

## MA'ADEN REPORTS THIRD QUARTER 2023 RESULTS

**RIYADH, 31 October 2023** - Saudi Arabian Mining Company ("Ma'aden" or the "Company", 1211 on the Saudi Exchange), the largest multi-commodity mining and metals company in the Middle East, today reported its financial results for the third quarter and first nine months of 2023.

### HIGHLIGHTS

- Phosphate 3 project given Final Investment Decision for Phase 1 and set to add 1.5 Mt per annum by 2026.
- On track to achieve highest Phosphate production in FY23, extending Ma'aden's global fertilizer market leadership.
- Exploration drilling set to reach record +430 km for FY23.
- Final phase of new operating model completed with significant performance efficiencies realized since the 2021 base line.
- Revenue of SAR 6.23 billion (Q2-FY23: SAR 6.97 billion) and Net Loss<sup>1</sup> of SAR -84.07 million (Q2-FY23 Net Profit: SAR 351 million), reflecting lower sequential commodity prices in Phosphate and Primary Aluminium, as well as lower production in Ammonia due to an infrastructure failure.
- Improved balance sheet with long-term borrowings further reduced; net debt down 10% from December 2022 and Investment Grade Credit Ratings assigned.

<sup>1</sup>: Attributable to equity holders of Ma'aden

### Robert Wilt, Ma'aden CEO:

"We are on track to reach record milestones for the full year including in Phosphate production, exploration drilling and material performance efficiencies. We're also moving ahead with our long-term growth plans with the delivery of the Phosphate 3 Phase 1 project following the Board's Final Investment Decision that will see 1.5 million tonnes of production capacity added by 2026.

I'm also pleased to see the direct benefits of our transformation program and streamlined operating model taking effect. Even with commodity prices still off their FY22 peak and infrastructure

challenges impacting Ammonia production in the third quarter, our production targets for the full year remain solid.

We are building a stronger business operationally and financially and remain committed to building the mining ecosystem and access to critical minerals that will deliver value for our shareholders and support Saudi Vision 2030."

## SUMMARY OF FINANCIAL RESULTS

SAR (million)	Q3-FY23	Q2-FY23	Variance	9M-FY23	9M-FY22	Variance
<b>Revenue</b>	<b>6,226</b>	6,966	-11%	<b>21,237</b>	30,805	-31%
<b>EBITDA<sup>1</sup></b>	<b>1,616</b>	2,219	-27%	<b>6,113</b>	15,979	-62%
EBITDA margin %	<b>26%</b>	32%	-6pp	<b>29%</b>	52%	-23pp
<b>Adjusted EBITDA<sup>2,3</sup></b>	<b>1,692</b>	2,391	-29%	<b>6,966</b>	16,287	-57%
Adjusted EBITDA margin %	<b>27%</b>	34%	-7pp	<b>33%</b>	53%	-20pp
<b>Net profit/(loss)<sup>4</sup></b>	<b>(83)</b>	351	-124%	<b>687</b>	8,303	-92%
Net profit/(loss) margin %	<b>nm</b>	5%	nm	<b>3%</b>	27%	-24pp
<b>Adjusted Net Profit<sup>2,5</sup></b>	<b>(26)</b>	631	-104%	<b>1,477</b>	8,534	-83%
Adjusted Net Profit margin %	<b>Nm</b>	9%	nm	<b>7%</b>	28%	-21pp
<b>EPS (SAR)<sup>6</sup></b>	<b>(0.02)</b>	0.10	-124%	<b>0.19</b>	2.25	-92%
<b>Adjusted EPS (SAR)<sup>2,5</sup></b>	<b>(0.01)</b>	0.17	-104%	<b>0.40</b>	2.31	-83%

**[1:** EBITDA now includes equity-accounted profit of all JVs and other income/expenses (net). Prior periods have been restated for comparability. **2:** Q3-FY23 excluding one-off contractual costs. **3:** 9M & Q2-FY23 excluding one-off contractual costs and pot relining costs **4:** Attributable to equity holders of Ma'aden. **5:** 9M & Q2-FY23 excluding one-off contractual costs, pot relining costs, and severance fees. **6:** As a result of issuance of bonus shares during Q2-FY23, EPS for prior periods has been revised to ensure comparability.]

Third quarter revenue of SAR 6.23 billion reflected lower sequential commodity prices, excluding Ammonia and Alumina, and lower sales volumes in Phosphates and Alumina. FRP sales volumes remained largely consistent compared to the prior quarter, despite ongoing weakness in market demand. Net Loss of SAR -83 million was impacted by lower EBITDA of SAR 1.62 billion (Q2-FY23: SAR 2.22 billion) mainly due to lower average realized sales prices, lower sales volumes of key commodities, higher personnel and exploration costs, and increased finance costs. Fixed costs were also higher due to maintenance costs to address an infrastructure failure in the Phosphate BU

which also impacted Ammonia production. The third quarter saw an improvement in raw material costs both year-on-year (YoY) and quarter-on-quarter (QoQ).”

