ASX Announcement
30 May 2016

LogiCamms Trading Update

Following a detailed review of current trading, LogiCamms announces that it expects to deliver revenue for FY16 of approximately $110m, a decrease on the forecast provided on 23 February of revenue in the order of $120m. The reduction in revenue is a result of extended delivery timeframes for confirmed work as well as slower than expected confirmation of new business awards. This decrease and delay in revenue resulted in the Company holding excess delivery capacity within the business, particularly through the previous three months. As a result, the Company forecasts an EBITDAI [1] loss for the full year in the order of $4m.

In order to meet the challenges resulting from the tight market conditions, LogiCamms in the announcement of 23 February noted that it was implementing a program to remove $6m in annualised operational and overhead costs from the business. The $6m annualised target has been exceeded and the Company continues to refine its operating model to ensure it remains lean enabling delivery of services to its customers at the rates required to continue to win new work.

Following the removal of excess operational capacity from the business, LogiCamms is now experiencing a return to historical reimbursability levels. There has also been an upturn in the opportunities available to the Company across all three market sectors in which it operates due to its competitive pricing position: hydrocarbons; minerals and metals; and infrastructure. This is particularly evident in the cost competitive infrastructure sector, where LogiCamms has been winning work with water and power utilities.

The Company also continues to deliver a significant percentage of its revenue through a number of Master Services Agreements with long standing clients in the hydrocarbons sector. Since the announcement of the half year results, the Company is significantly progressed on a number of new panel tenders across the private and government sectors. Further updates will be provided to the market upon success of these potentially major awards.

The level of activity in tendering and bidding work, as well as an increase in reimbursability levels within the Company, has been driven through the commitment and energy of our staff across our various offices and specialities. LogiCamms has also recently invested in bringing in new talent to the organisation to complement existing skill sets and ensure that the Company is in a position to deliver on the advanced client opportunities as they are awarded.

In its H1 FY16 results, the Company incurred an onerous lease charge of $4.2m and an impairment to goodwill of $22.1m. Given the current forecast of revenue and earnings for FY16, as well as the continued tight conditions and growth rates in the broader market, the Company is expecting to extend the goodwill impairment by an additional $6 - $8m in the full year results. This is a non-cash item.

LogiCamms continues to operate the business on a debt free basis with funding requirements met out of cashflow and existing working capital. The Company has also expanded its bank guarantee and bonding facilities (including new bonding facilities of $10M) from $7m to $17m in advance of the significant pipeline of active and advanced new opportunities. The Company currently has $5.5m of bank guarantees on issue. LogiCamms continues to have a strong cash collection cycle,

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no material bad or doubtful debts and a conservative position in relation to project provisions and contingency.

LogiCamms notes that the financial results expected for H2 FY16 are below its expectations, however the Company has made a deliberate decision to maintain its core capabilities and invest in new talent to ensure it continues to effectively service existing clients and deliver on new opportunities. LogiCamms remains confident of commencing FY17 with a strong pipeline of opportunities and the capacity and capability to grow its business through the current market conditions.

[1] EBITDAI – Earnings before interest, tax, depreciation, impairment and onerous lease contracts.

Ends -

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About LogiCamms
LogiCamms delivers innovative and tailored solutions to leading owners and operators of minerals and metals, hydrocarbons and infrastructure assets, the Company works to reduce costs, increase efficiencies, and enhance the value of customers' operations. LogiCamms provides a complete service through our business lines of Consult, Deliver and Maintain. LogiCamms is an Australian Securities Exchange listed Company (ASX:LCM) with offices across Australia, New Zealand and Papua New Guinea. LogiCamms' Vision is to be a market leader delivering outstanding customer solutions.