

# Master Drilling's continued investment in technology developments to support healthy pipeline

**26 March 2019** - Master Drilling Group Limited (Master Drilling, JSE: MDI) today reported stable results for the year ended 31 December 2018. Revenue increased by 14.2% to USD138.7 million and operating profit remained stable at USD23.6 million, marking a positive result given challenges in the macroeconomic environment experienced by the business in many of the geographies where it operates.

Commenting on the release of the company's annual results, Danie Pretorius said: ***“Over the past year, the macroeconomic operating environment proved to be more difficult than initially anticipated, both globally and domestically. Notwithstanding this, we remained steadfast in the pursuit and implementation of our strategy, laying the foundation for future growth through the continued development of new, ground-breaking technologies, the expansion of our global footprint and by nurturing our client and business relationships.”***

The past year was characterised by volatility across markets, including commodity, currency and equity, markets. However, the partial upswing in the commodity cycle saw Master Drilling secure a solid pipeline of USD578.6 million and a strong order book of USD203.6 million for 2019 across a wide range of geographies including Canada, Turkey, Ghana and Italy.

A key pillar of Master Drilling's strategy is technological innovation, which enables the business to provide clients with advanced and effective drilling solutions across geographies and sectors. In the last year, Master Drilling made progress in achieving this by unveiling and subsequently launching the Mobile Tunnel Borer and by announcing the TunnelPro Srl (TunnelPro), a joint venture with Ghella SpA (Ghella), to acquire SELI Technologies (SELI), a leading manufacturer of tunnel boring machines. Progress was also made in the development of the Blind Shaft Boring system technology. Testing on this technology is underway.

Recently, Master Drilling introduced Remote Drilling, which has been successfully commissioned at AngloGold Ashanti's Mponeng Mine, considered the world's deepest mine. Remote drilling enables operation of an automated drill rig from a remote location. Master Drilling's remote raise bore machine is currently working 3km underground at Mponeng Mine which is being operated from the contractor's site office on the surface.

The Master Drilling remote system is a proprietary “plug & play” control and display module that connects to the drill rig's local control module through the mine's underground and shaft communication network. By removing all personnel from the dangerous underground

environment this self-driven mechanism has proven to improve production time and confirms that autonomous drilling technology is at the core of safer mining operations.

***“Technology is at the forefront of our business and ensuring that we stay ahead of drilling technology trends is what sets us apart. After launching the Mobile Tunnel Borer at the Mining Indaba in 2018, we commissioned SELI technologies to build the machine. The machine was tested in Italy and we are now proud that the machine is being shipped to South Africa and will be deployed on a local pilot project”***,added Pretorius.

Over the past year, five raise bore machines were added to the Master Drilling fleet, contributing 1.8% growth in revenue, while the acquisition of Bergteamet and Atlantis contributed to growth in revenue of 9.5% and augmented the skills pool as well as the Group’s global footprint in India, Brazil and Zambia.

***“The technological innovation underway globally seeks to generate efficiency and productivity gains and improve global supply chains to enhance the way in which we live and work. It is disruptive and evolves unbelievably fast. Master Drilling has taken cognisance of this and has focused on delivering solutions that primarily reduce costs and increase safety, while additionally rendering projects that were previously considered marginal, viable. The future of our industry is increasingly about man and machine, and we are well positioned to deliver on this”***,concluded Danie Pretorius.

The company has declared an annual dividend of ZAR26,0 cents per share.

## **CONTACTS**

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## **NOTES TO EDITORS**

### **About Master Drilling**

*“We challenge the status quo to provide our clients with specialised, adaptive and integrated drilling solutions.”*

Master Drilling was established in 1986 and listed on the Johannesburg Stock Exchange in 2012. The company delivers innovative drilling technologies and has built trusted partner

relationships with bluechip major and mid-tier companies in the mining, civil engineering and building construction sectors across various commodities worldwide.

The Master Drilling business model of providing drilling solutions to clients through tailor-made designs coupled with flexible support and logistics chain makes it the preferred drilling partner throughout the lifecycle of projects from exploration to production and capital stages.