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SMS Management & Technology continues to grow and gain market share despite difficult trading environment

SMS Management & Technology (SMS), Australia's leading consulting, technology and systems integration services provider, today announced that it had increased revenue by 16.1% to \$169.5m for the six months ended 31 December 2011.

Half Year Highlights		
Revenue	\$169.5m	up 16.1% on pcp
EBITDA ¹	\$ 21.8m	up 3.8% on pcp
Net Profit After Tax	\$ 15.2m	unchanged
Interim Dividend per Share (fully franked)	13.5 cents	unchanged

Mr Tom Stianos, Chief Executive Officer, said "this result demonstrates the resilience of our business in different markets; the 16% revenue growth achieved in the first half comes on top of the 24% increase last year. Despite economic uncertainties, sales continue to be solid with more than \$200m of new contracts added to our pipeline during the 6 month period. EBITDA grew but fell short of matching the strong revenue growth largely due to excess capacity which is being addressed through a slow-down in recruitment. Our prime margins remain strong with only a slight degradation as a result of additional cost in servicing new Asian markets. Aside from this and subdued permanent recruitment in our M&T Resources business, the core SMS business has maintained its prime margins".

EBITDA margins were impacted by lower than targeted consultant utilisation caused by project delays and deferrals. Mr Stianos said "while recruitment was slowed in the second quarter, we had an intake of 457 visa recruits from the UK and Ireland during the period to whom we had made job offers 6 months earlier. While the timing was not ideal, these overseas recruits are highly experienced professionals who will be invaluable to SMS's future success". Staff numbers grew to more than 1,700 during the 6 months, however, the current slower pace of recruitment is expected to see consultant numbers decline slightly in the second half of the financial year.

With the practice structure now established and driving market share gain, the Company has commenced a program to streamline its operations with a view to improving performance. As part of this program, the Company aims to reduce operating costs by \$2m per annum.

Cash generated from operations was impacted by \$5m of overdue receivables that have subsequently been collected. The Company continues to trade with zero debt and a net cash balance of \$15m. During the six months ended 31 December 2011, earn-out payments of \$8.2m were made in relation to previous acquisitions. There were no new businesses acquired in the half, but businesses acquired in the previous financial year contributed \$4m of the \$23.5m increase in revenue.

The Board declared a fully franked interim dividend of 13.5 cents per share. The Board maintains its policy of a 65%-70% full year dividend payout ratio subject to strategic opportunities or capital management initiatives.

¹ EBITDA represents Earnings before Interest, Tax, Depreciation and Amortisation and is non-IFRS financial information.

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About SMS

SMS Management & Technology (SMS) [ASX:SMX] is a leading Asia Pacific consulting, technology and systems integration company employing over 1,700 professionals throughout Australia, Hong Kong, Vietnam and Singapore. Established in 1986, SMS is best known for delivery excellence. SMS helps its clients improve their business performance through the implementation of strategy and the delivery of business and technology projects. Industry expertise spans the financial services, ICT, government, defence, health, utilities, mining, gaming and infrastructure sectors. For further information refer to www.smsmt.com