

1st Group FY19 Full Year Results

4E Preliminary Report - successful year for 1st Group with increased momentum into FY20

Highlights

- **Strong growth:**
 - sites up 35% (1st has now booked over 9.7 million appointments)
 - revenue +23%, Annualised Contract Value of subscription fees (**ACV**) +26.6%, additional site revenues (setup, usage and advertising fees) +26%
 - note all revenue figures and comparisons are based on restated revenue in line with the AASB 15 revenue standard adopted in FY19
- **Market leadership:**
 - 60% independent optometry, 65% pharmacy and No. 1 in vet/pet services
 - substantial addressable markets in new and existing verticals
- **Landmark agreements:** new contracts signed with Benestar, St Vincent's Health and Medibank Private
- **Positive outlook:**
 - new contracts revenue ramp up underpins FY20 momentum
 - ACV guidance for 1H FY20 of between \$5.75m - \$6.45m, + 27% versus pcp based on mid points of ranges, with material growth in additional site revenues
 - cash flow breakeven guidance affirmed

Successful year for 1st Group

We are pleased to report FY19 has been a successful year for 1st Group as we executed on our strategic roadmap and grew the business. Our growth in FY19 reflects the outstanding 1st platforms and trusted propositions we deliver to our clients.

We delivered strong revenue growth and developed multiple income streams to strengthen and diversify our business model. Recurring subscription revenues are now being complemented by material growth in usage, advertising and implementation fees ("Ancillary Revenues") as major new announced contracts go live and gain traction.

Operationally the growth in sites, the key lead indicator of future performance, increased towards 10,000 and we are pleased to have passed the 9.7 million bookings mark – a sign of our rapid market adoption. Having also completed the equity capital raise in May we are well placed to fund the next stage of our growth and progress.

Outlook

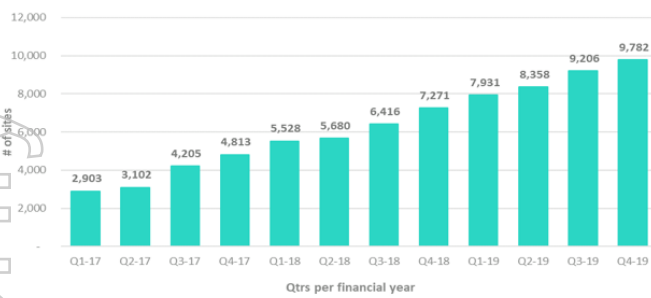
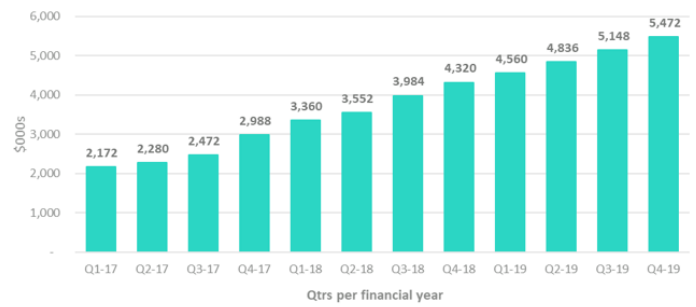
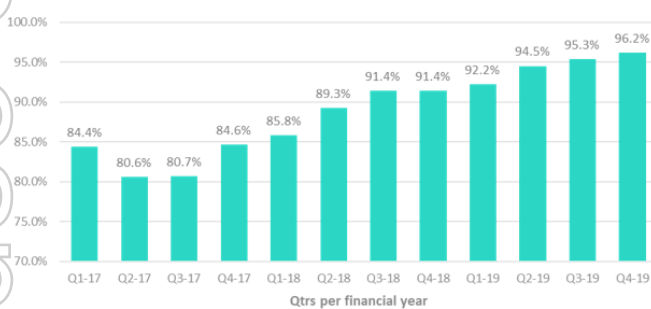
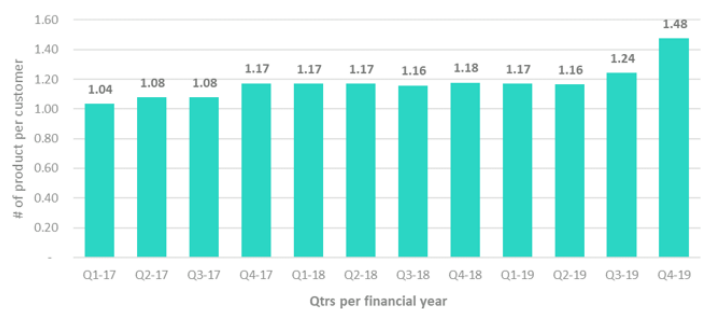
We are pleased to share our confidence in 1st Group's ongoing revenue strength for 1H FY20. The landmark agreements recently signed with industry leaders such as Medibank, St Vincent's and Benestar are in revenue ramp up stage and underpin our increased momentum. They add scale and significant scope for ongoing growth in new and existing verticals.

