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## Saudi Arabian Mining Company (Ma'aden)

Investor Presentation – Q3 2020 Results



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Senior Investor Relations Advisor



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# Mosaed Sulaiman Al Ohali

Chief Executive Officer



# Ma'aden's 2025 Strategy

“Sustainable mining champion with global presence”



## Pillar 1: Operational, capital and commercial excellence

- Enhance competitiveness
- Enhancing profitability and commercial return in line with the profitability of international companies
- Leverage digital technology and lean manufacturing to improve efficiency levels across all company assets



## Pillar 2: National mining champion

- Grow sustainably phosphate, aluminum, gold and base metals in Saudi Arabia
- Grow in specific industrial minerals
- Leading the development of the Saudi mining sector



## Pillar 3: Global presence

- Leverage world-class mineral deposits in Saudi Arabia to grow as a global industry leader
- Grow globally in selected commodities

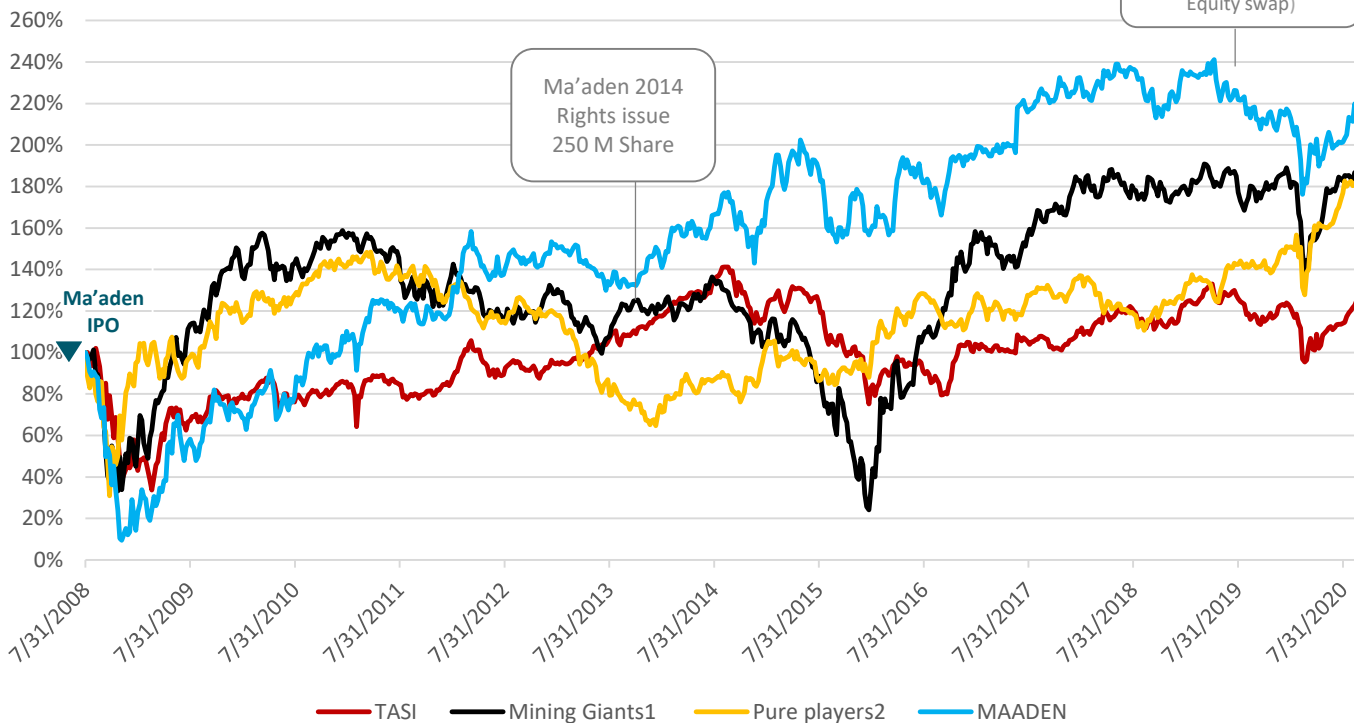


## Foundations : Sustainability and capability building

- Build best-in-class safety culture and practices across the organization and foster a zero-harm environment
- Strengthening capabilities and preparing leaders in all core business units to achieve Ma'aden's aspiration for growth
- Lead stewardship of the mining industry in Saudi Arabia and its ecosystem

# Ma'aden's outperformed peers and the market

Share price returns (indexed to 100)



Annualized return since the IPO (in percent)

Ma'aden	9.4%
Mining Giants <sup>1</sup>	7.0%
Pure players <sup>2</sup>	6.4%
Saudi INDEX	2.0%

1 Includes Anglo American, BHP, Glencore, Rio Tinto, Vale, Vedanta

2 Includes Aluminum Corp of China, Rusal, Mosaic, Phosagro, Barrick, GoldFields, Newmont

# Health, Safety, Security & Environment (HSSE)



# SafeSTEPS Change Management Strategy



## Safety Culture

Leaders drive the positive safety culture at all levels, including contractors, by:

- Being visible and demonstrating positive behaviors.
- Promoting a reporting culture with communication at all levels.
- Seeking, providing, and acting on feedback.
- Promoting a culture where everyone is encouraged to speak freely, and is recognised for contributions.

## Process

Leaders promote the Ma'aden HSE Management System Framework as 'the way we operate' by:

- Assuring that processes in their operations and functions are fit-for-purpose, well understood, and practiced.
- Ensuring procedural compliance.
- Driving continuous improvement processes utilized to enhance safety and operational performance
- Integrating safety into all business functions and processes.

