



8 Pitino Court, Osborne Park  
Western Australia 6017

PO Box 1262, Osborne Park  
Western Australia 6916

**Tel: +61 (0) 8 9445 4020**

**Fax: +61 (0) 8 9445 4042**

imdex@imdexlimited.com

www.imdexlimited.com

ABN 78 008 947 813

18 March 2013

Company Announcements Office  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2001

Dear Sir/Madam

## 1H13 ROADSHOW PRESENTATION

Please find attached the presentation to be used during the 1H13 Investor Roadshow in Sydney and Melbourne this week.

Yours faithfully  
**Imdex Limited**

A handwritten signature in blue ink, appearing to read "P. Evans", with a long horizontal flourish extending to the right.

**Paul Evans**  
Company Secretary



# Imdex Limited

1H13 Roadshow, March 2013

*Bernie Ridgeway - Managing Director*

*Paul Evans – Chief Financial Officer*

*Derek Loughlin - Divisional General Manager - Minerals*

# Overview

- ASX listed industrial company (ASX: IMD), head office in Osborne Park, Western Australia
- Global operations – presence in all major mining regions, niche Oil & Gas markets
- ~600 people globally (>60% outside Australia)
- Markets:
  - Mining
  - Oil & Gas
- Products:
  - Drilling fluids & chemicals, Equipment
  - Down hole instrumentation
  - Cloud based data system automation solutions
- 1H13 Revenue (\$127.6m) and EBITA (\$26.2m)

# Mission



Provide **technologies, information and services** that improve the **effectiveness, efficiency and safety** of field operations within the **global minerals industry and niche oil & gas markets**.

We do this by:

- Deploying innovative, simple-to-use and fit for purpose technologies
- Providing the most flexible data and applications to enable effective collaboration between the field and the office



# What we do - our products

Minerals division  
75% of our business

Oil & Gas division  
25% of our business



Providing Innovative Drilling Fluids and Advanced Down Hole Instrumentation Worldwide

# 1H13 Summary

- 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 customer base and revenue streams
- Significant progress towards strategy of 30%-40% of revenue from O&G
- Minerals industry short term outlook subdued, however, Imdex positive outlook due to the introduction of new products to the global Minerals industry, expansion of ioGlobal and the oil & gas business

# Key metrics

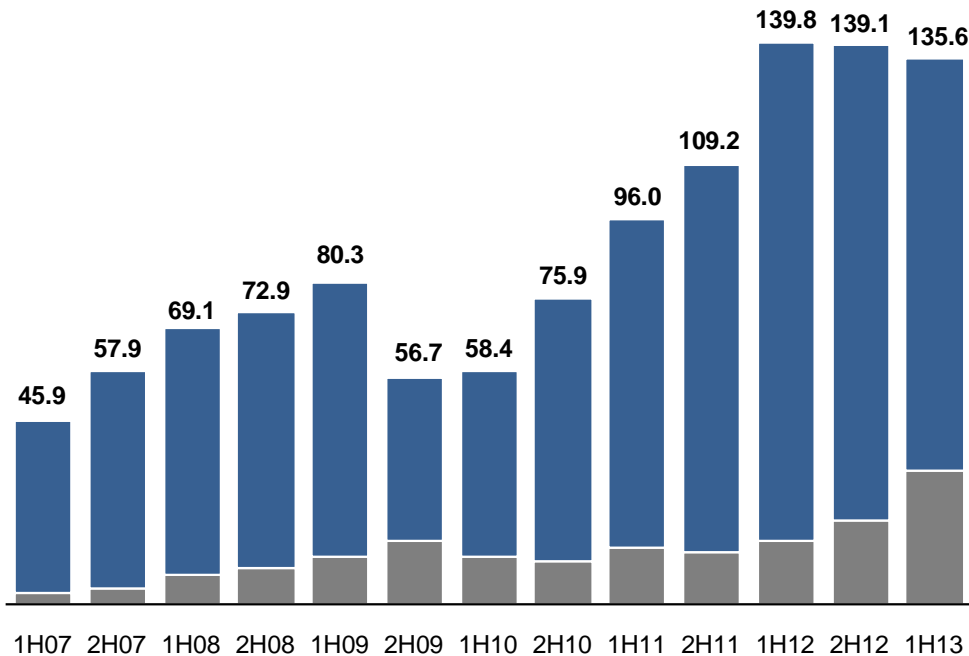
(\$m)	1H13	1H12	Var.
Statutory revenue	127.6	138.5	↓8%
Combined revenue*	135.6	139.9	↓3%
EBITA	26.2	38.3	↓32%
NPAT	16.6	22.7	↓27%
Pre-tax operating cash flow	35.9	33.2	↑8%
Gearing (ND / (ND + E))	23%	12%	↑101%
Interest cover	14 times	54 times	↓
Interim DPS (fully franked)	2.50 cps	3.25 cps	↓23%
Number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

