

# DYNAMIC GROUP HOLDINGS FY22 RESULTS

AUGUST 2022



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# A LEADING MINING SERVICES COMPANY

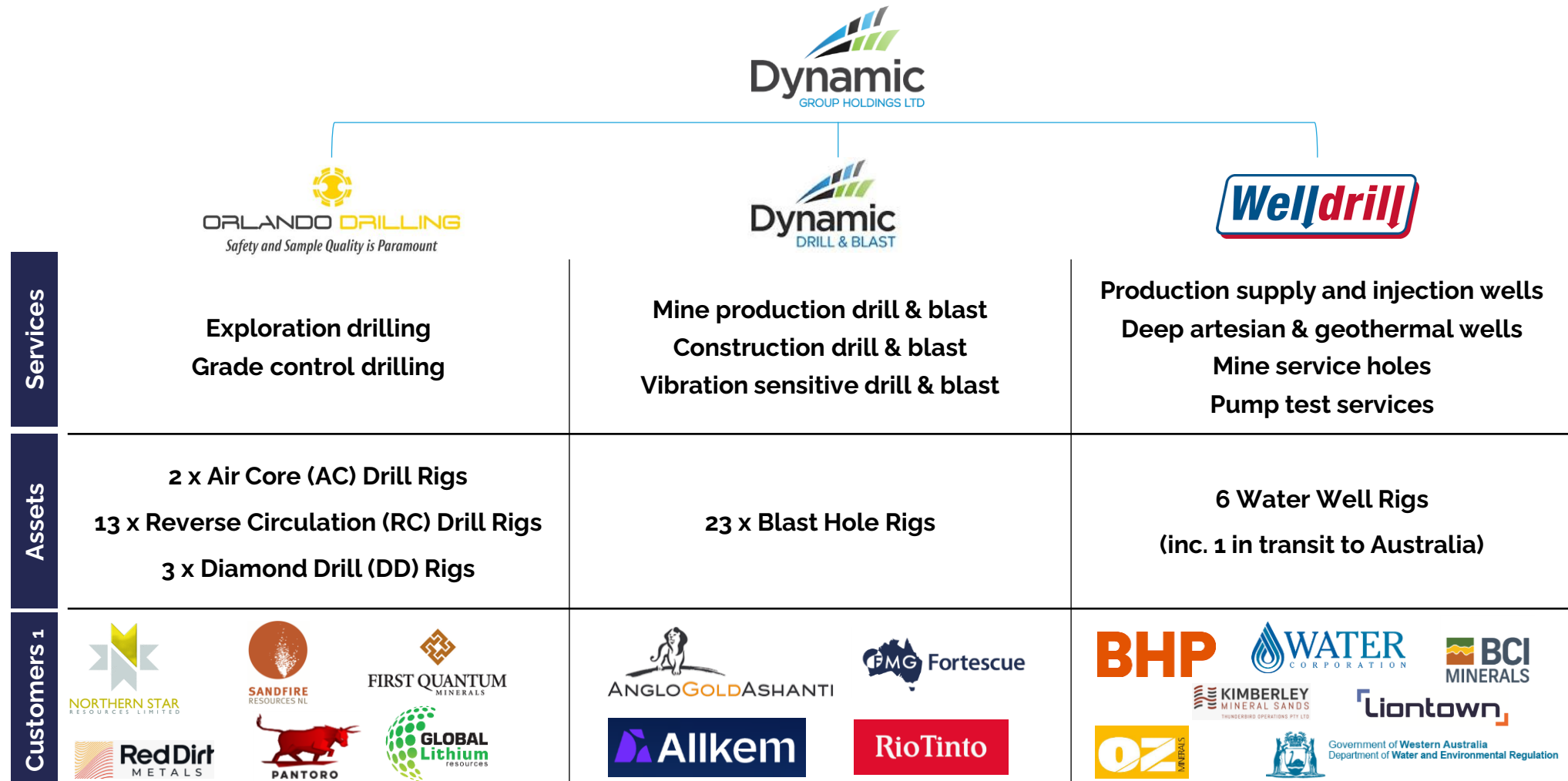
- Western Australian based and focused drill and blast, exploration and water drilling Company
- Delivered impressive year-on-year operational and earnings growth since listing in 2020
- Impressive operational performance over FY 22 resulted in record numbers<sup>1</sup>:
  - FY22 Total Revenue of A\$74.1m **(218% growth from FY21)**
  - FY22 EBITDA of A\$17.1m **(240% growth from FY21)**
  - FY22 NPAT (normalised) of A\$9.2m<sup>2</sup> **(381% growth from FY21<sup>3</sup>)**
  - FY22 Statutory NPAT of A\$2.0m **(25% growth from FY21)**
- Strong balance sheet with A\$9.5m in cash and trade & other receivables of A\$11.7m
- Proactively diversified service offering to enhance ability to provide multiple services to a single client
- 47 drill rigs in fleet, with 300+ personnel servicing 17 active projects
- Well-positioned for significant growth and to provide quality services to a rapidly growing market with a sustained demand outlook
- Management continues to assess strategic corporate opportunities which focus on further expanding current service offering and scale

