



Nickel Industries Limited (ASX:NIC)

Half Year Results Presentation

For the period ended 30 June 2024

NICKEL

INDUSTRIES

Nickel Industries playing a leadership role in responsible and sustainable mining



Safety

Hengjaya Mine

- 13.4 million work hours registered since the last reported lost time injury (LTI) in November 2021
- 1H 2024 - 3.25 million work hours recorded with no LTIs
- 1H 2024 - LTIFR of 0.07 per million work hours

RKEF Operations

- 1H 2024 - 4.93 million cumulative work hours with one LTI at the ONI operation reported
- 1H 2024 - LTIFR of 0.316 per million work hours

Group Safety

- 1H 2024 - 8.18 million hours with 1 LTI
- 1H 2024 - LTIFR of 0.182 per million work hours



Current Ratings and awards

MSCI

Highest MSCI ESG rating for an Indonesian-based Metals and Mining company

S&P

Second-top quartile (69%) worldwide of ESG performers for the Metals & Mining Industry Group globally

ENSIA

Three platinum, two gold, and two silver trophies at the Environmental & Social Innovation Awards (ENSIA) 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

TrenAsia

Winner of the ESG Award 2023 for the nickel sector



Green PROPER rating



PROPER is an official environmental rating from the Indonesia Ministry of Environment and Forestry



Achieved the highest sustainability score in the nickel mining sector as published in the Indonesian Government's PROPER Book of 2023, and one of only 2 nickel mining companies in all of Indonesia to achieve a Green PROPER rating



Received the highest ranking in the nickel mining sector and striving to be the first nickel company to achieve Gold PROPER, the highest rating possible

University scholarship program

- Establishment of University scholarship program in partnership with Hasanuddin University as part of the Company's ongoing social initiatives within the local communities in which it operates
- Scholarship program to provide full financial support to 10 local indigenous students per year from the Central Sulawesi, North Maluku and West Papua Provinces to pursue 4-year undergraduate degrees across the fields of metallurgical engineering, environmental engineering and mining engineering (will be 50 students annually under the program by year 5)
- Scholarship program one of series of initiatives planned under recently established Nickel Industries Foundation



University scholarship selection test on June 26 in Morowali

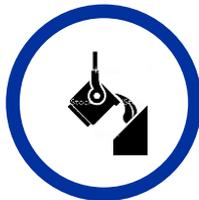


Scholarship recipients commencing their degrees

1H 2024 review



- Sales revenue: US\$843.3M
- Gross profit: US\$96.3M
- Operating profit: US\$87.8M
- Profit after tax: US\$14.0M
- EBITDA: US\$131.7M
- Declaration of A\$0.025 per share interim dividend (funded from 100% CFI income)



- 63,814 tonnes Ni in NPI/matte
- 4,117 tonnes Ni in MHP (NIC's 10% attributable interest)
- RKEF sales revenue: US\$774.4M
- RKEF EBITDA: US\$90.9M



- Mine production of >6.0 wmt
 - >1.9M wmt saprolite
 - >4.1M wmt limonite
- Mine EBITDA: US\$39.1M
- RKAB licence application to extend volumes from ~12M wmt to 22M wmt



- Increased equity interest in ENC HPAL Project to 27.5% (increased to 44% in July 24)
- Trial sales of cathode to leading western space and aeronautical company
- Successful syndication of US\$400M BNI loan facilities
- Execution of US\$250M term loan facility (drawn down in July 24)
- Awarded highest sustainability score in the Indonesian mining sector

Key P&L metrics

| US\$M | 1H 2023 | 1H 2024 | ▲ |
|-----------------------------|---------|----------|---------|
| Sales revenue | \$932.3 | \$843.3 | (9.5%) |
| Gross profit | \$126.4 | \$96.3 | (23.8%) |
| Operating profit | \$110.7 | \$87.8 | (20.7%) |
| Profit after tax | \$49.1 | \$14.0 | (71.5%) |
| EBITDA from RKEF operations | \$147.2 | \$90.9 | (38.2%) |
| EBITDA from Mine operations | \$26.1 | \$39.1 | +49.8% |
| Dividends | A\$0.02 | A\$0.025 | +25.0% |

