

FY2015

# Full Year Results



**SEDGMAN**

▲ Create ▲ Build ▲ Operate

Global Minerals



## Message from the Board & Executive



**Our NPAT for FY2015 is a solid performance and testament of a sound strategy in difficult market conditions, which have beset many service providers to the minerals sector.**

By remaining focused on efficiently delivering solutions to our clients, Sedgman will continue to perform in the near term and beyond.

Consistent with the previously announced dividend plan, the Sedgman Board has approved the payment of a fully franked 3.8 cps final dividend. This, together with a fully franked interim dividend of 3.5 cps, provides shareholders with a very attractive yield at a time of unusually low interest rates.

As a further part of an enhanced capital management plan, the Company's expected performance, its strong and debt free balance sheet and accumulated franking credit account allow the Board to introduce a series of fully franked special dividends.

The first fully franked special dividend will be 2.2 cps. This will be paid together with the 3.8 cps final dividend for the fiscal year 2015.

Full marks to the Sedgman team.

**Rob McDonald**  
Chairman, Independent Director



**The FY2015 full year results provide the third continuous half of strong profitability and delivery of sustained earnings through performance.**

We have strengthened our Order Book and improved our Pipeline with good visibility of future opportunities in both Projects and Operations. We have successfully differentiated ourselves from our peers in a challenging market through a relentless focus on delivering Value for our clients and reducing cost. Our commodity and geographic diversification continues to strengthen the business, and our track record of successful Project delivery and Operations performance is more relevant than ever.

With a very clear strategy and focus on performance across all aspects of the business we are well positioned to continue to deliver for our clients and shareholders.

**Peter Watson**  
CEO | Managing Director

## Group Performance

(\$million)	FY2015	FY2014
Combined Revenue <sup>1</sup>	<b>390.4</b>	355.9
EBITDA (underlying) <sup>2</sup>	<b>36.8</b>	19.1
EBITDA % Margins (underlying) <sup>2</sup>	<b>9.4%</b>	5.4%
EBIT (underlying) <sup>2</sup>	<b>26.3</b>	3.9
EBIT % Margins (underlying) <sup>2</sup>	<b>6.7%</b>	1.1%
NPAT (reported)	<b>16.5</b>	(7.7)

NOTES: 1. THIS REPRESENTS REVENUE OF SEDGMAN TOGETHER WITH SEDGMAN'S SHARE OF REVENUES FROM JOINT VENTURES.  
2. EXCLUDES IMPAIRMENT OF OPERATIONS ASSETS \$2.3M PRE-TAX, REDUNDANCY COSTS \$1.7M PRE-TAX AND TAX ON EQUITY ACCOUNTED JOINT VENTURE PROFITS \$0.7M.

### PROJECTS



Revenue increased as a number of significant EPC Projects progressed, compared to lower activity in FY2014.



EBIT % margin increased due to higher utilisation of Projects staff, settlement of a contractual claim, lower business costs and the recovery of previously impaired debtors.

### OPERATIONS

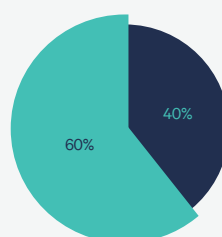


Revenue decreased as a number of operating sites managed on behalf of clients for part of FY2014 were transitioned back to owner operation.

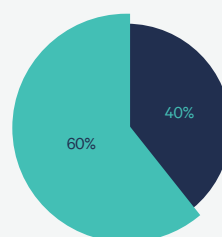


EBIT % margin increased due to a focus on cost control and the continuous improvement in operating performance at all sites. Tonnes increased across a number of sites as clients took advantage of superior plant availability.

### DELIVERING ON DIVERSIFICATION – 1 YEAR PIPELINE



■ Coal  
■ Other commodities



■ Domestic  
■ International

## FY2015 Highlights

# 315%

Increase in net profit after tax (reported)