*Notes:*

- 1. FY22 financials exclude Welldrill contribution – Welldrill acquisition completed post end of FY22*
- 2. FY22 NPAT (normalised) representing the normalised business NPAT excluding one-off transaction costs and non-cash amortisation costs in relation to the acquisition of Orlando Drilling Pty Ltd ('Orlando'). Statutory NPAT of \$2.0m for FY22*
- 3. FY21 NPAT (normalised) representing the normalised business NPAT excluding one-off transaction costs with respect to listing on the ASX*



# AN INTEGRATED, HIGH-QUALITY SERVICE OFFERING






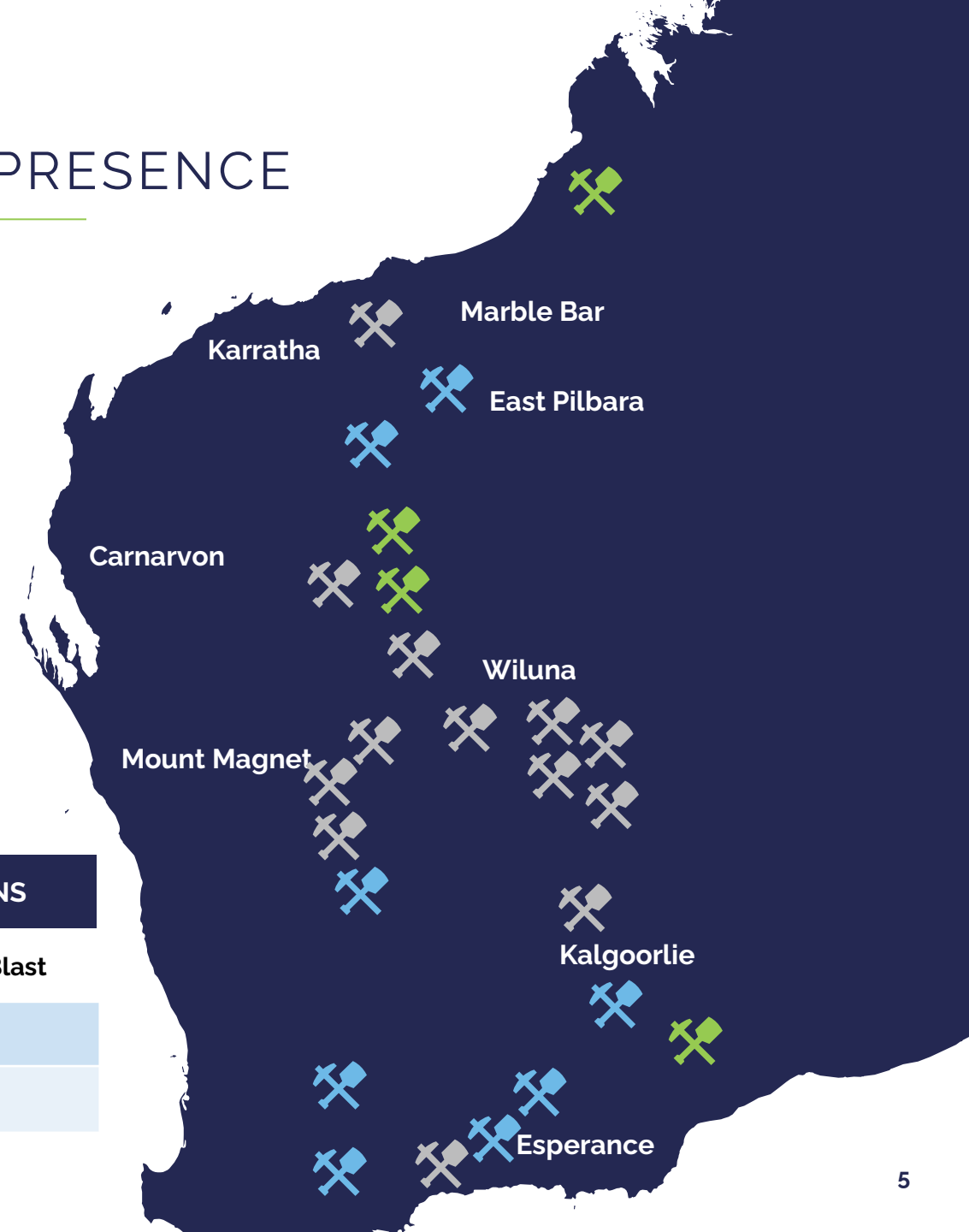
Notes

1. FY 22 Customers

# A STRONG AND GROWING MINING PRESENCE

- Diversified exposure across key mining areas in Western Australia<sup>1</sup>
- Each division of Dynamic Group Holdings is servicing a growing and tier-one client base, with demand exceeding supply
- Acquisition of Welldrill has placed DDB in a strong position to provide an integrated service to current and future clients, with exposure from drill and blast through to mining operations
- Excellent platform to further expand presence

