

# IMDEX

## FY19 Results Presentation

19 AUGUST 2019

BERNIE RIDGEWAY – MANAGING DIRECTOR  
PAUL EVANS – CHIEF FINANCIAL OFFICER & COMPANY SECRETARY  
PAUL HOUSE – CHIEF OPERATING OFFICER

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**IMDEX**<sup>TM</sup>

A leading global  
Mining-Tech company.

Enabling successful  
and cost-effective  
operations, from  
exploration to production.



# IMDEX at a Glance

A leading global Mining-Tech company



Outperforming  
market growth

Exciting pipeline of  
new technologies

Compelling  
opportunities for  
sustainable revenue  
and earnings  
growth

REVENUE CAGR

**19%**

EBITDA CAGR

**37%**

FY17 – FY19

FY19 EBITDA MARGIN

**21%**

BALANCE SHEET –  
STRONG NET CASH  
POSITION

**\$23.2m**

AS AT 30 JUNE 2019

STRONG MARKET  
PRESENCE ON

**70%**

OF MINERAL RIGS  
GLOBALLY

SALES IN 102  
COUNTRIES

MINING VALUE CHAIN –  
ONLY COMPANY  
WITH END-TO-END  
TECHNOLOGY  
PORTFOLIO

MARKET CAP

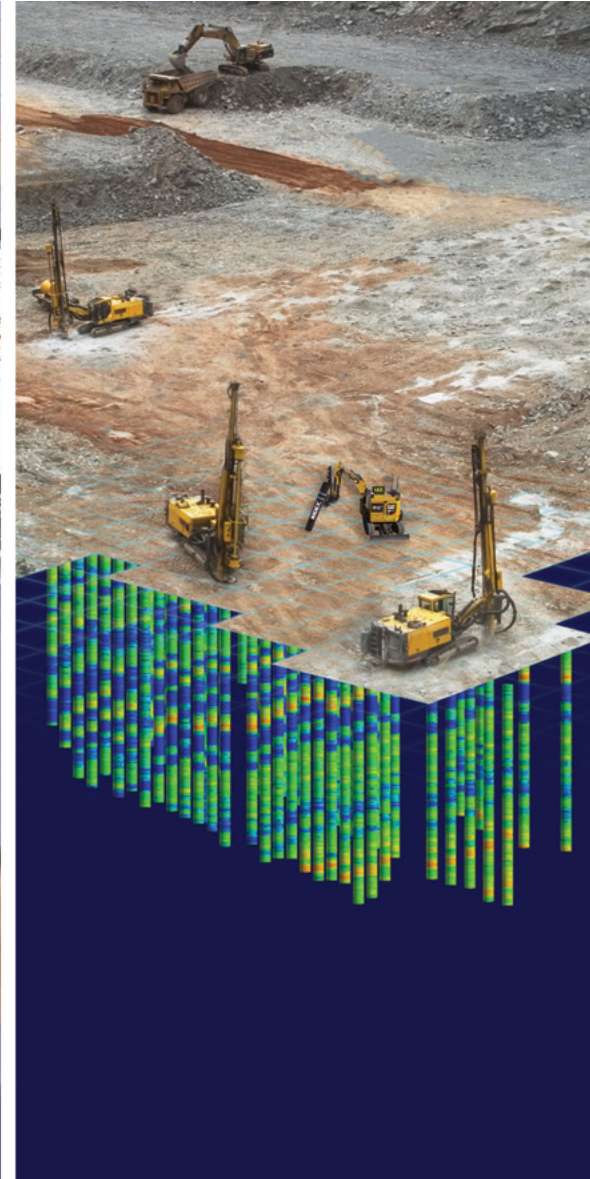
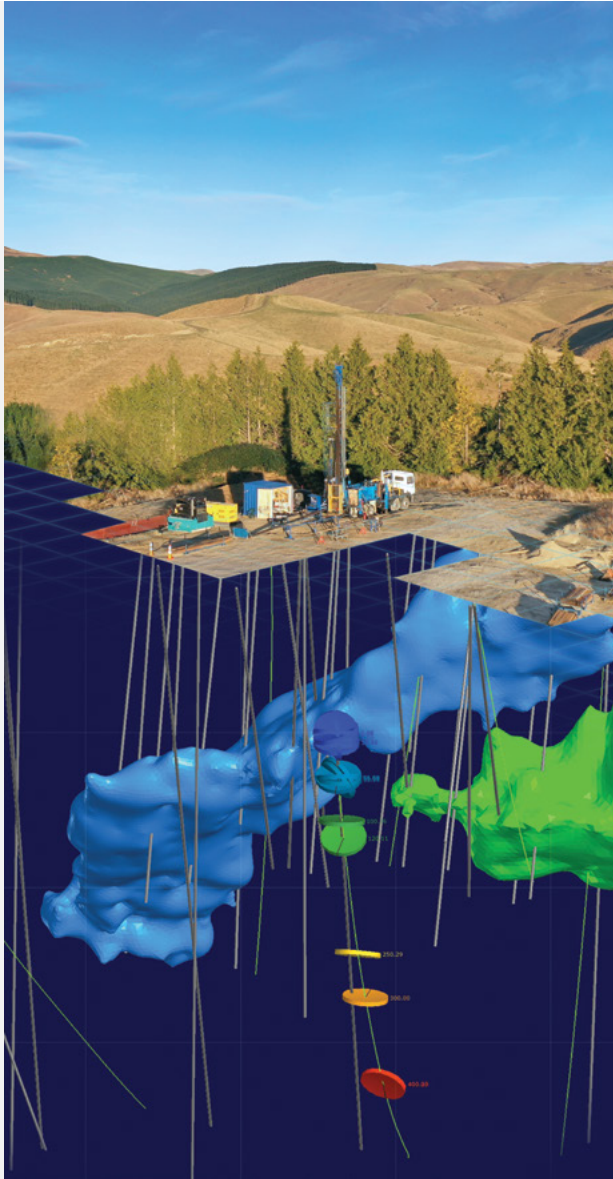
**\$494.4m**

67% OF REGISTER IS  
INSTITUTIONAL  
INVESTORS

AS AT 30 JUNE 2019

# What Our Technologies Do

## Secure real-time decision making



Helping clients hit targets and make critical decisions

# What Our Technologies Do

## Enable successful cost-effective operations



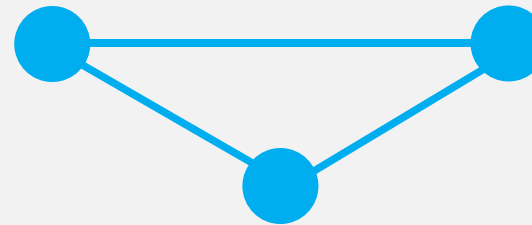
We develop cloud-connected devices and drilling optimisation products to improve the process of identifying and extracting mineral resources globally.

“It’s about drilling faster and smarter and knowing your rocks in real-time.”

