

# SWICK MINING SERVICES

Swick Mining Services Ltd  
(ABN 20 112 917 905)  
64 Great Eastern Highway  
South Guildford WA 6055

PO Box 74  
Guildford WA 6935  
P: +61 8 9277 8800  
F: +61 8 9277 8844

31<sup>st</sup> August 2015

ASX ANNOUNCEMENT

## SWICK – Full year results for the year ending 30 June 2015

- Record year of metres drilled for Underground Diamond Division
- TRIFR of 14.7 at June 2015 – a reduction of 25% from start of the year
- 60 rigs working at June 2015 – rig utilisation of 72%
- Revenue of \$132m – up 12% year-on-year (YOY)
- EBITDA before significant items \$17.2m – up 4.1% YOY
- Reported Loss after Tax of \$17.5m
- Loss after Tax before significant items of \$30,000 – down 102% YOY
- Strong operating cash flow – EBITDA cash conversion of 97%

Swick Mining Services Limited (“Swick” or “the Company”; ASX: SWK), a leading provider of high quality and high value underground and surface mineral drilling services today announced its full year results for the year ending 30 June 2015.

### *Financial Performance and Dividend*

Financial year 2015 was a more consistent year than 2014, with greater stability of earnings through the December period, and an overall increase in production in the second half of the year as the Australian dollar gold price recovered. The first half saw clients strictly adhering to budgets as they continued to conserve cash. As the gold and zinc price increased in Australian dollar terms, existing clients added new rigs in the second half.

With the ongoing challenging economic conditions, Swick was again able to deliver a sound financial result for the 2015 financial year before significant items. The Company recorded \$131 million in revenue, an increase of 12% from the prior year, with an EBITDA before significant items of \$17.2 million (EBITDA margin of 13%) which was within market guidance provided at the half-year. Non-cash items of impairment of assets, write-down of inventory and an accounting loss on disposal of an associate, as well as restructure related redundancy expenses contributed to a reported loss after tax of \$17.5 million.

Due to the underlying break-even result for financial year 2015 and the ongoing slowdown and uncertainty in the overall drilling market, the Company has decided not to declare a final dividend for this financial year. The half-year dividend paid in April 2015 will constitute the total dividend for this financial year. Notwithstanding, the company remains committed to its dividend payout policy and will consider a dividend payout for first half of financial year 2016.

For personal use only

### **Commentary on results for year ended 30 June 2015**

Kent Swick, Managing Director stated: *“The 2015 financial year, saw a continuation of low (and volatile) commodity prices, uncertain global demand for metals and disinterested capital markets. These factors converged to reinforce the cost focus of the sector, and the continued very low capital expenditure environment. This led to greatly reduced exploration drilling and the competitive environment became more aggressive.”*

*“Swick’s Underground Diamond drilling division drilled a record 1,011,886 metres in financial year 2015, an increase of 22.1% on the 2014 figure, and an 8.4% improvement on the previous record set in 2013. This strong result is reward for our ongoing high level of service quality, whilst working with clients to lower the direct and indirect costs of drilling. This goal allows for the distinct focus and alignment of strategies and business planning to the key deliverables of productivity and safety, and ultimately efficiency.”*

*“Employee health and safety continues to be a core value at Swick and this was demonstrated with the ongoing commitment to safety standards and engineering innovations to make our operations safer. Swick’s Total Recordable Injury Frequency rate (TRIFR) at June 2015 was 14.7, a 25% reduction from the rate at the start of the year, which was on the back of a 53% reduction in the prior financial year.”*

*“Despite the difficult year experienced by the wider market, Swick maintained its focus on executing its internal strategies and continued to invest in continuous improvement and Research and Development initiatives that moved the Company closer to its strategic goal of doubling its metres per man-hour production rate by June 2017.”*

*“With the continued volatility in the commodity market the Company expects the highly competitive market for drilling services to continue in 2016 as surplus capacity remains in the industry. Swick continues to be ready and willing to assist its clients to maintain low costs and high productivity in this tough market.”*

For personal use only

**About Swick Mining Services:**

Swick Mining Services Ltd (ASX:SWK) is one of Australia’s largest mineral drilling contractors, providing high quality underground and surface drilling services to a diverse group of mining houses and across a spread of commodities. The Company has a strong reputation for innovation in rig design and drilling practices that delivers improvements in productivity, safety, versatility and value. Swick has a global presence with Operational revenue from Australia, Canada and the United States.

For further information regarding this announcement, please contact the following on +61 8 9277 8800:

**Kent Swick**  
Managing Director

**Jitu Bhudia**  
Chief Financial Officer

**Disclosure Statement:**

These materials include forward looking statements. Forward looking statements inherently involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside of the control of, and may be unknown to, the Company. Actual results and developments may vary materially from those expressed in these materials. The types of uncertainties which are relevant to the Company may include, but are not limited to, commodity prices, political uncertainty, changes to the regulatory framework which applies to the business of the Company and general economic conditions. Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, the Company does not in providing this information undertake any obligation to publicly update or revise any of the forward looking statements or any change in events, conditions or circumstances on which any such statement is based.