



The Driller's Choice

INTERIM RESULTS



H1 2024



SUMMARY H1 2024

Subdued H1 2024 for the Group, primarily due to an industry wide slowdown in the construction sector, as flagged in Q1 2024 update, with lower volumes impacting profits.

Continued root and branch review of the business with focus on driving operational efficiencies.

Manufacturing cost inflation and lower volume had a significant impact on H1 profits, however ongoing work to mitigate costs is expected to come through in H2 2024.

Continued the development of our Subsea offering to further diversify future revenues and service the offshore wind market.

Continued good progress on our inventory reduction programme, on the back of significant improvement in 2023.

Recovery expected in H2 2024, with increasing order books and large project orders received.

Financial Highlights

	H1 2024	H1 2023	Change	
	€'000	€'000	€'000	%
Revenue	68,011	80,585	(12,574)	(16%)
Gross Margin	17,356	25,645	(8,289)	(32%)
<i>Gross Margin %</i>	<i>25.52%</i>	<i>31.82%</i>		
EBITDA	4,730	12,183	(7,453)	(61%)
<i>EBITDA %</i>	<i>7.08%</i>	<i>15.12%</i>		
Profit After Tax	(983)	4,899	(5,882)	(120%)
<i>PBT %</i>	<i>(1.45%)</i>	<i>6.08%</i>		



BUSINESS REVIEW

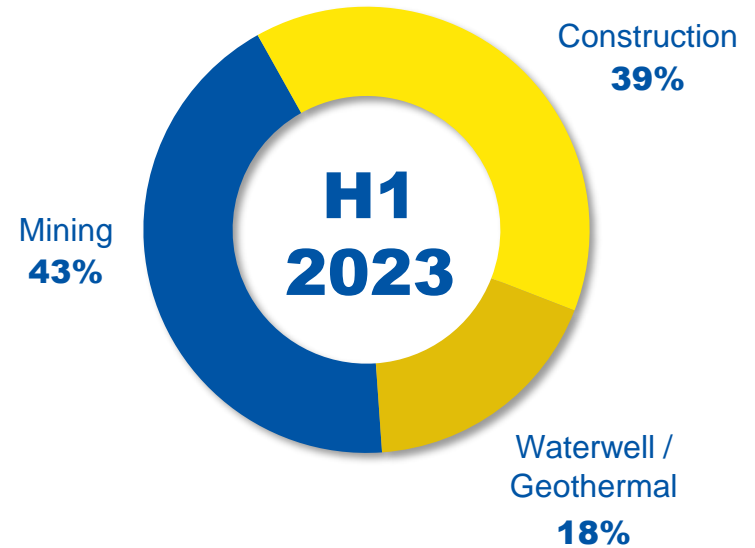
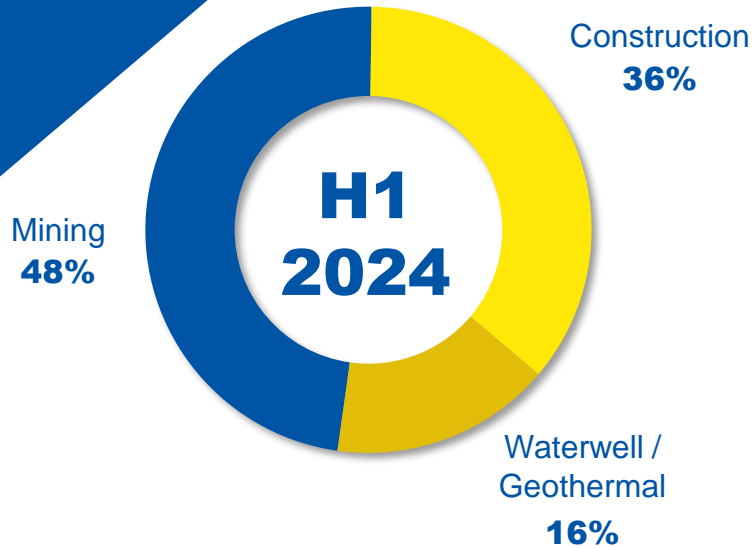


H1 2024

INDUSTRY SALES ANALYSIS



Revenue by Segment



INDUSTRY SALES ANALYSIS

Our overall market share has increased marginally in the period



WATERWELL / GEOTHERMAL

We expect a better H2 2024 in waterwell / geothermal industry in Europe / Middle East and the America's regions.



MINING

Slight contraction with a subdued mining industry in H1.

Interest rates are continuing to impact exploration drilling.

