

Lycopodium Limited Full-Year Results FY2022

A\$'000	FY2022	FY2021	Change
Revenue	232.2	162.2	▲
EBITDA	45.4	26.5	▲
NPAT	27.2	14.2	▲
Earnings Per Share	68.4	35.7	▲
Cash	100.9	76.8	▲

PERTH, 24 August 2022

Lycopodium Limited ("Lycopodium" or the "Company") has generated revenue of \$232.2 million and net profit after tax (NPAT) of \$27.2 million for the financial year ended 30 June 2022 (FY2022).

The company Directors have approved a fully franked final dividend of 36 cents per share, payable on 7 October 2022, bringing the full-year dividend to 54 cents per share.

FY2022 has been a successful year for the business, with the award of new study work and the progression of several significant projects to the construction phase.

Lycopodium's Managing Director, Peter De Leo, said: "We have returned a record profit result this year. The fact that we have been able to continue to win work, provide opportunities for new people to join the business and support our clients to deliver their projects, despite the pandemic prevailing for two years, is a reflection of the strength, commitment and resilience of our people."

Building on the momentum generated in FY2021, a number of projects (delivered on an Engineering, Procurement and Construction Management, EPCM, basis) transitioned to onsite works in FY2022. This included the Motheo Copper Project in Botswana (Sandfire); Bomboré Gold Project in Burkina Faso (Orezone); Ahafo North Gold Project in Ghana (Newmont); Séguéla Gold Project in Côte d'Ivoire (Fortuna Silver Mines); Talison Lithium Mine Services Area Project in Western Australia (Talison); and the Navachab Gold Mine Expansion in Namibia (QKR).

"Successfully transitioning into the delivery phase for these projects, and mobilising personnel to sites across a multitude of disparate locations, is a significant undertaking and a credit to our operations teams," said Mr De Leo.

Through the year, the Company continued to strengthen its position as a premier partner in the delivery of lithium projects, with the award of several projects. In Western Australia, this includes the EPCM contract for Talison Lithium's Chemical Grade Processing Plant #3 (CGP3), the provision of professional engineering services for the Lithium Hydroxide Plant 2 (LHP2) Recommencement Project Phase 1 for Tianqi Lithium, and the EPCM scope for Liantown Resources' Kathleen Valley Project. Internationally, Lycopodium was awarded the Engineering, Procurement and Secondment Services contract for the Goulamina Lithium Project in Mali, one of the largest lithium deposits in the world, and the EPCM contract for Lepidico Limited's Phase 1 Integrated Project for delivery of the concentrator in Namibia and the chemical plant in the United Arab Emirates.

"It is fantastic to have secured such a strong pipeline of projects in Australia to complement our offshore work, providing our people with plenty of opportunity to engage with the exciting projects we are involved with around the globe," said Mr De Leo.

Other key projects for the Company secured in FY2022 include the Engineering Services contract for the Batu Hijau Process Plant Expansion Project in Indonesia for PT Amman Mineral Nusa Tenggara. This follows delivery of the Front End Engineering and Design (FEED) scope on the project and represents a strategic win for Lycopodium, underpinning the Company's growth strategy in the Asia-Pacific region on major brownfield and greenfield projects. Continuing its long-standing relationship with Endeavour Mining, during the year the Company was awarded the early works for the Sabodala-Massawa Expansion Project, supporting the integration and expansion of the Sabodala-Massawa complex, the largest producing gold mine in Senegal, and an early phase scope for Endeavour's Lafigué Project in Côte d'Ivoire.

ADP Marine & Modular (ADP), the Company's specialist subsidiary in Cape Town, is continuing to work with Paladin Energy, having secured the EPCM services contract for the restart of the Langer Heinrich Mine in Namibia, a significant asset in the global nuclear fuel energy cycle. A particular highlight for ADP in FY2022 was the development of the Dry Mining Unit (DMU), which is being commissioned onsite in Q3 2022 at the Grande Côte mineral sands operation in Senegal.

During the year, the Company's Infrastructure business continued to provide design, engineering, technical advisory and Rail Infrastructure Management (RIM) services for greenfield and brownfield rail projects, supporting Australia's major passenger and freight rail system operators, including New South Wales' Country Regional Network (CRN), Pacific National and Aurizon.

In Industrial Processes, the Company has benefited from the increase in opportunities borne from the refocus on domestic manufacturing resulting from the supply chain disruptions experienced during the pandemic, providing design consultancy services to Commonwealth Serum Laboratories (CSL) for the development of base vaccine component production and plasma and blood facilities. This includes securing the detailed engineering scope for CSL's world-class influenza vaccine manufacturing facility being built in Melbourne. Lycopodium's long-standing partnership with Australia's Nuclear Science and Technology Organisation (ANSTO) also continued, providing ongoing services for the Australian Synchrotron, a major research facility and one of Australia's most significant pieces of scientific infrastructure.

With 3.2 million manhours worked across Lycopodium managed projects during FY2022, the Company maintained its excellent safety performance, achieving a Lost Time Injury Frequency Rate (LTIFR) of 0.3 against an Australian construction industry average of 8.5 (Safe Work Australia, *Key Work Health and Safety Statistics, Australia 2021*).

Outlook

Global economic recovery has continued into 2022, albeit at a slower pace than 2021 due to a number of factors, including the Russian invasion of Ukraine, the potential for new variants of COVID-19, persistent supply chain disruption, and growing inflation.

In the Resources sector, base metal usage is expected to rise, as world industrial activity recovers and as the energy transition continues, with a global impetus to build energy and transport systems based on lower emission sources. Global iron ore demand is forecast to grow steadily, as China, the world's largest importer, is expected to adopt more expansionary fiscal and monetary policies going forward following a tight stance in 2021. Demand for gold remains strong, buoyed by investment in 'safe' assets amid rising inflation and ongoing geopolitical uncertainty, and its growing application in the electronics sector, including for heart rate tracking functionality in smartphones and watches. Demand for the range of critical minerals and metals used in the production of batteries for electric vehicles and portable electrical appliances, including lithium, graphite, copper, nickel, manganese and cobalt, is continuing to rise.

In the Infrastructure sector, the opportunity to provide RIM services is forecast to strengthen over the coming years, with substantial additions to railway assets over the past decade and the current expansion of bulk freight and commuter passenger rail transport services.

The shift to a domestic manufacturing focus in response to the pandemic has delivered new opportunities in the Industrial Processes sector, including for base vaccine component production facilities. The development of emerging markets, including waste and recycling, water and wastewater, and hydrogen, is also continuing to drive sector growth.

Given the general outlook and level of committed work, we expect our financial performance in FY2023 to be broadly in line with that achieved in FY2022. We do however undertake to provide further revenue and profit guidance as part of our 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, 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, Ghana and the Philippines.

For more, visit www.lycopodium.com