
E&A LIMITED

Building Shareholder Wealth



2014 First Half Results
20 February 2014

2014 First Half Highlights



Fabtech – Brine Ponds Lining, Qld



2014 First Half Highlights

Financial

- Record NPAT of \$4.4 million, up 6% from pcp and in line with guidance.
- Record revenue of \$116.8 million, up by 20%.
- Interim dividend increased to 2.75 cents fully franked.
- Total Shareholder Return: 57% and share price increase: 46% from pcp.
- Gearing reduced and balance sheet strengthened.

Operating

- Zero LTIs in 2014 first half across entire business.
- Outstanding safety performance against 19% growth in workforce size.
- Increased work and involvement in Coal Seam Gas (CSG) sector in QLD.
- Successful completion of inaugural wind tower contract.
- Order book grown underwriting increased activity in 2014 calendar year.

Strategic

- Established capability and reputation as a high quality wind tower supplier to specification.
- Transition of ICE Engineering (ICE) from predominately mining services to Oil & Gas market supplier.
- Successful \$5 million capital raising to institutional investors.
- Analysis of acquisition opportunities for expansion into related sectors and regions.



2014 First Earnings Performance



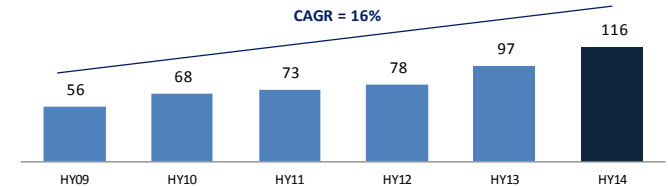
2014 First Half Earnings Performance

2014 Half Year Results Summary (in \$millions)				
	HY14	HY13	Change (%)	
Revenue	116.8	97.5	●	20%
EBIT	7.6	7.1	●	7%
Net Profit After Tax	4.4	4.1	●	6%
Fully Franked Dividend (cents)	2.75	2.50	●	10%

- Revenue of \$116.8 million, up 20%.
- Record first half EBIT of \$7.6 million, up 7%.
- Record first half NPAT of \$4.4 million, up 6%.
- Interim Dividend of 2.75 cents fully franked, up 10%.

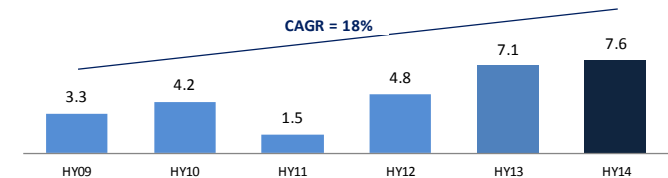
Sales Revenue (\$millions)

HY14



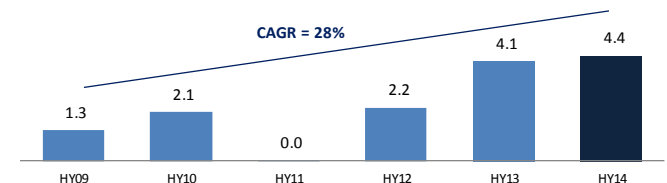
EBIT (\$millions)

HY14



NPAT (\$millions)

HY14



2014 First Half Cash Flow

2014 Half Year Cash Flow Performance (in \$millions)			
	HY14	HY13	Change (%)
Cash Flow from operations before interest and tax	3.4	7.1	● (52%)
Payment of interest and tax	(1.6)	(2.5)	● 37%
Operating Cash Flow	1.8	4.7	● (62%)

2014 first half cash flow reflects growth achieved in the business:

- working capital funding requirement associated with 20% revenue growth and current order book requirements; and
- contract invoicing arrangements prevalent in the CSG sector where fabricated product is only being paid for 30 days after delivery to site.

2014 second half cash flow anticipated to improve as work in progress is released.

Bemax claim progressed during period, cashflow injection expected upon settlement.



2014 First Half Balance Sheet Metrics

2014 Half Year Balance Sheet Metrics (in \$millions)			
	Dec 2013	June 2013	Change (%)
Cash	3.7	2.2	● 68%
Net Debt	37.1	35.2	● (5%)
Gearing	38%	39%	● 1%
Net Debt to EBITDA (times)	2.2	2.2	● -%
Interest Cover (times)	5.0	5.0	● -%

- Strengthened balance sheet, with improvement in gearing driven in part by earnings and capital raising;
- Net Debt increased due to \$6.6 million incurred on Capital Expenditure:
 - \$3.1 million relating to the Whyalla property acquisition housing E&A Contractors' wind tower manufacturing facility;
 - \$2.3 million relating to the Whyalla facility upgrade; and
 - \$1.2 million of expansion capital expenditure throughout the business.
- Strong debt serviceability maintained.



