

NZX Release

27 February 2019

## Preliminary results announcement for first half of FY19

Veritas Investments Limited (NZX: VIL) announces that its unaudited net profit after tax (NPAT) for the six months to 31 December 2018 was \$615,259, compared to an unaudited net profit of \$152,554 in the previous corresponding period, an increase of \$462,705.

Net revenue for the period was \$12,503,229 compared to \$12,195,959 for the six months to 31 December 2017, an increase of 2.5%. Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) before significant items was \$2,781,428 compared to \$2,548,314 in the six months to 31 December 2017, an increase of 9.1%.

The underlying NPAT from continuing operations and before significant items (Underlying NPAT) was \$724,301 in the reporting period, compared to \$1,089,164 in the previous corresponding period. The decline was due to an increase in the interest expense to \$(1,531,133) in the period compared to \$(798,574) in the previous period. There were significant items consisting of acquisition costs of \$(119,349) in the period compared to restructuring and advisory costs of \$(749,090) in the previous period. Operating cash flow was \$1,501,815 compared to \$1,965,612 in the previous period.

A reconciliation of the Group's Underlying NPAT to its reported result complying with generally accepted accounting practice (GAAP) is as follows.

<b>Non-GAAP to GAAP profit reconciliation (unaudited)</b>	Half year ended	
	31 Dec 2018 \$000	31 Dec 2017 \$000
<b>NPAT from continuing operations before significant items (Non-GAAP Underlying NPAT)</b>	<b>724</b>	<b>1,089</b>
Significant items (net of tax):		
Acquisition costs	(86)	-
Restructuring and advisory costs	-	(539)
<b>NPAT from continuing operations (GAAP)</b>	<b>638</b>	<b>550</b>
Trading losses of Mad Butcher Stores	-	(395)
Trading profits of Mad Butcher Business	-	837
Impairments and costs on sale of Mad Butcher business and stores	(23)	(839)
<b>NPAT (GAAP)</b>	<b>615</b>	<b>153</b>

## **Updated Outlook and Market Guidance**

Our previous market guidance for FY19, as announced at the annual meeting of shareholders and disclosed to the market on 15 November 2018, was for the Group to achieve Revenue of \$23.5m - \$24.5m, EBITDA prior to significant items of \$4.8m - \$5.2m and Underlying NPAT of \$850k - \$1,050k for the full FY19.

Given the shareholders' approval for the purchase of the Citizen Park business which settled on 25 February 2019, the Board wishes to restate the guidance for the full FY19 to Revenue of \$24.5m - \$25.5m, EBITDA prior to significant items of \$5.2m - \$5.4m and Underlying NPAT of \$1.2m - \$1.3m.

As disclosed in our audited financial statements for FY18, the Board is considering a number of restructuring options, including the possible sale, of two outlets. Accordingly, this guidance is subject to any write-offs or gain/loss on sale, if any, that are incurred in connection with the implementation of these initiatives.

## **No interim dividend**

The Board has resolved that no interim dividend will be declared for the period ended 31 December 2018.

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## **About Veritas Investments Limited**

Veritas Investments is an NZX Main Board-listed investment company focusing in the Hospitality sector. The shell company was formed in December 2011 and acquired The Better Bar Company group business in November 2014 .