

IMDEX presentation

1H20 Results

17 FEBRUARY 2020

BERNIE RIDGEWAY – MANAGING DIRECTOR
PAUL EVANS – CHIEF FINANCIAL OFFICER & COMPANY SECRETARY
PAUL HOUSE – CHIEF OPERATING OFFICER

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© IMDEX LIMITED



A leading global
Mining-Tech company.

Enabling successful
and cost-effective
operations, from
exploration to production.



IMDEX at a Glance

Building solid growth



Outperforming
market growth

Exciting pipeline of
new technologies

Compelling
opportunities for
sustainable revenue
and earnings
growth

CAGR 1H17 - 1H20

REVENUE

16%

UNDERLYING EBITDA

27.5%

1H20 UNDERLYING
EBITDA MARGIN

22%

STRONG NET CASH
POSITION

\$25.5m

AS AT 31 DEC 2019

EXCLUDING LEASE LIABILITY
OF \$39.7M

STRONG MARKET
PRESENCE ON

70%

OF MINERAL DRILLING
PROJECTS GLOBALLY

MARKET CAP

\$570.4m

AS AT 31 DEC 2019

RECORD DECEMBER
AND HALF-YEARLY
REVENUE

POSITIVE JANUARY
START-UP, RENTAL
FLEET UP

What Our Technologies Do

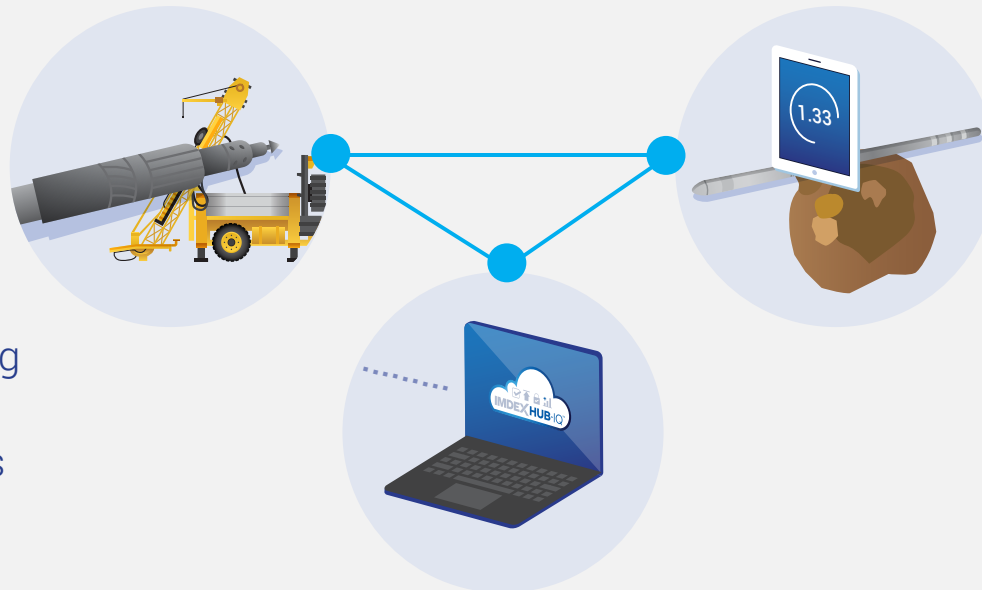
Enable successful cost-effective operations



We develop cloud-connected sensors and drilling optimisation products to improve the process of identifying and extracting mineral resources globally.

Drilling faster & smarter

- Drilling productivity and rig alignment technologies
- Automated and remote drilling fluid testing technologies
- Data collection and paperless reporting software



Accurate subsurface data

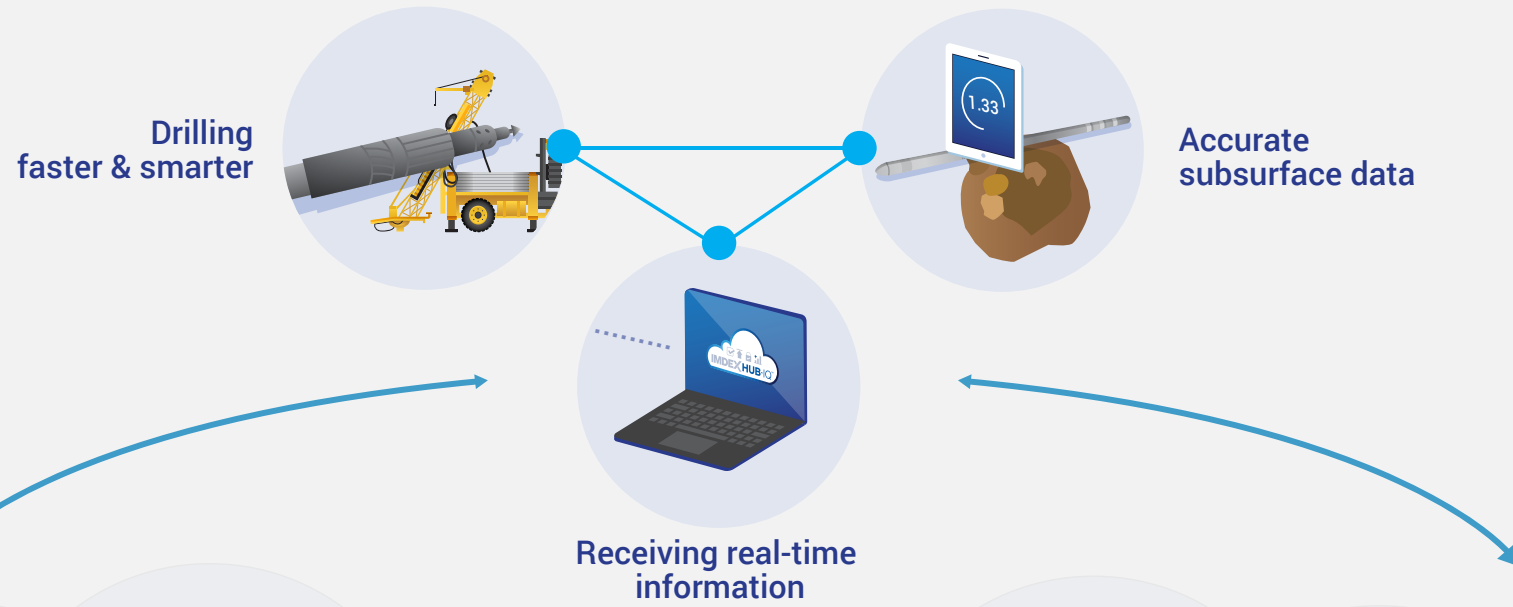
- Downhole survey sensors
- Core orientation and gamma logging technologies
- In-field sampling and analysis technologies

Receiving real-time Information

- Secure cloud-based services
- Real-time subsurface visualization
- Interpretive software – geological data

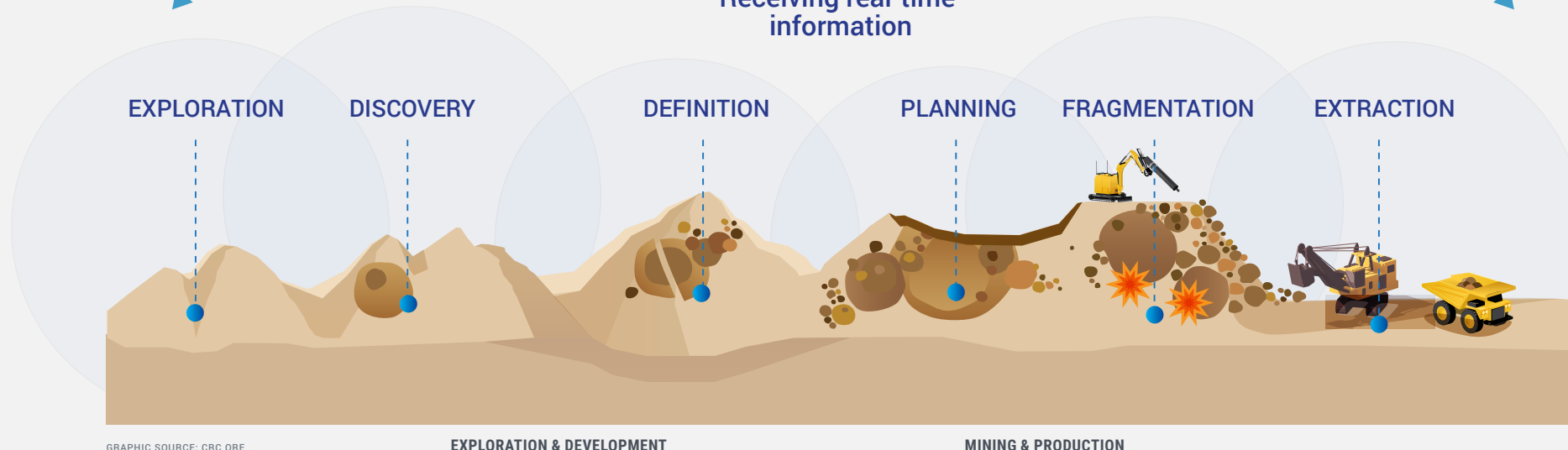
IMDEX Technologies

Applicable across the whole mining value chain



“It’s about drilling faster and smarter and knowing your rocks in real-time.”

