



*.: BUILDING ENERGY :.*

## INVESTOR PRESENTATION

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SEPTEMBER 2019

# OVERVIEW

## ABOUT US

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

## BOARD OF DIRECTORS

Proven Board and Management Team with significant business ownership



**Stephen Zurhaar**  
Non Executive Chairman



**Steve Dropulich**  
Managing Director



**Vincent Goss**  
Non Executive Director



**Stephen Lazarakis**  
Non Executive Director



**Harry Singh**  
Company Secretary/CFO

## CORPORATE SNAPSHOT

32 cents



Share Price

125.7M



Shares on Issue

~\$40.2M



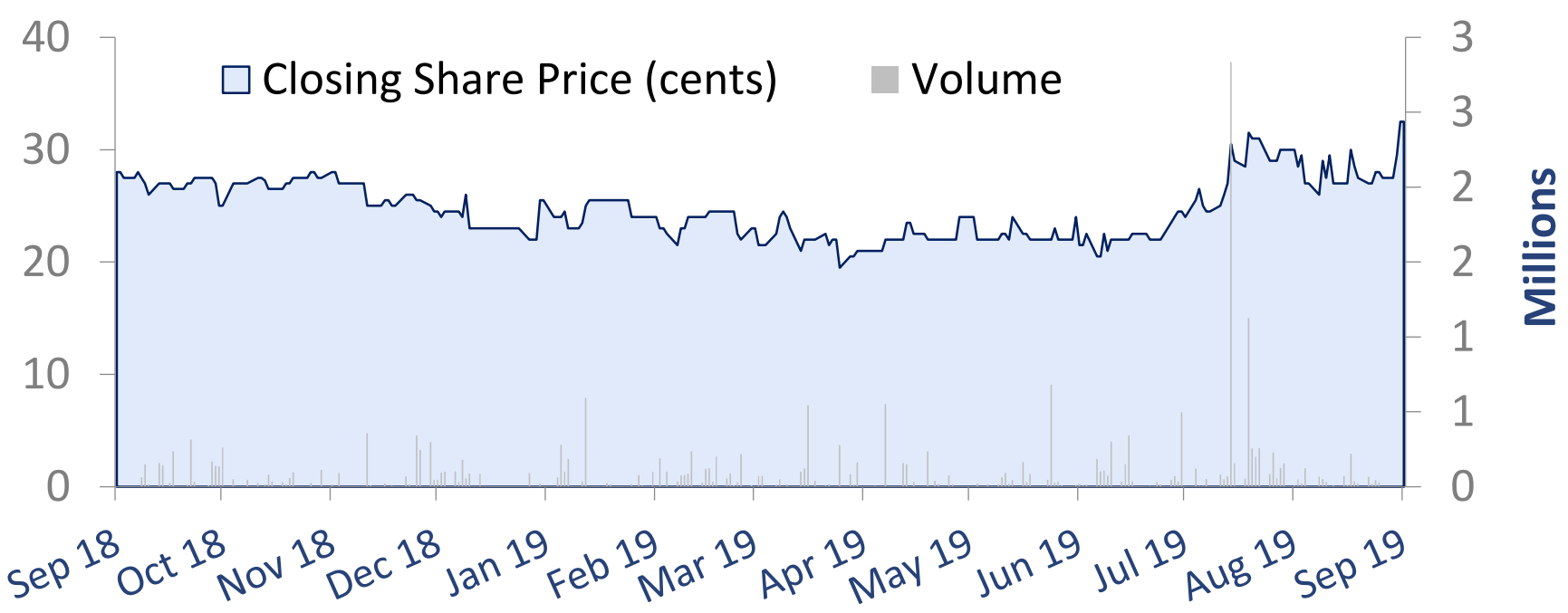
Market Capitalisation

~\$41.2M



Enterprise Value

## HISTORICAL SHARE PRICE PERFORMANCE



## SHAREHOLDER COMPOSITION



Shareholders

Directors/Management 46.7%

Retail 37.0%

Institutions 16.3%

# OPERATING SEGMENTS







## Construct Commission Maintain

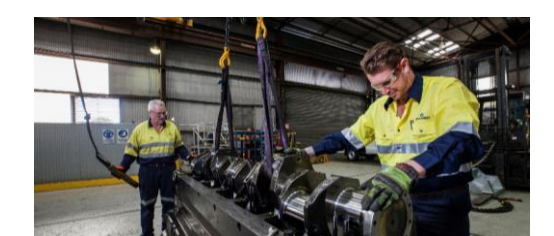
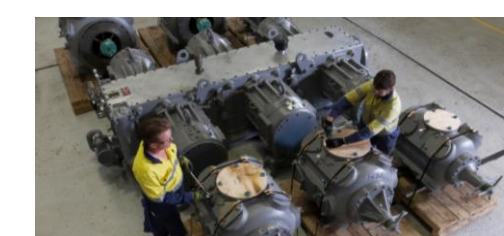
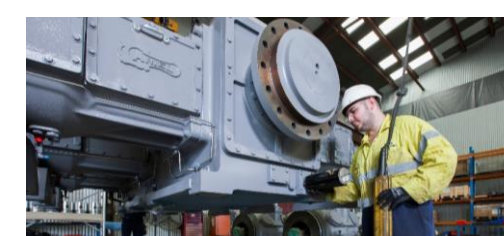
### CONSTRUCTION

-  Engineered Solutions
-  Gas Compression and Processing
-  Energy and renewables generation
-  Refurbishment and brownfields construction
-  Water utility and resources infrastructure
-  Pre-commissioning and commissioning



### ASSET SERVICES

-  Facility Operations, service, maintenance and repairs
-  OEM sales, parts, rebuild and exchange
-  Gas compression and processing products
-  Asset integrity and inspection services
-  Shutdowns and production critical asset support
-  Completions and commissioning solutions



# STRONG NATIONAL PRESENCE



Valmec Offices / Workshops



Construction Projects



Service Contracts



360+ Employees



# FY19 FINANCIAL PERFORMANCE

- ✔ Continued revenue growth underpinned by record order book.
- ✔ Strong 65% growth in underlying earnings.
- ✔ 68% revenue growth in recurring service segment.
- ✔ Business now holds a diversified service and project works portfolio.
- ✔ Superior gross margins generated by growing Services segment.
- ✔ Strong tender opportunity pipeline into FY20/21 of \$595M.

