Mastermyne Group Limited

FY2014 Half Year Results Presentation

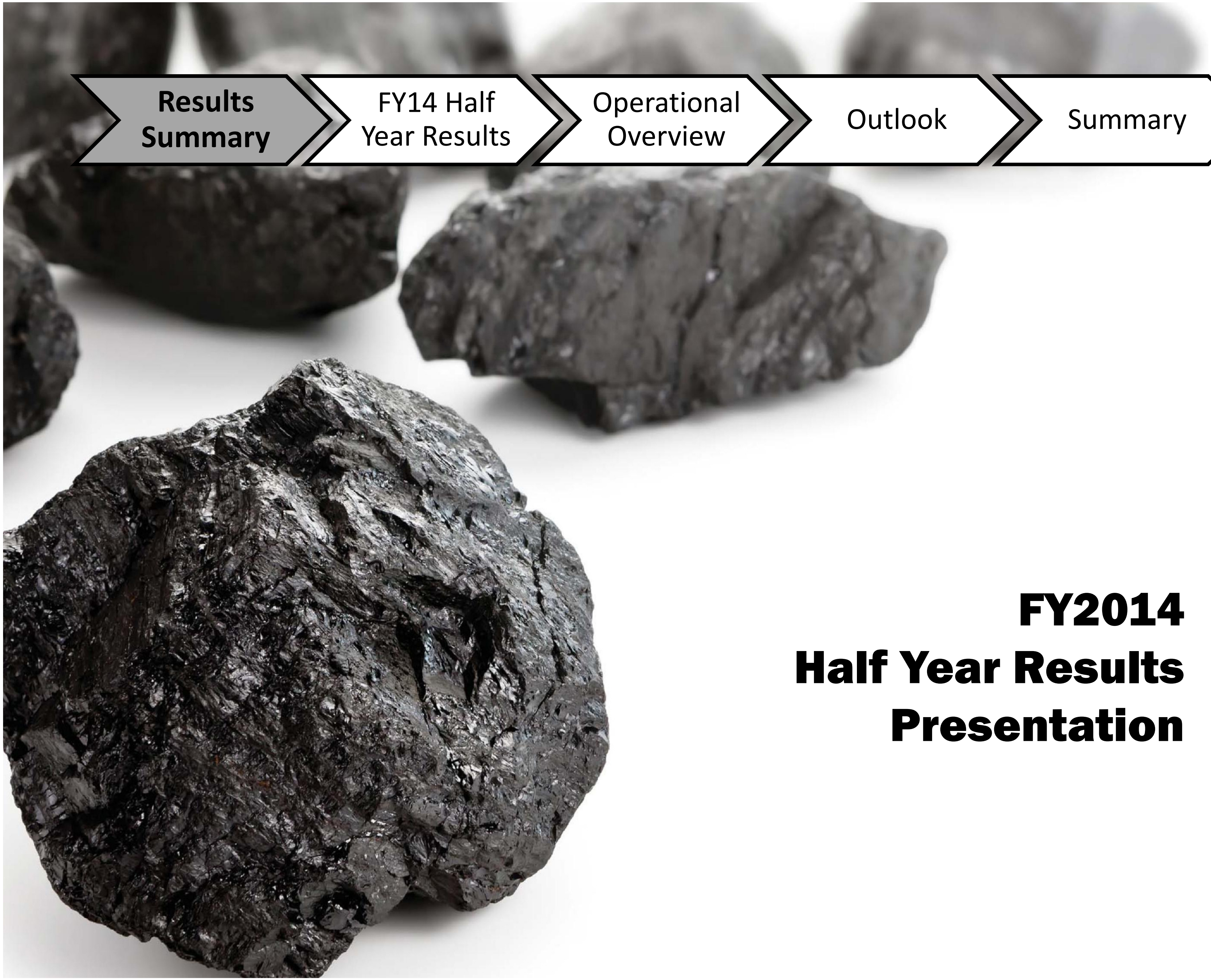
25 February 2014

Tony Caruso – CEO & Managing Director

Chris Kneipp – Chief Financial Officer

Mastermyne
Underground • Services • Engineering

(07) 4963 0400 • www.mastermyne.com.au



FY2014 Half Year Results Presentation

Results Summary

Financial Highlights

- Revenue of $77.2 million above guidance range of $72-$76 million
- EBITA of $1.95 million
- NPAT of $0.77 million above guidance range of $0.4-$0.6 million
- EPS of 1.0 cps down from 11.0 cps in HY2013

