

DDH1 LIMITED

PRESENTS

1H FY23 Results Presentation

28 February 2023



• IMPORTANT NOTICE AND DISCLAIMER

This presentation and these materials (together the “presentation”) have been prepared by DDH1 Limited ABN 48 636 677 088 (ASX code: DDH) (“DDH1”) as a summary of DDH1’s operations and results for the purposes of a presentation to existing or potential investors in DDH1. By participating in this presentation or reviewing or retaining these materials, you acknowledge and represent that you have read, understood and accepted the terms of this important notice and disclaimer.

This presentation should be read in conjunction with DDH1’s prospectus dated 10 February 2021, FY22 Annual Report, the HY22 half-year financial statements and other periodic and continuous disclosure announcements that have been lodged by DDH1 with the ASX.

This presentation is not intended as an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any security in the United States or any other jurisdiction.

Financial data: all dollar values are in Australian dollars unless stated otherwise.

Non-IFRS information: DDH1’s financial reporting complies with Australian accounting standards and international financial reporting standards (“IFRS”). This presentation includes material that contains non-IFRS measures that are not subject to audit. The non-IFRS information has not been audited. DDH1 believes this non-IFRS financial information provides useful information to users in measuring the financial performance and conditions of DDH1. The non-IFRS financial information does not have a standardised meaning prescribed by Australian accounting standards and therefore may not be comparable to similarly titled measures presented by other entities, nor should it be construed as an alternative to other financial measures determined in accordance with Australian accounting standards. Investors are therefore cautioned not to place undue reliance on any non-IFRS financial information and ratios included in this presentation. Such non-IFRS financial information is unaudited.

Forward looking statements and risks: this presentation may contain forward looking statements concerning activities which are or may be undertaken, outlook or other matters. Any such forward looking statements are based on assumptions which may differ materially from the actual circumstances which may arise. Actual results may differ from projections and such variations may be material. You should not place undue reliance on any projections

which are based only on information currently available to DDH1. DDH1 undertakes no obligation to update any forward looking statements for events or circumstances that occur subsequent to the date of this presentation or to keep current any of the information provided. Past performance is no guarantee of future performance.

Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that those predictions, forecasts and other forward looking statements will not be achieved. Forward looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

This presentation contains statements that are subject to risk factors associated with DDH1’s industry as well as unknown risks and uncertainties (both general and specific), many of which are outside the control of DDH1. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables, some of which are outside DDH1’s control, which could cause actual results or trends to differ materially, including but not limited to earnings, capital expenditure, cash flow and capital structure risks and general business risks. Given this, recipients are strongly cautioned not to place undue reliance on any projections and forward looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic.

Disclaimer: other than as required by law, neither DDH1 nor any other person (including any director, officer or employee of any member of the group) gives any representation, warranty or assurance (express or implied) in relation to the accuracy or completeness of any forward looking statement or that the occurrence of any event, results, performance or achievement will actually occur. Except as required by applicable laws or regulations, DDH1 expressly disclaims any obligation or undertaking to provide any updates or revisions to any forward looking statements in this presentation to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any such statement is based.



• WHAT WE DO

At DDH1, we provide a **complete range of specialised surface and underground drilling solutions** to our mining and exploration clients globally.

We focus on providing accurate information in the most efficient and cost-effective manner, which underpins our **sustained best-in-class** operating margins and cash generation.



We aspire to be the **world's leading driller** through innovation and a continued focus on high quality, reliable services.

A large white MAN truck is parked on a dirt road, carrying a tall red drilling rig. An Australian flag flies from the top of the rig. The scene is set against a sunset sky with silhouettes of trees and other industrial equipment in the background.

OVERVIEW

Agenda

1H23 Operational Highlights

1H23 Financial Highlights

Financial Performance

Industry & Market Update

Business Overview

Case Studies – Innovation

Growth & Outlook

1H23 OPERATIONAL HIGHLIGHTS*

✓ **8.9%**

Improved Rolling
12 month TRIFR¹

31 DECEMBER 2022 – 9.88

31 DECEMBER 2021 – 10.85

→ **77.1%**

Rig
Utilisation

1H22 – 77.4%

↑ **8.1%**

Number Of
Shifts

1H23 – 48,445

1H22 – 44,808

+ **R&D**

Innovation
Initiatives

HANDS FREE SOLUTIONS

AUTOMATION

E-RIG

EMISSION REDUCTION SOLUTIONS

↑ **302**

Additional
Employees

1H23 – 1,923

1H22 – 1,621

+ **14**

Quality
Rigs

RIGS AT 31 DECEMBER 2022 – 190

RIGS AT 31 DECEMBER 2021 – 176

¹Total Recordable Injury Frequency Rate (calculated over 1 million work hours)

* Comparative results are on a proforma basis, as they include Swick Mining Services' Drilling Division (Swick Results) for all reporting periods

1H23 FINANCIAL HIGHLIGHTS*



15.7%

Revenue
Uplift

1H23 – \$286.0M

1H22 – \$247.1M



6.3%

Revenue Per Rig

1H23 – \$1.5M

1H22 – \$1.4M



15.9%

Operating
EBITDA¹

1H23 – \$65.6M

1H22 – \$56.6M

22.9% MARGIN



18.4%

EBITA

1H23 – \$43.8M

1H22 – \$37.0M

14.8% MARGIN

\$62.2M

Strong Cash
Generation³

\$40.2M AT 31 DECEMBER 2022

\$11.6M

Net
Debt²

\$16.6M AT JUNE 30 2022

26.5%

Strong
Operating ROIC

AT 31 DECEMBER 2022

3.33 CPS

1H23 Interim Dividend

ANNUALISED YIELD ~6.7%

\$26.7M CASH RETURNED TO
SHAREHOLDERS IN 1H23⁴

*Comparative results are on a proforma basis, as they include Swick Mining Services' Drilling Division (Swick Results) for all reporting periods.

¹ Operating EBITDA equals Statutory EBITDA adjusted profit on the sale of assets and non-cash revaluation of listed investments. Reconciliation is contained on page 36. ² Net Cash (Debt) excludes AASB

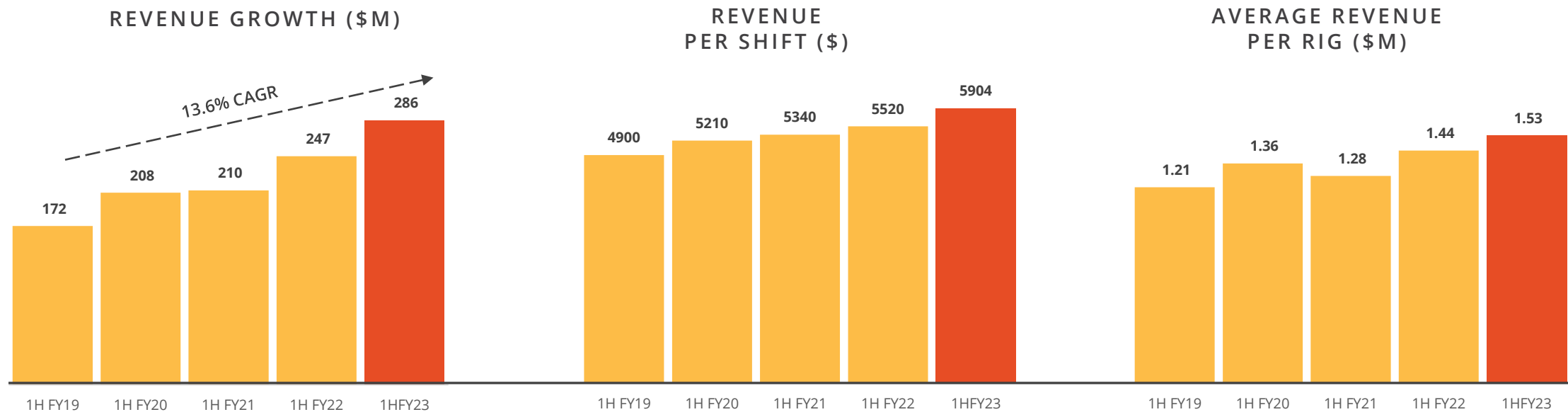
16 Right of Use liabilities. ³ Cash Generation equals statutory cash inflows from operating activities. ⁴ \$15.8M – Share buy-back, \$10.9M – FY22 final dividend paid

