

# FY23 Financial Results

Year ended 30 June 2023



PUBLICATION DATE 31/08/2023

## A year of record financial performance

Revenue for the year of \$1,024M, generating net profit after tax of \$549M and record underlying EBITDA<sup>1</sup> of \$1,987M

Outstanding contribution from the Lithium Joint Venture, delivering IGO a share of net profit of \$1,604M and dividends of \$1,184M

Greenbushes annual spodumene production of 1,491kt exceeded guidance and unit costs of goods sold were marginally above the top end of guidance at \$279/t

Production ramp-up at Train 1 at the Kwinana Lithium Hydroxide Refinery was challenged, however performance is expected to improve during FY24

Group nickel production of 34,846t and cash costs of \$5.63 per payable pound of nickel were within revised guidance following solid operational performance from Nova and Forrestania

Development of the Cosmos Project is progressing with several key work packages completed or nearing completion

Impairment charge of \$968M recorded against the Forrestania and Cosmos assets, which has prompted an independent review of the Cosmos Project

Cash on balance sheet of \$775M at 30 June 2023 with net debt of \$415M

Final fully franked dividend declared of 44c per share plus a special dividend of 16c in accordance with IGO's updated Capital Management Policy demonstrating the strength of the Company

IGO was saddened to announce the sudden passing of its Managing Director and Chief Executive Officer, Peter Bradford, in October 2022

Appointment of Ivan Vella as Managing Director and Chief Executive Officer, commencing in December 2023

## Highlights

Underlying EBITDA

**\$1,987M**

▲177% YoY



NPAT

**\$549M**

▲66% YoY



Underlying FCF

**\$1,098M**

▲252% YoY



Cash

**\$775M**

▲111% YoY



## Investor Webcast



An investor webcast has been scheduled for 10.00am AEST (8.00am AWST) on Thursday, 31st August 2023.

Please use the following link:

[FY23 Results Webcast](#)

All figures are displayed in Australian Dollars (\$) unless otherwise stated.

<sup>1</sup> Refer page 3 for a description of underlying adjustments. These adjustments, including underlying measures of NPAT, EBITDA and free cash flow are non-IFRS financial measures. They should not be considered as alternatives to an IFRS measure of profitability, financial performance or liquidity.

## Management Commentary

*"FY23 was a year marked by both significant achievements as well as some notable challenges. Throughout, our people have shown outstanding resilience, determination and care, and importantly, have stayed true to our core values."*

*"The sudden loss of our Managing Director and CEO, Peter Bradford, in October 2022 was devastating to all who knew him, and his passing is a huge loss to his family, his colleagues and our industry more broadly. At IGO, he has left an indelible legacy that transformed our business into a globally significant clean energy metals business and shaped our unique culture, which is defined by innovation, care, fun and ultimately, making a difference."*

*"The delivery of record financial performance during FY23 has clearly demonstrated the transformation of IGO and our success in pursuing a strategy of being aligned to clean energy metals. In FY23, we have generated the strongest set of financial results in IGO's 21-year history, with record revenue, EBITDA and net profit. This has enabled the declaration of a final dividend of 44c plus a 16c special dividend for FY23, bringing total dividends for FY23 to a record 74c per share, equivalent to \$560M in dividend payments."*

*"Within our lithium business, excellent production and cost performance at the Greenbushes Lithium Mine, combined with exceptional realised pricing, drove record earnings and cash dividends of over \$1 billion to IGO, via our lithium joint venture. Meanwhile, performance at the Kwinana Lithium Hydroxide Refinery is expected to improve over FY24 as progressive rectifications are made to improve operational performance."*

*"Our nickel business also delivered with our operating assets, Nova and Forrestania, generating aggregate free cash flow of \$587M for the year at an EBITDA margin of 56%."*

*"Within today's result, we have recorded a \$968M non-cash impairment against the assets acquired from Western Areas. This impairment is disappointing, however IGO remains committed to optimising value from the Western Areas assets as we work to grow our nickel business."*

