E&A Limited

Investor Presentation

October 2013




Presentation Agenda

- E & A Limited Overview
- Safety Performance
- Company Structure
- Key Features
- FY13 Results
- Growth Opportunities
- Acquisition Capabilities & Opportunities
- Group Outlook
- Appendix - Segments

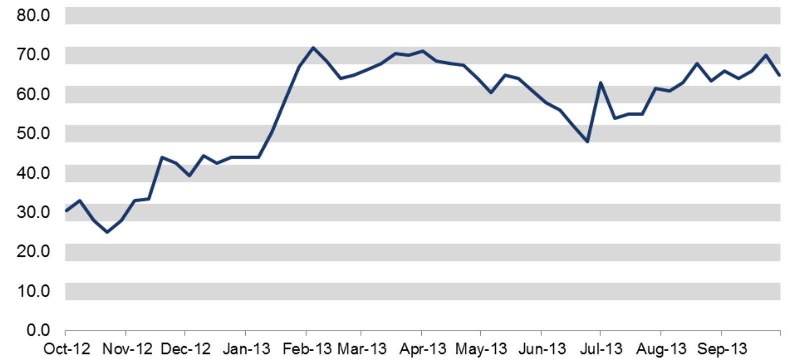
Overview

- **We operate businesses providing specialist services to the following industries:**
  - Oil & Gas
  - Renewable Energy
  - Power and Water
  - Mining
  - Defence
  - Infrastructure
- **E&A services include:**
  - Heavy engineering / fabrication
  - Water management (piping, evaporation ponds)
  - Wind tower fabrication
  - Repairs & maintenance
- **E&A has strong record of growth** through a combination of organic growth and acquisition

Key Data as at	11-Oct-13
Ticker code	EAL
Shares on issue	113M
Share Price	$0.66
Market Capitalisation	$74.6M
Employees	800+

Board	Ownership (Aug 13')
Stephen Young – Exec Chair.	48.2%
Mark Vartuli - Exec Dir.	14.0%
Michael Abbott - Non Exec Dir	2.3%
Michael Terlet - Non Exec Dir	0.7%
David Klingberg - Non Exec Dir	0.2%

Share price chart (cps)

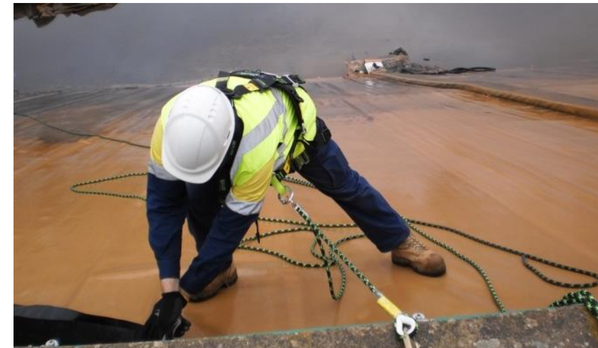


Safety Performance

Outstanding Safety Performance

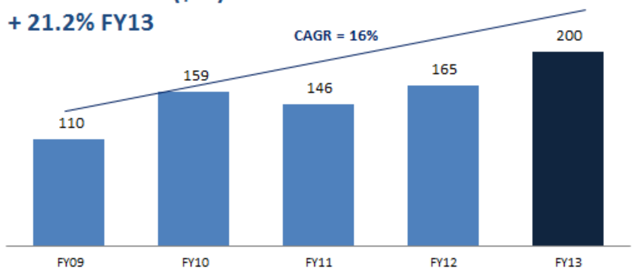
A number of EAL's subsidiaries achieved significant safety milestones as at 27 August 2013 and the major industrial employers have AS 4801 Safety Accreditation :

- **ICE: 2,155 days** LTI free, over **1,126,930 hours** worked on site without a LTI.
- **Fabtech** has LTI free for **1,520 days**, which is in excess of **1,000,000 hours** in the workshop and on site.
- **Ottoway: 1,090 days** LTI free, over **1,744,000 hours** in the workshop and on site without a LTI.
- **E&A Contractors: 1,097 days** LTI free, over **877,600 hours** in the workshop and on site without a LTI.

