



**5 September 2017**

Dear Shareholder,

Before we talk about the business, we would first like to say how deeply saddened we all are by the passing of board director George Paterson on Saturday 26 August 2017 following a battle with cancer.

George joined the TeamTalk board in late 2012 bringing his customary energy and enthusiasm to the role, together with extensive skills and experience he had gained in both the professional and commercial sectors. George is survived by his wife, Jill, his two sons Mike and Tim, and daughter Emily and our thoughts are with them at this difficult time.

Recently we announced TeamTalk's result for the 12 months ended 30 June 2017 which beat even our latest guidance with a **Profit after tax of 5.12m**.

We are currently putting our annual report together, but thought we should provide you some immediate commentary around our result and the future. Following the loss last year of \$1.31m, this year's result is a welcome return to full-year profitability and the second-best year this company has ever had.

We are pleased to report that **net debt has reduced by 33.9% to \$21.93m from \$33.16m** last year but still have much to do as we focus on further reducing debt and actively pursuing growth.

We are currently going through the RFP process with potential suppliers for a new Digital Tier III radio network to deliver a better service to our existing customers and grow the radio network business.

This year will also see TeamTalk investing to strengthen the resilience of our infrastructure including some of our IT systems. Planning is underway on how we migrate our fibre network off the trolleybus network and includes redesign and smarter solutions which will enable us to make efficiency gains and deliver better outcomes for our customers.

We continue to work on other strategic initiatives and partnerships which may well require investment to bring them to market. Therefore, it is prudent for now, to retain the cash we have generated to produce the stronger growth and profitability that will ensure sustainable dividends for shareholders.

We are confident that the company is on track for a resumption of dividends along with reinstatement of the dividend reinvestment option at the end of this financial year subject to results and financial performance.

### **Result Highlights**

- Revenue increased 3.4 percent across the company's continuing operations to \$34.05m, up from \$32.92m;
- Net debt for the group was down 33.9 percent from \$33.16m to \$21.93m;
- Net finance costs were cut by \$0.60m to \$1.60m;
- Profit after tax for the group was \$5.12m following a loss of \$1.31m; and
- EBIT from continuing operations for the period increased 8.64 percent to \$7.35m.

### **Outlook and guidance**

TeamTalk reaffirms guidance for the 12 months to 30 June 2018 in the range of:

- Profit after tax of \$4.1m to \$5.6m; and
- A further reduction of net debt of between 8-12 percent.

We thank you for your continued support and look forward to engaging with you at the Annual General Meeting in October.

Yours sincerely,



Roger Sowry,  
Chairman, TeamTalk Limited



Andrew Miller  
Chief Executive, TeamTalk Limited