

ASX ANNOUNCEMENT

Calibre Group Limited (**ASX: CGH**)

27 November 2014

Dear Sir / Madam

RE: 2014 Annual General Meeting Addresses

Please find attached a copy of the addresses to shareholders by Chairman Mr Ray Horsburgh AM and CEO and Managing Director, Mr Peter Reichler.

The meeting commences at 2.00pm (WST) today at Calibre House, Perth

ENDS

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CALIBRE (CGH) ANNUAL GENERAL MEETING 2014
2PM, 27 November 2014
Level 2, 50 St Georges Terrace, Perth

SLIDE 1 COVER

SLIDE 2 DISCLAIMER

SLIDE 3 WELCOME

Welcome Ladies and gentlemen to the Annual General Meeting for FY2014. I'd like to begin by acknowledging the traditional owners of the land we meet on today. It's now 2pm and so I declare the meeting open.

SLIDE 4 AGENDA

SLIDE 5 SAFETY AND HOUSEKEEPING

SLIDE 6 CHAIRMAN'S ADDRESS

In accordance with clause 7.5 of the Company's Constitution I will be Chairing the meeting today here at Calibre House and via webcast.

The Company Secretary has inspected the sign-in registers and in accordance with clause 7.4 of the Company's Constitution, I declare a quorum¹ to be present and hereby convene the meeting.

SLIDE 7 – BOARD OF DIRECTORS

Present are our shareholders, their proxies or representatives specified in the sign-in register and your Calibre Directors sitting here in the front of the room:

- **Mr. Peter HOUSDEN** Independent Non-Executive Director
- **Mr. Geoff TOMLINSON** Independent Non-Executive Director
- **Mr. Ray MUNRO** Non-Executive Director
- **Mr. Alex WILLIAMS** Non-Executive Director
- **Mr. Peter Reichler** CEO & Managing Director

As you have seen from the Notice of Meeting, we note today the retirement from our Board of **Mr. Brian MACDONALD**. Brian has been a Non-Executive Director of Calibre since 2010, and has been instrumental in building the company from a small successful WA engineering business to a diversified Trans-Tasman business with much bigger aspirations. The Board has passed a vote of thanks to Brian, and I know that I speak for Board and Shareholders in extending your thanks as well for his hard work and wise counsel.

Brian has been unable to join us here today, and has sent his apologies.

SLIDE 8	ATTENDEES
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I'd like to acknowledge those representatives of the business here today.

- **Mr Peter MASSEY** Chief Financial Officer
- **Ms Chloe SHORTEN** Head of Corporate Affairs
- **Mr. Michael SILBERT** Company Secretary
- **Mr Dennis CLARK** Governance and Risk

We are joined by our business leaders:

- **Mr. Derek BROWN** – Managing Director of Calibre Resources
- **Mr. Gary SPENCE** – Managing Director of Calibre Consulting
- **Mr. Mick CROWE** – Managing Director of Calibre Infrastructure company, G&S Engineering.
- **Mr. Darren HALL**, who is a Partner in the Assurance & Advisory division of Deloitte, the Company's Auditor; and
- also here is **Mr. Simon REED**, from Herbert Smith Freehills, the Company's legal advisors;

There are other Calibre employees present here today and I would like to welcome them, particularly the Calibre people who are shareholders.

Before conducting the formal business of the meeting today, both Mr. Reichler and I will share a presentation on the year in review and a current year update.

The first item of business is the Chairman's address.

SLIDE 9 FY2014 SNAPSHOT

We have come through a challenging year well.

- We've achieved a net profit after tax of \$24.4m - an increase of 10.1 per cent.
- Our diversification strategy has led to increased revenues in our Infrastructure and Consulting segments.
- We've improved our operating cash flow and delivered a full year dividend of 6 cents per share.

We can be proud of these achievements – but we also recognise that they are just a snapshot, a moment in time.

They are a base to build upon – not a destination reached.

The future will bring new challenges, both known and unknown.

We must commit to continuous improvement: to innovation every day, to new ideas, better processes and safer practices, to new efficiencies in our day-to-day operating methods.

It's why we are intent on diversifying into new segments and market sectors.

It's why we have made changes to our management– adding significant new expertise to our high quality team.

It's why we are strengthening our corporate governance disciplines and practice.

It's why we need to focus on attracting and retaining people under-represented in our field – women and Indigenous Australians.

Our performance for the 2014 financial year demonstrates that we have the right strategy.

This year Calibre continued to bring its expertise, focus and array of services to bear on significant projects across Australia and beyond, while maintaining our outstanding safety record.

This is pleasing, especially considering the tight trading conditions and that Calibre is a business in transition.

Calibre's diversification strategy commenced some four years ago and is now taking Calibre in the right direction.

This action has also had a positive impact on this year's result, which includes the full 12 months of our Infrastructure business.

This will enhance the long-term resilience of the business, allowing us to access a wider range of projects and new, more sustainable earning streams.

We are responding to our clients' changing business model from a 'large capital projects marketplace' to an 'opex and sustaining capital' model.

