



# >> January–March 2019

Joni Lukkaroinen  
CEO  
26 April 2019

**Terrafame**

## >> January–March in brief

### Financials

- Net sales EUR 81.0 million.
- EBITDA EUR 11.3 million.
- Operating profit EUR 2.8 million.

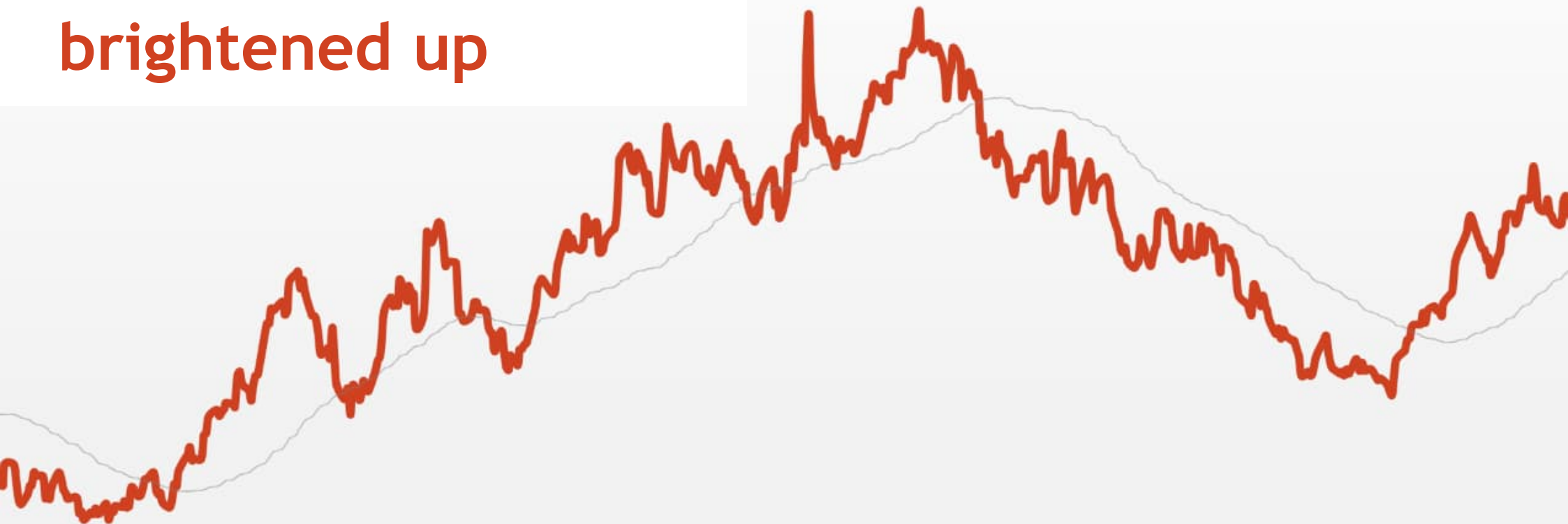
### Production and projects

- Nickel production 7,288 tonnes.
- Zinc production 14,343 tonnes.
- Construction works for the solvent extraction building at the battery chemicals plant were started.

