SEYMOUR WHYTE

# 3

# Years Strong

## FULL YEAR RESULTS PRESENTATION 2017

Seymour Whyte Limited and Controlled Entities
ABN 67 105 493 203

# THE SEYMOUR WHYTE GROUP

# 30 YEARS STRONG

## SEYMOUR WHYTE 1987 to 2017

### AVERAGE PROJECT VALUE *


* Average project value calculated on civil infrastructure projects only

### EMPLOYEES


### BRAND IDENTITY

SEYMOUR WHYTE
1987 – 2012

SEYMOUR WHYTE
2013 – TODAY

### OFFICE LOCATIONS


**1987**
BRISBANE

**2017**
BRISBANE
TOWNSVILLE
YATALA
SYDNEY
MELBOURNE
PERTH

### INDUSTRIES SERVED

**1987**

ROADS
UTILITIES

**1997**

ROADS
BRIDGES
RAIL
RESOURCES
AIRPORTS
COMMERCIAL

**2014**

**ACQUISITION OF ROB CARR PTY LTD**

In February 2014, Seymour Whyte Group acquired underground pipe and service installation leader, **ROB CARR PTY LTD.**

The acquisition provided the Group with enhanced technical capabilities and specialist micro-tunnelling resources, expanding our service offering across Australia in the water, energy, power and resources industries.

RC ROB CARR PTY LTD A Seymour Whyte Group Company

**2017**

ROADS
BRIDGES
RAIL
RESOURCES
AIRPORTS
MARINE
UTILITIES
WATER
INTERMODAL
MICROTUNELS
COMMERCIAL
ACTIVE

### FOUNDERS

JOHN SEYMOUR

GARRY WHYTE

### LEADERS TODAY

JOHN KIRKWOOD
MANAGING DIRECTOR

MAC DRYSDALE
CHAIRMAN

# OUR JOURNEY

**1987**

Seymour Whyte Group founded by John Seymour and Garry Whyte in Queensland

**1990s**

**1995**
First contract over $10 million – Capalaba Bypass

**1998**
Expansion into North Queensland

**2000s**

**2003**
Expansion into New South Wales with first major contract Wallarah Peninsula Interchange

**2004**
First major resources sector contract – $53.4 million Cowal Gold Mine, in JV with Clough

**2006**
Award-winning Split Rock Inca Alliance with Queensland Government and Traditional Owners of the Camooweal region

**2007**
Delivery of Brisbane's iconic Go Between Bridge as part of the Hale Street Link Alliance

**2010s**

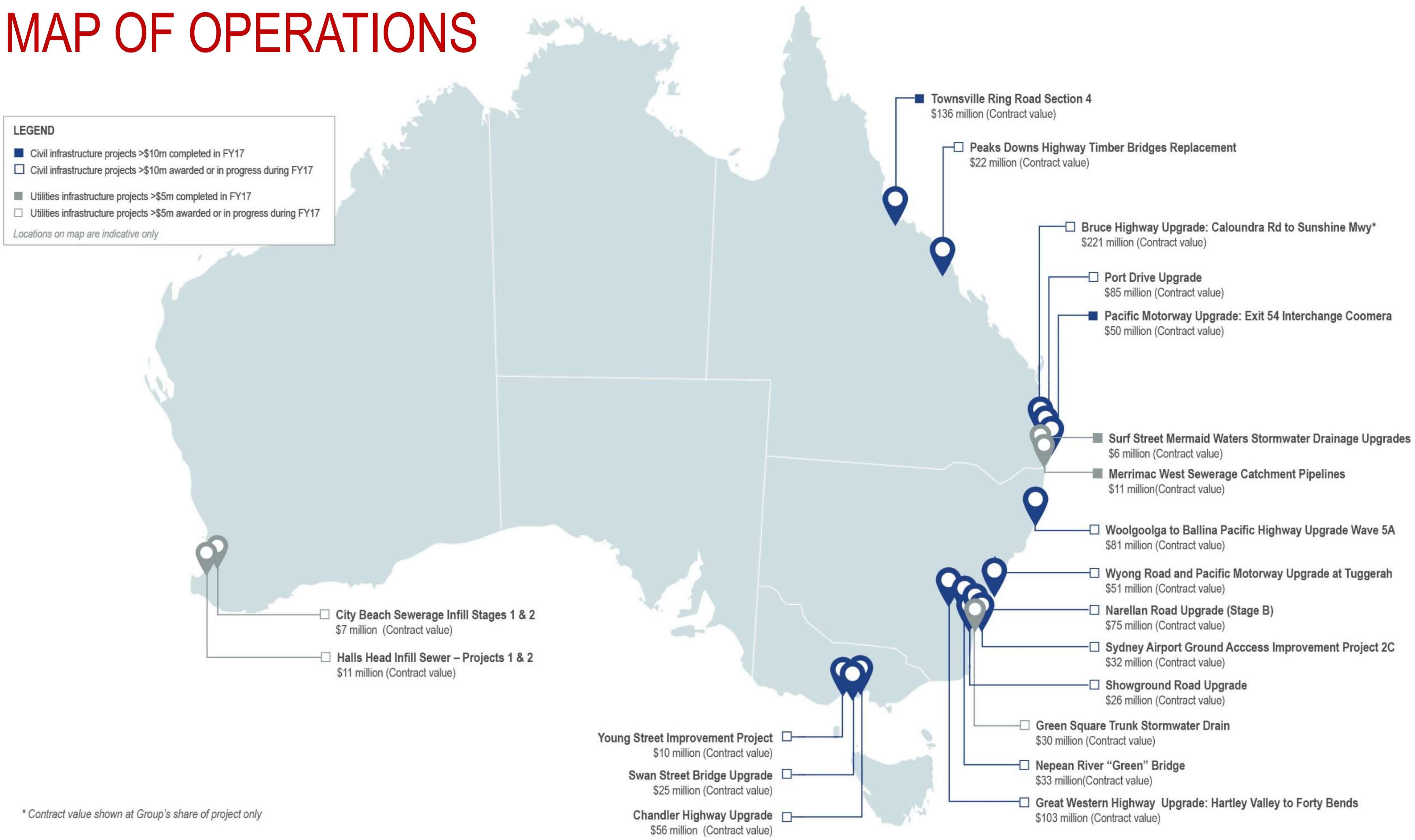
**2010**
Listed on Australian Securities Exchange

**2013**
New brand identity

**2014**
Acquisition of Rob Carr Pty Ltd

**2016**
Expansion into Victoria with three active projects today

# MAP OF OPERATIONS

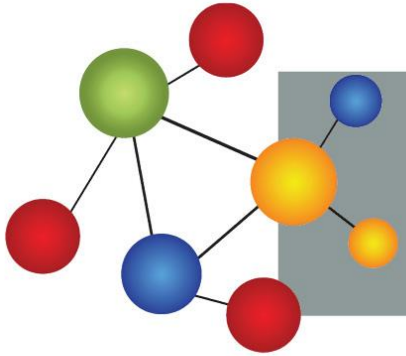



* Contract value shown at Group's share of project only

SEYMOUR WHYTE

# YEAR IN REVIEW

# FY17 SNAPSHOT



## STRATEGIC

### POSITIVE PROGRESS ON 2020 STRATEGIC PLAN

- Growing design capabilities and new strategic partnerships
- Continuing focus on diversification to build resilience and achieve sustainable growth
- Current tender pipeline of potential projects worth $1.4 billion for delivery in FY18 and beyond
- Firmly established in Victoria with three projects underway.

