

Imdex Limited

FY09 Financial Results

17 August 2009

Bernie Ridgeway – Managing Director

Paul Evans – Chief Financial Officer

Providing Drilling Fluids and Down Hole Instrumentation to the World



Presentation overview

- Overview
- FY09 financials
- Operational review
 - Drilling Fluids & Chemicals Division
 - Down Hole Instrumentation Division
- Market outlook
 - Signs of recovery
 - Mineral exploration
 - Oil and gas
- Strategy and growth opportunities

Overview

Bernie Ridgeway – Managing Director

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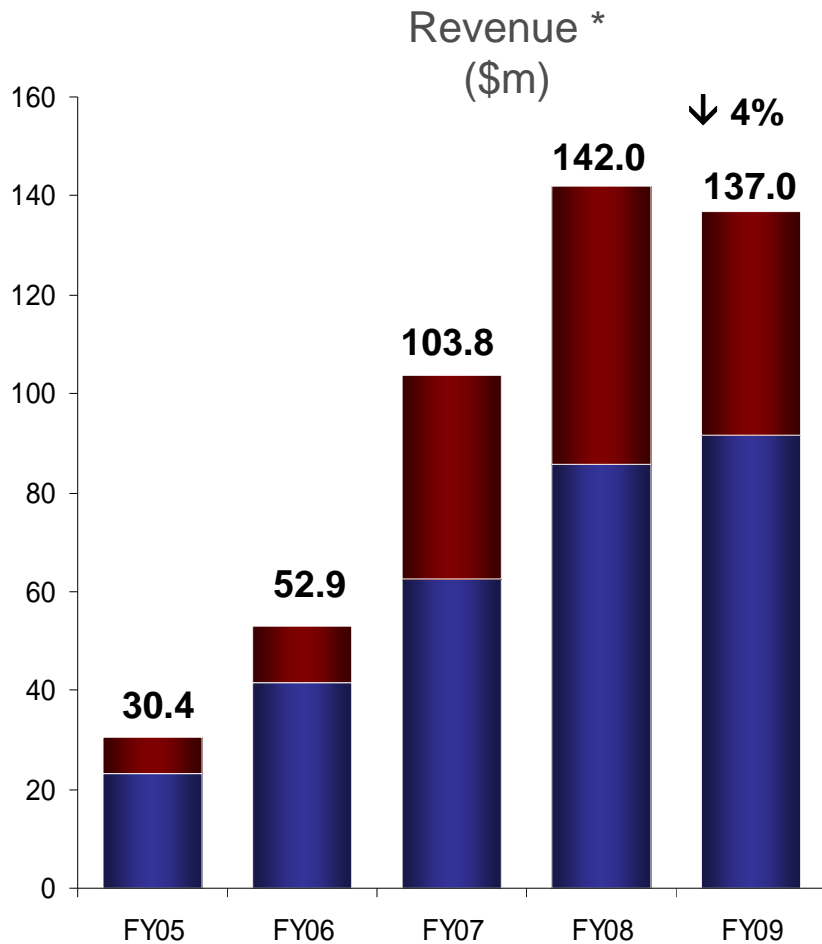


Sound results given difficult markets

- Revenue from continuing operations ↓ 4% to \$137m (FY08 - \$142m)
- EBITA from continuing operations* ↓ 37% to \$24.5m (FY08 - \$38.8m)
- NPAT before non-operational items ↓ 46% to \$11.3m (FY08 - \$21.1m)
- Cash flow from operations ↑ 58% to \$16.2m (FY08 - \$10.3m)
- Low gearing – net debt / capital of 16.0% (Jun 08 - 17.4%)
- Interest cover : EBITA of 30 times
- Bank facilities extended until 2014
- Full year dividend 1 cps fully franked (FY08 – 4 cps)
- Signs of recovery experienced in 4Q09

