



27 February 2017

1H FY17 Financial Results

Highlights:

- Survey division revenue \$29.5m, up 19% on 1H FY16, due to strong growth in New South Wales and Victoria
- Delivered on national surveying strategy with four acquisitions completed in the period
- Group revenue \$55.0m, down 12% due to reduced activity at Nauru (OTOC Australia)
- Underlying Group EBITDA before significant items \$4.9m (1H FY16: \$8.7m)
- Cash \$12.4m and debt \$11.6m (including hire purchase liabilities)
- Evaluating a number of survey acquisition opportunities consistent with growth and diversification strategy

Veris Limited is pleased to announce its financial results for the half year ended 31 December 2016 (1H FY17).

Survey Division

Revenue from the Company's survey division rose 19% to \$29.5m. This growth was the result of the Company's strategy to develop a premier national surveying business with desirable exposure to property and civil infrastructure markets, particularly focused in New South Wales, Victoria and Queensland, which has offset declining revenues from Western Australia.

Veris survey division EBITDA was \$3.6m (1H FY16: \$4.7m). Lower earnings margins were due to challenging market conditions in Western Australia and regional Queensland, where resources construction and property investment has reduced in calendar year 2016.

The significant decline in Western Australia and Queensland activity through 2016 has been mitigated by a steady upward trend in month-on-month results in Veris' other markets, in particular growth in New South Wales infrastructure and continued workload in premium-end property development in Melbourne.

Veris expects its survey division EBITDA to be stronger in 2H FY2017 given indications of continued growth in East Coast infrastructure markets and a full period of earnings from recently completed acquisitions.

This earnings trend validates the Company's strategic commitment, to deliver premium Professional Services across Australia in a period of weakening expenditure within its traditional WA markets.

Construction Division – OTOC Australia

Revenue from OTOC Australia declined 33% to \$25.5m, reflecting the reduced activity at Nauru and continuing reduction of resources and related infrastructure projects in Western Australia. 1H FY17 EBITDA was \$3.0m (1H FY16: \$5.9m - a record half).

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Veris confirms an ongoing commitment to develop the information, communications and technology capability (ICT) due to the rise in recent engagements to consult and deliver complex solutions to public infrastructure and resources sector clients.

Veris has undertaken initial steps towards a clear separation of its Contracting and ICT and Communications divisions to ensure they provide the most suitable operating structure for these businesses and for the Veris professional services operation.

Balance Sheet

The Company has a strong balance sheet to maintain organic growth and fund further survey acquisitions.

Cash \$12.4m, debt \$11.6m (including hire purchase facilities) and approximately \$21.2m in undrawn acquisition lending facilities.

Full details of the 1H FY17 result are contained in the Interim Financial Report which accompany this announcement.

Commenting on the 1H FY17 results, Chief Executive Officer, Simon Thomas, said:

“Veris has positioned itself to take advantage of the forthcoming ‘infrastructure boom’ across the eastern coast of Australia, whilst meeting a number of challenges in Western Australia and regional Queensland in the first half of the financial year. The Company’s disciplined approach has led to a reduction in costs and the identification of opportunities to redeploy resources into New South Wales and Victoria, where we see momentum building.

Our core surveying business has been strengthened by strategic acquisitions across the 2016 calendar year. These new acquisitions are already delivering solid performances to the Company. We have achieved a national footprint and continue to assess acquisition targets that will expand our service offering and market exposure.

The earnings result demonstrates the sustainability of the national surveying growth strategy and business-wide operational targets. The Company is ideally positioned to continue to advance its strategy, with the benefit of a strong balance sheet and positive earnings momentum into 2H FY17.”



Reflecting on OTOC Australia, Simon Thomas stated:

“OTOC Australia continues to deliver positive margins in very challenging market conditions reflecting the discipline of the management team to manage costs in line with revenue and deliver on competitive contracts.

OTOC Australia was awarded a significant communications project to deliver village entertainment infrastructure in the Pilbara worth over \$4.6m. Our technologies division continue to source similar communications and technology project opportunities across WA’s existing mining operations.

As announced to the market on the 21 January, OTOC Australia has been awarded a camp relocation project for Pilbara Minerals Limited valued at circa \$4.8m, to relocate a 300 room camp and common facilities.”

– ENDS –

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