



DDH1 Limited FY21 Results Presentation

27 August 2021

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Ben MacKinnon - CFO

Important notice and disclaimer

Important Notice and Disclaimer

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Summary



FY21 Financial Highlights

Revenue

\$295M

CAGR 22% FY17–21

+ 17.9% on FY20
+ 5.1% on Prospectus

Pro-Forma EBITDA

\$74.6M

25.3% margin
vs Prospectus of 24.7%

+ 15.6% on FY20
+ 7.6% on Prospectus

Pro-Forma EBITA

\$53.1M

18.0% margin
vs Prospectus of 16.5%

+ 17.9% on FY20
+ 14.9% on Prospectus

Pro-Forma NPAT

\$35.2M

+ 21.2% on FY20
+ 17.2% on Prospectus

Cash from Operations (excluding tax and interest)

\$68.8M

-1% on FY20
+8.2% on Prospectus

Net Cash

\$9.6M

Undrawn facilities \$54M

ROIC

33%

vs FY20 of 31%

Dividend (fully franked) per share

2.18¢

40% of Pro-Forma NPATA for the period
March to June 2021

FY21 Operational Highlights

Meters Drilled

2.2M

+8.2% on FY20

Utilisation

76.6%

vs 73.4% for FY20
vs 74.5% Prospectus

Shifts

45,420

+19.3% on FY20
+3.7% vs Prospectus

Safety – TRIFR

9.0

+31.2% on FY20

Rigs

98

+10 rigs in FY21
+8 secured in FY22

Capex

\$43.0M

+38.7% on FY20

Revenue / Rig

\$3.1M

+6.9% on FY20

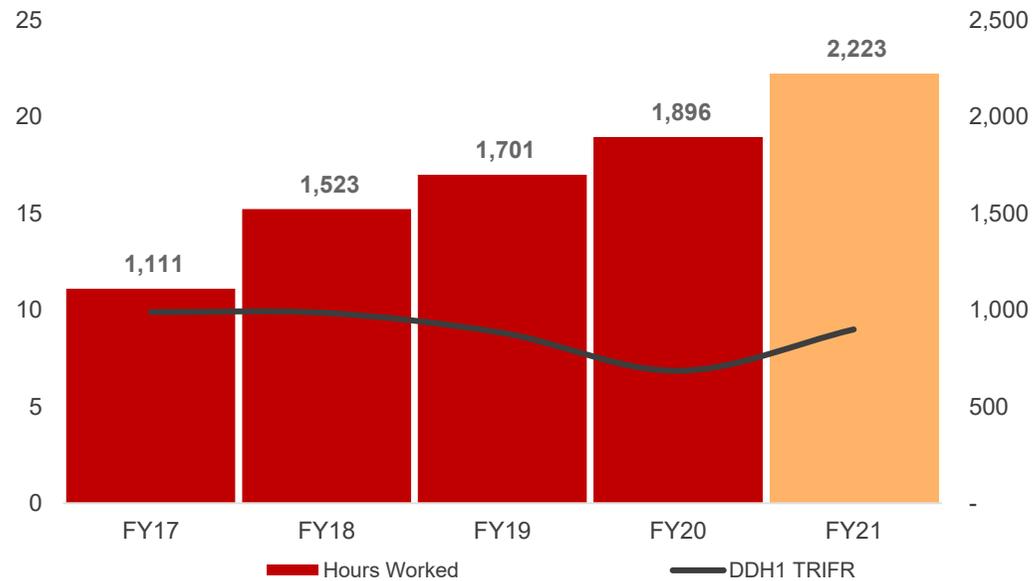
People

997

+22% on FY20

Safety

Historical TRIFR



Safety

- > DDH1 achieved a TRIFR of 9.0 for FY21.
- > Despite the increase in the number of incidents during the year, there was a decrease in the severity of the incidents.
- > We are focused on creating engineering solutions to reduce these type of incidents and we are working with OEM's to retrofit hands free solutions to our rig fleet.
- > New rigs on order will incorporate automation, which removes employees from the line of fire.



