

The Driller's Choice



# RESULTS H1 2022



# SUMMARY H1 2022



Strong organic growth in the period backed by a solid performance from recent acquisitions and currency tailwinds.



Construction revenue growth of 55% with the return of large projects in North America.



Strong organic growth in the mining industry due to increased activity and market share won.



An 18% increase in operating profit reflecting growth in turnover offset by reduced gross profit % due to delays in passing on price increases and sales mix.



Increased working capital due to increased activity for the Group, supply chain issues on raw material availability and freight.

## BUILDING FURTHER ON PROGRESS ACHIEVED

	H1 2022	H1 2021	Change	
	€'000	€'000	€'000	%
Revenue	85,168	67,000	18,168	27%
Gross margin	27,062	22,906	4,156	18%
	31.8%	34.2%		
Operating profit	8,824	7,504	1,320	18%
	10.4%	11.2%		

# SUSTAINABILITY IN OUR DNA

We are engineers.  
**Efficiency** comes naturally to us.

We are investing in more sustainable manufacturing, and we take pride in designing products that use less energy.

Our journey to be a more sustainable, responsible business started years ago, and we are now ready to start sharing our successes.

Our first sustainability report will be released later this month.



## Social Impact

Our global CSR programme for giving back to communities.



## €2.5 Million+

Our investment in technologies that reduce emissions, since 2018.



## Green Energy

Adopting and investing in sustainable energy supplies.



## Global Safety Policy

Prioritising the health and wellbeing of our teams.



## Engineering Innovation

Developing products that reduce ongoing CO2 emissions, safety, and health.



## ISO Compliance

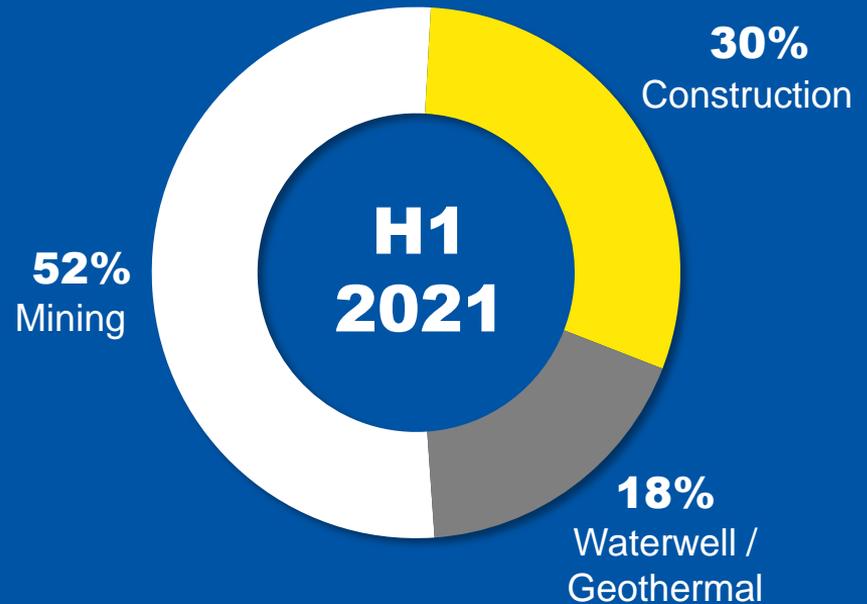
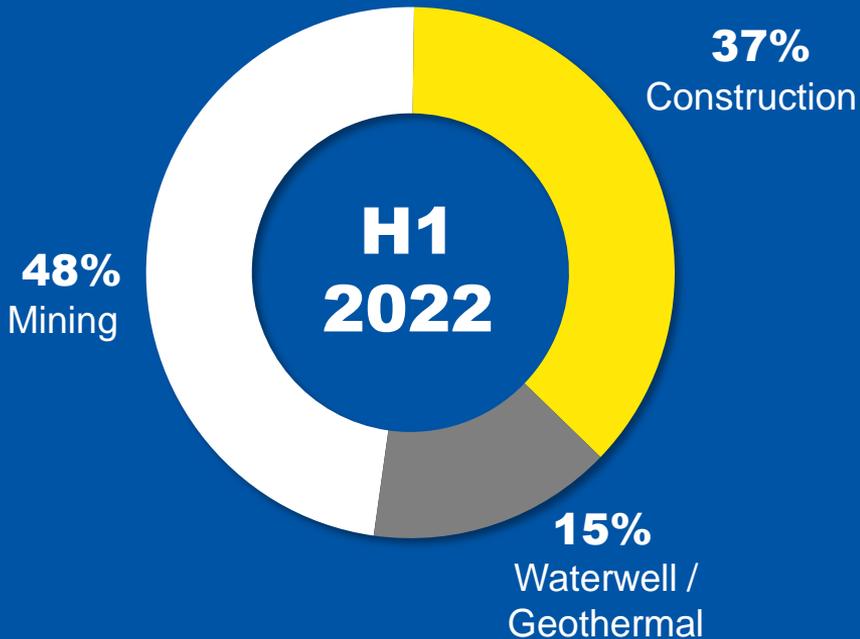
Global standards for manufacturing, quality, safety, and health.

