



# Swick Mining Services Ltd

FY15 AGM Presentation

13<sup>th</sup> November 2015

**ASX:SWK**

[www.swickmining.com](http://www.swickmining.com)

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Unless otherwise stated all the currency disclosures in this presentation are Australian Dollars.

Information included in this presentation is dated 13 November 2015.

# Company Overview – FY 2015



- Top ten global mineral drilling provider operating in Australia, US , Canada and Europe
- Total of 1,308,877 metres drilled across 3 divisions
- Total of 1,011,911 metres drilled by market leading Underground Diamond division
- Technology Upgrades Commenced on Underground Fleet
- New era of higher productivity and lower costs initiated
- Swick is working with and developing technology that will lead the market forward



# Corporate Snapshot



## ■ Corporate Structure

- ASX: SWK - Listed Nov 2006
- Shares outstanding: 217.6m
- Share Price 12 Nov 15: \$0.11
- Market Cap 12 Nov 15: \$23.9m

## ■ Board and Executive Management

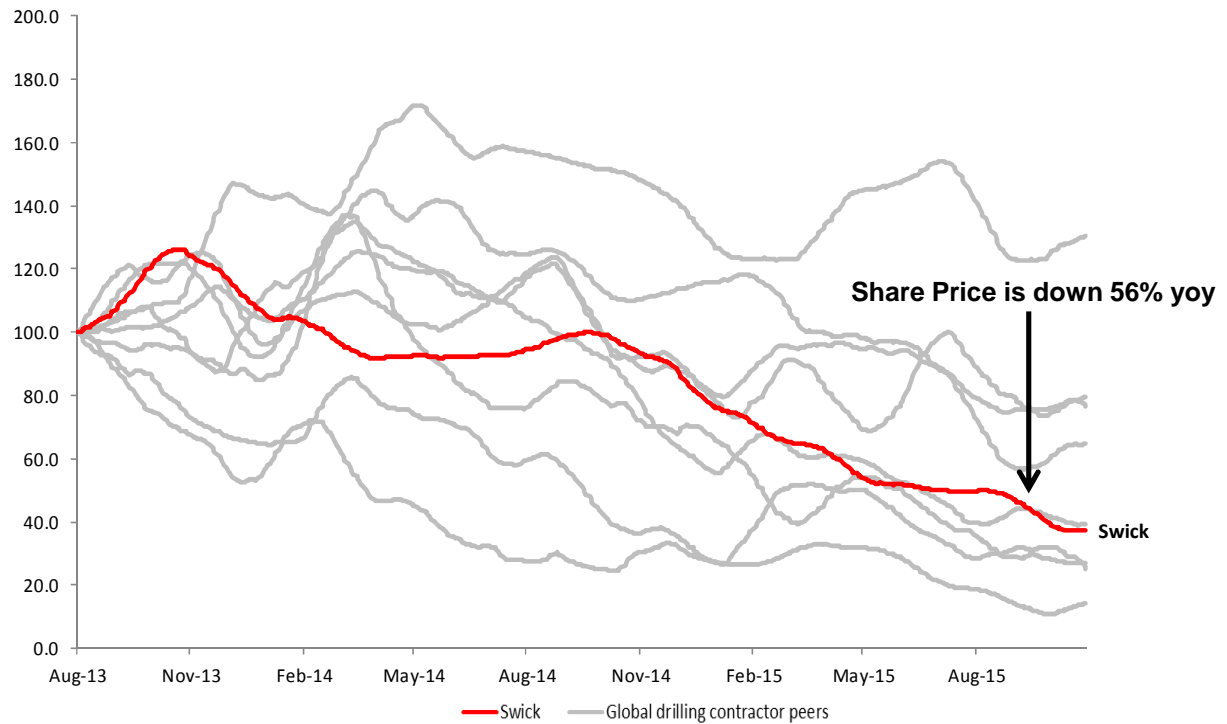
- Andrew Simpson - NEC
- Kent Swick - MD
- Phil Lockyer - NED
- David Nixon - NED
- Ian McCubbing – NED
- Vahid Haydari – CEO
- Jitu Bhudia– CFO

## ■ Substantial shareholders\*

- Kent Swick (15.2%)
- Perennial Investments (12.4%)
- Simone Lourey (11.4%)
- Vanshap Capital (6.4%)
- Rosanne Swick (6.4%)
- Schroder Investment Mgt (5.8%)
- Northcape Capital (5.4%)

\*As at 30<sup>th</sup> September 2015

Share price relative to peers Aug 2013 to current



Global listed peers include Boart Longyear, Major Drilling, Foraco, Capital Drilling, Orbit Garant, Energold, Geodrill, Cabo Drilling

# Division Overview



**Drilling:** Underground Delineation  
**Rig Type:** Swick Mobile Drill  
**Sectors:** Gold, Base Metals  
**Sites:** Operating Mines  
**Advantage:** Reliability, Productivity, Safety, Total Value  
**Range:** + 1,500m  
**Fast Fact:** World's leading drill rig  
**Fleet Size:** 67 Rigs (56 Asia Pacific & 11 International).



