



2021 HALF-YEAR RESULTS PRESENTATION

FEBRUARY 2021

Matt Courtney Managing Director & CEO | **Shael Munz CFO**

DISCLAIMER



This presentation contains certain statements and forecasts provided by or on behalf of Intega Group Limited. Any forward-looking statements reflect various assumptions by or on behalf of Intega. Accordingly, these statements are subject to significant business, economic and competitive uncertainties and contingencies associated with the business of Intega which may be beyond the control of Intega which could cause actual results or trends to differ materially, including but not limited to competition, industry downturns, inability to enforce contractual and other arrangements, legislative and regulatory changes, sovereign and political risks, ability to meet funding requirements, dependence on key personnel and other market and economic factors. Accordingly, there can be no assurance that any such statements and forecasts will be realised. Intega makes no representations as to the accuracy or completeness of any such statement or forecasts or that any forecasts will be achieved and there can be no assurance that any forecasts are attainable or will be realised.

Additionally, Intega makes no representation or warranty, express or implied, in relation to, and no responsibility or liability (whether for negligence, under statute or otherwise) is or will be accepted by Intega or by any of its directors, shareholders, partners, employees, or advisers (Relevant Parties) as to or in relation to the accuracy or completeness of the information, statements, opinions

or matters (express or implied) arising out of, contained in or derived from this presentation or any omission from this presentation or of any other written or oral information or opinions provided now or in the future to any interested party or its advisers. In furnishing this presentation, Intega undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Except to the extent prohibited by law, the Relevant Parties disclaim all liability that may otherwise arise due to any of this information being inaccurate or incomplete. By obtaining this document, the recipient releases the Relevant Parties from liability to the recipient for any loss or damage which any of them may suffer or incur arising directly or indirectly out of or in connection with any use of or reliance on any of this information, whether such liability arises in contract, tort (including negligence) or otherwise.

This document does not constitute, and should not be construed as, either an offer to sell or a solicitation of an offer to buy or sell securities. It does not include all available information and should not be used in isolation as a basis to invest in Intega.

1. PERFORMANCE OVERVIEW

2. DETAILED FINANCIAL REVIEW

3. OUTLOOK



PERFORMANCE SUMMARY



IN OCTOBER 2019, INTEGA DEMERGED FROM CARDNO TO FORM A FOCUSED QUALITY, TESTING AND MEASUREMENT BUSINESS. INTEGA HAS BEEN SUCCESSFULLY OPERATING INDEPENDENTLY FOR MORE THAN 12 MONTHS

- The demerger has allowed Intega to focus on core business strategies, and the reduction of overhead costs particularly in relation to a lean head office and back office management structure
- The Company has declared an interim dividend of 1.0 cent per share (unfranked), and anticipates paying a final dividend of between 50 – 70% NPAT adjusted for amortisation of intangibles (franked to the extent possible)
- Underlying EBITDA for the half was \$24.7 million up 11.3% on prior year on a pro-forma basis
- Underlying EBIT increased 21.5% on prior year to \$9.6 million, with an agile operating model, tighter cost controls and lower overhead, offsetting a decrease in fee revenue as a result of project delays due to COVID effects, and depressed oil and gas price. Underlying EPS for the half of 1.25c, up from prior year of 0.81c
- Net cash from operating activities for the half was \$17.9 million, an increase of 28.5% on prior year
- Balance sheet has continued to strengthen with improved working capital and reduction in net debt of \$3.3 million during the half
- Backlog increased 4.6% from H1-20 with key project wins such as the Oak Hill Parkway project in Texas, and the C2C Bruce Highway project in Queensland
- Improved performance of T2 Utility Engineering business in Americas increased EBITDA \$3.0 million on prior year, marking a return to profitability due to turnaround initiatives which commenced in FY20
- Completed separation from Cardno including the finalisation of the Transitional Services Agreement (TSA). There will be no TSA or incremental costs post 31 December 2020
- Impact of COVID has been well managed from an employee and WHS perspective. Border closures and staff isolation measures during the pandemic have had an impact, marginally suppressing profitability in both Asia Pacific and Americas