| PROJECT LOCATIONS  |                       |
|--|-----------------------|
|  | Dynamic Drill & Blast |
|  | Orlando Drilling      |
|  | Welldrill             |



Notes

1. Recent projects over FY22

# CORPORATE OVERVIEW

## Corporate Overview

|                                       |                          |
|---------------------------------------|--------------------------|
| ASX Stock Symbol                      | DDB                      |
| Shares Issued                         | 117,886,288 <sup>1</sup> |
| Share Price<br>(at 30/08/2022)        | A\$0.31                  |
| Market Capitalisation                 | A\$36.54m                |
| Net Debt<br>(as at 30/06/2022)        | A\$9.0m                  |
| Cash<br>(as at 30/06/2022)            | A\$9.5m                  |
| Enterprise Value<br>(at 30/06/2022)   | A\$45.54m                |
| Net Asset Value<br>(as at 30/06/2022) | A\$36.6m                 |

## Proven and Credentialed Team, with Skin in the Game

|                        |                  |
|------------------------|------------------|
| Non-Executive Chair    | Garret Dixon     |
| Managing Director      | Mark Davis       |
| Executive Director     | Matt Freedman    |
| Executive Director     | David Kinnersley |
| Executive Director     | Joel Skipworth   |
| Non-Executive Director | George Garnett   |

## Top Shareholders

|  |              |
|--|--------------|
| Temorex Pty Ltd & Goldfire Enterprises Pty Ltd (Rob Martin)          | 13.7%        |
| Valentino Holdings Pty Ltd & Ganan Capital Pty Ltd (Laurie Freedman) | 13.2%        |
| The Tiger Drill Trust (Joel Skipworth)                               | 9.8%         |
| The Milligan Trust (David Kinnersley)                                | 9.8%         |
| JEZAC Pty Ltd (Mark Davis)   | 7.3%         |
| Rangehill Holdings Pty Ltd (Matt Freedman)                           | 7.3%         |
| <b>Total</b>   | <b>61.1%</b> |
| <b>Top 20 Shareholders</b>   | <b>79.9%</b> |

### Notes:

1. Includes restricted shares. Excludes existing 8,972,100 options and 3,277,900 performance rights on issue. Excludes up to 16,666,667 shares to potentially be issued to the vendors as part of the earn-out consideration subject to Orlando's FY22 performance

