

FY 2017 Half Year Results Presentation



February 2017

Tony Caruso – CEO & Managing Director

Phil Hicks– Interim Chief Financial Officer

Liz Blockley – Financial Controller / Joint Company Secretary



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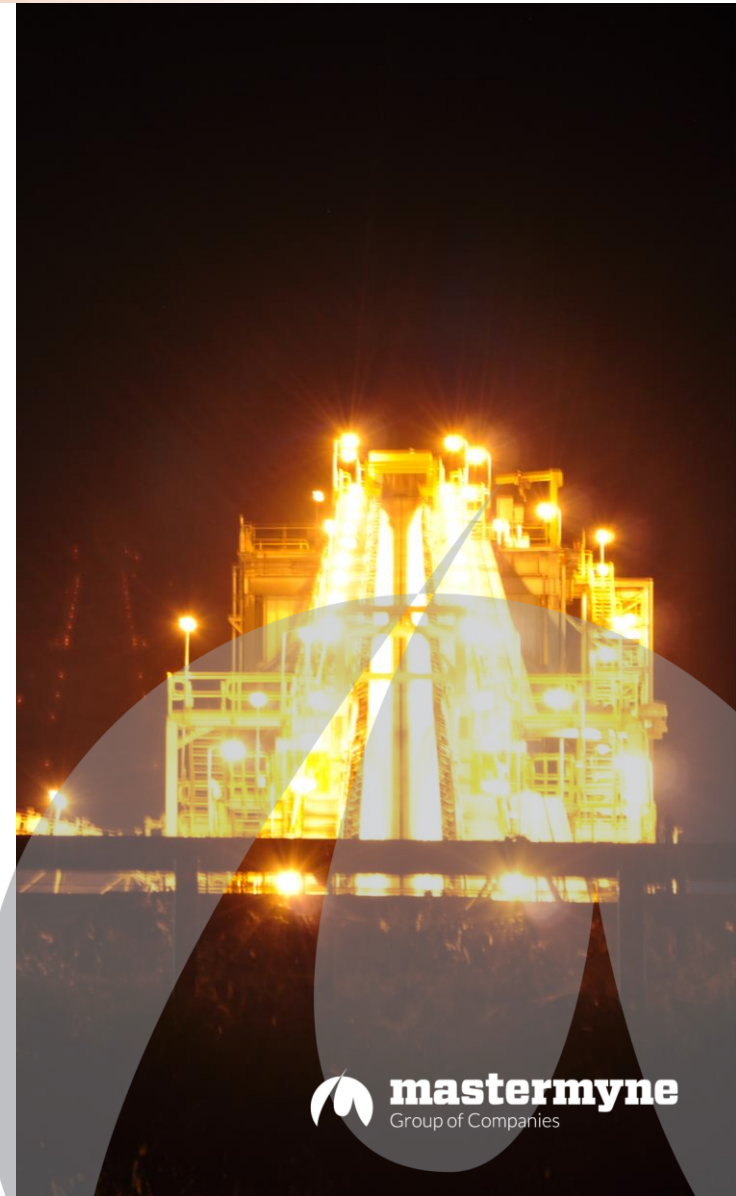
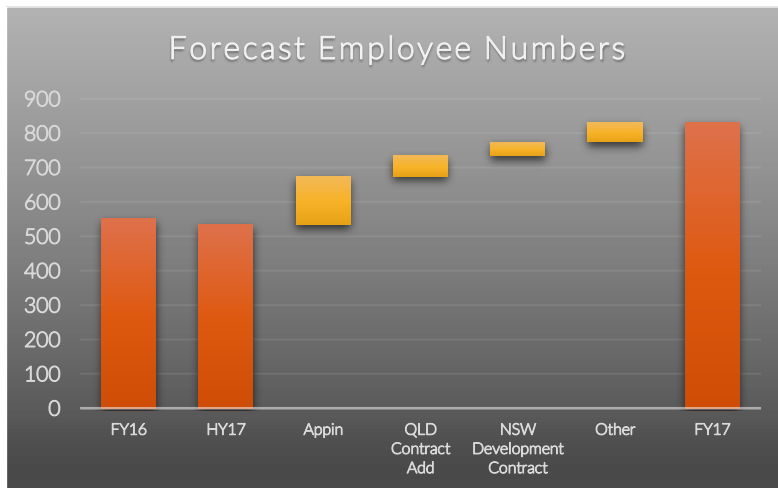
Overview

