



MACQUARIE WA FORUM

INVESTOR PRESENTATION

11 OCTOBER 2016

Founded in 1987, Ausdrill has market leading positions in the mining services sector and operates in Australia and Africa:



DRILLING SERVICES

EXPLORATION
DRILL & BLAST
PRODUCTION
GRADE CONTROL
WATER WELLS



CONTRACT MINING SERVICES

SURFACE MINING
UNDERGROUND MINING
EXPLORATION DRILLING



EQUIPMENT SERVICES & SUPPLIES

EARTHMOVING FLEET HIRE & SALES
EARTHMOVING EQUIPMENT PARTS
SUPPLY AND LOGISTICS



FY16 Overview

- Significant business turnaround delivering profit from continuing operations of \$20.2 million.
- Strong balance sheet with exceptional cash flow delivering increased cash reserves of \$181.9 million and lower gearing of 26.3%.
- Business re-focus on core activities through the sale and closure of non-core businesses generating \$35.7 million profit on sale, and in excess of \$70 million in sale proceeds.
- Reported profit of \$58.2 million, basic earnings per share 18.6 cents per share.
- No final dividend declared.
- Improved safety performance across the Group.
- FY17 revenue target of ~\$800 million with an anticipated profit uplift of 50% on continuing operations.

\$M	FY16	% change
Continuing Operations		
Sales revenue ⁽¹⁾	743.9	3.3%
EBITDA ⁽¹⁾	124.9	12.7%
EBIT ⁽¹⁾	56.9	52.9%
Profit before tax ⁽¹⁾	24.8	1,103.8%
Profit/(loss) after tax ⁽¹⁾	20.2	112.6%
Discontinued Operations after tax		
Profit/(loss)	37.9	347.7%
Reported Profit/(loss) after tax	58.2	133.1%
Cash flow	104.1	375.8%

1) Excludes significant items in prior corresponding periods

External Sales Revenue* (\$m)

* Excluding intersegment sales

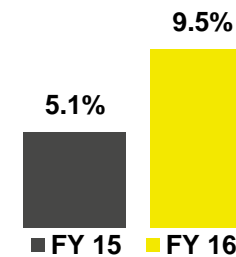
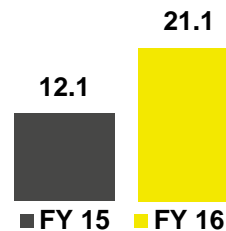
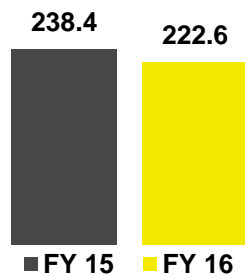
EBIT** (\$m)

** Significant items expense in pcp excluded

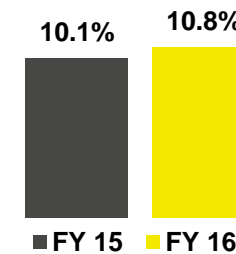
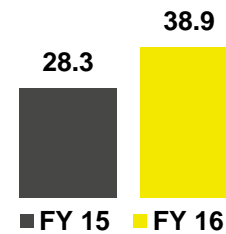
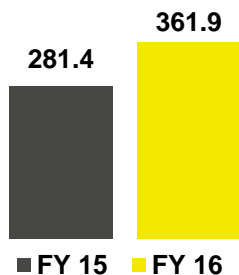
EBIT** Margin

** Significant items expense in pcp excluded

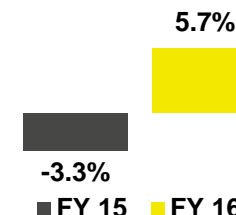
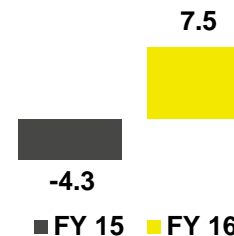
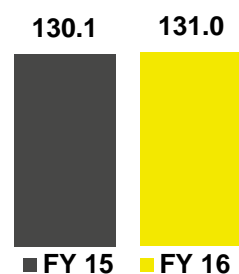
DRILLING



AFRICA



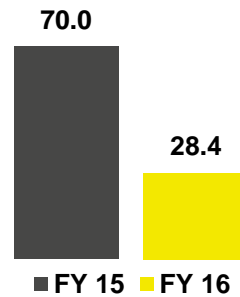
EQUIPMENT SERVICES & SUPPLIES



External Sales Revenue* (\$m)

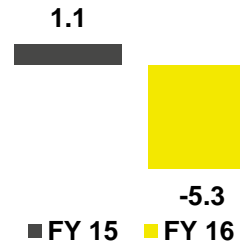
* Excluding intersegment sales

ALL OTHER



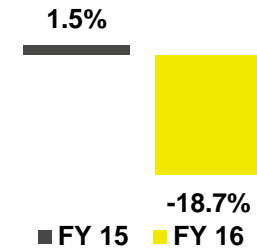
EBIT** (\$m)

