

ASX RELEASE

19 November 2014

ASX Market Announcements
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

Watpac Limited (Watpac or Group) Market Update

In accordance with Listing Rule 3.1, this market update provides confirmation of the Group's current expectation regarding the 30 June 2015 full year (**Full Year**) underlying net profit after tax result and anticipated underlying net profit after tax result for the 31 December 2014 half year (**Half Year**).

This Half Year and Full Year earnings guidance is provided in the context of the current uncertainty surrounding the existing mining services contract at Cockatoo Island, with receivers and managers having been appointed to Watpac's counterparty under this contract, Pluton Resources Limited (**Pluton**), on 31 October 2014.

Profit Guidance

In the ASX Release of 3 November 2014 (**Release**), Watpac noted the Cockatoo Island project was expected to contribute approximately \$50-60 million in revenues to the Group's National Mining & WA Civil business unit in the 30 June 2015 financial year, \$35-40 million of which was still to be completed. It was also noted in the Release that should mining services works not resume at Cockatoo Island, the Company's revenues and net profit in FY15 would be adversely affected. Watpac currently estimates that this adverse profit impact in FY15 is in the range of \$2-4 million.

Following a recent review of all of the Group's construction and mining services projects, Watpac currently anticipates the underlying net profit after tax for the Full Year to be broadly in line with the \$17.85 million after tax statutory result delivered in the 30 June 2014 financial year. No further profit contribution from the Cockatoo Island project has been assumed in deriving this estimate.

While the exact timing of the commencement of profit recognition on some recently commenced construction projects is still not yet definitively known, at this time it is anticipated that the Group will record an underlying net profit after tax for the Half Year of between \$5-7 million after tax. This anticipated result is also based on there being no recovery reliance on any amounts currently outstanding from Pluton, and similarly there being no further profit contribution from the Cockatoo Island project.

Yours sincerely,

WATPAC LIMITED



Mark Baker
COMPANY SECRETARY

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