

FY13 results presentation

19 August 2013



Innovative Technologies | Global Support | Integrated Solutions



Bernie Ridgeway - Managing Director
Paul Evans - Chief Financial Officer

Today's Agenda

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| | |
|----------------------------|-----------------|
| Overview | Bernie Ridgeway |
| FY13 financial performance | Paul Evans |
| Operational review | Bernie Ridgeway |
| Strategy & outlook | Bernie Ridgeway |



Bernie Ridgeway
Managing Director



Paul Evans
Chief Financial Officer /
Company Secretary

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Overview

FY13 Summary

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- Combined revenue ↓11%
 - O&G revenue ↑79% to new record high
 - Minerals revenue ↓24%
- EBITA ↓53% (including \$3.0m of one off restructuring costs, the majority in 4Q13)
- Revenue and earnings impacted by cyclical slowdown in minerals sector
- Minerals slowdown reduced Reflex fleet utilisation and drilling fluids revenue
- Success of diversification strategy demonstrated by strong growth in oil & gas revenues
- Stringent working capital management driving significant improvement in operating cash-flows
- Strong balance sheet and commitment to paying fully franked dividends maintained
- Acquisition of ioGlobal (effective 1 Nov 2012) further diversifies revenue streams
- Significant progress towards strategy of 30-40% of revenue from Oil & Gas
- Continued product development and introduction of new technologies – exciting initiatives to drive future growth



Key metrics

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| (\$m) | FY13 | FY12 | Var. |
|---------------------------|----------|----------|------|
| Statutory revenue | 232.8 | 269.6 | ↓14% |
| Combined revenue* | 249.4 | 278.9 | ↓11% |
| EBITA | 35.2 | 75.2 | ↓53% |
| NPAT | 19.4 | 45.8 | ↓58% |
| EPS (cents) | 9.2 | 22.3 | ↓59% |
| Operating cash flow | 39.0 | 27.1 | ↑44% |
| Gearing (ND / (ND + E)) | 22.3% | 22.3% | - |
| Interest cover | 10 Times | 43 times | - |
| Final DPS (fully franked) | 0.40 cps | 4.00 cps | ↓90% |
| Total DPS (fully franked) | 2.90 cps | 7.25 cps | ↓60% |
| Number of employees** | 604 | 543 | ↑11% |

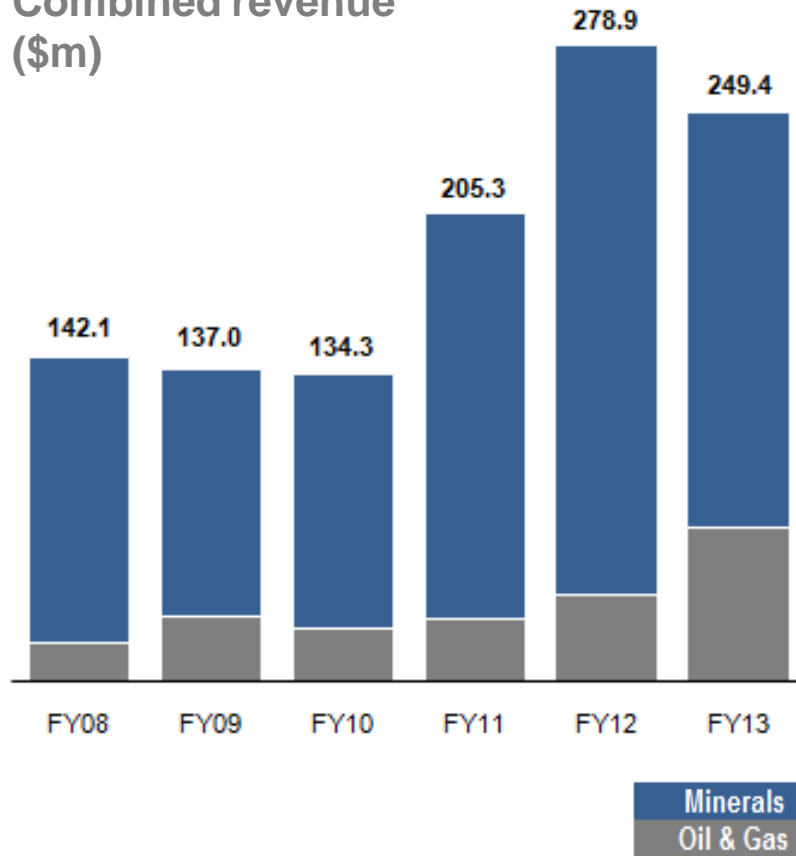
* Includes 30% of VES International JV revenue

** Reflects investment in Oil & Gas personnel



Revenue of \$249.4m

Combined revenue*
(\$m)



