

28 February 2017

BRIERTY DELIVERS STRONG EARNINGS TURNAROUND, EXCEEDS GUIDANCE

Summary:

- Profit before tax of \$5.4 million (H1 FY16: \$0.6 million), exceeding guidance
 - Net profit after tax of \$3.8 million (H1 FY16: \$4.2 million)
 - EBITDA of \$10.9 million (H1 FY16: \$9.2 million)
 - Stronger earnings despite lower revenue of \$76.4 million (H1 FY16: \$125.2 million)
 - Profit generated across all three divisions, with improved margins in civil and mining sectors
 - Improved operating cash flow of \$2.6 million (H1 FY16: \$1.0 million)
 - \$219 million order book and is targeting a solid pipeline of opportunities
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Diversified contractor Brierty Limited (ASX: BYL) has reported a profit before tax of \$5.4 million for the half year ended 31 December 2016.

The result was a major improvement on the prior corresponding period (“pcp”) (H1 FY16: \$0.6 million) and exceeded Brierty’s earnings guidance of approximately \$5 million profit before tax.

Brierty’s net profit after tax was \$3.8 million compared to \$4.2 million in the pcp, although the H1 FY16 result was enhanced by a \$3.6 million tax credit.

Brierty Chief Executive Officer Ray Bushnell said the earnings turnaround reflected Brierty’s ability to deliver on its back-to-basics strategy, which focuses on productive project execution and being strategic in bidding for new work that will only generate a profit.

“All of Brierty’s divisions – mining, civil, and land development – delivered a profit in the half. Our absolute focus on executing work productively, and applying strict discipline in what new jobs we target, and how we bid for that work, is delivering positive results” Mr Bushnell said.

“The success of our back-to-basics strategy is exemplified by our ability to improve profit margins in the half despite a fall in revenue. This was due to structural improvements we made across the business, including a flatter management structure, reduced headcount, improved internal reporting, enhanced plant management, and standardisation of practices.”

In H1 FY17, Brierty worked at major projects including:

- Contract for mining and civil work at the Western Turner Syncline Stage 2 Project for Rio Tinto.
- Two separate tailings dam lift projects at Marandoo (Rio Tinto) and Boddington (Newmont Mining).
- Land development project at Mitchell Creek Green in the Northern Territory.
- Civil works in the Perth metropolitan area, including at Perth Stadium and Lakelands.

Brierty also completed the Kwinana Freeway widening project in the half, while the Coalfields Highway is nearing completion.

The Board elected to not declare an interim dividend, with the focus of applying excess cash generated to reducing Brierty's gross debt. Brierty appreciates its bank's ongoing support as the Company delivers on its turnaround strategy.

Brierty ended H1 FY17 with an order book of \$219 million and is targeting a solid pipeline of opportunities.

"The market remains competitive, particularly for civil projects, however Brierty has demonstrated success in winning additional work at existing projects, including at Perth Stadium, Boddington gold mine, and Lakelands development," Mr Bushnell said.

"We will continue to target further scope expansions at existing projects and are pursuing new work opportunities with former key clients as relationships are repaired.

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ABOUT BRIERTY

Brierty provides civil construction and mining services to government and private industry through its civil and mining lines of business, which include:

Civil

- Construction of city and town infrastructure including land developments, roads and car parks.
- Highway and road construction, bulk earthworks, railways, airport runways, site-works, concrete and pavement works.

Mining

- Contract mining and mine maintenance.

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