



First quarter results 2021 12 May 2021

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Introduction to Rana Gruber

Rana Gruber in brief



Norwegian mining company



Annual production capacity of 1.8mt



Fully invested infrastructure and operations



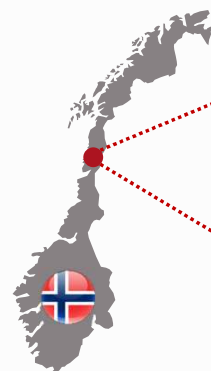
Metallurgical and chemical use-cases



Flagship brand COLORANA®



Zero CO2 emissions by 2025



Key figures

NOK 1,334m

Revenues 2020¹

509mt

Resources available

NOK 666m

EBITDA 2020¹

33.5%

Average iron content⁴

70%

Target dividend pay-out of net income²

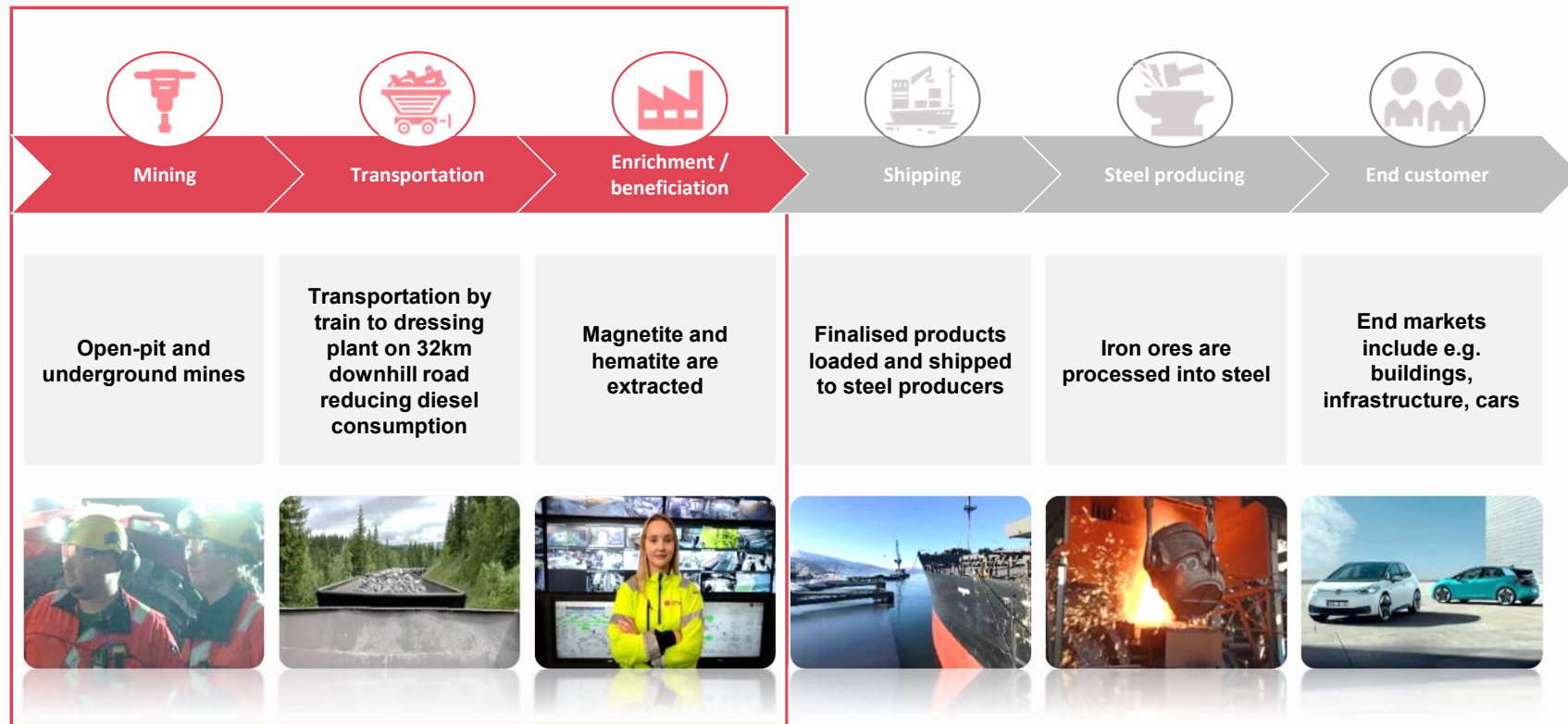
2.8x

Mining factor



¹ 2020 numbers are actuals ² Dividend policy 50%-70% ³ Mine plan includes L91 Ørtfjell underground and Steinsundtjern ⁴ Average grade of iron content in deposit

Rana Gruber operates in the beginning of the value chain...



