

# DDH1 LIMITED



# MACQUARIE AUSTRALIA CONFERENCE

3 MAY 2022  
DDH1.COM.AU



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A solid red circle at the top left, with a vertical dotted line extending downwards from it.

The DDH1 Group is a well-established international drilling company providing a complete range of specialised surface and underground drilling solutions to mining and exploration clients.

We aspire to be the world's leading driller through innovation and a continued focus on high quality reliable services.

# AGENDA

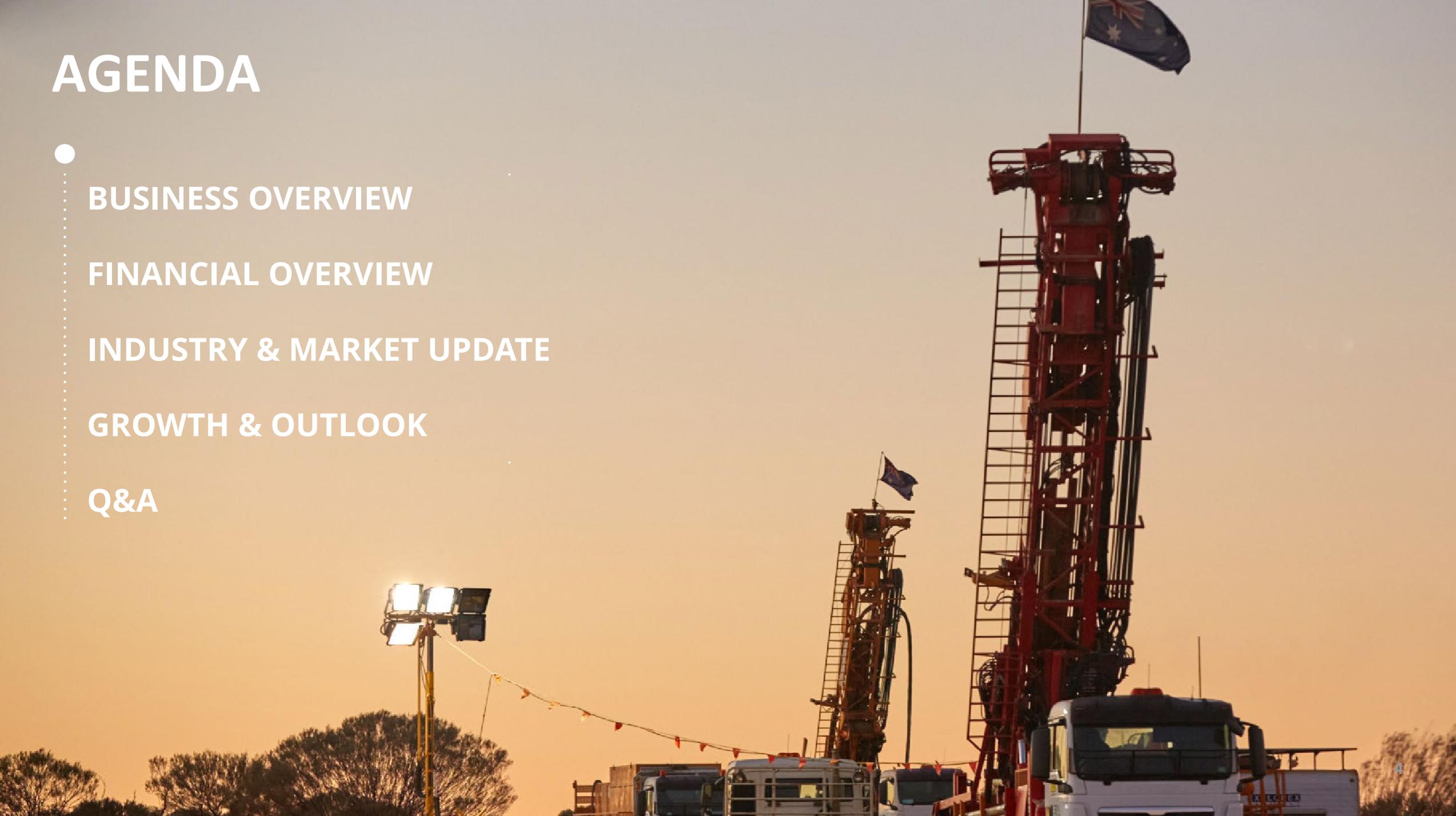
- BUSINESS OVERVIEW

- FINANCIAL OVERVIEW

- INDUSTRY & MARKET UPDATE

- GROWTH & OUTLOOK

- Q&A



# BUSINESS OVERVIEW



# OUR COMPANY

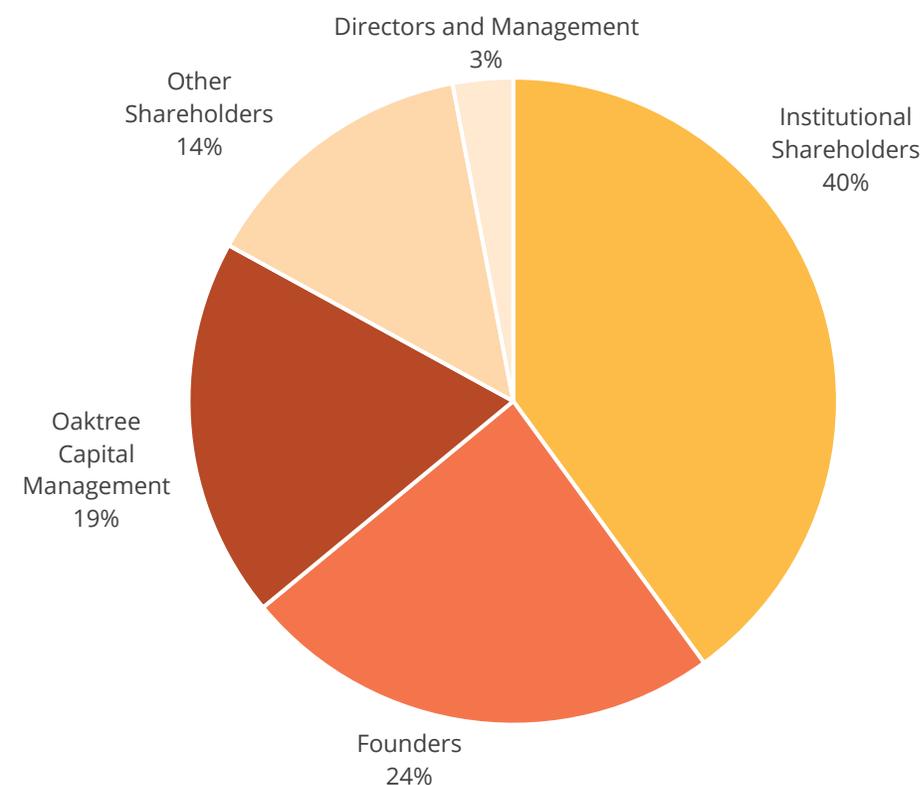
## CAPITAL STRUCTURE

ASX Code	DDH
Listing Date	9 March 2021
Share Price <sup>1</sup>	\$1.025
Shares on Issue	426,759,176
Market Capitalisation	A\$437.4 million

## EXPERIENCED BOARD & LEADERSHIP TEAM

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

## SHAREHOLDERS<sup>2</sup>



Notes: <sup>1</sup> ASX close 28 April 2022 <sup>2</sup> Holdings as at 4 March 2022

# OUR LEADING GLOBAL DRILLING BUSINESS



**A proven track record of performance and service delivery across our portfolio**

**A full suite of specialised drilling services**

**Global scale with established operations in Australia, America and Europe**

**179\* rigs, one of the top five largest drill fleets globally**



- Established in 2006
- Diamond core
- All stages of mine cycle
- Multi-commodity
- 71 surface and underground rigs
- Australia wide operations



- Established in 2013
- Air core and reverse circulation
- Exploration
- Multi-commodity
- 14 rigs including 7 dual purpose
- Australia wide operations

