

All right, everyone. We'll make a start of it. I hope you all had a nice weekend.

Um, today we've got a really good one for you.

Uh, Lycopodium's Managing Director and CEO, Mr.

Peter Deleo. A lot of members are familiar with the business, but if you've not come across it before, it's, it's probably worth a closer look.

Um, it's in the business of engineering services and project delivery, operates in resources, infrastructure, and industrial processes.

So it handles everything right from the initial feasibility, study to the design and the delivery, of these very, very large projects. And Lycopodium's been in this business for, gosh, well over thirty years. I think founded back in nineteen ninety-two.

It's been on the board since, I believe, early two thousand, and five. Uh, and in that time it's, well, it's delivered some incredible returns for shareholders, and it's really grown a lot too.

We're on track to do about four hundred million in revenue this year.

You'll see somewhere around twelve percent of that being, delivered to the bottom line in after-tax profit. And on an average year, two-thirds of that gets sent back to shareholders as well.

So you kind of got that lovely combination of growth and income, which is always nice. And one of the other things that really stood out to me, when looking at the business is that it's got a very strong net cash position, virtually no debt, something like eighty million dollars in cash, and there's a huge level of inside ownership, which is sadly pretty rare on the ASX. You're looking at about a third of the business is held, by insiders. Uh, the biggest of which is the original founder, who's, who's still on board, and serving as a director, Mick Karaty.

So you can probably see why Lycopodium ranks so highly on our platform. Um, just a quick reminder, none of this is advice. It's always important I have to say that.

I can see we've got a bunch of questions through already, so I'll, I'll put them to Peter, in due course. Uh, but for now, enough from me.

Peter, thanks for your time today.

Thanks very much, Andrew, and thanks for the opportunity to, to chat with you and, and get, a bit more of, of Lycopodium's story out to, to the world. Um, it's, it's,

as you say, it's been around for a long time, but, I also say that we're a really good story that we don't tell anybody.

So it's great to get, get some information out.

Well, sometimes it's good that no one else knows about it.

For those of us who like to kick over a lot of rocks, it's not a bad thing.

And, well, that's interesting actually.

In, in the time that you've been around, do, do you find that it's sort of, it- it's hard to get a bit of attention, and then all of a sudden everyone's very interested? I mean, it, it, it strikes me that invest- a lot of the investor relations efforts, what, what's the word for it? They, they can have a short-term sugar hit, but they don't have much of a lasting impact. The other side of that is the kind of company, and I think Lycopodium's a good example of this, which just delivers year after year, you know. Uh, and then you s- it's hard not to notice it after a certain point.

So do, do you think the story is, is getting wider known at this point?

I, I, I, I do think that's the case, and I, I mean, for many, many years as to your point, you know, we've tried to let our, walking do the talking for us, so to speak.

And our results, you know, so we can point to the results and that's why

I s- I said what I said earlier that, you know, I've often thought do I...

You know, it's, well, I get asked the question after roadshows and things like that. "Well, how did that all go?" I said, "Well, how did, how did a bunch of

shareholder meetings go?" I say, "Well, it was fantastic."

Yeah.

I never, I never get any curly questions, and I never get any really, anything too challenging because the, the business fundamentally is, just being sort of founded on, on really good principles and around a bunch of things that we haven't ever really changed.

Um, and it's always been about the long term.

So, you know, you-- there's not a huge amount of news flow that comes from Lycopodium. Uh, we, we really will come out and really only talk about things when they are quite material.

Might be material from a market perspective, but also might be material just from a, a strategic perspective that we consider is important for everybody to know about. Um, and that's, that's kind of been the way it's gone. But certainly in the course of the last twelve, I wanna say, yeah, probably twelve months, we're getting a lot more interest, and a lot more, I guess, people just knocking on the door wanting to know a bit more about it because, as you say, there's probably not all that many companies out there that, that sort of, sort of have delivered for the, over the period of time and in terms of the quality of delivery, whether it be our work that we do or returns to our shareholders, that Lyco has done, Lycopodium has done.

Oh. We, we talk to a lot of companies.

I can definitely confirm that that, that is true. Uh, yes.

Um, and it's nice. And as I, as I say, I mean, I say this every time.

I'm, I'm always, excited to talk to all of our guests, but this one has been sort of, well overdue. We've been doing this...

We've done hundreds of these, so I'm, I'm glad that we finally got the chance to sort of, have a chat. But I, I also

wanna make sure that we don't leave anyone behind here, and I said to you before

off air that I'm gonna ask you a bunch of dumb questions here-

All good

... just to, just to sort of set, set the fa- the scene.

Um, so I gave a brief intro there b- before.

You know, what, what did I miss in that, in that brief sort of elevator pitch?

When you meet someone at a barbie or something like that, how do you sort of explain what, what Lyco does?

Well, look, you, you covered off on a lot of the, the really pertinent points about Lycopodium. But I think one thing that is often misunderstood is that, well, I'll, I'll, I'll go to, you know, I'll, I'll, as you say, the elevator pitch.

Mm.

Lycopodium is an engineering and project delivery business that

delivers services in the main, quality

services, across the, the three

sectors that we, you spoke about. So mineral resources, majority of what we do.

Industrial processes, food, beverage, specialty chemicals, pharmaceuticals, et cetera, renewables, and rail infrastructure.

Um, and we've been doing that for a long time, and really nothing's changed about what we've done. So, you know, we, we did, we did baby steps. I remember...

I mean, I've been with the business since nineteen ninety-four.

Yeah.

Um, you know, it was baby steps at first, doing small work

for, for junior and mid-tier miners, and then we

grew from there. And we've never, we've never really ventured,

um-You know, we've ne-we've never really gone off piece, may I say.

We've, we've always just grown and grown and grown our, our expertise and, and grown out on the basis of successful delivery.

But one thing that is, is often misunderstood about Lycopodium is that we're not a contractor. So we're not a construction contractor.

We often get lumped in with mining services groups, and they could be everyth-everything from a driller to a, a plant constructor to other engineers like us that might be more EPC or, you know, sort of a, a engineering contractor, so to speak.

Mm.

We-- I, I, I'm, I'm very careful at saying we're an engineering project delivery company and an engineering project delivery company providing services because it talks to our, our, the risks that exist within the business, in terms of our contractual risk, our commercial risk, and the like, our appetite for risk, way of manage risk.

But more importantly, it talks about our governance, talks about the transparency in the way we provide services, and it talks really about the, the fact that we are a projects business. So, you know, hi-historically, that meant, as, as a projects business, you could be quite lumpy. I...

You know, you're doing a project today, tomorrow you're not doing that project. All of a sudden, what happens? So, you know, we've, we've dealt with that I think really effectively over the years by, simply by doing more projects that all start and finish at different times that level out that curve and, and level out the revenue and, and earnings, in the business.

Um, and there's a bunch of other strategies that I'm sure we'll talk about in the next, in the next forty-five minutes or so, however, that explain other things that we've done to, to minimize the risk of the cyclical nature of the minerals business and so on and so forth.

Mm.

Um, but that's one thing, just that, that point I think is really important because

we often get lumped in. You know, people often say, "Oh, you know, you..." And we obviously got close relations, in terms of our joint venture with Monadelphous.

