

2016 Half Year Results

16 February 2016

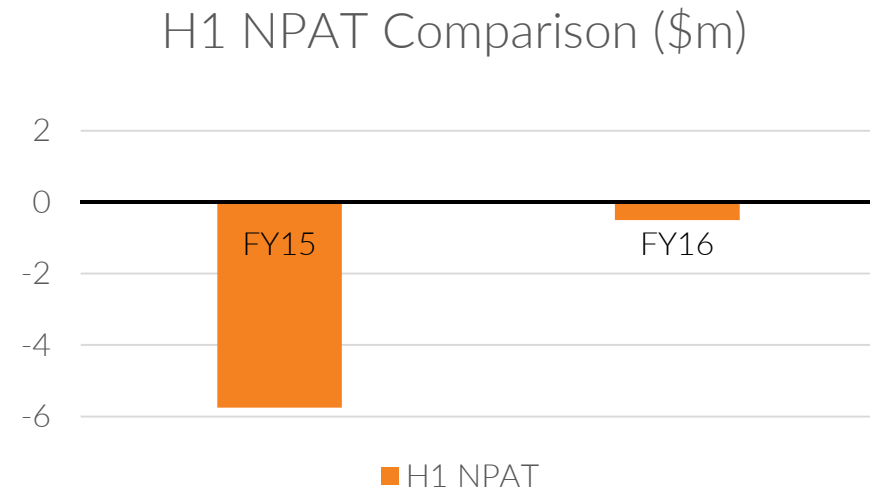
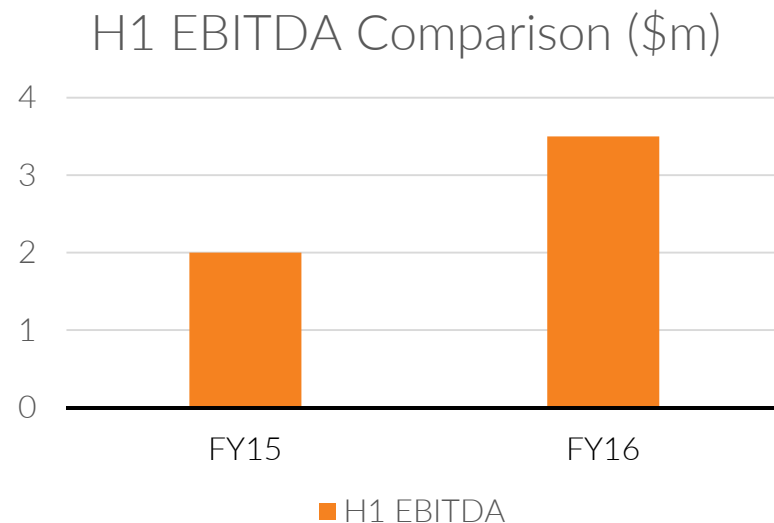
Tony Caruso – CEO & Managing Director
Chris Kneipp – Chief Financial Officer

Overview

- Tough market conditions continue to challenge the sector
- Good operating performance driven by strong results from the Mining Division
- Strong balance sheet provides capacity for counter cyclical opportunities
- Board strengthened by new appointment with deep experience in target sectors



Improved result despite difficult market conditions

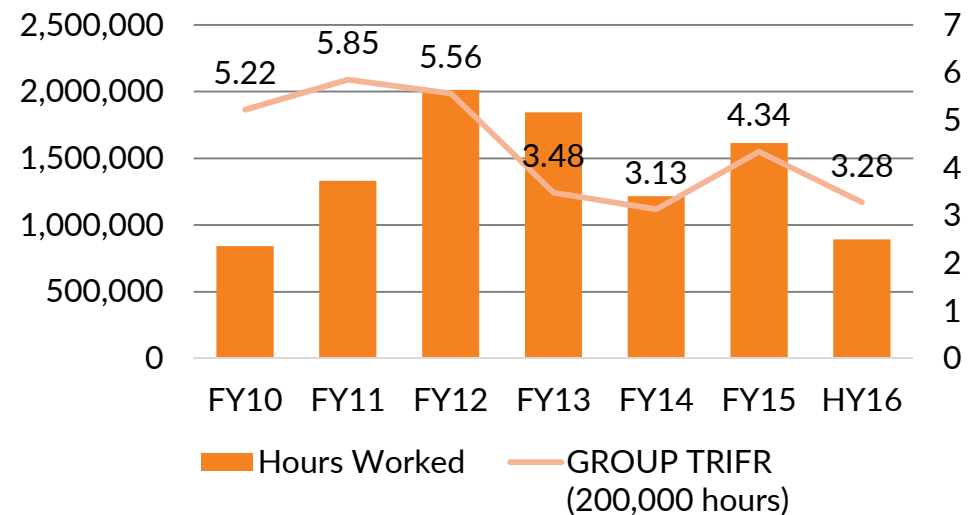


- Robust financial performance driven by the Mastermyne Mining business
 - Revenue of \$99.7m – up 28% on pcp
 - Improved Profitability at EBITDA and NPAT level
 - Debt reduced by \$2.5m

