



2014 Interim Results and Outlook

Diploma 

Construction • Property Development

Highlights – HY14

Financial

- Revenue of \$112M
- EBIT of \$3.3M
- NPAT of \$1.9M
- \$11M of debt retired leaving \$7M remaining of which 93% is project specific

Operations

- Successful capital raising of \$9.1M completed
- Funding secured for Abode project of \$23.6M
- Development approval received for internal project Rockingham Residential consisting of 76 apartments with an end value of circa \$30M.

Outlook

- Positive outlook for new contracts pipeline of \$478M
- On track to meet full year guidance of EBIT of \$7M



Financial Summary

		HY14	HY13	CHANGE
Revenue	\$M	111.6	83.2	40%
EBIT	\$M	3.3	0.2	1,550%
NPAT	\$M	1.9	0.1	1,800%
NPAT MARGIN	%	1.7	0.1	1,600%
OPERATING CASH FLOW	\$M	6.3	(0.1)	6,400%
EPS BASIC	CPS	0.6	0.4	50%
RETURN ON EQUITY	%	14.2	2.2	545%



Balance Sheet

Statement of Financial Position As at 31 December 2013	HY14 \$'000s	FY13 \$'000s	CHANGE
Cash and cash equivalents	13,012	10,284	27%
Trade and other receivables	23,274	29,458	-21%
Inventories	31,480	24,194	30%
Trade and other payables	51,489	50,888	1%
Interest bearing loans and borrowings	6,803	18,124	-62%
Net Assets	13,412	3,304	306%



