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# Saudi Arabian Mining Company (Ma'aden)

Investor Presentation – Full Year and Q4 FY22 Results



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# TODAY'S PRESENTERS

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**Robert Wilt**

Chief Executive Officer



**Louis Irvine**

Chief Financial Officer

# 2022 – A RECORD FULL YEAR PERFORMANCE

## Revenues

SAR **40.28bn**

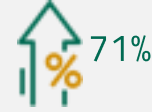
FY21: 26.77bn



## Operating Cash Flow

SAR **16.21bn**

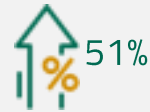
FY21: 9.47bn



## EBITDA

SAR **18.68bn**

FY21: 12.35bn



## Net Debt/EBITDA

**1.3x**

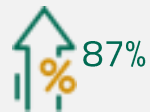
FY21: 3.1x



## Net Profit

SAR **12.13bn**

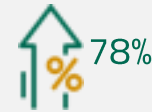
FY21: 6.48bn



## Earnings Per Share (EPS)

SAR **3.79**

FY21: 2.12



## Highlights



- Transformation program launched
- Ammonia 3 project completed
- Wa'ad Al Shamal remediation completed
- ≈3.4Mt of gold reserves and resources added
- Working capital optimized
- Record cash generated

With an unwavering  
commitment to  
safety

All injuries Frequency Rate (AIFR)

**0.13**

FY21: 0.20

**Fatality-free 2022**

# STRATEGIC UPDATES

## Growth initiatives



- **Ivanhoe Electric** partnership to explore minerals in KSA
- **PIF** JV to invest in global mining assets
- 2 new JVs with **Barrick Gold** to explore and develop Jabal Sayid South and Umm Ad Damar license areas
- **Phosphate 3** Phase 1 EPCM contract with Worley signed
- **Ammonia 3** commercial production initiated
- **≈3.4 Mt** of gold reserves and resources added
- **21,500 km<sup>2</sup>** of exploration licenses secured

## Transformation



- Initial **capital allocation framework** set
- **Organizational structure** redesigned to accelerate decision making and drive performance
- **Portfolio review** to assess and unlock potential value of assets
- Employee benefits reviewed to position Ma'aden as an **employer of choice**
- **DRIVE and SCALE** leadership programs to develop future leaders launched
- **Saudization** and **women participation** programs driving diversity and inclusion

## Innovation



- >20 MoUs and agreements with **global companies** and **academia** signed to integrate new technologies and launch research programs to develop advanced mining solutions



# INVESTMENT IN TECHNOLOGY, R&D AND INNOVATION

## Partnering with leading technology organizations, academia and government



### Drone use for surveys and monitoring

MoU to develop Ma'aden's aerial inspection and analysis capabilities using drones and related technology



### 3D printing services

MoU to design, develop, and manufacture 3D-printed spare parts to be used across operations



### Wifi/LTE connectivity

Agreement to enable connectivity to remote and off-grid mines through the implementation of Nokia's advanced private LTE (P-LTE) technology



### Decarbonization

MoU to explore decarbonization partnerships and initiatives around digitalization, electrification of fleet and carbon capture and storage (CCS)



### Smart robot excavation

MoU to explore Swarm Robotic Mining (SRM) technologies to improve mining processes through automated excavation



### Comminution energy reduction

MoU to evaluate technology that reduces energy consumption during mining comminution (particle reduction) through CO2 pulverization compared to the conventional methods



### Drone enabled volumetric survey

Pilot project using drones to carry out volumetric measurement through UAV technology and develop contour and 3D models completed at Wa'ad Al Shamal



### Valuable minerals extraction

R&D partnership to convert brine waste stream of reverse osmosis desalination plants into useful minerals for Saudi industries



### Academic R&D partnerships

Strategic research and development partnerships with Saudi academic institutions focused on joint investments in innovation and other complementary projects opportunities including:

- Hydrogen production
- Renewable energy use
- Emerging mining technologies
- Electrification of fleet
- Wastewater management
- Autonomous haulage solutions
- AI enabled optimization



### Direct lithium extraction from sea water

USD 6m JV investment with KAUST into Lihytech to develop a patented membrane-based technology to extract lithium from the sea water





# DEVELOPING A SUSTAINABLE MINING CHAMPION

## Accelerating investments to decarbonize our operations and support our communities

### Environmental leadership



- MoU with **Shell** to explore **decarbonization** partnerships
- Top three bidder at the world's largest **carbon credit auction** during FII in October 2022
- One of the first and largest certified **Blue Ammonia** supplier globally with secured export contracts
- 20-year **circular carbon agreement** signed to take 300 Kt of CO2 per year out of 3 plants
- MoU with **Saline Water Conversion Corporation** to promote research in mineral extraction, renewable energy, and carbon emission reduction
- **3 million trees** planted to date out of a commitment of 20 million by 2040

### Socio-economic development



- **'Tharwah'** local content program launched to maximize local contribution in line with Vision 2030
- Empowerment programs initiated for **Mahd Al-Dhahab** communities as part of Umm Ad Dammar project
- Supporting **women participation** in the mining sector through formal workshops and sector recommendations



# A STRONG FOUNDATION FOR SUCCESS

Implementing Operational Excellence



Embedding Safety & ESG Best Practices



Optimizing Portfolio & Production



Long-term Growth Opportunities Activated



Capital Expenditure Framework Established



Financial Position Strengthened





# FINANCIAL RESULTS

Louis Irvine

Chief Financial Officer



# RECORD FINANCIAL RESULTS IN 2022

## Highlighting FY22's Exceptional Performance

(SAR million)

	<u>FY22</u>	<u>FY21</u>	<u>Q4-FY22</u>	<u>Q4-FY21</u>
<b>Sales</b>	40,277	26,769	9,472	8,519
	<b>+50%</b>		<b>+11%</b>	
<b>EBITDA</b>	18,679	12,347	3,263	4,260
	<b>+51%</b>		<b>-23%</b>	
<b>Nor. EBITDA</b>	19,207	12,347	3,483	4,260
	<b>+56%</b>		<b>-18%</b>	
<b>Net profit</b> attributable to shareholders of the company	9,319	5,228	1,016	2,090
	<b>+78%</b>		<b>-51%</b>	
<b>EPS (SAR)</b>	3.79	2.12	0.41	0.85
	<b>+78%</b>		<b>-51%</b>	