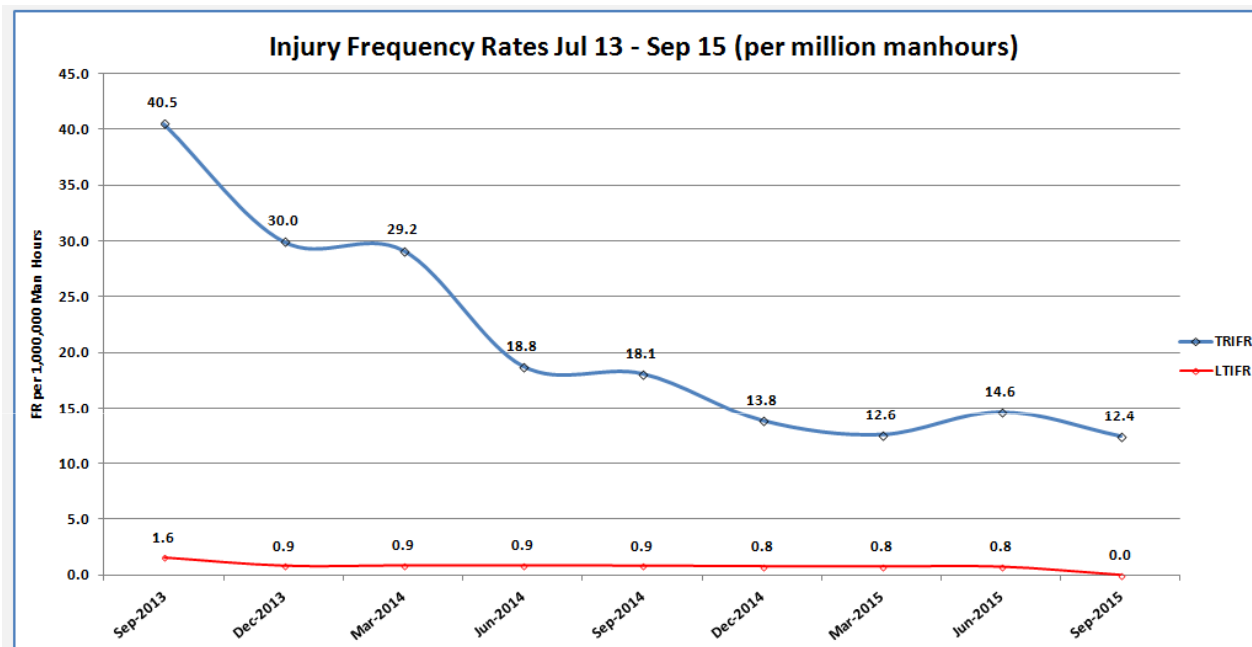
**Drilling:** Reserve Definition & Expl.  
**Rig Types:** Swick RC Drills  
**Sectors:** Base Metals, Bulks, Gold  
**Sites:** Brownfield & Greenfield  
**Advantage:** High Air Power, Deep Hole Capacity  
**Range:** + 400m  
**Fast Fact:** Award Winning Rig Design  
**Fleet Size:** 7 Rigs  
 (6 Swick & 1 tracked Schramm)



**Drilling:** Production (Blast)  
**Rig Type:** Sandvik Solo's  
**Sectors:** Base Metals  
**Sites:** Brownfield  
**Range:** +50m  
**Fast Fact:** Offer Contract Management Services  
**Fleet Size:** 4 rigs + 3 client owned rigs under mgmt

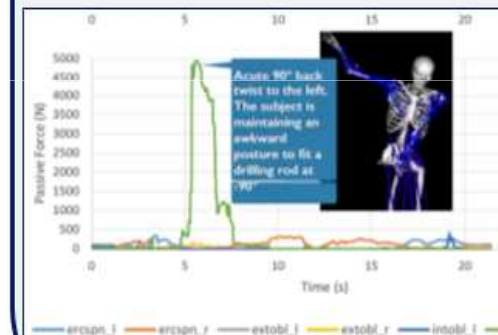


# Safety in FY15 – Towards Zero Harm



## Swick R&D to reduce workplace injuries:

Swick has engaged the services of Deakin University biomechanical department to assess the impacts of manual handling on muscle groups. The outcome of this research is assisting us with planning worksites and tasks to minimise the likelihood of injury.



- Companywide TRIFR continued to trend down over 22% YOY
- Industry first biomechanics manual handling study completed
- Internal Swick operational training school implemented
- At the rig tablets with procedures and video training aids
- Performance based one page Critical Control Plans embedded



