



The Driller's Choice

FULL YEAR RESULTS



2023



AGENDA

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BUSINESS REVIEW



2023

2023 SUMMARY



Positioning Mincon For Long-Term Growth Despite a Challenging Environment

Revenue contraction of 8% across all our industries in 2023, FX headwinds was 5% of the contraction.

Improvement in net debt position of €6.3 million in 2023.

Improved working capital position, most noticeably a reduction in our inventory of 9% in the year.

FY23 EBITDA outturn in line with updated guidance at €21.1 million, down 23% on FY22, due to a reduction in mining activity.

Expansion of our manufacturing footprint through large capital equipment programme to enhance efficiency and expand capacity for future growth.

Financial Highlights

	2023	2022	Change
	€'000	€'000	%
Revenue	156,931	170,008	(8%)
Gross Margin	45,523	54,070	(16%)
Gross Margin %	29.0%	31.8%	
EBITDA	21,074	27,531	(23%)
EBITDA %	13.4%	16.2%	

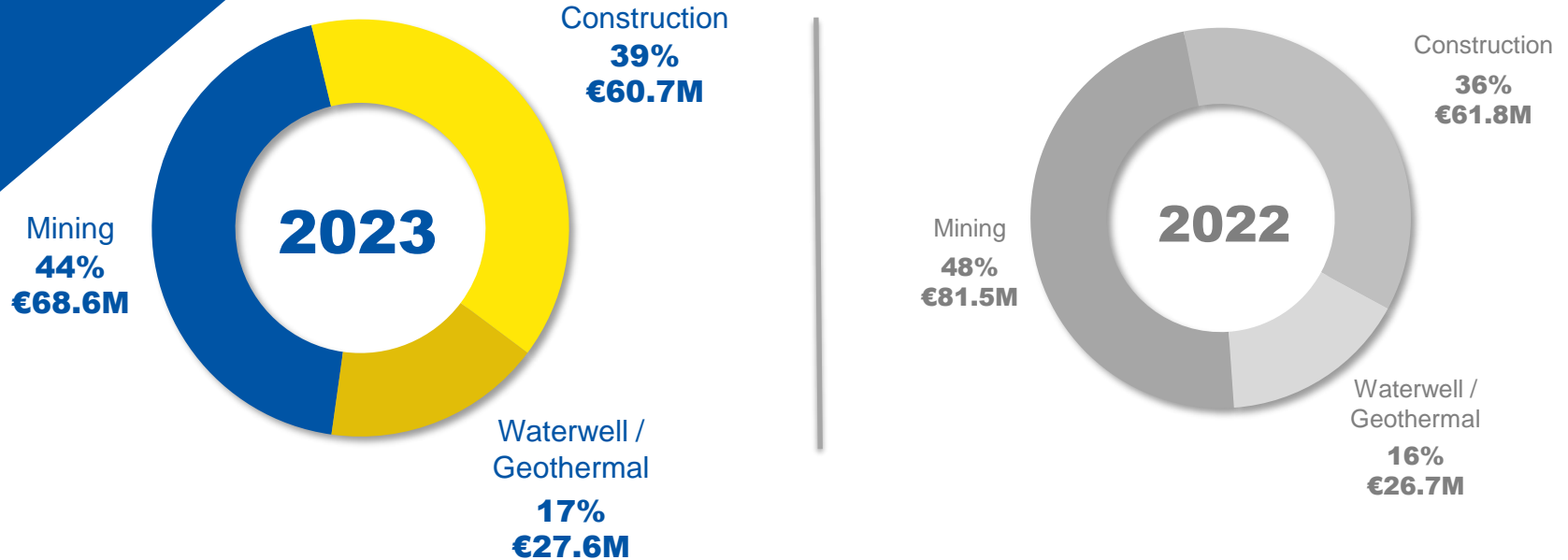
Shareholder Returns

Final dividend of 1.05c per ordinary share recommended, taking the **total dividend for 2023 to 2.10c per ordinary share**, consistent with 2022.

