



Mastermyne Group Limited

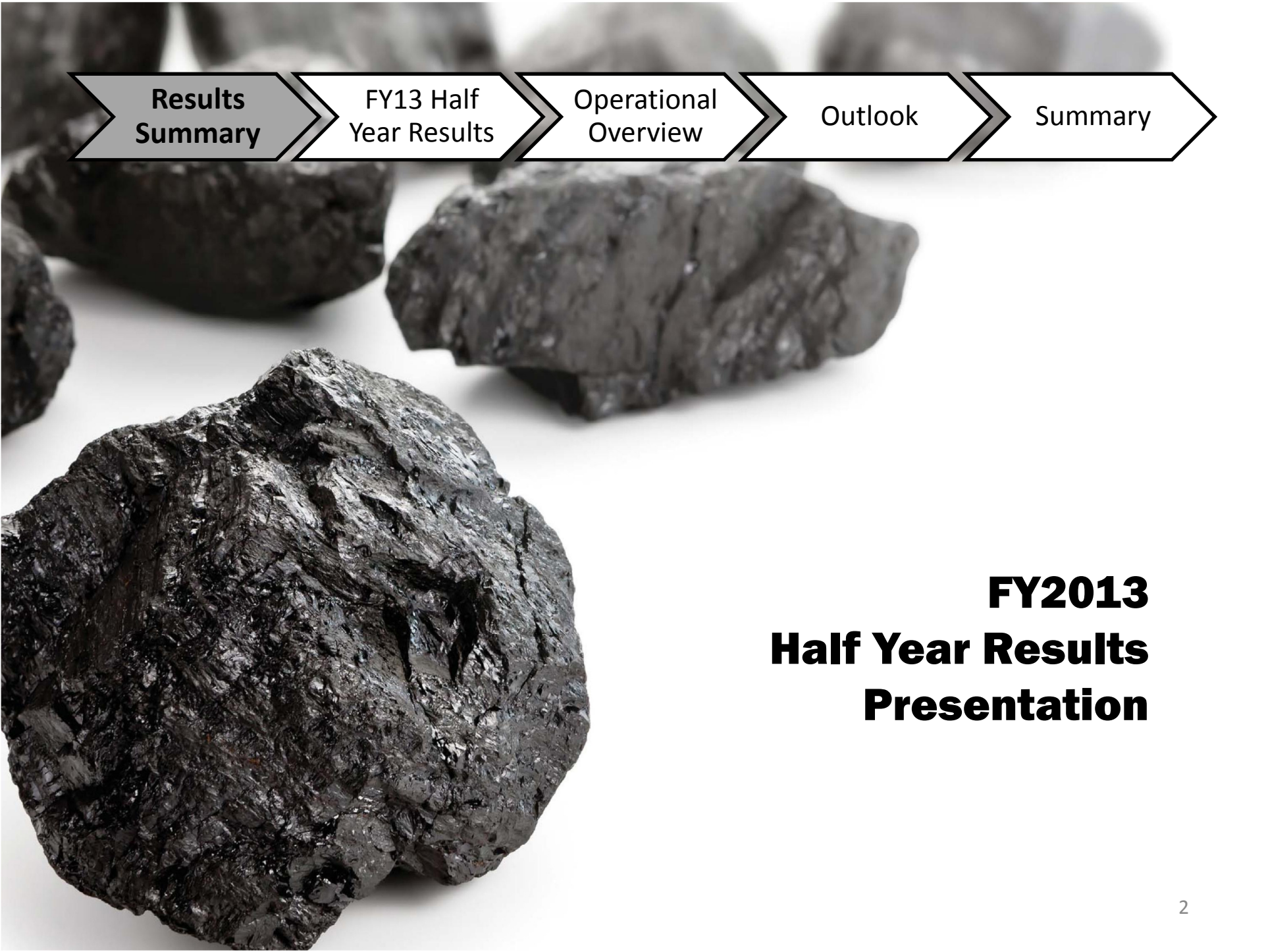
**FY2013
Half Year Results
Presentation
26 February 2013**

Tony Caruso – CEO & Managing Director
Chris Kneipp – Financial Controller



Mastermyne
Underground • Services • Engineering

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**Results
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FY13 Half
Year Results