## STRATEGIC HIGHLIGHTS

- **Final Investment Decision taken on Phosphate 3 Phase 1 project:** The Project consists of two phases set to add 3 Mt of phosphate fertilizer production per annum through an integrated production complex built in Wa’ad Al Shamal and Ras Al-Khair industrial cities. Phase 1 of the Project will add 1.5 Mt of production per annum by 2026. The Engineering, Procurement and Construction Management (EPCM) services contract worth SAR 1 billion for Phase 1 was awarded to WorleyParsons Arabia and JESA International earlier this year.
- **Acquired 10% stake in Vale’s energy transition metals business:** Manara Minerals, the joint venture between Ma’aden and the Public Investment Fund, signed a binding agreement to acquire 10% of Vale Base Metals Limited (“Vale”), Ma’aden’s first major investment into the global mining sector. The investment, based on an enterprise value of USD 26 billion, will expand the production of copper and nickel, increasing the supply of strategic minerals and enabling Saudi Arabia to play a growing role in the global energy transition supply chains.
- **Deployment initiated under Ivanhoe Electric Joint Venture:** The first machine of Ivanhoe’s proprietary Typhoon™ geophysical surveying system has been deployed and first survey area has been selected. The 50/50 joint venture with Ivanhoe is part of Ma’aden’s ambitious exploration program, expected to be one of the largest programs of its kind worldwide, targeting copper, nickel, gold, silver and other critical metals in the Kingdom.
- **Won prestigious King Khalid Sustainability Award 2023** under the patronage of King Salman Bin Abdulaziz Al Sa’ud. This accolade recognizes Ma’aden’s commitment to sustainability, reflecting its efforts in driving social, economic, and environmental advancements in line with the Kingdom’s development goals. The award ceremony is slated for Q4-FY23.

## Q3-FY23 RESULTS BY REPORTING SEGMENT

Ma'aden operates through three business units (BUs). The reporting segments are as follows: 1) Phosphate, 2) Aluminium, and 3) Base Metals and New Minerals.

### 1. Phosphate

SAR (million)	Q3-FY23	Q2-FY23	Variance	9M-FY23	9M-FY22	Variance
Sales	3,246	4,042	-20%	12,703	20,172	-37%
EBITDA	1,145	1,623	-29%	5,203	12,449	-58%

Year to date, the Phosphate BU<sup>1</sup> achieved an overall 10% higher production and sales volumes YoY, however the financial performance was impacted by lower average realized prices of DAP (-41%) and Ammonia (-59%) compared to 9M-FY22.

Third quarter Ammonia production was lower sequentially due to an infrastructure failure. As a result, EBITDA margins were lower due to higher maintenance costs and lower sales volumes. Mitigation measures were implemented and production targets for the year remain unchanged. Additionally, the prior year's EBITDA benefited from a one-time insurance claim related to the MPC fire incident in 9M-FY22, which was not replicated in 9M-FY23.

Q3-FY23 average realized prices were \$319/MT for Ammonia (Q2-FY23: \$253) and \$439/MT for DAP (Q2-FY23: \$521).

1: including DAP, Ammonia, Meridian products

## 2. Aluminium

SAR (million)	Q3-FY23	Q2-FY23	Variance	9M-FY23	9M-FY22	Variance
<b>Sales</b>	<b>2,152</b>	2,177	-1%	<b>6,409</b>	8,967	-29%
<b>EBITDA</b>	<b>286</b>	342	-16%	<b>352</b>	2,917	-88%
<b>Adj. EBITDA<sup>1,2</sup></b>	<b>362</b>	514	-30%	<b>1,205</b>	3,225	-63%

[1: Q3-FY23 excluding one-off contractual costs. 2: 9M & Q2-FY23 excluding one-off contractual costs and pot relining costs]

Alumina production was higher YoY due to improved plant efficiency and hydrate availability, resulting in higher external sales. Following the successful completion of the pot-relining at Ras Al-Khair, smelter production continued to ramp up during the third quarter adding 21 KMT (+12%) sequentially, with higher number of pots now in operation and improved efficiencies. The BU continued to increase production of casthouse products in Q3-FY23 to offset lower FRP sales and production volumes, primarily in can stock, due to weaker market demand.

Despite overall higher production volumes in Q3-FY23, softer average realized prices in Primary Aluminium and FRP impacted sales and EBITDA margins sequentially.

