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2015 Full Year Results

Presentation

18 August 2015

Tony Caruso – CEO & Managing Director

Chris Kneipp – Chief Financial Officer

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Overview

- Good performance in a difficult market
- Successful acquisition and integration of DMS
- Strong operating cash flow allows 1cps final dividend
- Business well positioned despite subdued market conditions

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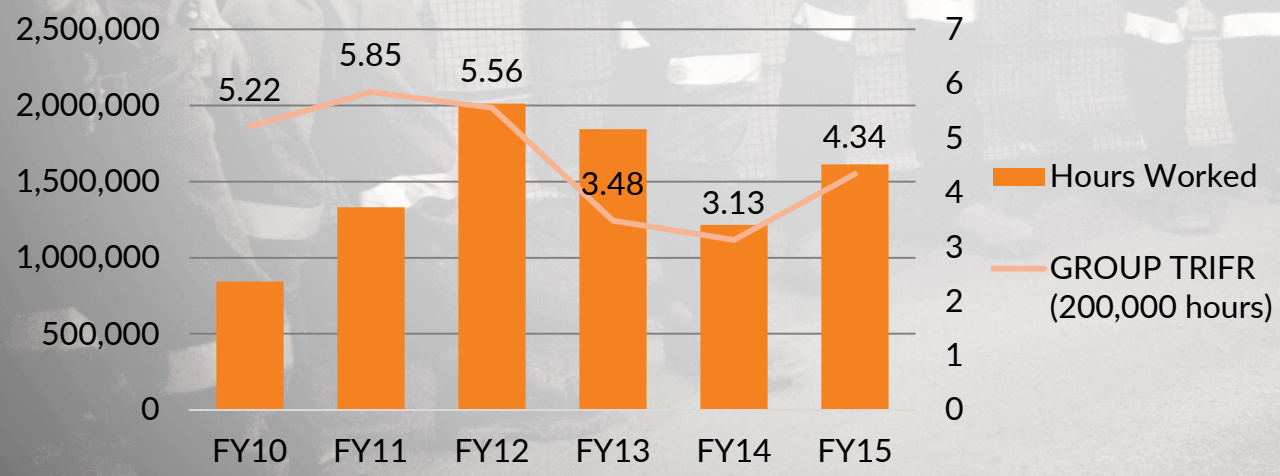
"Safety Always" remains a core value

- FY15 injury rates higher after inclusion of DMS
- Leadership intervention in Q4, TRIFR has trended down since, 3.8 at the end of July
- Developing one safety culture across the Mastermyne Group

Project Hours worked and TRIFR



Certified System
Health & Safety AS/NZS 4801

Certified System
ISO 14001

Certified System
ISO 9001

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FY15 result demonstrates cash generation through the cycle

- Revenue of $174m, up 1,3% (FY14: $172m)
  - in line with guidance
- Statutory EBITDA of $6.2m (FY14: $12.2m)
- Underlying EBITDA of $8.7 million (FY14: $12.2m)
  - Underground division contributed with a strong result
  - Equipment utilisation continue to impact margins
- Statutory NPAT loss of $4.5m (FY14: $3.0m)
- Underlying NPAT of $0.1m (FY14: $2.6m)
- Generated $7.1m of operating cash flow (FY14: $10.7m)
- Final dividend of 1cps resulting in 2cps for FY15

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Successfully integrated DMS acquisition

- DMS seamlessly integrated ahead of schedule
  - $3.5m in annualised savings achieved as per guidance
  - Acquisition delivered in December as per guidance
- DMS acquisition delivering value
  - Gain on bargain purchase of $2.2 million
  - $26 million of unused tax losses available to the Mastermyne Group
  - Further synergies expected as business develops

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Mastertec organised for maximum efficiency

- Rebranded into Mastermyne Mining and Mastertec Products and Services
- Complimentary services leverage cross selling opportunities
- Sourced new opportunities in adjacent sectors

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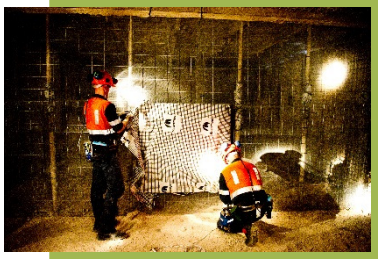
Greater market footprint creating cross selling opportunities

