



FY18 FULL YEAR RESULTS PRESENTATION

AUGUST 2018

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Liz Blockley – Chief Financial Officer

www.mastermyne.com.au



mastermyne
Group of Companies

- Delivering significant revenue growth through new projects and customers
- Revenue increased 62% from PCP to \$201.7 million in FY18
- Focused on managing costs tightly as we grew delivering stronger EBITDA margins
- Successfully resourced new projects while achieving improvement in our safety performance
- Forecast continued growth in FY19 with additional upside from Whole of Mine opportunities



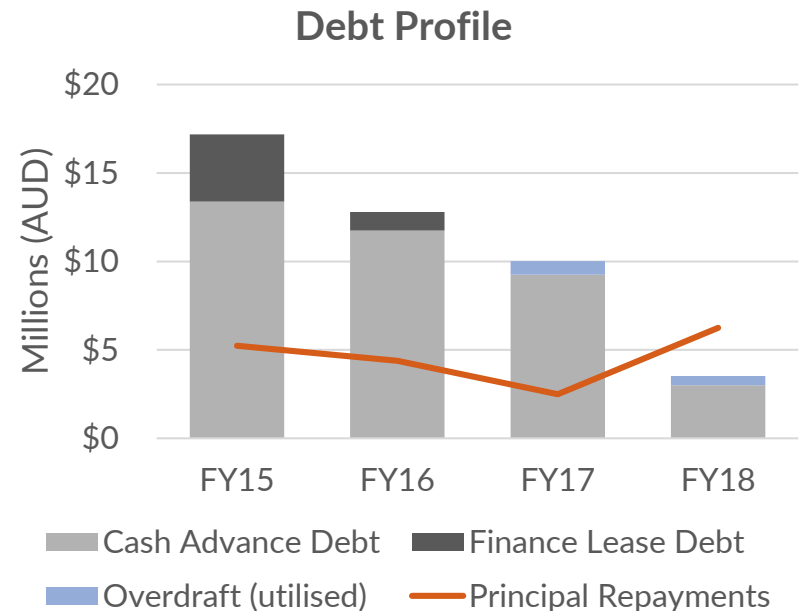
New projects and fleet underpin a strong financial result

- Revenue \$201.7 million and Net Profit \$5.6 million
- EBITDA \$16.3 million (8.1% margin), up from \$4.8 million (3.3% margin) in pcg
- Leveraging overheads on increased revenue and stronger margins on new contracts leading to improvement in EBITDA margin
- Utilised tax losses in FY18, with long term tax rate of ~25% through realisation of remaining deferred tax assets (transferred tax losses)

\$AUD (000's)	FY18	FY17	Change(%)
Total Revenue	201,719	124,162	62.5%
Statutory EBITDA	16,344	4,770	242.6%
EBITDA %	8.1%	3.8%	110.9%
Statutory profit/(loss) before tax	8,208	(2,881)	384.9%
Tax benefit/(expense)	(2,620)	771	(439.8%)
Statutory profit/(loss) after tax	5,588	(2,110)	364.9%
EPS (cents)	0.05	(0.02)	348.9%

