

**MINCON GROUP PLC**  
**(“Mincon” or the “Group”)**

**INTERIM TRADING UPDATE**

Mincon Group plc (ESM:MIO AIM:MCON), the Irish engineering group specialising in the design, manufacture, sale and servicing of rock drilling tools and associated products, today provides an interim trading update for the period from 1st January 2020 to date, incorporating the first quarter to 31st March 2020.

**Key elements (comparison of Q1, 2020 to Q1, 2019):**

**Q1 results show a period of steady progress -**

- Revenue up 4% overall
- Gross margin up to 35.2% from 33.6% reflecting a higher proportion of Mincon manufactured product
- Covid-19 impacting on certain operations and markets but in most of the countries where we are active the factories and related customer sites are regarded as critical and remain open
- Integration of Lehti into the Mincon Group has proceeded smoothly since its acquisition in January 2020. Lehti has also experienced growth in Q1 2020 compared to Q1 2019

**Trading**

The Group’s strategy of improving our sales offering through the diversification of our income streams has provided us with continued revenue growth from the sale of Mincon manufactured product during the first quarter of 2020, with our Group wide revenue in line with our expectations for the period.

The acquisition of the Lehti Group in January 2020 has resulted in Mincon achieving a better consolidated gross margin as we now own the manufacturing of all Mincon designed products. The performance of the Lehti Group has been in line with our expectations during this transitional period into the Mincon Group. We expect to have completed the consolidation of our operations in Finland by September 2020.

**Covid-19**

We have seen restrictive measures in the Southern African market during March 2020. Our drill rod factory in South Africa had been closed in March along with much of the of the mining activity there, however, those restrictions have started to ease.

We have experienced some difficulty in moving product by air during March, mostly seen in Australia where it is very common to move specialised parts using this method. In parts of central and South America mining production has temporarily been interrupted, however this is in areas where we have a relatively minor presence.

Generally, our order book remains steady, and our factories are viewed as essential manufacturing in almost every jurisdiction we are located in. However, the effect and duration of the pandemic remains uncertain, and we have put in place additional lines of credit with our banking partners in different regions where it is felt appropriate to do so. We have not drawn on any of this additional credit, but it is available to us if needed in the future. Our balance sheet remains very strong, and we have not experienced any losses or any material effects on the inflow of debtor payments.

**Product Development**

Drilling with our Greenhammer systems has been delayed due to Covid-19 site restrictions implemented by the customer. The customer has restricted site access to essential employees only during the lockdown. We would hope to begin drilling on both the 10” and 12” system within a matter of weeks once these restrictions have been lifted.

## **Forward looking statements**

Any forward-looking statements made in this document represent the Board's best judgment as to what may occur in the future. However, the Group's actual results for the current and future financial periods and corporate developments will depend on a number of economic, competitive and other factors, some of which will be outside the control of the Group. Such factors could cause the Group's actual results for future periods to differ materially from those expressed in any forward-looking statements included in this announcement.

## **Ends**

**5<sup>th</sup> May 2020**

## **For further information please contact**

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