

>>> 2023



# FY23 Results Presentation

## AUGUST 2023

Dynamic Group Holdings Ltd ACN 640 888 213

ASXDDDB





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# Dynamic Corporate Profile

## Capital Structure

<b>ASX Code</b>	DDB
<b>Shares on Issue<sup>1</sup></b>	138,238,111
<b>Share Price<sup>2</sup></b>	A\$0.265
<b>Market Capitalisation<sup>2</sup></b>	A\$36.6m
<b>Net Debt<sup>3</sup></b>	A\$18.9m
<b>Cash<sup>3</sup></b>	A\$12.1m
<b>Enterprise Value<sup>2</sup></b>	A\$55.6m
<b>Net Asset Value<sup>3</sup></b>	A\$47.4m

## Substantial Shareholders

Temorex Pty Ltd & Goldfire Enterprises Pty Ltd	<b>15.43%</b>
Valentino Holdings Pty Ltd & Ganan Capital Pty Ltd	<b>11.48%</b>
The Tiger Drill Trust	<b>11.76%</b>
The Milligan Trust	<b>11.76%</b>
JEZAC Pty Ltd	<b>6.96%</b>
Rangehill Holdings Pty Ltd	<b>6.96%</b>

<b>Total of top 5 shareholders</b>	<b>57.37%</b>
<b>Top 20 Shareholders</b>	<b>80.06%</b>
<b>Board and Management</b>	<b>31.72%</b>

## 12 Month Share Price



### Notes:

1. Excludes 3,878,000 unlisted Options exercisable at various prices & 4,590,432 Performance Rights
2. As at 28 August 2023
3. As at 30 June 2023



# Dynamic's Board & Management

**Leading executive team and Board with significant ownership in the business. Management and Board have successfully integrated D&B, Orlando and Welldrill and have clearly defined responsibilities**

## Executive Management Team

**Geoff Newman**  
Chief Executive Officer

Geoff holds a Bachelor of Engineering and has operated at an executive level within the contracting and mining services sector for over 22 years, most recently with an ASX listed mining services provider. Prior to this role Geoff was CEO for multiple drilling companies which provided similar services to Dynamic.

**Gregg Barnard**  
Chief Financial Officer

Gregg is a member of the Institute of Chartered Accountants and holds a Bachelor of Commerce. Gregg has over 15 years of experience in taxation and business advisory as well as strategic financial management and business operations.

**James Bahen**  
Company Secretary

James is a director of SmallCap Corporate and chartered secretary. He is currently a non-executive director and company secretary to a number of ASX-listed companies and has a broad range of corporate governance and capital markets experience across the resource industry. James is a member of the Governance Institute of Australia.

## Board of Directors

**Garret Dixon**  
**Non-Executive Chair**  
(Independent)

Garret is an accomplished mining executive and company director with extensive experience. His work in both private and ASX listed companies spans more than three decades. Other Non-executive board roles include ASX: MLG, ASX: CHN and ASX: BCI.

**George Garnett**  
**Non-Executive Director**  
(Independent)

George is an experienced equity capital markets executive, having advised on the formation and execution of numerous transactions in emerging companies. George is currently a Director of Investment Banking at Canaccord Genuity Australia.

**Mark Davis**  
**Executive Director**  
BD & Technical Services

Mark has over 25 years' experience in the sector and has worked with Action Drill & Blast, Ausdrill and was part of the founding management team at Rock on Ground as Operations Manager. Mark was also Managing Director of MTD Drill & Blast Consulting providing specialised blasting expertise to Tier 1 operators.

**Matt Freedman**  
**Executive Director**  
Corporate Development


















Matt brings over 14 years of experience in the mining and mining services sector, his earlier roles include working for Rio Tinto, Worley Parsons and Emeco in the areas of project & contract management, procurement and business development.

**Joel Skipworth**  
**Executive Director**  
Asset Management

Joel has 23 years of maintenance and asset management experience and is a co-founder of Orlando Drilling. He is responsible for securing strong customer and supplier relationships and managing and maintaining assets and fleet procurement.

