Mastermyne Group Limited

FY2013

Full Year Results Presentation

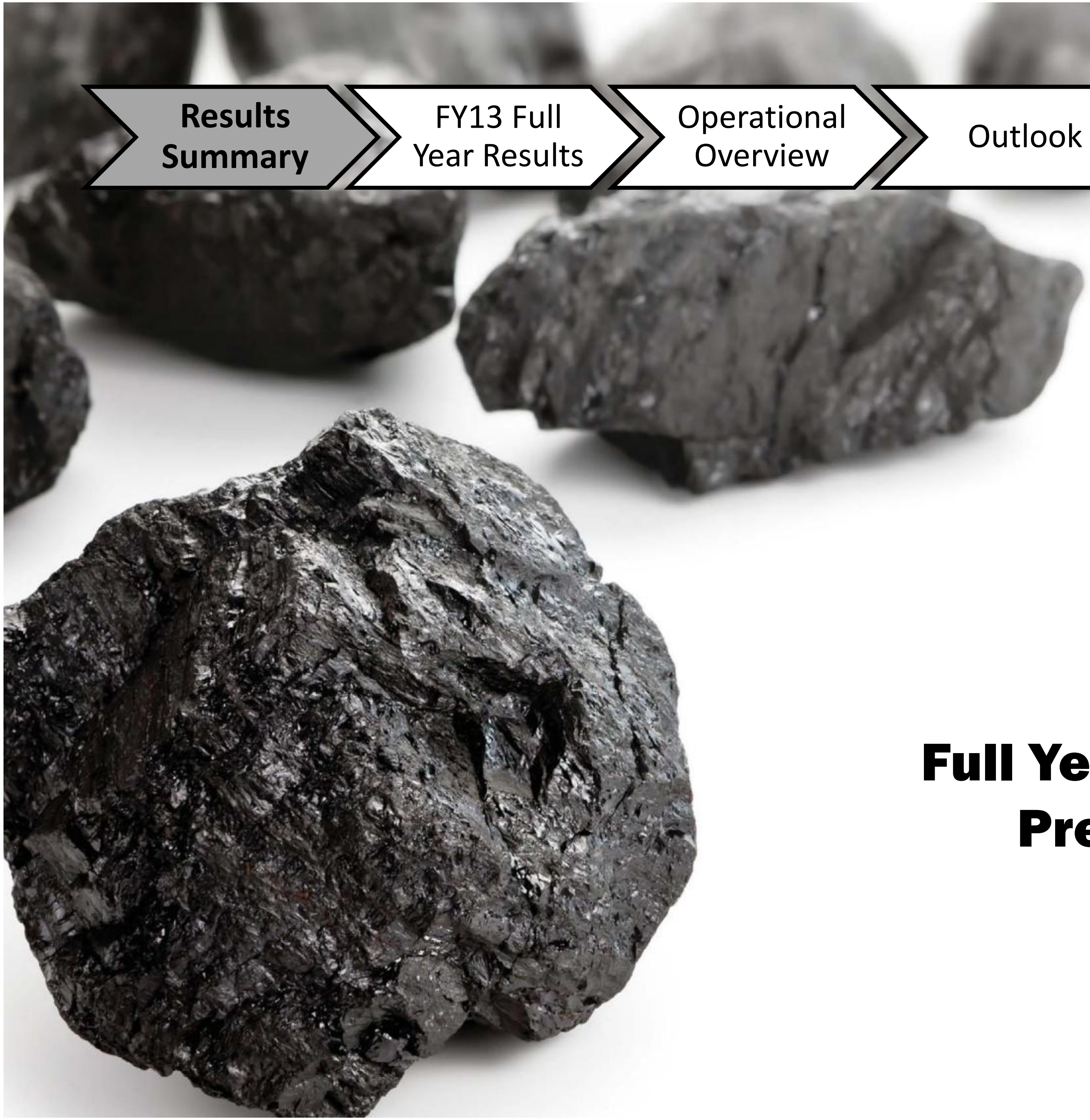
28 August 2013

Tony Caruso – CEO & Managing Director

Chris Kneipp – Financial Controller

Mastermyne
Underground • Services • Engineering

(07) 4963 0400 • www.mastermyne.com.au



FY2013
Full Year Results
Presentation

Results Summary

Financial Highlights

- Revenue of $248.8 million down 8.5% on FY2012
- EBITA of $18.5 million down 27.7% on FY2012
- NPAT of $11.5 million at upper end of guidance given in May
- EPS of 15.3cps down from adjusted EPS of 21.1cps in FY2012

Balance Sheet

- Net Assets up to $60.9 million
- Net Debt down $3.2 million to $7.95 million

Dividends

- Final Dividend of 3.6 cps taking full year dividends to 6.9 cps down from 7.8 cps in FY2012

Order Book

- Order Book $236 million at 30 June 2013
- Tendering Pipeline currently at $962 million with $378 million in active tenders

REVENUE

$248.8m(⬇8.5%)	Guidance $245 - $250m

FY2012: $271.9m
FY2011: $164.8m

EBITA

$18.5m (⬇27.7%)

FY2012: $25.6m
FY2011: $16.2m

NPAT
Underlying

$11.5m (⬇27%)	Guidance $11.1m-$11.6m

FY2012: $15.8m[1]
FY2011: $9.8m[2]

1 FY12 Underlying NPAT included a tax adjustment reversing the prior period benefits in relation to rights to future income as a result of changes to legislation enacted prior to 30 June 2012
2 Statutory NPAT for FY11 was $11.7 million, underlying NPAT included adjustments for a net impairment of Debtors and Assets in relation to the continuous miner lost in Pike River mine. Also included tax adjustments for rights to future income.