*"At Cosmos, solid progress was made on project development over the year, including completion of several key work packages. Despite this progress, the project has been impacted by higher capital and operating costs, challenges to the mine production schedule and development delays. A review commenced in recent months, with the outcomes expected to be available during the December 2023 quarter."*

*"We are clear on what we need to do to continue to create shareholder value in FY24, including the execution of the continued expansion at Greenbushes, the ramp-up of lithium hydroxide production from Train 1 at Kwinana and demonstrating value at the Cosmos Project. This will be coupled with safe and reliable delivery of production and costs within guidance at Greenbushes, Nova and Forrestania."*

*I would like to express my gratitude to everyone at IGO who have remained dedicated and committed to our values over the year, and acknowledge our contractors, local communities, and shareholders for their unwavering support."*

**Matt Dusci**  
Acting Chief Executive Officer

## Group Financial Summary

	FY23	FY22	YoYΔ
Total Revenue	1,024	903	▲ 13%
Underlying EBITDA	1,987	717	▲ 177%
Net Profit After Tax	549	331	▲ 66%
Underlying Net Profit After Tax	1,528	404	▲ 278%
Net Cash Inflow from Operating Activities	1,423	357	▲ 299%
Net Cash Outflow from Investing Activities	(294)	(1,281)	▼ 77%
Net Cash Inflow/(Outflow) from Financing Activities	(727)	762	▼ 195%
Underlying Free Cash Flow	1,098	312	▲ 252%
Total Interim and Final Dividends <sup>2</sup> (\$ per share)	0.74	0.10	▲ 640%

	FY23	FY22	YoYΔ
Total Assets	4,738	4,863	▼ 2%
Cash	775	367	▲ 111%
Debt	360	900	▼ 60%
Total Liabilities	948	1,428	▼ 34%
Shareholders' Equity	3,790	3,435	▲ 10%
Net tangible assets (A\$ per share)	5.01	4.54	▲ 10%

## Executive Summary

The 2023 Financial Year (FY23) has been another successful year for IGO, with continued strong operating and financial results, driven by record earnings from the Group's investment in the lithium joint venture, Tianqi Lithium Energy Australian Limited (TLEA).

The FY23 results include revenue of \$1,024M and record underlying earnings before interest, tax, depreciation and amortisation (EBITDA)<sup>3</sup> of \$1,987M, resulting in annual net profit after tax (NPAT) of \$549M and underlying free cash flow<sup>4</sup> of \$1,098M.

The results for the year include an impairment charge of \$968M against the Forrestania and Cosmos assets acquired as part of the acquisition of Western Areas in June 2022. Underlying NPAT<sup>5</sup>, which excludes this impairment charge and other underlying adjustments, was \$1,528M.

<sup>2</sup> Inclusive of \$0.14 interim dividend, \$0.44 final dividend and \$0.16 special dividend

<sup>3</sup> EBITDA (Earnings before Interest, Tax, Depreciation & Amortisation) is a non-IFRS measure. Underlying EBITDA for FY23 of \$1,987M (FY22: \$717M) excludes: 1) impairment of Forrestania and Cosmos assets of \$968M (FY22: \$nil), 2) impairment of exploration expenditure of \$17M (FY22: \$3M), 3) acquisition and integration costs of the Western Areas transaction of \$3M credit (FY22: \$66M debit), 4) loss on sale of tenements of \$3M (FY22: \$nil), and 5) acquisition and transaction costs of the Lithium Transaction \$nil (FY22: \$5M). EBITDA, prior to these exclusions for FY23 and FY22, was \$1,002M and \$643M respectively.