• SECTION 3

Financial Performance



• STRONG REVENUE GROWTH*

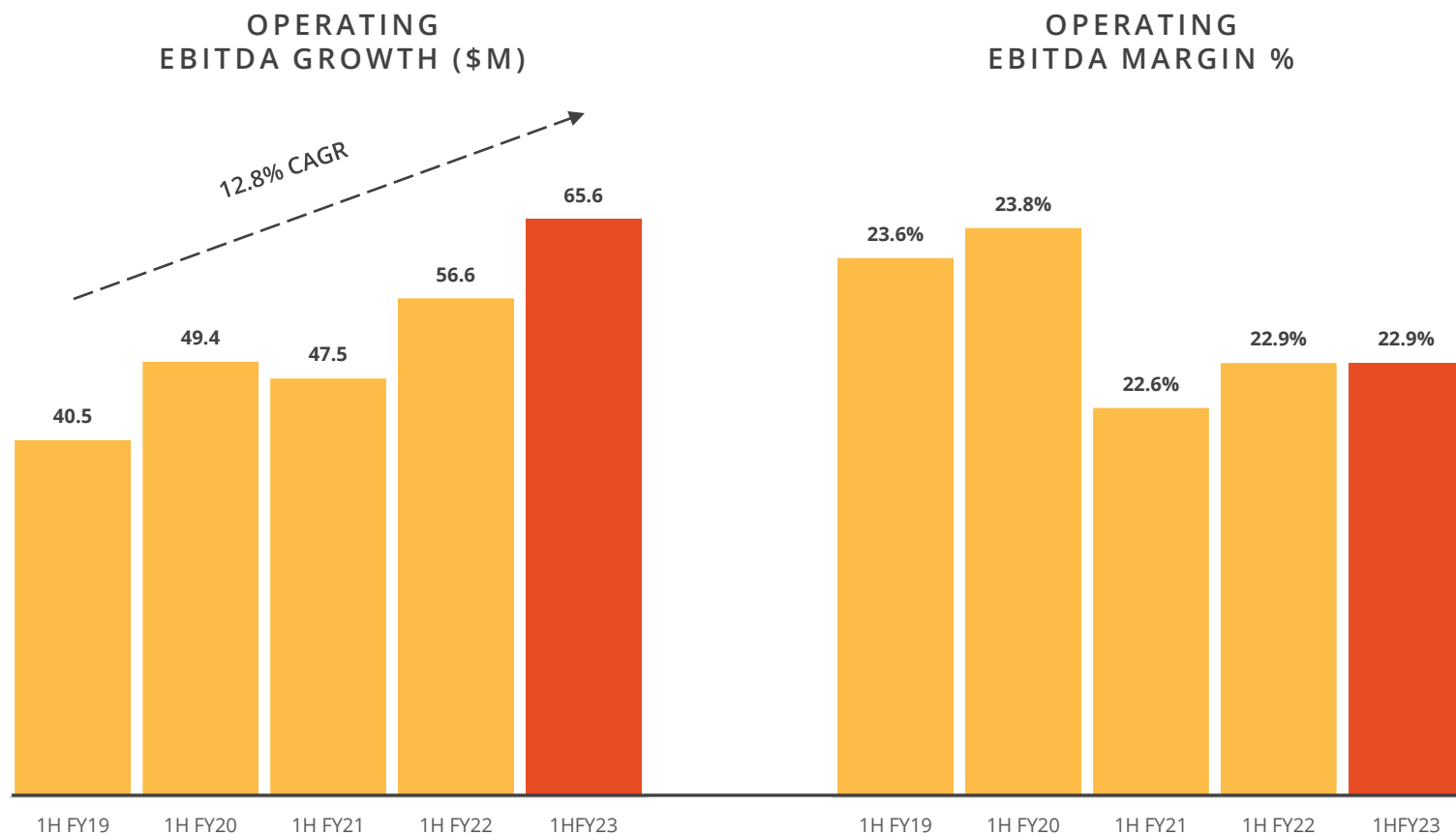


- Organic rig growth across all brands (DDH1 Drilling, Strike, Ranger and Swick) due to solid demand in all regions globally
- Maintained strong rig utilisation of 77.1%
- Shifts increased 8.1% reflecting increasing rig fleet
- Revenue per shift increased 7.0%, reflecting increasing rates to address current inflationary pressures
- Average revenue per rig increased 6.3%

*Comparative results are on a proforma basis, as they include Swick Mining Services' Drilling Division (Swick Results) for all reporting periods

• **STRONG EARNINGS GROWTH***

- Strong trend of operating EBITDA growth – 5 year 12.8% CAGR
- Strong operating EBITDA margins maintained
- Inflationary pressures expected to moderate during 2H23



* Comparative results are proforma as they include Swick Mining Services' Drilling Division (Swick Results) for all comparative reporting periods

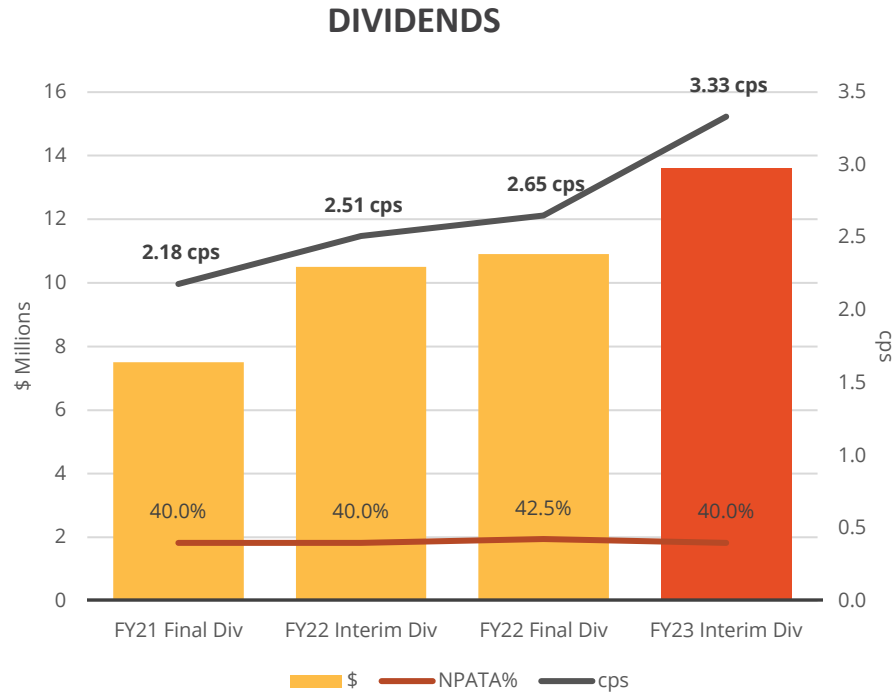
STRONG BALANCE SHEET

- Net debt¹ improving to \$11.6M
- Cash returned to shareholders via dividends of \$10.9M and the share buy-back program of \$15.8M
- Capex investment into fleet of \$33.0M during 1H23
- Net tangible assets of \$290M
- Change in deferred tax position primarily due to the use of the Federal Government instant tax write off