# Results Overview FY2015



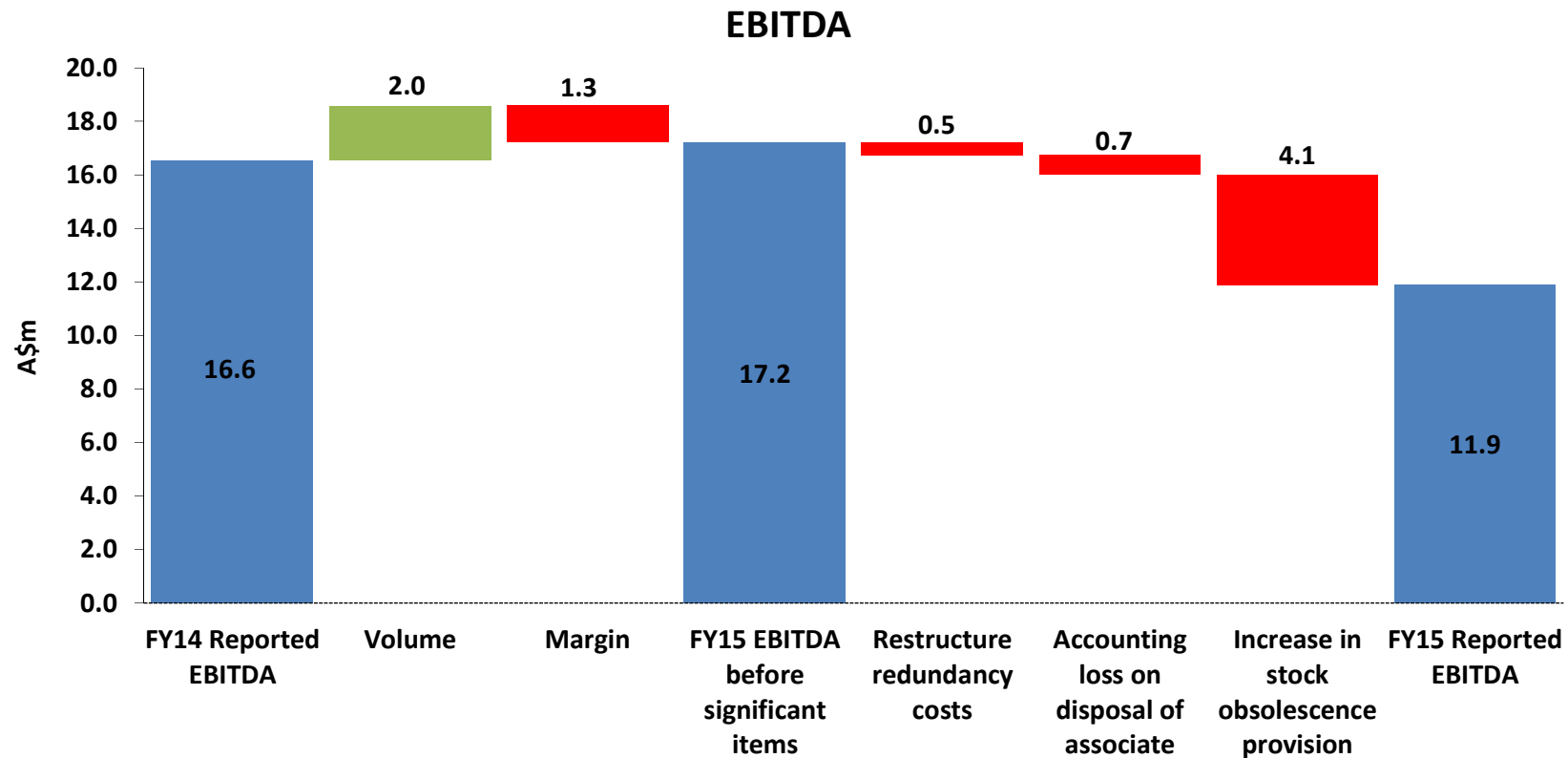
Operational Performance	FY15	FY14	% Change
Total Metres Drilled	1,308,853	1,138,401	15%
Total Rigs in Fleet (Period end)	83	81	2%
Total Rigs in Use (Period End)	58	55	5%
Consolidated Revenue (\$m)	132.0	117.6	12%
Consolidated Revenue per Metre (\$/metre)	100.84	102.93	-2%
Total Employees	626	604	4%
Financial Performance	FY15	FY14	% Change
Revenue (\$m)	132.0	117.6	12%
EBITDA (reported) (\$m)	11.9	16.6	-28%
EBITDA (before significant items) (\$m)	17.2	16.6	4%
EBIT (reported) (\$m)	-23.0	3.4	-771%
EBIT (before significant items) (\$m)	2.0	3.4	-42%
NPAT (reported) (\$m)	-17.5	1.5	-1242%
NPAT (before significant items) (\$m)	0.0	1.5	-102%
EBITDA (before significant items) %	13.1%	14.1%	-7%
EBIT (before significant items) %	1.5%	2.9%	-48%
Net Assets (\$m)	93.4	108.0	-13%
Cash (\$m)	5.7	4.2	37%
Debt (\$m)	25.0	20.8	20%
Net Debt (\$m)	19.3	16.7	16%
Operating Cashflow (\$m)	13.6	10.1	35%
Free Cashflow (\$m)	-1.8	-11.5	84%

\* Some table numbers may not add due to rounding

\* Refer to Page 16 of the Swick 2015 Annual Report for details on significant items impacting FY15 results

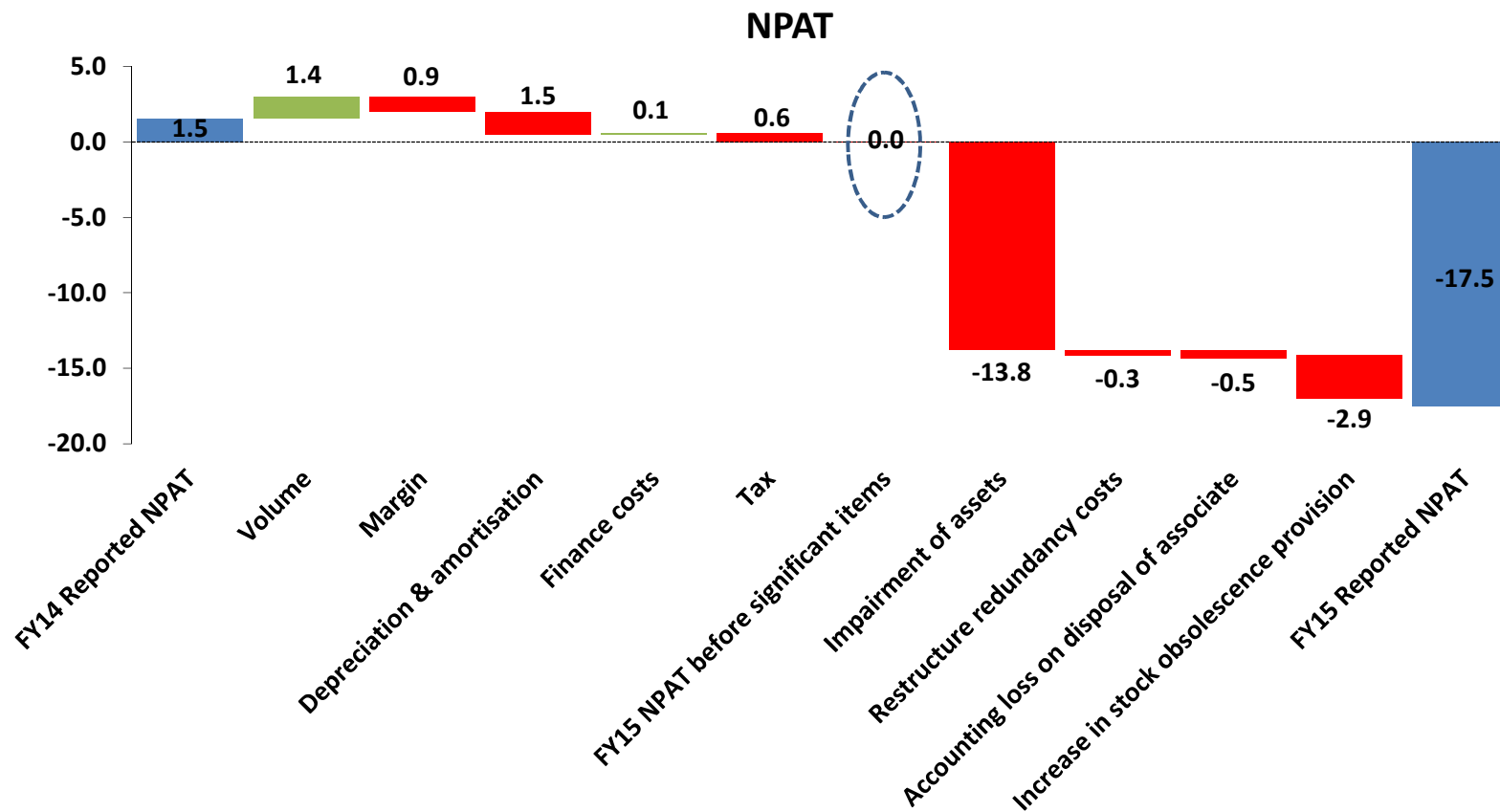
- Total metres ↑ 15%
- Revenue ↑ 12%
- EBITDA \* ↑ 4%
- EBITDA % \* ↓ -7%
- NPAT \* ↓ 102%
- EBITDA (Stat.) ↓ -771%
- NPAT (Stat.) ↓ -1,248%
- Write downs totaling \$25m
- Global Mining Downturn
- Swick responding appropriately to the market conditions