\*Includes 30% of VES International JV revenue

# Revenue



**Combined revenue\***  
(\$m)



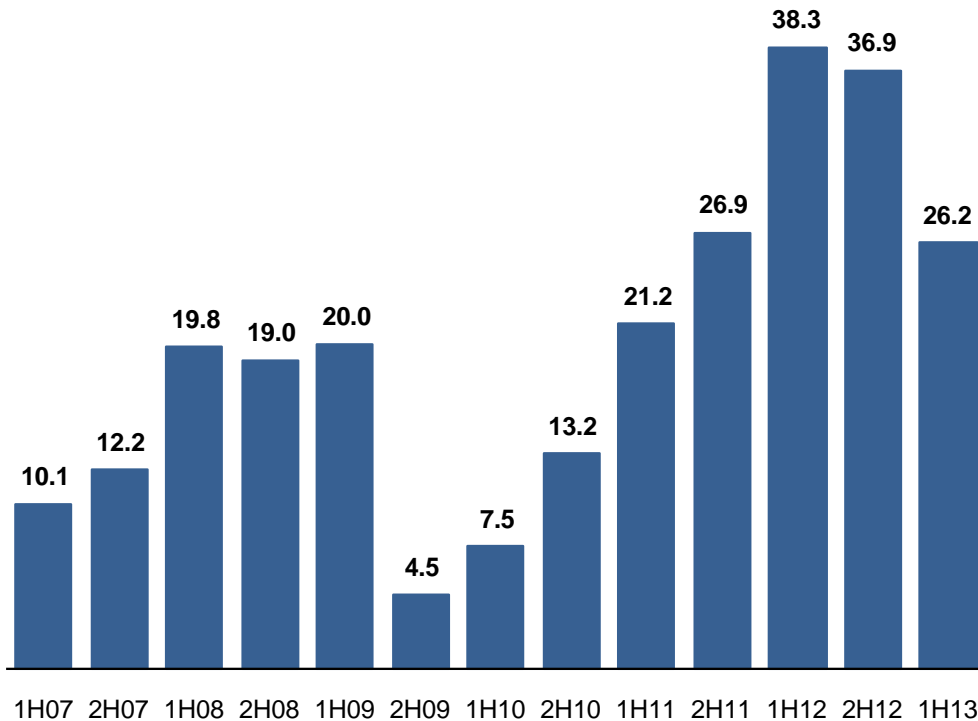
\* Includes 30% of VES International JV revenue

■ Minerals division    ■ Oil & Gas division

- ↓3% on 1H12 (record level)
- 1H13 is 3<sup>rd</sup> highest half year revenue
- Minerals
  - 75% of combined revenue
  - Indications that cyclical slowdown may have bottomed, however, short term outlook subdued
  - 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 (\$m)\*



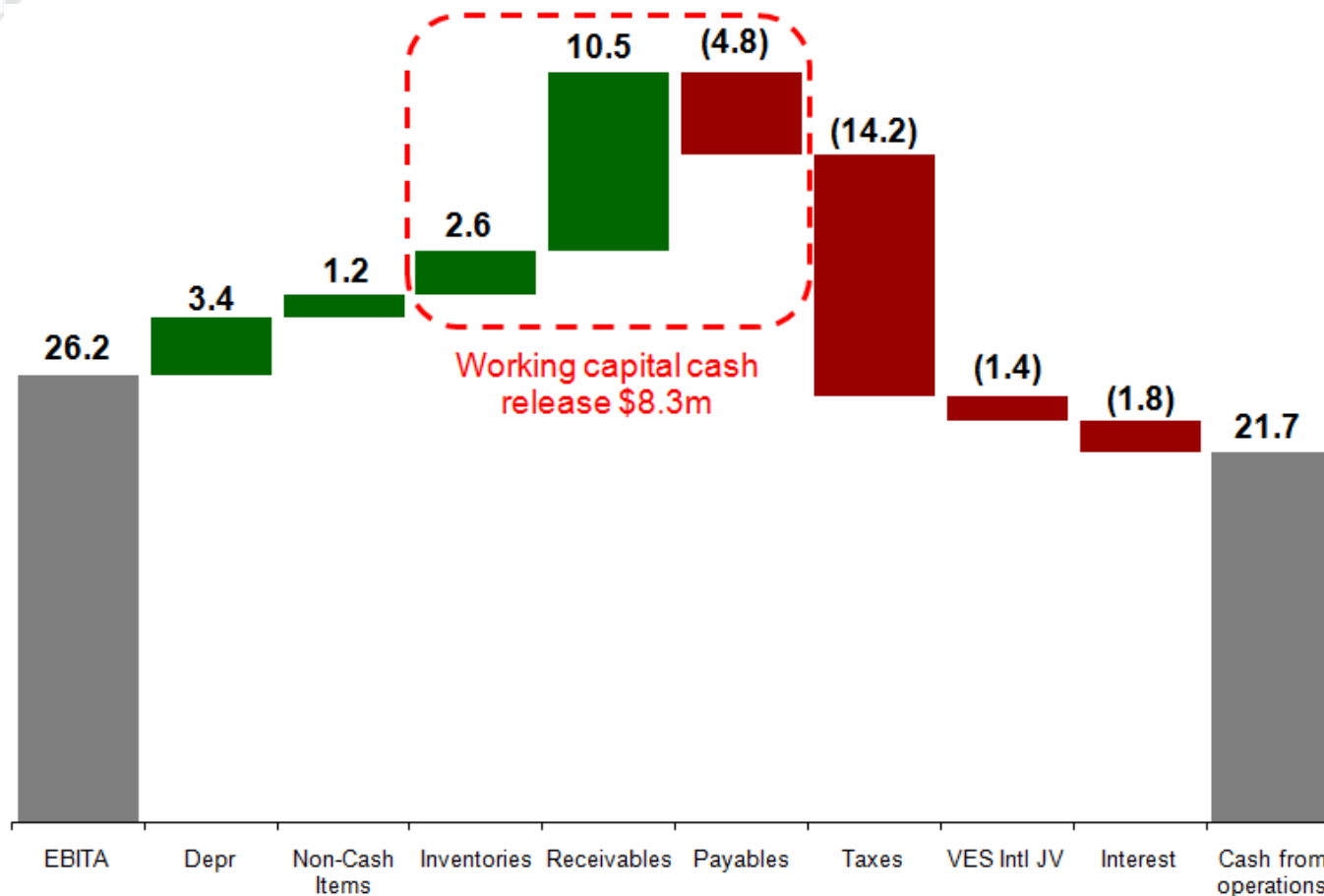
\*Includes equity accounted VES International JV result