## FINANCIAL

### ON TRACK FOR TURNAROUND

- $1.3 million consolidated net loss after tax, with operational review underway
- $433 million in revenue (20% increase on prior year)
- Operating result of $16.8 million by civil infrastructure division – assisted by a 25% growth in revenue
- On track to return to profit with $360 million on contracted order book at beginning of FY18
- Cash position robust at $34 million, with low debt profile.

## OPERATIONAL

### OPERATIONAL PERFORMANCE CONTINUES TO DELIVER

- Safety performance improvement for fifth consecutive year: Group-wide TRIFR reduced to 6.7 in FY17 from 9.5 in FY16
- New contract awards worth $410 million in total
- Five employees received industry awards for achievements in excellence in New South Wales and Queensland
- RCPL named joint winner of Category 5 at the 2016 Australian CCF Earth Awards for its Alphington Trunk Sewer Project.

# 2020 STRATEGIC PLAN

**FY16 – FY17**

- ✓ Renew commitment to corporate values
- ✓ Pursue contracts in the $200M to $500M range
- ✓ Form strategic joint ventures
- ✓ Continue sector + regional diversification
- ✓ Enter Victorian roads market
- ✓ Leverage utilities division in expanded water industry role
- ✓ Recruit and develop strong, skilled team

**FY18 – FY19**

- Stay true to values of safe delivery, nimble and agile, disciplined and accountable, reputable and creative and collaborative as we grow
- Strengthen utilities division
- Continue to seek out opportunities in the $200M to $500M contract range
- Continue to develop strategic joint ventures
- Recruit and develop skilled people who align with our values
- Undertake strategic diversification into new regions and sectors
- Continue to improve efficiencies and seek out innovation in project delivery

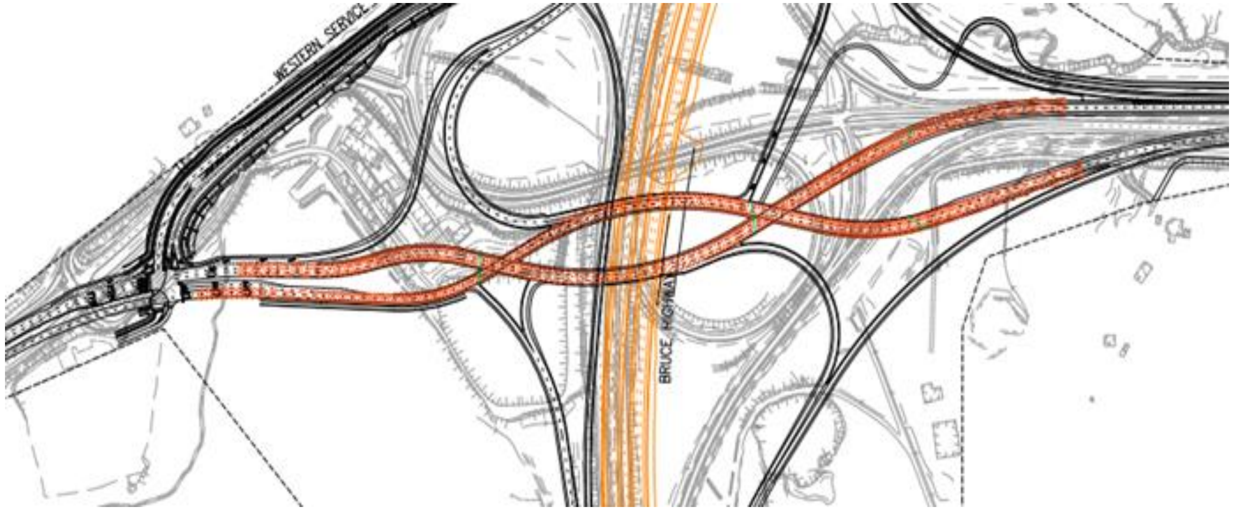
**FY20 AND BEYOND**

- ❑ Industry leader in safe, sustainable project delivery
- ❑ Leading position in QLD, NSW and VIC markets
- ❑ Growing presence in other markets
- ❑ Respected international brand
- ❑ Deliver above market returns for shareholders

- Implementation of plan is tracking well:
  - Increasing success in design and construct project awards with three won in FY17 to the value of $300 million
  - Strengthening strategic partnerships to tender for projects valued between $200 million–$500 million
- FY18 focus: maintain discipline and target operational efficiencies while continuing to undertake strategic expansion.

# INNOVATIONS IN DESIGN

- The Fulton Hogan / Seymour Whyte Joint Venture is currently working to transform the Caloundra Road interchange on Queensland's Bruce Highway into a Diverging Diamond Interchange (DDI)—an Australian first
- Key advantages of a DDI:
  - Allows right-turning traffic and through traffic to move through the interchange simultaneously, easing congestion, significantly reducing delays and improving safety
  - Enhances capacity and extends the service life of the asset by 10 to 15 years without additional cost
  - Lessens the number of conflict points from 26 (for a regular diamond interchange) to 14, and reduces exposure to the more severe right-angle crashes.




# INNOVATIONS IN PROJECT DELIVERY

- Since commencing work on the Port Drive Upgrade at Port of Brisbane, Seymour Whyte Constructions has achieved the following cost savings through innovations in design and construction:
  - Use of super-I bridge girders, the longest transportable pre-cast concrete bridge girder, to span an existing rail line adjacent to Port Drive, which eliminates the need to install driven piles within the QR rail corridor
  - Use of EME-2 asphalt instead of standard asphalt – resulting in savings in asphalt and earthworks costs (replacing asphalt and gravel with general fill)
  - Change in fauna crossing design from reinforced concrete box culvert to reinforced concrete pipe culvert.


