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Company Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2001

Dear Sir/Madam

IMDEX 2020 FINANCIAL YEAR – HALF YEAR RESULTS

Please find attached the 1H20 Results Announcement of Imdex Limited detailing the Group's financial result and operating performance for the half year ended 31 December 2019.

Yours faithfully
Imdex Limited

A handwritten signature in blue ink, appearing to read "P. Evans", with a long horizontal flourish extending to the right.

Paul Evans
Company Secretary

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STRONG HALF YEAR REVENUE AND SEVEN CONSECUTIVE HALVES OF EBITDA GROWTH

Leading global Mining-Tech company, Imdex Limited (IMDEX or the Company), delivered its best revenue result and declared an interim dividend for the first half of the 2020 financial year (1H20), ending 31 December 2019.

1H20 Financial Highlights

- Strongest half-yearly revenue of \$127.9m – up 2% on 1H19 (\$125.0m)
- Underlying EBITDA of \$28.1m¹ – up 12% on 1H19 (\$25.2m)
- Robust balance sheet with a strong net cash position of \$25.5m² – up 24% on 1H19
- A fully-franked interim dividend of 1cps declared – up 25% on 1H19 (0.8cps)

1H20 Operational Highlights

- Positive safety performance – Lost Time Injury Frequency Rate below internal targets
- IMDEXHUB-IQ™ connected technologies growing significantly – up 53% on pcip
- Strengthened quality of rental fleet – average monthly rental rate up 12.7% on 1H19
- On track to commercialise new Drilling Productivity and Drill & Blast technologies in 2H20
- Achieved certification for Information Security Management standard ISO/IEC 27001:2013
- Paul House appointed CEO, following Bernie Ridgeway's retirement – effective 1 July 2020
- Acquired Flexidrill and its unique COREVIBE™ and MAGHAMMER™ – 6 January 2020

1H20 Key Metrics

	1H20			1H19	VAR	VAR%
(\$m)	Including AASB 16	Applying AASB 16	Excluding AASB 16			
Revenue	127.9	-	127.9	125.0	2.9	2%
EBITDA (excl \$3.6m gain on VES sale)	31.3	(3.2)	28.1 ¹	25.2	2.9	12%
EBITDA margin %	24.5	-	22.0	20.1	1.9	10%
NPAT	18.2	0.3	18.5	13.5	5.0	37%
EPS (Cents)	4.75	0.07	4.82	3.65	1.17	32%
Operating Cash Flow	24.9	(3.2)	21.7	19.0	2.7	14%
Net Assets	222.5	2.9	225.4	202.8	22.6	11%
Net Cash (as at 31 December)	25.5 ²	-	25.5	20.6	4.9	24%
Fully-franked interim dividend (cents)	1.0	-	1.0	0.8	0.2	25%

¹ Underlying EBITDA excludes gain of \$3.6m from the sale of VES and \$3.2m benefit from the AASB 16 leasing adjustment

² Excluding lease liability of \$39.7m

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Commenting on the Company's 1H20 performance, IMDEX's Managing Director, Mr Bernie Ridgeway said:

'We achieved our best half-yearly revenue and our strongest December result. This positive performance was largely driven by increased activity within Asia Pacific, a late Christmas shutdown and growing demand for our integrated solutions and cloud-connected technologies, which provide additional value to clients.'

'The uplift in earnings reflected an increasing percentage of rental revenue, which yields higher gross margins and our ongoing focus on streamlining operations and managing costs.'

'We have delivered seven consecutive halves of growth and a three-year revenue and EBITDA CAGR of 16.0% and 27.5% respectively. This highlights the increasing strength of our core business and our ability to outperform market growth.'

Mr Paul House, IMDEX's Chief Operating Officer, added:

'Our ability to offer leading solutions that deliver clear benefits to all clients in the mining value chain is further enhancing our market position.'

'We have a robust strategy designed to achieve further growth of our core business, while building more sustainable growth through the addition of our new technologies from FY21 and beyond.'

Cash from Operations

IMDEX's cash from operations was strong in 1H20 and the Company achieved a working capital investment ratio of 30 cents for every incremental dollar of revenue. A similar ratio is expected for the full year.