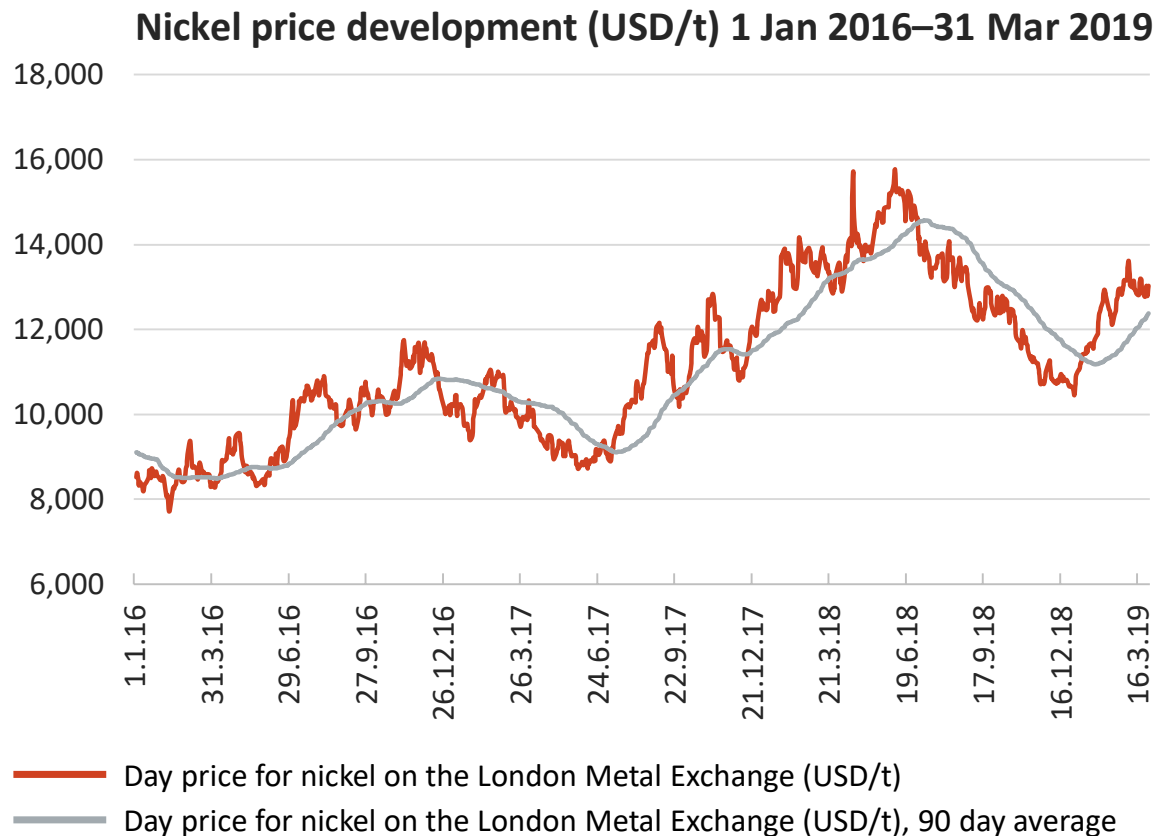
### Safety and environment

- Safety culture development continued with Don't get hurt - campaign and manager training.

» Price developments of nickel and zinc brightened up



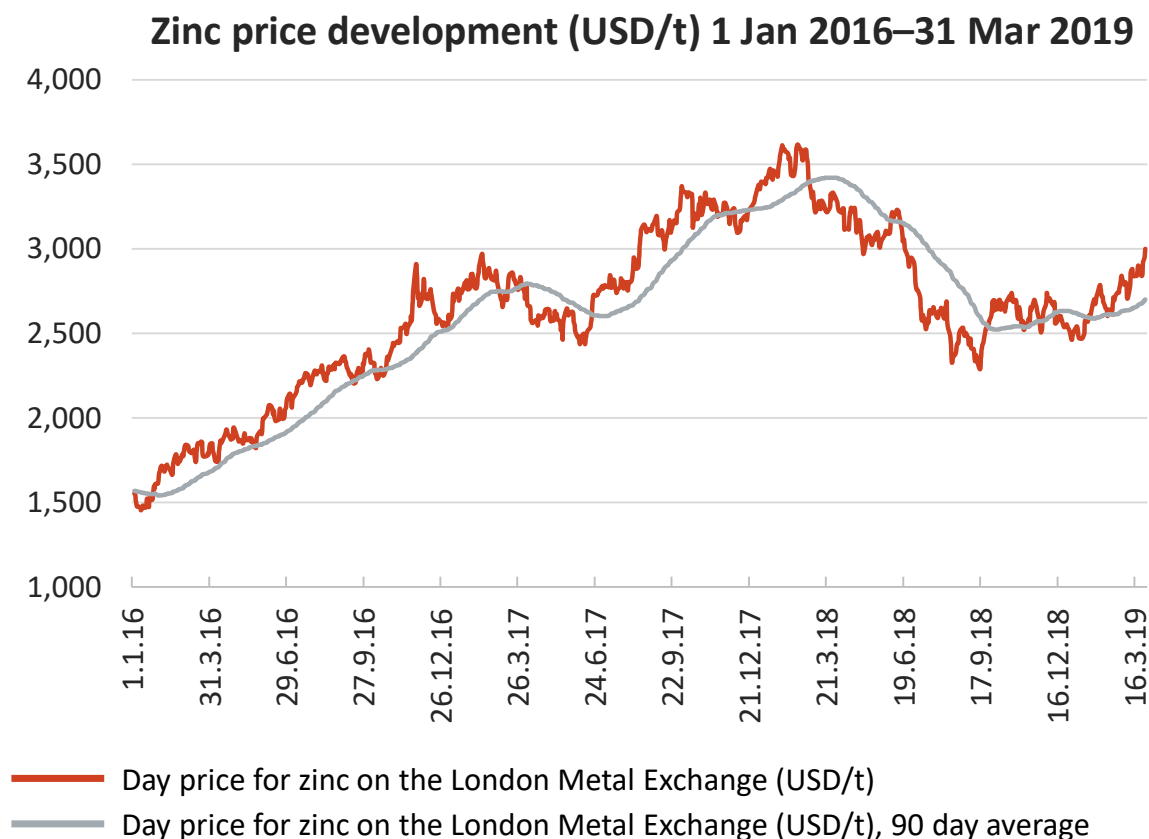
## » Nickel price development began to rise in early 2019