People say, "Well, you know, you're, you know, aren't you the same as Monadelphous?" And we're very, very different.

Yeah.

We're very, very different to a, a CPB contractor or, or others. Um, we are, we are an engineer, first and foremost that delivers, projects and does it quite bespoke.

Yeah. Yep. Um, investors love to put things in buckets, but, but so much, so much of the nuance is, is lost when you do that.

Um, it, it strikes me that... Well, there's a couple things you sort of said there that were interesting. I've often found personally that lumpy businesses are actually the best businesses, i-in a weird kind of way for the ASX because, y-you know, the market will freak out if you have a bad quarter when it has absolutely nothing to do with anything structurally about the business whatsoever-

Totally

... which is, which, which is great for, for those of us looking to deploy, capital. I mean, it's very different from a business that might be having some very serious issues. But anyway, it sort of, it sort of lends itself to a, to a lot of opportunity. But, one of the interesting things I, I've sort of observed over the years and, and particularly in the IT services space, which has similar characteristics, is that in trying to, engineer might not be the right word, but trying to smooth things out, it can often push businesses into areas that while it might deliver on that goal, it re-it lowers the quality of the revenue. Um, how do you wrestle with, with that?

Uh, i-is there a point at which you just sort of say to investors like, "Just deal with it. This is the nature of the business that we're in.

You know, y-you're, you're not Woolworths, right?

We're not just gonna get that, that, that steady growth." Or are there ways that you can do it in, you know, that sort of best of both worlds?

That's a really good question, because, because you're spot on.

You know, you can, you can... If you're just chasing revenue, if you're just chasing revenue growth, it can lead you to all sorts of heartache and hardship.

Yeah.

Um, I think, you know, it's just the wrong driver.

Um, so for the time being and for the f-for, for the, the, you know, for

as long as I can remember now and I guess certainly since 2015, and certainly looking forward for the foreseeable future, we're working in a market that is just busy.

You know, busy and growing. And it's for two, two reasons.

Um, one is, I mentioned earlier around the renewables, around the energy, I guess, and, and relatedly the energy transition and what that means for, you know, say our industrial processes business, but also what it means very significantly for our, for our minerals side of, our activities. Because, you know, the demand for copper, the demand for lithium, the demand for magnet metals, you know, nickel, so on and so forth, is not abating.

Yeah.

You know, the energy transition also talks to uranium, and that's not abating.

And that's all stuff that Lycopodium does and has done for a long time, has got a lot of skills and expertise in. So, so I guess, you know, the first point is, okay, well demand, the demand for services is high.

The other thing that we've got going for us, and this relates to our growth to date or our, our, our, our, our journey to date and where we're headed, is the geographic, exposure part. And one of our key sort of strategies of... Well, turn the clock back to 2018, we, we came up with a bunch of strategies that really talked about diversification of commodity, of clientele, of geography, and most recently we've talked about more, a little bit more diversification of contract type and the way that we actually deliver our services. If I just talk about the geo-geographic, um... Excuse me. If I just talk about the geographic, sort of diversification piece, for Lycopodium's really, really cut its teeth in Australia initially, and then we've done a huge amount of work across Africa. And of course Africa, fifty-four countries, all quite different. Lots of similarities of course, but all quite different.

The one thing that is a consistent is its, its mineral resources and its mineral wealth and, and the quality of the projects across that continent.

But for e- for, for a long time we've had that as a niche and we...

The build business and a lot of the returns to shareholders over the years has been delivered out of, you know, successfully delivering projects across Africa and of course APAC.

In 2011, we started our office in Toronto.

Um, and for a while it took a... Well, without, without going too deep into that, we were derailed a little bit for a couple of years as that office became a project office, singular project office.

Then we got back onto the business case of being there for our North, our North American clients with, with African projects and-Increasing our exposure to the Americas, all of a sudden we're starting to get traction

Mm.

And in the last couple of years, we've got a huge amount of traction.

So the amount of incoming inquiries and interest in our-- in

what we do in, in, North America particularly, you know, straight into

to our Toronto office these days

is more than we're seeing coming into our headquarters in Perth, uh-

Mm.

Or in-- or into our Africa hub. And we, we operate in three hubs, APAC, Africa,

and, and Americas. And

I think that's, that's because the brand's getting out there,

the name's getting out there, and also last year we did a, a majority

acquisition of a company called Saxum that gave us some exposure to Latin America.

So, so to your question, you know, or, or to the...

to, to, to really the question at hand is, you know, how do we

continue to, grow as a business and

flourish as a business without having eyes to that headline growth?

It's really bringing our quality delivery and our quality and our

success and replicating that in new jurisdictions.

But doing that on a, on the basis of, sustained, like a

sustained growth. And sustained growth is no more in an organic fashion.

We-we're largely a headcount business in an organic fashion,

no more than ten percent per annum.

So people say, "Oh, you know, gee, that's such a busy market.

You know, this is-- You guys, the sky's the limit.

You could shoot the lights out." Yeah, but we wanna make sure we're delivering

quality and continue to do so. And, you know-

Keep, keep pushing back. Yeah.

Yeah, we do. And we, and we do. But there is, there is...

We-- In the last, I guess in the last couple of years, we've also come up with a

way to see, you know, to decouple, if you
like, the earnings and I guess the, the revenue,
accordingly-

Mm

... from purely from headcount.

And that's in that last strategy I spoke about, and that's mixing up a little bit
in a measured way, in a considered way, and in a way that doesn't deviate from
our accepted risk profile, the, the contract model,
the con-contract model that we'll, we'll adopt.

And sometimes, you know, across the course of the last
certainly seven to ten years-

Mm

... we've done some small EPC, some low-risk

EP-EPC, some hybrid style,

contracts, contracts that have allowed us to participate a little bit more of the
CapEx of the projects we're involved with, without materially changing the risk
profile for the business. So that's our...

And that's something we're doing, I guess, more and more, when I say more and
more, to a cap, to a measured amount, but

more actively, more proactively, you know, trying to say, "Okay, in this
particular instance, Mr. Client, we believe, for whatever reason,

that we, we should deliver the project on this basis." It's often not the
way they'll ask us to do it, and we'll have a conversation with them saying, "Well,
these are the benefits of it." And, and it... And in...

You know, we have a, we have a, a... One of our principles is best for project,

because if it's best for project, it's best for the client, best for

Lycopodium, it's best for our staff, best for our shareholders.

And you know, that's kind of served us

really well. That's one of many principles we have, but that's, that one in particular has served us pretty well.

Yeah. Yeah. Be-being a yes man is, is, is not, is not gonna help you, I think, longer term. It, it, it's tr- I mean, it's, it's almost not a question.

I'll say this as a statement 'cause I'm so convinced you'll agree with me, but it, it, it's... A-as a people business, it's all reputation. Uh, you talked, you mentioned the word brand, and I guess brand just stems from reputation.

And it, it also explains why there was sort of that slow burn in, in Canada, right? Who are these guys from the other side of the world?

Mm-hmm.

You know, just... And then once you've got that, I mean, it, it, it's probably hard to overstate, state the value of that.

