



veris

Half Year Results FY2020

DEVELOP
WITH _____
CONFIDENCE™

Friday 28 February 2020

PEOPLE



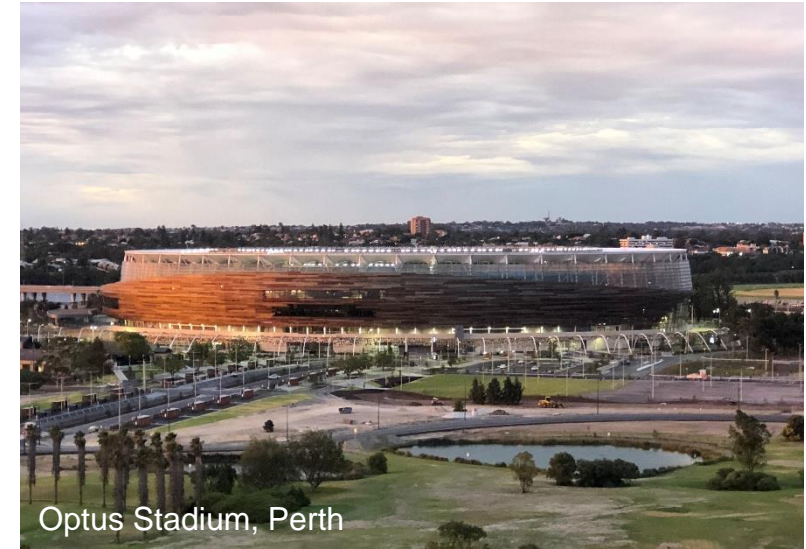
Over 500
personnel
Australia wide.

HSEQ

TRIFR
5.76

LTIFR
0.0

Safe delivery of
industry leading
service.



Optus Stadium, Perth

SERVICES

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- Engineering survey
- Property survey
- Digital and spatial
- Planning

AQURA

Technologies

- Industrial wireless
- Content access networks
- Industrial IoT
- Autonomous rapid communications
- Unified communications



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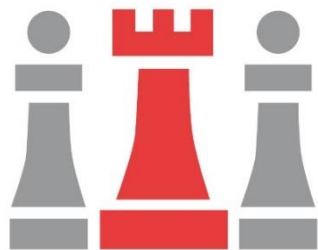
1H Group overview



- Group revenue \$58.3 million¹.
- Group EBITDA \$2.5 million^{1,2}.



- Actions taken to correct performance in NSW.
- Appointment of key senior roles.
- Identified strong pipeline of work.
- Aqura continue to grow footprint on East Coast.



- Growing engineering and property survey.
- Digital and spatial.
- National client approach.
- Improving operational performance.



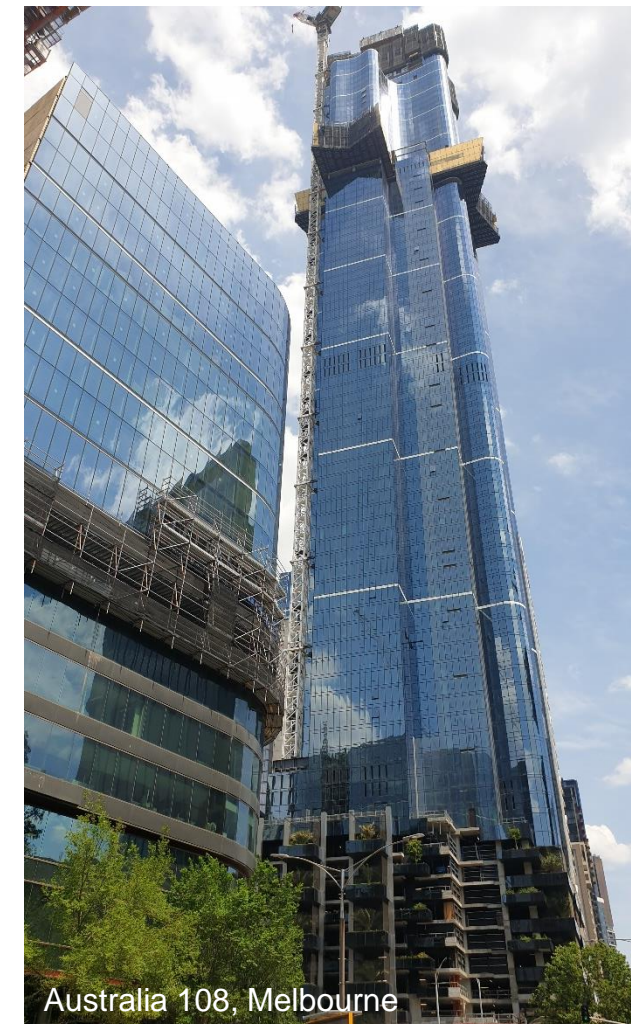
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1. Includes revenue and EBITDA from discontinued operations, Elton Consulting (sold 21 November 2019) of \$7.85m and \$0.99m respectively.