DR MICHELLE CAREY  
GENERAL MANAGER  
IMDEX PRODUCT DEVELOPMENT

### Drilling Faster & Smarter

- Drilling productivity and rig alignment technologies
- Automated and remote drilling fluid testing technologies
- Data collection and paperless reporting software



### Accurate Subsurface Data

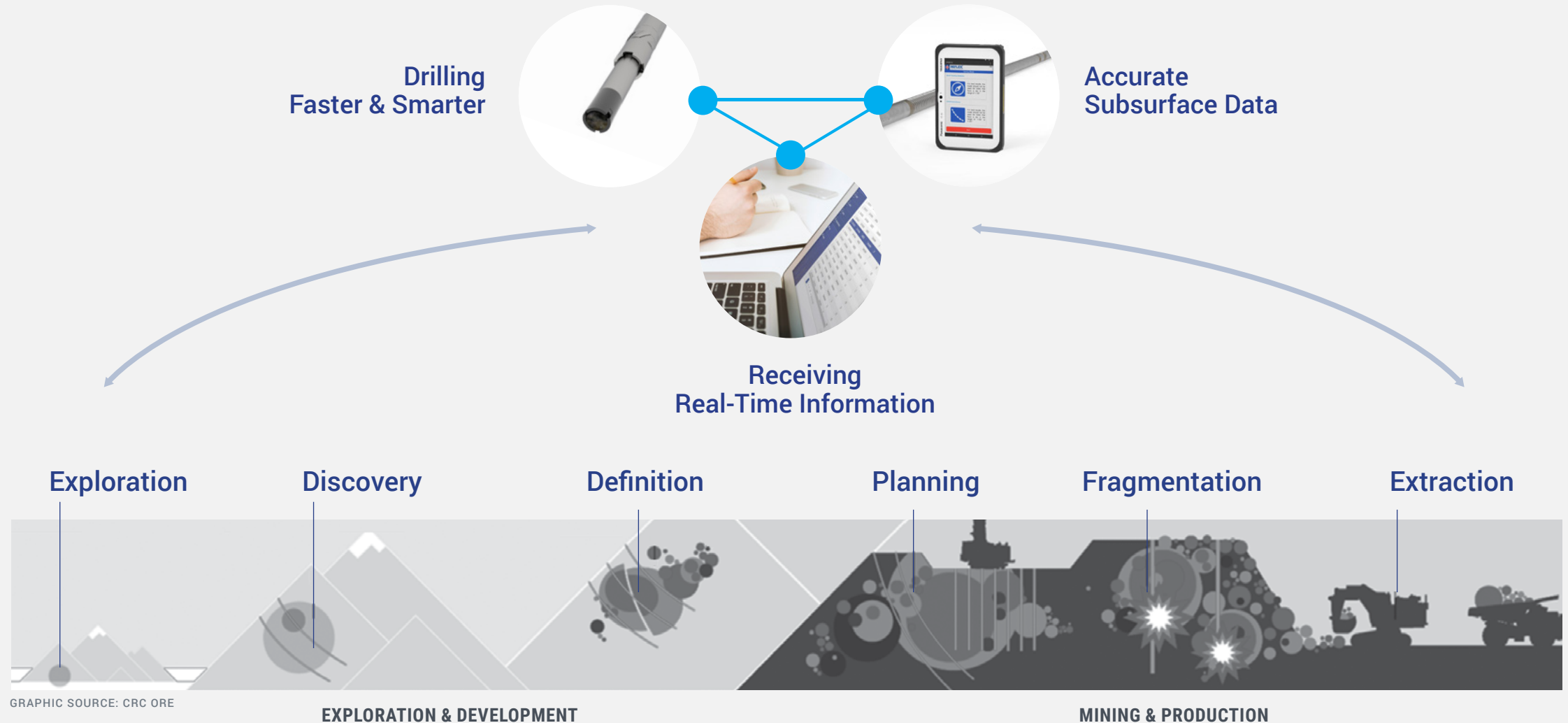
- Downhole survey sensors
- Core orientation and gamma logging technologies
- In-field sampling and analysis technologies

### Receiving Real-Time Information

- Secure cloud-based services
- Real-time subsurface visualisation
- Interpretive software – geological data

# Technology Portfolio & Data Ecosystem

Applicable across the whole mining value chain



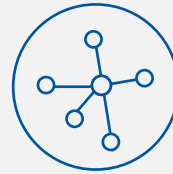


# FY19 Highlights

Strong performance and a positive outlook



**Record revenue – up 12% and EBITDA – up 23%**



**On track to commercialise new drilling productivity and mining technologies in 2H20**



**Fully-franked final dividend of 1.4 cents per share**



**COREVIBE™ units on rent in 1Q20**



**Robust balance sheet with a strong net cash position of \$23.2m – up 194%**



**Ongoing core R&D – 43% of applicable instruments are cloud-enabled, up 25% on FY18**



**Strengthened quality of rental fleet**



**Streamlined operations, digital transformation & enhanced safety performance**

# FY19 FINANCIAL REVIEW



PAUL EVANS  
IMDEX CFO & COMPANY SECRETARY



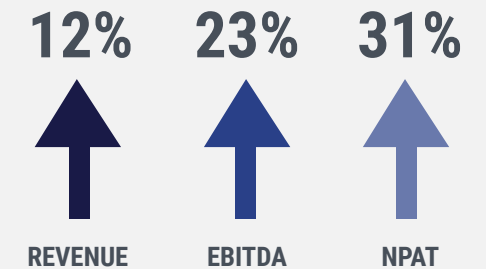
# Key Metrics

## A strong financial platform



	FY19 \$m	FY18 \$m	VAR \$m
Revenue	243.7	218.5	25.2
EBITDA	52.3	42.4	9.9
EBITDA margin %	21%	19%	2%
NPAT	27.6	21.1	6.5
EPS (cents)	7.4	5.7	1.7
Operating cash flow	35.2	15.9	19.3
Net assets	220.0	186.1	33.9
Net cash (as at 30 June)	23.2	7.9	15.3
Fully-franked interim dividend (cents)	0.8	-	0.8
Fully-franked final dividend (cents)	1.4	-	1.4
Full-time employees (no. at 30 June)	511	529	(18)

