

15 AUGUST 2018

BARMINCO RESULTS PRESENTATION

In connection with the proposed strategic acquisition of Barmenco announced today, Ausdrill attaches a copy of Barmenco's FY 18 Business Results Presentation released by Barmenco Finance Pty Ltd (SGX:XT) to the Singapore Stock Exchange on 14 August 2018.

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TO MINING**



FY18 RESULTS PRESENTATION

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INTRODUCTIONS

Paul Muller

Chief Executive officer



- Paul Muller was appointed Chief Executive officer in 2017 and has over 20 years' experience in the resources sector
- Prior to joining Barmenco, Paul held leadership roles, including Managing Director of Consolidated Minerals' (Consmin) Australia business, General Manager positions at Leighton Contractors and BHP Billiton Iron Ore, and most recently Executive General Manager of Asia and Africa operations at Thiess, the world's largest contract miner.

Peter Bryant

Chief Financial Officer and Company Secretary



- Peter Bryant was appointed Chief Financial Officer in 2013 and has over 25 years of financial and company secretarial experience
- Prior to joining Barmenco, Peter held leadership roles, including Chief Financial Officer and Company Secretary, at Seven West Media and engineering and development group GRD Limited, both of which were in the ASX 100.
- Peter is a Chartered Accountant, he commenced his career with Ernst & Young working in Australia, UK and USA

FY18 SUMMARY

- Industry-leading safety performance continuing to improve
 - Lost time injury frequency rate of zero
 - Total recordable injury frequency rate of 7.1 reduced by 36% from PCP
- Financial outcomes underpinned by excellent operational performance
 - Productivity and equipment utilisation continuing to improve
 - Leveraging technology to improve safety, productivity and reduce costs
- Delivering for our customers
 - Strong performance across all projects, scope increasing at key projects
 - New contracts awarded – Mt Colin and Siou (in AUMS)
 - Contract extension negotiations well advanced – Sunrise Dam, Nova and Agnew
- Strong financial performance
 - FY18 proportionally consolidated EBITDA of \$167.5M up 44% on PCP
 - FY18 ROCE of 43%⁽¹⁾ significant improved

(1) ROCE equals EBIT / Average (PP&E + net working capital + AL/LSL)

PROPORTIONALLY CONSOLIDATED P&L (BARMINCO AND 50% SHARE OF AUMS)

- Proportionally consolidated trading result reflects solid growth in both Barmenco and AUMS earnings
- Trading EBITDA up 43.7%
- Trading EBIT up 112.6%

	Jun-18			Jun-17		
	Barmenco A\$M	AUMS 50% A\$M	TOTAL A\$M	Barmenco A\$M	AUMS 50% A\$M	TOTAL A\$M
Revenue	586.1	145.8	731.9	601.7	89.4	691.1
Costs	468.7	95.7	564.4	515.4	59.1	574.5
Trading EBITDA	117.4	50.1	167.5	86.3	30.3	116.6
Depreciation and Amortisation	58.2	18.5	76.7	62.9	11.0	73.9
Trading EBIT	59.2	31.6	90.8	23.4	19.3	42.7
Onerous Contract	-	-	-	3.7	-	3.7
Redundancy Costs	1.1	-	1.1	0.3	-	0.3
EBIT	58.1	31.6	89.7	19.4	19.3	38.7

FY18 BARMINCO AUDITED RESULTS

- Trading EBITDA up 36% on PCP
- Trading EBITDA margin at 20%
- EBIT up 199.5% on PCP
- Barminto's strong performance in FY18 was driven by:
 - Strong operating performance across all sites
 - Scope expansions at a number of key sites
- Barminto FY17 earnings impacted by Kundana and Rampura Agucha contracts. Since rectifying these issues Barminto's margins in FY18 have returned to historical levels