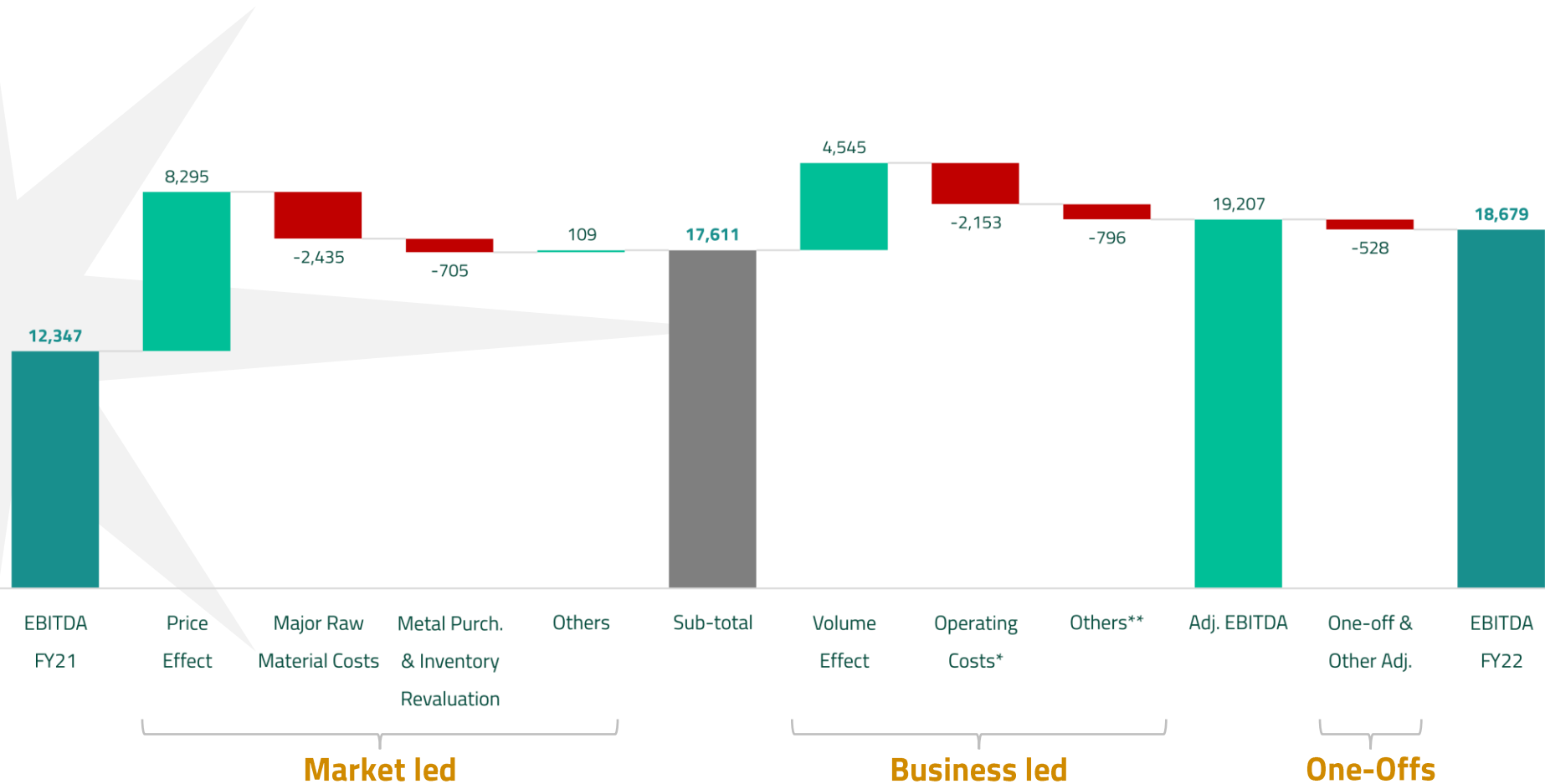
### Highlights



- Best year on record
- Record cash generation
- Continued debt profile improvement in rising interest rate environment
- Softer commodity prices in Q4-FY22
- One-off adjustments impacting H2-FY22 and FY22 margins

# EBITDA BRIDGE (FY21-FY22)

Increase of 51% YoY during a year of stabilization and transformation



## Highlights



- Favorable YoY realized commodity prices
- Higher raw material costs (sulfur, carbon materials, caustic soda)
- Higher sales volumes offsetting higher operating costs
  - Maintenance
  - Personnel
  - Working capital released

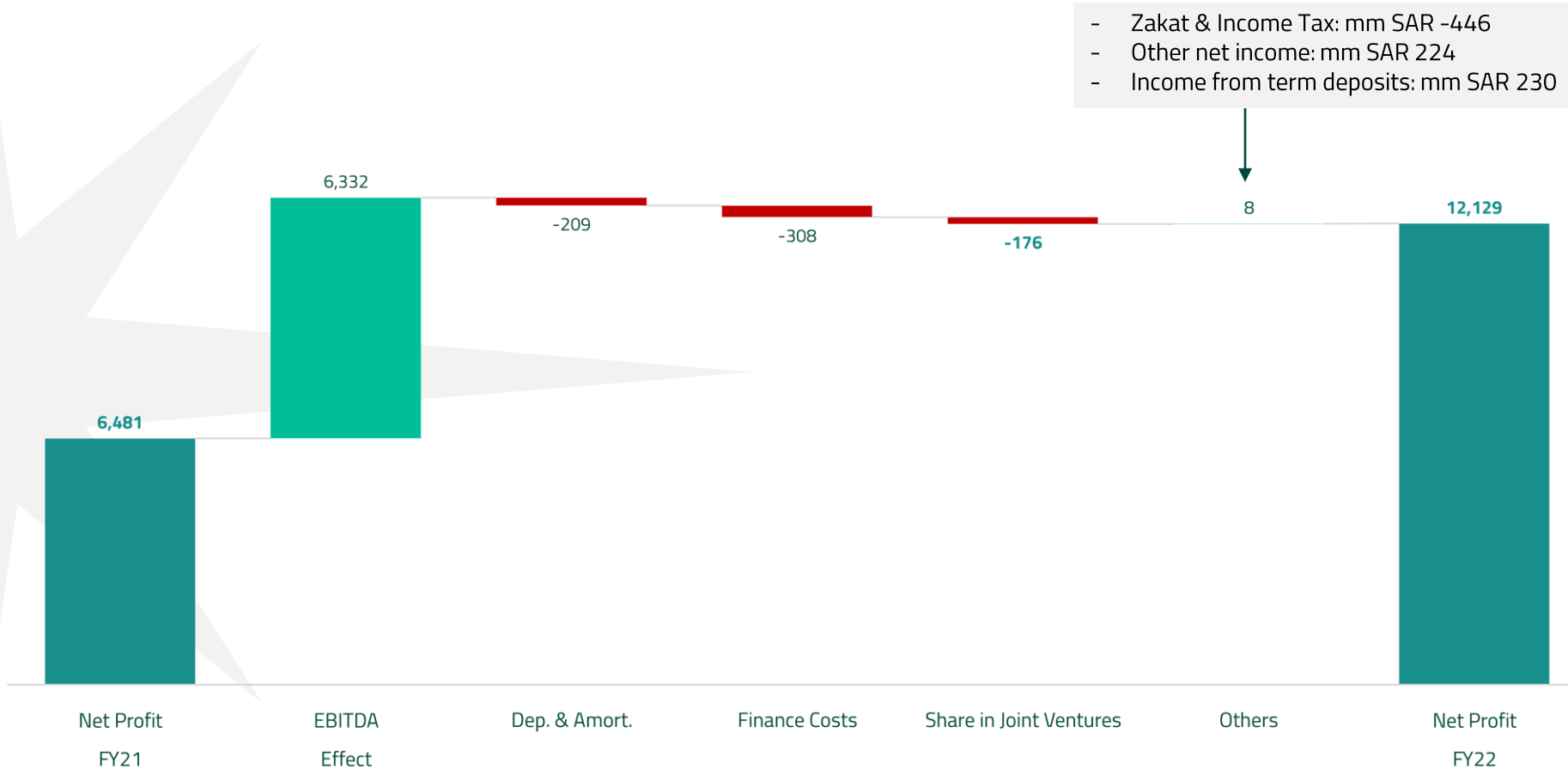
(SAR million)