DR MICHELLE CAREY
GENERAL MANAGER
IMDEX PRODUCT DEVELOPMENT



IMDEX Integrated Solutions

Strong competitive position - high barriers to entry



- Leading technologies
- Strong IP protection
- Comprehensive range of end-to-end connected solutions
- Global presence

1H20 Highlights

Strong performance and a positive outlook



Best half-yearly revenue and underlying EBITDA up 12%



On track to commercialise new drilling productivity and mining technologies in 2H20



1H20 interim dividend of 1cps, up 25%, with a special dividend of 2cps paid in the half



IMDEXHUB-IQ™ connected technologies up 53% on pcg



Robust balance sheet with net cash \$25.5m



Positive safety performance – LTIFR below December target



Strengthened quality of rental fleet – average rental revenue up 12.7%



Achieved Information Security Management standard ISO/IEC 27001:2013



Exercised option to acquire Flexidrill adding to technology portfolio



Streamlined operations and progressed digital transformation

1H20 FINANCIAL REVIEW



PAUL EVANS
IMDEX CFO & COMPANY SECRETARY

Key Metrics

A strong financial platform



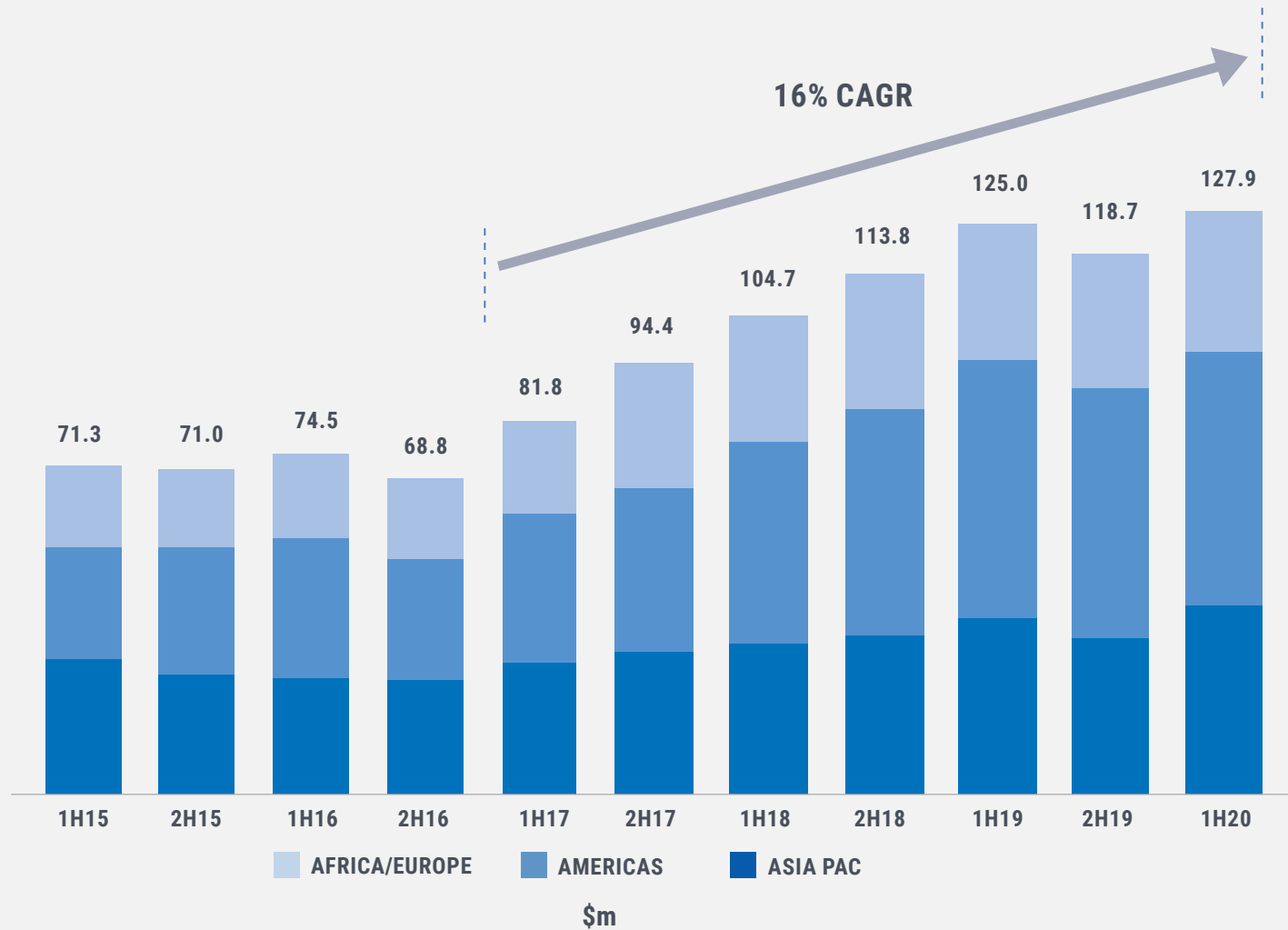
	1H20 (\$m)	1H20 (\$m)	1H20 (\$m)	1H19 (\$m)		
	Including AASB16	Applying AASB 16	Excluding AASB16	pcp comparative	VAR (\$m)	VAR %
Revenue	127.9	-	127.9	125.0	2.9	2%
EBITDA (excluding \$3.6m gain on VES sale)	31.3	(3.2)	28.1 ¹	25.2	2.9	12%
EBITDA margin %	24.5	-	22.0	20.1	1.9	10%
NPAT	18.2	0.3	18.5	13.5	5.0	37%
EPS (cents)	4.75	0.07	4.82	3.65	1.17	32%
Operating cash flow	24.9	(3.2)	21.7	19.0	2.7	14%
Net assets	222.5	2.9	225.4	202.8	22.6	11%
Net cash (as at 31 December)	25.5 ²	-	25.5	20.6	4.9	24%
Fully-franked interim dividend (cents)	1.0	-	1.0	0.8	0.2	25%

¹ Underlying EBITDA excludes gain of \$3.6m from the sale of VES and \$3.2m benefit from the AASB 16 leasing adjustment

