



//// underground mining excellence

A photograph of a red underground drilling rig in a dark mine tunnel. The rig is positioned in the center-left, with its long drill arm extending towards the left. The background shows rough rock walls and a dark ceiling. The floor is covered in dust and debris. The image is overlaid with a large, semi-transparent 'X' graphic in shades of gray.

FY19 Q3 BUSINESS UPDATE



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FY19 Q3 HIGHLIGHTS

- Continued industry-leading safety performance
 - Lost time injury frequency rate of zero
- Contracts continue to perform well
- Continued strong financial performance in Barminto
 - Barminto EBIT up 11.6% on PCP
 - Strong ROACE maintained at 32.0%⁽¹⁾
- AUMS continued solid performance
- Tender activity strong
- New projects awarded – Odysseus and Rosemont with a combined value of \$120M
- Three and half year contract extension at Rampura Agucha valued at \$100M

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

Q3 FY19 YTD BARMINCO RESULTS

- Trading EBITDA up 4.9% on PCP
- Trading EBIT up 9.3% on PCP
- Trading EBIT margin at 9.1%
- Sites continue to perform to target
- Revenue uplift a result of increased scope at key sites and the Mt Colin ramp up

	Mar-19 YTD \$M	Mar-18 YTD \$M
Revenue		
Mining	425.8	388.9
Diamond drilling	42.3	36.0
Other	9.5	2.9
Total revenue	477.6	427.8
Project costs	389.4	345.9
Project EBITDA		
Mining	81.2	77.1
Diamond drilling	6.1	4.4
Other	0.9	0.4
EBITDA – projects	88.2	81.9
Shared services costs		
Operational & admin services	24.5	23.8
Shared services allocation	(23.8)	(25.3)
Trading EBITDA¹	87.5	83.4
Trading EBITDA %	18.3%	19.5%
Depreciation and Amortisation	44.0	43.6
Trading EBIT²	43.5	39.8
Trading EBIT %	9.1%	9.3%
Redundancies	0.1	0.9
EBIT	43.4	38.9

(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 and transaction costs

BARMINCO BALANCE SHEET

- Cash decreased due to capex funded with cash and transaction costs
- Strong liquidity in Barminco standalone circa \$157M
 - Cash on hand of \$51.7M
 - Revolving credit facility of \$45M which is effectively undrawn
 - Circa \$60M of HP capacity

Barminco Available Liquidity (Mar-19)	Maximum Availability \$M	Amount Drawn \$M	Current Availability \$M
Cash	51.7	0.0	51.7
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	11.5	63.5
Total	638.9	481.8	157.1

		Mar-19 \$M	Jun-18 \$M
Current assets	Cash and cash equivalents	51.7	80.3
	Trade and other receivables	83.7	83.5
	Inventories	25.0	20.7
	Other	7.5	2.7
	Total current assets	167.9	187.2
Non-current assets	Property, plant & equipment	146.9	124.9
	Intangible assets	258.4	259.0
	Investments accounted for using the equity method (AUMS)	94.9	71.2
	Deferred tax asset	11.1	63.3
	Derivative financial instruments	7.4	-
	Other non-current assets	0.5	1.0
	Total non-current assets	519.2	519.4
Total assets		686.7	706.6
Current liabilities	Trade, other payables	76.8	72.6
	Borrowings	8.0	13.2
	Employee benefits	27.4	25.8
	Total current liabilities	112.2	111.6
Non-current liabilities	Borrowings	499.1	479.5
	Derivative financial instruments	-	19.6
	Employee benefits	2.4	1.7
	Total non-current liabilities	501.5	500.8
Total liabilities		613.7	612.4
Net (liabilities) / assets		73.4	94.2

BARMINCO CASH FLOW

- EBITDA cash conversion of 91% YTD
- Capex fully funded by cash
- Unfavorable working capital YTD due to new contract wins

	Mar-19 YTD \$M	Mar-18 YTD \$M
Trading EBITDA	87.5	83.4
Movement in Working Capital/Other	(8.0)	(20.4)
Dividends (AUMS)	5.2	-
Sub Total	84.7	63.0
Capital Expenditure (net of disposals)	(65.2)	(46.6)
Finance/HP Lease Payments	(11.7)	(12.8)
Interest (Net) & Transaction Costs	(35.6)	(20.9)
Tax paid	(0.6)	-
Other	(0.2)	(0.1)
Net Cashflow	(28.6)	(17.4)
Opening Cash	80.3	77.9
Closing Cash	51.7	60.5

BARMINCO CAPITAL EXPENDITURE

- Growth capex relates to:

- Mt Colin
- Rosemont
- Sunrise Dam
- Dugald River

- 100% of capex funded via cash

	Mar-19 YTD \$M	Mar-18 YTD \$M
Growth	23.4	21.4
Stay in business	42.7	36.7
Total capital expenditure	66.1	58.1

Reconciliation to Cash Capital Expenditure	Mar-19 YTD \$M	Mar-18 YTD \$M
Total capital expenditure (as per breakdown above)	66.1	58.1
Less: Capital expenditure funded by HP	-	(6.8)
Total capital expenditure (funded with cash)	66.1	51.3
Less: Proceeds from sale of PPE	(0.9)	(4.7)
Cash capital expenditure (net of disposals)	65.2	46.6

BUSINESS OUTLOOK

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