



The Driller's Choice

INTERIM RESULTS

H1 2023

SUMMARY H1 2023



H1 revenue growth impacted by contraction in mining revenue compounded by currency headwinds. Gross margin maintained at 31.8%



Construction revenue flat on the back of strong prior year growth. Sales mix included more smaller project wins, less working capital intensive



Revenue increase of 10% in the Waterwell/Geothermal industry, with sector growth in central Europe



Operating cost reduction of 1.5% of revenue, implemented towards the end of H1, this will result in an improved operating margin in H2



Good progress on working capital in H1 2023, with a significant reduction expected in H2 2023

	H1 2023	H1 2022	Change	
	€'000	€'000	€'000	%
Mincon product	67,190	70,906	(3,716)	(5%)
Non-Mincon product	13,395	14,262	(867)	(6%)
Revenue	80,585	85,168	(4,583)	(5%)
Gross margin	25,645	27,062	(1,417)	(5%)
<i>Gross margin %</i>	<i>31.8%</i>	<i>31.8%</i>		
Operating profit	7,782	8,824	(1,042)	(12%)
<i>Operating profit %</i>	<i>9.7%</i>	<i>10.4%</i>		
Profit after tax	4,899	6,530	(1,631)	(25%)
<i>Profit after tax</i>	<i>6.1%</i>	<i>7.7%</i>		

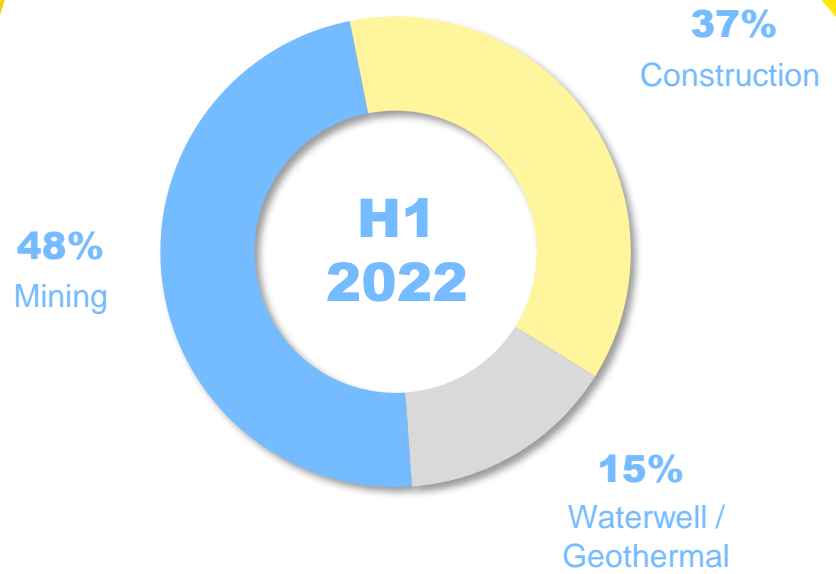
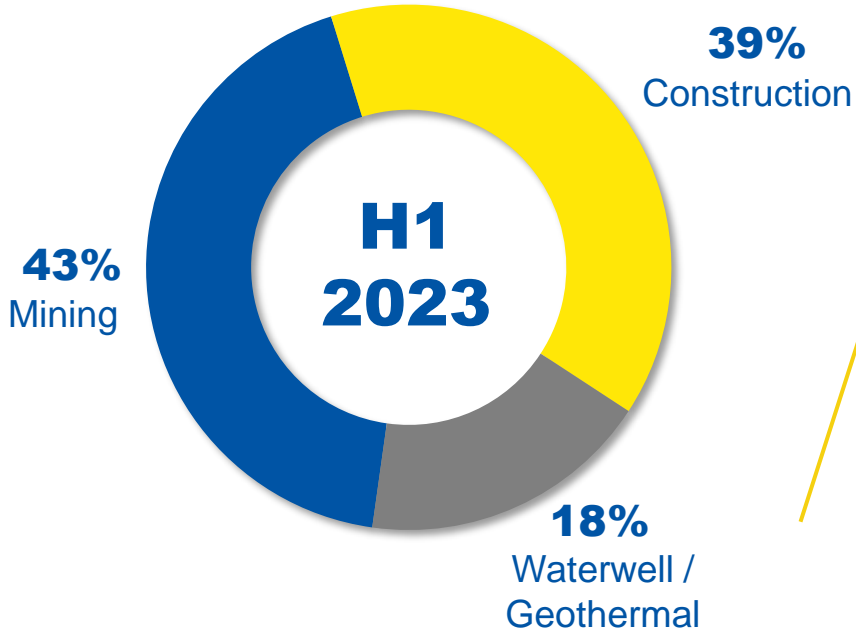
**BUSINESS
REVIEW**

H1 2023



INDUSTRY SALES ANALYSIS

REVENUE BY SEGMENT





INDUSTRY SALES ANALYSIS

OUR OVERALL MARKET SHARE HAS INCREASED MARGINALLY IN THE PERIOD

WATERWELL / GEOTHERMAL



- Gains in waterwell / geothermal industry in Europe / Middle East and the America's regions.