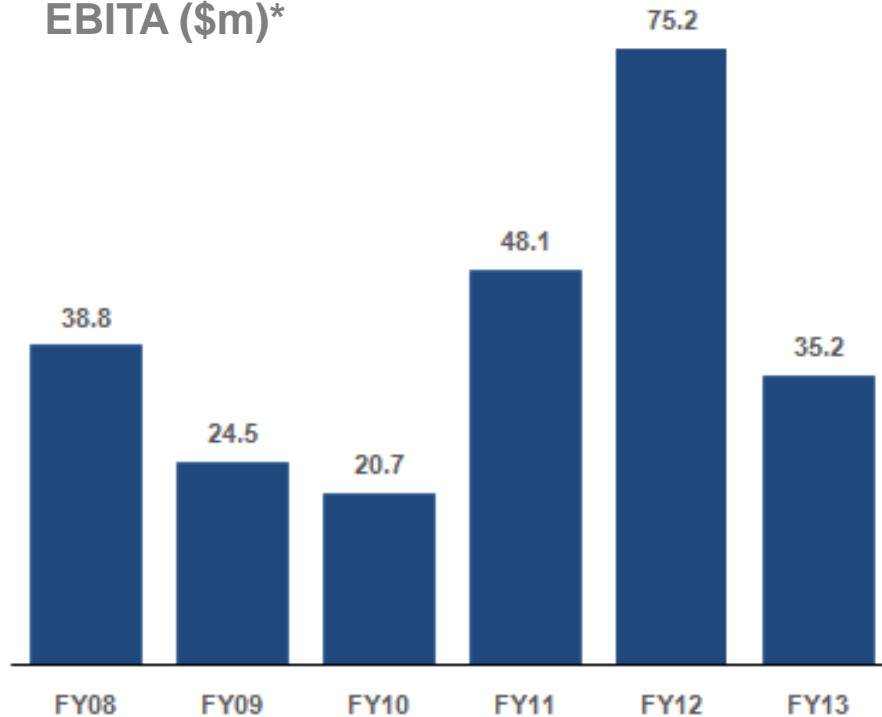
* Includes 30% of VES International JV revenue

- ~ ↓11% on FY12 (record level)
- Minerals
 - 73% of combined revenue
 - Cyclical slowdown in 1H13: more pronounced in 2H13
 - Growth available in underpenetrated mining regions
- Oil & Gas
 - 27% of combined revenue
 - Year on year growth since FY10
 - Continued expansion of VES International JV via acquisition and organic growth
 - Share of VES JV revenue \$16.6m (FY12: \$9.3m)



EBITA of \$35.2m

EBITA (\$m)*



*Includes equity accounted VES International JV result

- EBITA ~ ↓53% on FY12 (record level)
- Restructured operations to reduce costs: \$3.0m one off restructuring costs
- Disciplined investment approach:
 - Oil & Gas strategy
 - Skilled employees
 - Product development
- Project delays in 4Q13 caused small AMC O&G EBITA loss (normalised <\$1m)
- VES International JV:
 - Strong EBITDA performance
 - Impacted by amortisation, depreciation and tax charges. (including acquisition accounting finalisation)



FY13 Financial Review

Strong balance sheet with conservative gearing

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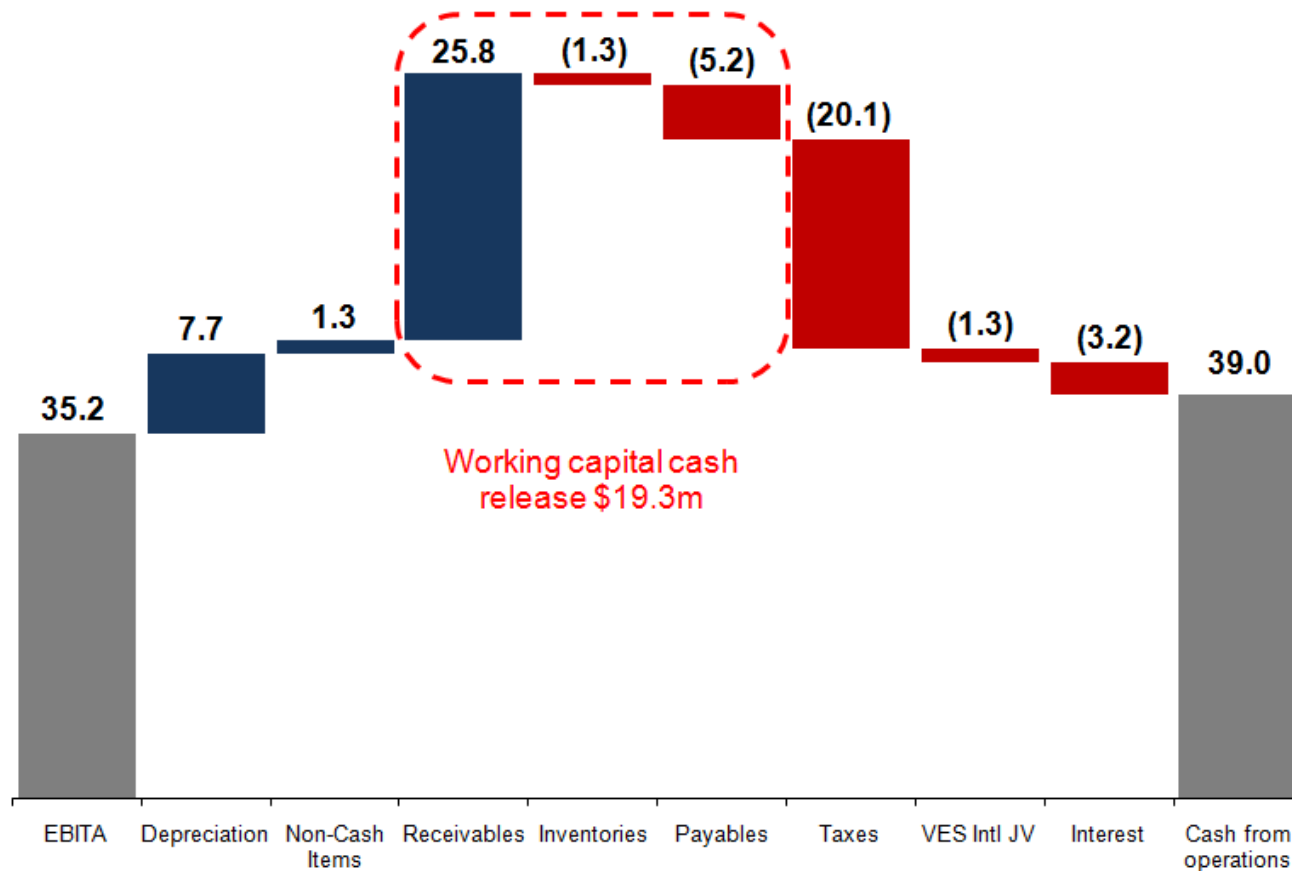


