



The Driller's Choice

# MINCON RESULTS 2021



# SUMMARY 2021



We addressed major operational hurdles to deliver 11% revenue growth



Broadened our approach in the construction industry to capture growth with smaller projects



Organic Revenue growth into the mining industry of **16%**



Finished the year with order books at record levels



Awarded DTIF grant for developing a certified anchor solution for offshore wind installations



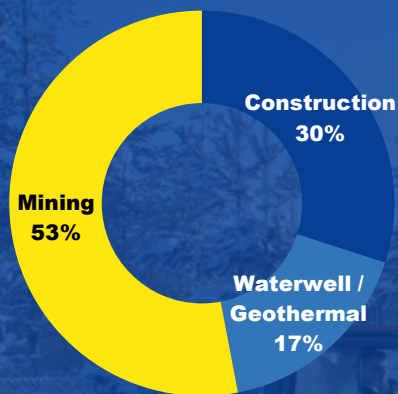
Revenue was flat in Australasia and Africa due to pandemic impacts

## 5 Year Revenue Growth (in € millions)

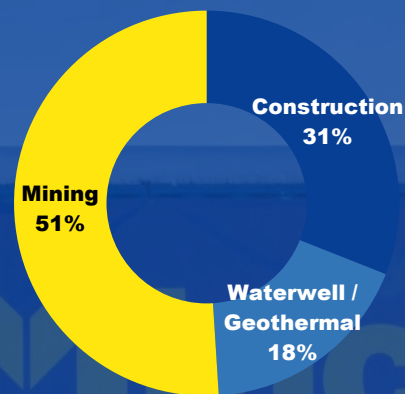


# INDUSTRY SALES ANALYSIS

## 2021 SALES MIX



## 2020 SALES MIX



	2021	2020
Construction	42,620	39,821
Water/Geothermal	24,909	23,825
Mining	<u>76,834</u>	<u>66,257</u>
	144,362	129,904

# ENVIRONMENTAL IMPACT



## MINIMISING OUR CARBON FOOTPRINT

We are investing in new plant and equipment in our factories to reduce our environmental impact by lowering our manufacturing carbon emissions

We are implementing the Greenhouse Gas Protocol to evaluate emissions and set reduction targets

Our engineering focus continues to be on efficiency in the products we offer, this will reduce carbon emissions of our customers operations when using our products. Our design of the Greenhammer emphasizes this

We received a grant approval in Ireland for the design and development of mooring systems for offshore wind installations, this will assist us in developing products for the renewables energy industry

We acquired Hammer Drilling Rigs in January 2021, giving us the ability to offer the full packages into solar field anchoring, and limited access drilling

# SOCIAL RESPONSIBILITIES

**Some of the projects we are involved in today and during the coming year:**



## **EQUALITY**

We are removing social obstacles for young girls to attend school in developing communities



## **WATER**

We will be providing essential needs for schools such as clean water



## **EDUCATION**

We will be providing internet access for rural schools



## **COMMUNITY**

We have been working with charities to give back to local communities around the world



## **ENVIRONMENT**

Offering waste-management education in schools

We are embedded in a wide range of cultures and communities across the globe, and as a significant employer in the communities where we are present, we have a meaningful role to play in these societies and we are committed to growth and increasing opportunities for our employees as well as the wider communities



# **OUR INDUSTRIES**

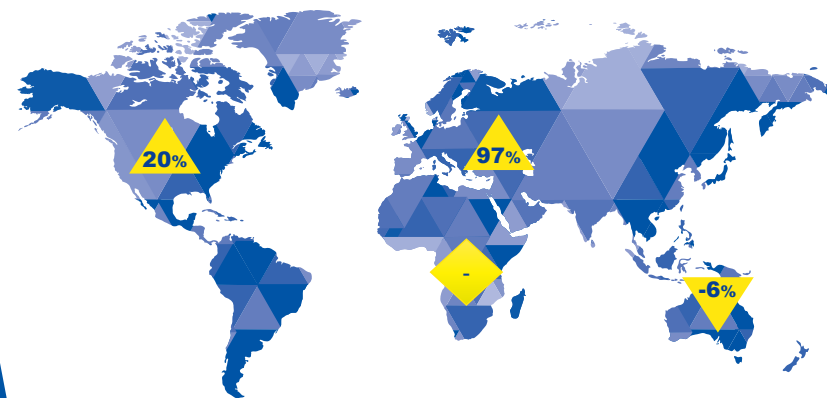


# MINING



- ✓ Our revenue expansion in the mining industry was particularly strong, with organic growth of 16%
- ✓ Developed our mining business further with the direct sales approach in our EME and North America regions
- ✓ Much of our growth was experienced in the second half of 2021, as more factory capacity was commissioned
- ✓ Revenue in Australia and Africa was impacted by mine access restrictions and temporary mine closures due to the pandemic