People & Community

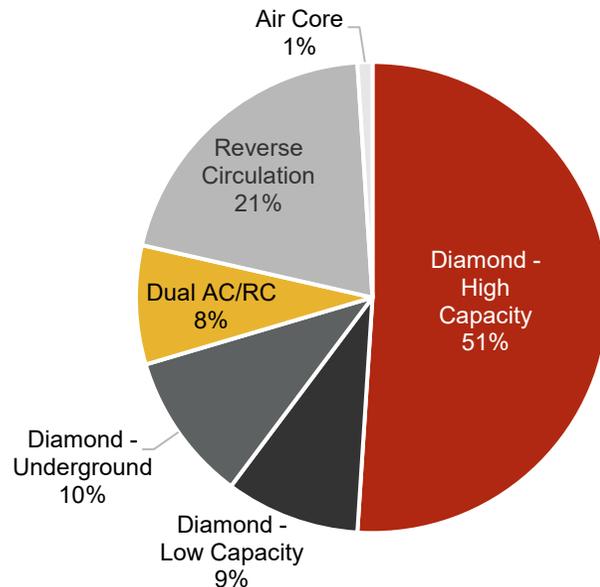
People & Community

- > DDH1 ended the year with 997 people, which was an increase of 22%.
- > Invested \$1.8 million on direct training expenses, a 29% increase on FY20.
- > Our people worked hard at keeping DDH1 COVID-19 free, for the second year in a row.
- > During the year DDH1 supported a number of community groups including - Breast Cancer Care WA, The Fathering Project, Beyond Blue, Royal Flying Doctors Service and Youth Focus.
 - > The major fund raising event for the year was for Breast Cancer Care WA. Ranger Drilling rebuilt rig 5 and painted it pink in support of the cause. The rig was revealed at a family day, raising over \$50,000.



Our Fleet and Utilisation

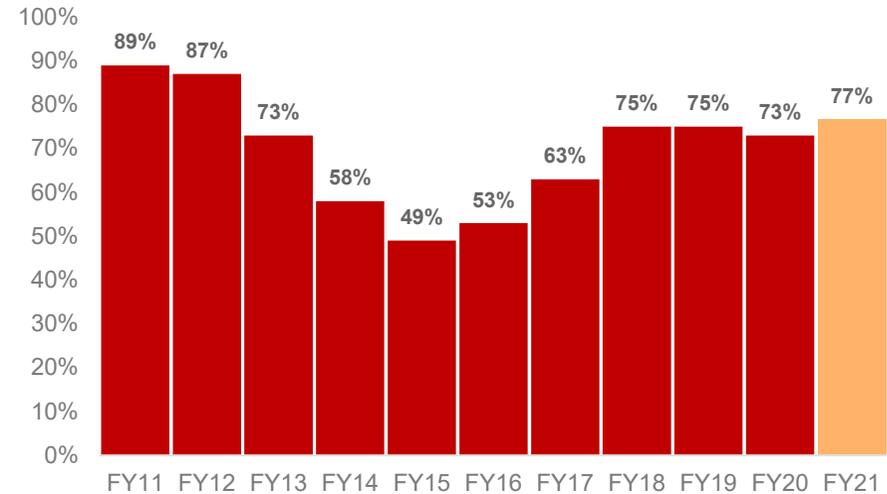
Our rigs – Average age of ~6.7 years v 20+ year economic life



Fleet Commentary

- > DDH1 added 10 rigs in FY21 to end the year at 98 rigs
 - > This represented an increase in rig count for FY21 of 11.4%
 - > DDH1 Drilling added 8 rigs, Strike Drilling added 1 rig and Ranger Drilling added 1 rig
- > Utilisation reached a 9 year high of 76.6% in FY21
 - > Strong demand saw an earlier than usual start up after the Christmas break
 - > DDH1 Drilling's small underground fleet had improved utilisation, particularly in 2HFY21