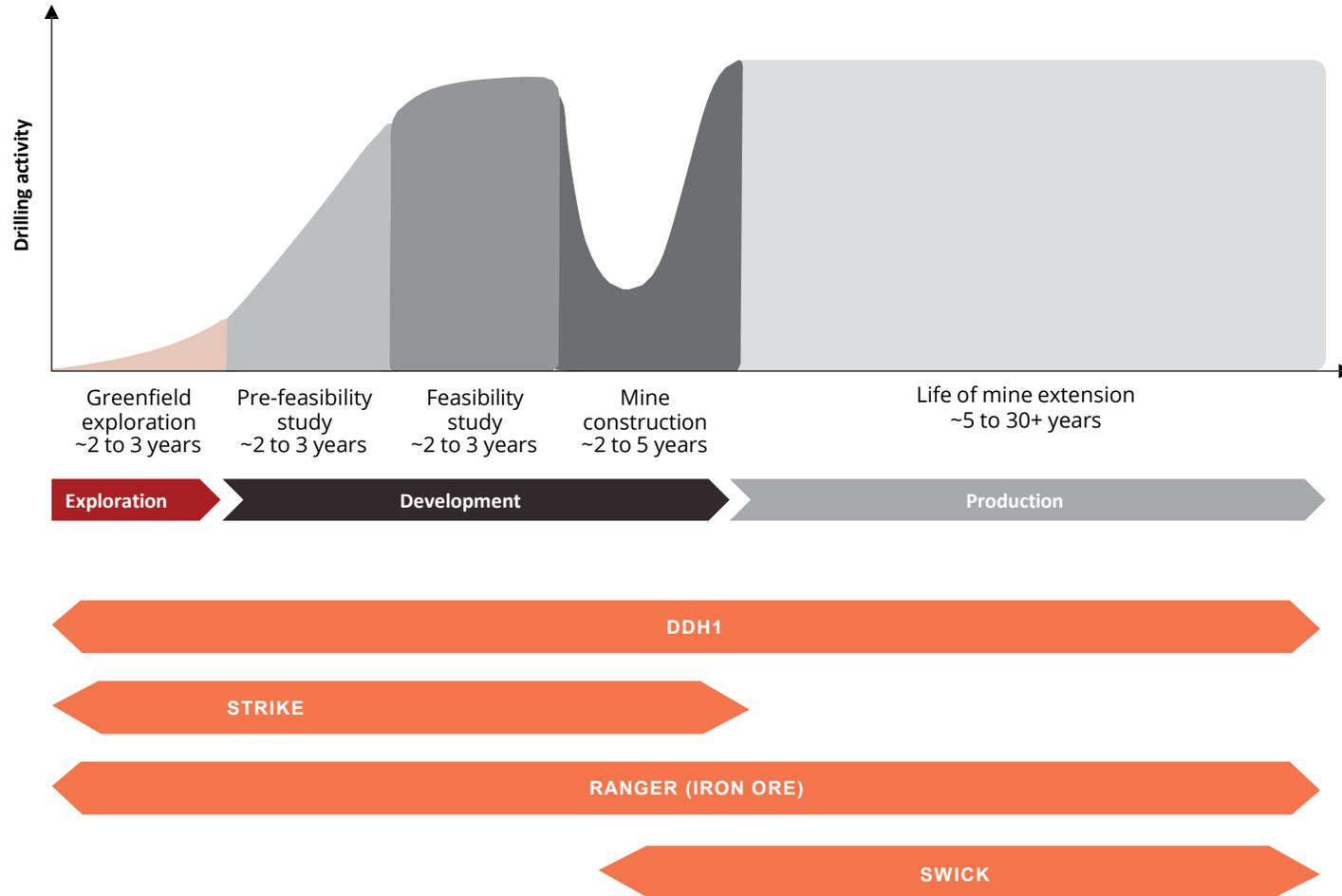


- Established in 2005
- Reverse circulation
- All stages of mine cycle
- Iron ore
- 22 rigs
- Western Australian based operations



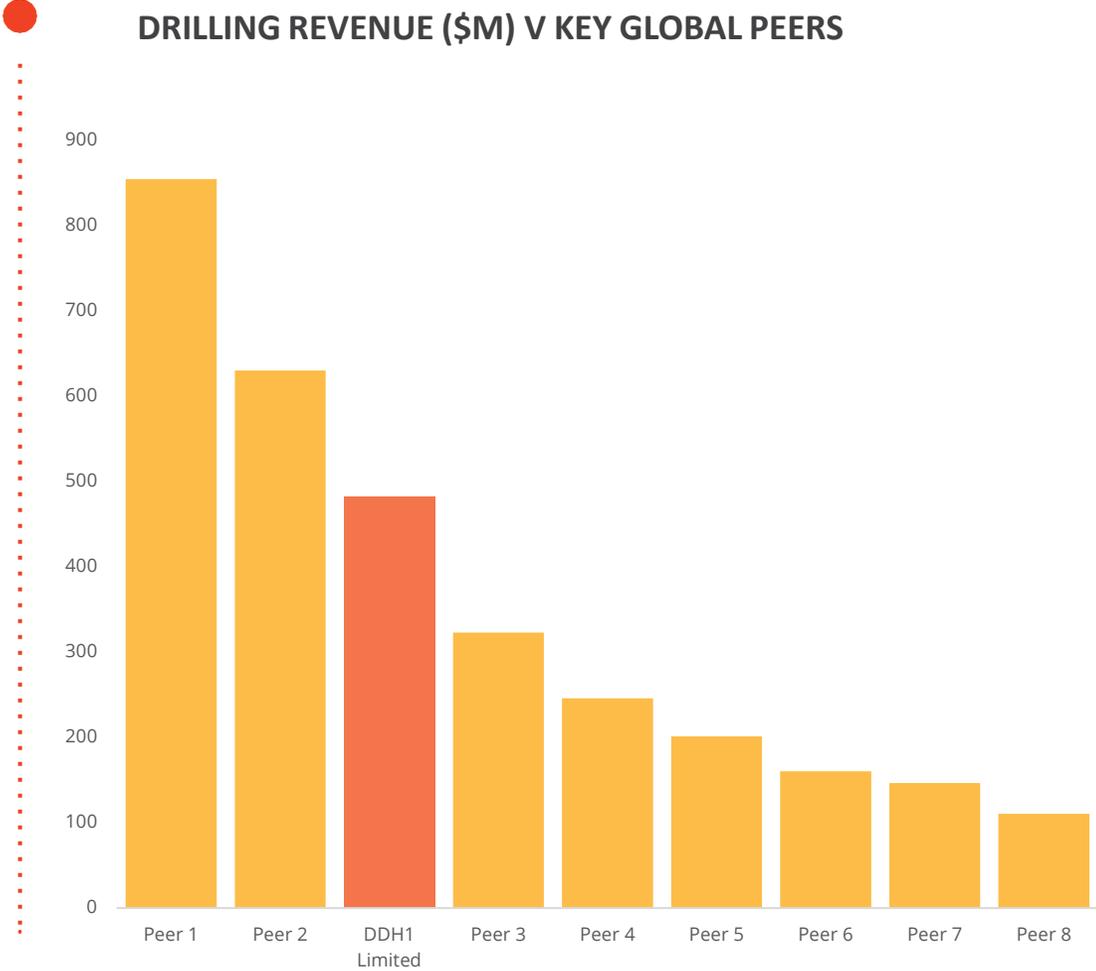
- Established in 1997
- Underground diamond core
- Development and production
- Multi-commodity
- 72 rigs
- Australia, Spain, North America, Portugal

# OUR SERVICES ACROSS THE MINING VALUE CHAIN



- Focusing on mine development and production phases, less cyclical
- Selective exposure to highly prospective earlier stage greenfields exploration drilling
- Extending services to existing customers, who often have multiple mine sites – surface and underground
- Leveraging existing experience and understanding of site geology to provide drilling efficiencies to mine operators

# OUR GLOBAL SCALE



Data for 12 months ended 31 December 2021 (excluding Peer 2, data at 31 January 2022 and the 12 months ended 31 January 2022). DDH1 Limited data includes Swick Mining Services for the 12 months ended 31 December 2022



