



Seymour Whyte Limited and Controlled Entities  
ABN 67 105 493 203

## FULL YEAR RESULTS PRESENTATION 2015

# GROUP HIGHLIGHTS

## FINANCIAL

- Delivery of strong results of NPAT of \$9.9m, firmly within guidance, despite challenging market
- Focus on cash conversion – net cash from operations of \$20.6m
- Final Dividend declared of 6.25 cps (fully franked) bringing the full year dividend to 8.0 cps (fully franked)

## OPERATIONAL

- \$388m work won (incl. largest independent contract)
- New revenue/client base, building balance and resilience
- Investment in long term asset base
- Outstanding safety performance – 32% reduction in TRIFR in transport business in past year (>60% reduction since 2011)

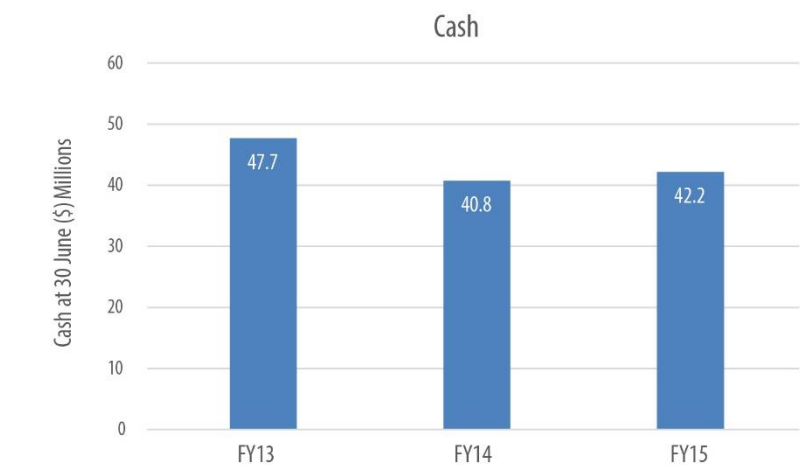
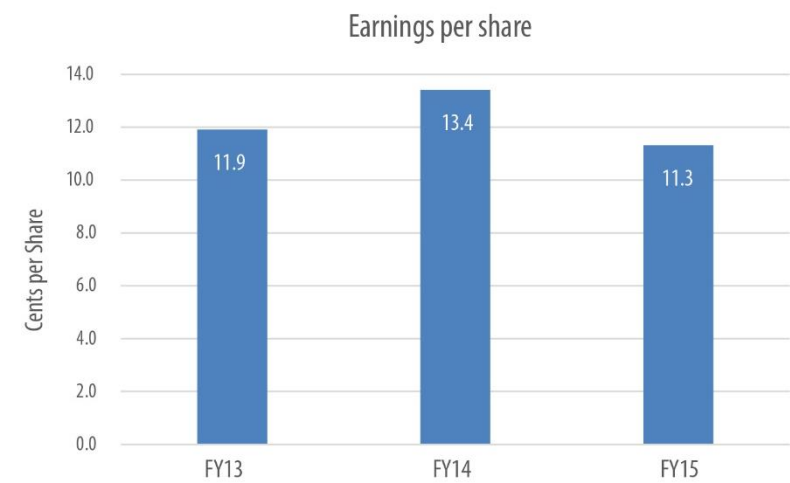
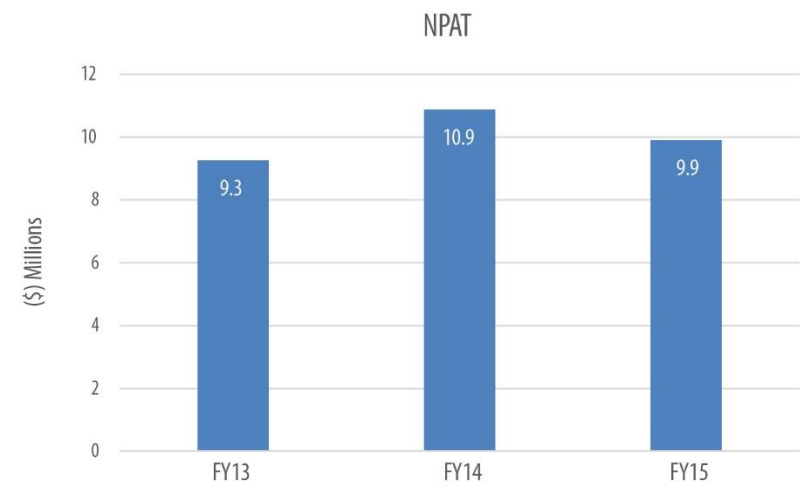
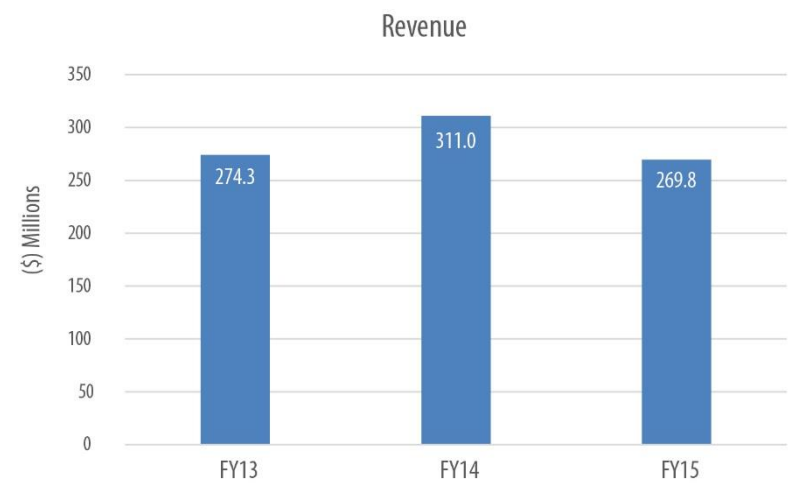
## STRATEGIC

- Opening office in Melbourne to take core business to Victoria
- Award winning systems innovation in mobile platforms
- Awards:
  - North Coast Slope Stabilisation Project awarded Category 4 (\$30 - \$75 million) Project Winner; and
  - Arthur J Gallagher Excellence in Safety Award at 2015 CCF Earth Awards Queensland

# RESULTS SNAPSHOT

*Seymour Whyte delivers firmly within its guidance demonstrating our diversification strategy which has enabled the Group to achieve a solid result despite an extremely challenging year for the industry.*

- Revenue of \$269.8m reflecting softer market conditions
- Net Profit after Tax of \$9.9m delivered firmly within guidance. Result driven by lower revenue partly mitigated by stronger project margins.
- Basic earnings per share of 11.3 cents per share driven by lower NPAT and full dilutive effect of the shares issued in the prior year for the acquisition of Rob Carr Pty Ltd.
- Cash position increased to \$42.2m (\$38m net cash after debt) following strong cash conversion of receivables





# FINANCIAL PERFORMANCE

- EBITDA % increase driven by strong project margins despite softer revenue
- NPAT % steady increase despite a challenging year assisted by lower effective tax rate
- Increase in full year dividend to 8.0 cents per share reflecting strong cash position

		FY15	FY14	\$ Change	% Change
Revenue	\$m	269.8	311.0	(41.3)	(13.3)%
EBITDA	\$m	17.3	17.8	(0.5)	(2.7)%
EBITDA Margin	%	6.4	5.7	-	12.2%
NPAT	\$m	9.9	10.9	(1.0)	(8.9)%
NPAT Margin	%	3.7	3.5	-	5.0%
Basic Earnings Per Share	(cps)	11.3	13.4	(2.1)	(15.7)%
Full Year Dividends Per Share	(cps)	8.0	7.5	0.5	6.7%

