

# FY 2017 Half Year Results Presentation

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February 2017

Tony Caruso – CEO & Managing Director

Phil Hicks– Interim Chief Financial Officer

Liz Blockley – Financial Controller / Joint Company Secretary



**mastermyne**  
Group of Companies

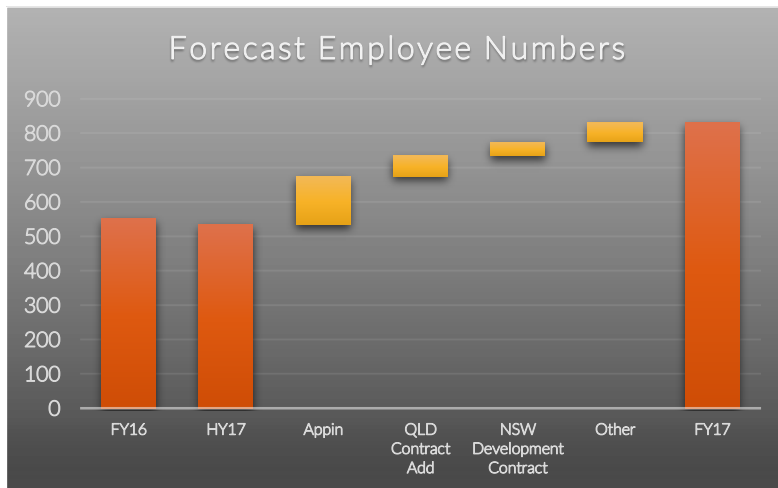
# Overview

- 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

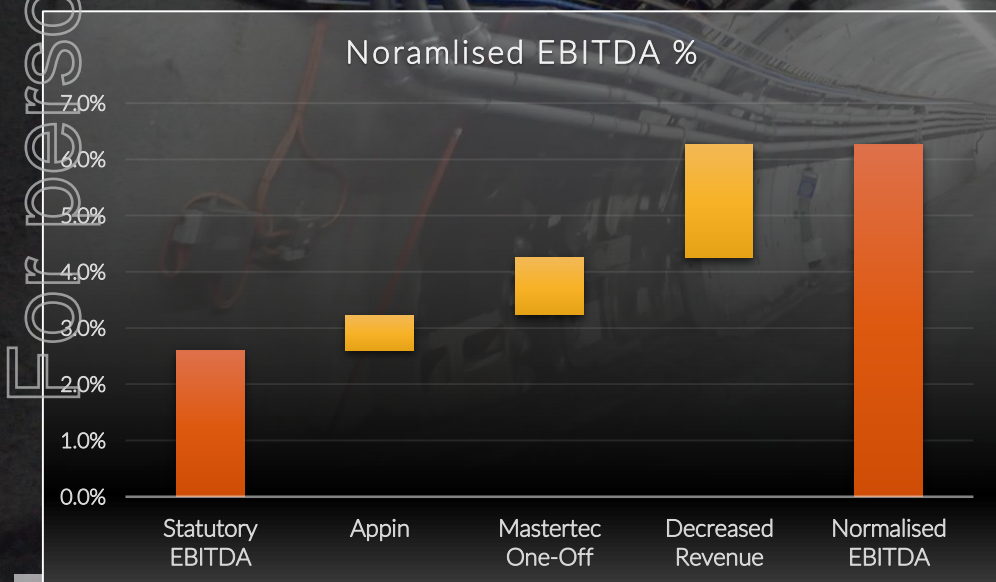
- \$126 million in contract wins late in H1 FY17
- Employee numbers forecast to increase to >800 at year end based on secured new work
- Total tendering Pipeline at \$860 million
- Mining Equipment returning to hire as new contracts are secured



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# Revenue decline resulted in first half loss

