



The Driller's Choice

# 2022 FULL YEAR RESULTS





# 2022 SUMMARY

## ORGANIC GROWTH, MANAGING INFLATION & CONTINUING R&D INVESTMENT



Strong organic revenue growth in the year with some assistance from price increases and currency tailwinds



Construction revenue growth of 45% with the return of large project revenue in North America during H1 2022



Gross margin pressure from inflation was offset during H2 '22 through price increases introduced in H1 2022.



9% increase in operating profit; notwithstanding significant H2 '22 R&D spend for Greenhammer & Subsea projects.



Increased inventory levels in 2022 due to supply chain issues on raw material availability and freight costs. Conditions eased in Q4 with plans now in place to reduce working capital in 2023.

## Financial Highlights

	2022	2021	Change
	€'000	€'000	%
Revenue	170,008	143,858	+18%
Gross profit	54,070	48,763	+11%
Gross margin %	31.8%	33.9%	
Operating profit	19,749	18,107	+9%
Operating profit %	11.6%	12.6%	
Profit before tax	18,734	17,828	+5%

Final dividend of 1.05c per ordinary share recommended, taking the total dividend for 2022 to 2.10c per ordinary share.

# SUSTAINABILITY IN OUR DNA

## We meaningfully contribute to the environment and to the communities in where we operate.

Our objective is to take the necessary steps to reduce our carbon footprint through further investment in manufacturing that requires less energy.

We design products, such as the Greenhammer, that requires significantly less energy in operation.

Our first sustainability report was released in August 2022.



### 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.



**Inaugural Sustainability Report published in 2022**



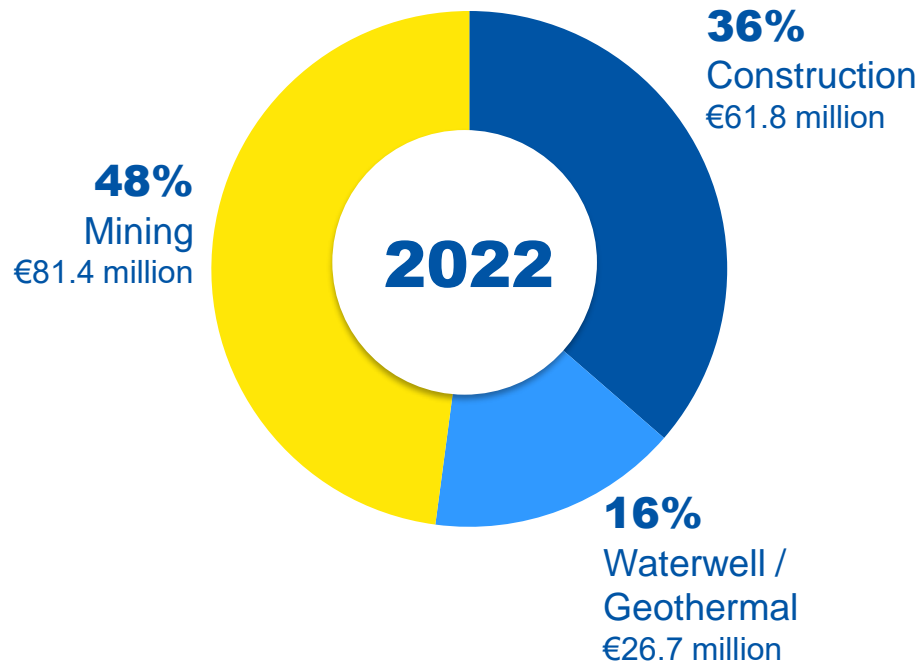
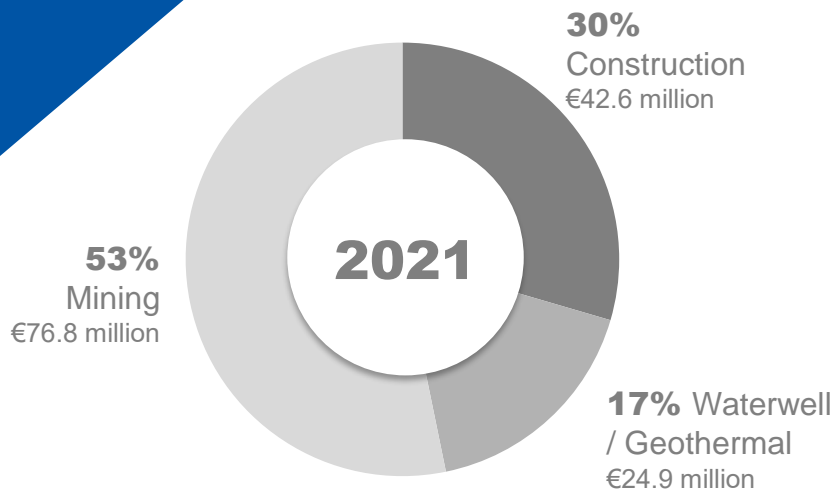
# 2022 BUSINESS REVIEW