** Significant items expense in pcp excluded

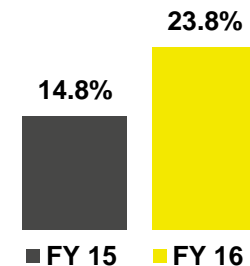
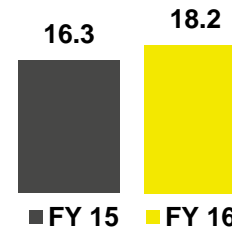
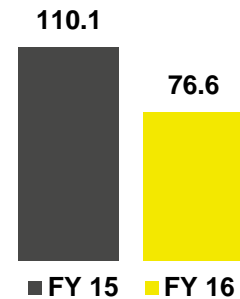


EBIT** Margin

** Significant items expense in pcp excluded



AFRICAN UNDERGROUND MINING SERVICES (50%)



Profit & Loss

Profit & Loss - A\$ million	FY15	FY16	% Change from pcp
Continuing Operations			
Sales revenue	719.8	743.9	3.3%
EBITDA ⁽¹⁾	110.8	124.9	12.7%
<i>EBITDA margin ⁽²⁾</i>	13.6%	15.6%	199bps
EBIT ⁽¹⁾	37.2	56.9	52.9%
<i>EBIT margin ⁽²⁾</i>	3.4%	6.4%	307bps
Profit/(loss) before tax ⁽¹⁾	2.1	24.8	1,103.8%
<i>Profit before tax margin ⁽¹⁾</i>	0.3%	3.3%	305bps
Profit/(loss) after tax	(160.3)	20.2	112.6%
Return on average capital ^{(1) (3)}	3.6%	6.5%	288bps
Discontinued Operations – Profit/(loss)	(15.3)	37.9	347.7%
Profit/(loss) after tax from continuing and discontinued operations	(175.6)	58.2	133.1%

- Revenues stabilising.
- Profits and returns improving on the back of business improvement initiatives.
- Tax benefit in prior corresponding period relates to impairment expense recognised.

1) Excludes significant items in prior corresponding periods

2) Excludes significant items in prior corresponding periods and equity accounted profits

3) Return on Average Capital = EBIT / sum of average receivables, inventories, PP&E, intangibles, investment in associates less trade payables

Balance Sheet

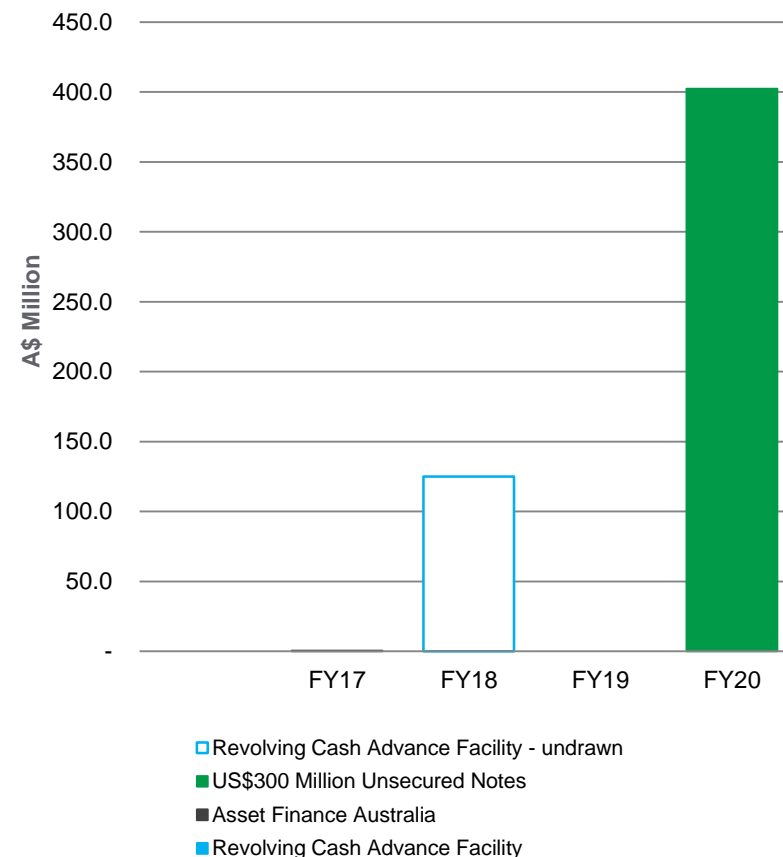
Balance Sheet - A\$ million	FY15	FY16
Cash and cash equivalents	77.9	181.9
Receivables	141.8	169.8
Inventories	226.9	191.4
Property, plant and equipment	559.7	489.8
Other assets	123.8	117.5
Total assets	1,130.0	1,150.4
Payables	84.6	82.8
Borrowings	433.8	398.5
Employee obligations	31.7	34.9
Other liabilities	26.6	27.6
Total liabilities	576.7	543.8
Shareholders' equity	553.3	606.6

