

Lycopodium Limited Full-Year Results FY2024

A\$'000	FY2024	FY2023	Change
Revenue	348.9	327.6	▲
EBITDA	77.1	70.5	▲
NPAT	50.7	46.8	▲
Earnings Per Share	127.6	117.7	▲
Cash	67.6	82.4	▼

PERTH, 21 August 2024

Financial Highlights

Lycopodium Limited ("Lycopodium" or the "Company") has generated revenue of \$348.9 million and net profit after tax (NPAT) of \$50.7 million for the financial year ended 30 June 2024 (FY2024).

The Company Directors have approved a fully franked final dividend of 40 cents per share, payable on 4 October 2024, bringing the full-year dividend to 77 cents per share.

FY2024 has seen the Company continue the momentum generated in FY2023, with a significant volume of work in delivery around the world within its core operating sectors of Resources, Rail Infrastructure and Industrial Processes.

Lycopodium's Managing Director, Peter De Leo, said: "Pleasingly, our financial result for FY2024 has surpassed the previous record for revenue and profit achieved in FY2023. This result is reflective of the ongoing delivery of a robust portfolio of studies and projects across the Company globally."

Operational Highlights

The past 12 months have been very busy progressing a number of major projects through construction into commissioning. This includes the Kathleen Valley Lithium Project in Western Australia (Liontown Resources), the Sabodala-Massawa BIOX Expansion Project in Senegal (Endeavour Mining), the Lafigué Project in Côte d'Ivoire (Endeavour Mining), the Goulamina Lithium Project in Mali (Leo Lithium), the Langer Heinrich Mine Restart Project in Namibia (Paladin Energy) and the Mutamba Mineral Sands Pilot Plant in Mozambique (Rio Tinto).

Other significant projects well into construction include the Ahafo North Project in Ghana (Newmont), the Chemical Grade Processing Plant #3 Project in Western Australia (Talison Lithium), the Batu Hijau Expansion Project in Indonesia (AMMAN) and the Kiaka Gold Project in Burkina Faso (West African Resources).

"During this past year, we have managed a record number of projects across the globe, resulting in close to 17 million workhours delivered over the 12-month period," said Mr De Leo.

Activity is continuing to ramp up on new work awarded during the year, including the Feasibility Study, Basic Engineering and Early Works Construction Engineering Services for the Reko Diq Copper-Gold Project in Pakistan and the Feasibility Study for the Lumwana Copper Project in Zambia, both for Barrick. The Company also commenced work in the delivery of Engineering, Procurement and Construction Management (EPCM) services for the Boto Gold Project in Senegal (Managem Group), the Baomahun Gold Project in Sierra Leone (FG Gold) and the Yanqul Copper-Gold Project in Oman

(Mazoon Mining), and the Front End Engineering and Design (FEED) for the Twin Hills Gold Project in Namibia (Osino Resources).

"Complementing the extensive onsite work we have delivered this year, our study pipeline has also been very strong, which bodes well for the coming period," said Mr De Leo.

Pre-feasibility studies (PFS) and feasibility studies (FS) undertaken during the year include the definitive FS update for the Kobada Gold Project in Mali (Toubani Resources), the PFS for the Tanda-Iguela Gold Project in Côte d'Ivoire (Endeavour Mining), the PFS for the Speewah Fluorite Project in Western Australia (Tivan), the FS for the Bomboré Hardrock Project in Burkina Faso (Orezone), the FS for the Troilus Gold Project in Canada (Troilus) and the Phase 2 FS and Phase 3 PFS for the Blackwater Expansion Project in Canada (Artemis Gold).

In addition to completing the Langer Heinrich Mine Restart Project in Namibia and the Mutamba Mineral Sands Pilot Plant in Mozambique, ADP Marine & Modular (ADP), the Company's specialist subsidiary in South Africa, has been working with Anglo American Platinum on the North Concentrator Footprint Reduction Project at the Mogalakwena Mine in South Africa. Initially, this included the detailed design of modularised units and auxiliary equipment, transitioning into the provision of EPCM services for site works.

"The team is also looking to leverage its digital engineering capability on this project, with the creation of a digital twin which will be utilised during the project's commissioning phase," said Mr De Leo.

Considered a global leader in comminution circuit design and optimisation, the Company's wholly owned subsidiary, Orway Mineral Consultants (OMC), continues to be a critical technical partner to the Resources business, providing specialist services in flowsheet development, optimisation and process design, as well as supporting clients to maximise operational performance post project completion.

"With significant expertise in plant dynamic modelling, OMC is also an integral element of our digital engineering strategy, working closely with ADP to build our internal capability," added Mr De Leo.

In Industrial Processes, the Company completed the detailed design for CSL Seqirus' world-class influenza vaccine manufacturing facility being built in Melbourne. Other major projects that are ongoing include delivery of the detailed design scope for the construction of a new manufacturing facility at the Nutrien Ag Solutions site in western Melbourne and undertaking the detailed design for Pilbara Minerals' Mid-Stream Project, encompassing the development of a mid-stream demonstration plant to produce value-added lithium at the Pilgangoora Operation in Western Australia.