# INDUSTRY SALES ANALYSIS



## Revenue by Segment



# WE HAVE BUILT ON OUR 2021 REVENUE

## OVERALL REVENUE GROWTH OF 18% FOR 2022

Revenue grew across our three industries, with construction in North America being the standout performer.

The vast majority of our revenue growth was organic, with our 2022 acquisition in the USA contributing 0.5% for the year.

The average mining commodity prices remained elevated during 2022 and the industry, as a whole, continued with its strong performance, though there were variations in performance across our geographic regions.





# MINING SECTOR

## 6% REVENUE GROWTH IN 2022

Direct sales approach in North America accounts for a significant percentage of market share won in 2022.

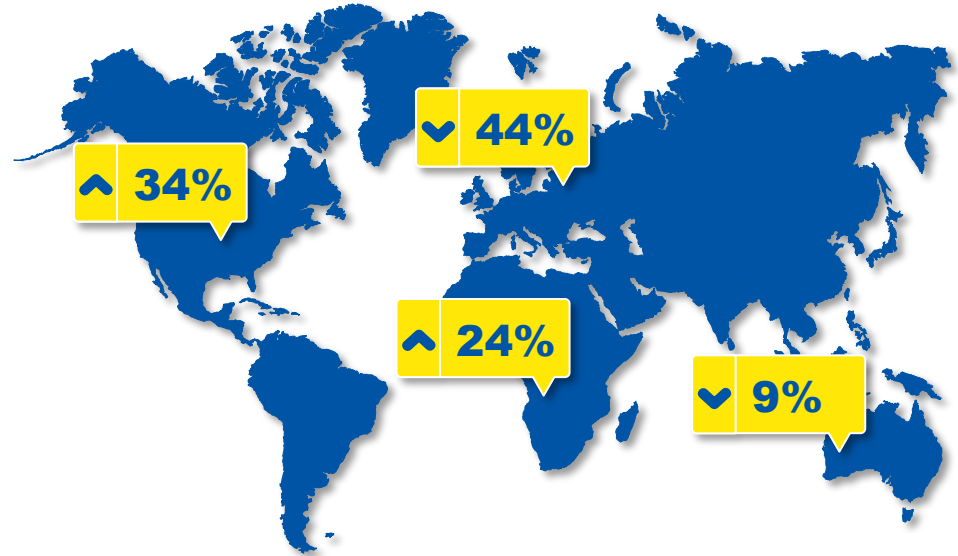
Our decision to suspend all trading with our Russian customers in Q1 2022 held back the Group's mining revenue growth by 25% in the EME region.

Larger mining customers in the EME region reduced their inventory holding, due to less of a requirement to hold high quantities of consumables inventory as the freight industry stabilised during H2 2022.

We grew our operations in the African region as the Covid-19 restrictions eased at the beginning of 2022.

Australasia mining revenue contracted for the year, as the customer mix changed in the region. The regional focus in Australia was on commercialising the Greenhammer during the year.