# Dynamic's Organisational Structure

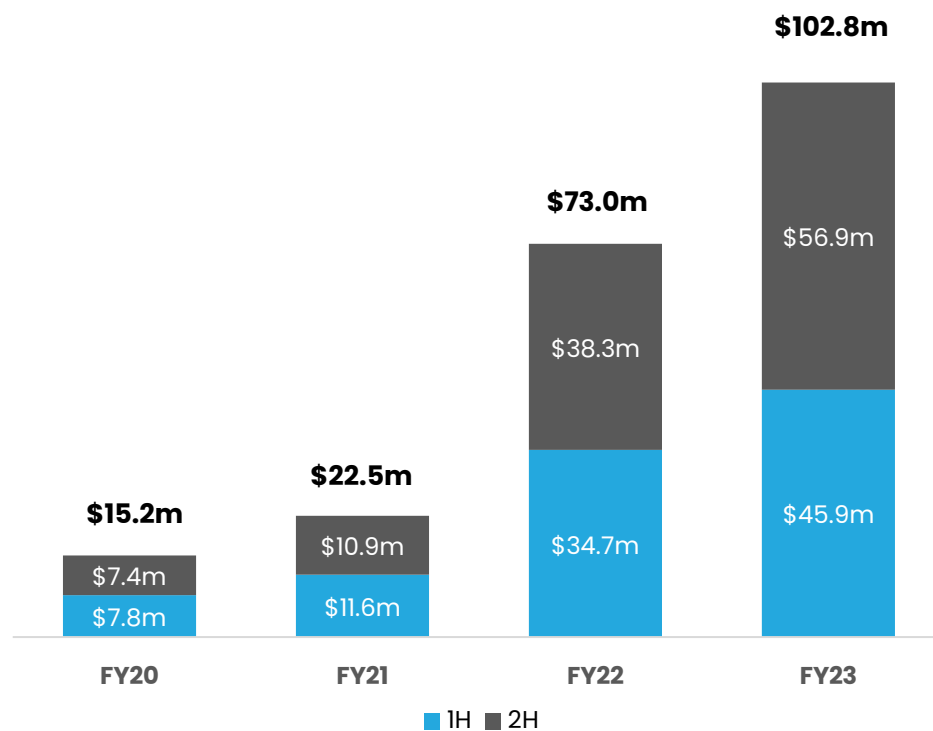
Since listing in August 2020, Dynamic has proactively diversified its service offering to enhance its ability to provide multiple services to a single client

	 <p><b>ORLANDO DRILLING</b> <i>Safety and Sample Quality is Paramount</i></p>	 <p><b>Dynamic</b> DRILL &amp; BLAST</p>	 <p><b>Well Drill</b></p>
<b>SERVICES</b>	<p>Exploration drilling Grade control drilling</p>	<p>Mine production drill &amp; blast Construction drill &amp; blast Vibration sensitive drill &amp; blast</p>	<p>Production supply and injection wells Deep artesian &amp; geothermal wells Mine service holes Pump test services</p>
<b>ASSETS</b>	<p>2 x Air Core (AC) Drill Rigs 12 x Reverse Circulation (RC) Drill Rigs 1 x Diamond Drill (DD) Rigs</p>	<p>23 x Blast Hole Rigs</p>	<p>8 Water Well Rigs</p>
<b>CUSTOMERS</b>	    	   	    

