

23 August 2024

## Verbrec FY2024 Results Announcement

Verbrec Limited (ASX : VBC) (**Verbrec** or the **Company**) today announces its results for the full year ended 30 June 2024.

### FY2024 Results Summary

	FY2024 \$'000	FY2023 \$'000	CHANGE TO PCP
Revenue	\$93.4 m	\$109.9 m	(15.1) %
Gross Profit	\$33.4 m	\$26.9 m	24.2 %
Gross Margin	35.8 %	24.5 %	46.2 %
EBITDA	\$8.8 m	(\$2.9) m	400.2 %
EBITDA Margin	9.4 %	(2.7) %	453.5 %
Profit / (Loss) after tax for Continuing Operations	\$4.8 m	(\$6.4) m	174.2 %
Profit / (Loss) after tax attributable to Discontinued Operations	(\$2.8) m	(\$3.1) m	10.0 %
Total comprehensive Profit / (Loss) attributable to owners of the Company	\$2.0 m	(\$9.5) m	121.0 %

*Note: Revenue, Gross Profit, Gross Margin, EBITDA and EBITDA Margin in the above table are presented in the context of Continuing Operations only.*

The successful divestment in November 2023 of unprofitable parts of Verbrec's training business (**Discontinued Operations**) has improved the financial position of the business.

This included a one-off NPAT impact of \$2.8 million, made up of \$1.8 million written off intangibles (including goodwill) and \$1.0 million in operating losses related to the Discontinued Operations in H1 FY2024.

As the Discontinued Operations will not materially impact the performance of the Company moving forward, unless explicitly stated otherwise, all financial metrics for FY2024 and FY2023 in this announcement are presented in the context of Continuing Operations, whereas earlier periods have not been adjusted.

#### Verbrec Limited

ASX : VBC

ACN: 127 897 689

[Verbrec.com](https://www.verbrec.com)

#### Share Registry

Computershare Investor Services Pty Ltd

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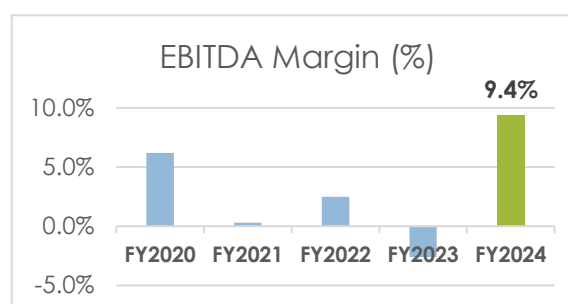
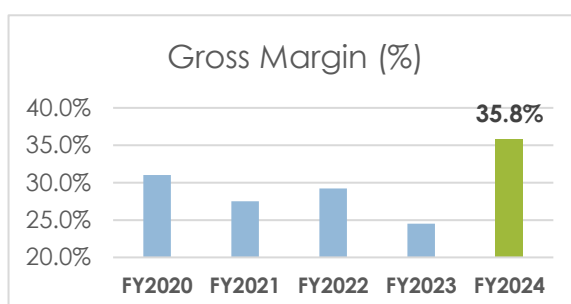
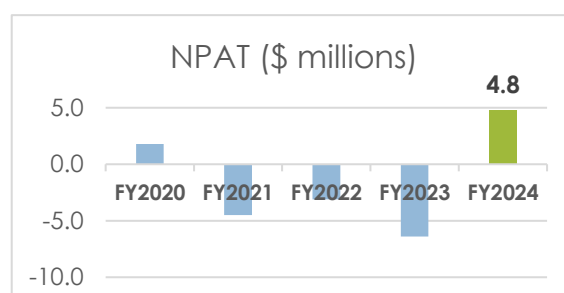
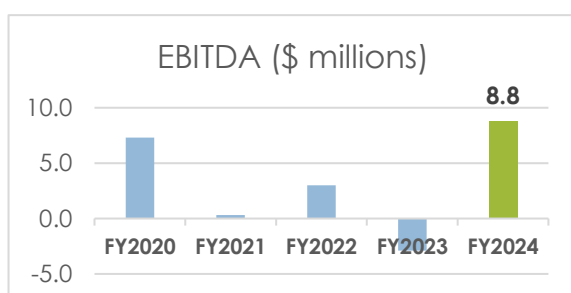
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## Results Commentary

Improved financial performance in the financial year resulted in Verbrec unconditionally passing all banking covenants.

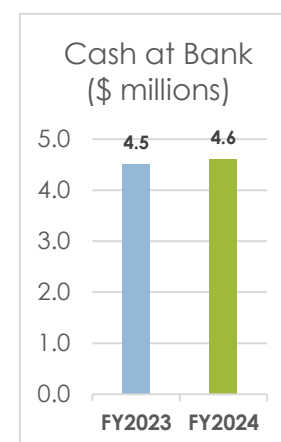
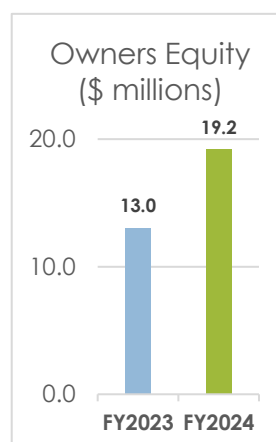
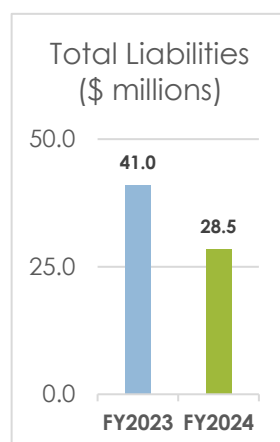
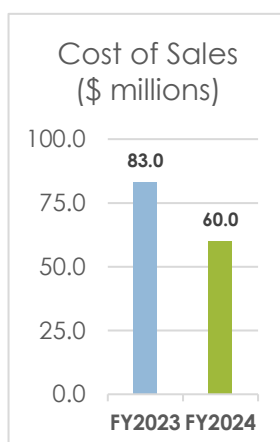
Covenant	Measurement	Result	
Financial Debt to Adjusted EBITDA	Less than 3.5 times	1.83 times	✓
Adjusted Equity to Assets Ratio	Greater than or equal to 40%	45.1 %	✓

