Workplace Health Solutions

19 February 2015

Konekt delivers strong First Half Year Results

Konekt Limited (ASX: KKT) today reported its financial results for the six months to December 2014.

Highlights

- Revenue of $17.4m, an increase of 6.8% - solid organic growth in flat market
- EBITDA of $836,000 an increase of 4.1%
- Profit after Tax of $561,000 up 19.6% on the prior year comparable period
- Earnings per share of 0.75 cents, up 21% on the prior year comparable period
- "Strengthening the Core" program one-off expense of $425,000 absorbed into the improved result
- Cash on Hand of $2.4m, and nil net debt
- Customer feedback strong on Konekt's performance

Chief Executive Officer, Damian Banks said, "Konekt's organic revenue growth at 6.8% was pleasing. This half saw a considerable investment in our "Strengthening the Core" (STC) program, expensing $425,000 within this result, and yet raising earnings per share by over 20%. The STC benefits across people, culture, customers and processes will be realized this half and beyond, while the costs will not repeat."

"Our customer feedback was a highlight of the half, with a renewed commitment from QBE being received, excellent feedback on our MHS/ADF performance, and our timeliness statistics improving across the board."

"The Company held cash of $2,439,000 on December 31st, further demonstrating our ability to convert profit to cash. This cash balance is net of the $228,000 spent as part of the share buyback during the half."

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Mr Banks said, “We are seeing continued momentum in the first 6 weeks calendar 2015, with strong customer feedback, referrals and staff engagement being observed.”

Konekt expects to use the majority of its tax losses during the upcoming half, resulting in income tax becoming payable, and franking credits created. The Board has concluded that no dividend be paid in respect of the 2014-15 half year. There remains a number of current considerations for the Company in relation to dividend policy and capital management including the fact that the Company still has unused tax losses and has no franking credits. In addition, opportunities to undertake sensible acquisitions are expected to emerge over the course of 2015.

The Directors expect revenue growth to continue in the upcoming half and some benefits of the STC project to contribute to second half profitability.

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