In 1HFY20, we expect recurring subscription revenues (ACV) to continue to increase and be in the range of \$5.75m - \$6.45m by December 31st 2019, up 27% versus pcp based on mid points of ranges. Importantly, we also expect additional site revenues associated with the implementation of these contracts to grow materially. These revenues are in addition to ACV and are contributing an increasing share of total revenues. The development of these multiple revenue streams enhances our growth and deepens our engagement with clients.

1st Group continues to deliver on its strategy to acquire sites in its chosen verticals. New verticals, aligned with major partners in new market segments will accelerate new site acquisition throughout FY20. It is pleasing that development of 1st Group's platforms and product offerings are being supported and funded by major players assisting our entry to these new segments.

These developments underpin the cashflow breakeven guidance issued by 1st Group.

Growth metrics: Site Acquisition, ACV Growth, Strong Retention and Upsell

Number of Sites

Annualised Contract Value (ACV)

Customer Retention Rate

Products per Customer


Financial Results

Revenue

Other income
Interest

Expenses

Loss on disposal of assets
Advertising and marketing expenses
Professional and consulting fees
Operations and administration expenses
Employee benefits
Depreciation and amortisation expenses
Finance costs

Loss before income tax benefit

Income tax benefit

Loss after income tax benefit for the year attributable to the owners of 1st Group Limited

	2019 \$	2018 \$
Revenue	3,950,102	3,426,645
Other income	8,357	-
Interest	699	5,478
Expenses		
Loss on disposal of assets	(788)	-
Advertising and marketing expenses	(984,307)	(627,211)
Professional and consulting fees	(475,408)	(577,671)
Operations and administration expenses	(2,895,462)	(2,230,265)
Employee benefits	(3,524,621)	(3,635,998)
Depreciation and amortisation expenses	(396,288)	(1,232,127)
Finance costs	(162,502)	(56,644)
Loss before income tax benefit	(4,480,218)	(4,927,793)
Income tax benefit	141,102	291,717
Loss after income tax benefit for the year attributable to the owners of 1st Group Limited	(4,339,116)	(4,636,076)

The impact of AASB 15 can be analysed as follows:

	2019 \$	2018 \$
Revenue on previous basis	3,900,969	3,426,645
Impact of that period revenue deferral	(192,271)	(305,625)
Prior periods revenue deferred recognised in current periods	241,404	84,688
	<u>3,950,102</u>	<u>3,205,708</u>
Revenue reported under AASB 15		

Delivering operating leverage

Operating expenses, excluding depreciation and finance costs, were 11% higher than the prior corresponding period, as compared to total revenue growth of 23% for the year with 47% of that revenue growth delivered in the last quarter of the financial year led by the landmark agreements signed in H2 FY19 which are expected to accelerate revenue growth as onboarding ramps up in H1 FY20. This growth should further increase the difference between the rate of growth of revenue versus costs, underpinning the cashflow breakeven guidance.

At 30 June 2019, the Group held \$2.8m in cash and subsequent to the end of the financial year, the Group reduced the amount drawn, extended and renegotiated the terms of its convertible debt facility (Standby Facility) with its cornerstone shareholder, Mr John Plummer. The remaining \$2 million Standby Facility continues to enable the Company to execute its business strategy confidently and drive further sales growth.

Following a temporary increase in cash outflow in Q4FY19 which was related to upfront work for the new landmark agreements and some additional supplier payments following the capital raise, we expect net outflows to return to previous trend in the early part of FY20 and then start to reduce with receipts from the new landmark agreements as they ramp up.

