Imdex Limited

1H13 results presentation
18 February 2013

Bernie Ridgeway - Managing Director
Paul Evans - Chief Financial Officer

Providing Innovative Drilling Fluids and Advanced Down Hole Instrumentation Worldwide

Today's agenda

Overview	Bernie Ridgeway
1H13 financial performance	Paul Evans
Operational review	Bernie Ridgeway
Strategy & outlook	Bernie Ridgeway

Bernie Ridgeway
Managing Director

Paul Evans
Chief Financial Officer /
Company Secretary

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Overview

Solid performance despite challenging conditions

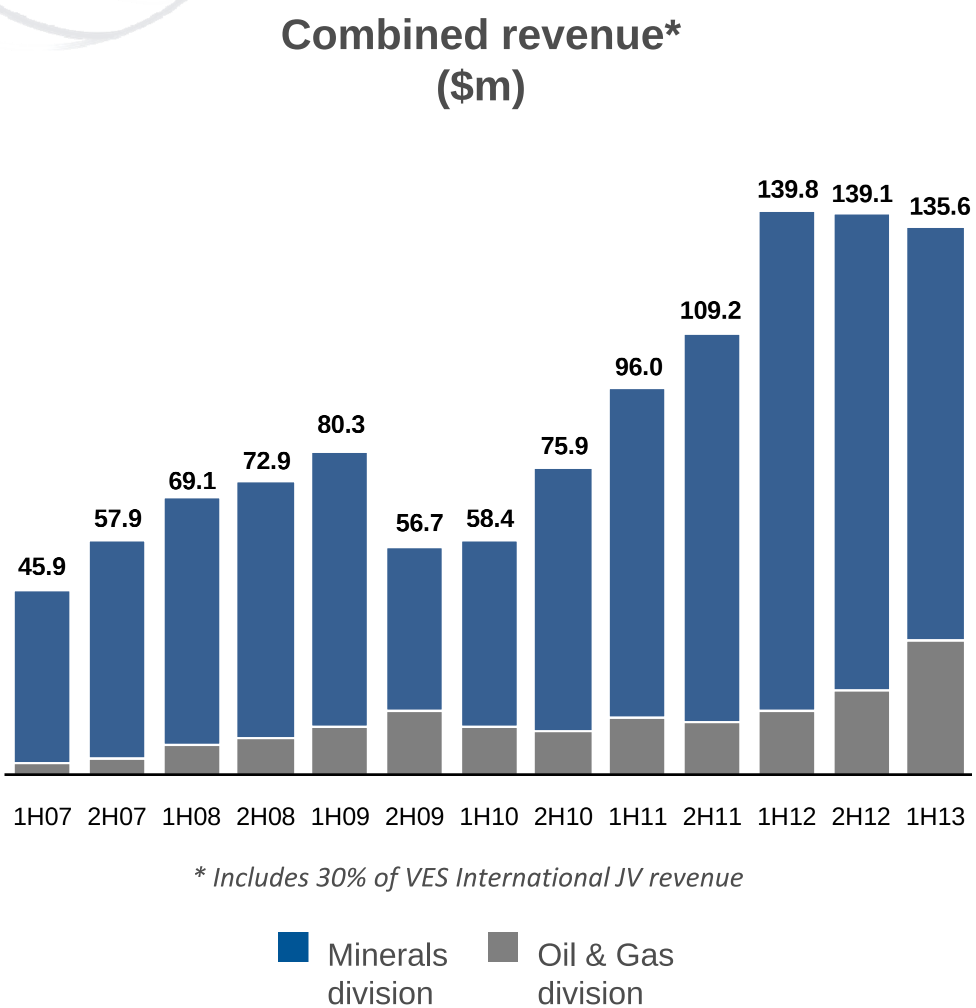
- Combined revenue ↓3%
  - O&G revenue ↑111% to new record high
  - Minerals revenue ↓18%
- EBITA ↓32%
- Cyclical Minerals slowdown reduced Reflex fleet utilisation and drilling fluids revenue
- 2.50 cps fully franked interim dividend
- Strong balance sheet
- Acquisition of ioGlobal effective 1 November 2012 – diversifies revenue streams
- Significant progress towards strategy of 30%-40% of revenue from O&G
- Positive outlook for 2H13 and beyond

Key metrics

($m)	1H13	1H12	Var.
Statutory revenue	127.6	138.5	↓8%
Combined revenue*	135.6	139.9	↓3%
EBITA	26.2	38.3	↓32%
NPAT	16.6	22.7	↓27%
Pre-tax operating cash flow	35.9	33.2	↑8%
Gearing (ND / (ND + E))	23%	12%	↑101%
Interest cover	14 times	54 times	↓
Interim DPS (fully franked)	2.50 cps	3.25 cps	↓23%
Number of employees	597	445	↑34%