- EBITA ↓32% on 1H12 (record level)
- 1H13 is 4<sup>th</sup> highest half year EBITA
- Continued investment in:
  - O&G strategy
  - Minerals market share growth
  - 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

# Profit & loss

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

# 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
<b>Total assets</b>	<b>291.6</b>	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
<b>Total equity</b>	<b>186.7</b>	168.1
(CA – Inventory)/CL	<b>1.29</b>	1.40
CA/CL	<b>2.20</b>	2.29
Gearing (ND / (ND + E))	<b>23%</b>	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

# Minerals division

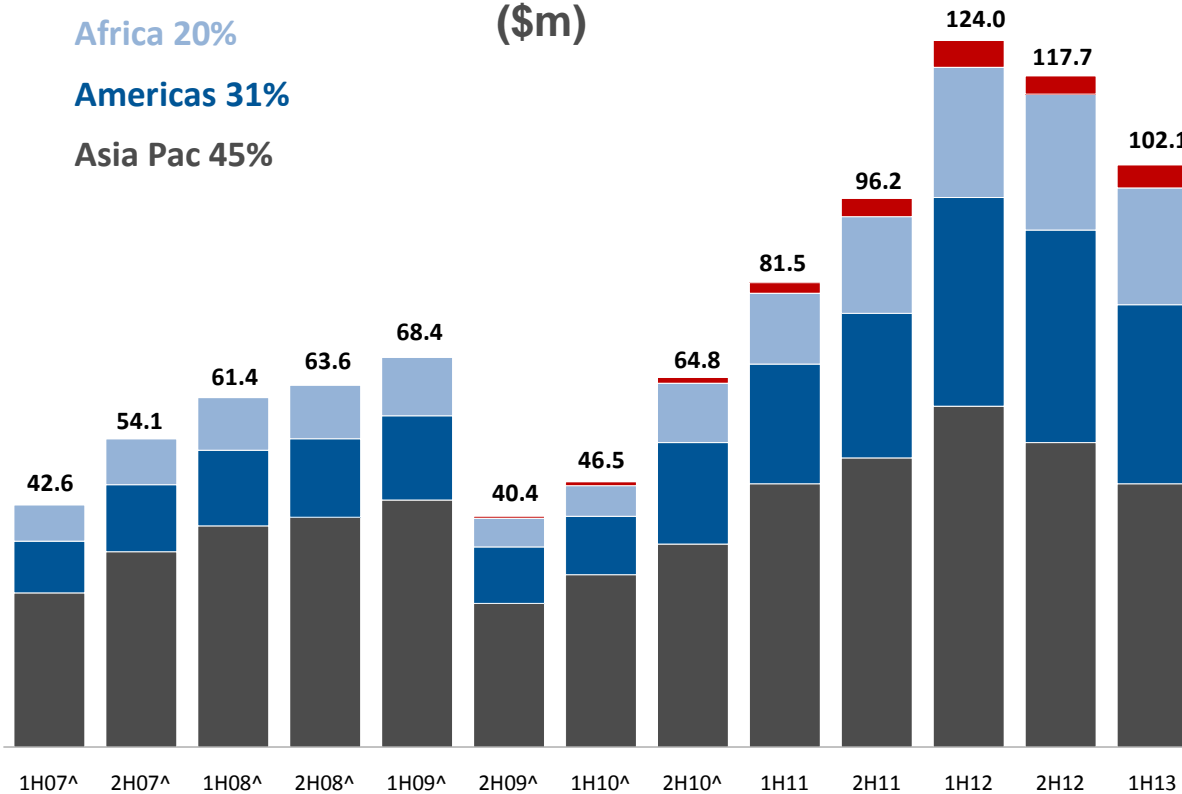
Europe 4%

Africa 20%

Americas 31%

Asia Pac 45%

## Revenue (\$m)

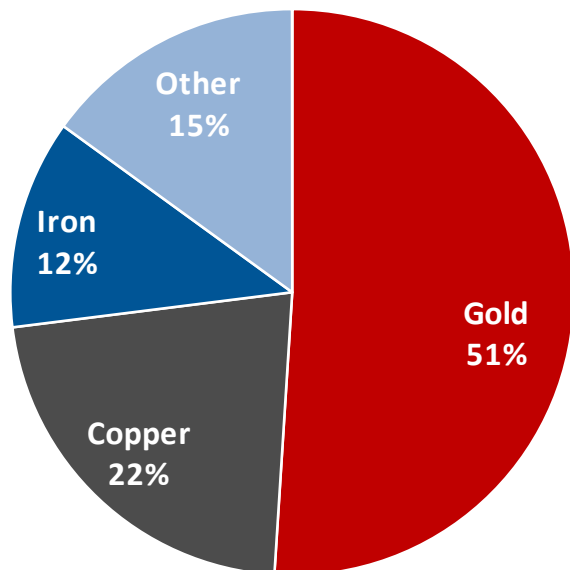


- ↓18% on 1H12 (record level)
- 1H13 is 3<sup>rd</sup> highest half year
- Integration of ioGlobal
- Global introduction of SRUs – early stages
- Product development
  - EZ Gyro – FY14
  - Smart Barrel – FY14
- Outlook for 2H13
  - Introduction of SRU's globally
  - Growth in underpenetrated markets
  - ioGlobal expansion

