



Mainsheet
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Mining Services Sector

Performance Analysis of a Sample of Listed
Mining Services Companies

August 2019

Mainsheet Capital is a corporate strategy and corporate advisory firm that specialises in working across engineering, construction, mining, oil & gas, utilities, transport and industrial services sectors.

- Mainsheet Capital routinely conducts a review of the performance of companies across the engineering, construction, infrastructure management, mining services and O&G services sectors to identify and understand the prevailing competitive and value creation dynamics.
- Within these sectors there are companies with a wide array of different sizes, capabilities and business models.
- It can be challenging to select the best context within which to analyse performance of this range businesses, however, we have conducted analysis of performance by:
 - Company
 - Sector
 - Business model
 - Capability
 - Technical domain
 - Size (number of employees and revenues)
 - Asset intensity
- This document sets out the analysis we have conducted in relation to a sample of listed mining services companies. Analysis of engineering, construction, infrastructure management and O&G services companies and sectors is also available on Mainsheet Capital's website – follow this link: <https://www.mainsheet.com.au/economic-performance-and-value-creation-analysis/>

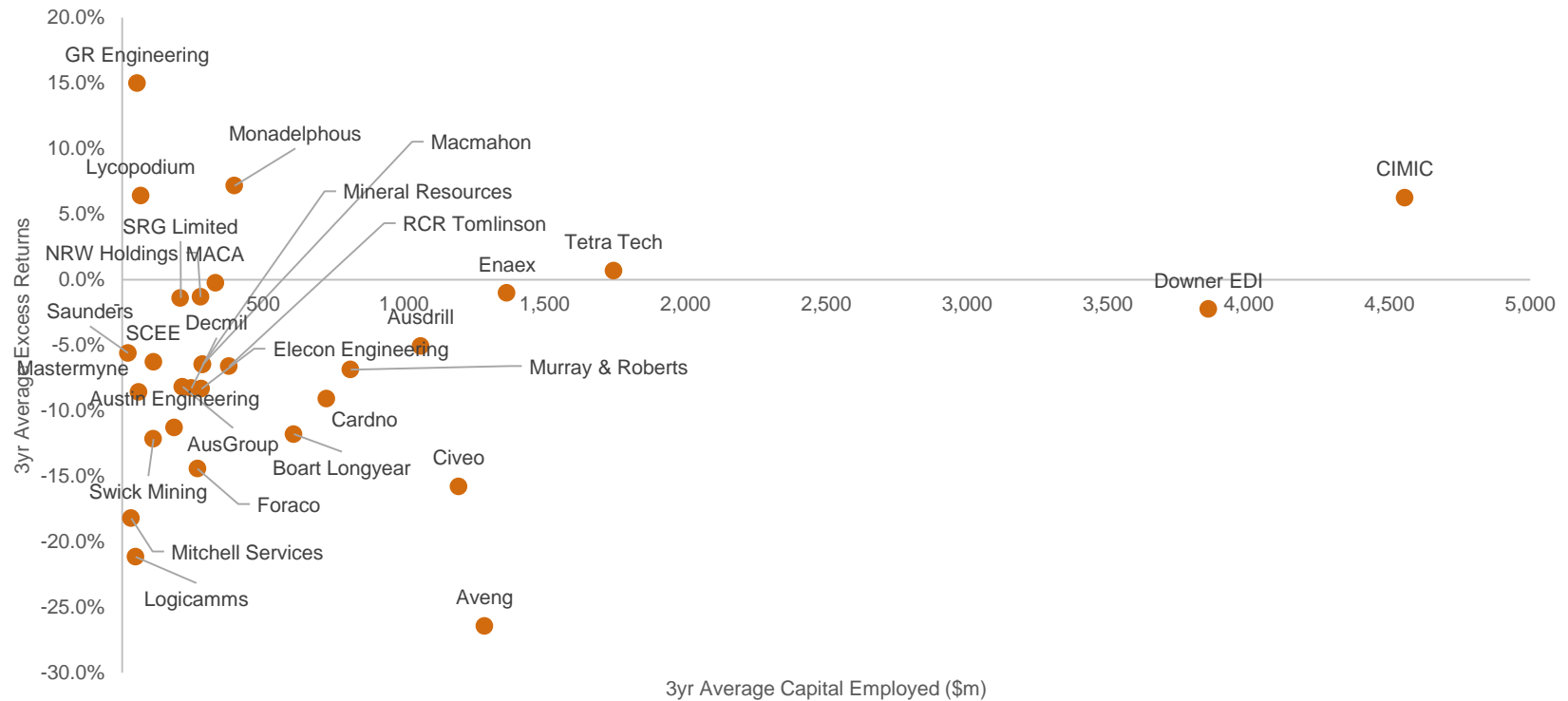
Mainsheet Capital is experienced in assisting companies to position themselves to maximise their growth potential and value creating performance by addressing issues such as those outlined below.

- Have you got clear and fact-based strategic plan to guide your direction and key decisions?
- Have you got all of the operational and technical capabilities to match new customer needs?
- Have you got the right geographic and sector footprint?
- Do you have the optimal business size and shape?
- Have you got the right capital structure and asset base to achieve your goals?
- Should you be considering mergers or acquisitions in order to best achieve your goals?
- Do you have a formal growth and long term value creation/exit strategy for the business?

Mainsheet has a demonstrable track record of assisting companies to successfully address the key strategic, operational, financial and transactional issues and opportunities they face.

3yr Average Capital Employed vs. 3yr Average Excess Returns

3yr Average Capital Employed vs. 3yr Average Excess Returns FY16 – FY18 (\$m, %)

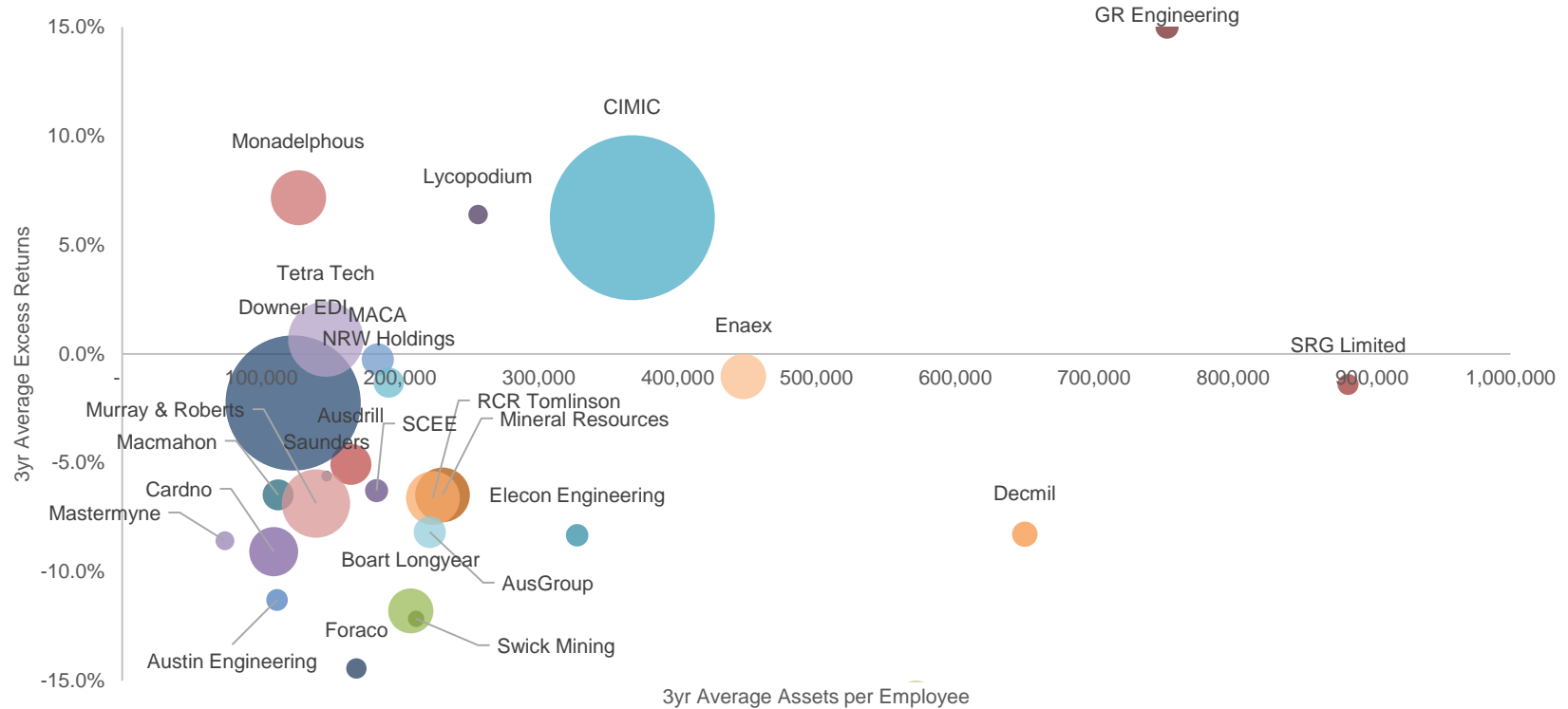


Note: Three Year Average include FY16-FY18 data
Source: Capital IQ, Company Websites

3yr Average Assets per Employee vs. 3yr Average Excess Return vs. Revenue

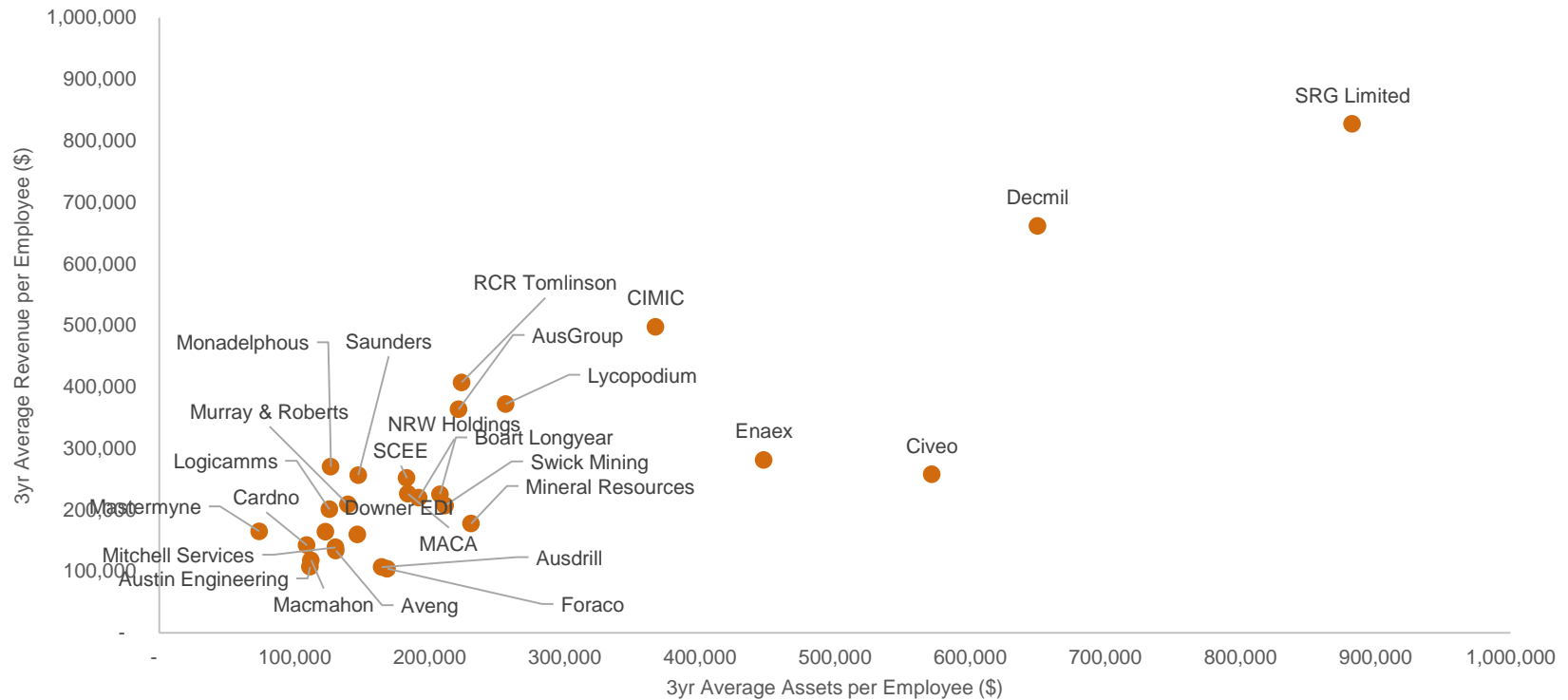
FY16 – FY18

(\$, %)



Note: Three Year Average include FY16-FY18 data, size of bubble denotes comparative revenue
 Source: Capital IQ, Company Websites

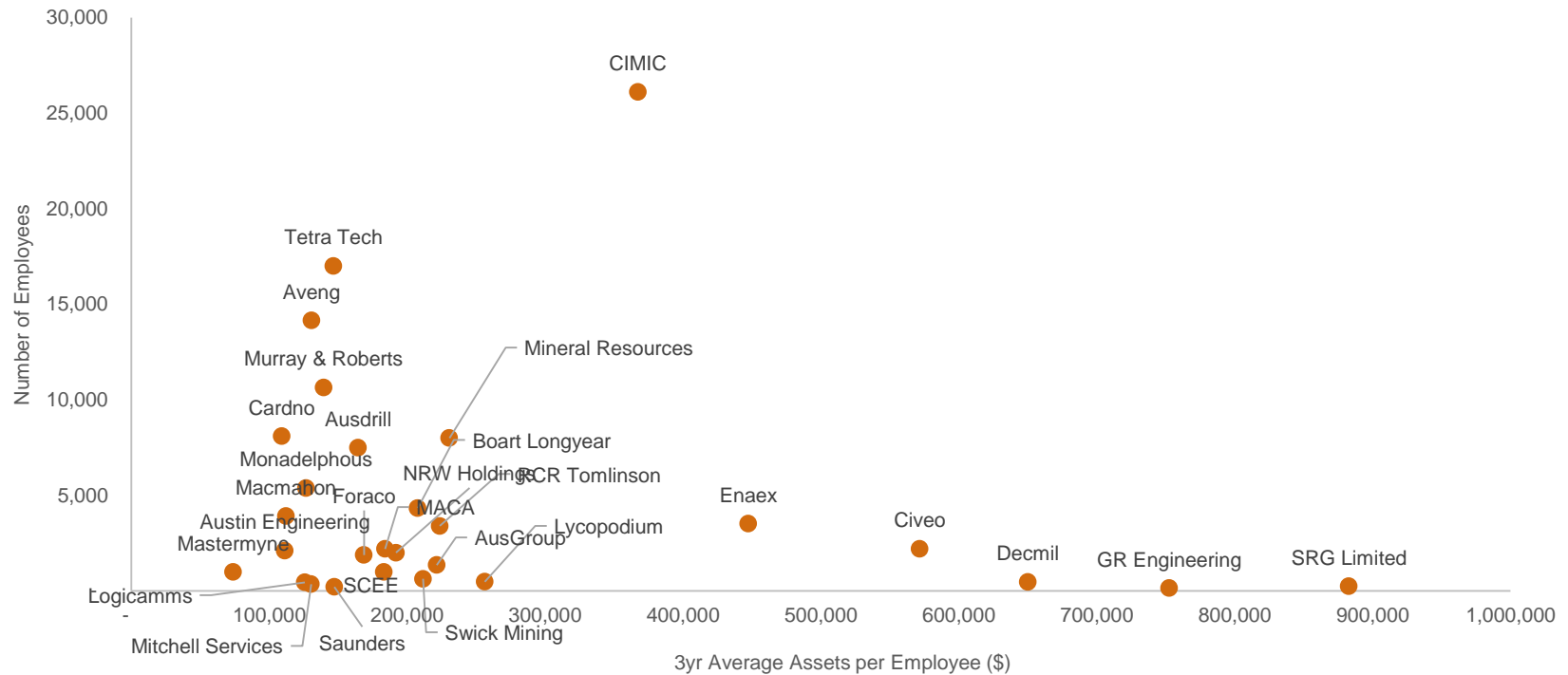
3yr Average Assets per Employee vs. 3yr Average Revenue per Employee
 FY16 – FY18
 (\$, \$)



Note: Three Year Average include FY16-FY18 data
 Source: Capital IQ, Company Websites

3yr Average Assets per Employee vs. Number of Employees

3yr Average Assets per Employee vs. Number of Employees
 FY16 – FY18
 (\$, units)

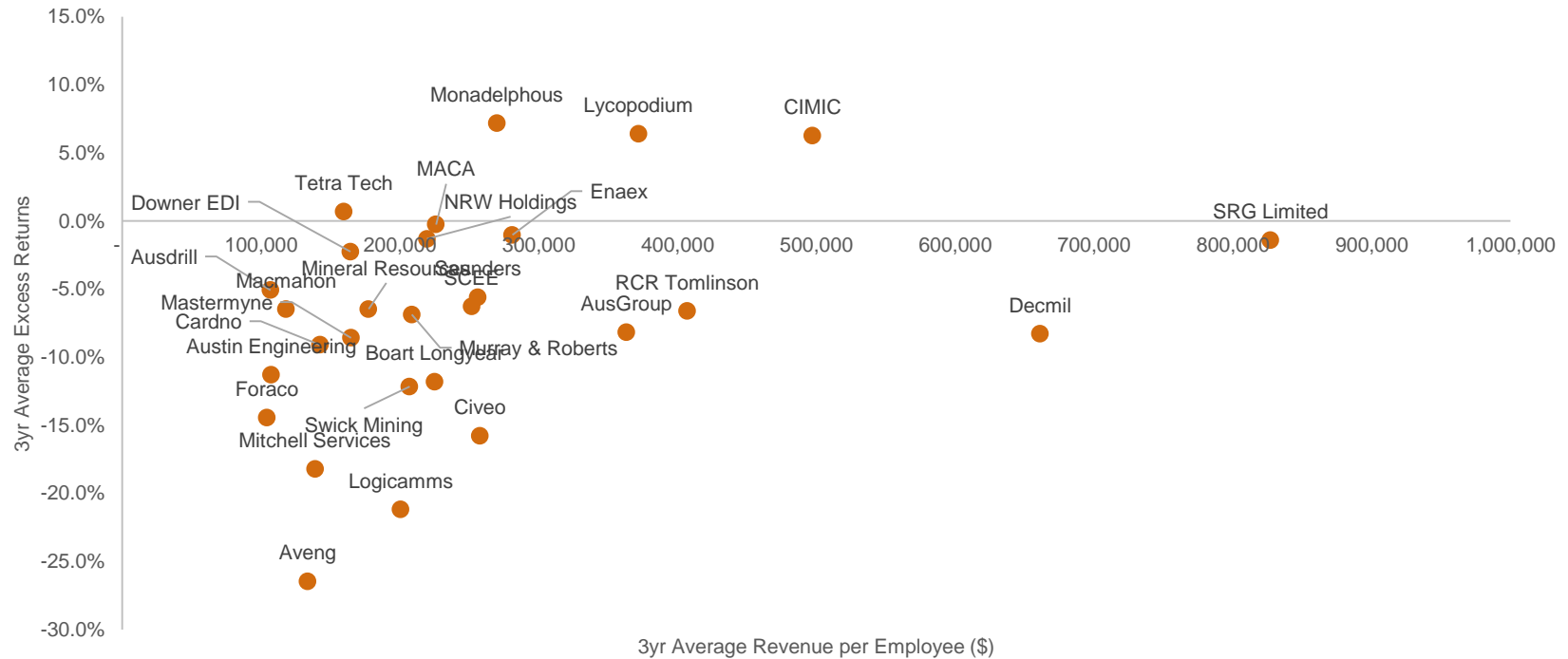


Note: Three Year Average include FY16-FY18 data
 Source: Capital IQ, Company Websites