| (\$m) | Jun 13 | Jun 12 |
|----------------------------|--------------|--------------|
| Net cash | 10.0 | 11.2 |
| Receivables | 45.2 | 59.7 |
| Inventory | 53.4 | 52.1 |
| Investment in SEH | 26.5 | 21.4 |
| VES International JV | 25.6 | 24.3 |
| Fixed assets | 40.7 | 19.7 |
| Intangibles | 67.4 | 61.1 |
| Other assets/deferred tax | 17.1 | 25.1 |
| Total assets | 285.9 | 274.6 |
| Payables | 25.8 | 33.4 |
| Bank loans | 63.5 | 58.9 |
| HP Finance | 0.5 | 0.5 |
| Provisions and current tax | 7.6 | 13.7 |
| Total equity | 188.5 | 168.1 |
| (CA – Inventory)/CL | 1.35 | 1.40 |
| CA/CL | 2.49 | 2.29 |
| Gearing (ND / (ND + E)) | 22% | 22% |

- Strong working capital management
- Inventory reductions in Minerals. Increases in O&G to support growth
- Net debt at 30 Jun 13 of \$54.0m
- Gearing comfortable at 22%
- Fixed asset growth from SRUs and O&G equipment business
- SEH investment at market value
- Reduction in net deferred tax position as tool fleet depreciates

Solid working capital management

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- \$39.0m of cash generated from \$35.2m of EBITA
- Working capital release due to improved stock and debtor management
- Investment in O&G inventories during the period offset Minerals release

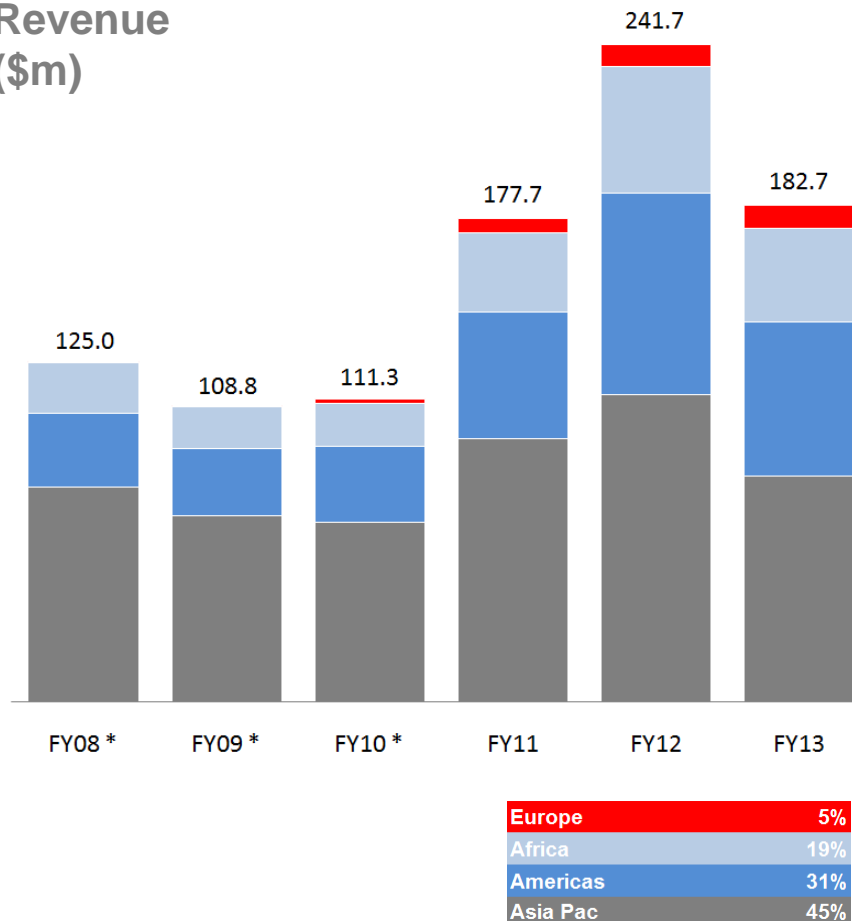


Operational Review



Minerals division

Revenue
(\$m)



