



Investor Update Presentation 27-28 March 2018

CORPORATE SNAPSHOT

ABOUT US

Valmec is an emerging energy and infrastructure services group providing equipment, construction, commissioning, asset testing and maintenance services to the oil and gas, resources and infrastructure sectors throughout Australia

Valmec is now one of the leading domestic players in gas infrastructure development, service and operations.

BOARD OF DIRECTORS

Stephen Zurhaar	Non Executive Chairman
Steve Dropulich	Managing Director
Vincent Goss	Non Executive Director
Stephen Lazarakis	Non Executive Director
Peter Iancov	Non Executive Director
Harry Singh	Company Secretary/CFO



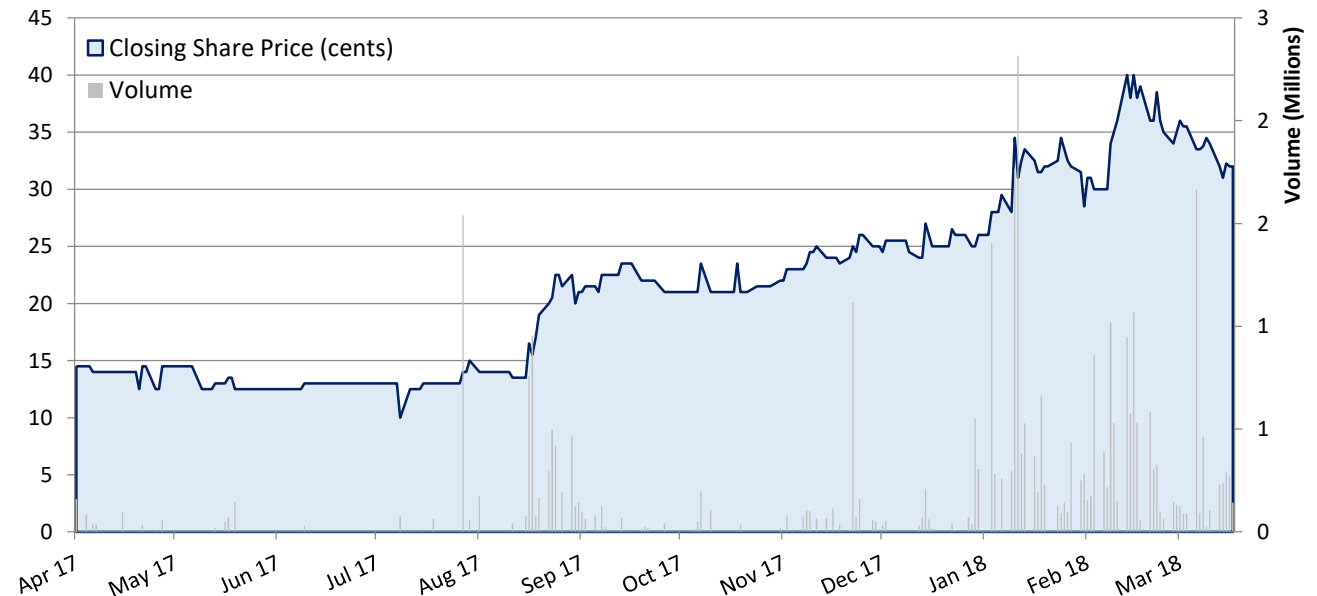
CORPORATE SNAPSHOT

Share Price (16/3/18)	34 cents
Shares on Issue	124.5M
Market Capitalisation	~\$42M

