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MEDIA & ASX ANNOUNCEMENT **26 February 2015**

1H FY15 profit increase on back of efficiency program

- ***NPAT of $19.5m up from $18.0m (incl. $5.5m post tax impact of one off costs)***
- ***Underlying EBITDA of $58.7m, an increase of 13.6%***
- ***Underlying net profit of $25.0m, an increase of 21.6%***
- ***Efficiency and cost out gains achieved against plan***
- ***Integrated sales and marketing strategy being implemented to drive revenue and earnings growth***
- ***Full-year guidance range for underlying EBITDA increased to $120m to $125m***

Sydney, Australia, 26 February 2015. SAI Global Limited (ASX: SAI) today announced a statutory net profit after tax attributable to shareholders of $19.5 million, up from $18.0 million in the previous corresponding period (pcp). Underlying net profit, excluding significant items, was $25.0 million, an increase of 21.6% over the pcp.

Significant items for the first-half comprise costs of $7.6 million (before tax), relating predominantly to the extensive due diligence process implemented in response to the unsolicited, conditional, non-binding approach received from Pacific Equity Partners in May last year and then subsequent approaches from numerous other parties. Excluding these significant items, underlying EBITDA for the first-half increased 13.6% to $58.7 million. Revenue grew 2.1% to $268.4 million.

The directors have declared an interim dividend of 7.5 cents per share, up from 7.0 cents per share last year, 60% franked. The dividend will be paid on 10th April 2015. The record date is 6th March 2015.

Chief Executive Officer, Mr Peter Mullins, said: “This is a pleasing result that demonstrates our operational efficiency program is having the positive impact that we expected.”

“There is clearly more work to be done, especially on growing the top line at a faster rate.”

“We have re-organised our senior executive team to drive that growth through a change program which includes the introduction of a new, integrated operating model that will see SAI provide better and increased services to many clients, especially the large, tier 1 group,” Mr Mullins said.

The Course for Growth

The integrated operating model that SAI Global is now implementing entails the following:

- Property becomes a standalone division and will be reported separately.
- Other than for property, there will be a single sales and marketing function under one global head to optimise service and revenue per customer, large or small.
- The sales team will focus on increasing customer awareness of the opportunities for better risk management using the breadth of the products and solutions we offer.
- We will be appointing Product Managers for each product and service line, which will be responsible for product line profitability on a global basis.

- We are funding an interactive digital and e-commerce platform so customers can see for themselves how our broad range of products can be integrated to provide overall effective risk management solutions.
- We have appointed Regional Heads in EMEA, APAC and the Americas who will own the P&L and Operations in those regions.
- We will transition to the new operating model by 30 June 2015.

Mr Mullins said: "We are confident that, with a keener focus on sales and marketing under the leadership of Paul Butcher, and an integrated service offering, we can lift the organic growth rate across the Company."

"The feedback from staff about our planned initiatives has been very encouraging and bodes well for future success," he said.

Outlook for FY15

Operating results across the Company continue to perform in line with internal expectations, overlaid by the impact of the weaker Australian dollar. As a result, the guidance range for underlying EBITDA has been increased to $120 million to $125 million (up from $115 million to $120 million).

Further charges relating to operational efficiency initiatives and the implementation of the new operating model will be incurred in the second-half. These will drive improved profitability in FY16.

END

Attached: Key Financials H1 FY15 and Divisional Overview

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Attachment to ASX & Media Announcement 26 February 2015: H1 2015 profit increase on back of efficiency program

1H FY15 KEY FINANCIALS & Divisional Overview

Key Financials

$ million	**1H FY15**	1H FY14	**Change**
Statutory:			
Sales revenue	268.4	262.9	2.1%
EBITDA	51.1	48.1	6.2%
Net profit after tax	19.5	18.0	8.2%
EPS	9.2c	8.2c	7.0%
Final dividend	7.5c, 60% franked	7.0c, fully franked	7.1%
Underlying[1]:			
EBITDA	58.7	51.7	13.6%
Net profit after tax	25.0	20.6	21.6%
EPS	11.8c	9.8c	20.4%