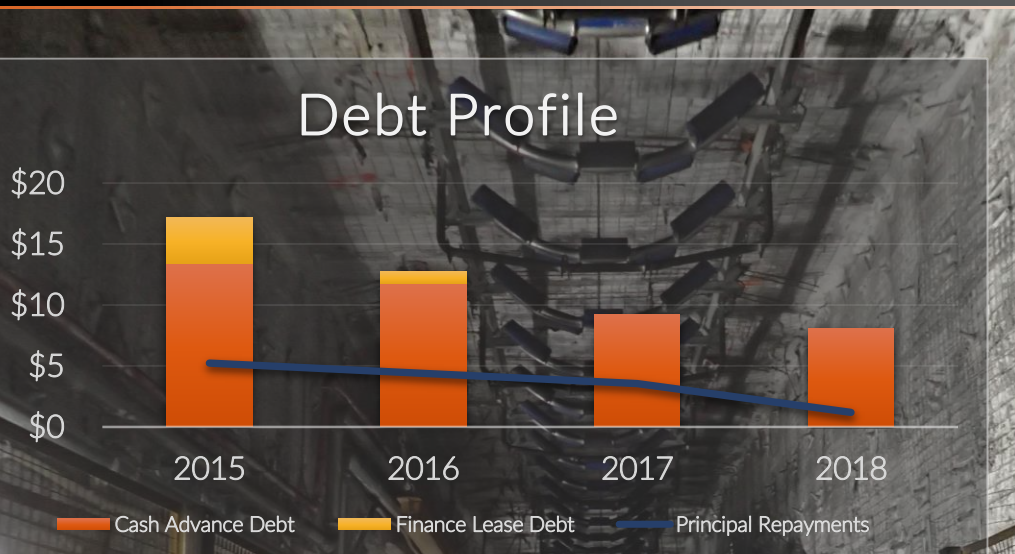
\$AUD (000's)	1H FY17	1H FY16	Change(%)
Total Revenue	56,954	99,694	(42.9%)
Statutory EBITDA	1,504	3,524	(57.3%)
EBITDA %	2.6%	3.5%	(25.3%)
Statutory profit/(loss) before tax	(2,001)	(810)	147.0%
Tax benefit/(expense)	547	322	69.9%
Statutory profit/(loss) after tax	(1,454)	(488)	198.0%



- 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

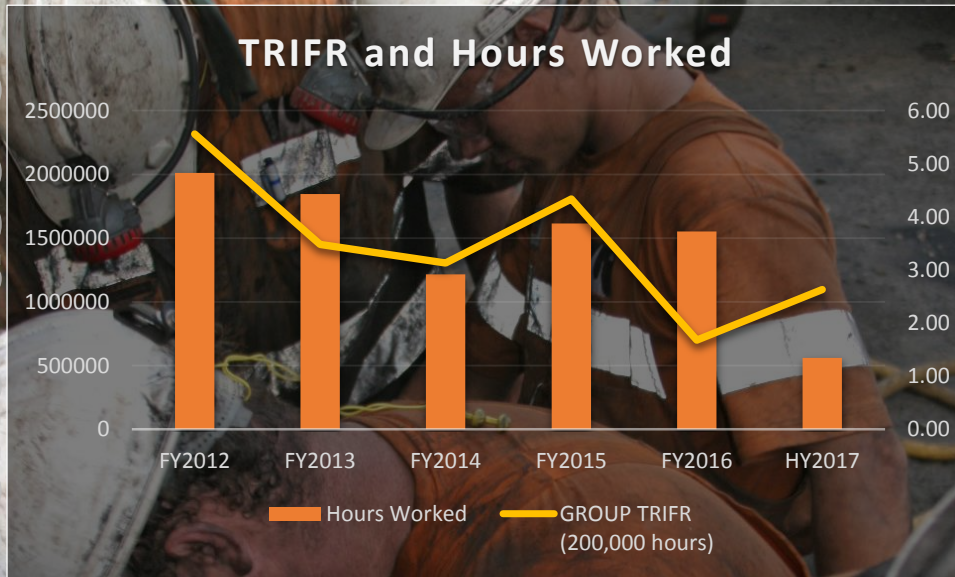
# Continue to reduce debt and maintain strong balance sheet

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- 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

