Australian Securities Exchange
Company Announcements Office
Exchange Centre
20 Bridge St
SYDNEY NSW 2000

18 February 2013 Via E - lodgement

Forge Group reports 60% increase in half year NPAT to $33.9 million

- **Revenue up 123% to $503 million**
- **EBITDA up 84% to $61.8 million**
- **Earnings per share of 39.4 cents**
- **First half fully franked dividend of 10 cents per share (up from 6 cents HY2012)**
- **Order book stable at $1.04 billion**
- **Cash and term deposits of $187 million**
- **Well placed to deliver on full year NPBT between $90 and $100 million**

Engineering, construction and maintenance services provider Forge Group Limited ("the Company" or "Forge Group", ASX: FGE) today reported net profit after tax of $33.9 million for the six months ended 31 December 2012, a 60% increase on the previous corresponding period (HY2012: $21.3 million). Earnings before interest, tax, depreciation and amortisation increased 84% to $61.8 million (HY2012: $33.6 million), and revenue increased to $503 million (HY2012: $225.9 million), a record half year performance.

Earnings per share were 39.4 cents, and given the solid profit performance, the Board of Directors has approved payment of an interim fully franked dividend of 10 cents per share (HY2012: 6.0 cents fully franked), payable on 29 March 2013 to shareholders on the register at 15 March 2013.

Cash flow from operations for the half was pleasing at $79 million (HY2012: $28 million) illustrating the Company's ability to achieve acceptable trading terms with its customers. Forge Group ended the half with cash and equivalents of $187 million, giving the Company the financial flexibility to pursue growth opportunities.

During the period, Forge Group secured circa $462 million of new contracts. The current order book as at 23 January 2013 stands at $1.04 billion, which underpins the Company's growth for the remainder of 2013 and into FY2014. It is pleasing to note the Company has been successful in securing new projects in a number of markets and in new service lines such as Asset Management.

Forge Group's Managing Director and Chief Executive Officer David Simpson commented: "By every measure, this is a solid first half performance for Forge Group, and it reflects the integrated contributions from our four divisions which are all trading well."

"During the half we took the decision to re-brand our four operating business units under one unified and distinct brand, Forge Group. This positions us well for the future and it will be instrumental in helping us attract talented people to the Company and build on our growing blue chip customer base. Already we are witnessing the benefits of a unified brand."

"Also pleasing has been our ability to strengthen our order book which now stands at $1.04 billion. It is important to note that the quality and diversity of the order book continues to improve which will help to underpin revenue and earnings in future years."

"Safety remains a key focus across Forge Group and we have made a greater investment in our safety platform during the half. In the previous 12 months we recorded a 42% decrease in our Loss Time Injury Frequency Rate (LTIFR) to 0.55, initiated a new ForgeSafe Cultural and Behavioural Expectations program, and continued the successful roll out of our SafeSpine program."

Mr. Simpson added that Forge Group's solid cash flow performance of $79 million was also a highlight for the half and this has helped strengthen the Company's financial platform. "Forge Group is very well funded with over $200 million in cash and receivables. This gives us the flexibility to pursue organic growth opportunities and acquisitions that make a positive contribution to earnings per share and are complementary to our existing operations," Mr. Simpson added.

Divisional Summary

Forge Group Minerals and Resources: Revenue increased by 5% to $55 million in what has been a subdued market for resources sector spending, particularly in Western Australia. During the period, the business successfully completed the DeGrussa copper project and the Shark Bay salt wash plant, both in Western Australia. The tendering pipeline remains solid with opportunities being pursued in Western Australia, Queensland and Africa.

Forge Group Power: Previously known as CTEC, the business was acquired in January 2012, and recorded revenue of $202.5 million for the half. Forge Group Power performed exceptionally well during the half, with $380 million in new contracts secured, a 96% increase in employee numbers and a new office opened in Thailand. A new Chief Executive, Power was promoted internally and the former Chief Executive assumed the Chief Development Officer role. With these changes, and with an expanding geographical profile, the business is well placed for growth.