Utilisation





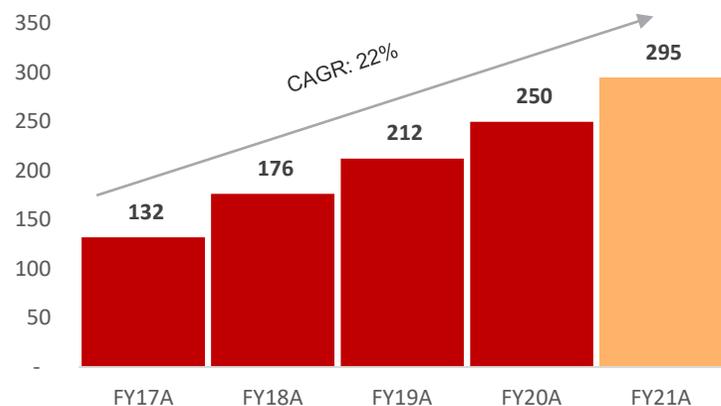
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Financials

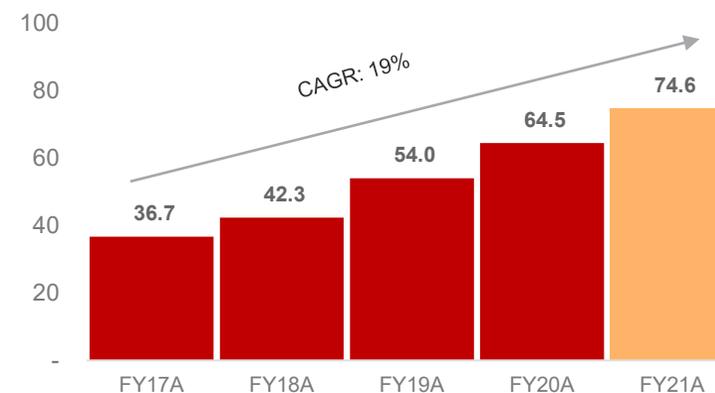


FY21 Financial Overview

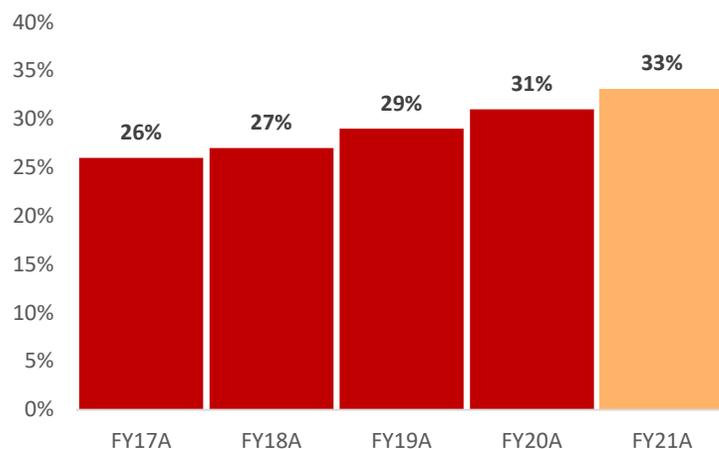
Revenue (\$m)



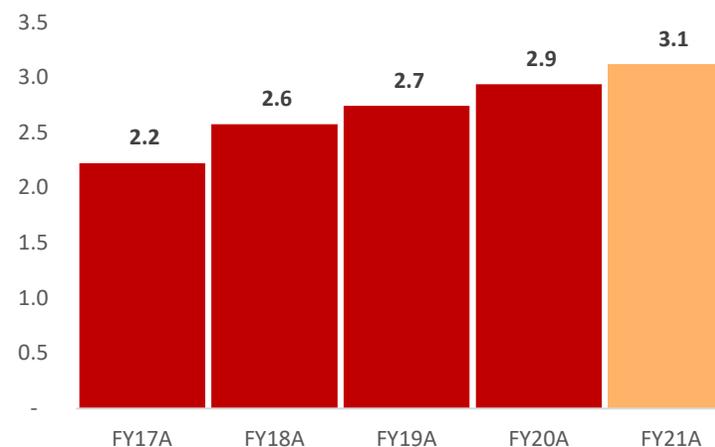
Pro-Forma EBITDA (\$m)



Return on invested capital¹ (ROIC)

