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30 April 2019

Company Announcements Office  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2001

Dear Sir/Madam

**MACQUARIE AUSTRALIA CONFERENCE PRESENTATION**

Please find attached the presentation to be delivered by Bernie Ridgeway (Managing Director) at the Macquarie Australia Conference in Sydney today.

Yours faithfully  
**Imdex Limited**

A handwritten signature in blue ink, appearing to read "P. Evans", with a long horizontal flourish extending to the right.

**Paul Evans**  
Company Secretary

# IMDEX Presentation

## Macquarie Australia Conference

BERNIE RIDGEWAY  
MANAGING DIRECTOR  
30 APRIL 2019

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# IMDEX at a glance

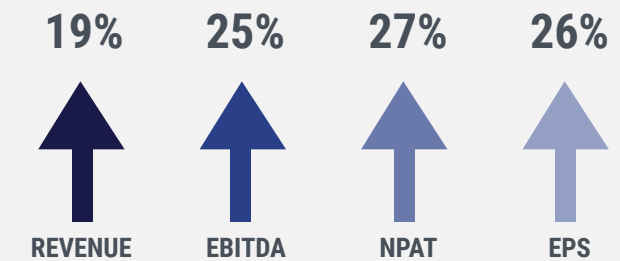
A leading global METS company



Our solutions improve the process of identifying and extracting what's below the Earth's surface for drilling contractors and resource companies. We let clients know where it is and what it is... now.

- Compelling opportunities for sustainable earnings growth via a two-tiered strategy
- Set to enter FY20 with a stronger business and new technologies to generate additional revenue and earnings

