



FY2019 Full Year Results Presentation

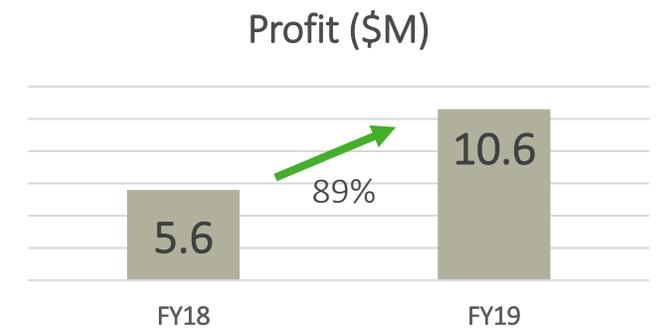
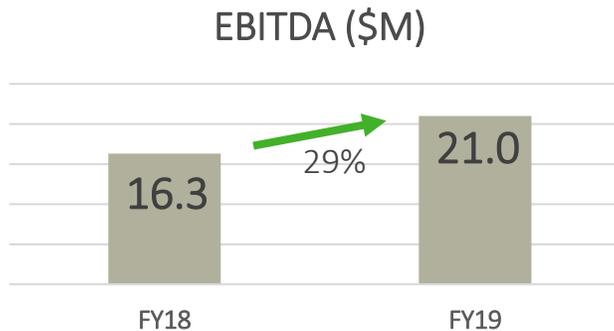
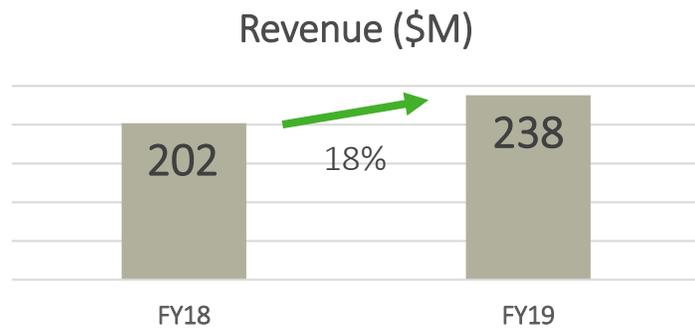
August 2019

Tony Caruso, CEO & Managing Director
Brett Maff, Chief Financial Officer

Mastermyne continues to deliver strong results in FY19

- Buoyant coal industry - long term fundamentals remain strong
- Mastermyne operating model is delivering real leverage
 - Revenue increased by 18% to \$238m
 - EBITDA increased 29% to \$21m (within guidance)
 - Net Profit rose 89% to \$10.6m (excluding the profit on sale of Scaffolding, Blast & Paint business NPAT rose 50% to \$8.6m)
- Very strong cash generation delivered an end of year Net Cash position of \$16.4m
- Acquisition of Wilson Mining increases service offering
- Sale of Scaffolding, Blast and Paint business
 - Net proceeds returned to shareholders through a 2 cents per share Special Dividend
- Resumption of Ordinary Dividends with a 2 cents per share full year dividend declared
- Revenue guidance of \$295-315m, supported by current order book of \$584m (with \$251m* delivered in FY2020).
- EBITDA margins are edging towards our long term goal of double digit margins. EBITDA guidance of \$27-31m

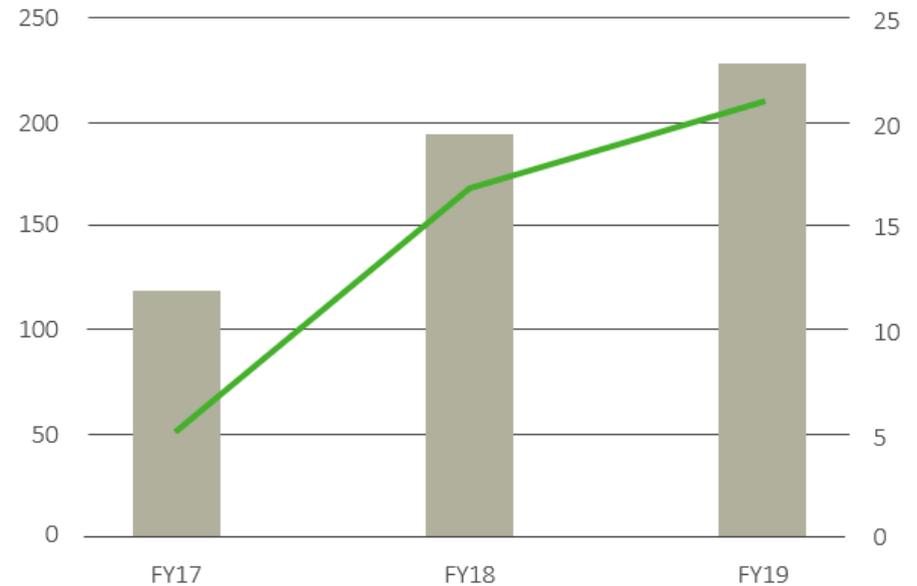
*plus purchase order and recurring work of \$15-20m. Order book does not include Wilson Mining