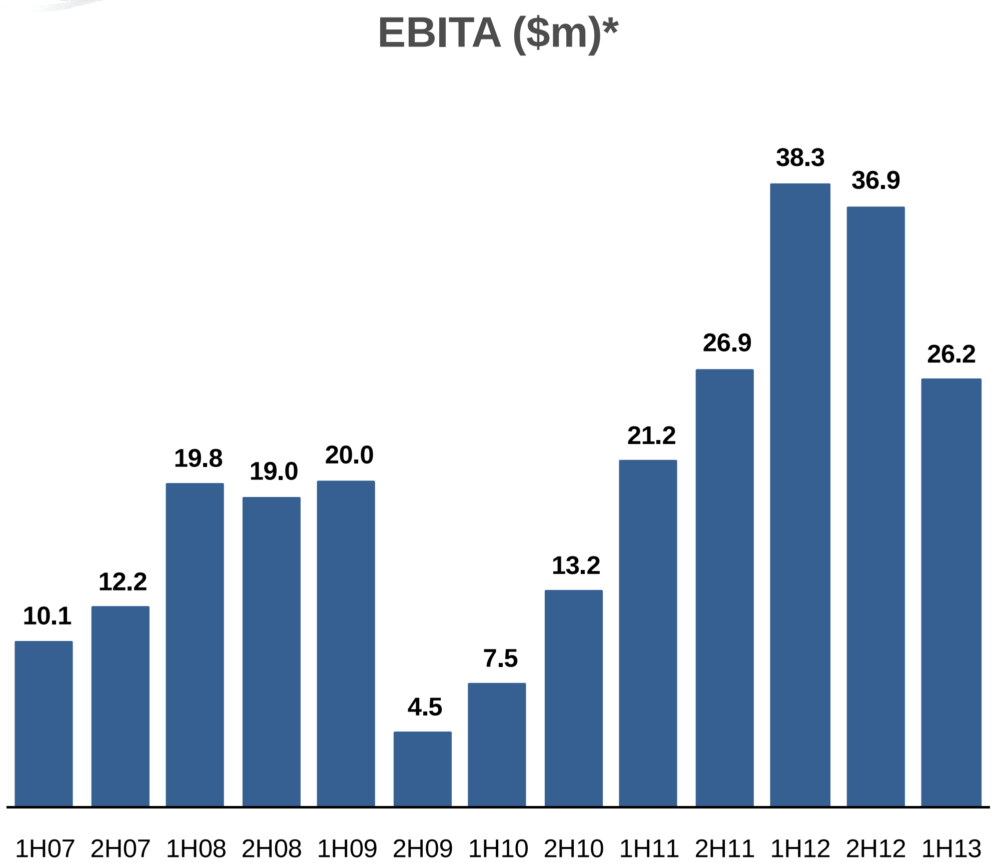
*Includes 30% of VES International JV revenue

Revenue



- ↓3% on 1H12 (record level)
- 1H13 is 3rd highest half year revenue
- Minerals
  - 75% of combined revenue
  - Indications that cyclical slowdown may have bottomed
  - Good growth available in underpenetrated mining regions
  - Gross margins maintained
- Oil & Gas
  - 25% of combined revenue
  - Record half year revenue with strong momentum in 2H13
  - Continued expansion of VES International JV via organic and acquisition growth

EBITA



Includes equity accounted VES International JV result

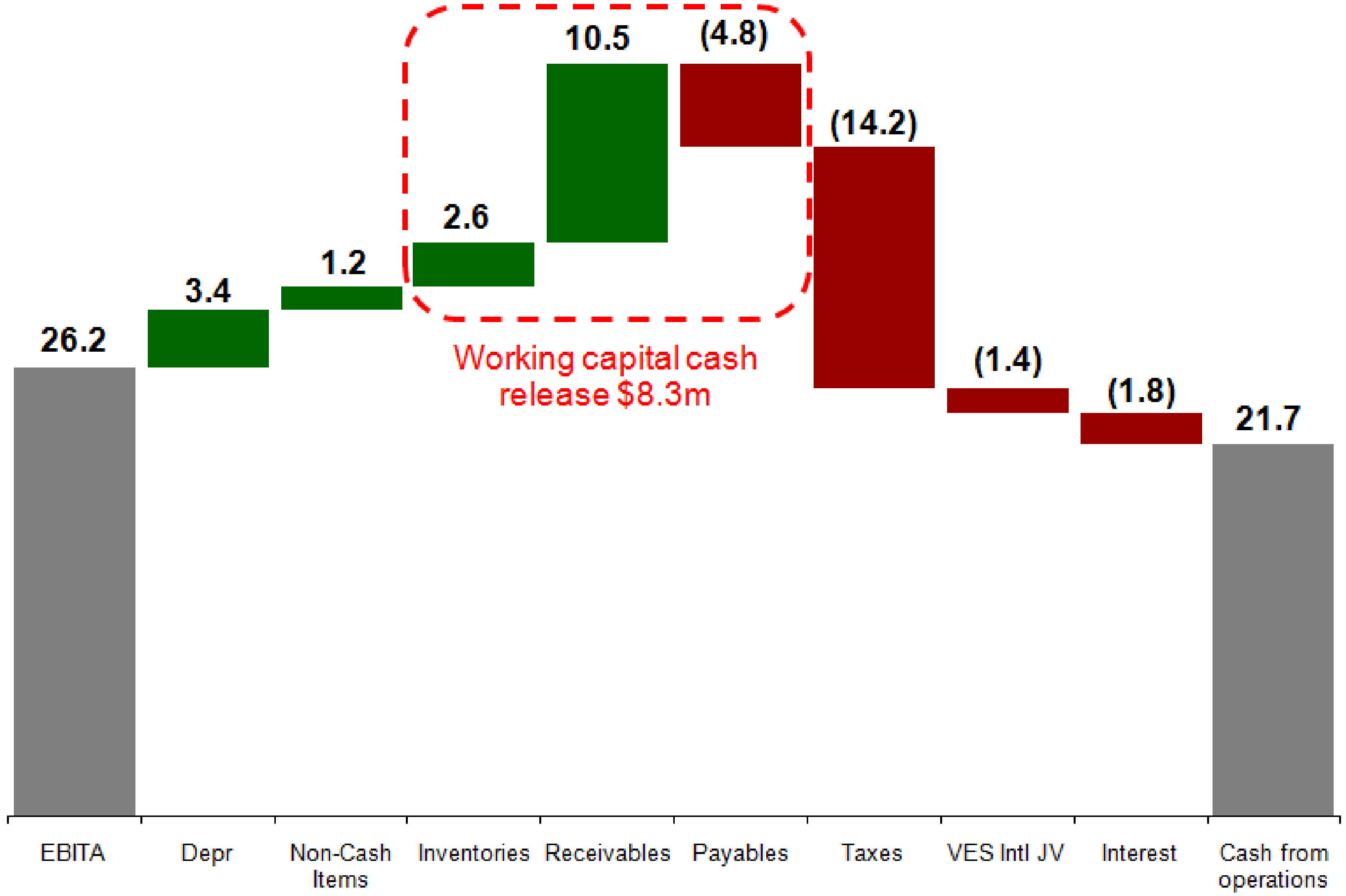
- EBITA ↓32% on 1H12 (record level)
- 1H13 is 4th highest half year EBITA
- Continued investment in:
  - O&G strategy
  - Minerals expansion
  - ioGlobal
  - Skilled staff
  - Product development and R&D
- O&G EBITA positive
- VES International JV:
  - Strong EBITA performance
  - Impacted by amortisation and tax charges and dilution gain