Operational Highlights

- Continuing trend of improvement in safety outcomes. FY2013 Group TRIFR 3.28 (FY2012: 4.67)
- 1,843,108 man hours worked in the period and six sites recorded a 12 month TRIFR of 0.00
- Maintained strong revenue in a challenging market with no loss of contracts other than scheduled
- Secured $65m of revenue through 6 new contracts late in the second half despite difficult market conditions. 3 contracts are new sites and 3 replacing existing contractors where MYE was already working
- Secured 2 new contracts and renewed 2 others in Engineering and MyneSight divisions
- Workforce numbers reduced to 754 FTE with majority of change from scheduled or early project completions
- Kestrel Mine Extension Project has been completed and has now been transitioned to Rio's Operations team, effective 1 July 2013

FY2013

Full Year Results Presentation

FY2013 Financial Overview

Summary Income Statement			
($'000)	FY 2013	FY2012	Change(%)
Total Revenue	248,836	271,955	(8.5%)
EBITDA	25,878	31,564	(18.0%)
EBITA	18,481	25,554	(27.7%)
Profit before tax	**16,508**	**23,750**	**(30.5%)**
Tax expenses	(4,979)	(9,086)	(45.2%)
Statutory Profit after tax	**11,529**	**14,664**	**(21.4%)**
Tax Adjustments**		1,124	
Adjusted Profit after tax	**11,529**	**15,788**	**(27.0%)**
EBITA Margins	7.4%	9.4%	
EPS	15.3	19.6	(21.9%)
Adjusted EPS	15.3	21.1	(27.5%)
DPS	6.9	7.8	(11.5%)

**Tax adjustments for the prior period are a reversal of the prior period benefits in relation to rights to future income as a result of changes to legislation enacted prior to 30 June 2012.

- Revenue is down 8.5% largely as a result of early contract completion at Newstan
- Net Profit down 26.8% as a result of early contract completion and lower equipment utilisation
- EBITA margin of 7.4% is down from 9.4% in FY12 primarily resulting from;
  - Reduced equipment hire rates
  - Lower equipment utilisation as a result of the early contract completion at Newstan whilst still maintaining consistent depreciation levels
- EBITA margin expectations for FY2014 to be similar to second half FY2013
- Full year dividends of 6.9cps (45%) compared with 7.8 cps in FY2012

FY2013 Divisional Performance

Business Unit Performance						
($'000)	Underground		Engineering		Services	
	FY13	FY12	FY13	FY12	FY13	FY12
External Revenue	194,251	242,980	17,819	22,618	36,766	6,357
Inter Segment Revenue*	12,129	6,992	1,471	1,756	6	69
Total Divisional Revenues	**206,380**	**249,972**	**19,290**	**24,374**	**36,772**	**6,426**
Profit Before Tax	9,894	21,979	1,705	3,041	5,212	(921)
PBT%	4.79%	8.79%	8.84%	12.48%	14.17%	(14.33%)

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

- Underground revenues were down on FY12 as a result of early contract completion at Newstan. Due to the early completion, equipment utilisation was reduced significantly resulting in the lower margins for FY13
- Engineering revenues were down on FY12 as a result of the slow down in the coal sector. Pleasingly though revenue has held up a lot better than previous industry slow downs. Margins were down due to the decreased volume of revenue
- Services Division had a strong year with the full year effect of one contract commencing from last year increasing the full year profits to $5.2 million

FY2013 Working Capital & Cash Flow

$AUD (000's)	FY13	FY12
EBITDA (Statutory)	25,878	31,564
Movements in Working Capital	(3,314)	(4,836)
Non cash items	477	489
Net Interest Costs	(1,801)	(1,445)
Income tax payments	(10,656)	(2,333)
Net Operating Cash Flow	10,584	23,439
Proceeds from exercise of share options		1,840
Net Capex (includes intangibles)	(1,031)	(6,052)
Net borrowings/(repayments)	(6,264)	(7,106)
Interest Received	361	237
Acquisition of Subsidiary	(650)	
Free Cash Flow	3,000	12,358
Dividends	(6,105)	(5,050)
Net increase/(decrease) in cash and cash equivalents	**(3,105)**	**7,308**
Cash and cash equivalents at beginning of period	13,328	6,020
Cash and cash equivalents at end of period	10,223	13,328

