

ASX Announcement

30 August 2019

FY19 results: Strong momentum post-merger

LogiCamms Limited (ASX: **LCM**) today reported pro forma consolidated revenue (taking into account the merger with OSD Pty Ltd) of \$119.4 million and pro forma normalised EBITDAI¹ of \$6.87 million for the 2019 financial year, which compares well with the pre-merger forecast of approximately \$120 million revenue and \$6.7 million normalised EBITDAI¹.

The 2019 financial year has been a transformational year for LogiCamms with a significant improvement in underlying business performance and completion of the merger with OSD on 28 June 2019, which has strengthened the Company's financial position and created a strong platform for future growth.

Highlights

- Outstanding safety performance with Total Recordable Injury Frequency Rate (TRIFR) of zero
- Improved second-half Company operating performance
- Strengthened financial position:
 - Net positive cash position of \$4.6m at 30 June 2019 with reduced debt and new banking facilities
- Strong platform for growth
 - New Board and revised Strategy in place, with matching Business Plans
 - Streamlined organisation structure and revamped Executive Leadership Team
 - Lower overheads with more than \$3m in annualised savings from merger synergies already realised
 - \$54m work in hand at 31 July 2019.

Financial performance

Pro forma consolidated (combined) results reflect a full-year contribution from both LogiCamms Limited and OSD Pty Ltd.

Pro forma Measure	FY19 consolidated (combined) result
Revenue	\$119.4m
Normalised EBITDAI ¹	\$6.87m
NPAT	\$3.20m
Net cash position at 30/6/2019	\$4.6m
Net Tangible Assets at 30/6/2019	\$11.01m

¹ EBITDAI (Earnings Before Interest, Tax, Depreciation, Amortisation and Impairment) is unaudited and is intended to provide a measure of financial performance before the impact of non-cash items such as depreciation, amortisation and impairment charges, as well as tax, interest income and expense. A reconciliation of EBITDAI to statutory net profit after tax is included as a footnote at the end of this announcement.

For accounting purposes, the merger is treated as a reverse acquisition and statutory financial statements are issued under LogiCamms Limited as legal parent entity but reflect a full year of OSD's financial results as the deemed accounting acquirer and two days of LogiCamms' financial results. As such, the Company reported statutory revenue of \$35.03m and net profit after tax of \$0.18m (with the statutory profit being significantly reduced by the one-off merger transaction costs).

Operations update

Underlying LogiCamms operating performance improved in the second half of the year, driven predominantly by increased business discipline and accountability including:

- More detailed analysis and trending of the financial performance of each business unit (revenue, gross margin, labour overheads, non-labour overheads, project performance, cash collection, work in hand and business development metrics) and the associated responsibility for leaders to quickly identify and resolve issues.
- A streamlining of our organisation structure and associated updating of Business Unit leader role requirements and objectives, with clearly defined accountabilities and responsibilities.
- Tighter control of overheads – particularly by weekly proactive management of reimbursability on a business unit basis.
- Transformation of business development and tendering processes to increase the Company's win-rate, particularly for larger contracts by ensuring differentiated value propositions for customers, and to improve project gross margins and cash-flows by having an optimal commercial strategy for each tender.
- Rationalisation of technology development initiatives and a drive to earlier commercialisation of technology products and partnerships through a focused approach to addressing specific client opportunities. This has been achieved by applying project management disciplines and accountabilities to product development and implementation.
- A significant increase in leadership engagement and communication with our workforce and setting out of a clear set of business drivers and a responsive and flexible operating framework.

Merger integration

The merger of LogiCamms and OSD has strengthened the financial position of the business and created a strong platform for future growth. LogiCamms is now a leading, mid-tier engineering services business with greater breadth and depth of technical capability, an expanded client base and strengthened balance sheet.

