \$8.7 m CASH ON HAND \$13.1 m	FINAL DIVIDEND / SHARE (UNFRANKED) 2H23 0.6 cents 2H22 0.6 cents	

Highlights

- Net cash of \$8.7m at 31 December 2023 compared to \$2.0m for the previous corresponding period. No net debt
- Operating cashflow of \$11.4 million for the year, compared to \$10.7 million in the pcp – lower working capital requirement.
- Board declares 2H23 final dividend (unfranked) of 0.6 cents per share, in line with 2H22.
- EBITDA of \$5.5m and Underlying NPAT* of \$1.7m
- Net Tangible Assets of 67.8 cents per share at 31 December 2023

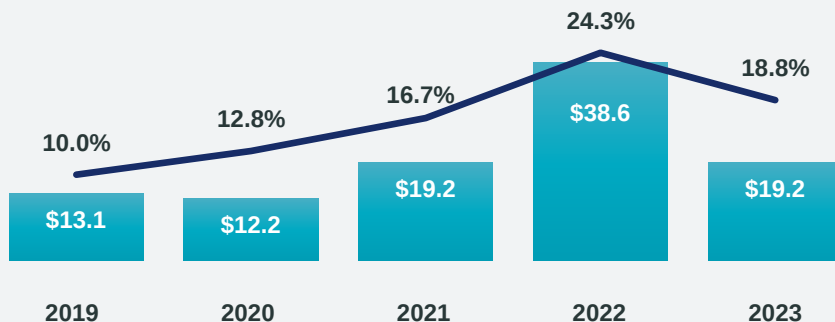
**Underlying NPAT = reported net profit after tax excluding unrealised FX gains and losses*

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

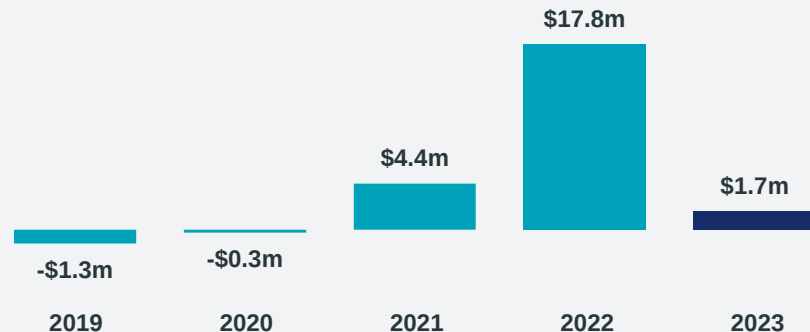
FY 2023 Full Year Result

- Global Magnesium prices declined in 2023. High pure Mg inventories in China Fugu region reflecting softer global markets
- Strong Magontec market positions in each product
- Refurbishment of Xi'an Mg anode factory and Romanian metal factory during the year
- Global heat pump and Mg anode strong long-term growth businesses

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

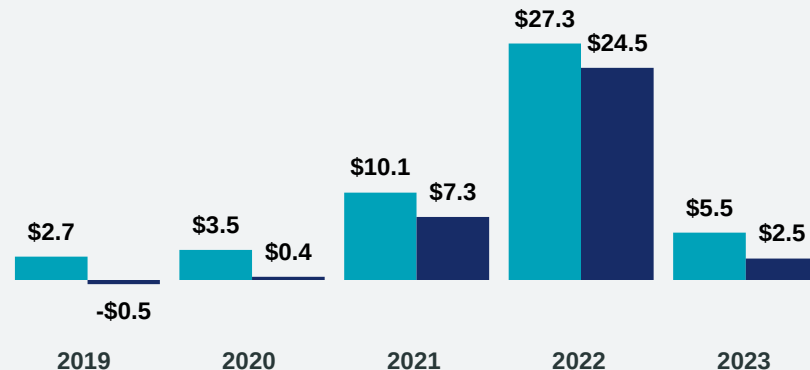


Underlying Net Profit After Tax * (\$M)



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

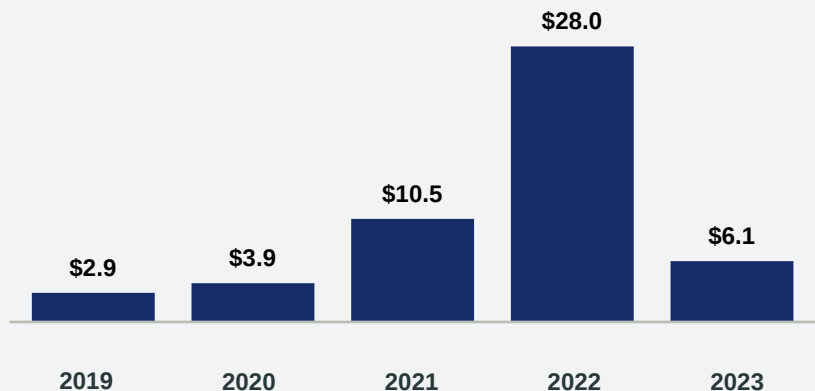
Reported EBITDA and EBIT (\$M)



