



**MASTER DRILLING**



# AUDITED ANNUAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2016



**Presented by**  
**DANIE PRETORIUS, CEO**  
**ANDRE VAN DEVENTER, CFO**





**Business Overview**



**Operational Overview**

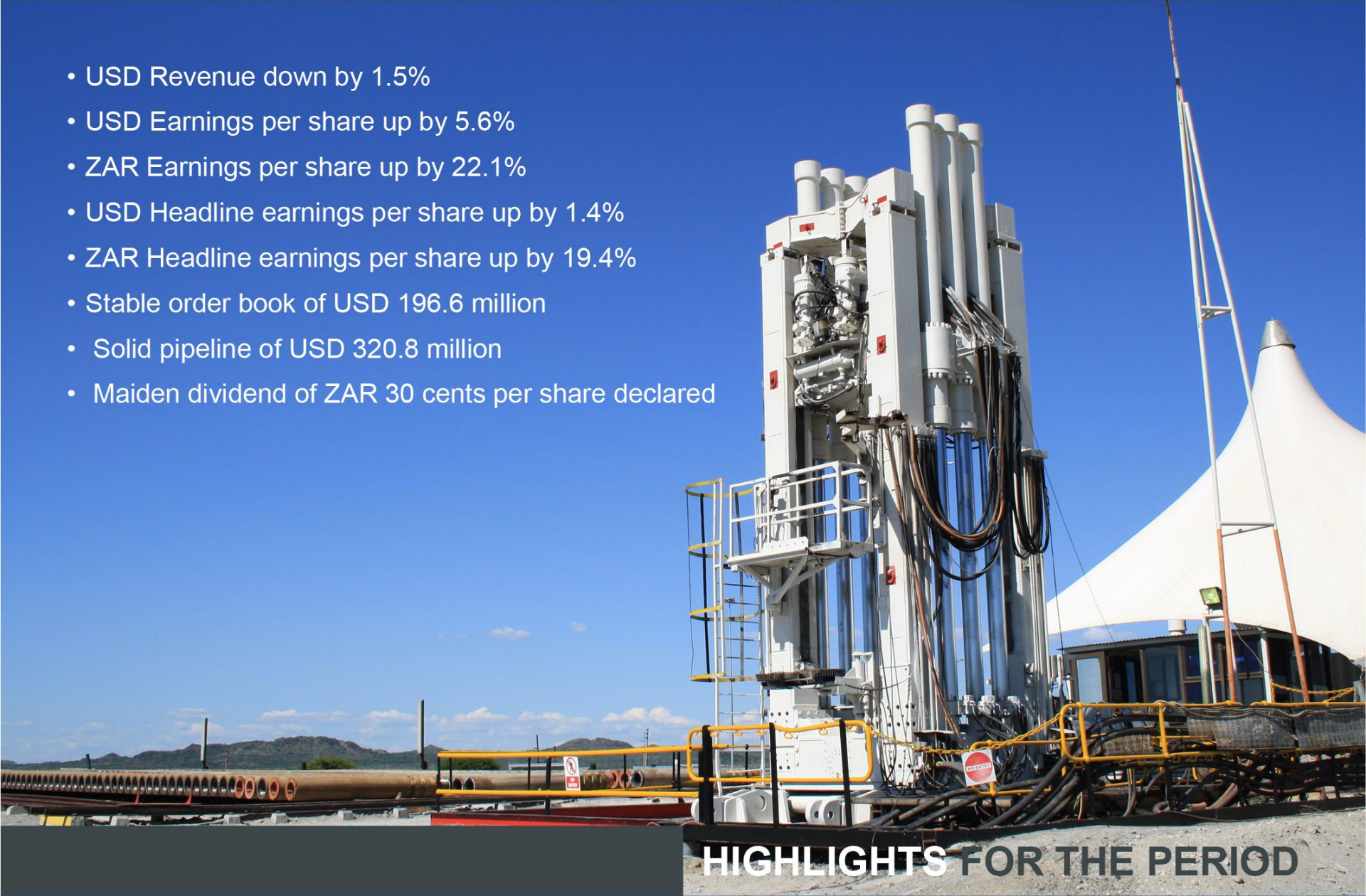


**Financial Overview**

**AGENDA**



- USD Revenue down by 1.5%
- USD Earnings per share up by 5.6%
- ZAR Earnings per share up by 22.1%
- USD Headline earnings per share up by 1.4%
- ZAR Headline earnings per share up by 19.4%
- Stable order book of USD 196.6 million
- Solid pipeline of USD 320.8 million
- Maiden dividend of ZAR 30 cents per share declared



**HIGHLIGHTS FOR THE PERIOD**





## **BUSINESS OVERVIEW**



- Sustainable growth
- Optimization and increased profitability
- Technology optimization and development
- People capacity and development