- Positive Operating Cash Flows of $10.6 million driven by:
  - Working Capital management remaining steady through FY2013
  - Offset by tax payments of $10.6 million, up as a result of the payment in relation to reversal of rights to future income tax changes recognised in FY12 profits
- Net Capex low at $1.03 million for FY2013
- Repaid an extra $4 million in debt in the second half, with $6.3 million for FY2013
- Acquisition of training business during FY2013, $0.7 million net of cash acquired

FY2013 Balance Sheet

$AUD (000's)	Jun-13	Jun-12
Assets		
Cash and cash equivalents	10,223	13,328
Trade and other receivables	40,906	49,859
Inventories	2,332	1,933
Total current assets	53,461	65,120
Deferred tax assets	0	469
Property, plant and equipment	32,760	39,099
Intangible assets	20,040	19,696
Total non-current assets	52,800	59,264
Total assets	106,261	124,384
Liabilities		
Trade and other payables	15,274	27,660
Loans and borrowings	6,732	5,371
Employee benefits	8,762	8,350
Current tax payable	1,398	9,100
Total current liabilities	32,166	50,481
Loans and borrowings	11,442	19,068
Employee benefits	120	104
Deferred tax liabilities	1637	-
Total non-current liabilities	13,199	19,172
Total liabilities	45,365	69,653
Net assets	60,896	54,731

- Net Assets up to $60.9 million
- Lower trade receivables and payables reflect lower revenues
- Net Debt decreased by $3.2 million to $7.95 million, as a result of paying down debt in the second half of FY2013
- Decrease in current tax payable as a result of $10.6 million in tax payments in FY2013

Results Summary | FY13 Full Year Results | **Operational Overview** | Outlook | Summary

FY2013

Full Year Results Presentation

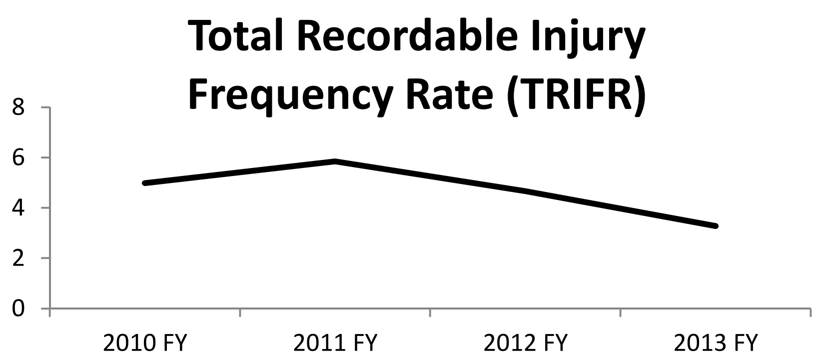
HSEQ Scorecard

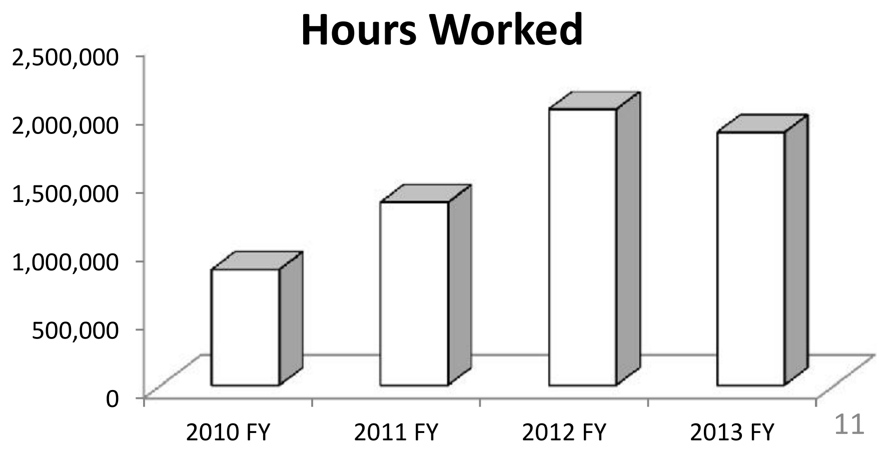
- FY2013 Group TRIFR 3.28, down from 4.7 at 30th June 2012 (200,000hrs) based on internal reporting standard
- Six sites recorded a 12 month rolling TRIFR of 0.00
- 1,843,108 man hours worked in the period
- Achieved AS4801 & AS17001 certification
- HSEQ focus remains on proactive reporting
  - Pass meetings – 10,806
  - Safe Act Interactions/Observations – 47,333
  - Workplace Inspections – 2,790
  - Hazard Reports/Find-it & Fix-it – 11,196

