
E&A LIMITED

Building Shareholder Wealth



2014 Annual General Meeting
28 November 2014

Agenda: Chairman's Address

1. Safety & Our People
2. 2014 Financial Year in Review & Earnings Contribution by Segment
3. Building Shareholder Value
4. 2015 First Quarter Trading & Operations Update
5. 2015 Financial Year Outlook
6. Items of Business



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 FY13.
- 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.

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.
- Achieved self-insurance status with WorkCover SA.



Safety & Our People



Fabtech – Baron Water Liner & Cover, Victoria

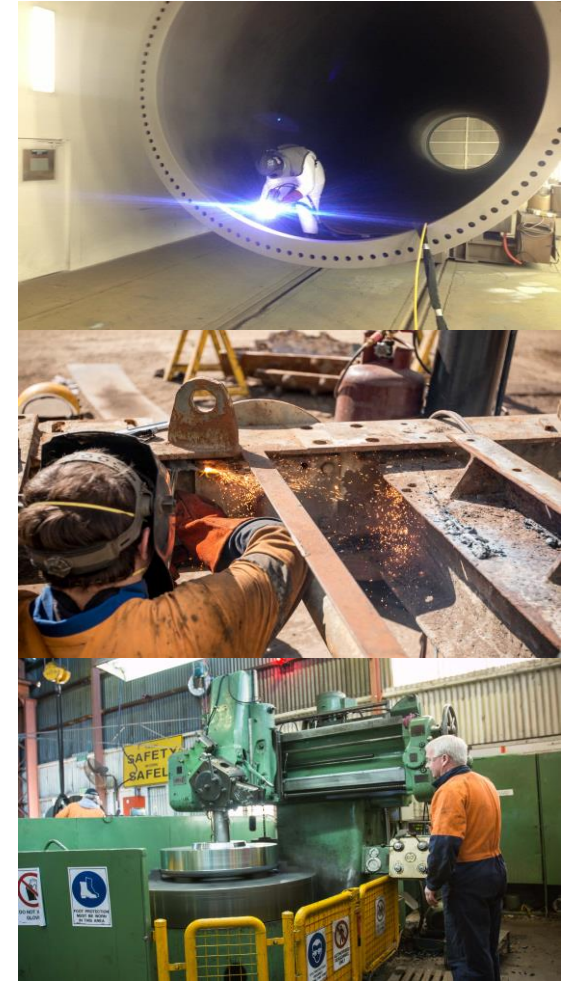


Safety & Our People

Outstanding Safety Performance

A number of E&A Limited's subsidiaries achieved significant safety milestones as at 21 November 2014:

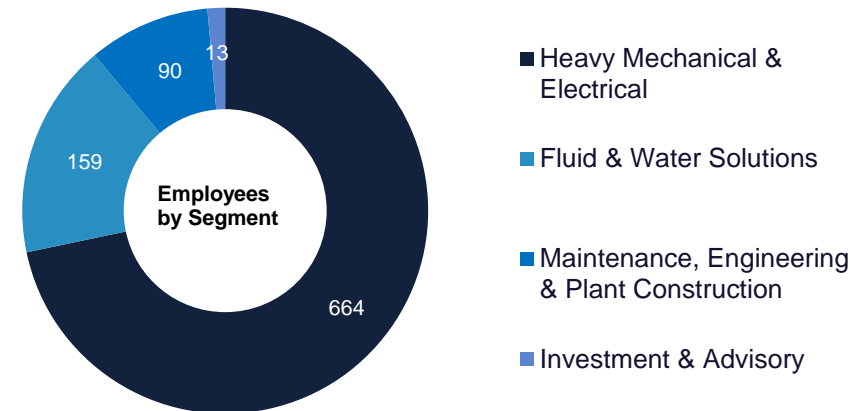
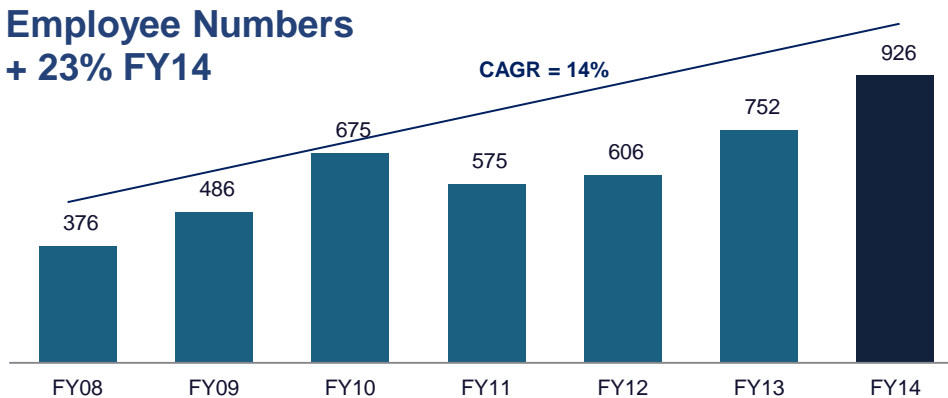
- **ICE: 3,033 days** LTI free, over **1,529,000 hours** worked on site without a LTI.
- **Fabtech: LTI free for 1,896 days**, which is in excess of **1,498,427 hours** in the workshop and on site without a LTI.
- **QMM: 1,435 days** without a LTI and has worked more than **426,466 hours** in the workshop and on site without a LTI.
- **Ottoway Engineering: 1,542 days** LTI free, over **2,396,430 hours** in the workshop and on site without a LTI.
- **Ottoway Fabrication: 1,468 days** LTI free, over **1,000,000 hours** in the workshop and on site without a LTI.
- **Heavymech: 574 days** without a LTI and has worked more than **142,000 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 Financial Year in Review