So, so, so, so rather than get you to, to riff on that, how is it that you,

y-you protect that moat, if I can call it that, with, with reputation, and with brand? I, I assume it, it comes down to being very selective in the people that, that you hire and that you bring into the fold. Um, but are there other things that are, that, that you have to think about there?

I think there's, I think there's a couple of things.

There's lots of things obviously, but two things that come, come to mind initially, I guess is we have a very strong culture.

And when I say very strong culture, every, every company will tell you, "Yeah, no, we've got a great culture. It's, it's all about culture," blah, blah, blah.

But for us, what that, what does that mean?

I mean, our culture's re-reasonably simple, and we...

It's defined, I mean, in fact, one of our, one of our, one of my, colleagues years, years ago came up with the, the

term Lycopod, you know, and being a Lycopod, and it differentiates you from just being... It's someone who come, likes what we do, how we do it, and stays-
Mm-hmm

... and grows with the business, right? And becomes what they call a Lycopod.

Um, but what does that mean? And it's, it's really about, being in the detail when you need to, being able to get into detail when you need to. So you have to have the, the technical competence, whatever that technical competence might be. You know, you're a projects person or an engineer, you know, a design engineer or whatever. Um, so being in that detail, understanding it at the detail level.

So going and seeing, understanding what's the issue, what's the challenge, and, and trying to get a, develop a good understanding of that.

Um, and then doing what you say you're gonna do.

And I guess probably the last key part is leading by example. So don't expect your team to be doing X if you wouldn't do it yourself. And-

Yeah

... when we o-operate globally as we do, that's a really important thing.

I mean, I, I spent, I've personally spent a lot of time on our sites over the years. I've, I've been a project guy, I've been a project delivery, a project manager, project director, all those things, and spent the time leading the teams, right? And I expect that of our leaders.

I expect that of our project managers, of our, you know, our, our, our leadership right the way through the ranks. And that's an important thing. Um,

it's... The other part is, as you, you touched on it earlier, being willing to say no, and we do say no.

And that say no could be... And we get ourselves sometimes o-offside with a

client because we might disagree with them

technically. You know, we might be doing a feasibility study.

We, we work on everything from scoping, early phase studies, right the way through

to advanced stage studies. We might actually disenfranchise our- fra-

disenfranchise our, franchise ourselves with our clients because

we'll push back technically. We'll say, "No, look, that's not gonna work." "No, no,

no, absolutely." Because of course the owner's team, they're

going-Skills that they, they consider at a higher level, whatever-

Yeah

...the case may be. And we'll, and we'll give advice that maybe is not, not

appreciated. Okay? And we'll stand by that.

Yep.

And sometimes we won't actually go forward with the project.

Yep.

And that's okay-

Yep

...because

I hate to say it, but a lot of the times

science is science, physics is physics.

Yes.

So-

You can't argue with it, right?

You know, sooner or later, you know, reality bites.

Yeah.

That's the first part of pushing back.

The second part of pushing back, and we don't work with some of the world's...

We work with a lot of the world's biggest miners-

Mm

... mid-tiers, juniors, but we don't work with some of the biggest, okay?

The majors that people would fall over themselves to work for. Why?

Because often we can't come to agreement on terms and conditions.

Mm.

They want us to accept r- regimes, contractual regimes and maybe commercial regimes that, you know, are gonna hurt us. If things go pear-shaped, honestly-

Yeah

... you know, bona fide, you haven't done...

You haven't been negligent, you haven't called your professional indemnity insurance, but you've made an honest mistake-

Yeah

... and it slipped through the cracks of our quality assurance, that's the sort of thing that'll take the whole farm as opposed to perhaps a head of cattle.

100%. 100%.

And, and, you know, we are not working with some big names right now for that very reason, and, that's o- we're, again, we're okay with that.

Yeah.

Because, again, in due course the market sorts itself out, and, and then all of a sudden, "Oh, we, we'd like to work with you guys."

"Yeah, okay, well, let's have this conversation around, you know, what you expect from us." So that's-

Yeah

... that's another part of it.

Yeah, it makes, makes so much sense. I mean, I mean, even if it...

The, the, the reality is, is if you said it's not- something's not gonna work and you go ahead anyway and it doesn't work, you'll probably still get the blame because-

You, you will definitely get the

blame. I'm pretty sure you'll get the blame.

You're damned if you do, you're damned if you don't.

100, 100%. So, it ma- it makes a huge amount of sense.

Um, I, I guess this is, is, a, an, another issue with just

that, that, quality and brand and everything is

that, and particularly, well, I'm, I'm assuming this is the case, particularly in

a, in

s- sectors where there is a lot of a, a tailwind at the moment, that

it... That you might have to pay up for some quality engineers, some quality

staff. Now, analysts tend, tend to get a little bit worried about that.

They love to look at the numbers and that, but it strikes me as, you know, the old

saying, you pay peanuts, you get monkeys.

You know, there, there is, um... You

can be penny-wise, pound-foolish on, on, on that kind of front.

I guess the two-part question, is there a bit of a challenge in, in securing,

talented, quality, team members at, at this point in time?

And, and, and how do you remedy that? I mean, remuneration is just one part of it.

You mentioned culture before, but yeah, what, what, what else goes into all of

that?

It's... Yeah, look, it is, it is a very hot market, shall we say, globally.

So, you know, we, we can recruit. We're lucky, lucky to be able to recruit out of

the Americas, recruit across APAC, and recruit across Africa and, and through

Asia, of course. Um, we, we have our Manila office and, and a reasonable

footprint through Asia as well. So, you know, again, from a

net perspective, it's, it's a, it's a big net.

But, but

equally, and it's a, it's a truism across all those markets, it's tough

to get high-quality, experienced people into, into the business.

And I think we do probably as well, if not better than most.

I think we've got a good name. We've got a, you know, good track record.

People understand we're... Or I believe people understand we're a good employer, people, you know, people who really care about people, and their careers and so on and so forth. Um, the other aspect we've got probably going for us is that we've got, you know, with the body of work that we've got in hand at the moment, our, our staff, people that join us, or our staff that have been with us a long time, including the young, you know, the young up-and-comers, get a fantastic opportunity across a relatively short period of time to work in a myriad of different teams, different locations, different experiences, life experiences, as well as professional experiences.

Yeah.

So that's, that makes life really quite easy on that, on that front. Um,

the... Our biggest challenge actually is we are a target of choice. So you want to find a good process engineer, senior process engineer, project manager, go to LinkedIn, Lykpodium, project manager, bang, you've got your, you know, shopping list.

Um, and a lot of our own- a lot, a lot of the owners, a lot of our clients actually, you know, are sort of employing our people.

We just lost one real long-standing, fantastic person last

Friday. He left, it was his last day, to go and join, a

company, one of our... It's not actually one of our clients, one of the, mid-tier

aspirant, global, gold, miners here in Western

Australia-

Yeah

... to be their design manager for their new project.

He'll, he, he's on the same base salary.

Our base salaries are, are competitive. They, they're quality base salaries.

As, to your point, you want to be remunerating appropriately.

Uh, but the bonus structure that they had for this chap, I mean, he wasn't even on a bonus structure with us, to be honest, because we are about being very careful what we incentivize and where we incentivize and for what reasons.

Yep.