* Excluding non-operational items

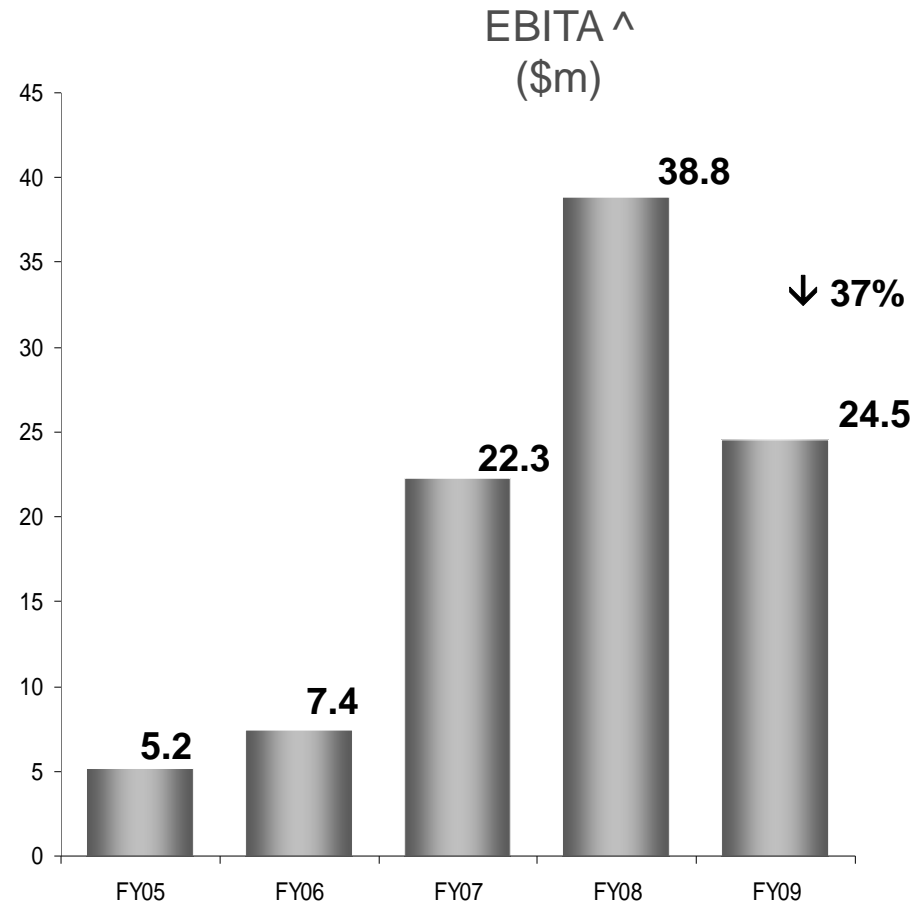
Revenue and EBITA



■ Drilling Fluids and Chemicals ■ Down Hole Instrumentation

* excludes other income & discontinued operations

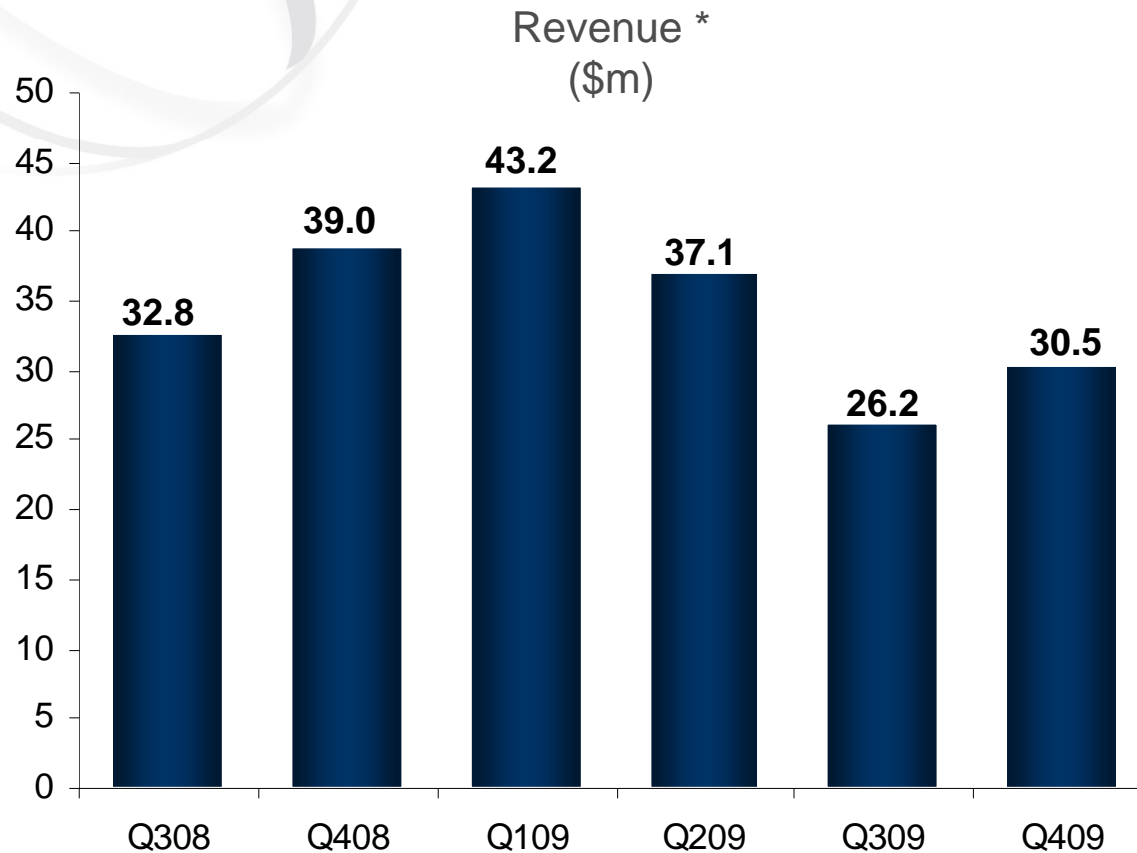
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^ excludes discontinued operations and non-operational items