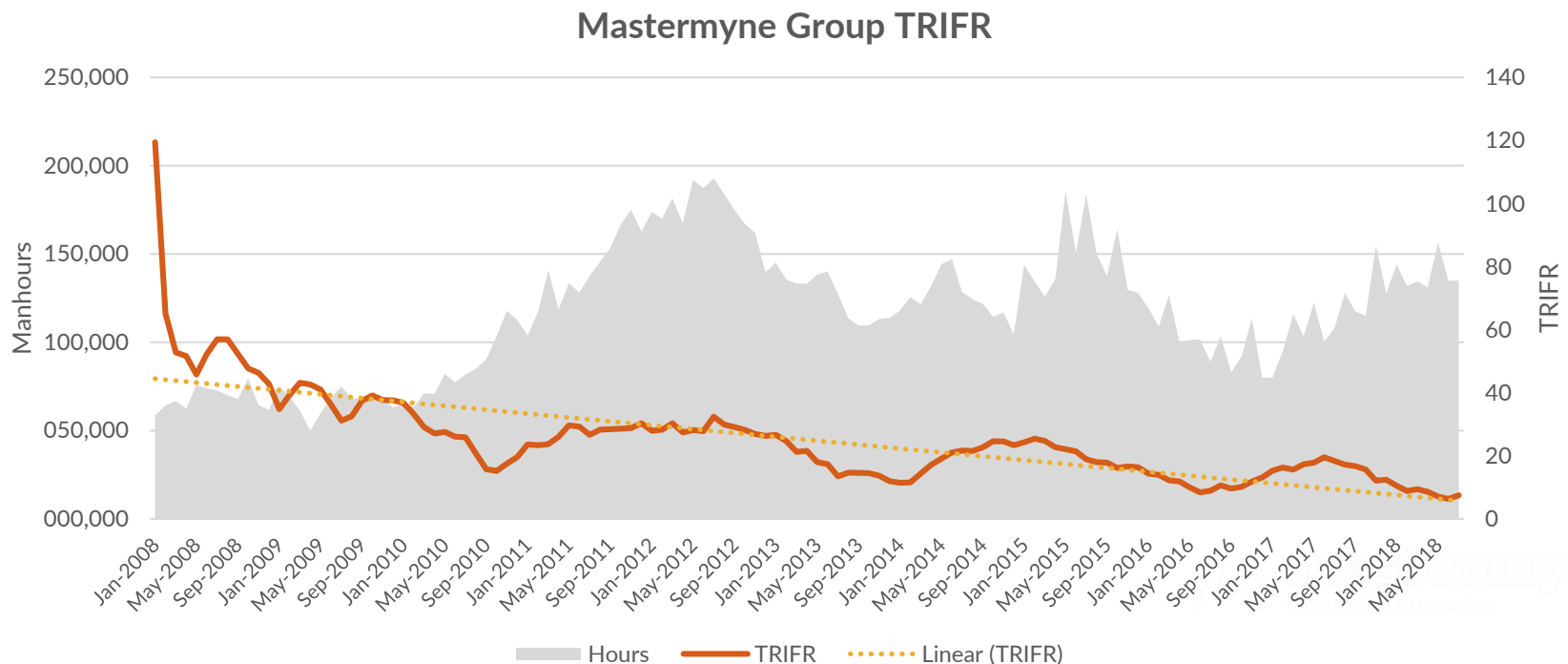
Strong cash generation is reducing debt quickly

- Net Debt reduced from \$10.0 million in pcp to \$3.5 million
- Completed \$6.0 million Placement in September 2017
- \$3.0m Cash Advance facility will be repaid by December 2018
- Restructured working capital facilities to \$20 million to cater for working capital growth
- Mining fleet delivering strong ROCE
- Capex requirement will decrease to sustaining maintenance of existing fleet
- New Capex required for deployment on Whole of Mine opportunities as they are contracted



Safety outcomes improved through a period of significant growth

- Injury frequency rates decreased from 18.3 to 6.3 over the FY2018 year
- 12 of 16 projects were recordable injury free for the year
- NSW mining division achieved full year of operations with no recordable injuries
- Maintained strong HSEQ compliance across all projects



New contracts are improving margin outlook

- Cycling through contracts negotiated in the low point of the cycle
- New contracts supporting stronger margins
- Refocused and disciplined approach to Mastertec division resulted in material turnaround
- Workforce numbers at approximately 1,000
- Fleet utilization continues to improve and is above 85%
- Hire rates are improving across the equipment fleet

Mastermyne Mining			
\$AUD (\$'000)	FY18	FY17	Change (%)
Revenue	174,382	92,400	88.7%
EBITDA	16,055	6,858	134.1%
EBIT	9,356	1,444	547.9%
EBITDA Margins	9.2%	7.4%	1.8%

Mastertec			
\$AUD (\$'000)	FY18	FY17	Change (%)
Revenue	27,830	32,751	(15.0%)
EBITDA	1,194	(1,883)	163.4%
EBIT	338	(2,941)	111.5%
EBITDA Margins	4.3%	(5.7%)	10.0%

