



ASX/MEDIA RELEASE - VRS

30 August 2018

PRELIMINARY FINAL REPORT, YEAR ENDED 30 JUNE 2018

- **EBITDA from continuing operations \$11.2m, up 96%**
- **Surveying EBITDA up 27%**
- **Significant acquisition of Elton – foundation for Veris Professional and Advisory Pillar**
- **Elton Consulting contributed EBITDA of \$1.1m at a run rate of 20% in its first quarter**
- **Net Profit after Tax before Amortisation from continuing operations \$1.8m**
- **Strong organic growth achieved**
- **Cash at bank \$5.6m**
- **Integration of 8 surveying businesses into 1 surveying entity completed**
- **Third Consecutive Fully Franked Dividend of 0.5 cents per share**

Veris Limited (ASX code: VRS) has today reported its financial results for the financial year ending 30 June 2018 (FY2018).

EBITDA for the Group for FY2018 was \$11.2 million. Net Profit After Tax Before Amortisation (NPATBA) was \$1.8 million. These results were achieved by the continuing growth of the national surveying professional service business which delivers survey and geospatial solutions under the Veris Brand, together with the professional & advisory and communications divisions.

Veris continued to grow its surveying business with the acquisition of LANDdata during the year in addition to establishing its professional and advisory division with the March 2018 acquisition of Elton Consulting Group.

Veris has a Cash Balance of \$5.6 million. This was achieved after \$16.0 million was used to fund acquisitions in the period, \$4.6 million was used to repay borrowings and cash from operating activities used to fund organic growth. This balance sheet, coupled with a Group project to reduce lock-up in Debtors and Work in Progress plus access to additional debt funding enable Veris to continue its growth strategy and further extend its business both nationally and into complementary professional & advisory, and geospatial segments.

In September 2017 Veris paid its second Fully Franked Dividend whilst a third consecutive Fully Franked Dividend will be paid in September 2018.

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Veris Limited
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WITH _____
CONFIDENCE™**



Veris Managing Director, Adam Lamond said:

“2018 saw Veris embark on a purposeful and considered strategy to achieve three targeted objectives:

- 1. Complete the integration of our surveying group into one company and align shared services and systems*
- 2. Ensure continued growth across the business both organically and through the acquisition of Elton Consulting expanding our professional and advisory services*
- 3. Continue to grow the Veris brand.*

We have worked relentlessly to achieve these objectives in addition to delivering EBITDA of \$11.2m.

The group completed two acquisitions in the period. Elton Consulting was acquired in March 2018 and expanded the national professional and advisory service pillar which complements our surveying business. In July 2017 LANDdata was acquired completing the national geographic expansion of the surveying business with entry into the ACT market.

In FY19 the Veris focus will be on continuing to deliver strong EBITDA results through the bedding down of the new National Operating Model as part of our surveying business.

There will be a strong focus on purposeful growth through synergistic benefits of the surveying and professional and advisory pillars and potential further acquisitions in the second half of the financial year.”

Veris invite you to join a conference call at which, Managing Director, Adam Lamond and CFO, Brian Mangano will be presenting these results.

Date: 30 August 2018
Time: 12.30 **AEST**
Duration: Approximately 60 Minutes

Dial: 1800 896 323
Passcode: 9412245054

(Please click [here](#) for International Dial Participant information)

Participants will be asked to state their name upon entry. They can press *1 when prompted to ask a question during Q&A.

About Veris

Veris is a professional service business delivering surveying, professional and advisory, and geospatial services to the infrastructure, property, energy, mining and resource, defence, agribusiness, tourism, leisure and government sectors throughout Australia.

For further information please contact

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**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2018**

Results for announcement to the market

A summary of the overall results for the year ended 30 June 2018.

Veris Limited			\$000
Surveying Revenue	↑	34% to	89,402
Communications Revenue	↑	82% to	12,290
Professional and Advisory Revenue	↑	100% to	5,143
Revenue from ordinary activities	↑	45% to	106,834
Underlying EBITDA from continuing operations ¹	↑	96% to	11,189
Net Profit After Tax Before Amortisation (NPATBA) ²	↑	22% to	1,811
Loss from continuing operations after tax	↓	26% to	(1,056)
Statutory Loss for the period attributable to members	↓	2,817% to	(1,304)
Loss per share (basic)	↓	2,050% to	(0.39) cents

NTA Backing

Net tangible asset backing per ordinary security

30 June 2018

\$0.03

30 June 2017

\$0.08

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. The % increase from the prior period is the increase in EBITDA from continuing operations.

