



AUDITED ANNUAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2020



PRESENTED BY

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



Business overview

Technology overview

Operational overview

Financial overview

Q&A and Closing

BUSINESS OVERVIEW

DANIE PRETORIUS, CEO



**Economy Recovery
Expected**

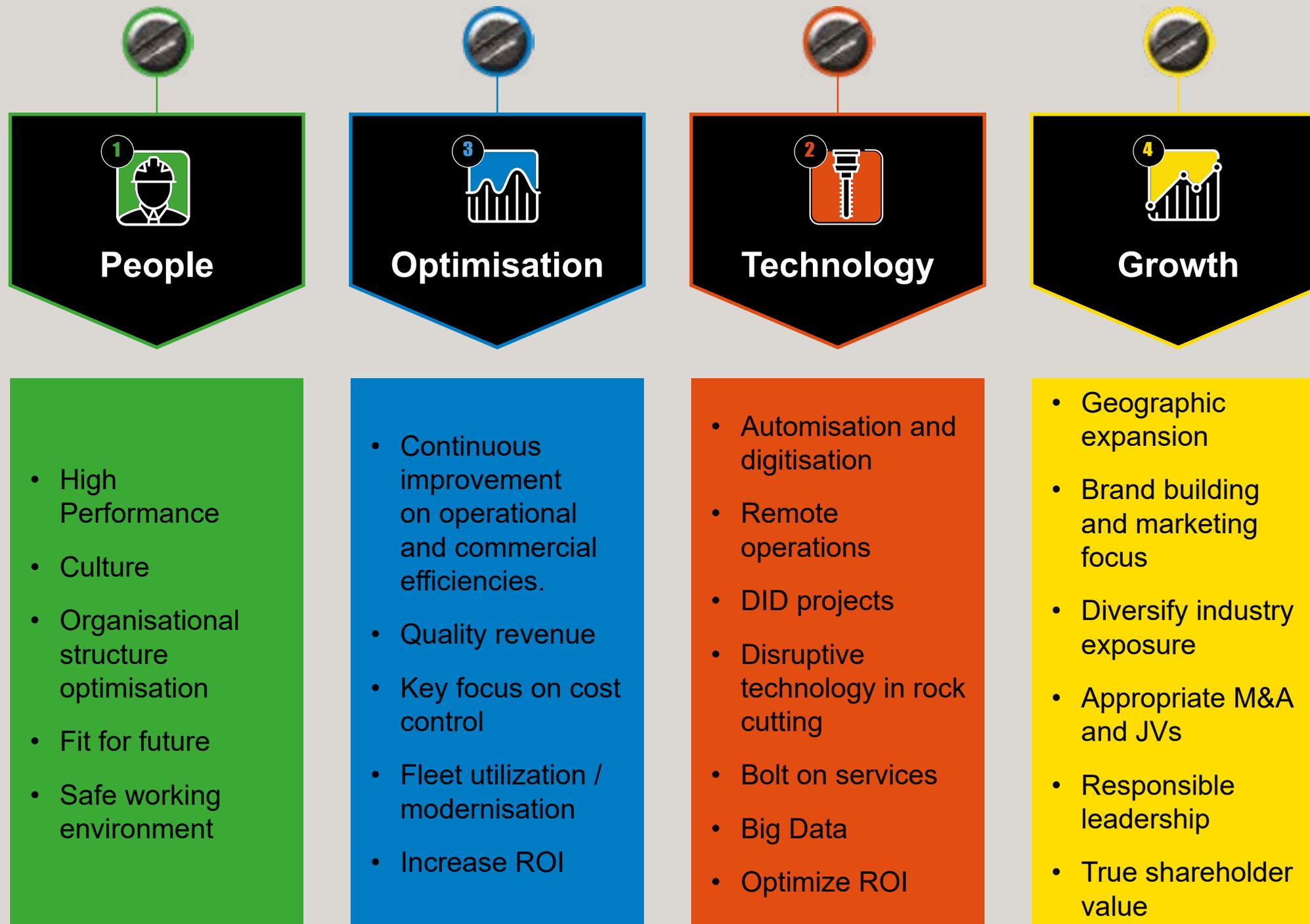
**Commodity Bull
Cycle and shift in
type of Commodities**

**Geopolitical
landscape: Biden &
China relationships**

**Green Economy
and ESG**



WE CHALLENGE THE STATUS QUO TO PROVIDE OUR CLIENTS WITH SPECIALISED, ADAPTIVE AND INTEGRATED DRILLING SOLUTIONS.



DELIVERING OUR GROUP STRATEGY

TECHNOLOGY OVERVIEW

KOOS JORDAAN, DIRECTOR

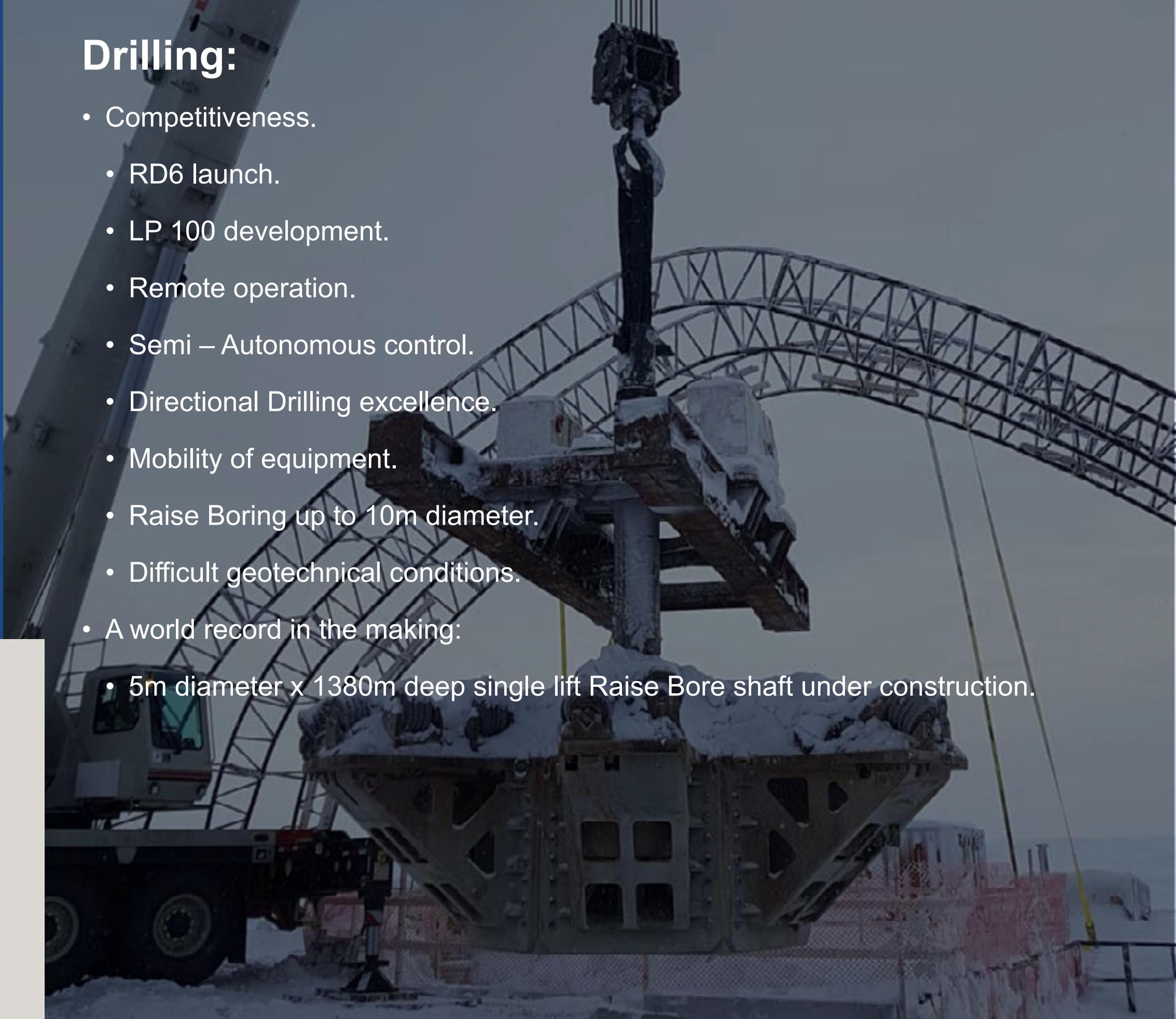


Technology for a changing world:

- 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).
 - Big Data, Digitized information and control, informed decision-making
- Innovation and future relevance through competitiveness and aligned resources.
- Quality of solutions through:
 - SHERQ (Safety, Health, Environmental, Risk and Quality)
 - Increased Productivity
 - Competitive Cost

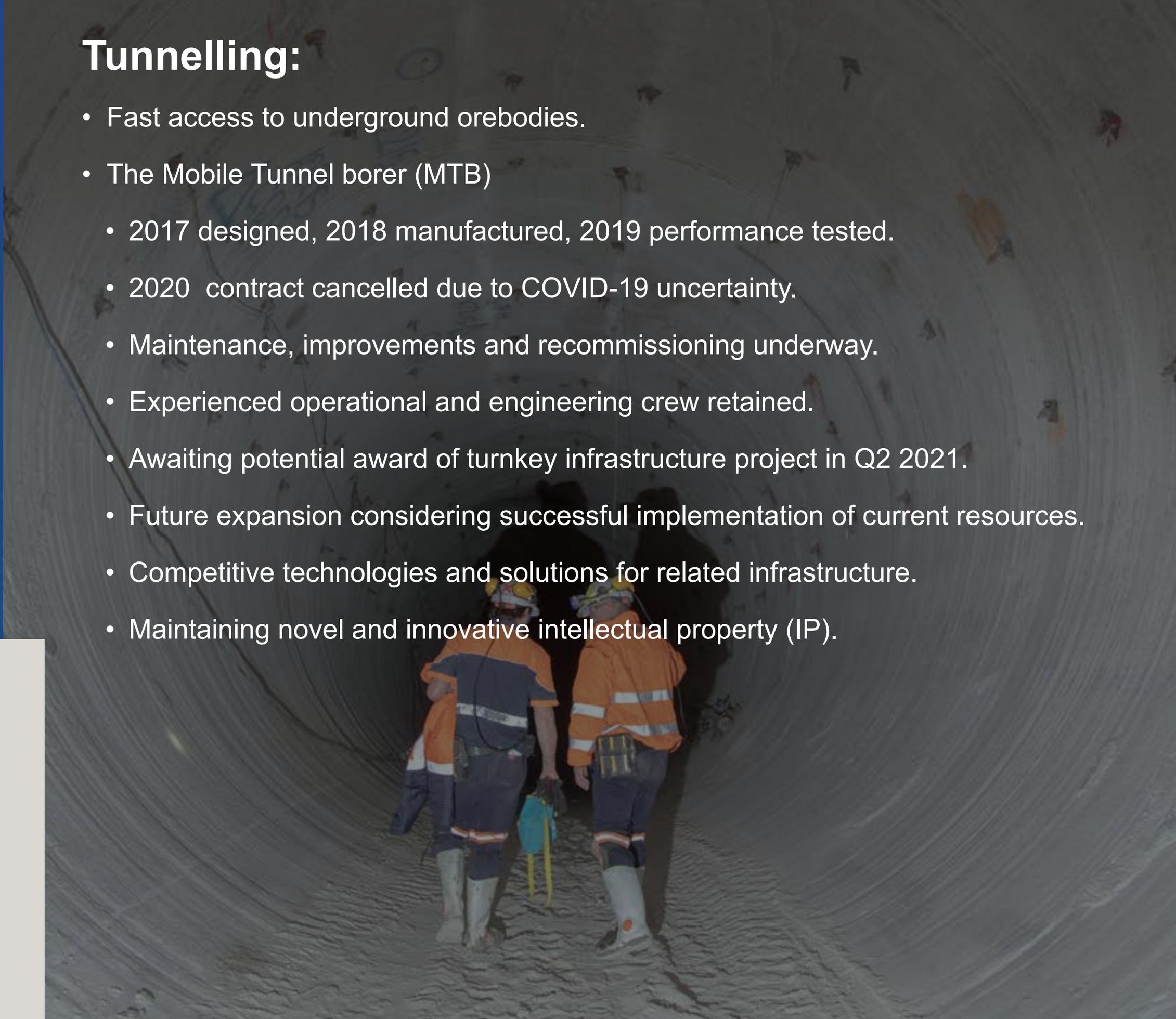
Drilling:

- Competitiveness.
 - RD6 launch.
 - LP 100 development.
 - Remote operation.
 - Semi – Autonomous control.
 - Directional Drilling excellence.
 - Mobility of equipment.
 - Raise Boring up to 10m diameter.
 - Difficult geotechnical conditions.
- A world record in the making:
 - 5m diameter x 1380m deep single lift Raise Bore shaft under construction.



