FY2014 Full year results

Peter Watson – CEO I Managing Director
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28 August 2014

FY2014 year in review

Resources capital expenditure conditions subdued

Strong underlying result

Balance sheet remains strong

SDM has responded to re-align cost base to market conditions

Significant contract wins reflect strong market position

Delivering diversification strategy to position Sedgman for market upturn

Order book improved from June 2013

Business unit performance

($million)	FY 2014	FY 2013
Combined Revenue [1]		
Projects	221.1	243.9
Operations	134.8	191.4
Total	355.9	435.4
EBITA (underlying) [2]		
Projects	(7.2)	11.3
Operations	11.1	16.1
Total	3.9	27.5
EBITA % Margins (underlying) [2]		
Projects	(3.3%)	4.6%
Operations	8.3%	8.4%
Total	1.1%	6.3%

Underlying business remains strong

Projects

- Revenue decreased as a number of significant projects undertaken in FY2013 were not replaced in FY2014 reflecting continued weak conditions in the Australian coal sector
- EBITA % margins lower than expected reflecting lower utilisation of project staff and provision for a number of long term debtors

Operations

- Lower revenue as five operating sites managed in 2013 on behalf of clients have been either shut down or transitioned back to owner operation
- EBITA % margins are in line with expectations
- Existing contracts currently in renewal discussions - Agnew, Mount Isa, Sonoma

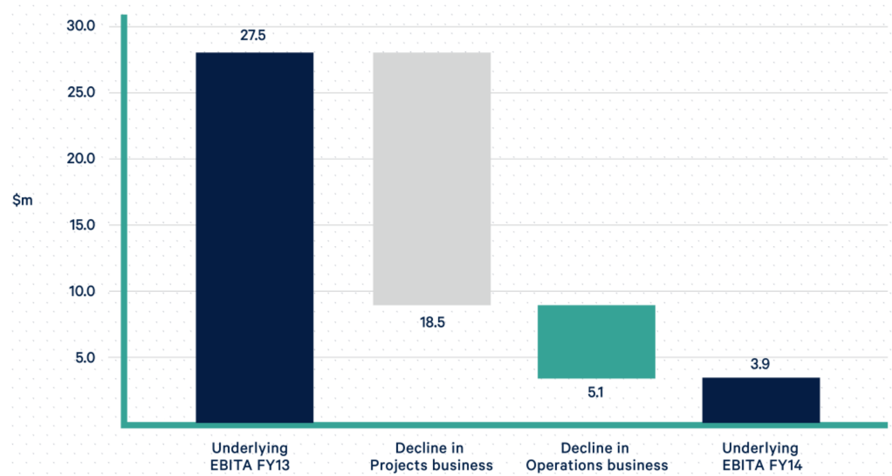
Notes

1. This represents revenue of Sedgman together with Sedgman's share of revenues from Joint Ventures
2. Excludes onerous contract rental lease cost, amortisation of intangible assets resulting from prior acquisitions (non-operational) and redundancy costs, however includes IT amortisation.

Financial summary

Summary KPI's ($million)	FY 2014	FY 2013
Combined Revenue [1]	355.9	435.4
EBITA (underlying) [2]	3.9	27.5
EBITA % Margin (underlying) [2]	1.1%	6.3%
NPAT (underlying) [2]	(0.0)	18.6
NPAT (reported)	(7.7)	9.4
EPS (underlying) [2] (cps)	(0.0)	8.6
EPS (reported) (cps)	(3.4)	4.3
DPS (cps)	4.0	5.0
Net cash	76.5	76.4

- Maintained strong cash position
- Strong second half result: EBITA (underlying) 1HY ($8.6m) vs 2HY $12.5m
- Commitment to shareholders with a final dividend of 2 cps



Notes
1. This represents revenue of Sedgman together with Sedgman's share of revenues from Joint Ventures.
2. Excludes onerous contract rental lease cost $3.7m pre-tax, amortisation of intangible assets resulting from prior acquisitions (non-operational) $1.1m pre-tax, redundancy costs $1.7m pre-tax, and also for NPAT & EPS (underlying), the write off of tax assets in foreign jurisdictions $3.1m. Includes IT amortisation.