3yr Average Revenue per Employee vs. 3yr Average Excess Returns

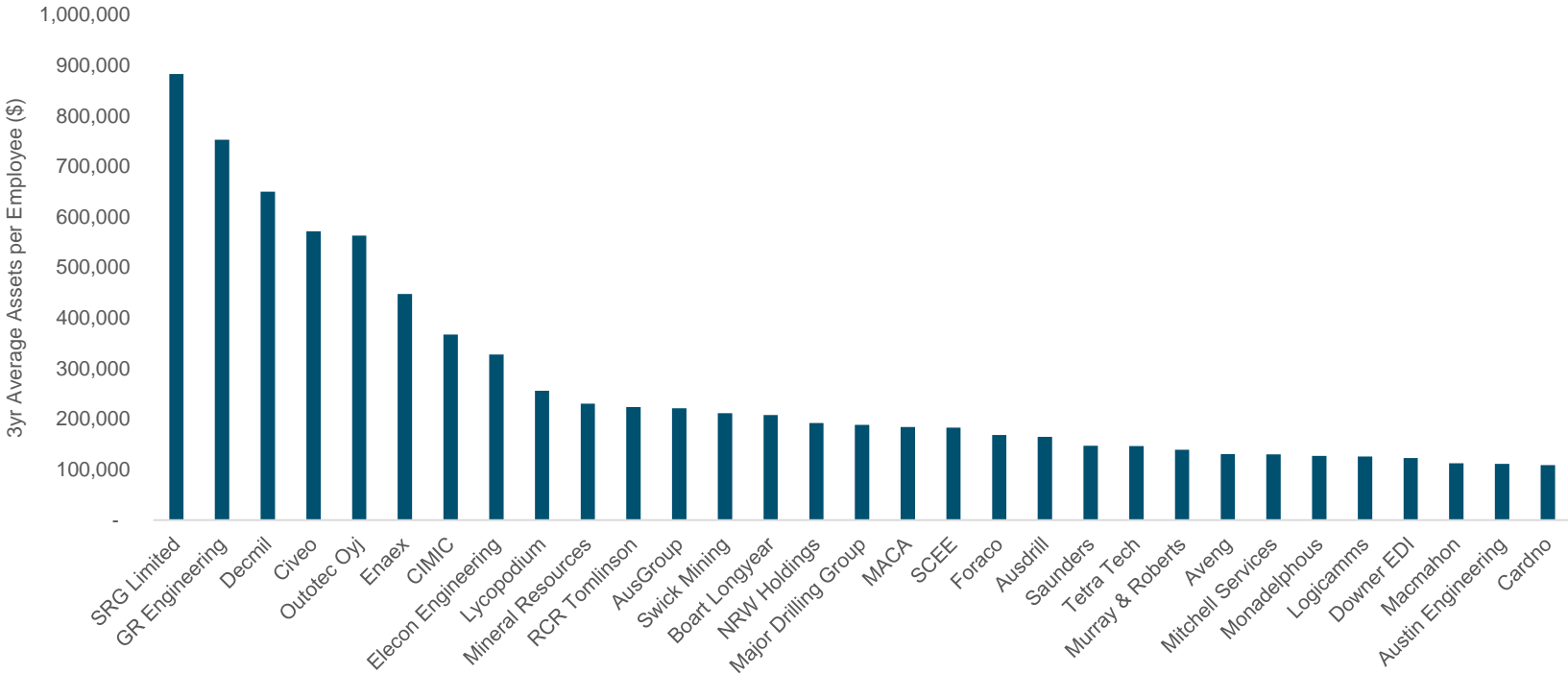
FY16 – FY18

(\$, %)



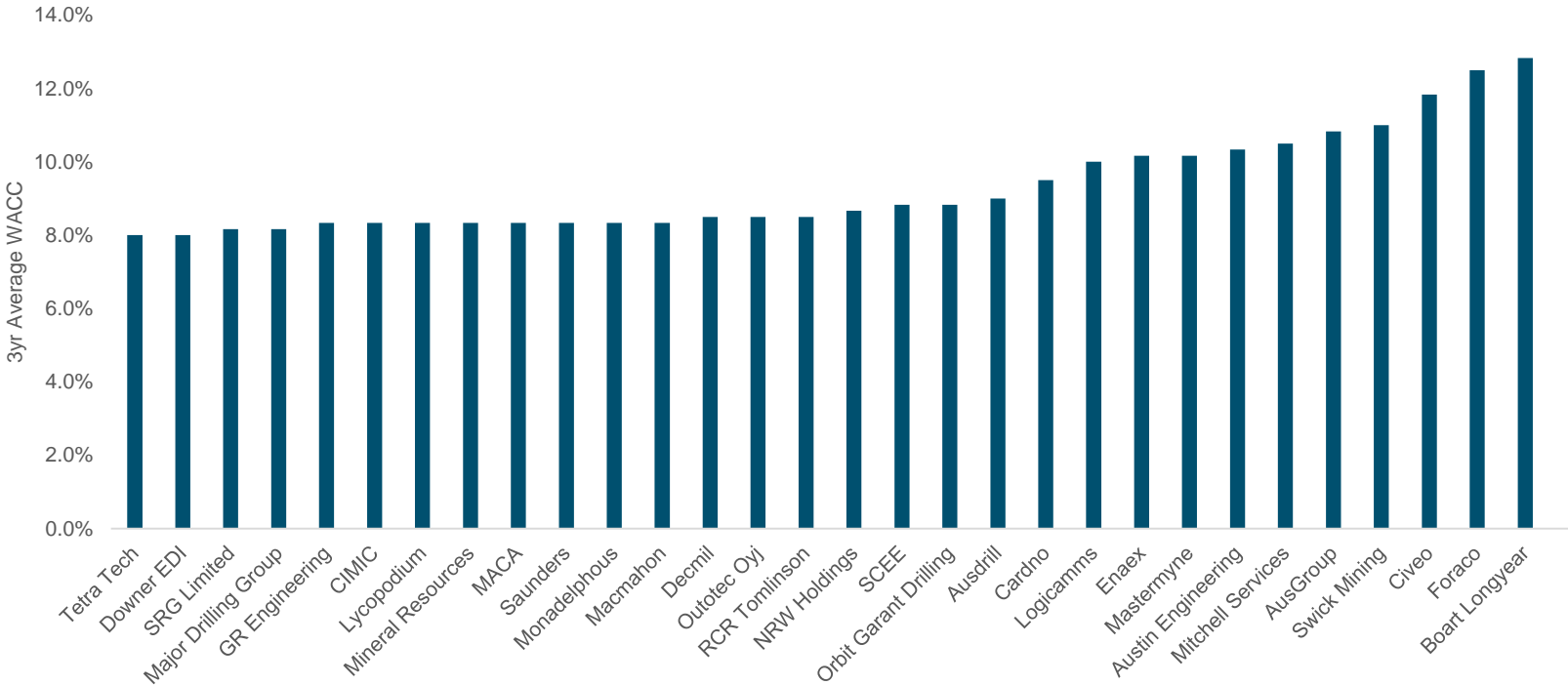
Note: Three Year Average include FY16-FY18 data
 Source: Capital IQ, Company Websites

3yr Average Assets per Employee FY16 – FY18 (\$)



Note: Three Year Average include FY16-FY18 data
Source: Capital IQ, Company Websites

3yr Average WACC FY16 – FY18 (\$)



Note: Three Year Average include FY16-FY18 data
Source: Capital IQ, Company Websites

Summary Data



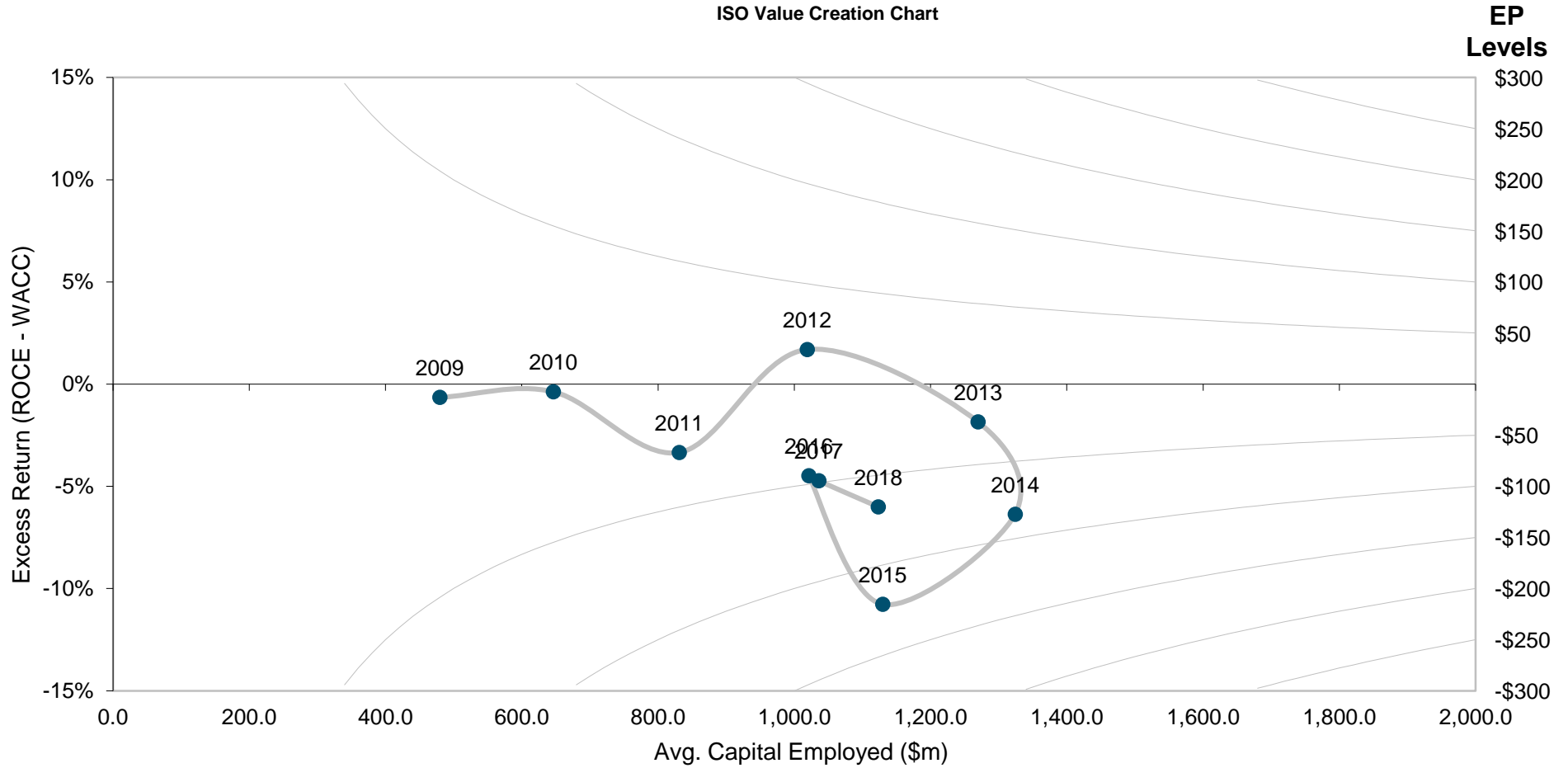
Company Name	Location	Average Revenue (3yr, AUD\$m)	Average EBIT (3yr AUD\$m)	Number of Employees	Average Economic Profit (3yr AUD\$m)	Average WACC (3yr)	Average Excess Return (3yr)	Average Revenue per Employee (3yr, AUD\$m)	Average Assets per Employee (3yr)	Average Capital Employed per Employee (3yr, AUD\$m)	Last FY D/E Ratio	Average D/E Ratio (3yr)
CIMIC	Australia	12,984	912	26,109	285	8.3%	6.3%	497,316	367,457	174,458	22.4%	28.2%
Downer EDI	Australia	8,716	307	53,000	-87	8.0%	-2.3%	164,456	123,101	72,783	47.9%	39.9%
Tetra Tech	United States	2,717	234	17,000	12	8.0%	0.7%	159,804	146,701	102,690	28.7%	35.7%
Murray & Roberts	South Africa	2,223	83	10,649	-56	14.3%	-6.9%	208,722	139,615	76,173	8.2%	10.8%
Aveng	South Africa	1,892	-144	14,158	-341	18.8%	-26.5%	133,607	130,812	90,922	138.9%	75.1%
Monadelphous	Australia	1,452	88	5,378	29	8.3%	7.2%	269,962	126,932	74,217	5.3%	4.6%
Mineral Resources	Australia	1,420	203	8,000	-19	8.3%	-6.5%	177,503	230,759	35,737	18.3%	21.5%
RCR Tomlinson	Australia	1,384	10	3,400	-25	8.5%	-6.6%	407,080	223,775	111,634	9.2%	17.2%
Cardno	Australia	1,155	3	8,100	-66	9.5%	-9.1%	142,536	109,131	89,631	17.1%	20.8%
Enaex	Chile	990	171	3,524	-14	10.2%	-1.0%	281,049	447,381	387,688	48.8%	49.8%
Boart Longyear	United States	976	3	4,333	-72	12.8%	-11.8%	225,190	207,821	140,641	-	-
Ausdrill	Australia	802	60	7,502	-54	9.0%	-5.1%	106,914	164,645	141,326	52.2%	59.9%
Civeo	United States	567	-74	2,200	-189	11.8%	-15.8%	257,706	571,729	543,141	70.3%	68.8%

Note: Three Year Average include FY16-FY18 data
Source: Capital IQ, Company Websites

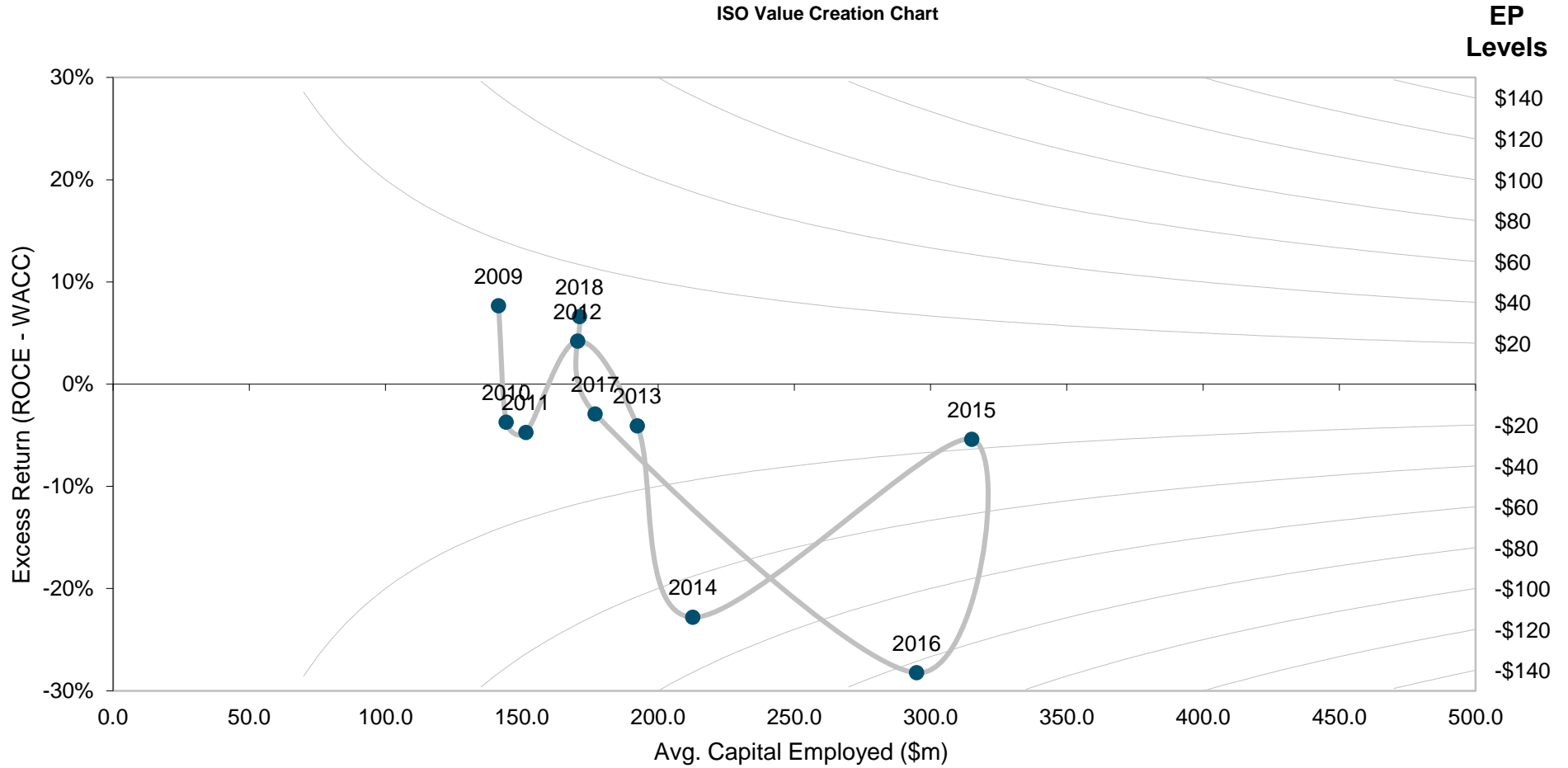
Summary Data

Company Name	Location	Average Revenue (3yr, AUD\$m)	Average EBIT (3yr AUD\$m)	Number of Employees	Average Economic Profit (3yr AUD\$m)	Average WACC (3yr)	Average Excess Return (3yr)	Average Revenue per Employee (3yr, AUD\$m)	Average Assets per Employee (3yr)	Average Capital Employed per Employee (3yr, AUD\$m)	Last FY D/E Ratio	Average D/E Ratio (3yr)
MACA	Australia	497	38	2,200	-1	8.3%	-0.3%	226,052	184,122	150,628	14.0%	20.2%
AusGroup	Australia	491	-2	1,351	-18	10.8%	-8.2%	363,333	221,555	158,642	289.9%	-
Macmahon	Australia	462	11	3,913	-19	8.3%	-6.5%	118,182	112,307	73,062	25.9%	10.3%
NRW Holdings	Australia	439	30	2,000	-4	8.7%	-1.3%	219,661	192,029	139,295	34.2%	43.4%
Major Drilling Group	Canada	322	-33	2,641	-62	8.2%	-13.4%	122,061	188,557	175,374	5.2%	3.3%
Decmil	Australia	306	1	463	-20	8.5%	-8.3%	661,207	650,174	530,464	0.4%	1.5%
GR Engineering	Australia	259	18	144	8	8.3%	15.0%	1,801,493	752,670	373,042	0.9%	1.4%
SCEE	Australia	252	4	1,000	-7	8.8%	-6.3%	251,804	183,213	111,705	0.0%	0.1%
Austin Engineering	Australia	226	-4	2,105	-21	10.3%	-11.3%	107,401	111,503	88,122	34.8%	39.0%
SRG Limited	Australia	207	20	250	-3	8.2%	-1.4%	827,101	883,019	826,881	2.7%	15.0%
Foraco	France	196	-8	1,882	-39	12.5%	-14.4%	104,230	168,754	142,465	346.9%	221.7%
Lycopodium	Australia	179	15	480	4	8.3%	6.4%	371,976	256,351	138,674	1.6%	1.2%
Mastermyne	Australia	165	1	1,000	-5	10.2%	-8.6%	164,947	74,007	58,532	6.5%	19.8%
Orbit Garant Drilling	Canada	138	-2	1,300	-10	8.8%	-10.2%	106,310	89,047	71,904	25.4%	20.9%
Swick Mining	Australia	130	-2	627	-13	11.0%	-12.2%	207,019	211,679	176,962	35.1%	29.7%
Logicamms	Australia	90	-8	450	-10	10.0%	-21.2%	200,741	125,926	105,777	25.4%	13.9%
Saunders	Australia	54	1	212	-1	8.3%	-5.6%	256,291	147,280	98,346	1.8%	4.8%
Mitchell Services	Australia	49	-3	350	-6	10.5%	-18.2%	139,022	130,450	91,159	94.8%	95.8%