# 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

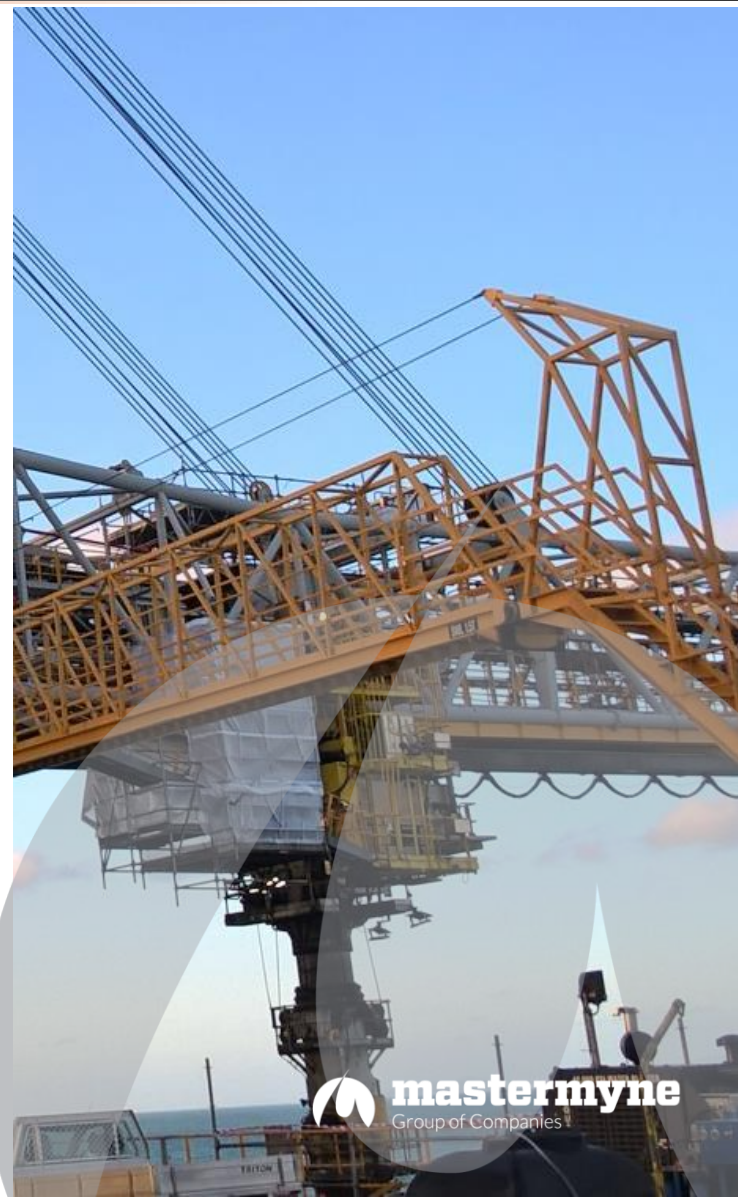
\$AUD (\$'000)	1H17	1H16	Change (%)
Revenue	40,066	77,439	(48.3%)
EBITDA	2,911	5,478	(46.9%)
EBIT	220	2,407	(90.9%)
EBITDA Margins	7.3%	7.1%	0.2%



# 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

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Anglo Moranbah Region Umbrella

