

KORDIA GROUP LIMITED	
Results for announcement to the market	
Reporting Period	12 months to 30 June 2016
Previous Reporting Period	12 months to 30 June 2015

	12 months to 30 June 2016 (NZD'000)	12 months to 30 June 2015 (NZD'000)	Percentage change
Revenue from ordinary activities	240,687	248,004	(3%)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	38,594	37,990	2%
Profit (loss) after tax	12,260	9,234	33%

	Special Dividend	Interim Dividend	Final Dividend
Amount	\$5m	\$1m	\$7.5m
Dividend Payment Date	30 Oct 2015	31 March 2016	30 Sept 2016

KORDIA GROUP DELIVERS BUMPER \$12.3M PROFIT

Specialist telecommunications, broadcast and cyber security business Kordia Group has reported a 2016 net profit after tax of \$12.3m, exceeding its target by \$5.6m (85 per cent) and achieving a 33 per cent increase over the preceding year's \$9.2m.

Kordia has also delivered special and interim dividends during the past year with a final dividend of \$7.5m, bringing the total for the year to more than \$13m.

Return on equity is 13 per cent (up 2 per cent), and the company ends the financial year with no debt and \$6.8m in cash.



Group Revenue for the year was \$240.7m, down 3 per cent. In Australia, the focus was on profitable revenue, which was 8 per cent lower than the previous year. This was partially offset by revenue in New Zealand, which grew by 3 per cent.

Despite overall revenues being down by 3 per cent, Kordia Group Chair Lorraine Witten says the substantial growth in profitability was realised through a strong result from the New Zealand operations and the completion of large scale projects in Australia.

“Our strategy has been focused on profitability and we’ve maximised the profitability of our Australian contracting, engineering and consulting businesses, completing substantial design work on infrastructure projects. Our New Zealand business has also delivered a strong year, with good growth in our cyber security, telecommunications and media businesses.”

Group net cash is \$6.8m at the end of June and has improved significantly this financial year. Kordia Group attributes the favourable variance to improvements in working capital, in particular Australia receiving final payments from key projects.

Kordia Group CEO Scott Bartlett says Kordia is well positioned with a strong balance sheet and a diversified business. “We have made a significant investment during the year with the purchase of Aura InfoSec, New Zealand’s leading cyber security firm, and we have the flexibility to both return money to the shareholder and invest in strategic initiatives.”

In the competitive telecommunications space; where Kordia differentiates itself through a focus on delivering mission-critical networks for business customers, Bartlett says the company is growing well. “Our telecommunications business has seen positive growth in service offerings and customers.”

Bartlett adds, “It’s the diversity of our services offering – which spans radio, IP networks, infrastructure, design and engineering, consulting, and cyber security – that provides resilience and positions the company well for the future.”

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 on the basis that the Group was tracking ahead of targets for the year.

Given the full year result the Group is forecasting a final dividend of \$7.5m to be paid in September subject to Board approval.



Highlights

Kordia Group Limited

- Net profit after tax \$12.3m compared to a budget of \$6.6m (2015: \$9.2m).
- Group Revenue of \$240.7m.
- Group net cash \$6.8m at the end of June.
- Dividends paid: \$5m (October 2015). Interim dividend \$1m (March 2016). Final dividend \$7.5m anticipated (September 2016).
- Health and Safety - KNZ is compliant with NZS4801 and Australia has achieved renewal of federal certification.

Kordia Solutions Australia (KSA)

- KSA delivered an EBIT favourable to budget, and a 14 per cent increase over the prior year. The favourable variance to budget is primarily due to solid margins for projects delivered during the year.
- Going into FY17 these large projects close or reduce, resulting in a more muted performance anticipated from Australian operations.

Kordia New Zealand (KNZ)

- Revenues grew by 3 per cent over the prior year with EBIT up 29 per cent. This was due to higher project revenues, new Media revenue and the acquisition of Aura during the year.
- The acquisition of Aura Infosec in NZ was completed during the first half.

Summary

FY2016 featured a number of large projects – all of which have reflected positively on Kordia Group's results for the year.

While the project pipeline for FY2017 looks positive, the conclusion of several large projects in the Australian business unit means that overall the Group is expecting the coming year to be slightly leaner.

That being said, Kordia Group is a business that prides itself on its ability to adapt and evolve to meet the growing needs of its customers and the market. Our balance sheet, proven track record and broad service offering puts Kordia in a strong position to rise to any challenges the coming year presents.

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.

