

**ASX ANNOUNCEMENT****10 March 2016**

TRADING UPDATE AND EARNINGS GUIDANCE

Energy and Infrastructure Services Group, VALMEC Limited ('VALMEC') (ASX: VMX) provides a further trading update and earnings guidance for the full year ending 30 June 2016. ('FY 2016')

Reiterating its comments in its 1H FY2016 results announcement dated 26 February 2016, record tendering activities on new service, minor and major capital works across all of Valmec's markets underpin the Company's expectations of both a stronger second half performance and expanded order book moving into FY17.

After the Company's latest assessment of forecast FY 2016 earnings performance, Management have formed a view that:

- Forecast FY 2016 Revenues is expected to lie within the revenue range included in the Company's previous guidance to the market; and
- Forecast EBITDA earnings for FY 2016 is also expected to lie within the forecasted range, albeit within the lower end of the EBITDA % range as included in the Company's previous guidance to the market. This more conservative view takes into account increased competition and pricing pressures within Valmec's larger capital works markets whilst offset to an extent by increased gross profit margins through the Company's diversification of service revenues and long term maintenance contracts

Key Risk Factors in Guidance

- Valmec is currently engaged by various Clients on early contractor involvement (ECI) activities on projects and new long term service agreements which are due for award and execution in FY16. Based on its preferred tenderer status on these and other projects, assessment of current tender opportunities and the expected utilisation of its current order book, Valmec provides its FY 2016 revenue guidance noted above.
- As is common within the Contracting Industry, projected earnings performance will be influenced by the Company's ability to mitigate any unforeseen Client delays enabling it to complete current projects in accordance with their original expectations and to secure new projects in accordance with their anticipated timeframes.

**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 160 project and support personnel, operating out of modern offices and fully equipped workshop facilities in Western Australia, South Australia and Queensland.

Visit Valmec at www.valmec.com.au

For further information please contact:

Steve Dropulich
Managing Director
Ph 08 9266 8888

Harry Singh
Chief Financial Officer
Ph 08 9266 8888

David Ikin
Professional Public Relations
Ph 08 9388 0944 / 0408 438 772
david.ikin@ppr.com.au

Important Notice Regarding Forward-Looking Statements

This Announcement may contain forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.