

# ASX / Media Release

19 February 2012

## **CALIBRE DELIVERS RECORD HALF YEAR NPATA OF \$27.5M**

**Robust earnings delivers inaugural interim dividend of 5.8 cps**

### **HIGHLIGHTS**

#### **Record Financial Performance (for the 6 months to December 2012)**

- Revenue up 34% to \$367.5m<sup>1</sup> (1H FY2012: \$274.1m).
- EBITDA up 14% to \$43.3m (1H FY2012: \$37.9m).
- NPAT up 2% to \$18.7m (1H FY2012: \$18.3m).
- NPATA<sup>2</sup> up 15% to \$27.5m (1H FY2012: \$24.0m).
- EPS (NPATA) of 9.5 cents (up 16% on 1H FY2012).
- Fully franked interim dividend of 5.8c per share declared (payment date of 22 March 2013).
- Strong balance sheet with capacity to support growth.

#### **Growth Strategy Continues**

- Successful acquisition and solid performance of G&S Engineering provided further revenue diversification, with asset management activity now representing 28% of revenue in 1H FY2013.
- Strong revenue visibility with forward Order Book at \$1.3bn and strengthened future pipeline<sup>3</sup> at \$12bn.
- Continue to progress organic and corporate growth and diversification opportunities to expand end-markets and provide a balanced platform for continued growth in quality earnings streams.

#### **FY2013 Outlook and Guidance**

- Expecting continued strong year on year growth for full FY2013 revenue and earnings (Calibre's 11<sup>th</sup> consecutive year of growth).
  - FY2013 Revenue of \$780-810m<sup>4</sup>, up 40-45% on FY2012 (FY2012: \$560m).
  - FY2013 NPATA of \$55-60m, up 18-28% on FY2012 (FY2012: \$46.7m).
- Continued strong performance on major client projects.
- Delays in project funding decisions on some pipeline projects with junior iron ore clients; now expected to move into FY2014 Pipeline.
- A number of new opportunities presenting.

<sup>1</sup> Includes \$56m from G&S Engineering acquisition since consolidation on 1 October 2012.

<sup>2</sup> Net profit after tax and after adding back the tax effected customer relationship goodwill amortisation expense (\$8.8m).

<sup>3</sup> References to Calibre's unweighted pipeline include prospective projects that extend beyond FY2016 for the Group, including G&S. "Unweighted" pipeline figures exclude projects in the Company's Order book and are determined from an analysis and an estimate of the size and timing of potential projects, and furthermore ignore any assessment of the probability of the project proceeding or of Calibre being awarded the project.

<sup>4</sup> Including an anticipated revenue contribution from G&S Engineering in the range of \$160m to \$180m.

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## Key financial results (6 months ending 31 December 2013)

	1H FY2013	1H FY2012 <sup>1</sup>	Var (pcp)
	\$m	\$m	
Revenue	\$367.5m	\$274.1m	34% ↑
EBITDA	\$43.3m	\$37.9m	14% ↑
EBITDA (%Margin)	11.8% <sup>2</sup>	13.8%	
EBITA	\$38.5m	\$35.9m	7% ↑
EBITA (%Margin)	10.5%	13.1%	
NPAT	\$18.7m	\$18.3m	2% ↑
NPATA <sup>3</sup>	\$27.5m	\$24.0m	15% ↑
Basic Earnings per share (NPATA) (cents)	9.5c	8.2c	16.0% ↑
Dividend per share (cents)	5.8c	n/a	n/a

<sup>1</sup> Comparison to historical 1H FY2012 results as outlined in Prospectus.

<sup>2</sup> Includes impact of G&S Engineering acquisition. Excluding the G&S acquisition and the associated acquisition costs, Calibre's EBITDA margins were broadly in line with expectations of approximately 13%.

<sup>3</sup> Net profit after tax and after adding back the tax effected customer relationship goodwill amortisation expense (\$8.8m).

## HALF-YEAR FY2013 PERFORMANCE

Calibre Group Limited (**ASX: CGH**) has reported continued record financial performance and growth for 1H FY2013, announcing a record \$27.5m NPATA for the half year ending 31 December 2012 (**1H FY2013**), an increase of 15% on the previous corresponding period. The result was based on a 34% increase in revenue to \$367.5m, including a 3 month contribution from G&S Engineering.

Calibre Group Managing Director, Rod Baxter said "The continued strong performance further demonstrated the Company's track record of earnings growth and sound positioning for future growth."

"We are pleased to be able to report another record half year financial performance in a period characterised by volatility and challenging market conditions, confirming our belief that Calibre is well placed to navigate current conditions and maintain continued strong growth for FY2013 and beyond".

“The performance was primarily due to continued workflow from our traditional blue-chip clients in Western Australia as well as the contribution from our recently acquired Asset Management business, G&S, which is performing well,” Mr Baxter added.