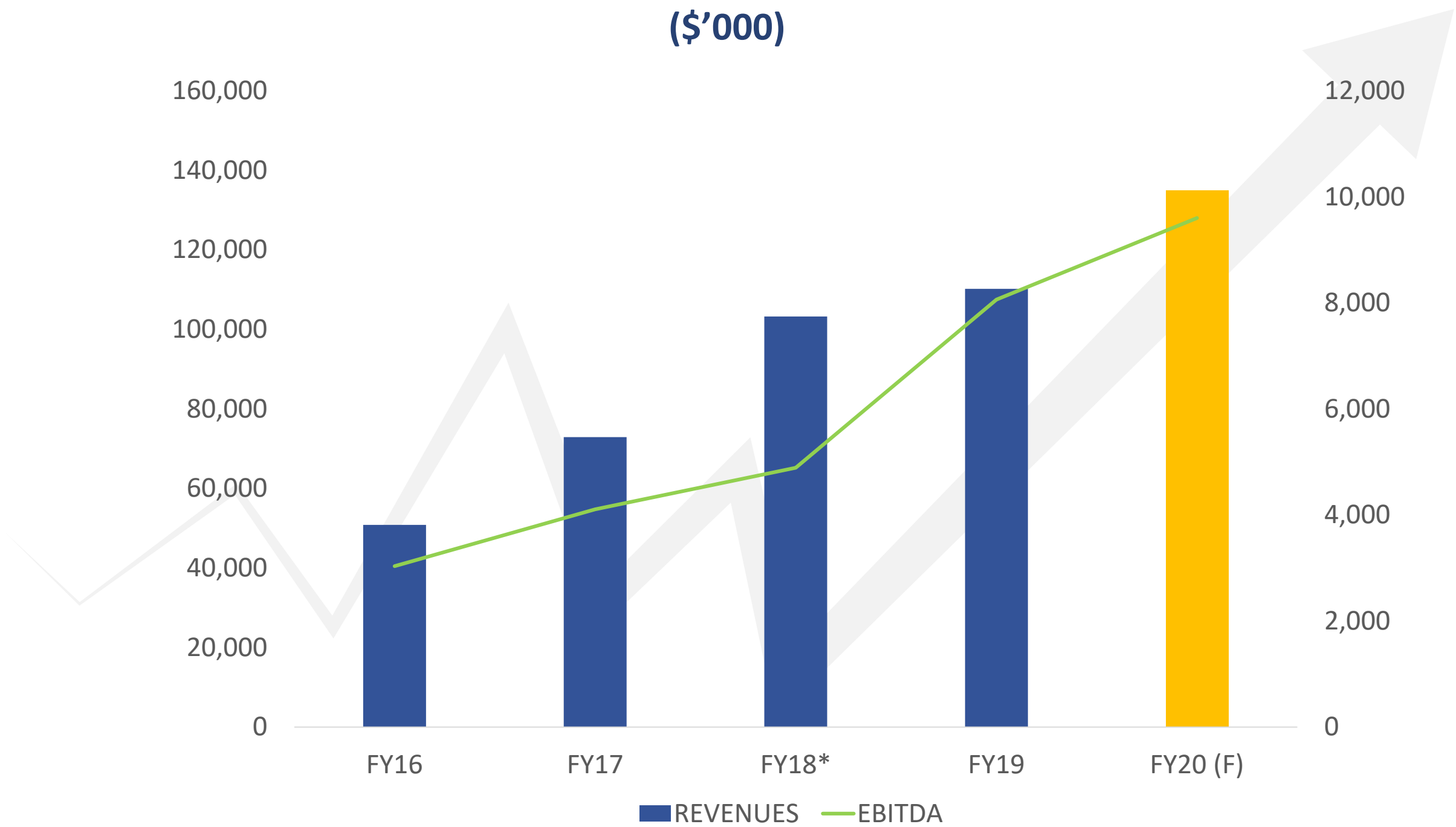
## TRADING PERFORMANCE

PERIOD ENDED 30 <sup>TH</sup> JUNE		FY19	FY18	CHANGE
Sales Revenue	\$'000	110,161	103,197	↑ 6.7%
Gross Margin	%	18.1	13.9	↑ 30.2%
EBITDA*	\$'000	8,060	4,888	↑ 64.8%
EBITDA Margin*	%	7.3	4.7	↑ 55%
NPAT*	\$'000	3,535	1,164	↑ 204%
NPAT Margin*	%	3.2	1.1	↑ 290%
EPS*	Cps	2.8	1.2	↑ 94.7%
Orderbook @ 30 June	\$'000	80,501	48,207	↑ 66.9%

\*Results excludes non-trading Gain on Acquisition of APTS of \$2.6M in FY18.

# FINANCIALS & FACILITIES

REVENUE & EBITDA  
(\$'000)



