



22 August 2019

ARQ GROUP LTD (ASX: ARQ)
Release of Half Year 2019 Financial Results

Arq Group Limited (**Arq Group**) is announcing its results for the half year ended 30 June 2019, reporting underlying EBITDA of \$9.6m and core underlying EBITDA of \$3.6m¹ (compared to guidance of \$3.1m).

Arq Group CEO, Martin Mercer said "the past 12 months have been a challenging time for the company and we are pleased to be turning the corner, the SMB division has bounced back strongly this half and we are making good progress in turning around the performance of the Enterprise division".

The Enterprise division had a challenging first half, dragged down by delays in turning on revenue and a shortfall in new business. The comparison to the prior corresponding is also distorted by the inclusion of an exceptional contract in H1 FY 2018. The recovery plan is having an impact and momentum is building.

The Small and Medium business (**SMB**) division continues to be Australia's leading online solutions provider. The SMB division has bounced back strongly after a challenging second half in FY2018, with underlying EBITDA up 12% on the prior-corresponding-period. Arq Group CEO, Martin Mercer said "pleasingly, the core result for SMB was very strong with core underlying EBITDA up 55% on the same period last year".

As previously advised, due to the lower than expected earnings in H1 FY19, the Group will not be declaring an interim dividend. The full-year dividend will be reassessed at December 2019 in line with Arq Group's stated dividend policy of returning between 55% to 75% of full year underlying NPAT to shareholders.

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About Arq Group

1. The financial information presented in this release has been prepared in accordance with AASB 16: *Leases*, which came into effect from 1 January 2019. In June the company provided guidance for H1 for the Core operations, under the previous standard (AASB 117: *Leases*), as the financial impact of the adoption of AASB 16 was not yet finalised. After adjusting for the impact of the adoption of AASB 16: *Leases*, guidance for core underlying EBITDA for H1 FY19 was \$3.1m (c.f. \$0.6m pre AASB 16).



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Arq Group, previously Melbourne IT Group, is Australia's leading digital solutions partner.

Arq Group is the dynamic space for smart thinkers. Creating unforgettable experiences, solving complex challenges, and providing seamless, end-to-end solutions – from design thinking to customer solutions, leading mobile, cloud and analytical insights, digital marketing to web design - Arq Group powers the growth of businesses, big and small.

Founded in 1996, Arq Group has evolved from the leading Australian domains and hosting business to a leading digital services partner. Today, the company builds and manages innovative channels to market for many of the country's largest enterprises, whilst simultaneously supporting half a million small businesses throughout their online journey.

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