Port Drive Upgrade Project

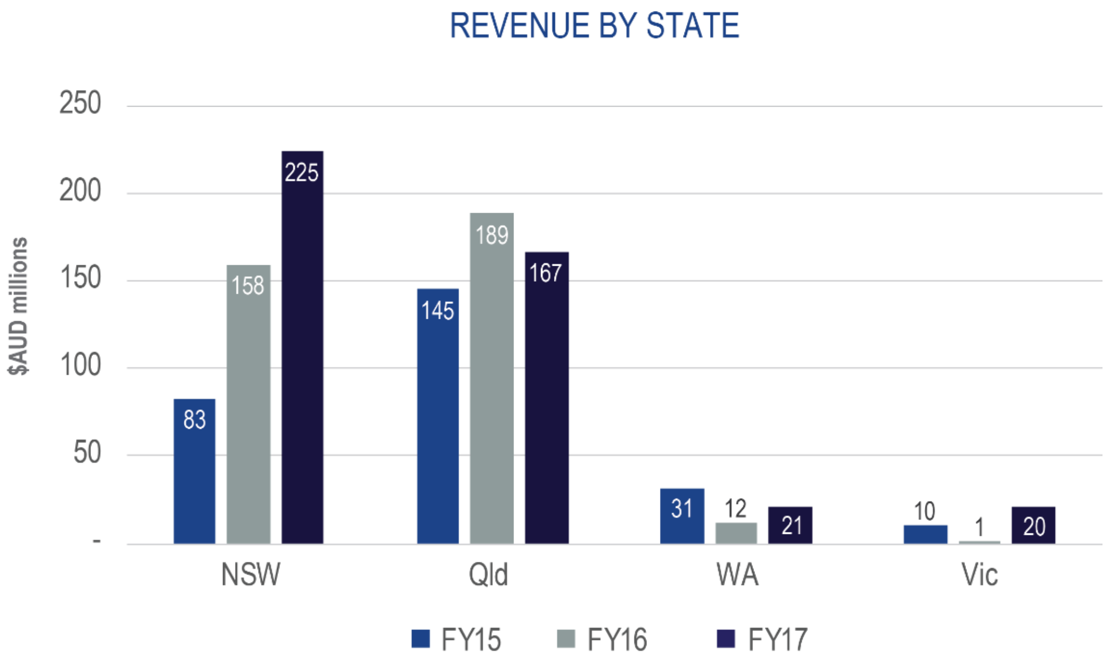
# FINANCIAL PERFORMANCE

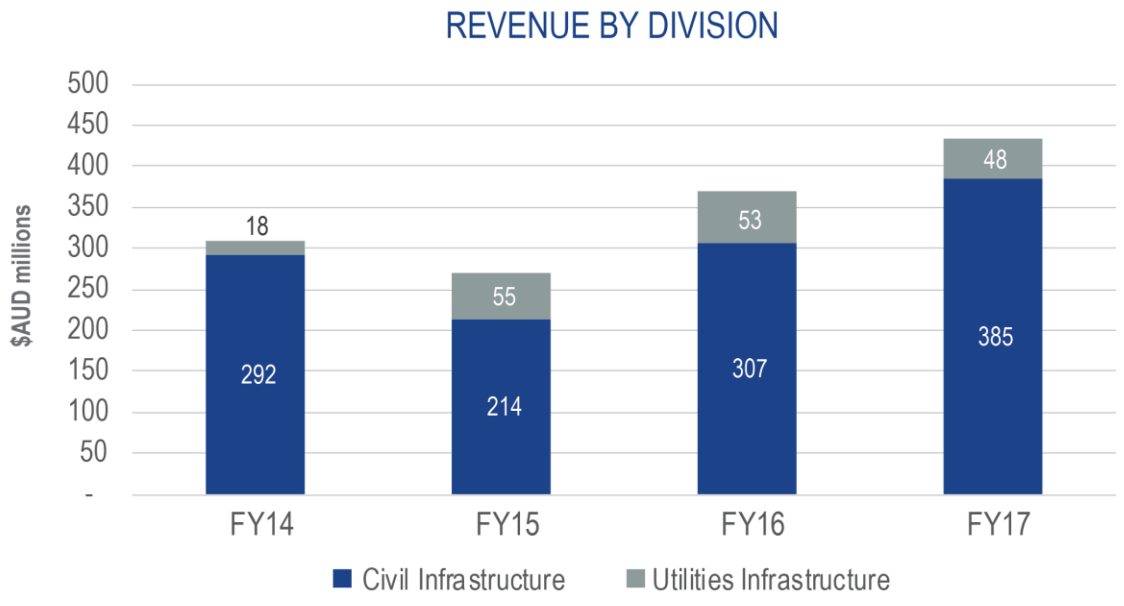
# FINANCIAL PERFORMANCE

| | | FY17 | FY16 | Change | % Change |
|---|---|---|---|---|---|
| Revenue | $m | 433.1 | 360.7 | 72.4 | 20.1% |
| EBITDA | $m | 2.3 | 5.9 | (3.6) | (61.0%) |
| EBITDA margin | % | 0.5% | 1.6% | (1.1)% | - |
| NPAT | $m | (1.3) | 1.3 | (2.6) | (207.8%) |
| NPAT margin | % | (0.3%) | 0.4% | (0.7%) | - |
| EPS | cps | (1.53) | 1.42 | (2.95) | (207.8%) |

- Revenue of $433.1 million at historical highs (albeit lower than targeted levels due to deferral of revenue from delayed project awards and residual impact of wet weather events including Cyclone Debbie)
- Revenue increase driven by civil infrastructure division offsetting lower revenue in utilities infrastructure division
- Strong recovery in civil infrastructure division, given impact of prior year low margin projects continuing into FY17 and significant weather events
- EBITDA of $2.3 million, impacted by:
  - loss generated by utilities infrastructure division stemming from a negative margin project, which is now completed, and a recent provision recognised on Green Square project
  - investment in strategic expansion into Victoria $3.0 million
  - abnormal costs in acquisition-related transaction advisory fees of $0.5 million.

# REVENUE




**Represents segment revenue post-elimination of inter-segment revenue*

- Revenue increase driven by civil infrastructure division's strong order book at the start of FY17, assisted by five large civil projects across Queensland and NSW
- Continued revenue growth in NSW contributing 52% of Group revenue, surpassing the Group's traditional Queensland base
- Firmly established in Victoria with three civil infrastructure projects; Victorian contribution to revenue is 5% and growing
- Lower utilities infrastructure revenue impacted by challenges in Eastern states, in contrast to increasing activity levels in WA.