## MINING REVENUE GROWTH

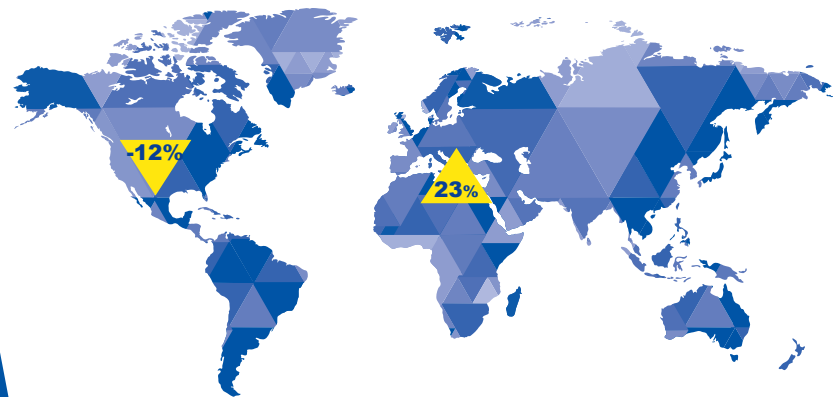


# CONSTRUCTION



- ✓ We achieved 7% growth in construction revenue in 2021
- ✓ Our revenue growth in the industry was achieved through winning smaller projects and further global reach
- ✓ The Americas region decrease in construction revenue was due to fewer large construction projects delivered versus 2020
- ✓ We have expanded our footprint in construction with the acquisition of Attakroc in Eastern Canada

## CONSTRUCTION REVENUE GROWTH





# WATERWELL / GEOTHERMAL



- ✓ Our waterwell/geothermal revenue increased across the Group by 5% in 2021
- ✓ The majority of our waterwell/geothermal revenue is earned in Northern Europe through the sale of our products for geothermal drilling and casing
- ✓ The industry recovered somewhat from the COVID-19 impacts experienced in 2020 and the Group took the opportunity to regain some lost ground
- ✓ In other regions our revenue in the industry increased by 5%

## WATERWELL/GEOTHERMAL REVENUE GROWTH



# 2021 FINANCIAL PERFORMANCE



# INCOME STATEMENT

**We achieved further revenue growth while also addressing major operational hurdles**

**Revenue growth of 11% and 10% on a constant currency basis**

- ✓ organic of 8%
- ✓ acquisitions of 3%

**€3 million growth in gross margin through:**

- ✓ additional capacity commissioned in our factories
- ✓ less pandemic related manufacturing interruption during H2 2021

	2021	2020	Change
Continuing operations	€'000	€'000	%
Sales Minon product	118,802	108,556	9%
Sales non-Minon product	25,560	21,347	20%
<b>Revenue</b>	<b>144,362</b>	<b>129,903</b>	<b>11%</b>
<b>Gross margin</b>	<b>48,763</b>	<b>45,717</b>	<b>7%</b>
Gross margin %	34%	35%	
<b>EBITDA</b>	<b>25,212</b>	<b>24,731</b>	<b>2%</b>
EBITDA %	17%	19%	
<b>Operating profit</b>	<b>18,107</b>	<b>18,249</b>	<b>(1%)</b>
Operating profit %	13%	14%	
Non-operational costs	(279)	(1,180)	(76%)
Income tax expense	(3,228)	(2,683)	20%
<b>Profit after tax</b>	<b>14,600</b>	<b>14,386</b>	<b>1%</b>

# INCOME STATEMENT

The pandemic severely impacted our manufacturing in Q1 2021, which had an impact on our gross margin for that period

We did recover during Q2 2021 and that is evident in our increased revenue achieved in H2 2021

Transportation of our product was a major operational challenge during 2021 and this also impacted our gross margin

We were forced to use air freight in a significant number of cases as seaport congestion was a major issue. We also incurred a full year sea freight price increase that was introduced in 2020



# BALANCE SHEET

**We increased our holding of finished products to ensure on time supply to our customers**

34% increase in Mincon product in transit compared with 2020 as trans-ocean sea freight times doubled during the year

Acquisitions accounted for €1 million of inventory increase

Our increase in net borrowings in 2021 was €9.2 million. We invested the majority of this into our factories through capital expenditure