Dividends and Balance Sheet

The Company's Directors declared a 1H20 fully-franked interim dividend of 1 cent per share, which represents a 21% NPAT payout ratio. Dividend record and payment dates are 10 and 24 March 2020 respectively.

IMDEX is committed to a sustainable dividend policy, while continuing to invest in new technologies, which have the potential to deliver substantial long-term growth for shareholders.

The Company's balance sheet strength was maintained and strong cash generation was reflected in its net cash position of \$25.5m, which was up 24% on the prior corresponding period.

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At the same time, IMDEX paid FY19 final and special dividends totalling 3.4 cents per share in 1H20 and continued to invest in leading technologies to drive future growth.

1H20 Operational Review

Demand for IMDEX's cloud-connected sensors and drilling optimisation products continued to increase and the Company won mandates for new work based on its ability to provide integrated end-to-end solutions.

On a regional basis, IMDEX's strongest revenue growth during 1H20 was achieved in Asia Pacific. The Americas was impacted by client consolidation within the mining sector and industrial unrest in South America. Activity within this region is expected to increase. Europe and Africa experienced steady growth.

Acquisition of Flexidrill

IMDEX exercised its option to acquire Flexidrill and its drilling productivity technologies, COREVIBE™ and MAGHAMMER™, on 15 December 2019. The transaction was completed on 6 January 2020, following payment of NZ\$3m. Further details regarding terms and structure of the acquisition are set out in the [ASX announcement on 18 January 2018](#).

As anticipated, the integration has been a smooth process given the high level of collaboration over the past two years. Flexidrill has been renamed IMDEX Technology New Zealand.

New Drilling Productivity and Mining Technologies – Progress Update

Successful client trials with COREVIBE™ were undertaken throughout 1H20. These trials continued to validate the significant benefits of this unique technology, including substantial increases in productivity.

The Company has a full pipeline of client trials and management is confident of converting trials into active rentals.

Development of XTRACTA™ and MAGHAMMER™ at IMDEX's test site in New Zealand is progressing well. XTRACTA™ engineering prototype trials should be undertaken with clients in 2H20 as there is strong interest in its productivity and safety benefits. MAGHAMMER™ client trials are expected to commence in 4Q20.

The Company is advancing its IMDEX Mining Technologies, primarily BLASTDOG™, for further extension into the mining market.

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IMDEX continues to have strong support from its METS Ignited partners, Anglo American, Teck Resources and Orica, in the development of the BLASTDOG™ technology.

The Company's new Drilling Productivity Technologies and Mining Technologies remain on track to generate revenue from 4Q20 with growth forecast in FY21 and beyond.

Outlook

The fundamentals underpinning IMDEX's business growth continue to be strong. Positive drivers include:

- The major and intermediate resource companies are increasing their 2020/2021 expenditure to replace diminishing reserves;
- New discoveries are likely to be under cover and at depth resulting in larger drilling campaigns; and
- Resource companies are embracing innovation and new technologies to lower costs, increase safety and achieve greater productivity.

There has been a positive start to drilling activity in 2H20 and the Company generated its highest January revenue. The number of IMDEX instruments on rent at 31 January 2020 was up considerably on the prior corresponding period.

Growth Strategy

IMDEX has a clear and consistent strategy to achieve sustainable earnings growth, which includes:

- Growing its core business in exploration and development; and
- Further extension into the larger adjacent mining market to build its non-cyclical revenue.

IMDEX's strong financial platform and advanced technology development capabilities, together with its established global presence and client network, support the ongoing success of this strategy.

-ENDS-

ABOUT IMDEX

IMDEX is a leading Mining-Tech company, which enables successful and cost-effective operations from exploration to production. The Company develops cloud-connected sensors and drilling optimisation products to improve the process of identifying and extracting mineral resources for drilling contractors and resource companies globally. www.imdexlimited.com

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This announcement has been approved for lodgement by the IMDEX Board of Directors.

FURTHER INFORMATION

Kym Clements – IMDEX Investor Relations Officer & Corporate Communications Manager

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