

Unit 1
8 Turbo Road
Kings Park NSW 2148 Australia
ABN 25 001 150 849

Email: admin@scidev.com.au
Website: www.scidev.com.au
ASX code: SDV

Companies Announcements Office
Australian Stock Exchange

27th February 2020

SciDev delivers strong half-year growth

SciDev Limited (ASX:SDV; **SciDev**, or the **Company**) is pleased to provide its results for the half-year period ending 31 December 2019 (1H FY20).

1H20 Financial Highlights

- Record half-yearly revenue up 382% to AUD\$6.12m (1H19: AUD\$1.3m)
- Net loss reduced by 69% to AUD-\$191k (1H19: AUD-\$623k)
- Net cash from operations of AUD-\$2.5m* (1H19: -AUD\$0.7m)
**increased outgoings due to inventory to deliver on recent contract wins*
- Net cash position of AUD\$3.07m

1H20 Operational Highlights

- Three-year MaxiFlox® supply contract (AUD\$8-12m) signed with mineral sands major, Iluka
- Strategic AUD\$1.9m acquisition of ProSol Australia Pty Ltd a bespoke solutions business delivering chemistry and services for the mining and water treatment industries in NSW
- Post the end of the period, SciDev announced a strategic USD\$6m acquisition of Highland Fluids Technology Inc (Highland), providing the Company with immediate access to the USD\$2.5b US onshore oil and gas market. Transaction settlement expected this month.
- Key hires to support SciDev's next stage of growth, including Chief Financial Officer, Chief Operating Officer and hires in key technical roles

Commenting on the half-year performance of SciDev, Managing Director and Chief Executive Officer Lewis Utting said:

"The first half of financial year 2020 was a period of record revenue for SciDev as we successfully executed on a range of business development opportunities globally.

Complementing our contract wins, we were pleased to have made two acquisitions – ProSol Australia and Highland Fluid Technology – which expand our addressable markets into attractive new verticals and geographies.

We have maintained momentum into the second half of 2020, and we remain focused on growing our existing organic growth pipeline and moving towards positive cash flow generation in the near term."

Financials commentary

Revenue for 1H FY20 of AUD\$6.12 million (1H19: AUD\$1.3 million) reflecting organic growth, major contract win with Iluka for one month, the initiation of several MaxiFlo[®] trials and the inclusion of the acquired ProSol Australia business from November 2019.

Cash receipts of AUD\$3.8 million (1H19: AUD\$1.2 million) were recorded, with receivables of AUD\$3.54 million and payables of AUD\$1.86 million. Net cash outflows from operations increased to AUD-\$2.5 million. The increase in cash outgoings was attributable to a product inventory build (\$2.32m) as the Company gears up to deliver on recent contract wins.

Net cash at the end of the period was AUD\$3.07m. The Company ended the quarter with AUD\$2.32m of inventory at hand. The build in inventory will provide a seamless engagement of chemical supply into recent contract wins and the Company expects that inventory levels will normalise as commercial activity reaches a steady state.

Gross profit margins for the period were 30.3%. Margins were elevated given the higher level of professional services revenue booked in the quarter. As the business mix of the Company changes, with increased chemical sales and a larger overall revenue base, gross profit margins are anticipated to normalise into the second half of FY20 and beyond. Long term gross profit margins are anticipated to reduce, but on growing revenues as the Company's recent performance demonstrates.

Outlook

Management focus for the remainder of FY2020 will be:

- Execute on our recently won contracts and support existing customer trials
- Integrate Highland and drive business development opportunities within the US oil & gas sector
- Continue to grow our relationship with strategic partner, Nuocer China
- Continue our development of opportunities within the domestic civil and construction industry
- Accelerate our initiatives in the Australian wastewater sector
- Build on our momentum with the existing organic growth pipeline
- Move towards positive cash flow generation


This announcement has been approved by the Managing Director of SciDev Limited

On behalf of SciDev Ltd



Lewis Utting

Managing Director & Chief Executive Officer



Heath Roberts

Company Secretary

For Further Information:**Corporate**

Lewis Utting - MD & CEO

Heath Roberts - Company Secretary

(+61) 02 9622 5185

Investors

Craig Sainsbury – Market Eye

craig.sainsbury@marketeye.com.au

0428 550 499

About SciDev

SciDev is a leader in the development and application of services, chemistry and process control for solids-liquid separation. SciDev brings together world-class technology, chemistry, management and manufacturing capabilities to solve pressing operational and environmental issues for the Mining, Water Treatment, Oil & Gas and Construction markets.