INDUSTRY SALES ANALYSIS



Revenue by Segment



2023 REVENUE

Decrease driven by mining contraction

The mining industry is the Group's largest revenue sector. In 2023 mining revenue contraction (down 16%) was across all our regions as a result of increased interest rates, continued customer destocking post covid and certain weaker mineral pricing.

The construction industry was relatively flat, with growth in EME and slight contraction in the Americas due to delays in certain large construction projects.

Growth of 7% in waterwell / geothermal sector, with a strong performance in a mature geothermal market in Northern Europe.

FX headwinds accounted for 5% of the overall 8% contraction in revenue



MINING SECTOR



16% revenue contraction in 2023

A weakening in certain commodity prices has impacted on some of our mining customers' output.

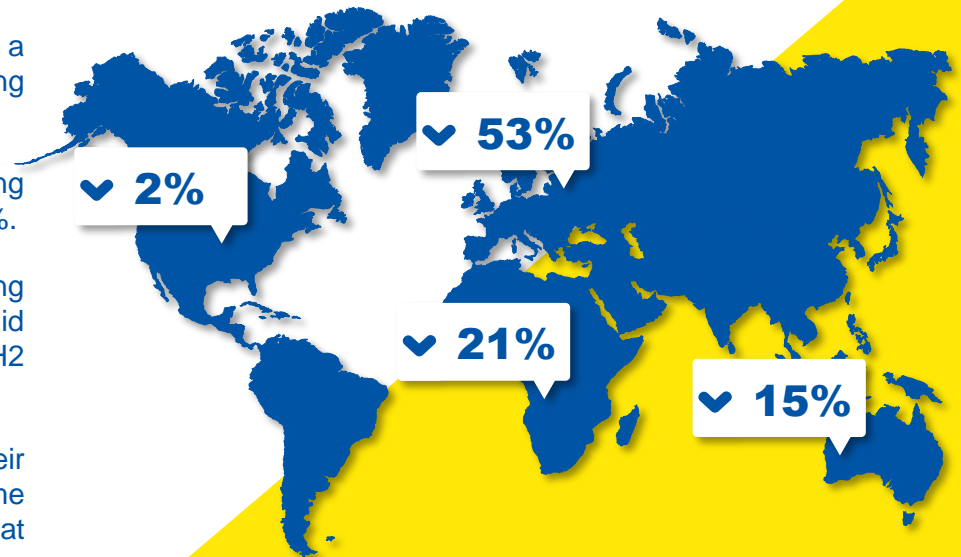
As interest rates increased through 2023, we witnessed a corresponding decrease in the demand for our mining exploration products.

FX headwinds had a significant impact on reported mining revenue; excluding FX our mining revenue contracted by 11%.

The Americas region is our largest contributor to mining revenue, it was flat when FX is excluded. However, we did experience a slowdown in mining in this region during H2 2023.

Elsewhere, we had customers that continued with their destocking of consumable products, post covid and some large customers lost mine drilling contracts in late 2022 that impacted on our 2023 revenue.

Mining Revenue Growth by Region



CONSTRUCTION SECTOR



2% revenue contraction in 2023

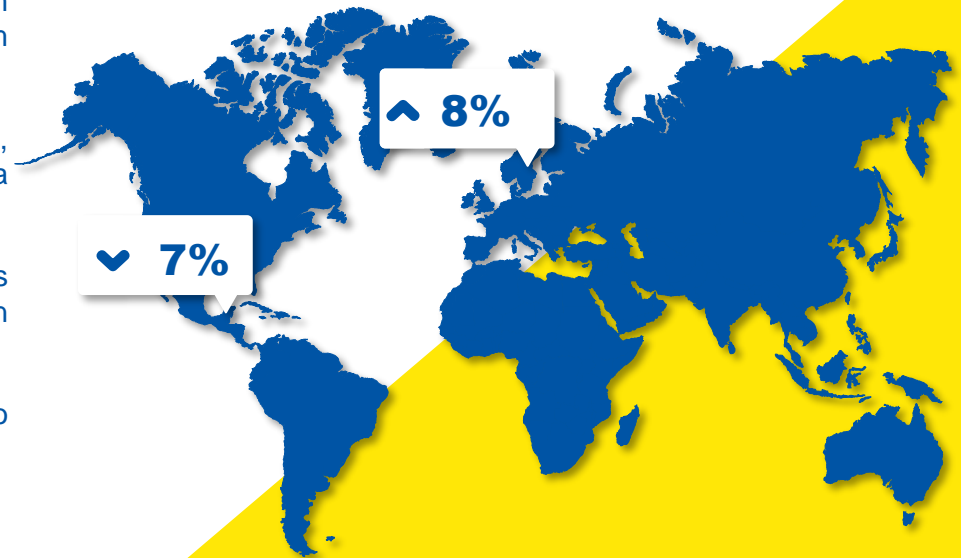
FX headwinds in the year impacted our reported construction revenue; on a constant currency basis our revenue from construction grew by 2%.