Signs of recovery



* excludes other income & discontinued operations

- Positive tool movements since May 09
- General increase in drilling activity
- Customers positive on tender activity
- Capital raisings by resource companies
- Improved key commodity prices

FY09 financials

Paul Evans – Chief Financial Officer

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Profit & loss

(\$ millions)

	FY07	FY08	FY09	FY08 / FY09 Var %
Revenue	103.8	142.0	137.0	4% ↓
EBITDA	25.5	42.1	27.8	34% ↓
Depreciation	(3.2)	(3.3)	(3.3)	2% ↑
EBITA	22.3	38.8	24.5	37% ↓
Amortisation	(3.4)	(6.0)	(6.5)	8% ↑
Net interest expense	(1.9)	(0.9)	(0.8)	4% ↓
Tax expense	(5.8)	(10.8)	(5.9)	46% ↓
Operating profit after tax	11.2	21.1	11.3	46% ↓
Discontinued operations	1.6	10.9	-	-
RTE recovery	0.7	-	-	-
Forex gain on SGE	-	-	0.8	-
Net profit after tax	13.5	32.0	12.1	62% ↓
<i>Earnings per share (continuing operations)</i>				
<i>Basic (cents per share)</i>	7.72	11.22	6.37	43% ↓
<i>Diluted (cents per share)</i>	7.09	10.79	6.23	42% ↓
Cash flow from operations	16.3	10.3	16.2	58% ↑

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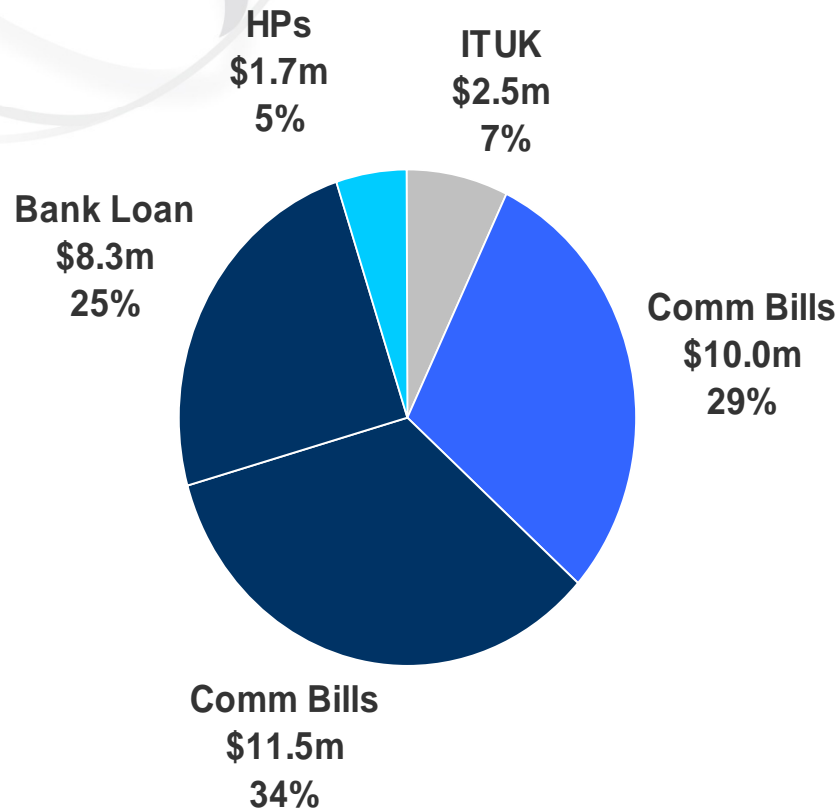


Conservative balance sheet

(\$ millions)	June 09	June 08
Net cash	12.0	13.3
Receivables	23.4	32.1
Inventory	26.4	21.7
Investment in SGE	20.5	17.5
Fixed assets	10.8	7.1
Intangibles	79.2	79.9
Other assets	1.5	1.4
Total Assets	173.8	173.0
Payables	18.1	25.3
Commercial bills	21.5	17.0
Bank loan	8.3	13.1
Vendor finance	2.5	5.4
HP Finance	1.7	-
Provisions / Deferred tax	5.5	6.6
Total Equity	116.2	105.6
<i>(CA – Inventory)/CL</i>	1.62	1.53
<i>CA/CL</i>	2.37	2.05
<i>Gearing (net debt / capital)</i>	16.0%	17.4%