FY 2023 Full Year Result

- Net cash position of \$8.7m as at 31 December 2023.
- No net debt.
- Gearing ratio** of (18.2%)
- Continuation of dividend through 2023
- Higher capex in 2023 to fund MAX Anodes Factory upgrade and MAR factory roof repairs

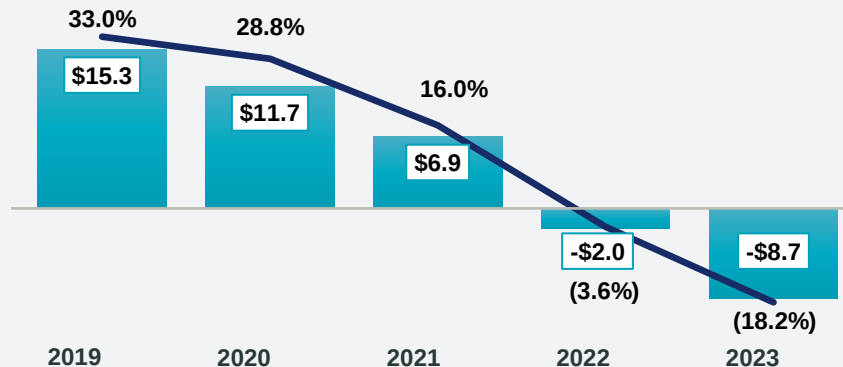
Underlying Operating Cashflow(\$M)*



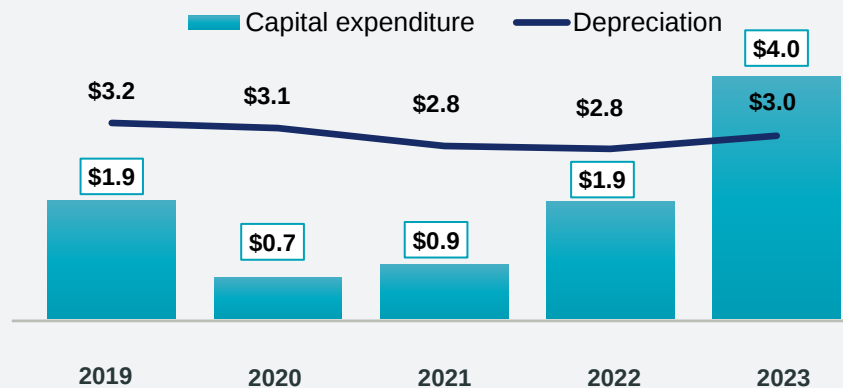
* Operating cashflow excluding working capital movements, interest and tax payments

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

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

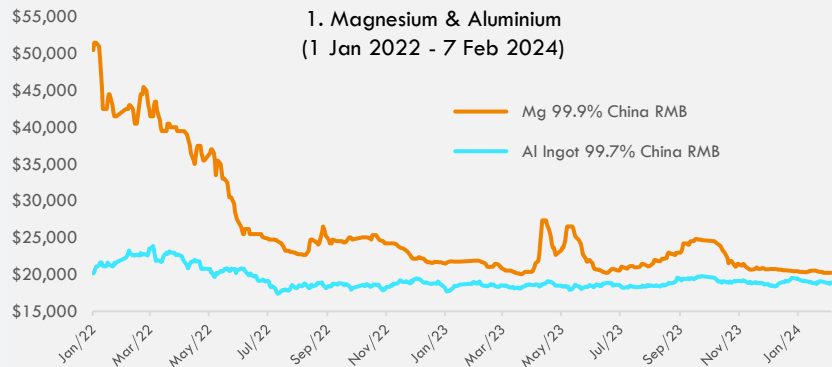


Capital Expenditure & Depreciation (\$M)

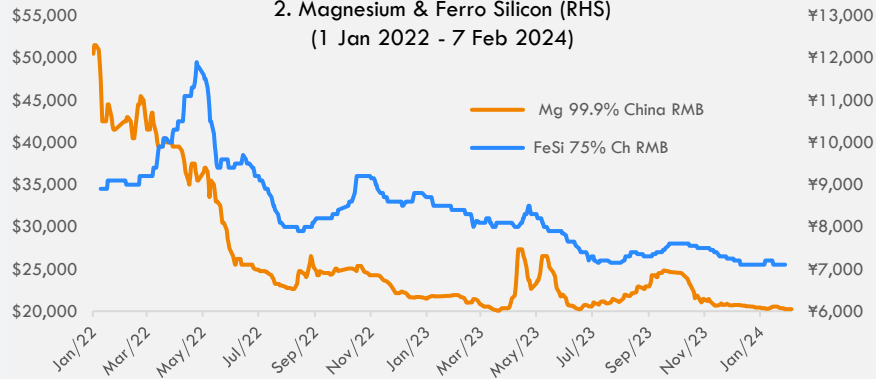


Prices for Mg inputs (coal, FeSi and dolomite) down Vs PCP.

