



EUMUNDI GROUP

24 February 2020

**EUMUNDI ANNOUNCES NET PROFIT AND INTERIM DIVIDEND FOR 31 DECEMBER 2019**

Please find attached ASX Announcement "Eumundi Announces Net Profit, Net Asset Backing and Interim Dividend for 31 December 2019".

**Authorised by the Board**

For further information please contact:

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## EUMUNDI GROUP

24 February 2020

### ASX RELEASE

#### **Eumundi Group announces net profit after tax of \$0.629 million for HY2020**

**Net asset backing of 103.2 cents per share**

**Interim dividend of 2.35 cents per share**

Eumundi Group Limited (the "Group"), the Queensland hotel and investment property company, is pleased to report a profit after tax of \$0.629 million for the half-year ended 31 December 2019. This represents earnings per share of 1.57 cents.

Excluding all non-cash fair value revaluation and adjustments on the Group's assets and the one-off impact of the restatement of deferred tax liabilities last year, net profit after tax for the half year was \$0.681 million compared with \$0.902 million in the previous corresponding period.

Overall, the financial performance of the Group was solid given the significant impact as expected of the major redevelopment works undertaken during the half.

Total comprehensive income of \$0.953 million for the period included a \$0.324 million gain net of tax on fair value revaluation of the Group's land and buildings attributable to directors' valuation of the Ashmore Tavern and the Aspley Central Shopping Centre. The prior year result included a \$0.291 million gain net of tax in relation to these assets.

Excluding all fair value revaluations and adjustments, operating earnings before interest, tax, depreciation and amortisation ("EBITDA") decreased by 7.9% from \$2.373 million to \$2.186 million in the period under review.

The half-year result was achieved on total revenue of \$12.625 million, a decrease of 4.0% compared with total revenue of \$13.151 million for the prior comparative half-year.

<b>Half-year ended 31 December (\$'000)</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
<b>Revenue from ordinary activities</b>	12,625	13,151	(4.0%)
<b>EBITDA (excluding fair value revaluations and adjustments)</b>	<b>2,186</b>	<b>2,373</b>	<b>(7.9%)</b>
<b>Total comprehensive income</b>	<b>953</b>	<b>1,482</b>	<b>(35.7%)</b>
Fair value revaluations of land and buildings net of tax	324	291	
<b>Reported net profit after tax</b>	<b>629</b>	<b>1,191</b>	<b>(47.2%)</b>
Net loss on fair value adjustment of investment property net of tax	52	44	
Income tax benefit on restatement of deferred tax liabilities	-	332	
<b>Net profit after tax (excluding fair value revaluations and adjustments and restatement of deferred tax liabilities)</b>	<b>681</b>	<b>902</b>	<b>(24.5%)</b>
<b>Net assets per share (cents)</b>	<b>103.2</b>	<b>104.9</b>	<b>(1.6%)</b>
<b>Interim dividend (cents per share)</b>	<b>2.35</b>	<b>3.20</b>	<b>(26.6%)</b>
Franking @27.5% tax rate	50%	100%	

## Comments on result

A summary of the HY2020 financial result and the significant operational developments for the Group during the period follows:

- Ashmore Tavern performed solidly during the half-year despite the disruption of lounge bar and kitchen refurbishment in Q1FY20. Results were above the prior comparative half-year which had been adversely impacted by the Gold Coast's economic downturn post the Commonwealth Games.
- Aspley Central Tavern's performance continued to be affected by vacancy levels and disruptions at the shopping centres as expected from the Aspley Central redevelopment works completed in November 2019. In April 2019 the Group was successful in acquiring seven new gaming machine licences for the Aspley Central Tavern. During the half-year under report the gaming room at Aspley Central Tavern was expanded to accommodate the new machines, resulting in significant disruption to trading with gaming turnover declining at the venue by 3.9% on the comparative period.
- Investment property revenues declined slightly during the half-year while non-recoverable property costs increased, leading to a 3.4% decrease in investment property segment results. Increased revenue was achieved for The Plough Inn due to the annual rent rise. Aspley investment property revenues reduced due to rent concessions for disruption caused by the redevelopment works, while increased centre vacancy levels led to a decrease in rental revenues and in recovery of outgoings. The leasing program is underway to secure appropriate long-term tenants.

The Group continued to generate strong cash flows from operations with net cash inflow from operating activities during the half-year increasing by 21.1% to \$1.674 million compared with \$1.382 million in the corresponding period. Net income tax payments reduced by \$0.185 million after the Group's tax instalment rate reduced from 30% to 27.5%. Net cash inflows from receipts from customers and payments to suppliers rose by 3.9% with cash costs remaining controlled. Despite increased borrowings, cash outflows from finance costs reduced by 4.9% as interest rates softened.