We continued with our encouraging growth in Europe, specifically across Sweden and Finland where there is a mature market for our products in hard rock drilling.

Revenue contracted slightly in the Americas (3% when FX is excluded) following impressive construction growth there in 2022 of 71%.

Certain larger construction projects that were expected to begin in North America in H2 2023 were delayed.

Construction Revenue Growth by Region



WATERWELL/GEOTHERMAL SECTOR



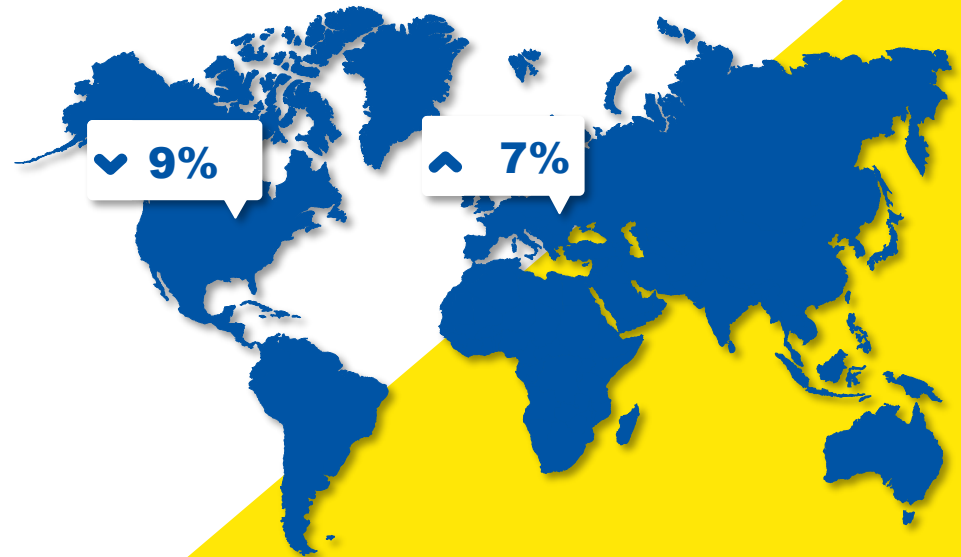
3% revenue increase in 2023

Revenue in the waterwell / geothermal consumable supply industry grew to €28 million in 2023, growth of 7%, on a constant currency basis.

Our largest region within this industry is EME, and that is mostly concentrated in the Northern Europe's Geothermal industry. The region grew by 7% in 2023 and excluding FX it grew by 11%.

Whilst the Americas region contracted by 9%, the majority was due to FX headwinds from a weaker dollar, contributing 6% to the contraction.

Waterwell / Geothermal Revenue Growth by Region





FINANCIAL PERFORMANCE



2023

INCOME STATEMENT



Reduced manufacturing, and increased competition impacted margins

EBITDA of €21.1 million in 2023, slightly ahead of guidance but reflecting a 23% decrease versus 2022.

Our operating margins were impacted due to a significant decrease in Mincon product that was manufactured in 2023, a decrease of 19% versus 2022.

Increased competition in certain commoditised products within the mining sector from low-cost products also impacted our volumes during 2023.

We countered by lowering pricing in some areas to protect market share, but with a margin impact. However, our new supply chains will reduce our overall cost to manufacture once fully operational.

