



ASX Announcement

26th February 2016

Inabox EBITDA up 144% for the first half and on track to deliver over \$5m for FY16

Inabox Group Limited ("Inabox", ASX: IAB) is pleased to announce its results for the six months ended 31 December 2015 (H1-FY16). Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 144% to \$2.6m, compared with the same period in the previous year.

Inabox is pleased with the progress of all business units, and the Board has reaffirmed its previously announced EBITDA guidance for FY16 of over \$5m.

Summary of 1H-FY16 Results

Half-year ended 31 st December	\$'000 H1-FY15 ¹	\$'000 H1-FY16	% Change
Revenue	23,308	41,920	80%
EBITDA - Earnings Before Interest, Tax, Depreciation & Amortisation	1,056	2,573	144%
NPAT - Net Profit After Tax	372	427	15%

* H1-FY15 excludes results from the Anittel business acquired in January 2015.

Revenue

Revenue increased to \$41.9m for the half year, an increase of 80% compared to H1-FY15. Recurring revenue accounted for approximately 75% of total revenue.

Inabox operates three business units:

- **Indirect:** contributed \$24.3m of revenue, an increase of 8% compared to 1H-FY15
- **Enablement:** contributed \$1.4m of revenue, an increase of 93% compared to 1H-FY15
- **Direct:** contributed \$16.2m of revenue. Inabox acquired its Direct business (Anittel) on 1st January 2015 so it made no contribution in 1H-FY15

EBITDA – Earnings Before Depreciation and Amortisation

The increase in revenue had a positive flow-on effect to EBITDA, which grew to \$2.6m, an increase of 144% compared to 1H-FY15. The acquisition of Anittel initially substantially increased Inabox's cost base, however, the integration and restructuring completed in 2H-FY15 allowed Inabox to achieve expense synergies and to make further investments in sales, products and systems development. These investments have strengthened Inabox's businesses, expanded margins and positioned it for future revenue growth.

NPAT – Net Profit After Tax

NPAT grew to \$0.43m for the half-year, an increase of 15% compared to 1H-FY15. Depreciation and amortisation expense (\$1.6m) was substantially higher this half-year compared to 1H-FY15 (\$0.5m). Finance costs were also \$0.24m higher than 1H-FY15. These increases largely relate to the businesses acquired from Anittel and, in particular, the Hosted Collaboration System (HCS) platform that provides services to the Tasmanian Government under a long-term supply agreement.

Business Unit Update

Indirect:

Indirect provides white-labelled wholesale telecommunications services to Retail Service Providers who predominantly service small and medium-sized businesses around Australia. The Indirect business performed well in a challenging market with competitive pressures restricting the growth of its smaller retail service provider clients. Inabox's strategies to grow the indirect business include:

- assisting selected clients to acquire other retail service providers;
- directly acquiring the customer bases of smaller competitors; and
- focusing on sales of next-generation voice and data services, which are helping to offset the slow but gradual decline in fixed line services.

Enablement:

Enablement provides provisioning, billing and support services to mass market retail customers allowing them to offer telecommunications products to their consumer customer bases. The enablement business continued to grow strongly during the half year with 23,000 new supported services added and total supported services now in excess of 55,000. This represents an increase of 167% compared to 1H-FY15.

Inabox expects Enablement will continue to grow rapidly in 2H-FY16 through its existing customers and from the acquisition of new Enablement customers.

Direct:

The Direct business provides IT, communications and cloud-based products and services to small and medium-sized businesses (SMBs) Australia-wide under the Anittel brand. Since acquiring Anittel in January 2015, Inabox has restructured and repositioned the business, dramatically improving its performance and profitability. In 2H-Fy16 and FY17, Inabox plans to strengthen its Direct business, particularly in the eastern states and introduce additional products and services tailored to its SMB clients. Inabox will continue to invest for organic growth and, where there is a good strategic fit, it will acquire complementary IT and communications businesses.

Full-Year FY16 Outlook

Inabox is pleased with the performance of all three business units in the first-half and expects the second-half to be at least as strong. Full-year FY16 EBITDA is expected to be over \$5m.

About Inabox Group Limited

Inabox supplies wholesale telecommunications (fixed, mobile, data) and cloud products and associated services, including billing and technical and customer support, to retail service providers around Australia through wholesale brands, Telcoinabox, iVox and Neural Networks. Inabox also enables mass-market consumer brands to enter the telecommunications market by leveraging its network and systems capabilities. Inabox's Anittel business provides IT and communications services directly to small and medium-sized businesses Australia-wide. www.inaboxgroup.com.au

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