

# OM HOLDINGS LIMITED

(ARBN 081 028 337)



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11 June 2021

ASX Market Announcements  
ASX Limited  
4th Floor  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**OM HOLDINGS LIMITED (“OMH”) PRESENTATION**

Please find attached a copy of the OMH presentation which will be used for a virtual analyst briefing on 11 June 2021.

Yours faithfully

**OM HOLDINGS LIMITED**



Heng Siow Kwee/Julie Wolseley  
**Joint Company Secretary**

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*This ASX announcement was authorised for release by the Board of OM Holdings Limited.*

# OM HOLDINGS LIMITED

Australia • China • Japan • Malaysia • Singapore • South Africa

June 2021 • Virtual Analyst Briefing • ASX:OMH

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# A MANGANESE ORE & FERROALLOY COMPANY

Vertically integrated manganese ore and ferroalloy company, involved in **mining, smelting, and trading**

Powered by **sustainable hydro-power**, pursuing growth and natural diversification into new commodities like silicon metal

23 years on the ASX, OMH offers **unique exposure** to the niche manganese and silicon ferroalloy space (estimated US\$27.5bn market in 2019), essential to steel and the modern world

**Lowest cost quartile** smelter complex in Sarawak, the largest of its kind in Asia (ex-China)

Operations in Australia, China, Japan, Malaysia, Singapore, and South Africa



# COMPANY SNAPSHOT

## Balancing debt reduction with sustainable dividends, refinancing a priority

### Share Metrics *(as at 31<sup>st</sup> May 2021)*

Issued Shares	738.6 million shares
Share Price	A\$ 0.75
52 weeks Low / High	A\$ 0.29 / A\$ 1.00
Market Capitalization	A\$ 554.0 million

### Debt *(FY 2020)*

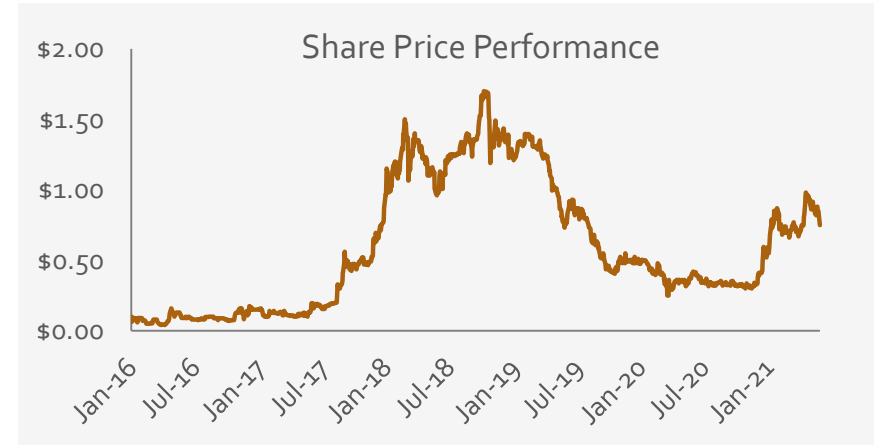
Total Borrowings	A\$ 415.0 million
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### Cash *(FY 2020)*

Cash & Cash Equivalent	A\$ 45.9 million
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### Earnings & Key Ratios

Adj. EBITDA* <i>(FY 2020)</i>	A\$ 81.4 million
EPS <i>(FY2020)</i>	0.73 cents
EV : Adj. EBITDA	11.3x
Price Earning Ratio	102.7x



### Largest Shareholders *(as at 1<sup>st</sup> Feb 2021)*

Huang Gang	14.03%
Marc Chan, Amplewood Resources Ltd	13.57%
Low Ngee Tong	9.22%
Heng Siow Kwee	8.93%



\*Adjusted EBITDA is defined as operating profit before depreciation and amortisation, impairment write-back/expense, net finance costs, income tax and other non-cash items. Adjusted EBITDA is not a uniformly defined measure and other companies in the mining industry may calculate this measure differently. Consequently, the Group's presentation of Adjusted EBITDA may not be readily comparable to other companies' disclosures.



# KEY INVESTMENT POINTS

## The Largest & Lowest Cost Quartile Ferroalloy Smelter in the Region

1

### Lowest Cost Quartile Ferroalloy Smelter In The Region<sup>(1)</sup>

Backed by low cost environmentally friendly hydro power from a 20-year PPA agreement with Sarawak Energy and a 10-year tax holiday

2

### One of the Largest and Fast Growing Ferroalloy Smelters in the Region<sup>(2)</sup>

FeSi market share almost doubled from 7.3% to 12.5% FY17-19 while SiMn grew from 7.5% to 16.9% in the same period

3

### Prime Beneficiary of Commodities Supercycle

Driven by surging steel demand and increasing industry usage from construction, infrastructure, energy and automotive sectors

4

### Vertically Integrated Production

Smelting production feedstock is de-risked by mining production while in-house trading arm supports sales and distribution

5

### Future Growth from Capacity Expansion & Product Diversification

Additional 150k MT/pa of Mn alloys by FY23 from currently 300k and further product mix diversification from venture into silicon metal

6

### Strong Executional Track Record

>25 years of operational expertise with a solid relationship with shareholders since ASX listing in 1998