(\$M)	31 DEC 22	31 JUNE 22	VAR (%)
Cash	31.5	17.9	76%
Receivables	82.7	93.6	(12%)
Inventory	57.0	55.8	2%
PPE (inc RoU)	249.5	237.0	5%
Intangibles	54.3	59.3	(8%)
Tax Assets	3.3	5.9	(44%)
Other Assets	5.3	4.3	23%
Total Assets	483.6	473.8	2%
Payables	36.9	51.1	(28%)
Provisions	22.9	20.7	11%
DTL	21.5	10.7	101%
Borrowings (inc RoU)	57.7	49.3	17%
Total Liabilities	139.0	131.8	5%
Net Assets	344.6	342.0	1%

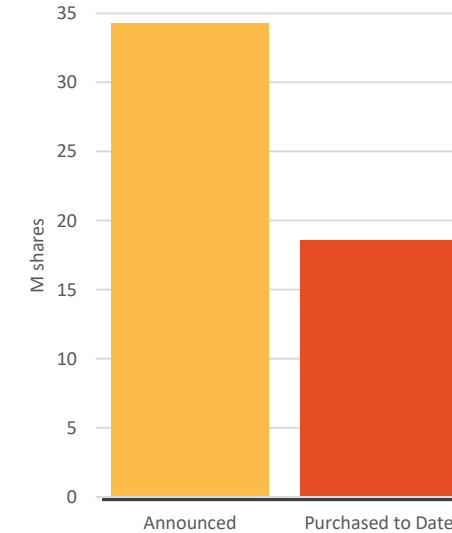
1. Net Cash / (Debt) excludes AASB 16 Right of Use liabilities

DIVIDENDS & SHARE BUY BACK



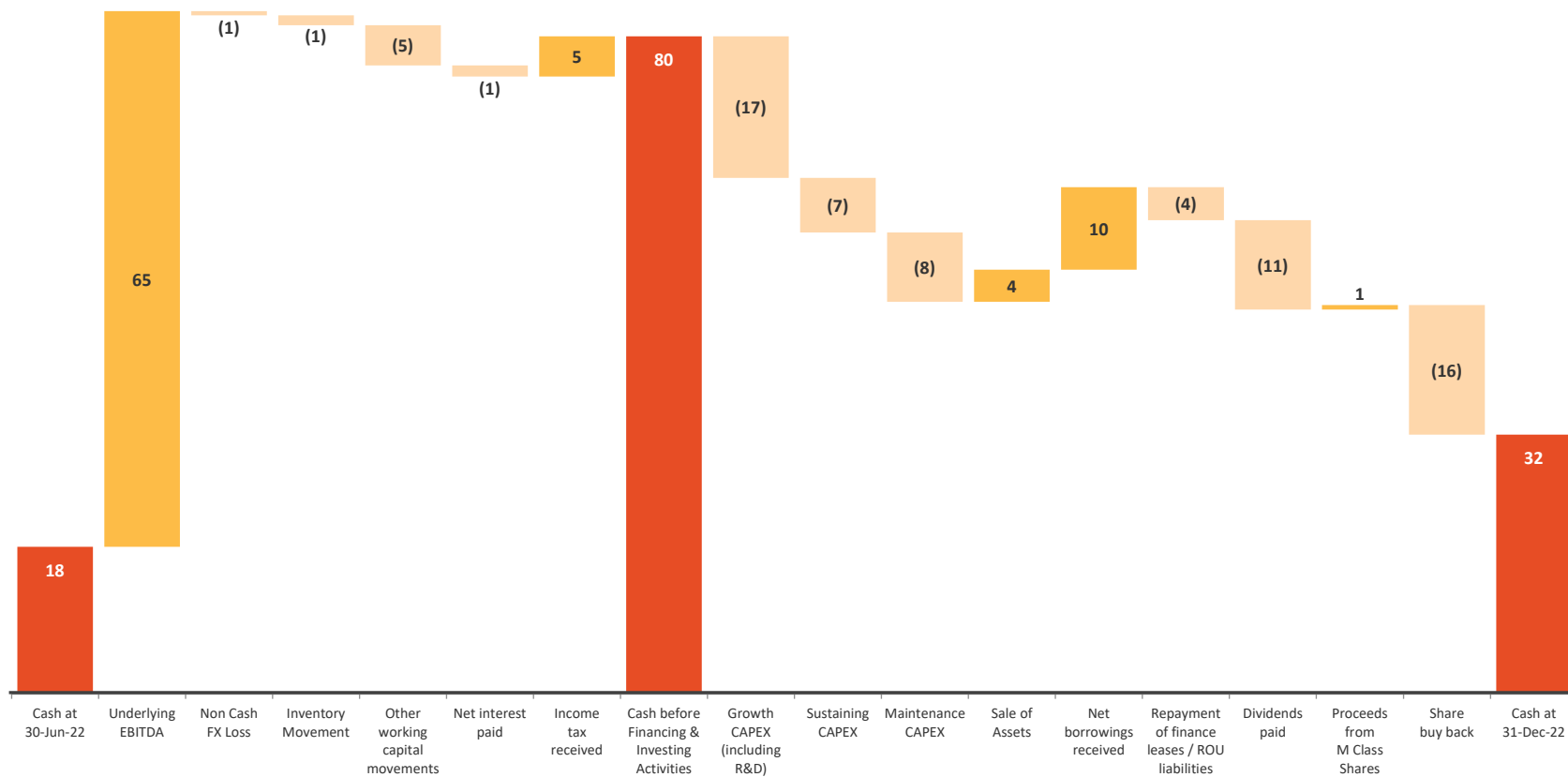
- FY23 interim fully franked dividend declared of 3.33 cps
- Annualised yield of ~6.7% fully franked, based on a share price of \$1.00

SHARE BUY BACK PROGRAM (M shares)



- Buy back announced in early July with on market purchasing commencing on 28 July
- A max. of 34.3m shares to be purchased over the next 12 months
- Daily max. purchase price is limited to the lower of the 5 day VWAP +5% and the Board approved maximum purchase price
- Daily maximum volume is the lower of 40% of the daily trading volume and 40% of the 20 day trading volume average

