

**ASX ANNOUNCEMENT**  
**27 AUGUST 2015**

## **VALMEC REPORTS FY15 EARNINGS AND GROWTH IN SERVICE MARKETS**

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- **Group Revenues of \$50.4 million consistent with prior year**
  - **EBITDA of 6.5 million**
  - **Net Profit after Tax (NPAT) of \$5.75 million up 13.9%**
  - **Earnings per share (EPS) of 8.3c**
  - **Improved cashflows from operations of \$2.1m**
  - **Secured \$64 million of new projects and service contracts during the year**
  - **Diversified exposure to increased Oil and Gas and Infrastructure service markets**
  - **Significant gains made on acquisition and integration of new Service Contracts and Rental Assets included in NPAT**
  - **Continued strong safety performance now at over 1,400 Lost Time Injury (LTI) free days**
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Diversified Energy and Infrastructure Services Group, Valmec Limited (ASX: VMX) announces its full year result for the year ended 30 June 2015.

Valmec delivered revenues of \$50.4 million during the period, up marginally on FY14 totals with 27% of revenues being generated through the Group's newly acquired Service entity, Valmec Services Pty Ltd (former Exterran (Australia) Pty Ltd [EAPL]). Whilst challenging conditions within the greater engineering and construction sector constrained further expected growth in EPC and turnkey projects, the Group's contribution from service contracts more than compensated for this impact.

Reported Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for the year was \$6.59 million, significantly up from the previous year (FY14: \$3.7 million) but inclusive of realised gains made on the acquisition of working capital and service contracts (\$1.7 million) and rental assets (\$3.4 million) associated with the EAPL transaction. On an underlying basis, trading EBITDA before corporate costs was \$2.59 million for the year.

Cashflow from Operations improved significantly on prior year trading (+ \$3.2 million) whilst gearing levels (net debt to equity) has been reduced to 24.8% (FY14: 50.1%).

Net Profit after Tax (NPAT) for the year after accounting for an additional tax benefits of \$1.37m brought to account as a result of the EAPL transaction, was \$5.75 million, up 13% from the previous corresponding period. Earnings per share for the reporting period was 8.3 cents.

During the year, Valmec secured approximately \$64 million of new contracts and contract variations. The Group's ability to scale and diversify its projects mix by using its in-house delivery capabilities, saw it secure work in new public and private infrastructure and gas service markets together as well as its traditional core sectors.

Valmec continues to strengthen its balance sheet with net assets of the consolidated group increasing by approximately \$7.2 million from \$8.46 million in 30 June 2014 to \$15.69 million in 2015, attributed mainly to the EAPL transaction and NPAT of \$5.75 million.



## Health and Safety

Aligning with its diversification strategy, the Group also continued to develop and implement new HSE processes and systems within its expanded workforce. Safety initiatives coupled with Valmec's "Golden Rules of Safety" program, will ensure it is well positioned during further periods of staff and new project site growth.

With a focus on leading indicators to ensure "Zero Harm" remains front of mind, Valmec has been able to maintain its strong safety culture and resultant performance, recording over 1,400 lost time injury (LTI) free days.

## Managing Director's Comments

Commenting on the FY15 results, Valmec Managing Director Steve Dropulich said:

*"With access to new capital for their expansion projects constrained as a result of lower commodity and oil prices, our clients are now focused more than ever on operational efficiencies and existing asset optimisation as well as transitioning their new LNG production assets into the operational phase."*

*"The expansion of our services capabilities derived from the EAPL transaction coupled with the introduction of rental assets onto our Balance Sheet, now allows Valmec to further develop its Build, Own and Operate (BOO) and rentals strategy allowing our Clients to continue to drive their growth projects with lower Capex spend. Utilising these extended capabilities, we have already entered discussions with clients for a variety of sales and service opportunities where Valmec can deliver value through the asset or project lifecycle."*

*"We are confident that Valmec's current strategic positioning as both a constructor and operator of Client assets will continue to hold it in good stead during this challenging cycle. Whilst Valmec remains committed to achieving its growth objectives over the coming years through both organic and acquisition strategies, the Group's key focus is on maintaining efficiencies and achieving further productivity gains within both our own operations and on our client projects"*

## About VALMEC

Valmec is a diversified Australian energy and infrastructure 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 150 project and support personnel, operating out of modern offices and fully equipped workshop facilities in Western Australia, South Australia and Queensland.

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