We took measures to protect our margins for 2023 and beyond, through cutting costs, bringing some subcontracting back in-house and through a redundancy programme, with a net EBITDA saving of €3.1 million in 2023.

	2023	2022	Change
	€'000	€'000	%
Sales of Mincon products	128,294	141,830	(10%)
Sales of bought in products	28,637	28,178	2%
Revenue	156,931	170,008	(8%)
Cost of sales	(111,408)	(115,938)	
Gross Margin	45,523	54,070	(16%)
<i>Total gross margin %</i>	<i>29.0%</i>	<i>31.8%</i>	
EBITDA	21,074	27,531	(23%)
<i>EBITDA %</i>	<i>13.4%</i>	<i>16.4%</i>	
Operating costs	(33,233)	(34,321)	
Operating Profit	12,290	19,749	(38%)
<i>Operating profit %</i>	<i>7.8%</i>	<i>11.6%</i>	
Non-operational costs	(3,386)	(1,015)	
Profit Before Tax	8,904	18,734	(52%)
Tax	(1,434)	(4,030)	
Profit After Tax	7,470	14,704	(49%)

BALANCE SHEET



	2023	2022	Change
	€'000	€'000	%
Balance Sheet			
Intangible assets & Goodwill	40,625	40,109	
Property plant & equipment	54,763	53,004	
Deferred tax assets	2,664	2,050	
Total Non-Current Assets	98,052	95,163	3%
Total Inventory	69,730	76,911	
Trade and other receivables	21,616	23,872	
Other current & current tax assets	9,616	12,727	
Cash - current accounts	20,482	15,939	
Total Current Assets	121,444	129,754	-6%
Total Assets	219,496	224,917	-2%
Loans and borrowings	26,032	26,971	
Deferred liability	1,998	1,705	
Other non-current & deferred tax liabilities	3,031	2,879	
Total Non-Current Liabilities	31,061	31,555	-2%
Loans and borrowings	14,080	14,973	
Trade and other payables	10,505	14,420	
Accrued, other current & current tax liabilities	9,599	10,183	
Total Current Liabilities	34,184	39,576	-14%
Total Liabilities	65,245	71,131	-8%
Total Equity	154,251	153,786	0%
Total Shareholders' Equity and Liabilities	219,496	224,917	-2%

Substantial Capex Investment & Improved Balance Sheet Efficiencies

Commissioned €10.2 million in capital equipment, 75% of this was expansion capex, including a new factory and heat treatment at our hammer factory in Shannon.

These investments have given the Group improved efficiencies and ample capacity to manufacture and deliver in the industries we are targeting.

Our 2023 capital equipment spend reflects a peak of investment in the near term, with capital equipment expected to be less than depreciation levels in 2024.

9% reduction in inventory holding through our inventory reduction programme; we expect further gains in 2024.

We made tangible strides in 2023 in our balance sheet efficiencies. We will continue with this momentum in 2024.

CASH FLOW



Working Capital Improvement and Net Debt Position Reduced

Cashflow from operations, after working capital movements, was €28.6 million.

Our overall working capital position improved and brought €7.7 million of available cash back into the business in 2023.

We borrowed less than prior year (2023: €7.5 million, 2022: €11.5 million) to implement the largest capital equipment programme in the Group in the past five years.

We also repaid €9.5 million in capital borrowings during 2023 and ended the year with an improved cash position of €20.5 million.

We used cash in 2023 to pay for historical acquisitions of €1.1 million, and dividends of €4.5 million in the period.