Data source: Metal Bulletin  
LME = London Metal Exchange, SHFE = Shanghai Futures Exchange

- In Q1, average price was 12,369 USD/t which was 7.4% higher than in Q4.
- Compared with 2018 Q1, average price was 6.8% lower.
- The combined stock levels of LME and SHFE decreased by over 28,000t and were appr. 193,000t at the end of March (Q1 2018: 368,000t). This equals to four weeks' demand (Q1 2018: 8 weeks).

## » Zinc price continued to increase in January–March



- In Q1, average price was 2,702 USD/t which was 2.7% higher than in Q4.
- Compared with 2018 Q1, average price was 21.0% lower.
- The combined stock levels of LME and SHFE increased by over 11,000t and were appr. 164,000t (Q1 2018: 362,000t) at the end of March. This equals to under one week's demand (Q1 2018: 1 week).

Data source: Metal Bulletin  
LME = London Metal Exchange, SHFE = Shanghai Futures Exchange

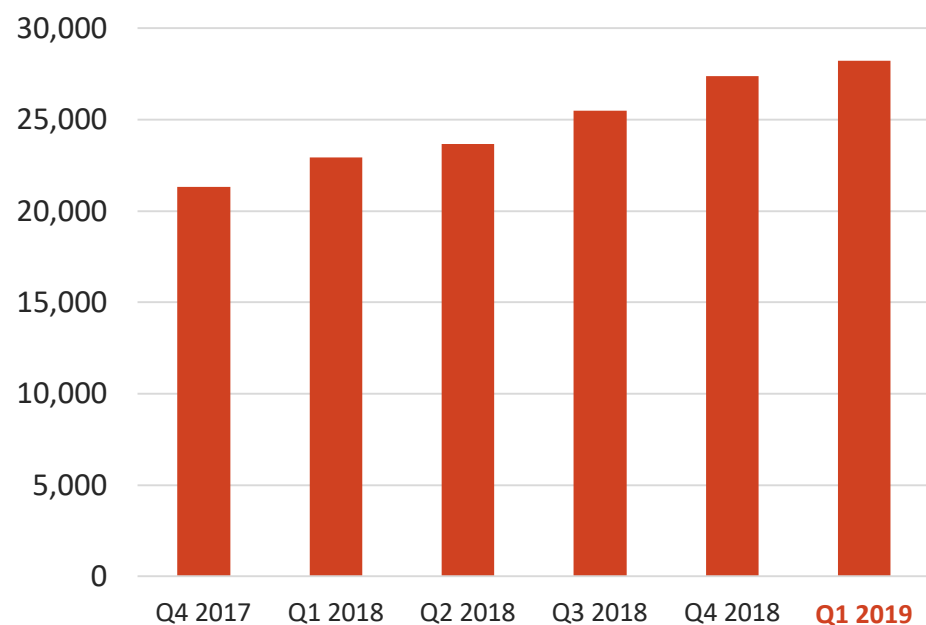
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» **Nickel production continued over the level of 7,000 tonnes**