Balance Sheet

- Net Assets down $1.7 million to $59.2 million from dividends paid during the half year
- Net Debt down $6.2 million to $1.7 million

Dividends

- Interim Dividend of 1.0 cps equating to 100% dividend payout ratio

Order Book

- Order Book $208 million at 31 December 2013. $73 million for the second half of FY2014
- Tendering Pipeline currently at $880 million with $447 million in active tenders

REVENUE

$77.2m(⬇45.6%)	Guidance $72m - $76m

HY2013: $142.1m
HY2012: $124.3m

EBITA

$1.95m (⬇84.6%)

HY2013: $12.7m
HY2012: $12.6m

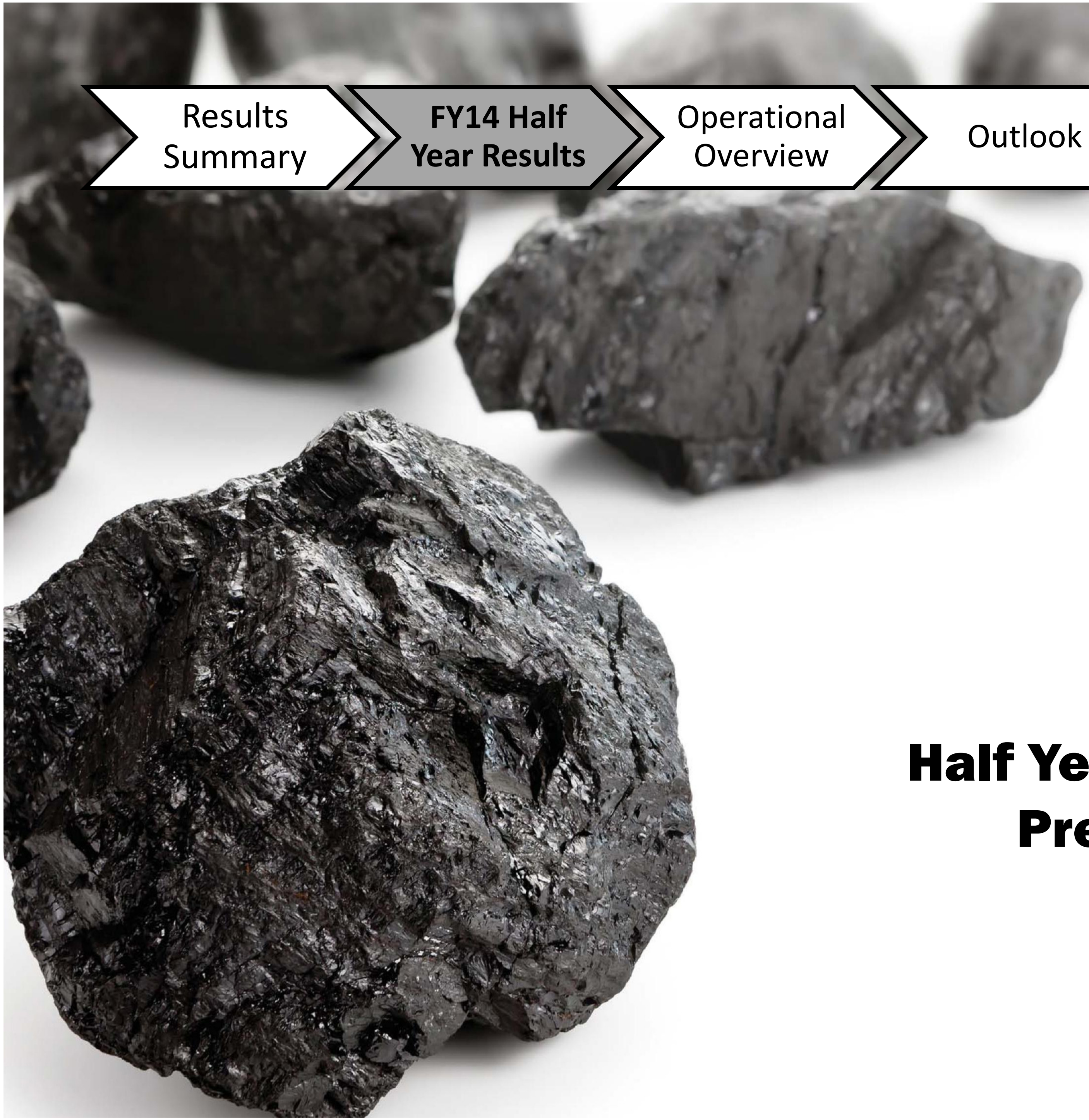
NPAT
Statutory

$0.77m (⬇90%)	Guidance $0.4m-$0.6m

HY2013: $8.0m
HY2012: $7.8m

Operational Highlights

- Continuing trend of improvement in safety outcomes. HY2014 Group TRIFR 2.25 down from 3.28 in June 2013
- 686,773 man hours worked in the period. 3 divisions running at a TRIFR of 0 and 5 of the 9 major projects have a TRIFR of 0
- HY results above guidance with improving performance in the latter stages of the period
- MYE linked to producing underground coking coal mines that are now focused on increasing production to reduce unit costs
- Maintained all existing contracts and extended contracts in the period with no loss of contracts or contraction on existing projects
- Workforce numbers static at 735 FTE but increasing to 880 by March 2014
- Mobilising personnel for work won late in the second half FY2013. Deferred into second half FY2014
- Approx. $100 million in roadway development tenders submitted
- Management teams have responded successfully to the current operating environment



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HY2014 Financial Overview

Summary Income Statement			
($'000)	HY2014	HY2013	Change(%)
Total Revenue	77,270	142,064	(45.61%)
EBITDA	**5,351**	**16,449**	**(67.47%)**
EBITA	1,954	12,697	(84.61%)
Profit before tax	**1,207**	**11,634**	**(89.63%)**
Tax expenses	(435)	(3,624)	
Profit after tax	772	8,010	(90.36%)
EBITA Margins	2.5%	8.9%	(6.41%)
EPS	1.0	10.6	(89.62%)
DPS	1.0	3.3	(69.7%)

- Revenue is down 45.6% as a result of contract completions at Newstan and the Kestrel Mine Extension
- Net Profit down 90.4% due to decreased revenues and lower margins
- EBITA margin down to 2.5%, primarily resulting from;
