





INTERIM CONSOLIDATED RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020



PRESENTED BY
DANIE PRETORIUS, CEO
ANDRE VAN DEVENTER, CFO
KOOS JORDAAN, DIRECTOR
ROELOF SWANEPOEL, COO



**Business
overview**



**Technology
overview**



**Operational
overview**



**Financial
overview**



**Q&A and
Closing**

AGENDA



**BUSINESS OVERVIEW
DANIE PRETORIUS, CEO**

People

- Covid policy compliance
- Client & community engagement on Covid
- Use digital platforms

Finance

- Fixed cost reduction
- Cash flow protection
- Covenant compliance
- CAPEX on hold

Remain Vigilant

- Strategy fundamentals strong
- Speed to respond
- Diversification is key
- Accept the new normal

COVID 19 RESPONSE

Strategic Pillars



People

- High Performance
- Culture
- Organisational structure optimisation
- Fit for future



Optimisation

- Continuous improvement on operational and commercial efficiencies.
- Quality revenue
- Key focus on cost control
- Fleet utilization / modernisation



Technology

- Automisation and digitisation
- Remote operations
- DID projects
- Disruptive technology in rock cutting
- Bolt on services
- Big Data



Growth

- Geographic expansion
- Brand building and marketing focus
- Diversify industry exposure
- Appropriate M&A and JVs

DELIVERING OUR GROUP STRATEGY



TECHNOLOGY OVERVIEW KOOS JORDAAN, DIRECTOR

Technology for a changing world:

- **Mines of the future.**
 - Opencast mines going underground.
 - Longer and deeper access to underground orebodies.
 - Projects in remote and harsh geographies.
 - Environmental, Social and Governance sustainability (ESG).
- **What we do now will make us future relevant, competitive and sustainable.**
- **Lasting value:**
 - SHERQ (Safety, Health, Environmental, Risk and Quality)
 - Productivity
 - Real cost

Master Tunnelling:

- **Faster access to orebodies.**
 - The Mobile Tunnel borer (MTB)
 - 2017 designed, 2018 manufactured, 2019 performance tested.
 - 2020 contract cancelled due to Covid-19 uncertainty.
 - Maintenance, improvements and recommissioning.
 - Proposals done for potential early 2021 deployment.
- **TunnelPro**
 - Exit of Italian specialized Tunnel boring machine contractor and machine supplier.
 - Non sustainable strategy for Civil construction industry diversification.
 - Successful transfer of knowhow and intellectual property (IP).
 - Fixed cost risk due an current uncertain market.



Master Sinkers:

3 years since the establishment of a dedicated inhouse electronic and software development and support resource

- IDC joint shareholding.
- Phased project development for implementation risk.
- IP for sinking large dia. shafts (14m) to small dia. shafts (4m) over 2km developed over the past 5 years.
- Phase 1 successful Q4 2019.
- Cash and capital conservation due to COVID-19 uncertainty.
- Realisation of implementation risk on critical infrastructure.
- Current rescoping for smaller lower cost funded project.
- Phase 2-4 the next step. (Manufacturing and experimental commissioning.)

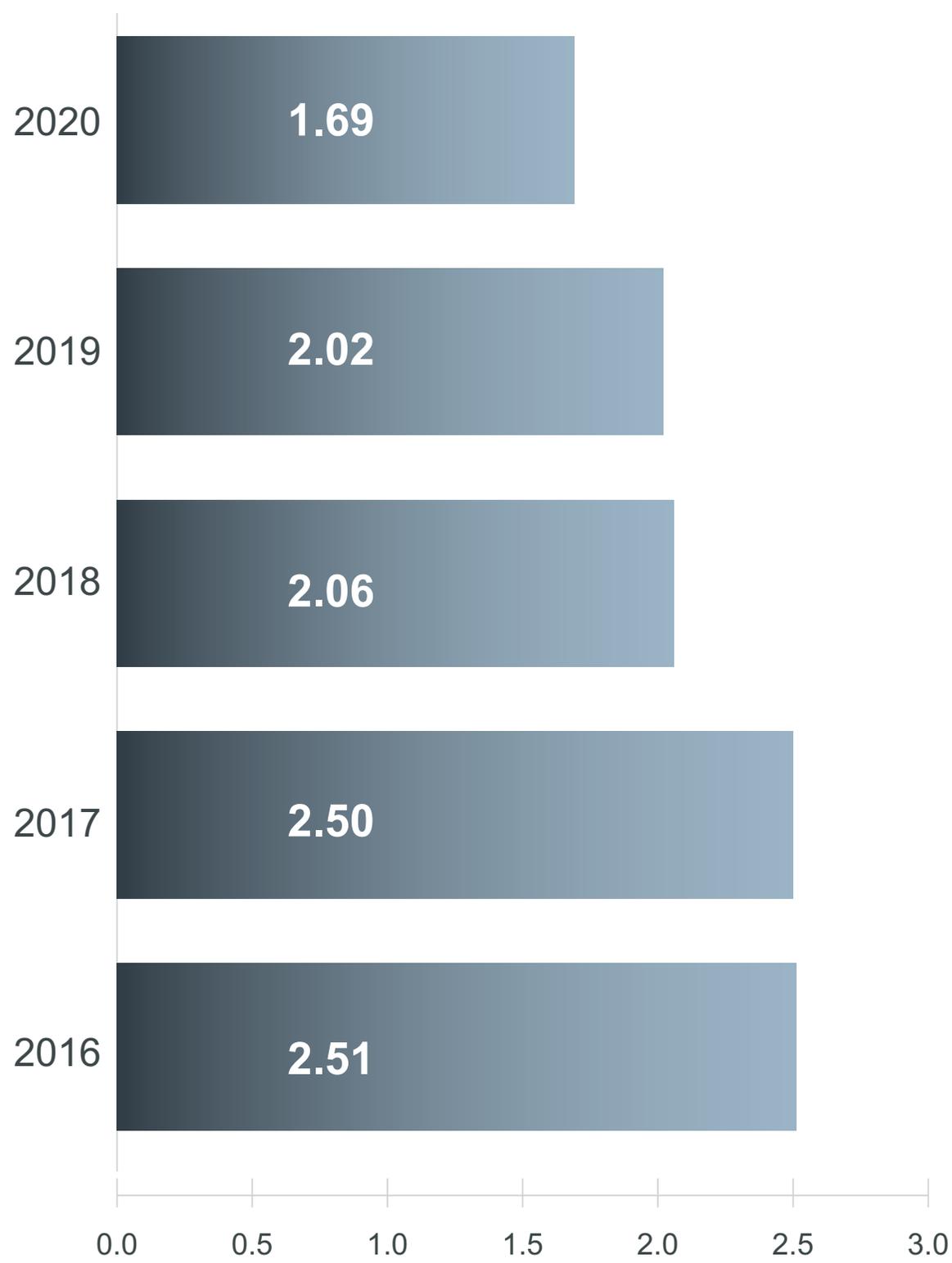
TECHNOLOGY OVERVIEW

Master Drilling:

- **Inhouse engineering expertise for a vertical integrated business model.**
- **General Themes:**
 - Semi & full Autonomous control, Remote operation, Artificial intelligence, Machine learning, Digitization and Analytics.
 - Increasing capacity to deliver technology study work to industry.
 - Developing new technology with mining clients for their specific needs.
 - New equipment realisation and existing equipment modernization.
- **A world record**
 - Pilot drilling of an accurate 16" dia. x 1382m deep hole with inhouse directional drilling resources and capability. For a 4.8m dia. reamed shaft to be constructed for mine access.