<sup>4</sup> Free Cash Flow comprises Net Cash Flow from Operating Activities less Net Cash Flow from Investing Activities. Underlying free cash flow for FY23 of \$1,098 (FY22: \$312M) excludes: 1) payments for the acquisition of Western Areas, net of cash acquired of \$nil (FY22: \$1,168M), 2) transaction and integration costs of \$12M (FY22: \$8M), 3) payments for mineral interests and financial assets of \$9M (FY22: \$54M), 4) proceeds on sale of other investments of \$53M (FY22: \$nil), and 5) net payments on sale of Tropicana of \$nil (FY22: \$6M). Free Cash Flow, prior to these exclusions for FY23 and FY22, is a net inflow of \$1,130M and net outflow of \$924M respectively.

<sup>5</sup> Underlying NPAT for FY23 of \$1,528M (FY22: \$404M) comprises statutory NPAT adjusted for: 1) impairment of Forrestania and Cosmos assets \$968M (FY22: \$nil), 2) impairment of exploration expenditure of \$12M (FY22: \$2M), 3) acquisition and integration credit \$3M (FY22: \$71M debit), and 4) loss on sale of tenements of \$2M (FY22: \$nil). Statutory NPAT, prior to these exclusions, was \$549M and \$331M respectively.

## Financial Summary

Group revenue of \$1,024M was 13% higher than the prior year, with 18% reduced revenue from Nova offset by the first year of revenue contribution from the Forrestania Operation of \$275M.

IGO's investment in TLEA delivered record earnings to the Group, with IGO's share of net profit from TLEA increasing to \$1,604M (FY22: \$177M). The Greenbushes Operation, in which IGO holds a 24.99% indirect interest, recorded FY23 sales revenue of \$10,500M and EBITDA of \$9,514M, on a 100% basis (FY22: \$1,880M and \$1,348M, respectively). Greenbushes' FY23 spodumene production was 1,491kt with unit cost of goods sold (COGS) before royalties of \$279/t (FY22: 1,135kt and \$238/t respectively). The outstanding results at Greenbushes helped deliver record dividends to IGO of \$1,184M from TLEA in FY23.

Commercial production was declared on Train 1 at the Kwinana Lithium Hydroxide Refinery on 30 November 2022, with plant production of 1,884t of lithium hydroxide for the full year, including 1,542t of battery grade lithium hydroxide production. The plant was impacted by a challenging restart to a planned shutdown in the June 2023 quarter, however, operations have since resumed to pre-shutdown levels as the team continue to work toward increasing Train 1 production toward nameplate capacity.

Sales revenue at Nova of \$739M was 18% lower than the prior year, primarily a result of the fire to the power station in December 2022, which caused operations to be suspended for 18 days. Nova nickel production of 22,915t was marginally short of revised guidance for FY23, however, both copper and cobalt production were within the revised guidance range. Cash costs of \$3.54/lb payable nickel were also within revised guidance, with higher year-on-year cash costs reflecting lower nickel production following the fire, together with higher costs as reported across the sector.

Underlying EBITDA for Nova decreased 27% to \$460M, with a corresponding decrease in Nova's EBITDA margin to 62% (FY22: 70%). Nova's segment profit before tax was \$285M (FY22: \$457M).

The Forrestania Operation, which contributed to IGO's results for the first time in FY23, delivered full-year nickel production of 11,931 tonnes and cash costs of \$9.65/lb payable nickel within the guided range. Cash cost guidance was revised upward for Forrestania in January 2023, due to higher costs coupled with higher ground control and rehabilitation works associated with multiple seismic events recorded at the site. Forrestania generated revenue of \$275M and underlying EBITDA of \$110M for the full year, resulting in an EBITDA margin of 40%.

Project development activities continued at the Cosmos Project in FY23, with the advancement of several infrastructure projects, including the paste plant, processing plant, shaft and associated infrastructure, together with mine development. Capital expenditure incurred at Cosmos for FY23 was \$338M, which was below the guided range due to schedule delays on certain activities which are now expected to be completed in FY24. Subsequent to year end, the Company has engaged a group of leading independent consultants to better understand the risks and opportunities in relation to the current life of mine plan, capital cost estimates and schedule. This review is expected to be completed in the December 2023 quarter.

