



# 2022 HALF YEAR RESULTS

25 August 2022

Aerison Group Limited  
ABN 77 614 735 474





# STRONG PERFORMANCE AND BUOYANT OUTLOOK

CONTINUED STRONG SAFETY PERFORMANCE WITH

**NIL**

LOST TIME INJURIES (LTI)

RECORD FIRST HALF EARNINGS OF

**\$7.0M**

GROWTH IN PIPELINE OF

**55% TO \$3.4B**

IN AVAILABLE OPPORTUNITIES

IMPROVING OPERATING CASH FLOW TREND WITH A POSITIVE

**\$9.3M**

SWING FROM 1H21

Teaming agreement with a Tier 1 mining contractor with a complimentary skill set to Aerison accelerating growth in new markets

**100%**

H2 revenue fully secured

Positive outlook to support continued YOY growth with more examples of industry consolidation

# 1H 2022 FINANCIAL PERFORMANCE

## REVENUE

**\$102.0M**

▲ 64% from H1 2021

Significant growth in revenue driven by the strong demand for our services

## EBITDA

**\$7.0M**

▲ 33% from H1 2021

Record EBITDA margin, increasing 33% from 1H2021

## EBIT

**\$5.2M**

▲ 30% from H1 2021

Increased profile and scale of operations deliver double-digit growth in EBIT

## NPAT

**\$2.2M**

▲ 10% from H1 2021

Increased profile and scale of operations deliver double-digit growth in NPAT

## NET DEBT<sup>1</sup>

**\$18.1M**

▼ 5% from 31 December 2021

Short-term debt facilities leveraged to manage growth in working capital

## AVAILABLE LIQUIDITY<sup>2</sup>

**\$25.0M**

▲ 37% from 31 December 2021

Continued financial support from the Commonwealth Bank of Australia

## NTA PER ORDINARY SHARE<sup>3</sup>

**12.25 cps**

▲ 11% from 31 December 2021

Net assets increased by \$2.5M against 31 December 2021

## BASIC EPS<sup>3</sup>

**0.71 cps**

▼ 11% from H1 2021

The decrease is a result of the issue of ordinary shares on the back of the IPO on 12 July 2021 (otherwise an increase of 10% on a like-for-like basis)

### Footnotes:

1. Net debt of \$18.1M comprises cash on hand of \$12.1M less lease liabilities of \$5.0M and borrowings of \$25.2M
2. Available liquidity comprises cash on hand of \$12.1M and undrawn facilities of \$12.9M
3. Calculated on weighted average number of ordinary shares of 305,937,488 shares (H1 2021: 241,509,816 shares)



# OPERATIONAL AND STRATEGIC OVERVIEW

## EXECUTION

A strong management team continues to execute projects on time and on budget

Strong demand for our services delivered record growth in revenue and earnings

A strong safety performance was headlined by nil LTIs or fatalities

## GROWTH STRATEGY

Master Service Agreements provide a consistent pipeline of future works across sustaining capital and asset maintenance activities

Selective tendering focused on quality of earnings

Diversification of services into the renewable energy, defense and agricultural industries

## SHAPED FOR THE FUTURE

Organic tender pipeline of \$3.4B and steady order book of \$400.2M

Teaming agreement with a Tier 1 mining contractor that has a complimentary skill set to Aerison accelerating growth in new markets

Paving the way for the company to become a dividend paying stock as operating cash improves