Anglo Moranbah Region Drivage

NSW Development Contract



Appin Colliery



Broadmeadow Conveyors

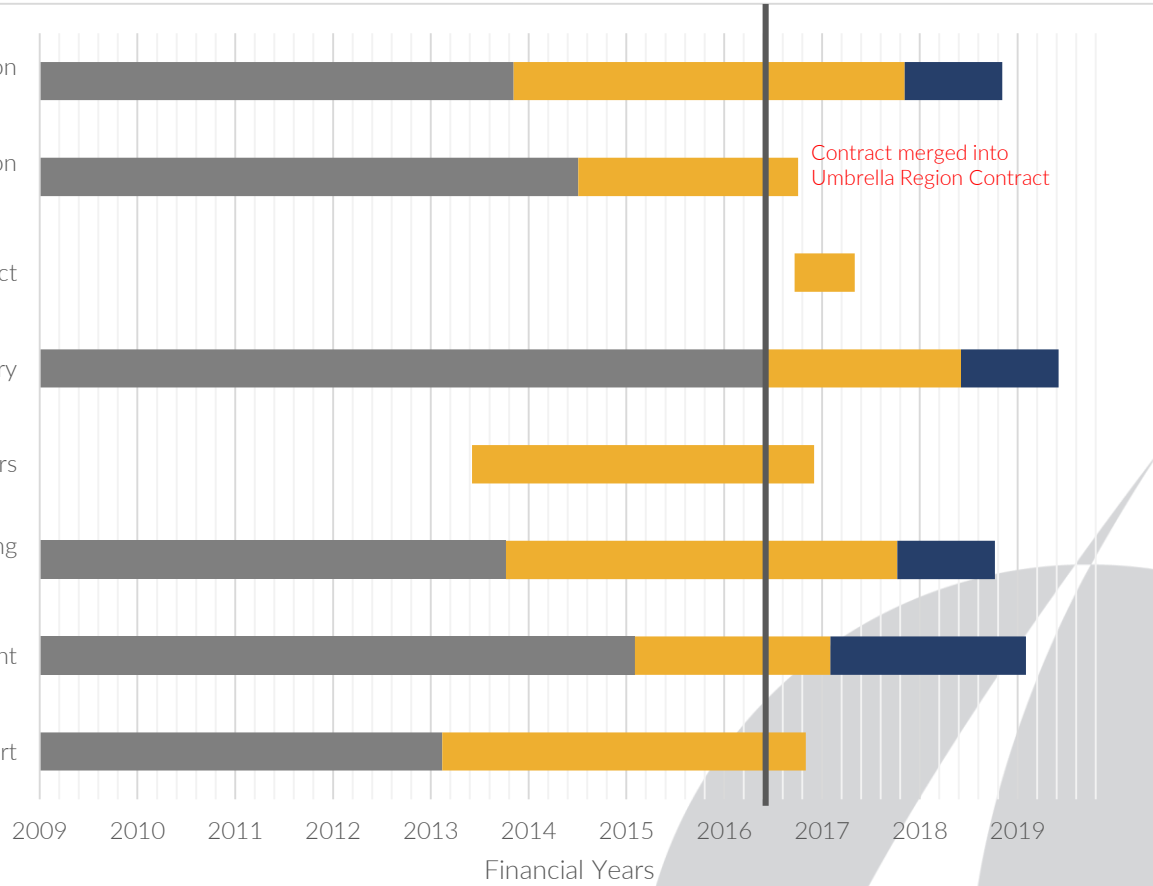


DBCT Scaffolding Services



Kestrel Development

Kestrel Strata Support



■ Previous Contracts ■ Current Contract ■ Option



# Outlook is a return to profit in the second half

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- \$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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- 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 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