² Net Profit After Tax Before Amortisation (NPATBA) is an unaudited non-IFRS measure.



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

	30 June 2018	30 June 2017
	\$000	\$000
Profit (Loss) from continuing operations	(1,056)	(1,431)
<u>Add back:</u>		
Amortisation	4,096	4,168
Tax benefit on amortisation (30%)	(1,229)	(1,250)
Net Profit after Tax Before Amortisation (NPATBA)	1,811	1,487
Tax expense (benefit) excluding amortisation	358	(2,542)
Net finance expense	1,006	618
Share-based payment	1,031	298
Restructuring costs	1,770	914
Acquisition costs	1,628	1,192
Depreciation	3,585	3,737
Underlying EBITDA	11,189	5,704

Dividends declared

On 15 September 2017 the Company declared a fully franked dividend for 2017 of 0.5 cents per share.

Veris Limited has declared after the balance sheet date that it will pay a fully franked dividend for 2018 of 0.5 cents per share in September 2018. As in prior years the Dividend Reinvestment Plan will be available for this dividend.

Preliminary financial report

This report is based on accounts that have been audited.

Net Assets and Cash Position

Veris has \$5.6 million cash at 30 June 2018. FY2018 net cashflow from operating activities was \$1.0 million. Veris repaid \$4.6 million in borrowings and lease liability payments during the year.

Control gained or lost over entities in the financial period

During the year, Veris acquired the business and assets of LANDdata Survey Pty Ltd (31 July 2017) and the entity, Elton Consulting Group Pty Ltd (29 March 2018).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$000	2017 \$000
Revenue	106,834	73,516
Operating Expenses	(95,645)	(67,812)
	11,189	5,704
Depreciation	(3,585)	(3,737)
Amortisation	(4,096)	(4,168)
Acquisition Costs	(1,628)	(1,192)
Restructuring Costs	(1,770)	(914)
Share-based payment	(1,031)	(298)
Results from operating activities	(921)	(4,605)
Finance income	18	42
Finance costs	(1,024)	(660)
Net finance costs	(1,006)	(618)
Profit (loss) before income tax	(1,927)	(5,223)
Income tax benefit	871	3,792
Profit (loss) from continuing operations	(1,056)	(1,431)
Profit (loss) from discontinued operations, net of tax	(248)	1,479
Profit (loss) for the year	(1,304)	48
Total comprehensive income (loss) for the year	(1,304)	48
Earnings per share		
Basic earnings/(loss) per share - cents per share	(0.39)	0.02
Diluted earnings/(loss) per share - cents per share	(0.39)	0.02
Earnings per share – continuing operations		
Basic earnings/(loss) per share - cents per share	(0.32)	(0.46)
Diluted earnings/(loss) per share - cents per share	(0.32)	(0.46)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	2018	2017
	\$000	\$000
Cash and cash equivalents	5,588	14,574
Trade and other receivables	30,932	15,983
Work in progress	10,538	4,616
Other current assets	1,705	1,118
Total current assets	48,763	36,291
Non-current assets		
Plant and equipment	15,242	11,049
Intangible assets	58,598	40,525
Deferred tax asset	6,275	7,636
Total non-current assets	80,115	59,210
Total assets	128,878	95,501
Current liabilities		
Trade and other payables	17,532	7,291
Deferred vendor payments	2,386	1,544
Loans and borrowings	6,381	2,593
Employee benefits	9,505	5,481
Current tax liability	533	613
Total current liabilities	36,337	17,522
Non-current liabilities		
Loans and borrowings	19,647	8,935
Deferred vendor payments	3,625	1,200
Employee benefits	1,066	907
Total non-current liabilities	24,338	11,042
Total liabilities	60,675	28,564
Net assets	68,203	66,937
Equity		
Share capital	40,887	37,283
Share based payment reserve	2,349	1,747
Retained earnings	24,967	27,907
Total equity	68,203	66,937