# BUSINESS REVIEW H1 2022

 **Mincon**™



# INDUSTRY SALES ANALYSIS



# INDUSTRY SALES ANALYSIS



**WE HAVE BUILT  
ON OUR REVENUE  
GROWTH FROM  
2021 WITH  
OVERALL  
GROWTH OF 27%  
IN THE PERIOD.**

## **Mining +18%**

Substantial revenue growth in the period for the Group of 18%, with the vast majority being organic growth.

As the Covid-19 restrictions eased at the beginning of this period, it gave us the opportunity to grow our revenue.

## **Construction +55%**

Our revenue into the construction industry grew by 55% in the period through strong organic and acquisition growth.

This was largely due to the return of large construction projects in North America, enhanced by a strong FX tailwind.

# MINING



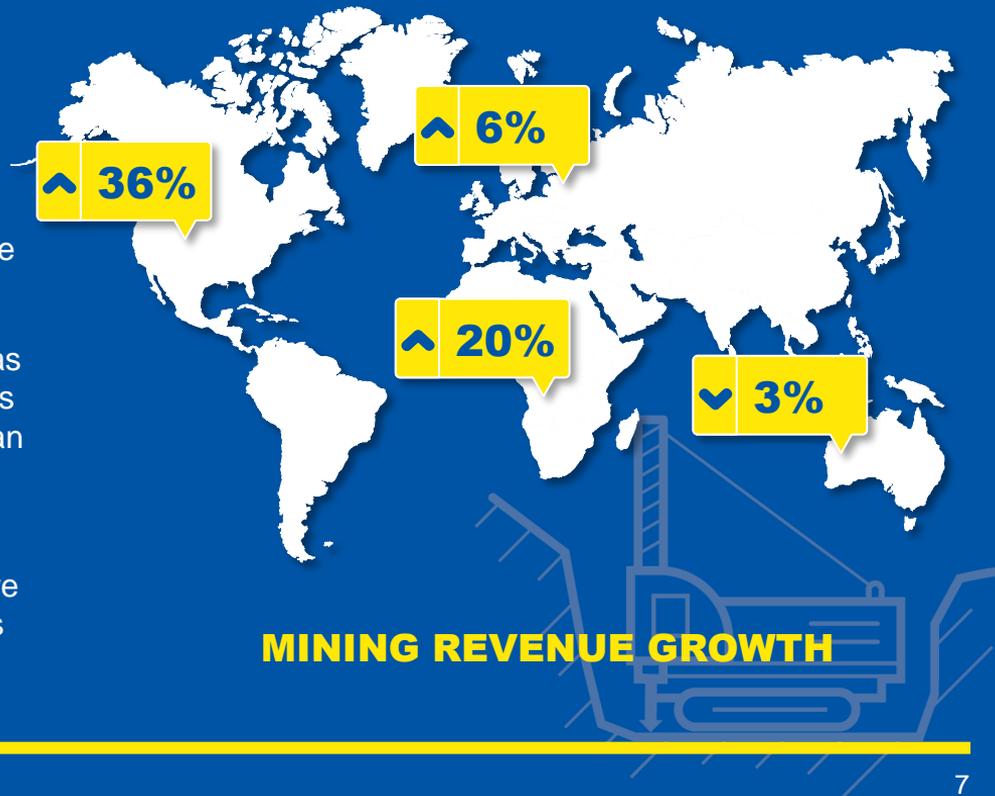
Strong growth in the mining industry with increased revenue of 18% during the period.

