

# INVESTOR PRESENTATION

SEPTEMBER 2018

*BUILDING MOMENTUM*



# VALMEC



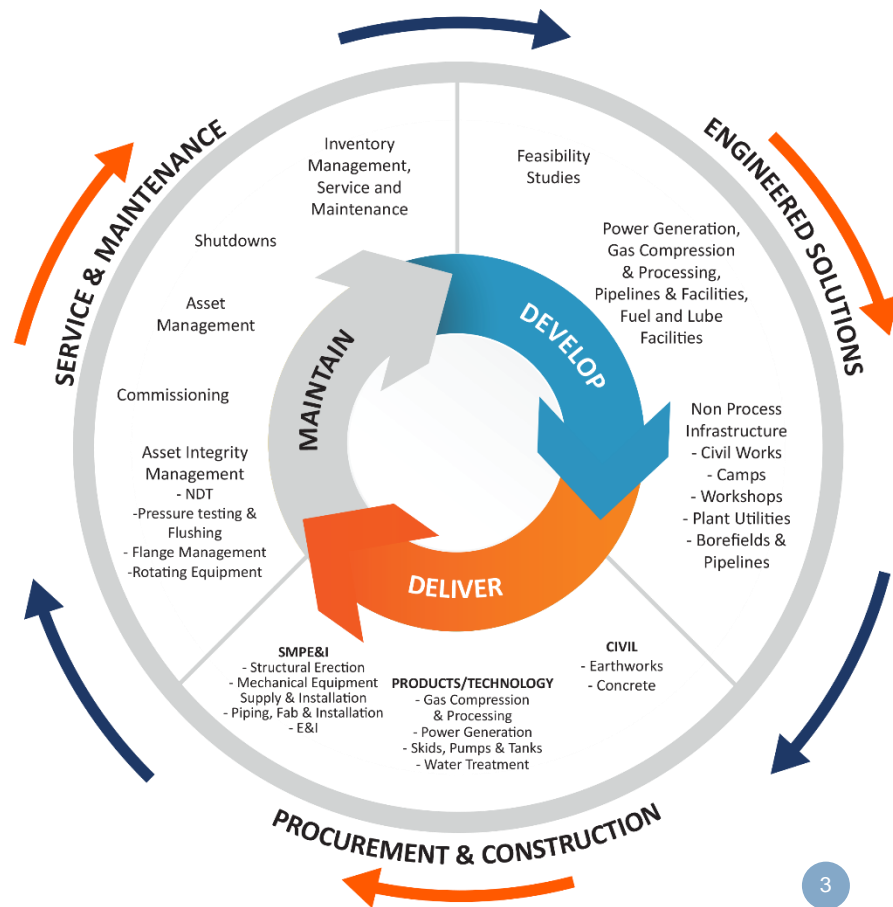
# INVESTMENT HIGHLIGHTS

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- Another strong year of revenue and earnings growth delivered in FY2018
- Strong revenue and earnings growth set to continue, underpinned by robust order book and project pipeline
- APTS acquisition successfully integrated and delivering results
- Growth over recent years has positioned Valmec to pursue larger EPC / Turnkey projects
- Ideally positioned to capitalise on strong domestic gas market
- Proven Board and management team with significant business ownership

# CAPITALISING ON STRENGTHENING GAS THEMATIC

- Increased investment in Gas Infrastructure driven by gas pricing dynamics
- Valmec well positioned for future and sustainable growth as clients address the gas supply gap in the East Coast Gas Sector.
- Valmec uniquely placed to deliver off-balance sheet equipment / development options. (BOOM/BOOT)
- Access to technologically diverse and competitive range of energy packaging, transport and processing solutions.
- New wave of LNG, upstream and storage developments as existing contracts expire.
- Gas forecast to continue increasing beyond 2019 to meet forecast demand.



