

IMDEX Limited  
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17 October 2019

Company Announcements Office  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2001

Dear Sir/Madam

**2019 ANNUAL GENERAL MEETING CHAIRMAN'S ADDRESS AND PRESENTATION**

Please find attached a copy of the Chairman and Managing Director's presentations to be given at the 2019 Annual General Meeting of Imdex Limited (ASX: **IMD**) being held at 11.00am (WST) today.

Yours faithfully  
**Imdex Limited**

A handwritten signature in blue ink, appearing to read "P. Evans", with a long horizontal flourish extending to the right.

**Paul Evans**  
Company Secretary

# 2019 AGM Chairman's Address

**2019 ANNUAL GENERAL MEETING, 17 OCTOBER 2019**

## Welcome

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Good morning ladies and gentlemen – thank you for joining us today and welcome to IMDEX's Annual General Meeting for the 2019 financial year. I advise that in accordance with the company's Constitution a quorum is present and accordingly declare the meeting open.

I am Anthony Wooles and as Chairman of Imdex's Board of Directors, I will Chair today's meeting.

I would like to introduce my fellow Directors, our Company Secretary and other attendees today:

- Our Managing Director Bernie Ridgeway;
- Non-Executive Directors Kevin Dundo, Sally-Anne Layman, Ivan Gustavino; and
- Paul Evans our Company Secretary.

Also present is:

- Mr Dave Andrews, signing Deloitte Audit Partner; and
- Mr Ryan White from HopgoodGanim Lawyers, the Company's solicitors.

## FY19 Summary

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Before reviewing the Financial Statements and Reports, I would like to thank my fellow Board members.

Our Board is a high-functioning team whose members always make themselves available and have all made significant contributions to the development, long-term growth and governance of our company. Each member has been tremendously responsive and participated strongly at all levels throughout FY19.

Similarly, I would like to commend our senior leadership team, its members have also remained very focussed on the development and execution of the strategic direction set for IMDEX with absolute commitment to delivering underlying earnings performance.

It is a pleasure working with them all and I look forward to further progress in FY20.

Moving now to the highlights of FY19 – of which there were many – together with the company's priorities for FY20.

During the year we generated a record revenue result of \$243.7 million, which represents a 12% increase on FY18. EBITDA was \$52.3 million – a strong uplift of 23% on the prior year.

Pleasingly, the company delivered an interim fully-franked dividend of 0.8 cents per share and a final fully-franked dividend of 1.4 cents per share.

More recently and post FY19, IMDEX announced a special fully-franked dividend of 2.0 cents per share, following the sale of the company's final remaining oil and gas asset Vaughn Energy Services, which had previously been written off. An additional \$1.4 million was funded from IMDEX's existing cashflow.

The company has a robust balance sheet and as at 30 June 2019, IMDEX had a net cash position of \$23.2 million – up 194% on the previous comparable period.

The increasing quality of IMDEX's technologies and rental fleet, which add considerable value to clients, contributed to the company's strong performance and its ability to outperform market conditions.

Other notable achievements for FY19 included:

- Excellent progress with the development of IMDEX's new Drilling Productivity and Mining technologies;
- Greater operational efficiency improvement due to the internal digital transformation project and maturing of One IMDEX – the company's integrated value proposition for clients; and importantly;
- Continuing to consolidate and build on the significant safety improvements achieved in FY18.

During FY20 our Board and senior leadership team will continue to focus on delivering sustainable earnings growth for shareholders. Central elements of this strategy include: focussed organic growth of the company's core business; close attention to cost management; disciplined research and development; targeted technology acquisition; and the pursuit of growth across the mining value chain.

More specifically our priorities include:

- Growing our core business by enhancing our technical leadership through targeted R&D;
- Product extension by commercialising our new Drilling Productivity and Mining technologies;
- Further market extension into mining by commercialising BLAST DOG™;
- Consolidating the operational efficiencies, I mentioned earlier;
- Building on sustainable safety improvements to ultimately achieve zero harm; and
- Ensuring a smooth CEO transition following Bernie's retirement on 1 July 2020.

Bernie will provide further detail regarding these priorities, however, before I conclude the formal part of the meeting and invite him to speak, I would like to reiterate that IMDEX has a robust and clear growth strategy, which was collaboratively developed with the senior leadership team and endorsed by the Board.

Following Bernie's retirement this strategy will not change, and we will remain acutely focused on its execution. Similarly, the composition of the Board and the senior leadership will not change, apart from Bernie's departure.

Finally, my sincere thanks to Bernie and our talented leadership team for their strong performance during FY19.

Ladies and gentlemen, I would now like to review the Financial Statements and Reports followed by the consideration of 3 resolutions.

# INDEX Annual General Meeting 2019 Financial Year

17 OCTOBER 2019

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A leading global  
Mining-Tech company.

Enabling successful  
and cost-effective  
operations, from  
exploration to production.



# Welcome

## Introducing our Board



Mr Bernie Ridgeway  
Managing Director

Ms Sally-Anne Layman  
Non-Executive Director

Mr Anthony Wooles  
Non-Executive Chairman

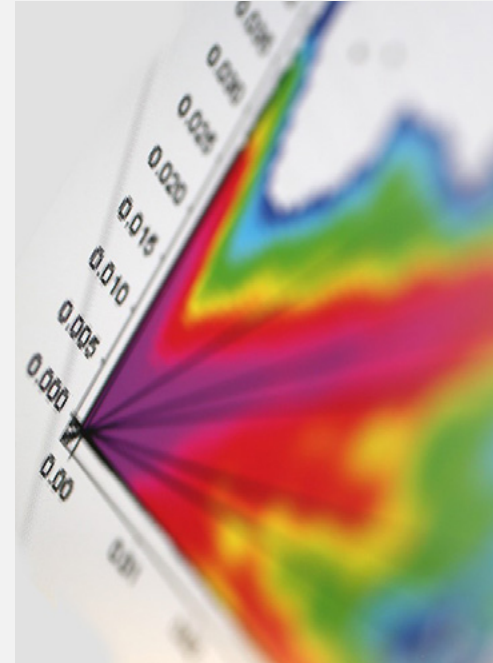
Mr Ivan Gustavino  
Non-Executive Director

Mr Kevin Dundo  
Non-Executive Director

# 2019 AGM Agenda



- CHAIRMAN'S ADDRESS
- RESOLUTIONS & VOTING
- CLOSE OF 2019 ANNUAL GENERAL MEETING
- MANAGING DIRECTOR'S ADDRESS
- REFRESHMENTS



# **CHAIRMAN'S ADDRESS**

## ANTHONY WOOLLES



# FY19 Highlights

Strong performance and a positive outlook



Record revenue – up 12%  
and EBITDA – up 23%



On track to commercialise new  
drilling productivity and mining  
technologies in 2H20



Fully-franked final dividend  
of 1.4 cps and special fully-  
franked dividend of 2.0 cps  
(post FY19)



Ongoing core R&D –  
43% of applicable instruments are  
cloud-enabled, up 25% on FY18