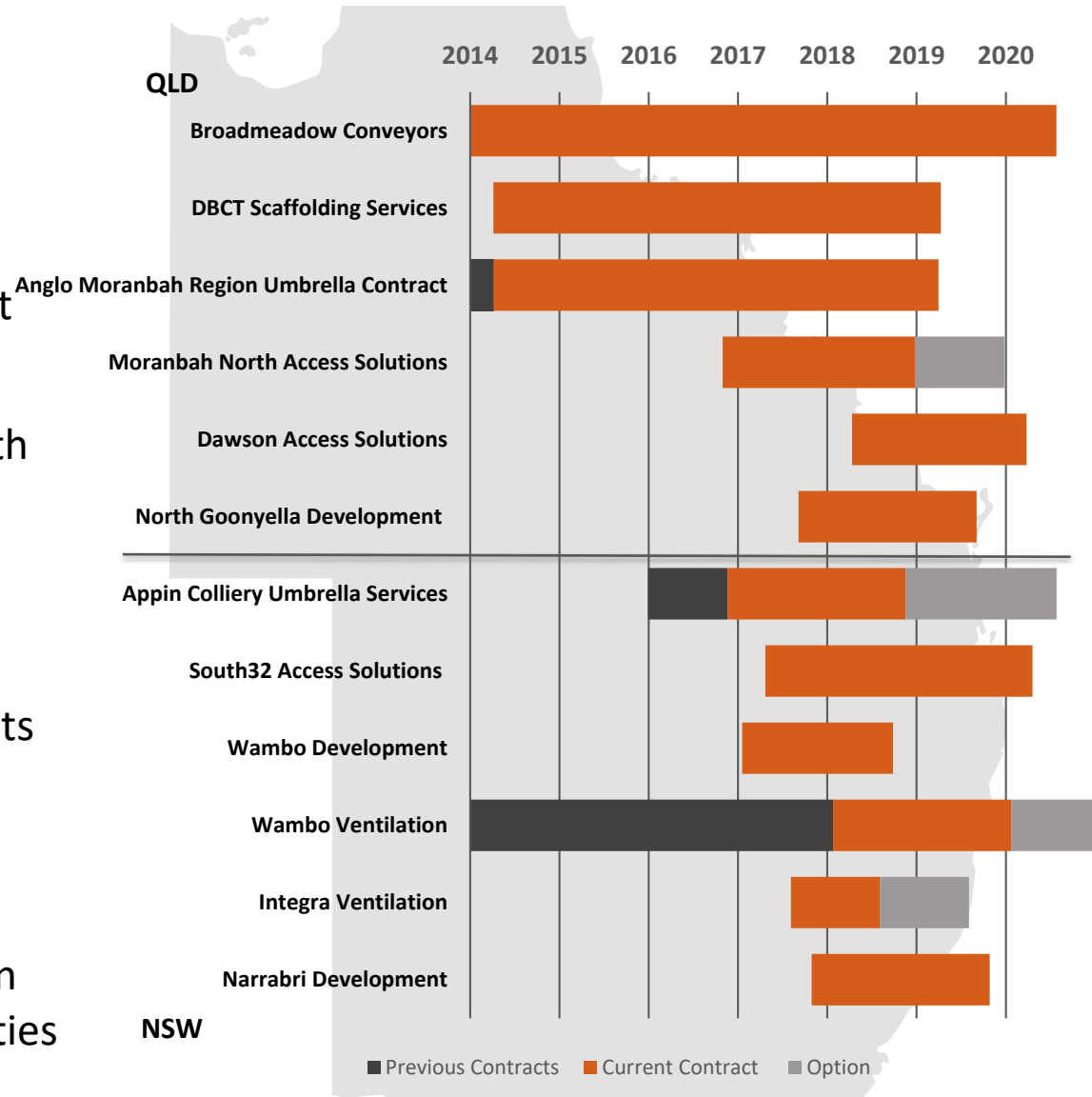
Successfully resourced the growth opportunities throughout the year

- Current projects fully resourced with labour and equipment
- Starting to see tightening in the labour market
- Reactivating resourcing strategies from previous strong cycles
- Cost of labour has stabilised following an average 10% to 15% increase earlier in the calendar year
- Lead times for delivery of new and used equipment has extended
- Company retains some equipment availability within the existing fleet



High quality order book supported by robust tender pipeline

- Order Book \$280 million, \$185 million to be delivered in FY19
- Tendering pipeline over \$1.9 billion, \$800 million in core business, \$1.1 billion in Contract Mining
- Contract extensions secured with Appin, DBCT and Wambo
- Major Anglo contract up for renewal in H2 FY19
- Two stalled underground projects expected to recommence in H2 FY19
- Number of Greenfield project reviews underway supporting an extended pipeline of opportunities



