





**GLOBAL  
LEADERS  
IN DRILLING  
SOLUTIONS**

# **FULL-YEAR CONSOLIDATED RESULTS**

FOR THE 12 MONTHS ENDED 31 DECEMBER 2022



# PRESENTED BY

**Danie Pretorius**

**CEO**

**Koos Jordaan**

**Director**

**Roelof Swanepoel**

**COO**

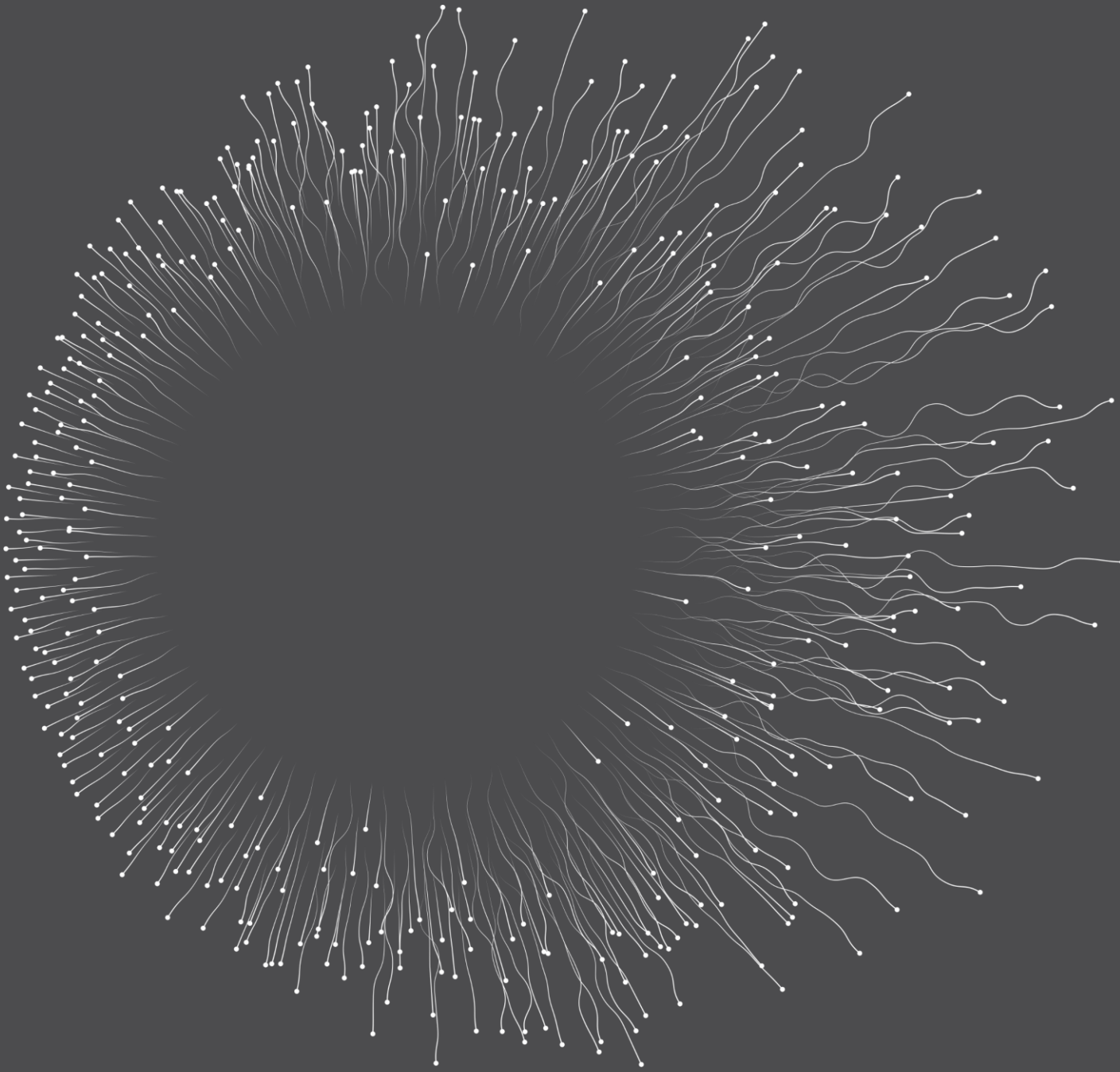
**André van Deventer**

**CFO**

# AGENDA

- 1. BUSINESS OVERVIEW**
- 2. TECHNOLOGY OVERVIEW**
- 3. OPERATIONAL OVERVIEW**
- 4. FINANCIAL OVERVIEW**
- 5. Q&A AND CLOSING**





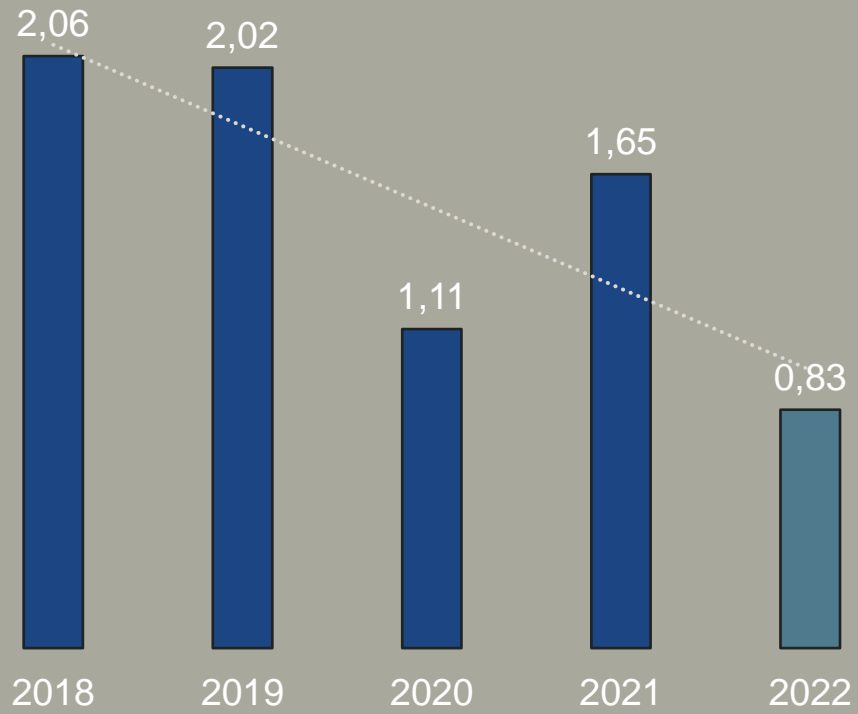
# 1. BUSINESS OVERVIEW

DANIE PRETORIUS, CEO

# SAFETY



## LTIFR



LTIFR – Lost Time Injury Frequency Rate



# KEY HIGHLIGHTS



USD revenue  
*increased by 31.7%*  
to *record* high  
**USD226.4 million**

EBITDA  
*record*  
**USD50.3 million**

Cash generated from  
operating activities  
**USD25.0 million**

Dividend of  
**ZAR47,5**  
cents per share  
declared

Utilisation  
*up to 77%*  
from 70%

Order book  
**USD265m**  
and pipeline  
**USD570m**

Completion of  
**world record**  
raise bore hole

**Quality**  
acquisitions

# FUTURE INVESTMENT STRATEGY



Raise boring  
and support  
services



Slim  
drilling



Future  
mechanical  
rock  
excavation  
and cutting



Future  
digitalisation  
and smart  
mining



# 2.

## **TECHNOLOGY OVERVIEW**

**KOOS JORDAAN, DIRECTOR**



# INDUSTRY TECHNOLOGY CHALLENGES.

- Safety exposure
- Increasing cost
- Decreasing productivity
- Diluted grade
- Delayed startups of projects
- Inefficiencies
- Complex orebodies
- Environmental impact