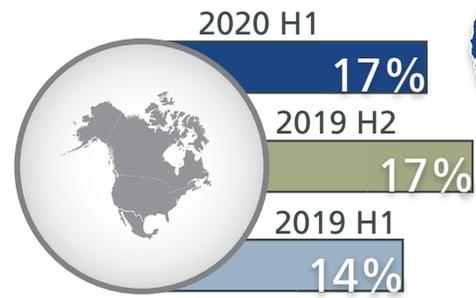


OPERATIONAL REVIEW ROELOF SWANEPOEL, COO

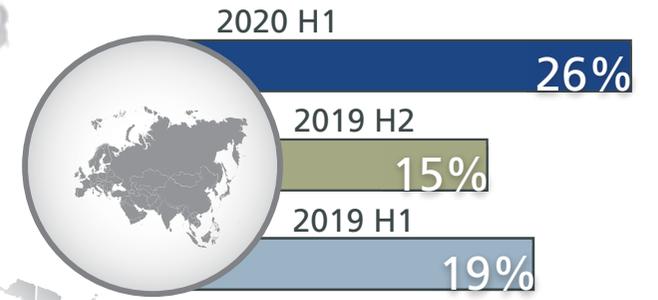


LOST TIME INJURY FREQUENCY RATE

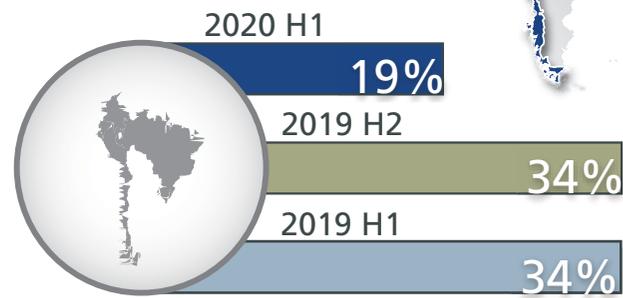
Central and North America



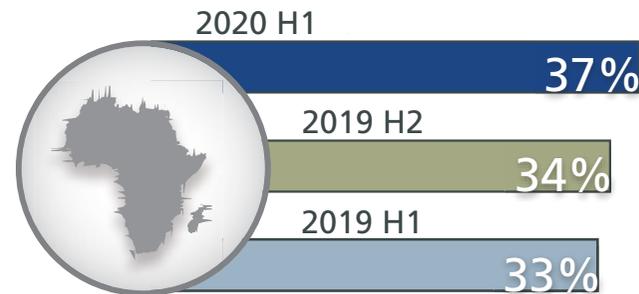
Other Countries



South America



Africa



Operating profit margin

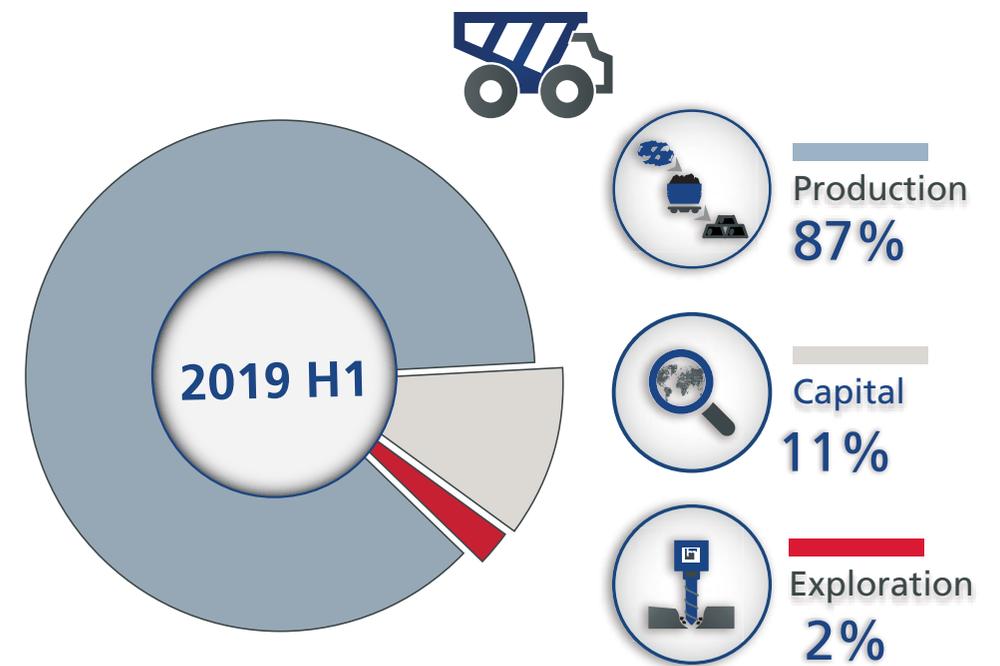
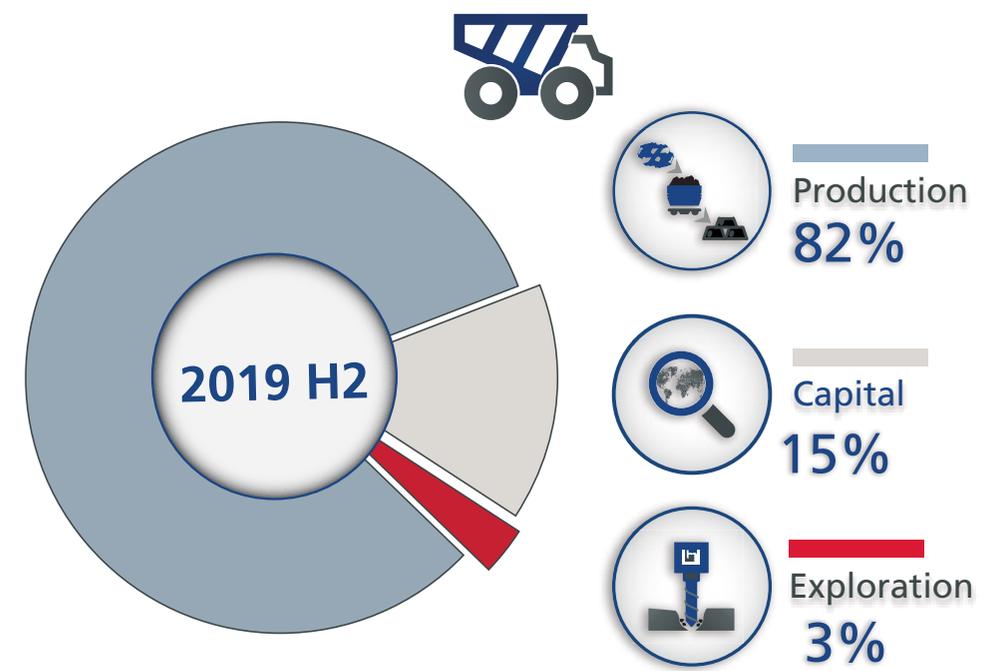
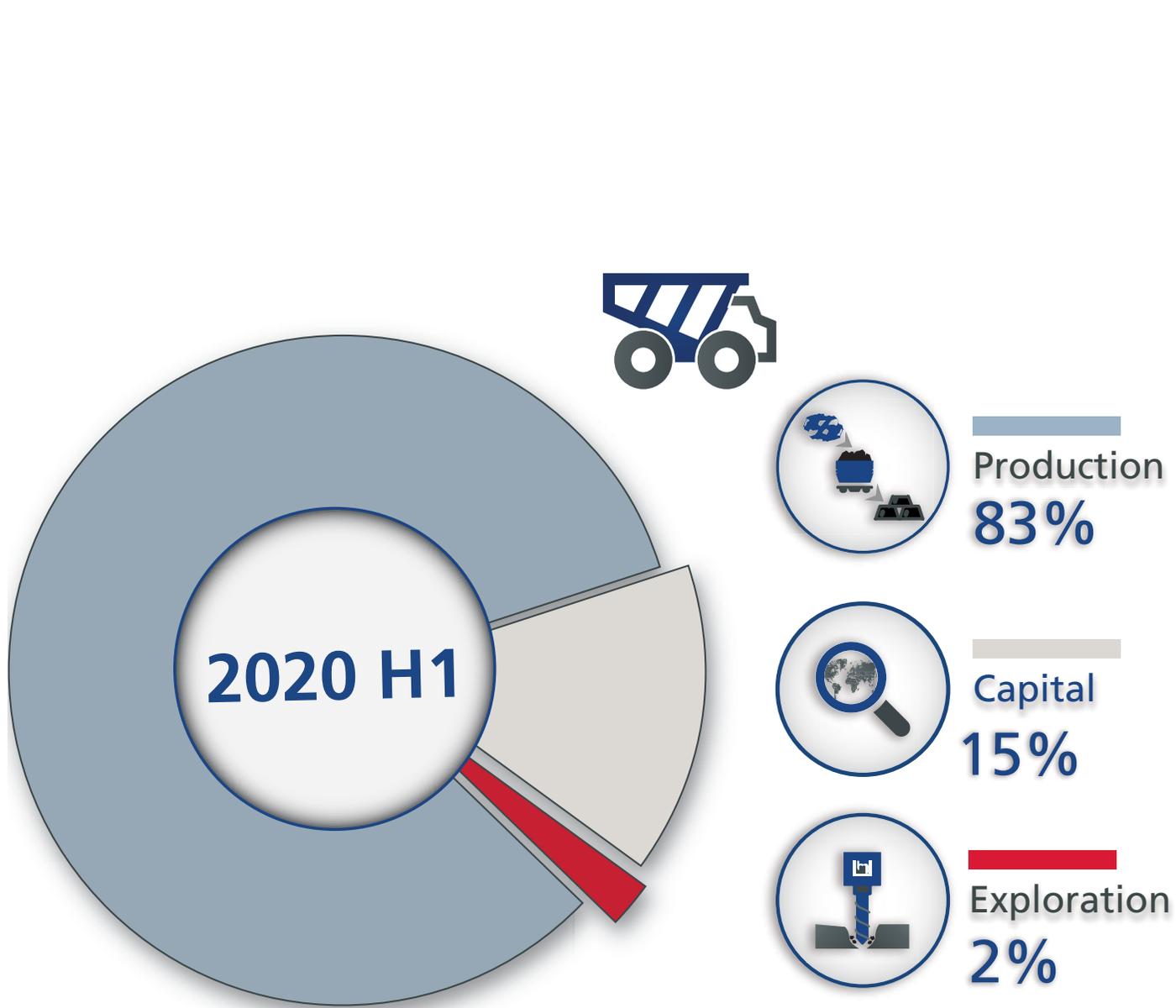
Central and North America
(18.8%)

