

The background of the slide features a silhouette of a large industrial structure, possibly a crane or a piece of heavy machinery, against a bright, golden sunset sky. The sky is filled with a warm, orange glow, and several birds are seen flying in the upper portion of the frame. The overall mood is one of industrial strength and forward momentum.

TEAM G-FORCE STRATEGIC REPORT

STRATEGIC ISSUES

Managing divisional performance group-wide

Strategic joint venture decision in Canada

Strategic disposal in Brazil

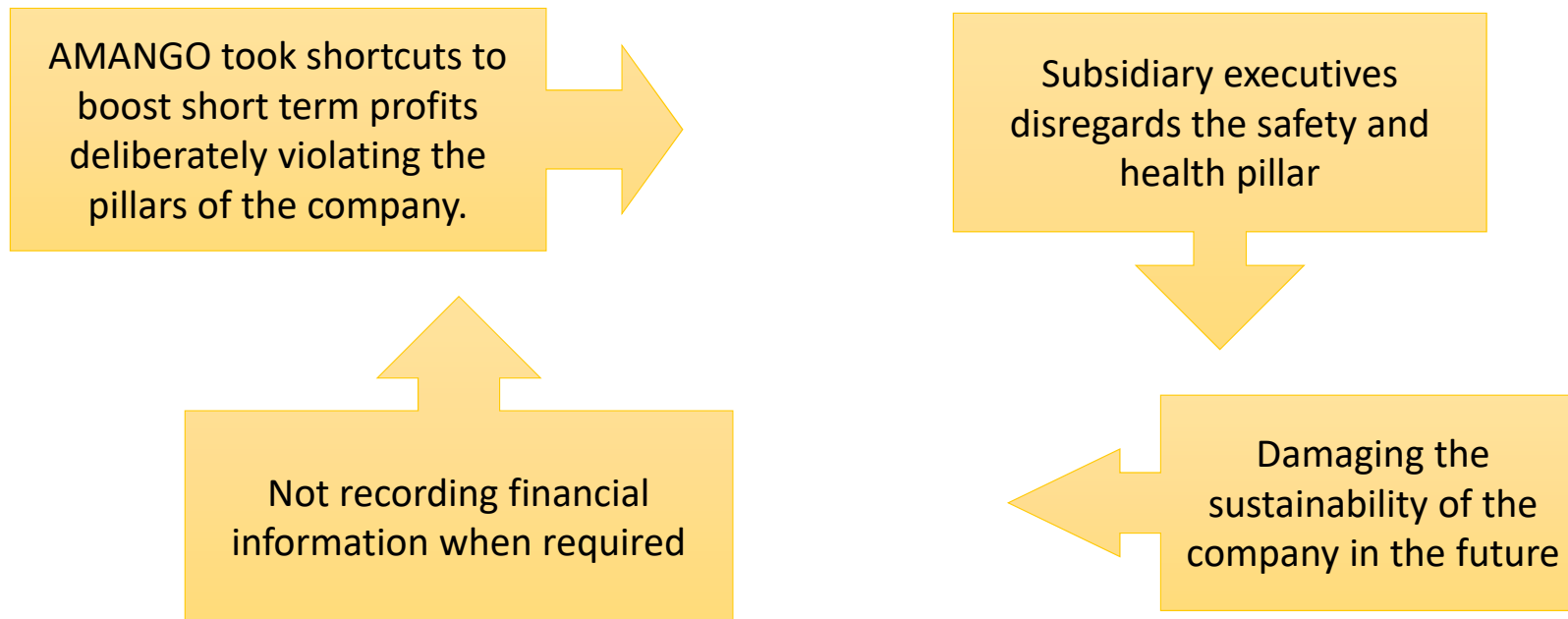
Balance sheet de-leverage

Operational risk and industrial action in Australia

Corporate reconstruction and reorganization

MANAGING DIVISIONAL PERFORMANCE GROUP-WIDE

AMANGO needs to look at their current evaluating and rewarding system since:



Postponing standard service schedules for critical equipment

- Violating Pillar A (Safety and Health)