Masterlec Sites

Mastermyne Sites

Dalrymple Bay Coal Terminal
Saraji Mine
Peak Downs Mine
Hail Creek Mine
Blackwater Mine
Gregory/Crinum Mine
Caval Ridge Mine
Riverside Mine
South Walker Mine
Lake Lyndsay
German Creek Mine
Foxleigh Mine
Dawson Mine
Callide Mine

Moranbah North Mine
Grasstree Mine
Grosvenor Mine
Kestrel Mine
Crinum Mine
Broadmeadow Mine
Carborough Downs Mine



Whitehaven Mine
Ulan West Mine
Austar Mine
Metropolitan Mine
Wambo Mine
Angus Place Mine

Appin Mine
Westcliff Mine
Dendrobium Mine

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Mastertec performance and outlook

($'000)	FY15	FY14	Change(%)
Total Revenue	35,133	25,148	39.7%
Underlying EBITDA	936	431	117.2%
EBITDA margins	2.7%	1.7%	1.0%
Depn	(1,464)	(863)	69.7%
Underlying EBIT	(528)	(432)	(22.2%)

- Tendering new markets in sugar, marine, municipal and major infrastructure
- Geographical expansion of access solutions into Newcastle and Gladstone ports
- Developed a number of new strategic partnerships
- Order book of $31m, $8m deliverable in FY15
- Tender Pipeline $26m

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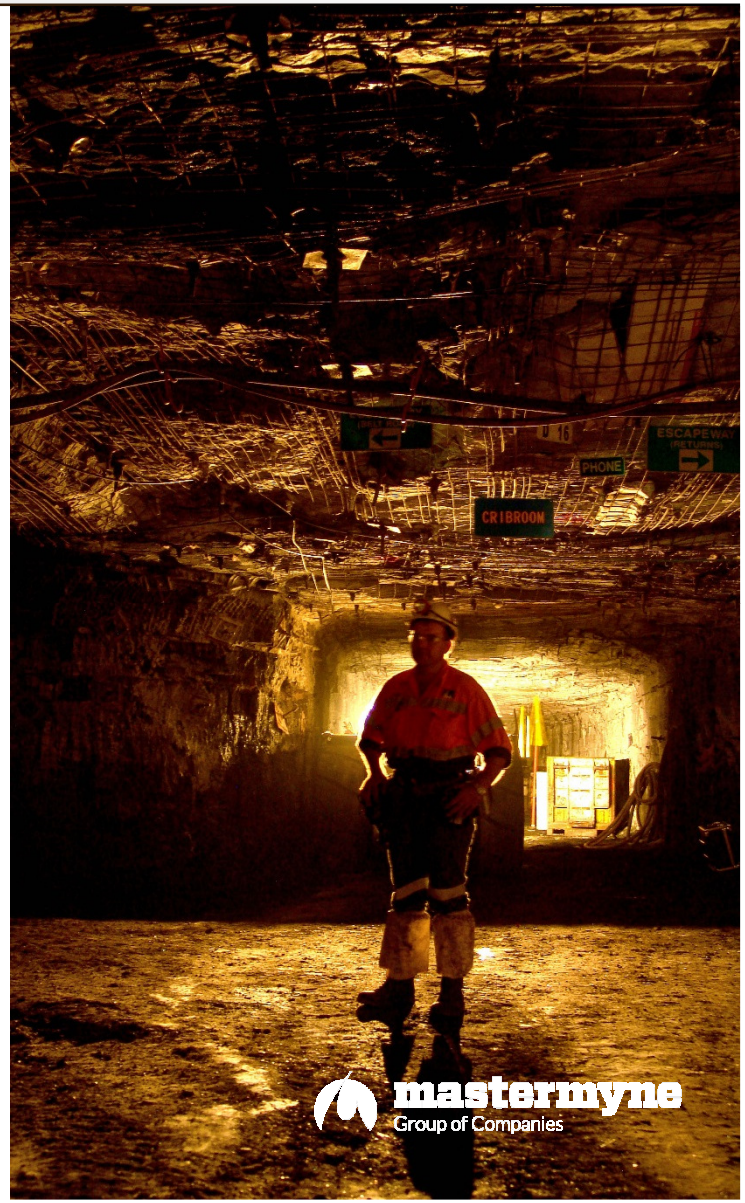
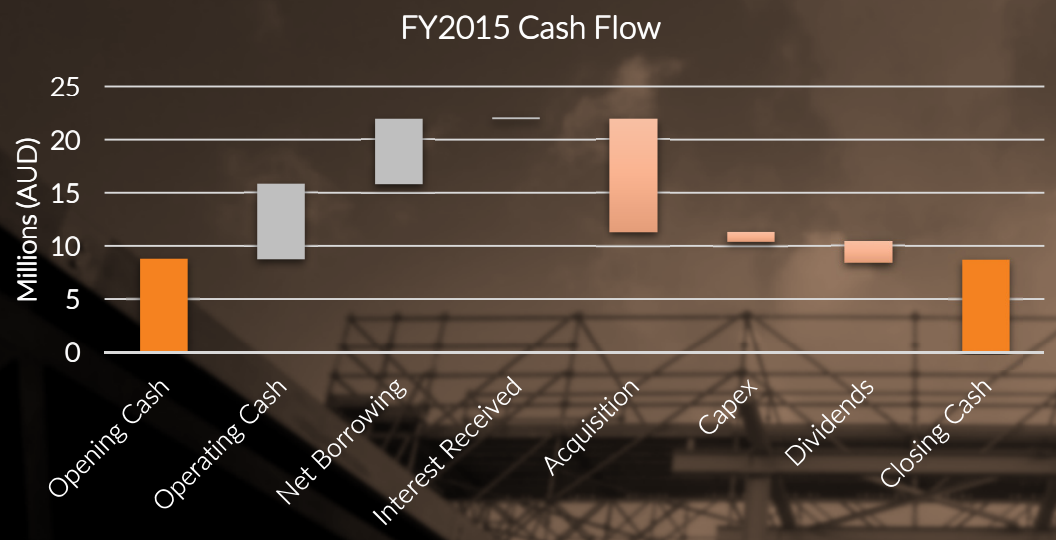
Mastermyne Mining delivers a good performance in a difficult market

