

# SAI ON TRACK TO DELIVER FULL-YEAR AGM GUIDANCE

Sydney, Australia, 18<sup>th</sup> February 2014. SAI Global Limited (ASX: SAI) today announced a net profit after tax attributable to shareholders of \$18.0 million. This was a decrease of 2.1% over the prior corresponding period and is consistent with the guidance provided at the AGM. Underlying net profit after tax was \$20.6 million, up 11.6% on the prior corresponding period.

SAI Global recorded growth in sales revenue from \$237.8 million to \$262.9 million, an increase of 10.6%. This strong headline growth was driven by positive translation benefits arising from the weaker Australian dollar together with organic growth and contributions from recent acquisitions. Revenue growth in constant currency terms was 5.6%.

Earnings before interest, tax, depreciation and amortisation (EBITDA) were \$48.1 million, a modest increase of 1.7% over the corresponding period's result of \$47.3 million. However, this result includes significant charges of \$3.6M. Underlying<sup>1</sup> EBITDA grew 9.3% to \$51.7 million.

Operating cash inflows were \$36.3 million, up 23.1% from the \$29.5 million achieved in the previous corresponding period.

The directors have declared a fully franked interim dividend of 7.0 cents. The dividend will be paid on 1<sup>st</sup> April 2014. The record date is 28<sup>th</sup> February 2014.

## KEY FINANCIALS

<b>Sales revenue</b>	\$262.9 million	Up 10.6%
<b>EBITDA</b>	\$48.1 million	Up 1.7%
<b>Underlying<sup>1</sup> EBITDA</b>	\$51.7 million	Up 9.3%
<b>Statutory net profit after tax</b>	\$18.0 million	Down 2.1%
<b>Underlying<sup>1</sup> net profit after tax</b>	\$20.6 million	Up 11.6%
<b>Net operating cash inflows</b>	\$36.3 million	Up 23.1%
<b>Statutory earnings per share</b>	8.6 cents	Down 4.4%
<b>Underlying<sup>1</sup> earnings per share</b>	9.8 cents	Up 8.9%
<b>Interim dividend</b>	7.0 cents, 100% franked	Up 2.9%

1. The underlying basis is a non-IFRS measure that, in the opinion of the Directors, is useful in understanding and appraising the Company's performance. The underlying basis excludes significant charges associated with acquiring and integrating new businesses, costs associated with any significant restructuring and other significant items of a non-recurring nature.

Chief Executive Officer, Mr Stephen Porges said: "Overall this is a reasonable first-half performance, driven by the weaker Australian dollar and a strong performance from the Information Services division. We are meeting the targets set at the beginning of the year both in terms of financial performance and the reorganisation of the Compliance division, including development of its next generation learning platform. We are currently forecasting to report a full-year result consistent with the guidance provided at the AGM".

## Information Services

The Information Services division consists of two verticals; “Standards and Technical information” and “SAI Global Property”.

Standards and Technical information achieved revenue growth of 12%. Strong subscription sales growth in all regions added to the ASME Pressure Vessel code release in the UK, which occurs every 3 years, has resulted in a spike in publication sales and more than offsets the decline in publication sales for the APAC and North American regions where softness continues as a result of the lack of any substantial new commercial standard releases. Underlying EBITDA was also firmer, up 7.6%.

Property had a strong first-half achieving revenue growth of 12.1% and underlying EBITDA growth of 53.5%. This strong performance has been driven by three major factors, the buoyant real estate market, the full impact of the ANZ and CBA new business wins, and operational efficiencies.

Property market activity is expected to remain buoyant during the second-half. However, it should be noted that the second-half performance relative to the prior corresponding period will be much less pronounced, as the corresponding period last year already included significant contributions from the ANZ and CBA contracts.

Overall the Information Services division reported revenue growth of 12.1% and underlying EBITDA growth of 21.0%.

	1H FY14	1H FY13 <sup>1</sup>	Change
<b>Sales revenue (\$M)</b>	<b>122.3</b>	109.1	<b>12.1%</b>
<b>EBITDA (\$M)</b>	<b>31.4</b>	26.0	<b>21.0%</b>
<b>EBITDA Margin (%)</b>	<b>25.7%</b>	23.8%	<b>1.9%</b>

1. From the 1 July 2013 management responsibility for the alerts and newsfeed business transferred from the Compliance Services division to the Information Services division. The comparative information above has been restated to be consistent with the segment reporting effective from 1 July 2013. As a result of this restatement revenue in 1H FY13 was increased by \$3.1million and EBITDA was increased by \$1.7 million.