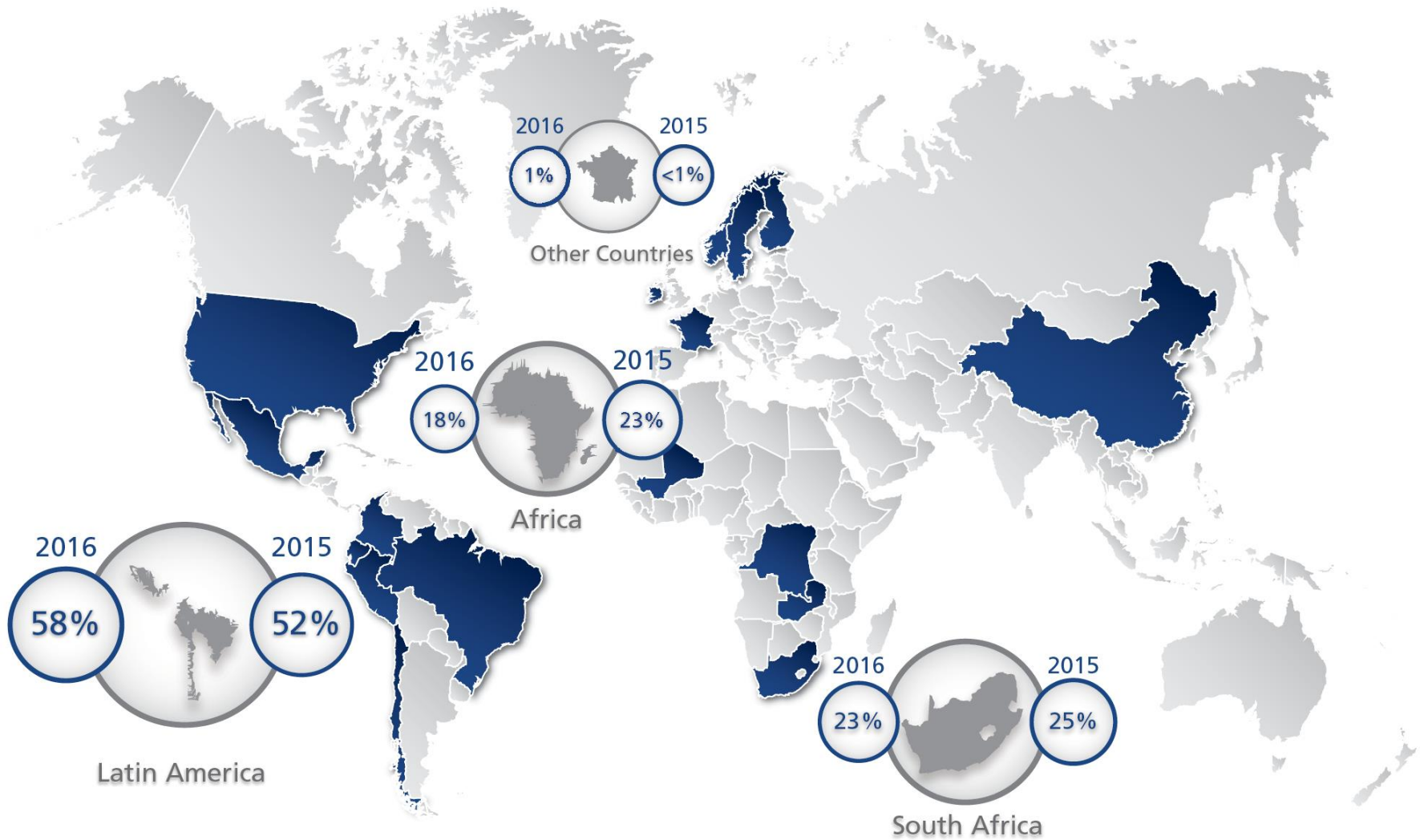
**STRATEGY**





## OPERATIONAL REVIEW

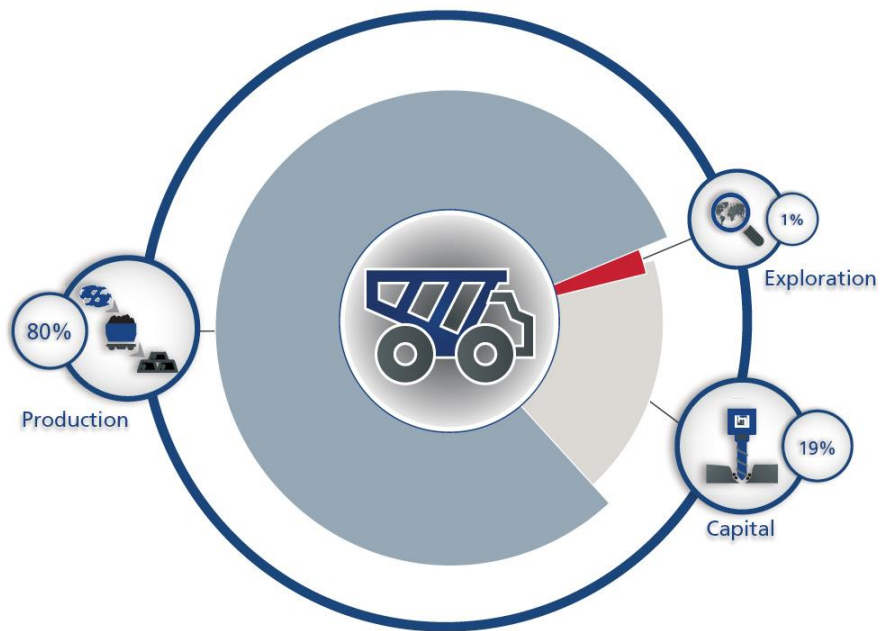




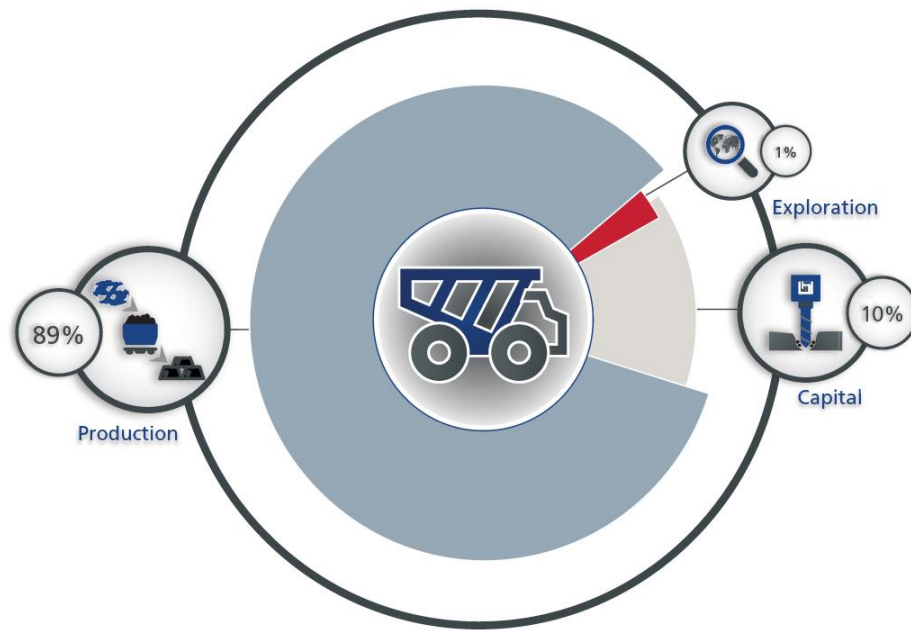
## REVENUE GEOGRAPHIC DIVERSIFICATION



2016



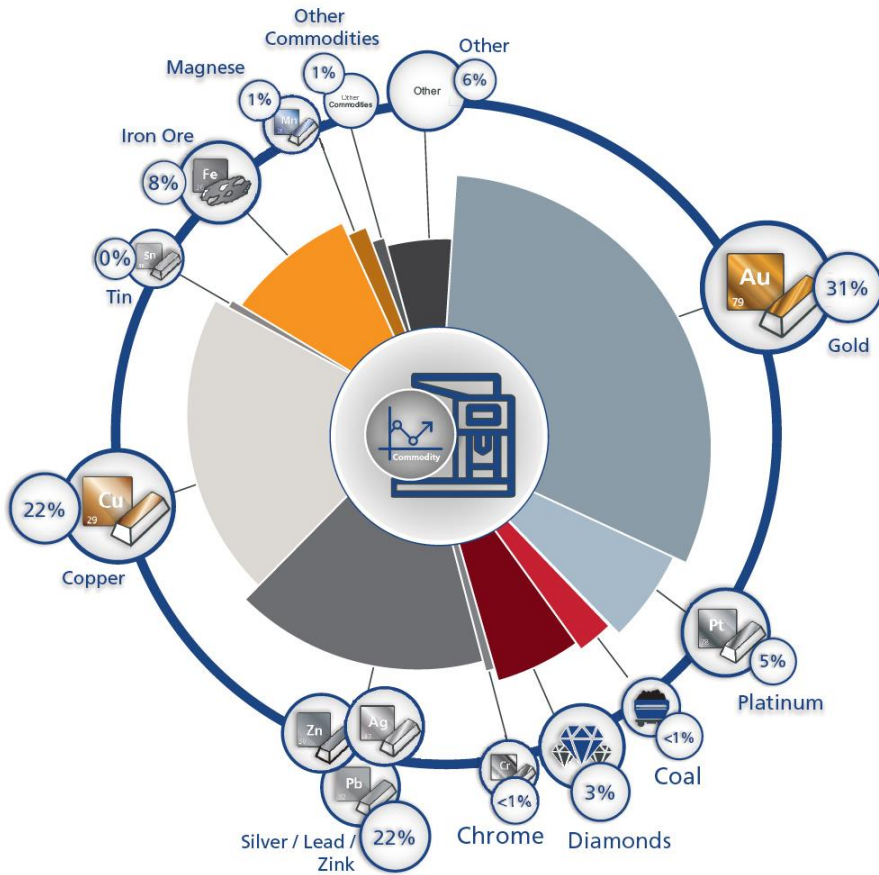
2015



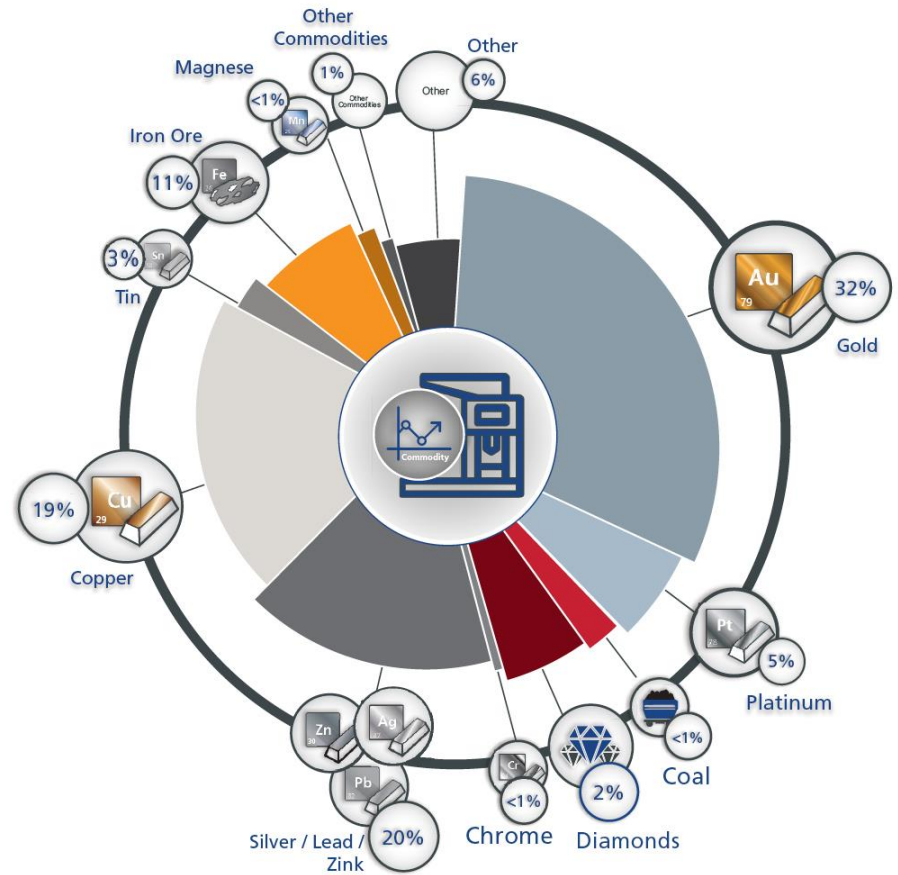
## REVENUE MINING ACTIVITY DIVERSIFICATION



