



ASX ANNOUNCEMENT

26 February 2015

VALMEC'S STRONG REVENUE GROWTH PAVES WAY FOR INAUGURAL DIVIDEND

- Group Revenue up 11.6% to \$26.4 million
- EBITDA¹ of \$5.04 million
- NPAT up to \$3.87 million
- Earnings per share of 6.67 cents
- Dividend program introduced with interim dividend of 0.5cps declared
- Commenced tendering activities in gas maintenance markets
- Continued strong safety performance achieving 500,000 hours LTI free

Valmec Limited (ASX: VMX) ("Valmec" or "the Company") is pleased to report its financial results for the half year ended 31 December 2014.

Sales revenue for the period was \$26.4 million, an increase of 11.6% from the previous corresponding period. Whilst revenues were below expectations for the half due to tighter market conditions, increasing services and minor capital works tender opportunities across all of Valmec's markets underpin the Company's expectations of a stronger second half.

Underlying EBITDA for HY15 was stronger at \$2.1 million, with net profit after tax of \$3.8m being achieved on the back of acquisition gains from the Exterran (Australia) Pty Ltd ("Exterran") acquisition. Additional deferred tax benefits were also brought to account during the period.

	HY 15 '000	HY 14 '000
Revenue	\$26,479	\$23,708
EBITDA ¹	\$5,047	\$835
Underlying EBITDA	\$2,100	\$835
PBT	\$4,056	\$463
NPAT	\$3,871	\$315
Basic EPS	6.67cps	1.75cps
Cash on Hand	\$2,485	\$3,519
Total Equity	\$14,158	\$8,464

¹ Including gains of \$2.9 million from acquisition of Exterran (Australia) Pty Ltd



Valmec Managing Director Steve Dropulich said that as a result of the challenging conditions facing the industry due to lower commodity and oil prices, clients were now focused more than ever on their operational efficiencies and existing asset optimisation as well as transitioning their new production assets into the operational phase.

"Our recent completion of the Exterran acquisition has given us new capabilities in field and workshop maintenance, spare parts, engineering and operations support to the power, oil and gas sector. As a result, Valmec is ideally positioned to capitalise on the expected growth in this sector. Utilising these extended capabilities, we have already commenced tendering for a variety of sales and service opportunities where Valmec can deliver value through the asset or project lifecycle," Mr Dropulich said.

Whilst the Company anticipates some challenges for contractors in the short term as larger construction opportunities reduce, Valmec's ability to scale and diversify its projects mix will continue to hold it in good stead. Tendering continues on a number of oil and gas, resources and infrastructure projects across Australia and the volume of opportunities is only expected to increase as potential clients gain a better understanding of the Company's lean contracting model and "concept to operations" capabilities.

Dividend

Valmec is proud to announce the establishment of its dividend program and the declaration of an inaugural dividend. In its transition to a yield paying stock, Valmec is forecasting a total dividend for FY15 of 1c per share payable in two equal instalments.

The Company's Board has declared an interim dividend of 0.5c per share (unfranked). The dividend will be paid to shareholders on 7 April 2015, with a record date of 16 March 2015.

Health and Safety

Valmec achieved a significant safety performance milestone during the period. In October 2014, the Company recorded over 500,000 hours being worked without a lost time injury (LTI) being recorded.

"Our focus on safety leadership and ongoing communication of our key HSE messages across all of our operations has no doubt contributed to this milestone. Our entire team is rightly proud of this achievement, and committed to further extending the result," Mr Dropulich said.

Outlook

Valmec remains committed to developing its "single source" delivery strategy across all its traditional markets with a view to even greater diversity in revenues and project capabilities.

Whilst balance sheet management remains a priority during these challenging times, the Company recognises that continued expansion in new Australian locations, complimentary segments and markets will also be required as Valmec continues to develop its growth model, along with a full sales and service proposition to clients.



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About VALMEC

Valmec is an Australian energy and multi-discipline services group providing specialised packaged equipment, construction, maintenance, commissioning and integrity maintenance services to the resources, energy and infrastructure sectors.

Founded by an experienced team of EPC and contracting professionals each with more than 25 years in the Australian gas industry, Valmec's focus is on the delivery of innovative project solutions, superior service and faster time-to-market options than the competition.

Valmec employs approximately 180 project and support personnel, operating out of modern offices and fully equipped workshop facilities in Western Australia and Queensland.

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