

SICON LIMITED

FY2021 Half-yearly Report

Overview

Over the first half of the year, SICON has had favourable results. We are currently seeing a change in the market and there has been an increase in projects for pricing. The labour market is tightening and we are starting to see some delays in plant and materials from offshore.

Financial Position

\$m	YTD Actual	YTD Budget	Variance	Annual Budget	Note
Revenue	\$28.2	\$26.2	\$2.0	\$52.4	1
Net Profit (pre-tax & amortisation)	\$3.0	\$1.4	\$1.6	\$2.7	2
Net Cash Flows	(\$1.16)	\$0.08	(\$1.24)	\$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 is less than budgeted due to an increase in the dividend.

Key Contracts

Waimakariri Road Maintenance Contract was tendered and won. We also won a project with Queenstown Lakes District Council to erect a new boardwalk on the shores of Lake Wanaka.

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 on the company's future while making the most of the 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.