

The Veris logo consists of the word "veris" in a bold, lowercase, sans-serif font, colored red. It is enclosed within a red outline that forms a square with a diagonal cut-off at the bottom-left corner.

**veris**

# Investor Update

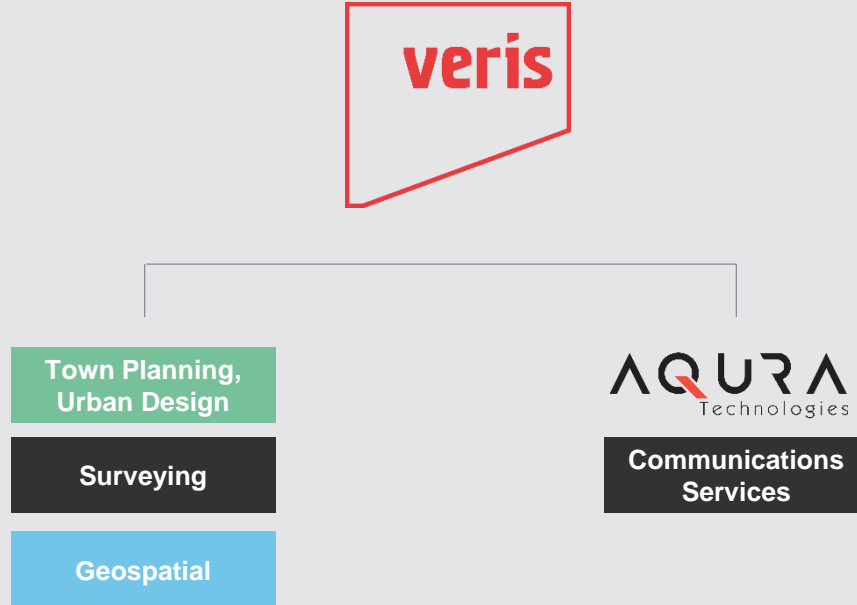
September 2017

DEVELOP  
WITH \_\_\_\_\_  
CONFIDENCE™

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



# Group Structure – Professional Services



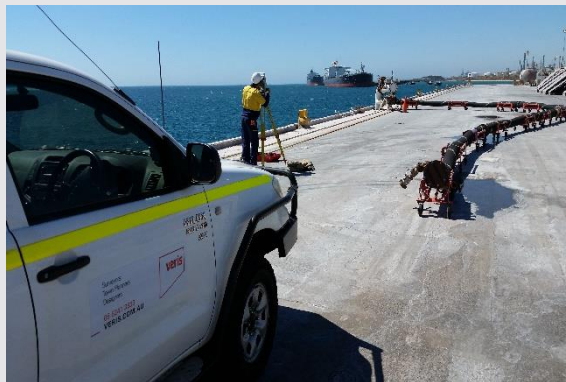
# National Professional Services Strategy

## Consolidating the Spatial Services Industry

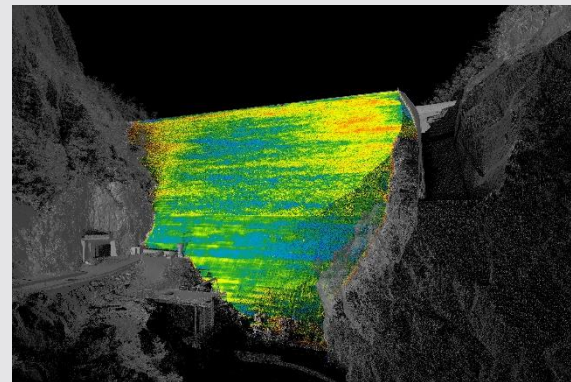
### Town Planning, Urban Design



### Surveying



### Geospatial



#### Australian Market

\$1.0 billion

\$3.0 billion

\$2.0 billion

#### Veris Annualised Revenue

\$5.0 million

0.5%

\$65.0 million

2.2%

\$5.0 million

0.3%

#### Veris 3-5yr Target

\$50.0 million

5.0%

\$150.0 million

5.0%

\$100.0 million

5.0%

# Growth Strategy

## Phase 1

### Establish Initial Business Model

2012 - 2014

- Whelans – WA Surveying business acquired 2012
- Cash flow from OTOC Australia (Construction)
- Enacted strategy to create national, professional services business in surveying, planning and geospatial
- Acquisition of Bosco Jonson Surveying Victoria

