

ASX ANNOUNCEMENT

14 June 2019

Request for Release from Suspension

The Board of Tempo Australia Limited (ASX: TPP, “Tempo”, “Company”) provides the following update in relation to the matter that initiated placing the Company into a voluntary trading suspension:

On 27 February 2018, Tempo announced that it had a binding LOI with a leading international power company for the engineering and construction of a 34 mega-watt solar farm, including mechanical, electrical and civil works, HV substation, and procurement of electrical cables. The client was then subsequently confirmed to be Enel Green Power Australia Pty Ltd (“Client”). The commencement of the works was subject to the Client reaching agreement on a Power Purchase Agreement as part of the Victorian Renewable Energy Auction Scheme, expected in the third quarter of 2018.

On 27 February 2019, Tempo advised that the final contract for the project had been executed. The value of the works for Tempo was \$15.3 million over a 12-month construction period commencing 1 March 2019.

A review of the project by the Company on 23 April highlighted that contractually there was a significant risk of the project requiring a significant amount of additional working capital that would stress our existing working capital facilities. The project also has a risk for potential claims over delays and variations that would have potential to increase costs that would have been material for Tempo and deleterious for the project and the Client. The Board determined that if the risk was realised this would place the Company in an untenable position.

The Company went into a trading halt on 24 April 2019 and subsequently was suspended from trading on 29 April 2019.

The Board of Tempo is now pleased to advise that following ongoing discussions since the trading halt that the Client has indicated its willingness to negotiate amendments to the contract with the Company, and the Board considers that those discussions and the amendments verbally agreed with the Client are now at a stage where the concerns the Board had originally identified have been addressed.

While not currently binding, the Board is satisfied that the ongoing good faith negotiations are sufficiently progressed to request lifting of the suspension in trading. The key terms that have been agreed in principle, and which the parties are currently operating in accordance with, are:

- a) to convert the contracting model to a target cost estimate model. This removes the potential for unresolved claims causing any increased costs and aligns both parties to work in collaboration with each other to minimise potential cost increases;
- b) costs will be managed through a fully transparent open-book unit-pricing mechanism; and
- c) a cash neutral position meaning that the company will not require any additional working capital to fund the work under the contract or additional costs due to unresolved claims or variations.

The board believes that these changes to the management of the contract is an acceptable and good outcome for all of the parties. The changes mean that if the agreed target cost is achieved, the Company will maintain its initial profit from the contract. However, should the target cost be exceeded then Tempo’s profit margin will be at risk.

The Board is confident that with the preceding negotiated outcome and the lifting of the voluntary trading suspension that it is back to business as usual for Tempo.

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Other than in relation to this contract, Tempo continues to operate in accordance with previous disclosures and announcements made to the ASX.

The Board advises that good progress has been made in identifying a new CEO and CFO and the Company expects to make further announcements on these matters in the near future.

The Board thanks shareholders for their patience during this period of suspension.

ENDS

FOR FURTHER INFORMATION CONTACT

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ABOUT TEMPO

Tempo Australia Ltd (TPP) is an integrated service provide specialising in the innovative delivery of asset management solutions, electrical maintenance and telecommunications-related infrastructure. Our national footprint services customers across a range of sectors including retail, commercial and industrial assets, ports, renewable energy and transport infrastructure.

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