

16<sup>th</sup> August 2016

**ASX announcement**

**Mastermyne Group Limited – FY2016 Full Year Results**

Key highlights for the financial year include:

- Sector conditions stabilising but not translating to material increase in activity at this point
- Restructured for work in hand and to ensure strong cash generation
- FY2016 Group revenue \$168.434 million (2015: \$174.195 million)
- Net loss after tax of \$13.186 million (2015: net loss after tax of \$4.354 million)
- Underlying net loss after tax of \$3 million (2015: underlying net profit after tax of \$0.1 million)
- Paid down additional debt of \$2.3 million during July in lieu of dividends
- Net debt at 30 June 2016 of \$11.115 million
- Group Order Book at financial year end \$123 million
- \$64 million to be delivered in the FY2017 (excludes recurring and purchase order work)
- Tendering Pipeline of \$971 million

Mastermyne Group Limited (ASX Code: MYE) (“Mastermyne” or “the Company”) today released its Full Year results noting that recent restructuring will lead to a more focused business and the reduction in overheads will ensure the business continues to generate cash.

Revenue was down on the prior corresponding period by 3.3% and the company reported an underlying net loss after tax of \$3 million, down from the prior period (\$0.1 million net profit after tax). The Company reduced total debt by \$4.4 million over the period, however as a result of late payments from our clients net debt increased to \$11.1 million at June 30. Since year end overdue payments were received along with the company paying down a further \$2.3 million of debt in lieu of dividends, resulting in net debt of \$6.4 million at 31 July.

Mastermyne’s Managing Director, Tony Caruso said, “We are starting to see some early signs of recovery as coal prices stabilise. We believe that the worst of the cost reductions is now behind us and whilst we expect the next year to remain tight we are confident that the restructuring undertaken during the second half has set us up for the year ahead. Both our Mining and Mastertec divisions are well positioned to take advantage of any recovery in the sector”.

Operational Summary

Mastermyne Group's second half result was dominated by the restructuring which took place over March and April this year. The restructuring led to the exit of workshops in Mackay and Rockhampton

and the right sizing of overheads across the group. The second half results were impacted by a slowdown in the Mining division which is the effect of continued cost management by our major clients. The Mastertec Division has converted several small projects late in the financial year and pleasingly this division is seeing strong growth in its tendering pipeline. Through the restructuring the Company has positioned its operations to generate strong cash returns throughout the upcoming year.

Safe and reliable operations continues to be the priority and this year has seen significant progress made to reduce employee injury rates across all divisions in the business. Pleasingly FY2016 saw the Company achieve its lowest injury frequency rate in the Company's history. The relentless focus on safety leadership and simplification of safety processes has underpinned this strong result. In parallel to the approach to safety leadership the Company has maintained a strong focus on compliance evidenced through the maintaining of the triple accreditation across the Group.

The Mastermyne Mining business has continued to maintain a strong share of the underground contracting market and continues to grow its presence in the NSW markets. There has been a continued focus by the major mining houses on cost management which has resulted in a decrease in long term projects and the tender pipeline has contracted accordingly. The Company has continued to expand its service offering through new services in Ground Support utilising chemical injection and focused on short term project delivery in areas of ventilation services and longwall relocations. The equipment fleet remains mostly off hire resulting in no material change to utilisation rates on equipment.

The Mastertec Division has continued to operate at similar levels of activity. Maintenance and Engineering work in the mining sector continues to be subdued and highly competitive. The Mastertec Division has made good progress in diversifying into adjacent markets and now has a range of new project opportunities coming through a wide cross section of customers and sectors. As part of the restructure the Company took the decision to exit the workshops in Rockhampton and Mackay with the Rockhampton operation merged with the Gladstone workshop. Gladstone remains a strategic base for the business and provides a platform to access the heavy industrial sector in the region.

#### Outlook

The prudent steps the Company has taken will ensure it will generate strong cash in the coming year. The outlook moving into FY2017 sees underground operations remaining subdued, particularly in the first half of FY2017, with an ongoing focus on costs by the Group's clients. There are currently a number of Tier 1 mine owners divesting assets which is likely to create opportunities with new owners in contract mining services and the Company is well positioned for these opportunities as they arise. The diversification through Mastertec has led to an increase in the current pipeline of tendered opportunities which supports the expected growth for the division in FY2017. The Company is confident that the sector is stabilising and between the work in hand and the restructuring of the business activities and overheads is confident it will deliver improved returns in FY2017.

#### **Further information:**

Chris Kneipp – Company Secretary: (07) 4963 0400

Or visit [www.mastermyne.com.au](http://www.mastermyne.com.au)

## **About Mastermyne**

Mastermyne Group Limited (ASX:MYE) was established in 1996 and is a leading provider of specialised services to the Australian coal mining industry. Mastermyne listed on the ASX on 7 May 2010.

It has two operating divisions, Mastermyne Mining (underground roadway development, installation of conveyors and longwall relocation), Mastertec Products and Services (access solutions (scaffolding & rigging), protective coatings, pipeline services, structural, mechanical, electrical & line boring, fabrication & machining)

Based in Mackay Queensland, Mastermyne has operations in Queensland's Bowen Basin and the Illawarra and Hunter Valley regions in New South Wales.

For personal use only