Continued growth is delivering excellent cash flow

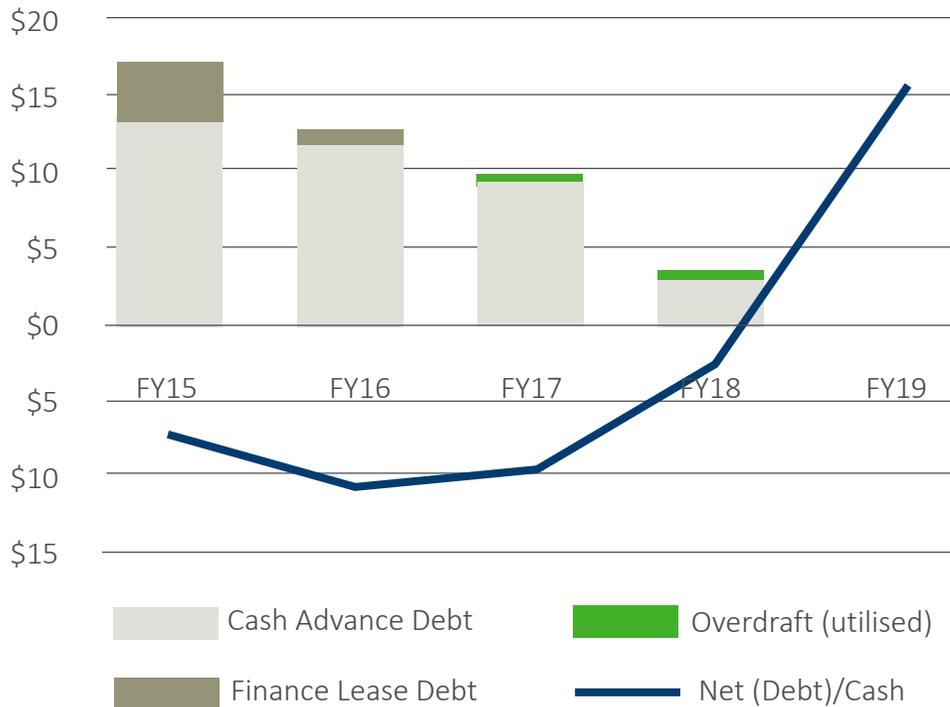
- Result in line with guidance despite deferral of North Goonyella revenue and sale of Scaffold, Blast & Paint business
- Overhead costs as a proportion of revenue has reduced from 10% in FY2017 to 6.4% in FY2019 (6.2% FY2020 Forecast)
- Full Year EBITDA margin of 8.8%, with H2 exit run rate margin of 9.7%
- Tax losses utilised of \$2.7m (effective tax rate of ~27% for FY2020)
- EBITDA of \$21.0m converted to \$17.1m in Free Cash Flow

Revenue (LHS) and EBITDA (RHS)
\$AUD millions



Strong capital position provides flexibility

Debt Profile
\$millions (AUD)



- End of year Net Cash position of \$16.4m
- Debt repayments of \$3.0m during FY2019
- Debt free – fully repaid facility in June 2019
- Undrawn working capital and equipment lines of \$20m and \$10m respectively
- Maintaining a net cash position of ~10% of market cap to ensure strength through market cycles
- Committed \$14m in equipment capex in FY2020 aligned to contracts terms