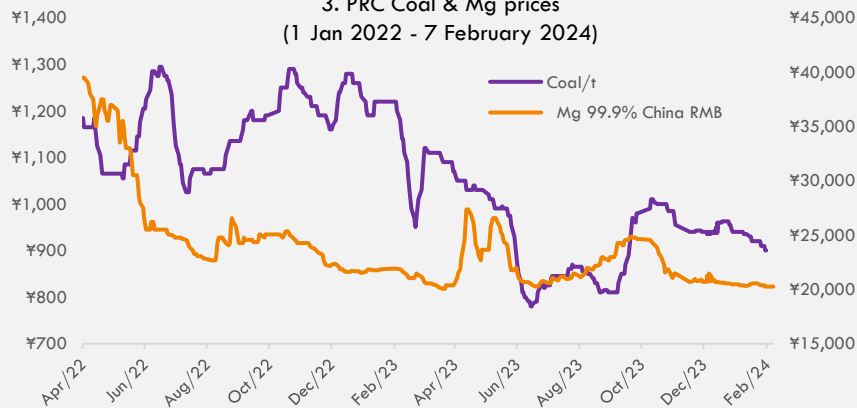
1. Magnesium & Aluminium
(1 Jan 2022 - 7 Feb 2024)



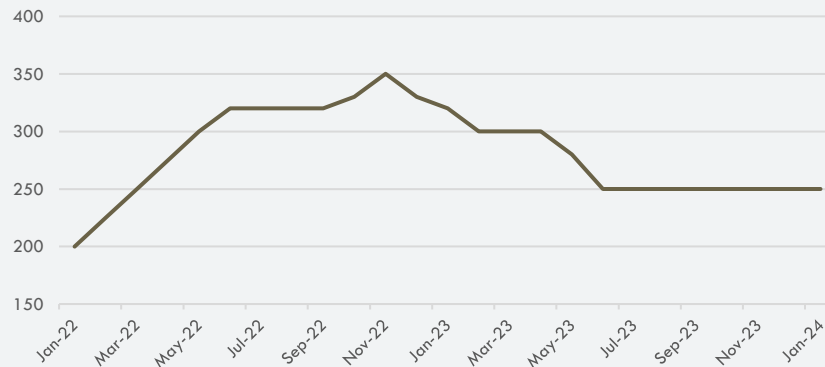
2. Magnesium & Ferro Silicon (RHS)
(1 Jan 2022 - 7 Feb 2024)



3. PRC Coal & Mg prices
(1 Jan 2022 - 7 February 2024)



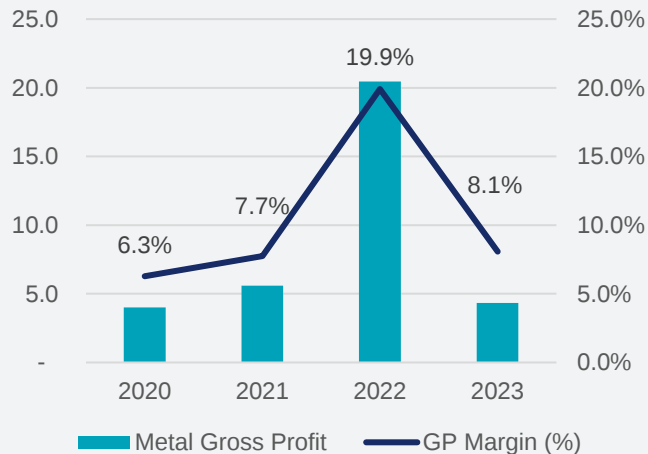
4. Dolomite monthly price (Jan 2022 - Jan 2024)



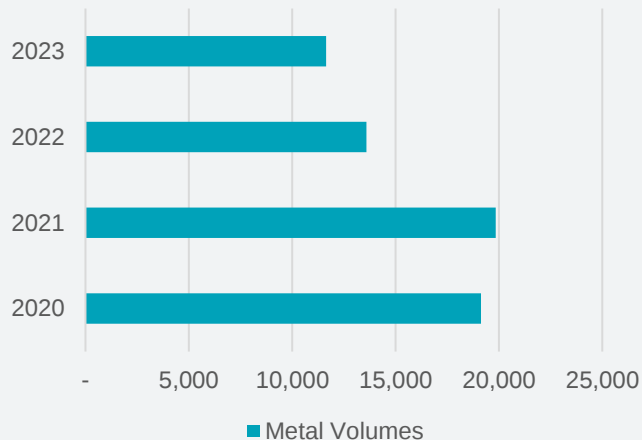
FY 2023 Full Year Result - Metals

Metal GP lower during the year following lower pure Mg prices

Global metals gross profit (A\$M)



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



Softer demand leading to lower sales volumes

Production costs and labour issues impacting FY 2023

Energy costs moderating and renewable component rising

Primary Mg alloy manufacturing: At Golmud in Qinghai province PRC

Manufactures Mg alloys from pure Mg and other alloying element raw materials

Magontec plant adjacent to
QSLM electrolytic Mg smelter
Installed capacity 60,000 mtpa

