
E&A LIMITED

Building Shareholder Wealth



2014 Results
29 August 2014

2014 Highlights



Fabtech – Evaporation Ponds, QLD

2014 Highlights

Financial

- Record revenue of \$235.4 million, up by 17%.
- Record EBITDA of \$17.2 million, up 6%.
- NPAT of \$7.7 million, comparable to FY14 and in line with guidance.
- Final dividend declared at 2.75 cents fully franked, full year dividend 5.50 cents fully franked, up 10%.
- Total Shareholder Return: 18% in FY14.
- Share price increase: 8% to 30 June 2014.

Operating

- Zero LTIs in 2014 financial year across entire business.
- Outstanding safety performance against 23% growth in workforce size.
- Increased work and involvement in Coal Seam Gas (CSG) sector in QLD.
- Current order book underwrites comparable FY15 revenue to the record revenue achieved in FY14.

Strategic

- Transition of ICE Engineering (ICE) from predominately mining services to Oil & Gas market supplier.
- Established capability and reputation as a high quality wind tower supplier to specification.
- Successful \$5 million capital raising to institutional investors.
- Achieved self-insurance status with WorkCover SA.



2014 Earnings Performance

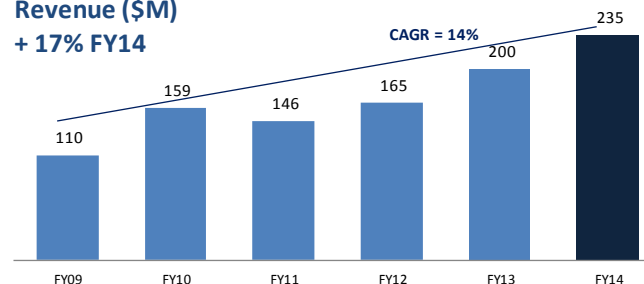


2014 Earnings Performance

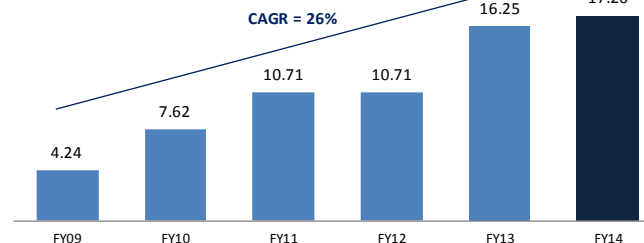
2014 Full Year Results Summary (in \$millions)				
	FY14	FY13	Change (%)	
Revenue	235.4	200.9	●	17%
EBITDA	17.2	16.3	●	6%
EBIT	14.0	13.9	●	1%
Net Profit After Tax	7.7	7.7	●	-%
Fully Franked Dividend (cents)	5.5	5.0	●	10%

- Revenue of \$235.4 million, up 17%.
- EBITDA of \$17.2 million, up 6%
- EBIT of \$14.0 million, up 1%.
- NPAT of \$7.7 million, consistent with prior year.
- Final Dividend Declared of 2.75 cents fully franked, full year dividend of 5.50 cents, up 10%.

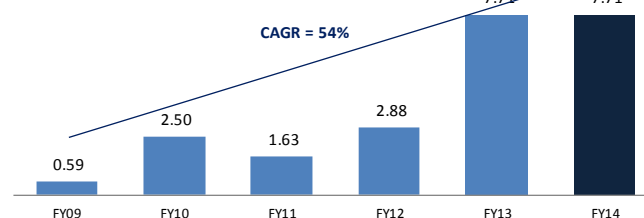
Revenue (\$M)
+ 17% FY14



EBITDA (\$M)
+ 6% FY14



NPAT (\$M)
+ 0% FY14



2014 Cash Flow

2014 Full Year Cash Flow Performance			
(in \$millions)	FY14	FY13	Change (%)
Cash Flow from operations before interest and tax	1.3	9.5	(86%)
Payment of interest and tax	(4.4)	(4.4)	-%
Operating Cash Flow	(3.1)	5.1	(161%)

2014 cash flow reflects growth achieved in the business:

- funding turnover expansion of \$34.5 million most of which was working capital associated with funding specialist labour; and
- significant increase in working capital funding resulting from unresolved claims expected to resolve and provide cash return in 2015.