# OUR OPERATIONS

## Exploration & Mining

**Bootu Creek - Australia**  
(100%)  
Manganese ore: 0.8 Mtpa

**Tshipi Borwa - South Africa**  
(13%\*)  
Manganese ore: 3.0-3.6 Mtpa

*\* Effective interest held via J/V with Ntsimbintle (a BEE group)*

## Smelting & Sintering

**Qinzhou - China** (100%)  
Mn alloy: 80-95ktpa  
Sinter ore: 300ktpa

**Sarawak - Malaysia** (75%\*)  
Mn alloy: 250-300ktpa  
Ferrosilicon: 200-210ktpa  
Sinter ore: 250ktpa  
*(estimated production capacity)*

*\* J/V with conglomerate Cahya Mata Sarawak, listed on Bursa Malaysia*

## Marketing & Trading

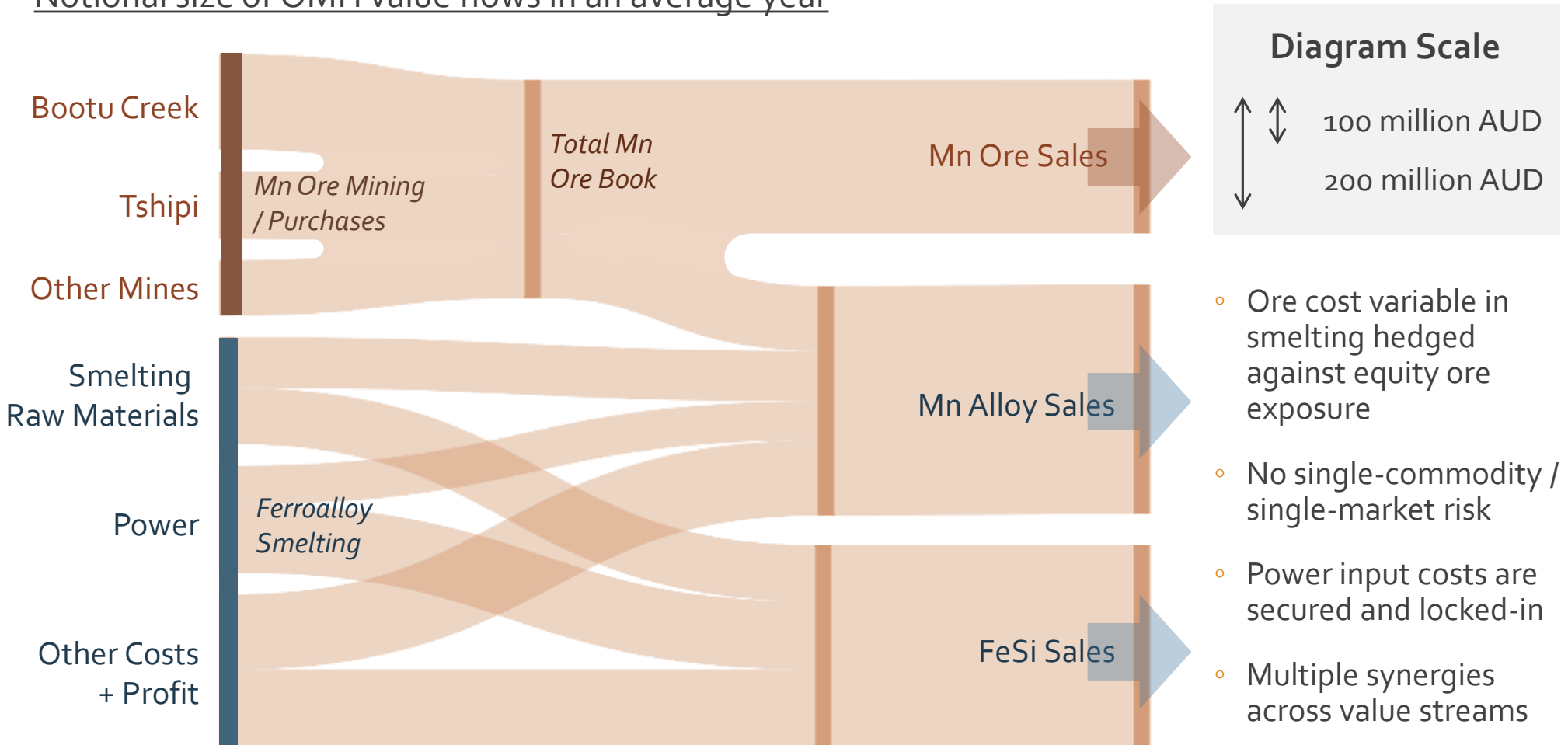
**Singapore/China** (100%)  
Global sales and procurement  
Manganese ore, Ferrosilicon, Silicomanganese, Ferromanganese, Quartz, Reductants (coke, coal), Fe units



# THE PROVERBIAL VALUE CHAIN

OMH is a low cost integrated miner + smelter, not a pure play Mn mining company

Notional size of OMH value flows in an average year



For illustrative purposes only, scale of flows are representative of the size of operations but not based on any actual year



# SAMALAJU INDUSTRIAL PARK: ASIA'S NEW SMELTING HUB



## Sarawak, Malaysia

- Culturally diverse state, unique demographics
- Low population density
- Stable operating environment

## Sarawak Corridor of Renewable Energy (SCORE)

- Samalaju Industrial Park - supported by 3.3GW\* of hydropower

## Samalaju Port

- Purpose built port for Samalaju Industrial Park
- 7km from OM Sarawak
- Vessels up to 58,000 DWT Supramax