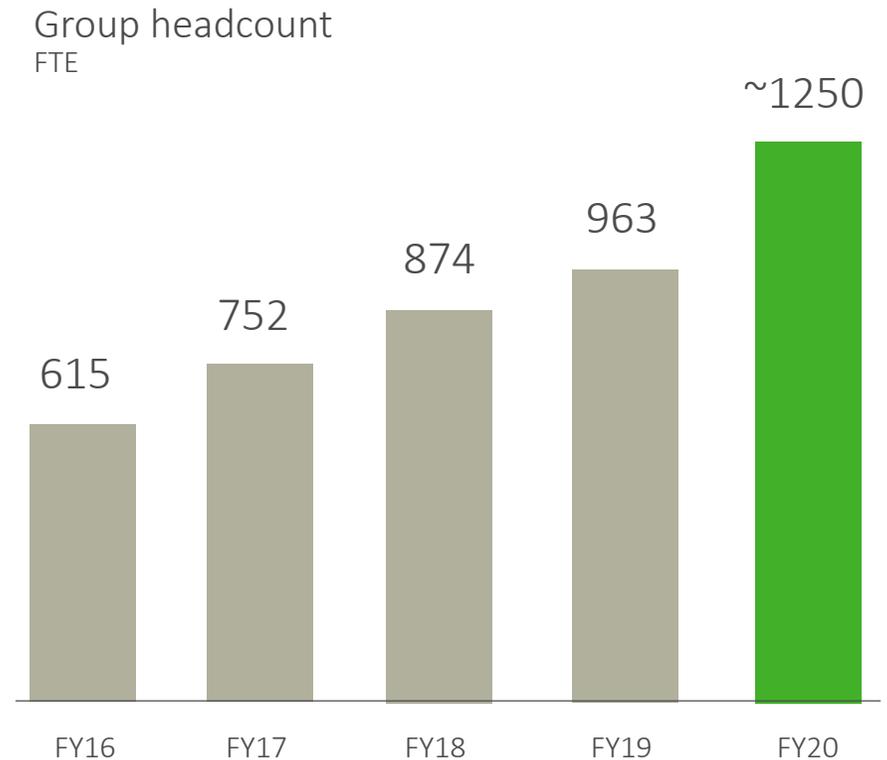
Our safety performance is good but we want to be better

- Focus on safety culture is delivering outcomes
- Strong leadership element in all Mastermyne safety improvement initiatives
- “Brain Science” project is providing insights into improving safety message delivery
- Mastermyne is participating in Queensland safety reset across all client sites
- Five sites completed the full year and nine sites completed the prior six-month period with no recordable injuries

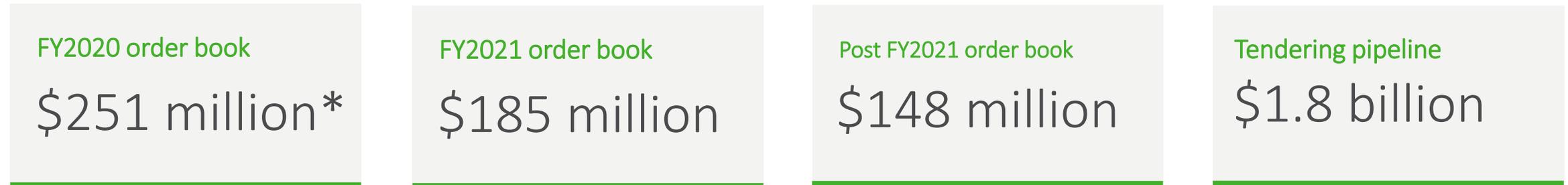


Workforce numbers and equipment utilisation continue to increase

- Gross margins benefited from improved contract terms
- Our services remain inextricably linked to our clients production outcomes
- Mastermyne performance has supported increased production delivered by an expanding skilled workforce and a tightly managed fleet of specialist equipment
- The Mining Workforce numbers increased ~10% from 874 to 963, with expected growth to ~1250 by end of FY2020
- Established a second training facility in Wollongong to support the growth opportunities in this region
- Additional mining equipment was sourced and deployed
- Continuing to source additional equipment which sets us up for upcoming projects



