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WDS REPORTS STRONG FINANCIAL RESULTS AND ENHANCED DIVIDEND PAYOUT
QUARTERLY DIVIDEND PAYMENTS TO BE INTRODUCED

Sydney, 28 August 2013: WDS Limited ("WDS") is pleased to announce its results for the year-ended 30 June 2013.

Highlights

- Group revenue of $351.95 million (unchanged on FY12)
- Net Profit after Tax $8.25 million (FY12 $8.56 million)
- Total fully franked dividends for FY13 increased by 173% from 2.75 cents per share for FY12 to 7.5 cents per share
- Energy division recorded 40.2% growth in revenue to $233.87 million, delivering a 167.6% uplift in profit before tax to $15.68 million
- Mining division remained profitable despite the slowdown in the coal sector
- Balance sheet continued to strengthen with gearing (net debt to net debt plus equity) at year end sitting at 3.3%
- Significant cash receipts post balance date resulted in a net cash position of $24.6 million at 31 July 2013
- Increased order book of $281.4 million compared with $183.9 million at the same time last year and circa $300 million submitted in tenders currently under evaluation

Commenting on the results, WDS' Managing Director, Terry Chapman noted, "This result illustrates the strength of WDS' diversified business model, enabling the company to deliver stable results and enhanced returns against a backdrop of considerable volatility in world commodity markets. During the past twelve months our Mining and Energy divisions each experienced contrasting growth profiles. The Energy Division recorded strong growth in demand for its services as the development of the CSG industry in Queensland continues to gain momentum. Our Mining business, which supplies services to the underground coal mining sector, was severely impacted by the slowdown in the Australian coal industry yet remained profitable, despite the significant falls in activity in the sector.

"The projected capital expenditure requirements for the CSG sector over the next three years are significant, with a recurring spend beyond that for the next 20 years forecast to be in excess of $1bn per annum. WDS is extremely well positioned to participate in the continued development of this expanding industry and will be equally ready to respond to the opportunities that will arise from the inevitable turn in the coal cycle.

"We remain committed to retaining our reputation across the industry for delivery of great quality work and industry-leading safe practice which this year has seen WDS achieve 3 years without a lost time injury - an achievement of which we are very proud" said Mr Chapman.

Changes to Dividend Policy

The strength of WDS' balance sheet combined with a substantial franking credit balance and a net cash position of $24.6m at the end of July provides the company with significant flexibility in relation to the management of its capital requirements into the future. As a result of a capital management review conducted during August the board has determined to optimize its dividend policy in order to maximize returns to its shareholders.

The key components of the new dividend policy include:

- An increase in the target payout ratio from 40-60% to at least 80%
- The introduction of quarterly dividend payments with interim dividends paid in December, March and June and the final dividend paid in September
- Payment of dividends will be strongly weighted to the final payment once the full year results have been finalised and capital requirements for the following year accurately established

In line with these changes, WDS has declared a year-end dividend of 6.00 cents per share to be paid in September, comprising a fully franked final ordinary dividend of 3.25 cents per share and a fully franked special dividend of 2.75 cents. This together with the interim paid in March of 1.50 cents per share brings the total fully franked dividend paid for FY13 to 7.50 cents per share.

The payment for the final and special dividends has been brought forward this year to 26 September to shareholders on the register at 6 September.

Energy Division

The Energy Division recorded revenue of $233.87 million, an increase of 40.2% on the previous year, and profit before tax of $15.68 million representing a substantial increase on the FY12 result of $5.86 million.

In the first half of the year the Energy Division was awarded two new contracts worth over $300 million in revenue including a $24 million contract with Santos on the GLNG project in Queensland and a $280 million 3 year contract with Australia Pacific LNG Project (APLNG) in South East Queensland.

Mobilisation for the APLNG Project in South East Queensland began in November 2012 and gained increased momentum over the final three months of FY13. There has been a steady increase in manning as the result of further expansion in WDS' scope of works on the Project and it is expected that the workforce will be at 370 - 400 by September 2013.

WDS' work on the "Water to Grade" component of the Gladstone LNG (GLNG) Upstream Project moved into the demobilisation phase and by year end had achieved mechanical completion and handover. The contract revenue, initially indicated to be circa $40 million with a nine month construction period commencing in August 2011, more than doubled over the extended contract period with the award of additional infrastructure works. WDS remains involved on the GLNG project with a delivery team based out of Roma working on appraisal works and the WDS camp at Fairview continues to be fully leased. WDS Energy is currently working with all of the CSG/LNG proponents.

"The Energy Division's result was underpinned by a number of factors including successful mobilization of the APLNG Project, strong organic growth across a number of CSG projects and an improvement in delivery performance and equipment utilization. This is reflected in the strong uplift in the EBITDA margin for the year from 8.6% to 9.5%" said Mr Chapman.

Mining Division

The Mining Division had a challenging year due to the downturn in the coal sector with revenue dropping 38.5% to $118.67 million. While the business took decisive action to cut costs to match the decline in revenue, profitability was impacted by $2.5 million in redundancies and costs associated with the closure of the Mackay workshop. Numbers employed in the Mining division fell by 49% to 371 during the year and currently comprise 40% of WDS' workforce.

Despite the rapid downsizing of the business, the Mining Division has remained profitable, reporting EBITDA of $8.96 million (-55% on pcp) and a profit before tax of $0.75 million.

The industry generally has been affected by cutbacks on major capital projects during the year, with a trend away from entering into long term contracts to a preference for short term purchase orders. This has impacted the profile of our order book and an increased focus on working "pro-actively" to increase both delivery performance and cost savings for our clients.

Outlook

There are strong growth prospects for CSG in Australia, particularly in Queensland where there is a clearly defined development path for capital expenditure for the next two decades. WDS has been investing in this sector for a number of years with a solid order book now in place and signs of organic growth building across our existing contracts. We have a strong pipeline of tenders already submitted and, with the industry in position of gas undersupply, we expect to see activity in the gas gathering area remaining high well into the forseeable future.

We expect that Mining will remain challenging throughout FY14 and have taken steps to ensure that the size and cost structure of our business matches activity levels. We remain confident, however, in the longer-term outlook for the sector and have positioned the business to respond quickly to opportunities as and when they arise.

"We have worked hard to improve our balance sheet, which provides us with the ability to invest in growth opportunities, provides our clients with delivery certainty and has allowed us to enhance returns to shareholders.

"In FY14 we expect to see measured improvement in the performance of our Energy business to offset a continuing weakness in Mining. As a result we forecast modest growth in profit for the company in FY14 with continued strong cash generation" said Mr Chapman.

At 10:00am AEST today, WDS will host a live audio stream of a conference call with analysts and investors to discuss these FY13 financial results. Individuals wishing to access the live stream may do so by using the following link: http://www.openbriefing.com/OB/1147.aspx

For those unable to attend at the above time, the full briefing will be available for viewing on the WDS website (www.wdslimited.com.au) from 29/08/2013.

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ABOUT WDS LIMITED: WDS is a provider of world class services to the Energy and Mining sectors in Australia, enabling our clients to focus on their core business. We employ a large workforce of skilled people with strong technical and industry expertise capable of delivering specialist feasibility, design, engineering, manufacturing & construction and maintenance related services. Our clients include blue chip corporates, government, emerging miners and gas producers who respect our commitment to the highest standards of safety and environment, operational excellence, working together and accountability for on-time and on-budget project delivery For further information, visit our website at www.wdslimited.com.au