



ASX Announcement

Friday, 22 October 2021

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER'S ADDRESS TO THE ANNUAL GENERAL MEETING

Intega Group Limited (ASX:ITG) (Intega) is pleased to release the Managing Director and Chief Executive Officer's address to the Annual General Meeting.

OVERVIEW OF INTEGA

As many of you know, Intega first came onto the ASX in FY20 following the demerger from Cardno in October 2019. The core business of Intega has more than 50 years of history in Australia and the Americas and is made up of 4 main brands which are Construction Sciences, T2 Utility Engineers, Raba Kistner and PPI Quality and Engineering.

INTEGA DIVISION OVERVIEW

Intega's divisions include Construction Sciences in Australia and the Pacific, T2 Utility Engineers which operates in the United States and Canada, Raba Kistner which operates in the United States and PPI Quality and Engineering which is headquartered in the United States and operates globally.

Services provided by the businesses include:

- Construction materials testing;
- Construction inspection;
- Geotechnical and environmental engineering;
- Subsurface utility engineering, survey and mapping; and
- Quality and engineering services to the oil and gas and renewable energy sectors.

PROJECTS

The next few slides show the projects Intega works on.

- Melbourne Metro: Construction Sciences: Melbourne Metro will add capacity to Melbourne's rail network. The project includes two nine-kilometre tunnels, five underground stations and a train/tram interchange.
- Rookwood Weir: Construction Sciences: Rookwood weir will provide water security in central Queensland and provide irrigation water for agriculture in the region. The project includes the construction of Rookwood weir and significant local road and highway upgrades. Construction Sciences is providing Construction materials testing for the weir, road works and highway interchange.
- Brisbane Metro: Construction Sciences: The Brisbane Metro project is a mass transit project which will provide public transport across 21 kilometres and 18 stations, to relieve congestion in the city of Brisbane. Construction Sciences has completed geotechnical and environmental investigations, pavement investigations and sub-surface utility investigations and mapping.
- M1 Pacific Highway Upgrade: Construction Sciences: The M1 project on the Gold Coast will relieve a heavily congested zone of the Pacific Highway on Queensland's Gold Coast. Construction Sciences is providing construction materials testing services, environmental supervision, and geotechnical engineering.
- Cooroy to Curra (C2C): Construction Sciences: The C2C project is a major upgrade to the Bruce Highway and creates a bypass of the major regional town on Gympie. The new section of highway which is being replaced will be wider and safer than the existing highway. Construction Sciences is providing Construction Materials Testing for the project from an on-site laboratory.
- Oak Hill Parkway Infrastructure Project: The Oakhill Parkway will reconstruct and expand seven miles of the of the US290 highway near Austin, Texas, and will relieve one of the most congested roadways in Texas. Raba Kistner is providing civil engineering inspection services to the project.
- San Antonio State Hospital: Raba Kistner: The San Antonio State hospital is being replaced with a new US\$357M facility. Raba Kistner is providing geotechnical engineering and construction materials testing for the project.



PERFORMANCE SUMMARY

In terms of performance in FY21, Intega Group performed ahead of prior year. In Australia we have maintained our market position as one of the largest national leaders in construction materials testing and in the US we have continued to grow while creating a strong pipeline, building our customer relationships and improving margins.

During the year we continued to focus on our core business strategies of growing the business, optimising utilisation of our resources and refining the restructure of our back-office support to achieve long term cost savings. Pleasingly our hard work has paid off:

- Underlying EBITDA for FY21 was \$51.3M up 19.6% on prior year and above guidance;
- Underlying EBIT increased 54.8% on prior year to \$19.5 million; and
- Net cash from operating activities for the year was \$40.3 million, representing cash conversion of 87.3%.

EPS for the year was 2.13 cents, up from prior year of 1.16 cents and Intega paid an interim dividend of 1.0 cents per share and a final dividend of 1.4 cents per share.

We have continued to focus on managing working capital, allowing us to repay \$17.8 million in debt during the year, further strengthening our balance sheet. Our business development and customer focus strategies resulted in increased backlog and we had some great project wins in both Australia and the Americas.

Throughout the pandemic we have continued as “essential services” and whilst the business has been impacted by COVID-19 in both Australia and the Americas our focus on employee and community safety, flexible operating models and working capital management have ensured we minimised the financial impact whilst being able to position the business to capitalise on increased infrastructure spend once the borders begin to open and vaccinations are increased globally.

2021 FULL-YEAR GROUP RESULTS

Full year underlying EBITDA for Intega was \$51.3M, up 19.6% on prior year proforma of \$42.9M and net operating profit after tax of \$9.3M was up \$4.2M on prior year.

To clarify, the proforma results for FY20 represent Intega for the full twelve months including the four months as a subsidiary of Cardno pre demerger on 31 October 2019.

During FY21 Intega had acquisition costs related to the accrual of retention payments for previous acquisitions made and payments made to Cardno as part of the transitional services agreement (TSA) excluded from the underlying results as abnormal items. With the transition from Cardno complete as at 31 December 2020, no further TSA costs will be incurred.

Both backlog and net cash flow from operations finished strong for the year which we will talk about in later slides.

2021 YEAR END BALANCE SHEET

This slide shows the FY20 and FY21 balance sheet and I'm pleased with how the business has continued to focus on the balance sheet to put the Intega Group in a good position leading into FY22.

We continued our strong focus on working capital management, refining our processes around WIP conversion, invoicing and collections which allowed us to comfortably repay debt and our obligations for past acquisitions during the year.

We finished the year with net debt of \$45.5M and met all our lending covenants.

2021 YEAR END CASH FLOW

Operating cash flow was \$40.3M which was a great outcome.

Our working capital movement was impacted by our one-off obligation to Cardno in relation to the transitional services agreement payments. Excluding these, our working capital would have been largely flat following the significant improvement process in FY20.

During the year we paid the final deferred settlement to Raba Kistner relating to their acquisition in 2018, completed a share buyback and paid an interim dividend to shareholders.

OUTLOOK FOR FY22

Intega has commenced FY22 with a strong balance sheet, increased backlog and embedded flexible operating models which will allow us to prepare and position the business for growth from acquisitions and expected increased infrastructure work in all operating geographies.



In quarter 1 of FY22 we have completed two acquisitions in the US under Raba Kistner:

- an environmental company specializing in storm water management; and
- a project management and building commissioning focused company,

both of which compliment Raba Kistner's existing services, and provide growth opportunities in Texas.

For the remainder of FY22 we will continue to focus on our long-term growth initiatives and expansion of niche service lines in Australia and geographic expansion in the Americas through acquisition and organic opportunities.

This brings us to the end of the presentation. I would like to use this forum to thank Intega's staff across the world for their efforts and for their stoicism in FY21, which was a challenging period to navigate. They are an excellent team of people to work with.

This announcement has been authorised by Matt Courtney, Managing Director & Chief Executive Officer.

– ENDS –

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About Intega: The Intega Group is a leading engineering services provider, with a focus on Asset and Infrastructure Integrity. Intega is listed on the Australian Securities Exchange (ASX:ITG). www.intega.net