

ASX Announcement

30 August 2016

Melbourne IT Limited (ASX: MLB)



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MELBOURNE IT: RELEASE OF 2016 FIRST HALF FINANCIAL RESULTS STRATEGY TO TRANSITION MLB TO A PROVIDER OF DIGITAL SOLUTIONS DELIVERING STRONG PERFORMANCE

MELBOURNE, Australia – 30 August 2016 – Melbourne IT (ASX: MLB) is pleased to announce its results for the half year ending 30 June 2016, reporting strong increases in statutory revenue, EBITDA, and net profit after tax.

2016 Half Year Financial Results

Half Year ended 30 June 2016 (A\$)	H1 FY16	H1 FY15	↕%
Revenue	\$85.0m	\$69.2m	23%
EBITDA	\$11.2m	\$5.2m	115%
NPAT	\$2.2m	\$1.2m	83%
Interim Dividend	\$0.02	\$0.01	100%

Figures throughout this document may not total exactly due to rounding and includes non-IFRS financial information that is relevant for users understanding of underlying performance

In light of the sound financial performance, the Board of Melbourne IT has declared an interim dividend of \$0.02 (100% franked).

2016 Outlook

In announcing its results the CEO of MLB, Mr Martin Mercer, noted that “Melbourne IT has a clear strategy to transition MLB to a solutions business with higher quality earnings. I’m pleased to report that execution of this strategy is well advanced and is delivering the expected benefits. After a solid first half we reaffirm full year guidance.”

“Possibly the most important aspect of these results is the growth in our solutions revenues in both Enterprise Services (ES) and Small to Medium Business (SMB)”, commented Mr Mercer.

Managed Marketing Solutions Drive Growth in Small to Medium Business

“The very strong growth in sales of our managed marketing solutions has seen us achieve a very significant milestone; our SMB division has turned the corner, returning to topline

growth (on a pcp basis) after a protracted period of decline. We anticipate that this top line growth will flow through to the bottom line late this financial year or early the following year”.

Digital Solutions Drive Growth in Enterprise Services

Our Enterprise Services division is now a leading end-to-end digital solutions provider for large Enterprise and Government customers. The acquisition of Infoready (a rapidly growing data analytics business) in April this year has completed the transformation of our Enterprise Services division.

“ES delivered very strong growth on the back of the contribution from the rapidly growing businesses in data analytics and mobile apps. This is expected to accelerate further in H2 and underpin an even stronger full year performance”.

Melbourne IT CEO, Martin Mercer noted that the results were also supported by the realisation of savings from the integration of Netregistry and Uber Global and the contribution from acquisitions. Mr Mercer reaffirmed that annualised synergy savings of \$8.5m are expected by the end of FY2016.

Guidance Reaffirmed

Melbourne IT has reiterated that it expects to report statutory EBITDA for 2016 in the range of \$26m - \$28m, with underlying EBITDA in the range of \$28m - \$30m. Underlying undiluted EPS is expected to be in the range of \$0.14 to \$0.15 per share.

See appendix at the end of this release for bridge to full year underlying EBITDA.

The 2016 Half Year Results Presentation to shareholders is available at <http://www.melbourneit.info/investor-centre/>.

Media contact:

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Chief Executive Officer
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ENDS

About Melbourne IT

Melbourne IT Group is a publicly listed company with offices in Melbourne, Sydney, Brisbane, Wellington, Auckland and Canberra. Melbourne IT's purpose is to "Fuel our customers' success through the smart use of technology". By 2020 we aim to have fuelled the success of over one million businesses. Our customers will love us, our people will be our most passionate advocates, and our investors will be rewarded.

Melbourne IT has approximately 650 staff and operates two businesses marketed under 6 brands.

The Small and Medium Business Division (SMB) is Australia's largest domains and hosting business with revenues of approximately \$110m and 300 staff. The SMB business operates under the Melbourne IT, WebCentral, Netregistry and TPP brands.

The Enterprise Services Business (ES) is Australia's leading cloud enabled software and services business with revenues of approximately \$40m and 350 staff. ES is based in Sydney, Melbourne and Brisbane and has a blue chip customer base. It operates under three brands, Melbourne IT, InfoReady and Outware Systems.

Visit: www.melbourneit.com.au

APPENDIX: UNDERLYING EBITDA BRIDGE

Half Year Ended 30 June 2016	Low Range	High Range	NOTES
H1 2016 underlying EBITDA	\$10.6m		
1. ES growth in cloud (legacy)	\$3.0m		Good performance in turning on annuity revenue in H1 will flow through to a stronger H2 result. Contracted growth in OTC in H2 will also drive a stronger second half.
2. ES growth in data analytics and mobile	\$2.7m		Strongly growing acquired businesses will deliver a materially larger H2 result compared to H1
3. SMB organic growth	\$0.6m		Solutions revenue is high ARPU annuity revenue – compounding nature of this revenue will drive growth in H2
4. Synergy costs	\$0.5m		
5. Other	\$0.0m	\$2.0m	Range reflects conservative assumptions around the timing of project revenues in ES
H2 2016 underlying EBITDA	\$17.4m	\$19.4m	
FY 2016 underlying EBITDA	\$28.0M	\$30.0M	