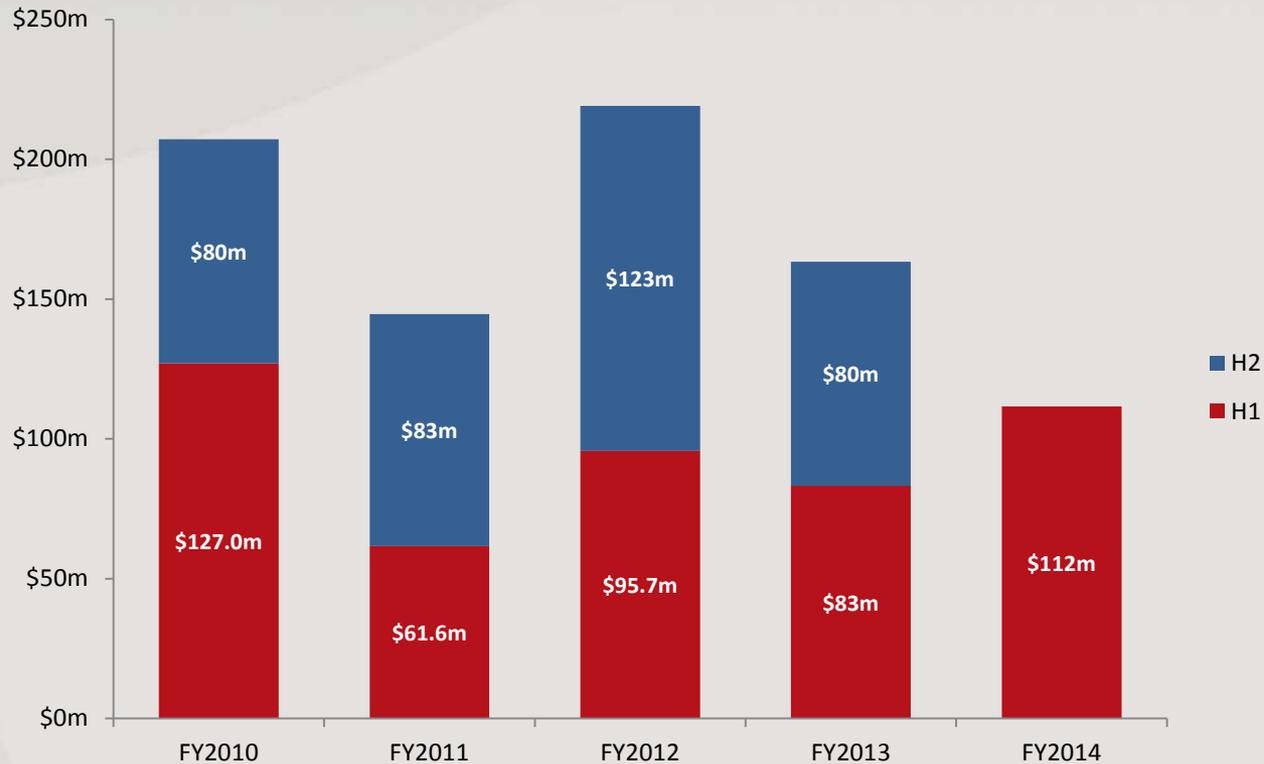
Debt Management

Project	Expected completion	Lender	Financed amount (\$m)	Drawn amount (\$m)	Maturity date
176 Adelaide Tce Perth	FY16	P&N	2.2	2.2	Dec 14
Quest Rockingham	FY15	P&N	1.6	1.6	Feb 14
Lord St Highgate	FY15	Bankwest	2.5	2.5	Feb 14
Corporate Facility	FY14	Flag Holdings	0.4	0.4	Jun 14
Miscellaneous			0.1	0.1	
Total			6.8	6.8	

- The project facilities are all land loans secured by the respective property at an LVR of <50%. Where necessary we are in the process of extending facilities with existing financiers while construction facilities are negotiated.



