

Wednesday, 24 January 2018

Swift H1 FY18 Preliminary Results, 4C and Commentary

ASX: SW1

100% EARNINGS GROWTH

Leading telecommunications and content solutions provider Swift Networks Group Limited (ASX: SW1, "Swift" or "the Company") is pleased to present its preliminary unaudited results for the half year to 31 December 2017.

Strong cash generation: Swift continues to deliver strong growth in cash receipts from customers. The receipt of \$5.0 million in the December quarter represents 30% growth when compared to the same quarter of FY16, with cash receipts for the six months to 31 December 2017 increasing by 33% relative to the prior year.

Swift's net cash from operating activities increased for the fourth consecutive quarter, with the Company achieving an exceptionally strong quarterly operating cash flow of \$1.0 million, representing quarter-on-quarter growth of 303%.

Accelerating revenue growth: As at 31 December 2017, Swift expects H1 FY18 revenue of \$10.4 million. Compared to H1 FY17, this represents revenue growth of 32%.

Swift enters the second half of the year having grown the Company's current annual contracted revenues by 35% since 30 June 2017. This reflects the traction the Company is gaining with new and existing clients across its target markets.

In addition, the full impact and benefits associated with a number of material new contract and partnership wins secured in H1 have not yet been recognised, resulting in the second half of the year looking increasingly promising.

Increasing profitability: Substantial operating leverage in Swift's business model is boosting the Company's profitability as it grows contracted revenue.

A continued focus on cost controls has driven the Company's gross profit margin up to 39% (H1 FY17: 32%), and its earnings before interest, tax, depreciation and amortisation (EBITDA) margin up to 9.9% (H1 FY17: 6.5%) as the business increases its leverage.

Doubling of earnings: Swift's business improvement has resulted in unaudited EBITDA for H1 FY18 of \$1.0 million. This achievement represents EBITDA growth compared to H1 FY17 of more than 100%.

Strong cash position: The Company's cash position at 31 December 2017 was \$4.1 million, having increased by 58% year-on-year and leaving Swift well-positioned to accelerate further growth in 2018.

Swift Networks Group Limited

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Swift Chief Executive Officer, Xavier Kris, said:

“Swift has made a strong start to FY18 as we have gained material traction across all of our target markets: resources, offshore energy, aged care, student accommodation and hospitality.”

“This momentum continues to deliver strong earnings growth, with unaudited EBITDA for the first six months of FY18 greater than Swift’s outstanding FY17 full year result.”

“We look forward to enhancing our offering and expanding our customer base further in 2018 as we continue to execute our growth strategy.”

For more information, please contact:

Xavier Kris

Chief Executive Officer

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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 video on demand with content from some of Hollywood’s largest studios.

Running in more than 300 sites across the mining, oil, gas, aged care, retirement village 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.

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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")

31 December 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	5,023	9,830
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,667)	(5,432)
(c) advertising and marketing	(30)	(38)
(d) leased assets	-	-
(e) staff costs	(981)	(1,976)
(f) administration and corporate costs	(378)	(1,077)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13	25
1.5 Interest and other costs of finance paid	(30)	(31)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – Net GST (paid)/refunded	54	(49)
1.9 Net cash from / (used in) operating activities	1,004	1,252
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(621)	(800)
(b) businesses (see item 10)	-	(5,100)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	(379)	(619)
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	(1,000)	(6,519)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	280	4,780
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)
3.5 Proceeds from borrowings	-	3,000
3.6 Repayment of borrowings	(188)	(188)
3.7 Transaction costs related to loans and borrowings	(9)	(107)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	83	7,147

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	4,032	2,239
4.2 Net cash from / (used in) operating activities (item 1.9 above)	1,004	1,252

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,000)	(6,519)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	83	7,147
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	4,118	4,118

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	3,090	3,627
5.2	Call deposits	1,028	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)	4,118	4,032

6. Payments to directors of the entity and their associates

		Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	296
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

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	Current quarter \$A'000
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	

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	3,663	2,812
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.		

\$2,812,500 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
 \$850,000 Bank West Multi-Option Facility for general working capital use
 Secured by General Security Interest over Swift Networks Group Limited, Swift Networks Pty Ltd and Wizzie Pty Ltd
 Interest is BBSW plus 3.5% margin.

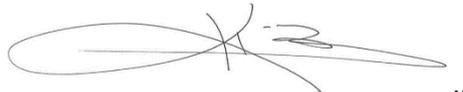
9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	3,250
9.3 Advertising and marketing	25
9.4 Leased assets	-
9.5 Staff costs	1,000
9.6 Administration and corporate costs	500
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	4,775

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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: 24 January 2018

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.