Robust balance sheet with a  
strong net cash position of  
\$23.2m – up 194%



Streamlined operations, digital  
transformation & enhanced safety  
performance



Strengthened quality  
of rental fleet

# FY20 Priorities

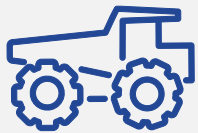
## Executing robust strategy



**Growing core business  
by enhancing  
technical leadership**



**Product extension  
– Drilling Productivity and  
Mining Technologies**



**Further Market Extension  
– Mining**



**Consolidating operational  
efficiencies – internal digital  
transformation and One IMDEX**



**Building on sustainable  
safety improvements  
– to achieve zero harm**



**Identifying ideal CEO candidate  
– smooth transition**

# Close of IMDEX 2019 Annual General Meeting

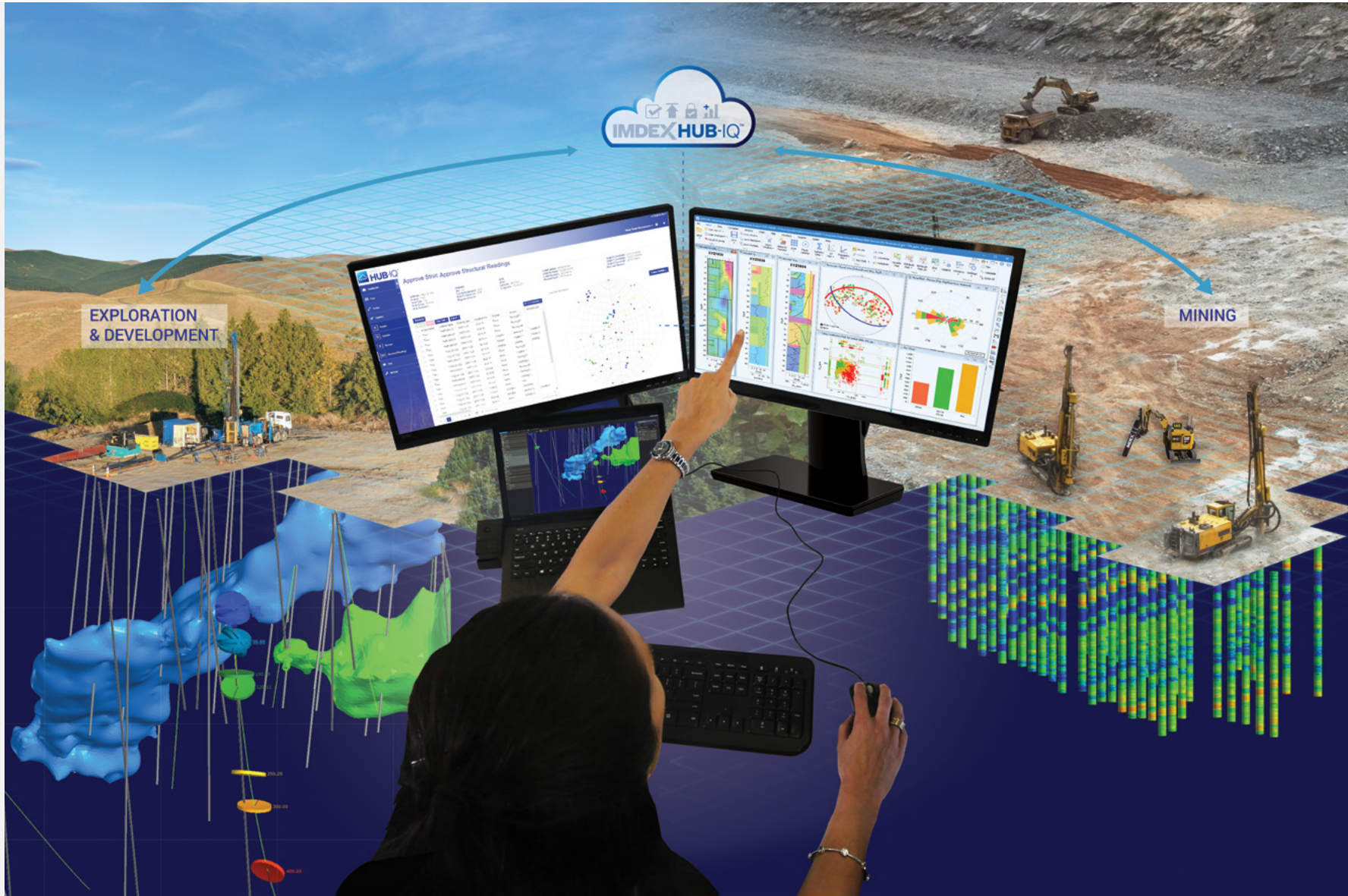


# **MANAGING DIRECTOR'S ADDRESS**

## BERNIE RIDGEWAY

# What Our Technologies Do

Help clients hit targets and make critical decisions



“It’s about drilling faster and smarter and knowing your rocks in real-time.”

DR MICHELLE CAREY  
GENERAL MANAGER  
IMDEX PRODUCT DEVELOPMENT

# IMDEX at a Glance

A leading global Mining-Tech company



Outperforming  
market growth

Exciting pipeline of  
new technologies

Compelling  
opportunities for  
sustainable revenue  
and earnings  
growth

REVENUE CAGR

**19%**

EBITDA CAGR

**37%**

FY17 – FY19

FY19 EBITDA MARGIN

**21%**

BALANCE SHEET –  
STRONG NET CASH  
POSITION

**\$23.2m**

AS AT 30 JUNE 2019

STRONG MARKET  
PRESENCE ON

**70%**

OF MINERAL DRILLING  
PROJECTS GLOBALLY

SALES IN 102  
COUNTRIES

MINING VALUE CHAIN –  
ONLY COMPANY  
WITH END-TO-END  
TECHNOLOGY  
PORTFOLIO

MARKET CAP

**\$494.4m**

67% OF REGISTER IS  
INSTITUTIONAL  
INVESTORS

AS AT 30 JUNE 2019

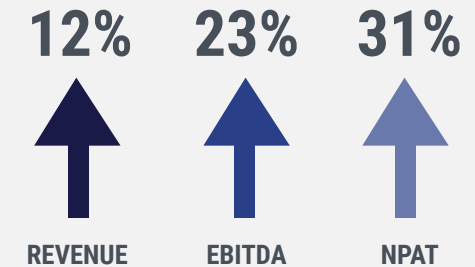
# Key Metrics

## A strong financial platform



	FY19 \$m	FY18 \$m	VAR \$m
Revenue	243.7	218.5	25.2
EBITDA	52.3	42.4	9.9
EBITDA margin %	21%	19%	2%
NPAT	27.6	21.1	6.5
EPS (cents)	7.4	5.7	1.7
Operating cash flow	35.2	15.9	19.3
Net assets	220.0	186.1	33.9
Net cash (as at 30 June)	23.2	7.9	15.3
Fully-franked interim dividend (cents)	0.8	-	0.8
Fully-franked final dividend (cents)	1.4	-	1.4
Full-time employees (no. at 30 June)	511	529	(18)

