

SICON LIMITED

FY2021 Quarter 1 Report

Overview

Over the first quarter, SICON has had favourable results. There has been considerable effort made to respond to the tightening market and focus has been on producing a quality product and reducing rework.

Financial Position

\$m	YTD Actual	YTD Budget	Variance	Annual Budget	Note
Revenue	\$13.5	\$13.1	\$0.4	\$52.4	1
Net Profit (pre-tax & amortisation)	\$1.9	\$0.7	\$1.2	\$2.7	2
Net Cash Flows	(\$1.89)	\$0.04	(\$1.93)	\$0.16	3

Notes

- 1 Revenue is slightly higher than budgeted and this has been mainly due to an increase in project work throughout the Canterbury Region. Despite margins being tight, the amount of work being priced is higher than expected.
- 2 Net Profit is higher than budgeted, which was reduced in the SOI in April due to Covid-19 uncertainties. Higher net profit has been reflected in all areas of the business. The focus has been on meeting key performance indicators and ensuring a quality product is delivered to help reduce unnecessary rework. With the current Covid-19 climate and future uncertainty of work, we are taking a conservative approach to operations.
- 3 Cashflow continues to remain strong with assets being sold, and a reduction in overall debtors. We have also delayed the purchasing of some new assets to coincide with projected workflows. Forecasted income tax (\$1.5m) and dividend (\$1.5m) for the previous year were paid in Quarter 1.

Key Contracts

Multiple construction projects have been tendered and won in the Canterbury Region including small subdivisions, water projects and commercial and industrial site works.

Business Risks

With the current climate of Covid-19, there is an element of uncertainty that must be factored into our medium and long term outlooks. We have taken a conservative outlook to the company's future while making the most of opportunities that arise. We will need to continue to invest in staff training and their development to ensure we keep staff and attract talented new employees. The impact of the new water regulator is yet to be determined on the industry.