## 1H FY19 FINANCIAL PERFORMANCE (V 1H FY18)



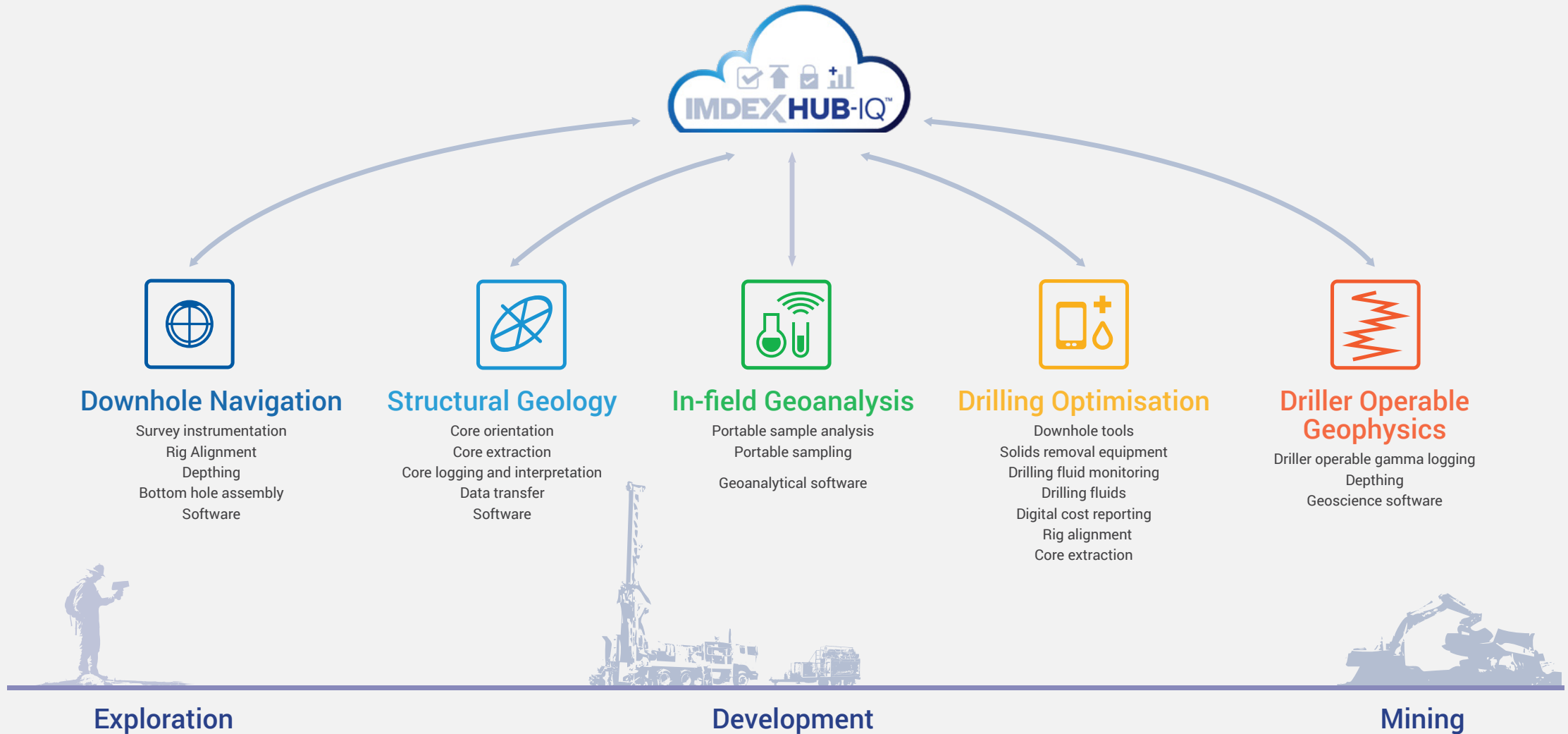
MAINTAINED GROSS MARGINS

STRONG NET CASH  
POSITION  
**\$20.6M**

FULLY-FRANKED  
DIVIDEND DECLARED

# Technology & Service Offering

Applicable across whole mining value chain

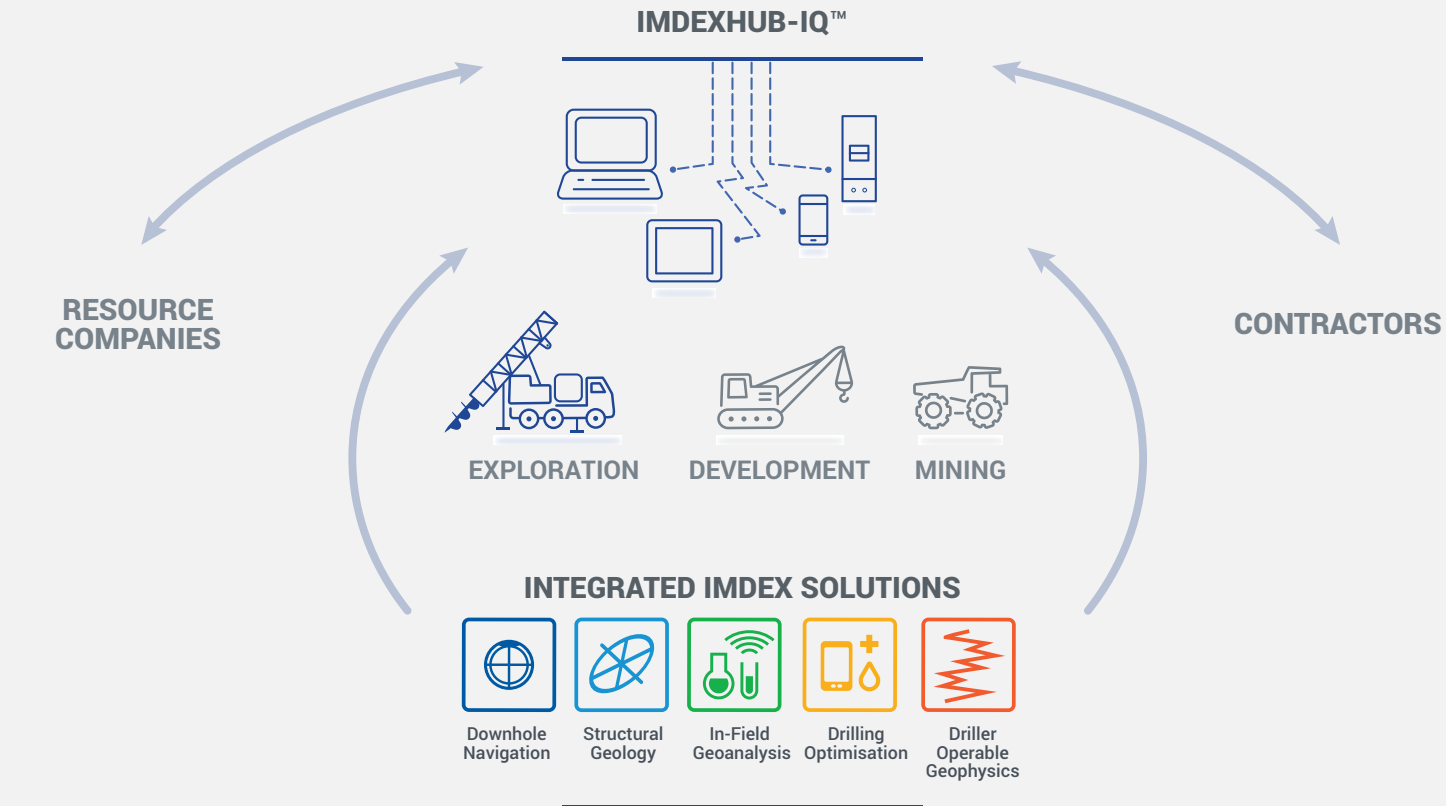


# Delivering Value to Clients

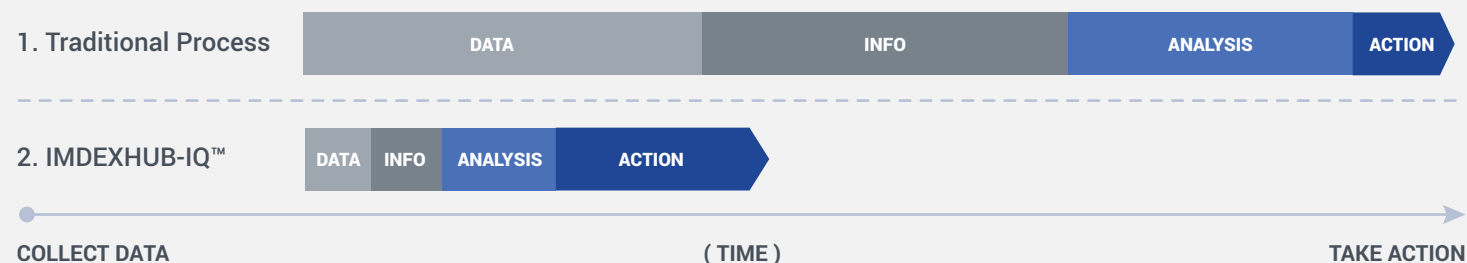
## Enhancing their efficiency and profitability



Quality Data  
& Chain of  