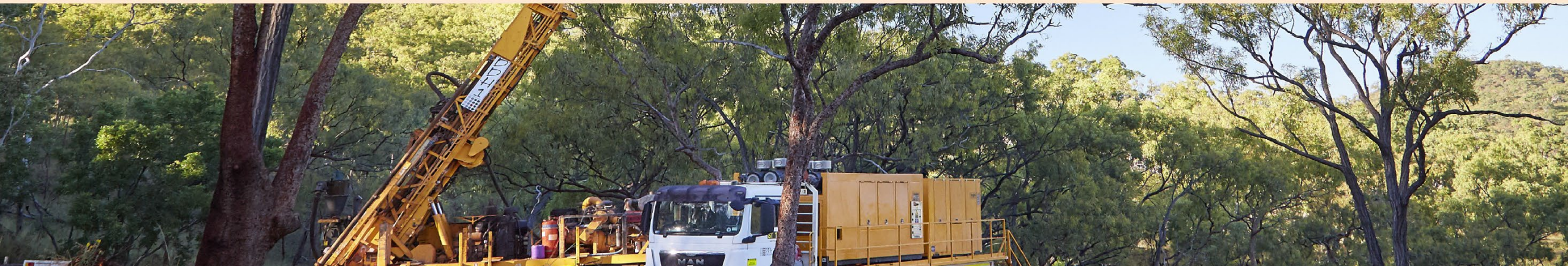
CASH FLOW WATERFALL



- Strong operating cash generation of \$62.24M
- Cashflow from operations before tax and interest of \$58.5m, at a conversion rate of ~90% of underlying EBITDA
- Further investment in modern rig fleet and R&D of \$17M
- Attractive return to shareholders of \$26.7M

• SECTION 4

Industry & Market Update



• STRONG DEMAND AND DIMINISHING RESERVES

- Capex remains at well below the absolute levels of the peak of the last cycle in 2012
- A sustained production cycle needs increased exploration spend to ensure mining reserves are not diminished further
- Drilling is becoming deeper and more complex, resulting in larger drilling programs and demand for the specialist services DDH1 provides
- The trend towards decarbonisation continues to gain momentum and the energy transition will be a multi-decade process
- DDH1's fleet is resource agnostic, enabling a response to the growing demand for battery metals

MINERAL AND METALS NEEDS FOR CLEAN ENERGY TECHNOLOGIES

Relative Importance	High Moderate Low					
	COPPER	COBALT	NICKEL	LITHIUM	ALUMINIUM	STEEL
Solar PV	High	Low	Low	Low	High	High
Wind	High	Low	Moderate	Low	Moderate	High
Hydro	Moderate	Low	Low	Low	Moderate	High
CSP	Moderate	Low	Moderate	Low	High	High
Bioenergy	High	Low	Low	Low	Moderate	Low
Geothermal	Low	Low	High	Low	Low	High
Nuclear	Moderate	Low	Moderate	Low	Low	High
Electricity Networks	High	Low	Low	Low	High	High
EVS and battery storage	High	High	High	High	High	Moderate
Hydrogen	Low	Low	High	Low	Moderate	Low

Source: Fidelity chart using some IEA Data. IEA (2021), the Role of Critical Minerals in Clean Energy Transitions, IEA, Paris:\

• COMMODITY PRICES REMAIN RELATIVELY HIGH

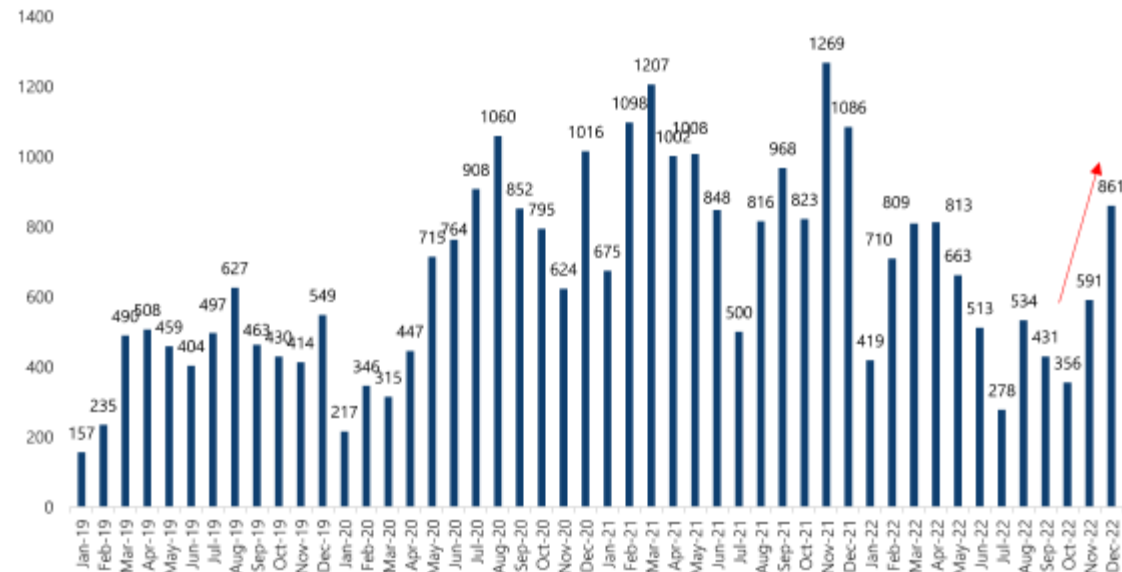
- Commodity prices are supportive of ongoing exploration expenditure
- DDH1's services are commodity agnostic and are well positioned to leverage demand



CLIENTS ARE WELL FUNDED

- Resource companies are well funded and are reporting ongoing or expanded exploration budgets
- DDH1's top five clients (38% of 1H 2023 revenues) have a combined \$27B in cash on their balance sheets – balances range from \$0.2B to \$25B
- Working closely with a broad client base with good visibility of FY23 demand
- Clients have indicated they intend to execute planned drilling programs

JUNIOR MINER CAPITAL RAISINGS (US\$M)



• SECTION 5

Business Overview



• OUR LEADING GLOBAL DRILLING BUSINESS

A proven track record of performance and service delivery across our portfolio

- A full suite of specialised drilling services
- Global scale with established operations in Australia, America and Europe
- 190* rigs, one of the top five largest drill fleets globally



- Established in 2006
- Diamond core
- All stages of mine cycle

- Multi-commodity
- 74 surface and underground rigs
- Australia wide operations



- Established in 2013
- Air core and reverse circulation
- Exploration and development

- Multi-commodity
- 16 rigs including 9 dual purpose
- Australia wide operations



- Established in 2005
- Reverse circulation and diamond core
- All stages of mine cycle

