

26 November 2014

MARKET UPDATE AND FY15 EARNINGS GUIDANCE

Highlights

- Forecast FY15 Net Profit After Tax (NPAT), targeting \$10 million NPAT with a range of \$8 million to \$11 million and a forecast 30/70 split between the first and second half of FY15, driven by a slowing of the Queensland transport infrastructure market in the first half of FY15
- Conditions in the utilities infrastructure sector remain buoyant
- Operating gross margins strengthening
- Secured more than \$130 million in new projects since FY14 with a current order book of \$230 million which includes \$151 million to be completed in FY15 and \$79 million continuing into FY16
- Group's underlying business is robust and well positioned for growth in the medium and long term
- Forecast cash position at end of FY15 revised to approximately \$43 million

Seymour Whyte Limited (ASX: SWL) advises that as foreshadowed in the FY14 earnings announcement, the Queensland transport infrastructure market has slowed in the first half of the current financial year. However, the market has been further constrained as a number of projects have taken longer than anticipated to come to market.

While we remain confident that the sector will return to growth in the second half of FY15, these delays reinforce our expectations of a soft earnings profile in the first half of FY15. In light of these market challenges, the Board and management are targeting an FY15 NPAT of \$10 million but with project timing uncertainties the NPAT could range from \$8 million to \$11 million with a forecast 30/70 split between the first and second half of FY15 (FY14 NPAT: \$10.7 million).

The range provided is based on forecast operating profit for the Group and remains sensitive to a number of items including tender pipeline timing and award of projects.

The Board anticipates stronger growth into FY16 as work on prospective new projects begins.

Conditions in the utilities infrastructure sector remain buoyant. The successful integration of utilities infrastructure business, Rob Carr Pty Ltd, and early revenue synergies have assisted in offsetting the impact of subdued market conditions in the transport infrastructure business. This has ensured that the Group retained the flexibility to continue making measured investments in strengthening the business platform and tendering on larger projects. The Group continues to strengthen its gross operating margins as a result of improved project performance and the integration of the higher margin utilities business.

Seymour Whyte has also secured more than \$130 million in new projects since the end of FY14. This has contributed to a broadening client base and a current order book of \$230 million which includes \$151 million to be completed in FY15 and \$79 million continuing into FY16.

The Group expects continued positive cashflow from operations and has forecast a cash position as at 30 June 2015 of approximately \$43 million.

Seymour Whyte's contestable market in transport infrastructure is estimated at almost \$12 billion between FY15 and FY18 across Queensland (\$6.2 billion), New South Wales (\$4.6 billion) and Western Australia (\$1.2billion). The contestable market for the utilities business remains strong at \$4 billion.

Managing Director, David McAdam said, "During the 2014 financial year and into 2015 we have remained focused on our strategic direction to put robust growth foundations in place - greater financial strength and stability through diversification, disciplined performance and targeted acquisitions.

"This focus combined with our decisive actions to manage the prevailing market conditions, reinforces that our underlying business is robust and well positioned for growth in the medium and long term."

Please also see the full transcript of David McAdam's address to today's Annual General Meeting which will be available on the Company Announcement's platform.

For further information

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Background information:

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 Robb Carr Pty Ltd – known collectively as the Seymour Whyte Group. The Group employs more than 350 staff with operations in five Australian mainland states and territories. More information is available at www.seymourwhyte.com.au