- Revenue declined in the first half resulting in a loss of \$1.5 million (flagged in the prior full year results)
- Overheads reduced by 37% compared to H1 FY16
- Debt reduced by additional \$2.9m during H1 FY17, maintaining strong balance sheet
- Order book has increased 96% from \$123m to \$241m
- Significant increase in tender activity as clients pursue mine development work from profitable operations
- Positive second half outlook returning to normalized margins and profit



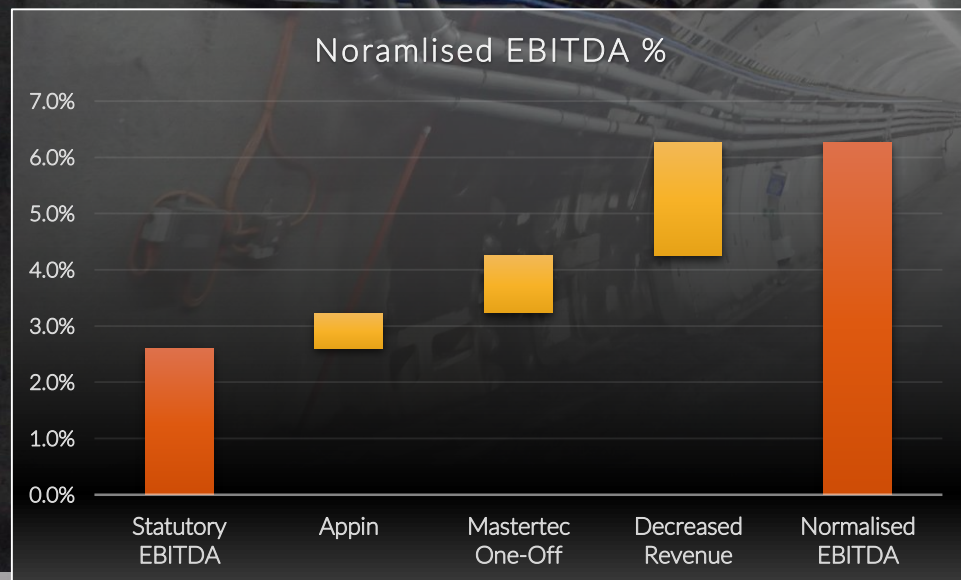
Strong start to the second half

- \$126 million in contract wins late in H1 FY17
- Employee numbers forecast to increase to >800 at year end based on secured new work
- Total tendering Pipeline at \$860 million
- Mining Equipment returning to hire as new contracts are secured



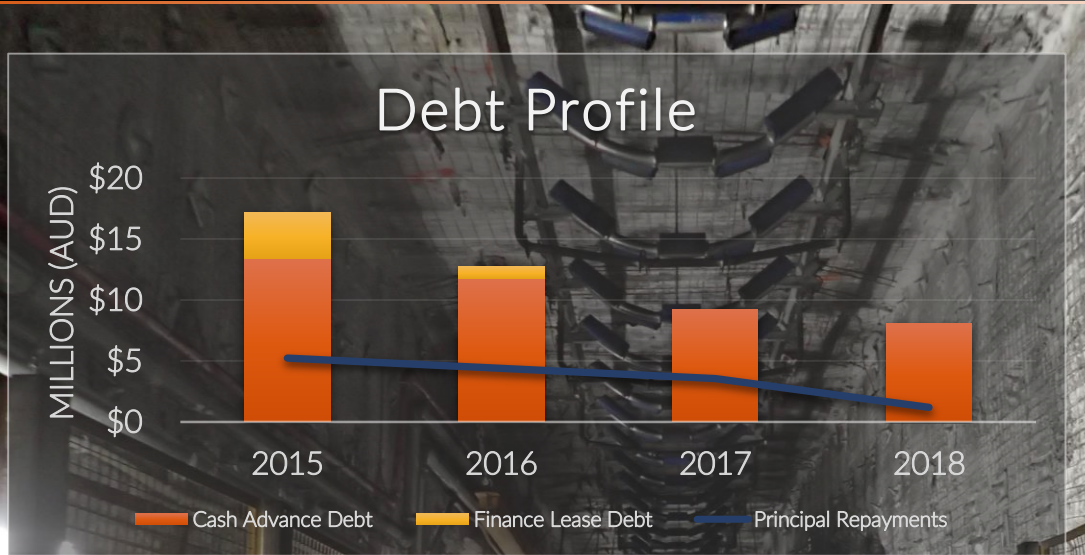
Revenue decline resulted in first half loss