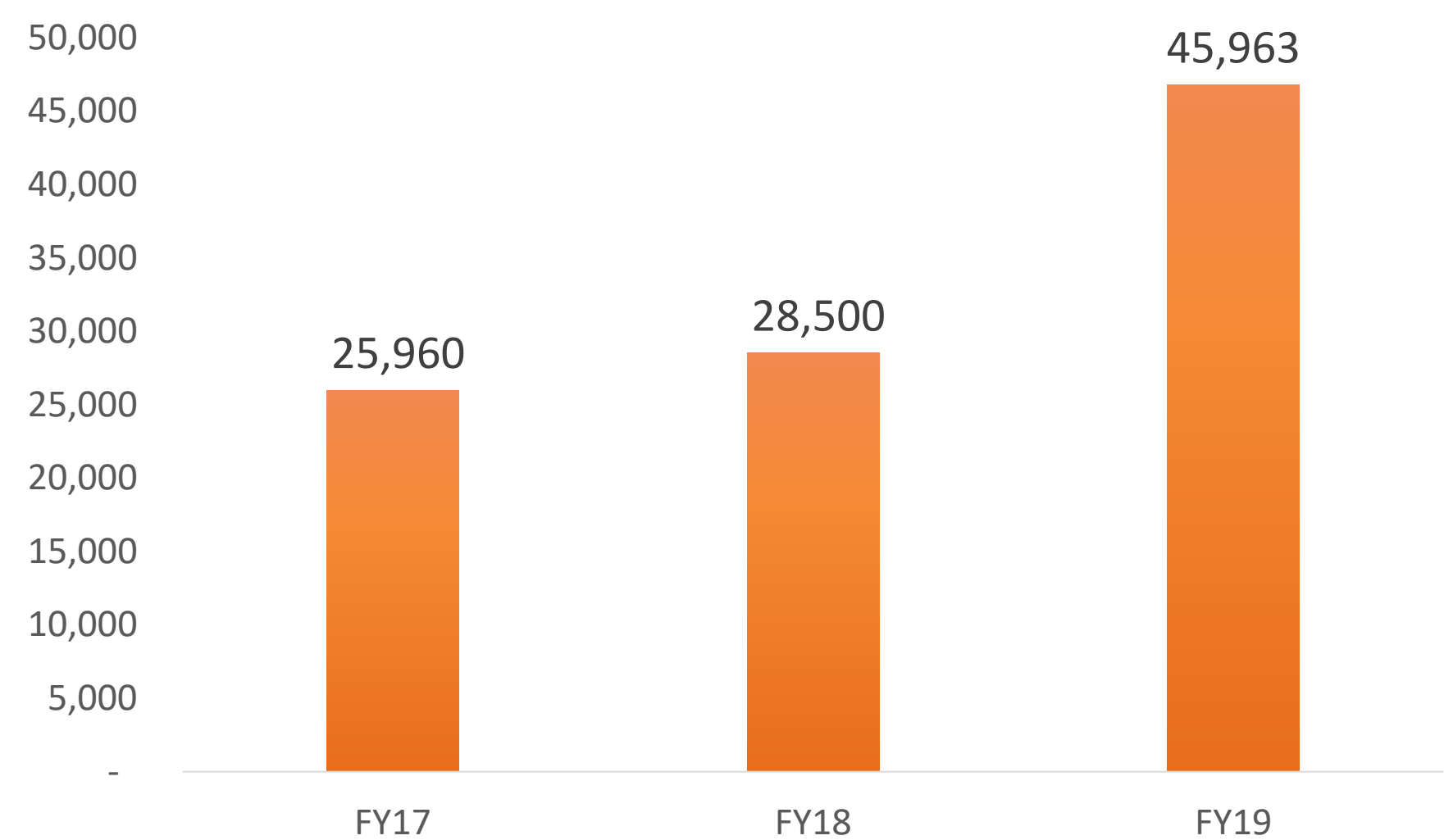
\* FY18 Results excludes non-trading Gain on Acquisition of APTS of \$2.6M in FY18

FACILITIES AS AT 30TH JUNE 2019		\$'000
Working Capital		\$25,000
Bank Guarantee/Bonding		\$15,000
Asset Finance/Other		\$3,500
TOTAL FACILITIES		\$43,500
Less: Working Capital Utilised		(\$9,591)
Less: Bank Guarantee/Bonding Utilised		(\$7,881)
Less: Asset Finance/Other Utilised		(\$2,034)
Plus: Cash		\$3,815
AVAILABLE FACILITIES		\$27,809

# ASSET SERVICES

- ❶ OEM accredited maintenance and repair services, inventory management and operations oil & gas and power generation facilities.
- ❶ 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.
- ❶ APTS Inspection and asset testing services comprising Non-Destructive (NDT), pressure testing, pre-commissioning, chemical cleaning and flange management.

