

## ASX ANNOUNCEMENT

30 July 2019

# WestStar Industrial Limited June 2019 Quarterly Report

**WestStar Industrial Limited (Company or WestStar)** (ASX: WSI), an Australian industrial services company providing engineering, construction and mining services to the resources, energy and infrastructure sectors, is pleased to report on the Company's performance for the quarter ended 30 June 2019.

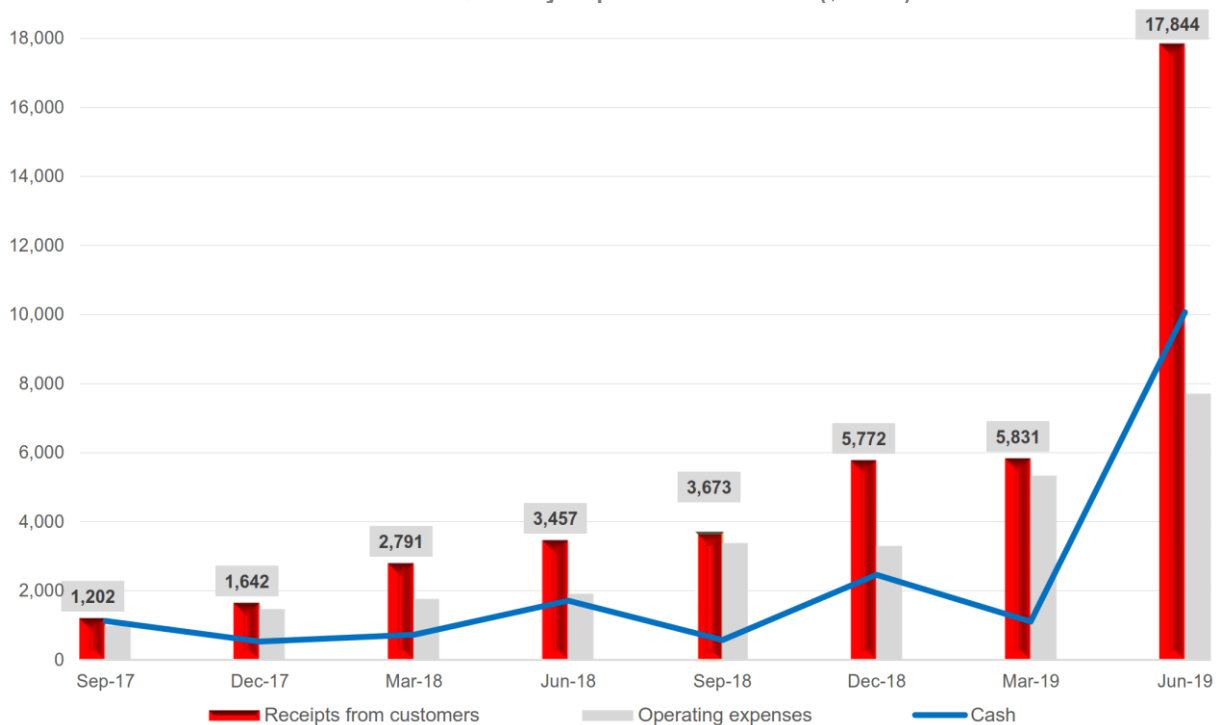
### Highlights

- **\$10.0M cash at bank at end of the June Quarter**
- **Record cash receipts of \$17.8M during the June Quarter (+300% quarter-on-quarter, +360% year-on-year)**
- **~\$50M of contracts awarded during FY2019, which together with a further \$5M of extensions already awarded in July 2019, provides a solid platform of contracted FY2020 work**
- **Largest contract to date awarded during the June Quarter – \$10M at FMG Eliwana Mine by ATCO**
- **Repeat contracts continue from Tier 1 clients including MSP Engineering, Rio Tinto, Iluka Resources, Salini Impregilo, BHP and others**
- **\$2.4M placement to domestic and international institutional and professional investors**

### Company Financial Overview

During the June Quarter, the Company banked total cash receipts of ~\$17,844,000, an increase of over 300% quarter-on-quarter (Q3 FY2019: \$5,830,000). This result was a new historical high for quarterly cash receipts exceeding the total of the previous three quarters combined. Receipts are trending up on SIMPEC's increased activities and the realisation of profitability on current projects.

WestStar Quarterly Reported Cash Flows (\$A'000)



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Overall net cash inflow from operating activities for the June Quarter increased by \$8,410,000 quarter-on-quarter (Q4 FY2019: \$7,092,000, Q3 FY2019: - \$1,318,000).

