

Veris Limited have three operating businesses in the 2019 financial year - Surveying, Professional & Advisory and Communications

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

Date: Thursday 28 February 2019

Time: 11.00am AEST

Duration: Approximately 60 minutes

Dial: 1800 896 323

Passcode: 9412245054




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

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



veris

1H FY19 Financial Dashboard

Revenue	EBITDA ¹	NPATBA ²
\$63.6m	\$3.3m	\$0.2m
37% 	(23%) 	(57%) 



Cash	Net Debt
\$6.9m	\$15.3m
24% 	25% 



1. EBITDA is a non-IFRS measure
 2. Underlying NPATBA. Excludes non cash impairment

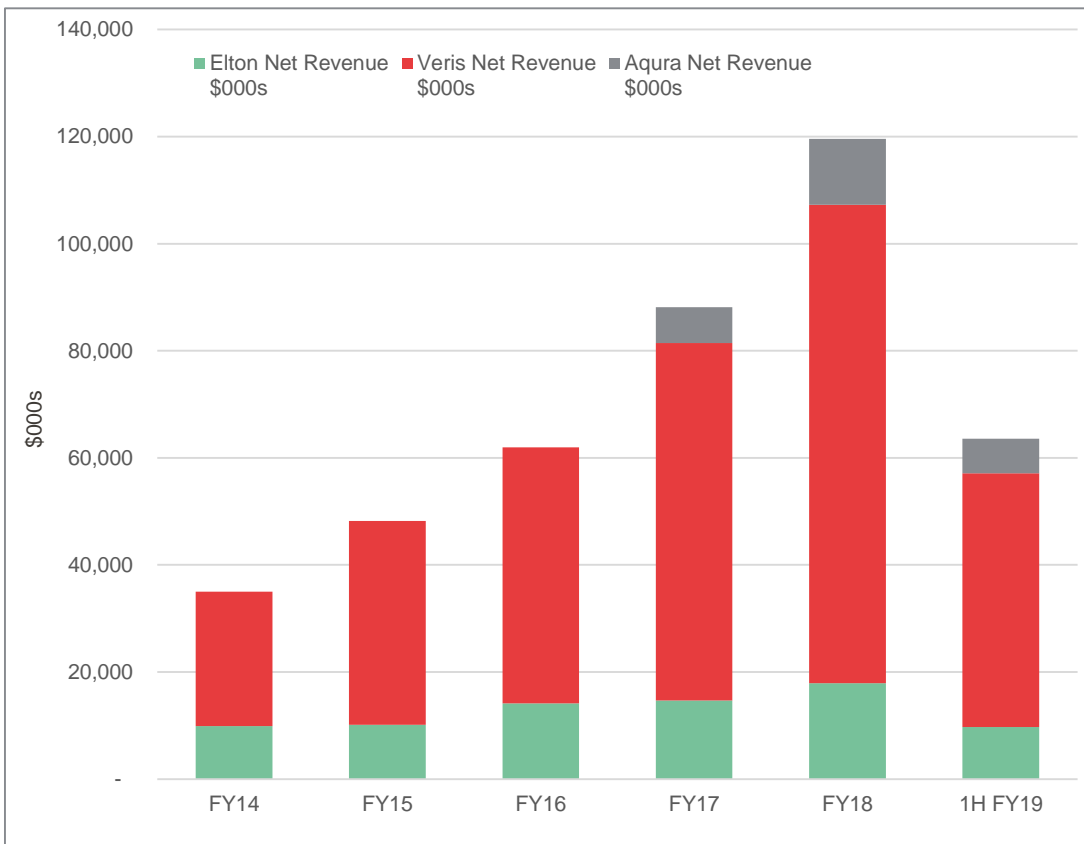
Revenue - 1H FY19

	1H FY19		1H FY18
Surveying	\$47.4m	↑	\$41.3m
Professional & Advisory	\$9.7m	↑	-
Communications	\$6.5m	↑	\$5.0m
TOTAL	\$63.6m	↑	\$46.3m