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Financial Highlights

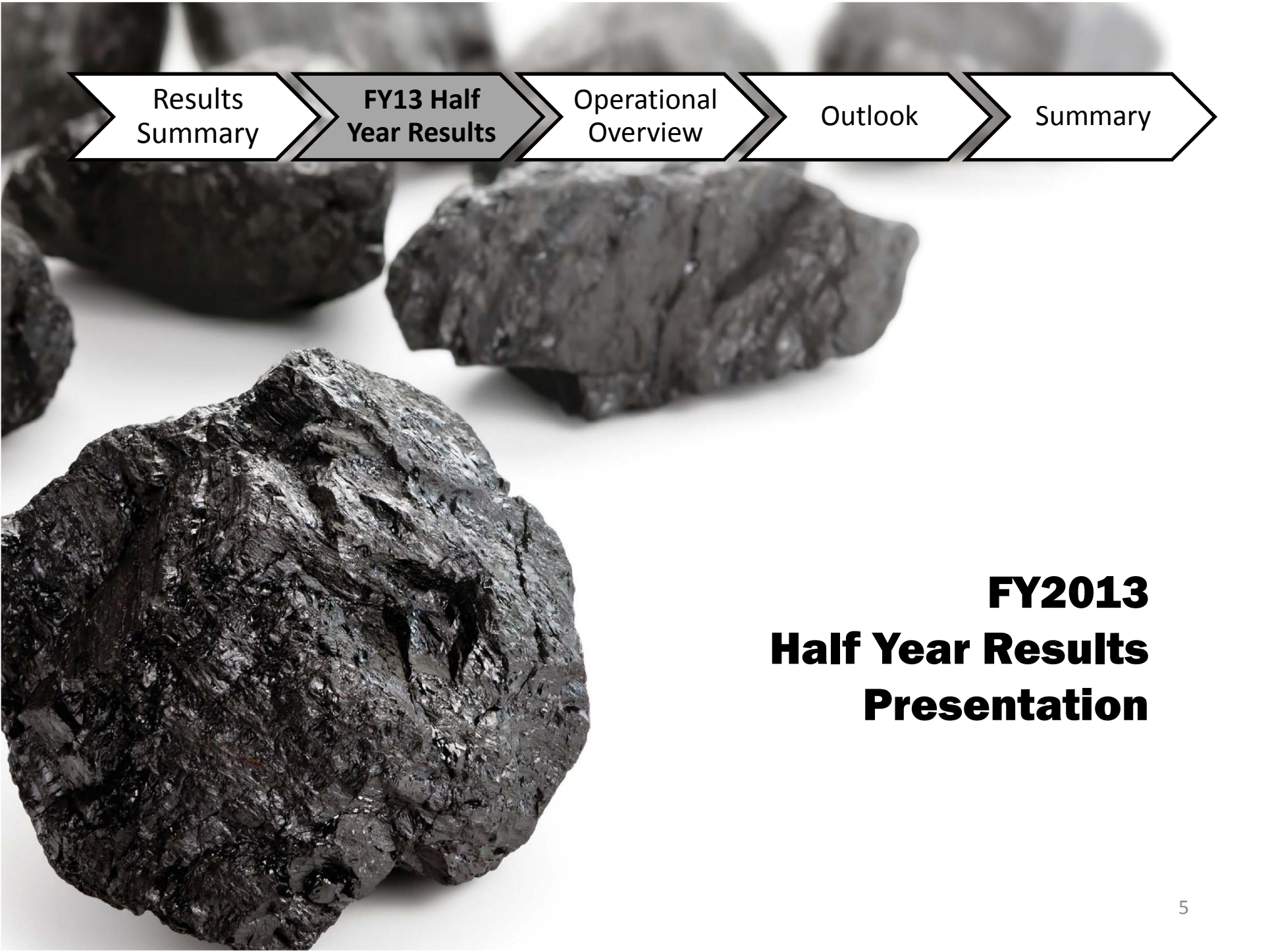


REVENUE	↑	14.3%	1HY2013 \$142.1 million
EBITDA	↑	6.3%	1HY2013 \$16.4 million
EBITA	↑	0.5%	1HY2013 \$12.7 million
NPAT	↑	2.2%	1HY2013 \$8.0 million
EPS	▬	Same	1HY2013 steady at 10.6cps
DPS	↑	10%	Interim Dividend of 3.3 cps

Operational Highlights



- Continuing trend of improved performance for HSEQ across the Group
- Commenced accreditation of HSEQ system to AS4801 & AS17001 standards
- Secured new contracts with;
 - BHP at Appin Area 9 for 2.5 years (including options)
 - Rio Tinto at Kestrel for 3 years (including options)
- Crinum North contract extended
- On shortlist for;
 - 3 year umbrella contract with Tier 1 Bowen Basin Mine
 - New mine drift development project in the Bowen Basin
- Acquired 66% of training organisation linked to the Underground training facility
- Tendering Pipeline has increased to \$992 million with \$447 million in active tenders



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**FY13 Half
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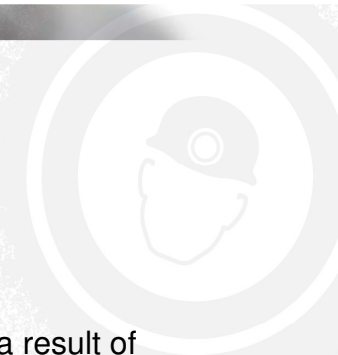
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HY2013 Financial Overview