It is a pleasure to be working as Chairman of this vital business and to be focused on good governance. My fellow directors, leaders in their fields who bring to bear a significant amount of experience, expertise and insight from engineering, listed companies, transport, logistics, financial services, and the markets both here and overseas to the business.

They have overseen the introduction of corporate governance principles ahead of the ASX recommended guidelines and ahead of many of our peers. These reach across expert capability, best practice in risk management, strengthened commercial discipline and robust internal controls.

SLIDE 10	CORPORATE SOCIAL RESPONSIBILITY
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I now wish to address elements of our Corporate Social Responsibility efforts.

Calibre is committed to employing more women. Just this week the Association of Mines and Metals announced a commitment to increasing participation in the workforce in resources alone to 25 percent.

This year I am pleased to report an improvement in participation rates, with women representing 8% of personnel in management positions as compared to 1% in the prior reporting period.

We now have a woman on the Calibre Executive Committee and 14% of total Calibre personnel are female, which compares with participation rates of 15% in the mining industry.

But we should do better, we can do more – and we will.

Calibre is also committed to employing more Indigenous Australians. To enable this Calibre Resources employs an Aboriginal Engagement Manager who has developed extensive and effective relationships with Aboriginal-owned businesses across our projects.

These relationships have led to significant direct and indirect opportunities to those businesses through engagement on Calibre projects.

This is about more than stakeholder engagement, it's about having the best, most diverse workforce and the best range of ideas and perspectives.

SLIDE 11 – STRATEGY

Calibre has clearly demonstrated its ability to adapt in advance of changing market conditions.

Our strategy positions us to strengthen and build on our core business, while further diversifying and growing our revenue base.

We have taken decisive measures to ensure we started the Financial Year 2015 in a competitive position to meet the changing market challenges.

The current year has seen tough market conditions continue. We have had a solid first quarter across the board however the market is now showing further indication of deferrals of capital projects in the resources - and to a lesser extent- the Infrastructure segments. This will lead to a softer earnings performance compared to last year.

I can assure you Calibre's Board and strengthened management team is focused on ensuring Calibre's business resilience. We are undertaking a review of our Resources segment. We will be updating the market before the announcement of the first half results in February.

The Board will also continue to work with senior management on value and productivity improvements across the business.

There are always new challenges – and new opportunities - new frontiers to cross, new solutions to develop, new ideas to put into action. We continue to build on diversification opportunities to ensure stronger growth in coming years.

We can be confident that we are on the right track – and more importantly, that we now have the team, skills and strategy in place.

I congratulate Chief Executive Officer and Managing Director, Peter Reichler and his senior management team for a well-earned result.

Peter was only appointed to the position of CEO and Managing Director in November 2013. In light of his already pleasing performance, I'm confident that he will have an even greater impact in coming years.

I would also like to thank him for his support as Chief Operating Officer during my tenure as Acting Managing Director early in the year. I would also like to thank my fellow directors for their continued hard work and commitment on behalf of all our shareholders.

I will now ask Peter to address the meeting.

SLIDE 12 CEO & MD ADDRESS

I am very pleased to be here as CEO and Managing Director of Calibre. I would like to take this opportunity to thank the Board for their support and counsel. I'd also like to extend my thanks to my management team for their hard work.

While I believe Calibre has been a quiet achiever, this company has emerged as one of this country's more highly regarded specialist engineering firms in the resources and infrastructure markets.

Calibre has a strong tradition of successfully delivering infrastructure, resources and consulting projects across Australia and overseas. Our clients have found that we deliver consistently and reliably- often for highly complex, high-profile projects.

SLIDE 13 SOLID SAFETY PERFORMANCE

As the leader of the company my first priority is always safety. We believe we have a commercial and moral obligation to ensure our employees return safe home each day.

SLIDE 14 SAFETY STATISTICS

In our safety performance last year we achieved a Total Recordable Injury Frequency Rate or TRIFR of 3.1. This has declined from 3.2 and occurred over 5.4 million hours under management. And 0.2 Lost Time Injuries per million hours worked.

This pleasing result simply could not be achieved without a workforce that values the safety and wellbeing of all.

During the year, new initiatives were executed as part of our constant effort to achieve Zero Harm.

Vehicle related injuries were a focus for action during the year. We introduced the light vehicle safety campaign 'Drive Smart Drive Safe' and in-vehicle monitoring technology on select worksites, plus improved visible safety leadership. Helping to reduce stress-related injuries led us to initiate a mental health campaign in the FIFO intensive state of W.A. This is an area we will continue to focus on with our clients in the coming year.

These are just a few examples of a sustained safety effort.

SLIDE 15 FINANCIAL YEAR 2014 OVERVIEW

It has been a solid year for Calibre, notwithstanding the challenging market conditions. This is a result of Calibre's strong long-term client relationships and the efforts of our dedicated workforce. They have delivered an increasingly diversified revenue base and continued focus on cost management and cash flow. The combination of these factors helped provide resilience in the tightening trading conditions.