Revenue - Growth

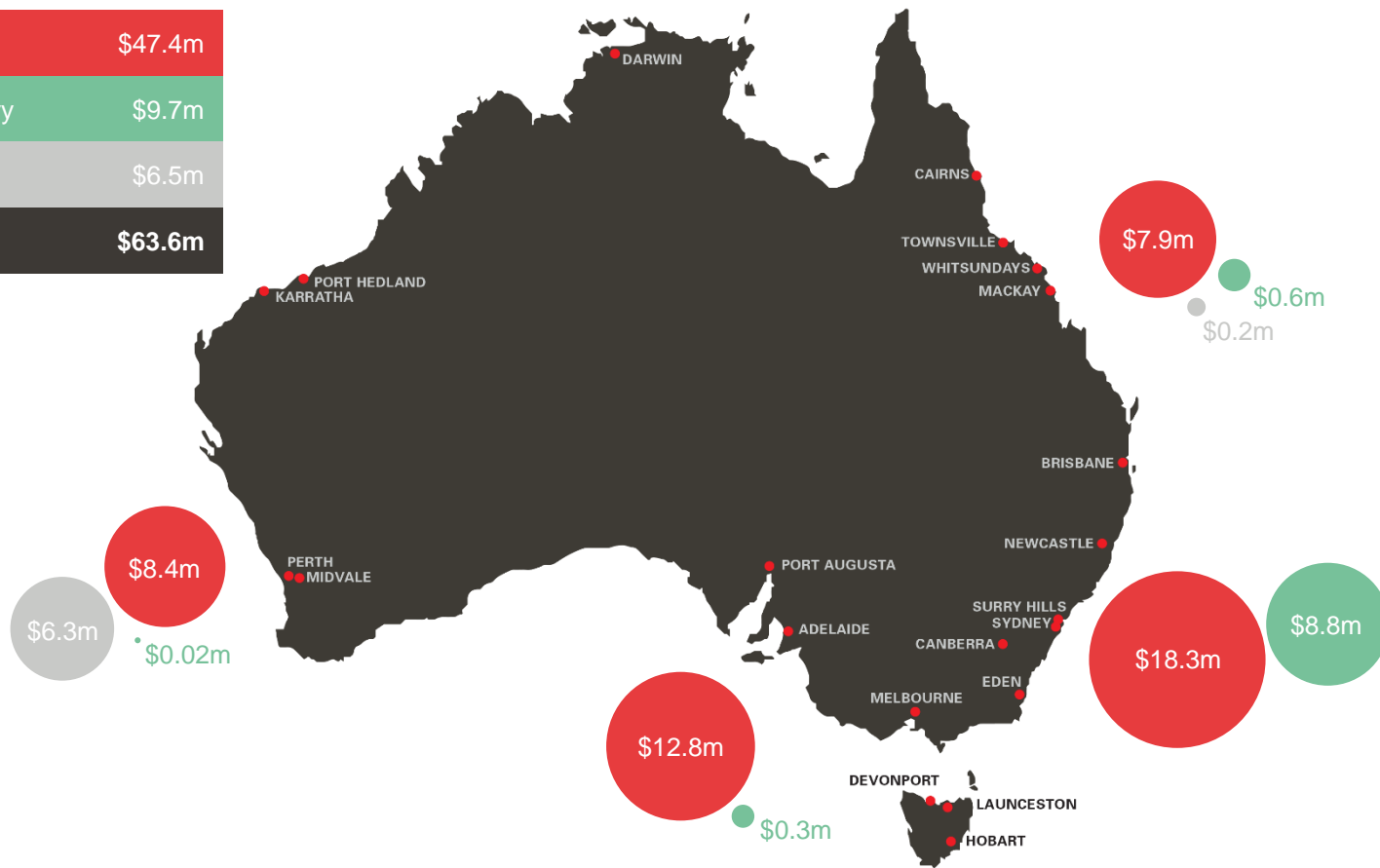
- Acquired and strong organic growth from Surveying
- Consistent revenue growth from Professional & Advisory
- Strong revenue growth Communications
- All divisions contributed to group revenue growth



Note: Veris completed the acquisition of Elton Consulting Group Pty Ltd – March 2018

Revenue – Location 1H FY19

Survey & Geospatial	\$47.4m
Professional & Advisory	\$9.7m
Communications	\$6.5m
Total	\$63.6m



The Veris Strategy

Creating a national professional services business, with three pillars of growth

Professional and Advisory	Surveying	Geospatial
<p><i>Professional and Advisory Services are engaged to provide expert advice to businesses, governments and not-for-profit organisations to support them to make considered and informed decisions on policy, strategy, city-making and service delivery.</i></p>	<p><i>Surveying is a profession that involves examining and recording the features of a piece of land or infrastructure in order to create maps, plans, detailed descriptions and to facilitate construction.</i></p>	<p><i>Geospatial Services relate to products, services and tools involved in the collection, integration and management of geospatial data. Geospatial Services are prominent in many areas.</i></p>
		

