
Macquarie Telecom Group Limited

Appendix 4E

Preliminary final report Financial year ended 30 June 2018

1. Results for announcement to the market

Results for announcement to the market

				\$A'000
Revenue and other income	up	6.1%	to	233,586
Profit after tax attributable to members	up	19.7%	to	17,013
Net profit for the period attributable to members	up	19.7%	to	17,013

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	25 ¢	25 ¢
Previous corresponding period – interim dividend	25 ¢	25 ¢

Record date for determining entitlements to the dividend	28 September 2018
Payment date	25 October 2018

2. Statement of Comprehensive Income

	Notes	CONSOLIDATED	
		2018	2017
		\$'000	\$'000
Revenue and other income	6.1	233,586	220,199
Expenses	6.1	(209,278)	(201,148)
Results from operating activities		24,308	19,051
Finance income		448	540
Finance costs		(12)	(22)
Profit before income tax		24,744	19,569
Income tax expense		(7,731)	(5,355)
Profit after income tax for the year attributable to owners of the parent		17,013	14,214
Other comprehensive income			
Items that may be reclassified to profit and loss:			
Exchange differences on translation of foreign operations		(11)	(52)
Total comprehensive income for the year attributable to owners of the parent		17,002	14,162

3. Statement of Financial Position

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
CURRENT ASSETS		
Cash and cash equivalents	30,298	31,766
Receivables	7,077	7,095
Accrued income	7,897	6,654
Other	6,395	6,301
TOTAL CURRENT ASSETS	51,667	51,816
NON-CURRENT ASSETS		
Property, plant and equipment	65,983	60,089
Intangibles	16,945	12,558
Deferred tax assets	6,200	6,021
Other	2,890	2,742
TOTAL NON-CURRENT ASSETS	92,018	81,410
TOTAL ASSETS	143,685	133,226
CURRENT LIABILITIES		
Payables	33,466	28,663
Current tax liabilities	4,087	6,014
Provisions	1,752	1,546
Other	4,282	3,074
TOTAL CURRENT LIABILITIES	43,587	39,297
NON-CURRENT LIABILITIES		
Provisions	1,224	1,097
Other	5,519	6,401
TOTAL NON-CURRENT LIABILITIES	6,743	7,498
TOTAL LIABILITIES	50,330	46,795
NET ASSETS	93,355	86,431
EQUITY		
Contributed equity	43,140	42,991
Reserves	872	594
Retained earnings	49,343	42,846
TOTAL EQUITY	93,355	86,431

4. Statement of Changes in Equity

	Contributed Equity	Reserves	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2016	42,991	319	39,116	82,426
Profit after income tax	-	-	14,214	14,214
Other comprehensive income	-	(52)	-	(52)
Total comprehensive income for the year	-	(52)	14,214	14,162
Transactions with owners in their capacity as owners:				
Dividend provided for or paid	-	-	(10,484)	(10,484)
Share based payment	-	327	-	327
Total	-	327	(10,484)	(10,157)
At 30 June 2017	42,991	594	42,846	86,431

	Contributed Equity	Reserves	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2017	42,991	594	42,846	86,431
Profit after income tax	-	-	17,013	17,013
Other comprehensive income	-	(11)	-	(11)
Total comprehensive income for the year	-	(11)	17,013	17,002
Transactions with owners in their capacity as owners:				
Dividend provided for or paid	-	-	(10,516)	(10,516)
Share based payment	-	438	-	438
Performance share rights vested	149	(149)	-	-
Total	149	289	(10,516)	(10,078)
At 30 June 2018	43,140	872	49,343	93,355

5. Statement of Cash Flows

	Notes	CONSOLIDATED	
		2018	2017
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		254,319	238,010
Payments to suppliers and employees		(202,513)	(196,432)
Interest received		492	557
Interest paid		(12)	(22)
Income tax paid		(9,837)	(1,282)
Other receipts		474	539
NET CASH FLOWS FROM OPERATING ACTIVITIES	6.2	42,923	41,370
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of non-current assets			
Property, Plant & Equipment		(22,728)	(28,390)
Intangible Assets		(11,097)	(10,150)
Proceeds from the sale of non-current assets		-	3,002
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		(33,825)	(35,538)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		-	-
Dividends paid on ordinary shares		(10,516)	(10,484)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(10,516)	(10,484)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(1,418)	(4,652)
Opening cash and cash equivalents brought forward		31,766	36,465
Effects of exchange rate changes on cash and cash equivalents		(50)	(47)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	6.2	30,298	31,766