# OUR STRENGTHS



## WELL-ESTABLISHED OPERATIONS

~80% REPEAT BUSINESS  
LONG-TERM PRODUCTION CONTRACTS  
15+ YEARS EXPERIENCE

## EXTENSIVE DRILLING CAPABILITY

FULL SUITE OF SERVICES ACROSS MINING VALUE CHAIN  
DEEP AND DIRECTIONAL DRILLING SPECIALISTS  
COMMODITY AGNOSTIC

## MODERN DRILL FLEET

BEST-IN-CLASS TECHNOLOGY  
YOUNG FLEET COMPARED TO ECONOMIC LIFE OF 20+ YEARS

## STRONG SAFETY PERFORMANCE

IMPROVING TRIFR\*  
INVESTMENT IN AUTOMATION AND RIGS OF THE FUTURE

## EXPERIENCED LEADERSHIP TEAM

BEST-IN-CLASS WORKFORCE  
QUALITY-FOCUSED CULTURE

## STRONG FINANCIAL POSITION

QUALITY RECURRING REVENUE – 87% FROM PRODUCTION-BASED ACTIVITIES  
PROVEN TRACK RECORD OF GROWTH  
LOW DEBT WITH ABILITY TO DRIVE GROWTH STRATEGY

\* At 1H FY22

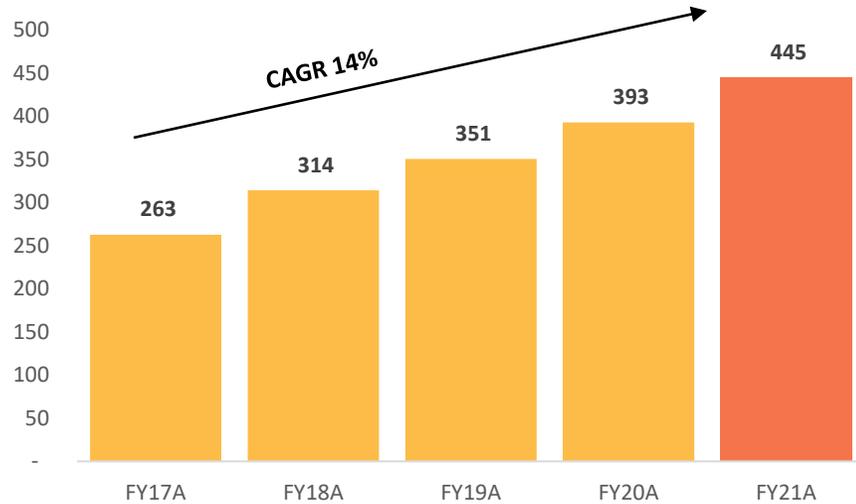
# Financial Overview



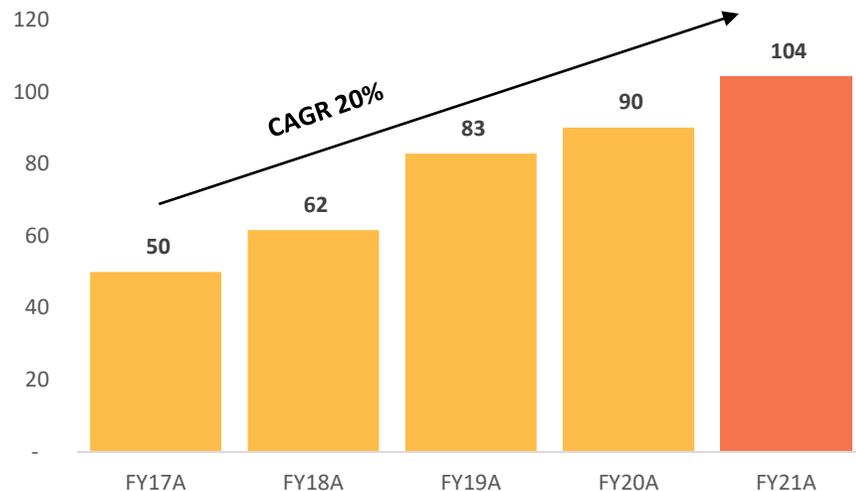
# LEADING FINANCIAL PERFORMANCE



## PROFORMA<sup>1</sup> REVENUE



## PROFORMA<sup>1</sup> EBITDA

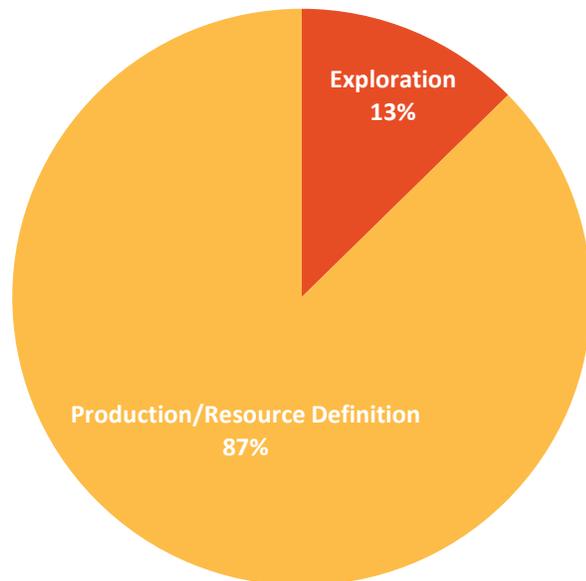


- Track record of growing revenue and EBITDA organically
- Ability to grow and maintain margins
- Market leading proforma<sup>1</sup> ROIC of 31% for the LTM ended 31 December 2021
- Strong balance sheet with a forecast net debt of approx. 0.1x EBITDA at 30 June 2022
- Strong cash generation (circa 90% of operating EBITDA)
- Dividend Policy of 30% – 50% of Operating NPATA. \$17.6m in dividends paid since listing in March 2021