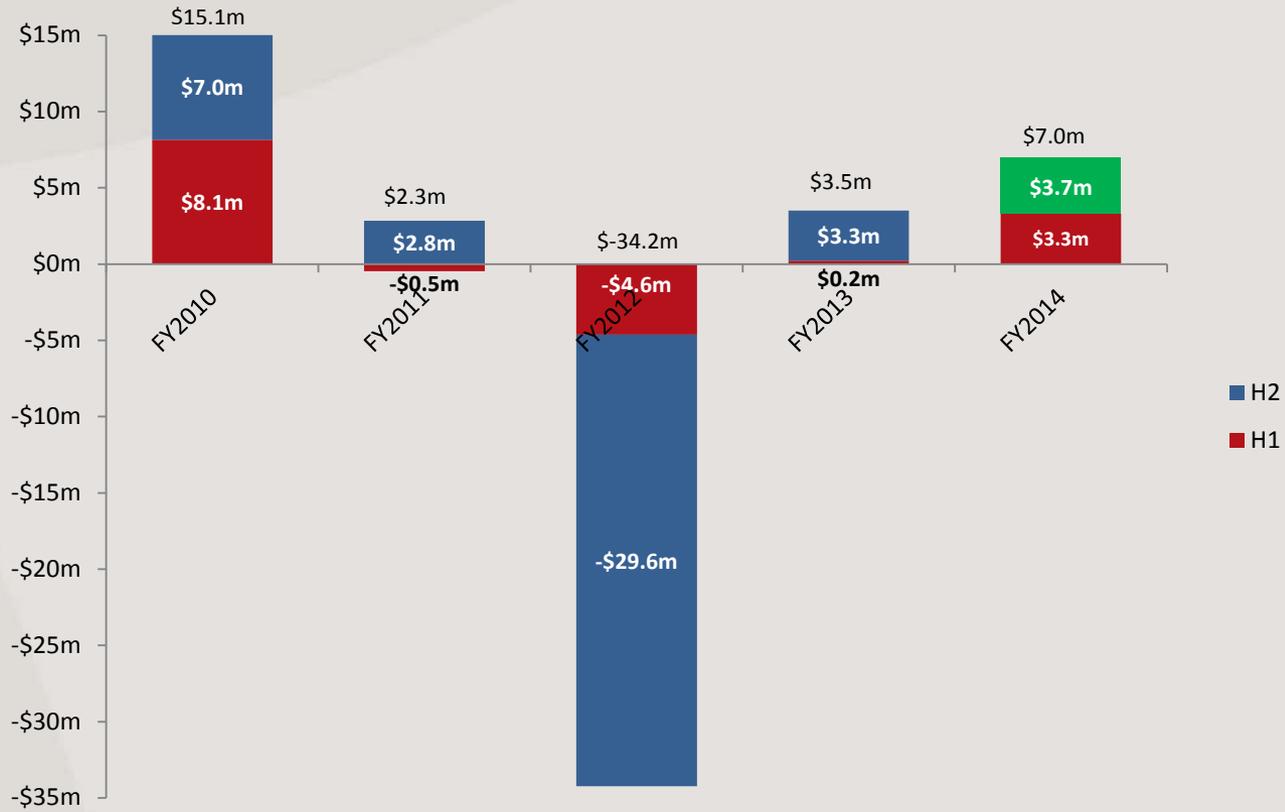
Revenue



- Revenue in first half of FY14 driven primarily by construction division.



EBIT



Strategic Plan



FY12

Restructure

- Refocus on core business/
Right Structure
- Reduce costs
- Clear unsold development
stock
- New business



FY13

Consolidate Disciplined Focus

- Return to profitability
- Focus on execution of current
order book
- Find solutions for existing
property portfolio
- Foster relationships

FY14 On Track

Growth Outperformance

- Supplement construction order
book with new internal
projects
- Secure repeat business
opportunities
- Strong integrated offering
- Create property portfolio to
generate recurring income-
Quest Hotels



Construction Project Summaries



Project	Move Apartments
Description:	Construction of a 4 storey building accommodating 106 residential apartments, associated car parking and ancillary works.
Value:	\$20 million
Completion Date:	Feb 14



Project	Oceanna Apartments
Description:	8 Storey residential apartment in Scarborough consisting of 55 units plus basement car park
Value:	\$ 20 million
Completion Date:	Feb 14



Project	Haven
Description:	Mixed use development comprises 7 storey apartment complex of 75 units, including 2 levels of below ground basement secure car park facilities
Value:	\$ 20 million
Completion Date:	Mar 14



Project	Queens Riverside Stage 2
Description:	26 storey apartment tower consisting of 275 units, plus basement car park
Value:	\$ 100 million
Completion Date:	April 14



Construction Project Summaries



Project	Wickham Lodge Stage One
Description:	198 FIFO single man accommodation units comprises 2/3 storey buildings containing all associated amenities and services
Value:	\$ 50 million
Completion Date:	April 14



Project	Podium 157 (Perry Lakes Lot 157)
Description:	11 Townhouses with common area, one lift and basement parking
Value:	\$ 5.5 million
Completion Date:	June 14



Project	Podium 202/203
Description:	22 Townhouses with common area, two lifts and basement parking
Value:	\$ 10.5 million
Completion Date:	March 15



Construction Project Summaries



Project	One on Aberdeen
Description:	15 level, 7 commercial and 161 apartment building consisting of ground floor, 1st to 13th floor and mezzanine floor
Value:	\$ 38 million
Completion Date:	June 14