Custody



Streamline  
processes  
& timely  
information



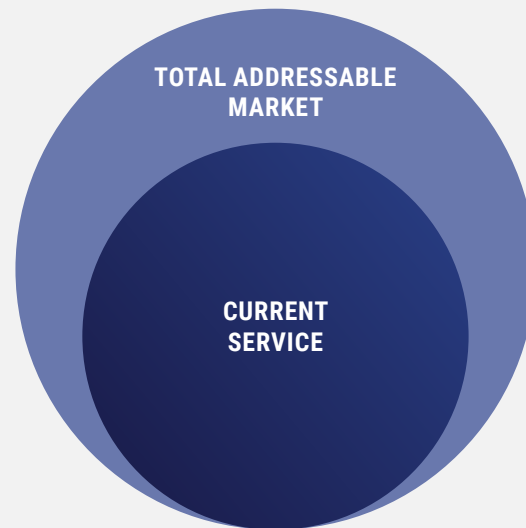
# Target Markets

## Increasing presence in Mining

### GLOBAL MINERALS INDUSTRY

#### CORE MARKET

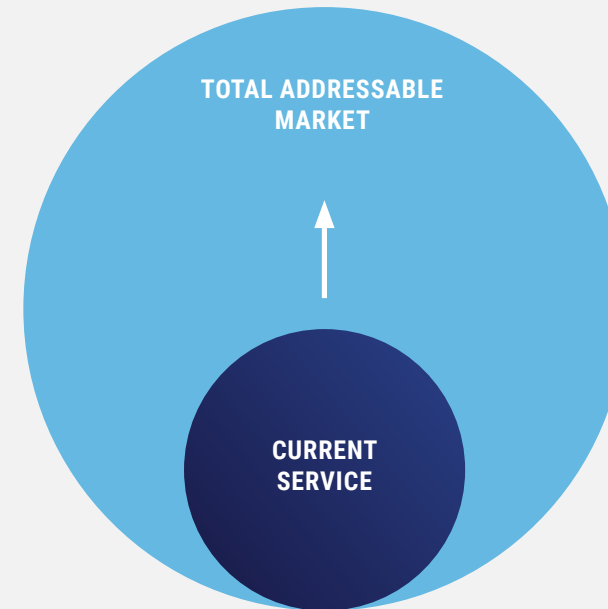
Exploration & Development



Currently 80% of revenue  
Strong market presence –  
70% of rigs globally

#### MARKET EXTENSION

Mining



Currently 20% of revenue – growing faster  
Larger adjacent market, less cyclical

