

KORDIA GROUP LIMITED	
Results for announcement to the market	
Reporting Period	6 months to 31 December 2016
Previous Reporting Period	6 months to 31 December 2015

	6 months to 31 Dec 2016 (NZD'000)	6 months to 31 Dec 2015 (NZD'000)	Percentage change
Revenue from ordinary activities	101,550	124,139	(18%)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	7,095	19,060	(63%)
Profit (loss) after tax	(1,836)	5,783	(132%)

	Interim Dividend
Amount	nil
Dividend Payment Date	N/A

KORDIA GROUP POSTS HALF YEAR RESULTS

Specialist telecommunications, broadcast and cyber security business Kordia Group has delivered revenue of \$102m for the half year ended 31 December 2016, with a net loss after tax of \$1.8m. This compares with revenue of \$124m and profit of \$5.8m last year.

While \$13.5m in dividends were paid last year, due to a strong result for the year ended 30 June 2016, an interim dividend will not be paid on the back of the half year results. Kordia's net cash is \$2.1m and the balance sheet remains strong for the Group.



Kordia Group Chair Lorraine Witten says that the completion of several large projects in the Australian contracting business has impacted Kordia's half year results.

"While the New Zealand business performed well, and is ahead of its targets, revenue from our Australian operations was down – owing to the completion of several key projects and delays in the commencement of new contracts. As a result, the Board has taken a series of actions to return the business to profit, such as the appointment of a Group Chief Executive and renewed leadership in Australia."

"While the lumpiness in our contracting business is less than ideal, the Board is committed to our Contracting business in Australia and is confident it will emerge as a fitter and faster business under new leadership."

"Over the past six months, we've carried out a restructure of the Australian business, including the introduction of more workforce flexibility to meet the needs of a largely contract-based environment. This is now complete and with a lower cost base, and less risk, the Group is now in a solid position for growth."

The appointment in Australia of industry expert Hamish Guild as CEO of Kordia Solutions is also expected to bolster the company's leadership capacity. "We're confident that alongside Group CEO Scott Bartlett, Hamish will help lead the business to improved resilience, better positioning it for future growth," Witten adds.

The New Zealand business continues to perform well, with strong growth in the telecommunications and media businesses. Aura Information Security, the specialist cyber security consulting business acquired by Kordia Group in November 2015, also met its first 12 months' performance targets.

Scott Bartlett, CEO of Kordia Group, says Kordia is well positioned to capitalise on the growing demand for business-critical technology solutions on both sides of the Tasman. With cyber security, 5G and the Internet of Things squarely in the company's sights.

"Kordia has a best-in-breed offering when it comes to providing trusted and secure business-critical solutions. This is what sets us apart from other players in the market; and it is also what sets the foundation for future growth," says Bartlett.

Dividend

The Group paid a special dividend of \$5m in October 2015 given the strong result and the strength of its balance sheet. A further interim dividend of \$1m was paid on 31 March 2015, this was followed by a final dividend of \$7.5m in September 2016.



Given the dividends paid last financial year (\$13.5m in total) an interim dividend has not been declared on the back of the half year results.

Highlights

Kordia Group Limited

- Health and Safety – The Group is compliant with NZS4801 and Australia has achieved renewal of federal certification. The Board considers the Group to be well positioned to comply with the new legislation.

Kordia Solutions Australia (KSA)

- Well-respected, and proven, industry expert Hamish Guild joined the business as CEO of Kordia Solutions in January 2017, based in Sydney.
- The completion of a restructure of Australian operations during the first half of the year has significantly reduced the cost base and improved the business model.

Kordia New Zealand (KNZ)

- Continued growth in media and telecommunications business
- Aura Information Security, acquired by Kordia Group in November 2015, is performing well and met its first 12 months' performance targets.

Summary

Kordia Group operates in a dynamic and ever-evolving environment. Because of this, the Group has always endeavoured to adopt a flexible and adaptive approach to business – one that ensures profitability remains at the forefront of what we do, but does not compromise on the products, solutions, services and expertise we offer our customers.

With the restructure of our Australian operations, Kordia Group has not only reduced its cost base, it has also reduced risk, putting the business in a better position for growth and profit.

Kordia Group believes our proven track record, combined with a broad service offering and strong leadership puts the business in a good position for growth.

For the Board,
Lorraine Witten
Chair
Kordia Group



About Kordia NZ

Kordia New Zealand is New Zealand's leading provider of mission critical networks and technology solutions. With a rich heritage in broadcast and a focus on business to business telecommunications, Kordia NZ delivers the highest customer satisfaction scores in the industry.

