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ASX Announcement

20 August 2015

CALIBRE DELIVERS UNDERLYING NPAT OF $18.5M IN FY15

- **Continued Focus on Safety,** with an improved TRIFR of 2.5, down from 3.1 in pcp.
- **Revenue of $566.6m,** a 20.1% decrease (on pcp) of $709.3m.
- **Underlying EBITDA of $29.1m,** a 44.8% decrease (on pcp) of $52.7m**.**
- **Underlying NPAT of $18.5m**, down 37.1% on pcp.
- **Reported NPAT of -$159.7m,** impacted by Impairment Charge of $186.9m.
- **Operating Cash Flow of $19.5m,** with Cash at Bank of $32.5m.
- **Positive Net Cash Position of $6.6m,** 135.7% increase (on pcp) of $2.8m.
- **Completion of a Share Buy-back of 7 million shares**.

Calibre Group Limited **(ASX: CGH)** today reported an underlying EBITDA of $29.1m for the year ended 30 June 2015, a decrease of 44.8% over the prior corresponding period (pcp). Calibre delivered a solid underlying result for the full year amid tough trading conditions in the Resources and Infrastructure segments, offset to a degree by strong performance in Consulting and emerging sectors.

Calibre's continued strong cash management has resulted in closing cash of $32.5m and a net cash position of $6.6m compared to a net cash position of $2.8m in the pcp.

The Directors have again reviewed the Group's approach to capital management, determining there will no dividend distribution for the year. Calibre completed its share buy-back, as announced in the half year results, with 7 million shares acquired during the year.

Calibre's continued its safety commitment to Zero Harm, recording an improved Total Recordable Injury Frequency Rate (TRIFR) of 2.5 for the year compared to 3.1 in the pcp.

Calibre's CEO and Managing Director, Peter Reichler said "The well publicised softening of the mining sector continues to impact our resources and infrastructure businesses. This has contributed to a decline in revenue and margins. Both businesses continue to have strong relationships with key clients including BHP, Rio Tinto and BMA providing a resilient base for business. We are seeing continued strong demand for our consulting business in urban development and transport related engineering services in Australia, NZ and Asia in FY15." he said.

Key Financial Results

	FY15	FY14	Movement from Prior Period
	$m	**$m**	
Revenue	**566.6**	**709.3**	**(20.1%)**
Underlying EBITDA	**29.1**	**52.7**	**(44.8%)**
Depreciation	(10.8)	(13.3)	
Amortisation	(9.6)	(14.5)	
Net Finance Costs	(3.3)	(5.1)	
Underlying Profit Before Tax	**5.4**	**19.8**	**(72.7%)**
Underlying Tax Benefit	13.1	9.6	
Underlying NPAT	**18.5**	**29.4**	**(37.1%)**
Restructuring and Impairment Expense	(186.9)	(7.1)	
Recognised Tax Benefit on Restructuring	8.7	2.1	
NPAT	**(159.7)**	**24.4**	
Amortisation (Net of Tax)	6.8	10.2	
NPATA	**(152.9)**	**34.6**	
Underlying NPATA	**25.3**	**39.6**	**(36.1%)**

Financial Overview

Calibre's revenue decreased by 20% ($142.7m) from $709.3m in the prior period to $566.6m as a result of continued subdued market conditions in our Resources and Infrastructure segments. Continued growth in the Company's Consulting segment partially offset this.

Underlying EBITDA of $29.1m was 44.8% lower than FY14 due to the soft market conditions continuing into 2015. Underlying NPAT of $18.5m was 37.1% lower than the pcp. This result includes lower interest costs as a result of the debt reduction undertaken during the period.

A $186.9 impairment expense was incurred during the year. The impairment was made up largely of goodwill write downs, onerous lease impacts and restructuring costs. These were predominantly non-cash in nature.

Net Cash Position

Strong focus on working capital management resulted in operating cash flows of $19.5m (FY14: $63.3m) which represents an operating cash conversion ratio[1] of 81%.

Calibre's continual focus on the conversion of working capital to cash flow enabled Calibre to achieve an improved net cash position at 30 June 2015 of $6.6m against $2.8m in the pcp.

During FY15 Calibre refinanced its debt facilities which enabled the Group to benefit from lower borrowing costs, increased borrowing capacity and an extended loan maturity profile.

Calibre made $17.8m in debt repayments and $5.0m in payments for acquisitions and deferred consideration liabilities during the year.

Calibre's cash position at 30 June 2015 was $32.5m (FY14: $46.4m).

During the year, capital expenditure of $7.8m was primarily invested in system implementations and upgrades which will underpin business efficiency opportunities going forward.

Margins and Cost Management

Calibre's underlying EBITDA margin of 5.1% (FY14: 7.4%) reflects the continued tight market conditions being faced by the Resources and Infrastructure segments of the business.

Focus on cost management continued during the year, ensuring both business support costs and the corporate structure remain aligned to the current market conditions. This resulted in overhead reductions of 16%.

