



//// underground mining excellence

A large red drilling rig is positioned in a dark underground mine. The rig is illuminated by its own lights, and the surrounding rock walls are visible. The scene is framed by a large, stylized 'X' graphic in the background.

FY19 HALF YEAR BUSINESS UPDATE



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HALF YEAR HIGHLIGHTS

- Ausdrill's acquisition of Barminto completed on 31 October 2018
- Continued industry-leading safety performance
 - Lost time injury frequency rate of zero
 - Total recordable injury frequency rate of 8.08 reduced by 23% from PCP
- New projects awarded – Odysseus and Rosemont with a combined value of \$120M+
- Significant Contract extensions secured circa \$1.4B in the half:
 - 5 year Sunrise Dam extension valued at \$700M
 - 4 year Nova extension valued at \$240M
 - 4 year Agnew extension valued at \$335M
 - 3.5 year Rampura Agucha extension valued at \$100M
- UMA a (70/30) JV between AUMS and Rocksure awarded a 5 year US\$375M contract at Obuasi for AGA
- Continued strong financial performance
 - Barminto EBIT up 25.1% on PCP
 - Strong ROACE maintained at 33.5%⁽¹⁾

(1) ROACE equals EBIT / Average (PP&E + net working capital)

HY19 BARMINCO RESULTS

- Revenue up 13.1% PCP
- Trading EBITDA up 9.2% on PCP
- Trading EBIT up 21.0% on PCP
- Trading EBIT margin at 9.6%
- Strong performance from portfolio of projects

	Dec-18 HALF YEAR \$M	Dec-17 HALF YEAR \$M
Revenue		
Mining	284.1	257.4
Diamond drilling	28.4	23.7
Other	6.8	1.3
Total revenue	319.3	282.4
Project costs	259.4	229.5
Project EBITDA		
Mining	55.2	49.9
Diamond drilling	4.0	2.7
Other	0.7	0.3
EBITDA – projects	59.9	52.9
Shared services costs		
Operational & admin services	16.3	15.2
Shared services allocation	(15.9)	(16.8)
Trading EBITDA¹	59.5	54.5
Trading EBITDA %	18.6%	19.3%
Depreciation and Amortisation	29.0	29.3
Trading EBIT²	30.5	25.2
Trading EBIT %	9.6%	8.9%
Redundancies	0.1	0.9
EBIT	30.4	24.3
Share of profit from equity accounted investments, net of tax	16.0	9.2
Financing & Transaction Costs	(30.3)	(22.6)
Income tax benefit/(expense)	(49.3)	(0.4)
Goodwill/Intangibles write off	(257.5)	
Reported NPAT	(290.7)	10.5

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

(2) Trading EBIT represents earnings before income tax (expense) benefit, finance costs, share of associates profit, redundancies expense, transaction costs and write off of goodwill & intangible assets

BALANCE SHEET (BARMINCO)

- Cash balance decreased due to H1 capex funded with cash and transaction costs
- Strong liquidity in Barminco standalone circa \$150M
 - Cash on hand of \$48.1M
 - Revolving credit facility of \$45M which is effectively undrawn
 - Circa \$60M of HP capacity
- Goodwill & Deferred Tax Asset written off per accounting standards as part of the acquisition

Barminto Available Liquidity (Dec-18)	Maximum Availability \$M	Amount Drawn \$M	Current Availability \$M
Cash	48.1	0.0	48.1
High Yield Bonds	467.2	467.2	0.0
Revolving Credit Facility	45.0	3.1	41.9
Hire Purchase Post HYB Facility	75.0	15.2	59.8
Total	635.3	485.5	149.8

		Dec-18 \$M	Jun-18 \$M
Current assets	Cash and cash equivalents	48.1	80.3
	Trade and other receivables	82.4	83.5
	Inventories	23.0	20.7
	Other	9.9	2.7
	Total current assets	163.4	187.2
Non-current assets	Property, plant & equipment	143.9	124.9
	Intangible assets	1.2	259.0
	Investments accounted for using the equity method (AUMS)	85.5	71.2
	Deferred tax asset	13.0	63.3
	Derivative financial instruments	12.2	-
	Other non-current assets	0.6	1.0
	Total non-current assets	256.4	519.4
Total assets		419.8	706.6
Current liabilities	Trade, other payables	67.9	72.6
	Borrowings	10.2	13.2
	Employee benefits	26.5	25.8
	Total current liabilities	104.6	111.6
Non-current liabilities	Borrowings	502.4	479.5
	Derivative financial instruments	-	19.6
	Employee benefits	2.0	1.7
	Total non-current liabilities	504.4	500.8
Total liabilities		609.0	612.4
Net (liabilities) / assets		(189.2)	94.2

CASHFLOW (BARMINCO)

- EBITDA cash conversion of 91% for H1 FY19
- H1 FY19 capex fully funded with cash
- Unfavourable working capital in H1 FY19 due to new contract wins

	Dec-18 HALF YEAR	Dec-17 HALF YEAR
	\$M	\$M
Trading EBITDA	59.5	54.5
Movement in Working Capital/Other	(5.4)	(14.2)
Dividends (AUMS)	5.2	-
Sub Total	59.3	40.3
Capital Expenditure (net of disposals)	(47.6)	(33.7)
Finance/HP Lease Payments	(8.0)	(8.8)
Interest (Net) & Transaction Costs	(35.0)	(20.3)
Tax	(0.9)	(0.4)
Net Cashflow	(32.2)	(22.9)
Opening Cash	80.3	77.9
Closing Cash	48.1	55.0

CAPITAL EXPENDITURE (BARMINCO)

- 100% of capex funded via cash
- Growth capex mainly relates to:
 - Mt Colin
 - Dugald River
 - Sunrise Dam

	Dec-18 HALF YEAR \$M	Dec-17 HALF YEAR \$M
Growth	15.0	15.5
Stay in business	33.2	29.7
Total capital expenditure	48.2	45.2

Reconciliation to Cash Capital Expenditure	Dec-18 HALF YEAR \$M	Dec-17 HALF YEAR \$M
Total capital expenditure (as per breakdown above)	48.2	45.2
Less: Capital expenditure funded by HP	-	(6.8)
Total capital expenditure (funded with cash)	48.2	38.4
Less: Proceeds from sale of PPE	(0.6)	(4.7)
Cash capital expenditure (net of disposals)	47.6	33.7

BUSINESS OUTLOOK

- Projects performing well
- Tender pipeline and tender activity continues to be strong in Australia and Africa