UNLESS OTHERWISE STATED, ALL NUMBERS ARE INCLUDING THE IMPACT OF AASB16

1. PERFORMANCE
OVERVIEW

2. DETAILED
FINANCIAL
REVIEW

3. OUTLOOK



2021 HALF-YEAR GROUP RESULTS



HALF-YEAR UNDERLYING EBITDA OF \$24.7M UP ON PRIOR YEAR PRO-FORMA

- Underlying EBITDA up 11.3% on prior year pro-forma and increase of 2.6% to 15.7% EBITDA margin
- Abnormal items relate to payment of the TSA to Cardno, considered to be a duplication of costs during transition to standalone entity (\$3.5 million) and retention payments for prior acquisitions (\$0.9 million). With the transition complete, no further TSA costs will be incurred
- Net Operating Profit after Tax of \$5.6 million, up \$2.0 million on prior year comparative
- Backlog \$344.7 million up \$15.1 million or 4.6% from H1-20 with the US continuing to show increased infrastructure spend
- Net Cash Flow from Operations \$17.9 million, which is an increase of \$4.0 million on prior year
- Aside from the deferral of social security payments in the US, the Group has received no Government COVID related subsidies or initiatives

A\$m	H1 21	H1 20 Pro-forma	H1 21 v H1 20	% Change
Gross Revenue ¹	\$210.7	\$231.0	(\$20.3)	(8.8%)
Fee Revenue ¹	\$157.0	\$169.0	(\$12.0)	(7.1%)
Underlying EBITDA ²	\$24.7	\$22.2	\$2.5	11.3%
Abnormal Items	\$4.4	\$0.7	\$3.7	(528.6%)
Underlying EBIT	\$9.6	\$7.9	\$1.7	21.5%
Net Operating Profit before Tax ³	\$7.0	\$6.3	\$0.7	11.1%
Net Operating Profit after Tax ³	\$5.6	\$3.6	\$2.0	55.6%
Backlog ⁴	\$344.7	\$329.6	\$15.1	4.6%
Net Cash Flow from Operations	\$17.9	\$13.9	\$4.0	28.5%
Dividend declared (cents per share)	1.0	-	1.0	100.0%

Note: H1-20 Pro-forma numbers represent Intega for the full six months including the four months as a subsidiary of Cardno.

- (1) Gross revenue is total revenue received from services provided and recoverable expenses. Fee revenue is the portion of gross revenue that relates to fees from services provided only.
- (2) Underlying EBITDA pre impact of AASB 16 for H1 21 is \$18.5 million up \$1.9 million on prior year pro-forma. Included in underlying EBITDA is \$0.7 million in public company costs.
- (3) Net operating profit provides a measure of operating performance before the impact of underlying adjustments such as acquisition and demerger costs.
- (4) Backlog is reported on a total contract basis, being the total gross value of the signed contract less the value of work performed to date.

2021 HALF-YEAR FINANCIAL PERFORMANCE HIGHLIGHTS



A\$m	2020			2021	H1 21 Change Versus		H1 21 %
	H1 20	H2 20	FY20	H1 21	H1 20	H2 20	Change on H1 20
Gross revenue ¹	231.0	221.0	452.0	210.7	(20.3)	(10.3)	(8.8%)
Fee revenue ¹	169.0	165.0	334.0	157.0	(12.0)	(8.0)	(7.1%)
Underlying EBITDA	22.2	20.7	42.9	24.7	2.5	4.0	11.3%
Underlying EBITDA margin²	13.1%	12.5%	12.8%	15.7%	2.6%	3.2%	
Depreciation - ROU Assets	5.1	5.8	10.9	5.5	(0.4)	0.3	(7.8%)
Depreciation - Other	4.8	5.7	10.5	5.5	(0.7)	0.2	(14.6%)
Amortisation ³	4.4	4.6	9.0	4.1	0.3	0.5	6.8%
Interest expense - ROU Assets	0.7	0.8	1.5	0.7	0.0	0.1	0.0%
Interest expense - Other	0.9	2.2	3.1	1.9	(1.0)	0.3	(111.1%)
Net operating profit before tax ⁴	6.3	1.7	8.0	7.0	0.7	5.3	11.1%
Net operating profit after tax ⁴	3.6	1.6	5.2	5.6	2.0	4.0	55.6%
Net operating cash flow	13.9	33.7	47.6	17.9	4.0	(15.8)	28.5%
Underlying basic earnings per share (cents)	0.81	0.35	1.16	1.25	0.44	0.90	54.3%
Dividend declared (cents per share)	0.0	0.0	0.0	1.0	1.0	1.0	100.0%