Summary Income Statement

(\$'000)	HY 2013	HY2012	Change(%)
Total Revenue	142,064	124,299	14.3%
EBITDA	16,449	15,472	6.3%
EBITA	12,697	12,630	0.5%
Profit before tax	11,634	11,708	(0.6%)
Tax expenses	(3,624)	(3,868)	
Profit after tax	8,010	7,840	2.2%
EBITA Margins	8.9%	10.2%	(1.2%)
EPS	10.6	10.6	0.0%
DPS	3.3	3.0	10.0%

- Revenue is up 14.3% as a result of increased contract works
- Net Profit is up 2.2% due to the increased revenues, offset by lower EBITA margins
- EBITA margin of 8.9% is slightly down on full year FY2012 margins (9.4%) primarily resulting from;
 - Reductions in equipment hire rates
 - Increased costs associated with relocating equipment to projects
 - Higher depreciation from 2 continuous miners acquired in FY2012
- Interim Dividend of 3.3 cps. Up 10% on previous corresponding period

HY2013 Divisional Performance

Business Unit Performance

(\$'000)	Underground		Engineering		Services	
	Dec-12	Dec-11	Dec-12	Dec-11	Dec-12	Dec-11
External Revenue	114,035	112,821	9,174	9,628	18,855	1,850
Inter Segment Revenue*	8,355	1,858	853	1,038	6	21
Total Divisional Revenues	122,390	114,679	10,027	10,666	18,861	1,871
Profit Before Tax	8,665	11,314	871	1,165	2,216	(633)
PBT%	7.1%	9.9%	8.7%	10.9%	11.8%	(33.8%)

Intersegment revenues are arms length transactions between the divisions for goods and services provided including capital equipment.

- Underground division maintained its revenues for the first half of FY2013, profit margins were down due to the reduction in equipment hire rates and cost associated with relocation and increased depreciation
- Engineering had a solid first half, revenues were down slightly on the prior corresponding period but still exceeding historical revenue. Margins were down due to the decreased volume
- Services Division returned to profit this year and will continue to deliver similar revenues for the second half

HY2013 Working Capital & Cash Flow

\$AUD (000's)	Dec-12	Dec-11
EBITDA (Statutory)	16,449	15,472
Movements in Working Capital	(4,217)	(4,020)
Non cash items	322	162
Net Interest Costs	(932)	(720)
Income tax payments	(9,531)	(1,438)
Net Operating Cash Flow	2,091	9,456
Proceeds from exercise of share options		1,840
Net Capex (includes intangibles)	(626)	(3,511)
Net borrowings/(repayments)	1,687	(3,704)
Interest Received	148	91
Acquisition of Subsidiary	50	
Free Cash Flow	3,350	4,172
Dividends	(3,618)	(2,789)
Net increase/(decrease) in cash and cash equivalents	(268)	1,383
Cash and cash equivalents at beginning of period	13,328	6,020
Cash and cash equivalents at end of period	13,060	7,403