# EBITDA Bridge FY14 to FY15



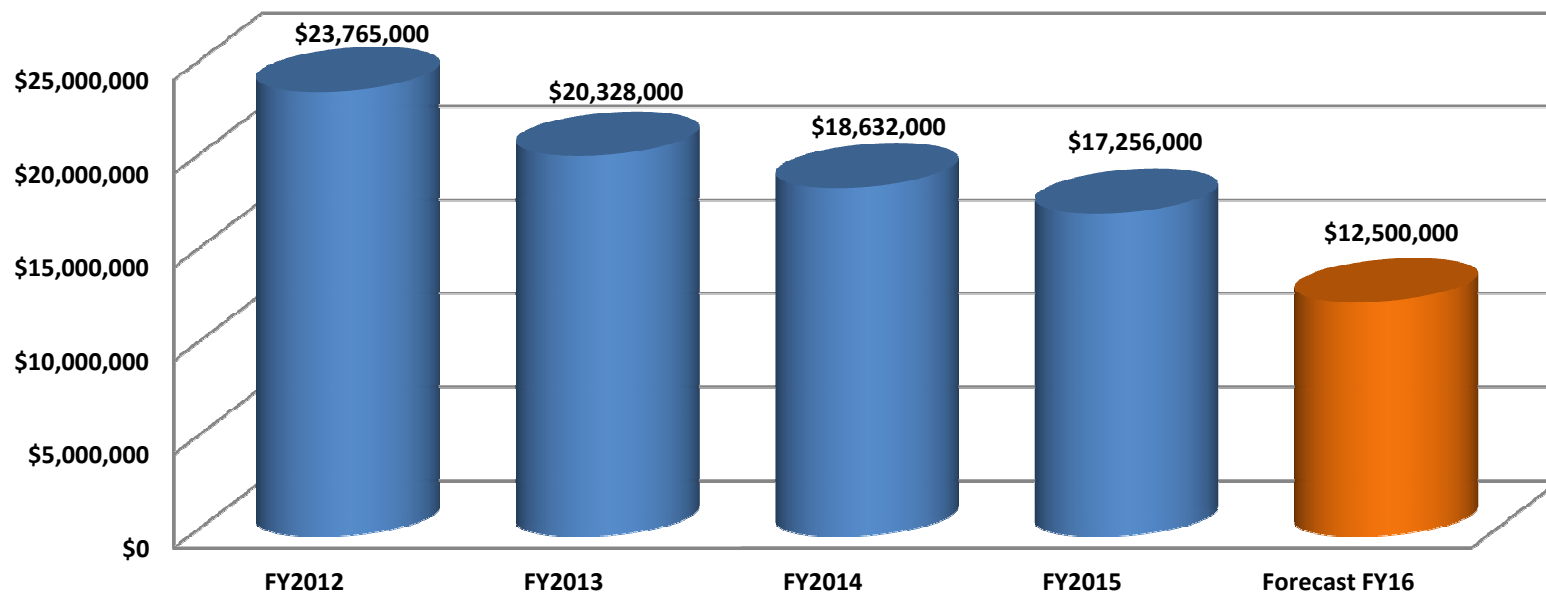


# NPAT Bridge FY14 to FY15



# Capital Expenditure – Efficiency focused

Capital Expenditure Trend

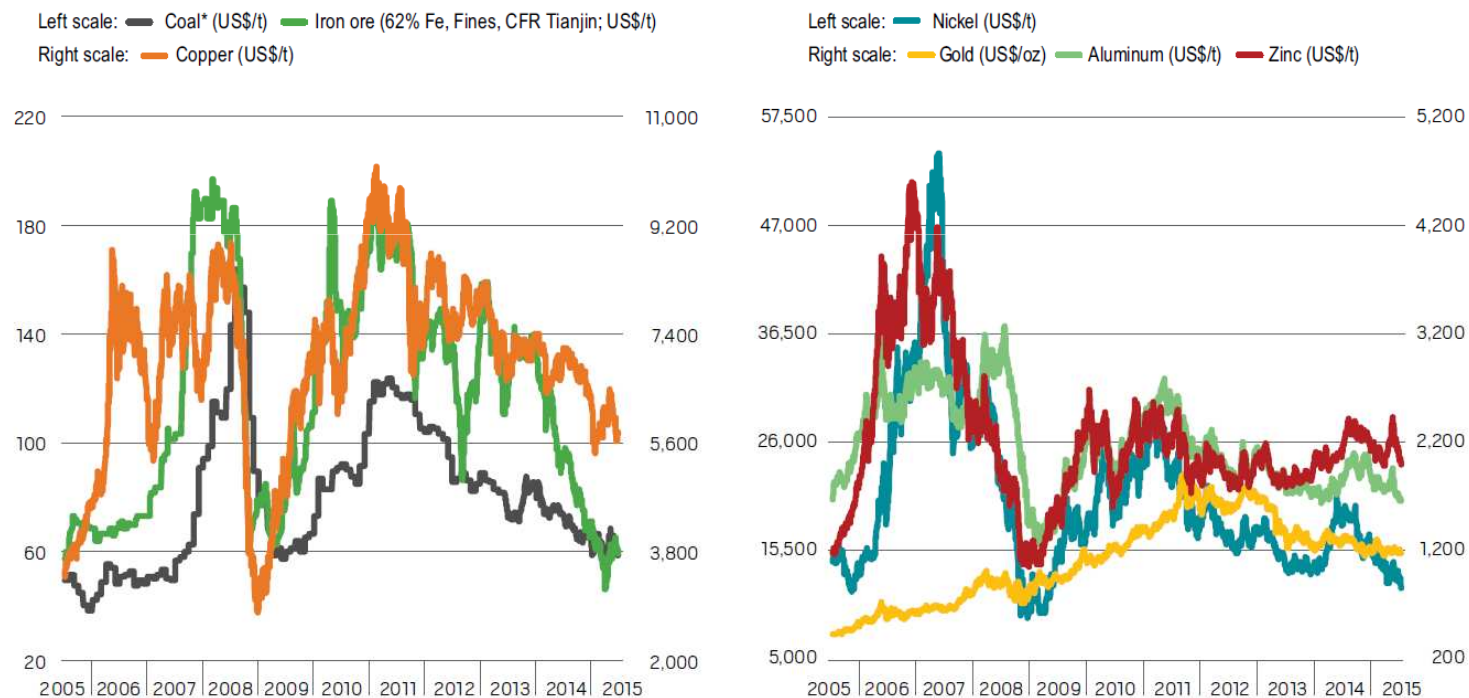


- Orexplore commitment FY16 ~ AUD \$2m
- 'Phase One' Productivity improvements budgeted for all UD fleet
- Swick is focused on cash generation through this part of the cycle

# State of the Market – Commodities

Commodity prices are generally in a downward trend