1H13 financial performance

Profit & loss

($m)	1H13	1H12	Var. %
Revenue	127.6	138.5	↓8%
EBITDA	29.6	41.6	↓29%
Depreciation	(3.4)	(3.3)	↑3%
EBITA	**26.2**	**38.3**	**↓32%**
Amortisation	(1.5)	(2.9)	↓48%
Net interest expense	(1.8)	(0.7)	↑157%
Tax expense	(6.3)	(12.0)	↓48%
Statutory NPAT	**16.6**	**22.7**	**↓27%**
EPS (cents)	7.9	11.1	↓29%
Pre-tax cash flow from operations	**35.9**	**33.2**	**↑8%**

Solid working capital management



- $21.7m of cash generated from $26.2m of EBITA
- Working capital release due to improved stock and debtor management

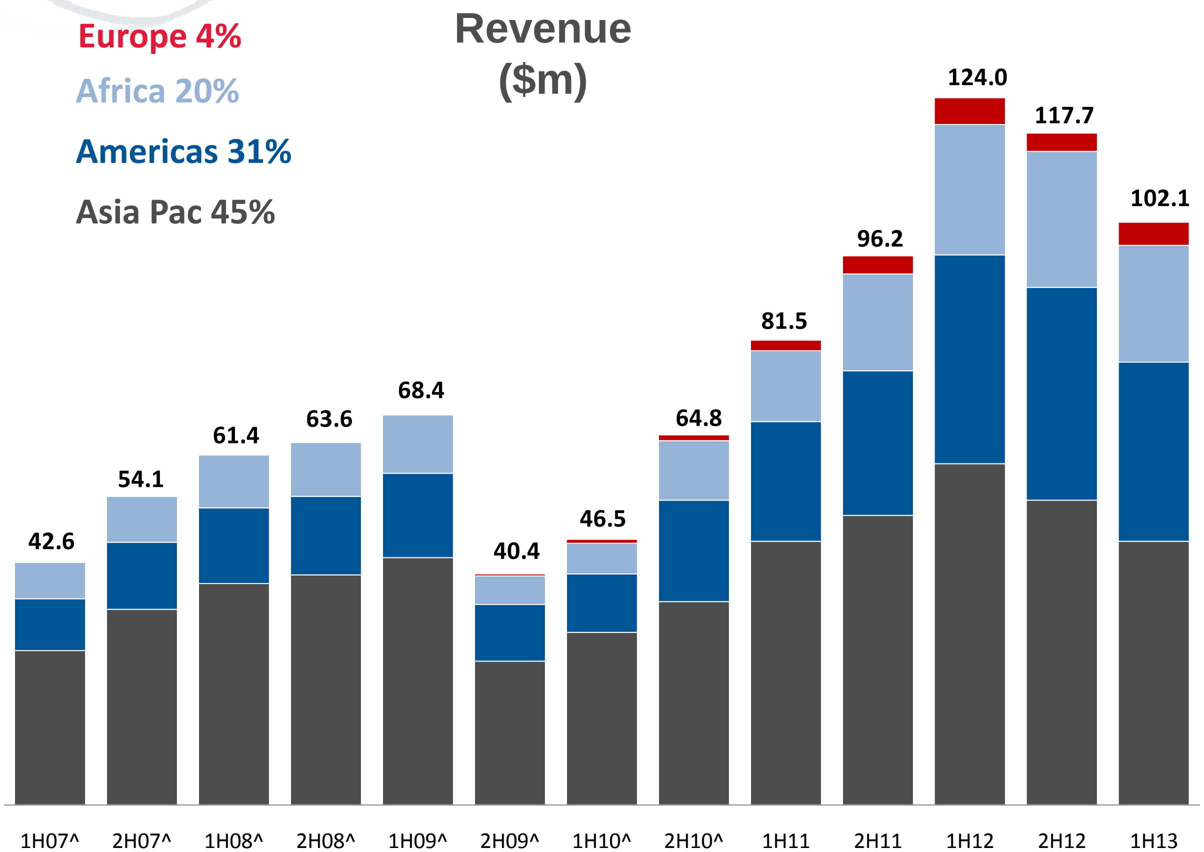
Balance sheet

($m)	Dec 12	Jun 12
Net cash	10.0	11.2
Receivables	51.8	59.7
Inventory	49.6	52.1
Investment in SEH	32.7	21.4
VES International JV	25.6	24.3
Fixed assets	34.1	19.7
Intangibles	68.0	61.1
Other assets/deferred tax	19.8	25.1
Total assets	**291.6**	274.6
Payables	32.4	33.4
Bank loans	65.7	58.9
HP Finance	0.6	0.5
Provisions and current tax	6.2	13.7
Total equity	**186.7**	168.1
(CA – Inventory)/CL	**1.29**	1.40
CA/CL	**2.20**	2.29
Gearing (ND / (ND + E))	**23%**	22%

- Strong working capital management
- Net debt at 31 Dec 12 of $56.3m
- Gearing comfortable at 23%
- Fixed asset growth from SRUs and O&G equipment business
- SEH investment at market value
- Reduction in net deferred tax position as tool fleet depreciates
- Reduced current tax liability due to reduced profitability

Operational review

Minerals division

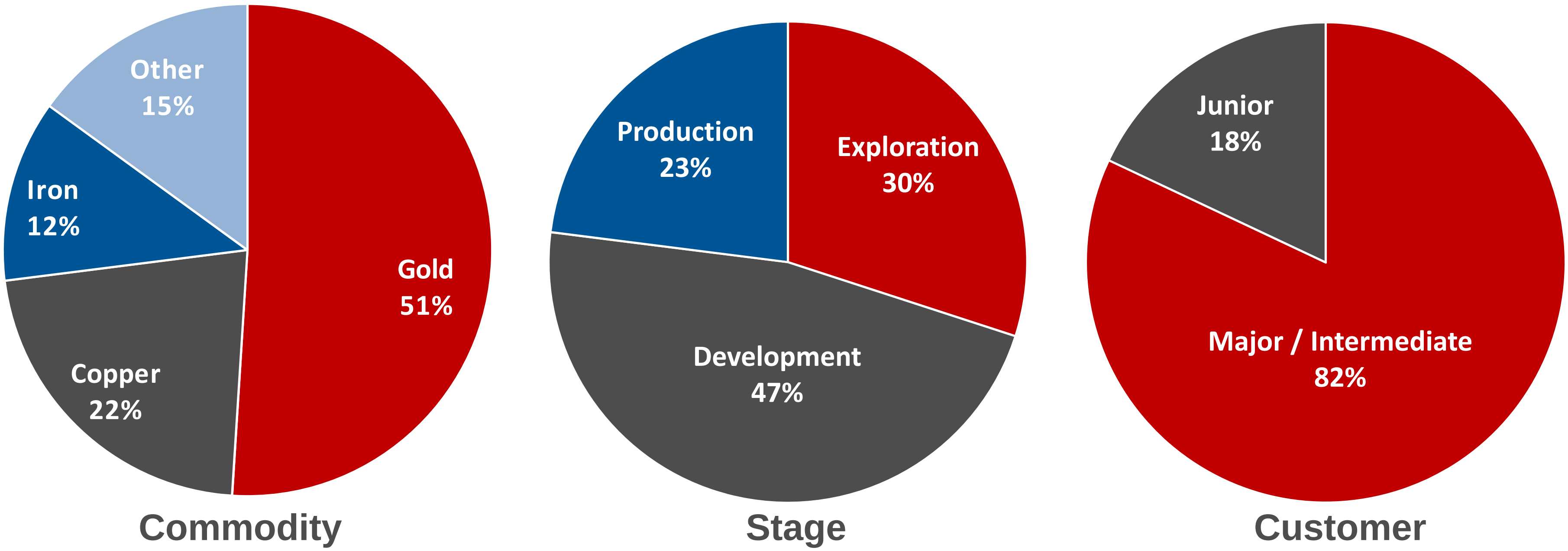


^Comparative purposes only. Regional structure adopted 1 July 10

- ↓18% on 1H12 (record level)
- 1H13 is 3rd highest half year
- Integration of ioGlobal
- Global introduction of SRUs – early stages
- Product development
  - EZ Gyro – FY14
  - Smart Barrel – FY14
- Outlook for 2H13
  - Signs market may be improving
  - Solid mining and mineral exploration spending
  - Continued growth in underpenetrated markets
  - ioGlobal expansion