MINING



- Mining industry overall contracted.
- Revenue impacted by FX headwinds and customer destocking.
- Our market share remains unchanged.



CONSTRUCTION



- Construction revenue the same as prior year despite FX headwinds.
- Market share gained in smaller construction projects.
- No revenue from large projects, though there remains a healthy pipeline.

MINING SECTOR



Revenue from the mining industry contracted by 15% during the period; FX represented 5% of the reduction

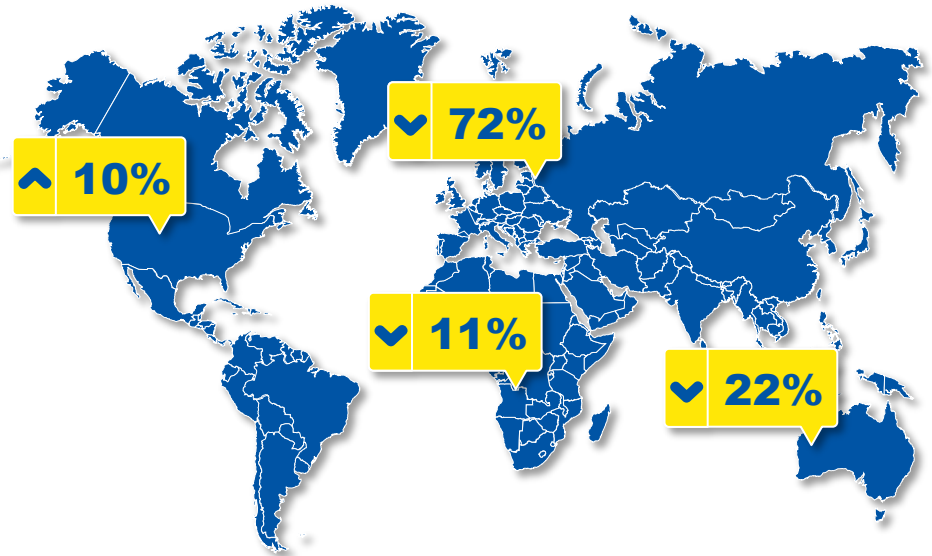
In the EME region, we received fewer orders from a large customer in this region due to their strategy to reduce inventory, unwinding their consumables which they built up during the Covid years.

Opportunities in Eastern Europe, and further East into Asia have been discontinued due to the war in Ukraine. We had been trading positively in this area in recent years.

The weakness in the South African Rand during the period was a major factor for reduced reported revenue in our Africa region. Excluding FX impacts, the Africa region contracted by 1% in H1.

There was reduced activity in the exploration sector in the Africa and APAC regions during the period largely due to high interest rates and high inflation.

Mining Revenue Growth by Region



CONSTRUCTION SECTOR



Revenue in the construction industry was flat during the period, however this follows high double digit growth year-on-year since 2019

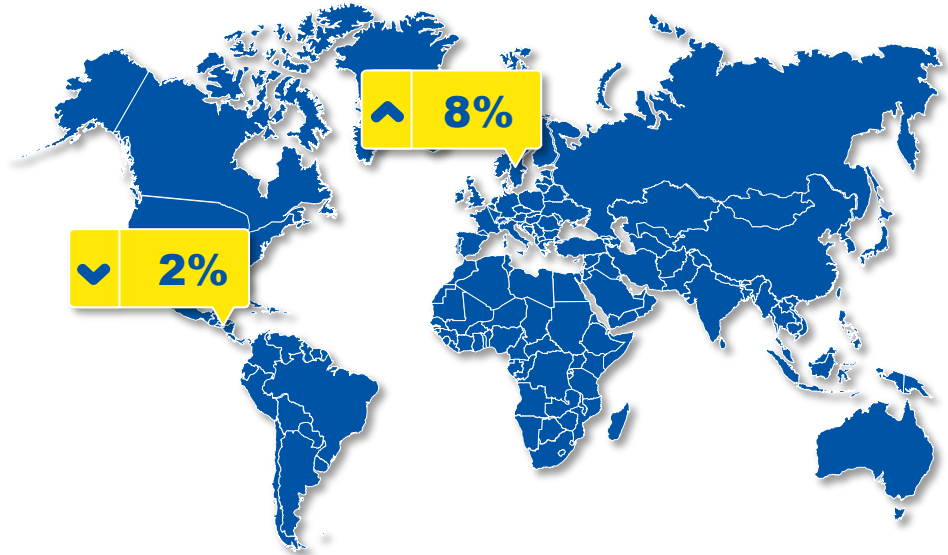
We had positive growth in our Europe & Middle East region due to our expanded footprint in Northern Europe.