2016

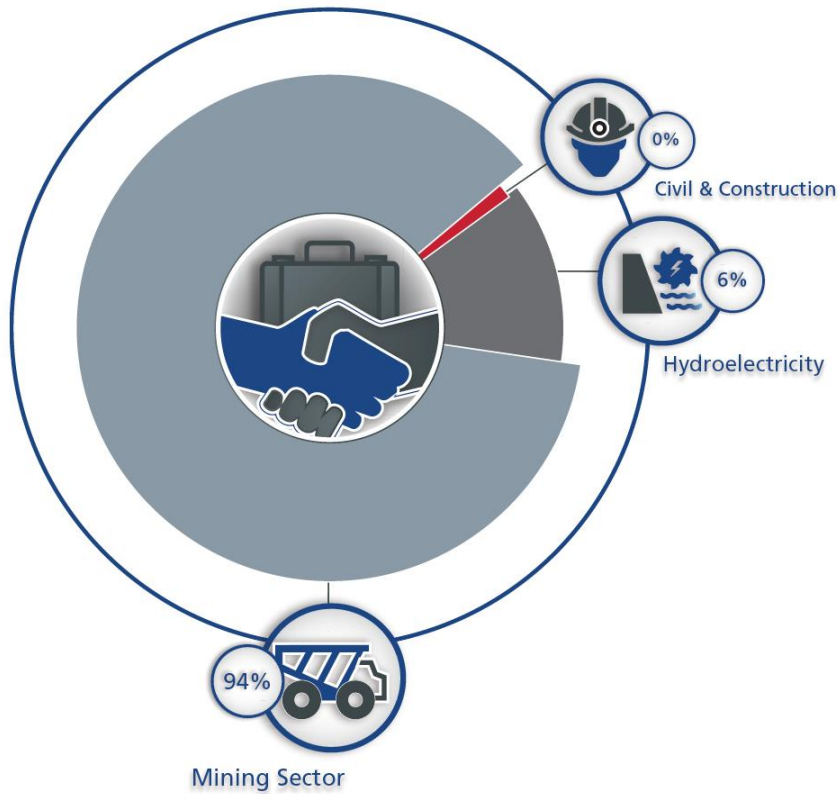


2015

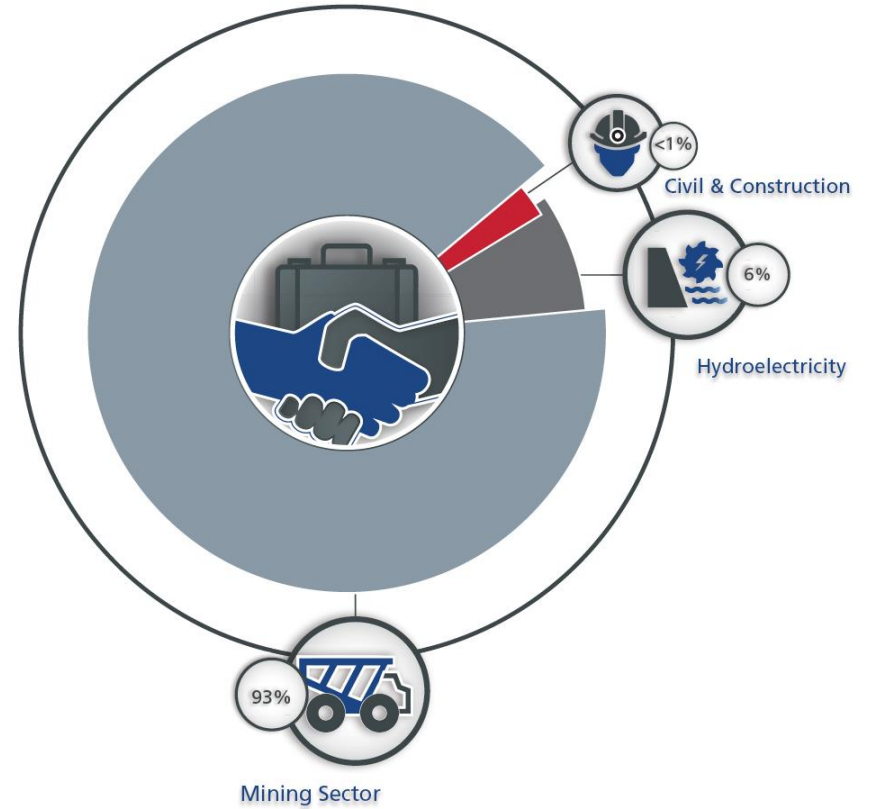


# REVENUE COMMODITY DIVERSIFICATION

2016