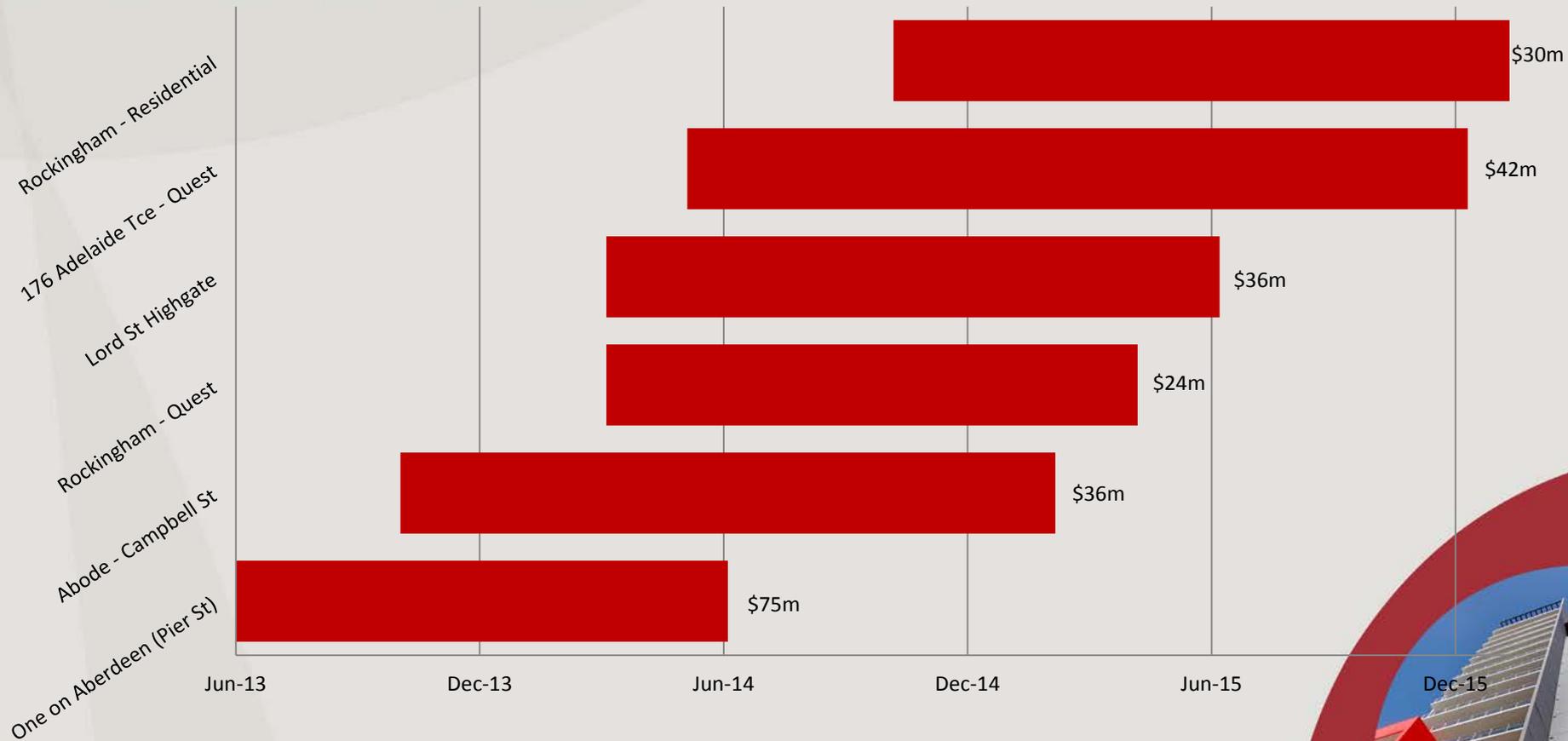
Project	Abode (Campbell Street)
Description:	7 level residential development consisting of 86 apartments in West Perth, plus basement car park
Value:	\$ 22.5 million
Completion Date:	Feb 15



Project	Ocean Edge (North Coogee)
Description:	101 Apartments at Port Coogee
Value:	\$ 35 million
Completion Date:	Aug 14



Properties Development Pipeline



Outlook for FY14

Revenue and earnings outlook is positive with:

- A stable WA economy with low unemployment and positive net migration into WA
- Low interest rates driving investment in affordable property market
- An underlying shortage of affordable accommodation in WA due to lack of commencement of medium density apartment projects over past three years

Diploma is a well recognised brand in the market and:

- Has a core group of repeat clients which have secured extensive future pipeline projects over next 24 to 36 months
- A recapitalised balance sheet will enable Diploma to execute internal pipeline of projects over coming 12 months
- Has lowered overheads significantly after execution of the Group's strategic review which has improved profitability

Looking forward:

- Diploma is in a good position to win additional work and focus on earnings stability and growth in FY 14 and FY 15





Diploma

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