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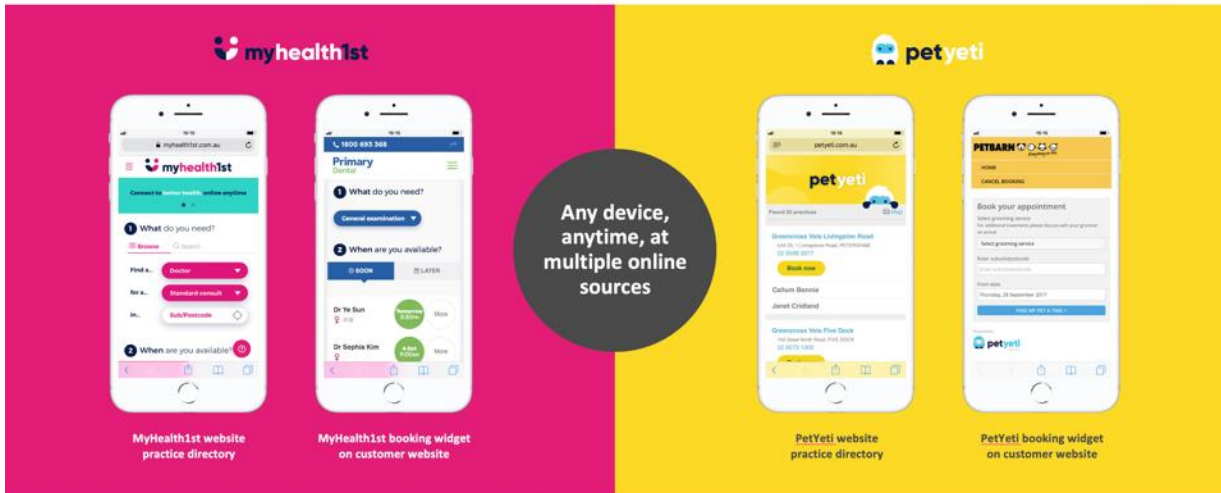
About 1st Group Limited

1st Group is an ASX listed digital health group building Australia's leading health services portal, MyHealth1st.com.au, Australia's online pet service portal PetYeti.com.au and corporate and government solutions platform GoBookings.com. These integrated platforms provide an easy to use online search and appointment booking service and offer a range of value-added apps and services that facilitate digital patient and customer engagement. We improve lives by connecting consumers to a variety of healthcare services and information anytime, anywhere, so they can get well sooner and stay well longer. To find out more visit 1stGrp.com, MyHealth1st.com.au, PetYeti.com.au and GoBookings.com.

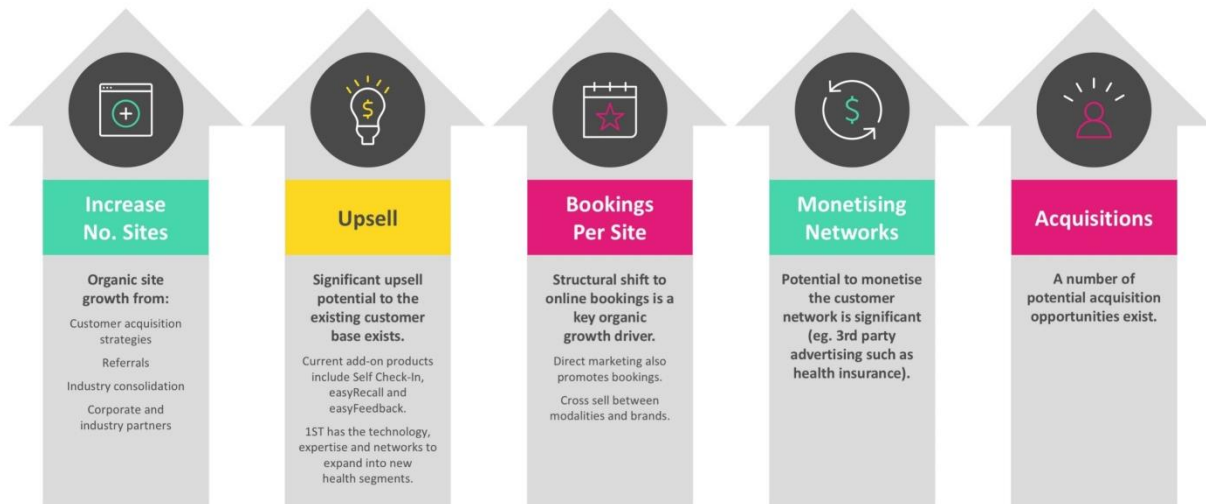
APPENDIX

Our Portals and Web Widgets

Our Solutions in Action



Multiple Growth Options



Key Investment Considerations

- Visible Path to Break-Even Cashflows**
 - Revenue growth momentum
 - Directionally positive KPIs
 - Costs stabilised
- Large Addressable Markets > \$1.9B**
 - Online health services bookings market is > \$1.9b
 - Includes online appointments, add-on products and services, and advertising
- Multiple Growth Drivers**
 - Acquire new customers as they increase their online presence and digital profile through multiple products, including online appointments
 - Upsell revenues as customers purchase additional products & services
 - Booking migration from offline to online increases patient interaction points and monetization opportunities driving broader consumer engagement, cross-sell patients to other services, including PetYeti
- Strong Recent Momentum**
 - Significant quarter on quarter revenue growth
- Significant Upsell Revenue Potential**
 - Upsell revenues are rising off a low penetration base
 - Significant existing upsell customer opportunity
 - Upsell consumer users to complementary services
- Experienced Management Team**
 - Experienced leadership team
 - Significant online experience – SEEK, HotelClub, Concur, Wotif.com, Realstate.com.au and others

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