

TUBI'S FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2019

Tubi Limited (ASX: 2BE) today lodged its annual report which shows a statutory profit after tax of \$1.50 million for the financial year ended 30th June 2019, in line with the forecast in Tubi's prospectus dated 17 May 2019 (**Prospectus**).

1. Highlights

- Total Revenue: up, in line with the forecast, by 82% to \$31.56 million (2018 \$17.38 million) due to a full year of production in the 2019 financial year.
- Statutory Pre Tax Profit: \$2.12 million, 16% above the forecast in Tubi's Prospectus dated 17th May 2019 (> 100% up on \$1.05 million in 2018).
- Tax provided of \$0.6 million (2018 \$0.5 million).
- Cash on hand at 30th June 2019 of \$7.6 million.
- Dividends: the directors did not declare a dividend in respect of the 2019 fiscal year.

2. Trading and Operations Update

As investors are aware, Tubi is making a substantial investment of capital and management capability in expanding from one mobile manufacturing plant (**Mobile Plant**) to four Mobile Plants in the USA, and providing technical support for a further Mobile Plant to be delivered to New Zealand shortly.

Tubi reaffirms the forecast in the Prospectus for the financial year ending 30th June 2020.¹

Tubi provides the following operations update for the period commencing 1 July 2019:

- Tubi has employed and trained new production employees in preparation for the start-up of the second Mobile Plant in the USA. This plant is expected to commence production by the end of September 2019;
- New production employee inexperience with Tubi's Mobile Plant technology, and the implementation of training programs, have seen incidents where scrap rates increase beyond normal operating levels;

¹ Please refer to the Prospectus for details of the assumptions underlying the forecast. The assumptions should be read in conjunction with the risks set out in the Prospectus.

- In addition to adding new production employees, Tubi has filled a number of senior organisational roles required to build out the company's capability in the USA including a general manager of production and a sales manager;
- Total employee numbers have increased from 19 as at 1 January 2019 to 32 as at 27th August 2019;
- Extreme summer heat conditions in Pecos Texas have resulted in production downtime due to unscheduled plant maintenance requirements; and
- Management have been undertaking new raw material supplier production trials and reeling technology trials.

3. Outlook

Tubi currently has one Mobile Plant which is currently located in Pecos Texas. Tubi is aiming to complete the construction of two new Mobile Plants before 30 September 2019:

- the first Mobile Plant is expected to be delivered on time to Iplex Plastics in New Zealand under a licensing arrangement before the end of August 2019;
- the second Mobile Plant, which is being constructed at the Company's facility in Houston Texas and which is contracted to go to the Permian Basin in Texas. This Mobile Plant is expected to commence production prior to the end of September 2019, some weeks ahead of original expectations. The Company intends that this plant is co located with the first plant at a new location in The Permian Basin which will create opportunities for greater efficiency in labour and power costs.

Tubi is also constructing a further two new Mobile Plants at its facility in Houston Texas. These plants, which were scheduled for delivery and start up in the first quarter of calendar year 2020, are currently expected to be delivered ahead of schedule:

- the first of these Mobile Plants has been offered a supply contract in the oil and gas sector in the USA, however, the directors are considering if the plant should be located to service mining and water markets rather than the oil and gas sector in order to diversify industry risk;
- the second of these Mobile Plants is currently being considered for one of two known customer opportunities servicing either the water market on the east coast of the USA or the oil and gas and mining markets in Canada.

Decisions on the location and commercial arrangements for these plants are expected to be completed by 31st December 2019.

While Tubi will continue to review new opportunities, it is not currently expected that Tubi will have the capacity to expand its fleet of new Mobile Plants beyond the Mobile Plants described above during the 2020 financial year.

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