2. Includes impact of adoption of AASB 16: Leases – Group EBITDA normalised for the adoption of this standard results in a group EBITDA of \$0.91m.

1H FY20 Group financial dashboard

Revenue ¹	EBITDA ^{1,2,3}
\$58.3M	\$2.5M
Cash	Net Debt ⁴
\$3.2M	\$9.2M



1. Includes revenue and EBITDA from discontinued operations, Elton Consulting (sold 21 November 2019) of \$7.85m and \$0.99m respectively.
2. EBITDA is a non-IFRS measure.
3. Includes impact of adoption AASB 16: Leases – Group EBITDA normalised for the adoption of this standard results in a group EBITDA of \$0.91m.
4. Total debt reduced by \$8m to \$12.4m and core debt (non HP debt) reduced to \$5.6m.

Repositioning the business and focusing on Veris



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Repositioning Veris for continued future growth

1. Mr Adam Lamond, will be transitioning from the role of Managing Director to Executive Director – Corporate Strategy on a part time basis.
2. Board renewal process continues to progress.
3. Veris Australia CEO, Dr Michael Shirley.
 - With over 28 years' of industry experience, including senior positions with SKM, Jacobs and Aurecon, Michael is well placed to lead the development and execution of the long-term business strategy.
4. Key national leadership roles appointed.
5. Refined focus on major revenue drivers in Veris Australia.
6. Strategic and operational focus to position for growth.
7. Continue growth focus on digital and spatial.

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Regional update | VIC / SA / TAS

1H Commentary

- Strong performance driven by engineering and property survey business lines.
- Key management appointments made.
- Integration of all offices.
- Purposeful growth in local infrastructure projects.
- Strong capability in digital and spatial.

	1H:2020	PCP	
Revenue	\$15.3	\$12.8	↑
EBITDA ¹	\$2.1	\$0.4	↑
EBITDA Margin	13.6%	3.1%	↑

1. Excludes AASB 16: Leases, includes allocation of shared services overhead cost.

Regional update | QLD

1H Commentary

- Continue to deliver strong EBITDA margin.
- Well structured management team supporting national strategy.
- Revenue down due to a lack of market activity in the key areas of South East Queensland and Brisbane.
- Strength and growth in North Queensland across survey and planning.

	1H:2020	PCP	
Revenue	\$7.6	\$8.0	↓
EBITDA ¹	\$1.2	\$1.2	—
EBITDA Margin	15.8%	15.7%	↑

1. Excludes AASB 16: Leases, includes allocation of shared services overhead cost.

Regional update | WA

1H Commentary

- Results reflect ongoing challenges in local market.
- Growth in the resources sector is being offset by soft demand in the infrastructure and property sectors in Perth.
- Strong local leadership in place focused on growing local resources to respond to opportunities in the State's north.

	1H:2020	PCP	
Revenue	\$5.6	\$8.4	↓
EBITDA ¹	(\$0.1)	(\$0.2)	↑
EBITDA Margin	(1.8%)	(1.9%)	↑

1. Excludes AASB 16: Leases, includes allocation of shared services overhead cost.

Regional update | NSW / ACT

1H Commentary

- Results have been negatively impacted by underperformance of the Olympic Park office.
- In response, significant action has been taken including:
 - Restructure of senior positions.
 - Reduction in overall headcount and disposal of non-utilised assets.
 - Key management appointments made in Sydney and Canberra.
- Near term growth opportunities in engineering and property survey on the back of infrastructure market in NSW.

