

18th August 2020

ASX Announcement

Mastermyne Group Limited Full Year 2020 Results

Mastermyne Group Limited (ASX Code: MYE) (“Mastermyne” or “the Company”) is pleased to announce its Full Year 2020 Results which sees the business in excellent shape after another strong year. The Company has delivered a record financial result which featured a strong Net Cash position of \$21.4 million after dividends, acquisition payments and capital expenditure through the year. New projects were won during the year along with renewal of existing projects and the Company successfully completed projects in NSW. The new projects are now contributing at full run rate and underpin a very healthy order book for FY2021 and beyond. As a result, the Company has declared a final dividend of 4.0 cents per share (fully franked) bringing the total dividend payment for the year to 6 cents per share.

Key highlights of the FY2020 result are:

- Safe Operations remains our primary focus with lengthy injury free periods at multiple sites
- Record Revenue and NPAT well ahead of the PCP (Revenue increased by 23% to \$292.7 million and Net Profit up 37%¹ to \$11.7 million)
- Reported EBITDA of \$28.6 million with margins increasing to 9.8% (8.8% before AASB16 impact, in line with PCP)
- Final dividend declared of 4.0 cents per share (fully franked)
- New projects were won and mobilised at Aquilla and Moranbah North
- Wilson Mining successfully integrated and poised to deliver further growth
- Record order book of \$656 million²

Mastermyne Managing Director and CEO, Tony Caruso said “we are pleased with the result we have delivered in a difficult year and it demonstrates the resilience of our business and the resources sector generally. Operating discipline and a focus on operational leverage has seen us deliver robust top and bottom line growth and this has been converted to a strong Net Cash position at year end. Our balance sheet leaves us in a good position to invest in further growth and to continue to provide a return to shareholders. We start the FY2021 well positioned with a record order book and a strong pipeline of new projects. Like last year we will focus on our operating discipline while investing in growth of our business through Whole of Mine projects and expansion into other commodities. With this order book, pipeline and growth strategy we are set up for another excellent year”.

Outlook

Despite the impacts of global COVID restrictions the outlook for metallurgical coal continues to be supported by strong fundamentals. The demand for Australian seaborne metallurgical coal is expected to remain robust in the medium to long term. The Company’s exposure to metallurgical coal is strong at ~95% of the current order book.

1. Pre FY2019 Mastertec gain on sale of \$2.0m
2. plus purchase order and recurring work \$30-40m pa

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Mastermyne Group Limited: Level 1 Riverside Plaza, 45 River Street, Mackay QLD 4740 // PO Box 1671, Mackay QLD 4740

Email: master@mastermyne.com.au Phone: (07) 4963 0400 Fax: (07) 4944 0822 www.mastermyne.com.au

ABN: 96 142 490 579

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The operational focus for the Mastermyne in FY2021 will be on executing the current order book safely and commercially to continue to generate strong free cash flows. Wilson Mining will support the ongoing growth for the mining business and our exposure to the underground metalliferous sector.

Lower capital investment is expected with a modest level of sustaining capital but this will continue to be reviewed in conjunction with new projects. Any investment in fleet will be designed to deliver EBITDA margin improvement.

The Company is continuing to progress several Whole of Mine (WoM) opportunities with one project now substantially progressed. The final decision on this WoM project could occur as early as the first half of the FY2021 financial year. The Company is also progressing other growth strategies which will see continued diversification into the metalliferous sector.

The Company will continue with its disciplined capital management strategy maintaining a Net Cash position of up to \$20 million allowing it to retain its financial strength through the market cycles and provide reliable returns to shareholders through dividend payments.

Further information:

Tony Caruso – Chief Executive Officer: (07) 4963 0400

Brett Maff – Chief Financial Officer/Company Secretary: (07) 4963 0400

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