



28 February 2023

Oldfields announces strong FY2023 first half financial results

Key Highlights

- Revenue up by 68.1% to \$20.1M
- Gross margin up from 37.7% to 47.5%
- EBITDA was \$1.8M, up from \$0.1M loss
- NPAT of \$0.47M, up from \$1.8M loss
- Diluted EPS: \$0.156 cents

Oldfields Holdings Limited (ASX: OLH) ("Oldfields" or the "Company") is pleased to announce its financial results for the 6 months to 31 December 2022, which have shown a substantial improvement from the prior corresponding period, a trend that is expected to continue for at least the remainder of the financial year.

	Dec-22 \$'000	Dec-21 \$'000	Movement Up / (Down)	
			\$'000	%
Revenues from ordinary activities	20,098	11,959	8,139	68.1%
Other income	1,623	335	1,288	384.5%
Total revenue	21,721	12,294	9,427	76.7%
EBITDA	1,824	(98)	1,922	(1961.2%)
Profit (Loss) from ordinary activities after tax attributable to the owners	469	(1,801)	2,270	(126.0%)
Profit (Loss) after tax attributable to members of the parent entity	251	(1,977)	2,228	(112.7%)
Diluted earnings per share (cents)	0.156	(1.179)	1.335	(113.2%)
Operating Cash Flow	617	400	217	54.3%

The Group's revenue for the half-year ended 31 December 2022 was \$20.1M (2021: \$12.0M), an increase of 68.1% compared with the prior period. The Paint Accessories Division revenue increased by \$0.3M (10.4%) while the Scaffold Division revenue increased by \$7.8M (89.7%).

The Group's net operating profit (after providing for income tax) amounted to \$0.47M for the half-year ended 31 December 2022, significantly higher than \$1.80M loss for the same period last year.

Gross profit margins increased from 37.7% to 47.5% due to a return of better management of costs and improvement in hire rates and volume.

The Group's profit before interest, tax, depreciation, and amortisation ("EBITDA") for the period was \$1.82M (2021: \$0.1M loss).



Paint Accessories Division

Revenue for the Paint Accessories Division increased by 10.4% (\$0.3M) to \$3.6M with positive earnings during the first half of the year. We have seen improvements in supply chain, shipping costs and have had operational improvement in NZ, which will improve our baseline financial performance for the remainder of the financial year.

To propel our Paint Accessories Division into stronger growth and to gain additional market share, we are focusing efforts continual product development and service delivery, supported by a strong and focused sales team.

In addition, a newly appointed strategic marketing team is now onboard, with a focus on delivering and implementing a strong contact strategy for acquisition and retention activity as well as executing a brand re-launch into the Australian and NZ market.

Scaffold Division

For the six months ending 31 December 2022, the Scaffold Division revenue increased by 89.7% (\$7.8M) to \$16.5M with significantly improved positive earnings for the period.

The Scaffold division has recovered from the pandemic with both volume and margins continuing to increase. Our Major Projects stream made significant contribution to the division and will establish Oldfields as a reliable specialist for remedial, maintenance and insurance work on a large scale in disaster affected areas.

Our China manufacturing operation in Henan City is operating at good capacity. The facility will continue to add important quality and volume increases required as the business accelerates its growth.

A key focus has been placed on our go to market within our Scaffolding Division concentrating on high utilisation rates for hire and services across key target verticals. Stronger focus is also being placed on sales of our scaffolding material both in the local market and within our international target customers. This will be supported by aligning our sales, marketing, category and engineering functions to deliver consistent and quality projects and products for customers.

Outlook

Both the Scaffold and Paint Accessories Divisions are currently performing well. We are optimistic that the Group performance is sustainable and scalable and there is further room for improvement in FY2023 to set our business up for higher growth in FY2024.

The appointment of a Chief Transformation Officer in September 2023 has added focus and rigour to the strategic overhaul and implementation of transformation programmes for Oldfields and associated divisions.



FY23H2 will see a key focus on:

- Streamlining resources which see Oldfields come together as one revenue generating business with a clear distinction between the sales team that generates revenue and a national project delivery team designed to execute on scaffold projects small, medium and large;
- Exploring varied avenues for customer purchase and implementing a robust customer contact strategy, utilising the cross functional sales, marketing, and category teams to increase share of wallet in our existing customer base, reactivate lapsed customers and win new business;
- Improving the customer experience through research, design and product development across core business divisions; and
- Identifying and collaborating with strategic project partners to streamline operations, delight customers and heighten operational performance and bandwidth.

Michael Micallef, Group CEO & Managing Director, said, “I am pleased to report a significant improved performance for the half year to December 2022 amidst a challenging inflationary and operating environment. As we continue to build momentum for the back half of FY2023, we are implementing a set of strategic initiatives to set ourselves up for a growth period and restoring the Oldfield’s brand into FY2024. There will be a strong focus on delivering sustainable, predictable and scalable growth, whilst transforming for investment underpinned by a customer and people centric culture.

“To realise the true potential of Oldfields, it was key that we needed to invest in people, systems, process, and equipment. We would like to thank our shareholders for their support on capital raised through the entitlement offer and shares placement.

“We are confident that Oldfields is well positioned for long term success and restoring pride to an iconic Australian brand with over 100 years of history.”

This release has been authorised for release by the Board.

Michael Micallef

CEO

Alan Lee

CFO