

MINCON INTERIM RESULTS 2020



SUMMARY H1 2020

PROGRESS THROUGH CHALLENGING TIMES

- Return to revenue growth up 8% on prior year
- Increased industry diversification
 - Construction revenue now 27% of overall revenue (H1 2019: 15%)
- Increased manufacturing capacity in Australia
- Substantial acquisition in Lehti Group completed and now bedded in
- Returned to positive cash generation
- Covid-19 government restrictions did negatively impact growth in the mining industry

MARGINS AHEAD OF PRIOR YEAR

- Gross margin up 8%
- Operating profit up 21%
- Profit after tax up 19%

	H1 2020 €'000	H1 2019* €'000	Change €'000 %	
Revenue	64,654	59,922	4,732	8%
Gross margin	23,457	20,816	2,641	13%
<i>Total gross margin %</i>	<i>36.3%</i>	<i>34.7%</i>		
Operating profit	8,263	6,803	1,460	21%
<i>Operating profit %</i>	<i>12.78%</i>	<i>11.35%</i>		
Profit after tax	6,358	5,340	1,018	19%
<i>PAT %</i>	<i>9.8%</i>	<i>8.9%</i>		

*Excluding H1 2019 write off's & exceptionals

MINCON'S HISTORY

1977 - 2000

1977

Mincon is established in Shannon, Ireland by Paddy and Mary Purcell

1980

Mincon innovation starts with the development of its own drilling tools

1990

Mincon starts manufacturing in Perth, Australia

1992

Mincon establishes USA sales office in Roanoke, Virginia

2000s

2003

Mincon acquires a DTH bit manufacturer in Benton, Illinois

2005

Mincon acquires a South African distributor to expand its footprint

2006

Mincon returns to Perth to establish an RC manufacturing facility

2007

Mincon establishes a customer service centre for the Swedish geothermal market

2010s

2011

Mincon establishes a sales office to service the West African market

2013

Mincon successfully lists on the Irish and London stock exchanges

2014

Mincon acquires Rotacan, a rotary drill bit manufacturer in North Bay, Ontario

Mincon expands its footprint in sub-Saharan Africa by acquiring a Namibian distributor

2015

Mincon's Australian businesses are consolidated as Mincon Group Australia

Mincon opens a sales office in Santiago to service the mining industry in Chile

Mincon acquires Marshalls Carbide, a tungsten carbide manufacturing specialist in the UK

2017

Mincon acquires PPV Oy, a Finnish engineering business developing geotechnical and construction solutions

Mincon acquires Viqing Drilling, a drill pipe manufacturer in Sunne, Sweden

2018

Mincon acquires Driconeq Group, a Swedish drill pipe manufacturer with facilities in Sweden, South Africa, and Australia

Mincon Group annual sales revenue exceeds €100 million for the first time

2019

Mincon acquires Pacific Bit, a distributor that services customers in the western region of Canada

