

18 October 2021

ASX ANNOUNCEMENT

SEPTEMBER 2021 QUARTERLY REPORT

RECORD CONTRACTED REVENUE, CASH RECEIPTS & CASH BALANCE

Highlights

- **Record cash receipts of \$40.9 million, a ~19% increase on the last quarter (Q4 FY21: \$34.5M)**
- **Record cash balance of \$15.2 million, a ~15% increase on the last quarter (Q4 FY21: \$13.2M)**
- **Record-breaking \$210 million of contracted revenue consisting of:**
 - **Iron Bridge Magnetite Project circa \$145M**
 - **Acciona Waste to Energy circa \$10M**
 - **Ambania Compressor Station circa \$25M (post-quarter end)**
 - **Works in Progress circa \$30M**
- **WestStar Group CEO Robert Spadanuda appointed Managing Director**

WestStar Industrial Limited (Company or WestStar) (ASX: WSI), an Australian industrial services company, operating in the energy, resources, utility and infrastructure sectors, in metropolitan and remote areas, is pleased to report on the Company's performance for the quarter ended 30 September 2021 (**Quarter**).

Company Financial Overview

During the Quarter, WestStar maintained its objective to deliver sustainable growth and profitability with a focus on newly awarded contracts, increased revenue and the provision of strong cash reserves.

The Company achieved a record quarter-end cash balance of \$15.2 million, an increase of approximately 15% on Q4 FY21 \$13.2 million.

The Company banked total cash receipts of \$40.9 million an increase of approximately 19% on Q4 FY21' \$34.5 million.

The Company has now secured a record-breaking \$210 million of contracted revenue with existing contracts, comprising of:

- **Iron Bridge Magnetite Project circa \$145M**
- **Acciona Waste to Energy circa \$10M**
- **Ambania Compressor Station circa \$25M (post-quarter end)**
- **Works in Progress circa \$30M**

The current revenue awarded of \$210 million is a blend of non-process infrastructure (**NPI**), structural mechanical and piping (**SMP**), electrical and instrumentation (**E&I**) and fabrication works and will be performed for more than 20 clients (including major tier-1 clientele) over a range of projects and commodities (see Figure 1).

