

LEGEND
CORPORATION

Investor Update February 2019

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Disclaimer

Outlook Statement

This presentation contains forward looking statements which may be subject to significant uncertainty outside of Legend Corporation Limited's (Legend) control.

No representation is made as to the accuracy or reliability of the forecasts or the assumptions on which they are based.

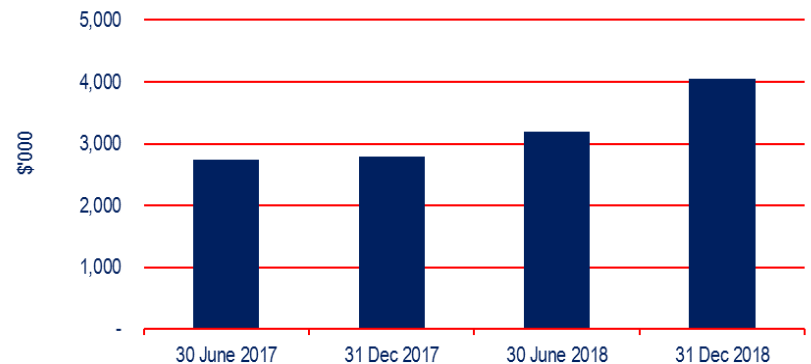
Actual future events may vary from these forecasts. Users of this information are cautioned against placing undue reliance on any forward looking statements.

Legend NPAT UP 46% on PCP

Legend has continued to build on the earnings growth reported for the 2018 financial year with NPAT of \$4.1 million for the 6 months ended 31 December 2018, up 46% on pcp (pcp: \$2.8 million).

The result represents the strongest first half NPAT in seven years and the fourth consecutive increase in half yearly earnings.

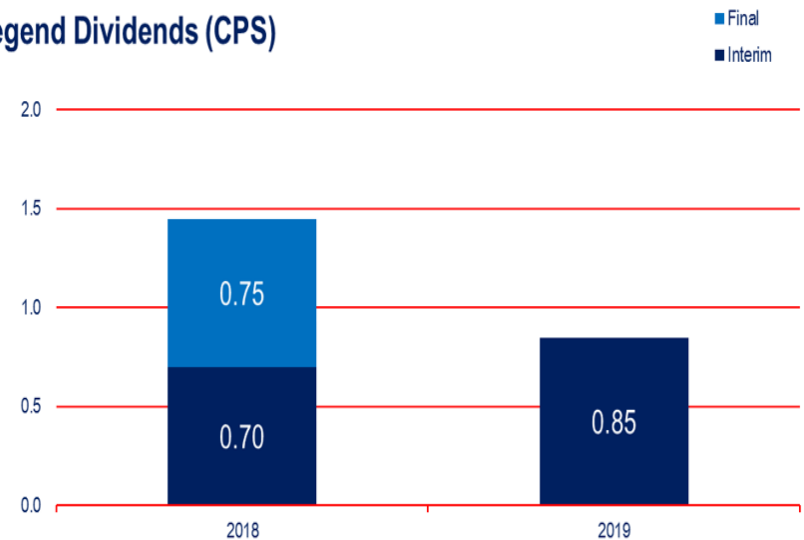
Net Profit After Tax



Interim Dividend Increased

A fully franked interim dividend of 0.85 cents, up 21% on pcp, has been declared for HY19 with a Record Date of 15 March 2019 and Payment Date of 8 May 2019.

Legend Dividends (CPS)



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Financial Summary

	31 Dec 2018 \$'000	31 Dec 2017 \$'000	% Change
INCOME			
Sales Revenue	67,745	51,407	31.8%
Gross profit	30,138	23,225	29.8%
Gross profit margin	44.5%	45.2%	
EBITDA	7,935	5,531	43.5%
EBITDA margin	11.7%	10.8%	
EBIT	6,356	4,592	38.4%
EBIT margin	9.4%	8.9%	
NPBT	5,803	4,115	41.0%
NPBT margin	8.6%	8.0%	
NPAT	4,058	2,787	45.6%
NPAT margin	6.0%	5.4%	
Earning per share (cents)	1.87	1.29	45.0%
Dividends paid (cents)	0.75	0.60	25.0%
Dividends announced (cents)	0.85	0.70	21.4%
CASH FLOW			
Operating cash flow	4,427	5,653	(21.7%)