### Mining Revenue Growth by Region





# CONSTRUCTION SECTOR

## 45% REVENUE GROWTH IN 2022

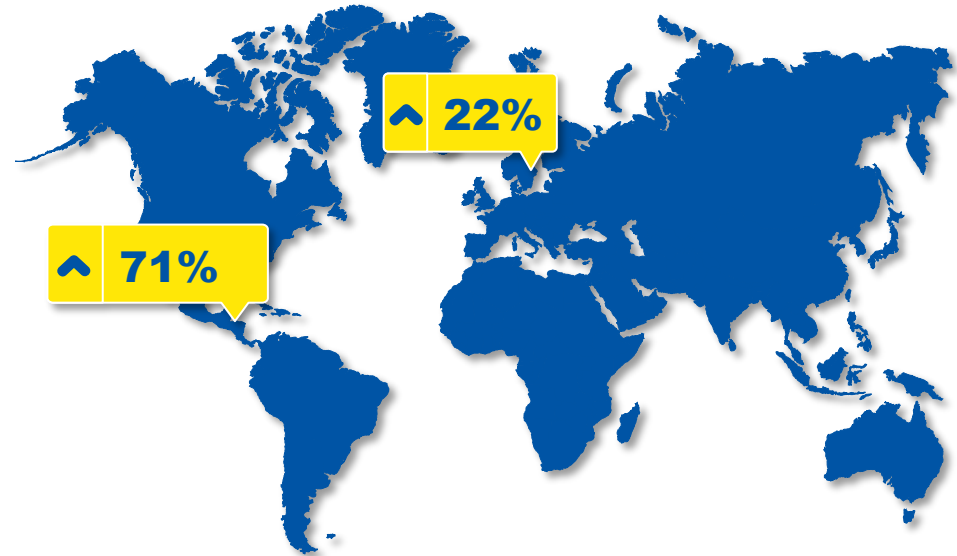
Our direct to market approach for mid-to-large construction projects had a significant impact on our construction revenue in the Americas.

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

We expanded our footprint into the APAC region through distribution for our solutions for foundation drilling.

Gaining traction in the construction industry in Africa.

### Construction Revenue Growth by Region







# WATERWELL/GEOTHERMAL SECTOR

## 7% REVENUE GROWTH IN 2022

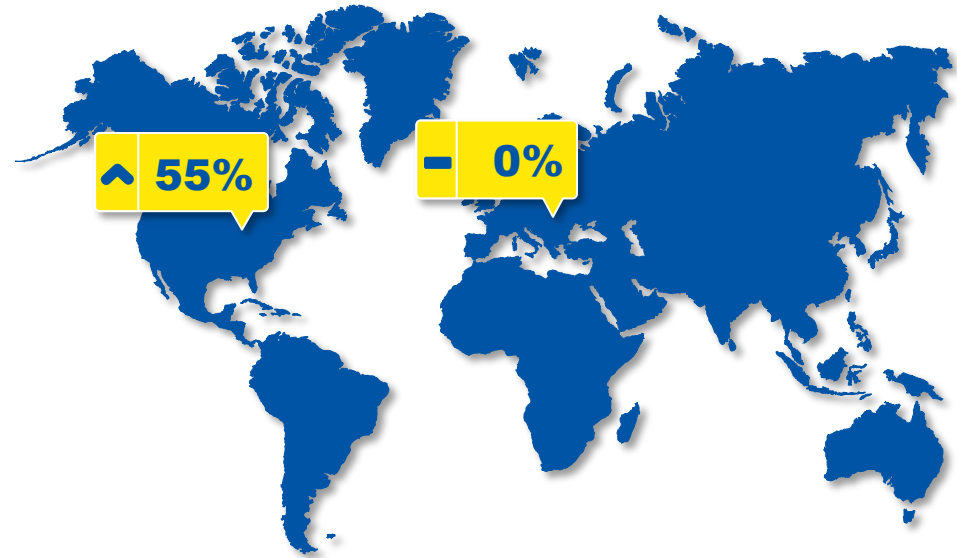
Our 2022 growth in waterwell / geothermal consumable supply was in North America, with the vast majority of waterwell drilling supply into smaller communities.