Estimated Market Size

\$2.0bn

\$3.0bn

\$2.0bn

Veris annualised revenue

\$25m

1.25%

\$95m

3.2%

\$5m

0.3%

Veris target revenue

\$50m - \$80m

2.5%-4.0%

\$150m

5.0%

\$70m - \$100m

3.5%-5.0%

Top Tier Clients across Australia – National Agreements

Diversified, national client base; adding value through seamless national agreements and service offerings



Surveying – Veris Australia

Australian Surveying industry = \$3 billion per annum

Surveying covers a broad spectrum of service lines which Veris provide including cadastral, civil and construction and engineering surveying along with 3D spatial services such as lidar, 3D laser scanning, ground penetrating radar, mobile laser scanning and hydrographic surveys.

1H Highlights

- Commenced operating as one company
- Revenue growth of over 15%
- Strong cash management from centralised operations
- Co-location of Melbourne offices
- Multi state project awards
- Commenced operational review to improve gross margin

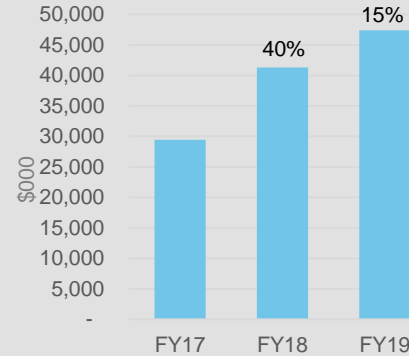


Veris Australia – Well positioned for future growth

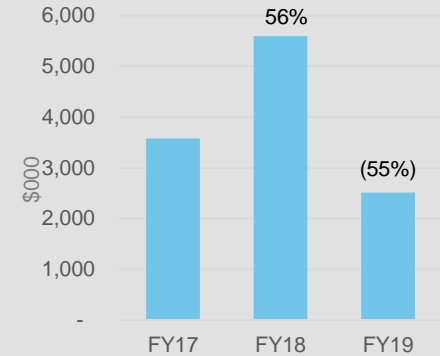
2H Outlook

- Implementing operational review savings
- Stable revenue to drive efficiencies
- Focus on gross margin improvement
- Continue to enhance processes and systems
- Focus on higher margin services
- Consolidate position on long term infrastructure projects

1H Revenue



1H EBITDA



Veris Australia offering



Survey – Civil
Construction &
Engineering



Survey -
Property



Town
Planning



Urban
Design



Mobile Laser
Scanning



Terrestrial
Laser Scanning



Underground
Scanning



Bathymetry



Metrology



Monitoring



UAV

Professional and Advisory Services – Elton Consulting

Estimated Australian market = \$2 billion for the services provided

Elton Consulting, a Veris Company is a recognised Tier 1 provider of professional and advisory services for all levels of government, private and community sectors. Elton work across infrastructure, property development, housing, resources, energy, public policy and human services.

1H Highlights

- Revenue growth of 10%
- True national footprint with services across Australia
- Significant project awards: particularly in social, health, education and transport infrastructure
- Contribution to the Corporate Social Responsibility and Reconciliation Action Plan strategies
- Joint project and panel wins with Surveying and Communications businesses

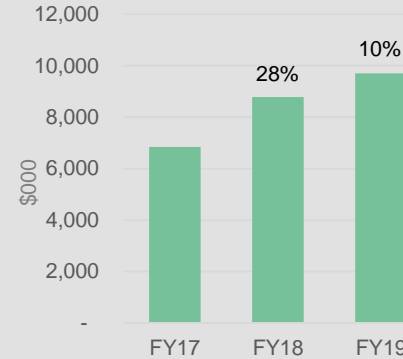


Elton Consulting – Well positioned for continued growth

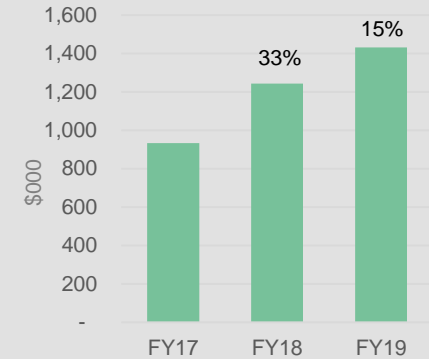
2H Outlook

- Local Government – NSW local housing strategies
- Social, health, education and transport infrastructure projects – government and private sectors
- Public policy reform
- Expanding Social Impact Assessment service offering
- Completion of three year national growth plans
- Leveraging east coast clients nationally