### FY19 FINANCIAL PERFORMANCE (V FY18)



### OPERATING CASH FLOW

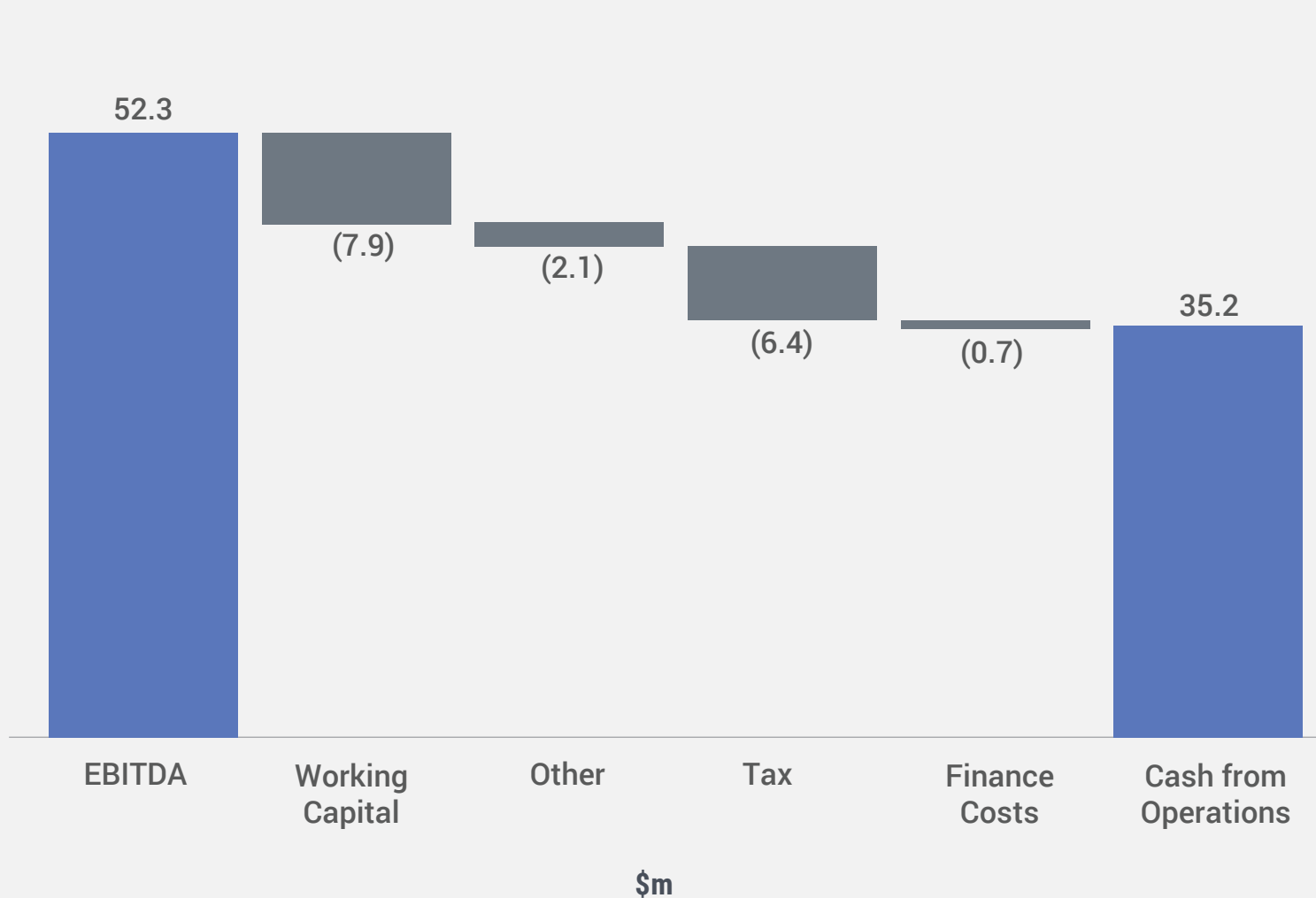
121%

### NET CASH POSITION

\$23.2M

# Reconciliation of EBITDA

## Strong cash conversion



↑

**CASH FROM  
OPERATIONS UP  
121%  
ON PCP**

- Working capital investment ratio of 34c for every incremental dollar of revenue for FY19
- In line with expectations, similar ratio expected in FY20



# Balance Sheet

## Strong net cash position

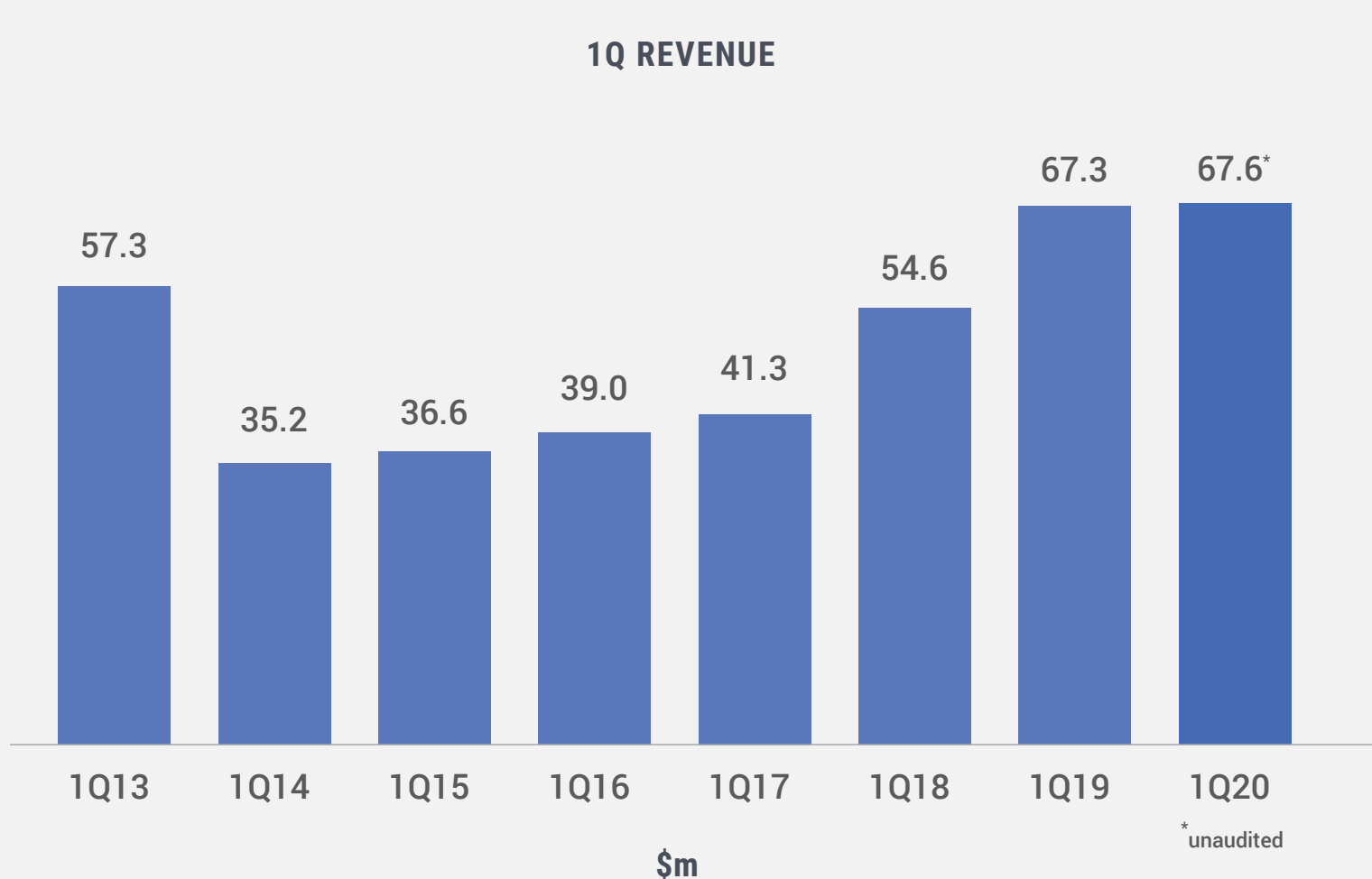
\$m	30 JUN 19	30 JUN 18
Cash	29.5	13.9
Receivables	54.7	49.3
Inventory	37.1	33.6
Fixed assets	39.4	36.5
Intangibles	59.5	59.5
Other assets / deferred tax	39.0	33.3
<b>TOTAL ASSETS</b>	<b>259.2</b>	<b>226.1</b>
Payables	25.3	26.4
Borrowings	6.3	6.1
Other liabilities, provisions	7.6	7.5
<b>TOTAL EQUITY</b>	<b>220.0</b>	<b>186.1</b>
ROE	12%	14%
ROCE	15%	17%



- Improved balance sheet strength
- Recommenced dividends
- Net assets up 18%
- Continued investment in leading technologies to drive future growth

# Positive Start to FY20

## Record quarterly revenue



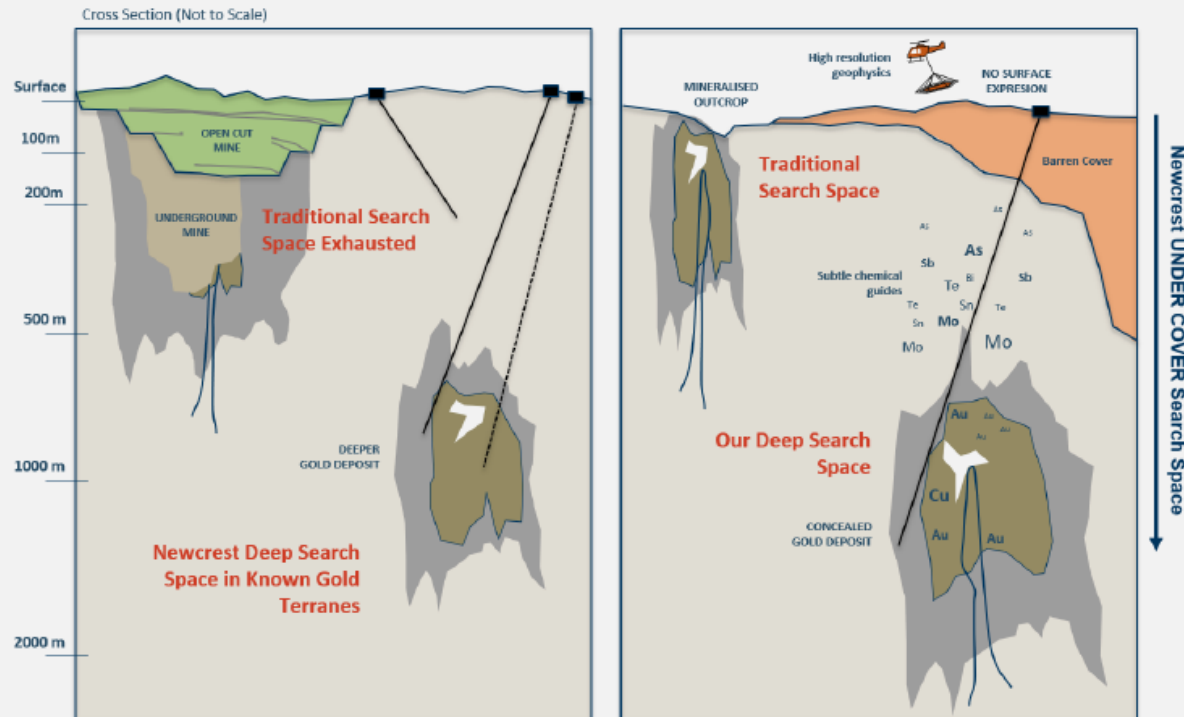
- More advanced technologies deliver greater benefits to clients and generate 3 – 5x more revenue
- Steady increase in activity globally – 4Q19 uplift continued into FY20