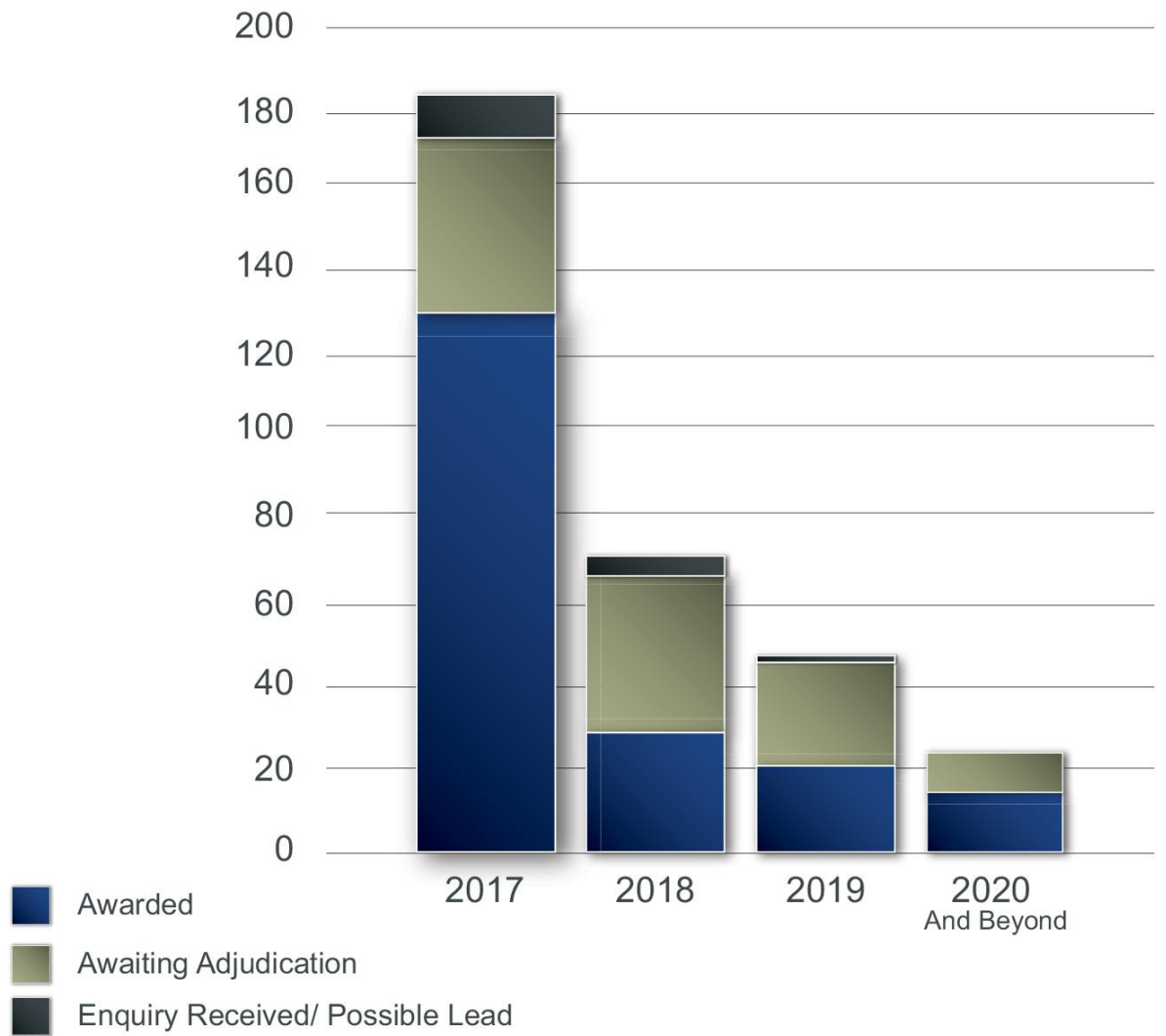


2015



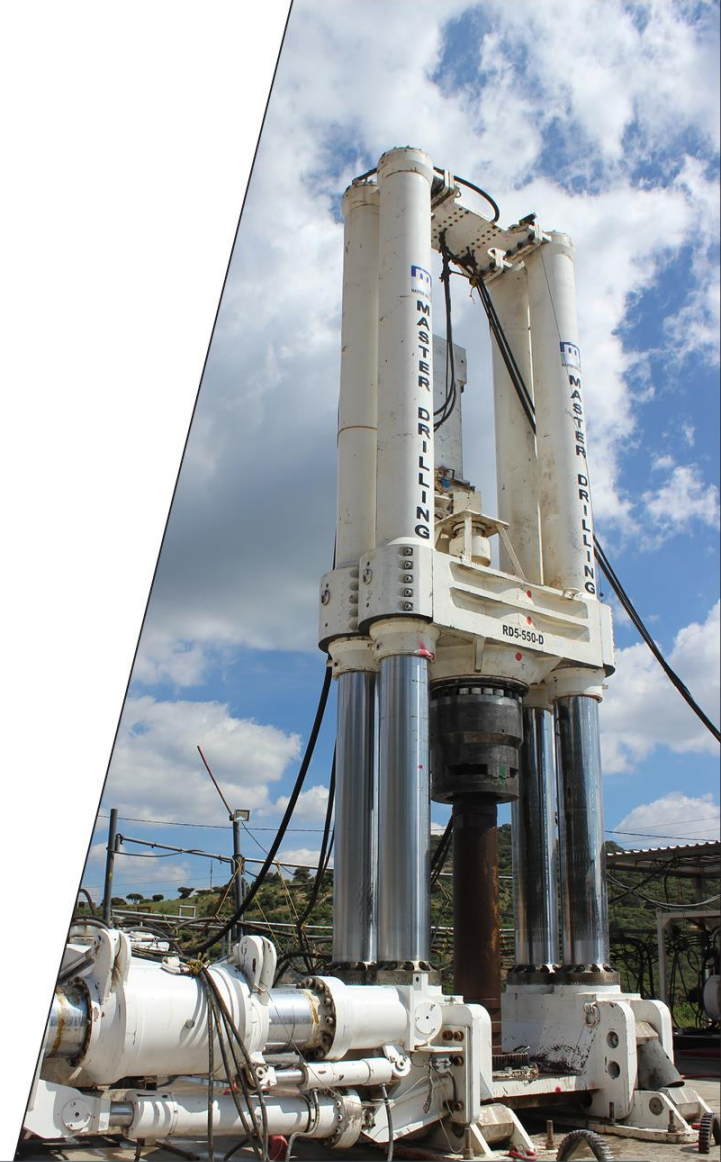
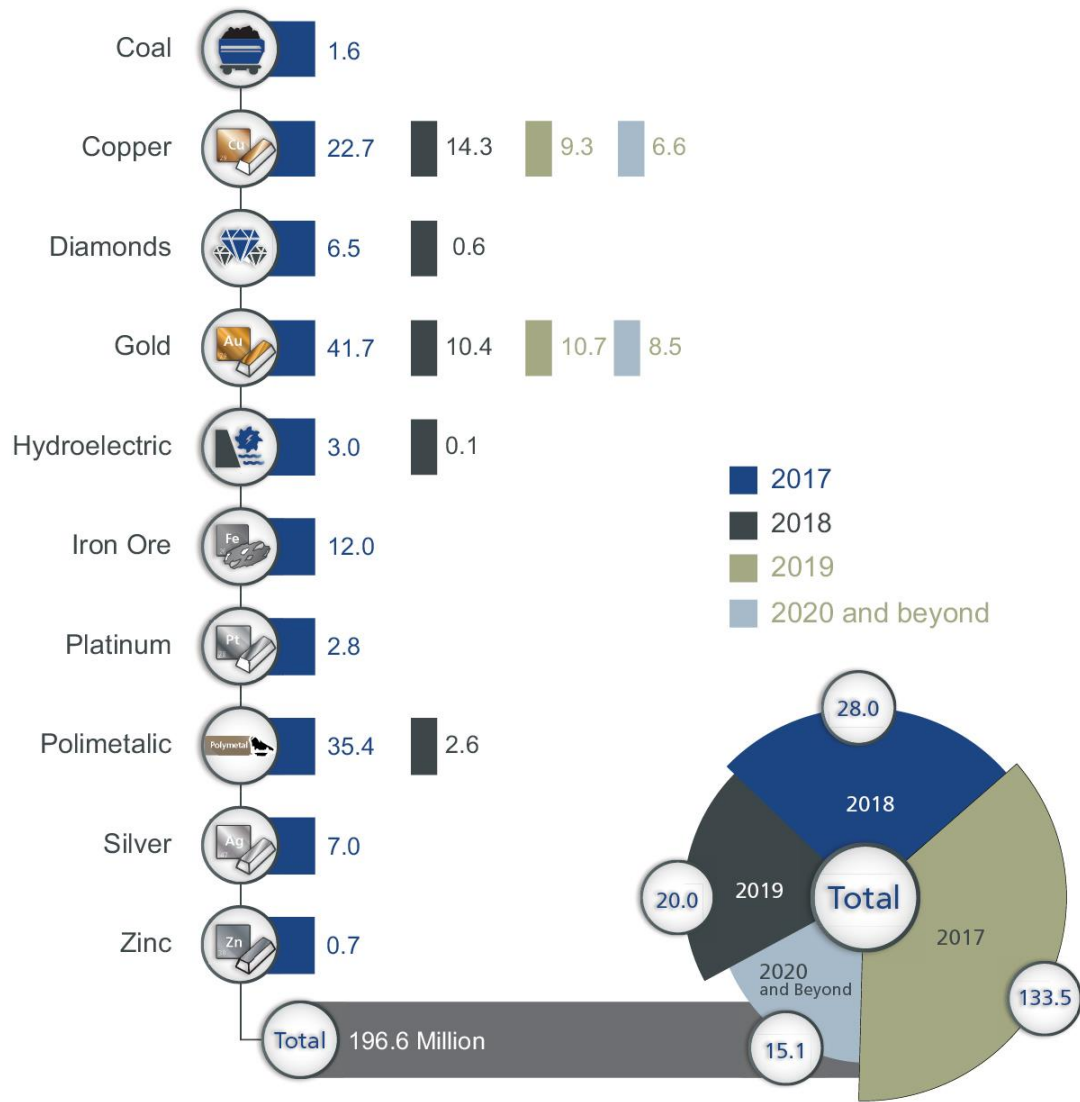
## REVENUE BUSINESS SECTOR DIVERSIFICATION





