

July 2024

PSE SPOTLIGHT

FEATURING:

Global Ferronickel Holdings, Inc.



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FNI is a leading producer of nickel ore. Through our presence across the Philippines and in China, we are pursuing a multipronged strategy to expand our nickel resource and diversify into value-added nickel processing, and port operations and logistics.

Stock Code	FNI
Listing Board	Main Board
Sector – Subsector	Mining & Oil - Mining
Listing Date	December 14, 1994
Outstanding Shares	5,125,175,687
Free Float Level	54.61%
Market Capitalization	P8,456,539,884
P/E Ratio	6.04x
Dividend Yield	0.00%

As of 12 July 2024
Source: PSE Data

[Company Profile](#)

1. What makes the FNI an attractive investment for potential investors?

- Robust industry outlook
 - Nickel to benefit from global megatrends
- Strong competitive positioning
 - Long-life, large-scale, low-cost nickel mines
 - Compelling acquisition of a China-based processor
 - Resilient balance sheet
- Seasoned leadership team focused on value creation
 - Balanced reinvestment in business and shareholder returns
 - Recognized responsible and sustainable practices
 - In service of delivering long-term stakeholder value
- Multipronged strategic vision
 - Expansion of nickel resource
 - Entry into value-added nickel processing
 - Expansion of port operations and logistics
 - Diversification into cement manufacturing

2. **What challenges has FNI encountered, and what strategies were employed to overcome them effectively?**

There are various factors such as climate-related risks and uncertainties which we cannot predict or control but could adversely affect our business. Recent examples of these events were experienced in our mine in Surigao, including earthquakes and changes in rainfall patterns.

We continue to assess and monitor such risk factors. Additionally, our ongoing initiatives aim to bring more diversification and ultimately improve FNI's portfolio quality and performance. For example, we started commercial production in our Palawan mine in September 2022. This mine site enjoys milder weather and a wet season that is not very pronounced thereby allowing year-round operations. It also adds greater scale to our resources and reserves and points to long-term business volume. As we step up efforts to further diversify, the combined strength of the Surigao and Palawan mines enables us to achieve the following advantages:

- Less seasonality impact
- Reduced reliance on single mining location
- Expanded resource base and proven reserves
- Development of complementary new products
- Greater scale in terms of production and profitability
- Higher efficiency through optimization of mining infrastructure
- Leverage and development of key relationships with customers
- Improved bargaining power with suppliers, contractors, other service providers, and customers

3. **What sustainability initiatives does FNI have in place? How do they align with your long-term goals?**

Mission

We are a world class mining company providing metals and minerals that are essential ingredients for greener, more sustainable products required in almost every aspect of everyday life. We carry out our activities in an environmentally, socially, and financially responsible manner for the benefit of the nation, the communities where we operate, our employees, customers, and other stakeholders.

Vision

In all businesses we engage in, our vision is to be a world-class group of companies with a broad range of pioneering development options, enabling shared values and prosperity to all its stakeholders and contributing to sustainable national development.

Our approach to sustainability is integrated into our operational strategies, ensuring regulatory compliance and actively advancing global sustainability efforts. We adopt a principled prioritization that involves a careful selection of specific United Nations Sustainable Development Goals (UN SDG) targets, chosen after a detailed analysis of the potential risks and benefits to people and the environment.

Our overall strategy is largely based on community development and stakeholder engagement in achieving sustainable outcomes. This highlights the important role of local communities as active participants in determining our initiatives, fostering mutual growth and resilience as well as promoting lasting environmental impact.

Some examples are educational initiatives, health and wellbeing programs, economic empowerment, local entrepreneurship and skills development, infrastructure development that meet ecological standards, and environmental conservation efforts such as reforestation and biodiversity projects.

Recent awards for responsible mining

- Best Mining Forest 1st Runner-Up (2023)
- Presidential Mineral Industry Environmental Award for surface mining operation (2021, 2022)
- Platinum Achievement Award (2020)

Participation in global industry benchmarks and disclosure initiatives

- Extractive Industries Transparency Initiative
- Towards Sustainable Mining

Current certifications in environmental, quality, and occupational health and safety management systems

- ISO 14001:2015
- ISO 9001:2015
- ISO 45001:2018

4. How is the company doing in terms of its market position vis-à-vis its competitors in the industry? What are the key initiatives or programs being undertaken by the company to increase market share or gain an advantage over the competition?

FNI is the second largest exporter of nickel ore in the Philippines.

In September 2022, we successfully completed the acquisition of a 20% ownership in Guangdong Century Tsingshan Nickel Industry Co. Ltd, the owner of a 33-hectare rotary kiln-electric furnace processing facility in China. This acquisition creates reliable and consistent synergies between FNI as a nickel ore supplier and GCTN as a value-added processor. It also helps us gain technological know-how and deeper insight into the market.

Our growth strategy includes expanding our resource base through exploration and potential acquisitions. We are actively exploring for nickel resources in Northern Luzon, Visayas, and additional areas in Surigao. By increasing our resource base, we aim to ensure a sustainable supply of nickel for future growth and support the establishment of a value-added processing plant in the Philippines, enhancing our capacity to meet the growing demand for nickel in the global market particularly in the EV and renewable energy sectors. We are confident that our efforts will not only boost our company's growth but also contribute to the Philippine economy, its standing in the global mining industry, and the transition to clean energy.

5. What are your company's strategic priorities for the next two to three years?

- Expansion of nickel resource
 - Cagdiano, Surigao del Norte
 - Brooke's Point, Palawan
 - Northern Luzon, Visayas, additional areas in Surigao
- Entry into value-added nickel processing
 - Ferronickel processing plant
 - Battery-grade nickel plant
 - Nickel matte processing
 - Steel plant
- Expansion of port operations
 - Warehousing
 - Container terminal services

6. How is your company leveraging technology to streamline operations and/or enhance customer experiences? What digital transformation initiatives has the company taken or are currently undertaking? Can you describe how these will be able to contribute to your business and overall competitiveness?

Our commitment to operational efficiency is reflected in our sharing of best practices and technological innovations across our mining sites. Both the Surigao and Palawan mines benefit from a unified team of technical experts who oversee mine planning and operations, ensuring consistency and optimization. The use of advanced software for mine planning and resource management is standard across operations, facilitating efficient and effective decision-making.

PSE Spotlight is a short feature about listed companies that are part of PSE STAR Investor Day. The report, which offers a quick overview of a company, includes a description of its business, stock information, as well as answers to five interview questions provided by the company's management team. The interview questions typically revolve around the company's value proposition, business operations and landscape, challenges and opportunities, and strategic initiatives.

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