

## **MEDIA RELEASE:**

# **MMG delivers US\$99.2 million profit in challenging environment**

**10 March 2015**

MMG Limited (MMG) (Stock Code 1208.HK) is pleased to report its annual financial results for the year ended 31 December 2014.

### **Key points**

- Total recordable injury frequency improved from 2.4 per million hours worked in 2013 to 2.3 in 2014, excluding the statistics for Las Bambas projects and operations.
- Stable revenue of US\$2,479.8 million due to record copper sales and a higher average realised zinc price, offset by the lower average realised copper price.
- Consistent discipline of operational management at all sites in 2014.
- EBITDA of US\$780.8 million, 4% higher than 2013 and improved EBITDA margin of 31%.
- Total profit of US\$99.2 million, a 19% decrease compared to 2013.
- Earnings per share increased 1% to US 1.96 cents per share.
- The Board does not recommend the payment of a final dividend given the prudent approach to cash flow management.
- MMG remains confident in the underlying fundamentals of copper and zinc, which will continue to be driven by sustainable growth in China and the economic recovery of the US and developing economies.
- Las Bambas is on track to deliver on MMG's growth strategy.
- MMG's growth strategy unchanged – continued focus on maximising shareholder returns by discovering, acquiring, developing and sustainably operating resources projects around the world.

### **YEAR ENDED 31 DECEMBER**

	<b>2014</b>	<b>2013</b>	<b>CHANGE %</b>
	<b>US\$ MILLION</b>	<b>US\$ MILLION</b>	<b>FAV/(UNFAV)</b>
Revenue	2,479.8	2,469.8	-
EBITDA	780.8	750.9	4
EBIT	243.7	278.3	(12)
Profit	99.2	122.5	(19)
EBITDA margin	31%	30%	
Net cash generated from operating activities	666.7	554.5	20
Dividend per share	-	US 1.00 cent	-
Basic and diluted earnings per share	US 1.96 cents	US 1.95 cents	1

## **Commentary from the Chief Executive Officer:**

"I am pleased to report on our MMG's performance for 2014.

### **Safety**

In 2014, we reported improved overall safety results as measured by a decrease in the annual total recordable injury frequency from 2.4 per million hours worked in 2013 to 2.3 in 2014, excluding Las Bambas.

While this result reflects an overall improvement, we continue to experience serious incidents across our operations. Safety is our first value and as a company, we are committed to continuing to minimise safety exposures and reducing the number of injuries and incidents that have the potential to cause serious harm.

### **Performance**

MMG's operations delivered a solid operating performance in 2014 producing a total of 191,307 tonnes of copper and 587,099 tonnes of zinc.

We achieved an annual copper production record (up 2% over 2013) following a strong fourth quarter at both Sepon and Kinsevere, supported by consistent results from Golden Grove and Rosebery.

Total annual zinc production of 587,099 tonnes was 2% lower as Century progressed through the final stage of the mine plan.

In a challenging year, with lower average prices for copper, MMG maintained consistent revenue of US\$2,479.8 million. This was driven by robust sales at Kinsevere and Century which helped to offset reduced sales at Sepon.

The total profit for the year was US\$99.2 million. Earnings per share for 2014 was US 1.96 cents. This represents a 1% increase compared to 2013.

### **Costs**

Our operating expenses were well managed and we maintained financial discipline at all sites, evident through a further US\$52.7 million, or 3%, reduction in operating costs compared to 2013. This was despite continuing cost pressures experienced across the Company's operations, offset by a favourable movement in the Australian dollar exchange rate.

We continue our ongoing commitment to operational excellence and improvement at each of our sites, in particular at Century, Kinsevere and Sepon.

Sepon reduced operating expenses by US\$82.2 million following the cessation of gold production in 2013 combined with improvements in mining efficiencies.

### **Strategy**

MMG's vision is to build the most respected diversified base metals company – valued as one of the world's top mid-tier miners by 2020.

In 2014 MMG made its single largest step in pursuit of sustained business growth – leading a powerful joint venture to acquire the Las Bambas copper project in Peru.

The successful acquisition was the result of over a year's hard work and collaboration between China Minmetals Corporation, joint venture partners Guoxin International and CITIC Metals and many stakeholders in China, Peru and Australia.

The acquisition is a transformational milestone for the Company and will reposition MMG among the world's largest copper producers. As a large-scale, low-cost, long-life asset with further growth potential, Las Bambas is expected to significantly enhance shareholder returns over the long term.

At MMG's Queensland Operations we continue to consider our long-term strategy to utilise Century's infrastructure while continuing our assessment of development options at Dugald River. As a long-life, high grade zinc asset, Dugald River remains an important part of MMG's future growth plans and we look forward to continuing work on the development pathway this year.

Our 2014 exploration program focused on near-mine activities at Kinsevere within current operation tenements and newly acquired tenements within a 50-kilometre radius of the mine, along with other near mine drilling and new discovery programs. MMG invested a total of US\$73.0 million in exploration in 2014.

MMG's mission is to mine to create wealth for our people, host communities and shareholders. We will remain diligent and focused as we look to deliver for all our stakeholders.

I would like to thank our employees, communities and shareholders for your ongoing support and belief in this business. Together, we have built a company committed to delivering progress."

**Andrew Micheltore, Chief Executive Officer, MMG Limited**

YEAR ENDED 31 DECEMBER	REVENUE			EBITDA		
	2014 US\$ MILLION	2013 US\$ MILLION	CHANGE %	2014 US\$ MILLION	2013 US\$ MILLION	CHANGE % FAV/(UNFAV)
Sepon	620.2	746.2	(17)	366.5	396.5	(8)
Kinsevere	465.7	455.3	2	189.3	198.0	(4)
Century	853.3	721.0	18	323.5	176.5	83
Rosebery	247.5	253.3	(2)	85.2	84.3	1
Golden Grove	293.1	294.0	-	29.0	73.0	(60)
Las Bambas <sup>(i)</sup>	-	-	-	(42.3)	-	-
Other	-	-	-	(170.4)	(177.4)	4
<b>Total</b>	<b>2,479.8</b>	<b>2,469.8</b>	<b>-</b>	<b>780.8</b>	<b>750.9</b>	<b>4</b>

(i) MMG acquired Las Bambas as part of the acquisition of Xstrata Peru S.A. in July 2014. The financial results of Las Bambas have been consolidated from 31 July 2014.

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