Forge Group Construction (including Africa): The business recorded a 57% increase in revenue to $344.9 million and was awarded $82 million of new contracts during the half. The business has a solid pipeline of projects in the power, and minerals and resources sector, and is poised for further growth.

Forge Group Asset Management: This is a newly created division and therefore did not contribute to the half year result. Forge has made a meaningful investment to establish this division and recruit the necessary talent to drive its growth. With a base of new contracts, the division is well placed to market its expertise to Forge's wider customer base and secure maintenance contracts from current construction and engineering projects.

Outlook

"Forge Group remains on track to meet its full year guidance of net profit before tax of $90-100 million and revenue of between $950 million and $1 billion," Mr. Simpson added.

"Our main priority in the coming months is to ensure we achieve excellent project delivery across all of our divisions. We will also place continued emphasis on growing our Asset Management capabilities where we see real growth potential. We are broadening our presence in the Eastern States of Australia, where we are successfully delivering projects in the power and minerals and resources sectors."

"With a solid and diversified order book and a strong cash position, Forge Group is in good shape for the remainder of the year and into FY2014. We look forward to updating shareholders on our activities and new project wins in the coming months."

Financial Summary

Group Summary

	HY13 ($m)	HY12 ($m)	Change (%)
Revenue	$503	$226	123
EBITDA	$61.8	$33.6	84
NPBT	$49	$30.2	62
NPAT	$33.9	$21.3	60

	HY13 (cents per share)	HY12 (cents per share)	Change (%)
Basic EPS	39.36	25.54	54
Diluted EPS	39.36	24.73	59
Dividend (fully franked)	10	6	67

ENDS

Forge Group Limited ABN: 58 065 464 226
PO Box 1066 | Nedlands | Western Australia | 6909
Forge House | 45 Stirling Highway | Nedlands | Western Australia | 6009
T | +61 (08) 6389 8500 F | +61 (08) 6389 8599 E | info@forgegroup.com.au www.forgegroup.com.au

About Forge Group
Headquartered in Perth, Western Australia, Forge Group Limited (ASX: FGE) is a multidisciplinary Engineering, Procurement and Construction (EPC) and Operations and Maintenance (O&M) service provider delivering end-to-end EPC turnkey solutions to the power and infrastructure, minerals and resources, and oil and gas sectors in Australasia and Africa.

With an experienced workforce of approx. 1,600, Forge operates in WA, Queensland and West Africa. The Group services some of Australia's leading resources and energy sector clients including BHP Billiton, Rio Tinto, Fortescue Metals Group, Woodside, Chevron, MCC and AngloGold Ashanti.

With four fully-integrated business units, Forge's capabilities encompass state-of-the-art open and combined power stations, intuitive process solutions for the minerals and resources industry, and civil, mechanical, electrical and non-process solutions to the construction industry. These capabilities are supported by asset management services to ensure minimum lifecycle costs.

Forge Group Minerals & Resources provides specialist engineering; process design; project management services including feasibility studies, front-end engineering design, EPC contract execution; and turnkey project solutions.

Forge Group Power provides turnkey power generation solutions to clients in the resources, oil & gas and infrastructure sectors in Australia and internationally. It specialises in Gas Turbine Power Plants, providing solutions in open or combined cycle configurations to meet client specifications.

Forge Group Construction provides a full range of multidiscipline construction and engineering solutions, including civil & concrete; structural, mechanical, piping & tanks; electrical & instrumentation; and building services. It services clients in the resources and oil & gas sectors in Australia and Africa, where it is particularly active in Ghana and Sierra Leone.

Forge Group Asset Management compliments the group services providing operation and maintenance, sustaining capital works and asset management services in all sectors across multiple geographies.

For further information, please contact:

David Simpson
Managing Director & CEO
+61 8 6389 8500

Donald Montgomery
Chief Financial Officer
+61 8 6389 8500