Key Shareholders

- Directors/Management	44.9%
- Free Float	55.1%

HISTORICAL SHARE PRICE PERFORMANCE



LOCAL PRESENCE



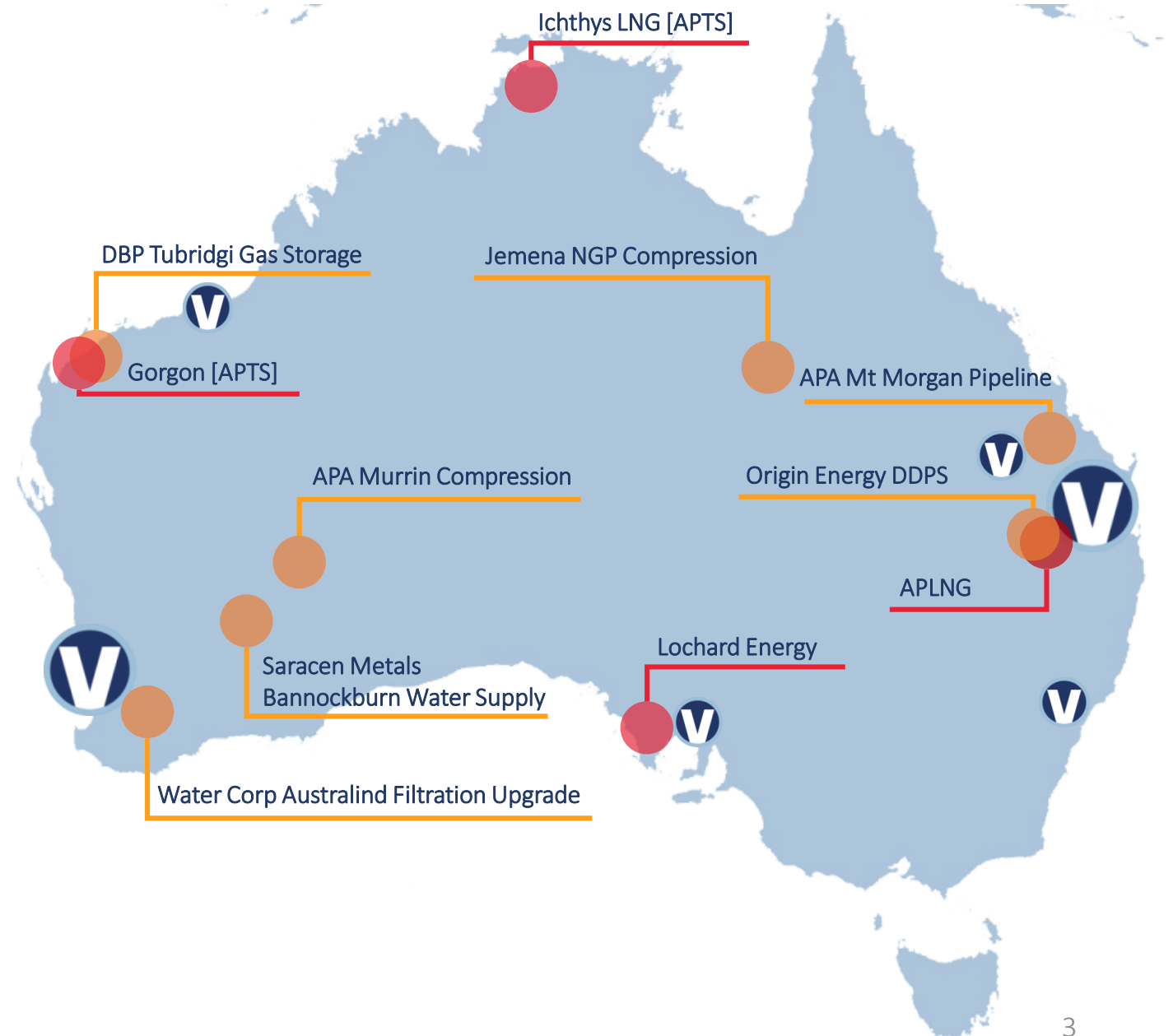
Valmec Offices / Workshops



Key Valmec Projects /
Service Contracts



280+ Employees



RECENT KEY PROJECTS



DBP

**Tubridgi Gas Storage
Onslow, WA
Contract size \$6.9M**

Construction of injection and extraction facility for Tubridgi Gas field.



