

NICKEL ASIA CORPORATION ANNOUNCES 2018 FINANCIAL AND OPERATING RESULTS

Taguig City, March 14, 2019 – Nickel Asia Corporation (NAC; PSE:NIKL) today announced its audited financial and operating results for 2018 with attributable net income (net of minority interests) at P3.01 billion compared to P2.77 billion reported in 2017. Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to P7.60 billion compared to P6.86 billion in the prior year.

The net income in 2018 is inclusive of a P348 million share of equity in net income from the Company's investment in both the Taganito HPAL Nickel Corporation (THPAL) and in Coral Bay Nickel Corporation, higher than the P198 million reported for the previous year. This was achieved as a result of improved nickel and cobalt prices. The Company also recognized an impairment loss of P444 million related to the undelivered portion of the advances made by the Company's power subsidiary, Jobin-SQM, Inc., to the EPC contractor for the construction of its solar power facility in Subic Bay Freeport Zone.

With respect to mining operations, the Company sold an aggregate 19.3 million wet metric tons (WMT) of nickel ore in 2018 as against 17.7 million WMT in the previous year. The increase in shipment volumes was mainly the result of higher export ore sales which, combined with an improvement in average realized ore prices and a more favorable Peso to US Dollar exchange rate, resulted to total revenues increasing by 18% to P18.65 billion in 2018 from P15.74 billion in 2017.

Of the total volume of ore shipped, direct export of ore, which accounted for 60% of total shipments, rose to 11.54 million WMT from 9.64 million WMT in 2017. On the other hand, ore deliveries to both the Coral Bay and Taganito processing plants, which accounted for the balance, decreased to 7.81 million WMT as compared to 8.06 million in WMT in 2017.

In terms of price, the Company realized an average of \$5.95 per pound of payable nickel on its shipments of ore to the two HPAL plants in 2018, the pricing of which is linked to the LME. This compares to an average price of \$4.67 per pound of payable nickel sold in 2017. With respect to export sales, the Company achieved an average price of \$21.53 per WMT compared to \$24.42 realized in the prior year. On a combined basis, the average price received for sales of both ore exports and ore deliveries to the two plants in 2018 was \$16.86 per WMT, higher than the \$16.17 achieved in 2017.

Total operating cash costs increased by 25% year-on-year to P10.65 billion from P8.52 billion in 2017. On a per WMT sold basis, total operating cash costs increased to P550 per WMT compared to P482 per WMT in 2017. The realized Peso to U.S. Dollar exchange rate for ore sales was P53.00 in 2018 compared to P50.42 in 2017.

“Despite the challenges brought about by the increasing ore supply from Indonesia, we are very pleased by the Company’s performance during the year”, said Martin Antonio G. Zamora, President of the Company. “As we look at the medium-term prospects of our Company, we believe that LME-linked nickel has the most potential to outperform the commodity market given the evolution of battery technology. We are fortunate that a sizeable segment of our market is able to capture this”, Mr. Zamora added.

Finally, the Company’s Board of Directors approved the declaration of cash dividend of P0.07 per common share payable on April 12, 2019 for shareholders of record on March 28, 2019.

For any questions and/or clarifications, please contact:

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NICKEL ASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	December 31	
	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	P10,784,369	P9,635,514
Trade and other receivables	1,056,568	905,125
Inventories	3,744,274	3,502,414
Financial assets at:		
Fair value through other comprehensive income (FVOCI)	2,608,301	–
Fair value through profit or loss (FVTPL)	1,420,718	–
Amortized cost	201,770	–
Available-for-sale (AFS) financial assets	–	5,925,682
Prepayments and other current assets	1,164,750	929,703
Total Current Assets	20,980,750	20,898,438
Noncurrent Assets		
Property and equipment	15,078,220	15,388,259
Investments in associates	3,540,589	2,952,132
Geothermal exploration and evaluation assets	1,793,444	1,784,183
Financial assets at - net of current portion:		
FVTPL	585,928	–
Amortized cost	330,000	–
Deferred income tax assets	335,951	333,094
Long-term stockpile inventory - net of current portion	105,601	167,559
AFS financial assets - net of current portion	–	732,521
Other noncurrent assets	3,282,024	3,480,913
Total Noncurrent Assets	25,051,757	24,838,661
TOTAL ASSETS	P46,032,507	P45,737,099

