

# Orocobre Limited reports strong FY19 results despite weak market

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BRISBANE, Aug. 22, 2019 - [Orocobre Ltd.](#) (ASX: ORE, TSX: ORL) (‘Orocobre’ or ‘the Company’), a dynamic global lithium chemicals supplier, today released its financial results for the full year ended 30 June 2019 (‘FY19’).

## Highlights:

- Statutory Group net profit of US\$54.6 million for FY19 includes a number of one off items. Underlying NPAT<sup>1</sup> of US\$24.8 million is down from US\$25.7 million in the previous corresponding period (‘PCP’);
- Underlying EBITDAIX<sup>1</sup> is US\$54.1 million, down from US\$86.7 million
- Total production of 12,605 tonnes of lithium carbonate
- Strong results from the Olaroz Lithium Facility:
  - revenue of US\$124.7 million, on sales of 12,080 tonnes of lithium carbonate
  - EBITDAIX<sup>1</sup> of US\$60.9 million, after deducting export tax of US\$7.5 million
  - average price received of US\$10,322/tonne FOB<sup>2</sup>, down from US\$12,578/tonne FOB<sup>2</sup> in PCP
  - gross operating cash margins of 58% with lithium production costs<sup>3</sup> of US\$4,302/tonne up from US\$4,194/tonne in FY18, making Olaroz one of the lowest cost producers of lithium chemicals in the world
  - gross cash margin of US\$6,020/tonne, despite lower prices
- As of 30 June 2019, Orocobre Group had cash of US\$279.8 million.
- Final Investment Decision (‘FID’) approval for Stage 2 Expansion of the Olaroz Lithium Facility and Naraha Lithium Hydroxide Plant given by Orocobre, Toyota Tsusho Corporation (‘TTC’) and JV boards. Finance now completed for both projects

Orocobre Managing Director and CEO, Mr Martín Pérez de Solay said, ‘Orocobre has continued to deliver robust margins despite weaker market conditions and the introduction of the export duty. Going forward we will continue to have a strong focus on safety, quality and productivity to cement our position as a mainstream, profitable, low cost producer of lithium carbonate.

‘We will be focussing on a number of individual improvement projects with the aim of operating more safely, increasing production volumes, improving quality and decreasing costs.

‘It is very pleasing to see that construction activities for our Stage 2 Expansion are progressing well and construction has commenced at the Naraha Lithium Hydroxide Plant which is being managed by our long term partners Toyota Tsusho Corporation,’ he said.

## Outlook, Guidance and Data

Subject to market and operating conditions Orocobre provides the following guidance:

### Olaroz Lithium Facility

- Orocobre expects full year production (FY20) will be at least 5% higher than FY19
- Further to the soft lithium carbonate pricing experience in the June half, Orocobre expects the average sales price for the September 2019 quarter to be approximately US\$7,250 per tonne (FOB)<sup>3</sup>

### Borax Argentina

- Production forecast of 45,000 - 50,000 tonnes for FY20

#### Corporate

- Cash corporate costs will be US\$8.5 - 9.5 million, including costs related to the Stage 2 Expansion and the Naraha Lithium Hydroxide Plant

#### Proforma Financials

SDJ PTE accounts were fully consolidated into Orocobre Group from 1 January 2019, as such the statutory accounts include six months of consolidated and six months of equity accounted figures, readers are advised to review the 100% consolidated pro-forma accounts in the investor presentation for a more accurate representation of the underlying performance.

The Orocobre Group achieved a net profit after tax of US\$65.4 million had SDJ PTE been consolidated for 12 months.

Sales de Jujuy PTE and hence the Olaroz Lithium Facility, recorded a positive EBITDAIX of US\$60.9 million for the year to 30 June 2019. Borax Argentina recorded a positive EBITDAIX of US\$0.2 million.

#### Consolidated Profit and Loss

OROCOBRE Consolidation Group (PRO-FORMA) (SDJ @100% basis)	FY2019 US\$'M	Elimination* US\$'M	Statutory US\$'M
Revenue	144.6	(63.5 )	81.1
EBITDAIX	54.1	(36.5 )	17.6
Depreciation & amortisation	(12.0 )	4.3	(7.6 )
EBITIX	42.1	(32.1 )	10.0
Interest	(6.8 )	10.9	4.0
EBTIX	35.3	(21.3 )	14.0
Gain on business combination	30.7	-	30.7
Other business combination costs	(5.0 )	-	(5.0 )
Foreign currency gains/(losses)	(12.9 )	6.8	(6.1 )
Impairment	(0.6 )	-	(0.6 )
Share of gain of a joint venture	-	24.8	24.8
Share of losses of associates	(1.5 )	-	(1.5 )
Total profit/(loss) for the year before tax	46.0	10.3	56.3
Income tax benefit/(expense)	19.5	(21.2 )	(1.7 )
Total profit/(loss) for the year after tax	65.4	(10.8 )	54.6

\*Elimination represents deconsolidation of SDJ PTE during H1 FY2019 as it was equity accounted for.

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Notes:

Unless otherwise stated, all financial data in this release is quoted in US dollars<sup>4</sup>.

Statutory profit (loss) is profit after tax attributable to owners of the Company

Orocobre's results are reported under International Financial Reporting Standards (IFRS). This report also includes certain non-IFRS financial information, including the following:

- "NCI" is the non-controlling interest which represents the portion of equity ownership in the Joint Venture not attributable to [Orocobre Ltd.](#)
- "EBITDAIX" is "Earnings before interest, tax, depreciation and amortisation, impairment and foreign currency gains/(losses)";
- "EBITIX" is "Earnings before interest, tax, impairment and foreign currency gains/(losses)";
- "EBTIX" is "Earnings before tax, impairment and foreign currency gains/(losses)";
- "underlying NPAT" and "underlying EBITDAIX" being statutory profit being adjusted for certain one off and non-recurring items

<sup>4</sup>Financial data has been translated to US Dollars using average exchange rates for the relevant period in the income statement.

About Orocobre Limited

[Orocobre Ltd.](#) (Orocobre) is a dynamic global lithium carbonate supplier and an established producer of boron. Orocobre is dual listed on the Australia and Toronto Stock Exchanges (ASX: ORE), (TSX: ORL). Orocobre's operations include its Olaroz Lithium Facility in Northern Argentina, Borax Argentina, an established Argentine boron minerals and refined chemicals producer and a 34.7% interest in Advantage Lithium. The company has commenced an expansion at Olaroz and construction of the Naraha Lithium Hydroxide Plant in Japan. For further information, please visit [www.orocobre.com](http://www.orocobre.com).

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<sup>1</sup> see notes at end of release.

<sup>2</sup> Orocobre reports price as "FOB" (Free on Board) which excludes insurance and freight charges included in CIF (Cost, Insurance, Freight) pricing. Therefore, the Company's reported prices are net of freight (shipping), insurance, sales commission and export taxes. FOB prices are reported by the Company to provide clarity on the sales revenue that is recognized by SDJ, the joint venture company in Argentina.

<sup>3</sup> excluding royalties, export taxes and head office costs.

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