FY2015 Half Year Results

Presentation

26 February 2015

Tony Caruso – CEO & Managing Director
Chris Kneipp – Chief Financial Officer

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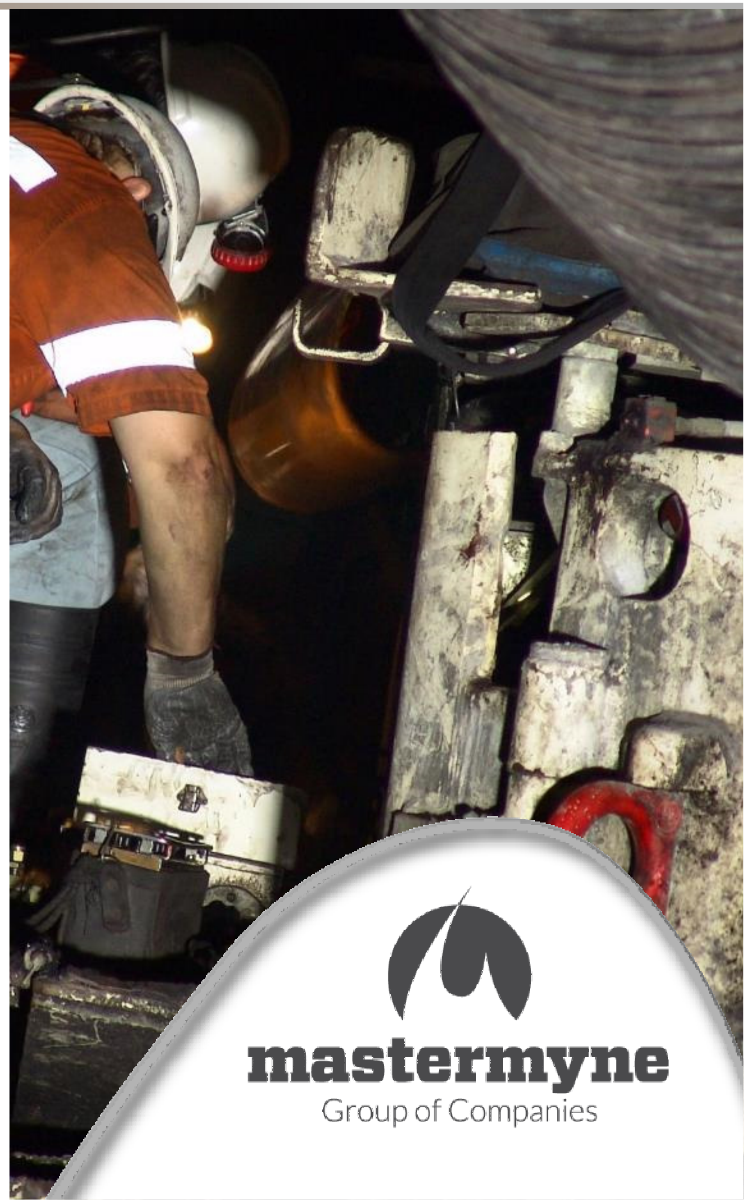
Key Messages

- Maintaining a dominant market position which places us well as the sector recovers
- Completed DMS acquisition
  - Key Strategic acquisition
  - Further diversification of the business
  - Integration is going very well
- Strong balance sheet after a substantial investment
- Market conditions forecast to remain subdued through the remainder of H2

Half Year result in line with market guidance amid tough market conditions

- Revenue of $77.7 million (guidance range of $75-$80 million)
- Underlying EBITDA of $3.8 million
- Underlying NPAT of $0.013 million (guidance of break even)
- Statutory NPAT loss of $5.8 million after impairment
- $7.2 million of free cash flow generated in H1
- Net debt $4.8 million after DMS acquisition
- No profit or loss recognised from DMS up to 31 December 2014
- Interim Dividend of 1 cps



