

ASX ANNOUNCEMENT**10TH AUGUST 2018**

**STRONG FY2018 RESULTS WITH REVENUE UP +41% TO \$103 MILLION
AND AN EXPECTED EBITDA OF +\$7.5 MILLION**

FY 18 EARNINGS UPDATE

VALMEC Limited (“Valmec” or the “Company”) (ASX: VMX) is pleased to report full year FY2018 revenues of \$103 million, representing revenue growth of over 41% on FY2017, delivering an expected EBITDA in excess of \$7.5 million. Audited financial accounts are expected to be finalised and released on 28 August 2018.

The Company’s record EBITDA result is also after recording provisions in its FY18 results in relation to a legacy civil project, where Valmec has now elected to commence proceedings against its client. Provisions on this project have been reviewed and signed off by the Company’s auditors (refer details below).

Building on the strong foundations established in FY2018, Valmec enters FY2019 with over \$48 million of contracts and \$13 million in expected extensions on current long term service contracts with the majority of these secured works expected to be completed within the next 12 months.

A strengthening gas thematic has also delivered Valmec a larger and more robust work pipeline compared with twelve months ago, with a significant increase in tender volumes, budget pricing and expressions of interest (EOI) registrations. As at July 2018, Valmec remains well positioned on over \$120 million of Gas Infrastructure and Services works currently in their tender submission phase, which comprise part of a total construction and services tender pipeline currently valued at over \$300 million.

Commenting on the Company’s strong FY18 performance, Valmec Managing Director Steve Dropulich said,

“Underpinned by our significant growth in Gas Projects executed during the year, Valmec increased its revenue by more than 40% over the prior year, resulting in a doubling of total revenue over the last 24 months. Valmec’s prominence as a leader in the expanding Gas infrastructure construction and service sector continues to underpin management’s expectations of a stronger project order book during FY19 and beyond.”

VALMEC COMMENCES COURT PROCEEDINGS

Valmec advises that at 3pm AWST on the 9th August 2018 it commenced proceedings in the Supreme Court of Western Australia against John Holland Pty Ltd (“**John Holland**”), to recover payments associated with claims in relation to the NorthLink WA – Southern Section (*Guildford Road to Reid Highway*) Project (“**Project**”) under a subcontract entered into between Valmec and John Holland on or about 22 July 2016 (as varied). The Head Contract in relation to the Project is between John Holland and the Commissioner of Main Roads Western Australia.

The value of Valmec’s summons is approximately \$11.6 million, plus interest and costs.

These proceedings follow a breakdown in protracted commercial discussions since Valmec’s successful completion of the Project earlier this year. Valmec’s claim was prepared and reviewed by its external construction lawyers and by its independent project engineering experts, to ensure there was a proper basis for the claim to be made against John Holland.

About VALMEC

VALMEC is an Australian energy and multi-discipline services group providing specialised packaged equipment, construction, maintenance, commissioning and asset integrity and testing services to the oil and gas, energy and infrastructure sectors.

VALMEC employs approximately 280 project and support personnel and is headquartered in Perth, Western Australia, with a major office in Brisbane, Queensland and facilities across Australia in Dalby Queensland, Sydney and Port Hedland.

For further information, please contact:

Harry Singh
Company Secretary/CFO
P: + 61 (8) 9266 8888
E: hsingh@valmec.com.au

Steve Dropulich
Managing Director
P: +61 (8) 9266 8888
E: sdropulich@valmec.com.au