APA Group

**Murrin Murrin
Compressor Station, WA
Contract size \$11.2M**

Construction of compressor station to transport natural gas to the new Gold Road Resources Limited Gruyere Gold Mine.



Origin Energy

**Origin DDPS
Darling Downs, QLD
Contract size \$9.6M**

Construction of upstream gas infrastructure on the Jemena acquired Darling Downs Pipeline System and Power Station.



Jemena

**Jemena Compressor
Station, Mt Isa
Contract size \$13.1M**

Construction of compressor station on the Northern Gas Pipeline connecting Northern Territory gas to the East Coast pipeline grid.



Saracen Metals

**Bannockburn Water,
Thunderbox Mine, WA,
Contract size \$7.5M**

Procurement, construction and commissioning of a 37km water pipeline and two pumping stations.

“SINGLE SOURCE” DELIVERY MODEL

- Unique end-to-end contractor model capable of vertical project delivery delivering value throughout project lifecycle
- Access to technologically diverse and competitive range of energy packaging, transport and processing solutions
- Exterran Australia and APTS acquisitions strategically aligned with our “wellhead to pipeline model



FINANCIAL HIGHLIGHTS

- Strong Revenue Growth
+66% increase on the previous corresponding period
- Strong EBITDA Growth
+200% increase on the previous corresponding period
- EBITDA Margin expanded to 6.9%
- Earnings per share of 1.98c for HY18
- NTA backing of 21 cents per share as at HY18.



Valmec recorded sales revenues of \$49.8 million for the six month period (HY18) which is a significant increase of 66.2% on the previous corresponding period.



Reported earnings before interest, tax, depreciation and amortisation for HY18 was \$3.4 million substantially up on the previous corresponding period.



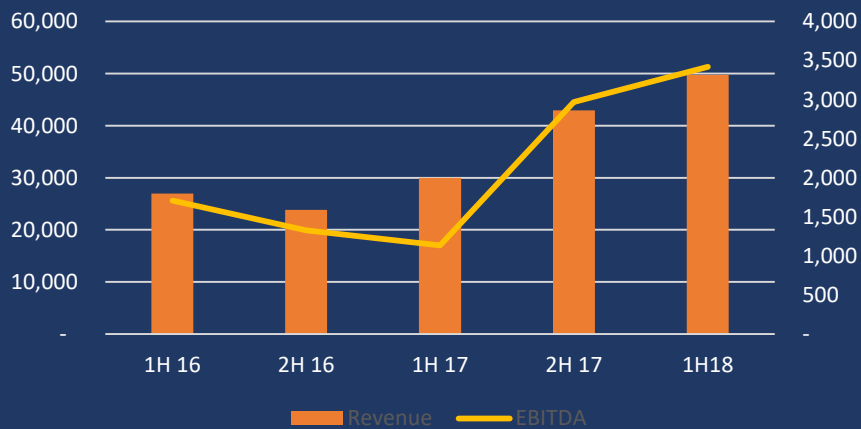
Strong balance sheet with \$18.8 million at 31 December 2017. Conversion of options and completion of capital raise in Jan 18 proving an additional \$10.7M capital injection.



Valmec continues to experience significant growth in its tender pipeline. A larger number of diverse projects were commenced across Australia in HY18 including larger construction projects, government infrastructure services and gas operations and maintenance contracts.