Rana Gruber's operations



Rana Gruber not part of the value chain

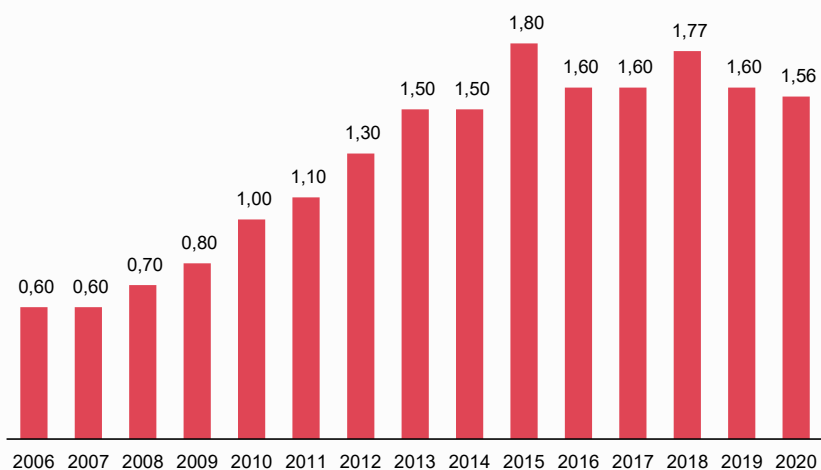
Rana Gruber produces predominantly hematite and magnetite concentrate

Product	Description	Production concentrated ore ¹	Applications																
Hematite	<ul style="list-style-type: none"> Hematite is concentrated to iron ore bulk products formulated for metallurgical applications The end markets are processed steel to primarily buildings, infrastructure and automotive industry Key costumers are large steel manufacturers Off-take agreement with Cargill 	<p>■ Hematite sold</p> <table border="1"> <tr><th>Year</th><td>2014A</td><td>2015A</td><td>2016A</td><td>2017A</td><td>2018A</td><td>2019A</td><td>2020A</td></tr> <tr><th>kt</th><td>1.3</td><td>1.7</td><td>1.6</td><td>1.4</td><td>1.7</td><td>1.5</td><td>1.5</td></tr> </table>	Year	2014A	2015A	2016A	2017A	2018A	2019A	2020A	kt	1.3	1.7	1.6	1.4	1.7	1.5	1.5	
Year	2014A	2015A	2016A	2017A	2018A	2019A	2020A												
kt	1.3	1.7	1.6	1.4	1.7	1.5	1.5												
Magnetite	<ul style="list-style-type: none"> Chemical-free Magnetite iron oxide concentrates used in a variety of products such as pellet feed, water purification and cosmetics Key customers are the chemical industry yielding premium prices compared to the steel industry Potential increase in production 	<p>kt ■ Magnetite sold</p> <table border="1"> <tr><th>Year</th><td>2014A</td><td>2015A</td><td>2016A</td><td>2017A</td><td>2018A</td><td>2019A</td><td>2020A</td></tr> <tr><th>kt</th><td>109</td><td>77</td><td>91</td><td>119</td><td>71</td><td>89</td><td>90</td></tr> </table>	Year	2014A	2015A	2016A	2017A	2018A	2019A	2020A	kt	109	77	91	119	71	89	90	
Year	2014A	2015A	2016A	2017A	2018A	2019A	2020A												
kt	109	77	91	119	71	89	90												
Colorana®	<ul style="list-style-type: none"> Based on two types of magnetite concentrate Used for both colorants and highly advanced products such as brake linings, magnetic stripes and chemical processes Customers are fragmented all over the world 	<p>kt ■ Colorana sold</p> <table border="1"> <tr><th>Year</th><td>2014A</td><td>2015A</td><td>2016A</td><td>2017A</td><td>2018A</td><td>2019A</td><td>2020A</td></tr> <tr><th>kt</th><td>4.6</td><td>4.9</td><td>5.1</td><td>6.0</td><td>5.4</td><td>4.9</td><td>5.1</td></tr> </table>	Year	2014A	2015A	2016A	2017A	2018A	2019A	2020A	kt	4.6	4.9	5.1	6.0	5.4	4.9	5.1	
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kt	4.6	4.9	5.1	6.0	5.4	4.9	5.1												