Our strategy in APAC starting to gain traction

We have the capacity to supply in an improved mining market.



CONSTRUCTION

Increased interest rates and inflationary costs in construction delayed project starts.

APAC's first large construction project won in H1, supply in H2 2024.

More projects expected to start in H2.



MINING SECTOR



Slight contraction in mining, excluding our exit from a low margin contract in Chile.

The mining downturn continued into H1 2024. Our revenue contracted by 6%, excluding a low margin contract in Chile that finished in H1 2024, our mining revenue contracted by 2%.

Regular mining orders returned in the EME region in H1, as the unwinding of overstocking of consumables built up during the Covid years came to an end in Q1 2024.

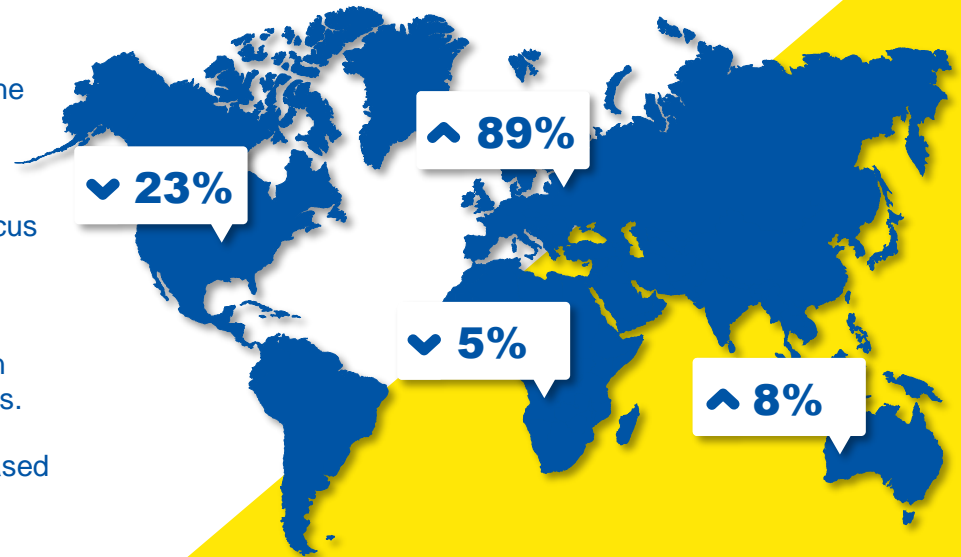
We recovered some market share in APAC through onsite focus to lower total drilling costs in production mining.

The Americas contraction was mostly due to exiting a large mining contract in Chile. There has also been less exploration activity in the market than prior years due to high interest rates.

Our African mining revenue has also been affected by decreased exploration activity.

Our factories have the available capacity to service an improved mining market.

Mining Revenue Change by Region



CONSTRUCTION SECTOR



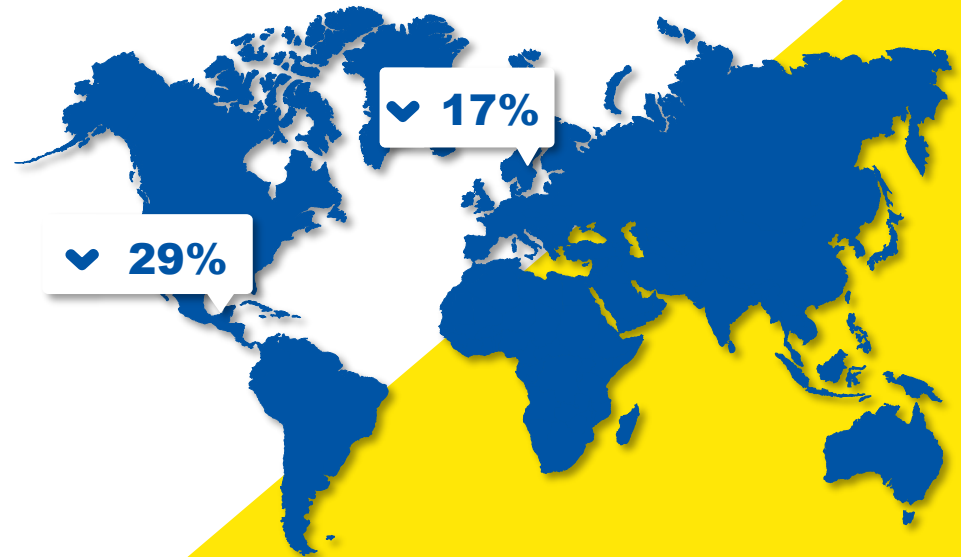
Following years of significant growth in the sector, a slowdown in the construction market has suppressed our revenue with a contraction of 23% in H1 2024.

