



ASX Announcement

28 August 2015

Business transformation progressing to plan

Inabox Group Limited ("Inabox", **ASX: IAB**) is pleased to announce its results for the full year ended 30 June 2015 (FY15). The results include 6 months' trading of the Anittel business acquired on 1 January 2015 and are consistent with guidance provided in 2H15.

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

Summary of FY15 Results

Year ended 30 June	\$'000 2015	\$'000 2014	% Change
Revenue from continuing operations	64,329	46,910	37%
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	1,877	2,413	(22%)
Net Profit After Tax (NPAT)	(351)	1,068	(132%)
Underlying EBITDA ¹	2,541	2,413	5%
Underlying NPATA ²	877	1,069	(18%)

¹Underlying EBITDA – EBITDA excluding one off acquisition and restructuring charges

²Underlying NPATA – NPAT excluding one off acquisition and restructuring charges and excluding amortisation relating to the acquired Anittel business

The acquisition of Anittel and strong growth in the Enablement business lifted full year revenue by 37% to \$64.3m.

EBITDA was \$1.88m, down 22%, largely as a result of the Anittel acquisition which posted (EBITDA) losses in the first 4 months of 2HFY15 of approximately \$0.55m. With its turnaround substantially completed, Anittel began generating positive EBITDA in May and June.

EBITDA was also negatively impacted by \$0.66m of one-off transaction and restructuring costs relating to the Anittel acquisition. Excluding these costs, underlying EBITDA increased by 5% over FY14.

Acquisitions and Cost Savings

The acquisition of the Anittel business was completed on 1 January 2015. The Anittel business is now fully integrated into Inabox and provides IT, hosted collaboration and cloud services. The acquisition has now delivered:

- a new “direct to end-customer” business model with over 1,000 large SME, corporate and government customers, which offer substantial cross selling opportunities;
- 120 experienced staff operating from 14 locations across metropolitan and regional Australia;
- substantial IT, cloud and managed services capabilities; and
- a fully deployed Cisco Hosted Collaboration System (**HCS**) with more than 11,000 services now connected under a long term supply agreement with the Tasmanian Government.
- Significant synergies have been achieved and cash flows improved with positive EBITDA achieved in May and June 2015.

As part of the integration of Anittel, Inabox carried out a significant restructure in April, resulting in expected annualised cost savings of around \$3m. Around \$1m of these annual savings is being invested to support new sales and growth initiatives, including adding new sales staff. The integration and restructuring initiatives position Inabox well for substantial growth in FY16 and increased profitability.

Inabox also completed the acquisition of Neural Networks in July 2014. Neural Networks is a wholesale supplier of IP voice and cloud services to over 100 retail service providers and IT services businesses around Australia. This acquisition has exceeded short term expectations in its first year and expanded Inabox’s IP voice and cloud capabilities.

Enablement Business Unit:

The Enablement business supports large retail brands selling telco services to consumers and has achieved strong growth:

- Total supported services grew from more than 5,000 to more than 35,000 during the year;
- new Enablement clients were signed in 2HFY15; and
- there is a strong pipeline of opportunities to support further Enablement growth in FY16.

Indirect - Wholesale Business Unit:

This business unit performed well in a challenging market with competitive pressures restricting growth of its smaller retail service provider clients. Inabox is responding to market conditions by:

- 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 gradual decline in numbers of fixed line services.

Outlook For FY16

Growth in Inabox's three core businesses (described below) combined with net \$2m of annualised cost savings (after reinvestment of savings as described above), are expected to result in at least \$5m EBITDA for FY16, an increase of 160%.

Enablement - will continue to be a key focus, with the NBN generating strong interest from large retail brands wishing to become NBN retail service providers. Inabox is well positioned to win and support large brands with its end-to-end offering and strong implementation and operations track-record. Enablement aims to grow the number of supported services to more than 80,000 by the end of FY16.

Indirect - Wholesale – will support growth in sales of next generation voice and data services and assist customers to acquire other retail service providers. Inabox will also seek to acquire businesses or customer bases of smaller wholesale competitors, many of whom are struggling to remain viable given their small scale.

Direct - Anittel – is well positioned to grow the HCS business, implement new sales initiatives and extract further labour productivity gains. The business can now grow organically by cross-selling bundled telecommunications, cloud and IT managed services. Anittel will also seek strategic acquisitions in regions where it has an existing presence but currently lacks scale.

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 also provides telecommunications and cloud products, IT software and services directly to customers through its Anittel brand. www.inaboxgroup.com.au

Inabox contact details:

Damian Kay, CEO & Managing Director
damian@inaboxgroup.com.au or T: 0413 888 655

Angus Fotheringham, Company Secretary
angus@inaboxgroup.com.au or T: 0423 754 414

Investor/media enquiries:

Andreina Amato, Corporate Communication
andreina@inaboxgroup.com.au or T: 0410 434 227