High demand for mining commodities is supporting growth within the industry.

Our direct sales approach in North America accounts for a significant percentage of market share won in the period.

We grew our operations in EME and African regions as the Covid-19 restrictions eased at the beginning of this period, albeit with the suspension on supply to Russian customers at the end of February.

Australasia mining revenue contracted for the period, as the customer mix has changed in the region, but we are very positive about the development opportunities for the new customer relationships we have opened.



## MINING REVENUE GROWTH

# CONSTRUCTION

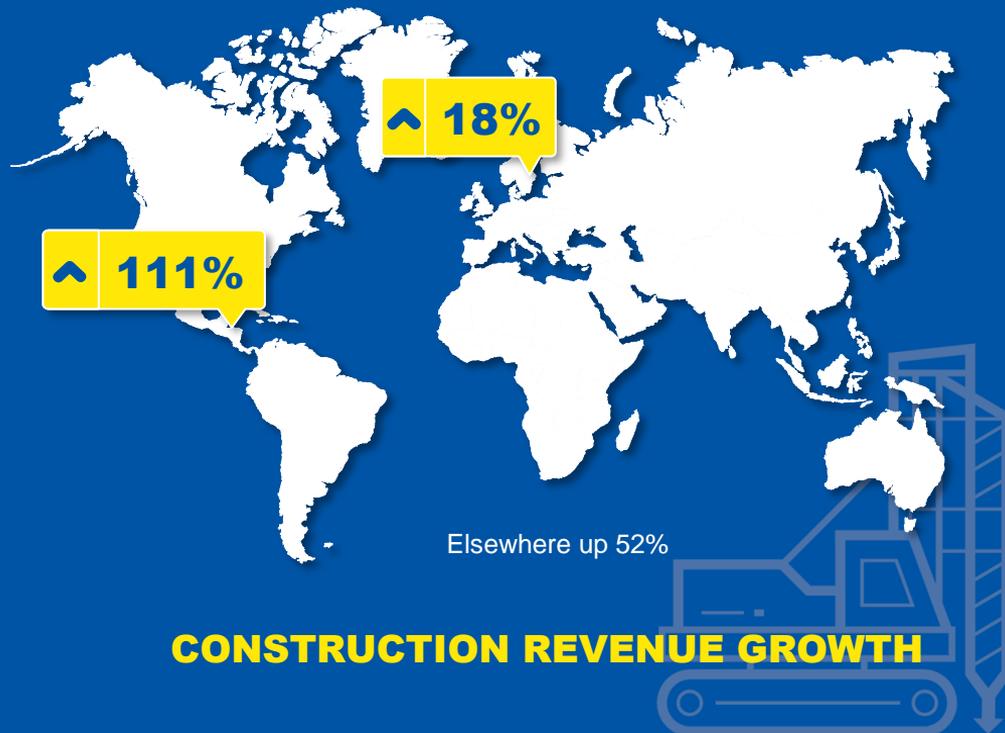


We built on our growth into the construction industry, with a 55% increase in revenue in H1 2022.

Large construction projects in the USA, with a solid performance from acquisitions led to significant growth in the construction industry in the Americas.

We experienced encouraging growth in Europe as we rolled out improved product performances.

We have been gaining traction in the construction industry in Australasia and Africa with a combined increase of 52% in the period.