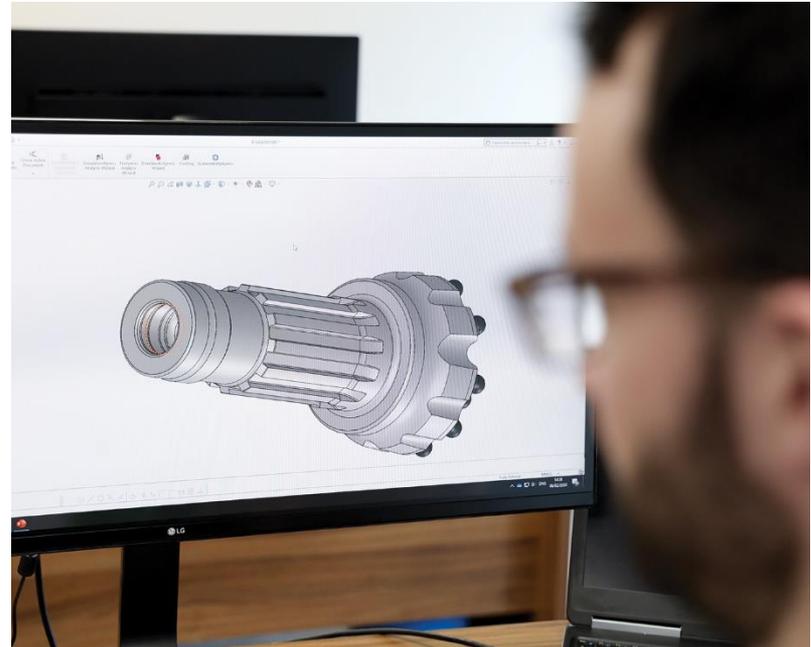
2020

Mincon acquires Lehti Group Oy, the manufacturer of Mincon's geotechnical systems

DESIGN

Mincon is building a business for the future by investing in the next generation of engineers to deliver on its goal designing innovative products that use less energy per metre drilled.

More efficient drilling solutions will lower the total drilling cost, which also results in reduced operational costs and lower carbon emissions for our customers.



MANUFACTURING



To ensure consistent quality, Mincon's products are manufactured at Mincon owned factories. Where Mincon has control and oversight of all aspects of production – including proprietary heat-treatment processes.

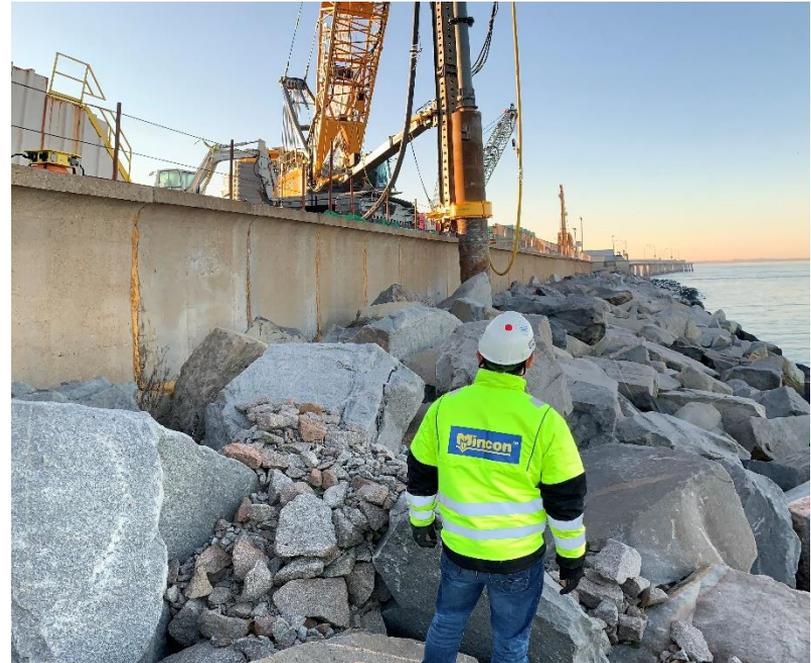
Mincon's eight manufacturing facilities are strategically located around the world to respond to local customer demand.

SERVICE

Mincon's comprehensive range of drilling solutions is backed by an unparalleled service offering across its four global regions.

Dedicated and experienced service teams work with customers to develop the best solutions. Feedback from the field is provided to product engineers, feeding a cycle of continuous improvement.

This close collaboration between customers, service and engineering ensures that Mincon innovates locally while leading globally.



THE MINCON CUSTOMER



Mincon has a comprehensive range of innovative rock drilling solutions and products that are used in a wide range of applications. Mincon customers are businesses active in mining, construction, and waterwell/geothermal drilling.

