



# ALTECH CHEMICALS LIMITED (ASX: ATC) HIGH PURITY ALUMINA PRODUCER

## Company Information

ASX Code	ATC
Share Price (09/05/2016)	A\$0.105
Ordinary Shares	177.28m
Options - in the money	2.50m
Options - out of the money	3.60m
Performance Rights	17.30m
<b>Market Cap (Diluted for in money options)</b>	<b>A\$18.88m</b>
Cash (estimated)	A\$2.00m
Notional cash on in money option conversion	A\$0.25m
Total Debt	A\$0m
<b>Enterprise Value - Diluted</b>	<b>A\$16.63m</b>

## Directors and Management

Non-Exec Chairman	Luke Atkins
Managing Director	Iggy Tan
Non-Exec Director	Dan Tenardi
Non-Exec Director	Peter Bailey
Non-Exec Director	Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah
Alternate Director	Uwe Ahrens
Company Secretary	Shane Volk

## Company Details

Address	Suite 8, 295 Rokeby Rd Subiaco, WA 6008
Phone	+61 8 6168 1555
Web	Altechchemicals.com

## Top Shareholders

Lake McLeod Gypsum Pty Ltd	14.04%
Melewar IIC Limited	9.56%
Mr. Dan Tenardi	4.90%
Judith Melissa Tan	3.03%
NSW Mineral (Aust)	2.92%
Top 20	52.47%
Board and Management	23.49%

## 1 Year Price Chart



Altech Chemicals Limited (Altech/the Company) is aiming to become one of the world's leading suppliers of 99.99% (4N) high purity alumina ( $Al_2O_3$ ) through the construction and operation of a 4,000tpa high purity alumina (HPA) processing plant at Johor, Malaysia. Feedstock for the plant will be sourced from the Company's 100%-owned kaolin deposit at Meckering, Western Australia and shipped to the processing plant in Malaysia. Altech's production process will employ conventional "off-the-shelf" plant and equipment to extract HPA using a hydrochloric (HCl) acid-based process. Production costs are anticipated to be considerably lower than established HPA producers - in the bottom quartile of the production cost curve. The Project is a high margin, high value proposition, requiring a relatively low level of capital investment.

## High Demand Market

HPA is a high-value (US\$23,000 per tonne) high margin and highly demanded product, as it is the critical ingredient required for the production of artificial sapphire and in the manufacture of large format lithium-ion batteries. Artificial sapphire is used in the manufacture of substrates for LED lights, semiconductor wafers used in the electronics industry, and scratch-resistant artificial sapphire glass used for wristwatch faces, optical windows and smartphone components. There is no substitute for HPA in the manufacture of artificial sapphire. Lithium-ion battery manufacturers require HPA as a coating for the plastic anode/cathode separator to reduce separator shrinkage and combustibility. Global HPA demand is approximately 19,040tpa (2014) and demand is growing at a combined annual growth rate of 28%.

## Project Economics

Cash flow modelling of the Project (BFS) shows a pre-tax net present value of **US\$357.5 million** (A\$432.8 million) applying a discount rate of 9%. The **payback period is 3.7 years** and the pre-tax internal rate of return is **33.3%**. The Project generates annual average net free cash of **~US\$55.7 million** (A\$69.6 million) at full production (allowing for sustaining capital and before debt servicing and tax), with an attractive margin on HPA sales of ~61%. At full production, total annual sales revenue is **US\$92.0 million** (A\$115.0 million) applying an FOB sales price of US\$23,000 (A\$25,560) per tonne of finished product HPA. Total operating costs, including mining, shipping and chemical processing are US\$36.3 million (A\$45.4 million) per annum or US\$9,070 (A\$11,340) per tonne of finished product HPA.

## Off Take Secured

Altech has executed a 10 year off take sales arrangement with Mitsubishi Corporation's Australian subsidiary, Mitsubishi Australia Ltd (Mitsubishi) for 100% of

---

the proposed high purity alumina (HPA) production from the Company's Malaysian HPA plant. The Agreement appoints Mitsubishi as the exclusive buyer of the full 4,000tpa production capacity and will commence on the date of first shipment of final HPA product. The contracted sale quantities will mirror Altech's proposed HPA plants' production ramp up and account for 100% of planned production.

### **Project at Funding Stage**

The Company is currently in the process of securing project debt financing of **US\$70 million** with German KfW IPEX-Bank. The debt package contemplates the arrangement of senior debt project financing aimed at utilising, to the maximum extent, an Export Credit Agency (ECA) insurance cover under German-backed project finance export guarantees. Altech has estimated that approximately US\$60m of the estimated project capital cost will qualify for ECA cover. An additional US\$10m of senior debt financing will be required. The Company anticipates that the finalisation of financing will complete by the end of 2016. In parallel with financing, the Company intends to complete the detailed design phase of the Project and continue with permitting and approvals activities.



### **Corporate Structure**

Altech Chemicals Limited is listed on the Australian Stock Exchange and has approximately 178 million shares on issue. Board and Management holds about 24% of the company shares. The largest two shareholders are Lake McLeod Gypsum Pty Ltd (founder) (14.04%) and Melewar IIC Limited (9.56%). The Board consists of Luke Atkins (Chairman), Iggy Tan (Managing Director), Dan Tenardi (NED), Peter Bailey (NED), Tunku Ya'acob (NED), Uwe Ahrens (Alternate Director). The current market capitalisation of the Company is circa A\$20 million and is expected to realise the advanced stage of the project in the next 12 months.

For more information, please contact:

#### **Corporate**

Iggy Tan  
Managing Director  
Altech Chemicals Limited  
Tel: +61 8 6168 1555  
Email: [info@altechchemicals.com](mailto:info@altechchemicals.com)

Shane Volk  
Company Secretary  
Altech Chemicals Limited  
Tel: +61 8 6168 1555  
Email: [info@altechchemicals.com](mailto:info@altechchemicals.com)