



FORGE GROUP LTD

2013 ANNUAL GENERAL MEETING

24 OCTOBER 2013

value through integration





FORGE GROUP LTD

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER **DAVID SIMPSON**

24 OCTOBER 2013

value through integration





SAFETY MOMENT

Mobile Phones And Driving

Distraction Vs Diverted Attention



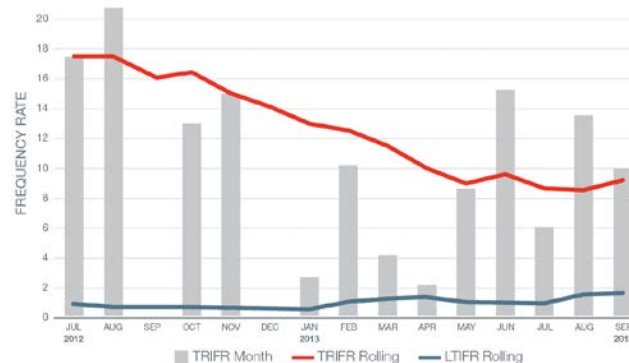


SAFETY HIGHLIGHTS

Exceptional Improvement – Working Towards Zero Harm



- Exceeded 20% TRIFR reduction target with a 44% decline from 17.02 at June 2012, to just 9.61 at June 2013
- TRIFR continued to drop to 9.22 in Sept 2013
- New initiatives:
 - Safety and risk attitude assessment of candidates applying for employment at Forge Group
 - A comprehensive ForgeSafe induction program conducted during onboarding
 - Tailor-made ForgeSafe supervisor training course
 - Leadership programs for nominated line managers and supervisors.





COMPANY HIGHLIGHTS

A Defining Year for Forge Group

Board and Executive Transition Completed	<ul style="list-style-type: none">▪ Board renewal well advanced▪ Tier one executive team to drive next phase of growth▪ Positioned well for continued success
Re-branding Business Units	<ul style="list-style-type: none">▪ Promotes a common culture for staff across different geographies and business units▪ Greater awareness of Forge Group's full service offering among potential and existing clients
Established Asset Management Unit	<ul style="list-style-type: none">▪ Ability for Forge Group to provide full integrated, end-to-end service▪ Facilitates greater recurring revenue streams▪ Sound contribution to earnings in first six months of operation
Acquisition of Taggart Global	<ul style="list-style-type: none">▪ North American-based engineering, EPC and asset management provider▪ Blue-chip customer base including world-leading resources and utilities companies▪ Continues Forge Group's geographical, sector and commodity diversification▪ Forecast to add US\$350 million in revenue in FY14▪ Order book of US\$400 million
Major Institutions Join Register	<ul style="list-style-type: none">▪ Clough Ltd divested 36% stake in Forge Group via block trade▪ All shares taken up by sophisticated institutional investors



FINANCIAL HIGHLIGHTS

Record Performance – Defying the Industry Trend

	FY13 (\$m)	FY12 (\$m)	Change (%)
Revenue	1,054	775	36
EBITDA	115.5	89.2	29
NPBT	90.1	70.1	29
NPAT	62.9	49.3	28
Cash and Term Deposits	103.9	137.9	-25

