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IMD FY17 FINANCIAL RESULTS

IMDEX Limited (ASX: IMD) ("IMDEX" or the "company"), a leading mining equipment, technology and services (METS) provider to the global minerals industry, today announces its results for the 2017 financial year ending 30 June, 2017 (FY17).

FY17 Financial Highlights

- Revenue from continuing operations of \$176.2 million, up 23% (FY16: \$143.3 million);
- EBITDA from continuing operations of \$31.5 million, up 55% (FY16: \$20.3 million¹);
- Net profit after tax of \$3.7 million (FY16: a loss of \$56.2 million);
- Operating cash flow from continuing operations (excluding financing costs) of \$20.7 million (FY16: normalised \$10.0 million), up 107%;
- Strong balance sheet – as at 30 June 2017, net assets had increased by \$44.2 million and net cash totalled \$12.3 million;
- Successful capital raising – as announced to the market 5 September 2016;
- Secured a new \$30 million Bankwest facility on attractive terms; and
- Paid out the Bain Capital facility in full.

FY17 Operational Highlights

- Sale of wholly owned oil and gas businesses – IMDEX is now a 100% minerals focused business;
- Early stages of minerals industry cyclical upswing – increased activity in all major mining regions globally;
- 42% increase in the number of REFLEX instruments on hire as at 30 June 2017 compared to 30 June 2016;
- Continued investment in research and development resulting in the commercialisation of new technologies;
- Commenced internal digital transformation project; and
- Board renewal including the appointment of a new Non-Executive Chairman (1 July 2016) and Non-Executive Director (6 February 2017).

Commenting on the company's results and performance throughout FY17, IMDEX's Managing Director, Mr Bernie Ridgeway said:

"We exceeded our financial targets for the year, achieving a 23% increase in revenue and a 55% increase in EBITDA. This positive outcome was due to improving market conditions globally, our regional expertise and further market penetration for our differentiated technologies."

¹ Normalised to exclude restructuring and other one-off costs totalling \$5.2 million.



"In line with our commitment to delivering leading real-time technologies, we continued to invest in research and development, which resulted in the commercialisation of new products for our clients and an exciting pipeline of solution sets spanning exploration, development and mining."

"As previously announced; we also secured a banking facility on attractive terms, paid out Bain Capital in full and divested AMC Oil & Gas in line with our strategy of focusing on sustainable earnings growth via our minerals business."

"I am confident our stronger balance sheet, operational leverage and focus on the minerals industry will enable us to drive organic and transformational growth in FY18 and beyond."

Capital Raising

During the first half of FY17, IMDEX issued approximately 81.82 million shares at a price of \$0.55 per share to raise \$45 million. The share issue was significantly oversubscribed and the funds raised were applied to debt reduction and strengthening the balance sheet.

New Bankwest Facility and Payout of Bain Capital

As announced to the market on 28 December 2016, the company secured a \$30 million facility with Bankwest to replace the Bain Capital facility (formerly Sankaty Advisors LLC), which attracted an interest rate of 10.75%.

The Bankwest facility currently has a significantly lower interest rate and as at 30 June 2017, was drawn to \$7.1 million. This facility reduces by \$1.0 million per quarter.

Sale of Wholly Owned Oil and Gas Businesses

During the year, IMDEX completed the sale of its wholly owned oil and gas businesses and wrote-off \$3.6 million associated with its oil and gas technology. All material costs associated with the divestment of this business were accounted for in the 2016 financial year. During FY17, a non-recurring benefit of \$2.1 million² associated with the divestment of AMC Oil & Gas was recorded.

Market Overview

Operating conditions were positive in all of the major mining regions as activity increased and the global minerals industry emerged from the recent cyclical downturn. This uplift was initially driven by brownfield exploration in gold, however, it has now become a broader-based recovery.

The improving market conditions were reflected in the company's REFLEX instruments on hire. As at 30 June 2017, the total fleet was up 42% on 30 June 2016. This increase also included the introduction and uptake of new technologies.

² Before tax - 1H17 \$1.1m and 2H17 \$1.0m



During the downturn, resource companies continued mining and at the same time, reduced exploration and development expenditure – this has led to diminishing reserves that need to be replaced.

Resource companies also remain focused on reducing costs while enhancing efficiencies. Increasingly, they are adopting digital technologies to make better decisions in real-time or near real-time to achieve this. Accordingly, IMDEXHUB-IQ continued to increase its presence in the market throughout the year.

Digital Transformation Project

Consistent with the new technologies IMDEX is delivering to the minerals industry, the company is undergoing an internal digital transformation to significantly enhance how it engages with its clients and delivers economic and operational benefits. Over time this project will improve IMDEX's systems, processes and business outcomes. The company expects EBITDA margin improvement during FY18, while committing to ongoing investment in the business.

Board Renewal

On 1 July 2016, Anthony Wooles was appointed Non-Executive Chairman following the retirement of Ross Kelly. IMDEX also welcomed Sally-Anne Layman to its Board of Directors on 6 February 2017 as a Non-Executive Director. Both Anthony and Sally-Anne have extensive professional expertise, business experience and industry knowledge, which enable them to make meaningful contributions to the Board and ongoing positioning of IMDEX.

Outlook

The outlook for IMDEX remains positive. The global minerals industry is in the early stages of a cyclical upswing and activity has increased across all major mining regions.

Furthermore, across the industry there remains a fundamental need to replace diminishing reserves; resource companies are generally well-funded; and new technologies are gaining momentum within the industry to drive greater efficiency and productivity – IMDEX is delivering these real-time or near real-time technologies and has a significant first mover advantage. The company is committed to maintaining this advantage through its investment in research and product development during FY18.

Chairman of IMDEX, Mr Anthony Wooles, said:

“Our Board and Senior Management Team are focused on delivering sustainable earnings growth. The company is in an excellent position to achieve this objective and anticipates a stronger financial performance in FY18.”



FY18 Key Areas of Focus

During FY18, IMDEX will focus on:

- Its ongoing commitment to health and safety;
- Achieving and exceeding financial targets;
- Strategic business development to deliver sustainable earnings growth for shareholders; and
- Increasing the company's capability to deliver its vision of being the leading provider of real-time subsurface intelligence solutions to the global minerals industry.

2017 Annual General Meeting

IMDEX's Annual General Meeting will be held on 19 October, 2017 at 11:00 am (WST) at the company's Head Office located at 216 Balcatta Road, Balcatta Western Australia. IMDEX's Board and leadership team will be available to discuss the company's performance and operations.