### FY19 FINANCIAL PERFORMANCE (V FY18)



### OPERATING CASH FLOW

121%

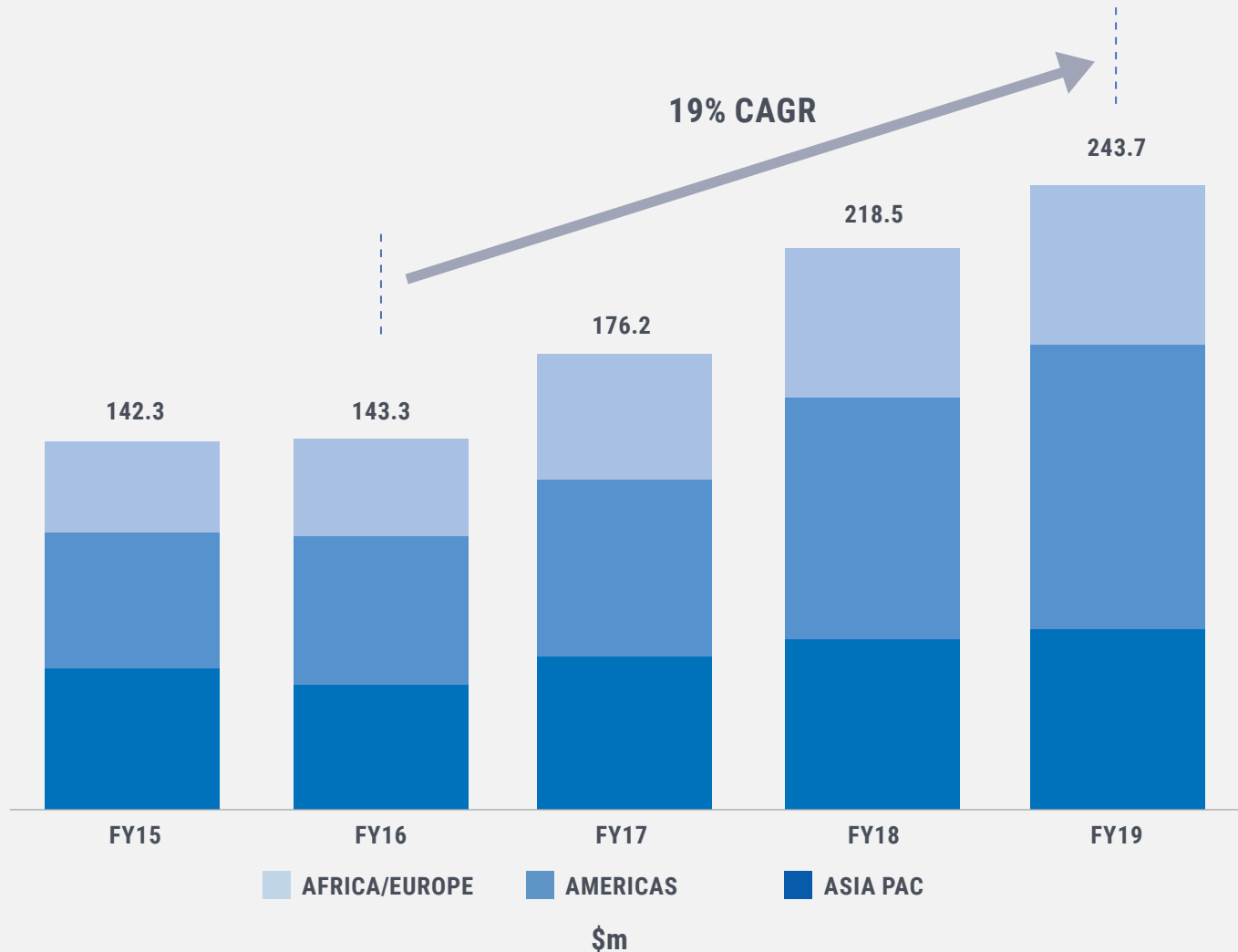


### NET CASH POSITION

**\$23.2M**

# Revenue by Region

## Record group result

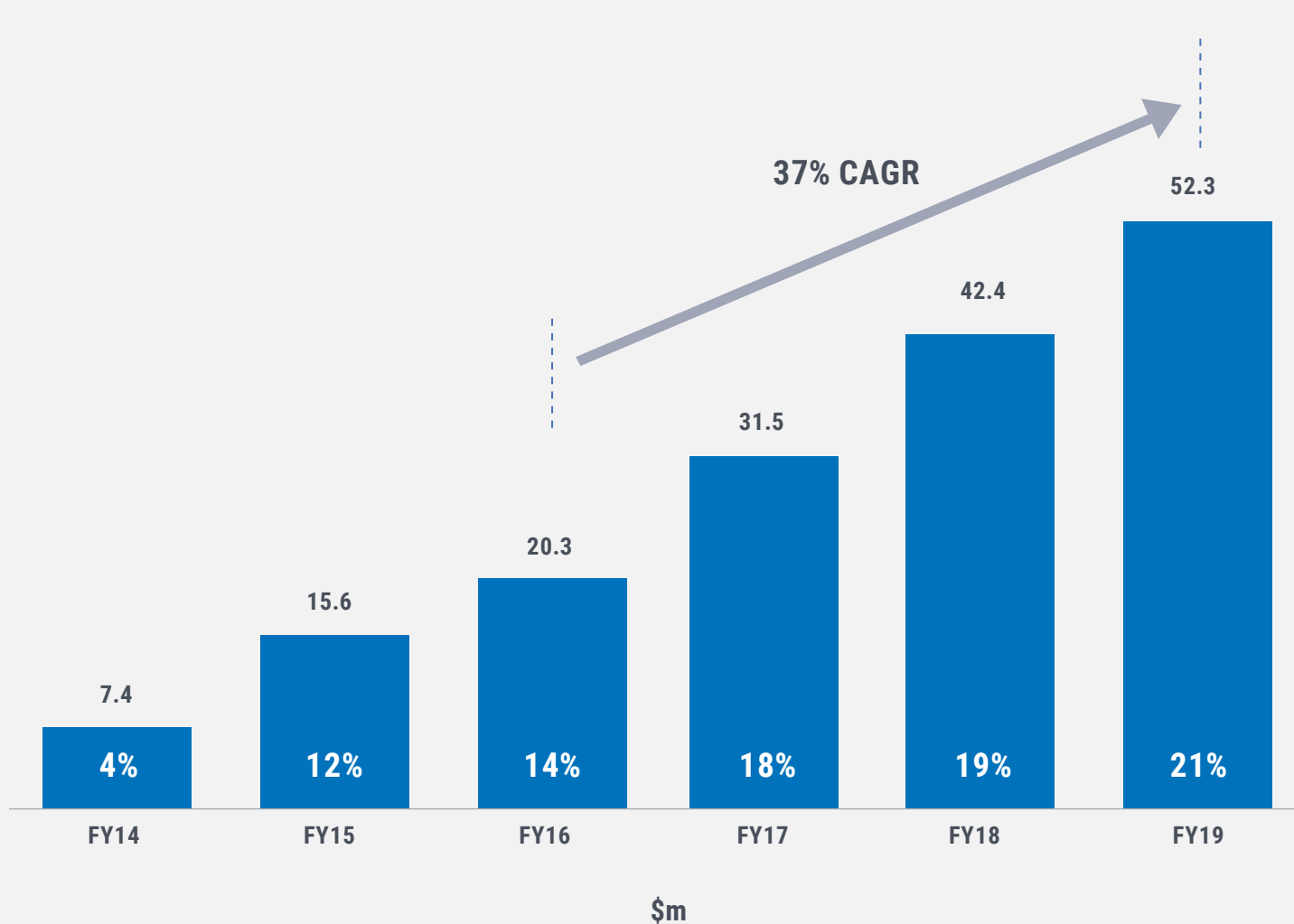


**FY19  
REVENUE UP  
12%  
ON PCP**

- Increase in revenue across all regions
- Benefiting from global presence
- Strong 1Q19 and 4Q19
- Revenue growth outpacing tool fleet growth
- A greater proportion of newer instruments in the fleet – 3 to 5x the revenue of older generation instruments