\*excluding exploration, G&A, S&M

\*\*including exploration, G&A, S&M

# NET PROFIT WALKTHROUGH (FY21-FY22)

Increase of 87% YoY



- Zakat & Income Tax: mm SAR -446
- Other net income: mm SAR 224
- Income from term deposits: mm SAR 230

## Highlights



- Higher depreciation
  - Ammonia 3 commercial production
  - Gold portfolio optimization
- Finance costs
  - Higher interest rate environment
- Share in JVs
  - Lower copper prices

(SAR million)

# RECORD CASH GENERATION FROM OPERATING ACTIVITIES

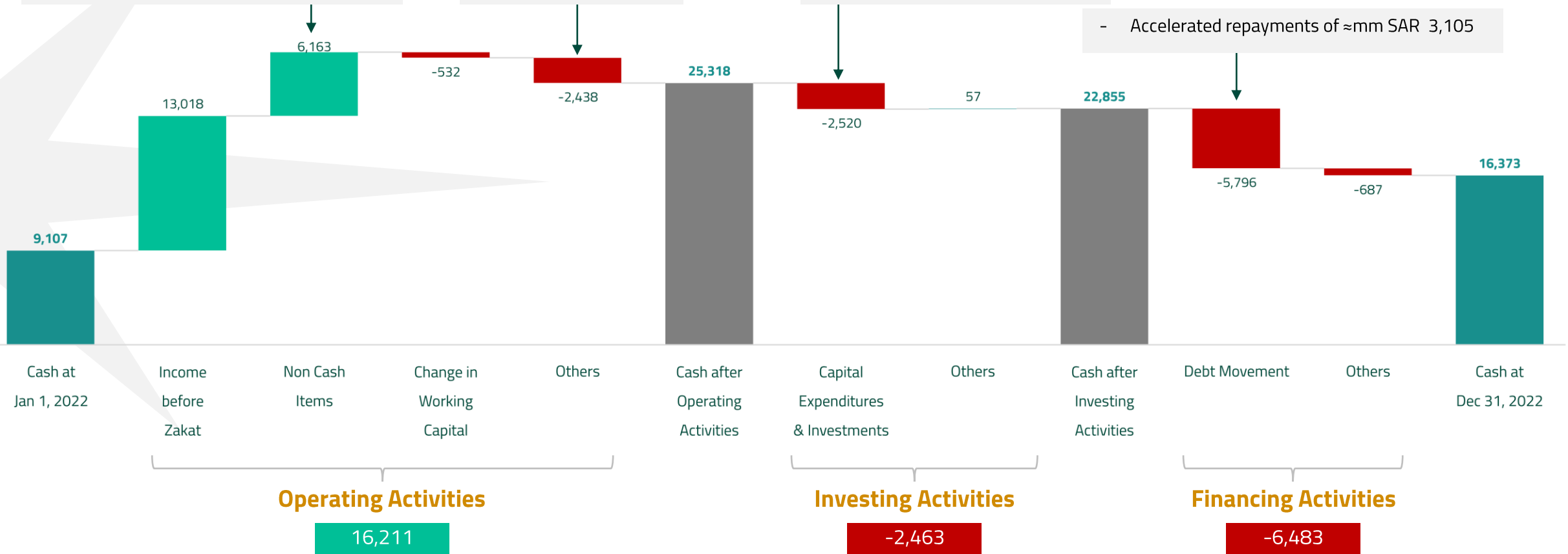
## Cash balance up 80% from December 2021

- D&A: mm SAR 5,013
- Finance charges accrued: mm SAR 1,515

Includes finance costs (mm SAR 1,413), zakat & income taxes

- Fertilizers: mm SAR 1,335
- Aluminium: mm SAR 353
- BM & NM: mm SAR 832

- Accelerated repayments of ~mm SAR 3,105

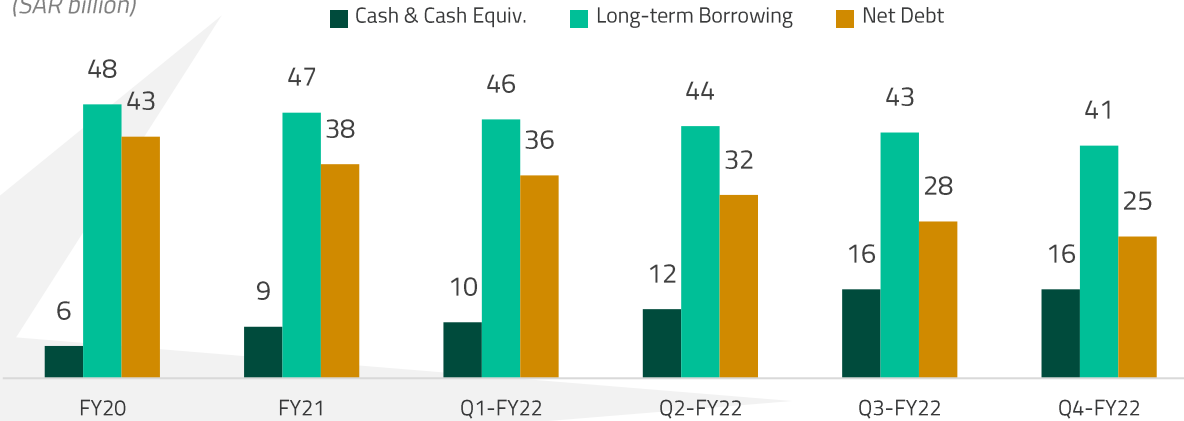


(SAR million)

