

ASX Announcement

MNF Group Limited (ASX: MNF)
 28 August 2018

MNF reports strong organic growth
Gross Margin up 18% to \$69.0m, EBITDA rises to \$24.6m.

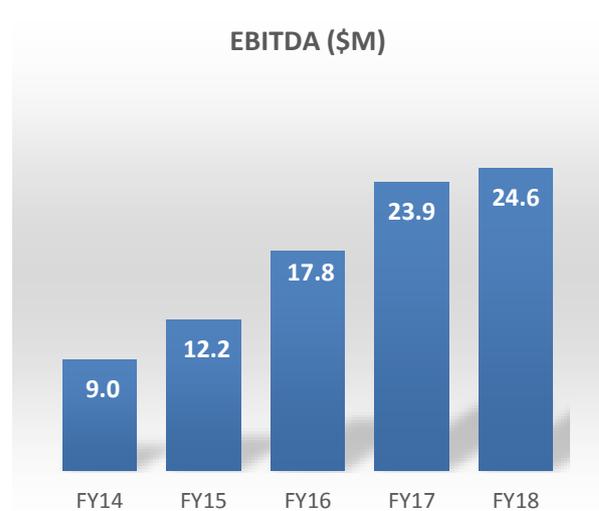
The Board of global high-quality voice communications specialist MNF Group (MNF) is pleased to report an excellent profit result for the full year ending 30 June 2018.

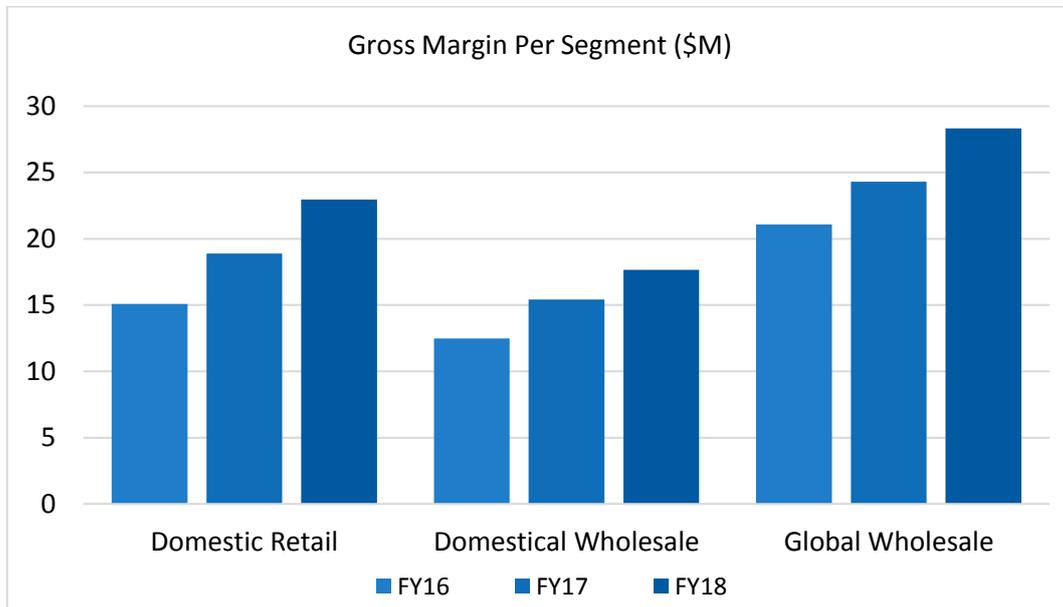
Gross Margin rose 18% to \$69.0m on revenue of \$220.7m, up 15% on prior year. Earnings before interest expense, tax, depreciation and amortisation (EBITDA) rose marginally by 3% to \$24.6m, impacted by a one-off investment into the Pennytel brand launch of \$2.3m. This produced a final net profit after tax (NPAT) of \$11.9m.

The total dividend for the full year has increased to 8.35 cents per share fully franked representing 51% of EPS, with the company declaring a final dividend of 4.05 cents per share.