OSD brought net cash of \$8.15 million to the business through the merger, which allowed the Company to pay down debt, negotiate new banking facilities and strengthen its balance sheet. At 30 June 2019, the Company's net cash balance after borrowings was \$4.6 million.

The merger transition plan has largely been implemented and more than \$3m of annualised cost synergies have already been realised.

The Company has developed a refreshed strategy with three key areas of focus:

- **Harnessing merger benefits:** Capturing all of the remaining synergy costs savings; cross-selling to an expanded client base; and utilising the expanded skills base, scale and stronger financial position to win larger contracts.
- **Focus on Service Lines:** Focusing our approach to market (including brand presence) on our six core capabilities: Asset Management, Competency Training, Digital Industry (a combination of Controls and Automation, data technologies and industry digitalisation capabilities), Electrical and Instrumentation, Multi-disciplinary engineering, and Pipelines.

- **Focused innovation efforts:** Internal innovations are driven by Service Lines, and Innovation Products are rationalised with a clear, near-term plan for commercialisation.

The Company remains committed to its key markets of Hydrocarbons (Oil & Gas and Chemicals), Mining and Minerals, and Infrastructure and a growing presence in the Defence sector, and will continue to concentrate on business in Australia, New Zealand, PNG and the Pacific.

To reflect the revised strategy, the Company's organisation structure has been streamlined and the Executive Leadership Team has been revamped with talent from both pre-merger organisations.

The response to the merger from clients has been overwhelmingly positive and the business is already pursuing cross-selling opportunities with existing clients. The Company's strengthened financial position is also improving its competitive standing with new clients in relation to a number of large tenders.

Board changes

Richard Robinson has informed the Board of his intention to retire as a non-executive director by February 2020. This, combined with the earlier announced plan to add another independent director to the Board, means the Company has commenced (and is well advanced with) the search for two new independent directors.

The Board acknowledges Mr Robinson's contribution to LogiCamms as a non-executive director since 2015.

Outlook

Conditions in LogiCamms' key markets remain generally positive, including all of the areas in which the Company's six Service Lines operate.

- The Oil & Gas and Mining sectors continue to return to investment in existing assets and several large greenfield developments are underway, particularly in Western Australia. PNG also has potential for an increase in greenfield and brownfield project work.
- Investment in selected chemicals industries is increasing and LogiCamms has strong relationships with a number of companies in this area and has commenced work on a number of projects.
- Investment in infrastructure projects in LogiCamms' areas of expertise (water, power and intelligent transport systems) continues to be strong, creating opportunities for most of the Company's Service Lines.

LogiCamms is now in a stronger position to win larger contracts, based on its expanded capabilities, stronger balance sheet, revamped business development and tendering processes, lower overheads and strong positioning in each of its Service Lines. These factors also position LogiCamms to continue to win the large number of small and medium projects that form a firm base to the business.

Further information

Chris O'Neill

Chief Executive Officer

+61 7 3058 7000

Media enquiries

Alasdair Jeffrey

0404 926 768

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, infrastructure and defence 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.

LogiCamms Limited

ASX: LCM

ACN 127 897 689

www.logicamms.com.au

Share Registry

Link Market Services Limited

Ph: +61 7 3320 2200

www.linkmarketservices.com.au

1. Pro forma normalised EBITDAI Reconciliation

Normalised EBITDAI is not an IFRS measure and is not audited. It is calculated by adjusting statutory net profit after tax by adding back interest, tax, depreciation, amortization and goodwill impairment. A reconciliation of NPAT to EBITDAI is provided below. Statutory net profit after tax is reconciled to EBITDAI as follows:

	FY19
Statutory Profit After Tax	\$0.18m
<i>Add back</i>	
Interest	\$0.25m
Tax	(\$0.13)m
Depreciation	\$0.30m
LCM EDITDA Pre close	\$2.2m
LCM Transaction costs	\$1.4m
OSD Transaction costs	\$2.7m
Pro forma Normalised EBITDAI	\$6.9m