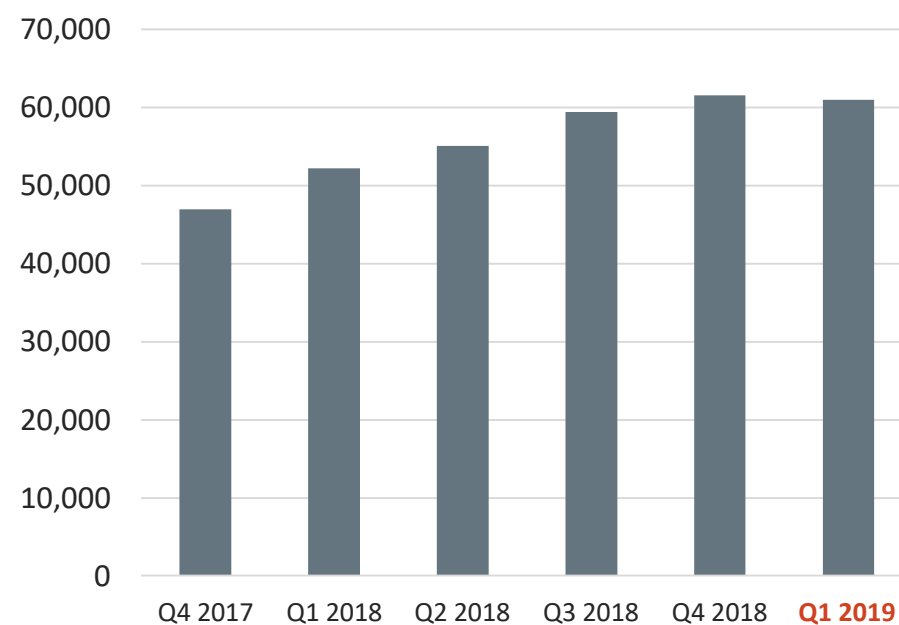


## » Nickel and zinc production remained at good level in January–March

Nickel production, rolling 12-month (t)



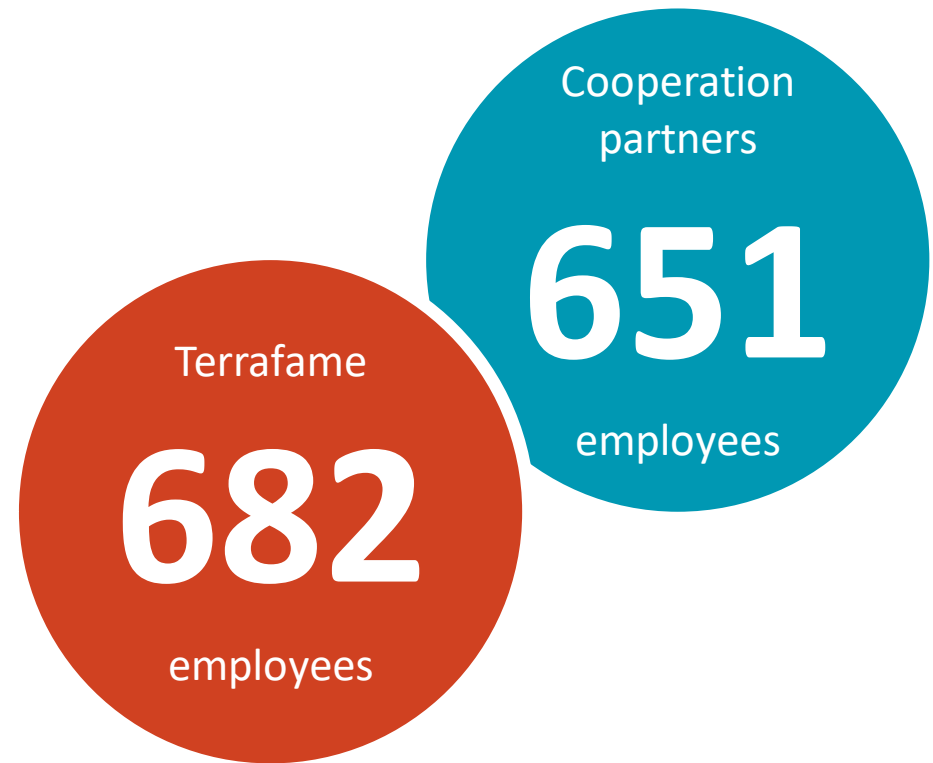
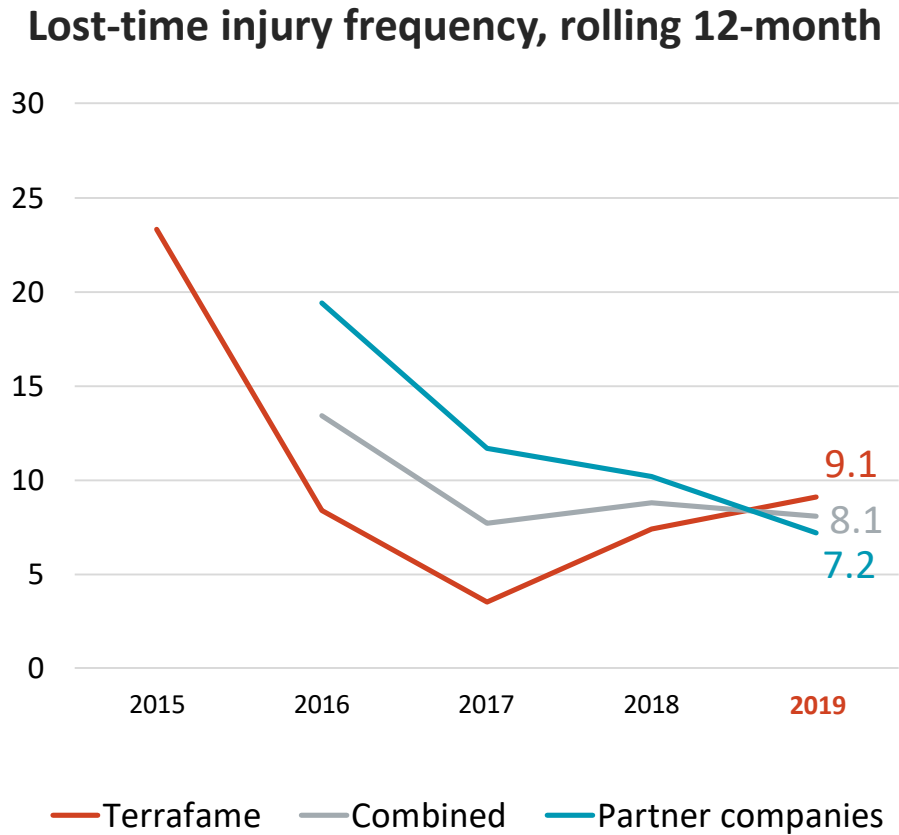
Zinc production, rolling 12-month (t)