Safe Operations remains a core value

- Mastertec seeing the benefits of the strong Group safety culture
- Injury frequency rates trending down following DMS integration
- Group maintained safety and environmental accreditation across all areas of the business
- All group businesses achieved ISO9001 quality accreditation
- Mackay Workshop achieved AS3800 Hazardous Area Electrical accreditation during the period

Project Hours worked and TRIFR



Mastermyne Mining Division delivers strong performance

- Market remains focused on lowering costs
- Mastermyne has reduced labour rates and reconfigured service offers to suit
- Strata stabilisation services added to improve our value offer to clients
- New contracts have been signed and mobilised with Kestrel and Appin operations during the half
- Equipment utilisation rates remain low although enquiries are being received

\$AUD (\$'000)	1H16	1H15	Change (%)
Revenue	77,438	67,016	16%
EBITDA	5,478	3,785	45%
EBIT	2,408	482	400%
EBITDA Margins	7.07%	5.65%	1.43%



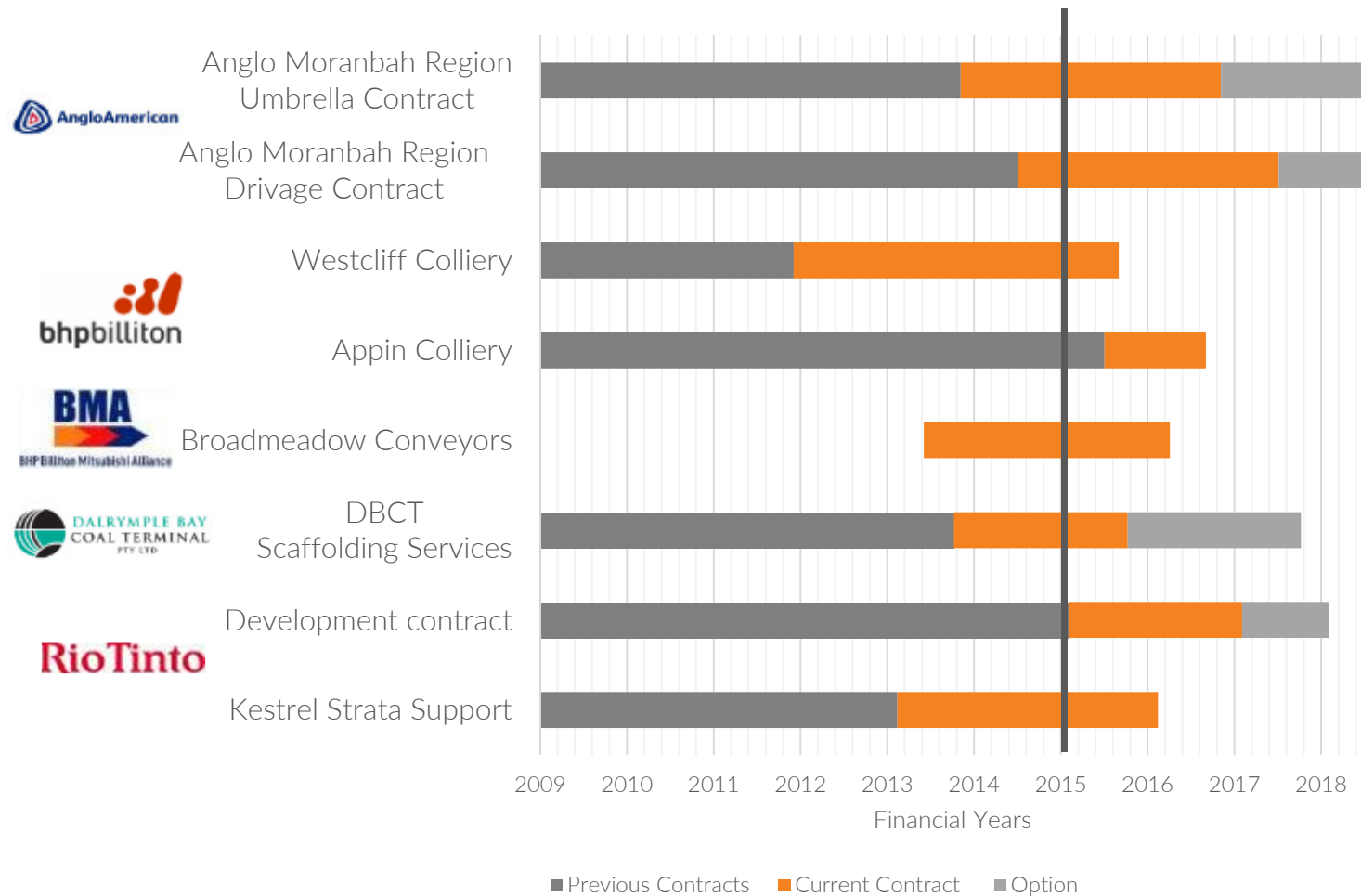
Mastertec performance mixed with tougher market than expected

- Maintenance and Engineering spend hasn't rebounded
- Services, Consumables and Gladstone Workshops all EBITDA positive – BD effort being increased
- Mackay (complete) and Rockhampton workshops restructuring for cash positive outcomes
- Engineering Services targeting early stage project work