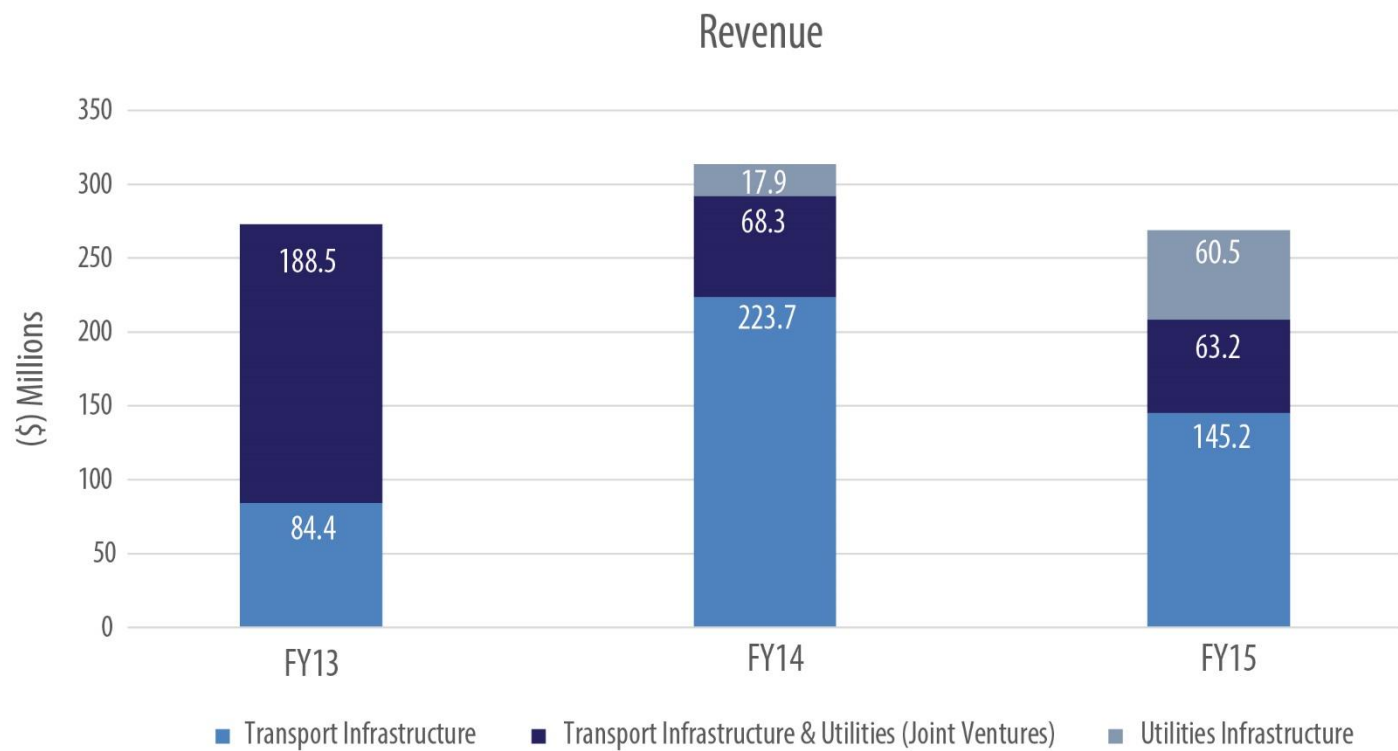
# FINANCIAL POSITION

- Substantial increase in liquidity driven by \$20.6 million generated in cash from operations
- Reinvestment in capital to support order book
- Reduction in debt levels by net \$1.0 million lowering gearing by 25.7% to 5.9%
- Strong balance sheet, allows capability for investment to support our diversification strategy

		FY15	FY14	\$ Change	% Change
Cash	\$m	42.2	40.8	1.4	3.5%
Property, Plant and Equipment	\$m	29.3	24.8	4.4	17.8%
Net Assets	\$m	71.5	66.0	5.5	8.4%
Net Tangible Asset Backing	(cps)	63.8	57.3	6.6	11.5%
Debt	\$m	4.2	5.2	(1.0)	(19.5)%
Gearing	%	5.9	7.9	-	(25.7)%

# REVENUE

- Group revenue from construction (excluding other revenue) of \$268.9 million reflecting challenging market conditions
- Balanced revenue stream has enabled the Group to achieve results firmly within guidance

