

SICON LIMITED

FY2020 Half-yearly Report

Overview

Over the first half year SICON has had favorable 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	\$27.4	\$23.3	\$4.1	\$46.7	1
Net Profit (pre-tax & amortisation)	\$2.2	\$1.4	\$0.8	\$2.9	2
Net Cash Flows	\$3.2	\$1.5	\$1.7	\$2.9	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 and this has been reflected in all areas of the business. Focusing has been on meeting key performance indicators and ensuring a quality product is delivered to help reduce unnecessary rework. Our expectation is that we will remain ahead of budget for the remainder of the year.
- 3 Cashflow continues to remain strong with assets being sold, a reduction in overall debtors and a tax refund for the previous year received. We have also delayed the purchasing of some new assets to coincide with projected workflows.

Key Contracts

We have secured one new small Parks & Reserves maintenance contract in Timaru. 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 a reduction in larger projects in the area, the market will continue to tighten with the reduction in the availability of work. We will need to continue to invest in staff training and their development to ensure we keep staff and attract talented new ones. The impact of the new water regulator is yet to be determined on the industry.