ASX Announcement

25 August 2016

Inabox Group shows strong growth, declares maiden dividend

Inabox Group Limited ("Inabox", **ASX:IAB**) announces its results for the full year ended 30 June 2016 (FY16).

Summary of FY16 Results

- Revenue increased 37% to $88m
- EBITDA increased 202% to $5.5m
- NPAT increased 245% to $0.86m
- Underlying NPATA[1] increased 125% to $1.6m
- Inabox has declared a maiden full-year dividend of 1.7c per share

Year ended 30 June	$'000 2016	$'000 2015	Change
Revenue from continuing operations	88,005	64,328	37%
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	5,465	1,807	202%
Net Profit After Tax (NPAT)	859	(351)	245%
Underlying EBITDA1	5,465	2,470	121%
Underlying NPATA2	1,573	700	125%

[1]Underlying EBITDA excludes one off acquisition and restructuring charges

[2]Underlying NPATA excludes one off acquisition and restructuring charges and excluding amortisation relating to customer contracts and relationships from acquired businesses

Business Segment Overview

Indirect

Supplying managed communication services to more than 400 retail service providers, including white-labelled telecommunications solutions.

Revenue grew by 8% year on year. A number of acquisitions were successfully completed and integrated during FY16, demonstrating Inabox's capability to achieve both organic and inorganic growth in this channel.

The business has now launched premium mobile products with 4G capability to its retail service providers (as well as its direct channel). High initial demand indicates significant short-term uptake of these products through the channel.

Direct

Inabox's direct segment supplies IT and communication solutions to over 1,500 large SME, corporate and government clients around Australia.

The fully-integrated Anittel business, acquired in January 2015, generated more than $2m in EBITDA during FY16, exceeding guidance. Revenue also grew 94% year on year, as Inabox makes significant progress in cross-selling its telecommunications products to IT services customers.

During the year, Inabox divested its capital-intensive Tasmanian HCS business for $4.5m, with a transition period extending through FY17.

Enablement

Inabox's fastest growing segment supplies systems and network infrastructure as a service, enabling large retail brands to provide telecommunication solutions to their customers.

This segment continues to grow, with more than 4,000 services added per month. Across the segment, more than 85,000 services are now supported by Inabox. Inabox has also generated significant revenue through software and network development.

Business Segment Outlook for FY17

Indirect

Inabox expects continuing organic growth in its Indirect channel, through a continued focus on:
- Unified Communications
- 4G-capable mobile product
- Cross-selling IT services.

Inabox also expects to continue acquiring smaller telecommunications businesses, as well as considering larger strategic acquisitions.

Direct

As the market shifts from on-premises hardware to cloud-based solutions, Inabox is well placed to cross-sell next generation cloud products to its existing customer base. We expect continuing revenue growth from the Direct segment.

Inabox will continue to cross-sell telecommunication products to our directly managed customers. This will include targeting key vertical markets such as education and professional services firms.

Enablement

Inabox is focused on growing the services supported by this business segment, and is in discussions with additional national consumer brands.

About Inabox Group Limited

Inabox is a leading managed IT and communications provider to SME and consumer brands across Australia. It provides services through three channels:

- Indirect, supplying managed communication services to over 400 Retail Service Providers;
- Direct, supplying IT and communication solutions to SME, corporate and government clients; and
- Enablement, supplying systems and network infrastructure as a service to large consumer brands.

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