Health & Safety AS/NZS 4801

ISO 14001

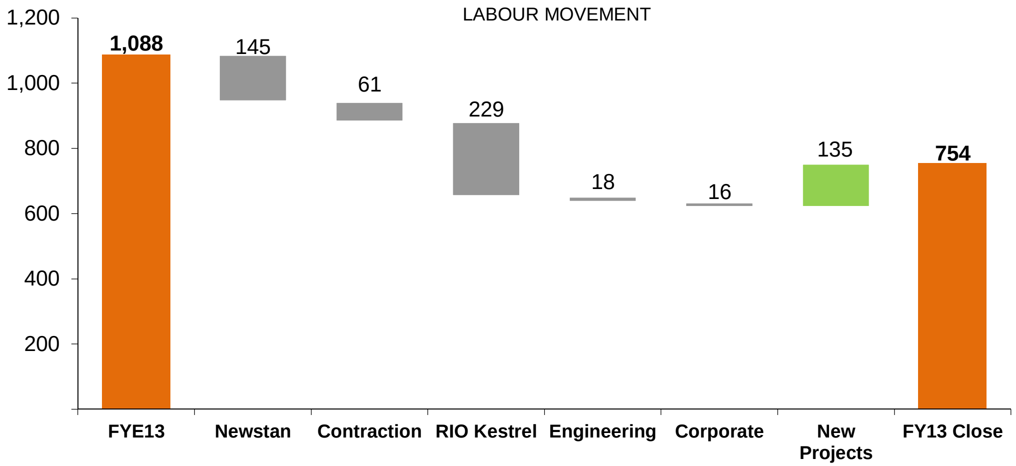
"Production Focus – Safety Always"

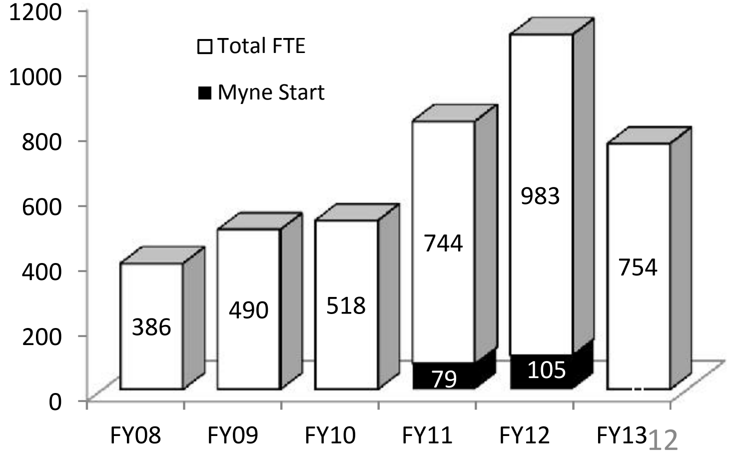




Human Resources

- Workforce numbers reduced from 1,088 to 754 predominately due to Newstan and Kestrel Project completion
- Industrial flexibility has ensured competitiveness in the market place
  - Workforce flexibility on run off of contracts
  - Ability to adjust workforce remuneration
  - Variations to service a range of contracting requirements
- Head Office roles restructured to right size overhead structure





Underground Operations

- Maintained all contracts making up the order book with the exception of Newstan
- Have experienced some contraction on most contracts but remain the major contractor on these sites
- Kestrel Mine Extension Project successfully transitioned to RIO Tinto operations group (RTCA)
- Mobilisation has been completed for the BHP Appin Area 9 project and the Rio Tinto Kestrel Mine Services Contract
- Recently Secured work

Customer	Mine	Scope	Term	Commencement
BHP Illawarra Coal	Dendrobium Mine	Outbye Services	2 + 1 Years	September 2013
BHP Illawarra Coal	Dendrobium Mine	Longwall Installation	6 months	Mobilisation complete
Vale	Carborough Downs	Labour Framework agreement	24 months	Mobilisation 75% complete
BMA	Broadmeadows Mine	Stone & Coal Drivage	10 months	September 2013
Rio Tinto	Kestrel Mine	Strata Support	2 + 1 Years	September 2013
Anglo Coal	Grasstree Mine	Development Support Labour	6 months	Mobilisation complete

- Options & Renewals
  - BMA. Gregory Crinum Mine. Advised preferred tenderer. Secondary Support & Ventilation. Ventilation existing , Secondary Support commencing September 2013
  - Moranbah North Umbrella Contract remains ongoing with decision on option deferred for 6 months
  - Rio Kestrel Mine Extension Project has transitioned into the Mine Services & Strata Support contracts with RTCA

Underground. Cont..

- Tenders ongoing for 2 major new greenfield sites
- Tender pipeline to increase from several major roadway development tenders expected in the first half of FY2014 creating more opportunity to deploy fleet
- 2 continuous miners on hire (June & August 2013). One on dry hire and other on internal project
- 3rd Continuous miner will commence overhaul in preparation for potential hire
- Remaining development plant and equipment i.e. shuttle cars & breaker feeders still experiencing low demand

- Smaller equipment and mobile fleet engaged primarily on internal projects and utilisation remains at normal levels
- Equipment utilisation rates increased in the later stages of FY2013 and indications are they will continue to build slowly over FY2014