Strong 2015 cash flow anticipated as work in progress is released and claims resolved.



2014 Balance Sheet Metrics

2014 Full Year Balance Sheet Metrics (in \$millions)			
	June 2014	June 2013	Change (%)
Cash	0.4	2.2	(80%)
Net Debt	44.6	35.2	27%
Gearing	38%	36%	2%
Net Debt to EBITDA (times)	2.6	2.2	19%
Interest Cover (times)	4.5	5.0	(9%)

- Net Debt increased due to \$9.4 million incurred on capital expenditure and working capital to grow the business and relates to:
 - The Whyalla property acquisition housing E&A Contractors' wind tower manufacturing facility;
 - The Whyalla facility upgrade;
 - Expansion capital expenditure throughout the business; and
 - Increased working capital needs associated with completing CSG upstream construction contracts in QLD.
- Strong debt serviceability maintained.



Safety & Our People



Fabtech – Baron Water Liner & Cover Diving Inspection, Victoria

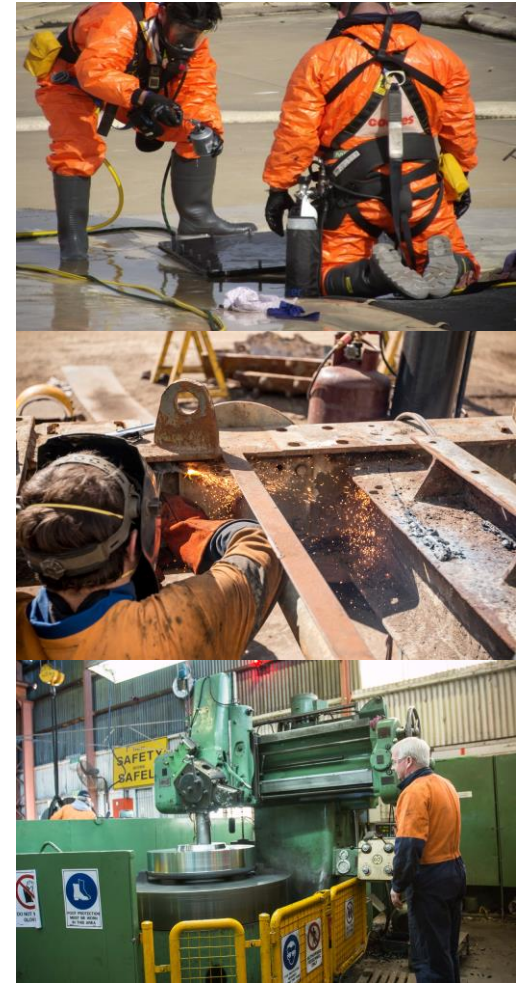


Safety & Our People

Outstanding Safety Performance

A number of E&A Limited's subsidiaries achieved significant safety milestones as at 20 August 2014:

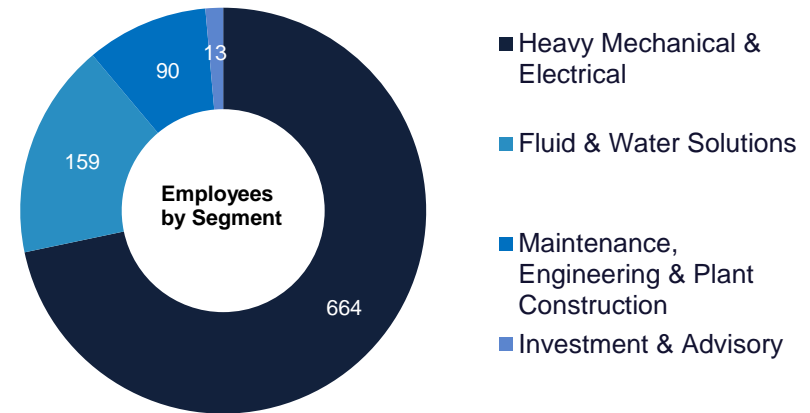
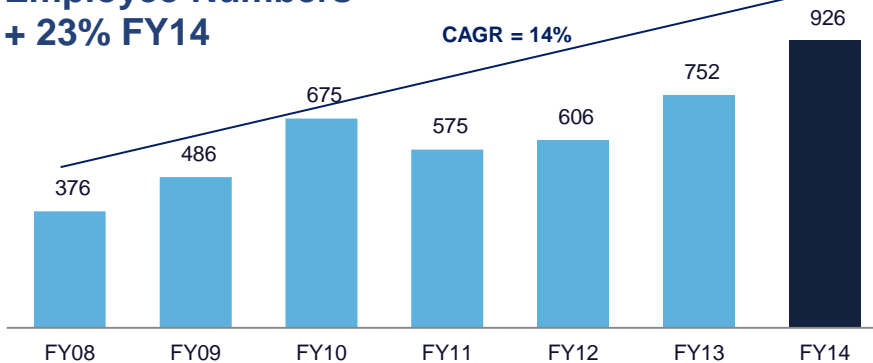
- **ICE:** 2,530 days LTI free, over 1,500,000 hours worked on site without a LTI.
- **Fabtech:** LTI free for 1,845 days, which is in excess of 1,100,000 hours in the workshop and on site without a LTI.
- **QMM:** 1,669 days without a LTI and has worked more than 400,000 hours in the workshop and on site without a LTI.
- **Ottoway:** 1,460 days LTI free, over 2,000,000 hours in the workshop and on site without a LTI.
- **E&A Contractors:** 1,377 days LTI free, over 1,000,000 hours in the workshop and on site without a LTI.
- **Heavymech:** 588 days without a LTI and has worked more than 80,000 hours in the workshop and on site without a LTI.



Safety & Our People

People Performance

Employee Numbers + 23% FY14



- Strong work activity over FY14 has seen a surge in recruitment increasing workforce by 23%.
- Delivered FY14 workers' compensation premium savings by qualifying for the minimum rate under the WorkCover SA Retro Paid-Loss Scheme.
- Due to strong safety performance, EAL was granted WorkCover SA self-insurance status with effect from 1 July 2014 which is expected to deliver further savings in FY15 and beyond.



2014 Segment Earnings



E&A Contractors – Wind Tower Fabrication, Whyalla SA



2014 Segment Earnings

2014 Segment Contributions (in \$millions)	Revenue			EBIT		
	FY14	FY13	%	FY14	FY13	%
Heavy Mechanical & Electrical Engineering	166.1	139.1	19%	4.2	6.9	(39%)
Water & Fluid Solutions	66.9	47.9	40%	7.8	5.0	55%
Maintenance Engineering & Plant Construction	18.2	18.3	(1%)	0.8	0.9	(8%)
Investment & Corporate Advisory	6.3	9.3	(32%)	1.2	1.0	14%
Total (before intercompany eliminations)	257.5	214.6	20%	14.0	13.8	1%

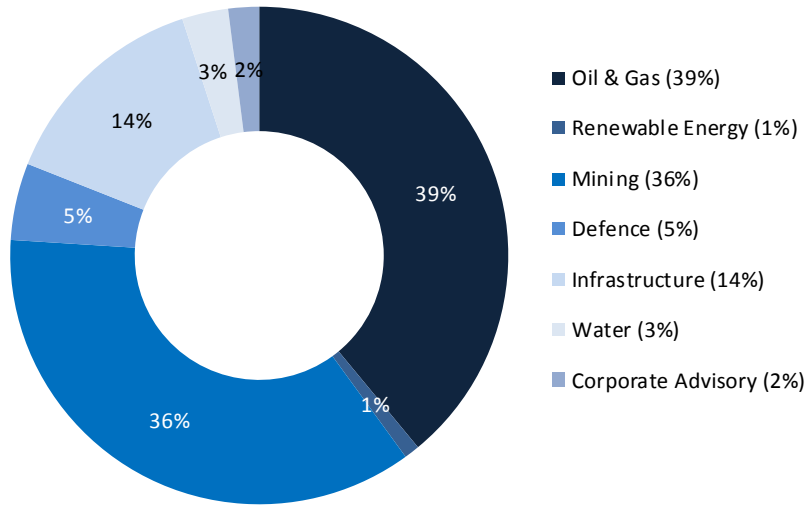
- Revenue growth by Heavy Mechanical and Electrical Engineering and Water and Fluid Solutions due to business and workload growth.
- EBIT up due to performance of Water and Fluid Solutions who were exceptionally busy with peak activity in CSG sector.
- Heavy Mechanical and Electrical Engineering reduced EBIT in year with initial wind turbine work and upskilling and ICE reorientation to oil and gas.
- Creditable result from Maintenance Engineering & Plant to hold earnings in current climate and build business base and momentum for future periods.
- Investment and Corporate Advisory: solid performance.