## PIPELINE (USD ' MILLION)





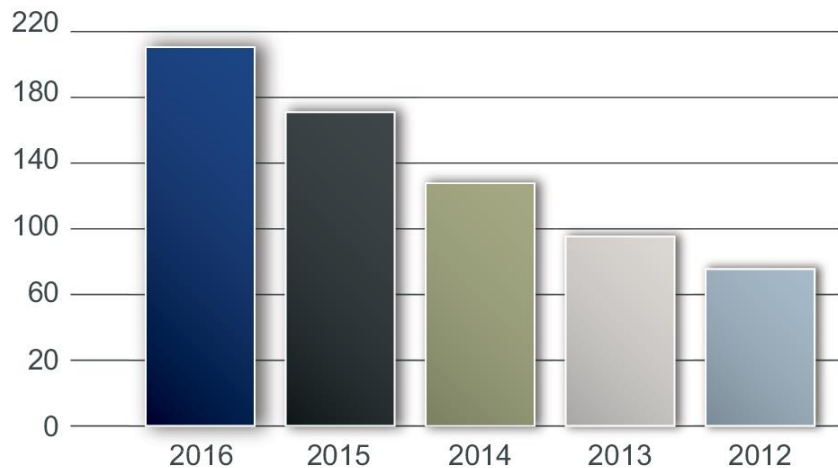
## COMMITTED ORDERS (USD ' MILLION)



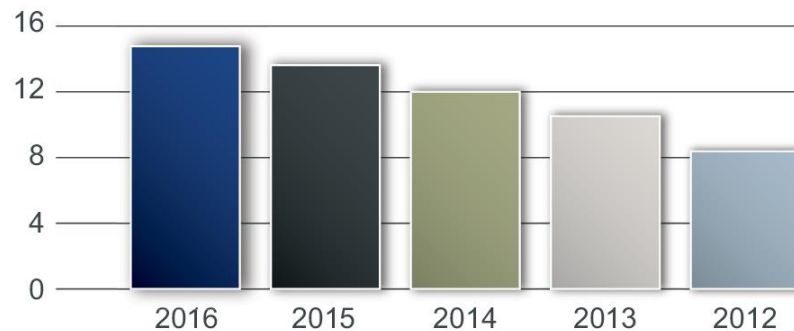
**FINANCIAL OVERVIEW**



### HEPS (ZARc)



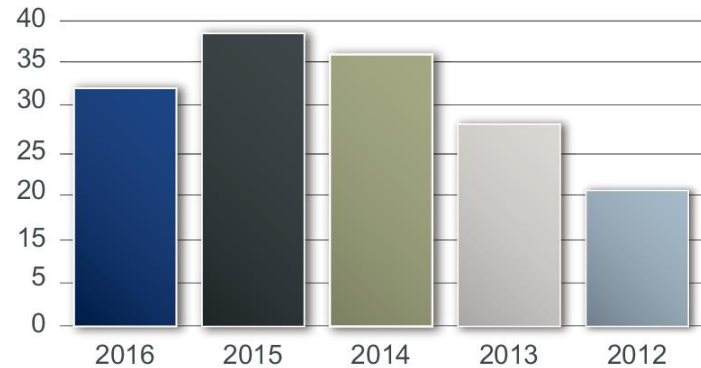
### HEPS (USDc)