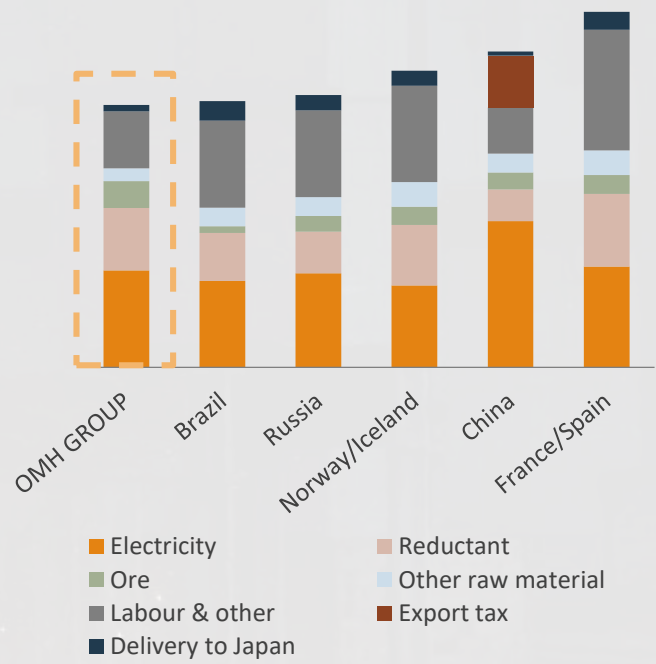
\*Installed capacity of Bakun and Murum dams.

Source: <https://www.sarawakenergy.com/>

# SMELTING – AT THE HEART OF WHAT WE DO



### FeSi Production Cost Comparison



- Sustainable producer, first-quartile of cost curve
- 350MW of competitively priced, reliable power, locked in for 20 years
- Hands on management
- Close proximity to the Asian market

Lowest Quartile Producer • Structural Cost Advantage • Sustainable Hydro-power

Source: AlloyConsult

# OUR PRODUCTS

Critical alloying element to steel - a product essential to basic industries and modern infrastructure



## Manganese Ore

Manganese is the 4<sup>th</sup> most consumed metal behind iron, aluminium and copper.

Steel accounts for over 90% of manganese ore consumption, with batteries a small but growing market.

Products: **Manganese Ore**



## Manganese Alloys

Main alloying element – **Manganese**

- Deoxidises and desulphurises steel
- Acts as a hardening agent
- No known substitute and cannot be recycled
- 6 manganese alloys furnaces

Products: **Ferro-manganese,**  
**Silico-manganese**



## Silicon Alloys

Main alloying element – **Silicon**

- Deoxidises steel
- Used in specialty electrical steels for transformers
- No known substitute and cannot be recycled
- 10 ferrosilicon furnaces

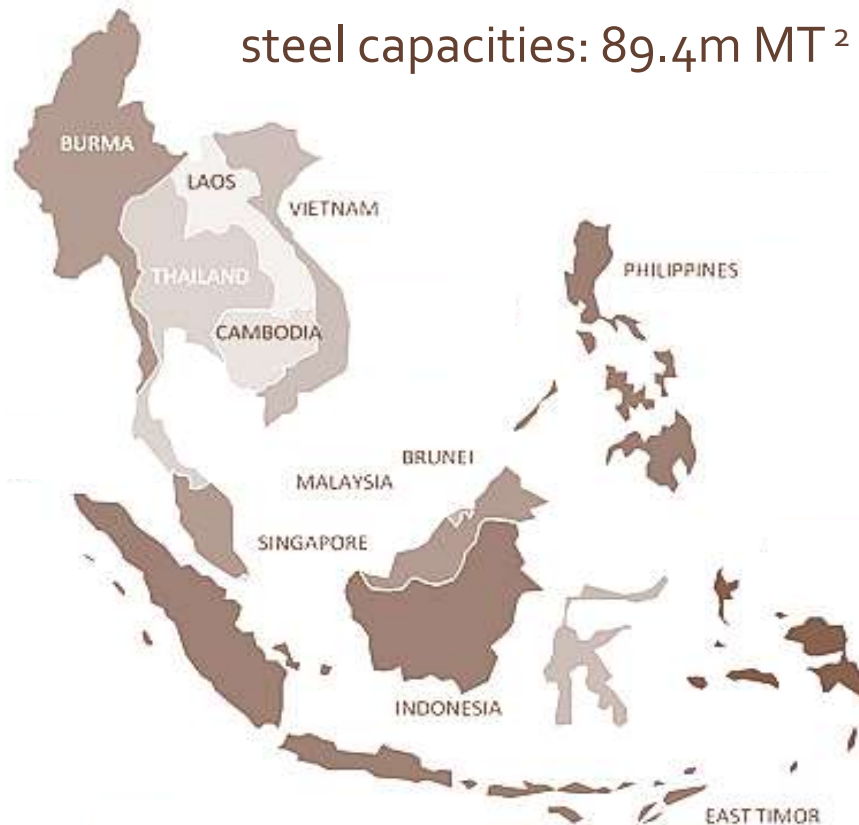
Products: **Ferrosilicon**



# GROWTH OF STEEL IN SOUTHEAST ASIA (SEA)

Regional steel demand remains positive in the long run

South East Asia  
steel capacities: 89.4m MT<sup>2</sup>



## Addition of steel capacity in SEA

- Surge of foreign investments in SEA steel mills since 2015 (~25 million MT)<sup>1</sup>
- Additional capacity of 61.5 million MT<sup>2</sup> expected from all identified integrated steel mills in SEA

## Rapid urbanization in SEA

- Higher standards of living
- 2.5 billion increase in urban population by 2050<sup>3</sup>
- 100 million people expected to migrate into cities in the next decade<sup>4</sup>