ASSET SERVICES (\$'000)



# ASSET SERVICES KEY HIGHLIGHTS

- ❶ **FY19 Revenues of \$45.9M**
- ❶ **Award Highlights:**
  - Origin / APLNG Long Term Services Contract (LTSA) (\$15 Million)
  - Sydney Water LTSA for Renewable Energy Co-generation assets (~\$4M)
  - MPC Kinetic (AGIG) Testing and Inspection services on the Tanami Gas Pipeline ( \$4.7M)
  - APA Group compression equipment overhaul and maintenance services at Orbost, Victoria (\$3M)
  - Gorgon and Ichthys LNG testing and inspection services for Downer Group (\$7M)



# CONSTRUCTION KEY HIGHLIGHTS

## ❶ FY19 Revenues of \$64.1M

### ❶ Award Highlights:

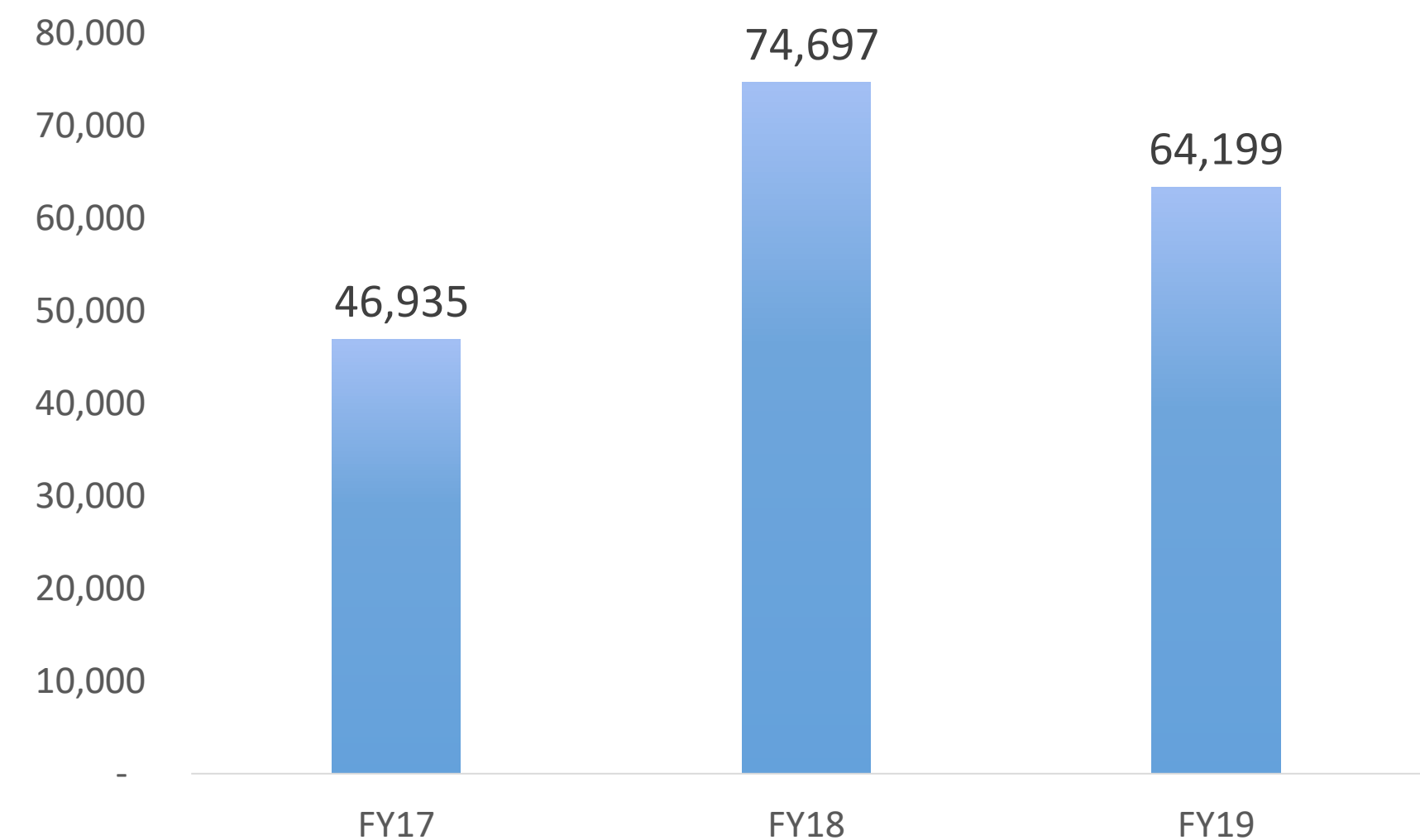
- Atlas Gas Pipeline Project facility in Queensland (\$22.1 million)
- Water Corporation WA facilities [\$21 million]
- Australia's first hydrogen production facility in South Australia for Australian Gas Infrastructure Group (AGIG) (\$4.5 million)
- Newmont Mining infrastructure for Tanami Expansion 2 Project (TEP2) in the Northern Territory (\$6.1 million)