## Phase 2

### National Growth

2014 – 2018

- Established offices across Australia
- Completed national Surveying acquisition footprint
- Renamed 'Veris Limited' to reflect focus on professional services
- Introduced national operating model
- Commenced full integration of acquired Surveying businesses
- Achieve critical mass for a national professional services business

## Phase 3

### Consolidation and Integration

2018 – 2020

- Clear focus on integration:
  - Shared support services
  - One ERP system
  - One operational entity
  - Drive revenue synergies and cross-selling
  - Acquire specialist capital equipment
- Additional surveying acquisitions, targeting specific capability in certain markets and further geographical coverage
- Targeted expansion into town planning, urban design and geospatial services
- Grow revenue and EBITDA margin

# Growth through Acquisition

## Surveying

- Veris has established a national network of preeminent Surveying businesses
- Future acquisitions will enhance Veris' east coast operations, with a focus on civil and public transport infrastructure
- Veris will also undertake further acquisitions once integration is complete to take advantage of cost synergies and then established national support services
- Requirement for acquisitions that offer additional Surveying skills and services.

## Town Planning and Urban Design

- Veris has Town Planning and Urban Design revenue of approximately \$5m
- Veris is targeting the acquisition of east coast based, Town Planning/Urban Design businesses
- Highly complementary to surveying operations – Town Planning and Urban Design services at the front-end of new project development, linking into surveying at the project implementation and planning stages

## Geospatial

- Market mapping, scanning and identification of complementary services
- Evaluation of potential acquisition targets

## Acquisition Structuring and Funding

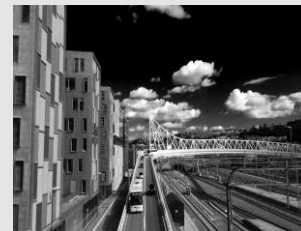
- Veris will maintain a combination of cash/debt, Veris shares, and earn-outs to fund its future acquisitions
- Any large Town Planning or Geospatial acquisition would likely involve a greater proportion of script and earn-out to achieve alignment to future performance
- Veris does not intend to raise new equity capital unless there is a significant, earnings accretive acquisition
- Acquisitions will continue to be earnings per share accretive



# Organic Growth, Integration and Corporate Development

## Organic Growth

- Targeting FY18 Survey revenue of \$75m, an increase of 12% vs. FY17
- Growth to be driven by east coast operations and exposure to significant property and infrastructure developments
- Investing in specialist Surveying equipment and technology, a key competitive advantage
- Growing revenue and earnings of Communications Services business AQURA



## Integration

- Implement national operating model by 30 June 2018
- Developing closer collaboration between business units under unified Veris brand and structure
- Structured to achieve meaningful cost savings from best practice HR, finance, accounting, ICT, insurance and procurement
- Targeting a Survey EBITDA margin of 20% following implementation of national operating model

