

Diversification in global markets remains a key driver of growth for Master Drilling

10 September 2019 - Master Drilling Group Limited (Master Drilling, JSE: MDI) today released the group's results for the six months ended 30 June 2019. During the six-month period, an increase in revenue was realised on the back of the acquisition of the Atlantis Group, which has strengthened Master Drilling's operations in the regions in which it operates and has augmented the skills and expertise of the group.

Commenting on the release of the company's interim results, Danie Pretorius, CEO of Master Drilling said, **"In the face of continued uncertainty and volatility, which has inevitably impacted on business performance, we have remained committed to our strategic journey of diversifying our presence across geographies, commodities and sectors. In this regard, we have worked hard to position our existing businesses across regions, while stabilising new operations and growing our presence in new territories where we believe opportunities will arise, such as in Russia and Australia"**.

The domestic macroeconomic environment remained mixed in H1/2019, with market players, businesses and investors slowing down key decision-making ahead of the national elections in May. Although the elections yielded the anticipated outcome, the new dispensation's work to position the economy on the recovery track is extensive and consequently business and consumer confidence remain constrained. Globally, uncertainty has also prevailed as trade wars have escalated, placing the global economic growth outlook at risk. Amid this somewhat uncertain environment, Master Drilling reported reasonable results for the six months ended 30 June 2019. Revenue increased by 3.8% to USD70.0 million and ZAR HEPS increased 5,6% to 76,7 cents compared to the same period last year. Further, notwithstanding the uncertain environment, Master Drilling's new business pipeline encompassing all geographies remains solid, at USD297.1 million and the order book strong at USD198.6 million.

"While political and economic factors continue to shape our operating environment, at Master Drilling we continue to spearhead technological development, stabilise our global footprint and explore new business opportunities. As a result, the business remains stable and well-positioned to benefit from an improved global economic climate", added Pretorius.

Master Drilling is an innovation and technology driven business; its focus is on developing safety and operation enhancing solutions for clients. Because of this, the bulk of its capital spend is on capacity expansion, some of which has begun to yield positive results, such as remote drilling technology. Having completed testing of this technology in South Africa, Master Drilling has successfully implemented it in Mexico and Peru. The commissioning of the MTB is currently underway, with underground drilling has already commenced, while the first phase of the shaft boring system – a new shaft sinking system – is also in the process of commissioning.

This bears testament to Master Drilling's unwavering commitment to technology development and testing, which will continue to be a key focus during the remainder of 2019.

“Global trade remains under pressure, impacting negatively on commodity markets and creating uncertainty around the future demand for and consumption of commodities. Nonetheless, we believe this business is well positioned to withstand these adverse conditions and to continue to deliver desirable, efficient and safe drilling solutions when the inevitable upturn materializes”, concluded Danie Pretorius.

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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.