



# **NICKEL**

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# **INDUSTRIES**

**2023 ANNUAL RESULTS PRESENTATION**

**A top 10 nickel producer strongly positioned to capture growing battery grade nickel demand**

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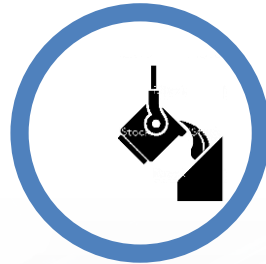
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- Record Group EBITDA - US\$403.3M
- Record Gross profit - US\$338.0M
- Record Operating profit - US\$280.7M
- Profit after tax - US\$176.2M



- Record Ni production – 131,126 tonnes
- Record attributable Ni production – 103,364 tonnes
- Record RKEF EBITDA from operations – US\$337.2M



- Record Mine production – 13.4M wmt
- Record Mine EBITDA – US\$87.9M
- Completion of Hengjaya Mine – IMIP haul road
- Awarded second ‘Green PROPER’ rating



- Final dividend of A\$0.025 per share
- Full Year dividends of A\$0.045 per share
- Subsequent to year end, announcement of on-market share buy-back of up to US\$100M over next 12 months



- Maintenance of strong balance sheet as the Company advanced its transition into class-1 battery grade nickel
  - US\$1.1B in new equity
  - US\$400M Senior Secured Notes re-fi
  - established US\$400M of maiden Indonesian bank funding lines
- Net debt US\$66.2M



- Execution of Electric Vehicle Battery Supply Chain Strategic Framework Agreement
- Execution of binding agreement as off-taker to 200MWp solar project
- Completion of A\$943M placement to United Tractors for 19.99% of Company
- Positive FID taken for ENC HPAL Project
- Commitment to net zero carbon emissions by 2050

## Hengjaya Mine

- Over 10.17 million work hours registered since last reported LTI in November 2021
- Equates to a LTI frequency rate (LTIFR) of 0.1 and a total recordable incident frequency rate (TRIFR) of 0.98 for each million work hours

## RKEF Operations

- For the twelve months to 31 December 2023, 11,144,676 cumulative work hours without an LTI were achieved across Nickel Industries' RKEF operations

## Group Safety

- 16,718,448 LTI-free man hours across all of Nickel Industries' projects were achieved in 2023
- Continued focus on 'best practice' mining and processing standards
- Continued focus on safety training, risk assessments and change management
- Committed to continuous improvement throughout all operations to drive positive environmental, safety, social, and governance outcomes



Member of the mine operation team attending a Safety Day in January 2024

## Financial snapshot – record EBITDA from both RKEF and mining operations

All figures in US\$M	FY 2023	FY 2022	▲
Group revenue	\$1,880.1	\$1,217.0	+54.5%
Gross profit	\$338.0	\$293.8	+15.0%
Operating profit	\$280.7	\$258.9	+8.4%
Profit after tax	\$176.2	\$209.4	(15.8%)
Profit attributable to NIC	\$121.6	\$158.9	(23.5%)
Group EBITDA	\$403.3	\$339.2	+18.9%
EBITDA from RKEF operations	\$337.2	\$298.7	+12.9%
EBITDA from Mine operations	\$87.9	\$53.9	+63.1%
Dividends	A\$0.045	A\$0.04	+12.5%

- Record FY 2023 financial performance underpinned by:
  - continuing consistency in production across established Hengjaya Nickel, Ranger Nickel and Angel Nickel RKEF lines
  - successful commissioning and ramp-up of Oracle Nickel
  - maiden contribution from HPAL operations (\$5.2M)
  - record production and profit contribution from Hengjaya Mine following completion of Hengjaya Mine - IMIP haul road and ramp-up of limonite sales to the IMIP's two HPAL projects
- Result achieved despite:
  - materially lower LME nickel price in 2023 (US\$21,487/t) compared to 2022 (US\$25,623/t)
  - Oracle Nickel only reaching full production capacity in Q3 (EBITDA of US\$82.5M v Angel Nickel of US\$179.5M)
- FY dividends of A\$0.045 / share (FY dividends 2022 : A\$0.04 / share)

## Maintenance of robust balance sheet with future growth fully funded

All figures in US\$M	31 December 2023	31 December 2022
Current assets	\$1,344.7	\$632.5
Total assets	\$4,071.4	\$2,672.5
Current liabilities	\$477.9	\$207.4
Total liabilities	\$1,164.7	\$858.0
Net assets	\$2,906.6	\$1,814.5