~ 90% renewable
energy from installed
wind, hydro and solar

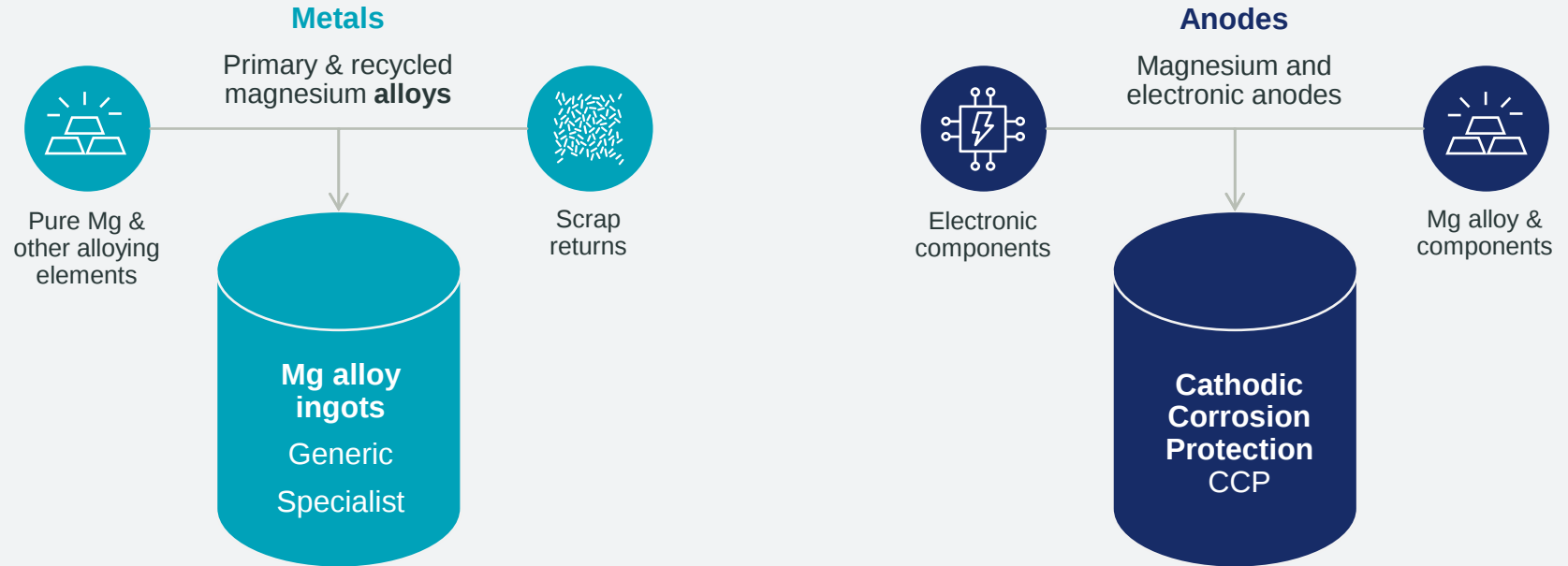
Customers in the
automotive and other Mg
alloy die cast sectors

QSLM anticipates supply of
pure Mg in late 2024



Magontec Limited: ASX Code: MGL

Our businesses



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

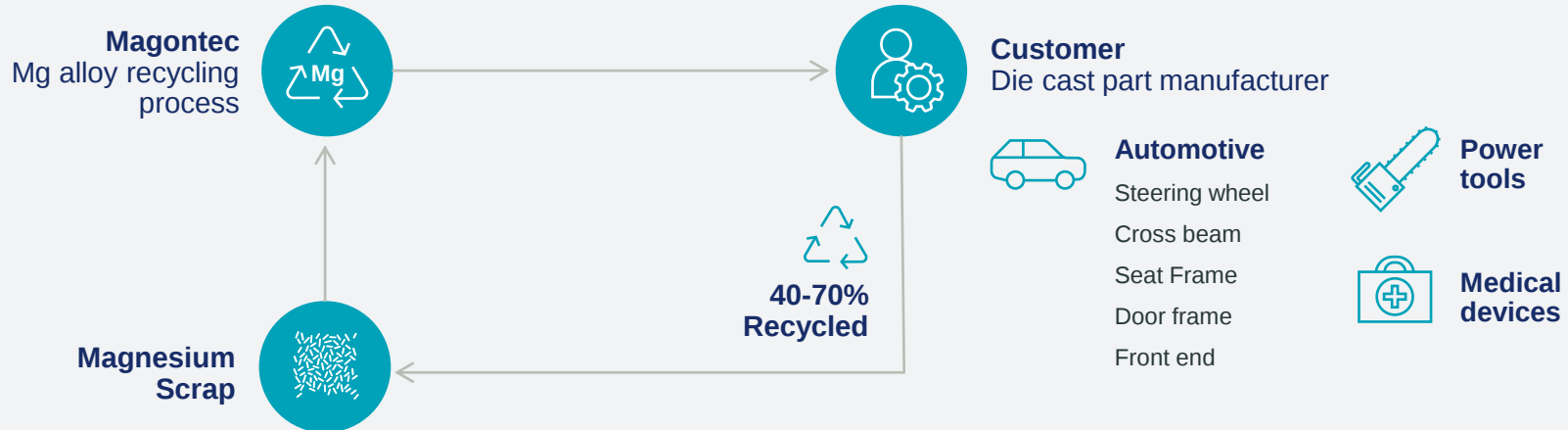
An essential part of the European and North American die casting industry