¹ Gross revenue is total revenue received from services provided and recoverable expenses. Fee revenue is the portion of gross revenue that relates to fees from services provided only.

² Underlying EBITDA margin is calculated as a percentage of fee revenue

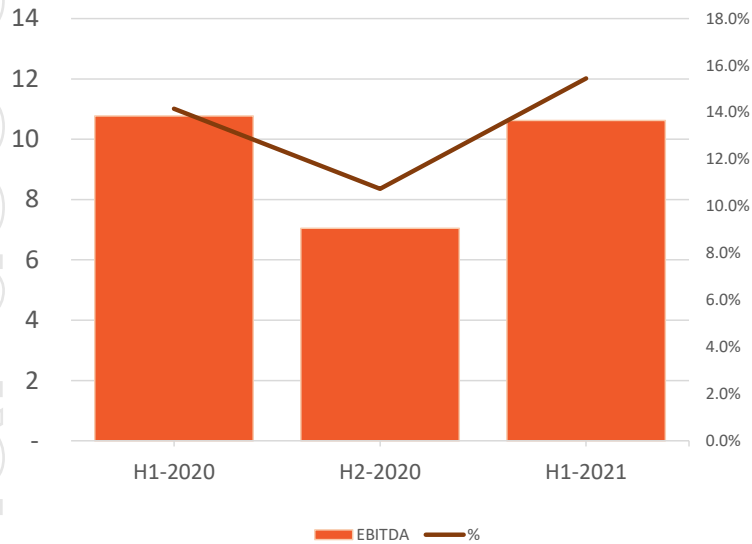
³ Amortisation relates to identifiable intangible assets acquired via acquisitions. The intangibles are amortised over 3 years and will be fully amortised in December 2021.

⁴ Net operating profit provides a measure of operating performance before the impact of underlying adjustments such as acquisition and demerger costs.

