



ASX MARKET ANNOUNCEMENT

Inabox Group revenue up 13.0%, EBITDA up 14.6%

29th August 2014: The Board of wholesale information and communication technology (ICT) and telecommunications provider Inabox Group Limited (ASX:IAB) has today reported its financial results for the full year ended 30 June 2014.

Revenue increased to \$46.9 million as result of the successful integration of iVox Pty Limited into the business, the increase of IP-based voice telephony, the launch of an enablement capability servicing primarily the consumer segment through established retail providers, and the recurring revenue generated from the existing channel customer base.

Earnings before interest, tax, depreciation and amortisation (EBITDA) rose 14.6% to \$2.4 million (\$2.7m underlying EBITDA¹), with net profit after tax adjusted for amortisation (NPATA²) rising 16.5% to \$1.7 million. Inabox ended the financial year with a strengthened balance sheet and net cash of \$2.8 million compared to net debt of \$0.5 million for the prior year.

Inabox CEO and Managing Director, Damian Kay commented, "This is a particularly pleasing performance. The year has shown us successfully integrating our first acquisition. "This year marks a growing transformation of Inabox Group's business. Where we traditionally provided voice communications, we now provide a full suite of ICT, data and telecommunications enablement capabilities.

¹ Underlying EBITDA excludes one-off restructure costs of \$0.3M for overhead cost reduction program undertaken in Q1/FY14.

² Net profit after tax adjusted for the tax effected customer relationship and computer software amortisation expense of \$0.6m in FY14 (\$0.2m in FY13)

“As revenue from next generation voice products grows, and our enablement capacity is rolled out to more customers, we are building a strong platform for ongoing growth”.

Key financials

Result (\$ million)	FY13	FY14	Change
Revenue	41.5	46.9	+ 13.0%
Gross Profit	12.7	14.7	+ 15.7%
EBITDA	2.1	2.4	+ 14.6%
Underlying EBITDA ⁽¹⁾	2.1	2.7	+ 29.1%
NPAT	1.2	1.1	- 11.1%
NPATA ⁽²⁾	1.4	1.7	+ 16.5%

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² Net profit after tax adjusted for the tax effected customer relationship and computer software amortisation expense of \$0.6m in FY14 (\$0.2m in FY13)

Acquisitions

Inabox completed the acquisition of cloud computing company, Neural Networks in July 2014. Neural Networks is currently being integrated into the Inabox business. Contributions from Neural Networks have not been included in this year’s results as the acquisition was completed after the reporting period.

Inabox Group continues to examine opportunities for expansion through additional acquisitions of complementary businesses that will deliver increased earnings, additional expertise and more channels to market, and believes it has now demonstrated the ability to complete, integrate and grow strategically valuable businesses and capabilities.

Organic growth

As a result of recent acquisitions, Inabox Group now has more than 300 Retail Service Provider (RSP) channels to market, servicing primarily the SME segment. The combination of expertise from each of the Inabox Group businesses (Telcoinabox and the two recent acquisitions, iVox and Neural Networks) provides the ability to deploy a range of next generation telecommunications products to these RSPs, including cloud solutions and hosted voice. The Board sees potential for continued growth from this channel as these RSPs diversify their product base and new RSPs are added.

Enablement capability

The Board is pleased with the progress of the company's enablement capability. The systems Inabox Group has developed to enable non-telecommunication companies to provide telecommunication services have now been launched and have been shown to be robust, versatile and able to support mass-market customer volumes.

Inabox is currently in negotiations with a number of additional potential enablement customers and has already commenced an operational trial with another mass-market customer.

The future

"As our business continues to transform into an ICT provider we see an exciting future ahead. While our vision is to be recognised as a technology driven telecommunications company and to expand into new technology segments, our goal will also be to continue delivering results from our existing business through new products and with the benefit of our acquired ICT capabilities," said CEO & managing director, Damian Kay.

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About Inabox Group Limited

Inabox supplies wholesale telecommunications products (fixed, mobile, data) and services, including IT platforms, billing and customer support, to retail service providers around Australia through wholesale brands, Telcoinabox, iVox and Neural Networks. www.inaboxgroup.com.au

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