

**ASX Announcement
24 November 2016**

Chairman's Address

To the Annual General Meeting of LogiCamms Limited, held on Thursday 24 November 2016 at Capri by Fraser, 80 Albert Street, Brisbane at 2.00PM (AEST).

Welcome and thank you for attending

Before both Steve and I update you let me first acknowledge how disappointed the BOARD is with the results last financial year, the reduction in Asset base the operational loss and the difficulty we had to respond to the dramatic downturn in business from our clients resulted in the loss reported and the asset impairment.

Whilst conditions remain difficult there are clear signs that a return to profit performance is near. We have restructured and improved our BD and invested in technology. We have commenced to commercialize our GIS system and there is some \$35million of work across a range of clients that is currently being finalized or negotiated, underpinning our decision to keep key resources whilst impacting our short term profitability

Throughout 2016 LogiCamms has strongly focused on adapting our operating model to continue to provide competitive services in our core engineering pillar as well as investment in the continued growth of our maintenance and consulting services.

Notwithstanding the challenging environment, particularly in hydrocarbons and minerals and metals, the Company has continued to innovate and invest for long term growth opportunities. Steve will speak to some of these growth opportunities in more detail and I'm particularly encouraged by the traction of our proprietary Geographic Information System and the opportunities being rolled out with drone enabled data capture.

In line with our previous reports to our shareholders, the financial year 2016 was impacted by continued pressure on the sell rates for LogiCamms services as well as a lower than expected volume of work. While our gross margins held relatively steady, the lower volume of work impacted on margin performance at the group level. In order to ensure that LogiCamms can remain competitive in the coming year and onwards, measures were taken to reset the cost base. This resetting came at a cost in financial year 2016, which has been reflected in our reported financial results.

LogiCamms continues to operate from a positive net cash position, with no debt. In order to ensure that the company continues to retain sufficient net cash to underpin a number of large proposals in the pipeline, as well as existing baseload operations, a decision was undertaken at the end of October to pursue a placement. It was pleasing to see that the private placement component was taken up in full by our three largest shareholders raising \$3.5m. A Share Purchase Plan was also made available to our broader shareholder base and a further \$1.2m was raised under that Plan.

The overall financial outcome for the 2016 financial year was revenue of \$108m and a net profit after tax ("NPAT") of negative \$37.4 million. This NPAT includes a non-cash goodwill impairment of \$28.1 million and an onerous lease provision of \$4.2 million. In addition, the cost resetting program was largely accounted for in the 2016 financial results, with ongoing optimisation continuing through the early part of

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FY17. The results were in line with prior announcements to the market in May of this year. Although the market remains very competitive there are an increased number of opportunities to target compared with 12 months ago.

LogiCamms continues to benefit from a number of existing and new master services agreements with long term clients, which provides a solid baseline of revenue. Revenue in excess of this baseline in FY17 will largely hinge on the success of our business development efforts targeting new clients and successfully tendering for any of a number of significant projects currently under negotiation. A sustainable EBITDA margin of 6% remains the Company's target, which may increase or decrease dependant on volumes and nature of work in FY17.

The Board continues to assess opportunities to more closely align the performance of its executives and staff with the shareholders of the Company. As part of this process, the Board has worked closely with specialist remuneration consultants, Mercer, over the past 3 months to continue to refine its reward and recognition programs. The outcomes of this process include the move to an Options based executive award scheme and we continue to consider the outcomes of that scheme and feedback from our stakeholders.

Safety performance is central to the way we operate our business and our clients expect the highest standards in this area. Our Zero Harm philosophy is part of the organisational culture and underpins our decision making and action. For 2016, LogiCamms recorded a Total Recordable Injury Frequency Rate of 2.28 per million hours worked.

The Board has reduced in size to three non-executives and one executive during the period with the retirement of Giles Everist as a non-executive director in December 2015. Giles joined the Board of LogiCamms in 2011 and on behalf of the Board, I would like to thank Giles for his service.

I would like to thank your Managing Director, Steve Banning, his executive team, and all of LogiCamms' employees and contractors for all of their hard work and commitment throughout this challenging year. I would also thank the Board for their tireless endeavours this year.

Finally, and on behalf of the Board, I would like to thank you, our LogiCamms' shareholders, for your continued interest and support.

I now invite our Managing Director, Steve Banning, to provide commentary on financial year 2016 and an outlook on the 2017 financial year.

Peter Watson
Chairman
LogiCamms Limited

Further information

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About LogiCamms

LogiCamms delivers innovative and tailored solutions to leading owners and operators of minerals and metals, hydrocarbons and infrastructure assets, the Company works to reduce costs, increase efficiencies, and enhance the value of customers' operations. LogiCamms provides a complete service through our business lines of Consult, Deliver and Maintain. LogiCamms is an Australian Securities Exchange listed Company (ASX:LCM) with offices across Australia, New Zealand and Papua New Guinea. LogiCamms' Vision is to be a market leader delivering outstanding customer solutions.

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Managing Director's address

To the Annual General Meeting of LogiCamms Limited, held on Thursday 24 November 2016 at Capri by Fraser, 80 Albert Street, Brisbane at 2.00PM (AEST time).

Thank you Peter.

