17 August 2020

Company Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2001

Dear Sir/Madam

FY20 RESULTS TELECONFERENCE AND WEBCAST SCRIPT

Please find attached the script from today’s FY20 Results Teleconference and Webcast.

Yours faithfully
IMDEX Limited

Paul Evans
Company Secretary

This announcement has been approved for lodgement by the Company Secretary.

ABOUT IMDEX

IMDEX is a leading Mining-Tech company, which enables successful and cost-effective operations from exploration to production. The Company develops cloud-connected sensors and drilling optimisation products to improve the process of identifying and extracting mineral resources for drilling contractors and resource companies globally. www.imdexlimited.com

FURTHER INFORMATION

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We are a leading global Mining-Tech company

Welcome everyone.

Joining me on the call today is Paul Evans, our Chief Financial Officer and Company Secretary.

It is a pleasure to report on our performance and operations for the 2020 financial year.

IMDEX is committed to its vision and being a leading global Mining-Tech company. The opportunity ahead of us remains exciting, and the progress we have made in 2020 – both because of and in spite of COVID-19 – has exceeded our expectations.

This presentation will take approximately 15 to 20 minutes and then we will turn the call over to the operator, who will moderate a question and answer session.

I will begin with an overview of our Company performance, vision and its technologies. However like our previous presentations, we have included some additional information in the appendices.

A Leading Global Mining-Tech Company

Commencing on slide 3, which highlights IMDEX’s investment proposition:

- We have a market cap in excess of half a billion dollars;
- Our 4 year revenue and EBITDA CAGR at 13% and 24% respectively is a direct reflection of our investment in value added technologies for clients;
- Our balance sheet continued to strengthen throughout FY20 – including the fourth quarter – and we have a strong net cash position;
- We are present on approximately 70% of drilling programs globally, which provides an excellent opportunity to expand our integrated product offering;
- Our product suite continues to grow, and IMDEX has the most complete offering for the mining value chain;
- We have a stronger pipeline of new technologies than any time in the past. It is these unique technologies, which will continue to build sustainable earnings growth in the coming years.
Slide 4

How we provide real-time rock knowledge and quality data

Moving to slide 4, which illustrates the three key components of our offering, and how they improve the process of identifying and extracting mineral resources globally.

- Our Drilling Optimisation products reduce the cost of drilling, enhance safety and are critical drivers in improving exploration success, particularly with deeper drilling or drilling under cover;
- Our Rock Knowledge sensing tools are ‘best-in-class’, and deliver quality data across all four components of rock knowledge – location, grade, texture and mineralogy; and
- Our cloud-based software & services work to aggregate, store and distribute data to where it needs to be anywhere in the world, with secure chain of custody. Increasingly, these services are yielding analytics capabilities that facilitate critical decision making.

We help drilling contractors and resource companies both. We help them drill faster and smarter. We help them understand their ore bodies in real-time. And we do this right across the mining value chain.

Slide 5

Why real-time rock knowledge is important

Looking now at slide 5.

So why is real-time rock knowledge and quality data important to our clients?

Repeatedly we see billion dollar capital investment decisions based on 1% of 1% of the ore body being sampled.

The key limitation is quality data in real-time that is representative of the ore body.

Our technologies seek to answer the questions ‘where to drill next’ and ‘how can processing be optimised’. However in order to be of value, these questions must be answered further upstream in the mining cycle than they are today.

Timely upstream decisions can deliver substantial economic benefits to resource companies, as asset owners, drilling contractors, and other stakeholders throughout the mining value chain.

Improving drilling productivity by >30% and by using smarter tools to give visibility to the ore body, enable earlier decision making that drive improvements in mine to mill efficiency by in excess of 15%.
Looking at our FY20 highlights on slide 6.

As we announced in our release this morning, we are pleased with our results given the disruption of COVID-19. Importantly, we continue to outperform minerals industry market growth.

- We achieved our strongest nine month revenue to March, and our full year result of $237.7m, was marginally down on the record we achieved in FY19;
- Our EBITDA of $54.4m, was also slightly down on a like-for-like basis;
- The Directors declared a final fully-franked dividend and sustained our NPAT payout ratio of 30%; and
- We maintained the strength of our balance sheet, and our net cash position was up on FY19.