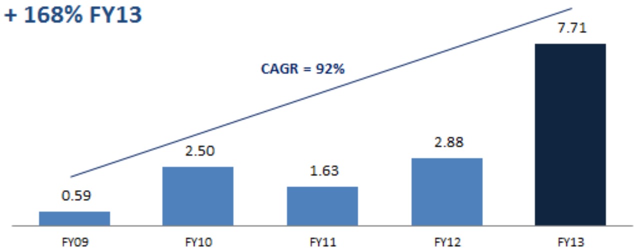


5 Year Historical Performance

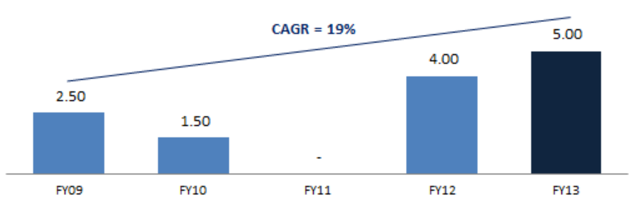
Sales Revenue ($M)
+ 21.2% FY13



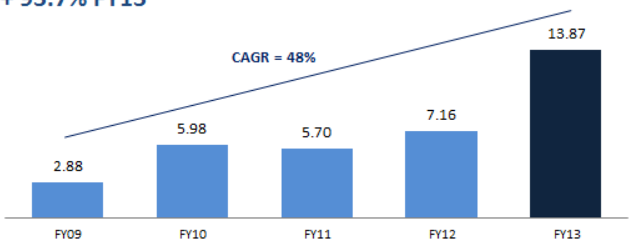
NPAT ($M)
+ 168% FY13



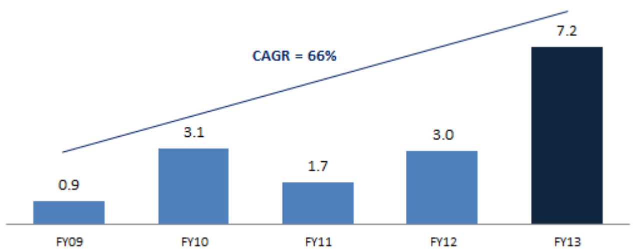
Dividends per Share (Cents)
+ 25% FY13



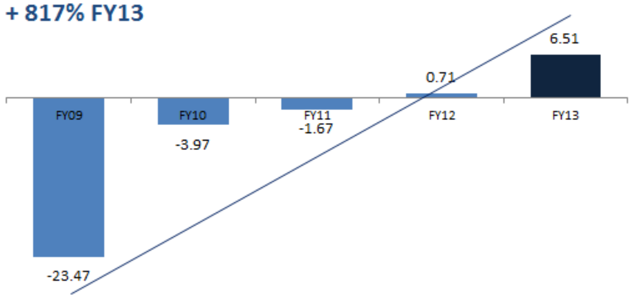
EBIT ($M)
+ 93.7% FY13



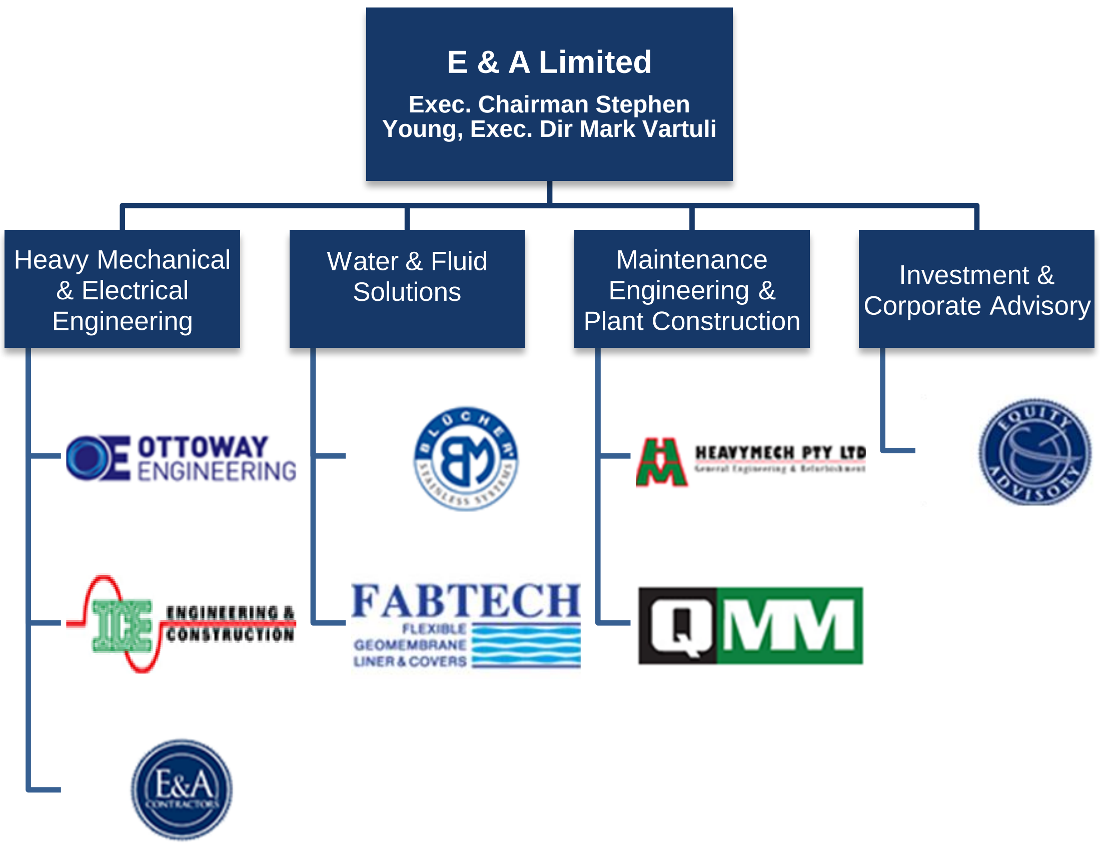
Earnings per Share (Cents)
+ 140% FY13



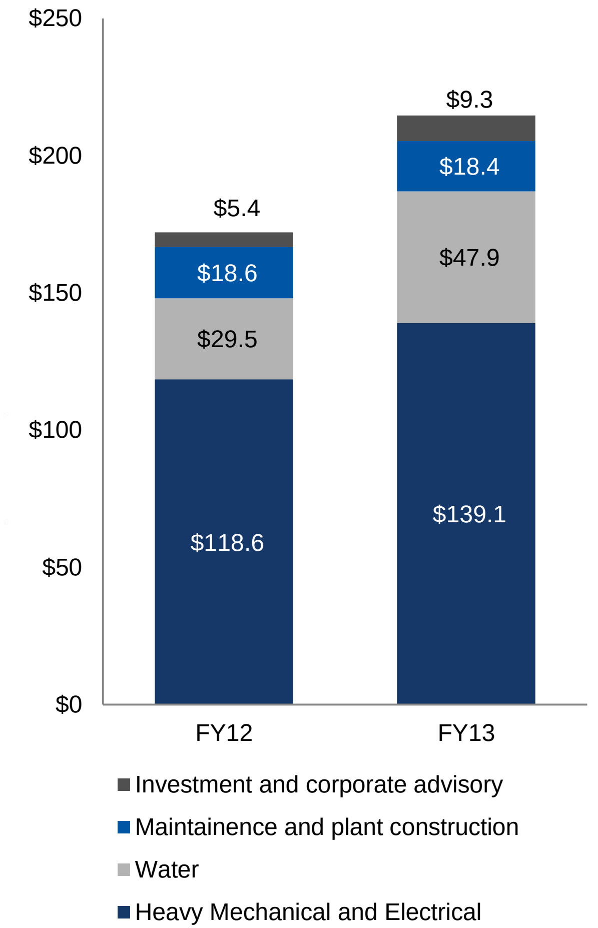
Net Tangible Assets per Share (Cents)
+ 817% FY13