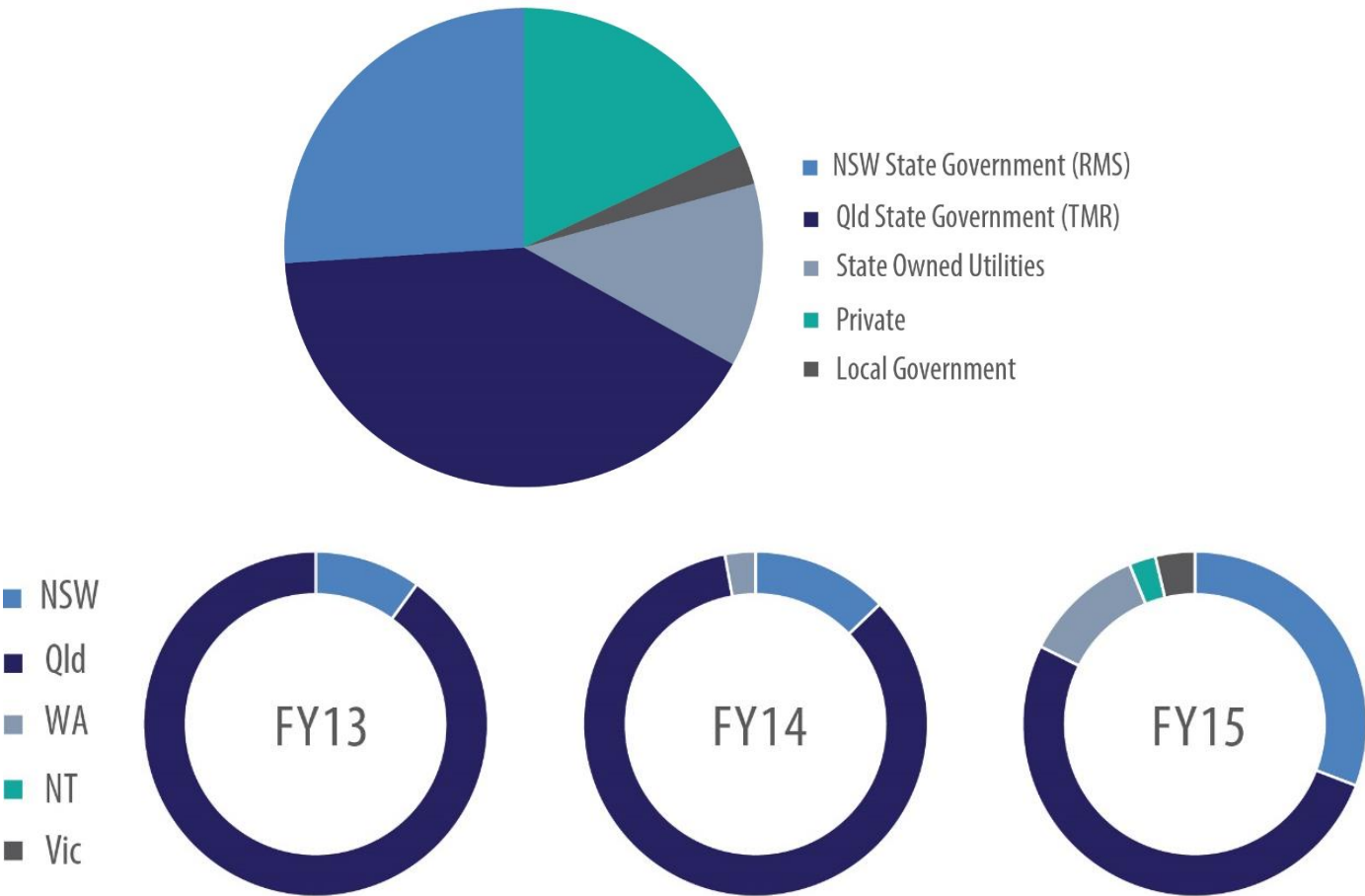


\* Revenue shown represents construction revenue only

# REVENUE DIVERSIFICATION

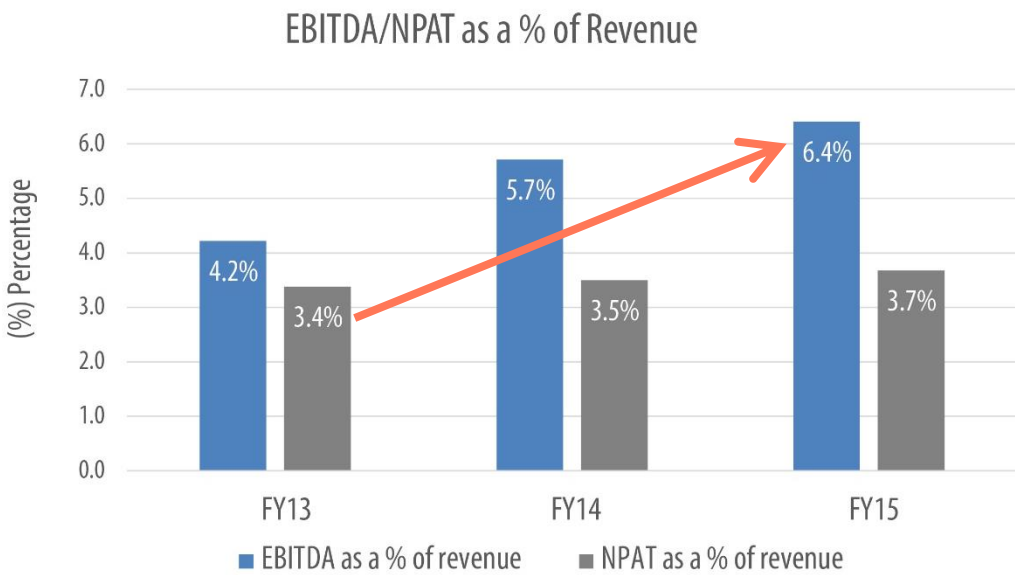
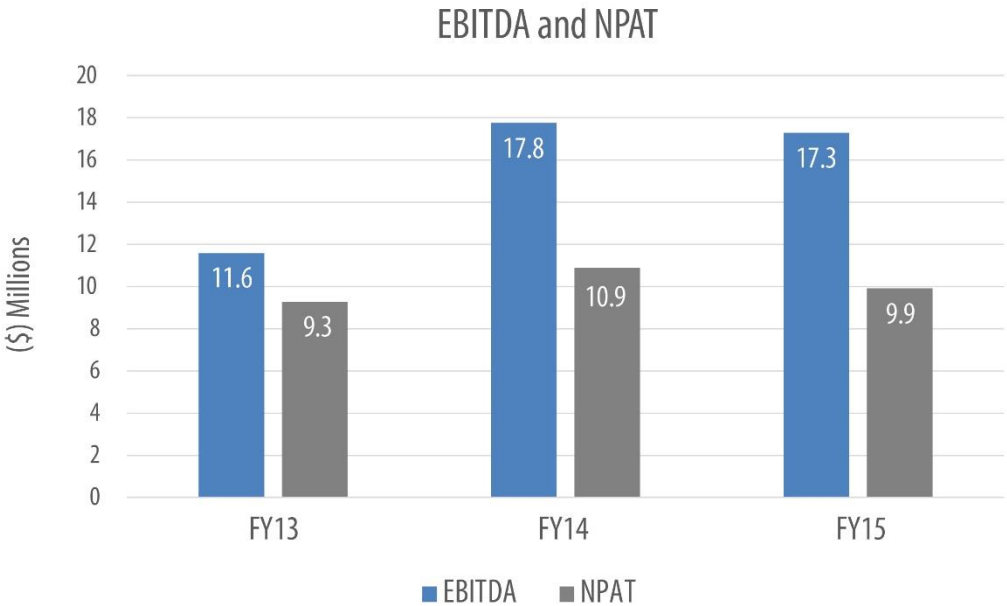
- Strategically expanding our client base to reduce reliance on state government spend and individual markets
- Resilience and balance of revenue earned across 39 projects and 19 different clients (including 5 new clients)
- Approximately half of total Group revenue achieved in states outside Queensland

Revenue by Client Type and Australian State & Territory



# PERFORMANCE

- EBITDA of \$17.3 million broadly flat from prior year
- NPAT of \$9.9m driven by lower revenue offset by higher projects margins and lower effective tax rate of 27%
- Strong focus on operational performance with increased margins on recent years
- EBITDA and NPAT margins as a percentage of revenue trending upwards
- Despite challenges impacting revenue, Group is more resilient to fluctuating economic conditions

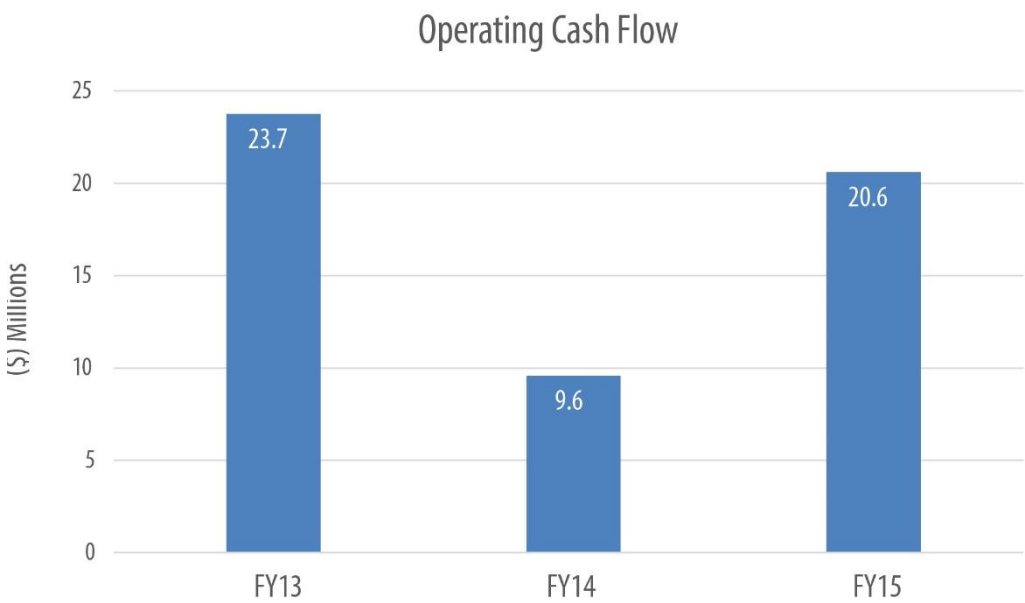
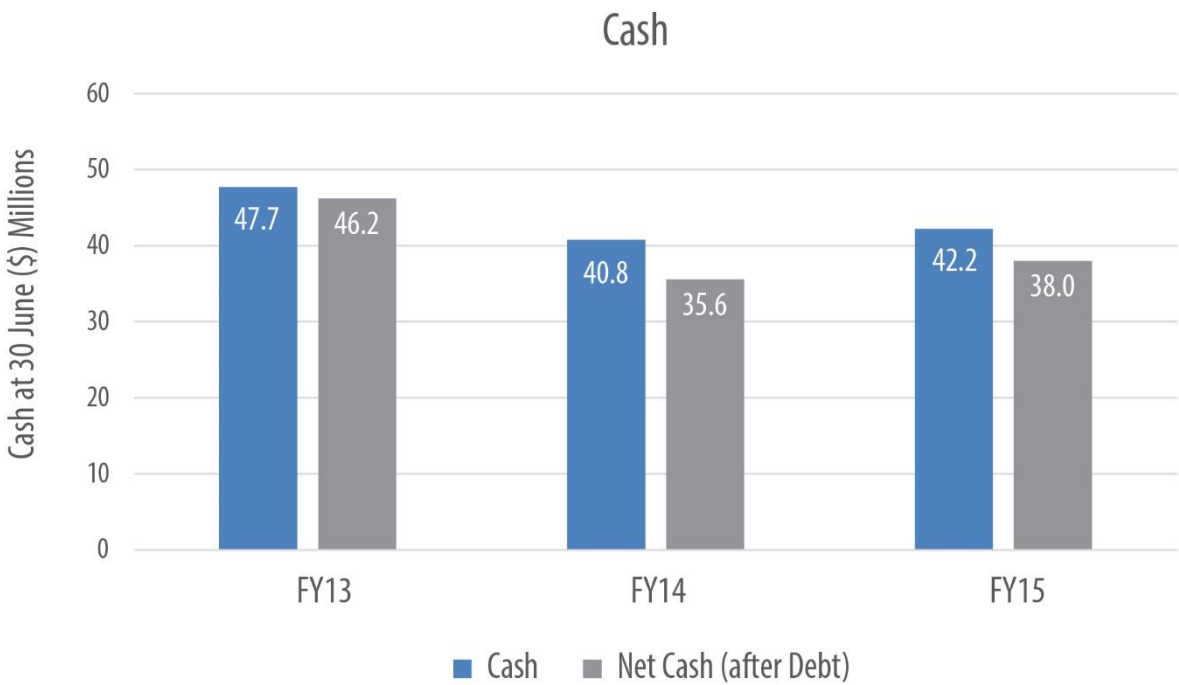