# SAFETY AND CULTURE

## HOURS WORKED (H1 2022)

**455K**

▲ 30% from  
H2 2021

## TRIFR (H1 2022)

**1.1**

▼ 71% from  
2021

## LTIFR (H1 2022)

**NIL**

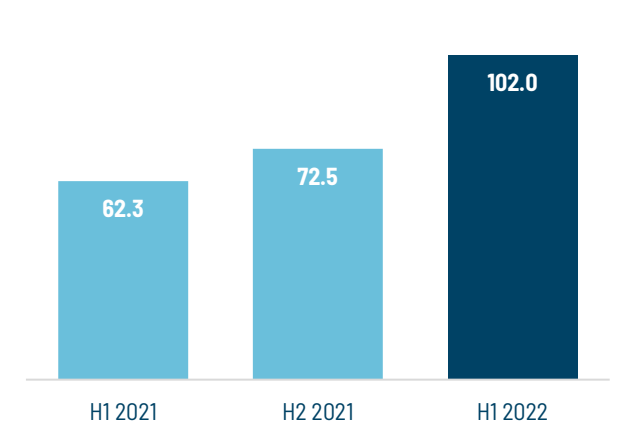
No change  
from 2021

- ▶ A fair, transparent and inclusive culture driven through employee engagement and investment in the latest systems has resulted in client recognition for leadership, performance and innovation in health and safety
- ▶ Aerison's INSPIRE recognition awards and other incentive programs, combined with a market-competitive pay for performance culture, to attract and retain our people
- ▶ Next generation AERISAFE HSE platform to empower quality and data-driven safety and health decisions
- ▶ Aerison HSE Management system accredited by the Office of the Federal Safety Commissioner

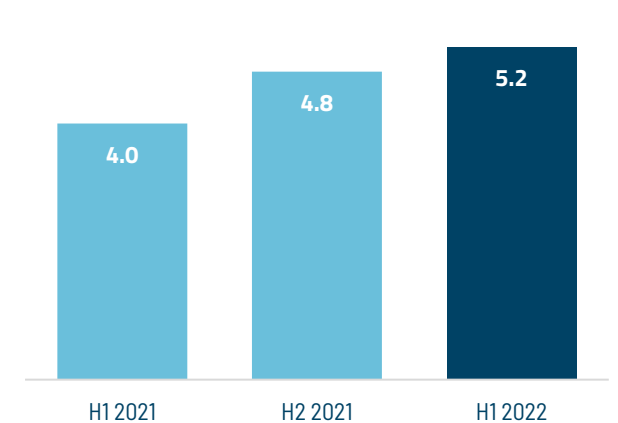


# FINANCIAL HIGHLIGHTS

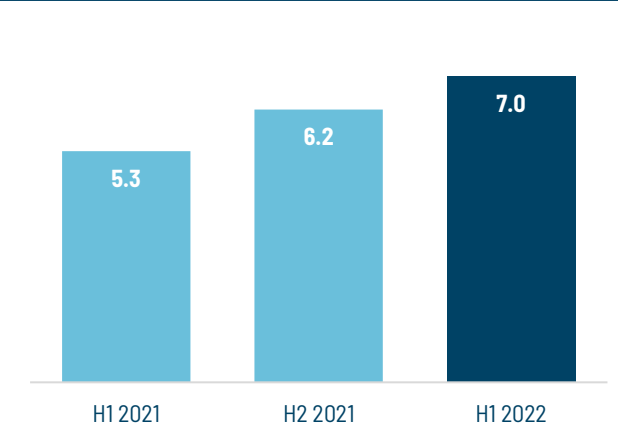
## REVENUE (\$M)



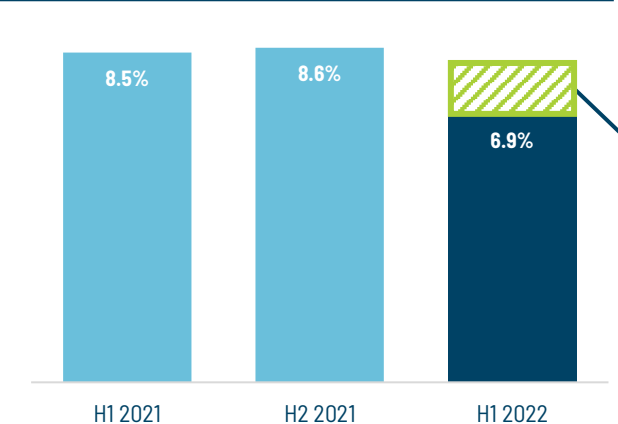
## EBIT (\$M)



