



ASX RELEASE

26 February 2019

# Primero Delivers Strong Half Year Results

## Highlights

- **Strong performance across 1H FY19 financial metrics**
  - Revenue of \$68.3 million, an increase of 66% compared to the prior comparative period (pcp)
  - EBITDA excluding one off costs of \$5.2 million, a 19% increase (vs pcp)
- **Recently upgraded FY19 revenue forecast of \$140 million**
- **FY19 EBITDA guidance excluding one off costs of \$10.5 – \$12.0 million**
- **Robust balance sheet with excellent flexibility**
  - \$26 million cash holdings
  - \$4 million debt
  - \$35 million Funding Facilities available for growth opportunities
- **Growth outlook remains positive**
  - Significant recent contract wins in Minerals and Non-Process Infrastructure
  - Approximately \$800 million of qualified tender opportunities and growing
- **Continued improvement in safety performance across the business units**

Multi-disciplinary engineering and contracting firm Primero Group Limited (**Primero**) (ASX:PGX) is pleased to provide its financial results for the half year ending 31 December 2018.

Commenting on the results, Primero Managing Director, Cameron Henry, said:

*“The first half financial results highlight the ongoing strength of, and growth in, the Primero business. The recently upgraded FY19 revenue forecast also evidences our expectation of this momentum continuing. Current market conditions remain active across our three key business units, particularly in Minerals and Non-Process Infrastructure. Available opportunities in our core competencies continue to increase as Primero’s reputation for successful delivery is further entrenched in the marketplace.*”



*“We have been shortlisted for several upcoming EPC projects with a combined value of circa \$200 million and due for award by the end of FY19. The overall qualified tender pipeline of the business now sits at \$800 million, with further opportunities currently being qualified for inclusion. Our strong cash balance, very low gearing and excellent funding liquidity positions Primero well to capitalise on these potential growth opportunities.”*

## Key Financial Results

### Earnings

Total revenue of \$68.3 million grew by 66% versus pcpc. This was the key driver of the 19% increase (vs pcpc) in EBITDA to \$5.2 million.

EBITDA has been adjusted to exclude the following one-off items:

- Issue of limited-recourse employee share loans for listing (\$0.51 million);
- Initial Public Offering (IPO) costs (\$0.16 million); and
- Due diligence costs (\$0.12 million)

### Cashflow

Net operating cashflow of \$7.5 million (\$7.9 million pcpc) for the half reflects typical working capital build in the business directly attributable to the large increase in revenue booked for the period.

Net investing cashflow of \$2.4 million (\$0.7 million pcpc) includes the major purchase of two cranes for the construction of the Barker Inlet Power Station. No substantial capital purchases are forecast for the remainder of FY19.

Net financing cashflow of \$20.5 million ((\$1.7) million pcpc) was driven by the \$20 million of gross new equity funds received through Primero's IPO and ASX listing in July 2018.

### Balance Sheet

Cash at balance date stood at \$26.1 million. Gearing remains very low with current and non-current debt totaling \$3.6 million.

Following a competitive process, Primero recently received term sheets for a pre-approved multi-option \$15 million finance facility to assist with the funding of future project delivery works. This facility will add to the available liquidity provided by our \$20 million bonding facility.

No dividend was declared or paid in respect of the 1H FY19 results. Funds have been retained as working capital to help fund the strong pipeline of work.

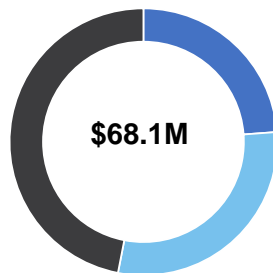


## Business Segment Detail

The composition of 1H FY19 service revenue (\$68.1 million) by key business segment was approximately 47% Energy, 29% Non-Process Infrastructure and 24% Minerals.

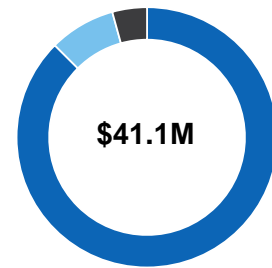
1H FY19 Revenue by Segment

- Minerals (24%)
- NPI (29%)
- Energy (47%)



1H FY18 Revenue by Segment

- Minerals (88%)
- NPI (8%)
- Energy (4%)



## Business Outlook

Based on current business conditions and tendering opportunities across its three key divisions, Primero remains positive about the outlook for 2H FY19 and FY20, and longer term.

Primero recently provided a market update in relation to new contract awards and its forward order book (refer ASX announcement dated 21 February 2019). Forecast revenue for FY19 was upgraded to \$140 million in that update.

Primero is now also providing full year FY19 EBITDA guidance excluding one off costs of \$10.5 to \$12.0 million which is on track to exceed FY18 EBITDA of \$8.9 million.

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## ABOUT PRIMERO

Primero provides engineering design, construction and operational services to the minerals, energy and infrastructure sectors. Primero has specialist expertise in project implementation and delivery with a complementary service offering comprising civil, structural, mechanical and electrical solutions. Primero provides these services to a diverse client base, ranging from mid-sized companies through to international mining and energy houses.

