

Mitchells defies the market; increased profit and cash flow; dividend up 21%

Leading integrated and diversified media services and communications group, Mitchell Communication Group Limited (ASX: MCU, "the Group"), today announced its financial results for the half year ended 31 December 2009.

Group Financial Highlights

The financial results for the half year ended 31 December 2009, compared to the previous corresponding period (pcp), demonstrate the following highlights:

- ✓ **Gross billings of \$661.1 million**, up \$35.1 million or 6% on pcp;
- ✓ **Operating revenues of \$122.9 million**, up 11% or \$12.1 million on pcp;
- ✓ **EBITDA of \$15.1 million**, up \$0.1m on pcp;
- ✓ **Net profit after tax of \$8.4 million**, up \$0.3m or 4% on pcp;
- ✓ **Cash surplus (net of debt) of \$24.7 million** at period end;
- ✓ **Operating cash flow of \$29.5 million**, up \$16.8 million or 132% on the pcp; and
- ✓ **Interim dividend of 2.3 cents per share**, fully franked, up 21% on pcp.

Comments

In commenting on the result, Mr Harold Mitchell, Executive Chairman of the Mitchell Communication Group said: "The health of the Group is exceptional in all respects. We have again won market share which is an outstanding achievement given the competitiveness within the marketplace and the size of our existing customer base. Planning and forecasting economic and industry trends in advance, the strength of our core business and relationships and the continued convergence to digital media has been the driving force behind the good results we have announced today. We have again defied the market.

"As a result of our strategic positioning, innovation and number 1 market position, the billings of our Australian online advertising businesses increased during the recent half year by 22% compared to the same half last year, more than 2 times that of the market¹.

"In addition to winning several new and prestigious accounts during the period, the billings of our traditional media business in Australia grew 6%, as compared to the market as a whole which contracted 6%².

"A track record of delivering strong results in all conditions, a desire to appropriately reward shareholders, coupled with increases in revenues, profits and importantly cash flows has seen the board increase the dividend payout ratio. Consequently, the FY'10 interim dividend is up 21% to 2.3 cents per share, fully franked, which shareholders may reinvest in MCU shares via the dividend reinvestment plan."

Upon announcing the half year result, Executive Chairman, Mr Harold Mitchell also advised that Mr Stuart Mitchell, Chief Executive Officer, after 18 years of service with the Company, would be taking a six month sabbatical. During this time, Mr Stuart Mitchell will continue to be a director of the company. Operationally, the company will be run by Mr Luke Littlefield, Chief Operating Officer and the executive management team overseen by the Executive Chairman, Mr Harold Mitchell.

In commenting on business conditions since 31 December, Mr Harold Mitchell noted that the momentum experienced in November and December of 2009 has continued into the new calendar year.

For further details please visit www.mitchells.com.au or contact:

Harold Mitchell
Executive Chairman
Mitchell Communication Group

Luke Littlefield
Chief Operating Officer
Mitchell Communication Group

1- PricewaterhouseCoopers – IAB Online Advertising Expenditure Report – December 2009.

2- Nielsen Adex excluding Online and Pay TV for the period July 2009 to December 2009.