Tunnelling:

- Fast access to underground 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 underway.
 - Experienced operational and engineering crew retained.
 - Awaiting potential award of turnkey infrastructure project in Q2 2021.
 - Future expansion considering successful implementation of current resources.
 - Competitive technologies and solutions for related infrastructure.
 - Maintaining novel and innovative intellectual property (IP).



Shaft Sinking:

- 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 6 years.
- Phase 1 successful Q4 2019.
- Cash and Capital conservation due to COVID-19 uncertainty in 2020.
- Rescoping for smaller lower cost funded project completed.
- Intent for an infrastructure project at reduced scope received. (Phase 5)
- Phase 2-4 (Manufacturing and Experimental Commissioning.) funding under review.
- Implementation on low risk infrastructure, with future scalable expansion for critical infrastructure.
- Maintaining novel and innovative intellectual property (IP).

Mining:

- Non-Explosive Mechanised mining.
 - Non-Explosive
 - Continuous
 - Industrialized process.
 - Fewer exposed personal in safer environments.
- Approach
 - Client focused solutions and collaboration.
 - Study/Experimentation – Product supply/support – Production Service – Concession throughput.
- Projects
 - Currently two projects for clients in development through a phased approach.

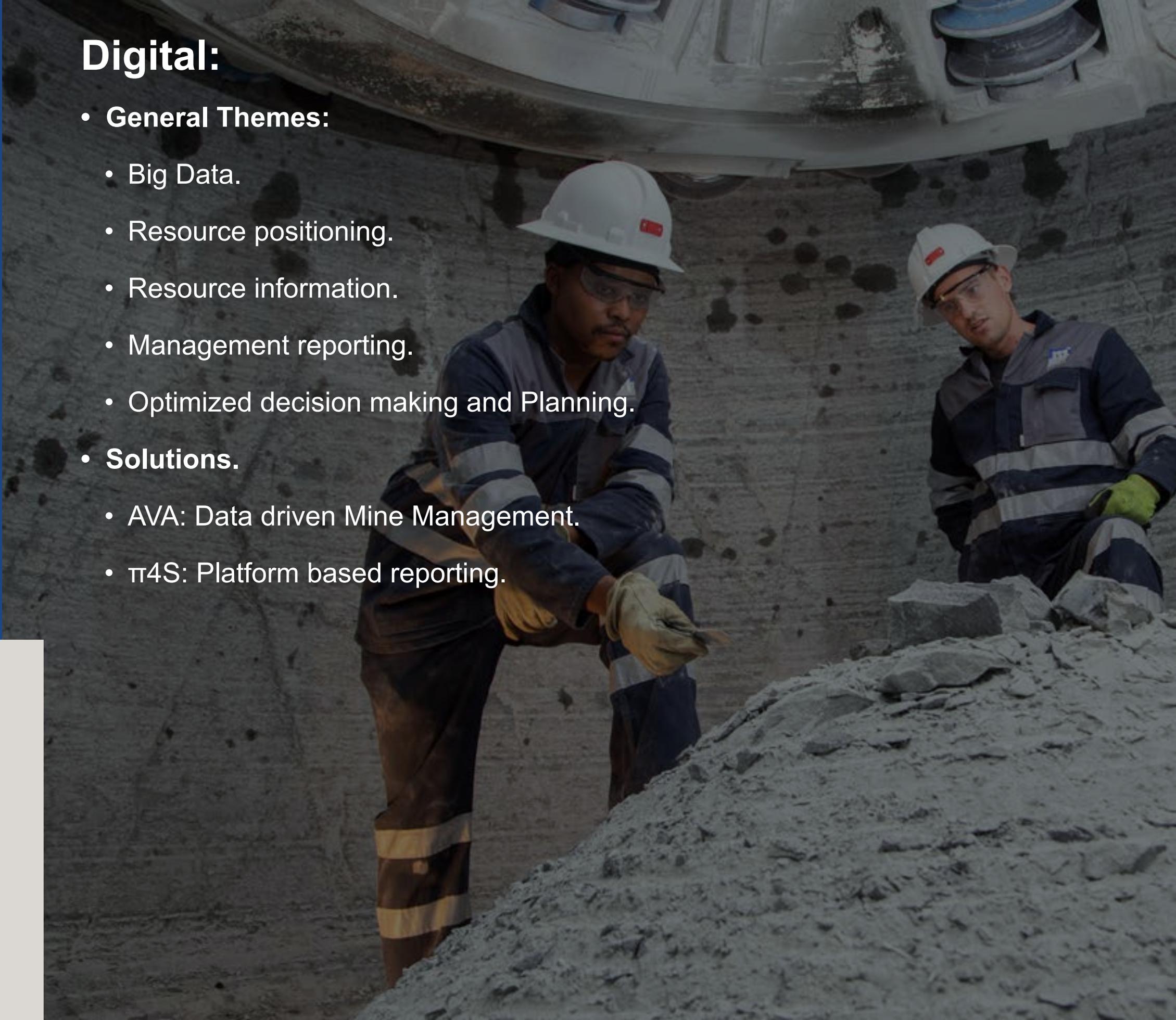
Digital:

- **General Themes:**

- Big Data.
- Resource positioning.
- Resource information.
- Management reporting.
- Optimized decision making and Planning.

- **Solutions.**

- AVA: Data driven Mine Management.
- π4S: Platform based reporting.

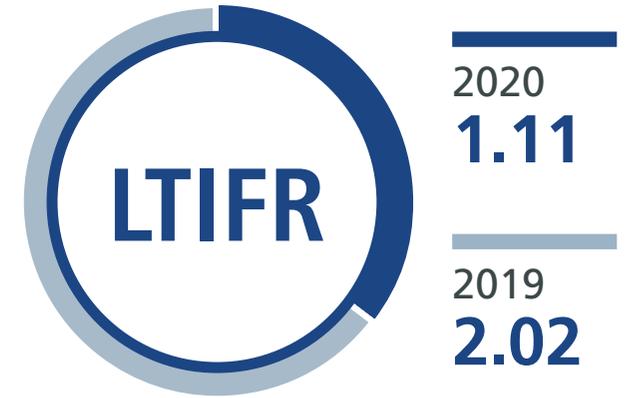
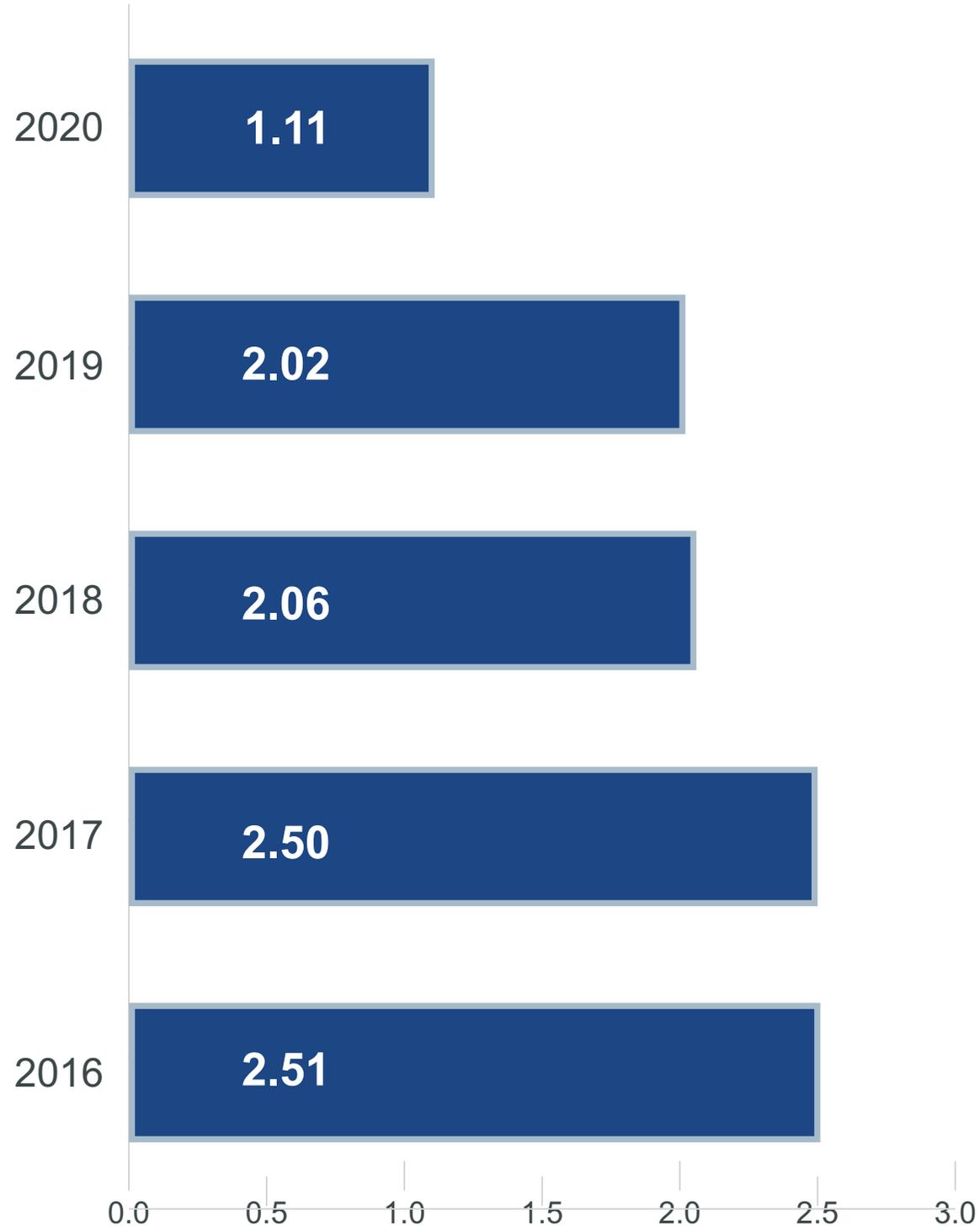