Safety & Our People



Fabtech – Anaerobic Cover Hatch Repair, Gippsland

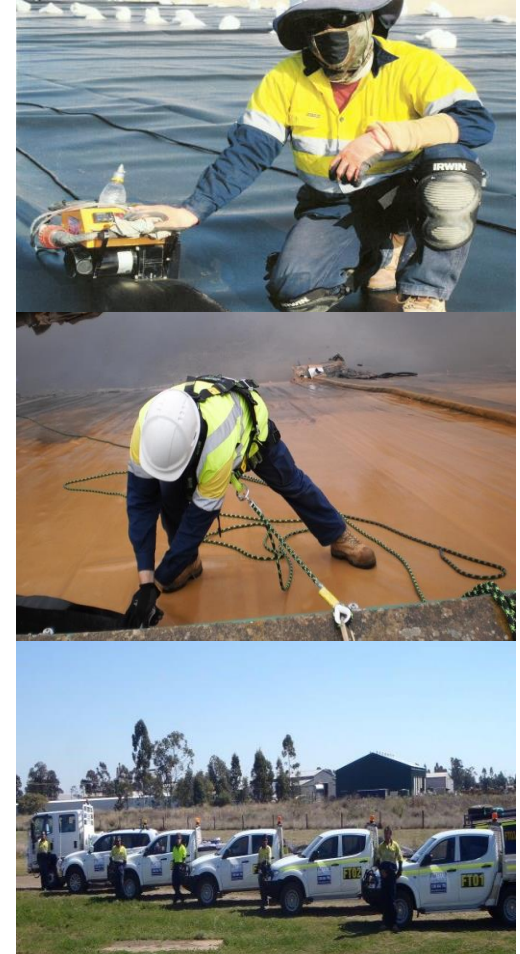


Safety & Our People

Outstanding Safety Performance

A number of E&A Limited's subsidiaries achieved significant safety milestones as at 7 February 2014:

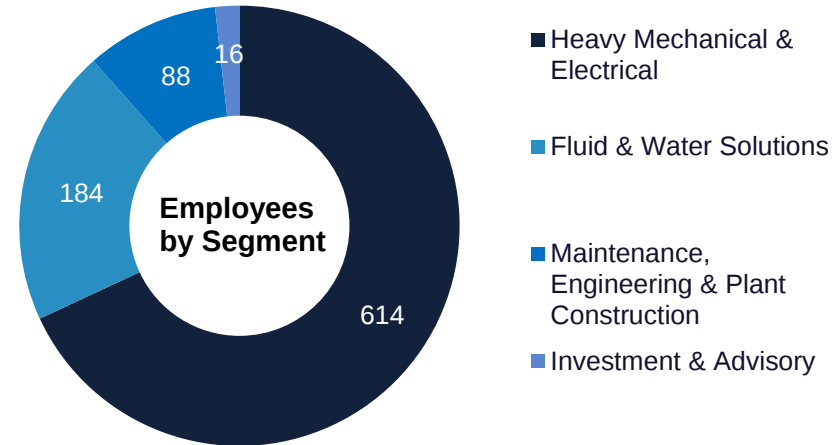
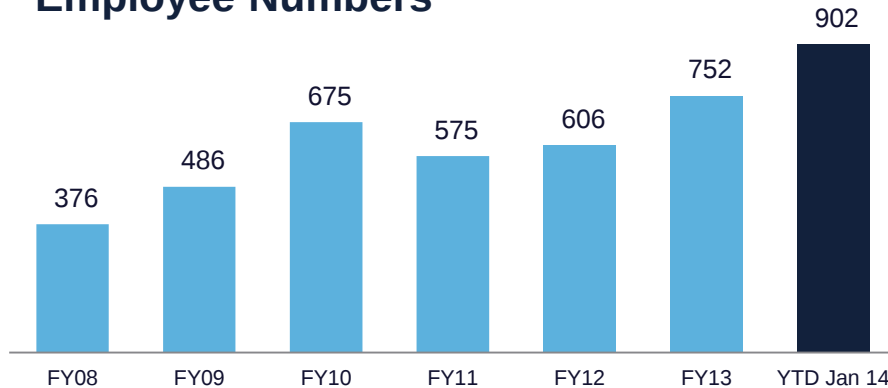
- **ICE: 2,336 days** LTI free, over **1,393,955 hours** worked on site without a LTI.
- **Fabtech: LTI free for 1,651 days**, which is in excess of **1,000,000 hours** in the workshop and on site without a LTI.
- **QMM: 1,475 days** without a LTI and has worked more than **334,723 hours** in the workshop and on site without a LTI.
- **Ottoway: 1,255 days** LTI free, over **1,500,000 hours** in the workshop and on site without a LTI.
- **E&A Contractors: 1,183 days** LTI free, over **937,468 hours** in the workshop and on site without a LTI.
- **Heavymech: 394 days** without a LTI and has worked more than **63,333 hours** in the workshop and on site without a LTI.