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# Appendices



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# Corporate Overview

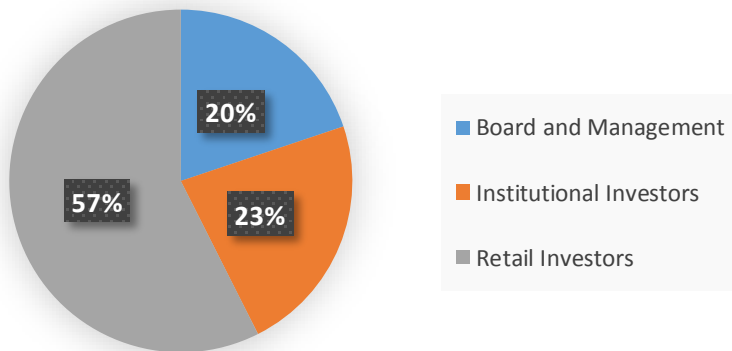
## Capital Structure

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

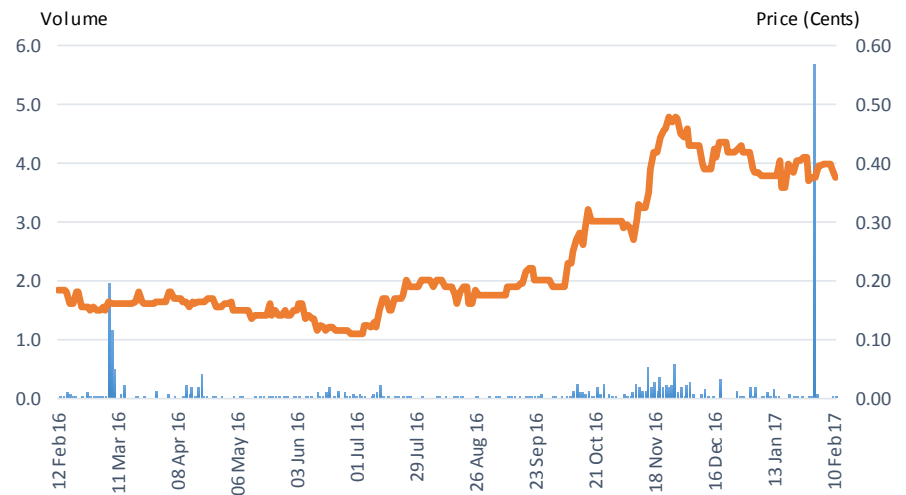
## Shareholder Composition



## Substantial Shareholders

Andrew Watts	13.46%
Kenneth Kamon	11.94%
Darren Hamblin	10.60%
Maui Capital	6.90%
Paradice 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(%)
Total Revenue	56,954	99,694	(42.9%)
<b>Statutory EBITDA</b>	<b>1,504</b>	<b>3,524</b>	<b>(57.3%)</b>
<b>EBITDA %</b>	<b>2.6%</b>	<b>3.5%</b>	<b>(25.3%)</b>
<b>Statutory profit/(loss) before tax</b>	<b>(2,001)</b>	<b>(810)</b>	<b>147.0%</b>
Tax benefit/(expense)	547	322	69.9%
<b>Statutory profit/(loss) after tax</b>	<b>(1,454)</b>	<b>(488)</b>	<b>198.0%</b>
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
<b>EBITDA (Statutory)</b>	<b>1,504</b>	<b>3,524</b>
Movements in Working Capital	(1,249)	(6,673)
Non cash items	171	(16)
Interest Costs	(301)	(505)
Income tax receipts / (payments)	122	(117)
<b>Net Operating Cash Flow</b>	<b>247</b>	<b>(3,787)</b>
Net Capex (includes intangibles)	323	(896)
Net borrowings/(repayments)	(2,943)	(2,548)
Interest Received	18	33
<b>Free Cash Flow</b>	<b>(2,355)</b>	<b>(7,198)</b>
Dividends	-	(911)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(2,355)</b>	<b>(8,109)</b>
Cash and cash equivalents at beginning of period	1,836	8,723
<b>Cash and cash equivalents at end of period</b>	<b>(519)</b>	<b>614</b>



# Mastermyne 1H17 Balance Sheet

\$AUD (000's)	Dec-16	Jun-16
<b>Assets</b>		
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
<b>Total current assets</b>	<b>31,988</b>	<b>34,554</b>
Deferred Tax Asset	9,059	8,579
Property, plant and equipment	17,956	21,540
Intangible assets	6,975	7,089
<b>Total non-current assets</b>	<b>33,990</b>	<b>37,208</b>
<b>Total assets</b>	<b>65,978</b>	<b>71,762</b>
<b>Liabilities</b>		
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
<b>Total current liabilities</b>	<b>14,049</b>	<b>17,819</b>
Loans and borrowings	8,808	9,408
Employee benefits	125	102
<b>Total non-current liabilities</b>	<b>8,933</b>	<b>9,510</b>
<b>Total liabilities</b>	<b>22,982</b>	<b>27,329</b>
<b>Net assets</b>	<b>42,996</b>	<b>44,433</b>

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