- Solid working capital ratios
- \$12.0m cash on hand
- \$5.4m unused facility
- Total debt down \$1.5m to \$34.0m
- \$8.5m Flexit liability extinguished
- SGE
 - Investment \$8.1m
 - Secured receivable \$12.4m

Low gearing



Nil interest rate

Capped interest rate

Floating interest rate

Fixed interest rate

- Total debt at 30 June 09 - \$34.0m
- Low gearing 16%
- Bank facilities extended until 2014
- Interest cover (normalised EBITA / net interest expense) = 30 times
- ITUK (Chardec) liability paid July 09
- No outstanding vendor liabilities
- Cash flow from operations up 58% to \$16.2m

Operational review

Bernie Ridgeway – Managing Director

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A snapshot of Imdex's business

Drilling Fluids & Chemicals (DFC)

- Consumable item
- Keep drill holes open and lubricate moving parts while removing cuttings to the surface
- Environmental focus
- Manufacture & supply



Down Hole Instrumentation (DHI)

- Core orientation
- Survey tools
- Magnetic and non-magnetic
- World class technology
- Innovation
- Rental model
- Manufacture & supply



Key markets

Mining & Mineral Exploration



Oil & Gas



Other markets

- Coal Bed Methane (CBM)
- Water well
- Horizontal directional drilling / Civil



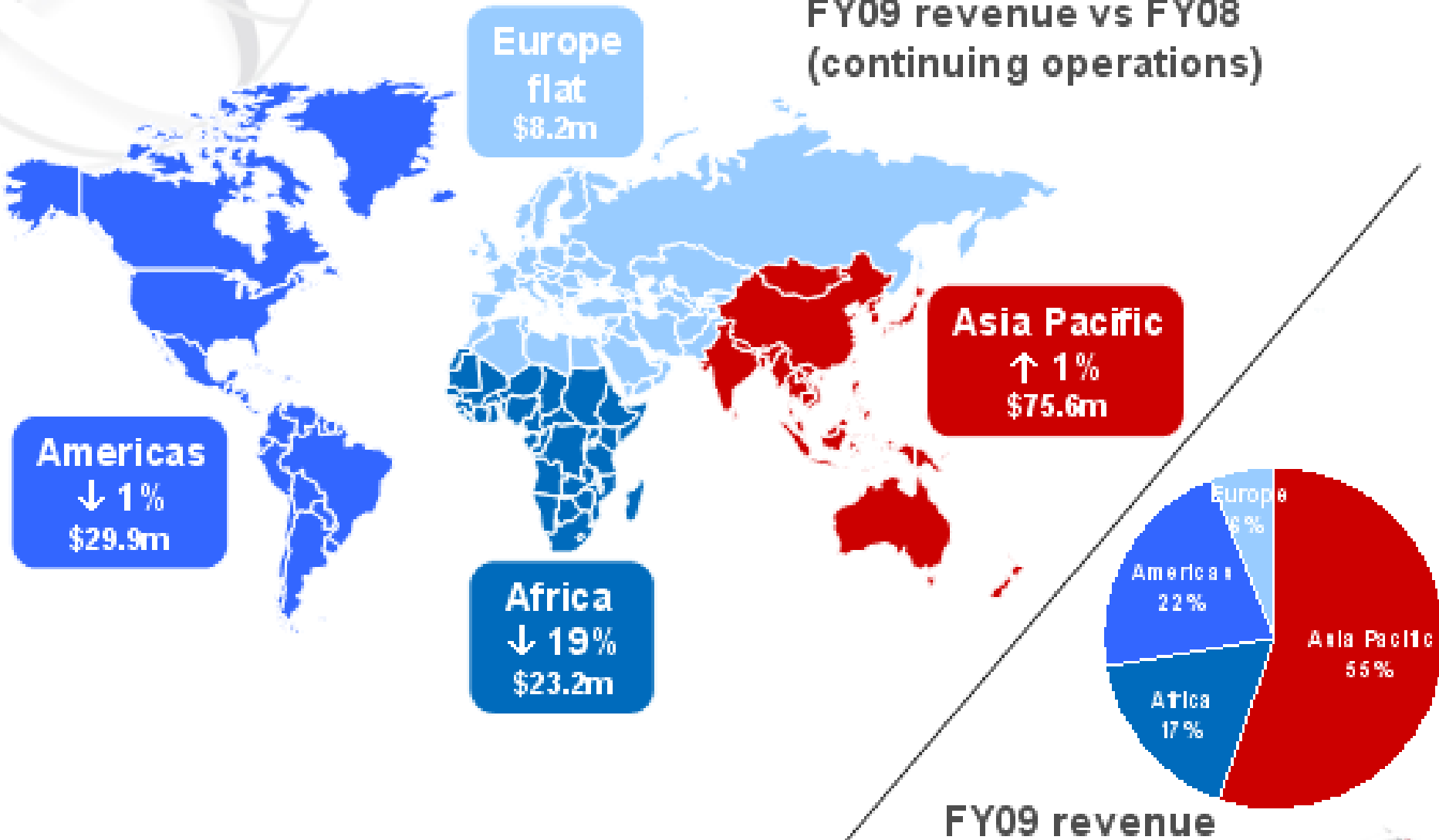
Global Reach

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Global presence

FY09 revenue vs FY08
(continuing operations)

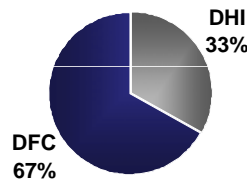
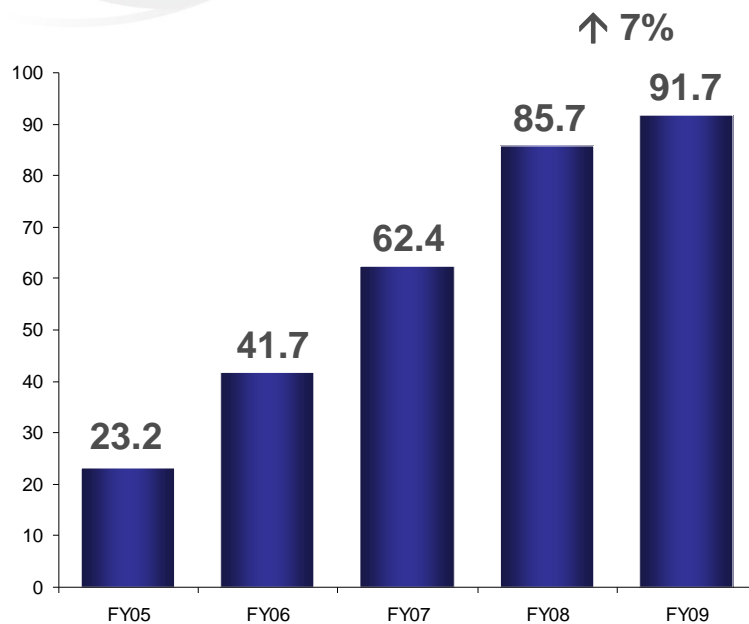


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Key highlights & operational review (DFC)

Revenue
(\$m)



FY09 Divisional Revenue Split

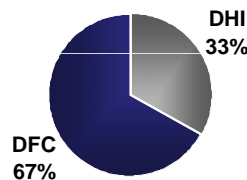
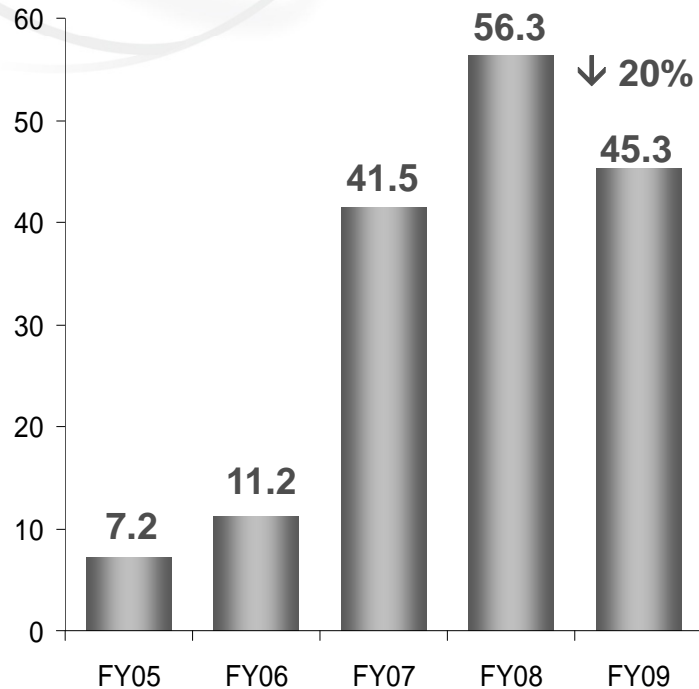
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- Strong organic growth to Nov 08 followed by decline in world markets
- Wildcat successfully integrated and provided positive contribution
- Commissioned new plants to better service regional markets
 - Samchem, Johannesburg
 - Santiago, Chile
- Commercialised unique solids control units – benefit in FY10
- Global alliances grew global footprint



Key highlights & operational review (DHI)

