

24th August 2011

ASX announcement



Mastermyne Exceeds Prospectus Forecast NPAT by 32%

Key points:

- Combined Group Revenue from Ordinary Activities (Group Revenue) was up 68% from FY2010 and 26% from the FY2011 forecast released in the IPO prospectus.
- Statutory Net Profit After Tax (NPAT) was \$11.74 million.
- Final dividend will be paid at 3.7 cents per share fully franked bring full year dividend to 6.1 cents.
- Workforce numbers at 823 for the full year up 46% from previous corresponding period, with the Myne Start training centre contributing significantly to this increase.
- Operations have continued to deliver strong performance which underpins long term relationships with major coal producers.
- Contracted Order book for FY2012 will deliver growth on the FY2011 results.

Leading underground coal contractor Mastermyne Group Limited (ASX Code:MYE) today released a Statutory NPAT result of \$11.74 million which was up by 32% from the forecast NPAT of \$8.89 million issued at the time of the IPO in May FY2010. After allowing for one-off costs, the adjusted NPAT for FY2011 was \$9.79 million which equates to a 10% increase from the IPO forecast on an underlying basis.

Mastermyne's Managing Director, Tony Caruso said, "Completing the first full year as a public company and exceeding prospectus forecast in a year filled with significant sector interruptions has been a great result". He went on to say that "Just as pleasing is the contracted order book for FY2012 and beyond which sets the business up for another strong year".

The Group Revenue increased 68% to \$164.83 million in FY2011 (FY2010: \$98.16 million) with growth coming from all divisions of the business, with the most significant increase being \$62.92 million from the Underground division. This is a direct result of securing three new contracts across Queensland and New South Wales.

Operations Overview

FY2011 has been a year of significant and successful organic growth for the Mastermyne Group with 68% top line growth from the previous financial year. The strategy as defined in the IPO prospectus of expanding the range of services and geographical expansion are now well embedded and have led to several new opportunities and contracts which will underpin the business well into the future.

Safety management has continued to be at the core of the company's operating principles and we have seen ongoing improvement in our leading and proactive safety measures. Our lagging statistics increased in the earlier stages of FY2011 under the strain of growth and regardless that the injuries were minor in nature, the safety performance received the immediate attention of the company including the Managing Director. Furthermore the company strengthened the safety team via the appointment of several key positions, resulting in an improved safety performance from the later stages of the financial year.

We have seen a tightening in the market for human resources but the company has successfully recruited in the FY2011 financial year. This was achieved through a well-developed strategy which included domestic and international recruitment as well as the very successful Myne Start training centre based in Mackay.

The business exceeded the prospectus forecast in all key financial metrics in its first full year as a public company. The significant revenue growth was driven by securing three new long term contracts across Queensland and NSW. Margins were down from IPO prospectus forecast for the full year due to three main factors, being the effects of using sub contract labour in the first half of the year, a mine access issue at a major project in January and a full year loss in the Services Division. Margins commenced recovering in the second half of the year. The Group continues to perform well on all contracted work and the order book and sales pipeline are strong.

Outlook

The underground mining sector was largely unaffected by the weather events of FY2011 and as a result has continued to grow strongly in both Qld and NSW. Underground contract services remain in very high demand and Mastermyne is well placed to capitalise on this. Mastermyne is in the very sound position of having an order book contracted for FY2012 that will deliver growth on the FY2011 results. The company will use this strong position to consolidate and focus on organic growth over FY2012.

The sales pipeline beyond FY2012 continues to build with tier 1 and 2 coal companies well advanced on several large scale underground projects and further projects in the approval stage. The combination of these builds a very solid long term pipeline of opportunities.

Mastermyne also announced today that the Group Financial Controller, Mr Chris Kneipp, has been appointed joint Company Secretary effective August 24 2011.

About Mastermyne

Mastermyne Group Limited (ASX:MYE) was established in 1996 and is a leading provider of specialised services to the Australian coal mining industry. Mastermyne listed on the ASX on 7 May 2010.

It has three operating divisions, Mastermyne Underground (underground roadway development, installation of conveyors and longwall relocation), Mastermyne Engineering (design and engineering of specialised mining equipment and consumables) and Mastermyne Services (electrical, mechanical and maintenance services).

Based in Mackay Queensland, Mastermyne has operations in Queensland's Bowen Basin and the Illawarra and Hunter Valley regions in New South Wales.

Further information:

Tony Caruso – Chief Executive and Managing Director: (07) 4963 0400

Bill Lyne – Company Secretary: (07) 3378 7673

Or visit www.mastermyne.com.au