- **Mining** – quarries, exploration drilling, open-pit mines for extracting of minerals and metals
- **Construction** – casing systems, geotechnical solutions, foundation piles, tunnel support systems, anchoring systems, utilities trenches
- **Waterwell/Geothermal** – waterwell, geothermal energy wells

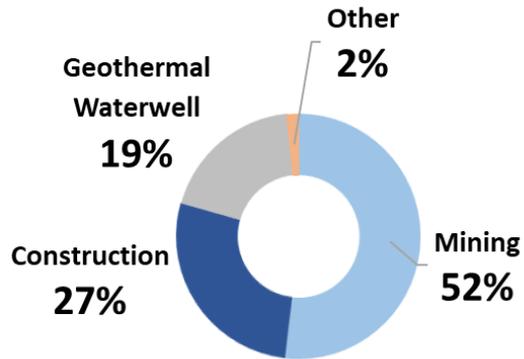
BUSINESS REVIEW

H1 2020

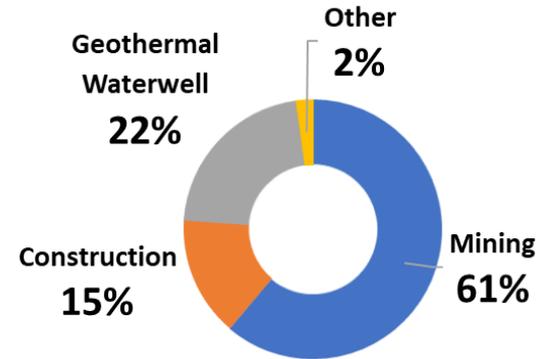


SECTOR SALES ANALYSIS

H1 2020 SALES MIX



H1 2019 SALES MIX



Mining ↓ 9%

Supply had been interrupted due to temporary mine closures as a result of Covid-19. Those mines are now re-opening.

Construction ↑ 98%

Winning new contracts and servicing existing contracts lead to 74% organic growth. Acquisitions in 2020 added 24% growth.

Geothermal/Waterwell ↓ 6%

The industry had slowed due to the Covid-19 restrictions imposed in Europe. Distributors in this industry reduced stocks.

AMERICAS REGION

Americas region revenue grew by 38% during H1 2020.

The biggest wins were in the construction industry, with orders received for projects such as:

- Electric Boat in Connecticut, USA
- Chesapeake Bay project in Virginia, USA
- BC Hydro, John Hart Dam Site C in British Columbia, Canada
- Belfi Project for Teck Resources in Chile.

Electric Boat site during June 2020



AMERICAS REGION

ADDITIONAL CONSTRUCTION WINS IN NORTH AMERICA



Donofrio have chosen Mincon to supply equipment to install fender piles for the Triborough Bridge and Tunnel Authority in New York State.

Cashman a division of the Keller Group have been awarded the contract to install an O-pile wall on either bank of the Gowanus canal in Brooklyn

This is to stabilise the banks and surrounding structures prior to dredging the canal.



AMERICAS REGION

The revenue from mining increased in the region by 4% during H1 2020.

The region is continuing to build Mincon's market share in the mining industry in both North and South America.

Government restrictions in relation to the pandemic did have an impact within this industry in some countries such as Mexico and Peru, where mines closed during March to May. However those mines have since reopened.

Waterwell/Geothermal industry contracted marginally by 1% during H1 2020, also due to restrictions in the USA and Canada in an effort to impact the spread of Covid-19.

EUROPE/MIDDLE EAST REGION

Europe & Middle East had growth of 9% in the period versus H1 2019.

Both acquisitions during H1 2020 were in Europe (Lehti Group and RocDril), and both companies have bedded in well into the Group, contributing for all the growth in the region during the period.

Both companies derive their revenue from the construction industry.

Mincon Nordic and Lehti Group are now operating from the Lehti Group building.

Mincon Ring Bits manufactured at Lehti



EUROPE/MIDDLE EAST REGION

Forepoling is a new construction product for Mincon, manufactured by Lehti and is now introduced to the market.

Regional management appointed a new distributor in Norway for Mincon Geotech product, and market share is growing in Norway as a result.

Organically, the region's revenue contracted by 2% in the period due to:

- Europe and the Middle East borders were shut for much of Q2 2020 due to Covid-19 government restrictions.
- This interrupted the movement of product to customers and prevented service personnel arriving to job sites.
- The region also experienced postponement of Geothermal projects in Northern Europe.
- Distributors across the region also ran down stocks during the period to protect their cashflow.

AFRICA REGION

Africa is predominately a mining region for Mincon Group.