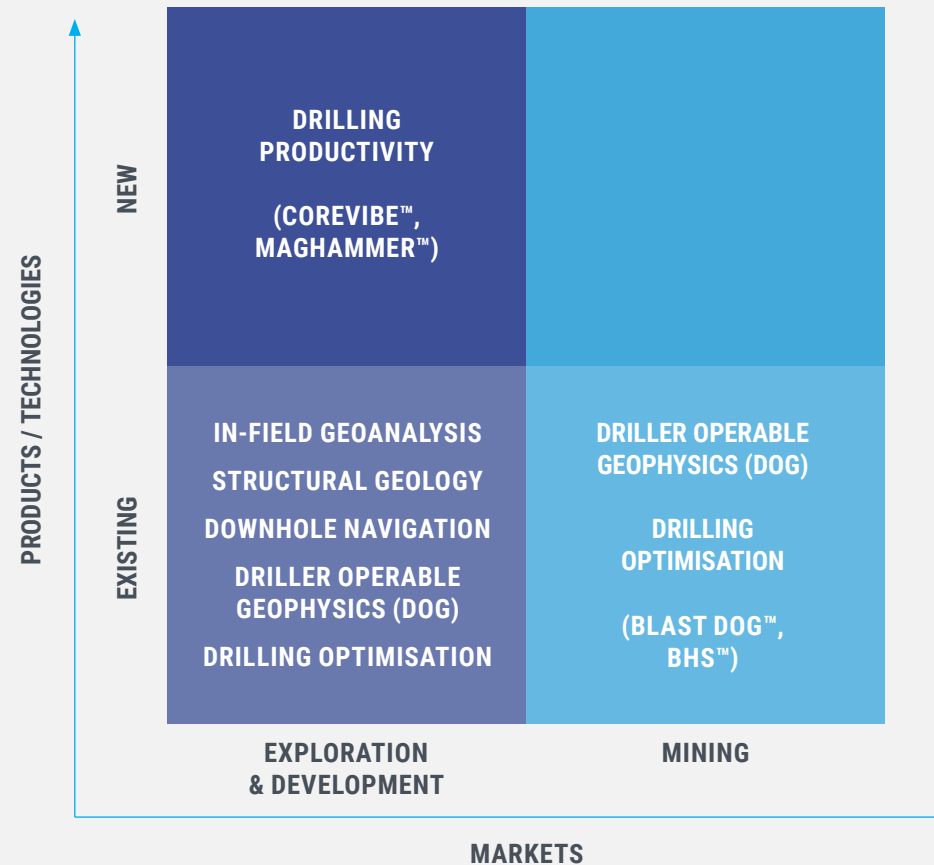
# Growth Strategy

Compelling opportunities for sustainable growth



## Strategy

- Protect and grow core business by enhancing and extending technical leadership, technology integration and increasing share of wallet
- Extension into mining to create an additional revenue stream that is less cyclical



## Why Success?

- Financial strength
- No competitors offering end-to-end solutions
- Global business with economies of scale
- Successful track record
- Strong leadership
- Market leading brands
- IP protected technologies
- Excellent engineering and R&D capabilities

# FY19 – FY20 Priorities

Delivering further revenue and EBITDA growth



## COMMERCIALISE DRILLING PRODUCTIVITY TECHNOLOGIES – COREVIBE™ AND MAGHAMMER™

- Attractive addressable market - COREVIBE™ ~ 1800 coring rigs
- Strong industry demand for greater productivity
- Unique technologies with strong IP protection
- Will not cannibalize existing product offering
- Ability to generate additional rental revenue per month
- Ability to leverage existing cost base and infrastructure globally
- Manufacturing and distribution fits well within capabilities





# FY19 – FY20 Priorities

Delivering further revenue and EBITDA growth



## **COMMERCIALISE TECHNOLOGIES FOR MINING SEGMENT – DRILL & BLAST PROJECT**

- Substantial addressable market, ~6000 blasts per day
- Strong industry need to increase productivity
- Limited technology risk – leverages existing technology and engineering expertise
- Technology is commodity agnostic
- Strong support from industry partners – Orica, Anglo American and Teck Resources
- Potential to provide additional sustainable rental revenue
- Manufacturing and distribution fits well within capabilities
- Ability to leverage existing cost base and infrastructure globally