Um, and, and, and have, be mindful of the fact that it could be a runaway train, that particular, that, that particular, conversation. Anyway, point being that we wished him well.

Yeah.

Uh, I spoke to him personally. I was actually over east on the week, on...

Last week, and I rang him myself and said, "Thank you very much. You know, you've been an absolute pleasure.

We, we, we've loved having you here. We're very sad to see you go.

You're welcome back anytime." And he was-

Great

... you know, it's, it... I, I'm reasonably certain that when his adventure there ends, he may, you know, may consider coming back to Lyco.

Um, but finally on this question of, you know, what do you do about it, again, I spoke about, you know, strategies we put in place back in 2018, 2019, 2020.

Probably the, the cornerstone of a- of all of them was people, were, the people strategy. The people strategy involved putting a lot more structure, a lot more resources, a lot more effort, and a lot more sort of strategy behind the way that we, bring new people in and, and, and, and we've expanded our graduate development program.

We bring in over 30 graduates a year and, and with the projects and the acuity in the business, that we have. We're developing

fantastic, young professionals all the time, leadership development programs, executive coaching programs, our online e-learning as well as I said, you know, just the, the body of projects we've got going at the moment, it enables us to build a cohort really quickly. And we...

Of course, you have to bring in people.

I often say to our, our leaders across the business unit, "You know, look, if you need three... Especially in this market, if you need three people in this particular role, bring in five," because, you know, th-two are gonna work out, but hopefully three are gonna work out, but fo- all five certainly aren't gonna work out.

Yeah.

You don't know them until you see how they fit.

So-

Yeah

... s- so it's work, but it's a, it's, you know, I guess it's a function, and a strong function within the business because we are a people business.

Yeah.

And the reality is we, you've got people that age and retire as well, so you've gotta replace those.

Yep. Yep. Definitely. And there's, there's a lot of sort of, embedded knowledge with-

Mm-hmm

... with those people as well. I've, I've always liked the saying that for services businesses, your assets go up and down the elevator each morning, which is a-

Yeah. Absolutely

... a nice way to think about it.

Absolutely.

Um, so we talked a bit about the costs k- kind of thing, but I- I just thought on... The flip side of that is once you've got a bit of a brand and a reputation and, and, a- an effective track record there, and I think that's... I, I should have mentioned before, I think that's evidenced in the repeat business.

I, I think I read somewhere two-thirds of, of the revenue comes from repeat clients, which is nice. Um, does that give you a bit of pricing power? It's, it's a competitive market. You can't charge whatever you, you like.

I, I, I get that, but, but are you sort of able to sort of, y- charge a little bit of a premium and, and

I, I suppose people who know the value of the service that's delivered are, aren't afraid to pay up in the same way that you aren't afraid to pay up for the, for the resources and, human resources that you're using.

Um, but yeah, I guess it's a long-winded, rambling question on, on pricing power. What, what degree does that exist within the business?

I think that's... I, I think there's two aspects to that, and, and, and we talk about pricing power. I mean, at the end of the day, what you really want is return for effort. What you really want-

Yes. Yes

... is, is, uh-

Yes

... quality of return, quality earnings, and we're always focused on earnings, not revenue, as I've said before. Um, and there's a reason for that, because, you know, we value, we value our assets, we value IP, we value the organization, we value, we value our effort.

We think it's worth something, and we don't want to be giving that away for nothing. All right?

Yep.

We don't wanna be doing... A lot of our, some call them peers,

some other, others call them competitors in, in our, in our field, and, and,
and now I'm talking both from the engineering side and also from the construction
side-

Mm

... plus many sectors, seem to be happy with single digit,
returns-

Mm

... you know, single digit earnings, and we're not. That's...

Certainly we're not. I mean, we, we...

Not saying we, we, we, we can always achieve double digit returns, but all I am
saying is we wouldn't be happy achieving, you know, doing five
billion dollars of revenue and, and, and 4% re- return
underlying.

Mm.

That just sounds exhausting.

Yeah.

It sounds ridiculous, frankly.

Yeah.

Um, so, you know, you might have a, a bad year, fine, but if
that's your business as usual, I don't think that makes any sense.

So when, so then when we talk about, okay, well, how do you, how do you get those
returns, and how do you achieve...

We t- we, we openly say we'd like to do a, a 10% NPAT for
us-

Yes

... for, you know, as an acceptable return for our business because we
consider ourselves to be a quality business. So there's two aspects of that.
One is you've gotta be efficient. I think you've gotta re- you've gotta

also understand you are, we are, we do work in somewhat of a, a niche in or some niche locations and niche markets.

Yeah.

So, and we've got IP that goes with that, experience that enables us to do that.

So-

Yeah

... okay, you get a bit more return for that.

You've got a little less competition, butting heads with you in CÃ´te d'Ivoire than you do in West Australia, for example.

Yeah.

Um, but it's still, it's still competitive.

And then the other side of that coin is cost, right?

So, how do you manage your

all-in, you know,

annualized, labor cost, for example, average labor cost?

And for us, again, that's done making sure that we maintain a reasonable overhead, you know? So our, our fixed overheads and our overheads should be, you know, commensurate with the business and what the business deserves and, and not more. Um, but the second part of that is our value engineering centers in Manila and in Lima. So we have 230 people, and we're looking to actually at the moment to expand in Lima just to support the growing business, sorry, in Manila, to support the growing business, and we have 60 people in Lima and looking to, to double that in the course of the next year or

so-

Mm

... because you can, and because those offices provide some very specific services, and they're all, in the main, internal.

So they provide engineering, drafting, design, modeling, project services for our projects and then sell those

as part of, you know, the overall services to our clients.

Mm.

So, we've been in Manila since, for 20 years.

We celebrated our 20 years last year, and we've been in Lima a couple of years now.

Um, a very successful part of the business, and it helps us to compete with the South Africans and the, you know, come up...

Well, I won't say we, we compete with the Chinese head on or Indians head on, but you're talking apples and oranges, frankly.

So, you know, for the moment, we're, we're good that we can compete with, with all comers when you're talking the same sort of fruit, so to speak.

Yep. Um, I'm gonna ask two more quick questions, and then I'm gonna go to some viewer questions, only 'cause there's so many of them, and I do have a habit of, of losing track of time. So I just wanna make sure we get, get to all of them, but the two that I wanna sort of sneak in first is that it's...

And I mentioned it in the intro, it's hard not to notice the state of the balance sheet. Um, and I, I've, I've spoken to enough,

CEOs to know that it, it's, it's a funny thing

because on one hand you think, "What's wrong with that?" But then analysts love to level the accusation that you have a lazy balance sheet or, you

know, something like that. So, how do you think about the balance sheet?

What's, what... It is a, it is a pretty significant chunk of change.

Not all of it is just there to be used in whatever way you want, but just I'm keen on your sort of, your, your broader philosophy and view towards that and, you know, 'cause there'll be some shareholder saying, "Well, you-"Buy back some shares or give me a big, that special dividend or go do an acquisition

and, you know. Um, a-and not all of those things are often very good for the long term. So I'm just, I'm just keen as, as to h-how you approach it all.