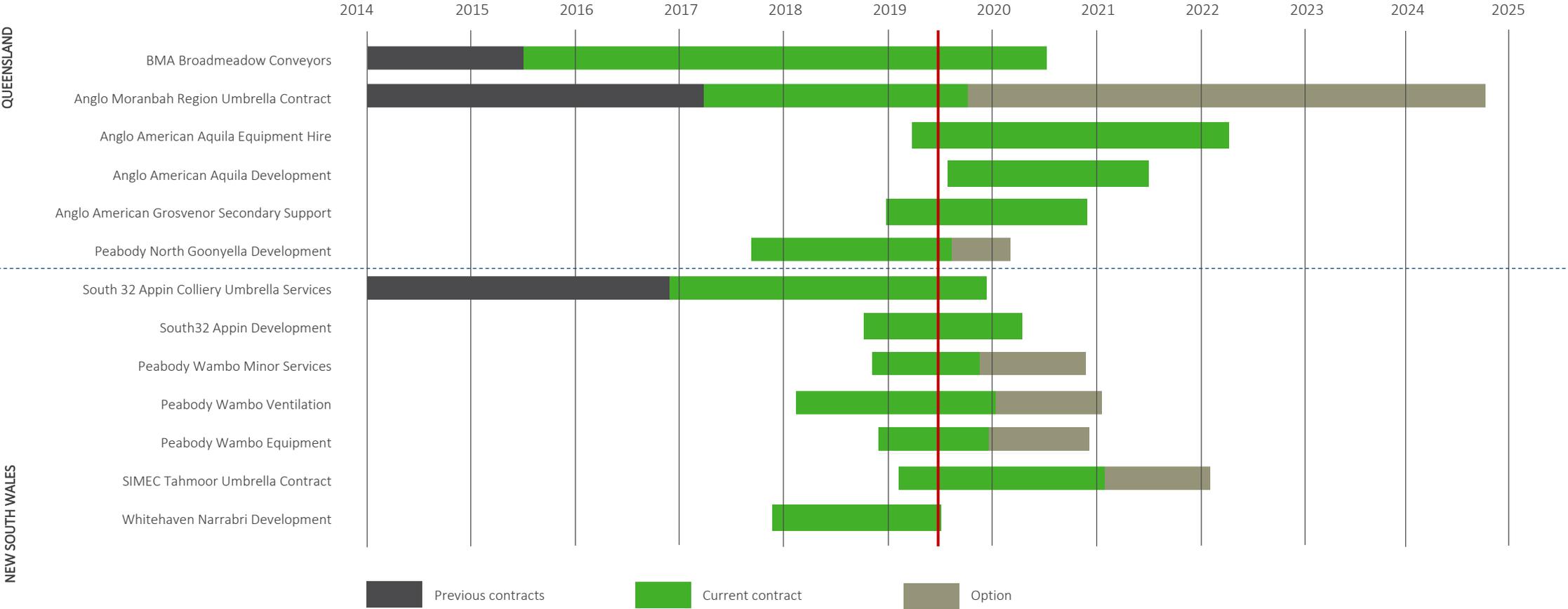
Order book benefiting from contract wins like Aquila Project



- Recently announced the Aquila Development contract for a two-year term which adds \$95m revenue over two years
- Moranbah North Regional Umbrella contract is due for renewal late H1 and discussions are well progressed
- Finalising negotiations on another current project to extend terms for up to three years
- Potential for North Goonyella development contract to resume during the year depending on the progress of the mine re-entry (not included in order book)
- Tendering pipeline over \$1.8b, \$1.1b in core business, \$0.7b in Whole of Mine Projects

* Order book excludes recurring work of ~\$15-20m pa
Wilson Mining revenue not included in order book

World class assets and long term relationships supporting record order book



Key focus areas to deliver further growth

01

Maximise returns from core coal business

PRIORITIES

- Convert current tender pipeline opportunities
- Improve contract terms to support margin growth
- Continue to drive operating leverage

02

Expand underground service offering

PRIORITIES

- Leverage Wilson Mining acquisition through niche service offering
- Bolt on additional product and service offerings