Operationally there were also a number of significant highlights:

- We continued to strengthen our rental fleet with more sophisticated connected technologies. This delivered an 8% increase in the average monthly revenue per instrument from FY19;
- We exercised our Option to acquire Flexidrill and its COREVIBE™ and MAGHAMMER™ technologies;
- We advanced BLASTDOG™ for further extension into the larger and less-cyclical mining market;
- We continued to streamline our operations and realise the benefits of our internal digital transformation program;
- We established an ESG Committee to enhance our reporting and disclosure;
- We achieved the highly sought after ISO 27001 certification, which is critical to the secure handling of data on behalf of resource companies; and
- Our team successfully negotiated challenges relating to COVID-19 in all the regions we operate.

It is important to highlight that the majority of our mining regions have moved beyond the initial response phase and are moving to resumption of all mining activities where possible. An indicator of this resumption is the recovery of our rental tool fleet. As at 14 August, the number of instruments on rent had recovered to our pre-COVID peak.

I will now hand over to Paul Evans to cover the financials in more detail.
Slide 8

Key Metrics

Looking at slide 8 and our key metrics.

You will note we have included a comparative column for FY20 to highlight adjustments relating to the leasing accounting standard AASB 16, which came into effect this reporting period.

- We achieved revenue of $237.7m, which is a 2% decrease on the record achieved in FY19;
- EBITDA was $54.4m excluding the $3.6m gain from the sale of Vaughn Energy Services, and including the $6.4m benefit from the new leasing standard;
- We recorded a net profit after tax of $21.8m;
- Earnings per share were 5.64 cents, which compares to 7.37 cents for the pcp;
- Our operating cash flow increased 31% on the prior year on a like for like basis;
- Net assets were $221.6m as at 30 June; and
- Net cash was $32.2m, up 38% on FY19.

In line with our sustainable dividend policy, our Directors declared a fully-franked final dividend of 0.7 cents per share, taking the full year dividend to 1.7 cents per share. This equates to and maintains a dividend NPAT payout ratio of 30%.

Slide 9

Revenue by Region

Moving now to slide 9.

Our strong growth to March 2020 was largely driven by increased delivery of our integrated technologies, which provide additional value to clients.

As you can see from the graph, our positive trend of revenue growth was impacted by the sharp decline in 4Q20 activity across mining regions globally due to COVID-19.

The interruption to our business stabilised at the end of April 2020 and as Paul mentioned, we are seeing the resumption of all mining activities where possible.

Approximately 34% of our FY20 revenue was generated in Asia Pacific, 41% in the Americas and the balance in Africa and Europe. These revenue splits are broadly in line with recent years.
Slide 10

EBITDA & EBITDA Margin %

Moving now to slide 10 and our EBITDA performance.

Our FY20 result of $54.4m was slightly down on FY19 once adjusted for AASB 16. On a like-for-like basis, there was a decline of 9% from the impact of COVID-19 in 4Q20 offset in part by savings introduced in response to the pandemic.

Additional costs included:

- Increased engineering and product development expenditure in response to changing client needs; and
- Associated M&A expenses and costs to protect our IP.

During the period we continued to benefit from:

- Our growing percentage of rental revenue that yields higher gross margins; and.
- Our digital transformation and supply chain initiatives.

Slide 11

Reconciliation of EBITDA

Slide 11 shows the reconciliation from our EBITDA result to the net cash flow from operations.

From the EBITDA result of $54.4m, there was a net inflow of operating cash of $52.4m. On a like-for-like basis, this represents an uplift of 31% on the pcp.

This uplift was achieved by a combination of strong EBITDA conversion and a release of working capital in 4Q20.

You will note our tax paid was higher than FY19 with a greater offset from carry forward tax losses in that year.

As business activity improves, we anticipate the working capital investment to normalise. Historically we have achieved a working capital investment ratio of approximately 30 to 35 cents for every dollar of incremental revenue.

Slide 12

Balance Sheet Strong

Looking briefly now at our balance sheet as at 30 June 2020:

Excluding AASB 16, the strong cash generation was reflected in our gross cash position, which was up 29.8% on the pcp.