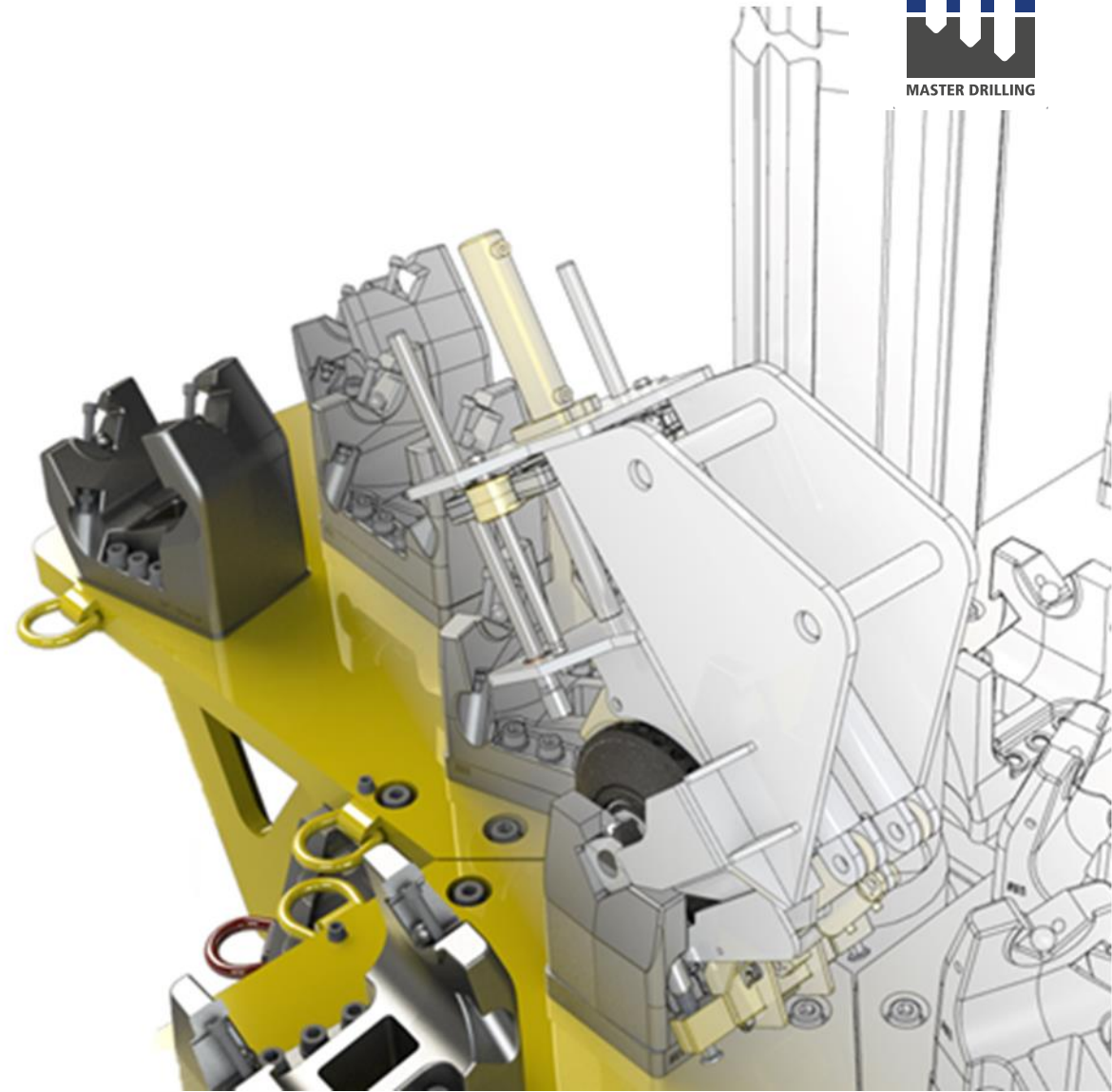


Image: Remote operated cutter change development

# RAISE BORING

## Continuous development and upgrading

- Competitive edge
- LP100 progress
- RD7 development
- New generation blind slot boring technology
- RD40 compact machinery
- Remote operated cutter changes
- Compact directional steering equipment

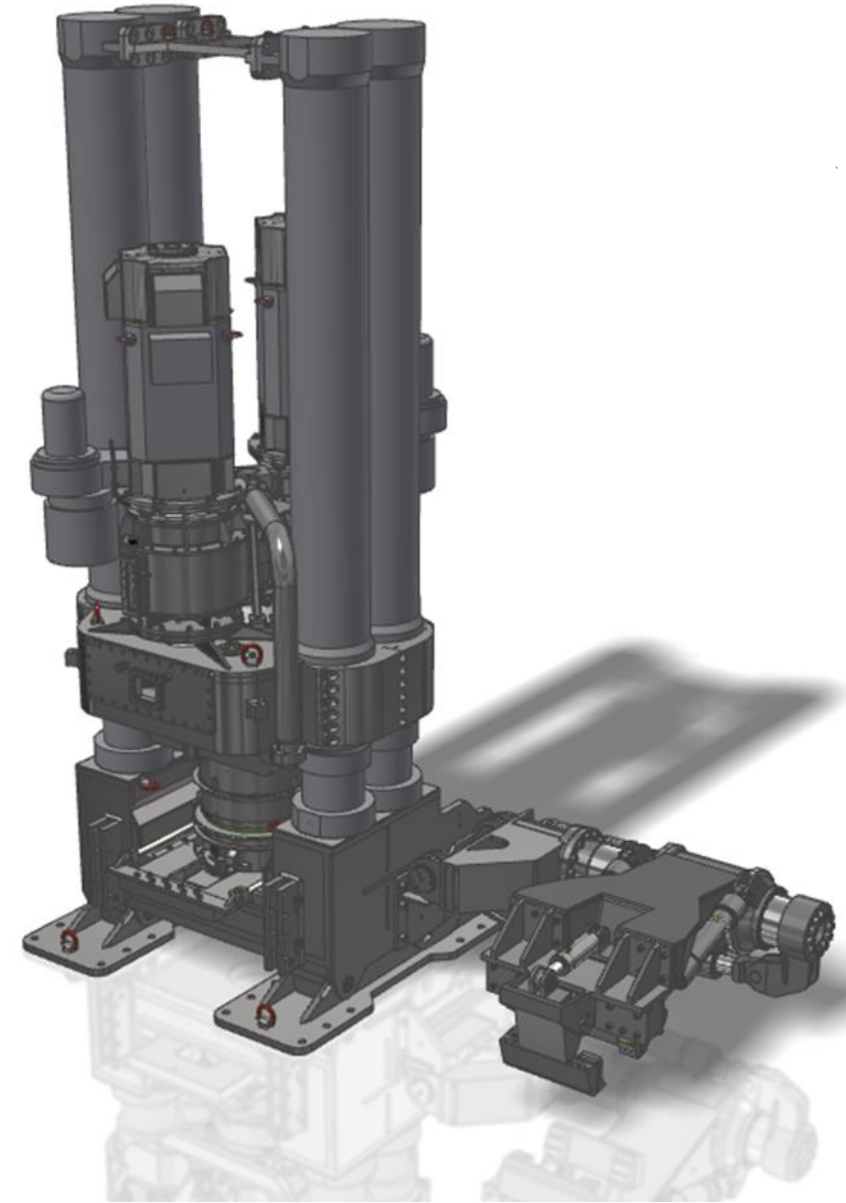


Image: CAD model of higher capacity RD7 Raise Boring machines



# SLIM DRILLING

## Robotic underground core drilling rig

- Factory commissioning and training underway

### Key aspects

- Predominantly hand free
- Remote operation
- Semi and full autonomous processes
- Decarbonised direct power
- Reduced water usage and spoil generation
- System mobility
- Key operational data generation



Image: RUCDR manufacturing progress

# TUNNELLING

## Segmented application

- MTB and TBMs
- HRCM (Hard Rock Continuous Miners)
- C&B (Cut & Break)

## MTB Mogalakwena Project

- Progress and project KPIs
- Learnings
- Suspension and demobilisation
- The journey to a different future



Image: MTB exploration decline construction



# SHAFT BORING

## Approach

- Small system configuration for initial project implementation
- Collaboration
- Larger scope projects
- Study work
- Journey to a future specialised constructor

## SBS 4360-2000

- Manufacturing and factory commissioning
- 50m experimental sink



Image: SBM during assembly and commissioning

# MINING

## ARM (African Rainbow Minerals)

- Phased development approach
- Factory commissioning
- Surface experimental testing
- Site scoping and preparation

## Key aspects

- Safety
- High grade recovery
- Remote continuous operation



Image: Underground experimental testing to establish input design data for final system



# DIGITALISATION

## A&R Group

- Safety driven solutions for an increase in machinery and personal interaction
- Level 9 CAS compliance and trends
- Resource and data management
- International rollout through MD owned distribution network