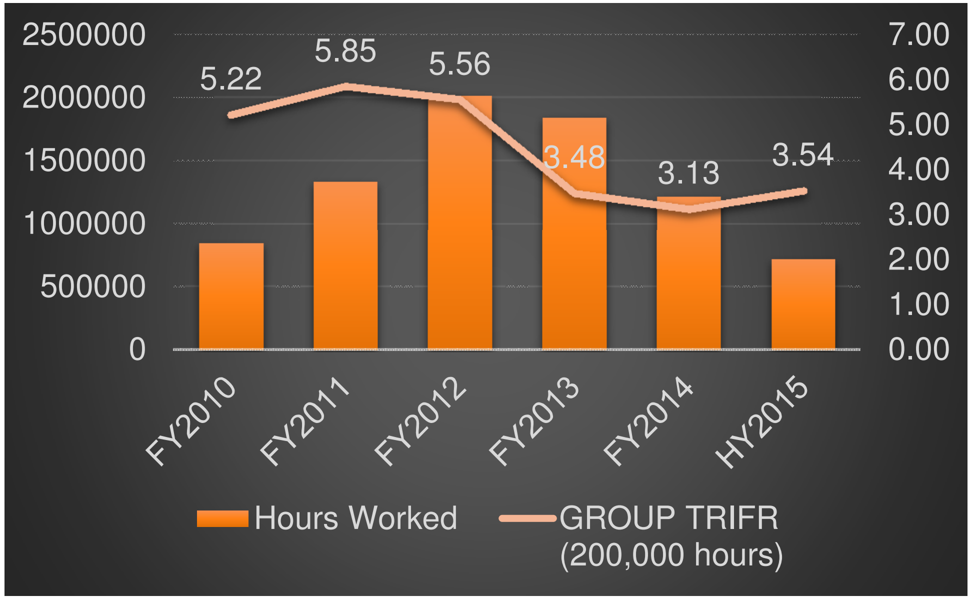
Productivity with a safety always focus

TRIFR 3.54

LTIFR 0.66

Man Hours 716,619

Project Hours worked and TRIFR



- Group TRIFR 3.54 (based on internal reporting standard on Projects)
- HSEQ leading safety targets 100% compliant on all major projects
- Integration of DMS people and systems underway

Health & Safety AS/NZS 4801

ISO 14001

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Production Focus, Safety Always

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Margin pressure in some areas as customers pursue cost reductions

- Revenue in line with previous corresponding period
- Underlying Net profit reduced from lower EBITDA margins
- Underlying EBITDA margin reduced from 6.9% in previous corresponding period to 4.9%, primarily resulting from;
    - Reduced equipment utilisation
    - Contraction in margins due to current market climate
- Continued third party hire equipment obligations ($0.8 million)

The underground division continues to maintain a very dominant market position

- Revenue increased on PCP from short term contracts
- Margins impacted from;
  - Reduced equipment utilisation
  - Contraction due to current market climate
- Continued third party hire equipment obligations ($0.8 million)
- Renewed the Anglo Coal Underground Development Services Contract
- Anglo Grosvenor Underground Mine moving towards production
- Development fleet utilisation decreased
- No evidence of insourcing and less labour hire tenders
- Tendering environment more competitive and major projects being deferred
- Broadmeadow roadway development project completed and demobilised
- Tender pipeline predominately lower value short term projects

Our other divisions continue to round out the services we provide to our customers

ENGINEERING

- Workshop throughput was down
- Margins impacted by reduced revenue and pricing competition
- Consumables revenue has increased
- DMS acquisition will provide product diversification and increasing NSW market share

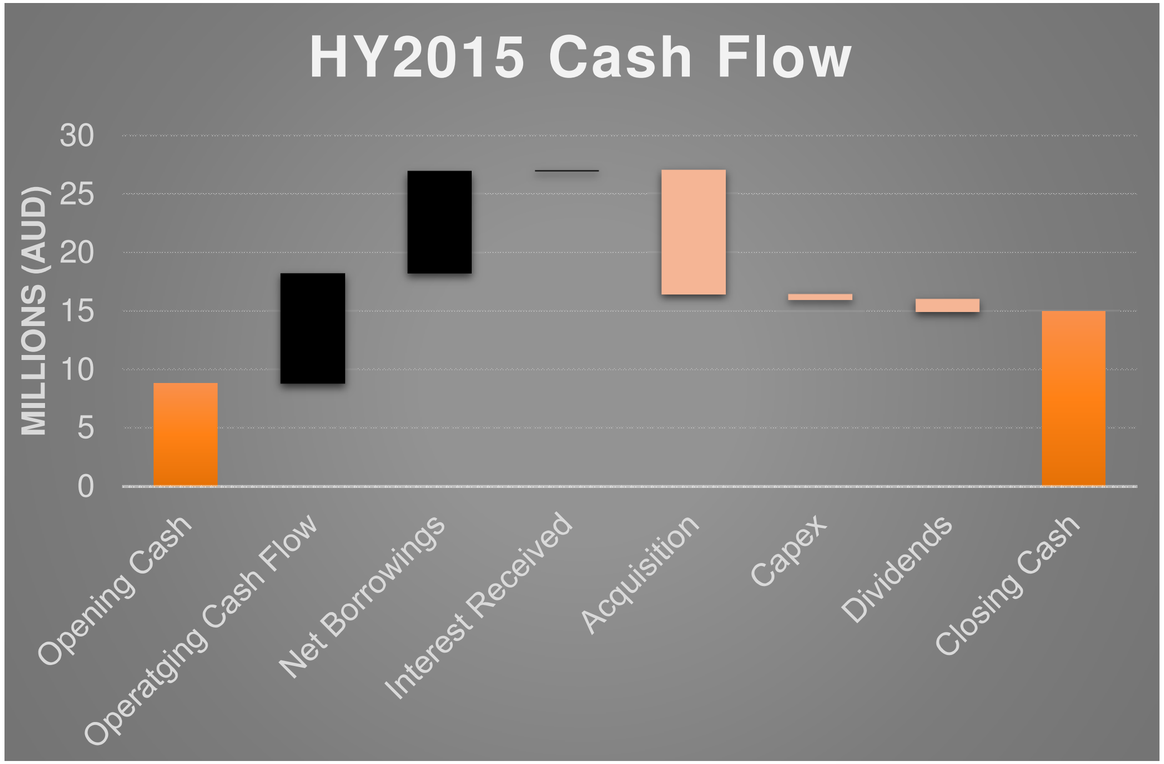
SERVICES

- Competitive environment outside of niche areas
- Goodwill impairment resulting from limited construction pipeline
- Pipeline work has been deferred