¹ The concentrated ore is the output after the crude ore has gone through the beneficiation process to ensure a product with the desired grade

Has delivered strong operational results since onboarding

Historical production of iron ore concentrate (mt)



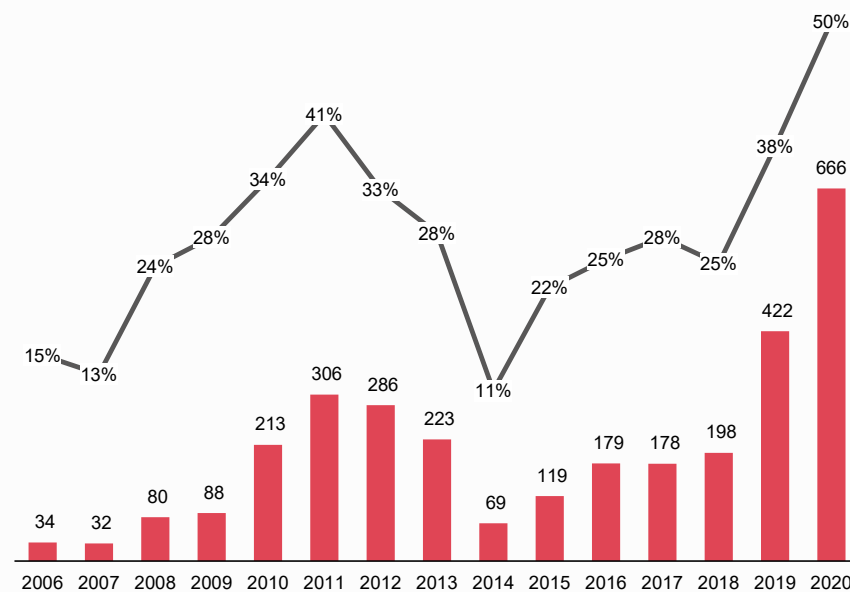
1.8mt p.a.

Production capacity

78-83%

Iron yield in process plant

Development in annual EBITDA and margin (NOKm)¹



31%

Avg. EBITDA margin ('15-'20)

41.9%

EBITDA CAGR ('15-'20)



¹ EBITDA adjusted for changes in inventory. EBITDA defined as EBIT + depreciation + amortisation of operational development

² All 2020 numbers are actuals

Several key investments will increase grade and reduce costs

Hematite Fe65



- R&D efforts and use of new technology will enable Rana to increase iron ore content in Hematite products without substantial loss
- Expected to enable Rana to increase its Hematite grade from 62% to 65%
- Expected to contribute to an increase in realised price of USD 16/t