# EBITDA & EBITDA Margin %

## Driving operating leverage

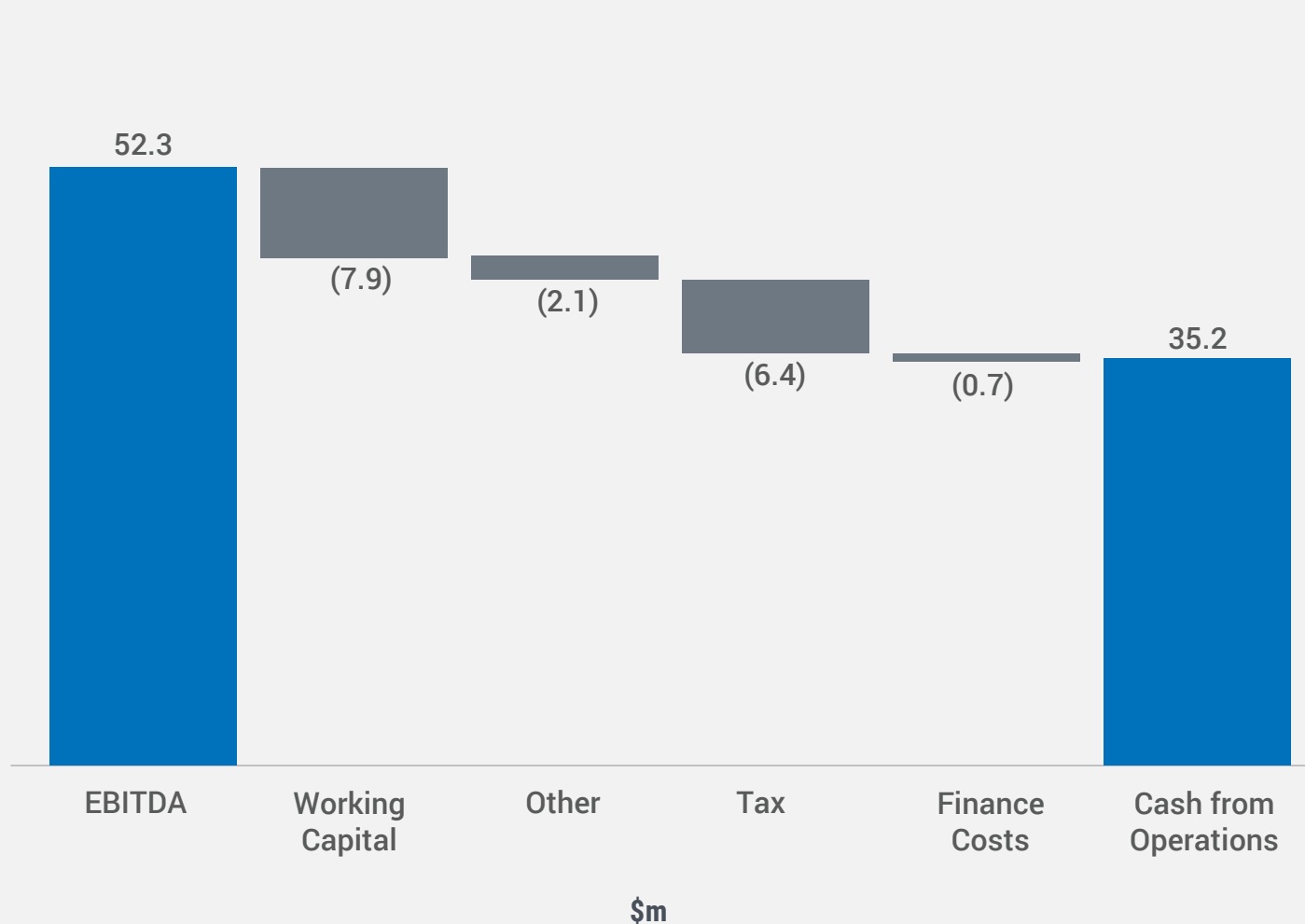


**FY19  
EBITDA UP  
23%  
ON PCP**

- Improving gross margins
- Focus on streamlining operations and internal digital transformation
- Improvement in cost base

# Reconciliation of EBITDA

## Strong cash conversion



**CASH FROM OPERATIONS UP 121% ON PCP**

- Working capital investment ratio of 34c for every incremental dollar of revenue for FY19
- In line with expectations, similar ratio expected in FY20

# Balance Sheet

## Strong net cash position

\$m	30 JUN 19	30 JUN 18
Cash	29.5	13.9
Receivables	54.7	49.3
Inventory	37.1	33.6
Fixed assets	39.4	36.5
Intangibles	59.5	59.5
Other assets / deferred tax	39.0	33.3
<b>TOTAL ASSETS</b>	<b>259.2</b>	<b>226.1</b>
Payables	25.3	26.4
Borrowings	6.3	6.1
Other liabilities, provisions	7.6	7.5
<b>TOTAL EQUITY</b>	<b>220.0</b>	<b>186.1</b>
<b>ROE</b>	<b>12%</b>	<b>14%</b>
<b>ROCE</b>	<b>15%</b>	<b>17%</b>



- Improved balance sheet strength
- Recommenced dividends
- Net assets up 18%
- Continued investment in leading technologies to drive future growth