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Share Capital	Share-based Payment Reserve	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000
Balance at 1 July 2017	37,283	1,747	27,907	66,937
Total comprehensive profit for the year				
Profit for the year	-	-	(1,304)	(1,304)
Total comprehensive profit for the year	-	-	(1,304)	(1,304)
Transactions with owners, recorded directly in equity				
Issue of ordinary shares (net of costs)	3,604	-	-	3,604
Dividends paid	-	-	(1,636)	(1,636)
Share based payment transactions	-	602	-	602
Balance at 30 June 2018	40,887	2,349	24,967	68,203

	Share Capital	Share-based Payment Reserve	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000
Balance at 1 July 2016	22,622	1,449	29,227	53,298
Total comprehensive income for the year				
Profit for the year	-	-	48	48
Total comprehensive income for the year	-	-	48	48
Transactions with owners, recorded directly in equity				
Issue of ordinary shares (net of costs)	14,661	-	-	14,661
Dividends paid	-	-	(1,368)	(1,368)
Share based payment transactions	-	298	-	298
Balance at 30 June 2017	37,283	1,747	27,907	66,937

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$000	\$000
Cash flow from operating activities		
Receipts from customers	101,980	121,709
Payments to suppliers and employees	(101,021)	(114,737)
Cash generated from operations	959	6,969
Tax received	14	272
Interest paid	(1,133)	(901)
Interest received	22	55
Net cash from operating activities	(138)	6,395
Cash Flows from investing activities		
Proceeds from sale of property, plant and equipment	3,828	395
Purchase of property, plant and equipment	(1,844)	(822)
Deferred Vendor Payment	(1,928)	(2,545)
Acquisition of subsidiaries net of cash acquired	(14,071)	(7,500)
Net cash (used in) investing activities	(14,015)	(10,472)
Cash flow from financing activities		
Dividends paid	(1,258)	(1,060)
Repayment of borrowings and lease liabilities	(4,575)	(5,578)
Proceeds from loans	11,000	-
Proceeds from share issues (net of costs)	-	12,321
Net cash from (used in) financing activities	5,167	5,683
Net increase in cash held	(8,986)	1,606
Cash and cash equivalents at 1 July	14,574	12,968
Cash and cash equivalents at 30 June	5,588	14,574

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



Notes to the Financial Statements
For the year ended 30 June 2018

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 Annual Report for the year ended 30 June 2018, and with any public announcements made by Veris 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

	2018	2017
Earnings used to calculate basic EPS - \$000	(1,304)	48
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	331,684,479	309,734,798
Basic earnings/(loss) per share - cents per share	(0.39)	0.02
Weighted average number of ordinary shares outstanding during the period used in calculating Diluted EPS	331,684,479	312,601,525
Diluted earnings/(loss) per share - cents per share	(0.39)	0.02

Note 3: Segment Note

The Group has three 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 Managing Director who is the Chief Operating Decision maker (CODM) of the Group. The operations in each of the Group's reportable segments are:

- Surveying – examine and record the features of a piece of land or infrastructure in order to create maps, plans, detailed descriptions and to facilitate construction
- Communications – provides specialised ICT and Communications services
- Professional and Advisory – provide expert advice to businesses, governments and not-for-profit organisations to support them to make considered and informed decisions on policy, strategy, city-making and service delivery.

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		Communications		Professional & Advisory		Total	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Revenues	94,214	68,831	12,430	6,741	5,143	-	111,786	75,572
Inter-segment revenues	(4,812)	(2,056)	(140)	-	-	-	(4,952)	(2,056)
External revenues	89,402	66,775	12,290	6,741	5,143	-	106,834	73,516
Costs	(82,191)	(59,394)	(11,530)	(6,660)	(4,110)	-	(97,831)	(66,054)
Inter-segment costs	4,812	2,056	140	-	-	-	4,952	2,056
External costs	(77,379)	(57,338)	(11,390)	(6,660)	(4,110)	-	(92,878)	(63,998)
EBITDA*	12,023	9,437	900	81	1,033	-	13,956	9,518
Depreciation	(3,440)	(3,531)	(38)	(72)	(26)	-	(3,503)	(3,603)
Amortisation	(3,848)	(4,168)	-	-	(248)	-	(4,096)	(4,168)
EBIT**	4,735	1,738	862	9	759	-	6,357	1,747
Segment assets	92,012	69,301	6,378	5,074	22,891	-	121,281	74,375
Segment liabilities	(29,558)	(15,018)	(5,149)	(1,628)	(3,010)	-	(37,716)	(16,646)

* 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.

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

– Ends –