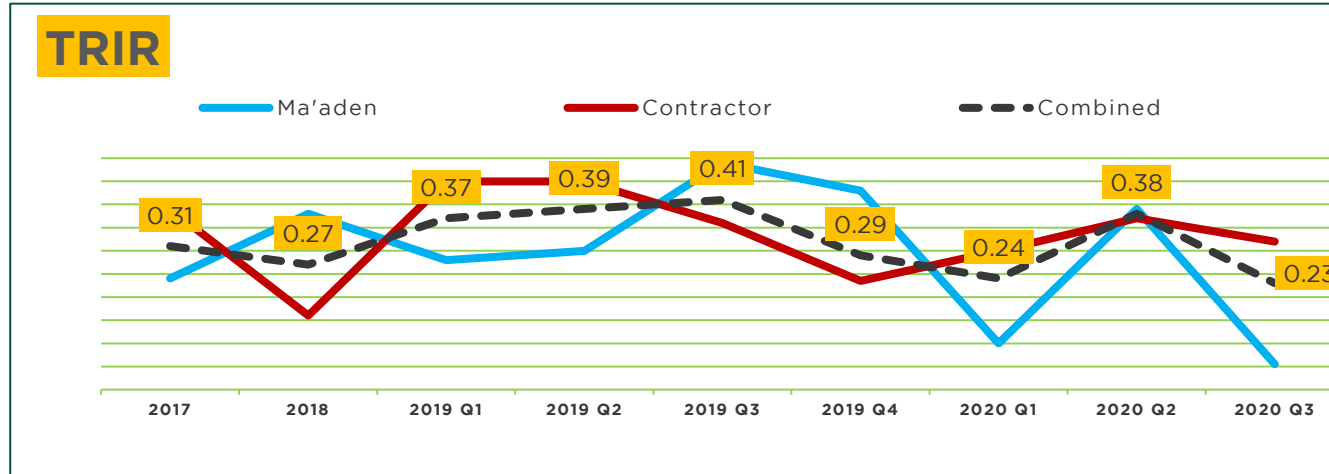
## Enablement

Leaders promote systems / processes enablement to deliver safe operations by:

- Use of digital solutions
- Delivering asset integrity through advanced technologies.
- Leveraging digitalization to enable enhanced process safety management.
- Innovating the way we operate and safeguard



# TRIR Performance



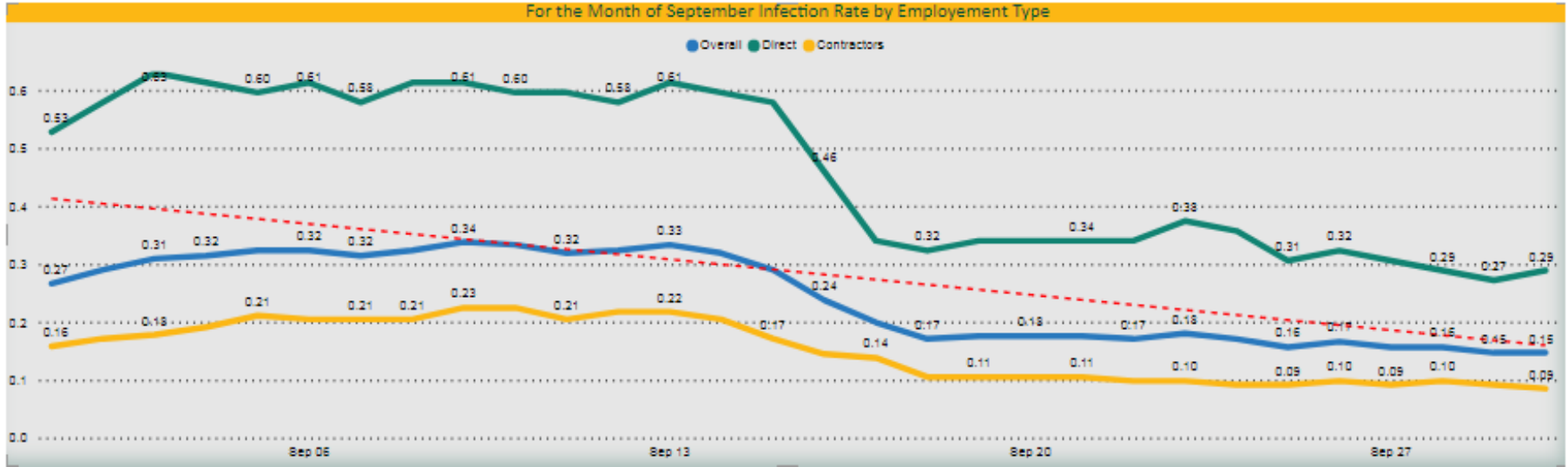
- Average for Mining, Quarrying, and Oil Extraction: 1.2 in 2019
- Average for Utilities: 2.2 in 2019
- Average for Manufacturing: 3.3 in 2019

# Covid-19 Update



# Health

## Ma'aden COVID-19 Update



### Analysis

- Though the overall trend of the infection rate is gradually declining, but the threat of COVID-19 is still not over. Continue Focus on SOP compliance at work and enhance awareness on implementing SOPs outside the workplace.

# Q3 2020 Update



# Q3-2020 Production Update

Higher production in all products (ex gold)



## Production

- **Ammonium Phosphate** production was **1,397kt** (flat y-o-y and up 13% q-o-q)
- **Ammonia** production was **603kt** (up 33% y-o-y and up 7% q-o-q)
- **Aluminum** production was **251kt** (up 2% y-o-y and down 1% q-o-q)
- **Alumina** production was **472kt** (up 6% y-o-y and up 10% q-o-q)
- **Gold** production was **91koz** (down 13% y-o-y and down 21% q-o-q)
- **Copper** production was **7.9kt** (up 20% y-o-y and up 5% q-o-q)