Continuing Revenue (\$m)



FY09 Divisional Revenue Split

- Decline in global mineral exploration partially offset by resilient rental model
- Global alliances grew global footprint
- Flexit \$10m liability settled by 10m shares
- Repositioned DHI trading brands
 - Reflex – mining & mineral exploration
 - Flexit – oil and gas
- Innovative down hole instrumentation launched at PDAC and OTC
- Research and development centres of excellence
- Relocated Reflex manufacturing from UK to Australia

Market outlook

Bernie Ridgeway – Managing Director

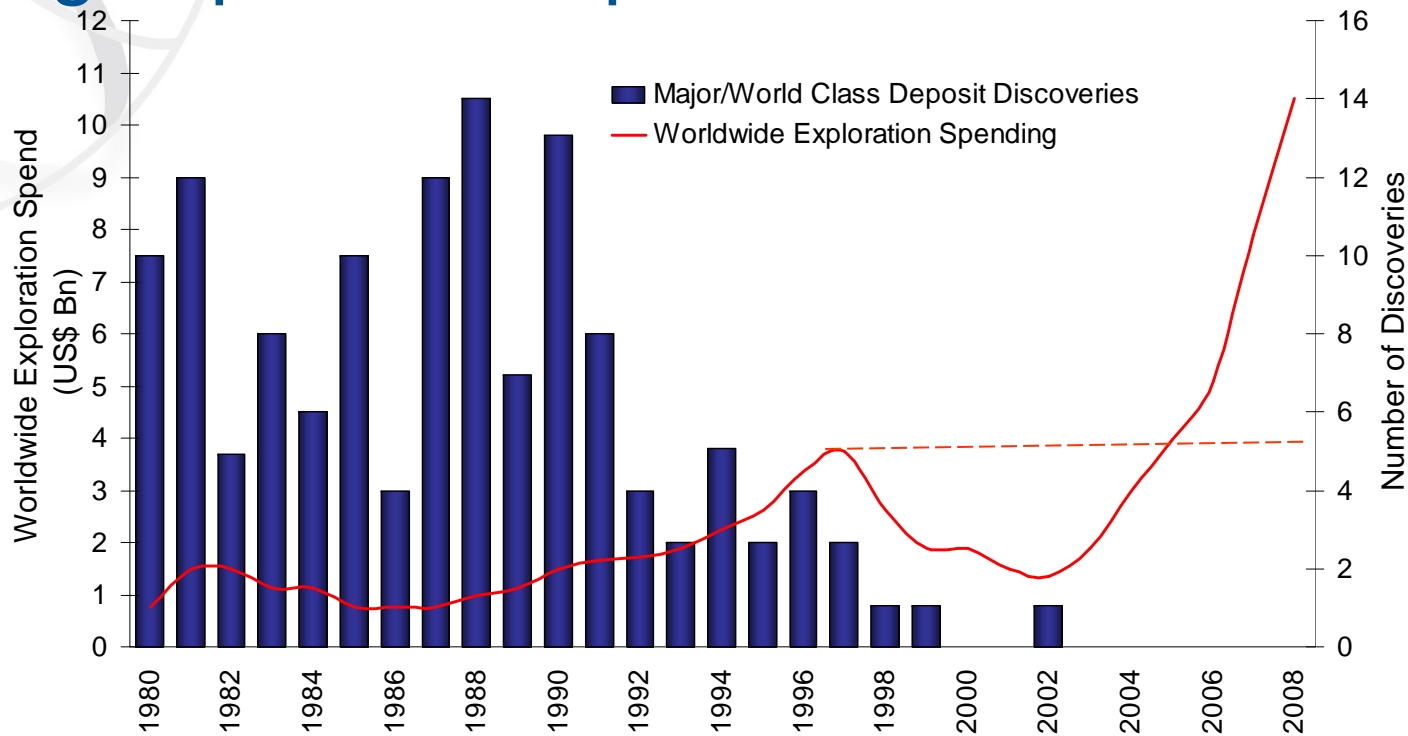
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Signs of recovery

- 3Q09 represented trough – signs of recovery in 4Q09
- Improved global debt and equity markets – better access to funding
- Key commodity prices such as copper and nickel recovered from 08 lows
- Major customers bottomed out in March/April 2009
- Increased drilling and tender activity globally
- Main activity: gold, iron ore, coal, uranium and coal bed methane
- Oil & gas industry remains robust
- Fundamental supply/demand imbalances remain