2021 HALF-YEAR SEGMENT OVERVIEW: ASIA PACIFIC

ASIA PACIFIC EBITDA AND % MARGIN

A\$ million



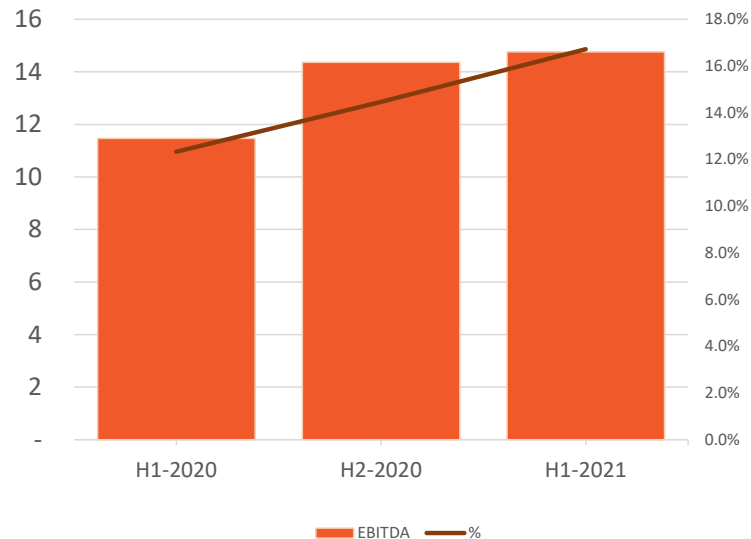
ASIA PACIFIC EBITDA IN LINE WITH PRIOR YEAR DESPITE A DECLINE IN FEE REVENUE

- Fee Revenue for H1-21 declined by 9.6% on H1-20, but increased 4.8% on H2-20 with Pacific Highway projects in northern New South Wales, and Transmission Gully project in New Zealand winding down, offset by the ramp up of projects in Queensland and Northern Territory such as, Bruce Highway and Pacific Motor Way upgrades and Amrun and McCarther River mines
- Asia Pacific business continues to see strong pipeline in Western Australia although border closures impacted revenues and margin due to complications with resourcing a large “fly in fly out” workforce
- Underlying EBITDA for H1-21 was \$10.6 million compared to \$10.7 million in the prior period
- Underlying EBITDA margin for H1-21 was 15.4% which is an improvement of 1.2% on H1-20
- Asia Pacific has been able to flex its workforce to adapt to project delays and border restrictions as a result of COVID. Cost saving initiatives for equipment and motor vehicle utilization and tighter controls around consumables and non-essential spend have helped improve the overall result

2021 HALF-YEAR SEGMENT OVERVIEW: AMERICAS

AMERICAS EBITDA AND % MARGIN

A\$ million



THE AMERICAS DIVISION MAINTAINED GROWTH TRAJECTORY FROM H1-20 FOR EBITDA AND MARGIN

- Fee Revenue for H1-21 declined by 5.0% on H1-20, which is attributed to movement in foreign exchange rates year on year with fee revenue in local currency remaining largely flat
- The Americas construction materials testing business continues to benefit from infrastructure spend and has seen an increase of US \$10 million in backlog from H1-20 having secured Oak Hills Parkway development during the half
- Oil and gas business has continued to see project delays as a result of COVID impacting both the quality assurance and engineering revenues, however the impact to EBITDA and margin has been minimised (down 0.4% on prior period) by flexing workforce and other cost savings
- The turn around of the T2 Utility Engineering business has contributed \$3.0 million in EBITDA on prior year and although impacted by COVID, initiatives to reduce back office and overhead costs have impacted positively
- Underlying EBITDA for H1-21 was \$14.8 million up on prior year by \$3.3 million from \$11.5 million and an increase in underlying EBITDA margin of 4.4% to 16.7%. Impact of foreign exchange on EBITDA was a decrease of \$0.4 million

2021 HALF-YEAR END BALANCE SHEET

intega™

BALANCE SHEET HAS CONTINUED TO STRENGTHEN FROM FY-20

- Cash remains strong with continued focus on WIP conversion, invoicing and collections processes
- Other current assets impacted by the timing of prepayments for annual insurance premiums and IT licensing incurred during the first half of the year
- Intangible assets impacted by weakening USD to AUD exchange rate (0.6863 30 June 2020 to 0.7702 31 December 2020)
- Net debt as at 31 December 2020 excluding the impact of AASB 16 was \$42.7 million, a decrease of \$3.3 million during the half
- All lending covenant ratios met at 31 December 2020

	FY-20 A\$000's	H1-21 A\$000's
Cash and cash equivalents	40,029	22,567
Trade and other receivables	64,899	59,834
Contract assets	26,319	20,280
Inventories	165	126
Other current assets	4,065	6,775
Total current assets	135,477	109,582
PPE	18,973	17,588
ROU asset relating to AASB16	38,033	35,690
Intangible assets	99,666	89,701
Deferred tax assets	21,515	21,044
Total non-current assets	178,187	164,023
Total assets	313,664	273,605
Trade and other payables	46,597	34,691
Loans and borrowings	3,306	3,937
Loans and borrowings relating to AASB16	10,335	8,043
Other current liabilities	20,607	21,932
Total current liabilities	80,845	68,603
Loans and borrowings	82,695	61,293
Loans and borrowings relating to AASB16	22,382	21,644
Other non-current liabilities	2,753	2,844
Non-current liabilities	107,830	85,781
Total liabilities	188,675	154,384
Net assets	124,989	119,221
Net debt	45,972	42,663
Net Debt/EBITDA (lending covenant <= 3.0x)		1.3x
Fixed Charge Cover Ratio (lending covenant >= 2.0x)		2.8x
Net Asset Value (lending covenant >= \$80.0M)		\$121m

