
E&A LIMITED

2015 Half Year Results Presentation



26 February 2015

HY15 Highlights

Tasman Power – Hopper Installation, Solomon Mine WA



HY15 Key Features

Financial

- Revenue \$107.4m, down 8%
- NPAT \$2.3m, reduced by 47%
- Workload impacted by foreshadowed decline of CSG sector, iron ore and oil price drop
- Renewable Energy Target uncertainty continues to impact capacity utilisation

Operating

- Zero LTIs record extended across entire business
- Successful transition into workers' compensation self-insurance regime in SA
- Productivity & Profit Improvement Program in-progress and set to deliver second half savings and efficiency gains

Strategic

- Successful acquisition & integration of Tasman Power
- Focus on providing maintenance services, sustaining capital projects and shutdowns
- Well-placed for growing maintenance requirements from recently constructed \$300b mining & resource capacity



HY15 Earnings Performance

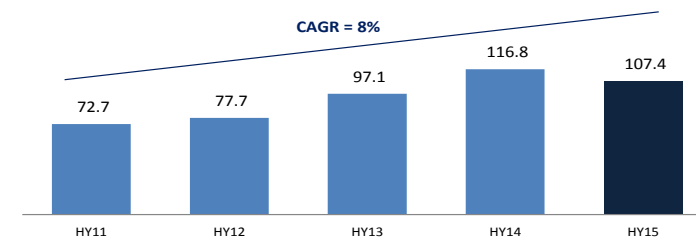


HY15 Earnings Performance

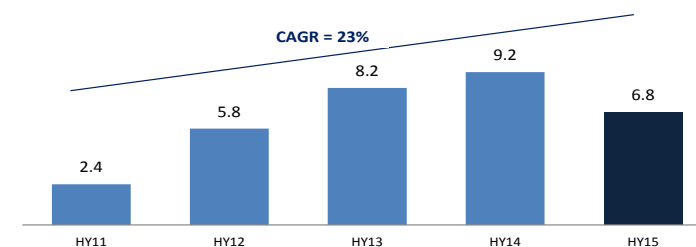
HY15 Year Results Summary (in \$millions)		
	HY15	HY14
Revenue	107.4	116.8
EBITDA	6.8	9.2
EBIT	5.0	7.6
Net Profit After Tax	2.3	4.4

- Revenue of \$107.4m, down 8%.
- EBITDA of \$6.8m, reduced by 26%
- EBIT of \$5.0m, compared with \$7.6m in pcp
- NPAT of \$2.3m vs \$4.4m in pcp
- Interim Dividend dependent upon resolution of significant disruption and delay claim

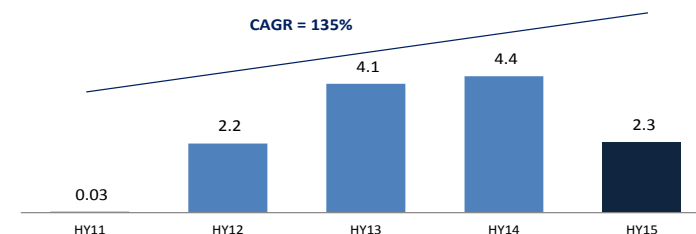
Sales Revenue (\$millions)
HY15



EBITDA (\$millions)
HY15



NPAT (\$millions)
HY15



HY15 Cash Flow

HY15 Cash Flow Performance (in \$millions)	HY15	HY14
Cash Flow from operations before interest and tax	(3.9)	3.4
Payment of interest and tax	(3.3)	(1.6)
Operating Cash Flow	(7.2)	1.8

- **HY15 cash flow impacted by working capital requirements associated with large construction projects undertaken for CSG, iron ore and infrastructure clientele**
- **EAL currently resolving a significant disruption and delay claim incurred in 2014**
- **Claim resolution expected before June 2015 resulting in significant improvement in second half cashflow and strengthening of balance sheet by reducing debt levels**



HY15 Balance Sheet Metrics

HY15 Balance Sheet Metrics (in \$millions)	Dec 2014	June 2014
Cash	2.2	0.4
Net Debt	61.1	44.6
Gearing	45%	38%
Interest Cover (times)	3.1	4.5

Increase in Net Debt is attributable to:

- Purchase of Tasman Power to expand EAL's footprint in WA and access to the Pilbara region; and
- Increased working capital needs associated with completing upstream CSG and iron ore construction contracts in QLD and WA.