Engineering Operations

- Awarded major supply contract with Anglo Coal for QDS equipment for new Grosvenor Mine
- Awarded Forward Purchasing Agreement (FPA) with Ensham mine for 3 years
- Renewed FPA with BMA for a further 2 years
- Renewed FPA with Anglo Coal for a further 2 years
- Focus on right sizing fixed cost base has maintained competiveness and margins
- Developed strong ties into China to improve pricing and expand product offering in consumable stream
- FY2014 outlook expected to be similar to FY2013

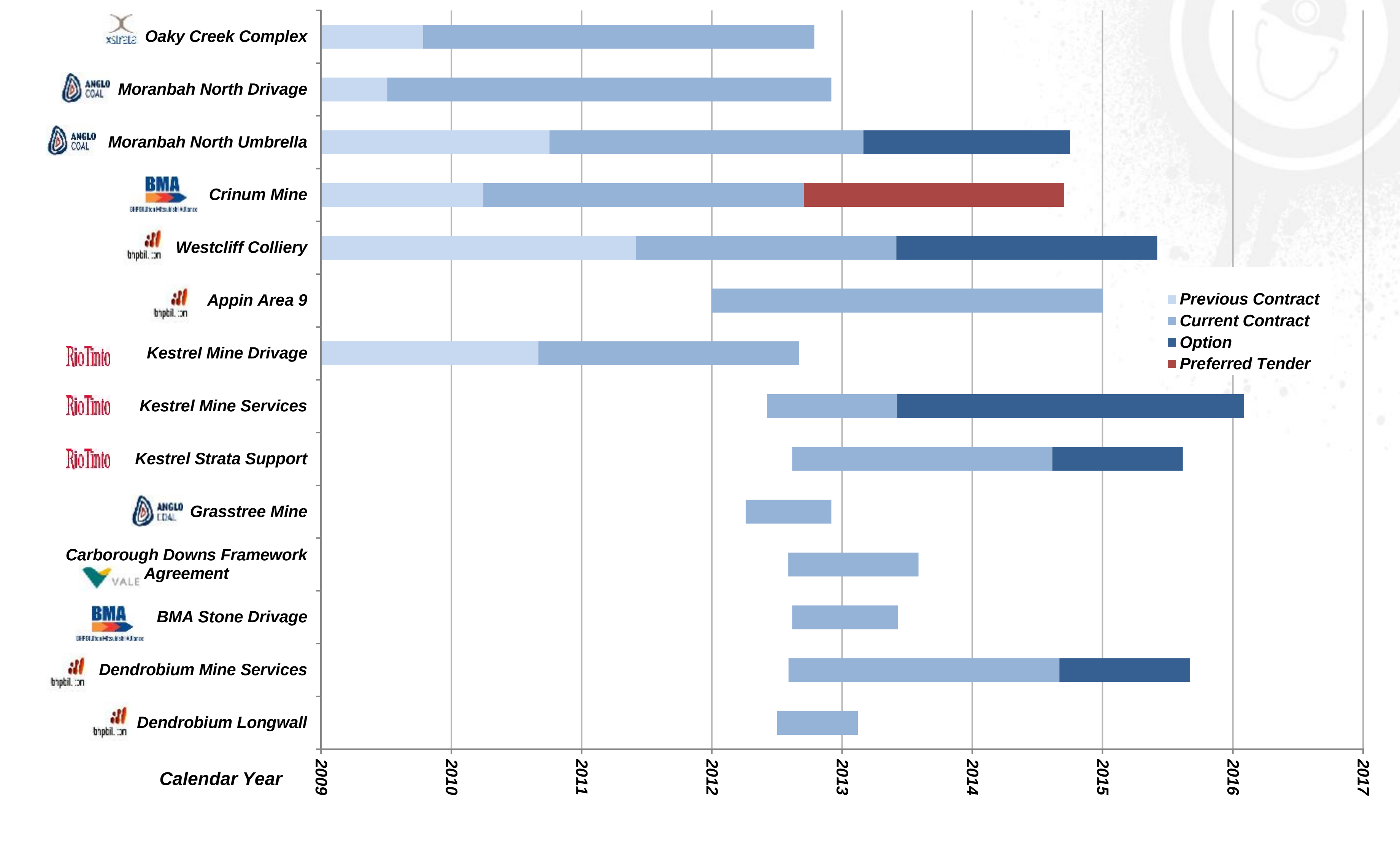
Services

- Kestrel Mine Extension Project successfully transitioned to RIO Tinto operations group (RTCA)
- Other smaller projects undertaken in the second half
- FY2014 revenue to be well down on FY2013 following completion of KME project in FY2013
- Service capability maintained with minimal cost

