

# FY2017 Results Presentation

**August 2017**

Veris invite you to join a conference call at which, Managing Director, Adam Lamond and CFO, Brian Mangano will be presenting these results. Call details are as follows:

Date: 17 August 2017  
Time: 11:15am AEST  
Duration: Approximately 60 Minutes

Dial: 1800 896 323  
Passcode: 9412245054

Participants will be asked to state their name upon entry. Press \*1 when prompted to ask a question during Q&A.

(Please click [here](#) for International Dial Participant information)

Veris is a national professional services business in surveying, planning, urban design and geospatial services



# Executive Summary

## FY17 Results

- Group EBITDA \$9.8m
- Strong second half
- Professional Services revenue \$66.8m, up 40%
- Professional Services EBITDA \$9.4m, up 16%, including partial contribution from new acquisitions in FY2017
- Cash \$14.6m, net cash \$3.0m
- Full year dividend 0.5 cents per share, fully franked



## Strategic Achievements

- Successfully repositioned the business and set a clear focus on professional services, with strong and growing exposure to east coast infrastructure and property markets
- Rebranded to 'Veris' and introduced National Integrated Operating Model for acquired surveying businesses
- Completed four survey acquisitions in FY17 and LANDdata in July 2017
- Launched AQURA Technologies and announced discontinuance of OTOC Australia infrastructure (construction)





# FY17 Results



Professional Services revenue increased 40% to \$66.8m and corresponding EBITDA increased 16% to \$9.4m. Group revenue fell 11%. The infrastructure construction division (OTOC Australia) completed its largest project (Nauru) in FY17 and will be discontinued.

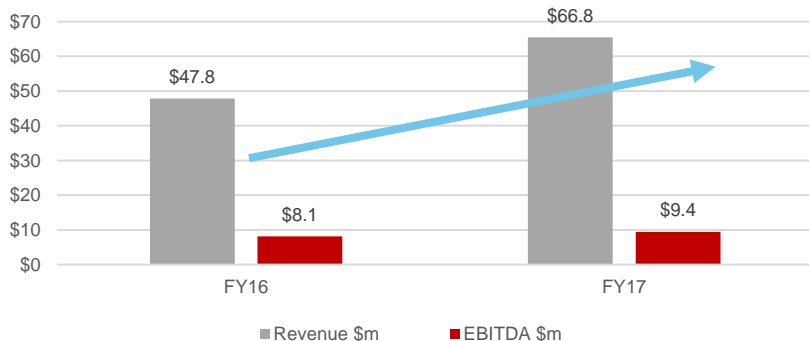
\$m	FY17	FY16
<b>Revenue</b>	<b>107.9</b>	<b>120.9</b>
<b>EBITDA (before significant items)</b>	<b>9.8</b>	<b>16.2</b>
Depreciation	(4.1)	(2.5)
Amortisation	(4.2)	(3.0)
Acquisition related (cost)/income	(1.2)	1.3
Restructuring costs <sup>1</sup>	(1.3)	(0.2)
Share-based payments	(0.3)	(1.1)
<b>EBIT</b>	<b>(1.3)</b>	<b>10.7</b>
Net interest expense	(0.8)	(0.8)
<b>Profit before tax</b>	<b>(2.1)</b>	<b>9.9</b>
Income tax benefit/(expense) <sup>2</sup>	2.1	9.8
<b>Net profit after tax</b>	<b>0.0</b>	<b>19.7</b>
<b>Net profit after tax, before amortisation</b>	<b>3.0</b>	<b>21.8</b>

Note 1: FY17: includes costs associated with the restructure of the OTOC Australia business and integration activities for the surveying business

Note 2: Includes tax benefit related to historic earnings from Nauru

# Segment Analysis

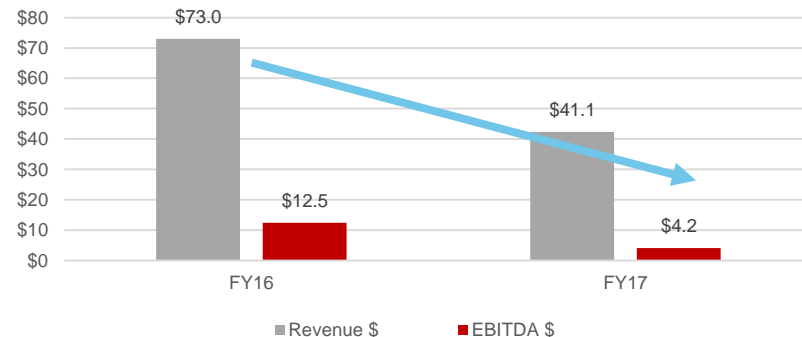
## Surveying Professional Services



- Strong performance in NSW and VIC contributed to a 40% increase in revenue and 16% increase in EBITDA
- Partial contribution from acquisitions completed in FY17: Lawrence Group, Lester Franks, Goodwin Midson and WKC Spatial
- EBITDA margin below budget, impacted by low margin in WA
  - Surveying EBITDA margin – 14%; excluding WA – 18%
  - Projecting aggregate EBITDA margin of 17% following implementation of National Operating Model during FY18, with further increases achievable from revenue synergies and cross selling of services