- Iron ore
- 22 rigs
- Western Australian based operations



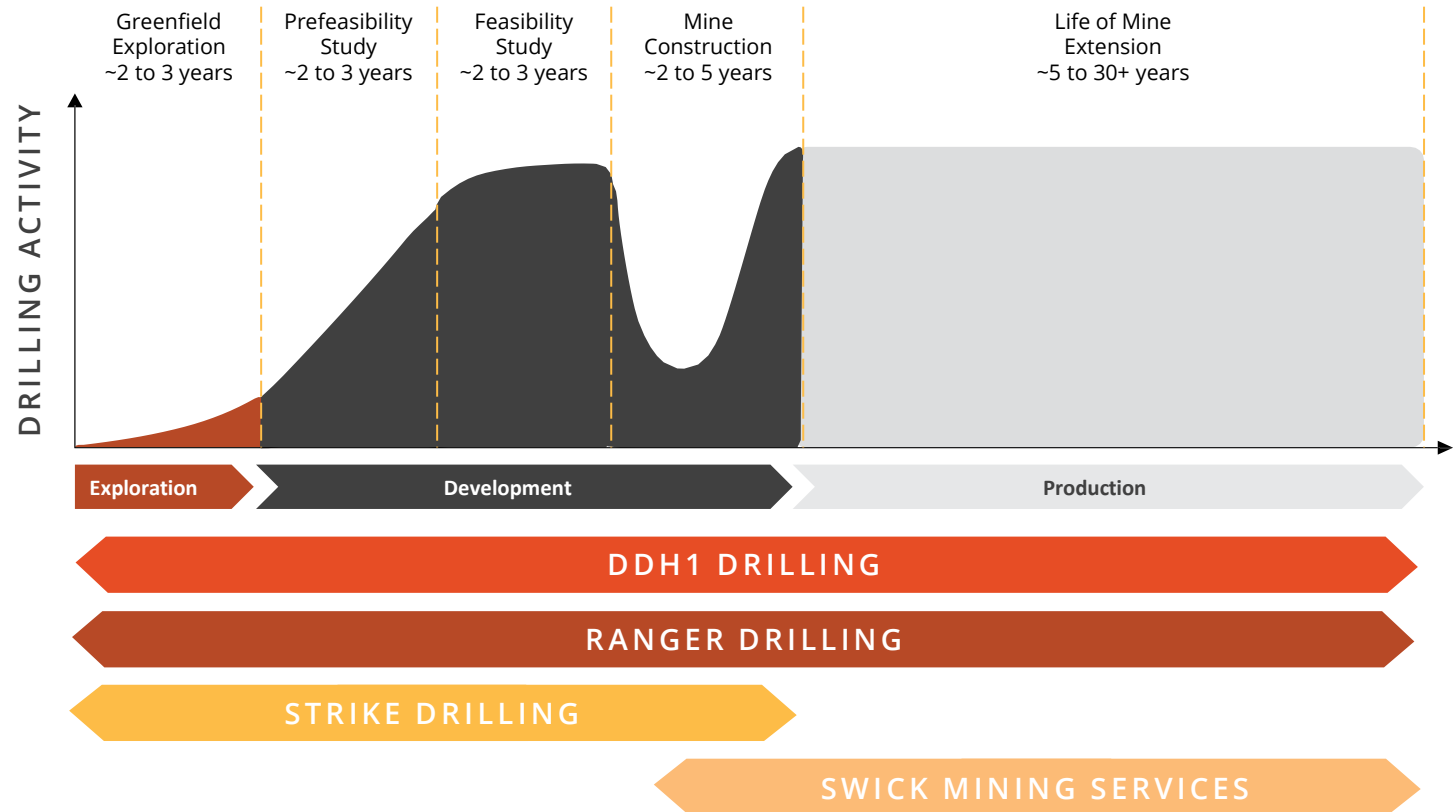
- Established in 1997
- Underground diamond core
- Development and production
- Multi-commodity

- 78 rigs
- Based in Australia, Spain, North America and Portugal

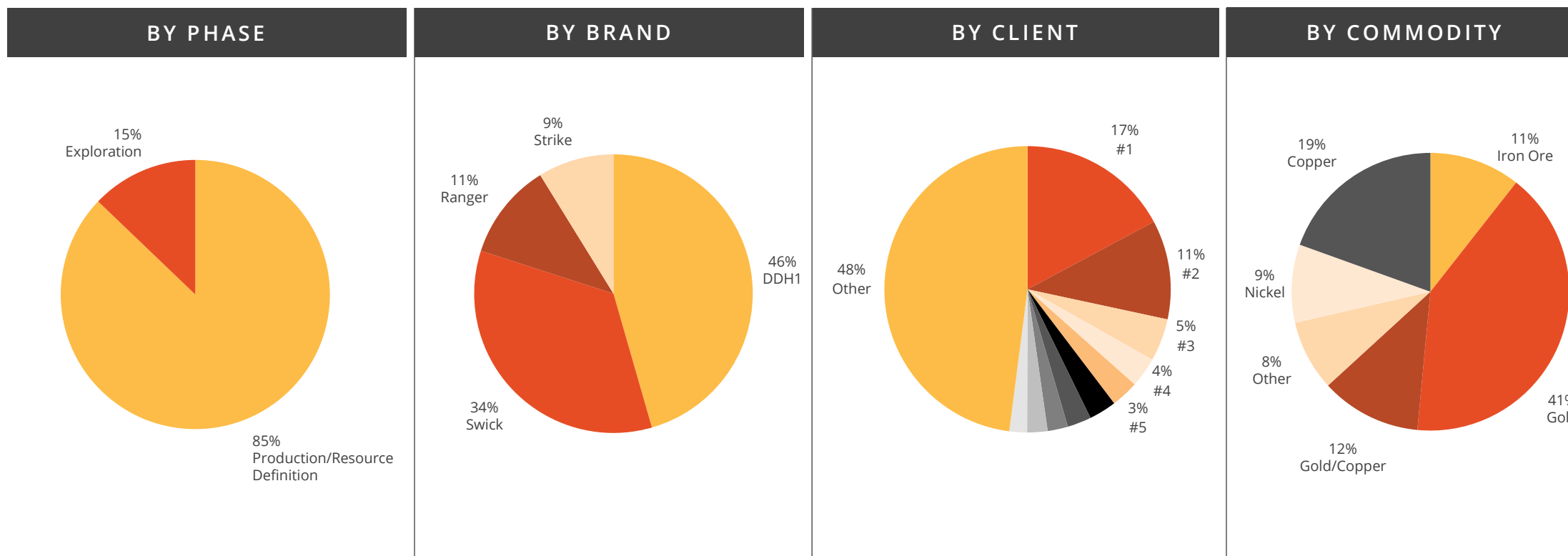
* Rigs at 31 December 2022

• OUR SERVICES ACROSS THE MINING VALUE CHAIN

- Focusing on mine development and production phases, less cyclical
- Selective exposure to highly prospective earlier stage greenfields exploration drilling
- Extending services to existing clients who have multiple mine sites – surface and underground
- Leveraging existing experience and understanding of site geology to provide drilling efficiencies to mine operators