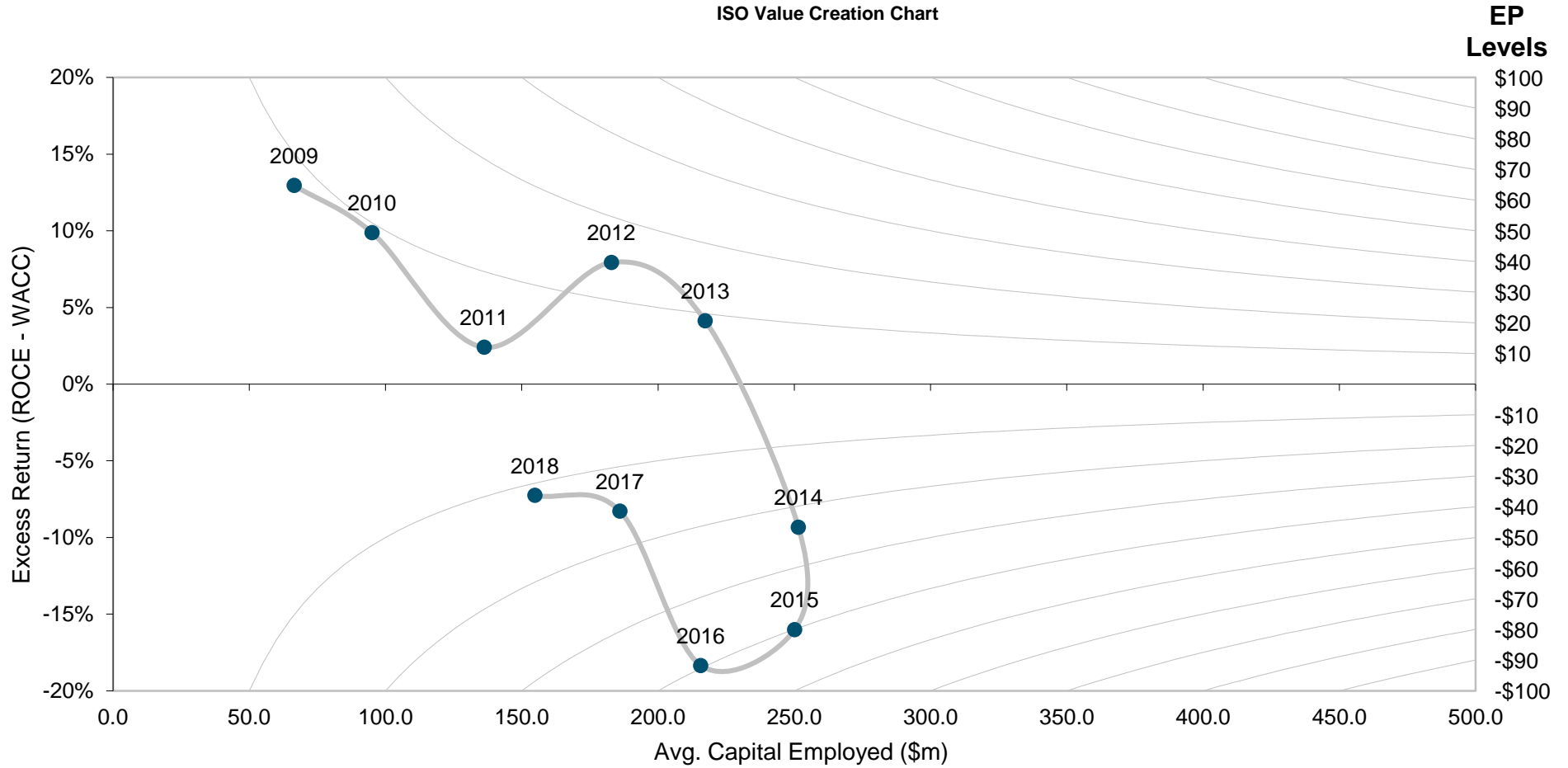
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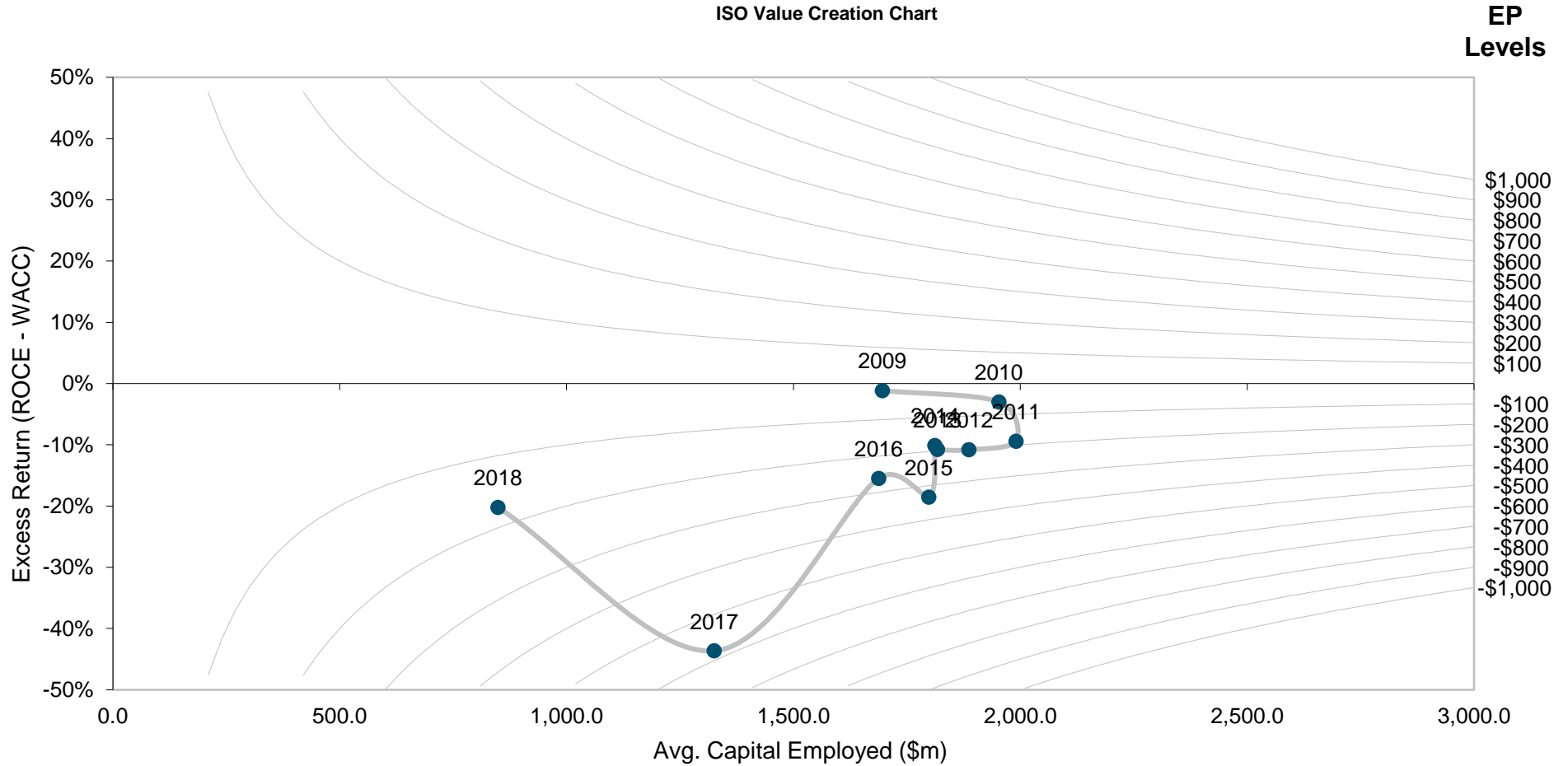
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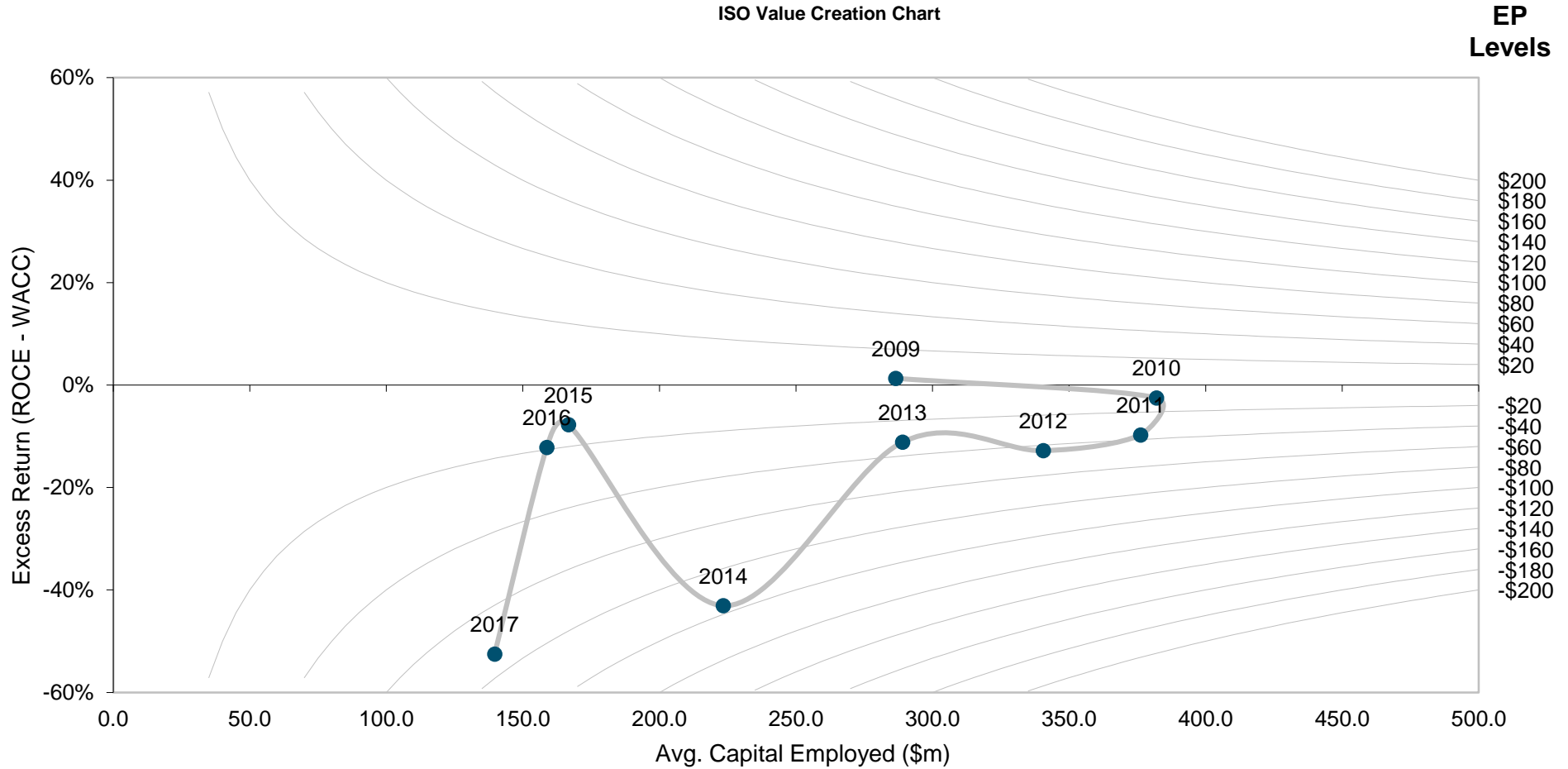
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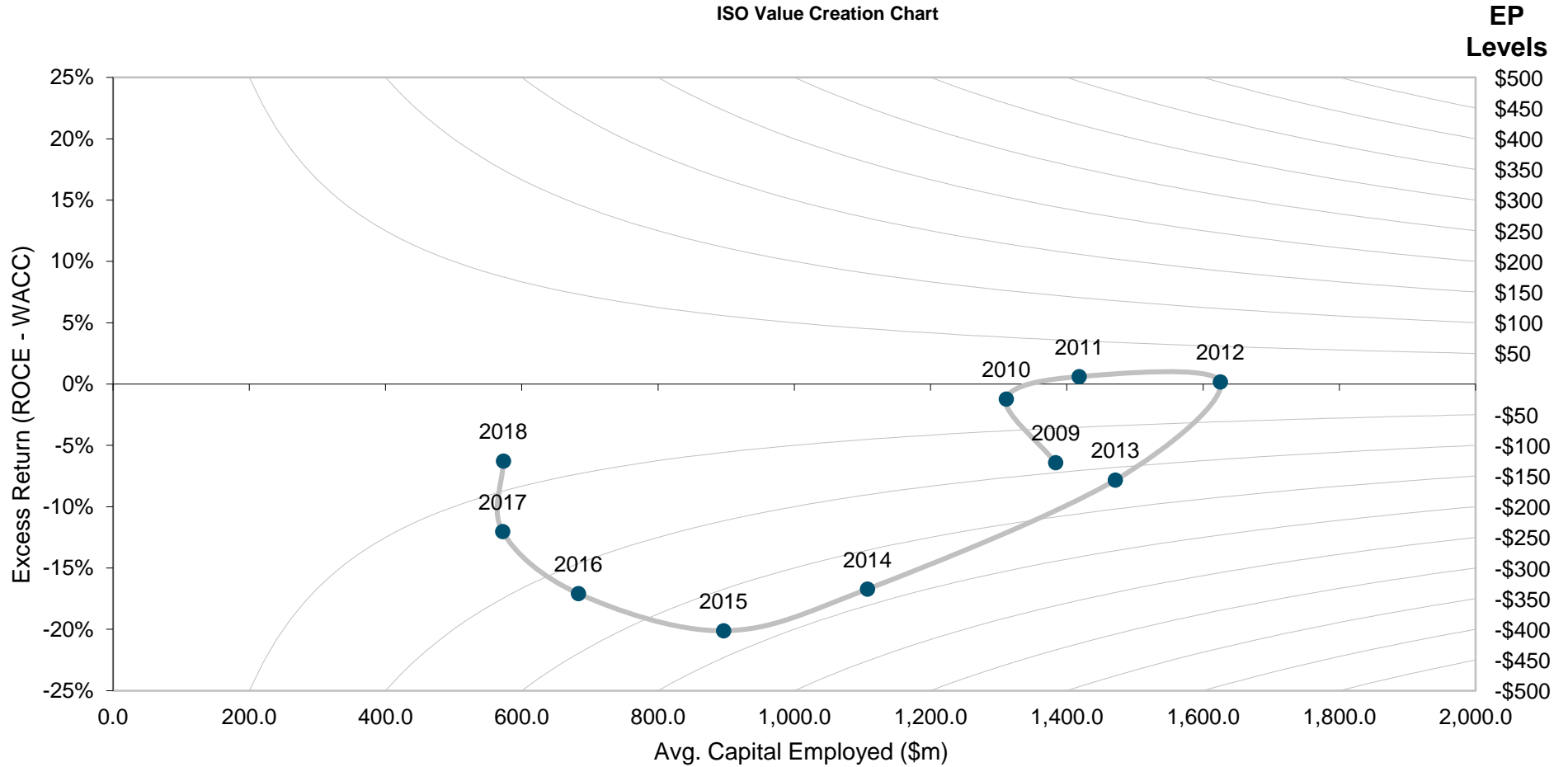
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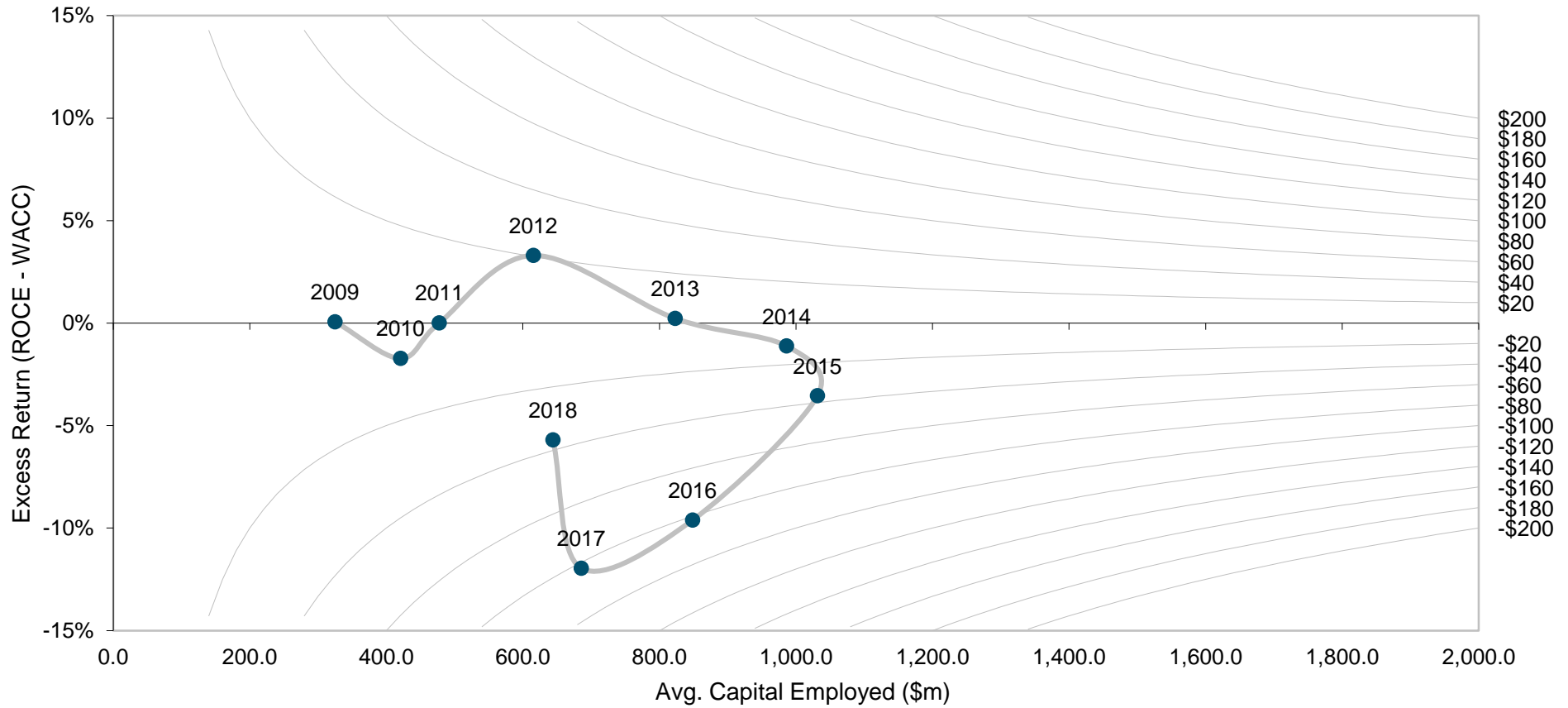
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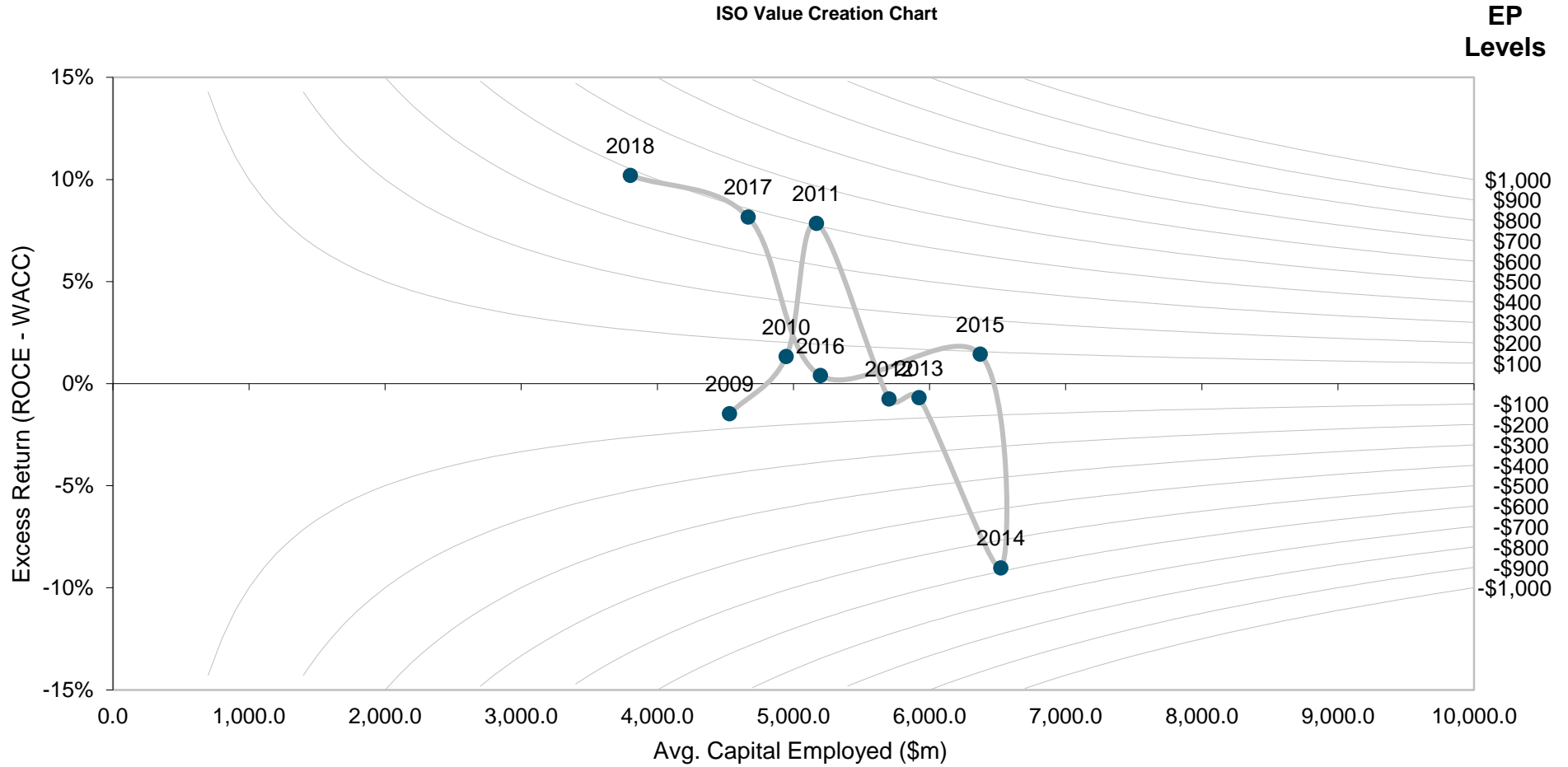
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ISO Value Creation Chart