“We are pleased with our Gross Margin growth, which was driven by strong growth across all segments: Domestic Wholesale (up 15%), Global Wholesale (up 17%) and Domestic Retail (up 22%).” Said MNF Group’s CEO, Mr. Rene Sugo. “The Domestic Retail segment benefited from a full year contribution of CCI, as well as strong growth in Enterprise & Government (up 13%) and Small to Medium Business (up 11%). We expect the performance in these sub-segments to accelerate into FY19 as new technology continues to disrupt voice communications thanks to the roll-out of the NBN.” Sugo added.

Result	FY17	FY18	Change
Revenue	\$191.8m	\$220.7m	+15%
Gross Margin	\$58.6m	\$69.0m	+18%
EBITDA	\$23.9m	\$24.6m	+3%
NPAT	\$12.1m	\$11.9m	-2%
Dividend	8.25cps	8.35cps	+1%
EPS	17.32cps	16.25cps	-6%





Business Outlook and Guidance:

The MNF Group has been operating in three well defined segments – Domestic Retail, Domestic Wholesale and Global Wholesale. Each segment contains strong diversity in terms of customers, products and revenue streams. All segments operate in our core area of expertise, being: enabling new and disruptive communications through software development and network deployment. Each segment has a well-defined strategy for investment & expansion to produce strong and sustainable organic growth, now and well into the future.

The company has adopted a four-dimensional growth strategy:

- Growth by **geographic expansion** – driven by the Global Wholesale segment as the company invests in additional network assets in new countries through-out the Asia-Pacific Region.
- Growth by **enhancing software capabilities** – driven by the company’s pedigree of software innovation, continuing to expand its suite of communications software products and services.
- Growth by **customer acquisition** – as the company grows its market share domestically and globally, by acquiring new wholesale, business, enterprise and government customers.
- Growth by **customer expansion** – as existing wholesale customers domestically and globally grow their own user base, these customers continue to acquire incremental capabilities from our company.

The Group is well placed to execute this growth strategy in the short and longer term, and continue to deliver sustainable profit growth for shareholders.

The Board believes that MNF Group has demonstrated its ability to harvest value from accretive acquisitions and integrate them quickly & effectively to improve the overall performance of the business. With a discerning and conservative approach, we will continue to actively search for further acquisition opportunities; whilst we remain totally committed to driving growth and performance within the business.

There will be a results presentation via teleconference held on Tuesday 28th August at 3:00 pm AEST. To register, please use the following link: [FY18 Full Year Results Registration](#). A recorded version of this presentation will be made available for later viewing at: <https://mnfgroup.limited/investors>.

ENDS

About MNF Group Limited

MNF Group Limited, (ASX: MNF) is an integrated telecommunications software and network provider, specialising in Internet communications. MNF Group was founded in 2004 and listed on the ASX in 2006. The company has 73.1 million shares on issue and has operated profitably since 2009 paying dividends to its shareholders every six months since September 2010.

The Group operates a global Smart Network carrying over 6 billion voice minutes per annum, with Points of Presence (POPs) in Los Angeles, New York, Hong Kong, Singapore, London, Frankfurt, Sydney and Auckland. Domestically, the Group operates the largest, fully interconnected IP Voice network in Australia.

MNF Group has a reputation for quality, value and innovation, being the recipient of numerous awards including the ACOMMS award for innovation (2017, 2016), Edison Award (2017), the Australian Growth Company Awards (2016), the iAwards for Innovation (2016), Forbes Asia's 200 Best Under a Billion (2014 & 2015), Deloitte Technology Fast 50 (2008, 2009, 2010, 2012, 2013, 2014) and CeBIT Outstanding Project Award (2013), and many more.

MNF Group companies includes retail brands: MyNetFone, Connexus, CallStream, PennyTel and The Buzz; conferencing brands Ozlink, Eureka, Express Virtual Meetings and wholesale brands TNZI, Symbio Networks and iBoss.

For further information about MNF Group Limited please visit: <http://mnfgroup.limited/>