# Financial Performance Update

## Revenue growth outpacing tool fleet growth



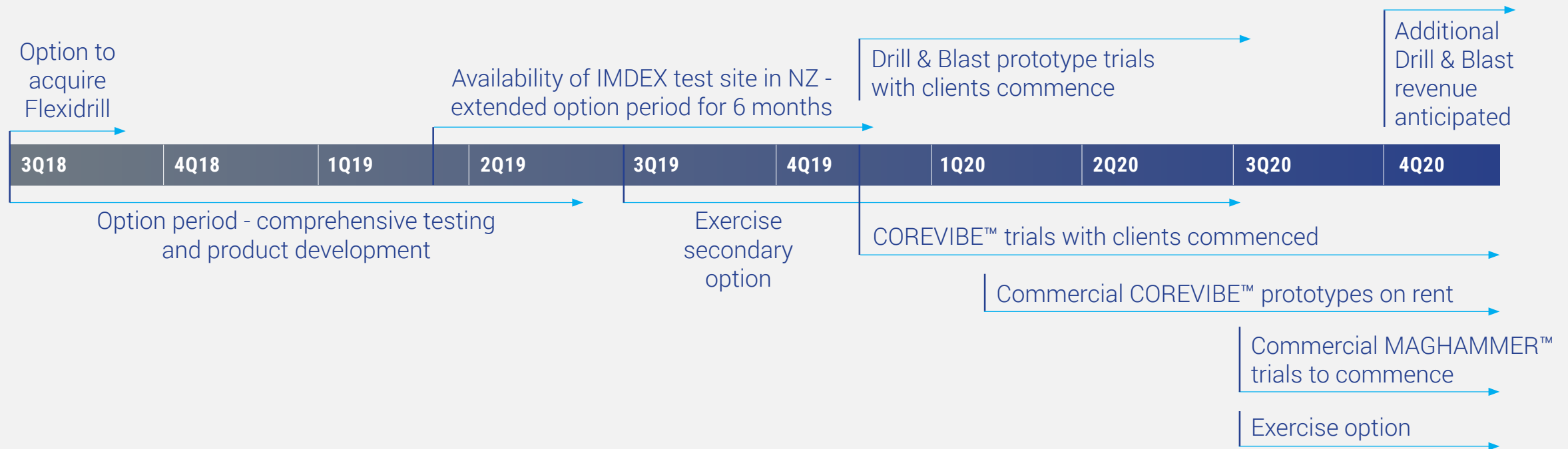
**Revenue**  
↑ 3Q FY19 up on 3Q FY18  
MAINTAINED GROSS MARGINS

- More advanced instrumentation and technologies deliver greater benefits to clients
- A greater proportion of newer tools in the fleet – 3 to 5x the revenue of older generation tools
- Investment in digital transformation projects enable greater efficiencies



# Operational Performance Update

## On track to deliver new technologies in FY20





# Industry Outlook

Steady recovery, longer-term opportunities



- S&P forecast non-ferrous exploration budgets to increase 5% - 10% for CY19
- Macro geopolitical concerns remain
- Ability for juniors to raise funds is challenging
- Base metal prices are relatively robust – gold remains strong
- Dearth of recent discoveries
- Opportunities to find new deposits at depth
- New mines – deeper, more drilling, higher costs and longer development times
- Importance of drilling productivity technologies and innovation to lower costs, increase productivity and safety



# Company Outlook

Entering FY20 with a stronger business



- Benefiting from recovery in exploration spend – albeit at a measured rate
- Expect to exercise Option to acquire Flexidrill in December 2019
- COREVIBE™ and MAGHAMMER™ expected to generate additional revenue and earnings from FY20
- Positioning to grow revenue and earnings from mining
- Drill & Blast project expected to generate additional revenue from 2H FY20
- Positioned to benefit from industry dynamics



# Summary

Leading global METS company, sustainable growth



- Strong competitive advantages
- Increasing industry demand for drilling productivity technologies and innovation
- On track to commercialise new drilling productivity technologies in FY20 to grow core business
- On track for further extension into mining with Drill & Blast technologies to generate more sustainable revenue from FY20