- Strong operating performances from both the RKEF operations and Hengjaya Mine has underpinned the maintenance of a robust balance sheet
- Additionally, to fund its continued transition into class-1 battery grade nickel the Company undertook a mix of equity and debt raising across the year:
  - US\$185M institutional placement
  - US\$270M placement to Shanghai Decent
  - US\$20M retail share purchase plan
  - A\$943M strategic placement to United Tractors
  - US\$400M, 5 year, 11.25% senior unsecured notes (maturing October '28)
- Establishment of US\$400M of maiden funding lines with PT Bank Negara Indonesia (Persero) (BNI)
  - subsequently syndicated to an additional 8 banks comprising a mix of Asian, European and global banking institutions
- Collectively these initiatives have enabled the Company to:
  - acquire a 10% interest in the HNC HPAL Project
  - acquire an additional 10% interest in the ONI RKEF Project
  - secure an option to invest in a matte converter for ONI RKEF Project
  - secure access to the ENC HPAL Project (including construction and technical team)
  - be fully funded for a 55% interest in the ENC HPAL Project
- As at 31 December 2023:
  - Cash US\$778.8M / Debt US\$845.0M / Net debt US\$66.2M

## Profit and EBITDA reconciliations

All figures in US\$M	FY 2023 Audited accounts
RKEF EBITDA	337.2
Hengjaya Mine EBITDA	87.9
HPAL EBITDA	5.2
<b>EBITDA from operations</b>	<b>430.4</b>
NIC Group overheads	(27.0)
<b>Group EBITDA</b>	<b>403.3</b>

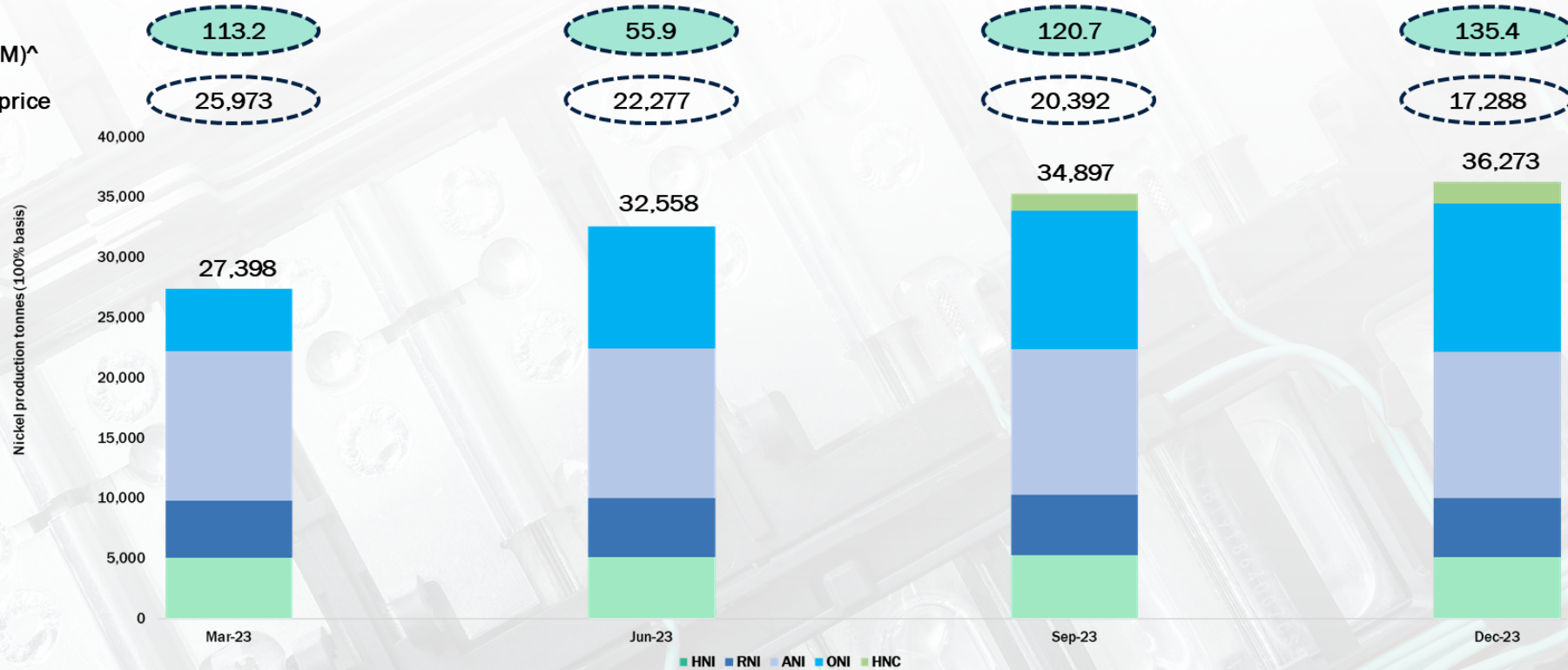
All figures in US\$M	FY 2023 Audited accounts
Profit before income tax	203.3
+ Depreciation and amortisation	111.6
+ Interest (income) / expense	55.6
+ Withholding tax	32.8
<b>Group EBITDA</b>	<b>403.3</b>