Structure



Revenue by Segment ($M)



Key Features

Well exposed to Gas and CSG growth

- **50% of FY14 revenue from oil, gas and CSG**
- Multiple points of exposure along value chain
- Key supplier to critical water management of CSG
- Footprint across Cooper Basin, Queensland, and won first NSW contract in September 2013

Leading Australian supplier of wind tower

- **One of two leading Australian fabricators of wind towers**
- $5 billion of committed capex plus $15 billion potential investment in wind forecast
- East Australian energy market and government Renewable Energy Target (RET) driving long term demand

Specialist engineering services with broad exposure

- **Large recurring base of work of maintenance and specialist repair work**
- Specialist pipe spooling, fabrication and engineering services to resources, water and energy sectors
- One of the few remaining heavy engineering workshops with specialist fabrication equipment and skills

Proven value-add business model

- **Systematic integration and improvement has lifted $85m of acquired revenue to $200m**
- Record of value adding acquisition and development of businesses
- Strict and disciplined acquisition and funding metrics (<5x EBIT)

Key Features (cont.)

Business Disciplines

- The commercial acumen and experience of our management team
- Disciplined E&A Way approach to managing our investments
- Diversity of our Investments
- Geographical and Industry spread;
- Growing Industries: oil & gas, mining and resources, defence, water, infrastructure and energy;
- Risk Averse Acquisition Model
- Banking relationships
- Aspiration to be high growth, high yield.

Strong outlook across the business

- **Heavy Mechanical & Electrical Engineering**: Expected earnings improvement in FY14
- **Water & Fluid Solutions**: Forecast to deliver improved FY14 results
- **Maintenance Engineering & Plant Construction:** Expect earnings improvement in FY14
- **Investment & Corporate Advisory:** Positive FY14 earnings expected, after absorbing the cost of maintaining E&A Limited's corporate office

FY13 Financial Results

Profit and loss
- EPS increased to 7.2cps from 3.0cps
- All segments reported organic growth
- EBIT margin expanded to 7% on increased revenue
- CSG, Infrastructure and Water the key drivers

Cash flow
- 143% increase in underlying Operating Cashflow
- Increase in working capital associated with 22% revenue growth
- Investment of $13 million in wind tower capability and workshop upgrade
- FY12 comparative includes $6 million "one-off"

Balance sheet
- Debt increase due to $13 million wind tower and workshop investment, working capital
- High debt serviceability
- Earnings from wind tower and workshop upgrades to commence FY14
- Return on shareholders' funds was 14% compared to 5% achieved in FY12

$M unless indicated	FY13	FY12	Change
Revenue	200.0	164.4	22%
EBIT	13.9	7.2	93%
EBIT margin (%)	7.0%	4.4%	+ 2.6ppt
Net profit after tax	7.7	2.9	166%
Earnings per share (cps)	7.2	3.0	140%
Operating cash flow	5.1	8.1	-37%
Underlying Op.C/F	5.1	2.1	143%
Capex	12.8	2.4	433%
Net Debt	35.1	24.0	46%
Interest cover (times)	5.0	1.9	n/a

FY13 Segment Performance Summary

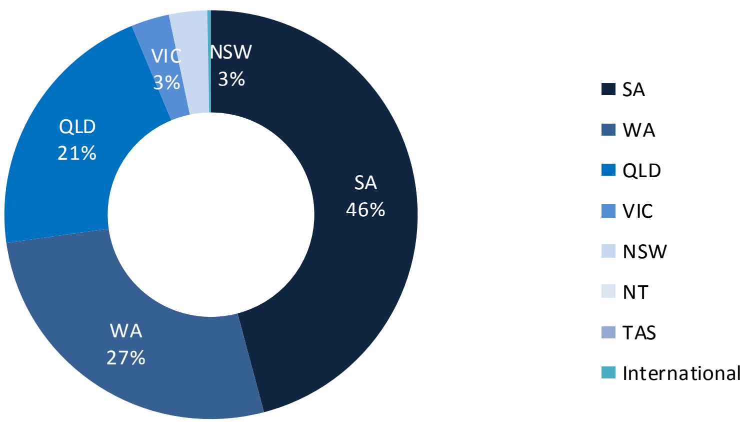
Full Year segment contributions	FY13	FY12	FY13	FY12
(in thousands)	Revenue		EBIT	
Heavy Mechanical & Electrical Engineering	**139,115**	118,604	**6,943**	5,319
Water & Fluid Solutions	**47,871**	29,452	**5,015**	1,816
Maintenance Engineering & Plant Construction	**18,352**	18,562	**911**	576
Investment & Corporate Advisory	**9,250**	5,428	**1,005**	-548
Total (ex intercompany eliminations)	**214,588**	172,046	**13,874**	7,163

- **All segments increased EBIT**
- Strong growth in the Water & Fluids Solutions and Heavy Mechanical & Electrical Engineering segments on the back of increased coal seam gas activity in QLD and significant infrastructure projects
- Margin improvement in Maintenance Engineering & Plant Construction segment
- Increased deal flow in Investment & Corporate Advisory

