

25 August 2022

## Record H1 2022 EBITDA of \$7.0m, up 33% from same period last year

*Record H1 2022 EBITDA of \$7.0m puts Aerison on track to deliver another calendar year of revenue and earnings growth, with strategic and diversified contract wins providing additional pipeline opportunities.*

### HIGHLIGHTS

- ▶ Record revenue of \$102.0m and EBITDA of \$7.0m for H1 2022
- ▶ Pipeline of tender opportunities of \$3,400m, an increase of 55% on 31 December 2021
- ▶ Continued strong safety performance with zero Lost Time Injuries (LTI)
- ▶ Re-affirmation of \$180.0m revenue guidance for CY2022, with 100% of H2 2022 revenue secured
- ▶ Improvement in operating cash flow conversion to \$0.6m, a positive swing of \$9.3m from H1 2021
- ▶ Teaming agreement with a Tier 1 mining contractor that has a complimentary skill set to Aerison to accelerate growth in new markets
- ▶ Aerison's sector diversification strategy continues to mature with further expansion into the agriculture, infrastructure and renewable energy sectors

Perth-based engineering and construction provider Aerison Group Limited (**ASX:AE1**) ("**Aerison**", or the "**Company**") is pleased to advise it has commenced CY2022 strongly with the highlights and achievements for the first half set out below.

**Commenting on the financial performance for H1 2022, Aerison CEO and Managing Director Giuseppe Leone said:**

*"The Company has successfully navigated through the challenges of the past six months including supply chain pressures and tightness in the labour market to achieve a record H1 2022 EBITDA of \$7.0m. In addition, we are particularly pleased to maintain our strong safety record which can only be achieved through the buy-in of our employees.*

*Continued strong growth in the mining and minerals, energy and infrastructure industries, along with a recent Teaming Agreement with a Tier 1 mining contractor, has opened a new pipeline of opportunities that provides our customers with a compelling value proposition in delivering vertically integrated projects. The Teaming Agreement will enable Aerison to successfully tender for and execute projects in new markets previously not available to it".*

### Financial Performance

Buoyant economic conditions in the resources, energy and infrastructure sectors drove high demand for our services in H1 2022 resulting in record revenues of \$102.0m, an increase of 64% on H1 2021 and record EBITDA of \$7.0m, an increase of 33% on H1 2021. The comparatively lower EBITDA margin reflects a higher proportion of revenue arising from procurement related sales in the half year. These sales are generally made on a cost-plus basis which dilutes the higher margin across construction and maintenance related revenue. Excluding the dilutionary effect of procurement related sales, margins remain above 8%.

Supporting ongoing operations, the Group had total debt facilities of \$36.75m and available liquidity of \$25.0m as of 30 June 2022. The increase in trade and other receivables, including contract assets, from \$64.7m in H1 2021 to \$82.3m is attributable to the increase in scale of the operations and commercial complexity of larger scale contracts. The current debt facilities in place are sufficient to meet operational requirements.

### New Contracts Secured

At the date of this announcement, Aerison secured new contracts across 2022 in the agriculture, renewable energy, oil and gas and mining and minerals industries. Significant awards in H1 2022, including those previously announced, include but are not limited to:

- ▶ A three-year Master Services Agreement (“MSA”) with Co-operative Bulk Handling Limited (“CBH”).
- ▶ A three-year MSA for minor works on fixed plant located at the Chichester Hub in the Pilbara, Western Australia.
- ▶ The design and construction of an electrical control room as part of the Binduli Pipeline project in the oil and gas sector.
- ▶ The design and installation of battery energy storage systems as part of the West Kimberley Power project in the renewables sector.
- ▶ The refurbishment of raw materials conveyors at a fertiliser complex located in Kwinana, Western Australia.
- ▶ The design, supply, installation and commissioning of a crusher building dust mitigation system at an iron ore mine located in the Pilbara.

These contract awards are consistent with Aerison’s strategy of sector diversification and provide a solid platform from which to expand into the agriculture, infrastructure and renewable energy sectors, whilst maximising revenues in the active mining and minerals sector.

### Office of the Federal Safety Commissioner Accreditation

As previously announced, Aerison received accreditation from the Office of the Federal Safety Commissioner (“OFSC”) under the Australian Government Building and Construction Work Health Safety Accreditation Scheme.