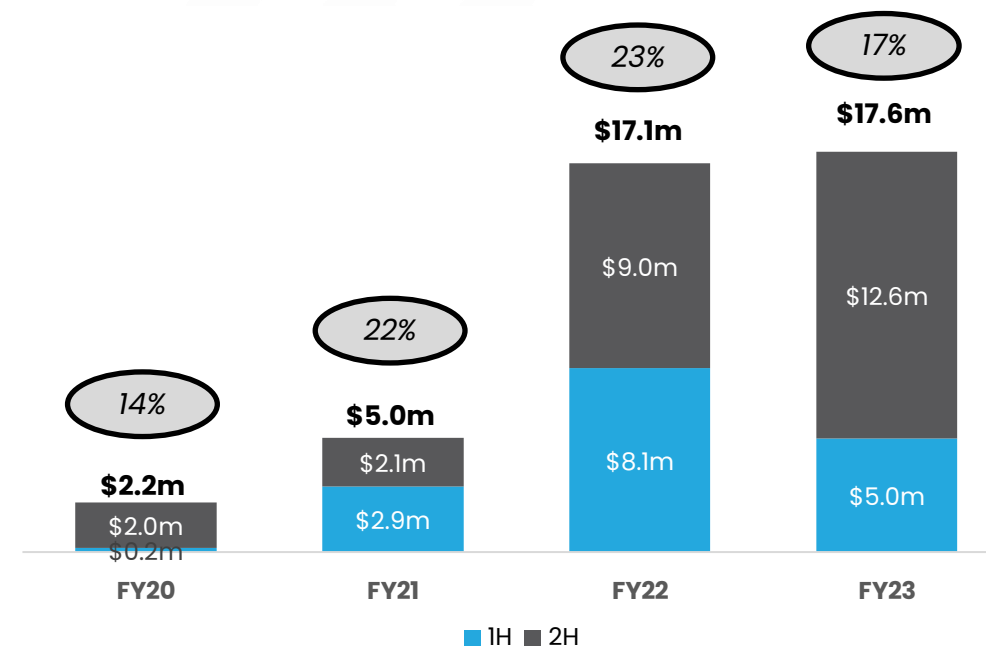
# FY23 Financial Performance

Dynamic has matured from a \$15m revenue business in 2020 to a diversified drilling business with + \$100m annual revenue. Improved operational performance delivering \$12.6m EBITDA in 2H FY23

### Revenue (\$m)



### EBITDA (\$m)





# Divisional Performance

## Different business divisions provide increased diversification, flexibility, and resilience

Division	Commentary
	<ul style="list-style-type: none"> <li>• Steady improvement on FY22 performance – increase in revenue and EBITDA margin maintained</li> <li>• Significant labour market challenges</li> <li>• Focus on customer diversification and tenure of contracts</li> <li>• Demonstrated asset sharing opportunities with Orlando Drilling</li> </ul>
	<ul style="list-style-type: none"> <li>• Steady financial performance with Welldrill delivering earnings in line with expectations</li> <li>• Water business is a strategic focus with significant potential growth opportunities</li> <li>• High existing rig utilisation and opportunity to further double shift additional rigs</li> <li>• Delay in delivery of new rig package</li> <li>• Further opportunities to repurpose idle exploration rigs and deploy within Welldrill</li> </ul>
	<ul style="list-style-type: none"> <li>• Reduction in exploration activity in FY23 vs. FY22<sup>1</sup></li> <li>• Business underperformed versus FY22 performance – decrease in both revenue and EBITDA margin</li> <li>• Weather events impacted 1H FY23</li> <li>• Heritage Act caused disruption in Q4 2023</li> <li>• Focus on redeployment of idle rigs and increased brownfields / production support RC drilling</li> </ul>

Notes:

1. Source: S&P Global Market Intelligence

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# Financial Performance

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# FY23 Financial Highlights

## Improved operational performance in 2H FY23 delivering \$12.6m of EBITDA in the period

- FY23 EBITDA margins were impacted by one-off transaction/integration costs, elevated contract mobilisation costs and poor performance in the exploration drilling business
- Improved operational performance in 2H FY23 delivering \$12.6m EBITDA in the period
- Successful integration of business units starting to deliver efficiencies and improve operational performance resulting in 2H FY23 margin improvement (22%)
- Shared services model provides the platform for growth opportunities and margin expansion
- Sustained level of inquiries, resulting in a healthy order book and longer-term tender opportunities
- Updated strategy focused on cash conversion, utilisation, and cash generation

	FY23 (\$m)	FY22 (\$m)	Change
<b>Trading Revenue</b>	\$102.8	\$73.0	41%
<b>EBITDA</b>	\$17.6	\$17.1	3%
<b>EBITDA Margin</b>	17%	23%	-6%
<b>Cash &amp; Cash Equivalents</b>	\$12.1	\$9.5	27%
<b>Net Debt</b>	\$18.9	\$9.1	109%
<b>Net Assets</b>	\$47.4	\$36.7	29%

