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ASX / Media Release

27 August 2014

CALIBRE DELIVERS STRONG CASH FLOWS AND NPAT GROWTH OF 10.1%

- **Continued focus on safety** with a TRIFR of 3.1
- **NPAT** of $24.4m, an increase of 10.1%
- **Revenue** of $709.3m, in line with the prior period
- **EBITDA** of $45.2m, down 14.1%
- **Operating cash flow** of $63m, an increase of 50%
- **Net cash** of $2.8m
- **EPS** of 7.6 cents, an increase of 4.1%
- **Fully franked final dividend** of 2.5 cents per share, full year dividend of 6.0 cents
- **Diversification strategy** continued with two acquisitions including Spiire, New Zealand. A third acquisition, Ark Maintenance, completed on 7 July 2014.

Calibre Group Limited **(ASX: CGH)** today reported a net profit after tax of $24.4m for the year ended 30 June 2014, an increase of 10.1% over the prior corresponding period (pcp). Calibre's diversification strategy to broaden recurring revenue streams saw revenue increases in Infrastructure and Consulting offset partly by Resources. This enabled Calibre to deliver a sound result for the year amid tight trading conditions. The inclusion of R&D tax benefits favourably impacted NPAT.

Calibre's strong operating cash flows delivered closing cash of $46.4m and resulted in a net cash position of $2.8m compared to a net debt position of $23.0m in the pcp.

Directors have declared a fully franked final dividend of 2.5 cents per share, taking the full year dividend to 6.0 cents per share.

Calibre continued its safety commitment to Zero Harm, recording a Total Recordable Injury Frequency Rate (TRIFR) of 3.1 for the year compared to 3.2 in the pcp.

Calibre's CEO and Managing Director, Peter Reichler said "It is pleasing to achieve a sound result at this point in our transition. Calibre's strong client relationships, increasingly diversified revenue profile and flexibility sharpens our responsiveness to the tight trading conditions".

"We have a clear strategy to diversify our revenue base by entering new markets and regions and by broadening our commodity exposure and client base."

Key financial results

$m	FY2014	FY2013[1]	Var (pcp)
Revenue	**$709.3**	$711.3	(0.3%)
EBITDA	**$45.2**	$52.6	(14.1%)
EBITDA margin	**6.4%**	7.4%	-
NPAT	**$24.4**	$22.2	10.1%
NPATA (pre-amortisation)	**$34.6**	$36.3	(4.7%)
Earnings per share (cents)	**7.6**	7.3	4.1%
Net operating cash flow	**$63.3**	$42.3	49.6%
Dividend per share (cents)	**6.0**	7.6	(21.1%)

[1] Included nine month contribution from G&S Engineering

Financial Overview

Increased revenues in both Infrastructure and Consulting were offset by lower revenues in Resources, resulting in consolidated revenues of $709.3m in line with pcp.

EBITDA of $45.2m was 14.1% lower than the result achieved in the pcp driven by changes in business mix and market conditions.

NPAT of $24.4m was 10.1% higher than the pcp, driven by R&D tax benefits and lower interest costs as a result of the debt reduction undertaken during the year. An $11.7m net tax benefit was achieved in the year. R&D activities reflect the innovative work undertaken for clients and are an ongoing feature of the business.

Net Cash Position

The focus on working capital management realised net operating cash flows of $63.3m (FY2013: $42.3m). The cash conversion ratio[2] of 140.0% represented a significant improvement over the 80.4% achieved in the pcp.

The emphasis on the conversion of working capital to cash flow and tax benefits enabled Calibre to achieve a net cash position at 30 June 2014 of $2.8m. This compared to a net debt position at June 2013 of $23.0m.

2 Calculated as operating cash flow divided by EBITDA

During the year, Calibre made $34.7m in debt repayments and $23.9m in payments for acquisitions and deferred consideration liabilities. Effective capital management enabled the acquisitions completed during the year to be funded through existing cash reserves.

Calibre's cash position at 30 June 2014 was $46.4m (FY2013: $50.2m).

The interest cover was 7.7 times, down from 8.6 times at June 2013[3].

Total net capital expenditure of $5.8m consisted primarily of systems upgrades and implementations.

Margins and cost management

Calibre's EBITDA margin of 6.4% (FY2013: 7.4%) reflects market conditions and business mix with a continued strong focus on costs by clients.

To maintain cost competitiveness Calibre continued to focus on cost management ensuring both business support costs and the corporate structure align to the current operating environment. This led to a 10.0% reduction in overhead expenses compared to the pcp.

Costs associated with optimising the business to a sustainable level during the year were fully absorbed in the results.

Final Dividend

Directors have declared a fully franked final dividend of 2.5 cents per share, taking the full year dividend to 6.0 cents per share.

The dividend will be paid on 1 October 2014 (Payment Date) with the record date for entitlements being 5pm AWST on 12 September 2014 (Record Date).

Eligible shareholders will be able to participate in the Calibre Dividend Reinvestment Plan. No discount to the issue price and a 5-day VWAP will apply. Full details of the plan are addressed in an accompanying announcement.