# Q3-2020 Financial Performance Update

Higher sales and EBITDA, lower net loss



## Financial Performance

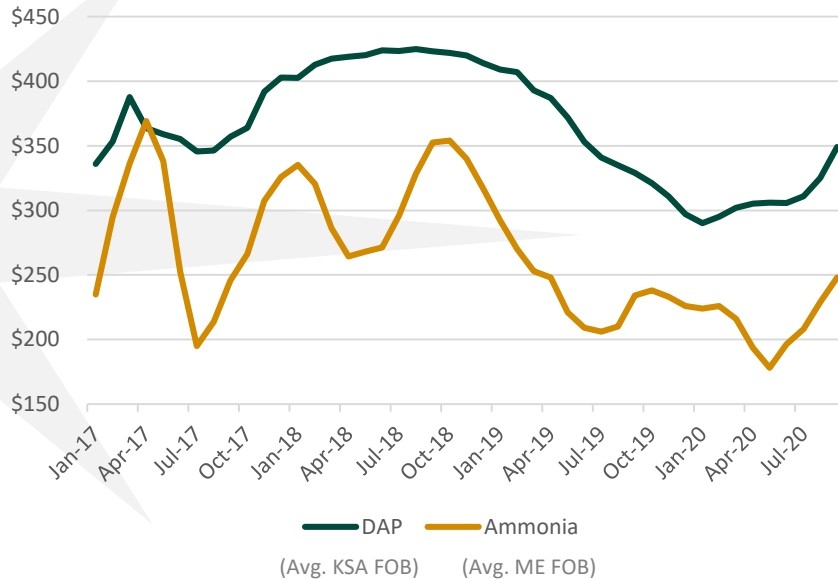
- **Sales** was SR4.7bn; **up 16% q-o-q**, due to higher prices effect except FRP, combined with higher sales volume of APF, primary aluminum and flat rolled products and higher Meridian sales; **up 8% y-o-y**, due to higher volumes of all products except gold and alumina combined with Meridian higher sales.
- **EBITDA** was SR1.5bn; **up 37% q-o-q**, due to higher sales along with lower G&A and exploration expenses partially offset by higher operating costs; **up 2% y-o-y**, due to lower selling & marketing expenses and higher Meridian sales impact.
- **Net loss** was SR0.1bn; significantly lower than the net loss of SR0.73bn in Q2, mainly due to higher EBITDA, lower finance cost and higher share in JV income; also lower than the net loss SR0.25bn of Q3-19, mainly due to higher EBITDA, higher share in JV net income and lower finance cost partially offset by higher depreciation.
- **Cash** generated from operations was SR0.69bn; **up 37% q-o-q**.
- **Working capital** stood at SR5.1bn at the end of Q3; **up 13% q-o-q**, due to higher inventories and receivables partially offset by higher payables.

## Market Prices & Outlook



# Q3 2020 - Phosphate & Ammonia Prices

A good quarter for both, Phosphate and Ammonia prices



Source: Bloomberg

## Market Dynamic

- India was active during Q3 to cover Kharif season (Jul-Oct)
- Healthy Brazilian farmers economics driven by strong crop prices and the encouraging exchange rate
- North America prices surged significantly in Q3 driven by the countervailing duties (CVD) case against Russia and Morocco
- East Africa demand was healthy, Foskor Shutdown in South Africa opened up larger room for import with higher prices
- Limited availabilities in the US have led Mosaic to shift some of their export from Saudi Arabia to the USA

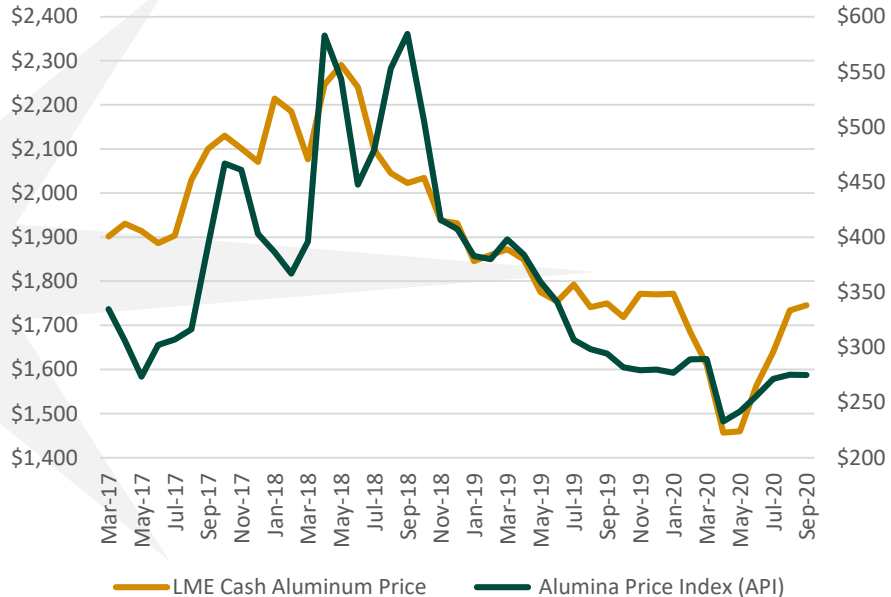
## China second wave virus

- Market experts believes that there is no Indication of second wave of COVID19 in China, the Chinese government is keeping the virus contained
- China focus is to restore the economic growth after COVID19, which most likely means that they will protect all industries including fertilizers from turbulences
- Therefore, unlikely to witness any implications on the phosphate or Ammonia markets from a 2nd wave



# Q3 2020 - Aluminum & Alumina Prices

Faster demand recovery, LME Prices continue on an uptrend



Source: Bloomberg

## Aluminium

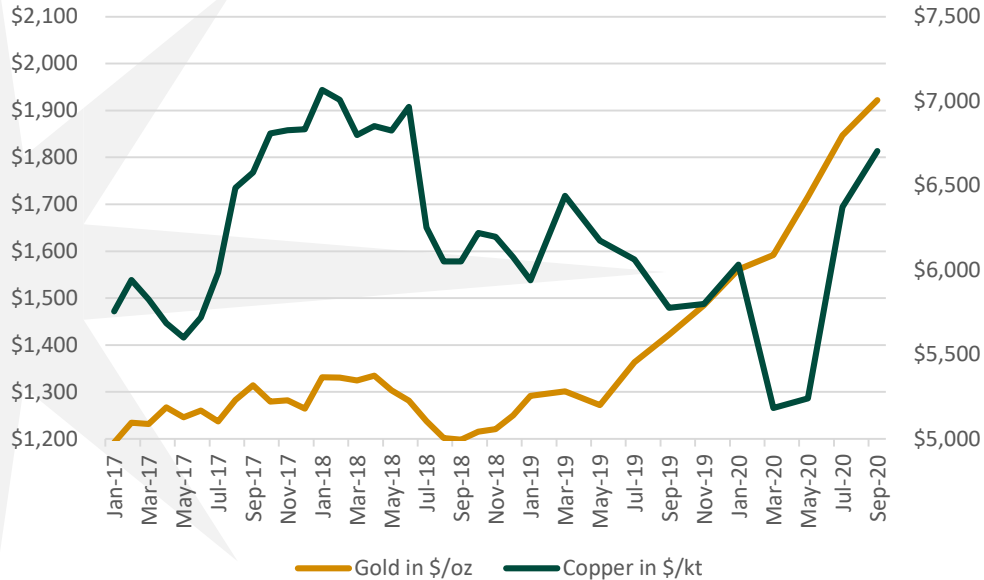
- LME cash prices rose steadily in Q3 following a fast recovery in Chinese demand
- Prices remained supported as global manufacturing index returned back to expansion territory after a subdued second quarter
- Q3 has seen demand rebounding in Europe and North America and across much of Asia. China is leading the way with a phenomenally strong outlook for the commodity consuming sectors of the Chinese economy
- World market is in surplus. LME inventories exceeded 1.45 million tons as of 30th Sep 2020 (up 56% y-o-y)

## Alumina

- Alumina spot prices have made moderate gains over the past quarter amid firm Chinese demand and higher aluminum prices.
- However the upside is capped by abundance of supply from the refineries across the world.

