

ASX Announcement

18 August 2017

SEYMOUR WHYTE ON TRACK FOR FY18 TURNAROUND**FY17 SNAPSHOT**

- Revenue of \$433 million, up 20% on previous corresponding period (pcp)
- \$1.3 million consolidated net loss after tax, with operational review underway
- Total forward order book at 30 June 2017 of \$505 million
- Cash position remains healthy at \$34 million, with minimal debt profile
- Positive progress on *2020 Strategic Plan*:
 - Civil infrastructure division achieved operating result of \$16.8 million
 - New contract awards worth \$410 million in total
 - Growing design capabilities and new strategic partnerships
 - Tender pipeline of potential projects worth \$1.4 billion for delivery in FY18 and beyond
- On track for a profit turnaround in FY18.

Engineering and construction company Seymour Whyte Limited (ASX:SWL) ('Seymour Whyte' or 'the Company') reported a consolidated net loss after tax of \$1.3 million for the financial year ending 30 June 2017, while revenue climbed to a historical high of \$433 million and cash position remained sound at \$34 million.

Seymour Whyte Managing Director and Chief Executive Officer Mr John Kirkwood said despite the disappointing result, FY17 had been a year of growth and recovery that set the Company on course to deliver a profit turnaround in FY18.

"The successful implementation of the *2020 Strategic Plan* saw our civil infrastructure division's profitability increase to \$16.8 million – the strongest result for the previous three years. This is an excellent outcome, assisted by the recovery of a legacy negative margin project to profit and completion of our largest self-perform contract to date.

"Looking forward, the new financial year's profitability will also be bolstered by deferral of project revenue and delayed award of expected contracts from FY17 to FY18," said Mr Kirkwood.

"In line with the plan, Seymour Whyte will continue to leverage strategic partnerships to target Tier 1 opportunities and diversify into new regions and sectors. It is particularly important for the Company to grow, given the current competitive environment where many opportunities are being consolidated into mega projects."

Under the *2020 Strategic Plan*, Seymour Whyte invested \$3 million in design capabilities and expansion into Victoria, where it has won three projects. Improved design capabilities have enabled the Company's civil infrastructure division to successfully tender for bigger value, higher margin design and construct (D&C) contracts. Half of the division's contract awards during the year were in D&C projects that equated to 80% of the value of contracts secured.

Seymour Whyte has also revisited its strategy to expand the utilities infrastructure division, which had its FY17 results impacted by a negative margin project and a provision against the Green Square project. An operational review is currently underway to identify strategies to turn the performance of the division around.

The Company's low debt profile and strong cash position of \$34 million will enable the Company to leverage emerging opportunities.

ORDER BOOK

At the end of FY17, the Seymour Whyte order book was worth \$505 million, approximately 10% higher on the same period last year with \$360 million estimated to contribute to FY18.

The civil infrastructure division's work in hand increased to \$492 million, largely driven by \$376 million worth of new contract awards during the year.

The division has been successful in winning additional work from existing clients such as a fourth successive Sydney Airport contract, which is of strategic importance for the division to build its aviation sector experience. The division was also recently awarded two contracts for the Pacific Highway upgrade in northern New South Wales, in addition to its current early works package for the same upgrade. The total value of these works is \$136 million, which has contributed to the division's substantial order book.

The civil infrastructure division is currently pursuing major contracts in the roads, rail and airports sectors with potential value of \$1.4 billion across New South Wales and Queensland, and its growing new market of Victoria.

The utilities infrastructure division work in hand was \$13 million, attributable to limited success on recent project tenders in the eastern operations. New tendering opportunities are currently being pursued.

OUTLOOK

Activity in the Australian engineering and construction sector is expected to remain relatively constant in comparison to FY17. Seymour Whyte's core market sector of roads in the eastern states remains strong but is expected to level out from FY19 when most of the mega project contracts are expected to have been awarded. Nonetheless, New South Wales has a large pipeline of projects in the next three years, with Queensland and Victoria also showing significant growth opportunity.

To capitalise on this growth, the Company will continue to implement its *2020 Strategic Plan*. Seymour Whyte will invest in its civil infrastructure division's design capabilities and project personnel to pursue more D&C contracts, as well as leverage strategic partnerships to compete for contracts in the \$200 million to \$500 million range.

The Company will also focus on turning around the utilities infrastructure division. The operational review is expected to be completed in coming weeks, with recommendations to be implemented before the end of 2017. Preliminary findings from the review indicate process improvements and efficiencies are needed to increase the division's competitiveness in the Queensland, New South Wales and Victorian markets.

The scheme of arrangement ('Scheme') process, as reported on 26 June 2017, is currently underway.

FINAL DIVIDEND

The Board of Directors has not declared a final dividend given the financial performance for the financial year ending 30 June 2017.

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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.