# Thank you

THIS PRESENTATION HAS BEEN PREPARED BY IMDEX LIMITED ("THE COMPANY"). IT CONTAINS GENERAL BACKGROUND INFORMATION ABOUT THE COMPANY'S ACTIVITIES CURRENT AS AT THE DATE OF THE PRESENTATION. IT IS INFORMATION GIVEN IN SUMMARY FORM AND DOES NOT PURPORT TO BE COMPLETE. THE DISTRIBUTION OF THIS PRESENTATION IN JURISDICTIONS OUTSIDE AUSTRALIA MAY BE RESTRICTED BY LAW AND YOU SHOULD OBSERVE ANY SUCH RESTRICTIONS. THIS PRESENTATION IS NOT (AND NOTHING IN IT SHOULD BE CONSTRUED AS) AN OFFER, INVITATION, SOLICITATION OR RECOMMENDATION WITH RESPECT TO THE SUBSCRIPTION FOR, PURCHASE OR SALE OF ANY SECURITY IN ANY JURISDICTION, AND NEITHER THIS DOCUMENT NOR ANYTHING IN IT SHALL FORM THE BASIS OF ANY CONTRACT OR COMMITMENT. THE PRESENTATION IS NOT INTENDED TO BE RELIED UPON AS ADVICE TO INVESTORS OR POTENTIAL INVESTORS AND DOES NOT TAKE INTO ACCOUNT THE INVESTMENT OBJECTIVES, FINANCIAL SITUATION OR NEEDS OF ANY PARTICULAR INVESTOR. THESE SHOULD BE CONSIDERED, WITH OR WITHOUT PROFESSIONAL ADVICE, WHEN DECIDING IF AN INVESTMENT IS APPROPRIATE. THE COMPANY HAS PREPARED THIS PRESENTATION BASED ON INFORMATION AVAILABLE TO IT, INCLUDING INFORMATION DERIVED FROM PUBLICLY AVAILABLE SOURCES THAT HAVE NOT BEEN INDEPENDENTLY VERIFIED. NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS MADE AS TO THE FAIRNESS, ACCURACY, COMPLETENESS, CORRECTNESS OR RELIABILITY OF THE INFORMATION, OPINIONS AND CONCLUSIONS EXPRESSED. ANY STATEMENTS OR ASSUMPTIONS IN THIS PRESENTATION AS TO FUTURE MATTERS MAY PROVE TO BE INCORRECT AND DIFFERENCES MAY BE MATERIAL. TO THE MAXIMUM EXTENT PERMITTED BY LAW, NONE OF THE COMPANY, ITS DIRECTORS, EMPLOYEES OR AGENTS, NOR ANY OTHER PERSON ACCEPTS ANY LIABILITY, INCLUDING, WITHOUT LIMITATION, ANY LIABILITY ARISING FROM FAULT OR NEGLIGENCE ON THE PART OF ANY OF THEM OR ANY OTHER PERSON, FOR ANY LOSS ARISING FROM THE USE OF THIS PRESENTATION OR ITS CONTENTS OR OTHERWISE ARISING IN CONNECTION WITH IT.

The IMDEX logo is displayed in white on a dark blue background. It features the word "IMDEX" in a bold, sans-serif font, followed by a stylized "X" symbol. A small "TM" trademark symbol is positioned at the top right of the "X".

**IMDEX**<sup>TM</sup>

## **SPEAKERS NOTES – MR. BERNIE RIDGEWAY, IMDEX MANAGING DIRECTOR**

### **COVER – IMDEX PRESENTATION**

### **MACQUARIE AUSTRALIA CONFERENCE**

### **SLIDE 2 IMDEX AT A GLANCE**

#### **A Leading METS Company**

We have successfully established ourselves as a leading mining equipment, technology and services company to the global minerals industry.

Our solutions improve the process of identifying and extracting what's below the Earth's surface for drilling contractors and resource companies. We let clients know where it is and what it is...now.

Our vision is to be the leading provider of real-time subsurface intelligence solutions to the global minerals market.

#### **Our 1H FY19 Performance**

- 1H FY19 revenue up 19% on 1H FY18
- EBITDA up 25% on 1H FY18
- NPAT up 27% on 1H FY18
- EPS up 26% on 1H FY18
- Maintained gross margins
- Strong operating cash flow
- Fully-franked dividend declared
- Conservatively geared with strong net cash position \$20.6m.

#### **Investment Proposition**

We offer compelling opportunities for sustainable earnings growth via a two-tiered strategy.

