

ASX Announcement
27 February 2020

LogiCamms H1 FY20 earnings: Merged Company on track

LogiCamms Limited (ASX: **LCM**) today reported EBITDA of \$4.9m (H1 FY19: \$2.8m) and revenue of \$64.5m (H1 FY19: \$59.4m) for the six months to December 2019. The merger with OSD Pty Ltd contributed significantly to this performance through cost synergies (which helped increase margins) and balance sheet improvement (which enabled the Company to win more \$5m+ contracts).

	Six months to 31 Dec 2019	Six months to 31 Dec 2018 ¹
Revenue	\$64.5m	\$59.4m
EBITDA	\$4.9m	\$2.8m
Normalised EBITDA	\$6.3m ²	\$2.8m
Normalised EBITDA Margin	9.8%	4.7%
NPAT	\$2.1m	\$1.0m
EPS – basic (cents)	1.0	0.5
Normalised Operating Cashflow	\$5.6m ³	\$3.7m
Cash at end of Period	\$10.6m	\$8.6m

¹ Proforma merged LCM Dec 2018 (EGM Notice of Meeting p 65-69)

² Normalised EBITDA = EBITDA excluding post-merger transition costs. Further information in Investor Presentation

³ Normalised Operating Cashflow = Net Cash Inflows from Operating Activities excluding payments of \$2.8m in merger transaction related costs.

Highlights

- Half-on-half increase of 93% in Normalised EBITDA (from \$2.8m to \$5.4m⁴) driven by a significant increase in margins and an 8.6% increase in revenue.
- Improved cash position with strong conversion of EBITDA to cashflow, and \$10.6m cash at bank as at 31 December 2019.
- Merger synergy activities are complete, with more than \$3m annualised synergy savings realised.
- As reported at the AGM in November 2019, the Group has been winning an increased number of contracts that have a fee value in excess of \$5m.
- The Group's work in hand at 31 January 2020 was \$54m (maintaining the \$54m in place at 31 July 2019).

Normalised EBITDA (i.e. excluding post-merger transition costs) increased to \$6.3m compared with \$2.8m proforma for the six months to 31 December 2018. Revenue increased by \$5.1m (8.6%) to \$64.5m compared with \$59.4m proforma for the six months to 31 December 2018.

⁴Normalised EBITDA for 31 December 2019 restated from \$6.3m to \$5.4m for comparison purposes with Normalised EBITDA for six months to 31 December 2018. \$5.4m is the Normalised EBITDA that would have been reported had the introduction of AASB16 not occurred. Further details in the Investor Presentation.

The Group recorded net cash inflows from operating activities of \$2.8m during the reporting period (proforma 31 December 2018: inflow of \$2.4m). This net cash inflow position included the outflow of \$2.8m of merger costs, predominantly transaction consulting costs, that were booked in FY19.

The Board has elected not to declare a dividend for the six months ended 31 December 2019.

Chief Executive Officer, Chris O'Neill said, "H1 has seen the successful bringing together of the legacy LogiCamms and OSD businesses, realising the benefits of the merger (including the synergy savings) and establishing a solid platform for further growth. As predicted, the strengthening of our balance sheet has helped us win larger contracts, our lower overheads per hour have increased our competitiveness and strongly lifted our margins, and cross-sell opportunities are being captured. All our six Service Lines have performed well, with the strengthened geographic expansion of our Asset Management Service Line into Western Australia and New Zealand being a highlight.

"As reported at the AGM in November 2019, the Company established a new Vision, Mission, Strategy and Organisation Structure and these are now bedded in and working well - as is the focus on financial discipline and our strengthened tendering processes. Through all this we kept our people safe - we have maintained our Total Recordable Injury Frequency Rate at Zero.

"As such the platform for further growth is now firmly in place. Our focus for H2 is to further build the profile of each of our six Service Lines and increase our engagement with clients - to generate an even broader and deeper funnel of contract opportunities to which we can apply our strengthened capabilities.

"We are also progressing the important task of replacing, upgrading and consolidating a number of our systems, as the last step in the merger transition, and this includes the implementation of a new Enterprise Resource Planning system in order to make us even more efficient. As previously notified, costs relating to the merger transition will continue to be incurred in FY20 H2 as these system upgrades are implemented and transition resources complete their tasks."

Outlook

Conditions in the Group's target markets continue to be solid, and activity in Western Australia in particular is increasing considerably. LogiCamms is confident it is now positioned to take advantage of these conditions and provide strategic growth over the coming years. Assuming that market conditions remain stable through H2, the Company remains on track to deliver the outcomes that were indicated in the Notice of Meeting and Explanatory Memorandum issued to shareholders in May 2019 and confirmed at the AGM in November 2019.

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Approved for distribution by the Board of Directors of LogiCamms Limited.

Further information

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About LogiCamms

LogiCamms is an engineering services company with the experience to deliver Outstanding Service Delivery through innovative engineering, project delivery and operations solutions to our clients, including leading owners and operators of hydrocarbons, minerals and metals, water and infrastructure assets. The Company works to reduce costs, increase efficiencies, and enhance the value of our customers' operations. LogiCamms is an Australian Securities Exchange listed Company (ASX:**LCM**) with offices across Australia and New Zealand. LogiCamms' Vision is to be the mid-tier engineering and operations partner of choice.