# CORPORATE SNAPSHOT

## ABOUT US

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



**Stephen 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 (30/06/2018)	31 cents
Shares on Issue	124.5M
Market Capitalisation	~\$39M
Enterprise Value	~\$38M

## KEY SHAREHOLDERS

- Directors/Management	44.9%
- Free Float	55.1%

## HISTORICAL SHARE PRICE PERFORMANCE





# STRONG NATIONAL PRESENCE

Valmec Offices / Workshops



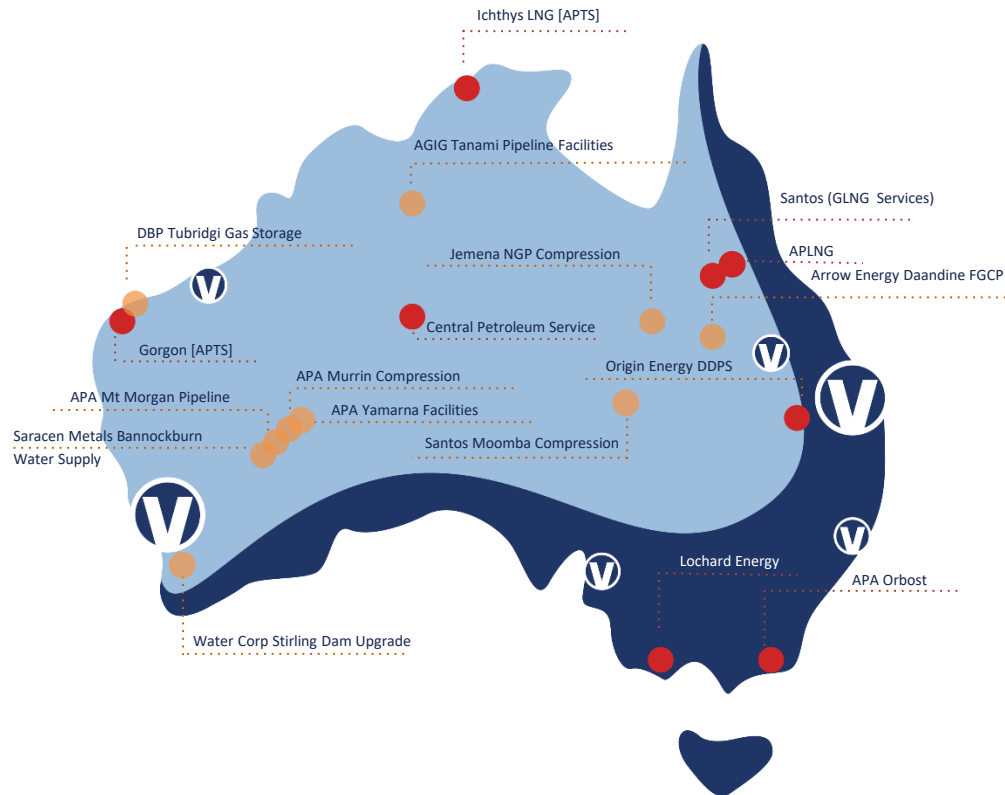
Key Valmec Projects



Service Contracts



270+ Employees



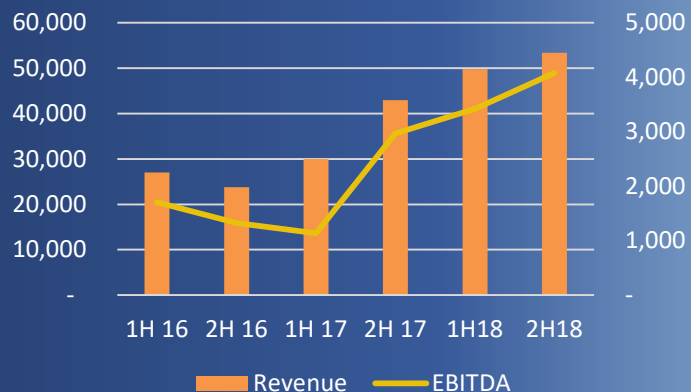
# FY18 FINANCIAL PERFORMANCE

PERIOD ENDED 30 <sup>TH</sup> JUNE		FY18	FY17	CHANGE
Sales Revenue	\$m	103,197	72,895	41.6% ↑
EBITDA	\$m	7,502	4,104	82.8% ↑
EBITDA Margin	%	7.3	5.6	1.6% ↑
NPAT	\$m	3,777	1,551	143.5% ↑
NPAT Margin	%	3.7	2.1	1.5% ↑
EPS	cps	3.7	1.9	94.7% ↑
NTA	cps	22	19	15.8% ↑
Net Assets	\$m	31.4	17.2	82.6% ↑