We are set to enter the new financial year with a stronger business and new technologies that are expected to generate additional revenue and earnings from FY20.



## **SLIDE 3 TECHNOLOGY & SERVICE OFFERING**

### **Applicable across whole mining value chain**

Our solutions integrate our market leading AMC and REFLEX brands and include:

- Structural Geology
- In-field Geoanalysis
- Driller Operable Geophysics
- Drilling Optimisation
- Downhole Navigation.

Importantly, these solutions are applicable across the entire mining value chain including exploration, development and mining.

## **SLIDE 4 DELIVERING VALUE TO CLIENTS**

### **Enhancing their efficiency and profitability**

Our solutions are designed to enhance the efficiency and profitability of clients' operations by:

1. increasing drilling productivity;
2. streamlining processes; and
3. delivering more quality data and timely information for critical decision making.

IMDEXHUB-IQ<sup>TM</sup> is a key differentiator that enables us to provide clients with secure access to validated and auditable data in real-time or near real-time.

Our clients include drilling contractors and an increasing percentage of resource companies. This value proposition is applicable to all stages of the mining value chain.

## **SLIDE 5 TARGET MARKETS**

### **Increasing presence in Mining**

Historically we have focused on the exploration and development phases within the global minerals industry.

Exploration and development currently represent 80% of our revenue. We have established a strong market presence within these industry segments and are on approximately 70% of rigs globally. Opportunities exist for further geographic expansion and gaining market share from competitors.

Mining currently represents 20% of our revenue. We are increasing our business in this phase as it is:

- An adjacent segment in which we have a presence;
- A larger addressable market with high growth opportunities; and
- Less cyclical with the ability to generate more sustainable revenue and earnings.

## **SLIDE 6 GROWTH STRATEGY**

### **Compelling opportunities for sustainable growth**

We have a two-tiered strategy, which includes organic core growth and further market extension into mining, which is less cyclical.

Ongoing development of our existing technologies will allow us to protect and grow our core business by enhancing and extending technical leadership, technology integration and increasing share of wallet.

A recent example is the introduction of our IMDEX GYRO SPRINT-IQ<sup>TM</sup>, which was launched in 2018. This advanced tool surveys three times faster and more accurately than traditional gyros on the market and has enjoyed rapid market adoption. It also commands a higher rental rate due to the additional benefits it provides to clients.

The introduction of new technologies – including drilling productivity technologies such as the COREVIBE<sup>TM</sup> and MAGHAMMER<sup>TM</sup> technologies will also allow us to further enhance our technical leadership and increase share of wallet.

Further expansion into mining with our Drill & Blast products and technologies will enable us to generate an additional stream of revenue and earnings, which is less cyclical.

## **Why will our strategy be successful?**

Our company has:

- Financial strength with the ability to leverage opportunities for growth
- A strong core business – profitable throughout the recent downturn
- No competitors currently offering our end-to-end solutions
- Market leading brands
- Long-standing client relationships
- A well-established global presence and supply chain
- An increasing portfolio of IP protected technologies
- Excellent R&D and engineering capabilities
- Economies of scale – we are the leading provider of subsurface intelligence solutions globally and have good leverage as the market grows
- A proven track record with a successful history of developing and commercialising new technologies globally
- A highly capable and experienced Board and leadership team.

## **SLIDE 7 FY19 – FY20 PRIORITIES**

### **Delivering further revenue and EBITDA growth**

Commercialising drilling productivity technologies including the COREVIBE<sup>TM</sup> and MAGHAMMER<sup>TM</sup>.

- Attractive addressable market – COREVIBE<sup>TM</sup> ~ 1800 coring rigs at current drill rig utilisation rates
- Strong industry demand for greater productivity – drilling is becoming deeper and more expensive
- COREVIBE<sup>TM</sup> trials have achieved >30% increase in productivity – externally validated by SGS
- COREVIBE<sup>TM</sup> and MAGHAMMER<sup>TM</sup> technologies are unique, have strong IP protection and no direct competitors

- COREVIBE<sup>TM</sup> and MAGHAMMER<sup>TM</sup> will not cannibalize existing product offering – excellent synergies to offer complementary products
- COREVIBE<sup>TM</sup> and MAGHAMMER<sup>TM</sup> will generate additional rental revenue per month
- Flexidrill transaction is viable based on the commercialisation of COREVIBE<sup>TM</sup> alone
- Manufacturing and distribution fits well within our capabilities
- Ability to leverage our existing cost base and infrastructure globally.

