

Friday, 27 October 2017

Swift September 2017 Quarterly Cashflow Statement Commentary

ASX: SW1

Leading telecommunications and content solutions provider Swift Networks Group Limited (ASX: SW1, "Swift" or "the Company") is pleased to present its Appendix 4C — Quarterly Cash Flow Report for the three months ending 30 September 2017 with an update on business progress.

Launching FY18 with strong quarterly year-on-year growth: Swift achieved exceptionally high cash receipts from customers of \$4.8 million in the September quarter, growing 36% compared to the September quarter of FY17.

Operational activities generated net cash of \$0.25 million during the September quarter, marking the third consecutive quarter of increasing positive cash flow with quarter-on-quarter growth of 132%.

Accelerating recurring revenue growth: Swift drove a strong increase in annualised contracted revenue (ACR) during the September quarter. The Company grew its base of ACR to \$14.5 million during the period, representing an increase of 68% compared to the same time last year.

Swift has achieved this growth in recurring customer revenue as it has expanded to service more blue-chip clients in the resources, lifestyle village, aged care and hospitality sectors. Swift now provides its suite of content and connectivity to 268 contracted sites, representing site growth of 775% since the Company listed on the ASX in June 2016.

Strong cash position: The Company's cash balance at 30 September 2017 was \$4 million, having risen by 80% quarter-on-quarter.

Swift strengthened its balance sheet during the period through operational discipline and a two-tranche \$4.5 million share placement, part of which funded the Company's acquisition of video-on-demand and IPTV provider VOD Pty Ltd.

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Swift Chief Executive Officer, Xavier Kris, said:

"Our business is developing strongly on all key metrics as we continue to enhance our offering to customers. Our strengthening market position has underpinned the accelerating growth we are achieving in customers, cash flow and revenue."

"We expect this progress to continue into FY18 and beyond as we grow our installed base with new marquee customers, leverage new strategic partnerships with resellers and system integrators, and extract material revenue and cost synergies from the VOD acquisition."

Swift's 2017 Annual General Meeting will be held on 27 October 2017 at its offices in Bentley, WA at 10.30am WST.

For more information, please contact:

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About Swift Networks Group Limited

Swift Networks Group Limited (ASX: SW1) is a diversified telecommunications and content solutions provider, entertaining guests and connecting them to the world.

Swift's connectivity and content delivery platform empowers guests to watch, play, connect and interact. Swift brings accommodation providers opportunities to generate additional revenue and offers meaningful data insights to retain existing and drive new business.

Swift sources premium multi-lingual content from around the world and curates, packages and distributes it to clients' guests through its cloud-based platform. The company's services include free-to-air television, pay television, telecommunications, Internet, data, wireless networks and streaming video on demand with content from some of Hollywood's largest studios.

Running in more than 260 sites across the mining, oil, gas, aged care, retirement village, student accommodation and hospitality sectors, Swift's fully integrated platform is deployed in some of the world's harshest regions, where reliability, flexibility and scalability are critical success factors.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Swift Networks Group Limited

ABN

54 006 222 395

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,807	4,807
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,765)	(2,765)
(c) advertising and marketing	(8)	(8)
(d) leased assets	-	-
(e) staff costs	(995)	(995)
(f) administration and corporate costs	(699)	(699)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	11	11
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – Net GST (paid)/refunded	(103)	(103)
1.9 Net cash from / (used in) operating activities	248	248

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(179)	(179)
(b) businesses (see item 10)	(5,100)	(5,100)
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	(240)	(240)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(5,519)	(5,519)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	4,500	4,500
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(338)	(338)
3.5 Proceeds from borrowings	3,000	3,000
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	(98)	(98)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	7,064	7,064

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,239	2,239
4.2 Net cash from / (used in) operating activities (item 1.9 above)	248	248
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(5,519)	(5,519)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	7,064	7,064

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	4,032	4,032

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,627	1,834
5.2	Call deposits	405	405
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,032	2,239

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
335
-

Director's fees and salaries, superannuation guarantee charges and consultancy fees paid in normal course of trading and rent paid for business premises in accordance with the lease agreement.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

N/A

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	3,350	3,000
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

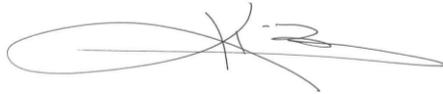
\$3,000,000 Bank West Commercial Advance Facility to assist with the funding of the acquisition of shares in Movie Source Pty Ltd and indirectly VOD Pty Ltd
 \$350,000 Bank West Multi-Option Facility for general working capital use
 Secured by General Security Interest over all SW1 group companies
 Interest is BBSW plus 3.5% margin.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	3,250
9.3 Advertising and marketing	25
9.4 Leased assets	-
9.5 Staff costs	950
9.6 Administration and corporate costs	650
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	4,875

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Movie Source Pty Ltd and VOD Pty Ltd	
10.2 Place of incorporation or registration	NSW	
10.3 Consideration for acquisition or disposal	\$6,000,000 (\$5,100,000 – cash / \$900,000 – shares)	
10.4 Total net assets	\$4,994,656	
10.5 Nature of business	Provision of IPTV and on demand services across Asia Pacific	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Chief Executive Officer)

Date: 27 October 2017

Print name: Xavier Kris

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.