# Q3 2020 - Gold & Copper Prices

Gold price climbed higher; Copper recovered



## Gold

- Uncertainty over COVID-19 amidst resurgence across Europe and in the US, financial stimulus packages, negative yields and interest rate cuts, global central bank easing, all resulting in investors turning to safe haven assets.
- Higher realized gold price of \$1,962/oz contributed \$56M in additional earnings.

## Copper

- Higher copper price of \$2.87/lb. as demand started to recover.

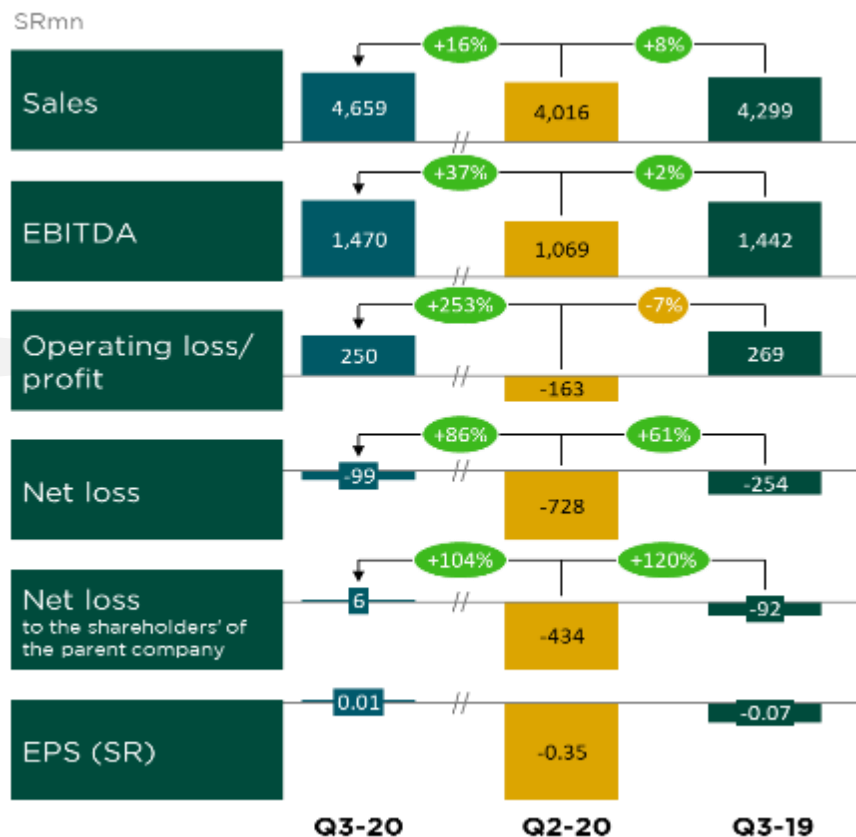
Source: Bloomberg

# Khaled S. Al Khattaf

Sr. Vice President – Finance & CFO



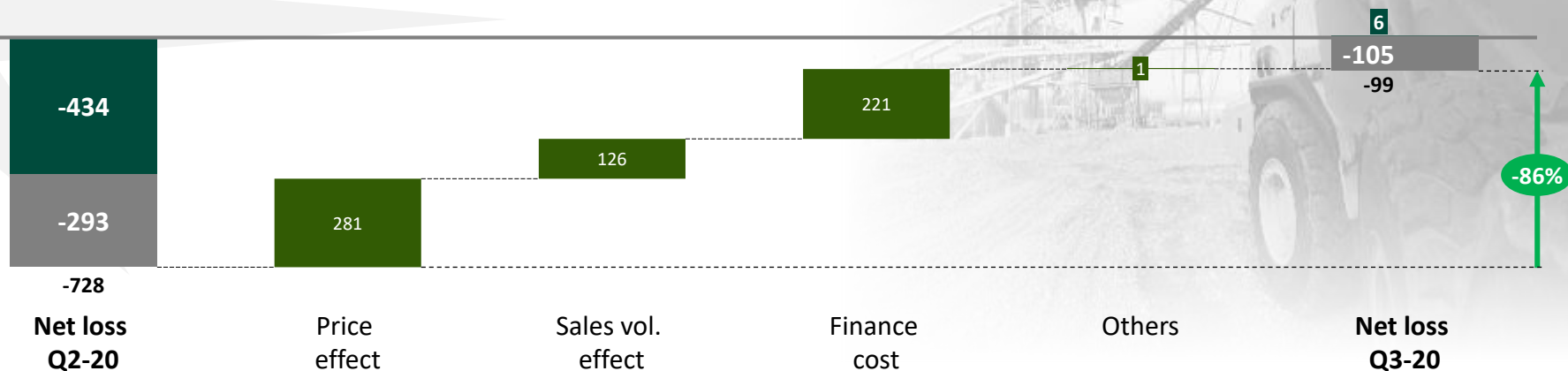
# Consolidated Key Financial Results



# Q3-20 net loss is lower than Q2-20

## Movement in net profit by line items (q-o-q)

- Profit / (Loss) attributed to the shareholders' of parent co.
- Profit / (Loss) attributed to minority interest