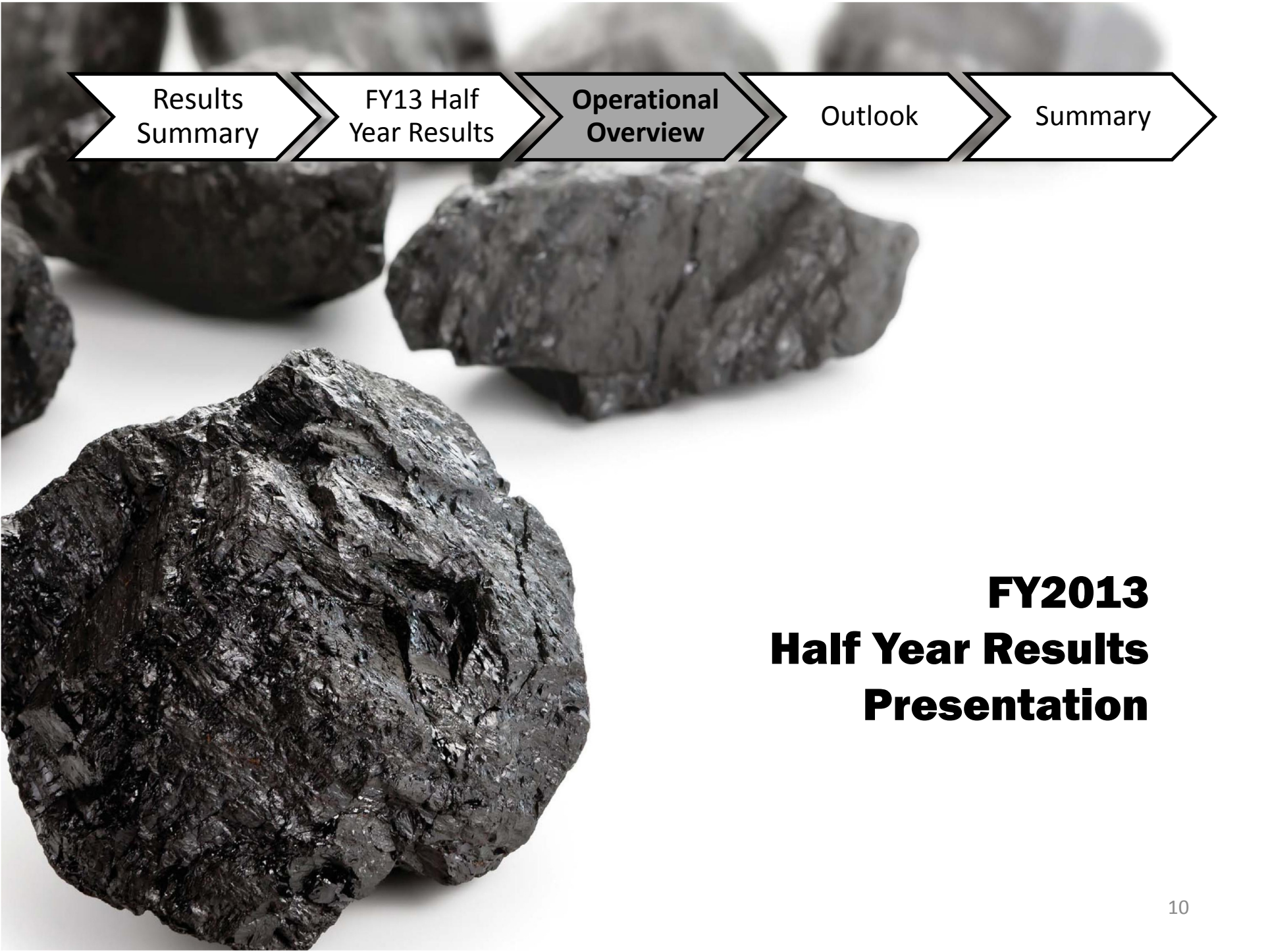
- Positive Operating Cash Flows of \$2.1 million due to;
 - Working Capital management remained steady through 1HY2013
 - Offset by tax payments of \$9.5 million, up as a result of the payment in relation to reversal of rights to future income tax changes recognised in FY12 profits.
- Net Capex reduced to \$0.6 million for 1HY2013 and will remain low in the second half
- Net cash inflows from borrowings due to financing of two continuous miners

HY2013 Balance Sheet



	Dec-12	Jun-12
\$AUD (000's)		
Assets		
Cash and cash equivalents	13,060	13,328
Trade and other receivables	48,025	49,859
Inventories	2,605	1,933
Total current assets	63,690	65,120
Deferred tax assets	0	469
Property, plant and equipment	36,010	39,099
Intangible assets	20,294	19,696
Total non-current assets	56,304	59,264
Total assets	119,994	124,384
Liabilities		
Trade and other payables	22,578	27,660
Loans and borrowings	7,188	5,371
Employee benefits	8,665	8,350
Current tax payable	2,588	9,100
Total current liabilities	41,019	50,481
Loans and borrowings	18,937	19,068
Employee benefits	99	104
Deferred tax liabilities	220	-
Total non-current liabilities	19,256	19,172
Total liabilities	60,275	69,653
Net assets	59,719	54,731

- Net Assets up to \$59.7 million
- Net Debt increased by \$2 million to \$13 million, as a result of financing two continuous miners
- Increase in intangibles from latest acquisition
- Decrease in current tax payable as a result of \$9.5 million in tax payments in the first half



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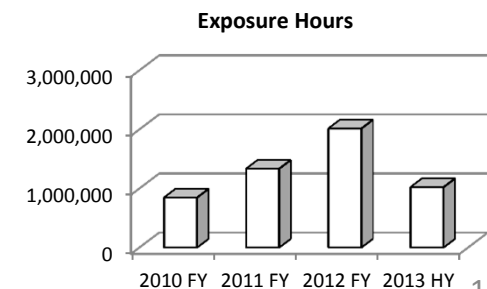
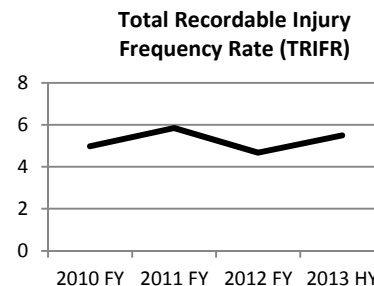
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HSEQ Scorecard



- Continuing trend of improved performance for HSEQ across the Group
- TRIFR rate within historical range at 5.5
- Record man hours worked in the period (>1 million exposure hours)
- Commenced certification of HSEQ systems for AS4801 & AS17001 accreditation
- HSEQ focus remains on proactive reporting
 - PASS meetings – 4733
 - Safe Act Interactions/Observations – 23,105
 - Workplace Inspections – 1845
 - Hazard Reports/Find-it & Fix-it – 5079

