

# COMPLIANCE SERVICES DRIVES SAI GLOBAL TO NEW HIGHS

Sydney, Australia, 17 August 2011. SAI Global Limited (ASX: SAI) today announced a record net profit after tax attributable to shareholders of \$44.8 million, representing an increase of 32.9% over the corresponding period. Underlying net profit, which backs out the impact of significant charges, was \$48.0 million, an increase of 42.4% over the corresponding period.

Continued organic growth plus contributions from recent acquisitions, most noticeably from Integrity Interactive, combined to produce sales revenue growth of 8.9% to \$427.1 million despite the significant adverse impact of the stronger Australian dollar relative to the prior period. EBITDA increased to \$95.8 million, up 25.8% on FY10 which includes the impact of significant charges consisting predominantly of transaction and integration charges incurred in relation to the acquisition of Integrity Interactive. Underlying EBITDA was at the top end of the guidance range at \$100.7 million, up 32.3% on FY10. Operating cash inflows before significant charges and other acquisition related expenses were up 14.6% to \$59.7M.

## KEY FINANCIALS

<b>Segment revenue</b>	\$427.1 million	Up 8.9%
<b>Net revenue<sup>2</sup></b>	\$340.1 million	Up 13.1%
<b>EBITDA<sup>1</sup></b>	\$100.7 million	Up 32.3%
<b>Reported net profit after tax</b>	\$44.8 million	Up 32.9%
<b>Underlying net profit after tax<sup>1</sup></b>	\$48.0 million	Up 42.4%
<b>Reported EPS</b>	23.1 cents	Up 7.4%
<b>Underlying EPS<sup>1</sup></b>	24.7 cents	Up 14.9%
<b>Final dividend</b>	8.0 cents, 100% franked	Up 1.0 cents
<b>Net operating cash inflows<sup>3</sup></b>	\$59.7 million	Up 14.6%

1. Before significant charges of \$4,946k before tax, \$3,209k after tax

2. Excludes the pass through revenue which relates to the recharging of customers for fees levied on the Company by providers of searches and certificates to the property services businesses

3. Before significant charges and other acquisition related expenses

Chief Executive Officer, Mr Tony Scotton said: "The acquisition of Integrity Interactive was a transformational event for our compliance business, which, when combined with our existing business, delivered a leadership position in the ethics training and awareness space. SAI Global has clearly benefitted from this acquisition in terms of increased scale, greater operating leverage, expanded operating margins and a more balanced divisional contribution to income. He added "with the exception of property our businesses achieved solid organic growth. The property business experienced reduced

activity levels, but continued investment in this business has positioned it for growth as evidenced by the recently announced contract with ANZ to provide national mortgage settlement services”.

The directors have declared a fully franked final dividend of 8.0 cents per share, bringing the total dividend for the year to 14.3 cents, up from 12.8 cents last year. The dividend will be paid on 23 September 2011. The record date is 29 August 2011.

## Information Services

Despite an improved performance by the standards business, which achieved revenue growth of 4.3%, the results of the division were adversely impacted by a reduced revenue and EBITDA contribution from the property business. The property business saw revenue and EBITDA reduce by 5.1% and 15.8% respectively compared to the prior year. The reduced contribution from the property business reflects the significant drop in the number of properties changing hands throughout FY11 compared with the economic stimulus fuelled levels experienced in FY10. The standards business benefitted from sales of the Pressure Vessel Code, albeit at low margins, but was adversely impacted by the stronger Australian dollar.

Overall the division’s revenue was down 2.2% and EBITDA down 2.6%, both reductions also including the adverse impact of the stronger Australian dollar. The EBITDA margin reduced marginally from 25.3% to 25.2%. The margin in the standards business remained strong at 56.5% (56.2% in the corresponding period) despite the impact of the lower margin sales of the Pressure Vessel Code.

Notwithstanding the lower volumes experienced by the property business work has continued on refining business processes and upgrading the service offering. These improvements were instrumental in the business being awarded a national settlement services contract with The Australian and New Zealand Banking Group (ANZ), which was announced on 18 July 2011.

The general environment for the sale of standards has been steadily improving in line with the gradual improvements in economic conditions.