Image: Machine user interface for operator recognition and licensing verification

# 3.

# OPERATIONAL OVERVIEW

ROELOF SWANEPOEL, COO



# OUR PEOPLE



Workforce

**2 892\***  
(2021: 2 183)

Investment in  
training & development

**USD1.33m**  
(2021: USD1.08m)

People with  
disabilities employed

**113**  
(2021: 87)

Gender diversity

**16% female**  
(2021: 11% female)

LTIFR

**0.83**  
(2021: 1.65)

Nationalities  
employed

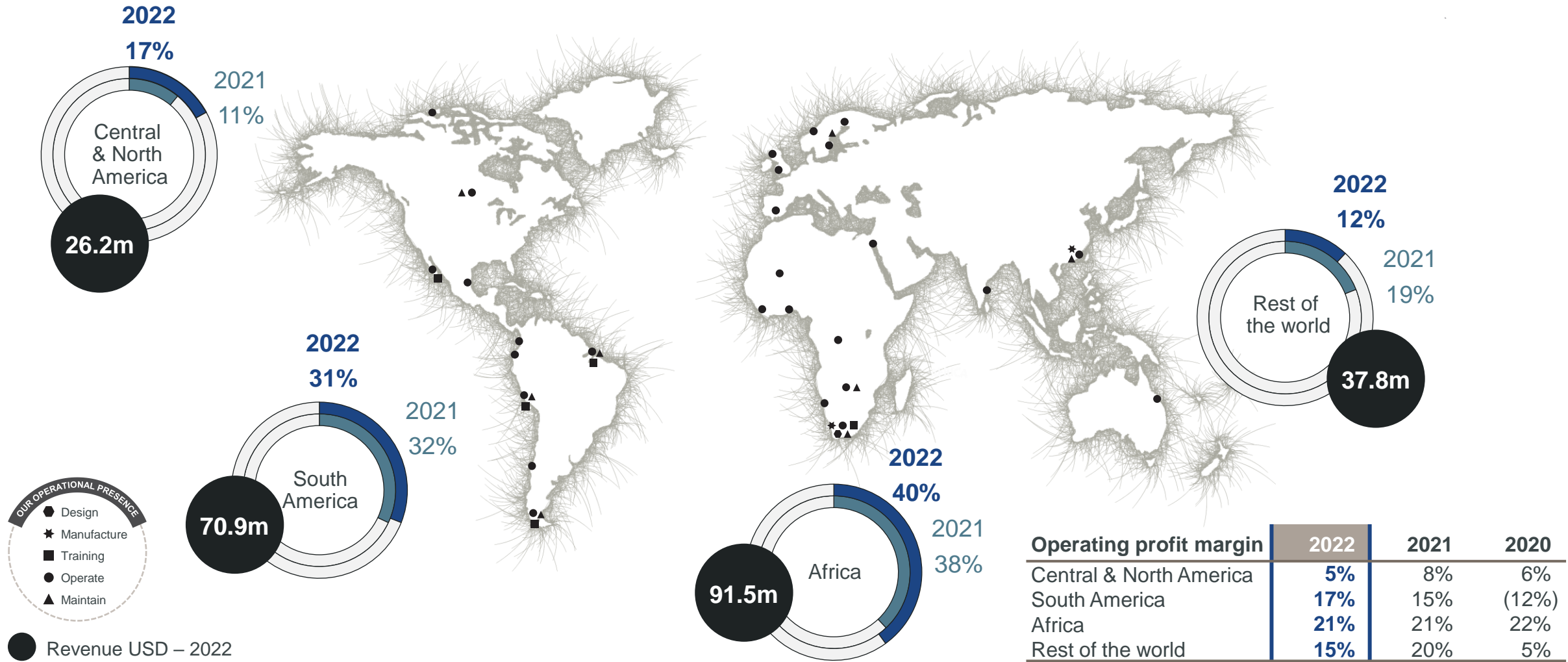
**28**  
(2021: 25)



\* Includes Hallcore and A&R



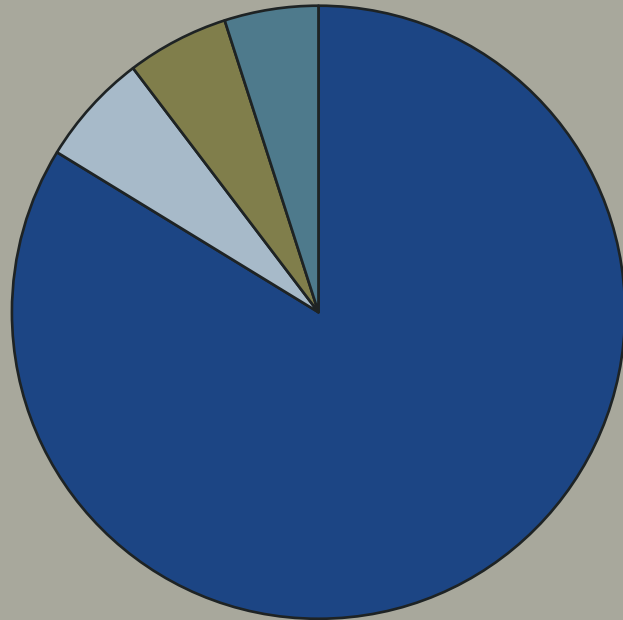
# GEOGRAPHIC REVENUE DIVERSIFICATION



# REVENUE BY BUSINESS PILLAR

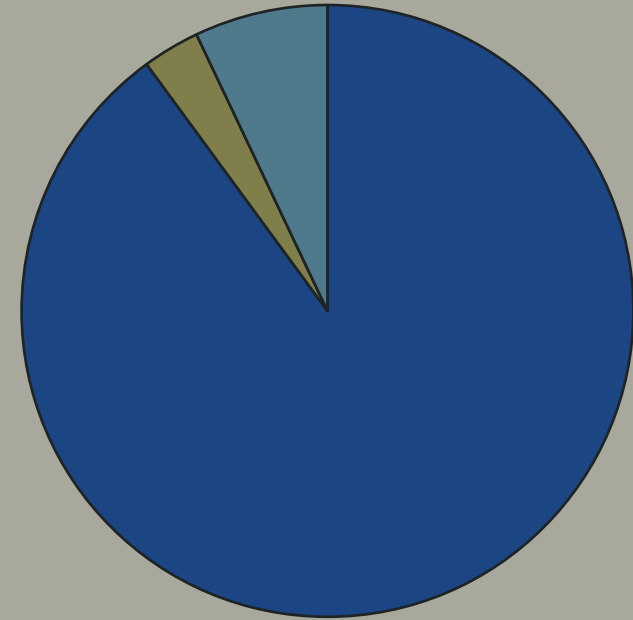


2022



	Raise boring and support services	83.7%
	Digitalisation and smart mining	5.9%
	Mechanical rock excavation and cutting	5.4%
	Slim drilling	4.9%

2021

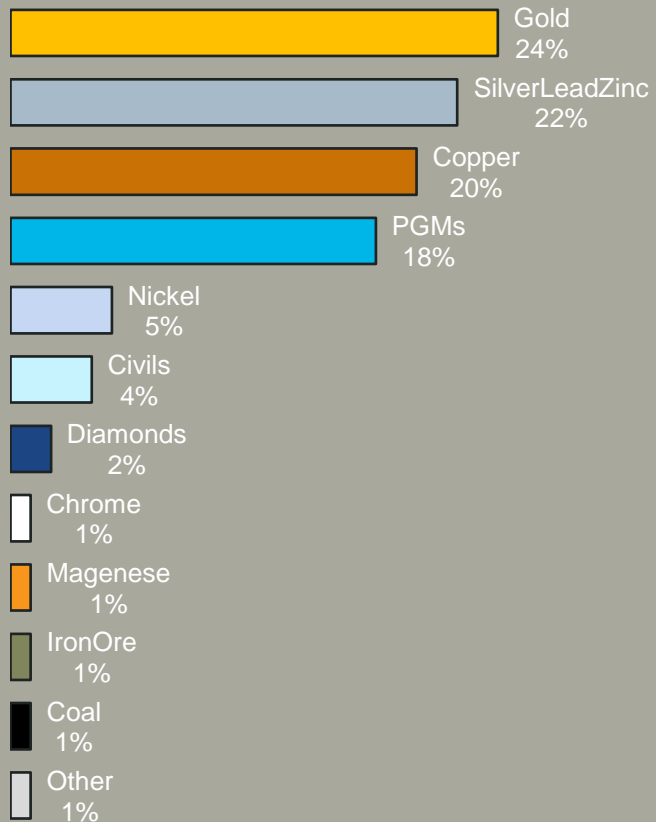


	Raise boring and support services	89.9%
	Digitalisation and smart mining	-
	Mechanical rock excavation and cutting	3.0%
	Slim drilling	7.0%

