

ASX/MEDIA RELEASE - OTC



16 August 2016

PRELIMINARY FINAL REPORT, YEAR ENDED 30 JUNE 2016

- **EBITDA \$16.2m, \$1.0 million ahead of guidance**
- **Net Profit after Tax \$19.7m**
- **Cash generated from operations \$16.4 million**
- **Cash at bank \$13.0m**
- **Maiden Fully Franked Dividend of 0.5 cents per share**
- **Dividend Re-investment Plan Adopted**
- **Revenue on Surveying Division up 25%**

OTOC Limited (ASX code: OTC) has today reported its financial results for the financial year ending 30 June 2016 (FY2016).

EBITDA for the Group for FY2016 was \$16.2 million, 246% ahead of prior year. This equated to a 13% margin on Revenue of \$120.8 million. Net Profit after Tax was \$19.7 million, 324% ahead of prior year. These results were achieved by the continuing growth of the national surveying practice which is part of OTOC's surveying strategy, and a focused delivery model and quality returns from our infrastructure division, OTOC Australia

OTOC continues to extend its service offerings and national coverage with the recent acquisitions of Linker Surveying Pty Ltd (which contributed to FY2016 results from May 2016), Lawrence Group and WKC Spatial (the latter two joined the Group post year-end).

OTOC maintains a strong balance sheet to execute its growth strategy. FY2016 cash generated from operations was \$16.4 million, up from \$12.3 million in FY2015, and ended the year with cash of \$13.0 million. This positive cash position is a record amount for the Group, and was achieved after \$4.0 million of cash reserves were used to fund the purchase of Linker Surveying Pty Ltd and \$6.6 million was used to repay borrowings and lease liability payments during the year.

In September 2016 OTOC will pay its first Fully Franked Dividend.

OTOC CEO, Simon Thomas said:

"The 2016 financial year was one of strong financial performance and growth in our business. Our results are substantially improved from the prior year and we have increased the strength of our Balance Sheet which will put us in good stead for future growth. The year ahead is exciting as we look to extend our national footprint and market share in the Survey Industry, and return benefits from organic growth, acquisition and integration synergies. Our infrastructure division also has a robust outlook on workload as we move forward into FY2017."

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PRELIMINARY FINAL REPORT YEAR ENDED 30 JUNE 2016

Results for announcement to the market

A summary of the overall results for the year ended 30 June 2016.

OTOC Limited		\$000		
Revenue from ordinary activities	↑	75%	to	120,858
Underlying EBITDA ¹	↑	246%	to	16,176
Underlying EBIT ²	↑	873%	to	10,586
Statutory Profit from ordinary activities after tax attributable to members	↑	324%	to	19,698
Statutory Profit for the period attributable to members	↑	324%	to	19,698
Earnings per share (basic)	↑	306%	to	7.4 cents
NTA Backing				
		30 June 2016		30 June 2015
Net tangible asset backing per ordinary security		\$0.0805		\$0.0065

¹ Underlying EBITDA is defined as earnings before depreciation, amortisation, interest, tax, impairment, restructuring, share-based payments and acquisition costs and is an unaudited non-IFRS measure

² Underlying EBIT is defined as earnings before interest, tax, impairment, restructuring, share-based payments and acquisition costs and is an unaudited non-IFRS measure

A reconciliation between statutory results and underlying results is provided below:

	30 June 2016 \$000	30 June 2015 \$000
Statutory profit (loss) after tax	19,698	(8,786)
<u>Add back:</u>		
Tax (benefit)	(9,750)	(4,883)
Net finance expense	751	698
Acquisition costs/(benefit)	(1,336)	1,219
Restructuring costs	173	1,515
Impairment	-	8,468
Share-based payment	1,050	399
Underlying EBIT	10,586	(1,370)
Depreciation and amortisation	5,590	6,051
Underlying EBITDA	16,176	4,681

Dividends declared

No dividends were declared or paid during the period by OTOC Limited. OTOC Limited will pay its first dividend of 0.5 cents per share on 12 September 2016. This dividend will be fully franked. The record date for determining entitlements to the dividend will be 29 August 2016. This dividend has been declared after the balance sheet date for FY2016 and has not been provided for in the FY2016 financial statements.