Mg is **100% recyclable**

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

Installed capacity 24k mtpa

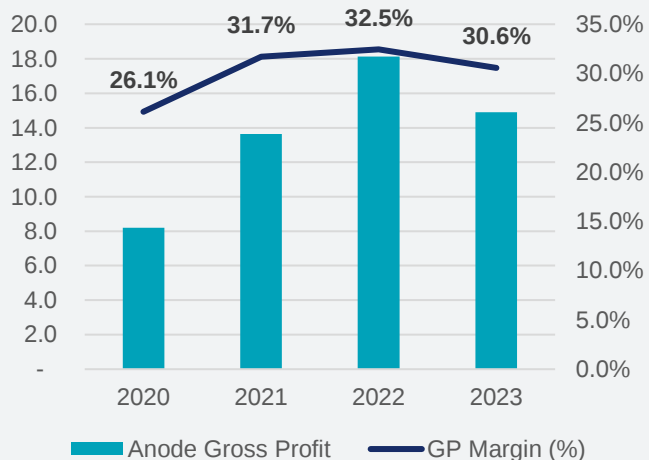
Europe's largest Mg recycler



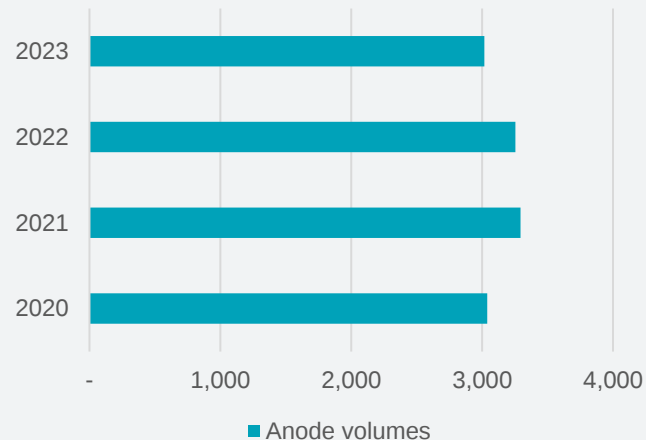
FY 2023 Full Year Result – CCP / anodes

GP Margin resilient in the face of lower volumes

Global CCP gross profit (A\$M)



Global magnesium anode sales volumes (metric tonnes)



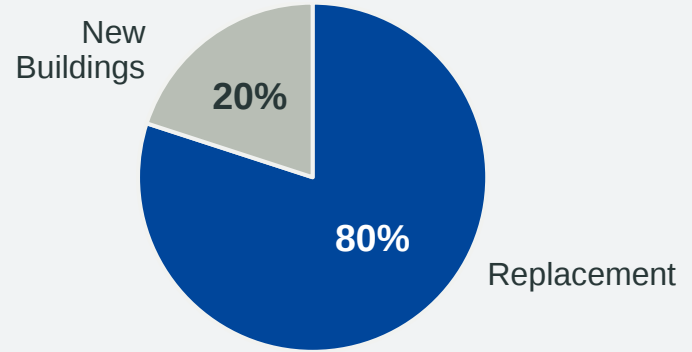
Strong market shares maintained in China, Europe & North America

Steady capex driving cost efficiencies and competitiveness

Flexible global production base and price makes Magontec #1

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)

