



Synertec Corporation Limited
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ASX Announcement

26 August 2019

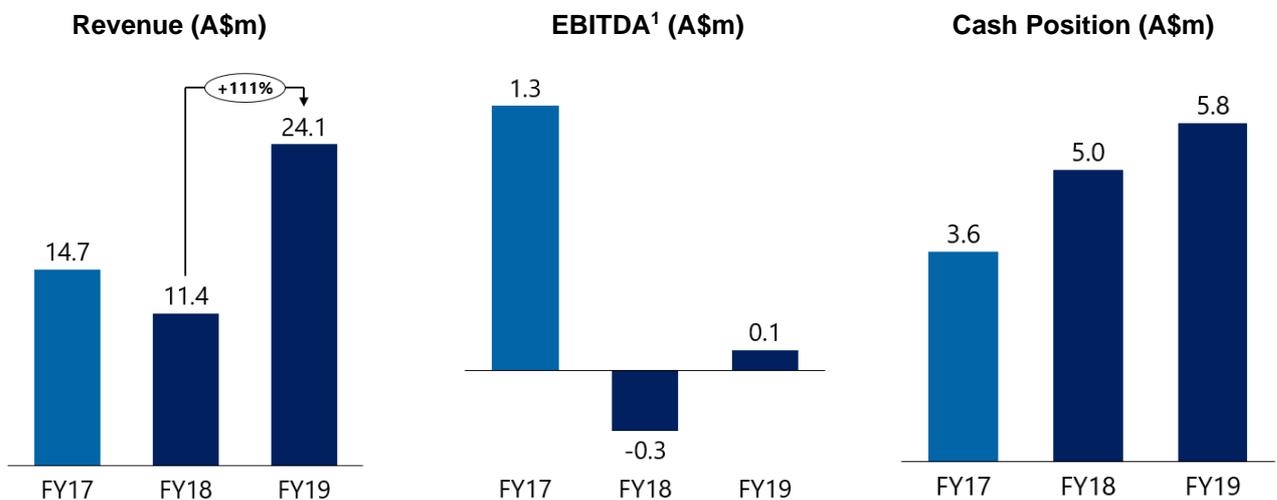
Financial results for the year ended 30 June 2019

Featuring record revenue, with growth of 111%

Melbourne, Australia: Engineering product and solution provider Synertec Corporation Limited (ASX:SOP, "Synertec" or "the Company") is pleased to release its FY19 results.

Key Financial Highlights

- Revenue of A\$24.1m, representing a 111% increase on the prior corresponding period
- Positive EBITDA and operating cashflow
- Strong cash position, with no debt



Successful FY19 builds on growth trajectory

- Record revenue and growth in FY19 demonstrates ability to successfully deliver several large projects in target industries
- FY19 achieved improved project diversification from a range of specialisations
- Contracted work continues with many long-term clients
- Key strategic developments position Synertec for further growth

The Company continues to deliver on its core growth objectives, resulting in record annual revenues of \$24.1 million, a 111% increase on the prior year. This has resulted in a return to positive earnings¹, continuing strong positive operating net cash flows and no debt.

¹Earnings before interest, taxes, depreciation and amortisation (typically referred to as 'EBITDA')



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ASX Announcement (continued)

The results achieved also include a substantial amount of strategic investment in the development of new products and know-how throughout some projects.

Key project successes during the year included the delivery of automated integrated control systems on Jemena's Northern Gas Pipeline, a brownfield tunnel safety system upgrade for Metro Trains Melbourne, the Cross Yarra Partnership's interim design of tunnel ventilation and building management systems, and the design and construction management of a significant berth expansion at Newcastle Port shipping terminal.

The design and construction of a large state-of-the-art pharmaceutical manufacturing facility in Victoria, Australia, continues to progress as planned. This customer, a 'household brand', is one of the largest vaccine manufacturers in the world and this facility represents their Global Centre of Excellence for manufacturing of this product. This complex and highly regulated project is typical of one which Synertec is uniquely positioned to deliver.

These successful contract deliveries solidify Synertec's reputation as a leading Australian provider of specialised and innovative engineering products and solutions in its chosen fields, with the ability to compete globally.

Multiple growth engines are being pursued in tandem

- Many projects under tender
- Increasing revenue share from developed proprietary intellectual property ('IP')
- A\$40m+ p.a. medium term revenue target based on management pipeline
- Active potential partnership discussions following alliance with Trelleborg Group
- Actively assessing value accretive M&A opportunities
- Favourable global tailwinds

Synertec is well positioned to continue its expansion, with a strong pipeline of potential contracts with both repeat and new clients. The Company notes the earnings potential of its developed proprietary IP in generating higher margin future business in key target markets which have many years of investment to come, providing Synertec with significant growth potential and best-in-class industry margins.

The Company is in active and advanced discussions with some of Australia's leading providers of engineering services to establish a strategic alliance in which Synertec can jointly bid for tenders. This will provide earlier access to opportunities on larger scale projects, particularly in energy, mining and critical infrastructure.

Synertec is also actively assessing M&A opportunities that have the potential to enhance the Company's core operations, with a focus on building out Synertec's offering along the LNG value chain.

Synertec is well positioned to benefit from the expected growth in investment over the next 5-10 years in the LNG and critical infrastructure industries, both domestically and internationally. The Company has been specifically targeting these industries with its proven proprietary products and solutions, including our advanced integrated control systems (focussed on human safety and mission critical functionality) and its fiscal custody transfer systems (for precise measurement of quality and volume of gas, oil and related products).

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