South America
4.4%

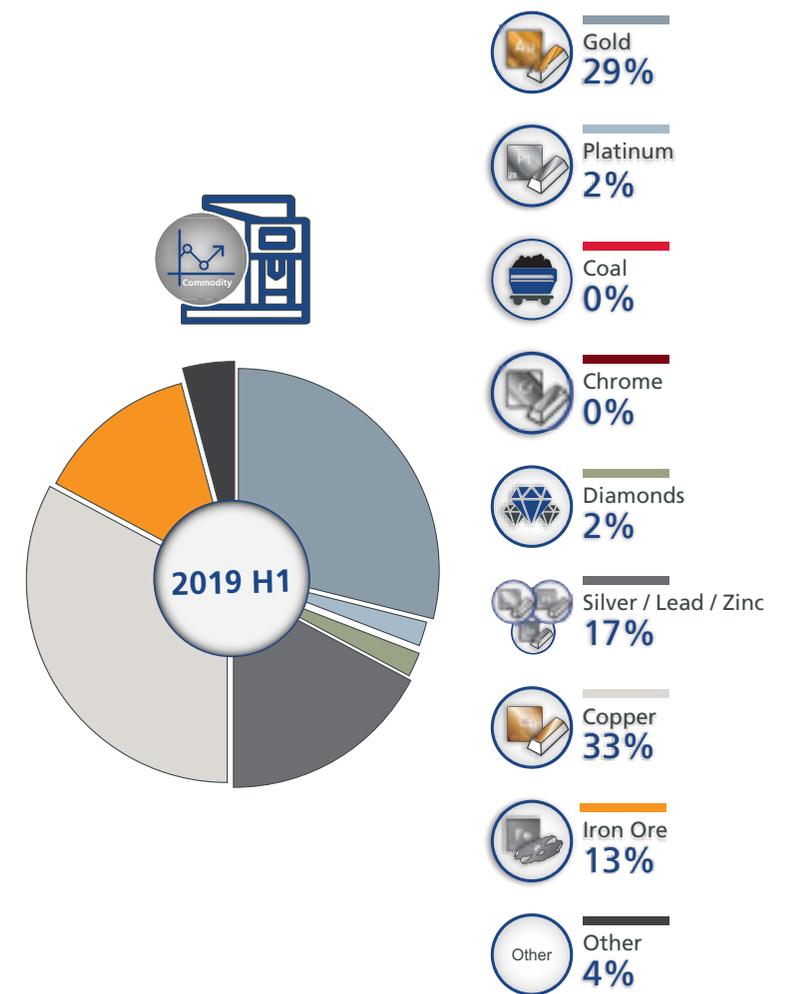
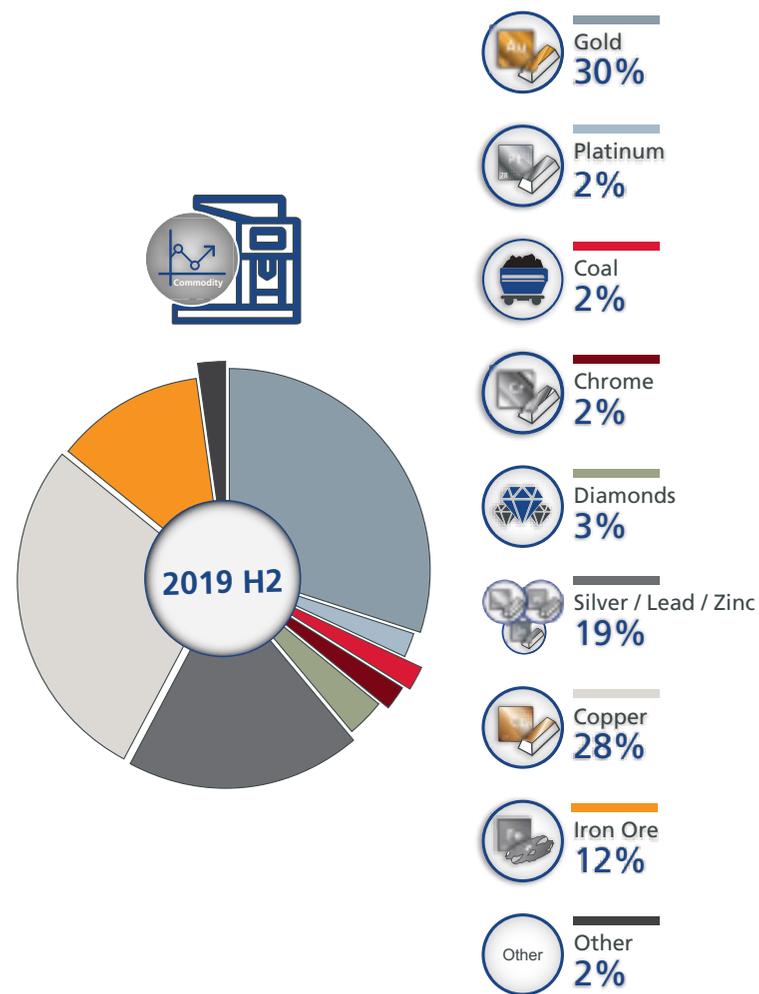
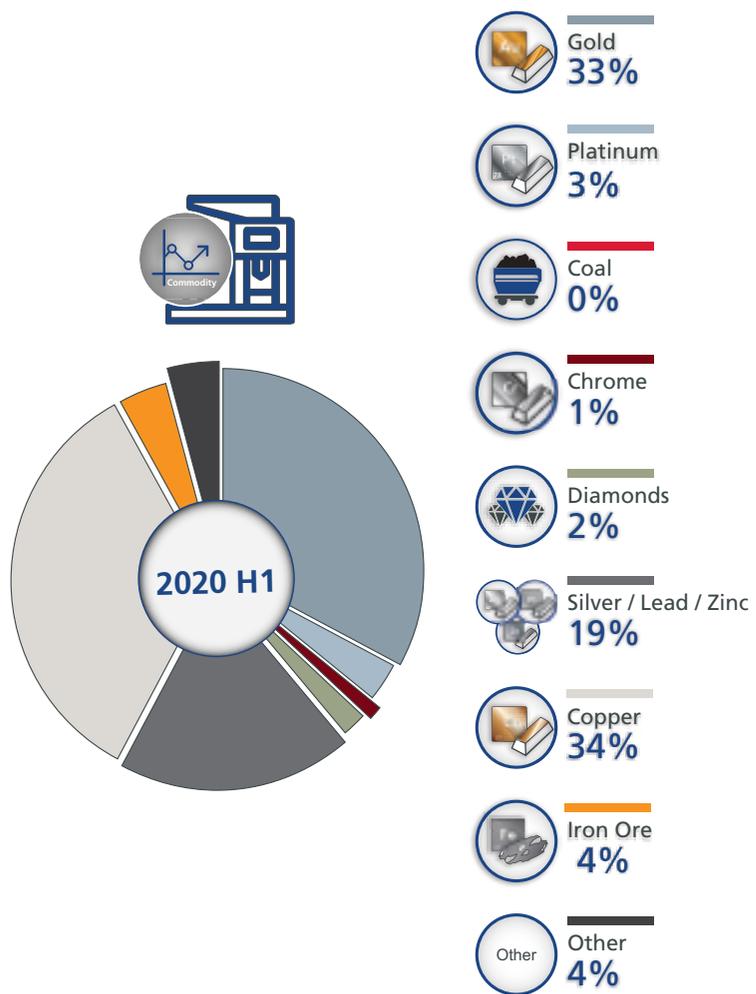
Other Countries
23.1%

Africa
28.7%

REVENUE GEOGRAPHIC DIVERSIFICATION

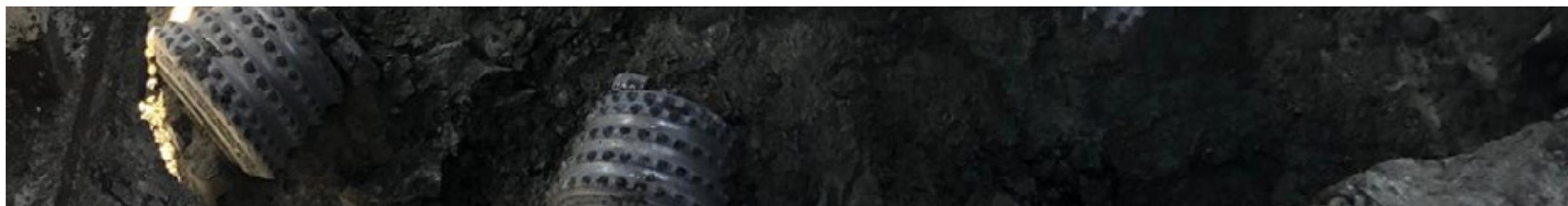


REVENUE MINING ACTIVITY DIVERSIFICATION

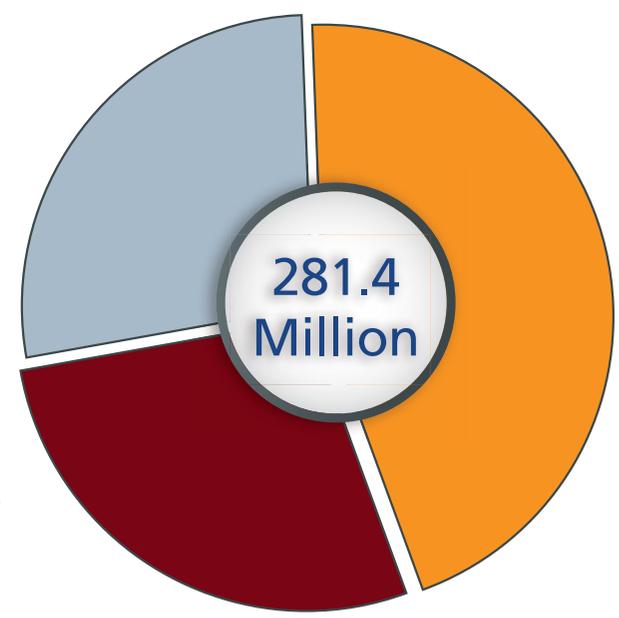
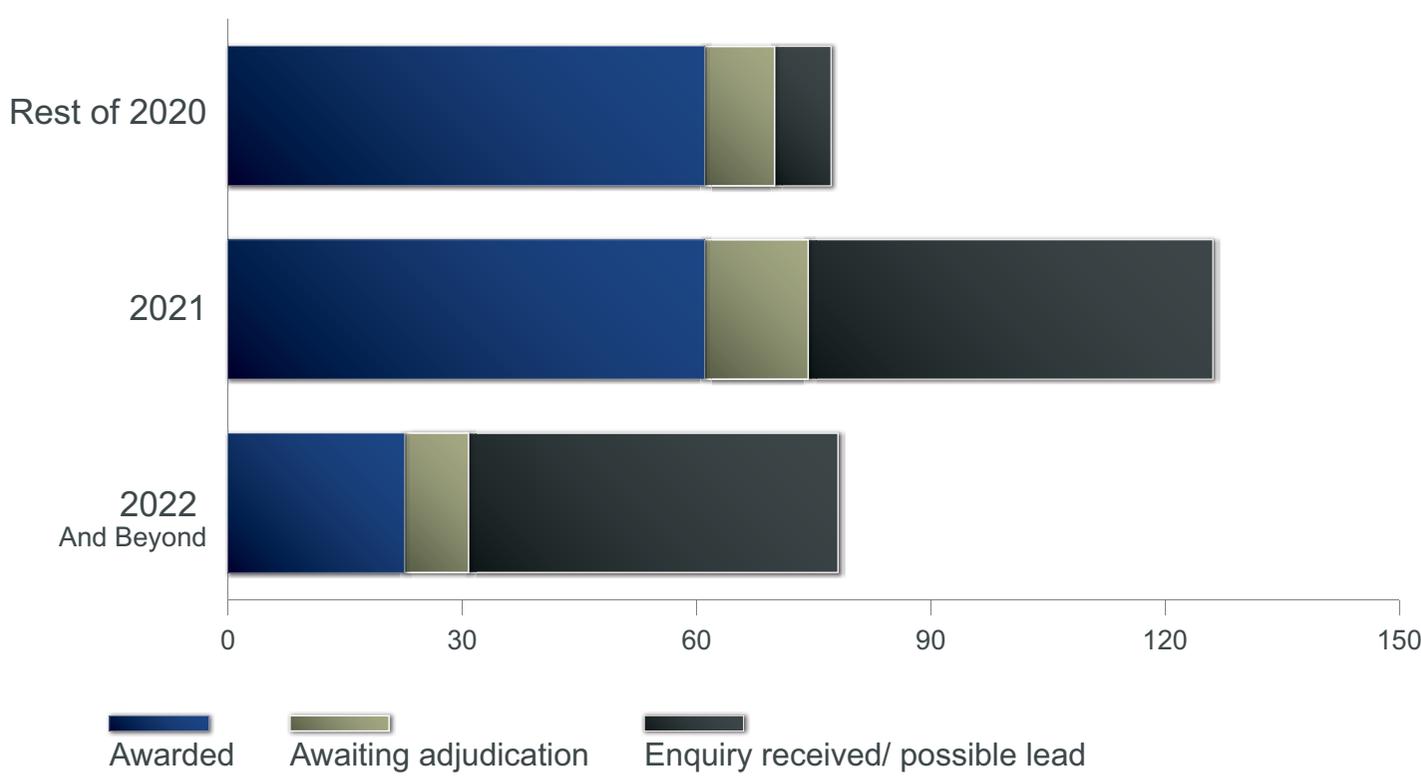