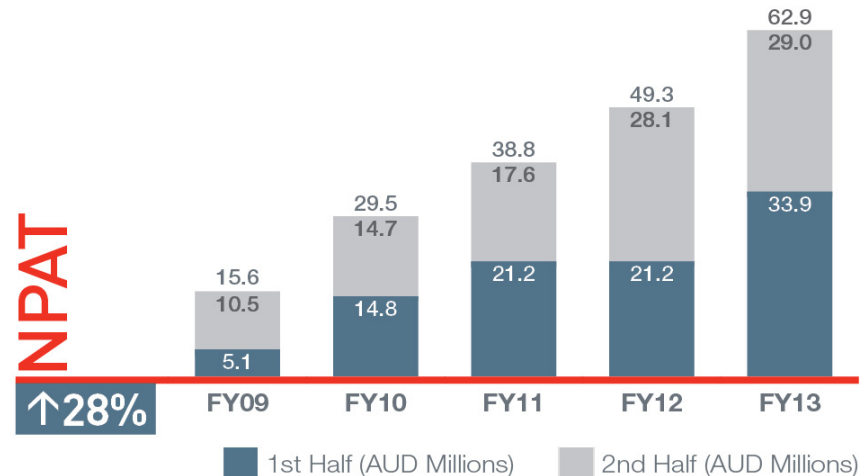
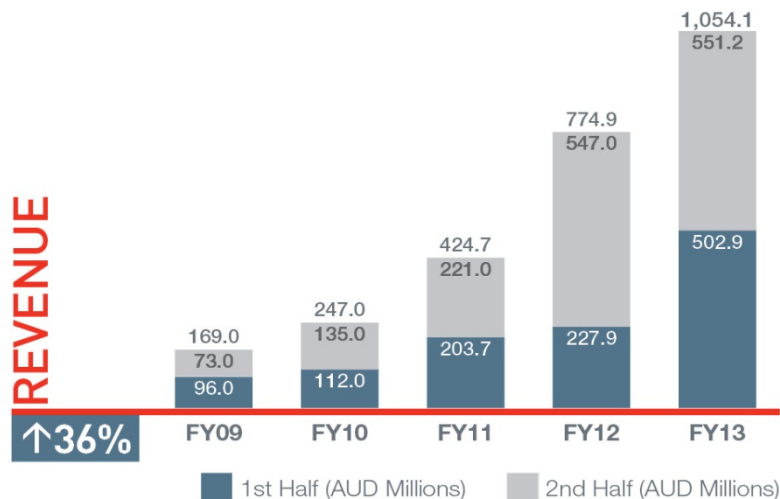
	FY13 (cps)	FY12 (cps)	Change (%)
Basic EPS	73.02	58.9	24
Diluted EPS	72.96	57.3	27
Dividend (fully franked)	18	14	29

- Full-year NPAT up 28% to \$62.9 million
- Record revenue performance - up 36% to \$1.1 billion
- Strong cash position of \$103.9 million
- Basic EPS 73.0 cents – a 24% increase
- Fully franked final dividend of 8 cents per share
- Strong Order Book
- Ability to fund growth ambitions



RECORD REVENUE AND PROFIT

A Billion Dollar Business – Meeting or Exceeding Guidance

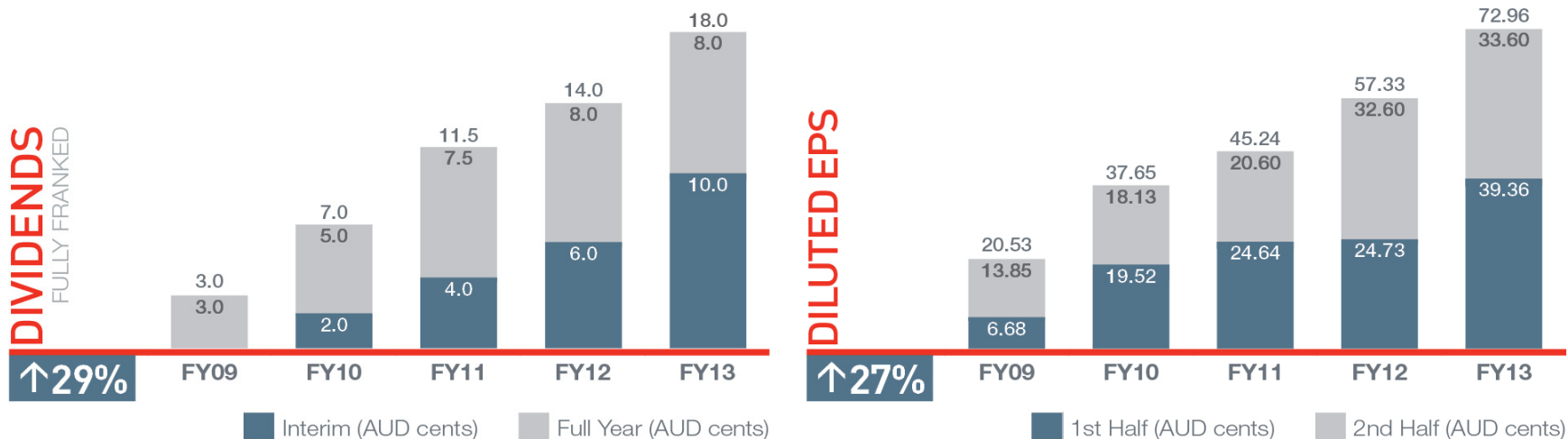


*Interest income has been excluded from the revenue disclosed for 2013 and 2012 to align the figures with the financial statements. Revenue shown for 2009 to 2011 includes interest income.