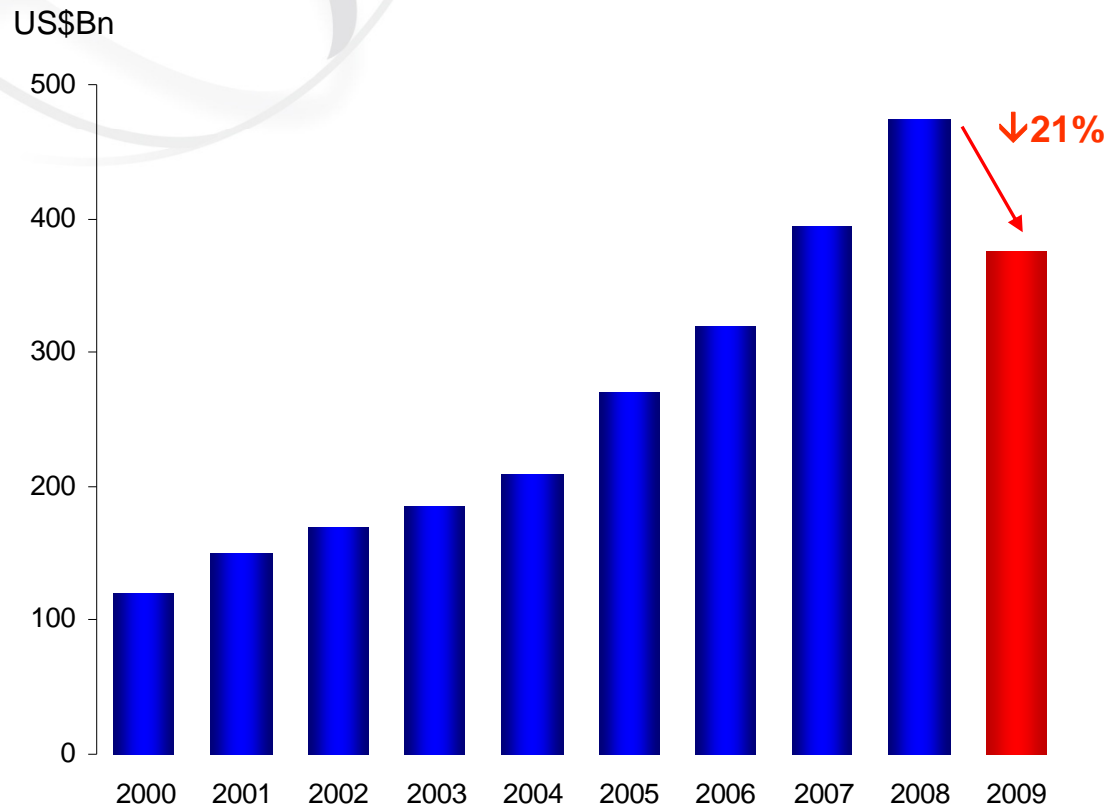
Mining exploration spend v discoveries



Source: Metals Economics Group & UBS

- 1 new world class discovery in 8 years
- Higher costs, deeper & more complicated ore bodies
- Supply issues unaddressed
- Misaligned supply and demand

Oil & gas – worldwide upstream capex



- Global spend expected to drop 21% in 2009
- Still high in historical terms
- Supply/demand imbalances remain
- Exploration - increasingly complex
- Good opportunities for Imdex's technology

Source: APPEA 2009 presentation "Energy Security in an Insecure Financial World"

