

# ASX Announcement

23 July 2021



## DDH1 provides business update

Specialist Australian drilling services company DDH1 Limited (**ASX: DDH**) (**DDH1** or the **Company**) is pleased to provide an update on its financial performance for the year to 30 June 2021.

Following the completion of the Company's year-end management accounts, DDH1 confirms that preliminary unaudited Pro- Forma Earnings before Depreciation, Amortisation, Interest and Tax (**Pro-Forma EBITDA**<sup>1</sup>) is expected to be \$74.8 million, which is 7.9% higher than the forecast of \$69.3 million contained in its Initial Public Offering Prospectus (**Prospectus**), which was published in February 2021. Preliminary unaudited Pro-Forma Earnings before Interest and Tax (**Pro-Forma EBIT**<sup>1</sup>) is expected to be \$51.1 million, which is 16.1% higher than the \$44 million Prospectus forecast.

The improved performance was mainly due to revenue exceeding forecast by approximately 5%, \$2.3 million additional training incentives received and \$1.6 million lower depreciation than forecasted.

These preliminary results, which remain subject to finalisation and external audit, reflect a strong operating environment, DDH1's market-leading position and ability to deliver in line with its growth strategy.

DDH1 expects to report its full-year FY21 audited financial results in late August 2021.

As highlighted in the Prospectus, DDH1 remains vigilant of its exposure to operational disruptions attributable to COVID-19, including the impact of snap lockdowns, border closures and quarantine requirements that continue to impact on the Company's ability to freely mobilise its nation-wide workforce.

### Commenting on DDH1's performance, Managing Director and CEO Sy Van Dyk said:

*"Since listing on the ASX in March, DDH1 has continued to benefit from the strong macro-economic conditions that suit our diversified commodities exposure, client base and geographic footprint.*

*"The historic underinvestment in mineral exploration across Australia as noted in our Prospectus, has presented the opportunities that we anticipated. Our Australia-wide, diverse client base and prospective client base remain actively engaged across all stages of mineral exploration and resource definition drilling and we are delivering the range of quality drilling services that they are demanding.*

*"The preliminary unaudited results for FY21 are very pleasing and are the result of the Company's operational excellence, strong balance sheet and disciplined investment in growth.*

*"The Company's transition to becoming an ASX-listed company has been seamless. I thank the entire DDH1 team for their dedication to ensuring our Company is delivering to our potential."*

**This ASX announcement has been authorised for release by the Board of DDH1 Limited**



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**About DDH1 Limited**

DDH1 Limited, which is listed on Australian Securities Exchange with the ASX ticker DDH, is a profitable Australian drilling company servicing the mining and exploration sectors. Based in Perth, Western Australia, and led by an experienced and respected management team, DDH1 is an industry leader in deep hole directional drilling.

DDH1 employs around 1,000 people and operates a fleet of 99 modern and highly specified drill rigs across its three brands – DDH1 Drilling, Ranger Drilling and Strike Drilling – to offer clients the full suite of specialised drilling services. Included in the fleet line-up are dual-purpose rigs able to perform air core and reverse circulation (RC) – a precursor for drilling deeper – and diamond core drilling to enable clients to secure high-quality mineral samples.

Central to DDH1's strategic approach is the pursuit of long-term relationships with clients, built on quality drilling services and a deep understanding of their business needs.

For more information, please visit [www.ddh1drilling.com.au](http://www.ddh1drilling.com.au).

**Note:**

<sup>1</sup> The **Pro-Forma EBITDA** and **Pro-Forma EBIT** have been derived from the preliminary unaudited statutory information available, after adjusting for pro-forma adjustments (refer to section 4.2.6 in the Company's Prospectus dated 8 February 2021), which remain subject to finalisation and external audit. The adjustments include:

- incremental costs associated with being a publicly listed company including Board and governance costs, incremental audit, tax, legal and compliance-related costs, and ASX listing fees for the period from 1 July 2020 to the date of listing 9 March 2021;
- the elimination of the financial impacts of the Management Incentive Plan and the inclusion of a share-based payment expense under the new Long-Term Incentive Plan; and
- the exclusion of IPO Offer costs to be expensed in the FY21 statutory results.