  - Lower equipment utilisation whilst still maintaining consistent depreciation levels
  - Fixed overhead base diluting margins on lower revenues
  - Continuing third party hire equipment obligations from Newstan contract increased costs by $1.05 million (reducing EBITA margins by 1.36%). Ends Dec 2014
- Interim Dividend of 1.0 cps. Down 69.7% on previous corresponding period.

HY2014 Divisional Performance

Business Unit Performance

($'000)	Underground		Engineering		Services	
	HY2014	HY2013	HY2014	HY2013	HY2014	HY2013
External Revenue	66,324	114,035	9,764	9,174	1,182	18,855
Inter Segment Revenue*	680	8,355	563	853	62	6
Total Divisional Revenues	**67,004**	**122,390**	**10,327**	**10,027**	**1,244**	**18,861**
Profit Before Tax	393	8,665	1,063	871	(129)	2,216
PBT%	0.6%	7.1%	10.3%	8.7%	(10.4%)	11.8%

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

- Underground division revenues were down due to contract completions at Newstan and Kestrel Mine Extension, profit margins were down due to the reduction in equipment utilisation whilst maintaining similar depreciation levels, third party hire costs and fixed overhead
- Engineering had a solid first half, strong fabrication revenues were maintained via a contract for Anglo which still has a portion to be delivered in the second half. Consumable revenues increased on the back of increased mine production
- Services division had a loss in the first half as a result of no contract work after the completion of the Kestrel Mine Extension contract. The division has secured contracts for the second half which will see it profitable for the full year

HY2014 Working Capital & Cash Flow

$AUD (000's)	HY2014	HY2013
EBITDA (Statutory)	5,351	16,449
Movements in Working Capital	6,503	(4,217)
Non cash items	6	322
Net Interest Costs	(685)	(932)
Income tax payments	(1,401)	(9,531)
Net Operating Cash Flow	9,774	2,091
Proceeds from exercise of share options	146	
Net Capex (includes intangibles)	(1,108)	(626)
Net borrowings/(repayments)	(4,112)	1,687
Interest Received	160	148
Acquisition of Subsidiary		50
Free Cash Flow	4,860	3,350
Dividends	(2,713)	(3,618)
Net increase/(decrease) in cash and cash equivalents	**2,147**	**(268)**
Cash and cash equivalents at beginning of period	10,223	13,328
Cash and cash equivalents at end of period	12,370	13,060