- ~ ↓24% on FY12 (record level)
- Revenues impacted by cyclical slowdown, particularly in 2H13
- Integration of ioGlobal
- Global introduction of SRUs
- Further product development
- Outlook for FY14
 - Resource companies remain in cost cutting, expenditure reduction phase
 - Organic growth opportunities in under penetrated markets
 - Expanded Reflex (ex ioGlobal) provides platform for substantial industry change
 - Marketing SRUs globally

^Comparative purposes only. Regional structure adopted 1 July 10

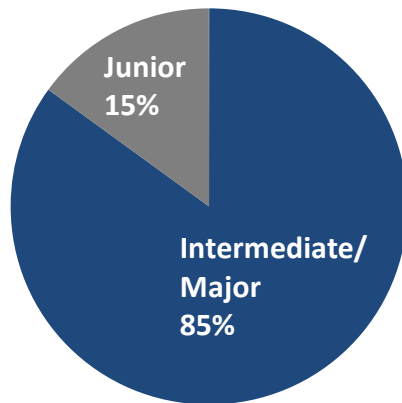
Diversified revenue base

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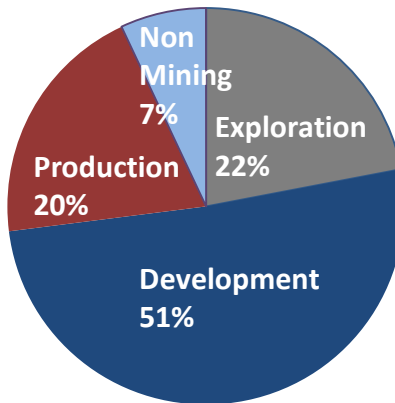


Q413 Minerals Revenue

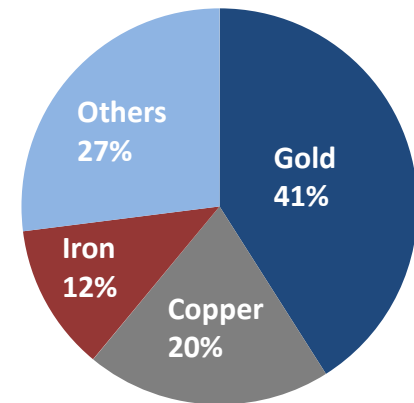
Customer



Drilling Phase



Commodity



- ~60% from gold and copper
- ~70% from development and production with growing proportion from non mining
- ~85% from major and intermediate customers

Customer Type defined as annual revenue::