# Deeper Drilling

## Denver Gold Forum - September 2019

### 1. Looking Deeper in outcrop areas

### 2. Exploring under cover



Newcrest's unique mining capabilities opens up all search spaces

NEWCREST BRIEFING PACK  
SANDEEP BISWAS, MANAGING DIRECTOR & CEO

“One of our aspirations is to grow our asset base, ideally “through the drill bit” by focussing on brownfield and greenfield exploration opportunities globally.”

NEWCREST 2019 ANNUAL REPORT

# Strong Outlook for Gold

## Denver Gold Forum - September 2019



“The fundamentals are still backing it in a massive way and I would say for the first time in my life, I’m willing to say something along the lines of, two to three years from now, gold will be over \$2,000 an ounce.”

NOLAN WATSON  
PRESIDENT, CEO & DIRECTOR,  
SANDSTORM GOLD  
KITCO NEWS, SEPTEMBER 2019

“Gold’s trajectory over the long-term is several thousand dollars higher, with an average target price of \$12,500, and it only makes sense when you look at the historical growth of the metal.”

PIERRE LASSONDE  
CHAIRMAN, FRANCO-NEVADA  
KITCO NEWS, SEPTEMBER 2019

# MINING INNOVATION & TECHNOLOGIES

## INCREASING INDUSTRY DEMAND



“If I can get instantaneous information as I’m drilling the ground to understand what to put into our mine plans and into how we work with our trucks, diggers and logistics plans, that is the real unlock for us as a business. What we see as the macro opportunity is the ability to actually link decisions across the value chain.”

RAG UDD -  
BHP’S GLOBAL HEAD OF TECHNOLOGY TRANSFORMATION

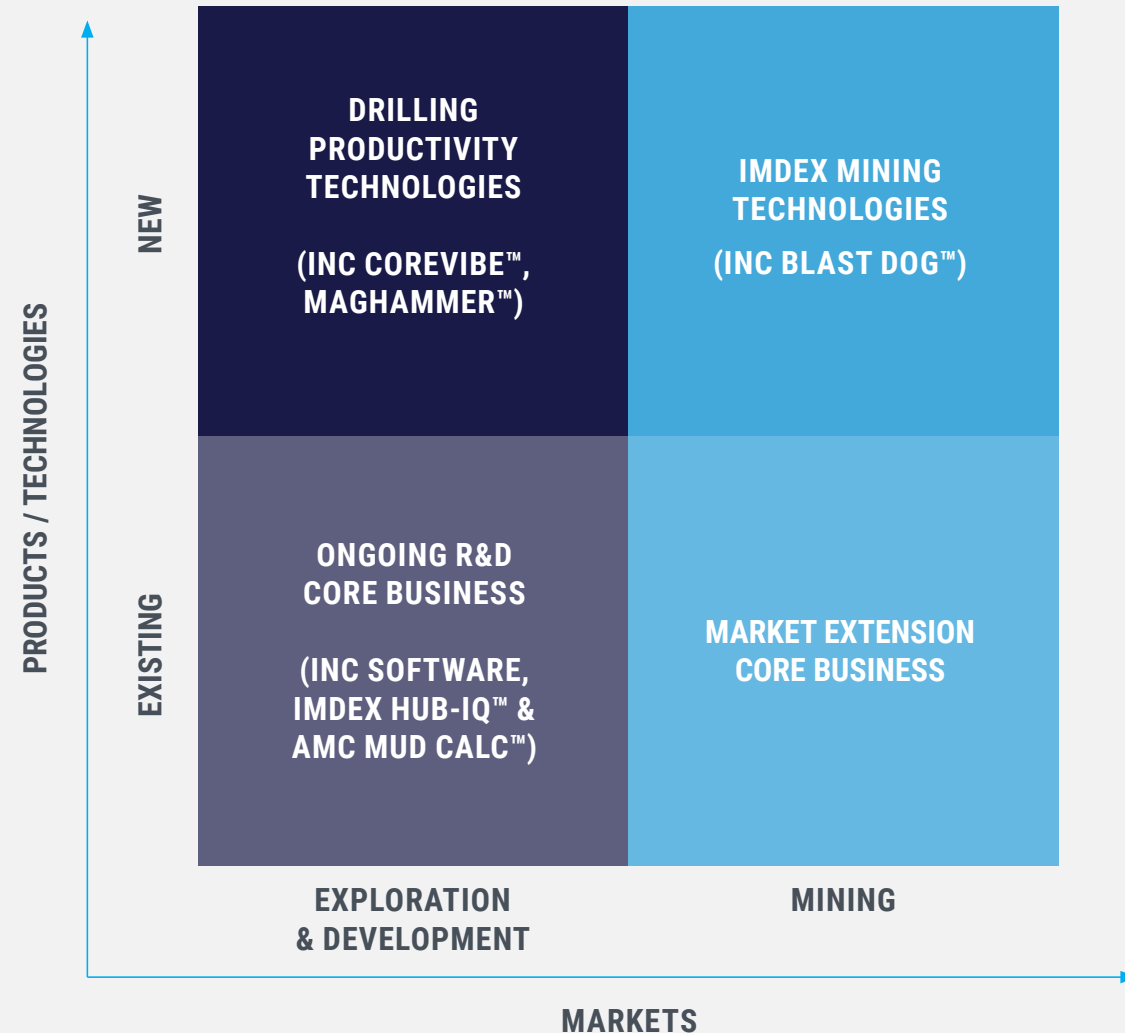
# Growth Strategy

Compelling opportunities for sustainable growth



Grow core business by:  
enhancing technical leadership;  
technical integration; and  
increasing share of client  
spend

Further extension into larger  
adjacent mining market to  
build non-cyclical revenue



# Ongoing R&D Core Business

## Connecting our traditional technologies



IMDEXHUB-IQ™  
enabling secure  
real-time decision  
making

**43%**  
OF APPLICABLE  
INSTRUMENTS ARE  
CLOUD-ENABLED

UP 25% ON FY18

**49%**  
OF TOP 100 CLIENTS  
ARE CONNECTED TO  
IMDEXHUB-IQ™

CONNECTED CLIENTS  
GENERATE  
**60%**  
MORE REVENUE THAN  
NON-CONNECTED  
CLIENTS

DATA THROUGHPUT  
IS INCREASING YOY –  
MOBILE FORMS UP

**18%**  
ON FY18

STRENGTHENING  
QUALITY OF RENTAL  
FLEET – FY19  
AVERAGE REVENUE  
PER TOOL UP

**13%**  
ON FY18

UNIQUE INTEGRATED  
IMDEX SOLUTIONS  
PROVIDE ADDITIONAL  
VALUE TO CLIENTS  
IN THE MINING VALUE  
CHAIN

# Drilling Productivity Technologies

On track to produce material revenue from FY21



		Client Benefits	Progress Update
	<b>COREVIBE™</b>	<ul style="list-style-type: none"><li>• High frequency energy pulse assisted drilling for wireline coring</li><li>• &gt;30% increase in productivity</li><li>• Up to 90% increase in penetration rates</li></ul>	<ul style="list-style-type: none"><li>• Units on rent 1Q20</li><li>• Trial pipeline in Australia and North America full</li><li>• Pilot production on track</li></ul>
	<b>XTRACTA™</b>	<ul style="list-style-type: none"><li>• Allows drillers to change the bit when core is retrieved – no need to pull rods</li><li>• The hole is always cased, maintaining hole integrity</li><li>• Significant productivity and safety benefits</li></ul>	<ul style="list-style-type: none"><li>• Commencing client trials 2Q20</li><li>• Pilot production on track</li></ul>
	<b>MAGHAMMER™</b>	<ul style="list-style-type: none"><li>• Combines rotary diamond drilling with fluid driven percussive drilling</li><li>• Achieves high penetration rates compared to conventional coring</li><li>• Significant safety, cost and environmental benefits</li></ul>	<ul style="list-style-type: none"><li>• Development at IMDEX test site in NZ</li><li>• Commercial trials 3Q20</li></ul>