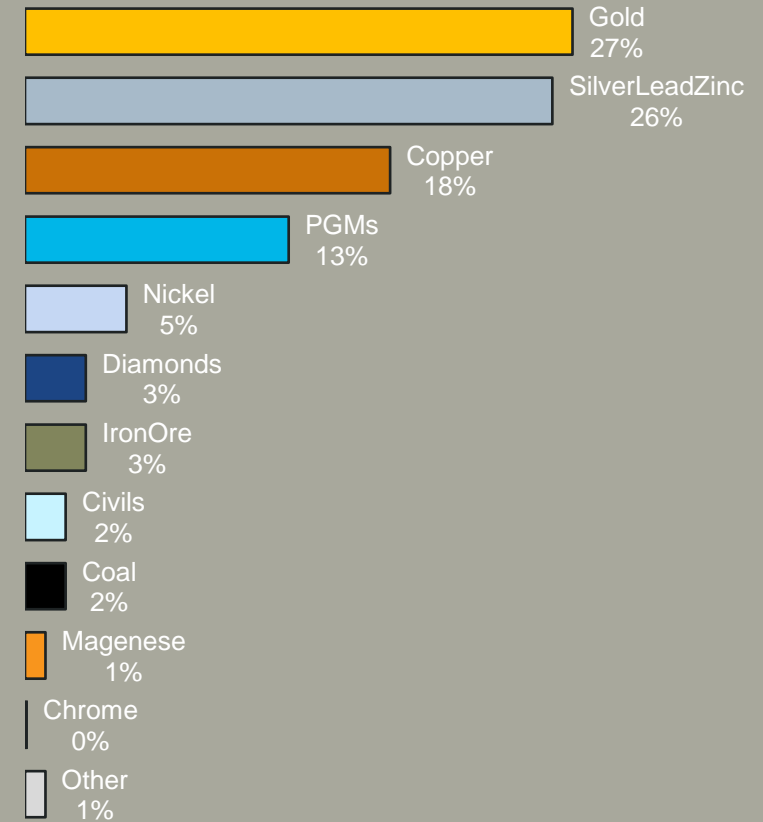
# COMMODITY REVENUE DIVERSIFICATION



2022



2021



# ARPOR SUMMARY PER ANNUM

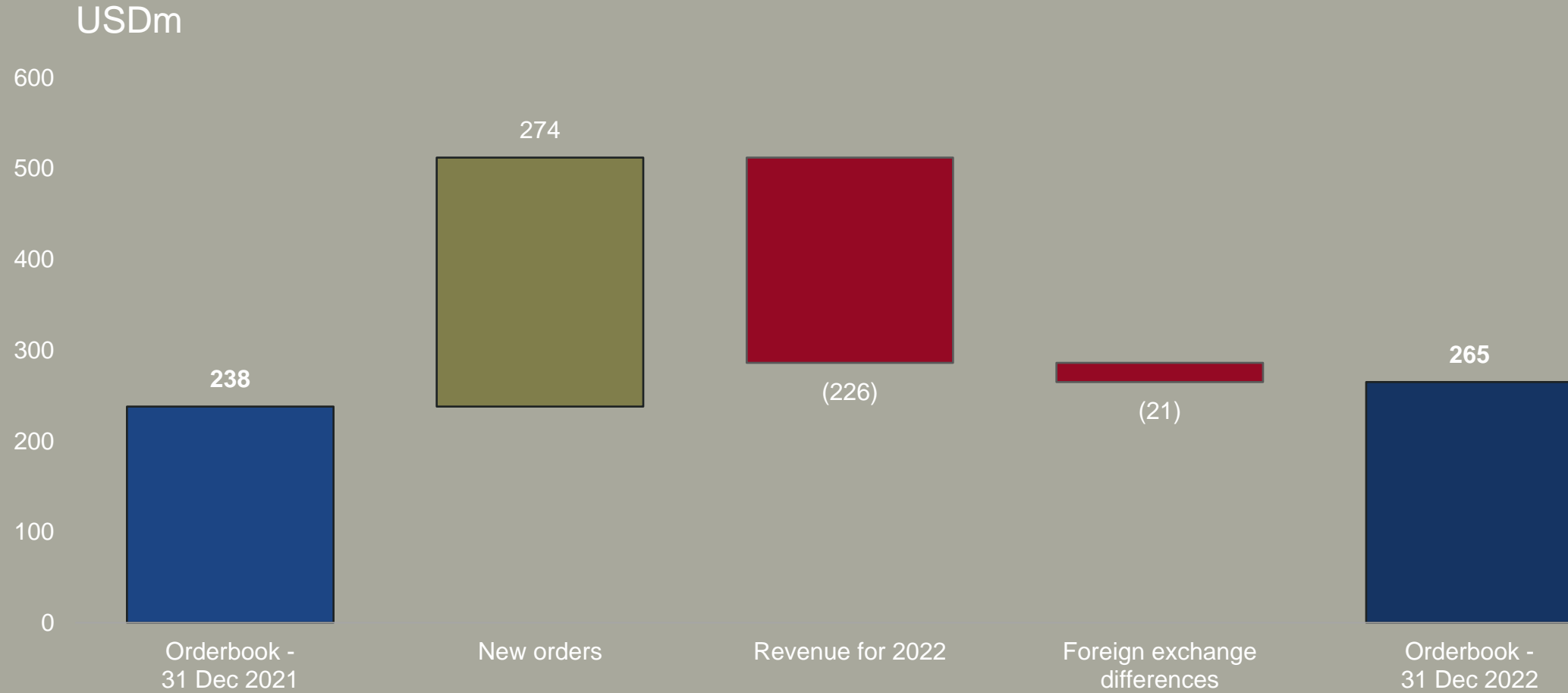


	2022	2021	2020
<b>Total Raise bore rigs</b>	<b>140</b>	150	145
Utilisation %	<b>77%</b>	70%	60%
Fleet Mix ARPOR (USD)	<b>133 193</b>	120 111	105 715
<b>&gt; Large Raise bore rigs</b>	<b>87</b>	90	86
Utilisation %	<b>89%</b>	82%	69%
ARPOR (USD)	<b>154 509</b>	136 586	119 191
<b>&lt; Large Raise bore rigs</b>	<b>53</b>	60	59
Utilisation %	<b>55%</b>	50%	45%
ARPOR (USD)	<b>84 674</b>	81 150	75 657
<b>Total Slim rigs*</b>	<b>61</b>	58	58
Utilisation %	<b>82%</b>	55%	48%
ARPOR (USD)	<b>49 645</b>	31 493	30 237