\$AUD (\$'000)	1H16	1H15	Change (%)
Revenue	24,038	11,361	112%
EBITDA	(2,177)	1	(29,0304%)
EBIT	(2,961)	(9,485)	69%
EBITDA Margins	(9.05%)	0.01%	(9.06%)



Order book reflects current market conditions



- Current Order Book \$185.8 million
 - Mastermyne Mining \$159.1 million
 - Mastertec \$26.7 million
- \$55 million to be delivered in H2 FY16
- Total pipeline of opportunities \$2.5 billion
 - Mastermyne mining \$2.4 billion
 - Mastertec \$127 million
- Total Whole of Mine opportunities included in pipeline of \$2 billion

Continuing with strategies for a cyclical market

Mastermyne Mining Division

- Focusing on “value add” proposition through expanded range of services
- Organic growth through ‘whole of mine’ projects (\$2 billion of value of current pipeline opportunities)
- Developing strategic partnerships

Mastertec Division

- Restructured to right size with strong emphasis on business development and tendering
- Targeting early stage project work through Engineering acquisition
- Diversification into adjacent markets (infrastructure, ports & rail)
- Expanding strategic partnerships
- Assessing counter cyclical opportunities



Mastermyne situation and outlook

- The market sectors in which we operate continue to face headwinds
- Mastermyne is providing lower cost solutions to our clients
- The Company is performing well and generating cash throughout the market cycle
- Conservation of our balance sheet provides capacity for investment opportunities



Appendices



Corporate Overview

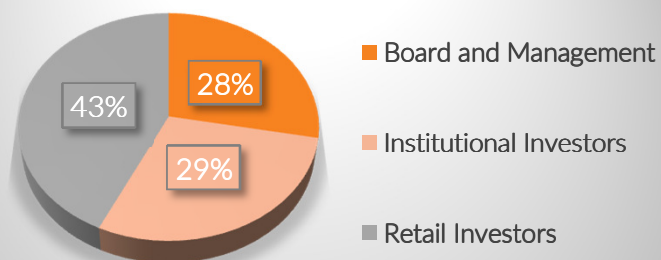
Capital Structure

Share price as at 24 February (\$)	0.185
Shares on issue (m)	91.1
Market cap (\$m)	16.9
Net Debt as at 31 December 2015 (\$m)	14
Enterprise value (\$m)	30.9

Board

Colin Bloomfield	Non-executive Chairman
Anthony Caruso	Managing Director
Andrew Watts	Non-Executive Director
James Wentworth	Non-Executive Director
Darren Hamblin	Non-Executive Director
Gabriel Meena	Non-Executive Director

Shareholder Composition



Substantial Shareholders

Andrew Watts	13.46%
Kenneth Kamon	11.94%
Darren Hamblin	10.65%
Maui Capital	6.91%
Paradice Investment Management	6.41%
Boyles Asset Management, LLC	6.01%

12 Month Trading History



Mastermyne 1H16 income statement

\$AUD (\$'000)	1H16	1H15	Change (%)
Total Revenue	99,694	77,739	28%
Statutory EBITDA	3,524	2,039	73%
Goodwill Impairment		(4,538)	
Statutory profit/(loss) before tax	(810)	(6,197)	87%
Tax benefit/(expense)	301	447	33%
Statutory profit/(loss) after tax	(509)	(5,750)	91%
EPS	-0.6	-7.6	92%

Mastermyne 1H16 cash flow

\$AUD (000's)	Dec-15	Dec-14
EBITDA (Statutory)	3,524	2,039
Movements in Working Capital	(6,673)	8,319
Non cash items	(16)	8
Interest Costs	(505)	(413)
Income tax payments	(117)	(499)
Net Operating Cash Flow	(3,787)	9,454
Proceeds from exercise of share options		
Net Capex (includes intangibles)	(896)	(455)
Net borrowings/(repayments)	(2,548)	8,684
Interest Received	33	120
Acquisition of Subsidiary	-	(10,581)
Free Cash Flow	(7,198)	7,222
Dividends	(911)	(1,057)
Net increase/(decrease) in cash and cash equivalents	(8,109)	6,165
Cash and cash equivalents at beginning of period	8,723	8,810
Cash and cash equivalents at end of period	614	14,975

Mastermyne 1H16 balance sheet

\$AUD (000's)	Dec-15	Jun-15
Assets		
Cash and cash equivalents	614	8,723
Trade and other receivables	39,616	38,568
Inventories	3,843	3,002
Current Tax Assets	1,441	259
Total current assets	45,514	50,552
Deferred Tax Asset	6,381	7,146
Property, plant and equipment	26,221	29,070
Intangible assets	14,816	14,912
Total non-current assets	47,418	51,128
Total assets	92,932	101,680
Liabilities		
Trade and other payables	15,471	18,101
Loans and borrowings	2,705	4,363
Employee benefits	5,625	7,725
Total current liabilities	23,801	30,189
Loans and borrowings	11,903	12,793
Employee benefits	140	197
Total non-current liabilities	12,043	12,990
Total liabilities	35,844	43,179
Net assets	57,088	58,501

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