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18 February 2019

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

Dear Sir/Madam

IMDEX 2019 FINANCIAL YEAR – HALF YEAR RESULTS

Please find attached the 1H19 Results Announcement of Imdex Limited detailing the Group's financial result and operating performance for the half year ended 31 December 2018.

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

18 February 2019

IMDEX 2019 FINANCIAL YEAR – HALF YEAR RESULTS

IMDEX Limited (ASX: IMD) (IMDEX or the Company), a leading mining equipment, technology and services (METS) provider to the global minerals industry, today announces its results for the six months ended 31 December 2018 (1H19)ⁱ.

1H19 Financial and Operational Highlights

- Revenue of \$125.0 million, up 19% (1H18: \$104.7 million)
- EBITDA of \$25.2 million, up 25% (1H18: \$20.1 million)
- Cash from operations improved substantially
- Net profit after tax of \$13.5 million, up 27% (1H18: \$10.6 million)
- Earnings per share 3.65 cents, up 26% (1H18: 2.89 cents)
- IMDEX's Directors have declared a fully-franked interim dividend of 0.8 cents per share – a 22% 1H19 NPAT payout ratio
- Robust balance sheet with a strong net cash position to drive growth within the mining value chain – exploration, development and mining
- Continued investment in core and transformational product development
- Entered the Secondary Option Period to progress the COREVIBETM and MAGHAMMERTM technologies towards commercialisation, as announced 12 February 2019
- Drill & Blast project remains on track – commercial prototypes to be trialled in-pit with clients during 2H19

Commenting on the Company's 1H19 results, IMDEX's Managing Director, Mr Bernie Ridgeway said:

"We had a strong first half. The 19% uplift in revenue was largely due to increasing activity within the global minerals market – albeit at a measured rate – and the improving quality and benefits of our rental instrumentation, which generally command higher rates."

"Our EBITDA result of \$25.2 million exceeded 1H18 by 25%. The result principally reflected higher revenue, together with investment in transformational initiativesⁱⁱ for sustainable earnings growth. As previously reported, we anticipate our net investment in these initiatives to be circa \$8.0 million for the full year and to reduce substantially from FY20."

"1H19 earnings were also impacted by additional personnel, principally engaged in 2H18, to support our growth strategy and increasing activity. No material increase in headcount is expected during FY19."

"Our cash from operations improved significantly and we expect to achieve our normal working capital investment ratio of 30 to 35 cents for every incremental dollar of revenue for the full year."

"At all times we are focused on streamlining our operations, managing our costs and building a resilient business that can respond efficiently in all market conditions."

Interim Dividend

IMDEX's Directors have declared a fully-franked interim dividend of 0.8 cents per share, which represents a 22% 1H19 NPAT payout ratio. Dividend record and payment dates are 12 March 2019 and 26 March 2019 respectively.

The Company is committed to a sustainable dividend policy, while continuing to invest in core product development and its transformational technologies, which have the potential to deliver substantial long-term growth for shareholders.

Exclusive Flexidrill Option Agreement – COREVIBE™ & MAGHAMMER™ Technologies

IMDEX has entered the Secondary Option Period (March 2019 – December 2019) to progress the COREVIBE™ and MAGHAMMER™ technologies towards commercialisation.

The consideration for the Secondary Option Period was varied from NZ\$5.0 million (50% cash / 50% IMD shares) to NZ\$3 million in IMDEX sharesⁱⁱⁱ to allow for NZ\$2.0 million being applied to additional investment in product development. There are no other variations to the [Original Option Agreement](#) or [Extended Option Agreement](#), as announced on 18 January 2018 and 14 September 2018 respectively.

IMDEX's decision to progress is based on strong demand from drilling contractors and resource companies, together with successful trials at IMDEX's test site in New Zealand. COREVIBE™ trials – validated by SGS, the world's leading inspection, verification, testing and certification company – concluded a productivity gain of 33% over conventional coring.

The Secondary Option Period will allow IMDEX to conduct further product development and testing, focusing on capex reduction and extending service life, whilst establishing its supply chain and manufacturing requirements. In relation to COREVIBE™, the Company expects to trial commercial prototypes with clients by the end of FY19. MAGHAMMER™ commercial prototype trials will follow in 1H20.

Should IMDEX choose to exercise its option to acquire Flexidrill in December 2019, the COREVIBE™ and MAGHAMMER™ are expected to provide additional global revenue and earnings during FY20 and be earnings accretive within 12 months of the exercise date.

Drill & Blast Project – IMDEX Mining Solutions

IMDEX's Drill & Blast Project is progressing well with commercial prototypes expected to be trialled in-pit with clients during 2H19.

The Company has strong support from industry partners including: Orica; Anglo American; Teck Resources; and METS Ignited.

This project is designed to increase mine to mill efficiency for clients. It also has the potential to provide IMDEX with additional global revenue, which is more sustainable throughout the cycles, from FY20.

Internal Digital Transformation Program

IMDEX gained good momentum with its internal digital transformation during 1H19. The program is being undertaken to enhance the Company's systems and processes and enrich its clients' experience.

Market Overview and Outlook

S&P Market Intelligence (S&P) reports global mineral exploration investment and activity has increased for the past two years and was largely driven by stronger commodity prices and a fundamental need to replace diminishing reserves. S&P also suggest that this uplift will continue during calendar 2019, albeit, at a slower rate of 10% to 15%.

Macro geopolitical concerns, including tapering global growth and the US / China trade tensions, are impacting capital markets. The ability for junior mining companies to raise funds, particularly in Canada, is also challenging.

The majors are increasing their budgets and are mainly focusing on brownfield projects. There is a move towards greenfield exploration, albeit inadequate, as this is where many of the future mines will emerge.

Several industry commentators suggest the minerals industry is on the verge of another cycle of new discoveries and mining projects, yet more drilling is required to find them. This is positive for IMDEX.

Similarly, as the easy deposits have largely been found, significant new discoveries are likely to be under ground cover and at depth. Some large resource companies – for example Newcrest Mining – have already highlighted such opportunities.

Drilling under ground cover and at depth is more expensive and increases the value drilling contractors and resource companies place on technologies that reduce costs, increase drilling productivity and enhance safety. Again, this is positive for IMDEX.

Key Areas of Focus 2H19

During 2H19, IMDEX will continue to focus on achieving sustainable earnings growth for shareholders via its two-tiered growth strategy, which includes organic and transformational growth.

Key elements of this strategy include enhancing IMDEX's market leading technologies and commercialising core and transformational products for drilling productivity and market extension.

IMDEX's strong financial position, proven development capabilities and established global presence support the success of this strategy.

ⁱ All references to dollars within this announcement are Australian dollars, unless otherwise stated.

ⁱⁱ Investment in transformational initiatives includes further development of technologies to support transformational growth (Drill & Blast Project and COREVIBETM and MAGHAMMERTM) within the mining value chain and the Company's internal digital transformation program.

ⁱⁱⁱ Share issue to be based on the volume weighted average price 10 days prior to the issue date.