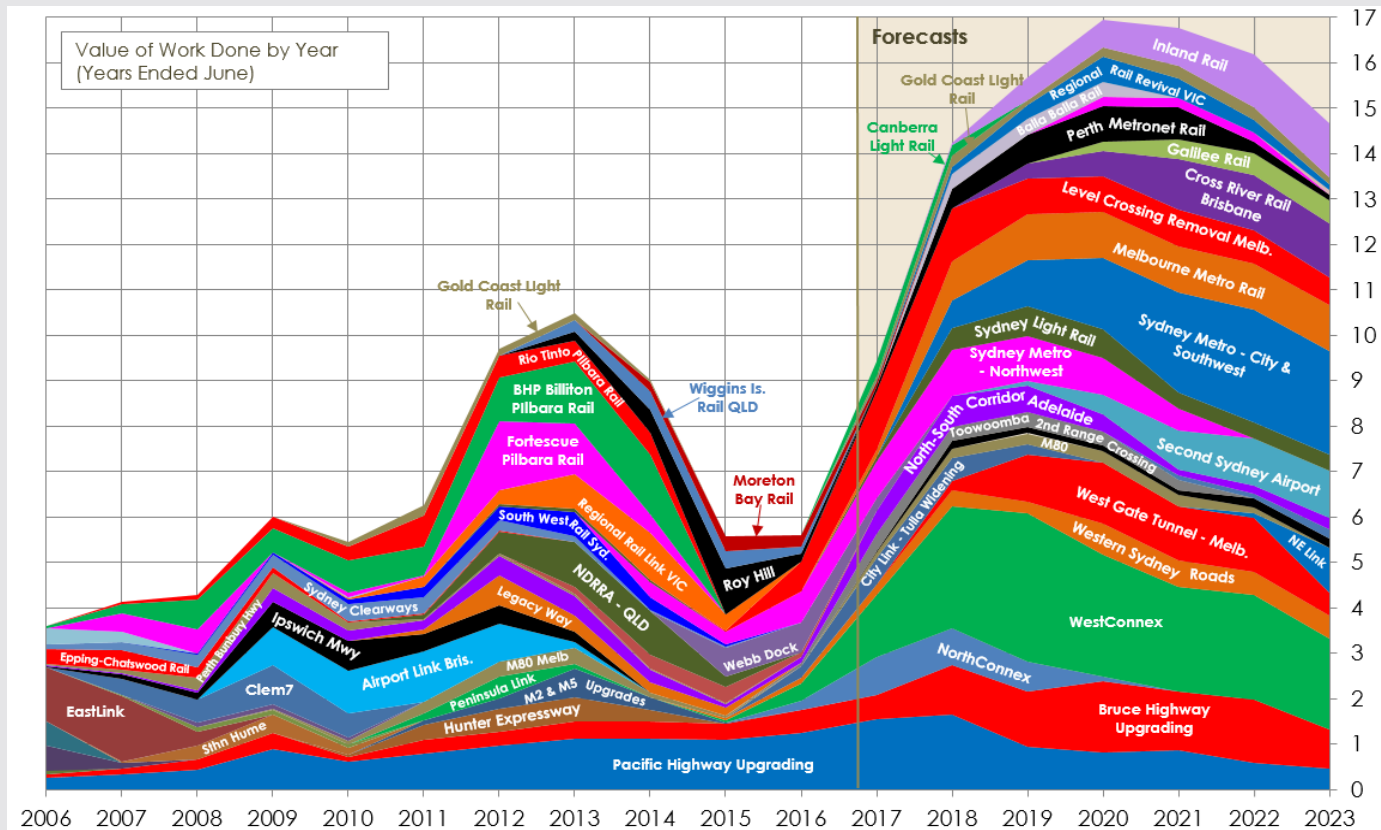


## Corporate Development

- Consistent with the growth of the business, Veris intends to appoint an eastern states based director with infrastructure/professional services experience
- OTOC Australia to be discontinued, positioning Veris as a purely professional services business
- Aiming to develop a broader range of shareholders and to engage with new investors
- Focused on delivering strong shareholder returns, including an annual dividend
- Reduced corporate overheads



# Industry Outlook – record levels of infrastructure investment





# Communication Services

**AQURA Technologies is an exciting communications services business that is complementary to the national professional services strategy and is expected to build significant value in its own right**

As a technology solutions provider, AQURA delivers specialist industrial communication services to the following sectors;

- Resources and Energy
- Commercial Enterprise

AQURA develop, integrate and operate solutions for clients utilising the following platforms:

**Industrial Wireless  
Communications (LTE 4G)**

**Industrial IOT**

**Communications  
Management**

**Content Access Networks**



# Summary and Outlook



## FY2017

- Continued to implement national professional services strategy with acquisition of quality east coast businesses, delivering enhanced exposure to civil infrastructure investment
- Commenced integration of national Surveying business and rebranded Veris to reflect focus on professional services
- Announced divestment of OTOC Australia
- Establishment of AQURA Technologies
- Survey EBITDA \$9.4m, at a margin of 14%, which was below Survey target, primarily due to market conditions in WA
- Net cash on the balance sheet and strong funding position with debt facilities with Commonwealth Bank
- Maintained dividend of 0.5 cents per share