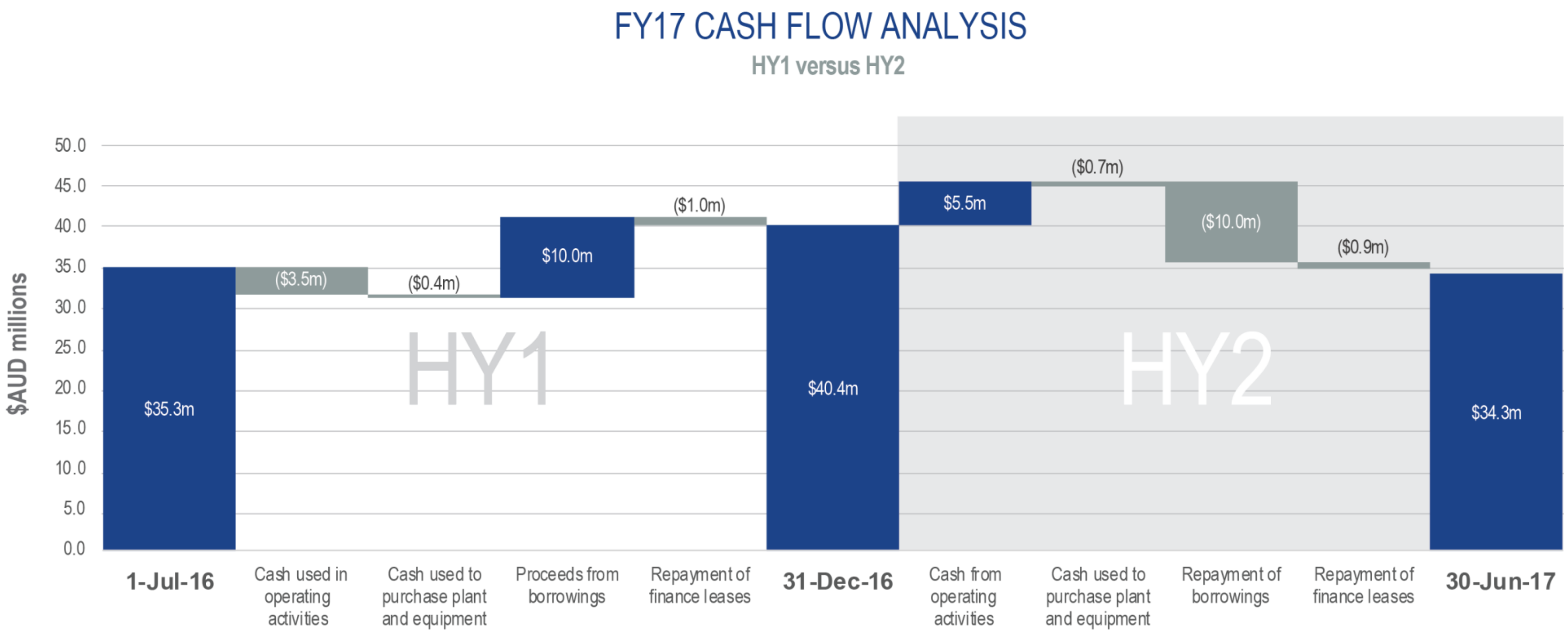
# FINANCIAL POSITION

- Net cash position maintained above $30 million
- Receivables and corresponding increase in payables driven by increased project activity
- Working capital has remained steady, following collection of variations, particularly in HY2, offsetting increased contractual credit terms on one project
- Minimum debt with borrowings relating to finance leases for purchase of plant and equipment
- Drawdown of $10 million in HY1; repaid in HY2
- Net asset position remains strong.

## SUMMARY BALANCE SHEET

| | 30 June 2017 | 30 June 2016 | Mvt | Mvt |
|---|---|---|---|---|
| | $'m | $'m | $ | % |
| Cash at bank | 34.3 | 35.3 | (1.0) | (2.8%) |
| Receivables | 64.2 | 55.6 | 8.6 | 15.5% |
| Property, plant and equipment | 27.2 | 29.2 | (2.0) | (6.8)% |
| Intangibles | 14.7 | 15.2 | (0.5) | (3.3)% |
| Other assets | 4.0 | 3.4 | 0.6 | 17.6% |
| **Total assets** | **144.4** | **138.7** | **5.7** | **4.1%** |
| | | | | |
| Payables | (66.4) | (58.4) | (8.0) | 13.7% |
| Finance leases | (3.8) | (4.6) | 0.8 | (17.4%) |
| Employee benefit liabilities | (4.8) | (4.1) | (0.7) | 17.1% |
| Other liabilities | (6.2) | (7.6) | 1.4 | (18.4%) |
| **Total liabilities** | **(81.2)** | **(74.7)** | **(6.5)** | **8.7%** |
| | | | | |
| **Total net assets** | **63.2** | **64.0** | **(0.8)** | **(1.3%)** |
| | | | | |
| **Debt to Equity (%)** | 6.0 | 7.2 | - | (1.2%) |
| **Net Tangible Asset (NTA) backing (cps)** | **55.2** | **55.5** | **(0.3)** | **(0.6%)** |

# CASH FLOW ANALYSIS




- Cash maintained >$30 million compared to prior year
- Improvement in operating cash flows during the year, following receipt of approved variations in HY2
- Prudent capital investment in utilities infrastructure division for plant and equipment whilst awaiting further project awards
- Drawdown of working capital facility of $10 million in HY1 to maintain cash levels (following provision of extended contractual credit terms to a key client) repaid in HY2.

# FINANCIAL FACILITIES

| | | Facility limit | | | Utilised | | | Utilisation | |
|---|---|---|---|---|---|---|---|---|---|
| | | FY17 | FY16 | Change | FY17 | FY16 | Change | FY17 | FY16 |
| Asset finance facility | $m | 7.0 | 7.4 | (0.4) | 3.8 | 4.6 | (0.8) | 54% | 62% |
| **Financial guarantee facility** | | | | | | | | | |
| Bank guarantee facility | $m | 10.0 | 35.4 | (25.4) | 3.2 | 18.7 | (15.5) | 32% | 53% |
| Surety bond facility | $m | 75.0 | 50.0 | 25.0 | 50.4 | 32.9 | 17.5 | 67% | 66% |
| **Total financial guarantee facility** | $m | **85.0** | **85.4** | **(0.4)** | **53.6** | **51.6** | **2.0** | **63%** | **60%** |

- Financial guarantee facilities remain at ~$85 million capacity
- Progressive increase in surety bonding facility limits to offset subsequent decrease in Group reliance on bank guarantee facility
- Financial guarantees at 63% utilisation with facilities available to support $570 million in additional project capacity
- Cash advance facility of $10 million closed during the year due to low utilisation and increased cost.


# OPERATIONAL PERFORMANCE

# CIVIL INFRASTRUCTURE DIVISION

| | | FY17 | FY16 | Change | % Change |
|---|---|---|---|---|---|
| Revenue | $m | 385.3 | 306.9 | 78.4 | 25.5% |
| EBITDA | $m | 18.4 | 4.4 | 14.0 | 318.2% |
| EBITDA margin | % | 4.8% | 1.4% | - | - |
| Operating result | $m | 16.8 | 2.9 | 13.9 | 479.3% |
| Operating margin | % | 4.4% | 0.9% | - | - |
| Capital expenditure | $m | 1.3 | 1.6 | (0.3) | (18.8%) |

- Revenue growth of 25% underpinning strongest operating result since FY14
- Strong financial performance given:
  - run off of low embedded margin projects impacting the first half
  - effect of significant weather events; and
  - investment under the *2020 Strategic Plan* including $3.0 million geographic expansion into Victoria, which resulted in award of three projects
- EBITDA recovery assisted by the successful turnaround of prior year loss on problematic project and major project variation
- Half of FY17 contracts secured in targeted design and construct projects; equating to 80% in value of total awards
- Success in winning additional contracts from existing clients — awarded two additional contracts valued at $136 million on the Woolgoolga to Ballina Pacific Highway Upgrade.