» **Systematical work for safety development**

## » Employee safety is one of the cornerstones of Terrafame



Lost-time injury frequency (LTIFR) = number of injuries per one million person-hours worked.

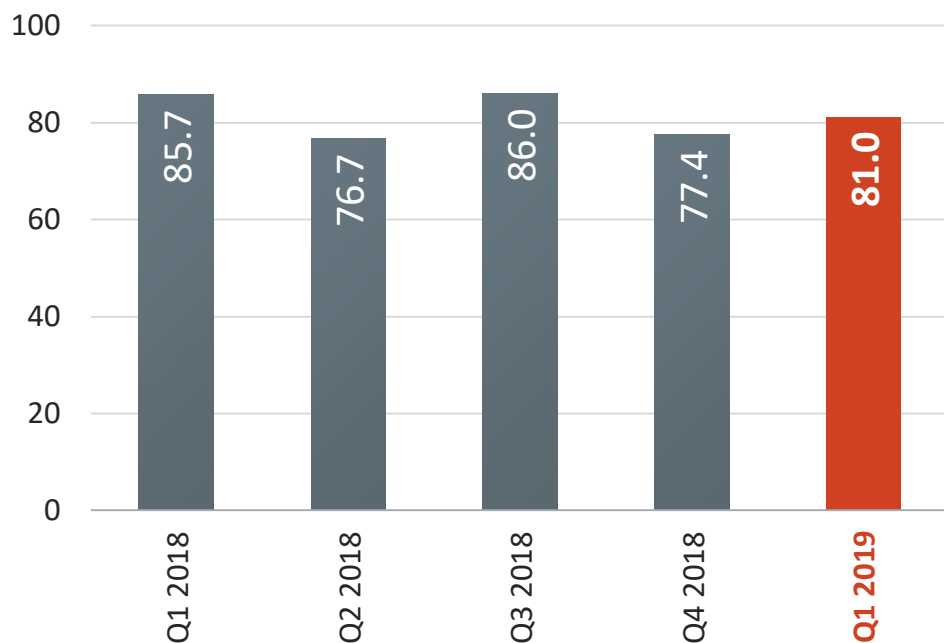
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» Positive operating profit  
in the first quarter