Balance Sheet	2021 €'000	2020 €'000	Change %
Intangible assets, Goodwill & other	41,232	38,080	
Property plant & equipment	50,660	45,820	
<b>Non-Current Assets</b>	<b>91,892</b>	<b>83,900</b>	<b>10%</b>
Inventory	63,050	53,017	
Trade receivables	25,110	20,640	
Other current assets	9,343	4,497	
Cash and cash equivalents	19,049	17,045	
<b>Current Assets</b>	<b>116,552</b>	<b>95,199</b>	<b>22%</b>
<b>Total Assets</b>	<b>208,444</b>	<b>179,099</b>	<b>16%</b>
Loans and borrowings	23,265	14,789	
Other liabilities	6,698	7,058	
<b>Non-Current Liabilities</b>	<b>29,963</b>	<b>21,847</b>	<b>37%</b>
Loans and borrowings	11,205	6,822	
Trade and other payables	23,124	17,494	
<b>Total Liabilities</b>	<b>34,329</b>	<b>24,316</b>	<b>41%</b>
Equity	144,152	132,936	
<b>Equity &amp; Total Liabilities</b>	<b>208,444</b>	<b>179,099</b>	<b>16%</b>

# CASHFLOW

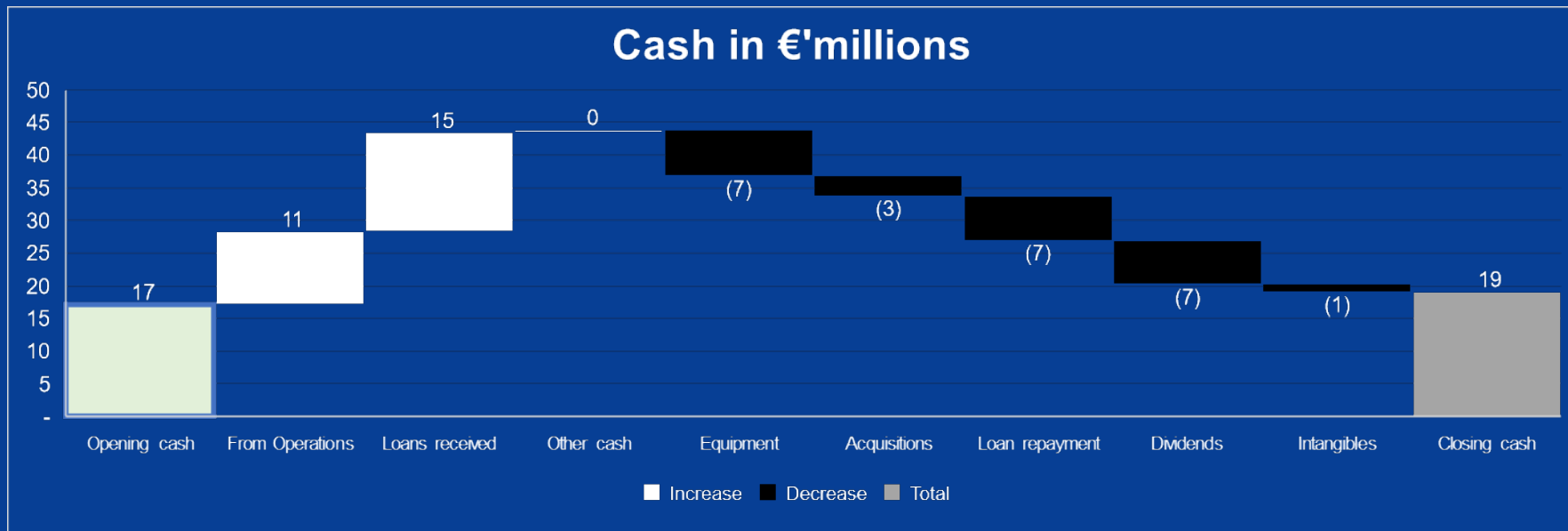
**We invested a net €6.8 million in capital equipment into the business in 2021 with:**

- ✓ Further improvements in equipment to increase manufacturing efficiencies across all Mincon factories
- ✓ New heat treatment facility in our carbide business in the UK
- ✓ A total refurbishment of our factory in Australia
- ✓ Our prepayments increased by €4.6 million, where we used cash for ongoing projects such as:
  - developing a new factory adjacent to our hammer plant in Shannon
  - implementing new heat treatment facilities in Shannon
 Both projects will be commissioned in 2022

Cashflow	2021 €'000	2020 €'000	Change %
Profit for the year	14,600	14,386	
Adjustments	10,537	11,079	
<b>Cash from operating activities</b>	<b>25,137</b>	<b>25,465</b>	<b>(1%)</b>
Changes in trade receivables	(2,695)	919	
Changes in prepayments	(4,502)	1,209	
Changes in inventory	(7,468)	(3,228)	
Changes in trade payables	5,240	(1,812)	
<b>Cash provided by operations</b>	<b>15,712</b>	<b>22,553</b>	<b>(30%)</b>
Net interest	(907)	(815)	
Income taxes paid	(3,627)	(2,389)	
<b>Net cash from operating activities</b>	<b>11,178</b>	<b>19,349</b>	<b>(42%)</b>
Net PPE investment	(7,024)	(6,891)	
Other investing activities	(4,058)	(9,968)	
<b>Net cash used in investing</b>	<b>(11,082)</b>	<b>(16,859)</b>	<b>(34%)</b>
Dividends paid	(6,693)	(2,222)	
Loans paid & received	8,384	1,631	
Purchase of NCI	-	(1,000)	
<b>Cash provided / (used in) financing activities</b>	<b>1,691</b>	<b>(1,591)</b>	
FX effect on cash	217	(222)	
Cash at the beginning of the year	17,045	16,368	
<b>Cash at the end of the year</b>	<b>19,049</b>	<b>17,045</b>	<b>12%</b>