Ten-Year Prices

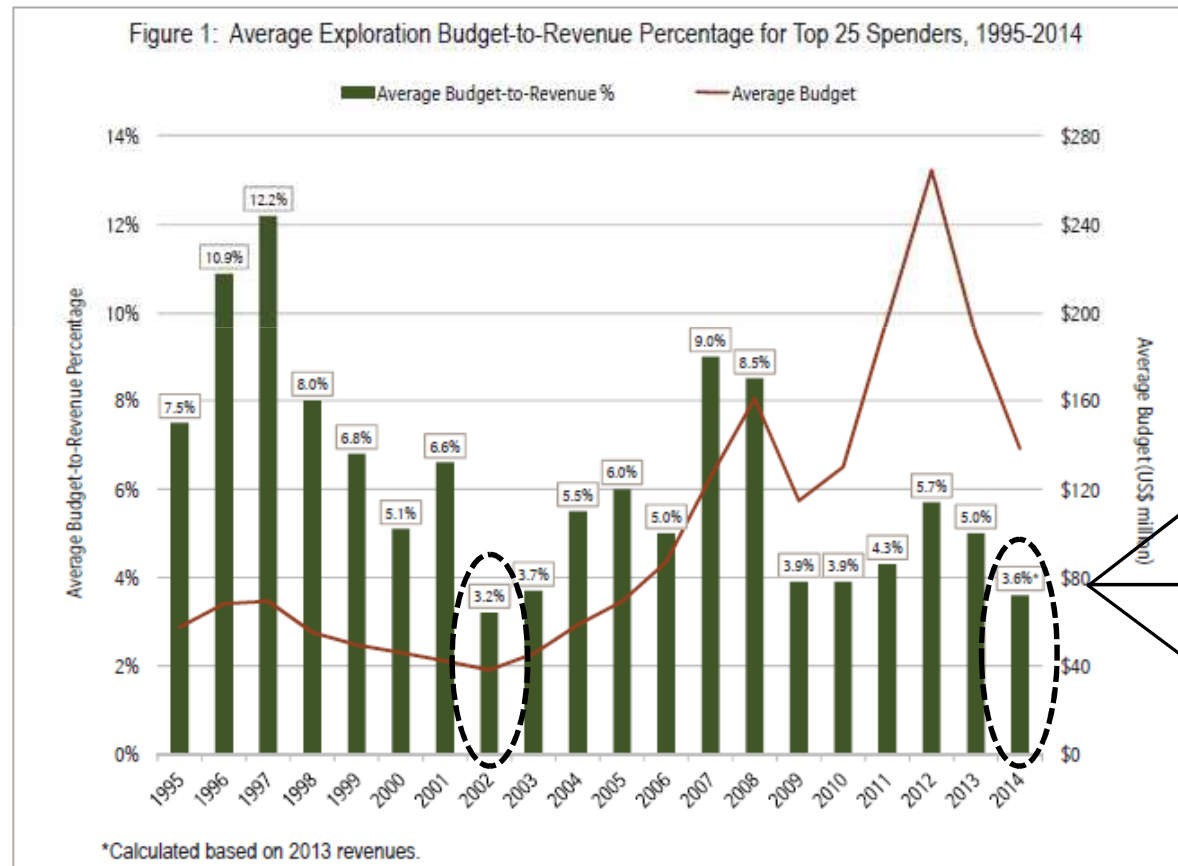


\* Australian thermal coal (12,000 btu/lb, under 1% sulphur, 14% ash, FOB Newcastle/Port Kembla)

Source: SNL Metals & Mining - State of the Market, June Quarter, 2015

# State of the Market – Exploration Budgets

Global Exploration Budgets are at or about 20 year lows as a % Revenue



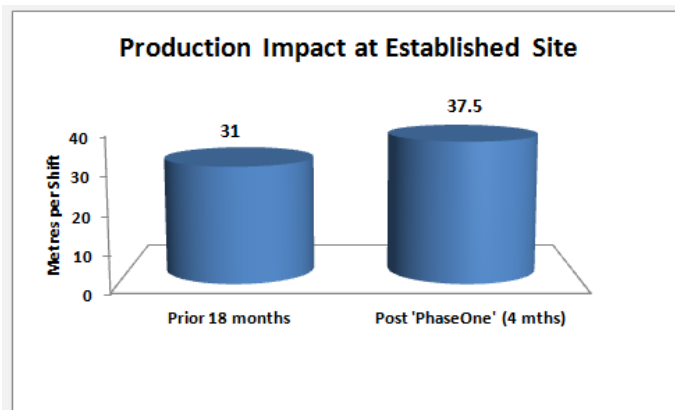
Where to from here?