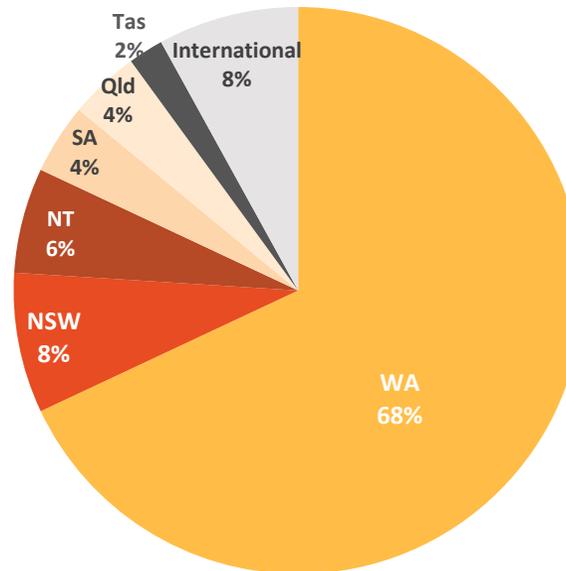
1. Proforma data assume DDH1 Drilling, Strike Drilling, Ranger Drilling and Swick Mining Services were a combined group for all the financial periods

# DIVERSIFIED REVENUE

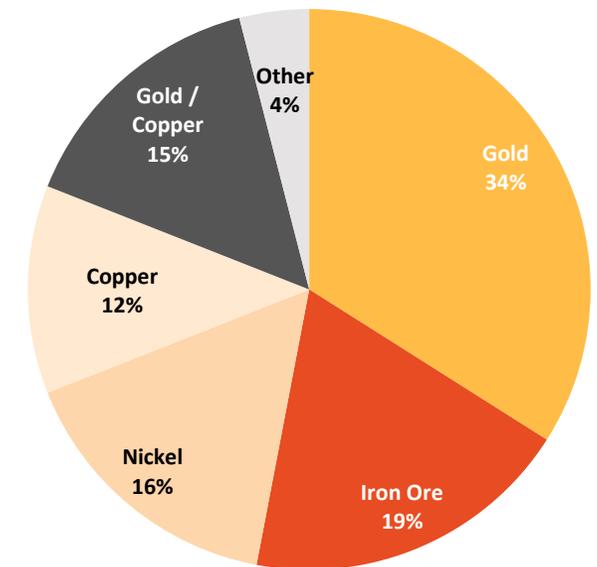
**STRONG MINE PRODUCTION AND DEVELOPMENT EXPOSURE, WHICH IS LESS CYCLICAL**



**BROAD GEOGRAPHICAL EXPOSURE**



**EXPOSURE TO A RANGE OF HARD ROCK COMMODITIES  
NO EXPOSURE TO COAL**



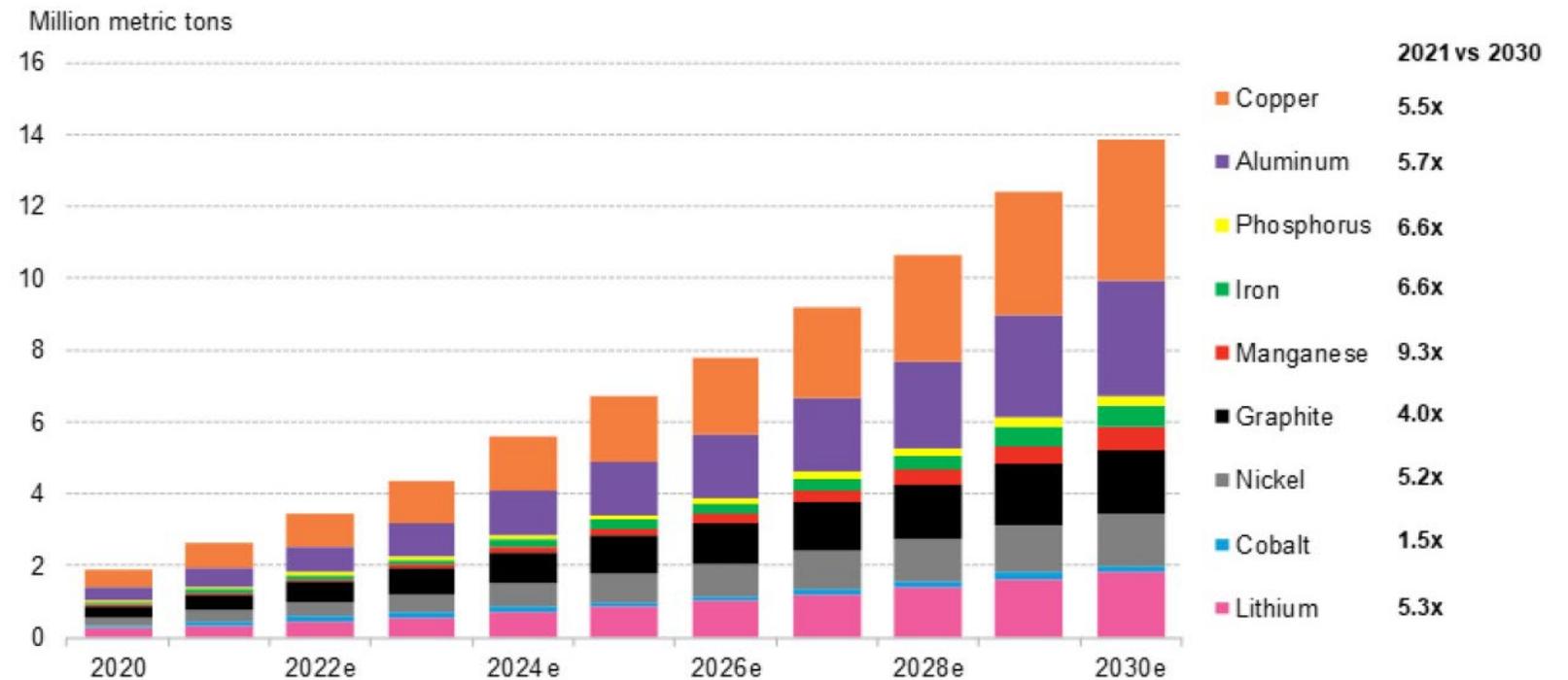
# Industry & Market Update



# STRONG MACRO ENVIRONMENT

- Strong commodity prices particularly gold, iron ore, copper, nickel and lithium
- Supportive capital markets with near record funds raised in CY21 by exploration and resource companies
- A sustained production cycle needs strong exploration spend to ensure mining reserves are not diminished
- Sustained growth in exploration and production drilling to be driven by the energy transition, which requires commodities that DDH1 drill for and are found in abundance in Australia