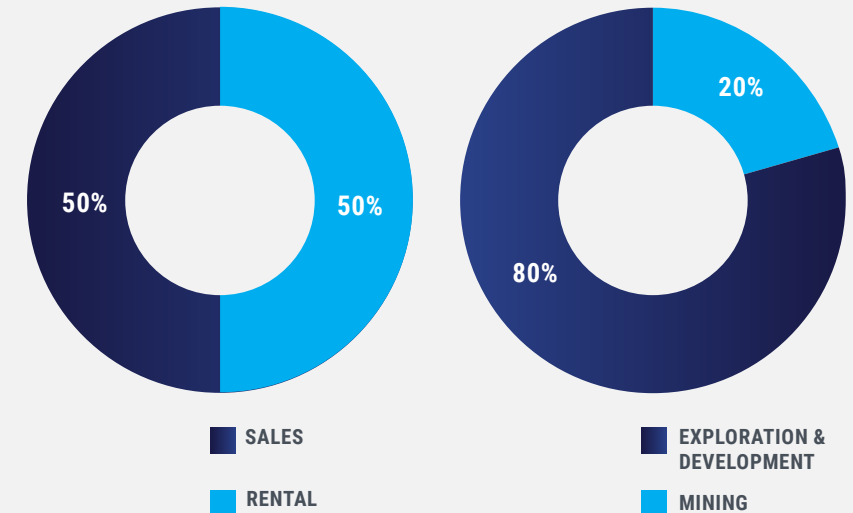
² Excluding lease liability of \$39.7m

Revenue

Strong half year performance



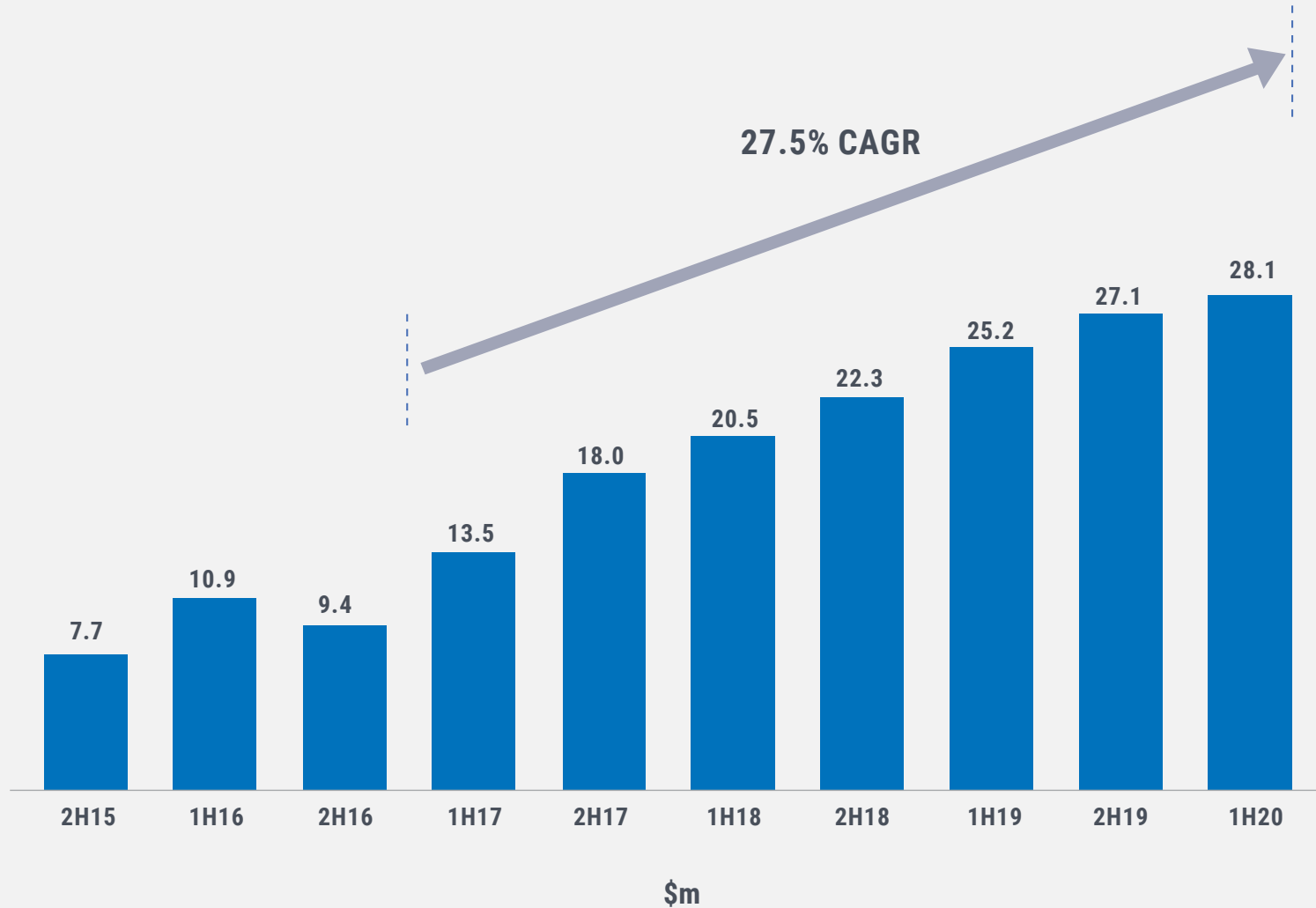
REVENUE PROFILE



- Increasing recurring rental revenue
- New technologies provide additional value to clients and generate higher rental rates
- Increasing revenue from mining and production phase

Underlying EBITDA

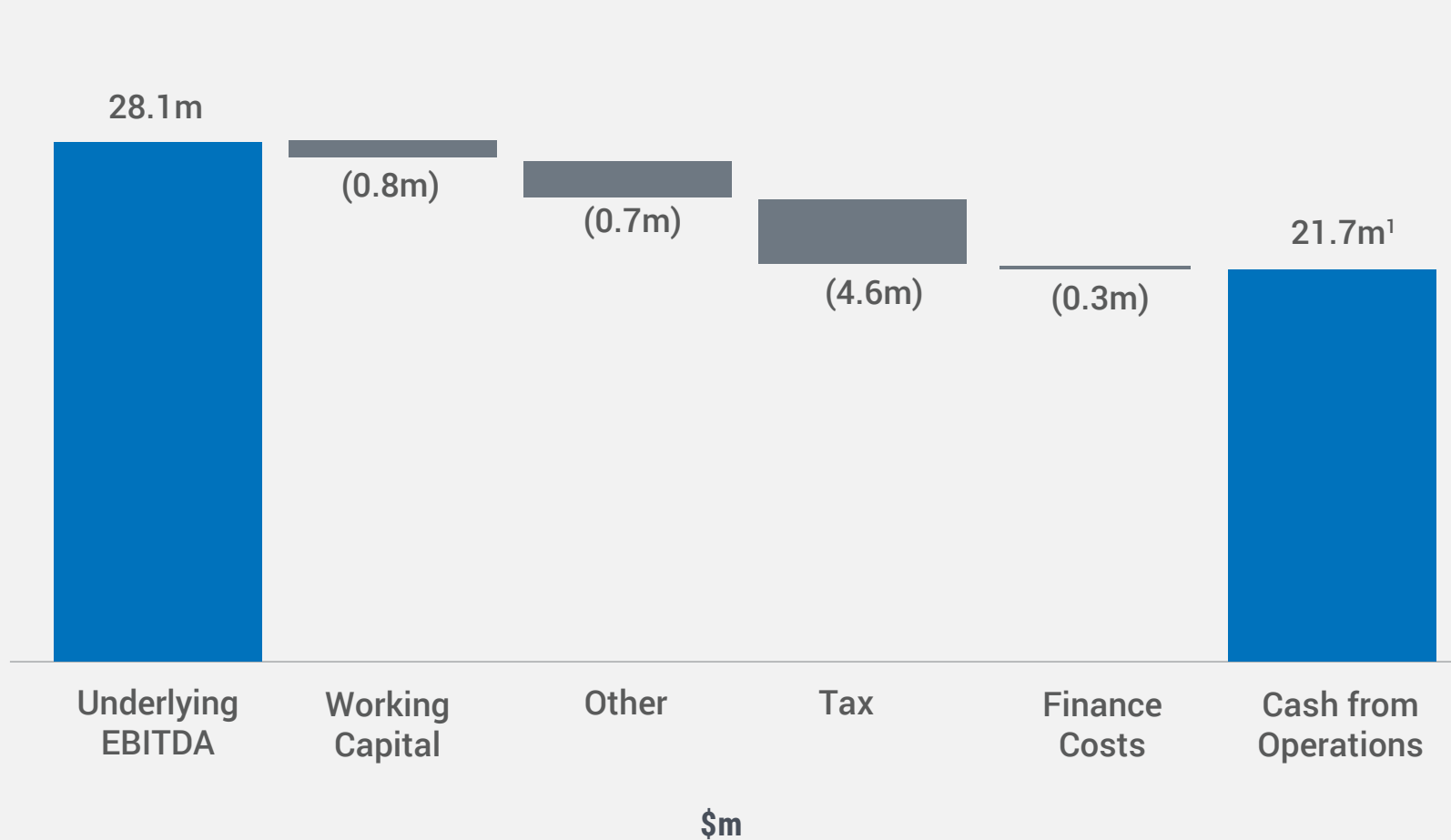
Driving operating leverage



- Improving gross margins
- Focus on streamlining operations and benefits from internal digital transformation

Reconciliation of underlying EBITDA

Strong cash conversion



- Working capital ratio of 30c for every incremental dollar of 1H20 revenue
- Similar ratio expected for full year

¹ Excluding \$3.2m AASB 16 leasing adjustment

Balance Sheet

Strong net cash position



\$m	31 DEC 19	30 JUN 19
Cash	31.7	29.5
Receivables	53.1	54.7
Inventory	36.2	37.1
Fixed assets ¹	78.0	39.4
Intangibles	59.2	59.5
Other assets / deferred tax	44.1	39.0
TOTAL ASSETS	302.3	259.2
Payables	25.7	25.3
Borrowings	6.2	6.3
Other liabilities, provisions and current tax ²	47.9	7.6
TOTAL EQUITY	222.5	220.0
ROE	17%	12%
ROCE	19%	15%



- Paid FY19 final and special dividends of 3.4cps
- Declared fully-franked interim dividend of 1cps
- Continued investment in leading technologies to drive future growth

¹ Includes lease assets of \$35.3m

² Includes lease liabilities of \$39.7m

³ Excludes lease liability of \$39.7m

ESG & STRATEGY



PAUL HOUSE
INDEX COO

Committed to ESG Activities and Disclosure

A step-wise approach



**IMDEX ESG Committee
established December 2019
– endorsed by Board**

Key Objective:

**Preparation of a Sustainability Report in accordance
with the Global Reporting Initiative Standards
within 3 years.**

YEAR 1

- Include economic, environmental, and social impacts in FY20 Annual Report
- Enhance accessibility of ESG information, including:
 - Sustainability page on company website
 - Ongoing engagement with investment community