\$AUD (000's)	1H FY17	1H FY16	Change(%)
Total Revenue	56,954	99,694	(42.9%)
Statutory EBITDA	1,504	3,524	(57.3%)
EBITDA %	2.6%	3.5%	(25.3%)
Statutory profit/(loss) before tax	(2,001)	(810)	147.0%
Tax benefit/(expense)	547	322	69.9%
Statutory profit/(loss) after tax	(1,454)	(488)	198.0%



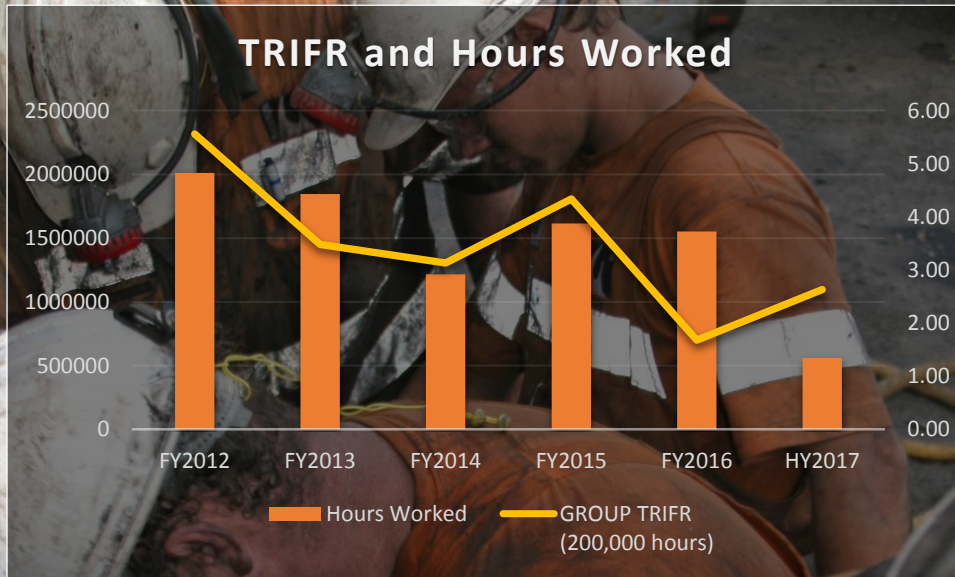
- Revenue declined by 43% due to:
 - Run-off of contracts in Mining Division (flagged at time of FY16 results)
 - Closure of non-core revenue streams in Mastertec division
- EBITDA margins declined due to:
 - Decreased revenue during the half (resulted in employee numbers down to low of 534)
 - One-off costs from three non-core projects in Mastertec
 - Mobilisation costs from Appin contract win (revenue mainly commencing in 2H 17)
- Overheads were reduced by 37% compared to prior period in line with expected fall in revenue

Continue to reduce debt and maintain strong balance sheet



- Paid down additional debt of \$2.9 million in July 2016 in lieu of dividends
- Cash position decreased during the HY, and was impacted by the timing of Debtor payments (majority collected in the first week of Jan-17)
- Headroom in working capital facilities (reduced limits)

Safety continues to be a core focus



- Strong performance on leading indicators
- Majority of sites continue to deliver excellent safety performance
- TRIFR rates increased in 1H HY17 (isolated to two sites) but remain below historical averages



Health & Safety
AS/NZS 4801



ISO 14001



ISO 9001



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Mining Division secures new contracts with others pending

- Segment remained profitable despite drop in revenues
- Secured Appin Contract at \$25m pa for 2 yr + 1yr option
- Notified of roll over of Anglo Umbrella contract for a further 2 years, works ongoing and subject only to contract execution
- Expanded scope on Anglo contract to include drivage workforce of approx. 60 people starting March 17
- Workforce numbers will continue to increase month on month for most of the second half
- Notice of award received for NSW drivage contract which includes equipment, purchase order in place and subject only to contract execution
- Continuous miner on hire from April to NSW mine
- 3 development contracts pending award, 2 requiring contractor equipment

