E&A Limited

Company update

March 2013

About us

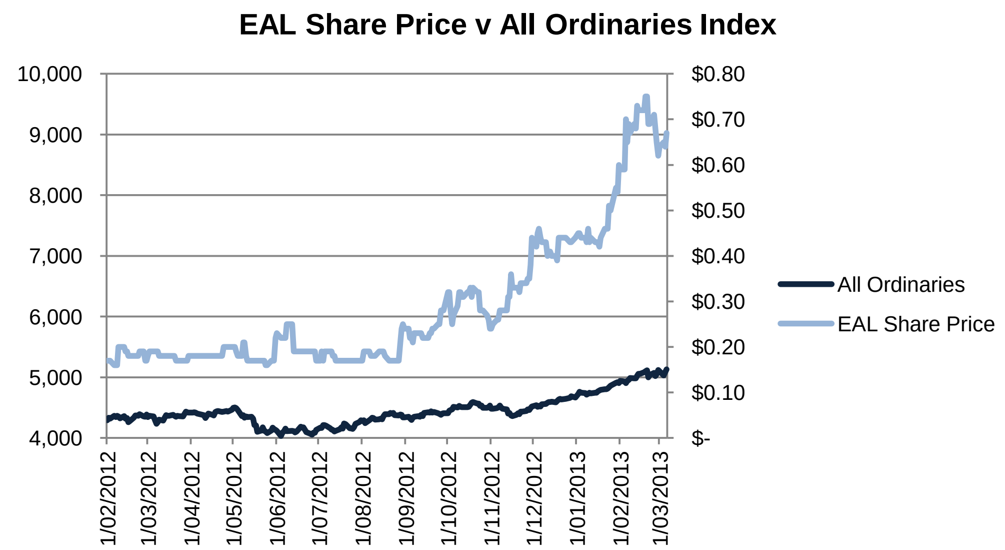
E&A Limited is a publicly listed investment company which operates eight wholly owned subsidiaries across the mining, resources, defence, water, energy and financial services industries.

E&A Limited provides its services through the following business segments:

- Heavy Mechanical & Electrical Engineering
- Water & Fluid Solutions
- Maintenance Engineering & Plant Construction
- Investment & Corporate Advisory

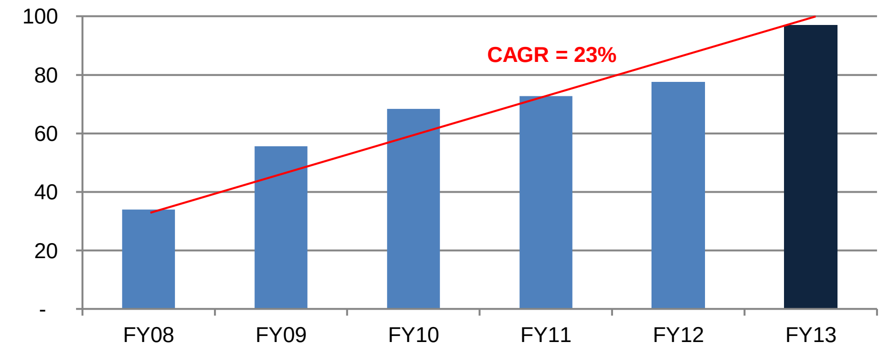
Key information

Key EAL Statistics	
Ticker Code	EAL
Market Capitalisation ($m)	70
Shares on issue (m)	109.6
Share price (12 mnth range) (c)	16.0-78.5
TSR (rolling 12 mnths to 31 Dec 12) (%)	182
Net tangible assets per share (c)	6.5
Interim dividend (cents fully franked), payable 14 June 2013	2.5
Full year FY12 dividend (cents fully franked)	4.0
Revenue (circa $m)	200
Interest cover (times)	6.1