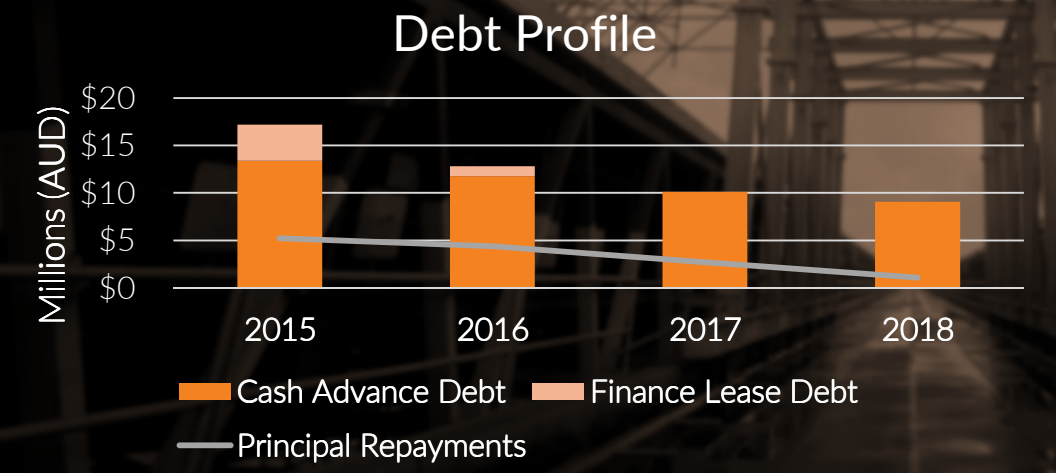
($'000)	FY15	FY14	Change(%)
Total Revenue	146,463	154,367	(5.1%)
Underlying EBITDA	10,165	11,880	(4.4%)
EBITDA margins	6.9%	7.7%	(0.8%)
Depn	(6,082)	(6,299)	(3.4%)
Underlying EBIT	4,083	5,581	(26.8%)

- Strong linkage to production, versus construction and maintenance
- Customers continuing to produce record tonnes
- MYE Customer base producing metallurgical coal in the bottom quartile of the cost curve
- Re-established strong footprint in Hunter Valley through DMS acquisition
- Recent 3 year roadway development project mobilised
- Order book of $328m, $116m deliverable in FY16
- Tender pipeline of $1.97b



We maintained our strong balance sheet after a substantial investment





- Generated $7.1 million of operating cash flow
- Net Debt $8.4 million post the DMS acquisition
- Maintained low capex spend
- Loans and borrowings increased to fund the DMS acquisition
- Committed debt repayments reducing into the future

