



8 August 2014

The Manager
Company Announcements Office
ASX Limited
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THREE YEAR STRATEGIC PLAN AND EARNINGS UPDATE

Key Points:

- Completion of detailed review of Marbletrend's operating portfolio by Managing Director and the Board;
- Three Year Strategic Plan developed to, through internal initiatives, lift earnings before interest, tax, depreciation and amortization (**EBITDA**) to in excess of \$5.0 million per annum;
- Product, inventory and cost optimization to significantly enhance return on capital without the requirement for macroeconomic or cyclical recovery; and
- \$1.0 million EBITDA benefits to be realized within 12 months through supply chain improvements and fixed cost reductions.

MBD Corporation announced today a three year strategic plan following a review undertaken by the Managing Director and the Board in light of material losses incurred by its wholly owned subsidiary – Marbletrend Pty Ltd over the past 2 years and the need to refocus and recapitalize the business.

The Managing Director and CEO, Mr Nicol said “we have completed a comprehensive review of the operations of Marbletrend and developed a plan which will significantly improve operational performance and earnings, without relying on external cyclical recovery or acquisitions. Marbletrend has a strong core business operating in a growing and changing marketplace. This renewed focus on our strengths and competitive position will set us up well to capitalise on future growth opportunities for the benefit of our customers, employees and shareholders.”



As a consequence of this review and after final consultation and discussions with key customers, Marbletrend has decided to strategically withdraw from the vanity category. Mr Nicol said “after exploring the vanity category in Australia, Europe and the USA over the past two years, the reality is that the vanity category is becoming commoditised. The vanity category is already a high volume, marginal return business and we foresee continued price competitiveness inhibiting our ability to achieve adequate returns. Marbletrend’s strength has always been in shower systems where we have significant expertise and competitive advantages and this is where we believe there are significant margin and market opportunities available to us to be able to focus on”.

Marbletrend will exit the vanities business over the next six months resulting in reduced annual revenues to the business in FY15 of circa \$ 6.0 million and on an annualized basis of circa \$9.0 million. This repositioning of our category focus, together with a reduced fixed cost base is expected to generate additional earnings of in excess of \$1.0 million EBITDA over FY15 and supported by the current capital raising, new finance facilities and greater capital being devoted to more margin friendly product is anticipated to provide a material earnings uplift, particularly in the latter half of FY15 and thereafter.

Headline (unaudited) financials for FY14 indicate an EBITDA loss (before tax adjustments) of circa \$2.0 million and a earnings before tax loss of circa \$3.5 million (before tax adjustments) on sales (before discounts and rebates) of circa \$34.5 million.

Management reports strong and increasing demand for products at present, supply of which is being hampered through tight working capital. This situation will be redressed over the next four months with the completion of the capital raising in mid-August augmented by the new Trade Finance Facility (which is currently being drawn) and a new Debtor Finance Facility (about to be drawn) to generate additional working capital and pay down bank debt.

CONCLUSION

Mr Giles, Chairman of the Company concluded “This is a very exciting time at Marbletrend. Whilst this may appear a major repositioning, we believe our renewed focus on more margin friendly product offerings, supplier relationships, logistics, operational efficiencies and product quality will allow us to take better advantage of the opportunities and trends in the market over the long term.”

Enquiries contact:

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Cautionary Statements Regarding Forward-Looking Information

This release may contain forward-looking statements, including statements about Marbletrend's financial condition, results of operations, earnings outlook and prospects. Forward-looking statements are typically identified by words such as "plan," "believe," "expect," "anticipate," "intend," "outlook," "estimate," "forecast," "project" and other similar words and expressions.

These forward-looking statements involve certain risks and uncertainties. Our ability to predict results or the actual effects of our plans and strategies is subject to inherent uncertainty. Factors that may cause actual results or earnings to differ materially from these forward-looking statements include those discussed and identified in filings we make with the Australian Securities Exchange.

Because these forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

You are cautioned not to place undue reliance on these statements, which speak only as of the date of this release.

All subsequent written and oral forward-looking statements concerning the matters addressed in this release and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this release. Except to the extent required by applicable law or regulation, we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this release. All references to currencies, unless otherwise stated, reflect measures in Australian dollars.