# DELEVERAGING BALANCE SHEET AND REDUCING NET DEBT

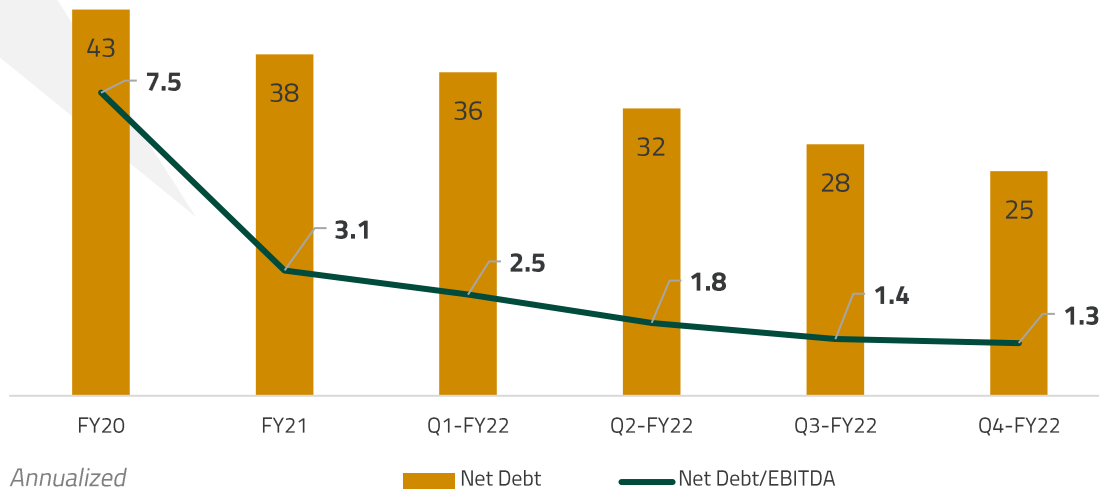
## Debt & Borrowing

(SAR billion)



## Net Debt/EBITDA reduced to 1.3x vs 3.1x in FY21

(SAR billion)



## Highlights



- Healthy financial position maintained
- SAR 5.8bn debt repayment
- 35% faster cash conversion
- 32% improvement in days working capital driving record cash generation

Consolidated	Dec 31, 2022	Dec 31, 2021	Variance
Total Inventory	6,874	6,832	1%
Trade Receivables	5,196	3,590	45%
Trade Payables	(6,563)	(5,086)	18%
<b>Working Capital</b>	<b>5,508</b>	<b>5,336</b>	<b>29%</b>
Days Working Capital	50	73	32%
Cash Conversion Cycle	55	85	35%



# FERTILIZERS

Contributed circa 66% of sales and 83% of FY22 EBITDA

## Financial performance

(SAR million)	FY22	FY21	Variance	Q4-FY22	Q4-FY21	Variance
Sales	26,723	14,583	+83%	6,551	5,104	+28%
EBITDA	15,584	6,848	+128%	3,246	2,664	+22%
EBITDA margin	58%	47%	+11pp	50%	52%	-2pp

## Production performance

(kmt)	FY22	FY21	Variance	Q4-FY22	Q4-FY21	Variance
Ammonia	3,205	1,811	+77%	838	625	+34%
DAP	5,151	5,130	+0.4%	1,272	1,381	-8%

## Sales volumes

Ammonia	2,147	821	+162%	653	365	+79%
DAP	5,201	5,160	1%	1,289	1,389	-7%

## Highlights



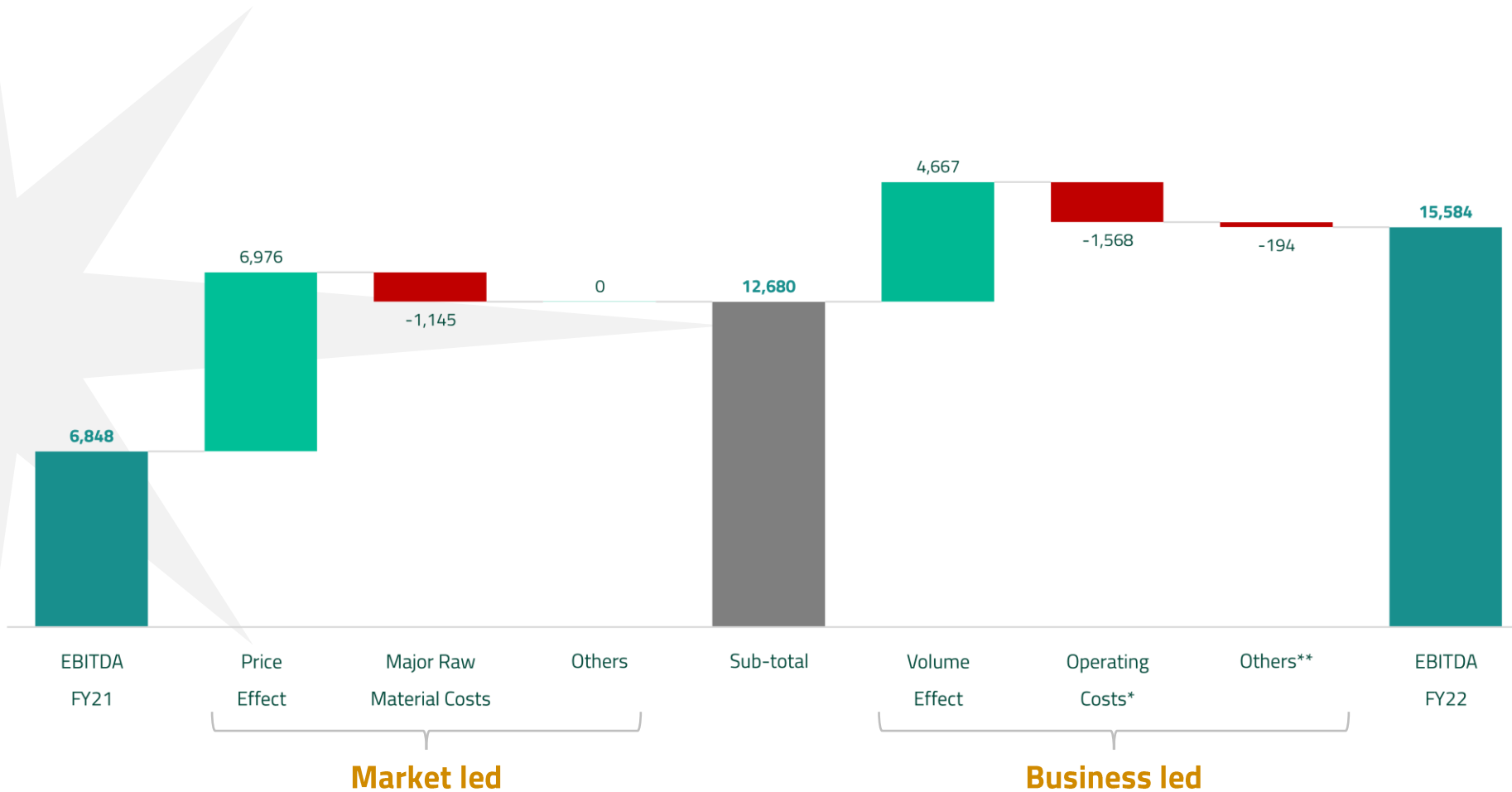
- Ammonia 3 commercial production commenced in Aug'22
- MWSPC remediation project completed in Q4-FY22
- Favorable commodity prices and higher sales volumes