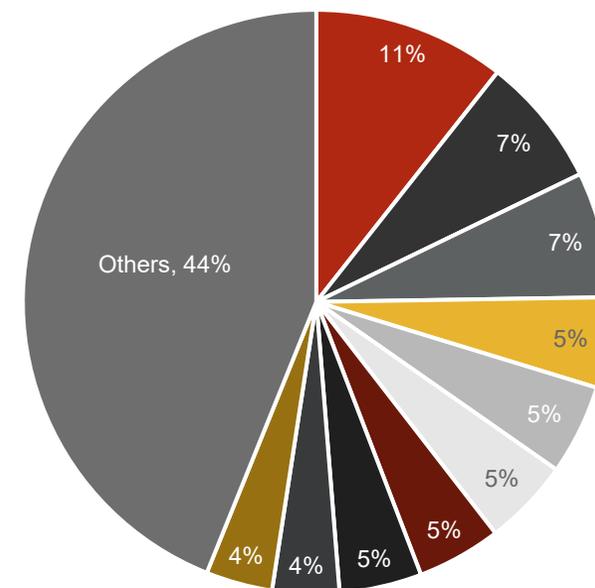
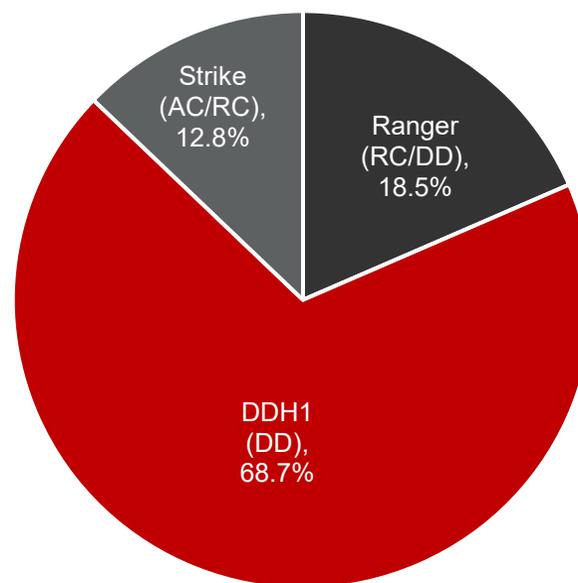
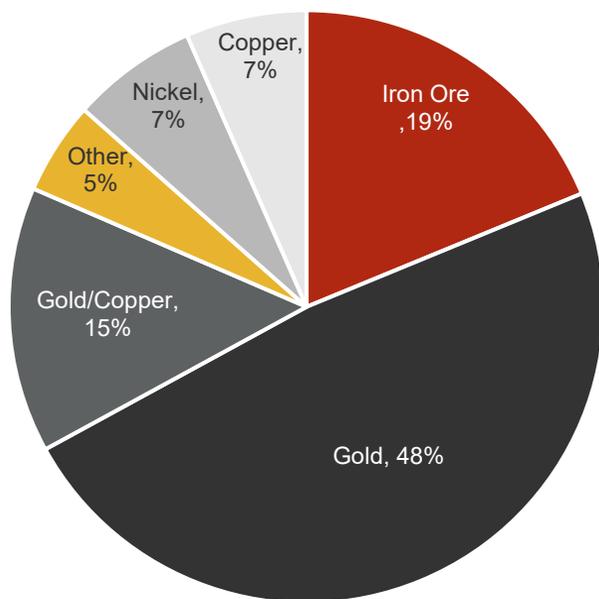


Revenue (\$m) per rig²



Notes: 1. Return on invested capital calculated as Pro-Forma EBITA / (average of prior and current year end balances of PP&E + average of prior and current year end balances of net working capital). Balances used in calculations for the years ended Jun-17 and Jun-18 have been extracted from Aggregated Financial Information and exclude fair value uplifts to PP&E upon acquisition of Ranger and Strike; balances used in calculations for the years ended Jun-19 and Jun-20 have been extracted from Consolidated Financial Information and are consistent with the Jun-21 balances which include the Ranger and Strike acquisition fair value uplift. 2. Calculated as total revenue / average number of rigs for each year