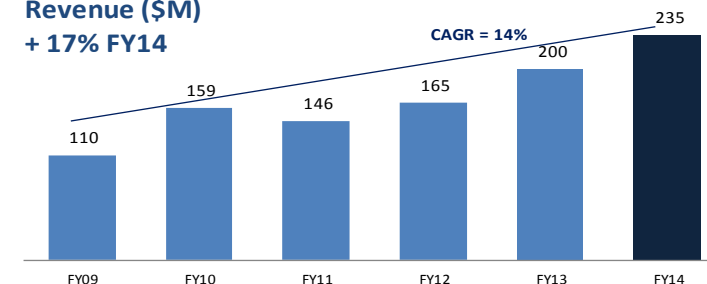


2014 Earnings Performance

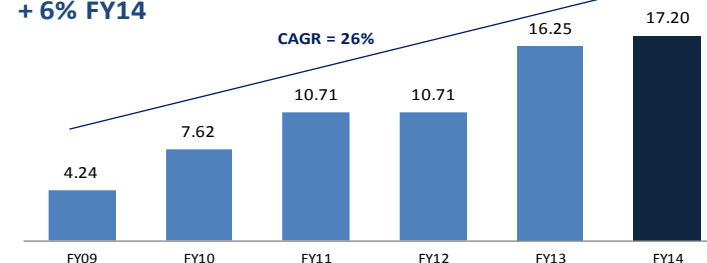
| 2014 Full Year Results Summary (in \$millions) | | | | |
|---|-------|-------|------------|-----|
| | FY14 | FY13 | Change (%) | |
| Revenue | 235.4 | 200.9 | ● | 17% |
| EBITDA | 17.2 | 16.3 | ● | 6% |
| EBIT | 14.0 | 13.9 | ● | 1% |
| Net Profit After Tax | 7.7 | 7.7 | ● | -% |
| Fully Franked Dividend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

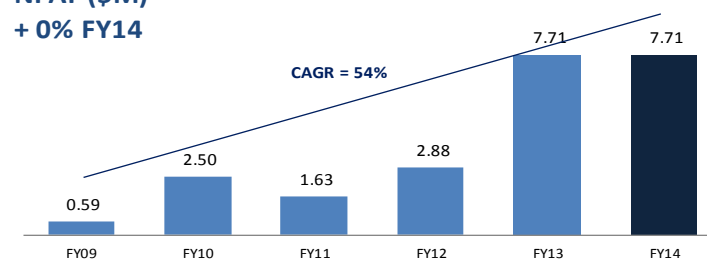
Revenue (\$M)
+ 17% FY14



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.

Solid 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.



2014 Segment Earnings



Ottoway Fabrication – 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 tower 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.

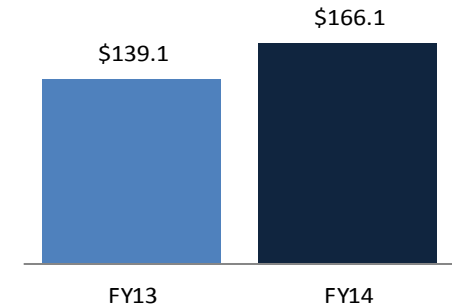


2014 Segment Earnings

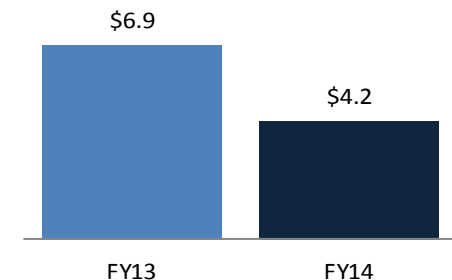
Heavy Mechanical & Electrical Engineering

- Comprises Ottoway Engineering, Ottoway Fabrication (formerly E&A Contractors) ICE Engineering and Tasman Power in FY'15.
- Ottoway Fabrication completed first wind tower contract to spec for Siemens achieving target efficiency and earnings by final units.
- Ottoway Fabrication 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.