	1H:2020	PCP	
Revenue	\$11.5	\$18.4	↓
EBITDA ¹	(\$2.6)	\$1.2	↓
EBITDA Margin	(22.2%)	6.6%	↓

1. Excludes AASB 16: Leases, includes allocation of shared services overhead cost.

NSW Q1 EBITDA to Q2 EBITDA waterfall



Regional update | NSW / ACT (excluding Olympic Park office)

	1H:2020	PCP	
Revenue	\$5.7	\$5.8	↓
EBITDA ¹	\$0.6	\$0.5	↑
EBITDA Margin	11.0%	8.0%	↑

1. Excludes AASB 16: Leases, includes allocation of shared services overhead cost.

Veris Australia – strategy and alignment

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Creating better communities, people and solutions.

Enablers

- Client focus
- Great people
- Operationally strong
- Innovation and solutions



Market leading national survey, digital & spatial and planning business



Outcomes

- Consistent growth and returns



Growth Horizons

H1

- Engineering and property survey in growth markets

H2

- Digital and spatial
- Aligned growth in geographies and services

H3

- Data as a service

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Market outlook

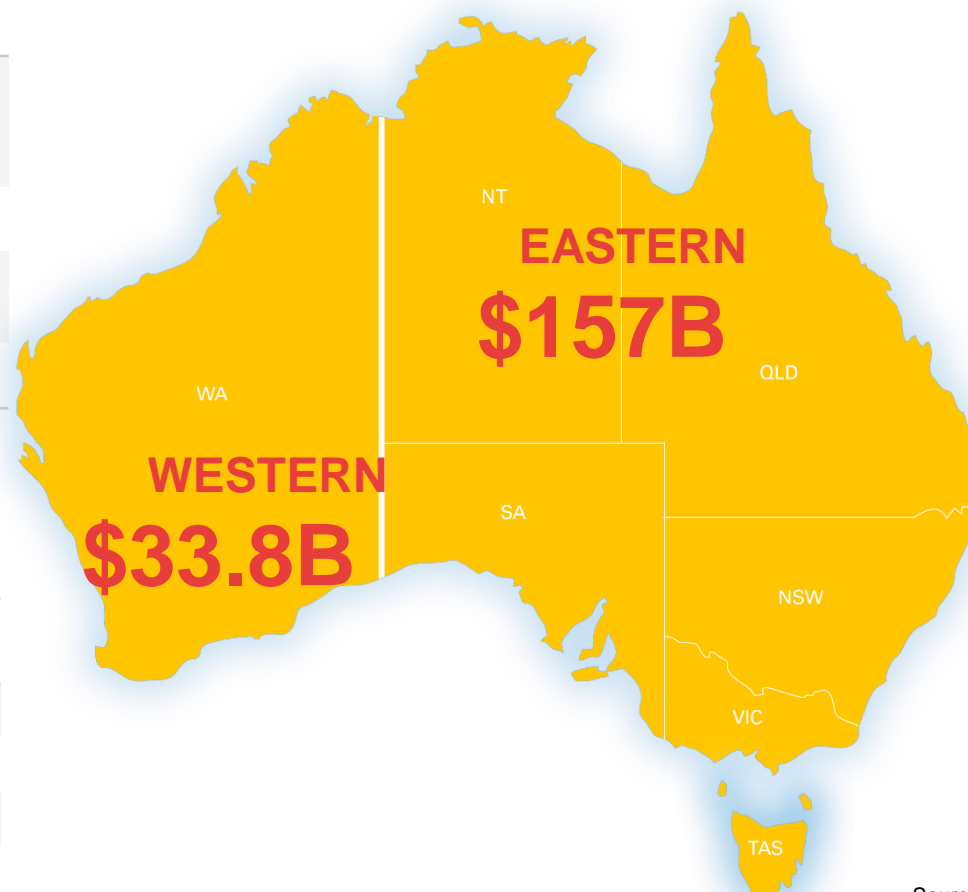
WESTERN SEABOARD

Infrastructure

Major Projects by value	Value (\$) Billions
Metronet – Thornlie to Cockburn, Morley, Ellenbrook Line and Yanchep Rail Extension	2.25
Tonkin Highway Improvements	1.16
Bunbury Outer Ring Road Stages 2-3	0.85
Perth Airport Third Runway	0.5