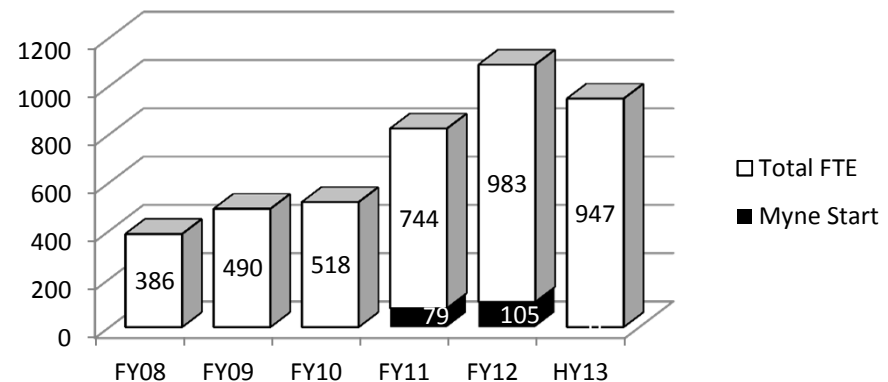
“Production Focus – Safety Always”



Human Resources



- Workforce numbers reduced in the first half due to contraction on projects and 1st stage of Newstan ramp down
- Head Office roles restructured to right size overhead structure
- Turnover rates have dropped significantly
- Availability of statutory roles and miners / operators is improving, still pressure on trades
- Training centres have not been utilised in the first half, however interest in training centres remains very positive
- Sharp increase in enquiries from mine owners and operators for outsourcing and streamlining of induction & training functions



Operations



Engineering

- Revenue contracted in the first half but remains well above previous levels
- Focused on right sizing fixed cost base, maintaining competitiveness and improving margins