“We are also very focussed on implementing continuous improvement initiatives, including in the area of productivity, cost management and strategic initiatives to support margins and earnings, as well as position the business to continue to capture emerging growth opportunities and sustain performance”.

“In our traditional Australian markets, Calibre enjoys long term relationships with blue chip clients operating at the lowest end of the cost curve, on large multi-year projects. This provides us with a solid base to further expand and diversify our capabilities and revenue streams and we continue to make good progress in this respect. For example, our revenue from Asset Management activities increased to 28% of revenue in the first half, and is on track to contribute approximately 37% of revenue by the end of the financial year,” Mr Baxter added.

“We maintained a strong balance sheet with access to \$196m of cash and available undrawn facilities to fund future growth initiatives. Following the completion and consolidation of the G&S acquisition, we have been making good progress toward driving a wide range of Group-wide strategic benefits from our expanded diversified base. We also continue to explore further organic and corporate opportunities. Our focus in this respect remains on opportunities which enable us to further enhance our current service capability and expand into new end-markets, providing a balanced and resilient platform for sustainable and quality earnings growth,” Mr Baxter said.

“The Board is particularly pleased to declare an inaugural interim fully franked dividend of 5.8 cents per share, representing a payout ratio of 65% of a robust NPATA result”.

#### **Margins maintained**

Calibre maintained strong EBITDA margins through the period. Calibre’s EBITDA margin, including G&S, was 11.8%. Excluding the G&S acquisition and the associated acquisition costs, Calibre’s EBITDA margins were broadly in line with expectations of approximately 13%.

#### **Interim Dividend Declared**

Directors have declared a fully franked interim dividend of 5.8 cents per share. The dividend will be paid on 22 March 2013 to shareholders registered by 5pm AWST on 11 March 2013.

### **OPERATIONAL REVIEW**

#### **Minerals & Energy (55% increase in Revenue)**

Revenue from Calibre’s Minerals & Energy business increased by 55% to \$186.2m in the first six months of FY2013, contributing 51% of Group revenue.

The result was primarily driven by ongoing workflow on Deliver and Sustain projects in Australia’s Pilbara region with Calibre’s traditional blue chip clients, along with the contribution of revenue from

Calibre's newly acquired G&S Engineering business. Importantly, Asset Management activity has increased to approximately 28% of Group revenue in 1H FY2013, and is expected to contribute approximately 37% on a full year consolidated basis.

New awards during the period included the \$150m service order from Rio Tinto Iron Ore to provide sustaining capital services, for the Delivery of the \$US1.7billion Yandicoogina Sustaining Project. This project is scheduled to run to 2016, and continues a 10 year association with Rio Tinto at Yandicoogina.

Late in the period, Calibre was pleased to be awarded a service order to complete a preliminary feasibility study for Rio Tinto's proposed Koodaideri Mine, a greenfield project that would represent one of the final mines comprising Rio Tinto's plan to lift its Pilbara iron ore capacity to 360 Mtpa.

Calibre's wholly owned G&S business received a \$46m project award for construction of coal stackers and reclaimers at BMA's Caval Ridge project and is awaiting responses on a number of significant tenders valued in excess of \$140m.

Calibre's Industrial Technology business, a new area of growth for the business, continued to expand its footprint, including undertaking Calibre's first projects in the North American market.

Market conditions in the coal sector meant Calibre's mining and geological consulting business, Xstract, which works across a range of commodities and international jurisdictions, experienced softer activity in mine consulting. Despite this, Xstract is experiencing strong performances in its Geology and Geotechnical capabilities.

#### **Rail (21% increase in Revenue)**

Calibre's rail business experienced a continuation of strong growth during the period, with a 21% increase in revenue to \$154m, representing 42% of Group revenue.

The primary driver of this improvement was increased activity associated with ongoing Deliver phase rail projects including the Rail Capacity Enhancement (RCE) 333, AutoHaul™, and Hope Downs 4 Rail projects with Rio Tinto, and the Port Hedland Inner Harbour (Rail) project and Jimblebar rail spur projects for BHPBilliton, as well as Fortescue's T155 rail project.

Calibre maintained a strong portfolio of Assess phase projects during the period, including work on Rio Tinto's Koodaideri Rail project, which forms part of Rio Tinto's 360Mtpa expansion plan. Other Assess phase work undertaken during the period included the Quantum 100 studies project for BHPB, as well as studies for some of the Pilbara iron ore juniors and newer players including Aurizon's Pilbara Independent Rail project, Hancock Prospecting's Roy Hill project, and API's West Pilbara Iron Ore project.

New work undertaken on Australia's East Coast included study work on the GVK-Hancock Alpha coal project, and as announced in early October, Calibre was awarded the role of client's engineer for the rail corridor in relation to Adani Mining Pty Ltd's proposed Carmichael coal mine in the Galilee Basin, in Queensland.

