

26 February 2015

Nomad Building Solutions Limited (“Nomad” or “Company”) has reported a net loss after tax of \$23.2m on revenue of \$10.6m for the six months ended 31 December 2014. This result included non-cash impairments of \$20.7m.

Key aspects of the half yearly result include:

- A 59% reduction in revenue for the McGrath business compared with the Half Year FY2013.
- Impairment of Goodwill of \$15.1m in the McGrath business as a result of a decrease in McGrath forecast cash flows due to a large reduction in activity in the WA mining and oil and gas markets and its downstream effect on demand for housing in regional WA.
- An EBITDA loss of \$5.1m for the Nomad Rental business. This result includes an impairment charge of \$1.9m on the King Village accommodation facility in Karratha. This impairment reflects a downturn in the market for short-term accommodation in North West WA. Capitalised costs of \$3.2m on the development of land at South Headland have been fully impaired due to uncertainty over the tenure of the land and uncertainty over the options that Nomad has to recoup these costs.
- Continued progress on cost reduction initiatives, with corporate overheads falling to \$0.8m for the half.
- An EBITDA loss of \$0.7m for Nomad Eastern States (discontinued operation) mainly due to an onerous lease charge of \$0.6m for its Wacol premises in Qld and impairment of a display home and land in Roma, QLD of \$0.1m
- An impairment charge of \$0.4m on the Derby Houses in the Rapley business resulted in an EBITDA loss of \$0.3m.
- Cash flow from operations was negative \$4.1m. This is primarily made up of a \$2.9m payment to the Compass Group to settle land development costs at South Headland and \$0.9m for corporate overhead costs.

Subsequent Event

Subsequent to the half-year, Nomad was pleased to announce the acquisition of **Bloomer Constructions (Qld) Pty Ltd** (“Bloomer”) for an amount up to \$10.4m. Total consideration is comprised of:

1. Completion consideration equal to \$1.5m cash plus \$4.4m in shares, subject to escrow, at \$0.05 per share; and
2. Earn out consideration equal to a maximum of \$4.5m payable in shares of which \$1.5m is at \$0.05 per share and \$3.0m is at \$0.065 per share subject to attainment of attendance and EBIT performance targets, respectively, for the period between completion and FY 2017.

Bloomer is a leading medium-sized private residential and commercial construction company based in Capalaba, Queensland. As at mid February 2015, Bloomer had approximately \$158m in work on hand with a further \$68m in work won but not yet started. Nomad expects Bloomer to generate EBIT margins of approximately 3.5% and to meet both of its earn out targets. On the basis that these earn out targets are met, the implied acquisition multiple for Bloomer will be approximately 2.6x average annual EBIT. The acquisition of Bloomer is expected to complete in April 2015.

Concurrent with the announcement of the Bloomer acquisition, Nomad announced a \$3.5m capital raising of which \$1.5m is to fund the cash component of the Bloomer acquisition and the remainder for working capital. The capital raising has been heavily oversubscribed reflecting strong investor support for the prospects of the Bloomer business, along with a renewed confidence in the Company's strategy and it's new management team.

McGrath Homes has undergone a thorough business review. This review focused on key operational areas within the business, people, procurement, projects, plant and equipment. Intense cost reduction has occurred at the overhead level, with a review of project delivery methodologies, renegotiation of supply agreements, rationalisation of plant and equipment within the business and the tightening of expenditure and operational, delivery including processes.

Implementation and realignment of the business operations will be ongoing. Market conditions are continuing to tighten, with the retraction in the mining and gas sectors impacting on a number of areas within the commercial tendering opportunities previously experienced. The medium to longer term view for the McGrath business remains encouraging.

Nomad Rental is expected to return a slightly improved result in the second half as a result of increased demand for transient accommodation driven by a number of upcoming new projects in Karratha.

South Headland Development Lease - Nomad is currently in discussions with the relevant authorities over the terms and structure of this landholding and the best means of developing this asset.

Rapley previously completed 5 two bedroom, 2 bathroom units in Derby, WA during the first half of FY2014. These units are being marketed for sale and are expected to contribute circa \$1.4m in cash proceeds.

Corporate

Considerable cost savings have been achieved during the first half. The Board will continue to evaluate appropriate corporate growth opportunities via mergers and/or acquisitions.

Outlook

The Nomad CEO and Board's near term priority is to integrate the Bloomer acquisition whilst continuing to focus on strengthening the balance sheet with a view to utilising the Company's substantial income tax losses of \$33m and franking credits of \$17m via a dividend payment and/or a return of capital to shareholders as soon as practicable.

The Board feels that the past issues of the Company have been fully provided for in these accounts and we look forward to returning to profitability in the current half.

For Further Information:

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