

Investment & NTA Update

31 July 2024



NGE Capital Summary

ASX ticker	NGE
Share price (31 Jul 24)	\$1.080
Shares outstanding	35,553,223
Market cap	\$38.4m
NTA per share before tax	\$1.305
NTA per share after tax	\$1.398
NTA before tax	\$46.4m
NTA after tax	\$49.7m

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

David Lamm Executive Chairman & Chief Investment Officer	Adam Saunders Executive Director & Portfolio Manager
Ilan Rimer Non-Executive Director	Leslie Smith 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
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Net Tangible Assets Per Share

	31 Jul 2024	30 Jun 2024
NTA per share before tax	\$1.305	\$1.278
NTA per share after tax	\$1.398	\$1.371

NTA Per Share Performance Summary

1 month	Year-to-date	Last 12 months	Since inception ¹ (p.a.)	(cum.)
2.1%	12.5%	27.7%	13.0%	155.9%

Note: Returns are net of all expenses. FYE 31 December.
1 From 30 Nov 2016, the date on which NGE became a LIC.

Portfolio Composition

Company	Ticker	% of NTA
Yellow Cake plc	LSE:YCA	15.9%
Metals X	ASX:MLX	8.8%
Jupiter Mines	ASX:JMS	7.6%
Industrial Logistics Properties	NAS:ILPT	6.3%
Sprott Physical Uranium Trust	TSX:U.UN	6.3%
OCI N.V.	AMS:OCI	5.2%
Embark Early Education	ASX:EVO	4.9%
Undisclosed	Listed	4.5%
Capricorn Energy PLC	LSE:CNE	3.7%
John Wood Group plc	LSE:WG.	2.2%
Danakali	ASX:DNK	2.1%
Undisclosed	Listed	1.8%
Achieve Life Sciences	NAS:ACHV	1.6%
Northern Ocean Ltd.	OSL:NOL	0.9%
Undisclosed	Listed	0.7%
Net cash and other		28%
Total		100%

Unrecognised Tax Losses

The Company has ~\$28 million of Australian unused and unrealised losses available as at 31 July 2024. In the aggregate these losses equate to a potential future tax benefit of ~\$7m or ~\$0.20 per share (of which only ~\$3.3m or ~\$0.093 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 July 2024



During July and subsequent to month end we made the following notable portfolio changes:

- We increased our holding in **OCI N.V. (AMS:OCI)** and held 65k shares at month end. We have since increased our position further to 105k shares, after OCI announced on 5 August an agreement to sell its Texas Blue Ammonia project to **Woodside Energy Group Ltd (ASX:WDS)** for a cash consideration of US\$2,350m (~EUR 10.20/sh). OCI does not expect to incur any tax on the transaction proceeds.

OCI has secured a very attractive price for an asset still under construction – ~15.5x EV/EBITDA at the midpoint of management’s expected mid-cycle earnings range – and that is expected to have cost “north of” US\$1.4bn at completion. 80% of the purchase price is due on transaction close expected by year end, and the remaining 20% is due on project completion, targeted for 2H 2025.

We estimate the company will be left with net cash of ~EUR 26/sh, after combining upfront Texas Blue proceeds with proceeds to be received on completion of the previously announced sales of its Fertiglobe stake and IFCo. The company has already announced intentions to distribute up to EUR 14.50/sh from the Fertiglobe and IFCo sale proceeds.

OCI RemainCo comprises an 85% stake in OCI Methanol (potentially worth ~EUR 9+/sh), OCI European Nitrogen (~EUR 3+/sh), less Texas Blue net outflows (~EUR 1/sh) and central costs (~EUR 1/sh). We note that the final 20% of the Texas Blue consideration (~EUR 2/sh) will be offset by perhaps up to ~US\$750m (~EUR 3/sh) of outstanding capex from now until completion, though management is being cagey about the final estimated capex figure. Commentary on the 2Q24 earnings call suggests capex may have blown out by up to US\$400-500m from initial estimates of “north of US\$1bn”.

Summing up, we estimate that OCI is worth at least EUR 36/sh, with upside risk to our estimate of RemainCo’s value. Our sense is that management is not yet done with its “strategic actions”, and further asset sales are likely.

- We increased our holding in **Jupiter Mines Limited (ASX:JMS)**, and held ~14.30m shares at month end. 44% Mn grade ore prices remain elevated, however Jupiter’s 37% Mn benchmark price has fallen faster and further than expected: the benchmark is now only ~10% above where it was in the week prior to the suspension of GEMCO’s operations due to damage caused by Tropical Cyclone Megan. The current large disparity between 37% Mn and 44% Mn benchmark prices is unusual and suggests little desire at present for manganese alloy producers to substitute between ore grades. It will be interesting to see how the situation unfolds in the coming months.
- We initiated a small position in **Northern Ocean Ltd. (OSL:NOL)**, and held 400k shares at month end.
- We initiated new positions in three ASX-listed stocks, which we may disclose once we have secured our targeted portfolio weightings.
- We bought 750k shares of **John Wood Group plc (LSE:WG.) (Wood Group)** subsequent to month end, having sold the same number of shares in June and July to lock in tidy profits and allow for the possibility that the proposed 230p per share acquisition by **Dar Al-Handasah Consultants Shair and Partners Holdings Ltd (“Sidara”)** might break. Indeed, on 5 August Sidara announced that it was pulling its bid for Wood Group due to “rising geopolitical risks and financial market uncertainty at this time”. The share price nosedived, and we were able to pick up shares ~38% cheaper than where we sold them. We currently hold 1.0m shares.



Announcement released to the market with the authorisation of:

David Lamm
Chief Investment Officer

Adam Saunders
Portfolio Manager