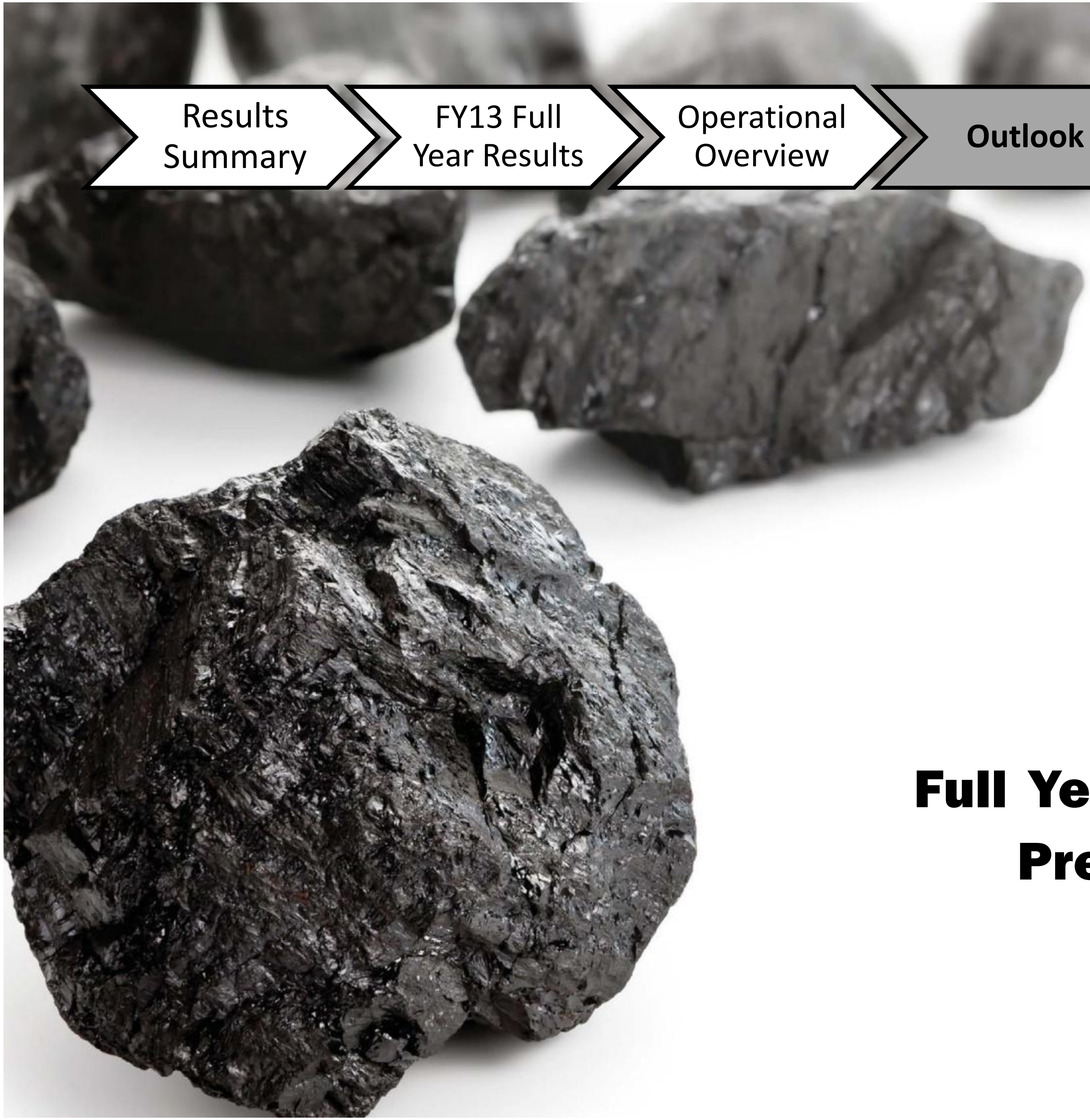
MyneSight

- Letter of intent received from Tier 1 Coal Company for Umbrella Supply Contract for training across all Qld sites
- Extension to existing preferred training provider contract with Anglo American QLD sites
- Cleanskin training courses slowed due to downturn
- Consulting and documentation work continues to grow