- Strong balance sheet provides flexibility and liquidity.
- Debt reduction a key focus with \$47.8 million in net debt repayments made during the year. Total net debt repayments over the last two years total \$143.1 million. At 30 June 2016 the Group reported net debt of \$216.7 million.
- Working capital decreased by \$5.7 million.
- Capex restricted to \$12.4 million. Asset sales totalled \$11.4 million.
- NTA per share increased from \$1.77 per share to \$1.94 per share

Note: Columns may not add due to rounding

Group Debt Position and Maturity Profile

Group debt - A\$ million	FY15	FY16
Revolving cash advance facility	25.0	-
Asset finance and other funding	22.9	0.5
US\$300 million unsecured notes	390.7	402.3
Insurance premium funding and prepaid borrowing costs	(4.8)	(4.2)
Total borrowings	433.8	398.5
Cash and cash equivalents	(77.9)	(181.9)
Net debt	355.9	216.7
Gearing ratio	39.1%	26.3%



- Borrowings include unrealised FX translation impact of \$11.6 million due to falling AUD during the year

Cash Flow

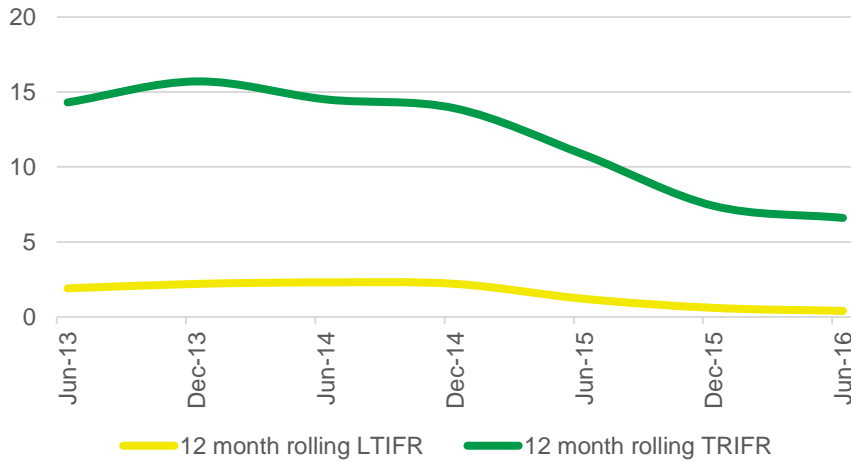
Cash Flow - A\$ million	FY15	FY16
Operating cash flows after interest and tax	117.9	91.0
Net debt (repayments)/proceeds	(95.3)	(47.8)
Capital expenditure	(28.5)	(12.4)
Proceeds from asset disposals	5.9	11.4
Distributions from associates	17.8	8.9
Proceeds from sales of business	-	49.4
Loans repaid by associates	6.7	-
Other movements	(2.6)	3.6
Cash flow before shareholder return	21.9	104.1
Dividends	(9.4)	-
Net cash flow	12.5	104.1

Working capital changes since June 2015	A\$m
Receivables	28.0
Inventories	(35.5)
Less Payables	(1.8)
Net increase/(decrease)	(5.7)

Underlying net decrease excluding the impact of FX translation on working capital of \$12.6 million.

Capital expenditure changes since June 2015	A\$m
Drilling Services Australia	(3.8)
Contract Mining Services Africa	(6.8)
Equipment Supplies & Services	(1.7)
Other	(0.1)
Proceeds from asset sales	11.4
CAPEX net of asset sales	(1.0)

Note: Columns may not add due to rounding



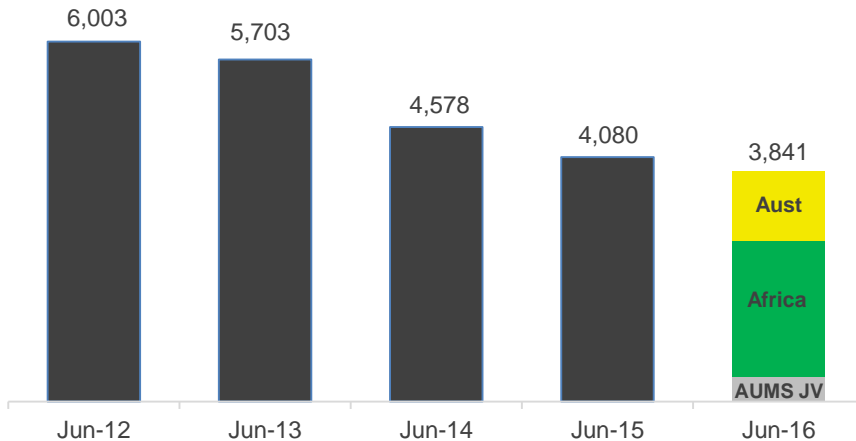
LTIFR: Lost Time Injury Frequency Rate
 TRIFR: Total Recordable Injury Frequency Rate

SAFETY

- Ausdrill’s commitment to safety remains a core business value.
- A key component of the continuing One Safe All Safe program is to provide positive feedback at every opportunity to work crews.
- The renewed focus by the leadership team has seen a reduction in the number of incidents and a ~ 45% reduction in the reported total recordable injury frequency rate (TRIFR) within the period.