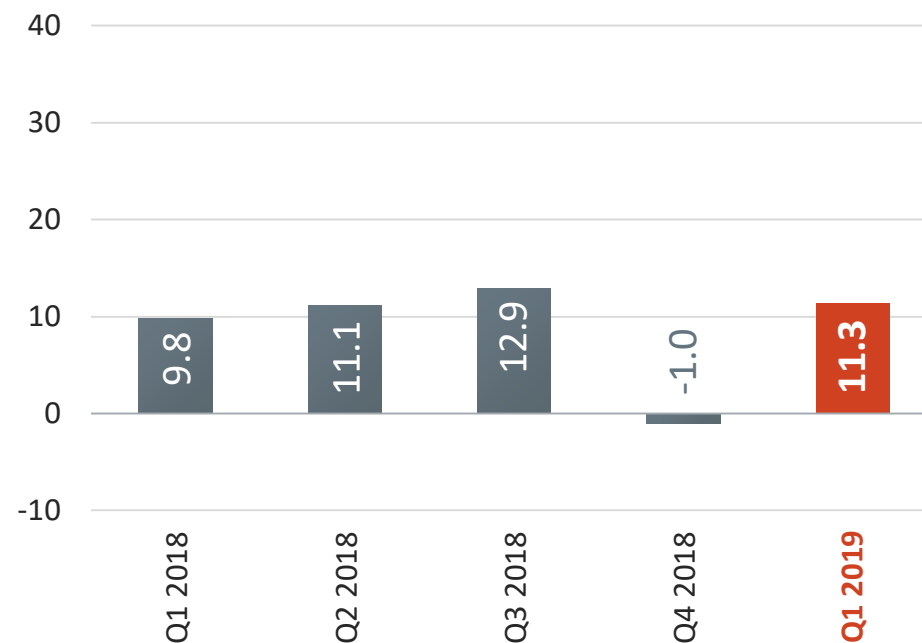
## » Net sales increased approximately 5 percent from the last quarter of 2018

Net sales (EUR million)



Full year 2018: EUR 325.8 million

EBITDA (EUR million)

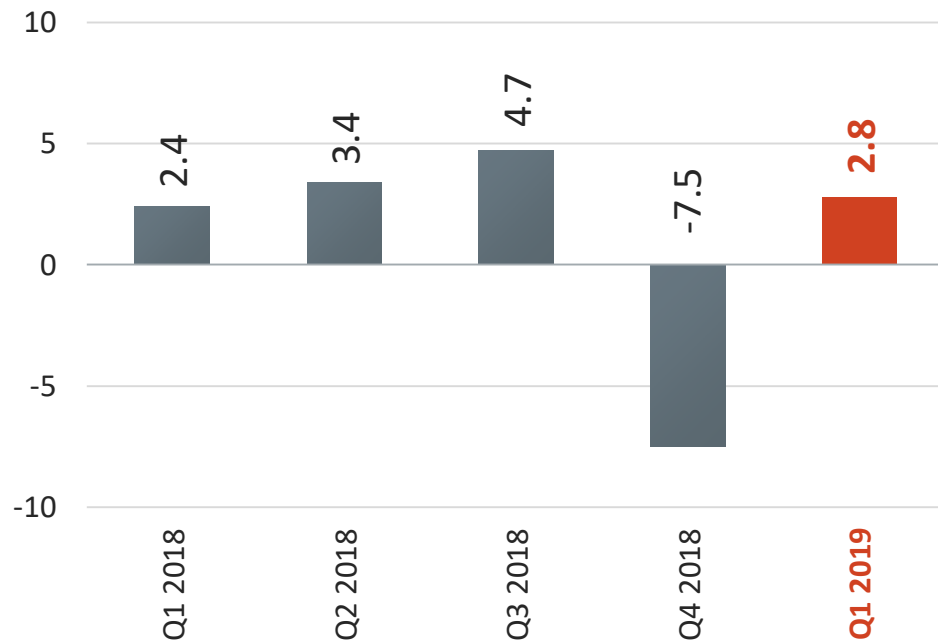


Full year 2018: EUR 32.8 million

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## » Operating profit EUR 2.8 million

Operating profit (EUR million)