## METALS DEMAND FROM LITHIUM-ION BATTERIES

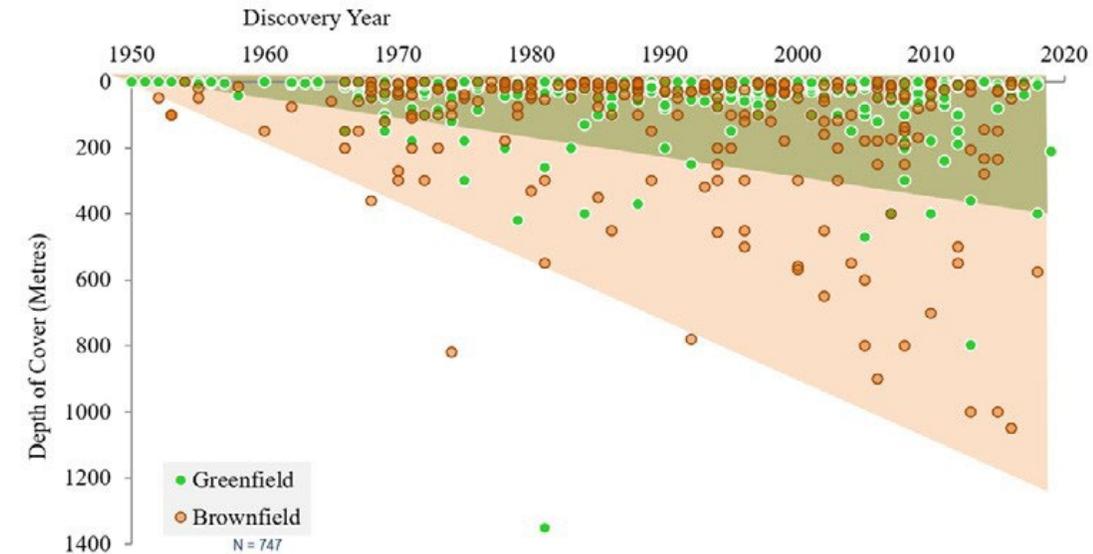


Source: BloombergNEF. Note: Metals demand occurs at mine, one-year before battery demand. All metals expressed in metric tons of contained metal, except lithium, which is in lithium carbonate equivalent

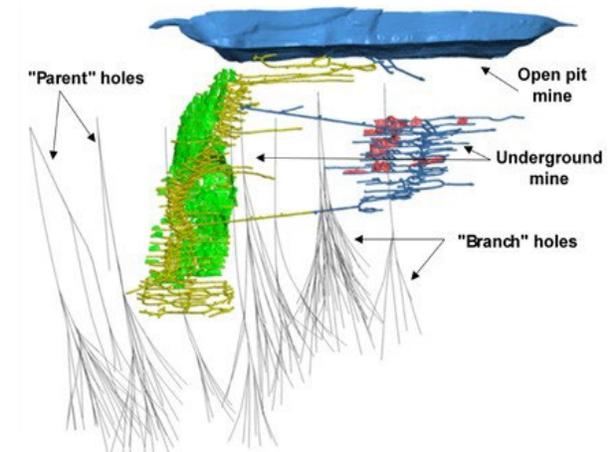
Canadian Mining Journal, June 2021

# INCREASED DEMAND FOR SPECIALISED DRILLING TECHNIQUES

- Mining industry transitioning from shallower to deeper deposits:
  - More complex geology requiring more detailed information for mine planning
  - Increased drilling requirements to locate mineral deposits
- Development of mining technologies improving capability to mine at greater depths
- DDH1 drill fleet capability and technical expertise can deliver deeper, more complex drill programs
- Directional drilling capability contributes to:
  - Increased accuracy of geological information for development and planning
  - Time and financial savings attributed to drilling multiple branch holes from one main hole



Source: MinEx Consulting.