## **SLIDE 8 FY19 – FY20 PRIORITIES**

### **Delivering further revenue and EBITDA growth**

Commercialising technologies for mining – including our Drill & Blast co-development project with Orica.

- Substantial addressable market, ~6000 blasts per day
- Strong industry need to increase productivity
- Limited technology risk – leverages our existing technology and engineering expertise
- Technology is commodity agnostic and has the potential for underground applications
- Strong support from industry partners – simultaneously working with Orica, Anglo American and Teck Resources to optimise the technology with their operations
- Potential to provide additional global rental revenue, which is more sustainable throughout the cycles
- Manufacturing and distribution fits well within our capabilities
- Ability to leverage our existing cost base and infrastructure globally.

## **SLIDE 9 – 3Q FY19 FINANCIAL PERFORMANCE UPDATE**

### **Revenue growth outpacing tool fleet growth**

Our 3Q FY19 revenue is up on 3Q FY18 and we have maintained gross margins

Revenue growth is outpacing tool fleet growth due to:

- More advanced instrumentation and technologies that deliver greater benefits to clients
- A greater proportion of newer tools in the fleet, which command 3 – 5x the revenue of older generation tools
- Investment in digital transformation projects enable greater efficiencies.

## **SLIDE 10 – FY19 OPERATIONAL PERFORMANCE UPDATE**

### **On track to deliver new technologies in FY20**

- Entered Secondary Option Period to progress COREVIBE<sup>TM</sup> and MAGHAMMER<sup>TM</sup> towards commercialisation
- COREVIBE<sup>TM</sup> trials with clients commenced in 4Q FY19 in Australia
- MAGHAMMER<sup>TM</sup> trials on track to commence in 1H FY20
- Commercial COREVIBE<sup>TM</sup> prototypes expected to be on rent 1Q FY20 in Australia and 2Q FY20 in the USA
- Currently establishing supply chain – setting ourselves up for success
- Drill & Blast project is on track – prototype trials commence in-pit with clients in 4Q FY19
- Drill & Blast trials planned for Australia, the USA and Chile
- Anticipate additional revenue from Drill & Blast project in late FY20
- Successfully enhancing our technical leadership – delivering additional benefits to clients via integrated solutions

- Increasing momentum with internal digital transformation – projects are delivering greater internal efficiencies and will ultimately provide a better client experience
- Focusing on safety and achieving operational excellence within all market conditions.

## **SLIDE 11 – INDUSTRY OUTLOOK**

### **Steady recovery, longer-term opportunities**

- S&P forecast non-ferrous exploration budgets to increase 5% - 10% for CY19
- Macro geopolitical concerns – tapering global growth and Brexit are continuing to have an impact on capital markets. US/China trade tensions are de-escalating
- The ability for juniors to raise funds is challenging, particularly in Canada
- Base metal prices are relatively robust – gold remains strong
- Dearth of recent discoveries, major explorers are focusing on brownfield projects
- Majors have highlighted opportunities to find new deposits at depth
- New mines – under ground cover, deeper, more drilling, higher costs and longer development times
- Importance of drilling productivity technologies and innovation to lower costs, increase productivity and safety

## **SLIDE 12 – COMPANY OUTLOOK**

### **Entering FY20 with a stronger business**

- Benefiting from recovery in exploration spend – albeit at a measured rate
- Expect to exercise Option to acquire Flexidrill in December 2019
- COREVIBE<sup>TM</sup> and MAGHAMMER<sup>TM</sup> are expected to generate additional revenue and earnings from FY20

- Positioning to grow revenue and earnings from mining segment – large adjacent market, less cyclical
- Drill & Blast project expected to generate additional revenue from 2H FY20
- Positioned to benefit from long-term industry dynamics – resources depleting, declining ore grades and new discoveries likely to be under ground cover and at depth

## **SLIDE 13 – SUMMARY**

We are a leading METS company with a well-established global network.

We have strong competitive advantages including excellent engineering and R&D capabilities, IP protected technologies and economies of scale.

There is increasing industry demand for drilling productivity technologies and innovation as drilling is getting deeper, more challenging and more expensive.

We are on track to commercialise new drilling productivity technologies in FY20 to grow our core business.

We are on track for further extension into mining with Drill & Blast technologies to generate more sustainable revenue from FY20.