Contraction in Americas was due to FX headwinds. Lack of growth in H1 was largely due to no new large construction project revenue.

Part of our strategy in the Americas has been on winning smaller to midsize projects, which earn a steadier income stream and reduce the overall complexity in working capital control associated with larger projects.

Large construction projects remain an important part in our construction growth strategy, and there remains a healthy pipeline of projects.

Construction Revenue Growth by Region



WATERWELL/GEOTHERMAL SECTOR



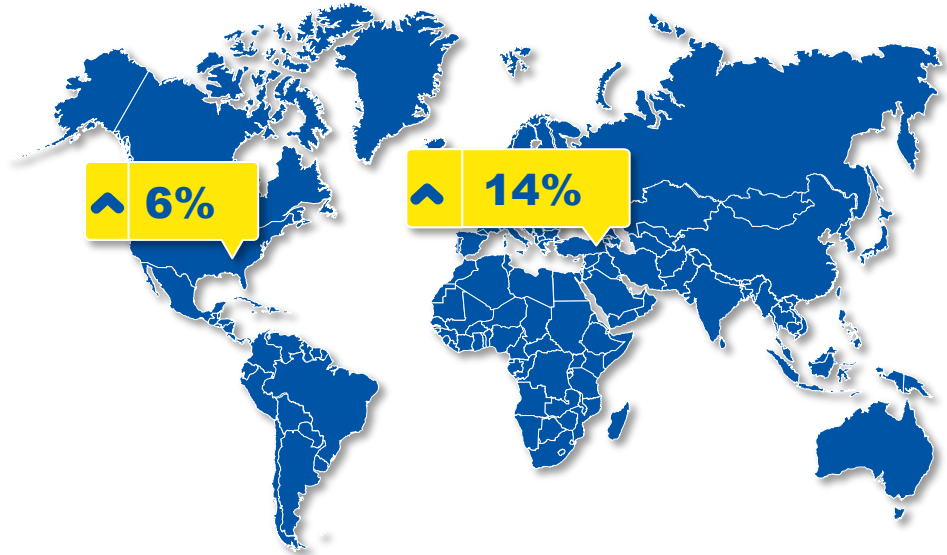
Waterwell / Geothermal Revenue Growth by Region

Waterwell / Geothermal revenue increased 10% in the period

Due to higher energy costs, the geothermal industry has expanded in central and northern Europe.

We have also won market share in the waterwell industry in the Middle East during the period.

Our growth in the Waterwell / geothermal industry continued in the North American market.



FINANCIAL PERFORMANCE

H1 2023

INCOME STATEMENT

Our earnings have been impacted due to reduced revenue in the period, though our gross margin percentage is consistent with H1 2022

- To mitigate margin pressure, we have implemented a cost reduction program, at a cost of €0.7 million in H1 2023, recorded within our operating employee costs.
- We expect to see the benefit of this cost reduction program in H2 2023 and in 2024.
- Due to reduced revenue, we reduced subcontract manufacturing significantly, enabling us to increase the volume of Mincon-manufactured product through our plants, which benefits our gross margin.
- Our finance costs have increased in the period reflecting increased interest costs on our borrowings as a result of the wider change in the interest rate environment.

