

# Tempo Australia Ltd

## Investor Update

November 2014



People | Productivity | Performance

# About Tempo

## Overview

- An ASX listed (ASX:TPP) contractor to the resources, oil and gas, and infrastructure sectors working with blue chip clients
- Two divisions:
  - Construction & Maintenance; and
  - Personnel Management
- Well positioned for sustainable and strategic growth

## Capital Structure and Cash

Shares on Issue	174M
Market Capitalisation (approx.)	\$7.0M
Debt	Nil
Net assets (at June 2014)	\$7.2M

## Unsecured Convertible Loan Agreement and General Meeting

- On 17 October 2014, Tempo announced it had entered into a \$1.2m Unsecured Convertible Loan Agreement with Chairman, Carmelo Bontempo
- Cash required for working capital purposes
- Request to convert \$1.2m cash loan to equity at 5.7 cents a share (21,052,632 shares)
- General Meeting on 11 December 2014 to request shareholder approval for conversion
- If shareholder approval not granted, loan repaid on 28 February 2015

# 2014 Highlights

- Appointment of Carmelo Bontempo as Executive Chairman
  - Brings substantial experience and stability to the business
- Awarded \$4.5m contract for refurbishment of bulk fuel tanks at Rio Tinto's Parker Point site
- Investment by Chapmans Ltd (ASX:CHP) in Tempo through issue of shares under a private placement to raise \$1.0 million
  - Further investment through off-market purchase of ~10.5 million shares
- Awarded \$13.4 million contract direct with Rio Tinto for Structural, Mechanical and Piping works, commissioning support and shutdowns for the Cape Lambert Port Expansion
- Announcement of \$1.2m Unsecured Convertible Loan Agreement
- Works won at other end client sites including BHP Billiton and Citic Pacific
- Completed the Achilles Oil and Gas Standard Audit, which acts as pre-qualification for many oil and gas clients such as Santos, QGC, Senex and others

# Leadership Team



## **Carmelo (Charlie) Bontempo – Executive Chairman**

Founder of UGL Limited, former MD of Monadelphous Group and key advisor to numerous private and publicly listed companies in Australia.



## **Nick Bowen - Non Executive Director**

30 years international mining and civil engineering. Currently Executive Global Head Mining Services of Orica Ltd. Previously CEO Macmahon Holdings, Executive- Council of Chamber of Minerals and Energy WA 2001 to 2012.



## **Philip Loots - Non Executive Director**

Lawyer with a PMD from Harvard Business School with significant risk management experience in the development and construction of projects in the infrastructure, mining and oil and gas sectors. Over the past six years has had significant involvement in the mega oil and gas projects in Western Australia.



## **Michael West - Executive Director, Chief Financial Officer and Company Secretary**

Experience working in financial, strategy and commercial roles in Australian and international companies involved in construction, maintenance, engineering, private equity and investment banking. Holds a Bachelor of Commerce and a Bachelor of Mechanical Engineering (Honours Class I) from Sydney University, and is a Graduate of the Australian Institute of Company Directors.



## **Daniel Hibbs - General Manager**

19 years mining and oil and gas experience (upstream and downstream) – across Australia and remote Pilbara locations.

- Substantial improvement in safety statistics
  - No LTI events in 2014 YTD
  - 565 days LTI free
  - TRIFR at zero in 2014 YTD
- Utilising systems and procedures to ensure safe and efficient delivery
- Role out of **Operation Zero** – working towards no safety incidents
  - Site staff working on initiatives to improve safety – getting involvement from the people with the most to benefit and visibility of potential hazards
  - Emphasis on looking out for each other's safety
  - Excellent employee engagement

*“OPERATION ZERO”*



# People, Performance and Productivity

- Large database of qualified trades people and supervisors – core group of 400
- Highly experienced management and board team
- Recruitment, selection and induction techniques to employ the best people
- Open 360° communication and collaborative approach to engage with employees to drive safety, quality and productivity
- Employing systems and procedures to ensure safe and efficient delivery
  - Excellent results from independent review by Achilles – acts as pre-qualification for major Oil & Gas clients including Santos, Clough, QGC, Senex and more
  - QHSE SKYTRUST® intelligence system – compliant with ISO 9001:2008 (QA), ISO 14001 (Environmental and AS//NZS)
  - E-Induct system to measure labour, plant and materials





