

# Investment & NTA Update

31 December 2023



## NGE Capital Summary

ASX ticker	NGE
Share price (31 Dec 23)	\$0.920
Shares outstanding	35,833,676
Market cap	\$33.0m
NTA per share before tax	\$1.160
NTA per share after tax	\$1.242
NTA before tax	\$41.6m
NTA after tax	\$44.5m

## Overview

NGE Capital Limited is an internally managed Listed Investment Company which allows investors to gain exposure to a concentrated, high conviction, actively managed portfolio of financial assets. NGE primarily focuses on listed ASX and international equities, with the aim of generating strong risk-adjusted returns over the medium to long term.

## Board & Management

<b>David Lamm</b> Executive Chairman & Chief Investment Officer	<b>Adam Saunders</b> Executive Director & Portfolio Manager
<b>Ilan Rimer</b> Non-Executive Director	<b>Les Smith</b> Company Secretary & Chief Financial Officer

## Contact Details

Level 4 100 Albert Road South Melbourne VIC 3205	+61 3 9648 2290 admin@ngecapital.com.au www.ngecapital.com.au
--	---

## Net Tangible Assets Per Share

	31 Dec 2023	30 Nov 2023
NTA per share before tax	\$1.160	\$1.095
NTA per share after tax	\$1.242	\$1.160

## NTA Per Share Performance Summary

1 month	Year-to-date	Last 12 months	Since inception <sup>1</sup> (p.a.)	(cum.)
5.9%	25.0%	25.0%	12.3%	127.5%

Note: Returns are net of all expenses.

<sup>1</sup> From 30 Nov 2016, the date on which NGE became a LIC.

## Portfolio Composition

Company	Ticker	% of NTA
Yellow Cake plc	LSE:YCA	18.7%
John Wood Group plc	LSE:WG.	7.8%
Sprott Physical Uranium Trust	TSX:U.UN	7.6%
<a href="#">Greek NPE basket</a>	Various	7.4%
Industrial Logistics Properties	NAS:ILPT	6.2%
OCI N.V.	AMS:OCI	5.4%
Metals X	ASX:MLX	5.0%
Embark Early Education	ASX:EVO	4.8%
Jupiter Mines	ASX:JMS	3.3%
Danakali	ASX:DNK	3.3%
Capricorn Energy PLC	LSE:CNE	2.7%
Net cash and other		28%
Total		100%

## Unrecognised Tax Losses

The Company has ~\$33 million of Australian unused and unrealised losses available as at 31 December 2023. In the aggregate these losses equate to a potential future tax benefit of ~\$8m or ~\$0.23 per share (of which only ~\$2.9m or ~\$0.081 per share is recognised in our after tax NTA). The Company has received tax advice that these losses are available to be offset against future tax liabilities so long as NGE continues to satisfy the continuity of ownership test as set out in Divisions 165 and 166 of the Income Tax Assessment Act 1997 (Cth).



# Commentary

31 December 2023



During the month we made the following notable portfolio changes:

- We increased our holding in **Capricorn Energy PLC (LSE:CNE)** to ~350k shares.
- We increased our holding in **Metals X Limited (ASX:MLX)** to ~7.20m shares.

•••

In December **OCI N.V. (AMS:OCI)** announced two separate transactions whereby it has agreed to sell:

- its 50% stake in **Fertiglobe plc (ADS:FERTIGLB)** to **Abu Dhabi National Oil Company P.J.S.C. ("ADNOC")** for a purchase price of AED 3.20 per share, amounting to a total cash consideration of ~US\$3.62bn, plus "a two-year future earn-out mechanism linked to free cash flow metrics and commodity pricing"; and
- its 100% equity interest in **Iowa Fertilizer Company LLC ("IFCO")** to **Koch Ag & Energy Solutions** for US\$3.6bn on a cash free debt free basis, and subject to adjustment for a normalised level of working capital.

The Fertiglobe stake sale requires shareholder approval, whilst the IFCO sale does not. Neither transaction is expected to incur tax, and OCI management does not foresee any issues in obtaining regulatory approvals. OCI intends to undertake a "meaningful" return of capital via "tax efficient avenues" following the closing of the transactions, expected this year.

Whilst the Fertiglobe sale price looks low to us, these transactions have highlighted the undervaluation of OCI's portfolio of strategic assets and will simplify a complex corporate structure.

We estimate that OCI will have ~EUR 16/sh of net cash following the divestments, which adjusts for IFCO-issued debt, the deconsolidation of Fertiglobe's cash and debt, and recent Fertiglobe and OCI dividend payments. OCI's retained operating businesses will comprise OCI Methanol (US and Europe), the European OCI Nitrogen fertilizer business, and the under-construction 1.1Mtpa low carbon ("blue") ammonia production facility in Beaumont, Texas.

On a "mid-cycle" earnings basis, management are guiding to EBITDA of ~US\$500m for OCI Methanol and OCI Nitrogen (Europe) (split roughly 70/30 methanol/nitrogen), and ~US\$100-200m for Blue Texas once the facility is up and running in 2025. Cash conversion should run at ~50% (~EUR1.30-1.50/sh). OCI's month-end share price of ~EUR26/sh implies the retained business is being valued at ~EUR10/sh, or on a pro forma EV/FCF multiple of ~8-9x (adj for remaining Texas Blue capex). That appears cheap to us. Indeed, in February 2022 OCI sold 15% of its OCI Methanol business to ADQ and Alpha Dhabi Holding for US\$375m, implying a value of US\$2,125m (~EUR9.20/sh) for OCI's 85% stake in this business segment alone.

There is additional potential upside from the Fertiglobe earn-out (details yet to be provided), any Fertiglobe dividend from 2H23 earnings that will be paid in 1H24, and any IFCO cashflow prior to deal closing (expected mid-2024).

OCI will be publishing further detail on these transactions in due course.

•••

Announcement released to the market with the authorisation of:

**David Lamm**  
Chief Investment Officer

**Adam Saunders**  
Portfolio Manager