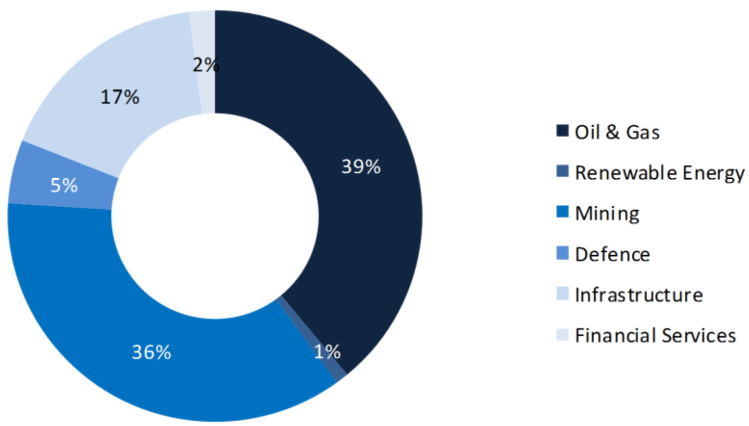
FY13 Operational & Strategic Highlights

- Safety record extended
- Wind Tower business
  - Acquisition and integration of capability
  - Siemens contract for 20 wind towers
  - $8 million investment in facility to give 100 tower pa capacity
- Expansion of CSG and Gas business
  - EAL has established strong exposure to CSG activity, as well as traditional Cooper Basin business
  - Four business supplying into CSG at various points on value chain
  - 50% of revenue to be sourced from gas and CSG sector in FY14
- Expansion and upgrade to facilities
  - Total $13 million investment in new capability and increased capacity
  - strategic locational upgrade in Queensland and Whyalla

FY13 Revenue by Geography



FY13 Revenue by Industry Sector



Organic Growth Opportunities

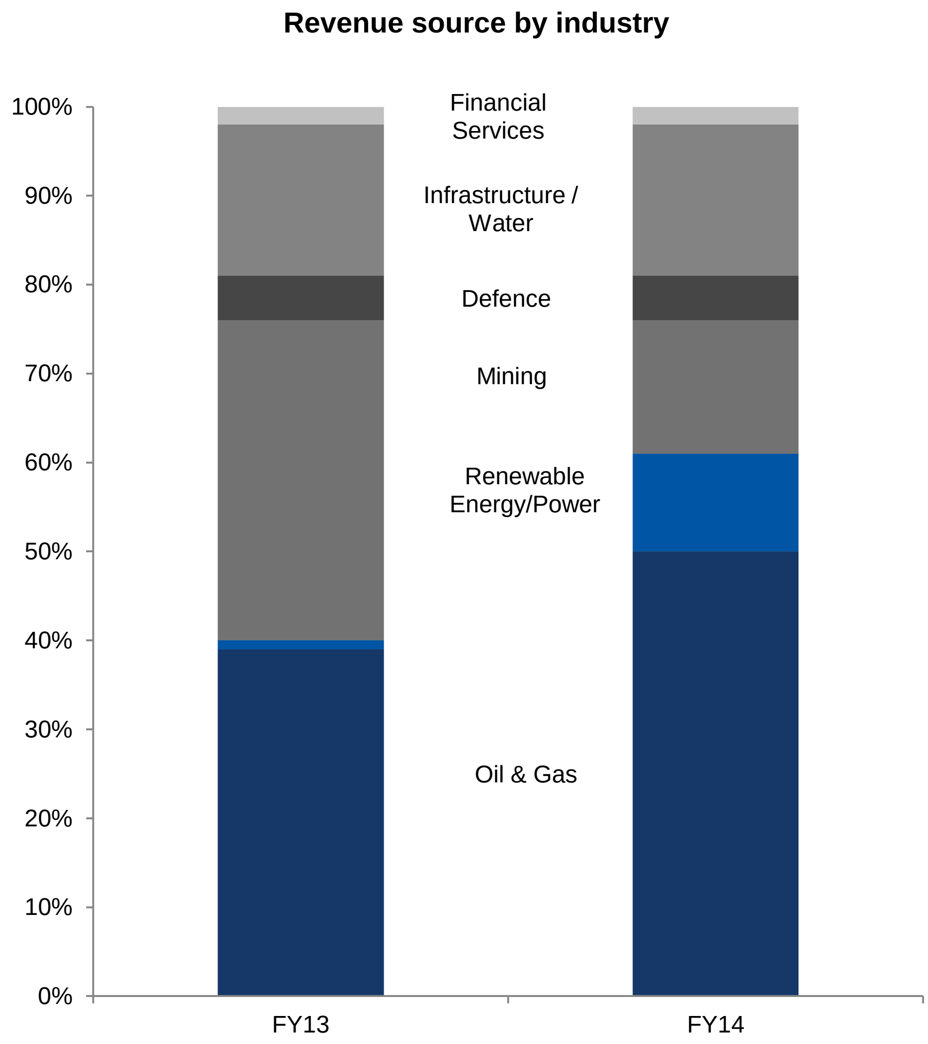
EAL have started FY14 with a record order book.

There is a significant end market shift underway. EAL expect to benefit from this shift with consistent organic revenue growth in the short and medium term.

