20 February 2018
ASX / Media Release

Mainstream Group Holdings Limited final results for the half year ended 31 December 2017

Mainstream Group Holdings Limited group (ASX: MAI, formerly MainstreamBPO Limited) today announced its results for the six months ended 31 December 2017 (HY18).

Highlights

- Revenue of $19.0 million (up 45% from HY17)
- EBITDA of $3.0 million (up 70% with 4.7% Operating EBITDA Margin improvement from HY17)
- NPAT of $1.0 million (up 43% from HY17)
- On track to deliver revenue of $40 million to $42 million and EBITDA of $6 million to $7 million for FY18
- Fully franked interim dividend of 0.5 cents per share

Results summary

	Six months to 31 Dec 2017 $m	Six months to 31 Dec 2016 $m	Change
Revenue	**19.0**	13.1	+45%
Operating EBITDA*	**4.9**	2.7	+77%
Operating EBITDA Margin (%)	**25.8%**	21.1%	+22%
EBITDA	**3.0**	1.8	+70%
EBITDA Margin (%)	**15.8%**	13.5%	+17%
Total Dividend per Share	**0.5cps**	0.5cps	-%
EPS - basic	**$0.0092**	$0.0076	+21%

The below table reconciles Mainstream's net profit after income tax of $1.0m to its EBITDA of $3.0m for the six months ended 31 December 2017 compared to the prior corresponding period.

	Six months to 31 Dec 2017 $ (000's)	Six months to 31 Dec 2016 $ (000's)
Profit after income tax expense	**954**	**665**
Add:		
Income Tax Expense/(Benefit)	201	211
Amortisation and depreciation expense	669	379
Interest expense	647	223
Share-based payments expense	532	291
EBITDA	**3,003**	**1,769**
Acquisition costs	**207**	**122**
Transition costs^	**270**	**-**

Normalised EBITDA	**3,480**	**1,891**
Full period effect of Acquisitions	**282**	**296**
Proforma EBITDA**	**3,762**	**2,187**

^ Includes transition and global operating model costs.
**Operating EBITDA is not an IFRS standard and is used to highlight Operating Margin before Corporate Costs.*
*** Proforma EBITDA is not an IFRS standard and is used to highlight notional EBITDA with expected full period effect of Acquisitions.*

Funds under administration rose 12% during the half year to $133 billion, from $119 billion as at 30 June 2017. This was primarily due to inflows into new and existing funds and the completion of two acquisitions during the half year. Over the same period, the number of funds administered grew from 667 to 771 to funds.

Commenting on the results, Mainstream Chief Executive Officer Martin Smith said “Mainstream has delivered against each of the targets we set for HY18. We delivered meaningful growth in revenue and EBITDA, which were up 45% and 70% respectively. EBITDA was $750,000 above internal budget for the period.

The group’s strong growth continues to be driven by organic growth, with inflows into our top 10 clients accounting for 80% of the $14 billion increase in funds under administration over the six month period.”

Acquisition update

The Group’s acquisition of the following fund administration businesses successfully completed during HY18:

- Trinity Fund Administration (now Mainstream Fund Services in Ireland and Cayman Islands) – delivered established operations in Dublin, Ireland and the Cayman Islands to the group, completed 30 September 2017.
- Part of IRESS’ superannuation administration business – added scale, capability and new clients to Melbourne based Mainstream Superannuation Services; completed 8 November 2017.

From the dates of acquisition, Trinity and IRESS contributed $1.3 million of revenue to the Group. If the acquisitions had taken place at the beginning of the period, then they would have contributed $2.6 million of revenue to the Group for the six months ended 31 December 2017.

Dividend

The Board has declared an interim fully franked dividend of 0.5 cents per share, consistent with the dividend paid for the six month period to 31 December 2016.

Outlook and FY18 guidance

The company confirms it is on track to deliver revenue of approximately $40 million to $42 million and EBITDA of approximately $6 million to $7 million for FY18, representing significant respective increases of up to approximately 43% and 63% on FY17.

"The outlook for Mainstream is very positive and we have entered HY18 with significant momentum. Our increased profitability is expected to continue to be driven by inflows into existing funds, new product launches, the full year impact of completed acquisitions and continued investment in technology and automation of our processes. We have a strong pipeline for the remainder of FY18 including several opportunities to deploy our trademark 'lift and shift' outsourcing process." said Mr Smith.

For more information

Martin Smith
Chief Executive Officer
Mainstream Group Holdings Limited
msmith@mainstreamgroup.com
T +61 8259 8801

Alicia Gill
Head of Marketing and Company Secretary
Mainstream Group Holdings Limited
agill@mainstreamgroup.com
T +61 2 8259 8859

About Mainstream

Mainstream Group Holdings Limited (ASX: MAI) provides fund and superannuation administration services underpinned by investment in people, processes and technology.

As at December 2017 the Group provides administration services to 771 funds and more than 107,000 investors with assets under administration in excess of AUD $133 billion.

Mainstream employs 221 people, with operations in Australia, Singapore, Hong Kong, the United States, the Isle of Man, Malta, Ireland and the Cayman Islands.

For more information, please visit: www.mainstreamgroup.com.