Safety & Our People



Tasman Power – Drilling Conveyor Footings, Western Pilbara



Ottoway Engineering – New Royal Adelaide Hospital, SA



Safety & Our People

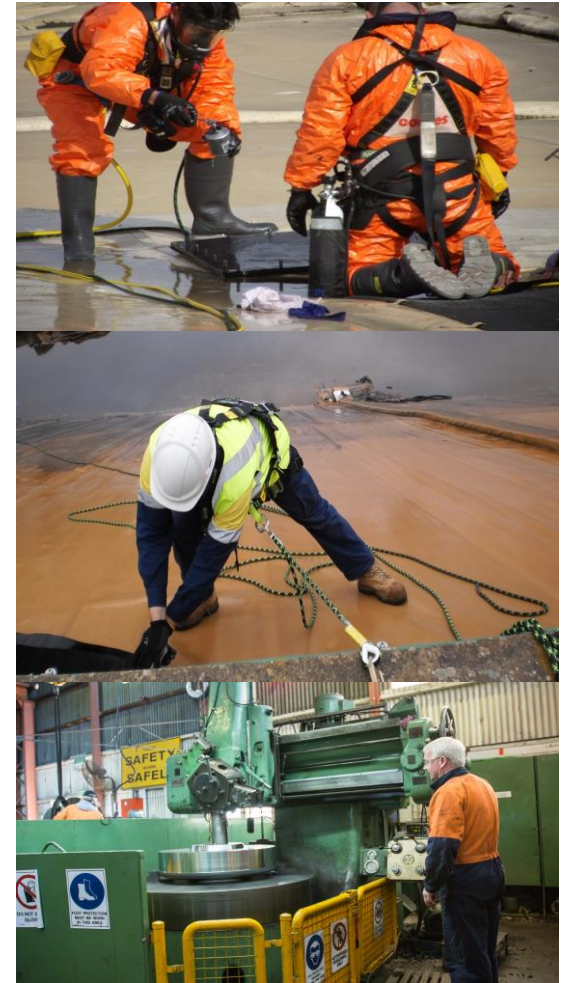
Record Safety Performance Extended

No LTI incurred in the period.

All of E&A Limited's subsidiaries extended their safety records, which as at 20 February 2015 are:

Subsidiary	LTI Free Days	LTI Free Hours Worked
ICE	3,125	>1,600,000
Fabtech	1,971	>1,500,000
QMM	1,855	>440,000
Ottoway Engineering	1,631	>2,500,000
Ottoway Fabrications	1,558	>1,100,000
Tasman Power	1,337	>595,000
Heavymech	769	>88,000