	2023	2022	Change
	€'000	€'000	€'000
Cashflow			
Profit	7,470	14,704	
Depreciation & amortisation	8,697	8,093	
Other non-cash movements	4,729	5,088	
Cash From Operating Activities	20,896	27,885	(6,989)
Changes in inventory	5,596	(13,463)	
Changes in trade receivables	1,694	1,354	
Changes in prepayments	3,993	(3,848)	
Changes in trade payables and accruals	(3,613)	1,632	
Cash Provided By Operations	28,566	13,560	15,006
Net interest	(2,382)	(1,453)	
Taxes paid	(3,639)	(4,042)	
Net Cash From Operating Activities	22,491	8,065	14,426
Purchase/sale of property & equipment	(9,730)	(6,313)	
Investment in intangibles	(158)	(433)	
Acquisitions, current and historical	(1,054)	(3,642)	
Net Cash Used In Investing Activities	(10,942)	(10,388)	(554)
Dividends paid	(4,461)	(4,462)	
(Decrease)/Increase in debt	(2,321)	3,378	
Net Cash Used In Investing Activities	(6,782)	(1,084)	(5,698)
FX effect on cash	(224)	297	
Cash at the beginning of the year	15,939	19,049	
Cash At The Period End	20,482	15,939	4,543



PRODUCT DEVELOPMENT



2023

GREENHAMMER

Strategic decision taken during 2023 to work closely with OEM rig manufacturer as our preferred route to market with the system.

This experience has reinforced our view that we need to work closely with OEM rig manufacturers to properly go to market with the system.

A collaboration with a major rig manufacturer on a rig conversion to run the Greenhammer has gone well and we are ready to start test drilling on a copper mine in Arizona.

The conversion took longer than anticipated as it was the first time that the manufacturer had done this. Now that we have a design, subsequent conversions will be more straightforward.

Following the above strategic decision, we elected to cease with the previous testing on our own rig in Australia during the year.

Due to the limited supply of drilling rigs in the market and the requirement to reduce emissions in mining, we remain confident of the significant potential of this product.



SUBSEA MICROPILE PROJECT

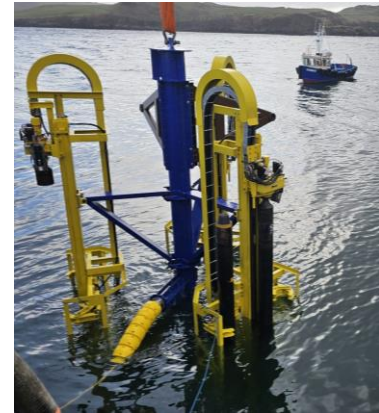
Final assembly of the Subsea drill rig was completed in November and the rig was shipped to Jamestown manufacturing in Portarlington for test drilling and terrestrial load testing.

Test drilling was successful, and the rig was used to drill and grout the anchor templates in place for load testing before the end of March.

The rig was transported to Killybegs port where we successfully carried out an initial wet test of the system.

The development of the overall commercial solution is well progressed with our Subsea partners who have important strategic agreements in place with well-funded industry players.

There continues to be significant interest within the industry and a growing realization of the importance of the system to truly scale offshore wind.





SUSTAINABILITY UPDATE

OUR CORE VALUES



Creating
opportunities
for the next
generation



Making a
positive
impact on
society



Building a
better world
for the future

2023



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 reduced our scope 1 & 2 emissions by 12.7%, and our emissions intensity by 25.6% from our baseline.

In December 2023, we installed renewable energy systems and more efficient manufacturing technologies at our largest plant to further reduce our emissions in 2024.

We have embraced the United Nations Sustainable Development Goals, and taken action by implementing relevant SDGs across the Group.

During 2023, our regions contributed to over 50 Social Impact programmes that benefited local communities, schools, sports teams, and non-profit organisations.



**Sustainability
Report FY2023**



OUTLOOK



2023



OUTLOOK 2024

Mining and construction industries remains challenging in H1 2024. This, along with the reduction in our inventory position will have a dampening effect on margins in the short-term.

However, our order book in one of our key factories has begun to improve.

The review of our businesses and procurement strategy is expected to bear fruit in the second half of this year.

This, together with an improved net debt position, will allow us to generate greater value for our shareholders.

Commodities used in the green energy transition have an encouraging outlook. With more competitive products in our current offering and our new and more efficient product offerings being brought to the markets, the long-term future of the Group is very positive.

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



2023



APPENDIX



2023

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

Mincon's Australian businesses are consolidated as Mincon Group Australia

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

2011-2022

▶ 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

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.