Restructuring and Impairment Expense

As previously advised in February 2015, the Company carried out a group-wide business review given the reduction in activity in the Resources and Infrastructure segments. As a result, Calibre identified restructuring and impairment charges of $186.9m, made up of goodwill write downs, onerous lease impacts and restructuring costs, which were predominantly non-cash in nature. As the Company highlighted at its' 2014 AGM, the review of operations and assets was a result of an expected further decline in trading conditions.

The non-cash impairment related primarily to the Resources and Infrastructure segments' carrying value of goodwill of $103.6m, with onerous leases and other asset write downs of $79.3m. The cash impact of the restructuring costs was $4m.

This was no impact on compliance with Calibre's banking covenants.

[1] *Calculated as operating cash flow (excluding interest expense) divided by underlying EBITDA*

Capital Management

During the year the Directors initiated an on-market share buy-back in lieu of an interim dividend. The company started the buy-back in March 2015 and it was completed in May 2015. 7 million shares were purchased during the buy-back at an average price of 23c per share.

OPERATIONAL REVIEW

Work Health and Safety

Calibre continued its strong safety performance with a reduction in its Total Recordable Injury Frequency Rate (TRIFR) recording 2.5 for the rolling full year compared to 3.1 in the pcp.

Calibre's Lost Time Injury Frequency Rate (LTIFR) for FY15 was 0.4 for the rolling full year with 4.5 million hours worked compared to 0.2 in the pcp. This rate increase was the result of 2 injuries, compared with 1 in the pcp.

Despite increased volatility in the labour market, reduced levels of injury and incidents were achieved through delivery on our commitments to lead indicators and improved workforce participation in safety initiatives. These efforts will continue in the coming year, complemented by a new initiative to address mental health issues in the workplace. This effort targets removing the stigma from mental health, facilitating both in work and external assistance for those needing help.

SEGMENT PERFORMANCE

Calibre provides its services through three key segments; Infrastructure, Consulting and Resources.

Infrastructure

Revenue in Calibre's Infrastructure segment decreased by 14.3% to $282.2m during the period (FY14: $329.2m). The majority of the Revenue reduction can be attributed to the successful completion of the Caval Ridge project and ramping down of the Hay Point expansion project for BMA.

A full year contribution from the Ark Maintenance acquisition in WA delivered revenue of $34.2m. This combined with increased activity in the Maintenance and Shutdowns business of $13.4m partially offset the aforementioned decrease in revenue from the Major Projects business.

Consulting

Revenue in Calibre's Consulting segment business grew by 34.8% to $92.4m (FY14: $68.6m), driven by both strong organic growth throughout the east coast of Australia, full year revenue from Spiire New Zealand (acquired in February 2014) and the addition of Town Planning Management Engineering (TME) revenue (acquired in February 2015) in Western Australia.

Flagship projects undertaken during the year included civil services for both the Googong township development and the Harrington Grove master planned residential community, both in New South Wales. In Queensland, work was undertaken for CSR's industrial estate development in North Brisbane. In Singapore, construction engineering and supervisory services were provided to the 30km Thomson underground rail line for the Singapore Land Transport Authority. In New Zealand, work continued on Kathmandu's new headquarters in Christchurch, and the first Special Housing Area at Hobsonville Point in Auckland.

Resources

The Company's Resources segment reported revenue of $192.9m down by 38.3% compared to the same period last year (FY14: $312.0m).

Resources was impacted by a combination of the completion and ramping down of a number of large scale projects during the year. Continued tight market conditions across the Western Australian resources sector resulted in a significant reduction in new capital expansion projects and the deferral of capital investment decisions, with a flow-on effect to the Resources segment.

Restructuring activities were undertaken throughout the year to reflect the current trading environment, with a reduced cost base now achieved.

Resources continued its long term relationships with Rio Tinto and BHP Billiton, delivering multiple projects for these clients, including Yandi Sustaining, West Angelas Deposit B and Ore Car Repair Shop.

BUSINESS OUTLOOK

The current market conditions are characterised by reduced client capital expenditures, focus on costs and resultant competitive conditions. This puts downward pressure on Calibres' revenues and margins in two of our segments.

Across its segments, Calibre expects growth in Consulting and declines in both the Infrastructure and Resources segments.

In March 2015 Calibre established a new Transport division to focus on the emerging major infrastructure projects around the country and region by harnessing the collective strength of current Calibre operations in transport from heavy haul rail in the West, rail in Singapore and road infrastructure in the Eastern States and New Zealand.

CEO and Managing Director Peter Reichler said "Calibre remains focused on building and maintaining strong long term client relationships, developing our people, whilst harnessing the collective strength of the organisation. This will allow us to continue to diversify our revenues, having an appropriate cost structure and make strategic acquisitions that will further broaden our base across market segments and geographies in Australasia".

ENDS

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