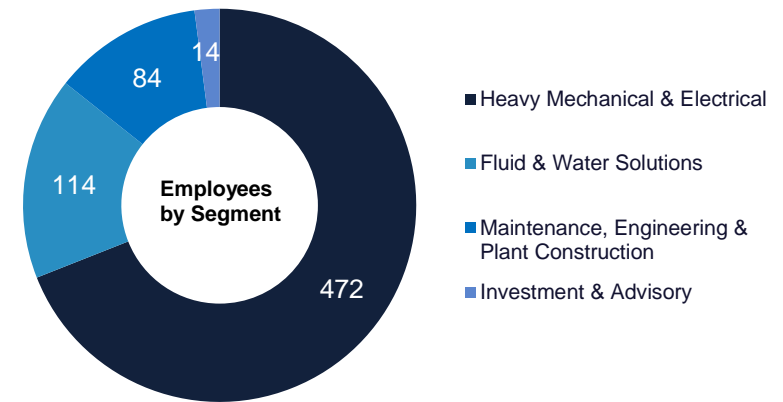
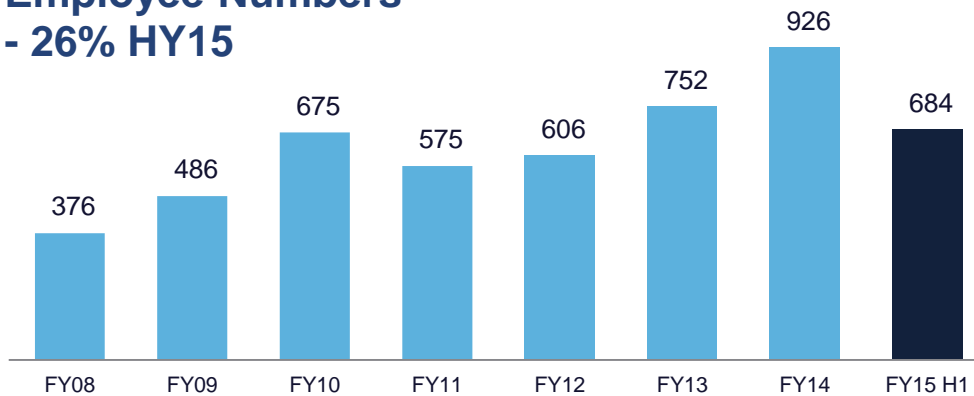
Blucher and Equity & Advisory are LTI free since their inception.