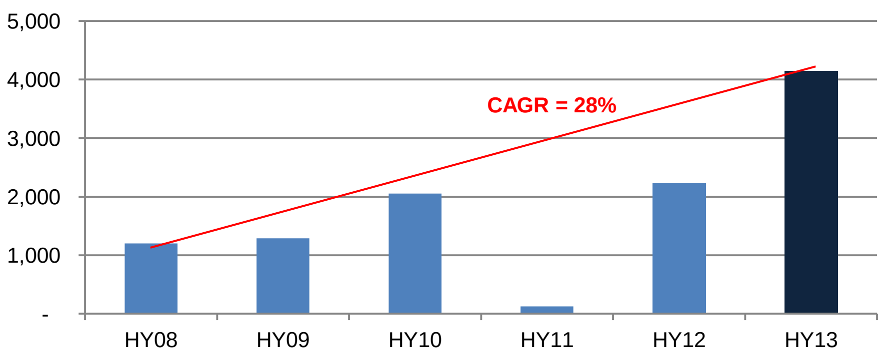


Historical performance

First Half Revenue by Financial Year
$ million



First Half Net Profit After Tax by Financial Year
$ million



EAL is in a “breakout year” built from 4 years of steady growth and business improvement.

The drivers have been:

- organic growth,
- culture, and an ethos of partnering
- exposure to growth sectors
- earnings accretive acquisitions
- alignment of shareholder and board interests…. “we have skin in the game”

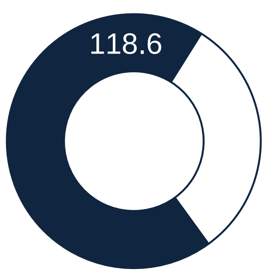
Operations

Our operations involve 4 activity streams performed by 8 financially independent businesses:

Heavy Mechanical & Electrical Engineering

- Ottoway Engineering
- ICE
- E & A Contractors

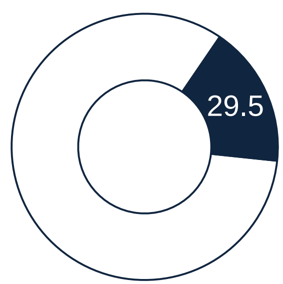
FY12 Sales revenue $118.6m
Employees: 480



Water & fluid solutions

- Blucher
- Fabtech

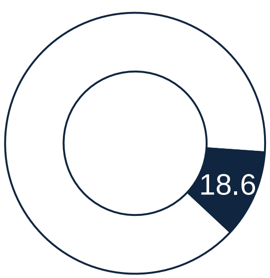
FY12 Sales revenue $29.5m
Employees: 102



Maintenance Engineering & Plant Construction

- Heavymech
- Quarry Mine & Manufacture

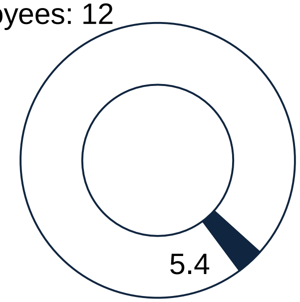
FY12 Sales revenue $18.6m
Employees: 106



Corporate & Advisory

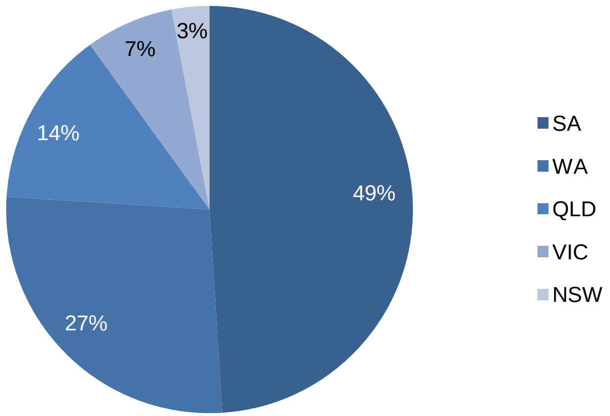
- Equity and Advisory

FY12 Sales revenue $5.4m
Employees: 12



Operations by region and client sector

E&A Limited FY2012 Revenue by State



Sector	Selected Clients
Oil and gas	Santos, Beach, Mondelaphous, Origin, Arrow, QLD Gas
Mining & quarry	BHP Billiton, Arrium, Sino Iron, Xstrata, Kerman, Exact, Boral, Jeffries, Cavpower, Fluor, Metso, Holcim, Penrice, McKechnie
Wind	Siemens
Defence	ASC
Civil Infrastructure	Thiess, SA Water, Melbourne Water, Barwon Water, Goulburn Water, Victorian Desalination