# Capabilities

## Structural



### Fabricate, Erect:

- Structural Steel
- Process facilities
- Workshops
- Crushers
- Buildings
- ROM Structures

## Mechanical



### Install, Refurbish:

- Mech. Equip.
- Pumps
- Ball/SAG Mills
- Agitators
- Crushers
- Screens/Hopper
- Cyclone Chutes
- Floatation sys.

## Piping



### Fabricate, Install:

- Carbon pipe
- Stainless pipe
- Duplex pipe
- HDPE
- GRP

## Bulk Storage Tanks



### Fabricate, Erect:

- Storage tanks to API650.
- Tank Refurbishment to API653

## Bulk Material Handling



### Fabricate, Erect:

- Stackers
- Reclaimers
- Ship Loaders
- Conveyor systems

## Supervised Teams & Trades



### Construction & execution teams:

- Skilled Construction Labour
- greenfield and brown field projects

## Complete Life Cycle Project Delivery

*Services cover construction, maintenance, sustaining capital, shutdowns and supplementary labour*



# Tempo Projects

## Cape Lambert Port Expansion



### Project Value

AU\$13,500,000

### Scope of Work

- SMP\* Miscellaneous Works
- Shutdowns
- Commissioning Support

### Tempo Clients and End Client

Rio Tinto

## Parker Point – South Bund Tank 5 refurbishment Project



### Project Value

AU\$4,500,000

### Scope of Work

- Design
- Fabrication
- Demolition
- Installation

### Tempo Clients and End Client

Rio Tinto, KBR and CMA Contracting

## Cape Lambert Port B Expansion Project



### Project Value

AU\$15,000,000

### Scope of Work

- SMP\* erection and installation
- Shutdowns

### Tempo Clients and End Client

Laing O'Rourke, SKM, Rio Tinto

## Cape Lambert Port B Shutdown



### Project Value

AU\$2,000,000

### Scope of Work

- Shutdown
- Modifications
- design/improvement changes
- safety improvements

### Tempo Clients and End Client

Laing O'Rourke, SKM and Rio Tinto

\* SMP – Structural, Mechanical and Piping



# Focus for the future

## Focus Areas

Competitive advantage through employing the best people, productivity, innovation and customer responsiveness

Grow customer base (clients and sectors)

Expand capabilities as multi-disciplinary construction and maintenance provider

Improve systems, processes, financing and capabilities to improve performance and governance

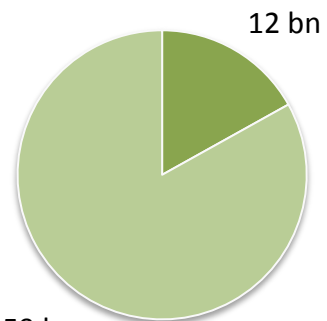
## Achievements and Plans for the Future

- Database of over 3,000 qualified trades people and supervisors – Core group of 400
  - Highly experienced management and Board
  - Increase productivity through intelligent construction methodologies, detailed plans and safety focus
  - Working on process and systems to improve productivity and innovation
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- Projects won direct with Rio Tinto
  - Work performed by Tempo at new client sites including BHP Billiton and Sino Iron
  - Pre-Qualified to work for oil & gas following completion of Achilles FPS Audit
  - Business development continuing with Oil & Gas, mining and process industry clients
- 
- Extensive SMP works and experience
  - Growing maintenance and shutdown experience
  - Teaming with other companies to deliver other disciplines
  - Reviewing development of other disciplines
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- Investment into improved process and systems
    - Achilles Oil & Gas audit recognised the work done so far
    - E-induct, and QHSE Skytrust system roll-out
  - Working with financial institutions to help fund future growth
  - Continual improvement focus on all areas of business