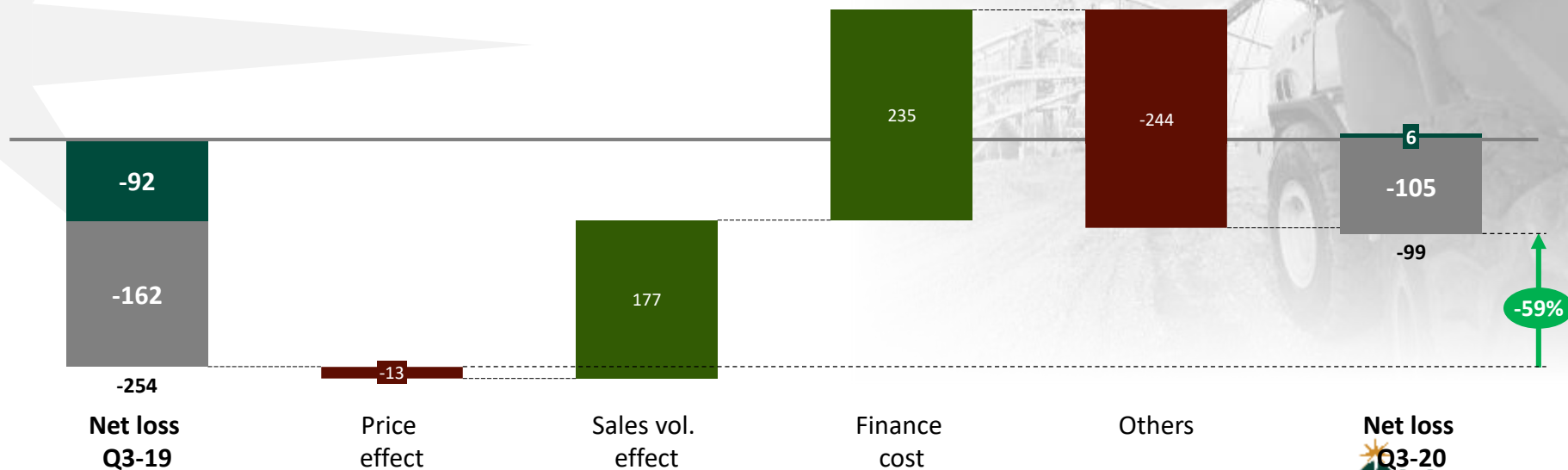


# Q3-20 net loss is lower than Q3-19

SRM

## Movement in net profit by line items (y-o-y)

- Profit / (Loss) attributed to the shareholders' of parent co.
- Profit / (Loss) attributed to minority interest



# Consolidated Sales and EBITDA by Segment

## Consolidated

	Q3-20	vs. LY Qtr.	vs. Prev. Qtr.
Sales (SRmn)	4,659	↑ 8%	↑ 16%
EBITDA* (SRmn)	1,470	↑ 2%	↑ 37%
<i>EBITDA margin</i>	32%	↓ -2%	↑ 5%

## Phosphate

	Q3-20	vs. LY Qtr.	vs. Prev. Qtr.
Sales (SRmn)	2,285	↑ 18%	↑ 40%
EBITDA* (SRmn)	691	↑ 27%	↑ 107%
<i>EBITDA margin</i>	30%	↑ 2%	↑ 10%

47% of Group EBITDA

## Aluminium

	Q3-20	vs. LY Qtr.	vs. Prev. Qtr.
Sales (SRmn)	1,703	↓ -5%	↑ 4%
EBITDA* (SRmn)	449	↓ -25%	↑ 23%
<i>EBITDA margin</i>	26%	↓ -7%	↑ 4%

31% of Group EBITDA

## Gold

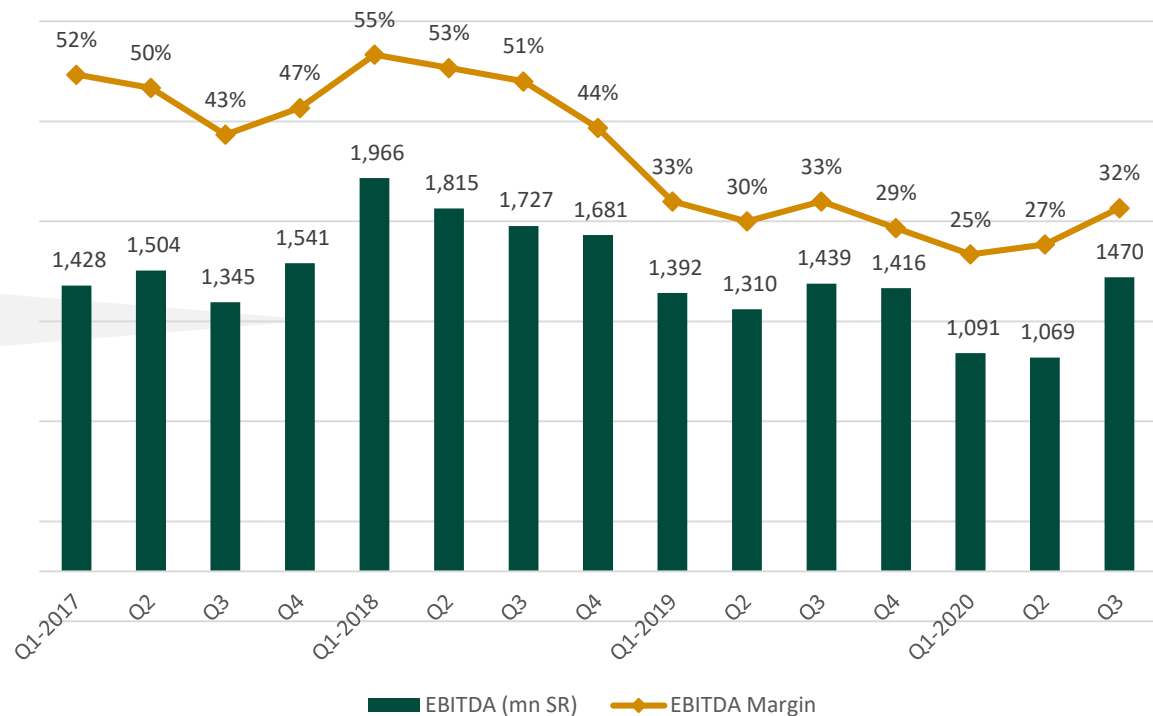
	Q3-20	vs. LY Qtr.	vs. Prev. Qtr.
Sales (SRmn)	671	↑ 17%	↓ -11%
EBITDA* (SRmn)	329	↑ 12%	↓ -11%
<i>EBITDA margin</i>	49%	↓ -2%	↓ 0%

22% of Group EBITDA

• Note: Corporate functional department costs and other expenses not directly related to SBUs were allocated proportionately based on revenue share of each segment