Safety performance

FY2014 safety performance below standard

- Safety system audited
- SAI audit review has resulted in the following certifications:
  - OHSAS 18001 Occupational Health and Safety Management
  - AS/NZS 4801 Occupational Health and Safety Management
  - ISO 14001 Environmental Management
  - ISO 9001 Quality Management

This certification demonstrates commitment to:

- Reduced waste and an increase in efficiency
- Consistent management of risk, resulting in a reduction of unplanned events
- Improved monitoring, review and reporting performance

Renewed focus on organisational culture to drive improved safety performance

Key events

Aug '13

STRATEGIC INVESTMENT
Ascot Resources

Sep '13

AWARDED
Centennial Coal's Springvale CHP upgrade

TSJV AWARDED
Boggabri Coal's Boggabri CHPP contract

Oct '13

Nov '13

Dec '13

PREFERRED EPC CONTRACTOR
Guyana Goldfield's Aurora Project

Entered into heads of agreement and terms sheet

Jan '14

FORMED ALLIANCE
with Core Group to pursue metals opportunities

Feb '14

SETTLEMENT
with DML

Mar '14

EXTENDED
Red Mountain operating contract

Apr '14

SUCCESSFULLY DELIVERED
Mungari for La Mancha Resources

PREFERRED EPC CONTRACTOR
Coalspur's Vista Project

May '14

GSJV AWARDED
US$134m EPC contract for Guyana Goldfields' Aurora Project

MACARTHUR RIVER
Operating contract to terminate

APPOINTED
Peter Watson as CEO | MD

Jun '14

Jul '14

TSP AWARDED
$64m contract for FMG's Solomon Mine

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Strategy

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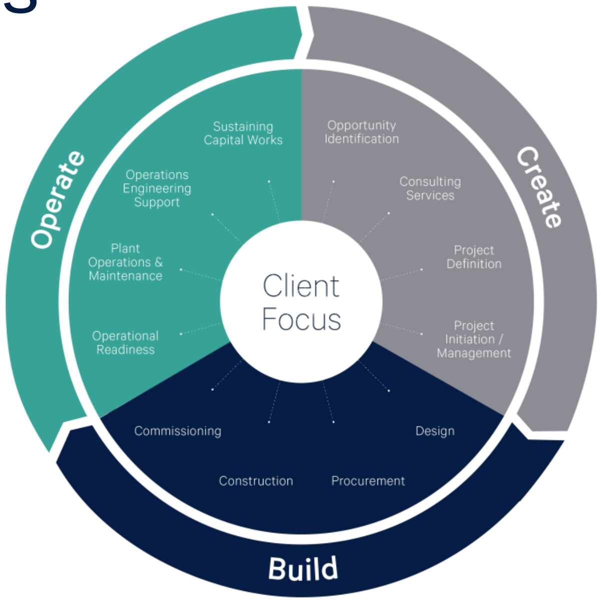
Responding to market conditions

Strength of Create, Build, Operate business model

- Sector / Services delivery model horizontally across the business
  - well established work share platforms to maximise usability
- Creating opportunities aligned to Sedgman's strengths in EPC
- Focused on optimising technical commercialisation
- Leveraging market leading engineering IP
- Operations Consulting opportunities
- Low cost sourcing advantages