SLIDE 16 FINANCIAL RESULTS

Underlying EBITDA was \$45.2million for the period, which was down 14.1% on Financial Year 2013 (which was \$52.6million). We achieved NPATA of \$34.6million which represented a decrease of 4.7% on Financial Year 2013 (which was \$36.3million). This was primarily a result of the lower EBITDA performance.

NPAT was positively impacted by R&D tax benefits and for the period was \$24.4m, a 10.1% increase on FY2013 (\$22.2m). R&D is reflective of the innovative work we undertake for our clients and an ongoing feature of the business.

Calibre's EBITDA margin of 6.4% (FY2013: 7.4%) reflects market conditions and our business mix. It reflects a stronger focus on costs by clients, as well as the 12 month contribution from our Infrastructure business, which generates lower margins than the rest of the business.

Calibre maintained a strong focus on cost management to ensure our business overheads and corporate structure match the current operating environment. We need to maintain our cost competitiveness. We were pleased that we delivered a final fully franked dividend of 2.5 cents per share, which takes the full year dividend to 6.0 cents.

SLIDE 17	ABOUT SEGMENTS
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I'll now summarise our financial performance by segment.

Calibre reported revenue of \$709.3m for FY2014, a 0.3% decrease over FY2013 (\$711.3m) and above half-year guidance (\$670m to \$690m). This result was due to the strong contribution to Group revenue from our Infrastructure segment contributing over 46% from 23% last year and the Consulting segments contribution, up to 10% of revenues from 8% previously. Combined, these segments now account for over 56% of revenue, up from 31%. As anticipated, the relative contribution of Resources has declined but still contributed a solid 44% to Group revenue.

In order to develop the long term value for the business, the company commenced a brand consolidation project to rationalise the multiple corporate identities into a single brand strategy. This is to underpin the segment reporting and diversified go-to-market strategy of the Board.

Calibre is continuing to pursue growth and diversification opportunities to expand end-markets and revenue streams.

The acquisition of Perth-based E-Tec Consultants and Spiire New Zealand contributed to growth in our civil and urban infrastructure exposure. The marketing joint venture agreement with leading Canadian oil and gas automation business, True North Automation, provides entry into the North American oil and gas sector. We also entered into an MOU advancing cooperation with prominent global mass transit and rail design company, SYSTRA, to explore new opportunities in passenger and light rail.

SLIDE 18	DEBT AND LIQUIDITY
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We achieved very strong cash flow generation in FY2014, with a net operating cash flow of \$63.3m. This is reflective of our focus on working capital management and R&D tax benefits. Our cash conversion rate was an impressive 140%, up from 80% last year.

Calibre achieved significant debt reduction with net cash of \$2.8m compared to a net debt position at June 30 2013 of \$23.0m.

Calibre made further reduction in borrowings during the year with \$34.7m repaid as at year end. This was another benefit from the good work done around our working capital and cashflow management.

The hard work of our dedicated workforce, in unison with an increasingly diversified revenue base and continued focus on cost management and cash flow, has helped provide resilience as market conditions remained subdued.

SLIDE 19 IMPLEMENTING THE STRATEGY

There are five key planks to our strategic approach: Safety, our people, growth & diversification, operational excellence and client engagement.

Let me cover each one briefly.

Safety – This is a top priority for Calibre and its clients. We continue to work towards a goal of Zero Harm

People – Our focus is on developing the leadership skills of our people, identifying and managing the many talented people in our businesses and increasing the level of employee engagement – we know that our people are the key to our continued success.

In acknowledgement of this, the Group is also planning on introducing a further Employee Share Scheme in the New Year. The scheme will look to act as an incentive and retention tool for our employee and increase the level of employee ownership. More details on the scheme will be provided before the end of the year.

Growth and Diversification – We continue to focus on expanding our presence and capability into new industry sectors while increasing recurring revenue streams. The approach will mean a focus on an expanded client base, geographic breadth and commodity exposure

Operational excellence - Key to our success is having, integrated and robust systems and processes, good governance processes as well as investment in business development. In addition maintaining a high level of commercial discipline is essential to deliver good outcomes

Client engagement – Calibre has a strong history of client engagement and this philosophy needs to be maintained with the delivery of innovative and high quality services.

SLIDE 20 OUTLOOK

This year we currently see deterioration in the outlook compared to our last update in August. The Group delivered a solid first quarter result however we are experiencing deferrals of work and a reduction in activity as a results of the current market conditions in iron ore and coal. This has led to a softening in our earnings outlook for FY15. We are anticipating a further decline in our Resources segment, and a modest decline in the Infrastructure segment. We do however continue to see growth in our Consulting segment.

In response we are undertaking a review of our Resources business and will update the market on the outcome before the half year results in February.

Thank you for your ongoing support and for participating in today's AGM.

SLIDE 21 FORMAL BUSINESS

CHAIRMAN : Thanks Peter, I'm sure our shareholders are looking forward to following Calibre's strategy in action over the coming year.