Note 1: Segment EBITDA, before Group corporate costs

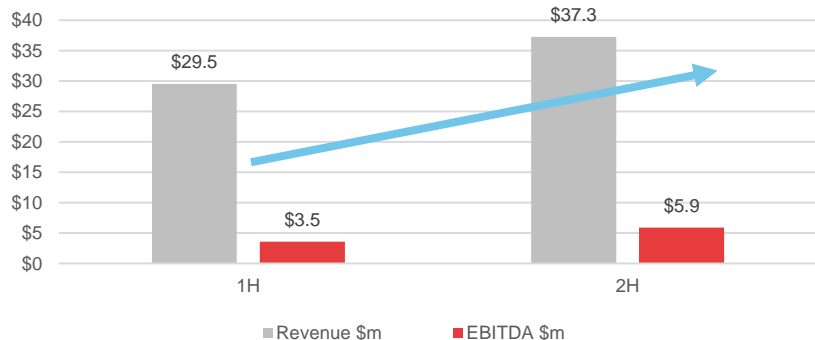
## OTOC Australia Infrastructure (Construction)



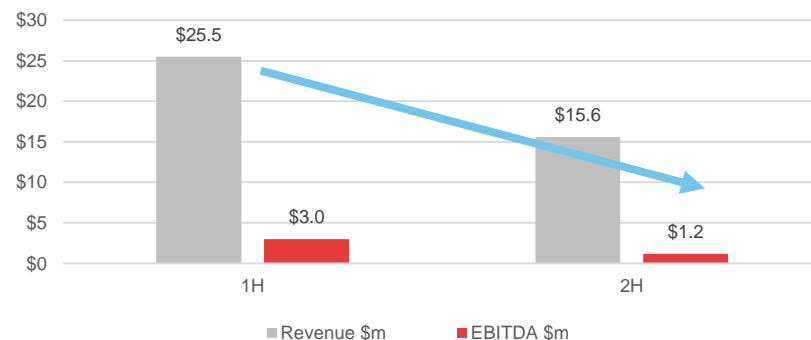
- Revenue fell 44% as large construction projects came to completion
- EBITDA \$4.2m, down 66% from \$12.5m
- Infrastructure Construction business to be discontinued following completion of existing projects
- AQURA Technologies launched in July 2017
  - IT, communications, managed services, remote communication and professional consulting services
  - External client demand for high-value technology and communications solutions, and provides support services to national surveying strategy

# 1H vs. 2H Results

## Surveying Professional Services



## OTOC Australia Infrastructure (Construction)



- 2H FY17: Survey revenue increased 26% to \$37.3m and EBITDA increased 64% to \$5.9m at an EBITDA margin of 15.7%
- Improved 2H result provides strong earnings momentum into FY18
- OTOC Australia Infrastructure (Construction) revenue and EBITDA fell 39% and 60% respectively, following completion of major works at Nauru
- AQUA is expected to record a positive EBITDA result in FY18

# Cash Flow and Balance Sheet

## Sufficient cash and undrawn facilities to fund national surveying strategy and additional acquisitions

### Cash Flow

\$m	FY17	FY16
Cash flow generated from operations	7.0	16.4
Net interest & tax	(0.6)	(0.6)
<b>Cash flow from operating activities</b>	<b>6.4</b>	<b>15.8</b>
Cash flow from investing activities	(10.5)	(6.4)
Cash flow from financing activities	5.7	(6.6)
<b>Net cash flow</b>	<b>1.6</b>	<b>2.8</b>

- Cash conversion of 66%<sup>1</sup> was lower than anticipated due to working capital investment associated with OTOC Australia (Construction) contracts. This is expected to be released in coming months as the contracts are completed and the division is discontinued. Cash conversion is expected to return to a normalised level of at least 80% in future periods
- Cash flow used in investing activities includes payments for acquisitions of \$7.5m and deferred vendor payments of \$2.7m
- Payments for finance leases and repayment of borrowings of \$5.6m

### Balance Sheet

\$m	FY17	FY16
Cash	14.6	13.0
Hire Purchase Facilities	(8.2)	(6.8)
Commonwealth Bank Facility	(3.4)	(4.6)
<b>Net Cash/(Debt)</b>	<b>3.0</b>	<b>(1.6)</b>
Deferred Vendor Payments	2.7	3.0
<b>Net Assets</b>	<b>67.0</b>	<b>53.3</b>

- Cash \$14.6m and net cash \$3.0m at 30 June 2017
- Strong funding position to execute national professional services strategy, including access to \$25m Commonwealth Bank Acquisition Facility
- Full year dividend 0.5 cents per share, fully franked, with a dividend reinvestment plan to be offered to shareholders

Note 1: Cash conversion = Cash flow from operating activities / EBITDA



# Corporate Directory

## Capital Structure

Share price (ASX: VRS)	\$0.16
Ordinary shares	325.7m
<b>Market capitalisation</b>	<b>\$52m</b>
Cash (30-June-17)	\$15m
Debt (30-Jun-17)	\$12m
<b>Enterprise value</b>	<b>\$49m</b>
Dividend per share (FY17)	\$0.005
Dividend yield	3.1%

## Board and Management

Derek La Ferla	Non-executive Chairman
Adam Lamond	Managing Director
Tom Lawrence	Non-executive Director
Karl Paganin	Non-executive Director
Brian Mangano	Chief Financial Officer
Lisa Wynne	Company Secretary

## Summary

- Strong second half EBITDA and Revenue
- Significant increase in professional services revenue
- High second half cash conversion
- Four new acquisitions during FY17
- LANDdata acquired July 2017

## Substantial Shareholders

Directors	14.1%
Perpetual	6.9%
Commonwealth Bank	6.7%
Paradice	6.5%

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Thank you

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