# UTILITIES INFRASTRUCTURE DIVISION

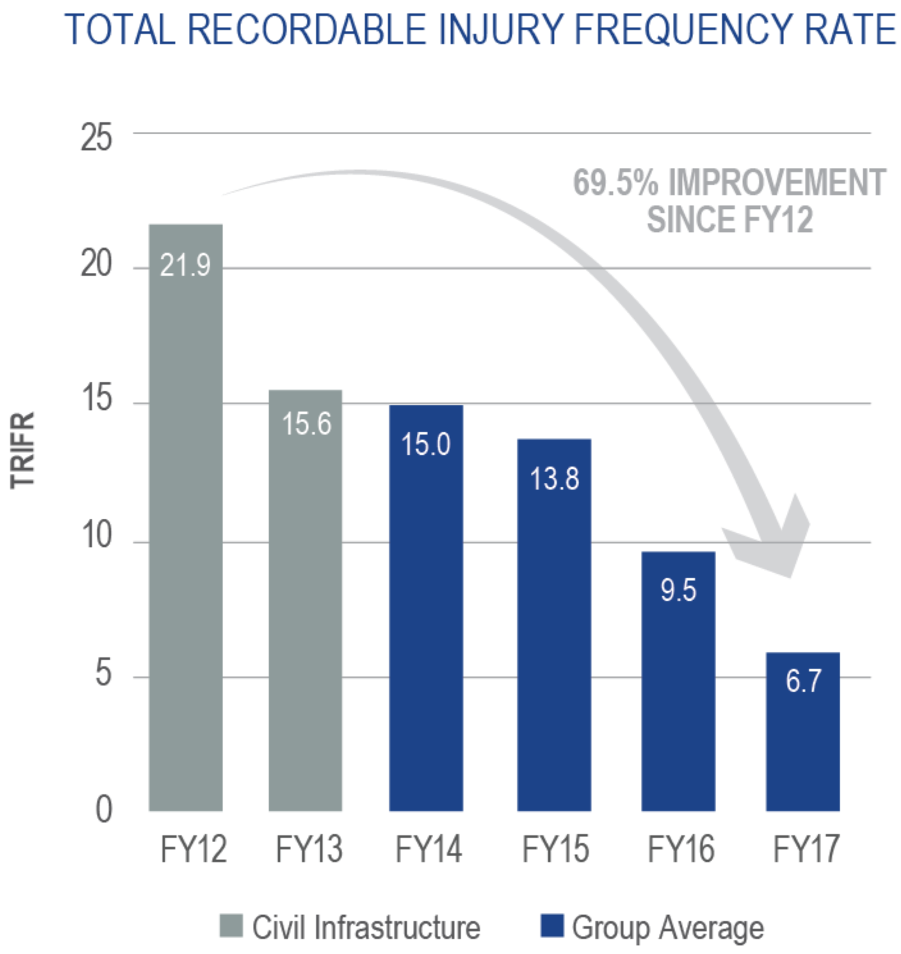
| | | FY17 | FY16 | Change | % Change |
|---|---|---|---|---|---|
| Revenue* | $m | 57.0 | 71.3 | (14.3) | (20.1%) |
| EBITDA | $m | (5.8) | 11.2 | (17.0) | (151.8)% |
| EBITDA margin | % | (10.2)% | 15.7% | - | - |
| Operating result (before tax) | $m | (8.5) | 8.7 | (17.2) | (197.7)% |
| Operating margin | % | (14.9)% | 12.2% | - | - |
| Capital expenditure | $m | 0.8 | 2.8 | (2.0) | (71.4%) |

**Represents segment revenue pre-elimination of inter-segment revenue of $9.5 million (FY16: $18.1 million)*

- Revenue decrease of ~20% driven by weaker HY2. Operating result largely affected by:
  - negative margin project (now completed, with nil negative margin projects remaining as at 30 June 2017)
  - provision for painshare recognised on the Green Square project, an Alliance contract
  - low activity in eastern states during HY2
- Appointment of WA Operations Manager to continue to provide strategic direction in the WA market. WA market improving with $25 million in new projects won during year, contributing 37% of revenue
- Lower investment in capital reflective of tightening market
- Operational review underway: Preliminary findings indicate process improvements and efficiencies needed to increase the division’s competitiveness in the Queensland, New South Wales and Victorian markets.

# SAFETY

- Safety performance continues to improve: Group-wide total recordable injury frequency rate (TRIFR) continues to improve—achieved 69.5% decrease in Group TRIFR since FY12
- Ongoing implementation of:
  - the Group's safety leadership program Safe Steps, which includes participation of all safety critical roles from leading hands through to managers
  - award-winning mobile system across all projects to streamline safety functions in the field
- Continued independent third party certification of our health and safety management systems to AS4801
- Office of the Federal Safety Commissioner (OFSC) accreditation scheme maintained across the Group with accreditation now extended to the year 2023 due to continued improved performance.



# PEOPLE

- Number of employees - 452 (4.8% increase on prior year) to support operational expansion, particularly in Victoria
- The Group has invested heavily in workforce training and development per the *2020 Strategic Plan* goal of "Excellence in People and Culture“ through initiatives including:
  - Graduate Engineer Development Program
  - Leading Hand – Supervisor Development Program
  - Traineeships/apprenticeships
  - Engineering Competency Matrix
- Our people are our strength:
  - Five employees in NSW and Qld recognised for excellence in their respective fields, including Project Manager Bryan Broadfoot—QLD winner of the Australian Institute of Building’s Professional Excellence Award for Infrastructure, in recognition of his outstanding performance on the Pacific Motorway Upgrade: Exit 54 Interchange Coomera.


Exit 54 Interchange Coomera, AIB Professional Excellence Award

Supervisor Development Forum in Sydney, November 2016

# ENVIRONMENT

- Strengthening focus on sustainable project delivery:
  - The Port Drive Upgrade (PDU) is the Group's first project to be registered for the Infrastructure Sustainability Council of Australia's (ISCA) Ratings for Design and As-Built (Construction)
  - Under Infrastructure Sustainability principles, projects are designed, constructed and operated to optimise environmental, social and economic outcomes over the life of the asset. PDU is on-track to achieve its targeted ratings
- Continuing achievements:
  - Zero Class -1 (significant environmental impact/harm) incidents
  - Zero fines with no prosecutions for breaches of environmental legislation
  - Maintained independent third party certification of environmental management systems to ISO 14001 across the business.

Port Drive Upgrade registered with ISCA for Design and As-Built rating

Endangered Black-throated Finch populations observed during construction of the Townsville Ring Road Section 4 project were some of the highest numbers ever recorded, attributed to the way the team managed topsoil and dust during construction. These birds were photographed within 10m of the finished highway in November 2016

# COMMUNITY

- Community partnerships:
  - Signing of three-year partnership with diversity champions Power of Engineering to promote careers in engineering
  - Third year of sponsorship of the Queensland Music Festival's Yarranbah Band Festival to engage with indigenous communities through music
  - Third year of partnering with CPL (previously Cerebral Palsy League) through the Metal for Mobility initiative, where funds raised from scrap metal recycling on project sites are donated to benefit people with a disability
  - Third year of working with the University of Queensland to deliver the Seymour Whyte Distinguished Visiting Scholar Program for women in engineering, with more than 200 women and girls participating in the 2016 event.
- Community engagement:
  - Implementation of training initiative to certify the Group's community engagement personnel to International Association of Public Participation (IAP2) standards.