OPERATIONAL REVIEW

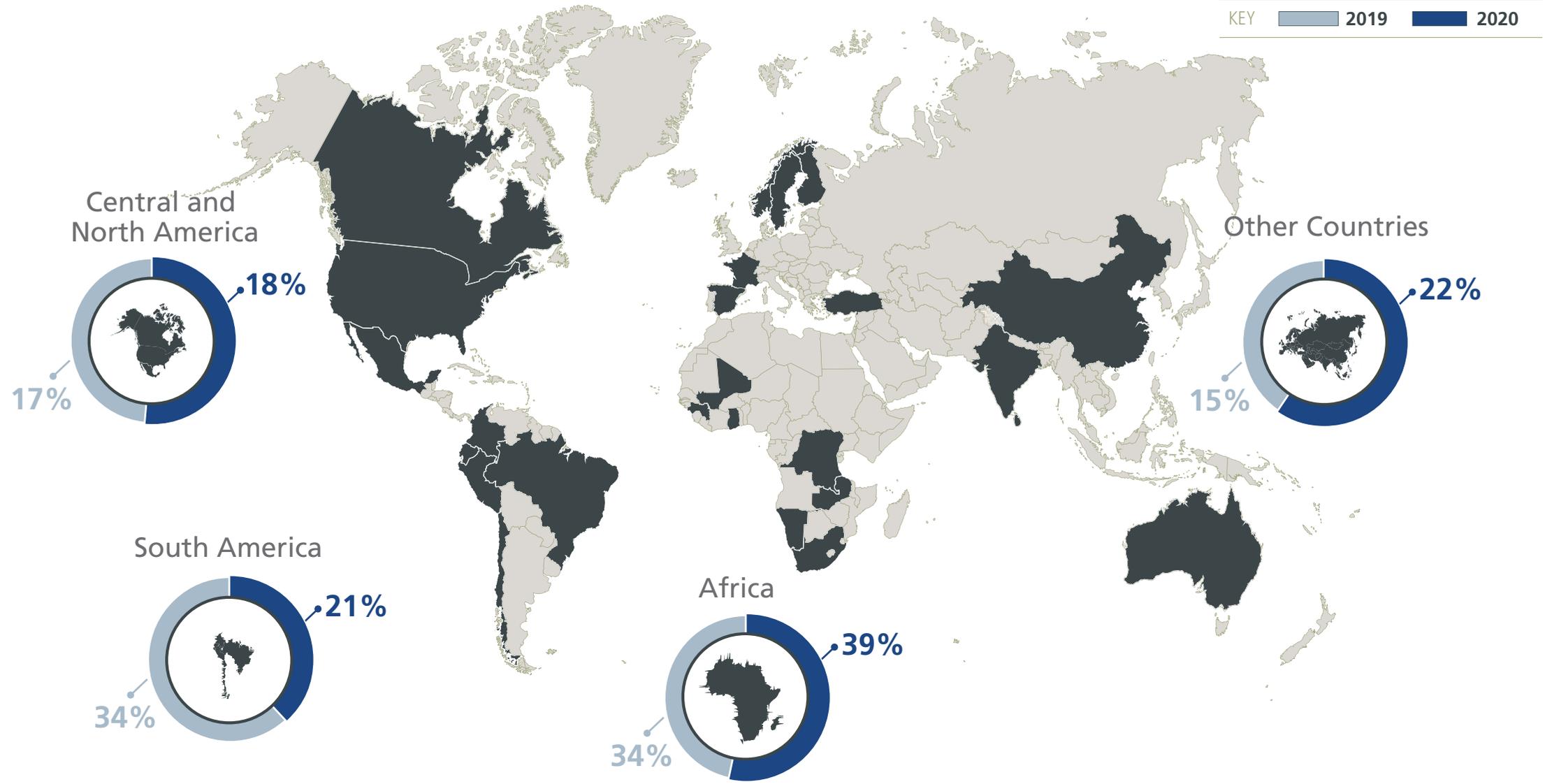
ROELOF SWANEPOEL, COO



LOST TIME INJURY FREQUENCY RATE



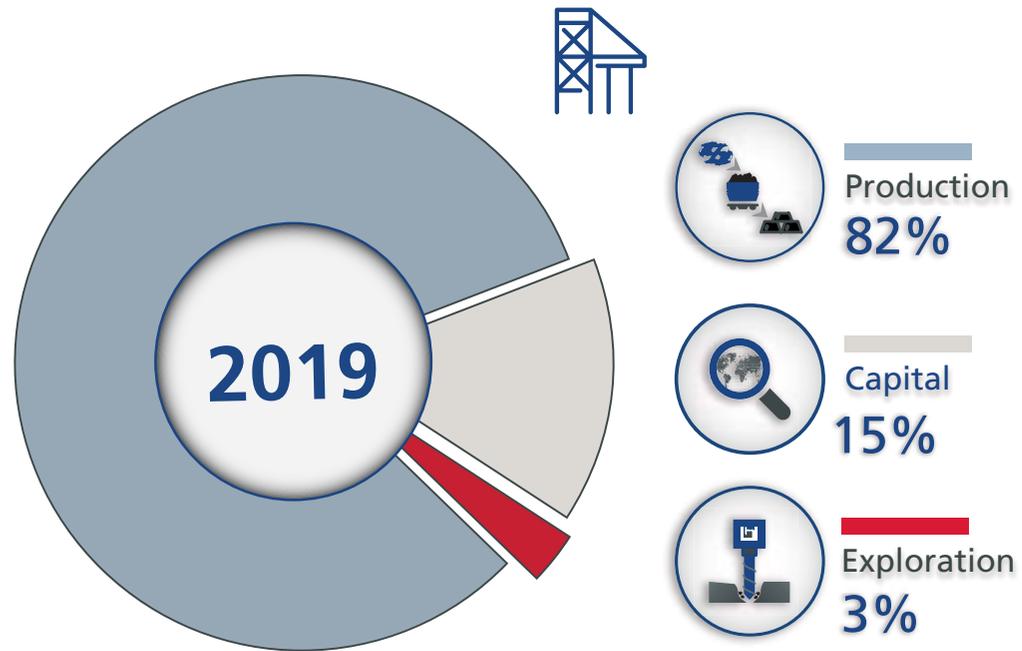
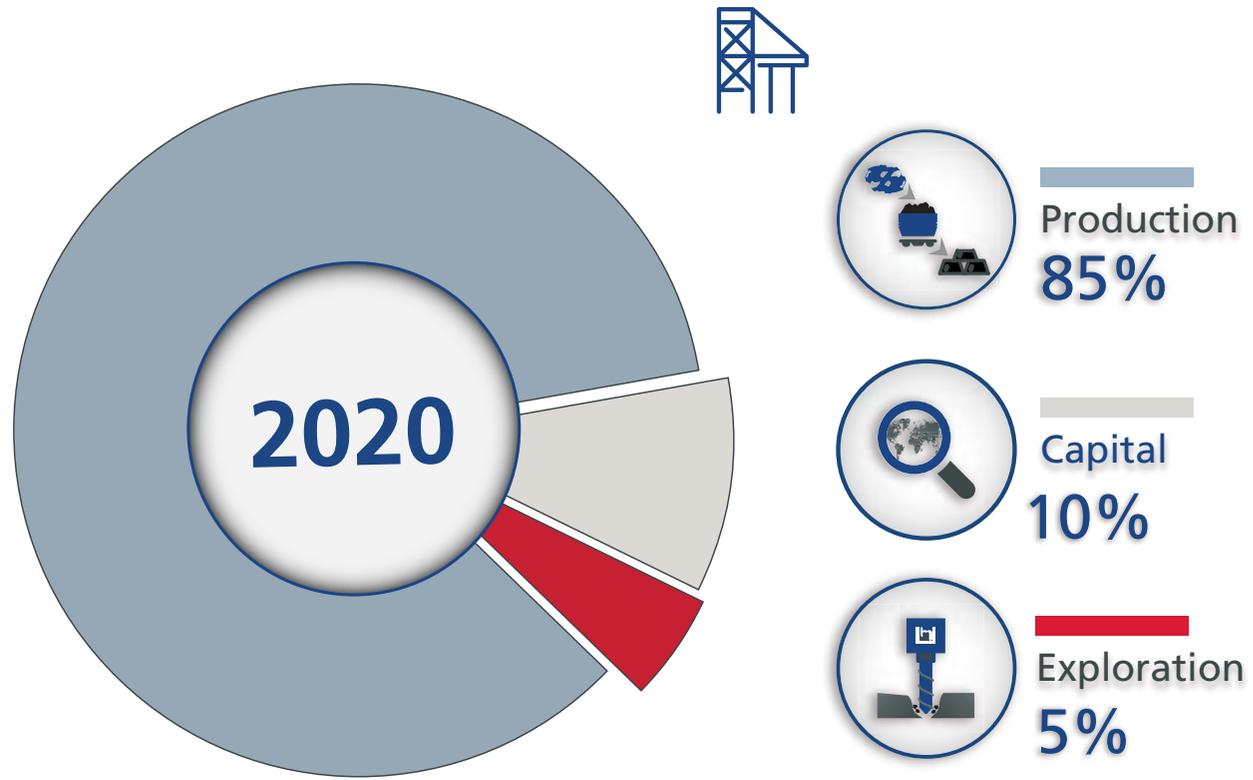
REVENUE GEOGRAPHIC DIVERSIFICATION