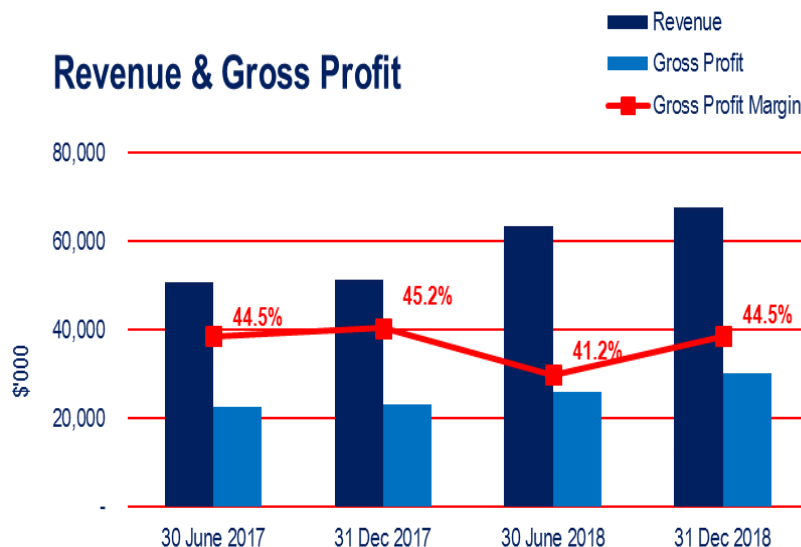
	31 Dec 2018 \$'000	30 June 2018 \$'000	% Change
FINANCIAL POSITION			
Net assets	75,134	72,697	3.4%
Net tangible assets	15,493	14,508	6.8%
Net Bank debt	(21,015)	(21,017)	0.0%

Revenue & Gross Profit

Group revenue was up 32% on pcp to \$67.7 million (pcp: \$51.4 million). \$9.2m of the increase came from the recently acquired businesses, with the remaining \$7.1 million from pre-existing Group operations representing an increase in revenue from pre-existing operations of 14% on pcp.

Excluding revenue of recently acquired business, all segments reported double digit growth; Electrical, Power and Infrastructure up 14%, Innovative Electrical Solutions up 19%, and Gas and Plumbing up 10% on pcp.

Gross profit was up 30% on pcp with a margin of 44.5% down less than 1% on pcp (pcp: 45.2%). Gross margin was a significant improvement on the 41.2% recorded during the second half of FY18.



Electrical, Power and Infrastructure

Revenue from this segment increased 37% on pcp. Excluding the contribution of CLX acquired 28 February 2018, revenue from pre-existing operations increased 14% on pcp. The segment continued to benefit from increased demand driven by the nationwide spending on infrastructure and commercial projects, including capital works by Power utilities.

EBITDA for the period was up 12% on pcp with the full benefit of the increased revenue counteracted by lower margins and additional overheads from both existing and acquired operations.

CLX has not performed up to expectations with a profit of \$0.3 million before amortisation of intangible assets. Whilst future performance remains difficult to quantify, the expectation is for improved earnings over the coming 6 months.

	30 June 2017 \$'000	31 December 2017 \$'000	30 June 2018 \$'000	31 December 2018 \$'000
Revenue	31,813	33,941	43,214	46,654
EBITDA	2,839	3,379	3,622	3,779
Segment Profit	2,202	2,884	2,588	2,586

Innovative Electrical Products

PCWI (acquired 1 August 2018) was a significant factor in the 52% increase in revenue and 96% increase in segment EBITDA on pcp.

Excluding the contribution of PCWI, the performance of pre-existing operations continued to improve as a result of ongoing defence contracts. Revenue from pre-existing operations was up 19% on pcp, with EBITDA up 48% on moderately lower gross margin and lower overhead expenses.

The performance of PCWI since acquisition has exceeded expectations with further improvement in earnings expected on the integration of operations within the Group.

	30 June 2017 \$'000	31 December 2017 \$'000	30 June 2018 \$'000	31 December 2018 \$'000
Revenue	3,850	4,299	4,545	6,526
EBITDA	760	1,112	1,055	2,180
Segment Profit	658	1,018	968	2,006

Gas and Plumbing

Segment revenue was up 10% on pcp, the increase coming from greater demand in the areas of industrial and commercial product sales.

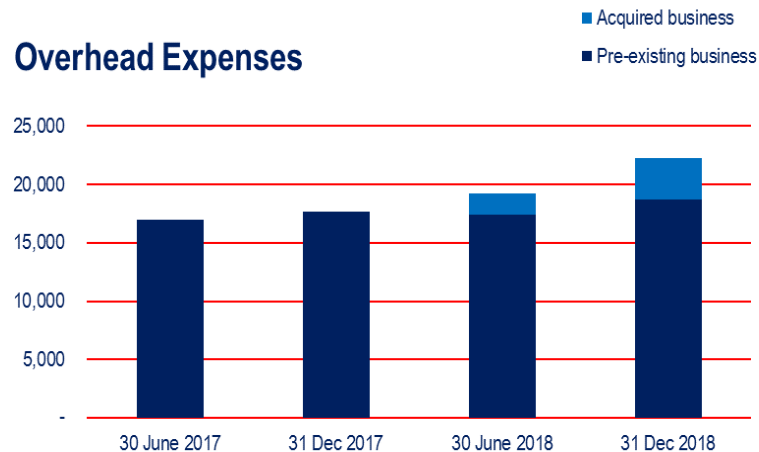
Gross profit margin was up almost 3% on pcp, with overhead costs unchanged period on period for a resulting EBITDA up 90% on pcp.

	30 June 2017	31 December 2017	30 June 2018	31 December 2018
	\$'000	\$'000	\$'000	\$'000
Revenue	16,035	14,336	16,624	15,786
EBITDA	2,099	1,040	2,225	1,976
Segment Profit	1,666	690	1,874	1,764

Overhead Expenditure

Overhead expenses were up \$4.5 million or 26% on pcp to \$22.2 million (pcp: \$17.7 million) with \$3.5 million of the increase attributable to acquired business.