## EBITDA (\$M)



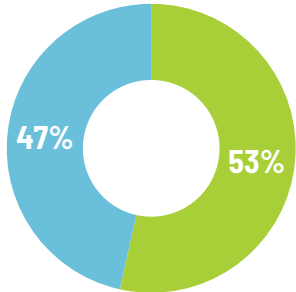
## EBITDA MARGIN (%)



**100%**  
2022 FC Revenue  
**Secured**  
as at 30 June 2022

### Balanced portfolio of contracts

- 47% Rates/Re-measurable
- 53% Fixed Price



The reduction in EBITDA margin reflects a proportion of revenue arising from procurement related sales in this half year. These sales are generally made on a cost-plus (and risk free) basis which dilutes the higher margin across construction and maintenance related revenue. Excluding the dilutionary effect of procurement related sales, margins remain above 8%.



# FINANCIAL PERFORMANCE

- ▶ We recorded record revenues of \$102.0M, an increase of 64% on H1 2021. Buoyant economic conditions in the resources, energy and infrastructure sectors drove high demand for our services in H1 2022.
- ▶ We recorded record EBIDTA of \$7.0M, an increase of 33% on H1 2021.
- ▶ The reduction in EBITDA margin reflects a proportion of revenue arising from procurement related sales in the half year. These sales are generally made on a cost-plus (and risk free) basis which dilutes the higher margin across construction and maintenance related revenue.
- ▶ Excluding the dilutionary effect of procurement related sales, margins remain above 8% for construction and maintenance.
- ▶ The increase in depreciation was primarily due to new hire purchase lease agreements for plant and equipment, such as mobile crib rooms and scissor lifts, to better support our operations.
- ▶ The increase in interest was primarily due to the amortisation of prepaid borrowing costs against surety bonds issued in H2 2021 under the Swiss Re surety bond facility.

\$'M	30 June 2022	30 June 2021	▲	
Revenue	102.0	62.3	▲	64%
Costs	95.0	57.0	▲	66%
<b>EBITDA</b>	<b>7.0</b>	<b>5.3</b>	▲	<b>33%</b>
<i>EBITDA margin</i>	6.9%	8.5%	▼	(2)%
Depreciation	1.8	1.3	▲	41%
<b>EBIT</b>	<b>5.2</b>	<b>4.0</b>	▲	<b>30%</b>
<i>EBIT margin</i>	5.1%	6.5%	▼	(1)%
Finance costs	1.4	1.3	▲	8%
<b>Profit before taxes</b>	<b>3.8</b>	<b>2.7</b>	▲	<b>41%</b>
Income tax expense	1.6	0.7	▲	129%
<b>Profit after taxes</b>	<b>2.2</b>	<b>2.0</b>	▲	<b>10%</b>



# BALANCE SHEET

- ▶ Supporting ongoing operations, the Group has total debt facilities of \$36.75m and available liquidity of \$25.0m as of 30 June 2022.
- ▶ The increase in trade and other receivables, including contract assets, is attributable to the increase in scale of the operations and commercial complexity of larger scale contracts.
- ▶ The Group's gearing ratio increased from 19.2% on 31 December 2021 to 49.9% on 30 June 2022. The Group leveraged its short-term revolving debt facilities to manage the impact of the substantial increase in the scale of operating activities on its working capital.