	H1 \$M	H2 \$M	FY18 \$M	FY17 \$M
Revenue				
Mining	257.4	272.3	529.7	551.4
Diamond drilling	23.7	26.1	49.8	45.1
Other	1.3	5.3	6.6	5.2
Total revenue	282.4	303.7	586.1	601.7
Project costs	229.9	241.6	471.5	520.3
Project EBITDA				
Mining	49.5	57.9	107.4	75.8
Diamond drilling	2.7	4.1	6.8	5.3
Other	0.3	0.1	0.4	0.3
EBITDA – projects	52.5	62.1	114.6	81.4
Shared services costs				
Operational & admin services	15.2	16.7	31.9	31.3
Shared services allocation	(16.8)	(17.9)	(34.7)	(36.2)
Trading EBITDA¹	54.1	63.3	117.4	86.3
Trading EBITDA %	19.1%	20.9%	20.0%	14.3%
Redundancies	0.9	0.2	1.1	0.3
Adjusted Trading EBITDA	53.2	63.1	116.3	86.0
Depreciation and Amortisation	29.3	28.9	58.2	62.9
Trading EBIT (Pre Redundancies)	24.8	34.4	59.2	23.4
Trading EBIT %	8.8%	11.3%	10.1%	3.9%
Onerous contract expense	-	-	-	3.7
Redundancies	0.9	0.2	1.1	0.3
EBIT	23.9	34.2	58.1	19.4
Share of profit from equity accounted investments, net of tax	9.2	14.2	23.4	14.4
Financing costs, net	(22.6)	(21.1)	(43.7)	(95.4)
Income tax benefit/(expense)	0	12.9	12.9	(32.2)
Reported NPAT	10.5	40.2	50.7	(93.8)
One-off items				
HYB Refinance Transaction Costs	-	-	-	45.7
Tax expense/(benefit) – Non-cash	-	(13.1)	(13.1)	30.7
Underlying NPAT	10.5	27.1	37.6	(17.4)

(1) Trading EBITDA represents earnings before income tax (expense) benefit, finance costs, depreciation & amortisation, share of associates profit, onerous provision and redundancies expense

SUMMARY OF RESULTS - AUMS

(BARMINCO 50% SHARE)

- EBITDA up 65.3% with solid margins
- AUMS strong performance in FY18 was driven by:
 - The ramp-up of the Geita and Subika projects
 - Continued strong operating performance from existing contracts

Barmenco 50% Share of AUMS	H1 FY18 A\$M	H2 FY18 A\$M	FY18 A\$M	FY17 A\$M
Revenue	66.6	79.2	145.8	89.4
EBITDA	21.5	28.6	50.1	30.3
<i>EBITDA %</i>	<i>32.3%</i>	<i>36.1%</i>	<i>34.4%</i>	<i>33.9%</i>
Depreciation	8.1	10.4	18.5	11.0
EBIT	13.4	18.2	31.6	19.3
<i>EBIT %</i>	<i>20.1%</i>	<i>22.3%</i>	<i>21.7%</i>	<i>21.6%</i>
Net interest	0.5	0.8	1.3	0.6
Tax	3.6	3.8	7.4	5.9
NPAT	9.3	13.6	22.9	12.8
Elimination entries and adjustments (AUD)	(0.1)	0.6	0.5	1.6
Equity accounted share of profits (AUD)	9.2	14.2	23.4	14.4

BALANCE SHEET

(BARMINCO)

- Strong liquidity – in excess of \$200M
 - Cash on hand of \$80.3M
 - Revolving credit facility of \$75M which is effectively undrawn
 - Over \$50M of HP capacity

Barmenco Available Liquidity (Jun-18)	Maximum Availability \$M	Amount Drawn \$M	Current Availability \$M
Cash	80.3	0.0	80.3
High Yield Bonds	468.0	468.0	0.0
Revolving Credit Facility ¹	75.0	3.6	71.4
Hire Purchase Post HYB Facility	75.0	23.1	51.9
Total	698.3	494.7	203.6

(1) No cash currently drawn, however \$3.6M of bank guarantees and transaction banking facilities have been applied against this balance

		Jun-18 \$M	Jun-17 \$M
Current assets	Cash and cash equivalents	80.3	77.9
	Trade and other receivables	83.5	79.1
	Inventories	20.7	18.8
	Other	2.7	4.0
	Total current assets	187.2	179.8
Non-current assets	Property, plant & equipment	124.9	124.3
	Intangible assets	259.0	259.8
	Investments accounted for using the equity method (AUMS)	71.2	58.4
	Deferred tax asset	63.3	47.6
	Other non-current assets	1.0	1.9
	Total non-current assets	519.4	492.0
Total assets		706.6	671.8
Current liabilities	Trade, other payables	72.6	78.9
	Borrowings	13.2	11.8
	Employee benefits	25.8	26.4
	Provisions	-	4.1
	Total current liabilities	111.6	121.2
Non-current liabilities	Borrowings	479.5	476.0
	Derivative financial instruments	19.6	23.7
	Employee benefits	1.7	4.1
	Total non-current liabilities	500.8	503.8
Total liabilities		612.4	625.0
Net assets		94.2	46.8