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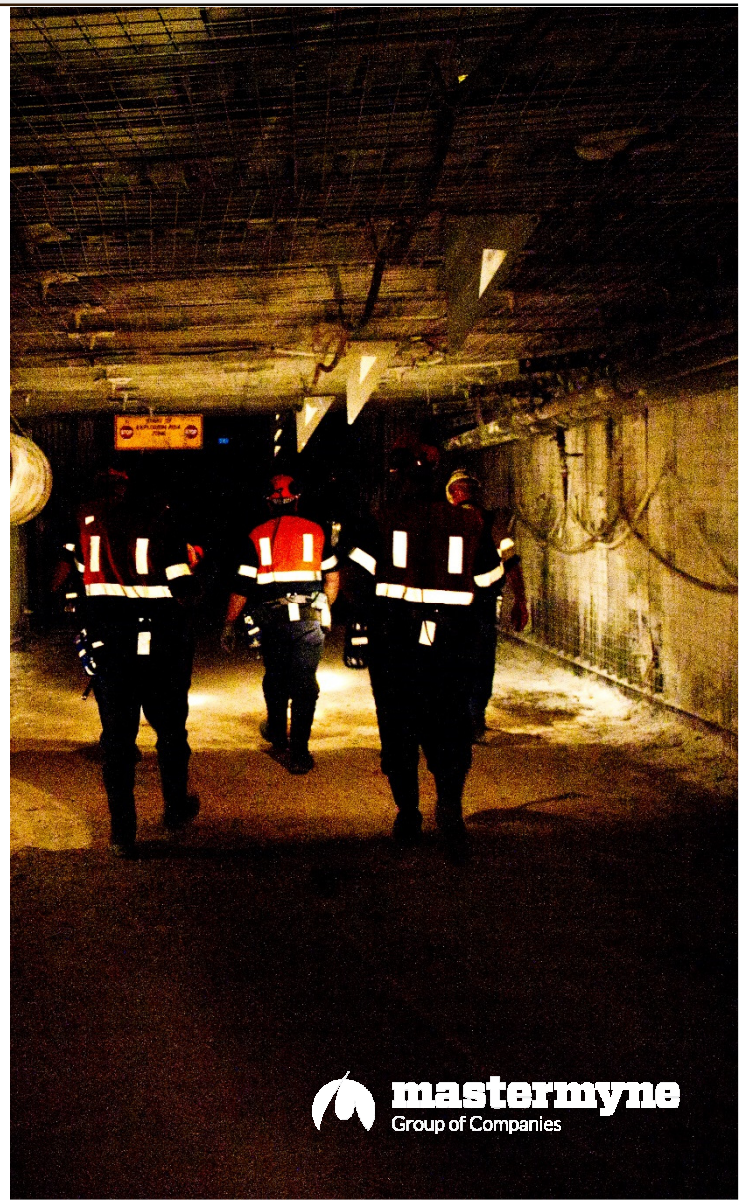
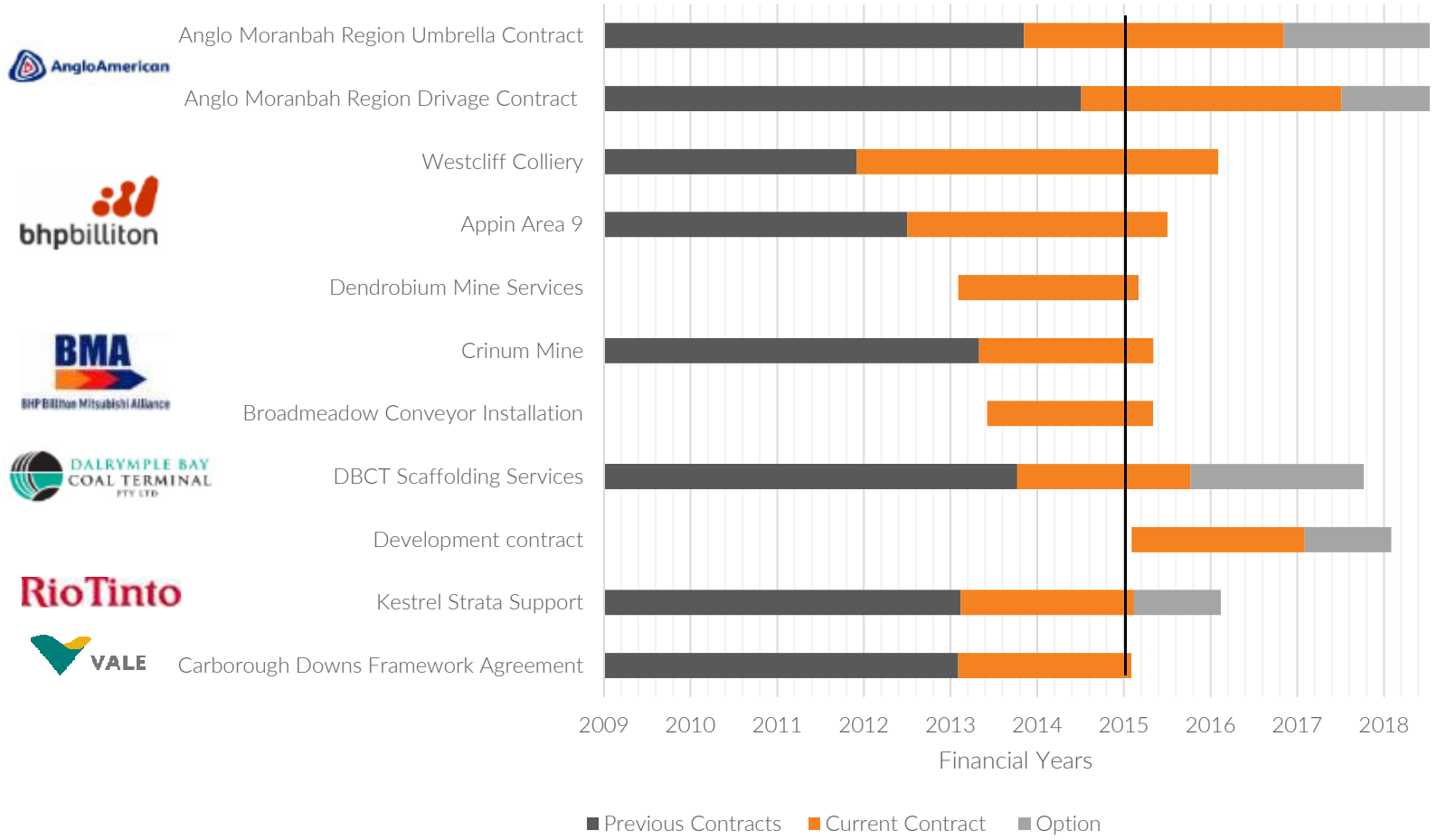
Business well positioned despite subdued market conditions