MYNESIGHT

- Training activity remained constant
- Market share has increased
- Expanding into oversees markets

Strong Balance Sheet maintained after substantial investment



Balance Sheet

- Net Debt $4.8 million post the DMS acquisition
- Loans and borrowings increased to fund the DMS acquisition

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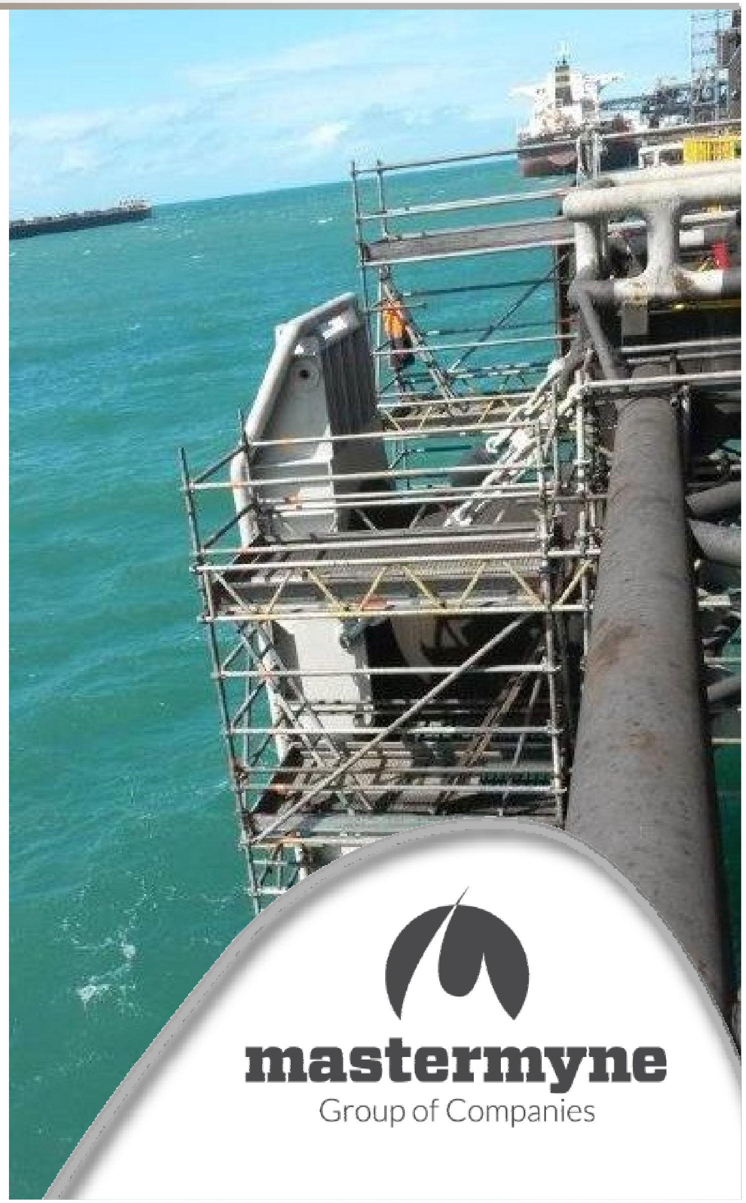
Acquiring DMS will mean a more diversified business creating more growth opportunities

- DMS acquired effective 1 January. No results reported H1 FY15.
- Delivered $3.5 million in annualised overhead synergies with further potential synergies
- Integration has progressed ahead of schedule
- New business division (Mastertec) created to group service offerings and simplify reporting
- Secured new work at a strategic East Coast Port and now tendering for another
- Tendering pipeline has increased materially since the acquisition
- H2 will be influenced by timing of shutdowns and other maintenance projects
- Contracting/tendering activity differs to Mastermyne's business



New structure and rebranding to unlock the full value of the DMS acquisition

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MINING	RESOURCES, INDUSTRIAL AND INFRASTRUCTURE	TRAINING AND DEVELOPMENT
mastermyne Mining Services	mastertec Products & Services	MYNESIGHT

mastermyne Mining Services

- mastermyne Surface
- mastermyne Underground
- mastermyne WOM Operations
  - Fleet
  - Directional Drilling
  - Major Projects
    - QLD
  - Major Projects
    - NSW

mastertec Products & Services

- mastertec Industrial & Maintenance
  - Access solutions (scaffolding and rigging)
    - Pipeline Services
    - Programmed maintenance
  - Protective coatings
    - Line boring
    - Sustaining Capital Works
- mastertec Fabrication & Machining
  - Fabrication
  - Machining
  - Consumables
- mastertec Engineering & Technical
  - Project Scoping, Design and Manage