# Quarterly EBITDA and EBITDA margins

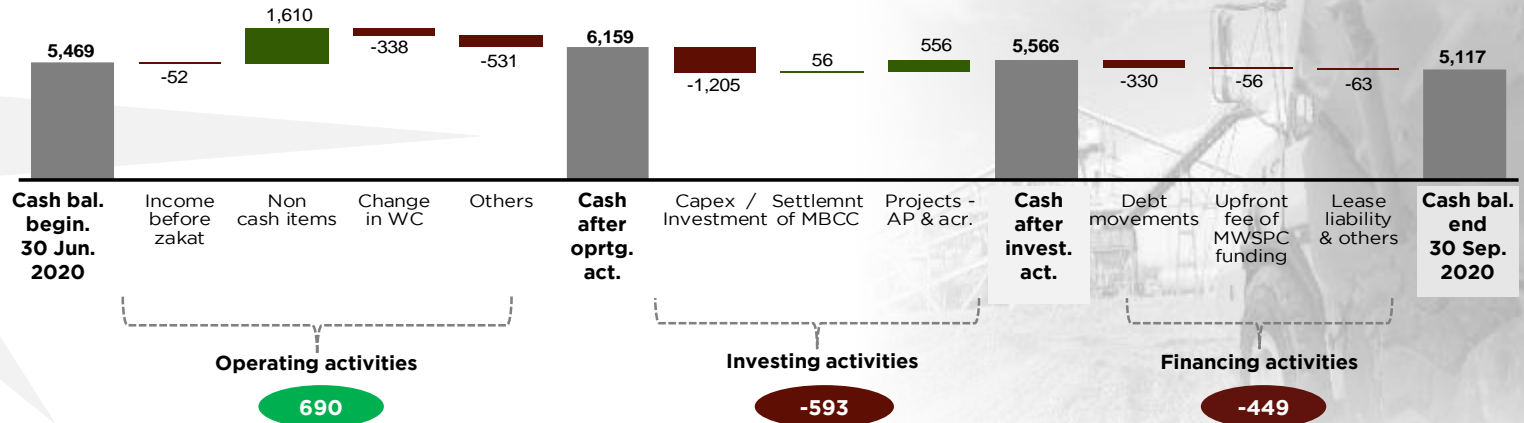
EBITDA margin continues to improve in 2020





# Consolidated Cash Flow Chart

For quarter ended 30 September 2020



# Financial Ratios

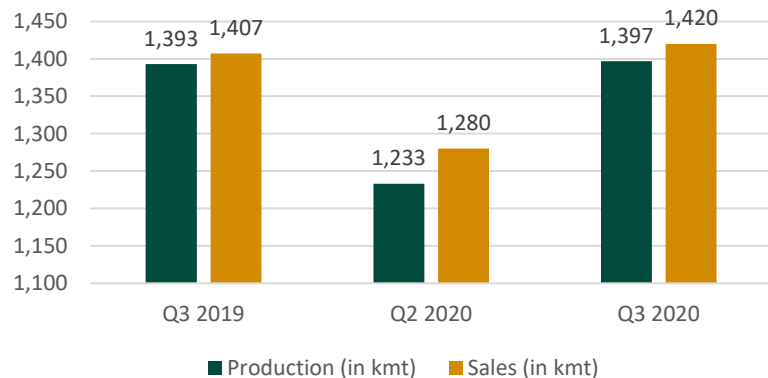
	Q1 - 2020	Q2 - 2020	Q3 - 2020	
<b>Profitability</b>	Return on total assets (ROA) (%)	0.5%	0.2%	0.2%
	Return on total assets excl. CWIP (ROA) (%)	0.5%	0.2%	0.3%
	Return on total equity (ROE) (%)	-5.1%	-5.6%	-4.7%
	EBITDA margin	25.1%	24.3%	33.9%
	ROIC	0.6%	0.2%	0.3%
<b>Efficiency</b>	Asset turnover	0.18	0.18	0.18
	Inventory turnover	5.6	5.8	5.5
	Accounts receivables turnover	6.3	5.9	5.4
	Account payable turnover	9.6	9.2	8.3
<b>Debt coverage</b>	Interest cover	1.9	2.0	3.0
	Net debt:EBITDA	10.3	10.2	7.4
<b>Liquidity</b>	Current ratio	1.7	1.7	1.6
	Quick (acid test) ratio	1.3	1.4	1.2

## Operational Performance

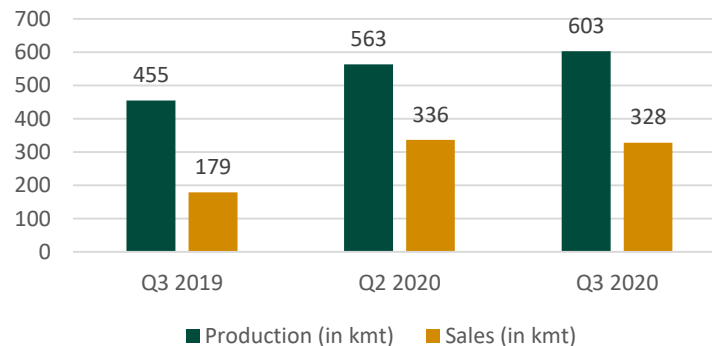


# Phosphate & Ammonia: Q3-2020 Production & Sales

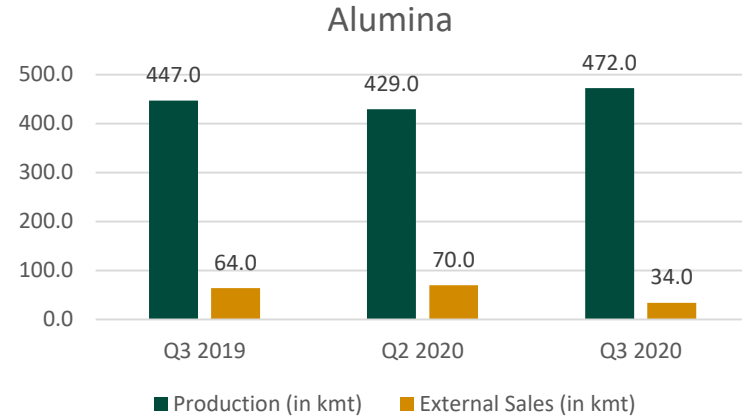
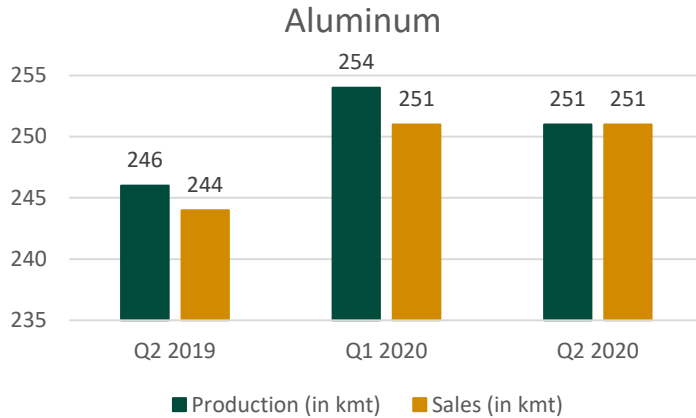
## Ammonium Phosphate Fertilizer