1H Revenue



1H EBITDA



Elton offering



Strategy & Policy



Social Sustainability



Design Studio



Communications & Engagement



Bid Strategy & Preparation



Urban & Regional Planning



Community Relations

Communications - Aqura Technologies

Estimated Market Values: Content Access Networks \$500m
Industrial Wireless and IoT \$3bn
Unified Communications \$100m

Aqura Technologies specialises in the development and implementation of technologies to service the Industrial Communications sector.

Aqura's technology product lines include:

- Industrial Wireless
- Industrial IoT
- Content Access Solutions
- Unified Communications

1H Highlights

- Revenue growth driving strong EBITDA growth
- Establish east coast office servicing national awarded contracts
- Long term “Umbrella Agreements” with Tier 1 clients
- Significant contract wins

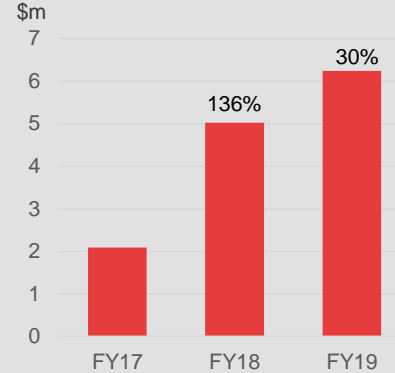


Aqura – Well positioned for continued growth

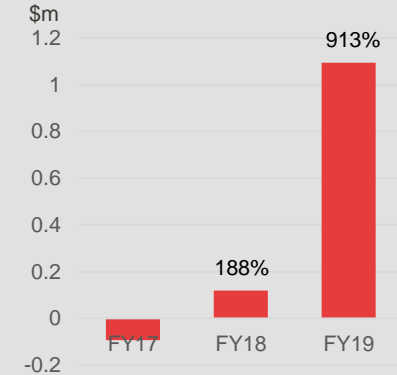
2H Outlook

- Recent announcement of further \$7.9m contract win
- Strong market demand for Aqura offerings
- Expanding geographic footprint to east coast
- Leveraging core capabilities to participate in the Industrial Internet of Things (IoT) market
- People investment to deliver on new projects

1H Revenue



1H EBITDA



Aqura offering



Industrial Wireless

Robust private wireless networks for mission critical applications



Content Networks

Latest technology delivering voice, video and data across large scale networks



Unified Communications

Hosted Cloud telephony platforms for mid to large corporate customers



Internet of Things (IoT)

Enabling Industrial IoT through data acquisition, aggregation and delivery

Operational Review - Surveying

Project scope and team

Commenced Board endorsed direction - October 2018

Primary objective = gross margin improvement

Lead by Executive Director with Regional Manager - Qld/NT and Regional Manager - NSW/ACT

Phase 1 completed – December 2018

Phase 2 ongoing

Actions



Operational Alignment

- Improve professional staff and equipment utilisation
- Co-location of Melbourne staff to one office
- Co-location of Elton and Veris staff in WA, Qld and Vic
- Aqura co-location in Qld



Overhead Synergies

- Establishment of Veris shared services
- All acquired surveying entities on one ERP system
- Completion of back office integration
- Identification of annualised cost savings



Commercial Management

- Increased focus on higher margin surveying work and increased number of agreements with Tier 1 clients
- Focus on improving margin and control of subcontracted work
- Centralised contract reviews

Operational Review - Surveying

Actions



Culture & People

- New Surveying leadership team headed by Executive Director and Regional Manager – Qld/NT with additional role as National Operations Lead
- Development of Principals Academy training program and Annual Principals Forum



Systems & Process

- Improved quality, consistency and visibility of management reporting through single ERP system
- Focus on continuous improvement of job management system and processes



Governance and Control

- Strengthened Executive Leadership team
- Risk review near completion



Cash Management

- Substantial improvement to working capital lock-up as a result of centralised control of accounts receivable