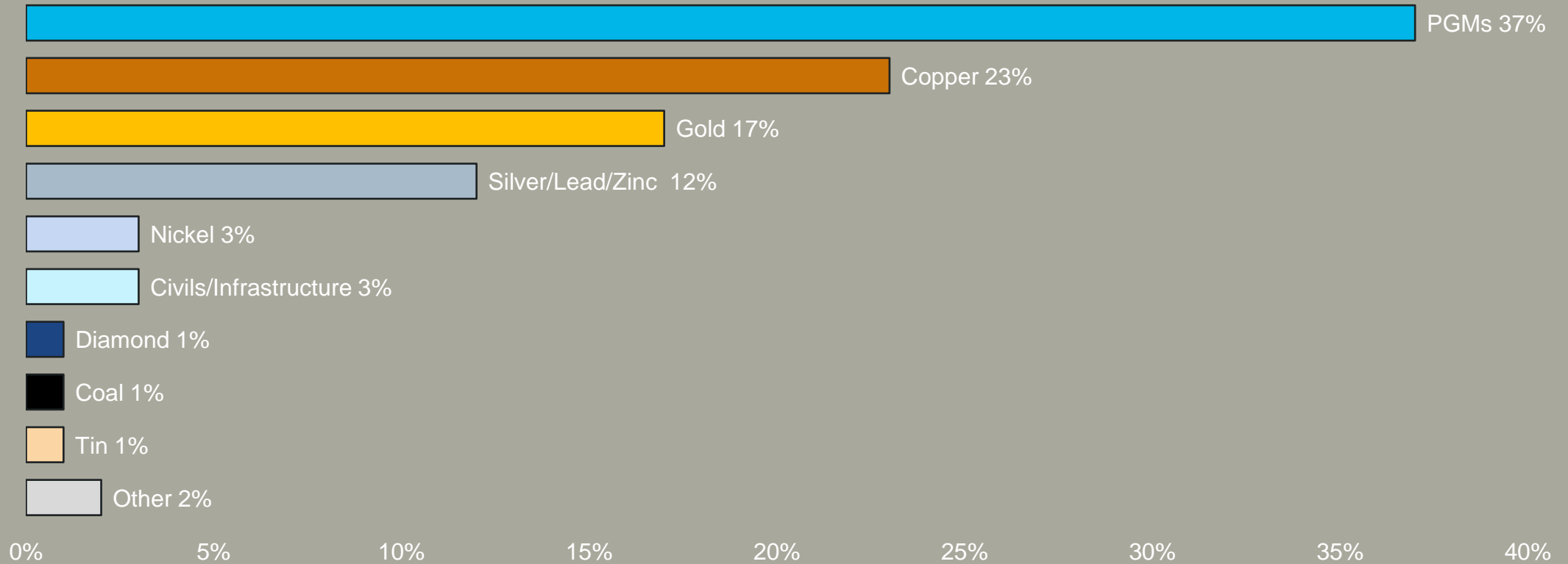
APROR: Average monthly revenue per operating rig

\* Includes Includes 23 not under direct control

# ORDERBOOK MOVEMENT



# AWARDED ORDERS BY COMMODITY



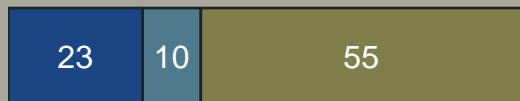
# PIPELINE



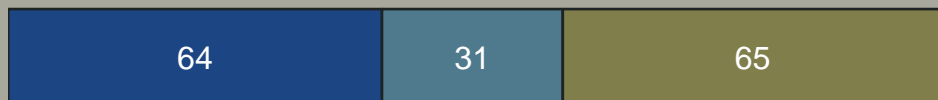
USDm

Total pipeline  
**USD570m**

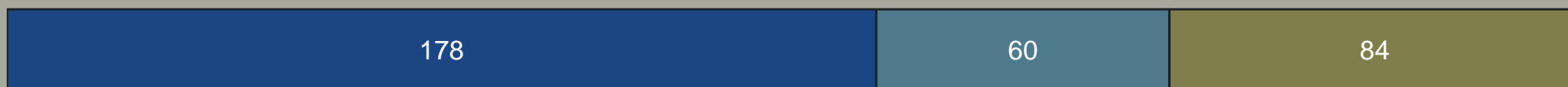
2025  
and beyond



2024



2023



0 50 100 150 200 250 300 350

Awarded (100%) Awaiting adjudication (>70% probability) Proposal (>50% probability)



A large, abstract graphic on the left side of the slide. It consists of a dense cluster of thin white lines radiating from a central point, with small white dots at the end of many of the lines, resembling a network or a stylized tree structure.

4.

# FINANCIAL OVERVIEW

ANDRÉ VAN DEVENTER, CFO

# HIGHLIGHTS FOR THE PERIOD



USD revenue increased by **31.7%** to **USD226.4m**

Record EBITDA **USD50.3m**

Cash generated from operations amounted to **USD25.0m**

Return on capital employed (EBIT) **14.2%**

USD HEPS increased by **10.1%** to **14.2 cents**

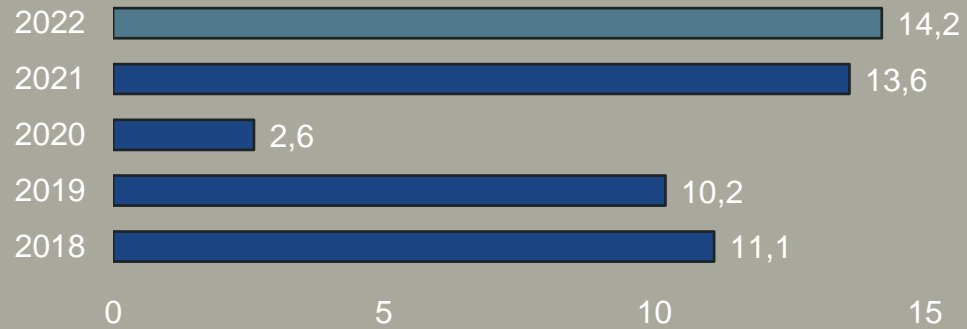
Dividend declared of **ZAR47,5 cents per share**



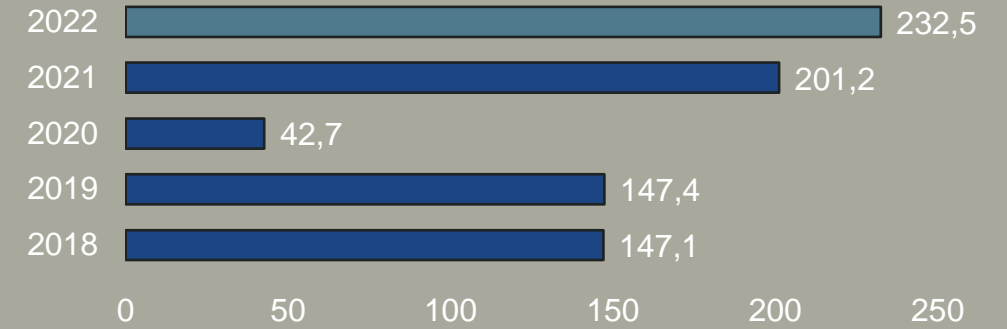
# HEADLINE EARNINGS PER SHARE



## HEPS (USDc)



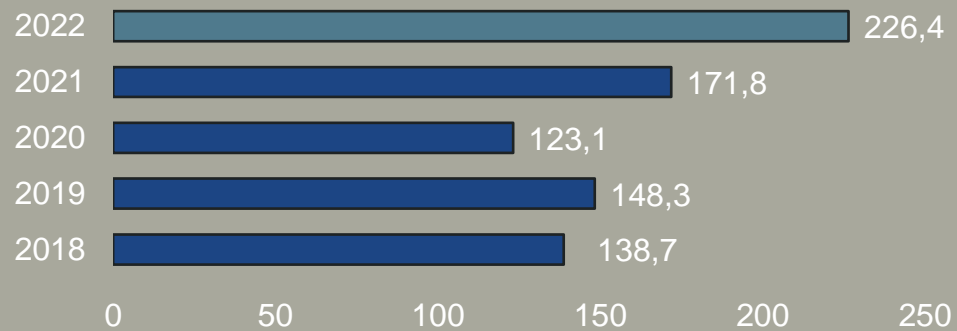
## HEPS (ZARc)