LIABILITIES AND EQUITY

Current Liabilities		
Trade and other payables	P7,664,984	P7,569,941
Income tax payable	415,789	235,233
Other current liability	169,079	169,079
Short-term debt	1,492,268	–
Current portion of:		
Long-term debts	118,970	1,635,178
Long-term payable	5,000	5,000
Total Current Liabilities	9,866,090	9,614,431
Noncurrent Liabilities		
Long-term debts - net of current portion	1,288,562	1,349,211
Deferred income tax liabilities - net	754,101	766,874
Pension liability	327,905	320,781
Provision for mine rehabilitation and decommissioning	274,227	388,787
Deferred income - net of current portion	54,469	58,659
Long-term payable - net of current portion	16,323	20,168
Total Noncurrent Liabilities	2,715,587	2,904,480
Total Liabilities	12,581,677	12,518,911

	December 31	
	2018	2017
Equity Attributable to Equity Holders of the Parent		
Capital stock	₱6,849,836	₱3,808,665
Treasury stock	(20,366)	-
Additional paid-in capital	8,262,455	8,262,455
Other components of equity:		
Share in cumulative translation adjustment	780,412	564,152
Cost of share-based payment plan	240,003	137,635
Net valuation gains (losses) on financial assets	(92,504)	163,935
Asset revaluation surplus	31,714	32,097
Retained earnings:		
Unappropriated	11,794,529	15,392,459
Appropriated	1,818,628	1,095,583
	29,664,707	29,456,981
Non-controlling Interests (NCI)	3,786,123	3,761,207
Total Equity	33,450,830	33,218,188
TOTAL LIABILITIES AND EQUITY	₱46,032,507	₱45,737,099

NICKEL ASIA CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF INCOME**

(Amounts in Thousands, Except Earnings per Share)

	Years Ended December 31		
	2018	2017	2016
REVENUE FROM CONTRACTS WITH CUSTOMERS			
Sale of ore and limestone	₱17,741,560	₱14,897,080	₱13,574,382
Services and others	650,095	630,064	530,275
Sale of power	256,017	212,152	18,010
	18,647,672	15,739,296	14,122,667
COSTS			
Sale of ore	6,770,953	6,033,241	5,907,249
Services	369,891	351,339	328,457
Power generation	360,622	257,276	38,295
	7,501,466	6,641,856	6,274,001
OPERATING EXPENSES			
Shipping and loading costs	1,949,489	1,769,110	1,930,520
Excise taxes and royalties	1,804,029	1,103,686	1,006,712
General and administrative	1,213,041	863,153	850,251
Marketing	140,210	96,464	95,869
	5,106,769	3,832,413	3,883,352
FINANCE INCOME	354,803	301,967	228,430
FINANCE EXPENSES	(193,992)	(246,615)	(208,218)
EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES	348,168	197,972	(413,702)
OTHER INCOME (CHARGES) - net	(217,001)	72,649	588,796
INCOME BEFORE INCOME TAX	6,331,415	5,591,000	4,160,620
PROVISION FOR (BENEFIT FROM) INCOME TAX			
Current	2,173,934	1,865,318	1,441,526
Deferred	(65,459)	(128,462)	7,952
	2,108,475	1,736,856	1,449,478
NET INCOME	₱4,222,940	₱3,854,144	₱2,711,142
Net income attributable to:			
Equity holders of the parent	₱3,008,057	₱2,770,768	₱1,966,107
NCI	1,214,883	1,083,376	745,035
	₱4,222,940	₱3,854,144	₱2,711,142
Basic/Diluted Earnings Per Share (EPS)	₱0.22	₱0.20	₱0.14