



Runge Limited

Results for the six months ended 31 December 2011

23 February 2012

Disclaimer



- The material in this presentation is a summary of the results of Runge Limited ('Runge') for the half year ended 31 December 2011 and an update on Runge's activities and is current at the date of preparation, 23 February 2012. Further details are provided in the Company's Appendix 4D and results announcement released on 23 February 2012.
- No representation, express or implied, is made as to the fairness, accuracy, completeness or correctness of information contained in this presentation, including the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in the presentation ('forward-looking statements'). Such forward-looking statements are by their nature subject to significant uncertainties and contingencies and are based on a number of estimates and assumptions that are subject to change (and in many cases are outside the control of Runge and its Directors and officers) which may cause the actual results or performance of Runge to be materially different from any future results or performance expressed or implied by such forward-looking statements.
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- This presentation should be read in conjunction with other publicly available material. Further information including historical results and a description of the activities of Runge is available on our website, www.runge.com

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1 Highlights

Financial Highlights



- Operating Revenue up 16% to \$52.3 million (1H11 \$45.2 million)
- Underlying EBITA* up 11% to \$4.1 million (1H11 \$3.7 million)
- Underlying NPAT* up 13% to \$1.7 million (1H11 \$1.5 million)
- Reported NPAT \$3.7 million (1H11 \$1.5 million) includes \$2.0 million Key Man insurance proceeds
- EPS is up 150% to 3.0 cents per share (1H11 1.2 cents per share)
- Net Cash \$0.8 million
- Interim Dividend 1.0 cent per share, unfranked
- Debt facilities extended in September for 3 years

** Underlying EBITA and NPAT exclude Key Man insurance proceeds*

Operational Highlights



- **Consulting Services**
 - Asia and America produced growth and strong results
 - Strong demand for independent engineering reports in Australia
 - Growth in professional development and training
- **New laboratory facilities contribute to growth in GeoGAS revenue**
- **Restructure of Software Development and Software**
 - New product strategy
 - Release of new version of XPAC 7.12
- **Litigation in USA successfully ended**

2 Business overview

Who We Are



- We are the largest consolidated group of independent mining professionals in the world
- We employ leading experts in mine planning
- We provide the technical input for the largest mining IPOs in the world
- We provide the technical due diligence for the largest mining M&A transactions globally
- We provide planning systems for the largest mines in the world