FINANCIAL PERFORMANCE

REVENUE & EDITDA BY HALF



FACILITIES AS AT 31ST DECEMBER 2017

Working Capital	\$15,400
Bank Guarantee/Bonding	\$15,600
Asset Finance/Other	\$3,000
TOTAL FACILITIES	\$34,000
Less: Working Capital Utilised	(\$8,574)
Less: Bank Guarantee/Bonding Utilised	(\$4,915)
Less: Asset Finance/Other Utilised	(\$210)
AVAILABLE FACILITIES	\$20,301
Plus Pro-Forma Cash ¹	\$12,564
TOTAL CASH/FUNDING FACILITIES AVAILABLE	\$32,865

	1H 2016 \$'000	2H 2016 \$'000	1H 2017 \$'000	2H 2017 \$'000	1H 2018 \$'000
REVENUES	26,996	23,811	29,959	42,936	49,778
EBITDA	1,707	1,325	1,134	2,970	3,421
EBITDA Margin	6.3%	5.6%	3.8%	6.9%	6.9%
NPAT	353	(167)	83	1,468	1,620

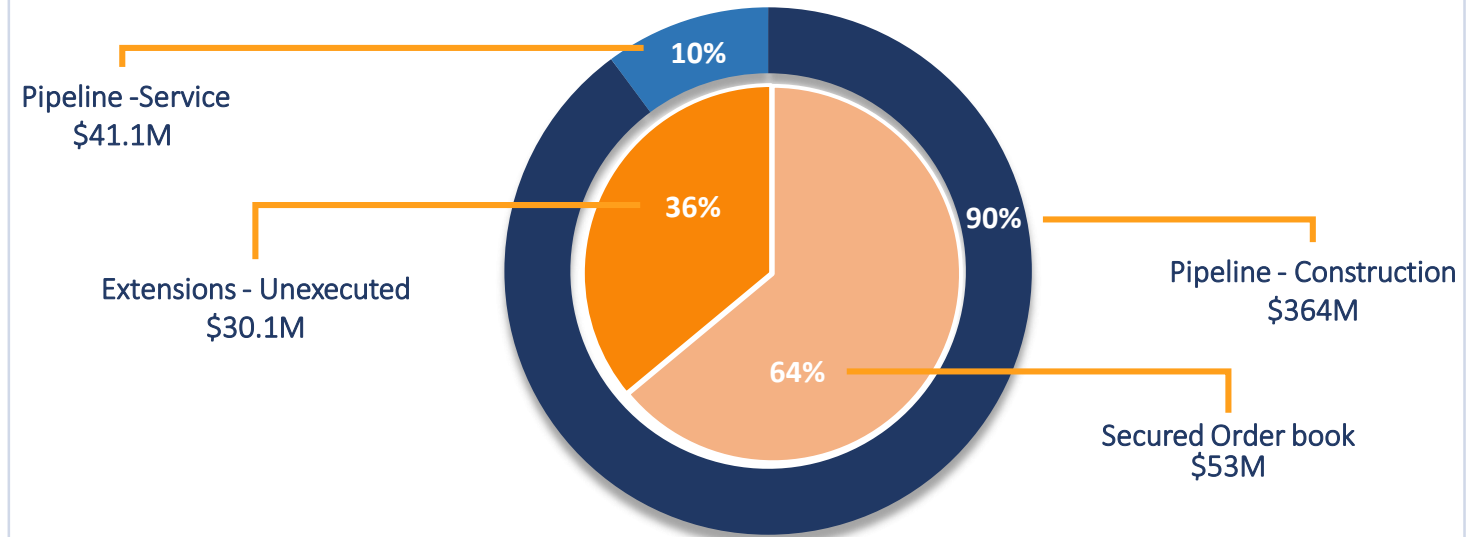
Note ¹ Pro-Forma cash includes net proceeds of capital raising and listed option (VMXO) conversions during January 2018

CURRENT ORDER BOOK

Valmec has been able to leverage off both its prior year E.C.I activities and full construction and service capabilities to quickly establish increased market share during this new growth cycle.