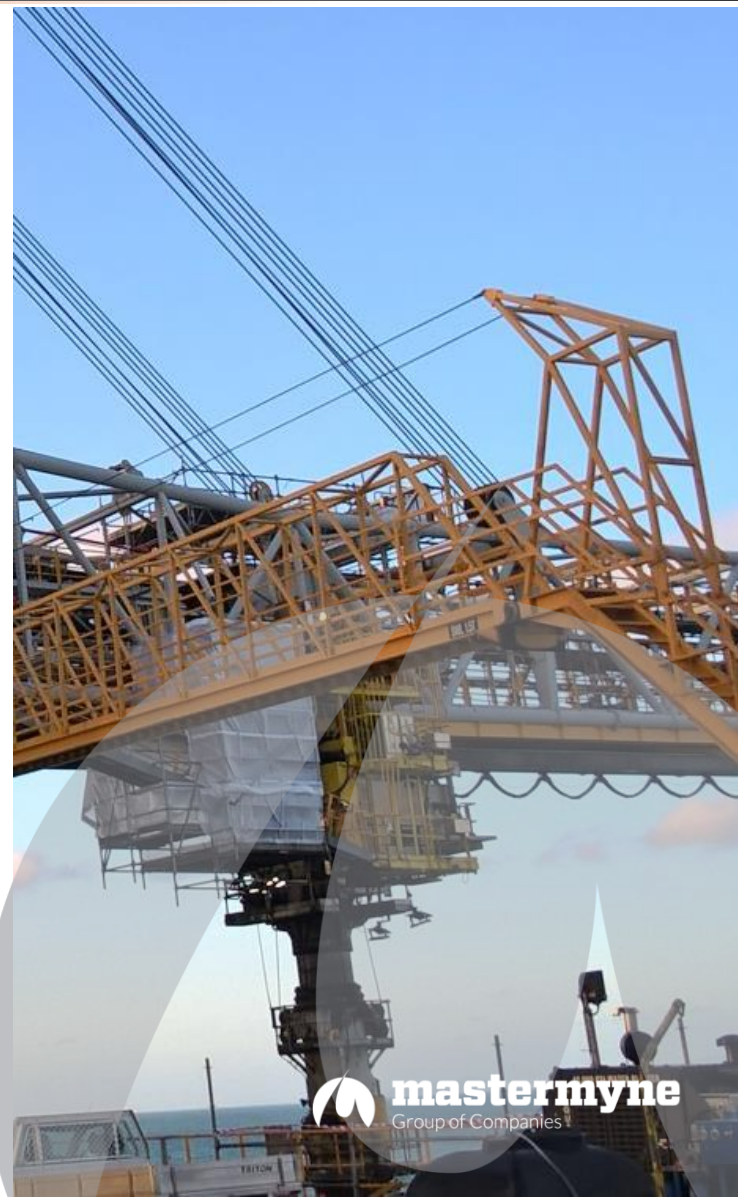
\$AUD (\$'000)	1H17	1H16	Change (%)
Revenue	40,066	77,439	(48.3%)
EBITDA	2,911	5,478	(46.9%)
EBIT	220	2,407	(90.9%)
EBITDA Margins	7.3%	7.1%	0.2%



Mastertec focus on Scaffolding opportunities

- Profitability affected in 1H by one-off losses from non-core work
- Mostly completed exit of underperforming / non-core operations
- Secured NCIG Ship Loader shutdown contact starting in late February 17
- Notified as preferred tenderer for NSW access project incorporating coal handing preparation plants and port facility
- Remain committed to growing segment with focus on access scaffolding services and protective coatings services

\$AUD (\$'000)	1H17	1H16	Change (%)
Revenue	17,251	24,038	(28.2%)
EBITDA	(1,099)	(2,177)	(49.5%)
EBIT	(1,629)	(2,961)	(45.0%)
EBITDA Margins	(6.4%)	(9.1%)	2.7%