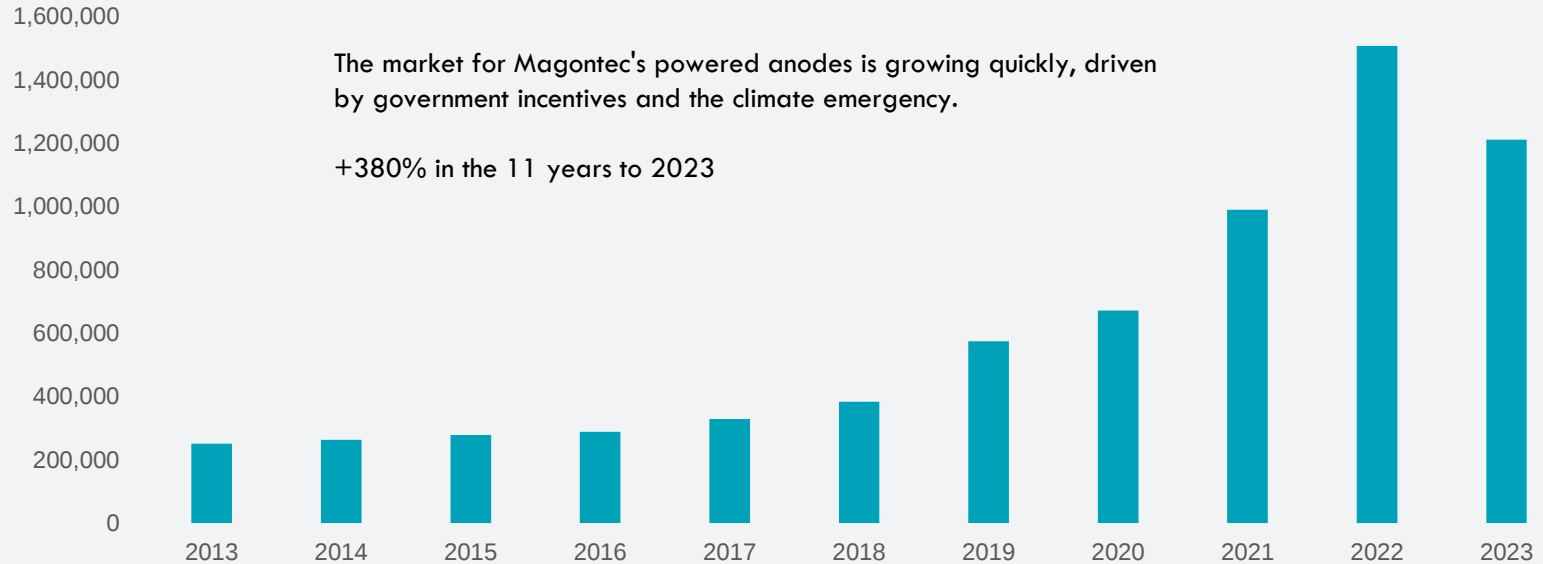


Climate change

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

Changing government incentives have impacted powered anode volumes in 2023

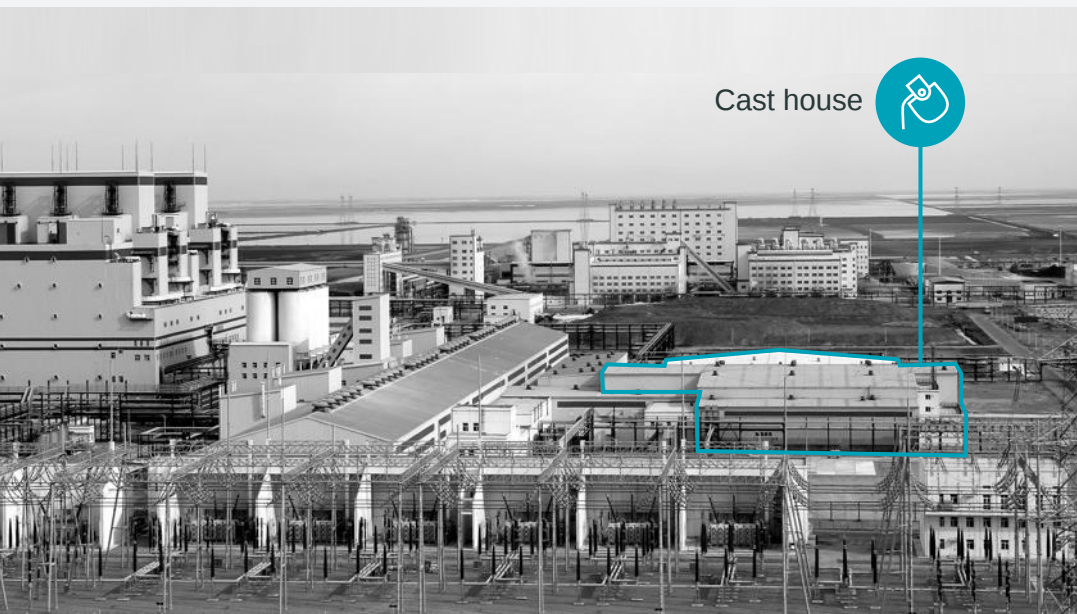
Emphasis on home heating climate issues to promote future growth