- Contract order book remains strong with $359 million of work in hand with $124 million to be delivered in FY2016 (excludes Mastertec recurring revenue)
- Total Group pipeline is $1.99 billion
- Mastermyne Mining pipeline includes 3 substantial projects that make up 80% of the pipeline value
- Mastertec pipeline has increased significantly over the past 6 months and is expected to grow further as the division expands



We maintain strong visibility in our order book supported by a reliable customer base



- ✓ Total Order Book - $359 million (work in hand)
- ✓ $124 million to be delivered in FY2016 (excludes Mastertec recurring revenue)

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Key Messages

- Good performance in a difficult market
- Successful acquisition and integration of DMS
- Strong operating cash flow allows 1cps final dividend
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Appendices

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Corporate Overview

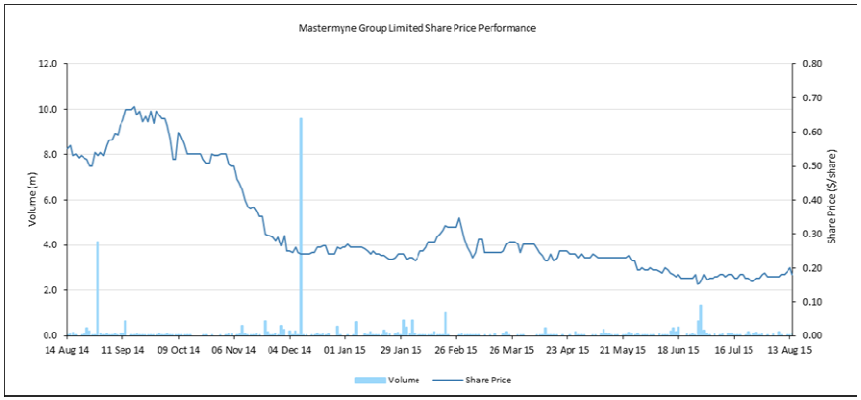
Capital Structure

Share price as at 24 February ($)	0.18
Shares on issue (m)	91.1
Market cap ($m)	16.4
Net Debt as at 30 June 2014 ($m)	8.4
Enterprise value ($m)	24.8