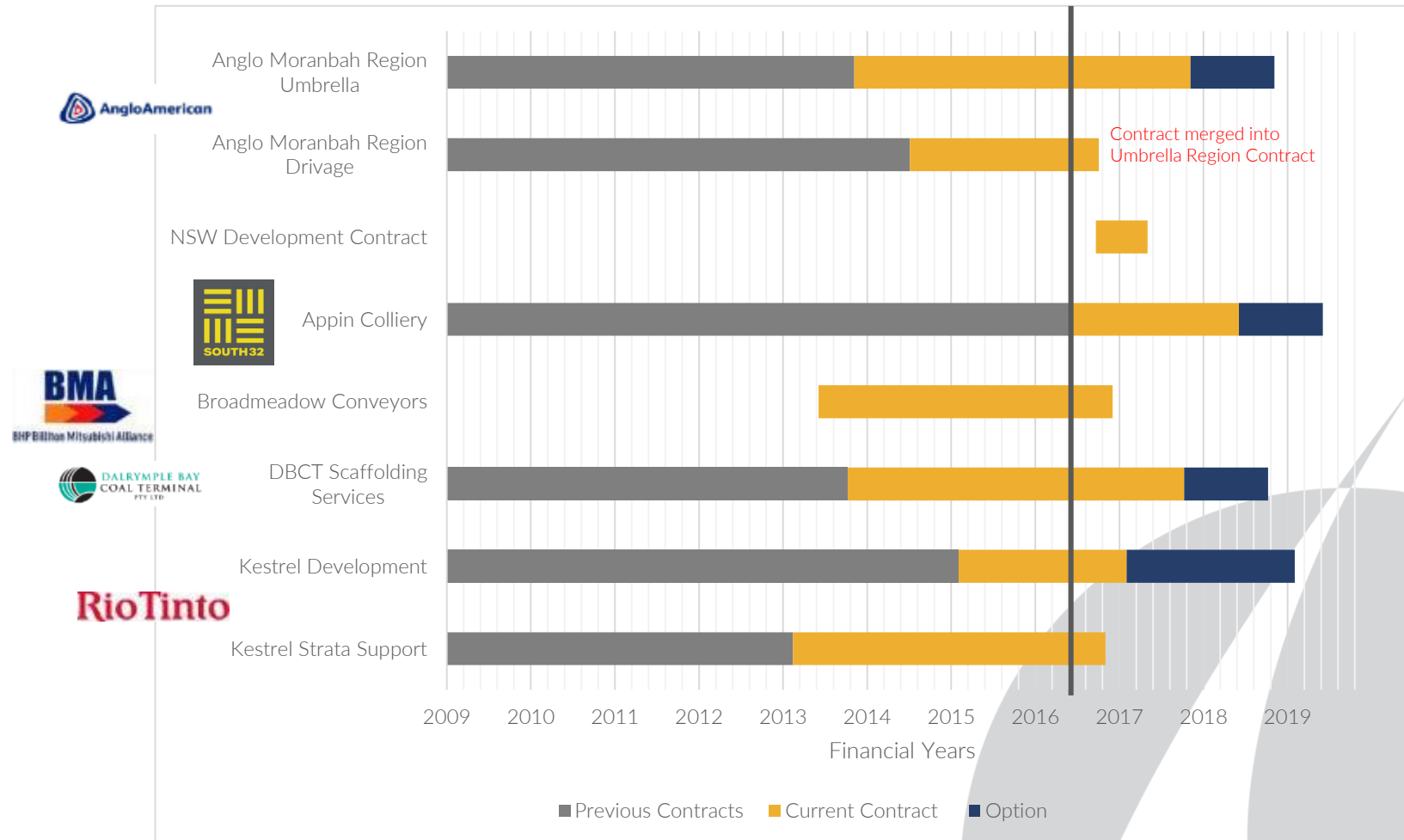


Order book has increased significantly on back of recent contract wins and renewals

- Recent contract wins has strengthened order book and provides earnings visibility into FY18
 - 2+1 year contract secured with South32 Appin mine
 - 2 Year extension to Anglo umbrella contract
 - Notice of award received on NSW roadway development contract starting in late March 17
- Approximately \$50 million of order book deliverable in 2H FY17 (excluding recurring and purchase order work)
- Total tendering pipeline of \$860 million, of which;
 - \$120 million will be awarded in 2H FY17
 - \$50 million is in roadway development contracts expected to be awarded 2H FY17
 - \$390 million is Whole of Mine opportunities



