



1 July 2019

## BUSINESS UPDATE

Veris provides the following business update on the Operational Review which commenced in 2018 with a specific focus on the Veris Australia business.

As previously announced, Phase 1 of the Operational Review was completed in December 2018. Phase 2 of the Operational Review has now been completed, and a significant number of measures have been undertaken to increase efficiency and improve margins, particularly across the Veris Australia business.

### Operational Review and Cost Savings

The Operational Review considered operational and commercial initiatives to harness the strength of Veris Australia to deliver greater value for its customers and streamline its operations to deliver higher earnings margins.

Veris has implemented structural changes to its management, reporting lines and systems to provide improved line of sight to business performance. In addition to improved local reporting, Veris has implemented new controls over new contracts, margin requirements and working capital management, aimed at increasing operating margins.

After careful consideration of the outcomes of the Operational Review, Veris has undertaken a restructure and has introduced immediate corrective measures and changes that, in total, will produce a reduction in costs of circa \$3 million on an annualised basis.

These changes include:

- Refreshing the composition of the Executive Team to align more closely with Operations.
- Reducing the number of senior management positions in both Corporate and Operations.
- No incentive payments for the 2019 financial year will be paid to the Executive Team.
- Improved accountability in the Veris Australian regions.
- Shedding less profitable service lines and closing less profitable office locations in Veris Australia.
- Re-sizing of areas of the Veris Australia business to better reflect market demand, without impacting the ability to service the current pipeline of work.

In addition, a review of Board composition has been completed. A search to identify an industry professional with a view to diversity and enhance the Board has commenced.

### Commenting on the operational review, Managing Director, Adam Lamond, said:

*"We have taken a number of actions to increase margins and profitability across the Veris Australia business. In parallel, we have reviewed our corporate structure and overhead costs within both the Veris Australia operations and Corporate with the aim of driving further efficiencies and lowering expenditure."*

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#### Corporate

Level 12, 3 Hasler Road  
Locked Bag 9  
Osborne Park  
WA 6017

T 08 9317 0600  
veris@veris.com.au  
veris.com.au

#### Office Locations

Over 20 offices  
across Australia  
veris.com.au/contactus

Veris Limited  
ABN 80 122 958 178

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*We have also positioned our resources to better take advantage of technological and geographic opportunities over the coming years.*

*Revenue in the business remains strong and in line with expectations. The corrective measures undertaken will ensure the Company continues to provide ongoing quality service to customers.*

*We remain focused on rebuilding and purposeful growth by reducing organisational complexity and cost and adopting a disciplined approach to capital management.*

*Regrettably, these changes will result in the departure of good people from Veris, and we wish them well in their future endeavours.*

*In combination, I am confident these measures will see improved margins in FY20".*

– ENDS –

For further information please contact:  
Veris Corporate Office  
Tel (08) 9317 0628