Summary and Outlook

1H FY19















- Group revenue increased by 37%
- Cash increased by 24%
- Reduction of net debt by 25%
- Consistent revenue growth across all three businesses
- National footprint of Professional & Advisory business
- Expansion of Communications business to east coast
- Long term 'umbrella agreements' with Tier 1 clients - Communications
- Instigation of Operational Review

Outlook

- Strong revenue pipeline across all three businesses
- Focus on gross margin improvement for Surveying
- Reforecasting group financials through to 31 December 2019
- Further co-location of offices
- Focus on higher margin services – Surveying
- Finalisation of Corporate Social Responsibility and Reconciliation Action Plan strategies
- Completion of three year national growth plan – Professional & Advisory
- Strong demand for services from Communications business

Appendix

Financial – 1H FY19 Results

\$m	1H FY19		1H FY18
Revenue	63.6		46.3
EBITDA¹	3.3		4.2
Depreciation	(2.5)		(1.4)
Amortisation	(2.1)	-	(2.1)
Acquisition related cost/income	(0.1)		(0.6)
Restructuring costs	(0.7)		(1.1)
Share-based payments	(0.1)		(0.3)
Impairment ²	(34.4)		-
EBIT	(36.6)		(1.3)
Net interest expense	(0.7)		(0.4)
Profit before tax	(37.3)		(1.7)
Income tax benefit/(expense)	0.9		0.1
Profit for the period	(36.4)		(1.6)
Profit/(Loss) from discontinued operation	-		(0.1)
Net profit (Loss)	(36.4)		(1.7)

- Note 1: EBITDA by division: Survey \$2.5m (vs. \$5.6m in pcp), Communications \$1.1m (vs. \$0.1m in pcp), Corporate (\$1.7m) (vs. (\$1.5m) in pcp), Professional & Advisory 1.4 (vs N/A comparative period)
- Note 2: Impairment – non cash impairment goodwill relating to surveying businesses required