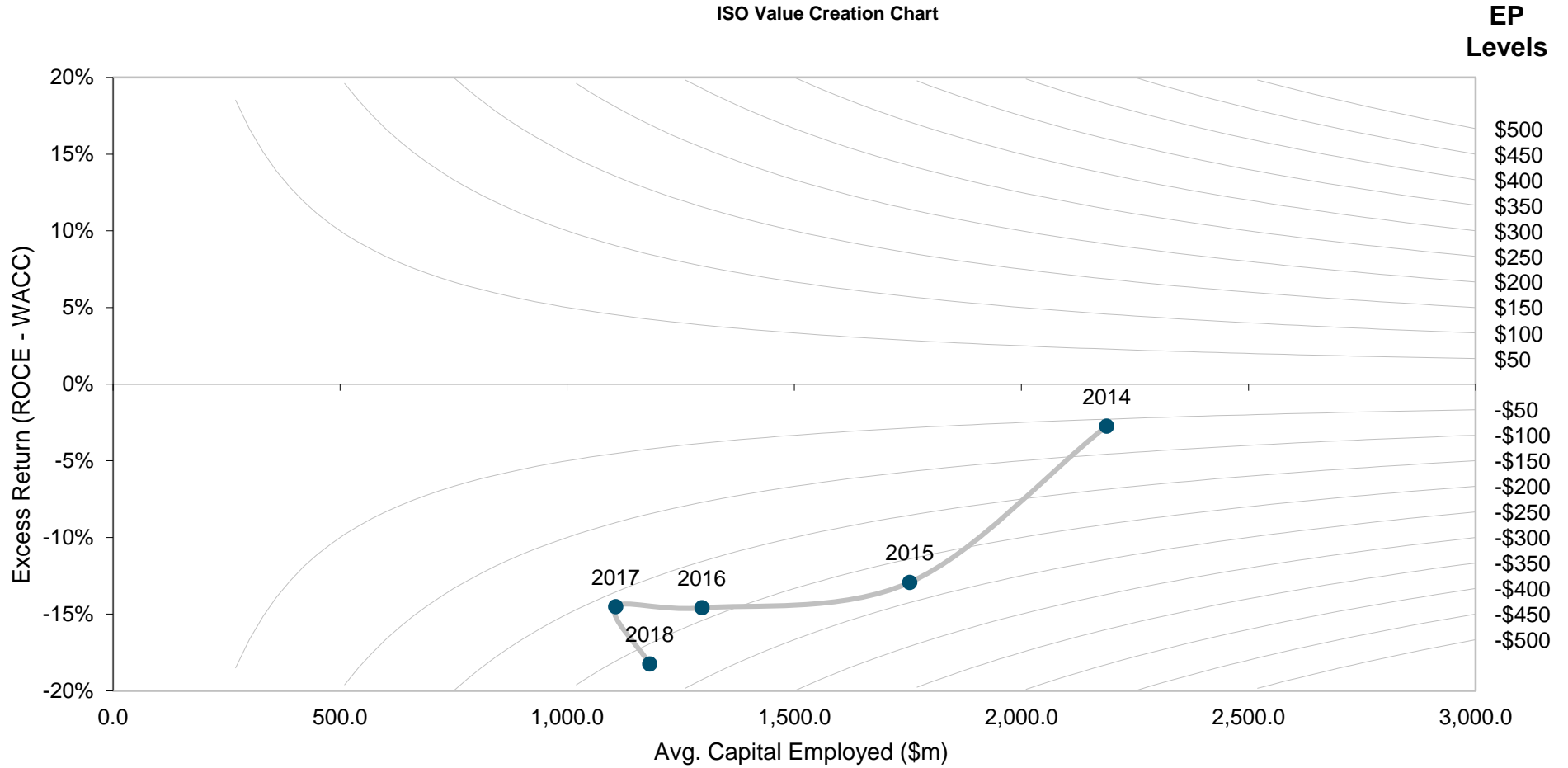
EP Levels



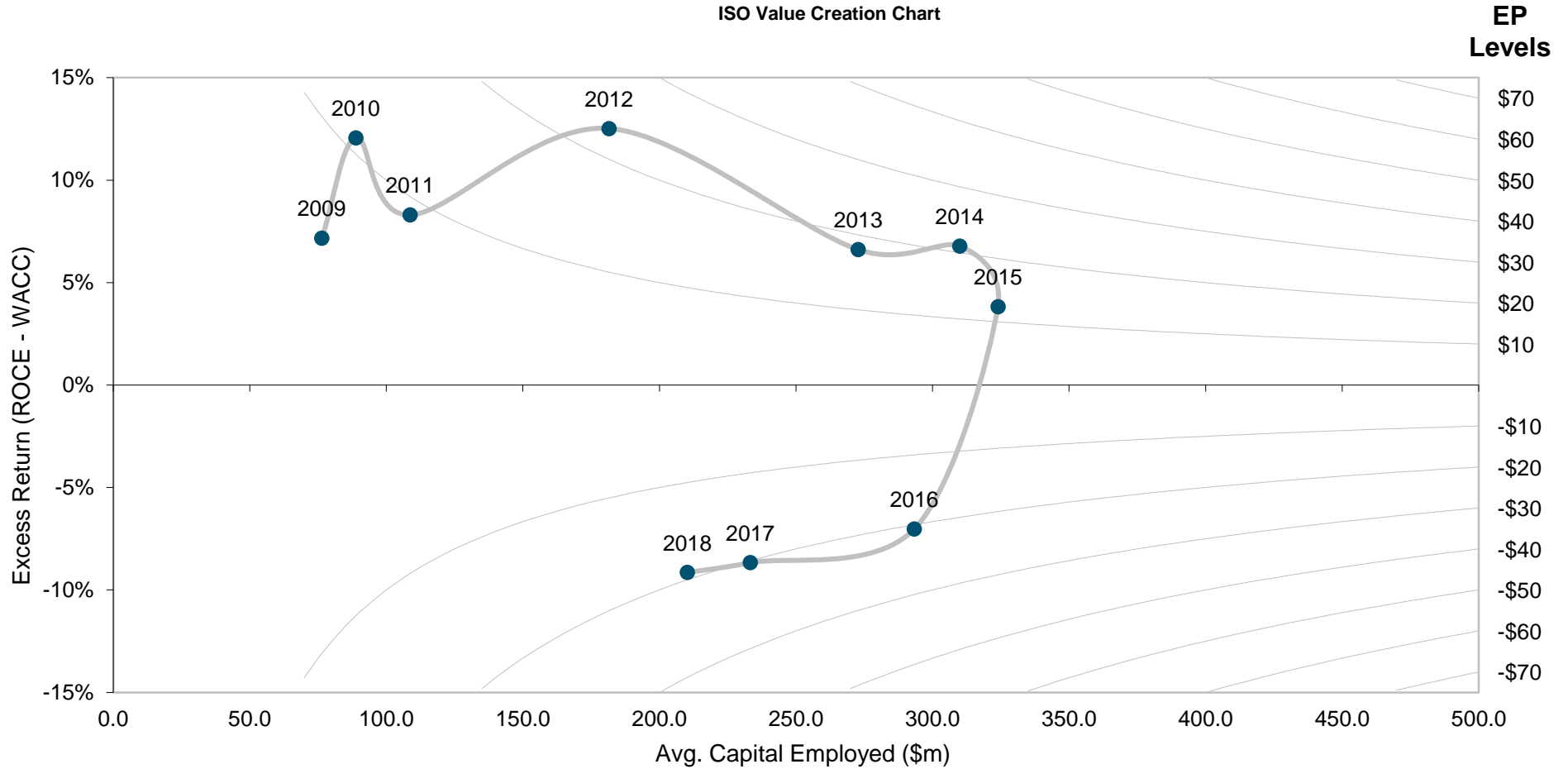
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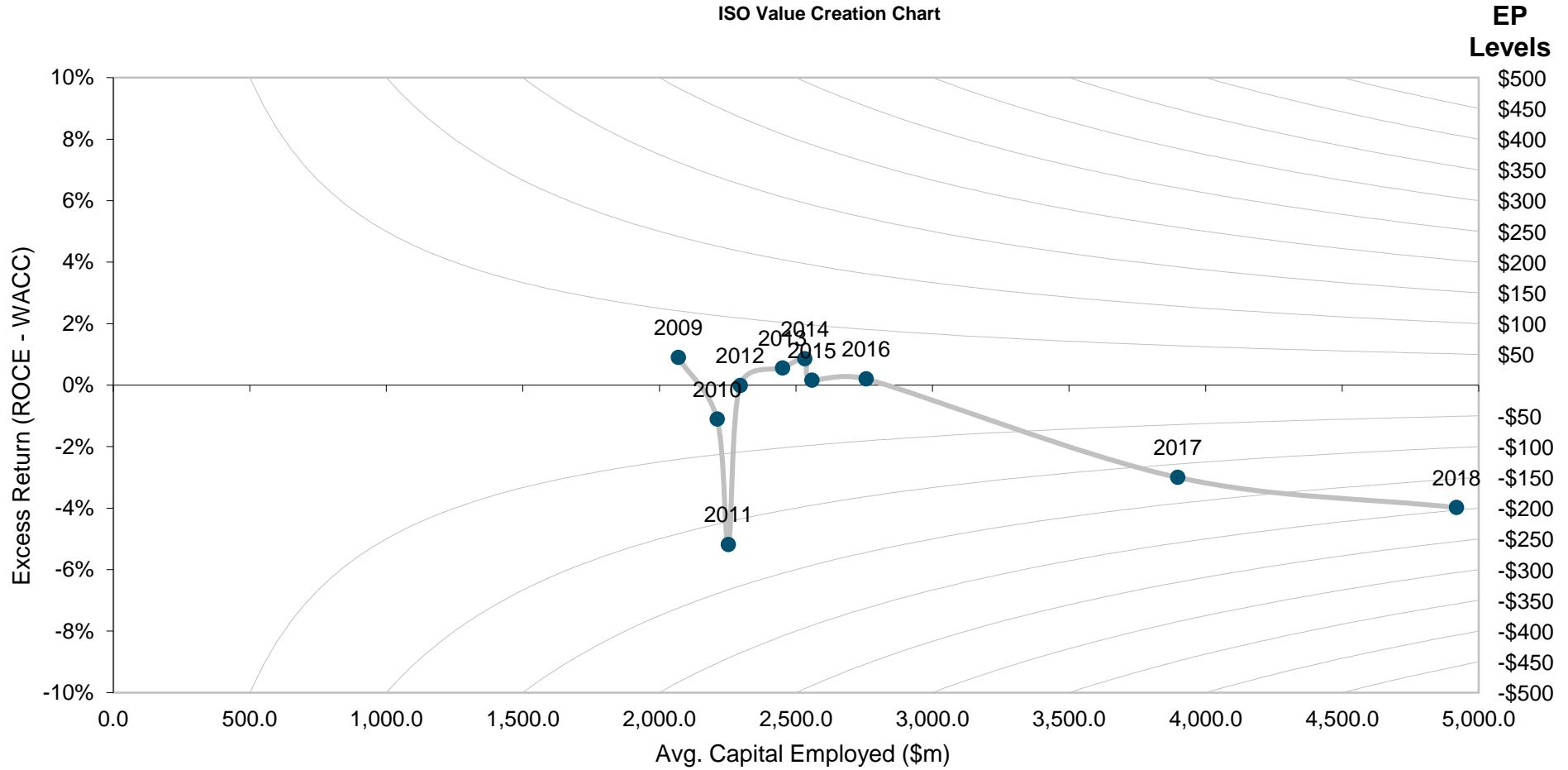
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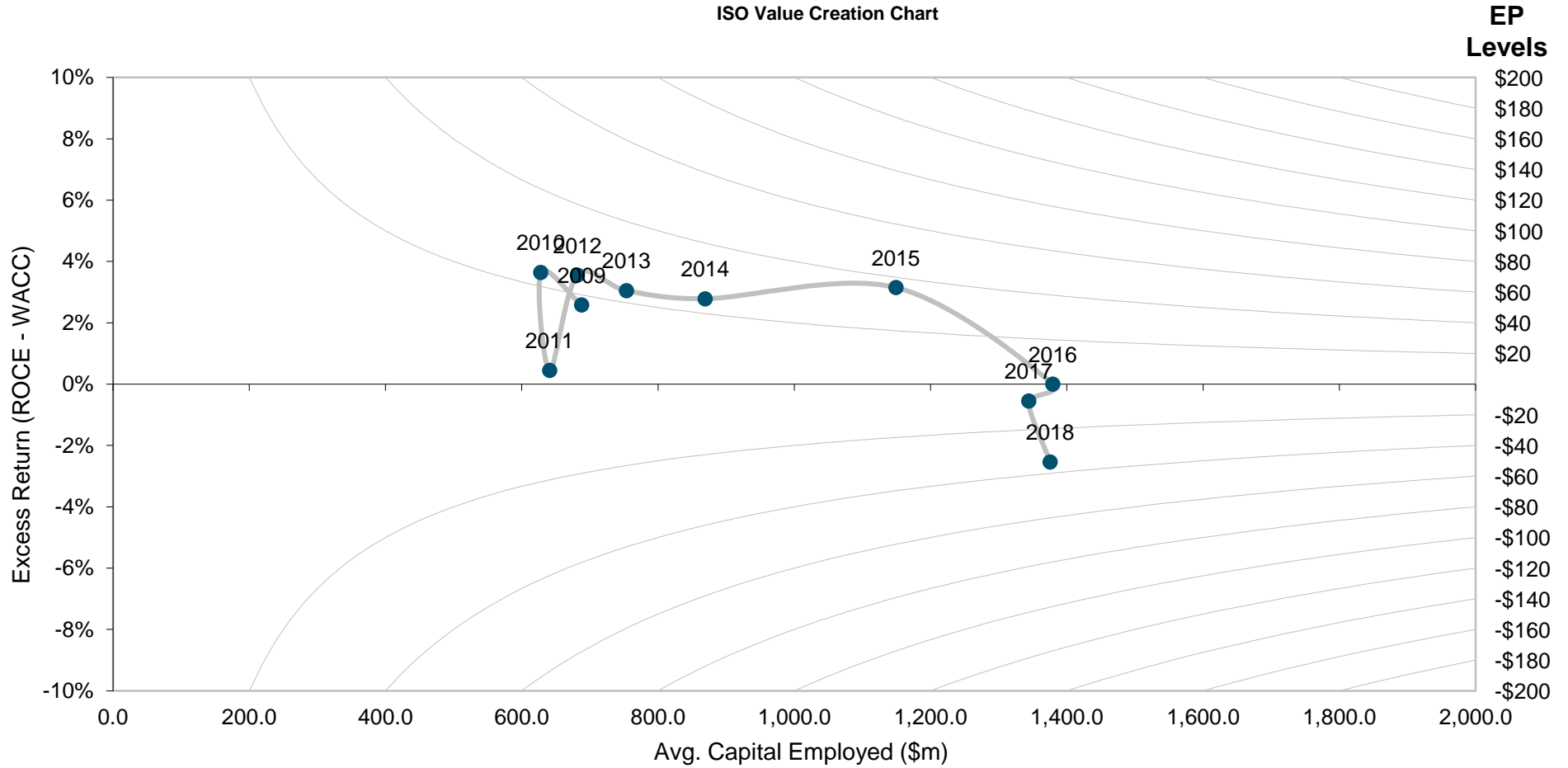
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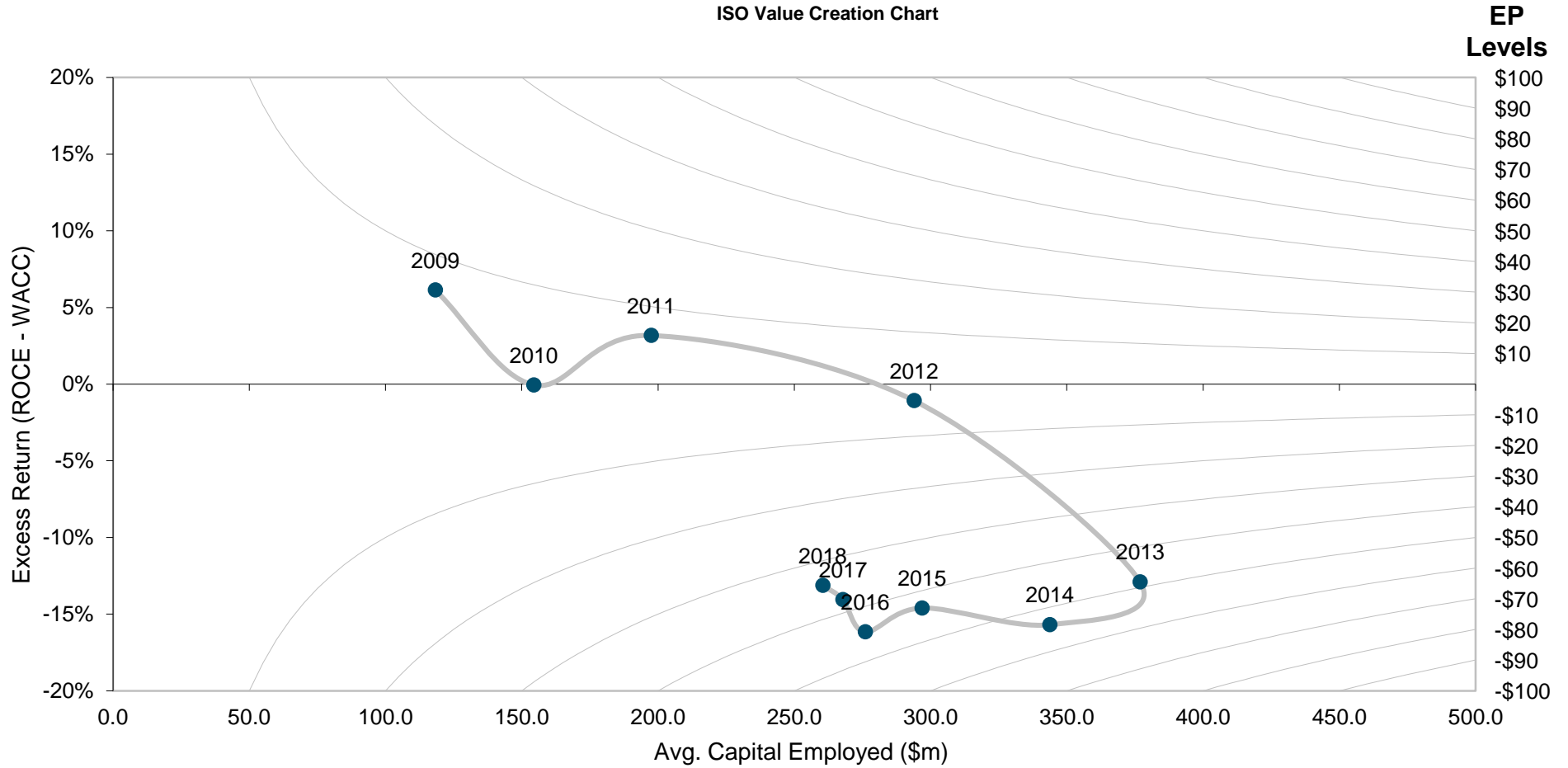
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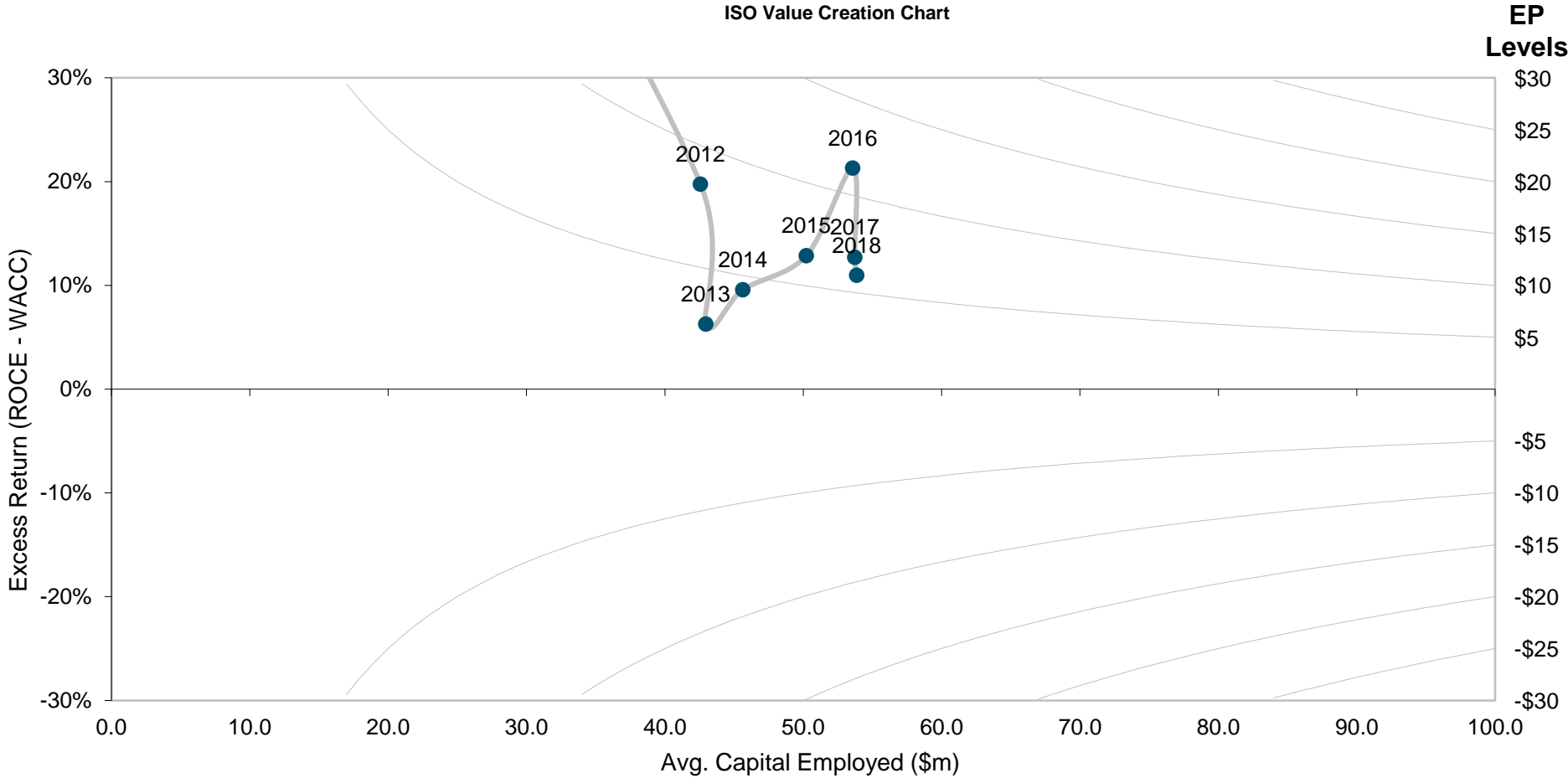