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Order book and pipeline

Order book at June 2014 totals $385m

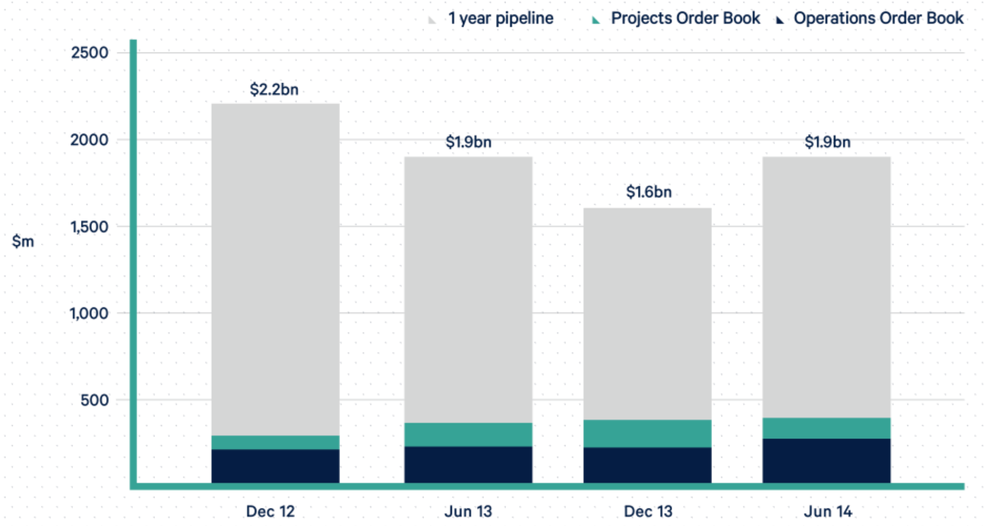
Up from $350m at June 2013

Projects $104m

- executable over 12 months

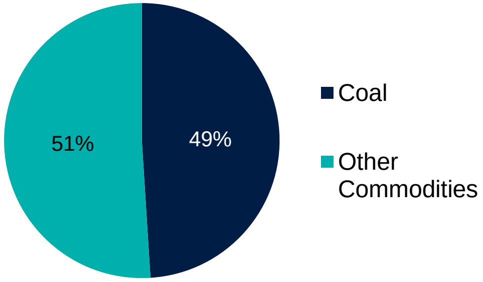
Operations $281m

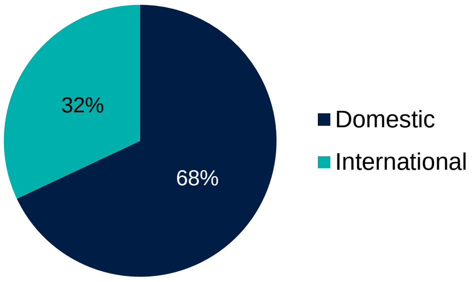
- contract terms vary between 1 to 9 years



Order book replenishment

1 year pipeline as at June 2014 contains projects totalling $1.5 billion. Commodity and geographic splits are shown below:





Delivering on diversification

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Financial Performance

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Income statement

Income Statement Summary (Equity Method) ($million)	FY 2014	FY 2013
Revenue	**318.4**	**466.6**
EBITDA before equity JV profits	**12.8**	**34.4**
Depreciation	(13.2)	(14.5)
Amortisation of intangibles[1]	(3.1)	(5.6)
EBIT before equity JV profits	**(3.5)**	**14.4**
Sedgman share of investments	1.0	(0.0)
EBIT after JV profits	**(2.5)**	**14.3**
Net finance gains / (costs)	0.1	(0.9)
Profit (loss) before tax	**(2.4)**	**13.4**
Income tax expense	(5.3)	(4.0)
Reported profit (loss) after tax	**(7.7)**	**9.4**

Notes

1. Represents amortisation of intangible assets resulting from prior acquisitions $1.1m; and amortisation of IT assets $2.0m.
2. Includes write off of tax assets in foreign jurisdictions $3.1m and under provision in prior year $2.0m including non-deductible foreign tax credits and derecognition of deferred tax assets.

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Balance sheet

Consolidated Balance Sheet ($million)	June 2014	June 2013
Working Capital		
Trade & other receivables	70.9	81.6
Net construction work in progress	(3.3)	(30.7)
Inventories	2.6	4.4
Trade & other payables	(45.0)	(32.6)
Net working capital	**25.1**	**22.8**
Non-monetary balances		
Intangibles	39.3	42.3
Property, plant & equipment	24.0	35.6
Deferred taxes (net)	6.9	6.5
Other non-current assets	3.3	1.9
Investments accounted for using the equity method	2.6	0.5
Other liabilities	(0.2)	(0.3)
Net Non-monetary balances	**75.8**	**86.5**
Net cash and debt-like items		
Cash and cash equivalents	97.8	103.4
Debt	(21.3)	(27.0)
Provisions	(14.1)	(10.9)
Current tax refundable	(0.0)	3.4
Net cash and debt-like items	**62.4**	**68.8**
Net Assets	**163.4**	**178.0**

