

ASX Announcement

24 February 2016

Seymour Whyte Limited
ACN 105 493 20

RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

Summary of results:

- **Revenue \$166.4 million** up 35% compared to the previous corresponding period (pcp)
- **Growth in NSW strengthens** revenue more than doubling compared to the pcp
- **EBITDA \$2.4 million** from continuing operations
- **Net profit after tax (NPAT) within guidance** \$0.2 million, a result of general margin compression impacting the infrastructure sector and two loss-making projects as announced in the November Market Update
- **Maintained strong balance sheet** with unencumbered cash of \$32 million
- **Group order book \$351 million** of which \$191 million is secured revenue for delivery by 30 June 2016
- **Continued to win and tender work** including targeted airport sector
- **FY16 revised NPAT** \$4 million to \$5 million with potential upside
- **Interim dividend 1.75 cents per share (fully franked)** given expectation of a stronger second half and ongoing confidence in the Group's future project pipeline

Diversified contractor, Seymour Whyte Limited (ASX: SWL) today released its half year results to 31 December 2015, reporting a net profit after tax of \$0.2 million, within guidance as released in the November 2015 Market Update.

Revenue for the period was \$166.4 million, up 35 per cent compared to the previous corresponding period (pcp).

The result was impacted by two loss-making projects, and also reflects the considerable margin compression particularly in Queensland, driven by increasing competition for a pipeline of available work.

The Group has fully recognised the forecast losses in the period with one project now complete and the second expected to be completed by August 2016.

Seymour Whyte Managing Director and Chief Executive Officer, Mr John Kirkwood said that despite an extremely challenging year for the industry, the Group has maintained a strong balance sheet, and that successful projects and a focus on actively diversifying have partially offset the full effect of current challenges.

"We strengthened our position in new service markets with additional contracts awarded in the airports sector. Successful contract performance on major projects continues into the second half, on projects such as Townsville Ring Road 4, Green Square Trunk Stormwater Drainage Upgrade, and work at Sydney Airport."

"The Group is focused on improving profit across existing contracts, identifying new opportunities to enhance profitability, and utilising our strengths for significant new project opportunities."

Growth in the New South Wales market, where significant infrastructure spend is forecast to continue, has strengthened considerably in this period with projects accounting for 45% of the Group's revenue for the six-month period, more than doubling compared to the prior corresponding period.

Ten infrastructure projects were active in New South Wales during the half year, including two that commenced late in the period. A recruitment drive in New South Wales has resulted in more than 70 new employees joining the business in the past 14 months to support an increase in new projects.

The Group's financial position remains strong with continued low levels of gearing and significant assets held as cash. The Group reported an unencumbered cash position of \$32 million at the end of the reporting period. The reduction of \$9.9 million from the previous corresponding period was a result of \$1.4 million used to fund operating activities, \$5.5 million in dividend payments, and \$1.2 million for the purchase of Seymour Whyte shares under the Company's share option scheme.

Another solid safety performance was reported for the period. The Group maintained its 12 month rolling Total Recordable Injury Frequency Rate (TRIFR) and have progressed integrating the utilities business under the Group's Health, Safety, Environment and Quality (HSEQ) shared function.

ORDER BOOK

The Group was pleased to secure new contracts valued at \$140 million toward the end of the period. This brings the Group forward order book to \$351 million, of which \$191 million is secured revenue for delivery by 30 June 2016.

The current order book consists of \$306 million in transport projects with the majority to be delivered in New South Wales (59% of all transport projects) and \$45 million in utilities predominantly in Queensland (64% of all utility projects).

The transport business is involved in more than \$1 billion in active tenders and expression of interests across a national footprint and are well positioned for the pipeline of project opportunities in New South Wales and Victoria, which continue to strengthen.

The utilities business reports a firm increase in tendering activity with \$144 million in current active tenders nationally. The business is steadily increasing its core service focus in New South Wales and Victoria, while broadening opportunity in other sectors.

The utilities business is also encouraged by three recent wins in Queensland totalling \$20 million. Their established broad service offering is driving new project opportunities for clients that require a multidisciplinary approach to services and infrastructure solutions on projects.

OUTLOOK

The Group is targeting a stronger second half result with increased revenue on the first half. Given the current market competition and compressed margins, the full year guidance has been revised to an anticipated range of \$4 million to \$5 million with potential upside arising from outstanding claims under negotiation.

We remain committed to our long term growth strategy through diversifying revenue sources and geographic regions to lessen concentration in any single market. Our focus on building strategic partnerships is supporting us in competing for larger projects.

Prospects remain positive in the transport infrastructure sector in New South Wales and Victoria. Seymour Whyte is currently tendering on several major contracts, targeting to profit from significant infrastructure spend in these regions over the next 12 to 24 months. The Group is also well positioned to compete for significant work packages that will be released across the airport sector on the east coast.

Growth in these target markets is strengthening, with our strategy focusing on continuing to increase market penetration in New South Wales, while gaining traction in Victoria for our core business.

By targeting opportunities in areas where we have an established presence or a competitive advantage, the Group is positioned for future success, gaining our share of contracts within these growth areas.

In Queensland, while margins are tight and opportunities for new infrastructure contracts have reduced, final stage competitive tendering continues on two major projects.

The utilities business is successfully increasing both its client base and average project size. Water and wastewater prospects remain positive and the company is steadily positioning to capitalise on new project opportunities across multiple sectors. The Group also continues to actively seek and pursue joint opportunities for the combined business.

Seymour Whyte's contestable market in transport infrastructure is estimated at approximately \$12 billion between FY16 and FY19 in New South Wales, Queensland and Victoria. The contestable market for utilities infrastructure over the same period is \$2.9 billion.

DIVIDEND

The Board has elected to pay an interim dividend of 1.75 cents per share fully franked consistent with the prior corresponding period due to the expectation of a stronger second half and the ongoing confidence in the Group's future project pipeline.

ENDS

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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 - www.seymourwhyte.com.au