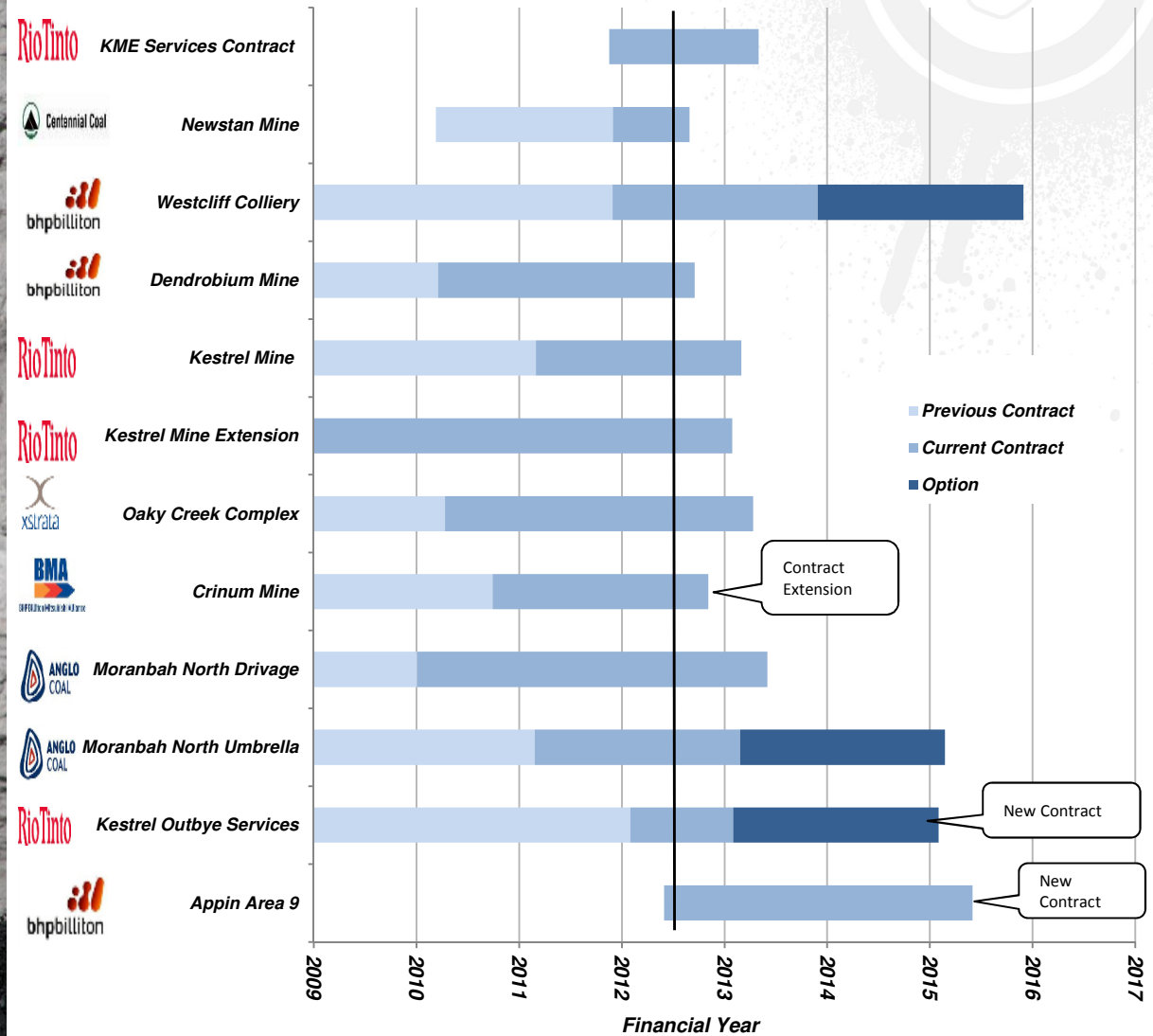
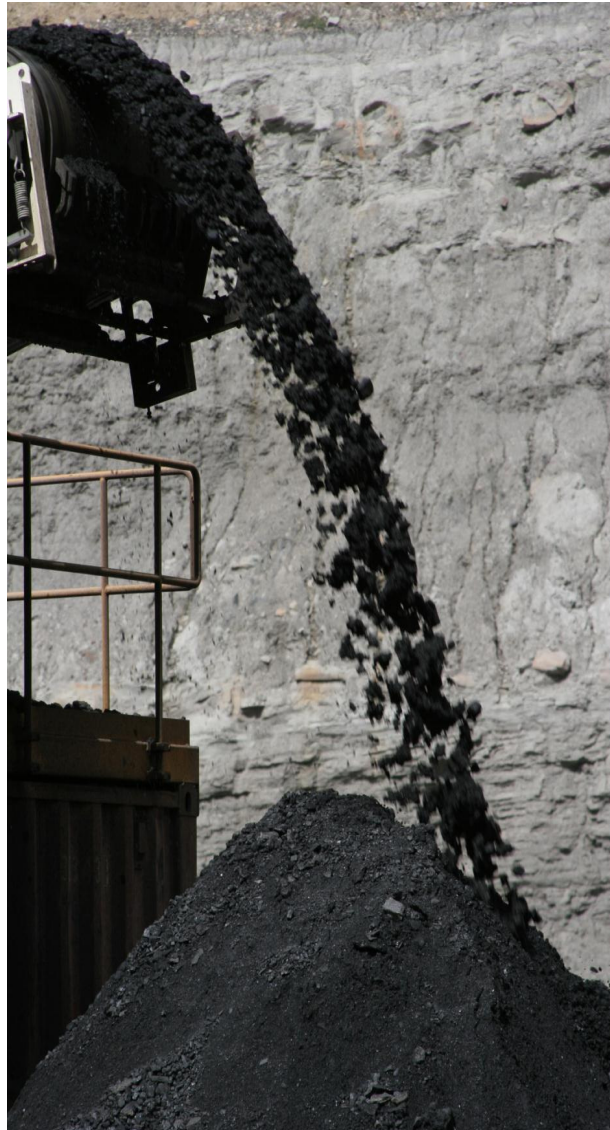
Underground