Yeah, look, it's, uh... it's not the first time I've heard that or, or, and it has been leveled against us or at us in the past that, you know, you guys- I, I certainly don't mean it as a negative. I hasten to add.

No, no, no. I mean, no, it's not that.

It's not the first time I heard, and that's okay.

I mean, like, like as you say, on face value, you know, just

m-minor, modest debt. Really the only debt is, is, is, related to, you know, funding, you know, leases or funding fit outs and stuff like that.

Yeah.

Uh, there's no, no real debt. Um, we've never used debt.

We have a, we have a facility with, with our, our, our lead banker we've never, ever used, and we don't want to.

Yeah.

Um, so we, we try to avoid debt and we have to have a, a heavy, some might say heavy cash balance. Well, it's...

In, in reality, it's not that heavy. That's, that's the bottom line reality of it.

And when you talk about a global business, there's probably, you know, there's, there's, you know, over probably 40, 50 Lithopodium entities across the world.

Um, but there's certainly, you know, pushing probably 20 reasonably significant operational entities.

So our cash just doesn't all sit here down in St.

George's Terrace, in Perth. Um, it's in, you know, in, in Australia, in South Africa, in Canada.

It's where it needs to be for the projects, in CÃ´te d'Ivoire or wherever else at any given time.

Mm-hmm.

Um, and, you know, so we consider that we need around the...

At, at our current size, and that will probably grow if we grow.

Yep.

Current size, we need probably about 50 to 55 maybe, you know, million dollars worth of working capital at any given time.

Um, we try to ensure that, we,

you know, that we, we manage our debtors,

very closely. Um, and then, then our, you know, our treasury very closely from

a, a Forex exposure if there is any, et cetera.

Uh, but at the end of the day, that's what we believe we need to run the business.

And then, so then there's, a balance and you can argue we like to hold a

reserve above that, because, you know, if a big client doesn't pay you for

three months, you-

Right

... you can get into a, you know, a, a conversation with them,

but they still haven't paid you for three months.

Yeah.

So, you know, we, we, we, we maintain some reserve for that.

And then you ask the question, you know, what, how do you

execute your strategy? I think you said or how about, you know, if you wanna, you

know, acquire something. Well, yeah, maybe we do wanna acquire something.

I'm not saying we do, we're not a particularly acquisitive business.

Right.

But we have a demonstrated track record of if we find that there's a...

Or if, if a great opportunity presents

or we find there's a, an opportunity for a relatively small bolt-on that's

gonna give us additional skills, maybe a geography,

something that's gonna really value add to the business, we wanna be able to

execute that strategy as well, and invest back into the business.

And finally, we do have, a desire to

pay in the order of, you know, two-thirds of our earnings to, out as, in Australia, a fully franked dividend.

And, you know, we, you know, we, we try to target

that, and upcoming one is gonna be 50%. And that really to...

It should any- if, if anything should indicate to, existing

shareholders and anyone looking at the business that we actually think, you know,

if we need to... If we wanna, if we wanna,

be able to maintain the approach that we, we've taken historically

and service what is a growing business in a growing market, so on and so

forth, then we're probably gonna have to pay towards the bottom end of our, our

dividend sort of, range to strengthen, continue strengthening

our balance sheet to continue doing what we wanna do for the long term.

So that's how I think about it. And it's, and it's... I don't- I wouldn't, like...

It's, it's, it's fit. It's ma-

Yeah

... it's match fit balance sheet. It's not a lazy balance sheet or a fat

balance sheet, I can assure you.

Yeah. That, that is much, that is much better put.

There, there, and there is, there is something to be said for,

the, the fortitude that that allows and the optionality that, that that allows.

It's one of those things you don't appreciate, like insurance, I suppose, until you

need it, right? Um, the, the, the other question I wanted to throw at you as

well, 'cause I, I know it comes up, at least with

other businesses we've spoken to, is that as a...

When you hear an ASX entity say, "We're gonna go into Africa," it, it sends that

little shiver up the spine, much in the same way as it

often does with, with China. I mean, they're both in...

They're both huge markets, and there's, there's clearly opportunity there.

But the ASX is littered with, with, examples of where things didn't work out for a variety of different reasons.

Now, you know, clearly that's not the case so far.

So I, I guess the question is, what's the secret? What's the secret sauce?

I mean, I guess you've got to go to where the work is, and there's a lot of work in Africa, so that, that, that, that sort of puts it o-on, on the radar.

Um,

but you're me- you were mentioning before about how selective you have to be.

I suppose that is extra true i-in that area.

But, but also, h-how do you manage some of these jurisd- jurisdictional risks?

Oh, look, it's, it's completely understandable, Andrew.

I mean, you know, you turn on National

Geographic channel, turn, you know, just read the paper, and in

Africa, as, you know, a-as a sort of one broad brush-

Yeah

... it can be a relatively scary place.

You know, it's, you know, whether it be sovereign risk, whether it be,

security, whether it be, you know,

malaria, whether it be whatever, you name it. Driving on the roads, you...

And I've been there a lot.

Yeah.

I, I managed our first major... I, both, first little one and the

first major project that we, we actually did in Africa back in 1996 for

Resolute Mining, actually, for, um...

It was the Oteman project in Ghana.

So and I, and I managed personally, lots of projects over in Africa

since then, in the early days at least.

Um,

and, you know, it's, it's got all those things.

But there's a couple of things to remember about Lithopodium.

Number one, the first thing is that our actual,

call it, risk or our actual

exposure to, to Africa for the, for the majority even

of the revenues we generate for projects we deliver in Africa is

virtual. And why I say it's virtual-Is because the majority of the work, the

majority of the revenue that we would earn for delivery projects in Africa would

come from the engineering, procurement, project management which actually happens

in the main in Australia or in Canada, some increasingly in

Cape Town, but again, Cape Town is quite different to Burkina Faso.

Um, and so that's the first thing to, to note.

The second thing is that when we do then start talking about the real risks of

geopolitics, of sovereign, of so on, so forth, you know, where

are those risks? Those risks are really important if you're a capital-heavy

business. You've sent hundreds of millions of dollars worth of whatever,

fleets-

Yeah

... drilling rigs, trucks, whatever, to, to Africa, and they're

now in Mali. Uh, or, you've

put concrete in the ground. Own concrete in the ground, steel that's standing,

fixed assets, fixed plant. That's not us. That's not our, that's not our...

Even when we do EPC contracts-

Mm

... where we are the main contractor, ownership changes

hands at the port, the-

Mm

... of, of departure. Right? Wherever that might be.

Yeah.

So again, it's... That, that risk is not our risk.

So what is our risk in African reality? Yes, you've got to manage logistics.

You've got to have your wits about you.

All our systems, our processes, what we do as a business day to day is ch- finely tuned to all those things.

Even right now, we're, we're, we're delivering a project in Oman, the Ankole

Copper Project. Every day we're getting updated on the security,

logistics, you know, the travel implications of...

for that project. Uh, so you need to have all those things in place, and we have those things in place.

The implication is, a government comes along and shuts down

one of our clients for whatever reason, or something happens on a particular site, close your laptops, you leave, you might have to redeploy a team.

You might cop, cop a p- for the costs of, of redeploying a team for, you know, one month holding cost or something. In reality, on most of our contracts, that's not even our risk, 'cause that's still our client's risk, but they'd have to pay us for that.