Across both North America and EME, high interest rates & inflation in construction costs has impacted construction project starts.

We still have a large pipeline of projects that we are actively developing and there has been a pickup in order activity for H2 2024 delivery.

Our APAC region has had notification of a first large construction project for supply in H2 2024. This development was achieved on the back of the expertise we built in the sector and the proven success on projects in EME and North America.

Construction Revenue Change by Region



WATERWELL/GEOTHERMAL SECTOR



Waterwell / Geothermal revenue contracted by 22% in the period

A slow start for the sector in 2024, with less construction activity, particularly in Northern Europe, has resulted in less geothermal holes drilled.

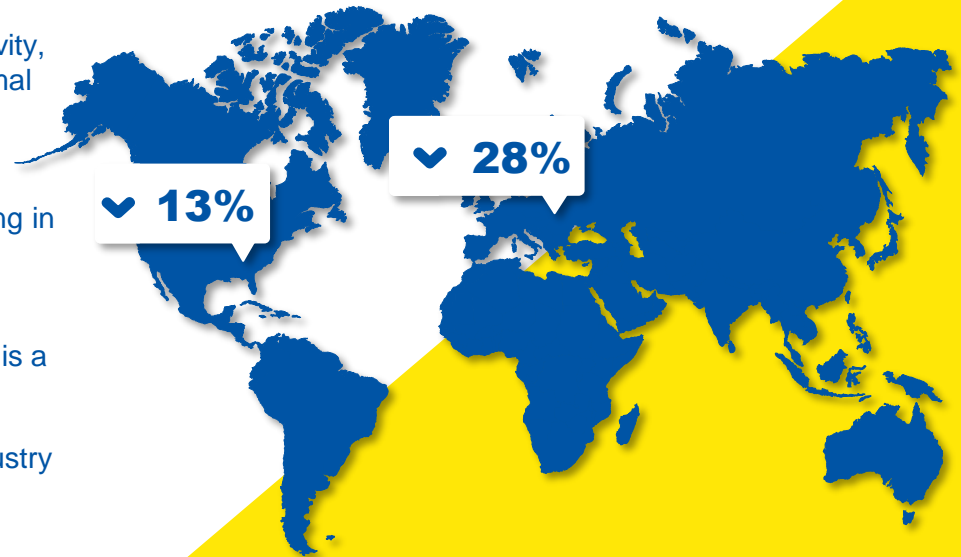
As Mincon is the market leader in geothermal consumable supplies in Northern Europe, a slowdown in geothermal drilling in those countries has had a significant impact on our revenue.

However, due to concerns around energy security, the geothermal industry is expanding into Central Europe, which is a positive for future growth.

There has also been a slight contraction in the waterwell industry in North America, again tied to a construction slow down.

Recovery expected as interest rates decrease.

Waterwell / Geothermal Revenue Change by Region





FINANCIAL PERFORMANCE



H1 2024

INCOME STATEMENT



Our earnings have been impacted by a contraction in our three industry sectors, which has also led to increased competition and price reductions for our products.

Higher interest rates and inflationary costs have led to fewer construction project starts in H1 2024. This resulted in an increase in price competition and lower margins for some projects.

We reduced employee manufacturing costs (12%) and subcontracting costs (37%) further in the period to match production and to bring production volumes in house where possible.

We expect to see the benefit of these cost reductions in the future, in conjunction with further utilisation of automation in our manufacturing.

Review of business focused on driving operational efficiencies, key decisions such as closure of our carbide business and procurement initiatives, are expected to yield positive results in H2 2024.

	H1 2024	H1 2023	Change	
	€'000	€'000	€'000	%
Sales Mincon products	54,828	67,190	(12,362)	(18%)
Sales bought in products	13,183	13,395	(212)	(2%)
Revenue	68,011	80,585	(12,574)	(16%)
Cost of sales	(50,655)	(54,940)	4,285	(8%)
Gross Margin	17,356	25,645	(8,289)	(32%)
<i>Total gross margin %</i>	<i>25.52%</i>	<i>31.82%</i>		
EBITDA	4,730	8,993	(4,263)	(47%)
Operating costs	(17,107)	(17,863)	756	(4%)
Operating Profit	249	7,782	(11,712)	(150%)
<i>Operating profit %</i>	<i>0.37%</i>	<i>9.66%</i>		
Non-operational costs	(1,116)	(1,655)	539	(33%)
Profit Before Tax	(867)	6,127	(11,173)	(182%)
Tax	(116)	(1,228)	1,112	
Profit After Tax	(983)	4,899	(10,061)	(205%)