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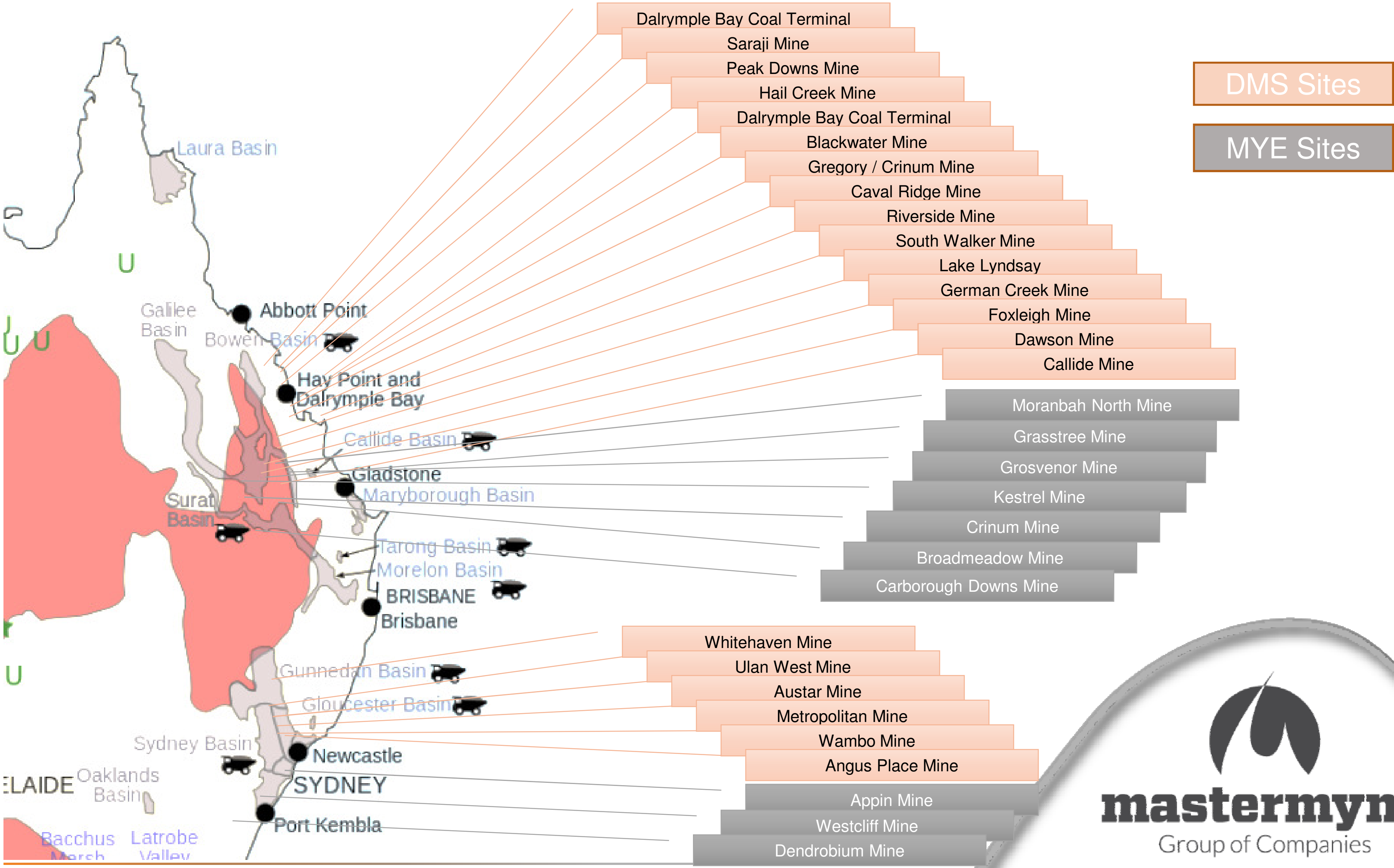
Diversified business creates significant new market and customer opportunities



