

## DECEMBER 2021 QUARTERLY REPORT

### RECORD CONTRACTED REVENUE, CASH RECEIPTS & CASH BALANCE

#### Highlights

- Record cash receipts of \$59.2 million, a ~45% increase on the last quarter (Q1 FY22: \$40.9M)
- Record cash balance of \$28.9 million, a ~90% increase on the last quarter (Q1 FY22: \$15.2M)
- Export Finance Australia approves ~\$7.5 million Bond Facility
- Completes \$3.5 million placement supported by institutional and sophisticated investors
- Continues to deliver on Record-breaking \$222 million of contracted revenue consisting of:
  - Iron Bridge Magnetite Project circa \$145 million
  - Acciona Waste to Energy circa \$10 million
  - Ambania Compressor Station circa \$25 million
  - Lynas Rare Earth facility circa \$12 million
  - Works in Progress circa \$30 million
- WSI will deliver major project contracts with capacity and capability remaining to deliver on strong pipeline of contracts secured

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 31 December 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 \$28.9 million, an increase of approximately 90% on Q1 FY22's \$15.2 million. The Company banked total cash receipts of \$59.2 million an increase of approximately 45% on Q1 FY22's \$40.9 million.

The Company has now secured a record-breaking \$222 million of contracted revenue with existing contracts, consisting of:

- Iron Bridge Magnetite Project circa \$145M
- Acciona Waste to Energy circa \$10M
- Ambania Compressor Station circa \$25M
- Lynas Rare Earth facility circa \$12M
- Works in Progress circa \$30M

The current revenue awarded of \$222 million is a blend of non-process infrastructure (NPI), structural mechanical and piping (SMP), electrical and instrumentation (E&I) and fabrication works which will be performed for a large number of clients. Importantly, WestStar has the ability to deliver on major project contracts such as Iron Bridge with capacity and capability remaining to deliver on its strong pipeline of contracts secured.

## SIMPEC Operations

During the Quarter, SIMPEC continued to progress the following projects:

- Kwinana Waste to Energy Project – Piping Installation BOP
- Ravensthorpe Shoemaker Levy Project – SMP and E&I
- Iron Bridge Operations Wet Process Plant – SMP and E&I
- Pilbara Minerals – Pilgangoora and Ngungaju – Civil, SMP and E&I
- BHP – Mt Keith Debottlenecking Project – Engineering Support
- Tianqi Kwinana – Engineering Support

The recruitment effort for the Iron Bridge project has increased significantly for both white and blue-collar personnel during the Quarter. SIMPEC now have more than 250 personnel mobilised to the project with the total SIMPEC workforce now greater than 400 personnel across all project teams and head office.

FY2022 is already shaping up for record growth and expansion across all our sectors and disciplines.

### Iron Bridge Magnetite Project

SIMPEC is progressing well with the major construction activities on the Iron Bridge Magnetite Project for the Wet Processing Plant. The Project is a joint venture between Fortescue Metals Group subsidiary FMG Magnetite Pty Ltd and Formosa Steel IB Pty Ltd.



*Image – Iron Bridge Wet processing facility progress update*

SIMPEC is well advanced with the Mechanical and Electrical installation works for the development of the new mine and associated infrastructure for Iron Bridge, situated approximately 145km south of the town of Port Hedland in Western Australia's Pilbara region.

The Wet Processing Plant is a significant part of the new magnetite mine which will be central to the production of 22 Million Wet Metric Tonnes Per Annum (WMTPA) of high grade, magnetite concentrate product.

SIMPEC is supplying SMP and E&I vertical construction services for the project. 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.

**SIMPEC Managing Director Mark Dimasi noted:**

*“Our experienced team has been instrumental to the safe and efficient progress of our projects while our People and Culture are key to maintaining this successful momentum. We look forward to further project updates and thank our clients for the opportunity to support the delivery of such high-profile projects. I would also like to thank the Team for their dedication and efforts in delivering industry excellence.”*

SIMPEC continues to develop and strengthen its overall business capability to move further into the Minerals, Gas and Renewables industries throughout Australia. The overall focus on both major projects, and term sustaining capital contracts will further enhance SIMPEC’s positioning for FY2022 and beyond.

Tendering and proposals remains strong, as SIMPEC consistently deliver projects at a high standard.

**Alltype Engineering Operations**

During the Quarter, WestStar’s wholly owned subsidiary Alltype Engineering continued to further build its pipeline of new major work opportunities, with tender invitations increasing in CAPEX value and complexity. These works included Engineering Procurement Construction (EPC) scopes in the gas transmission and power generation sector, with the contract for the gas transmission facility awarded in the quarter. Turnkey lump sum tender submissions were invited on the East Coast commensurate with the geographical expansion strategy that was triggered with a presence established in June 2021. Whilst the impacts of the COVID19 pandemic continued to evolve, the appetite of potential customers in Queensland and New South Wales increased with current tender proposals under consideration aligned with the national border elimination time frames.

Alltype Engineering continued the step change level of activity growth from FY2021 into FY2022, with tendering opportunities again continuing to grow in volume, size and complexity with core business and shortlisting on numerous projects confirmed prior to the traditional Christmas break. The company was successful with the award of multiple new contracts and extensions to existing contracts.

Of significance, Alltype Engineering was awarded a major contract valued at circa \$12 million by Lynas Kalgoorlie Pty Ltd (Lynas). Alltype Engineering mobilised to and established site presence in accordance with the project schedule prior to Christmas and began receipting the client supplied kiln segment.