BALANCE SHEET



	H1 2024	FY 2023	Change
	€'000	€'000	%
Balance Sheet			
Intangible assets & Goodwill	40,586	40,625	
Property plant & equipment	53,770	54,763	
Other Non-Current Assets	3,082	2,664	
Total Non-Current Assets	97,438	98,052	-1%
Inventory	69,421	69,730	
Trade and other receivables	25,430	21,616	
Other current assets	9,555	9,616	
Cash - current accounts	15,768	20,482	
Total Current Assets	120,174	121,444	-1%
Total Assets	217,612	219,496	-1%
Loans and borrowings	25,129	26,032	
Other liabilities	4,631	5,029	
Total Non-Current Liabilities	29,760	31,061	-4%
Current Liabilities			
Loans and borrowings	13,422	14,080	
Trade and other payables	12,493	10,505	
Accrued and other liabilities	9,775	9,599	
Total Current Liabilities	35,690	34,184	4%
Total Liabilities	65,450	65,245	0%
Total Equity	152,162	154,251	-1%
Total Shareholders' Equity and Liabilities	217,612	219,496	-1%

We commissioned €2.5 million of property, plant and equipment in the period

We expect the same level of investment in H2 2024 to replace older machinery with more efficient equipment.

This will be the lowest level of investment in our manufacturing plants in a financial year for the last six years, as we believe that we are well invested to capture future growth.

The recent capex was an investment to further our advancements in automation, and this will deliver noticeable efficiency when manufacturing volumes increase.

This bespoke automation solution is the culmination of an 18-month project and will pave the way for further automation investments.

CASH FLOW



We continued with our inventory reduction programme, within the backdrop of a difficult trading environment.

We reduced inventory by a further €1.1 million in the period, this was a follow up on very good progress made in 2023.

Our debtors increased by €3.5 million by the end of H1 2024, this was an anticipated periodic increase and is expected to reduce in the coming months

We borrowed to finance the automation commissioned in our hammer plant in Shannon during the period.

However, we reduced our overall borrowings by €1.8 million, excluding FX.

We used cash from operations to pay a final year dividend for 2023 of €2.2 million in June 2024.

	2024	2023	Change
	€'000	€'000	€'000
Cashflows From Operating Activities			
Profit/(loss)	(983)	4,899	
Depreciation & amortisation	4,429	4,324	
Other non-cash movements	1,092	2,901	
Cash From Operating Activities	4,538	12,124	(7,586)
Changes in inventory	1,055	(814)	
Changes in trade receivables	(3,541)	(7,272)	
Changes in other assets	574	(119)	
Changes in trade payables and accruals	2,291	650	
Cash Generated From Operating Activities	4,917	4,569	348
Net interest	(1,222)	(1,156)	
Taxes (paid)/refunded	(1,630)	(1,462)	
Net Cash From Operating Activities	2,065	1,951	114
Purchase plant and equipment (net)	(2,221)	(3,990)	
Investment in intangibles	(303)	(158)	
Acquisitions, current and historical	(202)	(203)	
Net Cash Used In Investing Activities	(2,726)	(4,351)	1,625
Dividends paid	(2,231)	(2,231)	
Loan facilities (net)	(1,847)	1,791	
Net Cash Used In Investing Activities	(4,078)	(440)	(3,638)
FX effect on cash	25	(426)	
Cash at the beginning of the year	20,482	15,939	
Cash At The Period End	15,768	12,673	3,095



PRODUCT DEVELOPMENT



H1 2024

GREENHAMMER

Test drilling has started on the copper mine in Arizona. During testing, we worked through several operational challenges related to the rig conversion.

We also worked through incremental system improvements to better match the drilling conditions encountered during testing.

Performance figures are now at expected levels, but we need more data to develop our costing model which will be used in cost per foot/metre contracts in these copper mining conditions.

Initial test duration was 3 months with an option to extend to 6 months. We have agreed to extend the period which will bring us to the end of September.

Our collaboration with the major rig manufacturer has gone very well and there is a good energy and teamwork that has developed from working together on this exciting project.



SUBSEA MICROPILE PROJECT

Load testing of grouted template was successfully carried out in Portarlington.