- Strong revenue growth underpinned by growth in core gas construction markets.
- Continuous earnings growth year on year.
- Well positioned for continued growth into FY19.

# FINANCIALS & FACILITIES

REVENUE & EBITDA BY HALF (\$'000)



	1H '16 \$'000	2H '16 \$'000	1H '17 \$'000	2H '17 \$'000	1H '18 \$'000	2H '18 \$'000
REVENUES	26,996	23,811	29,959	42,936	49,778	53,419
EBITDA	1,707	1,325	1,134	2,970	3,421	4,080
EBITDA Margin	6.3%	5.6%	3.8%	6.9%	6.9%	7.6%
NPAT	353	(167)	83	1,468	1,620	2,156

## FACILITIES AS AT 30TH JUNE 2018

\$'000

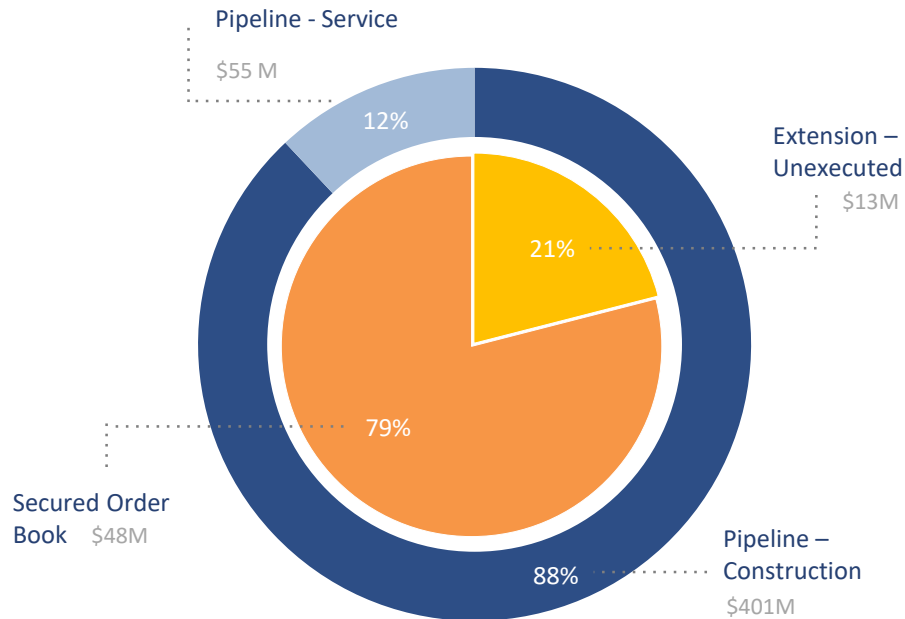
Working Capital	\$15,636
Bank Guarantee/Bonding	\$15,364
Asset Finance/Other	\$3,500
<b>TOTAL FACILITIES</b>	<b>\$34,500</b>
Less: Working Capital Utilised	(\$6,807)
Less: Bank Guarantee/Bonding Utilised	(\$7,810)
Less: Asset Finance/Other Utilised	(\$3,032)
Plus: Cash	2,747
<b>AVAILABLE FACILITIES</b>	<b>\$19,596</b>

# ROBUST TENDER PIPELINE

Valmec has been able to leverage off full construction and service capabilities to quickly establish increased market share during this new growth cycle.

