



# FY20 RESULTS PRESENTATION

AUGUST 2020



# COMPANY PROFILE

Following the successful merger with OSD Pty Ltd, LogiCamms Limited (ASX: LCM) is now a leading mid-tier engineering, project delivery and operations services business executing work across Australia, New Zealand, PNG and the Pacific.

LogiCamms has strong positioning in each of its Service Lines:

- Asset Management
- Competency Training
- Digital Industry
- Pipelines
- Power
- Process Plant

**LogiCamms creates and transforms assets to build a smarter future. We are recognised for our fit-for-purpose solutions and for being highly responsive.**

<sup>1</sup> Pro-forma has been disclosed as a result of the terms under AASB 3 Business Combinations, whereby OSD Pty Ltd was deemed to be the accounting acquirer of LogiCamms Limited in June 2019. Accordingly, the pro-forma disclosure has been prepared on the basis that the merged group existed as at 1 July 2018 and includes full year results for the combined group.

## Revenue by industry sector

FY20

**39%**

HYDROCARBONS

FY19 (Pro-forma<sup>1</sup>)

**41%**

HYDROCARBONS

**27%**

MINERALS & METALS

**30%**

MINERALS & METALS

**34%**

INFRASTRUCTURE  
& OTHER

**29%**

INFRASTRUCTURE  
& OTHER



# FY20 FINANCIAL PERFORMANCE

## Improved financial performance post-merger

\$m	FY20 (Reported)	FY20 (AASB16)	FY20 (Restated)	FY19 (Pro-forma <sup>1</sup> )	Change to PCP	
<b>Revenue</b>	<b>117.0</b>	—	<b>117.0</b>	<b>119.4</b>	<b>(2.4)</b>	↓
Gross Margin	36.3	—	36.3	37.9	(1.6)	↓
Gross Margin %	31%	—	31%	32%	(1%)	↓
Sales & Marketing	(2.6)	—	(2.6)	(2.6)	0	
General & Admin	(22.5)	(1.9)	(24.4)	(28.4)	4.0	↓
Foreign Exchange	0.2		0.2	0.0	0.2	↑
<b>EBITDAI (normalised)</b>	<b>11.4</b>	<b>(1.9)</b>	<b>9.5</b>	<b>6.9</b>	<b>2.6</b>	↑
Merger transition costs and other one-offs	(3.0)	—	(3.0)	0.0	(3.0)	
COVID-19 (net)	0.4	—	0.4	0.0	0.4	
Impairment	(0.3)	—	(0.3)	0.0	(0.3)	
Depreciation & Amortisation	(3.9)	2.0	(1.9)	(2.0)	0.1	↓
<b>EBIT</b>	<b>4.6</b>	<b>0.1</b>	<b>4.7</b>	<b>4.9</b>	<b>(0.2)</b>	↓
Interest	(0.6)	0.2	(0.4)	(0.5)	0.1	↓
<b>NPBT</b>	<b>4.0</b>	<b>0.3</b>	<b>4.3</b>	<b>4.4</b>	<b>(0.1)</b>	↓
Tax*	(1.2)	—	(1.2)	(1.2)	—	
<b>NPAT</b>	<b>2.8</b>	<b>0.3</b>	<b>3.1</b>	<b>3.2</b>	<b>(0.1)</b>	↓
Basic EPS (cents)	1.4	—	1.6	1.6	—	
Net cash position (at 30 June) <sup>2</sup>	7.2	—	7.2	4.6	2.6	↑
Closing cash position (at 30 June)	15.9	—	15.9	8.3	7.6	↑

AASB16 Column: FY20 results are restated for comparison purposes with FY19. The restatement adjustments appear in the column FY20 (AASB16) removing AASB16 impact for comparison with FY19.

\* No tax payable in Australia since LogiCamms Limited had accumulated tax losses of \$24.5m

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<sup>2</sup> Cash on hand less borrowing and lease liabilities.

