

ASX Release 28 August 2019

**CommsChoice Group Limited
Full Year Results to 30 June 2019**

CommsChoice Group Limited (ASX:CCG) today announces its financial results for the financial year ended 30 June 2019 (FY19).

Results Summary

A\$m	FY19	FY18 (6.5 mths)
Revenue	21.0	10.5
Cost of Sales	(12.0)	(5.8)
Gross Margin	9.0	4.7
Gross Margin %	43%	43%
Underlying EBITDA ¹	0.3	0.3
Significant Items (restructuring costs)	(19.0)	(4.1)
Statutory result before tax	(20.7)	(4.7)

Note: 1). Underlying EBITDA excludes net interest, share issue and non-cash LTIP costs, depreciation and amortization, as well as restructuring charges mentioned below.

Key highlights from CommsChoice's FY19 results include:

- Revenue of \$21.0m is above previously provided guidance of \$20.5m;
- Underlying EBITDA of \$0.3m is also above guidance of \$0.1m;
- Net cash of \$0.4m at 30 June 2019;
- Successful \$2.35m equity raising post year end;
- Restructuring complete with significant cost reductions achieved of circa \$2m annualised;
- Announced strategic position changes with a greater focus on Key Partners and Indirect Sales areas as well as development of an e-Commerce capability to drive growth; and
- CommsChoice maintains a healthy opportunity pipeline and has recently closed new deals with its cloud based global business phone offering.

Commenting on the FY19 results, CEO and Managing Director, Mr Peter McGrath, said: "after a challenging year, we are pleased with the successful restructuring of the business supported by an oversubscribed equity raising, a reflection of the strong fundamentals underpinning the business and the opportunities in the marketplace."

CommsChoice Chairman, Mr John Mackay, also stated: "with the restructure and strategic repositioning of the business now largely complete, we believe we have put in place the foundations to build a strong business to take advantage of significant opportunities ahead."

Operational Highlights

- The restructure announced in June 2019 is largely completed, resulting in reduced ongoing costs by circa \$2m per annum;
- The company successfully transformed and rolled out its cutting-edge SD-WAN network across a client's national network of 40 business locations, validating the technology and strategy and delivering significant network improvement and cost savings to the client in the process;
- A number of large cloud based global business phone customer networks delivered, leveraging our global POP network; and
- Recurring revenue at June 2019 of \$1.65m represents \$19.9m per annum, a very sound base from which to continue to grow the business in 2020 and deliver on guidance.

Business Outlook

CommsChoice has reaffirmed its guidance for FY20 of EBITDA of \$1.8m to \$2.2m.

The business is adequately funded to support organic growth with cash at bank / deposits of \$1.9m as at 26 August 2019.

Commenting on the business outlook Mr. McGrath said, "With the restructure now complete the business can begin focusing on revenue growth under its new operating model. The market opportunity remains significant for a business such as ours, with our ability to offer additional value for clients and the latest service offerings in the Unified Comms space.

We have an improving sales pipeline and recent contract wins with Microsoft Teams Calling and our Global business cloud phone solution. We are also pleased with the strong start to FY20 with EBITDA (unaudited) in July 2019 of \$0.4m."

About CommsChoice Group

CommsChoice Group provides cloud communications for business. The company services mid-tier corporate customers in Australia, Asia and internationally using its cloud based global business phone platform and MS Team Calling/Direct routing integration combined with innovative SD-WAN technology and fibre and NBN access products.

Corporate Enquiries:

Peter McGrath, MD and CEO

Phone: 02 9137 1175

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