
Macquarie Telecom Group Limited

Appendix 4E

Preliminary final report Financial year ended 30 June 2020

1. Results for announcement to the market

Revenue	up	8.0%	to	\$000 266,206
Profit after tax attributable to members	down	17.8%	to	13,542
Net profit for the period attributable to members	down	17.7%	to	13,501
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	2020 \$000	2019 \$000
Revenue	6.1	266,206	246,566
Expenses	6.1	(242,360)	(223,086)
Operating profit		23,846	23,480
Finance income		148	329
Finance costs		(4,558)	(453)
Profit before income tax		19,436	23,356
Income tax expense		(5,894)	(6,877)
Profit after income tax for the year attributable to owners of the parent		13,542	16,479
Other comprehensive income			
Items that may be reclassified to profit and loss:			
Exchange difference on translation of foreign operations		(41)	(65)
Total comprehensive income for the year attributable to the owners of the parent		13,501	16,414
		2020	2019
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Group:			
Basic earnings per share		63.6	78.0
Diluted earnings per share		62.7	77.0

3. Consolidated Statement of Financial Position

	Notes	2020 \$000	2019 \$000
Current assets			
Cash and cash equivalents	6.2	37,894	17,064
Trade and other receivables		19,718	11,644
Accrued income		9,907	8,807
Prepayments		12,675	7,599
Other current assets		1,672	1,246
Current tax receivable		20	236
Total current assets		81,886	46,596
Non-current assets			
Property, plant and equipment		112,618	80,730
Intangible assets		28,363	19,406
Right-of-use assets		76,072	-
Deferred tax asset		10,644	8,395
Prepayments		13,104	4,886
Other non-current assets		1,587	1,256
Total non-current assets		242,388	114,675
Total assets		324,274	161,271
Current liabilities			
Trade and other payables		54,230	34,120
Provisions		2,307	1,803
Lease liabilities		5,053	-
Other current liabilities		6,158	7,070
Total current liabilities		67,748	42,993
Non-current liabilities			
Trade and other payables		3,182	-
Provisions		1,435	1,323
Lease Liabilities		70,722	-
Borrowings		48,000	-
Other non-current liabilities		11,046	10,242
Total non-current liabilities		134,385	11,565
Total liabilities		202,133	54,558
Net assets		122,141	106,711
Equity			
Contributed equity		43,933	43,707
Other equity		-	(87)
Reserves		4,118	2,543
Retained earnings		74,090	60,548
Total equity		122,141	106,711

4. Consolidated Statement of Changes in Equity

	Contributed Equity \$000	Other Equity \$000	Reserves \$000	Retained Earnings \$000	Total \$000
Balance at 1 July 2018	43,140	-	872	49,343	93,356
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
Balance at 1 July 2019	43,707	(87)	2,543	60,548	106,711
Profit for the year	-	-	-	13,542	13,542
Other comprehensive income	-	-	(41)	-	(41)
Total comprehensive income for the year	-	-	(41)	13,542	13,501
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	-	-	-	-	-
Acquisition of treasury shares	226	(226)	-	-	-
Share based payment	-	-	1,929	-	1,929
Issue of treasury share to employees	-	313	(313)	-	-
Total	226	87	1,616	-	1,929
As at 30 June 2020	43,933	-	4,118	74,090	122,141

5. Consolidated Statement of Cash Flows

	Notes	2020 \$000	2019 \$000
Cash flow from operating activities			
Receipts from customers		281,114	270,675
Payments to suppliers and employees		(228,768)	(220,705)
Interest received		148	329
Income tax paid		(6,589)	(11,671)
Net cash flows from operating activities	6.2	45,905	38,628
Cash flows from investing activities			
Acquisition of non-current assets:			
Property, Plant & Equipment		(48,335)	(34,666)
Intangibles		(15,806)	(11,422)
Proceeds from sale of property, plant and equipment		-	273
Net cash flows from investing activities		(64,141)	(45,815)
Cash flows from financing activities			
Dividends paid on ordinary shares		-	(5,274)
Proceeds from borrowings		48,000	-
Principal elements of lease payments		(4,772)	-
Interest and other finance costs paid		(4,161)	(861)
Net cash flows from/(used) in financing activities		39,067	(6,135)
Net increase/(decrease) in cash and cash equivalents		20,831	(13,322)
Cash and cash equivalents at the beginning of the financial year		17,064	30,298
Effects of exchange rate changes on cash and cash equivalents		(1)	88
Cash and cash equivalents at the end of the year	6.2	37,894	17,064