# CASH INVESTED



# PRODUCT DEVELOPMENT



# GREENHAMMER

- ✓ We finally got site access and successfully ran our 10" system on our own Mincon test rig
- ✓ Positive performance figures with good reliability and penetration rates up to 2 times faster than existing system
- ✓ Continued Covid restrictions has meant we have not yet made the expected step to commercialisation
- ✓ Once Covid restrictions are eased in Western Australia we can begin to deploy our 3 rig platforms to finally commercialise this exciting product for hard rock surface mining
- ✓ Positive engagement with a major rig manufacturer on adapting their models to take the Greenhammer system



# LARGE DIAMETER / LOW PRESSURE HAMMER

The system was run by the customer with Mincon supporting them remotely

System was successfully run, and performance figures were several times faster than existing technology

Once travel restrictions are lifted, we plan to get onsite to supervise first-hand any further testing



# SUBSEA MICROPILES PROJECT

**Positive progress on this exciting project**



Disruptive Technology Innovation Fund award to a Mincon-led consortium involved in developing a certified anchor foundation solution for the offshore wind industry

Onsite testing has been carried out in Shannon of the water powered self-drilling anchor system with a path for continuous improvement to required performance levels

A subsea rig design progressing well

Field testing plan includes Quarry testing in H2 2022

More positive industry engagement with firm expressions of interest on successful delivery and certification



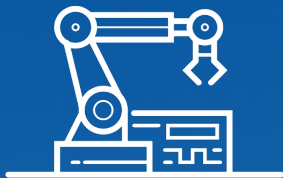


# OUTLOOK 2022





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In January 2022 we completed the acquisition of Spartan Drill Tools, based in Fruita Colorado, which produces high quality drill pipes and related products.

An important aspect of this deal is that we can integrate certain aspects of drill pipe manufacturing with available capacity and skillsets that we already have in Benton to leverage more efficiencies and hence improve our margins



Our order books for 2022 remain healthy as the markets remain strong. We are passing on inflationary manufacturing costs, such as increases in energy cost, through price increases to customers. The Group continues with the momentum from H2 2021 into 2022

Final dividend of 1.05c per ordinary share recommended, taking the total dividend for 2021 to 2.10c per ordinary share

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.



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# **MINCON RESULTS 2021 Q&A**



# APPENDIX



# DIRECT SALES APPROACH



We completed a strategic acquisition in Attakroc in Canada, which is inline with our direct sales strategy going direct in new markets



Our direct sales approach grew by 11% and accounted for 73% of our overall increased revenue in the year



We maintained our 77/33 split of direct/distribution sales, though we had fewer large geotechnical projects in North America which are all direct sales



As manufacturing costs increase, a direct sales approach gives us more flexibility in passing these costs to end user customers



We continue to serve markets through distribution in areas where the direct model is unviable, or where we already have strong distributor partnerships in place



# 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

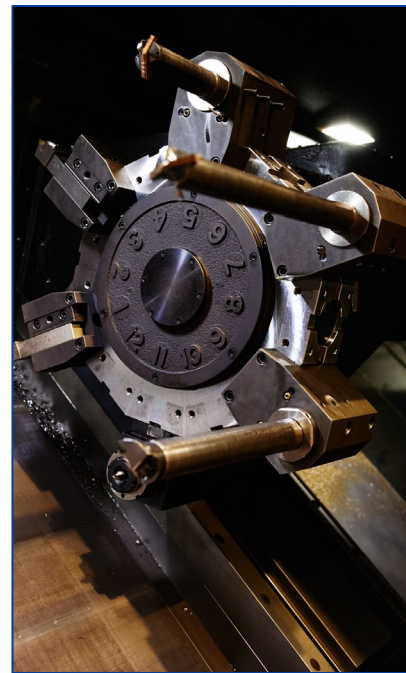
Mincon returns to Perth to establish an RC manufacturing facility

### 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



# MINCON MILESTONES

## 2011 to present

### 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 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

### 2021

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

Roc Drill France joins the Mincon Group, bringing extensive geotechnical drilling expertise to Mincon's service offering

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.<sup>M</sup>

## 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**

Quarries, exploration drilling, open-pit mines for extracting 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**