\* FY14 EBITDA and NPAT has been restated since the prior year due to the finalisation of acquisition accounting valuations for Rob Carr P/L



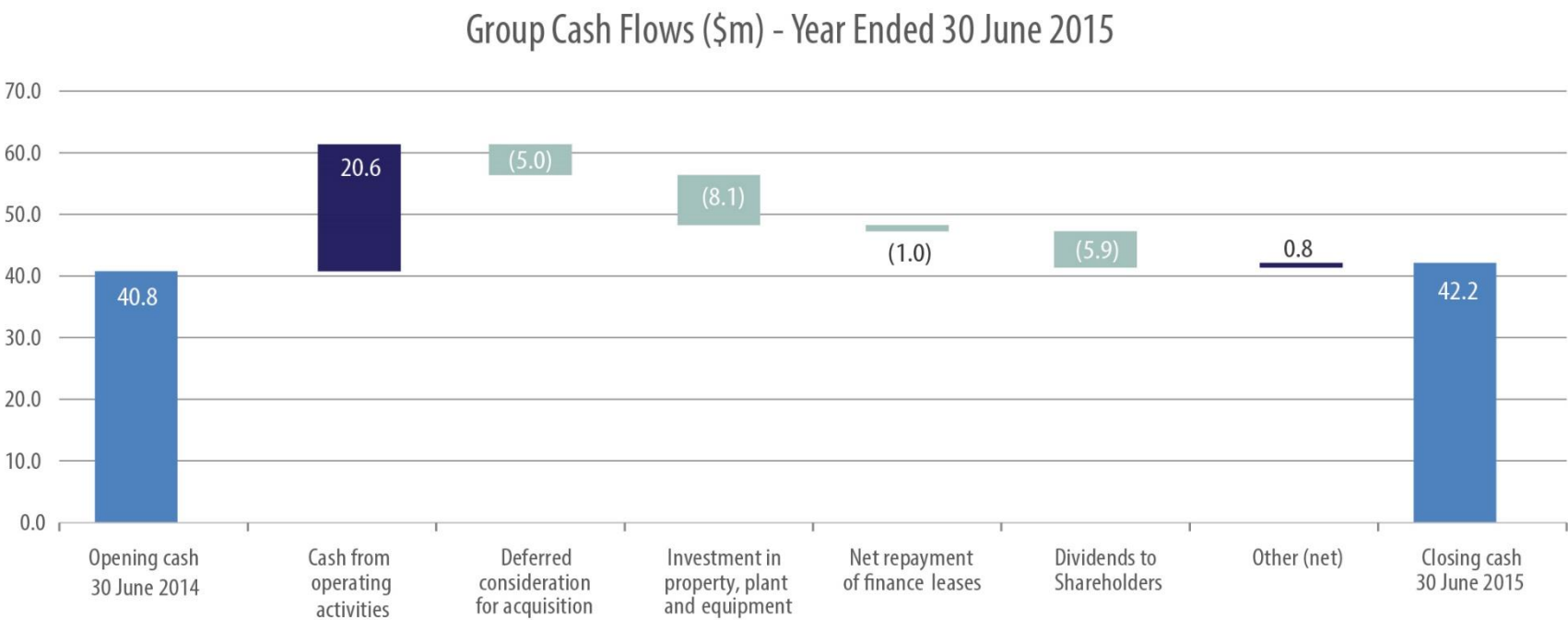
# CASH

- Cash position remaining strong with \$42.2 million and increase in net cash (after debt) to \$38.0 million to support strong project pipeline
- Strong group focus on cash conversion with net operating cash increasing by 115% to \$20.6million (FY14: \$9.6million)
- Cashflow management analysed and reported at project level