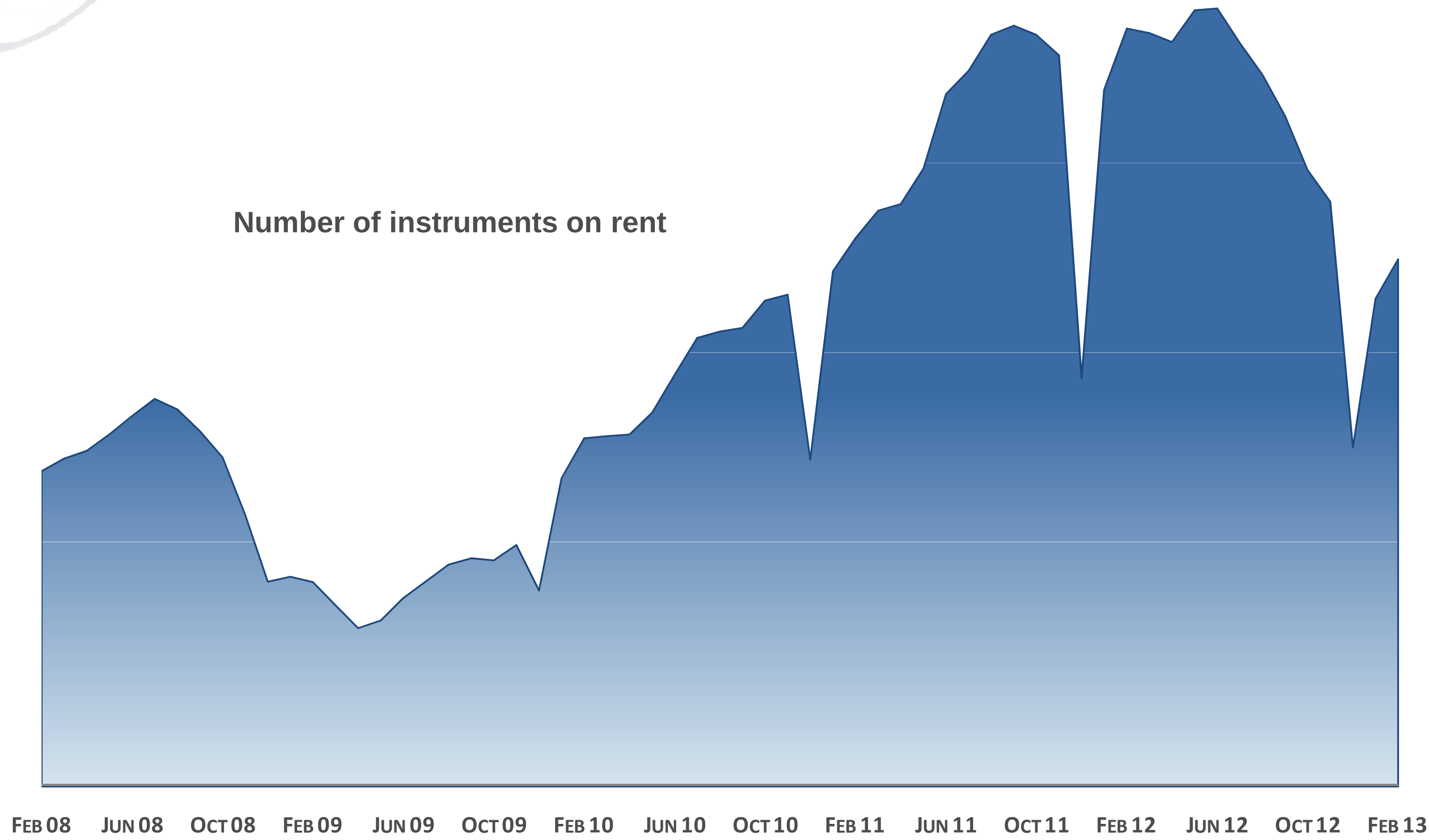
Sustainable and diversified revenue base

1H13 Minerals Revenue



- >70% from gold and copper where prices are above long term averages
- ~70% from development, production and non-mining sources
- >80% from major and intermediate customers