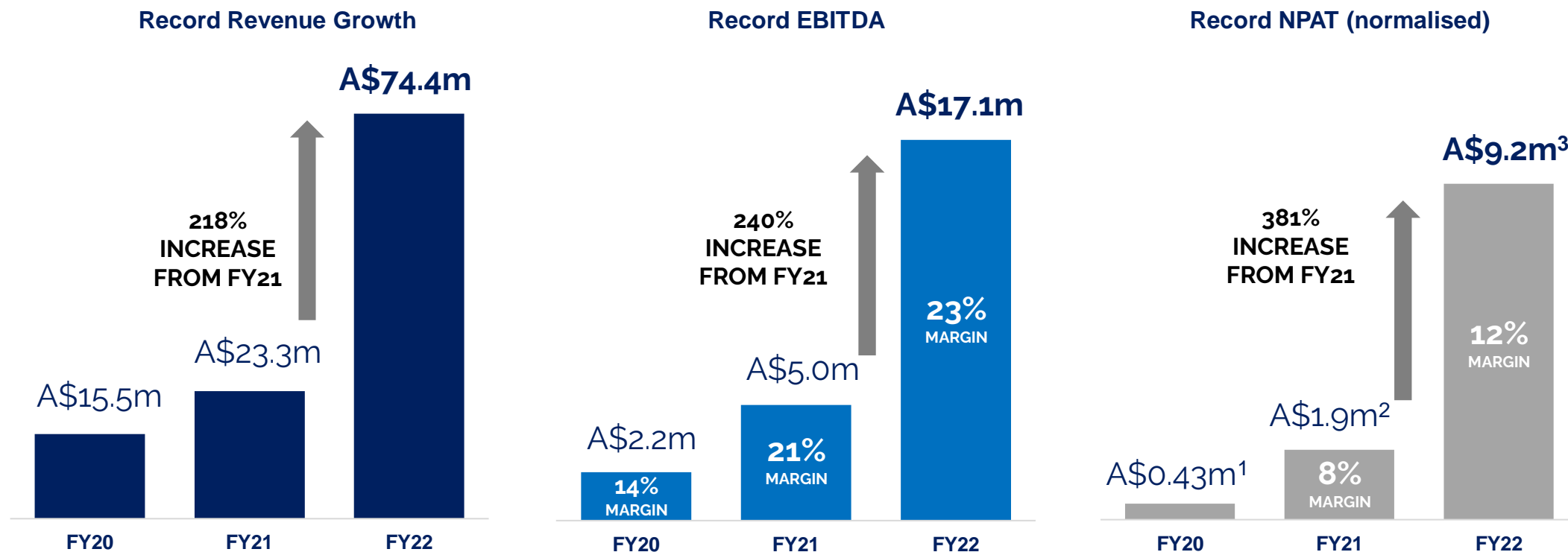


# FY22 RESULTS



# FY22 FINANCIAL RESULTS – Record Growth Delivered

- Across all key financial areas, Dynamic has continued to deliver increased growth and increased margins
- Targeting sustained EBITDA margins of ~25% and NPAT margins of ~10% over the long term



Notes:

1. FY20 NPAT margin 3%

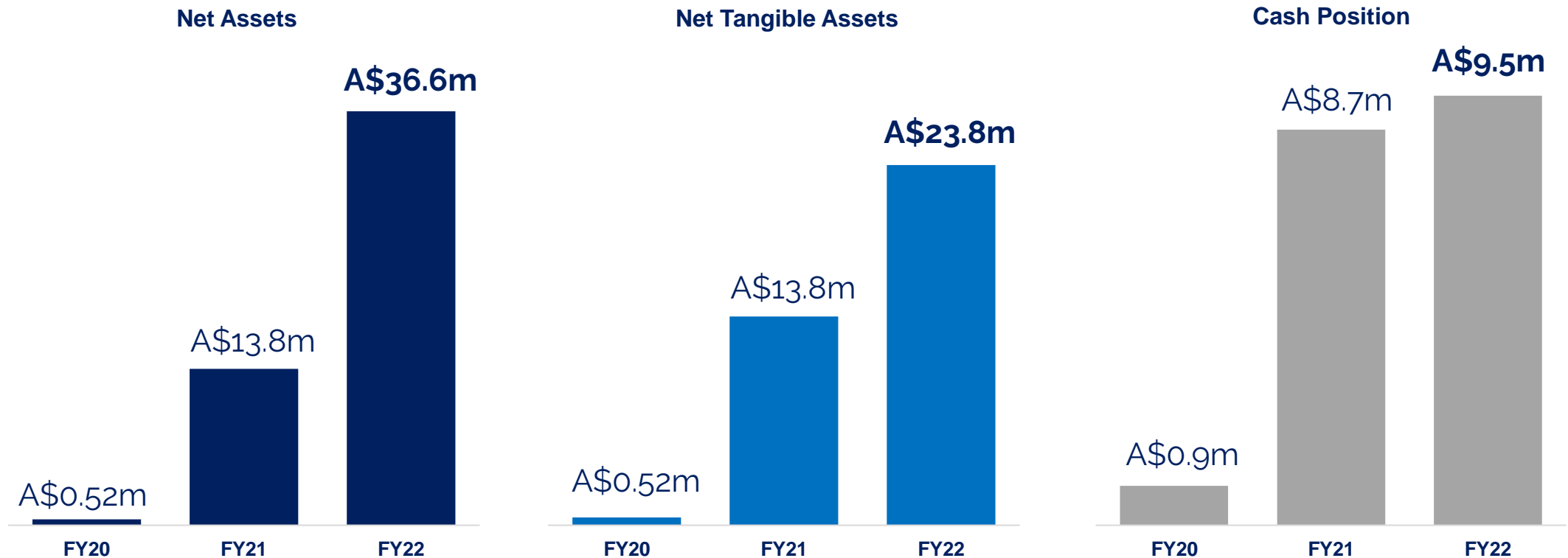
2. FY21 NPAT (normalised) representing the normalised business NPAT excluding one-off transaction costs with respect to listing on the ASX

3. FY22 NPAT (normalised) representing the normalised business NPAT excluding one-off transaction costs and non-cash amortisation costs in relation to the acquisition of Orlando. Statutory NPAT of A\$2.0m for FY22