	FY11	FY10	Change
<b>Revenue (\$M)</b>	<b>193.6</b>	197.9	<b>(2.2%)</b>
<b>Net revenue<sup>1</sup> (\$M)</b>	<b>106.6</b>	106.5	<b>0.1%</b>
<b>EBITDA (\$M)</b>	<b>48.9</b>	50.1	<b>(2.6%)</b>
<b>EBITDA Margin on revenue (%)</b>	<b>25.2%</b>	25.3%	<b>(0.1%)</b>
<b>EBITDA Margin on net revenue (%)</b>	<b>45.8%</b>	47.1%	<b>(1.2%)</b>

1. Excludes the pass through revenue which relates to the recharging of customers for fees levied on the Company by providers of searches and certificates to the property services businesses

## Compliance Services

The Compliance Services division has been transformed during FY11 through the acquisition of Integrity Interactive which not only added significant scale to the compliance business, but also delivered, in combination with our legacy business, a market leading position in the provision of ethics training and awareness courseware.

The Compliance business achieved strong growth during the period reflecting both above trend organic growth together with the nine and a half months’ contribution from Integrity Interactive. Despite the adverse impact of the stronger Australian dollar, revenue grew by 71.5% over the corresponding period to \$79.9 million and EBITDA grew by 199.8% to \$34.3 million. EBITDA margins expanded to 42.9%, up from the 24.5% achieved in the corresponding period, reflecting the operating leverage of the expanded business.

	<b>FY11</b>	<b>FY10</b>	<b>Change</b>
<b>Revenue (\$M)</b>	<b>79.9</b>	46.6	<b>71.5%</b>
<b>EBITDA (\$M)</b>	<b>34.3</b>	11.4	<b>199.8%</b>
<b>EBITDA Margin (%)</b>	<b>42.9%</b>	24.5%	<b>18.4%</b>

## Assurance Services

The Assurance Services division saw growth rates increase back to trend through a strong recovery in standards training, solid performances across our Asia businesses, expansion of our Product Services capability and ongoing growth in our food, medical, safety and environmental products.

Revenue grew by 4.0% to \$155.4 million despite the adverse impact of the stronger Australian dollar. EBITDA grew by 20.8% to \$28.4 million with the EBITDA margin expanding to 18.3%, up from 15.7% in the corresponding period through improved operational efficiencies at the gross margin line and better leveraging of the overhead base on higher revenues, most significantly in the standards training business.

The business continues to grow its food safety business, most significantly in the Americas, whilst expanding its capabilities in the key retail sector following the acquisition of Foodcheck in the UK.

	<b>FY11</b>	<b>FY10</b>	<b>Change</b>
<b>Revenue (\$M)</b>	<b>155.4</b>	149.4	<b>4.0%</b>
<b>EBITDA (\$M)</b>	<b>28.4</b>	23.5	<b>20.8%</b>
<b>EBITDA Margin (%)</b>	<b>18.3%</b>	15.7%	<b>2.5%</b>

## Acquisitions

In September 2010 Integrity Interactive was acquired bringing together two of the foremost players in the provision of ethics training and awareness courseware. The purchase price of US\$170 million was funded by an underwritten share placement and rights issue of approximately A\$130 million and new debt facilities of approximately US\$60 million.

Integrity has a strong presence in North America and an established presence in Europe. Its operations are complementary to SAI's strong presence in the Asia Pacific region and existing UK and North American compliance businesses. Integrity is headquartered in Waltham, Massachusetts and maintains offices in London, Brussels and Hartford, Connecticut.

On 30 June 2011, SAI acquired Advancing Food Safety Pty Limited (AFS), a provider of training services to the Australian and New Zealand food industry for \$1.5 million.

## Outlook for FY12

The Company remains committed to growing the value of its three divisions. It is envisaged that this growth will continue to come from a combination of organic growth, strategic acquisitions and partnering.

Financial markets are volatile and economic growth in major economies is stalling. Whilst not immune to the impacts of further economic deterioration, SAI's businesses have demonstrated their resilience through tough times. We will monitor the situation closely and respond accordingly.

Notwithstanding the current turmoil, we continue to see exciting opportunities across each of the Company's divisions as borne out by the recent contract awarded to the property business by the ANZ bank to provide national settlement services. In addition, the Compliance Services business is developing a product suite to address issues posed by the UK Bribery Act which came into effect on 1 July 2011, and the Assurance Services division is experiencing strong growth in its food business in North America and the UK, including in the food retail space.

The Company expects to report growth in revenue, profit, earnings per share and fully franked dividends in FY12.

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