Safety & Our People

People Performance

Employee Numbers



- **Successful recruitment campaign increasing workforce by 19% since June 2013 to meet increased work demand.**
- **Entered into the WorkCover Retro Paid-Loss Scheme effective from 1 July 2013 which based on historical and year-to-date performance is expected to deliver savings.**
- **Applied for Workers' Compensation Self-Insurance which is expected to deliver further savings with targeted admission date of 1 July 2014.**



2014 First Half Segment Earnings



2014 First Half Segment Earnings

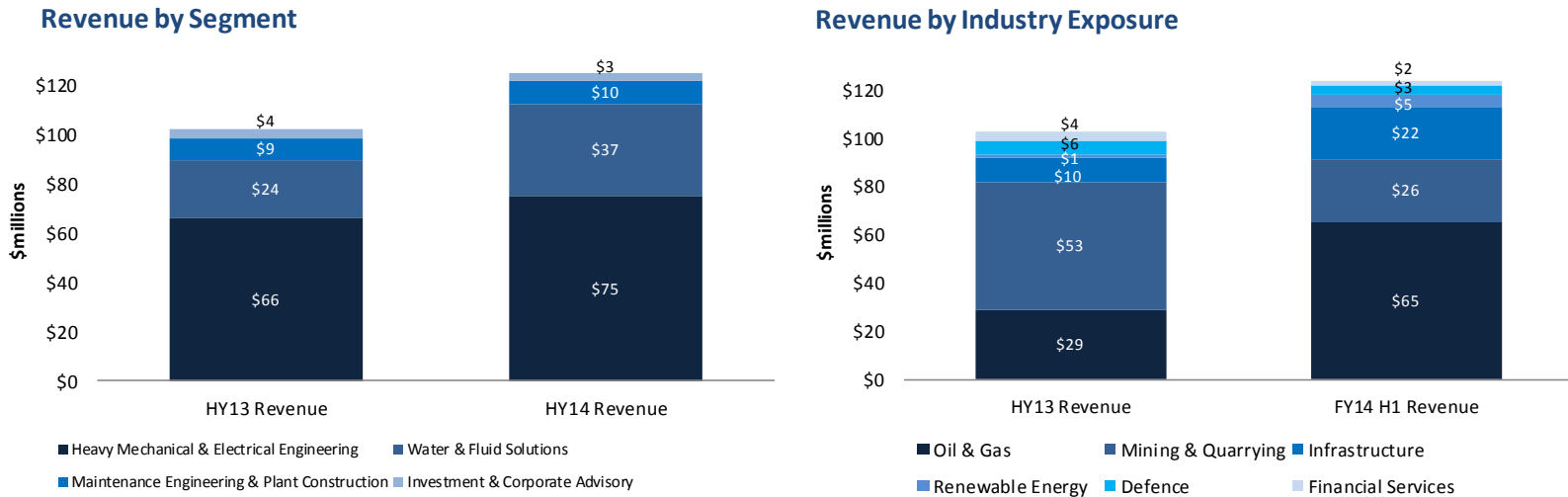
2014 First Half Segment Contributions (in \$millions)	Revenue			EBIT		
	HY14	HY13		HY14	HY13	
Heavy Mechanical & Electrical Engineering	75.4	66.3	●	1.7	4.6	●
Water & Fluid Solutions	37.3	23.9	●	5.0	1.9	●
Maintenance Engineering & Plant Construction	9.6	8.7	●	0.3	0.4	●
Investment & Corporate Advisory	2.7	4.0	●	0.5	0.2	●
Total (before intercompany eliminations)	125.0	102.8	●	7.6	7.1	●

- **Water Fluids & Solutions:** strong growth from CSG demand.
- **Heavy Mechanical & Electrical Engineering:** upskilling of capabilities with inaugural wind tower contract and ICE's transition to the Oil & Gas sector.
- **Maintenance Engineering & Plant Construction:** reflects market conditions and performance.
- **Investment & Corporate Advisory:** Increased demand and activity for Equity & Advisory services.



