



ASX ANNOUNCEMENT

27 NOVEMBER 2020

STRATEGY UPDATE TO DRIVE NEXT PHASE OF SIGNIFICANT GROWTH

Valmec Limited (ASX: VMX), a leading energy, resources and infrastructure services group, is pleased to advise it has implemented a significant corporate strategy update to drive the next phase of the Company's national growth plan.

The Board-endorsed strategy will see Valmec build out its Asset Services division, creating a 'one-stop shop' providing a full suite of services covering design, construction and maintenance to the energy, resources and infrastructure sectors.

Successful delivery of the Asset Services growth strategy will transition the Valmec business from its current weighting toward the well-established design, construction and commissioning division to having at least 50% of the order book dominated by recurring service revenues.

Across both the Asset Services and Construction divisions, Valmec will leverage its existing national footprint and solid blue-chip client base to target Government-funded infrastructure initiatives, the re-emergence of gas as a cheap energy source, a looming major energy maintenance cycle, the growing importance of national water infrastructure and the emerging hydrogen sector as it chases an annual revenue target of \$300 million within three years.

To execute the strategy, Valmec will embark on a program to identify complementary businesses to build out its service offering, multi-skill the employee base for optimal utilisation of workforce and continue to leverage and maintain its construction capability.

Management have identified a pipeline of work opportunities totalling \$893M.

Valmec's Managing Director, Steve Dropulich said: *"We believe the strategy update provides a low-risk, high-growth, step-change opportunity. By leveraging our current capabilities and experience, we are focused on developing a more robust business by re-cutting the revenue split to have more emphasis on multi-year, recurring contracts rather than being too reliant on construction projects."*

"Our clients will welcome the one-stop shop offering because reducing the cost of asset ownership and maintaining asset availability, integrity, reliability and lifespan are key deliverables in the current climate."



“We see a raft of opportunities emerging with Governments across the country initiating big infrastructure investments, the promotion of a gas-led recovery, particularly on the East Coast, and water infrastructure taking a high priority.

“After decades of construction, we are entering a major maintenance cycle in the energy sector and we are also well placed for the emergence of hydrogen as a renewable energy source in Australia, thanks to our involvement in the construction of Hydrogen Park South Australia.”

“All of these areas of opportunity fall into our sphere of expertise. This is an exciting time for Valmec and I look forward to sharing this journey with our shareholders, staff and partners.”

For further information, please contact:

Harry Singh
Company Secretary & CFO, Valmec Limited
P: + 61 (0)8 9266 8888
E: hsingh@valmec.com.au

Media queries:
Michael Weir/Cameron Gilenko
Citadel-MAGNUS
P: +61 402 347 032/0466 984 953