Revenue (\$M) + 19% Growth



EBIT (\$M) - 39% Growth

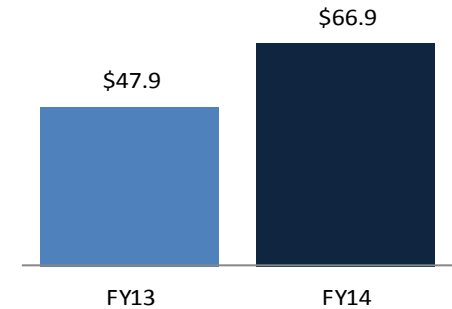


2014 Segment Earnings

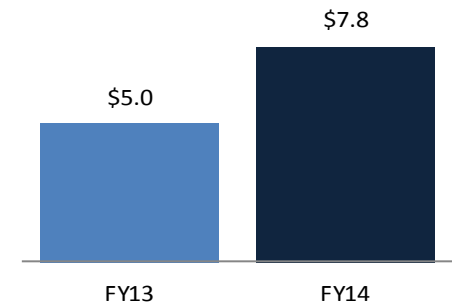
Water & Fluid Solutions

- 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

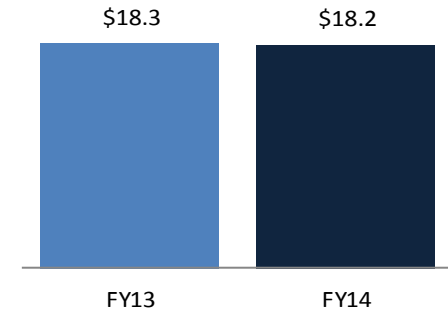


2014 Segment Earnings

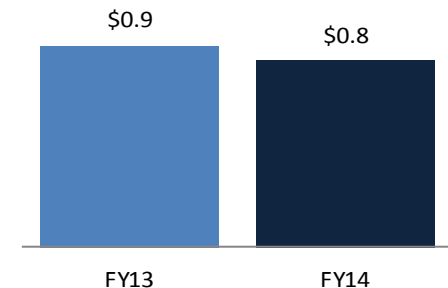
Maintenance Engineering & Plant Construction

- 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

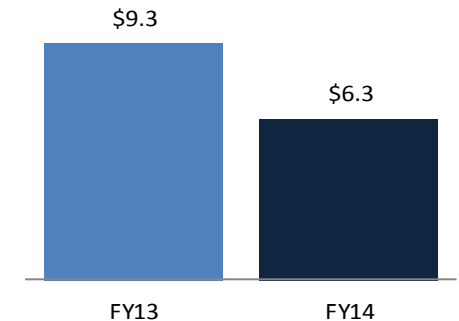


2014 Segment Earnings

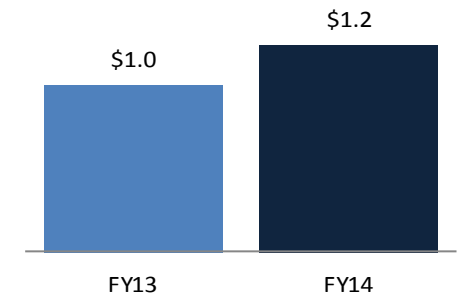
Investment & Corporate Advisory

- 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



Building Shareholder Value



Building Shareholder Value

Continued Adaptation to Market Requirements

There is a significant market shift underway as mining and oil & gas companies seek to reduce construction cost by eliminating technical and administrative bureaucracy. EAL expects consistent organic revenue growth in the short and medium term as it benefits from these trends.

EAL has transitioned its operations to capture multiple growth opportunities in FY14 and beyond.

Growth by Acquisition

In accordance with its existing strategy EAL will continue to grow by acquisition. The recent acquisition of Tasman Power is a current reflection of this activity.

Renewable Energy Target

E&A Limited has been significantly impacted by the uncertainty regarding the RET. We are not currently generating an appropriate return on our investment in wind tower fabrication facilities. E&A Limited expects to be in a strong position to capitalise on any favourable outcome regarding the RET.