# Robust Balance Sheet

## Balance sheet strength providing a platform for growth and capital management opportunities

	FY23 (\$m)	FY22 (\$m)	% change
Cash & Cash Equivalents	\$12.1	\$9.5	27%
Trade Receivables	\$19.4	\$11.7	66%
Prepayments & Other	\$4.0	\$3.6	14%
Inventory	\$7.4	\$6.6	12%
Property, Plant & Equipment	\$48.7	\$35.9	36%
Intangibles	\$14.3	\$12.8	12%
<b>Total Assets</b>	<b>\$105.9</b>	<b>\$80.1</b>	<b>32%</b>
Trade Payables	\$11.7	\$4.7	149%
Borrowings	\$31.1	\$18.6	68%
Lease Liabilities	\$1.5	\$0.9	82%
Other Current Liabilities	\$7.3	\$13.5	-46%
Deferred Tax	\$6.9	\$5.8	19%
<b>Total Liabilities</b>	<b>\$58.5</b>	<b>\$43.4</b>	<b>35%</b>
<b>Net Assets</b>	<b>\$47.4</b>	<b>\$36.7</b>	<b>29%</b>
<b>Net Debt / EBITDA (x)<sup>1</sup></b>	<b>1.1</b>	<b>0.5</b>	

- Strong balance sheet with \$47.4m net assets
- Consistently upgrading and improving the quality of its fleet
- Net debt of \$19m, representing 1.1x FY23 EBITDA
- Focused on reducing leverage in FY24
- Strong positive net working capital position
- Net tangible assets per share of \$0.25, representing an 18% increase from FY22

