



ASX RELEASE

Friday, 31 August 2018

FY18 Financial Results

Highlights:

- Excellent performance across all key FY18 financial metrics:
 - **63% increase in annual revenue** to \$85.2 million
 - **259% increase in normalised EBITDA** to \$8.9 million
 - **353% increase in statutory net profit after tax** to \$5.2 million
- Revenue, EBITDA and NPAT all ahead of June 2018 IPO prospectus forecasts
- Growth outlook across key Minerals, Energy and Non-Process Infrastructure divisions remains positive:
 - Current contracted revenue for FY19 of \$95 million
 - Total order book of \$120 million
 - Healthy pipeline of tender opportunities in all three divisions

Multi-discipline engineering and contracting firm Primero Group Limited (Primero) (ASX:PGX) is pleased to present its Financial Results for the FY18 Financial Year.

Commenting on the FY18 Financial Result, Primero Managing Director Cameron Henry said:

“Delivering these first set of financial results following the successful completion of Primero’s Initial Public Offer in July 2018 is an important milestone for our business and its shareholders.

“Revenue, EBITDA and net profit after tax have all come in ahead of the IPO Prospectus forecast and we have continued our +60% year on year revenue growth since 2016.

“We expect this trend of revenue growth to continue into FY19 with current contracted revenue of \$95 million already ahead of the level delivered in FY18. Significant new tender opportunities exist across our Minerals, Energy and Non-Process Infrastructure divisions which provide strong potential to add to our contracted revenue in the current period.

“Standout annual revenue growth of more than 500% for our Minerals division is directly linked to Primero’s expertise in the battery minerals sector and the increased investment in projects in this commodity group.

“Primero has a far stronger balance sheet following our successful IPO. This provides a sound launching pad for the Company to pursue larger, higher margin contracts and capitalise on the opportunities in front of us.”



Key Financial and Segment Information

Revenue and Earnings	FY18 (A\$M)	FY17 (A\$M)	Change
Total revenue	85.2	52.1	↑ 63%
EBITDA	8.9	2.6	↑ 259%
Pre-tax profit	7.4	1.7	↑ 345%
Tax	2.2	0.5	↑ 327%
NPAT	5.2	1.5	↑ 353%

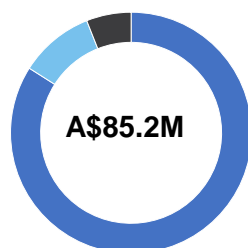
Cash at the end of FY18 stood at approximately \$0.4 million. This excludes the \$20.0 million proceeds, before costs, of the fully underwritten IPO completed in July 2018. Borrowings fell by \$1.0 million to \$1.9 million in FY18. Net assets increased by 124% to \$8.4 million.

No dividend was declared or paid in respect of the FY18 results. The Board has decided to retain the funds in the company as working capital to help fund the strong pipeline of work.

FY18 Summary

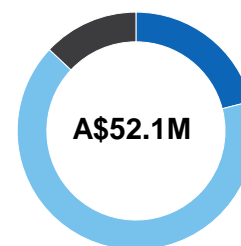
FY18 Revenue by Segment

- Minerals (84%)
- NPI (10%)
- Energy (6%)



FY17 Revenue by Segment

- Minerals (21%)
- NPI (66%)
- Energy (13%)



Minerals

Primero's Minerals division provides services across the full project life-cycle from the early stage geochemical assessment of orebodies through to the expansion or optimisation of established operations. This includes the design, construction and operation of mineral processing facilities.

The Minerals division achieved exceptional growth during the period, with revenue increasing from \$10.8 million in FY17 to \$71.2 million in FY18. This substantial increase was largely due to the increase in capital expenditure on projects in commodities linked to the lithium ion battery industry including lithium and rare earths.

During the period, Primero was awarded the operations and maintenance contract for the concentrator at Tawana Resources' Bald Hill lithium operation in Western Australia. The contract runs has a completion date of February 2020. It follows on from the concentrator feasibility study and EPC construction contract completed by Primero in 2018.



Construction and commissioning of the beneficiation and hydromet pilot plant for Northern Minerals' Browns Range rare earth project in Western Australia advanced during the period and mechanical completion was achieved during August 2018.

Work on EPC components of the Pilbara Minerals' Pilgangoora Lithium/Tantalum concentrator continued with several site major equipment installations completed in anticipation of commissioning of the processing facility which also forms part of Primero's scope of works.

Primero commenced work on the technical and economic assessment of Galaxy Resources' James Bay Lithium Project in Northern Quebec, Canada, where an upstream mining and processing operation and proposed downstream conversion facility is being evaluated.

Energy

Primero's Energy division has a successful track record of servicing clients that operate onshore and offshore gas facilities. Revenue from the Energy Division was down slightly in FY18 to \$5.1 million from \$6.6 million in FY17.

During the period, Primero was awarded a significant EPC contract for the construction of the first utility-scale reciprocating engine power plant in Australia's National Energy Market. The contract with Finnish company Wartsila relates to the 211MW Barker Inlet Power Station being developed for AGL Energy. The contract was executed in April 2018 with practical completion of the facility scheduled for September 2019.

Between August 2017 and May 2018, Primero also completed a contract for APA Operations Pty Ltd for the supply of skids for the gas pipeline to the Yamarna Gold Project in WA.

Non-Process Infrastructure

Primero's Non-Process Infrastructure (NPI) division services mining and energy clients that have processing facilities or are developing mineral and energy projects. Currently, Primero's NPI work is predominantly sourced from established mining companies in the iron ore sector.

The proportion of annual revenue derived from the NPI division fell from 66.4% in FY17 to 10.0% in FY18, due to the completion of several major contracts with Rio Tinto's iron ore division in the FY17 period.

During the period Primero commenced works on the modification of the heavy mobile equipment refueling facility for the West Angeles iron ore mine in WA.



FY19 Order Book and Outlook

In early August Primero provided a market update in relation to new contract awards and its forward order book (refer ASX announcement dated 3 August 2018). Contracted revenue for FY19 currently amounts to \$95 million from a total forward order book of \$120 million.

Based on the current business conditions and tendering opportunities across three divisions, Primero remains positive about the outlook for FY19 and FY20.

Forecast demand for commodities linked to the lithium ion battery industry generally remains strong and this sector will remain a key focus for Primero. The establishment of an office in Montreal, Quebec, in 2017 saw the office generate A\$3.6 million in revenue in FY18 and provides an important growth platform for projects, particularly in North and South America.

The approval of several new, large iron ore projects in the Pilbara iron ore industry in recent months has created new opportunities in NPI with previous Primero clients.

Primero's first power station contract with major international power player Wartsila in South Australia is a major new contract with additional prospects to be involved in the construction of modern, smaller scale power generation assets remain of interest.

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ABOUT PRIMERO

Primero provides engineering design, construction and operational services to the minerals, energy and infrastructure sectors. Primero has specialist expertise in project implementation and delivery with a complementary service offering comprising civil, structural, mechanical and electrical solutions. Primero provides these services to a diverse client base, ranging from mid-sized companies through to international mining and energy houses.

