

23 August 2012

**ASX announcement**



## **Mastermyne Group Limited – FY12 Results Announcement**

Key points:

- Combined Group Revenue for the full year \$271.955 million (FY2011: \$164.830 million) up 65%.
- Statutory Net Profit After Tax (NPAT) \$14.664 million<sup>1</sup> up 24.9% (FY2011: \$11.742 million<sup>2</sup>).
- Adjusted Net Profit After Tax (NPAT) \$15.788 million up 61.2% (FY11: \$9.794 million)
- Statutory EPS up 22.5% to 19.6 cps
- Adjusted EPS up 58.1% to 21.1 cps
- Final dividend of 4.8 cents per share fully franked bringing full year dividends to 7.8 cents.
- Workforce numbers at 1088 for the full year up 265 or 32% from previous corresponding period.
- Mackay Myne Start training centre contributed 105 trained people during the year with a Second Myne Start facility opened in Brisbane in June 2012.
- \$250 million of revenue deliverable in FY2013 from current Contracted Order book
- Currently tendering on a further \$728 million in new business

1 Includes a negative tax adjustment of \$1.124 million due to recent changes in tax legislation enacted at the end of FY12. This adjustment is reversing benefits recognised in prior periods.

2 Includes positive tax adjustments of \$ 2.362 million due to entering into a tax consolidation for the group and rights to future income as a result of the IPO and changes in tax legislation.

Leading underground coal contractor Mastermyne Group Limited (ASX Code: MYE) today released a Statutory NPAT result of \$14.664 million up 29% over the prior year. After allowing for a one-off legislative change to taxation laws concerning Rights to Future Income the adjusted NPAT for FY2012 was \$15.79 million up 61.2% over FY2011.

Mastermyne's Managing Director, Tony Caruso said, "delivering 65% top line growth in FY2012 is an excellent result". He went on to say that whilst FY2013 is shaping up as a tougher operating environment the combination of a strong order book and the experience within the company will ensure we continue to deliver strong shareholder returns.

### **Operations Overview**

FY2012 was nominated as a year to consolidate and strengthen the business in areas of key management, operating systems and safety performance. This was successfully achieved whilst at the same time the company was able to achieve significant top line organic growth. The FY2012 result follows the company's exceptionally strong performance in its first full year as a public company in FY2011.

The FY2012 result was led by Mastermyne's Underground Division but was well supported by a very strong performance from the Engineering Division. The Services Division delivered a turn around to be profitable in the second half of the year and is well placed with a solid pipeline of contracted work for FY2013. Myne Start has seen the continued success of its training facility's with a second centre opened in Brisbane late in the financial year to service the ongoing demand for skills training.

The company was very pleased with its safety performance for FY2012 and recognises that a strong focus on safety is essential in winning and retaining quality work opportunities. The safety team has been instrumental in designing and implementing safety compliance systems commensurate with the growth in the organisation. Complementing the compliance requirement of safety management the group has focused on safety behaviour and development of a proactive and innovative safety culture with a high degree of ownership and accountability. During the year the business has significantly increased its exposure hours but at the same time improved the safety performance resulting in a 20% decrease in the Total Recordable Injury Frequency Rate (TRIFR) from the previous corresponding period. This performance has again seen the company exceed industry benchmarks for underground coal safety performance.

Margins delivered in FY2012 were consistent with FY2011 and reflect continuing growth in contracting work as a percentage of overall revenues. The Company expects margins to be maintained at current levels for FY13.

The contract order book for the financial year was maintained with no erosion or runoff of the existing contracted work and 3 major projects were extended or renegotiated.

### **Outlook**

Over the past six months it has become increasingly apparent that the coal sector is facing a difficult trading environment as a result of rising costs, declining coal prices and a continued high Australian dollar. FY2013 is expected to be a low growth environment with many coal mine operators focusing on cost efficiency across their operations. This presents Mastermyne with the opportunity to improve its business particularly in the area of costs and skills as it focuses on executing the order book in hand which is entirely linked to production at coking coal operations.

With \$250 million of revenue deliverable in FY13 from its existing order book, Mastermyne is well placed commencing the new financial year. Mastermyne is also tendering on a further \$728 million in new business as coal companies look to consolidate their contractor relationships and focus on costs and production efficiency. The company remains committed to servicing and adding value to its existing customers and will focus on contract renewal over the next 12-18 months whilst continuing to pursue ongoing opportunities for growth.

### **Further information:**

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Or visit [www.mastermyne.com.au](http://www.mastermyne.com.au)

### **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.