Yeah.

So that's, that's, like, the real,

doing business in Africa. What's the upside? It's a lesser...

There's not as many competitors. Margins are typically

better because of that. And again, we don't nudge, we don't take advantage, but we... it's a reality of it.

Yeah.

And the third aspect is the quality of projects and the quality of, and

how quickly these projects can be delivered and what not, is far greater than

here in Australia or in other mature, call it, you

know, mineral resource markets.

And we're just talking mineral resources here, of course.

Yeah.

Um, so for us, yeah, I, I see it. And I touched on it earlier, the other really important thing to know about Africa is it's fifty-four countries.

Yeah.

Um, they're all different in their own way.

There's lots of similarities, but they're all different.

There are risks, make no mistake, and one of the growing risks for us is the, increased, drive with governments to, to have nationalization, local content, local ownership, et cetera. And that is probably the most challenging part of us working in Africa these days. It's not making it any easier, and frankly was one of the reasons why we thought we needed to have better exposure and balance in our geographies, and the Americas, was the obvious candidate for that as well.

So, and again-

Yeah

... I'm not suggesting Latin America is probably gonna be any easier either, at least not from what we see. So, you know, but, but we do think what we, what we've learned in Africa over all these years, we can...

it's got some similarities in other places.

Yeah. I, I, I could talk Africa all day long.

It's such a fascinating place and s- such a tragedy in so many ways, but that's-

Oh, yeah

... a whole other thing.

You, you don't... You can't even start there because it, it-

Yeah

... to your point, it's an absolute tragedy because it's-

Yeah

... as a continent, its riches are unbelievable.

Yeah.

And that, and the people and the societies have got every right to demand more and more and more.

Yeah.

No question. But how things play out and how, how, you know, the inequality is, is very sad.

Yeah. A v- very young population too, so there's a lot of dynamism there.

Just, it just needs to be unlocked. But I'm not, I'm not gonna go down that path.

Uh, in fact, what I'm gonna do is I'm gonna throw some questions at you here.

I know that John's put a, a few through.

He's actually been one of the, the, my staunch advocates for, for Lyko on, on our platform. Uh, and I know he's a shareholder.

He's on holidays at the moment, so he's, he's pre-loaded up a bunch of questions for us. I'm just gonna... For everyone watching, I'm just gonna go top to bottom, and remember, you can, you can vote on these questions if you think one's more important than another. So, so let's go.

Um, what growth areas are you most excited about over the next five years in terms of countries, continents, services, and commodities?

So, countries, we're really excited about Argentina, believe it or not.

We obviously bought the business-

Really?

... with headquarters in, T- Tucum n and office in Buenos Aires.

It's also got exposure with offices and people in, in Brazil and hugely in Dallas.

Um, and, and for us, we think not only Argentina,

but Latin America offers Lycopodium some, some great opportunities for growth and, and, and also

delivering more of our services, and, and projects across the world.

Um, and we're starting to see that already. It's early days.

We only finished that deal or closed that deal on the 1st of July 2025. But

we're, we're seeing in- inquiries and opportunities that we never saw before already. So we think that's gonna be quite additive.

We don't expect to do less in Africa or way back.

We think-

Yeah

... the Americas is gonna probably equal those two as well.

So for us, that's really exciting in years to come.

Excellent. Um, talking about risk management, can you add any color around why Lyko walked away from those two large projects, in the past eighteen months, one in Pakistan and one, in Zambia, after you'd already done the studies, for, for Barrick on both of those projects?

Yeah, look, it's not strictly true to say we walked away.

We bid them and we, we, we, we honored our obligations, call it, you know. But what we did do was make it clear how we would do it and what we would do and, and under what sort of, terms and conditions we would be interested in, in proceeding.

And in essence, that wasn't acceptable.

Um, and, um-

To the earlier point you were making before.

Yeah. I mean-

Yeah

... what, what we were being asked to, to warrant, what we were being asked to guarantee would have just been too ris- too risky to the business, in our, in, in our opinion. And probably, if I might, just the silver lining to that, probably dark cloud at the time was

we also were some- somewhat concerned around client centricity-And commodity centricity.

Yeah.

Um, and again, we, we're very excited, to John's first question, very excited about copper, very excited about lithium, very excited that gold is where gold is and silver is where silver is and, and-

Yeah

... you know, that's, that's a lot of work for Lycopodium.

Mm.

But we're also very excited around the energy transition and what that means for, for our business moving forward from a commodities perspective.

Um, and even uranium, we're, we're currently working on a number of uranium projects at the moment and, and new uranium prospects.

But that's the reason to... Sorry.

Yep.

Uh, to answer the, the, the question, it was really Ts and Cs and coming to an agreement on what we would accept and what they expected.

Yeah. It's a, it's a great example of, of exactly what you were, you were talking about before. Um, next one. What, what does the

company consider to be material versus business as usual?

Um, and what do you consider deserves an ASX announcement?

Now, you touched on this, before as well.

Examples being major studies or only studies in new commodity areas,

EPCM or EP and PM contracts worth over 50 million,

that sort of thing. So I, I guess, y- y- you know, we see some companies who

announce the, the, the opening of an envelope, and then, and then we get people who are more sort of on your end of the spectrum.

So I guess-

Yeah, we... Look, well, I guess just as a guide, if we've...

If it's 10- if it's, if it's at or greater than 10% of our revenue as a-

Right

... as a contract, I think we... that's just a, a no-brainer that we'll, you'll,

you'll hear about that. And again, you might say, "Well, yeah,

that's..." You know, some might argue that's not material or,

then, then it's actually just business as usual.

But we, that's our, you know, our, our, sort of,

threshold. Um, or if we think something's specifically

quite strategic. All right?

Mm.

So it's got a... It may not have a, an, an immediate,

impact. Um, but we think it's quite a strategic

move. Might be, you know, we might announce a new study in a particular new

commodity where we've worked really hard and really pitched and we think it's

really, this is exciting for our shareholders because it opens up a whole new world

for us maybe. Um, we might talk about something like that as well, or a new

geography or the like. Or where we consider that we literally

run the, you know, r- have our obligation of continuous disclosure-

Yeah

... that for something that we think is, is got, you know, is market sensitive,

obviously. That's the, that's the, the catchall.

Yeah. Yep. I, I think a lot of company...

I, I, I like the phrase I heard once, catalyst fishing, you know.

It's just like trying to get that spark going with, you know, with the market,

which I just... I feel is putting the cart before the horse.

So, very-

I think, I think it very much is.

Yeah. Yeah. You... Well, I was gonna say you'd be surprised, but you, you probably

wouldn't be.

No.

It, it, it's, it's amazing how common that is.

Um, well, I, I'll put this one to you.

I, I, I don't know how much you'll be able to say on it, but I'll put it to you anyway-

Mm

... and just say, "Can't answer it," if you don't want to.

Seeing as Lycopodium and GR Engineering are both industry leaders in gold processing plant C and C, with G&G doing most of their work in Australia and Lycopodium doing most of their work overseas, have you ever discussed a merger, and what would be the biggest impediments to a merger in your opinion?