6. Notes to the consolidated financial statements

6.1 Revenue and expenses

	2020 \$000	2019 \$000
Revenue from contracts with customers	265,524	244,044
Other revenue	682	2,522
Total revenue and other revenue	266,206	246,566
Amortisation of non-current assets		
Intangibles	10,795	8,807
Depreciation of non-current assets		
Property, plant and equipment	23,897	19,793
Right-of-use Asset - Buildings	6,606	-
Right-of-use Asset – Plant and Equipment	83	-
Total depreciation and amortisation expense	41,381	28,600
Bad and doubtful debts expensed	110	300
Operating lease rental	-	9,985
Low-value assets lease payments	1,900	-
Employment costs	82,082	72,824
Network and service delivery costs	85,819	80,652
Net foreign exchange losses	-	83
Other expenses	31,068	30,642
	200,979	194,486
Total expenses	242,360	223,086

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;

	2020	2019
	\$000	\$000
Cash at bank	37,894	12,064
Short term deposits	-	5,000
	37,894	17,064

(a) Reconciliation of profit after income tax expense to net cash inflow from operating activities

	2020	2019
	\$000	\$000
Profit after income tax expense	13,542	16,479
Amortisation of non-current assets	10,795	8,807
Depreciation of non-current assets	23,897	19,793
Depreciation of right-of-use asset	6,689	-
Loss on sale of property, plant and equipment	-	7
Share based payment	468	546
Net foreign currency loss/(gain)	-	134
Finance costs	4,558	453

Change in operating assets and liabilities

(Increase)/decrease in trade and receivables	1,387	(4,820)
(Increase)/decrease in accrued income	(1,100)	(910)
(Increase)/decrease in prepayments	(13,290)	(5,002)
(Increase)/decrease in net deferred tax assets	(788)	(1,402)
(Increase)/decrease in other receivables	(10,218)	(447)
Increase/(Decrease) in trade and other payables	13,407	775
Increase/(Decrease) in current tax receivables	216	(3,446)
Increase in provisions	616	150
Increase in other liabilities	(4,274)	7,511
Net cash inflow from operating activities	45,905	38,628

7. Net Tangible Assets¹

	<u>2020</u>	<u>2019</u>
Net tangible asset backing per ordinary security (\$)	4.39	4.10

1. Net tangible assets include the net impact of the right of use assets and the corresponding lease liabilities accounted for under the requirements of AASB 16 Leases.

8. Earnings per share

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

	<u>2020</u>	<u>2019</u>
Basic earnings per share (cents)	63.6	78.0
Diluted earnings per share (cents)	62.7	77.0

9. Ratios

	<u>2020</u>	<u>2019</u>
Consolidated profit before tax as a percentage of revenue	7.3%	9.5%
Consolidated net profit after tax attributable to members as a percentage of total equity (similarly attributable) at the end of the period	11.1%	15.4%

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	
	2020	2019	2020	2019	2020	2019
	\$000	\$000	\$000	\$000	\$000	\$000
Revenue						
External service revenue	140,473	138,456	125,051	105,588	265,524	244,044
Inter-segment revenue	-	-	5,177	4,807	5,177	4,807
Other revenue	589	2,356	93	166	682	2,522
Total segment revenue	141,062	140,812	130,321	110,561	271,383	251,373
Inter-segment elimination	-	-	(5,177)	(4,807)	(5,177)	(4,807)
Total consolidated revenue and other income	141,062	140,812	125,144	105,754	266,206	246,566
Results						
EBITDA	20,199	19,915	45,028	32,165	65,227	52,080
Depreciation and amortisation	(15,321)	(11,249)	(26,060)	(17,351)	(41,381)	(28,600)
Segment results before interest and tax	4,878	8,666	18,968	14,814	23,846	23,480
Finance income					148	329
Finance costs					(4,558)	(453)
Group profit from ordinary activities before income tax expense					19,436	23,356
Income tax expense					(5,894)	(6,877)
Net Profit					13,542	16,479
Acquisition of non-current assets						
Allocated acquisitions	22,776	13,941	49,525	28,774	72,301	42,715
Unallocated acquisitions	-	-	-	-	3,232	3,373
Total acquisition of non-current assets	22,776	13,941	49,525	28,774	75,533	46,088

Additional commentary

Further commentary on the results for the period is contained in the press release dated 27 August 2020 accompanying this statement.

Annual General Meeting

The Annual General Meeting will be held as follows:

Location	Macquarie Telecom Level 15, 2 Market St, Sydney (including remote participation options)
Date and Time	27 November 2020 @ 9.00am

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: 26 August 2020