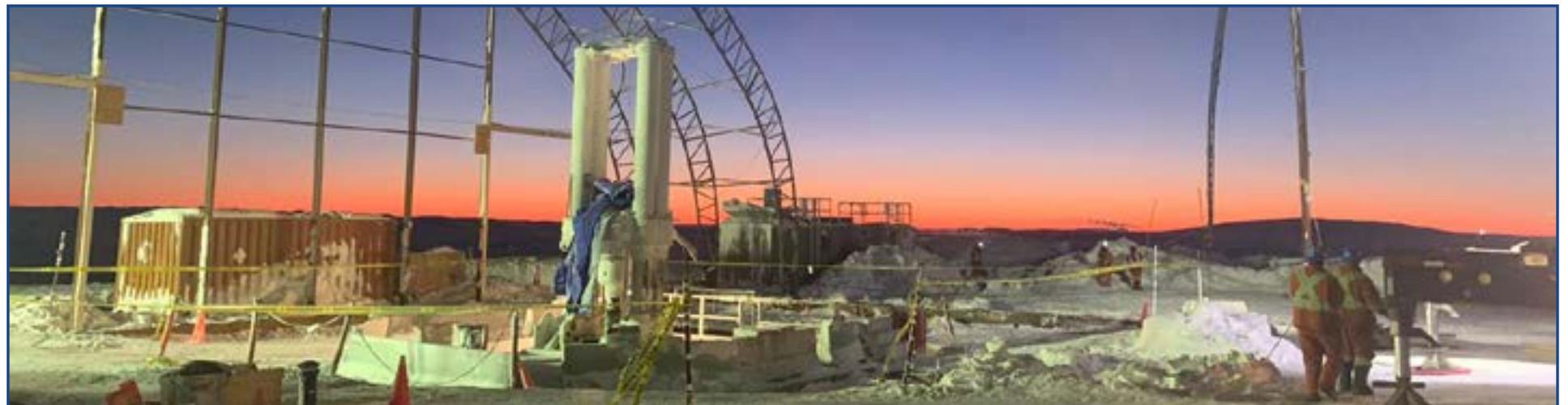
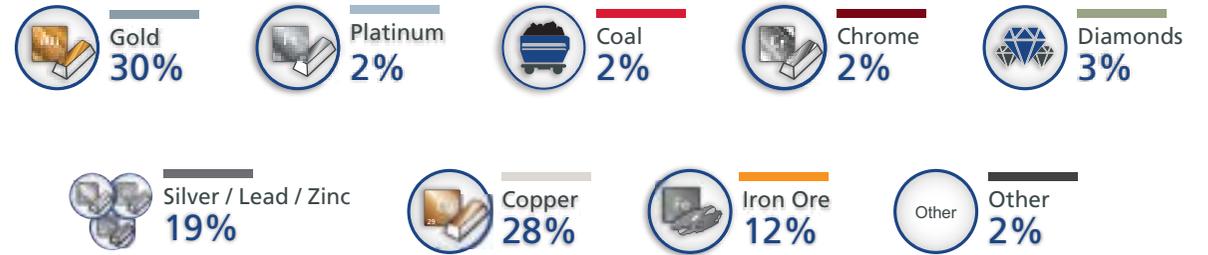
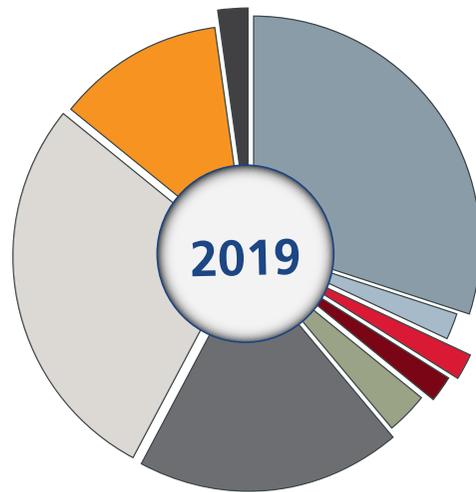
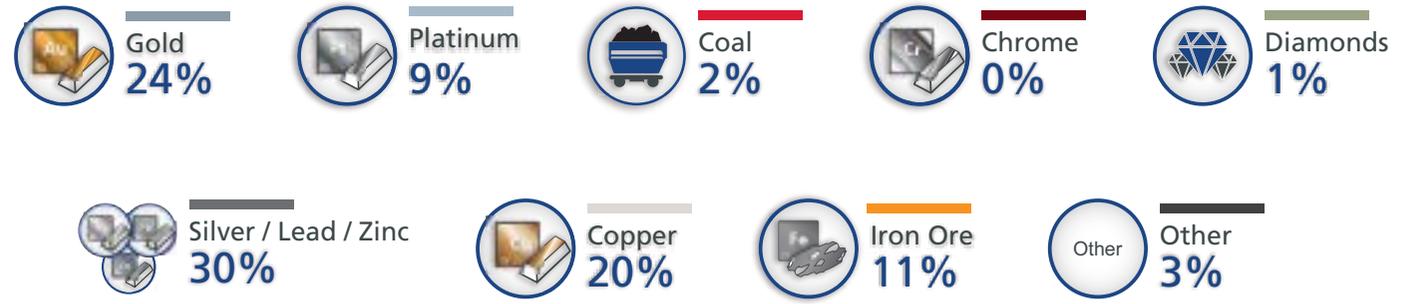
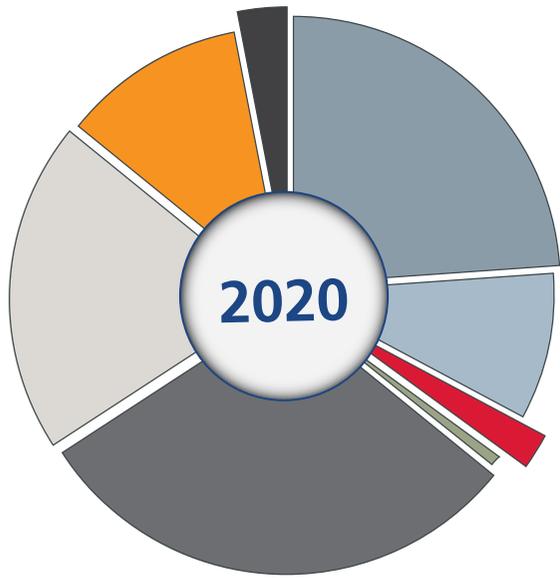
Operating profit margin

Central and North America	South America	Other Countries	Africa
5.63%	(17.72%)	20.35%	30.12%

**REVENUE
MINING ACTIVITY
DIVERSIFICATION**



REVENUE COMMODITY DIVERSIFICATION

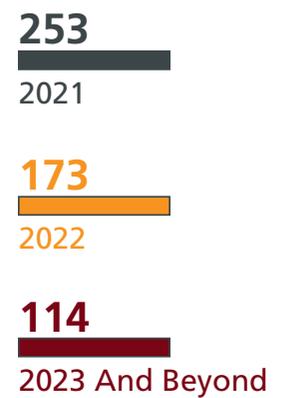
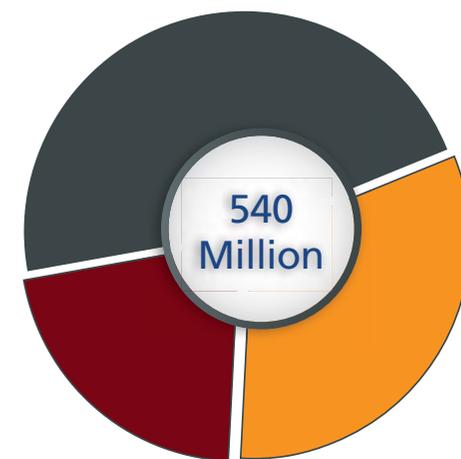
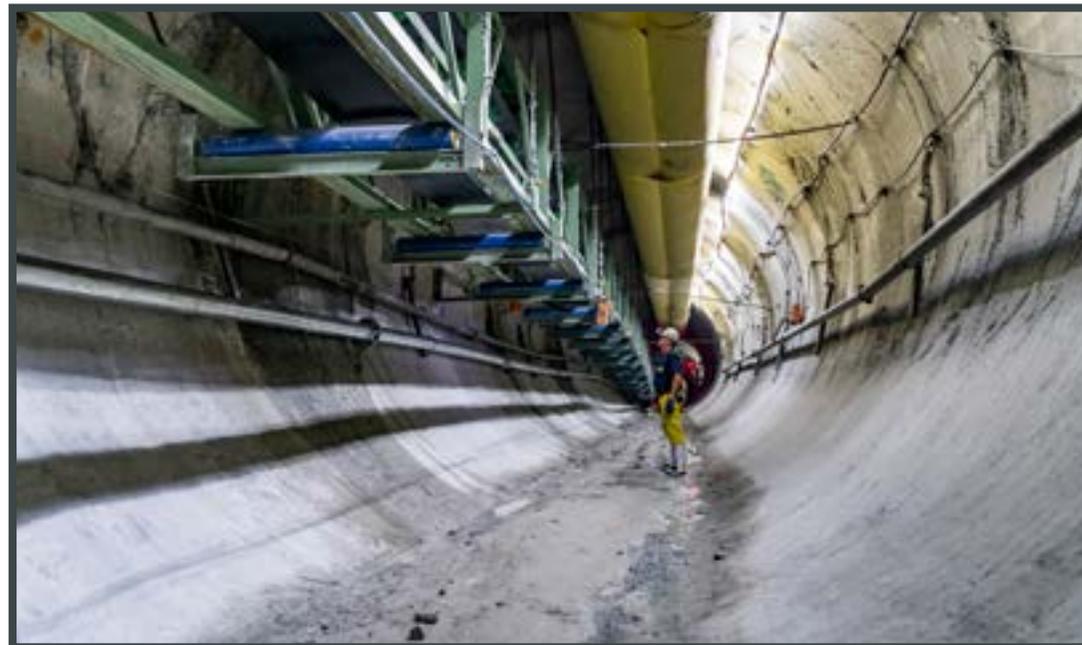
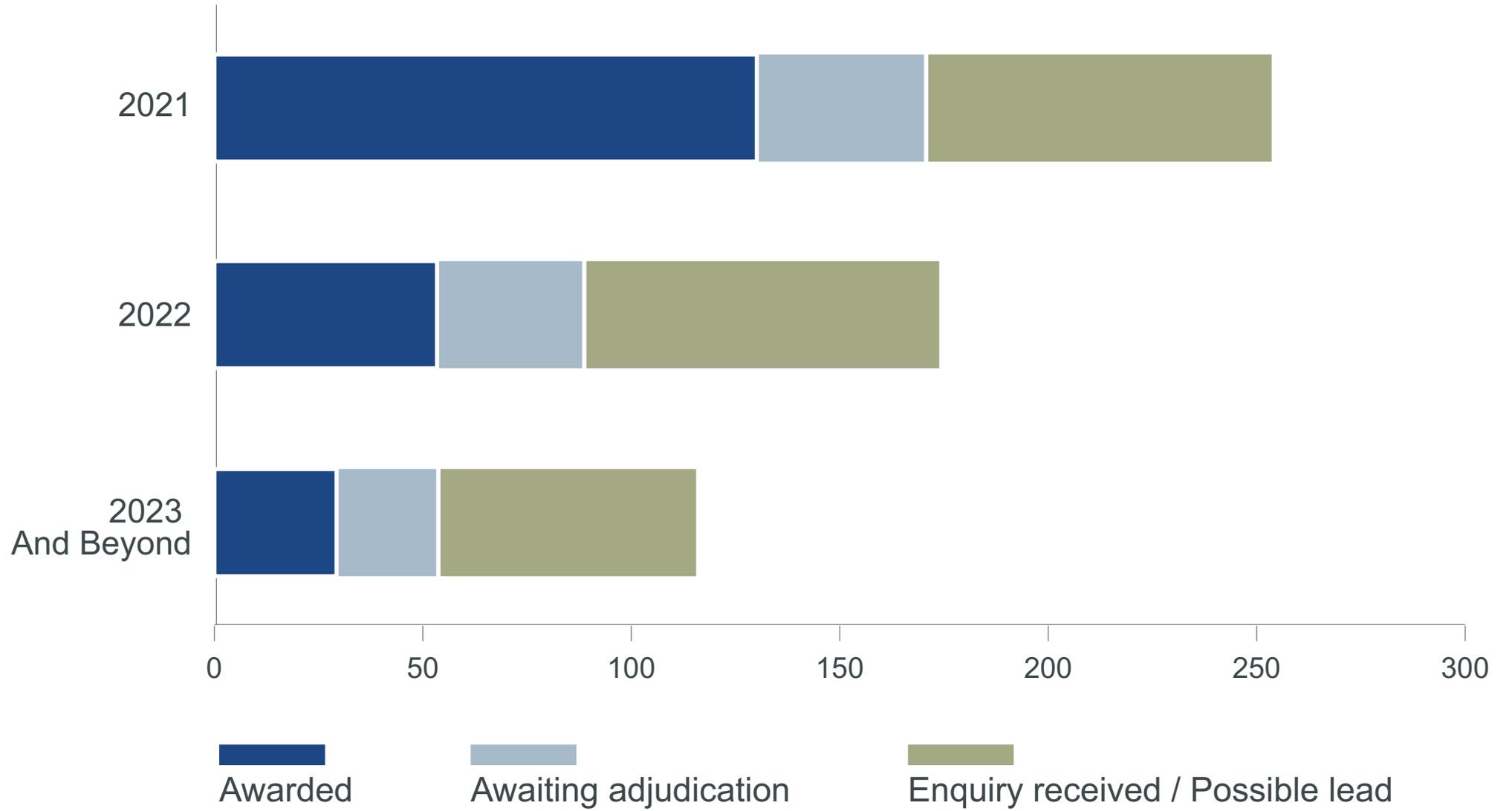


