

ASX Announcement

26 November 2019

Chairperson's address

To the Annual General Meeting of LogiCamms Limited (ASX:**LCM**), held at 3.00pm (AEST) on Tuesday, 26 November 2019 at Capri by Fraser, 80 Albert Street, Brisbane.

As set out in the Annual Report, Financial Year 2019 was again a year of significant change for LogiCamms. It was pleasing to report that the operating performance of the business through the year improved and the merger with OSD, completed on 28th June 2019 further strengthened the Company's balance sheet and provided the catalyst and platform for restructuring for sustainable profitability and growth.

This time last year Chris O'Neill addressed you as the newly appointed CEO. He set out his vision for the Company in his first year, and while Chris will give his own score card on the Company's performance in this past 12 months, I am pleased to be able to report that Chris has delivered on his four-part plan, namely:

- Clearly setting out and establishing the five key characteristics of LogiCamms:
 - Safety – Zero TRIFR achieved and maintained
 - People – building a talented, experienced, diverse and energetic team.
 - Shareholder Returns – returning the business to profitability.
 - Brand Recognition – Clarity around our service lines
 - Innovation – embedding innovation in our service lines
- Reviewing the business operations and introducing operational improvements – through the restructuring of the business units, reintroducing service lines leaders and delivering projects to time and budget
- Improving the way we bid work thereby improving our win rate – by better articulating our capabilities and value proposition and being more responsive to client needs.
- Establishing a Board approved updated strategy, rolling it out to the business and embedding it in the FY20 business plans.

And this has been achieved – all while planning for and implementing the merger – and without any loss of revenue or clients arising from the transaction.

In fact client response has been very positive and we are starting to see expanded work scope requests from existing clients, which supports the cross-selling opportunity that we flagged as an upside in the documentation we provided to shareholders when recommending the merger.

Trading performance

For FY19 LogiCamms reported a pro-forma revenue of \$119.4 million, normalised EBITDAI of \$6.9 million and NPAT of \$3.2 million and net tangible assets of \$11.01 million including net cash on hand of \$4.6 million as at 30 June 2019. These pro-forma and normalised financial results are a significant improvement on the LogiCamms stand-alone business.

As previously reported LogiCamms has secured more than the \$3 million in annualised savings set out in the Transaction Notice of Meeting issued in May, and is on track with the merger transition activities. The bringing together of the Enterprise Resource Planning systems of LogiCamms and OSD onto a new platform is the last significant transition activity to be executed and planning for this important activity is in progress.

A pleasing feature of the past 6 months is the improving \$ weighted win-rate for our proposals and the number of larger projects won, that is we are now winning a greater proportion of contracts which each have a revenue value in excess of \$5 million.

I acknowledge the support given by shareholders to our plans and their implementation over recent times as reflected in the Year on Year increase in share price as at the end of October.

Future outlook

The merged Company has set its three-year strategy and is bringing greater clarity to the business by focussing on its service lines, which are now also articulated in the new organisation structure and in the FY20 business plans.

In the last two months the new incentive plan for the Executive Leadership Team, referred to in the Annual Report, has been developed, approved and implemented, providing further focus on business performance.

Assuming current market conditions remain stable through FY20, LogiCamms now has the platform and plan to deliver the target results that were set out in the merger transaction documents.

Board composition

The search for two new directors, one to replace Richard Robinson who advised of his retirement from the Board, and one to add a fifth director as outlined in the transaction documents, has been successfully completed with the appointment of Phillip Campbell and Matthew Morgan. Welcome gentlemen.

I take this opportunity to express my thanks to Richard Robinson who has played an important part in providing guidance during some difficult times at LogiCamms and who has supported management in the area of improved project delivery, which is the life blood of an engineering business. Richard retires from the Board at the end of this meeting.

In respect to the future Board composition, the search is now underway for a new director to take my place when I step down after the announcement of the Company's half-year results.

Recognition

In my annual report address I listed a number of people who have made a difference to the LogiCamms business over the past 12 months, and I detailed their contributions. Without repeating the detail I take this opportunity to again acknowledge:

- Dan Drewe - CFO and Interim Chief Executive Officer for the first portion of FY19.
- Chris O'Neill - CEO.
- To the individuals in both OSD and LogiCamms who very objectively accepted and supported the associated restructuring.
- All the employees of the merged Company for the seamless integration
- To Brian O'Sullivan (founder of OSD) and Linton Burns (former Managing Director of OSD).
- To Peter Watson, who stepped down on 28 June 2019 after eight years service.
- Once again Richard Robinson

- Finally to our shareholders, clients and bankers who have supported us, particularly through the last few years.