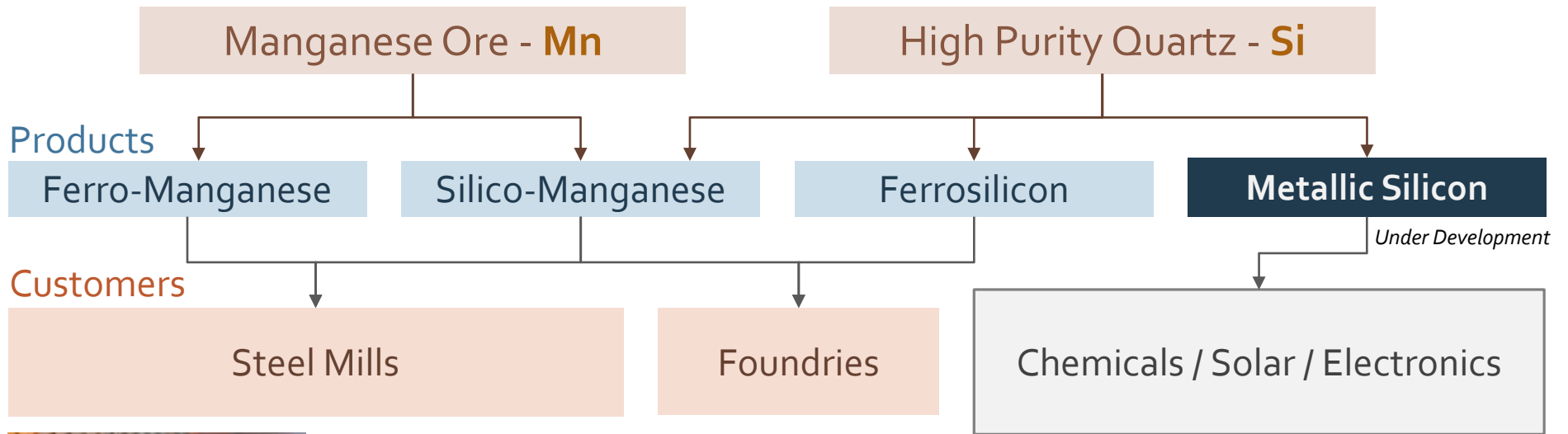
## Growth of steel

- Expected long term growth prospects spurred by urbanization growth in the SEA region
- Apparent steel consumption forecast to rebound by 5% in 2021 (79.3 million MT in 2020 vs 83.2 million MT)<sup>5</sup>
- Increased demand for steel via infrastructure, transport and domestic appliances





# SMELTING: RAW MATERIALS TO CRITICAL ADDITIVES



## Some of our Customers:

China Steel Corporation (Taiwan)  
Erdemir (Turkey)  
Formosa Ha Tinh Steel (Vietnam)  
Hyundai Steel (South Korea)

JFE Steel Corporation (Japan)  
JSW (India)  
Nippon Steel Corporation (Japan)  
POSCO (South Korea)



# FERROSILICON MARKET REVIEW

## Strong demand from steel makers supported prices in Q1

1

### Overall 2020

Regional key steel producing countries cut production by 20%-30% YoY from Q2-Q3 2020. FeSi prices under downward pressure.

Steel production recovered faster than expected. FeSi supply tightened. Freight costs surged as containers became limited.

2

### Q1 2021

China remains a marginal supplier for FeSi for East Asian and South East Asian steel mills.

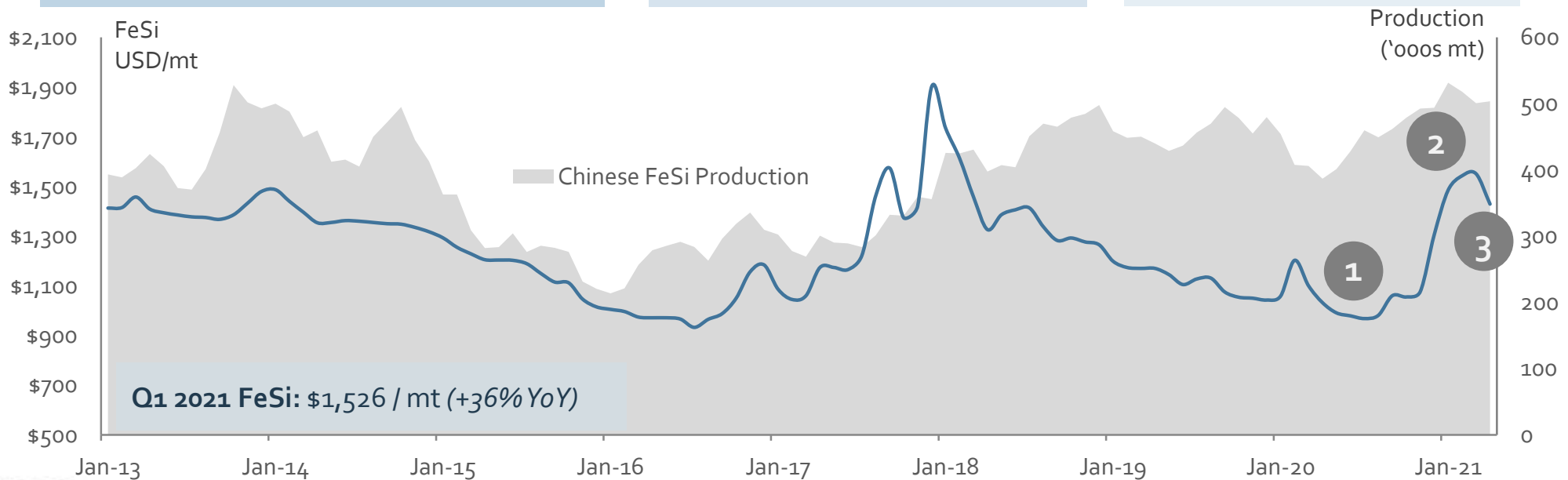
FeSi prices largely supported in Q1.

