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## WDS LIFTS FY13 NPAT GUIDANCE AND PROVIDES TRADING UPDATE

WDS Limited (ASX: WDS), a leading service provider to the Energy and Mining sectors, today updated its earnings guidance released to the market on 26 February 2013.

WDS now expects NPAT for the 12 months to 30 June 2013 to slightly exceed the upper end of its February guidance range of \$6 to \$8 million. Revenue for FY13 is now expected to be in the range of \$350 to \$355 million, compared with the Company's previous guidance of \$330-350 million. As foreshadowed in February, the close-out of major contracts and the ramp-up of the APLNG contract have positively impacted cash flow for the year. Improved earnings from the Energy Division have more than offset a continuing weak earnings performance by the Mining Division.

### Strong Balance Sheet with Positive net Cash

With significant cash receipts in July, WDS advises that it has commenced the new financial year with a balance sheet that is ungeared and today has net cash in excess of \$20 million. This provides the Company with opportunities for growth and considerable flexibility to explore its capital management options with the aim of increasing returns to shareholders over time. A review is currently underway with the expectation that further detail will be provided at the Company's results briefing on 28 August 2013.

### Energy Division

Mobilisation for the Australia Pacific LNG Project (APLNG) in South East Queensland began in November 2012 and has gained increased momentum over the past three months. WDS' Energy Division has been steadily increasing manning as a result of expansion in WDS' scope of works for APLNG. Current expectations are that the workforce will be at 370 - 400 by September 2013.

WDS was awarded the APLNG contract in September 2012. It is valued at \$280 million over three years and can be extended for a further four years (two extensions of two years). The work scope is part of APLNG's Upstream Project and includes site preparation works for 345 well lease pads, 280km of access tracks, 760km of gas and water pipelines, together with high voltage power distribution and fibre optic communication cabling.

During the June quarter, work on the "Water to Grade" component of the Gladstone LNG (GLNG) Upstream Project moved into the demobilisation phase and has now achieved mechanical completion and handover. WDS was awarded the Water to Grade General Work Contract on behalf of GLNG (participants include Santos, Petronas, Total and Kogas) by Fluor in June 2011. 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 continuing to be fully leased to Fluor.

On the back of the recent completion of fabrication of pressure pipe spooling for the OCLNG gas compression facilities, WDS has been awarded fabrication works for well head lease facilities for OCLNG and Arrow Energy with a total value of \$10 million.



WDS is providing services to all of the major proponents in the CSG/LNG 'ramp up' in Queensland and continues to tender on further opportunities. The growth profile for CSG in Australia, particularly in Queensland, remains strong with recurring capital expenditure for the industry expected to exceed \$1billion pa for the next 20 years.

### **Underground Coal Mining Division**

As indicated in February 2013, WDS' Mining business has seen reduced activity as a result of the very challenging conditions in the coal sector. However, in this context it is worth highlighting that during the June quarter WDS commenced work for Eagle Downs Coal Management on building the portal arches to their Eagle Downs Project.

"We are pleased that we have maintained strong personal and business relationships with our customers and WDS is therefore well-positioned to take advantage of further work as and when the coal market moves into the cyclical recovery phase", Mr Chapman said.

### **Conclusion**

Achieving completion on a number of projects has removed some of the uncertainty impacting our earlier guidance and this, together with increased revenue from major projects in recent months, has resulted in this positive revision to our guidance," he said.

Mr Chapman added "We are pleased that the diversity of our business model is continuing to bear fruit in what is a very challenging coal market for our underground Mining business. Considerable effort has been made to ensure our balance sheet remains strong and we are pleased to see this effort pay off.

"WDS has begun the 2014 financial year with cash in hand, which positions us well for future growth. More importantly it provides us with flexibility to consider our options for improving returns to shareholders on a sustainable basis. We look forward to updating the market in more detail when we announce our Full Year results on 28 August."

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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](http://www.wdslimited.com.au)