

ASX Release 26 February 2019

CommsChoice Group Limited Half Year Results to 31 December 2018

CommsChoice Group Limited (ASX:CCG) is pleased to announce its financial results for the half year ended 31 December 2018 (1H FY19). Key financial highlights from the results include:

- Revenue of \$10.7m up 12% on prior period (2H FY18)
- Underlying EBITDA of \$0.7m up 26% on prior period (2H FY18)
- Net cash of \$1.3m and no debt
- Integration of 5 businesses well underway and will be completed by end of FY19
- New sales orders in 2nd quarter of FY19 improved significantly on 1st quarter FY19
- The Company maintains a healthy pipeline of prospective deals

\$Millions	2 nd Half FY18*	1 st Half FY19	% Change
Revenue	9.5	10.7	12%
Underlying EBITDA	0.5	0.7	26%
Statutory EBITDA	(0.1)	0.1	
Underlying EBITDA Margin %	5.5%	6.2%	
Balance Sheet Net Cash	1.7	1.3	(26%)

Commenting on the results, CEO Ben Gilbert stated, "After a challenging first year as a listed company, we are pleased with the progress achieved by focusing on our key priorities as we continue our business on the completion of integration and sales acceleration."

The Chairman, Mr John Mackay, said "With the integration moving ahead well, we continue to remain confident that CommsChoice has the foundation to build a strong telecoms business to take advantage of organic opportunities now and inorganic opportunities in the future in the rapidly growing enterprise segment of the telecommunications market."

Operational Highlights

- CommsChoice received a large order from an existing client in the 2nd quarter to expand and upgrade their existing SD-WAN network, validating our technology and strategy and delivering significant cost savings to the client in the process.
- CommsChoice achieved a significant milestone with the completion of our financial integration. The Company now has NetSuite deployed across the consolidated business and have established CommsChoice Operations Pty Ltd as the main trading entity. As previously announced to the market (at the Company's 2018 AGM), we expect to achieve this overall integration by the end of the FY19 financial year.
- Recurring revenue represents approximately 90% of total revenue for the half year to December 2018 which represents a sound base to continue revenue growth in the business in 2019.
- Significant investment was made in sales and marketing capability to take advantage of the market opportunity presenting itself going forward.

Business Outlook

Commenting on the outlook Mr. Gilbert said, "As we complete the full integration of our businesses, CommsChoice is well positioned to take advantage of the compelling opportunities in front of us. The market opportunity for junior telcos operating in the enterprise segment of the telecommunications market is enormous, particularly for those that offer additional value, like CommsChoice. Our sales pipeline is accelerating as we move into 2019 and we are funded to deliver organic growth from here.

Recent investment in our capabilities will drive double digit top line growth in FY19 which will translate into strong earnings growth in future periods as we continue build scale. Over time I'm confident this should lead to improved value for our shareholders who we thank for their ongoing support."

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Corporate Enquiries:	Investor Relations
Ben Gilbert, CEO m: 0411 022 744 e: bengilbert@commschoice.com	Greg Slade m: 0488 917 882 e: greg@sladeir.com

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