- Secured Order Book & Preferred Contractor Extensions of **\$61M**
- Total Long Term Gas Service Agreements expected to deliver circa **\$23M pa**
- Significant increase in tendering across water infrastructure and upstream gas development projects valued at **\$2.5m - \$30m**
- Stronger backlog and highly visible pipeline across all delivery sectors

## ORDER BOOK & TENDER PIPELINE | 31<sup>st</sup> AUGUST 2018





# CONSTRUCTION KEY HIGHLIGHTS

- **FY18 Revenues of \$74.8M**
- **Tender Pipeline at \$401M**
- **Award Highlights:**
  - APA GGP Expansion
  - Jemena Mt. Isa
  - Arrow Daandine Expansion
  - AGIG Tanami Facilities
  - Water Corp Stirling Dam
  - Saracen Minerals Water Infrastructure



## CONSTRUCTION

- 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

- 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
- Introduction of APTS - 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.



# SERVICES KEY HIGHLIGHTS

- **FY18 Revenue of \$28.5M**
- **40% of total order book**
- **Current Tender Pipeline at \$55M**
- **Award Highlights:**
  - APLNG Long Term Services Contract
  - APA Orbest
  - QGC Inventory Support
  - Santos GLG Services

# APTS PTY LTD

aps



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



- Acquisition finalized 1 February 2018
- New management team / new technology / improved tender pipeline in place. Further development of Valmec recurring sales mix
- Significant growth in order book and resourcing over last 3 months
- 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
- Industry changing and globally proven microwave inspection technology.



# GROWTH STRATEGY

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

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



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



## **BOOM, RENTAL, REFURB EQUIP OPTIONS**

Leveraging its integrated multi-discipline capabilities to add value to broader energy and water infrastructure projects across key gas and resource markets.



## **APTS TESTING AND INSPECTION**



## **EAST COAST GAS**

Valmec uniquely placed to deliver off-balance sheet equipment / development options. Scalable, fit for purpose solution backed by global product providers.



## **GEOGRAPHIES AND CAPABILITIES**

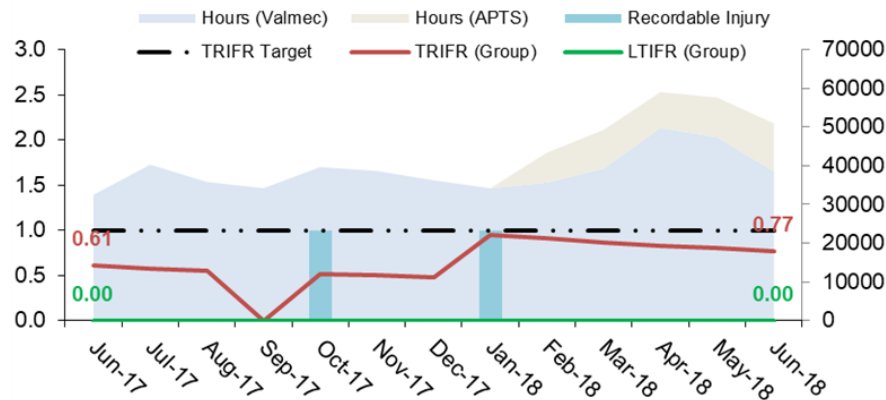


APTS immediately broadens the Valmec oil and gas, power and water industry project capabilities.

# WORK, HEALTH & SAFETY

- Significant safety performance milestones achieved
- Approx. 7 Years (2,465 days) LTI Free
- TRIFR of 0.77
- No Compromise strong safety culture

## LOSS TIME INJURY RATE & TOTAL RECORDABLE INJURIES





# SUMMARY



**STRONG GAS  
THEMATIC /  
LEVERAGING  
ROBUST WORK  
PIPELINES**

41% growth in revenues in FY18 underpinned by significant expansion in gas construction activity.



**DIVERSIFIED AND  
RECURRING  
REVENUE STREAMS**

Strong margins / recurring revenue streams  
APTS delivers increased service and maintenance contracts within resilient / diversified sectors.



**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**

Strong Services footprint has created new preferred service provider opportunities with Global providers.



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**VALMEC**

**> Delivering Value**