## FY2018

- Complete integration of national surveying business and implement national operating model
- Drive revenue synergies and organic growth, benefiting from strong exposure to east coast infrastructure investment
- Progress acquisitions that enhance service offering and/or geographic market position
- Target Survey revenue of approximately \$75m, subject to market conditions, at an EBITDA margin of approaching 17%
- Seek to expand in complementary Town Planning, Urban Design and Geospatial segments
- Complete divestment of OTOC Australia construction business
- Support growth of AQURA Technologies; targeting a positive EBITDA contribution in FY18 and developing additional recurring revenue from managed services
- Reduce corporate costs by 20%

# 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.

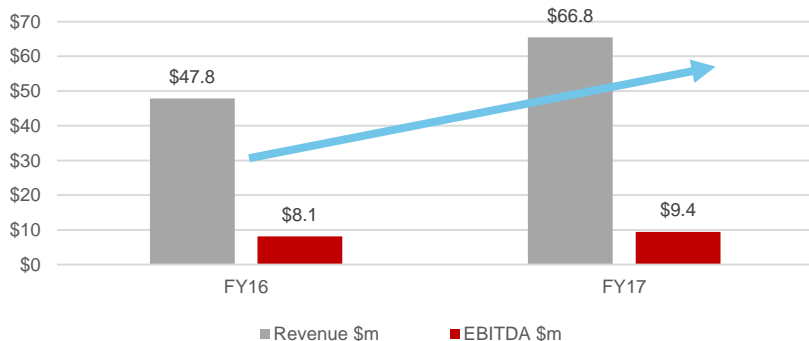
\$m	FY17	FY16
<b>Revenue</b>	<b>107.9</b>	<b>120.9</b>
<b>EBITDA (before significant items)</b>	<b>9.8</b>	<b>16.2</b>
Depreciation	(4.1)	(2.5)
Amortisation	(4.2)	(3.0)
Acquisition related (cost)/income	(1.2)	1.3
Restructuring costs <sup>1</sup>	(1.3)	(0.2)
Share-based payments	(0.3)	(1.1)
<b>EBIT</b>	<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

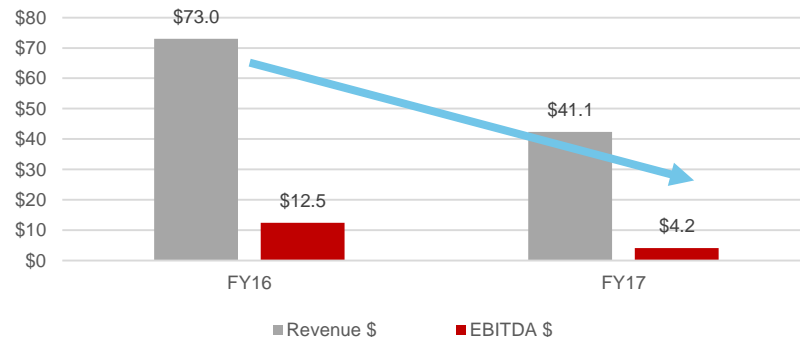
## Surveying Professional Services



- 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

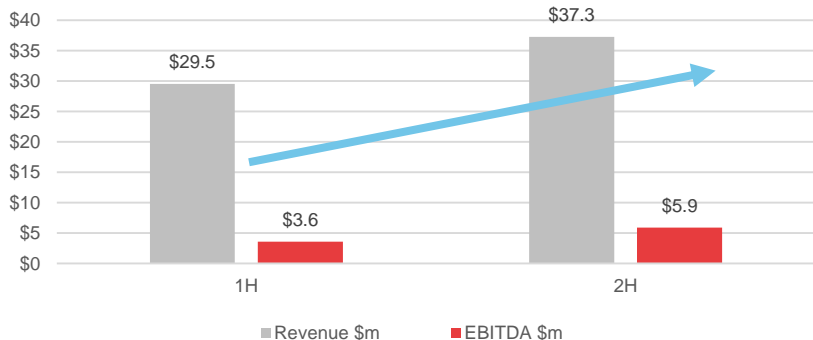
## OTOC Australia Infrastructure (Construction)