- Positive Operating Cash Flows of $9.77 million from;
  - Working capital requirements reducing in line with contracting activity
- Net Capex of $1.1 million is largely capital overhauls on continuous miners that went back on hire in the first half
- Debt repayments were higher than normal with opportunities taken to pay down debt early on equipment finance leases

HY2014 Balance Sheet

$AUD (000's)	HY2014	HY2013
Assets		
Cash and cash equivalents	12,370	10,223
Trade and other receivables	28,427	40,906
Inventories	3,083	2,332
Current tax receivable	368	
Total current assets	44,248	53,461
Property, plant and equipment	30,529	32,760
Intangible assets	19,818	20,040
Total non-current assets	50,347	52,800
Total assets	94,595	106,261
Liabilities		
Trade and other payables	12,003	15,274
Loans and borrowings	5,938	6,732
Employee benefits	6,785	8,762
Current tax payable		1,398
Total current liabilities	24,726	32,166
Loans and borrowings	8,124	11,442
Employee benefits	143	120
Deferred tax liabilities	2,440	1,637
Total non-current liabilities	10,707	13,199
Total liabilities	35,433	45,365
Net assets	59,162	60,896

- Net Assets down to $59.2 million
- Lower trade receivables and payables reflect lower revenues
- Net Debt decreased by $6.2 million to $1.7 million, as a result of higher operating cashflows and higher debt repayments.
- MYE will be in a net cash position by June 2014

FY2014
Half Year Results
Presentation

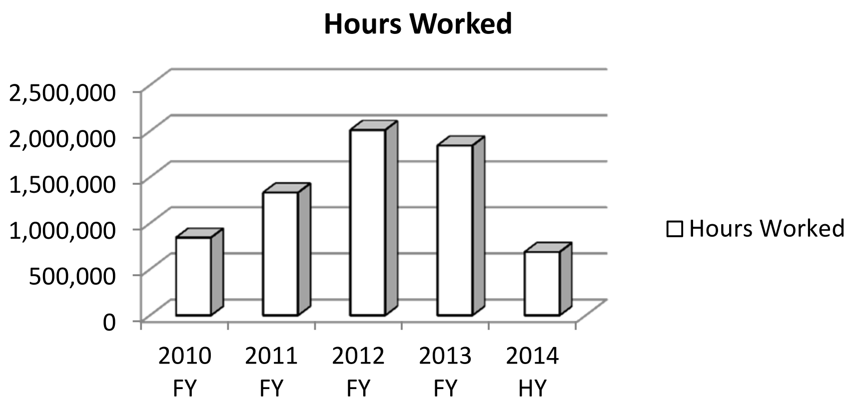
HSEQ Scorecard

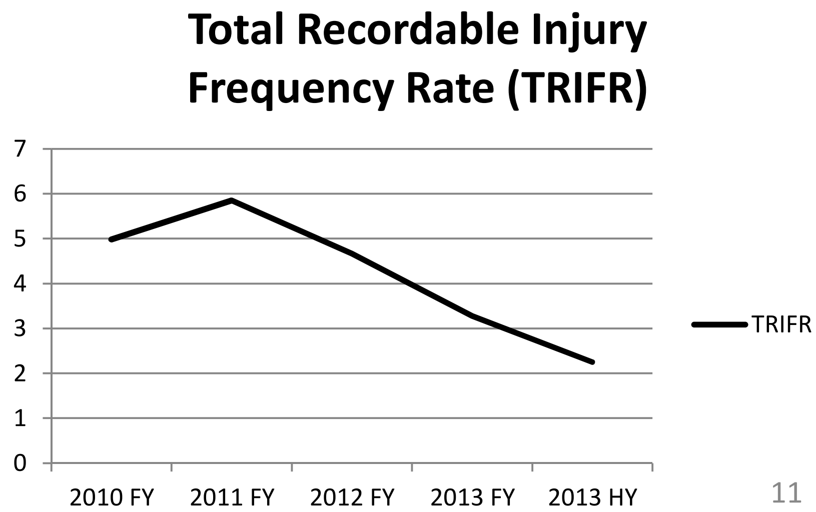
- HY2014 Group TRIFR 2.25, down from 3.28 at 30th June 2013
  (200,000hrs based on internal reporting standard)
- Downward trend demonstrates the maturity of the Groups Safety Management Systems
- 3 of the 4 Divisions running at a TRIFR rate of 0.00
- 5 of the 9 major underground projects have a TRIFR of 0.00
- 1,512,137 man hours worked in the 12 month period to 30 December 2013
- HSEQ focus remains on proactive reporting
  - Pre-Start Meetings – 4,698
  - Safe Act Interactions/Observations – 8,152
  - Workplace Inspections – 440
  - Hazard Reports/Find-it & Fix-it – 2,398