Mining and Resources

Major Projects by value	Value (\$) Billions
BHP South Flank	5.3
FMG Iron Bridge	3.8
Rio Tinto Koodaideri	3.5
Albermarle Kemerton Lithium Project	1.5

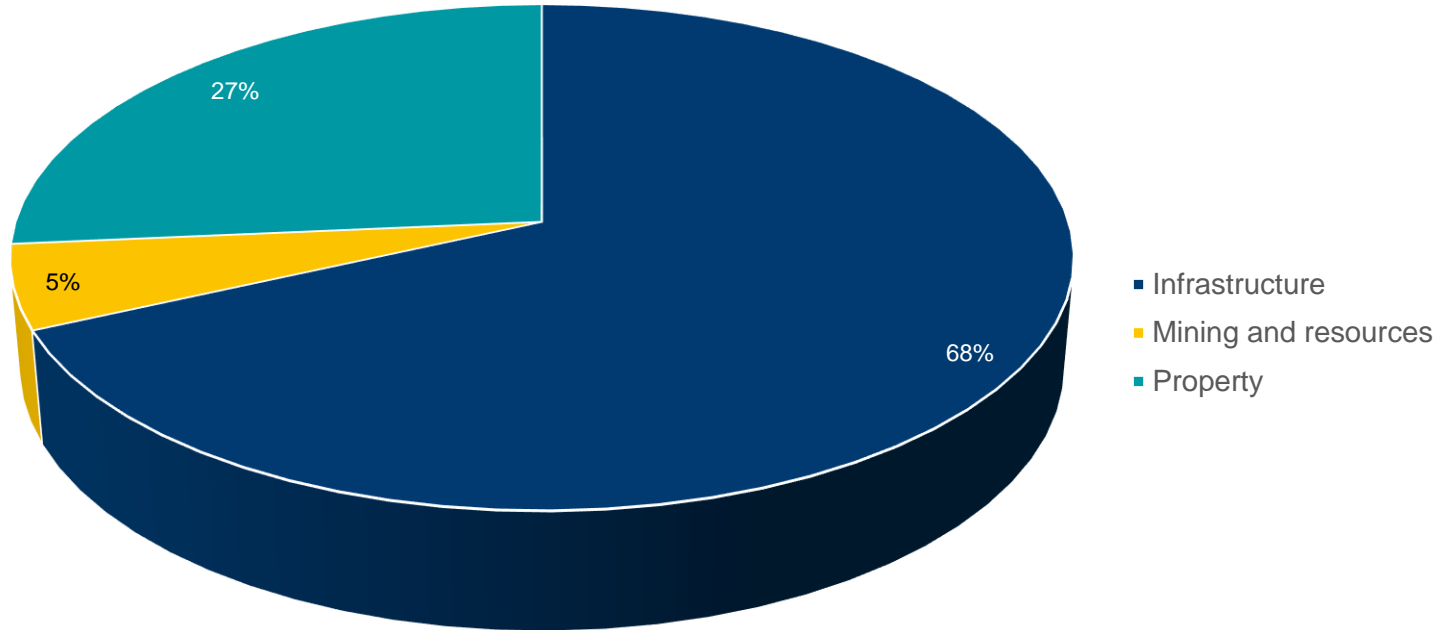


EASTERN SEABOARD

Infrastructure Pipeline by value NSW, VIC, QLD	Value (\$) Billions
Suburban Rail Loop - VIC	50
North East Link - VIC	15.8
Sydney Metro Greater West - NSW	15
Western Harbour & Beaches Tunnel - NSW	14
Sydney Metro - City and Southwest - NSW	12.5
Sydney Metro West - NSW	10
Inland Rail Freight Corridor – NSW, VIC, QLD	10
Melbourne Airport Rail Link - VIC	8
Level Crossing Removal - VIC	6.8
Cross River Rail - QLD	5.4
Western Sydney Airport - NSW	5.3
Snowy 2.0 – NSW, VIC	5.1
Great Western Highway Duplication - NSW	4.5
WestConnex - NSW	4.1
M6 – Stage 1 - NSW	2.4

Sources: Infrastructure Partnerships Australia ANZIP Infrastructure Pipeline, Infrastructure Partnerships Australia's Australian Infrastructure Budget Monitor 2019-2, Business News Western Australia, Department of Mines, Industry Regulation and Safety, Industry Activity Indicators Sep19. Total Includes general government infrastructure funding that has been committed over the forward estimates (FY19-20 to FY22-23) and the value of mining projects either committed or under construction.