Safety & Our People

People Performance

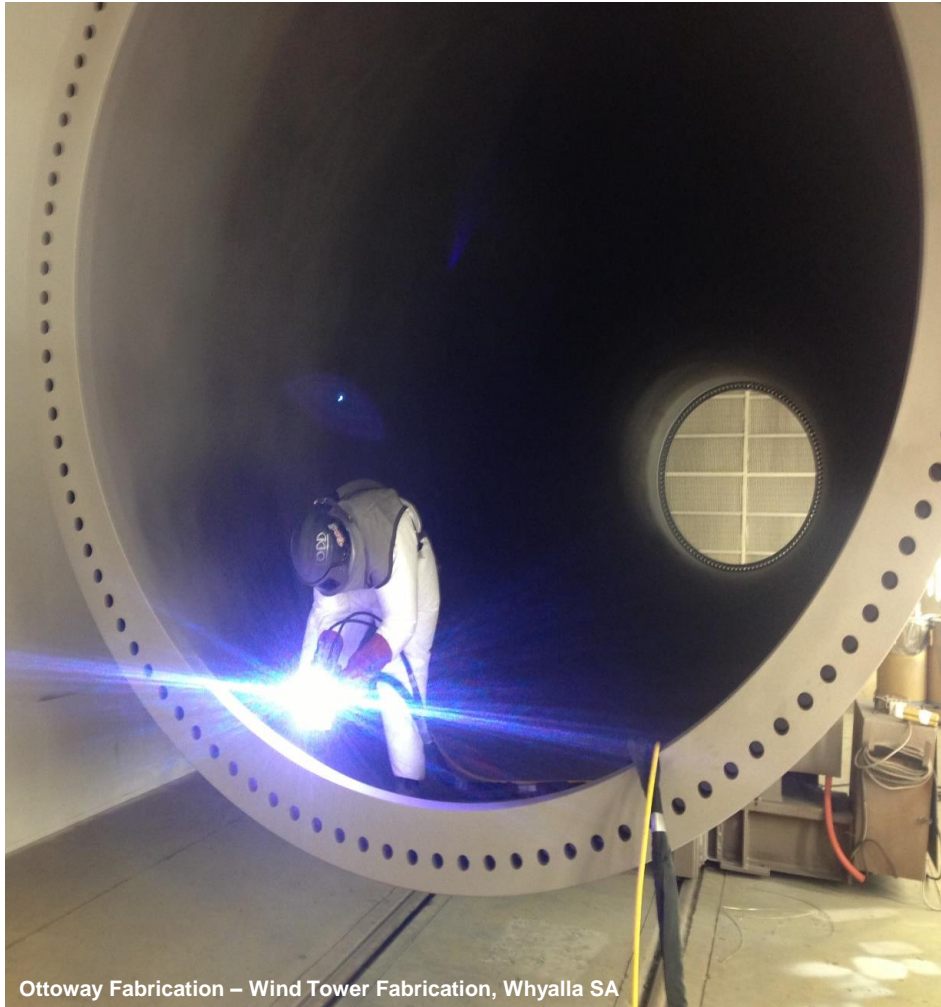
Employee Numbers - 26% HY15



- In line with slowing market activity, workforce decreased by 26% since June 2014
- Successful integration into the workers' compensation self-insurance regime in SA
- Due to robust safety systems and strong safety performance, delivered workers' compensation cost savings



HY15 Segment Performance



Ottoway Fabrication – Wind Tower Fabrication, Whyalla SA



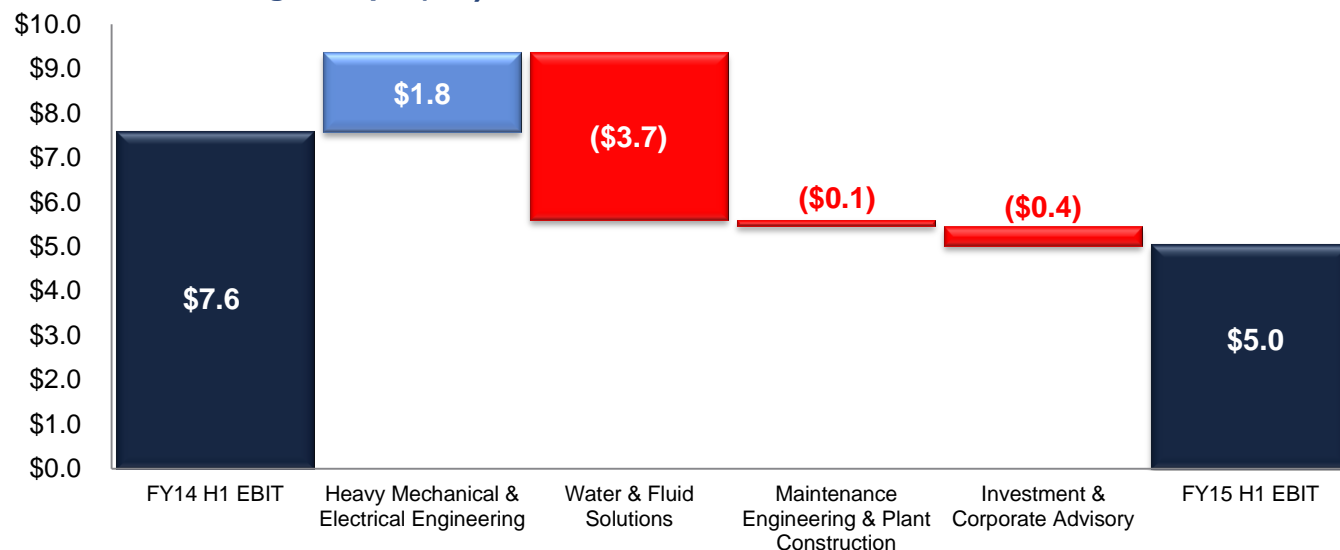
Ottoway Engineering – Central Petroleum Skid, Adelaide SA