This accreditation not only re-affirms Aerison’s commitment to a zero-harm culture but enables Aerison to tender for head contracts for infrastructure and defence projects funded directly or indirectly by the Australian Government.

### Order Book and Pipeline

Buoyant economic conditions in the mining and minerals, energy, and infrastructure industries continue to provide a strong pipeline of tender opportunities. Our order book continues to track around \$400.2m consisting of works secured under contract and a forward estimate of regular and ongoing works under master services agreements and preferred supplier arrangements.

Aerison’s tender pipeline reflects scalable diversification across the energy, iron ore, nickel, lithium, chemical, non-mining infrastructure and electrical infrastructure markets with both existing and new customers.

Identified tender opportunities have increased to \$3,400m and is expected to further expand with new opportunities in the government infrastructure, defence, water treatment and agriculture industries. Moreover, our flagship Saline Water Reverse Osmosis Plant project for 2022 has established the Company’s ability to

deliver larger scale water treatment facilities, resulting in a number of new opportunities which are currently being tendered.

### **Significant Project Delivery Update** **Saline Reverse Osmosis Plant (SWRO) Project**

Aerison was engaged to design and construct a 40 mega litres per day capacity ultrafiltration and saline water reverse osmosis (UF-SWRO) plant required for the processing of iron ore. The UF-SWRO plant will be one of the largest non-municipal UF-SWRO facilities built in Australia to date. Aerison has completed engineering, bulk earthworks, concrete, underground services activities, with structural, mechanical, piping and electrical works commencing shortly. Project delivery is on schedule and forecasted to be completed in early 2023.

### **Western Turner Syncline**

Aerison is on target to achieve practical completion during the fourth quarter of CY2022 for sustaining capital works undertaken at an iron ore mine in the Pilbara over the past 2 years. Withstanding unprecedented pandemic conditions and extraordinary labour shortages, the Group has mobilised more than 900 blue-collar trades throughout the project's duration. With a contract duration of circa 630 days and expending more than 2.0 million manhours, the successful completion of this contract - safely, on time and on budget - is yet another addition to our demonstrated history of executing complex brownfield works to a high standard.

### **Specialist Environmental Projects**

Aerison's environmental services division is being presented with a growing pipeline of opportunities. The Company is experiencing growth in this area as a result of ESG governance as well as the increased environmental demands from both the public and what regulators are mandating across the mining and minerals sector. Currently, the Company is completing a number of dust mitigation and air pollution control projects across the goldfields and Pilbara.

Aerison's Non-Executive Chairman Bronwyn Barnes said:

*"We believe that spend in this area will continue to grow and accelerate over the coming years. Aerison has a point of differentiation as an established environmental specialist that has provided turnkey solutions for more than 30 years. This gives the business a strong foundation from which to expand into new areas and acquire new clients across Australia"*

### **Delivering strategy**

An important milestone in delivering our business strategy is the diversification of revenue streams. Our OFSC accreditation will broaden our pipeline of tender opportunities to include government-funded infrastructure and defence contracts. In addition, Aerison continues to make headway in the renewable energy sector, establishing a track record in battery energy storage systems and associated electrical control infrastructure.

In November 2021, Aerison announced that it secured a strategic target project for the design and construction of a 40 mega litre per day saline water reverse osmosis plant. On the back of this, the Company entered a teaming arrangement with a Tier 1 mining contractor that has a complimentary skill set to Aerison, which together, will provide clients with a vertically integrated solution, covering engineering design, bulk earthworks, civil construction and SPME&I construction.

The award of this project, in conjunction with the teaming agreement, has opened additional opportunities in these new markets for the Aerison to accelerate growth. Aerison's skillset enables the Company to pivot across a number of markets and sectors focusing on quality of earnings and buoyant areas of the market.

- Ends -

This announcement was authorised for release to the ASX by the Board of Aerison Group Ltd.

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**About Aerison**

Aerison Group Ltd (ASX:AE1) Aerison is a multi-discipline engineering design and construction company self-performing multi-disciplined EPC, engineering and design, construction and maintenance services to various industries and clients across Australia. The success of Aerison has been built on its ability to provide a quality turnkey service, and this is only possible by having in-house engineering and design, procurement, project management, manufacturing, construction, mechanical installation and commissioning capabilities. Safety, quality and schedule are our key drivers.

Please visit [www.aerison.com](http://www.aerison.com) for further information.