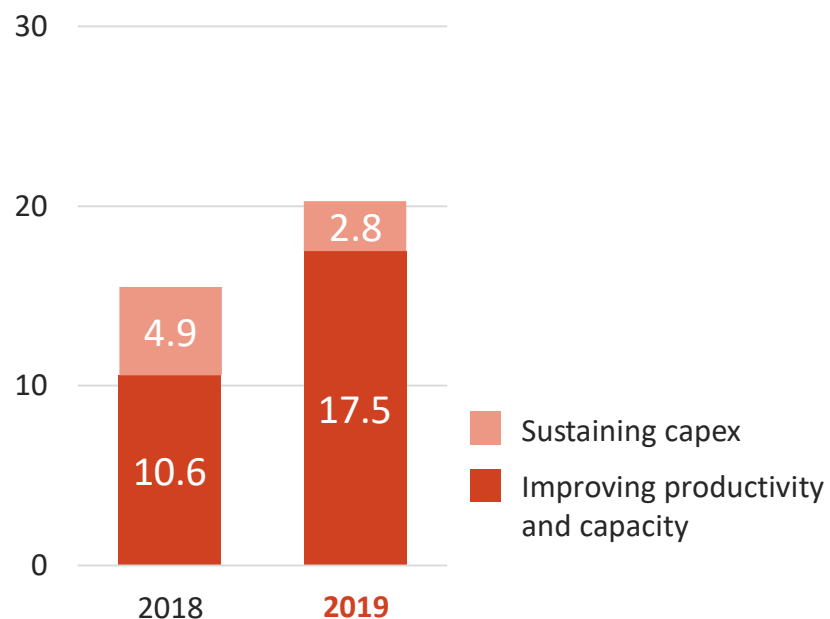
Full year 2018: EUR 3.0 million



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» In Q1 2019, EUR 17.5 million was allocated to improving productivity and capacity

Capital expenditure (EUR million)

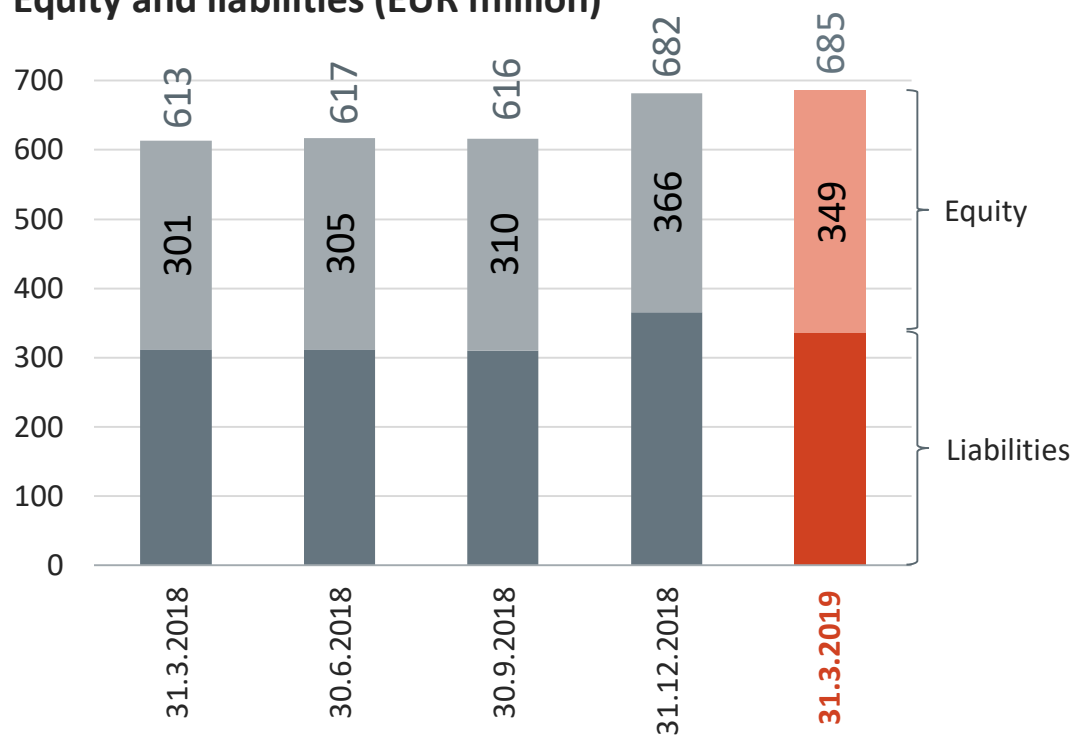


**Key capital expenditures in Q1:**

- Design, equipment purchases and the initiation of construction work of the battery chemicals plant
- Construction work of the new gypsum pond

## » Terrafame's solidity is at good level

Equity and liabilities (EUR million)



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» **Construction of battery chemicals plant proceeds as planned**



