

# REVERSE CORP LIMITED

## Full Year Results Presentation June 2010



# AGENDA

## Reverse Corp Limited

Australia, the UK and Ireland's leading Reverse Charge Service Provider

- ❑ **Snapshot**
- ❑ **Australia**
- ❑ **United Kingdom**
- ❑ **Ireland**
- ❑ **International Expansion**
- ❑ **Capital Management**
- ❑ **Conclusion**

# SNAPSHOT

Full Year to 30 June	2010	2009
Revenue	\$23.7 million	\$39.4 million
EBITDA *	\$9.5 million	\$20.3 million
EBIT *	\$8.4 million	\$19.4 million
NPAT	\$4.2 million	\$13.3 million
Operating cash flow	\$7.6 million	\$12.4 million
Earnings per share	4.6 cps	14.4 cps

\*Pre impairment loss of \$1.47 million

- Group performance impacted by a stronger Australian dollar, declining call volumes and reduced margins due to increased variable charges
- Mobile origination agreement signed with Virgin Mobile UK
- Transition of management for UK and Irish businesses to Australia
- Realised labour costs savings with further fixed cost savings to be realised

# AUSTRALIA

Full Year to 30 June	2010	2009
Operating Revenue	\$12.1 million	\$16.1 million
EBITDA *	\$4.3 million	\$6.8 million
EBITDA margin	36%	42%

\* Pre impairment loss of \$1.47 million

- Steady performance noting continued decline in call volumes
- Fixed cost savings realised
- No increase in contracted mobile base
- Signed extension for Australian fixed-line Services Agreement to 31 January 2011. Continuing to explore ways to expand relationship with Telstra Corporation

# UNITED KINGDOM

Full Year to 30 June	2010	2009
Operating Revenue	\$11.3 million	\$23.0 million
	£6.3 million	£10.8 million
EBITDA	\$5.5 million	\$14.0 million
	£3.1 million	£6.6 million
EBITDA margin	49%	61%

- Reduction in EBITDA margin due to contracted increase in service fees, plus fixed costs representing a greater % of revenue
- Signed Mobile Origination Agreement with Virgin Mobile UK being the final 5% of prepaid market
- Fixed & mobile volume declines continue with reduction in marketing spend
- Increasing competitive out-of-credit offerings by mobile carriers
- Challenging media landscape with core users difficult to target efficiently. Plans underpinned by digital activity with only minimal support from television
- Stronger Australian dollar negatively impacted earnings
- Further fixed cost reductions to be realised

# IRELAND

12 months to 30 June	2010	2009
Operating Revenue	\$194,000	\$108,000
	€125,000	€58,000
EBITDA	(\$394,000)	(\$610,000)
	(€245,000)	(€322,000)

- ❑ Insufficient brand presence coupled with challenging media landscape noting core users difficult to target efficiently. Plans underpinned by digital activity with only minimal support from television
- ❑ Expect positive contribution to earnings going forward

# INTERNATIONAL EXPANSION

## Spain

- Further progress made towards securing necessary Administration Services. Discussions held with interconnected Spanish carrier and Telefonica in order to secure necessary services
- Discussions continue with Spanish telecommunications regulator, CMT

## New Zealand

- Technical testing for a new service in New Zealand concluded with product launch due shortly

# CAPITAL MANAGEMENT

- ❑ Operating cash flow \$7.6 million
- ❑ Cash on hand as at 30 June 2010 \$1.5 million
- ❑ Debt as at 30 June 2010 \$1.9 million
  
- ❑ Foreign exchange exposure hedged naturally with GBP debt
- ❑ The Board has retained earnings and thereby has not declared a final dividend in order to fund potential growth opportunities whether organic or by acquisition

# CONCLUSION

- ❑ Management priorities:
  - Secure long-term extension for Australian Administration Services Agreement
  - Secure Telstra and VHA Mobile Origination in Australia
  - Expand further on relationship with Telstra Corporation
  - Trial service in New Zealand
  - Realise further fixed cost savings
  - Assess further growth opportunities, both organic and by acquisition
  
- ❑ Leverage core capabilities:
  - Strong brand recognition
  - Experienced telecommunications and related products team

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