ORDER BOOK AND TENDER PIPELINE 31ST DECEMBER 2017



- Secured Order Book & Unexecuted Extensions of \$83M, split via \$53M in secured contracts and \$30M in unexecuted extensions.
- Origin LTSA extension expected to deliver circa \$15M pa
- Increased tendering of water infrastructure and upstream gas development projects valued at \$2.5m - \$20m
- Stronger backlog and highly visible pipeline across all delivery sectors

CONSTRUCTION

KEY HIGHLIGHTS (HY 18)

- Revenues of \$35.9M
- 75% of total order book.
- Tender Pipeline at \$364M
- Staff: 174



- Valmec provides in-house engineering and trade resources to fully self-execute earthworks, civil, structural, mechanical, piping, electrical and instrumentation construction scopes
- Our clients' requirements may range from minimalist, fit for purpose commercial and industrial installations through to international oil and gas / petrochemical standards and specifications



SERVICES

KEY HIGHLIGHTS (HY18)

- Revenue of \$13.9M
- 25% of total order book.
- Current Tender Pipeline at \$41M
- Staff: 101



- Valmec supplies OEM parts and equipment for maintenance, repair, overhaul and rebuild of oil & gas engines and equipment
- Long Term Service Agreements (LTSA) with major oil and gas companies in place providing increased visibility on service revenues and leveraging of additional construction opportunities
- Rapid response times from geographically and strategically located purpose-built workshop and warehousing facilities
- **APTS** is a leading provider of Non-Destructive Testing (NDT) Services, Hydrostatic and Pneumatic Pressure Testing
- NATA accredited and specialised calibration facilities, NDT X-Ray and fully accredited radiation equipment storage facilities.



GROWTH STRATEGY

Since its inception in 2012, Valmec has grown through a combination of organic growth and select acquisitions.

Valmec continues to grow capabilities and target acquisitions that align with its “single source” delivery strategy delivering value to our clients across every aspect of our operations.



EAST COAST GAS

Valmec well positioned for future and sustainable growth as clients address the gas supply gap in the East Coast Gas Sector.



BOOM, BOOT AND RENTAL EQUIPMENT OPTIONS

Valmec uniquely placed to off-balance sheet equipment / development options. A perfect “symbiosis” with our major clients in midstream pipelines and infrastructure.



APTS ACQUISITION

APTS immediately broadens the Valmec oil and gas, power and water industry project capabilities.