Defence Contracting

EAL is well position to take advantage of any decision made by the federal government to build frigates in South Australia as a means of bridging established defence contracting capability until such time as the proposed submarine assembly program can commence.



FY15 First Quarter Trading Results & Operations Update



Fabtech – Santos Washpool Creek Pond



FY15 First Quarter Trading Result & Operations Update

| FY'15 First Quarter Trading Result (in \$millions) | | | |
|---|-------|-------|------------|
| | FY'15 | FY'14 | Change (%) |
| Revenue | 65.6 | 61.5 | 6.7% |
| EBIT | 3.7 | 3.9 | (5.1%) |
| NPAT | 2.0 | 2.2 | (9.1%) |

Note: First quarter results based on internal unaudited management accounts.

Financial Highlights

- FY15 first quarter revenue of \$65.6 million, up 6.7% on the prior corresponding period.
- FY15 first quarter EBIT of \$3.7 million, down 5.1% on the prior corresponding period.
- FY15 first quarter NPAT of \$2.0 million, down 9.1% on the prior corresponding period.
- Work-in-hand and tenders under consideration for E&A Limited's operating subsidiaries is steady; medium term outlook remains encouraging.



FY15 First Quarter Trading Result & Operations Update

Operations Update

Heavy Mechanical & Electrical Engineering

Ottoway Engineering

- Ottoway is continuing to build on its reputation as Australia's pre-eminent pipe spooling and fabrication provider
- Secured contract at Sino Iron for Blue Energy
- Secured CEIP work with Santos

Ottoway Fabrication

- First quarter impacted by lack of work in Whyalla
- Commenced construction of three wind towers for Senvion which will go through the shop between now and January 2015
- Recently received a term contract to construct oil tanks in the Cooper Basin and have recently undertaken a 20-day shut-down for Arrium
- Work is continuing for ASC / AWD Project
- Secured CIEP work for Santos
- Uncertainty regarding the RET having an significant impact on our ability to provide guidance



FY15 First Quarter Trading Result & Operations Update

Operations Update

Heavy Mechanical & Electrical Engineering (continued)

ICE Engineering

- Revenue and earnings slightly behind expectations due to delayed start to Mooka Ore Car Shed Upgrade Project

Tasman Power

- Revenue and earnings expected to be immediately Earnings Per Share accretive

Maintenance Engineering & Plant Construction

Heavymech

- Market conditions improving for breakdown, repair and maintenance services over the past three months
- Increased activity from Ensign has meant Heavymech had a strong first quarter

QMM

- QMM secured the construction of a crushing plant for Lucas at Arrium's Iron Baron mine site
- The outlook for the next six months is sound as a consequence of major project work secured in August 2014 and continued provision of underground maintenance work at Olympic Dam for BHP



FY15 First Quarter Trading Result & Operations Update

Operations Update

Water & Fluid Solutions

Fabtech

- Fabtech contribution expected to decrease as activity goes off-peak
- Fabtech continues to win work as we right-size its labour force to best meet the likely future demands of our clients and the market

Blucher

- First three months slower than anticipated
- Blucher continues to develop and introduce new product offerings to its existing capabilities