# Drilling Productivity Technologies

## Investment rationale



Attractive  
addressable  
coring rig market:  
COREVIBE™ ~1800\*  
XTRACTA™ ~3000\*

\*Based on current coring  
rig utilisation rates

MAGHAMMER™  
initially targeting  
high speed pre-collar  
drilling through deep  
cover to the coring  
zone, ~1000 RC rigs  
globally

Strong industry  
demand  
for greater  
productivity - from  
drilling contractors  
and resource  
companies

Unique  
technologies  
with strong IP  
protection

Will not  
cannibalise  
existing product  
offering

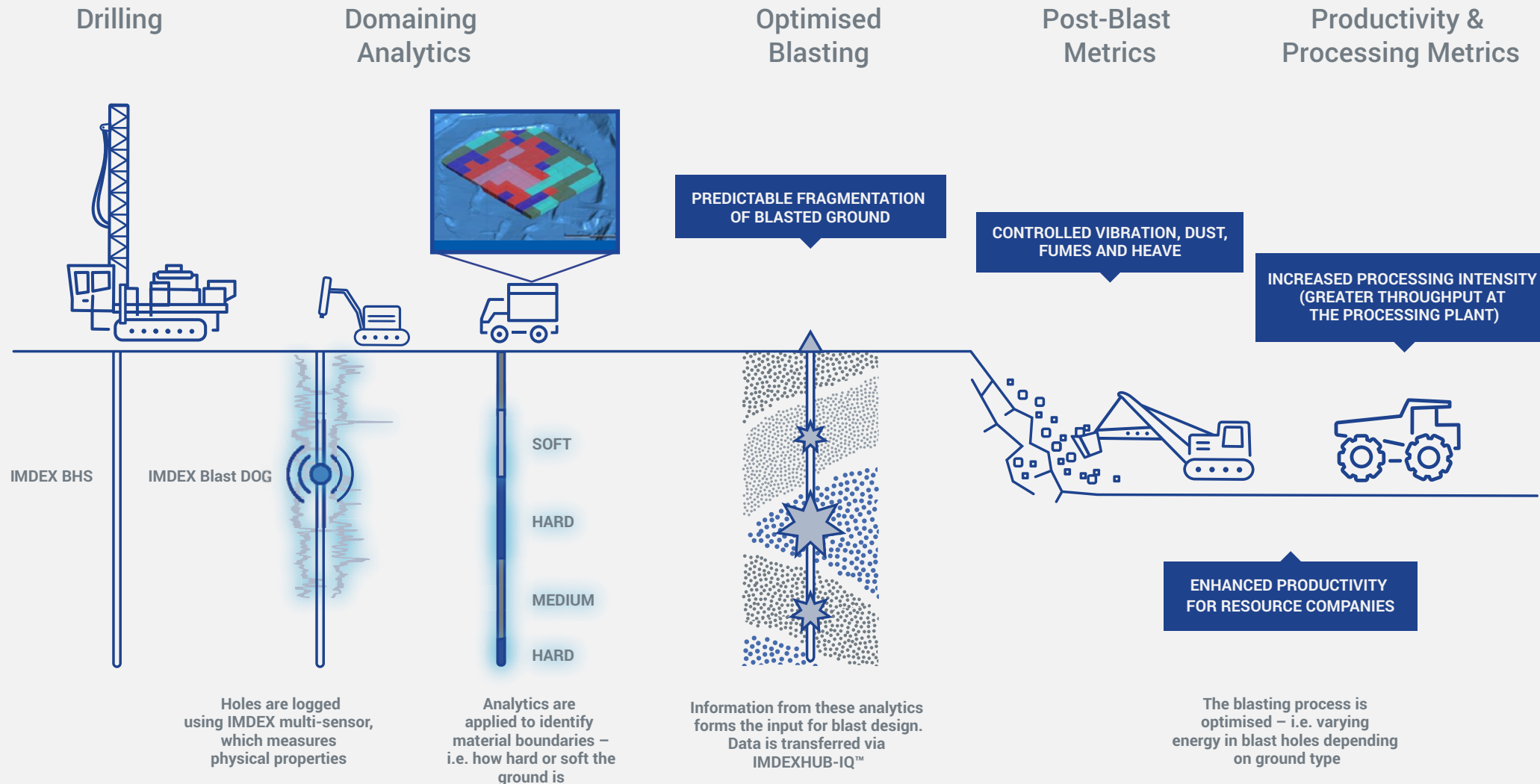
New Drilling  
Productivity  
technologies suit  
IMDEX rental  
model

Ability to leverage  
existing cost base,  
client network  
and infrastructure  
globally

Manufacturing  
and distribution  
fits well within  
capabilities

# Mining Technologies - Blast DOG™

## Optimised blasting and material tracking





# Additional Client Benefits

More efficient safer processes





# Mining Technologies

## Investment rationale



- Substantial addressable market, ~6000 blasts per day
- Strong demand for productivity increases
- Leverages existing technology and engineering expertise
- Potential to provide substantial additional sustainable rental revenue
- Ability to leverage existing infrastructure globally
- Strong support from industry partners – Orica, Anglo American and Teck Resources



# Positive Growth Outlook

## A strong start to FY20



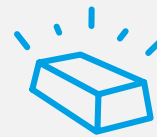
Record 1Q20 revenue - increasing activity reflected in IMDEX's growing rental fleet



Resource companies – embracing innovation and new technologies to lower cost, increase safety and achieve greater productivity



Major and intermediate resource companies – increasing expenditure to replace reserves



Stronger gold price and uplift in capital raisings globally



New discoveries under cover and at depth – more drilling and longer development times



Mining production levels and commodity prices – support further investment in industry

# Key Points

Positioned to deliver attractive returns to shareholders



- Strong financial platform and competitive advantages
- Driving sustainable earnings growth
- Positioned to benefit from increasing demand for ore body knowledge
- On track to commercialise new drilling productivity technologies in FY20 to grow core business
- On track for further extension into mining to build non-cyclical revenue
- Anticipate material revenue uplift from new technologies in FY21
- Positive growth outlook