2013 Interim Results

2013 First Half Financial Highlights

FY13 Half Year Results Summary EAL Group (000's)	Half Year FY13	Half Year FY12	Percentage Change (%)
Revenue	**97,451**	77,971	**25%**
EBIT from continuing operations	**7,099**	4,793	**48%**
Net interest expense	(1,161)	(1,684)	**31%**
Net profit before tax	**5,938**	3,109	**91%**
Tax expense	(1,797)	(885)	**(103%)**
Reported statutory net profit after tax	**4,141**	2,224	**86%**
Cash from Operations	**4,666**	(5,037)	**193%**
Cash from Operations Before Tax and Interest	**7,137**	(2,896)	**346%**

- **Cash generated from operations of $4.7 million, up 193% from $(5.0) million**
- **Net debt in line with June 2012 and 32% lower than December 2011**
- **All 4 business segments increased earnings contribution**

2013 First Half Financial Highlights (continued)

FY13 Half Year Results Summary EAL Group	Half Year FY13	Half Year FY12		Percentage Change (%)
Earnings Per Share (cents)	**3.9**	2.3	▲	**70%**
EBIT Margin	**7%**	6%	▲	**1%**
Return on shareholders' funds*	**15%**	8%	▲	**7%**
Rolling 12 month TSR %	**182%**	-12%	▲	**194%**

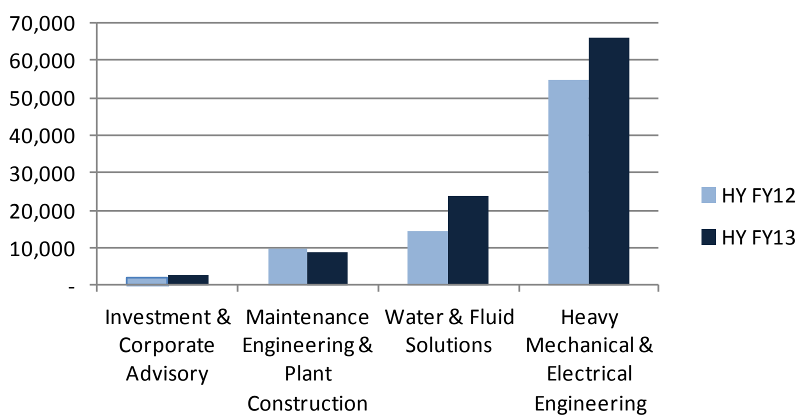
** Annualised half year result*

- **Return on Shareholders' Funds of 15%**
- **Rolling 12 month Total Shareholder Return (TSR) of 182% to 31 Dec**
- **Strong contracting performance in FY12 and FY13 driving continued growth**
- **Investment in wind tower capability expected to generate income from final quarter in FY13**