YEAR 2

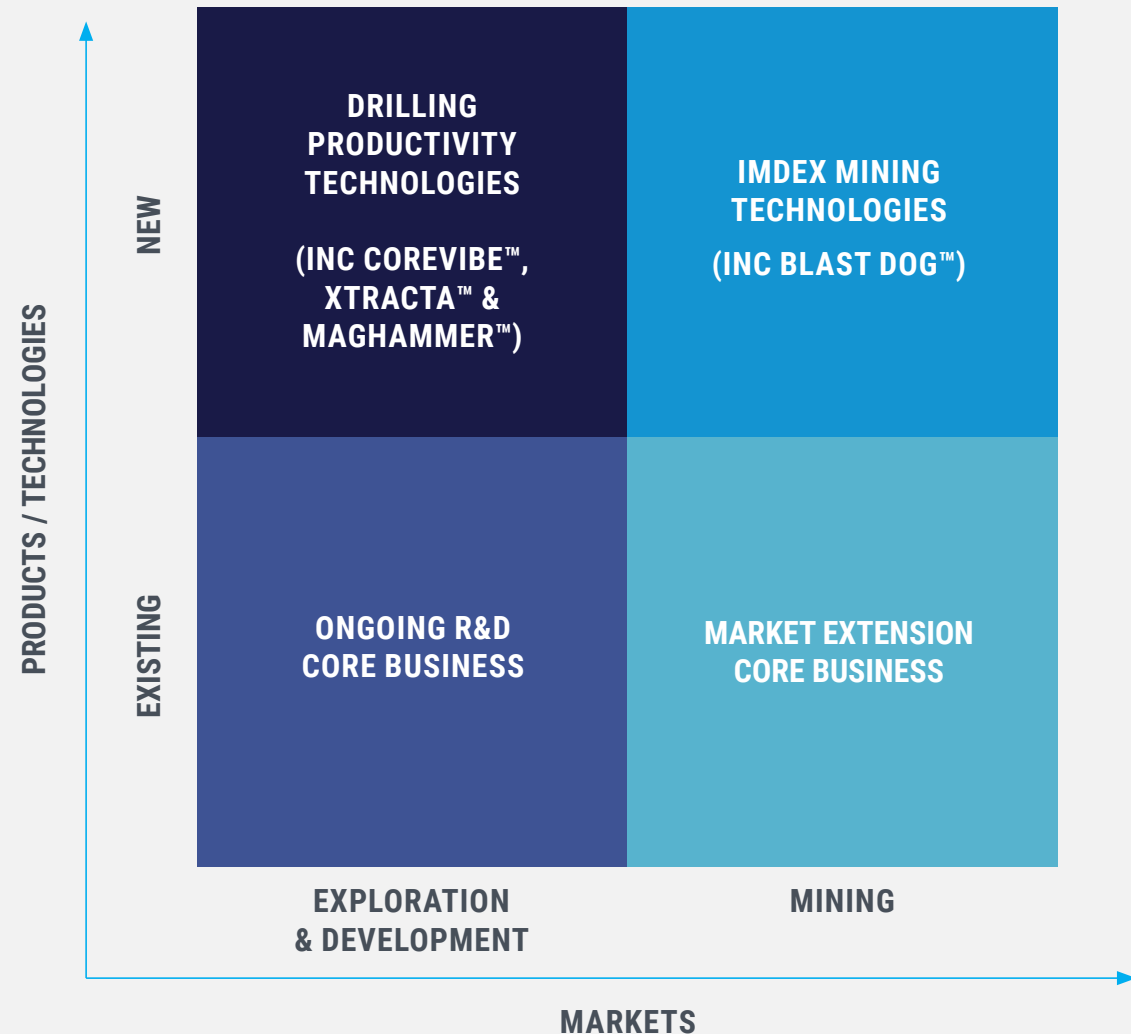
- Conduct an ESG materiality study
- Include economic, environmental, and social impacts in FY21 Annual Report
- Continue to enhance accessibility of ESG information:
 - Update sustainability page on company website
 - Update all investor communications
 - Include ESG information in roadshows and webinars

Consistent Strategy

Compelling opportunities for sustainable growth

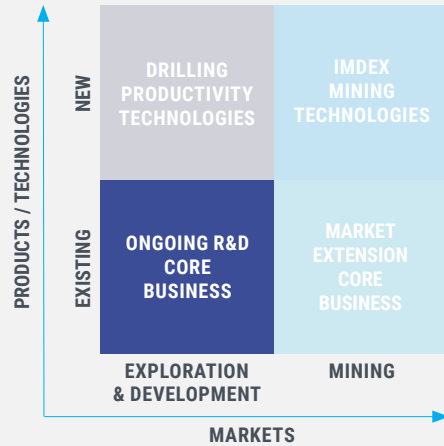


- Growing our core business by enhancing technical leadership, technical integration and increasing share of client spend
- Further extension into larger adjacent mining market to build non-cyclical revenue



