



Amcom Delivers another Year of Record Profit

13 August 2014

Australian Securities Exchange Limited

Highlights

- Group revenue up 8% to \$170.4m, with recurring revenue up 16%
- EBITDA* up 17% to \$46.7m
- NPAT before significant items* up 12% to \$23.2m
- Operating cash flow up 24% to \$41.2m
- Earnings per share (NPAT before significant items)* up 11% to 9.4 cents
- Final dividend up 14% to 4.0 cents per share fully franked
- Return on equity increased to 18.5%

Amcom Telecommunications Limited (“Amcom”) (ASX: AMM), a leading Telecom and IT Service provider, today announced its results for the financial year ended 30 June 2014. Revenue increased 8% to \$170.4m with the annual recurring revenue base from annuity business streams increasing by 16% to \$122m at 30 June 2014. Net profit after tax before significant items* increased 12% to \$23.2m. Earnings per share increased by 11% to 9.4 cents per share, after excluding the effect of once off items. Operating cash flow increased 24% to \$41.2m as a result of earnings growth and improved operating efficiencies.

Amcom’s CEO Clive Stein commented, “This is another pleasing set of results for Amcom. A key measure for us is our recurring revenue base, which increased by 16% on the back of strong demand for our annuity services. We have continued to innovate and invest in our business as demonstrated with the deployment of Amcom Cloud Collaboration (ACC), leading to our ground breaking partnership with AARNet and our major contract win with the University of Melbourne. The Higher Education and Research sector is generally an early adopter of new technology and it, together with ACC will be another growth driver for us in the future. According to Frost and Sullivan, the addressable enterprise market for platforms such as ACC (UCaaS) is over \$1.3billion nationally.

“Additionally, our customer value proposition for data networks is significantly enhanced as our product capabilities expand. We see tremendous potential to grow our business on the back of innovative products which are integrated into our data network solutions.”

Tony Grist, Amcom Chairman added, “The business continues to perform strongly and the quality of this result is evidenced by the increasing level of operating cash flow. Our new initiative in Amcom Cloud Collaboration (ACC) is showing encouraging signs of being an excellent opportunity, and to date we have sold approximately 17,000 seats which generates annuity revenue. We spent \$2.5m in FY14 to bring ACC to market, excluding these costs, the business would have delivered year-on-year EPS growth of circa 20%. Our balance sheet is in excellent shape following the recent capital raising. This gives us ample capacity to take advantage of both organic or acquisition opportunities that will be complementary to our existing business as we look to increase our national footprint.”

* non AIFRS financial information refer to appendix 1

The Board has declared a fully franked final dividend of 4 cents per share, an increase of 14% from the previous FY13 final dividend of 3.5 cents per share. This brings the total dividend for the FY14 financial year to 6.2 cents per share, an increase of 13% on FY13. The final dividend is payable on 7 October 2014 to shareholders on the register as at 22 September 2014. The Dividend Reinvestment Plan will apply to this final dividend with a DRP discount rate of 2.5% to the volume weighted average share price on the ASX for the five days commencing on the business day after the dividend record date. The last day for receipt of DRP election notices is 23 September 2014.

Outlook

Amcom is well positioned for continued growth. The company expects to continue growing its market share both organically and inorganically. The continuing improvement in our recurring billing base is a key indicator pointing to another successful year ahead.

In FY15 Amcom expects a similar rate of growth in underlying net profit after tax to that just reported for FY14. A further update will be provided at the Annual General Meeting to be held in November 2014.

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About Amcom

Amcom is an award-winning, ASX listed a leading Telecom and IT Service provider employing over 350 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 range of IT solutions. For further information, visit: www.amcom.com.au

Amcom Telecommunications Limited
Results June 2014

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-AIFRS financial information in this document to the AIFRS based Statement of Comprehensive Income included in the Appendix 4E lodged with the ASX.

	CONSOLIDATED	
	Year ended 30 June 2014 \$'000	Year ended 30 June 2013 \$'000
Net Profit after tax	22,389	20,750
Income tax expense	9,550	8,176
Acquisition activity and other expenses*	979	-
Depreciation and amortisation	11,474	9,494
Interest revenue	(309)	(276)
Finance costs	2,629	1,857
EBITDA*	46,712	40,001
Depreciation and amortisation	(11,474)	(9,494)
EBIT*	35,238	30,507
Interest revenue	309	276
Finance costs	(2,629)	(1,857)
Profit before tax*	32,918	28,926
Income tax expense	(9,766)	(8,176)
Net Profit after tax before significant items*	23,152	20,750

* non AIFRS financial information