During 9M-FY23, sales were lower YoY as a result of lower average realized prices of all products. EBITDA was impacted due to one-off pot restart costs and industrial utility charges incurred during the period.

As previously announced, the Company will incur a gross industrial utility charge of SAR 102 million in each quarter of FY23 related to FY23 Transmission Use of System (TUoS). In FY24, the charge will fall to a lower-cost net usage tariff based on our forecasted power requirements of the BU.

Q3-FY23 average realized prices were \$338/MT for alumina (Q2-FY23: \$359), \$2,276/MT for primary aluminium (Q2-FY23: \$2,426) and \$3,332/MT for FRP (Q2-FY23: \$3,787).

### 3. Base Metals and New Minerals

SAR (million)	Q3-FY23	Q2-FY23	Variance	9M-FY23	9M-FY22	Variance
Sales	812	738	10%	2,090	1,654	26%
EBITDA	476	471	1%	1,263	966	31%

The Base Metals and New Minerals BU continued to see double digit sales growth YoY and QoQ, driven by sustained high average realized prices and increased production.

Ma'aden is on track to drill a record number of meters this year as it accelerates its ambitious exploration program that is expected to become one of the largest worldwide. The Company drilled a further 126 kilometers in Q3-FY23, bringing the total for the year to date to 320 kilometers, a higher number than the whole of FY22. In total, Ma'aden has 63 active projects ongoing across all stages of exploration and development, over four times more than in 2022.

The average realized gold price was \$1,922/oz in Q3-FY23 (Q2-FY23: \$1,957).

#### OUTLOOK

Ma'aden is now seeing the direct benefits of its transformation program and streamlined operating model taking effect across the business. This is expected to have a material long-term impact on productivity, production volumes and costs.

The global phosphate market is expected to remain stable in Q4-FY23, supported by strong demand in the Americas and Far East, and improvements due to affordability and inventory tightness ahead of the seasonal cycle. Ammonia prices are also expected to remain at current levels, impacted by ongoing weak industrial demand and additional supply entering the market in the final quarter of the year. The development of the Phosphate 3 Complex Project will add needed material capacity and extend Ma'aden's position as a global fertilizer market leader for the long-term.

Aluminium prices remain impacted by lower global demand associated with higher inflation and interest costs. The Chinese market is seeing a gradual recovery in demand and in-country supply is

expected to be capped over the medium to long term to support prices. However, Chinese supply restarts are currently limiting a recovery in prices and as a result, LME prices are expected to remain around current levels in Q4-FY23. Ma'aden is responding to the market by maintaining its first quartile cost position and pivoting its focus to growing domestic demand for Aluminium products.

In addition, raw material prices are expected to continue to ease from their elevated levels, supporting profitability.

The completion of the Vale transaction with Manara Minerals remains on track for the first quarter of 2024, subject to international regulatory approvals and other customary conditions.

### Guidance

As a result of sustained weaker market demand, the guidance for FRP has been adjusted downward. Notwithstanding this change, Ma'aden maintains its FY23 production and capital expenditure guidance, as outlined at the FY22 results.

**Production Guidance – FY23**

	Unit	Lower	Upper
DAP Equivalent	KMT	4,900	5,600
Ammonia	KMT	3,100	3,500
Alumina	KMT	1,600	1,825
Aluminium	KMT	780	940
Flat Rolled	KMT	250	300
Gold	Koz	360	420

**CAPEX Guidance – FY23**

	Unit	Lower	Upper
Sustaining CAPEX	SAR (mn)	1,400	1,700
Growth CAPEX	SAR (mn)	1,350	1,600

## **ANALYST CALL AND EARNINGS PRESENTATION**

Ma'aden will be hosting an analyst call on Monday, 6 November 2023 at 15:00 Saudi time to present its Q3-FY23 financial results. For conference call details, please email [invest@maaden.com.sa](mailto:invest@maaden.com.sa).

## **ABOUT MA'ADEN**

Ma'aden is the largest multi-commodity mining and metals company in the Middle East and among the fastest-growing mining companies in the world, with revenues of SAR 40.3 billion (\$10.7 billion) in 2022. We are developing the mining industry into the third pillar of Saudi economy in line with Vision 2030, and aim to be a role model in responsible and sustainable operations.

We operate 17 mines and sites, have 6,500+ direct employees and export products to over 30 countries. We are embarking on massive growth over the next 18 years across our phosphate, aluminium, gold, copper and new minerals – to leverage the Kingdom's estimated \$1.3 trillion mineral endowment and international opportunities.

For more information, please visit <https://www.maadens.com.sa>

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