# UPDATE ON GROWTH



PAUL HOUSE  
IMDEX COO

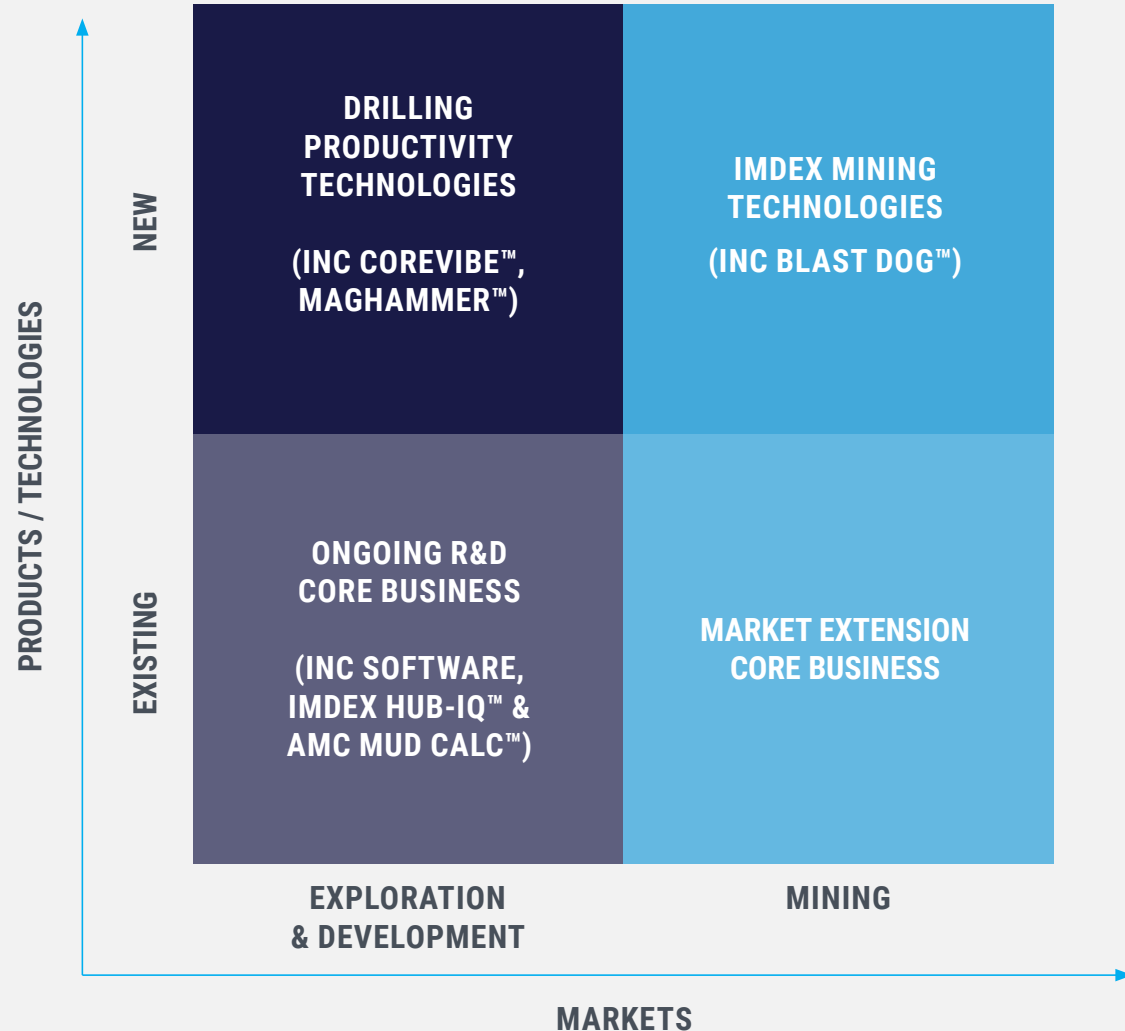
# Growth Strategy

Compelling opportunities for sustainable growth



Grow core business by: enhancing technical leadership; technical integration; and increasing share of client spend

Further extension into larger adjacent mining market to build non-cyclical revenue





# Ongoing R&D Core Business

Connecting our traditional technologies



IMDEXHUB-IQ™  
enabling secure  
real-time decision  
making

**43%**  
OF APPLICABLE  
INSTRUMENTS ARE  
CLOUD-ENABLED

UP 25% ON FY18

**49%**  
OF TOP 100 CLIENTS  
ARE CONNECTED TO  
IMDEXHUB-IQ™

CONNECTED CLIENTS  
GENERATE  
**60%**  
MORE REVENUE THAN  
NON-CONNECTED  
CLIENTS

**DATA THROUGHPUT  
IS INCREASING YOY –  
MOBILE FORMS UP**

**18%**  
ON FY18

**STRENGTHENING  
QUALITY OF RENTAL  
FLEET – FY19  
AVERAGE REVENUE  
PER TOOL UP**

**13%**  
ON FY18

**UNIQUE INTEGRATED  
IMDEX SOLUTIONS  
PROVIDE ADDITIONAL  
VALUE TO CLIENTS  
IN THE MINING VALUE  
CHAIN**

# Protecting our Future

## IP strategy to support this



- IP Strategy considers the technical advantage, the commercial benefit and legal systems to protect our revenue
- Patent filing strategy protects 80% of current and future revenue
- Protection for each core product
- Launched Global e-IP training in 2018 – YTD 97% of employees completed training
- IP an integral part of the product development stage gate process

JUNE 2019

### TRADEMARKS

**120**  
REGISTERED

**46**  
PENDING

### DOMAIN NAMES

**33**  
REGISTERED

**0**  
PENDING

### PATENTS

**82**  
REGISTERED

**88**  
PENDING

### DESIGNS

**11**  
REGISTERED

**3**  
PENDING

### BREADTH OF IMDEX PATENT FAMILIES

IMDEX  
**40**

COMPANY B  
**2**

COMPANY C  
**8**

# Drilling Productivity Technologies

## Strong industry demand



“I personally believe this technology to be the most significant change to drilling method in a long time.”

CLIENT FIELD SUPERVISOR  
COREVIBE™ TRIALS

- Pilot production commenced & COREVIBE™ units on rent 1Q20
- Further development of MAGHAMMER™ – IMDEX test site NZ
- MAGHAMMER™ client trials expected to commence 2H20
- Anticipate exercising Option to acquire Flexidrill in mid-December 2019

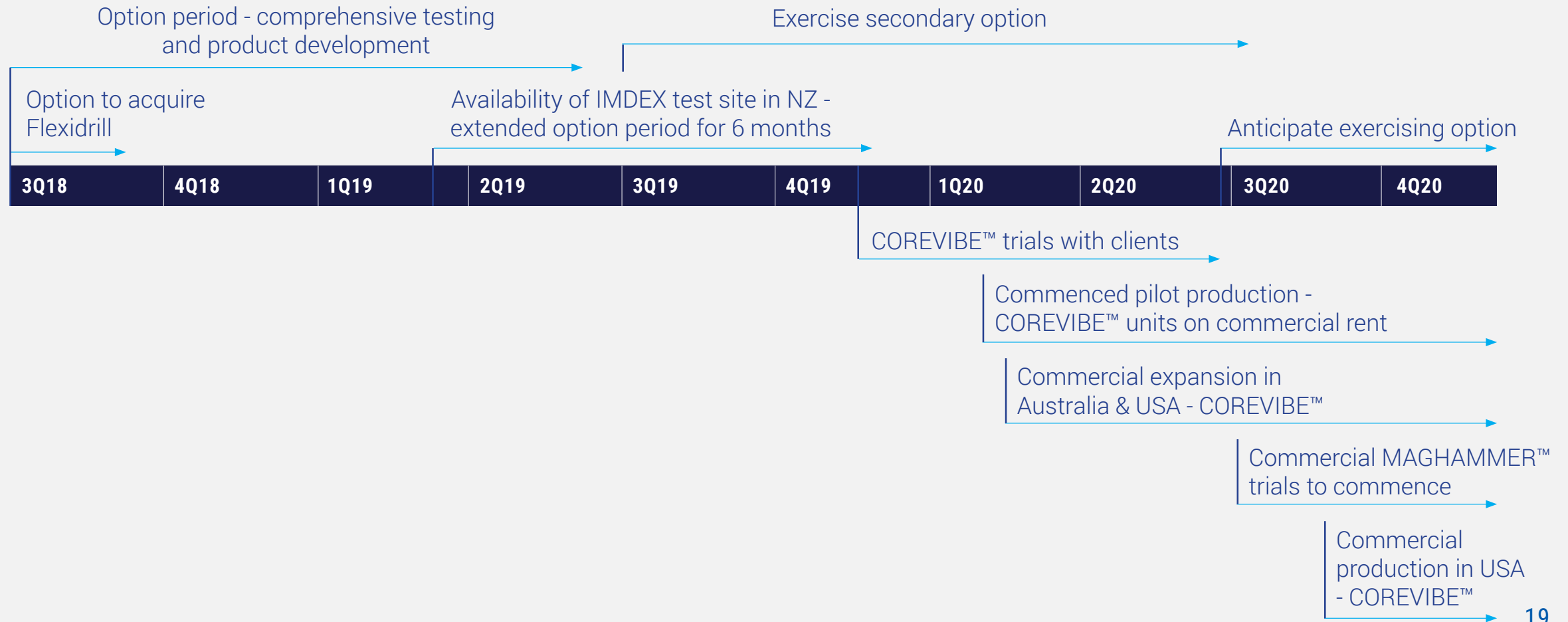


# On Track to Deliver

## Additional revenue from 1H20



### COREVIBE™ & MAGHAMMER™



# Mining Technologies

On track to increase mine to mill efficiency



- Trials in multiple commodities with global resource companies
- Successful client trials – in Nevada & QLD
- Additional trials 1H20 – Chile & Australia
- Strong support from industry partners including Anglo American, Teck Resources, Orica and METS Ignited
- Further market extension to build non-cyclical revenue

