

ASX Announcement

13 June 2017

Trading Update, Strategic Plan and Outlook

Trading Update

Further to the market announcement on 24 February 2017, LogiCamms Limited ('LogiCamms' or 'the Group') provides this market update on its FY2017 trading performance, together with the strategic plan and outlook for the business.

At the time of the 1HFY2017 results release on 24 February 2017, the company expected to record '...significantly increased revenues in the second half compared to the first half of FY2017'. Based on YTD May actual revenues and the latest re-forecast to 30 June 2017, FY2017 revenues are now expected to be around \$80m, implying 2HFY2017 revenues of around \$39m compared to 1HFY2017 revenues of \$41.5m.

At the time of the half year results release there were signs that trading conditions were improving, evidenced by project wins at that time, including an increase in the average value of contracts secured, work in hand and the visible pipeline of opportunities.

While trading conditions have lifted, and LogiCamms has improved its competitive position in the market through securing an additional 5 Master Service Agreements (MSAs) with key 'blue chip' clients; work and revenues expected to flow in 2HFY2017 have either been deferred into FY2018 or else have built up slower than forecast.

Cost efficiencies of approximately \$4m out of the projected \$5m of FY2018 annualized cost savings have been achieved in the FY2017 financial year to date.

The Group's working capital position at the end of May 2017 is also much improved since February 2017 in regards to both the billing of WIP and collection of receivables.

Strategic Plan

Based on a strategic review that has been conducted over recent months, LogiCamms:

- Is concentrating business development on the more immediate opportunities of our core professional consulting engineering services, capitalising on its strengths in automation (including MES); Electrical, Instrumentation and Control (E,I&C) and EPC projects;
- Is continuing to build technology and innovation services, based on the investment in GIS technology driven solutions and the commercial contracts that are in place with key clients;
- Maintains the focus on profitable revenue, with these technology and innovation services, driving margin improvement as pricing models seek to share in value created for clients.

Based on this Strategic Plan, LogiCamms has a plan to:

- Remove \$7m to \$9m of overhead from the business at a cash cost of \$3m to \$4m through the following initiatives;
- Undertake a further significant restructure of the organization by 30 June 2017 as follows:
 - Restructure and streamline the leadership team;
 - Right-size operational roles to meet the projected pipeline of work based on existing strengths;

- Adjust the non-operational functions to suit the future business;
- Review existing office leases and vehicle requirements; and
- Review systems and reporting solutions to ensure more efficient reporting and management of information and utilisation of existing systems.

LogiCamms confirms that it has the support of National Australia Bank ('NAB') under its Multi Option Finance Agreement to achieve and fund the planned restructure.

Outlook

Based on the lower than expected trading results for FY2017, there is a high likelihood of a further significant impairment of intangibles at 30 June 2017. The amount of any impairment will be quantified as part of the FY2017 financial reporting process to the market.

LogiCamms has adopted a base Budget and overhead structure for FY2018 to meet a revenue target of a similar level to this year whilst delivering EBITDA margin in the mid-single digits. We will update the market on a continuous disclosure basis at the time of implementing the strategic initiatives as outlined above.

- Ends -

Further information

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About LogiCamms

LogiCamms delivers innovative and tailored solutions to leading owners and operators of minerals and metals, hydrocarbons and infrastructure assets. The Company works to reduce costs, increase efficiencies, and enhance the value of customers' operations. LogiCamms is an Australian Securities Exchange listed Company (ASX:LCM) with offices across Australia, New Zealand and Papua New Guinea. LogiCamms' Vision is to be a market leader delivering outstanding customer solutions.