Project pipeline



Pipeline of projects has potential value of **> \$410M**

Prospects **> \$346M**
Proposals **> \$ 73M**

Based on pipeline of prospective projects where Veris Australia has identified the capability to support, as well as proposals currently approaching or in market as at 21/02/20.

Leading industry Thought Leaders Advisory Group



Veris Australia has preeminent professionals within the business that are recognised industry leaders.

The **Thought Leaders Advisory Group** (Vertex) has a focus on enabling Veris Australia to be recognised as an industry leader, and represents Veris and the surveying and spatial industry through their strong industry, educational and government sector links.

Regular interaction with the Veris Board and Executive will allow the advisory group to play an integral role in shaping strategy and business operation.



Peter Sippel's current industry roles include:

- Chair of 3D QLD, Government sector taskforce guiding the transition to a digital cadastral foundational dataset in Queensland.
- Chair: Urban Development Institute of Australia.
- Board Member and Chair of A B Paterson College.
- Served as Chair: State and National level of Surveying Industry Business Association.



Boards **Alistair Byrom** currently serves on:

- SIBA/GITA
- ACT Administration Ltd (t/a The Surveyors Trust).
- Spatial Innovation Foundation Ltd.
- Representative roles:
- SSSI's rep on Department of Natural Resources Mines and Energy's Cadastral Standards Committee.
- Divisional Committee of ISA-Queensland Division.



Paul Rhodes' current industry roles include:

- Board Member Western Australian Institute of Surveyors (WAIS).
- Chairman Land Surveyors Licensing Board of Western Australia.
- Chair of Council of Reciprocal Surveyors Board of Australia and New Zealand (CRSBANZ).



Mark Andrew's current industry roles include:

- Past President of Association of Consulting Surveyors NSW 2016-2018 (Appointed to Board in 2012).
- Chairman Association of Consulting Surveyors Insurance Society.
- Member of NSW Land Registry Service - Surveyor Liaison Committee.
- Member of Institution of Surveyors Australia.

AQURA

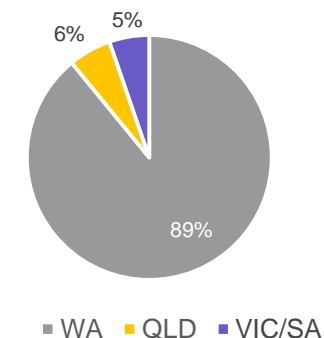
Technologies

Aqura Technologies performance update

1H Commentary

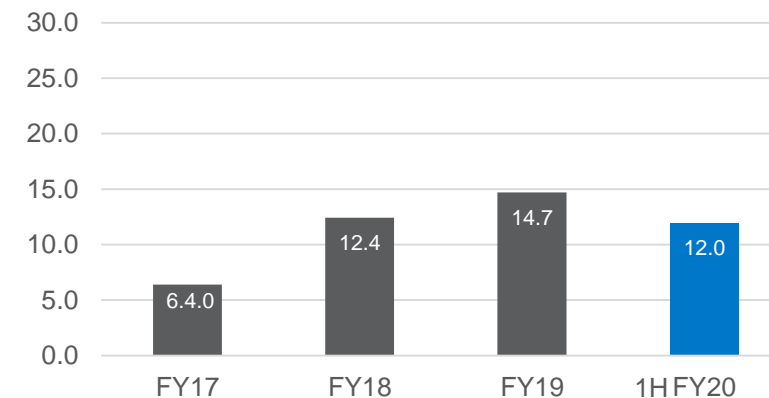
- 61% higher revenue in 1H FY20 versus 1H FY19 driven by an increase in service offering and customer base.
- Lower EBITDA margin driven by the investment in headcount to execute the 3-year strategy.

