

COSOL on track for continued strong revenue, earnings growth in H1, full year outlook robust

Brisbane, 16 November 2023 – COSOL Limited (COSOL, ASX: COS) (“COSOL”) is pleased to announce it has experienced continued strong trading conditions in the first half of the 2024 financial year.

The Company is on track to report 40-45% pcp growth in revenue for the six months to 31 December 2023, with an EBITDA operating margin of 13.5%-14%. This includes organic revenue growth in the mid-teens achieved on the back of significant investment in business development resources in Australia and North America.

COSOL anticipates further positive trading conditions in the second half of FY24.

COSOL Chairman Geoff Lewis said the Company’s dual growth model continued to deliver positive outcomes, with satisfactory returns from both organic and acquisitive growth initiatives.

Speaking at COSOL’s Annual General Meeting today, Mr Lewis said:

“We have a clear strategy and focus on growing organically and making complementary, accretive acquisitions, which turns on buying well, integrating successfully with our broader COSOL business, and then managing profitably.

“The asset management sector in which COSOL operates is undergoing strong growth that we believe will continue far into the future given the increased reliance for organisations to get greater efficiencies from their heavy asset networks.

“We have proprietary software and systems that give COSOL a distinct competitive edge and the ability to build long-term relationships with clients and work with them collaboratively to achieve positive results in their business.

“We remain focused on profitable growth, strong operating margins, and building COSOL’s strategic position in a market where corporate attention is fast-growing.”

COSOL’s strong start to FY24 follows record revenue and earnings in FY23. The Company reported EBITDA of \$11.6 million (up 37.4%) on revenue of \$75.1 million (up 55.7%). EBIT was 37% higher at \$11.1 million and NPAT was up 44.3% at \$8 million.

Basic earnings per share were 5.43 cents (up 35.4%) and the full year, fully franked dividend totalled 2.46 cents per share (up 28%).

COSOL Chief Executive Officer Scott McGowan said the Company continued to build out its Asset Management services and solutions, bringing more ways that customers can optimise and make their heavy asset networks more efficiently.

“In a high inflationary environment and a focus on achieving greater returns on capital equipment the need to find those meaningful efficiencies has never been more acute,” said Mr McGowan.

“The recent addition of the AssetOn business, has been especially welcomed by customers seeking those optimisation benefits.

“Importantly, the additional service capability has been reflected in significant contract wins and extensions with existing customers.”

Mr McGowan highlighted a number of contract wins in new markets that underscore how the expanded capability from new acquisitions can translate into major new customers.

These wins included extensions to managed services agreements such as Hud Bay and Hecla Mining in North America and proprietary IP and solutions delivery to Transgrid and Department of Defence.

Mr McGowan said COSOL was focused on long-term, repeat customers as key to delivering steady, predictable growth in revenue and earnings.

“These long-standing relationships allow COSOL to deliver superior outcomes to clients as we deepen our operational involvement and build on the efficiencies already captured,” he said.

“It also builds steadiness and predictability into COSOL’s own operations and grows the proportion of annuity style revenue in our income streams.”

Mr McGowan said the outlook for FY24 remained strong, with first half organic growth in revenue in the mid-teens.

“Importantly, our operating margins remain firm and we anticipate an EBITDA margin for the first half of between 13.5 and 14%, including the increased investment in business development and transformation across the group”, said Mr Gowan.

“As with each past year since listing, we expect COSOL will see a greater weighting of revenue and earnings in the second half of the financial year.

“Our contract pipeline for H2 and beyond into FY25 is strong across all of our markets, including North America.”

“COSOL continues to assess acquisitive growth opportunities in the ordinary course of business.”

This announcement was authorised for release by the Board of COSOL Limited.

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About COSOL

COSOL is a global Asset Management technology-enabled solution provider that optimises operations in asset intensive industries such as natural resources, energy and water utilities, public infrastructure and defence.

COSOL continuously invests in its ecosystem of software and services to help large-scale asset owners get more from their networks and to capture quantifiable business improvements measured in sustainability, efficiencies and profitability.

Our mission is to help our customer achieve zero waste in their operations and supply chains using COSOL's creative leadership and passion for asset management innovation.

Since listing in January 2020, COSOL has delivered profitable growth, strong operating cashflows and successful strategic acquisitions.