The three balances I would like to call out for FY20 include:
Fixed assets, with an additional $36.5m of lease assets;
- Intangibles, which includes $25.5m relating to Flexidrill IP; and
- The other liabilities and provisions, which includes lease liabilities of $41.5m and deferred consideration for the purchase of Flexidrill of $14.7m. Which as a reminder is only paid out overtime as sales of new products occur and MAGHAMMER technology is commercialised.

Importantly, we continued to invest in leading technologies to drive future growth, and as at 30 June 2020, our Return on Equity and Return on Capital Employed were 10% and 12% respectively.

Maintaining a robust balance sheet remains a priority. We are comfortable with our current net cash position, which allows us the flexibility to fund our future growth strategy.

Slide 13

ESG

Before handing back to Paul, I would like to briefly review our recent ESG initiatives on slide 13.

As we have mentioned previously, we are taking a step-wise approach to ensure consistent, quality and relevant information is provided.

During the year we established an ESG Committee, which is working towards a Sustainability Report in accordance with the Global Reporting Initiative within three years.

This Committee is responsible for identifying activities that enhance our reporting and disclosure, and our ability to contribute to sustainability – as a company and by supporting the sustainability of our clients operations.

We also undertook a climate change gap analysis based on the recommendations by the Task Force on Climate-related Financial Disclosures. This analysis, together with a materiality study, will be used to establish our objectives for FY21.

You will note at the bottom of the slide, the policies and documents supporting our ESG strategy are available on our website.

I will now hand over to Paul to cover our operations and strategy.

Slide 14

UPDATE ON OPERATIONS

Thank you Paul.
Slide 15

Our Market and the Impact of COVID-19

Commencing on slide 15 and a review of our market.

The table shows the evolution of government mandated restrictions in response to COVID-19 on the mining regions in which we operate. As you can see, restrictions in the majority of regions are easing. However, activity in South America remains restricted and secondary outbreaks are resulting in renewed restrictions in places like New Zealand.

Resource companies in all regions continue to place a high priority on resuming activity as soon as possible.

Our regional teams are working closely with clients to ensure continuity of service.

Slide 16

UPDATE ON GROWTH

Slide 17

Consistent Growth Strategy

Looking now at slide 17.

Our fundamental strategy to deliver long-term sustainable growth remains unchanged. It includes:

- Growing our core business in exploration and development; and
- Further extension into the adjacent mining and production market, which is larger and less-cyclical.

To do this we:

- Pursue technology-focused strategic acquisitions;
- Maintain our technology leadership by ongoing and disciplined investment in R&D; and
- Collaborate with industry partners and research associations.

These growth pathways enhance our suite of Drilling Optimisation Products, Rock Knowledge Sensors and Data & Analytics solutions. This integrated suite will enable us to realise growth opportunities within our core market, and substantial growth opportunities within the mining and production market.

Our record revenue performance to March was delivered by our existing portfolio of technologies in our core markets. This is represented by the bottom left quadrant on the slide.

The acquisition of AusSpec brings new technologies to our core market and there are opportunities to apply the AusSpec technology in the mining market, which is represented by the quadrants to the right.
Slide 18

Ongoing R&D Core Business

On slide 18 I’d like to highlight several points in relation to our ongoing R&D for our core business:

- It is a continuous process – albeit a very disciplined one – and is the reason we have market leading technologies and are present in some form across 70% of mineral drilling projects globally;
- Connecting our technologies to IMDEXHUB-IQ™ is a priority. In addition to having 58 of our top 100 clients HUB-enabled we expanded the number of sites within each client;
- Importantly, HUB engagement has increased and 70% of our top 100 clients are now utilising three or more of our products; and
- Finally a reminder that connected clients continue to generate over 60% more revenue for IMDEX. This is achieved by pulling together an increasing number of products into comprehensive real-time solutions that provide additional value to clients.

Slide 19

Premium Drilling Optimisation Technologies

Like our core business, we have made good progress with our Premium Drilling Optimisation technologies throughout FY20.

Looking now to the progress on the right of slide 19.

Successful client trials with COREVIBE™ were undertaken throughout the nine months to March 2020, which resulted in a number of tools on commercial rent.

