

# Village National Holdings Limited

5 November 2020 AGM



## CEO's Running Script

### Andrew Hudson speaking

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Thank you for attending today's AGM, I'm pleased to be here today with my CFO Steve Lonergan and the Village National Board to present an update on the Village National business.

FY20 was noteworthy in a number of ways. In particular the **integration** of the OICS business in to Village National which has gone well (I'll talk more to that in a minute) and of course our response to the **Covid-19** pandemic.

Our **Safety** performance continues to be industry leading with a TRIFR of 0.00 but this has not meant we have swayed in our focus. In fact, our vigilance and unease has heightened and management are always working on ways to get better at this.

Our response to the **Covid-19** pandemic in March was widely regarded by our customers as industry leading. We not only continued to operate at all locations but in-fact expanded to accommodate the more generous accommodation requirements at most sites. We drew on best practice from Queensland Health and implemented systems that were widely adopted by our customers and our peers. This is a great example of how our quality managed business can adapt when required, with great outcomes. I would like to make special mention to our management team who worked exceptionally long days and weekends to ensure we moved at the pace we needed to and our staff were equipped to handle the challenges we faced. Well done.

This year's business plan was written in the height of lockdown and was based on the known known's at the time, as with most businesses around the world we are

dealing with this uncertainty with caution. We are continuing to pay down **debt** at a rapid rate and our **cash** position is very strong.

We have seen some areas of our **business soften** with exploration in oil and gas by the majors being most heavily hit. We are seeing some green shoots in this space with the mid-market on-shore gas operators continuing their programs with government subsidies assisting this. We do anticipate the majors in this space to continue to be sluggish until at least next year or when the economy starts moving again.

Pleasingly we have not seen any affect to occupancy at our **Coal Country Village Moranbah** site even with the Grosvenor mine shut-down with demand expected to continue to be strong in Moranbah generally in the near to medium term.

The **integration** of the business has gone well with overhead continuing to be rationalized between the companies. Our focus on bringing all support services into Brisbane continues with this likely to be complete by Christmas.

We have seen some **cost pressures** around food and labour in particular. Beef prices continue to increase largely due to Australian Cattle numbers being low due to the drought over the last couple of years.

Our '**buy local**' policy has been very well received by our customers, so much so we have moved away from national supply agreements in most locations. We have done this knowing the cost implications but have found that strategically this has been outweighed by long term sentiment with our customers. With this in mind we have not found all of the food cost efficiencies upon integration of Village National and OICS.

The recent FWA announcement to **increase wages** this year in the Hospitality Modern Award was surprising to say the least given the current economic

conditions and we are unlikely to be able to recoup this from our clients given the current economic situation so this will affect our bottom line.

We have recently **rebranded** the Companies, importantly choosing to stay with the Village National and OICS names. We introduced a new brand 'Village National Camps' which we will be branding all of our fixed camps in future and we rebranded our corporate head office 'Village National Group' which reflects our multi-branded company now. OICS will continue to be our mobile camps brand.

Touching on **Village National Camps**, we see this as a massive opportunity in the near to medium future with a lot of interest in both resources and energy sectors for this product. Given the interest we have resourced this appropriately and we hope to be rolling out new sites under this brand in the new calendar year.

Our plan to **acquire assets** in all sectors we operate continues. Our timeline on this has been slowed due to Covid-19 distractions but we are still moving forward with our plan.

The business continues to be profitable although we are unlikely to meet **EBITDA** targets this year due to the timing of some key asset purchases and a softer than expected start to FY21 in OICS and in Emerald.

We have qualified for Job Keeper and our **NPAT** is forecasted to exceed our FY21 Budgets.

I'll throw the meeting open for any **questions**.