CONTINUED RETURNS

Providing Value for Shareholders





STRONG CASH POSITION

Provides Flexibility and Resilience

	FY13 (\$m)	FY12 (\$m)	Change (%)
Cash and term deposits	103.9	137.9	-25
Net Cash	78.3	111.7	-30
Capital Expenditure	19.5	39.7	-51

Bank Guarantee and Insurance Bond Facilities	FY13 (\$m)	FY12 (\$m)	Change (%)
Utilised	307.5	158.3	94
Available	183.1	51.5	256
Total	490.6	209.8	134



OPERATIONAL HIGHLIGHTS

Continued Success Across our Business Units

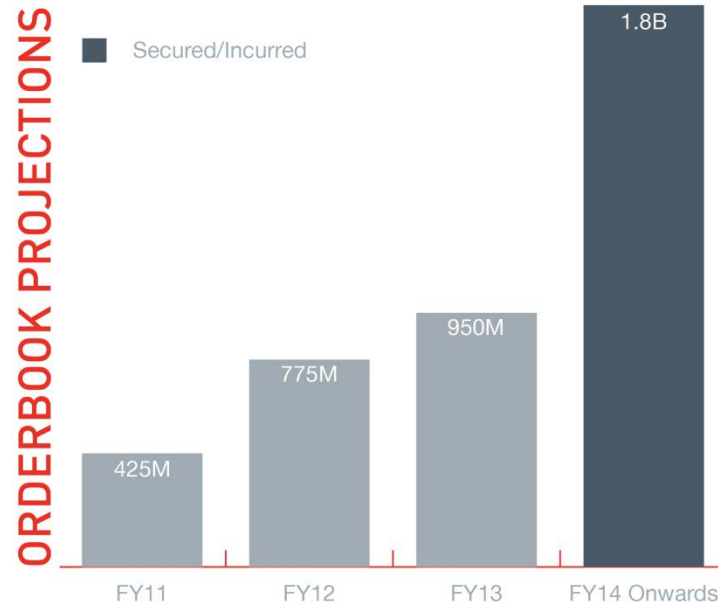
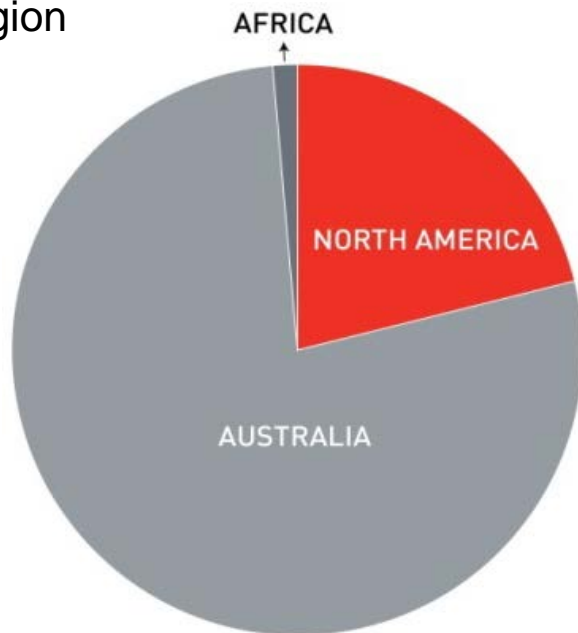
	Significant Contract Wins	Scope of Works	Value
FY13	Cape Lambert Power Station	EPC	\$280M
	West Angelas Fuel Hubs	EPC	\$70M
	WA Water Corporation	Asset Management Program	\$12.2M
	Yarnima Power Station	EPC	\$100M
	South Hedland Power Station	EPC + O&M	\$125M
	Vista Coal Project <small>(Preferred contractor)</small>	EPC	US\$221M
Post FY13	TAN Burrup	Construction	\$70M
	Roy Hill <small>(Consortium Contract)</small>	EPC	\$1.47B
	Yandi Sustaining Project	Structural Mechanical & Piping	\$100M
	Asset Management	Ongoing contracts	\$50M+



ORDER BOOK

\$1.8 Billion Order Book Underpinning our Outlook for FY14 and Beyond

By Region



Order book figure as at 30 September 2013.