Board

Colin Bloomfield	Non-executive Chairman
Anthony Caruso	Managing Director
Andrew Watts	Non-Executive Director
James Wentworth	Non-executive Director
Darren Hamblin	Non-executive Director

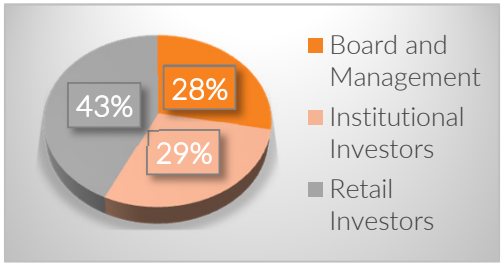
12 Month Trading History



Substantial Shareholders

Andrew Watts	12.36%
Darren Hamblin	10.65%
Kenneth, Kamon	10.16%
Maui Capital	6.90%
Paradice Investment Management	6.41%
Boyles Asset Management, LLC	5.60%

Shareholder Composition



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Income Statement

($'000)	FY15	FY14	Change(%)
Total Revenue	174,195	171,977	1.3%
EBITDA	6,182	12,224	(49.4%)
EBITA	(1,141)	5,269	(121.6%)
Goodwill Impairment	(4,538)	-	
Gain on bargain purchase	2,221	-	
Profit before tax	**(4,549)**	**3,935**	**(215.6%)**
Tax (expense)/benefit	195	(943)	(120.7%)
Statutory Profit after tax	**(4,354)**	**2,992**	**(245.5%)**
Adjustments[1]	4,824	(353)	
Adjusted EBITDA	**8,689**	**12,224**	**(28.9%)**
Adjusted Profit after tax	**99**	**2,639**	**(96.2%)**
Adjusted EBITDA Margins	5.0%	7.1%	(2.1%)
EPS	(5.2)	3.9	(234.3%)
Adjusted EPS	0.1	3.4	(96.5%)
DPS	2.0	2.4	(16.7%)

1. Adjustments are for non-operational related expenditure and include the following:
   - Goodwill impairment of $4.538 million;
   - Acquisition, integration and restructuring costs of $1.872 million;
   - Gain on bargain purchase ($2.221) million
   - Significant one off tendering costs $0.635 million

Not all of these expenses are deductible for tax purposes, resulting in a total after tax adjustment of $4.453 million.

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Cash Flow

$AUD (000's)	Jun-15	Jun-14
EBITDA (Statutory)	6,182	12,224
Movements in Working Capital	2,571	1,486
Non cash items	41	63
Net Interest Costs	(1,101)	(1,199)
Income tax payments	(558)	(1,907)
Net Operating Cash Flow	7,135	10,667
Proceeds from exercise of share options		146
Net Capex (includes intangibles)	(914)	(1,891)
Net borrowings/(repayments)	6,039	(7,130)
Interest Received	202	263
Acquisition of Subsidiary	(10,581)	
Free Cash Flow	1,881	2,055
Dividends	(1,968)	(3,468)
Net increase/(decrease) in cash and cash equivalents	(87)	(1,413)
Cash and cash equivalents at beginning of period	8,810	10,223
Cash and cash equivalents at end of period	8,723	8,810

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Balance Sheet

$AUD (000's)	Jun-15	Jun-14
Assets		
Cash and cash equivalents	8,723	8,810
Trade and other receivables	38,568	37,917
Inventories	3,002	2,742
Current tax asset	259	-
Total current assets	50,552	49,469
Deferred tax assets	7,146	-
Property, plant and equipment	29,070	27,732
Intangible assets	14,912	19,642
Total non-current assets	51,128	47,374
Total assets	101,680	96,843
Liabilities		
Trade and other payables	18,101	16,265
Loans and borrowings	4,363	5,102
Employee benefits	7,725	6,655
Current tax payable	-	10
Total current liabilities	30,189	28,032
Loans and borrowings	12,793	5,941
Employee benefits	197	145
Deferred tax liabilities	-	2,063
Total non-current liabilities	12,990	8,149
Total liabilities	43,179	36,181
Net assets	**58,501**	**60,662**

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