Where We Are



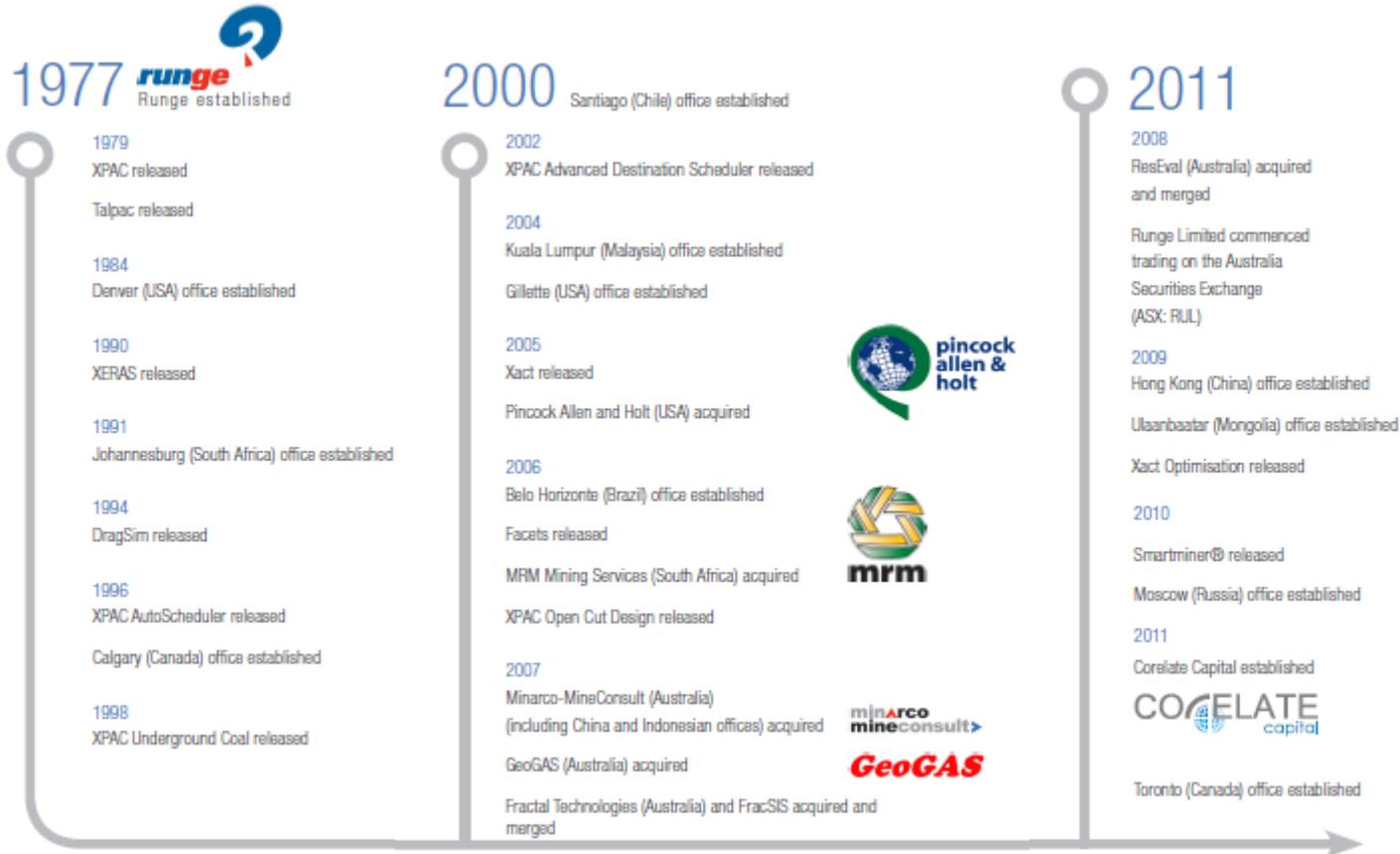
**Over 450
Employees**

**20 offices
across 12
countries**

**Customers
including the
world's largest
multinational
miners**



Where We Have Come From



What We Have Been Doing



Over the last six months we have:

- Completed over 600 technical assignments including IPOs on global stock exchanges, M&A deals and independent engineering reports
- Implemented over 200 software solutions including services to the world's largest mining houses
- Conducted over 3,000 laboratory tests to keep mines safe and productive
- Helped forge new mining industries in countries like Mongolia

Where Are We Going



Runge's vision is to be **pre-eminent** in the mining industry due to the **breadth** of understanding of our client's business environment, our **depth** of understanding of technical issues, our global support and **dedication to meeting customer needs**

Our mission is to assist our **customers to create value for their stakeholders** by **optimising** the value of their natural resource assets, help them identify and **manage risk** and support their high levels of corporate governance and internal, regulatory and ethical compliance

What Are We Seeing



- Competition for mining professionals in Australia still fierce
- Uncertainty in global financial markets causes volatility of capital raisings in Asia
- Increase in project exploration activities in Africa
- Mining companies integrate technologies into their businesses
- Volatility in Coal Seam Gas activity
- Tightening of access to capital for smaller miners

Profitable Growth



- Expanding regional capabilities around software sales and support
- Software pricing strategy around increasing after sales options
- Focus on product architecture to reduce future development costs
- Improve utilisation of our people
- Focus on adding value to our clients