BUSINESS OVERVIEW

An Integrated End-To-End EPC and Asset Management Provider



Forge Group Minerals & Resources

Provides a wide range of engineering, design and construction services for the mining & metals sector. Our services include metallurgical test work program development and management, studies and front end engineering design, and full EPC project delivery.



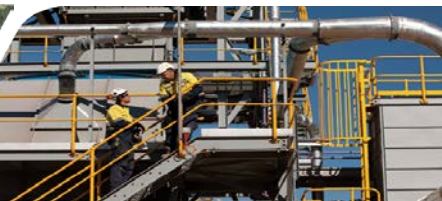
Forge Group Power

A turnkey EPC power generation solutions provider to the energy and utilities sectors. Forge Group Power specialises in combined and open-cycle configuration gas turbine power plants for base load or peaking use application.



Forge Group Construction

With over 40 years of experience, Forge Group Construction is a multidisciplinary contractor in design, construction and fabrication. Our complete suite of construction services cover all disciplines including heavy civil, structural, mechanical, piping, tanks, electrical, instrumentation, and building.



Forge Group Asset Management

Forge Group Asset Management completes the Group's life-cycle services offering with a broad range of asset management services, including comprehensive operations, managed maintenance services and sustaining capital works covering all disciplines.



ASSET MANAGEMENT GROWTH

Recurring Revenues, New Sectors, Expanding Client Base

- Recurring revenue streams created by Asset Management contracts help underpin Forge Group's outlook
- Contributed \$14M in revenue in second half FY13 and since 1 June, has added over \$50M in new contracts awarded - \$38M in North America
- Through the acquisition of Taggart Global, Asset Management now manages the operations and maintenance of 13 major coal handling plants and 10 clean coal facilities in North America, boosting revenue by \$100M per annum
- Recent contracts have given Forge Group exposure to new sectors including utilities, power, closed-circuit television and security facilities
- Asset Management counts major utilities, government departments, port operators, and Queensland-based coal producers among its new and expanding client base
- Continuing to target new sectors and regions – further growth expected