We have gained market share through a direct approach to key locations in Canada and through distribution in the USA, as the opportunity in the latter is more widespread with smaller drilling contractors.

In Europe our revenue is mostly earned through Geothermal sales. Revenue remained flat in the period, but Mincon protected its majority market share in Geothermal consumables.

### Waterwell / Geothermal Revenue Growth by Region

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# 2022 FINANCIAL PERFORMANCE





# INCOME STATEMENT

## ORGANIC REVENUE GROWTH, MARGIN MANAGEMENT AND R&D INVESTMENT

Our revenue increased by 18% in 2022 (14% on a constant currency basis), with the vast majority being organic revenue growth.

During H1 2022 we experienced margin pressure, particularly in our European manufacturing operations, as energy and raw material costs soared.

We successfully introduced price increases in Q2 2022 to offset these gross margin impacts.

Increased spend in H2 reflected the speed of our development in the Greenhammer & Subsea projects, it did however reduce our overall gross margin by 89 basis points.

Our R&D activity also impacted capacity, particularly in our rig mast attachments manufacturing. This had some impact on product deliveries but will now be delivered in 2023.

	2022	2021	Change
	€'000	€'000	%
Sales – Mincon products	141,830	118,802	19%
Sales – bought-in products	28,178	25,560	10%
<b>Revenue</b>	<b>170,008</b>	<b>144,362</b>	<b>18%</b>
Cost of sales	(115,938)	(95,599)	(21%)
<b>Gross margin</b>	<b>54,070</b>	<b>48,763</b>	<b>11%</b>
<i>Total gross margin %</i>	<i>31.8%</i>	<i>33.8%</i>	
<b>EBITDA</b>	<b>27,531</b>	<b>25,212</b>	<b>9%</b>
<i>EBITDA %</i>	<i>16.2%</i>	<i>17.5%</i>	
Operating costs	(34,321)	(30,656)	12%
<b>Operating profit</b>	<b>19,749</b>	<b>18,107</b>	<b>9%</b>
<i>Operating profit %</i>	<i>11.6%</i>	<i>12.5%</i>	
Non-operational costs	(1,015)	(279)	
<b>Profit before tax</b>	<b>18,734</b>	<b>17,828</b>	<b>5%</b>
Tax	(4,030)	(3,228)	
<b>Profit after tax</b>	<b>14,704</b>	<b>14,600</b>	<b>1%</b>



# BALANCE SHEET

## PP&E INVESTMENT AND INVENTORY MANAGEMENT

	2022	2021	Change
Balance Sheet	€'000	€'000	%
Intangible assets & Goodwill	40,109	40,157	
Property plant & equipment	53,004	50,660	
Deferred tax assets	1,994	1,075	
<b>Total Non-Current Assets</b>	<b>95,107</b>	<b>91,892</b>	<b>3%</b>
Total Inventory	76,911	63,050	
Trade and other receivables	23,872	25,110	
Other current & current tax assets	13,088	9,343	
Cash - current accounts	15,939	19,049	
<b>Total Current Assets</b>	<b>129,810</b>	<b>116,552</b>	<b>11%</b>
<b>Total Assets</b>	<b>224,917</b>	<b>208,444</b>	<b>8%</b>
Loans and borrowings	26,971	23,265	
Deferred liability	1,705	4,224	
Other non-current & deferred tax liabilities	2,879	2,474	
<b>Total Non-Current Liabilities</b>	<b>31,555</b>	<b>29,963</b>	<b>5%</b>
Loans and borrowings	14,973	11,205	
Trade and other payables	14,420	15,683	
Accrued, other current & current tax liabilities	10,183	7,441	
<b>Total Current Liabilities</b>	<b>39,576</b>	<b>34,329</b>	<b>15%</b>
<b>Total Liabilities</b>	<b>71,131</b>	<b>64,292</b>	<b>11%</b>
Total Equity	153,786	144,152	7%
<b>Total Shareholders' Equity and Liabilities</b>	<b>224,917</b>	<b>208,444</b>	<b>8%</b>

We have developed new manufacturing techniques with key plant partners to reduce our energy consumption and increase efficiency, with an investment on replacement capex of €7.3 million.