Outlook – Order Book



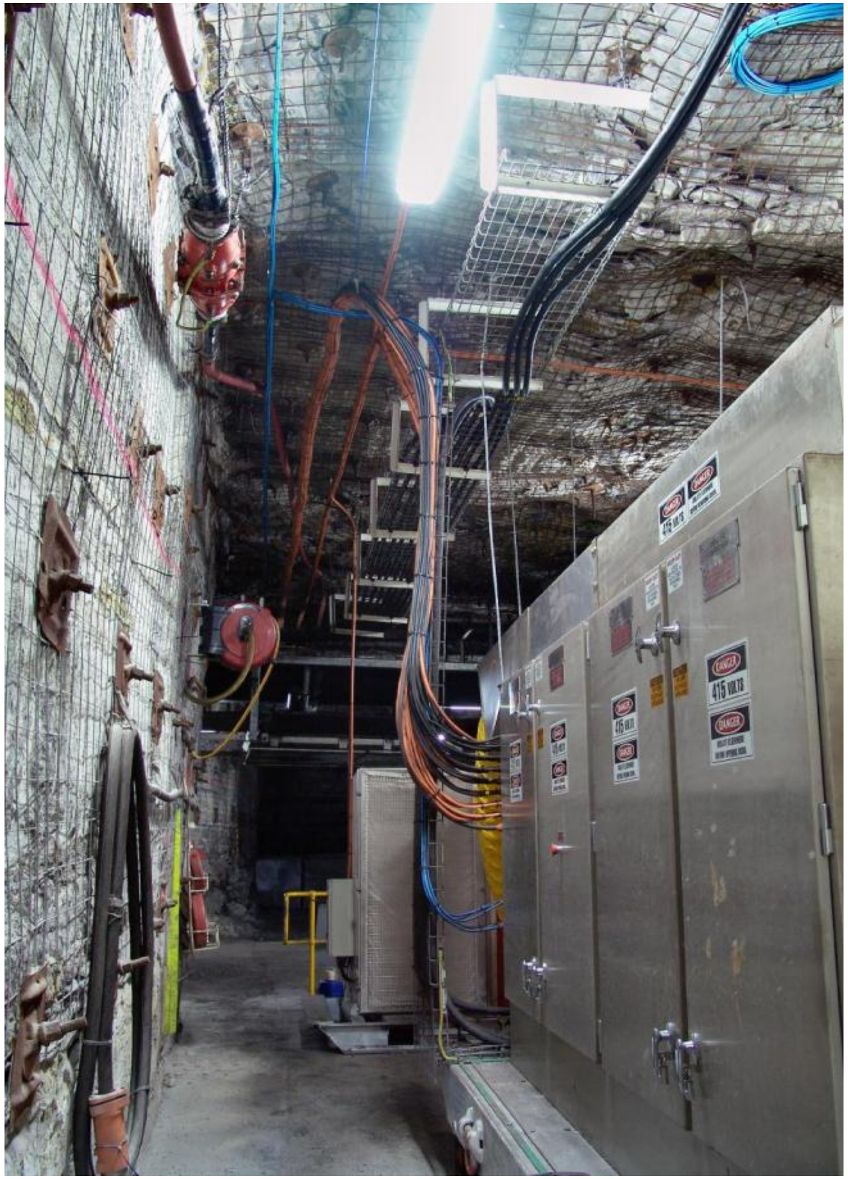
- Total Order Book Value - $236m
- Order Book Value FY2014 - $113m
- Recurring works - $30m per year
- Value of FY2014 contribution subject to Renewals approx. $20m



FY2013

Full Year Results Presentation

General Outlook



- Contractors have been the focus of initial actions by coal producers to achieve cost relief but contractors will play a strategic role in lowering cost of operations in the medium to long term
- Producers are shifting towards contractors that are more effective and efficient and who can reduce their cost of operations
- Market share is increasing for MYE as smaller and inefficient contractors lose contracts or exit the sector
- History shows that the contracting market will grow following a downturn as Producers utilise contractors over permanent staff
- Coal volumes are not decreasing. MYE services are driven by volume

Outlook – FY2014 and Beyond

- MYE well positioned to grow by maintaining existing contracts, winning new contracts and maintaining a strong presence on all sites
- New sites provide the entry point and platform to expand by being the major contractor on the site and through the range of services offered
- Tendering pipeline above $900m with active tenders of $378m will create opportunities for growth
- Roadway development tenders not currently in the pipeline are expected in the next 6 to 12 months. Will create opportunities to deploy fleet
- Expect to see more short duration contracts and labour hire style contracts in the next 12 to 24 months
- MYE has the industrial flexibility to operate profitably in the current market
- Opportunity for MYE growth through increasing market share on existing sites and from increased use of contractors as market recovers
- Equipment utilisation returning to normal levels (not boom levels)
- FY2014 performance to be driven by;
    - Current order book and recurring works
    - Contract renewals and recovery in equipment utilisation
    - Contribution from tender pipeline (weighted to the second half)