Financial – Cash Flow and Balance Sheet

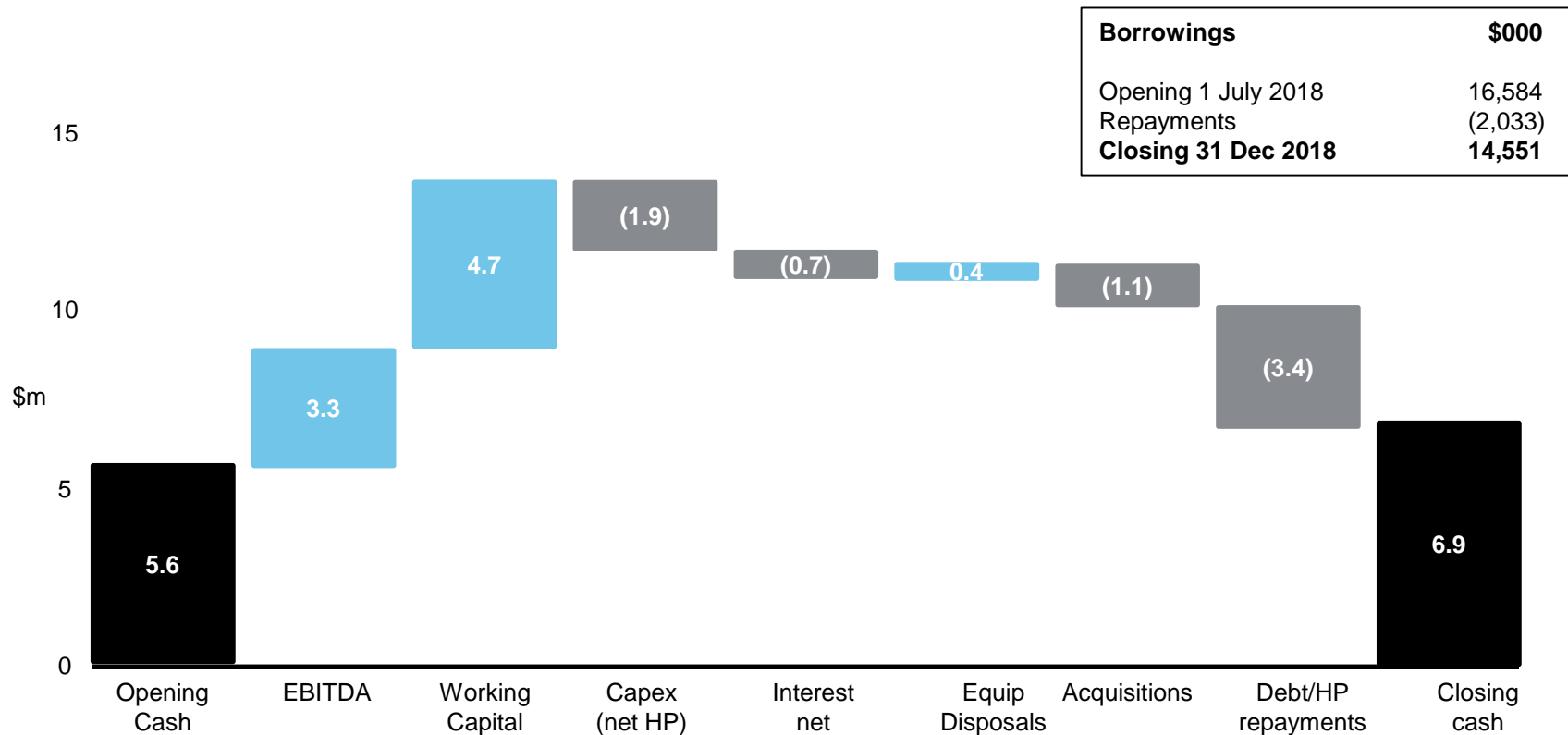
Cash Flow

\$m	1H FY19		1H FY18
Cash flow from operations	8.1	↑	(0.2)
Net interest expense	(0.7)	↑	(0.5)
Cash flow from operating activities	7.4	↑	(0.7)
Cash flow from investing activities	(2.6)	↓	(2.9)
Cash flow from financing activities	(3.4)	↑	(2.8)
Net cash flow	1.4	↑	(6.5)

Balance Sheet

\$m	31 Dec 2018		30 June 2018
Cash	6.9	↑	5.6
Hire Purchase Facilities	(7.7)	↓	(9.4)
Commonwealth Bank Facility	(14.6)	↓	(16.6)
Net Cash/(Debt)	(15.3)	↓	(20.4)
Deferred Vendor Payments	(4.6)	↓	(6.0)
Net Assets	30.4	↓	68.2

Cash flow waterfall



Borrowings		\$000
Opening 1 July 2018		16,584
Repayments		(2,033)
Closing 31 Dec 2018		14,551

Corporate Directory

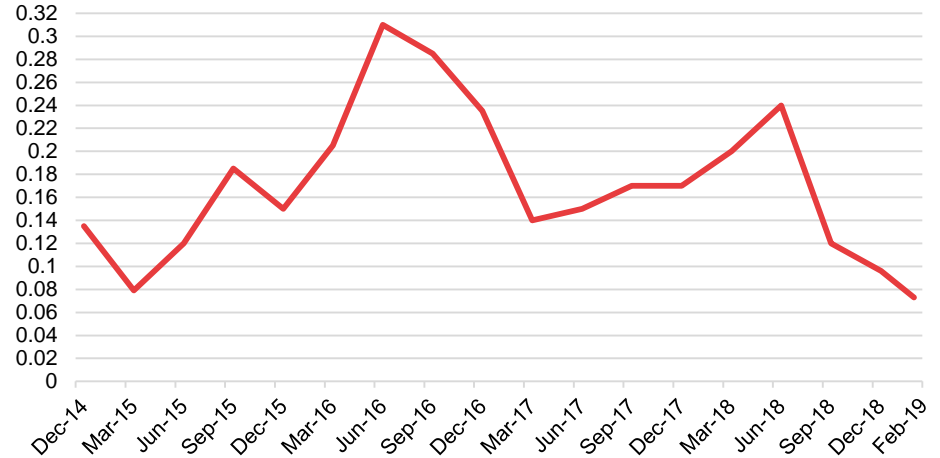
Capital Structure

Share price (ASX: VRS)	\$0.073 ¹
Ordinary shares	363m
Market capitalisation	\$26.5m
Cash (31 Dec 18)	\$6.9m
Debt (31 Dec 18)	\$22.3m
Enterprise value	\$41.9m
Dividend per share (FY18)	\$0.005
Dividend yield	6.8%

Board and Management

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

Share Price



Substantial Shareholders

Directors	21.74%
Perennial	14.93%
Commonwealth Bank	6.99%
Paradise	6.56%

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