# OPERATING HIGHLIGHTS

## Merger benefits delivering improved financial performance

### SYNERGY BENEFITS

- ✓ More than \$3m in annualised savings realised
- ✓ Normalised EBITDAI margins increased by 2.3 percentage points<sup>1</sup>
- ✓ Strengthened competitive position through lower overheads

### CAPACITY BENEFITS

- ✓ Strengthened balance sheet
- ✓ Winning larger contracts
- ✓ Attracted new talent to bolster Executive Team

### CAPABILITY BENEFITS

- ✓ Strong cash conversion performance
- ✓ Rapid and effective response to COVID-19
- ✓ Cross-sell opportunities realised with pipeline operators
- ✓ Successful geographic expansion of Asset Management Service Line
- ✓ Increased multi-disciplinary workshare – lowering overheads and benefitting clients

<sup>1</sup> On a like-for-like basis



# MERGER IMPLEMENTATION SCORECARD

## PHASE 1: ENHANCE EFFICIENCY, PROFITABILITY AND DEVELOP COMMON CULTURE

### COMPLETED

- ✓ More than \$3m annualised operating cost reductions achieved: lower overheads
- ✓ Common culture established: new Vision, Mission and Values
- ✓ New strategy developed and implemented – focused on specialist Services Lines
- ✓ Merged organisation structure implemented across the business
- ✓ Executive Leadership Team refreshed and bolstered
- ✓ Budgets, financial reporting and payroll integrated
- ✓ Rationalised innovation products to those with near-term commercialisation plans
- ✓ Legacy engineering systems and processes merged and rationalised

## PHASE 2: LEVERAGE SKILL SET TO SECURE ORGANIC GROWTH

### COMPLETED

- ✓ Cross-selling opportunities realised
- ✓ Leveraging strengthened specialist capabilities
- ✓ Merged teams co-located
- ✓ ITC systems integrated
- ✓ Implemented new ERP's Human Capital Management functions
- ✓ Recruited additional Business Development and Marketing resources
- ✓ Innovated to deliver client outcomes in COVID-19 work from home arrangements
- ✓ Optimised workshare methods which improved teamwork and client experiences

## PHASE 3: CAPITALISE ON MOMENTUM AND STRONGER BALANCE SHEET TO PURSUE GROWTH OPPORTUNITIES

### NEARING COMPLETION

- ✓ Leveraged lower overheads and stronger financial position to win larger contracts
- ✓ Improved reimbursability (lowering overheads) through co-location of teams
- ✓ Continued to build capability and market presence in our Service Lines in key growth markets
- ✓ Built profile of Service Lines to expand client base and funnel of opportunities
- ✓ Implemented incentive plans to focus on business performance and shareholder value
- ◐ Replace and upgrade ERP to increase efficiency

# STRATEGY IMPLEMENTATION SCORECARD

## REMAIN FOCUSED ON OUR KEY INDUSTRY SECTORS

Mining & Minerals  
Hydrocarbons (Oil & Gas and Chemicals)  
Infrastructure

## LOGICAMMS CREATES AND TRANSFORMS ASSETS (PLANTS, PROCESSES AND PEOPLE) TO BUILD A SMARTER FUTURE

We deliver 'fit-for-purpose' solutions across all phases of the lifecycle of assets  
LogiCamms is known for being highly responsive and flexible

## REMAIN FOCUSED ON OUR KEY GEOGRAPHIES

- Australia
- New Zealand
- PNG
- Pacific Islands

## FULLY HARNESS MERGER BENEFITS

### FULLY ACHIEVED

- ✓ Fully capture merger cost synergies – **complete**
- ✓ Cross-sell expanded capabilities and complementary skills sets to combined client base – **working well**
- ✓ Leverage reduced overheads to improve competitive positioning and profitability – **working well**
- ✓ Leverage expanded capabilities, stronger balance sheet and scale to win larger contracts – **working well**
- ✓ Develop more aligned culture with increased engagement to drive performance – **working well**