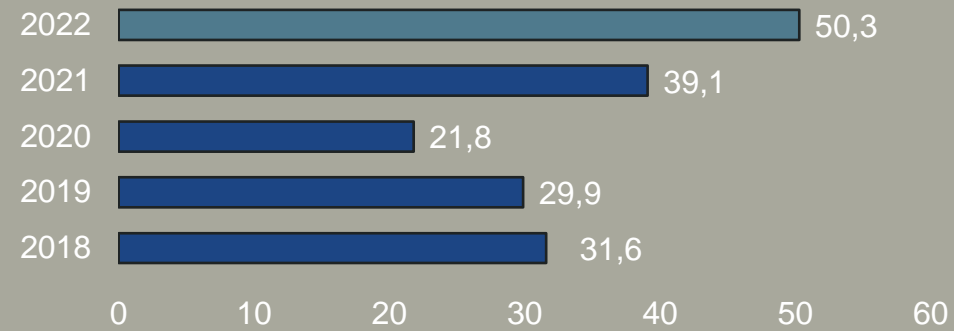
# EBITDA

## REVENUE (USDm)



EBITDA  
22.2%

## EBITDA (USDm)



# STATEMENT OF FINANCIAL POSITION

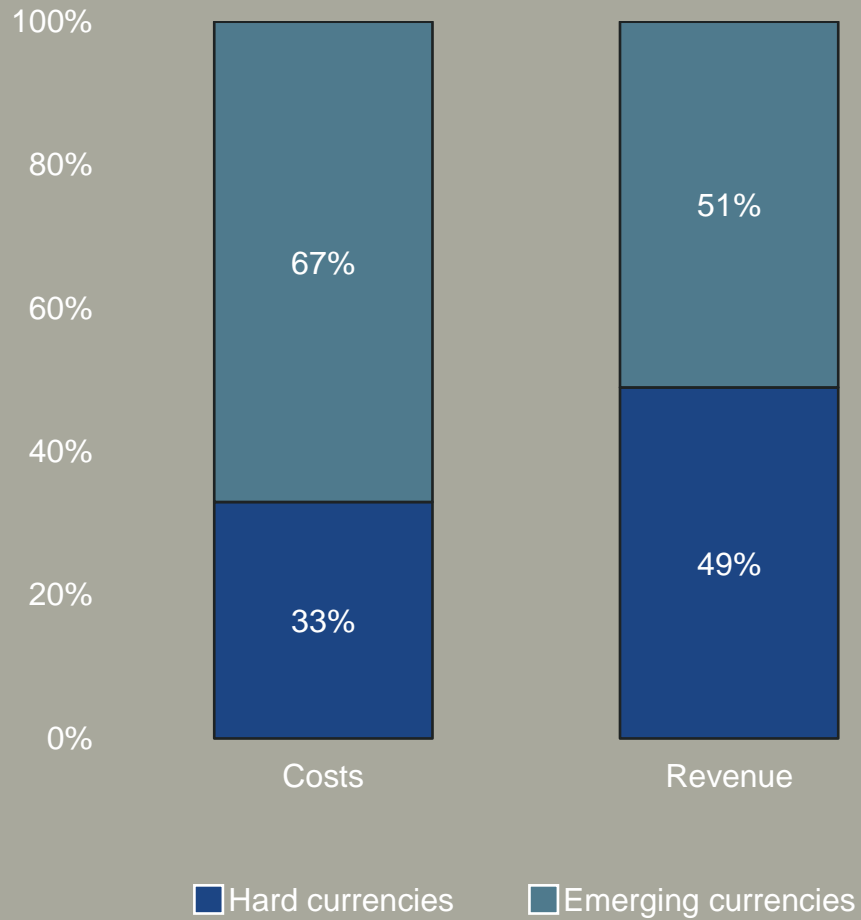
	2022 USDm	2021 USDm	Comment
<b>Assets</b>			
Total non-current assets	182.9	172.8	Investment in new technology assets
Total current assets	161.6	117.3	Current ratio of 1.95
<b>Total assets</b>	<b>344.5</b>	290.1	
<b>Equity</b>			
Equity	170.5	176.6	
Non-controlling interest	18.7	9.8	A&R NCI added with gaining control
<b>Total equity</b>	<b>189.2</b>	186.4	
<b>Liabilities</b>			
Total non-current liabilities	72.6	19.6	Renewal and additional drawdown from ABSA (Gearing ratio of 8.2%)
Total current liabilities	82.7	84.2	
<b>Total liabilities</b>	<b>155.3</b>	103.7	
<b>Total equity and liabilities</b>	<b>344.5</b>	290.1	

# STATEMENT OF COMPREHENSIVE INCOME

	2022 USDm	2021 USDm	Comment
Revenue	226.4	171.8	Improved utilisation and gaining control of A&R
Cost of sales	(161.5)	(123.2)	Global inflationary pressure experienced
<b>Gross profit</b>	<b>64.9</b>	48.6	
Other operating income	2.1	6.0	
Other operating expenses	(32.1)	(25.0)	Investment in middle management
<b>Operating profit</b>	<b>34.9</b>	29.7	
Investment income	0.9	0.5	
Finance costs	(4.5)	(2.6)	Additional funding from ABSA along with increased borrowing rates
Share of profit/(loss) from equity accounted investment	1.4	0.5	
<b>Profit before taxation</b>	<b>32.7</b>	28.1	
Taxation	(10.4)	(8.2)	Deferred taxation assets not recognised in some subsidiaries
<b>Profit for the year</b>	<b>22.3</b>	19.9	