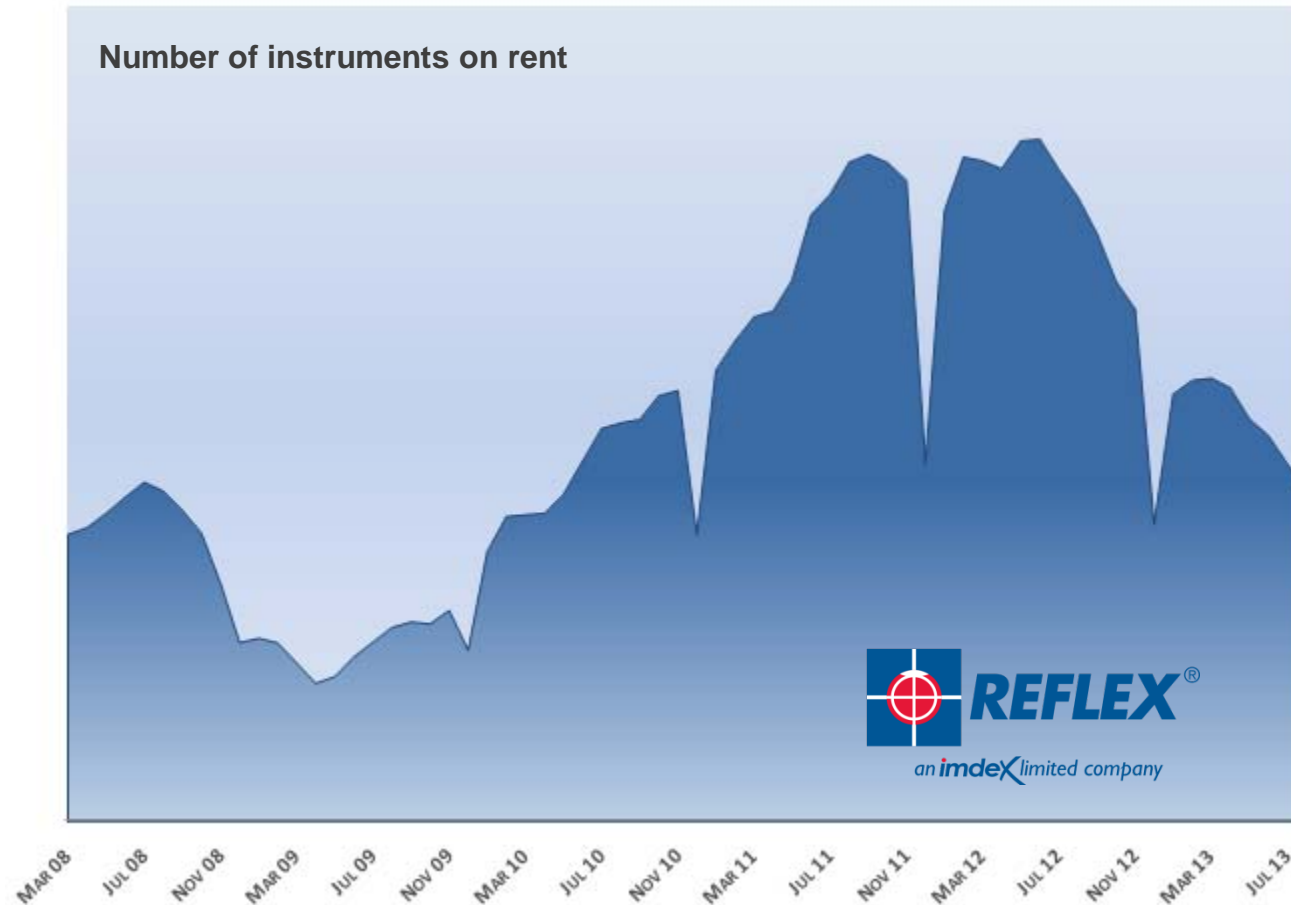
- Major – Greater than US\$500m
- Intermediate – Greater than US\$50m
- Junior – Less than US\$50m

Drilling Phase defined as follows:

- Exploration - Pre-inferred resource/greenfields
- Development - Post-inferred resource moving towards indicated and measured resource
- Production - In-Pit / Underground drilling , mine life extension drilling programmes, resource delineation drilling, grade control, dewatering, etc.
- Non-Mining - Drilling in the Construction/Civil Industry, Non-Mining Waterwell and Non-Mining HDD.

Reflex rental fleet

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- Decline from July 2012 peak reflects cyclical slowdown
- Market share maintained

Innovation/development of market leading technologies

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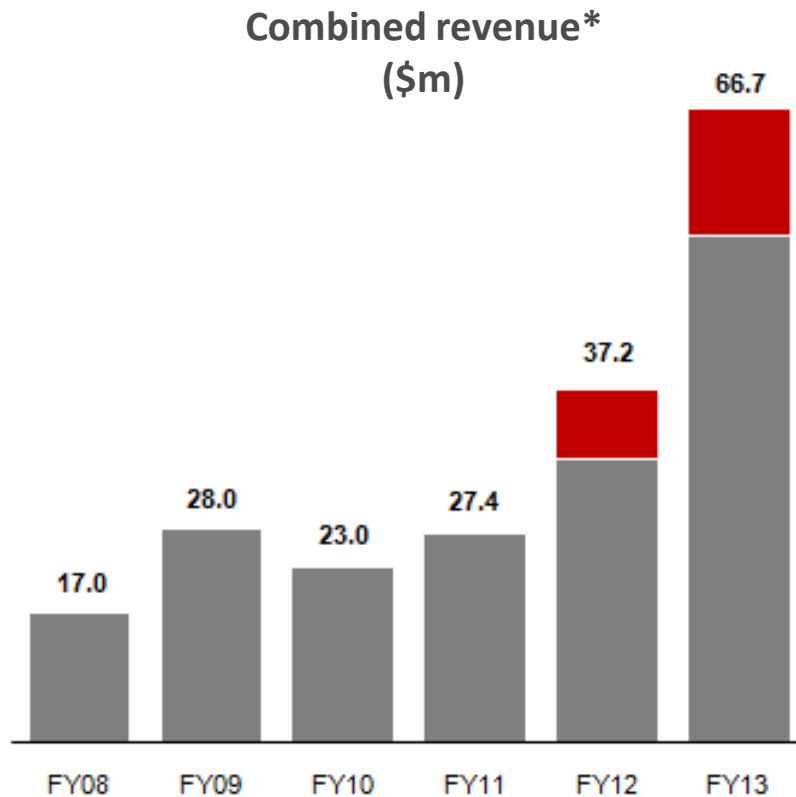
Solids removal technology

- Industry changing technology – many advantages:
 - Lower costs in remote areas
 - Lower water usage
 - Lower drilling fluid costs
 - Effectively no ground disturbance
 - Reduced wear and tear on bottom hole assembly
- FY13 targets not met due to cyclical slowdown/cost cutting
- Units deployed in each target region: Europe, Africa, Asia/Pacific, North America, South America
- Well positioned for the cyclical upswing