We acquired Spartan in January 2022 to increase our capacity for drill pipe manufacturing in North America and reduce our reliance further on trans ocean freight.

We reduced our deferred liability during the year to €1.7 million, through paying down balances due on historical acquisitions.

Balance sheet efficiency is a key focus for the Group in 2023. We are aiming to reduce inventory where we are over carrying, decrease our financing requirements and increase our cash position.



# CASH FLOW

## WORKING CAPITAL INVESTMENT TO MEET MARKET CHALLENGES

Cash from operations used to fund working capital requirements arising from challenging raw materials and freight conditions in 2022.

- Sea freight conditions remained challenging during H1 2022, along with sourcing of raw material.
- During H2 2022 we brought in measures to unwind our investment in inventory and expect it to reduce in terms of weeks held during 2023.

Additional borrowing used to finance capital equipment projects.

Developed further capital equipment projects with an investment of €3.8 million in the year and that is held in prepayments.

We used cash to pay dividends during 2022 of €4.5 million, and acquisition payments of €1.4 million in the period.

	2022	2021	Change
	€'000	€'000	€'000
<b>Profit</b>	<b>14,704</b>	<b>14,600</b>	
Depreciation & amortisation	8,093	7,210	
Other non cash movements	5,088	3,327	
<b>Cash from Operating activities</b>	<b>27,885</b>	<b>25,137</b>	<b>2,748</b>
Changes in inventory	(13,463)	(7,468)	
Changes in trade receivables	1,354	(2,695)	
Changes in prepayments	(3,848)	(4,502)	
Changes in trade payables and accruals	1,632	5,240	
<b>Cash provided by operations</b>	<b>13,560</b>	<b>15,712</b>	<b>(2,152)</b>
Net interest	(1,453)	(907)	
Taxes paid	(4,042)	(3,627)	
<b>Net cash from operating activities</b>	<b>8,065</b>	<b>11,178</b>	<b>(3,113)</b>
Purchase/sale of property & equipment	(6,313)	(7,024)	
Investment in intangibles	(433)	(1,414)	
Acquisitions, current and historical	(3,642)	(2,763)	
Other investing activities	-	119	
<b>Net cash used in investing activities</b>	<b>(10,388)</b>	<b>(11,082)</b>	<b>694</b>
Dividends paid	(4,462)	(6,693)	
Loan facilities	3,378	8,384	
<b>Net cash used in investing activities</b>	<b>(1,084)</b>	<b>1,691</b>	<b>(2,775)</b>
FX effect on cash	297	217	
Cash at the beginning of the year	19,049	17,045	
<b>Cash at the period end</b>	<b>15,939</b>	<b>19,049</b>	<b>(3,110)</b>



# PRODUCT DEVELOPMENT



# GREENHAMMER

System commenced running in September 2022 on our Mincon-owned test rig on a commercial contract in Western Australia.

Productivity rates are at expected levels, but we have been experiencing reliability issues relating to the rig (unrelated to the Greenhammer) which has resulted in significant downtime.

We recently completed an extensive rebuild on the rig in advance of resuming drilling at the site.

These issues have led us to conclude that, in order to effectively push the Greenhammer system in the market, it will be important to more closely collaborate with rig manufacturers.

Discussions at an advanced stage with a major rig manufacturer regarding modifying their rig for the Greenhammer system.

Due to the limited supply of drilling rigs in the market and the requirement to reduce emissions in mining, we remain confident of success with this exciting opportunity.