ARPOR SUMMARY PER ANNUM

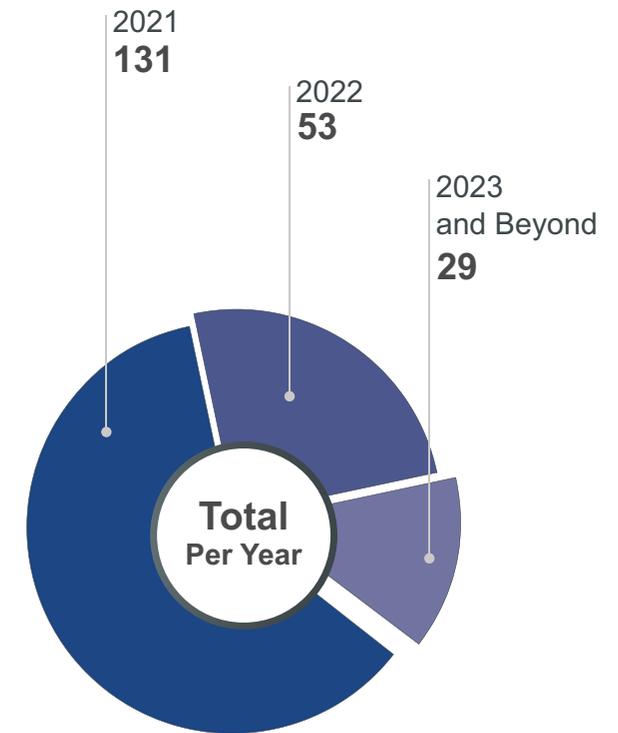
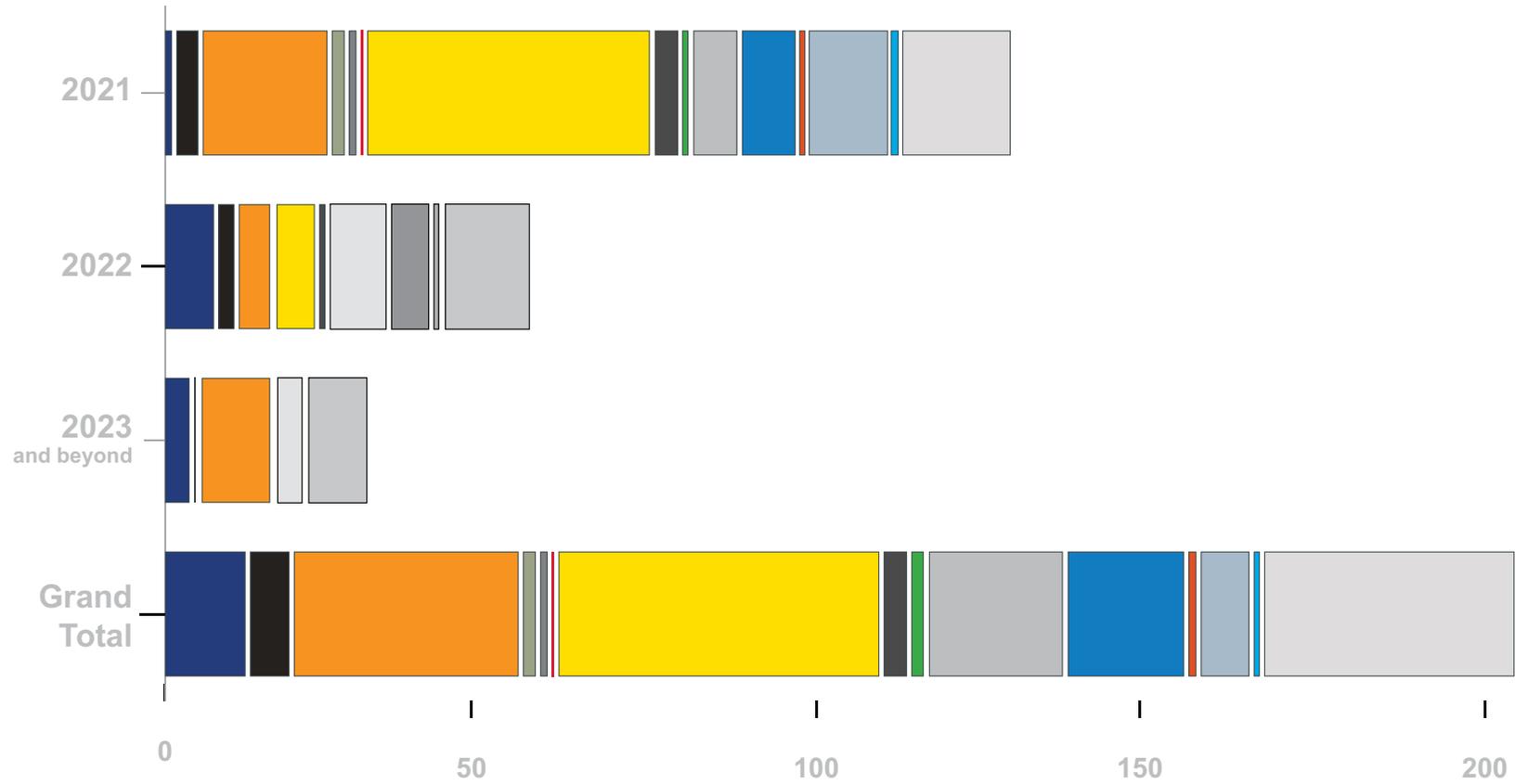
	2020	2019	2018
Total Raise bore rigs	145	143	149
Utilization %	60%	64%	61%
ARPOR (USD)	105 715	111 135	107 530
Total Slim rigs	58	30	30
Utilization %	48%	70%	68%
ARPOR (USD)	30 237	69 292	70 430



PIPELINE (USD ' MILLION)

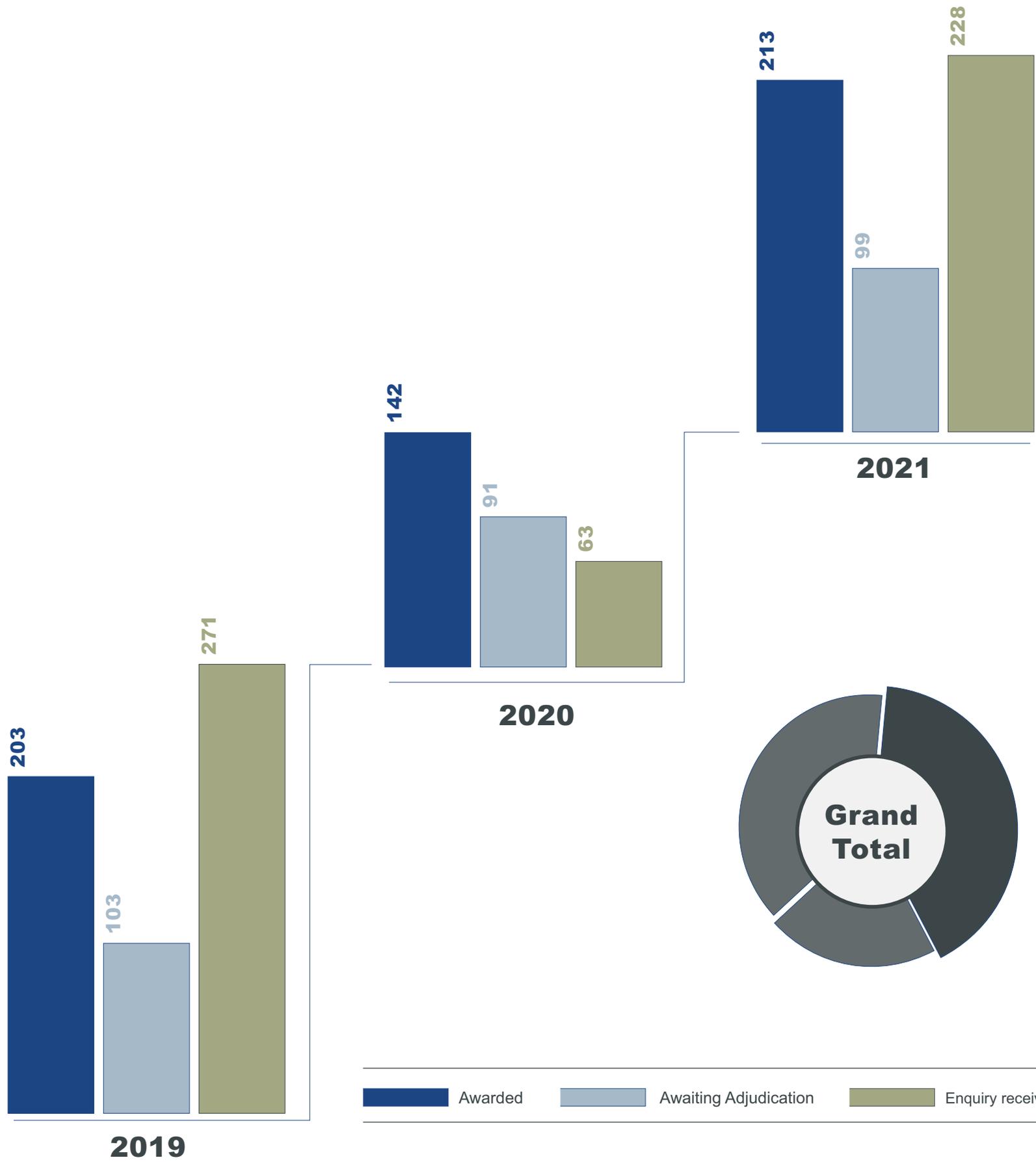


AWARDED ORDERS (USD ' MILLION)



Total: 213

YOY COMPARISON (USD ' MILLION)