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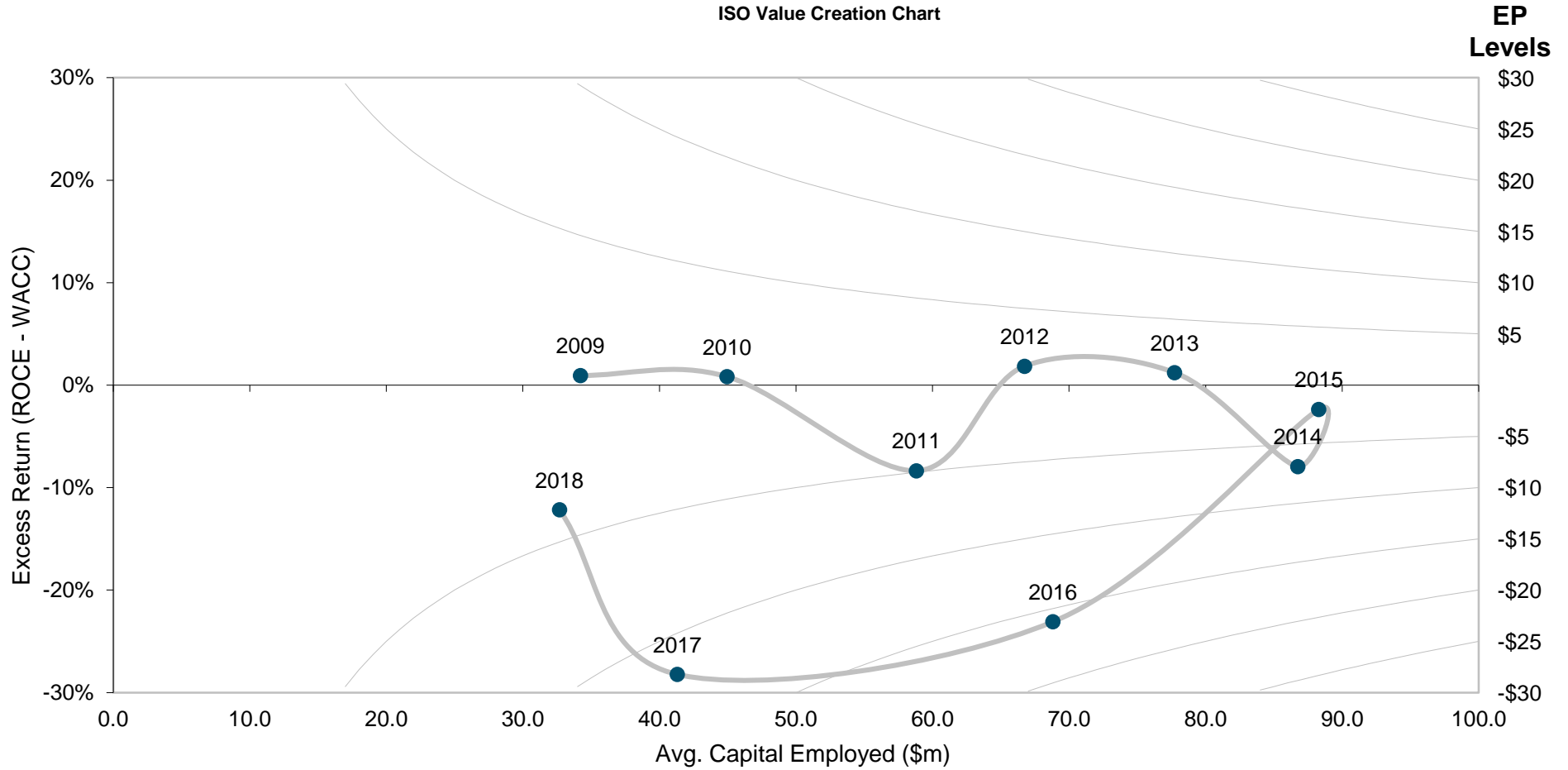
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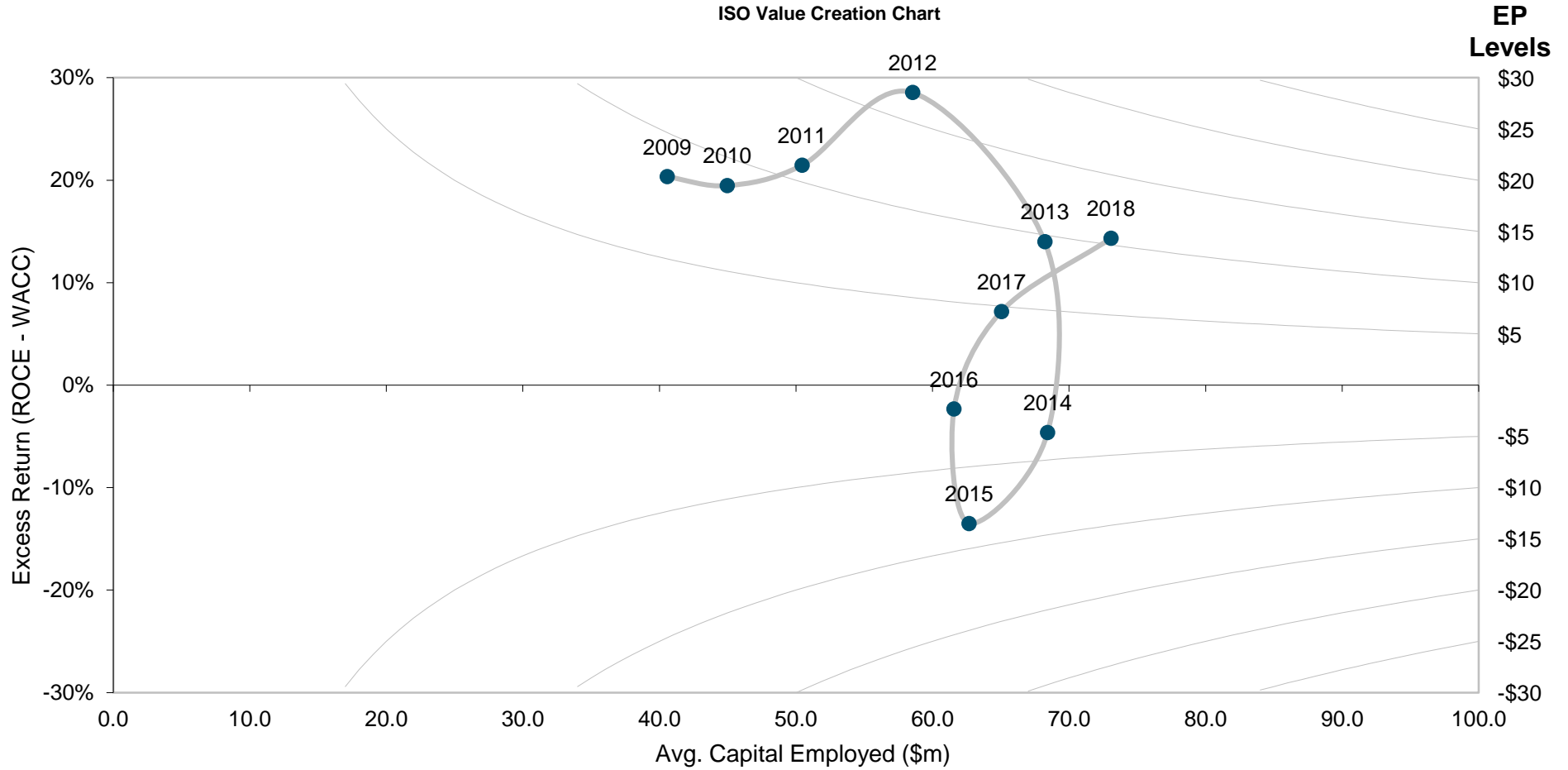
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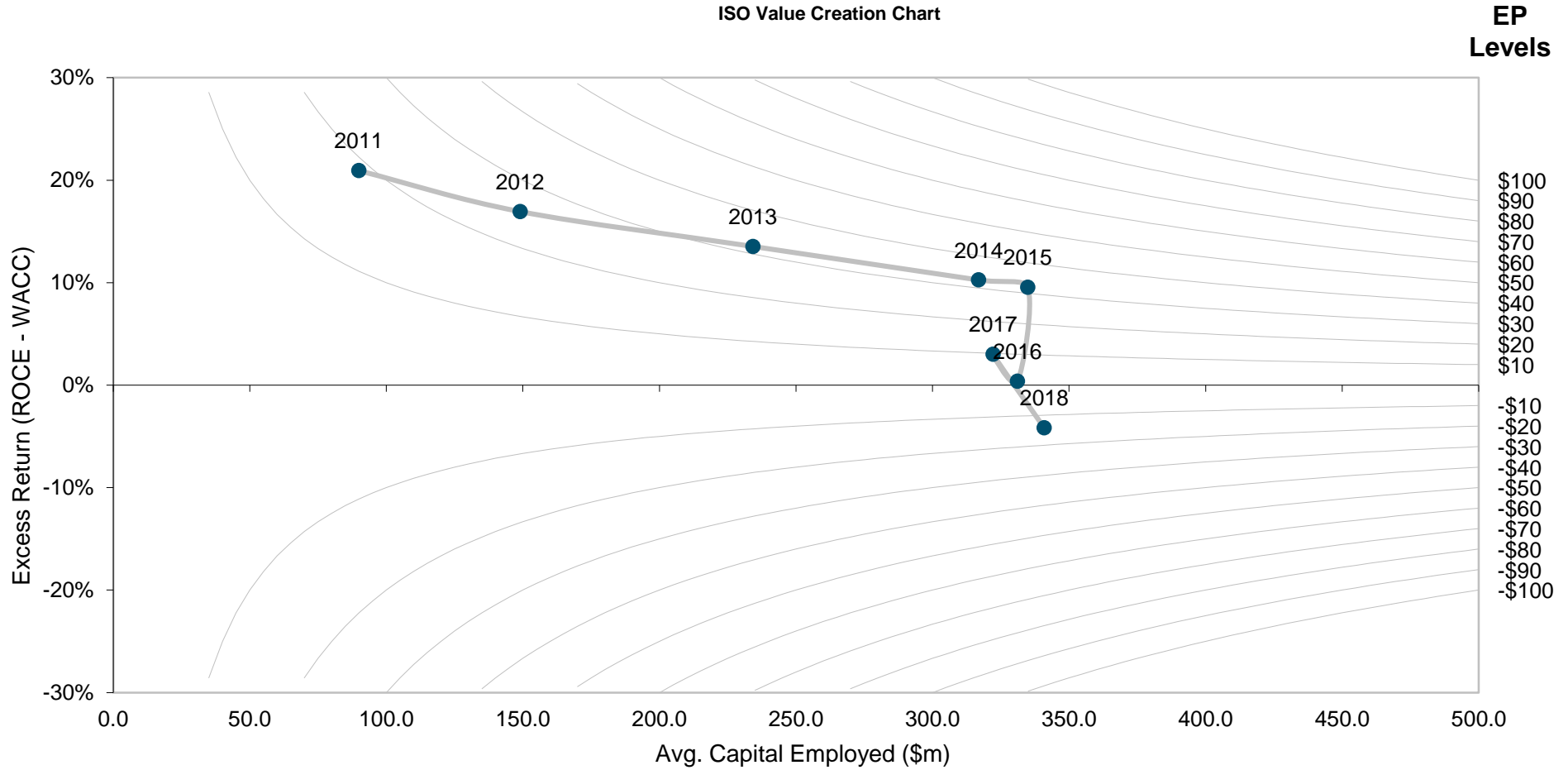
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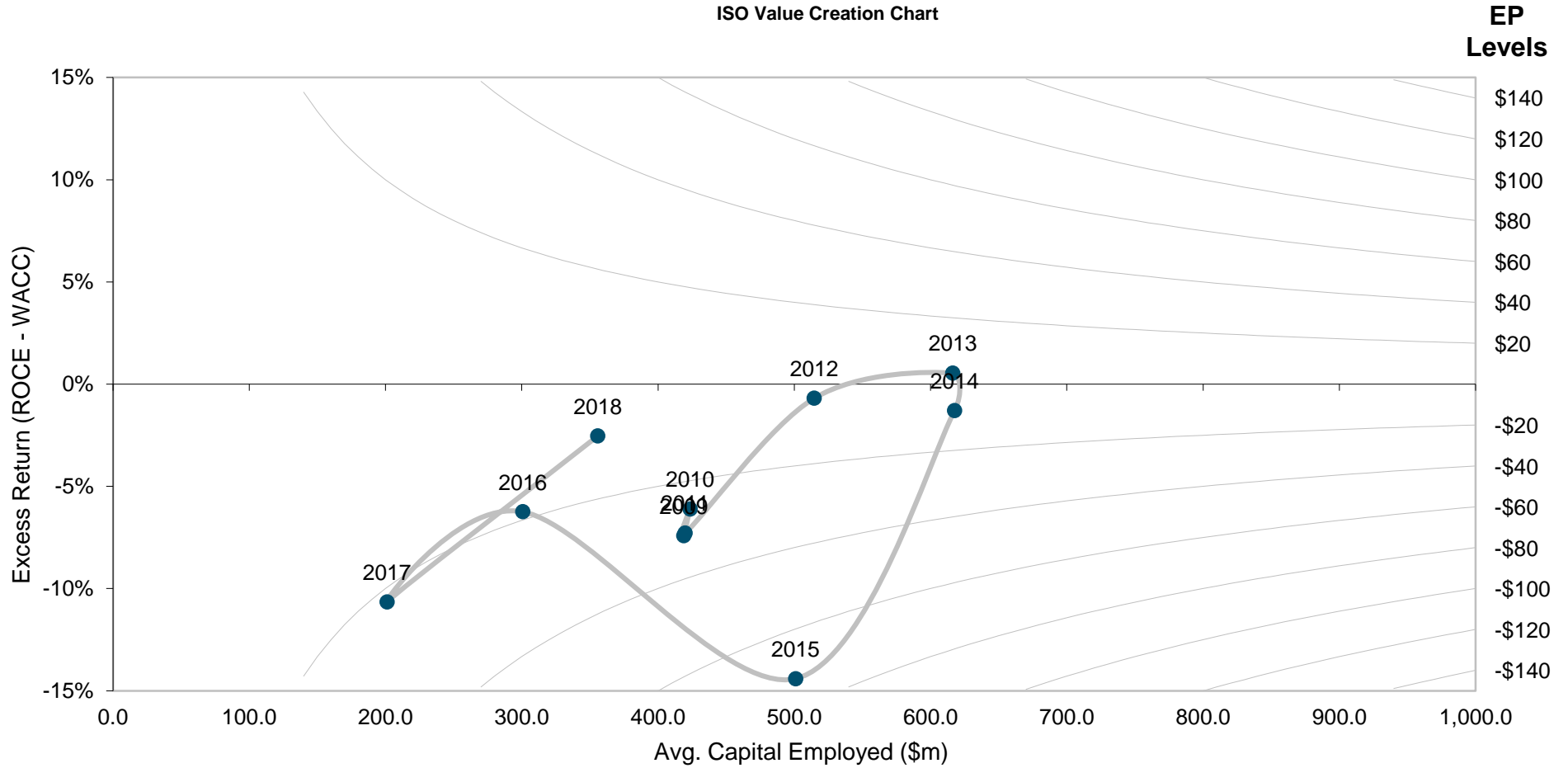
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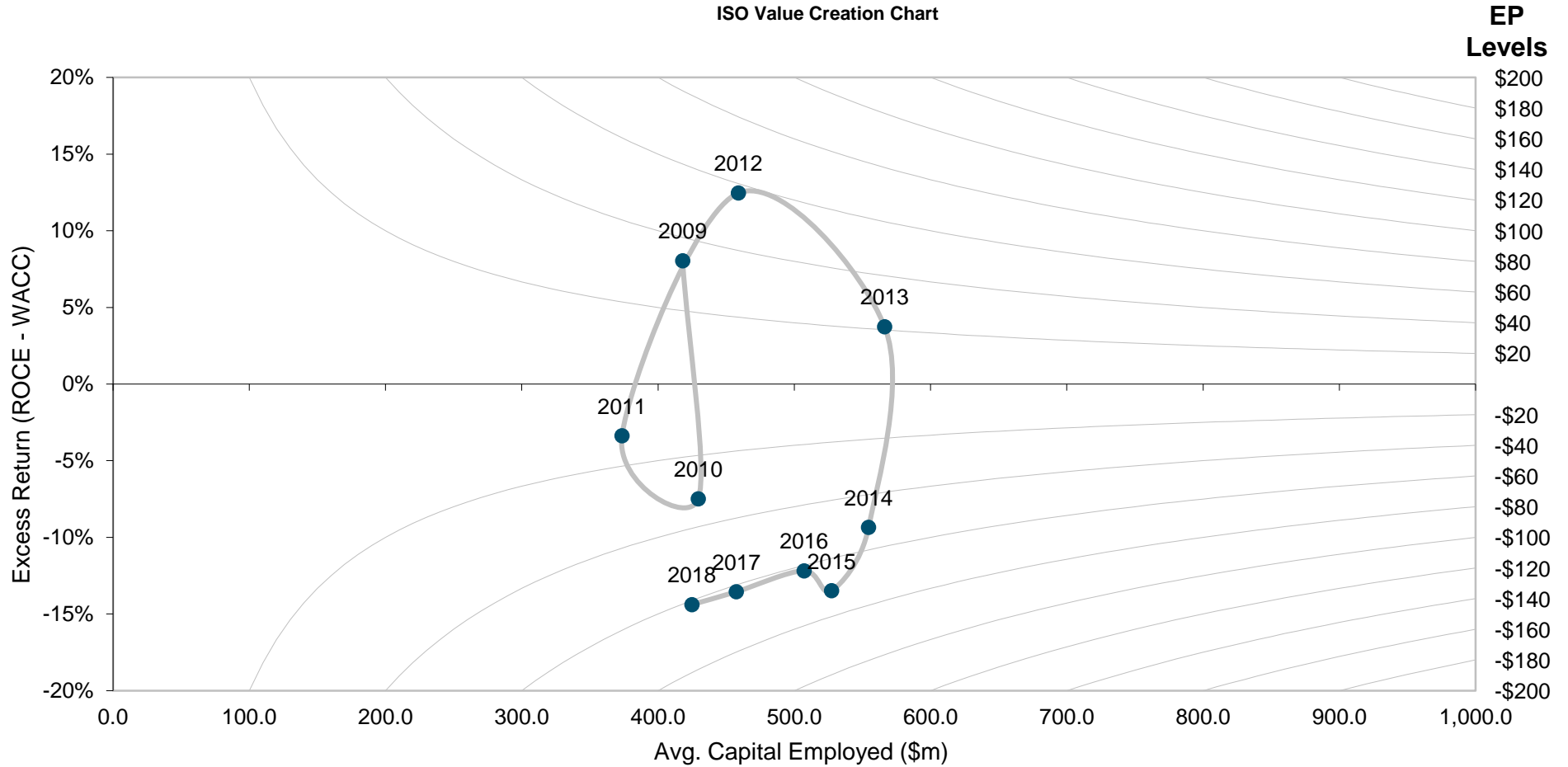