Strong growth in Oil & Gas division

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- ~ ↑79% on FY12
- Year on year growth since FY10
- Includes \$16.6m from VES International JV
- Strong growth in Europe and Asia Pac, CBM strong in Australia
- Additional management depth to support growth
- Outlook for FY14:
 - Improving VES International JV performance
 - Targeted fluids and equipment strategy for Europe, Middle East and Asia Pacific

*Includes 30% of VES International JV revenue

■ VES International
JV revenue



VES International JV

(30% interest)

| (m) | unaudited | | FY13 | FY12* |
|--|-----------|--|------|-------|
| Total JV Revenue (100%) | USD | | 56.9 | 28.9 |
| Total JV EBITDA (100%) | USD | | 17.8 | 6.4 |
| Imdex share of associate profits / (losses)** | AUD | | 1.3 | (1.5) |

*50% ownership to 31 Dec 11 and 30% thereafter

**FY13 includes \$3.0 million profit on dilution

- 3rd largest provider of down hole survey services in global oil & gas market
- Continued strong EBITDA primarily from US based operations
- Imdex share of NPAT impacted by \$5m non cash depreciation and amortisation and \$2m tax charge
- Acquisition accounting finalised with additional Imdex share of \$1m non-cash amortisation and \$0.6m tax charge
- One off \$3.0m profit on dilution from 50% to 30%
- Future growth expected; organic and bolt on acquisitions



Summary and Outlook



Summary – FY13

- FY13 financial result impacted by cyclical slowdown in minerals sector. More pronounced in 2H13
- Success of diversification strategy demonstrated by strong growth in oil & gas division FY13 revenues
- Strong balance sheet and cash flows
- Imdex cost structure re-aligned in 2H13
- Product development and innovation continued
- Commitment to paying fully franked dividends maintained

Outlook – FY14

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Fundamentals point to continued subdued activity in Minerals, however, robust activity in Oil & Gas

- Minerals industry in cyclical slowdown. Resource companies are reducing expenditure, cutting costs, increasing productivity and looking at innovation
- Despite expenditure/cost reductions by the Majors and Intermediates, a certain amount of spending will continue on long term projects

What is Imdex doing?

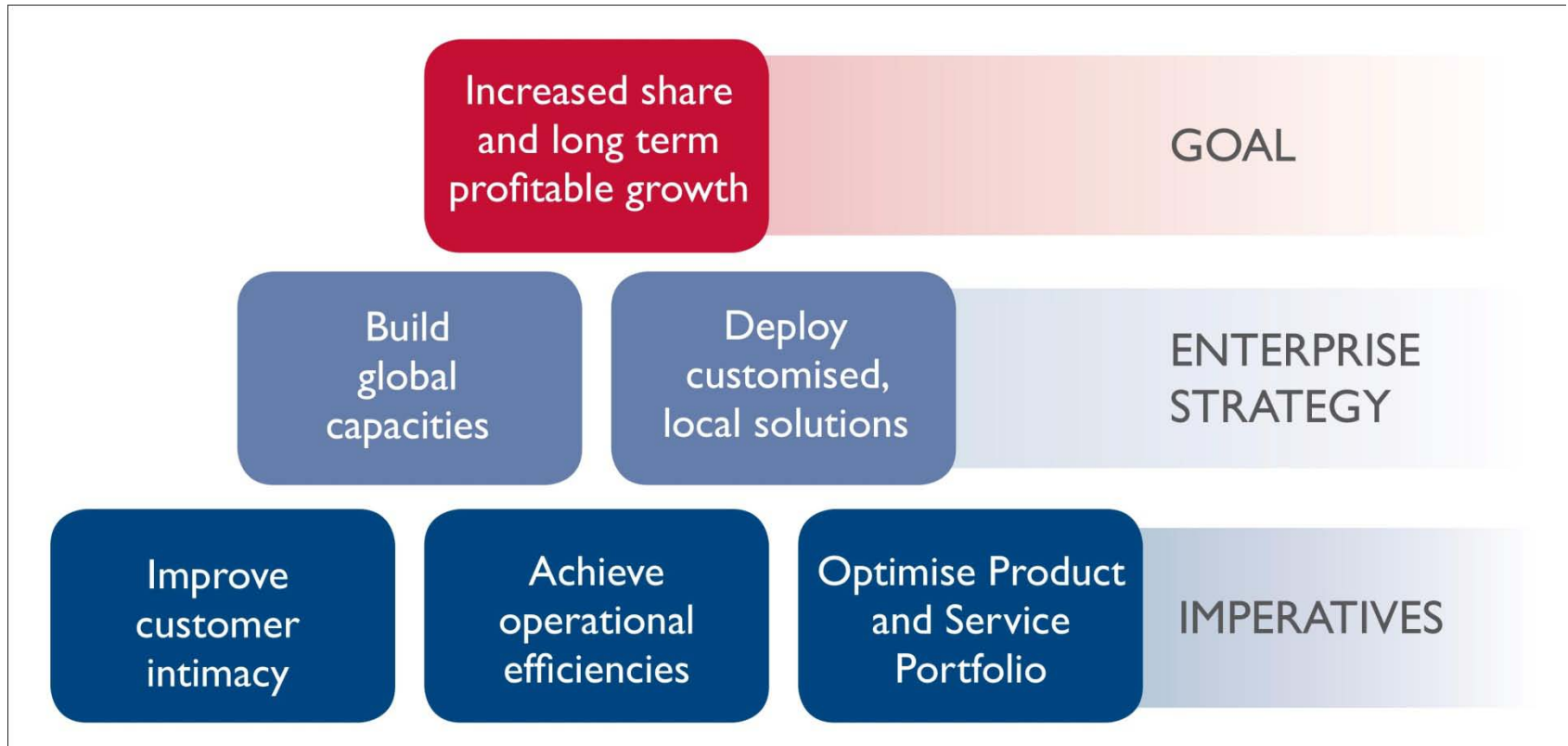
- Increasing exposure to development and production projects
- Further geographic expansion and diversification
- Pursuing market share growth in Minerals Division from previously underpenetrated markets
- Substantial organic growth expected in O&G division – profitable in FY14
- Innovation: development of new products and technologies – Minerals and Oil & Gas
- Imdex has been responding to market conditions with a strong focus on prudent working capital management, cost structures, efficiency and productivity improvements