OPERATIONAL REVIEW

Safety and Health

Calibre reported a Lost Time Injury Frequency Rate (LTIFR) of 0.2 in FY2014 over 5.4 million hours worked, compared to 0.0 in FY2013.

The Total recordable Injury Frequency Rate (TRIFR) of 3.1 in FY2014, compared to 3.2 in FY2013.

Health and safety initiatives undertaken during the year included a 'Minor Incidents, Major Consequences" education campaign and a "Drive Smart, Drive Safe" campaign setting out guidelines to help keep light vehicle driving safety front of mind.

Mr Reichler said "the safety of our people is the number one priority right across Calibre. I wish to thank each and every one of our people for their constant focus on our Zero Harm goal.

3 Calculated on a rolling twelve month basis

Segment Performance

Calibre provides its services through three key segments; Infrastructure, Consulting and Resources.

Infrastructure

Revenues increased by 98.1% to $329.2m during the year (FY2013: $166.2m) which included a full year contribution from G&S Engineering (pcp reflected a nine month contribution). Revenues were driven by the successful undertaking of two major projects during the year, the Hay Point Coal terminal onshore upgrade project and the Caval Ridge project for BHP Mitsubishi Alliance.

Maintenance activity levels were impacted by declining coal prices and coal price forecasts, with clients focused on productivity improvements and cost management.

Towards the end of the financial year, there were some positive signs that the maintenance activity levels were improving.

Consulting

Revenues grew 22.9% to $68.6m (FY 2013: $55.8m), with the strong result driven by a combination of organic growth and the acquisitions of E-Tec (Western Australia) and Spiire New Zealand. The acquisition of Spiire NZ in February 2014 provided a national presence in the New Zealand civil and urban infrastructure market. The acquisition of E-Tec contributed to a national footprint for Consulting. E-Tec offers an opportunity to grow in the Western Australian urban development market, leveraging our capability, reputation and client relationships.

There were improved conditions experienced in the residential urban development and civil engineering markets in Australia during the year, underpinning the organic growth.

Projects undertaken during the year included civil and structural services for the Nan Tien Institute's Learning and Cultural Centre (NSW), structural and civil engineering services for the Werribee Plaza (Vic) redevelopment, and construction engineering and supervisory services to the 30km Thomson underground rail line for the Singapore Land Transport Authority. In addition, a number of industry awards were received from the Urban Development Institute of Australia for projects undertaken during the year.

Resources

Revenues decreased by 36.7% to $312.0m (FY2013: $493.0m). Operations were affected by a combination of the completion of a number of large scale projects during the year and continued tight market conditions across the resources sector. This resulted in a significant reduction in new capital expansion projects and the delay or deferral of capital investment decisions.

Restructuring activities undertaken during the year to optimise the business for the current environment will realise $13.0m in annual cost savings going forward.

Resources continued its long term relationships with Rio Tinto and BHP Billiton, delivering multiple projects for these clients, including Western Turner Brockman. New client relationships were established during the year, including Samsung, where rail design work on the Roy Hill project was undertaken.

Transition process continues

Solid progress on Calibre's growth and diversification strategy was made during the year.

The Consulting business continued its growth strategy through the acquisition of West Australian based E-Tec Consultants in July 2013. This enabled the business to expand its West Australian capability. The acquisition of New Zealand based Spiire in February 2014 provided a national foot-print in New Zealand, exposing Calibre to a market with positive economic outlook and to the reconstruction opportunities in Christchurch.

At the end of the year the Infrastructure business entered into an agreement to acquire the business of Ark Maintenance (Ark). Ark is a Perth based business providing maintenance & optimisation services for structural, mechanical and piping machinery. The acquisition is expected to deliver increased scale and capability to operations in Western Australia. Completion occurred on the 7th July 2014.

The Resources business expanded into North America through the establishment of Toric Technologies, a JV between Calibre and a leading Canadian oil and gas automation business, True North Automation. The JV will jointly develop oil and gas technology market opportunities in Australia and bulk commodities, mining, rail and integrated operations technology opportunities in Canada.

Calibre continues to look for appropriate opportunities to diversify and grow the existing businesses, incorporating entry into new markets and regions and to gain exposure to a broader range of commodities and clients.

OUTLOOK

Our operating environment is characterised by client capital expenditure constraints, competitive conditions, and client focus on costs placing pressure on margins. Calibre expects tight market conditions to continue.

Across our segments we expect growth in Consulting, consolidation of the growth achieved in Infrastructure and some moderation in Resources.

The impact of lower revenue and margins are to be partly offset by cost savings and expected R&D tax benefits. With the changes in the business mix and timing of major project delivery, Calibre expects a stronger skew to revenue and earnings in 2H15 compared to previous years.

Calibre will continue its disciplined approach to identify appropriate opportunities to diversify and grow the existing businesses.

We will update the market on trading conditions at the AGM on November 27 2014 in Perth.

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27 August 2014