EAL has transitioned its operations to capture multiple growth opportunities, in FY14 and beyond

EAL expect to see:

- An increasing proportion of revenues sourced from oil and gas/CSG/LNG opportunities.
- The emergence of renewable energy as a major revenue source starting in FY14 but growing in the years ahead.
- A reduction in the mining and defence share of EAL work, although EAL expects Abbott Govt. will release more ship construction work

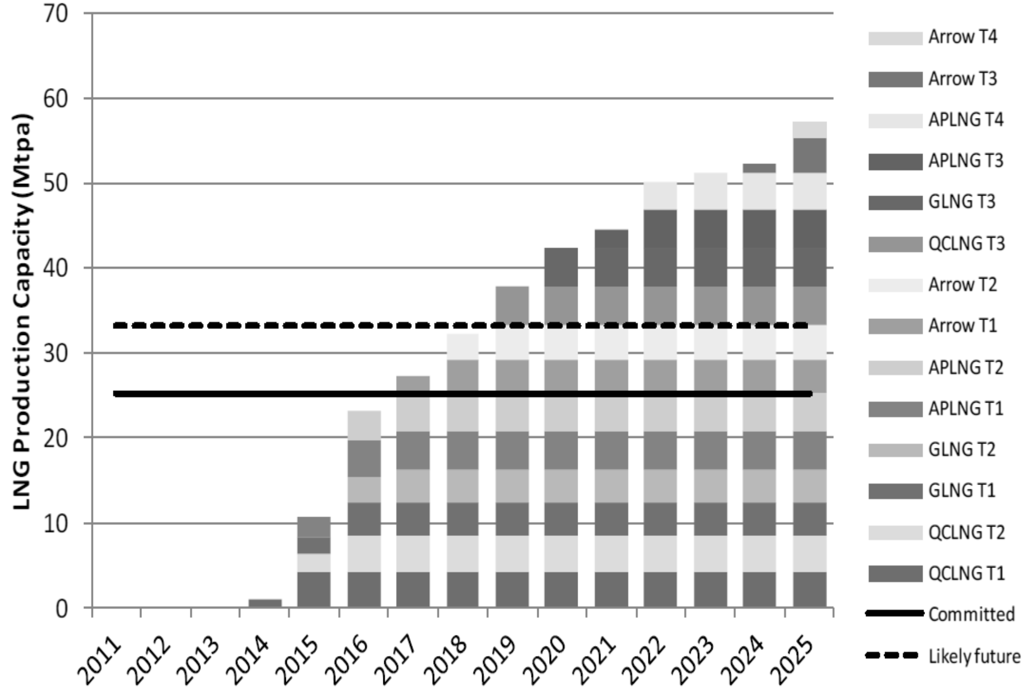


Oil & Gas/CSG/LNG markets

Oil & gas, CSG/LNG markets will supply 50% of EAL's FY14 revenues

- Four of EAL's companies already supply into these markets
- Most of EAL's opportunity in this market is in the Queensland CSG/LNG projects and Cooper Basin
- Queensland CSG/LNG has 4 major projects underway and due for completion 2015-2017 – total capex $90BN
- In CSG/LNG, EAL supply into most construction stages of the projects (gas gathering, water management, pipelines, plant construction)

Queensland CSG LNG Capacity Expansion.



Source:-ACIL Tasman Gas Demand Study March 2013

EAL Exposure to Gas & CSG

Pipework & electrical

- FY13 Oil & Gas revenue: $44M
- Qld CSG / Cooper Basin
- Services:

✓ Pipe design and spooling

✓ Electrical and instrument installation

Water management

- FY13 Oil & Gas revenue: $33M
- Qld CSG
- Services:

✓ Design, manufacture and install of geo-membrane liners

✓ Stainless steel Drainage and pressure pipe systems

Specialist engineering

- FY13 Oil & Gas revenue: $3M
- Cooper Basin
- Services:

✓ Breakdown and repair services, including maintenance of drill rig equipment

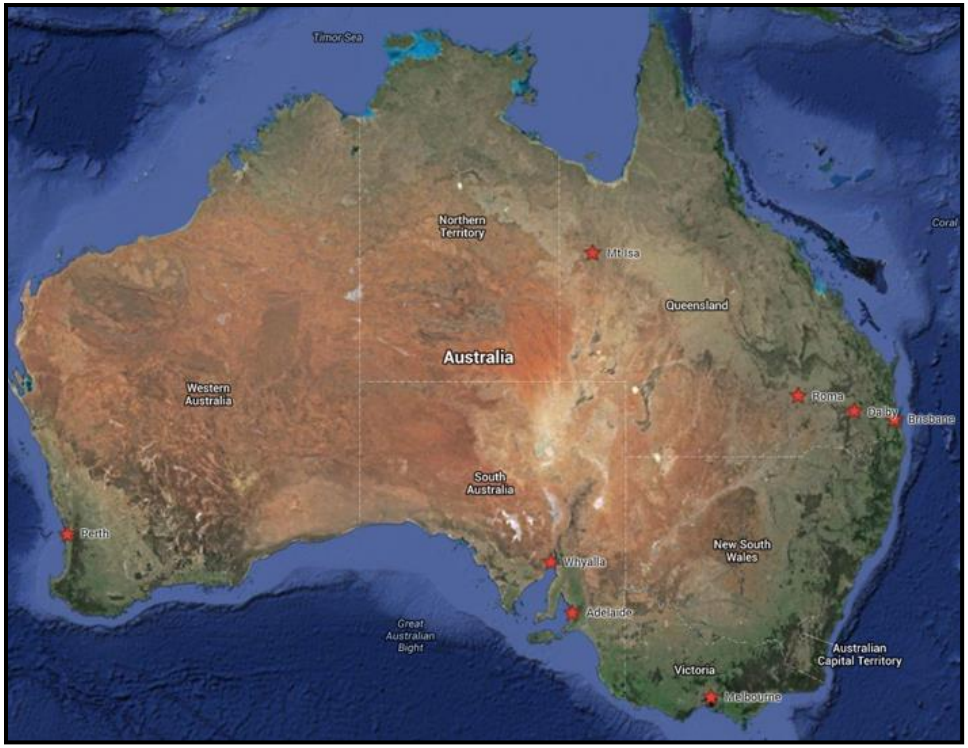
✓ Milling, boring, grinding, turning

Operations and Maintenance opportunities

Operations and Maintenance (O&M) is the next LNG/CSG opportunity

- Industry Capability Networks estimate the O&M for the seven LNG plants under construction in Australia at $4.1 billion p.a. from 2017
- Qld LNG plants represent about half of this
- Our businesses are well positioned to capture some of these long term recurring revenue opportunities.
- Dalby (Qld) Fabrication facilities and other regional offices provide a good footprint
- Ottoway & ICE Engineering Office, Bibra Lakes, WA