2014 First Half Segment & Industry Revenue

Successful transition from mining base to Oil & Gas while growing revenue



- Oil & Gas revenue up 124%.
- Oil & Gas revenue share now 53% of total revenue.
- Specialised engineering segments have all increased revenue in the Oil & Gas sector.
- Mining & Quarrying revenue reduced from 51% to 21% as a percentage of total revenue.



2014 First Half Segment Earnings

Heavy Mechanical & Electrical Engineering (in \$millions)				
	HY14	HY13	Change (%)	
Segment Revenue	75.4	66.3	●	14%
EBIT	1.7	4.6	●	(62%)

Heavy Mechanical & Electrical Engineering

- Comprises Ottoway, ICE Engineering and E&A Contractors
- Ottoway increased revenue and earnings in the oil & gas and infrastructure sector winning new work including Queensland based projects with Enerflex, Fluor, MacDow, QGC, Thiess and Transfield
- E&A Contractors completed wind towers to specification for Siemens achieving target efficiency and earnings by final unit
- Satisfied Siemens' supplier accreditation and acquired capability for efficient commercial performance of future contracts
- Currently tendering for wind tower contracts
- ICE completed transition to the Oil & Gas sector and is now conducting projects in Queensland, Northern Territory and South Australia



2014 First Half Segment Earnings

Water & Fluid Solutions (in \$millions)				
	HY14	HY13	Change (%)	
Segment Revenue	37.3	23.9	●	56%
EBIT	5.0	1.9	●	159%

Water & Fluid Solutions

- Comprises of Fabtech and Blucher
- Strong performance off the back of Queensland's CSG sector
- Fabtech: completed three large CSG contracts in Queensland
- Blucher: growing off CSG demand
- Good ongoing demand from CSG



2014 First Half Segment Earnings

Maintenance Engineering & Plant Construction (in \$millions)				
	HY14	HY13	Change (%)	
Segment Revenue	9.6	8.7	●	11%
EBIT	0.3	0.4	●	(18%)

Maintenance Engineering & Plant Construction

- Comprises of QMM and Heavymech
- Revenue up on plant construction work
- Softer market conditions for repair & breakdown work
- Difficult cost environment on plant construction work
- Base load repair & maintenance work on hand from drilling rig and foundry customers
- Second half focused on improving returns