# 315%

Increase in reported earnings per share

# 10%

Increase in combined sales revenue

# 18%

Decrease in overhead & support costs

# 109M

Net cash position at year end

# 318%

Increase in net cash from operating activities

# 125M

Awarded \$125m in extensions to Operations contracts

# 292M

Awarded \$292m in Projects contracts

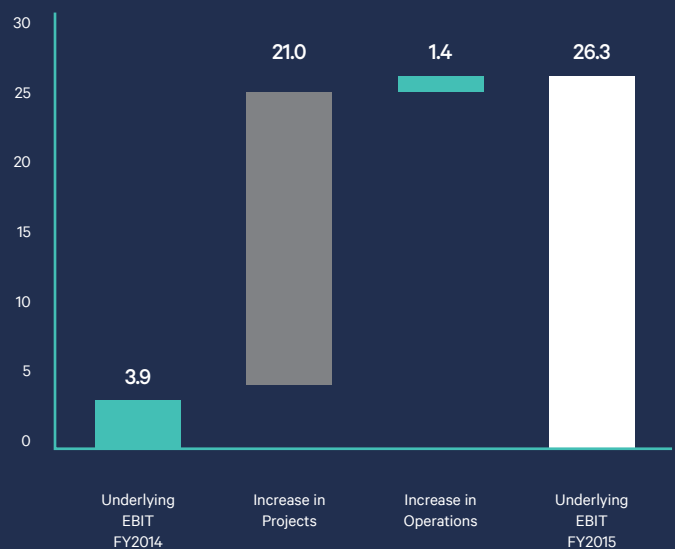
### Summary Financial Information (\$million)

	FY 2015	FY 2014
Combined Revenue <sup>1</sup>	390.4	355.9
EBIT (underlying) <sup>2</sup>	26.3	3.9
EBIT % Margin (underlying) <sup>2</sup>	6.7%	1.1%
NPAT (underlying) <sup>2</sup>	19.4	(0.0)
NPAT (reported)	16.5	(7.7)
EPS (underlying) <sup>2</sup> (cps)	8.5	(0.0)
EPS (reported) (cps)	7.3	(3.4)
DPS (cps)	9.5	4.0

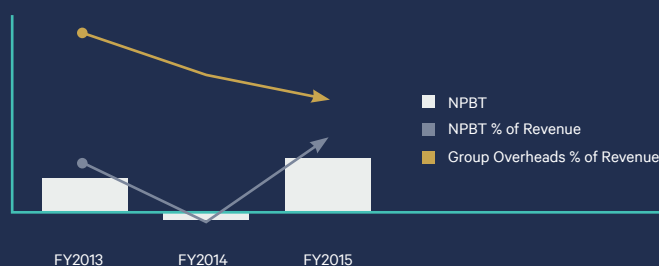
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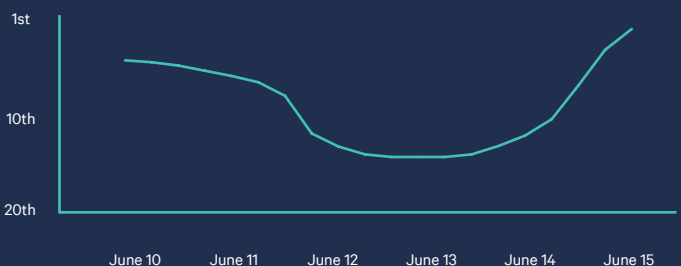
### Movement in Underlying EBIT



### NPBT & Group Overheads as % of Revenue



### Average TSR Ranking vs Peer Group



## Safety Performance

Our first priority is safety and Sedgman is committed to improving our safety performance.

# 27%

Reduction in Recordable Injury Frequency Rate

# 1.5M

Aurora Project 1.5 million hours Lost Time Injury free

# 719

Red Mountain Operations achieved 719 days Recordable Injury free

# ZERO

Operations achieved zero injuries for 30,000 manhours of major shutdown work

## Order Book & Pipeline

Order book at June 2015 totals \$509m. This is up from \$385m at June 2014.

PROJECTS \$188M

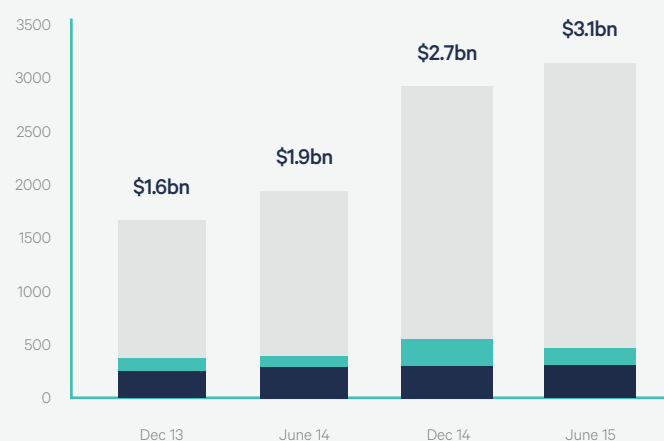
— Executable over 12 months

OPERATIONS \$321M

— Contract terms range from 1 to 10 years.