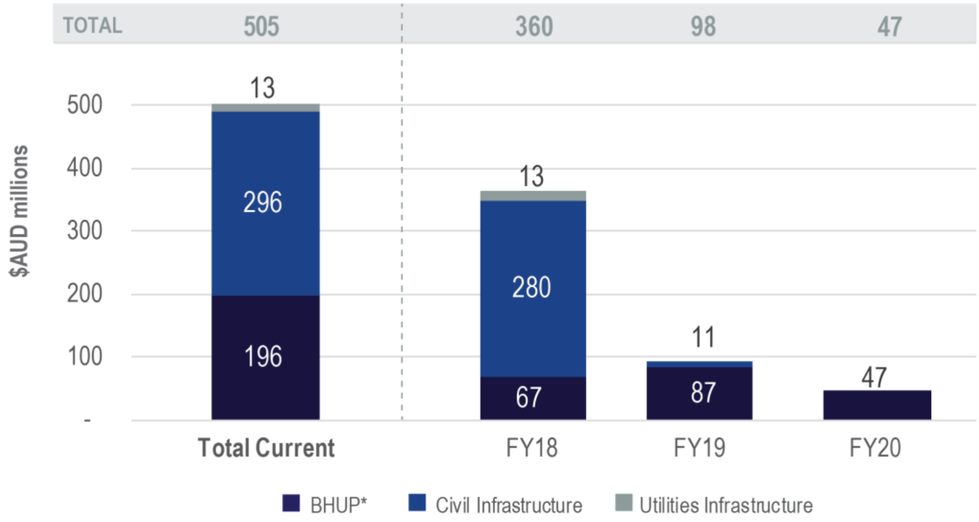
Power of Engineering site tour to Port Drive Upgrade project

2016 UQ Distinguished Visiting Scholar Program Breakfast

# OUTLOOK

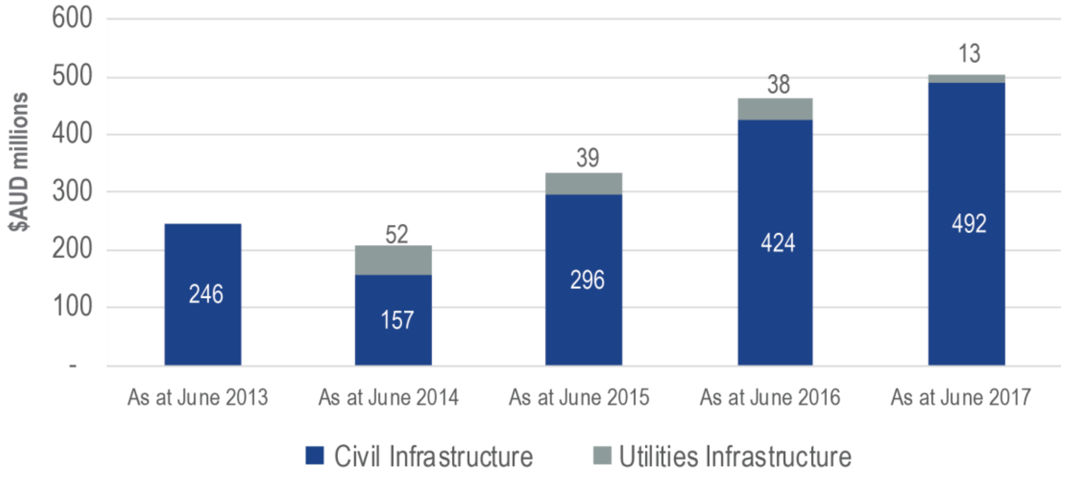
# FORWARD ORDER BOOK

## ORDER BOOK RUNOFF

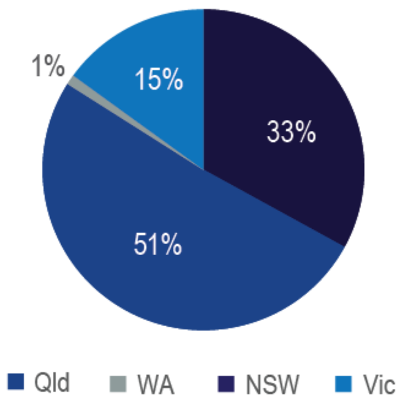



*NB: Order book subject to change due to adjustments in project scope, duration and/or timing*
**BHUP: Bruce Highway Upgrade: Caloundra Road to Sunshine Motorway (amounts shown at 50% share of JV project)*

## ORDER BOOK BY SEGMENT




## ORDER BOOK BY GEOGRAPHY




- Total forward order book at 30 June 2017 of $505 million
- Contracted revenue for FY18 estimated at $360 million assisted by deferral of revenue and related margin due to wet weather delays from FY17
- Subdued market in eastern states and delay of awards impacting level of utilities division order book
- Quality of embedded margins in order book continues to improve.

# FORWARD ORDER BOOK

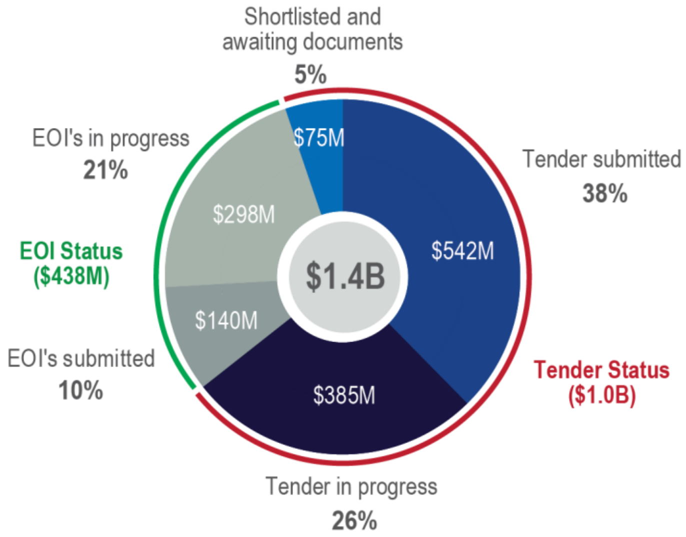
| | Contract Value $AUD Million | FY18 Q1 | FY18 Q2 | FY18 Q3 | FY18 Q4 | FY19 | FY20 |
|---|---|---|---|---|---|---|---|
| **CIVIL INFRASTRUCTURE** | | | | | | | |
| Queensland | | | | | | | |
| Bruce Highway Upgrade: Caloundra Road to Sunshine Motorway | 221 | | | | | | |
| Port Drive Upgrade | 85 | | | | | | |
| Peaks Downs Highway Timber Bridges Replacement | 22 | | | | | | |
| New South Wales | | | | | | | |
| Great Western Highway: Hartley Valley to Forty Bends | 103 | | | | | | |
| Narellan Road Upgrade (Stage B) | 75 | | | | | | |
| Wyong Road and Pacific Motorway Upgrade at Tuggerah | 51 | | | | | | |
| Showground Road Upgrade | 26 | | | | | | |
| Nepean River “Green” Bridge | 33 | | | | | | |
| Sydney Airport Ground Access Improvement - Project 2C | 32 | | | | | | |
| Sydney Airport Ground Access Improvement - Project 3 | 10 | | | | | | |
| Woolgoolga to Ballina Pacific Highway Upgrade Wave 5A | 81 | | | | | | |
| Woolgoolga to Ballina Pacific Highway Upgrade Section 3 Bridge Structures | 54 | | | | | | |
| Victoria | | | | | | | |
| Young Street Improvement Project | 10 | | | | | | |
| Swan Street Bridge Upgrade | 25 | | | | | | |
| Chandler Highway Upgrade | 56 | | | | | | |
| **UTILITIES INFRASTRUCTURE** | | | | | | | |
| Green Square Trunk Stormwater Drain | 30 | | | | | | |
| Domain SYMS Civil | 5 | | | | | | |
| Halls Head Infill Sewer - Projects 1 & 2 | 11 | | | | | | |
| DN600 Distribution Main | 4 | | | | | | |
| City Beach Sewerage Infill Stages 1 & 2 | 7 | | | | | | |
| **TOTAL ORDER BOOK** | | FY18 - $360M | | | | FY19 - $98m | FY20 - $47m |