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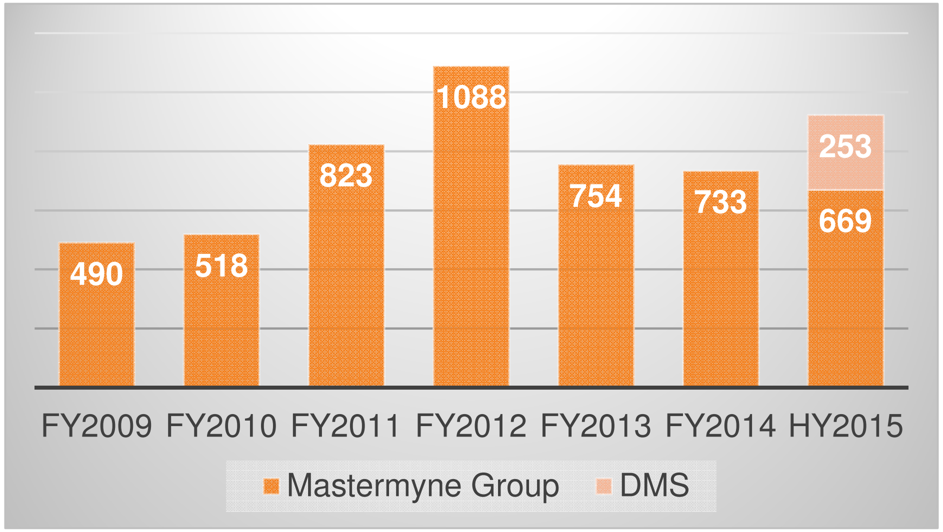
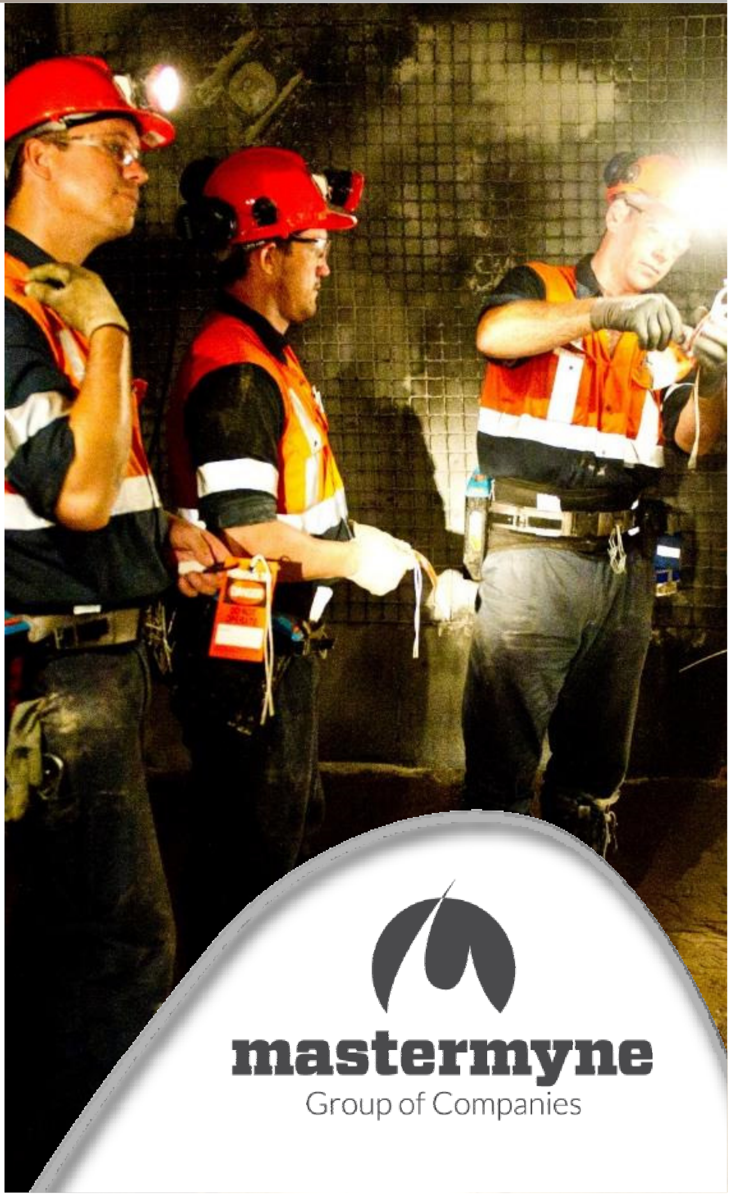
We are continuing to remain competitive on our labour costs

Employee Numbers (FTE)