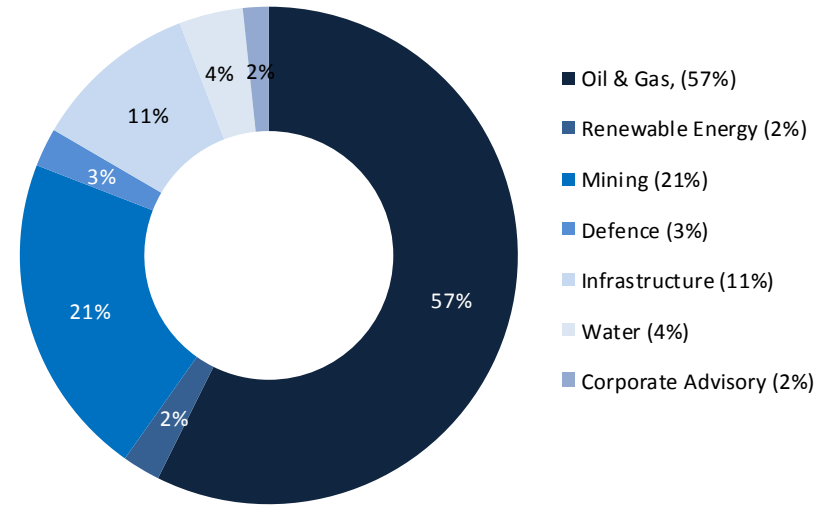
2014 Segment & Industry Revenue

Successful transition from mining base to Oil & Gas while growing revenue

FY13 Revenue by Industry Sector



FY14 Revenue by Industry Sector



- Oil & Gas sourced revenue up 72%.
- Oil & Gas sector revenue now 57% of total revenue.
- Mining sector share is 21%.
- CSG driven work moving in line with project activity.
- First staged of transition of electrical contractor ICE to Oil & Gas sector completed.
- Established wind tower fabrication credentials.

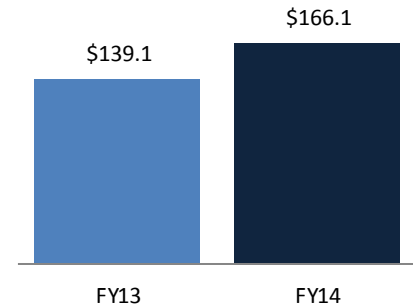


2014 Segment Earnings

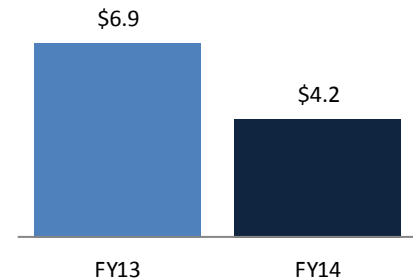
Heavy Mechanical & Electrical Engineering

- Comprises Ottoway, ICE Engineering and E&A Contractors.
- E&A Contractors completed first wind tower contract to spec for Siemens achieving target efficiency and earnings by final unit.
- E&A Contractors utilisation affected by subsequent delays as RET Review put industry 'on hold'.
- Ottoway Engineering: solid work from Cooper Basin and Queensland, margins impacted by disrupted major SMP construction project caused by Principal with significant prolongation claims to be resolved in FY15.
- ICE successfully transitioned to oil & gas focus: disrupted first half but new work won and being performed in Cooper Basin and Queensland.