PEOPLE

- At 30 June 2016 the number of employees within the Group, including jointly owned entities, decreased to 3,841 – a decrease of 5.9% compared with the corresponding period last year.
- The total number of Australian employees reduced from 1,388 in July 2015 to 1,148 in June 2016, a decline of 17.3% due to redundancies and natural attrition, following business rationalisation.



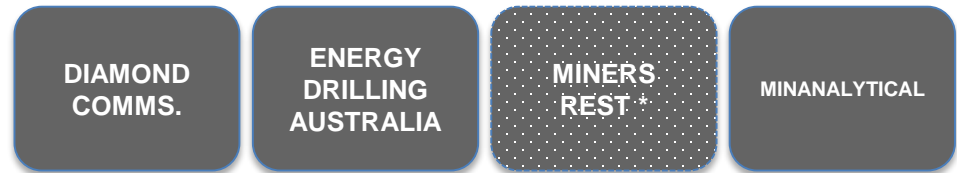
Strategic Initiatives

- Rationalise business activities:
 - Exit/turnaround non-core, non-performing businesses.
 - Cost-out initiatives focussed on underperforming businesses.
 - Participate in industry rationalisation for mutual benefit.
- Pursue opportunistic relationships as market consolidates:
 - Expand business development activities to tap into global opportunities.
 - Customer and supplier relationships for mutual benefit.
 - Cash and “in kind” equity support for exploration drilling opportunities.
 - “Shared” buying strategies and distribution networks.
- Targeted debt reduction program.
- Business improvement program.

CORE BUSINESS



OTHER



* Sold subsequent to 30 June 2016

INVESTMENTS



- In line with Ausdrill’s strategy to refocus on its core competencies, the Drilling Tools Australia and DT HiLoad truck tray manufacturing businesses were sold in the second half of the year. In addition, the EDA oil and gas assets were placed into care and maintenance and the Miners Rest motel was sold, subsequent to year end:



- On 30 June 2016, Ausdrill sold DTA to Robit for \$66 million, to be paid in two tranches, and delivered a \$36.3m profit on sale for the Group.
 - Tranche 1 - \$46.2m received 30 Jun 2016
 - Tranche 2 - \$19.8m payable by 31 Dec 2016
- DTA continues manufacturing operations at its facility in Canning Vale, WA, under a 5 year lease arrangement with Ausdrill.
- Ausdrill entered a 2.5 year preferred supply arrangement with DTA for the supply of drill bits.



- In January 2016, Ausdrill announced it would be exiting its DT HiLoad truck tray manufacturing business to facilitate industry consolidation.
- The business assets were subsequently sold during March 2016 and the business has been wound down to closure.
- The sale is expected to generate total proceeds of up to \$8 million over three years, with \$3.2 million in asset sale proceeds received to date.



- Subsequent to year end, Ausdrill sold the Miners Rest Motel and its associated assets for \$2.5 million, with settlement expected to occur in September 2016, subject to due diligence.
- Ausdrill entered into a 1 year accommodation arrangement with the new owners as a condition of the sale.



- EDA oil and gas assets were warehoused in Queensland pending an improvement in market conditions.
- EBIT contribution for the financial year was a loss of \$6.8 million.
- Overhead downsized considerably and limited to “warehousing” and “care and maintenance” costs to retain the value of inventory and plant.