# Market update

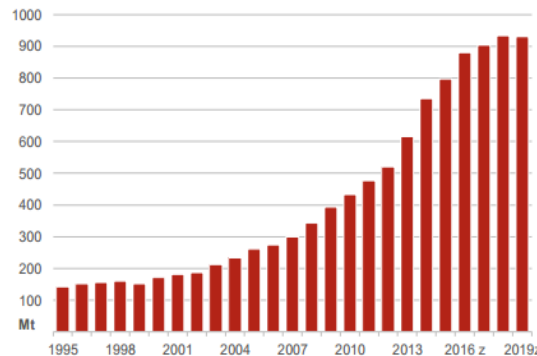
- Significant increase in production levels - iron ore export volumes forecast to grow from 652MT in 2013/14 to 889 MT in 2018/19) leading to:
  - increased maintenance and shutdown work; and
  - increased sustaining capital works.
- \$229 billion committed Australian resources and energy projects as at April 2014
- \$235 billion committed and potential resource and energy project in WA

**Iron Ore forecast investment - \$71bn**

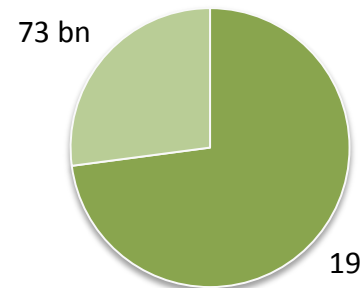


■ Committed ■ Planned/possible

**Australian annual iron ore production**

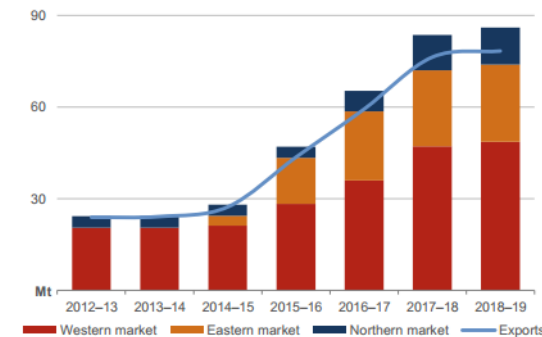


**Oil and Gas forecast investment - \$270bn**



■ Committed ■ Planned/possible

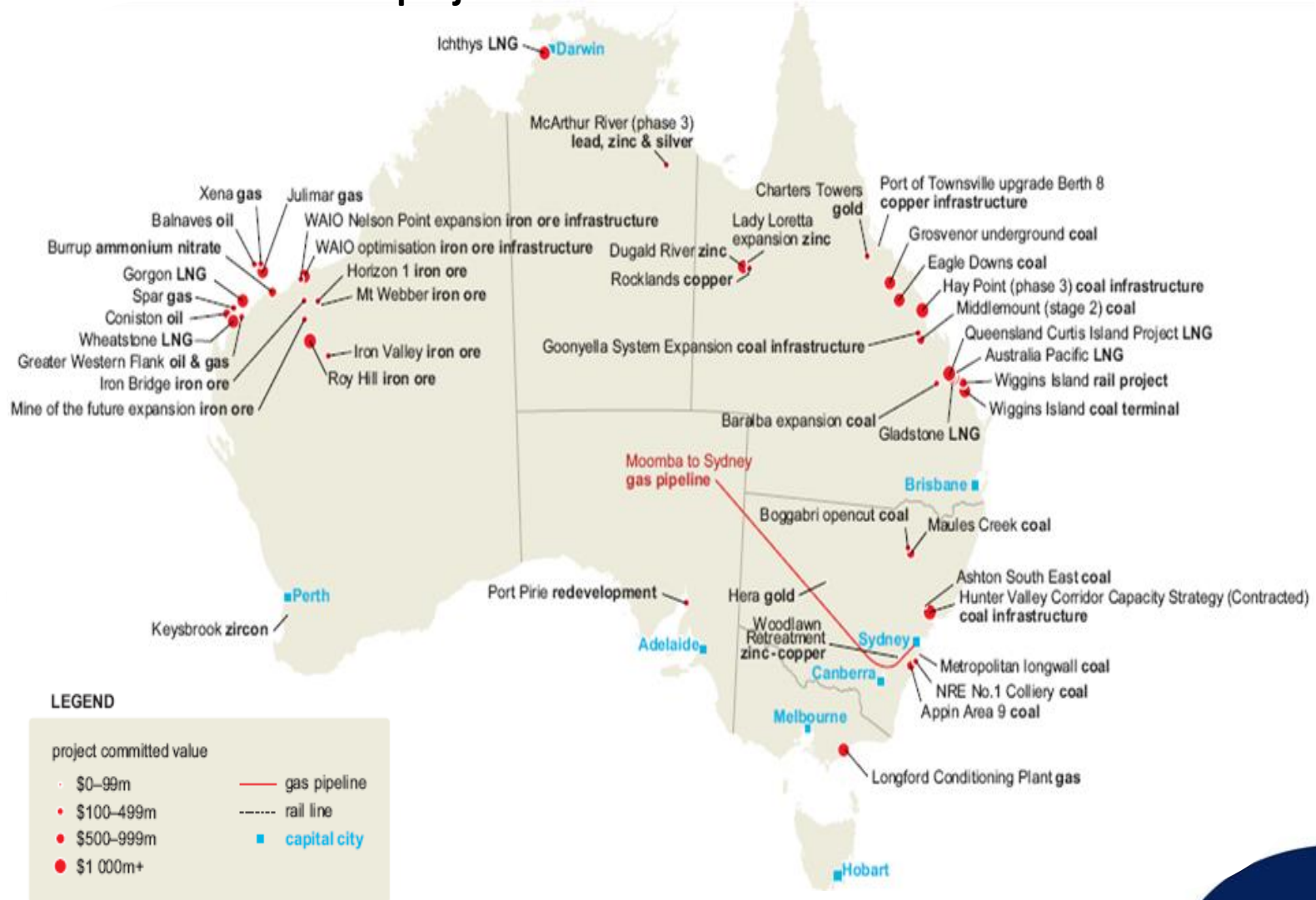
**Australian liquefaction capacity and LNG exports**



Source: BREE

# Committed Projects in Australia

## AU \$229 Billion in committed projects



# Market and Tempo Implications

- Challenging market conditions – most peers are trading down for the year between 30% - 80%
- Large number of projects valued between \$1m - \$40m – hard for larger companies to compete
- Increased client focus on meeting budgets and on-time delivery - Tempo's track record is excellent in this regard
- Tempo is looking to expand its mining client base through delivery of successful smaller projects on new client sites. Recent projects won on sites including BHP Billiton and Citic Pacific