# Strong EBITDA generated from operations in a challenging environment

Consistent production base and a demonstrated ability to operate profitability through the commodity cycle

Group nickel production		March Qtr	June Qtr	September Qtr	December Qtr	FY 2023
Nickel in NPI	tonnes	22,338	27,454	28,561	29,367	107,720
Nickel in matte	tonnes	5,060	5,104	5,291	5,083	20,538
Nickel in MHP	tonnes	-	-	1,045	1,823	2,868
Total nickel production	tonnes	27,398	32,558	34,897	36,273	131,126

EBITDA from operations (US\$M)<sup>^</sup>  
Average LME Ni price (US\$/t)



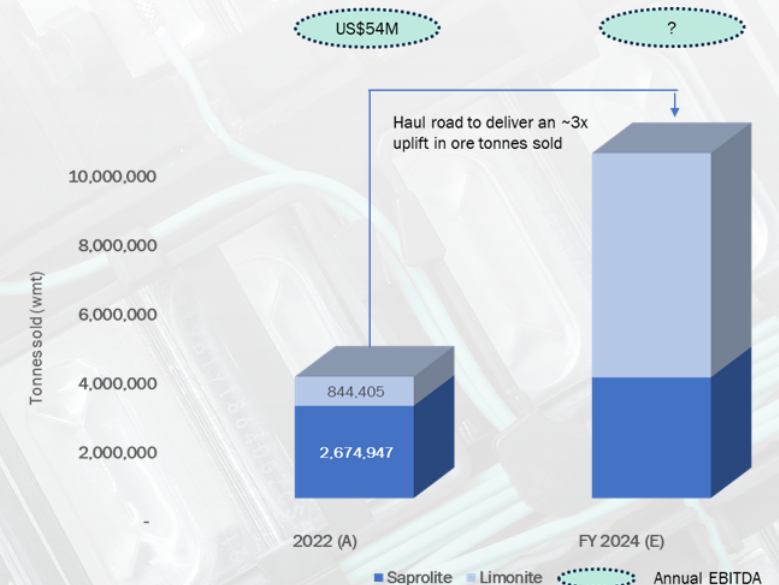
<sup>^</sup> EBITDA from operations of US\$425M (as disclosed in the Quarterly reports) represents unaudited EBITDA from the RKEF, HPAL and mining operations, prior to corporate refinancing costs and FX gains/loss of \$21.8M. Audited EBITDA from operations of US\$430.4M



# Another record year of production at Hengjaya Mine

Production summary		Mar'23	Jun'23	Sep'23	Dec'23	2023
Saprolite mined	wmt	662,004	692,937	1,013,949	1,463,943	3,832,833
Limonite mined	wmt	1,822,636	2,029,624	2,616,041	3,100,155	9,568,456
Nickel ore mined	wmt	2,484,640	2,722,561	3,629,990	4,564,098	13,401,289
Overburden mined	BCM <sup>(1)</sup>	398,017	226,798	332,155	381,494	1,338,464
Strip ratio <sup>(2)</sup>	BCM/wmt	0.16	0.08	0.09	0.08	0.1

- Record annual production of 13,401,289 wmt
  - saprolite production: 3,832,833 wmt
  - limonite production: 9,568,456 wmt
- Ore sales set to rise materially in 2024 as production and trucking volumes continue to expand having completed the direct haul road from Hengjaya Mine to IMIP in August 2023
- Annual EBITDA of US\$87.9M, up 63.1% on FY 2022
- Multiple sustainability awards received throughout the year in recognition of our ESG initiatives
- Achievement of 2<sup>nd</sup> 'Green PROPER' rating



Note: Figures reflect unaudited numbers from monthly operating entity financial reporting.

(1) BCM represents "bank cubic metres".

(2) With limonite now being supplied to IMIP, the strip ratio is overburden mined divided by total nickel ore mined.