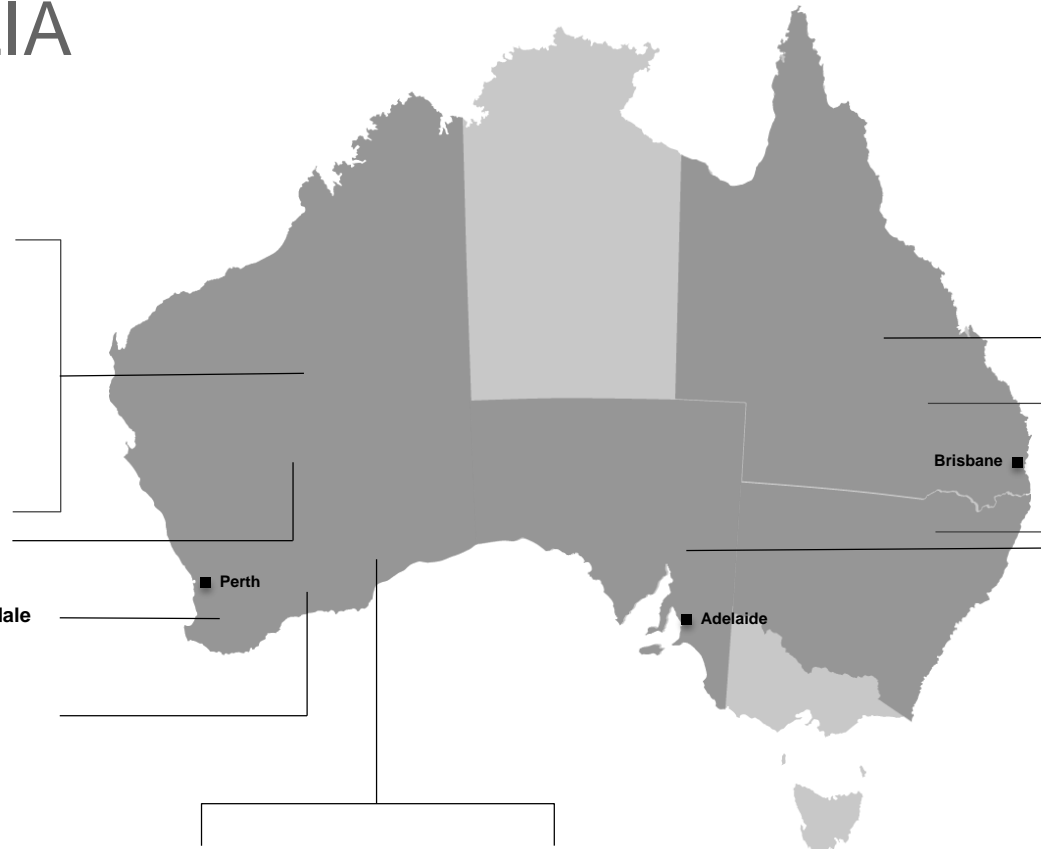


APPENDICES

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AUSTRALIA



BHPBIO – Pilbara region
Exploration drilling services

BHPBIO – Pilbara region
Equipment hire

BHPBIO – Pilbara region
Drill and blast services

Macmahon – Telfer
Drill and blast services

Various – Regional
Exploration drilling services

Piacentini & Son – Huntly & Willowdale
Drill and blast services

Piacentini & Son – Ravensthorpe
Drill and blast services

■ Perth

■ Adelaide

■ Brisbane

Ensham Resources – Bowen Basin, QLD
Production drilling services
Associated since 2004

**Peabody Energy
Hunter Valley, NSW & Bowen Basin, QLD**
Equipment hire

OZ Minerals – Prominent Hill
Production drilling and grade control
Associated since 2007

KCGM – Superpit
Production drilling and grade control
Associated since 1989

Gold Fields – Kambalda and Granny Smith
Exploration drilling and grade control
Associated since 1996

Macmahon – Tropicana
Drill and blast services

Evolution - Mungari
Exploration drilling services
Drill and blast and grade control services

Northern Star – Kundana and Kanowna Belle
Exploration drilling services

Thiess – Rocky's Reward
Drill and blast services

AFRICA

Resolute Mining – Syama, Mali
Gold - Open pit mining services

B2Gold – Fekola, Mali
Gold - Exploration drilling

AngloGold Ashanti – Sigiri, Guinea
Gold - Open pit mining services

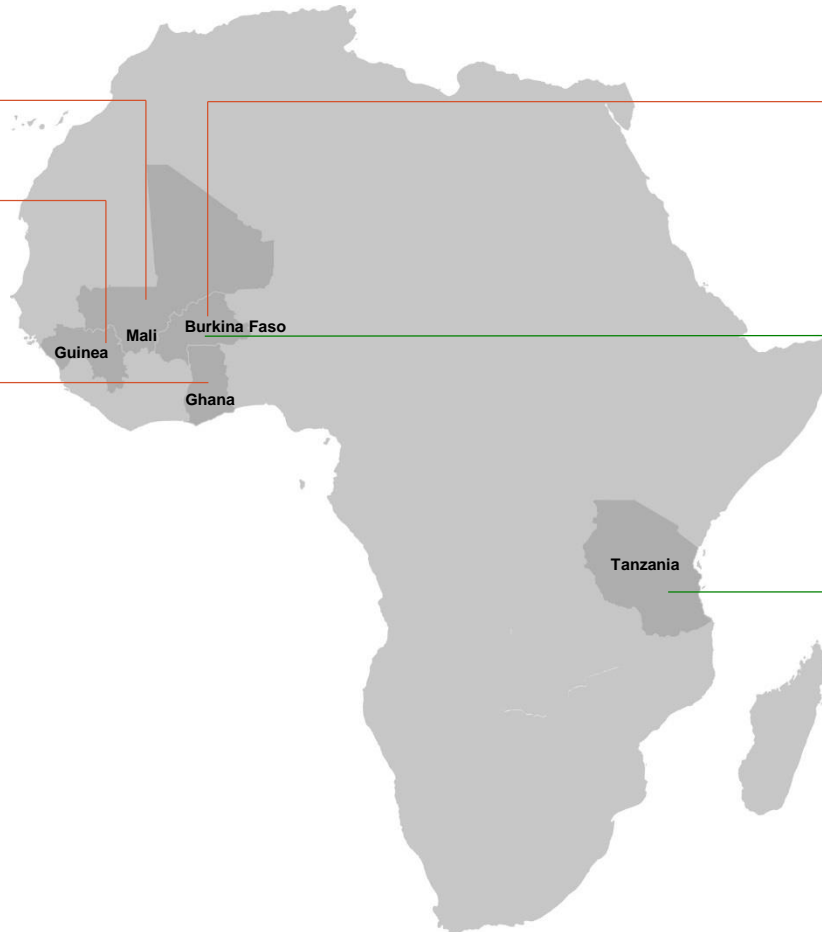
AngloGold Ashanti – Iduapriem, Ghana
Gold - Open pit mining services

