

## ASX / TSX ANNOUNCEMENT

21 February 2020

### Orocobre Limited Reports H1 FY20 Results

Orocobre Limited (**ASX: ORE, TSX: ORL**) (**Orocobre or the Company**), a dynamic global lithium chemicals producer, provides its financial results for the half year ended 31 December 2019 (H1 FY20).

#### Highlights:

- Statutory consolidated group net loss of US\$18.9 million for H1 FY20 is down from a profit of US\$24.1 million in the previous corresponding period (PCP). The underlying net loss after tax<sup>1</sup> for the group is US\$9.9 million with adjustments for impairment, foreign exchange and other one-off items
- Attributable group EBITDAIX<sup>1</sup> is US\$0.2 million, down from US\$21.0 million, due mostly to lower product pricing
- **Total production of 6,679 tonnes of lithium carbonate, up 10% on pcp** with improvements in operational performance
- Positive results from the Olaroz Lithium Facility:
  - revenue of US\$39.4 million, on sales of 6,395 tonnes of lithium carbonate (up 24% on pcp)
  - **EBITDAIX<sup>1</sup> of US\$6.1 million**, down from US\$36.6 million mostly due to price
  - average price received of US\$6,157/tonne FOB<sup>2</sup>, down from US\$12,295/tonne FOB<sup>2</sup> in PCP
  - **gross operating cash margins of 25%** with lithium production costs<sup>3</sup> of US\$4,643/tonne. Olaroz remains one of the lowest cost producers of lithium chemicals in the world
  - gross cash margin of US\$1,514/tonne, despite lower prices
- As of 31 December 2019, Orocobre Group (corporate + 100% SDJ PTE) had cash of US\$195 million
- Long term contracts announced for battery grade lithium carbonate.

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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 and sales commission. FOB prices are reported by the Company to provide clarity on the sales revenue that is recognized by Sales de Jujuy S.A., the joint venture company in Argentina managing the Olaroz Lithium Facility.

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

- Material progress is being made with the construction of the Stage 2 Expansion of the Olaroz Lithium Facility which is 25% complete and Naraha Lithium Hydroxide Plant which is 40% complete
- Orocobre and Advantage Lithium have entered a definitive agreement for Orocobre to acquire all issued and outstanding shares of Advantage Lithium that Orocobre does not already own. If approved, this will allow Orocobre to continue to develop the Olaroz/Cauchari basin in a cost-effective manner that will optimise extraction of the resource to the benefit of all stakeholders.

Orocobre Managing Director and CEO, Mr Martín Pérez de Solay said, “Orocobre has continued to deliver positive operating margins despite weaker market conditions.

“Our operating strategy retains a focus on safety, quality and productivity which is delivering improved operating results and ensuring we remain a profitable, low cost producer of lithium carbonate.

“Cost management is paramount and towards the end of the half we have implemented further cost saving initiatives at Olaroz and across the rest of our business through the elimination of non-essential contractors, travel and similar expenses.

“Construction of our growth projects is progressing in line with expected schedules at the Naraha Lithium Hydroxide Plant and the Stage 2 expansion of Olaroz,” 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
- Orocobre expects the average sales price for the March 2020 quarter to be approximately US\$5,000 per tonne (FOB)<sup>3</sup>

#### **Borax Argentina**

- Production forecast of 40,000 - 45,000 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

## Consolidated Profit and Loss

	Group		Olaroz (100%)	
	31 Dec 2019 US \$'000	31 Dec 2018 US \$'000	31 Dec 2019 US \$'000	31 Dec 2018 US \$'000
<b>Summary of results for the half year ended 31 December 2019</b>				
Revenue	48,966	9,285	39,375	63,480
<b>EBITDAIX 1</b>	<b>2,144</b>	(3,308)	<b>6,079</b>	36,571
Less depreciation & amortisation	<b>(8,307)</b>	(18)	<b>(7,771)</b>	(4,435)
<b>EBITIX 2</b>	<b>(6,163)</b>	(3,326)	<b>(1,692)</b>	32,136
Less interest	<b>(6,178)</b>	6,902	<b>(11,944)</b>	(10,878)
<b>EBTIX 3</b>	<b>(12,341)</b>	3,576	<b>(13,636)</b>	21,258
Less impairment	<b>(5,890)</b>	(188)	<b>(1,063)</b>	-
Less foreign currency loss	<b>(7,691)</b>	(3,321)	<b>(5,147)</b>	(6,828)
Less share of associate losses	<b>(639)</b>	(769)	-	-
Add share of profit of joint ventures, net of tax	-	24,752	-	-
<b>Segment (loss)/profit for the half year before tax</b>	<b>(26,561)</b>	24,050	<b>(19,846)</b>	14,430
Income tax	<b>7,618</b>	-	<b>7,618</b>	21,167
<b>Net (loss)/profit</b>	<b>(18,943)</b>	24,050	<b>(12,228)</b>	35,597

This announcement has been approved by the Orocobre Limited Board of Directors

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**Notes:**

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

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 SDJ PTE
- EBITDAIX is 'Earnings before interest, tax, depreciation and amortisation, impairment and foreign currency gains/(losses), share of associate losses and share of profit from joint ventures'
- EBITIX is 'Earnings before interest, tax, impairment and foreign currency gains/(losses), share of associate losses and share of profit from joint ventures'
- EBTIX is 'Earnings before tax, impairment and foreign currency gains/(losses), share of associate losses and share of profit from joint ventures'
- '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 Limited (Orocobre) is a dynamic global lithium chemical 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).