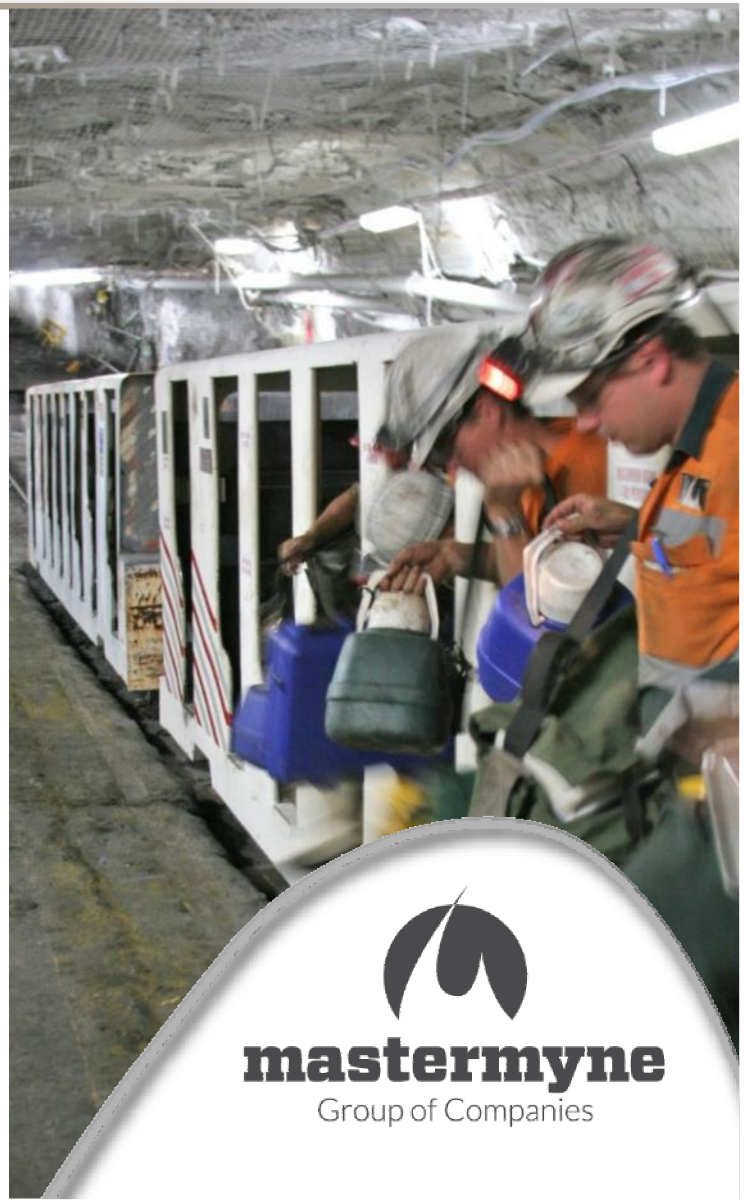


- Workforce after the DMS acquisition is 922
- Remuneration across the sector is continuing to reduce towards award levels
- Smaller competitors have developed an advantage in not having industrial instruments that limit their ability to further decrease labour rates



The second half will see continuing tough conditions with similar results to H1

- Operator costs have reduced and coal prices expected to remain stable
- Major projects continue to be deferred
- Increased activity on the Grosvenor project
- Secured approx. $18 million in short term projects
- Equipment utilisation expected to remain at low levels
- Tendering dominated by short term low value projects
- Order book of $317 million with $80 million in H2
- 2HY guidance: Revenue range $95 - $100 million, NPAT $0.8 to $1.2 million



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Appendices

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Corporate Overview

Capital Structure

Share price as at 24 February ($)	0.32
Shares on issue (m)	91.1
Market cap ($m)	29.1
Net Debt as at 30 June 2014 ($m)	4.8
Enterprise value ($m)	33.9

Board

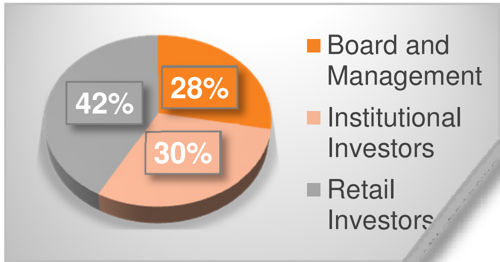
Col Bloomfield	Non-executive Chairman
Anthony (Tony) Caruso	Managing Director
Andrew Watts	Non-Executive Director
James Wentworth	Non-executive Director
Darren Hamblin	Non-executive Director

Substantial Shareholders

Andrew Watts	12.4%
Darren Hamblin	10.7%
Kenneth, Kamon	9.1%
Maui Capital	6.9%
Paradice Investment Management	6.4%
Wilson Investment Group	5.5%

12 Month Trading History

Shareholder Composition



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HY 2015 Results

Financial Summary

Summary Income Statement

($'000)	HY2015	HY2014	Change(%)
Total Revenue	77,739	77,270	0.6%
Statutory EBITDA	**2,039**	**5,351**	**(61.9%)**
Statutory EBITA	(1,366)	1,954	(169.9%)
Goodwill impairment	(4,538)	-	
Statutory Profit/(loss) before tax	**(6,197)**	**1,207**	**(613.4%)**
Tax benefit/(expenses)	447	(435)	
Statutory profit/(loss) after tax	**(5,750)**	**772**	**(844.8%)**
Adjustments[1,2,3]	**6,288**	**-**	
Underlying EBITDA	**3,789**	**5,351**	**(29.2%)**
Underlying profit/(loss) after tax	**13**	**1,207**	**(98.9%)**
Underlying EBITDA margins	**4.87%**	**6.93%**	**(2.05%)**
EPS (cps)	**(7.6)**	**1**	**(860%)**
DPS (cps)	**1**	**1**	**0%**

1. Adjustments include $4.538 million impairment of goodwill
2. Adjustments include $1.407 million transaction and implementation costs associated with the DMS acquisition
3. Adjustments include $0.343 million restructuring costs