Ongoing R&D Core Business

Connecting and enhancing our traditional technologies



58 OF TOP 100

CLIENTS ARE CONNECTED TO IMDEXHUB-IQ™
UP FROM 49 AT JUNE 19

IMDEXHUB-IQ™ CONNECTED CLIENTS GENERATE

60% MORE REVENUE

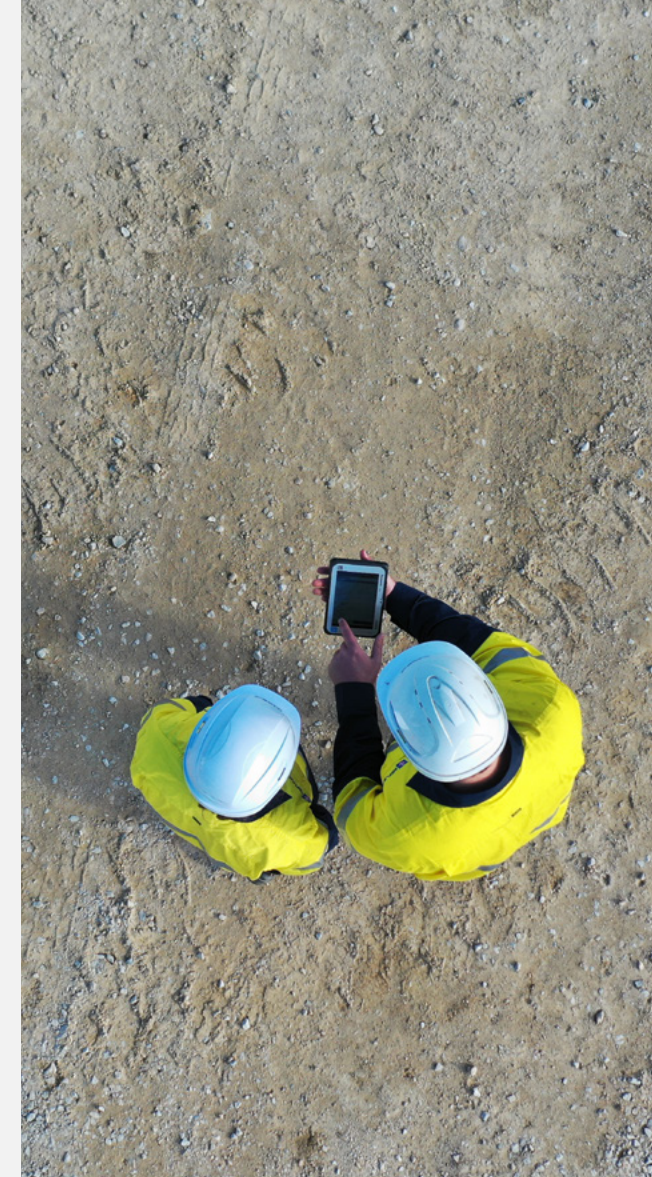
FOR IMDEX THAN NON-CONNECTED CLIENTS

IMDEXHUB-IQ™

CONNECTED

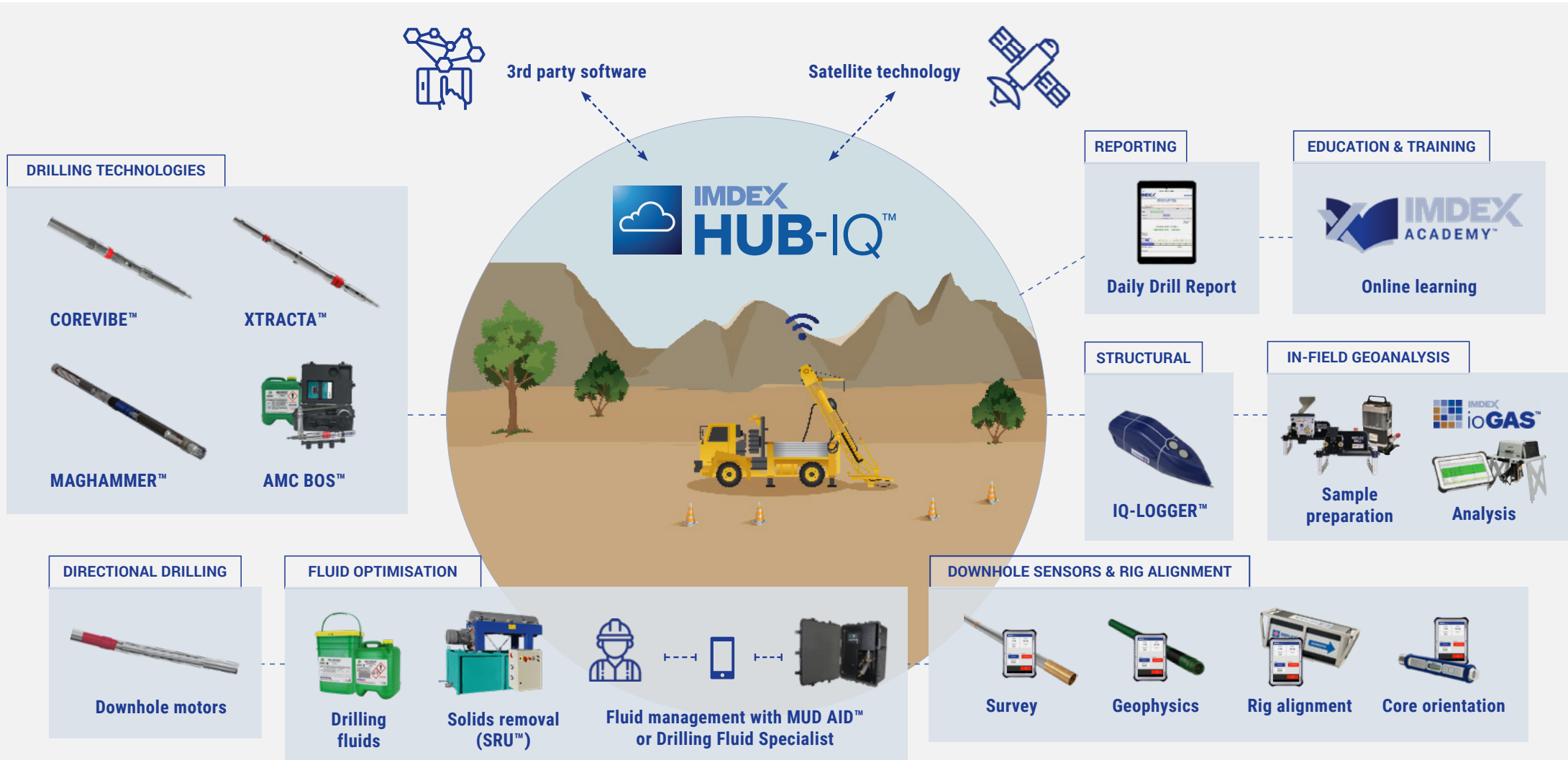
INSTRUMENTS

UP 53% ON PCP



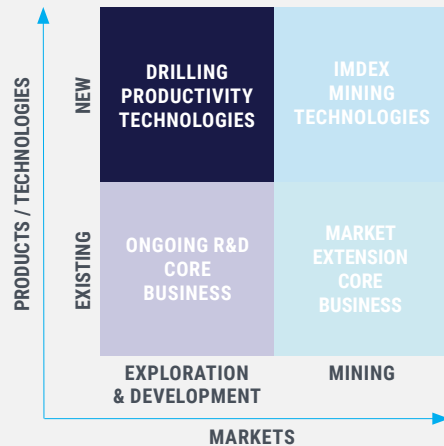
Optimised Drill Site

Providing clients with economic value



Drilling Productivity Technologies

Product Extension



COREVIBE™

Client Benefits

- High frequency energy pulse assisted drilling for wireline coring
- >30% increase in productivity
- Up to 90% increase in penetration rates

Progress Update

- Full pipeline of client trials
- Confident of converting trials to active rentals
- On-track with supply chain
- Revenue from 2H20



XTRACTA™

- Allows drillers to change the bit when core is retrieved – no need to pull rods
- The hole is always cased, maintaining hole integrity
- Significant productivity and safety benefits

- Further client trials in 3Q20
- Pilot production on track
- Revenue from 4Q20



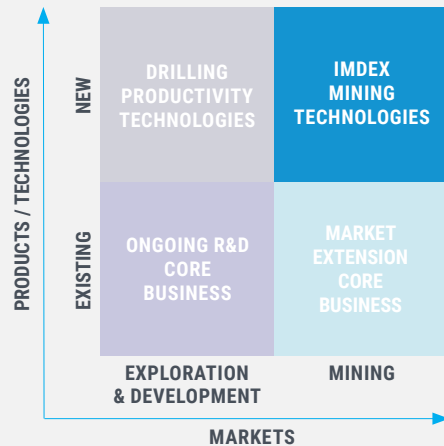
MAGHAMMER™

- Combines rotary diamond drilling with fluid driven percussive drilling
- Achieves high penetration rates compared to conventional coring
- Significant safety, cost and environmental benefits

- Continuing development at IMDEX test site in NZ
- Client trials 4Q20
- Revenue from FY21

Mining Technologies

Market Extension - Blast DOG™



Optimising blasting outcomes based on high-resolution 3D material models and material tracking in pit

BLASTDOG™



Client Benefits

- Maximises revenue by increasing mine to mill efficiency
- Predictable fragmentation of blasted ground
- Greater throughput at the processing plant
- Less dilution
- Controlled vibration, dust, fumes and heave
- Enhances safety

Progress Update

- Conducting trials with global resource companies
- Trials include precious and base metals and bulk commodities
- Revenue generation 4Q20

OUTLOOK & SUMMARY



BERNIE RIDGEWAY
IMDEX MD

Positive Growth Outlook

A strong start to FY20



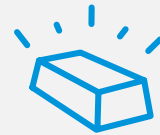
Best half-yearly revenue and December result
– strong January start-up



Resource companies – embracing innovation and new technologies to lower cost, increase safety and achieve greater productivity



Major and intermediate resource companies – increasing expenditure to replace reserves



Strong gold price and uplift in capital raisings globally



New discoveries under cover and at depth – more drilling and longer development times



Four new IMDEX technologies providing additional and more sustainable revenue from FY21

Summary

Positioned to deliver attractive returns



Strong financial platform
delivering recurring revenue
Strong cash flow from operations
Increasing shareholder returns



Compelling opportunities for
sustainable revenue and earnings
growth – core business and
market extension



Outperforming market growth –
market leading patent protected
technologies that act as a barrier
to entry



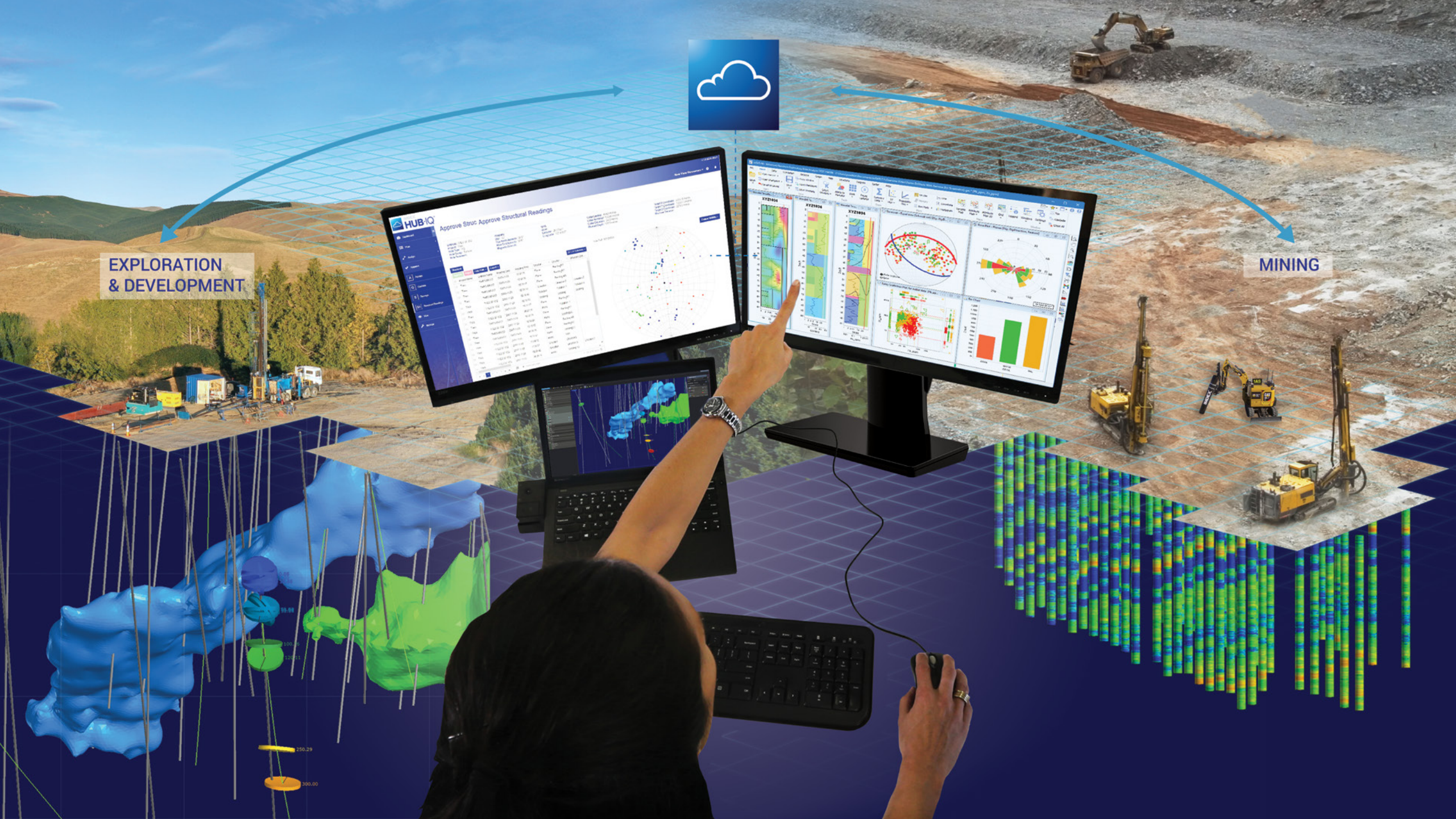
Established global company
– ability to leverage extensive client
network and achieve economies of
scale



