

<b>KORDIA GROUP LIMITED</b>	
Results for announcement to the market	
<b>Reporting Period</b>	Year ended 30 June 2020
<b>Previous Reporting Period</b>	Year ended 30 June 2019

	<b>Year to 30 June 2020 (NZD'000)</b>	<b>Year to 30 June 2019 (NZD'000)</b>	<b>Percentage change</b>
Revenue from ordinary activities	223,258	203,373	10%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	30,472	16,679	83%
Profit (loss) after tax	9,623	(149)	>100%

## **KORDIA GROUP FULL YEAR RESULTS**

Kordia Group has delivered revenue of \$223 million for the year ended 30 June 2020, an increase of 10 percent year-on-year, with a net profit of \$9.6 million.

“Despite our successes this year, like all businesses Kordia has not fully escaped the impacts of the pandemic. COVID-19 has been unprecedented in terms of its impact on health, wellbeing, the economy and the way we all go about daily life,” said John Quirk, Chairman of the Kordia Group.

“We are aware of a number of customers whose business operations have been impacted, in some cases severely, by the pandemic. This is particularly the case for those in the hospitality, tourism, sport and retail sectors. In recent months several customers have reached out requesting assistance as a result of financial and business constraints, which has put some pressure on our business.”

### **Networks**

Kordia's Networks business units had a strong year despite a relatively flat market. Year-on-year revenue was up slightly, driven by continued customer growth in SecureWAN. Kordia continues to differentiate itself through reliability, security and excellent servicing of customers, which is reflected through a high NPS score of more than 50.



The acquisition of cloud consultancy Emerging Technology Partners in February will usher in new streams of work, complementing Kordia's existing cloud connectivity and cyber security businesses.

Cloud migration and digital transformation will be key to many businesses to ensure resilience and continuity in the post-COVID environment, presenting new growth opportunities to explore.

"With new specialist skills to provide strategic planning, architecture, design, implementation and managed services, the Group can expand its current cloud offerings for both current and new customers," said Quirk.

## **Media**

On 23 April 2020, the New Zealand Government announced a financial support package for the New Zealand media industry to help organisations weather the initial impacts of COVID-19. As part of the package, Manatū Taonga, the Ministry for Culture and Heritage, is funding television and radio transmission fees for six months from May 2020. Kordia notes that there are significant industry pressures being faced by our media customers.

Despite significant challenges facing the media industry, Kordia was able to secure several significant re-signs with customers Māori TV and Prime, renewing their service agreements for digital terrestrial and satellite transmission respectively.

## **Cyber security**

The cyber business continues its growth trajectory. Revenues are up 14 percent year-on-year, an outstanding result reflective of the exceptional performance by Aura Information Security and the development of Kordia's managed security services.

"We continue to outperform the market for both consulting services and managed security services, proving that our strategy has set us on the right path," said Quirk.

With the cyber threat landscape evolving rapidly due to increased ransomware attacks and the incoming Privacy Act 2020 confirmed for December 2020, the Group is well placed to meet the growing demands of the cyber security market.

"Despite fierce market competition from both new and existing players, Aura has carved a name for itself as the premier cyber security consultancy in New Zealand. The highly skilled consulting team can service a wide range of customer needs, from penetration testing and security audits through to employee training and virtual security officer services. This makes Aura a versatile partner for both Government and enterprise clients," said Quirk.



### **Kordia Solutions Australia**

Last financial year Kordia Solutions Australia (KSA) felt the impact of the Australian Government's Chinese vendor ban, which saw major telco players pause implementation of 5G networks while they took stock of the changes required by this announcement. This trailed into the start of the current financial year, however from late Q1 work volumes began to pick up again.

In 2019, KSA was awarded several large telco customer contracts. Initial work volumes commenced in September 2019 and will ramp up as the programmes grow. This sees the business continuing to recover with revenue and EBIT improving.

### **Maritime**

The Maritime division, which monitors one quarter of the world's oceans, continues its robust performance.

"The critical safety of life communication services delivered by our Maritime division was illustrated during the Whakaari / White Island eruption disaster in December 2019. This saw the Maritime Operations Centre (MOC) respond to the distress call and coordinate with first responders. The MOC was also acknowledged with a New Zealand Search and Rescue Certificate of Achievement for Operational Activity for its role in the rescue of survivors of the yacht *Essence*, which sank off the coast of Cape Brett in October 2019," said Quirk.

### **Solutions New Zealand**

The Solutions New Zealand business saw work put on hold by customers or access to sites restricted due to lockdown measures. However, as the Group was considered an essential service provider in both New Zealand and Australia, the business continuity plans were successfully deployed and impact was minimised. Kordia's resilience and capability meant there was virtually no impact on services to customers.

### **Conclusion and outlook**

While the Group's performance should be commended, it is acknowledged by the board that there is significant uncertainty in how COVID-19 will impact the New Zealand and Australian markets in the future.

"The level of volatility and economic uncertainty over the next 12 months has called for an appropriate level of prudence, and as such no dividend will be payable while we reassess the situation," concludes Quirk.



"Kordia recently refinanced its bank facilities and, combined with low gearing and a strong balance sheet, is well placed to manage contingencies that may arise due to the uncertain future caused by COVID-19."

For the Board,

John Quirk

Chair

Kordia Group