3 Financial performance

Financial Performance

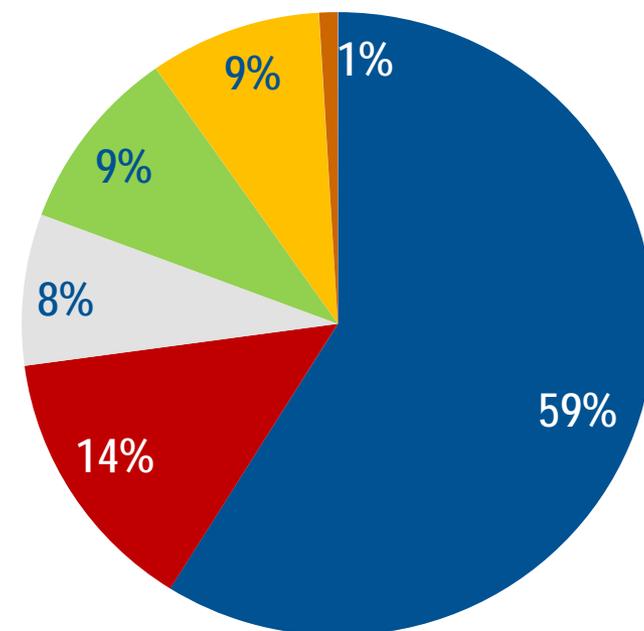


	1H11 \$m	1H12 \$m		Change
Operating Revenue*	45.2	52.3	□	↑ 16%
Underlying EBITA*	3.7	4.1	□	↑ 11%
Underlying NPAT*	1.5	1.7	□	↑ 13%
Reported NPAT	1.5	3.7	□	↑ 147%
Earnings per share (cents)	1.2	3.0	□	↑ 150%
Interim dividend per share (cents)	1.0	1.0		
Net Cash / (Net Debt)	(2.6)	0.8	□	

* Excluding Key Man insurance proceeds

1H12 Operating Revenue Mix

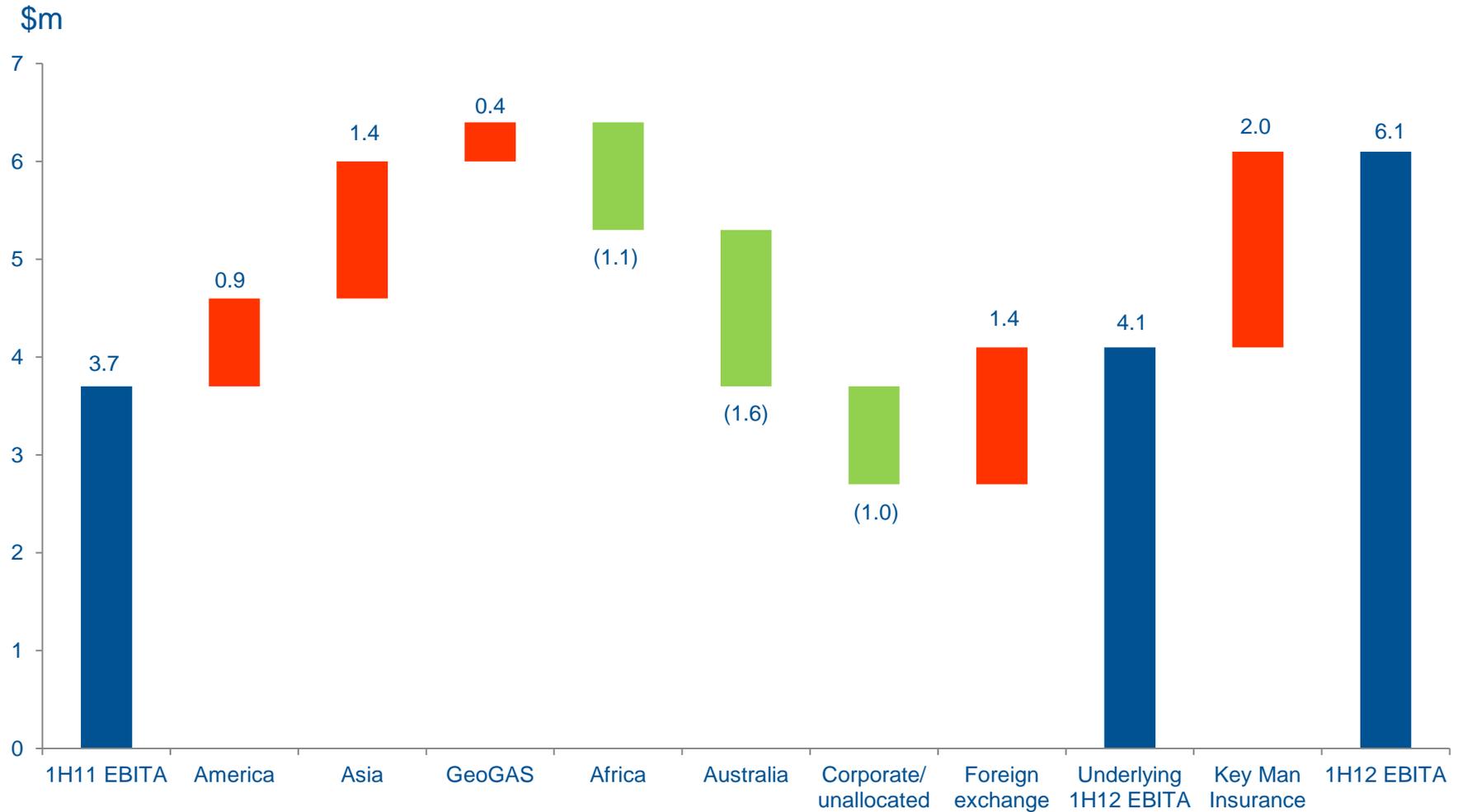
Operating Revenue *	1H11	2H11	1H12
	\$m	\$m	\$m
Consulting fees	33.4	35.3	38.3
Advisory	26.4	26.6	30.8
Technical	7.0	8.7	7.5
Technology	8.6	10.1	9.1
Licence fees	4.0	5.9	4.1
Maintenance fees	4.6	4.2	5.0
Laboratory testing	2.7	3.1	4.4
Other	0.5	0.5	0.5
Total operating revenue	45.2	49.0	52.3