As discussed by the Chairman, the 2016 financial year was impacted by lower volumes of work out of LogiCamms' core engineering services in key sectors, particularly upstream hydrocarbons. Despite our predominant focus on brownfield operating assets, soft commodity pricing (such as we have seen in oil, iron ore and coal) drove cost cutting measures across our customer base impacting our revenue. We have sought to address these challenges through an operational efficiency and resetting program, the financial cost impact of which was largely accounted for in 2016.

The program targeted 4 areas;

- To increase the flexibility of our work force to better match the workflow from our customers. Our full time work force now represents just below 70% of our total workforce and we will continue to monitor how efficiently we are delivering our work.
- To reset our cost base to ensure we could sell our services at market competitive rates
- To drive the ability to share workload across our 6 main locations to reduce skillset duplication, and
- Where possible, optimising our accommodation costs including relocating office locations

As a business operating in challenging markets, it is important to remain efficient for the delivery of core services, but also to keep an eye on the future growth of the business. It is pleasing that despite these market challenges, the Company has successfully targeted new long term engineering panel work in sectors we haven't previously operated in and also with clients we have not previously had a panel relationship with. This includes both Defence and Utility Water Sector work primarily aimed at our brownfield capability. We have also continued to invest in the growth of capabilities and services that will stand the Company in good stead to adapt and benefit from future opportunities.

In particular, the Company has developed a proprietary GIS technology platform for surveying, planning and optimising linear assets, including gas pipelines and telecommunications infrastructure. It has also established a strong presence in the Hunter Valley providing maintenance services to the coal industry which builds on our existing maintenance capabilities in the Pilbara, offshore Western Australia and within infrastructure in South Australia.

Many of these opportunities have required a significant upfront investment in time and resources and the benefits are likely to flow over the medium to long term.

LogiCamms has been managing these market challenges through a focus of adding value to our customer's existing operating sites. The Company's focus on brownfield opportunities has included:

- In Hydrocarbons where we have continued our long term relationships with EPIC Energy, APA Group, Jemena, Origin Energy, Santos, Oil Search, Chevron and Methanex to name but a few.

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- In Minerals & Metals where our focus on productivity improvement and asset optimisation remains as key focus areas for Iron Ore and Coal producers. We have continued to work with existing long term clients including Rio Tinto, BMA, Roy Hill, WICET as well as new agreements and work with FMG and BHP Billiton.
- In Water Infrastructure which has been an area of growth for LogiCamms over the 2016 financial year, and further growth is anticipated for the 2017 financial year. LogiCamms has focused on further strengthening its relationships and services being provided to water utilities including SA Water (South Australia) and WaterCorp (Western Australia), as well as new panel arrangements with SEQ Water (Queensland) and significant opportunities with OEM partners.
- In Maintenance Services where the provision of maintenance services has been a key strategic initiative for LogiCamms in the 2016 financial year linking directly to engineering services where required. This has seen success through:
 - the performance of the Maintain team in the implementation and commissioning of the control system works at the Roy Hill Mine Site;
 - a continued focus on winning work in the Pilbara region; and
 - the establishment of the LogiCamms' office in the Hunter Valley region to service the maintenance needs of the coal industry in the area.
- In Competency Training which is LogiCamms' registered training organisation and which has continued its focus on expanding its training courses into Asia, particularly Korea, Singapore, and Malaysia. During the year it was also awarded the development and delivery of upstream training packages for local employees in PNG. The training business has also begun to successfully leverage off the Company's Maintain business and deliver off the shelf and bespoke training into locations where LogiCamms is already providing maintenance services.
- In Innovation where LogiCamms has invested resources in the development of a number of key strategic opportunities. This has included a technology platform for geographic information systems (GIS) providing a market leading innovation which provides a sophisticated mapping tool created to deliver cost and time savings for owners of infrastructure assets such as gas pipelines, telecommunications, energy networks, and road and rail networks. This has included the entering into of an exclusive relationship with Ninox, a provider of drone based technology which will complement the proprietary GIS mapping tool

Since July we have seen a significant upswing in opportunity in the market and have been successful in securing contracts with many existing and new clients. Unfortunately the release of work packages against these has been much slower than the clients had originally advised and thus the ramp up of revenue through H1 has lagged behind expectations. Based on trading performance to date, work in progress, and the current pipeline of opportunities, we expect revenue in the order of \$40m for H1 with a substantial increase in the second half as new work comes through based on these contract and panel wins secured in H1. The Company continues to target a sustainable EBITDA margin of around 6% however, for first half 2017 we expect to record a negative EBITDA as some of the opportunities recently won build through their ramp up phase.

LogiCamms' ongoing commitment to the health and safety of its employees and contractors is an essential element to everything which we do. During the 2016 financial year, the Company had 2.28 recordable

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injuries for every million hours worked. We continue to embed the highest level of safety principles as part of our culture, with a heightened focus on its Maintain business given the increased presence at customer operating sites.

I would like to take this opportunity to thank all of our employees for their contributions through the year and their continued dedication in delivering excellence to our clients and investing in the future growth of our business. And to our shareholders, thank you for your continuing support of LogiCamms.

Steve Banning
Managing Director
LogiCamms Limited

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