

ASX Announcement

27 February 2017

SEYMOUR WHYTE LIMITED FOCUSED ON GROWTH STRATEGY**1H FY17 SNAPSHOT**

- **Positive progress on 2020 Strategic Plan:**
 - Revenue of \$232.8 million (up 39.9% on previous corresponding period or pcpc)
 - Net profit after tax of \$0.4 million (up from \$0.2 million pcpc)
 - Partnered in a strategic joint venture to win a major contract worth \$225 million to the Group
 - Successful entry into Victorian roads market
 - Total forward order book at \$539 million, with \$300 million of work in hand from FY18 to FY20
- Pursuing a current pipeline of potential projects worth \$1.5 billion for delivery in FY18 and beyond
- Ongoing investment in growth, with no interim dividend declared.

Engineering and construction services group Seymour Whyte Limited (ASX: SWL) (the Group) today released results for the half year ended 31 December 2016, announcing a revenue base of \$232.8 million with a net profit after tax of \$0.4 million.

Seymour Whyte Limited Managing Director and Chief Executive Officer Mr John Kirkwood said the results reflected the Group's ongoing efforts to recover from the impacts of margin compression on FY16's profitability levels, and the investment in sustainable growth under the *2020 Strategic Plan*.

"The substantial 39.9% increase in revenue and incremental improvement to profit levels demonstrates that the Group's strategy is working. We implemented a new tender strategy to pursue higher margin contracts and increased operational efficiencies, which has set us on track to achieve targeted profit levels by FY18," he said.

"Improvement to profitability has been supported by the strong performance of the civil infrastructure division. In addition to a 36.5% increase in contribution to Group revenue resulting in an operating profit of \$9.6 million, the civil division delivered a successful recovery on a problematic legacy project and returned it to a positive margin position."

Mr Kirkwood said he was encouraged by the Group's achievements during the period, which indicated positive progress against the *2020 Strategic Plan*.

"Other recent milestones include the award of strategically important VicRoads projects that strengthened our position in the Victorian market, and a \$225 million share of a Queensland joint venture contract that underscored our ability to compete in the Tier 1 space and deliver complex, brownfield projects."

During the period, the Group has invested more than \$3 million in strategic expansion, with \$2 million expended in Victoria on establishing the business and pursuing higher margin design and construct opportunities. Similarly, a further \$1.1 million was spent across other states on design and construct tendering costs.

In addition to this investment, profitability was affected by a negative margin project identified during the period in the utilities division.

The Group's financial position remains strong with a significant portion of assets held as unrestricted cash reserves of more than \$40 million at the balance date.

OPERATIONAL PERFORMANCE

Sustainable delivery

The Group's safety performance continued to improve, with its total recordable injury frequency rate down to 8.73 at December 2016 from 9.55 at June 2016. The Group continues to remain focused on safety to ensure that the growth in new employee numbers does not negatively impact on safety performance.

Employee numbers increased by 19.5% in the first half of FY17 as the Group continued to recruit skilled people to support extended tendering capabilities and growth across the business, particularly in Victoria.

Civil infrastructure division

The Group's civil infrastructure division, Seymour Whyte Constructions, had 17 active projects across the states in the first half of FY17 and contributed \$200.1 million to Group revenue, a significant increase from \$146.6 million pcp.

During the period, the division was awarded three new projects in Queensland and Victoria worth a total of \$260 million—these wins were supplemented by the award of a \$55.9 million Victorian contract in February 2017.

Utilities infrastructure division

The Group's utilities infrastructure division, Rob Carr Pty Ltd, also saw an encouraging increase in revenue to \$37.3 million from \$27.1 million pcp. The division was awarded five new contracts in the first half of FY17.

The division had a poor operating result that was largely attributable to a negative margin project identified during the period. This project is scheduled for completion in March 2017 and measures have been implemented to limit losses.

The division has performed well in Western Australia (WA), securing three of the newly awarded projects as the state recovers from the post-mining boom slowdown. The Group is encouraged by these signs of recovery and has strengthened the WA leadership with the newly created position of Operations Manager, who will provide strategic direction for the utilities infrastructure division and also position the civil infrastructure division to enter the WA market in coming years.

ORDER BOOK

The Group's total forward order book at the end of the period was \$539 million, including circa \$300 million secured for FY18 and beyond. The remaining order book to be delivered by June 2017 brings the FY17 total contracted revenue to \$470 million. The Group is pursuing a current pipeline of potential projects worth \$1.5 billion for delivery from FY18.

OUTLOOK

New South Wales continues to lead in road construction activity levels while Victoria's infrastructure sector is currently ramping up. Queensland is showing increased activity, with levels expected to increase in FY18.

As such, the Group continues to focus on growing the business in Victoria and New South Wales while diversifying to new sectors such as airports and rail. Further expansion into the improving Western Australian market is expected within a three-year horizon.

DIVIDEND

With the ongoing investment in growth under the *2020 Strategic Plan*, the Board of Directors has elected not to declare an interim dividend.

ENDS

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Note to editors: Seymour Whyte Limited is an ASX-listed company providing civil and utilities infrastructure services across Australia. Seymour Whyte Limited is the holding company of Seymour Whyte Constructions Pty Ltd and Rob Carr Pty Ltd.