2021 HALF-YEAR END CASH FLOW



STRONG WORKING CAPITAL MANAGEMENT RESULTING IN POSITIVE NET CASH FROM OPERATIONS AND CASH AVAILABLE TO REPAY DEBT

- Positive net cash from operations driven by continued focus on working capital management. Working capital movement impacted by timing of payments during the half relating to insurance and IT as well as payment of the TSA to Cardno
- Final deferred settlement payment relating to acquisition of the Raba business paid during the half
- Repayment of borrowings during the half of \$17.3 million
- Increase in lease liabilities due to actively looking to finance all capex spend to optimise cash flow
- Cash conversion and free cash flow up on prior year. H1 cash conversion impacted by payment of bonuses, annual insurance premiums and IT licensing due at the start of the financial year

	HY-20 A\$000's	FY-20 A\$000's	HY-21 A\$000's
EBITDA	22,231	42,946	24,687
Working capital movement	(6,653)	8,776	(3,782)
Net interest paid	(1,644)	(4,144)	(2,522)
Income tax paid	0	0	(483)
Net cash provided by operating activities	13,934	47,578	17,900
Proceeds from sale of property, plant and equipment	0	475	93
Acquisition of subsidiaries, deferred consideration	(2,044)	(8,522)	(5,982)
Payments for PPE	(3,047)	(5,020)	(1,782)
Net cash used in investing activities	(5,091)	(13,067)	(7,671)
Proceeds from borrowings	4,808	20,382	0
Repayment of borrowings	(2,427)	(14,713)	(17,317)
Repayment of lease liabilities	(6,039)	(13,226)	(7,812)
Net cash used in financing activities	(3,658)	(7,557)	(25,129)
Net increase in cash	5,185	26,954	(14,900)
Cash 1 July	13,062	13,062	40,029
Other	0	13	(2,562)
Cash and cash equivalents	18,247	40,029	22,567
Cash Conversion ⁽¹⁾	62.7%	110.8%	72.5%
Free Cash Flow ⁽²⁾	6,492	33,476	11,311

⁽¹⁾ Cash Conversion represented by net cash provided by operating activities / EBITDA

⁽²⁾ Free Cash Flow represents net cash provided by operating activities excluding interest and tax plus capex and lease liabilities payments

1. PERFORMANCE
OVERVIEW

2. DETAILED
FINANCIAL
REVIEW

3. OUTLOOK



OUTLOOK FOR FY21



DURING THE HALF, THE GROUP CONTINUED TO FOCUS ON IMPROVING THE BALANCE SHEET, BACKLOG AND OVERALL RESULT IN A CHALLENGING ENVIRONMENT

ASIA PACIFIC

- Position to benefit from improving market conditions with expected additional investment in Government infrastructure and mining infrastructure
- Expansion of niche service lines through acquisition

AMERICAS

- Position to benefit from improving market conditions with expected additional investment in Government infrastructure
- Focus on margin expansion, particularly in the T2 Utility Engineering business
- Geographic expansion of Raba Kistner business both organically and through acquisition

GROUP

- Subject to no further adverse weather conditions, COVID restrictions or material appreciation of the Australian dollar, we expect Intega's FY21 full year financial position to deliver underlying EBITDA in the range of \$45 million to \$49 million, compared to \$42.9 million in FY20
- The Company has declared an interim dividend of 1.0 cent per share (unfranked), and anticipates paying a final dividend of between 50 – 70% NPAT adjusted for amortisation of intangibles (franked to the extent possible)
- The Board intends to pursue a capital management strategy which will include a share buy back program

THANK YOU