# IMPACT OF CURRENCY ON PROFIT BEFORE TAXATION

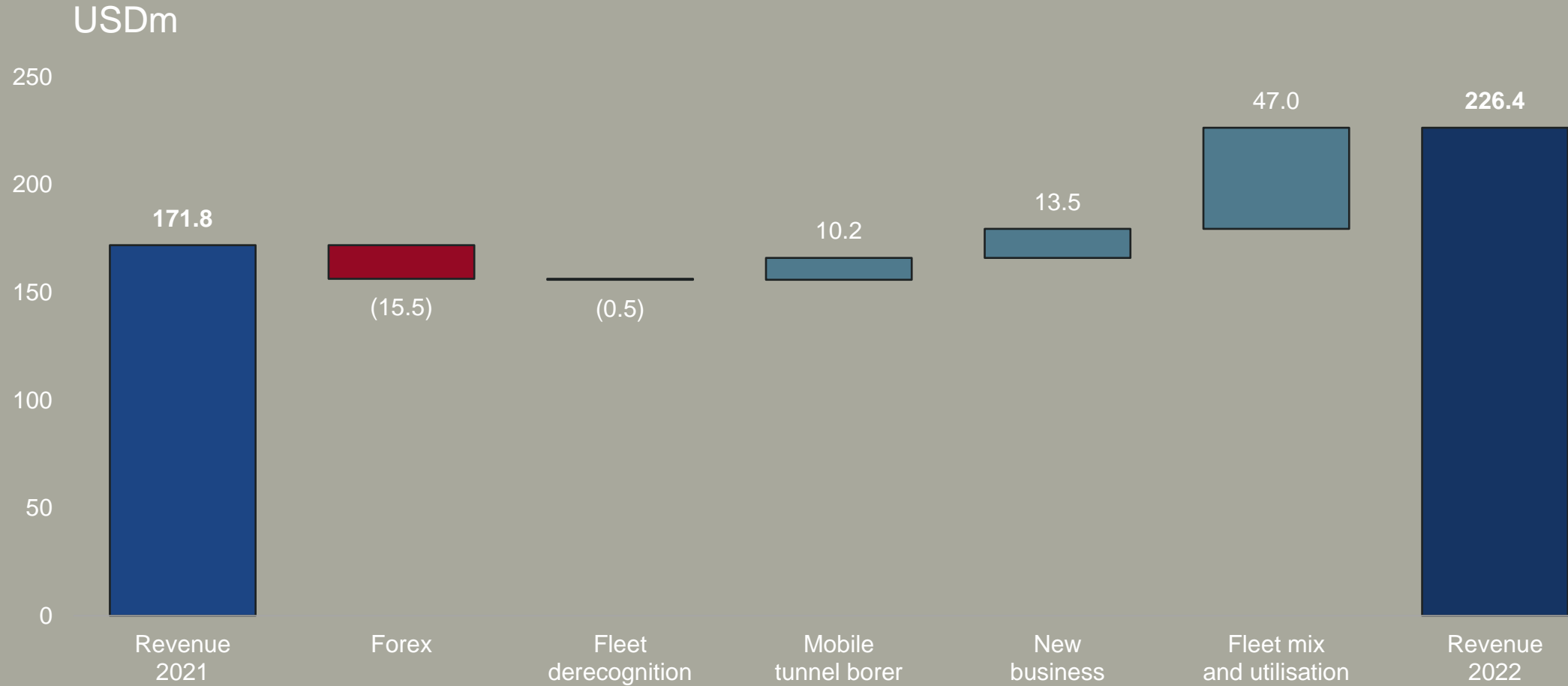


Impact on profit before taxation  
**USD1.7m**





# REVENUE WATERFALL BREAKDOWN

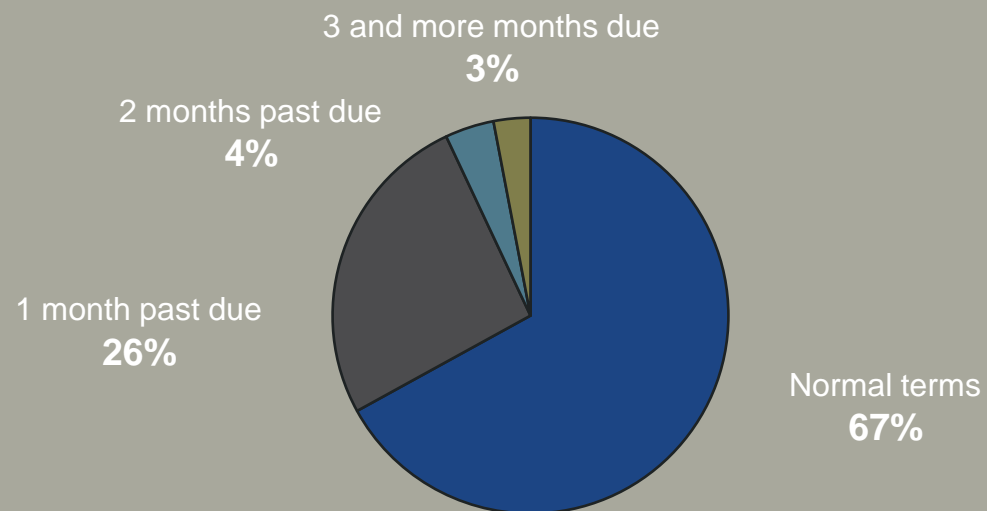


# WORKING CAPITAL BREAKDOWN



USDm	2022	2021	Movement
Inventory	46.5	33.6	12.9
Trade and other receivables	79.4	54.5	24.9
Trade and other payables	57.3	35.5	21.8

## Trade receivable ageing



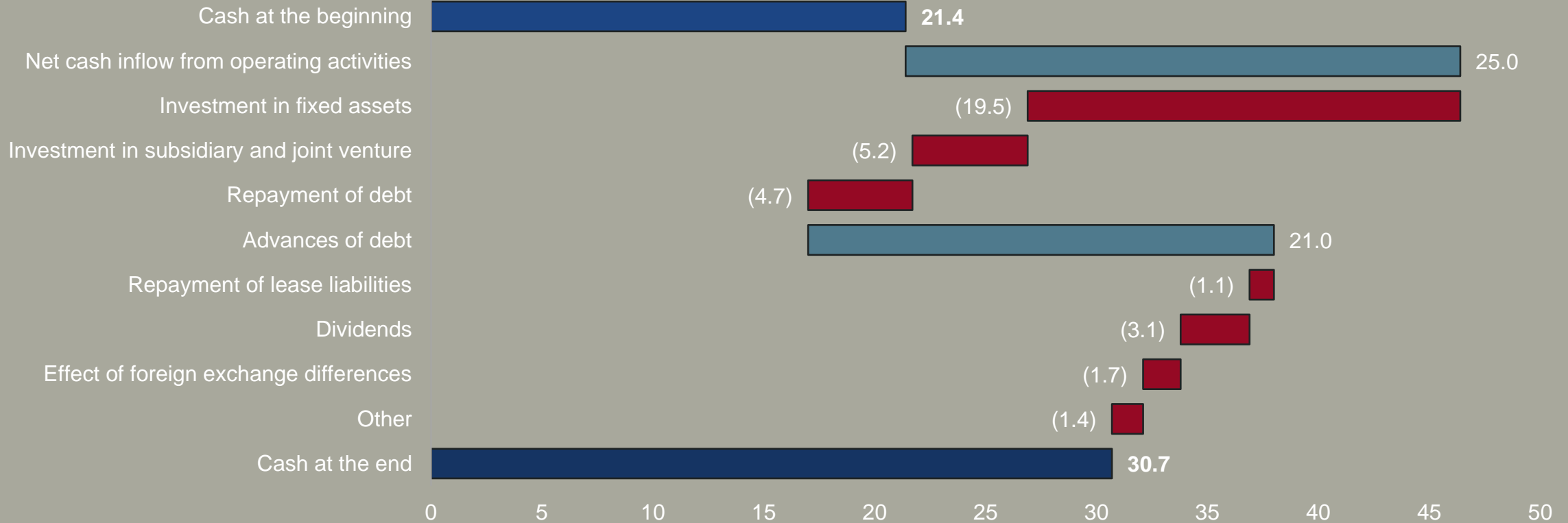
# BALANCE SHEET RATIOS



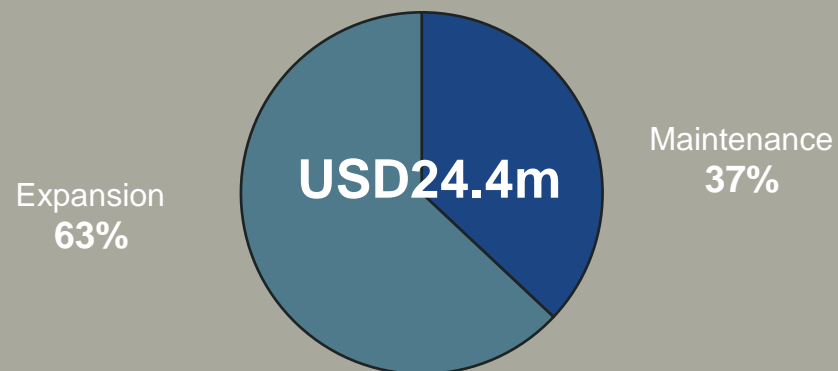
	2022	2021
Return on equity (PAT)	<b>11.8%</b>	10.7%
Return on capital employed (EBITDA)	<b>14.2%</b>	16.4%
Working capital ratio (days)	<b>110.5</b>	103.7
Working capital ratio (normalised)	<b>101.9</b>	103.7
Gearing ratio (debt/equity)	<b>8.2%</b>	5.8%



# CASHFLOW WATERFALL



# CAPITAL SPEND



	2022
Plant and machinery	81%
Software licence agreements	9%
Land and buildings	5%
Motor vehicles	4%
IT equipment	1%





A large, decorative graphic on the left side of the slide. It consists of a dense field of thin, white, curved arrows that originate from a single point on the far left and fan out towards the right, creating a sense of motion and direction. The arrows vary in length and curvature, some pointing straight ahead while others curve upwards or downwards.

# 5. Q&A AND CLOSING

# DISCLAIMER



This document has been compiled from information provided by the Directors of Master Drilling Group Limited (“Master Drilling”, “Master Drilling Group” or the “Company”) and from publicly available sources, and involves elements of subjective judgment and analysis, which may or may not be correct, and have not been independently verified. Accordingly, Master Drilling and its Advisors accept no responsibility for the correctness or otherwise of the content set out herein and no representation or warranty, express or implied, is being made or given as to the accuracy or completeness of the information set out herein. The information contained in this document is subject to completion, revision, verification and amendment without prior notice and without liability to compensate or reimburse any party. No representation or warranty, express or implied is, or will be, given by Master Drilling or its Directors, Partners, Employees or Advisors or any other person as to the accuracy, completeness or fairness of this document and, so far as permitted by law and except in the case of fraud by the party concerned, no responsibility or liability whatsoever is accepted for the accuracy or sufficiency thereof or for any errors, omissions or misstatements negligent or otherwise relating thereto. Master Drilling shall only be bound by those particular representations and warranties set forth in definitive written transaction documents, when and if such transaction documents are executed and subject to such restrictions and limitations as may be contained therein. This document may include certain statements, estimates, targets, forecasts and projections provided by Master Drilling. Such statements, estimates, targets, forecasts and projections reflect significant assumptions and subjective judgments and analysis by Master Drilling’s management concerning anticipated future events which may or may not prove to be correct and there can be no assurance that any estimates, targets, forecasts or projections are attainable or will be realised. Nothing contained in this document is, or shall be relied upon as, a promise or representation, whether as to the past or the future. Accordingly, (subject as aforesaid) neither Master Drilling nor its Directors, Partners, Employees or Advisors nor any other person, shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in or omission from this document and any such liability is expressly disclaimed. In particular, but without limitation, no representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on, any estimates, targets, forecasts or projections contained in this document (or otherwise provided by or on behalf of Master Drilling with respect to the subject matter of this document). In all cases, interested parties should conduct their own investigation and analysis of Master Drilling and the information contained in this document before making any decisions. This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of an offer to purchase or subscribe for, any securities of the Company or any other entity, nor shall the information contained in this document or the fact of its distribution form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or investment decision in relation thereto. The document is not an offer of securities in the United States. The securities of the Company have not been and will not be registered under the US Securities Act of 1933, as amended (the “US Securities Act”), and may not be offered or sold in the United States absent registration under, or an exemption from the registration requirements of, the US Securities Act. The distribution of this document may be restricted by law and persons into whose possession the Information comes should inform themselves about and observe any relevant restrictions. This document is not intended to provide, and should not be relied upon for, or as, accounting, legal, tax advice or investment recommendations. You should consult your tax, legal, accounting or other professional advisors about the issues presented in the Information. This presentation and the documents provided with this presentation are confidential and may not be disclosed to any third party without the prior written consent of Master Drilling.