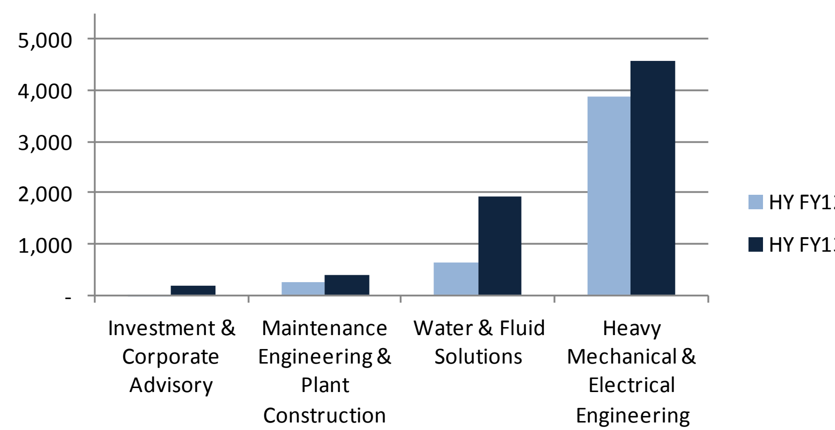
Revenue and Earnings Growth by Segment

FY13 Half Year Segment Contributions EAL Group ($'000's)	Half Year FY13	Half Year FY12		Half Year FY13	Half Year FY12	
	Revenue			EBIT		
Heavy Mechanical & Electrical Engineering	**66,256**	54,577	▲	**4,569**	3,898	▲
Water & Fluid Solutions	**23,857**	14,202	▲	**1,940**	649	▲
Maintenance Engineering & Plant Construction	**8,678**	9,702	▼	**404**	252	▲
Investment & Corporate Advisory	**2,746**	1,757	▲	**186**	(6)	▲
Total *(Excluding intercompany sales eliminations)*	**101,537**	**80,238**	▲	**7,099**	**4,793**	▲

FY13 HALF YEAR REVENUE CONTRIBUTIONS
E&A LIMITED

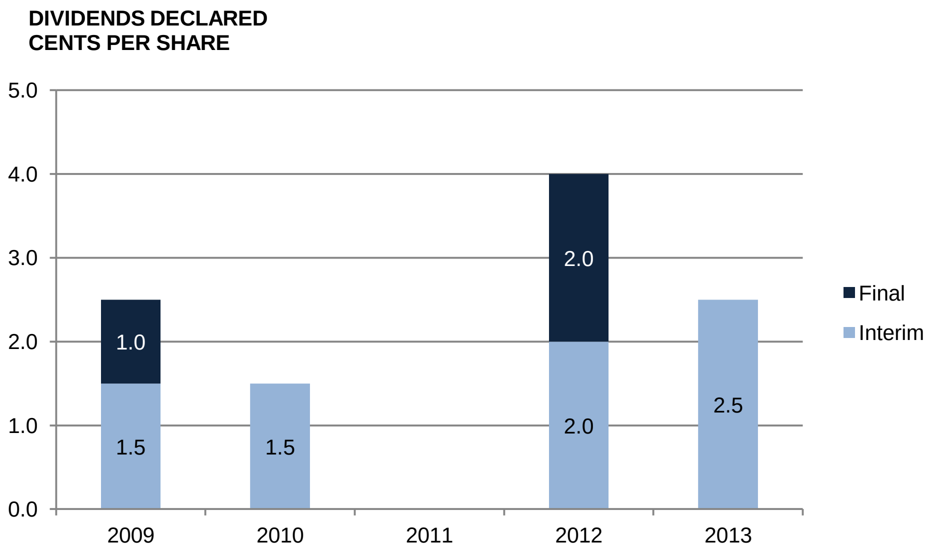


FY13 HALF YEAR EBIT CONTRIBUTIONS
E&A LIMITED



Dividend

- **Interim dividend increased to 2.5 cents per share fully franked**
- **Interim dividend represents a payout of $2.7 million, and distribution ratio of 64% of NPAT**
- **E&A Limited aspires to be high yield / high growth stock**
- **Target dividend payout ratio is 60% - 70% of NPAT**



Balance Sheet & Corporate Structure

BALANCE SHEET METRICS EAL GROUP	31-Dec 2012	30-Jun 2012	Change (%)
Cash ($m)	**4,155**	1,706	**144%**
Gross Borrowings ($m)	**27,686**	25,692	**8%**
Net Debt ($m)	**23,531**	23,986	**-2%**
Gross Debt to EBITDA (1st Half Annualised) (times)	**1.46**	2.41	**-95%**
Interest Cover Ratio (1st Half Annualised) (times)	**6.11**	2.59	**352%**

Balance Sheet & Corporate Structure

- E&A Limited is an investment company with 8 trading subsidiaries. Importantly, E&A Limited is not a trading company and accordingly offers security to its shareholders and financiers due to its diversified portfolio structure.

