

12th November 2014

ASX Announcement



Trading Update

Mastermyne Group Limited (“**MYE**” or “**the Company**”) today provided an update on its first half preliminary performance. The Company reports that the contracted order book and recurring works are delivering in line with expectations however delays are continued to be experienced in the awarding of the major projects identified in the sales pipeline which will impact on the first half result.

Key points for the First Half FY15:

- Contracted order book and recurring work in line and delivering in line with expectations
- First Half Revenue range of \$75m to \$80m
- Gross Profit Margins remain on target
- Approx. break even result for the first half
- EBITA margins down due to short term investment in tendering resources and from lower equipment utilisation
- Awarding of key major projects continue to be delayed
- Total current order book of \$246 million

Contracted Order Book

The contracted order book and recurring work continues to deliver revenue and gross profit in line with expectations and as indicated to the market. The Company has delivered some organic growth on its existing projects which provides a solid platform for the 2nd half. During the 1st half the Company invested increased tendering resources for short period to work on several major projects, increasing overheads and impacting margins in the first half. The Company also continues to see limited utilisation of its equipment fleet which impacts first half EBITA margins.

The Company is in the final stages of renewing a major project in Qld and has secured an extension to another project in NSW. These two contracts are significant for the order book and the Company will release further information to the market when the contracts are finalised.

Award of New Work

The Company advises that there has been timing delays in the awarding of key major contracts which were identified in its first half sales pipeline for FY2014. In particular delays continue to be experienced in the underground roadway development projects which will result in a continued low utilisation of the Company’s major mining development equipment into the second half. The Company is continuing to work closely with its customers around the timing of these new projects to ensure mobilisation can occur as soon as possible.

Financial Guidance

The Company now expects a break even result for the half year to 31 December 2014 with revenue between \$75 million and \$80 million. The lower than expected first half result is attributed to the delays in the sales pipeline, increased tendering costs and the subsequent effect on equipment utilisation.

Revenue for the second half of FY2015 from the contracted order book and recurring works is expected to be between \$80 and \$85 million. Whilst there is an attractive sales pipeline of additional work in hand, in the current coal market environment it is difficult to predict the timing of commencement of this work. The Company will provide guidance for the full year at the time of announcing its half year results.

Further information:

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Or visit www.mastermyne.com.au

About Mastermyne

Mastermyne Group Limited (ASX:MYE) was established in 1996 and is a leading provider of specialised services to the Australian coal mining industry. Mastermyne listed on the ASX on 7 May 2010.

It has three operating divisions, Mastermyne Underground (underground roadway development, installation of conveyors and longwall relocation), Mastermyne Engineering (design and engineering of specialised mining equipment and consumables) and Mastermyne Services (electrical, mechanical and maintenance services).

Based in Mackay Queensland, Mastermyne has operations in Queensland's Bowen Basin and the Illawarra and Hunter Valley regions in New South Wales.