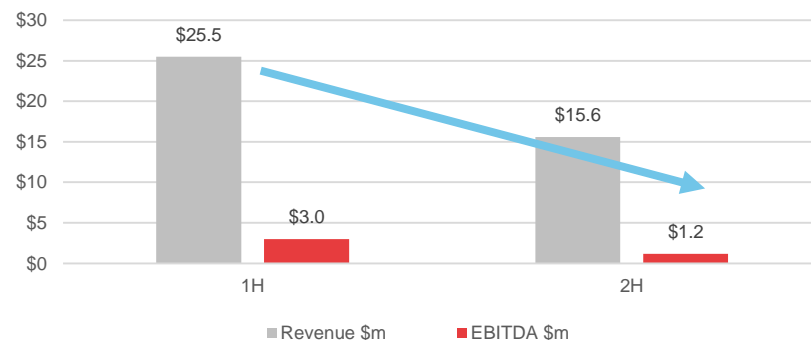
- Revenue fell 44% as large construction projects came to completion
- EBITDA \$4.2m, down 66% from \$12.5m
- Infrastructure Construction business to be discontinued following completion of existing projects
- AQURA Technologies launched in July 2017
  - IT, communications, managed services, remote communication 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)

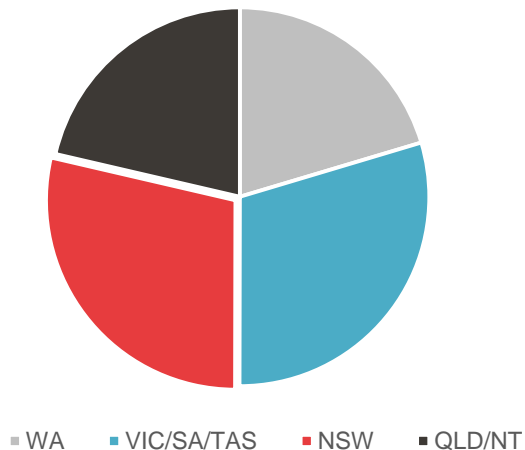


- 2H FY17: Survey revenue increased 26% to \$37.3m and EBITDA increased 64% to \$5.9m at an EBITDA margin of 15.7%
- Improved 2H result provides strong earnings momentum into FY18
- OTOC Australia Infrastructure (Construction) revenue and EBITDA fell 39% and 60% respectively, following completion of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

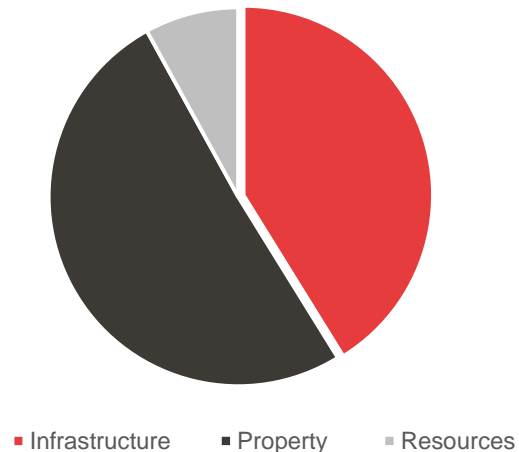
# Revenue Analysis – strong exposure to east coast infrastructure

Transformed revenue base from historic reliance on WA resources sector to a diversified geographic and industry profile

Survey Revenue by Location – FY17



Survey Revenue by Industry – FY17



- Approximately 80% of revenue from the east coast, including approximately 30% from NSW
- Expect strong revenue growth in NSW/ACT given organic growth projections, project awards and acquisition of LANDdata
- Revenue from civil and transport infrastructure approximately 40%; approximately 50% from property and real estate, and 10% from resources



# 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
Cash flow from operating activities	6.4	15.8
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 offered to shareholders

# Corporate Directory

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## 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

## Share Price



## 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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