

23 November 2015

BRIERTY 2015 AGM CHAIRMAN'S ADDRESS

Good afternoon ladies and gentlemen. Thank you for attending Brierty's annual general meeting for 2015. Before commencing with the formal business of the meeting I would like to provide you with an overview of our performance in the year and our priorities for the year to come. Brierty's Managing Director, Peter McBain, will then provide a more detailed presentation, focusing on our operational performance, key projects, and the Company's outlook and strategy.

Year in review

The 2015 financial year was at the same time positive and challenging for Brierty.

It is pleasing that Brierty made excellent progress in the establishment phase on major projects which will help underpin the Company in the 2016 financial year and beyond. This includes Brierty's \$300 million mining contract at Western Turner Syncline stage 2 for Rio Tinto and the \$100 million land development project at Mitchell Creek Green in Darwin. In addition, the Company won repeat business from key blue chip clients, with an example being our \$69 million contract to upgrade the North West Coastal Highway that was awarded early this year. Brierty also expanded the range of clients it provided services to, including winning and delivering smaller contracts which provide a steady revenue stream for the Company. Our ability to continue winning work in a highly competitive environment reflects Brierty's reputation in the market as a safe and efficient contractor and our strong relationships with customers.

Of course, winning work is only part of the picture and, importantly, the Company continued to operate profitably in the year. Brierty reported revenue for the 2015 financial year of \$293 million and net profit after tax of \$3.1 million. Brierty's diversity across large and small civil contracts, mining projects, and the land development division was critical to spreading risk across the Company and enabled Brierty to weather the challenging market conditions. When compared to the financial results reported by many of our peers, a number of which reported substantial losses, the strength of the Brierty business becomes even more apparent.

Notwithstanding these encouraging developments, our earnings for the 2015 financial year were lower than 2014. This principally reflected a delay in resolving a contract variation and insurance claim relating to a contract performed for Main Roads WA. The variance related to increased costs incurred by Brierty in reliance on data provided by Main Roads that was used in the tender process, and weather-related insurance claims. Peter McBain will provide an update on the resolution of these claims in his presentation, but let me say that we have confidence in the validity of our claims and will strongly pursue a positive outcome for our shareholders.

More broadly, Brierty was also not immune to the well-publicised margin pressure on projects experienced across the industry in the year. This reflected the highly competitive environment for civil work and the impact of weak commodity prices being passed on to contractors.

It therefore remains important in this environment that Brierty focuses on the factors within its control and what is valued by clients. Safety is first and foremost of those. I am delighted that Brierty continued to maintain a safety performance at industry-best standards in the 2015 financial year. The Company reported a total reportable injury frequency rate of 5.95 and a record-low lost time injury frequency rate of zero in the year.

Outlook

Looking ahead, Brierty's work in hand for the 2016 financial year is \$230 million, providing a strong base for the year. Our priorities for this year are to focus on cash generation, reducing debt and thereby strengthening the balance sheet, driving cost efficiencies across the business, and targeting new avenues for work. With the excellent progress made in the establishment phase on major projects in 2015, cash generation is expected to improve in financial year 2016 as we transition to the delivery phase. Meanwhile, although the environment for projects remains highly competitive, Brierty's delivery standard and customer relationships means the Company is well placed to win additional work.

I would like to thank Peter McBain, his management team, and all of Brierty's staff for their contributions over the past 12 months. Brierty's ability to continue winning and profitably delivering quality projects safely and efficiently, in what remains a competitive environment, reflects their hard work and commitment. I would also like to thank shareholders for their ongoing support during a challenging period. Brierty has entered 2016 with a good order book and a number of clear priorities that are targeted at ensuring we are best positioned to generate value for shareholders.

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ABOUT BRIERTY

Brierty provides civil construction and mining services to government and private industry through its civil and mining lines of business, which include:

Civil

- Construction of city and town infrastructure including land developments, roads and car parks.
- Highway and road construction, bulk earthworks, railways, airport runways, site-works, concrete and pavement works.

Mining

- Contract mining and mine maintenance.

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