CASH FLOW

(BARMINCO)

- Barminco generated strong operating cash flows in FY18, with margins returning to historical levels
- AUMS dividends of A\$13.1M received in FY18 (FY17: \$20.7M). The reduced dividend is a result of increased investment to support the start-up of a new contract and forecasted growth
- Barminco used less HP funding for capital expenditure in FY18 relative to FY17, reflecting the strong operating cash flow generation of the business
- Working capital movement is largely due to the timing of payments received for year end debtors with 30 June falling on a Saturday

	Jun-18 \$M	Jun-17 \$M
Trading EBITDA	117.4	86.3
Redundancies	(1.1)	(0.3)
Movement in Working Capital/Other	(20.0)	(7.5)
Sub Total	96.3	78.5
Capital Expenditure (net of disposals)	(48.7)	(29.3)
Dividends from AUMS	13.1	20.7
Proceeds/(payments) from Reset of Cross Currency Interest Rate Swaps	-	(0.4)
Repurchase of High Yield Bonds	-	(414.4)
Finance/HP Lease Payments	(18.3)	(13.3)
Redemption Premium	-	(31.3)
Fees paid for refinance	-	(30.3)
Proceeds from High Yield Bond Issue	-	469.1
Interest (Net)	(39.6)	(42.0)
Tax	(0.2)	-
Cashflow	2.4	7.3
Opening Cash	77.9	70.6
Closing Cash	80.3	77.9

CAPITAL EXPENDITURE

(BARMINCO EXCLUDING AUMS)

- 90% of capex funded via cash
- Growth capex relates to:
 - Dugald River
 - Sunrise Dam
 - Nova Bollinger
- Proceeds from sale of PPE include assets sold to MMG as part of the Rosebery contract transition

	Jun-18 \$M	Jun-17 \$M
Growth – Kundana	-	30.1
Growth – Other	23.0	22.6
Stay in business – Kundana	-	0.8
Stay in business – Other	41.0	34.6
Total capital expenditure	64.0	88.1

Reconciliation to Cash Capital Expenditure	Jun-18 \$M	Jun-17 \$M
Total capital expenditure (as per breakdown above)	64.0	88.1
Less: Capital expenditure funded by HP	(6.9)	(34.2)
Less: Capital expenditure funded by finance lease with Northern Star JV	-	(17.9)
Total capital expenditure (funded with cash)	57.1	36.0
Less: Proceeds from sale of PPE	(8.4)	(6.7)
Cash capital expenditure (net of disposals)	48.7	29.3

MAJOR MINING CONTRACTS CONTRIBUTING TO FY18 RESULTS

BARMINCO

PROJECT	ULTIMATE CLIENT	COMMODITY	LOCATION	COMMENCEMENT	CONTRACT MATURITY
Sunrise Dam	AngloGold Ashanti	Au	WA	2003	FY19*
Flying Fox	Western Areas	Ni	WA	2004	FY20
Spotted Quoll	Western Areas	Ni	WA	2011	FY20
Sukari	Centamin	Au	Egypt	2009	FY22
Agnew	Gold Fields	Au	WA	2010	FY19*
Dugald River	MMG	Zn	QLD	2012	FY21
Rosebery	MMG	Zn	TAS	2004	FY18
Nova Bollinger	Independence Group	Ni	WA	2015	FY19*
Rampura Agucha	Hindustan Zinc	Zn	India	2016	FY19*

AUMS

PROJECT	ULTIMATE CLIENT	COMMODITY	LOCATION	COMMENCEMENT	CONTRACT MATURITY
Geita Complex	AngloGold Ashanti	Au	Tanzania	2016	FY19*
Yaramoko	Roxgold Inc	Au	Burkina Faso	2015	FY21
Subika	Newmont	Au	Ghana	2017	FY22
Siou	Semafo	Au	Burkina Faso	2018	FY23

*Contract extension under negotiation

BUSINESS OUTLOOK

- All projects currently performing well
- Focus on continuing to deliver strong physicals, operating efficiencies and leading safety performance
- Tender pipeline strong and tender activity has increased
- EBITDA growth expected in FY19