

30 October 2019

ASX ANNOUNCEMENT

WestStar Industrial Limited September 2019 Quarterly Report

WestStar Industrial Limited (Company or WestStar) (ASX: WSI), an Australian industrial services company providing engineering, construction and mining services to the resources, energy and infrastructure sectors, is pleased to report on the Company's performance for the quarter ended 30 September 2019 (Quarter).

Highlights

- Continued and consistent strong performance with cash receipts of \$14M during the Quarter
- Strong cash balance maintained with \$8.9M at end of Quarter
- Subsidiary accounts reflect a profitable Quarter
- \$18M of contracts awarded during first quarter of FY2020, with a further \$5M so far in October 2019
- ~\$20M of contracted work in hand at end of Quarter
- With \$14M banked this Quarter and ~\$20M work in hand, the Group is well positioned for a strong FY2020

Company Financial Overview

During the Quarter, the Company banked total cash receipts of \$14.0M continuing the Group's strong performance. This Quarter's result follows on from \$17.8M banked last quarter, demonstrating sustained high activity levels now for more than a half a year. As a comparison, the total cash receipts banked this quarter represent a 400% increase of the corresponding quarter last year.

The Company maintained a strong cash position with \$8.9M cash on hand at the end of the Quarter. The headline cash and receipts result demonstrate SIMPEC's increased activities and the realisation of profitability on current projects.

Although timing of operating payments marginally reduced cash on hand versus the previous quarter, the Company's **subsidiaries have delivered a combined profit of ~\$1 million for the Quarter** (based on unaudited management accounts of the Company's subsidiaries SIMPEC and Precast Australia, pre-AASB 15 adjustments and excluding parent corporate overhead costs). This result continues on from the Group posting its maiden full year profit for FY2018.

Administrative staffing and corporate costs were in line with the Company's growth projections during the Quarter. This largely fixed overhead cost base provides leverage to further earnings growth.

SIMPEC Operations

During the Quarter, SIMPEC was awarded a total of ~\$12M in extensions to its existing portfolio of contracts (ASX: 2 July 2019, 31 July 2019 and 18 September 2019). These extensions are strong endorsement of the onsite works and value add which SIMPEC is delivering to its clients.

In terms of new business SIMPEC was awarded a ~\$5M contract by Energy Power Systems Australia to supply (partially), install, test and commission the 25 Mega Watt Diesel Power Generation facilities for the Fortescue Eliwana Mine and Rail Project (ASX: 11 September 2019). This contract, which is currently underway, represents SIMPEC's first full vertical installation package – comprising of Civil, Structural, Mechanical, Piping, Electrical and Instrumentation works.

Post Quarter end, SIMPEC was awarded a ~\$5M contract direct with Tianqi Lithium Kwinana, supplying SMP and E&I completions and commissioning support services for the Stage 1 processing plant at Kwinana, WA.

Precast Australia Operations

During the Quarter, prefabricated concrete construction business Precast Australia has been awarded a contract by Georgiou Group to supply wall panels for the construction of the much-anticipated Costco Warehouse in the Perth Airport precinct. Precast Australia was also engaged directly by BHP Billiton Iron Ore Pty Ltd to initially supply and deliver 200 precast concrete elements to the South Flank Iron Ore Project. In addition, Precast Australia was awarded contracts by RHG, Zorzi and Shelford. Total contracts awarded to Precast Australia in the Quarter were ~\$1M.

Outlook

During the first quarter of FY2020, WestStar was awarded ~\$18M in contracts and contract scope extensions, with a further \$5M during October to increase year to date awards to ~\$23M. With \$14M already banked in the first quarter and ~\$20M of contracted work in hand as at the end of September, the Company is well positioned for a strong FY2020

WestStar continues its active tendering activities. These activities are expected to add to the Company's pipeline. SIMPEC has been adept at proving its value to clients and this is demonstrated by the scope extensions awarded to it over and above the original contract values.

-Ends-

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About WestStar

WestStar Industrial Limited (ASX: WSI) is an industrial services company in the resources, energy and infrastructure markets with a focus on mining services and industrial contracting for tier 1 clients.

WestStar, through its subsidiaries delivers high quality Construction and Engineering services with specialisation in Structural Mechanical and Piping (SMP), Electrical and Instrumentation (E&I), Concrete Products and Civil Services.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

WESTSTAR INDUSTRIAL LIMITED

ABN

38 119 047 693

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	14,043	14,043
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(11,442)	(11,442)
(c) advertising and marketing	-	-
(d) leased assets	(59)	(59)
(e) staff costs	(2,571)	(2,571)
(f) administration and corporate costs	(821)	(821)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(846)	(846)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(13)	(13)
(b) businesses (see item 10)	-	-
(c) investments	(368)	(368)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	86	86
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(14)	(14)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(309)	(309)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	10,069	10,069
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(846)	(846)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(309)	(309)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	8,914	8,914

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	8,914	10,069
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,914	10,069

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
45
-

Directors' fees and salaries paid to directors. All payments are on normal commercial terms.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
107
-

Corporate advisory fees, accounting and administrative support.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1,000	650
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

On 12 December 2018, the Company announced that it had received commitments for an unsecured working capital facility of up to \$1M. This facility was drawn to the value of \$650,000 at the end of the quarter (no change from 30 June 2019).

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(8,500)
9.3 Advertising and marketing	-
9.4 Leased assets	(100)
9.5 Staff costs	(1,900)
9.6 Administration and corporate costs	(800)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows*	(11,300)

* Estimated cash outflows do not include any forecast receipts from customers.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Company Secretary)

Date: 30 October 2019

Print name: Derek Hall

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.