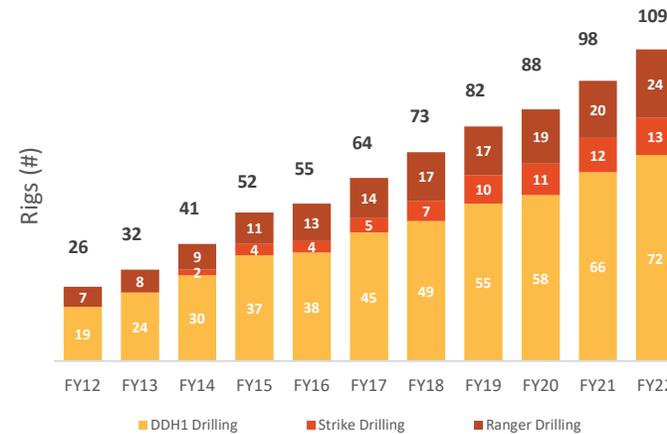


# WELL POSITIONED TO INCREASE RIG UTILISATION

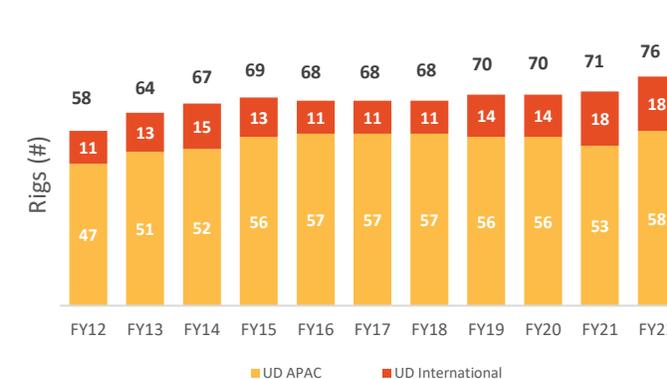


- DDH1 and Swick combined fleet of 179 rigs\* is the largest in the Australian market and fifth largest in the world
- Target of 185 rigs by 30 June 2022, however with current supply delays 4 rigs may be commissioned in July
- Australian drilling industry total rig fleet declined since peak in 2012
- High market utilisation reflects increased demand for drilling services
- Organic fleet growth positions DDH1 to leverage industry fleet shortfall, meet increased demand and maintain high rig utilisation
- Combined fleet has grown at a CAGR of 8% for the last 10 years