As previously advised to the market, following the completion of the purchase price allocation process and the life of mine budgets for the Forrestania and Cosmos assets, the Company recorded a non-cash impairment charge in its FY23 results of \$968M. The impairment charge is a result of higher capital and operating costs, challenges to the mine production schedule and delays in development at Cosmos. The cash flows utilised in determining the impairment value are based on reserves only and consensus nickel price and foreign exchange forecasts which are materially different to spot prices.

Cash and cash equivalents at 30 June 2023 totalled \$775M (FY22: \$367M), an increase of \$408M. The following points are of note:

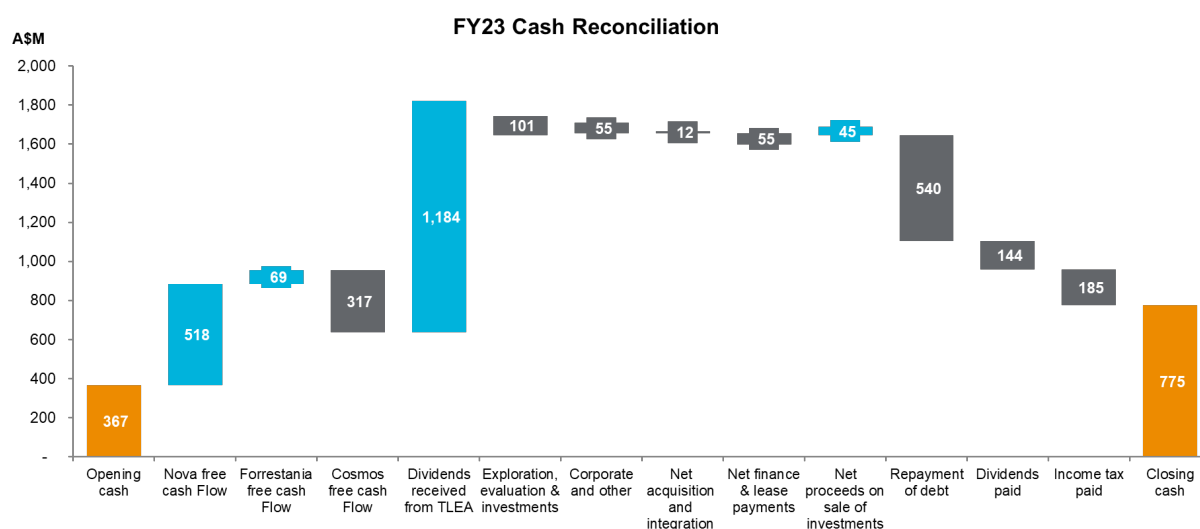
- Cash flows from operating activities for the Group were \$1,423M (FY22: \$357M). The significant increase is due primarily to the receipt of dividends from TLEA totalling \$1,184M. The Nova Operation also generated \$529M cash flows from operating activities, whilst the Forrestania Operation contributed \$78M. Cash flows from operating activities also included \$100M cash

outflows for exploration and evaluation expenditure, \$12M for acquisition and integration costs, net finance payments of \$25M and \$45M for corporate and other costs.

- Cash outflows from investing activities decreased to \$294M for the year from \$1,281M in FY22. In FY22, total payments of \$1,263M related to the acquisition of Western Areas, offset by cash acquired of \$94M, and payments of \$47M related to the acquisition of the Silver Knight nickel-copper-cobalt sulphide deposit and tenements from the Creasy Group. Cash outflows for investing activities in FY23 mainly comprised \$316M of mine and infrastructure outflows for the development of the Cosmos Nickel Project. The cash outflows were offset by the receipt of \$53M from the sale of listed shares during the year.
- Net cash outflows from financing activities of \$727M (FY22: \$762M inflows) included net repayment of borrowings totalling \$540M in relation the secured debt facility which was fully drawn in the prior year to partially fund the acquisition of Western Areas. Further, cash outflows relating to financing activities included dividends paid to shareholders of \$144M, or 19 cents per share.