Order book Tier 1 Customers



Outlook is a return to profit in the second half

- \$126 million of new contract wins and extensions mobilizing in the first quarter of H2 FY17
- Equipment hire enquiries have increased significantly and are predicted to continue
- Manning numbers to reach >800 at end of FY17 based on secured work with opportunity to increase further with tender pipeline
- Coal prices expected to soften but not enough to impact work pipeline
- Revenue guidance for second half of \$60-\$70 million
- EBITDA margins for FY18 expected to return to normalized range of 6%-8% (higher end includes equipment hire)



Summary

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- Debt reduced by additional \$2.9m during H1 FY17, maintaining strong balance sheet
- Order book has increased from \$123m to \$241m
- Significant increase in tender activity as clients pursue mine development work from profitable operations
- Second half outlook and beyond returning to normalized EBITDA margins and profit

Appendices



Corporate Overview

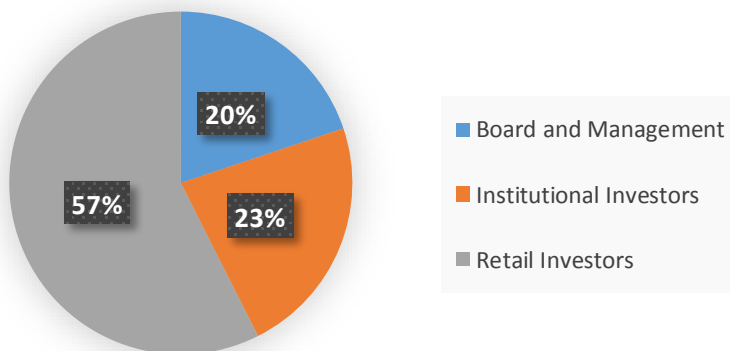
Capital Structure

Share price as at 14 Feb 2017 (\$)	0.38
Shares on issue (m)	91.1
Market cap (\$m)	34.6
Net Debt as at 31 Dec 2016 (\$m)	10.0
Enterprise value (\$m)	44.6

Board

Colin Bloomfield	Non-executive Chairman
Anthony Caruso	Managing Director
Andrew Watts	Non-Executive Director
Gabriel Meena	Non-Executive Director

Shareholder Composition



Substantial Shareholders

Andrew Watts	13.46%
Kenneth Kamon	11.94%
Darren Hamblin	10.60%
Maui Capital	6.90%
Paradise Investment Management	6.21%
Boyles Asset Management, LLC	5.65%

12 Month Trading History



Mastermyne 1H17 Income Statement

\$AUD (000's)	1H FY17	1H FY16	Change(%)
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EBITDA Margins	2.64%	3.53%	-0.89%
EPS (cents)	(1.64)	(0.54)	176.92%

Mastermyne 1H17 Cash Flow

\$AUD (000's)	1H FY17	1H FY16
EBITDA (Statutory)	1,504	3,524
Movements in Working Capital	(1,249)	(6,673)
Non cash items	171	(16)
Interest Costs	(301)	(505)
Income tax receipts / (payments)	122	(117)
Net Operating Cash Flow	247	(3,787)
Net Capex (includes intangibles)	323	(896)
Net borrowings/(repayments)	(2,943)	(2,548)
Interest Received	18	33
Free Cash Flow	(2,355)	(7,198)
Dividends	-	(911)
Net increase/(decrease) in cash and cash equivalents	(2,355)	(8,109)
Cash and cash equivalents at beginning of period	1,836	8,723
Cash and cash equivalents at end of period	(519)	614

Mastermyne 1H17 Balance Sheet

\$AUD (000's)	Dec-16	Jun-16
Assets		
Cash and cash equivalents	1	1,836
Trade and other receivables	28,898	29,084
Inventories	2,917	3,408
Current Tax Assets	172	226
Total current assets	31,988	34,554
Deferred Tax Asset	9,059	8,579
Property, plant and equipment	17,956	21,540
Intangible assets	6,975	7,089
Total non-current assets	33,990	37,208
Total assets	65,978	71,762
Liabilities		
Bank Overdraft	520	0
Trade and other payables	8,945	11,039
Loans and borrowings	1,200	3,543
Employee benefits	3,384	3,237
Total current liabilities	14,049	17,819
Loans and borrowings	8,808	9,408
Employee benefits	125	102
Total non-current liabilities	8,933	9,510
Total liabilities	22,982	27,329
Net assets	42,996	44,433

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