# ROBUST AND ATTRACTIVE BALANCE SHEET

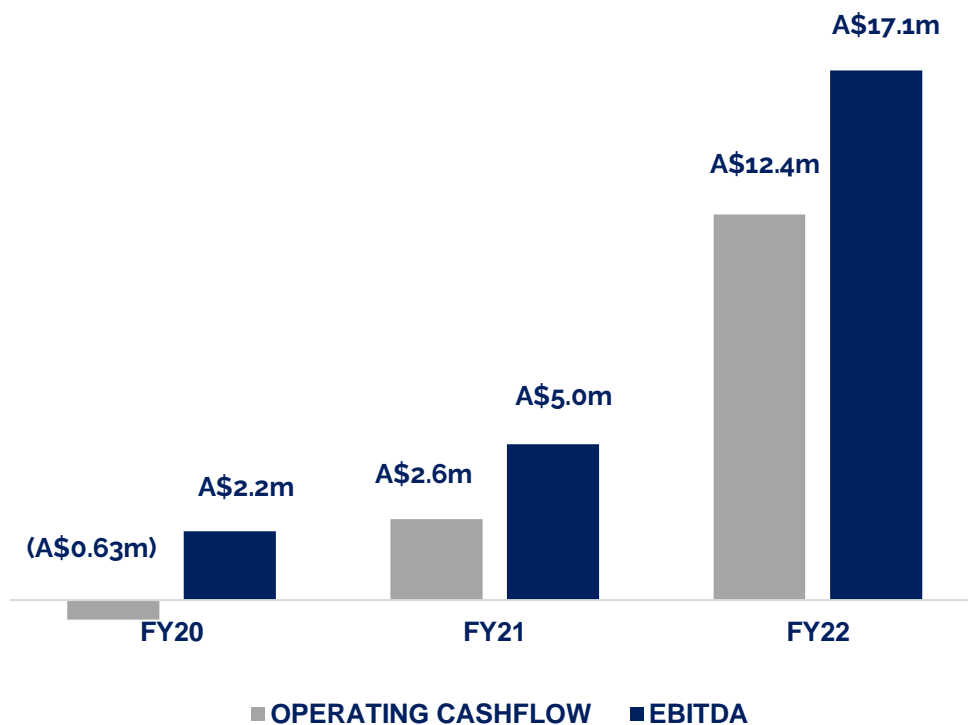
- Earnings growth provides strength to balance sheet
- Significant investment in capital expenditure throughout FY22 underpins future organic growth
- No major capital expenditure planned outside of the additional drill rig and support equipment for Welldrill (~A\$4m) for FY23



# STRONG CASH GENERATION FOCUS

- **\$12.4m net operating cash** generated in FY22 an increase of 375% from FY21
- Maturing cash conversion<sup>1</sup> ratio of 73% in FY22 an increase of 40% from FY21

## Operating Cashflow



## Operating Cash Flow Summary

|  | FY22<br>(A\$m) | FY21<br>(A\$m) | %<br>change |
|--|----------------|----------------|-------------|
| Receipts from customers                  | 78.0           | 24.6           | 217%        |
| Payments to suppliers & employees        | (65.5)         | (22.2)         | (194%)      |
| Receipts of grants & other income        | 1.0            | 0.83           | 28%         |
| Interest & other finance costs paid      | (0.7)          | (0.4)          | (100%)      |
| Income Taxes paid                        | (0.4)          | (0.2)          | (120%)      |
| <b>Operating Cash Flow</b>               | <b>12.4</b>    | <b>2.6</b>     | <b>375%</b> |
| EBITDA                                   | 17.1           | 5.0            | 240%        |
| <b>Cash Conversion Ratio<sup>1</sup></b> | <b>73%</b>     | <b>52%</b>     | <b>40%</b>  |

Notes:

1. Cash Conversion Ratio calculated as Net Operating Cash Flow divided by EBITDA.

# BUSINESS OVERVIEW





# DRILL & BLAST



## Key deliverables and accomplishments for FY22

- The team has delivered a high-standard of execution over the past 12 months, completing key milestones on multiple projects
- Multiple short-term projects were undertaken, with utilisation of equipment remaining strong
- Additional 4 drill rigs purchased to meet ongoing demand
- Ancillary equipment purchased to reduce rental leakage
- Deployment of new rigs to service high level of demand across multiple commodities
- Long term projects continue, servicing tier 1 customers in the gold and lithium sector
- Several projects have seen scope increases
- Commercial terms have been negotiated to accommodate labour cost pressures
- Sustained high level of tendering and enquiry





