

Lycopodium Limited Full Year Results FY2020

A\$'000	FY2020	FY2019	Change
Revenue	211.1	154.0	▲
EBITDA	27.1	25.0	▲
NPAT	11.8	16.5*	▼
Earnings Per Share	29.7	41.5	▼
Cash	102.9	60.5	▲

* Abnormally high due to significant warranty provision released during FY2019

PERTH, 26 August 2020 – Lycopodium Limited (“Lycopodium” or the “Company”) has generated revenue of \$211.1 million and a net profit after tax (NPAT) of \$11.8 million for the financial year ended 30 June 2020 (FY2020). NPAT was slightly higher than the updated guidance issued in May of \$11.5 million, in response to the onset of the COVID-19 pandemic.

The company Directors have approved a fully franked final dividend of 5 cents per share, payable on 9 October 2020, bringing the full year dividend to 20 cents per share.

Despite the growing impact of COVID-19 as events unfolded during the first half of 2020, the progress of projects in delivery was generally unaffected, with measures implemented to manage the potential implications on operations. Consequently, the full year revenue achieved was only slightly lower than the mid-year guidance of \$220 million.

Lycopodium’s Managing Director, Peter De Leo, said: “Faced with the significant challenges presented by the onset of the global coronavirus pandemic during the latter half of the financial year, our ability to continue to provide our clients with the high quality of service they have come to expect from Lycopodium is a testament to the resilience and adaptability of our people.”

During FY2020 the Company successfully completed two significant EPCM projects in Burkina Faso, being the Sanbrado Gold Mine for West African Resources and Teranga Gold Corporation’s Wahgnion Gold Mine, both of which were completed safely, ahead of schedule and within budget. Delivery of the Yaouré Gold Mine for Perseus Mining remained on schedule in Côte d’Ivoire, with completion of the design and procurement scope and commencement of construction work on site achieved as planned.

During the second half of FY2020, Mondium, Lycopodium’s incorporated joint venture with Monadelphous, commenced its EPC scope on Rio Tinto’s Western Turner Syncline Phase 2 iron ore project in the Pilbara region of Western Australia. Engineering and procurement services are well advanced and the team has mobilised to site, with delivery ongoing into FY2021. Mondium also completed the engineering and procurement services scope and is well advanced with earthworks and concrete works of its EPC contract for Talison Lithium’s Tailings Retreatment Project in Western Australia.

Throughout the year, the Company completed numerous Feasibility Studies across a spectrum of commodities including gold, copper, lead, zinc, silver, lithium, graphite, mineral sands and sulphate of potash. Successful completion of these studies has led to the award of further scope on a number of the projects which will support the project pipeline moving into FY2021. This includes the award of the front end engineering and design (FEED) scope for Australian Potash’s Lake Wells Sulphate of Potash Project in Western Australia, the FEED to support long lead procurement and early works site packages for Sandfire Resources’ Motheo Copper Project Processing Plant in Botswana, and the engineering and procurement (EP) contract for IAMGOLD Corporation’s Boto Gold Project in Senegal.

During the year, the Company's Infrastructure business provided rail infrastructure management services, including condition surveys and design services, for the Australian Rail Track Corporation (ARTC) and the Country Regional Network (CRN), and rail inspection services for various clients including Pacific National, BHPB and Southern Ports Authority. Utilising its infrastructure asset management expertise, it was also engaged by the Cape Preston Port Company, operators of the port stockyard and marine section of CITIC Pacific Mining's magnetite mining operation, the largest magnetite operation in Australia, to optimise the maintenance for a number of critical assets at the port facilities located in the Pilbara region of Western Australia.

The Company's Industrial Processes business continued to leverage its expertise in the provision of projects and engineering services in the areas of specialty chemicals, pharmaceutical and heat/mass transfer, providing services on Kawasaki Heavy Industries' Hydrogen Energy Supply Chain (HESC) project, a world-first pilot project to safely and efficiently convert locally-produced, clean hydrogen for international transport. Focusing on emerging opportunities in renewable energy and sustainability related projects, it also provided independent expert advice on energy efficiency and clean energy generation opportunities for the Victorian Government's Agriculture Energy Investment Plan (AEIP) and worked with ZECO Energy in the development of a new portable, photovoltaic (PV) solar-powered light tower design.

"There is no doubt the past few months have been extremely challenging, with the onset of the pandemic in early 2020 significantly impacting how we live and work. During this most difficult time, I sincerely thank our people for their continued focus, commitment and resilience in maintaining the level of professionalism and quality of service our clients know they can expect from us," said Mr De Leo.

During FY2020 there were 2.5 million manhours worked across Lycopodium managed projects, with a zero Lost Time Injury Frequency Rate (LTIFR) achieved against a 7.5 Australian construction industry average (Safe Work Australia, *Australian Workers' Compensation Statistics, 2017-18*; note, the industry statistic excludes LTIs less than one week, ADIs and MTIs).

"With projects delivered across the globe, in often challenging locations, the Company's excellent safety performance is reflective of our focus on the health, safety and wellbeing of our personnel, and the commitment they each have in achieving such a high standard," said Mr De Leo.

Outlook

With the uncertainty presented by COVID-19 and what is likely to be a highly constrained environment in FY2021, the Company's forward strategy is to stay focused on its established relationships to secure ongoing works with key clients. This includes supporting clients to progress through the various stages of project development, from initial scoping studies through to project delivery.

In the Resources sector, the current global economic outlook is driving up the price of gold, with gold generally seen as a safe investment in times of economic uncertainty. There is also the opportunity in the domestic Australian market to support clients embarking on sustaining capital works projects, given the prospect of new developments potentially being delayed for some time.

The Company will continue to pursue its target markets in the Infrastructure sector, focusing on the provision of rail infrastructure management, non-process infrastructure and infrastructure related asset management. Again, much of this work is acquired on the basis of having established long-term partnerships with a core client base.

In the Industrial Processes sector, the Company will continue to provide its specialist expertise in emerging markets, such as cannabinoids, light metals and water purification, and support renewable energy and sustainability related projects as businesses seek to operate smarter and leaner in response to current economic pressures.

For further information

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About Lycopodium Limited (ASX: LYL)

Lycopodium is a leader in its field, working with clients to provide integrated engineering, construction and asset management solutions. We have the expertise to deliver complex, multidisciplinary projects, through to the provision of feasibility studies and advisory services.

Operating across the Resources, Infrastructure and Industrial Processes sectors, we offer a diverse team of industry experts to deliver bespoke and innovative solutions across all commodity types.

With the capability to deliver projects around the world, we have offices in Australia, South Africa, Canada and the Philippines.

For more, visit www.lycopodium.com