

25 October 2013

## **Nomad Group – Next Step In Company Restructuring**

### **Nomad Eastern States - Queensland**

Following an extensive internal review, market consultation and consideration of the near term outlook, the Directors of Nomad Building Solutions Limited (**Nomad or Company**) advise that they have placed the Queensland business (**Nomad Eastern States or NES**) into care and maintenance. The conclusion reached by the Directors was driven by a continuing poor near term economic outlook in Queensland, particularly in the mining services sector in which NES operates and the ongoing lack of orders at satisfactory margins.

Historically, NES has had a reasonable track record for the efficient and successful delivery of transportable and modular accommodation and housing projects in the Queensland market. However the combination of poor industry wide demand and the lack of available larger projects has resulted in intense competition at unacceptable margins and returns on shareholder capital. Several competitors have recently closed or substantially reduced their factory operations, or alternatively are manufacturing stock to keep their operations open. The near term outlook continues to be bleak in a very competitive market coupled with a severely reduced pipeline of opportunities. All current opportunities in the pipeline have a high degree of uncertainty on the timing of their commencement and for many there is real uncertainty as to whether the project will proceed at all.

Nomad will commence work immediately to place NES into care and maintenance, including regrettably, the retrenchment of the workforce. The Directors of Nomad thank and commend each individual within the NES workforce for their contribution to the business.

Due to substantial completion of the order book by mid August and no significant new orders, NES incurred a loss for the September quarter of \$0.60 million. NES would otherwise generate losses estimated at \$0.4 million per month if the decision was not taken to place the business into care and maintenance. The Company will incur one-off employee redundancy costs of \$0.7 million; however these will be offset by asset sales of \$0.4 million.

This decision removes substantial risk from the group, freeing up resources to focus on the well managed and profitable Western Australian focused **McGrath Homes** business and remaining rental assets of Karratha Village and Derby Housing, WA (**Nomad Rental**).

## Management and Board Changes

With this further restructure initiative reducing the overall size and scale of Nomad the Board has accepted the resignation of Mr. Peter Hogan as Managing Director. Mr. Hogan will continue to serve as a non-executive Director of the Company and will formally cease his role as Managing Director on 30 November 2013.

The Board wishes to thank both Mr. Hogan for his efforts whilst Managing Director and looks forward to his continued involvement as a non-executive Director at Nomad.

Mr. Andrew Sturcke has accepted the joint role of Chief Executive and Chief Financial Officer. Mr. Sturcke has been Chief Financial Officer and Company Secretary of Nomad since 17 June 2011.

These changes along with other initiatives have enabled corporate overheads to be further reduced from \$3.9 million in FY13 to \$0.9 million on an annualised basis.

## Banking

Nomad is pleased to announce it is close to finalising a new banking agreement to support existing and new bank guarantees up to a value of \$5 million. The Company anticipates receiving credit approval and final documentation from the bank in the coming weeks. This new facility will provide greater flexibility to support the Company's current operations as well as its growth into the future.

## Outlook

With NES on care and maintenance, the Board expects improved predictability in earnings going forward due to the stability in the two remaining businesses of McGrath Homes and Nomad Rental.

McGrath Homes has recently won additional work from a major corporate client and continues to enjoy a renewed level of activity in residential demand. The order book from McGrath remains healthy with a solid prospective pipeline of work to win. The Board is budgeting for the Company - McGrath Homes and Nomad Rental (Karratha Village and Derby Housing, WA) before one-off costs and including the lower corporate overhead to be profitable in the current financial year. Nomad's net cash position was \$11.8 million as at 30 September 2013.

The Board continues to explore all available options to maximise shareholder value.

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Nomad is a leading provider of integrated manufacturing, construction and property development solutions, particularly in regional and remote areas of Australia.