

18<sup>th</sup> August 2015

## ASX announcement



### Mastermyne Group Limited – 2015 Full Year Results

Mastermyne Group Limited (ASX: MYE) today released its results for the full year ended 30 June 2015, which reflected top line growth in the business and a strong pipeline of contract opportunities.

#### Key highlights:

- Group revenue of \$174.1 million (2014: \$171.9 million)
- Statutory loss after tax of \$4.4 million (2014: profit of \$3.0 million)
- Underlying NPAT<sup>1</sup> of \$0.1 million (guidance range of \$0.8 million to \$1.0 million)
- Generated \$7.1 million of operating cash flow
- DMS business seamlessly integrated ahead of schedule and rebranded to Mastertec
- Maintained a strong balance sheet after substantial investment
- Group Order Book at financial year end \$359 million with \$124 million to be delivered in FY2016<sup>2</sup>
- Maintained final dividend at 1cps fully franked with total dividend for the year 2cps

Commenting on the results, Mastermyne's Managing Director Tony Caruso said, "Whilst it's been a difficult operating environment with mine operators focused on reducing costs and deferring maintenance, we are very pleased to have come through this year with a more diversified and well positioned business. We have maintained a strong order book with no loss of major contracts or customers and successfully tendered and won a new roadway development contract on a 2+1 year term.

"Our underground business continues to underpin our strong results and we have identified a number of new growth opportunities outside of the traditional underground tender pipeline. We successfully acquired and integrated the DMS business, which has now been rebranded to Mastertec. Mastertec is rapidly establishing itself as a quality provider of Engineering and Maintenance services with the tender pipeline having grown substantially since we integrated this business."

#### Operations overview

The Mastermyne Group has continued to maintain its focus on counter-cyclical investment and a sensible targeted approach to tendering and winning work. Growth in revenue in FY15 was driven in part by the contribution from the DMS acquisition and some organic growth on existing projects.

The integration of DMS led to the rebranding of Mastermyne into two divisions focused on underground and above ground activities. The underground activities remained badged as "Mastermyne", with the

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<sup>1</sup> Underlying NPAT includes adjustments for goodwill impairment of \$4.5m, acquisition and restructuring costs of \$1.9m, gain purchase of \$2.2m, and one-off tendering costs of \$0.6m

<sup>2</sup> Excludes recurring and purchase order work

above ground activities badged as “Mastertec”. Both divisions continue to target recurring works linked to production activities as opposed to construction and one-off projects. The integration was achieved ahead of schedule and seamlessly with all cost synergies identified at the time of the acquisition implemented and realised.

The Underground division continues to maintain its strong market share. Efforts have been focused on contracts that are more complex in scope or have greater influence and impact if not delivered on time and to a particular standard. During the period the Company secured a number of new contracts as well as expanding and rolling out existing contracts during the year.

Mastermyne continues to utilise strategic partnerships to expand its service offering and has recently bid several projects in a Joint Venture arrangement with a tier one civil tunnelling contractor. The underground division has also gained licences to install chemical injection strata support products which has opened up new opportunities on underground sites.

The Mastertec division has primarily been focused on executing the existing work and securing shutdown contracts that were forecast to roll through in the second half of the year. Much of this forecast shutdown work did not come on line until very late in the financial year and this division was mobilising on two shutdowns at year end.

“The rebranding to the Mastertec division has allowed the company to develop a much clearer and focused strategic plan with the three project based income streams. The rebranded division has quickly gained traction in the market place and tendering activity has increased significantly under the new structure.

“We are seeing cross-selling opportunities provided through the strong links and customer base in the underground division, and this is opening up several new tendering opportunities”, said Mr Caruso.

Safety remains a key priority for the Mastermyne Group and pleasingly lagging indicators have been trending down since the integration of the DMS business.

## **Outlook**

At the completion of FY15 the Group order book is \$359 million, with approximately \$124 million to be delivered in FY16. Recurring and purchase order work sits over and above this order book number.

The outlook moving into FY16 remains largely unchanged with coal prices continuing to drive an ongoing focus on reducing costs and increasing production. The project pipelines for the two divisions are distinctly different with the underground made up of larger, longer term tenders, and the Mastertec pipeline made up of a higher quantity of smaller, shorter duration projects.

Commenting on the outlook, Mr Caruso said, “The Company has a clear and well-articulated strategy in place. The Mastermyne Division is focused on organic growth and winning market share through competitive tendering, as well as building new revenue streams through corporate partnerships that enable us to deliver a wider range of services.

“The Mastertec pipeline remains active with strong visibility over the short term. We are seeing increased activity in the maintenance area, which is expected to continue through FY16 as deferred maintenance is carried out over the next 12 to 24 months. The Mastertec pipeline will also benefit from the addition of new services, new sectors and a larger footprint.

“The Mastermyne Group has been able to strengthen our foundations over FY15, whilst also diversifying the business to open up new opportunities. We are now beginning to see the benefits of this through a growing pipeline and new market opportunities, and we look forward to capitalising on these over FY16 and beyond.”

#### **Further information:**

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Or visit [www.mastermyne.com.au](http://www.mastermyne.com.au)

#### **About Mastermyne**

Mastermyne Group Limited (ASX:MYE) was established in 1996 and is a leading provider of specialised services to the Australian coal mining industry. Mastermyne listed on the ASX on 7 May 2010.

It has two operating divisions, Mastermyne Mining (underground roadway development, installation of conveyors and longwall relocation), Mastertec Products and Services (access solutions (scaffolding & rigging), protective coatings, pipeline services, structural, mechanical, electrical & line boring)

Based in Mackay Queensland, Mastermyne has operations in Queensland's Bowen Basin and the Illawarra and Hunter Valley regions in New South Wales.