Dividends or distribution reinvestment plan

OTOC has adopted a Dividend Reinvestment Plan (DRP) that will apply to this dividend. The DRP has been lodged with the ASX.

Preliminary financial report

This report is based on accounts that have been audited.

Net Assets and Cash Position

OTOC has \$13.0 million in cash at 30 June 2016. FY2016 cashflow from operations was \$15.8 million, up from \$11.6 million in FY2015. OTOC repaid \$6.6 million in borrowings and lease liability payments during the year.

Control gained or lost over entities in the financial period

On 29 April 2016, OTOC acquired the assets and business of Linker Surveying Pty Ltd. This subsidiary contributed to OTOC's reported financial result from the aforementioned date to 30 June 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$000	\$000
Revenue	120,858	68,878
Expenses	(104,682)	(64,197)
	16,176	4,681
Depreciation	(2,550)	(3,982)
Amortisation	(3,040)	(2,069)
Acquisition Costs	1,336	(1,219)
Restructuring Costs	(173)	(1,515)
Impairment	-	(8,468)
Share-based payment	(1,050)	(399)
Results from operating activities	10,699	(12,971)
Finance income	69	88
Finance costs	(820)	(786)
Net finance costs	(751)	(698)
Profit (loss) before income tax	9,948	(13,669)
Income tax benefit	9,750	4,883
Profit (loss) from continuing operations	19,698	(8,786)
Profit (loss) for the year	19,698	(8,786)
Total comprehensive income (loss) for the year	19,698	(8,786)
Earnings per share		
Basic earnings/(loss) per share - cents per share	7.4	(3.6)
Diluted earnings/(loss) per share - cents per share	7.4	(3.6)

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	2016	2015
	\$000	\$000
Cash and cash equivalents	12,968	10,182
Trade and other receivables	14,353	15,106
Work in progress	6,750	2,839
Other current assets	1,856	2,065
Current tax asset	42	-
Total current assets	35,969	30,192
Non-current assets		
Plant and equipment	8,048	7,899
Deferred tax asset	6,716	-
Intangible assets	31,844	30,358
Total non-current assets	46,608	38,257
Total assets	82,577	68,449
Current liabilities		
Trade and other payables	10,384	6,910
Deferred vendor payments	2,700	5,262
Loans and borrowings	7,799	6,125
Employee benefits	4,092	3,061
Current tax liability	-	1,721
Total current liabilities	24,975	23,079
Non-current liabilities		
Loans and borrowings	3,593	9,915
Deferred vendor payments	300	2,038
Deferred tax liability	-	926
Employee benefits	411	408
Total non-current liabilities	4,304	13,287
Total liabilities	29,279	36,366
Net assets	53,298	32,083
Equity		
Share capital	22,622	22,155
Share based payment reserve	1,449	399
Retained earnings	29,227	9,529
Total equity	53,298	32,083

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Share Capital	Share-based Payment Reserve	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000
Balance at 1 July 2015	22,155	399	9,529	32,083
Total comprehensive profit for the year				
Profit for the year	-	-	19,698	19,698
Total comprehensive profit for the year	-	-	19,698	19,698
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	467	-	-	467
Share based payment transactions	-	1,050	-	1,050
Balance at 30 June 2016	22,622	1,449	29,227	53,298

	Share Capital	Share-based Payment Reserve	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000
Balance at 1 July 2014	9,188	-	18,315	27,503
Total comprehensive loss for the year				
Loss for the year	-	-	(8,786)	(8,786)
Total comprehensive income for the year	-	-	(8,786)	(8,786)
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	12,967	-	-	12,967
Share based payment transactions	-	399	-	399
Balance at 30 June 2015	22,155	399	9,529	32,083