Increased Magnetite production



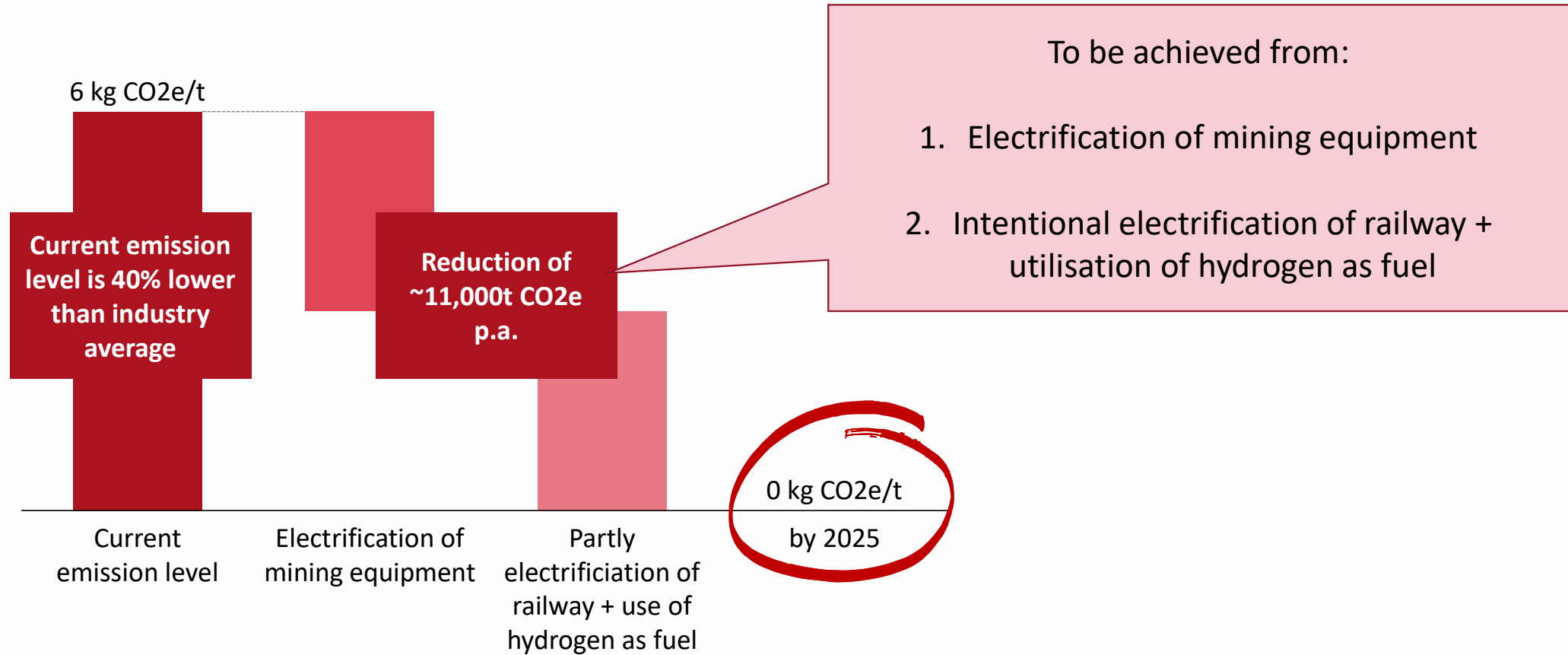
- Expansion of existing magnetite processing capacity to handle higher magnetite ore blends
- Will enable Rana to increase production of high-quality magnetite that is in high demand

Electrification of mining equipment



- Substitution of conventional diesel-powered mining equipment with new and more eco-friendly electrical alternatives
- Substantial reduction of CO2 in an already low emission operation
- Will enable annual cost reductions from diesel in the range of NOK 20-25 million
- Evaluating potential for government support schemes, including grants from Enova

Rana Gruber targets to become the world's first carbon neutral iron ore mine by 2025



First quarter results 2021



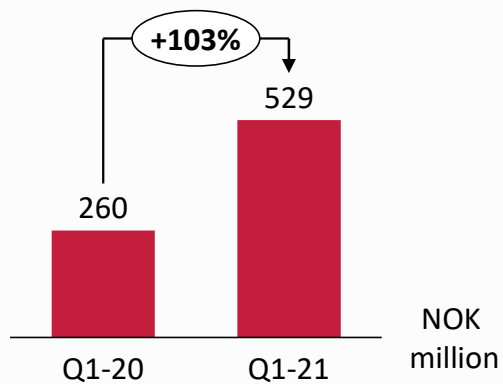
A milestone quarter for Rana Gruber



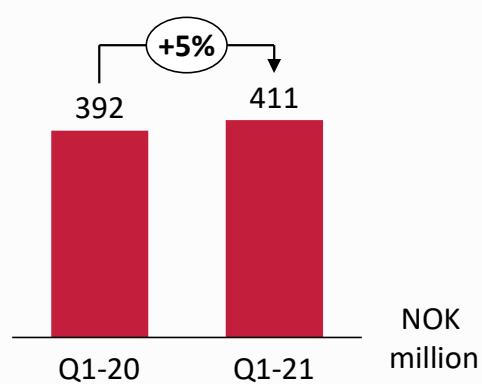
- Historically strong revenues and EBITDA in the quarter driven by all-time high iron ore prices
- Increased demand from infrastructure projects globally post Covid-19 combined with supply side limitations
- Dividend of NOK 2.90/share for Q1-21 corresponding to 70 per cent of EPS
- Solid financial position and healthy cash flow