Source: SNL Metals & Mining - Corporate Exploration Strategies 2014

# Swick is a 'New Era' service provider

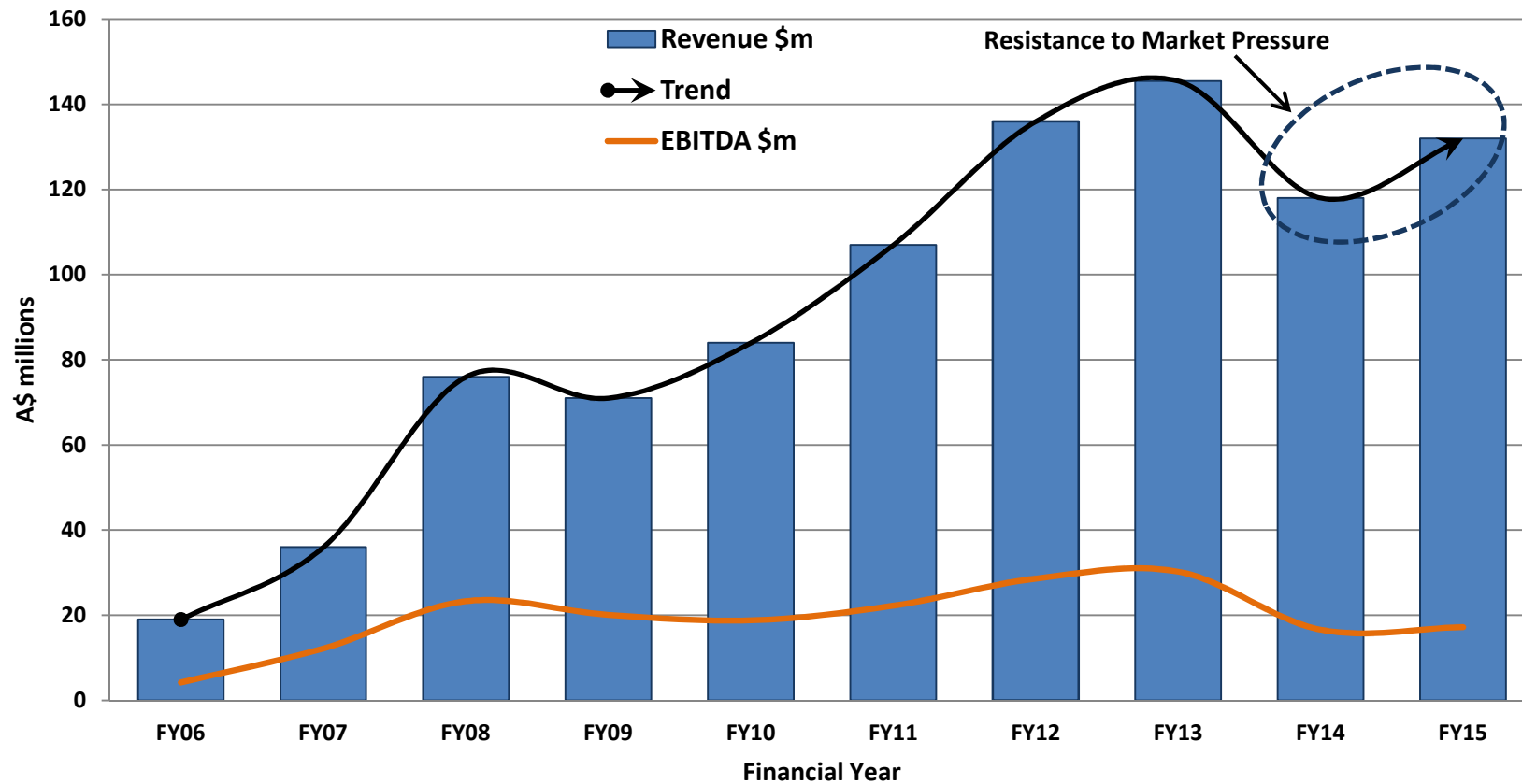


- Technology focused – R&D focused with in-house manufacturing capabilities
- Globally patented drilling inventions including;
  - ❖ A Rod Handling Assembly
  - ❖ Hydra Latch™
  - ❖ Quick Connect Backend
- Working towards the strategic objective of 'doubling the metres per manhour from June 12 to June 17'
- 'Phase One' Productivity initiatives at 15% fleet implementation, target completion June 16
- 'Phase Two' Automation initiatives at 15% fleet implementation, target completion June 17
- Strategic investment in mineral analysis – Orexplore
- Investment in upskilling the operations team to meet the challenges of the new era



