

OM HOLDINGS LIMITED

MEDIA RELEASE

OM Holdings Limited Posts Solid NPAT of A\$56.1 million and Final Dividend of A\$0.01 per Share

Highlights

- **FY2019 EBITDA down to A\$154.5 million from A\$339.7 million in FY2018 impacted by weaker global prices**
- **Revenue decreased 32% to A\$1.03 billion in FY2019 from A\$1.51 billion in FY2018**
- **Borrowings to equity ratio at 0.93, the lowest in six years**
- **Net asset value per ordinary share increased 13% to 68.94 cents compared to 61.24 cents as at 31 December 2018**
- **Net cash generated from operating activities of A\$93.8 million for FY2019 in spite of reduced production and challenging market conditions**
- **Final dividend of A\$0.01 per ordinary share for FY2019 declared, for a total of A\$0.02 per ordinary share**
- **Profit per share of 7.69 cents in FY2019, a decrease from 22.05 cents in FY2018**

28 February 2020 – ASX-listed OM Holdings Limited and its subsidiaries (“OMH” or the “Group”); a vertically integrated manganese mining, smelting and trading company, today announced its consolidated financial results for the year ended 31 December 2019 (“FY2019”). The Group recorded an EBITDA of A\$154.5 million for FY2019, a decrease from A\$339.7 million in FY2018, predominantly attributed to weaker manganese ore and ferroalloy prices, and a temporary suspension of the Group’s Australian mining activity from August to December 2019.

In FY2019, the Group’s smelting operations contributed A\$734.6 million to the Group’s revenue, a decrease from A\$859.1 million in FY2018. The lower contribution was mainly due to weaker ferroalloy prices, with ferrosilicon in particular declining 18% as at the end of December 2019. The Group’s mining operations produced 570,090 tonnes of manganese ore as compared to 814,040 tonnes in FY2018. The decrease was mainly due to the temporary

suspension of mining activities from late August – December 2019, exacerbated by an abnormally dry season which for an interim period limited the water supply required to run the mine’s processing plants.

A declining global market environment reduced the gross profit margin to 14.9% compared to 23.4% in FY2018, while net profit after tax was A\$56.1 million for FY2019 against A\$184.7 million in FY2018. Net cash generated from operating activities declined but remained significant at A\$93.8 million compared to A\$179.6 million for FY2018.

Mr Low Ngee Tong, Executive Chairman of OMH commented: *“2019 proved to be a challenging year. Notwithstanding transient production disruptions and market uncertainties, the Group’s entire business operations remain sound and we are looking forward to starting our tailings retreatment plant, sintering plant, as well as regaining full mining production capability in 2020. The market fundamentals for the region are strong, and we shall continue to focus on generating a solid cashflow and growing sustainably. In line with our stated direction last year, we have repaid US\$39 million of debt in 2019, and progressively lowered our cost of financing.”*

In FY2019, US\$34.8 million of the Sarawak Project Finance Loan was repaid, and US\$4.2 million of convertible notes were redeemed. As a result, total borrowings to equity ratio decreased from 1.14 times as at 31 December 2018 to 0.93 times as at 31 December 2019, the lowest it has been in six years. Net asset backing per share for the Group increased by 13% to 68.94 cents per ordinary share as at 31 December 2019.

In thanking shareholders for their support through this period, Mr Low said, *“While we are operating under challenging circumstances, I would like to thank our employees, shareholders, customers, stakeholders and partners for standing by us and looking forward to sharing in our ongoing growth and success. On that note I am pleased to announce that the Board has resolved to declare a final dividend of A\$0.01 per ordinary share for FY2019, in addition to the interim dividend of A\$0.01 paid in November 2019. We will continue to pursue sustainable growth opportunities while balancing the twin goals of lowering net debt and returning an appropriate share of profits to shareholders.”*

The Record Date for the dividend will be 8 May 2020 and the Payment Date will be 29 May 2020.

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This media release is to be read in conjunction with the Group’s announcement on 2019 Full Year Result posted on the ASX website on 28 February 2020.

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