## CONSTRUCTION REVENUE GROWTH

# WATERWELL / GEOTHERMAL

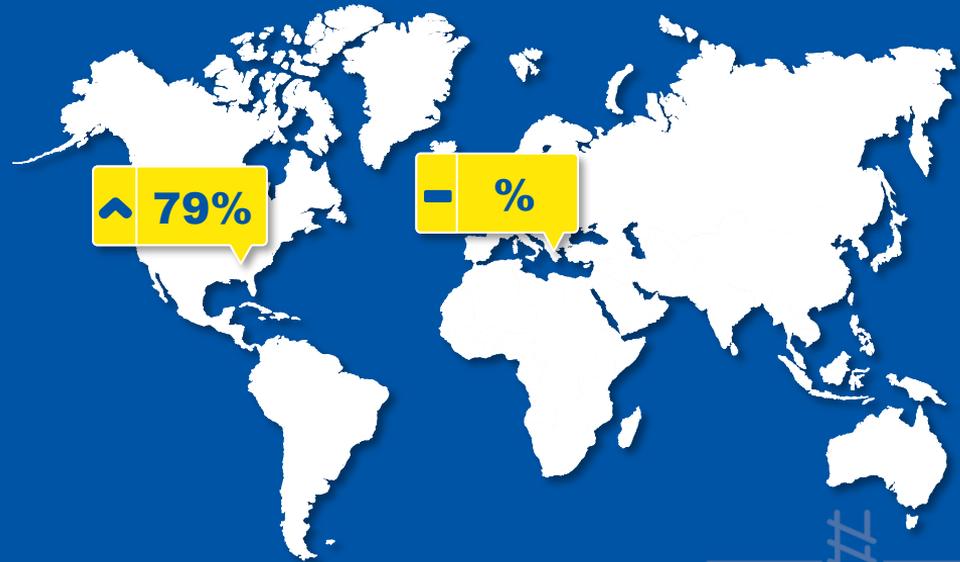


Our waterwell/geothermal revenue increased 8% in the period.

A significant increase in revenue in the Americas due to recovery within the industry and acquisition growth.

Northern Europe is the area where we invoice most of our waterwell/geothermal revenue and that increased marginally in the period.

However, revenue declined elsewhere in the region as many of our customers ceased trading during the pandemic.



**WATERWELL / GEOTHERMAL  
REVENUE GROWTH**



# H1 2022 FINANCIAL PERFORMANCE



# INCOME STATEMENT



Strong revenue growth of 27% has lifted the performance of the Group, however this has been offset by margin pressure due to an inflationary environment.

The growth in bought in products reflected the strong performance of a recent acquisition in North America even though we have been very successful in growing the sales of Mincon product through that business.

This revenue from non-Mincon manufactured product sales has impacted our gross margin % as we receive distribution margin only.

The 2021 raw material cost increases were passed onto customers in Q1 2022.

However, during this quarter we received further raw material cost increases due to suppliers passing on increased energy costs.

	Actual	Prior Year	Variance	
	€'000	€'000	€'000	%
Sales Mincon products	70,906	57,390	13,516	24%
Sales bought in products	14,262	9,610	4,652	48%
<b>Revenue</b>	<b>85,168</b>	<b>67,000</b>	<b>18,168</b>	<b>27%</b>
Cost of sales	(58,106)	(44,094)	(14,012)	32%
<b>Gross Margin</b>	<b>27,062</b>	<b>22,906</b>	<b>4,156</b>	<b>18%</b>
<i>Total gross margin %</i>	31.8%	34.2%		
<b>EBITDA</b>	<b>12,736</b>	<b>11,091</b>	<b>1,645</b>	<b>15%</b>
<i>EBITDA %</i>	15.0%	16.6%		
Operating costs	(18,238)	(15,402)	(2,836)	18%
<b>Operating Profit</b>	<b>8,824</b>	<b>7,504</b>	<b>1,320</b>	<b>18%</b>
<i>Operating profit %</i>	10.4%	11.2%		
Non-operational income	233	476	(243)	(51%)
<b>Profit Before Tax</b>	<b>9,057</b>	<b>7,980</b>	<b>1,077</b>	<b>13%</b>
Tax	(2,527)	(1,623)	(904)	
<b>Profit After Tax</b>	<b>6,530</b>	<b>6,357</b>	<b>173</b>	<b>3%</b>



## INCOME STATEMENT

Monthly manufacturing cost increases, and our valued customer relationships, gives way for a delay in passing through cost increases to customers, as price increases must be agreed with customers and rolled out in an effective manner.

Average employee costs increased across all regions due to inflation, as we endeavour to retain the services of key employees.

International travel resumed in the period, and our sales team took advantage to start building new customer relationships and cement existing relationships.

We did witness some easing on margin pressure due to customer price increases towards the end of the period, resulting in the Group having confidence in an improved margin for H2 2022.