Endeavour Mining – Nzema, Ghana
Gold - Open pit mining services

Perseus Mining – Edikan, Ghana
Gold - Open pit mining services

Cardinal Resources – Bolgatanga, Ghana
Gold – Exploration drilling

- African Mining Services
- African Underground Mining Services (AUMS 50% JV)



Nordgold – Bissa, Taparko and Bourum, Burkina Faso
Gold - Equipment hire

B2 Gold – Kiaka, Burkina Faso
Gold – Exploration drilling

West African Resources – Tanlouka, Burkina Faso
Gold – Exploration drilling

Vital Metals – Zeko, Burkina Faso
Gold – Exploration drilling

Roxgold – Yaramoko, Burkina Faso
Gold – Underground mining services

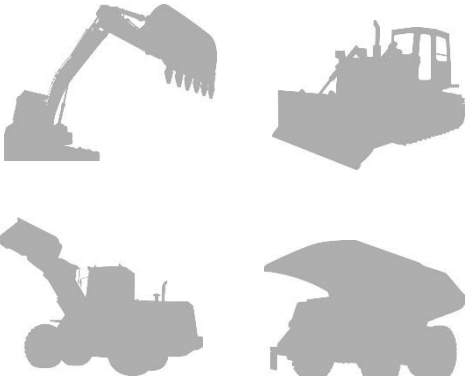
Nantou Mining – Perkoa, Burkina Faso
Zinc – Underground mining services

AngloGold Ashanti – Geita, Tanzania
Gold – Underground mining services

Client	Project	Location	Services Provided
AUSTRALIA			
Gold Fields	Kambalda and Granny Smith	Goldfields, WA	Exploration drilling
Northern Star Resources	Kanowna Belle and Kundana	Goldfields, WA	Exploration drilling
BHP Billiton	Several Pilbara mine sites	Pilbara, WA	Exploration drilling, drill and blast, equipment hire
Evolution Mining	Mungari	Goldfields, WA	Exploration drilling, drill and blast, grade control
KCGM	Superpit	Goldfields, WA	Production drilling, grade control
Ensham Resources	Ensham Coal	Ensham, QLD	Production drilling
OZ Minerals	Prominent Hill Copper Gold	Prominent Hill, SA	Drill and blast
Piacentini & Son	Ravensthorpe Nickel	Ravensthorpe, WA	Drill and blast
Piacentini & Son	Huntly and Willowdale Aluminium	Huntly, WA	Drill and blast
Macmahon	Tropicana Gold	Goldfields, WA	Drill and blast
Macmahon	Telfer Gold-Copper	Pilbara, WA	Drill and blast
Thiess	Rocky's Reward Nickel	Goldfields, WA	Drill and blast
Peabody Energy Australia	Several mine sites	NSW, QLD	Equipment hire
AFRICA			
B2Gold	Fekola Gold	Mali	Exploration drilling
B2Gold	Kiaka Gold	Burkina Faso	Exploration drilling
West African Resources	Tanlouka Gold	Burkina Faso	Exploration drilling
Vital Metals	Zeko Gold	Burkina Faso	Exploration drilling
Cardinal Resources	Bolgatanga	Ghana	Exploration drilling
Resolute	Syama Gold	Mali	Open pit mining
Perseus	Edikan Gold	Ghana	Open pit mining
Endeavour	Nzema Gold	Ghana	Open pit mining
AngloGold Ashanti	Iduapriem Gold	Ghana	Open pit mining
AngloGold Ashanti	Siguiro Gold	Guinea	Open pit mining
Nordgold	Bissa Gold and Taparko Gold	Burkina Faso	Equipment hire
AUMS JV			
Nantou	Perkoa Zinc	Burkina Faso	Underground mining services
Roxgold	Yaramoko	Burkina Faso	Underground mining services
AngloGold Ashanti	Star and Comet	Tanzania	Underground mining services

