

16th February 2016

ASX announcement

Mastermyne Group Limited – FY2016 Half Year Results

Key highlights for the financial year include:

- 1H16 revenue of \$99.7m – up 28% on pcp;
- Statutory 1H16 EBITDA of \$3.5m – up 73% on pcp;
- Statutory 1H16 NPAT loss of \$0.5m – vs \$5.8m loss pcp;
- Reduced debt by \$2.5m over the period;
- Strong Balance Sheet to support ongoing operations and opportunities;
- Combined Order Book of \$185.8 million with \$55 million to be delivered in the second half of FY2015 (excludes recurring and purchase order work);
- Tendering Pipeline at \$2.5 billion.

Leading underground coal contractor Mastermyne Group Limited (ASX Code: MYE) (“Mastermyne” or “the Company”) today released its Half Year results with revenue up on the prior corresponding period (up 28%) and an underlying NPAT loss of \$0.5 million, an improvement from the prior period (\$5.8 million). The Company reduced debt by \$2.5 million over the period and continues to generate cash through this part of the cycle.

Mastermyne’s Managing Director, Tony Caruso said, “All things considered we are pleased to have delivered a resilient performance amidst the tough conditions being experienced across the resources sector at this time. Our Underground Division has again delivered a robust result and we are confident that we have built a solid platform which will enable us to continue to generate cash returns”.

Operational Summary

During the first half the Company has delivered a resilient performance amidst tough conditions, driven by the Mastermyne Underground Division which has again delivered a robust result. The significant operational highlights for the financial half year include:

Safety remains a core value of the business and the first half has seen significant progress made towards all our projects operating injury free. Following the acquisition of DMS, lagging statistics increased when the historical data was merged but pleasingly we have quickly reduced the injury rates by operating injury free projects. The Mining Division continues to deliver projects injury free with many sites reaching yearly milestones without any recordable injuries. This performance has been overseen by the executive team who have led the result through strong safety leadership. The Mastertec Division will continue to benefit from the strong safety culture across the Mastermyne Group. During the period we maintained safety and environmental accreditation and added ISO9001 quality accreditation across the Mastermyne Group. The Mackay workshop also achieved AS3800 electrical hazardous area certification which now increases the services offered from this part of the business.

The Mining division has delivered a strong financial result and continues to perform across all other key metrics. We have seen some fluctuations in manning levels across projects but overall numbers have been relatively consistent. In this period the Mining Division has worked closely with a key supplier to attain licensing to install a suite of roof stabilization products that will enable us to offer this service to our clients as part of a bundled service offering. These initiatives are being well received by the clients as they reduce costs and expand on our value proposition compared to our competitors. During the period we have undertaken several due diligence roles as companies explore acquisitions in the current part of the cycle. Whilst this comes at some cost to the business it strategically places us in a strong position to become the operator of the mine if the transaction completes. We currently have in excess of \$355 million of opportunities in this area and will continue to focus on this as a key strategy to bring on new work through the cycle.

The Mastertec Division has suffered from the continued deferral of maintenance and engineering spending which has seen the traditional sources of revenue in shutdown and maintenance work materially impacted. The company has operated prudently through this period by restructuring those parts of the business which weren't delivering, consolidating workshops, reducing overhead roles and focusing on business development and tendering. Over the next 12 months we are not expecting conditions to materially improve with major maintenance and engineering work deferred and an ongoing preference towards purchase order work and short term contracts. To ensure we remain cash positive we are focusing on business development and tendering, diversification and key partnerships. We have also invested in some geographical expansion and have established a small footprint in the NSW. Some penetration into adjacent markets has been achieved where we have tendered work in the rail and gas sectors. The restructuring that has occurred has been targeted at reducing overheads roles, minimizing unrecoverable costs and the rationalizing of services and workshops premises to reduce external lease costs. The full effects of these changes will be seen in the second half.

At the completion of the first half the Company's combined order book is \$185.8 million with Mining contributing \$159.1 million and Engineering \$26.7 million. Of this total order book approximately \$55 million will be delivered in the second half of FY2016. Recurring and purchase order work sits over and above this order book number.

Outlook

It is unlikely that there will be material improvements in the markets in which we operate in the near term, therefore, the focus will remain on the strategies employed to operate in the current cycle. The Company is confident that we have built a solid platform which will enable us to generate cash returns. We will continue to evaluate counter cyclical opportunities to grow the business. To ensure the Company remains in a position to take advantage of opportunities we will conserve our strong balance sheet.

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 two operating divisions, Mastermyne Mining (underground roadway development, installation of conveyors and longwall relocation), Mastertec Products and Services (access solutions (scaffolding & rigging), protective coatings, pipeline services, structural, mechanical, electrical & line boring, fabrication & machining)

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