*NB:*

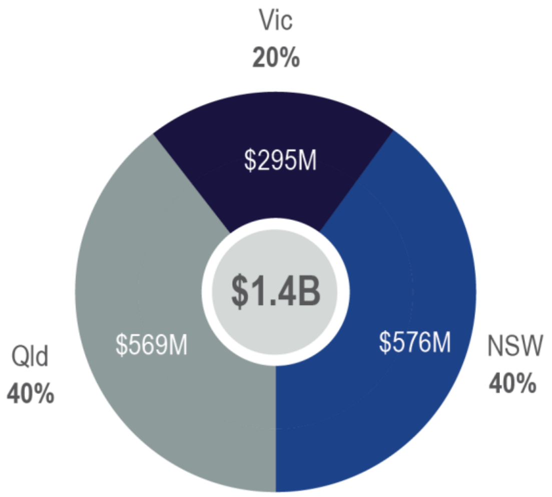
- *Project end dates and values are indicative and are subject to change due to variations and scope changes.*
- *Forecast information is subject to major weather and other adverse events*
- *Chart includes only those projects currently in order book. Projects that have achieved practical completion during the current year have been excluded.*

# PIPELINE OF POTENTIAL PROJECTS

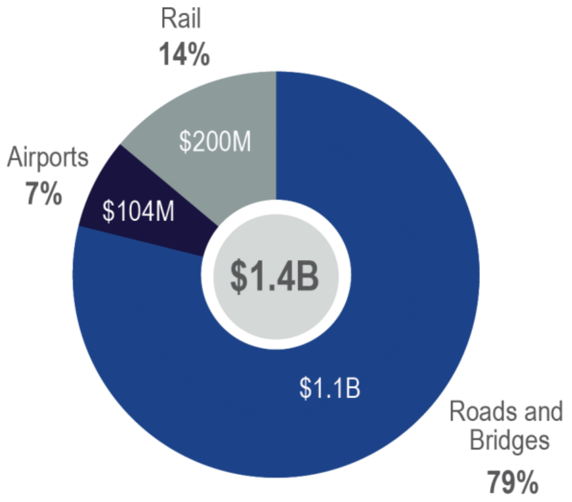
## PIPELINE BY TYPE




## PIPELINE BY GEOGRAPHY

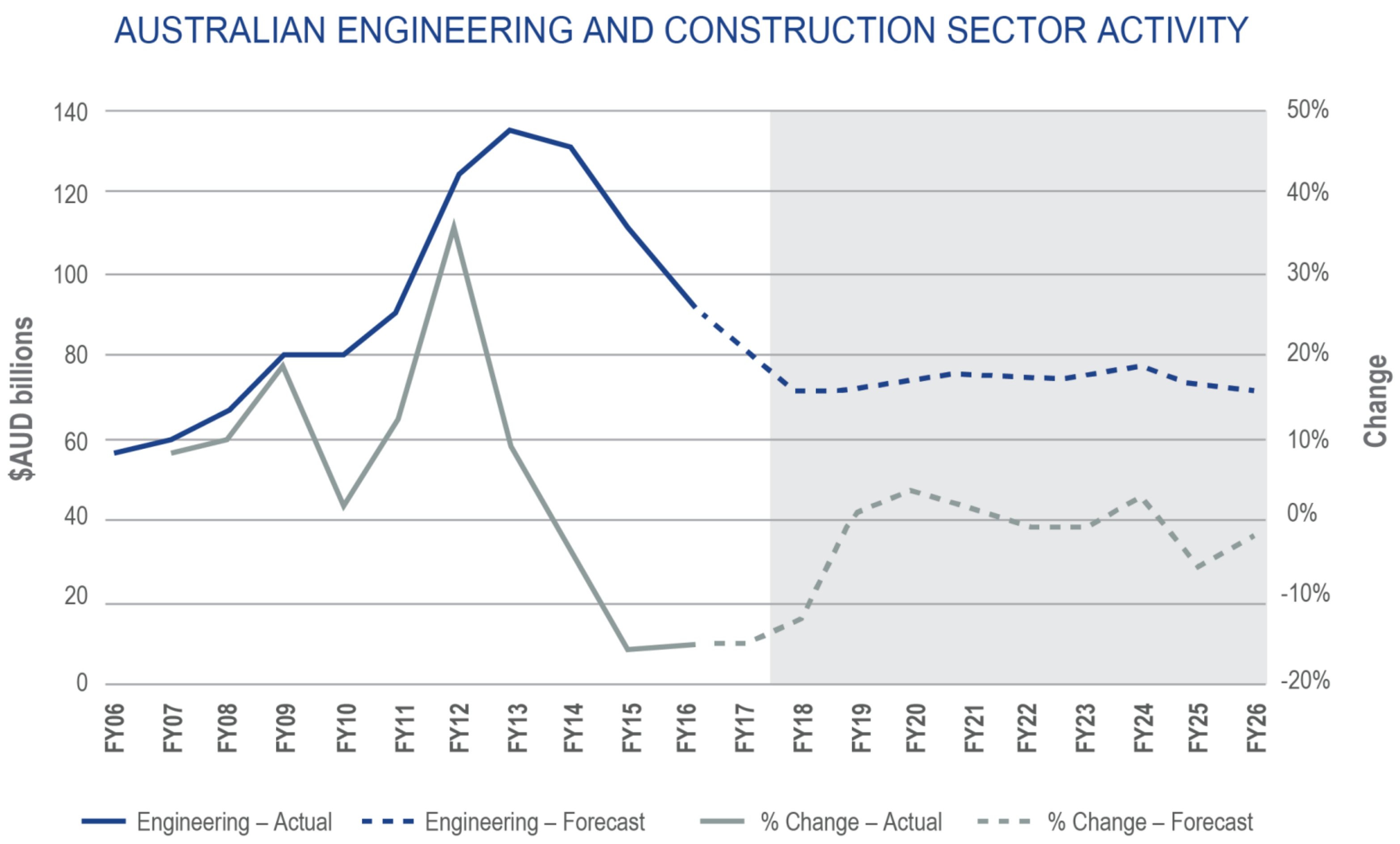



## PIPELINE BY SECTOR




- Pursuing a current pipeline of potential projects worth $1.4 billion with >$500 million tenders submitted awaiting outcome of award
- **Queensland:** Significant opportunities in progress under strategic joint venture arrangements
- **Victoria:** Offers strong prospects mainly consisting of design and construct contracts, including two tenders submitted awaiting award
- **New South Wales:** Intensive tendering activity continues to target opportunities arising from high level of government infrastructure investment.

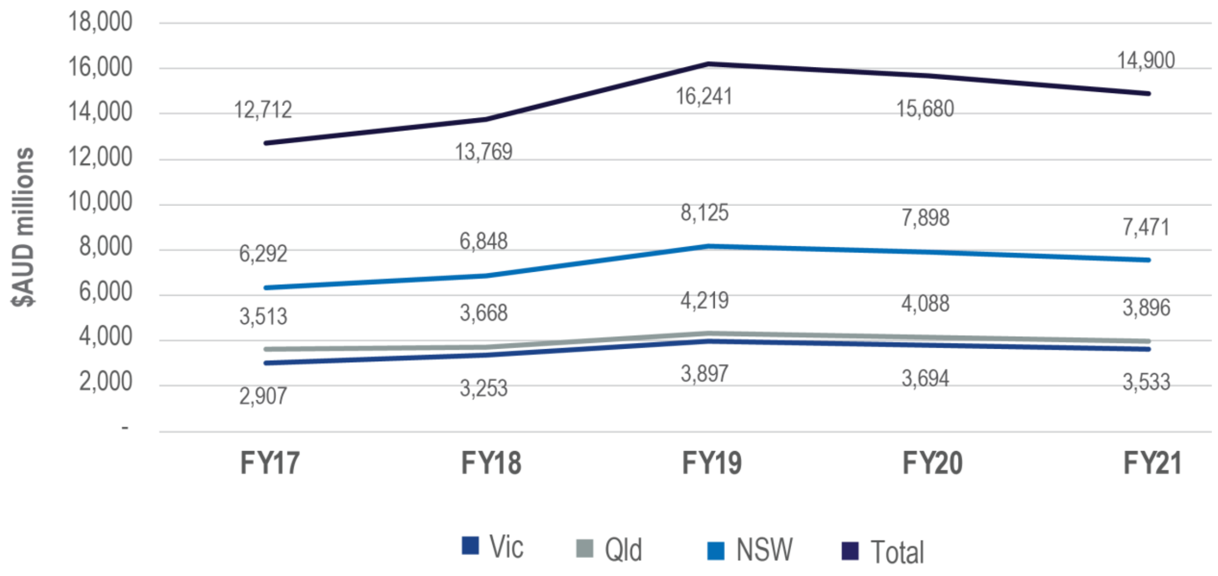
# MARKET OUTLOOK



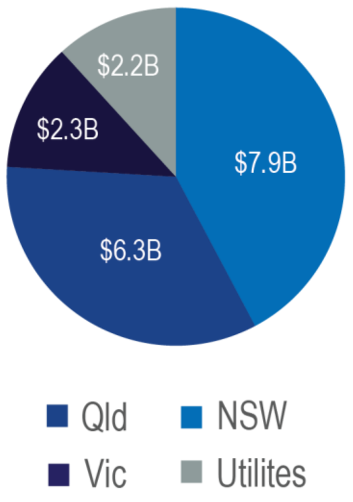

- Activity in the Australian engineering and construction sector is expected to remain relatively constant in FY18 and beyond.

# MARKET OUTLOOK

## POTENTIAL ROADS MARKET BY STATE




## CONTESTABLE MARKET




**Utilities contestable market shown as a whole*

- Opportunities in core capability of road construction continues to increase
- Strong project outlook for NSW, with Queensland and Victoria showing continued opportunities
- WA roads sector continues to experience strong competition
- The Group’s total contestable market within a predominantly four-year horizon is approximately $18.7 billion.

# ADDITIONAL INFORMATION

# COMPANY INFORMATION

| ASX:SWL (information as at 11 August 2017) | |
|---|---|
| Listed | 31 May 2010 |
| Total shares on issue | 87,976,230 |
| Market capitalisation | $121.4 million |
| Current share price | 1.38 |
| Share price (52-week high/low) | 1.39/0.69 |

