
Macquarie Telecom Group Limited

Appendix 4E

Preliminary final report Financial year ended 30 June 2019

1. Results for announcement to the market

			\$A'000
Revenue	up	5.6%	to 246,566
Profit after tax attributable to members	down	3.1%	to 16,479
Net profit for the period attributable to members	down	3.5%	to 16,414
Dividends (distributions)		Amount per security	Franked amount per security
Final dividend		Nil	Nil
Interim dividend		Nil	Nil
Record date for determining entitlements to the dividend		N/A	
Payment date		N/A	

2. Consolidated Statement of Comprehensive Income

	Notes	2019 \$000	2018 \$000
Revenue	6.1	246,566	233,586
Expenses	6.1	(223,086)	(209,278)
Operating profit		23,480	24,308
Finance income		329	448
Finance costs		(453)	(12)
Profit before income tax		23,356	24,744
Income tax expense		(6,877)	(7,731)
Profit after income tax for the year attributable to owners of the parent		16,479	17,013
Other comprehensive income			
Items that may be reclassified to profit and loss:			
Exchange difference on translation of foreign operations		(65)	(11)
Total comprehensive income for the year attributable to owners of the parent		16,414	17,002

3. Consolidated Statement of Financial Position

	Notes	2019 \$000	2018 \$000
Current assets			
Cash and cash equivalents	6.2	17,064	30,298
Trade and other receivables		11,644	7,077
Accrued income		8,807	7,897
Other current assets		8,845	6,395
Current tax receivable		236	-
Total current assets		46,596	51,667
Non-current assets			
Property, plant and equipment		80,730	65,983
Intangible assets		19,406	16,945
Deferred tax asset		8,395	6,200
Other non-current assets		6,142	2,890
Total non-current assets		114,673	92,018
Total assets		161,269	143,685
Current liabilities			
Trade and other payables		34,120	33,466
Current tax liabilities		-	4,087
Provisions		1,803	1,752
Other current liabilities		7,070	4,282
Total current liabilities		42,993	43,587
Non-current liabilities			
Provisions		1,323	1,224
Other non-current liabilities		10,242	5,519
Total non-current liabilities		11,565	6,743
Total liabilities		54,558	50,330
Net assets		106,711	93,355
Equity			
Contributed equity		43,707	43,140
Other equity		(87)	-
Reserves		2,543	872
Retained profits		60,548	49,343
Total equity		106,711	93,355

4. Consolidated Statement of Changes in Equity

	Contributed Equity \$000	Other Equity \$000	Reserves \$000	Retained Earnings \$000	Total \$000
Balance at 1 July 2017	42,991	-	594	42,846	86,431
Profit for the year	-	-	-	17,013	17,013
Other comprehensive income	-	-	(11)	-	(11)
Total comprehensive income for the year	-	-	(11)	17,013	17,002
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	-	-	-	(10,516)	(10,516)
Share based payment	-	-	438	-	438
Performance shares rights vested	149	-	(149)	-	-
Total	149	-	289	(10,516)	(10,078)
As at 30 June 2018	43,140	-	872	49,343	93,355
Balance at 1 July 2018	43,140	-	872	49,343	93,355
Profit for the year	-	-	-	16,479	16,479
Other comprehensive income	-	-	(65)	-	(65)
Total comprehensive income for the year	-	-	(65)	16,479	16,414
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	-	-	-	(5,274)	(5,274)
Acquisition of treasury shares	567	(567)	-	-	-
Share based payment	-	-	2,216	-	2,216
Issue of treasury share to employees	-	480	(480)	-	-
Total	567	(87)	1,736	(5,274)	(3,058)
As at 30 June 2019	43,707	(87)	2,543	60,548	106,711

5. Consolidated Statement of Cash Flows

	Notes	2019 \$000	2018 \$000
Cash flow from operating activities			
Receipts from customers		270,675	254,793
Payments to suppliers and employees		(220,705)	(202,513)
Interest received		329	492
Income tax paid		(11,671)	(9,837)
Net cash flows from operating activities	6.2	38,628	42,935
Cash flows from investing activities			
Acquisition of non-current assets:			
Property, Plant & Equipment		(34,666)	(22,728)
Intangibles		(11,422)	(11,097)
Proceeds from sale of property, plant and equipment		273	-
Net cash flows from investing activities		(45,815)	(33,825)
Cash flows from financing activities			
Dividends paid on ordinary shares		(5,274)	(10,516)
Interest and other finance costs paid		(861)	(12)
Net cash flows from financing activities		(6,135)	(10,528)
Net decrease in cash and cash equivalents		(13,322)	(1,418)
Cash and cash equivalents at the beginning of the financial year		30,298	31,766
Effects of exchange rate changes on cash and cash equivalents		88	(50)
Cash and cash equivalents at the end of the year	6.2	17,064	30,298

6. Notes to the consolidated financial statements

6.1 Revenue and expenses

(a) Revenue and other revenue	2019	2018
	\$000	\$000
Revenue from contracts with customers	244,044	233,112
Other revenue	2,522	474
Total revenue and other revenue	246,566	233,586