Expanding market share and
margins, driven by an unrivalled
range of technologies and the
benefits of being the first mover
to cloud-enabled instruments



Strong leadership team
– successful track record of
developing and commercialising
technologies



EXPLORATION
& DEVELOPMENT

MINING

Thank you

THIS PRESENTATION HAS BEEN PREPARED BY IMDEX LIMITED ("THE COMPANY"). IT CONTAINS GENERAL BACKGROUND INFORMATION ABOUT THE COMPANY'S ACTIVITIES CURRENT AS AT THE DATE OF THE PRESENTATION. IT IS INFORMATION GIVEN IN SUMMARY FORM AND DOES NOT PURPORT TO BE COMPLETE. THE DISTRIBUTION OF THIS PRESENTATION IN JURISDICTIONS OUTSIDE AUSTRALIA MAY BE RESTRICTED BY LAW AND YOU SHOULD OBSERVE ANY SUCH RESTRICTIONS. THIS PRESENTATION IS NOT (AND NOTHING IN IT SHOULD BE CONSTRUED AS) AN OFFER, INVITATION, SOLICITATION OR RECOMMENDATION WITH RESPECT TO THE SUBSCRIPTION FOR, PURCHASE OR SALE OF ANY SECURITY IN ANY JURISDICTION, AND NEITHER THIS DOCUMENT NOR ANYTHING IN IT SHALL FORM THE BASIS OF ANY CONTRACT OR COMMITMENT. THE PRESENTATION IS NOT INTENDED TO BE RELIED UPON AS ADVICE TO INVESTORS OR POTENTIAL INVESTORS AND DOES NOT TAKE INTO ACCOUNT THE INVESTMENT OBJECTIVES, FINANCIAL SITUATION OR NEEDS OF ANY PARTICULAR INVESTOR. THESE SHOULD BE CONSIDERED, WITH OR WITHOUT PROFESSIONAL ADVICE, WHEN DECIDING IF AN INVESTMENT IS APPROPRIATE. THE COMPANY HAS PREPARED THIS PRESENTATION BASED ON INFORMATION AVAILABLE TO IT, INCLUDING INFORMATION DERIVED FROM PUBLICLY AVAILABLE SOURCES THAT HAVE NOT BEEN INDEPENDENTLY VERIFIED. NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS MADE AS TO THE FAIRNESS, ACCURACY, COMPLETENESS, CORRECTNESS OR RELIABILITY OF THE INFORMATION, OPINIONS AND CONCLUSIONS EXPRESSED. ANY STATEMENTS OR ASSUMPTIONS IN THIS PRESENTATION AS TO FUTURE MATTERS MAY PROVE TO BE INCORRECT AND DIFFERENCES MAY BE MATERIAL. TO THE MAXIMUM EXTENT PERMITTED BY LAW, NONE OF THE COMPANY, ITS DIRECTORS, EMPLOYEES OR AGENTS, NOR ANY OTHER PERSON ACCEPTS ANY LIABILITY, INCLUDING, WITHOUT LIMITATION, ANY LIABILITY ARISING FROM FAULT OR NEGLIGENCE ON THE PART OF ANY OF THEM OR ANY OTHER PERSON, FOR ANY LOSS ARISING FROM THE USE OF THIS PRESENTATION OR ITS CONTENTS OR OTHERWISE ARISING IN CONNECTION WITH IT.

FOR FURTHER INFORMATION
PLEASE CONTACT:

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IRO & CORPORATE COMMUNICATIONS
KYM.CLEMENTS@IMDEXLIMITED.COM

IMDEXTM

Appendices



Company Snapshot

As at 31 December 2019



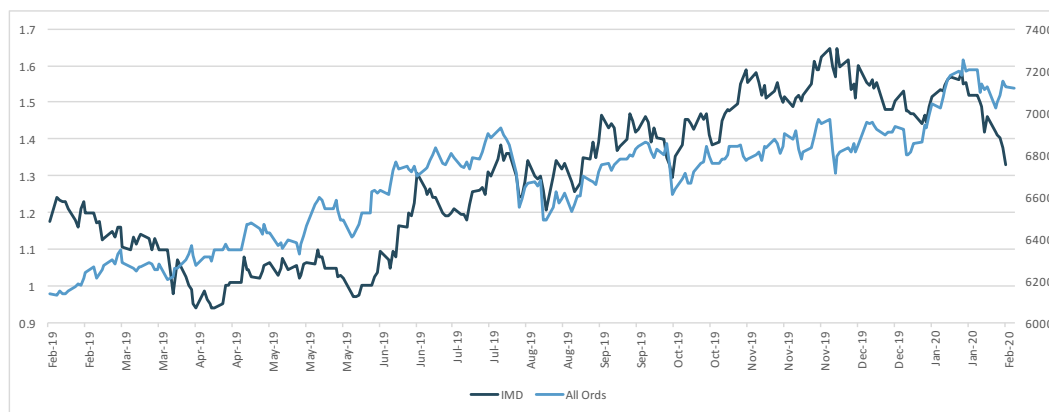
CORPORATE INFORMATION

ASX listed	IMD
Share price	\$ 1.47
Issued shares	m 388.1
Market cap	\$m 570.4

SHARE REGISTER ANALYSIS OF TOP 50 SHAREHOLDERS

Institutions	67.25%
Employees, directors & company related parties	2.44%
Private shareholders	7.03%
Brokers & banks	14.86%

SHARE PRICE – 12 MONTH TREND



LARGEST SHAREHOLDERS

	SHARES (m)	%
Yarra Capital	32.98	8.50
Morgan Stanley Australia	30.86	7.95
Fidelity Investments	27.25	7.02
L1 Capital	22.07	5.69