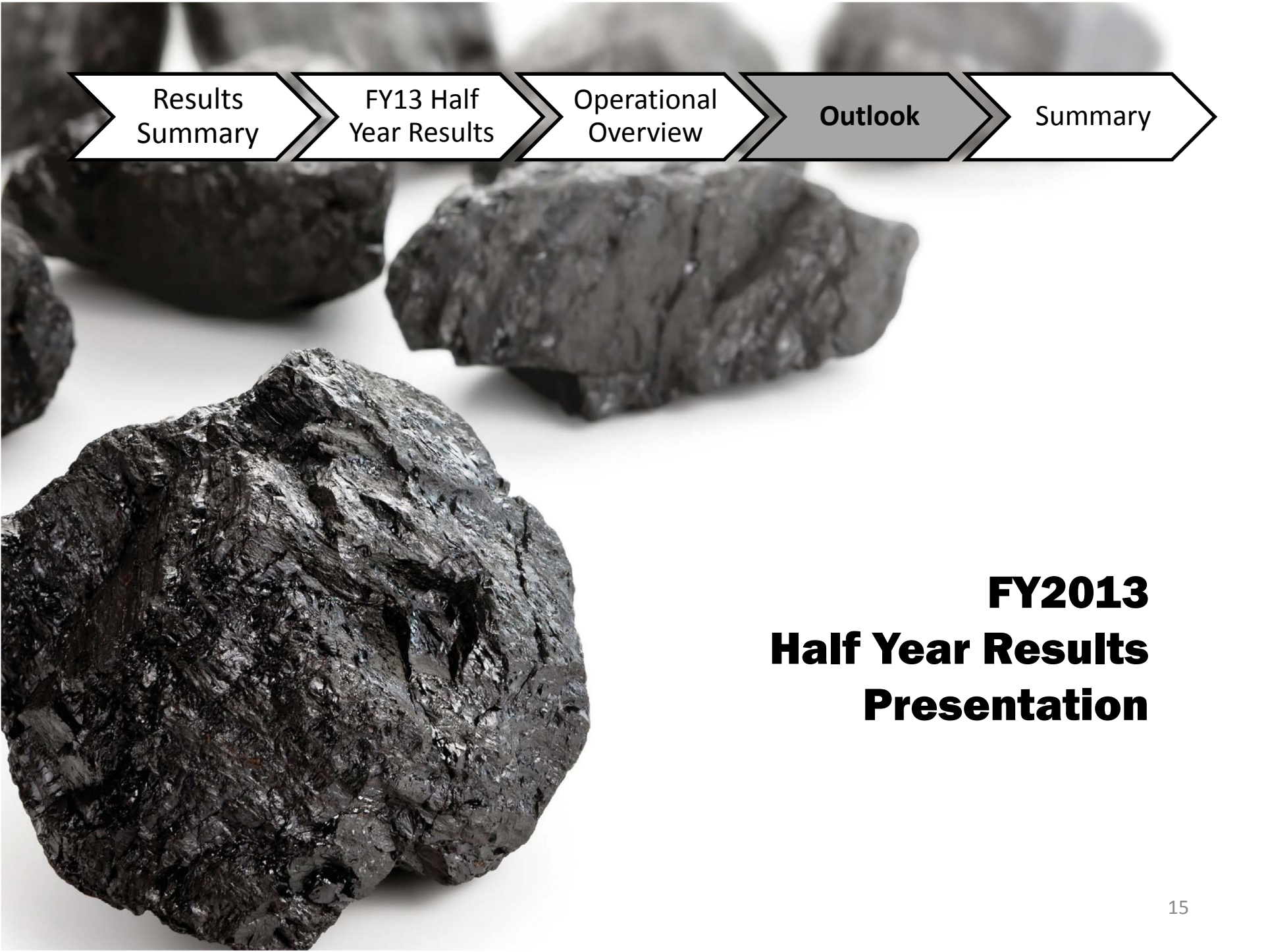
- 2 new contracts commenced (Appin and Kestrel)
- All customers have been through cost restructuring and are now focusing on production
 - Projects have all seen some minor contraction of labour and equipment
 - No major impact on contracting margins due to MYE variable cost structure
 - Have remained as the primary contractor on the majority of sites positioning well for ongoing work
- Major contracts continuing (with the exception of Newstan), and confident of ongoing contract renewals
- The timing of redeploying Newstan equipment into new hires, both dry hires and on MYE projects, is expected to see margins reduce in the second half but return in FY2014
 - Second half EBITA margin impact will likely be between 2% and 2.5% compared to first half

Services

- Primarily focused on the one major project with Rio Tinto at Kestrel Mine Extension project
- Other smaller projects undertaken in the half