- Decrease in net work in progress reflects reduction in Project claims in advance at year-end (Mungari)
- Increase in payables due to increase in Project progress accruals at year-end (Boggabri)
- Decrease in property, plant and equipment reflects annual depreciation charges
- Net Cash $76.5m
- Decrease in debt due to principal loan repayments and finance lease payments

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Cashflow

Summary Cash Flows ($million)	FY 2014	FY 2013
EBITDA	12.8	34.4
Movement in working capital	(0.1)	21.0
Net interest	0.2	(0.3)
Income tax paid (net)	(2.0)	(19.0)
Net operating cash flow	**10.8**	**36.1**
Investment in Joint Venture	(1.1)	-
Acquisition of subsidiary, net of cash acquired	-	(2.6)
Acquisition of other investments	(1.3)	(0.6)
Net repayments of borrowings	(5.7)	(3.0)
Net financing costs	-	(0.8)
Net capital expenditure	(2.0)	(5.3)
Free cash flow	**0.6**	**23.9**
Opening cash at 1 July	103.4	93.1
Effect of exchange rates on cash held	(1.3)	2.0
Dividend payments	(4.9)	(15.6)
Closing cash	**97.8**	**103.4**

- Net operating cashflow declined in the period due to lower EBITDA and negative working capital movement partly offset by lower tax payments
- Lower dividends reflects the lower FY2014 dividends paid of 4.0 cps vs FY2013 9.5 cps

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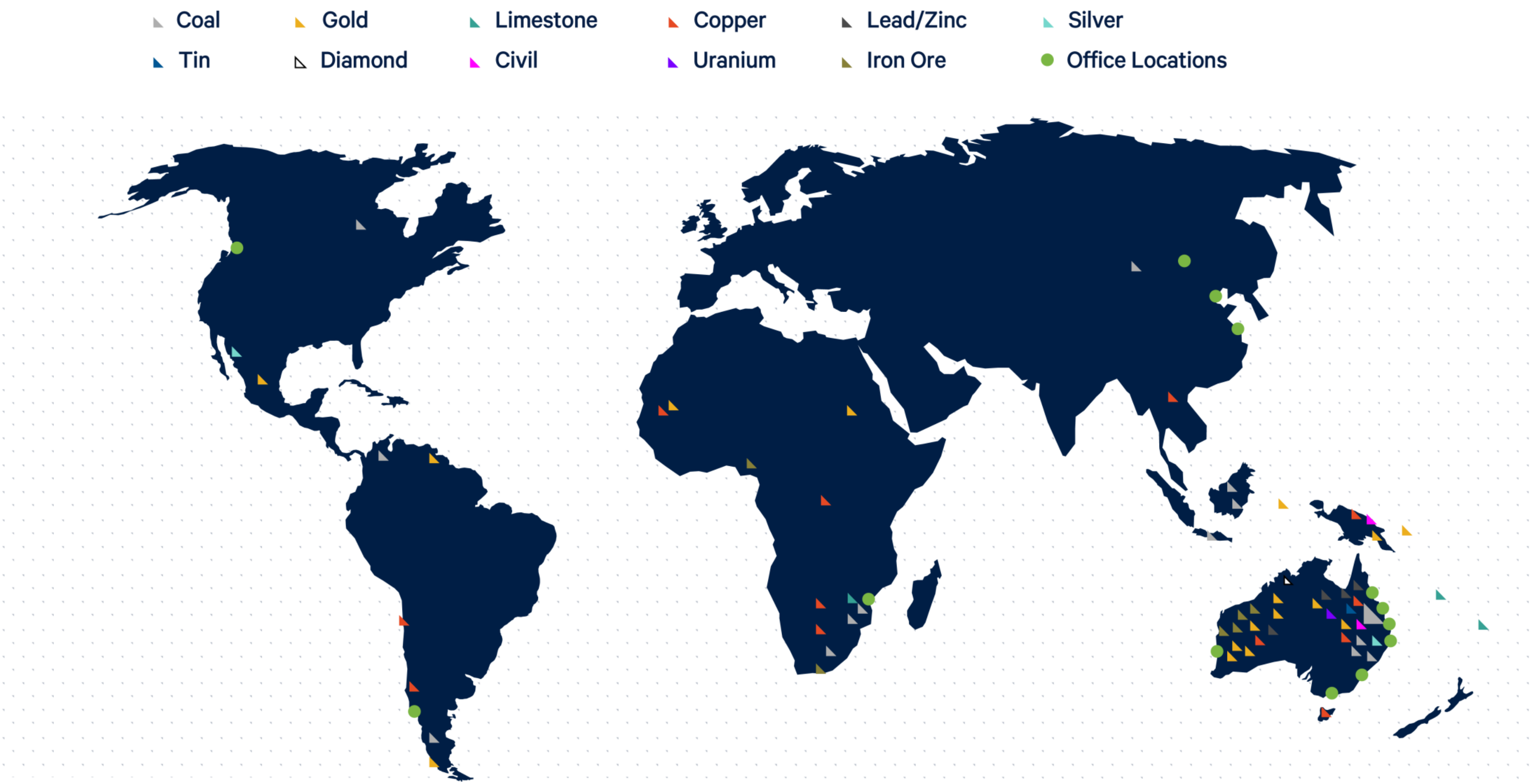
Strength through diversification