Following the impact of COVID-19, the majority of client trials were placed on hold due to limited access to sites for non-essential personnel. Interest in the technology remains high and we are confident our full pipeline of trials will convert into active rentals as restrictions ease and trials recommence.

Development of MAGHAMMER™ continued to progress well at our test site in New Zealand and testing has now resumed following the COVID-19 related restrictions.

Further XTRACTA™ client trials are scheduled during 1Q21, beginning in North America. These trials are made possible by our ‘boots on the ground’ around the world and our new online IMDEX academy training capabilities.

Slide 20

IMDEX Mining Technologies – BLASTDOG™

Moving now to our BLASTDOG™ for IMDEX Mining Technologies, which is the top right quadrant of our strategy graphic.

During 4Q20 we secured access to two test benches in Queensland, which enabled us to continue development of BLASTDOG™. Notably, we were able to accelerate progress with its autonomous operation mode and sensor refinement.
During the balance of this year, we will continue to leverage our global presence and strong support from METS Ignited partners – Orica, Anglo American and Teck Resources – to advance our IMDEX Mining Technologies for further extension into the larger, less-cyclical mining market.

As a reminder, the total addressable market and the potential upside for our company and indeed the industry, is substantial.

Slide 21
Strategic Acquisition – AusSpec

Slide 21 summarises the key benefits of our strategic acquisition of AusSpec.

These benefits were detailed in our announcement on 7 July. I draw your attention to four key points:

- The AusSpec technology is on strategy and enhances our rock knowledge offering with spectral mineralogy and AI technologies;
- Its SaaS platform aiSIRIS is proven and is ready to be scaled via our global distribution network;
- The human trained AI that underpins aiSIRIS has been built from a library of more than 2 million spectral images; and
- AusSpec has world leading mineralogy expertise and well-established relationships with major resource companies around the world.

That concludes the review of our operations, so I will finish with the outlook and summary commencing on slide 23.

Slide 22
OUTLOOK & KEY POINTS

Slide 23
Positive Growth Outlook

The fundamentals underpinning our business growth remain. Positive drivers include:

- The large and mid-cap resource companies are increasing their expenditure to replace diminishing reserves;
- Resource companies are embracing innovation and new technologies to lower costs, increase safety and achieve greater productivity;
- New discoveries are likely to be under cover and at depth resulting in larger drilling campaigns; and
- Strong commodity prices are being driven by demand across a broad range of sectors including consumer, industrial and government related industries. The recent strength in capital raisings ensures strong funding for the industry.

We have had a positive start to FY21. The recovery that commenced in May 2020 has continued and is reflected in our growing instrument fleet. As at 14 August, the fleet recovered to our pre-COVID peak.
Similarly, demand for our cloud-connected products has heightened to support remote operations and expedite drilling programs.

Slide 24

Positioned to Deliver Attractive Returns

Finally, I would like to leave you with a message that highlights how well positioned IMDEX is as a growth business:

- We have a resilient core business that generates sustainable recurring revenue and strong cash flow from operations;
- We are expanding market share and margins. This is driven by an unrivalled range of leading technologies and the benefits of being the first mover for cloud-enabled instruments;
- We have a strong financial position to support product and market extension;
- We have an established global footprint that helps us commercialise technologies; and
- We have an experienced leadership team with a successful track record of developing and commercialising these technologies.

That concludes the formal presentation and I would like to hand over to the moderator for questions.

Closing Comments

In closing, I would like to comment on three things:

- FY20;
- our business; and
- our market.

Firstly, we are very pleased with the FY20 results – both the strong performance over the first 9 months and how we have navigated the COVID-19 response, as a team and as a business. We stand ready to respond to any further COVID-19 related interruptions.

Secondly, the business itself is firmly in growth mode. Our growth strategy itself is intact. And demand for our technologies is increasing, as evidenced by our comments on the recovery of the tool fleet.

Thirdly, the market outlook is positive. Commodity prices, capital raisings and the underlying fundamentals for mining are strong. Mining activity is resuming wherever possible around the globe. And demand for innovative technologies, such as ours, is in growth mode.

In conclusion, IMDEX has a resilient core business with strong prospects for sustainable growth.

Thank you all for joining us.