This was attended by Subsea Micropiles and Mincon personnel as well as certification representation from DNV and an offshore developer.

Following on from a successful wet test in Killybegs port, we have recently hosted a technology showcase onsite at the port.

This was attended by a wide cross section of interested parties including parties with strategic investment interest as well as senior Irish government representation.

An ideal location with all the required consents has been identified for an offshore installation demonstration planned for Q4 of this year.

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





OUTLOOK



H1 2024



OUTLOOK FOR H2 2024

Positioning for growth:

Driving operational efficiencies

The plans put in place to reduce our manufacturing costs are expected to crystallise in the near future, along with increased efficiencies through new technologies we have introduced such as automation.



Investment in production

Less investment required in H2 2024 and 2025, as our factories are well invested to handle future growth. We expect to continue with the good work to progress working capital management.



Signs of recovery

We expect to see more project starts in H2 2024 as inflation and higher interest rates are beginning to ease.

Signs of recovery in the macro environment and in our order books.



Innovative products

Continuous improvement of existing product range.

Progress on Greenhammer testing and commercialisation.

Subsea testing progress and opportunity to diversify our income streams.



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 2024



APPENDIX



H1 2024

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
- ▶ **2015**
Mincon's Australian businesses are consolidated as Mincon Group Australia
- ▶ **2015**
Mincon opens a sales office in Santiago to service the mining industry in Chile
- ▶ **2015**
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
- ▶ **2018**
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
- ▶ **2020**
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.

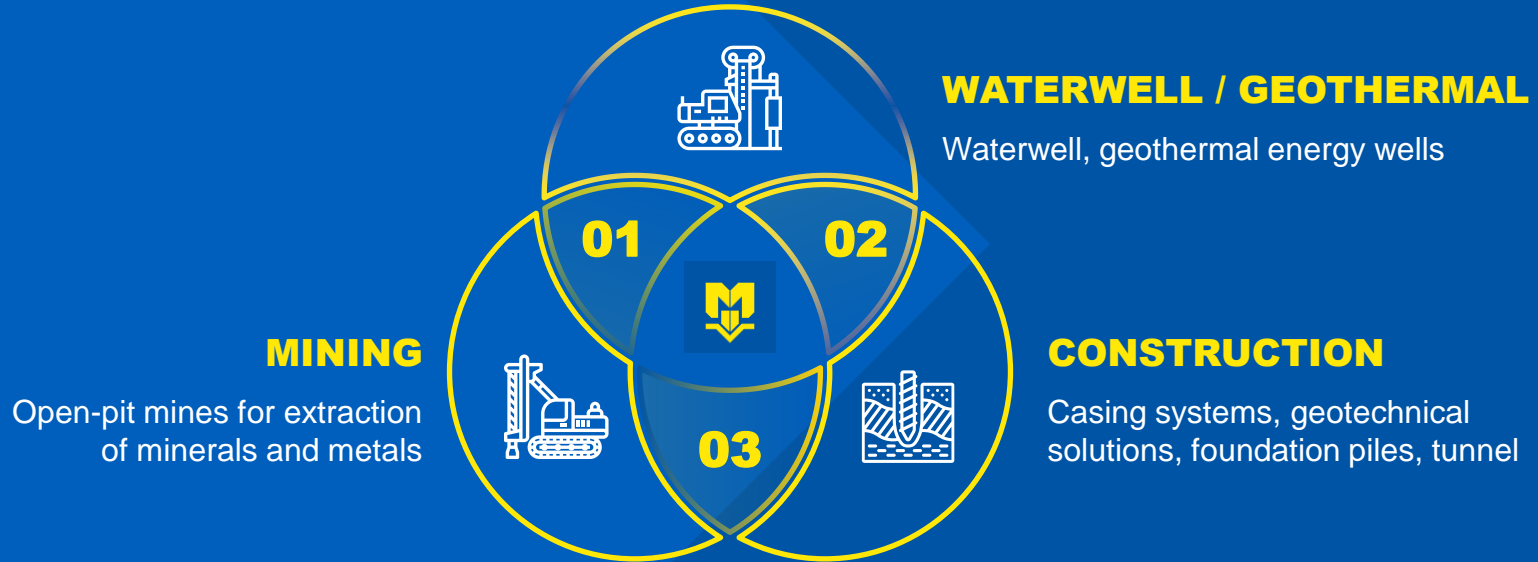
Dedicated and experienced **service teams** work with customers to develop **the best solutions**. Feedback from the field is provided to product engineers, feeding a cycle of **continuous improvement**.

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.



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