MICROWAVE INSPECTION TECHNOLOGY

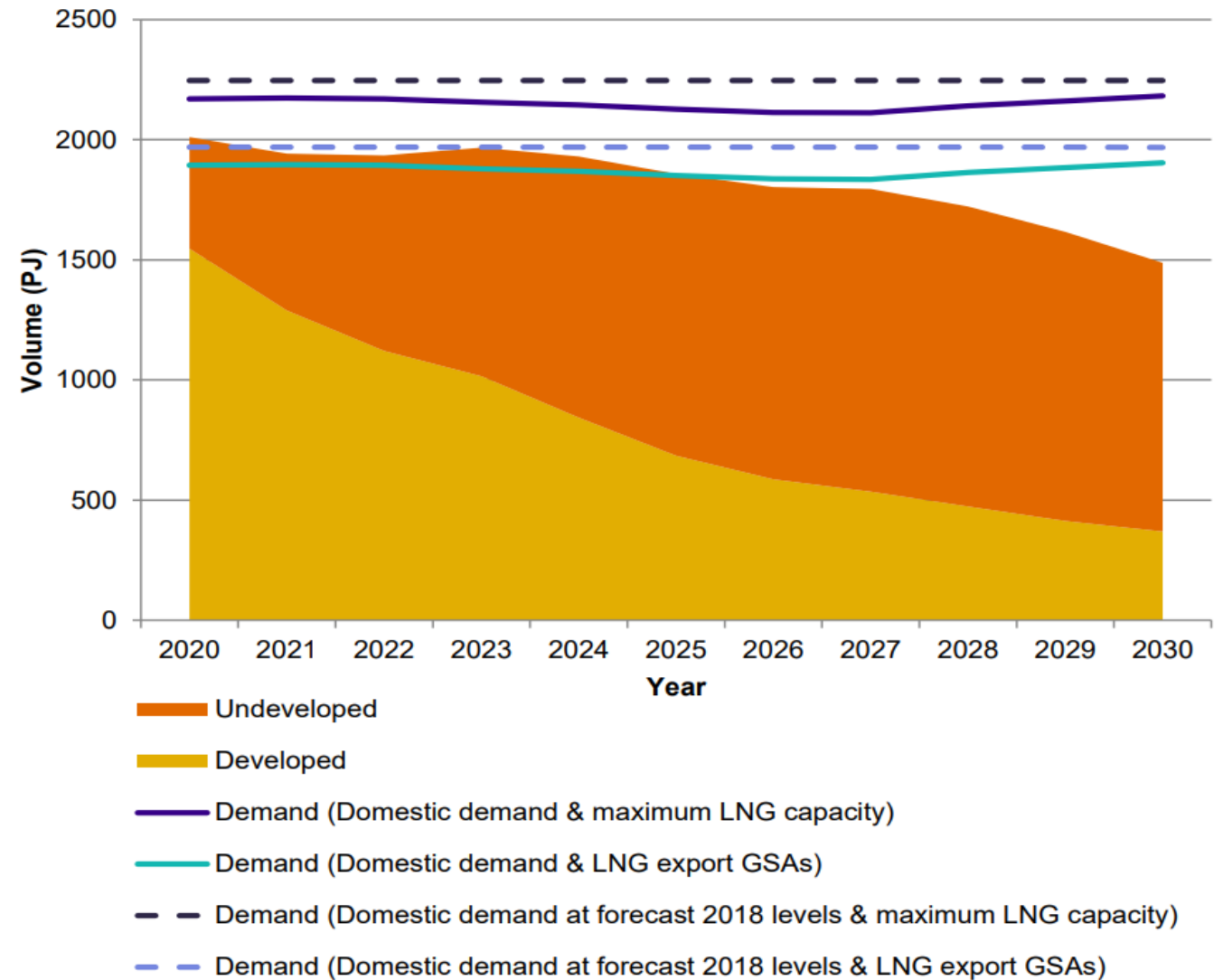
Ability for Valmec to leverage of this new technology for Australian markets. Industry changing and globally proven technology.

EAST COAST GAS

- Long term supply opportunities within this sector
- Continued LNG and domestic demand driven stimulus
- Depletion in current sources of supply / need to replace this lost production
- Valmec integrated delivery model is unique in this market



FORECAST GAS SUPPLY GAP IN THE AUSTRALIAN EAST COAST GAS MARKET



Source: ACCC Gas Inquiry 2017-20
Interim Report –December 2017

APTS

APTS complements Valmec's existing business with immediate access to new pipeline testing capabilities, shutdown and maintenance services delivering additional revenue streams.