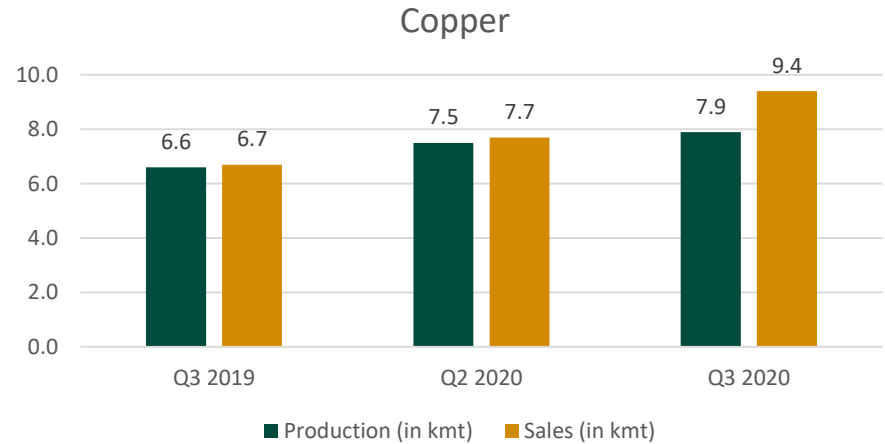
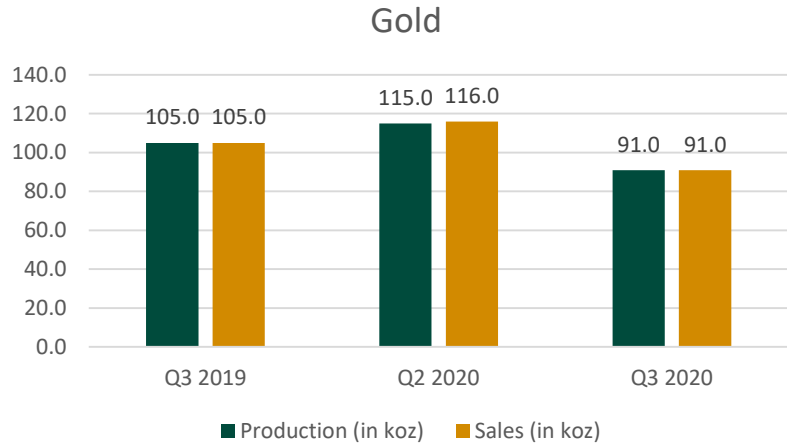
## Ammonia



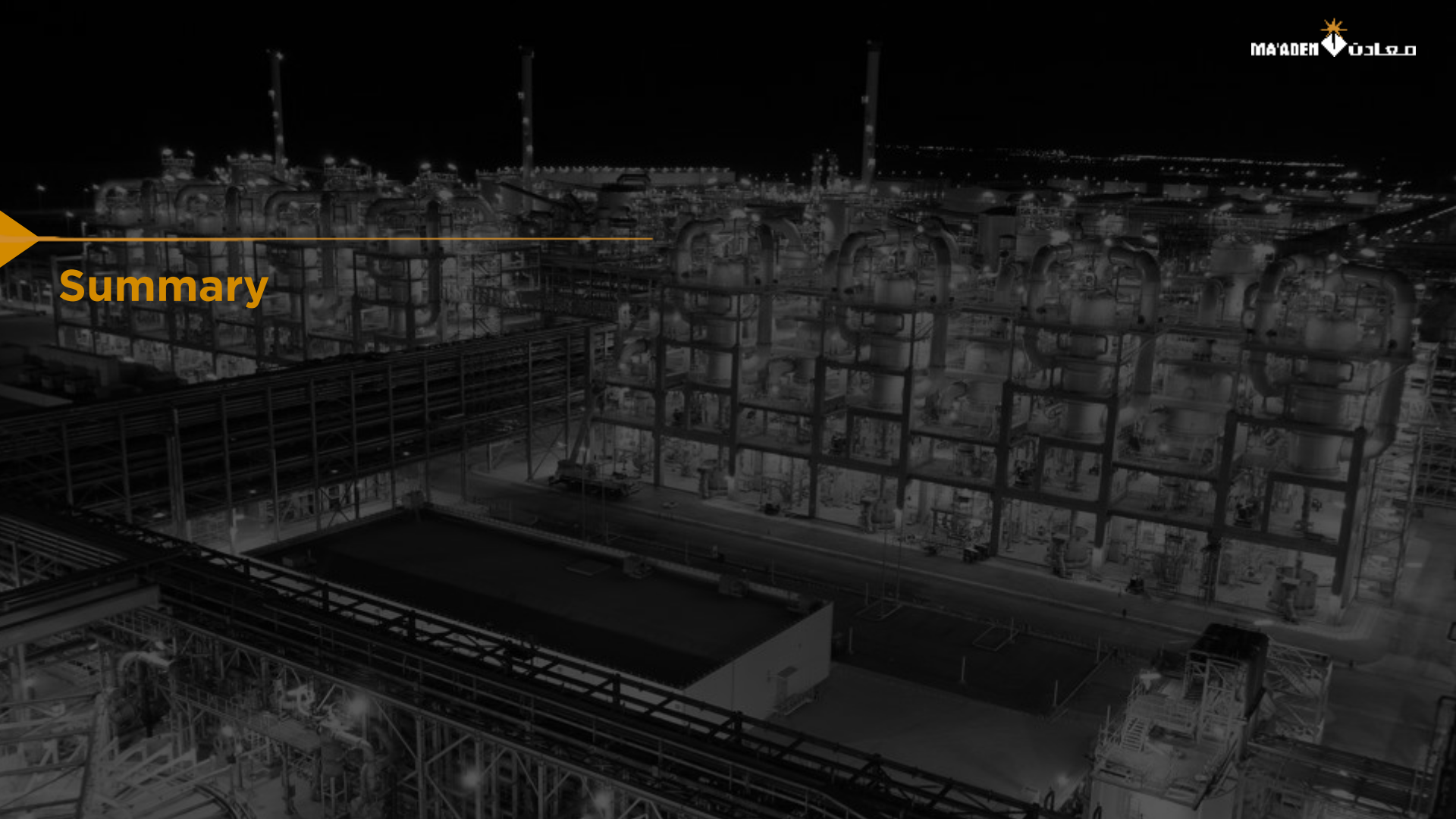
# Aluminum & Alumina: Q3-2020 Production & Sales