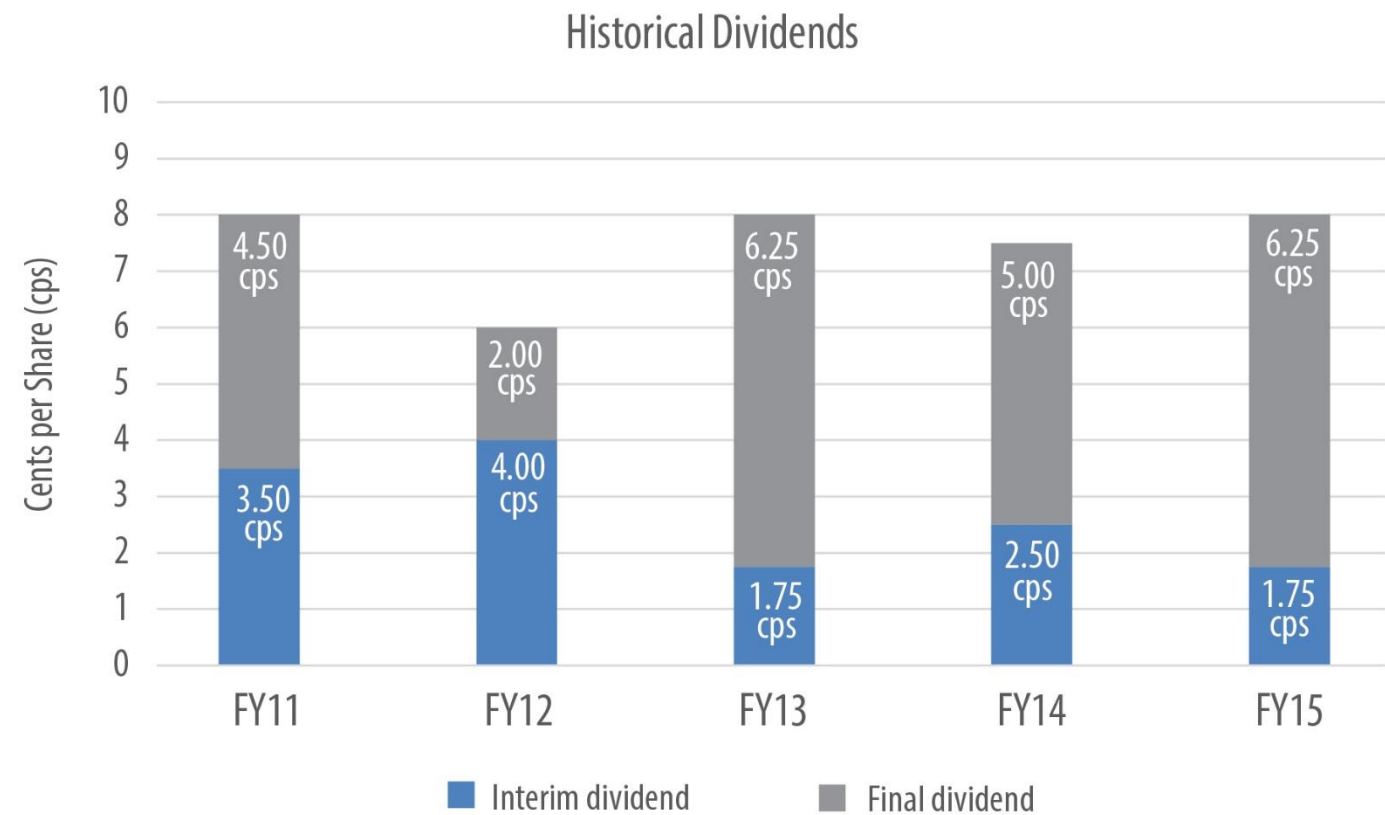
# GROUP CASH FLOW ANALYSIS

- Final payment of \$5.0 million in deferred settlement for the Rob Carr Pty Ltd acquisition
- Cash was reinvested back into the business through investment in long-term assets to support growth
- Net debt reduction of \$1.0 million generating increased financial liquidity to support push into larger projects
- Returned \$5.9 million to shareholders (FY14 final dividend \$4.4 million and FY15 interim dividend \$1.5 million)



# DIVIDENDS

- Final dividend of 6.25 cents per share (fully franked)
- Full year dividend of 8.0 cents per share (fully franked) reflecting strong cash position
- Increase in full year dividends per share despite lower NPAT earned for FY15
- Provides fair and equitable distribution to shareholders whilst ensuring sufficient level of cash is maintained for the business



# FINANCIAL PERFORMANCE FACILITIES

- Bank guarantee and bonding capacity of \$75.9 million, up \$9.2m compared to 30 June 2014
- Facility drawn to 53% with 47% headroom sufficient to support growth
- Available facility will provide up to \$710 million in project capacity (assumed on an average of 5% of contract value)

Group Facility	Bank Guarantee	Performance Bond	Total
Utilised <sup>1</sup>	\$13.3 million	\$27.2 million	\$40.5 million
Available	\$22.6 million	\$12.8 million	\$35.4 million
Total Facility	\$35.9 million	\$40.0 million	\$75.9 million

1. Facility utilisation current as at 31 July 2015 following project award in early July.

# OPERATIONAL PERFORMANCE

## TRANSPORT INFRASTRUCTURE

### FY15 PROJECT SNAPSHOT

- 1. West Gosford - Central Coast Highway (NSW) (\$60m)
- 2. Northern Airport Precinct (NSW) (\$17m)
- 3. Great Western Highway - Forty Bends (NSW) (\$90m)
- 4. Great Western Highway – Bullaburra East (NSW) (\$50m)
- 5. Wiggins Island Rail - Kabra Holdings Road (Qld) (\$11m)
- 6. Townsville Ring Road Section 4 (Qld) (\$116m)
- 7. Warrego Highway Toowoomba to Oakey (Qld) (\$43m)
- 8. Warrego Highway Gatton (Sites 17, 18 & 19) (Qld) (\$11m)\*
- 9. Maitland Railway Roundabout Upgrade (NSW) (\$21m)
- 10. Smith Street / Olsen Ave Interchange Upgrade (Qld) (\$50m)\*



\* Project values are shown at the Group's interest share (where applicable for Joint Ventures)



# OPERATIONAL PERFORMANCE

## TRANSPORT INFRASTRUCTURE

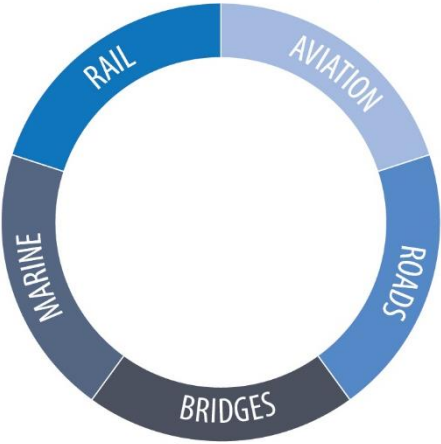
- Revenue of \$213.9 million lower due to:
  - Timing of work packages being released to market coinciding with state elections in Qld and NSW and longer delays in award
  - Adverse weather events impacting construction programs deferring revenue into FY16
- Focus on innovation and operational excellence has driven higher project margins
- Strong operation result assisted by number of projects reaching practical completion late in the year
- Increase in tendering costs driven by investment through participation in larger design and construct (D&C) projects
- Capital expenditure includes \$3.2 million investment in a holding yard for heavy equipment

		FY15	FY14	\$ Change	% Change
Revenue	\$m	213.9	292.0	(78.1)	(26.7)%
EBITDA	\$m	18.3	22.2	(3.9)	(17.3)%
EBITDA / Revenue	%	8.6%	7.6%	-	-
Operating Profit (before tax)	\$m	16.3	20.3	(4.0)	(19.7)%
Operating Profit / Revenue	%	7.5%	6.9%	-	-
Capital Expenditure	\$m	4.7	1.4	3.3	235.7%

# OPERATIONAL PERFORMANCE

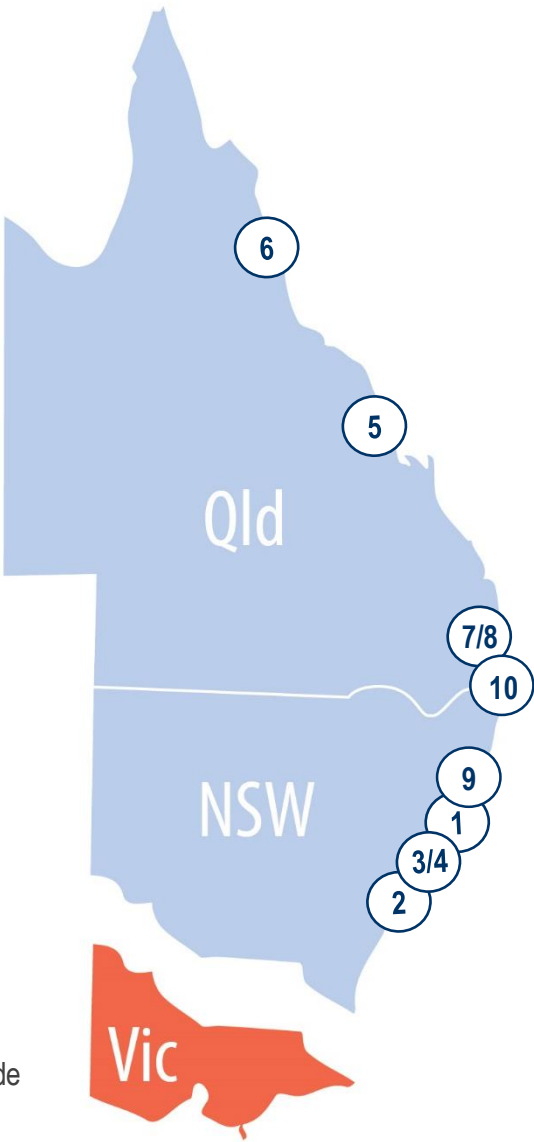
## TRANSPORT INFRASTRUCTURE

- Awarded \$116 million Townsville Ring Road (Stage 4) – largest independent contract won
- Fully established in NSW following growth phase
- Penetration into target markets with projects underway in rail and aviation
- Expansion into Victoria – opening office in Melbourne ready for growth and expansion
- 32% reduction in Total Recordable Injury Frequency Rate (TRIFR) in 12 months with greater than 60% overall reduction since 2011