Investment & Corporate Advisory

Equity & Advisory

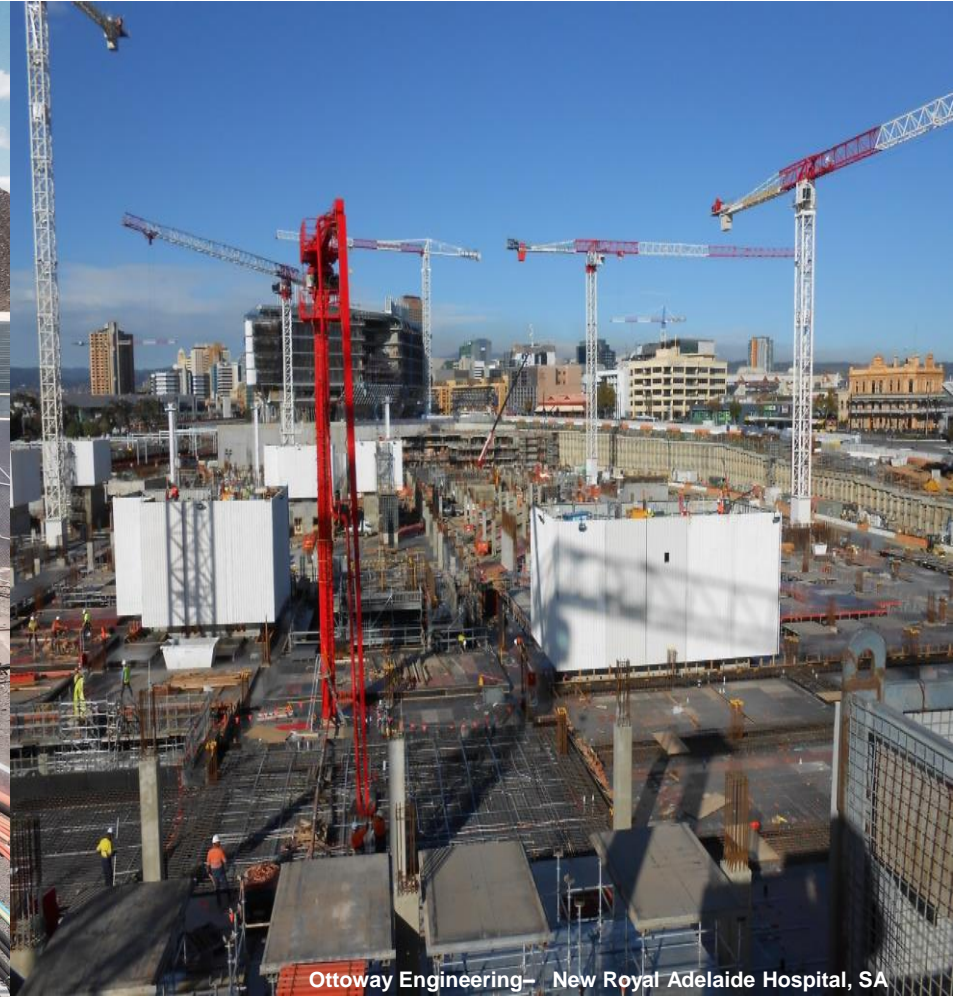
- Continues to analyse opportunities for organic and acquisitive growth for the E&A Limited



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.
- 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, with increased exposure moving forward with Tasman Power acquisition.
- 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.
- Following a solid first quarter, E&A Limited expects its second quarter result for FY'15 will be consistent with that of its first quarter.



Items of Business

Financial Report

Resolutions

1. Adoption of the Remuneration Report
2. Director Re-Election of Mr. David Klingberg
3. Approval of Prior Issue of Shares



Resolution 1: Remuneration Report

Shareholders are requested to consider and if thought fit, pass the following resolution as an ordinary resolution.

“That the remuneration report, forming part of the Company’s 2014 Annual Report, for the financial year ended 30 June 2014 is adopted”

The Directors recommend that the shareholders vote in favour of the resolution to adopt the Remuneration Report.

The total number of valid proxy votes exercisable in respect of this item of business is **7,168,182** votes or **5.46%** of total issued capital. Of these, **6,420,198 (89.57%)** have been directed to vote for the resolution, **532,031 (7.42%)** against, and **215,953 (3.01%)** remain open.



Resolution 2: Re-election of Director Mr David Klingberg

Shareholders are requested to consider and if thought fit, pass the following resolution as an ordinary resolution.

“That Mr David Klingberg AO, being a Director retiring from office in accordance with Clause 40.2 of the Company Constitution, and, being eligible offering himself for re-election, be re-elected as a Director of the Company”

The Directors recommend that the shareholders vote in favour of Mr Klingberg’s re-election.

The total number of valid proxy votes exercisable in respect of this item of business is **81,184,916** votes or **61.81%** of total issued capital. Of these, **80,934,296 (99.69%)** have been directed to vote for the resolution, **60,167 (0.07%)** against, and **190,453 (0.23%)** remain open.



Resolution 3: Approval of Prior Issue of Shares

Shareholders are requested to consider and if thought fit, pass the following resolution as an ordinary resolution.

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval be given to the allotment and issue of 4,128,120 ordinary shares in the Company as a component of the purchase price paid for the acquisition of Tasman Power WA Pty Ltd and associated entities during the 12 months prior to the date of this meeting, as referred to in the Explanatory Notes for this resolution.”

The Directors recommend that the shareholders vote in favour of the resolution to adopt the approval of prior issue of shares.

The total number of valid proxy votes exercisable in respect of this item of business is **81,114,269** votes or **61.76%** of total issued capital. Of these, **80,754,844 (99.56%)** have been directed to vote for the resolution, **173,972 (0.21%)** against, and **185,453 (0.23%)** remain open.



E&A LIMITED

Building Shareholder Wealth



2014 Annual General Meeting
28 November 2014

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