



MASTER DRILLING



AUDITED ANNUAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2018



PRESENTED BY
DANIE PRETORIUS, CEO
ANDRE VAN DEVENTER, CFO



Who we are



Business overview



Operational overview



Financial overview



In Closing



AGENDA

- Established in 1986, listed on JSE in 2012
- Design, manufacture, operate and maintain boring technology
- Operations in 23 countries in Africa, South America, North America, Europe and Asia
- Motivated by tailor-made solutions, that in turn support our diversification strategy
- Trusted partner to blue-chip and mid-size mining companies
- A technology company that challenges the status quo



WHO WE ARE



BUSINESS OVERVIEW

Client Challenges

- Safety
- Increased costs
- Productivity decline
- Net present value hurdles
- Accessibility to ore bodies

Innovative tailor made drilling solutions

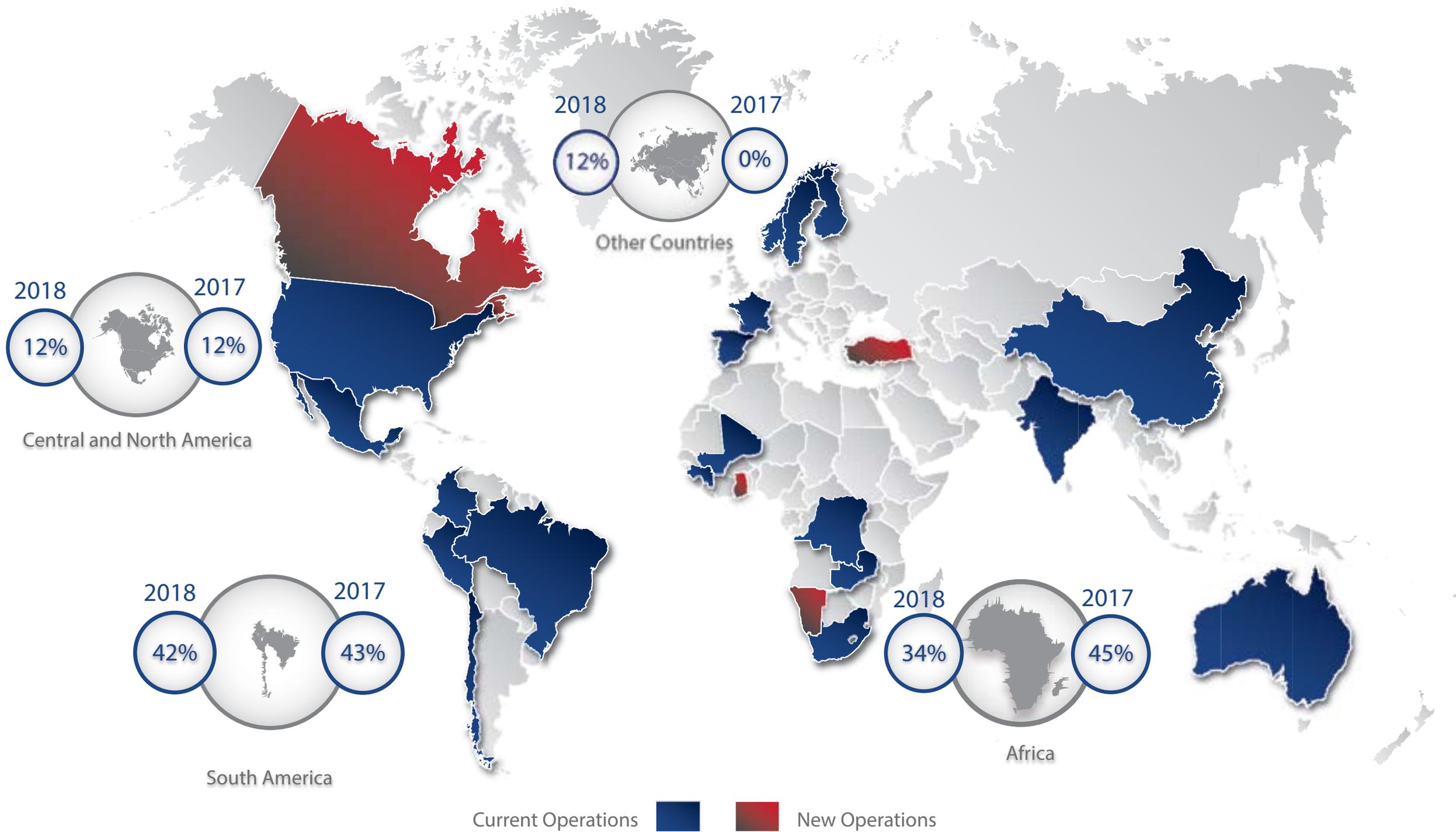
Non-Blasting environment

- Mobile Tunnel Borer
- Blind Shaft Boring System
- Horizontal Raise Boring
- Automation/Autonomous drilling
- Geotechnical