### FY15 TRANSPORT PROJECTS

1. Central Coast Hwy Upgrade – West Gosford
2. Northern Airport Precinct
3. Great Western Highway - Forty Bends
4. Great Western Hwy – Bullaburra East
5. Wiggins Island Rail – Kabra Holdings Roads
6. Townsville Ring Road Section 4
7. Warrego Hwy Toowoomba – Oakey
8. Warrego Highway – Gatton
9. Maitland Railway Roundabout
10. Smith Street / Olsen Avenue Interchange Upgrade



# OPERATIONAL PERFORMANCE

## UTILITIES INFRASTRUCTURE

### FY15 PROJECT SNAPSHOT

- 1. Green Square Trunk Stormwater Drainage (NSW) (\$25m)\*
- 2. Jindalee Water Main Replacement and Rising Main (Qld) (\$13m)
- 3. Busselton Infill Sewerage Project (WA) (\$13m)
- 4. Alphington Sewer Replacement (Vic) (\$11m)
- 5. Barneson Street Truck Sewer (NT) (\$7m)
- 6. Roy Hill Mine Operational Water Main (WA) (\$10m)
- 7. Dawesville PS7 (WA) (\$19m)



\* Project values are shown at the Group's interest share (where applicable for Joint Ventures)

# OPERATIONAL PERFORMANCE

## UTILITIES INFRASTRUCTURE

- Revenue of \$60.0 million attributed from over 25 projects across Qld, NSW, WA, Vic and NT
- Revenue growth of 10% on full year FY14 revenue
- Lower EBITDA margin largely driven by challenging working environment on Roy Hill resulting in negative margin project
- Specialised micro-tunnelling capabilities contributes higher margins than transport sector
- Capital Expenditure driven by investment in specialised tunnelling equipment for specific project works currently in progress

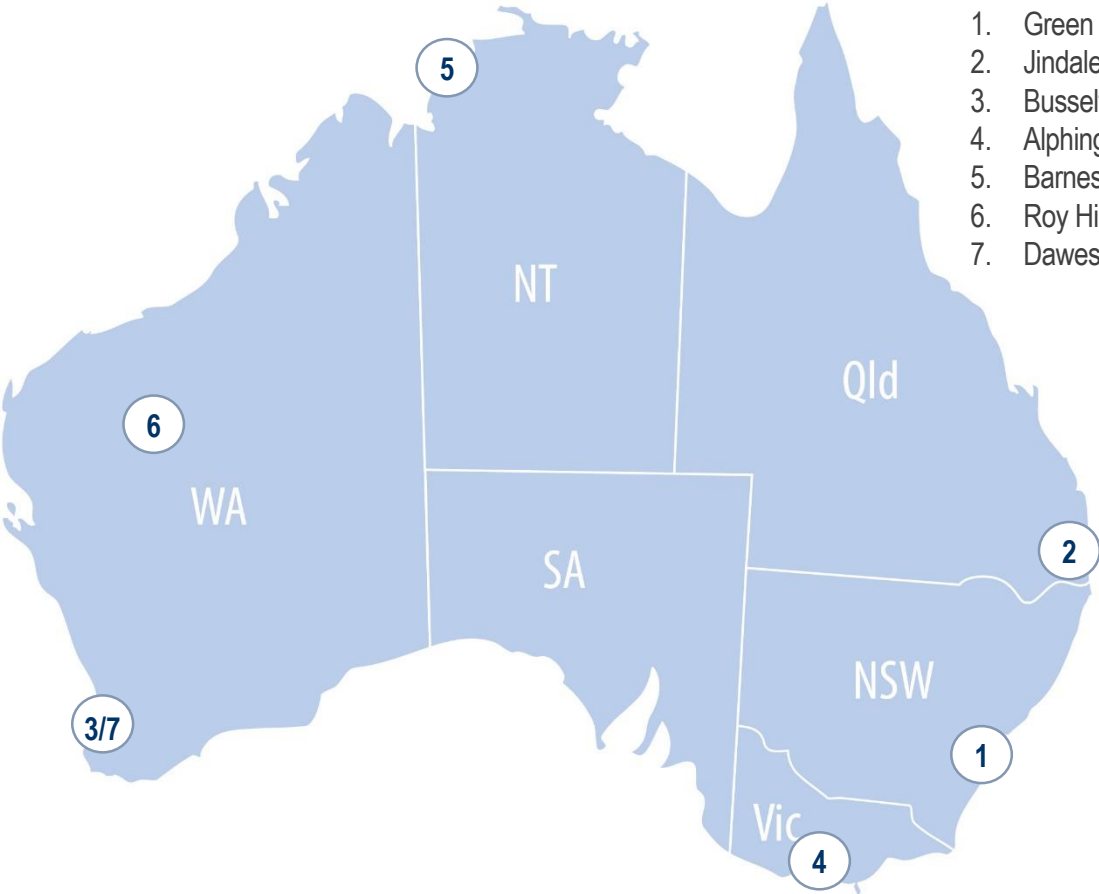
		FY15	FY14	\$ Change	% Change
Revenue	\$m	60.0	17.9	42.1	235.6%
EBITDA	\$m	8.0	4.2	3.8	90.8%
EBITDA / Revenue	%	13.4%	23.5%	-	-
Operating Profit (before tax)	\$m	5.8	3.4	2.4	70.6%
Operating Profit/Revenue	%	9.7%	19.2%	-	-
Capital Expenditure	\$m	3.4	1.4	2.0	147.5%

*\* FY14 results shown are for the four month period from the acquisition in late February 2014 to 30 June 2014*

# OPERATIONAL PERFORMANCE

## UTILITIES INFRASTRUCTURE

- Acquisition benefits realised with first joint tender project awarded to the Group for the Green Square Trunk Stormwater project
- Micro-tunnelling infrastructure works utilising specialist techniques including the design and construction of the Jindalee Water Main Replacement project involving micro-tunnelling under the Brisbane River
- Integration into Group’s project support systems enabling aligned project financial discipline across the Group platform