The remaining increase of \$1.0 million from pre-existing operations came from increased employee costs through annual CPI wage increases, a minor increase in headcount, and increased incentives due to the achievement of budgeted sales targets.



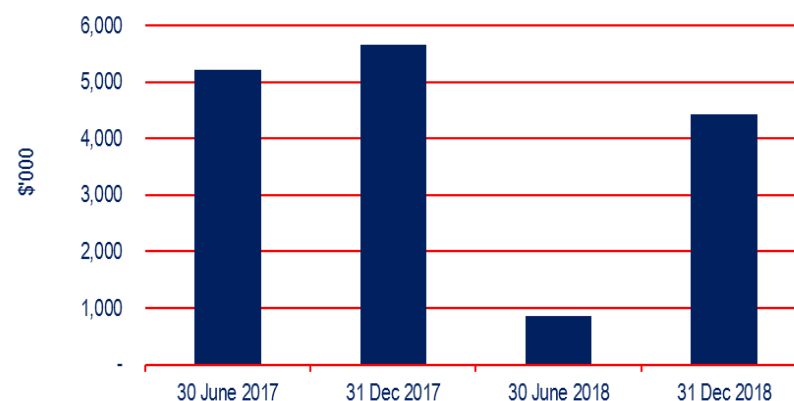
Operating Cash Flow

Operating cash flow was down 22% to \$4.4 million (pcp: \$5.7 million).

An increase in inventory of over \$3.0 million was the main consumer of operating cash. Range extensions in areas of plastic conduit, commercial and industrial gas, and additional stock carry for future defence projects were key contributors to the increased.

Cash generated during the period was used to repay \$2.7 million of bank debt, and pay a dividend to shareholders of \$1.6 million.

Operating Cash Flow

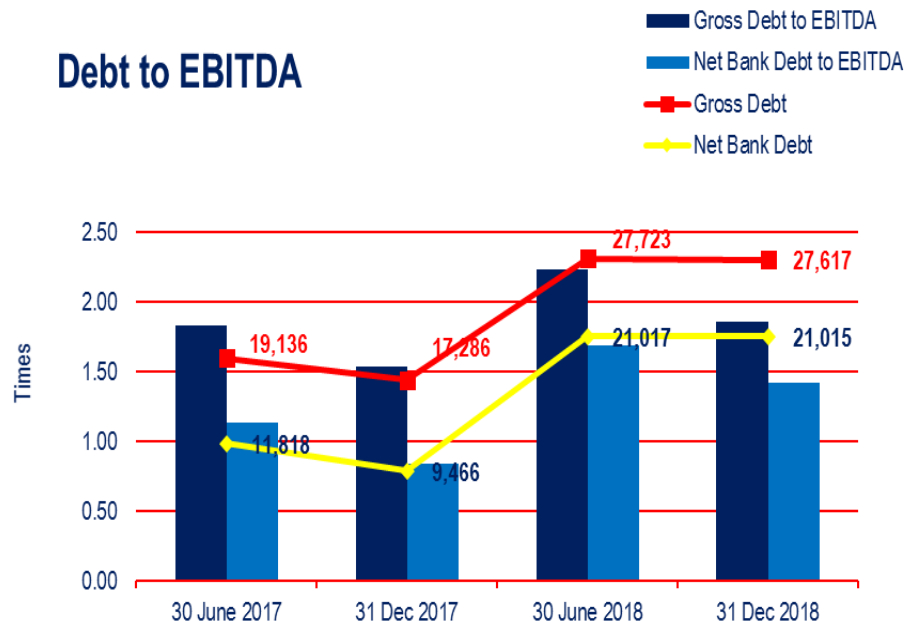


Bank Debt

Net bank debt remained unchanged at \$21.0 million. Net debt to annualised EBITDA however declined from 1.7 times at 30 June 2018 to 1.4 times at period end off the back of improved earnings.

Banking facilities continue to have capacity for further organic and acquisitive growth.

Debt to EBITDA



Acquisitions

As announced 11 September 2018, Legend acquired the issued capital of PCWI Technology Pty Ltd (PCWI) effective 1 August 2018 for a single payment of \$2.6 million.

The acquisition was funded through existing debt facilities.

PCWI is a manufacturer, distributor and exporter of specialised test and measurement equipment used in gas, oil and medical applications.

Further details can be found at www.pcwi.com.au.

Outlook – Continued Growth

The outlook for the Group remains positive with further improvement to profit expected in the second half of this financial year.

Electrical, Power and Infrastructure has delivered consistent and sustained revenue growth over the past 18 months and this is expected to continue.

Innovative Electrical Solutions is expected to deliver improved results through the continuation and expansion of defence related contracts and new product releases.

Gas and Plumbing remains focused on margin improvement whilst continuing to grow revenue at a consistent rate.

Legend continues to investigate complimentary acquisitions that will deliver enhanced shareholder returns.

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