Revenue (\$M)
+ 19% Growth



EBIT (\$M)
- 39% Growth

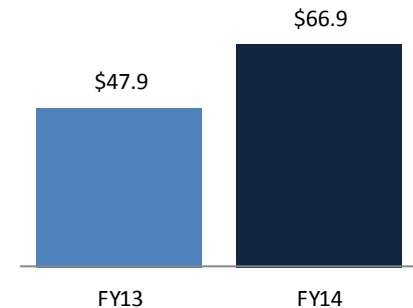


2014 Segment Earnings

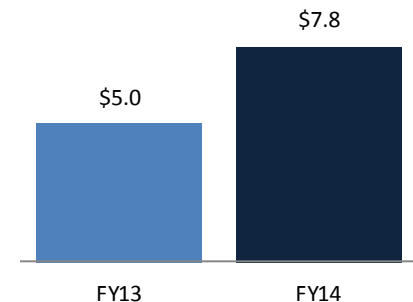
Water & Fluid Solutions

- Comprises Fabtech and Blucher.
- Strongest performance yet, driven by peak activity in CSG, especially in FY14 first half.
- Work included: 3 major geomembrane supply & install contracts each exceeding \$10M for Fabtech and strong Blucher sales arising from the introduction of new product lines.
- Ongoing workload expected to be solid with good ongoing demand albeit off the peak of H1 FY14.

Revenue (\$M) + 40% Growth



EBIT (\$M) + 55% Growth

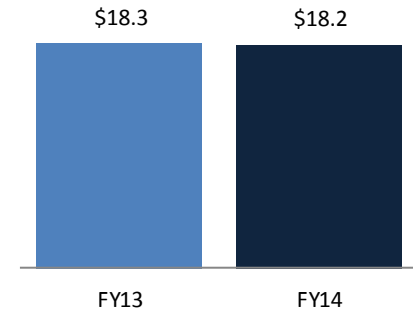


2014 Segment Earnings

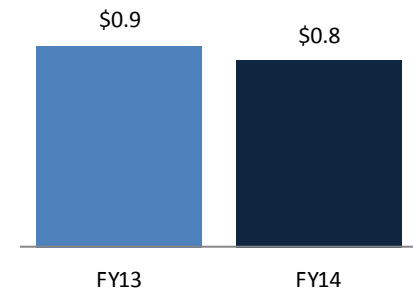
Maintenance Engineering & Plant Construction

- Comprises of QMM and Heavymech.
- Solid result in challenging market conditions; good momentum and increased margins in FY14 second half.
- Increased repair and breakdown work expected in FY15 due to lower industry maintenance and replacement.
- Heavymech: Steady work in drill rig, mining and industrial maintenance. Whyalla facility well placed for emerging work with upgraded equipment and manpower
- QMM: Major project work secured for FY15 first half; ongoing underground maintenance work and initiative to build spares business generating good traction.

Revenue (\$M) - 1% Growth



EBIT (\$M) - 8% Growth

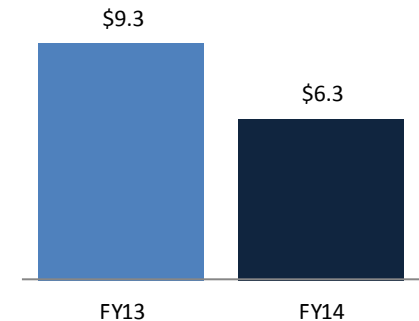


2014 Segment Earnings

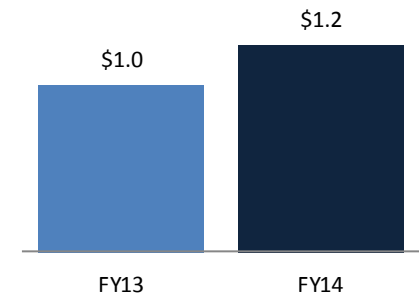
Investment & Corporate Advisory

- Comprises of Equity & Advisory and includes the listing and corporate costs of the parent entity, E&A Limited.
- Earnings weighted to first half due to timing of assignments and work.
- Activity in the mergers, acquisitions and divestment improving.
- Steady ongoing workload.