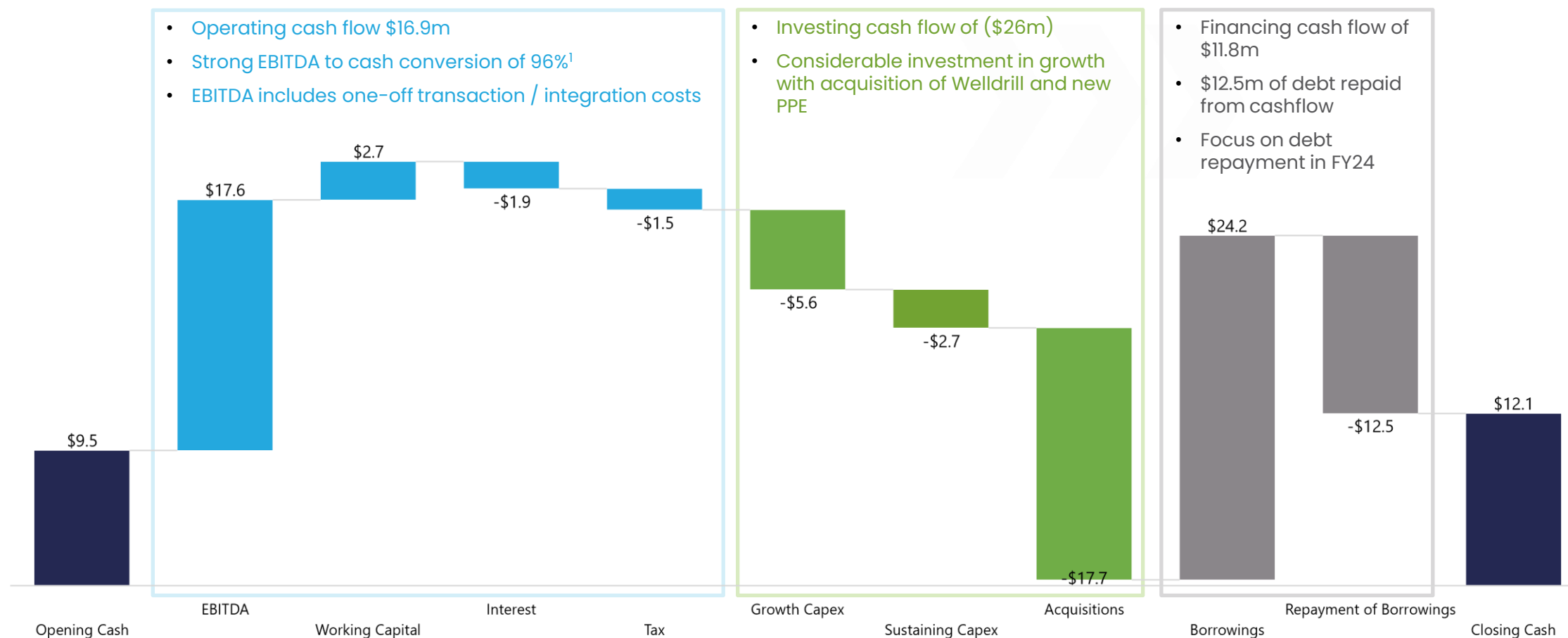
### Net Tangible Assets / Share





# Strong cash conversion

**Dynamic delivered \$16.9m operating cash flow and 96% cash conversion<sup>1</sup> in FY23**



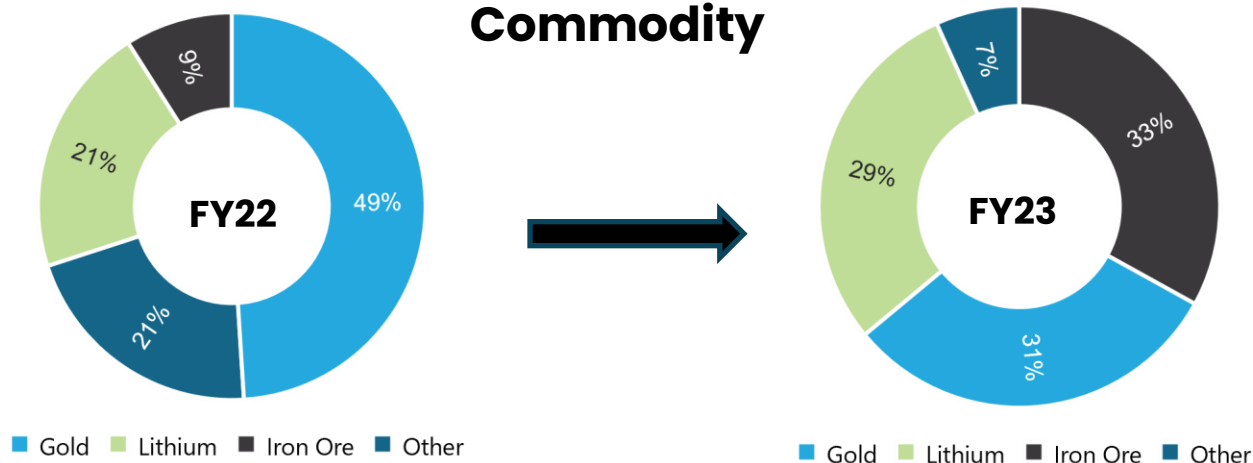
**Notes:**

1. Cash conversion ratio calculated as Operating cash flow / EBITDA
2. Graph values in \$m

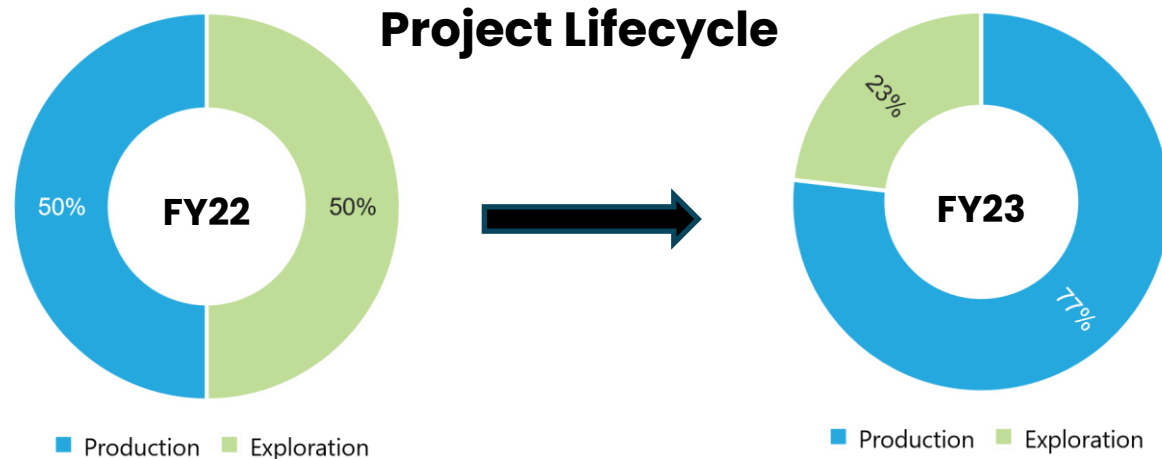
# A Strong and Diversified Mining Presence

Dynamic's different business segments provide increased diversification, flexibility and resilience