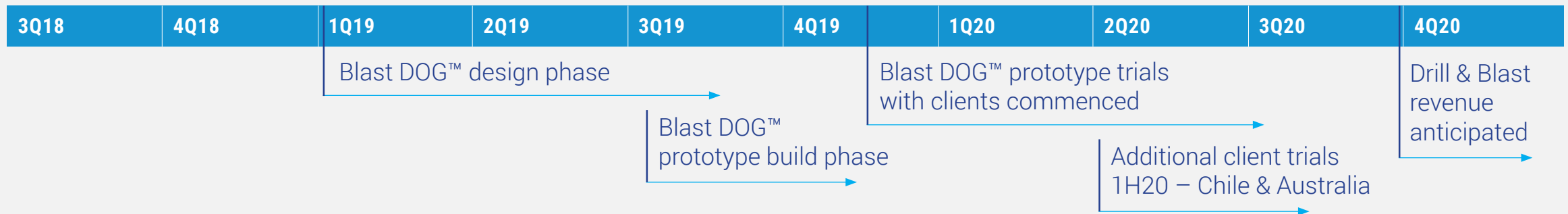


# On Track to Deliver

## Additional revenue in 2H20



### Blast DOG™



# OUTLOOK & KEY POINTS



BERNIE RIDGEWAY  
IMDEX MD



# Positive Growth Outlook

## A strong start to FY20



Mining production levels and commodity prices – support further investment in industry



Resource companies – embracing innovation and new technologies to lower cost, increase safety and achieve greater productivity



Major and intermediate resource companies – increasing expenditure to replace reserves



Conditions improving for Juniors – stronger gold price and uplift in capital raisings globally



New discoveries under cover and at depth – more drilling and longer development times



Positive start to FY20 – increasing activity reflected in IMDEX's growing instrument fleet

# Key Points

Positioned to deliver attractive returns to shareholders



- Strong financial platform and competitive advantages
- Driving sustainable earnings growth
- Positioned to benefit from increasing demand for ore body knowledge
- COREVIBE™ units on rent in 1Q20
- On track to commercialise new drilling productivity technologies in 2H20 to grow core business
- On track for further extension into mining to build non-cyclical revenue
- Positive growth outlook



# Thank you

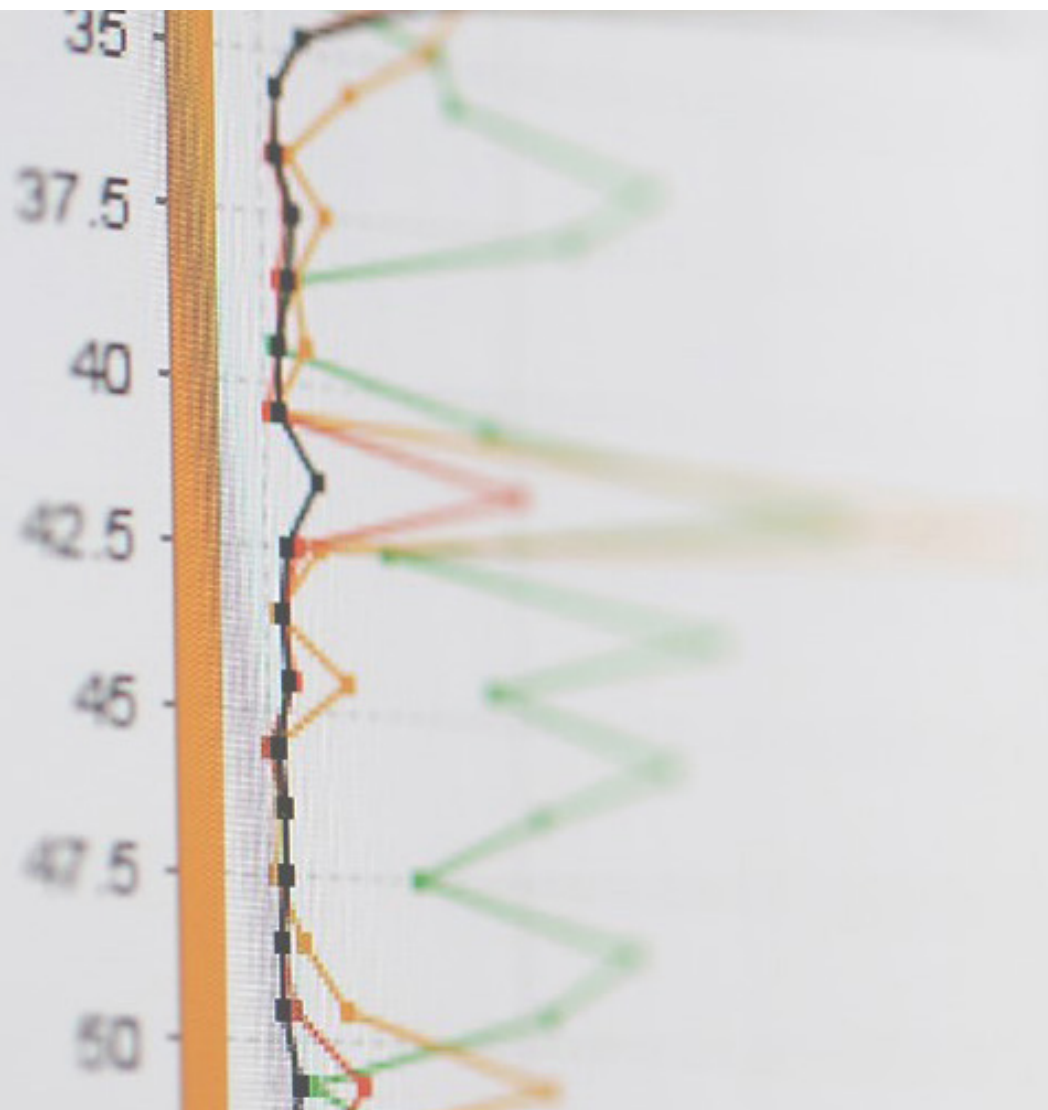
FOR FURTHER INFORMATION  
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**IMDEX**<sup>™</sup>