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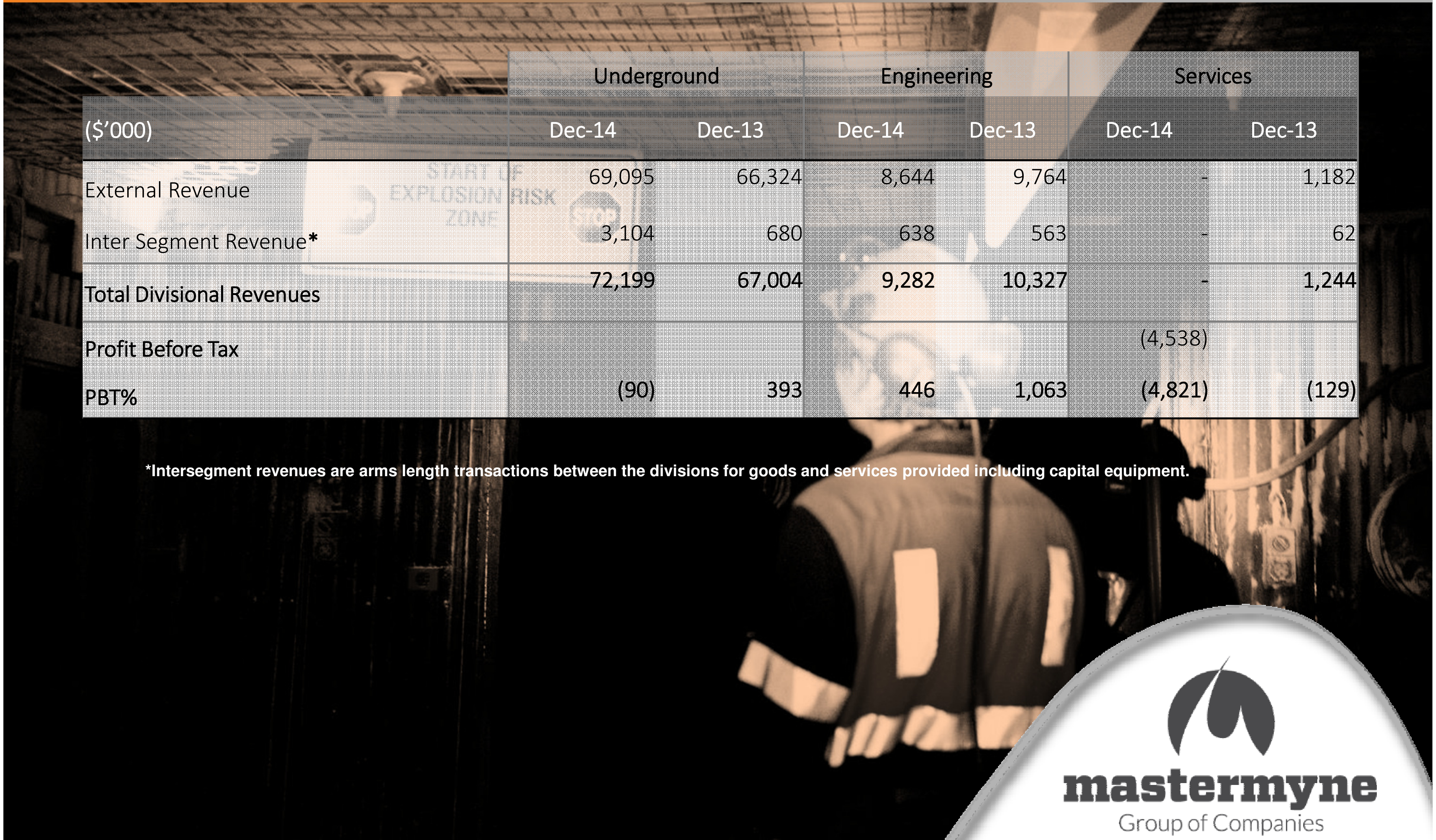
HY 2015 Results

Divisional Performance

	Underground		Engineering		Services	
($'000)	Dec-14	Dec-13	Dec-14	Dec-13	Dec-14	Dec-13
External Revenue	69,095	66,324	8,644	9,764	-	1,182
Inter Segment Revenue*	3,104	680	638	563	-	62
Total Divisional Revenues	72,199	67,004	9,282	10,327	-	1,244
Profit Before Tax					(4,538)	
PBT%	(90)	393	446	1,063	(4,821)	(129)

***Intersegment revenues are arms length transactions between the divisions for goods and services provided including capital equipment.**



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HY2015 Results
Working Capital & Cash Flow

$AUD (000's)	Dec-14	Dec-13
EBITDA (Statutory)	**2,039**	**5,351**
Movements in Working Capital	8,319	6,503
Non cash items	8	6
Net Interest Costs	(413)	(685)
Income tax payments	(499)	(1,401)
Net Operating Cash Flow	**9,454**	**9,774**
Proceeds from exercise of share options		146
Net Capex (includes intangibles)	(455)	(1,108)
Net borrowings/(repayments)	8,684	(4,112)
Interest Received	120	160
Acquisition of Subsidiary	(10,581)	
Free Cash Flow	**7,222**	**4,860**
Dividends	(1,057)	(2,713)
Net increase/(decrease) in cash and cash equivalents	**6,165**	**2,147**
Cash and cash equivalents at beginning of period	8,810	10,223
Cash and cash equivalents at end of period	**14,975**	**12,370**

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HY2015 Results

Working Capital & Cash Flow

$AUD (000's)	Dec-14	Jun-14
Assets		
Cash and cash equivalents	14,975	8,810
Trade and other receivables	28,074	37,917
Inventories	3,447	2,742
Current Tax Assets	839	
Total current assets	47,335	49,469
Property, plant and equipment	32,631	27,732
Intangible assets	21,128	19,642
Total non-current assets	53,759	47,374
Total assets	101,094	96,843
Liabilities		
Trade and other payables	14,260	16,265
Loans and borrowings	5,168	5,102
Employee benefits	7,058	6,655
Current tax payable	-	10
Total current liabilities	26,486	28,032
Loans and borrowings	14,633	5,941
Employee benefits	261	145
Deferred tax liabilities	1,725	2,063
Total non-current liabilities	16,619	8,149
Total liabilities	43,105	36,181
Net assets	57,989	60,662