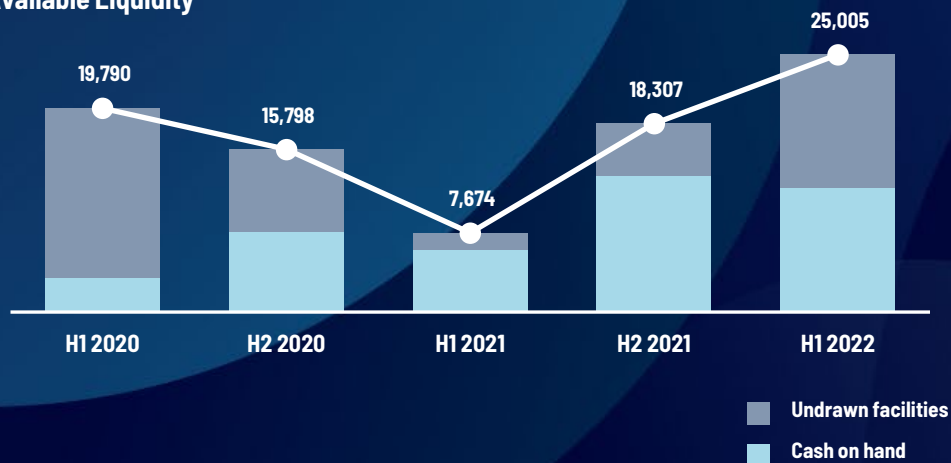
\$'M	30 June 2022	31 December 2021
<b>Current assets</b>		
Cash and cash equivalents	12.1	13.2
Trade and other receivables	82.3	64.8
<b>Total current assets</b>	<b>94.4</b>	<b>78.0</b>
<b>Non-current assets</b>		
Property, plant and equipment	7.5	7.2
Other non-current assets	0.2	0.2
<b>Total non-current assets</b>	<b>7.7</b>	<b>7.4</b>
<b>TOTAL ASSETS</b>	<b>102.1</b>	<b>85.5</b>
<b>Current liabilities</b>		
Trade and other payables	31.3	28.5
Borrowings	25.2	15.8
Other current liabilities	4.3	2.5
<b>Total current liabilities</b>	<b>60.8</b>	<b>46.8</b>
<b>Non-current liabilities</b>		
Borrowings	3.6	3.8
Other non-current liabilities	1.4	1.0
<b>Total non-current liabilities</b>	<b>5.0</b>	<b>4.8</b>
<b>TOTAL LIABILITIES</b>	<b>65.9</b>	<b>51.6</b>
<b>NET ASSETS</b>	<b>36.3</b>	<b>33.8</b>
<b>EQUITY</b>		
Issued capital	13.5	13.5
Options reserve	0.9	0.6
Accumulated profits	21.9	19.7
<b>TOTAL EQUITY</b>	<b>36.3</b>	<b>33.8</b>



# CASH FLOW

- ▶ Cash inflows from operating activities saw a positive turnaround of \$9.3M from H1 2021.
- ▶ Net working capital increased to \$48.1M (December 2021: \$33.8M) in proportion with the increase in scale of operating activities.
- ▶ Cash outflows from investing activities was due to the investment in various items of plant and equipment.
- ▶ Cash outflows from financing activities includes net drawdowns from short-term revolving debt facilities and principal lease repayments.

Available Liquidity



\$'M

	30 June 2022	30 June 2021
Receipts from customers	85.3	46.6
Payments to suppliers and employees	(83.4)	(53.3)
Interest and taxes	(1.3)	(2.0)
<b>Operating cash flows</b>	<b>0.6</b>	<b>(8.7)</b>
Purchase of plant and equipment	(1.4)	(1.0)
Proceeds from sale of plant and equipment	-	0.2
<b>Investing cash flows</b>	<b>(1.4)</b>	<b>(0.8)</b>
<b>Financing cash flows</b>	<b>(2.0)</b>	<b>4.9</b>
Opening cash and cash equivalents	13.2	6.5
Movement	(2.8)	4.7
<b>Closing cash and cash equivalents</b>	<b>10.4</b>	<b>1.8</b>



# ACCELERATING PATHWAY TO DELIVER ORGANIC GROWTH

- ▶ In November 2021, Aerison announced that it secured a strategic project for the design and construction of a 40ML/day capacity ultrafiltration and saline water reverse osmosis plant.
- ▶ On the back of this, the company entered a teaming arrangement with a Tier 1 mining contractor that has a complimentary skill set to Aerison. This will provide clients with a vertically integrated solution, covering engineering design, bulk earthworks, civil construction and SPME&I construction.
- ▶ The award of this project, in conjunction with the teaming agreement, has opened additional opportunities in these new markets for Aerison to accelerate growth.
- ▶ Our tender pipeline reflects scalable diversification across the energy, iron ore, nickel, lithium, chemical and electrical infrastructure industries with both existing and new customers.
- ▶ Aerison's skillset enables the Company to pivot across a number of markets and sectors focusing on quality of earnings and buoyant areas of the market.