  - This strategy led to Tempo winning the \$13.4m project direct with Rio Tinto. This project has up to 100 people on site for various shutdowns and works
- Excellent engagement with oil and gas companies following the successful Achilles oil and gas audit
- Diversity in Tempo's pipeline - variety of clients, projects, sectors, contract sizes and disciplines

# Excellent Foundation for the Future

<b>Unsecured convertible loan agreement</b>	<ul style="list-style-type: none"><li>• Improves working capital flexibility</li><li>• Increases client comfort when tendering new works</li><li>• Increased balance sheet strength (if converted)</li></ul>
<b>Developing strong reputation for delivery</b>	<ul style="list-style-type: none"><li>• Direct project win with Rio Tinto – performing very well</li><li>• Achieved prequalification for oil &amp; gas clients</li><li>• Growing track record of excellent project results across multiple delivery methods</li><li>• Diverse pipeline of opportunities</li><li>• Working at other iron ore sites with plans to build client base</li></ul>
<b>Experienced team to deliver</b>	<ul style="list-style-type: none"><li>• Business focused on people, safety, productivity and efficiency</li><li>• Support from Executive Chairman, Charlie Bontempo</li><li>• Strong board with track record and skill set required to achieve results</li><li>• Experienced and respected management to execute on strategy</li><li>• Access to experienced, productive and qualified trades</li></ul>



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