



July 29 2014

## **Civmec Limited**

*Corporate & Business Update Presentation*

[www.civmec.com](http://www.civmec.com) | **SGX Code: P9D**

# Overview

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# Civmec – The Heavy Engineering Specialist



- Established in 2009 and listed on SGX Mainboard since April 2012
- Civmec is an integrated, multi-disciplined construction and engineering services provider to the resources and infrastructure industries in Australia
- Headquartered in Henderson, Western Australia, it also has facilities and operations in the Northern Territory
- With its comprehensive suite of services, Civmec positions itself as a leader of heavy engineering services for mining, infrastructure and oil and gas companies

# Corporate Overview

3

Locations



Henderson



Darwin



Broome

3

Markets



Oil and Gas



Mining & Infrastructure



Asset Management and  
Integrated Services

8

Disciplines



Heavy  
Engineering



Modular  
Assembly



SMP  
Structural Mechanical &  
Piping Installation



Site Civil  
Works



Precast  
Concrete



Industrial  
Insulation



Offshore  
Logistics



Maintenance



# Corporate & Business Update

# Reasons for Strategic Review



Significant changes taking place in operating environment:

- Mining operators have shifted some expenditure from Capex to Opex & sustaining capital which will require more maintenance-related services that Civmec is currently offering
- Major resources clients seek more cross-disciplinary engineering (single instead of multiple vendors)
- Civmec has 8 core capabilities to meet these needs, and is positioned to pursue public infrastructure projects more actively than before

# 3-Pronged Strategy

Growth strategies to grow revenue, deepen value proposition & increase internal efficiencies:

1

- **Enhance cross-discipline capabilities to further position Civmec as a preferred heavy engineering specialist**

2

- **Drive efficiencies by enhancing systems & processes**

3

- **Expand organically or via M&A within Australia and new geographical markets**

## Client Requirement

Increasing customer expectations for a holistic suite of services to improve:

- Economies of scale
- Project management
- Completion schedules
- Cost controls
- Reduced risk

## Civmec Strategy

### 1. Value Proposition:

- Able to work on larger projects across different geographies simultaneously
- Added Structural Mechanical Piping ("SMP") & Modular Assembly to offer compelling differentiation for heavy engineering in WA
- Henderson facility is the largest of its kind in Australia
- Management and IT-driven integration of 8 disciplines yields efficiency & improves positioning of Civmec as a leader
- Positioned to target public infrastructure projects

### 2. Assets Management Strategy

- Offer maintenance services as miners shift more to Opex and sustaining capital in both Western Australia ("WA") and Northern Territory ("NT") to optimise assets



# Locations



# 3 Geographical Locations



- Also serves as Company HQ
- Added 20,000 sqm to enlarge complex to 120,000 sqm – Australia's largest integrated heavy engineering facility
- Waterfront access for larger, more integrated modules
- Previously outsourced services now under one roof
  - Increased capacity for modularisation & laydown
  - Recently completed 4,800 sqm surface treatment facility for protective coatings
  - Currently constructing 1,200 sqm workshop to weld exotic metals and assemble subsea manifolds for offshore sector
  - Constructing equipment maintenance and logistics facility to support remote sites

# 3D View of Our Henderson Facility



15,000T WHARF

3,000T WHARF

6,000T WHARF

4,800m<sup>2</sup>  
SURFACE TREATMENT  
FACILITY

FLOATING DOCK

HEAVY ENGINEERING  
FACILITY 29,300m<sup>2</sup>

SUBSEA WORKSHOP 1,200m<sup>2</sup>  
(Under Construction)

OFFICE HEADQUARTERS  
6,500m<sup>2</sup>



MAINTENANCE  
WORKSHOP 2,300m<sup>2</sup>

TOTAL 120,000m<sup>2</sup>

# 3 Geographical Locations



**DARWIN, NT**



**BROOME, WA**

- Darwin Offshore Logistics Base (DOLB) acquired in June 2013 as second node to serve resources development in and around NT
- Surrounding region home to major LNG projects
- Current capabilities: pre-cast, offshore logistics and site installation services
- Plans to add capabilities and management in NT to capture business opportunities and achieve economies of scale
- Currently establishing yard in Broome to undertake Offshore Logistics services in the area

## About

- *Civtrac* is an internally-developed ERP web based platform
- Utilises barcodes to track materials from start to finish
- Senior managers view progress & efficiency via dashboard
- Able to analyse and monitor work progress in **real time**
- Optimises labour and raw materials which account for ~40% and ~45% of project costs, respectively