3

### 28<sup>th</sup> April 2021

China increased the export tax for FeSi from 20% to 25% to discourage power intensive industrials.

Expected to provide renewed price support.



# MANGANESE ORE AND ALLOY MARKET REVIEW

Strong demand from steel makers and constrained supply supported prices in Q1

1

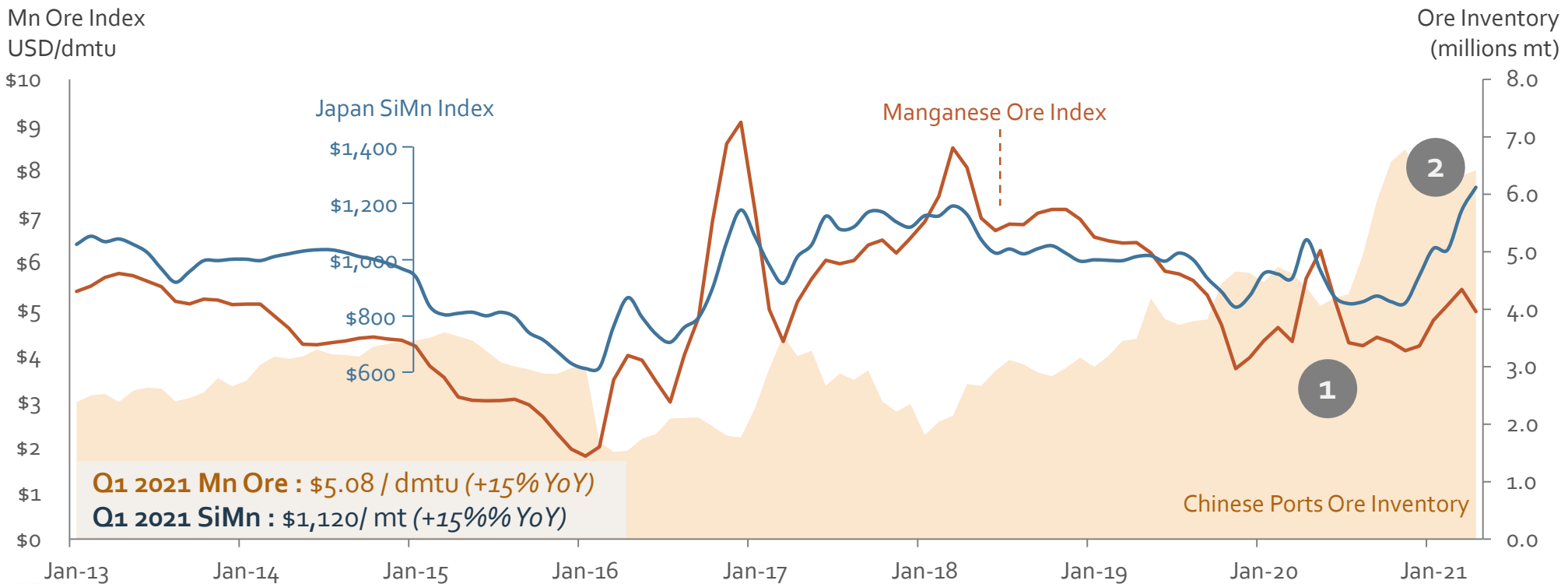
## Overall 2020

SiMn prices relatively stable but global demand depressed. Price spread between ore and alloy supported sustainable smelting margins.

2

## Q1 2021

Ore and alloy prices rise with post-COVID growth. SiMn prices rise significantly higher than correlation implied price, suggesting supply constraints for manganese alloy smelting.



Source: Fastmarkets MB, Platts, the IMnI, and CNFEOL

\*High Carbon Ferromanganese (HCFMn) not included due to relatively low liquidity and absence of representative non-Chinese Asian benchmark