- Solid 1H result given current nickel price environment where low nickel prices (<US\$17,000/t) saw a material percentage of the global cost curve (deep into 2nd quartile) operating at a loss
- 1H production and profitability across both mining and RKEF operations negatively impacted by a series of exceptional operational issues:
 - RKAB licence renewal delays and excessive high rainfall negatively impacted ore volumes into the IMIP and IWIP necessitating the draw down of lower grade ore, which resulted in lower than usual production and higher unit cash costs
 - proactive and rotational maintenance at the ONI powerplant also contributed to lower production levels and higher unit cash costs
- Declaration of a 1H 2024 interim dividend of A\$0.025 cps (1H 2023 : A\$0.02 cps) representing ~65% payout of 1H FCF

EBITDA to Profit reconciliation

| US\$M | 1H 2023 | 1H 2024 |
|-------------------------------|----------|----------|
| Reported group EBITDA | \$141.8 | \$131.7 |
| - Interest expense | (\$26.0) | (\$36.9) |
| - Depreciation & amortisation | (\$50.6) | (\$63.9) |
| - Withholding tax | (\$1.8) | (\$4.0) |
| + Interest income | \$2.7 | \$9.3 |
| Profit before tax | \$66.1 | \$36.2 |
| - Income tax | (\$17.0) | (\$22.2) |
| Profit after tax | 49.1 | 14.0 |



RKEF and HPAL operations

| RKEF production | 1H 2023 | 1H 2024 | ▲ |
|----------------------------|--------------|--------------|---------|
| Nickel in NPI (tonnes) | 49,792 | 62,071 | +24.7% |
| Nickel in matte (tonnes) | 10,165 | 1,743 | (82.8%) |
| Nickel production (tonnes) | 59,957 | 63,814 | +6.4% |
| Tonnes sold | 59,637 | 65,032 | +9.0% |
| Weight avg. contract price | US\$15,476/t | US\$11,290/t | (27.0%) |
| Cash costs | US\$12,806/t | US\$9,716/t | (24.1%) |
| EBITDA | US\$147.2M | US\$90.9M | (38.2%) |

- Higher NPI tonnes v pcp reflecting full half year of production from ONI
- Lower matte tonnes v pcp reflecting switch back to NPI in Q1 at HNI
- Materially weaker contract prices reflecting significantly lower nickel pricing environment (oversupply concerns across both class 1 / class 2 nickel)

| HPAL production | 1H 2023 | 1H 2024 | ▲ |
|-------------------------------|---------|----------|-----|
| Nickel in MHP (tonnes) | n/a | 41,172 | n/a |
| Cobalt in MHP (tonnes) | n/a | 3,669 | n/a |
| NIC - Nickel in MHP (tonnes) | n/a | 4,117 | n/a |
| NIC - Cobalt in MHP (tonnes) | n/a | 367 | n/a |
| EBITDA (Tsing Creation) | n/a | US\$4.5M | n/a |
| Equity accounted profit (HNC) | n/a | US\$6.6M | n/a |

- HNC 1H production ~37% above nameplate capacity (60ktpa)
- Current operating margins >US\$7,000/t materially superior to NPI
- HPAL has significantly lower carbon emissions than NPI (HNC <7 tonnes CO₂/Ni tonne v NPI >50 tonnes CO₂/Ni tonne)
- Combined pro-forma HPAL EBITDA of \$22.6M
 - HNC attributable EBITDA (10%) of \$18.1M
 - Tsing Creation attributable EBITDA (100%) of \$4.5M

Maintenance of conservative balance sheet

| US\$M | 31 December 2023 | 30 June 2024 |
|---------------------|------------------|--------------|
| Current Assets | \$1,344.7 | \$893.3 |
| Total assets | \$4,071.3 | \$3,898.6 |
| Current liabilities | \$477.9 | \$248.8 |
| Total liabilities | \$1,164.7 | \$1,069.2 |
| Net assets | \$2,906.6 | \$2,829.4 |

- As at 30 June 2024:
 - Debt US\$753.8M
 - Cash US\$351.5M
 - Net debt US\$402.3M
- Successful syndication of US\$400M BNI loan facilities to an additional 8 banks comprising a mix of Asian, European and global banking institutions
- Establishment of new US\$250M 5-year term loan facility with BNI and DBS (drawn down subsequent to 30 June 24)
- US\$379.5M acquisition payment subsequent to 30 June 2024 increasing ownership interest in ENC to 44%