HY15 Segment Earnings

HY15 Segment Contributions (in \$millions)	Revenue		EBIT	
	HY15	HY14	HY15	HY14
Heavy Mechanical & Electrical Engineering	72.4	75.4	3.5	1.7
Water & Fluid Solutions	27.0	37.3	1.3	5.0
Maintenance Engineering & Plant Construction	10.9	9.6	0.2	0.3
Investment & Corporate Advisory	2.5	2.7	0.1	0.5
Total (before intercompany eliminations)	112.8	125.0	5.0	7.6

HY15 EBIT Bridge Graph (\$m)



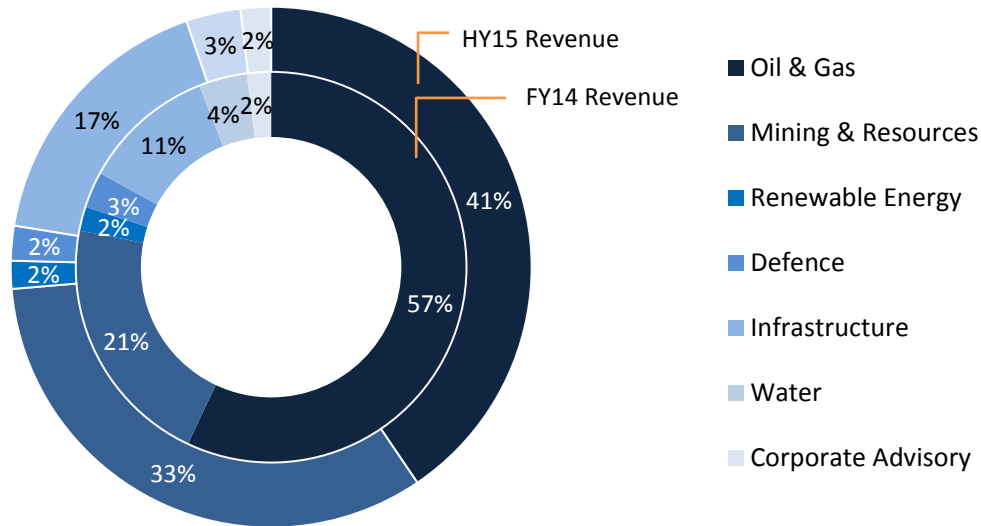
- **Heavy Mechanical & Electrical Engineering:** contribution by Tasman Power offset by low work availability due to subdued oil & gas and iron ore sector and RET uncertainty
- **Water & Fluid Solutions:** foreshadowed decline in CSG activity
- **Maintenance Engineering & Plant Construction:** softer market conditions and margin pressure
- **Investment & Corporate Advisory:** One-off bad debt, Tasman Power acquisition work and legal costs relating to EAL subsidiaries' claim recovery



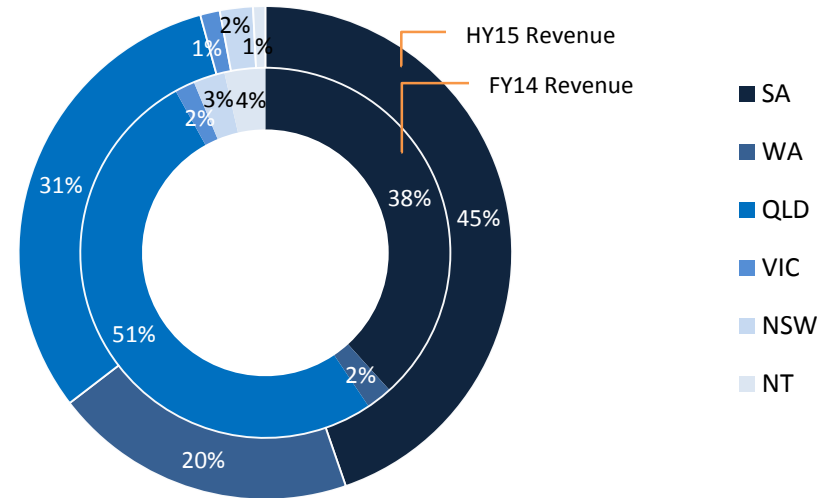
HY15 Revenue by Industry & Geography

Contraction in Oil & Gas activity, Mining & Resources share up on increased maintenance activity

