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Australian Stock Exchange Ltd

EAL announces 3rd Quarter Earnings, affirms Full Year guidance and announces new contracts

3rd Quarter Earnings Update

The Directors of E & A Limited (EAL - ASX: EAL) are pleased to report an unaudited net profit after tax (NPAT) for the nine months ended 31 March 2013 of $6.040 million. The unaudited nine month result compares to the full year statutory NPAT of $2.88 million reported in the 2012 financial year.

EAL Executive Chairman, Mr Stephen Young, advised the third quarter trading results had the Company "on target" to achieve its 2013 full year earnings guidance as previously advised to the market. Mr Young said "I am pleased to affirm our earnings guidance provided in February 2013, which anticipated a second half earnings performance similar to that recorded in the first six months to December". EAL reported a NPAT for the 2013 first half of $4.1 million, up 86% on the previous first half result of $2.2 million.

Mr Young said the strong third quarter results were "especially pleasing given the challenges to productivity brought by the expansion and physical upgrades to our premises undertaken in the third quarter to accommodate our growth". These included:

(i) relocation of Ottoway Engineering premises from a 1,500m² facility at Ottoway to a 5,000m² facility in Wingfield with an associated 8,000 m² laydown area;

(ii) relocation of Ottoway Engineering's Dalby operations into larger premises in Dalby from an 800m² facility to a 3,000m² facility with an associated 10,000 m² laydown area;

(iii) capital upgrades and improvements totalling $5.0 million performed at E & A Contractors' Whyalla facilities in order to facilitate its new wind tower business; and

(iv) relocation of QMM operations to the 1,500 m² facility formerly occupied by Ottoway Engineering.

"The achievement of a strong third quarter against this backdrop of significant expansion and distraction from day to day operations necessitated by the relocations is a credit to all concerned" said Mr Young.

Mr Young drew shareholders attention to the recently released Bureau of Resource and Energy Economics (BREE) latest listings of Major Resource Projects, which showed no change in the budgeted value of committed projects as a consequence of contract overruns equal to the value of projects completed. The six monthly update estimated a total of $268bn in projects, which is dominated by the large LNG project developments now underway. These large LNG projects and other Gas and Petroleum projects account for $205bn, being 76% of the total $268bn.

Mr Young said "that EAL's subsidiaries were focused on supporting the construction of these major LNG projects and as a consequence, the EAL specialist engineering subsidiaries outlook remained strong".

Mr Young also commented "EAL was well positioned for further growth as its diversified specialist engineering contracting businesses have a balanced spread of exposure to the mining, oil & gas, power, renewable energy, infrastructure, water and defence industries.

Forthcoming Interim Dividend Payment

The fully franked interim dividend of 2.5 cents per share will be paid on 14 June 2013.

The dividend can be taken in cash or reinvested in EAL shares at a discount of 2.5% to the volume weighted average price of all EAL shares traded on the Australian Securities Exchange during the five trading days after the record date.

The record date for the interim dividend will be 3 June 2013 and the final dividend will be paid on 14 June 2013.

Fabtech secures $14 million APLNG pond lining contract with Leighton Contractors and other contract wins

EAL's wholly owned subsidiary, Fabtech Australia (Fabtech) has entered into a contract with Leighton Contractors Pty Limited for the supply and installation of geo-synthetic liners for the APLNG Reedy Creek Water Treatment Facility in the vicinity of Yuleba, Queensland. The value of the contract is approximately $14 million and the estimated completion date is anticipated to be in the final quarter of the 2013 calendar year.

Fabtech Managing Director, Graham Fairhead said "Fabtech is pleased to be working on this significant pond lining project for Leighton Contractors & APLNG. Fabtech is committed to delivering this project safely, on time and to specification".

This most recent contract win follows a number of other contract wins from Clough Downer Joint Venture, Energy Australia, Arrow Energy, Incitec Pivot and Ostwald Brothers. As a consequence of these contract wins, Fabtech expects to double its turnover for this financial year and the outlook for next financial year is also exceptional following these most recent contract wins.

"Fabtech has installed in excess of two million square metres of liners for coal seam gas water containment projects for the major Queensland LNG companies. Fabtech's experience and expertise in this environmentally sensitive field is industry leading."

EAL Executive Chairman, Stephen Young said "I am delighted to see E&A Limited's investment in Fabtech's safety, quality and people being recognised by one of Australia's leading geomembrane construction contractors."

Mr Young said "Fabtech continues to grow its national presence with increasing demand for its specialist skills on large scale and technical environmental projects for the water, mining and energy sectors."

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