Hengjaya Mine - solid production despite operational challenges

| Production summary | | 1H 2023 | 1H 2024 | ▲ |
|--------------------------|------------------|-----------|-----------|--------|
| Saprolite mined | wmt | 1,354,941 | 1,906,190 | +40.7% |
| Limonite mined | wmt | 3,852,260 | 4,177,937 | +8.5% |
| Nickel ore mined | wmt | 5,207,201 | 6,084,127 | +16.8% |
| Overburden mined | BCM ¹ | 624,815 | 755,582 | +20.9% |
| Strip ratio ² | BCM/wmt | 0.12 | 0.12 | - |
| EBITDA | US\$M | 26.1M | 39.1M | +49.8% |



- 1H production negatively impacted by:
 - delays to RKAB licence renewal which prevented ore sales across January and February (RKAB licences now renewed for 3 years)
 - exceptional rainfall during Q2 of 1,373mm (48% and 91% higher respectively than the prior corresponding periods in 2022 and 2023). HM is actively investing in measures to minimise future disruptions to operations
- Subsequent to 1H, rain levels have materially subsided
 - regular daily haulage records (>50kt per day) being achieved in August



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.

ENC construction progress

- During 1H and July 24, the Company completed the acquisition of an additional 30.25% equity interest in the Project (increasing to 44%) via cash payments of US\$316.3M and US\$379.5M, with the latter to assist the acceleration of the construction and commissioning of the nickel cathode and sulphate plants
- Earthworks and footings now largely complete with concrete pouring to commence shortly
- Construction of office and staff facilities completed
- Long lead items and critical process equipment sourced and fabricated in recent months to begin arriving in Morowali from mid-September
- Substantial progress made on engineering and design for slurry pipeline and in-pit tailings storage solution
- Project elevated to “Priority Project” status within the IMIP whereby project will evolve into a “Green Forest” living precinct, underpinned by renewable energy with all buildings and transportation to utilise electric power



Strong progress has been made at ENC with key plant & equipment to commence arriving in Morowali from mid-September

Corporate – 1H recap

Trial sales of nickel cathode

- Company commenced delivery of 200 metric tonnes of nickel cathode under a trial sales contract to a leading Western space and aeronautical company utilising cathode sourced from Tsingshan's recently commissioned nickel cathode plant within the IMIP (owned in joint venture with CNGR)
- Trial contract will be used for the qualification and registration process of ENC as an approved supplier, a necessary step ahead of any longer term, larger volume supply contract

Awarded highest sustainability score in the Indonesian nickel mining sector

- Hengjaya Mine recognised by the Indonesian Ministry of Environment and Forestry (KLHK) for achieving the highest sustainability score of any mine in the Indonesian nickel mining sector and fourth highest score for all mining companies, as published in the Government agency's PROPER Book of 2023
- The Hengjaya Mine was awarded a score of 704.75 (out of a possible 900) across measurement criteria covering Life Cycle Assessment, Environmental Management Systems, Energy Efficiency, Emissions Reduction, Water Saving and Wastewater Control, Hazardous Waste Management, Waste Reduction and Recycling, Biodiversity Conservation, Community Development and Disaster Relief

Successful syndication of US\$400m BNI loan facilities

- US\$400M loan facilities that were established with PT Bank Negara Indonesia (Persero) Tbk (BNI) in October 2023 to support the Company's ENC funding obligations were successfully syndicated across a mix of Asian, European and global banking institutions

Increase equity interest in ENC HPAL Project to 44%

- Additional 30.25% equity interest in ENC (current equity interest of 44%) secured through two cash payments of US\$316.3M (in 1H 24) and US\$379.5M (in July 24)
- Second payment of US\$379.5M made ahead of the scheduled 1 October 2024 payment date to assist in the acceleration of construction and commissioning of the nickel cathode and sulphate plants

Corporate – 1H recap

US\$250 term loan facility executed

- US\$250M, 5-year term loan facility jointly provided by tier-1 banks BNI and DBS Bank Ltd
- Facility established to support the remaining funding requirements for the Company's acquisition of a 55% equity interest in ENC
 - replaces cash following the repayment of the US\$245M balance of the Company's April 2024 notes
 - facility was fully drawn down subsequent to 30 June 24

Appointment of Independent Non-Executive Director

- Appointment of Ms Emma Hall as an Independent Non-Executive Director
- Emma has over 10 years' experience in the global battery metals industry including wide-ranging commercial and technical engagements with battery manufacturers and OEMs in USA, Europe, Japan, China and South Korea

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