Revenue Diversification



Note – RC – Reverse Circulation, AC – Air Core, DD – Diamond drilling

Profit & Loss

Reported Earnings	FY21A	FY21F ¹	%	FY20A	%
Revenue (\$m)	294.6	280.2	5.1%	249.8	17.9%
Pro-Forma EBITDA (\$m)	74.6	69.3	7.6%	64.5	15.6%
<i>Pro-Forma EBITDA (%)</i>	25.3%	24.7%	0.7%	25.8%	(0.5%)
Pro-Forma EBITA (\$m)	53.1	46.2	14.9%	45.0	17.9%
<i>Pro-Forma EBITA (%)</i>	18.0%	16.5%	1.5%	18.0%	0.0%
Pro-Forma NPATA (\$m)	36.7	31.5	16.5%	30.6	23.2%
<i>Pro-Forma NPATA (%)</i>	12.5%	11.2%	1.3%	12.2%	0.1%
Statutory NPAT (\$m)	57.2	22.8	150.8%	24.6	132.5%
<i>Statutory NPAT (%)</i>	19.4%	8.1%	11.3%	9.8%	9.6%
Basic EPS (cents)	18.58	6.65	179.4%	8.46	119.6%

P&L Commentary

- > Revenue increased by 17.9% vs FY20 and 5.1% v forecast due to additional capacity (+10 rigs), higher utilisation and increasing rates. Great performance considering the logistical impediments of border shutdowns and quarantine requirements impacting full access to our people.
- > FY21 Pro-Forma EBITDA was \$74.6m, which exceeded our prospectus forecast of \$69.3m by \$5.3m (+7.6%). Proforma EBITDA margins increased from 24.7% forecasted to 25.3%.
- > DDH1 received the Boosting Apprenticeship Commencements wage subsidy (\$2m) provided by the Federal Government due to enrolment of new field staff into accredited training programs, which helped offset additional costs from operating in a COVID-19 environment.
- > Due to the IPO restructuring DDH1 revalued its tax asset base (via an accredited external valuer) as per taxation law, which resulted in a deferred tax asset at 30 June 2021 of \$14.4m and resulted Statutory NPAT being \$34.4m higher than forecast.

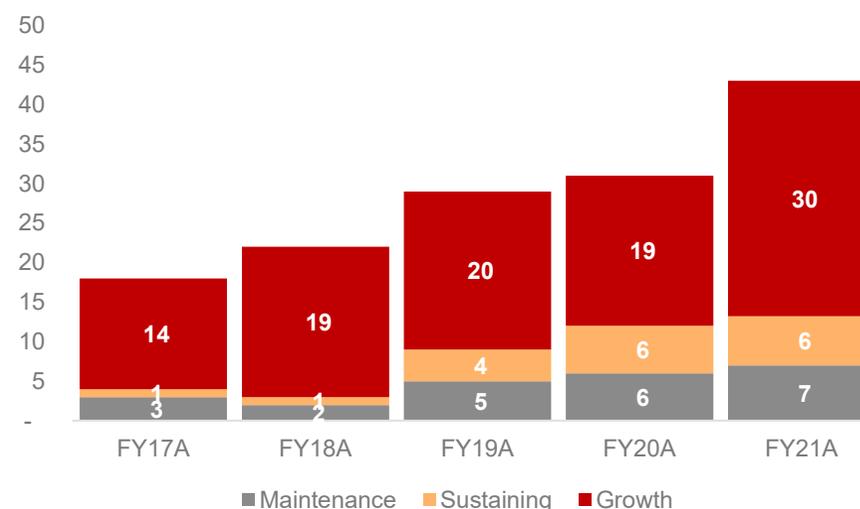
Balance Sheet and Capex

(\$m)	30 June 2021	30 June 2020 PF ¹
Cash	14.6	2.9
Receivables	55.7	41.9
Inventory	26.1	23.6
PPE	129.4	107.2
Intangibles	30.8	32.9
Tax assets	18.7	-
Other assets	6.0	6.4
Total assets	281.3	214.9
Payables	(28.8)	(21.4)
Provisions	(9.1)	(5.9)
Borrowings	(5.0)	-
Other liabilities	(4.7)	(18.8)
Total liabilities	(47.6)	(46.1)
Net asset	233.7	168.8