# Thank you

THIS PRESENTATION HAS BEEN PREPARED BY IMDEX LIMITED ("THE COMPANY"). IT CONTAINS GENERAL BACKGROUND INFORMATION ABOUT THE COMPANY'S ACTIVITIES CURRENT AS AT THE DATE OF THE PRESENTATION. IT IS INFORMATION GIVEN IN SUMMARY FORM AND DOES NOT PURPORT TO BE COMPLETE. THE DISTRIBUTION OF THIS PRESENTATION IN JURISDICTIONS OUTSIDE AUSTRALIA MAY BE RESTRICTED BY LAW AND YOU SHOULD OBSERVE ANY SUCH RESTRICTIONS. THIS PRESENTATION IS NOT (AND NOTHING IN IT SHOULD BE CONSTRUED AS) AN OFFER, INVITATION, SOLICITATION OR RECOMMENDATION WITH RESPECT TO THE SUBSCRIPTION FOR, PURCHASE OR SALE OF ANY SECURITY IN ANY JURISDICTION, AND NEITHER THIS DOCUMENT NOR ANYTHING IN IT SHALL FORM THE BASIS OF ANY CONTRACT OR COMMITMENT. THE PRESENTATION IS NOT INTENDED TO BE RELIED UPON AS ADVICE TO INVESTORS OR POTENTIAL INVESTORS AND DOES NOT TAKE INTO ACCOUNT THE INVESTMENT OBJECTIVES, FINANCIAL SITUATION OR NEEDS OF ANY PARTICULAR INVESTOR. THESE SHOULD BE CONSIDERED, WITH OR WITHOUT PROFESSIONAL ADVICE, WHEN DECIDING IF AN INVESTMENT IS APPROPRIATE. THE COMPANY HAS PREPARED THIS PRESENTATION BASED ON INFORMATION AVAILABLE TO IT, INCLUDING INFORMATION DERIVED FROM PUBLICLY AVAILABLE SOURCES THAT HAVE NOT BEEN INDEPENDENTLY VERIFIED. NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS MADE AS TO THE FAIRNESS, ACCURACY, COMPLETENESS, CORRECTNESS OR RELIABILITY OF THE INFORMATION, OPINIONS AND CONCLUSIONS EXPRESSED. ANY STATEMENTS OR ASSUMPTIONS IN THIS PRESENTATION AS TO FUTURE MATTERS MAY PROVE TO BE INCORRECT AND DIFFERENCES MAY BE MATERIAL. TO THE MAXIMUM EXTENT PERMITTED BY LAW, NONE OF THE COMPANY, ITS DIRECTORS, EMPLOYEES OR AGENTS, NOR ANY OTHER PERSON ACCEPTS ANY LIABILITY, INCLUDING, WITHOUT LIMITATION, ANY LIABILITY ARISING FROM FAULT OR NEGLIGENCE ON THE PART OF ANY OF THEM OR ANY OTHER PERSON, FOR ANY LOSS ARISING FROM THE USE OF THIS PRESENTATION OR ITS CONTENTS OR OTHERWISE ARISING IN CONNECTION WITH IT.

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**IMDEX**<sup>TM</sup>

# Appendices





# Established Global Business

## In all the key mining regions of the world



**STRONG MARKET  
PRESENCE ON  
70%  
OF MINERAL RIGS  
GLOBALLY**

**SALES IN 102  
COUNTRIES**

# COREVIBE™

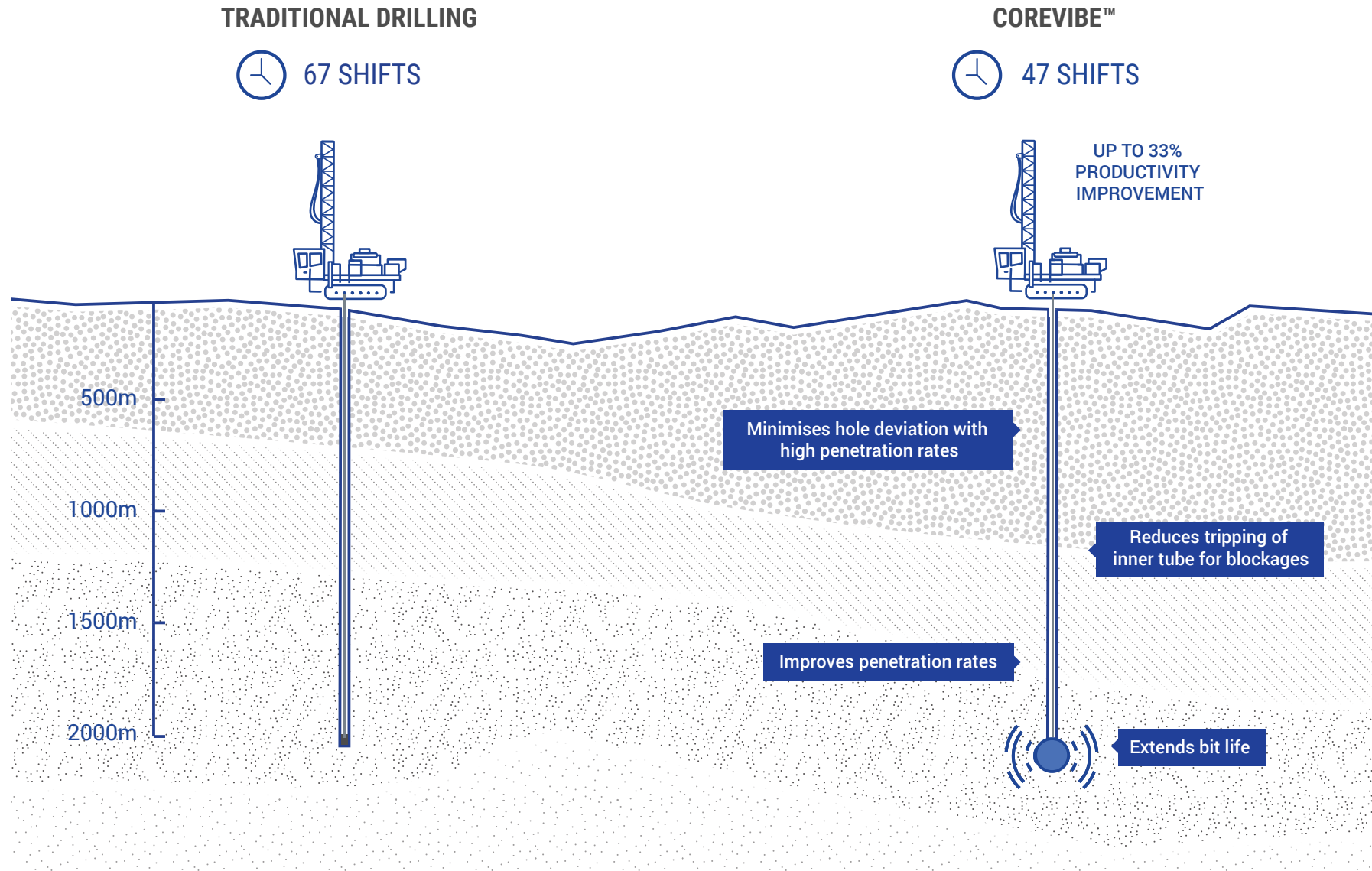
## How does it work ?



- Unique AMC Mud powered oscillating mechanism
- Creates a bi-directional sinusoidal pulse to the bit (60 Hz).
- Downward pulse assists with micro fracturing and rock cutting
- Upward pulse helps bit clearing and bit sharpening.

# COREVIBE™

## Significant productivity gains for clients



# Client Trials

## Its the 'vibe of the COREVIBE'



Client trials  
conducted in NSW, QLD  
and WA in Australia,  
and in Arizona in the US.

“This has been by far the most successful tool trial I have completed in the field.

Current data is indicating the projected 30% production increase to be reasonably accurate.

The mood on the first day was one of excitement, quite rare for experienced drilling personnel (as Mick and I would joke, 'it's the vibe of the "COREVIBE"').

I personally believe this technology to be the most significant change to drilling method in a long time, which is a very significant achievement.”

FIELD SUPERVISOR  
AUSDRILL

- Allows drillers to inspect and/or change the bit/reamer each time the core is retrieved
- No need to pull the rods to change bits and the hole is always cased, maintaining hole integrity