Reflex rental fleet

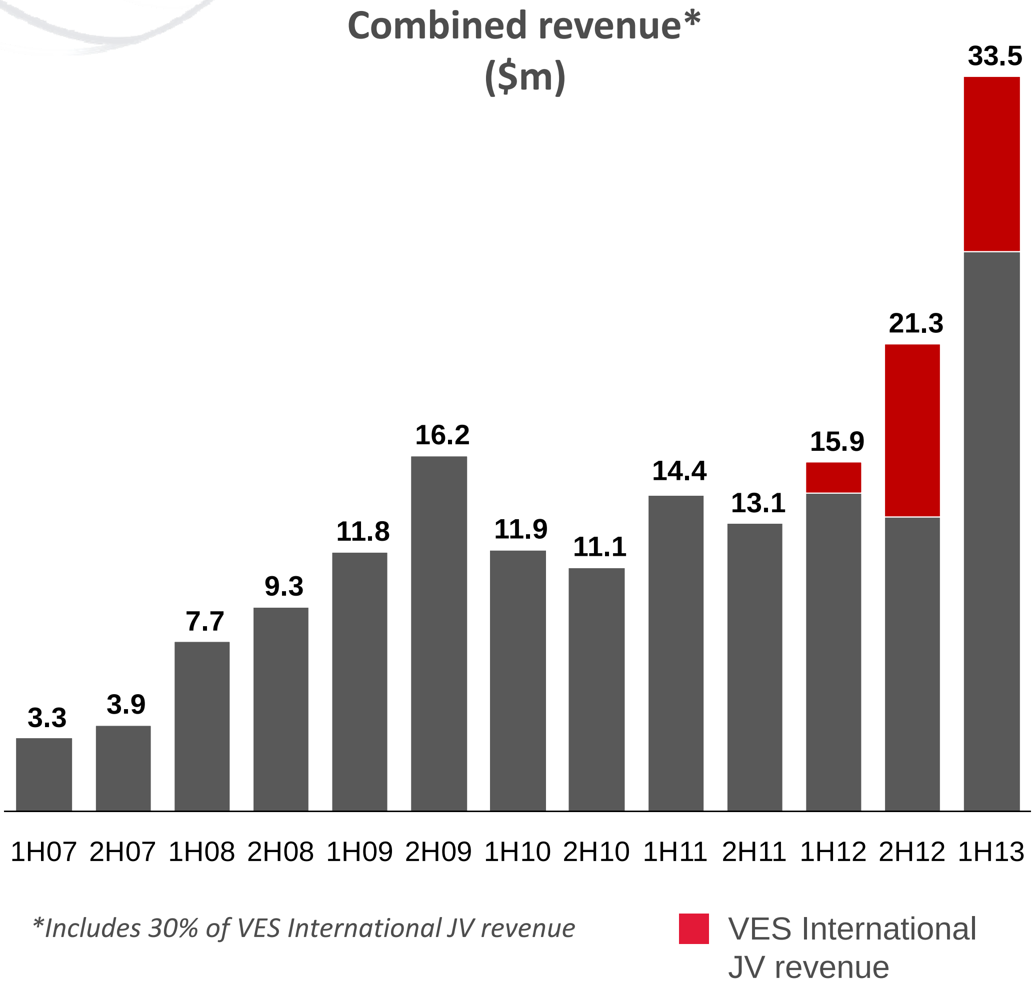


- Month on month slowdown from July 12 to Dec 12
- 56% rebound from 31 Dec 12 to 8 Feb 13

Acquisition of ioGlobal

- Effective 1 November 2012
- $8m consideration ($4.8m cash, $3.2m shares)
- Represents multiple of 4x forecast FY13 EBIT
- Provides cloud-based data management solutions for the mining, mineral exploration and oil and gas industries
- Acquisition enhances our product offering, broadens customer base and increases exposure to all stages of the project life cycle
- Integration progressing well
- Strong interest from potential new clients

Oil & Gas division



*Includes 30% of VES International JV revenue

- ↑111% on 1H12
- Record half year
- Includes $8.0m from VES International JV