# CONSTRUCTION

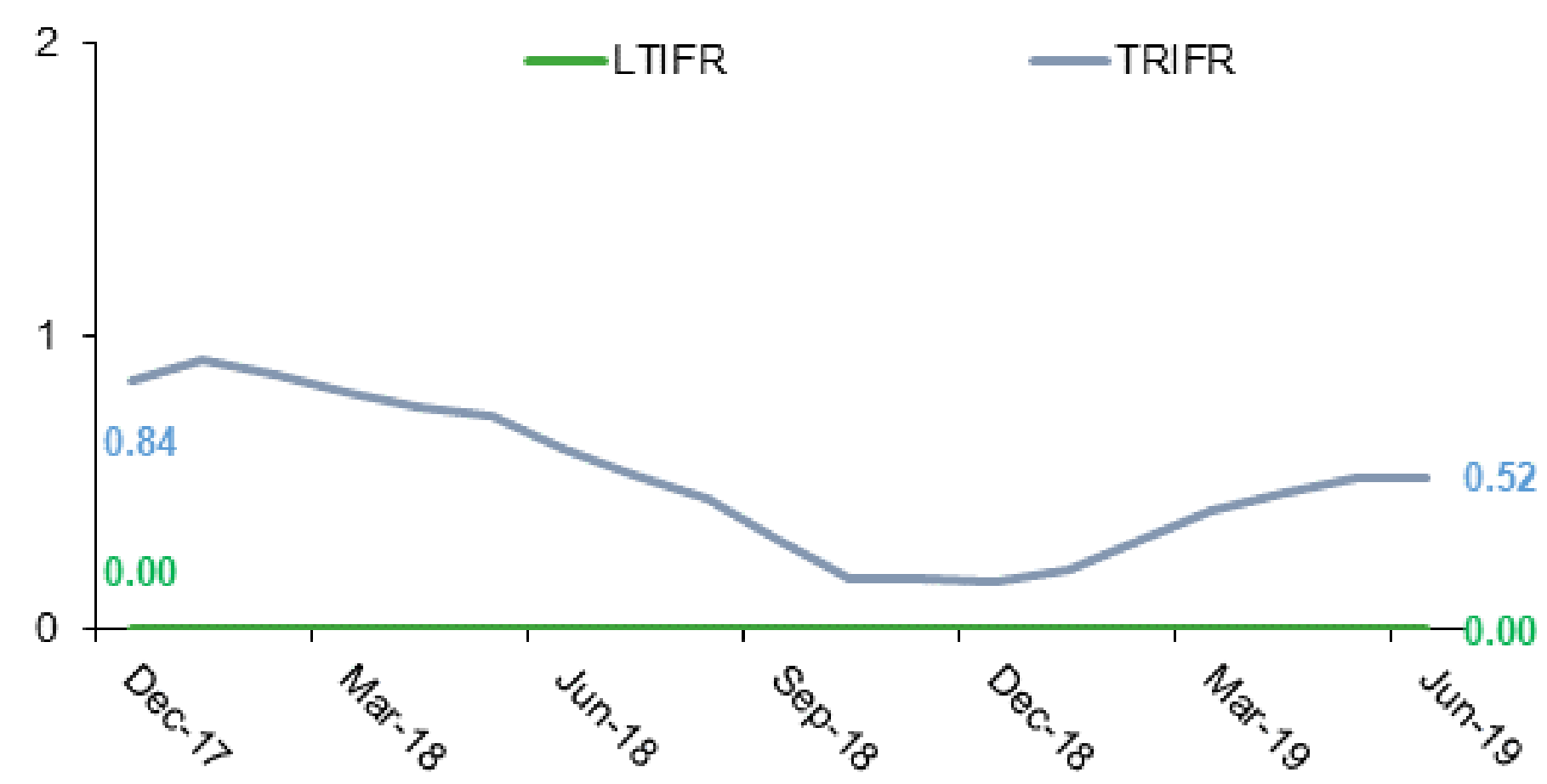
- ❶ Valmec provides in-house engineering and trade resources to fully self-execute earthworks comprising civil, structural, mechanical, piping, electrical and instrumentation construction scopes.
- ❶ Our clients' requirements range from fit for purpose industrial installations through to large scale EPC and turnkey construction projects to international oil and gas / petrochemical standards and specifications.