# Ability to grow despite the macro market

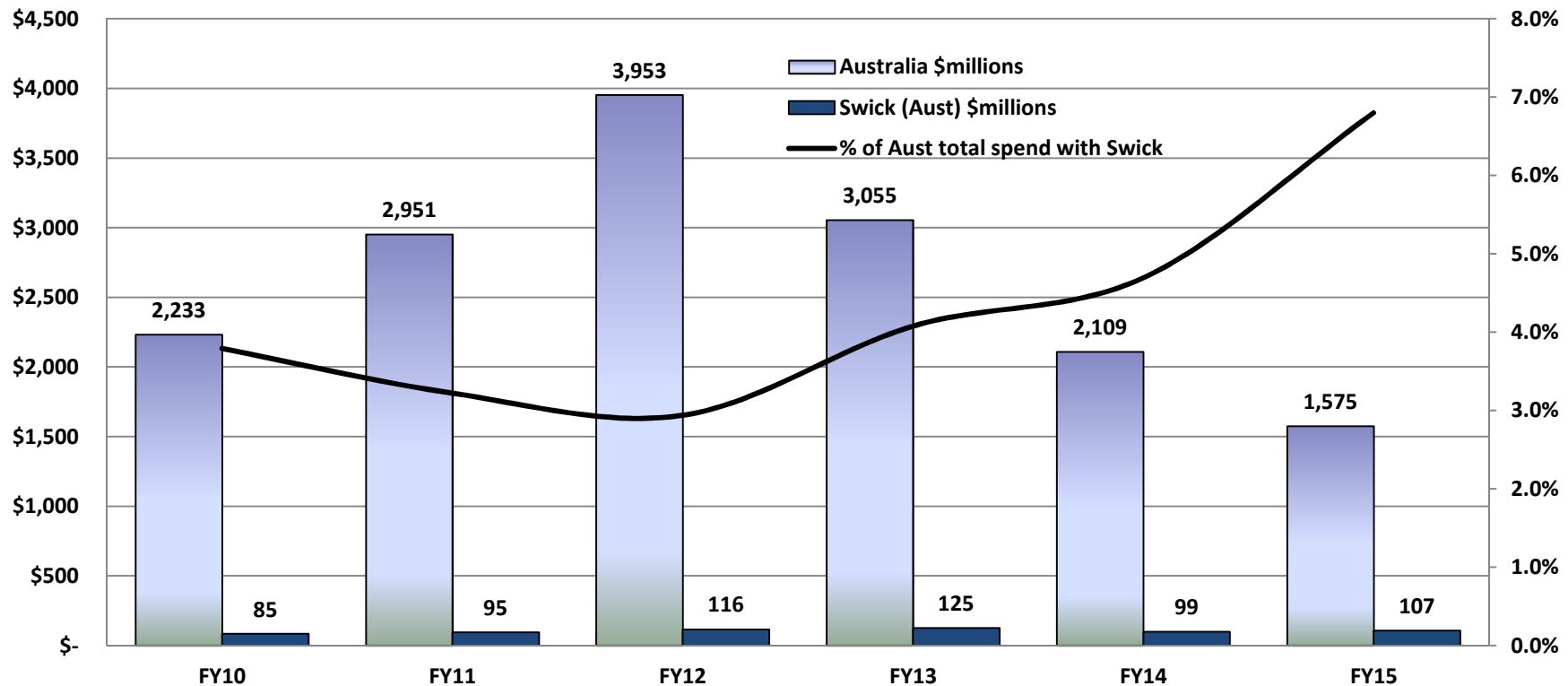
Swick Saw Tooth Organic Revenue Trend





## The Swick business model can resist the Cycle

### Total Mineral Exploration spend in Australia

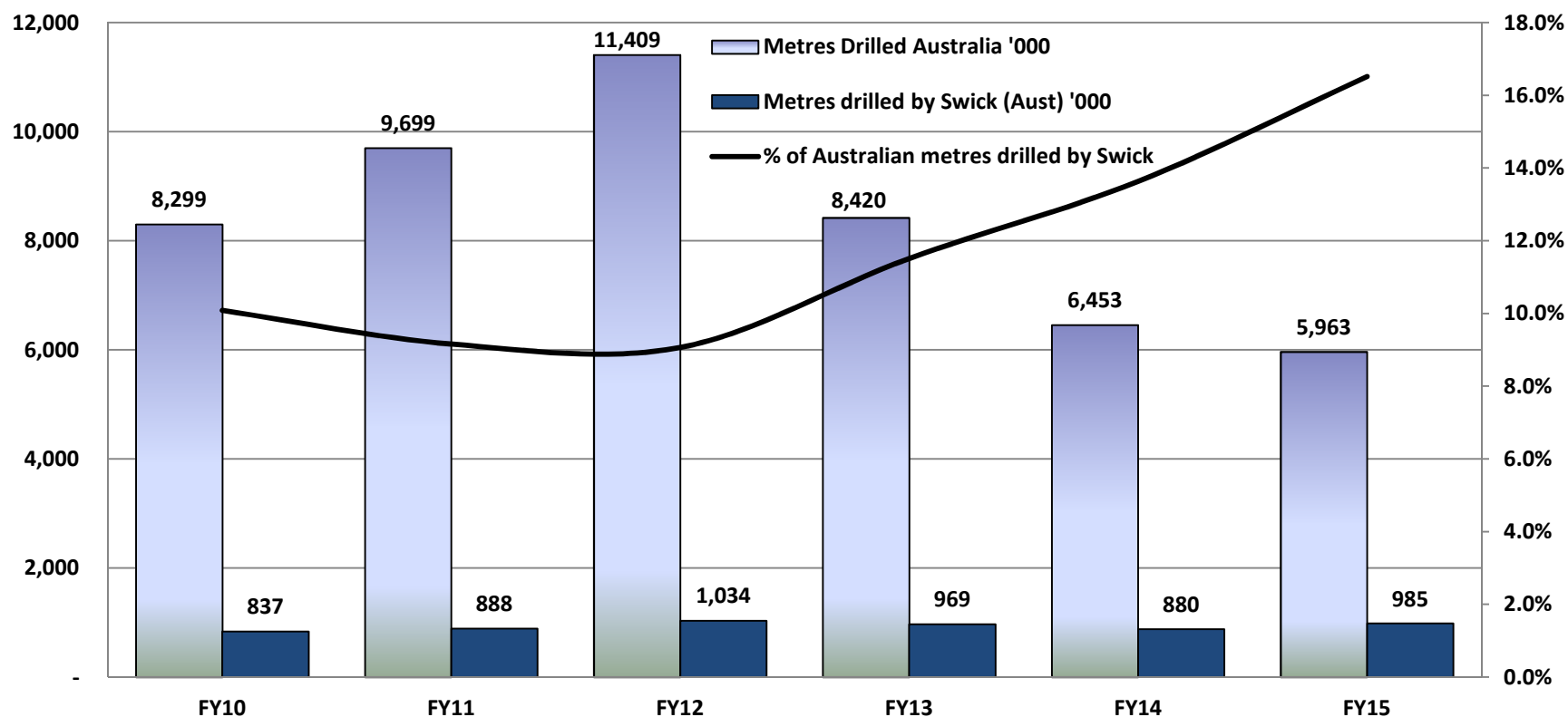


Source: ABS Data Sheet 8412.0 – Mineral Exploration (other than petroleum)