IMDEX Board

Committed to driving growth strategy



Mr Bernie Ridgeway
Managing Director

Ms Sally-Anne Layman
Non-Executive Director

Mr Anthony Wooles
Non-Executive Chairman

Mr Ivan Gustavino
Non-Executive Director

Mr Kevin Dundo
Non-Executive Director

Executive Leadership Team

Successful track record



Bernie Ridgeway
Managing Director



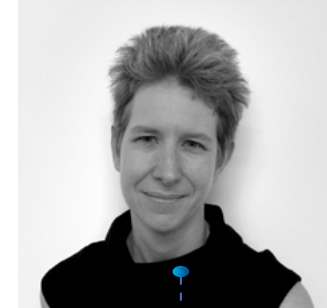
Paul Evans
CFO & Company
Secretary



Paul House
Chief Operating
Officer



Mathew Regan
Chief Information and
Transformation Officer



Michelle Carey
Global Manager – IMDEX
Product Development



Dave Lawie
Chief Geoscientist / Chief
Technologist – Mining Solutions



Tim Price
General Manager – IMDEX
Product Research



Sarah Standish
IMDEX General
Counsel



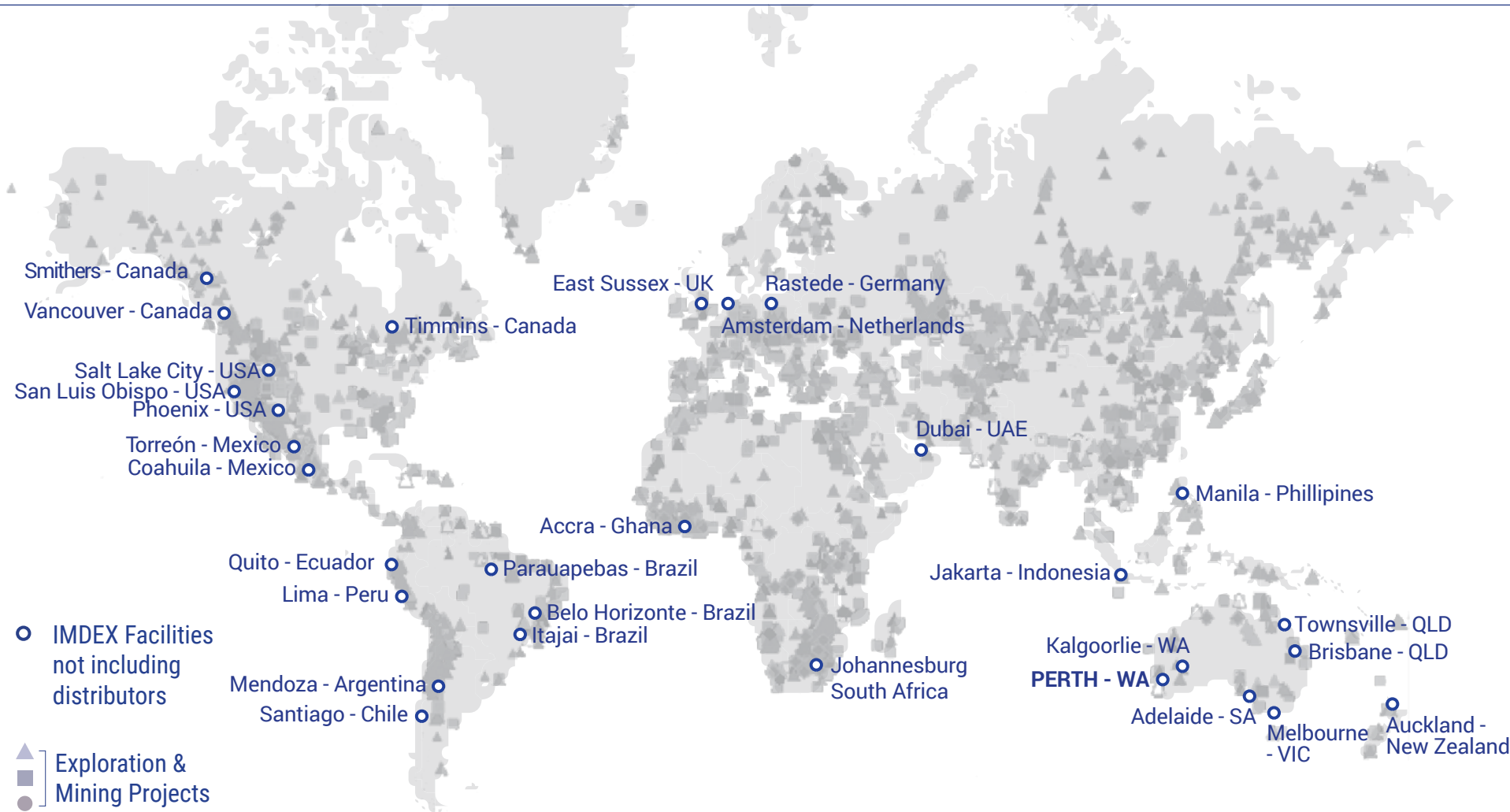
Kingsley Weber
Human Resources
Director



Derek Loughlin
Global Business
Development Director

Established Global Business

In all the key mining regions of the world



**STRONG MARKET
PRESENCE ON
70%
OF MINERAL
DRILLING PROJECTS
GLOBALLY**

**SALES IN
102
COUNTRIES**

Clients & Industry Partners

Long-standing collaborative relationships



OUR CLIENTS

Drilling contractors and resource companies globally

INDUSTRY PARTNERS / THOUGHT LEADERSHIP

Teck



DIRECTLY SUPPORTING MAJOR MINING COMPANIES

BHP

RioTinto



GLENCORE



LONG-STANDING DRILLING CLIENTS



GEODRILL

AUSTRALIAN
SHAFT DRILLING

ESG

Achievements & Areas of Focus



SAFETY & QUALITY

- Improving safety performance
- Enhancing visible safety leadership
- Improving systems and compliance
- Implementing technology solutions iAuditor and risk software
- Enhancing employee training and education
- Maintained ISO 9001 certification

GOVERNANCE & ECONOMIC

- Developed Conflict of Interest Policy and process for disclosing and managing conflicts
- Annual employee ethics training and certification
- Annual employee anti-bribery and anti-corruption training
- Implementing revised risk, compliance and legal framework
- Updated employee Code of Conduct and annual training
- Updated Speak-Up policy and reporting app
- Achieved ISO/IEC 27001:2013 creditation

ENVIRONMENTAL

- Increasing number of solids removal units on rent – smaller site footprint and significant water reduction
- Marketing a range of bio-degradable drilling fluids
- Improving operational efficiencies for clients to reduce wastage and consumption

SOCIAL

- Implemented Supplier Code of Conduct to align with IMDEX's transparent, safe and ethical procurement practices
- Enhanced anti-bribery & anti-corruption framework

COREVIBE™

Significant productivity gains for clients



HIGH FREQUENCY PULSE ASSISTED DRILLING FOR WIRELINE CORING OPERATIONS



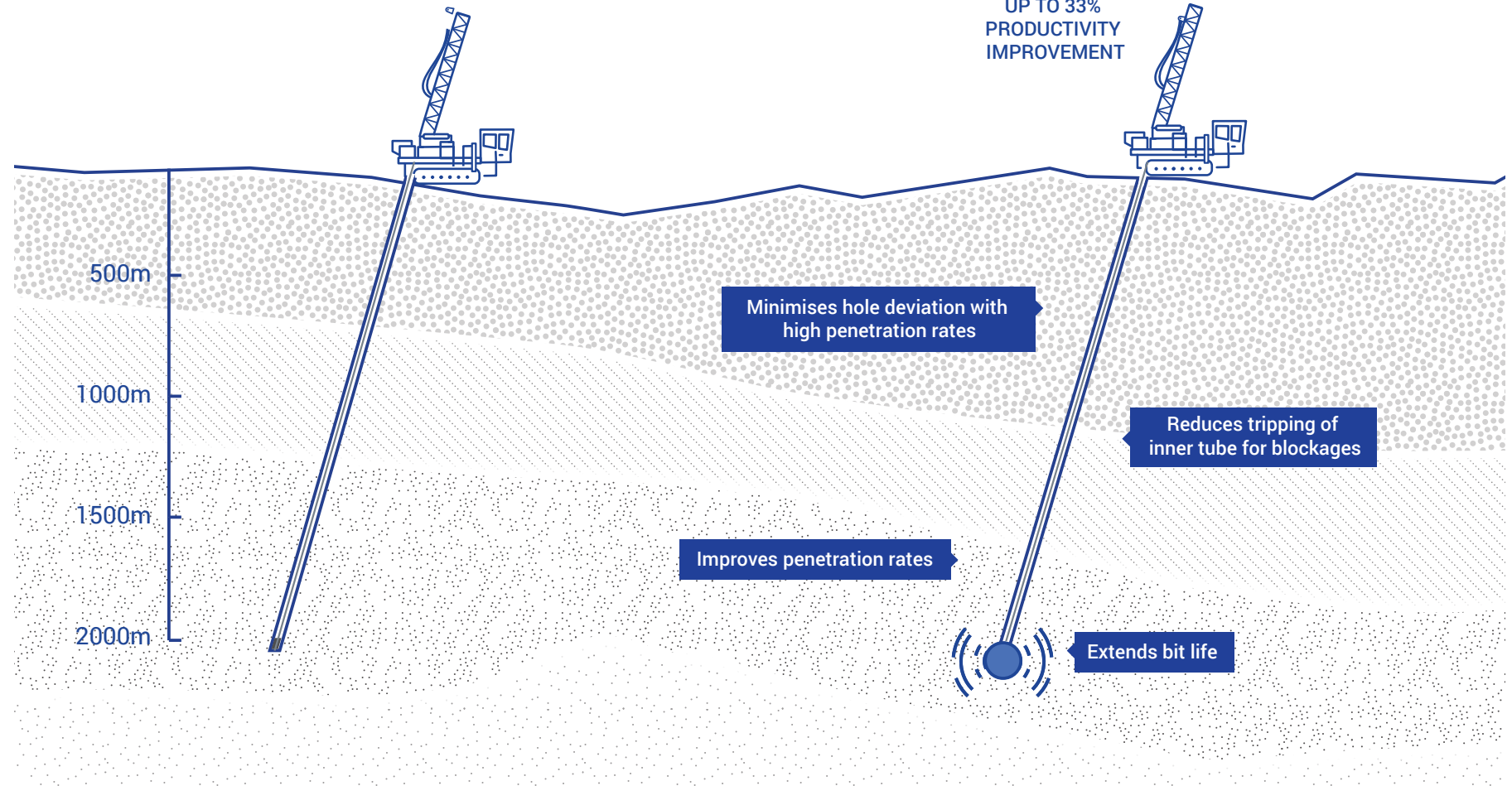
TRADITIONAL DRILLING

🕒 67 SHIFTS

COREVIBE™

🕒 47 SHIFTS

UP TO 33%
PRODUCTIVITY
IMPROVEMENT



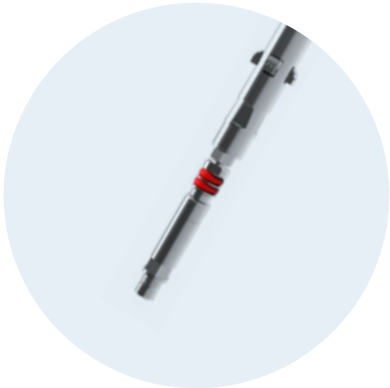
XTRACTA™

Significant benefits for clients



**ALLOWS DRILLERS
TO INSPECT OR
CHANGE THE BIT
EACH TIME THE CORE
IS RETRIEVED**

No need to pull the rods to change bits
- the hole is always cased, maintaining hole integrity