REVENUE COMMODITY DIVERSIFICATION

	2020H1	2019	2018	2017
Total Raise bore rigs	143	143	149	107
Utilization %	53%	64%	61%	69%
ARPOR (USD)	111 982	111 135	107 530	110 937
Total Slim rigs	50	30	30	34
Utilization %	27%	70%	68%	77%
ARPOR (USD)	42 028	69 292	70 430	63 597



ARPOR SUMMARY PER ANNUM

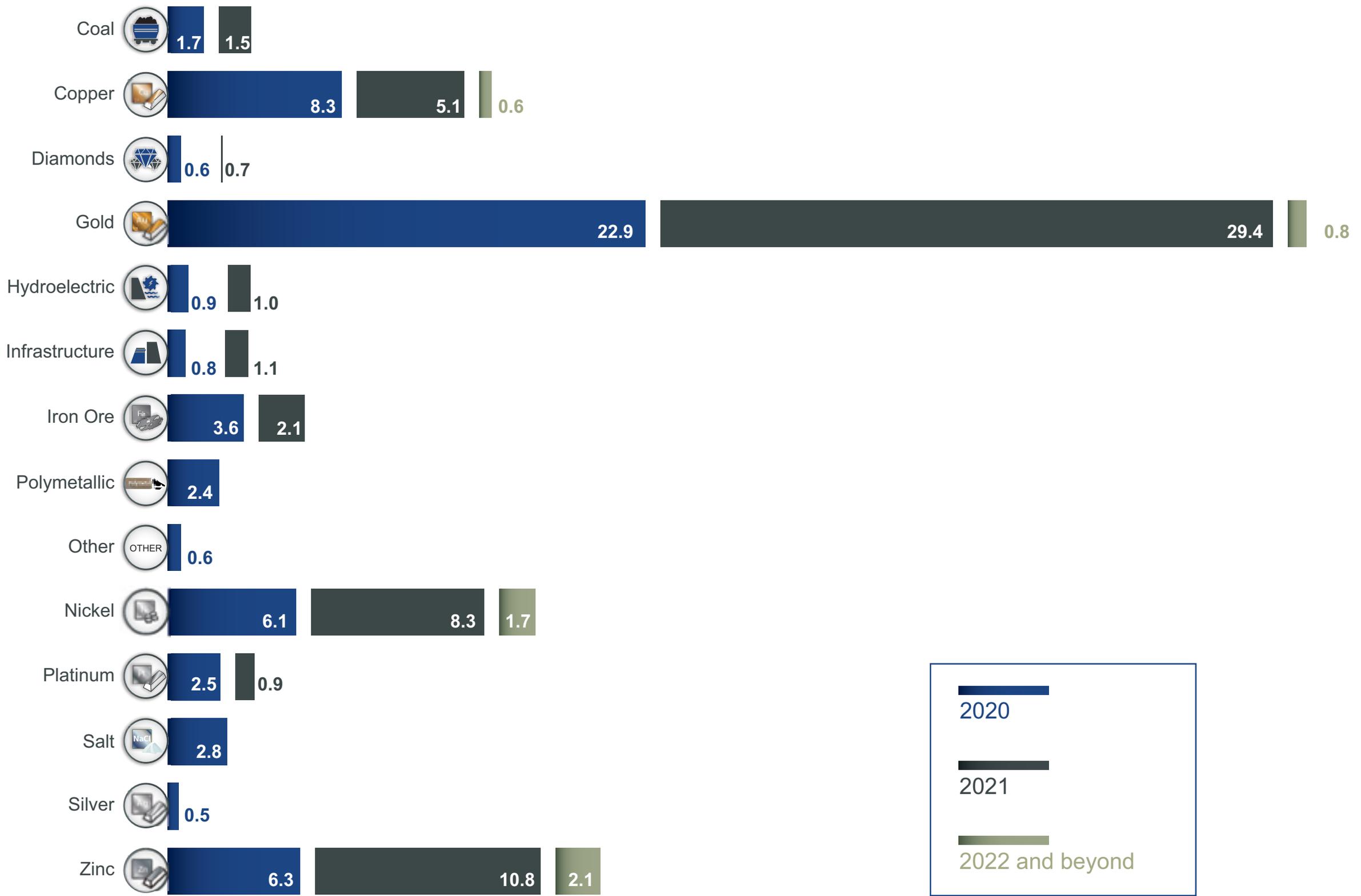


77.2
Rest of 2020

126.2
2021

78.0
2022 and Beyond

PIPELINE (USD ‘ MILLION)



COMMITTED ORDERS (USD ‘ MILLION)



**FINANCIAL OVERVIEW
ANDRE VAN DEVENTER, CFO**

- Cash from operating activities increased 100% from USD5.5 million to USD11.1 million
- Further expansion into North America, Russia, West Africa and other regions - Start up of new projects
- Managed to repay considerable debt repayments during this challenging times
- Healthy cash balance - geared for future growth

HIGHLIGHTS FOR THE PERIOD

HEPS (ZARc)