## Compliance Services

The Compliance division is tracking to expectations and has executed well in reorganising for organic growth. During the first-half the business completed performance testing and independent review of “Compliance 360” as the platform for the next-generation learning solution. Both of these exercises validated selection of this development path and the learning solution development effort is well underway and on plan.

A new organisation structure along global functional lines has been implemented to drive consistent strategic focus, integration and operational efficiency. This has involved the recruitment of a number of seasoned executives with proven success on a global scale. The Environmental, Health and Safety unit has also been restructured to bring costs into line with revenue.

Performance highlights include renewal of the Compliance Learning’s top three North American clients at increased volumes; continued expansion and strong customer renewals in GRC software; and growth in the EMEA region.

The division has performed in line with the Board’s expectations set at the beginning of this fiscal year. Revenue increased to \$46.9 million, up 5.5% on the corresponding period, driven by the impact of the weaker Australian dollar. Underlying EBITDA was down 6.9%.

	1H FY14	1H FY13 <sup>1</sup>	Change
<b>Revenue (\$M)</b>	<b>46.9</b>	44.4	<b>5.5%</b>
<b>EBITDA (\$M)</b>	<b>12.8</b>	13.8	<b>(6.9%)</b>
<b>EBITDA Margin (%)</b>	<b>27.3%</b>	31.0%	<b>(3.7%)</b>

1. From the 1 July 2013 management responsibility for the alerts and newsfeed business transferred from the Compliance Services division to the Information Services division. The comparative information above has been restated to be consistent with the segment reporting effective from 1 July 2013. As a result of this restatement revenue in 1H FY13 was decreased by \$3.1million and EBITDA was decreased by \$1.7 million.

## Assurance Services

The Assurance Services division achieved revenue growth of 10.9% compared with the prior corresponding period, benefiting from a weaker Australian dollar and the impact of recent acquisitions. The Asian business delivered double digit organic revenue growth, and EMEA delivered mid-single digit growth, both driven by increased volumes in Food. In the Australian and Americas businesses the phasing of audits this year is skewed to the second-half and underlying organic revenues were down 0.9% and 2.0% respectively in the first-half. Underlying EBITDA was down 1.5%, despite the benefits of currency and recent acquisitions. This reduction reflects a larger than usual weighting of audit days to the second-half.

The new global back office platform has been successfully implemented in Asia and the roll out to all regions is progressing. Improved operational efficiencies from this platform are now being realised and are expected to grow progressively during the second-half and into FY15. Focus on strengthening account management capabilities and increasing the value add for customers remains a priority.

In September 2013 IQMS Management Systems Ltd in the UK was acquired. This acquisition adds scale to the UK training business and will provide a platform through which to leverage global training assets.

With the phasing of scheduled audits in Australia and Americas skewed more towards the second-half than usual an improved organic growth performance in the second-half is expected, which together with the impact of acquisitions and a continuing weaker Australian dollar is forecast to deliver full-year double-digit EBITDA growth.

	1H FY14	1H FY13	Change
<b>Revenue (\$M)</b>	<b>94.8</b>	85.5	<b>10.9%</b>
<b>EBITDA (\$M)</b>	<b>14.3</b>	14.5	<b>(1.5%)</b>
<b>EBITDA Margin (%)</b>	<b>15.0%</b>	16.9%	<b>(1.9%)</b>

## Outlook for FY14

Full-year guidance is unchanged from that provided at the AGM last October.

We remain confident of achieving 8-10% growth in revenue in FY14, but lower growth in EBITDA for the reasons stated below. An NPAT result broadly in line with that achieved in FY13 is expected (before the FY13 impairment charge).

Revenue growth will be driven by:

- The weaker Australian dollar;
- Continued solid growth of subscription revenue in the Standards & Technical Information business in the Information Services division;
- Growth in the Property business within the Information Services division, due to the new business wins, an improved property market and a full year contribution from the ANZ and CBA contracts;

- A return to trend growth of 5% to 7% in the Assurance division

From a business perspective we will continue to focus on:

- Completing the restructure of Compliance and managing the development of the next generation learning platform;
- Positioning the Property business for both manual and electronic conveyancing;
- Implementing the recommendations flowing from the Information Technology review;
- Rolling out the new back office platform in Assurance Services;
- Efficiency and productivity gains to improve margin and leverage at both an internal and customer level across the business.

Each of these initiatives will continue to require both capital investment and operational support during the second-half.

### **Media & Investor Inquiries**

*Stephen Porges – Chief Executive Officer, SAI Global Limited +612 8206 6182, 0429 420 237*

*Geoff Richardson – Chief Financial Officer, SAI Global Limited +612 8206 6805, 0429 314 698*

For further information please visit [www.saiglobal.com](http://www.saiglobal.com).