"Our Process Industries business continues to lead many of Lycopodium's Energy related initiatives, including in hydrogen, battery minerals, battery recycling and waste to energy technologies," said Mr De Leo.

This includes providing detailed design for Delorean for the development of the Yarra Valley Water Bioenergy Plant, which will be one of the largest food waste to energy facilities of its kind in Victoria, and working with JGC on the design for the Green Hydrogen to Energy Project, to test whether hydrogen can replace natural gas in the alumina refining process.

In Rail Infrastructure, the Company continues to provide design, engineering, technical advisory and Rail Infrastructure Management (RIM) services for greenfield and brownfield rail projects across Australia. This includes for the ARTC, completing the detailed design package for the Southern Highlands Overtaking Opportunities Project; delivering structures inspections across more than 2,000 sites between Perth and Melbourne; undertaking a maintenance review of the Hunter Valley network; and supporting improvements to the Victorian Interstate Line, including the design and upgrade of 10 level crossings and developing a 10-year Optimum Maintenance Strategy.

"Our three-year contract with Pacific National, to conduct rail infrastructure inspections at all 57 of its sites across Australia, is ongoing, and as part of this we are also working with them on engineering and system enhancements to support asset management initiatives and provide reliability improvements across the network," said Mr De Leo.

Mondium, Lycopodium's engineering, procurement and construction joint venture with Monadelphous, has been awarded a significant design and construction contract by Rio Tinto for a new sampling facility at a Rio Tinto port operation located in the Pilbara region of Western Australia, with work expected to be completed mid-2026.

Reflecting the significant number of projects in delivery during the period, the Company recorded 16.9 million controlled workhours during FY2024, compared to 8.2 million for FY2023. Pleasingly, with the increased onsite activity, the Company maintained its excellent safety record, reporting a Lost Time Injury Frequency Rate (LTIFR) of 0.1 against an Australian construction industry average of 11.2 (*Safe Work Australia Heavy and Civil Engineering Construction Industry Comparison Frequency Rate 2021/2022*).

"Providing a safe working environment for our people and delivering our projects safely is intrinsic to our culture, and we achieved several significant safety milestones over the year, of 1 million and 2 million workhours LTI free, across a number of our projects," said Mr De Leo.

Outlook

Relatively tight financial conditions have dampened world economic growth, but despite this, key markets like the United States and China are continuing to support commodity demand. Major influences on the long-term outlook include increased demand for commodities in support of the global energy transition, instability resulting from geopolitical conflicts and infrastructure development in established and emerging markets, including China and India.

There remains a strong long-term demand outlook for minerals and metals relevant to the ongoing energy transition, including lithium, copper, graphite and nickel, which will continue to attract capital to build global supply. With prices of lithium and nickel peaking in the first half of 2023, robust supply growth, with new production facilities coming online, and lower than expected demand for both metals, has resulted in market surpluses and a corresponding drop in prices. Regardless, nickel's use in a growing array of materials used in low emission technologies and lithium's status as a critical component of batteries will see prices improve in the coming years. It is anticipated demand for certain critical minerals, specifically copper and lithium, will start outpacing supply before the end of the decade.

Demand for gold remains high, with production expected to increase as new projects and mine expansions become operational. World gold consumption is forecast to grow steadily to the end of the decade. Demand for iron ore is also expected to continue to increase steadily over the coming years, supported by new infrastructure investment in China resulting from government funding allocated to support the weak domestic property sector, and India's growing infrastructure spending. As such, exploration expenditure remains strong, with a ramp-up of greenfield projects for major Australian miners and new supply coming into the market from emerging producers in Africa.

Initially driven by the pandemic, Australian domestic manufacturing continues to present opportunities for the Industrial Processes sector, now further buoyed by ongoing geopolitical uncertainty, supply chain disruptions and changing consumer preferences. Emerging markets, including waste and recycling, water and wastewater, and hydrogen, are also continuing to drive sector growth.

Australia's railway construction outlook is strong, supported by a number of significant publicly funded projects. This includes the development of a high-speed passenger rail network for travel between major cities and regional centres along Australia's eastern seaboard. Maintenance and rail infrastructure management (RIM) activity is continuing to grow, commensurate with the ongoing expansion of the country's heavy haul and passenger networks. Additionally, rail remediation works required as a result of extreme weather events, including floods, droughts, bushfires and coastal erosion, is expected to continue.

Given the general outlook and level of committed work, the Company expects to maintain its strong financial performance in FY2025 and intends to provide further revenue and profit guidance as part of its Annual General Meeting update in November.

For further information

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About Lycopodium Limited (ASX: LYL)

Lycopodium is a leader in its field, working with clients to provide integrated engineering, construction and asset management solutions. We have the expertise to deliver complex, multidisciplinary projects, through to the provision of feasibility studies and advisory services.

Operating across the Resources, Rail Infrastructure and Industrial Processes sectors, we offer a diverse team of industry experts to deliver bespoke and innovative solutions across all commodity types.

With the capability to deliver projects around the world, we have offices in Australia, South Africa, Canada, Peru, Ghana and the Philippines.

For more, visit www.lycopodium.com