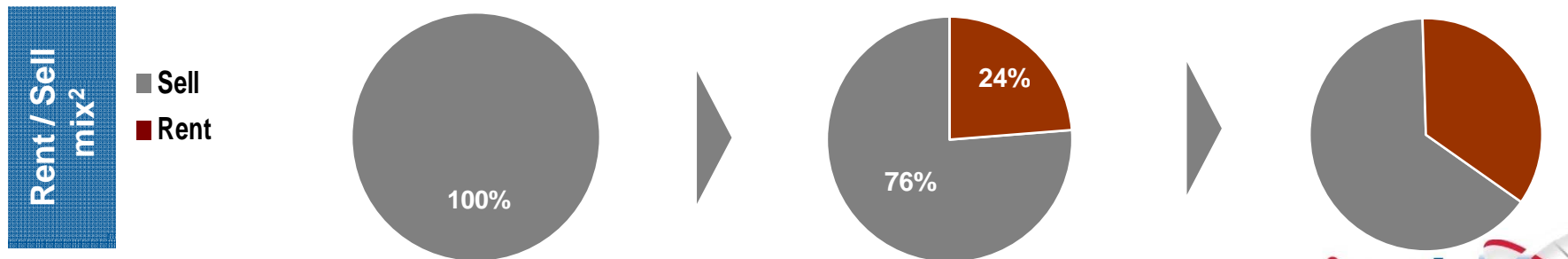
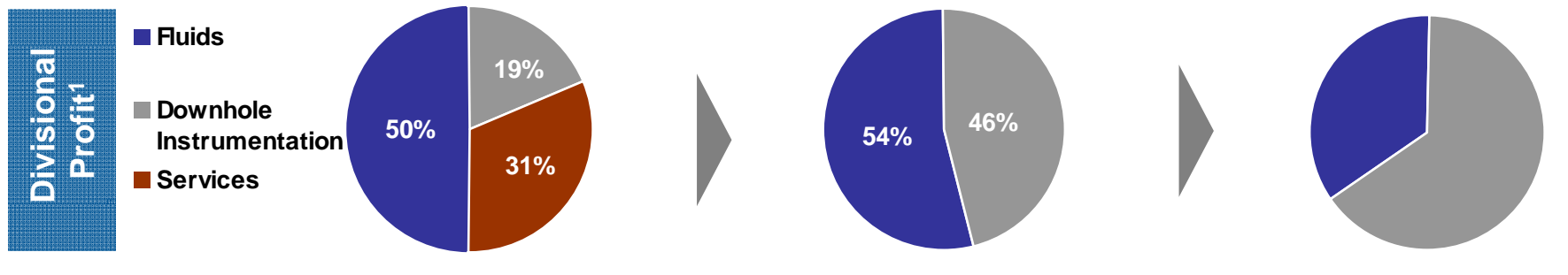
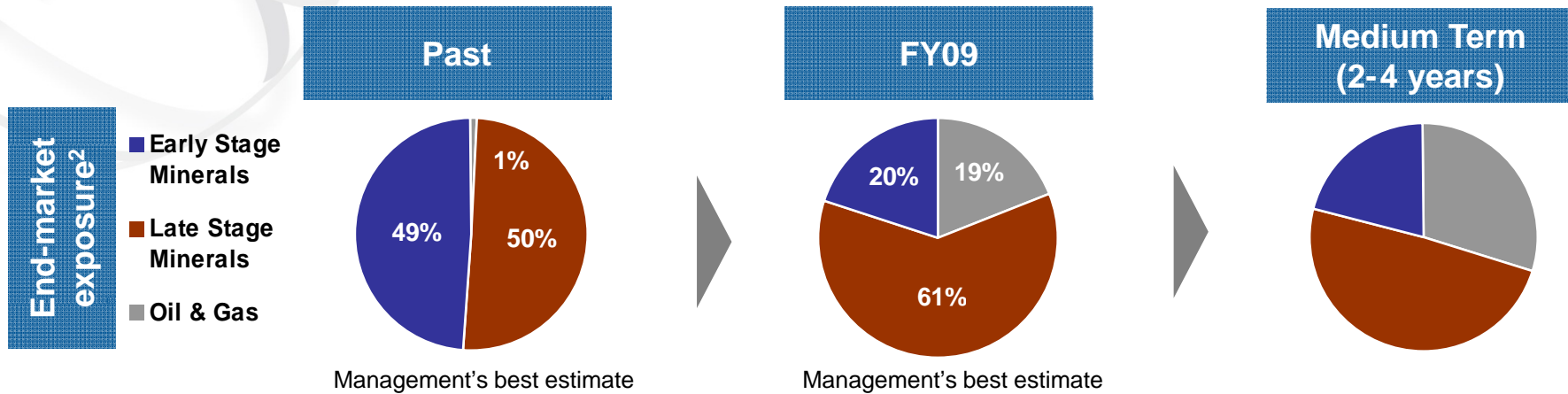
Strategy & growth opportunities

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Robust strategy – progress on track



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¹ Based on actual or anticipated EBITA
² Based on actual or anticipated Revenue



FY10 strategy & opportunities – DFC

Rental

- Market Solids Control Units – 100% rental

Global

- Continue to expand and support global alliances
- Underpenetrated markets: Canada & Latin America

Oil and Gas

- Service niche markets
- Provision of production & treating chemicals

Research and Development

- Commission new drilling fluids laboratory in Perth for the global mining and oil & gas markets

Operational efficiencies

- Lower input costs – purchasing and local manufacturing operations

FY10 strategy & opportunities – DHI

Rental

- Continue rental preference to sales

Global

- Continue to expand and support global alliances

Oil and Gas

- Market instrumentation to the onshore & offshore oil & gas industries globally

Research and Development

- Innovative R&D to ensure technology leadership
- Commission new & improved instrumentation

Operational efficiencies

- Manufacturing & repair capabilities in Perth, WA

Resilient business with attractive growth opportunities

- 4Q09 signs of recovery – market fundamentals improving
- Global growth opportunities in FY10 and beyond, particularly oil & gas
- Strong position to deliver on focused strategy
- Conservative balance sheet - bank facilities extended to 2014
- Strong management team
- World class expertise and innovation
- Continuing R&D spend to maintain market leadership



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