- Strong growth in Europe and Asia Pac, CBM strong
- Additional management depth
- Outlook for 2H13 - continued revenue growth from:
  - VES International JV – performing strongly at EBITA level and growing
  - Targeted fluids and equipment strategy for Europe, Middle East and Asia Pacific

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VES International Joint Venture

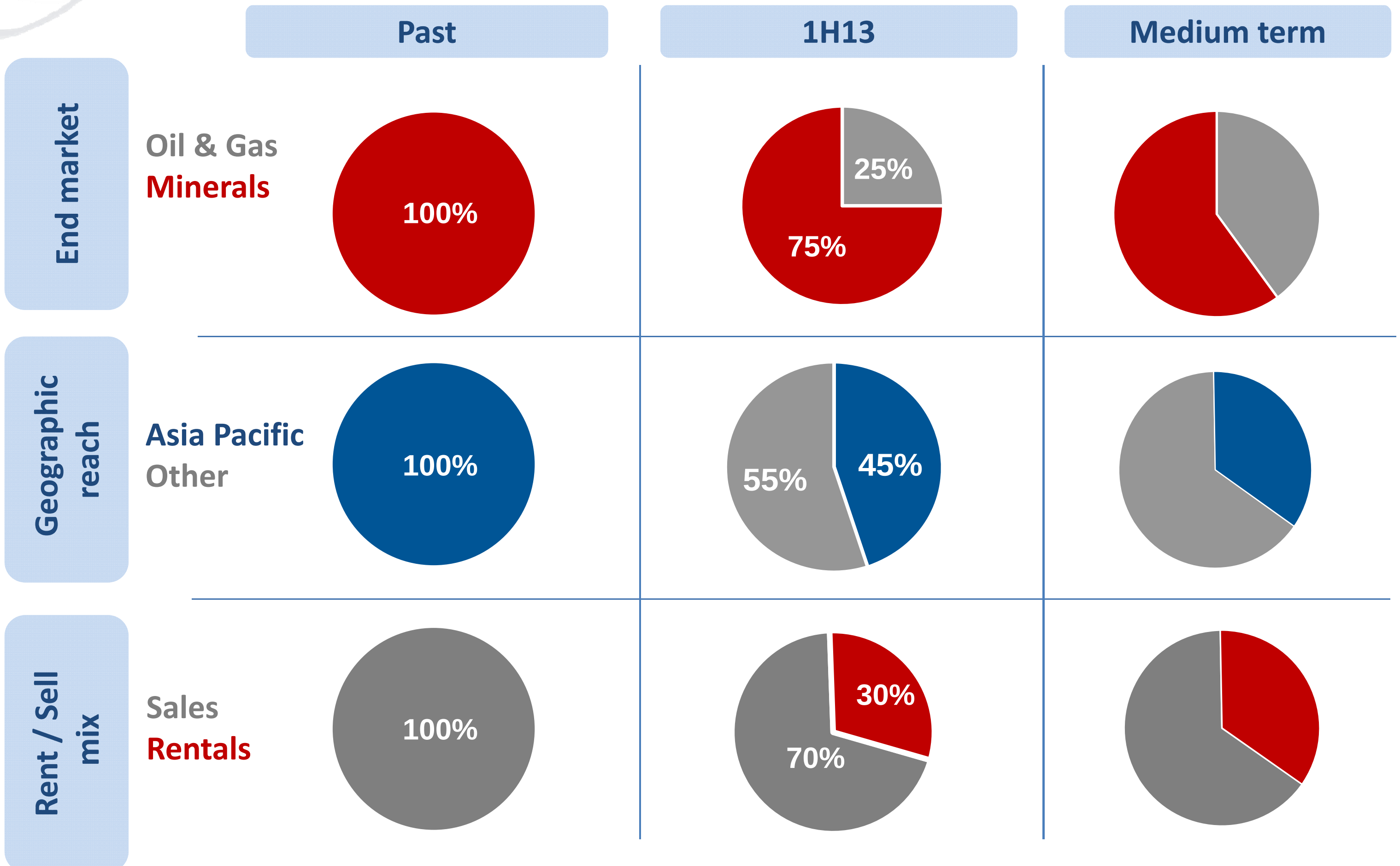
(m)	unaudited	1H13	2H12
Revenue	USD	**27.6**	**27.1**
EBITDA	**USD**	**7.8**	**8.0**
Depreciation	USD	(2.5)	(3.0)
EBITA	USD	**5.3**	**5.0**
Interest	USD	(0.2)	-
Amortisation	USD	(7.0)	(0.7)
Tax	USD	(4.1)	(2.0)
NPAT	USD	**(6.0)**	**2.3**
Imdex 30% share	USD	(1.8)	0.7
Imdex 30% share	AUD	(1.7)	0.7
Other *	AUD	3.1	(0.9)
Share of associate losses	AUD	**1.4**	**(0.2)**

