

ASX/MEDIA RELEASE

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Sedgman announces half year results in line with previous company guidance

Overview

- Net loss after tax \$6.7 million
- Sales revenue \$153.9 million
- Reported earnings per share (3.0) cps
- Fully-franked interim dividend declared of 2.0 cps
- Net cash of \$77.9 million

Leading resource sector services company Sedgman Limited (ASX:SDM) today reported a net loss after tax of \$6.7 million for the half year ended 31 December 2013.

CEO and Managing Director Nick Jukes said "Our performance has been impacted by continuing difficult market conditions. While we are disappointed to report a loss, our result is consistent with guidance provided to the market in November 2013. Our book remains sound with \$373 million work in hand, up \$23 million in the period.

"We have reduced overheads in the past twelve months and maintained a strong net cash balance of \$77.9 million. We continue to produce positive cash flow and, on the strength of our balance sheet, the Directors have decided to declare an interim fully-franked dividend of 2.0 cents a share."

The dividend is payable on 28 March 2014 to shareholders registered as at 14 March 2014.

Results Review

Project revenue decreased due to deferral of several major projects as a result of lower commodity prices and rising costs. Project margins were impacted by low utilisation of staff with fixed costs being spread over a lower revenue base.

Operations revenue declined as some operating sites were closed or transferred to owner-operator. The Operations business is focused on cost control and improving operating performance at operating sites.

Operating cash flow was \$5.5 million, a \$3.1 million increase on the previous corresponding period, due to lower tax payments and continued conversion of working capital to cash.

Key figures are presented below:

	Half year	
	Dec 2013	Dec 2012
Sales revenue [1]	\$153.855m	\$257.437m
Net (loss)/profit after tax	(\$6.737)m	\$12.287m
Underlying EBITA	(\$8.589)m	\$20.660m
Underlying EBITA margin	(5.6%)	8.0%
Operating cash flow	\$5.506m	\$2.418m
Reported earnings per share	(3.0) cents	5.6 cents
Dividend per share	2.0	3.0

Notes

1. Sales revenue represents revenue from services and changes in construction work in progress as stated in the consolidated statement of profit and loss. It is noted this is a non-statutory item which has not been audited or reviewed.

Outlook

"We previously advised in November 2013, that our FY2014 reported earnings would be broadly in line with our FY2013 result of \$9.4 million. Earnings in the second half will now be impacted by a one-off (non-cash) write off of previously carried forward tax losses and adjustments of approximately \$4.2 million. We now expect to deliver FY2014 a reported net profit in the range of \$3 million to \$6 million after including the sale of surplus assets." Mr Jukes said.

"The global resource sector remains challenging and the Company continues to position itself to remain competitive to pursue the available opportunities in the regions we operate.

"The Mungari Gold Project is on schedule for successful completion in April 2014 and our appointment as the preferred contractor on the Aurora Gold Project in Guyana demonstrates the success of our diversification strategy.

"We are advancing negotiations on a number of key projects which, if secured, will underpin a stronger performance in FY2015."

About Sedgman

Sedgman Limited (ASX: SDM) provides solutions to the global resources, energy and infrastructure industries. Our services range from concept, pre-feasibility and design through to construction, commissioning, operations, maintenance and asset management.

Established in 1979, Sedgman listed on the ASX in June 2006 and has approximately 700 employees. Headquartered in Brisbane, Australia with offices in Perth, Townsville, Newcastle and Mackay, Sedgman has international offices in Beijing, Shanghai, Ulaanbaatar, Santiago, Vancouver and Johannesburg, Sedgman delivers projects and operations across Australia, Africa, Asia and the Americas.

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