So it's not the first time I've been asked this question. I'm happy to answer it.

Okay.

Um,

so no, we haven't discussed it. Uh, others have discussed it thinking about us, and, and then they may have discussed it with us directly or with them directly, I don't know. But we've never discussed it.

Um, but it doesn't make a lot of sense. All right?

That would be a case of two plus two equals 3.5.

Gotcha.

And we might be thinking that it's two plus two equals eight.

Yep. Yep.

Um, so you got two organizations with their own cultures.

I can't talk to GR's, but I can talk to ours.

Yeah.

Um, and most importantly, they're an engineering con- I,

earlier I touched on the-

Yes

... point of, you know, engineering contractors or contractors and engineers. They're an engineering contractor and, and clearly an excellent one.

Yep.

And we're an engineering project delivery company. And the two are quite different.

And I won't go into the detail as to why or in too much depth, but they're quite different.

Yeah. Let, let me throw in one, on, on the back of

that. So, so when... I mean, it's, it's really hard for us, as, as

private investors trying to analyze and

understand and wrap your head around the nuance of a company when it

operates in a, a sphere that you just don't have experience or contact

with. If you want to talk about a smartphone or the new latest Apple iWatch, I've

seen it, I've touched it, I get it. You know, Woolies, I've been into the

shop. I think very, very few of us have ever been on site with any of these

big projects and know the first thing about what's involved.

What, what would be your, your North Star guidance, you know, say, if you were on

the outside looking in, to try and

point to, to investors as to where, where are the sort of the, the, the

key tells, if you were, a- a- as to

what's important with, with particular regard to, I guess,

short-circuiting some of those, those perhaps false narratives or false

understandings about what Lycopodium actually is. Does that, does that make sense?

Yeah. Yeah. Um, I think the important, one of the key ones that those that

have looked at Lyco for a while and, and, and kind of try to

understand where the business is at any given time is what does

the project pipeline look like and what's a, a

good way of telling, what the project pipeline might look like.

And we in our presentations have done a little bit of work to try and-

Yeah

... explain sort of projects that have been completed, projects that are in mid-stream, call it, you know, the, the height of activity, and projects that are early phase, whether they be just being awarded,

or, or maybe we're, we're doing some, late phase study

or, or early FE, what's called front-end engineering and delivery,

or front-end engineering and design,

work. What really feels, feel, feeds our

project pipeline, however, is, you know, how busy are we on studies?

How busy is Lycopodium at any given time in feasibility studies?

'Cause that's really the early... That's the tell. That's the early, early signs.

That's if you're doing lots of studies, quality studies across a

reasonable-A range of commodities, geographies, clients, et cetera.

That's the best indicator that the business is gonna be busy or the project

pipeline's gonna be busy, and you're gonna have the opportunity to continue to grow

and deliver and whatever else. So next question I often get asked when-- after

I-I-I answer this question is, "Well, how, how are you guys from a

studies perspective at the moment?" And I'll say, "Well, we're really-- We're about

full." So we set up our... And busy probably.

And they say, "Okay, how, how does it compare to last year?" "Uh, probably about

the same. Um, a little bit more maybe, but about the same."

That's one indicator because then it's what phase of study are you at?

What size is the project likely to be coming out of those studies?

Um, you know, so on and so forth. It's a-- it's just a, it's just

a kind of North Star, but it's, it's, it's just

one, one indicator. What we

have done, for example, in the last twelve months is to increase our capacity to do study work by opening the Vancouver office and also increase our call it catch, you know, our catch radius or, or geographic spread in that respect because a lot of organizations are headquartered and a lot of, TSX-listed organizations and others are headquartered in Vancouver. Um, and we've already delivered five studies, early stage, what they call PEAs, scoping study level.

But that's already got traction, and it's gonna be a fantastic part of our business that continues to feed the funnel of, of business across the globe, not only in the Americas. So that's, that's, that's one thing. Um, and just seeing-- I guess the other one that's I think always really important is making sure that we're not reporting that we've, you know, blown this up, we've blown that up, that's, that's no good or, you know, we haven't won this work because we, our brand, our track record has been soiled. So, that's another I think you always need to keep an eye on for a company like ours.

Yeah, that, that's super helpful. Um, I'll put this one to you as well.

I think we've touched on it but, but if, if you want to flesh it out any more, please go ahead. But, but John sort of...

He's, he's, he's-- To your point, I believe many investors lump all engineering and construction companies into the same basket and consider them to be, capital-heavy, risky. Can you talk to why Lycopodium is relatively capital-light and laser-focused on r- on risk management and your track record with project delivery? So don't need to repeat anything you've already said, but is there anything you'd, you'd add to flesh that out?

Yeah, look, I, I, I think... Well, I've, I think I've touched on the fact we're not capital-heavy. We're a very capital-light business.

We've got our, our offices, our leases, we've got our, our IT infrastructure, and we've got modest amount of equipment.

Really very, very, very-

Photo-photocopier and a coffee machine and... Yep.

That's pretty much it.

Yeah.

So capital-- from a capital intent-- capital-heavy perspective, no, we're a very, very capital-light business. I think what's really important, and probably something I haven't touched on, as much as in this conversation, is our risk management and approach.

Yes. Yep.

Lycopodium was founded on the basis of having

very strong oversight general engineering, very strong oversight and process metallurgical engineering, very strong oversight mechanical and electrical delivery, really strong project

delivery. Um, you know, we, we pride ourselves, in fact, a lot of our

early, projects people came out of the construction world where it was hard money. You had to understand scope, budget, schedule, those...

what we call the trinity. And then very, very strong,

oversight commercially and from a governance perspective, you know, so a corporate governance perspective. And even when we were a private business, we still had those things in place, and those things have only sought to increase in size and nature and, and, and strength, if you like.

So our proce- process, our policies, our processes, our procedures, our systems, our platforms, all that stuff's integrated and very, very well thought through. And most importantly, it was all designed around an EPCM delivery, an engineering project

delivery services company, where often we have to be accountable for our clients' money to the cent.

All right? So all that stuff needs to be accurate,

and, and, and, and, with-- it has to be provided with great clarity. So the, the, the DNA of the business is, is very strong governance, very strong approach to risk management.

That risk management could be security, it can be, commercial, it can be contractual, it can be technical.

It's the way we've crafted our business, and it's one that's just grown along the same trajectory, over the years.

And I'll just touch on one final thing.

One thing in having a global business is you need to have one source of truth.

And certainly from a financial perspective, that one source of truth is our ERP.

A couple of years ago, we updated our ERP.

We originally had Oracle in two-- Well, originally had other systems, but in two thousand and five, we went to Oracle.

Yeah.

Um, two years ago, we went to SAP, and, you know, that gives us complete, transparency through the entire business,

on how each business unit is performing, and all those

other key financial metrics as well as other things.

So, you know, workflows and approvals.

So again, this stuff is really important.

Yeah. Um,

I'll go to one from Steve. Sorry, John.

I just, I just share, share the love a little bit here, even though it's a bit

further down the list. But, Steve's sort of asking about the integration of

Saxum. How has it proceeded? Do you see a timeline for taking on the remaining forty percent?