## FY15 UTILITIES PROJECTS

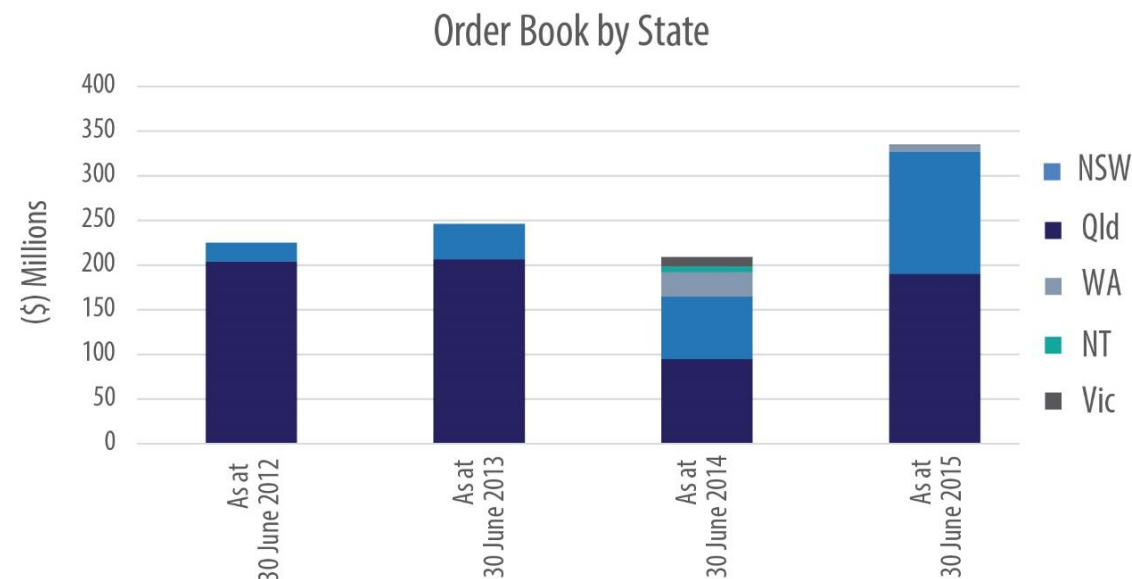
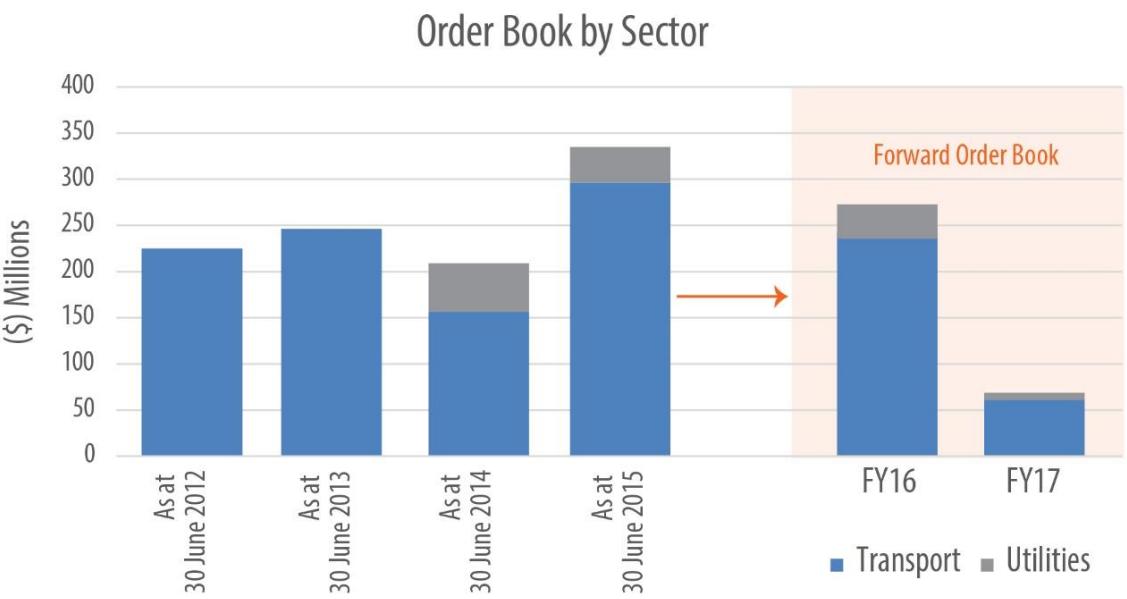
1. Green Square Trunk Stormwater Drainage
2. Jindalee Water Main Replacement and Rising Main
3. Busselton Infill Sewerage
4. Alphington Sewer Replacement
5. Barneson Street Truck Sewer
6. Roy Hill Mine
7. Dawesville PS7





# FORWARD ORDER BOOK

- Total forward order book \$335 million (increase of 60% on same period last year)
- Transport order book of \$296 million almost double that of same period last year
- Utilities order book of \$39 million - WA utilities market challenging due to less tender opportunities
- New project wins to the value of \$388 million to be delivered over next two years
- 25% tender win rate by value
- Tight tender market putting pressure on winning tender margins



# FORWARD ORDER BOOK ANALYSIS

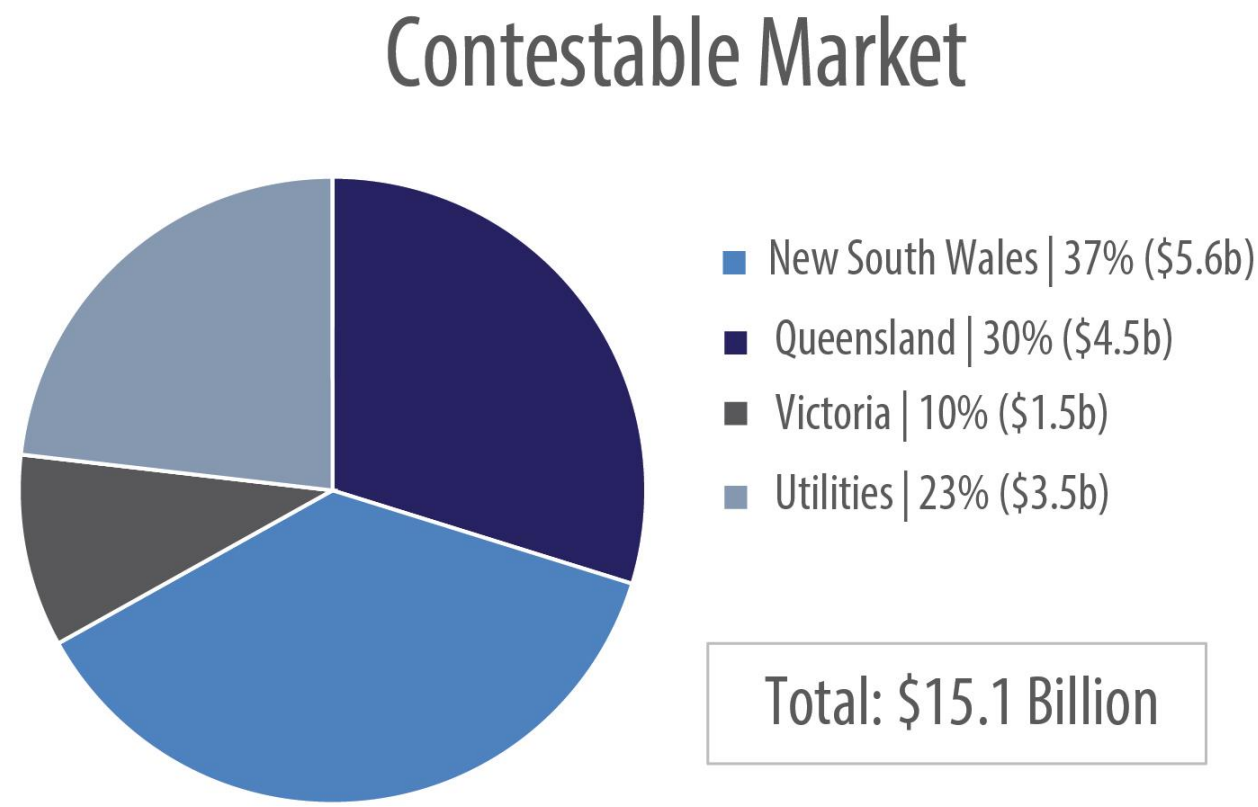
- Order book reflects a desirable mix of projects, whilst providing earnings visibility
- Positive future outlook solidified with work in hand for FY16 at \$278 million

	Contract Value	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
TRANSPORT									
Kabra Holding Yards	\$11m								
Warrego Hwy - Nugent Pinch to Charlton	\$43m								
Townsville Ring Road Section 4	\$116m								
Great Western Highway - Bullaburra East	\$50m								
Central Coast Highway Upgrade - West Gosford	\$60m								
Northern Airport Precinct Landslide Bridge	\$17m								
Great Western Highway - Hartley to Forty Bends	\$90m								
Maitland Railway Roundabout Upgrade	\$21m								
Coomera Interchange - Exit 54	\$33m								
UTILITIES									
Alphington	\$11m								
Dawesville	\$19m								
Roy Hill Operational Watermain	\$10m								
Busselton Infill Sewerage	\$13m								
Jindalee Watermain Replacement and Rising Main	\$13m								
Green Square Trunk Stormwater	\$25m*								
TOTAL ORDER BOOK		FY16 - \$278m				FY17 - \$57m			

Project end dates and values are indicative and are subject to change due to variations and scope changes.  
 Forecast information is subject to major weather and other adverse events  
 Chart includes only those projects currently in order book.  
 \* As this is an Alliance Project the contract value shown above relates to the Group's share only