Certified System
Health & Safety
AS/NZS 4801

Certified System
ISO 14001

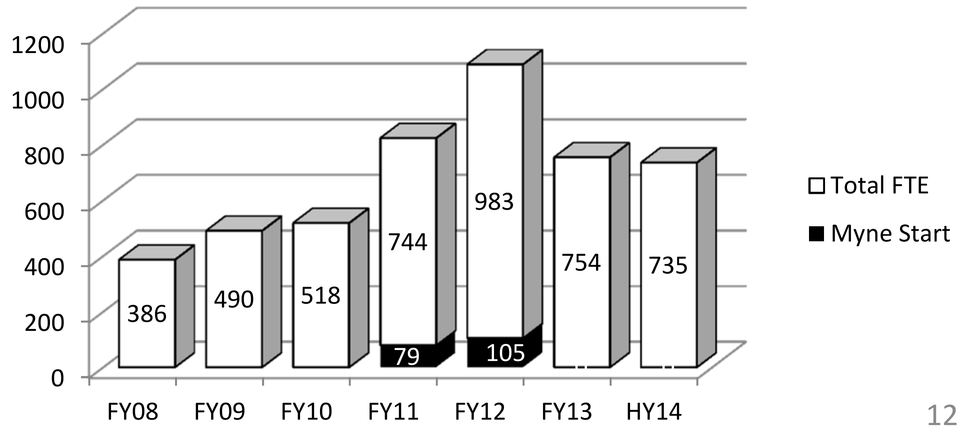
"Production Focus – Safety Always"





Human Resources

- Workforce numbers remained static during the period at 735. Manning numbers increasing to 880 by March 2014
- Industrial flexibility has ensured competitiveness in the market place
- Sound industrial performance as remuneration has been reset
- Implementation of purpose built web-based recruitment & mobilisation improves responsiveness and efficiency
- Effective key personnel retention strategy has positioned MYE well to respond to future growth
- Management team have responded well to the current environment and this focus is being driven across the business