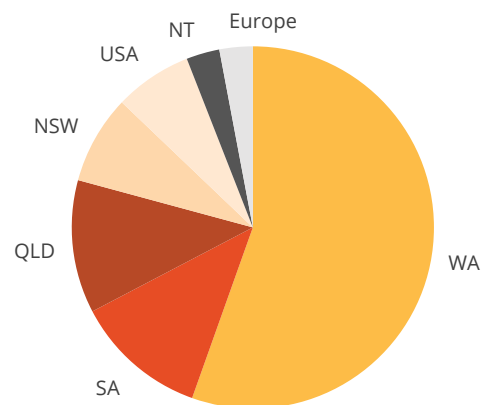
• OUR DIVERSIFIED QUALITY REVENUE BASE



Data at 31 December 2022

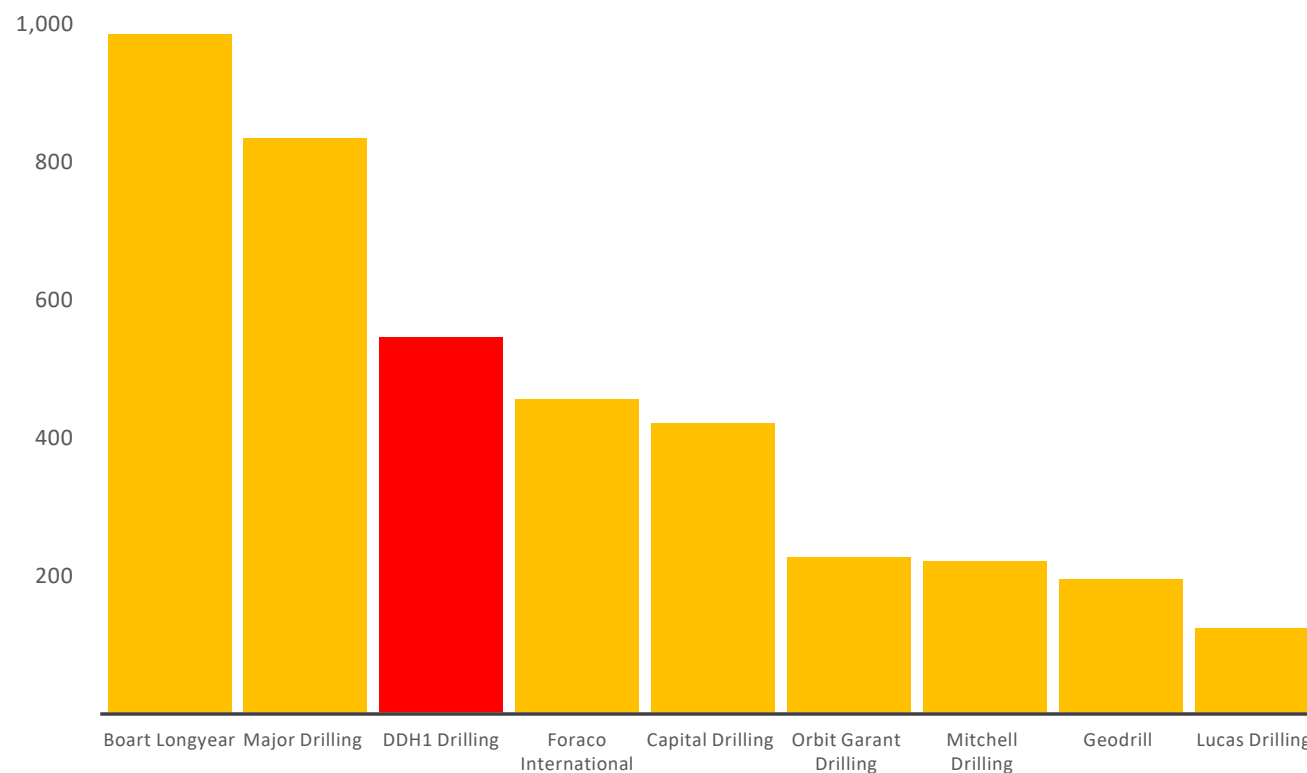
OUR GLOBAL SCALE

1H23 REVENUE BY GEOGRAPHY



- Largest drilling service provider within Australia by rig fleet size
- Significant and growing presence within international markets, third largest drilling service provider by revenue globally

TOTAL DRILLING REVENUE (\$M) VS KEY GLOBAL PEERS*



*DDH1 Revenue data for 12 months ended 31 December 2022 refer to global peer information for break down of peer revenue data

• OUR STRENGTHS

WELL-ESTABLISHED GLOBAL OPERATIONS

- 15+ years' experience
- Presence in key mining regions
- 85% production / resource definition contracts

TRACK RECORD OF STRONG FINANCIAL PERFORMANCE

- Proforma revenue CAGR 13.6%
- Strong ROIC of 26.5%
- Strong cash generation and ability to drive growth strategy
- Sustainable dividend policy

QUALITY SPECIALIST DRILLING PROVIDER

- Full suite of services across mining value chain
- Deep and directional drilling specialists
- Commodity agnostic (no exposure to coal market)

EXPERIENCED & DISCIPLINED LEADERSHIP TEAM

- Strong quality and safety focused culture
- Best-in-class workforce
- Committed to enhancing ESG disclosure

LONG-TERM INDUSTRY GROWTH DRIVERS

- Diminishing mineral reserves
- Increasing demand for battery metals
- Increasing demand for specialist quality drilling services

LARGE MODERN DRILL FLEET

- Young fleet, economic life of 20+ years
- In-house engineering capabilities
- Investing in automation and best-in-class technology

• SECTION 6

Case Studies – Innovation

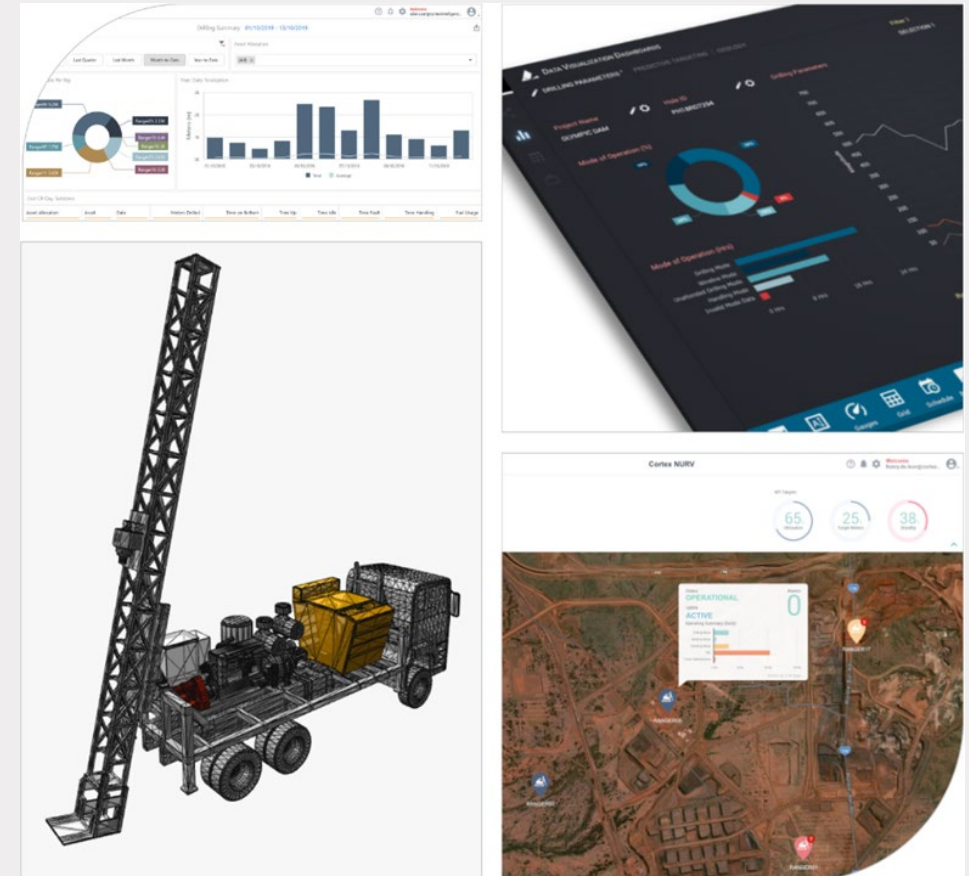


CASE STUDY

Industry Collaboration

Ranger Drilling collaborated with CORTEX, an Australian drilling technology company, to deliver a step-change in safety and productivity for clients within the exploration and production drilling industries.