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 and the rotating equipment business unit establishment. A completely separate project and construction team is executing works to the Ambania Compressor Station project which commenced shop fabrication works within the quarter.

**Alltype Engineering’s managing director Kelvin Andrijich quoted:**

*“The first half of the year has highlighted the evolving market presence and understanding of Alltype Engineering’s capabilities, particularly in the Energy, Mineral Processing and Water Infrastructure markets. We are now being identified more as a construction contractor with multidiscipline capability supported by workshop fabrication services as opposed to a fabricator with installation capability. We look forward to successful delivery of these major milestone projects as well as continuing to service our clients on their core requirements. As 2021 closes I would again like to thank every member of our team for their strong contribution to our performance to date and our clients and business partners for their ongoing support.”*

## 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. The Company's 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.

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

*"WestStar continues to build record quarters as we deliver on our contracted revenue and high-profile projects. We have continually demonstrated our ability to manage cash reserves and deliver positive cash balances for some time now. This was evidenced as the company made significant steps forward with the execution of the \$7.5M Bond facility with Export Finance Australia, a true endorsement of the company's performance by the independent due diligence of a government-backed organisation rated AAA by Standard & Poor's (S&P)."*

### **Mr Spadanuda further commented:**

*"With the retirement of all debt during the quarter, the Group's cash management principles remain a focus as the Company continues to deliver on its record-breaking contracted order book. With the successful completion of a \$3.5 million placement supported by institutional and sophisticated investors and a further \$650,000 raised through Acuity Capital, the Company is in a commanding position to continue its growth trajectory.*

*Our ability to service contracts aside from Iron Bridge has now been proven, with the significant depth of experience across our management team in both Alltype Engineering and SIMPEC. The future order book pipeline continues to remain strong and is expected to yield further contract awards in the March quarter. We look forward to updating the market of our success with these opportunities."*

## Corporate

During the Quarter the Company completed a Placement<sup>1</sup> raising \$3.5 million through the issue of 152.2 million fully paid ordinary shares to institutional and sophisticated investors at an issue price of 2.3c per share. Placement participants also received one free attaching unlisted Option (exercisable at \$0.03 expiring 18 months from issue) for every two shares subscribed under the Placement. The funds raised from the Placement will be used for general working capital as required by the Group.

The Company also raised a further \$650,000 through the set-off of 24 million fully paid ordinary shares previously issued to Acuity Capital under the Controlled Placement Agreement<sup>2</sup> (CPA). On 16 December 2021 the Company terminated the CPA and as a result of the termination, Acuity Capital is required to return the remaining 20 million shares Acuity Capital holds as collateral to the Company at zero consideration (subject to shareholder approval).

As announced on 8 December 2021, the WestStar Group entered into ~\$7.5 million bond facilities with Export Finance Australia<sup>3</sup>. Under the facilities, Export Finance Australia will provide bonding to be used across a number of the Group's current projects, releasing significant cash to the Balance Sheet held on account by clients of circa \$5 million.

Subsequent to Quarter-end the Company issued 30 million options to corporate advisors as approved by shareholders at the Company's AGM held on 5 January 2022. The options have an exercise price of \$0.03 per option, an expiry date of 10 July 2023 and will not be quoted. The Company also issued 15 million Performance Rights to director Robert Spadanuda as approved by shareholders at the same meeting and pursuant to the terms and conditions of the Company's Performance Rights Plan<sup>4</sup>.

The aggregate amount of payments to related parties and their associates included in the current Quarter totalled ~\$223,000. These payments consisted of Directors' fees and salaries paid to directors on normal commercial terms.

<sup>1</sup> Refer ASX Announcement dated 10 November 2021

<sup>2</sup> Refer ASX Announcement dated 16 December 2021

<sup>3</sup> Refer ASX Announcement dated 8 December 2021

<sup>4</sup> Refer ASX Announcement dated 10 January 2022

-Ends-

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**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](http://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](http://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")**

31 December 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	59,217	100,195
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(24,293)	(47,436)
(c) advertising and marketing	(1)	(1)
(d) leased assets	(53)	(97)
(e) staff costs	(21,597)	(36,618)
(f) administration and corporate costs	(1,447)	(2,488)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	4
1.5 Interest and other costs of finance paid	(68)	(108)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	122	255
<b>1.9 Net cash from / (used in) operating activities</b>	<b>11,883</b>	<b>13,705</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(265)	(437)
(d) investments	(1,638)	(1,801)
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	182	585
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,721)</b>	<b>(1,653)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,150	4,150
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	(134)	(134)
3.5	Proceeds from borrowings	-	165
3.6	Repayment of borrowings	(443)	(526)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,573</b>	<b>3,655</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	15,151	13,179
4.2	Net cash from / (used in) operating activities (item 1.9 above)	11,883	13,705
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,721)	(1,653)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,573	3,655
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>28,886</b>	<b>28,886</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	28,886	15,151
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>28,886</b>	<b>15,151</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	223
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*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.*



<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	-	-
<b>7.5 Unused financing facilities available at quarter end</b>		-
7.6 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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	11,883
8.2 Cash and cash equivalents at quarter end (item 4.6)	28,886
8.3 Unused finance facilities available at quarter end (item 7.5)	-
<b>8.4 Total available funding (item 8.2 + item 8.3)</b>	<b>28,886</b>
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>N/A</b>
<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.

20 January 2022

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.