Revenue by Industry



Revenue by Geography



- Oil & Gas sourced revenue contracted to 41% from 57% at June 2014
- Increased exposure to blue chip Mining & Resources customers via Tasman Power acquisition
- Declining work levels in QLD but growing demand from WA (Note: Tasman Power turnover is entirely WA based and included from HY15 in above charts)

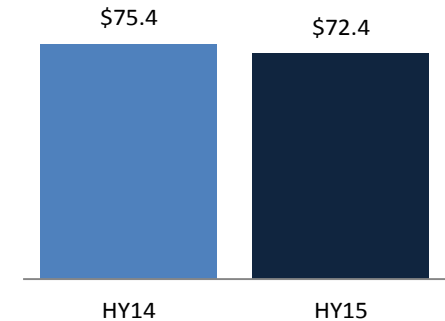


HY15 Segment Earnings

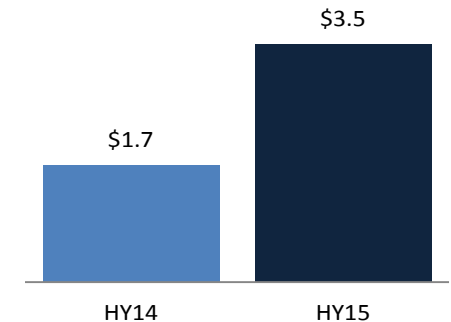
Heavy Mechanical & Electrical Engineering

- Comprises Ottoway Engineering, Ottoway Fabrication, ICE Engineering and Tasman Power
- Earnings up mainly due to contribution by Tasman Power
- Tasman Power: strong continuing performance from growing pool of maintenance and shutdown work
- Ottoway Engineering: positive earnings but impacted by client disruptions and delays subject to current claims. Slowing activity in CSG sector in QLD prompting closure of Dalby facility
- Ottoway Fabrication: utilisation affected by RET Review uncertainty
- ICE: new customer relationships in the Cooper Basin underpinned improvement in earnings

Revenue (\$M)



EBIT (\$M)

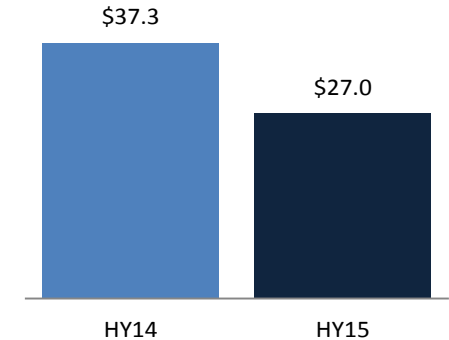


HY15 Segment Earnings

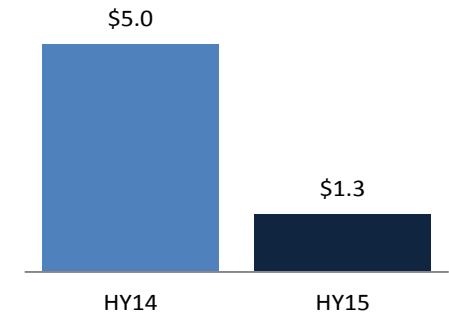
Water & Fluid Solutions

- Comprises Fabtech and Blucher.
- **Fabtech:** Activity contracted as foreshadowed due to completion of Phase 1 upstream works in Southern Queensland. Margins reduced due to softer market. Refilled order book for FY15 second half
- **Blucher:** Challenging market and margin pressure. New product lines and cost savings expected to deliver improved second half