Revenue has contracted for Mincon by 15% in the continent.

However there is a sharp contrast between West Africa and Southern Africa.

West Africa revenue increased by 72% on the same period in 2019.

- This is due largely to the concentration of gold mines in the area.
- Mincon's local management won the business from three new significant customers in H1 2020.

AFRICA REGION

Southern Africa contracted by 38% in H1 2020 versus the same period in the prior year.

- The mining industry has been hit hardest in South Africa where mines were closed in March and April due to Covid-19 restrictions, and the Mincon South Africa drill pipe plant was forced to close during that period as a result, however it reopened in May.
- The BBBEE* progress has been slowed due to Covid-19, but once completed Mincon will be in place to tender to all mines in South Africa.
- The wider Southern Africa region was also negatively effected due to local government Covid-19 restrictions.

*Broad-Based Black Economic Empowerment (BBBEE or B-BBEE) is a form of economic empowerment initiated by the South African government

ASIA PACIFIC REGION

The regions revenue contracted by 11% in the period, due to Covid-19 government restrictions, and further restrictions imposed by health and safety authorities on the mines.

Mining tenders that Mincon were involved in had been withdrawn during Q2 and postponed to Q3 & Q4 2020.

However, supply to a significant mine in Western Australia through a large drilling Contractor has seen success.

Mincon's regional management have signed an agreement to double the turnover to this mine with a gradual build up through Q2 to Q4 2020.

The Mincon Australia Team have fully commissioned a multi million-dollar heat treatment plant during H1 2020, it is now fully operational.

This is part of Mincon's continued strategy of local manufacturing, to enable us to respond to local customer demand.

H1 2020 FINANCIAL PERFORMANCE



INCOME STATEMENT

- Growth of 8% in the period
 - Organic growth 4.5%
 - Acquisitions contributed 3.5% to growth
- Gross margin as % increased due to acquisition of Geotech manufacturing (Lehti Group in Finland).
- Operating profit as % increased due to closing of non-performing entities in 2019 & less travel costs incurred due to Covid-19 restrictions.

	H1 2020 €'000	H1 2019* €'000	Change	
			€'000	%
Sales Mincon products	55,565	50,464	5,101	10%
Sales bought in products	9,089	9,458	(369)	(4%)
Revenue	64,654	59,922	4,732	8%
Cost of sales	(41,197)	(39,106)	(2,091)	
Gross margin	23,457	20,816	2,641	13%
<i>Total gross margin %</i>	<i>36.28%</i>	<i>34.7%</i>		
EBITDA	11,412	9,354	2,058	22%
<i>EBITDA %</i>	<i>17.65%</i>	<i>15.61%</i>		
Other operating costs	(15,194)	(14,013)	(1,181)	
Operating profit	8,263	6,803	1,460	21%
<i>Operating profit %</i>	<i>12.78%</i>	<i>11.35%</i>		
Non-operational income/(costs)	(608)	(240)	(368)	
Profit before tax	7,655	6,563	1,092	17%
Tax	(1,297)	(1,223)	(74)	
Profit after tax	6,358	5,340	1,018	19%