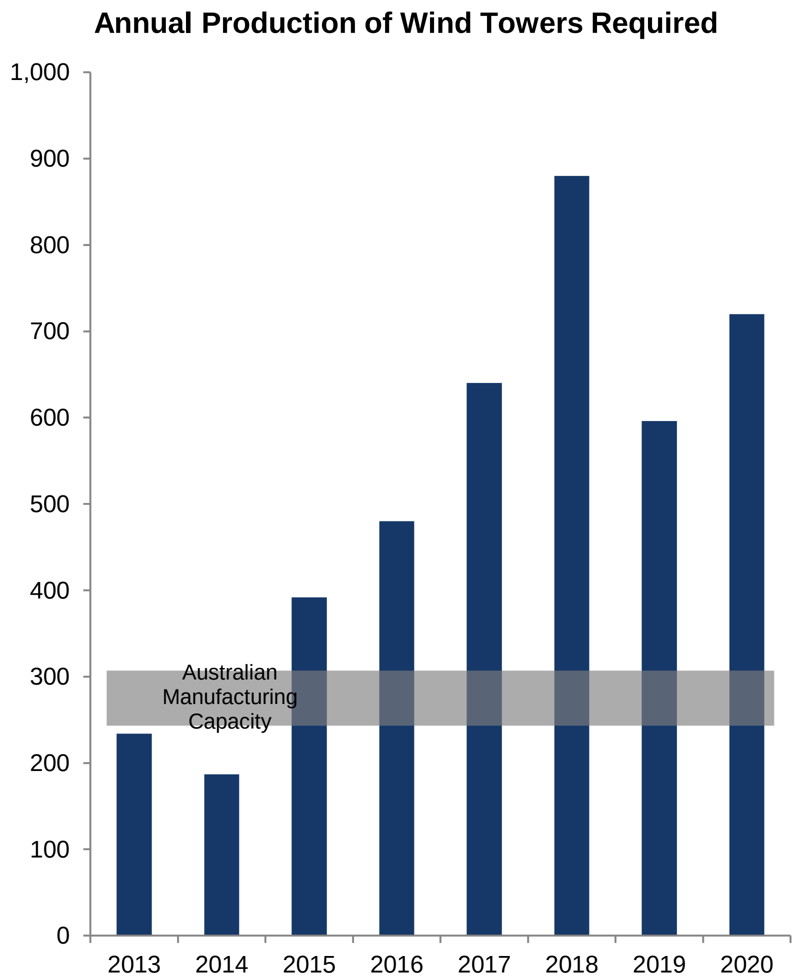
EAL facility locations



Opportunities in Wind Power

Renewable Energy Target (RET) projected to require 3,900 wind towers by 2020

- Wind is the most efficient form of renewable energy
- Demand is likely to skew towards end of decade
- Current Australian industry manufacturing capability is 250-300 towers annually
- EAL will be most competitive in areas closest to our manufacturing
- EAL expect to have fully ramped-up the facility by end FY15



Wind Power achievements & opportunities

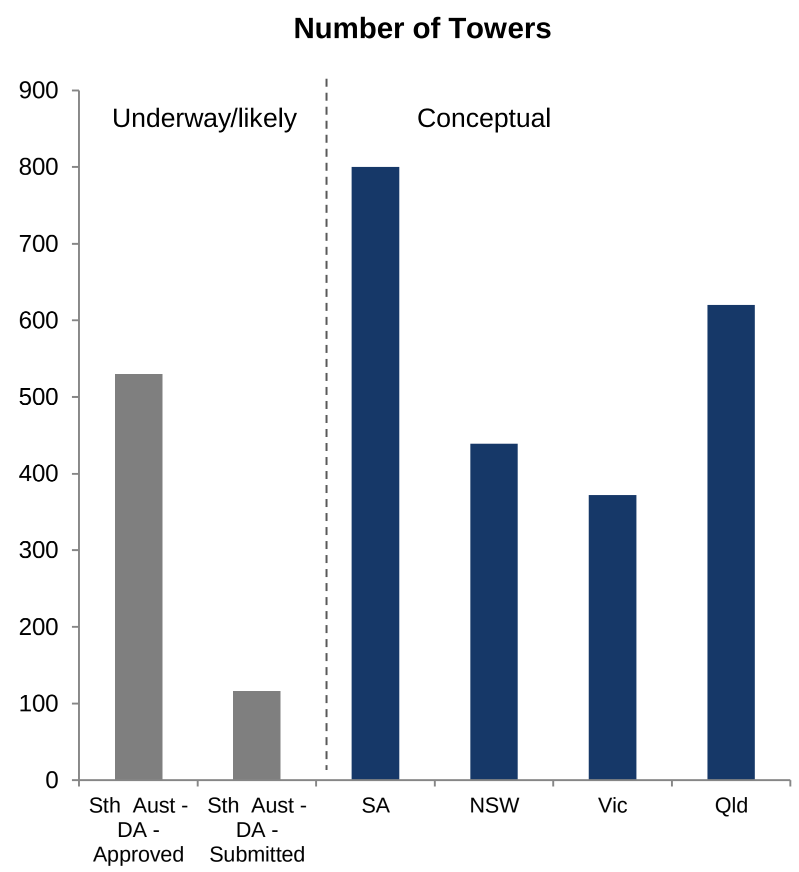
Australia has some of the best wind resources in the world. Australia's wind energy resources are located mainly in the southern parts of the continent (which lie in the path of the westerly wind flow known as the 'roaring 40s'). – Australian Government - Geoscience Australia

South Australian wind opportunities

- 7 projects with Development Approval
- 2 projects with DA submitted
- 12 projects at conceptual stage

What have we achieved so far?