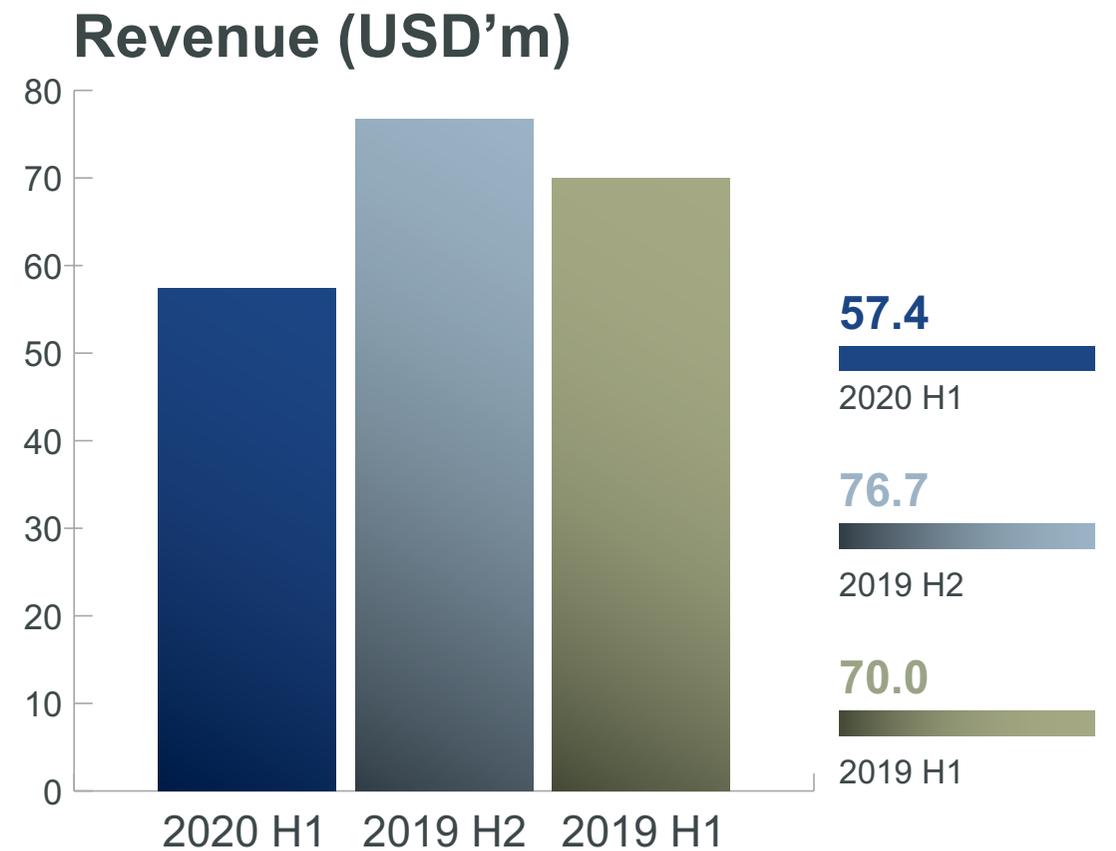
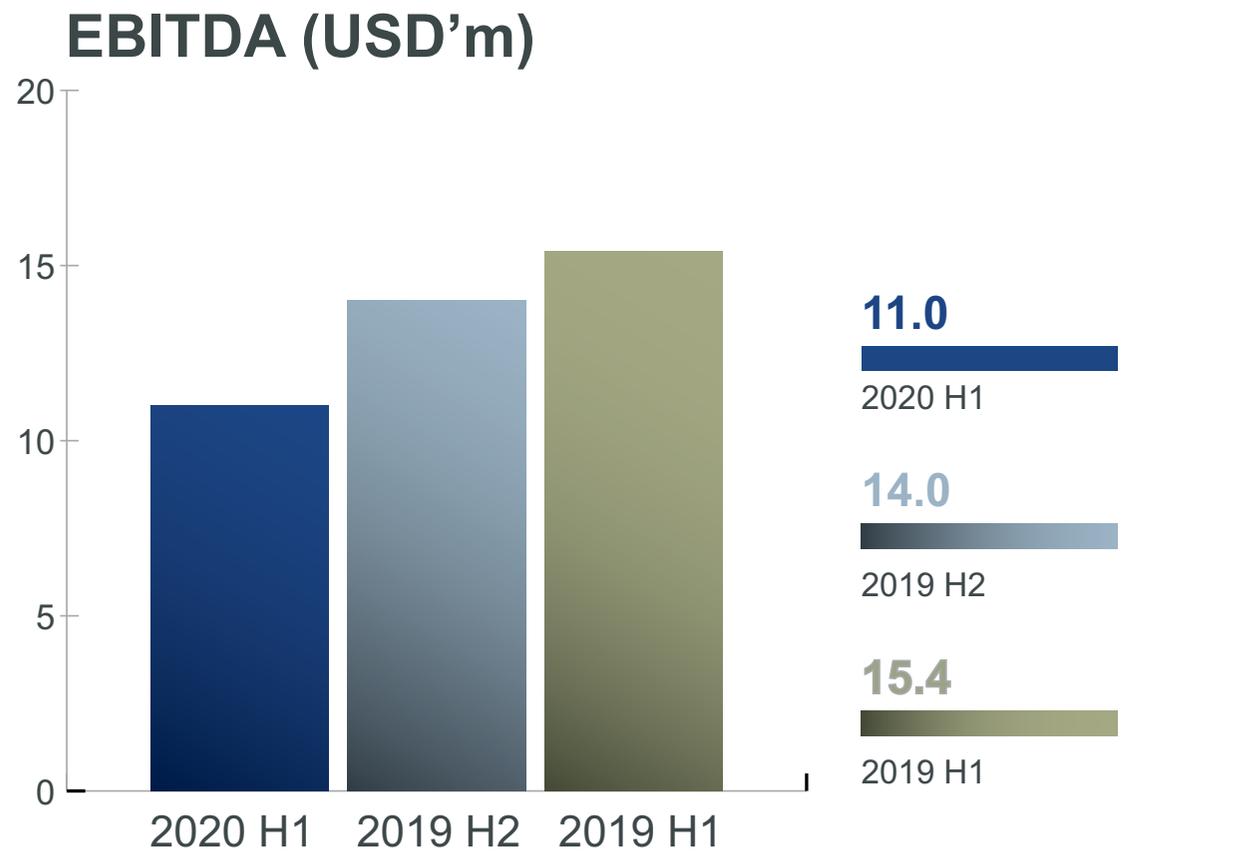
HEPS (USDc)



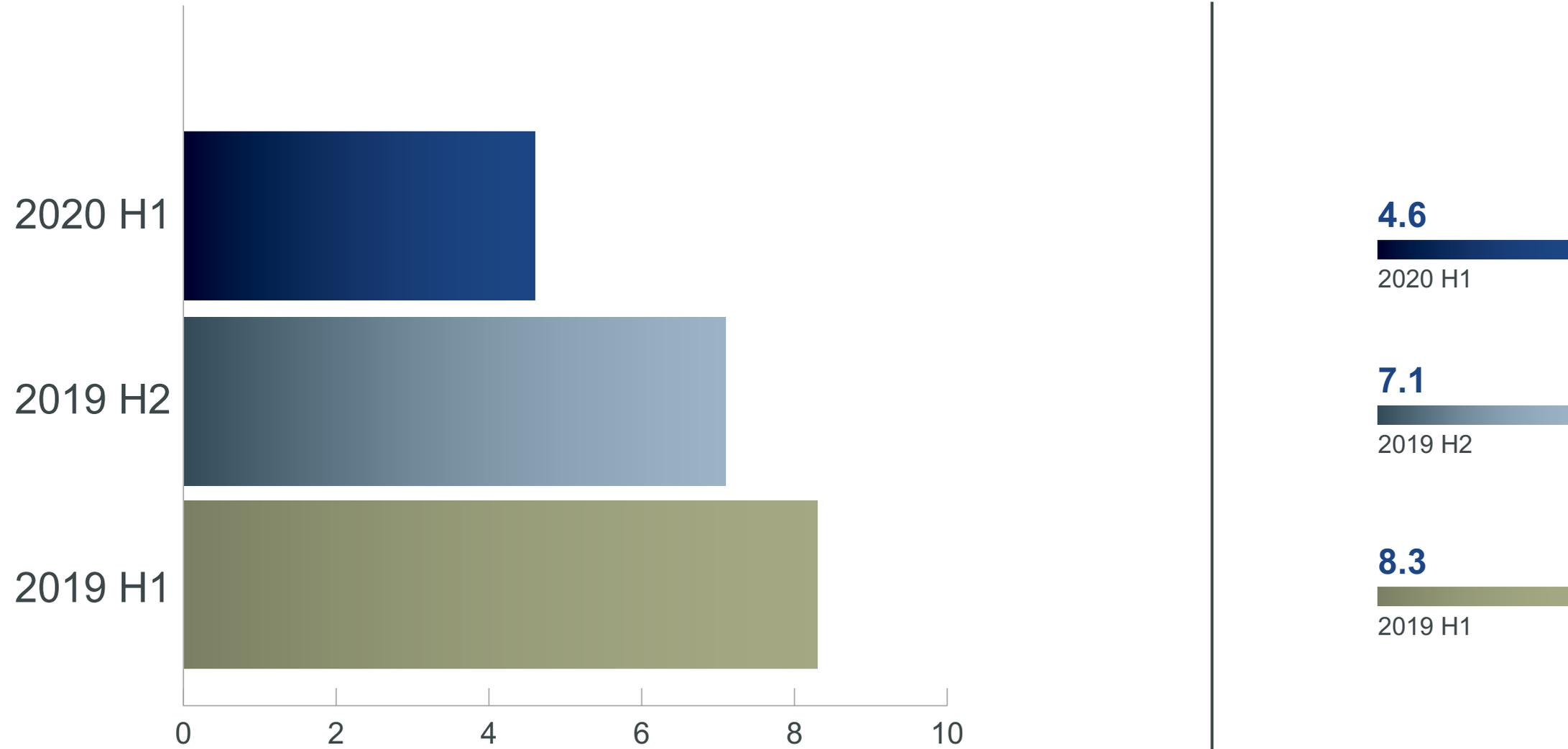
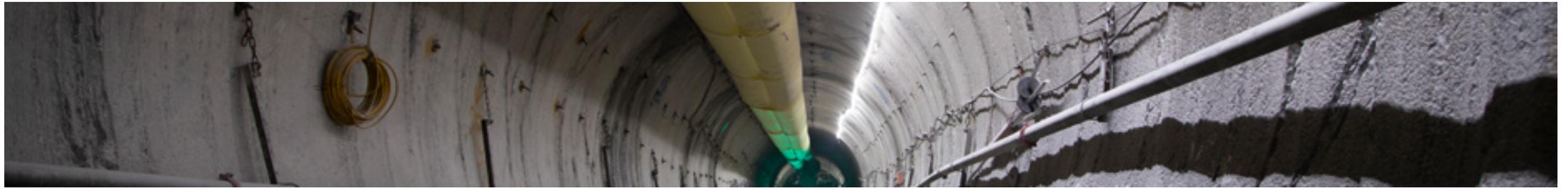
HEADLINE EARNINGS PER SHARE

2020

19.2%



**EARNINGS BEFORE INTEREST TAX
DEPRECIATION AMORTISATION (USD ' MILLION)**



PROFIT AFTER TAX (USD ' MILLION)



	2020H1 USD 'million	2019 USD 'million	Comment
Assets			
Total non-current assets	154.2	177.1	Limited capital spent to preserve cash
Total current assets	94.5	99.0	
Total assets	248.7	276.1	
Equity			
Equity	149.9	165.1	Significant impact on conversion of emerging to hard currency
Non-controlling interest	9.8	10.0	
Total equity	159.7	175.1	
Liabilities			
Total non-current liabilities	50.2	56.9	Installment paid on Group facility
Total current liabilities	38.8	44.1	
Total liabilities	90.0	101.0	
Total equity and liabilities	248.7	276.1	