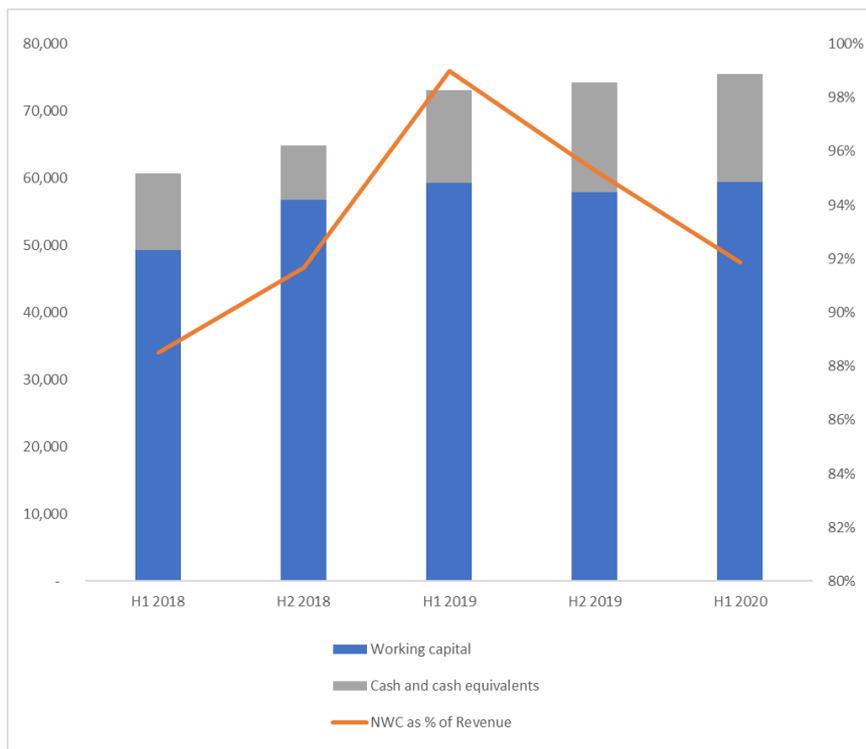
*Excluding H1 2019 write off's & exceptionals

BALANCE SHEET

- Acquisitions during the year have brought significant movements onto our balance sheet, in particular Lehti Group.
- Excluding Acquisitions:
 - We increased plant and equipment investment, mainly due to the commissioning of the heat treatment facilities in our Perth factory.
 - Inventory increased as we prepare to supply large construction contracts in H2 2020.

Balance Sheet	H1 2020 €'000	FULL YEAR 2019 €'000	Change %
Non-Current Assets			
Intangible assets & Goodwill	36,281	31,937	
Property plant & equipment	47,849	41,172	
Deferred tax asset	637	616	
Total Non-Current Assets	84,767	73,725	15%
Total Inventory	53,504	48,590	
Trade and other receivables	22,922	20,346	
Other current assets	2,870	6,098	
Current tax assets	40	589	
Cash and cash equivalents	16,035	16,368	
Total Current Assets	180,138	165,716	9%
Non-Current Liabilities			
Loans and borrowings	16,813	10,879	
Deferred tax liability	458	1,794	
Contingent liability	5,357	4,962	
Other liabilities	2,025	153	
Total Non-Current Liabilities	24,653	17,788	39%
Current Liabilities			
Loans and borrowings	6,459	4,043	
Trade and other payables	11,197	10,853	
Accrued and other liabilities	6,843	5,827	
Taxation Liabilities	1,894	1,061	
Total Liabilities	51,046	39,572	29%
Total Shareholders' Equity and Liabilities	180,138	165,716	9%

WORKING CAPITAL & CASH



Cashflow	H1 2020 €'000	H1 2019 €'000	Change %
Opening cash	16,368	8,042	
Net cash from operations	9,725	914	
Cash used in investing	(13,169)	(5,630)	
Proceeds from discontinuing operations	-	8,075	
Cash from financing activities	3,457	2,371	
FX effect on cash	(346)	(10)	
Total Non-Current Assets	16,035	13,762	17%

- Cash from operations was €9.7 million.
- We borrowed €5 million to purchase the Lehti Group & RocDrill with upfront cash payments totaling €7.2 million, deferred payments of €1.5 million to follow.
- On a half year basis, net working capital as a % of revenue is decreasing.

PRODUCT DEVELOPMENT



GREENHAMMER

Our Australian customers broken ore stocks are low.

The customers management requested, after our last test in December, how quickly we can get our Mincon rig ready to drill with the 10" greenhammer.

The Mincon rig is already adapted for the bigger 12" system so the conversion for the smaller system is straightforward.

The system is onsite in Karratha and is ready to run.

Due to Covid-19 related site access restrictions we are still not able to get onsite. Once we can we will mobilise the rig and start drilling.