APPENDIX



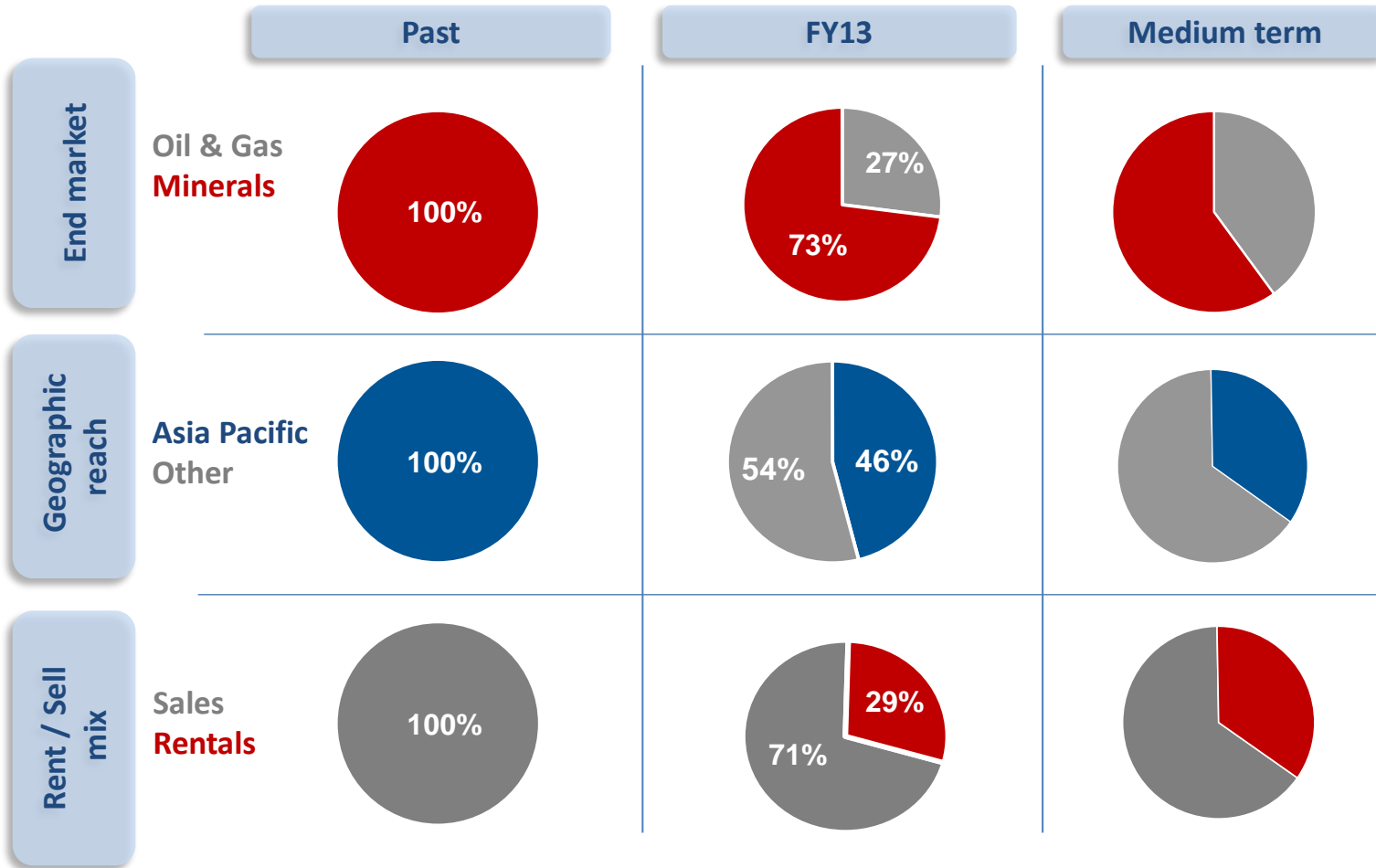
Our Strategy

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On track with strategy

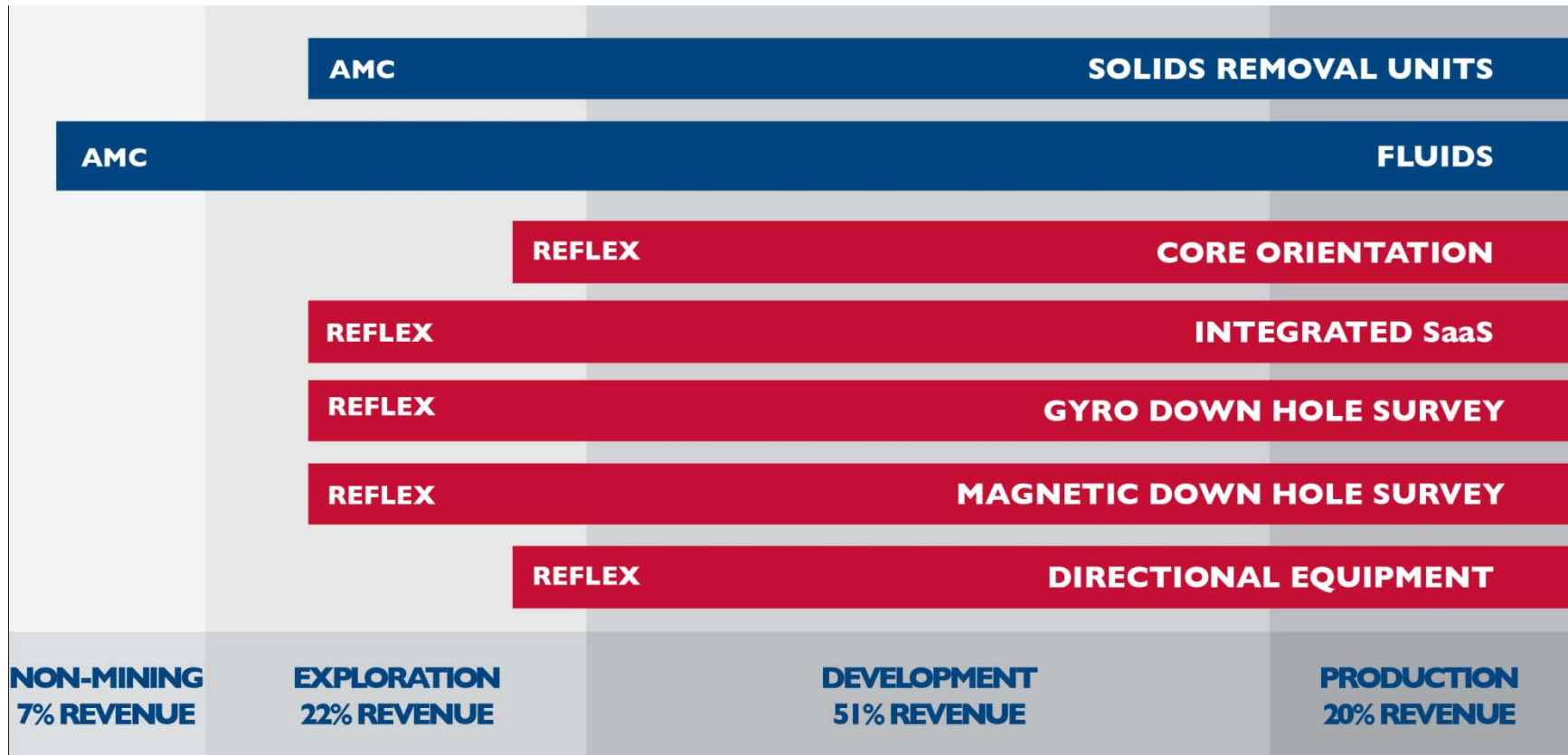
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Note: All numbers based on actual or anticipated combined revenue

Comprehensive product offering

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Key business drivers and outlook

| Driver | FY14 Outlook |
|---|---|
| Exposure to Majors/Intermediates | Medium to long term project horizons 85% of 4Q13 Minerals revenue from Major and Intermediate companies. Similar exposure expected in FY14. Subdued activity due to cyclical slowdown |
| Exploration drilling activity | Global rig utilisation approximately 30% |
| Commodity prices | Commodity prices remain under pressure. ~70% of 4Q13 Minerals revenue generated from production and development with growing non mining portion. Similar exposure expected in FY14 |
| Instruments on rent | Reflex rental fleet levels expected to remain flat or slightly down in FY14 |
| Technology leadership | Product development spending to continue New products (SRU and new/updated instrumentation) to generate market share gains in FY14 and beyond |



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