	H1 2023	H1 2022	Change	
	€'000	€'000	€'000	%
Sales Mincon products	67,190	70,906	(3,716)	(5%)
Sales bought in products	13,395	14,262	(867)	(6%)
Revenue	80,585	85,168	(4,583)	(5%)
Cost of sales	(54,940)	(58,106)	3,166	(5%)
Gross Margin	25,645	27,062	(1,417)	(5%)
<i>Total gross margin %</i>	<i>31.8%</i>	<i>31.8%</i>		
EBITDA	11,833	14,951	(3,118)	(21%)
<i>EBITDA %</i>	<i>14.7%</i>	<i>17.6%</i>		
Operating costs	(15,402)	(15,194)	(208)	1%
Operating Profit	7,782	8,824	(1,042)	(12%)
<i>Operating profit %</i>	<i>9.7%</i>	<i>10.4%</i>		
Non-operational income	(1,655)	233	(1,888)	(100%)
Profit Before Tax	6,127	9,057	(2,930)	(32%)
Tax	(1,228)	(2,527)	1,299	
Profit After Tax	4,899	6,530	(1,631)	(25%)



BALANCE SHEET



We continue to build for future success, and in the period, we commissioned €4.3 million of property plant and equipment

- This investment is the first phase of an expansion project for our Shannon plant and has been developed over the past 18 months.
- Phase one has included a new manufacturing site in Shannon and new, more efficient heat treatment facilities.
- Phase two of this project for our Shannon plant is ongoing and involves robotic machining with a completion date set for H1 2024.
- In line with our inventory reduction ambitions, our manufacturing output has decreased significantly in H1 2023 versus the same period in the prior year.

	H1 2023	FY 2022	Change
	€'000	€'000	%
Intangible assets & Goodwill	39,503	40,109	
Property plant & equipment	52,777	53,004	
Deferred tax assets	2,446	2,050	
Total Non-Current Assets	94,726	95,163	0%
Total Inventory	76,064	76,911	
Trade and other receivables	30,467	23,872	
Other current & current tax assets	13,031	13,032	
Cash - current accounts	12,673	15,939	
Total Current Assets	132,235	129,754	2%
Total Assets	226,961	224,917	1%
Loans and borrowings	28,787	26,971	
Contingent liability	1,498	1,705	
Other non-current & deferred tax liabilities	2,940	2,879	
Total Non-Current Liabilities	33,225	31,555	5%
Loans and borrowings	15,280	14,973	
Trade and other payables	14,711	14,420	
Accrued, other current & current tax liabilities	9,967	10,183	
Total Current Liabilities	39,958	39,576	1%
Total Liabilities	73,183	71,131	3%
Total Equity	153,778	153,786	0%
Total Shareholders' Equity and Liabilities	226,961	224,917	1%

CASH FLOW



We have implemented a Group wide inventory reduction program, with a goal to reducing our overall inventory in terms of months and releasing cash back into the business

- We expect to make progress on our inventory goals in this important project for the Group by the end of this year.
- We have borrowed further since year end 2022. This is mostly in relation to our capital equipment program.
- The increase in borrowings over our capital equipment borrowings are in relation to our Subsea project. We plan to borrow further in 2023 to see out large capex projects.
- We used cash from operations to pay a final year dividend for 2022 of €2.2 million in the period.

	H1 2023	H1 2022	Variance
	€'000	€'000	€'000
Profit	4,899	6,530	
Depreciation & amortisation	4,324	3,982	
Other non cash movements	2,901	2,452	
Cash From Operating Activities	12,124	12,964	(840)
Changes in inventory	(814)	(9,362)	
Changes in trade receivables	(7,272)	(3,396)	
Changes in prepayments	(119)	(3,333)	
Changes in trade payables and accruals	650	4,599	
Cash Provided By Operations	4,569	1,472	3,097
Net interest	(1,156)	(612)	
Taxes paid	(1,462)	(1,793)	
Net Cash From Operating Activities	1,951	(933)	2,884
Net purchase of property plant & equipment	(4,278)	(2,327)	
Investment in intangibles	-	(286)	
Acquisitions, current and historical	(361)	(1,365)	
Other investing activities	288	605	
Net Cash Used In Investing Activities	(4,351)	(3,373)	(978)
Dividends paid	(2,231)	(2,231)	
Loan facilities	1,791	2,648	
Net Cash Used In Investing Activities	(440)	417	(857)
FX effect on cash	(426)	171	
Cash at the beginning of the year	15,939	19,049	
Cash At The Period End	12,673	15,331	(2,658)

PRODUCT DEVELOPMENT

H1 2023

GREENHAMMER

The system has been running on the gold mine in Western Australia but we continued to experience issues with the output of the rig in H1

- These issues are due to a lack of reliable rig power output and are unrelated to the Greenhammer system. We are still working on this and will have an update soon.
- This emphasises the importance of our collaboration with a major rig manufacturer which is well progressed since our last update.
- A successful outcome with this collaboration opens up access to a very large rig fleet suitable for conversion, coupled with a strong support network.