**\$3.4B**  
PIPELINE OF  
OPPORTUNITIES

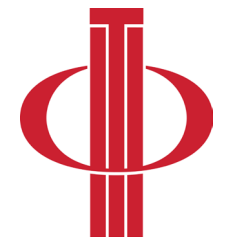




# MASTER SERVICE AGREEMENTS

MSA DESCRIPTION	STATUS	DURATION
Fixed Plant Projects – Minerals Processing	Secured	3 + 1 years (2025)
Shutdown Services – Minerals Processing	Secured	Ongoing
Shutdown Services – Minerals Processing	Secured	3 + 2 years (2025)
Sustaining Capital – Minerals Processing	Secured	3 + 2 years (2025)
E&I Maintenance Services – Minerals Processing	Secured	3 years (2023)
Dust Maintenance Agreement – Minerals Processing	Secured	2 + 2 (2024)
SMP Services – Minerals Processing	Secured	3 years (2023)
Shutdown Services – Mineral Processing	Secured	3 years (2023)
Engineering and SMPE&I Services – Mineral Processing	Secured	1+1+1 years (2024)
Engineering Services – Port Infrastructure	Secured	3 years (2023)
SMPE&I Services – Road Infrastructure	Secured	3 + 2 years (2023)
Welding and Fabrication – Utilities	Renewing	Annual
Sustaining Capital – Agriculture	Secured	3 years (2024)

- ▶ The portfolio of multi-year Master Service Agreements (MSA's) has positioned Aerison in the sustaining capital works market segment as opposed to greenfield (new build) construction projects.
- ▶ Sustaining capital relates to ongoing maintenance and improvement projects which can range anywhere from \$5k to \$200m in value.
- ▶ Sustaining capital activities continue through the peaks and troughs of the construction cycle.



CITIC PACIFIC MINING

# CORPORATE SNAPSHOT

## CAPITAL STRUCTURE

ASX code	AE1
Ordinary shares on issue	305,937,488
Share price <sup>1</sup>	20.0 cents
Market capitalisation <sup>1</sup>	\$61.2m
Enterprise value at 30 June 2022 <sup>2</sup>	\$51.8m
Options <sup>3</sup>	6,000,000
Performance and share rights <sup>4</sup>	26,950,000

## BOARD OF DIRECTORS AND EXECUTIVE LEADERSHIP TEAM

Giuseppe Leone	Managing Director and Chief Executive Officer
Daniel Hibbs	Executive Director and Chief Operating Officer
Bronwyn Barnes	Non-executive Chairman
Peter Iancov	Non-executive Director
Michael Fennell	Non-executive Director
Michael Baxter	Chief Financial Officer
Katherine Garvey	Company Secretary

### Footnotes:

1. Closing price on 24 August 2022
2. Enterprise value = Market capitalisation - Cash and cash equivalents - Borrowings
3. Options issued to Peloton Capital, expiring on 6 July 2024 with an exercise price of \$0.30/share

## SHARE PRICE PERFORMANCE



## SUBSTANTIAL HOLDERS

Giuseppe Leone (and related entities)	77,893,999	25.5%
Daniel Hibbs (and related entities)	77,893,999	25.5%
Qiudong Qiao	45,339,230	14.8%
Other	49,635,829	16.2%
<b>LARGEST 20 SHAREHOLDERS</b>	<b>250,763,057</b>	<b>82.0%</b>