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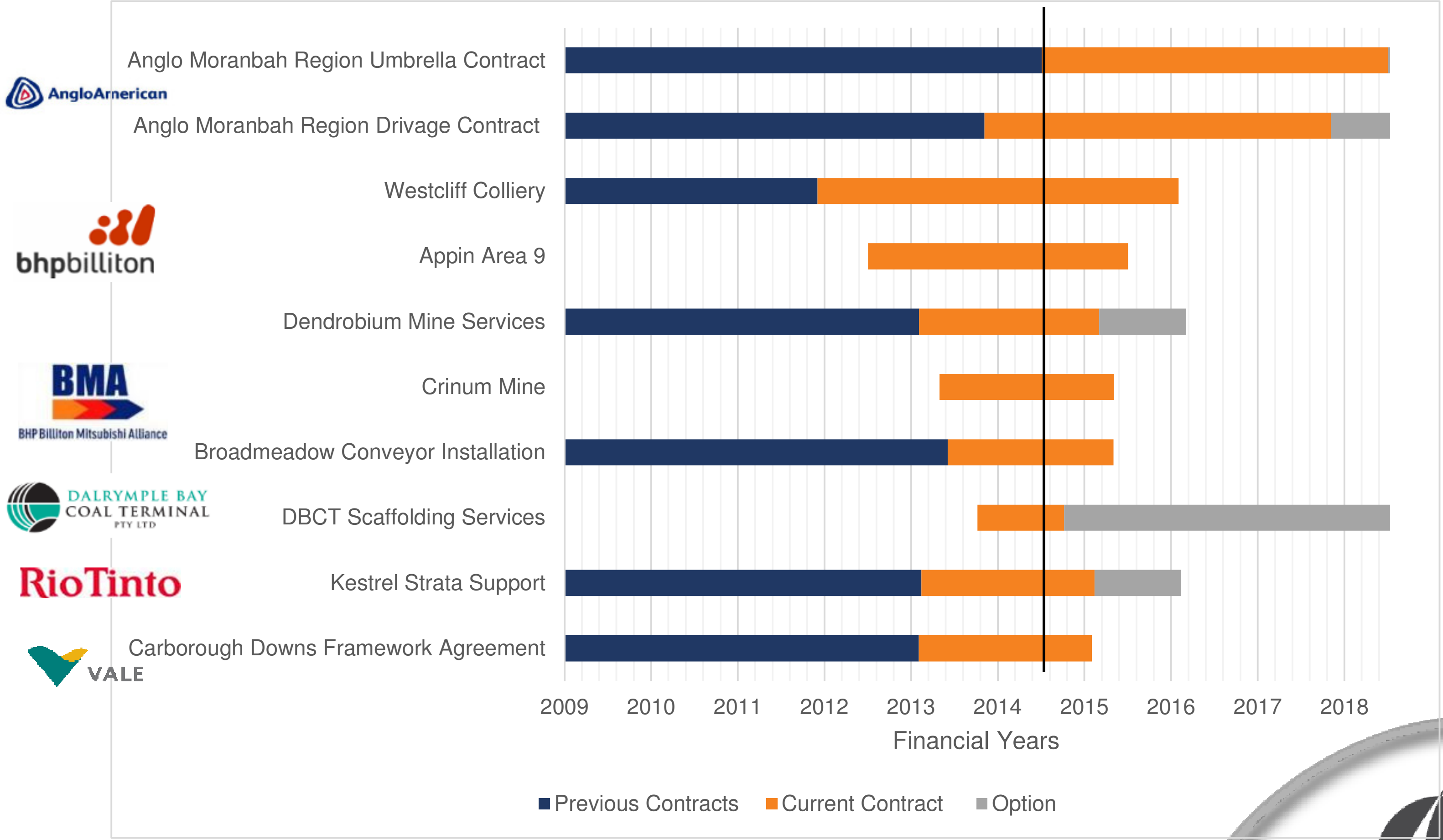
Orderbook



- ✓ Total Order Book - $317 million (includes DMS)
- ✓ To be delivered in H2 FY15 - $80 million

DMS Revenue Streams

Industrial and Maintenance

- Access Solutions (Scaffolding & Rigging)
- Protective Coatings
- Pipeline Services
- Structural, Mechanical Electrical & Line Boring

✓ Revenue profile generated from:

  ✓ Long term maintenance contracts with base load of recurring work supported by defined project work based on maintenance maintenance activity

  ✓ Short term projects tendered with operators and major contractors working on shutdowns and project work on site

✓ Customers can be either Owner Operators or Tier 1 Contractors

✓ Typical project duration between 6 and 8 weeks and valued between $250k and $2m for short term projects

✓ Long term contracts are up to multiple years and several million per annum

✓ Approx. 12 to 16 weeks from tender to mobilisation for short term projects

DMS Revenue Streams
Fabrication and Machining

- Fabrication
- Machining
- Consumables

✓ Jobbing shop with work secured by quoting new customers or repeat customers.

✓ Typically 6 to 8 weeks pipeline visibility

✓ Jobs range in size from thousands of dollars up to major work packages packages of several million

✓ Consumables revenue is either one off sales or through Forward Purchasing Agreements (FPA) for agreed list of items supplied over a contract period

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