## FOCUS ON SIX SPECIALIST SERVICE LINES

### A KEY PLANK OF OUR REFRESHED STRATEGY

- Utilise, and be known for, our strength and specialist capabilities in our Service Lines:
- Asset Management
  - Competency Training
  - Digital Industry (Controls & Automation, data technologies and industry digitalisation capabilities)
  - Pipelines
  - Power
  - Process Plant

## FOCUS INNOVATION EFFORTS

### FULLY ACHIEVED

- ✓ Innovation products rationalised with clear near-term commercialisation plans – **rationalisation complete and StacksOn™ commercialisation in place**
- ✓ Internal innovations driven by Service Lines strategy and structure and applied to enhance our competitive edge – **embedded and working well (with KPIs and recognition)**

# BOARD AND MANAGEMENT

Board	Position
Phillip Campbell	Independent Non-Executive Chair
Matthew Morgan	Independent Non-Executive Director
Brian O'Sullivan AM	Executive Director
Linton Burns	Executive Director

- An additional non-executive director to be appointed shortly

Management	Position
Chris O'Neill	Chief Executive Officer
Michael Casey	Chief Financial Officer
Andrew Ritter	Company Secretary

# MARKET CONDITIONS & LCM POSITIONING

## MINING AND MINERALS PROCESSING MARKET

- Market holding up very well despite the impacts of COVID-19
- Increasing level of activity in mining and minerals processing (particularly in Western Australia)
- Increasing activity in our core capability areas of brownfield projects, replacement of outdated equipment, digital transformation and asset management
- Miners are at the leading edge of implementing Digital Transformation

### LOGICAMMS POSITIONING:

- Well positioned in Digital Industry, Competency Training, Pipelines and Asset Management Service Lines
- Strategic objective to bring more of our Process Plant and Power offerings to mining
- Already bolstered our management team in Western Australia to help achieve this

## INFRASTRUCTURE MARKET

- Strong and growing despite COVID-19
- Government stimulus measures are expected to accelerate infrastructure projects
- Water sector is actively building Digital Transformation foundations
- Renewables/Hydrogen creating opportunities

### LOGICAMMS POSITIONING:

- LogiCamms has secured significant Digital Transformation and Power projects in FY20 in the water industry
- Established foothold in Intelligent Transport Systems
- Already won contracts in the emerging field of hydrogen production facilities
- Expertise in grid connections will help expand our presence in renewables
- Plan to further leverage our track record in the water industry into other infrastructure and energy areas

## HYDROCARBONS MARKET (OIL & GAS AND CHEMICALS)

- COVID-19 caused oil and gas price reductions, but these have now stabilised
- Clients are continuing opex and sustaining capital expenditure, albeit at a reduced rate compared to the 1st half of FY20
- Activity expected to be subdued at least to the end of 2020 calendar year

### LOGICAMMS POSITIONING:

- Solid position in NZ, Queensland and PNG in the types of work that are continuing
- As prices recover, we plan to expand our Hydrocarbons work in WA, NT and SA utilising our existing presence in those states



# OUTLOOK

- Impact of COVID-19 indicates 1H of FY21 will be somewhat subdued – with fewer of the larger opportunities being available
- 2H of FY21 expected to be stronger
- LogiCamms positioned well for this market:
  - Merger successfully bedded in – establishing mid-tier position, stronger balance sheet and lower overheads – thus increasing competitiveness
  - The business continues to run very tightly with excellent cash conversion
  - Strategy is being implemented successfully and our Service Line approach is proving effective
  - LogiCamms' strengths continue to win us a large number of small and medium projects that form a firm underlying base to the business
  - Revamped tendering process is now well embedded and has proven effective in improving win rate and securing larger contracts
  - With the merger bedded in, we are now investing more in marketing and business development
  - Already gaining a foothold in emerging growth areas of hydrogen/renewables, battery minerals and digital transformation
  - Revamped our Western Australian management team to take advantage of this strong market

***LogiCamms is well positioned to accelerate out of the current downturn as opportunities arise***

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# FURTHER INFORMATION

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