MAN AND MACHINE

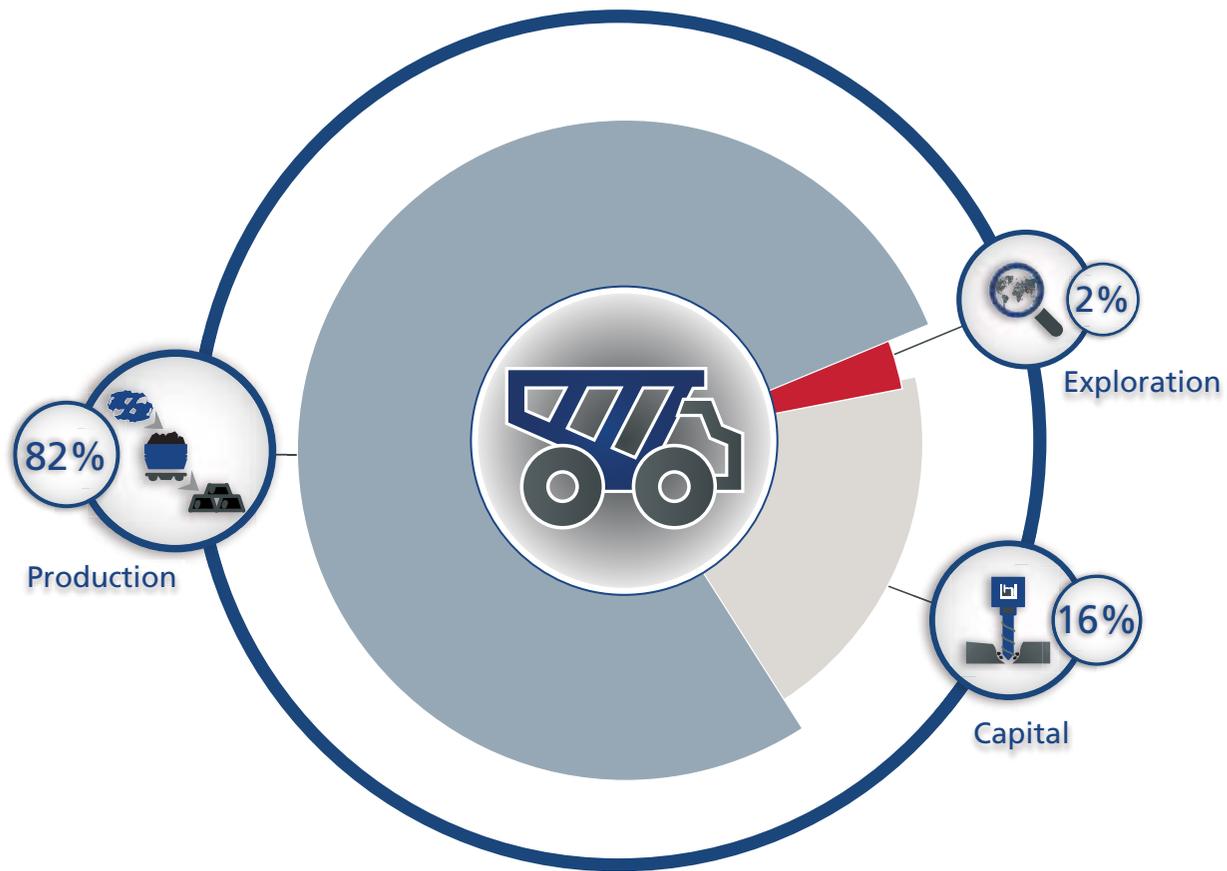


TECHNOLOGY STRATEGY

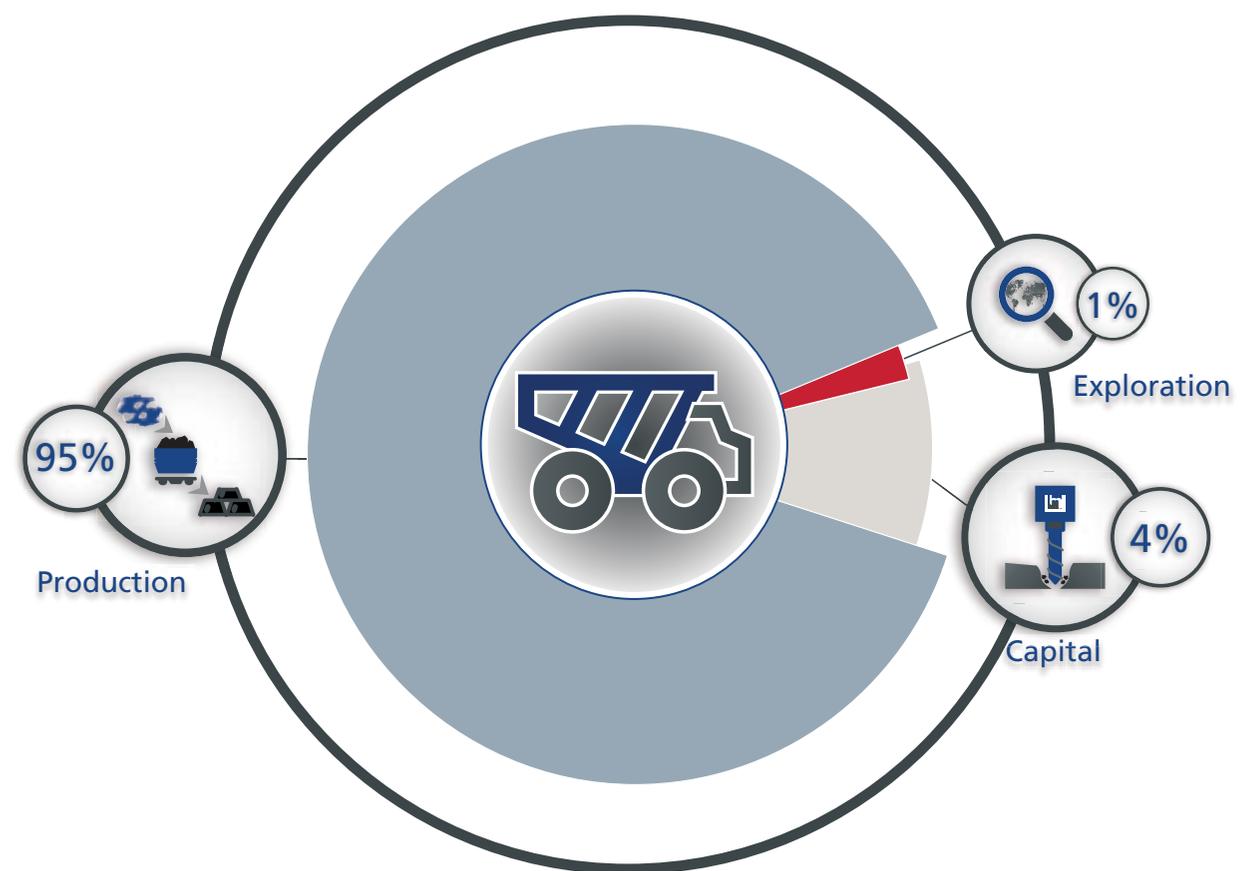


REVENUE GEOGRAPHIC DIVERSIFICATION

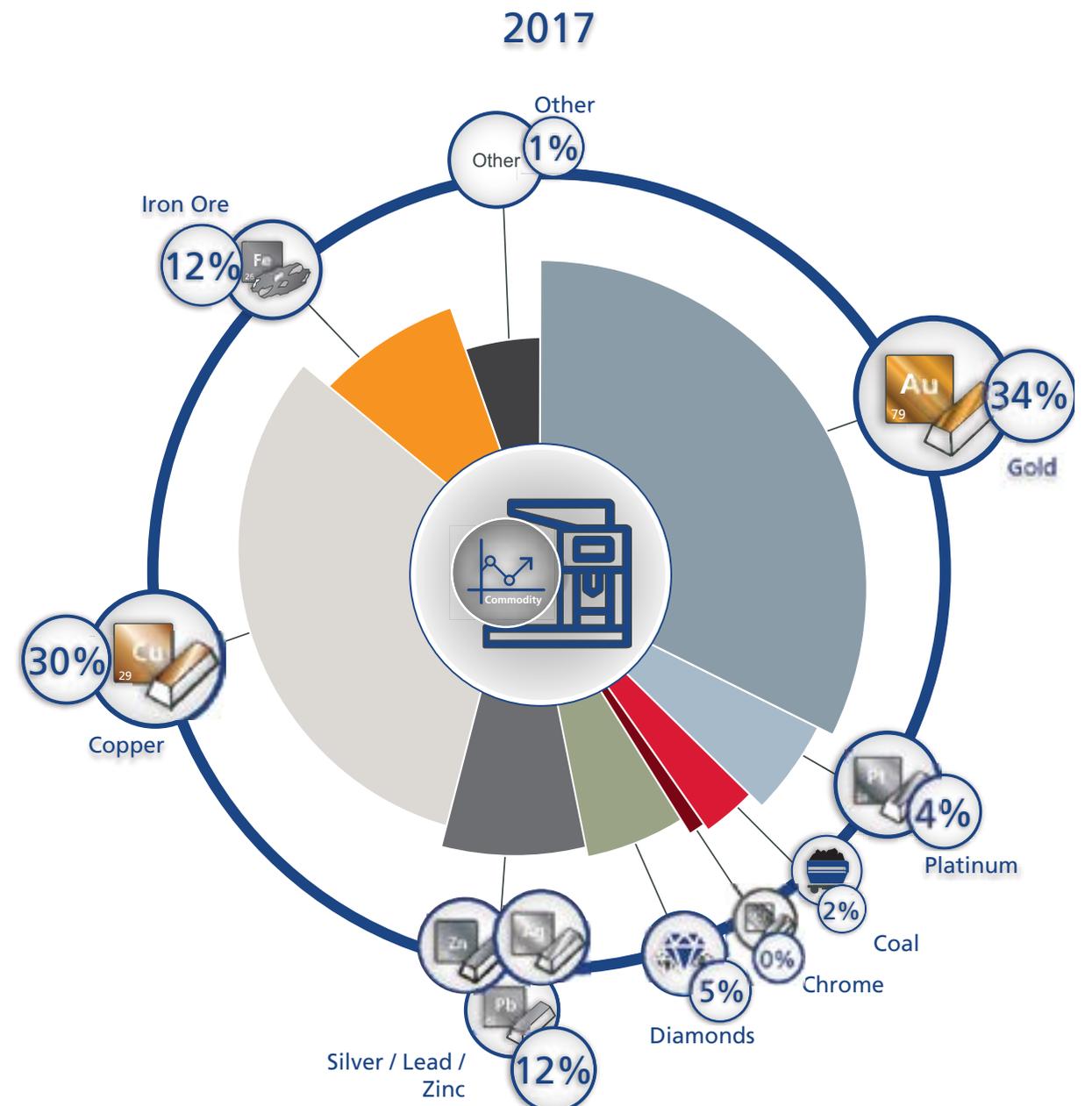
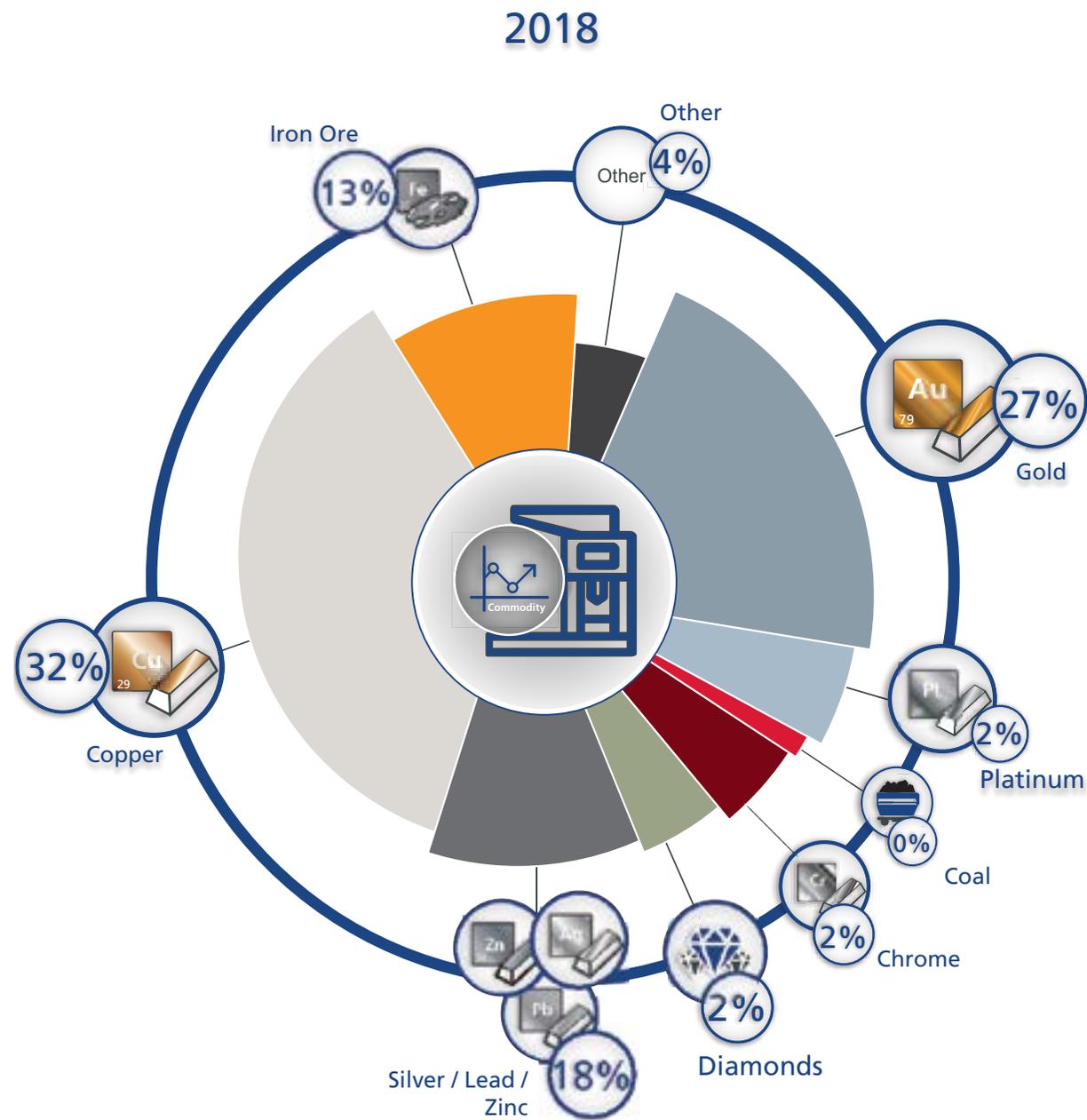
2018