# CORPORATE INFORMATION



## MASTER DRILLING GROUP LIMITED

Registration number: 2011/008265/06  
Incorporated in the Republic of South Africa  
JSE share code: MDI  
ISIN: ZAE000171948

## REGISTERED AND CORPORATE OFFICE

4 Bosman Street  
PO Box 902  
Fochville, 2515  
South Africa

## DIRECTORS

### Executive

Daniël (Danie) Coenraad Pretorius  
André Jean van Deventer  
Barend Jacobus (Koos) Jordaan

Chief executive officer and founder  
Financial director and chief financial officer  
Executive director

### Non-executive

Hendrik (Hennie) Roux van der Merwe  
Andries Willem Brink  
Akhter Alli Deshmukh  
Hendrik Johannes Faul  
Mamokete Ramathe  
Shane Trevor Ferguson

Chairman and independent non-executive  
Independent non-executive  
Independent non-executive  
Independent non-executive  
Independent non-executive  
Non-executive

## COMPANY SECRETARY

Andrew Beaven  
6 Dwars Street  
Krugersdorp  
1739  
South Africa  
PO Box 158, Krugersdorp, 1740  
South Africa

## JSE SPONSOR

Investec Bank Limited  
(Registration number: 1969/004763/06)  
100 Grayston Drive, Sandown  
Sandton, 2196  
South Africa

## INDEPENDENT AUDITORS

BDO South Africa Incorporated  
52 Corlett Drive  
Illovo  
2196  
South Africa

## SHARE TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited  
(Registration number: 2004/003647/07)  
Rosebank Towers, 15 Biermann Avenue,  
Rosebank, South Africa

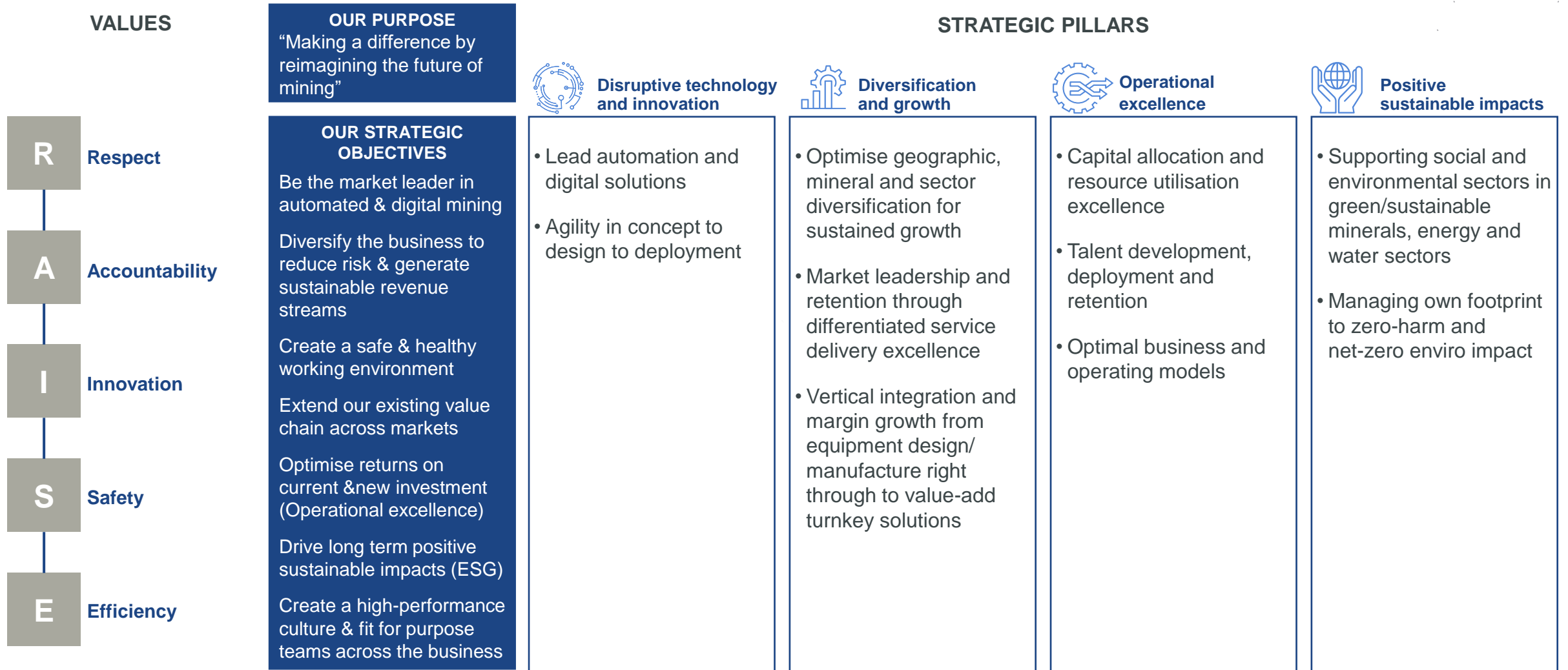
\* Resides in the USA





# APPENDICES

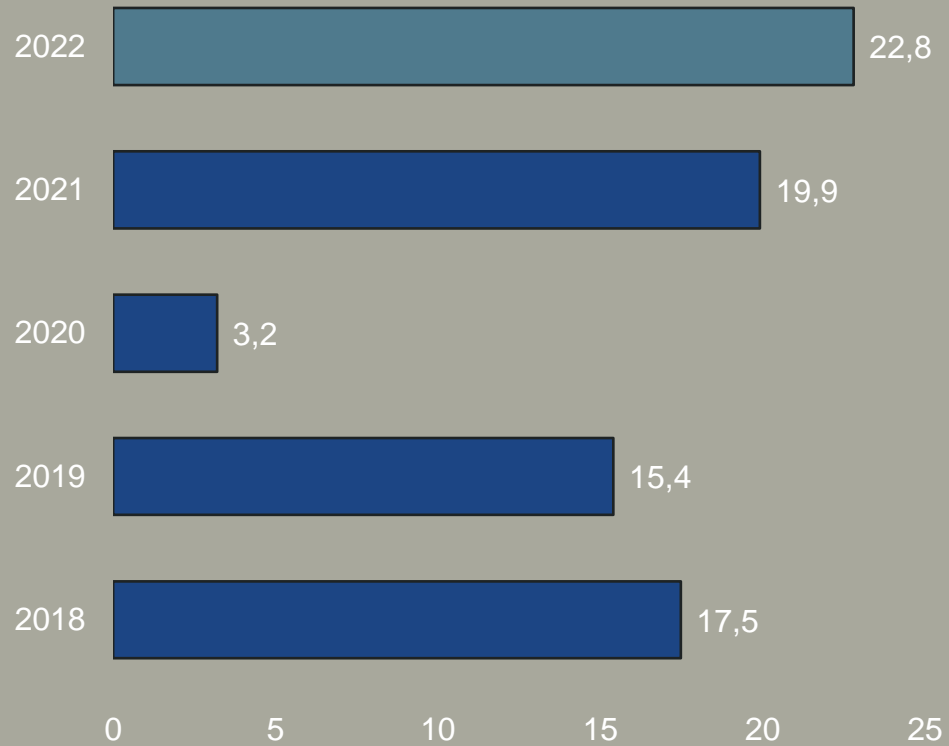
# DELIVERING OUR GROUP STRATEGY





# PROFIT AFTER TAX

USDm



# STATEMENT OF CASH FLOWS



	2022 USDm	2021 USDm
<b>Net cash inflow from operating activities</b>	<b>25.0</b>	32.5
<b>Net cash outflow from investing activities</b>	<b>(25.0)</b>	(24.2)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>10.9</b>	(10.5)
<b>Total cash inflow/(outflow) for the period</b>	<b>10.9</b>	(2.2)
Cash at the beginning of the period	21.4	24.8
Effect of exchange rate movement on cash balances	(1.7)	(1.2)
<b>Total cash at end of the period</b>	<b>30.7</b>	21.4