Operating payments for the June Quarter increased proportionately less than receipts. This reflects costs incurred in the previous quarter for new projects which commenced in that quarter and the Company beginning to realise receipts for those projects in the June Quarter. Administrative staffing and corporate costs during the reporting period were in line with the Company's growth projections. This largely fixed overhead cost base provides leverage to further earnings growth.

During the June Quarter, the Company completed a \$2.4 million placement, with strong support from existing shareholders along with the introduction of new high-quality domestic and international institutional and professional investors (ASX: 10 April 2019). Hartleys Limited was engaged as Lead Broker to the placement.

### SIMPEC Operations

During the June Quarter, SIMPEC was awarded a key contract by ATCO Structures and Logistics in the construction of an 800-room camp at FMG's Eliwana iron ore mine in the Pilbara region of Western Australia. The ~\$10 million contract is SIMPEC's largest single contract award to date. SIMPEC's scope of work is to design, supply, construct, and commission the electrical, communications and fire systems of the 800-room mine camp (ASX: 1 May 2019).

The Eliwana contract builds on the portfolio of camp work packages successfully undertaken by SIMPEC, specifically the camp works completed at Iluka Resources' Cataby Iron Sands Project and at Rio Tinto's West Angelas project.

SIMPEC was also successful in winning significant contract scope extensions across its existing contracts. Extensions totalling \$7.5M were announced during the quarter (ASX: 6 May 2019, 18 June 2019) with a further \$5M announced so far since the quarter end.

### Outlook

The \$50M of contracts awarded in FY2019 and further \$5M of contract extensions in July 2019, together with the Group's strengthened balance sheet form a solid platform for SIMPEC to win and deliver much larger contracts with its growing team. SIMPEC is positioned strongly for the coming financial year with substantial contracted work in hand and is continuing to tender strongly during the June Quarter.

The June Quarter has been exceptional for WestStar, both operationally and financially. SIMPEC in particular has exceeded expectations with strong delivery on contracts on notable large resources projects. SIMPEC has been adept at proving its value to clients and this is demonstrated by the scope extensions awarded to it over and above the original contract values.

**-Ends-**

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### About WestStar

WestStar Industrial Limited (ASX: WSI) is an industrial services company in the resources, energy and infrastructure markets with a focus on mining services and industrial contracting for tier 1 clients.

WestStar, through its subsidiaries delivers high quality Construction and Engineering services with specialisation in Structural Mechanical and Piping (SMP), Electrical and Instrumentation (E&I), Concrete Products and Civil Services.

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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

WESTSTAR INDUSTRIAL LIMITED

**ABN**

38 119 047 693

**Quarter ended ("current quarter")**

30 June 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers*	17,844	33,119
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(7,688)	(19,665)
(c) advertising and marketing	-	-
(d) leased assets	(184)	(662)
(e) staff costs	(2,184)	(4,600)
(f) administration and corporate costs	(698)	(2,001)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	6
1.5 Interest and other costs of finance paid	-	(98)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>7,092</b>	<b>6,099</b>

\* The Company banked late receipts of ~\$2.1M in April 2019 which were due in March 2019 i.e. extra funds were banked this quarter which related to activities in the previous quarter.

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(44)	(108)
(b) businesses (see item 10)	-	-
(c) investments	(119)	(246)

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	157
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (provide details if material)</b>	(24)	(38)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(187)</b>	<b>(235)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	2,400	2,400
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(211)	(211)
3.5 Proceeds from borrowings	74	1,052
3.6 Repayment of borrowings	(210)	(748)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>2,053</b>	<b>2,493</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,111	1,712
4.2 Net cash from / (used in) operating activities (item 1.9 above)	7,092	6,099
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(187)	(235)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,053	2,493

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter**</b>	<b>10,069</b>	<b>10,069</b>

\*\* The Company banked late receipts of ~\$2.1M in April 2019 which were due in March 2019 i.e. extra funds were banked this quarter which related to activities in the previous quarter.

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	10,069	1,111
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>10,069</b>	<b>1,111</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	-
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	283
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Director fees and superannuation, corporate advisory fees related to equity fund raising activities, accounting and administrative support.

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**8. Financing facilities available**

Add notes as necessary for an understanding of the position

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1,000	650
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

On 12 December 2018, the Company announced that it had received commitments for an unsecured working capital facility of up to \$1M. This facility was drawn to the value of \$650,000 at the end of the quarter.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(6,500)
9.3 Advertising and marketing	-
9.4 Leased assets	(200)
9.5 Staff costs	(1,400)
9.6 Administration and corporate costs	(400)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows***</b>	<b>(8,500)</b>

\*\*\* Estimated cash outflows do not include any forecast receipts from customers.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

**Compliance statement**

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Sign here:   
(Company Secretary)

Date: 30 July 2019

Print name: Derek Hall

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**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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