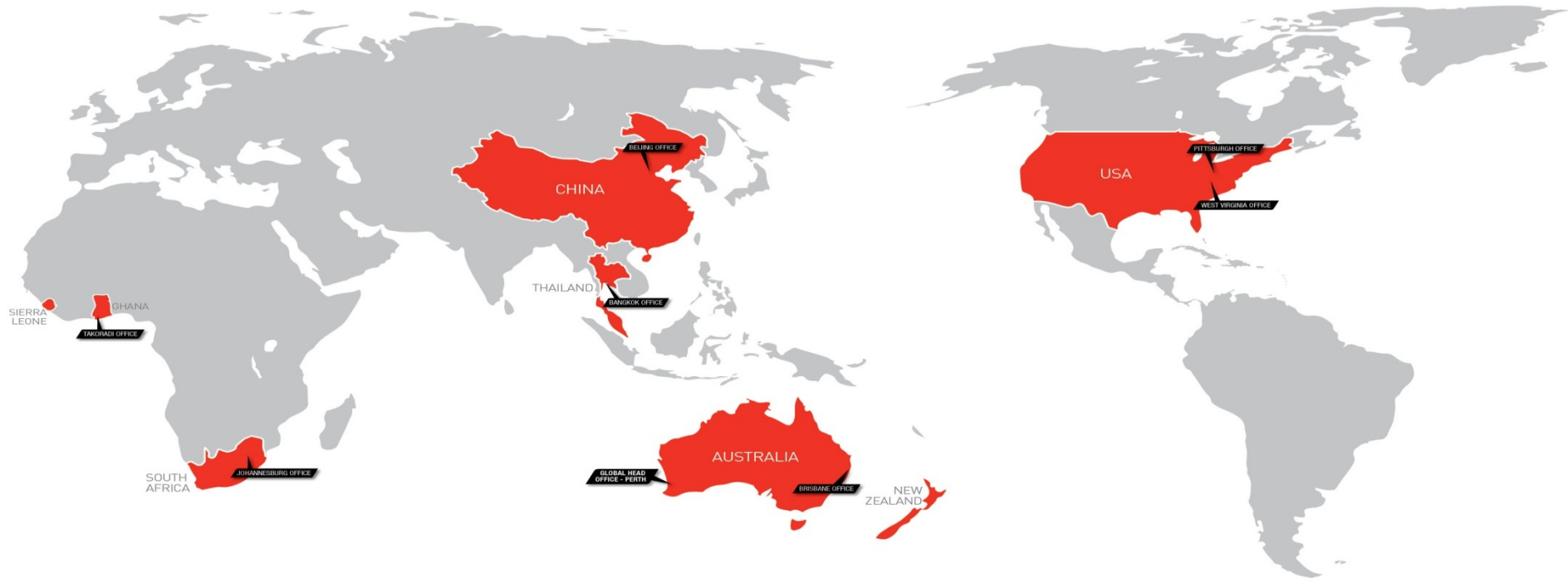
TAGGART GLOBAL ACQUISITION

Meeting our Corporate Growth Strategy

- Forge Group evaluates growth opportunities which align with FY13-FY18 Corporate Strategy:
 - Continue to grow EPC power and mining services in targeted geographies
 - Grow market share in the process infrastructure sector
 - Develop our asset management service in targeted geographies
 - Grow market share in oil and gas through our D&C capabilities
 - Continue to deliver outstanding results in our current core business
- Rationale for Taggart Global acquisition:
 - Provides large asset management and industrial maintenance platform in North America
 - Engineering capability to complement Forge Group's presence in Africa
 - Adds low cost, high quality, detailing and steel fabrication from China
 - EPC coal processing experience can be expanded in North America and is transferrable to Australia's Eastern States



OUR GLOBAL FOOTPRINT





OUR PEOPLE

Today Forge Group has Approx. 3,000 People Working in Eight Countries Across Four Continents.

- Restructure of the organisation into four fully integrated business units
- Completed Board & Executive Management transition plan
- Diversity Management Plans implemented
- FIFO improvements – values based induction, rostering improvements and ensuring our operations foster a work-life balance
- Rigour around recruitment process – ForgeSafe principles
- Global footprint provides significant career opportunities for our employees at all levels
- Focus on people initiatives that will optimise the new integrated operating model, embrace our values and support our strategy through attraction, development and retention of our people at all levels of the organisation





FY14 OUTLOOK

Strategy is on Track - Focus on Geographical and Sector Diversification

- Continue to build Asset Management to grow recurring revenue
- Diversify EPC and Asset Management businesses across Australia, Africa and North America:
 - Australia: mature yet robust resources sector
 - Africa: developing with solid growth potential
 - North America: recovering economy in which Forge Group has a broad Asset Management and EPC platform for growth
- Broaden sector focus - coal, coal seam gas, process infrastructure, power and defence
- Deliver acceptable returns from current projects



FY14 OUTLOOK

Our Focus For The Year Ahead

- Continued drive towards the perfect safety day
- Deliver margins from current order book
- An ongoing focus on managing costs
- Focus on strengthening Forge Group North America and drive cost and revenue synergies
- Converting East Coast of Australia bidding pipeline into new projects
- Establish corporate office in Sydney to grow East Coast revenue, effectively manage portfolio businesses over multiple geographies, and be closer to key clients, government and institutional investors
- WA will remain as Forge Group's largest operational and technical hub



FY14 OUTLOOK

Forge Group is Consolidating for Challenging Conditions in FY14

- Macro
 - Domestic markets slowing and becoming increasingly competitive
 - Project delays becoming more common
 - Africa and North America experiencing growth
- Financial Outlook
 - Bidding activity encouraging but earnings impact of this will materialise in FY15
 - Solid order book of \$1.8 billion providing earnings visibility past FY15
 - Currently undertaking project and order book reviews to determine guidance
 - Forge Group will provide FY14 guidance in November



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THANK YOU & QUESTIONS

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