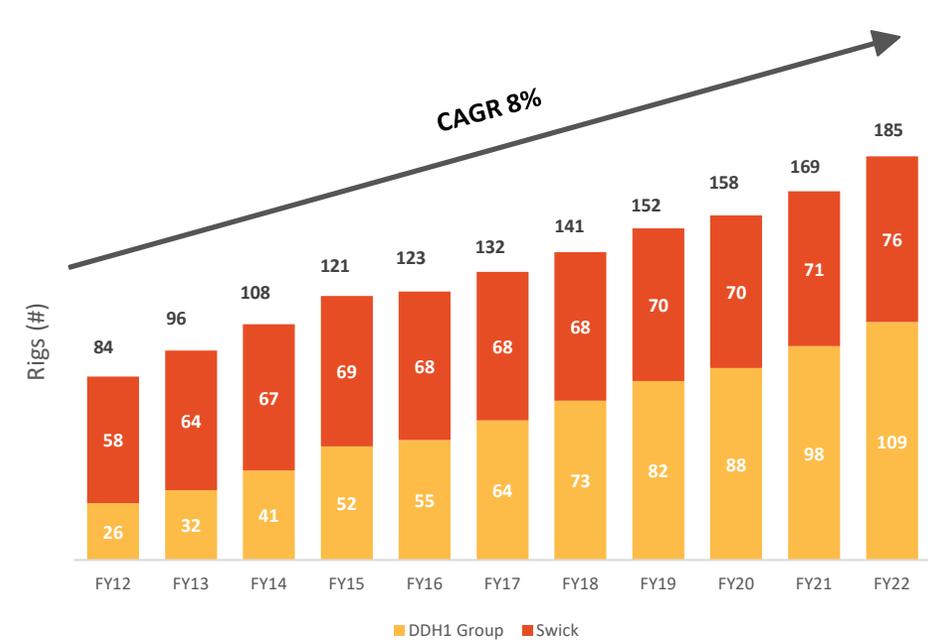
DDH1 GROUP



SWICK

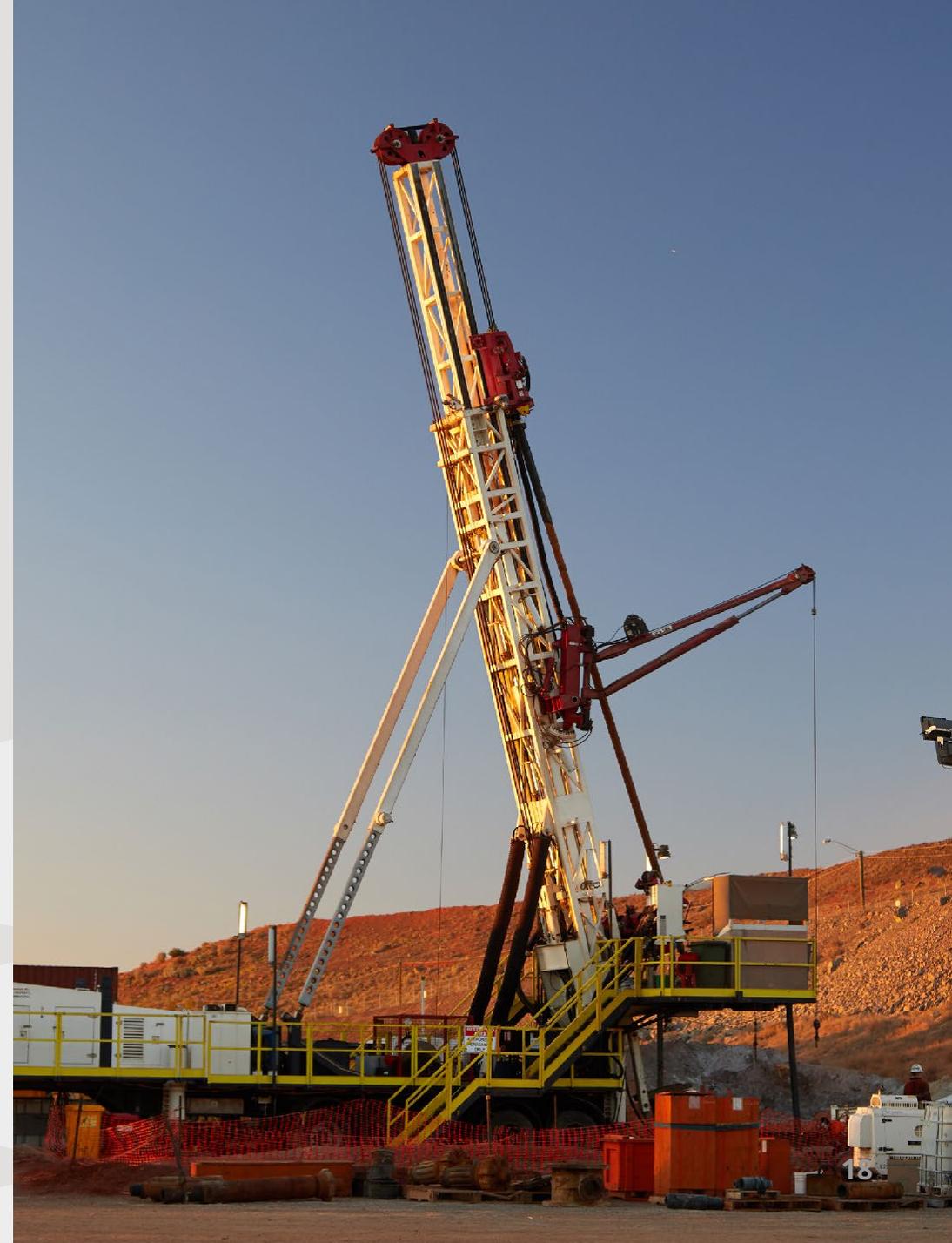


DDH1 GROUP + SWICK



\* At 31 March 2022

# Growth & Outlook



# STRATEGIC GROWTH FOCUS



**EXPAND LONG-TERM  
EXCLUSIVE  
FULL-SERVICE DRILLING  
RELATIONSHIPS**

**ACQUIRE HIGH QUALITY  
AND COMPLEMENTARY  
DRILLING BUSINESSES  
THAT BRING  
ADDITIONAL DIVERSITY**

**LEVERAGE SWICK'S  
INTERNATIONAL  
PRESENCE AS A SOLID  
FOUNDATION FOR  
INTERNATIONAL  
EXPANSION**

**PURSUE ORGANIC  
GROWTH VIA FLEET  
EXPANSION, RATE  
INCREASES AND HIGHER  
UTILISATION**

**TAKE ADVANTAGE OF  
INCREASING DEMAND  
SUPPORTED BY THE  
CLEAN ENERGY  
TRANSITION**

# ON TRACK - 3Q FY22 UPDATE



PROFORMA <sup>1</sup>						
\$M (unless indicated)	FY22		FY21		VARIANCE	
	Q3	YTD	Q3	YTD	Q3	YTD
Revenue	117	364	107	317	9.4%	14.9%
Number of Shifts	21,849	66,657	20,725	60,083	5.4%	10.9%
Revenue/shift (\$'000)	5.35	5.46	5.16	5.28	3.8%	3.6%
Operating EBITDA	23.2	79.6	22.1	69.5	5.1%	14.6%
Operating EBITDA (%)	19.8%	21.9%	20.6%	21.9%	-0.8%	0.0%
Average fleet size	179	173	167	165	6.9%	5.1%
Annualised revenue per rig	2.62	2.80	2.56	2.56	2.3%	9.3%
Utilisation (%)	74%	76%	76%	73%	-1.2%	3.4%

- Revenue growth for Q3 and YTD compared to prior year, being driven by increases in revenue per shift and fleet size, underpinned by robust demand for drilling services from mining producers and explorers
- Revenue growth was in spite of the delay in the WA border opening until early March, excessive wet weather and staff contracting COVID, which resulted in significant number of drilling shifts which could not be operated during the quarter, due to staff unavailability
