

Media Release

Structural Systems announces half year profit of \$3.04 million and fully franked interim dividend of 2 cents per share

27 February 2013

Key Points

- **Structural Systems reports NPAT of \$3.04 million which is at the upper end of the market guidance provided on 12th November 2012 being \$2.8-\$3.1 million**
- **Interim dividend of 2 cents per share, fully franked**
- **EBITDA \$8.59 million for first half**
- **Group cash balance increased by \$3.94 million from December 2011 balance**
- **Group net debt to equity improves to 21.3% at end December 2012, from 23.7% at December 2011**
- **ROCK WIH \$101 million at end January 2013**
- **Group WIH \$185 million at end January 2013**

The Directors of Structural Systems Limited (“The Company” and “Group”) today announced that the Group had recorded a net profit after tax of \$3.04 million for the year ended 31 December 2012. This result was at the upper end of guidance given on 12th November 2012 but down 38% on the \$4.87 million reported for the prior corresponding period.

The Board has declared a fully franked interim dividend of 2 cents per share which is consistent with the dividend paid for the prior corresponding period.

Managing Director Mr David Perry said “The consequences of the reduction in activity in the Australian resources sector at the start of the financial year ultimately flowed through to several projects involving our mining services business ROCK Australia. This resulted in a number of project cancellations as well as reductions to the scope of works of existing contracts as clients adjusted their output requirements. Where possible, ROCK reduced its cost base and made other structural changes that have allowed it to return to earnings consistent with historical results. Due to the reduction in revenue, redundancy costs involved in right sizing the business for the prevailing conditions and higher than average maintenance costs, ROCK actually traded at a loss up until the end of November”.

“The result to 31 December 2012 for ROCK was down by over \$4 million pre-tax compared to the prior corresponding period. Pleasingly, profitability since the end of November has improved as the benefits of the changes made to its’ cost base have started to come into effect. The pre-tax profit reported by ROCK for the December and January period was in excess of \$1.2 million. In addition the team has worked hard to secure extensions to existing contracts during this period and find replacement work. As a result ROCK’s work in hand increased to \$101 million at the end of January 2013 which is the best position it has been in since the start of the financial year”.

“Overall the first half of the financial year has been a difficult trading period. We also saw a tightening of conditions in the construction sector. Our construction divisions started the year with reasonable work in hand balances, however, replacement work for those divisions started to fall away as the financial year unfolded due to targeted projects being delayed or cancelled”.

“Net profit before tax from construction activities was down only slightly on the prior period as a result of a strong first quarter result”.



“Since late December we have seen an improvement in construction tender opportunities with a number of projects bid since then with awards expected by end of first quarter of the calendar year. The size of projects in the market at present is smaller than historical levels but overall new business opportunities have increased over the last couple of months”.

“Work in hand for construction related activities at the end of January was \$84 million”.

Mr Perry stated "The Group's continued focus on generating strong cash flows can be seen in the improved cash position compared with twelve months ago. This is further reflected in the group's net debt to equity ratio, improving to 21.3% from 23.7% over the last twelve months.

The record date for determining entitlement to the dividend is 22 March 2013 and it is payable on 17 May 2013.

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About Structural Systems Limited

The Company commenced as BBR Australia Pty Ltd in 1961 and was listed on the Australian Securities Exchange as Structural Systems Limited in 1987. The Company operates in the construction and resource sectors. Construction sector activities include infrastructure works, post-tensioning, concrete services and remedial services. Activities undertaken in the resource sector include drill and blast as well as geotechnical services and radar monitoring systems. Structural Systems operates throughout Australia, the Middle East and Africa and has approximately 850 employees worldwide.

For further information about Structural Systems please see our website: www.structuralsystems.com.au