
E&A LIMITED

2017 Half Year Results



Presentation on results, progress and outlook
28 February 2017

HY17 Highlights



Tasman Rope Access – Mechanical Maintenance, Pilbara WA



HY17 Highlights

Financial

- Revenue \$72.7m, down 12%
- Underlying EBITDA of \$2.3m, up 113% on prior corresponding period
- Statutory Net Loss after Tax of \$3.7m after significant items of \$1.9m including WIP impairments and financing, legal and restructuring costs
- HY17 result reflects continuation of tighter market conditions in Mining Services & Maintenance Sectors and delays to new wind tower projects

Operating

- Zero LTI record extended across all businesses
- Productivity & Profit Improvement Program delivered 22% reduction in administration & operating expenses
- Progressed legacy construction claims; two claims awaiting judgement and remaining claims expected to be resolved throughout CY17
- Recovery of iron ore price leading to increased activity in Iron Triangle and Pilbara

Strategic

- Principal financier loan facilities extended to March 2018
- Capital raising alternatives being considered to strengthen balance sheet and reduce debt
- Focus on recurring maintenance work significantly lessening the contracting risk for the future
- Improved outlook for wind tower fabrication with award of 14 towers with more orders anticipated to follow



HY17 Results



Ottoway Engineering – Smelter Redevelopment, Port Pirie SA



HY17 Results

HY17 Results Summary (in \$millions)		
	HY17	HY16
Revenue	72.7	82.6
Underlying EBITDA	2.3	1.1
Underlying EBIT	0.6	(0.7)
Statutory Net Loss After Tax	(3.7)	(10.7)

- Underlying EBITDA of \$2.3m improved by \$1.2m on prior corresponding period (pcp)
- Administrative and operating expenses reduced by 22% on HY16
- Incurred significant items of \$1.9m including WIP impairment and financing, legal and restructuring costs
- Statutory net loss of \$3.7m reflective of continuation of tighter market conditions in Mining Services & Maintenance Sectors, albeit significantly lower than in pcp



Resolving Legacy Issues



ICE Engineering – Switchroom Upgrade, SA



Ottoway Engineering – Smelter Redevelopment, Port Pirie SA



Resolving Legacy Issues

- **Major outstanding disputes significantly progressed:**
 - two claims are awaiting judgement
 - remaining claims have progressed with Arbitration Hearings & Court Trials to be held in CY17
- **Strategic exit from large fixed price contracts which require fabrication of free issue imported materials with focus shifted to lower risk maintenance & shutdown work**
- **EAL in-house legal & commercial team leading a dedicated recovery of claims and proactive contractual risk management**



Safety Performance



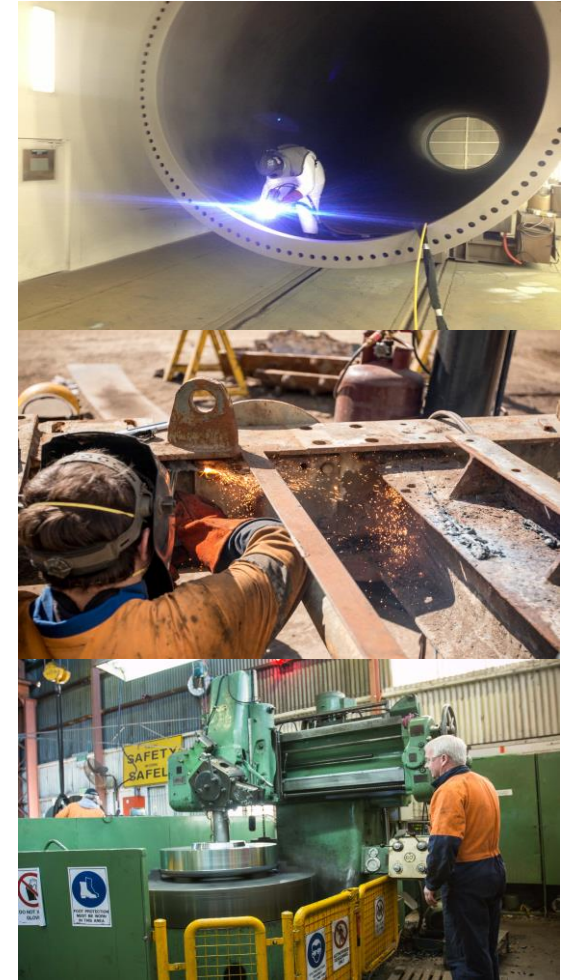
Fabtech – Dam Lining, SA

Safety Performance

E&A Limited's strong safety culture has delivered significant outcomes:

Subsidiary	LTI Free Days	LTI Free Hours Worked
ICE	3,860	1,936,000
Fabtech	2,706	1,815,000
QMM	2,590	528,000
Ottoway Engineering	2,366	2,882,000
Ottoway Fabrication	2,293	1,352,000
Tasman Power & Tasman Rope Access	2,072	1,434,000
Heavymech	1,507	214,000

All of EAL's subsidiaries strengthened safety cultures through proactive safety leadership, training and communication with employees



Our People



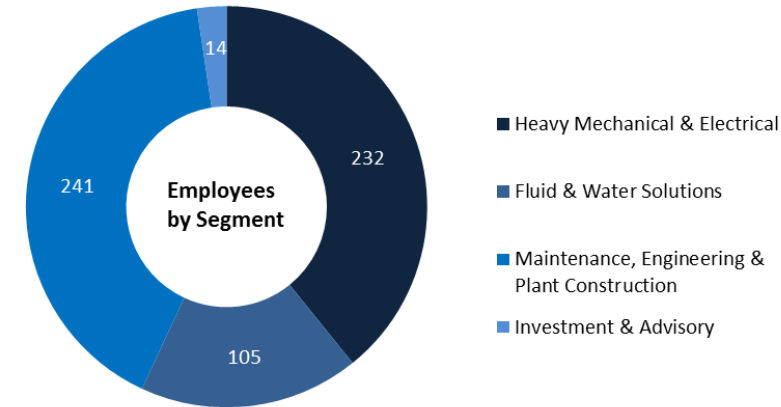
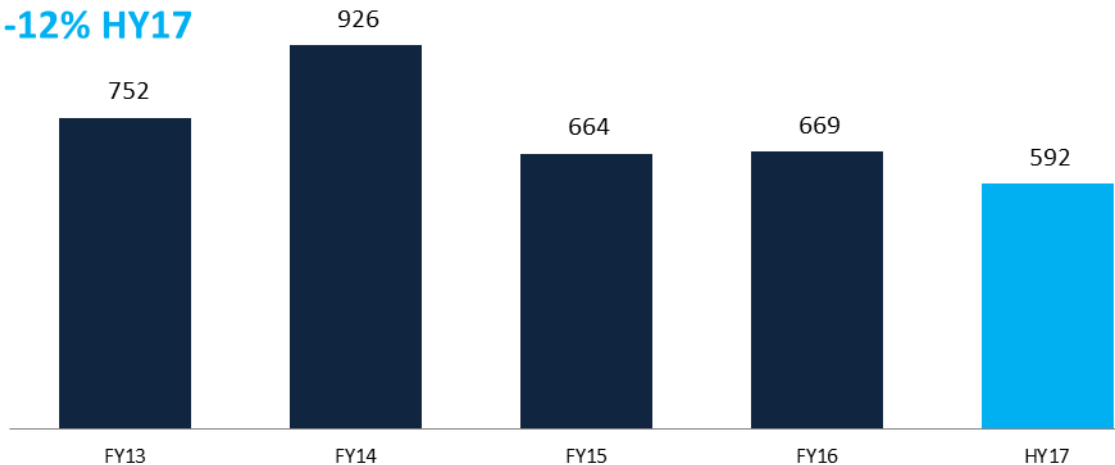
Tasman Rope Access – Mining & Commercial Maintenance, SA



Our People

Employee Numbers

-12% HY17



- EAL subsidiaries retained their core competence and skilled personnel
- Total employee numbers of 592 decreased by 12% from 30 June 2016
- During the FY17 half year EAL businesses continued to change the composition of its workforce towards maintenance & shutdown projects. Correspondingly the number of construction employees fell and the number of maintenance employees increased



2017 Outlook



Ottoway Fabrication – Solar Tower Fabrication, SA



2017 Outlook

Market Conditions

- Indicators of recovery in Mining Services & Maintenance Sectors resulting from recent increases in minerals and oil prices
- Early signs of a return to more routine sustaining capital expenditure

Legacy Construction Claims

- Majority of legacy claims on target for resolution in CY17
- Claim recoveries will be applied to reduce debt

Order Book & Tenders

- EAL is well positioned to capitalise on the anticipated surge of activity expected from RET for approximately 1,600 wind towers for at least the next 4 years to 2020
- During February 2017 Ottoway Fabrication received an order for 14 wind towers and is pursuing further orders

Maintenance Services

- Increased tendering for maintenance & shutdown services
- De-risking EAL revenue through increased focus on cost plus maintenance work

Cost Reduction

- Productivity & Profit Improvement Program continuing to optimise productivity and reduce operating and administration costs

Capital Raising

- Capital raising alternatives considered to strengthen balance sheet and reduce debt



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