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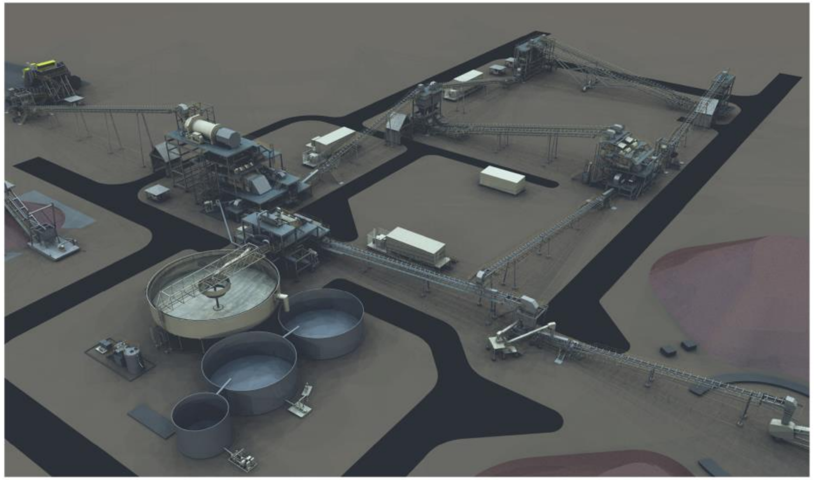
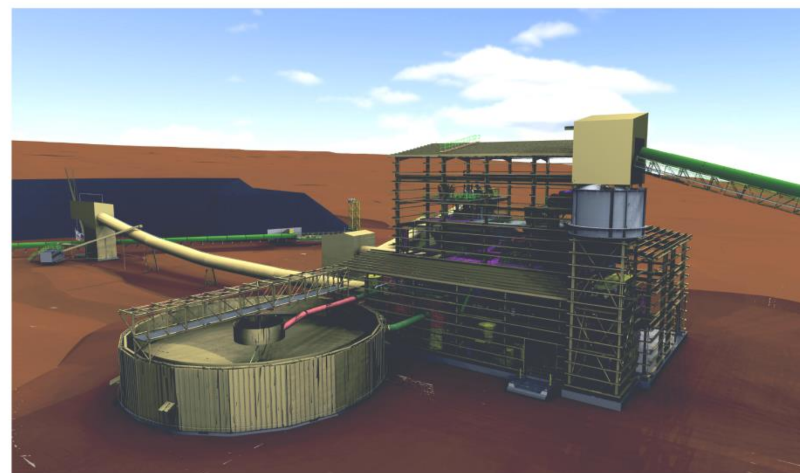
Solomon

Mungari





Aurora

Vista

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Any
Questions?

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