The chart below summarises the significant cash flows for the Company during FY23:

## FY23 Cash Reconciliation



## Governance

During FY23, IGO has continued to evolve its Board and management structure with the appointment of Ms. Trace Arlaud, Mr. Justin Osborne and Ms. Samantha Hogg as Non-executive Directors during the year.

Trace is a senior mining executive with over 28 years' experience in the management of mining and site operations and large engineering projects and has held a number of executive management and board positions. Trace has experience in underground mine planning and operations and has a significant track record in complex underground mining operations and an acute understanding of the associated safety risks.

Justin is an experienced mining executive and resources technical professional, with over 30 years' association in all aspects of the mining and exploration resource sector, with a highly successful career covering multiple commodities in Australia and internationally.

Samantha is an experienced executive with international experience across the transport, infrastructure, energy and resources sectors. She has held senior executive positions at Transurban Group and Western Mining Company across a broad range of portfolios including finance, strategic projects, marketing and corporate services.

Following the completion of the AGM on 17 November 2022, Mr. Peter Buck retired from the Board of Directors. The Company and the Board of Directors thank Peter for his many years of service.

At the executive management level, Ms. Kathleen (Kath) Bozanic was appointed Chief Financial Officer on 10 October 2022. Prior to her appointment as Chief Financial Officer, Kath resigned from the IGO Board of Directors with effect from 30 September 2022.

Further, following the unexpected passing of Peter Bradford on 15 October 2022, Matt Dusci was appointed to the role of Acting Chief Executive Officer effective 16 October 2022. Matt will remain in this role until Ivan Vella, whose appointment as Managing Director and Chief Executive Officer was announced on 13 June 2023, commences his role at IGO in December 2023.

## Capital Management Policy

With the ongoing transformation of IGO's business and exceptionally strong financial performance over FY23, IGO has adopted a formal Capital Management Policy (CMP) effective 1 July 2023. The policy, which builds on the Company's previous Shareholder Returns Policy, outlines the key principles with which the Board will reference when assessing the allocation of shareholder capital.

The CMP seeks to balance reliable and consistent return of capital to shareholders, with maintaining both balance sheet strength and flexibility to respond to organic and inorganic growth opportunities as they arise.

As part of the new CMP, the Company's Shareholder Return policy has also been updated, with a new targeted returns range of 20% - 40% of Underlying Free Cash Flow when liquidity is below A\$1.0 billion. When liquidity is above A\$1.0 billion, the Board will use its discretion to consider a dividend payout in excess of the 40% threshold. IGO defines liquidity as available cash reserves plus the balance of undrawn debt facilities.

Consistent with the new CMP, the Board has declared a final fully franked dividend of 44c per share plus a special dividend of 16c. In aggregate, the final 44c dividend combined with the 14c interim dividend<sup>6</sup>, brings a total payout of 40% of Underlying Free Cash Flow, at the top end of the target range. Including the 16c special dividend, total payout with respect to FY23 is 51% of Underlying Free Cash Flow, with aggregate dividend payments for FY23 totalling \$560M.

## 2023 Annual General Meeting

In accordance with ASX Listing Rule 3.13.1, the Company advises that it intends to hold its Annual General Meeting (AGM) on Thursday, 16 November 2023.

An item of business at the AGM will be the election and re-election of directors. The closing date for the receipt of nominations from persons wishing to be considered for election as a director is Tuesday, 12 September 2023. Any nominations must be received at the Company's registered office no later than 5.00pm (Perth time) on Tuesday, 12 September 2023.

Please note the Notice of Meeting will be sent to shareholders with full details of the meeting and location in the week beginning 9 October 2023.

<sup>6</sup> Interim Dividend was announced on 31 January 2023, and paid on 31 March 2023.