1H FY20 Revenue by state



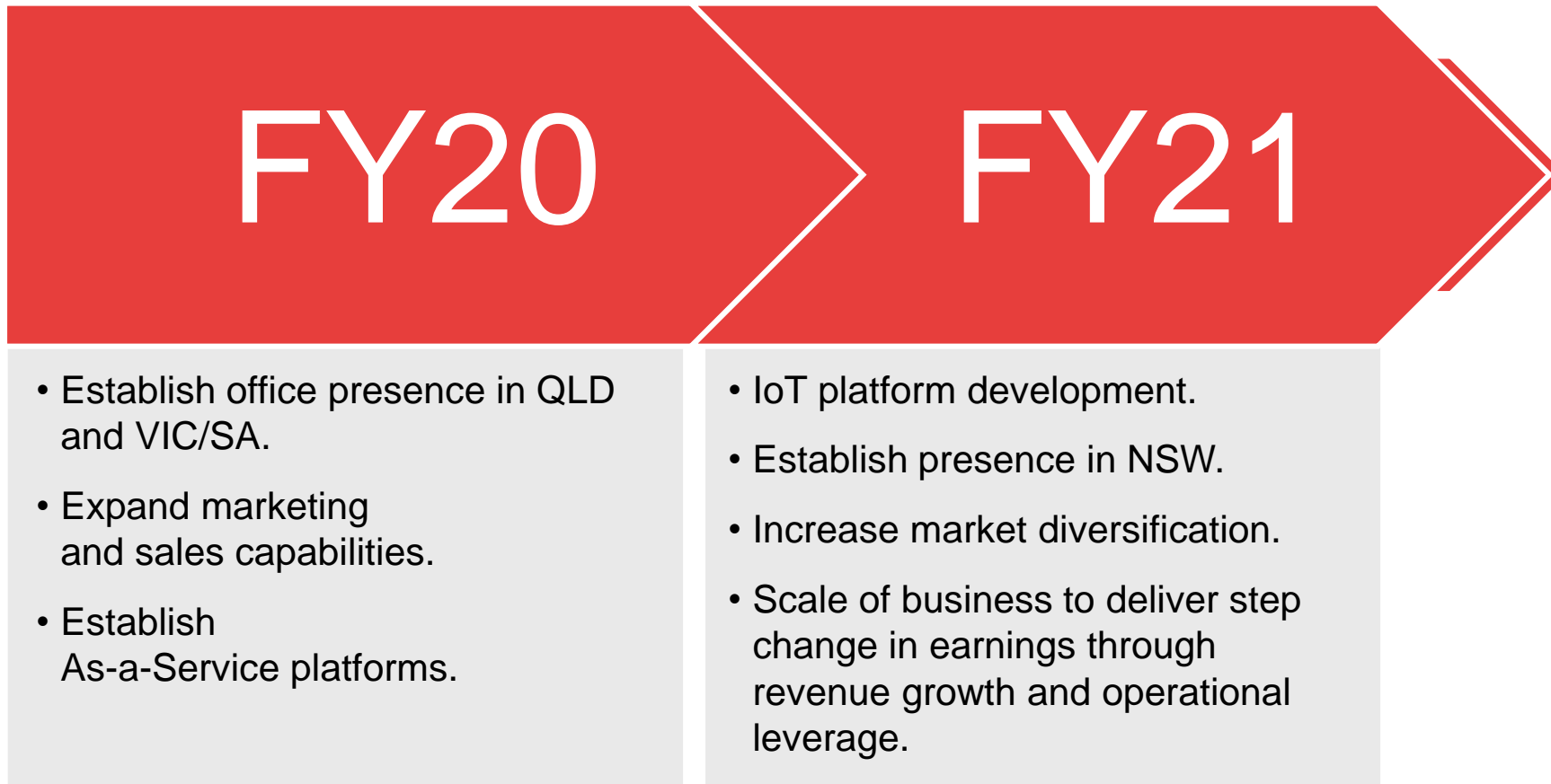
	1H:2020	PCP	
Revenue	\$10.4M	\$6.5M	↑
EBITDA ¹	\$0.5M	\$1.1M	↓
EBITDA Margin	5%	54%	↓

Actual and forecast revenue



1. Excludes AASB 16: Leases.

Aqura Technologies strategy



Summary and outlook

Key achievements



- Strengthened balance sheet.
- Reduction of debt and bank covenant compliance.
- Re-position the business to focus on core service offering in Veris Australia.
- Appointment of key leadership and management roles.