- Advisory Consulting
- Technical Consulting
- Licence fees
- Maintenance fees
- Laboratory testing
- Other miscellaneous

* Operating revenue excludes Key Man insurance proceeds

EBITA Bridge



Cash Flow



	1H11 \$m	1H12 \$m
Operating cash flow	1.9	-
Key Man insurance proceeds	-	2.0
Capital expenditure	(2.4)	(3.3)
Proceeds from / (repayment of) borrowings	(0.4)	3.6
Dividend	-	(1.2)
Effects of exchange rate changes	(0.9)	(0.6)
Total cash inflow / (outflow)	(1.8)	0.5
Closing Cash Balance	7.6	9.9
Debt	(10.2)	(9.1)
Net Cash / (Net Debt)	(2.6)	0.8

- Capital expenditure includes move to new GeoGAS Laboratory in Mackay and new offices in South Africa
- Operating cash flow is seasonal due to annual maintenance
- Net Cash \$0.8 million as at 31 December 2011

Financial Position



	2H11	1H12
	\$m	\$m
Cash and deposits	9.3	9.9
Receivables	20.6	19.6
Inventory	2.3	3.3
Property, plant & equipment	9.1	10.0
Intangible assets	29.7	29.4
Other assets	6.5	6.6
Total assets	77.5	78.8
Trade and other creditors	7.7	4.4
Borrowings	5.5	9.1
Provisions	6.9	6.6
Other liabilities	12.7	11.7
Total liabilities	32.8	31.8
Net assets	44.7	47.0

- **Strong balance sheet, Net Cash of \$0.8 million**
 - No significant changes in assets and liabilities, net assets \$47.0 million
 - Low level of debt, interest cover of 12x EBITA

- **Intangibles of \$29.4 million**
 - Goodwill, \$24.3 million
 - Developed software, \$1.7 million
 - Other software, \$3.4 million

- **Borrowings of \$9.1 million at 31 December 2011**
 - \$15 million facility extended for 3 years in September 2011