Well, there's very much a timeline for the remaining forty percent, but I'll

answer... Well, that's the easiest part to answer because the deal included at

five years, we take twenty-five, and at seven years, we take the

balance of the fifteen, and they've got a ceiling and a floor valuation. Okay?

And we hope to pay the ceiling.

Yeah.

The last, or now it's been nine months, hasn't been the easiest for Saxum in as much in their-- as their-- in terms of their traditional markets. Fifty percent of their business is cement and largely focused in the Americas, and fifty percent was minerals, largely focused in Latin America. The cement industry was hit pretty hard in the sense of projects, at least with, Trump's tariffs.

You know, the, the, the lack of clarity from-- on the Canadian side, on the Mexican side, and even the US side on what cement's gonna be worth tomorrow and what-- whether they should be investing by new plant in Canada.

For example, we, we-- they had an order for a, a large plant upgrade in Canada that was basically shelved, um-

Mm-hmm

... and still shelved.

Yeah.

So, so they're, you know, ticking along and just sort of treading water.

But the, the-The thing with, with

Saxum and the important thing for us with Saxum is, and to, to

Steve's question of integration we've integrated the business.

So in nine months they're on the same systems, same platforms,

part of the same sort of community now call it,

part of our one minerals approach.

The culture is so aligned, it's fantastic.

I mean, we have, I think, have better cultural alignment

with, with Saxum than we do with some other call it business units within

the, the business that we currently, we currently run, run and own.

Um, and, and that is testament to the fact.

I mean, we, we took our time to understand Saxum.

Yep.

And to us understand the founder and the propo- key proponents and we were never... We- one of the things that always sort of, struck us was how culturally aligned we are.

So that, that part of it's been easy.

I'm throwing another one of mine here, 'cause you touched on it just a moment ago too. So I, I've heard you talk before about digital twins and is, is it Allway IQ?

Allway IQ, yeah.

Yeah. Just, just how that, that data-driven optimization actually helps a business like yours. Is, is there anything to sort of...

I mean, it obviously helps, but, but how, how significant is it?

And, and-

Oh, it's fantastic

... is there further yeah, low-

Yeah

... low-hanging fruit to grab from that?

It's a fantastic value add. It, it, it also, you know, one of those very soft intangibles is that it, it demonstrates our commitment to innovation, demonstrates our commitment to quality and to, to...

I mean, what it-- what Allway IQ, IQ can do for an existing operation, or even a new operation that, that it'd be incorporated into, in terms of, allowing you remote access to experts and what that can then actually mean to your bottom line as operation is unbelievable. There's, there's, information, you know, publicly available can demonstrate how wonderful it can be.

Is it gonna move the needle from like a podium group wide perspective

financially? Not anytime soon. It's, it is growing and it's doing great work and winning lots of new orders and whatever else.

But when I say not anytime soon, perhaps never, you know, in terms of our current business. What it does do though is, again, credentializes us in terms of that sort of innovation and that, you know, real value add, as I've said.

And, and it is a fantastic example of how other, technology-based opportunities can be rolled out within our organization. And, and very specifically we're, we're talking about Allway IQ as an example internally to other business unit leaders.

Having a look at that, we, we-- in our rail infrastructure business, for example, we do a lot of work that we think is gonna benefit from AI, and particularly the rail infrastructure, management side of that. Um, and, and, and we're using

Allway IQ as a sort of model for how they can sort of expand what they do in there and how they can pursue their, their sort of, their objectives.

I thought I might get away with an interview without mentioning AI, AI.

It's, it's, it's such the topic du jour at the moment, but, now that you bring it up, I'll, I'll, I'll go for it.

Um, is

an... Is this a, is this a tool that engineers are using for their day to day? Is, is that moving the needle there for them or is it really not at-

Look, look, some, some say yes. I find it hard to believe.

I think, I think, I, I think it, you know, AI, you know, Copilot and other things is enable- both internally and sort of open in, in, on, on, in an open sense, is certainly making information more accessible, more available, much more quickly, much more broadly. It's fantastic.

Yeah.

Make no mistake. Wonderful. In, in the context of gathering information and then making... allowing to use that information quickly and promptly effect- hopefully effectively.

Mm.

In due course, AI is gonna change the way we deliver projects.

Mm.

In due course, AI will change the way we design projects, and handle that whole piece. And in due course, Likopodium is gonna have to look... modify the way that it delivers its services based on the impact of AI. There's no question about that.

Mm.

I can't tell you when that's gonna happen.

Uh, what I can tell you is that we need to be antennas up.

We need to be aware of what's going on.

We need to be fast followers, and we'll be prepared to be, but not leaders in this space. Because what I will say is that, it's a good way to, you know, sort of going all in on any of these things, in my experience, is a good way to torch a heap of money, heap of capital-

Yes, yes

... and, and send you right down a rabbit hole.

Yeah.

So, you know, we eyes wide open, we've got plenty of examples in the business where we've been, you know, I'd say relatively early adopters that have, have, um-

Yeah

... it's, it's, you know, been, been the right decision in, in my opinion.

Yeah. F-fast followers is, is, yes, I could, I could riff on that for a, for a

long time. I, I think too many companies do things just because it is the shiny new thing and, and rather than do we actually need it and has it actually been proven and, and, you know. There's... Yeah. So I, I won't go further than that.

And, and, and our time is up, so I'll just...

I'll leave you with one more, Peter.

Um, if we sit down in five years' time, I suspect I know what you're gonna say to this, to this question, probably more of the same, but, but I'll put it to you anyway. Like what is the successful-

Mm

... you know, execution of the strategy as it looks like today look like?

When, when, you know, the, the year, the year is, twenty thirty-one, what does Lica- Likopodium look like?

Yeah, twenty thirty-one would see Likopodium having some new faces, obviously, succession at the senior ranks and, and, you know, continued growth through the business. Uh, not that I'm going anywhere anytime soon, just it's, that's the reality and certainly-

Yep

... in a five-year timeframe. Um, success, success would be that, Saxum has been completely sort of, uh...

That we've seen, we've unlocked the value in Saxum, and that's been that beachhead in Latin America. We've now delivered a couple of projects in Latin America.

We're, we're working on a very large copper concentrator, and it's gonna be complete in twenty thirty-three or twenty thirty-four.

You know, it's gonna be fabulous work, and you're gonna see, you know, Likopodium is as busy in the Africa, in Africa, across Africa and APAC and America's kind of equally. And so, you know, the business has grown. It's, it's, continued to, to fill its, shoes of, being a global business. Um, and it's done so having

maintained our track record of, you know, we have, you know, of being like Qantas and, and their air safety. That's Likopodium in the engineering and project delivery world.

Yeah.

And, and, and we've maintained that, you know, that track record and continued to work for, you know, repeat business and clients.

I- if it ain't broke, don't fix it is, is probably the, the best way to s-sum it up.

Pretty much.

Yeah. Um, Peter, this has been a fascinating conversation.

Uh, you've got better things to do, but I could have easily gone for three hours but, but, fortunately, I'll, I'll save you from that.

Um, other than just to say thank you so much for your time, and, we'll... we'd love to catch up in another year or two and, and see how things are going.

No, thank you. No, thank you for the opportunity. Thanks, mate.

Cheers. All the best.

See ya. Bye.