Outlook – Current Order Book





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Outlook – Second Half

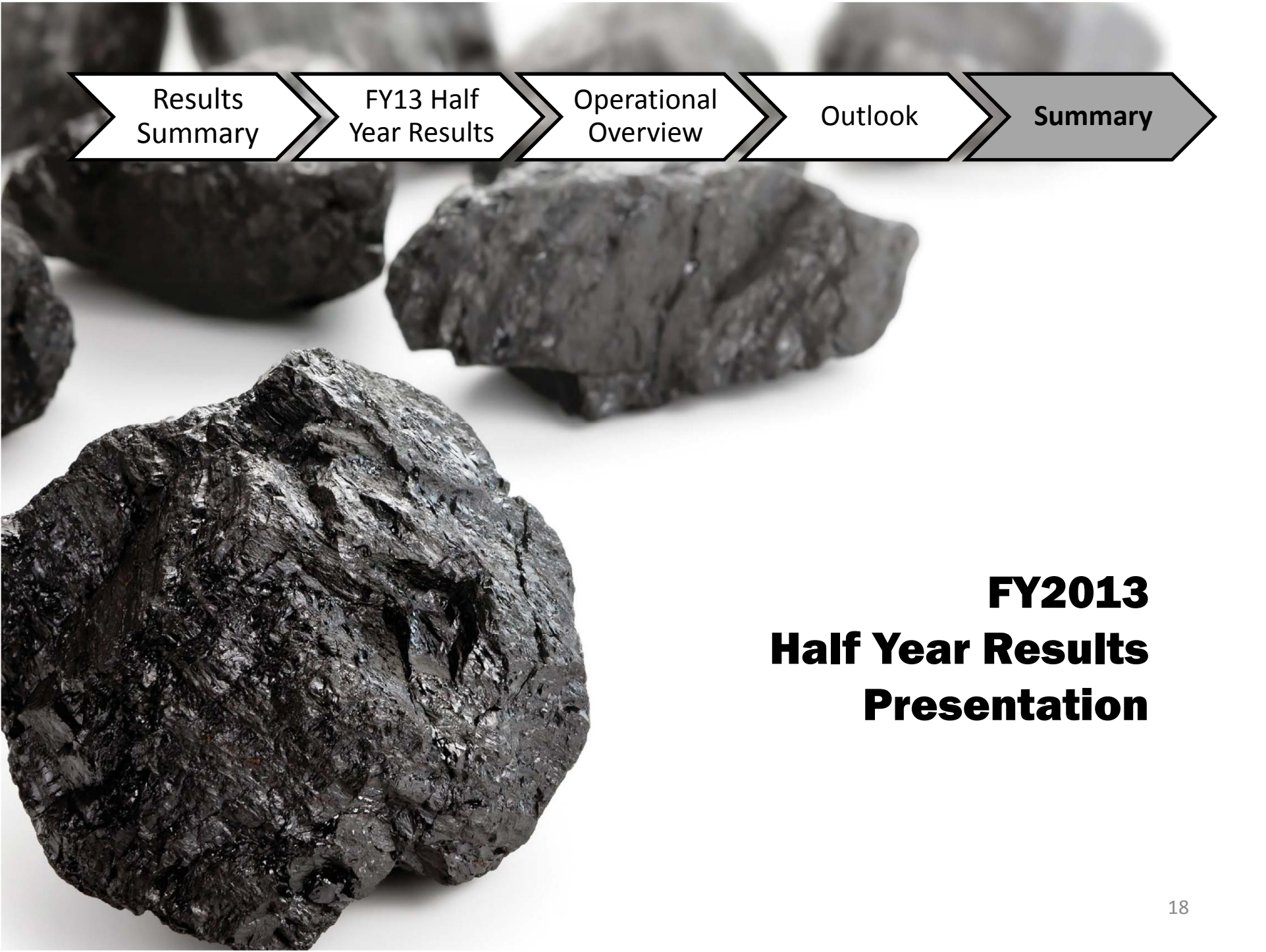


- Underground revenue will decline in the second half due to Newstan contract ending prematurely
- Fleet revenue and profits will be significantly impacted due to
 - Demobilising major equipment from Newstan
 - Timing of placing equipment on new hires will limit revenue and profit in the second half
- Possible revenue upside in second half from mobilisation of a new umbrella contract
- All customers have been through cost restructuring and are now focusing on production
- Full year Revenue range for FY2013 of \$246 million to \$256 million
- Full year NPAT range for FY2013 of \$12 to \$13 million due to second half margin impact from reduced equipment utilisation

Outlook – FY2014 and Beyond



- Coal volume will continue to drive demand for MYE services
- Pipeline of MYE tendering opportunities is increasing due to the differentiated offering combined with a more commercial environment
- Historically following slowdown, increased demand for MYE services due to;
 - Back log of deferred production related services & projects
 - Long term mine impacts if critical work is delayed too long
 - Flexibility of contractor services and cost competitiveness versus insourcing
 - Immediate alternative to having to engage long term fixed costs
- Equipment utilisation expected to return to normal levels;
 - Already evidence by solid level of enquiries
 - Opportunities to dry hire or utilise on MYE contracts (demand for contractors with own equipment)
 - Limited suppliers of major plant combined with range of MYE fleet
 - Current commercial environment suited to hiring equipment
- FY2014 revenue expected to be strong due to
 - Current order book
 - Expected contract renewals
 - \$447 million of active tenders working through pipeline in the second half and a further pipeline of >\$500 million
- EBITA margins returning to 9 to 9.5% range from new contract wins and return to “normal” fleet utilisation



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Summary



- First half result was strong despite the slow down in the coal sector
- Variable cost structure has ensured profitability in the first half FY2013
- Second half will not replicate first half performance with revenue and margins expected to deteriorate with the full 6 month impact of Newstan and lower fleet utilisation
- The timing of redeploying the Newstan equipment into new hires, both dry hires and on MYE projects, will see margins reduce in the second half but return in FY2014
- Potential revenue upside in second half from current active tenders
- FY2014 is looking very positive due to;
 - Confidence in contract renewals
 - \$447 million in current active tenders with total pipeline at close to \$1 billion
 - Customers looking to MYE as a solution to streamline operations by consolidating services currently provided by multiple contractors
 - Increase in market share through further contract wins in FY2014
 - Equipment utilisation returning to normal levels
 - EBITA margins returning to 9 to 9.5% range from new contract wins and return to “normal” fleet utilisation

Corporate Overview



Capital Structure

Shares on issue 75,367,514

Market Capitalisation

\$136 million (based on \$1.80 share price)

Substantial Shareholders

Andrew Watts	18.58%
Darren Hamblin	12.81%
NAB	6.53%
Wilson HTM Investment Group	7.89%
Acorn Capital	7.71%

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