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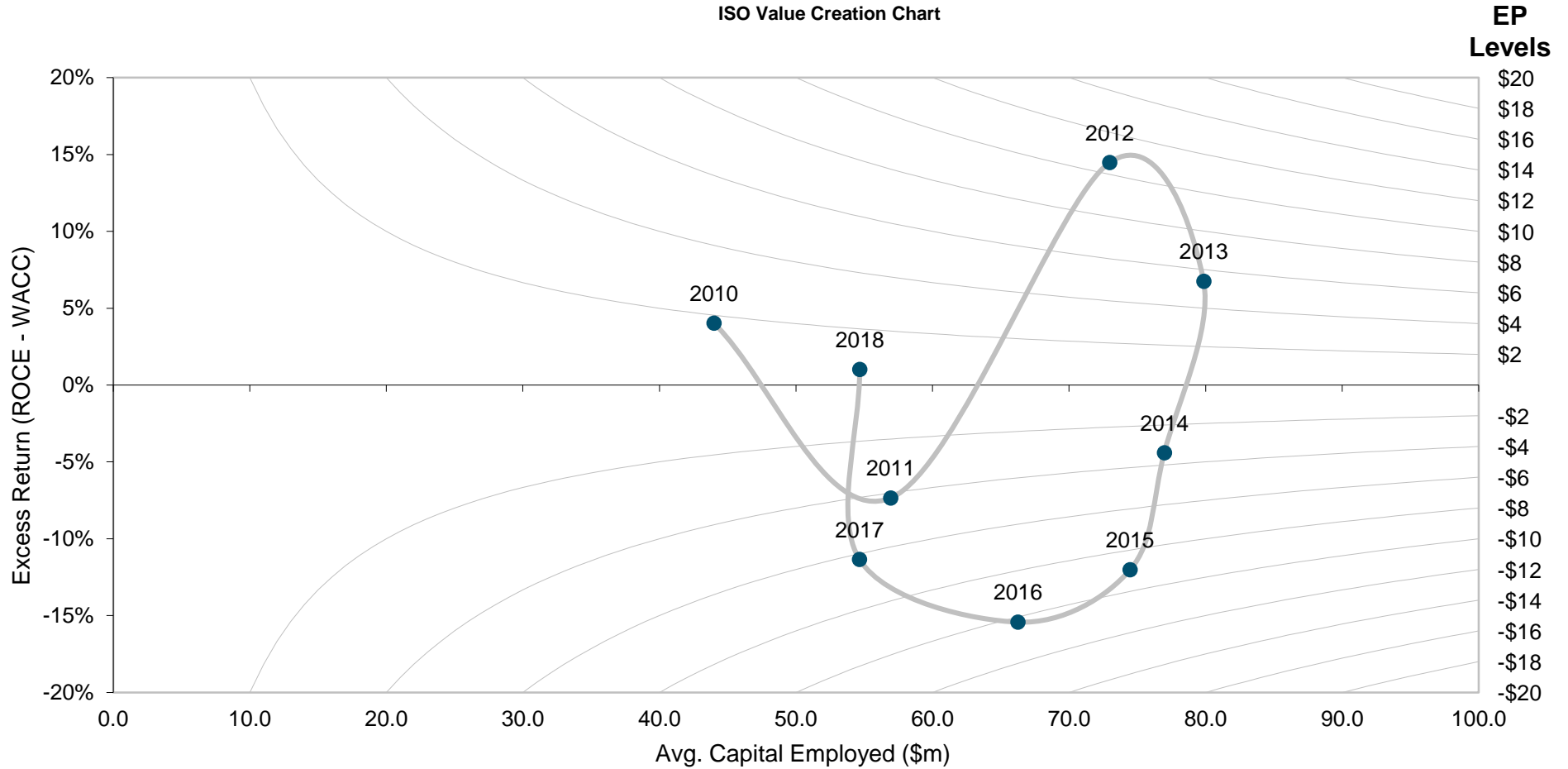
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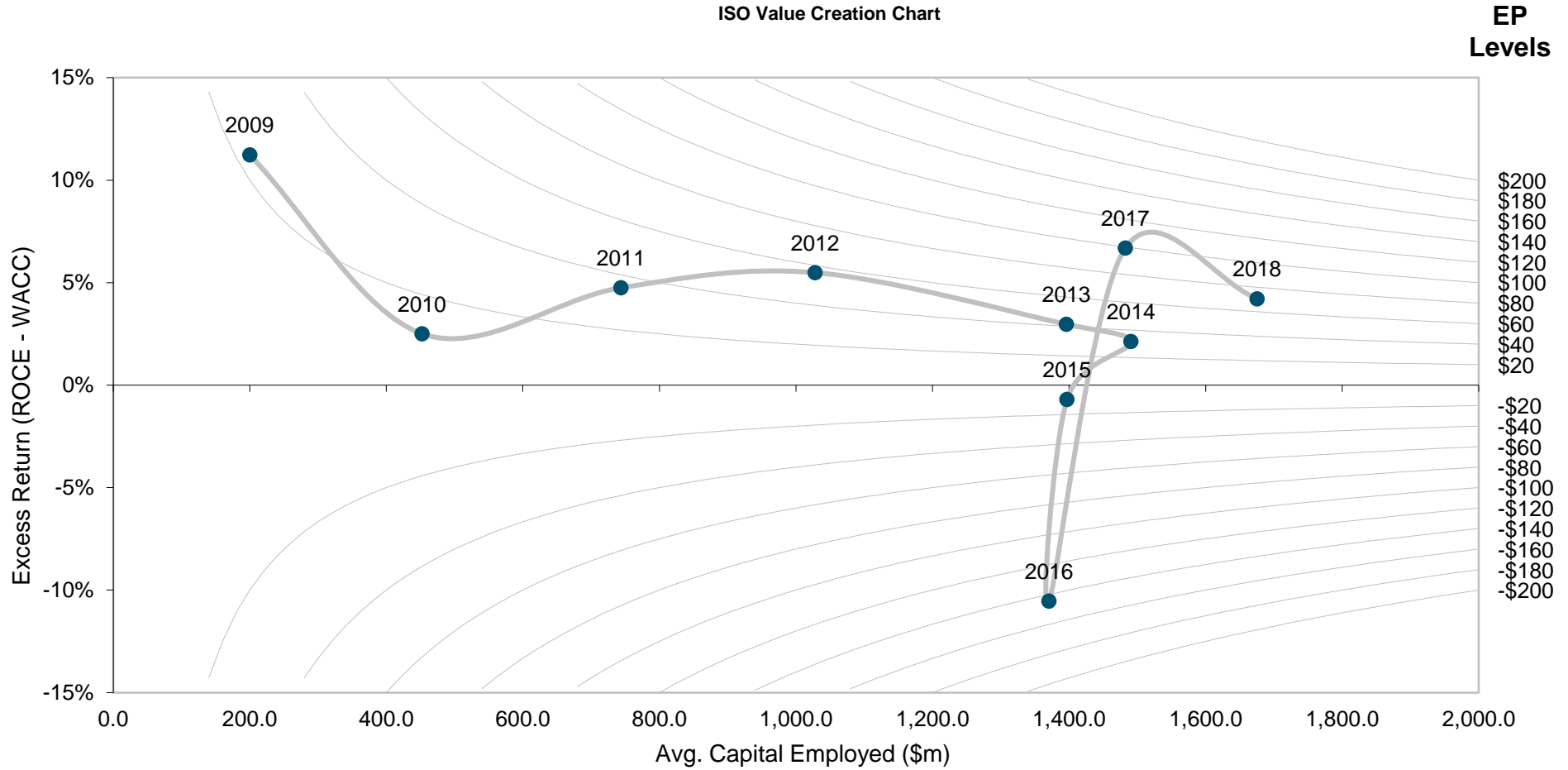
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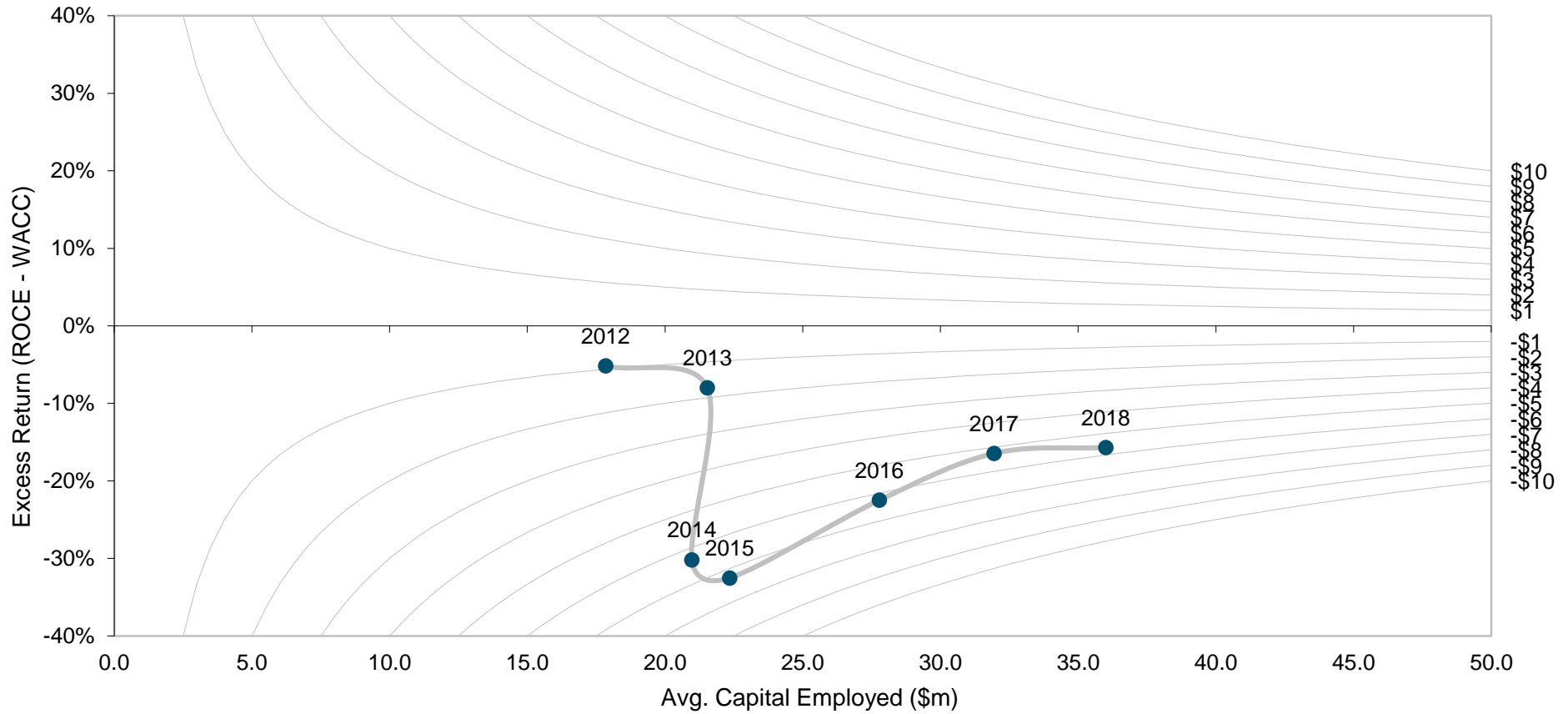
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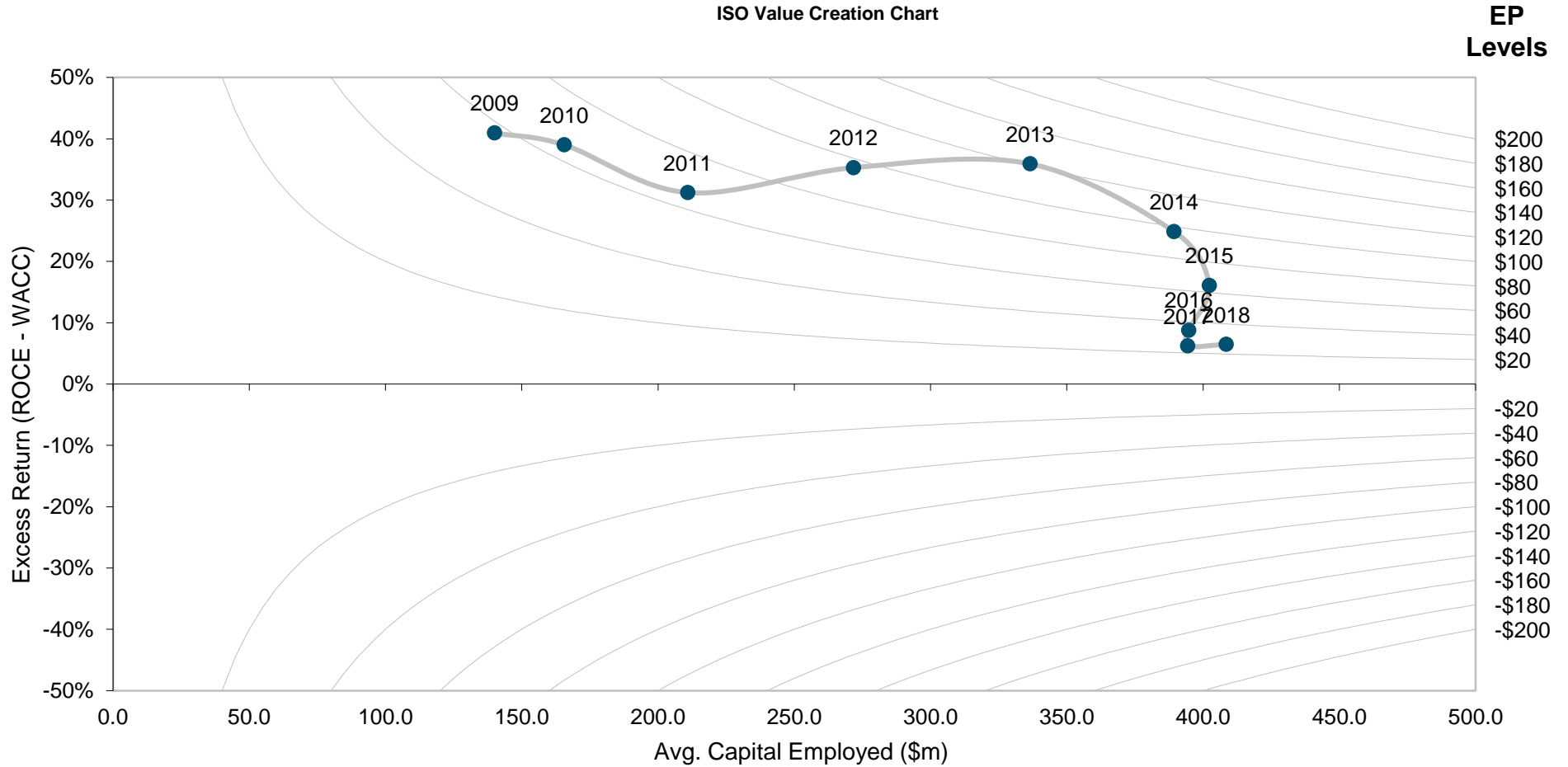
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ISO Value Creation Chart