2017

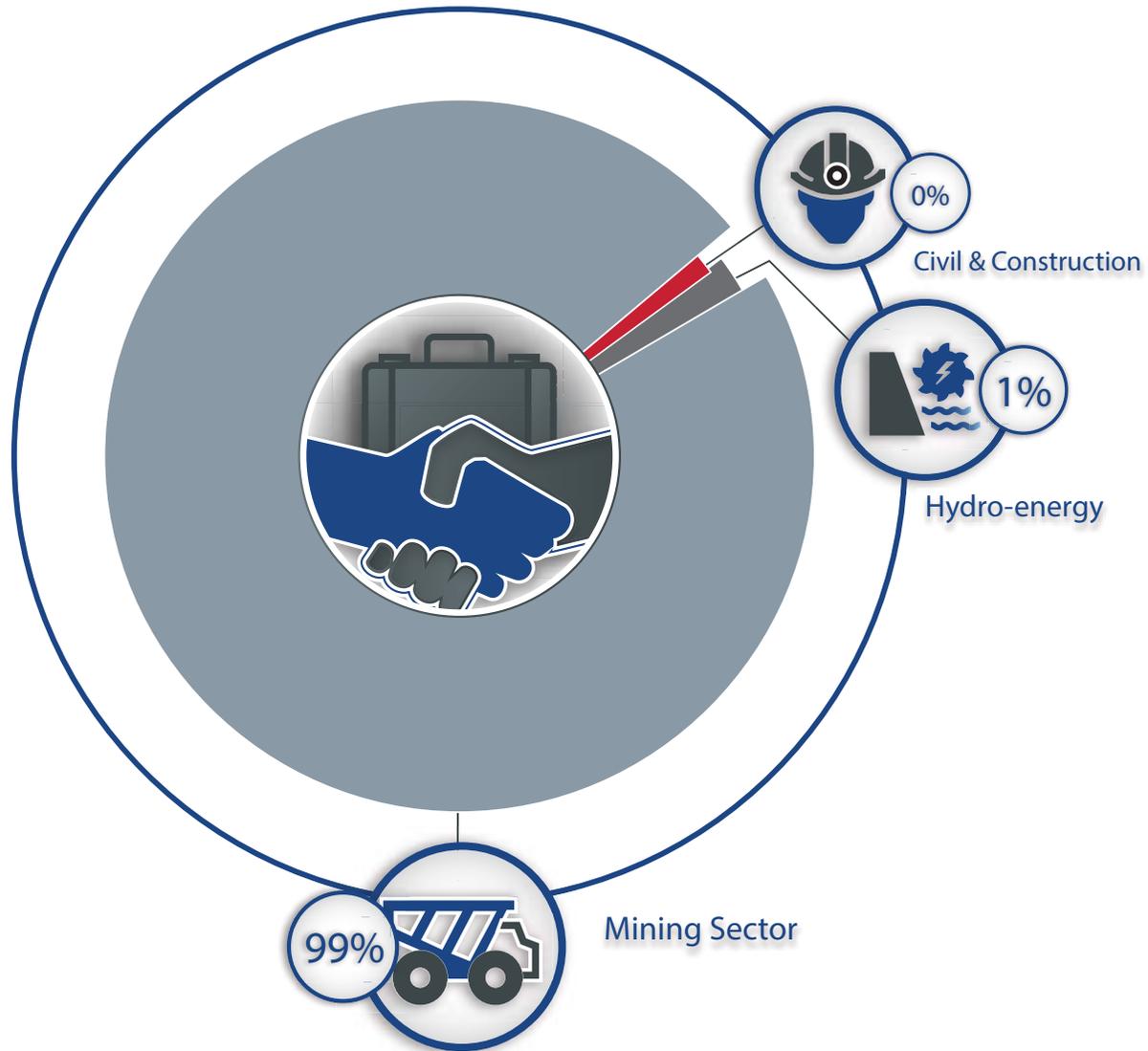


REVENUE MINING ACTIVITY DIVERSIFICATION

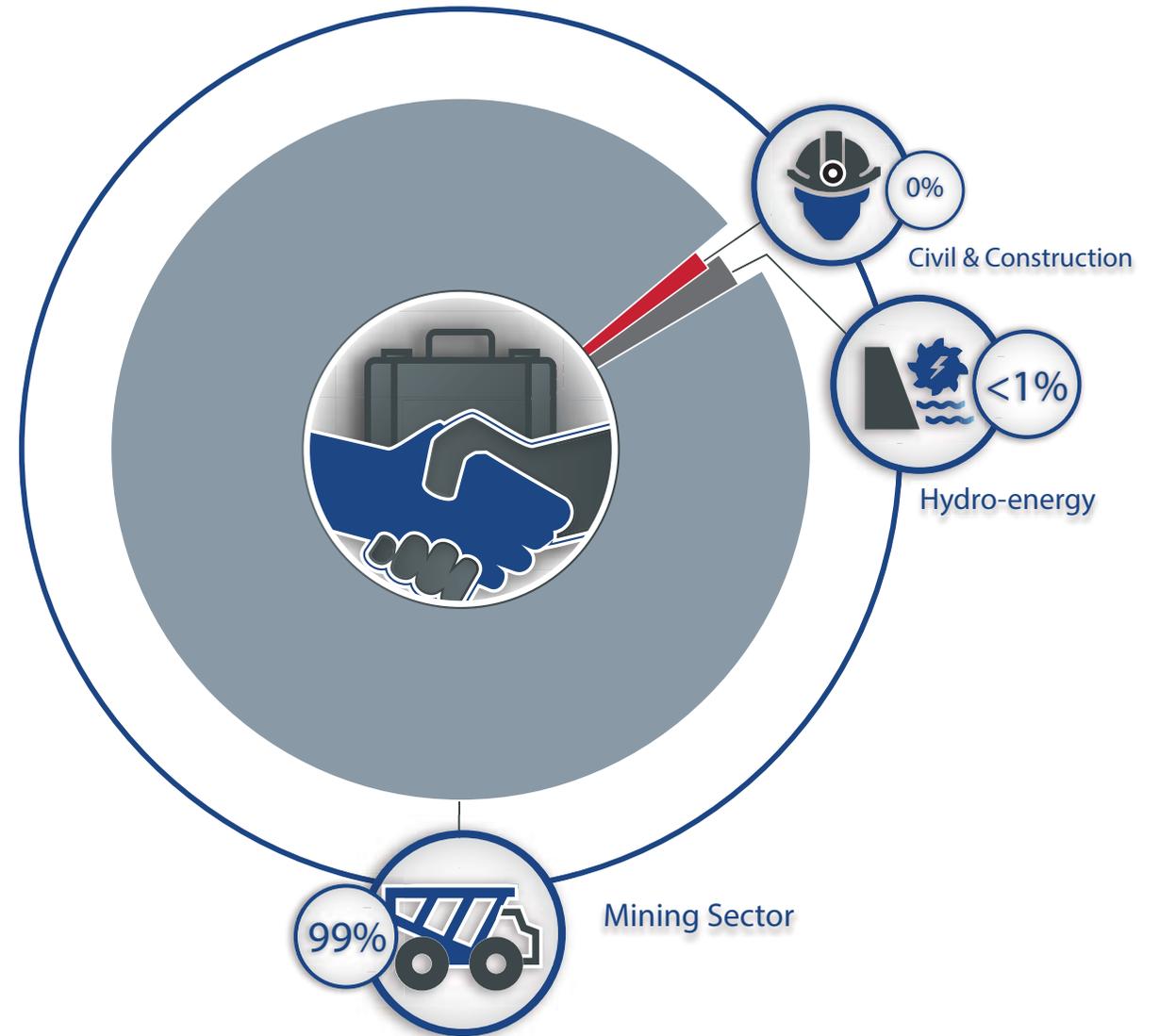


REVENUE COMMODITY DIVERSIFICATION

2018



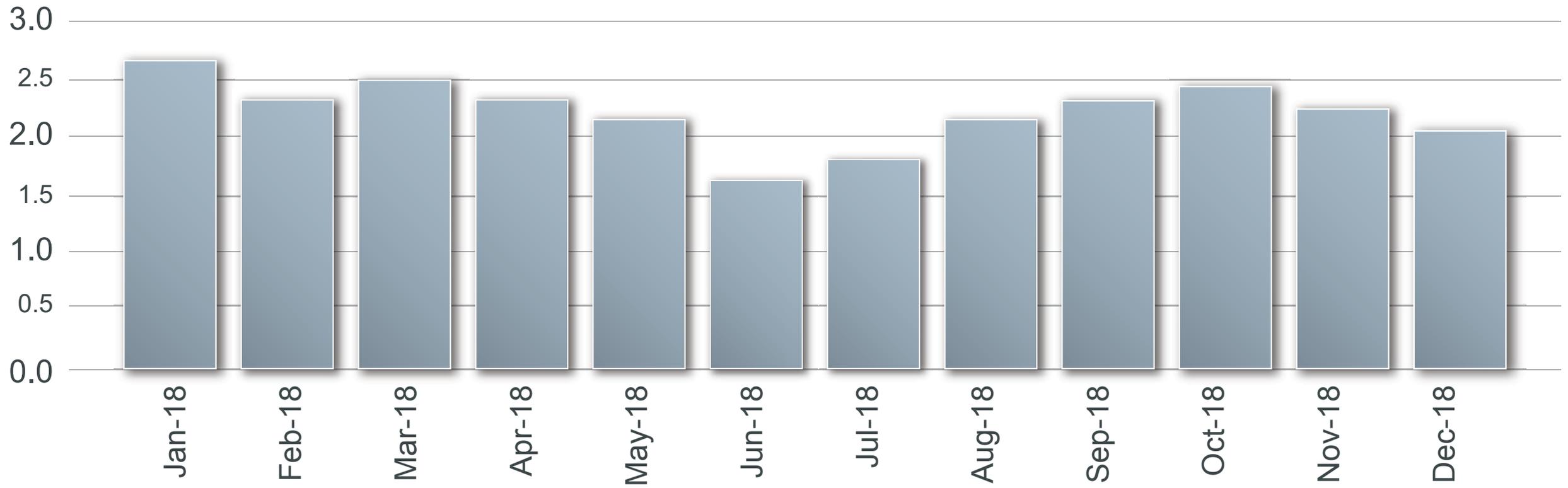
2017



REVENUE BUSINESS SECTOR DIVERSIFICATION



OPERATIONAL REVIEW

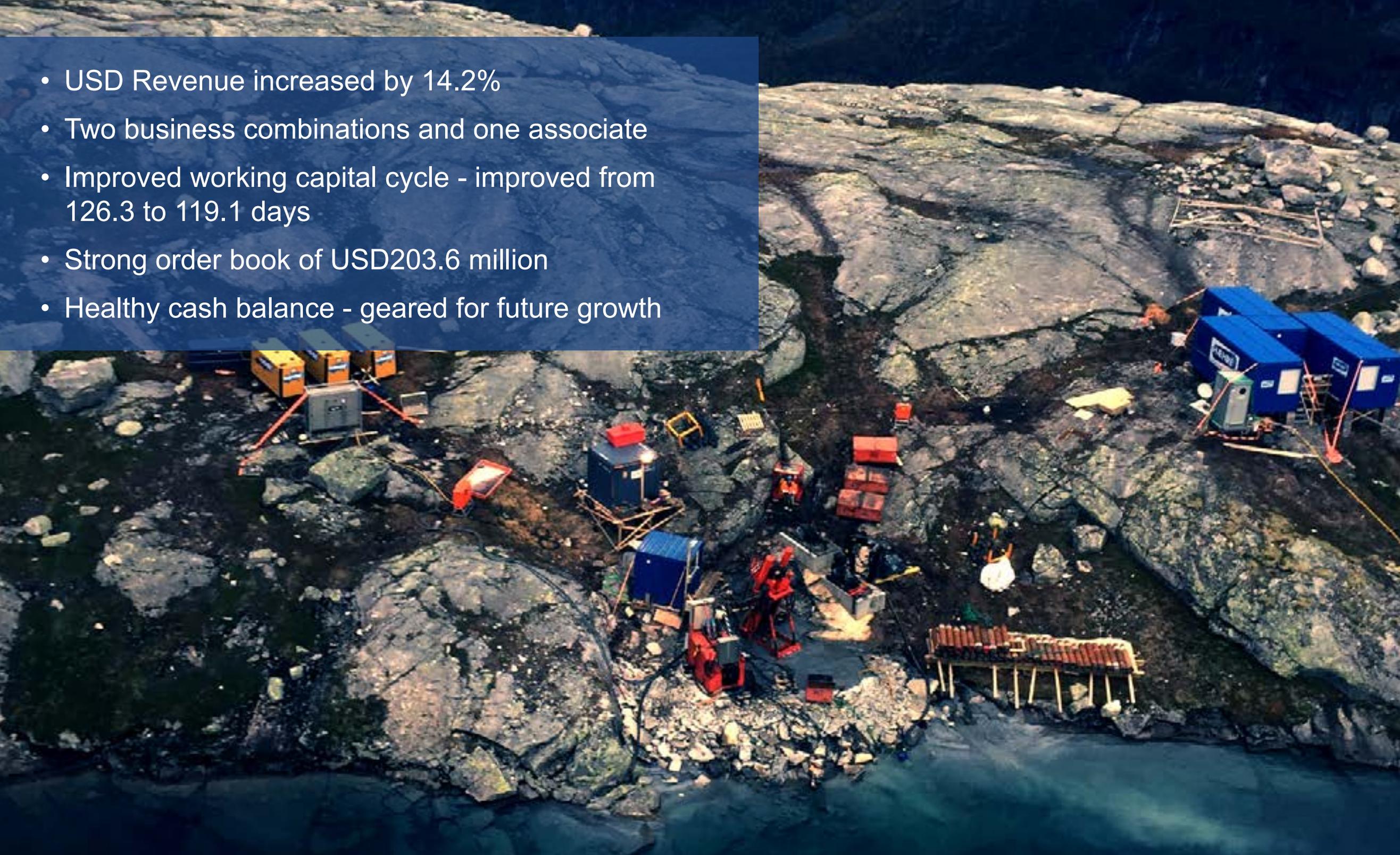