### Realized prices (FY22 vs FY21)

- Ammonia up 86% to \$938/MT
- DAP up 46% to \$843/MT

# FERTILIZER EBITDA BRIDGE

Strong performance of Fertilizer BU with over 2.2x YoY increase in EBITDA



## Highlights



- Favorable commodity prices
- Higher volumes from Ammonia 3 and Phosphate
- YoY EBITDA margin improvement to 58%

(SAR million)

\*excluding exploration, G&A, S&M

\*\*including exploration, G&A, S&M

# ALUMINIUM

Contributed circa 28% of sales and 15% of FY22 EBITDA

## Financial performance

(SAR million)	FY22	FY21	Variance	Q4-FY22	Q4-FY21	Variance
Sales	11,280	9,890	+14%	2,313	2,824	+27%
EBITDA	2,845	4,725	-40%	45	1,520	-97%
EBITDA margin	25%	48%	-23pp	2%	54%	-52pp
Nor. EBITDA*	3,373	4,725	-29%	265	1,520	-83%
Nor. EBITDA* margin	30%	48%	-18pp	11%	54%	43pp

## Production performance

(kmt)	FY22	FY21	Variance	Q4-FY22	Q4-FY21	Variance
Alumina	1,745	1,879	-7%	450	491	-8%
Aluminium	952	999	-5%	220	250	-12%
FRP	309	290	+7%	78	53	+47%

## Sales volumes

Alumina	214	320	-33%	67	105	-36%
Aluminium	587	597	-2%	129	152	-15%
FRP	309	298	+4%	82	65	+26%

\*Normalized EBITDA

## Highlights



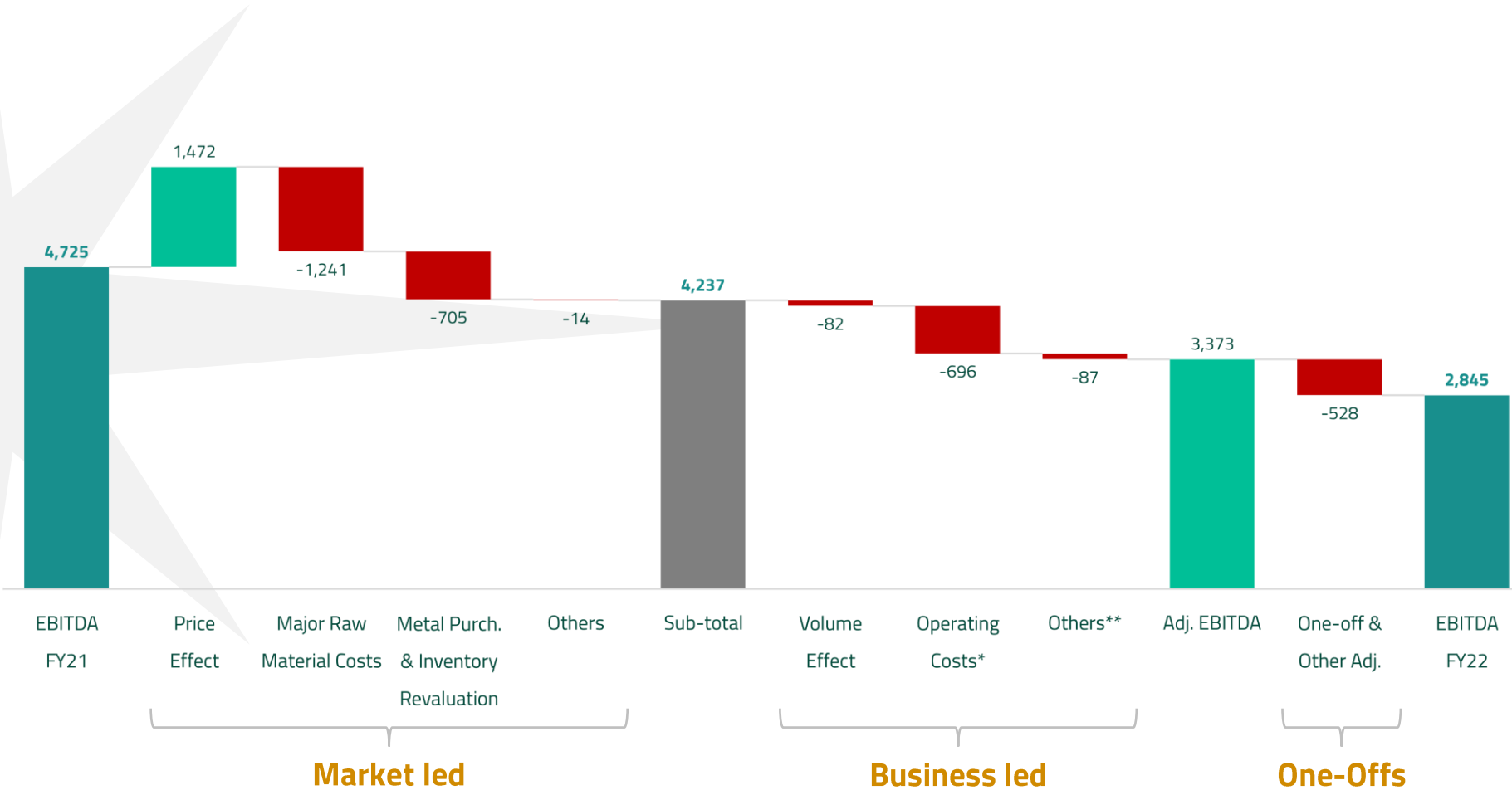
- Higher commodity prices in FY22 despite softer commodity prices in Q4-FY22, leading to improved revenues
- Sustained higher raw material costs during H2-FY22
- Higher operating costs during FY22
- One-off adjustments in H2-FY22