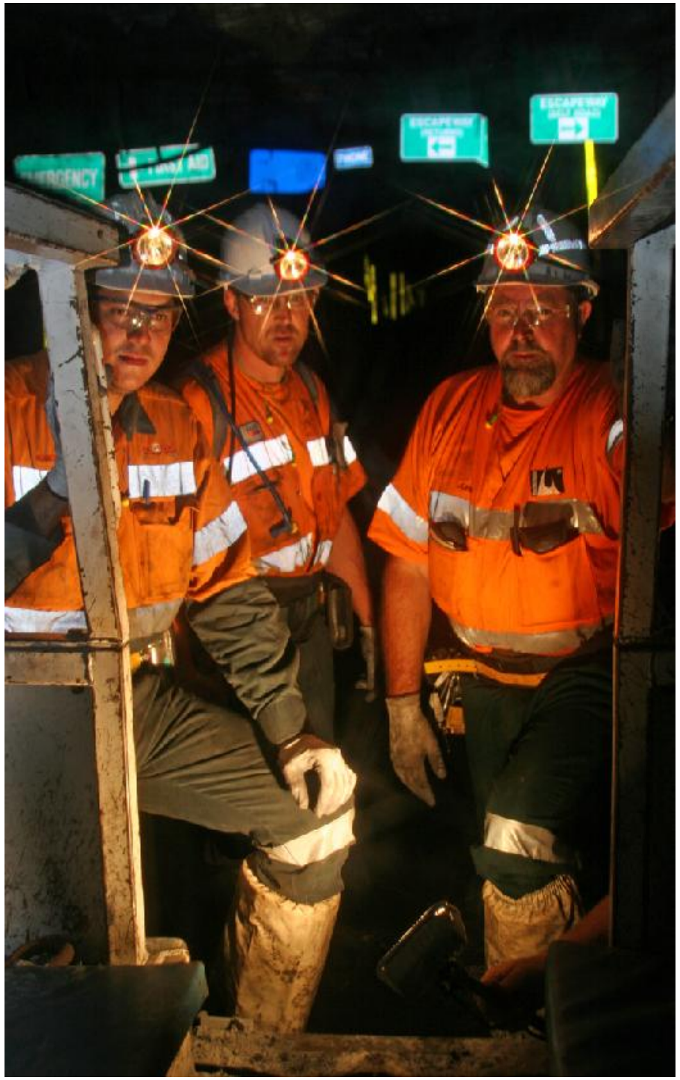
FY2013

Full Year Results Presentation

Summary

- FY2013 was a good result in a very tough market. Maintained strong revenue after a record result in FY2012 with no loss of contracts other than scheduled
- Scope of services on existing contracts remain largely unchanged
- Margins were impacted by lower equipment utilisation but this is expected to recover slowly over the FY2014 year
- Engineering and Services Divisions made strong contributions to FY2013 result
- New contracts secured in difficult market conditions building momentum for MYE in FY2014
- Tendering pipeline and active tenders positions MYE well to expand solid order book
- FY2014 conditions will remain challenging but MYE has a positive outlook due to;
  - New work already secured
  - Track record of renewing contracts
  - Coal volumes remaining strong
  - Equipment utilisation returning to normal levels
  - Increasing market share by replacing competitors and through the increased use of contractors as the sector stabilises

Corporate Overview



Capital Structure

Shares on issue	75,367,514

Market Capitalisation — $67 million (based on $0.895 share price)

Substantial Shareholders

Perpetual	14.85%
Andrew Watts	13.93%
Darren Hamblin	12.86%
Wilson HTM Investment Group	7.89%
Acorn Capital	7.71%
NAB	5.18%

Disclaimer and Important Notice

The following disclaimer applies to this presentation and any information provided regarding the information contained in this presentation (the Information). You are advised to read this disclaimer carefully before reading or making any other use of this presentation or any information contained in this presentation.

Except as required by law, no representation or warranty, express or implied, is made as the fairness, accuracy, completeness, reliability or correctness of the Information, opinions and conclusions, or as to the reasonableness of any assumption contained in this document. By receiving this document and to the extent permitted by law, you release Mastermyne Group Limited ("Mastermyne"), and its officers, employees, agents and associates from any liability (including in respect of direct, indirect or consequential loss or damage or loss or damage arising by negligence) arising as a result of the reliance by you or any other person on anything contained in or omitted from this document.

Statements contained in this material, particularly those regarding the possible or assumed future performance, costs, dividends, returns, production levels or rates, prices, reserves, potential growth of Mastermyne, industry growth or other trend projections and any estimated company earnings are or may be forward looking statements. Such statements relate to future events and expectations and as such involve known and unknown risks and uncertainties, many of which are outside the control of, and are unknown to, Mastermyne and its officers, employees, agents or associates. In particular, factors such as variable climatic conditions and regulatory decisions and processes may cause or may affect the future operating and financial performance of Mastermyne. Actual results, performance or achievement may vary materially from any forward looking statements and the assumptions on which those statements are based. The Information also assumes the success of Mastermyne's business strategies. The success of the strategies is subject to uncertainties and contingencies beyond Mastermyne's control, and no assurance can be given that the anticipated benefits from the strategies will be realised in the periods for which forecasts have been prepared or otherwise. Given these uncertainties, you are cautioned to not place undue reliance on any such forward looking statements. Mastermyne undertakes no obligation to revise the forward looking statements included in this presentation to reflect any future events or circumstances.

In addition, Mastermyne's results are reported under Australian International Financial Reporting Standards, or AIFRS. This presentation includes references to EBITA and NPAT. These references to EBITA and NPAT should not be viewed in isolation or considered as an indication of, or as an alternative to, measures AIFRS or as an indicator of operating performance or as an alternative to cash flow as a measure of liquidity.

The distribution of this Information in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions. This Information does not constitute investment, legal, accounting, regulatory, taxation or other advice and the Information does not take into account any investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and the market and for making your own independent assessment of the Information. You are solely responsible for seeking independent professional advice in relation to the Information and any action taken on the basis of the Information. No responsibility or liability is accepted by Mastermyne or any of its officers, employees, agents or associates, nor any other person, for any of the Information or for any action taken by you or any of your officers, employees, agents or associates on the basis of the Information.

Contact

www.mastermyne.com.au

Information for Investors / Analysts:

Tony Caruso – Chief Executive and Managing Director:
(07) 4963 0400

Bill Lyne – Company Secretary:
(07) 3378 7673