# About Aerison

Multi-disciplined **engineering and construction company self-performing design, engineering, fabrication, construction, installation and commissioning services for projects across Australia**

32+  
Years



420

Trades

125

Engineering &  
support staff



Engineering and Design



Construction



Sustaining Capital, Maintenance & Shutdown



Electrical & Control Infrastructure



Environmental

# Structural, mechanical, piping, electrical and instrumentation (SMPE&I) across natural resources, non-process infrastructure and utilities

30+  
Mine Operations



75+ Km  
Road & Tunnel



6+  
Port Terminals



240+  
Rail Cars



2,000+ Km  
Rail



+++  
Studies



## Natural Resources

- Minerals and Mining
- Oil and Gas

## Non-Process Infrastructure

- Materials bulk storage & handling
- Road and rail tunnels
- Fuel facilities

## Utilities

- Water
- Power & renewables
- Gas





# Successful project and service delivery

## Construction projects



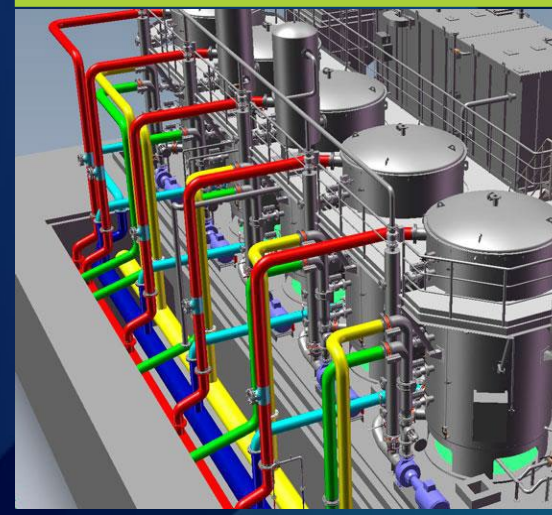
- BHP Powder Leach Nickel Sulphate Project
- Roy Hill Saline Water Reverse Osmosis Desalination Plant (EPC)
- Rio Tinto Western Turner Syncline 2 Brownfield upgrade project
- Rio Tinto Robe Valley Sustaining – Mesa J Secondary Sizer
- Water Corporation Chidlow Power Station
- Roy Hill Ultrafine Iron Recovery Project (WHIMS)
- BHP Newman Upgrade Project
- Synergy Fire Services Upgrade
- FMG WHIMS Pilot Plant
- Rio Tinto Zero waterline project

## Environmental services and projects



- Rio Tinto Paraburdoo Dust Collector System
- Rio Tinto Yandi Dust Collector System
- Rio Tinto Tom Price Dust Collector System
- Rio Tinto Gudai-Darri Dust Collector System
- Tianqi Lithium Off-Gas Scrubbers
- KGCM Gold Room Fume Extraction Scrubber
- BHP CD2 wet scrubber
- BHP Leach scrubbers
- BHP Nickel West NiSO<sub>4</sub> Dust Extraction
- BHP Hope Downs HD1 project Dust Project
- Dargues Gold Dust Collection System
- Rio Tinto Dust Auditing & Maintenance
- Iluka Cataby Dust Collection Project
- CSBP Regenerative Thermal Oxidiser (RTO)
- Shell Regenerative Thermal Oxidiser (RTO)
- Alcoa Regenerative Thermal Oxidiser (RTO)
- Rio Tinto Dust Improvement Program scoping and preliminary design

## Engineering and design consultancy



- CBH Tonnes to Port scoping and preliminary design
- Pilbara Port Authority – Engineering Services
- Iluka – Engineering Services
- Roy Hill Saline Water Reverse Osmosis Facility (EPC)
- Mineral Resources Wodgina and Mt Marion Non-Process Infrastructure Design & Engineering
- Accionia Waste to Energy Project
- BHP Minerals Australia PLNSP Piping Design
- Rio Tinto Nitrogen Tyre Facility design
- Rio Tinto Yandi Chiller Unit Replacement design
- Galaxy Lithium Ore Sorting Facility
- Covalent Lithium mineral processing engineering services
- Salt Lake Potash engineering & design works
- MACA Dust Suppression electrical design
- ThyssenKrupp South Flank Reclaimer engineering
- CBH Lake Grace Out loading engineering study
- BHP Ports General design & engineering
- Roy Hill (WHIMS) Commissioning