## Realized prices (FY22 vs FY21)

- Alumina up 14% to \$376/MT
- Aluminium up 15% to \$2,892/MT
- FRP up 16% to \$3,981/MT

# ALUMINIUM EBITDA BRIDGE

Decrease of 40% YoY due to higher operating costs and lower sales volumes



(SAR million)

\*excluding exploration, G&A, S&M

\*\*including exploration, G&A, S&M

## Highlights



- Favorable/improved commodity prices offset by higher raw material prices
- Higher operating costs
  - Maintenance
  - Personnel
  - Working capital released
- One-off costs
  - Industrial utilities legacy contractual settlements and provisions

# BASE METALS & NEW MINERALS

Contributed circa 6% of sales and 4% of FY22 EBITDA

## Financial performance

(SAR million)	FY22	FY21	Variance	Q4-FY22	Q4-FY21	Variance
Sales	2,252	2,297	-2%	599	591	1%
EBITDA	772	1,062	-27%	139	258	-46%
EBITDA margin	34%	46%	-12pp	23%	44%	-21pp

## Production performance

(Koz)	FY22	FY21	Variance	Q4-FY22	Q4-FY21	Variance
Gold	335	340	-1%	92	88	+5%

## Sales volumes

Gold (Koz)	334	340	-2%	92	88	+5%
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## Highlights



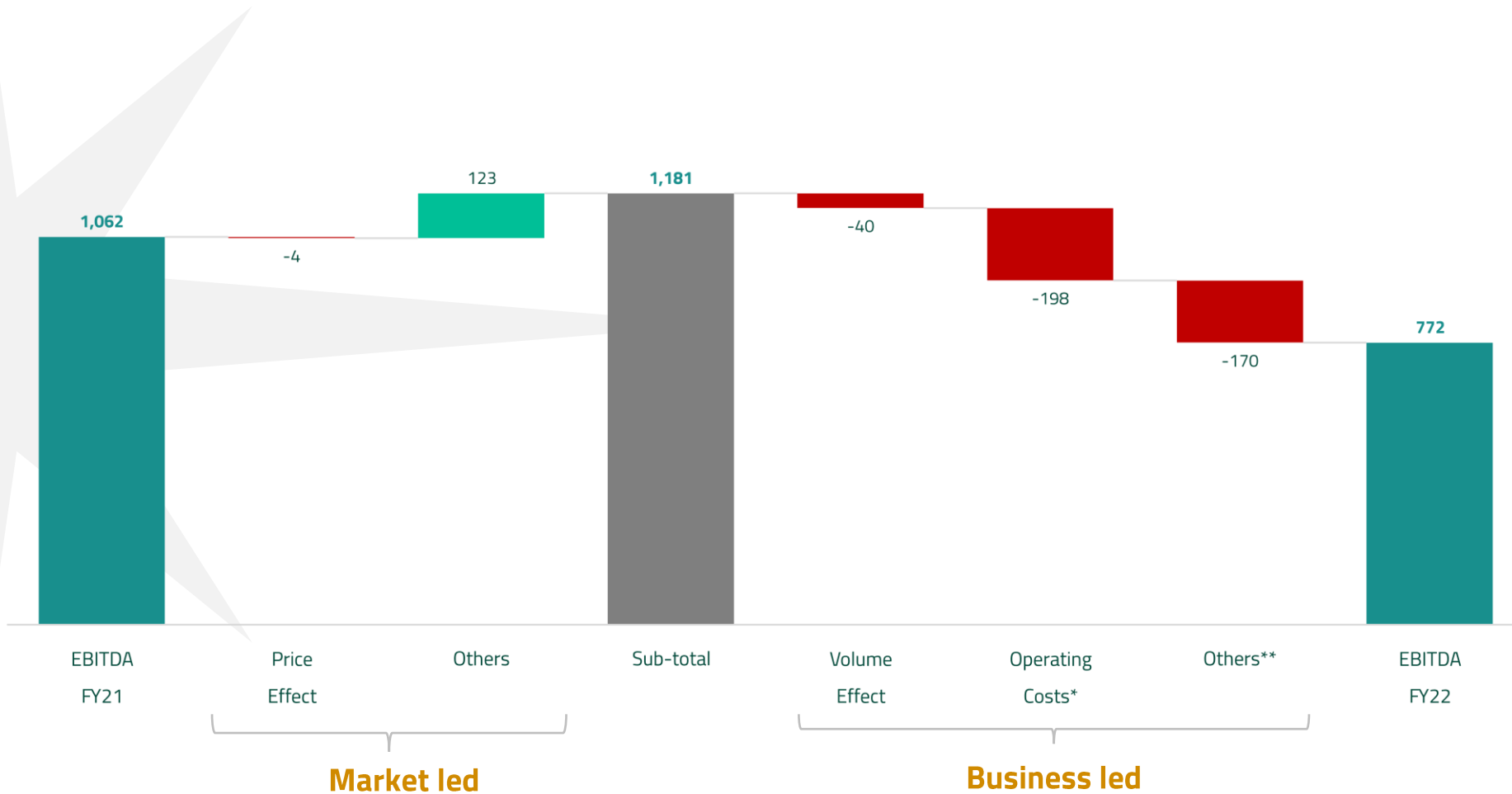
- Mansourah-Massarrah commissioning continues during H1-FY23
  - Initial commercial production on track for H2-FY23
  - Expected to produce on average ≈250koz/year
- Higher operating cost affecting EBITDA margin including commissioning, exploration and personnel

## Realized prices (FY22 vs FY21)

- Gold down 0.2% to \$1,796/oz

# BASE METALS & NEW MINERALS EBITDA BRIDGE

Decrease of 27% YoY due to higher operating and fixed costs



(SAR million)

\*excluding exploration, G&A, S&M

\*\*including exploration, G&A, S&M

## Highlights



- Higher operating cost environment
  - Mining, drilling & maintenance costs
  - G&A and Exploration costs
- Transitioning to better quality assets over next 3 years



# CAPITAL ALLOCATION FRAMEWORK

Robert Wilt

Chief Executive Officer





# CAPITAL ALLOCATION FRAMEWORK

## Strategically deploying and investing capital for long-term sustainable growth

### Alignment with Vision 2030

Strengthen KSA's presence in the global supply chain, contribute to economic diversification and growth, and solidify its position in the metals of the future