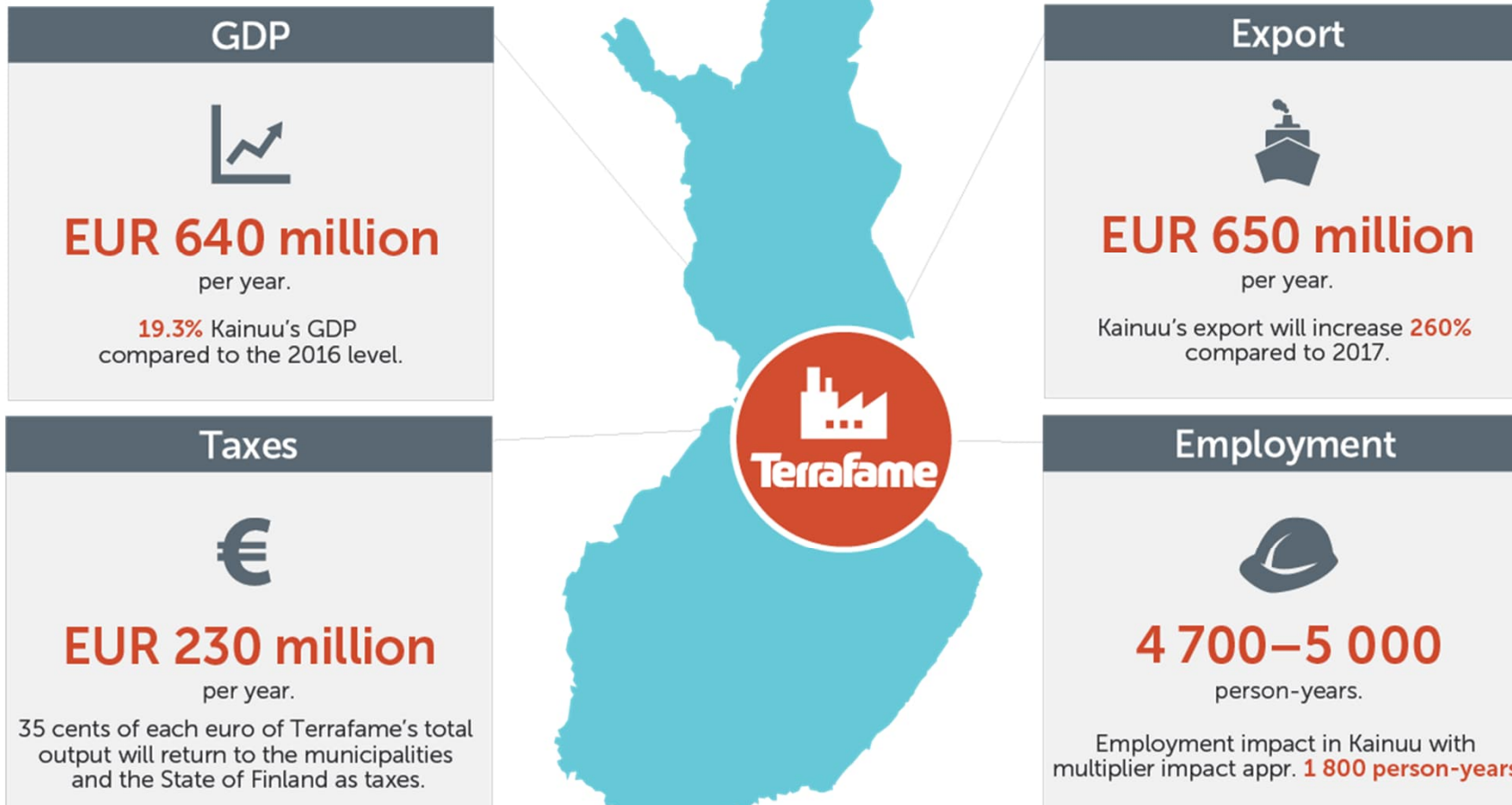
## » Strongly growing production of electric vehicles accelerates demand of nickel

- In 2018, demand of electric vehicles increased 63 percent compared to 2017.
- After commissioning, Terrafame's new factory will produce nickel and cobalt sulphates suitable for electric vehicle battery manufacturing and ammonium sulphate – a new by-product – which is used as fertiliser.
- Construction works for the solvent extraction building at the battery chemicals plant were started.
- The plant will employ appr. 150 persons after commissioning.



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## » Terrafame's impact on the Kainuu and Finnish economy



Terrafame's regional economic impact with the battery chemicals plant.  
Source: Ramboll

## » Events following the reporting period

- Stacking of new ore started on 20 April.
  - Liner structures of the primary leaching area were repaired 18 March–20 April.
  - Repairs of the structures decreased ore mining and stacking volumes but did not affect production in the metals production plant.



## » Short-term outlook

- Terrafame will continue to develop production and improve cost efficiency.
- In 2019, the Government is expected to issue a decision on the application for a uranium recovery permit.
- Construction of the battery chemicals plant is ongoing.



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[www.terrafame.fi](http://www.terrafame.fi)