LARGE HAMMERS & BITS

LARGE DIAMETER/LOW PRESSURE HAMMER

- Major hammer parts have been manufactured in Shannon and Finland. These are currently being assembled in Tampere, Finland.
- We are looking at test running this in Finland prior to shipping to Malaysia.
- The start date for drilling is unsure due to Covid-19 restrictions. We will not run the system until we can have Mincon service engineers onsite.

OUTLOOK H2 2020



OUTLOOK H2 2020

Viewpoint for H2 2020 remains positive subject to the global Covid-19 pandemic.

The health and safety of our most important asset, our people, will always continue to be our main priority, along with the health and safety of our customers and suppliers.

We will continue to invest in the development of our R&D projects such as:

- Greenhammer
- Geotechnical products

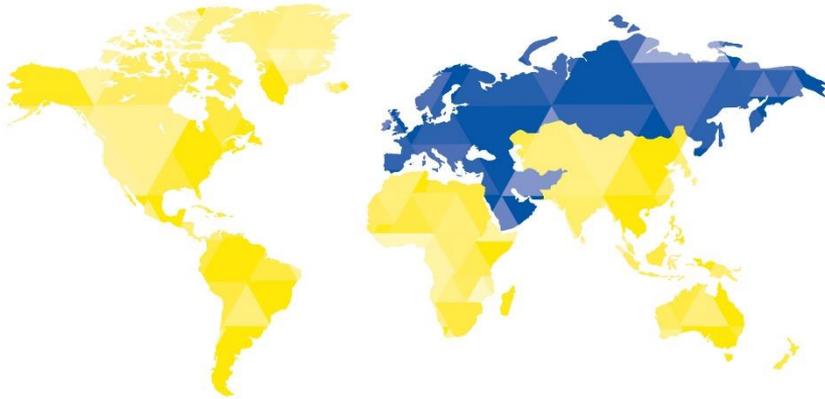
and continue to develop our existing product range for improved customer product performance and efficiencies.

Any forward-looking statements made in this document represent the Board's best judgment as to what may occur in the future. However, the Group's actual results for the current and future financial periods and corporate developments will depend on a number of economic, competitive and other factors, some of which will be outside the control of the Group. Such factors could cause the Group's actual results for future periods to differ materially from those expressed in any forward-looking statements included in this document.

APPENDIX



EUROPE AND MIDDLE EAST



Mincon Group is headquartered at its Shannon factory in Ireland, where the business was founded in 1977. This remains the centre of excellence for manufacturing of DTH hammers, as well as development of new drilling technologies.

Mincon has three additional world-class manufacturing facilities in Europe. Drill pipes are manufactured at the Driconeq factory in Sunne, Sweden. The tungsten carbide buttons used in all Mincon drill bits are manufactured at Mincon Carbide in Sheffield, UK. The Tampere factory in Finland, Mincon manufactures some of the world's largest geotechnical drilling components for construction projects around the globe.

EUROPE AND MIDDLE EAST

KEY REGION INFORMATION

- **Number of employees:** 271
- **Customers in region:** 418
- **Mincon service centres:** 4
- **Mincon factories:** 4; manufacturing DTH and RC hammers, DTH and RC drill bits, geotechnical systems, drill pipes, drilling accessories.
- **Key customer markets:** Construction and geotechnical, production mining, waterwell and geothermal

AMERICAS



Mincon North America marked the Group's expansion into the Americas, starting in the early 90s. Since then the region has expanded significantly with two cutting-edge manufacturing facilities and service centers in Canada, USA, and customer centres in Peru, and Chile.

