

19 February, 2015

## **DEVINE DELIVERS FULL YEAR PROFIT OF \$10 MILLION**

	Period Ended	
	12 months to 31 Dec 2014	6 months to 31 Dec 2013
Revenue from operations (\$ millions)	333.5	139.4
Net Profit/(Loss) before Tax (\$ millions)	10.0	(85.0) <sup>1</sup>
Net Profit/(Loss) after Tax (\$ millions)	3.6	(72.9)
Gearing <sup>2</sup>	15.4%	31%
Net Tangible Assets (\$ per share)	1.55	1.52
Earnings per Share	2.3c	(46.0)c

<sup>1</sup> Included impairment charge of \$70 million

<sup>2</sup> Gearing is defined as (interest bearing and non-interest debt - cash held) / (total assets - cash held)

RESIDENTIAL developer Devine Limited (ASX: DVN) has posted a pre-tax profit of \$10 million for the 12 months ending 31 December 2014 after a steady improvement across the Company's core communities, development and construction operations.

The full year result was achieved on \$333.5 million in revenue, compared to the \$139 million for the six-month period to December 2013. No dividend has been declared for the period.

The Company sale process which commenced in August 2014 is continuing with ongoing negotiations with a number of genuinely interested parties.

Devine Managing Director and CEO, David Keir said the improved profit result for the year resulted from actions implemented by the Company last year. These included activation of the capital recycling plan reducing debt by nearly \$80 million; exiting a number of marginal projects via partial or complete sale of these holdings; accelerating the trade out of impaired projects; and structural and operational changes to reduce overheads.

"The performance was also underpinned by the activation of Devine Constructions' \$183 million workbook and the continued implementation of our long-term growth strategy focusing on capital recycling and market diversification," he said.

"As a result, we have delivered a positive operating cash flow surplus of \$46.7 million, compared to the outflow of \$3.6 million for the prior comparative period. The past twelve months has seen the Company successfully regroup and refine its strategy to deliver sustainable profitability," added Mr Keir.

In FY14 the Company achieved residential land settlements of 857 lots and housing commencements of 609 starts. Importantly, 40% of targeted land settlements and 31% of housing starts have already been secured for 2015.



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Apartment settlements were strong, with DoubleOne 3 at Teneriffe in Brisbane settling 102 apartments prior to the year's end. Pre-sales continued at the 157-apartment Mode development in Newstead in Brisbane with the project expected to commence construction in March 2015.

Mr Keir said the Company's capital recycling program has delivered a substantial decrease in debt while freeing up capital to pursue higher margin opportunities.

The Company's gearing was reduced to 15.4% as at 31 December 2014, from 31% at the end of December 2013.

"Lower gearing and increased cash has allowed us to pursue a number of re-investment opportunities which we hope to finalise in the short to medium term," Mr Keir said.

Devine's Communities division showed improvement during the year, particularly in the second half, with an uplift in settlements in both Queensland and Victoria.

"We have experienced a steady improvement in property market sentiment throughout 2014 and into the new year with a strong level of interest from property investment purchasers carrying into the current year," he said.

The Company has already commenced its re-stocking program with the acquisition of a 200 dwelling infill development at Woodforde in Adelaide's eastern suburbs, with trading forecast to commence in 2015.

The transformation of the Company's Housing division continued during the year and productivity gains are showing a pathway to future profitability.

Mr Keir said the Company's focus on medium density housing solutions continued to be enthusiastically received in all regions with a range of new opportunities to be pursued throughout the current year.

Devine's in-house construction division secured a number of new contracts during the year, including the 277-apartment Westmark Milton and the 136-apartment 38 High Street project, both in Brisbane.

"Devine has undergone a fundamental transformation in recent years, having built a stronger, more sustainable business that has the capacity to grow well into the future," Mr Keir said.

"We will continue to seek opportunities to expand the Company's apartment development business, replenish the community development portfolio and secure more work for Devine Constructions."

### **For further information contact**

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