1. The underlying basis is an unaudited non-IFRS measure that, in the opinion of the Directors, is useful in understanding and appraising the Company's underlying performance. The underlying basis excludes significant charges associated with impairment charges, acquiring and integrating new businesses, and costs associated with any significant restructuring within the business. Ernst & Young, the Company's auditor, have undertaken procedures to confirm that the information used and presented by the Directors in determining the underlying results is consistent with the Company's financial records and also applied on a comparatively consistent basis.

Divisional Operating Performance

Standards & Technical Information (formerly part of Information Services)

This business distributes technical and business information such as Australian and global standards, legislation and other technical information, and also provides internally developed intellectual property such as bibliographic databases and information workflow solutions.

In recognition of the fact that the Standards and Technical Information business is now managed and reported internally as a separate business, distinct from the Property Services business, these two businesses have been reported as separate business segments in note 2 of the half-year accounts. In prior periods these businesses jointly formed, and were reported as, the Information Services division. Prior period comparatives have been restated to reflect the disclosure adopted in the current period.

$ million	**1H FY15**	1H FY14	**Change**
Revenue	**38.3**	38.2	**0.2%**
EBITDA	**20.2**	19.7	**2.9%**
EBITDA Margin (%)	**52.9%**	51.5%	**1.4%**

Underlying EBITDA grew by 2.9% despite only minor revenue growth of 0.2%. Revenue growth in the APAC region of 3.9% was diluted by a decline in EMEA, relating predominantly to the ASME Pressure Vessel Code which is published every two years and caused a spike in EMEA publication revenue in the prior year.

Subscription revenues continue to grow and represent 71.5% of the half-year revenue mix compared with 67.8% in the pcp. The trend in the market is likely to continue as both clients and publishers prefer to buy and to provide subscription based solutions, respectively.

SAI and Standards Australia continue to have discussions on a range of topics as part of an effective working relationship, including the mutually shared desire to expand the distribution of Australian Standards.

Second-half revenues are expected to grow as a result of the recent exclusive agreement with the British Retail Consortium.

Compliance Services

The division is now organised along global functional lines facilitating the development of a comprehensive compliance management platform which provides client organisations with a consolidated view of their compliance programs.

$ million	**1H FY15**	1H FY14	**Change**
Revenue	**46.5**	46.9	**(0.7%)**
EBITDA	**15.0**	12.8	**16.8%**
EBITDA Margin (%)	**32.1%**	27.3%	**4.8%**

This half the business completed a major release of Compliance 360 (C360), the Company's governance risk management and compliance (GRC) solution, including a complete overhaul of the user interface and user experience and the addition of significant new functionality in response to market needs.

Management also progressed the development of the "compliance system of record", opening up the C360 platform to interface to other platforms and applications. In addition, international functionality (e.g. multi-date formats, currencies and languages) is being added, as well as a robust reporting and business intelligence capability. These enhancements will be progressively delivered through 2015.

We have reassessed our Learning strategy:

- We have improved and stabilised our legacy learning management platforms and, as a result, have seen a significant improvement in our client retention rates.
- Given the quality and flexibility of recently developed and commercially available third party Learning Management Systems, and after an internal review, we have come to the conclusion that it is strategically beneficial for us to seek to partner with a specialist LMS provider rather than build our own.
- In the meantime we are working to make more of our content playable on multiple LMSs through compliance with Shareable Content Object Reference Model (SCORM) standards and readily accessible through mobile devices.
- In addition, an increasing number of our clients have their own LMS platforms and only need our learning content. We are therefore placing greater focus on refreshing and modernising our most popular courses.

Consistent with guidance, revenue was flat compared with the prior year. EBITDA was up 16.8% as a result of efficiency initiatives and the benefit of the weaker Australian dollar. A stronger performance is expected in the second-half.