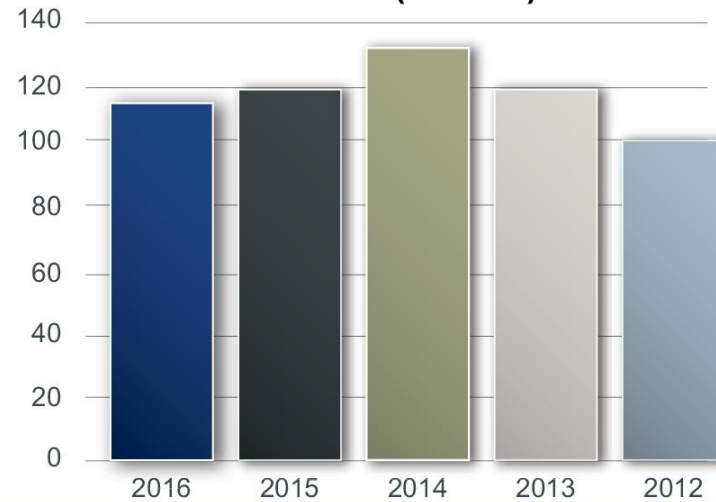
## EARNINGS PER SHARE

2016  
27.7%

**EBITDA (USD'm)**



**Revenue (USD'm)**



**EARNINGS BEFORE INTEREST TAX DEPRECIATION  
AMORTISATION (USD ' MILLION)**



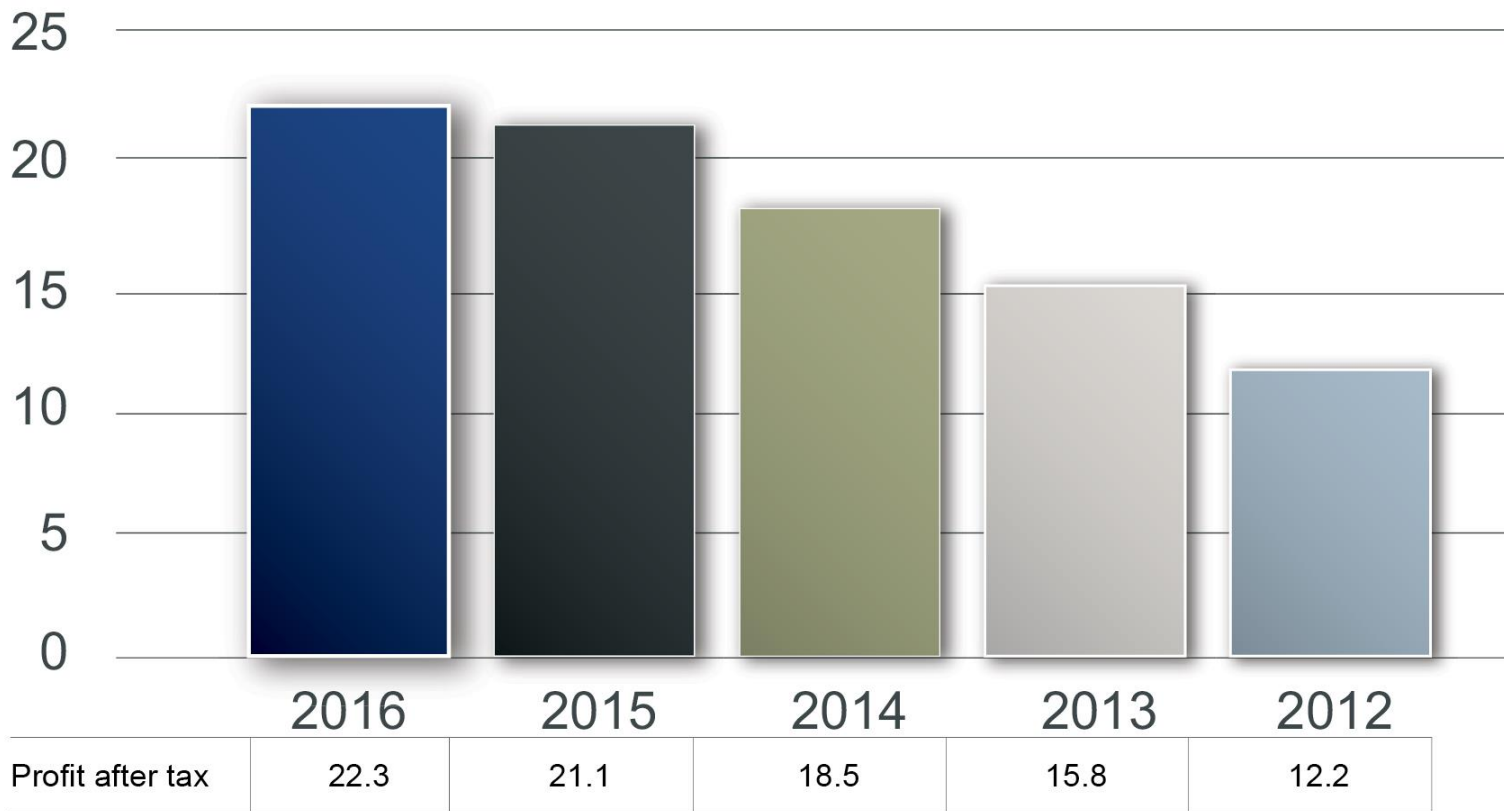


	2016	2015	2014	2013	2012
<b>Total Raisebore rigs</b>	105	98	94	88	88
<b>Utilisation %</b>	73%	70%	75%	77%	71%
<b>ARPOR* - (USD)</b>	111 040	120 819	118 215	117 047	108 847
<b>Total Slim rigs</b>	**33	48	45	74	64
<b>Utilisation %</b>	55%	35%	54%	54%	51%
<b>ARPOR* - (USD)</b>	74 280	96 761	58 525	50 740	34 293

\* Average Revenue per operating rig per month

\*\* Impaired Diamond Drilling & Underground machines during the year

## ARPOR SUMMARY PER ANNUM



CAGR  
16.1%

## PROFIT AFTER TAX GROWTH (USD ' MILLION)





	2016	2015	Comment
	USD 'million	USD 'million	
<b>Assets</b>			
Total non-current assets	126,2	107,9	Continued investment in Property, plant and equipment for future growth - USD 16.3 million
Total current assets	86,4	72,7	Working capital ratio affected by expansion into new geographies. Increase in client's payment cycles
<b>Total assets</b>	<b>212,6</b>	<b>180,6</b>	
<b>Equity</b>			
Equity	130,0	102,0	
Non-controlling interest	16,3	16,3	
<b>Total equity</b>	<b>146,3</b>	<b>118,3</b>	
<b>Liabilities</b>			
Total non-current liabilities	29,0	30,1	Gearing ratio improved from 28.3% to 21.2%
Total current liabilities	37,3	32,2	Current ratio improved from 2.26 to 2.32
<b>Total liabilities</b>	<b>66,3</b>	<b>62,3</b>	
<b>Total equity and liabilities</b>	<b>212,6</b>	<b>180,6</b>	

## STATEMENT OF FINANCIAL POSITION

	<b>2016</b>	<b>2016H2</b>	<b>2016H1</b>	<b>2015</b>
	<b>USD 'million</b>	<b>USD 'million</b>	<b>USD 'million</b>	<b>USD 'million</b>
Revenue	118,1	64,3	53,8	119,9
Cost of sales	(75,2)	(43,2)	(32,0)	(72,0)
<b>Gross profit</b>	<b>42,9</b>	<b>21,1</b>	<b>21,8</b>	<b>47,9</b>
Other operating income	4,6	4,1	0,5	1,0
Other operating expenses	(21,7)	(12,8)	(8,9)	(19,3)
<b>Operating profit</b>	<b>25,8</b>	<b>12,4</b>	<b>13,4</b>	<b>29,6</b>
Investment revenue	0,8	0,4	0,4	0,8
Finance costs	(1,9)	(0,6)	(1,3)	(1,7)
Share of profit from equity accounted investment	0,6	0,4	0,2	0,1
<b>Profit before taxation</b>	<b>25,3</b>	<b>12,6</b>	<b>12,7</b>	<b>28,8</b>
Taxation	(3,0)	0,0	(3,0)	(7,7)
<b>Profit for the year</b>	<b>22,3</b>	<b>12,6</b>	<b>9,7</b>	<b>21,1</b>

### Comment

Revenue negatively affected by foreign exchange currencies, market conditions, pricing pressure

Clients opting for shorter term projects impacted cost efficiencies

Research and development spent increased as investment in future benefits - USD 1.5 million

Over-provision of taxation in some of the group's jurisdictions

Profit after tax growth of 5.7%

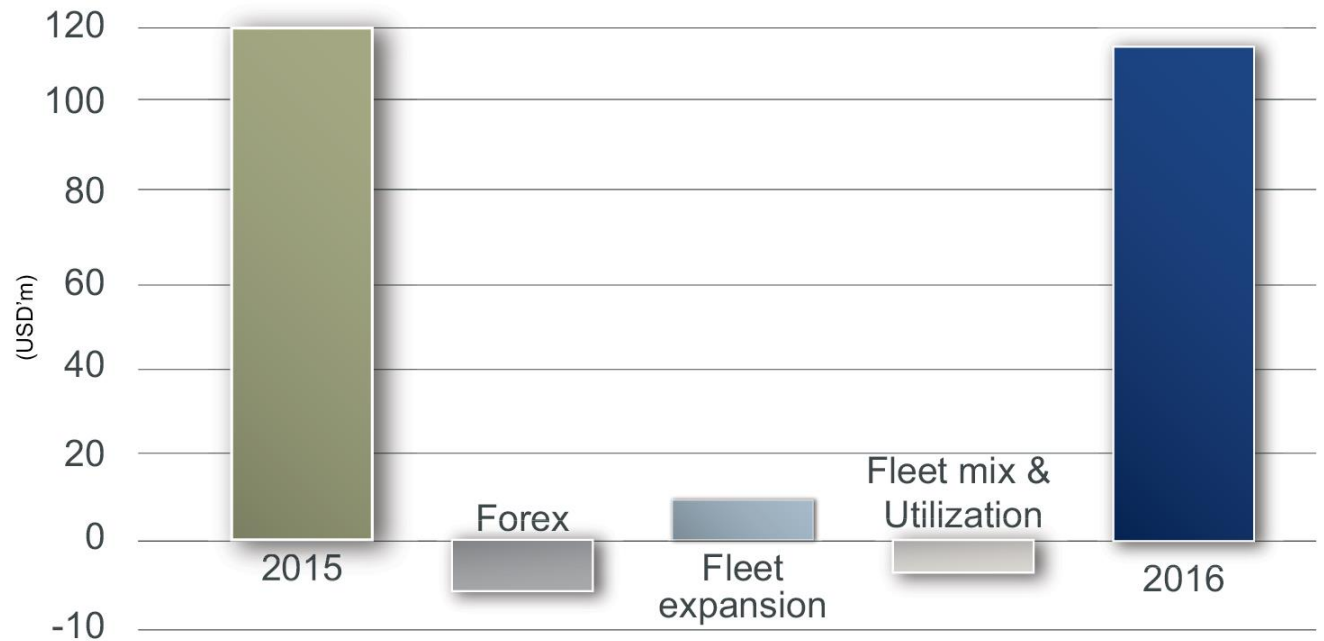
## STATEMENT OF COMPREHENSIVE INCOME





	2016	2015	Comment
	USD 'million	USD 'million	
<b>Net cash from operating activities</b>	19,6	28,3	Cash conversion ratio down from 1.31 to 1.23
<b>Net cash from investing activities</b>	(18,9)	(24,0)	Acquisition of Bergteamet Latin America SpA to increase footprint in Chile.
<b>Net cash from financing activities</b>	(3,5)	9,5	Continued investment in Property, plant and equipment for future growth - USD 16.4 million
<b>Total cash movement for the year</b>	(2,8)	13,8	
<b>Cash at the beginning of the year</b>	22,5	12,5	
<b>Effect of exchange rate movement on cash balances</b>	0,6	(3,8)	
<b>Total cash at the end of the year</b>	20,3	22,5	Healthy cash balance of USD 20.3 million