03

Build a whole of mine business

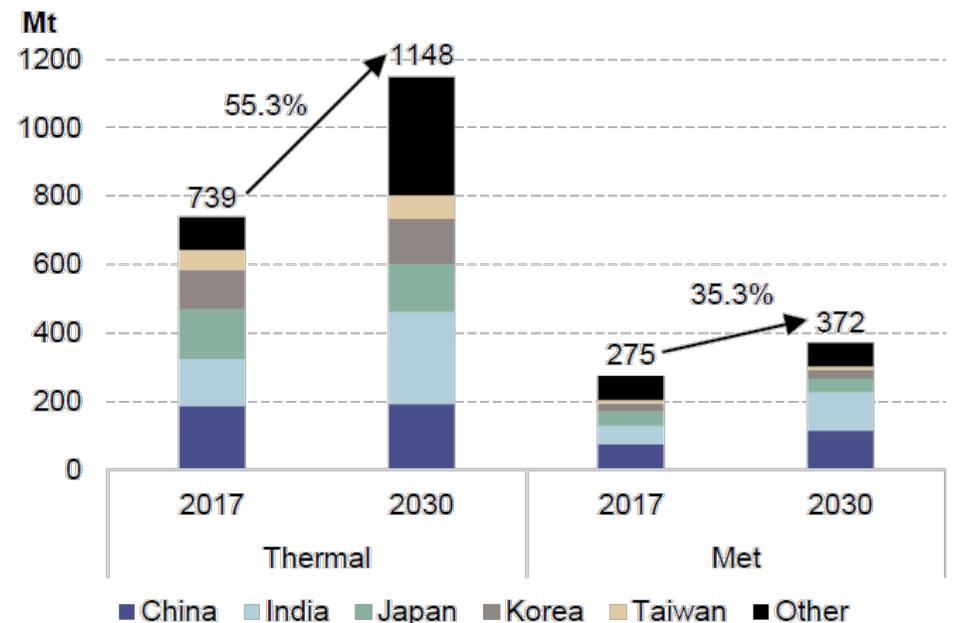
PRIORITIES

- Assessing multiple WOM opportunities moving through the pipeline
- Source strategic mining fleet to provide a competitive advantage
- Study Group assisting clients on early stage Greenfield and Brownfield projects

Strong industry fundamentals support long term growth

- Coal industry has been buoyant over the last 12 months with both metallurgical and thermal prices enjoying a period of relative strength
- Coal mine operators responded with a strong production focus and continued investment
- Rising Asian demand driving a forecast 490mt increase in Australian coal exports to 2030
- Several owners are looking at greenfield opportunities with some clearly going ahead (e.g. Aquila project)
- Long term fundamentals remain very strong for Metallurgical coal (~85% of Mastermyne revenue exposure) while Australian thermal coal is favourably positioned in that market

Forecast Australian coal exports



Source: BP Statistical Review of World Energy 2018, Wilsons estimates

Outlook for Mastermyne is continued growth in FY2020

- Strong industry fundamentals support a large pipeline of opportunities
- Order book significantly bolstered with strong bias back to metallurgical coal
- Greenfield opportunities progressing with some projects well advanced (e.g. Aquila, Eagle Downs)
- FY2020 guidance range Revenue \$295-315m and EBITDA \$27-31m
- EBITDA margins edging towards our long-term goal of double-digit margins
- Competitor landscape remains unchanged and supports higher win confidence on new opportunities
- Approximately \$50m pending in tenders where we have been shortlisted (potential 2nd half revenue)
- Capital Management strategy (net cash at ~10% market cap) ensures strength through market cycles