Revenue (\$M) - 32% Growth



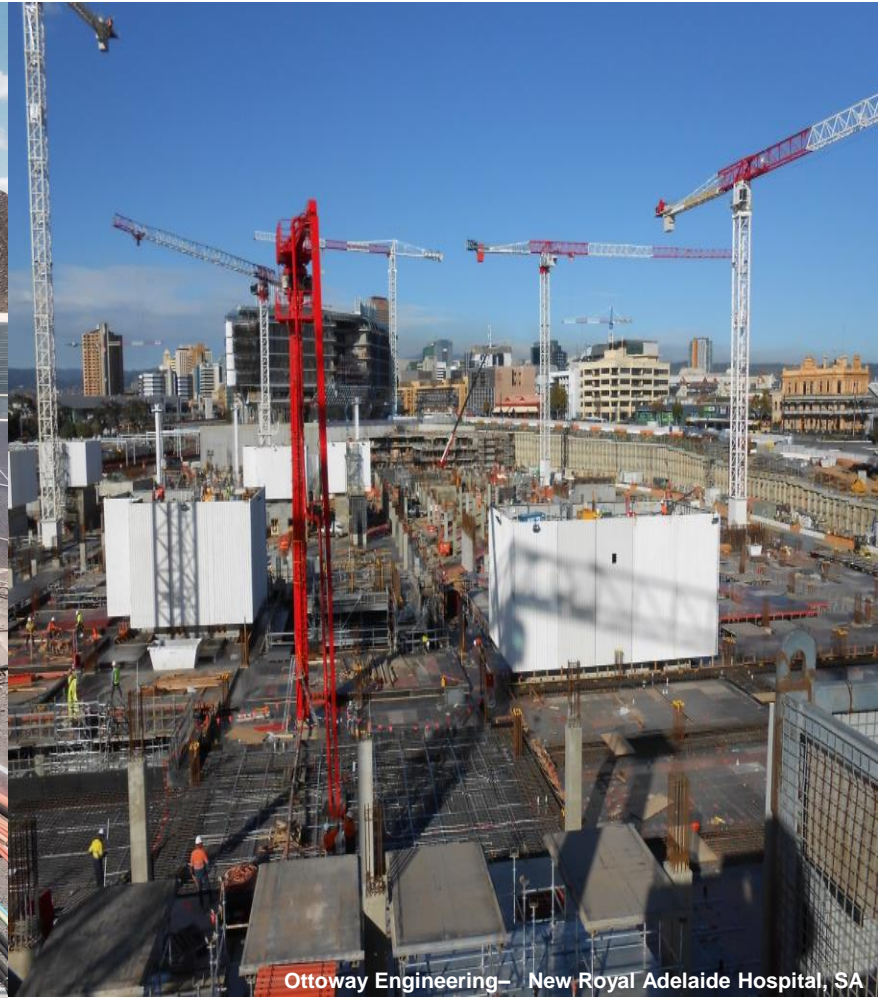
EBIT (\$M) + 14% Growth



2015 Outlook



ICE – Flotation Circuit Conveyors, NT



Ottoway Engineering – New Royal Adelaide Hospital, SA

2015 Outlook

- Current work on hand and business activity suggest FY15 revenue comparable to FY14.
- Due diligence underway for acquisition providing growth in a related sector and region.
- Encouraging activity levels in EAL's home state of South Australia with immediate and emerging opportunities with a number of oil & gas and mining & resources infrastructure projects in Cooper Basin and Iron Triangle (Santos – CIEP, Arrium – Middleback Ranges mines, BHPB – Olympic Dam, Nyrstar – Pt Pirie, Mitsubishi – Port Bonython, John Holland – Sundrop Farms).
- Ongoing CSG sector demand in Queensland, albeit forecasting lower levels than last year.
- Secured project work in Western Australia for a number of EAL subsidiaries.
- EAL expects margins to stabilise in FY15 and has commenced a companywide improvement program.
- EAL subsidiaries are well-placed to win and perform the growing maintenance requirements that will arise from the \$300 billion of mining and resources capacity completed in Australia over the past 3 years.
- Second wind tower fabrication contract secured; further substantial orders pending the Government's RET Review.
- EAL expects FY15 full year NPAT to improve as it forecasts to generate comparable revenue to FY14 without wind tower start-up and SMP contract impairments.