# XTRACTA™

## Significant benefits for clients



Increase  
Productivity



Reduce Risk  
of Injury



Reduce Hole  
Deterioration



Drill  
Aggressively

# MAGHAMMER™

## A solution to drilling deeper

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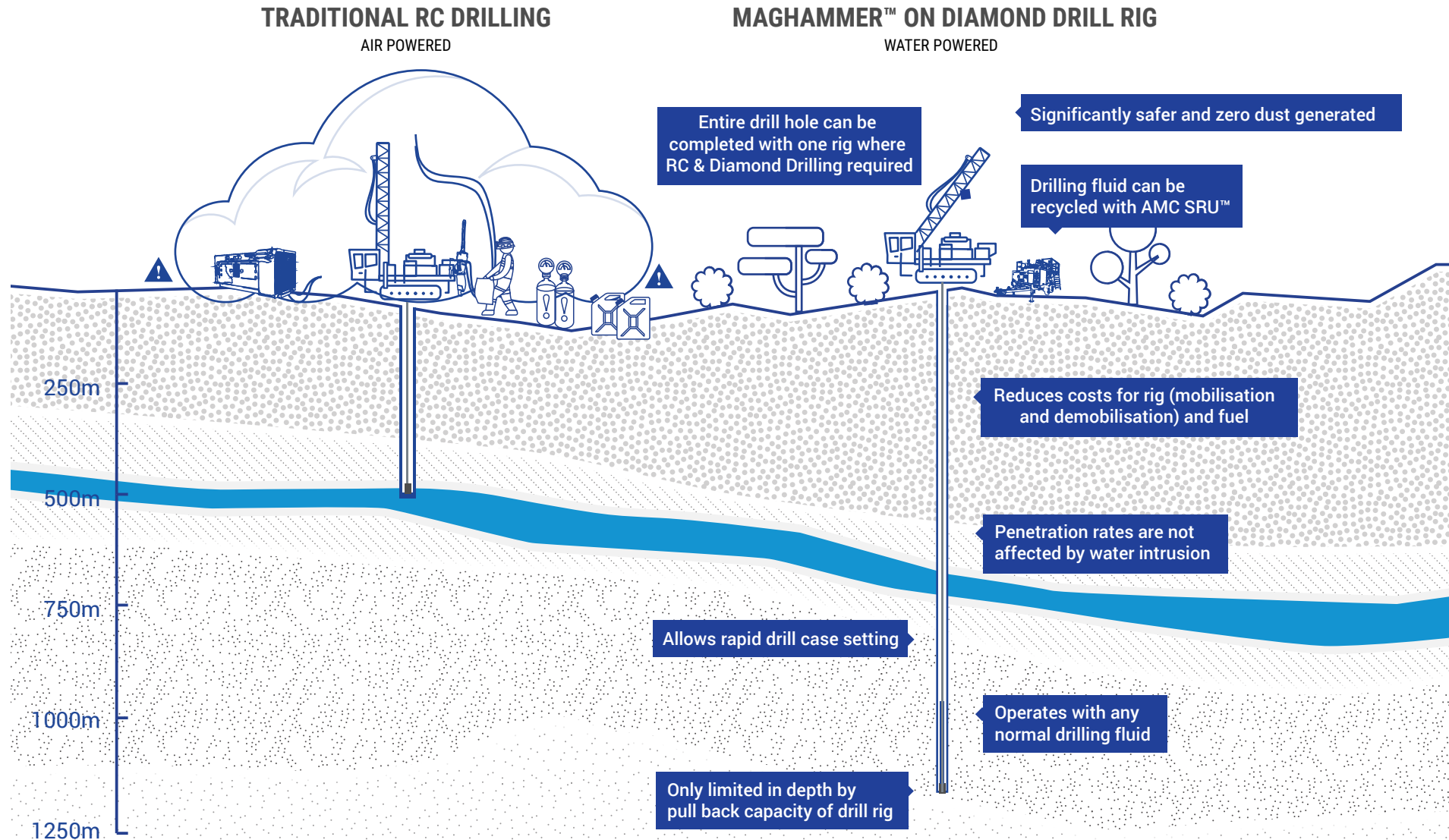


- Ideal for drilling through ground-cover
- New hybrid drilling technique
- Combines rotary diamond drilling with fluid driven percussive drilling
- Achieves high penetration rates compared to conventional coring.



# MAGHAMMER™

## Significant productivity & safety benefits for clients





- Co-development project with Orica
- Orica is the world's largest provider of commercial explosives and innovative blasting systems - BlastIQ™
- IMDEX is a leader in subsurface intelligence solutions – Blast DOG™
- Together we are optimising blasting outcomes based on high-resolution 3D material models and material tracking in the pit
- Technology can maximise revenue for clients by increasing mine to mill efficiency



## **MANAGING DIRECTOR'S ADDRESS**

Many thanks Anthony. Good morning everyone and thank you for attending our 2019 AGM.

It is one of the most exciting phases of our company's development, so it is a pleasure to provide more information regarding our progress during FY19 and our strategy to drive further growth in FY20 and beyond.

### **What Our Technologies Do**

#### **Help clients hit targets and make critical decisions**

For those of you who may be new to our company, I would like to commence with the graphic on slide 2, which summarises what our technologies do and the benefits they provide our clients throughout the whole mining value chain – from exploration and development on the left, to mining on the right.

The graphic depicts how our cloud-connected devices and drilling optimisation products improve the process of identifying and extracting mineral resources globally. We help drilling contractors and resource companies hit targets and make critical decisions to increase their efficiencies – and in the words of our Global Product Development Manager – Dr Michelle Carey, 'It's about drilling faster and smarter and knowing your rocks in real-time.'

### **IMDEX at a Glance**

#### **A leading global Mining-Tech company**

Looking now at slide 3, which highlights some of our achievements as a leading global Mining-Tech company:

- We have a healthy market cap, which today is in excess of \$500 million;
- We have been outpacing industry growth, where our revenue and EBITDA compound annual growth rates over the last 3 years, have been 19% and 37% respectively. This reflects the investment we have made in technology and value-added solutions for our client base;
- Our balance sheet continues to strengthen, and we have a strong net cash position;
- We are on approximately 70% of drilling programs globally, which provides excellent leverage to upsell and provide a wider range of integrated solutions to our clients;
- We are the only company providing end-to-end solutions to the whole mining value chain; and
- We always have a rich pipeline of new technologies – FY19 was no exception.

It is these unique end-to-end solutions and new technologies, which will drive sustainable revenue and earnings growth in the coming years.

### **Key Metrics**

#### **A strong financial platform**

Slide 4 shows our key metrics for FY19. I will not spend too much time on our historical performance, as it was covered in detail during our results presentation and road show in August:

- We achieved record revenue of \$243.7 million, which is a 12% increase on the previous year;
- EBITDA was up 23% to \$52.3 million;

- We recorded a net profit after tax of \$27.6 million, up 31% on the pcg;
- Earnings per share were 7.4 cents, up 30% on FY18;
- Our operating cash flow was \$35.2 million, a 121% increase on the prior year; and
- Net assets increased by 18% to \$220 million.

Given our strong cash generation, the total fully-franked dividend payout for FY19 was 2.2 cents per share. This equates to a dividend payout ratio of 30%.

## **Reconciliation of EBITDA**

### **Strong cash conversion**

Slide 5 shows our strong net cash flow from operations.

From the EBITDA result of \$52.3 million, there was a net inflow of operating cash of \$35.2 million, which represents an uplift of 121% on the pcg.

This was after our investment in working capital and \$6.4 million of tax paid.

Our FY19 working capital investment ratio was approximately 34 cents for every dollar of incremental revenue. This was in line with expectations and we anticipate a comparable ratio for FY20.

## **Balance Sheet**

### **Strong net cash position**

Looking briefly now at our balance sheet, as at 30 June 2019.

- We continued to improve its strength and the strong cash generation was reflected in our net cash position, which was up 194% on FY18;
- Our net assets increased by \$33.9 million, or 18%;
- As mentioned earlier, our dividends recommenced; and
- We continued to invest in leading technologies to drive future growth for shareholders.

I would also like to note that maintaining a robust balance sheet remains a priority for our Board and senior leadership team.

## **Positive Start to FY20**

### **Record quarterly revenue**

Moving now to more recent news.

The uplift in activity we reported for 4Q19 continued into FY20 and we generated \$67.6 million of revenue in 1Q20. This result is unaudited and represents a marginal increase on 1Q19 – and a new quarterly record for IMDEX.

This positive result can be attributed to improving trading conditions globally, together with growing interest in our leading technologies and our ability to provide integrated end-to-end solutions to our clients.

The quality of our rental fleet continues to increase as a result of continuing investment in core product development and connectivity to IMDEXHUB-IQ™.

These new technologies provide additional value to clients and generally command higher rental rates.

### **Deeper Drilling**

#### **Denver Gold Forum - September 2019**

We have included the next three slides to provide some recent industry insights.

A common theme is that new discoveries are likely to be at depth and require deeper drilling.

The graphic shown on slide 8 is from Newcrest's briefing pack for the Denver Gold Forum last month, and the quote is taken from the company's latest Annual Report, which also highlights an increase in greenfield exploration.

While discoveries are getting more challenging to find and require more drilling and a larger capex for resource companies, it supports our investment in new Drilling Productivity technologies, which have been specifically developed to address these challenges for our clients.

### **Strong Outlook for Gold**

#### **Denver Gold Forum – September 2019**

Another prevalent topic is the strength of the gold price. These two quotes were taken from interviews at the Denver Gold Forum. The sentiment and longer-term outlook are positive and the most bullish they have been in a long time. This is good news given approximately 50% of non-ferrous global expenditure is related to gold.

