Seymour Whyte Limited
ACN 105 493 203

ASX Announcement

23 August 2016

SEYMOUR WHYTE LAUNCHES STRATEGY TO DELIVER GROWTH AND VALUE

FY16 SHAPSHOT

- **Net profit after tax (NPAT) of $1.3 million within guidance**
- **Revenue base of $360.7 million, up 33.7% on previous corresponding period (pcp)**
- **Total forward order book of $465 million, up 39% on pcp**
- **$394 million of work in hand forecast to be delivered in FY17, to surpass FY16 revenue**
- **Launch of *2020 Strategic Plan* with a renewed focus on profitable, sustainable growth**
- **Sound cash position and low debt profile maintained**
- **Continuing focus on diversification in new sectors and regions**
- **Cash to be reinvested in the company's strategic expansion, with no final dividend declared this year**

Engineering and construction company Seymour Whyte Limited (ASX: SWL) today announced its full year results to 30 June 2016, with revenue up by 33.7% to $360.7 million and net profit after tax (NPAT) of $1.3 million.

Seymour Whyte Managing Director and Chief Executive Officer Mr John Kirkwood acknowledged that while revenue grew in line with the increase in project wins totalling $420 million during the year, profitability had been impacted by four loss-making projects.

"We have experienced substantial revenue growth that continues to ramp up in FY17. We have a forecast of $394 million of work in hand to be delivered this financial year, which will surpass the revenue earned in FY16," he said.

The Group's civil infrastructure division continued to expand in New South Wales, contributing 45% of total revenue. This growth was due to increased government investment in infrastructure and the division's successful diversification into the airport and water sectors. Following the successful completion of the Northern Airport Precinct Infrastructure Project in Sydney, the division has won two more Sydney Airport projects and its first Brisbane Airport project.

To support operational growth and extension of tender capabilities, the Group invested in skilled, quality candidates—increasing employee numbers by 24% from 349 to 431 in the second half of FY16.

Mr Kirkwood said that the Group had begun implementing its new *2020 Strategic Plan* to ensure they leveraged this growth with a disciplined, strategic approach.

"The plan outlines the strategic direction for the Group for the next four years, as we work to significantly increase the size of our business by selectively competing in the Tier 1 market while retaining our agility as a Tier 2 organisation. We are building our capability and experience to deliver design and construction and greenfield projects, which offer greater opportunities for innovation, value-adding and improved margins."

The *2020 Strategic Plan* builds on the Group's existing diversification efforts, with an emphasis on strategic joint ventures to enable capacity growth and entry into new markets.

Learnings from FY16 have also been incorporated, with tighter controls on contractual management and tendering processes, improvements in design management and cost control, and innovation to obtain better project margins.

The Group is well-positioned financially to pursue more growth opportunities, with a sound cash position of $35.3 million and low debt profile at the end of FY16.

ORDER BOOK

The Group's total forward order book increased to a record level of $465 million following the award of the $63 million contract to deliver early works for the Woolgoolga to Ballina Pacific Highway Upgrade Project and the $83 million contract for a Port of Brisbane Motorway project in July 2016. This was a 38% increase on the same period last year.

The civil infrastructure division order book was increased by 43% to $425 million while the utilities infrastructure division order book was at $40 million, relatively consistent with the prior comparable period.

The Group is currently undertaking a large volume of tendering activity and is awaiting decisions on submissions for several sizable contract awards that will contribute to the order book for FY18 and beyond. The quality of the order book is also strengthening compared to the prior year, as pressure on tight tendering margins starts to ease in some sectors.

OUTLOOK

New South Wales has a strong project outlook for the next five years while infrastructure activity in Victoria continues to ramp up during FY17. While opportunities exist in Queensland, activity levels in the state are not expected to improve fully until FY19.

FY17 is expected to be a year of recovery for the Group, with ongoing investment to support business growth with benefits to be realised from FY18.

This year, the Group will continue to invest in tender resources and project personnel in line with the *2020 Strategic Plan*, to target higher margin projects and win and deliver our first civil infrastructure project in Victoria.

The Group expects to see the residual impact of loss-making projects on profitability during the first half of FY17, with the two remaining projects to be completed by December 2016.

The Group will be targeting increased revenue from joint ventures, as part of the strategy to leverage such partnerships to compete for contracts in the $200 million to $500 million sum range. There has been encouraging progress on this to date, with the civil infrastructure division being short-listed in joint ventures on both the $350 million Northern Road and Bringelly Road Stage 2 Upgrade Project and the $450 million Bruce Highway Caloundra Road to Sunshine Motorway Project.

DIVIDEND

With a low NPAT and the imperatives of the *2020 Strategic Plan* to reinvest in the business for growth, the Board has not declared a final dividend for FY16.

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Note to editors: Seymour Whyte Limited is an ASX listed company providing infrastructure services to the transport, utilities and resources sectors across Australia. Seymour Whyte Limited is the holding company of Seymour Whyte Constructions Pty Ltd and Rob Carr Pty Ltd.