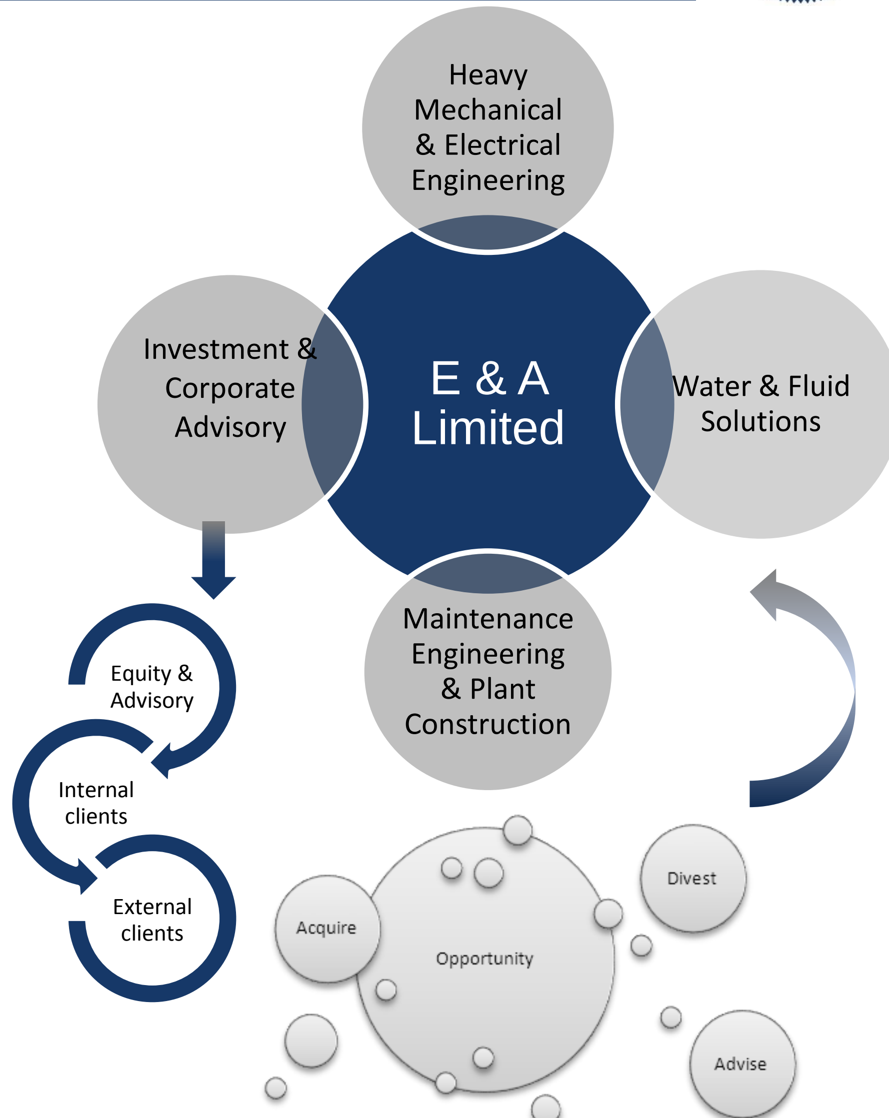
- ✓ In December 2012 we acquired the assets of Australia's largest tower manufacturer
- ✓ Employed experienced senior management
- ✓ $8M Whyalla facility upgrade
- ✓ $2M regional development grant
- ✓ Won first 20 wind tower contract - Siemens/Snowtown II.
- ✓ First tower delivered early FY14
- ✓ Lower AUD improves competitiveness



Investment & Corporate Advisory

Investment & Advisory operations

- A pool of specialised and skilled people targeted at internal and external clients
- Internally:
  - Provide corporate services
  - Provide advisory services, adding a skill set not usually available
  - Provide specific expertise & personnel as required
  - Implement E&A Way and drive growth
- Externally:
  - Provide advisory services
  - Generate fees
  - Client interaction opens a corporate opportunity window



Acquisition Philosophy and Discipline

E&A's stated acquisition investment philosophy includes a number of characteristics that are desirable for targeted acquisitions, including the following investment criteria:

- Value can be added through E&A Way Management Framework
- Value can be added as a result of synergies between the business and existing portfolio of E&A's businesses ("**Partnering to Create Value**")
- Strong position and/or niche/IP protected player in a market expected to experience **significant growth**
- Available for acquisition at or below its intrinsic value < 5x EBIT
- Board **control** and managerial influence can be obtained
- Within the areas of **expertise and experience** of E&A and its executive directors
- **Predictable cash flows**
- **Risk can be managed** and minimised through appropriate financial, legal, tax and accounting structures.
- Deliver **Return on Assets** employed of >20%