## Swick is a Large Scale Service Provider



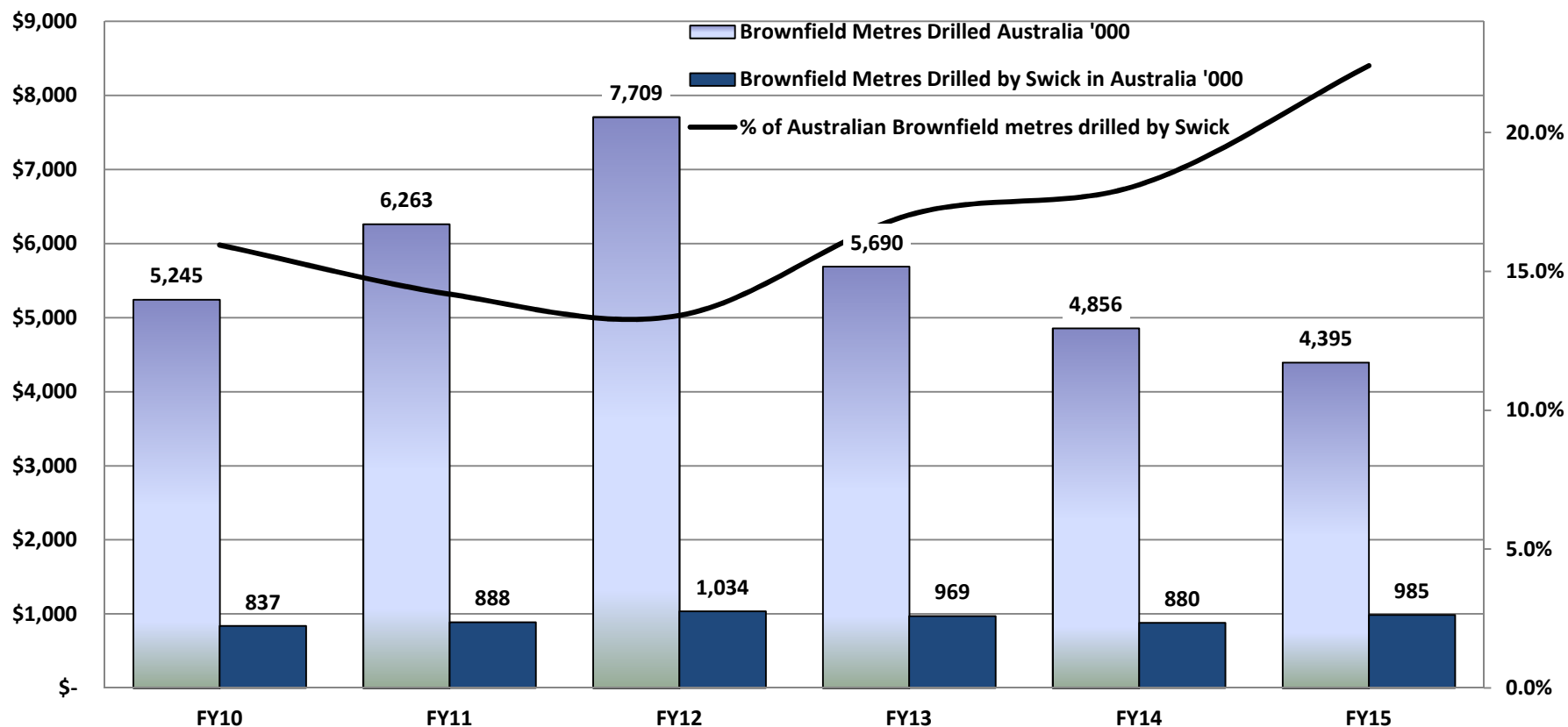
### Total Mineral Exploration metres drilled in Australia



Source: ABS Data Sheet 8412.0 – Mineral Exploration (other than petroleum)

## Focused on Brownfield Operating Mines

### Total Brownfield Mineral Drilling in Australia



Source: ABS Data Sheet 8412.0 – Mineral Exploration (other than petroleum)

# Strategic Investment – Orexlore AB



*“Orexlore technology is a potential game changer in exploration, allowing Swick to re-position itself as a mineral information provider”*

Kent Swick – Swick Mining Services 2013

- Orexlore AB was a start up technology firm designing state of the art mineral analysis technology
- In 2013 Swick signed a share purchase agreement with Orexlore AB
- Swick committed an A\$5m equity injection over 4 years
- Upon final equity tranche Swick will hold ~70% ownership
- Current Swick holding is 57% , therefore Orexlore is now a subsidiary of Swick



*Unique Patented Technology*

**AXM**

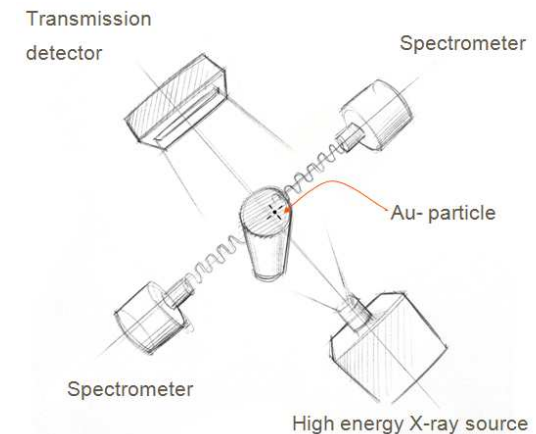
*Attenuation and XRF*

*Combined measurement*

*Patented*

*Atomic weight 42-82*

*Full Penetration*



# Strategic Investment – Orexplode



## ***Immediate and accurate chemical analysis of drill samples***

- Analyse kilograms rather than grams of material
- Unique ability to scan the entire sample (sees through the core)
- Non-destructive analysis
- 3D structural information using CT (computerised tomography)
- On-site analysis at core farm or at the lab
- Expected Prototype release 3Q16



# Thank You