



ASX Announcement

27 February 2017

2016 Financial Results – Building the Foundations for Tomorrow

Highlights:

- Revenues for 12 months to 31 December 2016 of \$81.4 million
- EBITDA of \$6.4 million
- Net Profit After Tax of \$5.5 million
- Net asset value of \$30.5 million
- Closing cash balance of \$25.7 million and operating cash flows of \$9.1 million
- Approximately \$10 million of contract awards and extensions

Tempo Australia Limited (ASX: TPP) today announced its financial results for 2016, reporting solid performance from its operating divisions and a robust cash management approach.

The Company reported revenues of \$81.4 million for the 2016 fiscal year, a 3 percent increase from 2015, and an EBITDA of \$6.4 million, a ~40 percent increase year on year.

Tempo's CEO and Managing Director, Max Bergomi, said the results were pleasing and were underpinned by the Company's continuing activities across Australia for clients in the oil & gas and minerals sectors.

"Tempo has reported a strong result for shareholders, firstly by continuing to deliver capital projects and sustaining capital works for our key clients, and, secondly, by expanding into the industrial and commercial sectors following the acquisition of the Cablelogic business in July 2016," he said.

"We've also continued our focus on maintaining a lean management structure that is supported by a leadership team and business systems that ensure strong oversight and operational delivery," said Mr Bergomi.

The Company reported a Net Profit After Tax of \$5.5 million, a decrease from 2015. This decrease was primarily due to prior year results benefiting from a large amount of unrecognised tax assets.

Net assets increased by 115 percent during the 2016 year to \$30.5 million, while the Company generated strong operational cash flows of \$9.1 million. The Company's closing cash balance of \$25.7 million, combined with a \$10 million working capital facility which remains fully undrawn, will help fund future organic or acquisitive growth.

Mr Bergomi reported that non-financial business metrics were also tracking favourably.

"Tempo made excellent progress during 2016 towards improving our core business systems and our ability to engage with our front line workforce," he said.

"We've also increased our point of difference in the market through the development of unique site productivity tools which are receiving excellent feedback from clients. Overall, we believe the depth of our

client and partner relationships will represent the foundation for Tempo's future success," said Mr Bergomi.

Reflecting on the slow-down in the mining and resources market, Mr Bergomi said the company had a healthy pipeline of opportunities and was well positioned to leverage growth in adjacent markets and through a number of Master Service Agreements.

"While we believe that the resources sector will continue to offer significant opportunities over the medium term, we have noted a tendency from our resources clients to defer a portion of spending – a trend that we anticipate will continue into the first half of 2017," he said.

"However, Tempo's move into the commercial and industrial sectors has allowed us to manage such potential risk, broadening the available market across Australia and allowing the business to target planned, reactive and preventive maintenance, as well as project development and refurbishment work in this adjacent sector," said Mr Bergomi.

The company also reported they had secured a number of new Master Service Agreements (in addition to those existing with Santos and for work at the Chevron operated Gorgon project) and project extensions valued at approximately \$10 million during 2016 and early 2017, as listed below:

- Agreement with international telecommunications provider, Huawei for DAS mobile systems installations for Optus across a wide range of commercial and industrial sites;
- Agreement with Lend Lease for various electrical and communications services for infrastructure, roads and tunnels, commercial buildings and other client assets in WA;
- Agreement with Ansaldo for Rio Tinto Auto Hall to carry out communication for rail automation systems;
- Agreement with Downer for general support work on the Gorgon Project; and
- Agreement with for general electrical support work on the Chevron operated Wheatstone offshore platform.

In his closing remarks, Mr Bergomi said: "We're confident that with our healthy pipeline of work, robust cash management approach, lean structure and underlying commitment to safety and productivity, we have a strong platform to support growth in the years to come."

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About Tempo

Tempo Australia Limited (ASX: TPP) is a services company to the minerals, resources, energy, commercial and industrial sectors. The company was established in 2011 and has specific expertise in the provision of structural, mechanical, piping, electrical, telecom, and data communications services, specialising in construction (greenfield and brownfield); maintenance; sustaining capital works; and shutdowns.