Q1-21 financial highlights

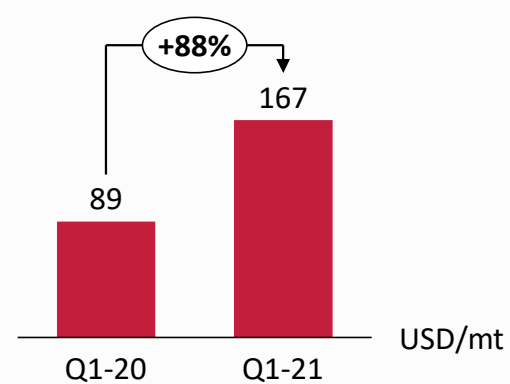
Revenues doubled as a result of all-time high iron ore prices



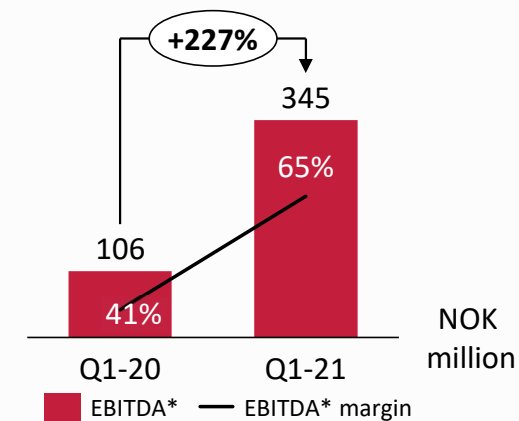
Production increase in line with normal variations



Average hematite prices realised 1 267 NOK/mt

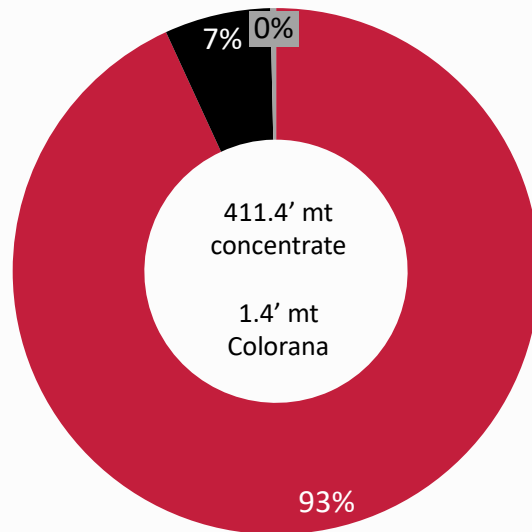


EBITDA tripled in one year



Production in line with mine plan, new mine level finalised

5 per cent increase in concentrate production in Q1-21



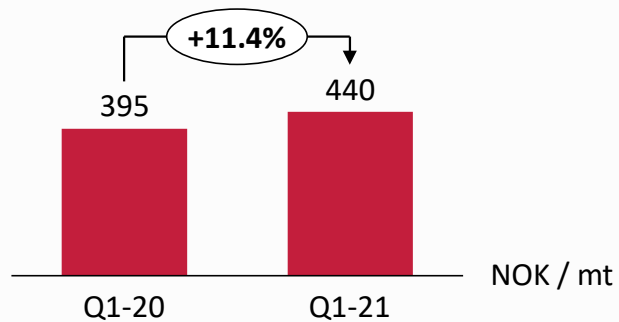
- Production hematite
- Production magnetite
- Production Colorana

New underground mining level finalised as planned

- Production of ore from the new mine Level-123 commenced Q1-21
- Temporarily overlapping the end of production at the previous mine, Level-155
- At both levels, production is adjacent to the ore and waste rock borders, and the ore iron content is expected to vary more in the first months after switching production level
- This might translate to variations in concentrate volume in the coming two to three quarters
- Open pit production increased by 27 per cent, driven by favourable operational conditions and planned increase of raw material stock

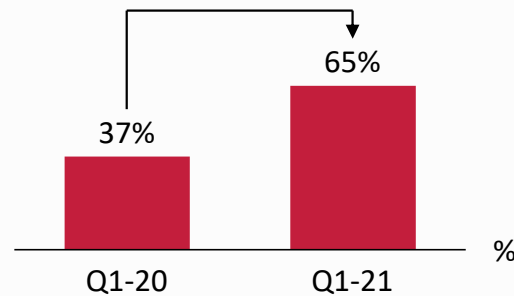
Higher cash cost more than offset by price increases for hematite