#### Commitment to Saudi Arabia



- Organic growth and development of near-term growth projects
- JVs and partnerships to accelerate exploration and build mining ecosystem in KSA

SAR **≈3.1bn**

**CAPEX**  
(Growth & Sustaining)

SAR **500mn**

**Exploration**

#### Invest in global mining assets



- Strategic JV with the PIF to invest in global mining assets on a shared-risk basis (51% Ma'aden | 49% PIF)
- Access to transactions and future deal flow to secure critical materials
- Focus on value accretive and earnings enhancing options

Up to  
SAR **6bn**  
**Investment**

#### Strengthen balance sheet



- Further reduce outstanding debt to strengthen overall financial position
- Flexibility to capture future market opportunities and respond to challenges
- No set cash dividends at this time

**2x ↔ 3x**

**Net Debt/EBITDA**

**30% ↔ 40%**

**Debt/Capital**

**Maximize long-term value for shareholders and all stakeholders**

# CAPEX GROWTH AND STRATEGIC PARTNERSHIPS

## Kingdom-focused

### Growth CAPEX

2023 Guidance Range (SAR mn): 1,350 – 1,600

- Organic and new project development
- Building new assets in the Kingdom

### Sustaining CAPEX

2023 Guidance Range (SAR mn): 1,400 – 1,700

- Development and maintenance of existing assets and PPE

Execution Study

2023

### Mansourah-Massarrah 250k ounces per annum

- Ma'aden's largest gold project to date
- Inaugural gold pour completed
- Commissioning activities started
- Initial commercial production in H2-FY23

2025

- EPCM awarded for Phase 1

**Phosphate 3**  
Phase 1 – 2025  
Phase 2 – 2027  
3 Mt per annum

2026

**Mahd Ad Dhahab Expansion**  
≈ 200k ounces per annum

**Ar Rjum**  
≈ 200k ounces per annum

2027

**Aluminium**  
• Line 1 & 2 expansion  
≈ 90 KMT per annum

## International partnerships

### Global Mining Assets

- JV with PIF to invest in global mining assets
- Positioning KSA at forefront of metals of the future
- Increase global visibility with access to transactions and future deal flow

### Strategic International Joint Ventures

- Accelerate exploration
- Build capacity

### Partnerships & MoUs

- Long-term strategy to accelerate innovation in mining
- Implementation of best practices through global knowledge sharing
- Integration of new technologies into Ma'aden's operations