Regional Revenue Overview

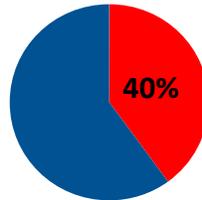


	Australia		Americas		Asia		Africa		GeoGAS		Consolidated	
	\$m	% Rev	\$m	% Rev	\$m	% Rev	\$m	% Rev	\$m	% Rev	1H12	1H11
Consulting		31%		18%		20%		3%		2%	-	-
Advisory	12.8		7.2		10.0		0.8		-		30.8	26.4
Technical	3.4		2.1		0.3		0.5		1.2		7.5	7.0
Technology		9%		4%		2%		3%				
Licence	1.9		0.8		0.8		0.6				4.1	4.0
Maintenance	2.6		1.1		0.4		0.9				5.0	4.6
Laboratory										8%		
Testing									4.4		4.4	2.7
Other	-		-		-		-		-		0.5	0.5
Total	20.7		11.2		11.5		2.8		5.6		52.3	45.2
Total Rev %	40%		22%		22%		5%		11%		100%	

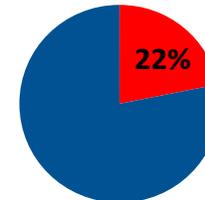
Regional Revenue Overview



Australia



Americas



Performance

- **Consulting**
 - 1H12 has less consultants than 1H11
 - New regional management team
 - Competition for mining professionals remains high
- **Technology**
 - New sales team
 - Restructure of Software Development team
- Revenue grew 12% despite stronger AUD
- 21% more consultants in 1H12
- Technical consulting and maintenance increased due to increased install base
- Improved performance in South American markets contributes to revenue and margins

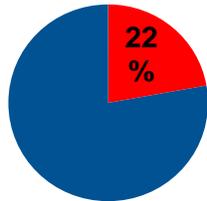
Outlook

- Consolidation in NSW
- Growth in WA
- Recovery in QLD
- Improvements in license sales
- **North America**
 - Steady growth in consulting
 - Growth of software revenues
- **South America**
 - Consolidating recent improvements in consulting and software

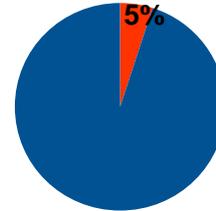
Regional Revenue Overview



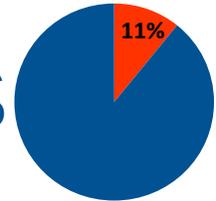
Asia



Africa



GeoGAS



Performance

- Continued strong performance in advisory services in China and Indonesia
- Strong brand presence
- Increase in consultant numbers by 44%
- Building technical consulting capability in Indonesia and Russia
- Growing profile in Mongolia
- New management
- Focus on advisory services
- Reduced utilisation and increase in consultants
- Investment in new offices and facilities
- Continued strong growth with 65% revenue increase on 1H11
- Moved to new facilities in Mackay in August
- Management focus on expansion into CSG market

Outlook

- Softening of demand for advisory compliance work in Asia
- Growth prospects of software and technical consulting revenue
- Restoration of software and technical consulting revenue
- Corporate focus on turning around operations in the next half year
- Growth in CSG testing
- International partnerships
- Increasing operational capacity of existing laboratories

4 Strategy and outlook

- **Customer Focus**

- Account management culture in both Advisory and Technology Services
- Improved presentation of business through greater marketing effort

- **People**

- Focus on improving utilisations in Australia and Africa
- Performance management

- **Innovation**

- Increasing the speed at which we evolve our products
- Multiple price points model
- Training and professional development

- **Profitable Growth**

- Improve operational efficiencies
- Focus on leveraging intellectual property

▪ **Market Outlook**

- Strong demand in Western Australia for products and services
- Capital market volatility reduces market for compliance advisory work in Asia, which is offset by M&A and due diligence work
- Mature markets in Australia, North America and Africa stabilised after GFC

▪ **Business Development Outlook**

- Investment in Technology Development and Sales infrastructure
- Resizing office capacity and skills mix in Africa
- GeoGAS increasing its testing capacity and presence in Australia and overseas
- Leveraging new market opportunities in Asia

5 Q & A