LOST TIME INJURY FREQUENCY RATE



FINANCIAL OVERVIEW

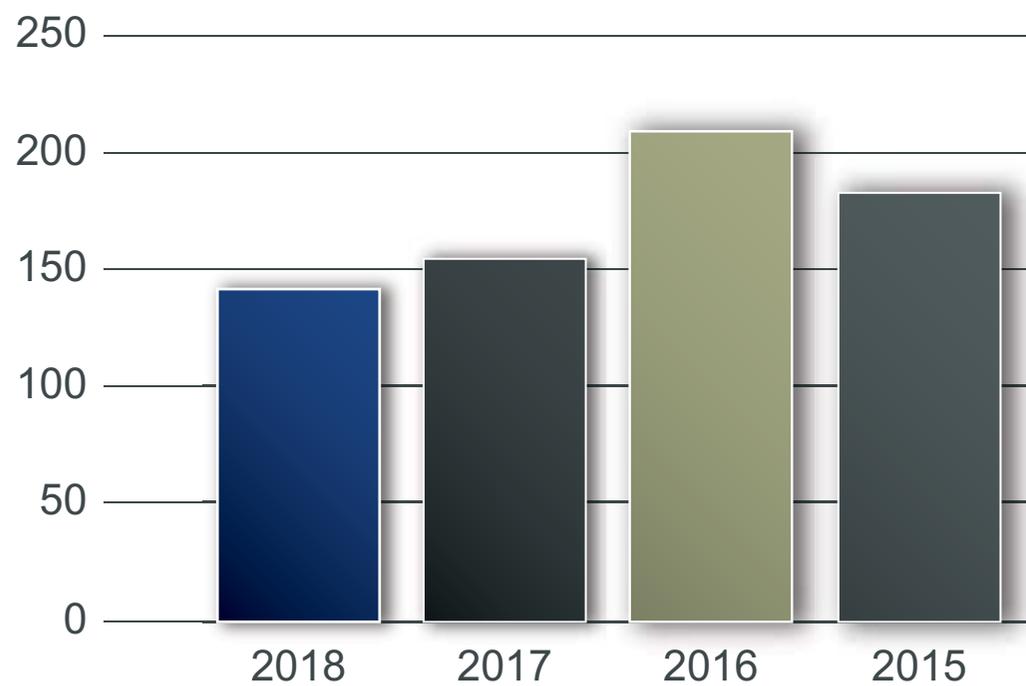
- USD Revenue increased by 14.2%
- Two business combinations and one associate
- Improved working capital cycle - improved from 126.3 to 119.1 days
- Strong order book of USD203.6 million
- Healthy cash balance - geared for future growth