Revenue (\$M)



EBIT (\$M)

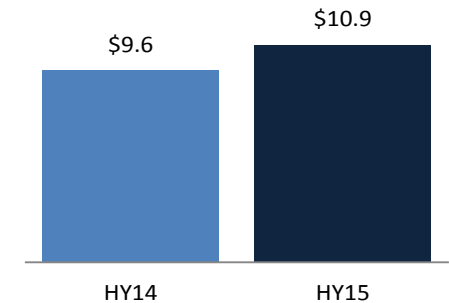


HY15 Segment Earnings

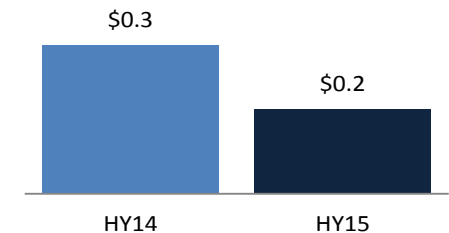
Maintenance Engineering & Plant Construction

- Comprises QMM and Heavymech.
- Increase in work performed but challenging cost conditions on project construction
- Softer market in repair and breakdown work and margin pressure for onsite services
- Heavymech: Subdued activity continues, however improvement in maintenance work expected, especially in Whyalla regarding plant maintenance and onsite opportunities
- QMM: Slow major project work activity; ongoing underground maintenance work and increasing spares business opportunities.

Revenue (\$M)



EBIT (\$M)

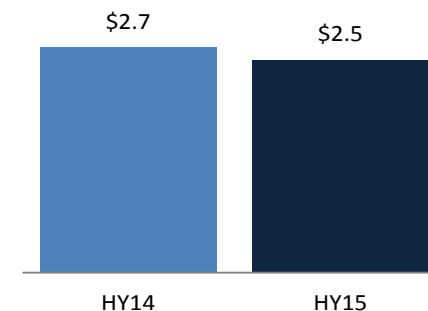


HY15 Segment Earnings

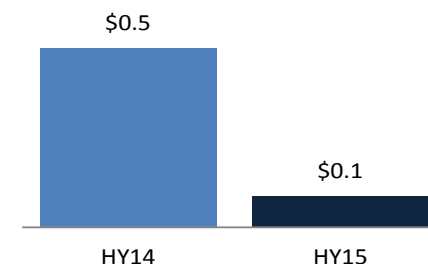
Investment & Corporate Advisory

- Comprises Equity & Advisory and the listing and corporate costs of the parent entity, E&A Limited
- Earnings impacted by one-off bad debt, Tasman Power acquisition work and legal costs relating to outstanding claims for EAL's operating subsidiaries
- Activity in the mergers, acquisitions and divestment flattened in last six months
- Completion of current engagements in coming months expected to contribute to improved second half performance

Revenue (\$M)



EBIT (\$M)



2015 Outlook



2015 Outlook

- **Subdued activity across all sectors with customers' focus on optimising production, reducing costs and capital expenditure**
- **Overall tender activity remains positive with immediate and emerging opportunities in EAL's home state including expansion of Olympic Dam, the Nyrstar Transformation Project, the Port Bonython Fuel Farm Upgrade, the Sundrop Desalination Project and various iron ore mining projects in WA**
- **Maintenance, sustaining capital projects and shutdown prospects remain positive in the oil & gas and iron ore sector**
- **RET Review resolution expected in coming months. EAL remains well placed to capitalise on future renewable energy projects when uncertainty of RET is removed**
- **EAL companywide Productivity and Profit Improvement Program underway**
- **EAL not able to accurately forecast second half earnings due to the market volatility and project nature of work undertaken by EAL subsidiaries, notwithstanding :**
 - **maintenance services order book;**
 - **increased workload in the Water & Fluid Solutions segment;**
 - **full 6 month's contribution from Tasman Power; and**
 - **Increased tender activity in South Australia.**



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