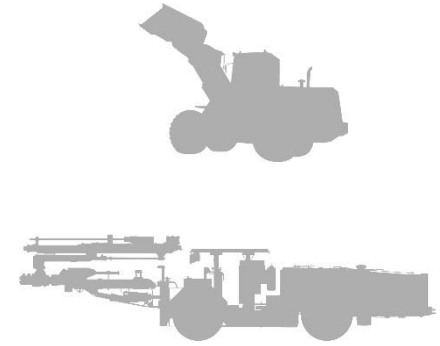
Surface Mining

450



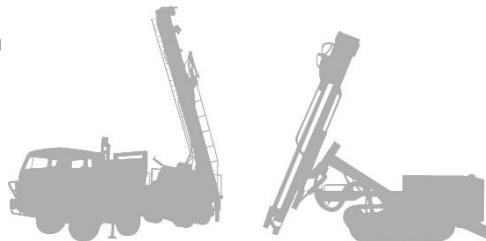
Underground Mining

84



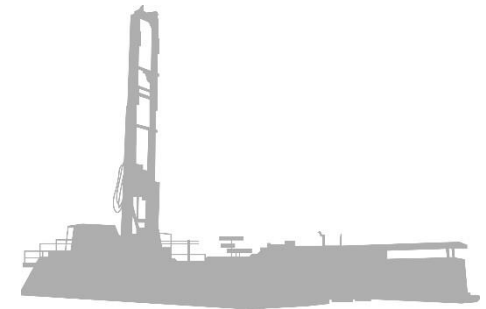
Drill Rigs

272



Oil & Gas Rigs

7



Note: Numbers represent the number of major equipment items owned by the Group and AUMS

Ausdrill's 50% share on a pro-forma basis

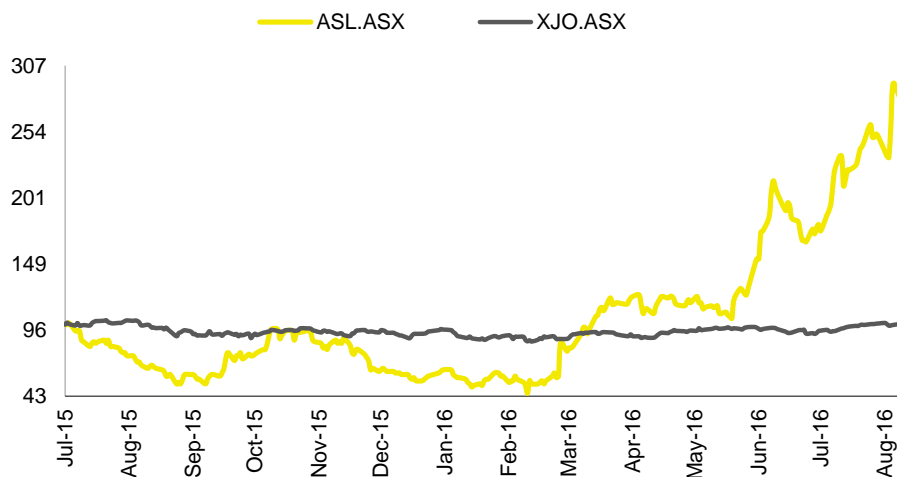
Balance Sheet - A\$ million	FY15	FY16
Cash and cash equivalents	20.5	5.8
Receivables	28.8	24.0
Inventories	22.3	21.6
Property, plant and equipment	19.6	23.7
Other assets	2.2	8.9
Total assets	93.4	84.0
Payables	22.5	7.8
Borrowings – external	0.2	0.1
Provisions	0.1	0.3
Other liabilities	3.0	1.7
Total liabilities	25.8	9.9
Shareholders' equity	67.6	69.8

Note: Columns may not add due to rounding

CAPITAL STRUCTURE

Share price (close as at 21 Aug 2016)	\$1.20
Fully paid ordinary shares	312.3 million
Market capitalisation (undiluted)	\$374.8 million
Net Tangible Assets (30 Jun 2016)	\$606.6 million
Cash (as at 30 Jun 2016)	\$181.9 million
Debt (as at 30 Jun 2016)	\$398.5 million
Enterprise value	\$591.4 million
Net Debt/Net Debt & Equity (as at 30 Jun 2016)	26.3%

SHARE PRICE PERFORMANCE (REBASED)



