

28 January 2021

Veris Limited Q2 FY21 Update

Veris Limited (VRS: ASX) provides an update to the market regarding results for Veris Australia and Aqura Technologies for the second quarter (Q2) of the financial year 2021 (FY21).

Highlights:

- Underlying EBITDA up to \$2.52 million
- Second successive quarter of sustained performance
- Structural and management changes having a positive impact
- Strong outlook for H2 FY21 underpinned by healthy pipeline of contracted and prospective works in both Veris Australia and Aqura Technologies

Group Update

Veris Limited (the Group) has delivered sustained performance for a second successive quarter, with an underlying EBITDA of \$2.52 million for Q2FY21, and Group revenues of \$25.70 million. These results reflect an unaudited proforma position and the Group remains on track to deliver a profitable result for the full year.

P&L summary – unaudited pro forma (\$000's)	Veris Aust	Aqura	Group
	Q2 FY21	Q2 FY21	Q2 FY21
Revenue	\$20,163	\$5,531	\$25,695
Underlying EBITDA ¹	\$2,082	\$438	\$2,520

¹ – Underlying EBITDA proforma results shown reflect the net impact of costs associated with being a JobKeeper employer and exclude any uplift arising from JobKeeper payments.

Comments from Veris Limited Chairman, Karl Paganin:

“It’s pleasing to see the Group continue to build on its results from the first quarter and deliver growth in EBITDA for a second successive quarter. Structural and management changes implemented last year are continuing to have a positive impact on the Group’s results.”

“The group results are particularly pleasing bearing in mind the business has operated in an operating environment impacted by the COVID-19 pandemic. We continue to manage the risks and uncertainty of COVID-19 in a prudent manner, and our teams have continued to deliver projects profitably and safely for our clients and the broader community.”

Veris Australia and Aqura Technologies’ Q2 results including comparative data are detailed below.

Veris Limited’s Group half year audit reviewed results will be released to the ASX in late February 2021.

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Veris Australia

Veris Australia has delivered another strong performance in Q2 FY21, with underlying EBITDA growing to \$2.1 million, up from \$1.96 million in Q1 FY21, and significantly improved on the prior corresponding period (PCP) Q2 FY20. Revenue of \$20.16 million is up from \$16.9 million in the PCP.

P&L summary – unaudited proforma (\$000s)	Q2 FY21	Q1 FY21	Q2 FY20
Revenue	\$20,163	\$20,616	\$16,912
Underlying EBITDA ¹	\$2,082	\$1,962	(\$574)

¹ – Underlying EBITDA proforma results shown reflect the net impact of costs associated with being a JobKeeper employer and exclude any uplift arising from JobKeeper payments. Q2 FY20 results reflect the proforma addition of corporate overhead costs previously incurred and reported in Veris Limited.

The second successive quarter of growth in EBITDA demonstrates management’s focus on improving our operating model through a dedicated focus on efficient delivery and sustained management of costs and overheads. As a result, we are now seeing improvements in our operating margins.

Whilst opportunities to fully utilise the strength of our national platform and leverage the diverse specialist skills within our teams have been frustrated during Q2 as a result of continued interstate border closures and uncertain COVID-19 operating environments. Against this backdrop, we are proud of the fact we have generated a strong result, and continue delivering safely for clients on a range of project work.

The stability of the Veris Australia cost base that has been achieved has been an important step in setting a sustainable platform for the business to further build the pipeline of project work and target the generation of increased revenues in H2 FY21.

Veris Australia Project Pipeline and Outlook

Despite the challenges of COVID-19, Veris Australia has continued to build its secured backlog which remains over \$44 million to be executed over the next 12 months. In addition, there is an identified pipeline of tendered projects and prospects with a weighted value in excess of \$140 million for execution over the next 24 months.

Comments from Veris Australia Chief Executive Officer Michael Shirley:

“Growth in our underlying EBITDA in successive quarters demonstrates we are on the right track towards delivering a profitable result for the full year.

“Our structural and operating enhancements are having a sustained positive impact on business performance.

“The longer-term outlook for the business remains strong as we execute our strategy to deliver growth from a sustainable platform, combined with the unprecedented levels of investment in a pipeline of projects in key markets in which we operate.”

Aqura Technologies

Aqura Technologies has continued to deliver strongly on its existing contracted works as well as further build on the strength of the underlying contracted order book during the second quarter of FY21.

P&L summary – unaudited proforma (\$000s)	Q2 FY21	Q1 FY21	Q2 FY20
Revenue	\$5,531	\$5,617	\$5,863
Underlying EBITDA ¹	\$438	\$675	\$439

¹ – Proforma underlying EBITDA results shown above exclude the net impact of being a JobKeeper employer.

Despite experiencing some delays in the commencement of two major contracts previously expected to start in November, the Aqura team delivered a strong revenue result of \$5.5 million for the quarter. The delays in project commencement had a slight impact on the underlying EBITDA margin achieved, however these projects are now expected to contribute strongly to the Q3 results, which historically has been a quieter period for the business as a result of the seasonal January holiday period.

Additionally, Aqura has continued the final development and commercialisation phases of its internally developed product suite aimed at further transitioning Aqura’s business model to a recurring revenue and earnings base. These products are expected to roll out in the second half of FY21 and into FY22.

Aqura also announced major new contract wins during the quarter for blue-chip customers across a range of Aqura’s service lines and product suites including:

- \$2.0m contract to supply advanced LTE equipment for the Iron Bridge Magnetite Project, a joint venture between FMG and Formosa Steel (*see ASX Announcement 21 October 2020*); and
- A multi-year contract with Bunnings Limited to support its national Unified Communications network (*see ASX Announcement 15 December 2020*)

Project Pipeline and Outlook

Aqura has a secured project pipeline in excess of \$15 million to be executed over the coming 12-month period. Additionally, there is an identified pipeline of tendered projects and prospects with a weighted value in excess of \$45 million for execution over the same period.

Comments from Aqura Technologies Chief Executive Officer Travis Young:

“Aqura continues to execute our strategy, capitalising on our recent geographical expansion and strengthening of our customer base. Major contract wins for tier 1, blue-chip clients across a range of our services, demonstrates the technical expertise and technological leadership within the Aqura team.”

We continue to develop and commercialise our Aqura product suite targeting the development of a recurring, maintainable earnings base to complement our traditional project execution-based capability.

Despite the ongoing challenges presented by COVID-19, our teams have continued to work with our loyal clients across the country in a safe and agile manner to ensure the safety of our staff, clients and communities.”

– ENDS –

About Veris Limited

Veris Australia is a professional services business delivering surveying, digital & spatial and planning services across Australia. It works across the infrastructure, property, resources, defence, utilities and government sectors.

Aqura Technologies complements the accomplished existing spatial solution capabilities of the Veris Australia segment with highly specialised ICT and communications services, offering industry-leading technology solutions to the industrial communications sector for application in the resources, commercial, utilities, defence, health and education sectors.

Veris Limited is the Group's holding company that is listed on the ASX under the code VRS.

Authorised for release by the Board of Veris Limited.

Issued by Veris Limited
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