# EQUIPMENT PORTFOLIO – Dynamic Drill & Blast



Epiroc T45 Top Hammer Drill Rig



Night shift at a long term project



Epiroc D65 Down The Hole Hammer Drill Rig



Drill and blast crew with Mobile Processing Unit and support LV



Blast hole drills on the move



# EXPLORATION DRILLING



## Key deliverables and accomplishments for FY22

- Selected by Global Lithium Resources (ASX:GL1) to complete a 60,000m RC drill program at their Marble Bar Project
- Orlando entered into number of smaller contracts with ongoing exploration and grade control requirements across the Pilbara, Murchison and Gold Field regions
- Key focus areas across a diverse mix of commodities including gold, lithium, nickel and copper with a strong brownfield exposure
- Additional rig and equipment purchased to meet ongoing demand
- Deployment of new RC drill rig to meet long term customer requirements
- Extension to current long-term contract secured with a Tier 1 gold major
- Activity seeking additional brownfields opportunities, which will provide more defensive earnings for the business
- Customers open to discussions relating to commercial uplift to accommodate labour cost pressures
- High level of tendering activity and outlook remains strong





# EQUIPMENT PORTFOLIO – Orlando Drilling





# WATER DRILLING



## Welldrill overview and transaction highlights

- WA-based water well drilling business
- Tier-1 client base including BHP, the WA Government, the Department of Water and Environmental Regulation, Lontown and OZ Minerals
- **Acquisition has been finalised and expected to be more than 30% earnings per share accretive to Dynamic shareholders in FY23<sup>1</sup>**
  - Welldrill is anticipated to generate ~A\$26-28m revenue and ~A\$7-8m EBITDA in FY23<sup>2</sup>
- The business provides a defensive revenue stream, with increased exposure to government contracts and production mining
- Welldrill adds a complementary service offering, technology systems, customer base and management expertise
- Leading drilling executive and Welldrill General Manager, Tim Westcott, has joined the Dynamic executive management team
- Welldrill holds several international accreditations, including:
  - ISO55001 Asset Management
  - ISO45001 OH&S
  - ISO9001 Quality
  - ISO14001 Environment



1. Based on individual FY2023 budgets of Dynamic and Welldrill and includes contribution of Rig-6 Fleet in FY2023.  
2. Welldrill FY2023 forecasts include contribution from the Rig-6 Fleet.



## EQUIPMENT PORTFOLIO - WellDrill

Fraste FS500 and ancillary equipment



Fraste FS500 rig operating in Pilbara



Fraste FS500 rig in the Pilbara

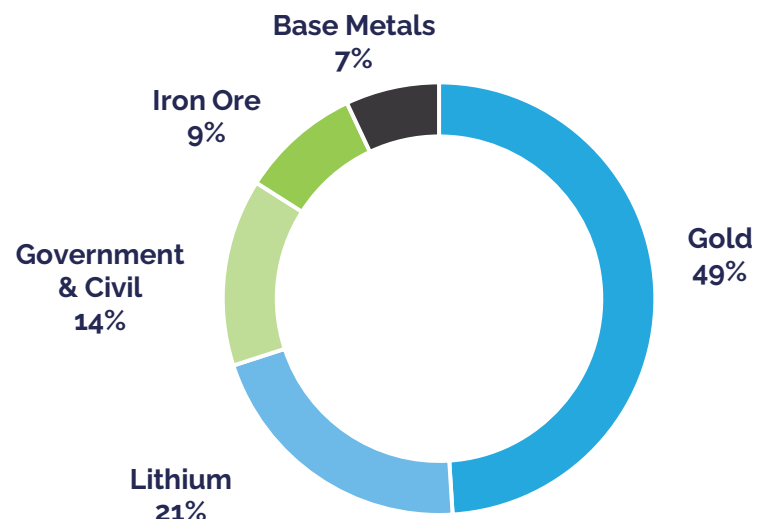




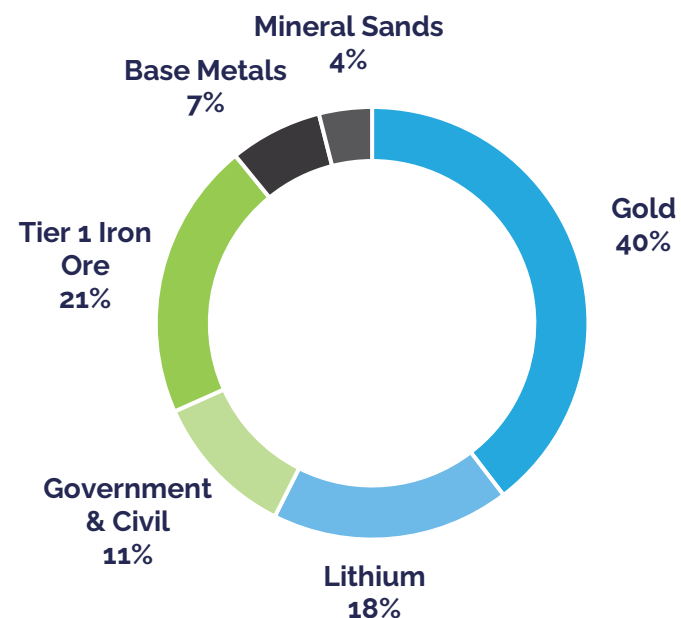
# IMPROVED REVENUE DIVERSIFICATION

Welldrill's improves Dynamic's commodity diversification

Revenue by Commodity FY22 (Pre Welldrill)