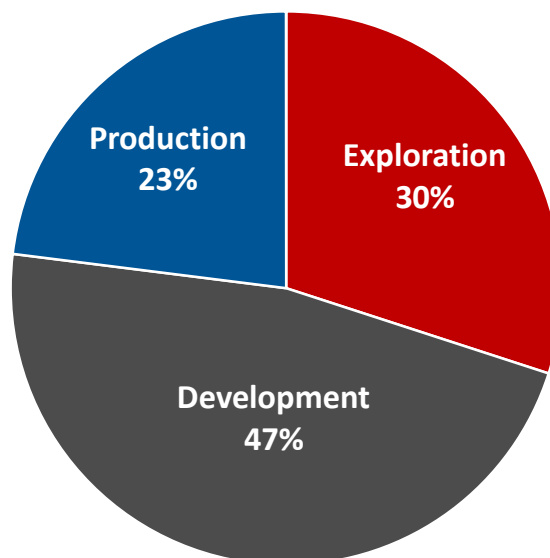
*^Comparative purposes only. Regional structure adopted 1 July 10*

# Sustainable and diversified revenue base

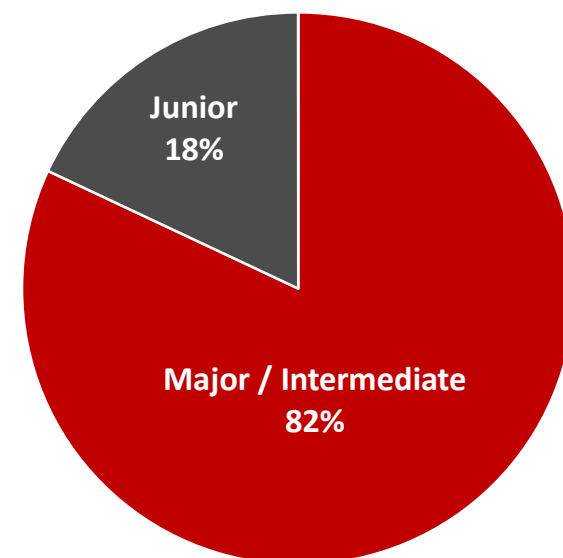
## 1H13 Minerals Revenue



**Commodity**



**Stage**



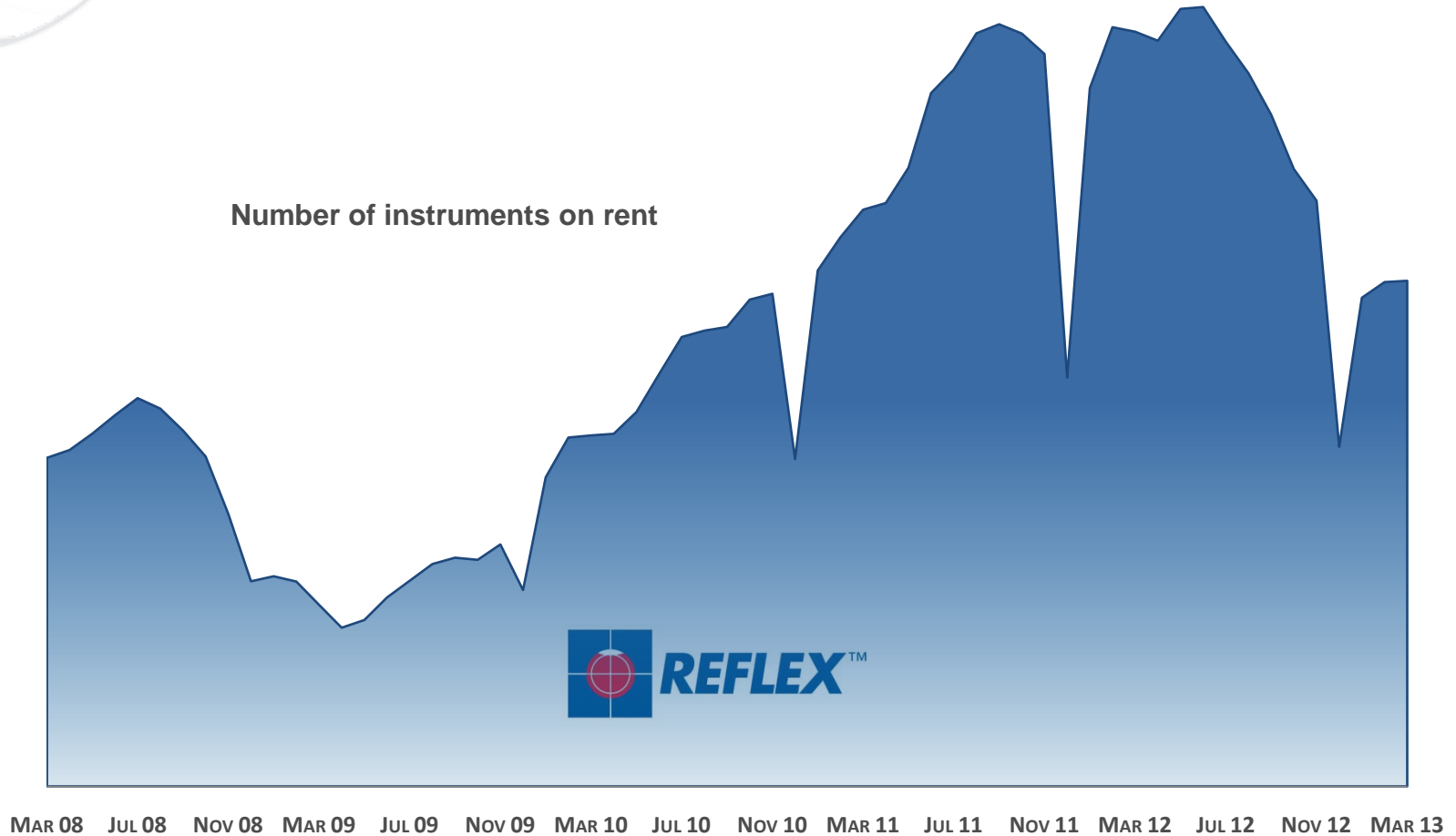
**Customer**

- >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



Number of instruments on rent



- Month on month slowdown from July 12 to Dec 12
- 49% rebound from 31 Dec 12 to 8 Mar 13

# Acquisition of ioGlobal

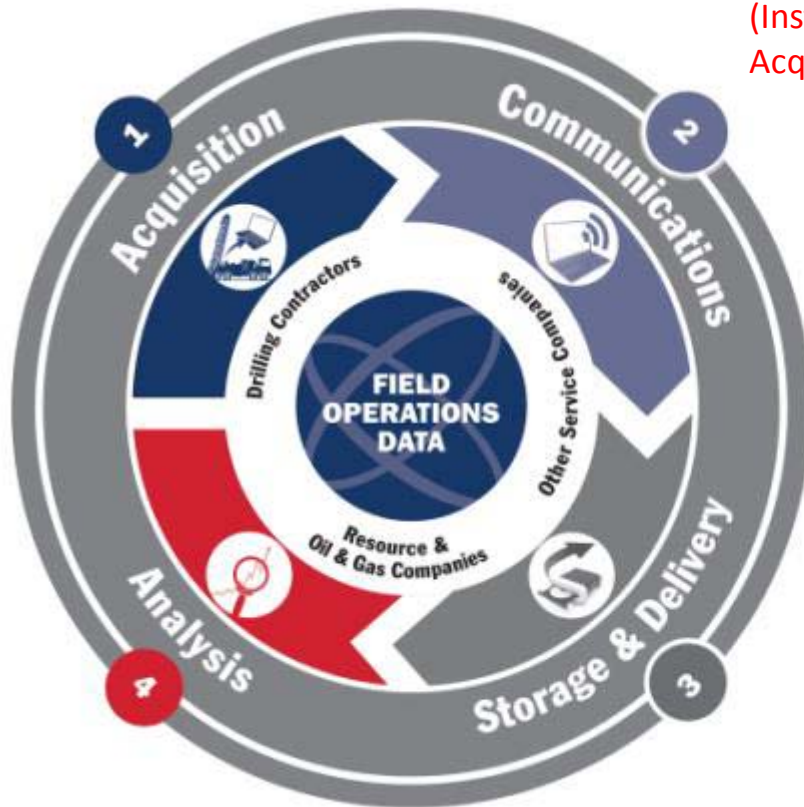
- Effective 1 November 2012
- \$8m consideration (\$4.8m cash, \$3.2m shares)
- Provides cloud-based data management solutions for the mining, mineral exploration and oil and gas industries
- Acquisition enhances our product offering, broadens customer base and increases exposure to all stages of the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



# ioGlobal – What we do



Integrates Service and Resource Companies – internally & externally. Integrates our product offerings (Instrumentation, Drilling Fluids, Equipment, Data Acquisition & Management and Analytics)