# FINANCIAL HIGHLIGHTS

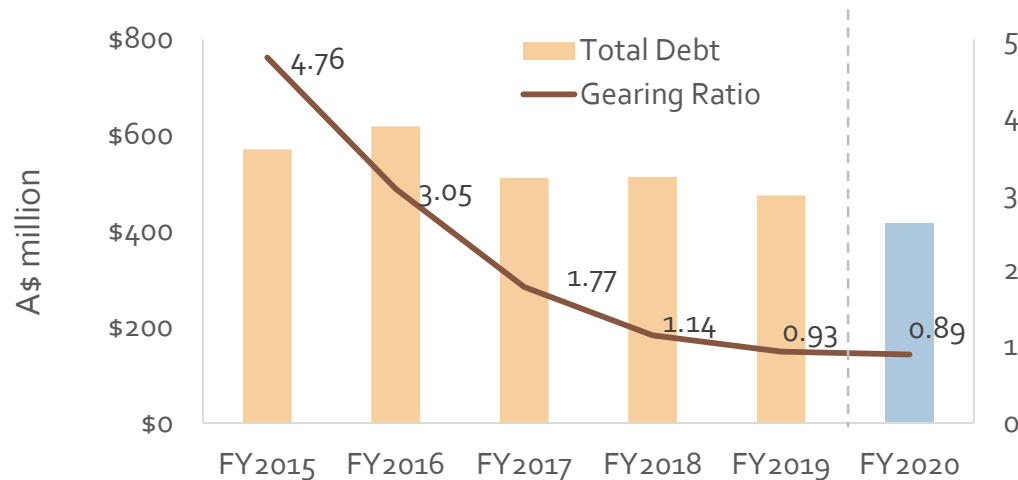
A\$'million	2015	2016	2017	2018	2019	FY2020
Revenue	338.5	414.2	988.2	1,510.4	1,026.5	784.6
Gross Profit	6.1	60.1	209.6	353.3	152.5	96.3
GP Margin (%)	1.8	14.5	21.2	23.4	14.9	12.3
Adjusted EBITDA*	(37.6)	35.0	186.1	339.7	154.5	81.4
Profit/(Loss) Before Tax	(131.6)	(8.1)	72.6	236.9	58.9	(4.7)
Profit Att. To Owners	(122.1)	7.9	92.7	161.7	56.6	5.4
Shareholders' Funds	87.2	139.7	228.0	388.6	424.9	399.6
Borrowings	570.1	617.6	510.7	512.9	473.9	415.0
Borrowings to Equity Ratio (times)	4.76	3.05	1.77	1.14	0.93	0.89
EPS (AUD cents)	(16.69)	1.08	12.67	22.05	7.69	0.73
Dividend (AUD cents)	-	-	-	5.00	2.00	-



Adjusted EBITDA is defined as operating profit before depreciation and amortisation, impairment write-back/expense, net finance costs, income tax and other non-cash items. Adjusted EBITDA is not a uniformly defined measure and other companies in the mining industry may calculate this measure differently. Consequently, the Group's presentation of Adjusted EBITDA may not be readily comparable to other companies' disclosures.



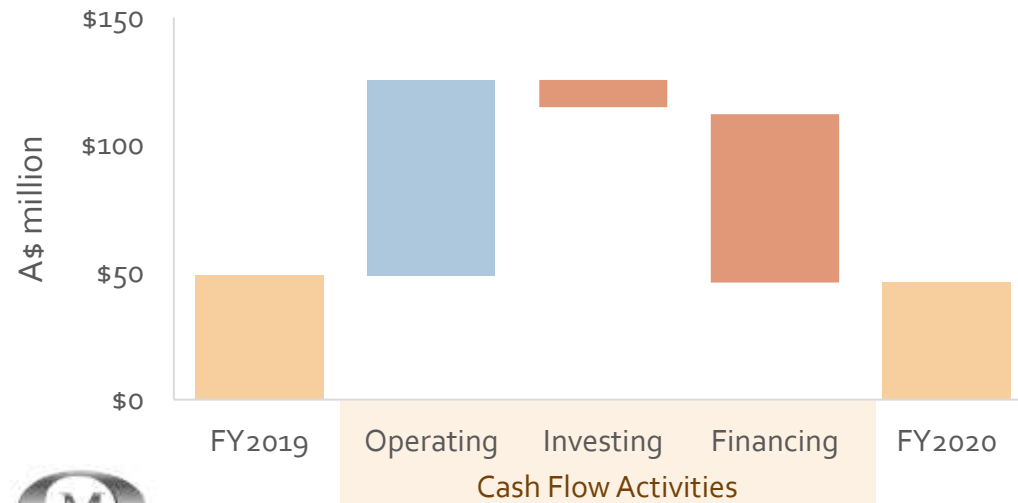
# GEARING RATIO LOWERED, POSITIVE CASH POSITION MAINTAINED



## Continue to focus on paying down debt

- Repaid A\$33.2 million comprising Sarawak project finance loan and other debt in FY2020
- Gearing ratio decreased to 0.89 times
- Majority of borrowings associated to Sarawak Project Financing, ring-fenced at asset level

