

KORDIA GROUP LIMITED	
Results for announcement to the market	
Reporting Period	6 months to 31 December 2014
Previous Reporting Period	6 months to 31 December 2013

	6 months to 31 December 2014 (NZD'000)	6 months to 31 December 2013 (NZD'000)	Percentage change
Revenue from ordinary activities	121,874	159,688	(24%)
Profit (loss) from continuing operations after tax	100	(3,782)	103%
Discontinued operations	-	-	-
Net profit (loss)	100	(3,782)	103%

	Interim Dividend
Amount	-
Dividend Payment Date	n/a

Kordia Group

The Kordia Group has improved profitability over the same period in the prior year, due to improved results in both the Australian and New Zealand businesses. The Group EBIT for the half year was a profit of \$1.7m compared to a loss of (\$3.5m) for the equivalent period the prior year. The Australian business delivered a significant proportion of the year-on-year improvement (representing a significant turnaround in that business). The New Zealand business performed ahead of budget and improved EBIT by 12% year-on-year.



Group revenue was \$121.9m for the half year compared with \$133.9m for the equivalent period last year. Revenues in New Zealand are favourable to budget and higher than last year due to increased digital television services and additional project revenues. Revenues in Australia are lower than for the prior year as the focus has been on gross margin and return to profitability. Large contract wins in Australia in the first half are expected to flow through to revenue and EBIT in the second half and in subsequent periods.

Group net debt is at a record low of \$36.1m, which is \$1.8m favourable to budget. Gearing is at 30.8%. The favourable variance to budget is due to improvements in working capital especially in Australia (+\$12m in the half year). The Group net debt has reduced by \$20m since June 2014 and continues to be a focus of the Board.

Capex spend of \$3.8m is \$6.7m favourable to budget. Management continues to focus on optimising capex to improve working capital and financial performance. The Group will experience higher capex in the second half than in the first half, but capex will remain favourable to full year budget.

Kordia Solutions Australia

The Australian business has been successful in securing some large multi-year services contracts, significantly increasing the level of secured revenue for FY16 and subsequent periods, and decreasing risk within the business.

There has also been considerable focus on cutting costs and re-focusing the Australian business in the period. The cost base and headcount has reduced during the first half as the business has been right-sized to improve financial performance. The focus has been on margin and return to profitability with some low margin work completed or discontinued. This has negatively impacted the top-line revenue number on a year-on-year basis, but has brought material improvements in EBIT.

Kordia New Zealand

The New Zealand business has again exceeded its budgeted revenue and EBIT targets for the half year, with year-on-year growth. The network business has performed well. This is despite the failure of the Sommet television channel and resulting loss in revenue and EBIT from that customer.

The business has had some significant successes in winning new business for its telecommunications services to complement above-budget performance in its broadcast and carrier services businesses. Kordia continues to support Parliament Television by providing television broadcast services and commences web-streaming of Parliamentary proceedings in March.

The New Zealand Solutions business has completed its recovery from the effects of analogue switch-off one year ahead of schedule and is ahead of budget both in revenue and EBIT.

Dividend

Consistent with this year's Statement of Corporate Intent, Kordia Group has declared no interim dividend in respect of the financial year ended 30 June 2015.