6. Notes to the financial statements

6.1 Revenue and expenses

	2018 \$'000	2017 \$'000
Revenue and other income		
Revenue		
Revenue from services	233,112	219,657
Other income		
Net profit on disposal of plant and equipment	-	-
Other income	474	542
	<u>233,586</u>	<u>220,199</u>
Expenses		
Net foreign exchange losses	50	159
Bad and doubtful debts expensed	388	350
Operating lease rental	10,280	10,255
Employment costs	64,386	60,920
Carrier costs	84,570	86,150
Depreciation and amortisation	23,544	21,281
Other expenses	26,060	22,033
	<u>209,278</u>	<u>201,148</u>

6.2 Reconciliation of cash

	2018 \$'000	2017 \$'000
Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the financial statements is as follows:		
Cash on hand and at bank	30,298	21,766
Short term deposits	-	10,000
Total cash at end of period	30,298	31,766

Reconciliation of the profit after income tax to the net cash flows from operations

Profit after income tax expense	17,013	14,214
Amortisation of non-current assets	8,496	6,907
Depreciation of non-current assets	15,047	14,374
Profit on sale of plant and equipment	-	(1)
Share based payment	438	327
Net foreign currency gains	(63)	(5)
Changes in assets and liabilities		
(Increase)/decrease in:		
Trade receivables	820	(1,709)
Accrued Income	(1,243)	(1,034)
Prepayments	(94)	(521)
Deferred tax assets	(179)	(574)
Other receivables	(802)	-
Increase/(decrease) in:		
Trade and other creditors	4,759	1,567
Current tax liabilities	(1,927)	4,648
Provisions	333	216
Other liabilities	325	2,961
Net cash inflow from operating activities	42,923	41,370

7. Net Tangible Assets

	2018	2017
Net tangible asset backing per ordinary security (\$)	3.62	3.52

8. Earnings per share

Earnings per share for profit attributable to the equity holders of the Company:

	2018	2017
Basic earnings per share (cents)	80.9	67.8
Diluted earnings per share (cents)	79.2	66.7

9. Ratios

	2018	2017
Consolidated profit before tax as a percentage of revenue	10.6%	8.9%
Consolidated net profit after tax attributable to members as a percentage of total equity (similarly attributable) at the end of the period	18.2%	16.4%

10. Segment reporting

The consolidated entity operates in two primary operating segments providing services to corporate and government customers. The Telecom segment relates to the provision of voice and mobile telecommunications services and the provision of services utilising the Macquarie Telecom data network. The Hosting segment relates to the provision of services utilising Macquarie Telecom's data hosting facilities. All activities are principally conducted in Australia.

	Telecom		Hosting		Consolidated	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Revenue						
External service revenue	142,276	142,098	90,836	77,560	233,112	219,658
Inter-segment revenue	-	-	4,484	4,375	4,484	4,375
Other income	186	444	288	97	474	541
Total segment revenue and other income	142,462	142,542	95,608	82,032	238,070	224,574
Inter-segment revenue elimination	-	-	(4,484)	(4,375)	(4,484)	(4,375)
Total consolidated revenue and other income	142,462	142,542	91,124	77,657	233,586	220,199
Results						
EBITDA	21,008	18,695	26,844	21,637	47,852	40,332
Depreciation and amortisation	(9,128)	(7,282)	(14,416)	(13,999)	(23,544)	(21,281)
Segment result before interest and tax	11,880	11,413	12,428	7,638	24,308	19,051
Acquisition of non-current assets						
Allocated acquisitions	8,897	11,294	21,574	23,533	30,471	34,827
Unallocated acquisitions					3,362	3,713
Total acquisition of non-current assets					33,833	38,540

Additional commentary

Further commentary on the results for the period is contained in the press release dated 29 August 2018 accompanying this statement.

Annual General Meeting

The Annual General Meeting will be held as follows:

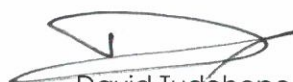
Location	Macquarie Telecom Level 15, 2 Market St, Sydney
Date and Time	20 November 2018 @ 9.00am

Compliance statement

Basis of preparation of the Preliminary Final Report:

1. This report has been prepared in accordance with ASX Listing Rule 4.3A, the disclosure requirements of ASX Appendix 4E and Australian Accounting Standards. The accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, are consistent with the prior year.
2. This report is based on financial statements that have been audited and an unqualified opinion has been issued.

Signed



David Tudehope
Director

Date: 29 August 2018