## STATEMENT OF CASH FLOWS



**Revenue 2015**

119.9

**Forex**

(5.2)

**Fleet expansion**

5.4

**Fleet mix & Utilization**

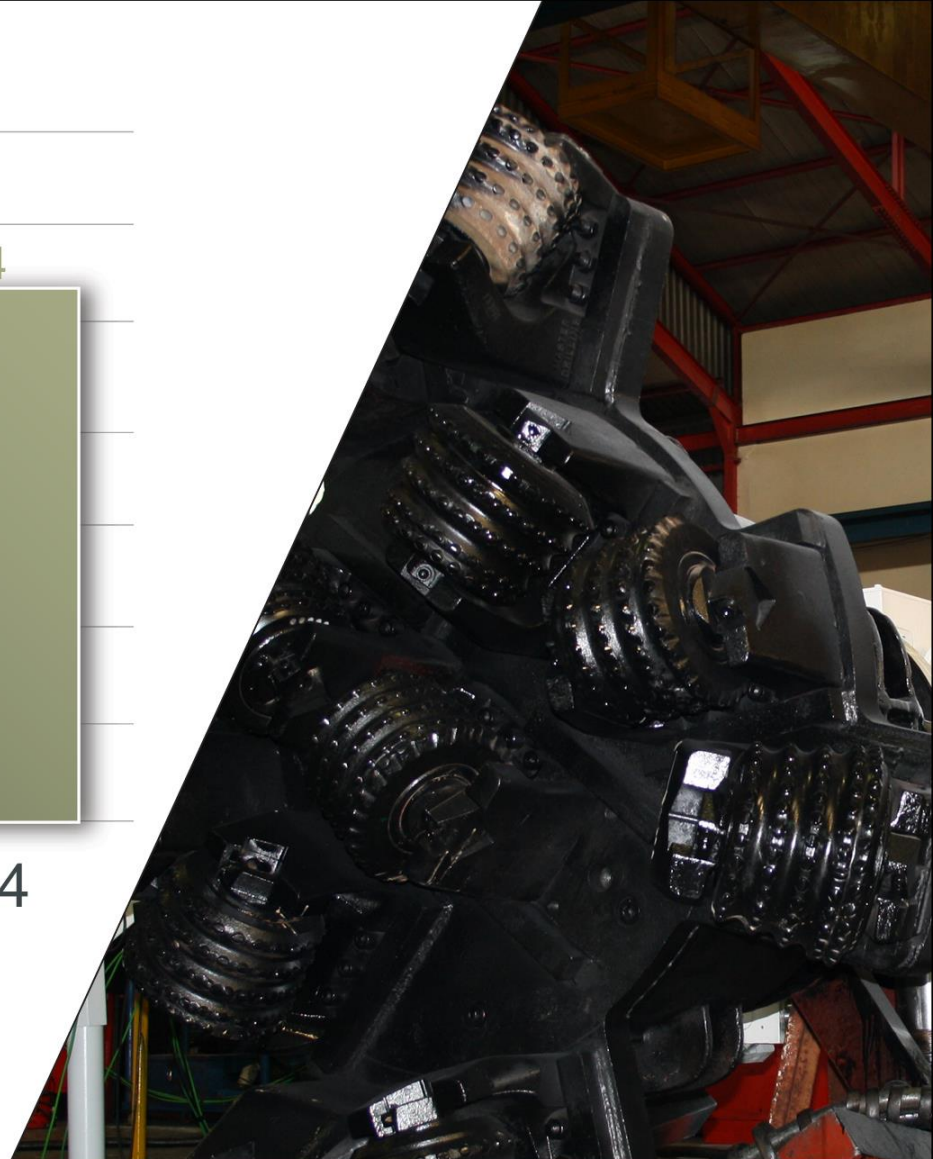
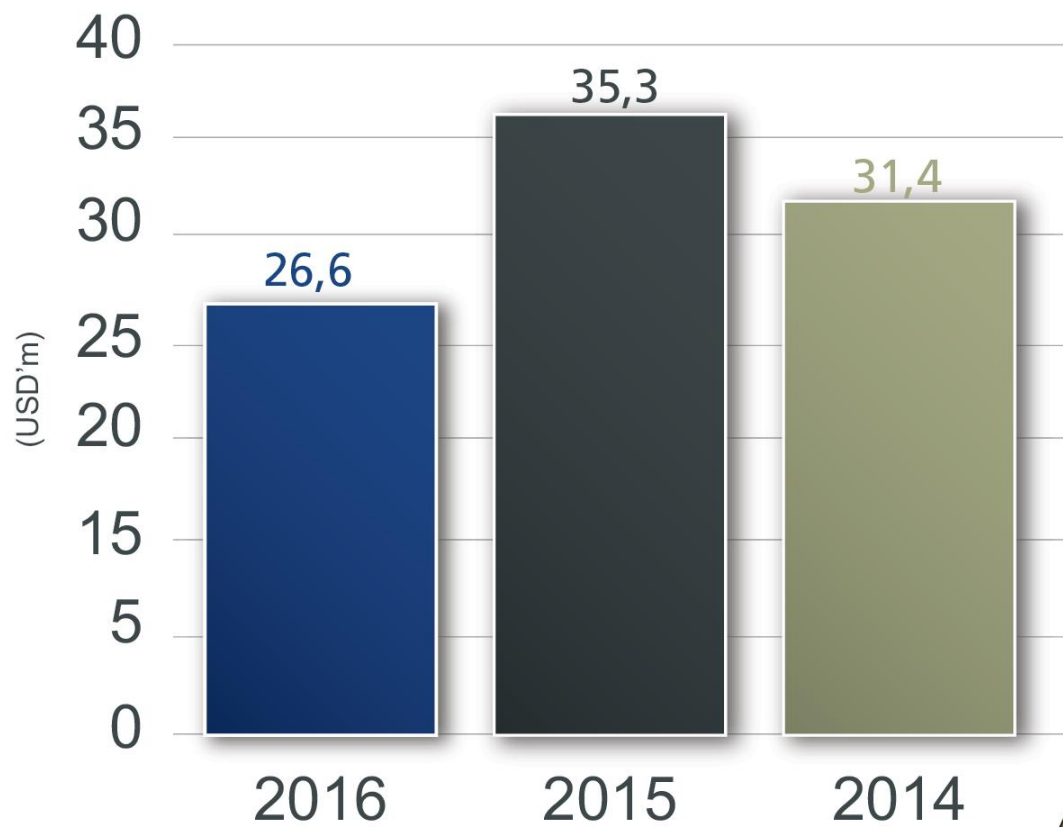
(2.0)

**Revenue 2016**

118.1

## REVENUE WATERFALL BREAKDOWN (USD ' MILLION)





**CASH GENERATED FROM OPERATIONS (USD ' million)**



	2016	2015	Movement
Inventory	24.4	19.6	(4.8)
Trade and Other Receivables	39.0	30.6	(8.4)
Trade and Other Payables	23.0	15.6	7.4