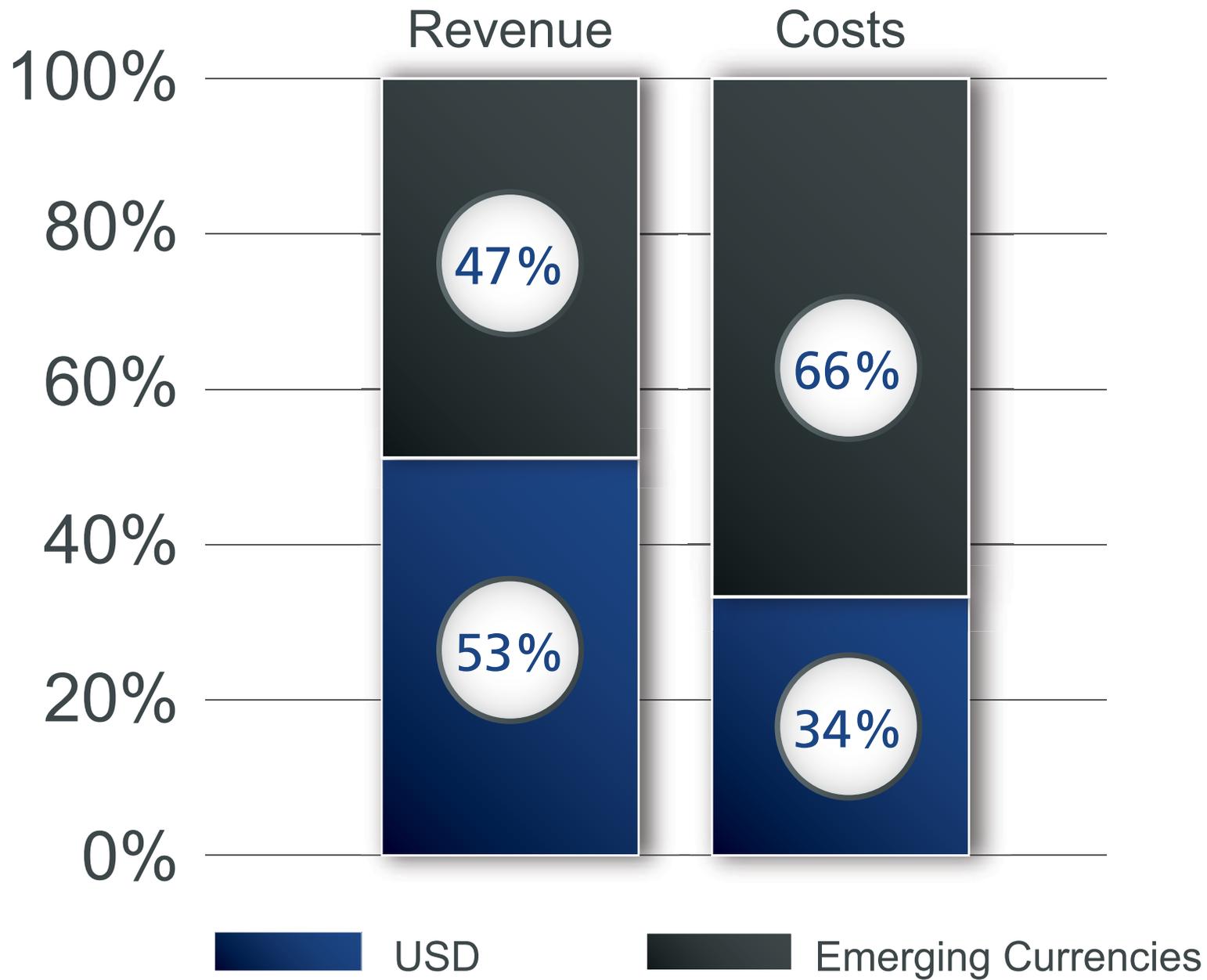
STATEMENT OF FINANCIAL POSITION

	2020H1	2019H2	2019H1
	USD 'million	USD 'million	USD 'million
Revenue	57.4	76.7	70.0
Cost of sales	(40.3)	(56.8)	(45.7)
Gross profit	17.1	19.9	24.2
Other operating income	1.0	2.1	0.9
Other operating expenses	(10.8)	(11.4)	(13.4)
Operating profit	7.4	10.7	11.8
Investment revenue	0.2	1.0	0.2
Finance costs	(1.8)	(2.8)	(1.8)
Share of profit from equity accounted investment	(0.2)	0.1	(0.1)
Profit before taxation	5.6	8.9	10.1
Taxation	(1.1)	(1.7)	(1.9)
Profit for the period	4.6	7.1	8.3

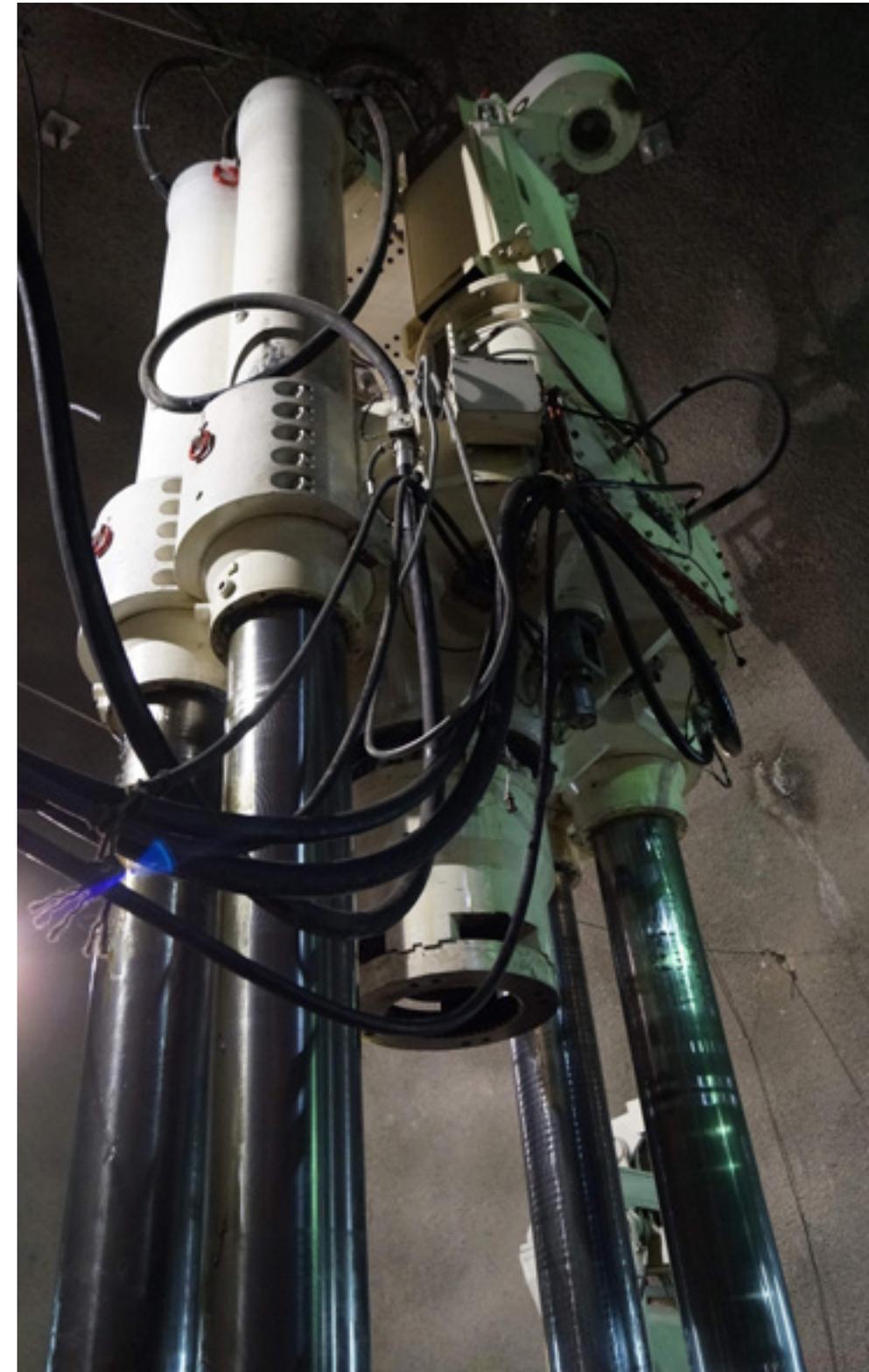
	Comment
Revenue	refer to slide 13
Cost of Sales	refer to slide 13
Profit for the period	Down due to largely lack of machines utilized during this period. - Refer slide 16

STATEMENT OF COMPREHENSIVE INCOME

2020 H1



	USD' million
Positive impact on profit before taxation	1.03

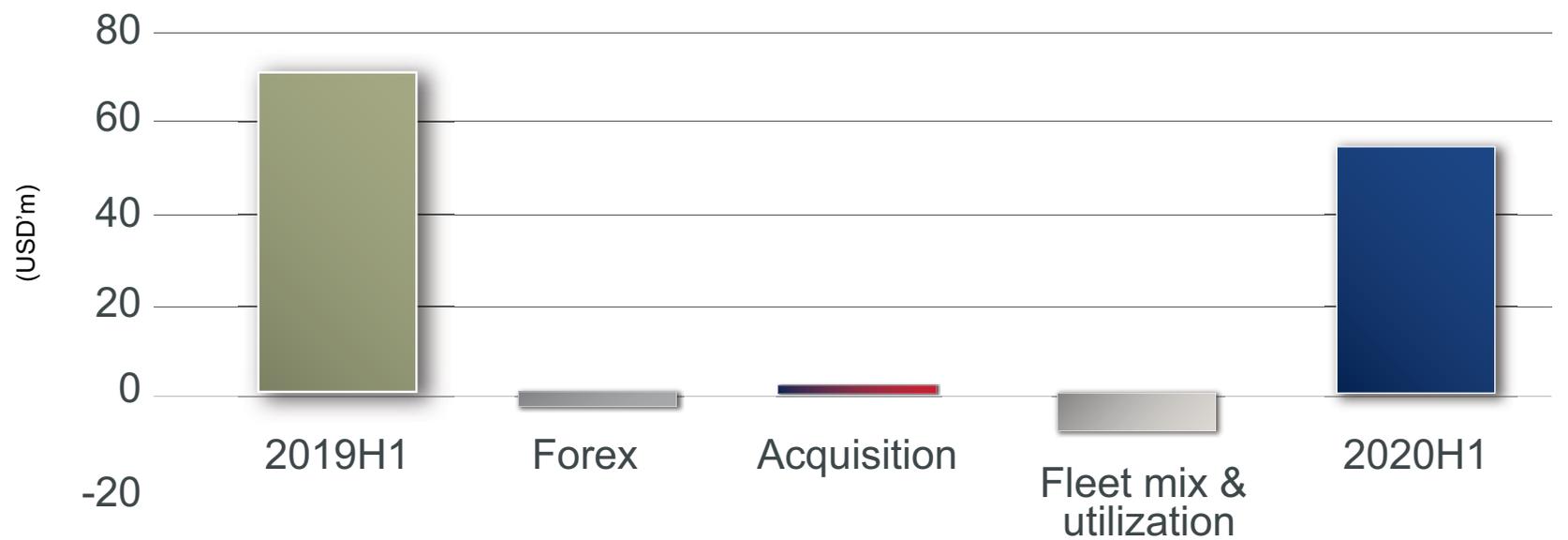


IMPACT OF CURRENCY ON PROFIT BEFORE TAXATION



	2020H1	2019H1	Explanation\Comment
	USD 'million	USD 'million	
Net cash from operating activities	11.1	5.5	Focus on cash generation in all business units
Net cash from investing activities	(4.3)	(8.9)	Acquisition of Geoserve
Net cash from financing activities	(6.1)	(5.5)	Repayment of group debt facility
Total cash movement for the period	0.7	(8.9)	
Cash at the beginning of the period	19.5	33.3	
Effect of exchange rate movement on cash balances	(0.7)	2.4	
Total cash at the end of the period	19.5	26.8	