- E&A Limited has negotiated banking facilities that operate in a manner that ensures it retains the benefit of E&A Limited's investment portfolio structure.

- E&A Limited's banking facilities ensure that in the event that one of its operating entities encounters any difficulty it can isolate that entity and ensure that it doesn't infiltrate the other entities (similar to the way in which a submarine is constructed).


Fabtech Australia: LaTrobe City Council Highland Highway Landfill

Operations and outlook

Heavy Mechanical and Electrical Engineering

- **Ottoway Engineering**
  - Leading supplier and installer of pipes to hydrocarbon, mining, water and defence
  - Expansion of Adelaide & QLD fabrication facilities
  - New contracts for Thiess and Pelican Point and contract extensions from BHP, Santos and ASC
- **E & A Contractors**
  - Steel fabrication, structural engineering, procurement, maintenance, design and project management
  - Whyalla fabrication capacity expanded
  - Expansion into wind tower fabrication, contracts won
- **ICE**
  - Electrical services and contract labour to water, mining and mineral exploration
  - Responded to focus provided by restructure around 3 divisions: WA, Iron Triangle and Adelaide

HEAVY MECHANICAL & ELECTRICAL ENGINEERING	HY FY13	FY12	FY11
Revenue ($'000s)	66,256	118,605	106,454
Underlying EBIT ($'000s)	4,569	6,735	7,799

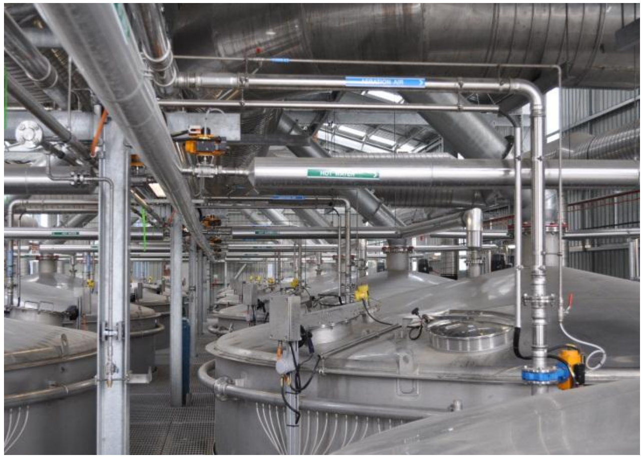
Sino Iron Power Station – Cape Preston, WA

Water and Fluid Solutions

- **Fabtech**
  - Australian market leader in geomembrane applications for liquid containment
  - Record sales driven by Qld coal seam sector
  - Significant new contracts secured for delivery in FY13 and FY14

WATER & FLUID SOLUTIONS	HY FY13	FY12	FY11
Revenue ($'000s)	**23,857**	29,452	24,190
EBIT ($'000s)	**1,940**	1,815	481

- **Blucher**
  - Stainless steel drainage and supply systems for industrial, commercial and residential
  - Record sales driven by Qld coal seam sector



Blucher – Pinkenba Malting Plant, QLD

Maintenance Engineering and Plant Construction

- **Heavymech**
  - General engineering, casting, fabrication, forging, plate and bar stock
  - Investment in CNC machining capacity during second half of FY13
  - Continued improvement of Whyalla operations
  - Strengthened on-site shutdown capability
- **QMM**
  - Services mine, quarry, concrete, asphalt and concrete sectors with repairs and maintenance, plant upgrade and construction, onsite breakdown and shutdown
  - Focus on repair and maintenance activity generating growth
  - Plant upgrade projects secured for second half
  - Mine maintenance activity subdued but expected to improve in second half

MAINTENANCE ENGINEERING & PLANT CONSTRUCTION	HY FY13	FY12	FY11
Revenue ($'000s)	**8,678**	18,561	19,818
EBIT ($'000s)	**404**	577	881

