

20 August 2018

IMD FY18 FINANCIAL 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 full year ended 30 June 2018 (FY18).

FY18 Market Overview

- Broad-based recovery in the minerals sector globally
- Recovery spanned all key mining areas – particularly the Americas, an area with high growth potential for IMDEX
- Commodity prices strengthened generally – the potential US / China trade war had a negative impact on commodity prices towards the end of FY18
- Major, intermediate and junior companies are well funded with increased budgets
- Mineral exploration and development drilling increased steadily throughout FY18
- Exploration was principally associated with brownfield projects – some greenfield activity was evident
- Resource companies continued to focus on increasing efficiencies and cost reductions
- New technologies gained further momentum to achieve efficiencies and drive productivity
- Mining companies need to replace diminishing reserves – their risk appetite is likely to increase as mine life remains an issue
- Increased investment in junior explorers by major resource companies.

FY18 Financial Summary

- Revenue of \$218.5 million, up 24% (FY17: \$176.2 million)
- EBITDA of \$42.4 million, up 35% (FY17: \$31.5 million)
- Investment in transformational initiatives of \$6.3 million¹
- Working capital investment normalised during 2H18 – in line with expectations for full year
- Net profit after tax of \$21.1 million (FY17: \$3.7²)
- Robust balance sheet – ability to drive organic and transformational growth
- Net assets increased by 16%
- Net cash of \$7.9 million.

¹ Includes internal digital transformational program, IMDEX Mining Solutions – drill and blast, and the CoreVIBETM and MagHammerTM technologies.

² Includes \$16.2m (non-cash \$11.5m) of financing costs in relation to previous Bain Capital debt, which was fully repaid.

FY18 Operational Summary

- Improved safety performance during FY18
- REFLEX instruments on hire at 30 June 2018 increased 10% on 30 June 2017
- Newer technologies provide additional benefits for clients and command higher rental revenue
- Continued investment in R&D and the commercialisation of new technologies – contributing additional revenue
- Secured option to acquire CoreVIBETM and MagHAMMERTM drilling productivity technologies
- Accelerated IMDEX Mining Solutions – a development project for drill and blast applications
- Progressed transition towards One IMDEX – the provision of integrated AMC and REFLEX solutions via a regional structure
- Advanced internal digital transformation program.

Commenting on the company's FY18 results, IMDEX's Managing Director, Mr Bernie Ridgeway said:

The 24% uplift in revenue was due to positive market conditions, together with growing interest in our leading technologies and ability to provide integrated end-to-end solutions. This capability is currently unique to our market and provides us with a significant competitive advantage.

EBITDA exceeded the prior corresponding period by 35%. This result reflected growing revenue and our ability to leverage fixed costs, while continuing to invest in core product development for organic growth and transformational initiatives.

These initiatives included our internal digital program, which is being undertaken to enhance our systems and processes and enrich our client experience.

Importantly, we also accelerated the development of our drill and blast project, which will provide greater exposure to the more sustainable mining phase. This project is focused on understanding the quality of the mined material and minimising mining dilution, therefore, improving grade and revenue. The blast hole environment is an area of mining that has not progressed significantly for decades and is one of the big operational improvements we see in the future.

We also further developed the CoreVIBETM and MagHammerTM technologies, which have the potential to significantly increase drilling productivity and are generating substantial interest within our industry. Should we exercise our option to acquire these unique technologies, they are expected to provide additional global revenue for our company from FY20.

We remain committed to maintaining our robust balance sheet, while pursuing our growth strategy within the mining value chain.

IMDEX Chairman, Mr Anthony Wooles, added:

FY18 was a positive year for the company. Safety performance improved, revenue and earnings grew substantially and IMDEX made good progress internally with its objective to achieve sustainable earnings growth for shareholders.

Outlook

Despite the recent softening of commodity prices, activity continues to increase and the outlook remains positive. IMDEX had a strong start to FY19 and in July 2018, achieved its highest monthly revenue since September 2011.

At the close of FY18, rig utilisation rates were approximately 45% - 50%, drilling contractors were achieving some price increases and exploration expenditure was approximately half of the 2012 peak. These factors suggest the minerals industry cycle is still in an early stage and the company expects it will continue with a gradual increase in activity underpinned by the need to replace diminishing reserves.

IMDEX's Board and executive management team are confident the company is in a strong position to leverage improving market conditions and the unique competitive position its global presence, leading technologies and integrated product offering provide.

FY18 Annual Report

The company's Annual Report for the 2018 financial year was released to the market on 20 August, 2018. This report contains further information regarding IMDEX's performance and operations – an online version is also available on the company's website.

FY18 Annual General Meeting

IMDEX's Annual General Meeting will be held on 4 October, 2018 at 11:00 am (WST) at the company's Head Office located at 216 Balcatta Road, Balcatta Western Australia.

IMDEX's Board and leadership team will be available to discuss the company's performance and operations.

FY19 Key Areas of Focus

During FY19, the company 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: maintaining IMDEX's market leading technologies; enhancing its client intimacy; and driving operational excellence globally.

About IMDEX

We are a global mining equipment, technology and services – or METS – company. Our integrated IMDEX solutions improve the process of identifying and extracting what is below the earth's surface for drilling contractors and resource companies – we let clients know where it is and what it is, now.

Our company delivers these integrated solutions via leading brands AMC and REFLEX. Together, our products and technologies assist clients to reduce their costs and increase their productivity by providing end-to-end solutions across the full mining life cycle. Our vision is to be the leading provider of real-time subsurface intelligence solutions for the global minerals industry.

For further information visit www.imdexlimited.com

AMC redefines the way drilling fluids, equipment, technologies and software are used to optimise drilling programs – AMC strives to maximise productivity while enhancing safety and sustainability for clients. AMC has a strong presence within the global minerals, horizontal directional drilling, waterwell and civil construction sectors. For more information, visit www.amcmud.com

REFLEX is a global supplier of advanced subsurface intelligence solutions comprising downhole instrumentation, data management and analytical software for geological modelling. These market leading technologies – recognised for their ease of use and accuracy – are completed by unrivalled expertise in geo-scientific data analysis and interpretation. For further information visit www.reflexnow.com

Further information

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