	2019	2018
	\$000	\$000
Amortisation of non-current assets		
Intangibles	8,807	6,710
Depreciation of non-current assets		
Property, plant and equipment	19,793	16,834
Total depreciation and amortisation expense	28,600	23,544

Bad and doubtful debts expensed	300	388
Operating lease rental	9,985	10,280
Employment costs	72,824	64,386
Network and service delivery costs	80,652	84,570
Net foreign exchange losses	83	50
Other expenses	30,642	26,060
	194,486	185,734
Total expenses	223,086	209,278

6. Notes to the consolidated financial statements

6.2 Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the financial statements is as follows;

	2019	2018
	\$000	\$000
Cash at bank	12,064	30,298
Short term deposits	5,000	-
	17,064	30,298

(a) Reconciliation of profit after income tax expense to net cash inflow from operating activities	2019	2018
	\$000	\$000
Profit after income tax expense	16,479	17,013
Amortisation of non-current assets	8,807	6,710
Depreciation of non-current assets	19,793	16,833
Loss on sale of property, plant and equipment	7	-
Share based payment	546	438
Net foreign currency loss/(gain)	134	(63)
Finance costs	453	-
Change in operating assets and liabilities		
(Increase)/decrease in trade and receivables	(4,820)	820
(Increase)/decrease in accrued income	(910)	(1,243)
(Increase)/decrease in prepayments	(5,002)	(94)
(Increase)/decrease in net deferred tax assets	(1,402)	(179)
(Increase)/decrease in other receivables	(447)	(802)
Increase/(Decrease) in trade and other payables	775	4,771
(Decrease)/increase in current tax liabilities	(3,446)	(1,927)
Increase/(Decrease) in provisions	150	333
Increase/(Decrease) in other liabilities	7,511	325
Net cash inflow from operating activities	38,628	42,935

7. Net Tangible Assets

	2019	2018
Net tangible asset backing per ordinary security (\$)	4.10	3.62

8. Earnings per share

Earnings per share for profit attributable to the equity holders of the Company:

	2019	2018
Basic earnings per share (cents)	78.0	80.9
Diluted earnings per share (cents)	77.0	79.2

9. Ratios

	2019	2018
Consolidated profit before tax as a percentage of revenue	9.5%	10.6%
Consolidated net profit after tax attributable to members as a percentage of total equity (similarly attributable) at the end of the period	15.4%	18.2%

10. Segment reporting

The consolidated entity operates in two primary operating segments providing services to corporate and government customers. The Telecom segment relates to the provision of voice and mobile telecommunications services and the provision of services utilising the Macquarie Telecom data network. The Hosting segment relates to the provision of services utilising Macquarie Telecom's data hosting facilities. All activities are principally conducted in Australia.

	Telecom		Hosting		Consolidated	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Revenue						
External service revenue	138,456	142,276	105,588	90,836	244,044	233,112
Inter-segment revenue	-	-	4,807	4,484	4,807	4,484
Other revenue	2,356	186	166	288	2,522	474
Total segment revenue	140,812	142,462	110,561	95,608	251,373	238,070
Inter-segment elimination	-	-	(4,807)	(4,484)	(4,807)	(4,484)
Total consolidated revenue and other income	140,812	142,462	105,754	91,124	246,566	233,586
Results						
EBITDA	19,915	21,008	32,165	26,844	52,080	47,852
Depreciation and amortisation	(11,249)	(9,128)	(17,351)	(14,416)	(28,600)	(23,544)
Segment results before interest and tax	8,666	11,880	14,814	12,428	23,480	24,308
Finance income					329	448
Finance costs					(453)	(12)
Consolidated entity profit from ordinary activities before income tax expense					23,356	24,744
Income tax expense					(6,877)	(7,731)
Net Profit					16,479	17,013
Acquisition of non-current assets						
Allocated acquisitions	13,941	8,897	28,774	21,574	42,715	30,471
Unallocated acquisitions	-	-	-	-	3,373	3,362
Total acquisition of non-current assets	13,941	8,897	28,774	21,574	46,088	33,833

Additional commentary

Further commentary on the results for the period is contained in the press release dated 27 August 2019 accompanying this statement.

Annual General Meeting

The Annual General Meeting will be held as follows:

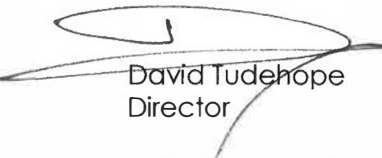
Location	Macquarie Telecom Level 15, 2 Market St, Sydney
Date and Time	29 November 2019 @ 10.00am

Compliance statement

Basis of preparation of the Preliminary Final Report:

1. This report has been prepared in accordance with ASX Listing Rule 4.3A, the disclosure requirements of ASX Appendix 4E and Australian Accounting Standards. The accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, are consistent with the prior year.
2. This report is based on financial statements that have been audited and an unqualified opinion has been issued.

Signed



David Tudehope
Director

Date: 27 August 2019