Revenue by Commodity (Post Acquisition of Welldrill)<sup>1</sup>



Notes:

1. based on July 2023 customer composition for Welldrill

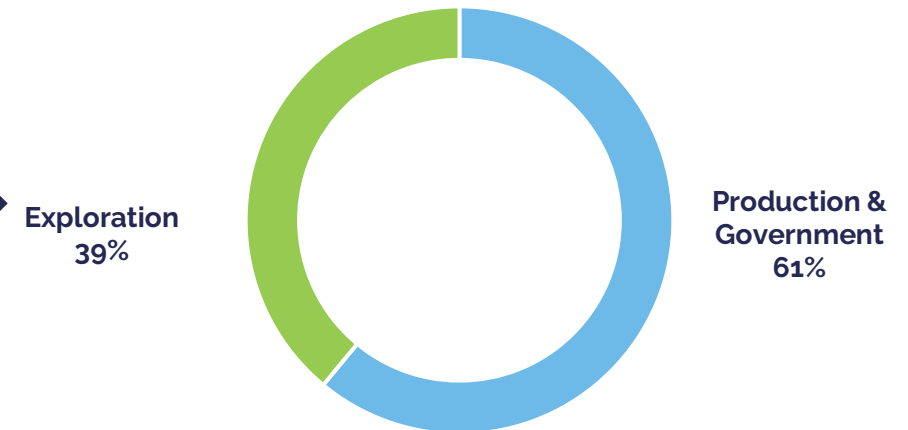
# INCREASINGLY DEFENSIVE REVENUE BASE

Welldrill's tier-1 client base brings increased production exposure

Stage of Production Exposure FY22 (Pre Welldrill)



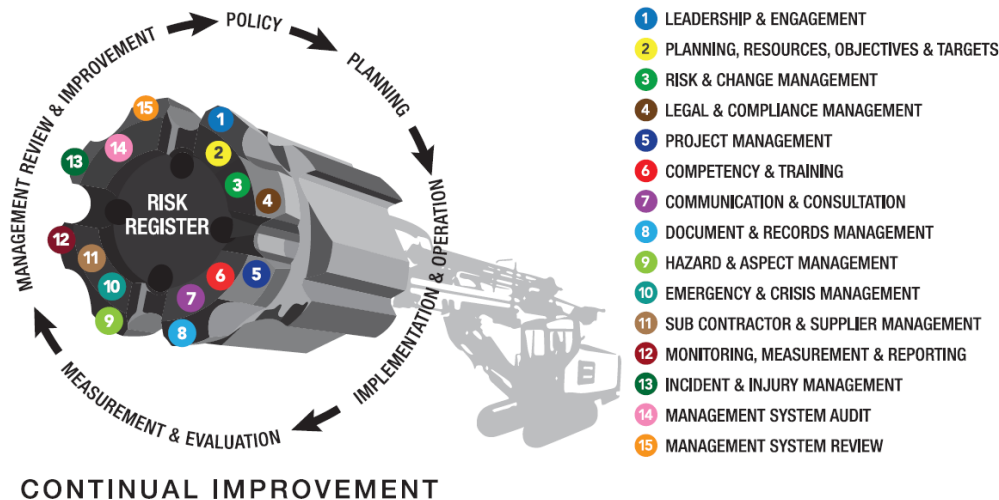
Stage of Production Exposure (Post Acquisition of Welldrill)<sup>1</sup>



Notes:  
1. based on July 2023 customer composition for Welldrill

# HIGH-LEVEL SAFETY FOCUS

- Strong leadership in safety is critical to our business success and underpins our Charter
- Ongoing focus on continual improvement of our Health, Safety, Environment and Quality (HSEQ) Management Systems and Framework
  - The HSEQ Management System underpins every task performed in the workplace
- The rollout of isystain Incident and event reporting database across the Group commenced in December 2021 to ensure standardisation and visibility of HSEQ reporting and management