- Whilst the Company is experiencing inflationary pressure on its cost base, particularly labour, it has been steadily working with its customers to increase our drilling charge out rates. Pleasingly during FY22 Q3 the Company's revenue per shift increased 3.8%

<sup>1</sup>The results are provided on a Pro-Forma and un-audited management accounts basis, which means the Company has included the trading results for Swick Mining Services drilling division for all the current reporting periods as well as comparative periods.

# WELL POSITIONED TO DELIVER SUSTAINABLE RETURNS

- Strong core business with a consistent track record of leading service delivery
- Skilled workforce and class modern fleet
- Quality recurring revenue and a strong balance sheet
- Pursuing further organic and acquisitive growth
- Dividend Policy of 30% – 50% of Operating NPATA
- Strong industry fundamentals
- YTD FY22 revenue up 14.9% on PCP and a positive outlook for FY22
- Well-positioned to deliver long-term returns to shareholders



# THANK YOU

An aerial photograph of a mining site at sunset. The sun is low on the horizon, creating a bright glow and long shadows across the landscape. In the foreground, there is a large piece of yellow drilling equipment, a white truck, and a yellow trailer. To the left, there are several large piles of material and a small structure. The background shows a vast, flat landscape with some distant structures and a few workers visible on the ground.

## INVESTOR CONTACTS

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