STATEMENT OF CASH FLOWS

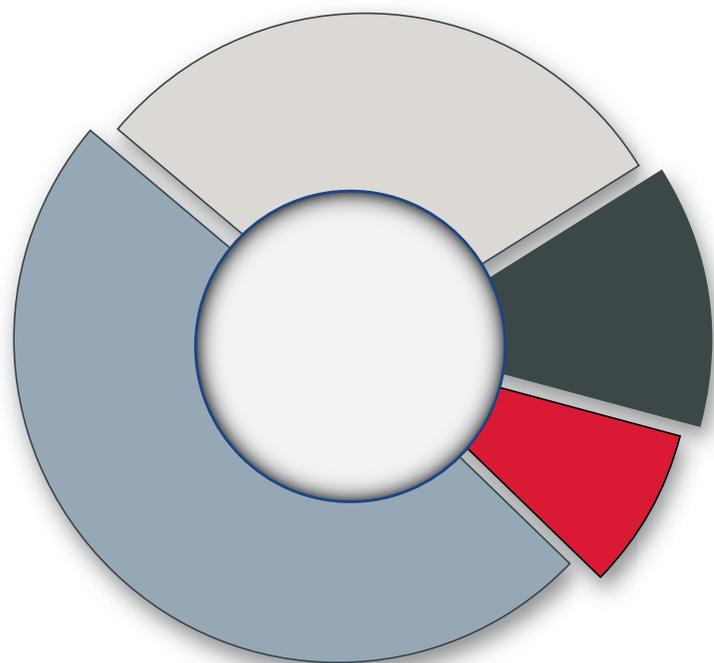


Revenue - 2019H1	70.0
Forex	(3.6)
Acquisition	0.5
Fleet mix and utilisation	(9.5)
Revenue - 2020H1	57.4

REVENUE WATERFALL BREAKDOWN (USD ‘ MILLION)

Working Capital Breakdown	2020H1	2019	Movement
Inventory	26.8	27.9	(1.0)
Trade and Other Receivables	40.9	50.7	(9.8)
Trade and Other Payables	19.2	26.9	(7.7)

Trade receivable ageing



Normal terms
49%

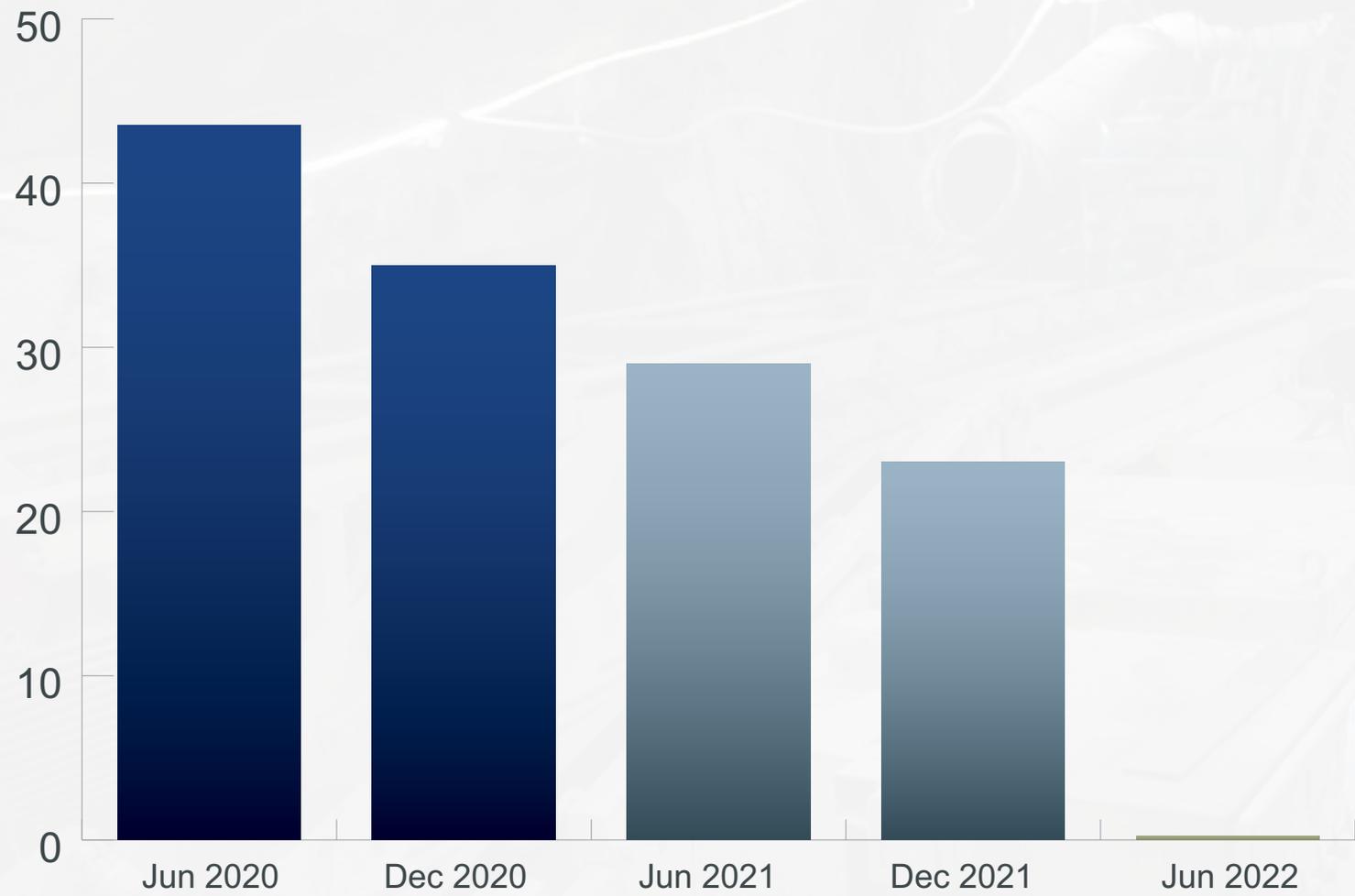
1 month past due
30%

2 months past due
13%

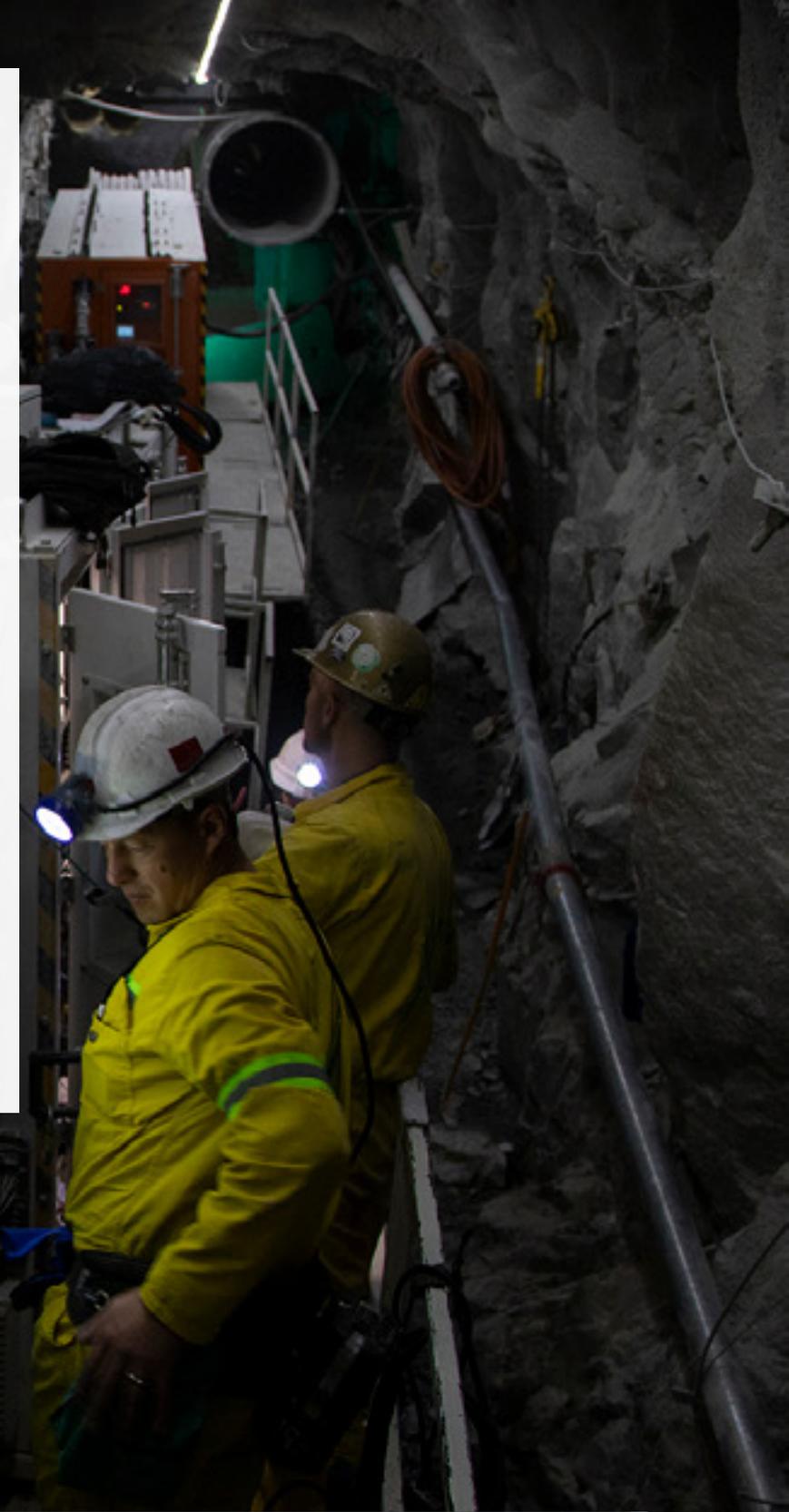
3 and more months past due
8%



WORKING CAPITAL BREAKDOWN (USD ‘ MILLION)