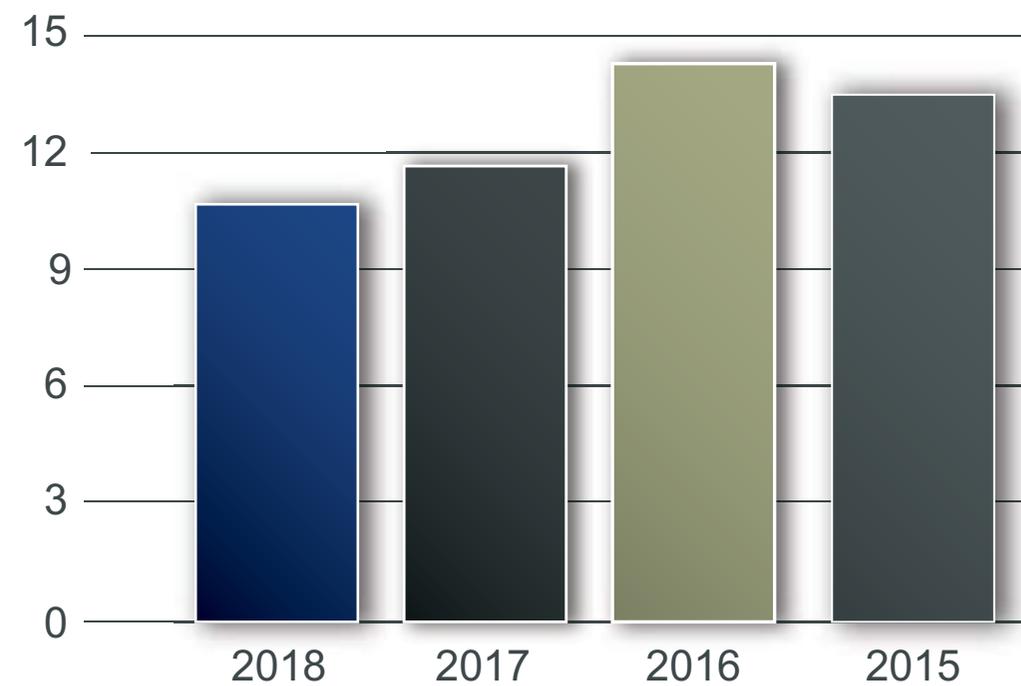
HIGHLIGHTS FOR THE PERIOD



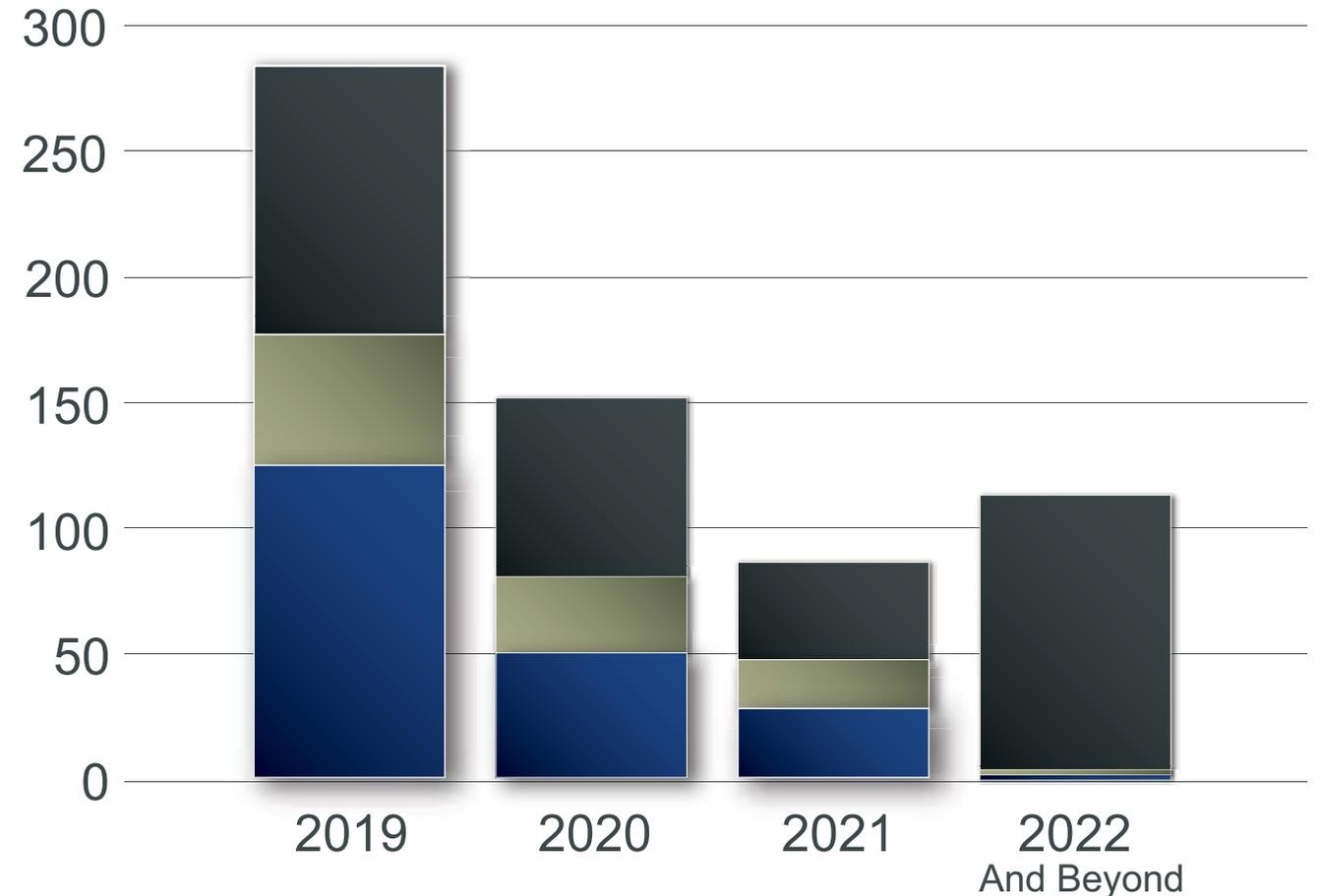
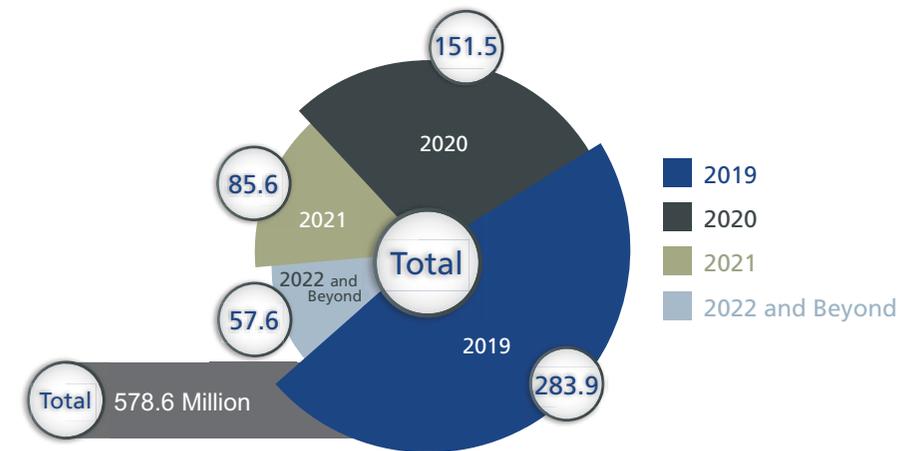
HEPS (ZARc)



HEPS (USDc)