Increase
Productivity



Reduce Risk
of Injury



Reduce Hole
Deterioration



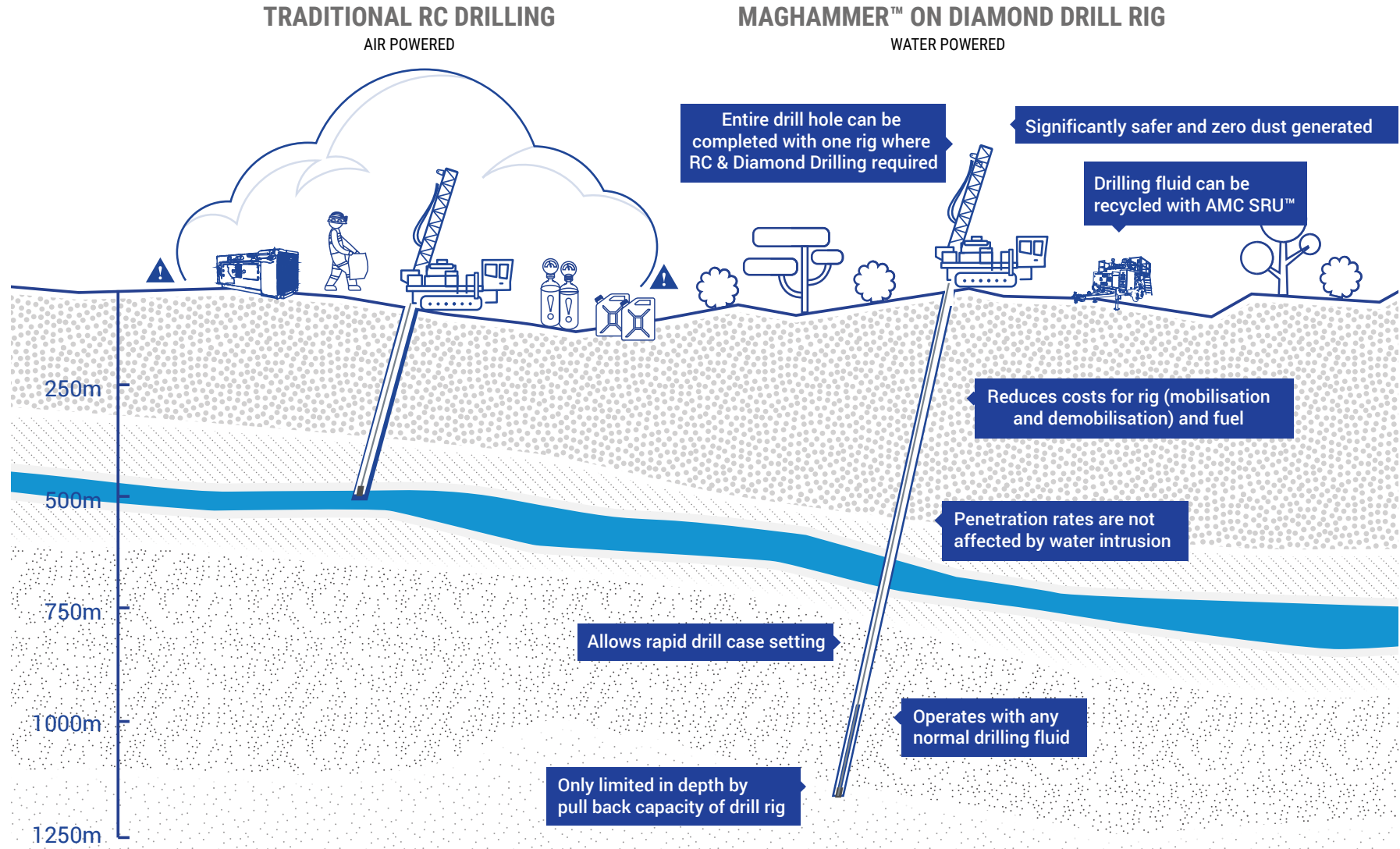
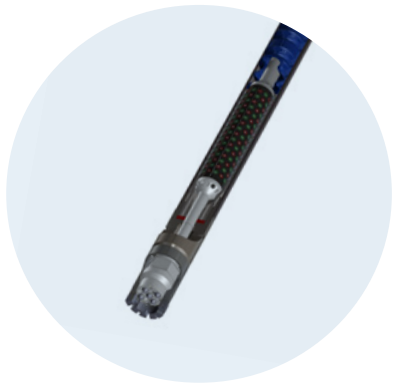
Drill
Aggressively

MAGHAMMER™

Significant productivity & safety benefits for clients



FLUID DRIVEN PERCUSSIVE DRILLING ON A DIAMOND DRILL RIG



Drilling Productivity Technologies

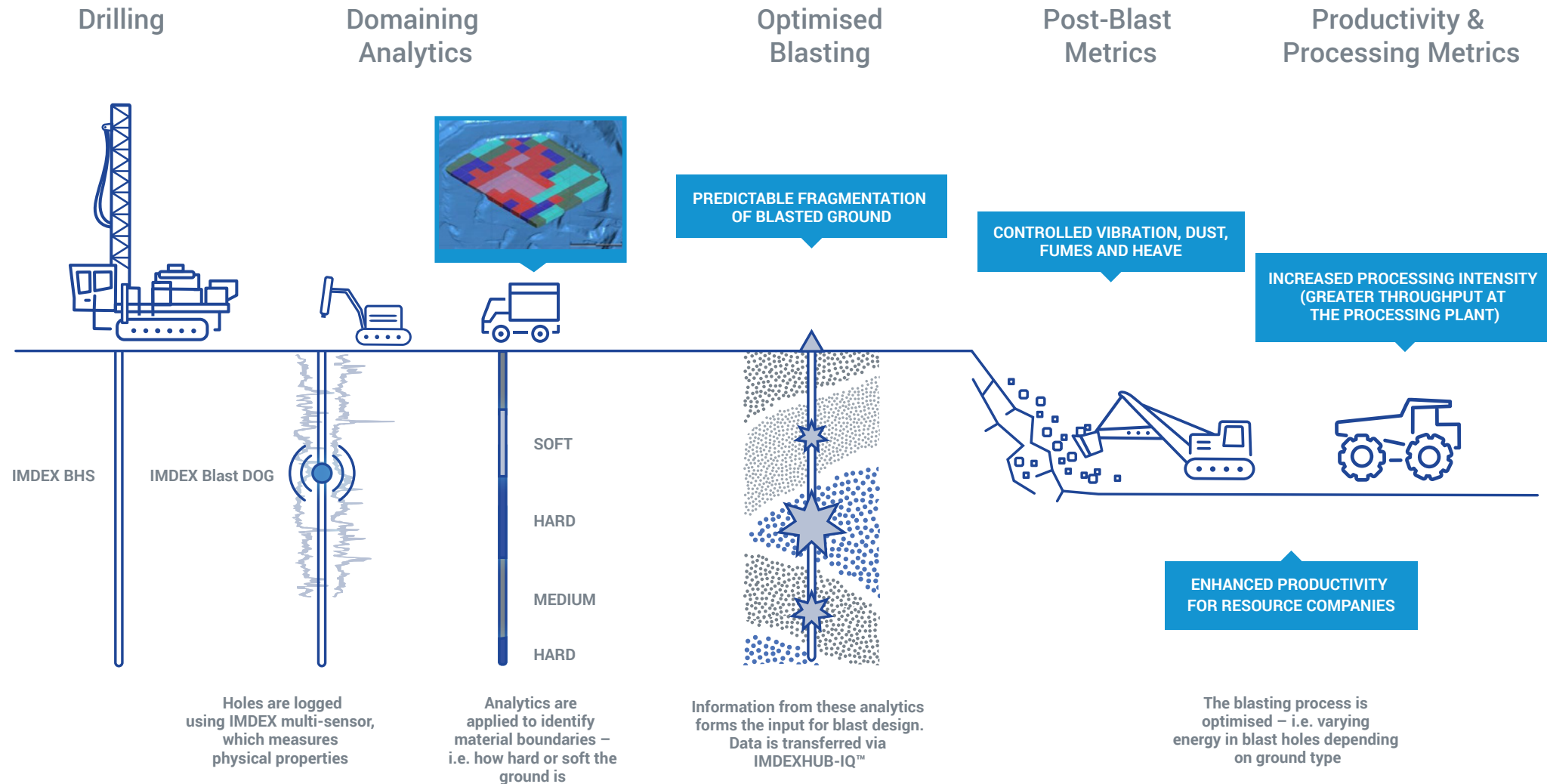
Product extension investment rationale



<p>Attractive addressable coring rig market: COREVIBE™ ~1800* XTRACTA™ ~3000*</p> <p><small>*Based on current coring rig utilisation rates</small></p>	<p>MAGHAMMER™ initially targeting high speed pre-collar drilling through deep cover to the coring zone, ~1000 RC rigs globally</p>	<p>Strong industry demand for greater productivity - from drilling contractors and resource companies</p>	<p>Unique technologies with strong IP protection</p>
<p>Complements IMDEX's integrated solutions</p> <p>Will not cannibalise existing product offering</p>	<p>New Drilling Productivity technologies suit IMDEX rental model</p>	<p>Ability to leverage existing cost base, client network and infrastructure globally</p>	<p>Manufacturing and distribution fits well within capabilities</p>

Mining Technologies - Blast DOG™

Optimised blasting and material tracking



Mining Technologies

Market extension investment rationale



Substantial
addressable
market,
~700 operating
mines

Strong demand
for productivity
increases

Leverages
existing
technology and
engineering
expertise

Potential
to provide
substantial
additional
sustainable
rental revenue

Ability to
leverage
existing
infrastructure
globally

Strong support
from industry
partners –
Orica, Anglo
American and
Teck Resources