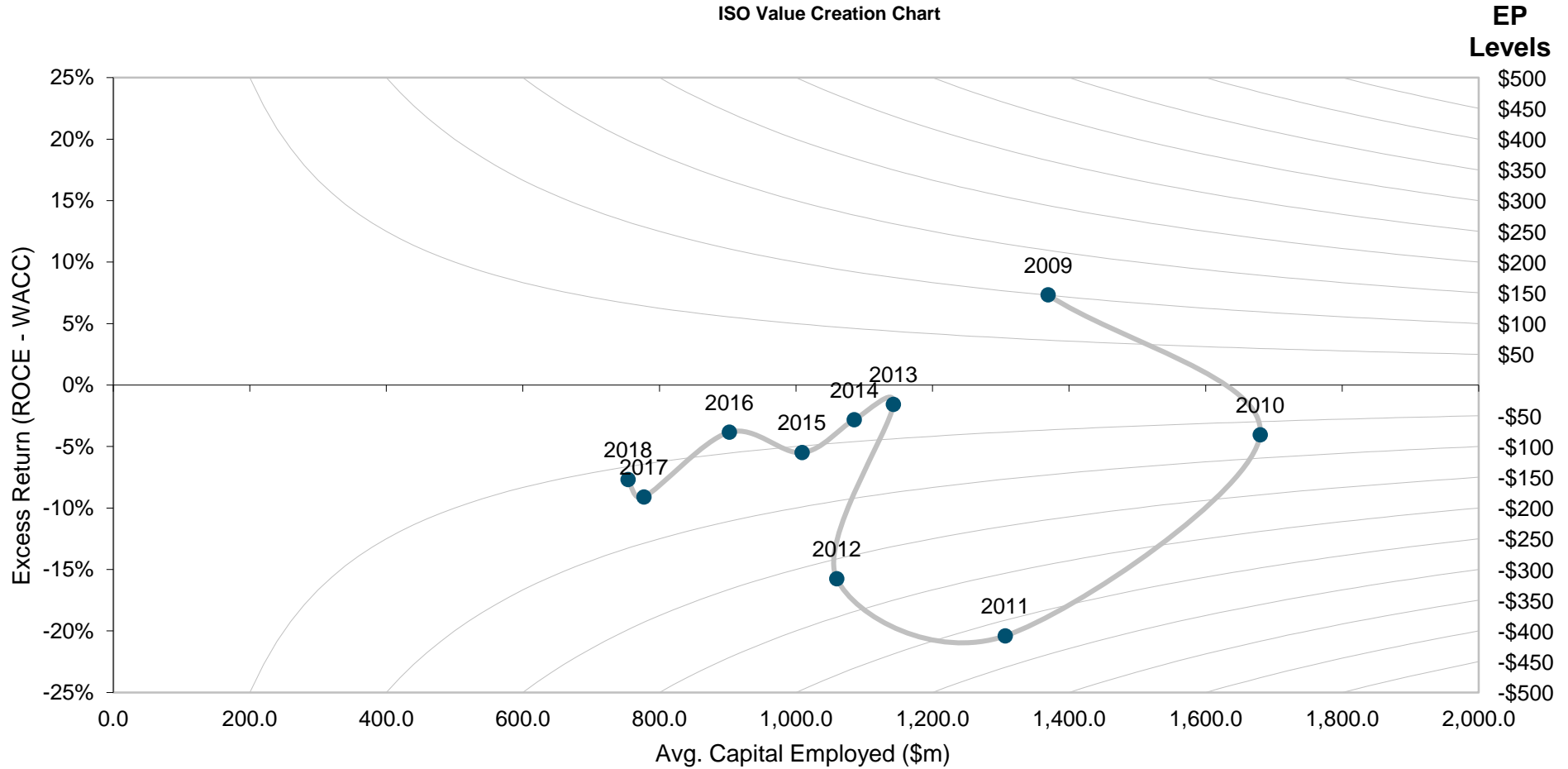
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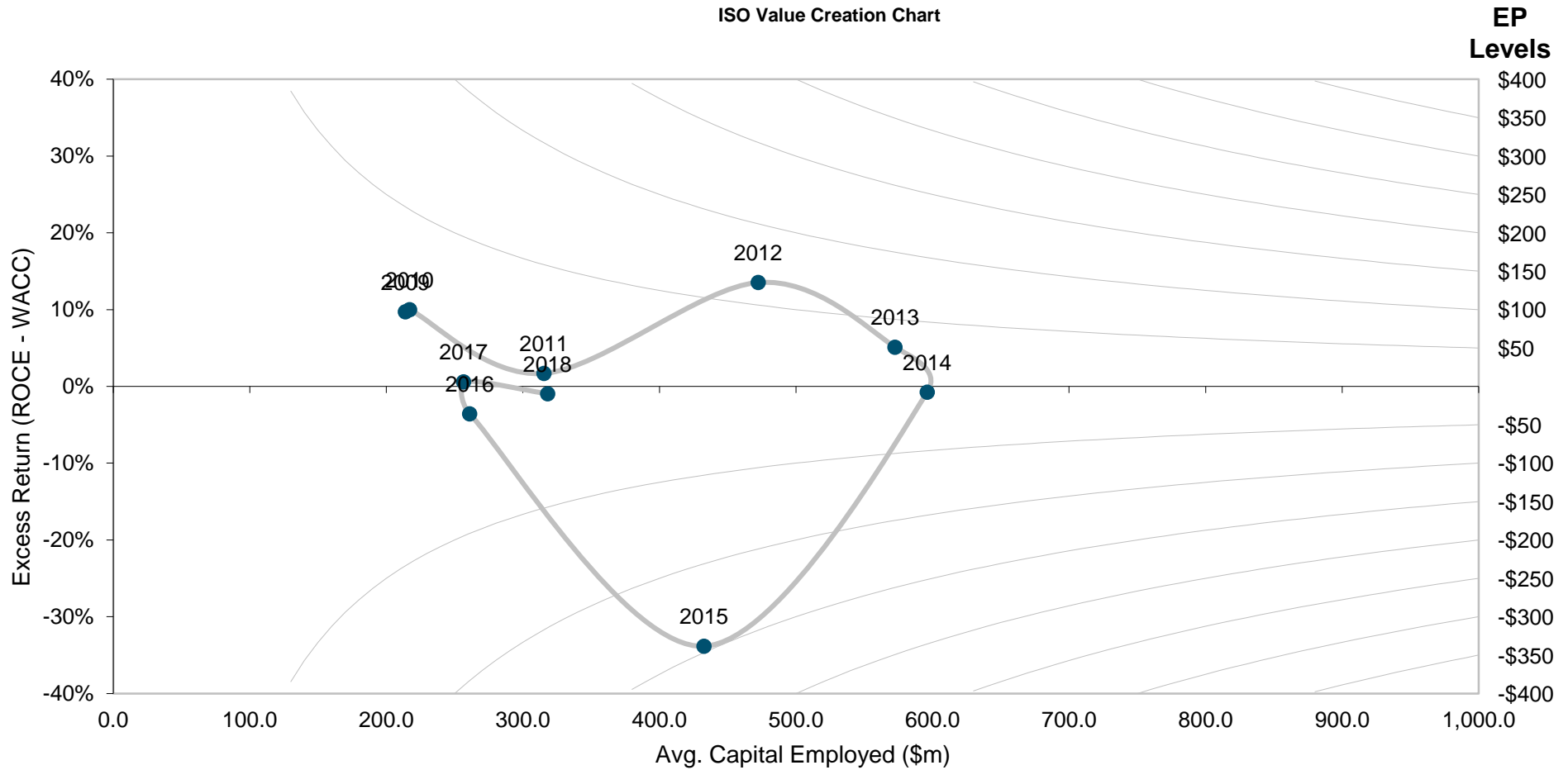
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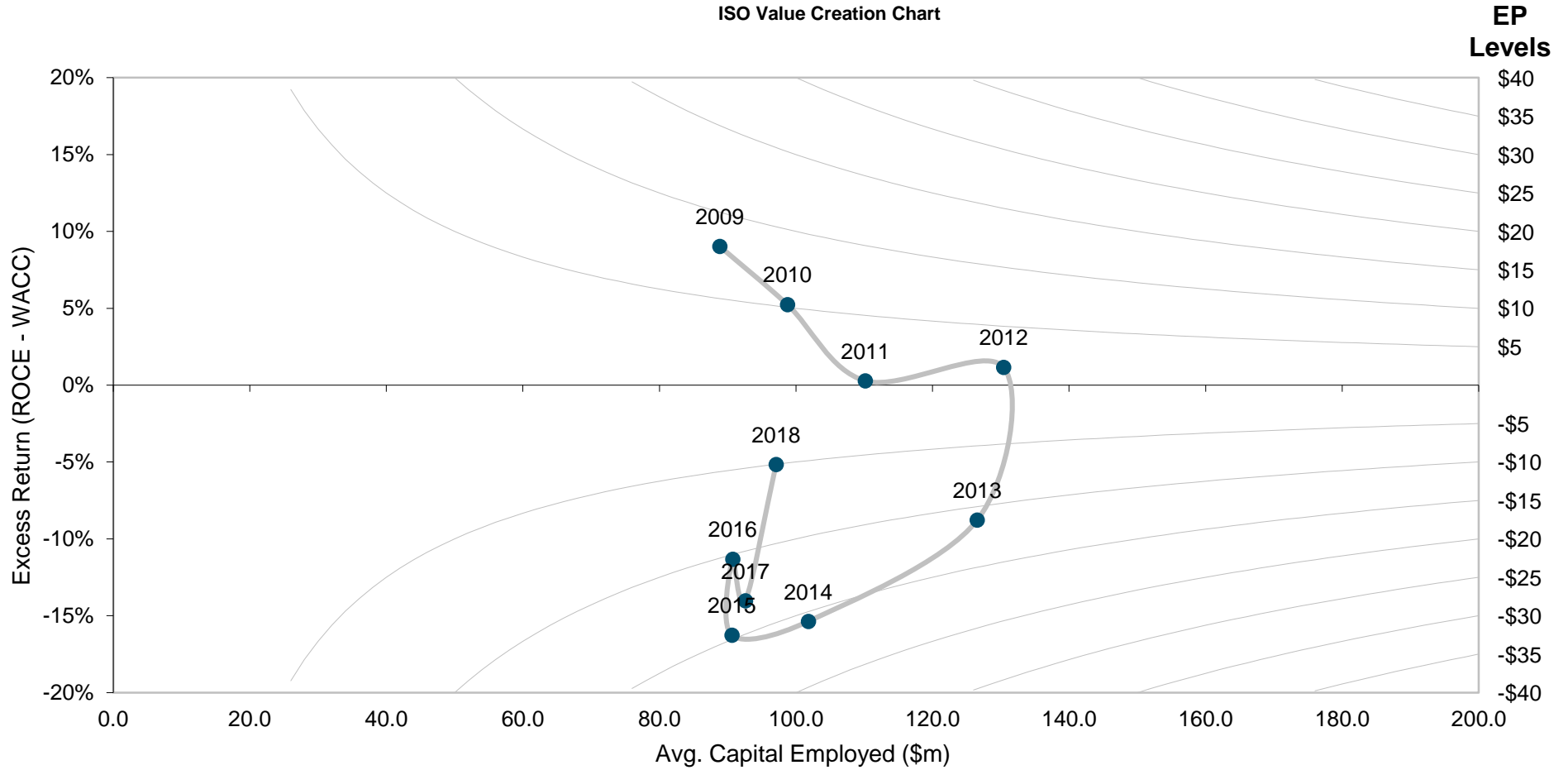
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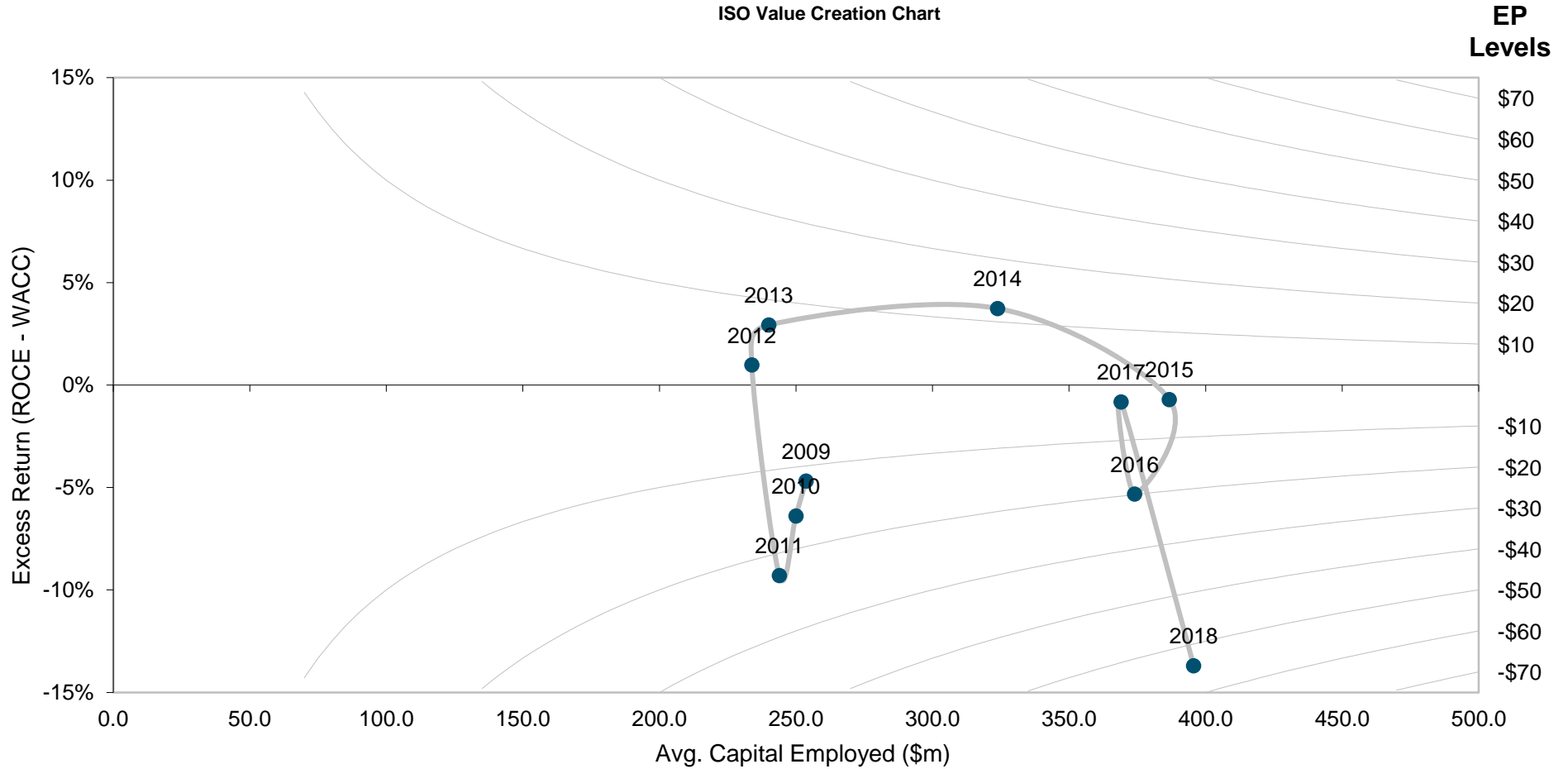
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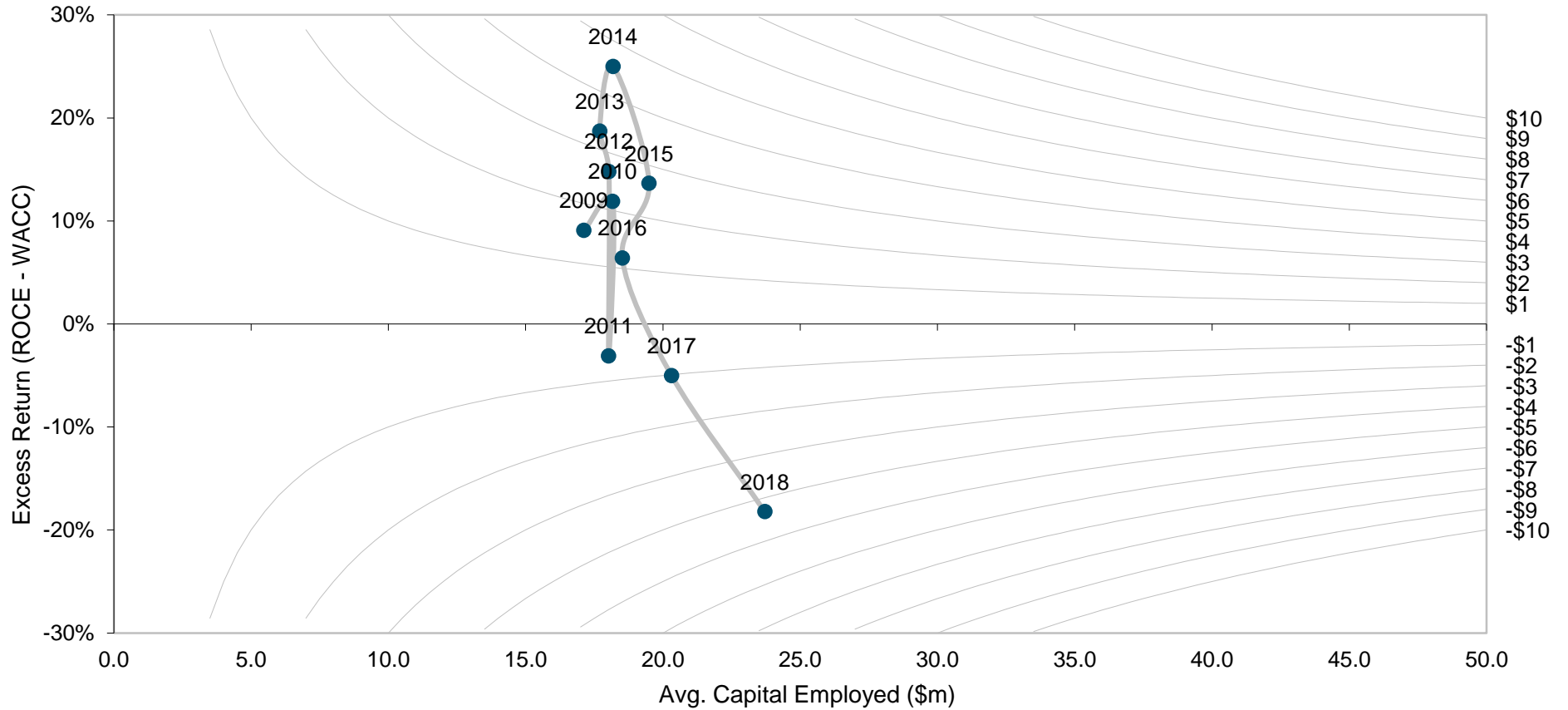