■ 1 year pipeline  
■ Projects order book  
■ Operations order book

OWNERSHIP OF THE VISTA PROJECT IN CANADA CHANGED DURING THE YEAR AND WILL NOT PROCEED AS PREVIOUSLY PLANNED. THIS DOES NOT AFFECT THE 1 YEAR PIPELINE.



## Business Unit Performance

(\$million)	FY2015	FY2014
<b>Combined Revenue<sup>1</sup></b>		
Projects	278.6	221.1
Operations	111.8	134.8
<b>Total</b>	<b>390.4</b>	<b>355.9</b>
<b>EBIT (underlying)<sup>2</sup></b>		
Projects	13.8	(7.2)
Operations	12.5	11.1
<b>Total</b>	<b>26.3</b>	<b>3.9</b>
<b>EBIT % Margins (underlying)<sup>2</sup></b>		
Projects	5.0%	(3.3%)
Operations	11.2%	8.3%
<b>Total</b>	<b>6.7%</b>	<b>1.1%</b>

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## Outlook

Current subdued market conditions continue to present suitable scale opportunities that require delivery assurance on cost, time and facility performance. Sedgman's 36 year track record in delivering projects, with over 25 years' experience in EPC, provides our clients with this certainty. Sedgman's strategic focus targeting the global minerals sector, coupled with our strong balance sheet, allow us to identify and create opportunities which will deliver value for our clients and shareholders. Our secured Projects and Operations order book, together with a number of near term opportunities and a continued focus on controlling overheads, give us confidence in our capability to deliver sustained earnings in FY2016.

## Strategy



## Projects

### Strategy in Action - Aurora Gold Project

Sedgman is nearing completion of the fixed price Engineering, Procurement and Construction (EPC) of the gold processing facility for Guyana Goldfield's flagship Aurora Project.

Delivered through the GSJV, a joint venture between Sedgman and leading South American constructor Graña y Montero (GyM), the GSJV combines Sedgman's robust process execution knowledge and operational experience with local capability depth from GyM. It's an excellent example of Sedgman's ability to form successful joint ventures and utilise this model to win and perform work in new regions.

Aurora is earmarked to produce 3.29 million ounces of gold, averaging 194,000 ounces per year, over an initial 17-year mine life. The scope of works

includes a 1.75 Mt/a processing plant (upgradable to 3.5 Mt/a), a power station and integration management.

Following a challenging 12 months on site, first gold production was achieved due to the flexible circuit design allowing the gravity and saprolite circuits to be commissioned early. Initial start-up gold was captured by processing the early low grade mine development ore. The logistical challenges and remote tropical environment tested the team; however, extensive planning, local engagement and client collaboration ensured a positive outcome.

The project achieved the first completion milestone of delivering the Gravity Circuit in early July, with overall completion on track with the approved schedule.

Final commissioning is progressing well, with performance testing due to commence on time. We have designed, procured and installed more than 100 km of cable, 4000 m³ of concrete, 1200 t of structural steel and platework, eight 1.5 MW generators, a 600 t SAG Mill, as well as a myriad of other equipment items and materials, into the middle of the Amazon jungle in Guyana.

The GSJV has provided full process performance guarantees in a new location. We have utilised proven technology and robust commercial management together with local experience to deliver the project on time, on budget and safely. Over 1.5 million hours have been completed with zero lost time injuries. This successful result has led to a strong relationship with the client and stakeholders.



## Operations



Our Operate business is focused on delivering value through achieving industry leading facility performance metrics in areas such as annual run hours, process efficiency, operating costs and safety.

We strive to achieve the highest quartile productivity metrics coupled with the lowest quartile unit operating costs. The operational results achieved in FY2015 demonstrate this strategy in action. A lean operational team supported by effective operating systems and a class leading off-site support team enable us to achieve cost and productivity objectives.

Production targets were exceeded at all coal and metals operations sites. Sedgman operated Coal Handling and Preparation Plants (CHPPs) delivered industry leading performance in FY2015 averaging 7760 actual run hours.