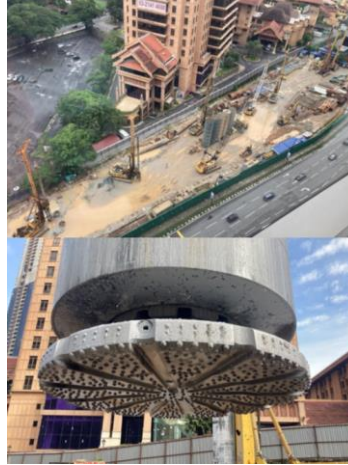


# LARGE HAMMERS AND BITS

Our large hammer system has been successfully operating on a construction contract in Malaysia and is still drilling.

We had a team onsite to see the operation and are planning another trip to inspect the internal components when the next break in drilling happens.

There remains significant interest in this system from the large diameter piling industry, especially when emissions reduction requirements in construction are considered.





# SUBSEA MICROPILE PROJECT



Subsea  
Micropiles

We have successfully run the full-size water powered hammer prototype drilling system at a local quarry.

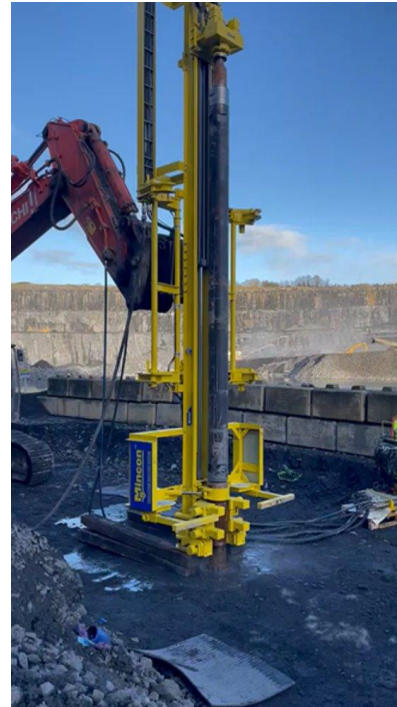
This was run on an excavator mounted drilling mast which is one of three that have been manufactured and will be assembled to form the subsea drilling rig.

The Subsea rig will be assembled at our Shannon plant where we plan to host an exhibit at the time of our AGM in May 2023.

The anchor template and central rig mounting structure have been fabricated in Ireland and will be shipped to Shannon.

The development of the overall commercial solution is well progressed with our Subsea partners with offshore testing due in H2 2023.

Significant interest within the industry and a growing realization of the importance of the system to truly scale offshore wind.





# 2023 OUTLOOK





# OUTLOOK 2023



Our order books are strong, and supply chain conditions have improved, and this will allow us to focus on our working capital in 2023.



Our goal is to diversify the business further into new industries through our advantage in engineering and our manufacturing capability.



This will include partnering with others in our current industries and new industries, as we recognise that customer productivity goals, with sustainability KPI's, cannot be achieved alone.

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.



Mincon – The Driller's Choice



# 2023 Q&A





# APPENDIX



# MINCON MILESTONES



## 1977 - 1999

- ▶ **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

## 2000-2010

- ▶ **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
- ▶ **2013**  
Mincon successfully lists on the Irish and London stock exchanges
- ▶ **2014**  
Mincon acquires Rotacan, a rotary drill bit manufacturer in North Bay, Ontario
- ▶ **2015**  
Mincon expands its footprint in sub-Saharan Africa by acquiring a Namibian distributor
- ▶ **2015**  
Mincon's Australian businesses are consolidated as Mincon Group Australia
- ▶ **2015**  
Mincon opens a sales office in Santiago to service the mining industry in Chile
- ▶ **2015**  
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
- ▶ **2018**  
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

## 2011-2022

- ▶ **2020**  
Mincon acquires Lehti Group Oy, the manufacturer of Mincon's geotechnical systems
- ▶ **2020**  
Roc Drill France joins Mincon Group, bringing extensive geotechnical drilling expertise
- ▶ **2021**  
Mincon acquires HDR, a small manufacture and reseller of drill rig attachments.
- ▶ **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.**