## TRAINING - Employee Up-Skill Program

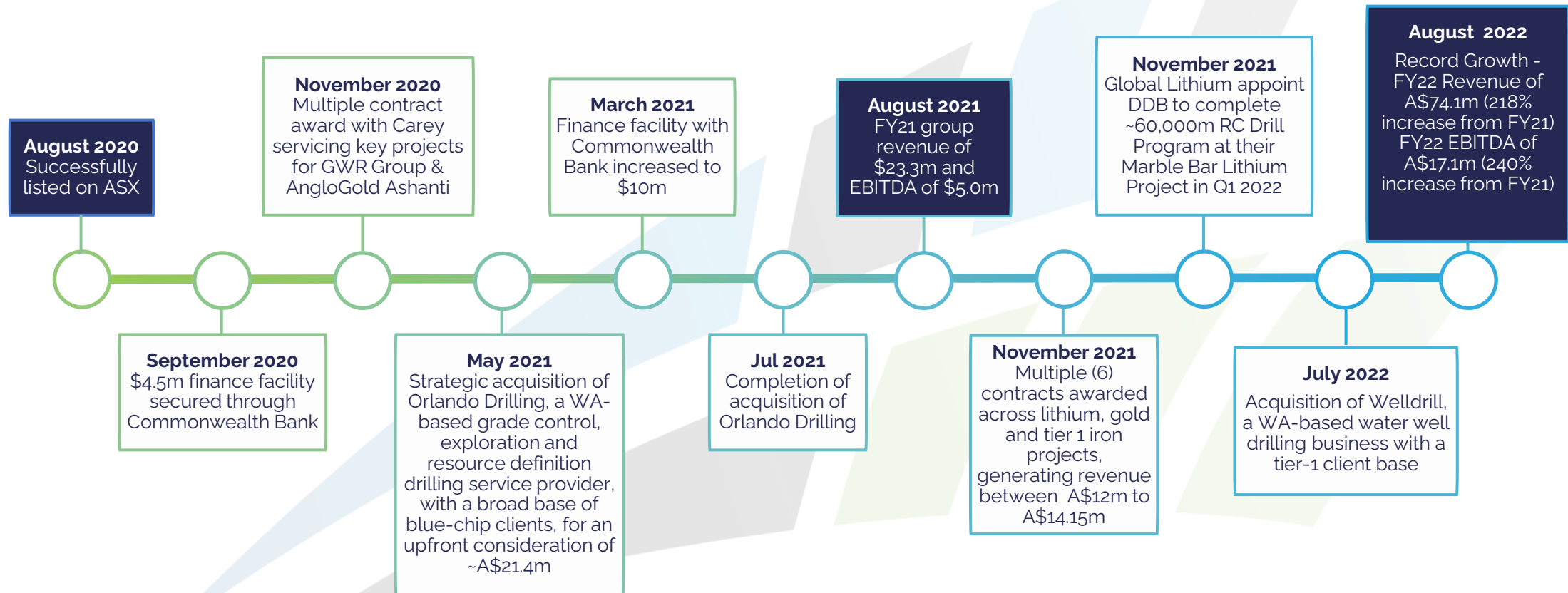
- Dynamic aims to provide quality learning experiences and outcomes, which enhance personal development and growth of employees
- Acquisition of a drill rig simulator which provides an opportunity for staff to upskill and complete the following training programs and accreditation:
  - Certificate II Drilling
  - Certificate III Drilling
  - Certificate IV Drilling
  - Certificate V Drilling (Diploma)
  - Certificate VI Drilling (Advanced Diploma)
  - Certificate III Training and Assessing
  - Certificate IV Training and Assessing
- The Up-Skill Training Program aligns and integrates the organisation, inspires confidence and differentiates Dynamic Group from potential competitors.
- Investing in people is one of the Company's core values and will help Dynamic Group deliver excellent outcomes to our clients, translate vision into action and most importantly grow the Company in the right way



# LOOKING AHEAD



# CONTINUED OPERATIONAL & FINANCIAL GROWTH





# INTEGRATED, GROWING & WELL POSITIONED

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- Delivered strong and recurring operational and financial growth since listing in 2020, culminating in record revenue of A\$74.4m and EBITDA of A\$16.1m in FY22
- Acquisition of both Orlando Drilling (2021) and Welldrill (2022) has established a unique and integrated offering
- Strong and growing fleet, with 47 drill rigs across the group and 300+ personnel servicing 17 active projects
- Servicing and attracting blue-chip companies, with a growing client base across a diversified commodity base
- Western Australian mining sector is experiencing a rapid growth phase with strong projected growth forecasts for commodities such as lithium, nickel and copper
- M&A growth opportunities continuing to be evaluated, including the assessment of value accretive acquisitions
- Strong financials underpinned by A\$9.5m in cash and trade & other receivables of A\$11.7m
- Through an attractive valuation and excellent scope for further growth, DDB is well-positioned to deliver significant and long-term shareholder value creation



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