**BARRICK**

**Ivanhoe**  
ELECTRIC



**NOKIA**

**ROCKBURST**  
TECHNOLOGIES

**Metso:Outotec**

Disciplined capital allocation to grow exposure to key global commodities



# OUTLOOK

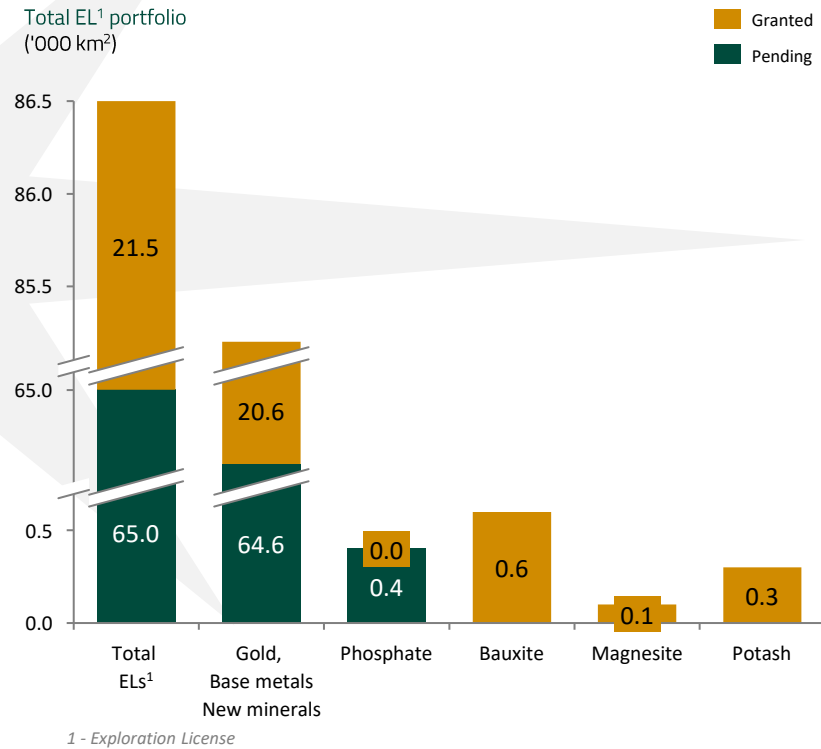


MFC

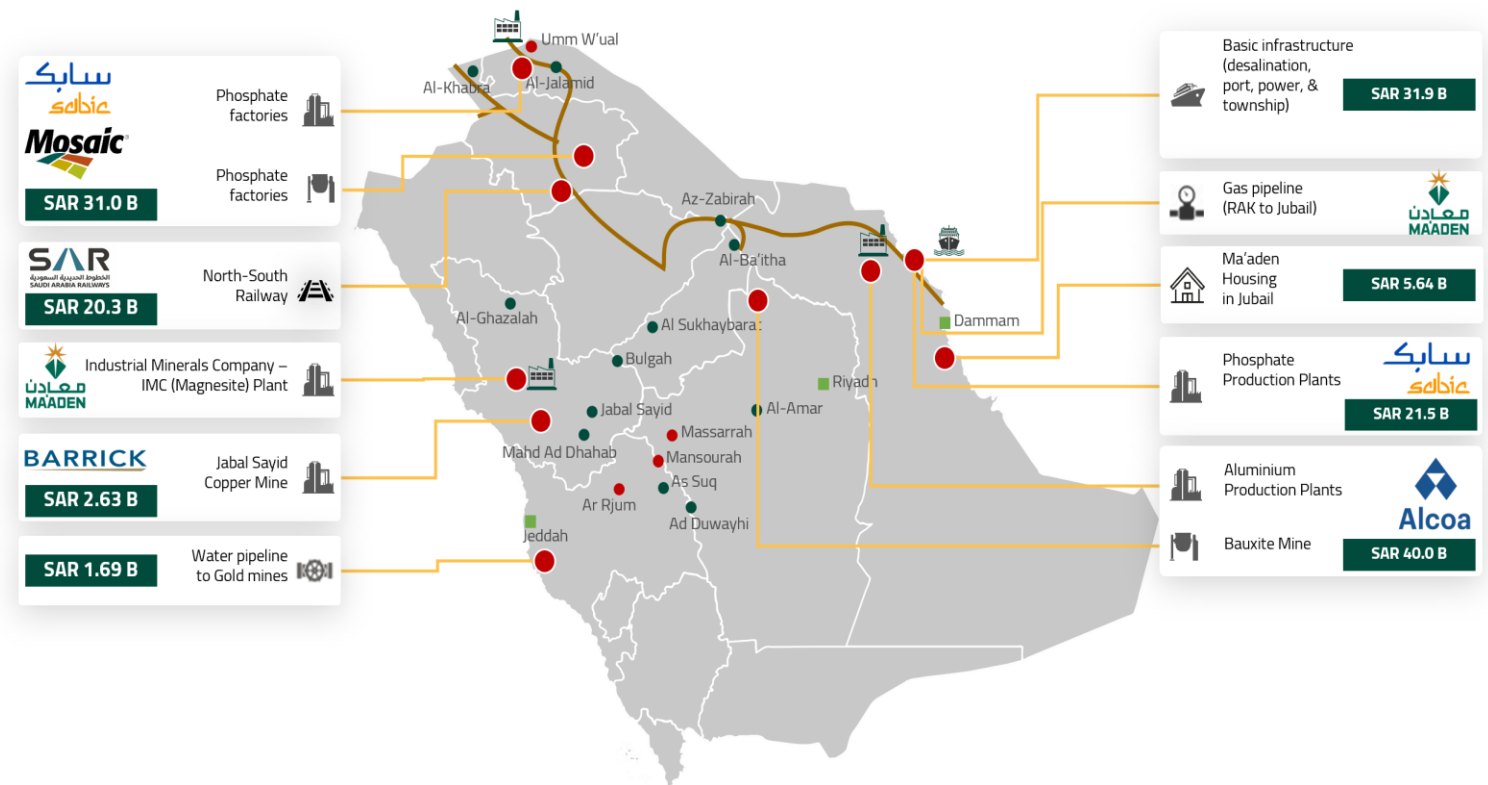


# FIRST-CLASS ASSET BASE WITH STRONG EXPLORATION FOCUS

## Saudi Mining Champion – extensive license portfolio presents a unique opportunity



## Established asset base, infrastructure and partnerships



# PRODUCTION AND CAPEX GUIDANCE

## Production volume growth across all assets except Aluminium BU

### PRODUCTION FORECAST 2023

		Lower	Upper
<b>DAP Equivalent</b>	KMT	4,900	5,600
<b>Ammonia</b>	KMT	3,100	3,500
<b>Alumina</b>	KMT	1,600	1,825
<b>Aluminium</b>	KMT	780	940
<b>Flat Rolled</b>	KMT	290	340
<b>Gold</b>	Koz	360	420

### CAPEX GUIDANCE\*

		Lower	Upper
<b>Sustaining CAPEX</b>	SAR (mn)	1,400	1,700
<b>Growth CAPEX</b>	SAR (mn)	1,350	1,600

\*excludes exploration CAPEX of ~SAR500mn



# 2023 MARKET OUTLOOK



## Global Environment

- Geopolitical uncertainty continues to limit visibility, but long-term market fundamentals remain strong
- Risk of continuing inflationary environment impacting manufacturing demand
- Easing Covid restrictions in China leading to recovery in demand



## Commodity Markets

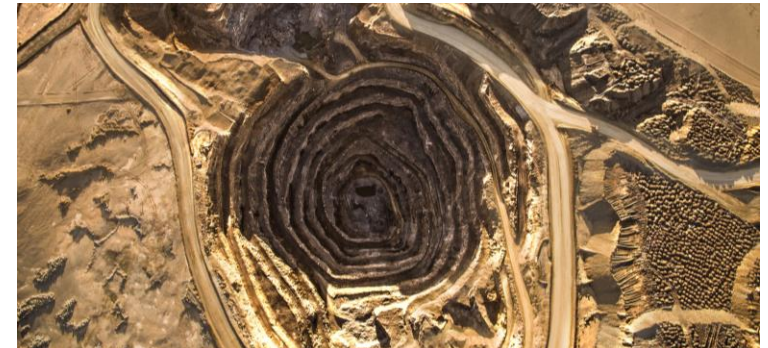
### Fertilizers

- Pricing pressure on phosphate and ammonia
- Gradual demand recovery from South Asia and Africa supported by improved phosphate affordability
- Strong overall market fundamentals expected in 2023



### Aluminium

- Supply demand balance to remain volatile in 2023 impacted by geopolitical uncertainties and rising costs
- Lack of hydropower in China set to impact primary supply



### Base Metals and New Minerals

- Low growth environment, ongoing geopolitical tensions and softer monetary stance to support prices
- China's re-opening expected to drive demand and support prices of base metals including gold

# MA'ADEN – A UNIQUE INVESTMENT OPPORTUNITY IN GLOBAL MINING

## Diversified portfolio of long-life, multi-commodity assets

- Global leader in fertilizer production
- World's lowest cost integrated aluminium value chain
- Portfolio of low-cost long-life assets
- Global customer base (serving markets across Asia, Africa, Europe, North and South America)

## One of the fastest-growing mining companies in the world

- 5-year revenue CAGR of 27%
- Strong medium-term growth driving EBITDA
- The largest mining and metals company in the Middle East, with global ambitions
- Developing the mining sector into the third pillar of the Saudi economy

## Building a sustainability champion

- Decarbonizing our value chain – committed to net zero by 2050
- Upholding the highest standard of corporate governance
- Contributing to long-term community development in line with ESG goals

# Q&A



**Robert Wilt**

Chief Executive Officer



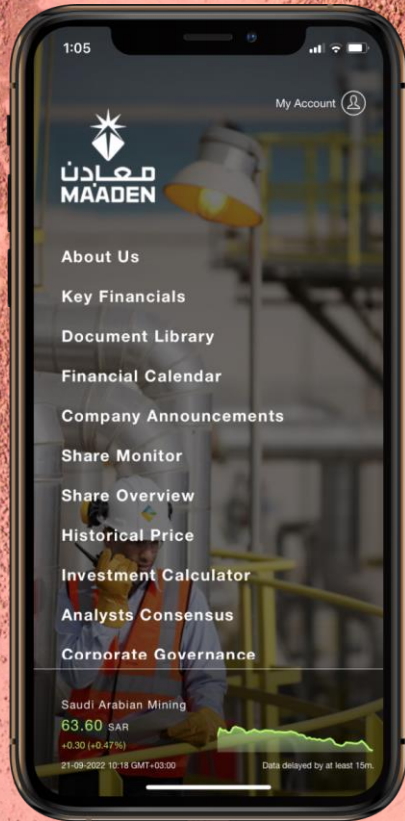
**Louis Irvine**

Chief Financial Officer



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