**Data acquisition, cleaning and validation**



**Data transport & communications**



**Data storage & delivery**

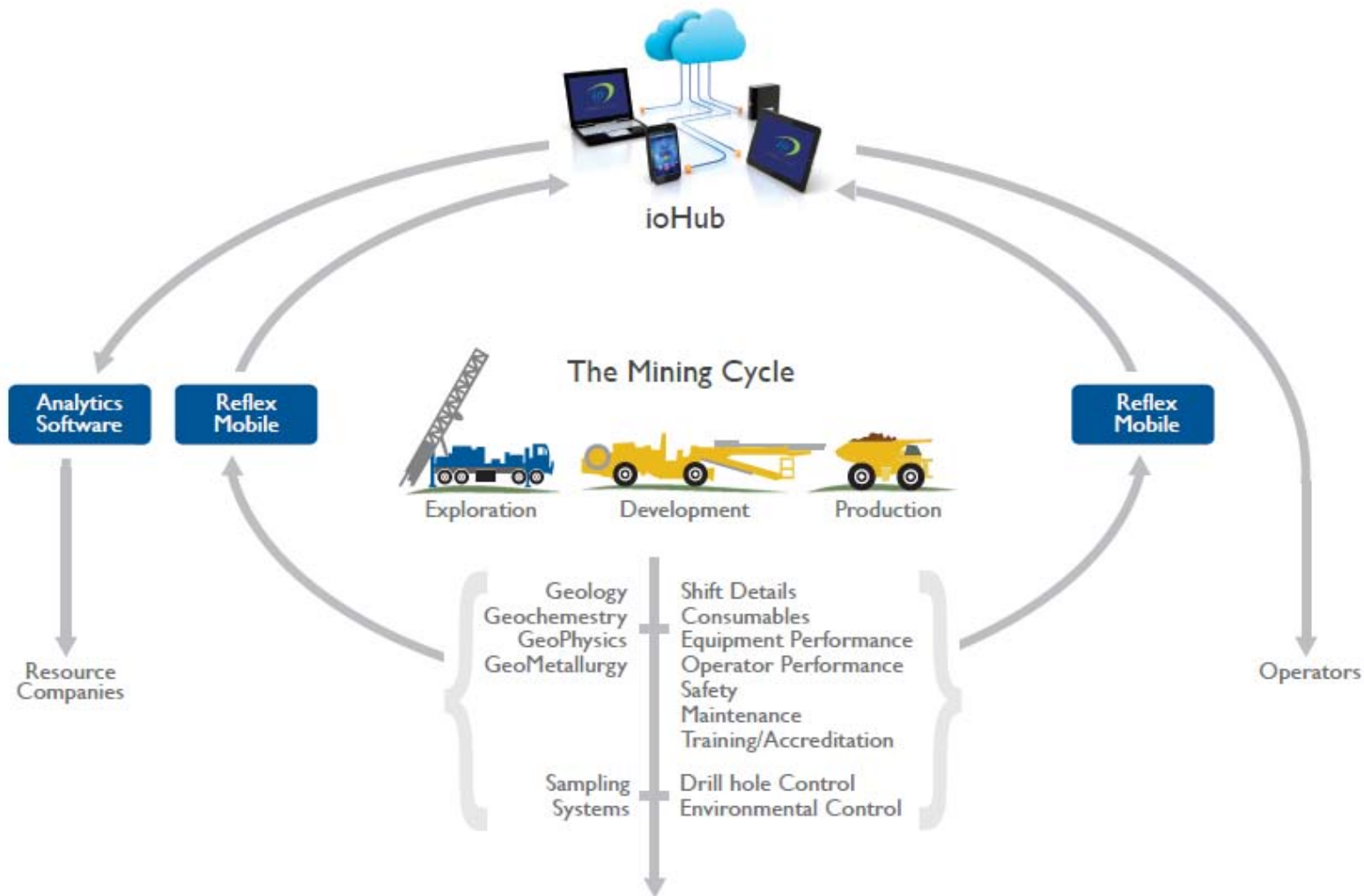


**Data analysis & reporting**

ioGlobal links providers and consumers of field operations data with seamlessly integrated, end-to-end solutions in actionable format that are more simple and more reliable than those available by conventional means

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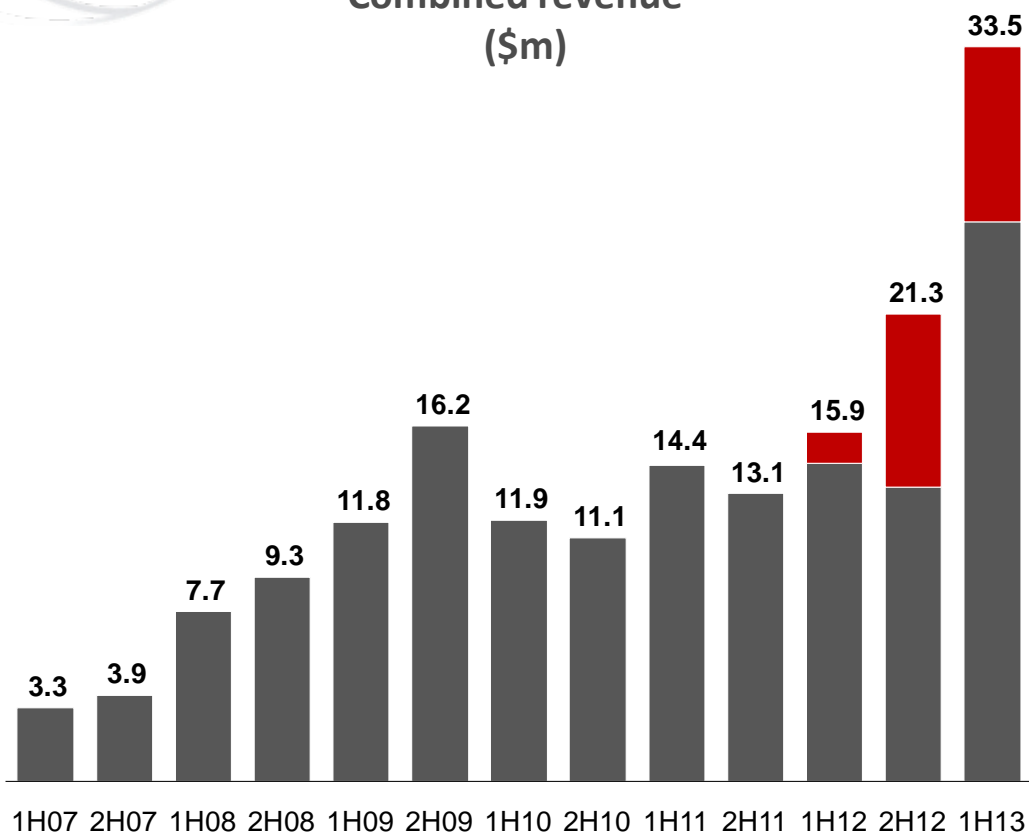
# Comprehensive total mining cycle opportunity



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# Oil & Gas division

Combined revenue\*  
(\$m)