**1H13 includes $3.0 million profit on dilution*

- Continued strong EBITA primarily from US based operations
- Middle East operations restructured, profitable at EBITDA line in Dec 12
- Negative NPAT due to
  - Non-cash amortisation catch up pending acquisition accounting being finalised
  - High tax charge due to profits in taxable jurisdictions and losses in non-taxable ones
- Once off $3.0m profit on dilution
- Future growth expected
  - Organically
  - Bolt on acquisitions

Outlook

On track with strategy



Note: All numbers based on actual or anticipated combined revenue

1H13 Summary:

Solid results despite the cyclical minerals slowdown

- Small decline in combined revenues despite challenging minerals market conditions
- Much improved Oil & Gas revenue growth (111% increase)
- Cyclical slowdown impact on Minerals division revenue
- Consequential impact on EBITA
- Continued growth in operating cashflows
- 2.50cps fully franked interim dividend
- Strong balance sheet with conservative gearing
- Continued investment in growth strategies in both Minerals and Oil & Gas

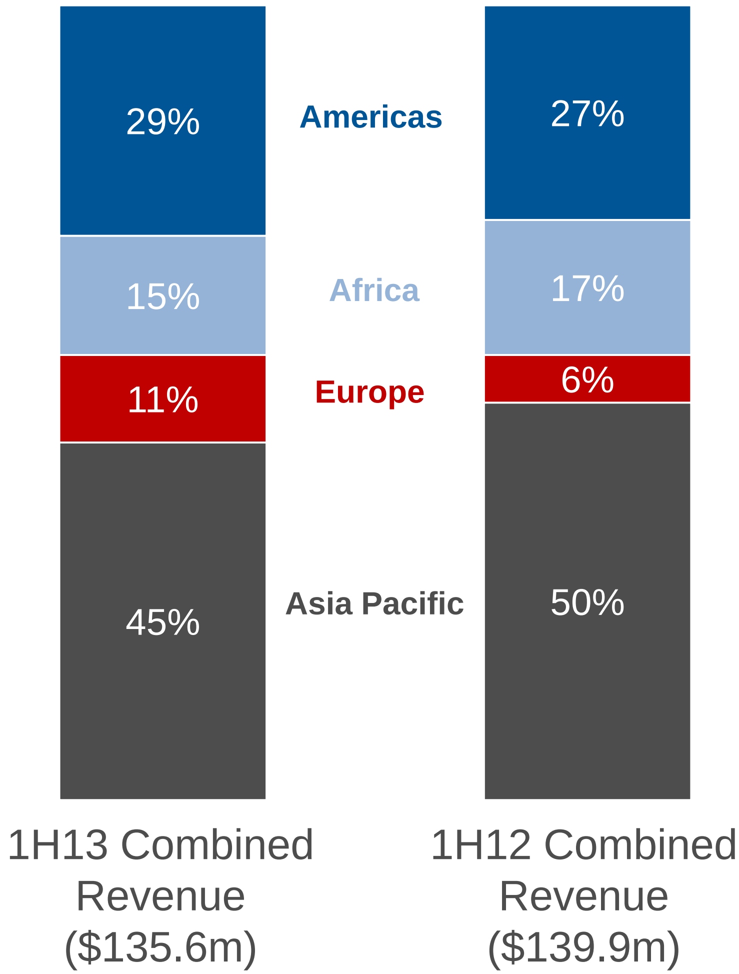
2H13 Outlook:

Fundamentals point to positive outlook

- Fundamentals of key industry segments positive
- High exposure to Majors and Intermediates with long term projects
- High exposure to late stage exploration and production projects
- Continued geographic expansion and diversification
- Organic growth expected in O&G division
- Market share growth in Minerals division from
    - ioGlobal expansion
    - Global SRU roll-out
- Market share growth in underpenetrated markets
- New products and technologies planned for release in FY14

Appendix

Strength through geographic diversification



- Increasingly diversified business by geographic region
- Further growth opportunity in Europe and Africa
- Asia Pacific share likely to decline as a proportion of revenue as other regions grow

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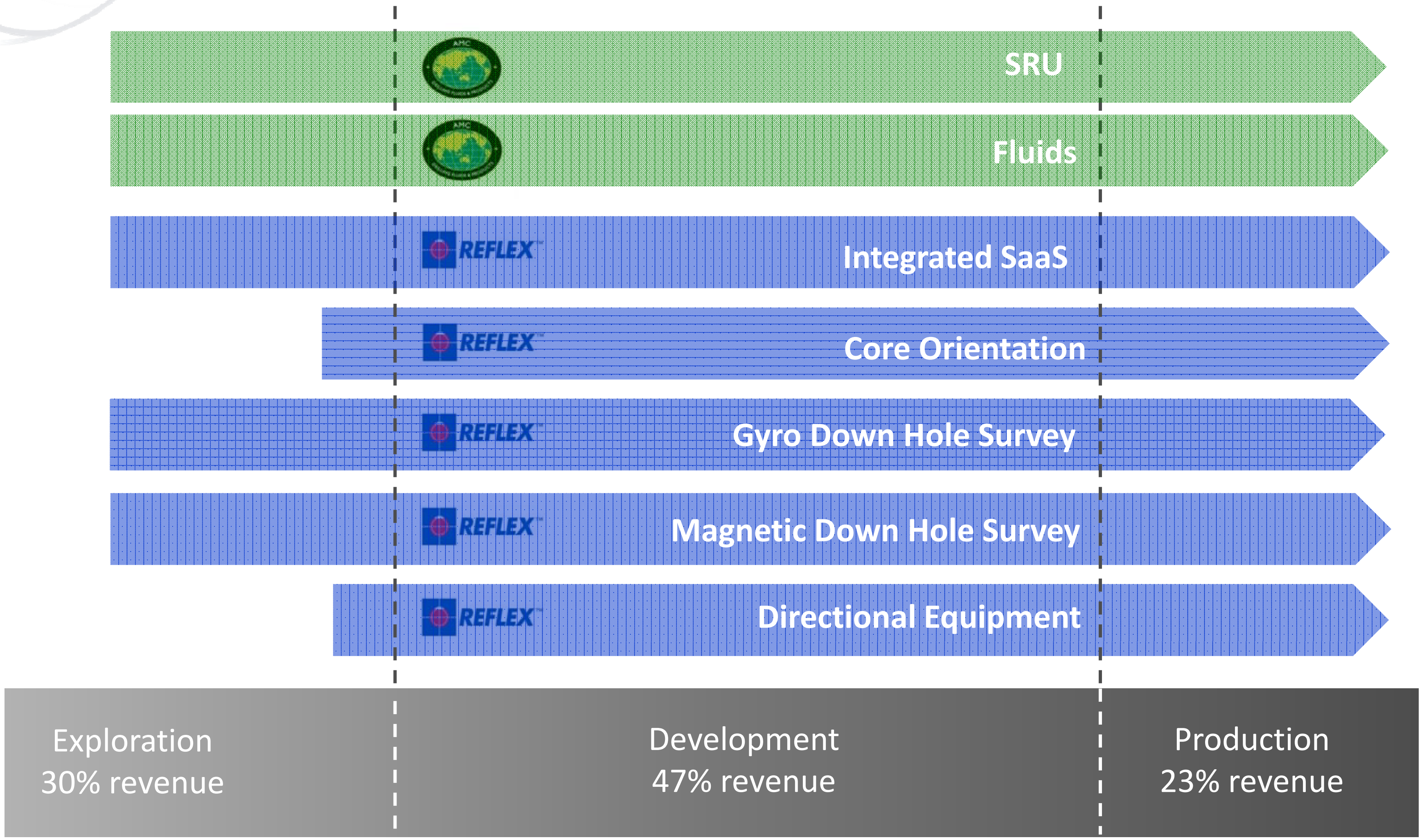
Comprehensive product offering



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Key business drivers and outlook

Driver	2H13 Outlook
Exposure to Majors/Intermediates	Medium to long term project horizons Many have confirmed similar budgets to CY12 82% of 1H13 Minerals revenue from Major and Intermediate companies
Exploration drilling activity	MEG forecast robust exploration and development spending in CY13
Commodity prices	Stable commodity prices drive exploration, production and mine development 70% of 1H13 Minerals revenue generated from production and development
Instruments on rent	Continued rebound in Reflex rental fleet levels expected Increasing presence in Latin America, Africa and Europe
Technology leadership	Product development spending to continue New products (SRU and new/updated instrumentation) to generate market share gains

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