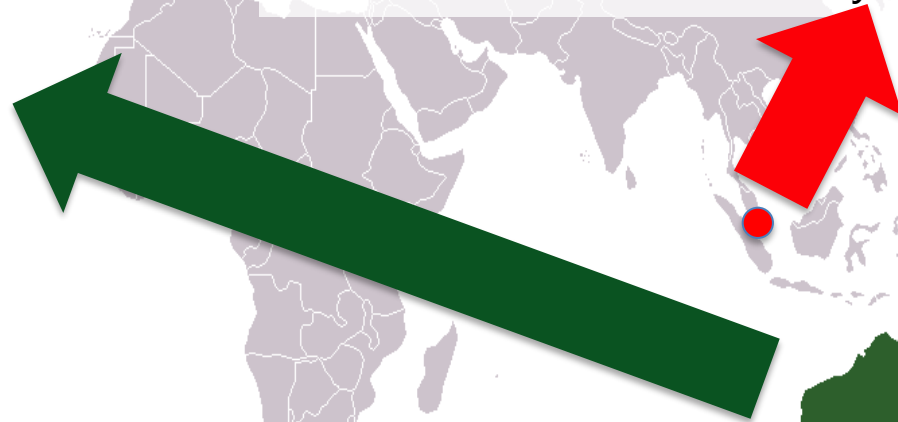
## Value

- Improves planning & resource allocation and lowers labour and material wastage
- Significant differentiator over competitors as more capabilities are added and integrated
- Customers can access *Civtrac* to monitor work progress & quality → project visibility strengthens client relationship vital for future projects
- Dedicated team to continually develop & improve *Civtrac*
- Increasingly critical due to more integration, bigger projects, multiple locations

# Geographical Expansion

- Leverage on mature processes and capabilities
- Expand footprint in new markets within and beyond Australia
- Either by establishing strategic partnerships or M&A

- Conducting feasibility study to explore possibility of expanding to Singapore
- Serve as base for Civmec to establish Global presence
- Enhance interaction with shareholders & investment community



# Group Outlook

## Mining and O&G sector remains healthy

- **Mining**: shift towards maintenance and sustaining capital upgrades
- **O&G**: emerging opportunities driven by steady rise in LNG prices
- **Public Infrastructure**: Govt. infrastructure budget has increased

## Competitive positioning

- Climb up value-chain while building suite of capabilities
- Increase appeal to customers as Civec seek to offer holistic cross-disciplinary turnkey solutions

## Order Book & Financial Performance

- Civec is confident that both order book and financial performance will continue to improve



# Q3 FY14 Highlights



# 3Q14 Financial Highlights

<i>(S\$'000)</i>	3Q'14	3Q'13	Change (%)
<b>Revenue</b>	117,046	87,080	34.4
<b>EBITDA</b>	14,459	13,850	4.4
<b>Net Profit After Tax</b>	9,235	8,529	8.3
<b>Earnings per Share on fully diluted basis (cents)<sup>1</sup></b>	1.82	1.70	7.1

<i>(S\$'000)</i>	31.03.14	30.06.13	Change (%)
<b>Total Assets</b>	253,561	193,256	31.2
<b>Total Liabilities</b>	123,683	83,078	48.9
<b>NAV / Share (cents)</b>	25.98 <sup>2</sup>	21.99 <sup>3</sup>	18.1

<sup>1</sup> Diluted EPS calculated based on weighted average number of shares during the period of 507,000,000 (Q3'13: 501,000,000)

<sup>2</sup> Calculated based on number of issued shares as at 31 March 2014 of 499,786,000 and excludes treasury shares of 1,214,000

<sup>3</sup> Calculated based on number of issued shares as at 30 June 2013 of 501,000,000

# 3Q14 Financial Highlights



- 3Q'14 Revenue surged 34.4% to S\$117.0M compared to 3Q'13
- NPAT for Q3 FY2014 increased 8.3% to S\$9.2m on Q3 FY2013
- As at 31 March 2014, cash on hand is healthy at S\$30.7M (Q3'13: S\$23.1M)
- Administrative expenses fell sharply to S\$4.5M in 3Q'14 from S\$5.5M in 3Q'13 amidst continued efforts to streamline efficiencies
- Total assets rose sharply to S\$253.6M as at 31 March 2014, an increase of 31.2% over the comparable period



# Stock Information

# Stock Data

<b>Basic Share Data</b>	<b>As at 25 July 2014</b>
<b>Share Price</b>	S\$0.69
<b>Average Daily Volume (past 4 weeks)</b>	148,722
<b>No. of Issued Shares</b>	501,000,000
<b>Market Capitalisation</b>	~S\$345.7 Million

- Civmec Management hold 53% of shares

# Share Price Chart



**1 Year Share Price Chart**  
*July 2013 – July 2014*

# Thank You



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