Operations

Engineering

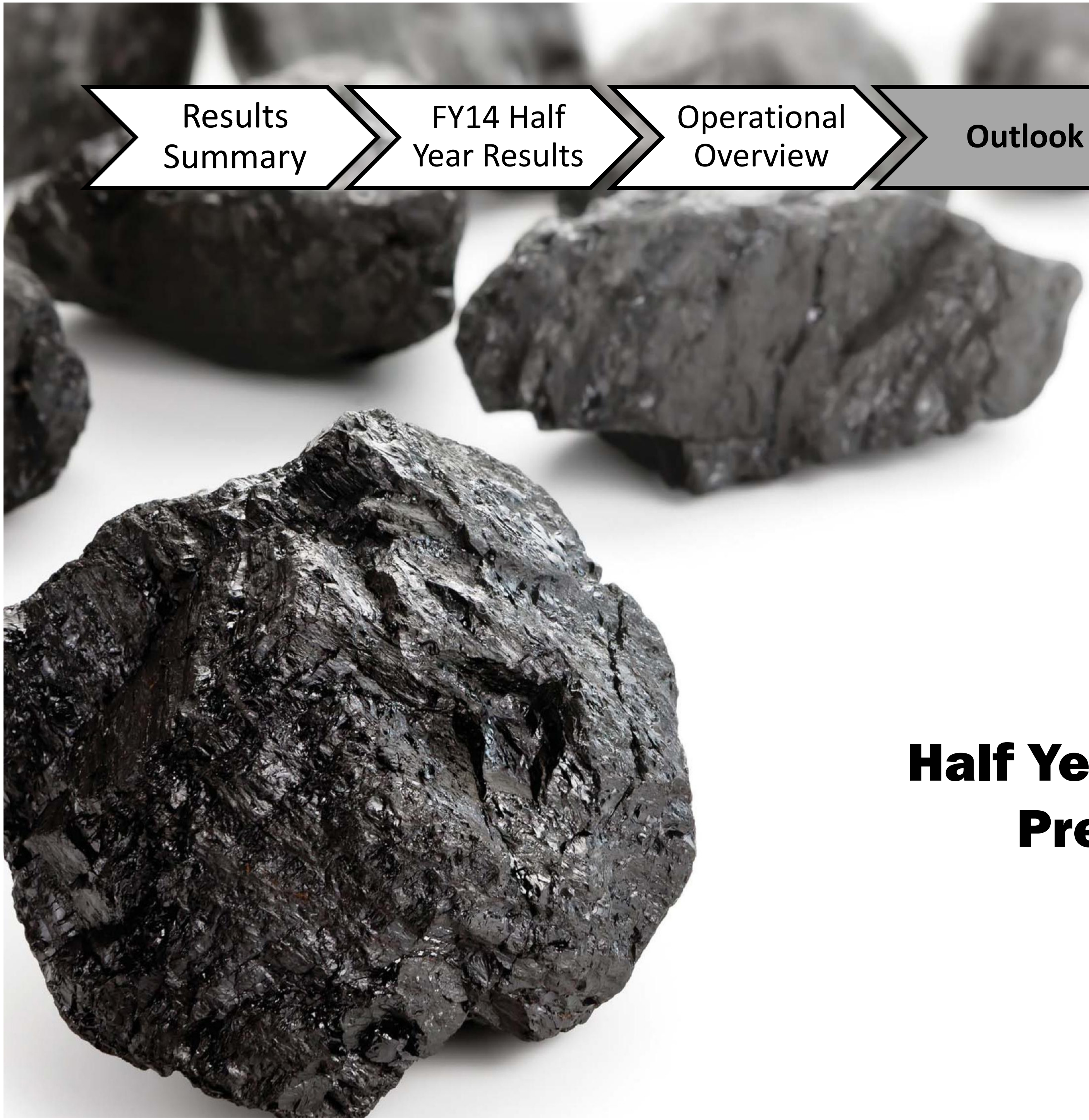
- Revenue stable with key revenue driver moving from fabrication toward consumable sales
- Pipeline is a mix of refurbishment, FPA and fabrication tenders

Underground

- Stable 6 months with projects focusing on productivity to reduce cost
- No change in commercial model but some swing towards more profit at risk through KPI
- Mobilising two short contracts with BMA
- Some small +/- fluctuations in manning numbers on projects to react to short term site needs
- Mobilised longwall move contract in NSW operation with labour staying on for additional work
- Mobilising small group for 2nd longwall move in NSW with a new customer
- Secured contract extensions at Moranbah (drivage), Carborough Downs, Xstrata Oaky Creek Complex and Broadmeadow (drivage)
- 2 x Continuous Miners remain on hire with third unit undergoing an overhaul

Services

- Increased competition for work with limited opportunities
- Focusing on smaller niche projects
- Undertaking two construction projects in 2nd half which will see the Division profitable for the FY