## WORKING CAPITAL BREAKDOWN (USD ‘ MILLION)





**Return on Capital Employed**

**Working Capital Ratio (Days)**

**Gearing Ratio (Debt\Equity)**

**2016**

12.7%

125.0

21.2%

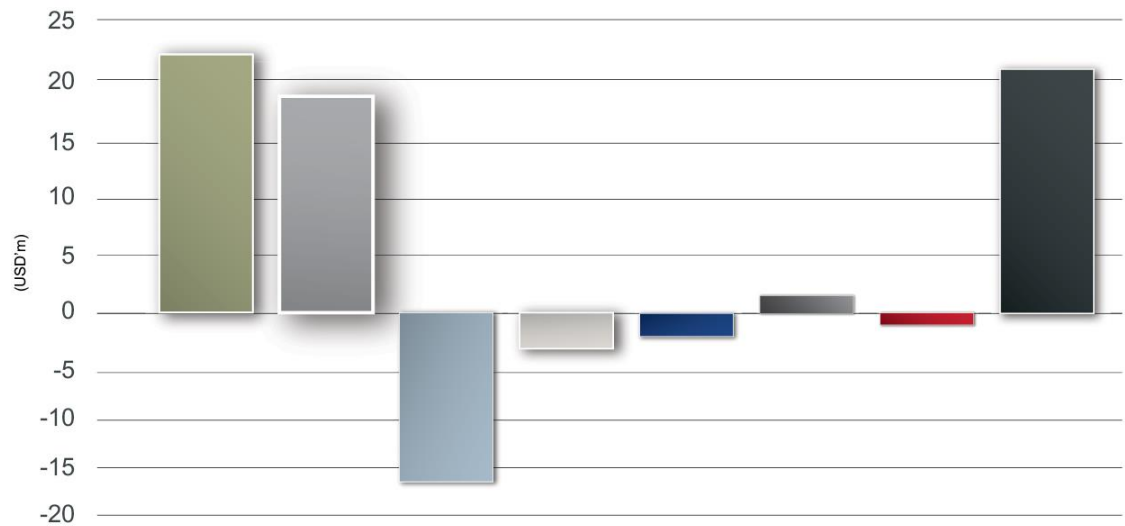
**2015**

14.2%

105.3

28.3%

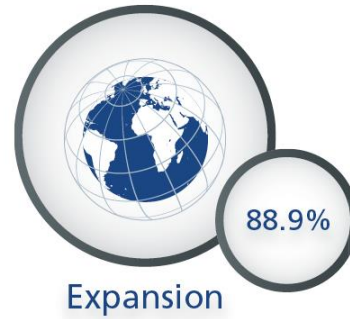
## **BALANCE SHEET RATIOS**



	2016
<span style="color: #6b8e23;">■</span> Cash at beginning of period	22,5
<span style="color: #34495e;">■</span> Cash from Operation Activities	19,6
<span style="color: #5dade2;">■</span> Net acquisition of Property, Plant & Equipment	(16,4)
<span style="color: #95a5a6;">■</span> Acquisition of Subsidiary	(3,9)
<span style="color: #003366;">■</span> Net movement in Financial Liabilities	(2,4)
<span style="color: #2c3e50;">■</span> Sale of property plant and equipment	1,1
<span style="color: #e74c3c;">■</span> Other	(0,2)
<span style="color: #34495e;">■</span> Cash at end of period	20,3

## CASH FLOW WATERFALL (USD ‘ MILLION)





Expansion



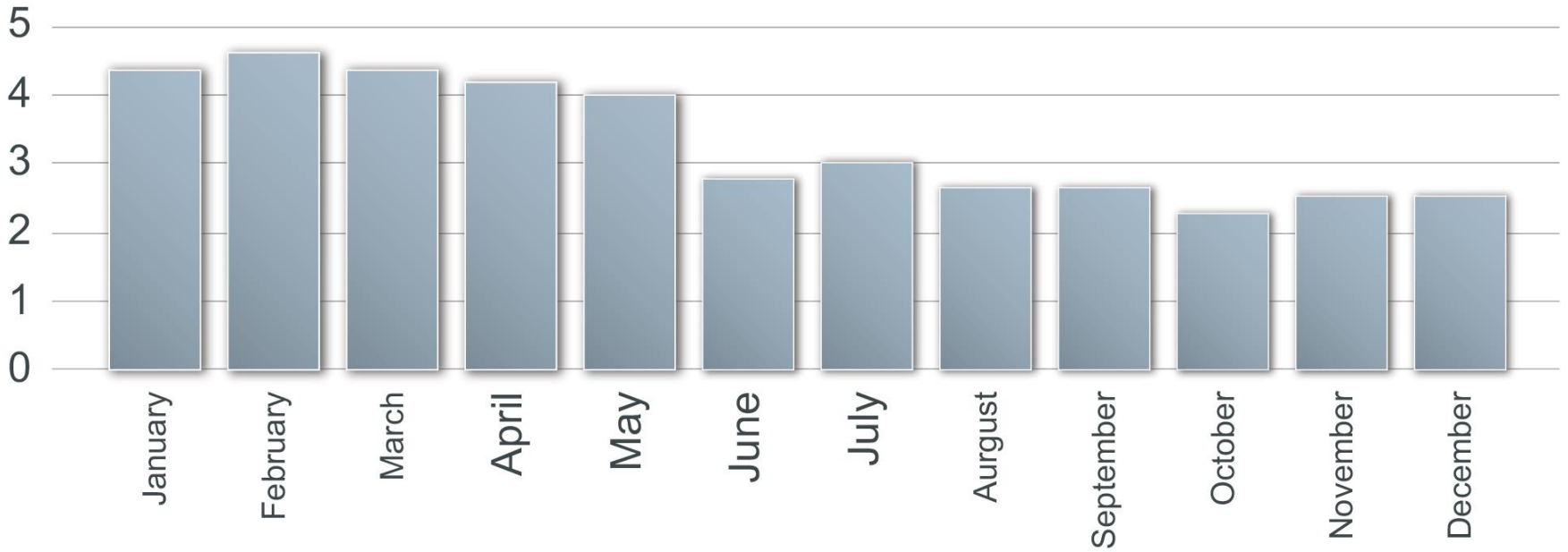
Maintenance

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<b>Plant and Machinery</b>	85.9%
<b>Motor Vehicles</b>	7.1%
<b>Furniture and Fittings</b>	2.6%
<b>Computer Software</b>	2.1%
<b>IT Equipment</b>	1.2%
<b>Land and Buildings</b>	1.1%

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**CAPITAL SPEND**



## LOST TIME INJURY FREQUENCY RATE





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## MASTER DRILLING GROUP LIMITED

Registration number: 2011/008265/06

Incorporated in the Republic of South Africa

JSE share code: MDI

ISIN: ZAE000171948

## REGISTERED AND CORPORATE OFFICE

4 Bosman Street

PO Box 902

Fochville, 2515

South Africa

## DIRECTORS

### Executive

Daniël (Danie) Coenraad Pretorius	Chief executive officer and founder
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André Jean van Deventer	Financial director and chief financial officer
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Barend Jacobus (Koos) Jordaan	Executive director
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Gareth (Gary) Robert Sheppard #	Chief operating officer
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### Non-executive

Hendrik Roux van der Merwe	Chairman and independent non-executive
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Akhter Alli Deshmukh	Independent non-executive
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Jacques Pierre de Wet	Independent non-executive
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Johan Louis Botha	Independent non-executive
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Shane Trevor Ferguson	Non-executive
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Fred George Dixon	Alternate director
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# Resident in Peru

## COMPANY SECRETARY

Andrew Beaven

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Krugersdorp

1739

South Africa

PO Box 158, Krugersdorp, 1740

South Africa

## JSE SPONSOR

Investec Bank Limited

(Registration number: 1969/004763/06)

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Sandton, 2196

South Africa

## INDEPENDENT AUDITORS

Grant Thornton Johannesburg Partnership

South African member of Grant Thornton International Limited

52 Corlett Drive

Illovo

2196

South Africa

## SHARE TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited

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Johannesburg, 2001

(PO Box 61051, Marshalltown, 2107)S

South Africa

# CORPORATE INFORMATION





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Instinctif Partners

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## **GENERAL E-MAIL QUERIES**

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**Company Secretarial E-mail**

[Companysecretary@masterdrilling.com](mailto:Companysecretary@masterdrilling.com)

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