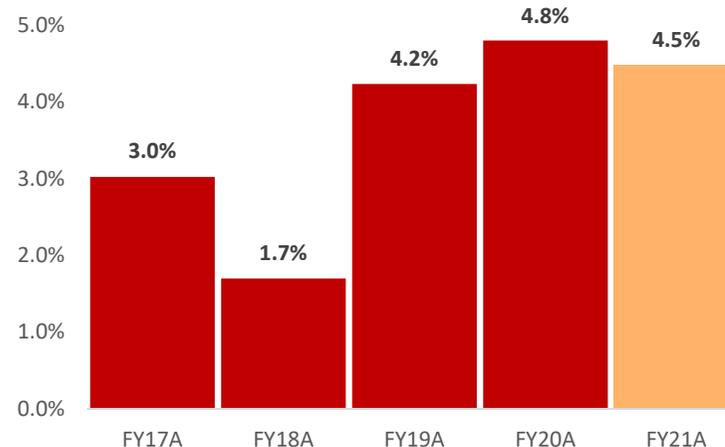
Balance Sheet Commentary

- > The Group finished FY21 in a net cash position of \$9.6m with undrawn facilities of \$54.4m.
- > The 10 rigs added to the fleet and the 8 rigs currently ordered contributed to growth CAPEX of \$30m.
- > Maintenance and sustaining CAPEX as a % of revenue was 4.5%, which was consistent with the prior 2 financial years.
- > Deferred tax and current tax positions materially affected by the ability to reset the tax cost base of our assets due to the group restructure at IPO.

CAPEX (\$m)



Maintenance & Sustaining CAPEX as % of Revenue



Notes: 1 – 30 June 2020 PF is based on Pro-Forma 30 June 2020 balance sheet on page 76 of the Prospectus

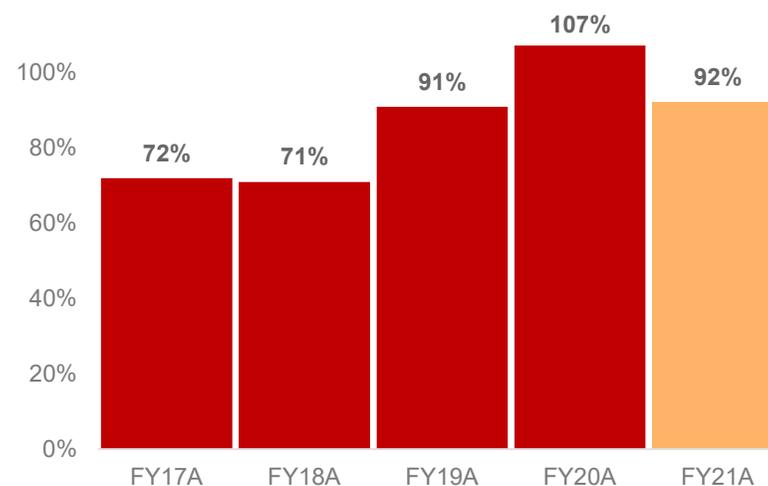
Cashflow

(\$m)	FY21	FY20
Receipts from customers	314.2	280.7
Payments to suppliers	(245.4)	(211.5)
Income tax paid	(17.7)	(8.4)
Operating cash flow	51.1	60.8
Net purchase of PPE	(38.9)	(27.0)
Investing activities	(38.9)	(27.0)
Repayment of borrowings	(64.2)	(6.0)
Net interest paid	(2.5)	(4.1)
Net proceeds from issue of shares	31.5	-
Dividends paid	-	(2.9)
Financing activities	(35.2)	(13.0)
Net cash movement	(23.0)	20.8
Opening cash	37.6	16.8
Closing cash	14.6	37.6

Cashflow Commentary

- > Operating cashflow (excluding tax) of \$68.8m and a Pro-Forma cash conversion of 92%.
- > Primary raise from the IPO of \$41m, which, combined with existing cash, was used to repay debt and costs associated with the raising.
- > Final fully franked dividend 2.18 cents per share (\$7.5m)
- > Franking credit balance at 30 June 2021 is 38.5 million

Pro-Forma cash conversion¹



Notes: 1. Operating cash flow (before financing, taxation and investing cash flows) is calculated as a percentage of Pro-Forma EBITDA