Assurance Services

The Assurance Services division achieved revenue growth of 3.9%, of which 1.1% was due to more favourable foreign exchange rates. The result reflected a mixed performance across SAI's key markets. Asia delivered double digit growth through continued growth in the Food business and success in specialist programmes in Aerospace and Automotive. EMEA delivered high mid-single digit growth as the Food business continued to grow strongly. The Americas region also had a robust first-half with revenues up in the high-mid single digits, reflecting a solid performance across both the traditional management systems certification business and the emerging Food business. In Australia, a mature market, revenues declined as a result of some client losses in early 2014 but this situation has now been stabilised and an improved performance is expected in the second-half.

EBITDA was up 24.3% reflecting the benefit of the efficiency improvement initiatives, particularly in Australia, which were implemented in the second half of FY14. EBITDA margins improved markedly from 15.0% to 18.0%.

$ million	**1H FY15**	1H FY14	**Change**
Revenue	**98.5**	94.8	**3.9%**
EBITDA	**17.7**	14.3	**24.3%**
EBITDA Margin (%)	**18.0%**	15.0%	**3.0%**

The roll out of the global back-office operational platform continued with parts of the EMEA business going live on the system during the first-half. With both Australia and Asia completed, the roll out is half way and will continue with implementation in EMEA before being completed in Americas during FY16. This is expected to drive further operational efficiencies.

In July 2014 SAI acquired the business of OCICERT Mexico SA de CV, adding scale to existing management system business in Mexico and helping the group to better serve global clients in Latin America.

Revenue, EBITDA and EBITDA margins are all expected to grow in the second-half.

Property Services (formerly part of Information Services)

SAI Property provides an information brokerage service to conveyancers and banks, together with outsourced mortgage services workflow solutions for financial institutions.

In recognition of the fact that the Property Services business is now managed and reported internally as a separate business, distinct from the Standards and Technical Information business, these two businesses have been reported as separate business segments in note 2 of the half-year accounts. In prior periods these businesses jointly formed, and were reported as, the Information Services division. Prior period comparatives have been restated to reflect the disclosure adopted in the current period.

$ million	**1H FY15**	1H FY14	**Change**
Revenue	**86.9**	84.1	**3.3%**
EBITDA	**15.2**	11.8	**29.5%**
EBITDA Margin (%)	**17.5%**	14.0%	**3.5%**

The Property business achieved revenue growth of 3.3% (8.2% if the authority fee pass-through component of revenue is excluded) and EBITDA growth of 29.5%. EBITDA margins increased strongly by 3.5% to 17.5% compared to the previous corresponding period. This pleasing performance has been driven by the buoyant real estate market; the full impact of recent new business wins from HSBC, Bankwest WA and CBA WA; and continued efficiency initiatives in our operations.

In late October 2014, the Property Division acquired the exclusive licence to Encompass software in Australia which it sold previously under a revenue-sharing agreement. In the second-half, this will be launched in conjunction with a new bundled report which will combine the strength of Search Manager with the Encompass platform to deliver a unique Company Dynamic Report to the market. This information brokerage initiative marks the entry of Property into the lucrative value-added content market with the objective of winning market share from existing participants.

Settlement Room was launched during the first-half enabling Conveyancing Manager clients and banks to electronically validate and track bank settlement details prior to a manual settlement. Feedback from clients has been positive, with a 30% take-up by the market to date. Settlement Room will also be the platform that facilitates electronic settlement via a direct link to PEXA (Property Exchange Australia).

SAI supports the concept of electronic conveyancing and is a ‘Sponsor’ of the PEXA system. When PEXA has defined its system interface protocols, SAI will build a direct interface to PEXA from electronic Settlement Room.

SAI believes that the Settlement Room product together with PEXA offer a great opportunity to assist major banking and solicitor clients to navigate through the complexity of the dual electronic and manual processing world that will confront clients in the future.

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