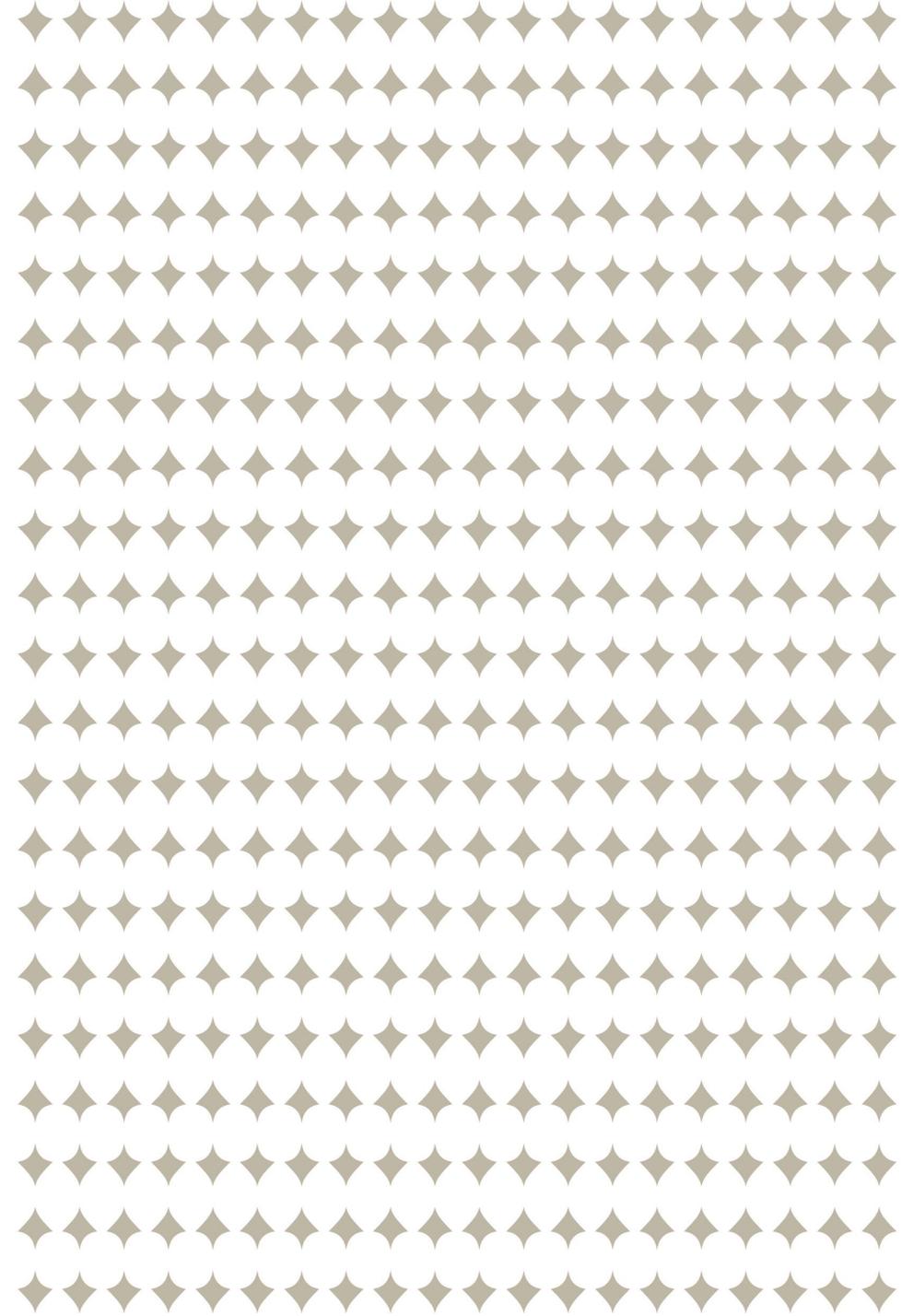
Strong FY2019 and promising outlook

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- Mastermyne operating model is delivering real leverage
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Appendices

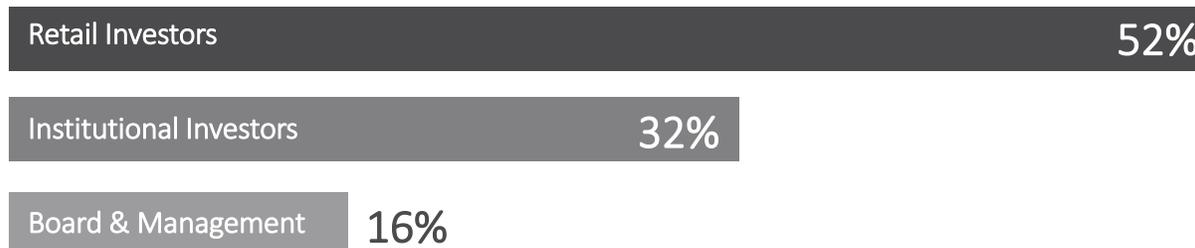


Corporate Overview

Capital structure	
Share price as at 14 August 2019	\$1.06c
Shares on issue	101.7m
Market capitalisation	\$107.3m
Net cash/(Debt) as at 30 June 2019	\$16.4m
Enterprise value	\$90.8m

Major shareholders	
Andrew Watts	12.06%
Kenneth Kamon	10.70%
Darren Hamblin	9.47%
Paradice Investment Management	6.53%
Grieg & Harrison Pty Ltd	4.83%

Shareholder composition



Two-year trading history



Board



Colin Bloomfield
Non-Executive Chairman

Colin's former roles during his 27 years with BHP Billiton include President Illawarra Coal (8 years), Vice President Health, Safety and Environment (Global role) and Project Director for the BHP Billiton merger integration as well as member of the deal team for the transaction. He was also an Underground Coal Mine Manager both in New South Wales and Queensland.



