



Amcom delivers 23% underlying profit increase

13 August 2013

Australian Securities Exchange Limited

Highlights

- Revenue up 16% to \$157.7m
- EBITDA* up 18% to \$40.0m
- Free cash flow up 10% \$14.8m
- NPAT before significant items* up 23% to \$20.8m⁽¹⁾
- 11th consecutive year of greater than 20% growth in underlying NPAT
- Earnings per share (NPAT before significant items)* up 22% to 8.5 cents
- Final dividend per share up 10% to 3.5 cents fully franked
- ROE increase to 18% from 15%

Amcom Telecommunications Limited (“Amcom”) (ASX: AMM), a leading Telecom and IT Service provider, today announced its results for the financial year ended 30 June 2013.

Net profit after tax before significant items increased 23% to \$20.8m⁽¹⁾ for the financial year ended 30 June 2013. Earnings per share increased by 22% to 8.5 cents per share, after excluding the effect of once off items in the previous financial year.

This year marks the 11th consecutive year of at least 20% per annum growth in underlying net profit after tax. Earnings growth continues to be driven by strong organic growth across the company’s operations which have substantially expanded both in size and scope in recent years.

Revenue increased 16% to \$157.7m. The core data networks division was the major contributor to this growth along with hosted and cloud services. The recurring annual revenue base for the annuity streams of the business now exceeds \$106m as at 30 June 2013, up from \$98m at December 2012.

Operating cash flow before working capital movements increased 32% to \$34.8m and after working capital movements increased 3% to \$33.2m. Working capital requirements remained low despite a 16% increase in revenue and the continued scaling of the capabilities of the business.

Free cash flow⁽²⁾ increased 10% to \$14.8m reflecting the on-going focus on free cash flow generation while continuing to invest in new growth initiatives such as the recently announced partnership with Cisco Systems.

The Board has declared a final dividend of 3.5 cents per share fully franked. This brings the full year dividend to 5.5 cents per share which is up from 5 cents in the previous financial year, an increase of 10%. The final dividend is payable on 4 October 2013 to shareholders registered on 19 September 2013.

Commenting on the result, Amcom’s CEO Mr Clive Stein said “I am delighted to report another strong performance from the company and marks another year of delivering in excess of 20% growth in underlying net profit after tax. Amcom is focussed on building annuity style revenue streams across both existing and developing lines of business which provides a degree of predictability in forward earnings. We operate in a constantly changing industry and we have proven our ability to predict and capitalise on the convergence between the telco and IT sectors.”

* non AIFRS financial information refer to appendix 1

1. In FY 12 significant items totalled \$11.5m comprising profit on in specie distribution of inet shares \$18.6m, impairment charges of \$6.3m and acquisition expenses of \$0.8m.
2. Free cash flow = Operating cash flow less net payments for the acquisition of property, plant and equipment.

Amcom's Chairman Mr Tony Grist added "This result builds on Amcom's impressive track record of delivering consistently strong operating performance and it is a credit to our dedicated team. I remain confident that the company's growth story is well and truly on track and of the ability of our management team to meet the high expectations of investors who have chosen to participate in the Amcom story."

Outlook

Amcom's growth momentum has continued into the new financial year with a broadened and fully integrated product offering addressing high growth markets and operating across Australia.

The core data networks business is expected to remain strong and will be complemented by an increasing contribution from newer offerings such as Cloud Services and the Hosted Collaboration Services (HCS) partnership with Cisco Systems announced in February. The company remains conservatively financed with low debt and significant balance sheet capacity to fund organic and inorganic growth opportunities as they are identified.

In FY14 Amcom is well placed to deliver another year of double digit percentage growth in underlying net profit after tax. An update on the company's progress will be provided at the Annual General Meeting to be held in November 2013.

For further information please contact:

Clive Stein

Managing Director & CEO

Tel +618 9244 6022

Email clivestein@amcom.com.au

David Hinton

Chief Financial Officer & Company Secretary

Tel +618 9244 6031

Email davidhinton@amcom.com.au

Greg Slade

Investor Relations

Tel +61 39670 3006

Mob +61488 917 882

Email greg.slade@amcom.com.au

Media contact

Rupert Dearden, MAGNUS

Tel +61422 209 889 or

Rob Newton, Magnus

Tel +61488 717 005

About Amcom

Amcom is an award-winning, ASX listed, IT and Telecommunications company employing over 320 talented people across Australia.

Through the delivery of innovative, flexible and cost effective solutions and superior customer service, Amcom has become the provider of choice for the converging Information, Communication and Technology (ICT) needs of business and government across Australia.

Amcom's product set includes national data network access delivering business grade data and internet services, business class IP voice, cloud solutions and managed services; all supported by our extensive fibre-optic network and an extensive range of ICT advisory, integration and security solutions. For further information, visit: www.amcom.com.au

Amcom Telecommunications Limited
Results FY 13

The Directors believe that the presentation of non-AIFRS financial information is useful for readers of this document to provide information of the company's profit results that is consistent with equity valuation and investment research methodologies generally adopted in Australia.

The following table reconciles the non-IFRS financial information in this document to the AIFRS based profit result included in the Appendix 4E lodged with the ASX.

\$ 000	FY 13	FY 12
Net Profit after tax	20,750	28,358
Income tax expense	8,176	5,350
Profit on in specie distribution -iiNet	-	(18,626)
Impairment of goodwill	-	2,814
Impairment of assets (tax effect \$1,499)	-	4,995
Acquisitions activity and other expenses*	-	1,024
Depreciation & amortisation	9,494	8,887
Interest revenue	(276)	(533)
Finance costs	1,857	1,739
EBITDA *	40,001	34,008
Depreciation & amortisation	(9,494)	(8,887)
EBIT *	30,507	25,121
Interest revenue	276	533
Finance costs	(1,857)	(1,739)
Profit before tax *	28,926	23,915
Income tax expense	(8,176)	(7,079)
Net profit after tax before significant items *	20,750	16,836

* non AIFRS financial information