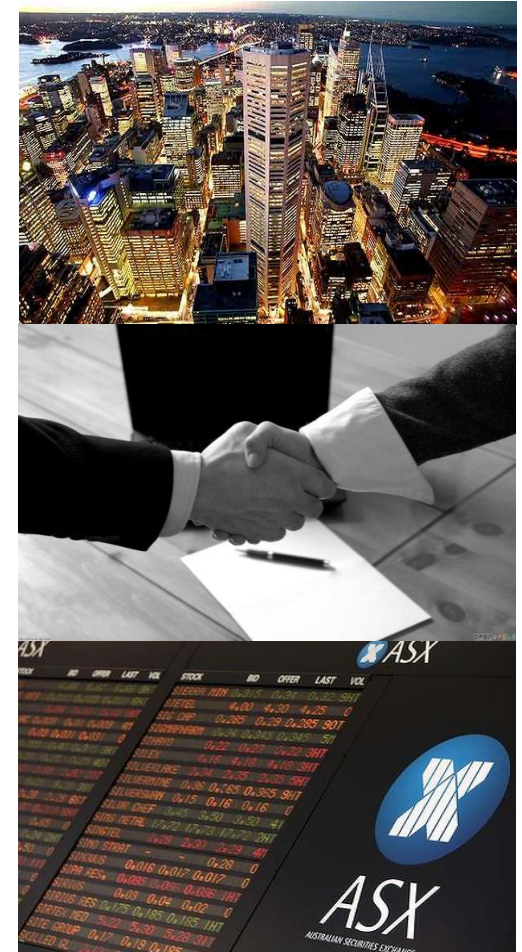


2014 First Half Segment Earnings

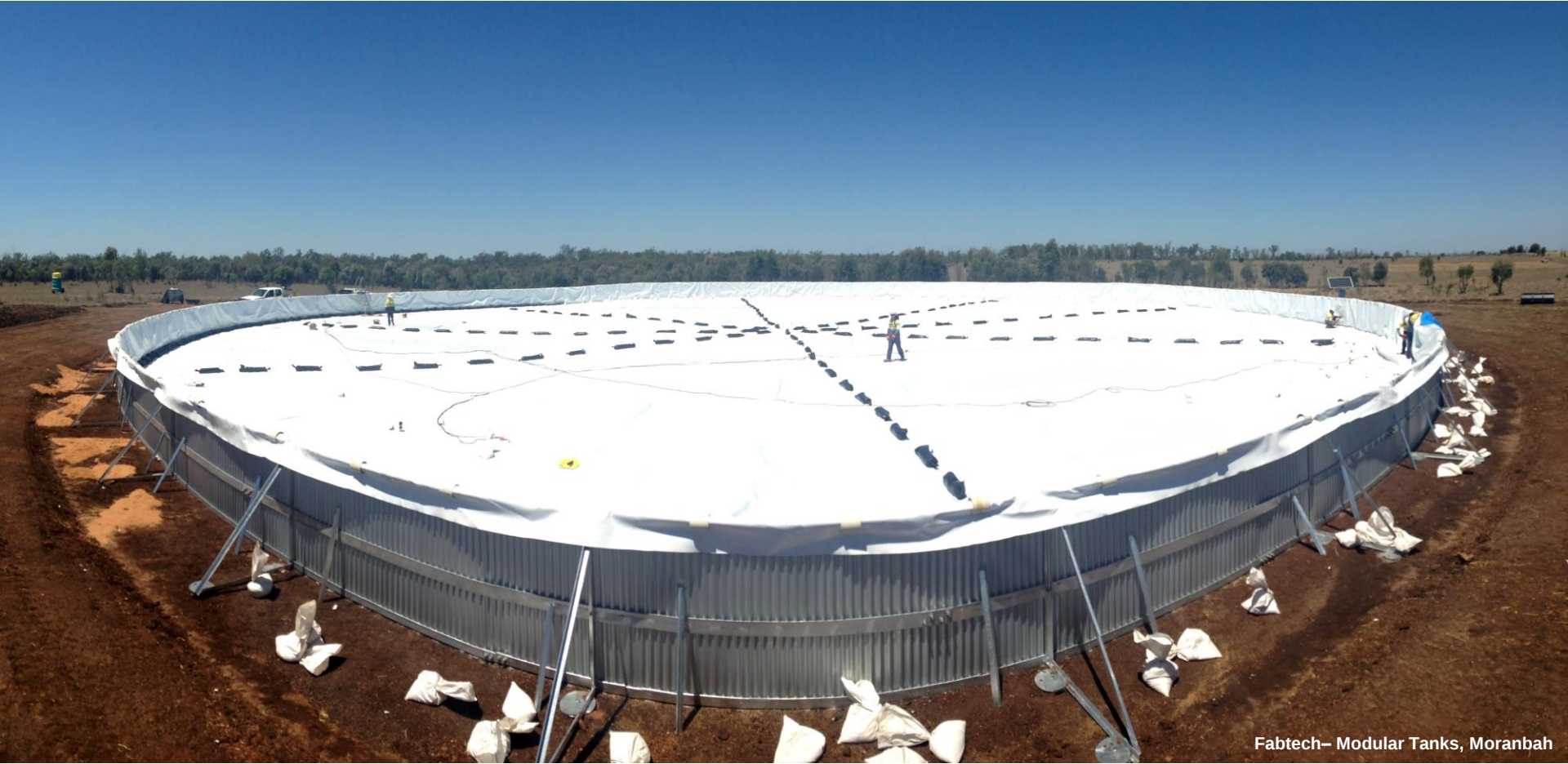
Investment & Corporate Advisory (in \$millions)	HY14	HY13	Change (%)
Segment Revenue	2.7	4.0	● (33%)
EBIT	0.5	0.2	● 174%

Investment & Corporate Advisory

- Comprises of Equity & Advisory and includes the listing and corporate costs of the parent entity, E&A Limited
- Earnings uplift driven by Equity & Advisory's activity levels & performance
- Activity in the mergers, acquisitions and divestment activity continues to grow along with external client demand for Equity & Advisory's corporate advisory services
- Workload and demand continues in the current calendar year



2014 Second Half Outlook



Fabtech– Modular Tanks, Moranbah



2014 Second Half Outlook

- EAL subsidiaries order books currently ahead of prior comparative period and support expectation of a record second half revenue.
- FY14 second half revenue & earnings expected to be comparable or better than FY14 first half.
- Tendering activity in the Oil & Gas sector remains high and EAL subsidiaries expect to continue to win work in the coming six months.
- EAL Senior Management remain focussed on managing execution risk and improving productivity for the benefit of both our clients and EAL subsidiaries.
- Cost pressure on large capital projects with disintermediation at work. EAL subsidiaries looking to leverage off grass roots supplier status in disintermediated supply chain.
- Assessing opportunities for acquisitive growth in related sectors, customers and regions.
- EAL expects FY14 full year NPAT to exceed its record FY13 NPAT.



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