

# REVERSE CORP LIMITED

Annual General Meeting  
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## Reverse Corp Limited

Australia & Europe's leading reverse charge service provider

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# HIGHLIGHTS

12 months to 30 June	2009	2008
Revenue	\$39.4 million	\$49.6 million
EBITDA	\$20.3 million	\$29.2 million
EBIT	\$19.4 million	\$28.5 million
NPAT	\$13.3 million	\$20.1 million
Operating cash flow	\$12.4 million	\$22.4 million
Earnings per share	14.4 cps	21.7 cps
Dividend per share	12.0 cps	24.0 cps

- ❑ Group performance impacted by a strengthening Australian dollar, demand declines, changes in variable charges, increased marketing production costs and start-up costs in the Republic of Ireland
- ❑ Launch of business in Ireland and the subsequent withdrawal of eircom's reverse charge product
- ❑ Final dividend of 3 cents per share, fully franked, paid 16 September 2009

# UK OPERATIONS

12 months to 30 June	2009	2008
Operating Revenue	£10.8 million \$23.0 million	£13.5 million \$29.9 million
EBITDA	£6.6 million \$14.0 million	£9.2 million \$20.3 million
EBITDA margin	61%	68%

- ❑ Revenue impacted by strong Australian dollar and broadly challenging trading conditions
- ❑ EBITDA margin contraction due to increase in variable payphone charges, additional employment costs and a foreign exchange gain realised last year
- ❑ 0800-Reverse brand recognition research shows strong correlation with age demographic: 16-17 year: 83%; 10-12 year: 44%
- ❑ September quarter trading following recent trends
- ❑ Engagement with Virgin Mobile for new prepaid proposal

# AUSTRALIAN OPERATIONS

12 months to 30 June

2009

2008

Operating Revenue	\$16.1 million	\$19.1 million
EBITDA	\$6.8 million	\$8.9 million
EBITDA margin	42%	47%

- ❑ Steady performance in difficult trading conditions
- ❑ EBITDA margin contraction due to increased marketing production costs and Tritel goodwill impairment
- ❑ New mobile proposals being considered by outstanding mobile network operators
- ❑ September quarter trading following recent trends
- ❑ Discussions regarding renewal of Services Agreement to begin shortly

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# IRELAND OPERATIONS

12 months to 30 June	2009
Operating Revenue	€58,000 \$108,000
EBITDA	(€322,000) (\$610,000)

- ❑ Slower take up than expected with brand tracking revealing:
  - 25% brand recognition in youth segment; and
  - low comprehension of how to dial the 1800-Reverse number
- ❑ Media buyer replaced and campaign reworked to include more appropriate media and more literal 'how-to-dial' sequence
- ❑ September quarter trading in-line with budget
- ❑ Mobile originated calling quickly grown to over 85% of total Irish volumes

# CAPITAL MANAGEMENT

- ❑ Operating cash flow for year to 30 June 2009                      \$12.4 million
- ❑ Cash on hand as at 15 October 2009                                      \$2.5 million
- ❑ Debt as at 15 October 2009    \$4.5 million
  
- ❑ Final dividend of 3 cents per share, fully franked, paid on 16 September 2009
- ❑ The company retained some earnings from 2009 and may retain some or all of its future earnings to fund the Spanish service launch

# INTERNATIONAL EXPANSION

## Spain

- Documentation of the Services Agreement reaching conclusion
- Technical and operational requirements being finalised
- Creative executions being tested and media plans being finalised prior to regional roll-out in early calendar 2010

## France

- Senior management contact has been identified and proposal submitted
- Awaiting feedback with discussions to commence shortly
- Operational planning is being progressed

# CONCLUSION

- ❑ Strong Australian dollar, challenging general economic conditions and declines in demand have adversely impacted the 2009 result. The business remains robust with mobile originated calls representing over 70% of total call volumes. Expansion potential exists both geographically and within existing markets.
  
- ❑ Management priorities:
  - Improve Irish operations
  - Service launch in Spain early 2010
  - Renewal of Australian Services Agreement for fixed line billing
  - Increase awareness within existing pre-paid base
  - Expand current operating markets
  
- ❑ Business development plans:
  - Mobile origination agreements
  - European expansion
  - Seek synergistic opportunities