



ASX Announcement

28 February 2018

2017 Preliminary Financial Results & commentary

Summary:

- **Work in hand over \$40 million**
- **Revenues for 12 months to 31 December 2017 of \$19.6 million**
- **Net Loss After Tax of \$1.0 million**
- **Net asset value of \$29.9 million**
- **Closing cash balance of \$11 million**
- **Diversification into renewables, electrical maintenance and telecommunications sectors**

Tempo Australia Limited (ASX: TPP) today announced its preliminary financial results for 2017, reporting small signs of recovery in the mining and resources markets and growth in adjacent sectors.

The Company reported revenues of \$19.6 million for the 2017 fiscal year, and a Net Loss After Tax of \$1.0 million. Net assets remained steady at \$29.9 million.

Tempo's CEO and Managing Director, Max Bergomi, said: "While we are seeing a gradual increase in opportunities in the resources sector, we have also been faced with more deferrals of expenditure from these clients, impacting our 2017 result."

"However, our success in securing shutdown and sustaining capital works at BHP's Olympic Dam, the Santos Moomba project, and Woodside's Pluto Gas Plant in late 2017 and early 2018 highlights our ability to convert these early opportunities, and positions us well for the expected upturn in the resources sector," he said.

Mr Bergomi also said the Company was seeing validation of its large project service offering and ability to deliver work in adjacent markets.

"We were recently awarded two binding letters of intent valued at \$23 million by a leading international power company for works at a Victorian solar project. While this contract is dependent on the client securing a power purchase agreement as part of the Victorian Renewable Energy Auction Scheme, we view our selection as a good sign that our strategic approach is on track."

Tempo also reported approximately \$11 million cash and \$6.1 million of receivables, reflecting the Company's heavy tendering effort, acquisition expenses, acquisition of automated construction equipment, and project deferrals.

"We're pleased to say that, despite these expenses, we've been successful in safeguarding cash without reducing our expenditure on tendering which is instrumental to our ability to secure large project revenue to a base line of sustainable work," said Mr Bergomi.

"Looking ahead, we begin 2018 with a larger amount of work-in-hand diversified over a number of clients and sectors than ever before. With the underlying structure we now have in place, and even in a subdued



but recovering resource market, the Company is positioned well for a break even result without the award of any larger projects. Further to this, the award of any larger resource or power projects would see a significant improvement in 2018 earnings," he said.

MARKET AND COMPANY UPDATE

Diversification strategy

Over last two years, Tempo has been successful in growing its client and partner networks, while remaining true to its core construction and maintenance offering, and differentiating through the use of innovative productivity tools.

In 2017, Tempo saw revenues associated with industrial and commercial projects grow, sustaining the Company's push to diversify revenue streams. Over the course of the year, and as a result of the acquired national presence, the Company was able to successfully target and execute electrical and telecommunication project work across Western Australia, Queensland and South Australia, and is currently involved in delivering project work across multiple States, including iconic infrastructure assets such as Brisbane's Suncorp stadium.

Likewise, the recent acquisition of national maintenance service provider, KP Electric Australia, has further reduced Tempo's dependency on resources based construction work and cushioned the impact of deferrals in resources maintenance spend. The integration of KP Electric is progressing well, and further growth opportunities have recently been confirmed through the securing of key long-term contracts with international mobile network managers, the City of Vincent in Western Australia and Cushman & Wakefield.

Outlook

The Company enters 2018 with a work in hand of over \$40 million¹. This revenue in hand will be earned across a number of years, with the larger share attributable to 2018.

The Company will continue to look for opportunities to expand inorganically and will do so primarily through acquisitions that add capability and markets, complement the business and existing structure, and meet the Company's stringent risk and return requirements.

Finally, the Company structure is now suitably mature and has sufficient recurring earnings to support further growth opportunities in maintenance services and project delivery nationally across the resources, power, telecommunications, commercial and industrial sectors.

ENDS

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¹ Figure does not include the award of the letters of intent valued at \$23 million, which are still subject to the client securing power purchase agreements from the Victorian Government.



About Tempo

Tempo Australia Limited (ASX: TPP) is a construction and maintenance services company to the resources, energy, commercial, industrial and telecommunications sectors. The company was established in 2011 and has specific expertise in structural, mechanical, piping, electrical, telecom and data communications.