Remains a transformational opportunity for Mincon as well as the hard rock surface mining industry, especially with regard to industry emissions reduction targets



LARGE HAMMERS AND BITS

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

- We have been on the ground with the customer to analyse the performance and inspect the internals of the hammer.
- The learnings from this have been incorporated in improvements to the design and these have been implemented.
- We have started to get commercial enquiries for the system from the large diameter piling industry.





SUBSEA MICROPILE PROJECT

Progress update and demonstration at our AGM in May was very well received

- Hammer testing has progressed well at the local quarry and the learnings from this have been incorporated in a refined design for further testing.
- We have experienced delays in delivery of externally sourced systems like the rig subsea hydraulics and control system.
- This delay could have a knock on to our offshore testing schedule, and we are working hard to mitigate this.
- We continue to make excellent progress on an overall commercial solution with our Subsea partners.
- Due to the strategic national importance of offshore wind in several jurisdictions, we have had some government level engagements with very positive feedback for the solution.



OUTLOOK

H2 2023

OUTLOOK H2 2023

POSITIONING FOR GROWTH



We have commissioned new and more efficient machinery in H1 2023. This enables us to manufacture faster, reduce our lead times, while also reducing our emissions.



We have now positioned ourselves to reduce inventory and release cash back into the business in H2 2023 and 2024.



While inflation and high interest rates have led to a slight contraction in the mining market, we expect to deliver revenue growth and improve our operating profit in H2 2023 over H1 2023.

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.

Q&A

H1 2023

APPENDIX

H1 2023



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.

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.

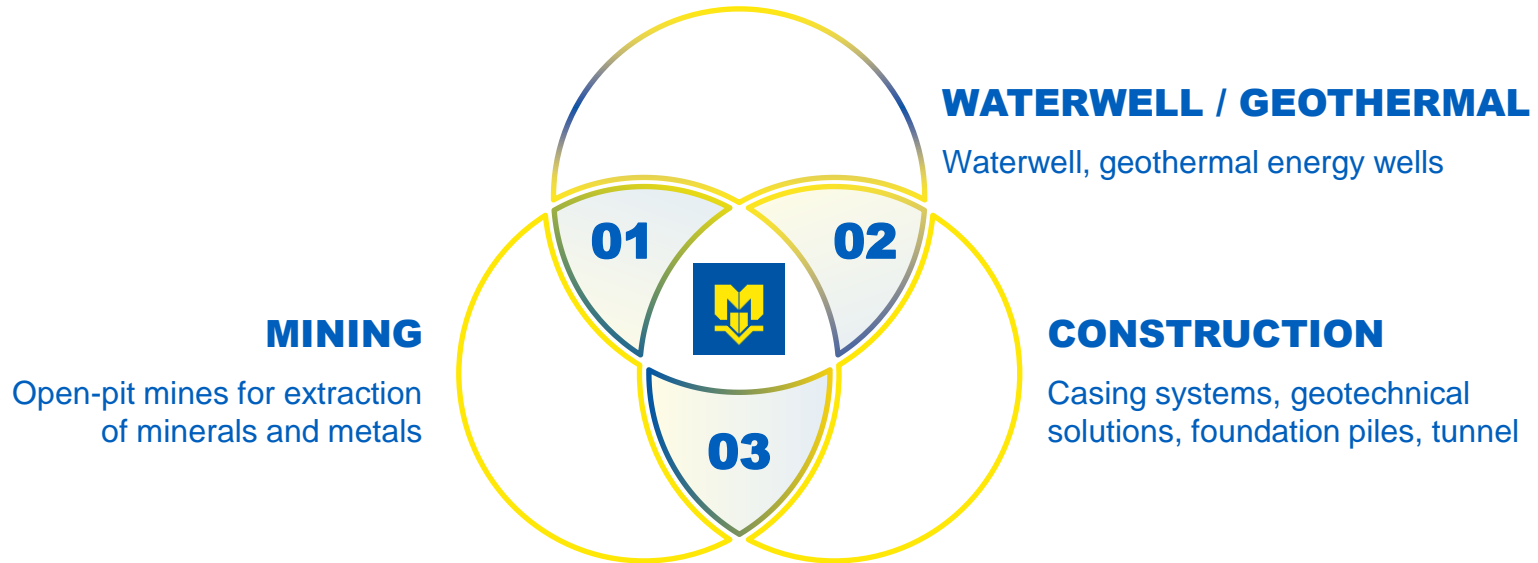
Dedicated and experienced **service teams** work with customers to develop **the best solutions**. Feedback from the field is provided to product engineers, feeding a cycle of **continuous improvement**.

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.



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