■ Awarded
 ■ Awaiting Adjudication
 ■ Enquiry received / Possible lead

FINANCIAL OVERVIEW

ANDRE VAN DEVENTER, CFO



**SALIENT FEATUERS
FOR THE PERIOD**

**USD Revenue
decreased by
17%**

**USD HEPS
decreased by
74.8%**

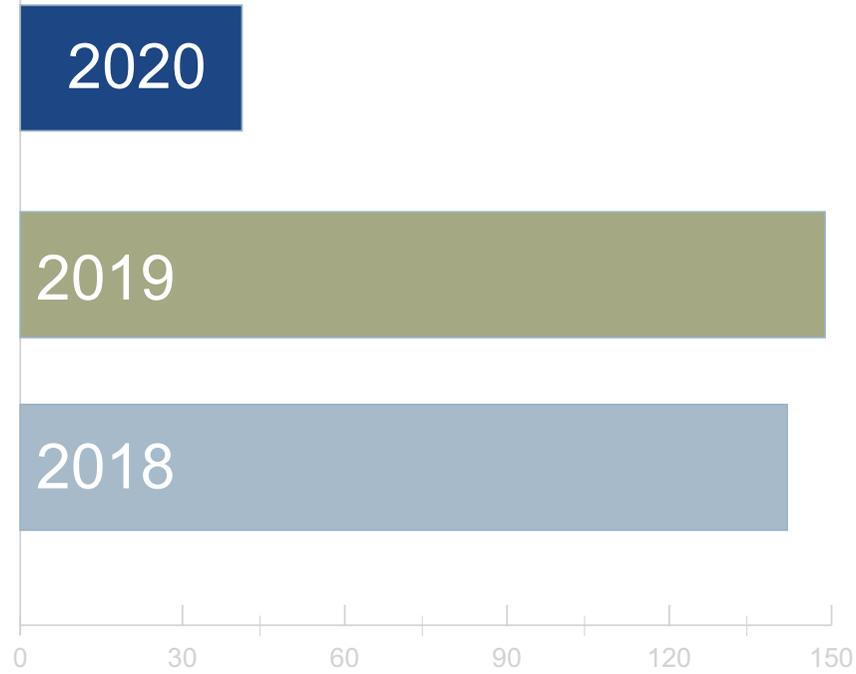
**ZAR HEPS
decreased by
71.4%**

**Healthy cash
balance -
geared for
future growth**

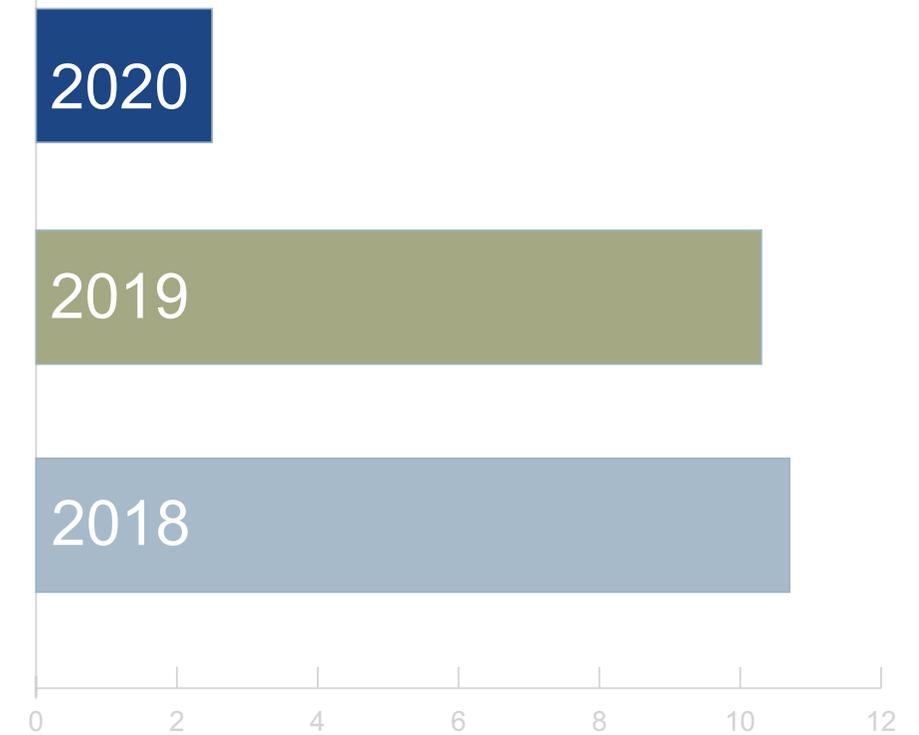


HEADLINE EARNINGS PER SHARE

HEPS (ZARc)



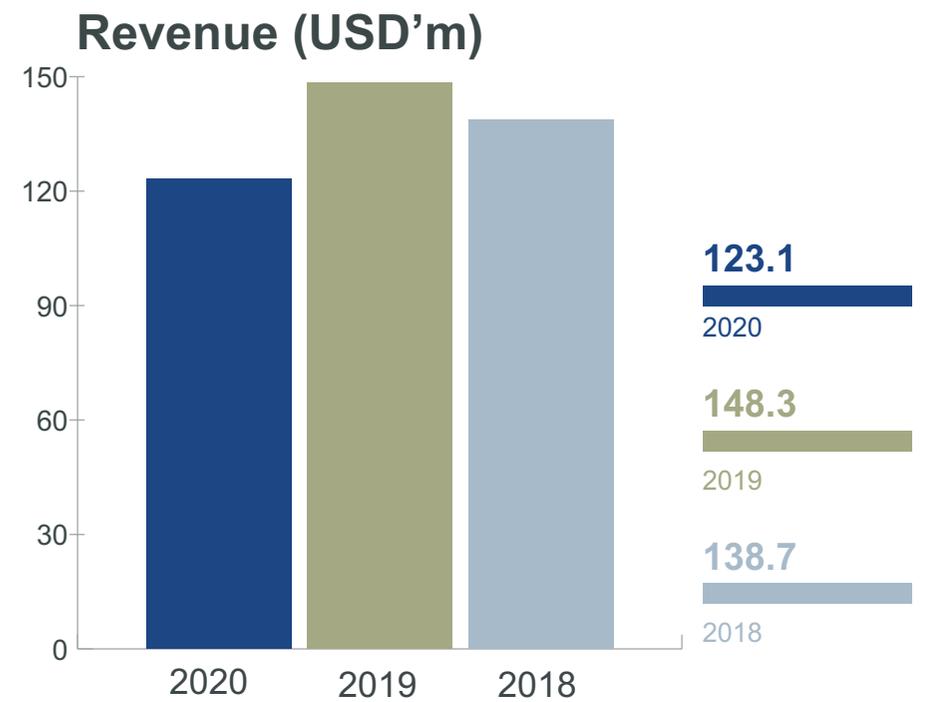
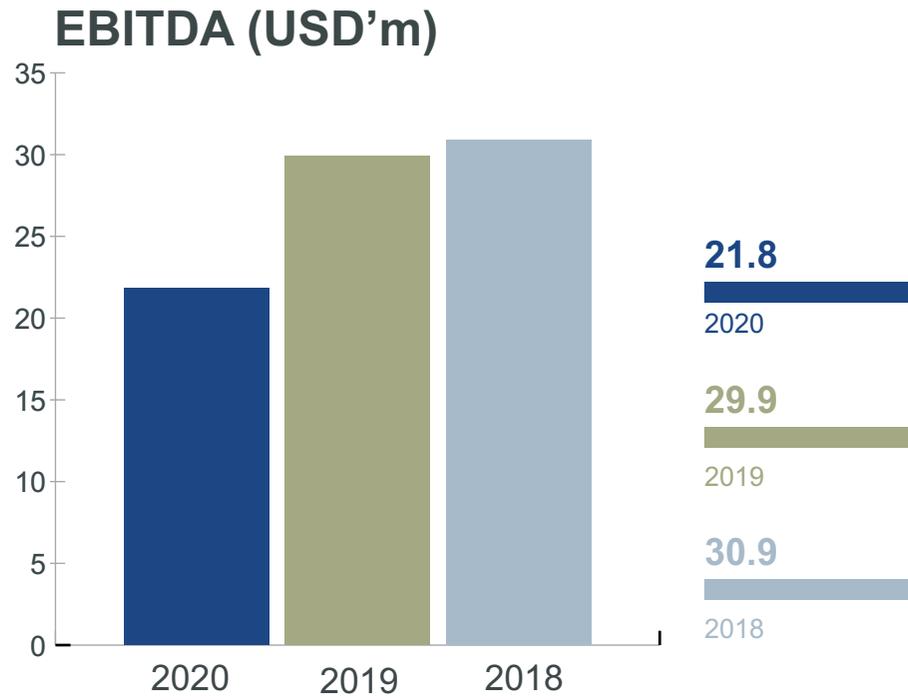
HEPS (USDc)



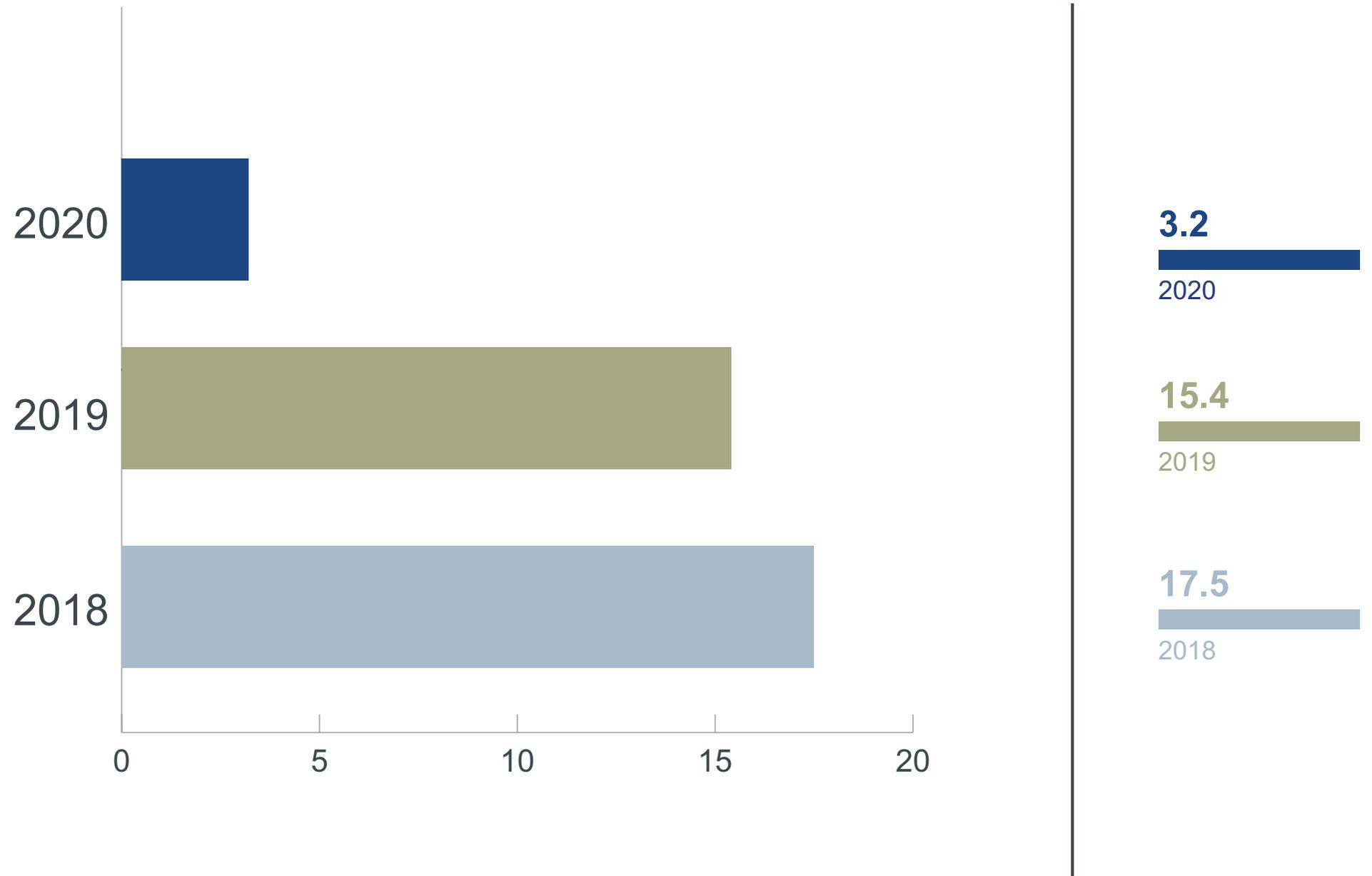
**EARNINGS BEFORE INTEREST TAX
DEPRECIATION AMORTISATION
(USD ' MILLION)**

2020

17.7%



PROFIT AFTERTAX (USD ' MILLION)



STATEMENT OF FINANCIAL POSITION

	2020 USD 'million	2019 USD 'million	Comment
Assets			
Total non-current assets	166.7	176.7	Strict capital management
Total current assets	98.4	99.5	Healthy current ratio
Total assets	265.1	276.2	
Equity			
Equity	166.4	165.2	
Non-controlling interest	9.7	10.0	
Total equity	176.1	175.2	
Liabilities			
Total non-current liabilities	40.4	56.9	Repayment of ABSA facility Gearing ratio of 10.3%
Total current liabilities	48.6	44.2	
Total liabilities	89.0	101.0	
Total equity and liabilities	265.1	276.2	

