

February 28th, 2019

Bendigo Telco delivers increased revenue on flat EBITDA and flags changes to the business strategy made necessary by the NBN.

Bendigo Telco (NSX:BCT) today announced its results for the half year ended December 31st 2018.

Highlights

- EBITDA for the half year of \$1,788,986 (2017: \$1,770,220)
- Revenue increased by 13% over the corresponding prior period to \$18,929,059
- Continued generation of strong cash flows from operating activities
- Refocusing the business to serve the needs of our mid-tier business customers
- Impairment charges to goodwill and other non-current assets of \$2,352,967 have been made to our balance sheet as a result of our change in strategy
- This impairment resulted in a reported statutory loss for the half year

Bendigo Telco Board Chairman, Rob Hunt stated, "The telco industry is enduring a prolonged period of disruption primarily caused by implementation of the NBN network by the Federal Government. This network is bringing benefits for consumers and small business while at the same time eroding the margins previously available from our consumer product lines. The business has carefully reviewed its strategy, target markets, organizational context and cost base. We believe that our forward strategy emphasizes our relationships with the Community, the Bendigo Bank and our Mid-Tier customers. Our new strategy will also position us for continued growth over the mid-term. We also see opportunities to expand the strategic contribution we provide across our chosen markets and to create genuine value for our local economies and customer base."

Business Reorganisation and Cost Reductions

To support our refreshed business strategy, management and the board have undertaken a careful assessment of our cost base, said Bendigo Telco CEO, Jeff Jordan. We intend to reduce our costs in a number of key areas across the business. Our de-emphasis of the resource-intensive Consumer and Small Business market segment will enable a significant reduction in cost without affecting our commitment to existing customers or our ability to develop more strategic activities. We will also re-organise the business structure around our new strategic priorities affording us the ability to realise further cost savings aligned with

changing margin and revenue. After implementing these changes, we will be in a position to support all existing customers, the ongoing growth of the business and our commitment to each of the markets we serve.

Dividend

The Bendigo Telco Board has decided to declare an interim dividend for the half year of 4c. "This decision is reflective of our need to balance the costs of restructuring the business with our confidence in the plans that we have made for future growth," Mr Hunt said.

ENDS

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About Bendigo Telco (NSX:BCT) Founded in 2000, Bendigo Telco was established by a group of large Bendigo businesses that wanted better access to telecommunications technology. Based on the 'community banking' model made famous by Bendigo Bank – Bendigo Telco was conceived as a telco that would support the needs of the local community. We are dedicated to becoming 'Australia's leading customer and community engaged technology solutions partner' and are here to serve you and your community.