Investment & Corporate Advisory

- **Equity & Advisory**
  - Comprehensive corporate advisory with significant transaction experience formed in 1997
  - Segment result includes E&A Limited corporate overheads
  - Market for mergers and acquisitions activity improving
  - Increased order book of advisory mandates

INVESTMENT & CORPORATE ADVISORY	HY FY13	FY12	FY11
Revenue ($'000s)	**4,046**	2,979	2,876
EBIT ($'000s)	**186**	(548)	(266)

Safety

For the period ended 31 December 2012, EAL's major subsidiaries achieved the following Safety milestones:

- ICE completed its 5th year without a Lost Time Injury (LTI) and has worked more than 868,213 hours on site without a LTI.
- Ottoway Engineering has completed over 900 days without a LTI and has now worked more than 1.2 million hours in the workshop and on site without a LTI.
- E&A Contractors has completed two years without a LTI and has now worked more than 393,557 hours in the workshop and on site without a LTI.
- Fabtech has established industry leading safety systems and procedures, including AS4801 safety accreditation and has been LTI free for 1,340 days, which is in excess of 750,000 hours in the workshop and on site.

Business Drivers are Broadly Based and Positive

Segment	Business	Principal Drivers	Status
Heavy Mechanical & Electrical	Ottoway, ICE, E&A Contractors	Cooper Basin	Activity levels increasing with Cooper Infrastructure Expansion Project
		Coal Seam Gas	SE Qld activity levels increasing
		Wind Tower Construction	Facility upgrade committed, initial 20 Wind Towers ordered by Siemens
		Mining	Winning work in WA iron ore projects
		Defence	ASC - AWD Program
		Infrastructure	Preliminary work on new Royal Adelaide Hospital construction
Water & Fluid Solutions	Fabtech, Blucher	Coal Seam Gas	SE Qld activity levels increasing
		Waste Water Treatment	Providing increased opportunities
		Mining	Coal / Iron Ore / Gold & Copper / Mineral Sands opportunities
Maintenance Engineering & Plant Construction	QMM, Heavymech	Mining capex	Subdued construction and upgrade activity
		Repair and maintenance	Solid maintenance activity and breakdown repairs
Investment & Corporate Advisory	Equity & Advisory	Corporate Activity	M&A Activity improving slowly

Ingredients for longer term growth

Organic growth
- Existing businesses continue to develop

Acquisition
- Disciplined and risk-averse acquisition and funding model
- Targeted growth sectors

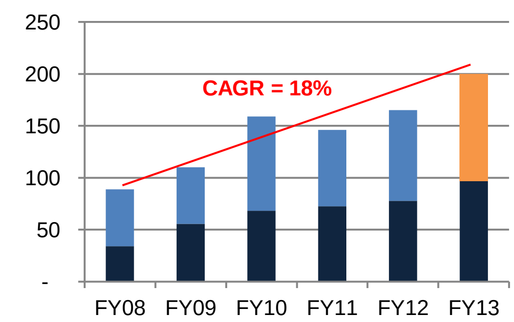
Partnering
- Company culture of partnering to add value

E & A Way
- Governance
- Systems
- Reporting
- Financial management
- Safety
- Engaged Management Style

Alignment of Interests
- Shareholders
- Directors
- Management

Targeted 5 year earnings growth rate to 2018

1st Half & 2nd Half Revenue by Financial Year ($ m)



FY13 2nd Half Forecast Revenue

Near term outlook

- **E&A Limited FY13 Half Year NPAT of $4.1 million exceeds FY12 Full Year result of $2.9 million**

- **All E&A Limited subsidiaries hold positive order book positions for the 2013 Calendar Year**

- **Group is on track for significant improvement in full year result compared with results reported in prior years and expects to deliver a similar second half earnings performance to that recorded in the first half**

- **Strategies for organic growth as well as acquisition growth continue to be considered by the E&A Limited Board of Directors**

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