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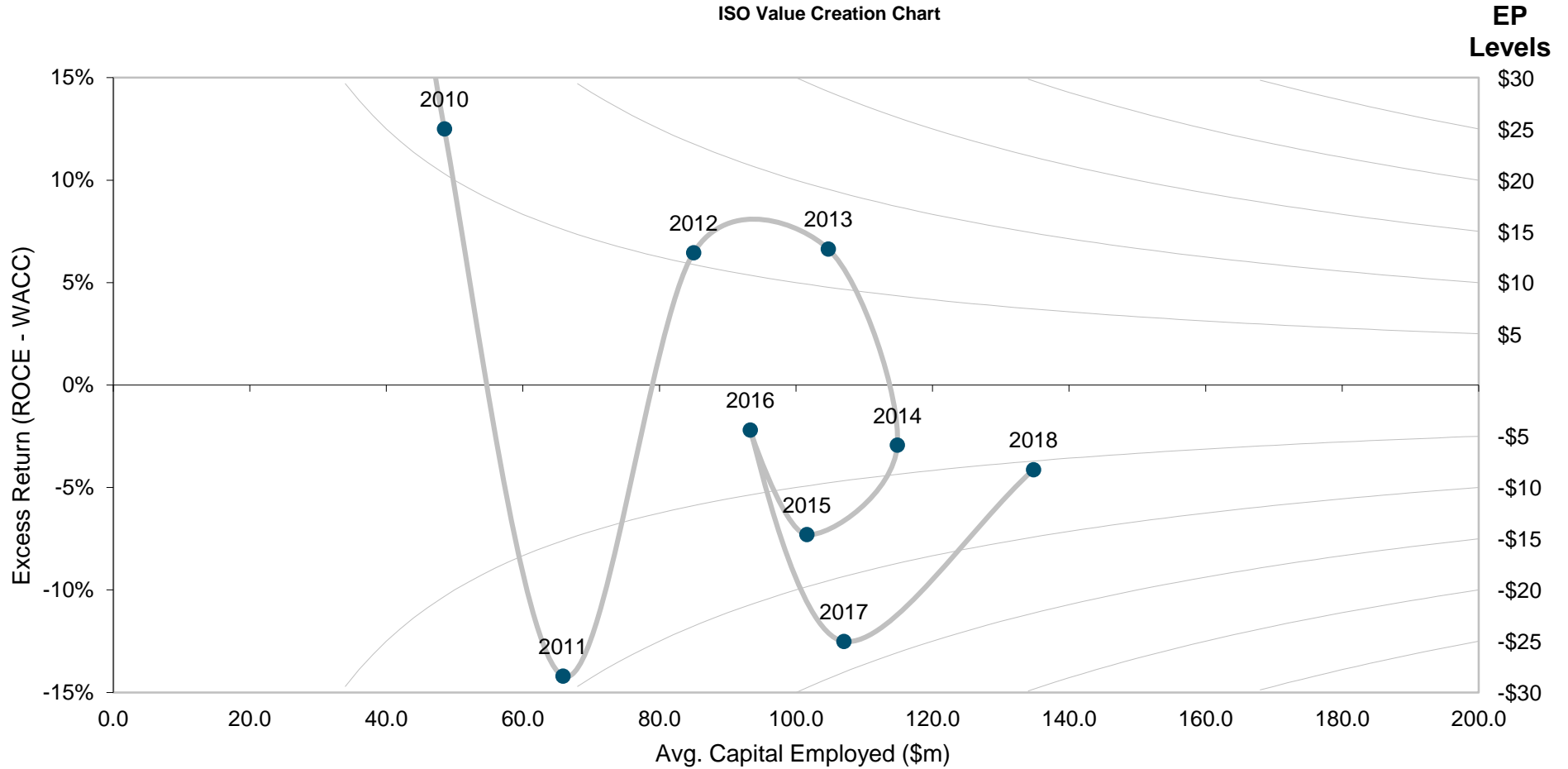
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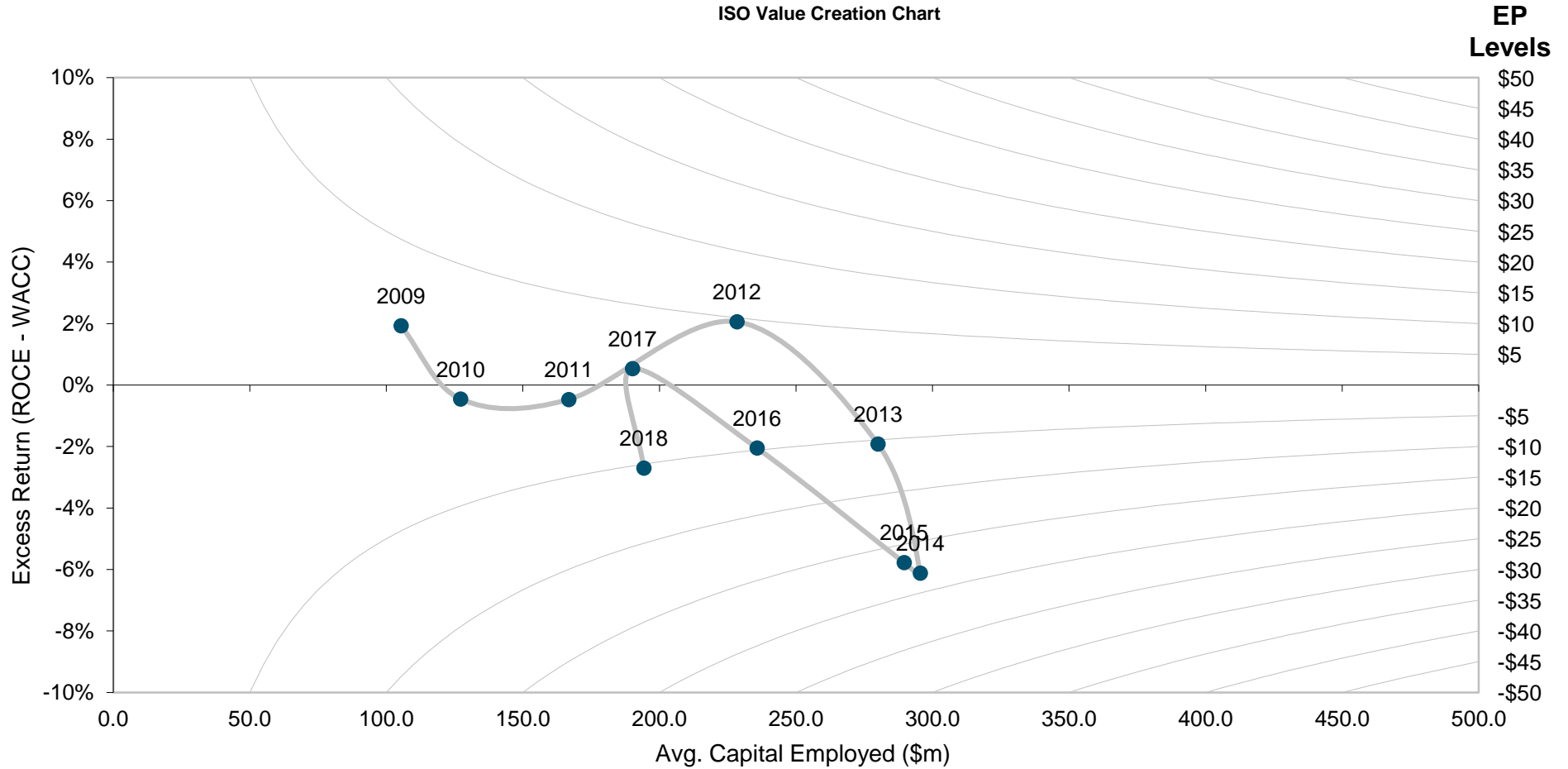
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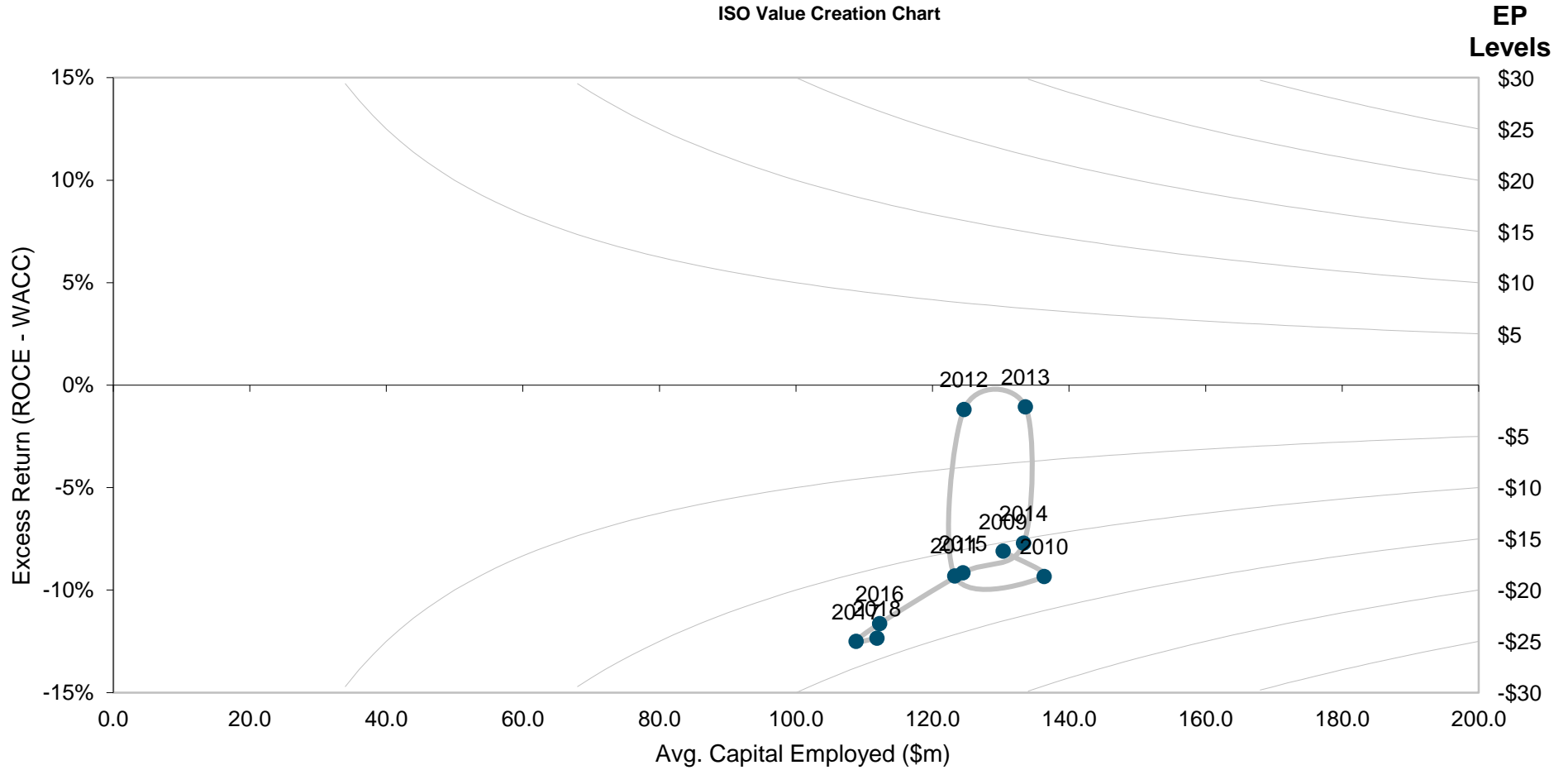
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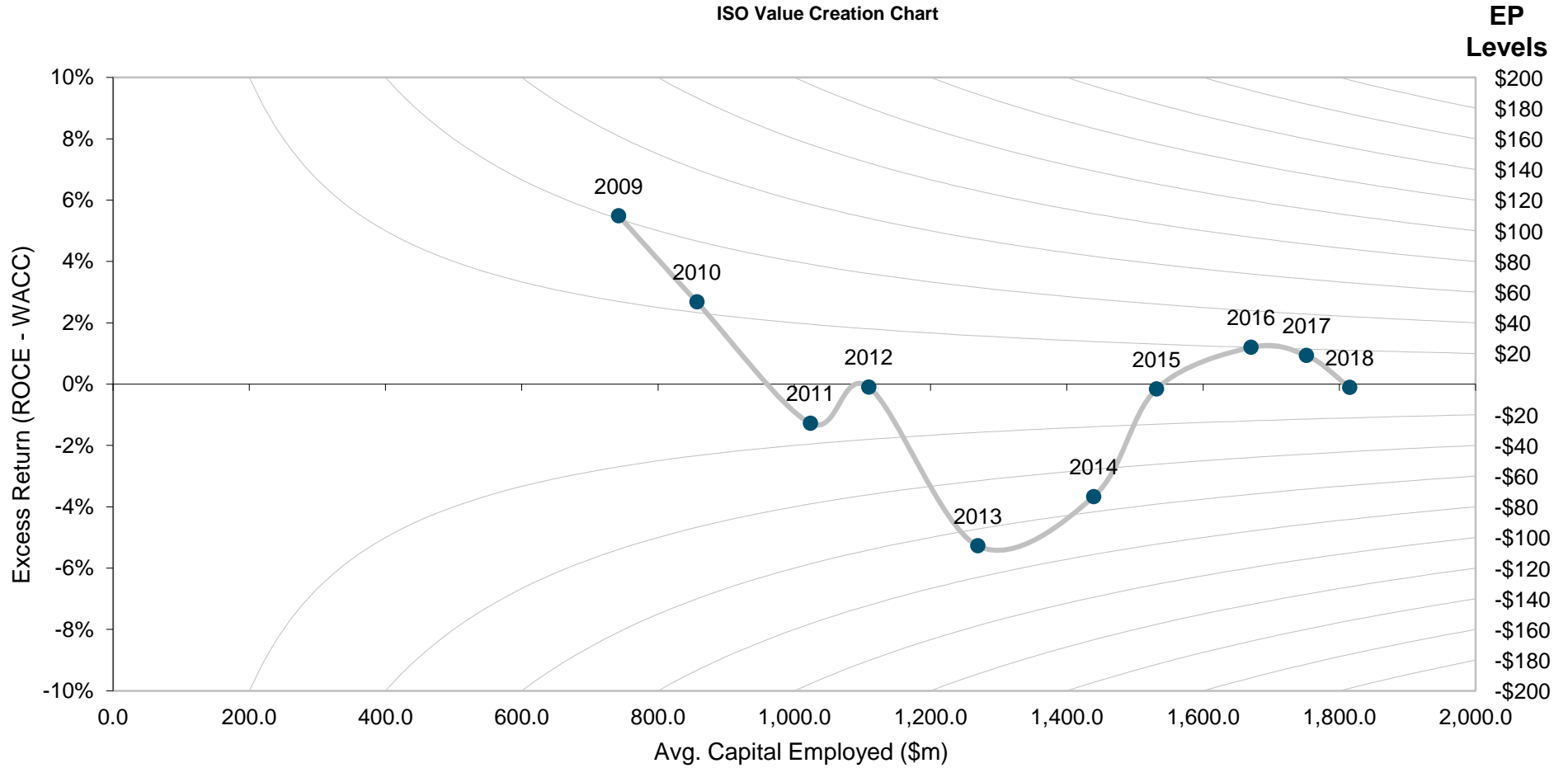
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