Cash cost increased due to higher activity levels

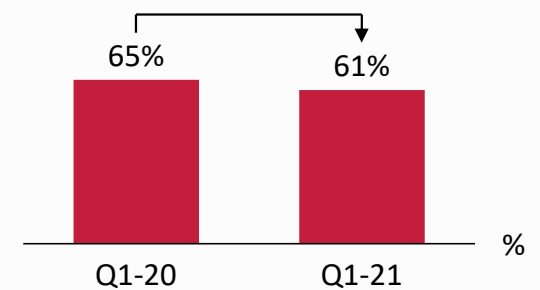


For main product areas hematite and magnetite*

Hematite margin improvement from price increases



Magnetite margin decline from higher cash cost



Key figures

	Q1-21	Q1-20	Change (%)	FY-20
Revenue	529.0	260.4	103%	1 333.6
COGS	(88.8)	(86.2)	3%	-347.6
Amortization of development drifts	9.4	9.8	(3%)	40.0
Other costs	(109.0)	(87.2)	25%	-367.7
Change in invent.	4.6	8.8	(48%)	8.0
EBITDA	345.2	105.6	227%	666.2
Depreciation	(31.7)	(26.2)	21%	107.1
EBIT	304.1	69.6	337%	519.0
Hedging iron ore gain/(loss)	(105.2)	(20.8)	(406%)	(134.0)
Other net financials	(0.2)	(25.7)	99%	(35.5)
Pre-tax-profit	198.7	23.1	759%	349.9
Tax	(43.7)	(5.1)	759%	-76.9
Net profit	155.0	18.1	759%	273.0
EPS (NOK)	4.15	0.48	-	0.01
DPS (NOK)	2.90	-	-	N/A
Payout ratio (%)	70%	-	-	N/A

Strong cash flow

Strong cash flow from operations

	Q1-21	Q1-20	FY-2020
Net cash flow from operations	258.3	22.6	403.4
Net cash flow used in investing activities	(41.7)	(41.1)	(86.9)
Net cash flows used in financing activities	(28.4)	10.4	(301.1)
Total cash flow	188.1	(8.1)	15.3
Cash holdings	213.1	1.6	25.0

Capex mainly related to new mine level

- Increased sales volumes and higher prices of hematite compared drove operational cash flow and increased cash
- Capex for the first quarter totalled NOK 37.5 million
 - NOK 33.5 million in development capex mainly related to the new mine level
 - NOK 4.0 million was related to maintenance in the quarter
- Restructuring of the company's debt and settlement of receivables towards LNS Mining AS was the main driver of the changes in financial cash flow

Note: Amounts in NOK million, except where indicated otherwise. Quarterly figures are unaudited.

Solid financial position and reduction in long-term debt in Q1

Equity ratio of 52.3 per cent

	Q1-21	FY-20	Change (%)
Total assets	1 023	1 033	-1%
Total equity	535	491	9%
Equity ratio (%)	52.3%	47.6%	4.7pp
Cash and cash equivalents	213	25	753%
Interest bearing debt	137	269	-49%

Long-term debt reduced in connection with IPO process

- In connection with the IPO process and the 50 per cent divestment from former owners LNS Mining AS, the receivables towards LNS Mining AS and Greenland Ruby AS were settled.
- The settlement was mainly used to restructure the company's long-term debt, resulting in reduction in long term debt towards financial institutions of NOK 128 million for the first quarter
- The company's debt ex leasing obligations towards financial institutions is now related to a single USD loan of 7.6 million, which is expected to be paid equally over the next two years, as well as an unused credit facility of NOK 100 million

Key takeaways and outlook

A milestone quarter...

- Historically strong revenues and EBITDA in the quarter driven by all-time high iron ore prices
- Increased demand from infrastructure projects globally post Covid-19 combined with supply side limitations were key drivers behind the price growth
- Dividend of NOK 2.90/share to be distributed for Q1-21 corresponding to 70 per cent of EPS
- Solid financial position and healthy cash flow

...and strong long-term potential

- Prices have continued to increase also post Q1, providing indications for a solid quarter ending before the summer. Expectations for continued positive market sentiment also next year.
- Production volumes may vary somewhat in the upcoming quarters, due to the shift from different levels in the mine
- All volumes for FY-21 have already been sold
- Long-term strategic projects initiated which will enable higher product margins and carbon neutral operations
- The record-high market provides flexibility to pursue projects either expanding Rana Gruber's business opportunities or reducing cash cost

Questions and answers

Contact: ir@ranagruber.no
Next report: H1 2021 - August 26 2021



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