\*Includes 30% of VES International JV revenue

■ 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 in Australia
- 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

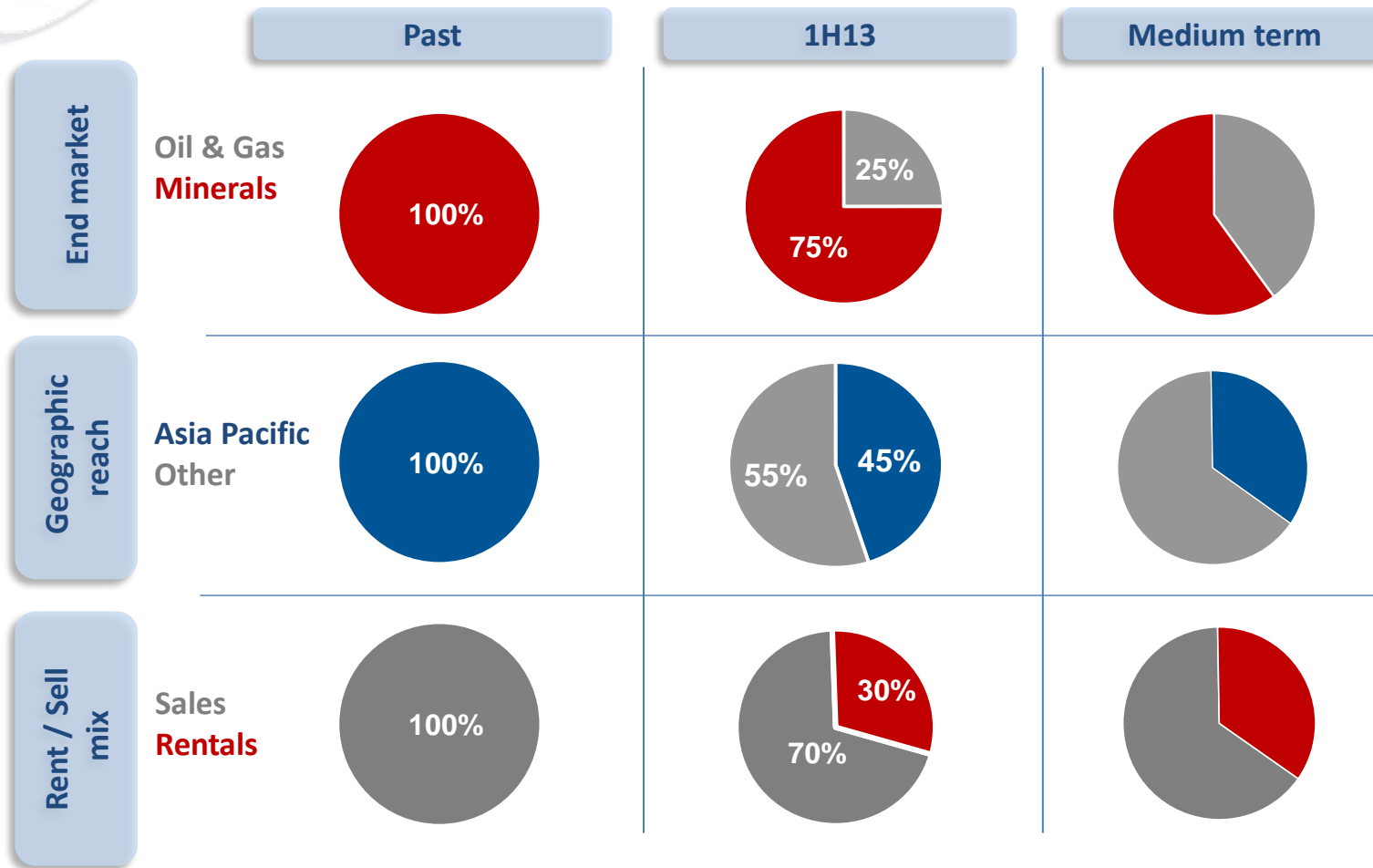
# VES International Joint Venture

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

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

- 3<sup>rd</sup> largest provider of down hole survey services in global oil & gas market
- Continued strong EBITA primarily from US based operations
- 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
- One off \$3.0m profit on dilution
- Future growth expected
  - Organically
  - Bolt on acquisitions

# On track with strategy



Note: All numbers based on actual or anticipated combined revenue

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# 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:



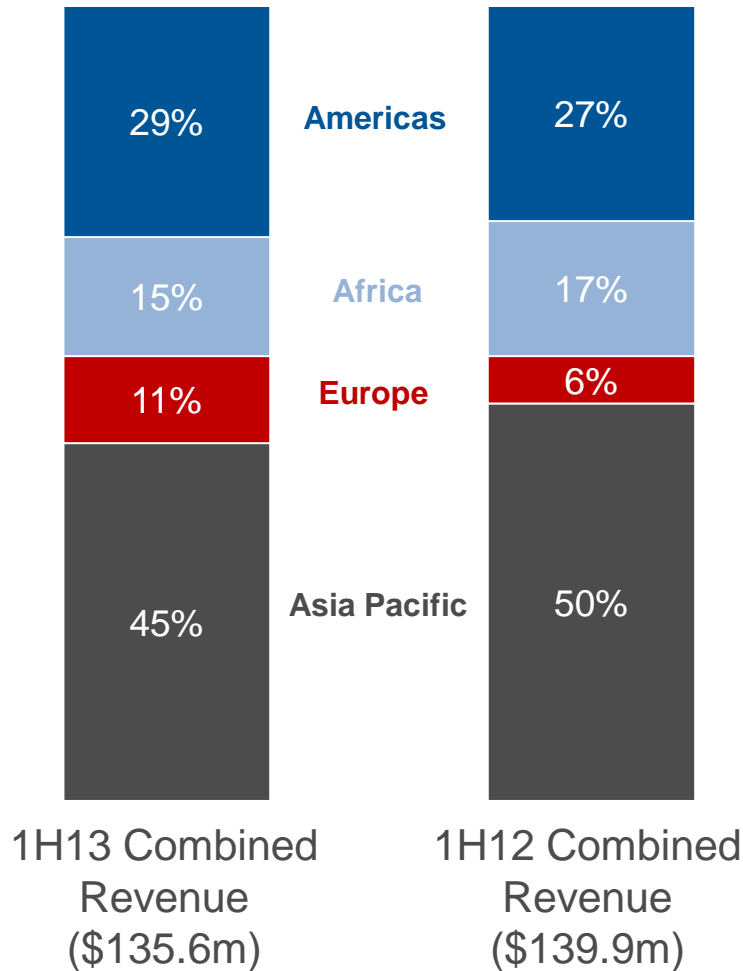
## Fundamentals point to positive outlook

- Fundamentals of key industry segments remain intact, although cost cutting initiatives and change of CEO's in major companies slowing expenditure in the short term
- Activity expected to remain subdued for 2H13, picking up in 1H14
- 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

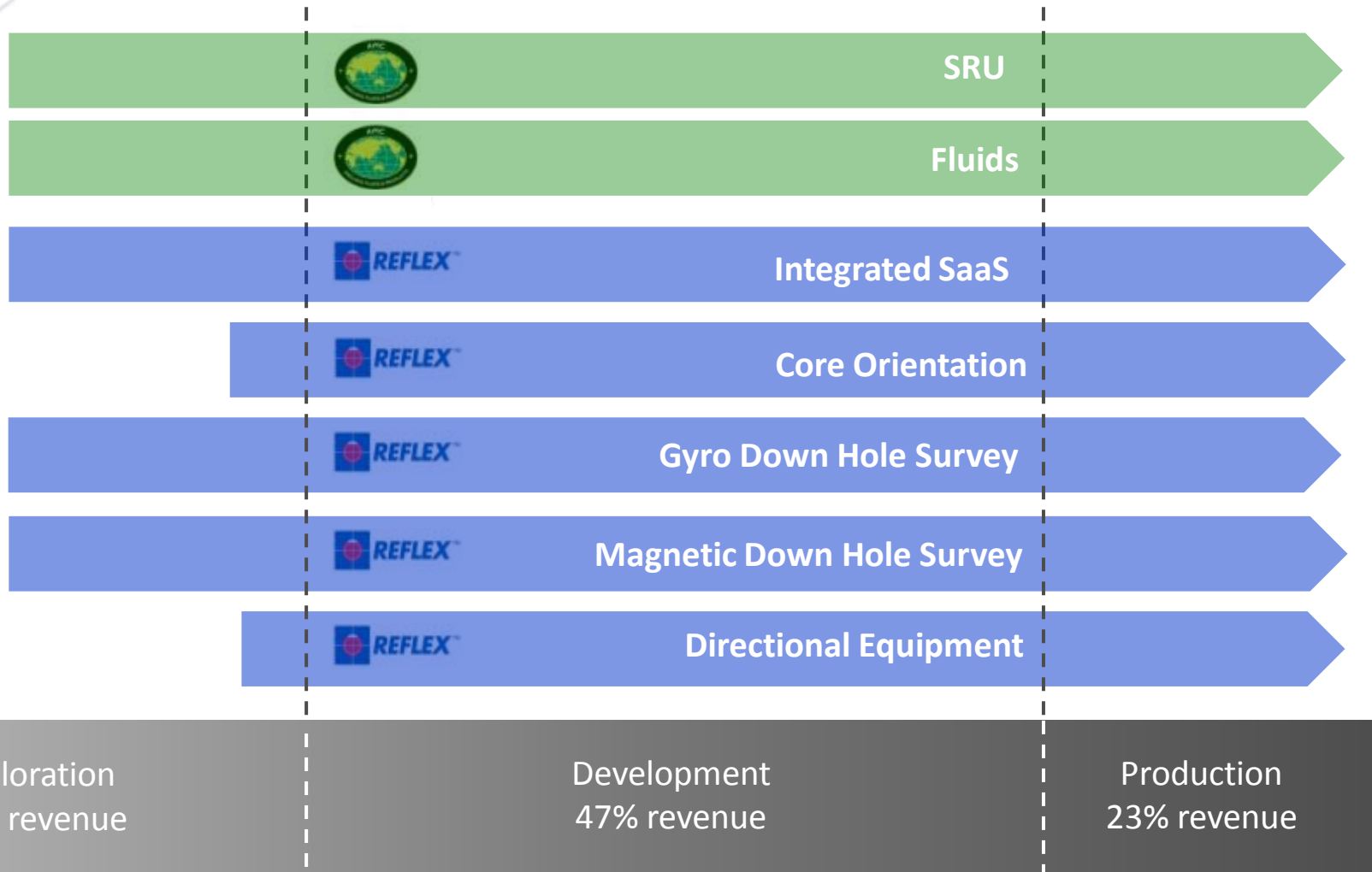


# Strength through geographic diversification



- 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

# Comprehensive product offering



# Key business drivers and outlook



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

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