Magontec Qinghai magnesium alloy cast house

Revenue and profit opportunity

Delayed SOP

Currently operating at low levels



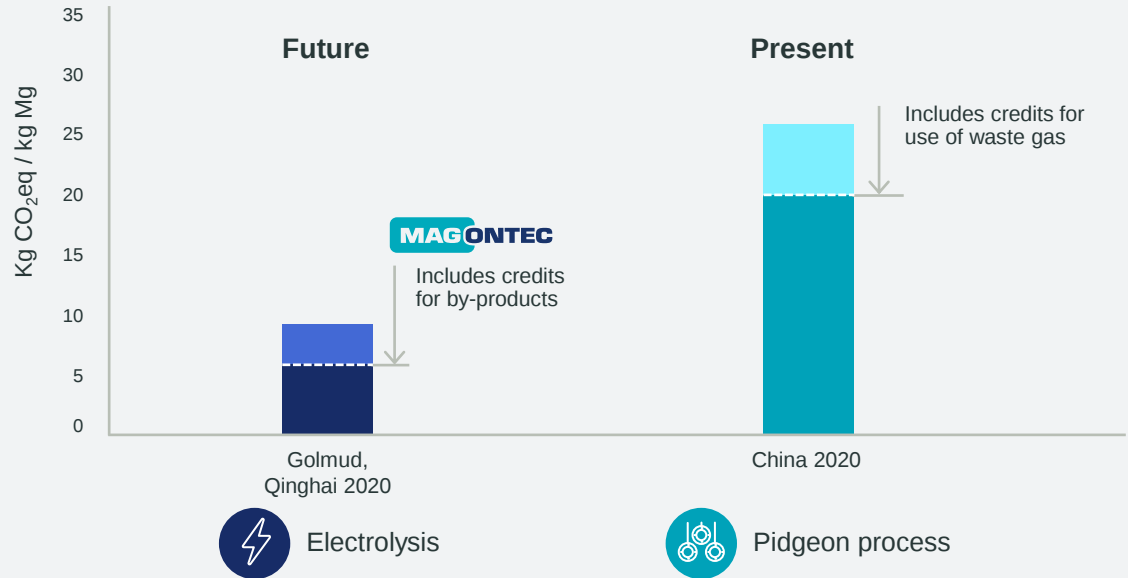
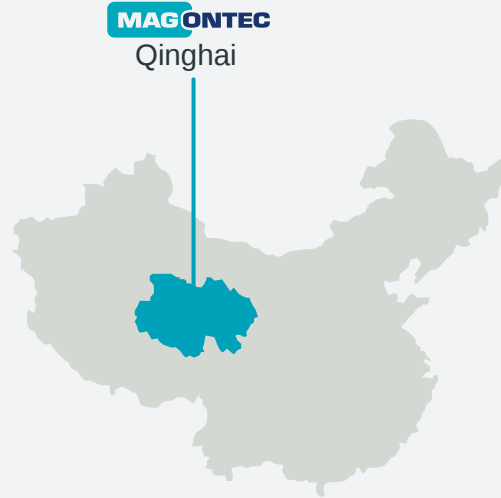
Cast house impact

	2023		Target
Mg production mtpa	5k	>	56k
Revenue A\$	~\$25m	>	\$200m+*
Contribution	Loss	>	Profit
Industry CO ² output	High	>	Low

SOP Timetable

Production restart target	>	2H 2024
Initial volumes	>	~1k mt/month
Full production	>	2+ years

Magontec Qinghai will use the lowest CO₂ Mg ever produced*



FY 2023 Full Year Result – Key financial highlights

Equity, Borrowings, Cashflow

(AUD '000)

	12 months to 31 December 2023	12 months to 31 December 2022	
Equity			
EBITDA	5,470	27,263	(79.9%)
NPAT excluding unrealised FX	1,746	17,818	(90.2%)
Reported Net Profit After Tax	466	16,515	(97.2%)
Earnings per share (cents)	0.6	21.5	
Dividend declared per share (cents) – unfranked	1.2	1.2	
Return on Equity (%)	0.8%	35.7%	
Net tangible assets per share (cents)	67.8	67.9	(0.1%)
Borrowings			
Net debt/(net cash)	(8,717)	(1,964)	343.9%
Net debt to net debt + equity (%)	(18.2%)	(3.6%)	
Cashflow			
Cash from Underlying Operations**	6,145	28,030	(78.1%)
Reported Operating Cashflow	11,396	10,746	6.0%

FY23 Total Dividend of 1.2 cents per share (unfranked) despite lower EPS

Net cash position improved to \$8.7 million at 31 December 2023

Net tangible assets of 67.8 cents per share at 31 December 2023

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

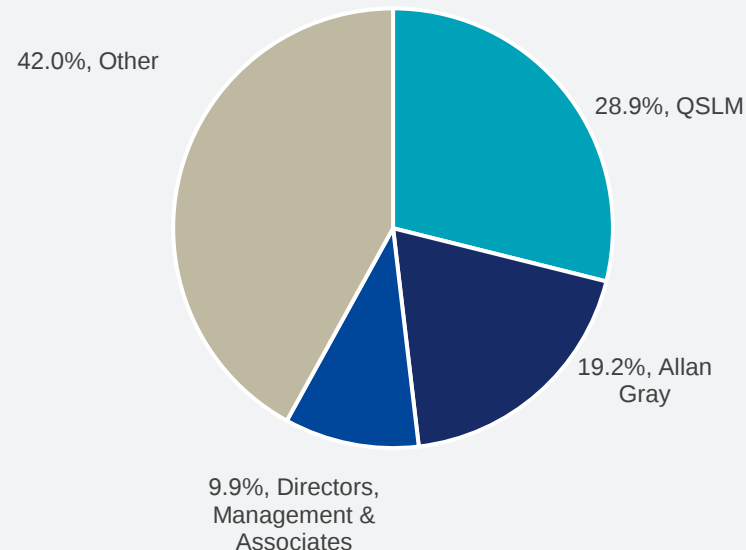
Magontec Limited Market Information

ASX Code: MGL	Total	Per Share
Ordinary shares on issue	78,515,474	
Book value of net assets – 31 December 2023	\$56.6 million	72.1 cents/share
Market capitalisation¹	\$29.8 million	38.0 cents/share
Net debt/(cash) – 31 December 2023	(\$8.7 million)	
Enterprise value	\$21.1 million	
LTM ² EBITDA to 31 December 2023	\$5.5 million	
LTM² Reported NPAT to 31 Dec 2023	\$0.5 million	0.6 cents/share
<i>Performance rights on issue 31 December 2023</i>	<i>6,146,254</i>	