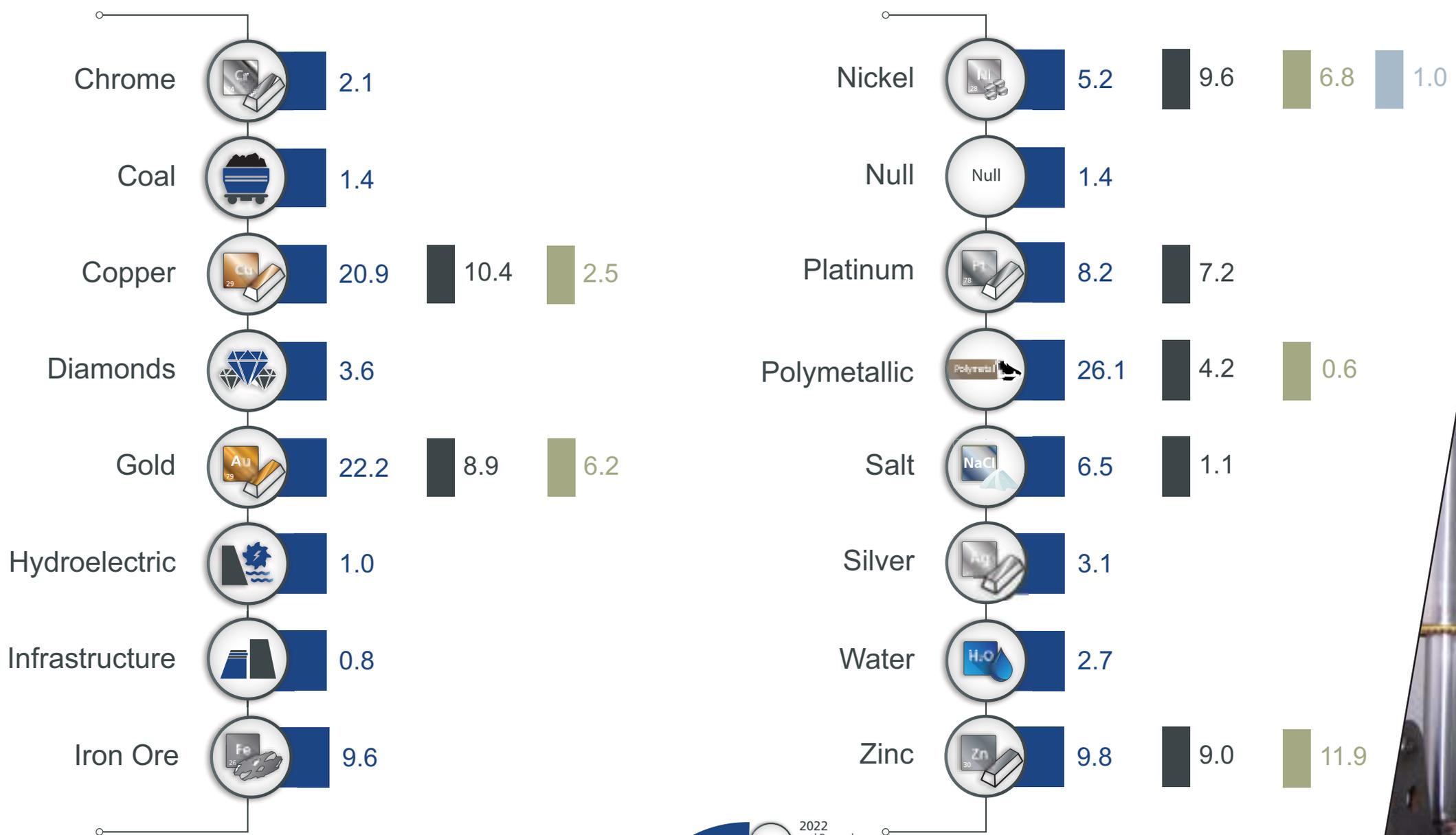


HEADLINE EARNINGS PER SHARE



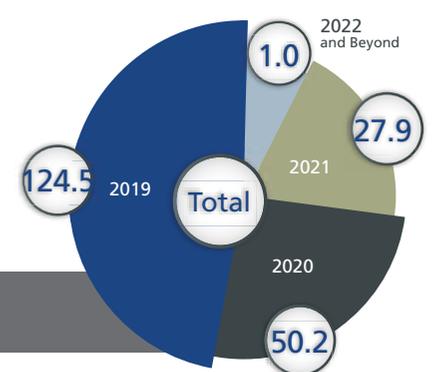
- Awarded
- Awaiting adjudication
- Enquiry received/ possible lead

PIPELINE (USD ‘ MILLION)



■ 2019 ■ 2021
■ 2020 ■ 2022 and beyond

Total 203.6 Million

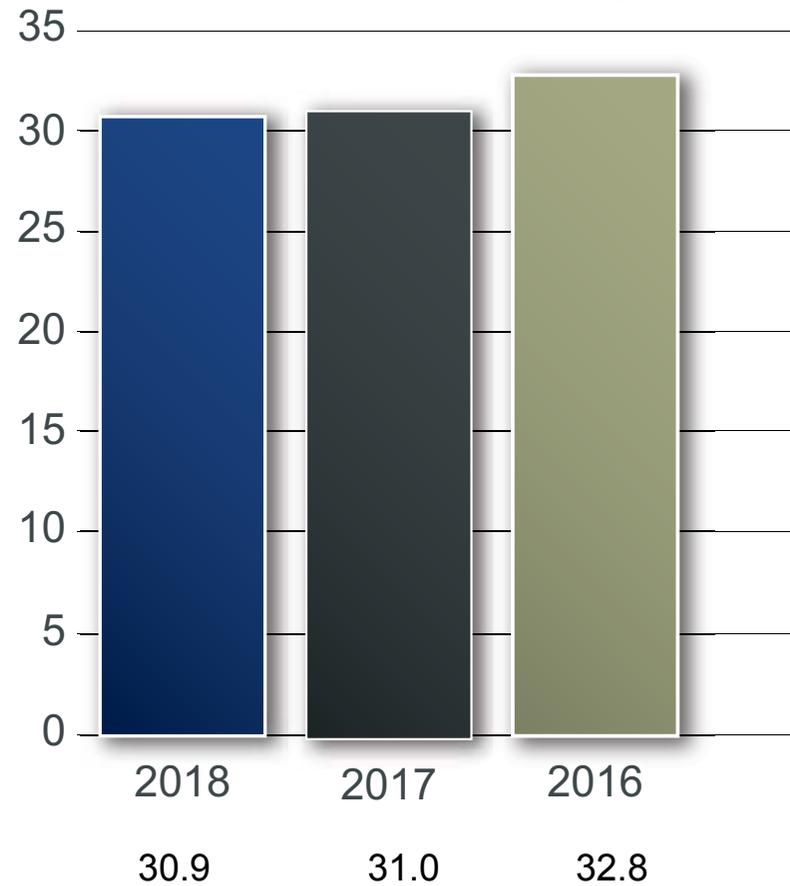


COMMITTED ORDERS (USD ' MILLION)

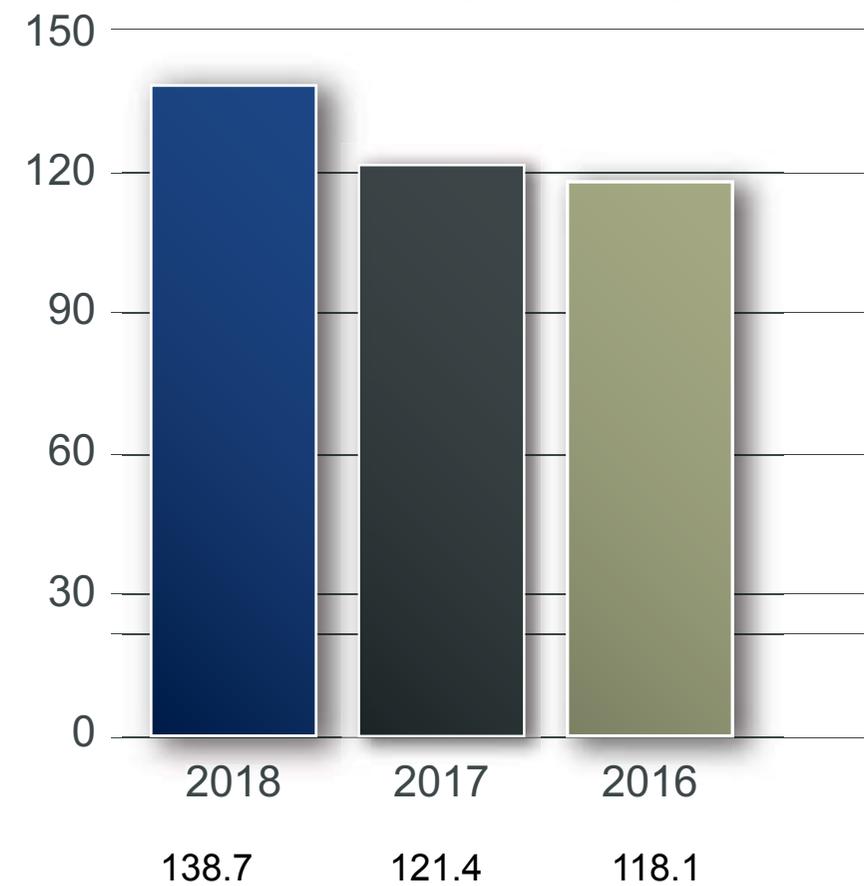
2018



EBITDA (USD'm)



Revenue (USD'm)