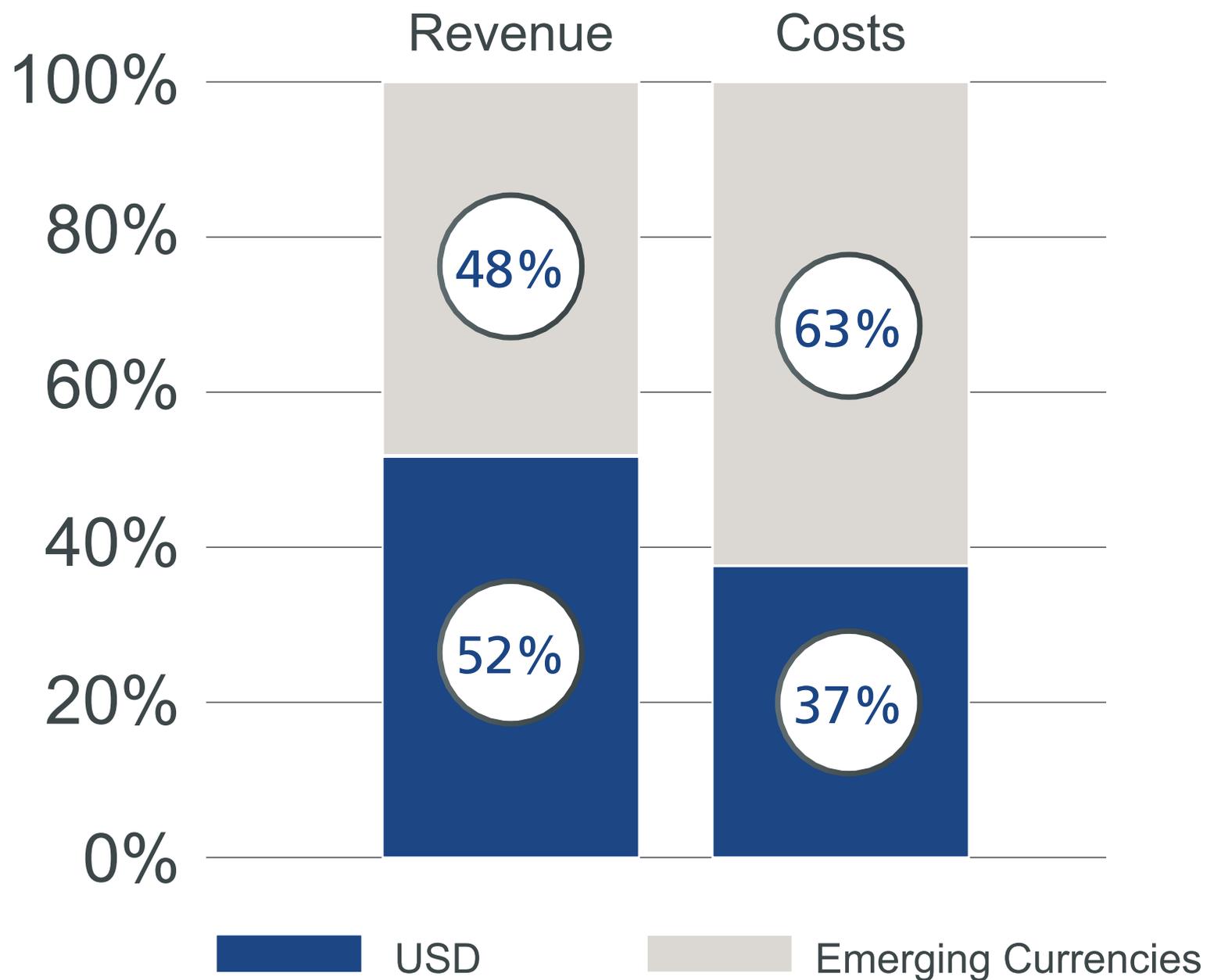
STATEMENT OF COMPREHENSIVE INCOME

	2020	2019
	USD 'million	USD 'million
Revenue	123.1	148.3
Cost of sales	(95.2)	(104.2)
Gross profit	28.0	44.1
Other operating income	2.3	3.1
Other operating expenses	(20.0)	(24.8)
Operating profit	10.3	22.4
Investment revenue	0.3	1.2
Finance costs	(3.0)	(4.6)
Share of profit from equity accounted investment	(0.2)	0.0
Profit before taxation	7.5	19.0
Taxation	(4.3)	(3.6)
Profit for the year	3.2	15.4

	Comment
Revenue	Negatively effected by COVID19
Cost of Sales	Costs limited to mitigate the COVID19 effect
Other operating expenses	Costs limited to mitigate the COVID19 effect
Taxation	Higher due to deferred taxation
Profit for the year	Lower due to the combined effect of the above

IMPACT OF CURRENCY ON PROFIT BEFORE TAXATION

2020



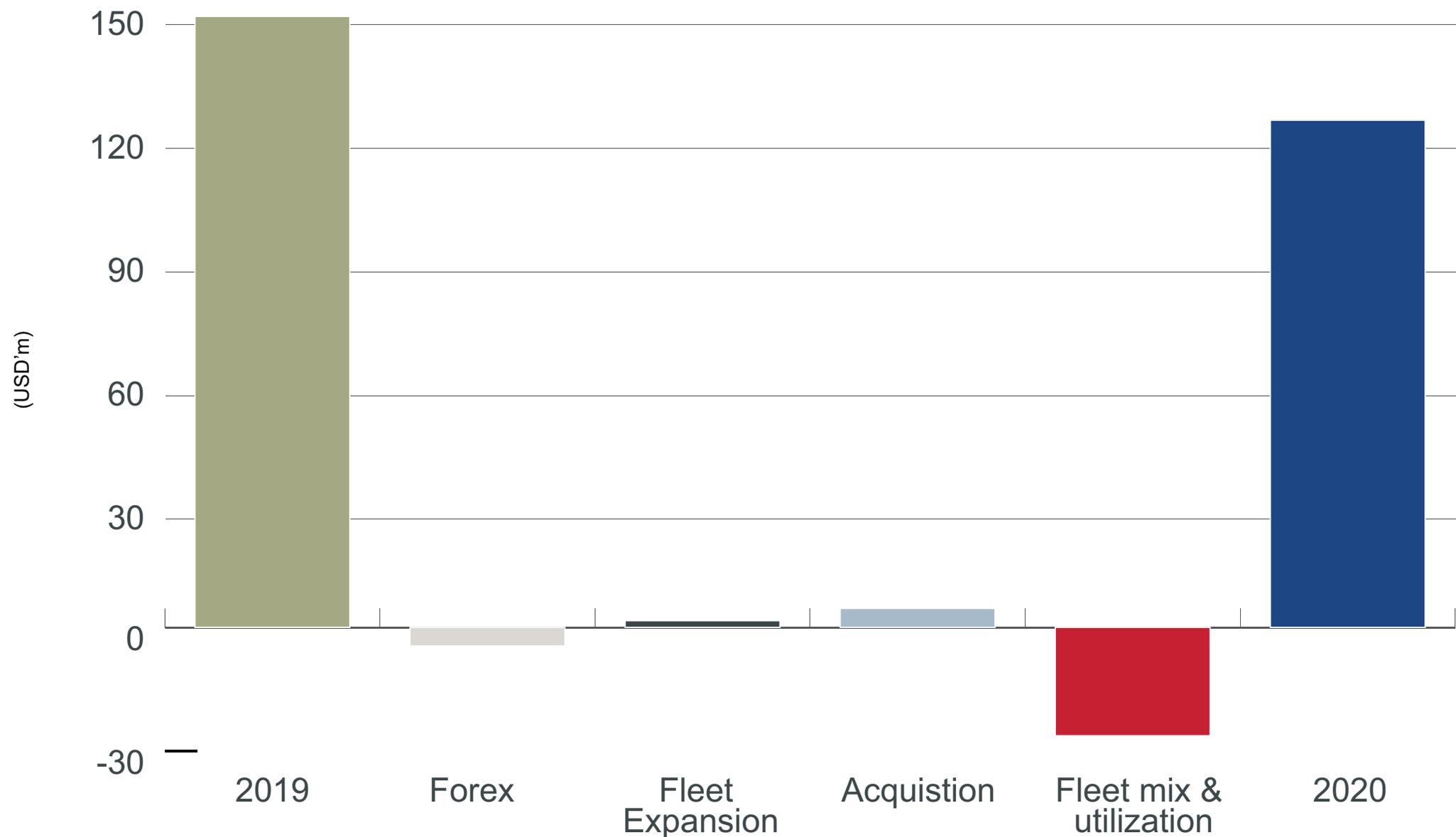
	USD' million
Positive impact on profit before taxation	1.34

STATEMENT OF CASH FLOWS

	2020	2019	Explanation\Comment
	USD 'million	USD 'million	
Net cash from operating activities	25.5	14.8	Improvement by 74.7% from 2019
Net cash from investing activities	(9.0)	(17.2)	Strict control over capital expenditure
Net cash from financing activities	(10.7)	(11.2)	Repayment of ABSA facility
Total cash movement for the period	5.8	(13.7)	
Cash at the beginning of the period	19.5	33.3	
Effect of exchange rate movement on cash balances	(0.5)	(0.1)	
Total cash at the end of the period	24.8	19.5	Sufficient cash for operations and investments



REVENUE WATERFALL BREAKDOWN (USD ' MILLION)

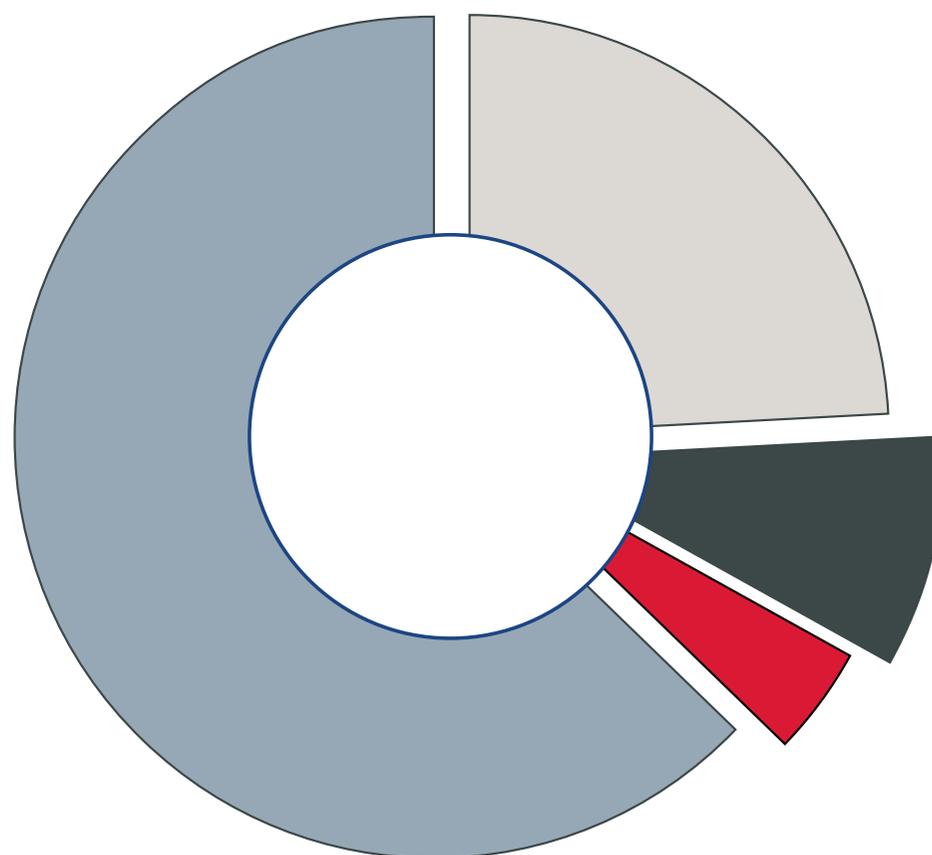


Revenue - 2019	148.3
Forex	(4.5)
Fleet Expansion	1.0
Acquisition	4.6
Fleet Mix and Utilisation	(26.3)
Revenue - 2020	123.1