3

Outlook



Positioned for growth in FY22 and beyond

Higher utilisation

✓ FY21A 12% below DDH1's previous peak

Market leader in tight market

✓ Largest surface fleet operating across Australia, with 997 staff and proven growth track record

Rate Increase

✓ Rates forecasted to increase due to high demand, constrained equipment supply and tight labour markets

Organic rig expansion

✓ +10 rigs in FY21 and +8 already acquired for FY22 delivery. Rig CAGR of 20% FY11A – FY21A

Battery 'new' minerals

✓ Increased drilling activity for battery minerals, with many recent discoveries at depth

M & A

✓ We are a successful acquirer of businesses with a proven track record



4

Appendix



Reconciliation Statutory EBITDA to Pro-Forma EBITDA

		(\$m)
Statutory Net Profit before Tax		39.4
Add:	Finance Costs	2.5
Add:	Depreciation	21.5
Add:	Amortisation	2.2
Statutory EBITDA		65.6
<i>Costs in Statutory EBITDA to be added back</i>		
Add	M Class Share based payment	1.5
Add	Employee Gift Shares	0.7
Add	IPO Costs	7.4
<i>Costs not in Statutory EBITDA to be included</i>		
Less	July to Feb - LTIP	(0.1)
Less	July to Feb - D&O Liability Insurance	(0.3)
Less	July to Feb - Directors Cost	(0.1)
Less	July to Feb - Other incremental costs	(0.1)
Pro-Forma EBITDA		74.6

- > The DDH results are reported under the Australian Accounting Standards (AAS) as issued by the Australian Accountings Standards Board, which are compliant with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board
- > DDH discloses certain non-IFRS measures that are not prepared in accordance with IFRS and therefore are considered non-IFRS financial measures
- > The non-IFRS measures should only be considered in addition to and not as a substitute for, other measures of financial performance prepared in accordance with IFRS.

Corporate Snapshot

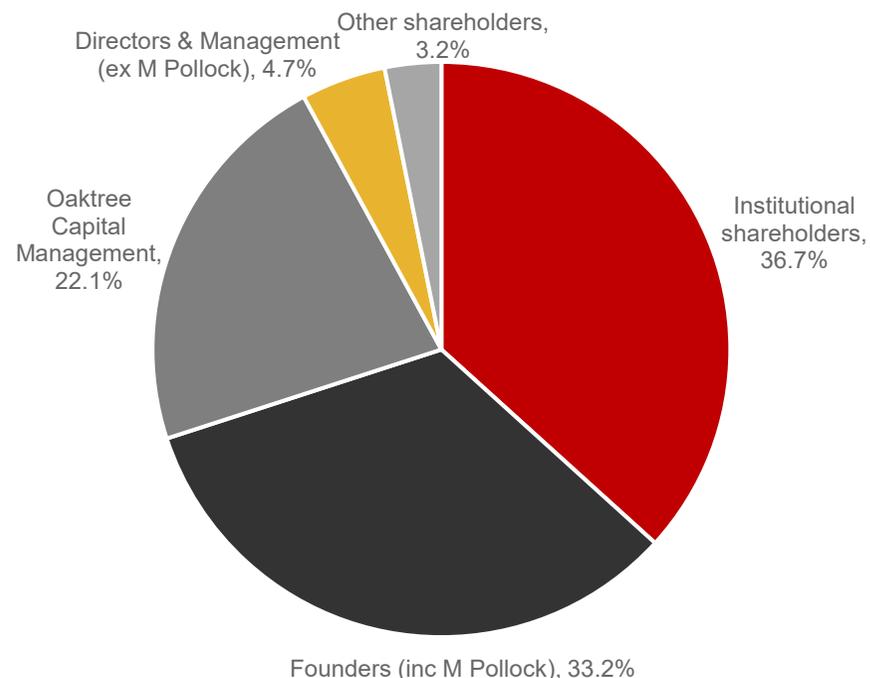
Capital Structure

ASX Code	DDH
Share Price ¹	\$1.16
Shares on Issue	342,804,678
Market Capitalisation ¹	A\$397.7 million