# Appendices



# COREVIBE™

## Significant productivity gains for clients



**HIGH FREQUENCY  
PULSE ASSISTED  
DRILLING FOR  
WIRELINE CORING  
OPERATIONS**



### TRADITIONAL DRILLING

 67 SHIFTS

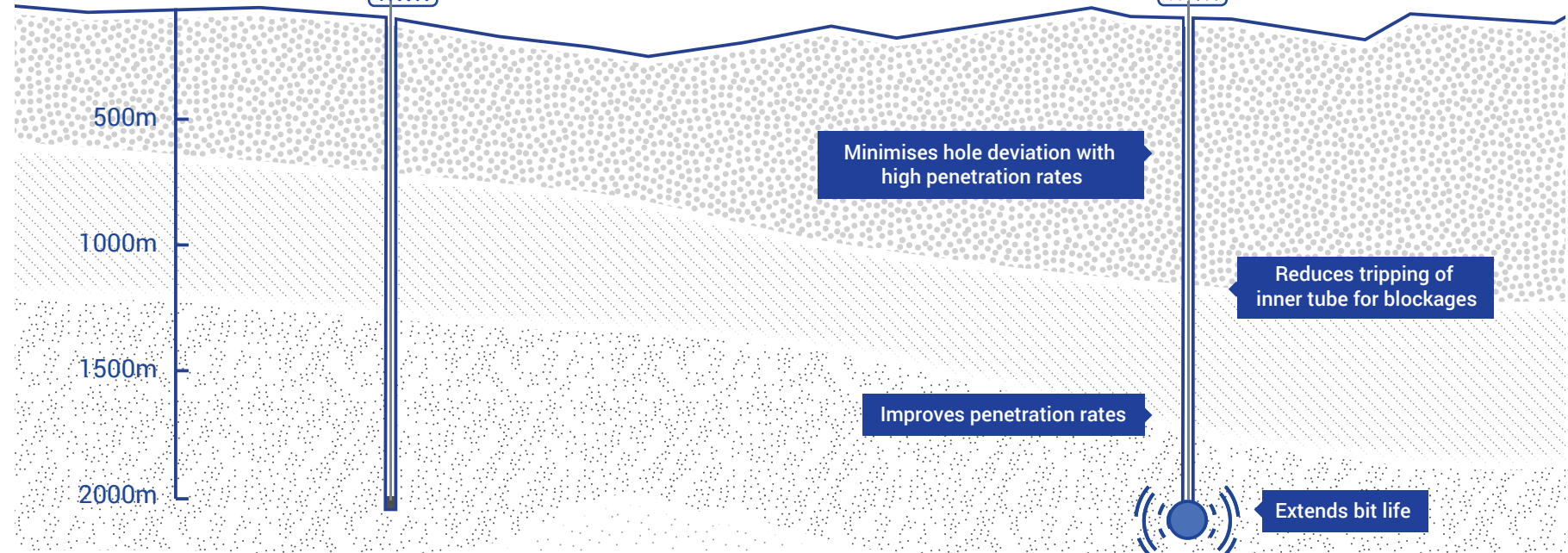


### COREVIBE™

 47 SHIFTS



UP TO 33%  
PRODUCTIVITY  
IMPROVEMENT



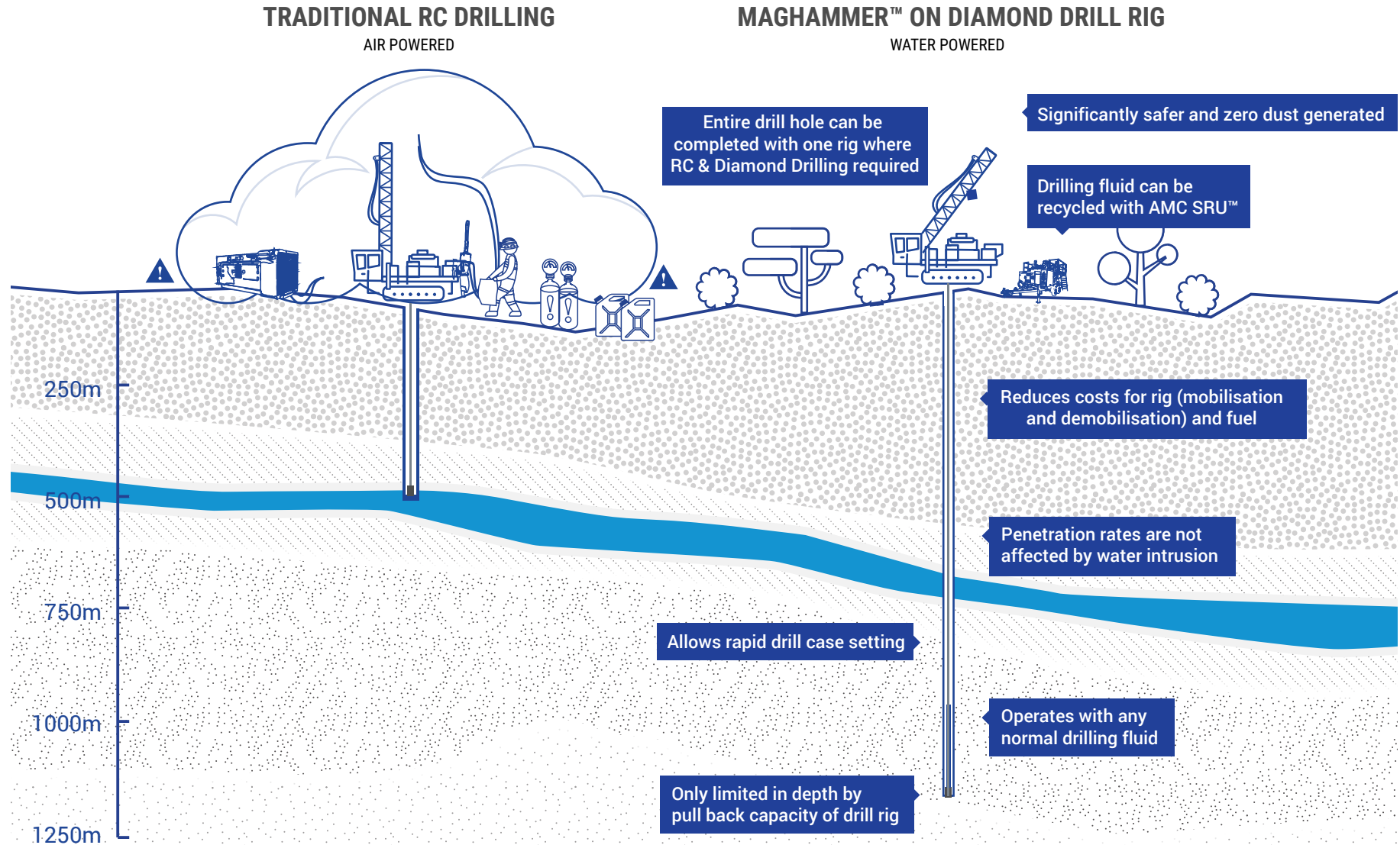


# MAGHAMMER™

## Significant productivity & safety benefits for clients



### FLUID DRIVEN PERCUSSIVE DRILLING ON A DIAMOND DRILL RIG



# Drilling Productivity Technologies

## Investment rationale



- Attractive addressable market COREVIBE™ ~ 1800 coring rigs
- Attractive addressable market for MAGHAMMER™ – initially targeting high speed pre-collar drilling through cover to the coring zone
- Strong industry demand for greater productivity - from drilling contractors and resource companies
- Unique technologies with strong IP protection
- Will not cannibalise existing product offering
- Ability to generate additional rental revenue per month
- Ability to leverage existing cost base, client network and infrastructure globally
- Manufacturing and distribution fits well within capabilities