## Financial position

The Group remains in a strong financial position with the following matters of note in the half-year:

- A directors' assessment of the Aspley Shopping Centre and the Ashmore Tavern assets resulted in a \$447,000 (\$324,000 net of tax) revaluation increment on land and building assets.
- The Group's net debt (borrowings less cash) increased by \$2.202 million to \$26.282 million as at 31 December 2019 with the increased borrowings used to fund the redevelopment of the Aspley investment properties and the Ashmore Tavern lounge bar and kitchen refurbishment.
- The Group paid a fully franked (at 27.5% tax) final dividend of 2.35 cents per share on 16 September 2019 in respect of the year ended 30 June 2019. The Eumundi Group Limited Dividend Reinvestment Plan ("DRP") was operative and again well supported, with a participation rate of 96%. This resulted in an increase in issued capital from 39,546,043 to 40,576,624 shares, preserving cash to fund the Group's capital works program.
- Net assets increased by \$0.928 million to \$41.892 million during the half-year representing equity of 103.2 cents per share (net tangible assets of 98.8 cents per share including right-of-use assets).
- The Group's net debt to net equity ratio was 62.7% at 31 December 2019, with EBITDA excluding fair value revaluations and adjustments of \$2.186 million comfortably covering net finance costs of \$0.414 million during the half-year.

## Interim dividend

The Board has declared an interim dividend of 2.35 cents per share 50% franked at a tax rate of 27.5% with a Record Date of Friday 28 February 2020, to be paid to shareholders on Monday 16 March 2020.

The interim dividend of 2.35 cents per share reflects the Board's decision to reduce distributions to shareholders during the present period of disruption from major capital works while successful leasing initiatives are pursued to increase profitability. The reduction in the Group's corporate tax rate in FY19 combined with anticipated lease incentives at the Aspley property means that future dividends are also likely to be partially franked.

### **The Eumundi Group Limited Dividend Reinvestment Plan ("DRP") will apply to the interim dividend.**

Shareholders who have not previously elected to participate in the DRP or who wish to vary their DRP participation should update their details online at [www.investorcentre.com](http://www.investorcentre.com) or by calling Computershare Investor Services on 1300 850 505 to obtain a DRP Election/Variation Form. The form must be received by the share registry on or before 5pm Brisbane Time on Wednesday 4 March 2020.

**Mandatory direct credit applies to this dividend payment.** Where holders have already provided payment instructions, no further action will be required. Shareholders who have not previously provided direct credit payment details, or who wish to update their details, should do so online at [www.investorcentre.com](http://www.investorcentre.com) or by calling Computershare Investor Services on 1300 552 270.

Shareholders are reminded that for administrative convenience and cost, a minimum cash payment of \$2 will apply and that cash payments below this value will not be paid.

## Outlook

### **Ashmore Tavern**

Lounge bar and bistro turnover continues to improve post redecoration works which were completed in July 2019. However, gaming and retail liquor sales have softened as a result of adverse local conditions including high vacancy rates around our retail outlets, and the adverse impacts of fire, floods and coronavirus on tourist numbers and discretionary spend. We will continue to improve our offer to ensure we remain competitive in this challenging market.

Architect's plans for the Ashmore Tavern including expansion of the gaming room, the addition of a large deck to the sports bar and additional all-weather dining areas were submitted in December 2019 for council approval. This further work will ensure that the gaming room and the Group's other on-premise operations continue to meet the market's expectation for modern hotels. The all-weather dining area is anticipated to commence late FY2020 with the balance of works staged to minimise disruption as much as possible.

### **Aspley Central Tavern**

Venue turnover was impacted by the redevelopment of the shopping centres and the gaming room expansion, and the priority is to restore and build our customer base with these works now effectively complete. An application has been lodged to extend the venue's trading hours in line with local competitors and we are hopeful this will be approved in the coming weeks. The venue will remain impacted pending successful leasing outcomes to address the high vacancy rate in the centre.

## Aspley investment properties

Achieving quality leasing outcomes remains the major priority for the year ahead. The Group is working closely with existing tenants and actively engaging with prospective tenants to strengthen the long-term performance of this asset. We are encouraged by the initial progress to date.

The Board looks forward to reporting to shareholders on the successful leasing outcomes and on the Ashmore Tavern improvements which will significantly enhance the outlook for the Group.



Suzanne Jacobi-Lee  
Chief Executive Officer



The Aspley site hosted the successful Brisbane City Council BrisAsia festival in February 2020.