## Awards and Accolades

- S&P** ➤ Second-top quartile (69%) worldwide of ESG performers for the Metals & Mining Industry Group globally
- MSCI** ➤ Highest MSCI ESG rating given to Indonesian-based Metals and Mining companies
- ENSI** ➤ Three platinum, two gold, and two silver trophies at the Environmental & Social Innovation Awards (ENSI) 2023.
- ASRRAT** ➤ Finalist for the Asia Sustainability Report Award (ASRA) 2022  
Silver award at the Asia Sustainability Reporting Rating (ASRRAT) 2022 & 2023
- Nusantara** ➤ Two gold awards at the Nusantara CSR Awards 2023 in Jakarta for its coral reef and partnership initiatives
- TrenAsia** ➤ Winner of the ESG Award 2023 for the nickel sector.

## 2<sup>nd</sup> Green PROPER rating

- PROPER is an official environmental rating from the Indonesia Ministry of Environment and Forestry
- Blue PROPER status achieved from KLHK in 2020 and 2021, representing full compliance with Indonesia’s environmental regulations
- Green PROPER status achieved in 2022 representing standards beyond compliance with Indonesia’s environmental regulations
- In 2023, awarded 2<sup>nd</sup> consecutive Green PROPER rating - only 196 of 3,694 audited companies achieved this rating
- Hengjaya Mine is one of only 2 nickel mining companies to achieve this rating and the only mining company from Central Sulawesi to achieve this rank
- In recognition, invited to present at COP28 United Nations Climate Change Conference as a leader in responsible and sustainable mining in Indonesia

## ESG Initiatives

- Trialling of EV Trucks across both IMIP and Hengjaya Mine operations to deliver significant emission savings
- Consistent with strategy to achieve 50% reduction in carbon intensity by 2035 and net zero emissions by 2050



- Signed binding Operational Lease and Service Agreement (OLSA) to become the sole off-taker of Indonesia’s largest solar project to be built within the IMIP (200MWp + 20MWh BESS)

# Excelsior Nickel Project (ENC) – the next generation of HPAL driving NIC’s growth

- Collaboration agreement with Shanghai Decent to build a “next generation” 72kt HPAL plant
  - the project will be capable of producing MHP, nickel sulphate and nickel cathode, differentiating from the current wave of Indonesian HPAL projects
  - potential to double plant size to >144kt subject to funding availability
- NIC to own 55% with Shanghai Decent to own 45%
  - Shanghai Decent’s interest may dilute upon the introduction of a strategic partner (Global offtake/investment process underway with strong interest from EV and battery manufacturers)
- Comprehensive “Construction Guarantee” secured
  - Capex at US\$2.3bn, which includes tailings facility, sulfuric acid plant and other supporting infrastructure
  - Guarantee extends beyond EPC construction costs, and includes commissioning and ramp-up of the Project to nameplate capacity
  - Timing guarantee of not more than 2 years to construct
- 15-year corporate income tax holiday confirmed

## Positive Final Investment Decision taken in October 2023

- Project fully funded with NIC’s 55% share (US\$1.265B) covered by:
  - existing cash on balance sheet
  - A\$943M (~US\$630M) placement to United Tractors
  - US\$400M loan facilities from BNI (as a bridge to Project Financing)
  - strong cash flow from existing operations



*ENC will be a replica of the HNC HPAL Project which is currently operating ~20% above nameplate capacity*

### March quarter

- Execution of “Electric Vehicle Battery Supply Chain Strategic Framework Agreement to formalise the Company’s continuing diversification into class-1 battery grade nickel
- Completion of A\$264M Institutional Placement and A\$34.5M retail SPP
- Release of 2022 Sustainability Report

### June quarter

- Completion of new 5-year,US\$400M senior unsecured notes issuance at 11.25% and concurrent tender offer of April 2024 senior unsecured notes
- Commencement of commercial sales at Oracle Nickel
- Announcement of 19.99% strategic placement to United Tractors raising proceeds of A\$943M

### September quarter

- Completion of 10% equity interest in HNC via issuance of US\$270M of NIC shares to Shanghai Decent
- Acquisition of additional 10% interest in Oracle Nickel to move to equity ownership of 80%
- Completion of Hengjaya Mine to IMIP haul road

### December quarter

- Execution of binding Operational Lease and Service Agreement (OLSA) with SESNA for 200MWp + 20MWh battery solar project
- Invited to present at COP 28 United Nations Global Climate Summit
- Positive FID taken for investment into Excelsior Nickel Cobalt HPAL Project (ENC)
- Trial of EV trucks at IMIP and Hengjaya Mine operations
- Announcement of nickel matte sales contract with Glencore
- Increase to 13.75% equity interest in ENC
- Subsequent to year end, announcement of capital management framework and on-market share buy-back

# THANK YOU

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