# Gold & Copper: Q3-2020 Production & Sales



# Summary



# Q3-2020 Summary

6mn SAR profit to our shareholders in Q3 (vs. a loss of 423mn in Q2)

Increase in both, sales volumes  
and commodity prices ...

## The net loss of SR99mn is much smaller than Q2's 728mn

- Increase in sales volumes impacted the bottom-line by SR126mn vs. Q2
- Improved commodity prices impacted the bottom-line positively by SR281mn vs. Q2.
- Lower G&A and exploration by SR60mn vs. Q2
- Lower finance cost by SR221mn vs. Q2

## The financial performance improved all around

- Sales was SR4.7bn; up 16% q-o-q and 8% y-o-y
- EBITDA was SR1.5bn; up 37% q-o-q and up 2% y-o-y
- Cash generated from operating activities was up 37% q-o-q

... led to a positive return to  
shareholders in Q3.

## And the operating environment continues to improve

- Phosphate and Ammonia prices up in Q3
- Both, Aluminum and Alumina prices improving
- Gold continues its rise



# Q&A



An aerial night photograph of an industrial complex, likely a refinery or chemical plant. The scene is illuminated by numerous lights, highlighting various structures including large cylindrical storage tanks, intricate scaffolding, and piping. The background shows a dark sky with some distant lights. In the top left corner, there are two overlapping diagonal bars, one yellow and one teal. In the top right and bottom left corners, there are light gray geometric shapes. The word "Appendix" is centered in the middle of the image in a white, bold, sans-serif font.

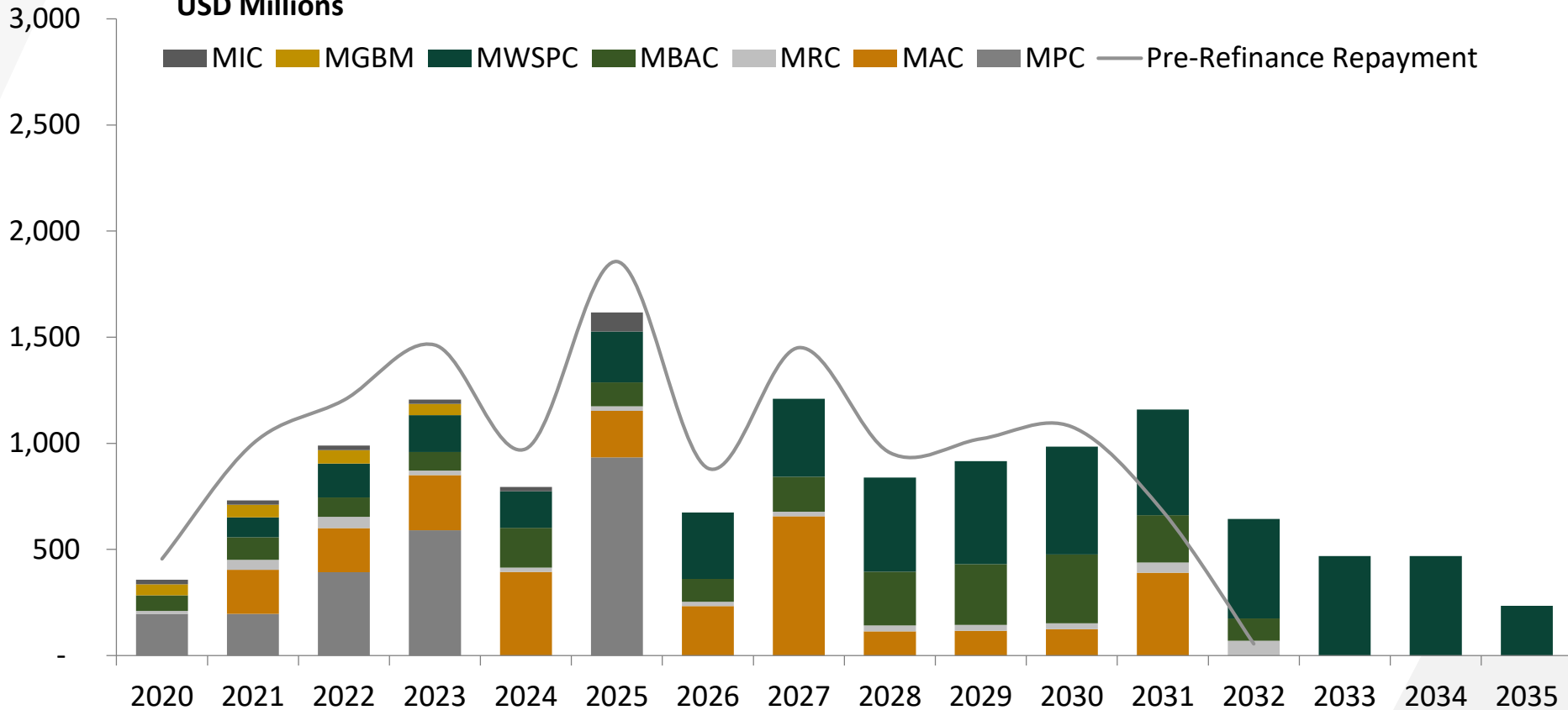
# Appendix

# Debt repayment profile

Schedule debt repayment profile, in mn USD

USD Millions

MIC
  MGBM
  MWSPC
  MBAC
  MRC
  MAC
  MPC
  Pre-Refinance Repayment





**Thank You**