## Commodity



## Project Lifecycle





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# Historical Performance & Strategy Update

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# Successful Delivery on IPO Objectives

**Improved resilience through scale, client quality, commodity diversification and production phase focus**

## 2020 Objectives

### Commercial risk mitigation

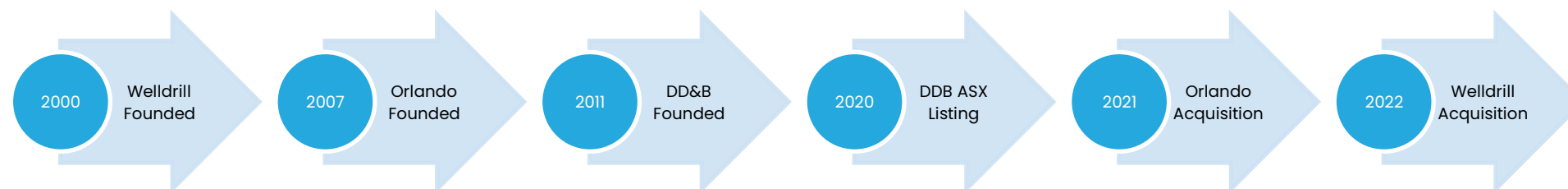
### Increase work pipeline

### Business improvement

### Assets

## Performance

- ✓ Diversified customer base
  - ✓ Increased commodity diversification
  - ✓ Production support and brownfields focus
- 
- ✓ FY20–FY23 revenue growth CAGR of 189%
  - ✓ Targeted business development towards tier 1 customers
  - ✓ Leading corporate development activity demonstrated by Orlando and Welldrill acquisitions
- 
- ✓ EBITDA margin expansion from 14% in FY20 to 17% in FY23 (2H FY23 22%)
  - ✓ Delivered synergies
  - ✓ Streamlined to focus on cost efficiency and margin
- 
- ✓ Total rigs increased from 10 in FY20 to 46 in FY23
  - ✓ Dynamic has a higher quality and better maintained rig fleet than at IPO
  - ✓ Focus on technology, automation and innovation





# Shareholder Value Realisation Strategy

**Dynamic is taking a forensic approach to tracking operational performance and capital allocation to drive shareholder value**

## Strategic Focus

## Objective

### Operational Performance

- Focus on maximising returns on capital employed (ROCE)
- Deliver EBITDA margin of 20-25%
- Maximise utilisation of equipment through repurposing idle equipment
- Asset redeployment in 1H FY24 with earnings likely realised in 2H FY24

### Financial Strength

- Reduce net debt with primary focus on acquisition funding
- Maintain balance sheet strength to ensure sustainability through the cycle
- Where appropriate, assess increasing leverage to respond to growth opportunities as they arise

### Growth Profile

- Forensic approach being taken to capital allocation
- Growth capex to be deployed where it makes an attractive return on capital vs returning capital to shareholders
- Sensible M&A and growth market opportunities to be assessed selectively

### Return to Shareholders

- Surplus cash, post debt reduction and growth, to be returned to shareholders
- Capital management initiatives designed to maximise value per share
- Capital returns to be considered include dividends and/or share buy-backs

# Targeting Broader Market Leadership

## Dynamic seeking to become market leader to ensure it is the employer of choice and contractor of choice

Category	Objective
Zero Harm	<ul style="list-style-type: none"> <li>• Continue to be LTI free</li> <li>• Prioritising safety performance in line with best industry practices</li> <li>• Development of HSET Strategic Plan</li> <li>• Fatal risk verification and life saving controls</li> <li>• Embrace latest technology to improve safety</li> </ul>
ESG	<ul style="list-style-type: none"> <li>• Release ESG framework in FY2024</li> <li>• Utilise technology to improve environmental outcomes</li> <li>• Local community engagement</li> <li>• Strong compliance to corporate governance</li> </ul>
People and Culture	<ul style="list-style-type: none"> <li>• Grow brand awareness across all business segments and stakeholders</li> <li>• Become employer and contractor of choice</li> <li>• Embrace diversity to benefit all stakeholders</li> <li>• Employee development and training</li> </ul>
Technology	<ul style="list-style-type: none"> <li>• Increased automation of drilling practices</li> <li>• Improve asset management via technology adoption</li> </ul>



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