Retrenching workers from mines which is still operational

- Damaging the sustainability in the long run

The company does not record financial information when required

- Illegal practice

STRATEGIC JOINT VENTURE DECISION IN CANADA

Idle no more



Joint ventures

Sinking of mining infrastructure



Design	Break-even	Revenue	Cost	Profit
Small and Shallow	3143337 units	\$ 251 000 000	\$ 157 000 000	\$ 93 million
Medium size and depth	5982088 units	\$ 376 000 000	\$ 300 000 000	\$ 76 million
Large and deep	9372071 units	\$ 502 000 000	\$ 470 000 000	\$ 32 million

STRATEGIC DISPOSAL IN BRAZIL

- AMANGO received a final offer of \$750 million from CMOC for AMA-NP
- Accept or Deny
- AMANGO business policies
- 3 year viability statement



EXCHANGE RATE IN US\$

Sector Price to earnings (P/E) Ratio	\$ 4 030 000
Non-current assets	\$ 593 650 000
Earnings (Profit after tax)	\$ 34 100 000
Net current assets	\$ 240 250 000
Long-term debt	\$ 83 700 000
Total long-term debt +Equity	\$ 833 900 000
Operating Profit (EBIT)	\$ 48 670 000

EQUITY = \$750 200 000

SWOT ANALYSIS

Strengths

AMA-NP is generating a profit. Profit after tax = \$34 100 00.

Opportunities

Competition amongst other mining companies will decrease because they are also seeking to dispose of assets and subsidiaries.

Weaknesses

AMA-NP has a long-term debt of \$83 700 00.

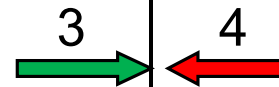
Threats

Face the threat of being sold by AMANGO. as part of their turnaround strategy. (Point 3 – disposal of assets)

BALANCE SHEET DE-LEVERAGE

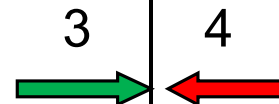
Selling of subsidiaries

The company will get rid of unprofitable mines

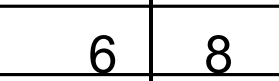


The PIC will dump shares

No further harm will be done to the environment by these mines(pillar B)



More than 36000 people will lose their jobs in South Africa



Selling of property

The PIC will not dump shares	4 →	4 ←	AMANGO would lose these assets
The workers in South Africa will retain their jobs	4 →	2 ←	The rental income from the workers would be lost
The property will be sold to a BEE company	3 →		
The workers that lease these apartments would still live there.	2 →		
	13	6	

OPERATIONAL RISK AND INDUSTRIAL ACTION IN AUSTRALIA

Safety Negligence

Consistent over delivery on production targets

Mine shaft collapse due to faulty geotechnical design

CEO orders mine to be reopened, disregarding safety concerns

CORPORATE RECONSTRUCTION AND REORGANIZATION

Market share %

$$\begin{aligned} & (\text{Revenue of AMANGO in Nickel LTD} \div \text{Total sales of Nickel LTD}) \times 100 \\ \Rightarrow & (\$146 \text{ million} \div \$3650 \text{ million}) \times 100 = 4\% \end{aligned}$$

Decrease in Operating profits %

$$\begin{aligned} & (\text{Difference in operating profits from 2015-2016} \div \text{operating profits 2015}) \times 100 \\ \Rightarrow & (\$21 \text{ million} - (-\$22 \text{ million}) \div (\$21 \text{ million})) \times 100 \\ \Rightarrow & \$43 \text{ million} \div \$21 \text{ million} \\ \Rightarrow & 204.76\% \end{aligned}$$

Operating profit over revenue %

$$\begin{aligned} & (\text{Operating profit 2016 of Nickel LTD} \div \text{Revenue 2016 of Nickel LTD}) \times 100 \\ \Rightarrow & (-\$22 \text{ million} \div \$146 \text{ million}) \times 100 \\ \Rightarrow & -15.07\% \end{aligned}$$

FIGURES ONLY RELATE TO NICKEL LTD