(*) Amounts may fluctuate based on the USD:ZAR exchange rate - amounts as at 30 June 2020

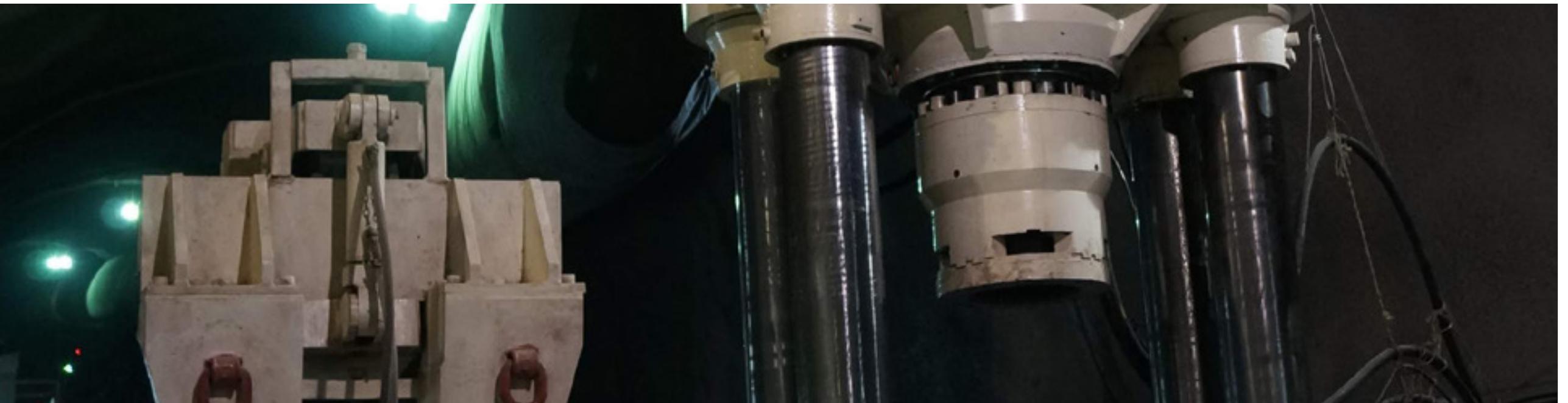
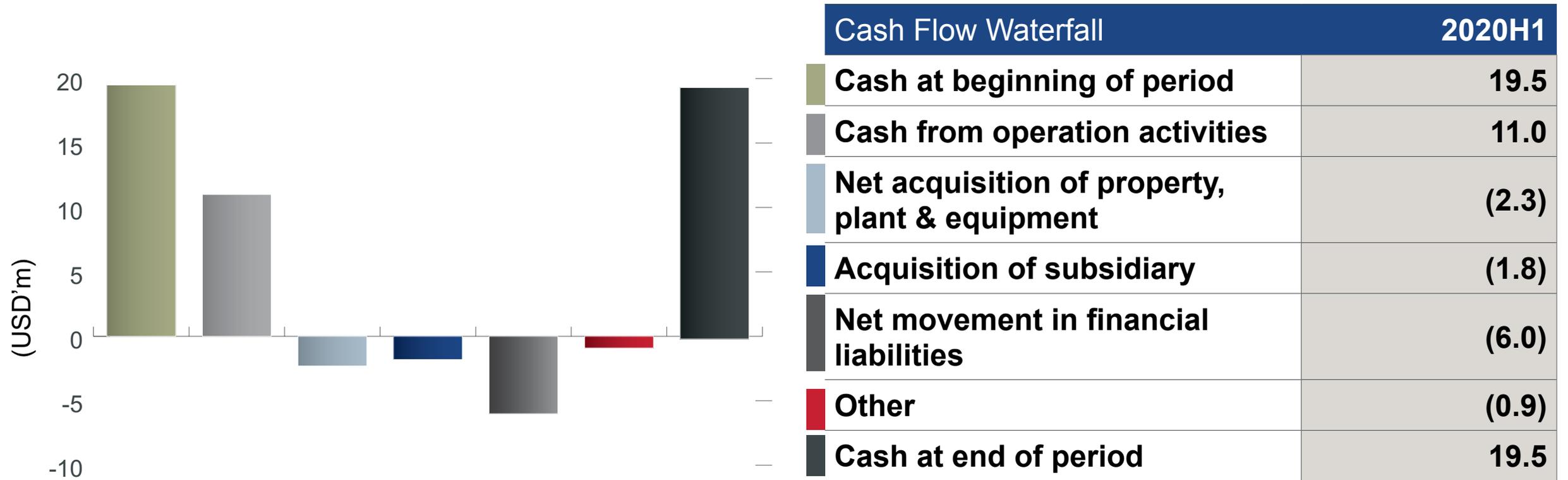


TARGET ZERO DEBT - JUNE 2022 (USD'MILLION)

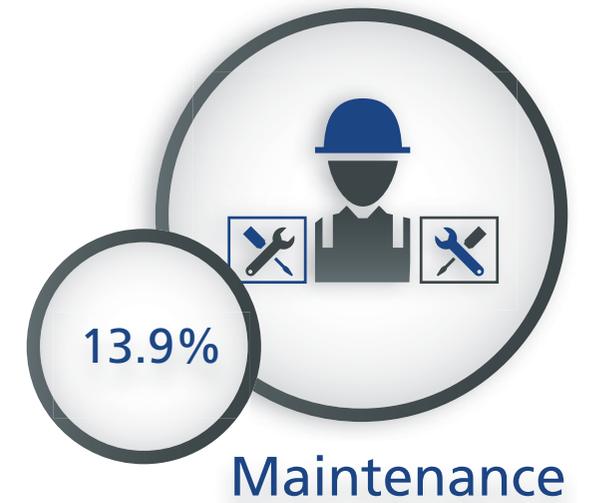
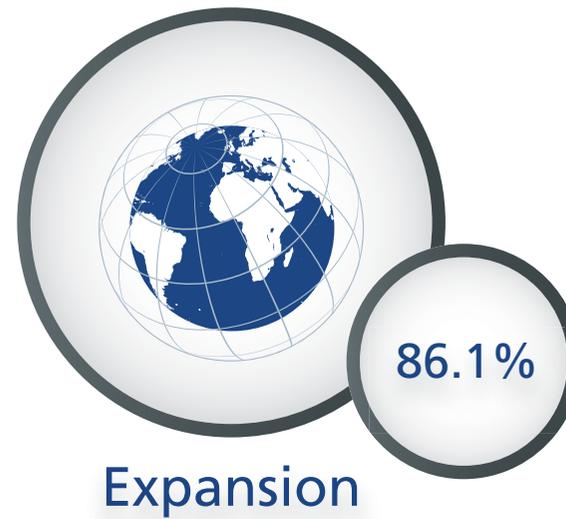
	2020H1	2019H2	2019H1
Return on Capital Employed (EBITDA)	10.4%	12.9%	12.7%
Return on Capital Employed (EBIT)	6.9%	9.7%	9.7%
Working Capital Ratio (Days)	153	127	135
Gearing Ratio (Net of Cash)	18.8%	22.5%	18.9%



BALANCE SHEET RATIOS



CASH FLOW WATERFALL (USD ‘ MILLION)



	2020H1
Land and Buildings	7%
Plant and Machinery	88%
Furniture and Fittings	1%
Motor Vehicles	4%
IT Equipment	1%

CAPITAL SPEND



Q&A SESSION

- **Healthy pipeline of USD281.4 million**
- **Geographical footprint expansion**
- **Opportunities beyond mining industry**



IN CLOSING



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DISCLAIMER

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

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South Africa

DIRECTORS

Executive

Daniël (Danie) Coenraad Pretorius	Chief executive officer and founder
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André Jean van Deventer	Financial director and chief financial officer
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Barend Jacobus (Koos) Jordaan	Executive director
-------------------------------	--------------------

Gareth (Gary) Robert Sheppard #	Chief operating officer
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Non-executive

Hendrik (Hennie) Roux van der Merwe	Chairman and independent non-executive
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Akhter Alli Deshmukh	Independent non-executive
----------------------	---------------------------

Andries Willem Brink	Independent non-executive
----------------------	---------------------------

Octavia Matshidiso Matloa	Independent non-executive
---------------------------	---------------------------

Hennie Johannes Faul	Independent non-executive
----------------------	---------------------------

Shane Trevor Ferguson	Non-executive
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Fred George (Eddie) Dixon	Alternate director
---------------------------	--------------------

Resident in Peru

COMPANY SECRETARY

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1739

South Africa

PO Box 158, Krugersdorp, 1740

South Africa

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Investec Bank Limited

(Registration number: 1969/004763/06)

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South Africa

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BDO South Africa Incorporated

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2196

South Africa

SHARE TRANSFER SECRETARIES

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(Registration number: 2004/003647/07)

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CORPORATE INFORMATION



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CORPORATE INFORMATION