### Strategy in Action - Red Mountain

Red Mountain CHPP is an excellent example of class leading performance in the core areas of productivity, safety and operating cost. The facility annual run hours almost surpassed the industry aspirational target of 8000 hours per annum at an average throughput rate in excess of the facility nameplate capacity. Achievements in FY2015 include:

- Lost Time Injury Frequency Rate: 0
- Recordable Injury Frequency Rate: 0
- All Injury Frequency Rate: 0
- Run Hours: 7956 hours
- ROM Tonnes: 9.458 Mt
- Average TPH: 1188 t/h
- Availability: 95.2%

Currently operated coal facilities include Red Mountain CHPP, Sonoma CHPP, Middlemount CHPP and Curragh CHP. Metals facilities include Agnew Crushing and Screening (C&S), Mount Isa C&S and a mobile crushing circuit currently deployed at Groote Eylandt.

### Operations Consulting

Sedgman has combined our engineering and operations knowledge, specifically in optimising facilities performance, with our technical capability to deliver

an Operations Consulting service. We improve asset performance and assist clients to achieve maximum performance and ultimately reduce costs. Sedgman's

Operations Consulting initiative is identifying a range of value add opportunities with new and existing clients.





## Financials

Income Statement Summary (\$million)	FY 2015	FY 2014	Consolidated Balance Sheet (\$million)	June 2015	June 2014
Revenue	350.8	318.4	<b>Working Capital</b>		
<b>EBITDA before equity JV profits</b>	<b>29.4</b>	<b>12.8</b>	Trade & other receivables	80.1	70.9
Depreciation	(8.3)	(13.2)	Net construction work in progress	(20.1)	(3.3)
Amortisation of intangibles	(2.2)	(3.1)	Inventories	2.2	2.6
<b>EBIT before equity JV profits</b>	<b>19.0</b>	<b>(3.5)</b>	Trade & other payables	(57.7)	(45.0)
Sedgman share of investments	2.6	1.0	<b>Net working capital</b>	<b>4.5</b>	<b>25.1</b>
<b>EBIT after JV profits</b>	<b>21.6</b>	<b>(2.5)</b>	<b>Non-monetary balances and other non-current items</b>		
Net finance gains / (costs)	1.2	0.1	Intangibles	37.2	39.3
<b>Profit / (loss) before tax</b>	<b>22.8</b>	<b>(2.4)</b>	Property, plant & equipment	16.1	24.0
<b>Income tax expense</b>	<b>(6.3)</b>	<b>(5.3)</b>	Deferred taxes (net)	5.2	6.9
<b>Reported profit / (loss) after tax</b>	<b>16.5</b>	<b>(7.7)</b>	Other assets	2.8	3.3
<b>Summary Cash Flows</b> (\$million)	<b>FY 2015</b>	<b>FY 2014</b>	Investments accounted for using the equity method	5.7	2.6
<b>EBITDA</b>	<b>29.4</b>	<b>12.8</b>	Other liabilities	(0.2)	(0.2)
Movement in working capital	19.9	(0.1)	<b>Net non-monetary balances and other non-current items</b>	<b>66.9</b>	<b>75.9</b>
Net interest	1.3	0.2	<b>Cash and debt-like items</b>		
Income tax paid (net)	(5.6)	(2.0)	Cash and cash equivalents	111.0	97.8
<b>Net operating cash flow</b>	<b>45.0</b>	<b>10.8</b>	Debt	(2.2)	(21.3)
Investment in joint ventures	–	(1.1)	Provisions	(12.6)	(14.1)
Acquisition of other investments	(0.5)	(1.3)	Current tax receivable / (payable)	1.6	(0.0)
Net repayments of borrowings	(19.2)	(5.7)	<b>Net cash and debt-like items</b>	<b>97.9</b>	<b>62.4</b>
Net capital expenditure	(2.5)	(2.0)	<b>Net Assets</b>	<b>169.3</b>	<b>163.4</b>
<b>Free cash flow</b>	<b>22.8</b>	<b>0.6</b>			
Opening cash at 1 July	97.8	103.4			
Effect of exchange rates on cash held	2.9	(1.3)			
Dividend payments	(12.5)	(4.9)			
<b>Closing cash</b>	<b>111.0</b>	<b>97.8</b>			

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THESE REPORTS

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# SEDGMAN

See the value, be the value.

Global Minerals