Cash Flow Movements for FY2020

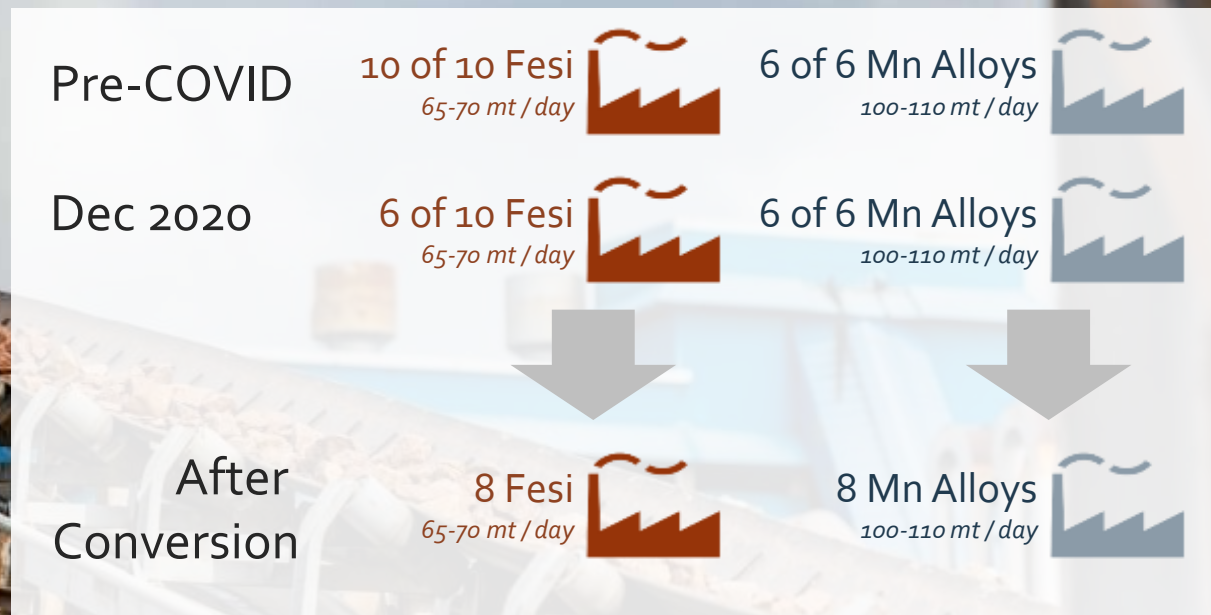


## Prudent Cash Management

- Recorded positive operating cash flow of A\$76.6 million in line with earnings and optimisation of working capital
- Capital investment plans re-examined: Capital intensive projects temporarily postponed to conserve cash
- Recorded cash and cash equivalent of A\$46 million in FY2020, maintaining liquidity for short-term cash needs



# NORMALIZE OPERATIONS IMPACTED BY COVID TO PRE-PANDEMIC LEVELS



## Working towards full operation of smelting segment:

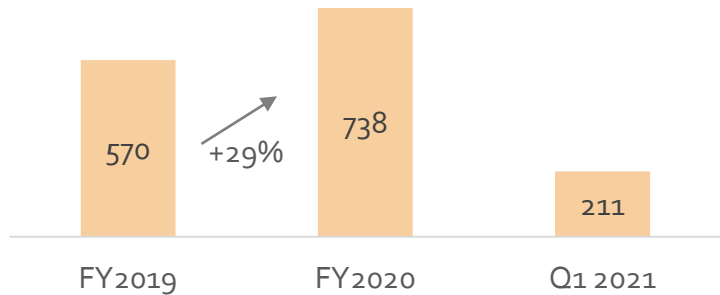
- Conversion of 2 FeSi furnaces to produce SiMn, parts arrived in Q1 and pending foreign contractor availability
- Restart 2 FeSi furnaces when feasible, pending foreign skilled manpower availability

## Key challenges:

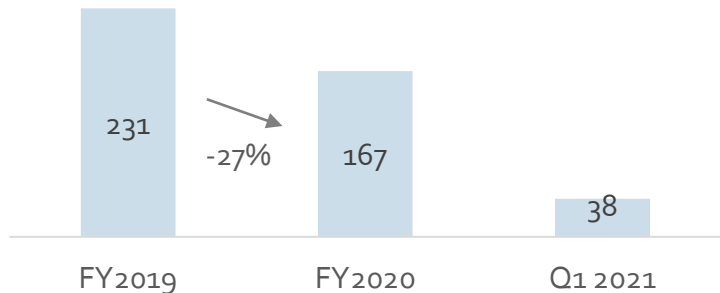
- Foreign workforce entry into Sarawak - visas, quarantine requirements, quotas for foreign workers
- Enforcement of movement restriction policy in Sarawak, increasing need to rotate workers

# OPERATIONAL PERFORMANCE Q1 2021

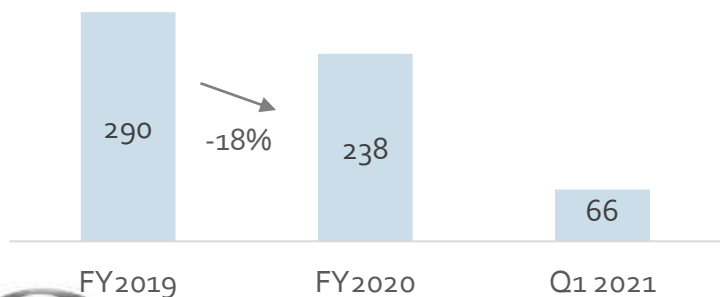
Mn Ore Production Volume (kmt)



FeSi Production Volume (kmt)



Mn Alloy Production Volume<sup>(1)</sup> (kmt)



(1) Inclusive of OM Sarawak and OMO's production volume

## Mining Segment (Mn Ore)

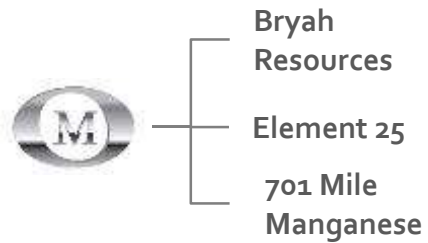
- FY2021: Last mile strategy to accelerate mining and production to optimize remaining lifetime mining cost
- Lump product grade strategy focused to target 26% Mn in line with increasing plant yields
- Sales of 181,382 tonnes in Q1 2021 (65,138 tonnes in Q1 2020)

## Smelting Segments (FeSi and Mn Alloy)

- As at March 2021, 12 out of 16 furnaces remain in operation at the Sarawak smelter plant
- Full commercial operation restarted at Qinzhou smelter, contributing to Mn Alloy production volumes
- **2H 2021 production plan may be readjusted.** Manpower situation remains fluid at the Sarawak smelter plant due to existing COVID-19 related restrictions and the need to provide for scheduled leave rotation for the workforce in dormitories
- Production guidance to be provided once available