Whole of Mine opportunities present a step change for the business

- Progressing two late stage Whole of Mine opportunities in NSW with the first expected to mobilise in the 2nd quarter FY19
- BFS study for Stanmore's Isaac Plains Underground Coal Mine will be completed in late September with final investment decision expected early in H2 FY2019
- Supply of mining fleet for Whole of Mine contracts will increase capital intensity, but will increase margins
- Currently assessing fleet requirements and timing to finalise financing strategies



Strong market outlook is driving increased demand for our services

- Early stages of a stronger cycle supporting a positive outlook
- New disaggregated industry dynamic with emerging new players creating more opportunities
- Expanding underground sector as new projects come on line over the next 12 to 18 months
- Record pipeline supports continued growth
- Reduced competitors supporting stronger win / loss ratio for the mining business
- FY2019 guidance; Revenue \$230 to \$250 million, EBITDA \$20 to \$23 million (excluding Whole of Mine Contracts)



Mastermyne is in an excellent position to deliver another year of strong growth

- Delivering significant revenue growth through new projects and customers
- Revenue increased 62% from PCP to \$201.7 million in FY18
- Focused on managing costs tightly as we grew delivering stronger EBITDA margins
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APPENDICES

Corporate Overview

Capital Structure

Share price as at 20 Aug 2018 (\$)	1.52
Shares on issue (m)	101.1
Market cap (\$m)	153.7
Net Debt as at 30 June 2018 (\$m)	3.5
Enterprise value (\$m)	150.2

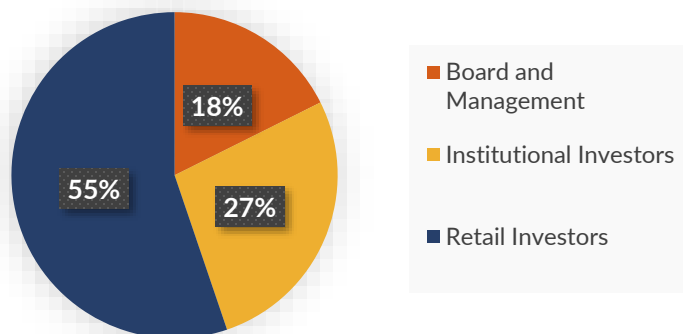
Substantial Shareholders

Andrew Watts	12.13%
Kenneth Kamon	10.76%
Darren Hamblin	9.55%
Paradice Investment Management	8.39%
Greig & Harrison	6.26%

Board

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

Shareholder Composition



12 Month Trading History



Mastermyne FY18 Income Statement

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Statutory profit/(loss) after tax	5,588	(2,110)	364.9%
EBITDA Margins	8.10%	3.84%	110.9%
EPS (cents)	0.05	(0.02)	348.9%

Mastermyne FY18 Cash Flow

\$AUD (000's)	FY18	FY17
EBITDA (Statutory)	16,344	4,770
Movements in Working Capital	(4,713)	462
Non cash items	(87)	704
Interest Costs	(635)	(576)
Income tax receipts / (payments)	(578)	92
Net Operating Cash Flow	10,330	5,452
Net Capex (includes intangibles)	(9,480)	(4,331)
Net borrowings/(repayments)	(6,250)	(3,701)
Proceeds from share issue	5,670	-
Interest Received	25	22
Free Cash Flow	296	(2,558)
Dividends	(49)	(45)
Net increase/(decrease) in cash and cash equivalents	247	(2,603)
Cash and cash equivalents at beginning of period	(767)	1,836
Cash and cash equivalents at end of period	(520)	(767)

Mastermyne FY18 Balance Sheet

\$AUD (000's)	Jun-18	Jun-17
Assets		
Cash and cash equivalents	1	1
Trade and other receivables	43,427	29,454
Inventories	2,973	2,684
Current Tax assets	0	202
Total current assets	46,401	32,341
Deferred Tax asset	8,791	9,285
Property, plant and equipment	21,053	18,745
Intangible assets	6,748	6,894
Total non-current assets	36,592	34,924
Total assets	82,993	67,265
Liabilities		
Bank Overdraft	521	768
Trade and other payables	19,024	11,392
Loans and borrowings	3,000	6,250
Employee benefits	5,235	3,388
Current Tax payable	1,248	0
Total current liabilities	29,028	21,798
Loans and borrowings	0	3,000
Employee benefits	207	138
Total non-current liabilities	207	3,138
Total liabilities	29,235	24,936
Net assets	53,758	42,329

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