## Maintenance and shutdown services



- Newmont Coarse Ore bin wall replacement
- Transurban Clem 7 Damper project
- Rio Tinto conveyor maintenance Paraburdoo, Yandi, Tom Price, West Angelas
- Newmont mechanical and electrical Maintenance Works
- FMG conveyor maintenance Chichester region
- Citic Pacific Mining E&I maintenance
- BHP Whaleback shutdowns
- SEA Gas Yallamurray pipeline
- DBNG Pipeline Works
- Worsley Alumina RTO maintenance
- CPM Process water line upgrade
- Perth-Kalgoorlie water pipe refurbishment
- Roy Hill shutdown services
- Alcoa- SMP services



# Successful project and service delivery

## Sustaining capital and minor projects



- Water Corporation – Burrup Seawater Intake Refurbishment Project
- Rio Tinto Pilbara Dust Maintenance Program
- FMG Christmas Creek Platform Modifications
- Rio Tinto 4M Gravity Take Up project
- Rio Tinto Yandi Chiller Unit Replacement
- Rio Tinto Dampier Port Shed Refurbishment
- GMA Garnet remedial works
- FMG Eliwana ROM Bins
- Rio Tinto EII Structural Integrity works
- FMG Chiller Project
- Rio Tinto Yandi Chiller upgrade project
- Water Corporation Minnivale refurbishment
- Rio Tinto Tom Price Fuel facility

## Electrical and control infrastructure



- BHP PLNSP Site E&I Works
- ABB Chevron Jansz IO Transportable Substation
- FMG Iron Bridge Switchrooms (7)
- FQML Shoemaker Project – Switchrooms
- Alcoa Wagerup 22kV Switchboard Upgrade
- Mineral Resources Wodgina Commissioning Works
- APA Lakeway Project Switchrooms
- APA Ambania Compressor Station
- APA Wiluna Control Hut
- Pilbara Port Authority Dampier Bulk Liquids Kiosk
- Alcoa 22kV Pinjarra Switchrooms
- Horizon Power Switchrooms
- Santos communication rooms
- MSP CGP3 HV Switchrooms
- BHP PLNSP 415V HV substation & 11kV LV Sub station
- Tronox Sub 500 Switchrooms
- Tom Price Zone Substation project

## Power generation services



- Woodside Pluto LM 6000 Generators
- GLNG NCS Compressors
- EDL Battery Energy Storage Systems – Weipa, Broome
- QGC Argyle Compressors stations
- Jemena Banana & Rolleston Compressors
- QGC Lauren Field Compressor stations
- Christmas Island Power Generation Project
- Chevron Wheatstone Essential generators
- Rio Tinto CLP Generators
- Penske Crown Towers standby generators
- WA Government ES Generator Replacement
- Chevron Gorgon Ventilation Silencers
- APA Ventilation Silencers

## Fabrication and module assembly



- PLNSP Project Fabrication & Assembly
- Covalent Lithium Refinery Piperack Modules
- Rio Tinto Gudai-Darri modular structures
- FMG Eliwana ROM Bins
- Synergy Pinjarra baffles & screens
- WTS2 Chutes and covers
- LOR Structural fabrication
- Metronet railcar manufacturing
  - Cabin structures
  - Battery Boxes
  - Pantographs
  - Couplers
  - Fuel tanks
- FMG, Rio, BHP, Alcoa ducting fabrication
- Newmont Coarse Ore Bin walls



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# Key Contacts

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**SEAMLESS DELIVERY**

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