At all levels, LogiCamms is working hard to build on the platform that has now been established to strengthen our competitive position and create a leading mid-tier engineering company that will deliver sustained results and repay your trust in us.

Charles Rottier

Chairperson

LogiCamms Limited

CEO's address

To the Annual General Meeting of LogiCamms Limited (ASX:**LCM**), held at 3.00pm (AEST) on Tuesday, 26 November 2019 at Capri by Fraser, 80 Albert Street, Brisbane.

As detailed in the Annual Report, the 2019 financial year was a transformative year for LogiCamms with a significant improvement in underlying business performance (particularly in the second half of the financial year), capped off with the merger with OSD.

We significantly improved our safety performance and achieved a Total Recordable Injury Frequency Rate (TRIFR) of Zero for the year and this has continued to date.

The improved financial performance in FY19, as Charles has outlined, was achieved by increased discipline and accountability in the business, the elimination of non-productive overheads, rationalisation of our technology development initiatives and a transformation of our tendering processes to increase the Company's win-rate.

The merger means that LogiCamms is very well positioned as a leading mid-tier engineering services business with breadth and depth of technical capability, a broadened client base and a significantly strengthened balance sheet.

We had been in detailed planning for the merger for months before the 28th June transaction completion, and this allowed us to quickly implement the merger transition plan, realise the merger synergies (with more than \$3M in synergies already achieved), and 'hit the ground running' as a merged company for FY20. I am pleased to report that this momentum has continued, and the merged business is running to plan.

As mentioned in the Chair's address, the implementation of a common Enterprise Resource Planning system is the last significant merger transition activity to be executed, and planning for this key project is well advanced.

We now have bedded in our Vision and Mission as well as our Values ('The LogiCamms Way') across the business, to give clarity to all our team members on our direction and on the things that are most important to us and our Clients.

We are also on track in implementing our refreshed Company Strategy which has three key focus areas:

1. Fully harnessing the benefits of the merger – including capturing the remainder of the synergy cost savings, cross-selling of capabilities to our expanded client base and using our expanded capabilities, scale and lower overheads to win larger contracts. This is all tracking to plan.
2. Approaching to market (including our brand presence) with emphasis on our six speciality Service Lines:
 - Asset Management
 - Competency Training
 - Digital Industry (a merging of our Controls and Automation, data technologies and industry digitalisation capabilities to position us for the quickly emerging opportunities in this area)
 - Electrical and Instrumentation
 - Multi-disciplinary Engineering
 - Pipelines

Our six Service Lines also drove the revised structure within our business units, and are the way we focus our internal innovations, capability building and workshare methods.

We are already seeing the benefits of this Service Line identity strategy with clients increasingly engaging with us (and awarding us work) for our strengths in these core areas.

3. Repositioning our Innovation efforts so that internal innovations are driven by our Service Lines and our Innovation Products are rationalised with a clear near-term plan for commercialisation. This is also on track and the rationalisation of our Innovation Products is virtually complete. The benefits of this strategy are already showing. For example, our StacksOn product is currently being trialled in a paid project with a major iron ore miner.

LogiCamms strategy remains centred on our key markets of Hydrocarbons (Oil & Gas and Chemicals), Mining and Minerals, Infrastructure (particularly water and intelligent transport systems) and Defence. We continue to primarily operate in our core geographies of Australia, New Zealand, Papua New Guinea and the Pacific.

The revised business organisation structure reflecting our strategy is now bedded in and working smoothly, and co-location of our merged teams has been completed.

The key markets we operate in are now generally positive and the response of our clients and staff to the merger continues to be overwhelmingly positive. We are already seeing increasing work from cross-selling heritage-LogiCamms services to heritage-OSD clients and vice versa.

In summary, LogiCamms has the platform, plan and people in place to continue the improved business performance and hence deliver increased shareholder value. The business is on-track and operating to that plan.

Chris O'Neill

Chief Executive Officer

LogiCamms Limited

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Further information

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About LogiCamms

LogiCamms is an engineering services company with the experience to deliver Outstanding Service Delivery through innovative engineering, project delivery and operations solutions to our clients, including leading owners and operators of hydrocarbons, minerals and metals, infrastructure and defence assets. The Company works to reduce costs, increase efficiencies, and enhance the value of our customers' operations. LogiCamms is an Australian Securities Exchange listed Company (ASX: **LCM**) with offices across Australia and New Zealand. LogiCamms' Vision is to be the mid-tier engineering and operations partner of choice.