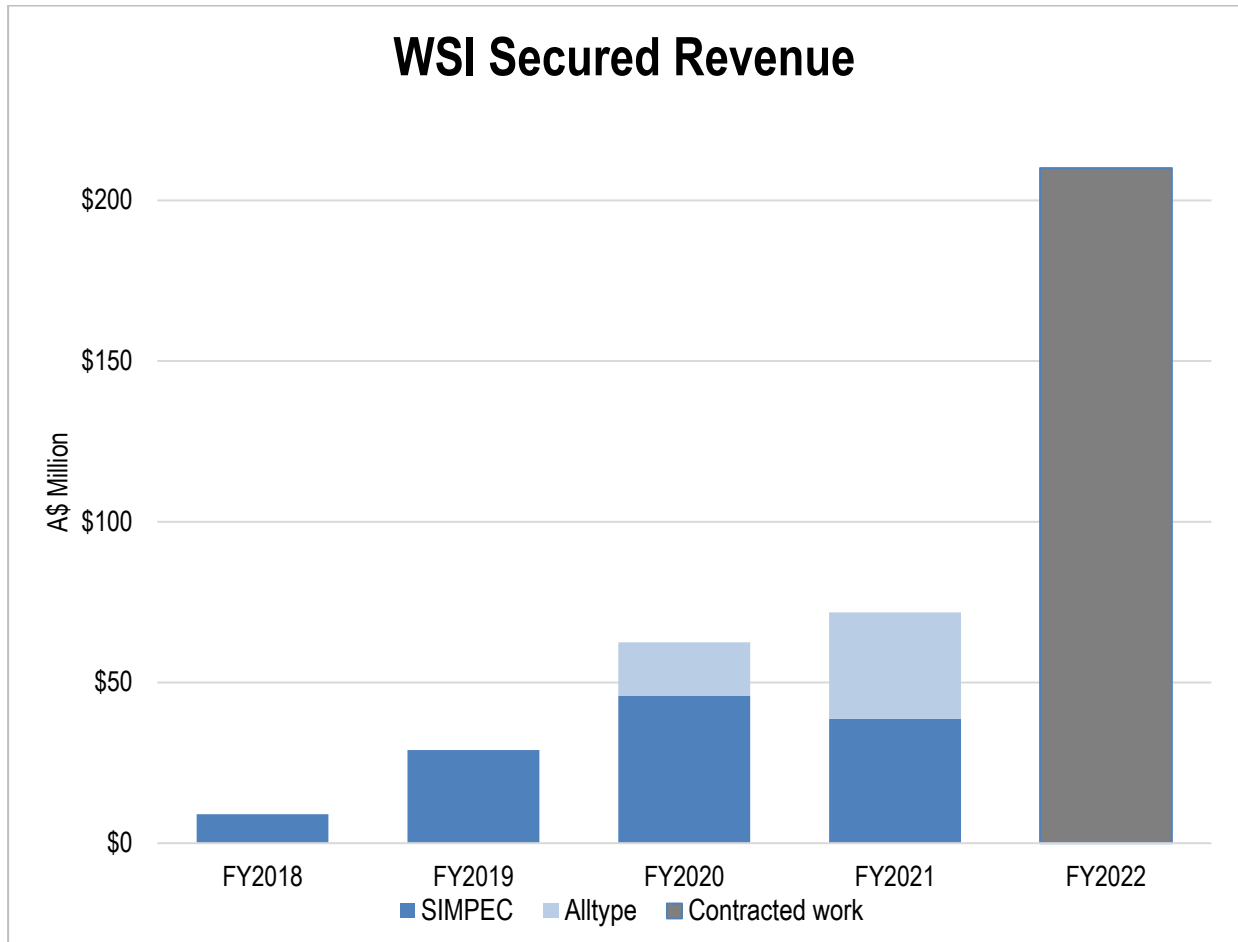


Figure 1: WSI group revenue breakdown and contracted works into FY22

Commenting on WestStar Industrial's quarterly results, WestStar CEO and Managing Director Robert Spadanuda noted:

"We have built significantly on the previous quarter's record-breaking results and are highly placed to win further large-scale project opportunities into the second quarter of FY22. The \$145 million contract with FMG is a true focal point in the long-term growth story of WestStar. Not only does it demonstrate our capacity to deliver a major job for a tier-one mining company but it also validates our strategy of assembling a quality team first and then building up a history of project execution second. At completion, the project will represent a real showcase piece for WestStar and SIMPEC and will be a strong demonstration of our capabilities when pitching for future works."

Mr Spadanuda confirmed that despite the size of the Iron Bridge contract, the Group will be able to deliver on its strong pipeline of other contracts already secured.

"Our ability to service contracts aside from Iron Bridge is not an issue. We have significant depth of experience across our management team capable of delivering major projects on time and on budget. We are highly capable and have capacity to deliver on our pipeline of major contracts going forward."

SIMPEC Operations

SIMPEC contributed strongly to the Group's Q1 FY22 result, with works being carried out across major projects. SIMPEC has demonstrated its ability to deliver large volumes of works across a variety of disciplines in a rapid timeframe.

This is testimony to its executive management and unique, transparent and flexible approach to its projects. Understanding of the entire scope and how the subcontract execution affects and supports the overall project success has been a key factor in contributing strong revenue to the group.

Highlights during the Quarter included:

- **\$145 million contract for the Iron Bridge Magnetite Project - a joint venture between Fortescue Metals Group subsidiary FMG Magnetite Pty Ltd and Formosa Steel IB Pty Ltd.**

SIMPEC will supply vertical construction services for the Iron Bridge Magnetite Project works, with an anticipated workforce of more than 500 personnel. This intricate project consists of major module installation, tank installation, major mechanical installation, large bore piping and a significant portion of supply and installation of electrical and instrumentation works.

- **\$10 million contract by EPC Contractor, Acciona, for the Avertas Energy Project.**

The works includes structural, mechanical and piping (SMP), electrical, instrumentation and controls (E&I), and non-process infrastructure (NPI) projects.

Both contracts have commenced with the majority of works expected to be delivered during FY22.

SIMPEC Managing Director Mark Dimasi said:

"It has been a company-making quarter for SIMPEC in delivering major projects in the industry. The award of the Wet Plant Project represents our largest contract win to date with a first-tier client. To achieve this in just over four years of being part of the Group is a remarkable achievement. Its proof that our people and culture are building a reputable Company that clients trust. In addition, the Avertas Energy Project exposes our business to the new wave of producing cleaner energy and allows the business to recruit for a local project, supporting local employment and business. I look forward to updating the market on further new contract wins for SIMPEC in the coming quarter."

Alltype Engineering Operations

During the Quarter, WestStar's wholly owned subsidiary Alltype Engineering continued to build its pipeline of new work opportunities, with works being tendered and developed increasing in both value and complexity as well as geographical location.

Alltype Engineering has continued the significant level of activity from FY2021 into Q1 FY2022, with tendering opportunities again continuing to grow in volume, size and complexity. The company was successful with the award of multiple new contracts and extensions to existing contracts.

Post-quarter end, Alltype Engineering was awarded a major contract valued at circa \$25 million by APA Group (ASX:APA). This contract further bolsters and contributes to the WestStar FY2022 order book and aligns with Alltype Engineering's strategic plan to focus and deliver on major turnkey construction projects.