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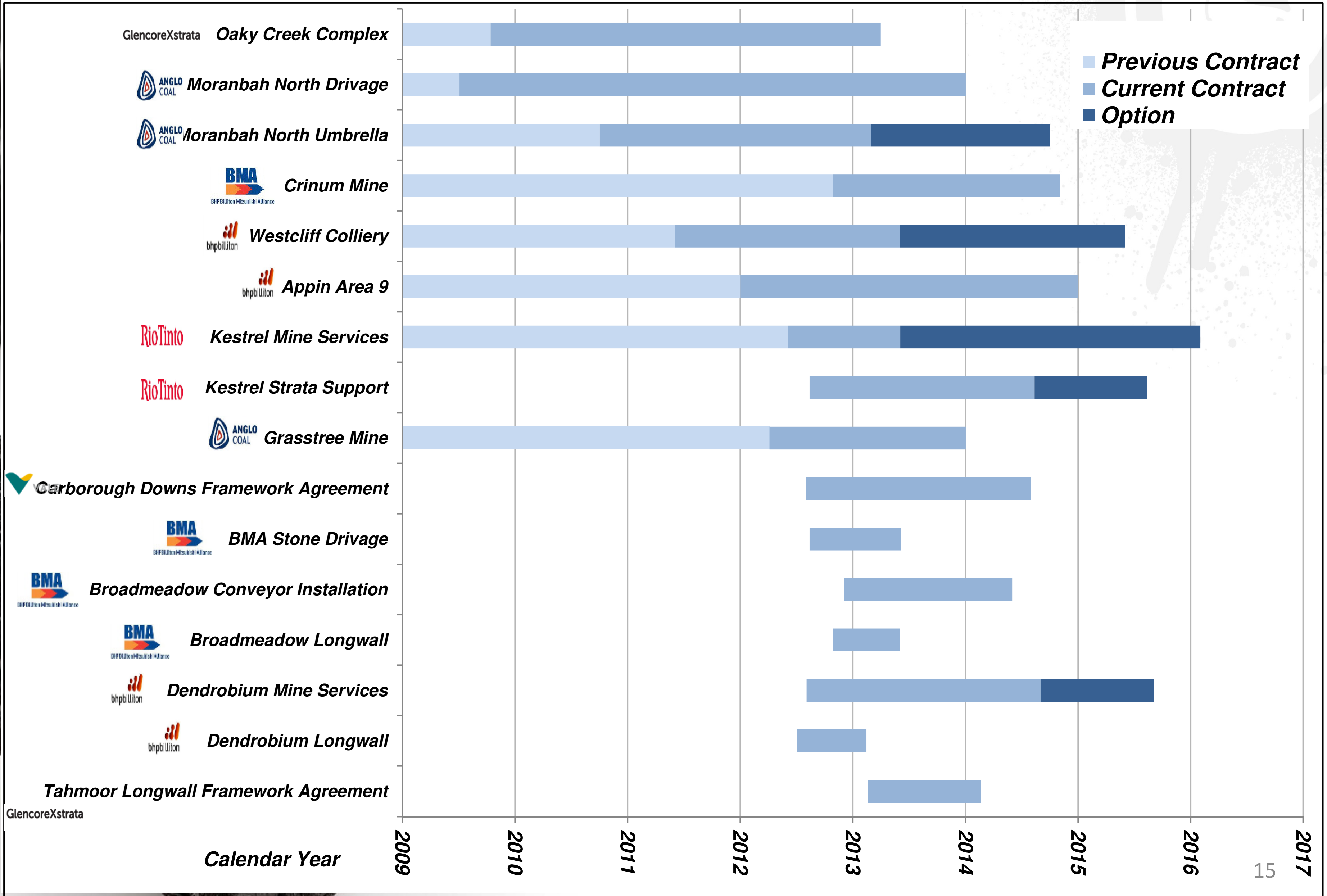
Outlook – Order Book