| Shareholder registry | Percentage held |
|---|---|
| Racelid Pty Ltd (entity associated with founder Garry Whyte) | 22.6 |
| Rabtuvi Pty Ltd (entity associated with founder John Seymour) | 19.4 |
| Mr Robert Patrick Carr | 5.6 |
| Other shareholders | 52.4 |

| Board of Directors | |
|---|---|
| Mac Drysdale | Chairman |
| John Kirkwood | Managing Director and Chief Executive Officer |
| Rob Carr | Non Executive Director |
| Don Mackay | Independent Director |
| Susan Johnston | Independent Director |
| Christopher Greig | Independent Director |
| David Wilson | Independent Director |
| Julie Tealby | Company Secretary |

| Senior Executives | |
|---|---|
| Nicola Padget | Chief Financial Officer |
| Steve Davies-Evans | National Pre-Contracts Manager, SWC |
| Will MacDonald | Operations Manager – Northern, SWC |
| Steve Lambert | Regional Manager – Southern, SWC |
| Angelo Soumboulidis | General Manager, RCPL |

# DISCLAIMER

This presentation contains forward looking statements, which are by their nature subject to significant uncertainties and are based on a number of estimates and assumptions that are subject to change (and in many cases are outside the control of Seymour Whyte and its Directors). These may cause the actual results or performance of Seymour Whyte to be materially different from any future results or performance expressed or implied by such forward looking statements.

This presentation provides information in summary form only and is not intended to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

This presentation should be read in conjunction with other publicly available material. Further information including historical results are available on our website: www.seymourwhyte.com.au

This presentation provides a snapshot of Seymour Whyte's operational and financial highlights for FY2017. The financial information contained in this presentation has mainly been extracted from Appendix 4E: Preliminary Final Report For the Year Ended 30 June 2017, lodged with the ASX on 18 August 2017. This information is also available on Seymour Whyte's website at www.seymourwhyte.com.au.