Outlook



- Continue to focus on our core business being engineering and property survey.
- Increase focus on national client service offering – streamlining our approach.
- Continue to grow our digital and spatial service offering.
- Growth strategy supported by tailwinds of continued infrastructure spend.

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— Appendices

Financial – 1H FY20 results

\$m	1H FY20		1H FY19 (Restated) ³
Revenue ¹	50.5	↓	53.9
EBITDA¹	1.5	↓	1.8
Depreciation	(4.9)	↑	(2.4)
Amortisation	(1.3)	↓	(1.6)
Acquisition related cost/income	0.1	↓	(0.1)
Restructuring costs	(0.5)	↓	(0.7)
Share-based payments	(0.0)	↓	(0.1)
Impairment ²	-	↓	(34.4)
EBIT	(5.1)	↑	(37.5)
Net interest expense	(1.0)	↑	(0.7)
Profit before tax	(6.1)	↑	(38.2)
Income tax benefit/(expense)	(7.7)	↑	1.3
Profit for the period from Continuing Operations	(13.8)	↑	(36.9)
Profit/(Loss) from discontinued operation net of tax	(2.5)	↑	0.5
Net profit (Loss)	(16.3)	↓	(36.4)

- Note 1: Revenue and EBITDA from Continuing Operations (excluding Elton Consulting Pty Ltd earnings)
- Note 2: Impairment – non cash impairment goodwill relating to surveying businesses required
- Note 3: Comparative information has been re-presented due to Discontinued Operation (sale of Elton Consulting Pty Ltd)

Financial – Cash flow and balance sheet

Cash Flow			
\$m	1H FY20		1H FY19
Cash flow from operations	2.1	↓	8.1
Net interest expense	(1.0)	↑	(0.7)
Cash flow from operating activities	1.1	↓	7.4
Cash flow from investing activities	9.8	↑	(2.6)
Cash flow used in financing activities	(11.4)	↑	(3.4)
Net cash flow	0.5	↓	1.4

Balance Sheet			
\$m	31 Dec 2019		30 June 2019
Cash	3.2	↓	3.7
Hire Purchase Facilities	(6.6)	↓	(8.2)
Commonwealth Bank Facility	(5.8)	↓	(13.7)
Net Cash/(Debt)	(9.2)	↓	(18.2)
Deferred Vendor Payments	(2.7)	↓	(3.5)
Net Assets	10.5	↓	27.1

Sale of Elton Consulting

Elton sale

- Executable and efficient transaction
- Proceeds from sale resets Veris balance sheet for future growth
- Resulting in a strong balance sheet for Veris with total debt reduced by \$8.0m to \$12.9 and core debt (non HP debt) reduced to \$5.6m.

	\$,000
Purchase Price	(16,663)
Elton FY18 EBITDA Contribution (1 April 18 – 30 June 18)	1,032
Elton FY19 EBITDA Contribution (1 July 18 – 30 June 19)	2,303
Elton FY20 EBITDA Contribution (1 July 19 – 21 November 19)	988
Sale Proceeds (less acquisition costs)	13,705
Net Contribution of Elton for the period 1 April 18 – 21 November 2019	1,365

Corporate directory

Capital Structure

Share price (ASX: VRS)	\$0.063 ¹
Ordinary shares	374m
Market capitalisation	\$23.5m
Cash (31 Dec 19)	\$3.2m
Debt (31 Dec 19)	\$12.4m
Enterprise value	\$32.7m

Board and Management

Karl Paganin	Non-executive Chairman
Adam Lamond	Managing Director
Tom Lawrence	Non-executive Director
Brian Elton	Non-executive Director
Michael Shirley	Chief Executive Officer –Veris
Travis Young	Chief Executive Officer-Aqura
Lisa Wynne	Interim CFO/Company Secretary

Share Price



Substantial Shareholders

Directors	24.23%
Perennial	12.09%
Carol Australia Holdings Pty Ltd	7.07%
Paradice	6.56%
Craig Graeme Chapman	5.33%

1. As at 25 February 2020.