WORKING CAPITAL BREAKDOWN (USD ' MILLION)

Working Capital Breakdown	2020	2019	Movement
Inventory	24.6	27.9	3.3
Trade and Other Receivables	43.8	50.7	6.9
Trade and Other Payables	26.9	26.9	0

Trade receivable ageing



Normal Terms

63%

1 month past due

24%

2 months past due

9%

3 and more months past due

4%

BALANCE SHEET RATIOS

	2020	2019
Return on Capital Employed (EBITDA)	9.1%	12.9%
Return on Capital Employed (EBIT)	5.7%	9.7%
Working Capital Ratio (Days)	123.2	127.5
Gearing Ratio (Net of Cash)	10.3%	22.5%



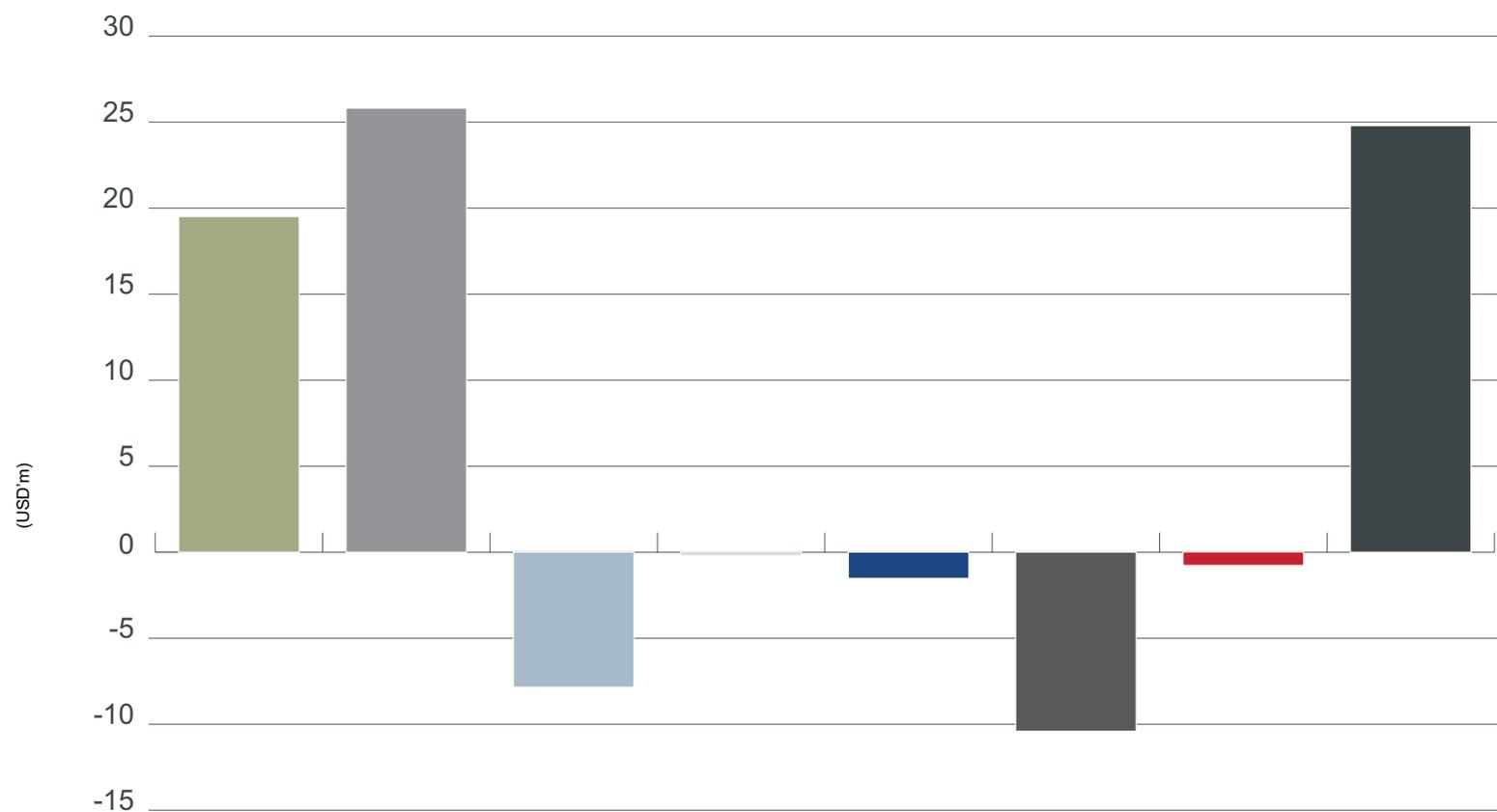
CASHFLOW WATERFALL (USD ' MILLION)

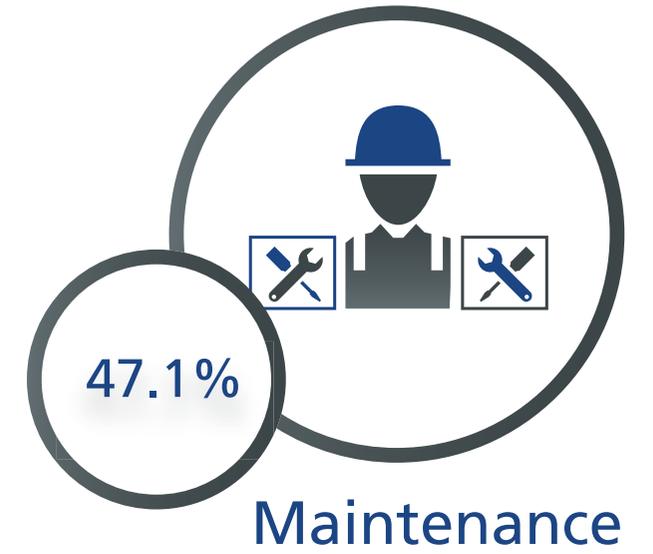
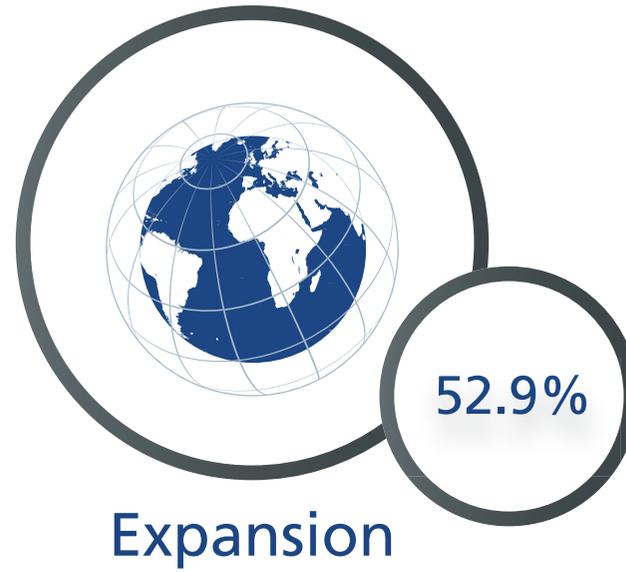
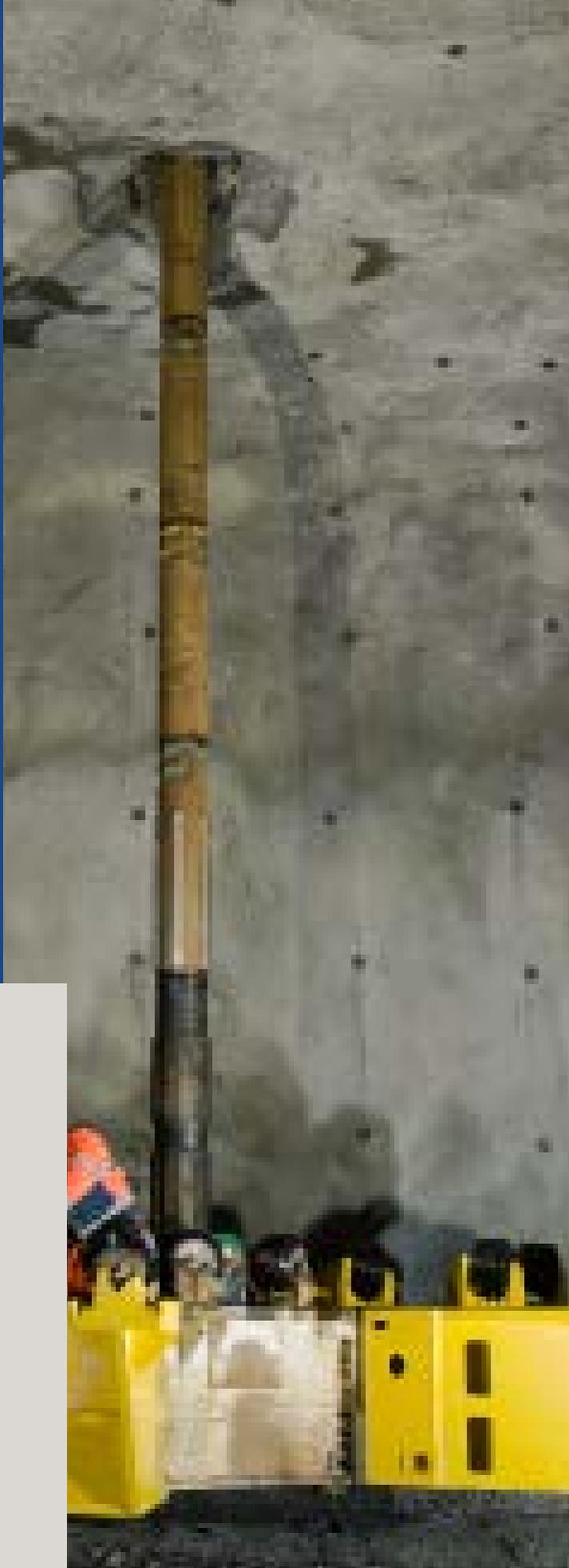


Cash Flow Waterfall

2020

Cash at beginning of period	19.51
Cash from operation activities	25.51
Net acquisition of property, plant & equipment	(7.85)
Dividends paid	(0.02)
Investment in associate/subsidiary	(1.23)
Net movement in Financial Liabilities	(10.41)
Other	(0.72)
Cash at end of period	24.79





Land and Buildings	2%
Plant and Machinery	94%
Motor Vehicles	2%
IT Equipment	2%

Q&A SESSION



SALIENT FEATURES FOR THE PERIOD

- **Healthy pipeline of USD539.9 million**
- **Continued focus on working capital management**
- **Continued focus on geographical expansion**
- **Increased diversification**
- **Technology development to remain relevant**
- **Remain vigilant to address future challenges and possible pandemics**



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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	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
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Andries Willem Brink	Independent non-executive
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Octavia Matshidiso Matloa	Independent non-executive
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Hennie Faul	Independent non-executive
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Shane Trevor Ferguson	Non-executive
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Resident in Peru

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South Africa

JSE SPONSOR

Investec Bank Limited

(Registration number: 1969/004763/06)

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Sandton, 2196

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2196

South Africa

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