The partnership saw the development of the CORTEX MONITOR and the CORTEX NURV.



CASE STUDY

CORTEX MONITOR

CORTEX MONITOR is a closed loop system to monitor, analyse and manage field assets to improve operational efficiency.

The onboard system supplies fast, accurate and quantifiable data and analysis in real time, which can support multiple asset types.

CORTEX MONITOR tracks the rig, its systems and settings with over 60 variables.

All information is logged to a high density database, providing an instant-by-instant overview of every aspect of the rig.



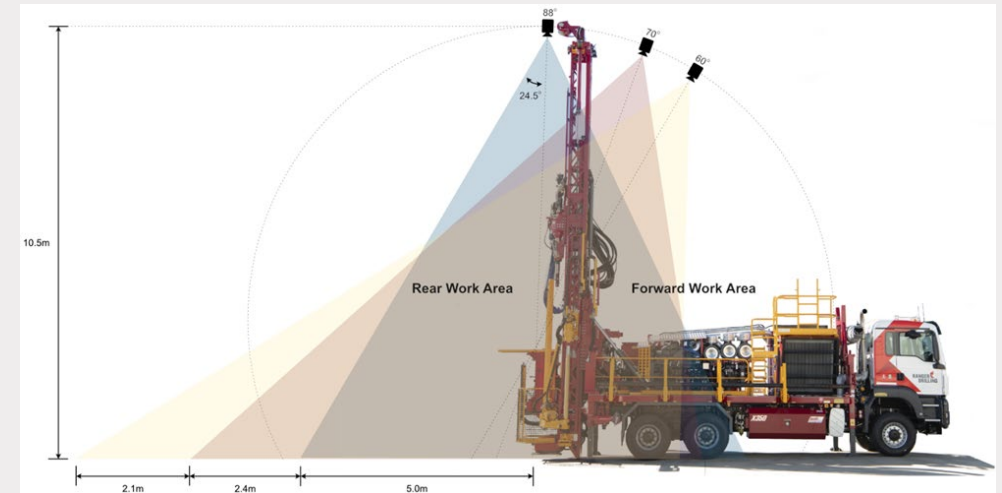
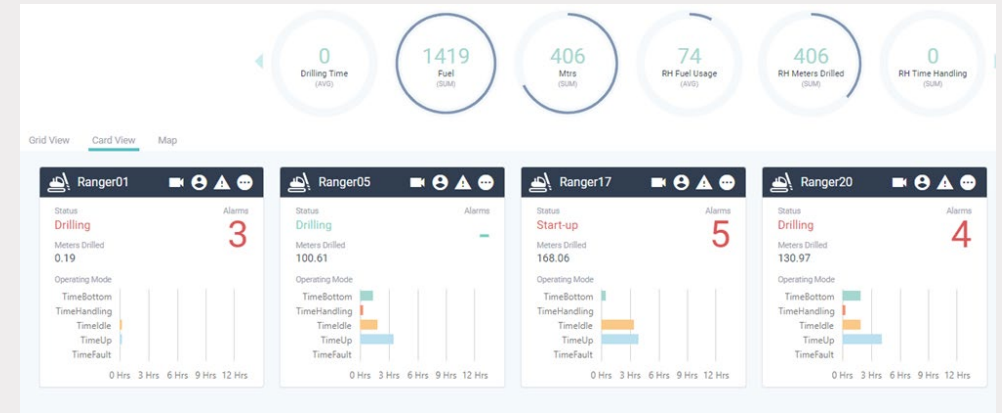
CASE STUDY

CORTEX NURV & NURV OPTICS

CORTEX NURV is an automated reporting platform and dashboard that complements CORTEX MONITOR. It provides a live feed from the drilling platform, production and operational reports and daily KPI tracking for each rig and site.

In addition to ground condition and substrate analysis, drill performance, specifically fuel usage and unplanned downtime, is provided with cost saving and operational recommendations.

NURV OPTICS enhances the platform by providing live video content from cameras installed on the rigs.



• CASE STUDY

Swick Mining Services E-Rig To Reduce Carbon Footprint

Swick Mining Services new electric rig will provide a solution to support clients' sustainability goals.

The e-rig aims to reduce the carbon footprint of underground core drilling operations by 50%.

Comprehensive field testing and analysis were undertaken during FY22. Design upgrades will be completed before testing is resumed in FY23.



• SECTION 7

Growth Strategy & Outlook



Our Strategic Focus

Acquiring
complementary **high quality
businesses** to build on
service capabilities
and fleet size



Pursuing **organic
growth** by increasing
rig utilisation and
productivity.