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$000	\$000
Cash flow from operating activities		
Receipts from customers	130,133	88,785
Payments to suppliers and employees	(113,765)	(76,465)
Cash generated from operations	16,368	12,320
Tax received	160	-
Interest paid	(820)	(786)
Interest received	69	88
Net cash from operating activities	15,777	11,622
Cash Flows from investing activities		
Proceeds from sale of property, plant and equipment	547	287
Purchase of property, plant and equipment	(1,348)	(3,157)
Acquisition of subsidiaries net of cash acquired	(3,158)	(21,665)
Deferred vendor payment	(2,400)	-
Net cash (used in) investing activities	(6,359)	(24,535)
Cash flow from financing activities		
Proceeds from share issues (net of costs)	-	9,868
Repayment of borrowings and lease liabilities	(6,632)	(4,217)
Proceeds from borrowings	-	10,641
Net cash from (used in) financing activities	(6,632)	16,292
Net increase in cash held	2,786	3,379
Cash and cash equivalents at 1 July	10,182	6,803
Cash and cash equivalents at 30 June	12,968	10,182

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Financial Statements

For the year ended 30 June 2016

Note 1: Statement of significant accounting policies

This preliminary financial report has been prepared in accordance with Australian Securities Exchange Listing rules as they relate to Appendix 4E and in accordance with the measurement requirements of Australian Accounting Standards and Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. As such, this preliminary financial report does not include all the notes of the type included in the annual financial report and accordingly, should be read in conjunction with the Interim Financial Report for the six months ended 31 December 2015, and with any public announcements made by OTOC Limited during the reporting period in accordance with the disclosure requirements of the Corporations Act 2001.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191 issued by the Australian Securities and Investment Commission, relating to the "rounding off" of amounts in the Directors' Report and financial statements. Amounts have been rounded off to the nearest thousand dollars in accordance with that Class Order.

The accounting policies have been consistently applied to all years presented.

Note 2: Earnings per share

	2016	2015
Earnings used to calculate basic EPS - \$000	19,698	(8,786)
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	264,625,881	241,305,965
Basic earnings/(loss) per share - cents per share	7.4	(3.6)
Weighted average number of ordinary shares outstanding during the period used in calculating Diluted EPS	266,786,587	241,305,965
Diluted earnings/(loss) per share - cents per share	7.4	(3.6)

Note 3: Segment Note

The Group has two reportable segments that are managed separately by the service provided. Internal management reports on the performance of these reportable segments are reviewed at least monthly by the Chief Executive Officer who is the Chief Operating Decision maker (CODM) of the Group. The operations in each of the Group's reportable segments are:

- Surveying – provides surveying, mapping and town planning services throughout Western Australia, Victoria, Queensland, New South Wales and Sydney.
- Infrastructure – provides turnkey construction and installation services to the resources and infrastructure sectors.

Information regarding the results of each reportable segment is detailed below. Comparative segment information has been presented in conformity with the requirement of AASB 8 Operating Segments.

	Surveying		Infrastructure		Total	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Revenue	49,382	38,939	73,080	31,384	122,462	70,323
Inter-segment revenues	(1,565)	(819)	(39)	(626)	(1,604)	(1,445)
External revenues	47,817	38,120	73,041	30,758	120,858	68,878
Costs	(39,960)	(31,427)	(61,920)	(30,565)	(101,880)	(61,922)
Inter-segment costs	267	626	1,337	819	1,604	1,445
External costs	(39,693)	(30,801)	(60,583)	(29,746)	(100,276)	(60,547)
Underlying EBITDA*	8,124	7,320	12,458	1,012	20,582	8,332
Depreciation	(1,986)	(1,906)	(552)	(2,028)	(2,538)	(3,934)
Amortisation	(3,040)	(2,069)	-	-	(3,040)	(2,069)
Underlying EBIT**	3,098	3,345	11,906	(1,016)	15,004	2,329
Segment assets	52,777	48,158	18,043	14,455	70,820	62,613
Segment liabilities	11,988	12,361	10,736	13,388	22,724	25,749

* Underlying EBITDA is defined as earnings before depreciation, amortisation, interest, tax, impairment, restructuring, share-based payments and acquisition costs and is an unaudited non-IFRS measure.

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– Ends –

About OTOC

OTOC offers surveying, planning and design services throughout Australasia. A leading provider of professional consulting and innovative spatial solutions, OTOC delivers quality service to clients across a range of industry sectors.

OTOC Australia, OTOC's Infrastructure division provides infrastructure construction and maintenance services to clients covering renewable energy, government, resources, utilities and remote areas.

For further information please contact

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