Board & Management

Diane Smith-Gander AO	Independent Non-Executive Chair
Alan Broome AM	Independent Non-Executive Director
Andrea Sutton	Independent Non-Executive Director
Byron Beath	Non-Executive Director
Murray Pollock	Non-Executive Director
Sy van Dyk	Managing Director & CEO
Ben MacKinnon	CFO & Joint Company Secretary
Darryl Edwards	Joint Company Secretary

Shareholders²

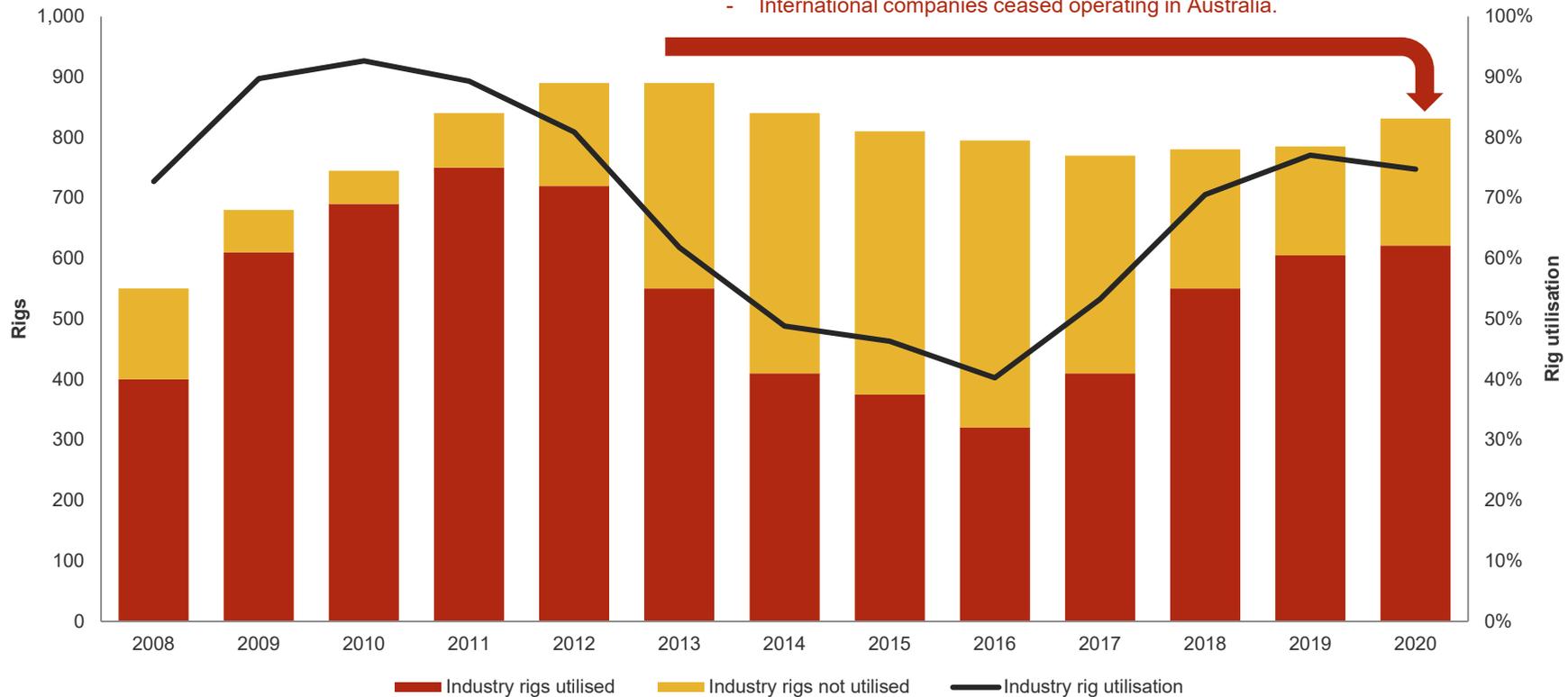


> Top 20 shareholders account for 94% of shares on issue

Rig capacity in market

Number of rigs in Australia

Less total rigs operational:
 - Rigs reached end of life;
 - International companies ceased operating in Australia.



THANK YOU

From



DDH1 Limited

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