# Blast DOG™

## Enabling total ore body knowledge

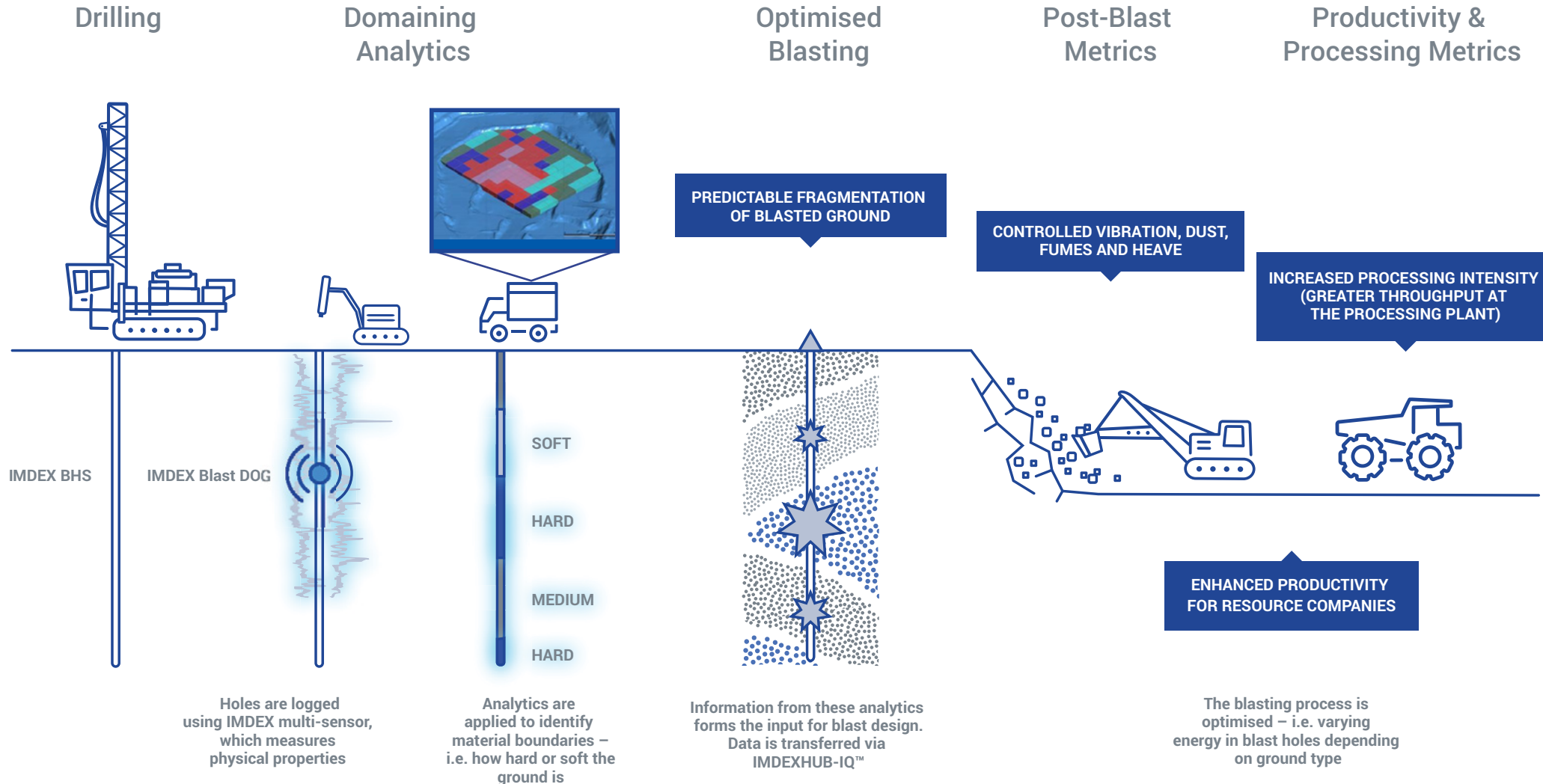


- An autonomous system for total ore body knowledge including logging for material characteristics of blast holes
- Allows automated spatial domaining of physical properties and fracturing
- Enables optimised blasting outcomes based on high-resolution 3D material models and material tracking in the pit
- Technology can maximise revenue for clients by increasing mine to mill efficiency



# Blast DOG™

## Optimised blasting and material tracking



# Mining Technologies

## Investment rationale



- Substantial addressable market, ~6000 blasts per day
- Strong demand for productivity increases
- Limited technology risk – leverages existing technology and engineering expertise
- Potential to provide additional sustainable rental revenue
- Ability to leverage existing cost base and infrastructure globally
- Strong support from industry partners including Anglo American, Teck Resources, Orica and METS Ignited



# Company Snapshot

## As at 30 June 2019



### CORPORATE INFORMATION

ASX listed	IMD
Share price	\$ 1.31
Issued shares	m 378.8
Market cap	\$m 494.4

### SHARE REGISTER ANALYSIS OF TOP 50 SHAREHOLDERS

Institutions	67.03%
Employees, directors & company related parties	2.30%
Private shareholders	5.54%
Brokers & banks	15.26%

### SHARE PRICE – 12 MONTH TREND



### LARGEST SHAREHOLDERS

	SHARES (m)	%
Perennial Value Management	38.39	10.13
Fidelity Investments – US	36.86	9.73
Morgan Stanley Australia	32.03	8.45
Yarra Capital Management	30.67	8.10



# Established Global Business

## Extensive network



# Clients & Industry Partners

## Long-standing collaborative relationships

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### OUR CLIENTS

- Drilling contractors and resource companies in all key mining regions

### INDUSTRY PARTNERS

- CRC ORE, MINEX CRC and CSIRO
- METS Ignited
- Anglo American, Teck Resources, Orica

### DIRECTLY SUPPORTING 18 OF THE TOP 50 MINING COMPANIES GLOBALLY

- BHP Billiton
- Rio Tinto
- Glencore
- Vale
- Southern Copper
- Barrick Gold
- Anglo American
- Newmont Mining
- Newcrest Mining
- Teck Resources
- Goldcorp
- South32
- Agnico Eagle
- SQM
- Sumitomo Metal Mining
- Randgold Resources
- Boliden
- First Quantum Minerals

### LONG-STANDING DRILLING CLIENTS

- Boart Longyear
- Swick Mining
- Ausdrill Group
- Major Drilling
- DDH1
- Mitchell Services Ltd
- Geodrill Limited
- Foraco
- Hy-Tec
- Australian Shaft Drilling

# ESG

## Achievements & Areas of Focus



### SAFETY

- Improving safety performance
- Enhancing visible safety leadership
- Improving systems and compliance
- Implementing technology solutions – iAuditor
- Enhancing employee training and education

### ENVIRONMENTAL

- Increasing number of solids removal units on rent – smaller site footprint and significant water reduction
- Market a range of bio-degradable drilling fluids

### SOCIAL

- Implemented Supplier Code of Conduct to align with IMDEX's transparent, safe and ethical procurement practices
- Enhanced anti-bribery & anti-corruption framework

### GOVERNANCE

- Developed Conflict of Interest Policy and process for disclosing and managing conflicts
- Annual employee ethics training and certification
- Annual employee anti-bribery and anti-corruption training
- Implementing revised risk, compliance and legal framework

# IMDEX Technology USA

## World-class facilities and capabilities



- Unique product development and manufacturing facility
- Extensive industry experience
- Precision instrumentation
- The IMDEX 'X' factor