Current & Prospective Workload Pipeline

Current and ongoing

Cooper Basin pipe spooling & electrical

Southern Qld: Santos and Fluor

Sino Iron pipe spooling

QGC Northern Wastewater treatment plant

Arrow Daandine brine dam

SA Water Happy Valley water treatment plant

Senvion wind towers (3)

Mooka Ore electrical installation

New Royal Adelaide Hospital

Prospective

Cooper Infrastructure Expansion Project

Olympic Dam capacity upgrade

Nyrstar \$514 million Port Pirie Redevelopment

Mitsubishi Port Bonython Diesel Import
Terminal Plant: \$110 million infrastructure

Sundrop Farms \$150 million Greenhouse and
Solar Desalination plant Port Augusta

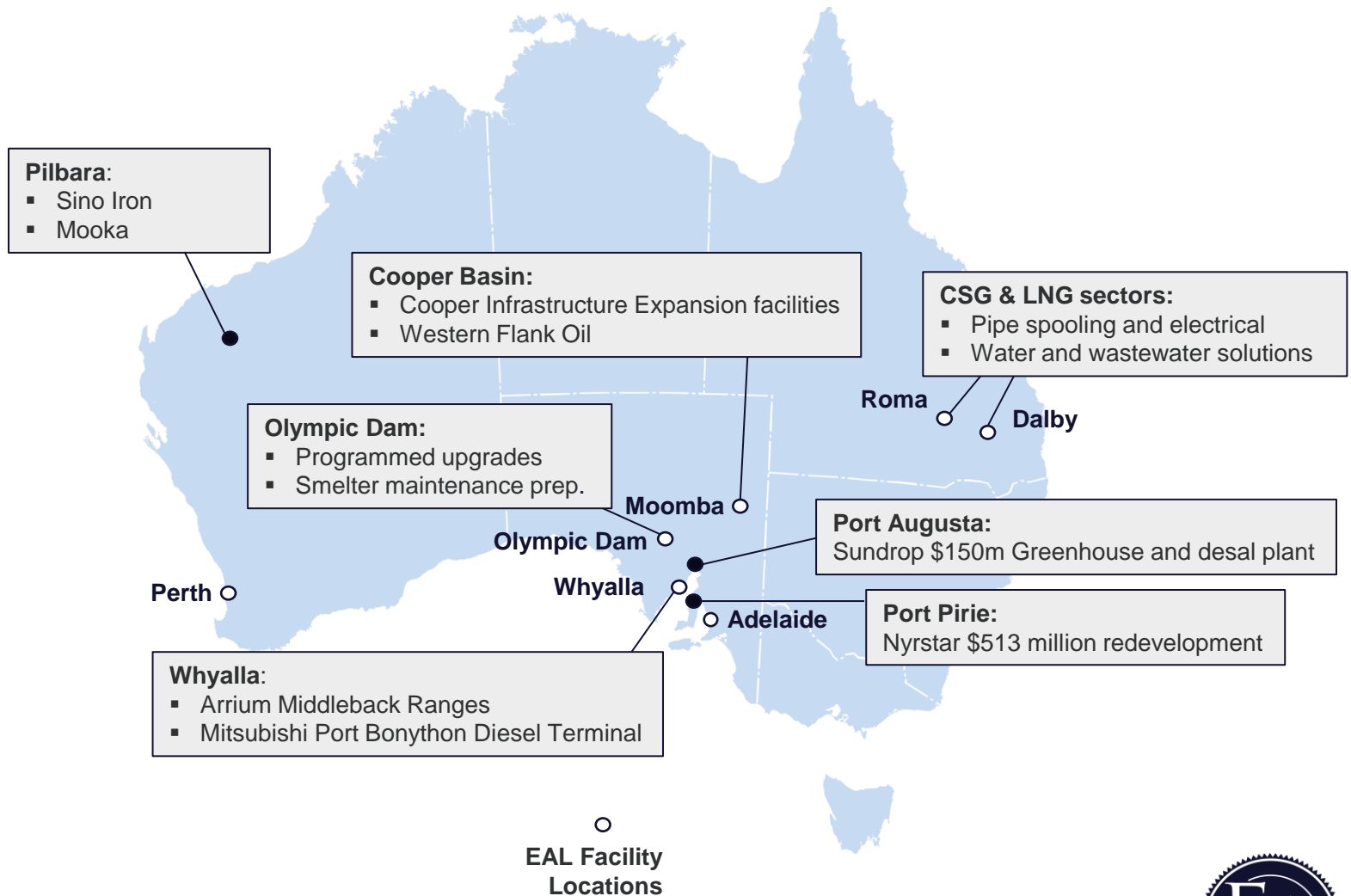
Arrium Middleback Ranges mining upgrades

RET Wind Tower resumption

ACT Government wind towers



Favourable Work Outlook for EAL Facilities



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