



//// underground mining excellence

A photograph of a red underground drilling rig in a dark mine tunnel. The rig is positioned horizontally, with its long drill bit extending towards the left. The background shows rough rock walls and a dark ceiling. The scene is illuminated by the rig's headlights and some ambient light. The image is overlaid with a large, semi-transparent grey 'X' shape.

HY20 BUSINESS UPDATE



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HY20 HIGHLIGHTS

- Continued strong financial performance
- New project awarded – Savannah Project in Western Australia, the contract is worth approximately \$200 million over a three-year term, with work expected to commence in March 2020
- Letter of intent for a three-year \$200 million mining services contract received from Barrick to provide underground contract mining services at the Hemlo Mine, located in the Marathon mining district of north western Ontario, Canada.

HY20 BARMINCO RESULTS

- Strong performance
- Revenue uplift a result of increased scope at key sites and the Rosemont, Mt Colin and Odysseus ramp up
- Trading EBITDA up 11.3% on PCP
- Trading EBIT up 6.4% on PCP
- Trading EBIT margin at 8.9%
- Minimal impact in relation to AASB 16

- (1) Trading EBITDA represents earnings before income tax (expense) benefit, finance costs, depreciation & amortisation, share of associates profit, redundancies expense, transaction costs and other one-offs
- (2) Trading EBIT represents earnings before income tax (expense) benefit, finance costs, share of associates profit, redundancies expense, transaction costs and other one-offs

	Dec-19 HALF YEAR \$M	Dec-18 HALF YEAR \$M
Revenue		
Mining	321.3	284.1
Diamond drilling	25.8	28.4
Other	9.4	6.8
Total revenue	356.5	319.3
Project costs	289.9	259.4
Project EBITDA		
Mining	61.9	55.2
Diamond drilling	4.2	4.0
Other	0.5	0.7
EBITDA – projects	66.6	59.9
Shared services costs		
Operational & admin services	18.5	16.3
Shared services allocation	(18.1)	(15.9)
Trading EBITDA¹	66.2	59.5
<i>Trading EBITDA %</i>	<i>18.7%</i>	<i>18.6%</i>
Depreciation and Amortisation	34.4	29.6
Trading EBIT²	31.8	29.9
<i>Trading EBIT %</i>	<i>8.9%</i>	<i>9.4%</i>
Transaction costs and other costs	2.8	9.1
EBIT	29.0	20.8

BARMINCO BALANCE SHEET

- Strong liquidity in Barmenco standalone circa \$174M
 - Cash on hand of \$69.6M
 - Revolving credit facility of \$45M which is effectively undrawn
 - Circa \$75M of HP capacity
 - Borrowings impacted by AASB 16

Barmenco Available Liquidity (Dec-19)	Maximum \$M	Amount Drawn \$M	Current Availability \$M
Cash	69.6	0.0	69.6
High Yield Bonds	498.8	498.8	0.0
Revolving Credit Facility ¹	45.0	3.1	41.9
Hire Purchase	75.0	13.0	62.0
Total	688.4	514.9	173.5

(1) No cash currently drawn, however \$3.1M of bank guarantees and transaction banking facilities have been applied against this balance

		Dec-19 \$M	Jun-19 \$M
Current assets	Cash and cash equivalents	69.6	73.3
	Trade and other receivables	86.7	96.9
	Inventories	24.6	24.6
	Other	5.4	4.6
	Total current assets	186.3	199.4
Non-current assets	Property, plant & equipment	159.7	161.7
	Right of use assets	26.1	-
	Intangible assets	256.4	256.6
	Investments accounted for using the equity method (AUMS)	108.4	85.0
	Deferred tax asset	12.3	14.0
	Other non-current assets	-	0.2
	Total non-current assets	562.9	517.5
Total assets		749.2	716.9
Current liabilities	Trade, other payables	76.3	86.9
	Borrowings	5.4	5.2
	Employee benefits	31.0	29.6
	Provisions	0.1	0.2
	Total current liabilities	112.8	121.9
Non-current liabilities	Borrowings	521.1	505.8
	Employee benefits	0.9	0.8
	Total non-current liabilities	522.0	506.6
Total liabilities		634.8	628.5
Net assets		114.4	88.4

BARMINCO CASH FLOW

- Working capital impacted by revenue growth
- 79% of capex funded via cash

	Dec-19 HALF YEAR \$M	Dec-18 HALF YEAR \$M
Trading EBITDA	66.2	59.5
Movement in Working Capital/Other	(15.2)	(5.4)
Dividends (AUMS)	9.9	5.2
Sub Total	60.9	59.3
Capital Expenditure (net of disposals)	(38.5)	(47.6)
Finance/HP Lease Payments	(6.1)	(8.0)
Interest (Net) & Transaction Costs	(17.9)	(35.0)
Tax paid	(2.1)	(0.9)
Net Cashflow	(3.7)	(32.2)
Opening Cash	73.3	80.3
Closing Cash	69.6	48.1

BARMINCO CAPITAL EXPENDITURE

- 79% of capex funded via cash
- Growth capex mainly relates to:
 - Rosemont
 - Rhino Rig

	Dec-19 HALF YEAR \$M	Dec-18 HALF YEAR \$M
Growth	22.6	15.0
Stay in business	26.5	33.2
Total capital expenditure	49.1	48.2

Reconciliation to Cash Capital Expenditure	Dec-19 HALF YEAR \$M	Dec-18 HALF YEAR \$M
Total capital expenditure (as per breakdown above)	49.1	48.2
Less: Capital expenditure funded by HP	(10.5)	-
Total capital expenditure (funded with cash)	38.6	48.2
Less: Proceeds from sale of PPE	(0.1)	(0.6)
Cash capital expenditure (net of disposals)	38.5	47.6