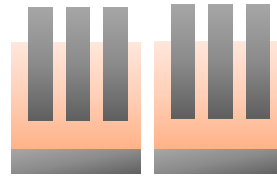
# FUTURE PLANS AND GROWTH

Core fundamentals unchanged, growth plans for both upstream and downstream



## Raw Material Development

- Explore prospective manganese opportunities in central Western Australia
- Expand OMH's manganese exposure to extract value across the entire manganese value chain
- Entered into binding offtake agreement with Element 25



## Expanding Capacity

(~Capex A\$100-150 mil)

- Planned for 2023
- Expected to yield additional 150ktpa of SiMn
- Manganese capacity expansion with 2 to 4 33MVA-furnaces for improved efficiency
- Mn smelting expected to generate highest average returns over the full price cycle, and improve hedging ratio with ore



## Higher Value Add

(~Capex A\$30 mil)

- Conversion to metallic silicon to produce higher value added products
- Diversify into aluminium, chemicals, and solar downstream industries
- Furnaces still able to produce ferrosilicon for added flexibility





# SECONDARY LISTING ON BURSA MALAYSIA



OM Holdings Limited

**Primary Listing status:** Australian Securities Exchange (ASX)

**Secondary Listing status:** Bursa Malaysia Securities Berhad (Bursa Malaysia)

*Stock code: ASX:OMH | OMH (5298)*

- Upon listing on Bursa Malaysia, all shares quoted on both the ASX and Bursa Malaysia will be fully fungible.
- Listing Reference Price calculation: ASX closing price on 21<sup>st</sup> Jun 2021, converted at Bank Negara Malaysia's A\$:RM closing rate on 21<sup>st</sup> Jun 2021

## TIMELINE

**Friday**

11 June 2021



**Fri-Wed**

11-16 June 2021



**Monday**

21 June 2021



**Tuesday**

22 June 2021

Launch of Prospectus

Commence share removal process from the Australian to the Malaysian register (at least 3 market days to complete)

Announcement of Listing Reference Price of OMH shares on Bursa Malaysia

*Tentative Listing Date*

At least 10 million shares committed to be made available for trading on Bursa Malaysia on Listing Date



# OM HOLDINGS LIMITED

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# APPENDIX



# BOOTU CREEK, NORTHERN TERRITORY, AUSTRALIA

An owner operated mine, wholly owned by the Group since 2007

OM Manganese Ltd (“OMM”) - 100% Owned

**Mine:** Bootu Creek

**Location:** Northern Territory, Australia

**Product:** Siliceous Manganese Ore

**Capacity:** Ore production 0.8 million mt per annum,  
Ultra fines 0.25 million mt per annum

*(design production capacity)*

**Plants:** Crushing + Screening Plant  
HMS Plant  
Tailings Retreatment Classifier (2021)



## Brief History

- Exploration commenced in 2001
- Commenced mining at end of 2005, with first lot processed and shipped in 2006.
- Tailings retreatment to commence 2021



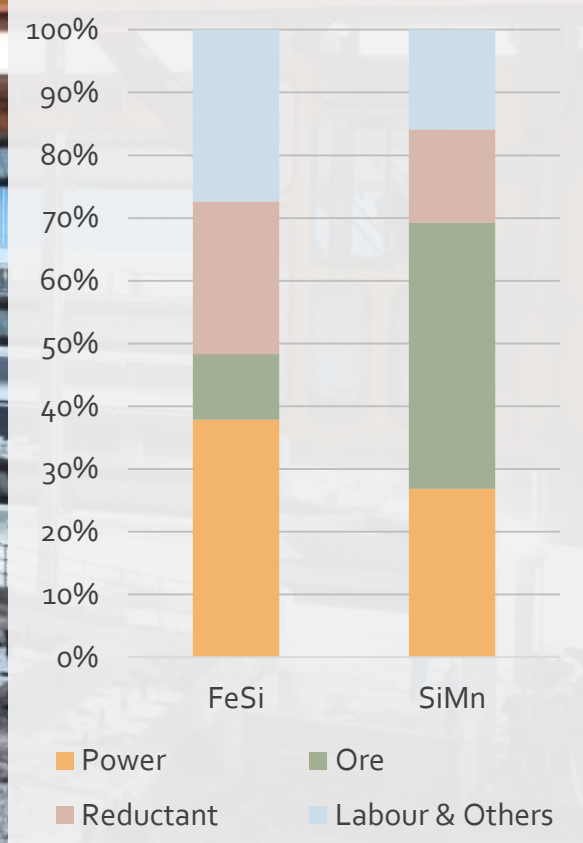
# GREENFIELD IN-HOUSE DEVELOPED SMELTING PLANTS

**OM Qinzhou** – 100% Owned  
**Location:** Guangxi, China  
**Product:** Manganese alloys (SiMn, HCFeMn), Sinter ore  
**Furnaces:** 1 x 16.5 and 1 x 25.5 MVA furnaces  
**Capacity:** 80-95ktpa of manganese alloys, 300ktpa of Sinter ore

**OM Sarawak** – 75% Owned  
**Location:** Sarawak, Malaysia  
**Product:** FeSi, Manganese alloys (SiMn, HCFeMn), Sinter ore  
**Furnaces:** 16 x 25.5 MVA furnaces  
**Capacity:** 200-210ktpa of FeSi, 250-300ktpa of manganese alloys, 250ktpa of Sinter ore

*75% owned, J/V with Cahya Mata Sarawak Berhad, a leading industrial conglomerate listed on Bursa Malaysia*

### Malaysia Smelting Cost Structure



Source: AlloyConsult