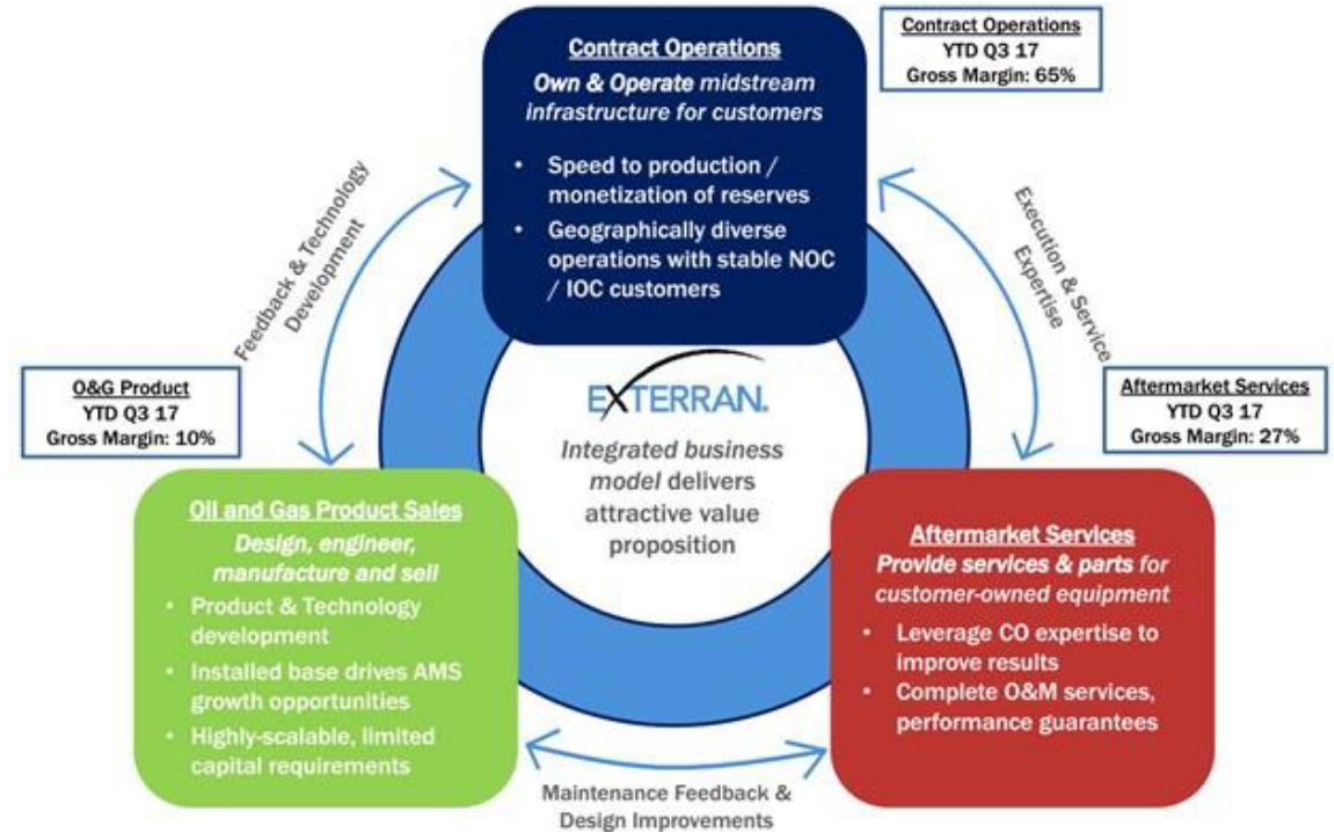


- Further development of Valmec recurring sales mix
- Valmec able to leverage off new APTS markets and clients
- Highly synergistic to the Valmec delivery model - broadens oil and gas, power and water industry project capabilities / additional exposure to new higher value EPC projects further up the supply chain
- 55 staff with circa 50% field, workshop technicians and technical specialists and an experienced and industry recognized management team
- Industry changing and globally proven microwave inspection technology.



Build Own Operate Maintain

- Developing market opportunity in BOOM / Rental business with Exterran
- Upstream clients' requirements to move assets off balance sheet
- Offers clients speed to market / early monetisation opportunity
- Clients divert development capital to exploration
- Production equipment uptime guarantee by a global experienced provider
- Offers Valmec headline growth / margin potential