# TENDER PIPELINE

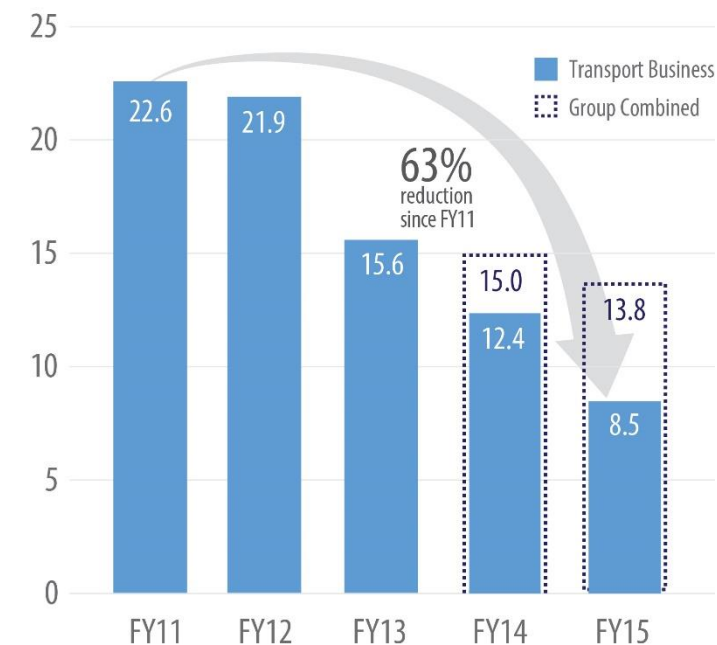
- NSW transport infrastructure sector exhibiting strong steady growth into FY16 and beyond
- QLD transport infrastructure forecast somewhat subdued overall
- VIC transport infrastructure shows good potential growth for Seymour Whyte in FY16 and beyond
- Seymour Whyte contestable market in excess of approx. \$15 billion (predominately over next four (4) years)



\* Utilities contestable market disclosed as national figure.

# SAFETY

- **Group wide TRIFR result 13.8:**
  - Transport division achieved 63% reduction in TRIFR over 5 years
  - Focussed on improving safety performance in utilities business
  - 70% reduction in musculoskeletal injury during FY15
  - Awarded Arthur J Gallagher Excellence in Safety Award at 2015 Qld CCF Earth Awards for North Coast Slope Stabilisation Project
- **Built capability and developed safety skills:**
  - Technical safety workshops – root cause analysis
- **New and efficient mobile safety system – leading industry in innovation:**
  - Better visibility of high risk activities
  - Real time safety checks via mobile platform
  - Tracking and outstanding actions available to manager 24 hours
  - Awarded 2015 Australian Business Award for systems innovation



# CORPORATE SOCIAL RESPONSIBILITY

## EDUCATE & INSPIRE:

- Three year strategic partnership with the University of Queensland to engage, attract and retain more women into civil construction and engineering
- Participation in interactive, career-focussed sessions with a number of universities in Queensland and NSW



## PROMOTE SUSTAINABILITY:

Proud sponsor of the first Queensland WaterAid Ball to raise funds and promote awareness for one of the world's most pressing issues – clean water



## SUPPORT LOCAL:

Support Cerebral Palsy League through Metal for Mobility – a scrap metal recycling initiative implemented on specific project sites to raise revenue for local disability support programs



## STRATEGIC ALIGNMENT:

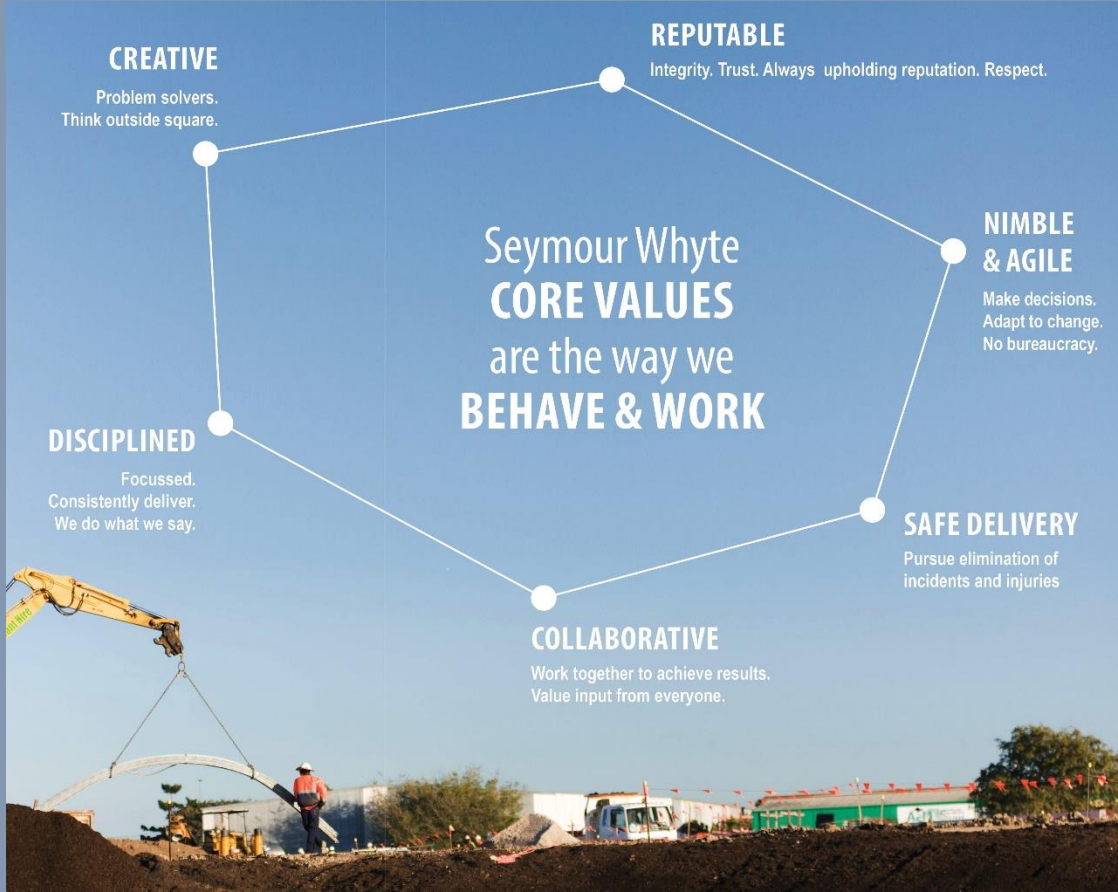
- Gold sponsors of the 'One Hundred and One Years' a major event of the Queensland Music Festival
- 'Far North Qld Indigenous Projects' – a series of learning experience programs for indigenous youth of Yarrabah and Cape York
- Continuing our involvement in the annual National Association of Women in Construction Crystal Vision Awards





# INVESTING IN PEOPLE

- Voluntary employee turnover decreased to 10.5% to June 2015
- Successful integration of Group Human Resources Program within the Utilities business
- Launched Project Managers' training and leadership program
- Developed corporate values for Seymour Whyte – a key integration initiative
- Appointed a new Managing Director – John Kirkwood (commences 26 October 2015)
- Strengthened the Board with the appointment of David Wilson (from 1 July 2015)



# STRATEGIC OUTLOOK

## The Group remains focused on strengthening our core capabilities

- Leverage on NSW's increase in infrastructure spend
- Take core business to Victoria
- Organic growth of core operating divisions
- Strategic partner selection to value add and risk share
- Leverage instability in Tier 1 competitors to attract high calibre personnel
- Optimise project exposure levels to manageable amount
- Joint Venture opportunities for larger projects > \$150.0 million
- Selective strategic tendering – anticipate increased tendering costs for design and construct projects
- Award winning systems
- Leverage on higher margin capability of utilities business (Rob Carr)