# BALANCE SHEET



## We built on our balance sheet during the period:

- To meet demand in the period and future periods
- We invested for future projects
- Added to our capacity through acquisition

We acquired Spartan in the period to increase our capacity for drill pipe manufacturing in North America.

We have been developing new manufacturing techniques with key plant partners to reduce our energy consumption.

We are also developing property to increase our manufacturing footprint.

We expect for this new plant and capacity to be commissioned in H2 2022 and our other current assets will reduce accordingly.

	H1 2022	2021	Change
Balance Sheet	€'000	€'000	%
Intangible assets & Goodwill	41,423	40,157	
Property plant & equipment	51,167	50,660	
Deferred tax assets	1,089	1,075	
<b>Total Non-Current Assets</b>	<b>93,679</b>	<b>91,892</b>	<b>2%</b>
Total Inventory	74,560	63,050	
Trade and other receivables	29,328	25,110	
Other current & current tax assets	12,422	9,343	
Cash - current accounts	15,331	19,049	
<b>Total Current Assets</b>	<b>131,641</b>	<b>116,552</b>	<b>13%</b>
<b>Total Assets</b>	<b>225,320</b>	<b>208,444</b>	<b>8%</b>
Loans and borrowings	24,303	23,265	
Contingent liability	4,123	1,622	
Other non-current & deferred tax liabilities	2,698	5,076	
<b>Total Non-Current Liabilities</b>	<b>31,124</b>	<b>29,963</b>	<b>4%</b>
Loans and borrowings	13,430	11,205	
Trade and other payables	19,199	15,683	
Accrued, other current & current tax liabilities	9,038	7,441	
<b>Total Current Liabilities</b>	<b>41,667</b>	<b>34,329</b>	<b>21%</b>
<b>Total Liabilities</b>	<b>72,791</b>	<b>64,292</b>	<b>13%</b>
<b>Total Equity</b>	<b>152,529</b>	<b>144,152</b>	<b>6%</b>
<b>Total Shareholders' Equity and Liabilities</b>	<b>225,320</b>	<b>208,444</b>	<b>8%</b>

# CASH FLOW

The investment in our factories in 2021 has given us the capacity to increase output, we then used cash to increase our working capital to meet the demand in H1 2022.

Sea freight conditions remained challenging during the period, and we invested further in inventory to ensure we had product available in our customer centres.

We have used additional lending to finance the commissioning of plant and equipment of €2.2 million, though we remain prudent in our approach to borrowing, particularly during inflationary periods.

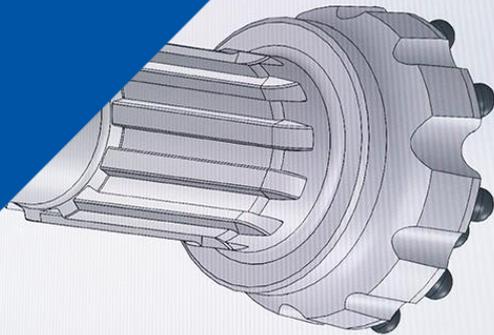
We have used cash generated from operations to fund ongoing capital equipment development projects for H2 2022 and 2023 commissioning.

We used cash to pay a final dividend for 2021 of €2.2, and acquisition payments of €1.4 million in the period.



	H1 2022	H1 2021	Variance
Cashflow	€'000	€'000	€'000
<b>Profit</b>	<b>6,530</b>	<b>6,357</b>	
Depreciation & amortisation	3,890	3,586	
Other non cash movements	2,544	1,057	
<b>Cash From Operating Activities</b>	<b>12,964</b>	<b>11,000</b>	<b>1,964</b>
Changes in inventory	(9,362)	(4,179)	
Changes in trade receivables	(3,396)	(1,193)	
Changes in prepayments	(3,333)	(3,274)	
Changes in trade payables and accruals	4,599	2,085	
<b>Cash Provided By Operations</b>	<b>1,472</b>	<b>4,439</b>	<b>(2,967)</b>
Net interest	(612)	(391)	
Taxes paid	(1,793)	(2,146)	
<b>Net Cash From Operating Activities</b>	<b>(933)</b>	<b>1,902</b>	<b>(2,835)</b>
Net purchase of property plant & equipment	(1,722)	(2,501)	
Investment in intangibles	(286)	(419)	
Acquisitions, current and historical	(1,218)	(2,191)	
Other investing activities	(147)	119	
<b>Net Cash Used In Investing Activities</b>	<b>(3,373)</b>	<b>(4,992)</b>	<b>1,619</b>
Dividends paid	(2,231)	(4,462)	
Loan facilities	2,648	2,011	
<b>Net Cash Used In Investing Activities</b>	<b>417</b>	<b>(2,451)</b>	<b>2,868</b>
FX effect on cash	171	180	
Cash at the beginning of the year	19,049	17,045	
<b>Cash At The Period End</b>	<b>15,331</b>	<b>11,684</b>	<b>3,647</b>