ENERGY CONSTRUCTION (\$'000)



# SAFETY PERFORMANCE

## LOSS TIME INJURY RATE & TOTAL RECORDABLE INJURIES



# WORK HEALTH & SAFETY

- ① Total employees exceed 350
- ① Significant safety performance milestones achieved
- ① 2.5 Million Hours LTI Free ( > 2800 days)
- ① TRIFR of 0.52
- ① No Compromise strong safety culture

# CONTINUED GROWTH IN FY20

## Strong Order Book Underpinned By Energy, Water And Resource Infrastructure Contracts

### FY20 Guidance for +20% Growth in Revenue and Earnings

- ❖ Revenue of circa \$130m-\$140m
- ❖ EBITDA of circa \$9.1m-\$10.1m

# STRATEGY AND OUTLOOK

## GROWTH IN DIVERSIFIED & RECURRING REVENUE STREAMS

- ❖ Growth in recurring service streams set to continue into FY20
- ❖ Oil and Gas origins expanded into water, resources and petrochemicals sectors.
- ❖ Leverage APTS tailored suite of services for CSG – LNG industry Operations cycle.
- ❖ New Asset Services focus across full asset lifecycle ranging from one-off offerings through to fully integrated packages: Pre-commissioning to brownfields and production critical support services.

## NEW MARKETS

- ❖ Early player in Hydrogen with AGIG renewable gas project in South Australia. Valmec is poised to play leading role in this emerging market.
- ❖ Northern Territory strategic alliance to capitalise on future sustaining capital and service opportunities post completion of large LNG CAPEX.
- ❖ NT provides early work opportunities for construction and services for Beetaloo Gas and Resources sector development pipeline.

## “HIDDEN ASSET”

- ❖ FY20 Forecast excludes any future commercial settlement (if applicable) on the John Holland litigation.
- ❖ Given zero carry value of the claim, any settlement is expected to result in a one-off lift in Company earnings and free-cash flow.

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