¹ Based on share price of \$0.38 as at 23 February 2024 (close)

² LTM = Last 12 Months

Shareholder Structure 31 December 2023



Thank You



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Magontec Limited

ASX:MGL

Full Year 2023 Results
Investor Presentation

March 2024



Appendix - FY 2023 Full Year Result Summary

Income statement

(AUD '000)	12 months to 31 December 23	12 months to 31 December 22	
Revenue	102,357	158,600	(35.5%)
Cost of Sales	(83,133)	(120,005)	(30.7%)
Gross Profit	19,224	38,595	(50.2%)
<i>Gross Profit margin (%)</i>	<i>18.8%</i>	<i>24.3%</i>	
Other income	2,682	1,450	85.0%
Impairment – Inventory, fixed assets, doubtful debts	(1,471)	(25)	
Other operating expenses*	(14,965)	(12,757)	17.3%
EBITDA	5,470	27,263	(79.9%)
Depreciation and amortization	(2,990)	(2,776)	7.7%
EBIT	2,480	24,487	(89.9%)
Interest	(495)	(650)	(23.8%)
Tax	(1,519)	(7,322)	(79.3%)
Reported Net Profit After Tax	466	16,515	(97.2%)

Gross margin decline to 18.8%
impacted by Metal Business

Revenue decline driven by lower pure
Mg prices and volumes

Higher overheads driven by one-off
corporate and travel costs (post covid).
Ongoing focus on cost control in 2024

* In 2023, Other operating expenses included write back of \$2.3m of D&A contained in Cost of Sales (2022: D&A \$2.2m)

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

Appendix - FY 2023 Full Year Result

Reconciliation of significant items in earnings

(AUD '000)	12 months to 31-Dec-23	12 months to 31-Dec-22
Reported Net Profit Before Tax, unrealised FX & Significant Items	5,940	25,434
Significant items before tax		
Less write-down of inventory to net realisable value	(1,251)	-
Less non-cash equity writeback / (expense)	(555)	(253)
Less MAQ depreciation (non-cash)	(918)	(915)
Less MAQ Primary Mg Alloy EBITDA profit/ (loss)	49	443
Add insurance proceeds and other one off compensation received	-	430
Reported Net Profit Before Tax excl. unrealised FX	3,265	25,139
Less tax expense	(1,519)	(7,322)
Reported Net Profit After Tax excl. unrealised FX (underlying NPAT)	1,746	17,818
Add/Less unrealised FX gains / (losses)	(1,280)	(1,303)
Reported Net Profit After Tax	466	16,515

2023 NPAT excluding unrealised FX of \$1.7 million

2023 MAQ EBITDA losses and non-cash depreciation costs continued to reduce profitability

2023 included \$1.25m write down of inventory to net realisable value

Appendix Full Year 2023 Result by Region

Segment P&L

(AUD '000)	EUR	PRC	Head office	12 months to 31 December 2023
Gross Profit	16,018	3,206	-	19,224
Other income	1,777	902	3	2,682
Operating expenses	(12,183)	(3,895)	(2,618)	(18,696)
Add back D&A in Cost of Sales	1,098	1,162	-	2,260
EBITDA	6,710	1,375	(2,615)	5,470
Depreciation and amortization	(1,779)	(1,211)	-	(2,990)
EBIT	4,931	163	(2,615)	2,480
Interest	(319)	(176)	-	(495)
Tax	(1,506)	(13)	-	(1,519)
Reported Net Profit After Tax	3,106	(25)	(2,615)	466

EUR segment key driver of Group profitability in 2023 in more difficult macro environment

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

Operating expenses in 2023 in EUR included \$1.3m inventory write down to NRV

Appendix Full Year 2022 Result by Region

Segment P&L

(AUD '000)	EUR	PRC	Head office	12 months to 31 December 2022
Gross Profit	34,298	4,296	-	38,595
Other income	1,197	252	-	1,450
Operating expenses	(9,148)	(3,453)	(2,351)	(14,952)
Add back D&A in Cost of Sales	1,080	1,091	-	2,171
EBITDA	27,428	2,186	(2,351)	27,263
Depreciation and amortization	(1,602)	(1,147)	(27)	(2,776)
EBIT	25,825	1,040	(2,378)	24,487
Interest	(294)	(356)	(1)	(650)
Tax	(7,365)	44	-	(7,322)
Reported Net Profit After Tax	18,167	728	(2,379)	16,515

EUR segment underpinned 2022
Group result

PRC business profitable, but impacted
by Xi'an lockdown

Head office costs \$2.4m in 2022