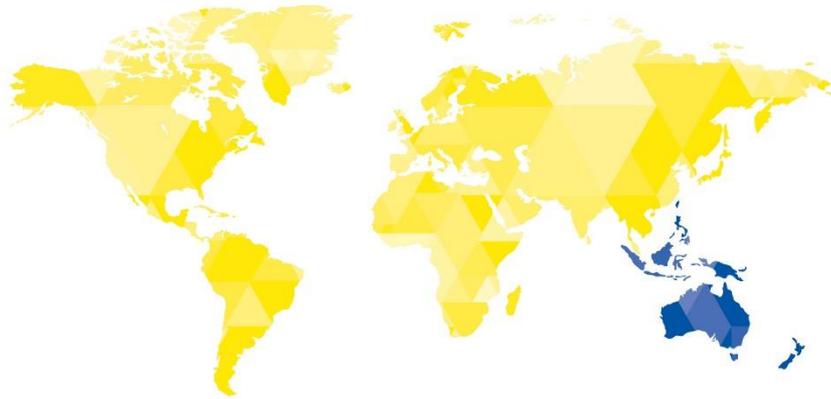
With the addition of construction and geotechnical products to Mincon's portfolio, the Group has gained impressive market share thanks to patented innovations, technical superiority, and the industry's most experienced engineers. As part of the challenger brand strategy, Mincon in the Americas has expanded its direct sale and service footprint for the mining sector engaging directly with mining companies, offering state of the art engineered solutions backed with industry leading service, and winning valuable multi-year supply contracts.

AMERICAS

KEY REGION INFORMATION

- **Number of employees:** 126
- **Customers in region:** 338
- **Mincon service centres:** 13
- **Mincon factories:** 2; manufacturing DTH drill bits, rotary drill bits
- **Key customer markets:** Construction and HDD, water well and geothermal, mining

ASIA PACIFIC



Mincon has had a presence in the Asia Pacific region since starting manufacturing Perth in 1990. Today, the Perth factory manufactures world-class DTH & RC drill bits and drill pipes. Mincon also has a distribution centre in North Rockhampton, servicing customers on Australia's east coast.

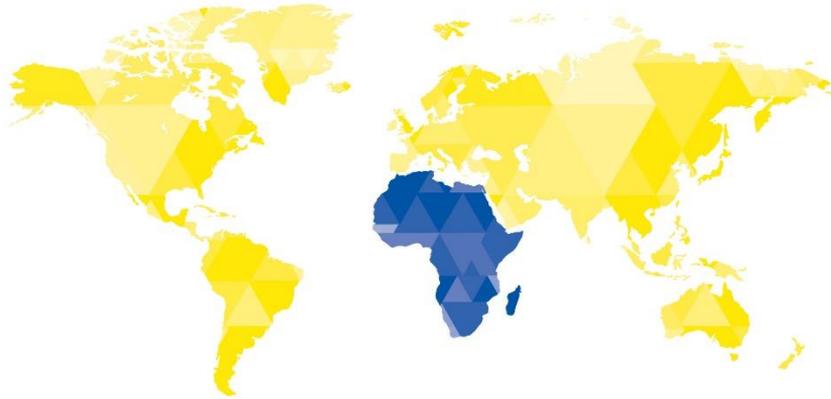
Mincon's Australian customers include some of the world's largest mining companies, such as BHP Billiton, Citic Pacific, and Freeport. These customers are serviced directly by the Perth service centre, which is in a prime position to handle logistics and support. Outside Australia, Mincon also services customers in other APAC countries, including New Zealand and Papua New Guinea.

ASIA PACIFIC

KEY REGION INFORMATION

- **Number of employees:** 59
- **Customers in region:** 200
- **Mincon service centres:** 4
- **Mincon factories:** 1; manufacturing DTH drill bits, RC drill bits, drill pipes
- **Key customer markets:** Production mining, exploration mining, quarrying

AFRICA



In 2005 Mincon established a presence in Africa, when it acquired a distributor in South Africa. Since then it has expanded its sub-Saharan footprint with an office in Namibia, and opened a dedicated regional headquarters for West Africa, based in Las Palmas, Gran Canaria.

Driconeq Africa, based in Germiston, South Africa, manufactures drill pipes and accessories for customers throughout the region.

With dedicated offices in strategic locations, Mincon is in a position to directly service large mines across the African continent's diverse range of countries, as well as partnering with specialist distributors who have existing customer relationships.

AFRICA

KEY REGION INFORMATION

- **Number of employees:** 71
- **Customers in region:** 247
- **Mincon service centres:** 4
- **Mincon factories:** 1; manufacturing drill pipes, drill accessories
- **Key customer markets:** Production mining, exploration mining, construction and waterwell