### **Mining Innovation & Technologies**

#### **Increasing industry demand**

I have said several times that the mining industry is a late adopter of new technologies, however, this shift towards adoption is now well underway and is gaining momentum.

As highlighted by the quote from BHP's Head of Global Technology Transformation, the demand for greater ore body knowledge and real-time information – not just automation – is also increasing.

Again, this is good news for IMDEX.

### **Strategy**

#### **Compelling opportunities for sustainable growth**

Moving now from industry insights to our sustainable growth strategy on slide 11.

We remain committed to our two-tiered strategy, which expands our presence within the complete mining value chain. It includes:

- Growing our core business by enhancing our technical leadership, technical integration and increasing our share of client spend; and
- Further extension into the larger adjacent mining market, to build our non-cyclical revenue.

Our growth in FY19 has been driven by offering more comprehensive value through the power of IMDEXHUB-IQ™ and real-time intelligence to bundle solutions for our clients. The quadrants on the slide depict our growth strategy in products and markets.

Product extension within the exploration and development market is on the left, with ongoing core R&D and the development of new drilling productivity technologies – for example COREVIBE™, XTRACTA™ and MAGHAMMER™, which I will talk more about shortly.

Market extension into mining is on the right and includes the development of new technologies – including BLAST DOG™ – for Drill & Blast applications. Our approach opens the door to an addressable market that is far greater than our traditional business within the exploration and resource development sector. It provides more value to our clients and to the industry as a whole; and importantly, is less exposed to cyclical impact.

### **Ongoing R&D Core Business**

#### **Connecting our traditional technologies**

As I mentioned on the previous slide, the ongoing R&D in our core business – and particularly connecting our technologies to IMDEXHUB-IQ™ – is a key part of our growth strategy.

The value of IMDEX's technologies is delivered to clients through the HUB and slide 12 highlights our progress in FY19 and the increased demand from clients.

I would particularly like to draw your attention to two sections on this slide:

- As of 30 June 2019, 49 of our top 100 clients were connected to IMDEXHUB-IQ™ and;
- Those clients generated 60% higher revenues for our company, by pulling together an increased number of our product offerings into comprehensive real-time solutions.

### **Drilling Productivity Technologies**

#### **On track to produce material revenue from FY21**

Like our core business, we made some excellent progress with our new Drilling Productivity technologies throughout FY19.

As a quick recap, these technologies include:

- COREVIBE™, which utilises high-frequency pulse-assisted drilling and can increase productivity by more than 30%;
- MAGHAMMER™, a new hybrid form of drilling that combines diamond drilling with fluid driven percussive drilling, which achieves high penetration rates compared to conventional coring – it is also significantly safer and delivers cost and environmental benefits; and
- XTRACTA™, which was developed by IMDEX and first showcased at the Australasian Drilling Industry Association conference last month. This technology enables drillers to inspect or change the drill bit when core is retrieved and there is no need to pull the rods. For those of you who may not be familiar with this practice, tripping the rods is time consuming, is non-productive, and increases the risk of injury.

We have a short video that summarises how the XTRACTA™ and COREVIBE™ work and we have also included some additional information in the appendices of this presentation.

Before looking at the video, I would like to highlight that we are on track to deliver initial revenue in FY20 with these technologies and we anticipate additional revenue generation from FY21.

XTRACTA™ has been extensively trialled at our test site in New Zealand for the past 12 months and client trials are scheduled to commence this month.

Development of the MAGHAMMER™ at our test site is also progressing well and we intend to commence client trials in 3Q20.

As we have reported previously, given the positive development of the COREVIBE™ and MAGHAMMER™ technologies, we anticipate exercising our Option to acquire Flexidrill in mid-December 2019. The details of this transaction are set out in our ASX announcement on 18 January 2018.

[Video]

### **Drilling Productivity Technologies Investment Rationale**

Moving now to slide 14, which summarises our rationale for investing in these Drilling Productivity Technologies:

- There is an attractive addressable market for the COREVIBE™, XTRACTA™ and MAGHAMMER™, together with strong industry demand from drilling contractors and resource companies;
- The technologies will not cannibalise our other product offerings – rather the focus is on providing additional value to clients and increasing our share of client spend;
- Manufacturing and distribution fits well within our capabilities and we can leverage our existing cost base, client network and infrastructure globally; and importantly,
- These technologies have strong IP protection and the ability to generate additional monthly rental revenue.

### **BLAST DOG™**

#### **Optimised blasting and material tracking**

Moving now to slide 15 and our BLAST DOG™ for IMDEX Mining Technologies.

Our Drill & Blast project is one of the most exciting developments we have had. The potential upside for the global mining industry and our company is substantial.

Looking at the graphic that summarises the process from left to right:

- Blast holes are drilled and can be liquid cased with AMC BHS™, a stabilising product that is already commercialised;
- The blast holes are then logged with BLAST DOG™. Its sensors measure several properties to increase orebody knowledge;

- This information is then transferred via IMDEXHUB-IQ™ and is used to optimise the blast design by enabling differential loading of blast holes with explosives, taking orebody knowledge into account.

The benefits of optimised blast design for resource companies include:

- Predictable fragmentation of blasted ground;
- Determination of ore and waste boundaries in some cases;
- Less dilution;
- Controlled vibration, dust, fumes and heave;
- Enhanced safety;
- Increased processing intensity or greater throughput at the processing plant; and
- Significantly enhanced productivity.

### **Additional Client Benefits**

#### **More efficient safer processes**

Some of the additional benefits of our BLAST DOG™ technology are highlighted by this next slide, which shows the current practice of manually dipping each hole with a tape measure. This process is time consuming, prone to human error and does not provide the intelligence required to optimise the blast.

The BLAST DOG™ is currently a semi-autonomous system, which provides ore body knowledge and enables optimised blasting outcomes based on high-resolution 3D material models and material tracking in the pit. The result will be increased mine to mill efficiency for clients globally.

### **Mining Technologies**

#### **Investment Rationale**

Similarly, as we included for our Drilling Productivity technologies, slide 17 sets out our investment rationale for our mining technologies:

- There is a substantial addressable market and strong industry demand for productivity increases;
- We are leveraging our existing leading technologies and world-class expertise in developing subsurface sensors;
- We can also leverage our existing infrastructure globally; and
- We have strong support from our industry partners – Orica, Teck Resources and Anglo American.

As the BLAST DOG™ is commodity agnostic, our trials include precious and base metals, together with bulk commodities, with global resource companies.

IMDEX's track record of successfully developing new technologies is further strengthened with this project. We are hitting our milestones and anticipate generating revenue in 4Q20 with further revenue generation in FY21.

## **Positive Growth Outlook**

### **A strong start to FY20**

As the title of slide 18 suggests, we are confident the outlook for IMDEX is positive:

- Mining production levels and commodity prices support further investment in the minerals industry;
- The major and intermediate resource companies are increasing expenditure to replace declining reserves;
- New discoveries are likely to be under cover and at depth – requiring more drilling and longer development times;
- Resource companies are embracing innovation and new technologies to lower costs, increase safety and achieve greater productivity; and
- There has been an uplift in capital raisings globally.

We have had a positive start with record 1Q20 revenue, and we are optimistic for the balance of FY20.

### **Key Points**

Moving now to the key points we would like to leave you with on slide 19:

- Our company is well-positioned to deliver attractive returns to shareholders;
- We have a strong financial platform and numerous competitive advantages;
- We are growing at above industry growth rates and are leveraging our global presence;
- We are introducing new technologies to benefit from industry dynamics where resource companies are:
  - Increasing their budgets;
  - Drilling deeper; and
  - Placing greater value on reducing costs and increasing productivity and ore body knowledge.
- We remain on track to commercialise our Drilling Productivity technologies in the current financial year; and
- We are also on track with our Drill & Blast technologies to grow our non-cyclical revenue.

Before I finish, I'd like to recognise and thank my colleagues in the senior leadership team, together with our partners and employees globally. I'm very fortunate to be working with such a talented team of people.

I would also like to thank Anthony Wooles, our Chairman and each and every one of the Directors for their invaluable assistance and guidance throughout the year.

And finally, I'm confident in our team's ability to execute our robust strategy and grow sustainable revenue and earnings for our shareholders. Thank you.

I am now happy to take any questions.