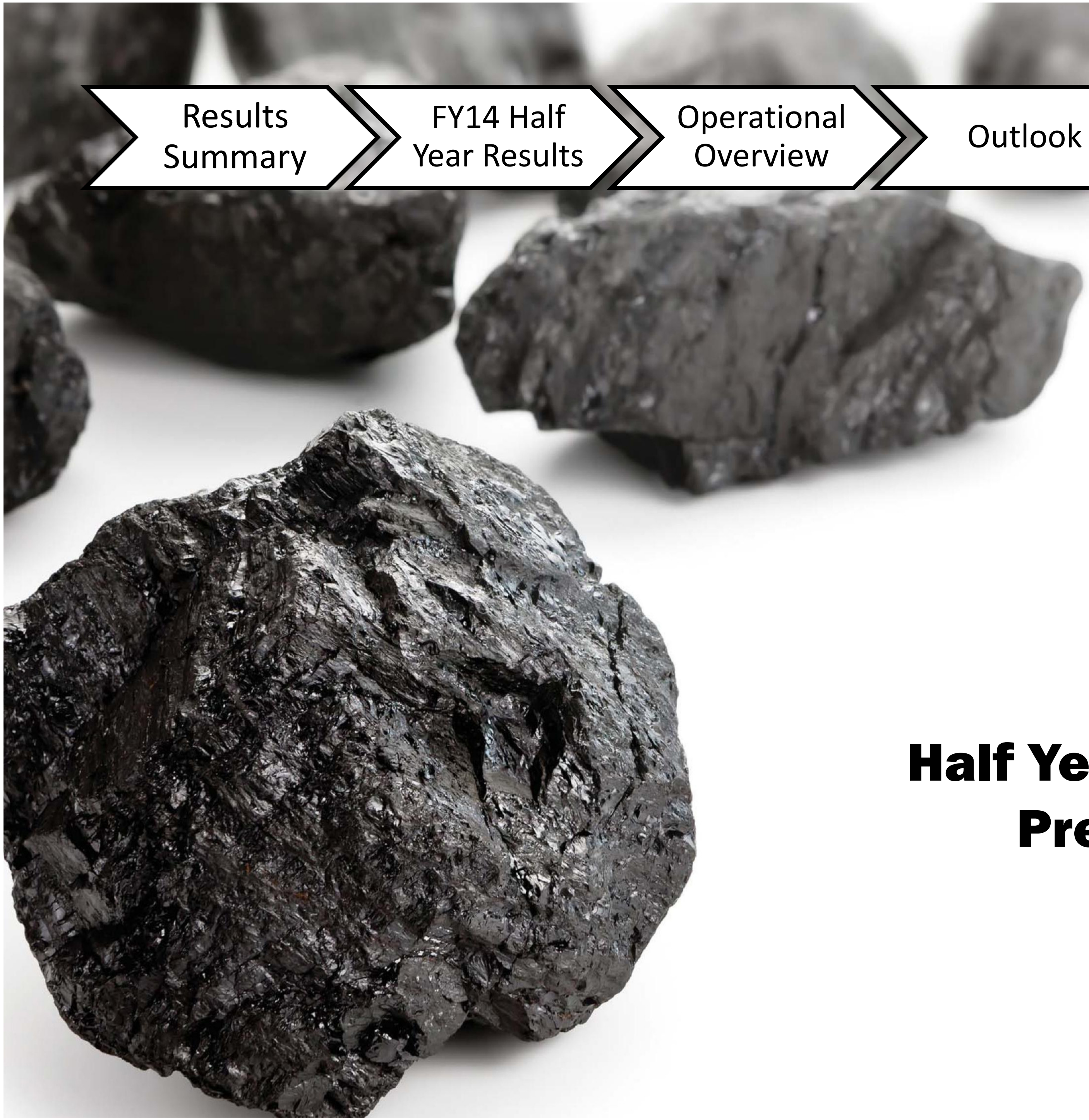


Outlook – Second Half

- Strong start to the second with workforce increasing by 150 and tender negotiations underway
- Expecting decision on two major contracts in the 2^{nd} half with one being a roadway development contract
- Expecting tenders on up to three other development contracts
- Equipment utilisation will remain at current rates with some upside resulting from opportunistic dry hires
- Full year Revenue range for FY2014 between $155 million to $165 million
- Full year NPAT range for FY2014 between $2.0 to $3.0 million. EBITA margin range of 2.8% to 3.0%

Outlook – FY2015 and Beyond

- Coal miners will continue to focus on increased volume to keep unit costs down. Coal volume continues to be the key driver for MYE services
- No evidence of the bounce in activity historically following a cyclic down turn and believe this is still to come
- No material insourcing of contractor services witnessed but a small trend to labour hire particularly in underground thermal coal operations (where MYE has no exposure)
- Visible pipeline of tendering opportunities but with much more commercial rigour
- Starting to witness demand building for mobile equipment and expect development equipment to follow. Development tenders will drive utilisation of MYE development fleet
- Increasingly preparing proposals and presentations for customers to consider different contracting arrangements and options



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Summary

- First half result was largely in line with expectations with increasing activity towards the end of the first half
- Expecting a stronger financial performance in the second half due to reductions in overheads and increased equipment utilisation
- Demonstrated that we are extending and renewing key contracts as they fall due
- Securing new contracts in the second half will have minimal effect on FY2014 results
- New development tenders will drive utilisation of key development equipment
- We are confident of growth in FY2015 due to;
    - The current order book, contract renewals and organic growth on projects
    - New tenders which have been submitted and are awaiting decision
    - $447 million in current active tenders with total pipeline at $880 million
    - Customers looking for solutions to reduce and maintain lower costs which lends itself to MYE offering. Customers also looking for alternative contractor engagement options
    - Equipment utilisation returning to normal levels

Corporate Overview

Capital Structure

Shares on issue	75,517,514
Market Capitalisation	$45.3 million (based on $0.60 share price)

Substantial Shareholders

Andrew Watts	13.97%
Perpetual	13.81%
Darren Hamblin	12.85%
Acorn Capital	8.98%
Wilson HTM Investment Group	6.05%

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Contact

www.mastermyne.com.au

Information for Investors / Analysts:

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

Bill Lyne – Company Secretary:
(07) 3378 7673