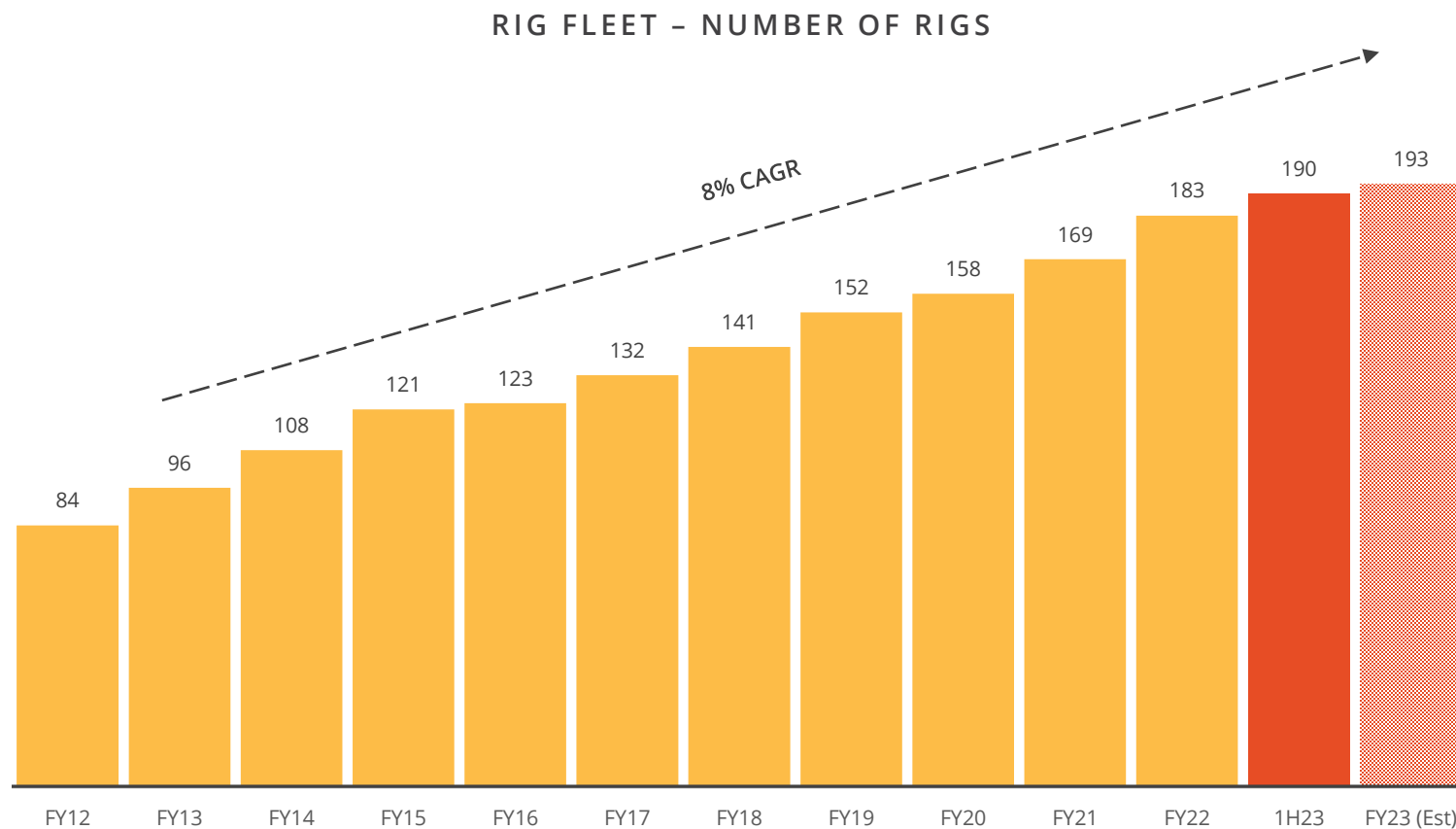


Expanding in key
**international
markets.**

Expanding
full-service offering
to existing and
new clients.

• WELL POSITIONED TO INCREASE DRILLING REVENUE

- DDH1's fleet of 190 rigs* is the largest in the Australian market and fifth largest in the world
- Three rigs currently on order or under build – 193 rigs by end of FY23
- Combined fleet has grown at a CAGR of 8% for the last 11 years
- Ability to invest in additional rigs in response to strong industry demand
- Organic fleet growth positions DDH1 to leverage industry fleet shortfall, meet increased demand and maintain high rig utilisation



* Rigs at 31 December 2022

• FOCUS AREAS FOR FY23

- Utilisation, productivity and rates
- Cash flow generation
- Extracting further synergies from the Swick transaction
- Being a leader at the forefront of the renewable transition given such a high correlation of DDH1's focused commodities and their criticality in the transition from fossil fuels
- Disciplined investing in any additional capacity (fleet growth, geographical expansion and service offerings)



• OUTLOOK

- Operating revenue for January and February 2023 has been affected by adverse weather events, regulatory approval delays and deferrals of client drilling programs
- Long term Industry fundamentals are driving solid demand in all regions of operation
- Battery metals are found in abundance in Australia, where DDH1 has a strong presence
- Increasing demand for specialist drilling services
- Increasing rig fleet with a further three rigs expected during 2H23
- Well positioned to focus on fleet productivity and utilisation
- Exploration budgets remain strong, particularly in Australia
- Strong relationships with clients



• WELL POSITIONED TO DELIVER SUSTAINABLE RESULTS

- Strong core business with a consistent track record of leading service delivery
- Skilled workforce and increasing modern fleet
- Quality recurring revenue – 85% from production or resource definition drilling
- Strong cash generation
- Strong balance sheet with ability to pursue disciplined organic and acquisitive growth
- Strong ROIC
- Dividend Policy of 30% – 50% of Operating NPATA
- Share buyback program of up to 34,280,468 shares over 12-month period – 54% completed at 31 December 2022



CONTACT

INVESTOR RELATIONS

investor.relations@ddh1.com.au

Sy van Dyk
Chief Executive Officer

HEAD OFFICE

21 Baile Road,
Canning Vale WA 6155
Ph (08) 9435 1700

www.ddh1.com.au



• SECTION 9

Appendices



• 1H23 KEY METRICS¹

	STATUTORY RESULTS			PROFORMA RESULTS		
\$M (UNLESS INDICATED OTHERWISE)	1H23	1H22	VAR (%)	1H23	1H22 ¹	VAR (%)
Revenue	286.0	168.7	69.5	286.2	247.3	15.7
Operating EBITDA ¹	65.6	42.8	53.3	65.6	56.6	15.9
Operating EBITDA Margin % ¹	22.9	25.4	(2.4)	22.9	22.9	0.0

¹Comparative results are on a proforma basis, as they include Swick Mining Services' Drilling Division (Swick Results) for all reporting periods.

• NON – IFRS INFORMATION

NON-IFRS RECONCILIATION	1H23	1H22¹	1H22²
	\$'000	\$'000	\$'000
Statutory EBITDA	67,045	41,156	41,156
<i>Amended for</i>			
Swick 1H22 EBITDA	-	-	13,791
Add Business combination expense	-	1,627	1,627
Less Profit on sale of assets	1,309	-	-
Less Net fair value gains/losses) on financial assets	177	-	-
Operating EBITDA	65,559	42,783	56,574
Less Depreciation expense	23,245	11,673	11,673
Less Swick depreciation	-	-	6,309
Operating EBITA	42,314	31,110	38,592
Less Amortisation expense	5,588	1,075	1,075
Less Swick amortisation expense	-	-	283
Operating EBIT	36,726	30,035	37,234

1 Calculated on a statutory basis

2 Calculated on a proforma basis, as it includes Swick Mining Services' Drilling Division (Unaudited)



GLOBAL PEER INFORMATION

PEER NAME	EXCHANGE	DRILLING REVENUE AUD (\$M) ¹	12 MONTHS ENDED	SOURCE
Boart Longyear Group Limited	ASX	986	30 June 2022	30 June 2022 Annual report dated 24 August 2022 available on company website
Major Drilling Group International Inc	TSX	835	31 Oct 2022	Q2 2023 Quarterly statement dated 8 December 2022 available on company website
Foraco International S.A	TSX	457	30 Sept 2022	Q3 2022 Financial statements dated 29 October 2022 available on company website Q4 2021 Financial statements dated 4 March 2022 available on company website
Capital Limited	LSE	421	31 Dec 2022	FY22 trading update dated 19 January 2023 available on company website
Orbit Garant Drilling Inc	TSX	227	30 Sept 2022	Q1 2023 Quarterly report dated 9 November 2022 available on company website Q4 2022 Quarterly report dated 20 September 2022 available on company website Q1 2022 Quarterly report dated 11 November 2021 available on company website
Mitchell Services Limited	ASX	222	30 Sept 2022	Q1 2023 Quarterly report dated 20 October 2022 available on company website Q4 2022 Quarterly report dated 28 July 2022 available on company website
Geodrill Limited	TSX	195	30 Sept 2022	Q3 2023 Quarterly report dated 12 November 2022 available on company website 31 December 2021 Annual report dated 8 March 2022 available on company website
AJ Lucas Group Limited	ASX	123	30 June 2022	30 June 2022 Annual report dated 30 August 2022 available on company website

¹ Where presented in USD, an average rate of \$0.69 was used to convert to AUD for comparative purposes. Where presented in CAD, an average rate of \$0.87 was used to convert to AUD for comparative purposes.