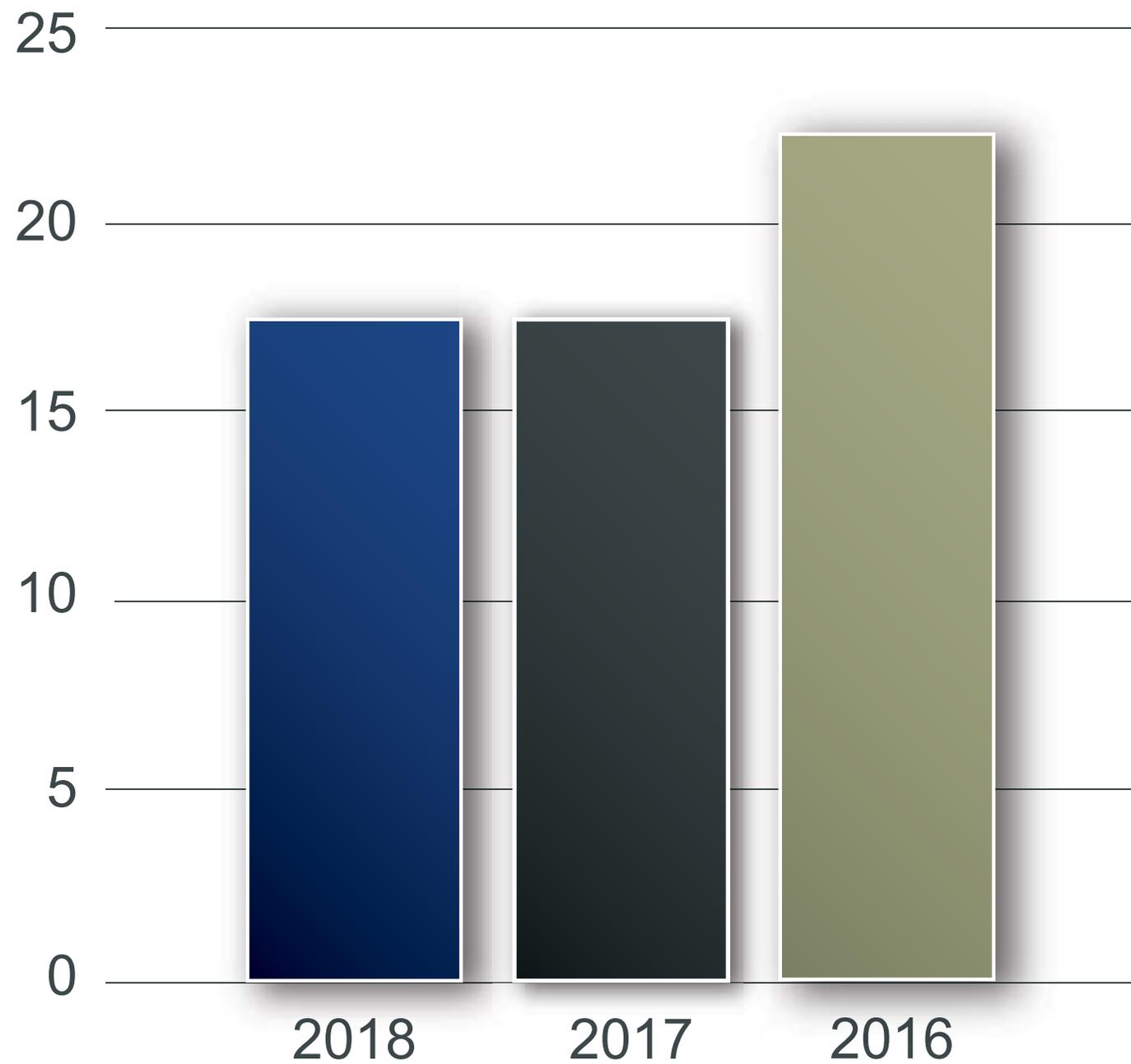
**EARNINGS BEFORE INTEREST TAX DEPRECIATION
AMORTISATION (USD ' MILLION)**



	2018	2017	2016
Total Raise bore rigs	149	107	105
Utilization %	61%	69%	73%
ARPOR* (USD)	121 531	110 937	111 040
Total Slim rigs	30	34	33
Utilization %	68%	77%	55%
ARPOR* (USD)	70 430	63 597	74 280

* Average Revenue Per Operating Rig per month

ARPOR SUMMARY PER ANNUM



PROFIT AFTER TAX (USD ' MILLION)



	2018 USD 'million	2017 USD 'million	Comment
Assets			
Total non-current assets	157.7	133.2	Two new business combinations
Total current assets	108.7	103.7	Working capital ratio improved from 126.3 to 119.1
Total assets	266.4	236.9	
Equity			
Equity	155.1	153.0	
Non-controlling interest	9.0	8.3	
Total equity	164.1	161.3	
Liabilities			
Total non-current liabilities	61.2	47.1	Gearing ratio of 16.2%
Total current liabilities	41.1	28.5	Healthy current ratio of 2.65
Total liabilities	102.3	75.6	
Total equity and liabilities	266.4	236.9	

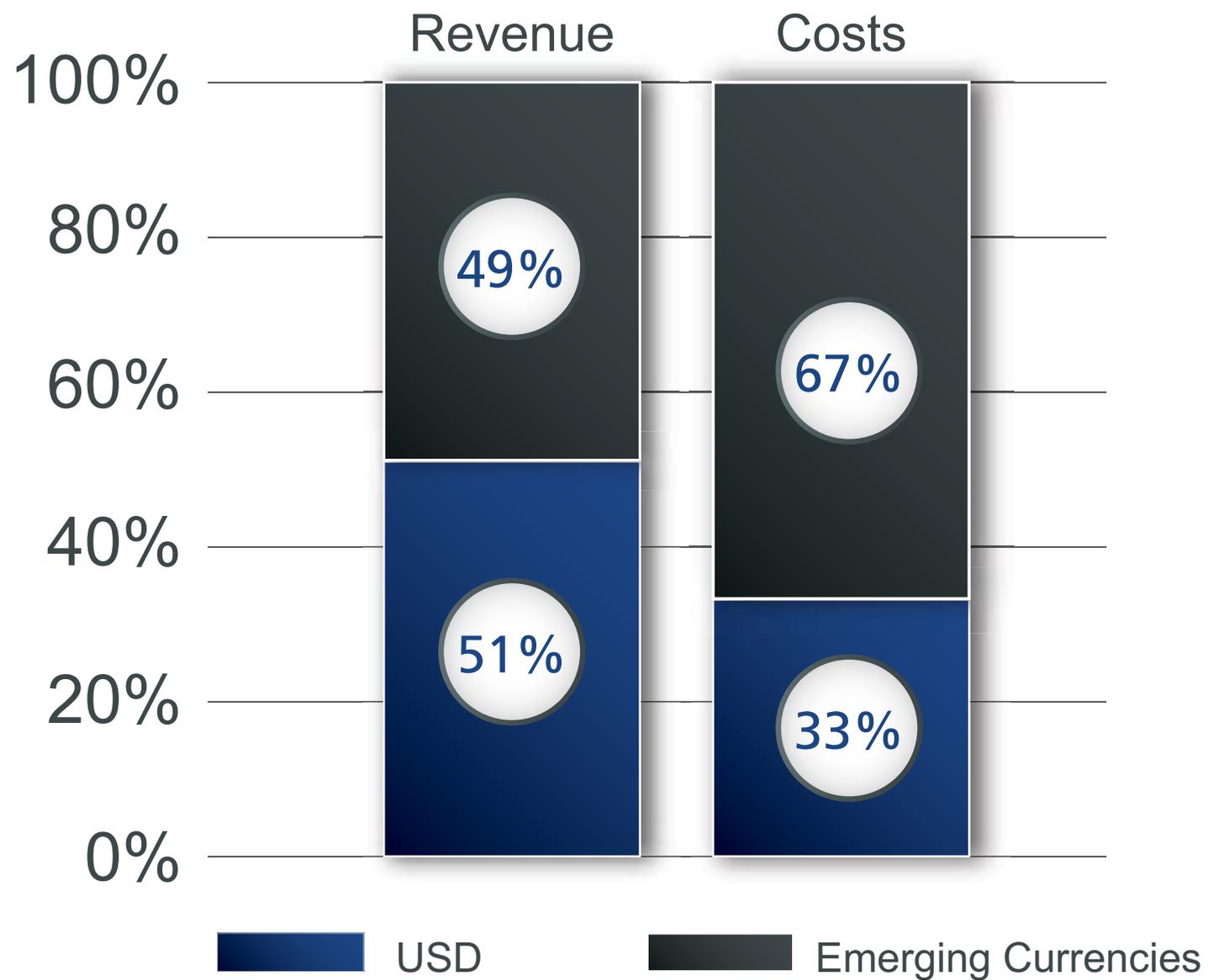
STATEMENT OF FINANCIAL POSITION

	2018	2017
	USD 'million	USD 'million
Revenue	138.7	121.4
Cost of sales	(95.1)	(76.8)
Gross profit	43.6	44.6
Other operating income	5.9	3.7
Other operating expenses	(25.8)	(23.4)
Operating profit	23.7	24.9
Investment revenue	0.7	0.5
Finance costs	(2.8)	(2.9)
Share of profit from equity accounted investment	(0.0)	(0.0)
Profit before taxation	21.5	22.6
Taxation	(4.0)	(5.1)
Profit for the year	17.5	17.5

	Explanation\Comment
Revenue	Two new business combinations
Cost of Sales	Increased in line with increased revenue
Other operating expenses	Increased due to additional business combinations
Profit for the year	Fair results considering challenging operating environment

STATEMENT OF COMPREHENSIVE INCOME

2019



	USD' million
Negative impact on profit before taxation	(1.19)