For Alltype Engineering, the contract was a result of its demonstrated experience in delivering projects successfully for APA Group and the wider Western Australian gas industry. Alltype Engineering has commenced work with works expected to be completed by Q3 CY2022

Alltype Engineering's managing director Kelvin Andrijich quoted:

"It was a strong start to the new financial year for Alltype Engineering where we continue to build our pipeline of new work opportunities, with works being tendered and developed increasing in both value and complexity as well as geographical location. Alltype Engineering continues to build its market presence and capabilities by safely and reliably delivering multidisciplinary projects. By executing the workshop fabrication, SMP and E&I scopes and partnering with key experienced and aligned partners for camp, civil and concrete scopes, we are able to offer a seamless end to end solution which de-risks project delivery."

Outlook

WestStar Industrial continues to develop and strengthen its overall business capability to move further into the Infrastructure, Mining and Minerals, Energy and Renewables industries throughout Australia. We believe our overall focus on supporting our clients on both major projects and term-sustaining capital contracts will further enhance the group's positioning for FY22 and beyond.

Additionally, the future order book pipeline is strong, currently at over \$600M with tendering and negotiations expected to yield more contract awards in the near future.

A well-balanced portion of all submissions are from both repeat and new clients within the resources, petrochemical, mining, infrastructure and oil and gas sectors.

We look forward to updating the market of our success with these opportunities.

Corporate

During the period, WestStar Group CEO, Robert Spadanuda was appointed Managing Director of WestStar. Mr Spadanuda has spent the last 5 years as Group CEO of WestStar, during which time he has led the strategic and operational direction of the Company. As part of the appointment, Mr Spadanuda replaced Non-Executive Director, Bert Mondello on the WestStar board.

The aggregate amount of payments to related parties and their associates included in the current quarter totalled ~\$15,000. These payments consisted of Directors' fees and salaries paid to directors, accounting and bookkeeping fees and corporate advisory fees. All payments were on normal commercial terms.

-Ends-

For further information please contact:

Philip Re
Chairman

pre@Weststarindustrial.com.au

Robert Spadanuda

WestStar CEO and Managing Director

Robert@Weststarindustrial.com.au

Media

David Tasker
Chapter One Advisors

M: +61 433 112 936

E: dtasker@chapteroneadvisors.com.au

About WestStar

WestStar Industrial Limited (ASX: WSI) is an industrial, steel fabrication, installation and maintenance services company focussed on the resources, oil and gas, water and infrastructure sectors.

About SIMPEC

SIMPEC delivers high quality construction and engineering services with specialisation in structural mechanical and piping (SMP), electrical and instrumentation (E&I), concrete products and civil Services.

For more information: www.simpec.com.au

About Alltype

Engineering Alltype Engineering leverages off its fabrication capability and provides complete project solutions including SMP and E&I site installation, construction and maintenance services, across almost every industry in Australia. Alltype's products and services have been delivered and installed state-wide, nationally and internationally through our workshops and sites and can be found on land, offshore on islands, FPSO's and platforms, below ground and even subsea. Supported by its team of experienced multi-disciplinary project personnel, Alltype delivers consistent quality products and services that underpin its commitment to its vision "to be recognised as the preferred partner in delivering integrated fabrication, site and maintenance services with reliable, innovative and cost-effective solutions".

For more information: www.alltypeengineering.com.au

ASX release authorised by the Board of Directors of WestStar Industrial Limited.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

WESTSTAR INDUSTRIAL LIMITED

ABN

38 119 047 693

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	40,978	40,978
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(23,142)	(23,142)
(c) advertising and marketing	-	-
(d) leased assets	(45)	(45)
(e) staff costs	(15,021)	(15,021)
(f) administration and corporate costs	(1,041)	(1,041)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(41)	(41)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	133	133
1.9 Net cash from / (used in) operating activities	1,822	1,822
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(172)	(172)
(d) investments	(163)	(163)
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	403	403
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	68	68

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	165	165
3.6	Repayment of borrowings	(83)	(83)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	82	82

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	13,179	13,179
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,822	1,822
4.3	Net cash from / (used in) investing activities (item 2.6 above)	68	68

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	82	82
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	15,151	15,151

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	15,151	15,151
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	15,151	15,151

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	15
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	300	300
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	300	300
7.5	Unused financing facilities available at quarter end		-
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>On 12 December 2018, the Company announced that it had received commitments for an unsecured working capital facility of up to \$1M, which was reduced to \$300,000 in Q4,2021. At the end of the quarter the total \$300,000 of this facility had been drawn with no remaining balance available. Interest is payable at 10% p.a</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	1,822
8.2	Cash and cash equivalents at quarter end (item 4.6)	15,151
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	15,151
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

18 October 2021

Date:

By the Board

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.