Anthony Caruso
Managing Director

Tony has held a number of senior management positions in contracting services over 30+ years working across major underground mining projects in QLD and NSW.

Joining Mastermyne in 2005, under Tony's leadership the company has hit many milestones including the ASX listing in 2010.



Andrew Watts
Non-Executive Director

Andrew co-founded Mastermyne in 1996 and has been involved in contracting within the mining industry since 1994.

From 1996 -2005 Andrew was responsible for all aspects of Mastermyne's operations until the appointment of Tony Caruso as CEO.



Gabriel Meena
Non-Executive Director

Gabe is an executive with over 30 years experience in the steel, mining and stevedoring industry covering operations, maintenance and engineering. Gabe has held senior operational and management roles with Bluescope Steel as General Manager Mills and Coating, Bluescope Steel China as President China Coated and BHP Collieries as General Manager of a number of coal mines. Gabe's most recent role was General Manager Operations with Patrick Terminals.



Julie Whitcombe
Non-Executive Director

Julie is currently Chief Operations Officer for Vermeer Australia and RDO Equipment, supplying and servicing John Deere and Vermeer equipment in support of a range of industry sectors in Australia. Prior to her current role, Julie spent nine years as part of the executive team of Senex Energy Limited, an ASX-listed oil and gas company.

FY19 Financial Performance

Period ended 30 June 2019	FY19	FY18		Change
Total Revenue	\$238.04m	\$201.72m	▲	+18.0%
EBITDA	\$21.01m	\$16.34m	▲	+28.5%
EBITDA %	8.8%	8.1%	▲	0.7%
Statutory profit/(loss) before tax	\$12.14m	\$8.21m	▲	+47.9%
Tax benefit/(expense)	(\$3.60m)	(\$2.62m)		(37.5%)
Gain on sale of divested business	\$2.03m	-		-
Statutory profit/(loss) after tax	\$10.57m	\$5.59m	▲	+89.1%
EPS (cents)	10.4c	5.5c	▲	+88.0%

Figures in \$AUD

FY19 Cash Flow

Period ended 30 June 2019 \$AUD millions	FY19	FY18
EBITDA (Statutory)	21.01	16.34
Movements in working capital	3.37	(4.71)
Non-cash items	0.18	(0.08)
Interest costs	(0.59)	(0.64)
Income tax receipts / (payments)	(1.76)	(0.58)
Net Operating Cash Flow	22.21	10.33
Net capex (including intangibles)	(2.16)	(9.48)
Net borrowings / (repayments)	(3.00)	(6.25)
Proceeds for issue of share capital (net of issue costs)	-	5.67
Interest received	0.05	0.02
Free Cash Flow	17.10	0.30
Distribution to minority ownership	(0.15)	(0.05)
Net increase/(decrease) in cash and equivalents	16.94	0.25
Cash and cash equivalents at beginning of period	(0.52)	(0.77)
Cash and cash equivalents at end of period	16.42	(0.52)

FY19 Balance Sheet

Assets

Period ended 30 June 2019 \$AUD millions	FY19	FY18
Assets		
Cash and cash equivalents	16.42	0.001
Trade and other receivables	39.17	43.43
Inventories	3.22	2.97
Total current assets	58.81	46.40
Deferred tax assets	8.13	8.79
Property, plant and equipment	18.28	21.05
Intangible assets	6.76	6.75
Total non-current assets	33.16	36.59
Total assets	91.97	82.99

Liabilities

Period ended 30 June 2019 \$AUD millions	FY19	FY18
Liabilities		
Bank overdraft	-	0.52
Trade and other payables	16.82	19.02
Loans and borrowings	-	3.00
Employee benefits	8.14	5.24
Current tax liability	2.42	1.25
Total current liabilities	27.39	29.03
Employee benefits	0.24	0.21
Total non-current liabilities	0.24	0.21
Total liabilities	27.63	29.24
Net assets	64.34	53.76

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