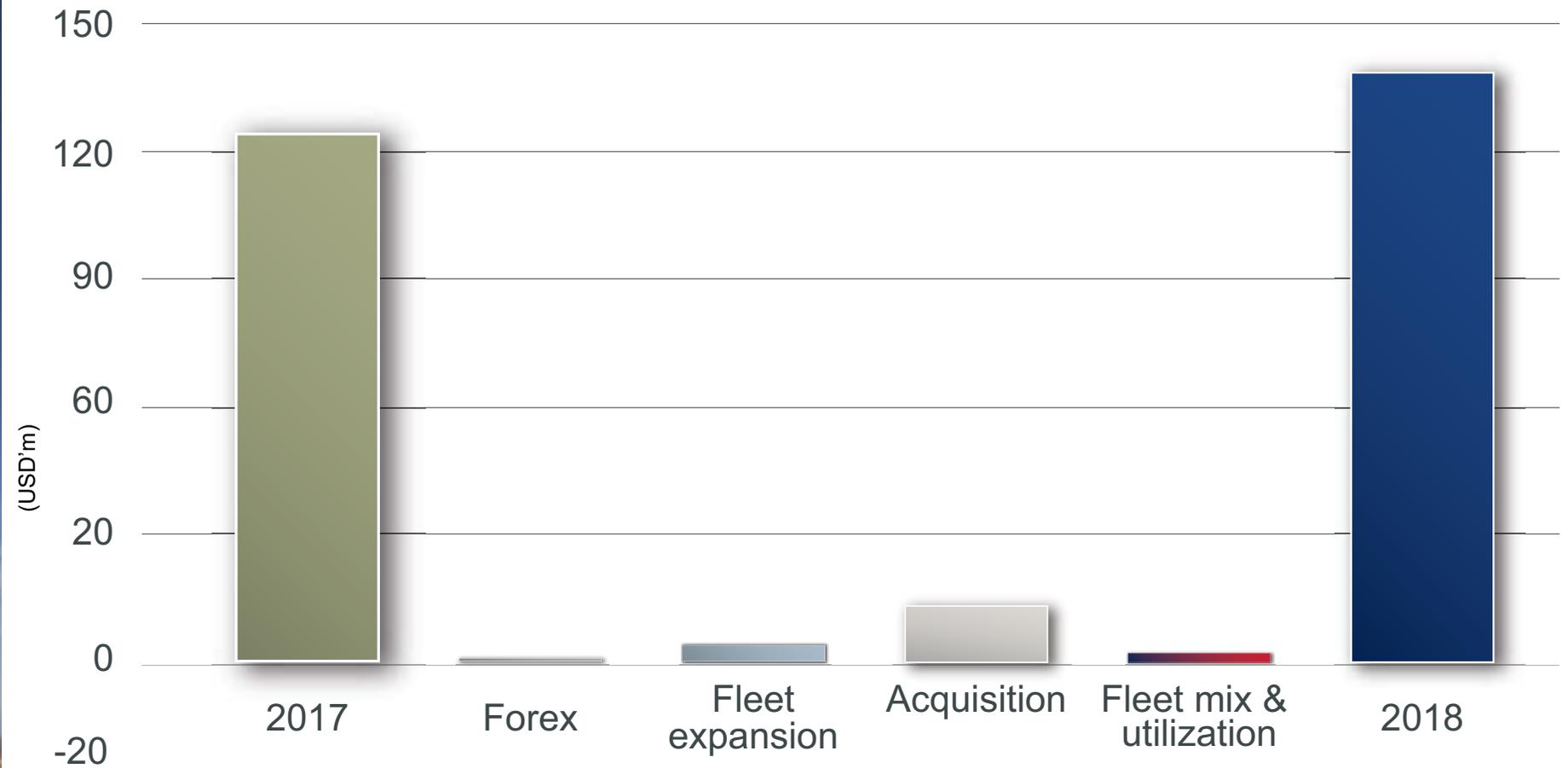


IMPACT OF CURRENCY ON PROFIT BEFORE TAXATION



	2018	2017	Comment
	USD 'million	USD 'million	
Net cash from operating activities	19.4	25.0	Addition of new geographies and client base
Net cash from investing activities	(33.0)	(15.3)	Two new business combinations
Net cash from financing activities	9.7	9.4	USD20 million drawn down on facility
Total cash movement for the period	(3.9)	19.1	
Cash at the beginning of the period	40.2	20.4	
Effect of exchange rate movement on cash balances	(3.0)	0.7	
Total cash at the end of the period	33.3	40.2	Sufficient cash for future growth opportunities

STATEMENT OF CASH FLOWS



Revenue - 2017	121.4
Forex	0.1
Fleet Expansion	2.5
Acquisition	13.2
Fleet Mix and Utilisation	1.5
Revenue - 2018	138.7

REVENUE WATERFALL BREAKDOWN (USD ' MILLION)



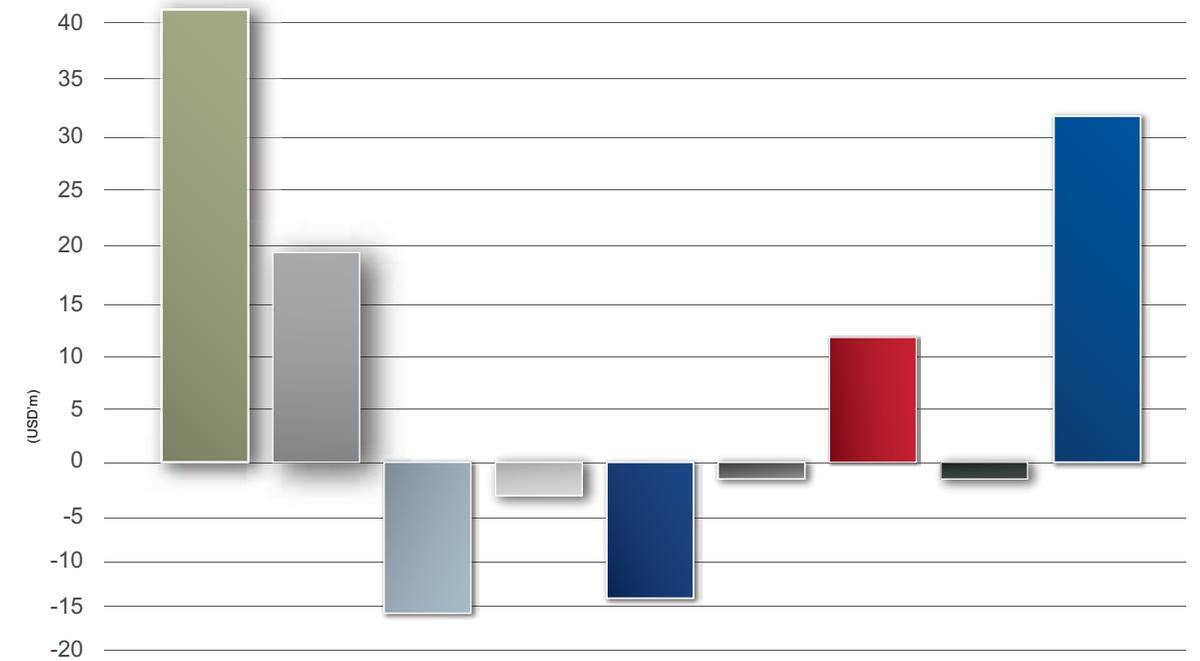
Working Capital Breakdown	2018	2017	Movement
Inventory	25.8	23.9	(1.9)
Trade and Other Receivables	48.2	38.6	(9.6)
Trade and Other Payables	28.7	20.1	8.6

WORKING CAPITAL BREAKDOWN (USD ‘ MILLION)



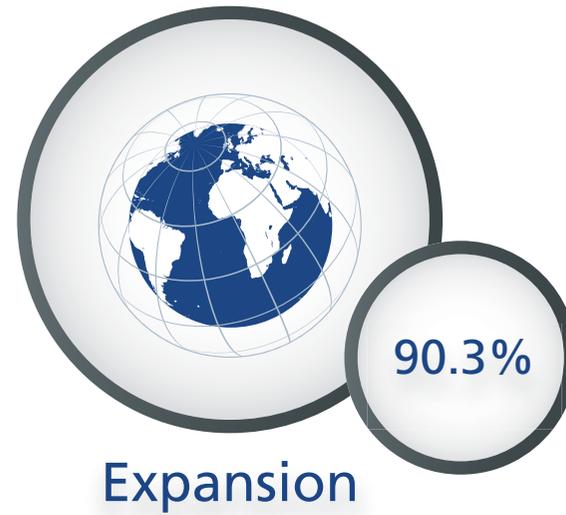
	2018	2017
Return on Capital Employed (EBITDA)	14.6%	14.9%
Working Capital Ratio (Days)	119.1	126.3
Gearing Ratio (Net of Cash)	16.2%	2.4%

BALANCE SHEET RATIOS



	2018
Cash at beginning of period	40.2
Cash from operation activities	19.4
Net acquisition of property, plant & equipment	(16.0)
Dividends paid	(3.1)
Acquisition of subsidiary	(14.7)
Acquisition of associate	(2.6)
Net movement in Financial Liabilities	12.9
Other	(2.8)
Cash at end of period	33.3

CASH FLOW WATERFALL (USD ‘ MILLION)



Plant and Machinery	96%
Buildings	1%
Motor Vehicles	2%
IT Equipment	1%

CAPITAL SPEND

- 
- **Healthy pipeline of USD578.6 million**
 - **Stable orderbook of USD203.6 million**
 - **Geographical footprint expansion**
 - **Opportunities beyond mining industry**
 - **Mobile Tunnel Borer**
 - **Blind Shaft Boring System**

IN CLOSING



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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

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

COMPANY SECRETARY

Andrew Beaven

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South Africa

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(Registration number: 1969/004763/06)

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South African member of BDO International

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2196

South Africa

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(Registration number: 2004/003647/07)

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CORPORATE INFORMATION



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Master Drilling posts information that is important to investors on the main page of its website at www.masterdrilling.com and under the “investors” tab on the main page. The information is updated regularly and investors should visit the website to obtain important information about Master Drilling.

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