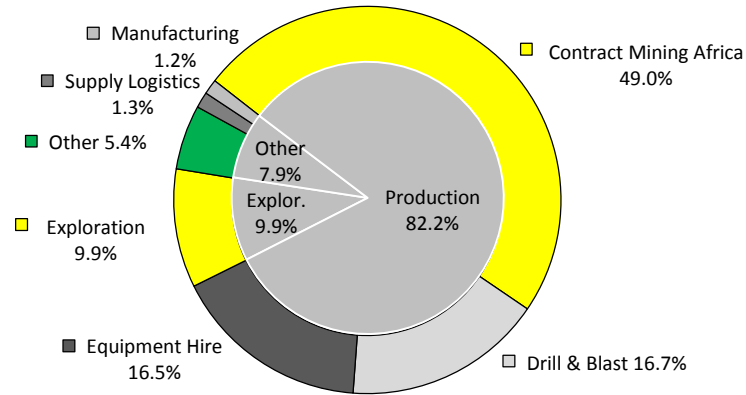
DIRECTORS AND SENIOR MANAGEMENT

Terence O'Connor	Chairman, Non-executive Director
Ronald Sayers	Managing Director
Ian Cochrane	Deputy Chairman, Non-executive Director
Terrence Strapp	Non-executive Director
Donald Argent	Non-executive Director
Mark Connelly	Non-executive Director
Mark Hine	Non-executive Director
Andrew Broad	COO Australian Operations
John Kavanagh	COO African Operations
Theresa Mlikota	Chief Financial Officer
Domenic Santini	Company Secretary
Strati Gregoriadis	General Counsel/Company Secretary

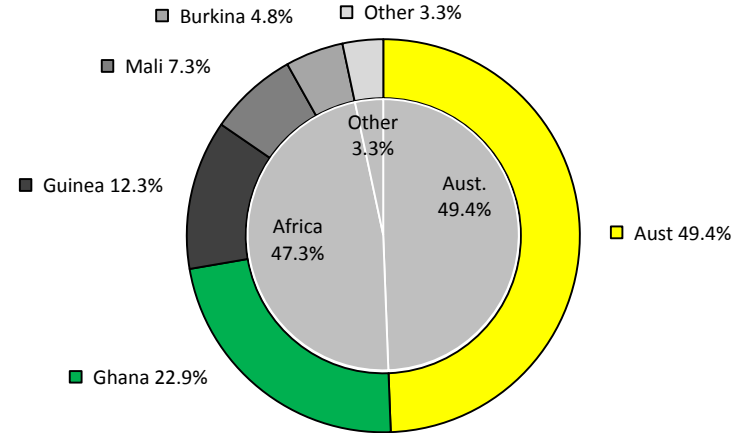
SUBSTANTIAL SHAREHOLDERS

Name	Shareholding
Ronald Sayers / Cherry Garden Nominees	11.94%
FMR LLC	8.37%
PM & JL Bartlett / Bremerton Group	6.58%

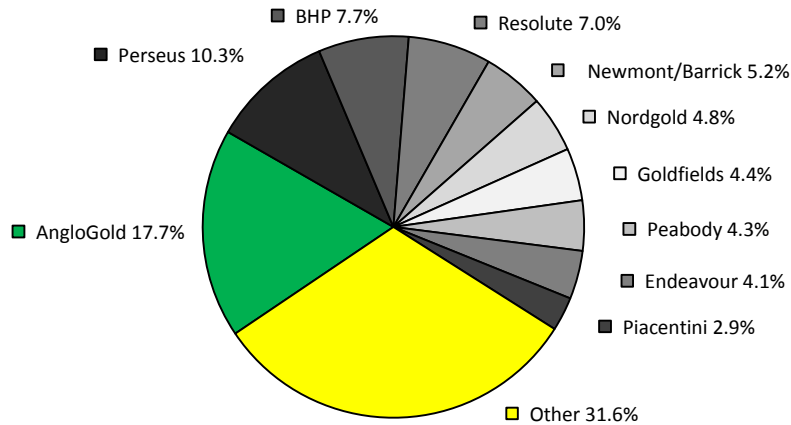
Sales Revenue By Business Activity ⁽¹⁾



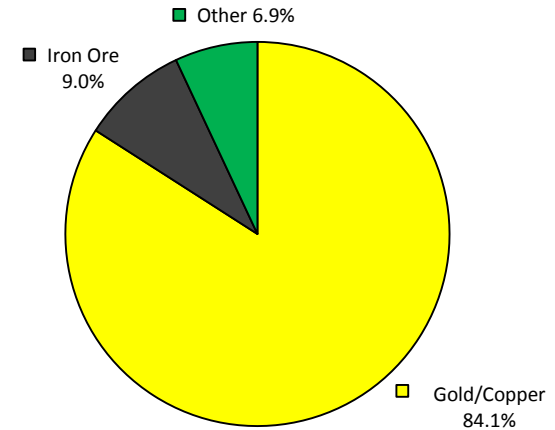
Sales Revenue By Geography ⁽¹⁾



Sales Revenue By Top 10 Customers ⁽¹⁾



DSA and CMSA Sales Revenue by Commodity ⁽²⁾



Notes

1. Based on FY16 sales - figures may not add due to rounding
2. Based on FY16 sales revenue for Drilling Services Australia (DSA) and Contract Mining Services Africa (CMSA) – representing 74% of total external revenue

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Non-IFRS Financial Information

This presentation uses non-IFRS financial information including EBITDA, EBIT, Group EBITDA and Group EBIT which are used to measure both group and operational performance. A reconciliation of non-IFRS financial information to profit before tax is included in the supplementary slides. Non-IFRS measures have not been subject to audit or review.

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