



**Altech Chemicals**  
Limited

## ASX ANNOUNCEMENT AND MEDIA RELEASE

5 February 2020

# AAM AG RECOMMENCES CAPITAL INCREASE

### Highlights

- AAM AG recommences its capital increase process
- Shareholder meeting called for 12 March 2020
- The issue of 63,102,080 new shares would raise €69.4m fully subscribed at €1.10 per share
- Initially a 1:40 rights offer to existing shareholders
- Followed by placement of shares to investors, possibly in several tranches
- €10 million of authorised capital, plus €785,000 of conditional capital

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) is pleased to announce that it has been advised by Frankfurt Stock Exchange listed Altech Advanced Materials AG (FRA: AMA1) (AAM), that AAM has recommenced its capital increase process with the scheduling of a shareholder meeting in Heidelberg, Germany on 12 March 2020.

The capital increase that is being put to AAM shareholders for approval is comparable to the process that was previously approved. The process comprises:

- submission of an updated prospectus to BaFin (German Federal Financial Supervisory Authority);
- approval of shareholders to issue 63,102,080 new AAM shares, which would raise €69.4 million at €1.10 per new share fully subscribed. The approved capital increase would be valid for 6 months;
- initially a 1:40 rights offer to existing shareholders (each AAM share currently owned gives the holder the right to subscribe to forty new AAM shares), with each new share priced at €1.10 per share;
- placement of any remaining unsubscribed new shares to investors (including existing shareholders) at a target price of €1.20 per share, with the ability to place and register these shares in multiple tranches;

As well as the capital increase, shareholders will be requested to approve: (a) authorised capital of €10,000,000 and conditional capital of €785,000, each of which may be utilised at the discretion of the AAM supervisory board for a period of up to approximately 5 years (until 1 March 2025) to raise additional new funds; (b) the move of AAM's registration of office from the jurisdiction of Mannheim to Frankfurt, which has more exposure to public company shareholder matters; and c) the election of Mr Wilko Stark to the AAM supervisory board. Most recently, Mr. Stark was divisional director at Mercedes-Benz Cars Purchasing and Supplier Quality and CEO of CASE (Connectivity, Autonomous Driving, Shared mobility, Electromobility) and the product group electric vehicles Mercedes-Benz EQ.

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*Wir sprechen Deutsch.*

**About Altech Chemicals (ASX:ATC) (FRA:A3Y)**

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<sub>2</sub>O<sub>3</sub>) through the construction and operation of a 4,500tpa 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 Malaysia.

HPA is a high-value, high margin and highly demanded product as it is the critical ingredient required for the production of synthetic sapphire. Synthetic sapphire is used in the manufacture of substrates for LED lights, semi-conductor wafers used in the electronics industry, and scratch-resistant sapphire glass used for wristwatch faces, optical windows and smartphone components. Increasingly HPA is used by lithium-ion battery manufacturers as the coating on the battery's separator, which improves performance, longevity and safety of the battery. With global HPA demand approximately 19,000t (2018), it is estimated that this demand will grow at a compound annual growth rate (CAGR) of 30% (2018-2028); by 2028 HPA market demand is forecast to be approximately 272,000t, driven by the increasing adoption of LEDs worldwide as well as the demand for HPA by lithium-ion battery manufacturers to serve the surging electric vehicle market.



German engineering firm SMS group GmbH (SMS) is the appointed EPC contractor for construction of Altech's Malaysian HPA plant. SMS has provided a USD280 million fixed price turnkey contract and has proposed clear and concise guarantees to Altech for plant throughput and completion. Altech has executed an off-take sales arrangement with Mitsubishi Corporation's Australian subsidiary, Mitsubishi Australia Ltd (Mitsubishi) covering the first 10-years of HPA production from the plant.

Conservative (bank case) cash flow modelling of the project shows a pre-tax net present value of USD505.6million at a discount rate of 7.5%. The Project generates annual average net free cash of ~USD76million at full production (allowing for sustaining capital and before debt servicing and tax), with an attractive margin on HPA sales of ~63%. (Refer to ASX Announcement "Positive Final Investment Decision Study for 4,500TPA HPA project" dated 23 October 2017 for complete details. The Company confirms that as at the date of this announcement there are no material changes to the key assumptions adopted in the study).

The Company has been successful in securing senior project debt finance of USD190 million from German government owned KfW IPEX-Bank as senior lender. Altech has also mandated Macquarie Bank (Macquarie) as the preferred mezzanine lender for the project. The indicative and non-binding mezzanine debt term sheet (progressing through due diligence) is for a facility amount of up to USD90 million. To maintain project momentum during the period leading up to financial close, Altech has raised ~A\$39 million in the last 24 months to fund the commencement of Stage 1 and 2 of the plant's construction; Stage 1 construction commenced in February 2019 with Stage 2 now underway.

In July 2019 Altech announced the sale of an option to Frankfurt stock exchange listed Youbisheng Green Paper AG (since renamed Altech Advanced Materials AG (AAM)), whereby AAM can acquire up to a 49% interest in Altech's HPA project for USD100 million. AAM has commenced the process of securing the funds to enable it to exercise its option, which once complete is anticipated would be a catalyst for project financial close.

**Forward-looking Statements**

This announcement contains forward-looking statements which are identified by words such as 'anticipates', 'forecasts', 'may', 'will', 'could', 'believes', 'estimates', 'targets', 'expects', 'plan' or 'intends' and other similar words that involve risks and uncertainties. Indications of, and guidelines or outlook on, future earnings, distributions or financial position or performance and targets, estimates and assumptions in respect of production, prices, operating costs, results, capital expenditures, reserves and resources are also forward-looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and estimates regarding future events and actions that, while considered reasonable as at the date of this announcement and are expected to take place, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and readers are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are subject to various risk factors that could cause actual events or results to differ materially from the events or results estimated, expressed or anticipated in these statements.