Mastermyne Group Limited

FY2014 AGM
Managing Director / CEO Presentation

25 November 2014

Tony Caruso – CEO & Managing Director

FY2014 Results Summary

Financial Highlights

- Revenue of $172 million above guidance range of $155-$165 million
- Statutory NPAT of $3.0 million / Underlying NPAT of $2.64 million

Balance Sheet

- Net debt reduced by $5.7 million to $2.2 million

Dividends

- FY14 dividend of 2.4 cps

Order Book

- Total Order Book $257 million

Safety performance

- Lagging safety statistics have improved by 10%

Operations

- No erosion of the order book
- Maintained MYE's strong link to producing underground coking coal mines
- Workforce was 733 at June 14 after peaking at 903 in March.

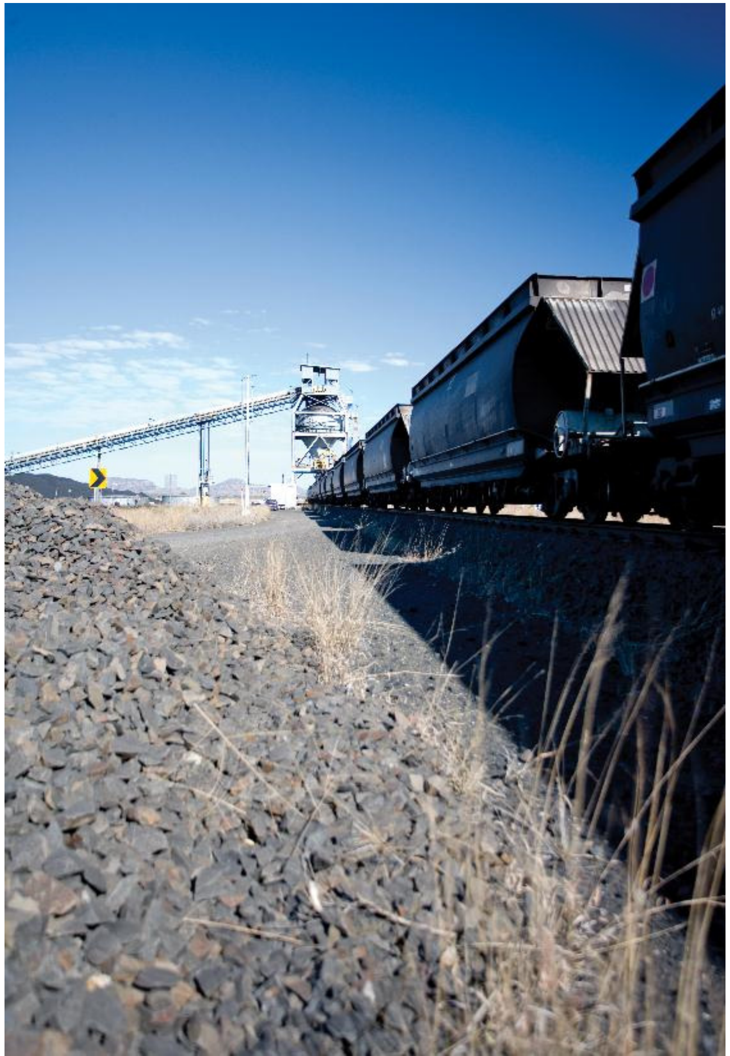
REVENUE	
$172m(↓30.9%)	Guidance $155m - $165m
FY2013: $248.8m FY2012: $271.9m	

EBITA
$5.3m (↓71.5%)
FY2013: $18.5m FY2012: $25.6m

NPAT Statutory	
$3.0m (↓73.9%)	Guidance $2m-$3m
FY2013: $11.5m FY2012: $11.7m	

Mastermyne
GROUP OF COMPANIES

Sector Outlook



- Industry continues to respond to current coal pricing
- Competitors have become noticeably more aggressive in tendering
- Strategy of coal mine operators remains on reducing unit rates costs through increased production in conjunction with minimising costs
- Mine operators are reducing permanent workforces numbers and deferring work where possible
- Mine operators are continuing to utilise contractors to
    - Maintain flexible workforce structures
    - Substitute permanent employment
    - Drive cost efficiency
- Greenfield projects continue to be progressed however clients are taking a very conservative approach in the current market conditions

MYE Update

- MYE continues to have a strong contracted order book and pipeline of recurring work
- Total current order book is $246 million
- First Half Revenue range is forecast to be $75m to $80m and gross profit margins remain on target
- The Company forecasts an approx. break even NPAT result for the first half
- EBITA margins are down due to short term investment in tendering resources and from lower equipment utilisation
- The Company is in the final stages of renewing a major project in Qld and has secured an extension to another project in NSW
- Forecast Second Half Revenue range is $80 and $85 million
- Workforce numbers are increasing on Qld mining projects (Grosvenor and Carborough Downs)
- Attractive sales pipeline of additional work in hand but difficult to predict the timing as clients are taking a conservative approach to awarding contracts
- The Company is net cash and is continuing to generate strong cash flows
- Very confident with the position of the current order book and project margins

MYE Outlook

- Mining business will continue to deliver strong cash flows through the existing order book and recurring work
- Sales pipeline stands above $1b which includes several large underground projects
- Previously reported pipeline of roadway development tenders not expected to make a material contribution in the second half
- Equipment utilisation will remain low for the remainder of the financial year
- Board and Management are working closely to deliver a balanced business strategy to grow the above ground division to a similar size to the underground division over the next 2 to 3 years
- Growth in the above ground division will be achieved through organic growth and acquisitions
- Company maintains its very strong capability and reputation and will be well positioned as new projects progress to contract award
- Through our strong order book and sales pipeline MYE will maintain its position as the major underground coal contractor in Qld and NSW and will be well supported by the Engineering and Services divisions

Summary

- Full year results were in line with guidance
- MYE order book is well established and underpins our strong position in the current market
- The strong sales pipeline and growth opportunities reported previously are being deferred due to the current market conditions
- Board and management have a clear strategy to grow the business
- The underground business will continue to grow through organic opportunities
- The company will use its underground business to leverage growth opportunities in the above ground division
- The company continues to generate strong cash flows and is currently in a net cash position
- MYE is in a strong position to quickly return to growth when coal sector conditions improve

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