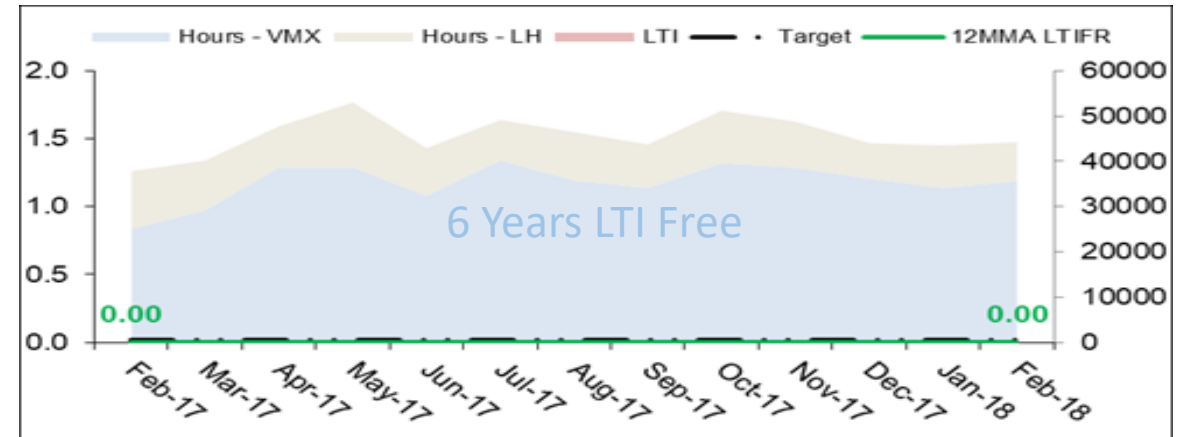
Source: Exterran

SAFETY

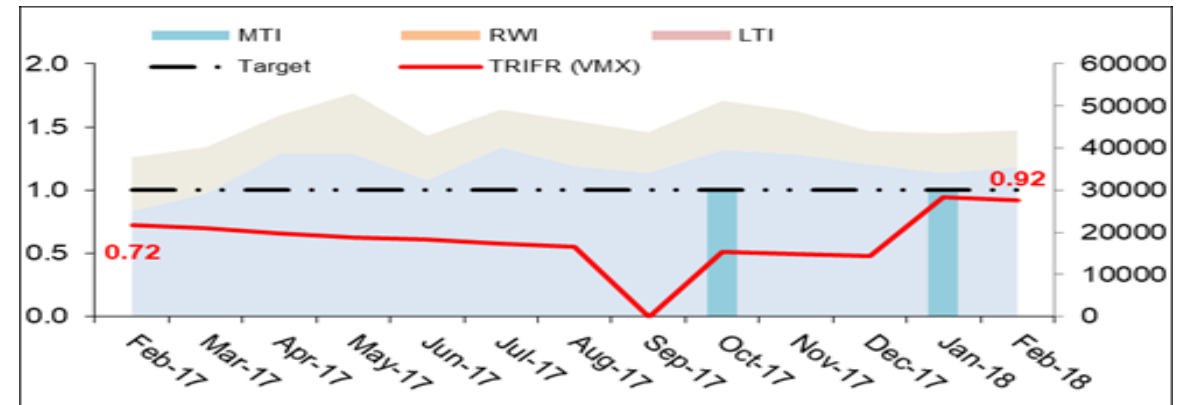
- Significant safety performance milestones achieved
- 6 Years / > 2 million hours LTI Free
- TRIFR of 0.71
- Focus on safety culture through effective communication and enhanced reporting at all work fronts.



Loss Time Injury Rate



Total Recordable Injuries



SUMMARY



MOMENTUM BUILDING / HIGH LEVERAGE TO EAST COAST GAS DYNAMICS

43% growth in revenues during FY2017 backed up by 66% growth in HY18 revenues on previous corresponding period



DIVERSIFIED AND RECURRING REVENUE STREAMS

Addition of APTS delivers increased service and maintenance contracts / diversified sectors and clients / growing recurring sales mix



INCREASED BALANCE SHEET & PROJECT CAPACITY

January 2018 capital raising provides additional flexibility to pursue larger EPC / Turnkey projects as well as M&A opportunities



STRATEGIC RELATIONSHIPS WITH GLOBAL PLAYERS

Project partnering, financing and investment focus to address the emerging BOOM and rental gas sector story

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