## FY24 Guidance

IGO provided FY24 guidance for its Nickel Business, Lithium Business and exploration expenditure in its Quarterly Report for the period ended 30 June 2023, which was released on 31 July 2023. FY24 guidance is summarised below and should be read in conjunction with this report.

	Units	FY24 Guidance
<b>Nickel Business</b>		
<b>Production</b>		
Nova Nickel Production	t	21,500 – 23,500
Forrestania Nickel Production	t	7,500 – 9,000
Total Nickel Production	t	29,000 – 32,500
Total Copper Production	t	8,500 – 10,000
Total Cobalt Production	t	700 - 800
<b>Nickel Cash Costs</b>		
Nova Cash Cost (Payable)	A\$/lb Ni	3.40 – 3.90
Forrestania Cash Cost (Payable)	A\$/lb Ni	9.50 – 10.50
Total Nickel Business Cash Cost (Payable)	A\$/lb Ni	5.00 – 5.75
<b>Development, Sustaining and Improvement Capex</b>		
Nova	A\$M	14 – 18
Forrestania	A\$M	16 – 22
Cosmos	A\$M	Not provided
Total Nickel Business Capex <sup>7</sup>	A\$M	30 – 40
<b>Lithium Business</b>		
<b>Production (100%)</b>		
Spodumene Production	kt	1,400 – 1,500
Lithium Hydroxide Production	kt	Not Provided
<b>Cash Costs</b>		
Cash Cost (production)	A\$/t	280 – 330
<b>Development, Sustaining and Improvement Capex</b>		
Greenbushes	A\$M	850 – 950
Kwinana – Train 1 <sup>8</sup>	A\$M	35 – 45
Total Lithium Business Capex	A\$M	885 – 995
<b>Exploration</b>		
Group exploration (ex-Lithium Business)	A\$M	65 – 75

<sup>7</sup> FY24 guidance excludes capital cost guidance relating to Cosmos, which will be provided upon completion of the project review.

<sup>8</sup> FY23 and FY24 guidance is for Train 1 sustaining and improvement capex only. Train 2 capex will be guided after FID approval.

## Investor Webcast

An investor webcast has been scheduled for 10.00am AEST/8.00am AWST on Thursday, 31 August 2023. The webcast link can be found below.

<https://event.choruscall.com/mediaframe/webcast.html?webcastid=o61ciaYz>

Please note that it is best to log on at least 5 minutes before 10am AEST (8am AWST) on Thursday, 31 August 2023 to ensure you are registered in time for the start of the presentation.

Investors are advised that, in addition to the live webcast, a recording of the presentation will be available on the IGO website [www.igo.com.au](http://www.igo.com.au) approximately one hour after the conclusion of the webcast.

## Investor and Media Enquiries

**Richard Glass**

Head of Investor Relations

T. +61 8 9238 8300

E. [investor.relations@igo.com.au](mailto:investor.relations@igo.com.au)

**This announcement is authorised for release to the ASX by Matt Dusci, Acting Chief Executive Officer**

## Forward-Looking Statements

This document includes forward-looking statements including, but not limited to, statements of current intention, statements of opinion and expectations regarding IGO's present and future operations, and statements relating to possible future events and future financial prospects, including assumptions made for future commodity prices, foreign exchange rates, costs and mine scheduling. When used in this document, words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. Such statements are not statements of fact and may be affected by a variety of risks, variables and changes in underlying assumptions or strategy which could cause IGO's actual results or performance to materially differ from the results or performance expressed or implied by such statements. There can be no certainty of outcome in relation to the matters to which the statements relate, and the outcomes are not all within the control of IGO.

IGO makes no representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward-looking statement or any outcomes expressed or implied in any forward-looking statement. The forward-looking statements in this document reflect IGO's expectations held at the date of this document. Except as required by applicable law or the ASX Listing Rules, IGO disclaims any obligation or undertaking to publicly update any forward-looking statements or discussions of future financial prospects, whether as a result of new information or of future events.