# PRODUCT DEVELOPMENT





# GREENHAMMER



We are in advanced discussions with a major mining contractor in Western Australia on commercialising the system.



Planning to mobilise our test rig onsite to be operated by Mincon personnel on a cost per metre drilled basis.



There is a shortage of drilling rigs as well as operators in the Western Australian Mining industry so the importance of Greenhammer is growing.



The culmination of years of development work which has generated a lot of industry interest in Western Australia.



This is a significant opportunity for Mincon as well as the hard rock surface mining industry.



# LARGE HAMMERS & BITS

Our large hammer system has been successfully run with a customer in Malaysia.

We followed this up with a site visit once covid restrictions were lifted, to inspect the drill and were very happy with what we found.

The customer is waiting to inform us of the next project to use the system and we will get Mincon personnel onsite to oversee operations.

There remains a lot of interest in this system from the large diameter piling industry.



# SUBSEA MICROPILE PROJECT



We have successfully developed our small-scale prototype water powered hammer and bit for our subsea project.

The full-size prototype system is being manufactured and should be ready to run on our test rig in a local quarry.

A design for the subsea rig has been finalised and manufacturing is progressing well.

We are also making good progress on an overall commercial solution with our Subsea partners.

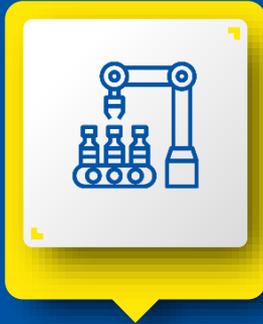
We are on track for offshore testing.



# OUTLOOK H2 2022



# OUTLOOK H2 2022



We will be commissioning new plant in H2 2022 and 2023 to bring in new manufacturing practices to reduce our carbon footprint and to offset inflationary costs seen in H1 2022.



We have made progress to catch up with our strong order book in H1 2022 while continuing to ensure that our customers get the service that they should expect, and we will make further progress on this front in H2 2022.



While global conditions remain challenging, we expect to deliver further revenue growth and to improve our profit margins in H2.

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.

# H1 2022 Q&A



# APPENDIX



# MINCON MILESTONES



**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

**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

**2010**

Mincon RC solutions used to successfully assist in rescue of 33 trapped miners, in Chile

**2011**

Mincon establishes a sales office to service the West African market

# MINCON MILESTONES



**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 Australia Group

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

**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

Roc Drill France joins Mincon Group, bringing extensive geotechnical drilling expertise

**2021**

Hammer Drilling Rigs joins Mincon Group, bringing its line of drill mast attachments and modular drill rigs

Attakroc, Quebec, Canada joins the Mincon Group, a distributor that services customers in the eastern region of Canada

**2022**

Mincon acquires Spartan Drill Tools, a USA-based drill pipe manufacturer with facilities in Fruita, Colorado



## DESIGN

Mincon is building a **business for the future** by investing in the **next generation** of engineers to deliver on its goal of 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 nine 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.



## MINING

Open-pit mines for extraction of minerals and metals



## CONSTRUCTION

Casing systems, geotechnical solutions, foundation piles, tunnel



## WATERWELL / GEOTHERMAL

Waterwell, geothermal energy wells



**MINCON CUSTOMERS ARE BUSINESSES ACTIVE IN MINING, CONSTRUCTION, AND WATERWELL / GEOTHERMAL DRILLING.**