An important growth area for Calibre's rail business, involves building upon its existing heavy haul rail capability through expansion into the freight and passenger markets. As announced in October 2012, Calibre was awarded a Consultancy Services Agreement with the Australian Rail Track Corporation (ARTC) on the Hunter Valley rail freight network, Calibre's first project in the freight rail sector. Work in relation to Calibre's entrée into the passenger rail market continued in Singapore, with support on activities associated with the extension of the mass rapid transport network.

Calibre's market leadership and capability in heavy haul rail continued to underpin its drive for international expansion, with Assess phase work continuing with several major clients in Mozambique and West Africa, while progressing other international opportunities.

More recently, timing delays have emerged on funding decisions for projects with some of Calibre's junior and non-traditional iron ore clients which are now expected to move into the FY2014 pipeline.

#### **Infrastructure services (4% increase in revenue)**

Calibre's Infrastructure business contributed \$27.1m during the period, an increase of 4% and representing approximately 7% of Group revenue.

Calibre's civil and urban infrastructure business, Brown Consulting (Australia), is one of Australia's largest urban land development, roads, bridges and structural engineering consultancies.

While the business faced softer conditions in the urban development market during the period in Queensland and New South Wales, it is maintaining good work-flow in urban development in Victoria and the ACT.

In addition, the business continues to pursue new opportunities in water and environment infrastructure on resource projects.

#### **FY2013 FULL YEAR OUTLOOK AND GUIDANCE**

For FY2013, Calibre expects to deliver a further record full year result and post its 11<sup>th</sup> consecutive year of growth.

The Company expects continued strong year on year growth in revenue and earnings compared to FY2012 in both the core business and the expanded business following the acquisition of G&S Engineering.

Projects with Calibre's major blue chip clients continue to perform strongly, however due to fluctuating commodity prices and escalating project costs, the Company is observing some delays in funding decisions on a number of projects with emerging clients in the mining sector, in particular the junior iron ore sector, for whom Calibre had been undertaking Assess phase works in 1H FY2013.

The Company has taken a conservative view that certain of these projects will potentially not convert until FY2014, and has moved these out of its FY2013 outlook into the FY2014 project pipeline.

As a result of potential delays, Calibre's full FY2013 revenue is now expected to be in the range of \$780m-\$810m<sup>1</sup>, representing an increase of between 40-45% on FY2012 revenue of \$560m. Group EBITDA is now expected to be in the range of \$90m-\$95m in FY2013, representing an increase of 20-27% from FY2012 EBITDA of \$75m.

The Company expects NPATA to be in the range of \$55m-\$60m in FY2013, representing an increase of between 18-28% on FY2012 NPATA of \$46.7m.

In line with its dividend policy, the Company is anticipating maintaining a pay-out ratio of between 55-65% of NPATA.

#### FY 2013 Guidance

\$m	FY2012	FY2013F
Revenue <sup>1</sup>	\$560m	\$780m-\$810m
EBITDA	\$75m	\$90m-\$95m
NPATA	\$46.7m	\$55m-\$60m

<sup>1</sup> FY2013F Revenue includes an anticipated revenue contribution from G&S Engineering in the range of \$160m to \$180m.

**Calibre Group Managing Director, Rod Baxter** said "While we are now anticipating some potential delays in the timing of certain projects with junior iron ore clients, we are very well placed to maintain strong year on year revenue and earnings growth compared with FY2012".

"Calibre has a solid platform to navigate current market conditions, maintain its strong growth track record, and capture the emerging growth opportunities that we see ahead of us in our sector," he added.

"We are again demonstrating Calibre's proven capacity to quickly respond to changing conditions and client needs, through a flexible and responsive business model, enabling us to maintain strong margins".

"We remain fully focussed on continuing to access further sustainable and quality earnings streams with strong growth potential," Mr Baxter added.

"To this end, our growth strategy continues to focus on growing our existing core business and further diversifying our revenue base by expanding our geographic and market sector reach, and exposure to asset management activity".

“Calibre listed in August last year to provide the Company with additional flexibility to pursue its growth and diversification strategy, and since listing the business we have wasted no time in this respect. We look forward to reporting further progress on our growth initiatives in due course,” Mr Baxter said.

## ENDS

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### About Calibre

*Calibre Group (ASX:CGH) (Calibre) is a leading diversified provider of engineering, project delivery, and asset management services to the resources and infrastructure markets in Australia and select international markets. With its origins in 2002, Calibre has maintained a track record of strong earnings growth, listing on the ASX in August 2012. Calibre offers clients a comprehensive and integrated range of services from early-stage asset evaluation and project feasibility studies, through design and delivery, to ongoing support, optimisation and maintenance of mine, rail and infrastructure assets.*

*Calibre provides its services across the asset lifecycle through key Group companies Calibre Global, G&S Engineering, Brown Consulting and Xstract Mining Consultants.*

*Calibre's growth strategy involves growing its existing mine, heavy haul rail and infrastructure businesses, and diversifying its geographic footprint, asset management services and end markets through both organic and acquisition-led growth.*

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