Successful Acquisition Record

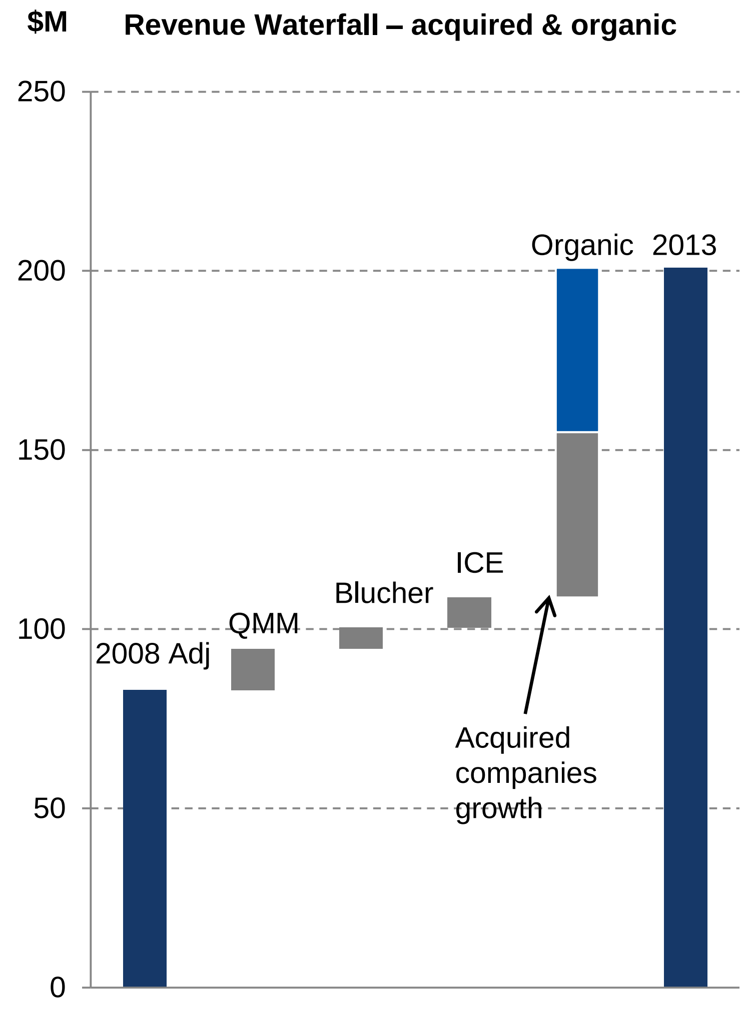
EAL management team have a proven track record in integrating acquisitions and delivering growth from those acquired companies:

- Acquired Business Revenue: $75M
- Organic Revenue Growth: $125M

Acquisition Targets

EAL is currently in discussions with a number of acquisition targets that meet its investment criteria and have the following attributes:

- Ideal bolt-ons for existing businesses where management have earned the right for further reinvestment into their business by E&A (either a geography and/or complementary services)
- New services, such as engineered housing and asset inspection



Group Outlook - FY14

- **E&A Limited subsidiaries start FY14 with record levels of work in hand.**
- Revenue & Earnings growth expected from investment in renewable energy wind tower fabrication facility and premises upgrades to service oil & gas and water sectors.
- Management expects strong cashflows to be generated over FY14
- E&A Limited is expecting an improvement in balance sheet ratios as earnings from wind tower fabrication and premises upgrade come on stream in FY14
- **Company is anticipating organic growth supplemented by earnings enhancing acquisitions at attractive prices.**
- E&A Limited expects to continue to be a high yield stock, with a payout ratio of between 60%-70% of NPAT for FY14
- **E & A Limited expects first half FY14 NPAT to exceed last year's record ($4.1M)**
- First quarter trading update will be announced with the AGM on 27 November, 2013

APPENDIX

Group segment reports

Heavy Mechanical & Electrical Engineering

Heavy Mechanical & Electrical Engineering *(in thousands)*	Full Year FY13	Full Year FY12	Percentage Change (%)
Segment Revenue	139,115	118,604	17%
EBIT	6,943	5,319	31%
EBIT margin	5%	4%	+1 ppts

- Comprises Ottoway, ICE Engineering and E&A Contractors
- Positive outlook, recent contract wins announced for Ottoway and EAC's investment into wind tower fabrication
- Ottoway has record high work in hand and is recruiting in order to meet client demand from Tier One contractors who require pipe spooling fabrication and installation for CSG processing facilities in SE Queensland.
- Ottoway is fabricating pipe infrastructure for the new Royal Adelaide Hospital
- EAC will focus on wind tower, AWD modules and Arrium construction work in FY14
- ICE experienced significant growth during FY13 resulting from large WA mining contracts. ICE expects to increase its exposure to the growing CSG market in FY14
- **Expected segment earnings improvement in FY14**

Water & Fluid Solutions

Water & Fluid Solutions *(in thousands)*	Full Year FY13	Full Year FY12	Percentage Change (%)
Segment Revenue	47,871	29,452	63%
EBIT	5,015	1,816	176%
EBIT margin	10%	6%	+4 ppts

- Segment comprises Fabtech and Blucher
- Strong performance off the back of the CSG sector in SE Queensland
- Fabtech: won three large CSG contracts in SE QLD and each contract has been in excess of $10m
- Fabtech has record workload outside QLD including first CSG contract in NSW
- Blucher: best year since acquired by EAL
- Blucher has introduced new product lines and entered new market segments
- **Segment is forecast to deliver improved FY14 results**

Maintenance Engineering & Plant Construction

Maintenance Engineering & Plant Construction *(in thousands)*	Full Year FY13	Full Year FY12	Percentage Change (%)
Segment Revenue	18,352	18,562	-1%
EBIT	911	576	58%
EBIT margin	5%	3%	+2 ppts

- Segment comprises QMM and Heavymech
- Strong second half project work improved earnings
- QMM outlook for the next six months is steady
- Heavymech's Whyalla operations grew significantly throughout the year
- Machinery upgrades & investment in CNC capacity made
- **Expect earnings improvement in FY14**

Investment & Corporate Advisory

Investment & Corporate Advisory *(in thousands)*	Full Year FY13	Full Year FY12	Percentage Change (%)
Segment Revenue	9,250	5,428	70%
EBIT	1,005	-548	n/a
EBIT margin	11%	-10%	+21 ppts

- Segment comprises Equity & Advisory and includes the listing and corporate costs associated with the parent entity, E&A Limited
- Earnings uplift driven by 70% growth in revenue and dividends received by E&A Limited from its subsidiaries
- Activity in the mergers, acquisitions and divestment field continues to improve slowly along with external client demand for Equity & Advisory's corporate advisory services
- **Positive FY14 earnings expected, after absorbing the cost of maintaining E&A Limited's corporate office. This aspect of E&A Limited's business structure in unique**

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