Highest EBITDA (\$8.8m) and NPAT (\$4.8m) since FY2015. Highest gross margins (35.8%) and EBITDA margins (9.4%) since the merger of OSD and LogiCamms in 2019.



Steep reduction in cost of sales and total liabilities from FY2023 to FY2024.

Owners' equity increased from FY2023 to FY2024 and net cash position holding firm.



## Focus on economically attractive projects and growing healthy revenues

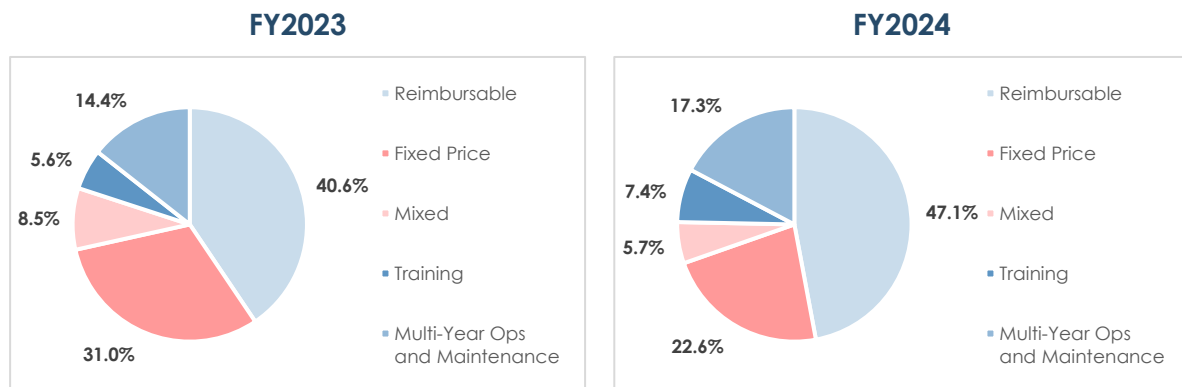
Verbrec's revenue was \$93.4 million in FY2024, down from \$109.9 million in FY2023.

This reduction in revenues is driven primarily by the due diligence process Verbrec has implemented to ensure that our revenue is primarily generated from relationship clients and has economically favourable commercial terms.

This change has contributed to Verbrec achieving the best profit margins from its revenues since FY2015.

The proportion of revenues generated from Verbrec's top 20 relationship clients has increased to 68.2% in FY2024 (FY2023: 64.4%). Much of this revenue is generated through commercially favourable terms of long-term panel agreements (FY2024: 42.8% revenue, FY2023: 39.8% revenue) and multi-year operations & maintenance agreements (FY2024: 10.9% revenue, FY2023: 7.5% revenue).

Complementing this, the proportion of revenue generated from lump sum and fixed price projects decreased in FY2024.



## Foundations set for profitability and growth

In early FY2024, Verbrec's CEO and management team executed a targeted operational review to address persistent issues which were hindering the business' ability to grow, including improvements to operational efficiencies, divestment of parts of Verbrec's training business and a capital raise.

The impacts of these activities allowed a foundation upon which management could focus on the recovery of the business and setting the right strategy and behaviours for growth. The results at the end of the financial year are self-evident with Verbrec achieving the highest EBITDA and NPAT margins since FY2015 and the lowest cost of sales since the merger of OSD and LogiCamms in 2019.

The second half of FY2024, having completed recovery actions, Verbrec's CEO and management team implemented a new strategic direction for the Company, simplifying the core focus to four key pillars:

- **Relationship Clients**
- **Best People, Great Teams**
- **Build Capability**
- **Delivery**

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## Outlook & Summary

The Company's refreshed strategy is embedded and leaves Verbrec poised to move into a new growth phase. By executing on the new strategic direction, Verbrec expects to increase revenue and profitability in FY2025.

Verbrec increased its efficiency in converting opportunities to contract awards in FY2024 with an average tender-win-rate of 36.0% (FY2023: 31.0%). Verbrec's unweighted opportunity pipeline expected to be awarded in FY2025 is approximately \$121 million as at 22 August 2024.<sup>1</sup>

Verbrec's work in hand, including FY2025 predicted variation inputs at 30 June 2024 was \$55 million. Approximately \$10 million of contracts have been awarded between 1 July 2024 and 22 August 2024.<sup>1</sup>

The reintroduction of a dividend to shareholders remains a primary goal for the Board.

<sup>1</sup> Opportunities, work-in-hand and post-FY2024 contract awards are for engineering revenue segment only. Training segment revenue is not included.

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## Authorised for release by the Board of Directors of Verbrec Limited.

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## About Verbrec Limited

Verbrec is a leading engineering, project, training and mining technology service provider that supports customers across Australia, New Zealand, PNG and beyond. The Company serves the energy, infrastructure, and mining industries through their technical specialties; asset management, automation and control, pipelines, power, process plant and training, with capabilities that span across the entire life cycle of an asset. Verbrec is an Australian Securities Exchange listed company (ASX:VBC).

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